National Medical Care Co.

21 October, 2024

INITIATION OF COVERAGE

We initiate coverage on National Medical Care Co. (Care) with a target price of SR231 and an Overweight rating. Care has been the best performing healthcare stock in the Kingdom over the past 12 months as the stock is up 52%. This performance has been fueled by momentum in the execution of an aggressive acquisition led growth strategy as part of a five-year plan. We are modelling a CAGR of 21% in earnings over 2023-2028, which is the fastest in the sector after Fakeeh. The balance sheet strength (net cash of SR41m) provides firepower for additional acquisitions. The recent acquisition of Al Salam Hospital in Riyadh (announced in June) is a near term catalyst and will drive upgrade to consensus estimates. The stock is trading at 23x PE on 2025 estimates. We see room for further upside in the stock driven by both earnings upgrade and multiple re-rating.

Strong execution on five-year strategic plan has led a business transformation: Care has been the best performing healthcare stock in the Kingdom over the past 24 months as the stock is up over 150%. We think this investor interest is driven by the recognition of Care's impressive execution of its 5-year plan, which has been driving the growth in earnings. We think this momentum will continue and we are modelling 21% CAGR in earnings over 2023-2026. The company has already increased its bed capacity by 54% to 1,008 beds in 2024 vs 2023 and is expected to increase it another 21% by 2027 (excluding recently announced acquisitions). The company expanded its capacity in its Malaz hospital and plans to add another hospital in Narjis district of Riyadh by 2027. Additionally, the company has entered the Western region via the completion of two acquisitions. We expect the capacity additions to drive revenue CAGR of 17% over 2023-2028, higher than its past 4-year performance (11% CAGR). Despite seasonality during 1H24, the company managed 18% YoY growth in revenue, we expect the company to further gain momentum during 2H24 as the added capacity drives revenue growth.

M&A could lead to further upside in numbers: Since the launch of its 5-year plan, Care has been aggressive in acquisitions and expansions. It acquired Jiwar Medical and Chronic Care, and land for new hospitals in Jeddah and Riyadh in 2023 and in June announced the acquisition of Al Salam Hospital. We think it has the dry powder to lift EBITDA by 25-50% if it leverages its balance sheet.

Improvement in cash collection cycle: Care has shown promising signs of improvements in its indicators such as its receivable days and average length of stay per inpatient. The company has also consistently improved its ROE over the years moving from single digits to double digits approaching 20% (2024E). Gross margins have shown marked improvement in 1H24 as well following recent acquisitions, this comes despite the expansion in Malaz branch. The re-negotiation of the contract with GOSI and growth in insurance-based contracts could further improve cash collection. The company has also signed an SR381mn contract with Prince Sultan Military Medical City which is expected to partially offset impact from the recently expired National Guard contract.

Valuation: Our target price of SR231/share for Care is based on a DCF (Cost of equity: 9.5%, terminal growth 3.25%). This values the company at 2025e P/E of 28x. We think there is room for further earnings upgrades, as the estimates do not incorporate the impact from Al Salam and the expansion on the land acquired in Jeddah and Riyadh.

Risks: The key downside risk are delay in expansion projects, build up in receivables from GOSI, rising competition and higher than anticipated pressure on margins.

RATING SUMMARY	Overweight
Target Price (SR)	231
Upside/Downside	22%
Dividend Yield	1%
Total Return	23%

ISSUER INFORMATION	
Share Price (SR)	190*
Target Price (SR)	231
Bloomberg	CARE AB
Market Cap (SR mn)	8,521
Free Float (%)	50.8

As of 20th October 2024

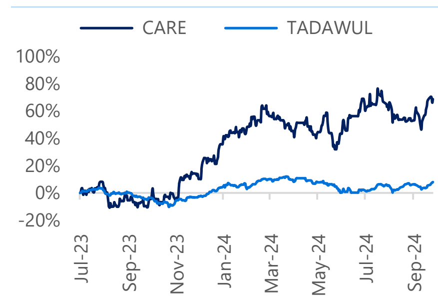
MULTIPLES	2024E	2025F
P/E (x)	31.4	22.8
P/B (x)	5.1	4.6
P/S (x)	6.4	5.2
EV/EBITDA (x)	24.4	18.1
RoA (%)	12	16
RoE (%)	18	21

Source: anbc research & Company Data

FINANCIALS (SR MN)

