



Expansions & operational metrics drove quarterly revenues to its highest reported; increase in ECL provisions limited bottom line potential

Care reported a healthy set of results for Q2-25, at a net income of SAR 79.9mn, up 15.0% Y/Y yet down 6.4% Q/Q. This came in broadly in line with our estimated SAR 84.5mn at a -5.4% deviation. Excluding the positive Zakat reversal in Q2-24, net income would have posted a staggering 42% growth. Results were lead by top line growth from operational developments, including a 16% Y/Y increase in capacity. Despite resilience at the GPM level, operating margins limited bottom line potential due to a heightened ECL provision of SAR 11mn recorded. However, we see this quarter as a sign of a good Q4-25 to come for Care. We maintain our **"Overweight"** recommendation at a **TP of 188.0/share** on the stock trading at a **FY25E PE of 25.8x**.

- Care reported its Q2-25 bottom line at SAR 79.9mn (up 15.0% Y/Y yet down 6.4% Q/Q), broadly in line with our estimated SAR 84.5mn at a -5.4% deviation. Adjusting for a SAR 13.2mn Zakat provision reversal in Q2-24, net income would have reported a normalized 42% Y/Y growth. Healthy operational metrics drove Care's quarterly top line to its highest recorded at SAR 398mn, also supported by capacity increases of 16% Y/Y. While GPM's remained resilient at 37.1%, increases in OPEX from SG&As and ECL provisions limited results' delivery to the bottom line. On the other hand, a lower-than-expected Zakat charge further supported net income.
- Top-line at SAR 398mn provided a solid growth of 34.0% Y/Y, and 3.3% Q/Q; reaching its highest quarterly revenues reported for Care. This was in line with our forecast of SAR 390 at a +2.0% deviation from our estimates. Revenues were driven by 16% Y/Y capacity increases from the AlSalam acquisition, launch of ReLib mental health, and renovations at Rawabi to utilize more of its space. Consequently, operational metrics displayed healthy growths to drive the revenue reported for the quarter: inpatient admissions up 53% Y/Y, outpatient visits up 44% Y/Y, surgeries up 43% Y/Y. Notably, occupancy rates also increased 20.4 pcp to reach 80.7%.
- Gross profit followed suit of quarterly revenues to also reach its highest recorded at SAR 147.5mn, up 36.4% Y/Y and 3.2% Q/Q. This was in line with our estimated SAR 145.3mn at a +1.5% deviation. While COGs at SAR 250mn grew at a 33% Y/Y, mainly from a 25% Y/Y increase in salaries and benefits costs related to expansions, GPMs remained resilient at 37.1% (up 70bps Y/Y and flat Q/Q). This was in line with our estimated 37.2% at a -10bps deviation.
- Operating profits for the quarter reached SAR 85mn, up 30.5% Y/Y yet down 12.6% Q/Q. This negatively missed our estimates of SAR 96.2mn by -11.6%, mainly due to ECL provisions coming in higher than expected. ECL provisions of SAR -11mn were an increased from SAR -4.7mn in Q2-24, and +3.5mn in Q1-25. As a share of revenue, provisions rose to 2.8%, up 120bps Y/Y; despite this, management cite the increase in revenue as a reason for the higher provisions. An uptick in selling and marketing expenses further pressured operating profits, and while G&A was flat Q/Q it came in up 24% likely as a result of the AlSalam acquisition. This lead OPEX-to-Revenue to reach 15.7% (up 120bps Y/Y and 380bps Q/Q), pressuring OP margins to reach 21.4% (down 50bps Y/Y and 380bps Q/Q).

AJC view and valuation: Care's Q2-25 results displayed clean operational and financial health as the firm comes off expansion initiatives, and with more expansions announced pending for FY28. At a current net D/E of almost 0 we believe the firm has more room to announce potential acquisitions as a part of expansion strategy, supported by its financial position. We expect Care to post a net income of SAR 282mn in FY25E, at a forward PE of 25.8x, and an expected dividend per share of 2.1 at a yield of 1.3%. We maintain our **"Overweight"** rating on the stock, at a **TP of SAR 188/Share**.

Results Summary

SAR mn	Q2-24	Q1-25	Q2-25	Change Y/Y	Change Q/Q	Deviation from AJC Estimates
Revenue	297	385	398	34.0%	3.3%	2.0%
Gross Profit	108	143	147	36.4%	3.2%	1.5%
Gross Margin	36.4%	37.1%	37.1%	-	-	-
EBIT	65	97	85	30.5%	-12.6%	-11.6%
Net Profit	69.5	85.4	79.9	15.0%	-6.4%	-5.4%
EPS	1.55	1.90	1.78	-	-	-

Source: Company Reports, Aljazira Capital Research

Recommendation **Overweight**

Target Price (SAR) **188.0**

Upside / (Downside)* **15.8%**

Source: Tadawul *prices as of 31st of July 2025

Key Financials

SARmn (unless specified)	FY22	FY23	FY24	FY25E
Revenues	918	1,082	1,294	1,473
Growth %	8.6%	17.8%	19.6%	13.9%
Gross profit	289.7	369.6	454.1	511.5
Growth %	17.5%	27.6%	22.8%	12.7%
Oper. Income	197	247	297	321
Growth %	20.7%	24.3%	20.3%	8.0%
Net Income	170	241	298*	282
Growth %	24.7%	41.7%	23.8%	-5.4%*
EPS	3.79	5.37	6.65	6.29
DPS	1.0	2.0	2.0	2.1

