Mouwasat Medical Services Co.

21 October, 2024

INITIATION OF COVERAGE

We initiate coverage on Mouwasat Medical Services Co. (Mouwasat) with a target price of SR104/share and a Neutral rating. While we like the company due to its dominant market share in Eastern Province, expansion plans and healthy ROE and margins, we are neutral due to near-term risks related to expansions and increase in competition. 2Q24 results were not in line with expectations and have triggered an earnings downgrade cycle. We are modelling a 11bps compression in EBITDA margins and 128bpts reduction in ROE over the next 2 years due to ramp-up cost and higher competition in new markets. The stock trades at a 10% discount to the sector and while the valuation looks attractive at 24x 2025e PE on consensus numbers, we think there would be further downgrades to sell side consensus. Our 2025 earnings estimates are 4% lower than consensus.

Third largest listed private hospital by bed capacity to expand by 39% over 2023-2026: Mouwasat is the third largest private healthcare operator in terms of bed capacity after HMG in the listed space (2nd largest in our coverage) with robust expansion plans. It is the market leader in the Eastern Province with around 31% share of private beds. Its flagship hospital in Dammam has been ranked as one of the best hospitals in the world by Newsweek Magazine for the past three consecutive years. This strength is reflected in its best in class gross and EBITDA margins and the 2nd highest ROEs (second to HMG). Over the next three years, the company will add more than 620 beds (39% increase) by opening new hospitals in Jeddah, Yanbu and Riyadh. It also has plans to open four polyclinics in Riyadh, Khobar and Jubail. We think the capacity expansion can drive around 15% CAGR in revenues over 2023-26.

Expansion-related costs and competition outside of core market could be dilutive to margins: Mouwasat's operations are concentrated in the Eastern region accounting for 66% of its total capacity. This is expected to dilute to 48% by end of 2026 as the company enters new markets in the Western region and expands capacity in the Central region. We think the new hospitals, in Riyadh, Jeddah and Madina will face greater competition as other listed peers are also adding capacity in those regions. We think HMG in Riyadh and Fakeeh in Jeddah have a stronger brand strength in their respective core markets. Higher competition and ramp-up related costs could put pressure on margins. We are modelling EBITDA margins to decline 11bps from 2023 to 35.8% in 2025. We are also modelling ROE to decline by 128bps to 18.9% by 2025. We estimate 17% CAGR in earnings over 2023-26.

2Q24 earnings miss has triggered earnings downgrade cycle. In 1H24, revenues increased by 9% YoY, which was driven by a 6-7% pricing increase (Aramco contract was re-priced). Volume growth was only 3-4%. The management has revised down its patient growth target for 2024 to 10% from an earlier target of 12%. Gross margins declined due to higher costs associated with opening of the new hospital in Madina, and addition of new staff for expansion and launching new sub-specialties, while higher provisioning limited growth on the operating level.

Valuation: Our target price of SR104 is based on a DCF (WACC: 8.4%, terminal growth: 3%). The stock is currently trading at a PE of 24x on 20205e EPS. While on a relative basis the stock looks cheap, we think it lacks a catalyst which could drive a re-rating.

Risks: The key downside risks are i) losing a portion of the Aramco contract to any other competitor (accounted for 14% of total revenues during 1H24) ii) delays in expansion projects, iii) higher costs in attracting talent due to stiffer competition from peers who are stronger in other markets.

RATING SUMMARY	Neutral
Target Price (SR)	104
Upside/Downside	6%
Dividend Yield	2%
Total Return	8%

ISSUER INFORMATION	
Share Price (SR)	98*
Target Price (SR)	104
Bloomberg	MOUWASAT AB
Market Cap (SR mn)	19,600
Free Float (%)	47.5

**As of 20th October 2024*

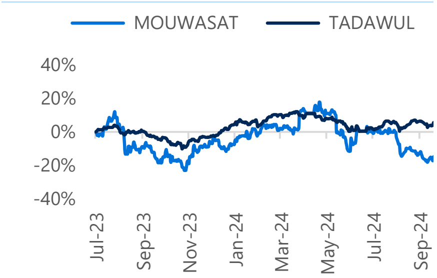
MULTIPLES	2024E	2025F
P/E (x)	26.5	24.8
P/B (x)	4.8	4.5
P/S (x)	8.2	7.1
EV/EBITDA (x)	18.4	16.7
RoA (%)	13	13
RoE (%)	20	19

Source: Company financials and anbc research

FINANCIALS (SR MN)

	2023A	2024e	2025F	2026F
Revenue	2,706	2,968	3,399	4,140
Gross Profit	1,313	1,413	1,590	1,947
EBITDA	972	1,106	1,217	1,502
Net Income	658	731	790	1,054
EPS	3.3	3.7	3.9	5.3
DPS	1.8	0.9	2.0	2.7

