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Dr. Soliman Fakeeh Hospital

Dr. Soliman Fakeeh Care Group

More than doubling beds capacity amid sector transformation

Coverage Report I June 2024

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Table of contents

Executive Summary **3**

Company Overview **5**

Market and Industry Overview: More headroom for private sector participation **5**

Regulatory Transformation: Macro regulations shifting the healthcare landscape **7**

Micro Regulatory Changes: Bottom up changes keeping the sector alert **8**

Economic Environment on Healthcare Sector **8**

Domestic Demand Drivers 8

Demographic Conditions In-Play for the Healthcare Sector **9**

Competitive Advantages Specific to Fakeeh Medical Care Group **10**

Financial Analysis **10**

Upcoming planned capacity expansion could be the backbone of the revenue growth 11

Commercialization of annual capacity expansions to impact operating margins, gradual ramp-ups to drive a gradual margin expansion till FY30E 13

Robust capacity expansion calls for elevated capex and debt levels in the near term before normalizing to historic levels 14

Improvement in working capital efficiency to continue, while improved margins and reduction of debt levels to expand RoE profile 14

Competitive landscape **15**

Risks **18**

Valuation **18**

DCF valuation 18

Relative valuation 19

Blended valuation 19

Key Financial Data **20**

At 2024E PE of 59.2x positives are in the price; We initiate coverage with a "Neutral" rating and a TP of SAR 64.0/share

Dr. Soliman Fakeeh Hospital Co. (DSFH) recorded FY20-23 revenue CAGR of 10.7%, however the company delivered net income CAGR of just 1.05% due to margin contraction. We forecast FY23-30E revenue CAGR of 19.1% and a net income CAGR of 17.6%; margins though are likely to see some pressure in the near term as hospitals ramp up. The aforementioned growth would be driven by 1) aggressive expansion campaign to more than double its current built-up capacity to reach 1,625* beds by FY28, 2) Healthcare Transformation Plan (that would increase patient flow from government to private hospitals), 3) growing & ageing population, 4) increasing tourism/pilgrimage activities and 5) rising health insurance penetration. The IPO proceeds are estimated to cover more than half of the planned SAR 3.3bn capex. DSFH has a sizably higher than industry median revenue per bed, however, it lags peers on gross/operating margin front; despite that, it is being offered at a premium to the industry on PE basis. At an FY24E PE 59.2x we see that the positives of the stock are already reflected in the price. Hence, we initiate our coverage on the stock with a "Neutral" rating and a TP of SAR 64.0/share implying an upside of 11.3% to the stock from its IPO listing price.

Kingdom's healthcare reforms & demographic profile favor DSFH, which is likely to capitalize on its brand equity to gain more business: Initiatives to reshape the healthcare sector under the Healthcare Transformation Plan will favor the private healthcare market in accordance to Vision 2030 targets (targeting to attract 150mn tourists', and increasing in Riyadh's population to 10mn people). Increasing privately insured lives from 37.5% to cover the entire population, along with a retraction of Ministry of Health (MoH) as a healthcare provider will leave a larger target audience for the private healthcare sector (MoH operates c.68% of the Kingdom's hospitals, 2022). Furthermore, increasing (and ageing) population, along with tourism and pilgrimage initiatives will support the demand for healthcare services. In addition, Fakeeh's market position places it well to reap the benefits of the industry's structural changes and favorable demographics. Its brand equity is categorized by a history dating back to 1978, and a track record of being the first provider to undergo a list of complex operations.

More than doubling of beds and clinics capacity to drive revenue/income growth into double digits: DSFH recorded FY20-23 revenue CAGR of 10.7%, however the company delivered net income CAGR of just 1.05% due to margin contraction. Core medical services grew by a CAGR of 8.5% for the same period, to be outpaced by the ancillary services segment which grew at a CAGR of 136.9%. Ancillary services include; IT services such as providing the healthcare management software 'Yasasii' and ERP services . Management guides for this segment to double on the back of more optical store openings under the Fakeeh Vision optical stores line. Overall, we forecast FY23-30E revenue CAGR of 19.1% and a net income CAGR of 17.6%; margins though are likely to see some pressure in the near term as hospitals ramp up. Gross medical revenues are anticipated to grow at a CAGR of 18.9% on the back of aggressive expansions while ancillary services are expected grow at a 20.4% CAGR for the same period. The aforementioned growth is going to be driven by addition of 1040 beds (up 178%), 343 clinics (up 106%) through addition of three new facilities in Jeddah, one in Makkah and one Medina. Total number of beds and clinics will reach 1625 and 668 respectively by 2028. Note that most of the expansion is planned in the western region, which will materially benefit from increased religious tourism. More awarded contracts, or an expansion in the NEOM medical operation are upside risks to the firm's valuation found in the 'other medical services' segment which grew at an FY20-23 46.4% revenue CAGR.

Robust expansion plans, however margins will remain under pressure in the medium term as facilities ramp up to efficient levels: The expected FY23-28 revenue CAGR of 19.1% resulted from expansions will not be without-cost to the firm's profitability profile as operational costs weigh down the profitability of the firm while facilities ramp up. Gross profit margins have already come down from recent highs of 32.5% (FY21) to 26.5% (FY23) as a result of an expansion in Riyadh relaunching in FY23. With an expansion taking place every year from FY24-28 (including the opening of the Madinah facility during FY24 and including smaller ambulatory and medical centers throughout), gross profit margins are expected to average around 25.2% from FY24-28, with an annual standard deviation among those years of just 0.21% between each year. FY27 and FY28 are expected to be the most strained by 33% and 22% beds capacity expansions respectively. Both gross, and operating margins are expected at a similar trajectory before improving by FY30 at a time where most expansions are expected to ramp up to profitability and maturity in utilization levels.

*Excluding NEOM's 50 managed beds

Recommendation	Neutral
Target Price (SAR)	64.0
Upside / (Downside)*	11.3%

Source: Tadawul *prices as of IPO offering price

Key Financials

SARmn (unless specified)	FY21	FY22	FY23	FY24E
Revenue	**1,965**	**2,012**	**2,327**	**2,929**
Growth %	14.53%	2.43%	15.62%	25.87%
Gross Profit	638	602	617	746
Net Income	**361**	**331**	**232**	**225**
Growth %	60.5%	-8.3%	-29.8%	-2.9%
EPS	1.56	1.43	1.00	0.97
DPS	0.10	0.15	5.00	0.15

Source: Company reports, Aljazira Capital

Key Ratios

	FY21	FY22	FY23	FY24E
Gross Margin	32.5%	29.9%	26.5%	25.5%
Net Margin	18.4%	16.4%	10.0%	7.7%
ROAE	23.2%	17.0%	13.6%	10.2%
ROAA	10.8%	7.7%	5.0%	4.5%
P/E (x)	NA	NA	57.5	59.2
P/B (x)	NA	NA	10.6	4.2
EV/EBITDA (x)	NA	NA	31.0	26.1

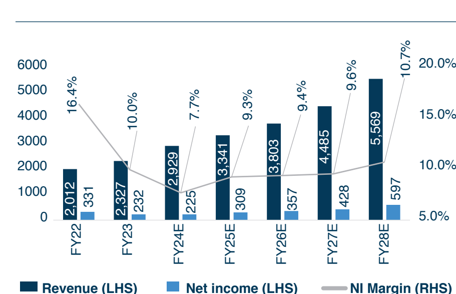
Source: Company reports, Aljazira Capital | **Per-share data as per increased capital. Valuation data as per IPO listing price

Shares held by Substantial Shareholders*

Shareholder	Post-IPO	
	No. of Shares (mn)	Direct holding
Mazen Fakeeh	71.42	30.79%
Ammar Fakeeh	71.42	30.79%
Manal Fakeeh	35.71	15.39%
Treasury**	3.6	1.55%
Public	49.80	21.47%
Total	232	100%

Source: Company reports, Aljazira Capital | *Totals differ slightly due to rounding. **Treasury shares include the Employee Investment Fund

Revenue & Net income Performance



Sources: Bloomberg, AlJazira Capital

D/E has grown over past two years due to acquisitions & mega dividend of SAR 1.2bn; D/E trend to change post IPO: Fakeeh acquired Riyadh facility in 2022, by the end of that year debt to equity grew to 0.71x as compared to 0.40x in 2021. Furthermore, DSFH declared a one off SAR1.2bn mega dividend (500% payout ratio) in 2023, this led the firm's D/E to reach 1.2x. Apart from its impact on D/E, we also expect a negative EPS impact of ~SAR0.16 due to absence of murabaha income. Going forward, the increase in capital through IPO proceeds from fresh equity issuance, is expected to wind down D/E to 0.22x in 2024, this is after two consecutive years of increases. The IPO proceeds are expected to cover more than half of the SAR 3.3bn scheduled CAPEX.

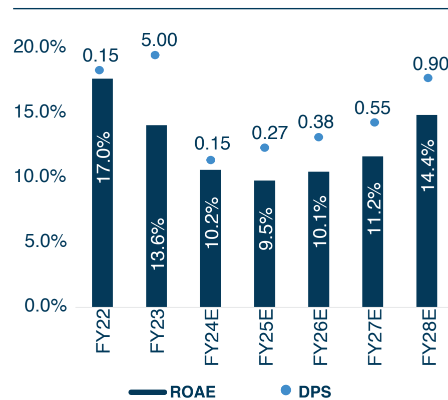
Fakeeh lags peers on multiple fronts, hence at 2023 PE of 57.5x (41.1x for industry) positives appear to be in the price: At annual revenue of SAR 3.3mn per bed, Fakeeh sizably exceeds the peer median of SAR 1.6mn per bed, however on most matrices it lags peers. We point out that DSFH has delivered revenue CAGR of 10.7% in 2020-23, compared to peer's median of 15.9%. DSFH gross/operating margins in 2023 stood at 26.5/16.2% vs peer's median of 36.6/22%, respectively. Moreover, the company has delivered average ROAE of 13.6% as compared to peer median of 16.7%. Hence, at 2023 PE of 57.5x vs industry median PE of 41.1x, all the positives appear to be in the price.

Education segment to auger well for talent sourcing: While the segment contributes a modest 4% to FY23 revenues, we expect the growth in this segment (driven by the doubling of student capacity through the Fakeeh Medical Collage expansion) to reach an FY23-28 CAGR of 19.2%. The revenue contribution of the education segment is expected to be outperformed by that of other segments to punctuate at a contribution of 3.3% in FY30, after peaking in revenue share in FY27 post expansion. Besides revenue contribution, however, we see that this segment provides an opportunity to source and develop skilled talent at a time of global hyper competition over medical talent. Furthermore, upside risks are present for this segment should enrollments and online enrollments pick up once and if the college receives a university status as planned.

Investment thesis: The more than doubling of its current beds capacity of 635 inpatient beds, and similarly for its clinics and medical centers offers a wider coverage to service the growing population's needs. Moreover, Dr. Sulaiman Fakeeh's has an impressive expansion campaign, an established brand equity through a history of complex medical services resulting in 32.3% of its 9M-23 revenues to be generated from complex surgeries such as neurological treatments and spinal surgeries, among others. Profitability, though lackluster, is expected to improve post completion of its expansion campaign in FY28. Initiatives to reshape the healthcare sector under the Healthcare Transformation Plan will favor the Fakeeh in accordance to Vision 2030 targets (targeting to attract 150mn tourists', and increasing in Riyadh's population to 10mn people). Moreover, increasing privately insured lives from 37.5% to cover the entire population, along with a retraction of Ministry of Health (MoH) as a healthcare provider will leave a larger target audience for the private healthcare sector (MoH operates c.68% of the Kingdom's hospitals, 2022). Furthermore, increasing (and ageing) population, along with tourism and pilgrimage initiatives will support the demand for healthcare services. The sector growth drivers and reform plans resulted in a PE for the sector expanding from an average of 24.2x during FY19 to peak at 49.3x in FY23; a significant P/E premium over the market's P/E during the same period.

