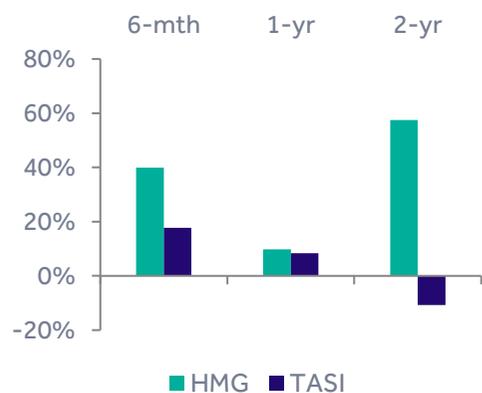


Market Data	
52-week high/low	SAR 346.80/223.20
Market Cap	SAR 110,250 mln
Shares Outstanding	350 mln
Free-float	29.17%
12-month ADTV	218,917
Bloomberg Code	SULAIMAN AB



### Margins Expand

April 28, 2024

Upside to Target Price	(1.6%)	Rating	Neutral
Expected Dividend Yield	1.7%	Last Price	SAR 315.00
Expected Total Return	0.1%	12-mth target	SAR 310.00

HMG	1Q2024	1Q2023	Y/Y	4Q2023	Q/Q	RC Estimate
Sales	2,521	2,307	9%	2,486	1%	2,536
Gross Profit	877	784	12%	868	1%	876
Gross Margins	35%	34%		35%		35%
Operating Profit	556	511	9%	534	4%	571
Net Profit	551	489	13%	525	5%	535

(All figures are in SAR mln)

- Revenues were recorded at SAR 2.52 bln for the first quarter, +9% higher Y/Y and +1% Q/Q, matching our SAR 2.54 bln forecast. Management commentary points to growth in all group operating segments with an increase in the number of patients contributing to growth in the hospital segment and an ancillary positive impact in the pharmacy segment.
- HMG witnessed an expansion in gross margins to 34.80% in 1Q2024 versus 34.55% in the preceding quarter and 33.97% in 1Q2023. This is one of the best quarterly gross margins logged in by the Company, likely on the back of greater efficiencies as revenues rise from new medical centers and higher occupancy in existing hospitals. Operating expenses declined by -4% Q/Q to SAR 321 mln, leading to a higher +4% sequential growth in operating profit to SAR 556 mln.
- Net income recorded a stellar +13% growth Y/Y and a +5% growth Q/Q, in-line with our SAR 535 mln forecast and market consensus of SAR 538 mln. Net margins also expanded on both a yearly and quarterly basis to 21.9%.
- The group is expected to add 500-600 beds in 2024. Five new hospitals (2 in Riyadh, 2 in Jeddah and 1 in Al Kharj) are expected to start operations within the year besides a medical center in Buraidah and expansion of the Qassim Hospital. This would start contributing to revenues and earnings gradually from 2024 as they ramp up. We believe these expansions are already incorporated in the stock price. Trading at close to our target price of SAR 310.00, we maintain our neutral stance.

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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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