PRICE PERFORMANCE – MOUWASAT vs. TASI



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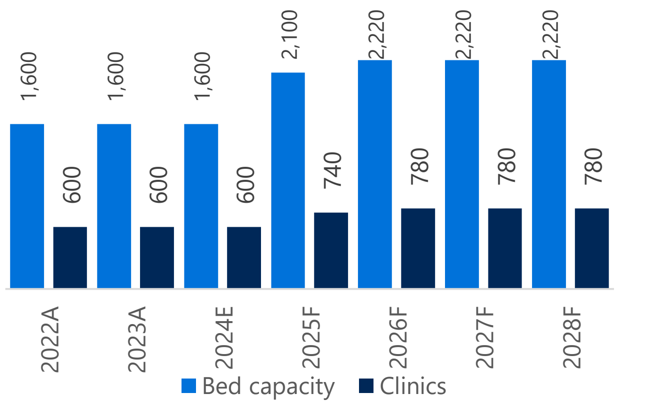
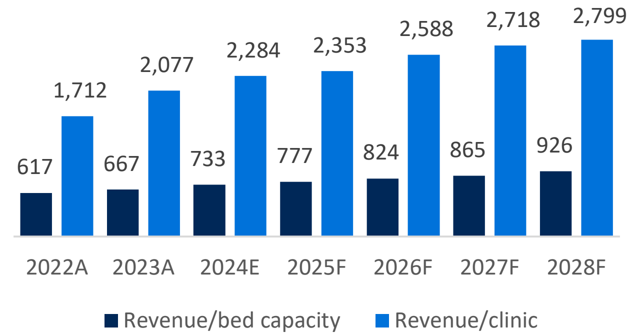
Investment Thesis in Charts

Chart 147: Capacity to increase 39% by 2026



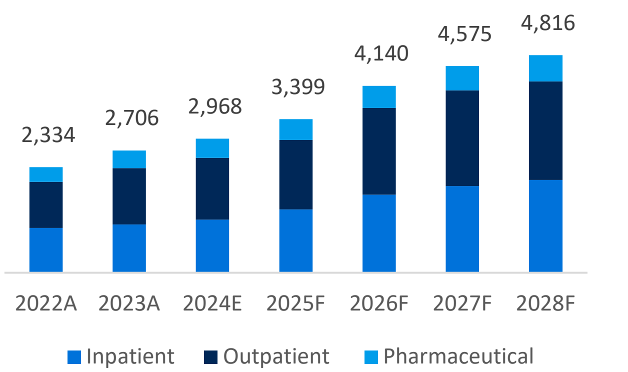
Source: Company Financials and anbc research

Chart 148: Revenue/bed (SR 000's) to reach SR2.7mn by 2028



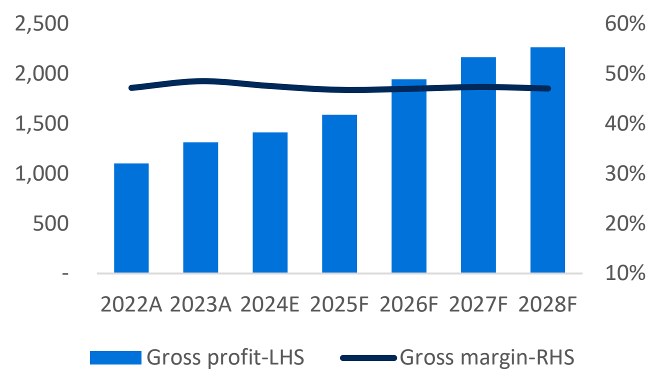
Source: Company Financials and anbc research

Chart 149: Revenue to grow at a CAGR of 15% by 2026- SRmn



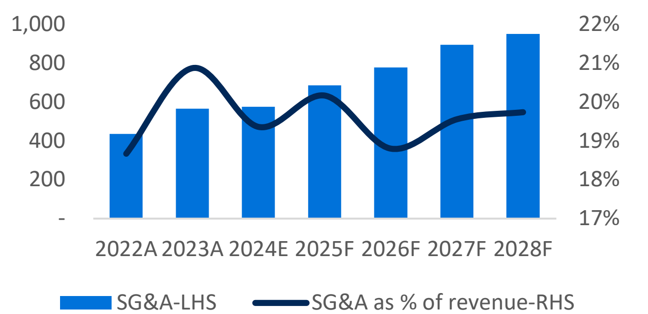
Source: Company Financials and anbc research

Chart 150: Gross margins to face pressure- SRmn



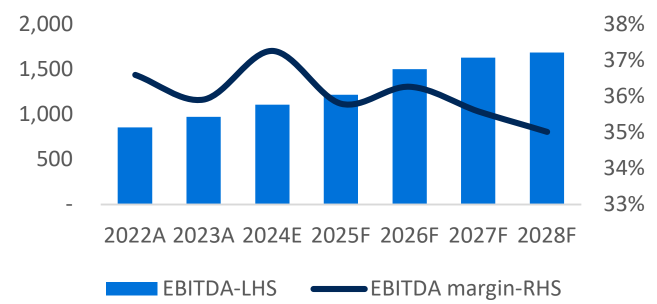
Source: Company Financials and anbc research