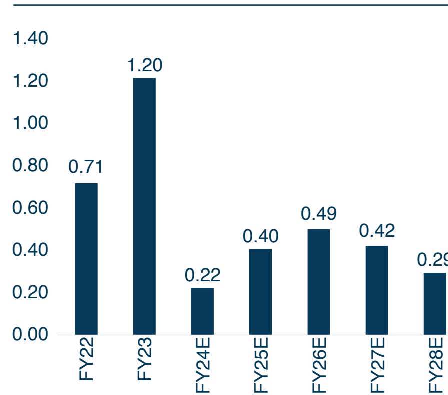
AJC View and Valuation: Dr. Sulaiman Fakeeh presents a solid brand name into the publically listed healthcare sector in KSA, with an impressive expansion campaign scheduled ahead. The expansions are not without challenges, however, as we expect margins to clash with facilities ramping up and the pressures of an expansion taking place every year. The periods ahead are summarized by an FY23-28 revenue CAGR of 19.1% coupled with NI CAGR of 20.8% for the same period, with net margins improving over FY23 levels of 10.0% to 10.7% by FY28. We value the stock with 70% weightage to a 7 year DCF (WACC=8.1%, terminal growth rate=2.75%), and a discounted P/E (25x) multiple over FY30 estimates to reflect the maturity of the firm's transformation. We initiate our coverage at a **TP of SAR 64.0/ share**. The TP indicates an 11.3% upside potential from the listing price with a "**Neutral**" rating to the stock listed at a PE of 57.5x compared to the sector's median TTM PE of 41.1x.

ROAE Performance & DPS



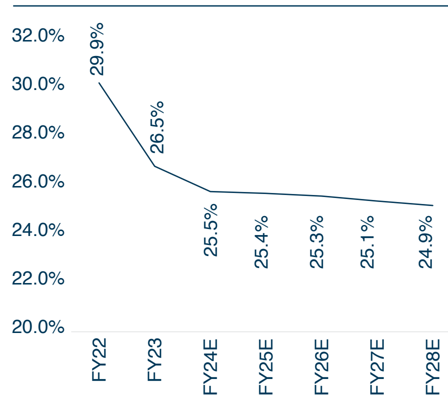
Source: Company reports, Aljazira Capital

Net Debt / Equity (x)



Source: Company reports, Aljazira Capital

Gross Profit Margin Trajectory



Source: Company reports, Aljazira Capital

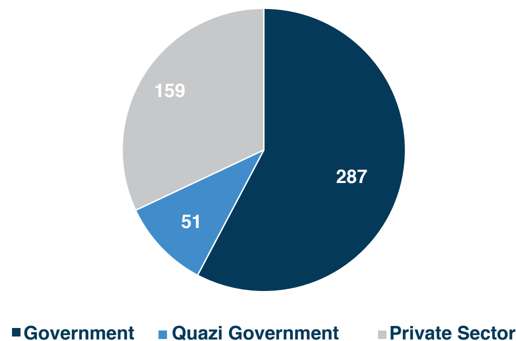
Company Overview

Dr. Soliman Fakeeh Hospital Co. (DSFH) hosts 585 beds to offer healthcare services, and healthcare education services (hosting 1,435 students); with a history in KSA dating back to 1978. The group has a significant foothold in Jeddah, where 97% of its FY23 revenues were generated, and where its flagship facility in Al Hamra district resides. DSFH's brand is built on a legacy of high end operations and by being the first in the Kingdom to do so for several operations- such as carrying out the first heart transplant in KSA, and discovering the first case of MERS in 2012. The group's education segment, while only at 4% of FY23 revenues, is an emerging segment as enrollments grew at a CAGR of 20% from FY20-22 and is expected to be able to host 6,000 students by FY27 through the group's expansions in Fakeeh College of Medical Sciences, and BTI college. The group operates four hospitals (one of which to be operational by end of FY24), with four more in the expansion pipeline. The expansion campaign, stretching into FY28, is set to nearly double its beds current beds capacity to 1,625 beds from 585. All expansions are taking place in the Western region. Other miscellaneous business segments come from e-health platforms, and distribution rights to medical equipment.

Market and Industry Overview: More headroom for private sector participation

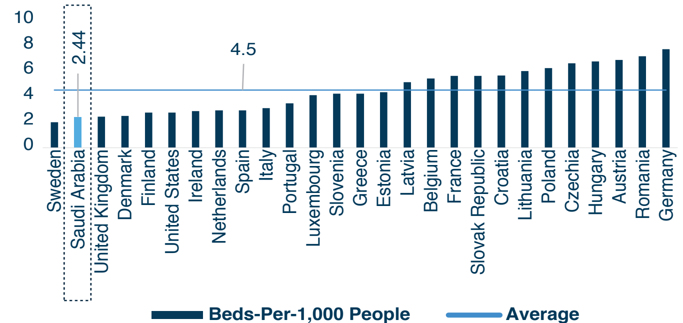
Saudi Arabia hosts nearly 497 hospitals to serve the Kingdom's population through a mix of government, and a lesser amount of private hospitals. The MoH's current role in the sector is twofold- to regulate healthcare activities, as well as provide healthcare services, as the government is the largest healthcare provider with 76.8% of beds being government operated. While the MoH provides state funded healthcare for all the Kingdom's citizens, citizens have access to private healthcare facilities via MoH referrals. A public-private partnership structure is underway to transform the industry and provide easier access to private healthcare facilities. Saudi Arabia hosts 2.4 beds per 1,000 people, with private beds penetration ranging from 0.09 beds to 0.85 beds per 1,000 people across the Kingdom's regions- granting more head room for private sector penetration into the industry amid an expected growing population. The sector remains in a transformational phase as expansions are in place to answer for the 1) regulatory shift in healthcare activities towards the private sector, 2) headroom for regional beds penetration, and 3) demographic developments.

Fig 9. Hospitals breakdown by sector



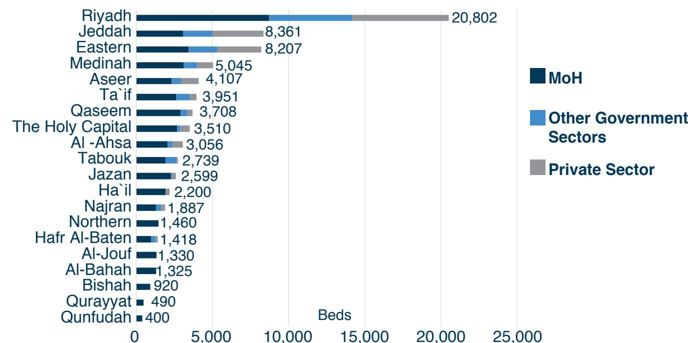
Sources: MoH (2022), AlJazira Capital | Total beds indicated at end of bar

Fig 10. Beds density in KSA



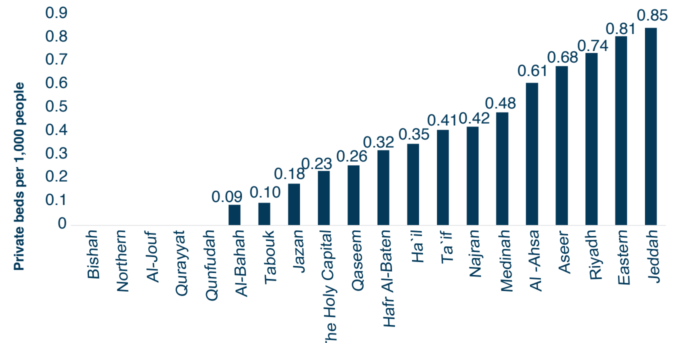
Sources: MoH (2022), OECD, AlJazira Capital | Average for EU nations only

Fig 11. Beds presence in KSA by region



Sources: MoH (2022), AlJazira Capital | Total beds indicated at end of bar

Fig 12. Private healthcare beds penetration by region

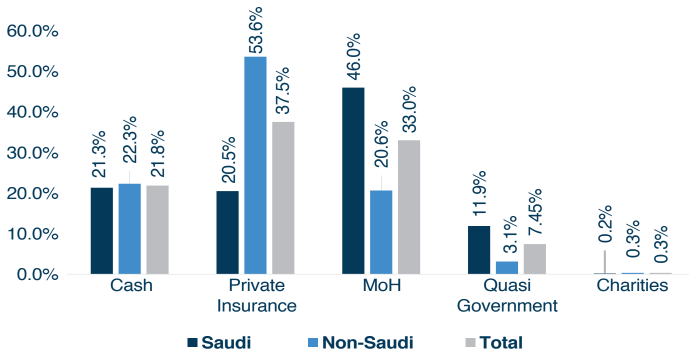


Sources: MoH (2022), AlJazira Capital

Regulatory Transformation: Macro regulations shifting the healthcare landscape

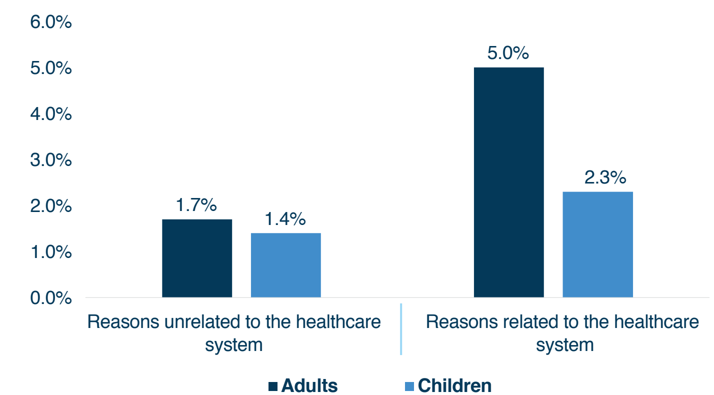
The healthcare sector in KSA remains in a transition phase as the sector restructures towards a Private Public Partnership (PPP) structure under the Kingdom's Vision 2030 National Transformation Program (NTP). Under the transformation program, a National Healthcare Insurance program will provide Saudi Arabian citizens with state-funded private healthcare insurance managed by the Center of National Healthcare Insurance (CNHI), granting the population access to private healthcare services. The percentage of the population privately insured in KSA stands at 37.5% (GASTAT, 2023); under the NTP initiative, however, virtually the entire population will be privately insured- granting easier access to private healthcare providers, such as DSFH and its sector peers.

