

Specialized Medical Company (SMC)

Initiation Report | October 2026



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Table of contents:

Executive Summary	
Company Overview	5
Investment Thesis	7
Revenue growth has been volume-led, with little pricing power	7
Both existing hospitals operate in Riyadh's most contested catchments	8
The shift to acute care has not translated into higher margins	8
FY26E profit resets from an FY25 base flattered by one-offs	9
Al Malqa clinics build a patient base in north Riyadh as insurers move into primary care	9
Three new hospitals will add c.700 beds at a combined cost of SAR 3.2bn	10
Margins dip as the new hospitals ramp up, before recovering gradually from FY30E	11
The SABIC mental-health PPP adds a small but steady contribution	12
Financial Analysis	13
Revenue growth re-accelerates once the new hospitals open	13
Margins compress through FY29-30E before recovering	13
Leverage and finance costs peak in FY29-31E	13
Returns fall sharply during the build-out, and we assume no dividends until FY31E	14
Operating cash flow covers only about a third of capex in FY27-29E	14
Comparative Analysis	15
Valuation	15
Key Financials	17

Capacity set to double in north Riyadh, but a largely debt-funded build-out limits earnings visibility; initiate with a "Neutral" rating

Specialized Medical Company (SMC) is a Riyadh-based private hospital operator that has spent the last four years exiting government-referred long-term care (LTC) and refilling its beds with insured acute-care patients; the government's share of revenue has fallen from 20.7% in FY21 to c.2% today. The next leg of growth will come from three new hospitals in north Riyadh (SMC3, SMC4 and SMC5), which will take licensed capacity from 586 to 1,284 beds by 2030 at a combined project cost of c.SAR 3.2bn. We like the strategic logic, particularly SMC4 in Khuzam, but the execution burden is significant: c.65% of the growth capex is debt funded, two of the three hospitals are entering crowded catchments, and the company is concentrated in Riyadh and in the Class A/VIP tier of the insured market, where insurers hold most of the pricing power. We forecast revenue to grow at a 9.0% CAGR over FY25-34E, but net income to fall from SAR 175mn in FY27E to SAR 49mn in FY29E as finance costs and the fixed costs of the new hospitals absorb most of the operating profit, before recovering to SAR 387mn by FY34E. With low earnings visibility over the next five years and leverage peaking at 8.0x net debt/EBITDA in FY29E, we believe the current valuation of P/E 18.1x on FY27E earnings fairly reflects SMC's risk-reward profile. We initiate coverage with a target price of **SAR 14.2/share**, based on a 50:50 blend of DCF and P/E, and assign a "Neutral" rating, implying an upside of 12.2% from the last close.

The exit from government long-term care has turned SMC into an insured acute-care operator: LTC contracts with government hospitals historically filled SMC's beds, but at low tariffs and with slow collections. In FY23, LTC beds made up c.42% of bed capacity yet generated only 17% of inpatient revenue. Recognizing this, the company scaled LTC beds down from 352 in FY22 to 84 by Q1-26 and converted part of the freed space into clinics. Despite the shrinking LTC base, revenue grew at a 9.9% CAGR over FY21-25 as insured patients took up the released capacity. With the transition now broadly complete, future growth will depend on new capacity rather than on mix.

SMC2 has driven most of the growth; SMC1 is now the swing factor until new hospitals open: SMC2 has been the standout performer since ramping up, lifting its share of group revenue from 21.8% in FY21 to 35.1% in 9M-24. Assuming that share held in FY25, we estimate SMC2 contributed c.64% of the SAR 485mn increase in group revenue over FY21-25, or c.6.3ppt of the 9.9% CAGR. It is also the most profitable hospital, with a gross margin of 36.6% vs c.28% at SMC1 in 9M-24. With SMC2's occupancy already above 70% and SMC1 just above 60%, near-term volume growth will depend largely on filling SMC1.

Growth has been volume-led, as insurers retain the upper hand on pricing: Over FY21-25, SMC's growth came mainly from seeing more patients rather than charging more per visit. Outpatient visits rose 88% over the period, while revenue per visit increased by only 9%. Pricing pressure has also shown up in deductions and discounts, which we estimate increased from c.11% of gross revenue in FY21 to c.18% in FY25, before easing to c.15-16% in 1H-26. As a result, the move away from LTC towards acute care has done little for profitability: gross margin peaked at 26.1% in FY23 and stood at 24.4% in 1H-26. With no clear sign of pricing power returning, we assume deductions stay at c.15% and gross margin holds at 24.4-24.7% over FY26-27E.

Recommendation	Neutral
Target Price (SAR)	14.2
Upside/(Downside)	12.2%

Source: Tadawul, AlJazeera Capital Research *price as of 27th October 2026

Key Financials

(in SAR mn, unless specified)	FY24	FY25	FY26E	FY27E
Revenues	1,438	1,538	1,631	1,695
Growth %	5.1%	7.0%	6.0%	3.9%
Gross profit	362	383	398	419
Growth %	1.6%	5.8%	3.9%	5.3%
EBIT	237	243	211	232
Growth %	10.6%	2.6%	-13.3%	9.7%
Net income	185	266	167	175
Growth %	9.8%	43.7%	-37.4%	5.2%
EPS	0.74	1.06	0.67	0.70
DPS	0.80	1.12	0.00	0.00

Source: Company, AlJazeera Capital Research

Key Ratios

	FY24	FY25	FY26E	FY27E
Gross margin	25.2%	24.9%	24.4%	24.7%
EBIT margin	16.5%	15.8%	12.9%	13.7%
Net margin	12.9%	17.3%	10.2%	10.3%
ROA	9.0%	12.0%	6.8%	6.0%
ROE	22.2%	26.4%	14.7%	15.1%
P/E (x)	N.A	16.9	19.0	18.1
P/B (x)	N.A	3.8	3.0	2.5
EV/EBITDA (x)	N.A	14.3	12.0	13.5
DY	N.A	9.9%	0.0%	0.0%

Source: Company, AlJazeera Capital Research

Key Market Data

Bloomberg ticker	SMCHEALT AB
Market Cap(mn)	2,987
YTD%	-33.7%
52 week (High)/(Low)	21.4/11.3
Share Outstanding (mn)	250.0

Source: Company, AlJazeera Capital research

Major shareholders

	Holding
Abdul Rahman Saad AlRashid & Sons Co.	28.3%
Abdullah bin Saad AlRashid & Sons Co.	14.4%
Rashid Saad AlRashid & Sons Co.	9.1%
Public and others	48.2%

Price Performance



Source: Tadawul, AlJazeera Capital research

SMC's existing hospitals sit in some of Riyadh's most competitive catchments: Both SMC1 and SMC2 face dense private competition on their doorstep. Six private hospitals are located within 5km of SMC1, including HMG Olaya and Akdital's new Olaya hospital, with Al Hammadi's rebuilt hospital due to reopen in 1H-27. SMC2 has five competitors within the same radius, including HMG Al Hamra and the AlFagih hospital, which Fakeeh Care acquired in July 2026. This competitive intensity limits SMC's ability to raise tariffs and is the main reason we do not expect discounts to normalize.

Three new hospitals will double capacity, but each carries a different risk profile: SMC plans to add 698 beds in Riyadh through SMC3, SMC4 and SMC5, with total capex of c.SAR 3.2bn over FY26-30E. SMC4 (Khuzam, north Riyadh) is the best positioned, with no private hospital within 10km, while SMC3 faces five private hospitals within a 5km radius and SMC5 will sit within 3km of HMG Al Sahafa and Fakeeh's Riyadh hospital. We assume SMC3 and SMC4 open in Q1-29, a quarter later than guided, and SMC5 in Q3-30. We therefore expect SMC4 to break even fastest, within 22-26 months of opening, against 30-36 months for SMC3 and more than 36 months for SMC5.

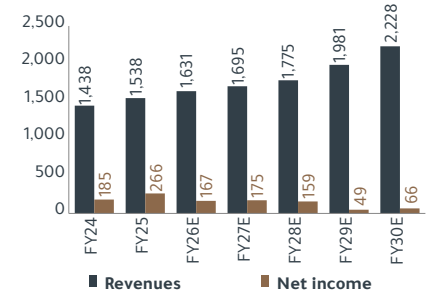
The build-out is largely debt funded, pushing earnings to a trough in FY29-30E: We expect total debt (excluding leases) to rise from SAR 533mn in FY25 to a peak of SAR 3.22bn in FY30E. Once interest capitalization ends, finance cost rises from SAR 72mn in FY28E to SAR 171mn in FY29E and peaks at SAR 207mn in FY31E, while the new hospitals' fixed costs push gross margin down to 20.7% in FY29E. As a result, net margin bottoms at 2.5% in FY29E, and we assume no dividends until FY31E.

Near-term earnings reset from an FY25 base flattered by one-offs, with the PPP providing modest support: Adjusting FY25 net income of SAR 266mn for a SAR 60.6mn land gain and unusually low 2H-25 G&A, underlying profit was c.SAR 150-155mn. We forecast FY26E net income of SAR 167mn on revenue of SAR 1,631mn (net margin of 10.2% vs 14-16% guided range). From FY27E, our estimates include SMC's 51% share of the SABIC mental-health PPP as an associate, adding SAR 6.2mn in FY27E and SAR 14.6mn a year thereafter, close to 1ppt of net margin.

Valuation: Our DCF gives a fair value of SAR 17.3/share, while a 16x target multiple on FY27E EPS of SAR 0.70 gives SAR 11.23/share. Using a 50:50 weighting, we arrive at a target price of **SAR 14.2/share**, implying **12.2%** upside. Given low earnings visibility, execution risk on a largely debt-funded build-out, concentration in Riyadh and in the Class A/VIP insurance tier, and high leverage, we believe P/E of 18.1x on FY27E earnings fairly reflects the risk-reward profile, and we assign a **"Neutral"** rating.

