

Dr. Sulaiman Al Habib Medical Services Group

Topline growth momentum sustained, but margin pressures temper profitability

Rating: Overweight | Target Price: SAR 315.2 *February 16, 2026*

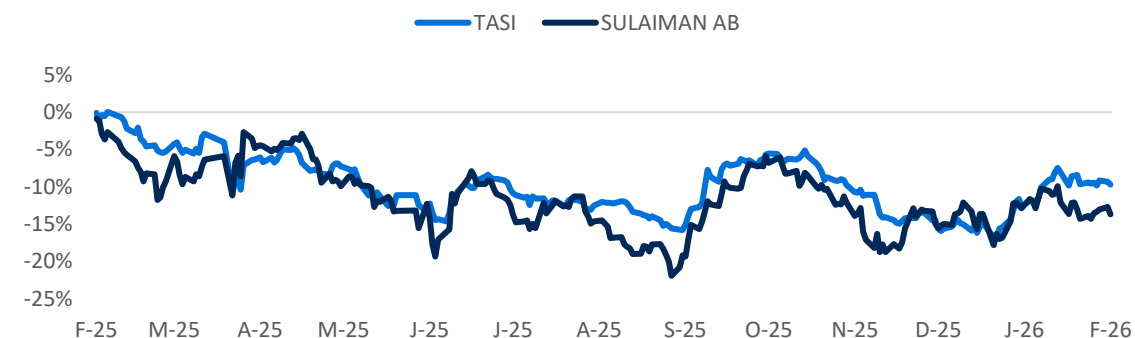
Market Data		Valuations				
		2025A	2026E	2027E	2028E	
Last Price (SAR)*	256.8	Net Income (SAR mn)	2401	2690	3226	3559
Target Price (SAR)	315.2	EPS (SAR)	6.9	7.7	9.2	10.2
Upside / Downside (%)	22.7%	PER (x)	37.4	33.4	27.9	25.3
Market Cap (bn) (SAR/USD)	90/24	P/BV (x)	11.4	9.8	8.8	7.9
52 week High / Low (SAR)	295/228	DPS (SAR)	4.8	5.5	6.5	7.3
12-month ADTV (mn) (SAR/USD)	51/14	Div. Yield (%)	1.9%	2.1%	2.5%	2.8%
YTD Return (%)	-0.08%	RoAE (%)	31%	31%	33%	33%
Bloomberg Code	SULAIMAN AB	RoAA (%)	11%	11%	14%	15%

*last price as of 16th February 2026

Financials (SAR mn)	4Q25A	4Q25E*	Var (%)	4Q24A	YoY (%)	3Q25A	QoQ (%)
Revenue	3,701	3,971	-6.8	3,129	18.3	3,463	6.9
COGS	(2,639)	(2,741)	-3.7	(2,132)	23.8	(2,413)	9.3
Gross profit	1,063	1,230	-13.6	997	6.6	1,050	1.2
Gross margin (%)	28.7%	31.0%		31.9%		30.3%	
OPEX	(380)	(499)	-23.8	(373)	2.0	(384)	-1.0
Operating profit	682	731	-6.7	624	9.3	666	2.5
Operating margin (%)	18.4%	18.4%		19.9%		19.2%	
Net income	651	678	-4.0	614	6.1	602	8.1
Net margin (%)	17.6%	17.1%		19.6%		17.4%	
EPS	1.86	1.94	-4.0	1.75	6.1	1.72	8.1
DPS	1.31	1.50		1.23		1.23	

*anbc estimates

Price Performance



Source: Tadawul, Bloomberg and anbc research

Sulaiman Al Habib (SULAIMAN AB) reported a net profit of SAR 651.2 mn in 4Q25, up 6.1% YoY and 8.1% QoQ, broadly in line with our expectations and slightly below our estimate by 4.0%. Revenues rose 18.3% YoY to SAR 3.7 bn in 4Q25, supported by higher patient volumes and improved occupancy rates; however, the topline growth did not translate commensurately into profitability, as gross margins declined to 28.7% (vs. 31.9% in 4Q24) amid ramp-up costs from newly launched hospitals. We continue to view the stock favorably and maintain an Overweight rating, as we believe the margin pressure to be temporary.

- Revenues for 4Q25 rose 18.3% YoY to SAR 3.7 bn, compared to SAR 3.1 bn in 4Q24. On a sequential basis, topline grew by 6.9%. Cumulatively, revenues for FY25 reached SAR 13.7 bn, up 22.4% YoY, supported by higher patient volumes and improved occupancy rates. Patient volumes reached 9.46 mn in FY25, up 28% YoY. The growth also reflects contributions from the Group's recently commissioned expansions, with six new hospitals launched across the central and western regions during 2024-2025, which are currently ramping up operations. To recap, three hospitals were launched in 2024 (Al Sahafa, Al-Fayhaa, and the new maternity hospital), while three more opened in 1H25 including Al Muhammadiyah Hospital, Al-Hamra Hospital, and Al-Kharj Hospital. Collectively, these hospitals are expected to add over 1,500 beds to the Group's total capacity.
- However, the ramp-up of the newly launched hospitals continued to weigh on margins, as the cost of revenue increased by 23.8% YoY and 9.3% sequentially, driven by higher operating costs associated with these facilities. This exerted pressure on gross margins, which declined to 28.7%, compared to 31.9% in 4Q24 and 30.3% in 3Q25. We note that gross margins have contracted by around 620 bps from a peak of 34.9% in 4Q23, prior to the new hospitals coming online.
- Nevertheless, the company demonstrated improved operating efficiency, with opex-to-sales declining to 10.3% in 4Q25, compared to 11.9% in 4Q24. Operating expenses for the quarter stood at SAR 380.3 mn, up 2.0% YoY, mainly due to the higher fixed costs related to the newly launched hospitals.
- We maintain our Overweight rating on the stock. We have lowered our margin assumptions to reflect the prevailing margin pressure, resulting in a reduction of our target price to SAR 315.2 from SAR 341.3. Nonetheless, we believe the current pressure is temporary, with margins expected to recover gradually over the coming periods. The stock is down 12.9% YoY and trades at a 2026e P/E of 33.4x. The company declared a cash dividend of SAR 1.31 per share for 4Q25.

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