Chart 151: Increasing scale of operations to enhance efficiencies- SRmn



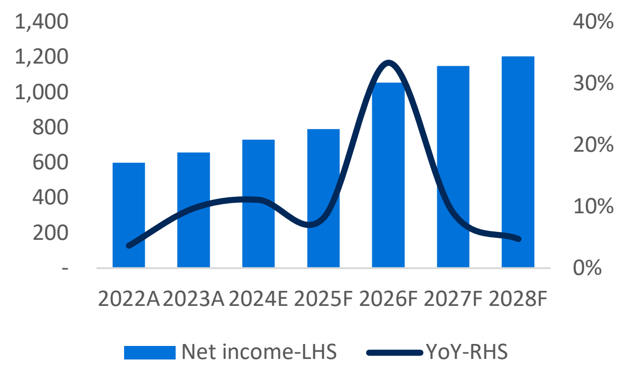
Source: Company Financials and anbc research

Chart 152: EBITDA to face pressure- SRmn



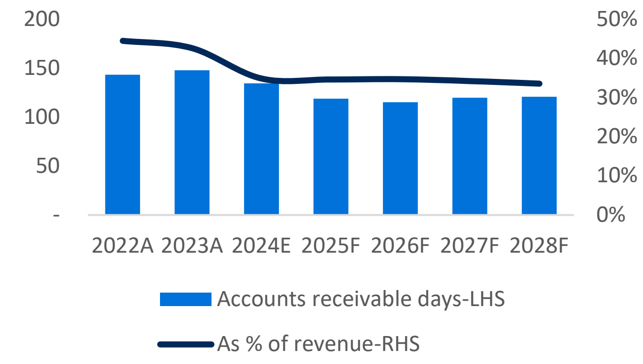
Source: Company Financials and anbc research

Chart 153: Net profit growth to grow at CAGR of 15% over 2023-2026- SRmn



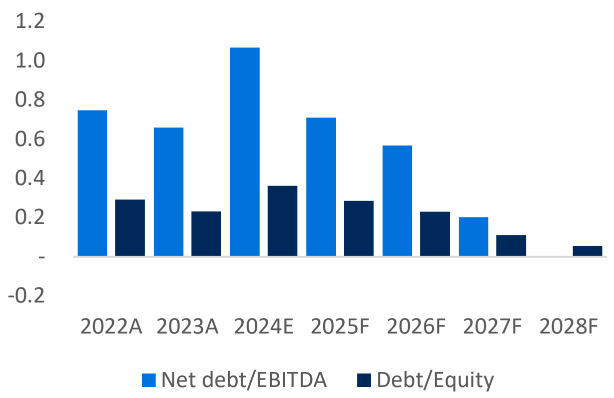
Source: Company Financials and anbc research

Chart 154: Receivable days to reach 34% of revenue by 2028



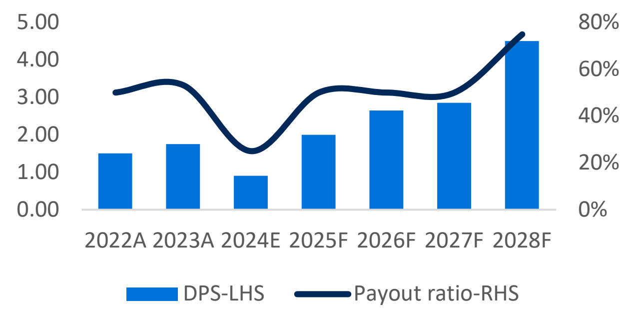
Source: Company Financials and anbc research

Chart 155: Debt levels to peak in 2024 due to expansion pipeline- Times (x)



Source: Company Financials and anbc research

Chart 156: Dividend cut in 2024 to meet Capex needs



Source: Company Financials and anbc research

Table 42: Financial Summary

Mouwasat Medical Services Co.						
Income statement:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Revenue	SR mn	2,334	2,706	2,968	3,399	4,140
Gross profit	SR mn	1,102	1,313	1,413	1,590	1,947
General &admin	SR mn	319	337	361	396	449
Operating profit	SR mn	666	748	838	905	1,169
EBITDA	SR mn	854	972	1,106	1,217	1,502
Net income	SR mn	599	658	731	790	1,054
Balance Sheet:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Current assets	SR mn	1,574	1,618	1,638	1,940	2,140
Non current assets	SR mn	3,088	3,347	4,560	4,498	4,762
Total assets	SR mn	4,662	4,965	6,198	6,438	6,902
Current liabilities	SR mn	795	831	1,654	1,648	1,658
Non-current liabilities	SR mn	790	707	566	422	352
Total equity	SR mn	3,076	3,427	3,978	4,368	4,892
Cash Flow Statement:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Net CFO	SR mn	707	814	1,123	966	1,139
CFI	SR mn	(473)	(475)	(1,482)	(250)	(597)
CFF	SR mn	(247)	(434)	470	(594)	(657)
Ending balance	SR mn	144	49	160	283	168
YoY Growth		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Revenue	%	*8.9%*	*15.9%*	*9.7%*	*14.5%*	*21.8%*
EBITDA	%	*9.6%*	*13.7%*	*13.8%*	*10.0%*	*23.4%*
Operating profit	%	*7.0%*	*12.4%*	*12.0%*	*8.0%*	*29.1%*
Net income	%	*3.7%*	*9.7%*	*11.1%*	*8.2%*	*33.4%*
Ratios		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Return on assets (ROA)	%	*13.7%*	*13.7%*	*13.1%*	*12.5%*	*15.8%*
Return on equity (ROE)	%	*20.7%*	*20.2%*	*19.7%*	*18.9%*	*22.8%*
Gross margin	%	*47.2%*	*48.5%*	*47.6%*	*46.8%*	*47.0%*
Operating margin	%	*28.5%*	*27.7%*	*28.2%*	*26.6%*	*28.2%*
EBITDA margin	%	*36.6%*	*35.9%*	*37.3%*	*35.8%*	*36.3%*
Net margin	%	*25.7%*	*24.3%*	*24.6%*	*23.3%*	*25.5%*
Dividend payout	%	*50.1%*	*53.2%*	*25.0%*	*50.0%*	*50.0%*
Effective zakat rate	%	*4.2%*	*5.3%*	*5.3%*	*5.3%*	*5.3%*
Per Share Analysis		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Earnings per share (EPS)	SR/sh	3.0	3.3	3.7	4.0	5.3
Dividends per share (DPS)	SR/sh	1.5	1.8	0.9	2.0	2.7
Book value per share (BVPS)	SR/sh	15.4	17.1	19.9	21.8	24.5