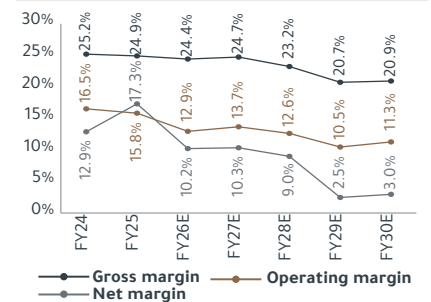
Key risks: Upside: Earlier openings or a faster ramp-up, an easing of insurer discounts and lower interest rates would lift our estimates. **Downside:** Further delays or cost overruns, a slower population build-up around SMC4 and price-led competition could delay the earnings recovery, while peak leverage of c.7-8x net debt/EBITDA in FY28-29E could push the resumption of dividends beyond our FY31E assumption.

Revenue and net income (SAR mn)



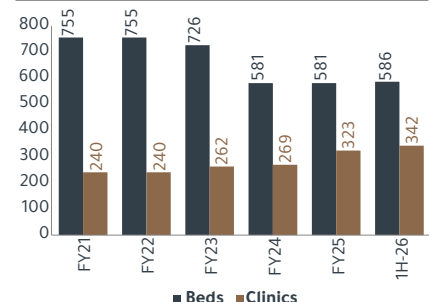
Source: Company, Aljazira Capital Research

Margin performance



Source: Company, Aljazira Capital Research

Capacity: beds and clinics



Source: Company, Aljazira Capital research

Company Overview

Specialized Medical Company ("SMC") is a Riyadh-based private hospital operator. It was incorporated in 1994 and opened its first facility on King Fahd Road in 1999 as a 30-bed day-surgery centre for VIP patients. Through successive expansions, the site grew into SMC1, a multi-specialty tertiary hospital that today has 390 beds and 212 clinics. In March 2020, the company opened SMC2 on King Abdullah Road (196 beds and 116 clinics today), which reached operating profit within two years despite opening at the start of COVID-19. The two hospitals provide inpatient, outpatient, emergency, diagnostic and pharmacy services, with a workforce of c.3,500, including c.500 doctors and c.1,080 nurses. In FY25, medical services generated 81.6% of revenue, pharmaceuticals 16.8% and food and catering 1.6%. Insured patients account for the bulk of revenue, and the three largest insurers (Bupa, Tawuniya and MedGulf) contributed c.64% of revenue in 9M-24.

SMC listed on the Main Market of the Saudi Exchange in June 2025 through the sale of 30% of its shares by existing shareholders at SAR 25/share, and companies of the founding Abdul Rahman Saad AlRashid & Sons Co., Abdullah bin Saad AlRashid & Sons Co., and Rashid Saad AlRashid & Sons Co. remain the controlling shareholders. Since listing, the company has moved into a new phase of expansion. In January 2026, it opened its first standalone outpatient centre (SMC Clinics - Al Malqa, 35 clinics), and in July 2026 it signed a 15-year contract, through a 51%-owned company, to operate the SABIC behavioral care hospital under the Ministry of Health's PPP programme. Three new hospitals (SMC3, SMC4 and SMC5) are under development in north Riyadh and, once operational, will take licensed capacity from 586 to c.1,284 beds, in line with management's ambition to become the leading private healthcare provider in the north of the city.

Fig 1. Timeline of events

1999	2005	Mar 2020	Sep 2024	Jun 2025	Oct 2025	Jan 2026	Jul 2026	2029-30E
SMC1 opens on King Fahd Road as a 30-bed VIP day-surgery centre	First LTC agreement with the National Guard; LTC becomes a core business line	SMC2 opens on King Abdullah Road	Most government LTC contracts expire; LTC exit accelerates	IPO on the Main Market: 30% of shares sold at SAR 25	SAR 1.1bn SAB facilities signed, incl. SAR 800mn 12-year loan for SMC4	SMC Clinics - Al Malqa opens (35 clinics)	SABIC behavioral care PPP contract signed (51% stake)	SMC3 and SMC4 open (AJC: Q1-29); SMC5 follows (AJC: Q3-30)

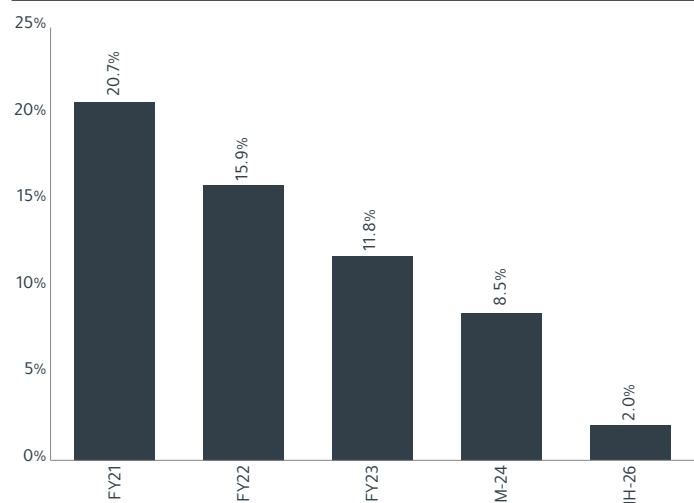
Source: Prospectus, Company announcements, AlJazeera Capital Research

SMC has moved from a government LTC provider to an insured acute-care operator:

For most of its history, the government was SMC's anchor customer. Through three-year LTC arrangements with the Ministry of National Guard Health Affairs, Prince Sultan Military Medical City, Security Forces Hospital and KFSH&RC, SMC filled a large share of its beds with long-stay patients. The model provided steady occupancy but weak economics: in FY23, LTC constitutes 42% of SMC's beds capacity (303 of 726) yet generated only 17% of inpatient revenue, government receivables were slow to collect, and the beds were unavailable for higher-value acute cases.

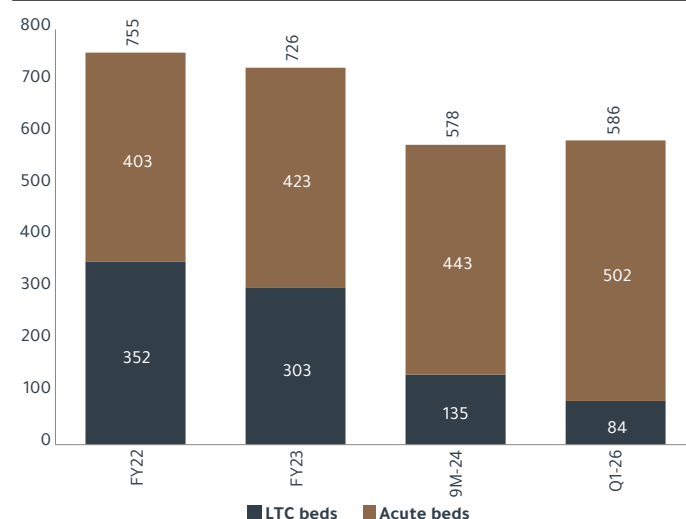
Management chose to exit. Most government LTC contracts expired in September 2024, LTC beds were cut from 352 in FY22 to 84 by Q1-26 (53 were converted to acute use in FY25 alone), and part of the inpatient space was converted into outpatient clinics. Total beds fell from 755 to 586, while clinics rose from 240 to 323 by FY25. The government's share of revenue fell from 20.7% in FY21 to 11.8% in FY23 and is c.2% today. The exit came at a cost: a SAR 78.1mn receivables write-off in Q4-24, and SAR 122.6mn of FY23 LTC revenue that had to be replaced with insured patients. With the transition broadly complete, the easy gains from mix are behind SMC; growth must now come from the new capacity.

Fig 2. Government share of revenue



Source: Prospectus, Company reports, Aljazira Capital research; 1H-26 approximate

Fig 3. Bed mix: LTC vs acute beds



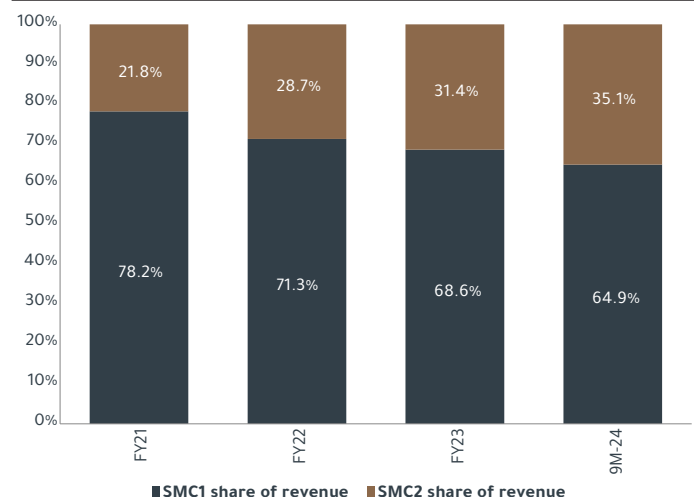
Source: Prospectus, Company reports, Aljazira Capital research

SMC2 has driven most of the growth, while SMC1 still has capacity to fill:

The two hospitals are at very different stages. SMC2 has been the growth engine since opening: its share of group revenue rose from 21.8% in FY21 to 35.1% in 9M-24, with revenue up 51% in FY22 and 24% in FY23, against 5% and 9% at SMC1. The hospital split is not disclosed after 9M-24, but assuming SMC2 held its 35.1% share in FY25, we estimate it accounted for c.64% of the SAR 485mn increase in group revenue over FY21-25, or c.6.3ppt of the 9.9% CAGR. On this basis, SMC2 grew revenue at c.24% a year over the period, against c.5% at SMC1. It is also the most profitable asset, with a gross margin of 36.6% in 9M-24 against c.28% at SMC1, helped by a newer building, a purely acute case mix and no legacy LTC beds.

