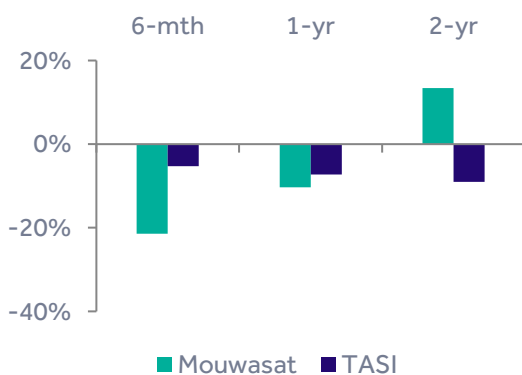


Market Data	
52-week high/low	SAR 140.4/86.6
Market Cap	SAR 20,600 mln
Shares Outstanding	200 mln
Free-float	47.46%
12-month ADTV	164,919
Bloomberg Code	MOUWASAT AB



Growth All Around

Upside to Target Price **21.4%**
 Expected Dividend Yield **1.8%**
 Expected Total Return **23.2%**

November 02, 2023
 Rating **Buy**
 Last Price **SAR 103.00**
 12-mth target **SAR 125.00**

MOUWASAT	3Q2023	3Q2022	Y/Y	2Q2023	Q/Q	RC Estimate
Sales	641	549	17%	627	2%	621
Gross Profit	298	247	21%	292	2%	283
Gross Margins	47%	45%		47%		46%
Operating Profit	182	139	31%	172	6%	164
Net Profit	156	122	28%	151	4%	142

(All figures are in SAR mln)

- Revenues went up by +17% Y/Y and +2% Q/Q to SAR 641 mln, largely in-line with our SAR 621 mln estimate. Management has cited an increase in the number of out-patient visits as well as higher in-patient occupancy rates for the jump in topline. This is likely to have been positive for the pharmacy segment as well. 2Q 2023 topline was impacted by the Eid Al-Fitr and Eid Al-Adha holidays, while 3Q 2023 includes the summer holiday season.
- There has been continued performance improvement of newly specialized resources coupled with improved operating efficiency. This has helped financials this year and is expected to aide in growth going forward.
- Gross profit inclined by +21% Y/Y and +2% Q/Q to SAR 298 mln. Gross margins expanded to 46.5% this quarter versus 45% last year but declined slightly from 46.6% in the previous quarter. Operating expenses at SAR 116 mln came in lower than expected resulting in a +31% Y/Y rise in operating profit to SAR 182 mln. Net margins improved by 40 bps Q/Q and 210 bps Y/Y to 24.4%.
- Bottomline was recorded at SAR 156 mln, up +28% Y/Y and +4% Q/Q, in-line with our forecast of SAR 142 mln, stemming from revenue growth and better margins. We are positive on the healthcare sector in general and Mouwasat in particular. With expansions coming in all the three regions (Western, Central and Eastern) coupled and industry leading margins, we maintain our target price of SAR 125.00 and Buy rating. Dividend yield at 1.8% is attractive.

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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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