Source: Company data and anbc research

Investment Thesis

Market leader in the Eastern Province, adding 39% more capacity over the next three years

Mouwasat is the third largest (in terms of bed capacity) private healthcare operator in the listed space (2nd largest in our coverage companies) behind HMG, in terms of bed capacity. It is a well-established and dominant healthcare provider in the Eastern Province. Over the next three years it is opening new hospitals in the Western and Central regions, achieving a more balanced regional footprint. The company plans to add 2 new hospitals in the Western region (Jeddah and Yanbu) and expand capacity in the Central region (in Riyadh).

Table 43: Mouwasat Existing Assets and Expansion Plans

City	Year Est	Beds	Clinics
Existing Assets			
Dammam	1987	280	140
Dammam	2022	200	20
Madina	2000	120	45
New Madina	2022	220	80
Jubail	2004	200	80
Qatif	2006	120	35
Riyadh	2014	200	100
Khobar	2018	260	100
Total		**1,600**	**600**
Expansion Plans			
Jeddah	2Q25	300	80
Yanbu	3Q25	200	60
Riyadh	2026	120	40
Total		**620**	**180**
Future Plans for Polyclinics			
Riyadh	2 Polyclinics		
Khobar	Polyclinics		
Jubail	Polyclinics		

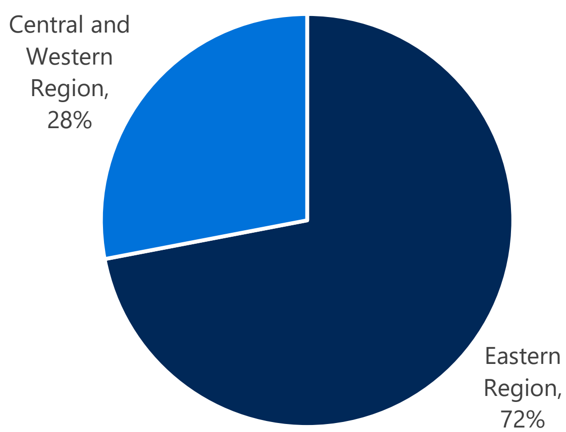
Source: Company data

Currently, Mouwasat operates 1,600 beds with 600 clinics within its network of seven hospitals. In 2023, it treated 2.36mn outpatients and 76,900 inpatients. In the eastern region, the company's largest hospital is in Dammam with a capacity of 480 beds and 160 clinics. This is followed by the hospital in Khobar with a capacity of 260 beds and 100 clinics. Then comes the hospital in Jubail with 200 beds and 80 clinics followed by the hospital in Qatif with 120 beds and 35 clinics. The region accounts for 66% of the company's total capacity. In the Western region, the company is present through two hospitals in Madina with a combined capacity of 340 beds and 125 clinics. The region accounts for 21% of total capacity. In the Central region, the company has a presence through its hospital in Riyadh. This hospital has a capacity of 200 beds with 100 clinics accounting for around 13% of total capacity.

In 2024, the company initiated Long Term Care and Rehabilitation Services (LTC services) at its Madina Hospital. The facility has been allocated 100 beds including 30 ICU beds. The facility will provide services such as rehabilitation, geriatrics consultancy, physiotherapy, radiology services, laboratory services, diagnostic and therapeutic services. The facility has been contributing financially during 1H24, we expect it to gain momentum during 2H24. This is the second LTC facility for the company with the first being in Dammam Hospital, having started operations in Jan-2022.