That growth is now running into capacity. We estimate SMC2's occupancy at above 70%, leaving limited headroom, while SMC1 operates at a little above 60%. The gap at SMC1 is partly a legacy of the LTC exit, as converted capacity is still being filled, but SMC1 also faces the stiffest competition in central Riyadh, so we do not expect it to close quickly. Until SMC3 and SMC4 open, group volume growth depends largely on filling SMC1 & Al Malqa standalone clinics.

Fig 4. Revenue split: SMC1 vs SMC2



Source: Prospectus, Aljazira Capital Research

Fig 5. SMC1 vs SMC2 at a glance

	SMC1	SMC2
Location	King Fahd Rd	King Abdullah Rd
Opened	1999	2020
Beds / clinics (FY25)	390 / 207	191 / 116
Revenue share, FY21	78.2%	21.8%
Revenue share, 9M-24	64.9%	35.1%
Revenue growth, FY22 / FY23	4.7% / 8.8%	50.7% / 24.0%
Gross margin, 9M-24	c.28%	36.6%
Est. current occupancy	60%+	70%+

Source: Prospectus, Company reports, Aljazira Capital estimates

Investment Thesis

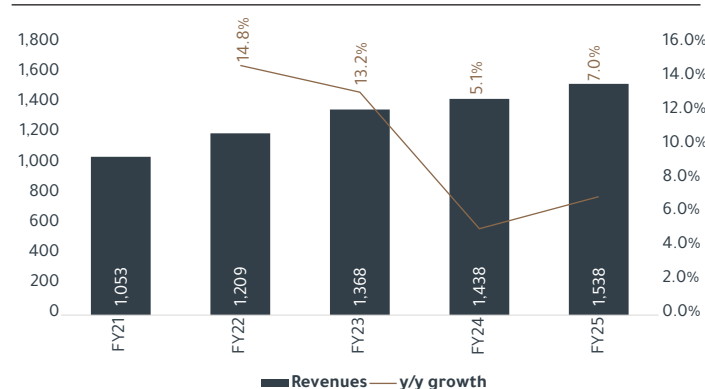
Revenue growth has been volume-led, with little pricing power:

SMC grew revenue from SAR 1,053mn in FY21 to SAR 1,538mn in FY25, a CAGR of 9.9% vs the sector's topline CAGR of 15.2% over the same period. Growth came almost entirely from higher volumes and the rising contribution of SMC2. Outpatient (OPD) visits rose from c.750k in FY21 to 1.41mn in FY25 as clinics were added and converted LTC space came into use, growing at a CAGR of 18.8% over FY21-24. Growth slowed to 11.8% in FY25, even though clinics increased by 20% (from 269 to 323), as visits per clinic fell 7% to c.4,360. We expect OPD visits to grow 8.0% in FY26E and 3-4% a year in FY27-28E, as the LTC-to-acute transition is now largely behind SMC.

While volumes have grown strongly, pricing has lagged well behind. OPD revenue per visit rose only from SAR 430 in FY21 to SAR 469 in FY25, an increase of just 2.2% a year. On the inpatient side, revenue per patient almost doubled (+88%), but this reflects a change in case mix, as short acute admissions replaced long LTC stays, rather than higher tariffs; inpatient visits fell 35% over the same period. To win insured acute volumes after the LTC exit, SMC has had to offer insurers deeper discounts and more favorable network terms. As a result, we estimate deductions, discounts and NPHIES fees in total rose from c.11% of gross revenue in FY21-22 to c.18% in FY25, with claim rejections adding to the pressure.

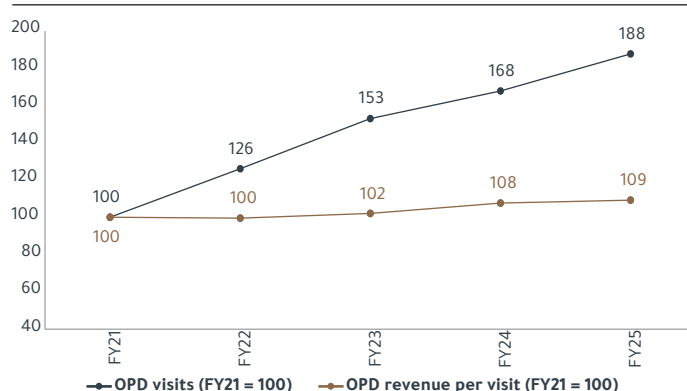
We do not expect this to reverse soon. Insurers hold the stronger hand in Riyadh, where new capacity from Dr. Sulaiman Al Habib (HMG), Akdital and Al Hammadi is coming on stream, and Fakeeh Care is filling spare capacity at the AlFagih hospital it acquired in 2026. Deductions eased to c.15-16% of gross revenue in 1H-26, and OPD revenue per visit softened to c.SAR 440-445. We hold both broadly at these levels through FY27E and assume only modest tariff increases from FY28E (2% for inpatient services in FY28E and c.1% a year thereafter), which leaves volume growth and better utilization as the main levers for the existing hospitals.

Fig 6. Revenue (SAR mn) and y/y growth



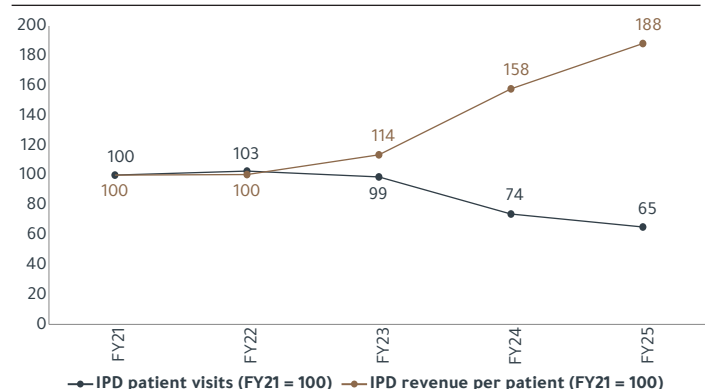
Source: Company reports, Aljazira Capital Research

Fig 7. Outpatient: visits vs revenue per visit (FY21 = 100)



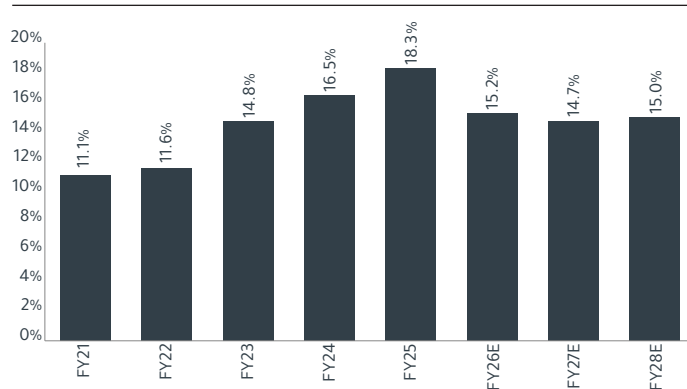
Source: Prospectus, Company reports, Aljazira Capital Research

Fig 8. Inpatient: visits vs revenue per patient (FY21 = 100)



Source: Prospectus, Company reports, Aljazira Capital Research

Fig 9. Deductions and discounts, % of gross revenue



Source: Prospectus, Aljazira Capital estimates; FY24-25 gross revenue partly estimated

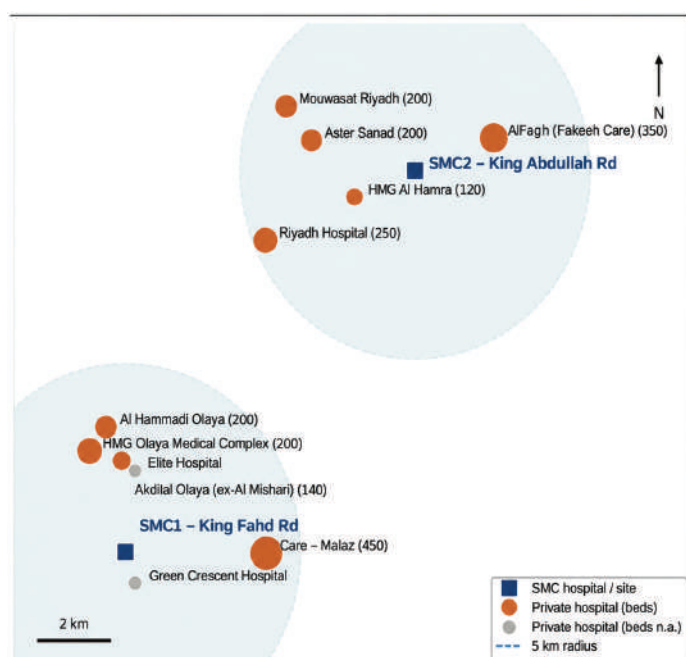
Both existing hospitals operate in Riyadh's most contested catchments:

SMC1 (King Fahd Road): Six private hospitals sit within 5km of SMC1, with more than 1,050 disclosed beds. The most direct competitor is HMG's Olaya Medical Complex (260 beds, 2.9km), the benchmark for insured patients in central Riyadh. Two openings will add pressure: Al Hammadi's rebuilt Olaya hospital (c.200 beds, 3.4km, reopening in 1H-27) and Akdital's Olaya hospital (the former Al Mishari, 140 beds, 2.5km), which opened in September 2026 and marks the Moroccan group's entry into Riyadh. We expect Akdital to compete hard on price to build OPD volumes. Just beyond the 5km ring, HMG also opened a 145-bed women's health hospital in Rahmaniya in October 2024, which competes directly for SMC1's obstetrics and pediatrics patients.

