

# Bupa Arabia for Cooperative Insurance Co.

*Underwriting improvement offset by reinsurance and cost headwinds.*

Rating: Neutral | Target Price: SAR 177

February 1, 2026

Market Data		Valuations	2025A	2026E	2027F	2028F
Last Price (SAR)*	165.0	Net Income (SAR mn)	1,079	1,397	1,542	1,888
Target Price (SAR)	177.0	EPS (SAR)	7.2	9.4	10.3	12.6
Upside / Downside (%)	7.3	PER (x)	22.8	17.6	16.0	13.0
Market Cap (bn) (SAR/USD)	25/7	P/BV (x)	4.4	3.7	3.3	2.9
52 week High / Low (SAR)	195/131	DPS (SAR)	-	4.7	5.2	6.3
12-month ADTV (mn) (SAR/USD)	28/7	Div. Yield (%)	-	2.8	3.1	3.8
YTD Return (%)	18.8	RoAE (%)	20.0	22.6	21.9	23.8
Bloomberg Code	BUPA AB	RoAA (%)*	6.9	8.3	8.0	8.7

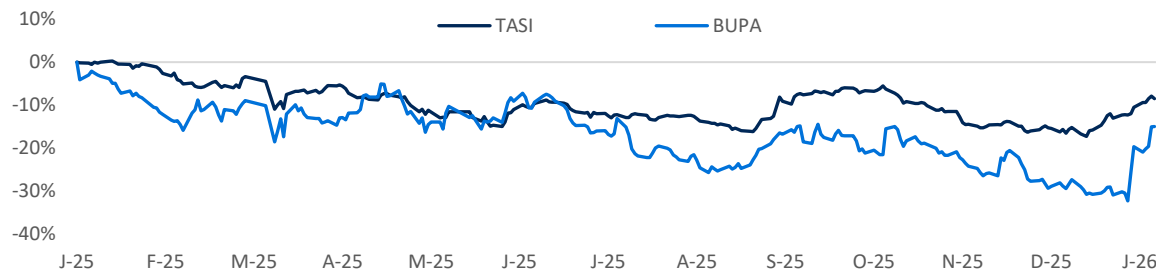
\*last price as of 29<sup>th</sup> January 2026

\*is being calculated based on estimates

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
<b>Insurance service revenue</b>	<b>5,133</b>	<b>4,560</b>	<b>12.6</b>	<b>4,613</b>	<b>11.3</b>	<b>5,044</b>	<b>1.8</b>
Insurance service expense	(5,057)	(4,516)	12.0	(4,633)	9.2	(4,749)	6.5
<b>Ins. service pre reinsurance</b>	<b>76</b>	<b>44</b>	<b>72.4</b>	<b>(20)</b>	<b>-</b>	<b>295</b>	<b>(74.2)</b>
Ins. service margin pre reinsurance	1.5	1.0	-	(0.4)	-	5.9	-
Net reinsurance expense	(88)	(18)	398.5	(25)	252.0	14	-
<b>Insurance service result</b>	<b>(12)</b>	<b>26</b>	<b>-</b>	<b>(45)</b>	<b>(73.8)</b>	<b>309</b>	<b>-</b>
Insurance service margin	(0.2)	0.6	-	(1.0)	-	6.1	-
Net investment income	173	178	(3.0)	158	9.5	187	(7.8)
<b>Net income</b>	<b>49</b>	<b>119</b>	<b>(59.1)</b>	<b>46</b>	<b>6.4</b>	<b>364</b>	<b>(86.6)</b>
Net margin (%)	0.9	2.6	-	1.0	-	7.2	-
<b>EPS</b>	<b>0.33</b>	<b>0.81</b>	<b>(59.1)</b>	<b>0.31</b>	<b>6.7</b>	<b>2.44</b>	<b>(86.4)</b>
DPS	-	3.85	-	4.00	-	-	-

\*anbc estimates

## Price Performance



Source: Tadawul, Bloomberg, and anbc research

**Bupa Arabia for Cooperative Insurance Co. (BUPA) reported a net profit of SAR 49 mn (EPS: SAR 0.33) in 4Q25 (+6.4% YoY), lower than our expectation (-59.1%) and Bloomberg consensus estimates (-57.7%) due to higher net reinsurance and other operating expenses. The net insurance service result, improved 73.8% YoY to SAR -12 mn, with margins narrowing to -0.2% from -1.0% in 4Q24, likely attributed to improved underwriting performance during 4Q25. With the stock up 8.4% since our 30 Oct-25 update and 18.8% YTD, we believe near-term upside is largely priced in. We revise our rating to Neutral from Overweight.**

- Insurance service revenue increased 11.3% YoY (+1.8% QoQ) to SAR 5,133 mn in 4Q25, exceeding our expectations by 12.6%. The growth in revenues was driven by continued business expansion and growth in insured lives. Gross written premiums during the quarter rose 14.1% YoY to SAR 3,818 mn (-17.7% QoQ). On a full year basis, insurance service revenues reached SAR 19,303 mn in 2025, representing an increase of 6.6% YoY.
- The net insurance service result improved to SAR -12 mn in 4Q25, up 73.8% YoY. However, the improvement came below our expectations, primarily on the account of 5x higher net reinsurance expenses. Insurance service margins for the quarter, rose to -0.2% from -1.0% in 4Q24. The YoY margins expansion is likely attributed to better underwriting performance, as insurance service margins before reinsurance turned positive at 1.5%, exceeding our expectations of 1.0% margins. However, the overall margin recovery was constrained by a 252% YoY increase in net reinsurance expenses, keeping reported margins below our expectation of 0.6%. We await further clarification on the drivers behind the elevated reinsurance costs during current quarter.
- Other operating expenses rose sharply by 82.9% YoY to SAR 101 mn in the quarter, weighing on profitability. Nevertheless, a 20.5% YoY increase in net other revenues, higher investment income, and improved core underwriting performance resulted in a 6.4% YoY increase in quarterly net income to SAR 49 mn. Despite the YoY growth, net profit came in 59.1% below our estimates, primarily due to higher-than-expected net reinsurance expenses and operating costs. For full year, net income declined 7.5% YoY to SAR 1,079 mn, falling short of our estimates by 6.1%.
- We expect Bupa's performance to improve in the coming year, with insurance service margins expanding to 6.0%, on account of improved underwriting performance. In addition, the recently announced National Insurance Strategy is likely to provide structural support to the company's earnings recovery. Currently, Bupa trades at a discounted 2026e P/E of 17.6x, compared to its four-year historical average of 25.2x. However, with the stock up 8.4% since our last update on 30<sup>th</sup> Oct-25 and a YTD 18.8% rise, we believe much of the near-term upside has been priced in. We revise our rating to 'Neutral' from 'Overweight'.

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