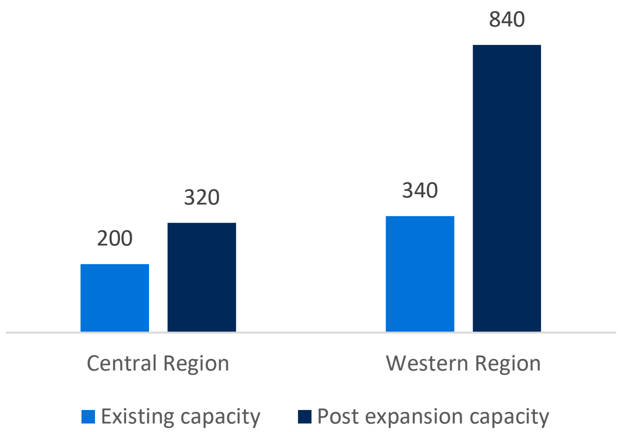
The company's expansion pipeline includes the addition of 620 beds by 2026 through the addition of three new hospitals. First of the three will be Mouwasat Hospital Jeddah. The hospital will be a 300-bed facility with 70 ICU beds and 80 clinics. Building structure for the hospital has been completed with on-going work on interior re-designing. Operations are expected to commence in 2Q25. Following this, the company plans to add another hospital in Yanbu. This will be a 200-bed facility with 60 ICU beds and 60 clinics. The hospital is currently under construction and is expected to be completed in 3Q25. The last of the three will be the new Mouwasat Hospital Qadisiyah-Riyadh. This will be a 120-bed facility with 35 ICU beds and 40 clinics. Currently the hospital is in design phase and is expected to come online by the end of 2026. Post the additions, the company is expected to have a total beds/clinics capacity of 2,220 beds/800 clinics by 2026, an increase of around 39% from current levels. In addition to this, the company also plans to add 4 polyclinics. Out of the 4, 2 have already been approved (one in Khobar and one in Jubail) while two will be added in Riyadh.

Chart 157: Dominant operator in Eastern Province- Revenue %



Source: Company Financials and anbc research

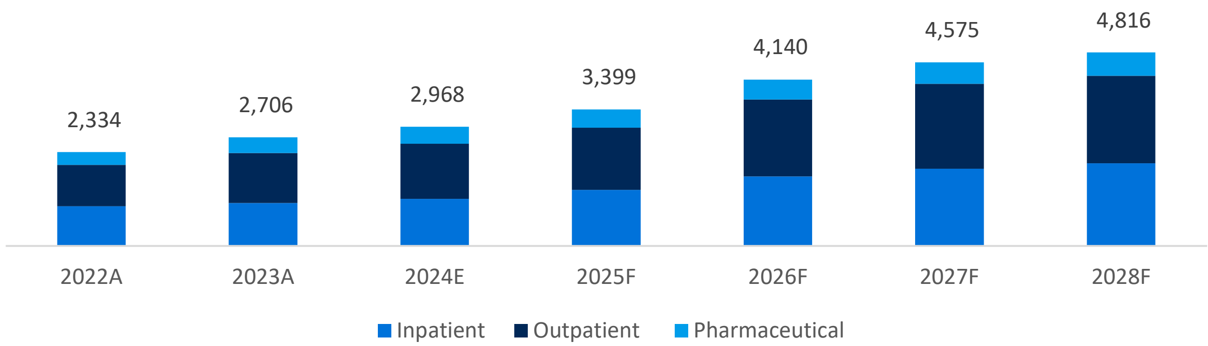
Chart 158: Region wise capacity addition- Beds



Source: Company Financials and anbc research

We expect the added capacity to drive revenue CAGR of 15% over 2023-2026. We expect the highest growth in inpatient segment (3-year CAGR: 17%) followed by growth in outpatient segment (3-year CAGR: 15%) and Pharmaceutical segment (3-year CAGR: 8%). The company has a network of 13 pharmacies in its hospitals. We think this will grow as the number of hospitals increase.

Chart 159: Revenue growth driven by 39% expansion in bed capacity between 2023-2026



Source: Company Financials and anbc research

Expansion could create competitive headwinds which could lead to margin compression over the medium term

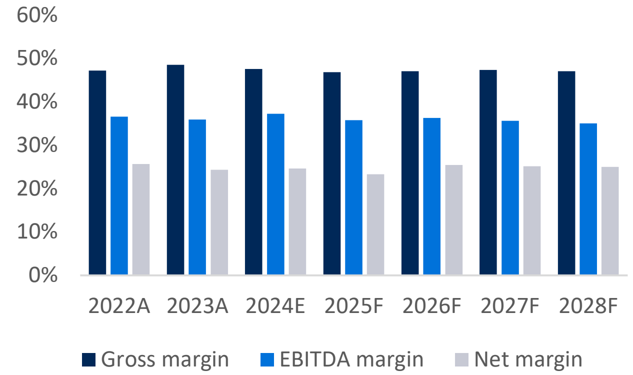
While we are positive on the outlook for expansion we think the capacity expansion outside of the Eastern Province would be at lower operating margins. Over the next three years, the capacity share of Eastern Province will decline from 66% in 2023 to 48% in 2026 as the new hospitals come online.

