

Almoosa Health Company

Issuer Information

Market	TASI
Book-building	Dec'4-Dec'10
Retail Offering	Dec'23-Dec'24
Number of share offered (mn)	13.3
% of share capital (Post-IPO)	30%
Total Share Capital (SRmn)	350
No. of shares- Pre-IPO (mn)	35.0
No. of shares- Post-IPO (mn)	44.3

Shareholders

	Pre-IPO	Post-IPO
Abdulaziz bin Abdullah Al-Moosa Investment Co.	95%	66%
Abdulaziz Abdullah Al-Moosa Charitable Co.	5%	4%
Public	0%	30%
Total	100%	100%

Financials

Amounts in SRmn	9M24	9M23	YoY (%)	2023	2022	YoY (%)
Revenue	870	706	23	979	816	20
Cost of sales	618	502	23	672	577	16
Gross profit	252	204	23	307	239	28
Operating profit	109	96	14	130	71	83
Net Income	40	78	(48)	98	51	92
EPS	1.2	2.2		2.8	1.5	
Total Assets	2,409			2,302	1,825	26
Total Shareholder's Equity	662			656	648	1
BVPS	18.9			18.7	18.5	
Ratios*						
Gross margin (%)	28.9	28.9	0.0	31.4	29.3	2.1
Operating margin (%)	12.5	13.5	(1.0)	13.3	8.7	4.6
Net Margin (%)	4.6	11.0	(6.4)	10.0	6.3	3.8
RoAE (%)	8.2			15.0	7.9	
RoAA (%)	2.3			4.3	2.8	

*9M23 balance sheet financials are not available.

Peer Company Valuations

Company	Market Cap (SRmn)	PER* (x)	PBV* (x)	RoAE (%)
Dr. Sulaiman Al Habib Medical Group (HMG)	96,880	43.5	13.9	33.1
National Medical Care Co. (Care)	7,095	25.9	4.6	17.7
Fakeeh Care Group (Fakeeh)	14,848	51.6	5.1	19.2
Al Hammadi Holding (Hammadi)	6,352	19.5	3.3	17.1
Dallah Healthcare Co. (Dallah)	14,515	30.8	4.2	13.9
Mouwasat Medical Services Co. (Mouwasat)	18,000	27.4	5.3	21.2
Middle East Healthcare Co. (MEH)	6,351	30.1	3.7	12.5
Median		30.1	4.6	17.7

*Valuations are based on a TTM basis and closing prices of Dec 2, 2024. Source: Company Prospectus, Tadawul, Bloomberg, and anbc research

Almoosa Health Company (Almoosa) provides integrated healthcare services, including primary, critical, and rehabilitative care, through its two hospitals with a combined capacity of 730 beds. For its IPO on TASI the company is offering 13.3mn shares (30% of post-IPO share capital); 21% in new shares, while the remaining 9% will be sold by existing shareholders. Book building will run from Dec 4 to 10, 2024, while retail offering will be from Dec 23 to 24, 2024. Apart from the proceeds to be received by the selling shareholders, the company plans to use the remaining funds to finance its growth strategy (i.e. doubling capacity to 1,430 beds and opening 5 new primary healthcare centers) and repay part of its outstanding debt.

- Almoosa started operations in Al Ahsa in 1996 with a bed capacity of 30, followed by opening its first outpatient facility in 1997. Currently, the company operates two hospitals in Al Ahsa with a combined capacity of 730 beds, equipped with a staff of more than 2,900 employees, and catering to almost a million patients annually.
- As per the prospectus, 48% of the company's revenue was generated from insurance patients in 1Q24, followed by 35% from corporate patients, 9% from MoH, and 8% from cash patients. In terms of operating segments, the Healthcare segment accounts for most of the revenue (79% of total revenue), followed by the Pharmaceutical segment (21% of total revenue).
- Almoosa is a beneficiary of the strong momentum in the Saudi healthcare space amidst favorable macro tailwinds. According to the prospectus, the sector is expected to grow at a 6.5% CAGR from 2023-2030 to SR360bn with increasing private sector contribution. The company operates in the Eastern Province and plans to cater to the existing demand gap, where the region currently has 2.5 beds per 1,000 people compared to the average OECD member, which is 3.2 beds per 1,000 people.
- The company's expansion plans target to open five primary healthcare centers (three in Al Ahsa, one in Khobar, and one in Dammam) between 2025 and 2027, in addition to two new hospitals. The first hospital will be in Al Hofuf, expected to come online in 2027 with 300/200 beds/clinics, and the second in Khobar, expected to come online by 2028 with 400/300 beds/clinics.
- Almoosa's revenue grew at a CAGR of 18.1% over 2021-2023 to SR979mn, driven by the opening and ramp-up of the North Tower at Almoosa Specialist Hospital, increased patient volumes, and higher revenue per patient. Total patients have grown at a CAGR of 16% over 2021-2023 to 944k patients while average revenue per patient has grown at a CAGR of 2% during the same period. EBITDA CAGR of 37% during 2021-2023 outpaced revenue growth, driven primarily by workforce optimization, increases in the volume and value of services, and expansion of clinical services. Consequently, net income grew by a CAGR of 25.4% to SR98mn in 2023. During 9M24, Almoosa reported net profit decline of 48% YoY to SR40mn weighed down by 4.2x YoY increase in finance cost to SR65mn despite revenue growth of 23% YoY to SR870mn.
- Regarding peer valuation, although the company will compete with the listed healthcare operators given the sector-wide capacity expansion theme, we highlight Mouwasat and HMG as closest competitors for Almoosa, with both players having a presence in the Eastern Province. Mouwasat, through its hospitals in Dammam, Khobar, Qatif and Jubail, has 1,060 beds capacity, while HMG has 458 beds in the province through its hospital in Khobar. The listed healthcare operators are currently trading at a median P/E of 30.1x and P/B of 4.6x on a TTM basis.

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