Source: Company reports, Aljazira Capital Research *FY24 included SAR 71mn in one off positive reversals

Key Ratios

	FY22	FY23	FY24	FY25E
Gross Margin	31.6%	34.2%	35.1%	34.7%
Oper. Margin	21.6%	22.8%	22.9%	21.8%
Net Margin	18.5%	22.3%	23.0%	19.1%
ROA	10.4%	12.3%	12.6%	10.8%
ROE	14.2%	17.7%	19.3%	16.4%
P/E (x)	19.5	32.5	25.1	25.8
P/B (x)	2.6	5.4	4.6	4.0
Dividend Yield	1.4%	1.1%	1.2%	1.3%

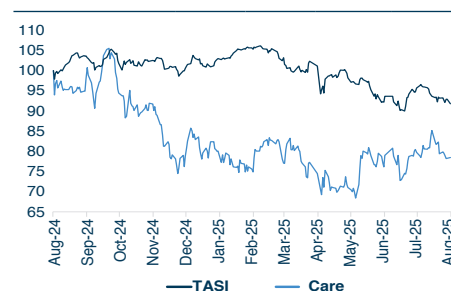
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	7.2
YTD%	-2.75%
52 week (High)/(Low)	220.6/139.2
Share Outstanding (mn)	44.85

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadawul, Aljazira Capital Research

Senior Equity Analyst

Ibrahim Elaiwat

+966 11 2256115

i.elaiwat@Aljaziracapital.com.sa





RESEARCH DIVISION

Head of Sell-Side Research - Director
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

RESEARCH
DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

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.

Disclaimer

The purpose of producing this report is to present a general view on the company/economic sector/economic subject under research, and not to recommend a buy/sell/hold for any security or any other assets. Based on that, this report does not take into consideration the specific financial position of every investor and/or his/her risk appetite in relation to investing in the security or any other assets, and hence, may not be suitable for all clients depending on their financial position and their ability and willingness to undertake risks. It is advised that every potential investor seek professional advice from several sources concerning investment decision and should study the impact of such decisions on his/her financial/legal/tax position and other concerns before getting into such investments or liquidate them partially or fully. The market of stocks, bonds, macroeconomic or microeconomic variables are of a volatile nature and could witness sudden changes without any prior warning, therefore, the investor in securities or other assets might face some unexpected risks and fluctuations. All the information, views and expectations and fair values or target prices contained in this report have been compiled or arrived at by Al-Jazira Capital from sources believed to be reliable, but Al-Jazira Capital has not independently verified the contents obtained from these sources and such information may be condensed or incomplete. Accordingly, no representation or warranty, express or implied, is made as to, and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. Al-Jazira Capital shall not be liable for any loss as that may arise from the use of this report or its contents or otherwise arising in connection therewith. The past performance of any investment is not an indicator of future performance. Any financial projections, fair value estimates or price targets and statements regarding future prospects contained in this document may not be realized. The value of the security or any other assets or the return from them might increase or decrease. Any change in currency rates may have a positive or negative impact on the value/return on the stock or securities mentioned in the report. The investor might get an amount less than the amount invested in some cases. Some stocks or securities maybe, by nature, of low volume/trades or may become like that unexpectedly in special circumstances and this might increase the risk on the investor. Some fees might be levied on some investments in securities. Aljazira Capital, its employees, one or more of its affiliates, or its clients may have investments in the securities or assets referred to in this report. This report has been produced independently and separately by the Research Division at Al-Jazira Capital and no party (in-house or outside) who might have interest whether direct or indirect have seen the contents of this report before its publishing, except for those whom corporate positions allow them to do so, and/or third-party persons/institutions who signed a non-disclosure agreement with Al-Jazira Capital. Funds managed by Al-Jazira Capital and its subsidiaries for third parties may own the securities that are the subject of this document. Al-Jazira Capital or its subsidiaries may own securities in one or more of the aforementioned companies, and/or indirectly through funds managed by third parties. The Investment Banking division of Al-Jazira Capital maybe in the process of soliciting or executing fee earning mandates for companies that is either the subject of this document or is mentioned in this document. One or more of Al-Jazira Capital board members or executive managers could be also a board member or member of the executive management at the company or companies mentioned in this report, or their associated companies. No part of this report may be reproduced whether inside or outside the Kingdom of Saudi Arabia without the written permission of Al-Jazira Capital. Persons who receive this report should make themselves aware, of and adhere to, any such restrictions. By accepting this report, the recipient agrees to be bound by the foregoing limitations.

Asset Management | Brokerage | Investment Banking | Custody | Advisory

Head Office: King Fahad Road, P.O. Box: 20438, Riyadh 11455, Saudi Arabia, Tel: 011 2256000 - Fax: 011 2256068