We expect that expansion will have a dilutive impact on the profitability margins. Firstly, we believe that hospitals in Jeddah and Riyadh will face tough competition from HMG and Fakeeh. HMG has a much stronger footprint and brand in Riyadh and Fakeeh is similarly strong in Jeddah. While Mouwasat will benefit from the overall demand shortages in both these markets, we expect the competition in a new market would lead to higher cost escalations, especially for attracting talent. The salaries are likely to be lower in Eastern Province than the levels in Riyadh and Jeddah. Secondly, we are concerned about ramp up costs and capacity utilization levels in markets such as Madina, which could hurt the margins over the next three years. The facility is currently operating close to breakeven.

Mouwasat has maintained the highest gross and EBITDA margins in the industry (among our coverage companies). We believe this is also due to its dominant position in the Eastern Province and a long track record of delivering high quality service. We are modelling EBITDA margins to decline 11bps from 2023 levels to 35.8% by 2025, due to ramp up costs and higher costs in the buildup phase.

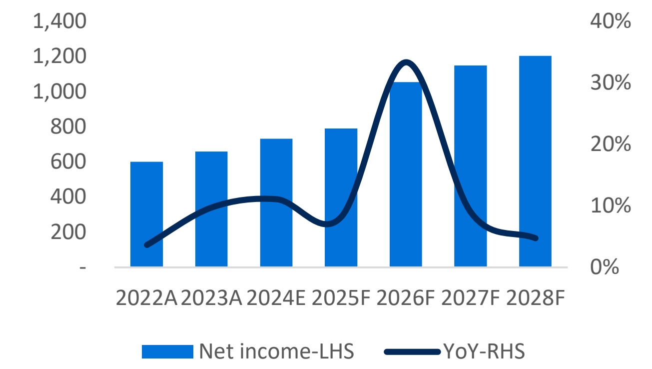
2Q24 results highlighted these risks. The management has downgraded its target for patient growth to 10% year over year growth in 2024, versus their earlier expectations of 12% growth.

Chart 160: Trend in profitability margins



Source: Company Financials and anbc research

Chart 161: We are modelling 17% CAGR in Net Profits over 2023-2026



Source: Company Financials and anbc research

Valuation

We have used a Discounted Cash Flow (DCF) model to value Mouwasat, with a cost of equity of 9.2% and a weighted average cost of capital of 8.4%. Our target price of SR104/share implies a PE multiple of 26x on our 2025e numbers. Our 2025 estimates are 4% lower than consensus. We think consensus numbers are still in the process of downward revision post 2Q24 results. We have a Neutral rating on the stock. Although we like the company, we fear that there is no catalyst in the short term which could lead to a positive surprise and a change in sentiment.

Table 44: Our estimates versus consensus

	ANB Est 2024E	Consensus 2024E	Delta	ANB Est 2025E	Consensus 2025E	Delta	ANB Est 2026E	Consensus 2026E	Delta
Revenues	2,968	3,033	-2%	3,399	3,509	-3%	4,140	4,114	1%
Gross Margin	47.6%	47.3%	0.3%	46.8%	46.5%	0.3%	47.0%	46.9%	0.1%
EBITDA	1,106	1,121	-1%	1,217	1,267	-4%	1,502	1,522	-1%
EBITDA Margins	37.3%	37.0%	0.3%	35.8%	36.1%	-0.3%	36.3%	37.0%	-0.7%
Net Income	731	742	-2%	790	832	-5%	1,054	981	7%
EPS	3.65	3.7	-1%	3.95	4.10	-4%	5.27	4.9	8%

Source: Bloomberg, anbc research

Table 45: DCF Model

Mouwasat Medical Services Co. Discounted Cash Flow (DCF)		2024E	2025F	2026F	2027F	2028F	2029F	2030F	2031F
EBITDA		1,106	1,217	1,502	1,628	1,686	1,807	1,868	1,942
Zakat		(43)	(46)	(61)	(68)	(71)	(77)	(80)	(83)
WC change		124	(136)	(248)	(123)	(45)	(73)	(19)	(19)
Capex		(1,481)	(250)	(597)	(287)	(300)	(313)	(327)	(342)
FCF		(294)	785	595	1,150	1,270	1,344	1,442	1,498
Terminal value							-	-	28,338
PV of FCF		**(294)**	**724**	**506**	**901**	**918**	**896**	**887**	**16,916**
Terminal growth	*3.0%*								
WACC	*8.4%*								
Enterprise value	**21,455**								
Debt	881								
Cash	171								
Equity value	**20,745**								
No. of shares	200								
TP	**104**								
Current price	98								
Upside	***5.8%***								
D/Y	***1.8%***								
Total return	***7.6%***								

Source: anbc research

Table 46: Valuation Sensitivity

		WACC				
		7.4%	***7.9%***	***8.3%***	***8.9%***	***9.4%***
Terninal growth rate	***2.5%***	114	103	97	85	78
	3.0%	125	111	**104**	91	83
	3.5%	138	122	113	98	89
	4.0%	156	135	124	106	95

Source: anbc research

Company Overview:

Mouwasat is the third largest, listed private beds operator in KSA after HMG and MEH (2nd largest in our coverage companies). It operates seven hospitals located in Dammam, Jubail, Qatif, Riyadh, Khobar and 2 in Madina. Total combined bed capacity for the company stands at 1,600 beds along with 600 clinics.