Fig 13. Sector patient coverage segments



Source: GASTAT (2023), Aljazira Capital

Fig 14. Population with unmet healthcare needs per reason



Source: GASTAT (2023), Aljazira Capital | Healthcare system reasons range from waiting lists, distance, and financial obstacles

Saudi Arabia's healthcare Vision 2030 reform will be in the form of a public-private partnership, via providing state funded private healthcare, but also in partnership to operate the new structure in which the healthcare system will take form- being a structure of regional health clusters, under the 'Modern Care Model'. The cluster model, managed by the Health Holding Co. and in partnership with the private sector, is an answer to improve the efficiency in the industry (in wait times, and redundant services) as well as improve the quality of service for beneficiaries. Each of the 20 administratively independent clusters are to serve nearly 1mn people in its proximity with primary care centers, general hospitals, and specialized services. Under the new healthcare model, the CNHI will provide free insurance and access to treatment via purchasing health services provided by the Health Holding Co. The private sector will play a vital role in providing the services, management, and operations under each cluster, and under the management of the Health Holding Co. In a sign of competition over the role that the private sector will play in the transformed healthcare industry, National Center for Privatization announced that 139 local and international companies have submitted Expressions of Interests (EOIs) for medical and non-medical roles in inpatient facilities across two clusters in Dammam and Riyadh. Non-medical roles include design, and maintenance of the facilities. 131 companies from 17 different countries also submitted EOIs for rehabilitation centers across two clusters. All companies under our healthcare coverage have submitted EOIs for roles several PPP programs in healthcare.

Fig 15. Modern Care Model Impact on Healthcare Beneficiaries

Source: VISION2030.gov.sa, Aljazira Capital

Micro Regulatory Changes: Bottom up changes keeping the sector alert

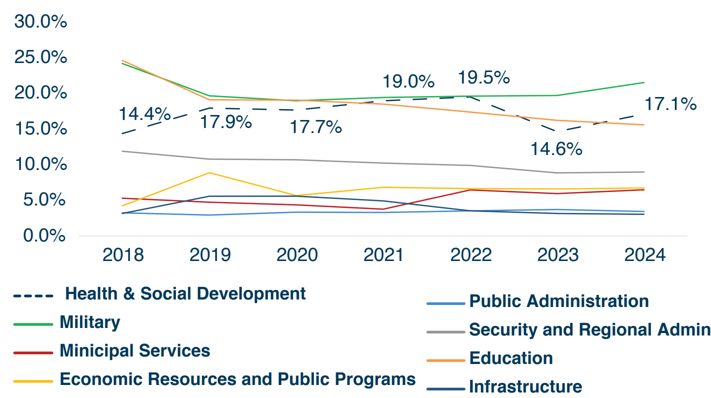
- **Healthcare providers bracing for a potential regulatory change in how inpatient revenue is recognized,** posing a bottleneck risk for providers unprepared for the shift: An up-in-the-air regulation mandates billing to patients being based on a codified 'Diagnosis Related Groups (DRG)' system instead of the current bill-for-service system in place. Implementation dates are not set yet are often expected by FY24's end to FY25. It is expected that there would be a grace year of shadow billing at first, which would not immediately effect the top line recording at first, to transition the sector to the DRG system afterwards. The new method implemented from the CHI will only effect inpatient billings, with minimal effect on the outpatient segment. Providers who are unprepared could potentially see their top line skewed or bottlenecked.
- **Potential change in MoH pricing increases to become more challenging** as providers prepare for a possibility in MOH changes to the current accreditation based pricing framework. Currently, pricing on the MoH customer segment is subject to rise up to double digits by gaining an additional accreditations, such as the HIMSS accreditation, which can raise prices by around 16%. The ease of being awarded a higher price for services based on accreditation is subject to change, as MoH considers the framework to include more governance related specifications as a part of its pricing (atop accreditation)- possibly a framework to consider number of medical residencies at the hospital, educational initiatives, as well as Saudianization rates though details are still up in the air. A potential change could create a new front to the pricing competition in the segment.
- **Changes in the insurance sector could bode well for healthcare providers:** As authorities seek to promote consolidation and M&A in the insurance sector, through raising capital requirements for insurance firms and via other regulations- a less fragmented insurance sector could improve the rejection rates and provisions held by healthcare providers. We estimate an average ECL provision recorded as a percentage of receivables in the sector at an average of 19.8%, with collection periods at a median of 148 days- all of which could possibly improve, along with lesser rejection rates, should the insurance sector become less fragmented.

Economic Environment on Healthcare Sector

Domestic Demand Drivers

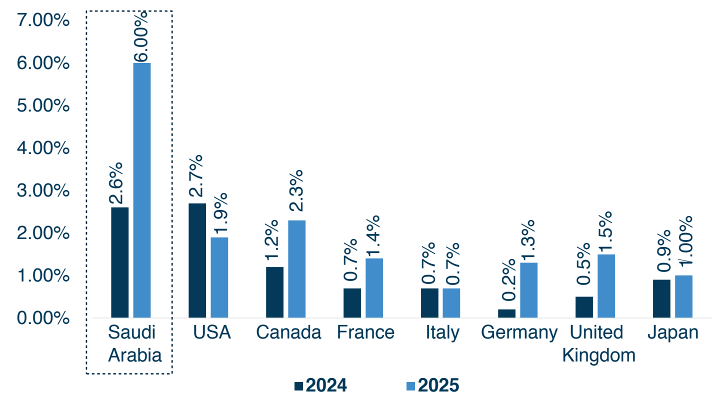
Saudi Arabia's private healthcare sector is virtually mostly domestically focused, and as of such is mostly exposed to the domestic economy. Government expenditures on healthcare and social development sector is budgeted to receive the largest allocation (after the military sector) in FY24, and has ranged from 14.4% to 19.5% of total expenditures from 2018 to 2023. Furthermore, MoH's budget appropriation alone ranged from 9.2% to 11.2% of the total government budget from 2018 to 2022 (MoH, 2022). Increased wellness in the wider economy enables the sector to receive more government allocations towards the industry's growth; with that being said, KSA's expected GDP for FY25 is expected to surpass that of all G7 nations at 6.0% growth. Growth for the foreseeable period is mostly supported by expected growth in non-oil GDP, should inflation remain contained, while oil GDP is constrained by tighter control on oil production as global demand outlooks appear soft- as China's economy attempts to pick back up, while the Eurozone battles sticky inflation.

Fig 16. Government expenditure HC and other sectors



Source: MOF Budget Reports, Aljazira Capital | Lines excluding display of "General Items" segment

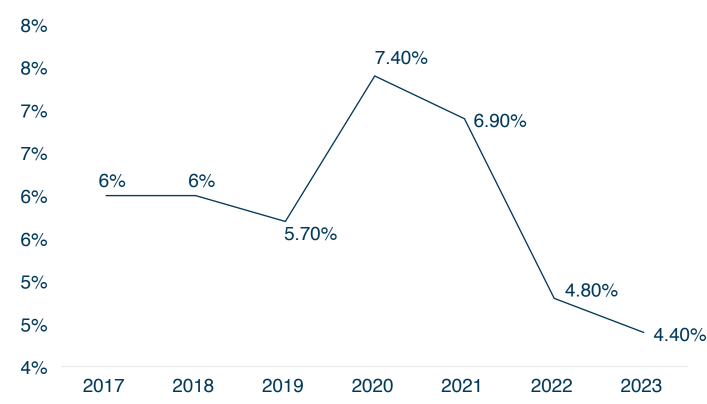
Fig 17. KSA expected GDP



Source: IMF, Aljazira Capital

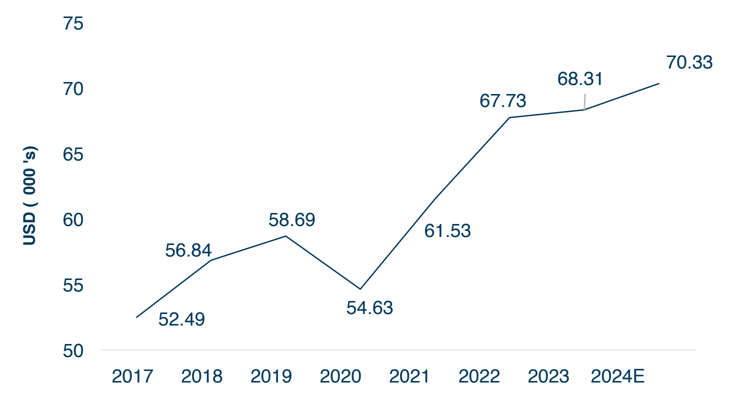
The economic condition when trickled down to the individual drives demand on the sector, as 5% of adults' unmet medical needs are partially due to financial obstacles. Improvements in unemployment rates, and higher household disposable incomes then grant more accessibility to public and private healthcare facilities. Adjusted GDP per capita is expected to rise nearly 3% Y/Y by FY24's end, While Saudi Arabia's unemployment rates sits at its lowest since the start of the century. Further government CAPEX and the need for skilled labor to service the initiatives in place will likely enable more households with employments, further supporting the target audience for the healthcare sector.

Fig. 18 KSA unemployment rates



Source: GASTAT, AlJazira Capital

Fig. 19 KSA GDP Per Capita (USD, PPP adj)

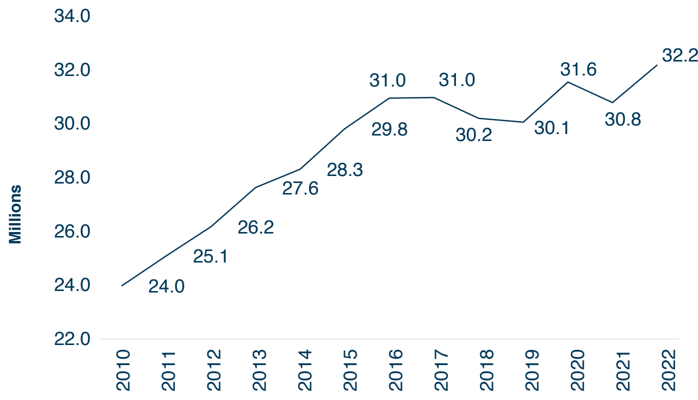


Source: IMF, Aljazira Capital

Demographic Conditions In-Play for the Healthcare Sector

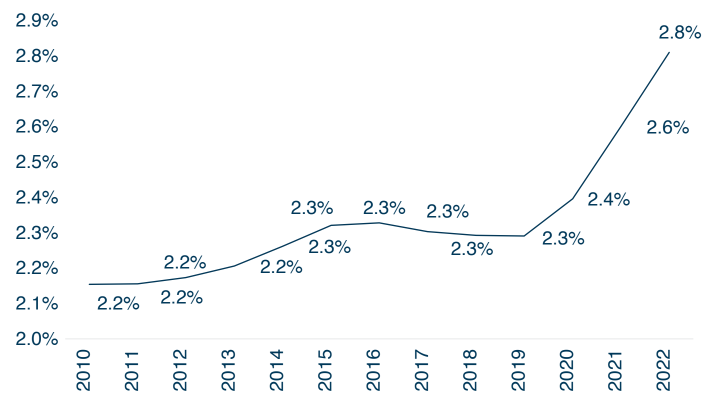
Increasing population, an aging population, and a longer life expectancy underline the changes in the Saudi Arabian demographic profile; population is expected to increase 8.2% from FY23-30 (OECD, 2024), while life expectancy rose from 73.6 years to 77.9 years (MoH, 2022) and is under a target by the Health Transformation Program to reach 80 years by FY25. An aging population will require more healthcare services needs stemming from age related conditions, while the sector also benefits from an increased population and tourism visits; targeting 150mn visits annually by 2030. Other initiatives underway supporting the population's profile, such as increasing the capital's population, and attracting regional headquarters for multinational firms, will further support the demand on the sector.

