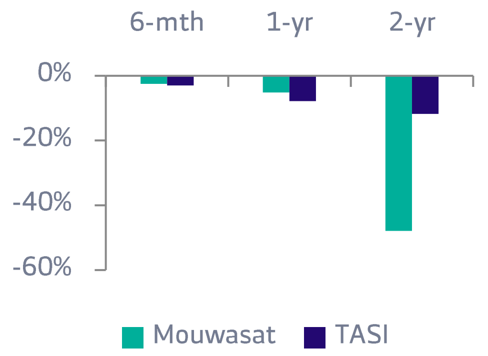
## Margins Improve Y/Y, Expansion Ongoing

**March 29, 2026**

| | | | |
|---|---|---|---|
| Upside to Target Price | 18.1% | Rating | Buy |
| Expected Dividend Yield | 3.0% | Last Price | SAR 71.10 |
| Expected Total Return | 21.1% | 12-mth target | SAR 84.00 |

| Market Data | |
|---|---|
| 52-week high/low | SAR 80.70/58.65 |
| Market Cap | SAR 14,220mln |
| Shares Outstanding | 200 mln |
| Free-float | 63.2% |
| 12-month ADTV | 445,134 |
| Bloomberg Code | MOUWASAT AB |




| MOUWASAT | 4Q2025 | 4Q2024 | Y/Y | 3Q2025 | Q/Q | RC Estimate |
|---|---|---|---|---|---|---|
| Sales | 885 | 756 | 17% | 777 | 14% | 827 |
| Gross Profit | 334 | 265 | 26% | 324 | 3% | 345 |
| Gross Margins | 38% | 35% | | 42% | | 42% |
| Operating Profit | 251 | 185 | 36% | 209 | 20% | 215 |
| Net Profit | 238 | 172 | 39% | 200 | 19% | 203 |

(All figures are in SAR mln)

- Mouwasat recorded FY2025 revenues of SAR 3.2 bln, compared to SAR 2.8 bln in 2024, reflecting a +12% Y/Y increase. This was driven by higher patient volumes and increased occupancy rates in inpatient departments, where revenues rose by +20%, in addition to continued improvement in the performance of newly established specialized departments. Net profit increased strongly by +27% Y/Y, attributed to lower impairment loss provisions as well as reduced financing costs compared to the previous year.
- For 4Q2025, revenues reached SAR 885 mln, up +17% Y/Y and +14% Q/Q, slightly above our estimates. The medical services segment rose by +17% Y/Y and +14% Q/Q, driven by growth in both inpatient and outpatient segments. while the pharmaceutical segment also grew by +17% Y/Y and +15% Q/Q.
- Gross profit was broadly in line with our estimates, increasing by +26% Y/Y and +3% Q/Q to SAR 334 mln in 4Q. Gross margin expanded by +265 bps Y/Y, while contracting by -384 bps Q/Q to 38%, below our expectations.
- Operating profit reached SAR 251 mln, increasing by +36% Y/Y and +20% Q/Q, above our estimate of SAR 215 mln. The operating margin improved for the second consecutive quarter, reaching 28%, compared to 24% in the same quarter last year and 27% in the previous quarter. This improvement was unexpected given our assumption of higher operating costs during the quarter, reflecting Mouwasat's efficiency in cost control.
- Net profit reached SAR 238 mln, increasing by +39% Y/Y and +19% Q/Q. Net margin expanded to 27%, compared to 23% in the same quarter last year and 26% in the previous quarter, supported by revenue growth alongside improved cost management.
- On January 12, 2026, Mouwasat announced the approval of a new hospital project in Al-Narjis district in Riyadh, with a total cost of SAR 900 mln and a capacity of 280 beds. On January 21, 2026, the company received the final license from the Ministry of Health for its new hospital in Yanbu Industrial City, with actual operations set to begin on February 1, 2026. The Board recommended DPS for 2H2025 at SAR 1.13 per share. Based on the strong results, stable growth plans, and improvement in margins on a Y/Y basis despite expansionary pressures, we upgrade our recommendation to Buy while maintaining our target price.

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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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