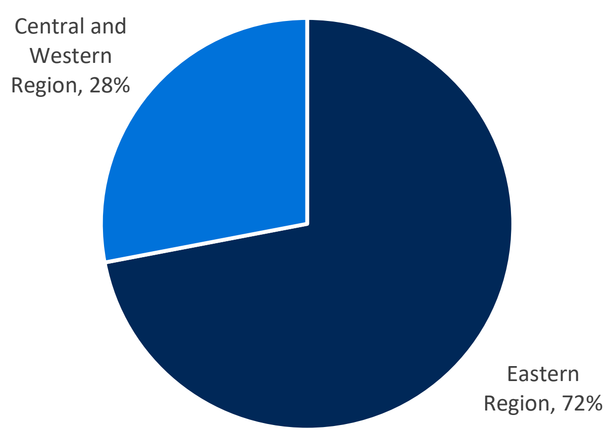
The company was founded in 1974 in Dammam as a Polyclinic and the first hospital opened in 1987. In 2000, Mouwasat opened a hospital in Madina, and in 2004 it opened its hospital in Jubail. In 2006 it acquired Mouwasat Hospital in Qatif. In 2014, the company expanded to Riyadh and in 2018 it opened a hospital in Khobar. In 2022, it set up Mouwasat Long Term Care & Rehabilitation Center in Dammam and the New Mouwasat Hospital in Madina Economic City. The company was the first healthcare business to list on the Saudi Stock Exchange in 2009.

Mouwasat also owns a 51% stake in Eastern Medical Services Company, a subsidiary which is engaged in the construction and operations of hospitals, dispensaries and special clinics and a 51% stake in Jeddah Doctor Company, which is engaged in the construction of non-residential building and other real estate related activities. It has a 50% stake in Khobar-based Advanced Medical Projects Company (capital of SR10mn) which deals in the wholesale and retail trade of medical and surgical equipment.

Geographic Focus:

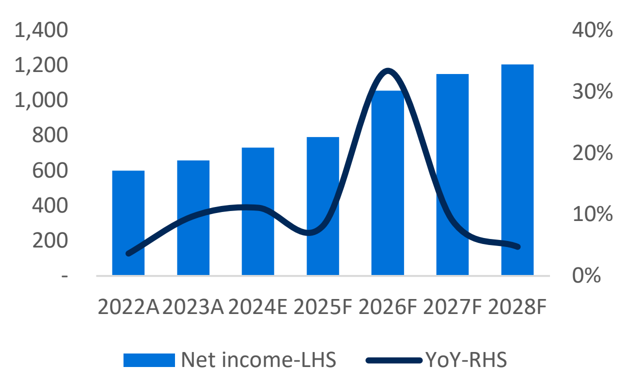
The company's operations are focused in the Eastern region accounting for 72% of 2023 revenue and 66% capacity. With its expansion pipeline the company plans to expand its footprint in the Western and Central regions which together accounted for 28% of 2023 revenue and 34% of total capacity as of 2023.

Chart 162: Dominant operator in Eastern Province- Revenue %



Source: Company data, anbc research

Chart 163: We are modelling 17% CAGR in Net Profits over 2023-2026

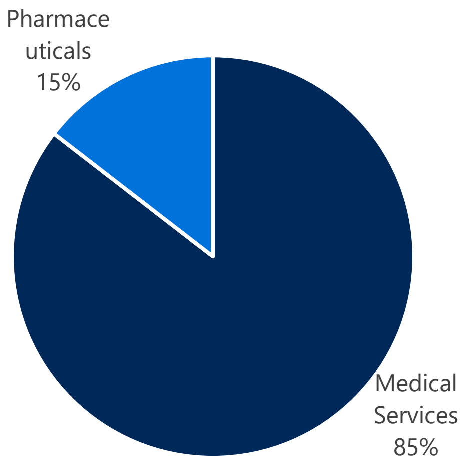


Source: Company data, anbc research

Revenue Analysis:

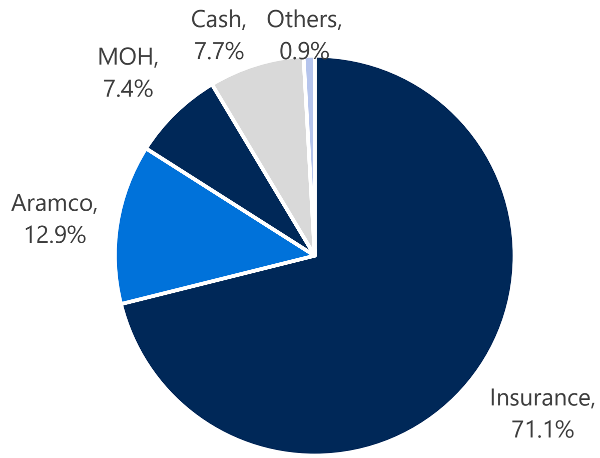
Revenue has grown at a CAGR of 10% during 2019-2023 driven by 4% growth in outpatients and 2% growth in inpatients during the same period. Outpatients accounted for majority of the revenue (46% of total) during 2023 followed by inpatients (39% of total) and pharmaceutical sales (15% of total). In terms of customers, 71% of total revenue comes from the insurance segment as of 2023 followed by 13% share of Aramco customers, 8% share of cash customers and 7% from MoH.

