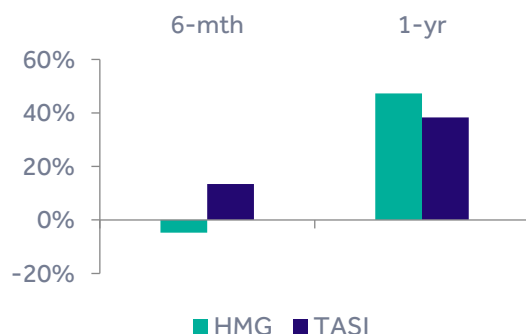


Market Data	
52-week high/low	SAR 196.0/115.6
Market Cap	SAR 60,200 mln
Shares Outstanding	350 mln
Free-float	24.2%
12-month ADTV	183,975
Bloomberg Code	SULAIMAN AB



### Hospital Segment Drives Growth

February 23, 2022

Upside to Target Price	(4.7%)	Rating	Neutral
Expected Dividend Yield	1.6%	Last Price	SAR 172.00
Expected Total Return	(3.1%)	12-mth target	SAR 164.00

HMG	4Q2021	4Q2020	Y/Y	3Q2021	Q/Q	RC Estimate
Sales	1,968	1,691	16%	1,836	7%	1,937
Gross Profit	643	546	18%	586	10%	620
Operating Profit	396	329	20%	381	4%	403
Net Profit	384	318	21%	349	10%	367

(All figures are in SAR mln)

- HMG continued its steady growth with revenues rising by +16% Y/Y and +7% Q/Q to SAR 1.97 billion, close to our SAR 1.94 billion forecast. For the full year 2021, revenues increased by +24% to SAR 7.25 billion with the growth driven by the hospital segment due to higher number of patients and inpatient occupancy. This had a spillover positive impact on pharmacy sales as well.
- Gross profit came in at SAR 643 million for the quarter, up +18% Y/Y and +10% Q/Q as gross margins widened both on a yearly and quarter basis to 32.7% versus 31.9% last quarter and 32.3% last year.
- HMG posted a net income of SAR 384 million for 4Q, up +21% Y/Y and +10% Q/Q, slightly above our SAR 367 million forecast. Net margins have expanded as well to 19.5% as compared to 19.0% in the preceding quarter.
- For 2021, bottomline was up +30.4% Y/Y to SAR 1.38 billion and net margin reached 19.0%. Rise in profitability is led by the growth in the hospital segment with an accelerated growth in Al Khobar Hospital.
- We maintain our target price of SAR 164.00 and a Neutral 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  
For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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