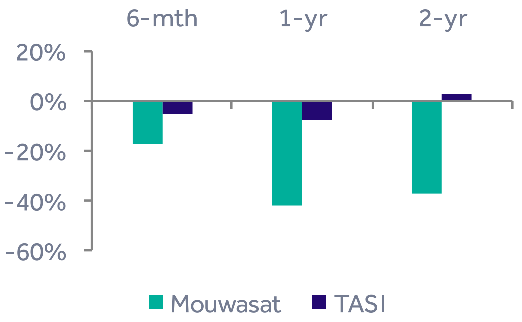
Bottomline Flourishes, Better Gross Margins

May 06, 2025

Upside to Target Price	24.5%	Rating	Buy
Expected Dividend Yield	2.6%	Last Price	SAR 76.30
Expected Total Return	27.1%	12-mth target	SAR 95.00

Market Data	
52-week high/low	SAR 138.4/65.6
Market Cap	SAR 15,260 mln
Shares Outstanding	200 mln
Free-float	45.8%
12-month ADTV	431,550
Bloomberg Code	MOUWASAT AB



MOUWASAT	1Q2025	1Q2024	Y/Y	4Q2024	Q/Q	RC Estimate
Sales	764	723	6%	756	1%	771
Gross Profit	347	346	0%	318	9%	331
Gross Margins	45%	48%		42%		43%
Operating Profit	213	195	9%	185	15%	200
Net Profit	197	172	15%	167	18%	180

(All figures are in SAR mln)

- The Company posted better than expected results at the start of the year. Revenues were up on both quarterly and yearly basis by +6% Y/Y and +1% Q/Q to SAR 764 mln, in-line with our SAR 771 mln forecast. There was an improvement in both the outpatient and inpatient segments on a yearly basis but lower outpatient visits and occupancy Q/Q as 1Q coincided with Ramadan. Management has also pointed to the positive impact from improved contractual terms concluded previously with clients.
- We are happy to see an expansion in gross margins on a quarterly basis from 42.1% in 4Q2024 to 45.4% in 1Q2025, although 1Q2024 gross margins were still higher at 47.8%. Margins had sequentially declined in 2024 due to rising costs of new facility, which had been concerning. Gross profit was flat on a Y/Y basis but inclined by +9% Q/Q to SAR 347 mln. Operating expenses were largely under control, likely close to SAR 130 mln. Thus, operating profit went up by +9% Y/Y and +15% Q/Q.
- Bottomline beat both our expectations of SAR 180 mln and market consensus of SAR 179 mln. Net income grew by +15% Y/Y to SAR 197 mln on the back of higher medical services revenue, lower impairment provisions from receivables, higher other income, lower financing cost likely on lower interest rates and decline in loans, as well as lower Zakat expenses.
- While the stock price has climbed about 4% since our last note, it remains attractive. We continue to believe that these are good entry levels for long-term investors despite some volume and cost challenges and the stock remains on our Buy list.

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Disclaimer

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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