SMC2 (King Abdullah Road): The east-central corridor is just as crowded. Within 5km of SMC2 are HMG Al Hamra (120 beds, 1.9km, opened in January 2025), Dr. Mohammad Rashid AlFagih Hospital (350 beds, 2.4km), Aster Sanad (c.200 beds, 3.1km), Mouwasat Riyadh (c.200 beds, 4.1km) and Riyadh Hospital (c.250 beds, 4.7km, opened in 2024). Fakeeh Care is not building a new hospital here, but its July 2026 acquisition of AlFagih brings a much larger, better-funded operator 2.4km from SMC2. Only 238 of AlFagih's 350 beds are currently in use, and as Fakeeh fills the spare capacity, we expect it to compete aggressively for the same insured patients, which in our view makes it the most immediate competitive risk for SMC2.

This leaves SMC with limited room to raise tariffs at either hospital, and it is the main reason we do not expect insurer discounts to normalize.

Fig 10. Competition around SMC1 and SMC2



Source: Google Maps, Argaam, AlJazeera Capital research; 5km rings; bubble = beds

Fig 11. Key competitors near SMC1 and SMC2

Private hospitals within 5km	Beds	Km	Status
Near SMC1			
Green Crescent Hospital	n.a.	0.9	Operating
Elite Hospital	n.a.	2.2	Operating
Akdital Olaya (ex-Al Mishari)	140	2.5	Opened Sep-26
HMG Olaya Medical Complex	260	2.9	Operating
Al Hammadi Olaya	200	3.4	Reopening 1H-27
Care - Malaz	459	4.0	Operating
Near SMC2			
HMG Al Hamra	120	1.9	Opened Jan-25
AlFagih (Fakeeh Care)	350	2.4	Acquired by Fakeeh Jul-26
Aster Sanad	200	3.1	Operating
Mouwasat Riyadh	200	4.1	Operating
Riyadh Hospital	250	4.7	Opened 2024

Source: Company disclosures, Argaam, AlJazeera Capital Research; straight-line distances not actual driving distance.

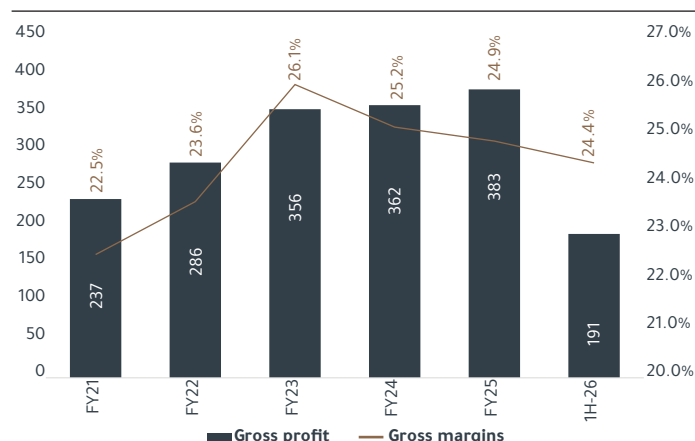
The shift to acute care has not translated into higher margins:

A move from low-tariff LTC to acute care might be expected to lift margins meaningfully. It has not. Gross margin improved from 22.5% in FY21 to 26.1% in FY23, largely as SMC2 matured, but has since drifted lower to 25.2% in FY24, 24.9% in FY25 and 24.4% in 1H-26.

We see three reasons. First, acute patients carry a heavier cost load than LTC: more specialists and nurses per bed, more consumables and more expensive drugs; medicines and supplies have stayed at 27-29% of revenue despite the change in mix. Second, much of the price uplift from acute work is handed back to insurers through the discounts discussed above. Third, revenue sharing with part-time doctors (c.7% of revenue in 9M-24) scales with acute activity. LTC beds earned little, but they were also cheap to run.

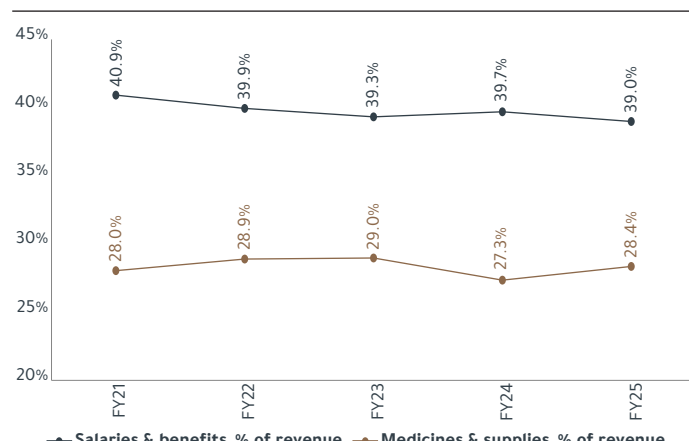
With the conversion largely complete, we see limited room for further structural expansion at the existing hospitals. We model gross margin of 24.4-24.7% in FY26-27E, with any upside coming from better absorption of fixed costs rather than from mix. From FY28E, group margins are driven by the new hospitals (see below).

Fig 12. Gross profit (SAR mn) and gross margin



Source: Company reports, Aljazeera Capital Research; labels = gross margin

Fig 13. Key cost lines, % of revenue



Source: Company reports, Aljazeera Capital Research

FY26E profit resets from an FY25 base flattered by one-offs

FY25 net income of SAR 266mn overstates SMC's earning power. It includes a SAR 60.6mn one-off gain on land sold to the Al Wadi fund, and G&A in 2H-25 was unusually low (SAR 26mn in Q3 and SAR 8mn in Q4, against a run-rate of SAR 42-47mn a quarter). Adjusting for both, underlying profit was closer to SAR 150-155mn, so the decline we forecast for FY26E is largely optical.

1H-26 results confirm the reset. Revenue grew 4.5% y/y to SAR 782mn and net income rose 17.8% to SAR 78mn, but gross margin slipped to 24.4% (1H-25: 25.0%) and expected credit loss charges almost doubled to SAR 16.8mn. For FY26E, we forecast revenue of SAR 1,631mn (+6.0%), at the lower end of management's SAR 1.6-1.7bn guidance, and net income of SAR 167mn. That is a net margin of 10.2%, well below the 13.5-16.5% guided and in line with the 9.9% delivered in 1H-26. We expect net income of SAR 175mn in FY27E, helped by the first contribution from the SABIC PPP, before a dip to SAR 159mn in FY28E as costs build ahead of the new hospitals.

Fig 14. AJC estimates vs management guidance

FY26	Company guidance	AJC FY26E	1H-26A
Net revenue (SAR bn)	1.6-1.7	1.63	0.78
EBITDA margin	c.22-26%	18.9%	18.7%
Net margin	c.13.5-16.5%	10.2%	9.9%
Net debt / EBITDA	c.2.3-2.7x	1.7x excl. leases; 3.1x incl.	1.8x
Outpatient clinics	350-360	357	342

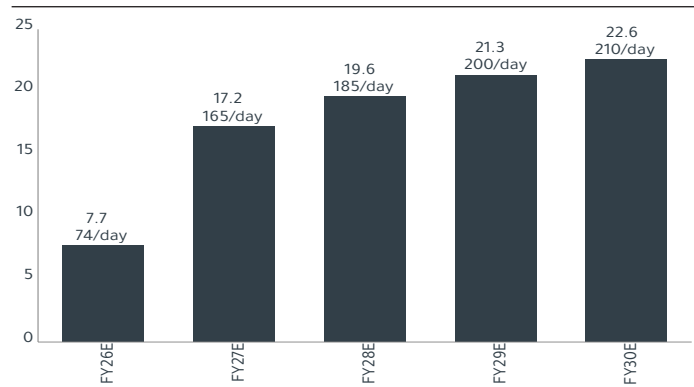
Source: Company (Q4-25 results presentation), Aljazeera Capital estimates

Al Malqa clinics build a patient base in north Riyadh as insurers move into primary care:

In January 2026, SMC opened its first standalone outpatient center in Al Malqa: 35 clinics with urgent care, laboratory and radiology. Strategically, it is a feeder that builds a patient base in north Riyadh ahead of SMC5, which is planned for the same district as per our understanding (i.e., Land is yet to be acquired). The economics are deliberately modest. We assume revenue per patient of c.SAR 284-290, roughly a third below the hospitals' OPD rate of c.SAR 440, reflecting a primary-care case mix and a lower price point. We forecast c.74 patients a day in FY26E, rising to c.165 in FY27E and c.185 in FY28E, which translates into revenue of SAR 7.7mn, SAR 17.2mn and SAR 19.6mn respectively, with breakeven in Q1-27. Its real value lies less in its own P&L than in the referrals it can send to SMC5 from 2030.

Al Malqa is entering a space that insurers are now building for themselves. Through Bupa CareConnect, Bupa Arabia runs a 24/7 digital clinic, where consultations have grown more than fivefold since launch, alongside workplace clinics and home care (Bupa @ Home, in 10 cities). It has also moved into physical care, recently opening a clinic in East Riyadh at the junction of the Eastern Ring Branch Road and Prince Muqrin bin Abdulaziz Street, and plans to double its clinic network by 2026. These clinics are still small, but an insurer that controls the first consultation can steer referrals and direct patients to its own clinics first. We think the pressure will fall mainly on mid-sized, hospital-linked clinics, which is precisely the segment Al Malqa is designed to serve.