Chart 164: Revenue split by segments- 2023



Source: Company data, anbc research

Chart 165: Revenues by clients- 2023



Source: Company data, anbc research

Major Shareholders

Mr. Mohammed Sultan Alsubaie, Mr. Nasser Sultan Al-Subaie and Mr. Mohammed Suleiman Al-Saleem are the three major shareholders of the company holding 17.5% stake each while individuals cumulatively account for ~97% of total share capital.

Table 47: Financial Statements

Mouwasat Medical Services Co.						
Income statement:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Revenue	**SR mn**	**2,334**	**2,706**	**2,968**	**3,399**	**4,140**
Gross profit	SR mn	**1,102**	**1,313**	**1,413**	**1,590**	**1,947**
Selling & distribution expenses	SR mn	117	227	214	289	329
General &admin	SR mn	319	337	361	396	449
Operating profit	SR mn	**666**	**748**	**838**	**905**	**1,169**
Depreciation & amortization	SR mn	189	223	268	312	333
EBITDA	SR mn	**854**	**972**	**1,106**	**1,217**	**1,502**
Share of results	SR mn	10	10	15	18	20
Other income	SR mn	7	9	15	15	15
Finance costs	SR mn	22	40	63	66	48
Profit before zakat	SR mn	**660**	**727**	**804**	**872**	**1,156**
Zakat	SR mn	28	39	43	46	61
Profit after zakat	SR mn	**633**	**688**	**762**	**825**	**1,094**
NCI	SR mn	33	31	31	35	40
PAZ-holding company	SR mn	**599**	**658**	**731**	**790**	**1,054**
EPS	SR/share	**3.00**	**3.29**	**3.65**	**3.95**	**5.27**
DPS, net	SR/share	1.50	1.75	0.90	2.00	2.65
Balance sheet:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
PPE	SR mn	2,765	3,046	4,256	4,193	4,454
RoU assets	SR mn	28	20	20	20	20
Non current assets	SR mn	**3,088**	**3,347**	**4,560**	**4,498**	**4,762**
Inventories	SR mn	203	197	224	260	315
Account receivables	SR mn	1,039	1,153	1,034	1,177	1,436
Term deposits	SR mn	111	100	100	100	100
Cash & equivalents	SR mn	144	49	160	283	168
Current assets	SR mn	**1,574**	**1,618**	**1,638**	**1,940**	**2,140**
Total assets	SR mn	**4,662**	**4,965**	**6,198**	**6,438**	**6,902**
Share capital	SR mn	1,000	2,000	2,000	2,000	2,000
Statutory reserve	SR mn	300	366	366	366	366
Retained earnings	SR mn	1,623	911	1,462	1,852	2,376
Total equity	SR mn	**3,076**	**3,427**	**3,978**	**4,368**	**4,892**
Loans	SR mn	628	500	363	223	156
Lease liabilities	SR mn	25	19	15	12	8
Non-current liabilities	SR mn	**790**	**707**	**566**	**422**	**352**
Accounts payable	SR mn	250	232	269	313	379
Accruals & other payables	SR mn	175	184	184	184	184
Lease liabilities	SR mn	4	4	4	4	4
Current portion of term loans	SR mn	235	266	157	107	50
Short term loan	SR mn	-	-	900	900	900
Current liabilities	SR mn	**795**	**831**	**1,654**	**1,648**	**1,658**
Total liabilities	**SR mn**	**1,585**	**1,538**	**2,220**	**2,070**	**2,010**
Total liabilities and equity	SR mn	**4,662**	**4,965**	**6,198**	**6,438**	**6,902**
Cash flow statement		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Net profit	SR mn	633	688	762	825	1,094
Depreciation on PPE	SR mn	180	215	259	302	322
Adjusted net income	SR mn	903	1,128	999	1,102	1,387
Inventories	SR mn	(16)	6	(27)	(36)	(55)
Accounts receivables	SR mn	(264)	(233)	119	(143)	(259)
Accounts payable	SR mn	29	16	37	44	67
Net CFO	**SR mn**	**707**	**814**	**1,123**	**966**	**1,139**
Purchase of PPE	SR mn	(293)	(277)	(1,469)	(238)	(583)
CFI	**SR mn**	**(473)**	**(475)**	**(1,482)**	**(250)**	**(597)**
Dividend paid	SR mn	(275)	(300)	(180)	(400)	(530)
Proceeds from term loans	SR mn	300	180	900	0	0
Repayment of term loans	SR mn	(234)	(276)	(246)	(190)	(123)
CFF	**SR mn**	**(247)**	**(434)**	**470**	**(594)**	**(657)**
Net cash flows	SR mn	(13)	(95)	111	123	(115)
Ending balance	**SR mn**	**144**	**49**	**160**	**283**	**168**

Source: Company Financials, anbc research