

Daily Bulletin

January 13, 2026

Mouwasat Set to Enter North Riyadh with SAR 900 mn Expansion

Last Price: SAR 68.0 | Consensus Target Price: SAR 86.7 | YTD Performance: 2.0%

Mouwasat Medical Services Co. announced the establishment of a new hospital in Riyadh's Al-Narjis district. The facility will feature 280 beds and specialized medical centers, at an estimated cost of SAR 900 mn. The development will be funded through a combination of internal resources and long-term Shariah-compliant financing from local banks.

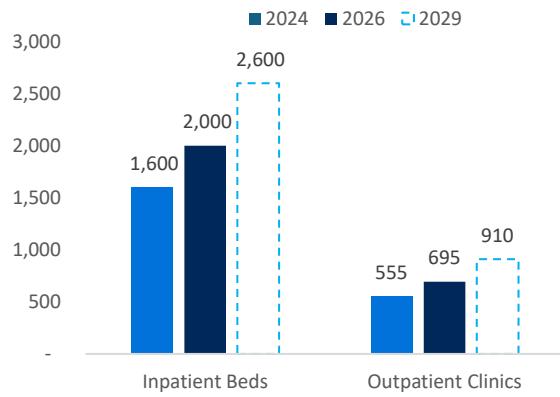
The company is also set to launch two new hospitals in 1H26: Yanbu Hospital (1Q26) and Jeddah Hospital (2Q26), each with 200 beds and 60 clinics in Yanbu and 80 clinics in Jeddah. With these additions, Mouwasat's total bed count will reach 2,000 beds and 695 clinics by the end of 2026f.

In addition, Mouwasat announced in Sep-25, a 100-bed expansion across existing hospitals in Qatif and Riyadh, expected to come online in 4Q28 and 2Q29 respectively, along with two new 200 bed hospitals in Al Ahsa and Abha, scheduled for completion in 4Q29. By the end of 2029f, the company's total capacity is projected to reach 2,600 beds and 910 clinics. It is noteworthy that recently announced Riyadh project further aims to raise the total beds to 2,880, though construction and operational timelines have not yet been disclosed. The expansion is focused outside the Eastern Province, which currently accounts for around 66% of Mouwasat's total bed capacity. Mouwasat's 9M25 Capex stood at SAR 300 mn, with management guidance indicating total Capex of ~SAR 0.7 bn by end of 2026f, reflecting the Yanbu and Jeddah hospital expansions.

On the operational front, company's gross margins have declined from their peak of 51% in 4Q23 to 42% in 3Q25, compared to a five-year average of 47%. As the company remains in an expansionary phase, margins are likely to remain under pressure due to the anticipated ramp-up of the Yanbu and Jeddah facilities in 2026. The management has previously indicated that a new hospital typically reaches break-even within approximately 18 months of operations.

On an annual basis, Mouwasat's stock has declined 22.5%, underperforming TASI, which fell 11.4% during the same period. The stock is currently trading at a 2026f P/E of 16.4x with a consensus target price of SAR 86.7/sh, offering a potential upside of 27.6% from the last close.

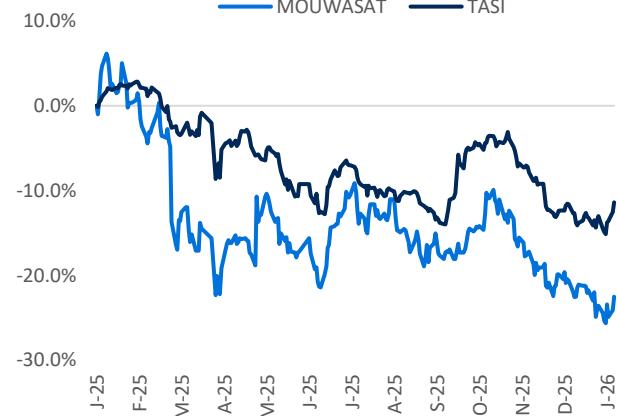
Mouwasat capacity details*



Source: Earnings Call, anb research

*Excludes the newly announced hospital project in Al-Narjis

Relative price chart



Source: Bloomberg, anb research

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