

Market Data	
52-week high/low	SAR 294.6/227.7
Market Cap	SAR 88,200 mln
Shares Outstanding	350 mln
Free-float	29.14%
12-month ADTV	193,756
Bloomberg Code	SULAIMAN AB

Continued Operating Capacity Expansion

February 18, 2026

Upside to Target Price 27.0%
 Expected Dividend Yield 1.9%
 Expected Total Return 28.9%

Rating Buy
 Last Price SAR 252.00
 12-mth target SAR 320.00

HMG	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	3,702	3,128	18%	3,463	7%	3,642
Gross Profit	1,063	996	7%	1,050	1%	1,082
Gross Margins	29%	32%		30%		30%
Operating Profit	682	624	9%	666	3%	674
Net Profit	651	614	6%	602	8%	622

(All figures are in SAR mln)

- For fiscal year 2025, HMG reported a robust +22% Y/Y topline growth, driven by continued expansion across both the hospital and pharmacy segments, as patient numbers increased by +28% Y/Y. During 2025, the Group commenced operations at Al Hamra Hospital (Riyadh), Al Kharj Hospital (Al Kharj), and Al Mohammadiyah Hospital (Jeddah). In addition, HMG announced the start of construction for two new hospitals in AL Munsiyah (Riyadh) and AL Manar (Dammam) during 4Q25. However, expansion-related costs weighed on profitability, with net profit increasing by a modest 4%.
- In 4Q25, revenues increased +18% Y/Y and +7% Q/Q to SAR 3.7 bln, broadly in line with our SAR 3.6 bln estimate, supported by higher patient volumes and improved occupancy rates. Recently launched hospitals remain in the ramp-up phase, and we expect their revenue contribution to gradually increase as they approach full operational capacity.
- Gross margin continued to compress on both a Y/Y and Q/Q basis by -314 bps and -160 bps, respectively, coming in slightly below our expectations. This reflects higher fixed costs associated with ongoing expansions and the ramp-up phase of newly opened hospitals. Looking ahead, we do not anticipate a notable recovery in gross margins in the near term, as hospitals remain in their ramp-up stage and have yet to reach full operating capacity.
- Operating Profit rose +9% Y/Y and +3% Q/Q to SAR 682 mln, in line with our SAR 674 mln forecast. Operating expenses increased +2% Y/Y but declined -1% Q/Q for the second consecutive quarter to SAR 380 mln. Operating margin declined to 18.4%, as expected. We attribute this to revenue growth outpacing cost efficiency during the expansion phase, which reflected pressure on margins.
- HMG posted a net profit of SAR 651 mln in 4Q25, up +6% Y/Y and +8% Q/Q, broadly aligned with our SAR 622 mln estimate, supported by topline growth and better cost control. Net margin improved slightly Q/Q to 17.6%, though it remains below 19.6% recorded in the corresponding quarter last year.
- The Group declared a cash dividend of SAR 1.31 per share for 4Q25, bringing total FY2025 dividends to SAR 4.83 per share. We reiterate our positive view on HMG's strong market positioning and its ability to capitalize on structural growth in the healthcare sector. Accordingly, we maintain our target price and recommendation.

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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

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