	2023A	2024e	2025F	2026F
Revenue	1,082	1,324	1,628	1,878
Gross profit	370	467	586	712
EBITDA	302	364	482	607
Net Income	241	273	374	480
EPS	5.37	6.06	8.23	10.58
DPS	2.00	1.5	4.3	5.3

PRICE PERFORMANCE – Care vs. TASI



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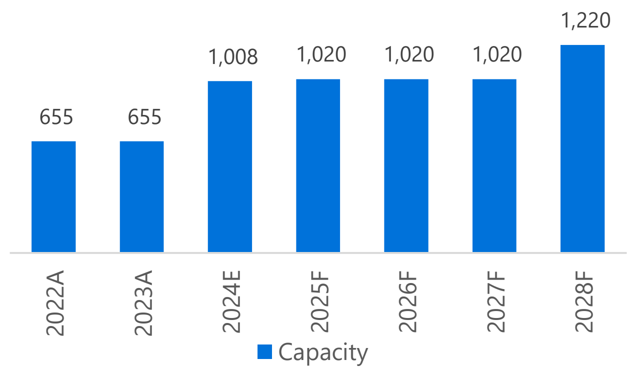
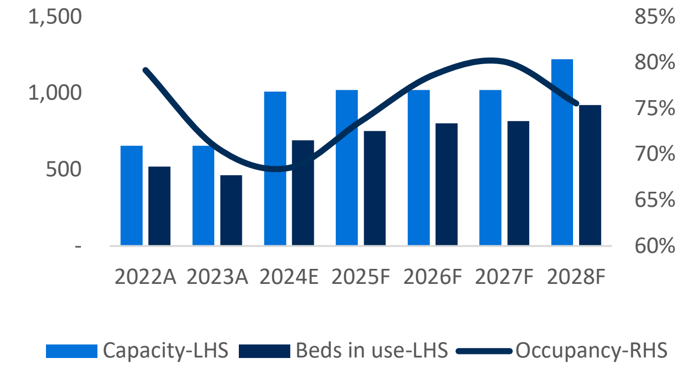
Investment Thesis in Charts