Fig 15. Al Malqa clinics: revenue (SAR mn) vs Avg Patients daily run rate



Source: Aljazeera Capital estimates; labels = average patients per day

Fig 16. Insurers moving into primary care delivery

Bupa initiative	Status
Bupa CareConnect 24/7 digital clinic	Consultations up >5x since launch
Workplace clinics and home care	Home care (Bupa @Home) in 10 cities
Physical clinics	East Riyadh clinic opened

Source: Argaam, Gulf Business, Bupa Arabia

Three new hospitals will add c.700 beds at a combined cost of SAR 3.2bn:

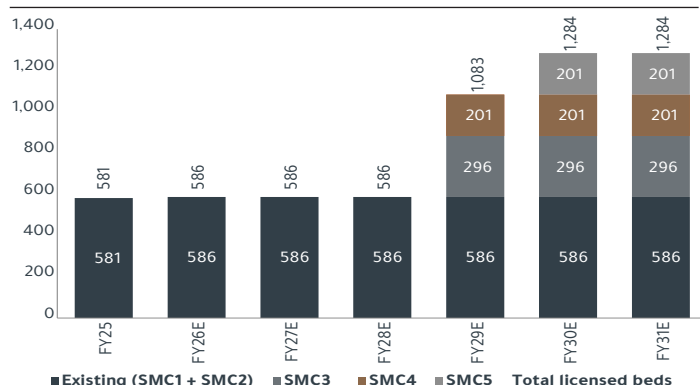
SMC plans to add 698 beds and 440 clinics through three hospitals in north Riyadh, taking licensed capacity to 1,284 beds, more than double today's base. Including maintenance capex, the PPP fit-out and capitalized interest, we forecast total capex of c.SAR 3.7bn over FY26-30E, peaking at SAR 1.34bn in FY28E. Timelines have already slipped: SMC3 was guided for Q4-27 in the prospectus and is now due for completion in Q4-28. We assume SMC3 and SMC4 start operating in Q1-29 and SMC5 in Q3-30.

Fig 17. Expansion pipeline

	SMC3	SMC4	SMC5
Location	Northern Ring Rd	Khuzam	Al Malqa
Beds / clinics	296 / 200	201 / 120	201 / 120
Project cost (SAR mn)	1,300	925	950
Land	Owned	Owned	To be purchased
Company target	Q4-28	Q4-28	Q4-29
AJC opening assumption	Q1-29	Q1-29	Q3-30
Private hospitals within 10km (disclosed beds)	18 (3,655)	0	6 (1,490)
Occupancy of operational beds, FY34E	73%	73%	56%
Expected breakeven after opening	30-36 months	22-26 months	>36 months

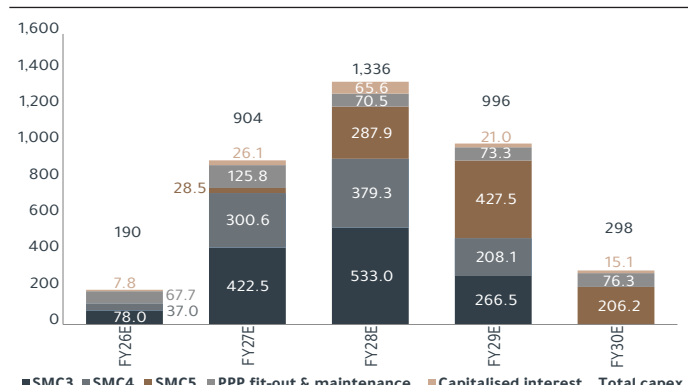
Source: Prospectus, Company reports, Google Maps, Aljazeera Capital estimates

Fig 18. Licensed bed capacity



Source: Company reports, Aljazeera Capital estimates

Fig 19. Capex by project (SAR mn)



Source: Aljazeera Capital estimates; FY27E includes SAR 58mn PPP fit-out

SMC3 (Northern Ring Road) has a strong location but faces a crowded market:

SMC3 (296 beds, 200 clinics, CAPEX: SAR 1.3bn) is the flagship project. Its site on the Northern Ring Road gives easy access to Al Wadi, Al Nafal, Al Ghadir and Al Rabi, affluent districts with a high share of top-tier insurance policies. The drawback is competition: 18 private hospitals with more than 3,600 disclosed beds lie within 10km, including Dallah Nakheel (540 beds), HMG Al Sahafa (500), Al Hammadi Nuzha (300), Mouwasat (c.200) and Aster Sanad (c.200), with Dallah's Al Arid hospital (250 beds) due in Q1-27. Winning patients here will be expensive, and we expect discounts to be the main tool. We model a 30-36 month path to breakeven.

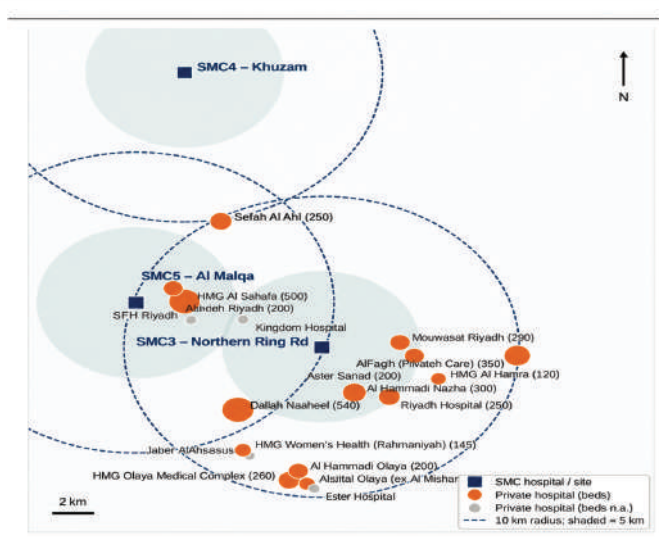
SMC4 (Khuzam) is the best positioned of the three projects:

SMC4 (201 beds, 120 clinics, Capex: SAR 925mn) is being built on Prince Faisal bin Bandar Road in Khuzam, a newly developing district in north Riyadh. Population growth there depends on the timely delivery of nearby mega-projects, including the Expo 2030 site and King Salman International Airport, which is the key risk. However, SMC4 will be the only listed operator in the area: there is no private hospital within 10km, and the closest, Dallah's Al Arid hospital, is +10km away. With first mover advantage and SMC2's track record as a guide, we expect breakeven within 22-26 months of opening.

SMC5 (Al Malqa) will open in the most competitive neighborhood:

SMC5 (201 beds, 120 clinics, Capex: SAR 950mn; land still to be acquired) is planned near the Al Malqa clinics (i.e., our assumption), which should feed it patients directly. But it will sit 2-3km from two large, established hospitals, HMG Al Sahafa (500 beds, opened in June 2024) and Dr. Soliman Fakeeh's Riyadh hospital (200 beds), with Saudi German Hospital also nearby. We expect a slower ramp-up here, with occupancy reaching only 56% by FY34E against the c.65% of the operating capacity.

Fig 20. North Riyadh: new hospitals and nearby competition



Source: Google Maps, Argaam, Aljazira Capital research; SMC4 site approximate; SMC5 shown at Al Malqa clinics

Fig 21. Competition intensity around New SMC sites

Site	No. ≤5km	Beds ≤5km	No. ≤10km	Beds ≤10km	Nearest km
SMC3 - Northern Ring Rd	5	950	18	3,655	3.5
SMC4 - Khuzam	0	0	0	0	10.2
SMC5 - Al Malqa	3	700	6	1,490	2.1
SMC1 - King Fahd Rd	6	1,059	11	2,294	0.9
SMC2 - King Abdullah Rd	5	1,120	6	1,420	1.9

Counts include private hospitals only; bed totals include disclosed capacity only. Existing SMC1 and SMC2 shown for comparison.

Source: Google Maps, Argaam, Aljazira Capital research

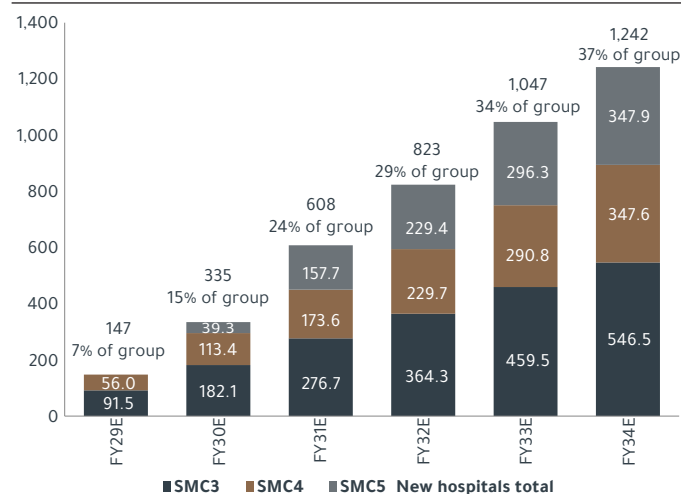
Margins dip as the new hospitals ramp up, before recovering gradually from FY30E:

We build each hospital from operational beds, occupancy and clinic throughput, priced at the existing hospitals' revenue per occupied bed and per clinic, with no tariff premium. Beds are commissioned in phases: 30% of licensed capacity in the opening year, rising to 70% by year six. For SMC3 and SMC4, occupancy of operational beds starts at 10% in FY29E and builds to 73% by FY34E; SMC5 runs about eighteen months behind and reaches 56%. Clinic throughput starts at 15% of the level achieved at the existing hospitals and reaches 51-56%.

On this basis, the new hospitals add SAR 147mn of revenue in FY29E (7% of the group), SAR 608mn in FY31E and SAR 1.24bn by FY34E (37%). Group revenue growth accelerates from 4-6% in FY26-28E to 12-15% in FY29-31E.