Fig 20. KSA population



Source: MoH, AlJazira Capital

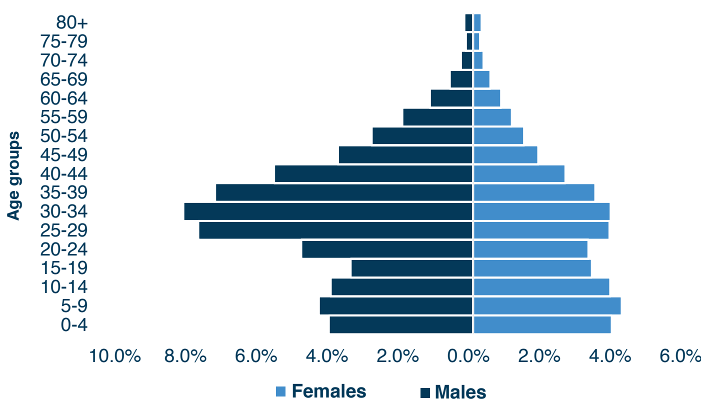
Fig 21. % of population above the age of 60



Source: Worldbank, AlJazira Capital

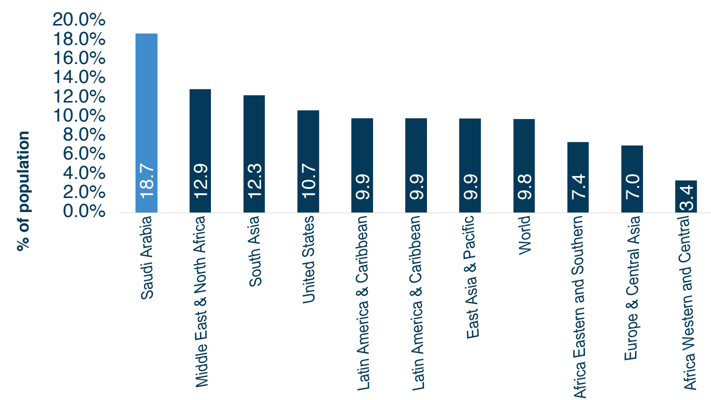
Despite government initiatives on improving the quality of life, and un-natural mortality rates, conditions more prevalent with age provide the sector a range of services to cater for the population's health demands. Virtual, home-care, e-health services, preventative and aftercare services are a solution set out by the sector's Vision 2030 Modern Healthcare transformation plan to answer for the widespread chronic conditions prevalent such as diabetes and cardiovascular diseases. As a result of the initiatives focus, private providers are catering for the initiatives by providing these services, and under PPP programs.

Fig 22. KSA population by age



Source: MoH, AlJazira Capital

Fig 23. Diabetes prevalence



Source: Worldbank (2021), AlJazira Capital

Competitive Advantages Specific to Fakeeh Medical Care Group

- **Business model with a focus on creating robust healthcare network:** For 45 years the company's business has been built around its one hospital and multiple ambulatory and medical centers, which are integrated with each other based on a hub-spoke model. The hub-spoke business model allows for creating a synergy between hospitals, medical centers, special ambulatory services, home healthcare, healthcare systems, and logistical operations, which helped it in creating a robust healthcare network, enhancing patient experience and ensure optimal care.
- **Brand equity supported by track record of complex operations:** Its early investments in medical technology like PET-CT, Spect CT; as well as a history of being the first in KSA to perform complex surgeries such as the first to offer the Davinci Robotic Surgery, and first renal transplant in the Kingdom, among others along with the discovery of the 2012 MERS virus granted the firm the ability to generate 32.2% of 9M23 revenues from complex surgery services.
- **Foothold in Western Region:** Supports the firm's ability to compete in the region with under tapped private beds availability, and supports its expansion campaign which predominately takes place in the region.
- **Education segment funnels in medical talent to the group:** Almost 246 graduates from the group's medical college have been hired by the firm. With plans to double student capacity and to receive university status, the firm will have a larger pool of talent for hire during a time of competition over medical talent. Furthermore, the group's medical research and education segment places the firm well in the case MoH pricing begins to consider social development initiatives.

Financial Analysis

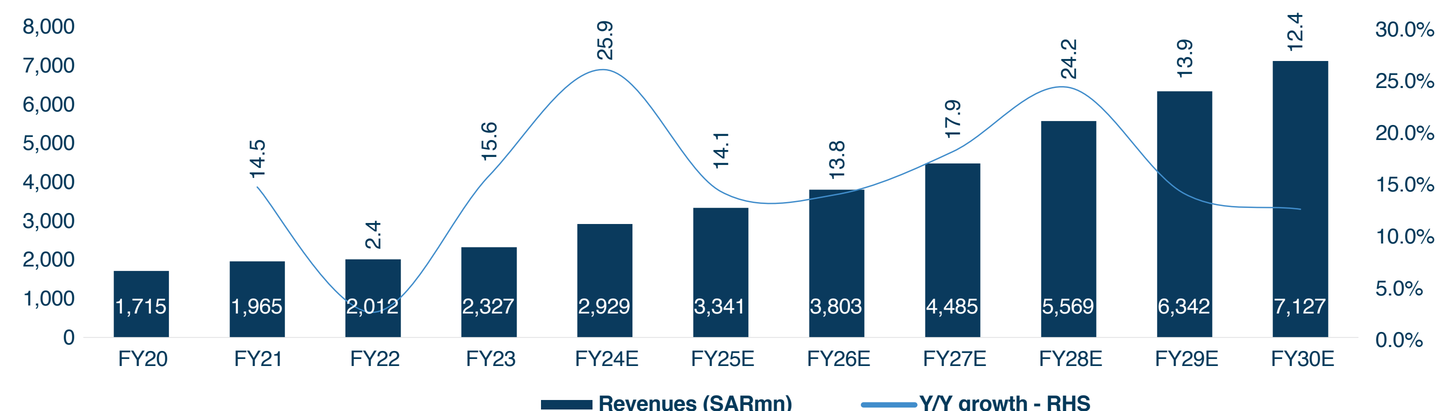
Upcoming planned capacity expansion could be the backbone of the revenue growth

Fakeeh Group's revenue grew from SAR 1.7bn in FY20 to SAR 2.3bn in FY23, implying a 10.7% CAGR. Revenues are dominated by the firm's medical services segments, with modest contribution from education and trading segments. Medical services dominated the company's revenue mix with 96% contribution in FY20, however post the expansion in its education, trading and retail business, the revenue contributed dropped to 90% in FY23.

Population expansion, ageing population, rise in lifestyle related diseases, increase in life expectancy rate and supportive government initiatives are the key drivers for the growth momentum of KSA's healthcare sector. To capture the demand influx from these growth drivers, Fakeeh Care is expanding its operational presence especially across the prime regions in the Kingdom. To leverage the growing demand, it has planned an expansion of its existing chain of hospitals, medical clinics and ambulatory centers. The current bed capacity could increase from 585 (excluding NEOM's 50 managed beds) in FY23 to 1,625 by FY30E, while the number of clinics & ambulatory centers to increase from 325 in FY23 to 668 by FY30E. This significant capacity expansion, favorable industry fundamentals and Fakeeh's forte in handling complex cases should aid the medical services revenues to grow at 17.3% CAGR over FY23-30E, primarily driven by inpatient business (21.6% CAGR) and outpatient business (13.0% CAGR).

Further, the capital allocation of SAR 500mn for expansion of its existing Fakeeh College of Medical Sciences (FCMS) and its plans of launching a new college for non-medical programs like Business, Technology and Innovation, is likely to boost its existing student capacity of 1.4K to 3.0K by FY30E. This robust growth should aid its education business scale up from SAR 94mn in FY23 to SAR 233mn by FY30E, implying a 13.8% CAGR. Whereas the its trade, retail, IT services business to also benefit from these capacity expansions and we expect it to scale up from SAR 133mn in FY23 to SAR 496mn by FY30E, implying a 20.7% CAGR. Going forward, we expect the growth momentum from the education business and medical services business to continue and aid Fakeeh Group's revenue to grow at 17.3% CAGR over FY23-30E, to reach a revenue base of SAR 7.1bn by FY30E.

Fig 24. Historical revenue growth momentum likely to continue at the back of its upcoming planned hospital & clinic capacity expansion, along with the scale up of education business



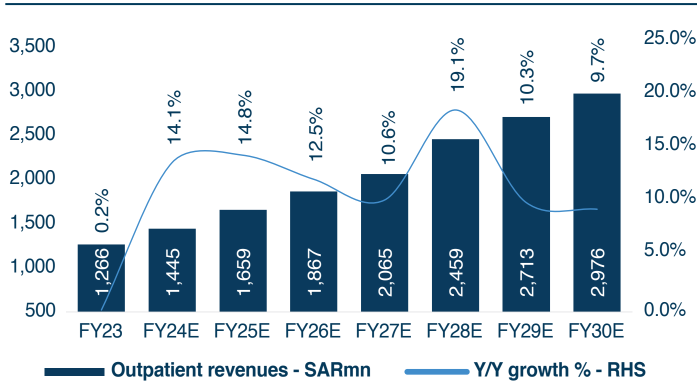
Source: Company prospectus, AlJazira Capital research

Fig 25. Operational footprint post the ramp-up of upcoming planned expansion across hospitals and clinics

Facilities	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Beds	635*	835	835	1,035	1,375	1,675	1,675	1,675
Existing:	**635**	**635**	**635**	**635**	**635**	**635**	**635**	**635**
DSFH Jeddah	400	400	400	400	400	400	400	400
DSFH Riyadh	185	185	185	185	185	185	185	185
NEOM	50	50	50	50	50	50	50	50
Upcoming:	**--**	**200**	**200**	**400**	**740**	**1,040**	**1,040**	**1,040**
DSFH Madinah*	--	200	200	200	200	200	200	200
Al-Hamra	--	--	--	200	200	200	200	200
DSFH Makkah	--	--	--	--	200	200	200	200
Surgical Tower	--	--	--	--	140	140	140	140
South Obhur	--	--	--	--	--	300	300	300
Hospital Clinics	194	243	243	243	313	413	413	413
Existing:	**194**	**194**	**194**	**194**	**194**	**194**	**194**	**194**
DSFH Jeddah	134	134	134	134	134	134	134	134
DSFH Riyadh	55	55	55	55	55	55	55	55
Neom	5	5	5	5	5	5	5	5
Upcoming:	**--**	**49**	**49**	**49**	**119**	**219**	**219**	**219**
DSFH Madinah	--	49	49	49	49	49	49	49
DSFH Makkah	--	--	--	--	70	70	70	70
South Obhur	--	--	--	--	--	100	100	100
Ambulatory Centers	136	136	238	260	260	260	260	260
Existing:	**136**	**136**	**136**	**136**	**136**	**136**	**136**	**136**
Medical Fakeeh	69	69	69	69	69	69	69	69
DSFMC Basateen	27	27	27	27	27	27	27	27
DSFMC Nuzha	16	16	16	16	16	16	16	16
DSFMC Executive	12	12	12	12	12	12	12	12
Neom	12	12	12	12	12	12	12	12
Upcoming:	**--**	**--**	**102**	**124**	**124**	**124**	**124**	**124**
DSFMC Makkah	--	--	20	20	20	20	20	20
Al-Zahra	--	--	60	60	60	60	60	60
North Obhur	--	--	22	22	22	22	22	22
Al-Hamra	--	--	--	22	22	22	22	22

