

**Earnings broadly in line with expectations, with positive deviation driven by a zakat expense reversal.**

Mouwasat reported a net profit of SAR 201mn in Q1-26, up 2.0% Y/Y (down 15.6% Q/Q), broadly in line with expectations—beating AJBC and consensus estimates by 6.1% and 3.5%, respectively. Earnings were supported by a likely reversal of zakat expenses, offsetting the impact of margin compression. Revenues grew 9.0% Y/Y to SAR 834mn, driven by higher occupancy, improved contract terms, and contribution from the Yanbu hospital, though sequential decline reflected Ramadan seasonality. Gross and operating margins contracted due to ramp-up costs and higher OPEX linked to the new facility, though gross margin came in slightly ahead of expectations.

- **Mouwasat posted a net profit** of SAR 201mn in Q1-26, reflecting a modest 2.0% increase Y/Y, though declining 15.6% sequentially. The Y/Y topline growth during the quarter was largely offset by the gross margin compression. Overall performance came broadly in line with expectations, exceeding AJBC’s estimate of SAR 189mn by 6.1% and the consensus forecast of SAR 194.3mn by 3.5%. However, due to likely reversal of Zakat expense for 2024 assessment during the quarter resulted in net income increasing by 2.0% Y/Y to SAR 201mn. Adjusting for an estimated SAR 1-2mn reversal, normalized net income would have been c.SAR 192mn, broadly in line with AJBC’s estimate of SAR 189mn.
- **Revenues** grew by 9.0% Y/Y (-5.7% Q/Q) to SAR 834mn in Q1-26 (-1.8% deviation to AJBC estimate of SAR 850mn). The growth was primarily driven by the increase in occupancy rates, some improvement in the contractual terms with the company’s clients for 2026 along with the recently commissioned 200 beds hospital in Yanbu Industrial City. However, company’s revenues declined on Q/Q basis primarily due to Ramadan seasonality which led to the drop in Out Patients visit volumes.
- **Gross profit** increased by 2.9% Y/Y to SAR 343mn in Q1-26 (-0.6% deviation to AJBC estimate of SAR 345mn). Gross margin contracted by 244 Y/Y (-232bps Q/Q) to 41.1% (+51bps deviation to AJBC estimate of 40.6%). The contraction in gross margins was primarily driven by the opening of Yanbu Hospital in Q1-26.
- **Operating profit** declined by 2.9% Y/Y and 17.6% Q/Q to SAR 207mn in Q1-26 (-2.8% deviation to AJBC estimate of SAR 213mn). Operating margin stood at 24.8% in Q1-26, down 307bps Y/Y (-359bps Q/Q) and 24bps below AJBC estimate of 25.1%. OPEX-to-sales grew by 63bps Y/Y to 16.3%. The increase in operating expenses is attributable to the new hospital in Yanbu.

**AJBC view and valuation:** Mouwasat earnings for Q1-26 were increased modestly by 2.0% Y/Y owing to Zakat expense reversal. Overall, the above expectations gross margins indicates positive outlook for the company despite the commissioning of a 200 beds hospital during Q1-26. The stock currently trades at 2026E P/E of 17.2x against the sector’s P/E of c.21.0, implying a c.18% discount. Accordingly, on both valuation and medium-term earnings prospects, we reiterate our **“Overweight”** recommendation on the stock with unchanged TP of **SAR 90.6/share**.

**Results Summary**

SAR mn	Q1-25	Q4-25	Q1-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	764	885	834	9.09%	-5.74%	-1.87%
Gross Profit	333	384	343	2.98%	-10.78%	-0.64%
Gross Margin	43.58%	43.46%	41.14%	-	-	-
EBIT	213	251	207	-2.93%	-17.64%	-2.83%
Net Profit	197	238	201	2.01%	-15.67%	6.14%
EPS	0.99	1.19	1.01	-	-	-

Source: Company Reports, Aljazira Capital Research

<b>Recommendation</b>	<b>Overweight</b>
<b>Target Price (SAR)</b>	<b>90.6</b>
<b>Upside / (Downside)*</b>	<b>32.2%</b>

Source: Tadawul \*prices as of 29<sup>th</sup> of April 2026

**Key Financials**

SARmn (unless specified)	FY23	FY24	FY25
Revenue	2,706	2,879	3,223
Growth %	15.9%	6.4%	11.9%
Gross Profit	1,313	1,237	1,361
EBIT	757	724	880
Net Profit	658	646	822
Growth %	9.7%	-1.8%	27.3%
EPS	3.29	3.23	4.11
DPS	1.7	2.0	2.1

Source: Company reports, Aljazira Capital Research

**Key Ratios**

	FY23	FY24	FY25
GP Margin	48.5%	42.9%	42.2%
EBIT Margin	28.0%	25.2%	27.3%
Net Margin	24.3%	22.4%	25.5%
P/E (x)	34.0	26.4	18.4
P/B (x)	6.8	4.8	4.0
EV/EBITDA (x)	23.6	18.5	13.8
Div Yield (%)	1.3%	2.1%	2.6%

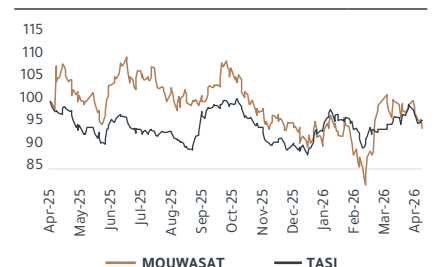
Source: Company reports, Aljazira Capital Research

**Key Market Data**

Market Cap(bn)	13.7
YTD%	2.7%
52 week (High)/(Low)	80.7/58.6
Share Outstanding (mn)	200

Source: Company reports, Aljazira Capital Research

**Price Performance**



Source: Tadawul, Aljazira Capital Research

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RATING  
TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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