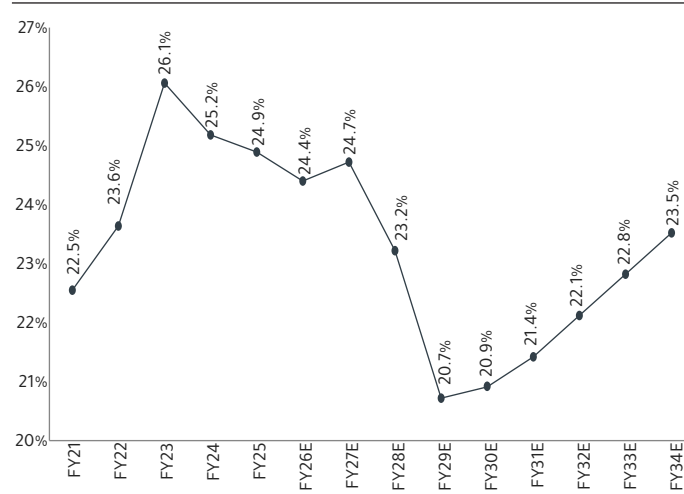
Why margins dip first: Three hospitals with c.700 beds (c. 120% of existing capacity) open within eighteen months, and most of their cost base is fixed from day one. Doctors and nurses must be hired and credentialed before opening and are sized for licensed capacity rather than early volumes, while utilities, maintenance, IT and equipment service contracts run in full regardless of occupancy. Depreciation on the new assets (c.SAR 89mn in FY29E, rising to c.SAR 121mn from FY31E) roughly doubles group D&A. With occupancy at 10% in the first year, these costs are spread over a small revenue base. We therefore expect group gross margin to fall from 24.7% in FY27E to 20.7% in FY29E, recovering to 23.5% by FY34E. Even then, we do not assume the new hospitals reach the margins of the existing estate within our forecast period.

Fig 22. New hospitals: revenue by project (SAR mn)



Source: AlJazira Capital estimates; labels = share of group revenue

Fig 23. Group gross margin, FY21-FY34E



Source: Company reports, AlJazira Capital estimates

Fig 24. Key ramp-up assumptions for the new hospitals

Year after opening	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
Operational beds, % of licensed capacity	30%	45%	55%	60%	65%	70%
Occupancy of operational beds (SMC3/SMC4)	10%	25%	37%	49%	61%	73%
Occupancy of operational beds (SMC5)	10%	25%	37%	49%	56%	-
Clinic throughput	15%	25%	35%	43%	51%	56%

Source: AlJazira Capital estimates; Yr 1 = FY29E for SMC3/SMC4 and FY30E (half year) for SMC5

The SABIC mental-health PPP adds a small but steady contribution:

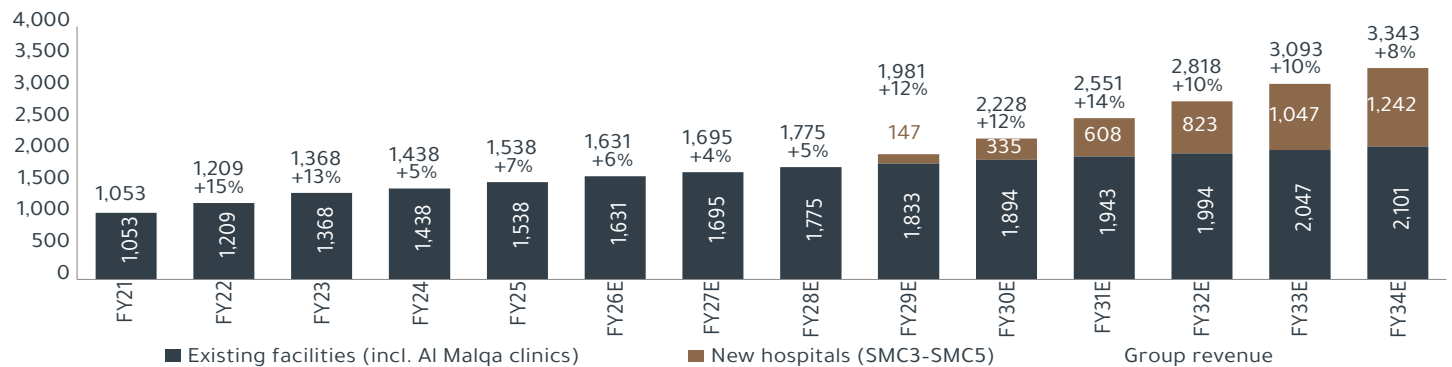
In July 2026, SMC signed a 15-year contract, through Al-Mukhtas Al-Sehhi Medical (51% owned), to operate the SABIC Behavioral Care Specialist Hospital under the Ministry of Health's PPP programme (150 beds and 19 outpatient clinics; total contract value of c.SAR 3.8bn). Operations are expected to start by mid-2027. We account for the venture as an associate: annual revenue of c.SAR 220mn (ex-VAT) and an assumed net margin of 11-13% give SMC a share of profit of SAR 6.2mn in FY27E and SAR 14.6mn a year from FY28E, close to 1ppt of group net margin and broadly in line with management's indication. The SAR 58mn fit-out cost is included in our FY27E capex.

Financial Analysis

Revenue growth re-accelerates once the new hospitals open:

We forecast revenue to grow at a 4.9% CAGR over FY25-28E, from SAR 1,538mn to SAR 1,775mn, as volume growth at the existing hospitals slows and pricing stays broadly flat. Growth then accelerates to 12-15% a year in FY29-31E as SMC3, SMC4 and SMC5 open, taking revenue to SAR 3.34bn by FY34E (FY25-34E CAGR of 9.0%). By FY34E, the new hospitals account for 37% of group revenue.

Fig 25. Revenue: existing facilities vs new hospitals (SAR mn)

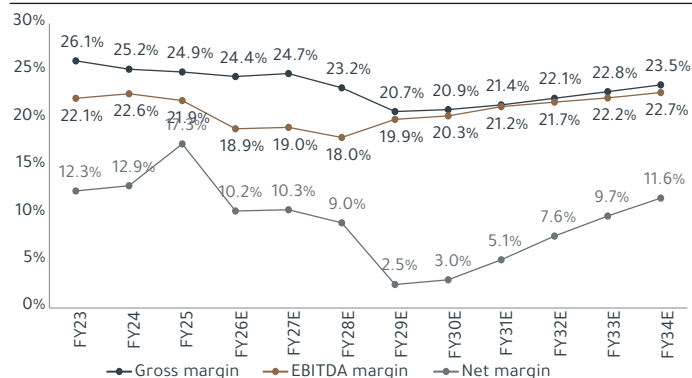


Source: Company reports, Aljazira Capital estimates; labels = y/y growth

Margins compress through FY29-30E before recovering:

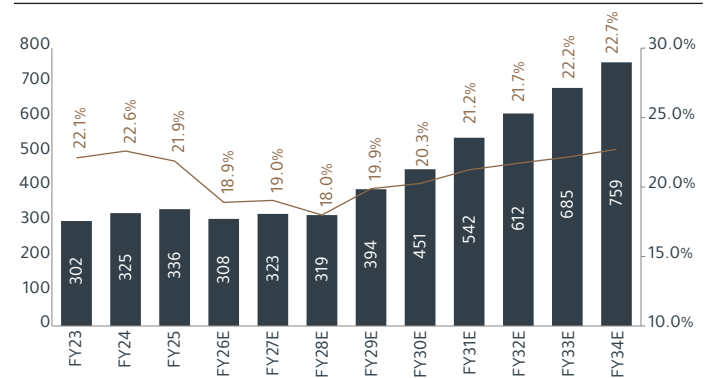
EBITDA margin falls from 21.9% in FY25 to 18.9% in FY26E, reflecting a normalized G&A base (up 40% y/y to SAR 174mn as the 2H-25 one-offs drop out and credit loss charges rise), and stays at 18-19% through FY28E. It improves to c.20% in FY29-30E as the new hospitals' depreciation sits below EBITDA, but EBIT margin falls to 10.5% in FY29E. As occupancy builds, we expect EBITDA margin to reach 22.7% and net margin 11.6% by FY34E, still below FY24-25 levels on a net basis.

Fig 26. Gross, EBITDA and net margins



Source: Company reports, Aljazira Capital estimates

Fig 27. EBITDA (SAR mn)



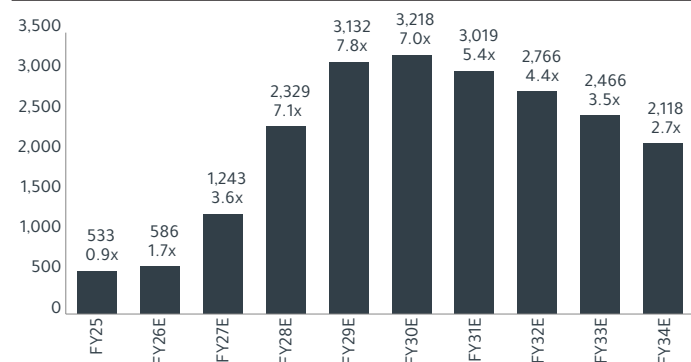
Source: Company reports, Aljazira Capital estimates

Leverage and finance costs peak in FY29-31E:

The expansion is funded mostly with debt. We assume c.65% of project spend (including capitalized interest) is drawn from term facilities, including the SAR 800mn, 12-year SAB loan signed for SMC4 in October 2025, with the remainder from operating cash flow and short-term revolving facilities. Total debt (excluding leases) rises from SAR 533mn at FY25 to SAR 1,243mn in FY27E and peaks at SAR 3.22bn in FY30E; debt to equity rises from 0.45x to 2.1x over the same period. Net debt/EBITDA (excluding leases) climbs from 1.7x in FY26E to a peak of 7.8x in FY29E, well above management's 3x ceiling, and only falls back to c.2.7x by FY34E.

