

Market Data	
52-week high/low	SAR 100.00/51.90
Market Cap	SAR 32,900 mln
Shares Outstanding	350 mln
Free-float	26.2%
12-month ADTV	1,078,837
Bloomberg Code	SULAIMAN AB

## Hospital Segment Leads Profits

October 26, 2020

Upside to Target Price	(4.3%)	Rating	Neutral
Expected Dividend Yield	2.2%	Last Price	SAR 94.00
Expected Total Return	(2.1%)	12-mth target	SAR 90.00

HMG	3Q2020	3Q2019	Y/Y	2Q2020	Q/Q	RC Estimate
Sales	1,624	1,227	32%	1,203	35%	1,378
Gross Profit	559	349	60%	360	55%	420
Operating Profit	324	192	68%	203	59%	263
Net Profit	299	198	51%	192	55%	252

(All figures are in SAR mln)

- HMG reported robust revenues at SAR 1.6 billion, +32% Y/Y and +35% Q/Q as all group segments witnessed growth including Hospital, Pharmacy and HMG Solutions. The primary growth driver was the Hospital segment which saw a rise in both inpatient and outpatient numbers as international travel is still limited versus previous years when people leave the Kingdom to spend summer vacations abroad.
- Gross profit saw a jump of 60% Y/Y as gross margins have expanded substantially to 34% as the revenue mix likely skewed towards inpatients.
- The Company reported a net income of SAR 299 million (+51% Y/Y, +55% Q/Q) beating both our expectations of SAR 252 million and street estimates of SAR 242 million. The Khobar hospital is still in the ramp up phase and we can expect to see better contribution from it going forward.
- HMG also announced a quarterly dividend of SAR 0.60 per share for 3Q2020 sticking to its guided 70% payout ratio. However, full year dividend yield of 2.2% is not as attractive right now due to a rise in stock price. We maintain our target price of SAR 90.00 and a Neutral rating.

Muhammad Faisal Potrik  
 muhammed.faisal@riyadcapital.com  
 +966-11-203-6807

Rawabi A. Al Mutaywia  
 rawabi.al.mutaywia@riyadcapital.com  
 +966-11-203-6805

الرياض المالية  
 riyad capital

## ■ 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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