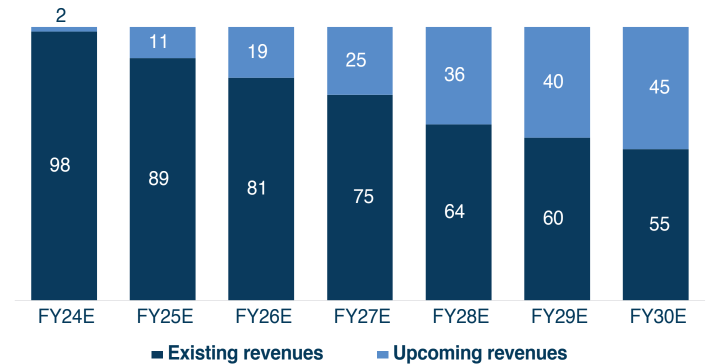
Source: Company prospectus, AlJazira Capital research | *Madinah facility is built yet not yet online till H2-24

Fig 26. Multiple clinics expansion to drive outpatients revenues at 13.0% CAGR over FY23-30E



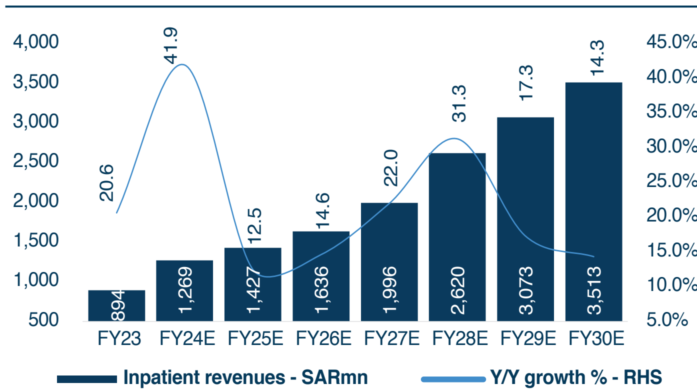
Source: Company prospectus, AlJazira Capital research

Fig 27. Revenues from upcoming clinics to outpace existing clinics by growing at 94.2% CAGR over FY24-30E versus 2.5% for existing clinics



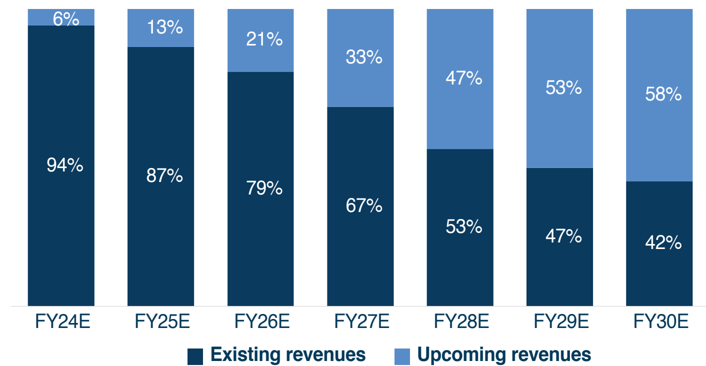
Source: Company Prospectus, Aljazira Capital Research

Fig 28. Expansion of beds to reach 1,625 by FY30E to drive overall inpatients revenue growth at 21.6% over FY23-30E



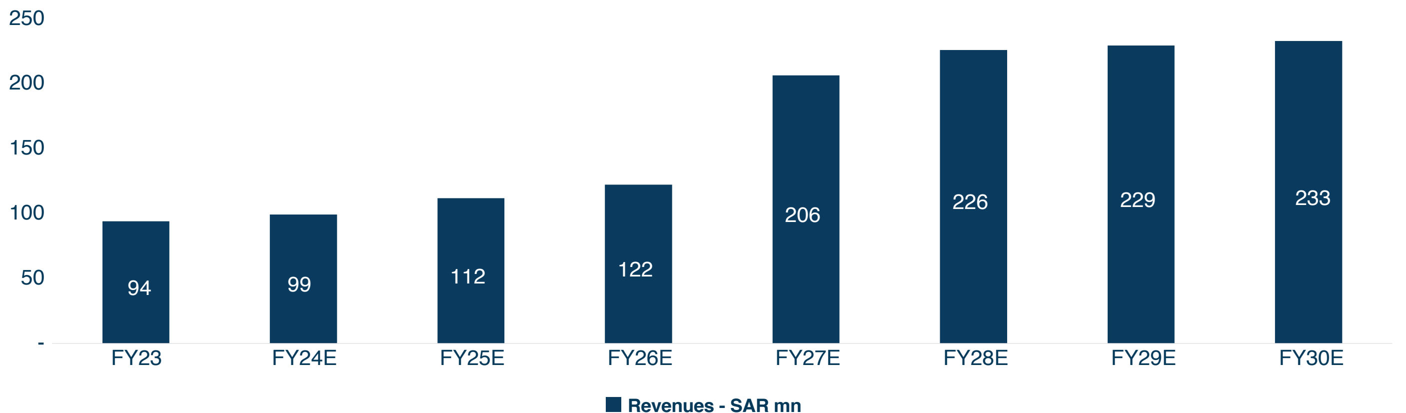
Source: Company Prospectus, AlJazira Capital research

Fig 29. Ramp-up of new facilities to aid in driving the upcoming facilities revenue share from 6% in FY24E to 58% by FY30E



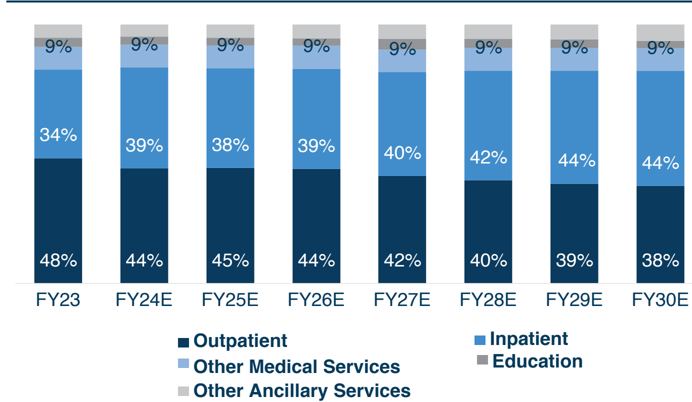
Source: Company Prospectus, AlJazira Capital research

Fig 30. Expansion of its existing student capacity to 3.0k students, and potential accreditation of a university status support its online programs will drive demand for the segment.



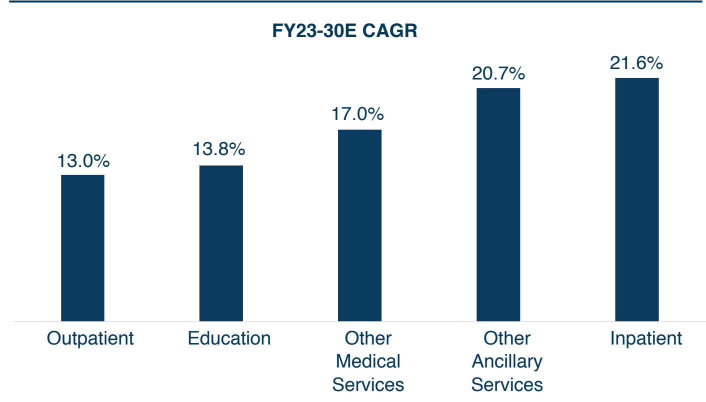
Source: Company prospectus, AlJazira Capital research

Fig 31. Outpatient level off against inpatients due to robust expansion program to capture the demand



Source: Company Prospectus, AlJazira Capital research

Fig 32. Overall growth to be driven by inpatients and other ancillary services



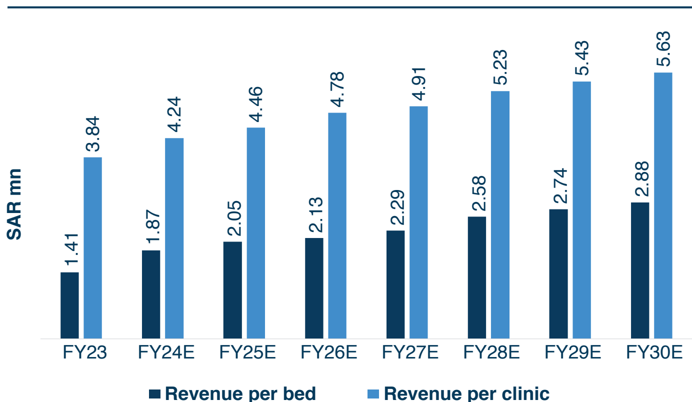
Source: Company Prospectus, AlJazira Capital research

Commercialization of annual capacity expansions to impact operating margins, gradual ramp-ups to drive a gradual margin expansion till FY30E

The company's operating margins expanded from 16.3% in FY20 to 19.0% in FY22 in a display of improvement once the 'other income' item became recorded at the operating level, before leveling off to 14.6% in FY23 likely as a result of the Riyadh facility kicking off its relaunch during Q1-23 and preparations for the medina expansion; punctuating in an FY23 net income margin of 10.0%, down from 19.0% during FY22 and as financing costs also pile on. The forward bottom line is expected to be without support of Murabaha income, as a Murabaha income generating asset loaned to an affiliate (Fakeeh Academy Medical Center – Dubai) was paid back in full by FY23's end after generating SAR 38.2mn on the SAR 1.34bn outstanding amount for that year.

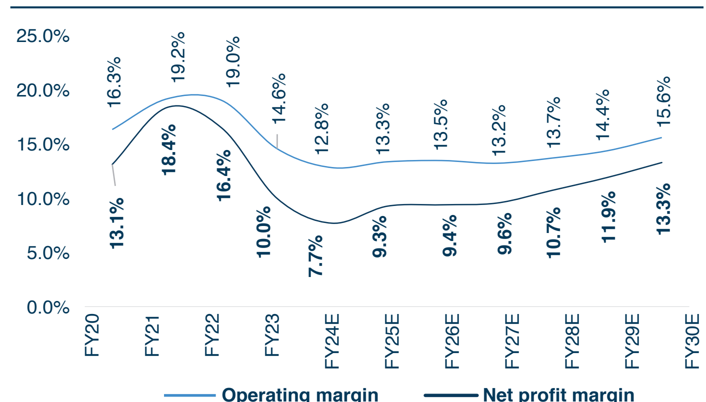
Going forward we expect the operating margins at 14.6% in FY23 to face pressures in the coming years from expansions before improving to 15.6% by FY30E, at the back of commercialization of expansions' capacity as the group schedules an expansion to take place during every year from FY23-28. The cost-impact from new capacity ramp ups are likely to roll over to the next year until capacities mature from their ramp-up stages. Hence we expect the operating margins to remain at an FY25E level, however gradual improvement is expected at the back of premiumization of services, and gradual capacity ramp-ups. Once all the upcoming capacities ramp-up to matured utilization levels, we expect operating margins to settle at 15.6% by FY30. Thereby aiding in an 22.2% net profit CAGR over FY23-30E to enable the company to expand its net profits to SAR 947mn by FY30E.