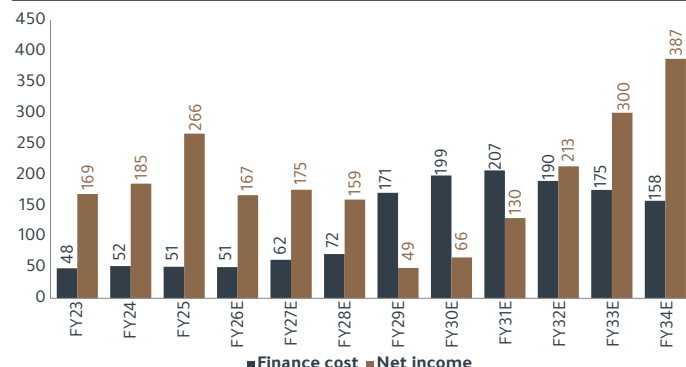
During construction, the P&L does not show the full burden, as SMC capitalises interest on project debt (SAR 66mn in FY28E alone). This keeps reported finance cost at SAR 51-72mn through FY28E. Once SMC3 and SMC4 open, capitalisation largely stops and finance cost rises to SAR 171mn in FY29E, peaking at SAR 207mn in FY31E. Lease interest also rises after the 20-year renewal of the Tower 2 and 3 leases at SMC1, which added c.SAR 160mn to lease liabilities; lease interest increases from SAR 10mn in FY25 to SAR 25mn in FY27E. As a result, net income falls from SAR 175mn in FY27E to SAR 49mn in FY29E, before recovering to SAR 130mn in FY31E and SAR 387mn by FY34E as occupancy builds and debt is repaid.

Fig 28. Total debt excl. leases (SAR mn)



Source: Aljazira Capital estimates; labels = net debt/EBITDA (excl. leases)

Fig 29. Finance cost vs net income (SAR mn)

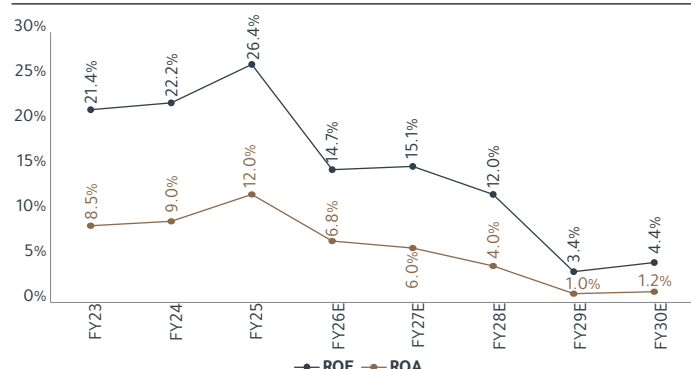


Source: Company reports, Aljazira Capital estimates

Returns fall sharply during the build-out, and we assume no dividends until FY31E:

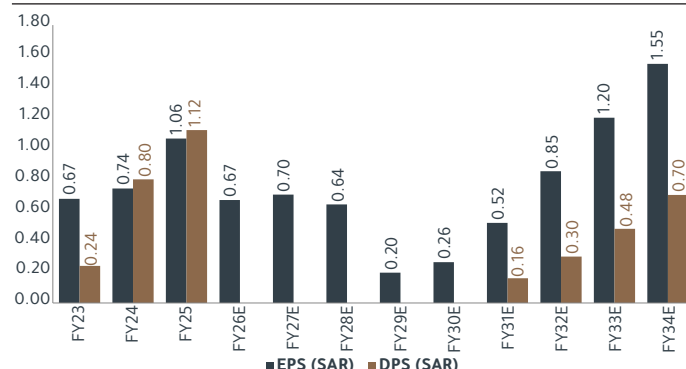
ROE falls from 26.4% in FY25 to 14.7% in FY26E and bottoms at 3.4% in FY29E, while ROA declines from 12.0% to 1.0%, as total assets expand by c.SAR 3.2bn ahead of revenue. We assume no dividends in FY26-30E, as cash flow is directed to the expansion and the balance sheet is at its most stretched. We reintroduce a 30% payout in FY31E (DPS of SAR 0.16), rising to 45% by FY34E (SAR 0.70). For FY25, SMC paid SAR 1.12/share, including a SAR 0.80 special dividend.

Fig 30. Return on equity and return on assets



Source: Company reports, Aljazira Capital estimates

Fig 31. EPS and DPS (SAR)

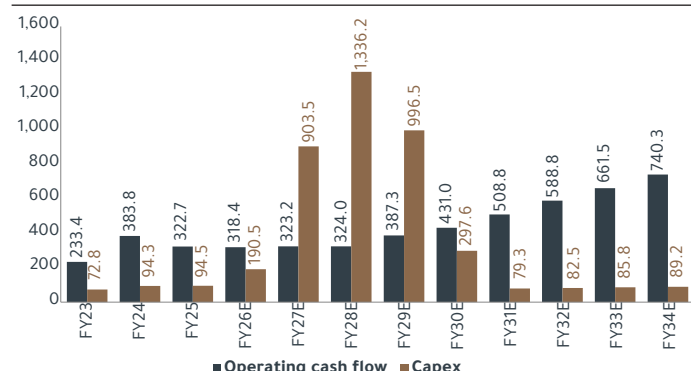


Source: Company reports, Aljazira Capital estimates; FY25 DPS includes SAR 0.80 special

Operating cash flow covers only about a third of capex in FY27-29E:

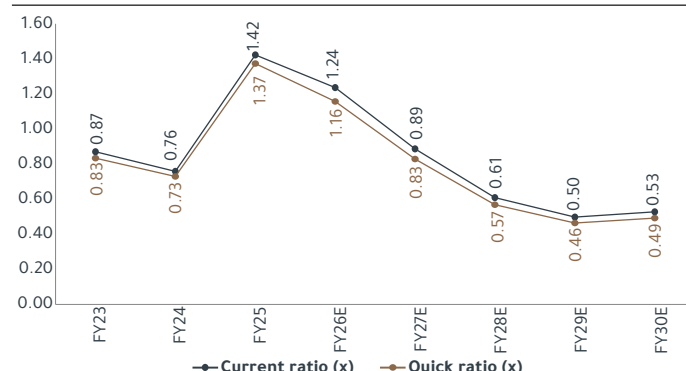
Operating cash flow is broadly stable at SAR 318-324mn in FY26-28E, against capex of SAR 0.9-1.3bn a year in FY27-29E. Cumulatively, operating cash flow covers only c.32% of capex over FY27-29E, with the gap financed by debt. Free cash flow turns positive in FY30E and reaches c.SAR 651mn by FY34E. Liquidity tightens as a larger share of debt sits in short-term revolving facilities: the current ratio falls from 1.4x in FY25 to c.0.5x in FY29-30E, leaving SMC reliant on rolling over its short-term lines.

Fig 32. Operating cash flow vs capex (SAR mn)



Source: Company reports, Aljazira Capital estimates

Fig 33. Liquidity ratios (x)



Source: Company reports, Aljazira Capital estimates

Comparative Analysis

SMC is the smallest listed Saudi hospital operator by beds, yet it has the largest expansion pipeline relative to its existing capacity. Its 1H-26 results compare well with peers, many of which are already absorbing the cost of new capacity.

Fig 34. Peer comparison: listed Saudi hospital operators

Particulars	SMC	HMG	Mouwasat	Dallah	MEH	Hammadi	Care	Fakeeh	Al Moosa
Beds (latest)	586	3,534	1,800	1,903	1,981	600	1,178	1,185	730
Planned beds, % of existing	119%	16.7%	65.5%	13.1%	9.7%	100%	16.9%	70.8%	95.8%
Revenue CAGR, FY21-25	9.9%	17.3%	10.7%	17.9%	13.5%	6.7%	17.3%	12.0%	19.2%
Revenue growth, 1H-26 y/y	4.5%	13.8%	9.6%	11.9%	5.6%	6.8%	7.8%	0.7%	12.2%
Net profit growth, 1H-26 y/y	17.8%	1.6%	7.4%	-33.5%	-73.2%	-5.7%	-11.4%	-40.7%	-54.1%
Net margin, 1H-26	9.9%	15.7%	24.1%	8.8%	3.7%	20.0%	17.3%	5.3%	8.2%
ROE-3 Yrs Avg	23.3%	32.9%	20.8%	14.1%	12.2%	15.7%	18.5%	12.5%	8.8%
Total debt / total assets	27.0%	37.4%	16.8%	42.6%	45.7%	8.9%	16.1%	11.9%	31.8%
P/E, FY27E (x)	11.3x	26.0x	12.5x	13.7x	11.5x	12.7x	12.0x	22.1x	19.5x

Argaam, BBG, Aljazira Capital Research

- Expansion:** SMC is the smallest operator by beds (586), yet its pipeline equals 119% of existing capacity. That is the highest in the group, ahead of Al Hammadi (100%) and Al Moosa (95.8%), while the larger operators are expanding by less than 17%.
- Growth:** SMC's FY21-25 revenue CAGR of 9.9% is the second lowest in the group, reflecting its exit from government LTC. In 1H-26, revenue rose only 4.5%, but net profit grew 17.8%, the strongest among peers, five of which reported lower profits.
- Profitability:** SMC's 1H-26 net margin of 9.9% is mid-table: below Mouwasat, Al Hammadi, Care and HMG (15.7-24.1%), but above peers absorbing new capacity (3.7-8.8%).
- Returns and leverage:** SMC's three-year average ROE of 23.3% is second only to HMG's 32.9%. Its total debt is 27.0% of total assets, mid-range among peers, and we expect the debt-funded build-out to lift this to c.57% by FY30E, the highest in the group.