Chart 54: Capacity up 54% in 2024



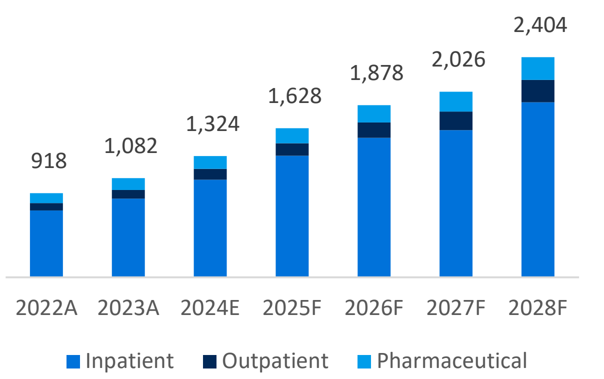
Source: anbc research & Company Data

Chart 55: Bed occupancy to recover by 2025



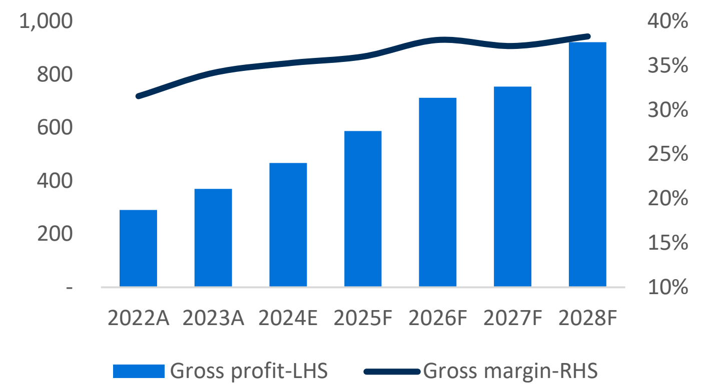
Source: anbc research & Company Data

Chart 56: Revenue to grow at a CAGR of 17% by 2028



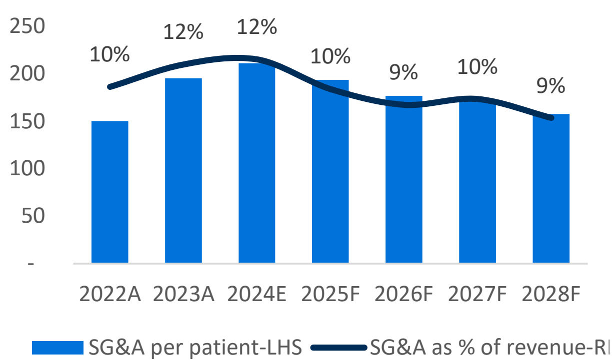
Source: anbc research & Company Data

Chart 57: Gross margins to reach 37% by 2028



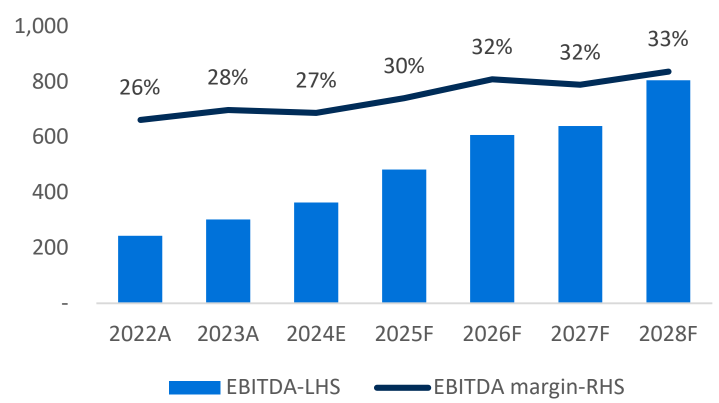
Source: anbc research & Company Data

Chart 58: Increasing scale of operations to enhance efficiencies



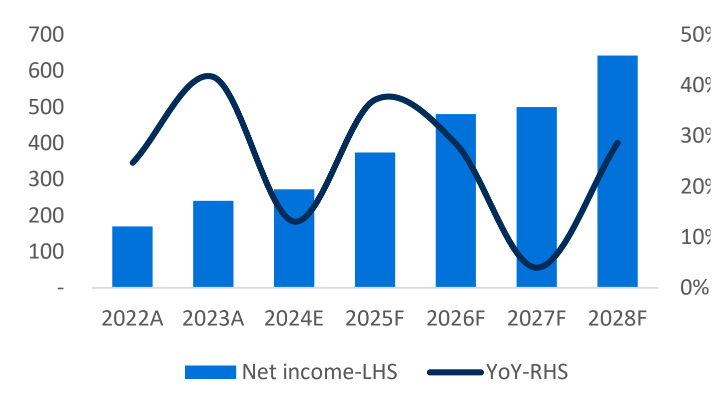
Source: anbc research & Company Data

Chart 59: EBITDA margin to reach 33% by 2028



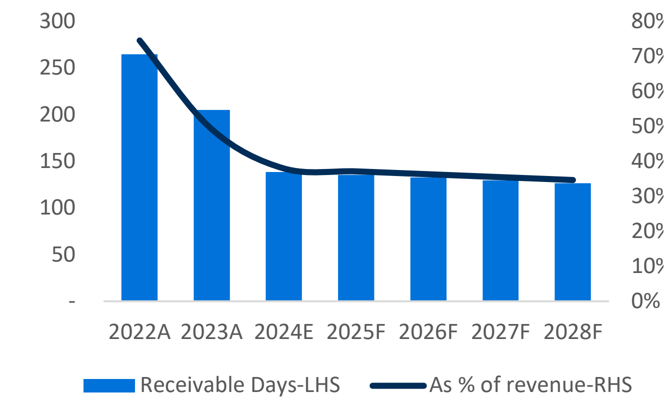
Source: anbc research & Company Data

Chart 60: Expansion related costs to weigh in on 2027 growth



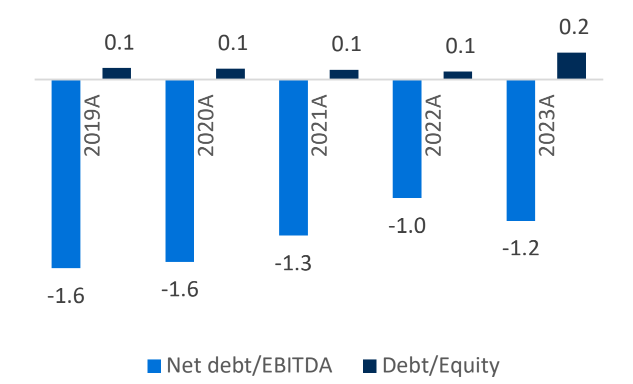
Source: anbc research & Company Data

Chart 61: Receivable days to improve to 126 days by 2028



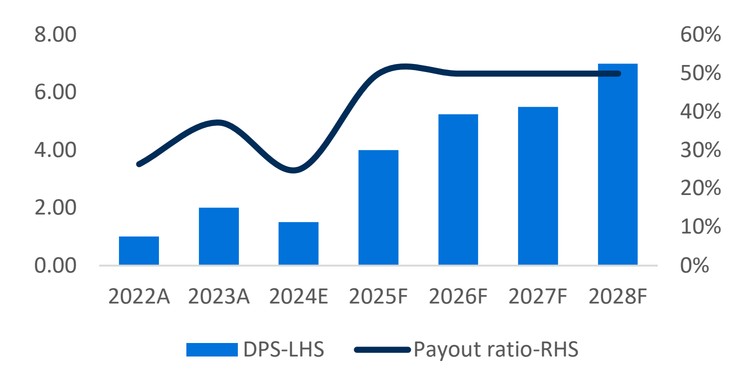
Source: anbc research & Company Data

Chart 62: Strong balance sheet with a net cash position



Source: anbc research & Company Data

Chart 63: Dividend payout capacity to increase



Source: anbc research & Company Data

Table 11: Financial Summary

National Medical Care (CARE)						
Income statement:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Revenue	SR mn	918	1,082	1,324	1,628	1,878
Gross profit	SR mn	290	370	467	586	712
General &admin	SR mn	91	119	149	155	161
Operating profit	SR mn	197	247	303	415	531
EBITDA	SR mn	243	302	364	482	607
PAZ	SR mn	170	241	273	374	480