Fig 33. Increase in complexity of case to enable company to command a pricing power for its services



Source: Company Prospectus, AlJazira Capital research

Fig 34. Margins to be impacted due to capacity build-up, however gradual ramp-ups, operating leverage to benefit



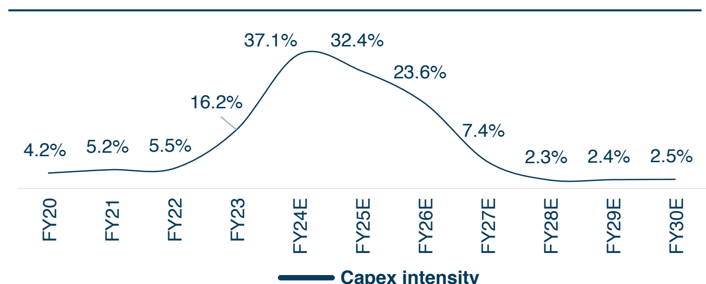
Source: Company Prospectus, AlJazira Capital research

Robust capacity expansion calls for elevated capex and debt levels in the near term before normalizing to historic levels

While the company's maintenance capex is guided at 2% of revenues, with a steep increase in capex is scheduled over FY24-26E on account of the planned greenfield and brownfield expansions of numerous hospitals, medical clinics, ambulatory centers and colleges. The company has undertaken a capex plan of SAR 3.8bn for its expansion plans over FY23-28E. This capex plan accounts for 5x of the cumulative capex spent by the company over FY20-23. This capex plan is likely to add an additional 1,040 beds, 140 clinics and 1,665 student in capacity by FY28E. The capex plan is likely to peak out in FY24-25E, wherein the company is likely to incur SAR 2.2bn (58% of the planned capex), post which we believe the capex intensity will revert to its normal levels.

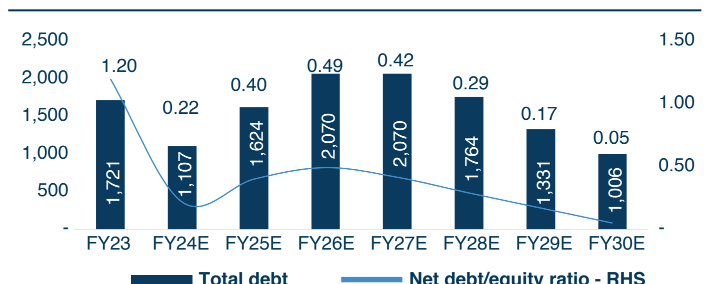
Furthermore, we expect the IPO proceeds to be used to cover a majority of the remaining capex plan, with the rest to be funded by debt. The group will be able to streamline its balance sheet post FY27, when majority of the capacities would have achieved breakeven. Further with the company's increasing operating cash flow and cash reserves, expedited repayment can be witnessed. Accordingly, we expect the debt levels to reach SAR 1.0bn in FY30E, from SAR 1,7bn in FY23. We expect financing costs to decrease by 38.8% by FY30, as a result of gradually less reliance on debt, and decreases in financing costs; management has indicated that they look to be more active in their debt repayment as rates subside.

Fig 35. Capex intensity to peak out in FY24-25E, before normalizing back to historic levels



Source: Company Prospectus, AlJazira Capital research

Fig 36. IPO proceeds to level off D/E while still possessing a need for debt



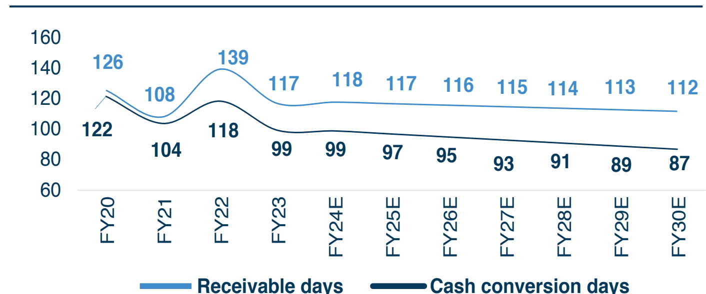
Source: Company Prospectus, AlJazira Capital research

Improvement in working capital efficiency to continue, while improved margins and reduction of debt levels to expand RoE profile

The company efficiently managed its cash conversion cycle by reducing it from 122 days in FY20 to 99 days in FY23. This was largely driven by an increase in payable days from 29 days in FY20 to 43 days in FY23 and reduction of receivable days from 126 days in FY20 to 117 days in FY23. Going forward, and as management guides towards improvement, we expect improvements to continue marginally with the cash conversion days to move from 99 days in FY23 to 87 days by FY30E, and the receivable days to move from 117 days in FY23 to 112 days by FY30E.

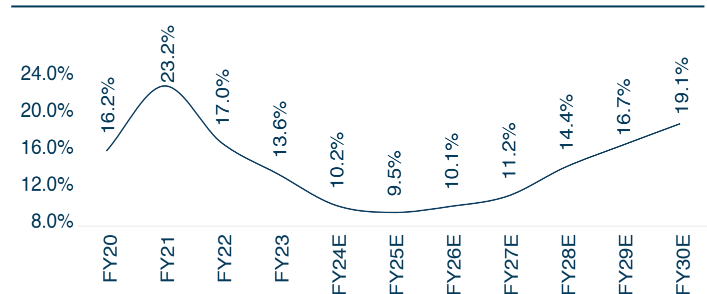
The return on equity decreased from 16.2% in FY20 to 13.6% in FY23 because of leveraging the balance sheet to fund the Riyadh facility acquisition. However, going forward we expect the return on equity to significantly expand to 19.1% by FY30 at the back of improved margins and reduction of debt levels.

Fig 37. Cash conversion days



Source: Company Prospectus, AlJazira Capital research

Fig 38. RoE profile

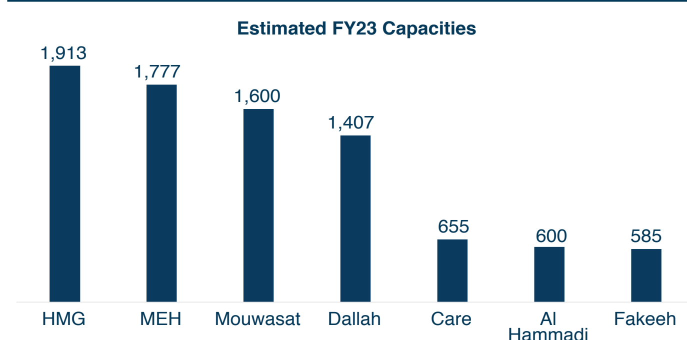


Source: Company Prospectus, AlJazira Capital research

Competitive landscape

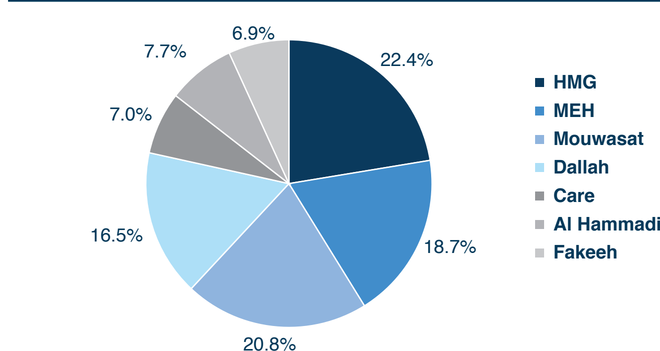
KSA's private healthcare market is highly competitive and this competitive landscape has intensified over the years as the Saudi Government started to privatize its healthcare services. In this competitive market, the providers compete on factors such as i) range of service offerings, ii) location of facilities, and iii) relationships with the MoH and insurance companies. Pricing is also subject to the demand on the provider from insurance companies and based on accreditations for MoH business.

Fig 39. HMG is the largest player within the industry in terms of existing bed capacity



Source: Company reports, AlJazira Capital research

Fig 40. HMG commands highest market share, followed by MEH while Fakeeh awaits expansions



Source: Company reports, AlJazira Capital research.

To capture the growing demand, private healthcare players have announced multiple bed capacity expansions, especially in the urban regions of the Kingdom. Companies under our healthcare coverage are expected to add 4.4K beds (almost 51.5% of FY23 capacity) to reach 12.9K beds by FY30E. The largest expansion is being led by **HMG** with c1,600 bed additions (37% of total additions), followed by **Fakeeh** at 1,040 beds by FY30E (24% of total additions). Whereas **Mouwasat** and **Al Hammadi** are expected to add 500 and 400 beds each by, contributing 11% and 9% total bed additions, respectively. Meanwhile, **Dallah** and **Care** are likely to add 350 and c.300 beds by FY30E, with a share of 8% and 7% respectively. **MEH** on the on the other hand eyes a c.200 bed expansion on its horizon at 5% of capacity additions. These capacity expansions will enable the Saudi healthcare sector to react to the expected growth in demand resulting from reported expected doubling in VIP, A, and B class insurance patients post sector transformation initiatives.

Fig 41. Of the total 4.4K bed additions over FY23-30E, HMG to add the highest capacity, followed by Fakeeh. The significant planned capacity expansion by Fakeeh will enable it reach 46.2% of HMG's total capacity post expansion

Company name	Existing capacity	Additional capacity	Total capacity	Expansion size %	
				as % of capacity additions	as % of its existing capacity
HMG	1,913	1,606	3,519	37%	84%
MEH	1,777	198	1,975	5%	11%
Mouwasat	1,600	500	2,100	11%	31%
Dallah	1,407	350	1,757	8%	25%
Care	655	300	955	7%	46%
Al-Hammadi	600	400	1,000	9%	67%
Fakeeh	585*	1,040	1,625*	24%	178%
Total	**8,537**	**4,394**	**12,931**		

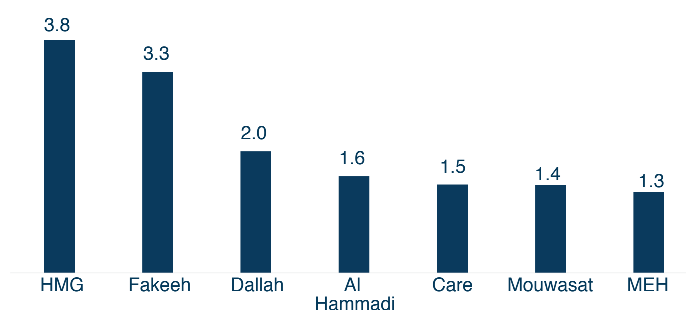
Source: Company prospectus, AlJazira Capital research | *Excluding NEOM managed facility

Fig 42. HMG outperforms on most key metrics; Fakeeh's heightened revenue per bed is met with below-median figures

Parameters	HMG	Mouwasat	Dallah	MEH	Hammadi	Care	Fakeeh	Median
Revenue/Bed FY23	3.8	1.4	2.0	1.3	1.6	1.5	3.3	*1.6*
Revenue CAGR - FY20-23	17.5%	9.8%	30.7%	14.9%	15.5%	10.2%	10.7%	*15.9%*
Gross margin - FY23	34.4%	47.5%	36.6%	37.2%	37.2%	33.6%	26.5%	*36.6%*
Operating margin - FY23	22.0%	28.0%	17.2%	12.9%	29.1%	22.8%	16.2%	*22%*
ROAE FY23	32.2%	21.2%	13.9%	12.5%	16.7%	17.7%	13.6%	*16.7%*
DSO days - FY23	28	148	87	250	154	205	117	*148*
Debt/equity - FY23	0.73	0.22	0.62	1.47	0.20	0.19	1.37	*0.62*
P/E (TTM)	48.5	35.5	42.1	41.1	29.4	30.6	57.5	*41.1*

Source: Company prospectus, AlJazira Capital research

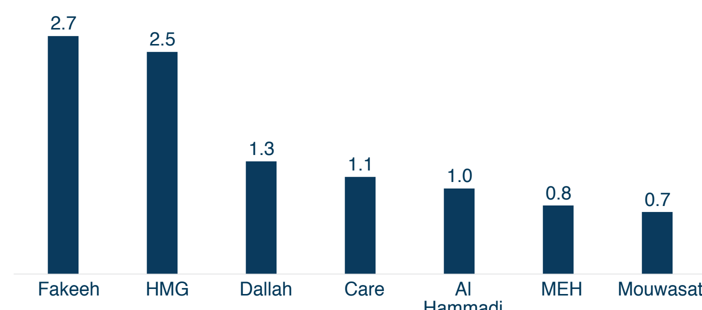
Fig 43. Revenue per bed* (SAR mn)



Source: Company reports, AlJazira Capital research. *Based on revenues from FY23 medical services and capacities only.

