Mouwasat Medical Services Co.

August 4, 2026

Net profit in line with estimates as operating profit strength offsets softer gross margin

Last Price: SAR 63.5 | YoY Performance: -17.0%

KEY TAKEAWAYS

- Mouwasat reported revenue of SAR 876.4 mn in 2Q26, up 10.1% YoY, in line with our estimate of SAR 873.6 mn (+0.3%). Growth was mainly attributable to the contribution from Yanbu Hospital, which commenced operations in 1Q26, higher occupancy rates in inpatient departments, and the positive impact of certain contractual terms implemented for 2026 under existing client agreements. QoQ, revenue rose 5.1%, driven by the increased contribution from Yanbu Hospital and higher outpatient visits following the Ramadan-related seasonal softness in 1Q26.
- Gross profit for the 2Q26 came in at SAR 356.4 mn, up 4.3% YoY and 3.9% QoQ, and was in line with our estimate of SAR 359.9 mn (-0.9%). Gross margin was 40.7%, versus 42.9% in 2Q25 and slightly below our forecast of 41.2%, reflecting the ramp-up cost profile of the newly launched Yanbu Hospital.
- Operating profit rose to SAR 229.4 mn, up 12.8% YoY and 10.8% QoQ. Operating margin was 26.2%, versus 25.5% in 2Q25 and slightly above our forecast of 25.5%, on lower-than-expected operating expenses.
- Net profit was SAR 211.4 mn, up 13.1% YoY and 5.2% QoQ, in line with our estimate of SAR 211.0 mn (+0.2%). The YoY increase was mainly attributable to: (i) the recognition of a SAR 20.4 mn capital gain resulting from the sale of land, and (ii) the flexibility of the Company's operating model and its ability to absorb pressure on profit margins arising from its strategic expansion initiatives, including the commencement of operations at the new Yanbu Industrial Hospital during 1Q26. Net margin stood at 24.1%, versus 23.5% in 2Q25 and in line with our forecast of 24.2%
- Based on our last update, we have an 'Overweight' rating on the stock with a target price of SAR 83.6/share.

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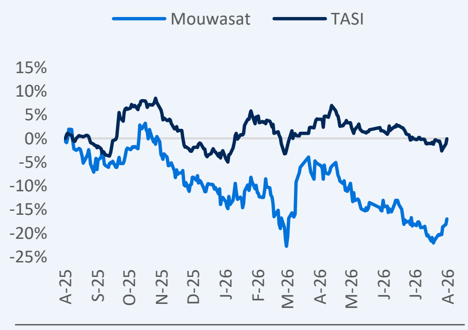
Issuer Information

Bloomberg Code	**MOUWASAT AB**
Last Price (SAR)	**63.5**
No. of Shares (mn)	**200.0**
Market Cap bn (SAR/USD)	**12.7 / 3.4**
52-week High / Low (SAR)	**79.8 / 58.7**
12-month ADTV (mn) (SAR/USD)	**29.5 / 7.9**
Free Float (%)	**63.2**
Foreign Holdings (%)	**11.2**

Relative Price Performance



Source: Bloomberg, anbc research
Last price as of August 3rd, 2026

Financials (SAR mn)	2Q26A	2Q26E*	Var (%)	2Q25A	YoY (%)	1Q26A	QoQ (%)
Revenue	876	874	0.3	796	10.1	834	5.1
Cost of Revenues (COGS)	520	514	1.2	455	14.4	491	5.9
Gross Profit	356	360	(0.9)	342	4.3	343	3.9
Gross Margin (%)	***40.7***	***41.2***		***42.9***		***41.1***	
Operating Expenses	127	136	(6.8)	138	(8.1)	136	(6.6)
Operating Profit	229	223	2.8	203	12.8	207	10.8
Operating Margin (%)	***26.2***	***25.5***		***25.5***		***24.8***	
Net Profit	211	211	0.2	187	13.1	201	5.2
Net Margin (%)	***24.1***	***24.2***		***23.5***		***24.8***	
EPS (SAR)	1.1	1.1	0.2	0.9	13.1	1.0	5.2

**anbc estimate*
Source: Company Financials, anbc research

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Expected return is more than +15%	Expected return is between +15% & -10%	Expected return is lower than -10%

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