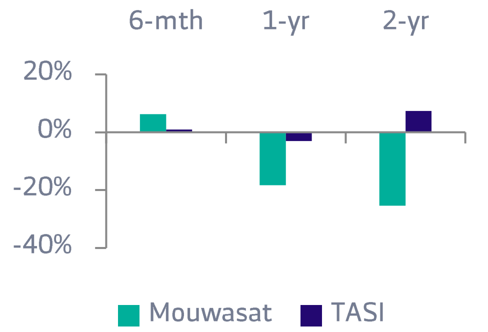
Solid Y/Y Growth in Net Profit

November 03, 2025

Upside to Target Price	10.5%	Rating	Neutral
Expected Dividend Yield	2.6%	Last Price	SAR 76.00
Expected Total Return	13.1%	12-mth target	SAR 84.00

Market Data	
52-week high/low	SAR 96.6/65.6
Market Cap	SAR 15,200 mln
Shares Outstanding	200 mln
Free-float	45.8%
12-month ADTV	503,146
Bloomberg Code	MOUWASAT AB



MOUWASAT	3Q2025	3Q2024	Y/Y	2Q2025	Q/Q	RC Estimate
Sales	777	711	9%	796	(2%)	819
Gross Profit	324	318	2%	356	(9%)	360
Gross Margins	42%	45%		45%		44%
Operating Profit	212	168	26%	203	4%	202
Net Profit	200	150	33%	187	7%	181

(All figures are in SAR mln)

- Mouwasat recorded revenues of SAR 777 mln in 3Q25, slightly below our estimate of SAR 819 mln, as we had anticipated stronger demand. Revenues grew +9% Y/Y but declined -2% Q/Q, the Y/Y increase driven by higher numbers of both inpatients and outpatients. On a Q/Q basis, revenues were impacted by the holiday season during 3Q25.
- Gross profit reached SAR 324 mln, up +2% Y/Y but down -9% Q/Q, coming below our expectations. The gross margin contracted sharply by -310 bps Y/Y and -313 bps Q/Q, standing at 42%.
- Operating profit came in line with our estimates at SAR 212 mln, rising +26% Y/Y and +4% Q/Q, mainly supported by a reduction in impairment loss provisions. The operating margin expanded unexpectedly by +370 bps Q/Q and +176 bps Y/Y, reaching 27%. Our expectations had indicated operating margin pressure this quarter; however, we do not anticipate these levels to be sustained in upcoming quarters.
- Net profit exceeded our estimate of SAR 181 mln and the market consensus of SAR 185 mln, coming in at SAR 200 mln – a strong +33% Y/Y and +7% Q/Q increase, The robust performance was driven by revenue growth, lower impairment provisions, and reduced Zakat expenses.
- Mouwasat announced the commencement of trial operations for its new hospital in Yanbu Industrial City during 3Q25, with full commercial operations expected to begin in 4Q25. We believe the ongoing expansions at the Riyadh and Qatif hospitals, along with the construction of new hospitals in Abha and Al Ahsa, will likely exert pressure on margins over the short and long term. 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

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