HMG's premium status enables it for highest revenue/bed within the industry, at SAR 3.8mn. Fakeeh's forte in dealing with complex cases makes it the next best at SAR 3.3mn.

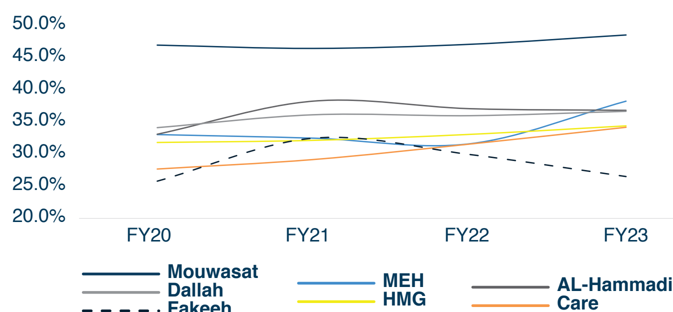
Fig 44. COGS per bed (SAR mn)



Source: Company reports, AlJazira Capital research. Based on revenues from medical services only

Fakeeh & HMG's strategy of hiring the best and most efficient doctors for performing complex surgeries, results in a higher cost/bed.

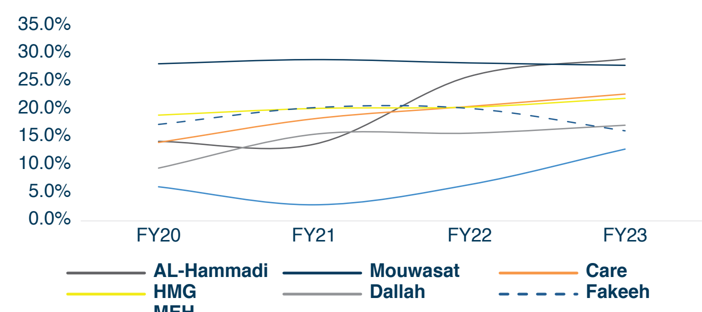
Fig 45. GP margin trend



Source: Company reports, AlJazira Capital research.

Mouwasat has the highest gross margin profile, while **Fakeeh** has the lowest amongst the entire peer set. However, we expect gross margin expansion at Fakeeh as the facilities ramp-up to level off before moderately improving by 2030.

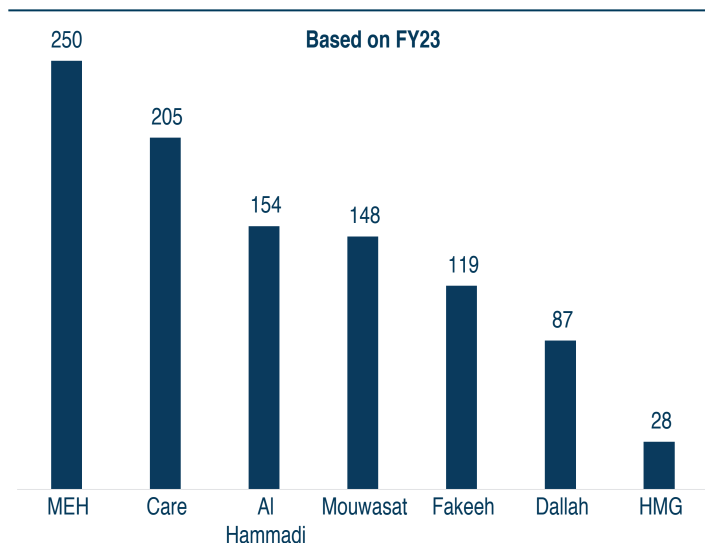
Fig 46. Operating margin trend



Source: Company reports, AlJazira Capital research

Al-Hammadi scaled up its operating margins the fastest withing industry over FY20-23 and surpassed **Mouwasat** to have the industry highest margin profile. **MEH** and **Fakeeh** have the lowest margins within the industry.

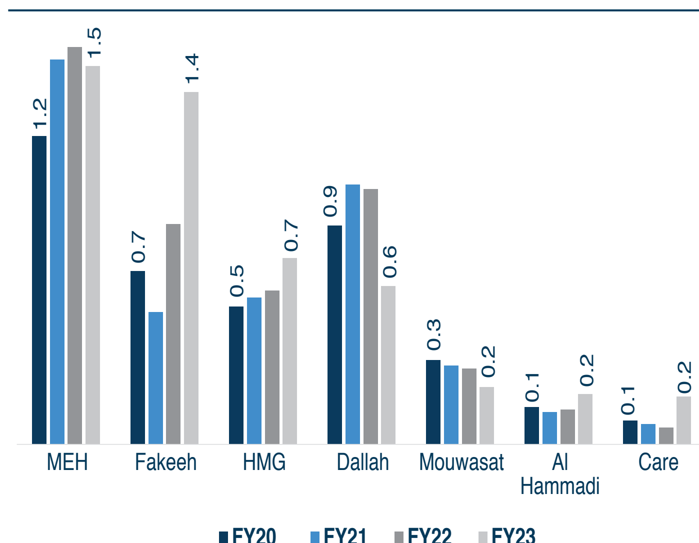
Fig 47. Receivable days (DSO days)



Source: Company Prospectus, AlJazira Capital research

Higher DSO days for **MEH** and **Care** due to its higher exposure to government and government-related patients. Companies with lower government exposure, such as **Dallah** and **HMG**, have been in a favorable position with **Fakeeh** next in line.

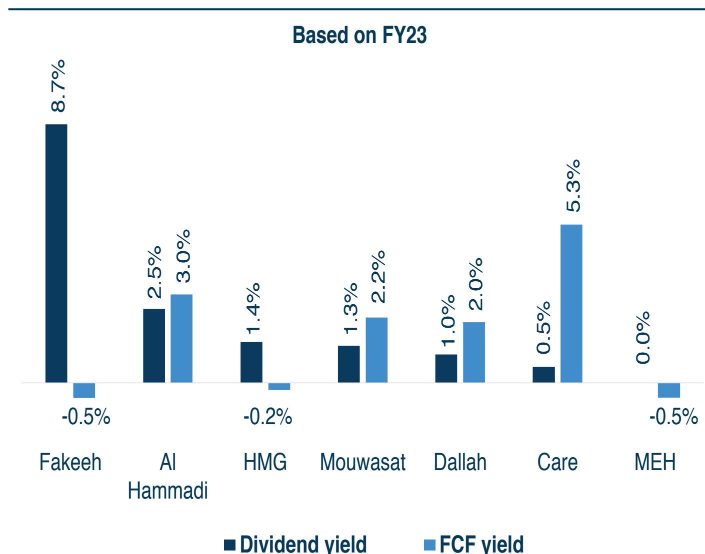
Fig 48. Net debt/equity



Source: Company Prospectus, AlJazira Capital research

MEH historically had higher debt levels, but recent expansion into Makah and Riyadh further intensified it. Meanwhile **Fakeeh's** debt levels increased at the back of its expansion in Riyadh. **Al-Hammadi** and **Care** operate a leaner balance sheet with the industry lowest debt levels.

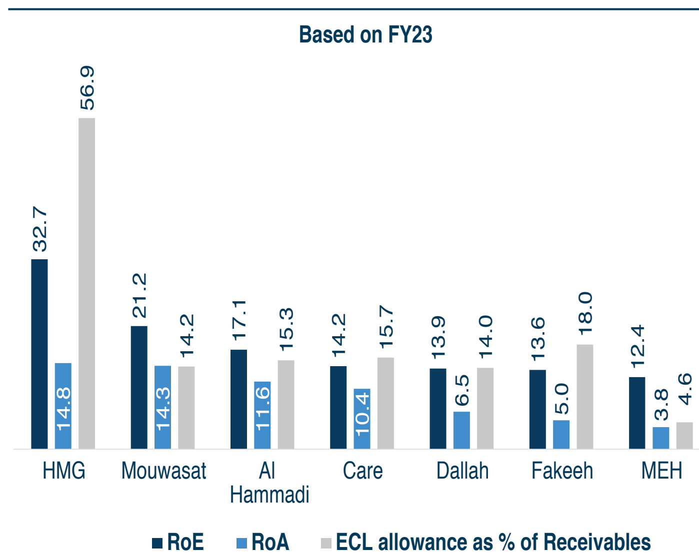
Fig 49. Dividend and FCF yield*



Source: Company reports, AlJazira Capital research. | Fakeeh Mkt Cap at listing price and increased shares post IPO

Despite FY23 being a high capex period for healthcare companies, most of them have been consistent in paying dividends. **Fakeeh's** dividend yield is higher than the industry average. In terms of FCF yield, **Care** ranks the best, followed by **Hammadi** as these two companies also have lower leverage and hence free cash at hand.

Fig 50. RoE, RoA and ECL allowance % of trade receivables



Source: Company reports, AlJazira Capital research.

HMG and **Mouwasat** have demonstrated a favorable profitability profile. The companies' high-quality operations, attractive capacity additions and swift ramp-up warrant a healthy profitability print. In the future, as more capacities ramp up, it will further boost profitability. While **MEH** attributes a weak returns profile. Meanwhile on the provisioning side, **HMG** has been maintaining a higher provision of ECL against its trade receivables, whereas **MEH** and others maintain very low provisions.

Risks

- **Competition intensifying in Jeddah**: Incumbents have been expanding their operational presence significant in Jeddah due to underpenetration of beds (2.1 beds per 1,000 people). Expansion in Jeddah will increase the supply of healthcare facilities, but could impact the patient volume for Fakeeh, due to the presence of private providers such as HMG and Middle East Healthcare for whom Jeddah is a home-ground.
- **Development risks of upcoming hospitals and clinics**: An aggressive expansion schedule ahead of the firm carries significant development risk which could result in expansion delays, or at worst, cancelations. Delays in expansions could further impact the efficiency of ramp ups for the facility should another provider establish a presence in the relevant region before the initially planned timeline.
- **Failure to hire/retain medical professionals**: Fakeeh's key differentiating factor in KSA's private healthcare market is its reputation, which it has earned largely due to its team of medical professionals who are equipped to perform complex surgeries at ease. There already exists a significant demand-supply gap in KSA's medical professionals. Any incompetency to either hire or retain the existing team of medical professionals, could impact its profitability. Further the risk of increasing employee cost persists as competitive landscape intensifies.
- **Price hikes to be more challenging if MOH changes the current accreditation-based pricing framework:** The current framework of pricing which is based on accreditations could likely change, a new framework could include more governance related specifications such as i) number of medical residencies at the hospital; ii) existing Saudiazation rates at the hospital iii) research and educational initiatives. The implementation and execution of this change could severely impact the incumbents ability to command pricing power based on services and accreditations.

