Dr. Sulaiman Al Habib Medical Services Group (HMG)

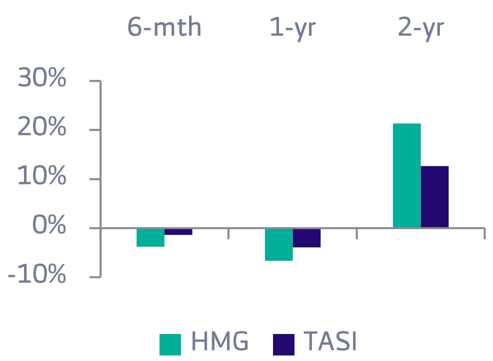
3Q2025 First Look

Expansions to Continue

October 27, 2025

Upside to Target Price	16.7%	Rating	Buy
Expected Dividend Yield	1.9%	Last Price	SAR 274.20
Expected Total Return	18.6%	12-mth target	SAR 320.00

Market Data	
52-week high/low	SAR 308.0/227.7
Market Cap	SAR 95,970 mln
Shares Outstanding	350 mln
Free-float	29.14%
12-month ADTV	196,170
Bloomberg Code	SULAIMAN AB



HMG	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	3,463	2,977	16%	3,384	2%	3,661
Gross Profit	1,050	992	6%	1,066	(2%)	1,153
Gross Margins	30%	33%		32%		32%
Operating Profit	666	624	7%	645	3%	70
Net Profit	602	596	1%	591	2%	636

(All figures are in SAR mln)

- Revenues increased by +16% Y/Y and +2% Q/Q to SAR 3.46 bln, missing our SAR 3.66 bln forecast as we were expecting a greater footfall this quarter. On the back of major expansions in 2025, the leading healthcare provider continues to post higher revenues each quarter. For the nine months of 2025, hospital revenues have grown +26% Y/Y to SAR 7.78 bln while pharmacies revenues are up +22% Y/Y.
- We are surprised by a further decline in gross margins to 30.3% in 3Q2025 versus 33.3% last year and 31.5% in the preceding quarter. It appears that higher fixed costs from the expansions have had a greater impact. At the same time, we do not expect any further significant contraction in gross margins from these levels. Operating expenses were subdued at SAR 384 versus SAR 421 mln in 2Q and marginally higher than SAR 368 mln in 3Q2025.
- While gross profit grew +6% Y/Y and operating profit increased by +7% Y/Y, net income witnessed a rise of just +1% Y/Y (+2% Q/Q) to SAR 602 mln, largely in-line our SAR 636 mln forecast. HMG has managed to post an almost flat Q/Q net margin of 17.4%, although it is substantially below 20.0% recorded last year, as operating costs are in check.
- The group has announced plans to open 2 more hospitals in Riyadh and Dammam at a cost of SAR 2 bln, with construction beginning in late 2025 and commercial operations expected in 2029. Given its premium positioning, we continue to believe that HMG is a good play for the health-care growth story. We raise our target price to SAR 320.00 but maintain our Buy rating.

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Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

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