Valuation

We value SMC using a blend of DCF (50% weight) and forward P/E (50% weight). Our DCF assumes a cost of equity of 10.5%, a terminal WACC of 8.0% and a terminal growth rate of 2.5%, and yields a fair value of SAR 17.3/share. For the relative valuation, we apply a target P/E of 16x to FY27E EPS of SAR 0.70, giving SAR 11.2/share. This places SMC broadly in line with the listed hospital sector's average forward multiple of 15.7x FY27E (BBG consensus). We see no case for a premium: SMC's pipeline of 698 new beds is equivalent to c.120% of its existing capacity, which brings significant execution risk, and FY27E earnings do not yet include any contribution from the three new hospitals. The blended target price is **SAR 14.2/share**, **12.2%** above the current price of SAR 12.70.

Figure 35: Blended Valuation

All figures in SAR, unless specified	Fair value	Weights	Weighted average
DCF	17.3	50%	8.6
P/E (16x FY27E)	11.2	50%	5.6
Weighted average price target			14.2
Up/Downside (%)			12.2%

Source: Company, Aljazira Capital research, closing price as of 27th October 2026

The current valuation fairly reflects SMC's risk-reward profile; we initiate with a 'Neutral' rating:

Although our target price implies 12.2% upside, we initiate with a **"Neutral"** rating. Earnings visibility over the next five years is low: three hospitals with c.700 beds will open within eighteen months, and c.65% of the growth capex is debt funded, so any delay or slower ramp-up would weigh directly on earnings. We forecast EPS to fall to SAR 0.20 in FY29E before recovering, and we assume no dividends until FY31E. SMC is also concentrated in a single city, Riyadh, and in the Class A/VIP tier of the insured market, which leaves it exposed to insurer pricing and to new capacity from larger competitors. Leverage remains the key concern, with net debt/EBITDA peaking at 7.8x in FY29E. In our view, the current P/E valuation of 18.1x on FY27E earnings fairly reflects this risk-reward profile. We would turn more positive on evidence of on-time openings, faster-than-expected occupancy at SMC4 or an easing in insurer discounts & rejection rates.

Key Downside risks

- **Delays or cost overruns:** SMC3's completion date has already slipped by a year since the prospectus. Further delays would extend the period of capitalized interest and pre-opening costs and push out the earnings recovery.
- **Slower ramp-up in crowded catchments:** SMC3 and SMC5 face several large private hospitals within 10km. If occupancy builds more slowly than we assume (73% of operational beds by FY34E at SMC3 and SMC4), margins would stay depressed for longer.
- **Population build-up in Khuzam:** SMC4's catchment depends on the delivery of nearby mega-projects, including the Expo 2030 site and King Salman International Airport.
- **Price-led competition:** New capacity from Akdital, Al Hammadi and Dallah, together with spare capacity at Fakeeh Care's AlFagih hospital, could keep insurer discounts high or push them higher.
- **Leverage:** Net debt/EBITDA of c.7-8x in FY28-30E leaves limited headroom against covenants; a funding gap could require additional equity.

Key Upside risks

- **Faster ramp-up:** Earlier openings or faster occupancy at SMC3 and SMC4 would shorten the earnings trough.
- **Easing of insurer discounts:** We hold deductions and discounts at c.15% of gross revenue; a reduction in discounts or claim rejections would flow largely to the bottom line.
- **Lower interest rates:** Each 100bp reduction in SAIBOR would lower annual finance cost by c.SAR 32mn at peak debt.
- **Higher PPP contribution:** Our estimates assume a 11-13% net margin on the SABIC PPP; better economics or further PPP awards would add to earnings.

Key Financial Data

Amount in SAR mn, unless otherwise specified	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Income statement								
Revenues	1,368	1,438	1,538	1,631	1,695	1,775	1,981	2,228
Y/Y	13.2%	5.1%	7.0%	6.0%	3.9%	4.7%	11.6%	12.5%
Cost	(1,011)	(1,076)	(1,156)	(1,233)	(1,276)	(1,363)	(1,570)	(1,762)
Gross profit	356	362	383	398	419	412	410	466
Gross margins	26.1%	25.2%	24.9%	24.4%	24.7%	23.2%	20.7%	20.9%
Selling & distribution expense	(9)	(9)	(16)	(13)	(17)	(20)	(21)	(24)
General & administration expense	(133)	(116)	(124)	(174)	(177)	(183)	(197)	(206)
Share of profit from PPP (SABIC MH)	-	-	-	-	6	15	15	15
Operating profit	215	237	243	211	232	224	207	251
Operating margins	15.7%	16.5%	15.8%	12.9%	13.7%	12.6%	10.5%	11.3%
Y/Y	68.0%	10.6%	2.6%	-13.3%	9.7%	-3.3%	-7.4%	21.1%
Financial charges	(48)	(52)	(51)	(51)	(62)	(72)	(171)	(199)
Other income (incl. finance income)	9	9	80	12	12	12	14	16
Shares from associates	-	-	-	-	-	-	-	-
Profit before zakat & minority interest	175	194	273	172	181	165	51	68
Non-controlling interest	-	-	-	-	-	-	-	-
Profit before zakat	175	194	273	172	181	165	51	68
Zakat	(6)	(8)	(6)	(6)	(6)	(5)	(2)	(2)
Net income	169	185	266	167	175	159	49	66
Net Margins	12.3%	12.9%	17.3%	10.2%	10.3%	9.0%	2.5%	3.0%
Y/Y	63.8%	9.8%	43.7%	-37.4%	5.2%	-9.1%	-69.3%	34.7%
EPS	0.67	0.74	1.06	0.67	0.70	0.64	0.20	0.26
DPS	0.24	0.80	1.12	-	-	-	-	-
Balance sheet								
Assets								
Cash & bank balance	48	92	247	69	68	53	59	67
Receivables	508	407	459	465	478	496	545	604
Inventory & other current assets	62	84	79	93	97	101	113	127
Property & Equipment	1,227	1,259	1,252	1,378	2,216	3,482	4,317	4,434
Other non-current assets (RoU, LT investments)	229	202	363	489	464	439	414	394
Total assets	2,074	2,044	2,400	2,495	3,323	4,571	5,448	5,626
Liabilities & owners' equity								
Payables	115	104	115	127	131	140	161	181
Other current liabilities (incl. ST debt, ST lease)	596	664	437	381	594	929	1,280	1,332
Long-term loans	147	86	229	322	770	1,529	1,994	2,045
Other non-current liabilities (LT lease, EOSB)	371	362	431	590	577	564	554	544
Non-controlling interest	-	-	-	-	-	-	-	-
Paid-up capital	85	250	250	250	250	250	250	250
Statutory reserves	50	50	50	50	50	50	50	50
Retained earnings	710	527	888	775	950	1,110	1,159	1,225
Total owners' equity	845	827	1,188	1,075	1,250	1,409	1,458	1,524
Total equity & liabilities	2,074	2,044	2,400	2,495	3,323	4,571	5,448	5,626
Cashflow statement								
Operating activities	233	384	323	318	323	324	387	431
Investing activities	(72)	(93)	(98)	(190)	(904)	(1,336)	(996)	(298)
Financing activities	(135)	(246)	(71)	(305)	579	998	615	(126)
Change in cash	26	45	154	(177)	(2)	(15)	6	7
CAPEX	(73)	(94)	(94)	(190)	(904)	(1,336)	(996)	(298)
Ending cash balance	48	92	247	69	68	53	59	67
Depreciation & Amortization	88	87	93	97	91	95	187	200
Key fundamental ratios								
Liquidity ratios								
Current ratio (x)	0.9	0.8	1.4	1.2	0.9	0.6	0.5	0.5
Quick ratio (x)	0.8	0.7	1.4	1.2	0.8	0.6	0.5	0.5
Profitability ratios								

Key Financial Data

Amount in SAR mn, unless otherwise specified	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E	FY30E
Income statement								
Gross profit margin	26.1%	25.2%	24.9%	24.4%	24.7%	23.2%	20.7%	20.9%
Operating margin	15.7%	16.5%	15.8%	12.9%	13.7%	12.6%	10.5%	11.3%
EBITDA margin	22.1%	22.6%	21.9%	18.9%	19.0%	18.0%	19.9%	20.3%
Net profit margin	12.3%	12.9%	17.3%	10.2%	10.3%	9.0%	2.5%	3.0%
Return on assets	8.5%	9.0%	12.0%	6.8%	6.0%	4.0%	1.0%	1.2%
Return on equity	21.4%	22.2%	26.4%	14.7%	15.1%	12.0%	3.4%	4.4%
Leverage ratio								
Debt / equity (x) (debt excl. leases)	0.7	0.8	0.4	0.5	1.0	1.7	2.1	2.1
Market/valuation ratios								
EV/EBITDA (x)	N.A	N.A	14.3	12.0	13.5	17.1	15.9	14.0
Dividend yield	N.A	N.A	6.2%	0.0%	0.0%	0.0%	0.0%	0.0%
P/E ratio (x)	N.A	N.A	16.9	19.0	18.1	19.9	64.8	48.1
P/BV ratio (x)	N.A	N.A	3.8	3.0	2.5	2.3	2.2	2.1
EV/sales (x)	N.A	N.A	3.1	2.3	2.6	3.1	3.2	2.8
EPS (SAR)	0.67	0.74	1.06	0.67	0.70	0.64	0.20	0.26
BVPS (SAR)	3.4	3.3	4.8	4.3	5.0	5.6	5.8	6.1
Market price (SAR)*	N.A	N.A	18.0	12.7	12.7	12.7	12.7	12.7
Market-Cap (SAR mn)	N.A	N.A	4,510	3,175	3,175	3,175	3,175	3,175

Source: Company reports, AlJazeera Capital research. *Market price as of 27th October 2026; FY25 multiples at current price. FY24 restated in the FY25 accounts; FY25 includes a SAR 60.6mn one-off gain on land sold to the Al Wadi fund.

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RESEARCH
DIVISION

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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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