

# The Company for Cooperative Insurance

Revenue growth supports the bottom line.

Rating: Overweight | 12M Target Price: SAR 180

August 5, 2025

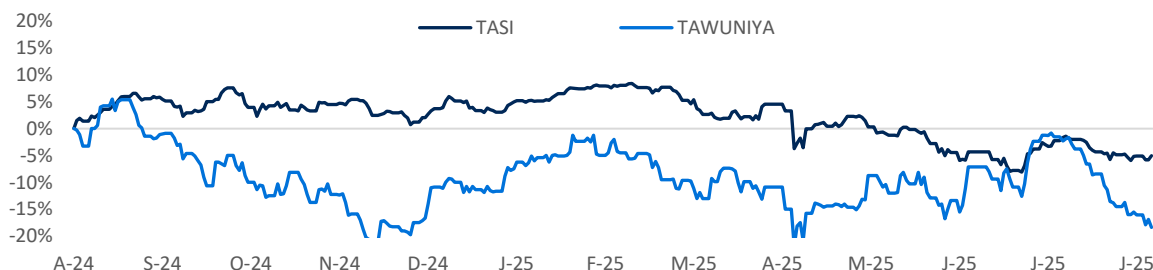
Market Data		Valuations	2024A	2025E	2026E	2027E
Last Price (SAR)*	130.6	Net Income (SAR bn)	1.0	1.2	1.4	1.5
Target Price (SAR)	180.0	EPS (SAR)	6.8	7.8	9.4	9.9
Upside / Downside (%)	38%	PER (x)	19.2	16.8	13.9	13.2
Market Cap (bn) (SAR/USD)	20/5	P/BV (x)	4.4	3.6	3.1	2.6
52 week High / Low (SAR)	171/119	DPS (SAR)	1.5	2.0	2.5	2.5
12-month ADTV (mn) (SAR/USD)	45/12	Div. Yield (%)	1.1	1.5	1.9	1.9
YTD Return (%)	-11.5%	RoAE (%)	25.2	23.7	23.9	21.2
Bloomberg Code	TAWUNIYA AB	RoAA (%)	5.2	5.3	5.8	5.5

\*last price as of 5<sup>th</sup> August 2025

Financials (SAR mn)	2Q25A	2Q25E*	Var (%)	2Q24A	YoY (%)	1Q25A	QoQ (%)
Insurance service revenue	5,226	4,958	5.4	4,412	18.4	5,121	2.0
Insurance service expense	(4,122)	(3,997)	3.1	(3,419)	20.5	(4,384)	(6.0)
<b>Ins. service pre reinsurance</b>	<b>1,104</b>	<b>961</b>	<b>14.9</b>	<b>993</b>	<b>11.2</b>	<b>738</b>	<b>49.7</b>
Ins. service margin pre reinsurance	21.1	19.4	-	22.5	-	14.4	-
Net reinsurance expense	(619)	(460)	34.6	(501)	23.5	(448)	38.4
<b>Insurance service result</b>	<b>485</b>	<b>501</b>	<b>(3.2)</b>	<b>492</b>	<b>(1.4)</b>	<b>290</b>	<b>67.2</b>
Insurance service margin	9.3	10.1	-	11.1	-	5.7	-
<b>Net income</b>	<b>467</b>	<b>434</b>	<b>7.8</b>	<b>460</b>	<b>1.7</b>	<b>262</b>	<b>78.6</b>
Net margin (%)	8.9	8.7	-	10.4	-	5.1	-
<b>EPS</b>	<b>3.12</b>	<b>2.89</b>	<b>7.8</b>	<b>3.07</b>	<b>1.7</b>	<b>1.75</b>	<b>78.6</b>
DPS	-	-	-	-	-	-	-

\*anbc estimates

## Price Performance



Source: Tadawul, Bloomberg and anbc research

The Company for Cooperative Insurance (TAWUNIYA) reported a net profit of SAR 467.4 mn (EPS: SAR 3.12) in 2Q25, reflecting a 1.7% YoY and 78.6% QoQ increase. The net insurance service result stood at SAR 485.0 mn, down 1.4% YoY but up 67.2% QoQ, broadly in line with our expectations. Strong investment income helped offset pressure from higher reinsurance costs, leading to an overall growth in bottom line. We maintain our Overweight rating with a target price of SAR 180/sh, implying a 37.8% upside.

- During the quarter, insurance service revenue increased by 18.4% YoY (+2.0% QoQ), supported by the onboarding of new clients and strong performance across the company's main business segments: Medical, Motor, and Property & Casualty (P&C), as reported by the company. Company's Gross written premium (GWP) for the quarter declined by 6.3% YoY and 18.0% QoQ, reaching SAR 5,370.9 mn in 2Q25.
- Backed by improved claims management, higher insurance revenue, and enhanced collection, the insurance service result before reinsurance increased by 11.2% YoY and 49.7% QoQ, reaching SAR 1,104.4 mn. This resulted in an insurance service margin before reinsurance at 21.1%, above our estimated margin of 19.4%. However, due to a 23.5% YoY increase in net reinsurance expenses, amounting to SAR 619.4 mn, the net insurance service result for 2Q25 declined by 1.4% YoY, decreasing the net insurance service margin to 9.3%, from 11.1% in 2Q24.
- In 2Q25, the company's net investment income increased by 12.1% YoY to SAR 173.4 mn, driven by a larger investment portfolio, which expanded by 18.9% YoY to SAR 12,158.5 mn. This growth in investment book helped offset the impact of softer interest rates and supported overall earnings growth for the quarter.
- The rise in investment income helped counter the impact of lower net insurance service result and an 8.6% YoY increase in net insurance financing expenses. Consequently, the company delivered a net income of SAR 467.4 mn for the quarter, reflecting an increase of 1.7% YoY and 78.6% QoQ.
- Despite the margin compression in 2Q25, we expect margins to hold in 2025e supported by improved claims management and revenue growth. We maintain our 'Overweight' stance on the stock with a target price of SAR 180/sh and a 2025e PER of 16.8x. Based on the last close of 5<sup>th</sup> Aug-25, the company fell 11.5% YTD, underperforming TASI, which declined by 9.3% YTD.

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