Valuation

We have performed 70% DCF and 30% P/E based valuation based on our forecasts for the next seven years. We assumed risk free rate of 3.5%, market risk premium of 6.3% and beta of 0.85 to arrive at WACC of 8.1%. Terminal growth rate is assumed at 2.75%. Our valuation of Fakeeh Care based on DCF yielded an enterprise value of SAR 16.6bn and a fair value to equity shareholders of SAR 15.1n, which translated into a value of **SAR 65.0 per share**. We also have valued Fakeeh Care using a discounted relative valuation method based on a matured forward P/E multiple (25x) at FY30 earnings to reflect the firm's transformation campaign. Based on the discounted P/E based valuation we arrive at a value of **SAR 61.6 per share**. Further assigning 70% weightage to DCF and 30% to P/E based valuation methodology, we have arrived at a weighted target price of **SAR 64.0 per share**. We arrive at a '**Neutral**' recommendation on the stock, with an upside of **11.3%**.

Fig 51. Discounted Cash Flow model

SAR mn	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
NOPAT	**370**	**403**	**475**	**543**	**622**	**794**	**917**	**1,111**
Depreciation & Amortization	149	173	269	324	356	384	417	458
Change in working capital	(153)	(131)	(87)	(105)	(166)	(255)	(163)	(168)
Capex	(372)	(1,082)	(1,075)	(884)	(315)	(100)	(114)	(128)
FCFF	**(6)**	**(637)**	**(418)**	**(123)**	**498**	**822**	**1,057**	**1,272**
Discounting factor	1.0	1.0	0.9	0.8	0.8	0.7	0.7	0.6
Present value of FCFF	**(6)**	**(608)**	**(372)**	**(102)**	**387**	**594**	**701**	**769**
Sum of present value								1,368
PV Terminal Value								15,213
Enterprise value								**16,580**
Equity value to shareholders								15,074
No of outstanding shares (mn)								232
Fair value per share								**65.0**

Source: AlJazira Capital research

Fig 52. DCF key assumptions

Terminal growth rate		Risk premium				
		5.30%	5.80%	6.30%	6.80%	7.30%
	2.25%	70.8	64.5	58.9	54.1	49.7
	2.50%	74.7	67.8	61.8	56.6	51.9
	2.75%	79.1	71.5	65.0	59.3	54.3
	3.00%	84.0	75.6	68.5	62.3	56.9
	3.25%	89.5	80.2	72.3	65.6	59.7

Source: AlJazira Capital research

Above is an illustration of sensitivity of our DCF based target price to the changes in terminal growth rate (range: 2.25%-3.25%) and risk premium (range: 5.2%-7.2%). The sensitivity analysis indicates valuation in the range between a minimum of SAR 49.7 (at terminal growth rate of 2.25% and risk premium of 7.3%) and a maximum of SAR 89.5 per share (at terminal growth rate of 3.25% and risk premium of 5.3%).

Fig 53. Relative valuation using P/E multiple

P/E ratio (x)	25x
FV to shareholders (FY30E)	23,665
PV to shareholders (FY30E)	14,302
Number of shares (mn)	232
TP (SAR per share)	**61.6**

Source: AlJazira Capital research

Fig 54. Weighted valuation summary

	TP (SAR)	Weight	Weighted TP
DCF	65.0	70%	45.5
P/E	61.6	30%	18.5
TP			**64.0**

Source: AlJazira Capital research

Fig 55. Key upside risks

- Faster than expected ramp-up of new hospitals and clinics to significantly drive the revenue growth and profitability.
- Higher than expected utilization rate for the new hospitals could be a key driver for the revenue upside potential.
- Better than expected economic growth.
- Any reduction in the competitive intensity, especially in the Jeddah region, could be a key upside risk for our TP.
- NEOM facility expansion or further additions to the managed segment

Source: AlJazira Capital research

Fig 56. Key downside risks

- Slower population growth could lead to lower patient influx, thereby materially impacting the company's overall growth potential.
- Any latency in ramping-up of new hospital and clinics, could affect margins.
- Increasing competition could impact Fakeeh's ability to capture the patient influx.
- Implementation of MoH's new pricing framework could impact company's pricing policies.

Source: AlJazira Capital research

Key Financial Data

Amount in SAR mn, unless otherwise specified	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Income statement											
Revenues	1,715	1,965	2,012	2,327	2,929	3,341	3,803	4,485	5,569	6,342	7,127
Y/Y		**14.53%**	**2.43%**	**15.62%**	**25.87%**	**14.09%**	**13.81%**	**17.94%**	**24.16%**	**13.88%**	**12.38%**
Cost of revenue	(1,273)	(1,327)	(1,410)	(1,710)	(2,183)	(2,493)	(2,841)	(3,361)	(4,183)	(4,734)	(5,272)
Gross profit	**442**	**638**	**602**	**617**	**746**	**848**	**961**	**1,124**	**1,386**	**1,608**	**1,855**
General & administration expense	(158)	(204)	(212)	(292)	(387)	(421)	(467)	(552)	(648)	(713)	(762)
Operating profit	**280**	**376**	**382**	**339**	**375**	**446**	**512**	**593**	**762**	**917**	**1,111**
Y/Y		**34.39%**	**1.53%**	**-11.39%**	**10.80%**	**18.88%**	**14.80%**	**15.77%**	**28.62%**	**20.27%**	**21.12%**
Financial charges	(46)	(35)	(56)	(122)	(129)	(108)	(121)	(124)	(109)	(85)	(75)
EBITDA	**401**	**505**	**516**	**479**	**538**	**702**	**820**	**931**	**1,124**	**1,308**	**1,538**
Y/Y		**25.86%**	**2.22%**	**-7.24%**	**12.27%**	**30.54%**	**16.83%**	**13.45%**	**20.79%**	**16.35%**	**17.56%**
Income before zakat	**251**	**365**	**351**	**255**	**247**	**338**	**391**	**469**	**653**	**832**	**1,036**
Zakat	(27)	(5)	(20)	(23)	(21)	(29)	(34)	(41)	(57)	(72)	(89)
Net income	**225**	**361**	**331**	**232**	**225**	**309**	**357**	**428**	**597**	**760**	**947**
Y/Y		**60.46%**	**-8.34%**	**-29.84%**	**-2.91%**	**37.31%**	**15.41%**	**20.01%**	**39.27%**	**27.41%**	**24.53%**
EPS (SAR)	0.97	1.56	1.43	1.00	0.97	1.33	1.54	1.85	2.57	3.28	4.08
DPS (SAR)	0.10	0.10	0.15	5.00	0.15	0.27	0.38	0.55	0.90	1.64	2.04
Balance sheet											
Assets											
Cash & equivalent	187	192	317	214	420	263	265	422	499	522	739
Other current assets	817	799	1,061	1,174	1,423	1,597	1,799	2,108	2,592	2,921	3,261
Total current assets	**1,005**	**991**	**1,378**	**1,388**	**1,843**	**1,860**	**2,063**	**2,530**	**3,091**	**3,443**	**4,000**
Property plant & equipment	611	640	1,303	1,635	2,594	3,463	4,100	4,155	3,990	3,834	3,686
Right of use assets	304	271	392	521	585	569	545	602	673	679	685
Total assets	**3,186**	**3,464**	**5,070**	**4,232**	**5,703**	**6,568**	**7,384**	**7,964**	**8,440**	**8,657**	**9,093**
Liabilities & owners' equity											
Trade payables	134	143	247	275	333	384	443	528	664	764	869
Other current liabilities	413	298	918	790	542	661	773	839	891	890	910
Total current liabilities	**547**	**441**	**1,165**	**1,066**	**875**	**1,045**	**1,216**	**1,368**	**1,555**	**1,654**	**1,779**
Lease liabilities – non-current	295	273	291	496	541	511	487	556	645	681	740
Long term loans	779	838	1,252	1,196	897	1,328	1,700	1,700	1,445	1,084	813
Total non-current liabilities	**1,248**	**1,300**	**1,748**	**1,911**	**1,687**	**2,133**	**2,510**	**2,637**	**2,536**	**2,272**	**2,109**
Share capital	100	100	100	200	200	200	200	200	200	200	200
Reserves	1,292	1,513	1,798	820	2,705	2,952	3,220	3,520	3,908	4,288	4,761
Total owners' equity	**1,392**	**1,723**	**2,157**	**1,255**	**3,141**	**3,390**	**3,659**	**3,960**	**4,349**	**4,730**	**5,204**
Total equity & liabilities	**3,186**	**3,464**	**5,071**	**4,233**	**5,703**	**6,568**	**7,385**	**7,965**	**8,439**	**8,656**	**9,092**
Cashflow statement											
Operating activities	4	255	231	304	336	570	635	708	823	1,108	1,320
Investing activities	(73)	(101)	(630)	970	(1,188)	(1,116)	(935)	(468)	(296)	(280)	(336)
Financing activities	119	(150)	524	(1,377)	1,058	389	301	(83)	(450)	(805)	(767)
Change in cash	50	4	125	(102)	205	(157)	2	157	77	23	217
Ending cash balance	**187**	**192**	**317**	**214**	**420**	**263**	**265**	**422**	**499**	**522**	**739**
Liquidity ratios											
Current ratio (x)	1.8	2.2	1.2	1.3	2.1	1.8	1.7	1.9	2.0	2.1	2.2
Quick ratio (x)	1.5	1.8	0.9	1.1	1.6	1.5	1.5	1.5	1.7	1.8	1.8
Profitability ratios											
Gross profit margin	25.8%	32.5%	29.9%	26.5%	25.5%	25.4%	25.3%	25.1%	24.9%	25.4%	26.0%
Operating margin	16.3%	19.2%	19.0%	14.6%	12.8%	13.3%	13.5%	13.2%	13.7%	14.5%	15.6%
EBITDA margin	23.4%	25.7%	25.7%	20.6%	18.4%	21.0%	21.6%	20.8%	20.2%	20.6%	21.6%
Net profit margin	13.1%	18.4%	16.4%	10.0%	7.7%	9.3%	9.4%	9.6%	10.7%	12.0%	13.3%
Return on assets	7.1%	10.8%	7.7%	5.0%	4.5%	5.0%	5.1%	5.6%	7.3%	8.9%	10.7%
Return on equity	16.2%	23.2%	17.0%	13.6%	10.2%	9.5%	10.1%	11.2%	14.4%	16.7%	19.1%
Leverage ratio											
Net Debt / equity (x)	0.54	0.40	0.71	1.20	0.22	0.40	0.49	0.42	0.29	0.17	0.05
Market/valuation ratios											
EV/sales (x)				6.4	4.8	4.4	4.0	3.3	2.6	2.2	1.9
EV/EBITDA (x)				31.0	26.1	20.9	18.5	16.1	13.0	10.8	8.8
Market-Cap				13,340	13,340	13,340	13,340	13,340	13,340	13,340	13,340
P/E ratio (x)				57.5	59.2	43.1	37.4	31.1	22.4	17.5	14.1
P/BV ratio (x)				10.6	4.2	3.9	3.6	3.4	3.1	2.8	2.6
DY (%)				8.7%	0.3%	0.5%	0.7%	1.0%	1.6%	2.8%	3.5%

Source: Company, AlJazira Capital research. Market / valuation ratios based on IPO price of SAR 57.5/share

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