

**Hospitals Segment Drives Performance**

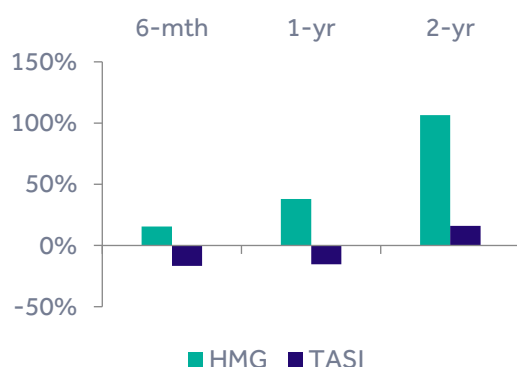
February 19, 2023

Upside to Target Price	(15.6%)	Rating	Neutral
Expected Dividend Yield	1.4%	Last Price	SAR 242.80
Expected Total Return	(14.1%)	12-mth target	SAR 205.00

Market Data	
52-week high/low	SAR 245.0/160.0
Market Cap	SAR 84,980 mln
Shares Outstanding	350 mln
Free-float	24.16%
12-month ADTV	216,574
Bloomberg Code	SULAIMAN AB

HMG	4Q2022	4Q2021	Y/Y	3Q2022	Q/Q	RC Estimate
Sales	2,254	1,968	15%	2,052	10%	2,145
Gross Profit	737	643	15%	682	8%	712
Gross Margins	33%	33%		33%		33%
Operating Profit	428	396	8%	436	(2%)	464
Net Profit	442	384	15%	421	5%	447

(All figures are in SAR mln)



- HMG reported a top-line of SAR 2.25 bln (+15% Y/Y, +10% Q/Q), in line with our SAR 2.15 bln forecast. FY2022 revenues were up +15% reaching SAR 8.31 bln versus SAR 7.25 bln in 2021. Hospitals segment continued to drive performance and patient volumes increased during the year underpinned by inpatient and outpatient occupancy growth. Hospitals segment contributed 76% of revenues followed by Pharmacies at 21% as the increase in patient volumes was positively reflected.
- Gross profit went up +15% Y/Y and +8% Q/Q to SAR 737 mln. Gross margins expanded by +2bps Y/Y but contracted by -50bps Q/Q to 32.7%. For FY2022, net margins improved to 20% as compared to 19% last year.
- In 4Q2022, HMG reported a bottom-line of SAR 442 mln (+15% Y/Y, +5% Q/Q), matching our SAR 447 mln forecast. FY2022 net income increased by +20% Y/Y to SAR 1.65 bln. The increase was mainly driven by revenue growth led by the increase in the number of patients as well as the occupancy for inpatients.
- HMG Board of directors recommended to distribute cash dividends of SAR 0.93 per share for 4Q2022. We maintain our target price of SAR 205.00 and 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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