Balance Sheet:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Current assets	SR mn	1,056	1,278	1,329	1,381	1,480
Non-current assets	SR mn	657	936	1,081	1,244	1,407
Total assets	SR mn	1,713	2,214	2,410	2,625	2,887
Current liabilities	SR mn	286	348	361	413	448
Non-current liabilities	SR mn	163	413	382	354	328
Total shareholder equity	SR mn	1,264	1,453	1,659	1,842	2,087
Cash Flow Statement:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Net CFO	SR mn	217	467	382	387	513
CFI	SR mn	(212)	(625)	(205)	(230)	(238)
CFF	SR mn	(51)	138	(98)	(219)	(261)
Ending balance	SR mn	329	309	388	326	340
YoY Growth		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Revenue	%	*8.6%*	*17.8%*	*22.3%*	*23.0%*	*15.4%*
EBITDA	%	*13.2%*	*24.2%*	*20.6%*	*32.5%*	*25.9%*
Operating profit	%	*20.0%*	*25.1%*	*22.9%*	*36.7%*	*28.2%*
Net income	%	*24.7%*	*41.7%*	*13.1%*	*37.2%*	*28.5%*
Ratios		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Return on assets (ROA)	%	*10.4%*	*12.3%*	*11.8%*	*14.9%*	*17.4%*
Return on equity (ROE)	%	*14.2%*	*17.7%*	*17.5%*	*21.4%*	*24.4%*
Gross margin	%	*31.6%*	*34.2%*	*35.3%*	*36.0%*	*37.9%*
Operating margin	%	*21.5%*	*22.8%*	*22.9%*	*25.5%*	*28.3%*
EBITDA margin	%	*26.5%*	*27.9%*	*27.5%*	*29.6%*	*32.3%*
Net margin	%	*18.5%*	*22.3%*	*20.6%*	*23.0%*	*25.6%*
Effective zakat rate	%	*14.3%*	*8.9%*	*8.9%*	*8.9%*	*8.9%*
Dividend payout	%	*26.4%*	*37.2%*	*25.0%*	*50.0%*	*50.0%*
Per Share Analysis		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**
Earnings per share (EPS)	SAR/sh	3.8	5.4	6.1	8.3	10.7
Dividends per share (DPS)	SAR/sh	1.0	2.0	1.5	4.3	5.3
Book value per share (BVPS)	SAR/sh	28.2	32.4	37.0	41.1	46.5

Source: anbc research & company data

Investment Thesis

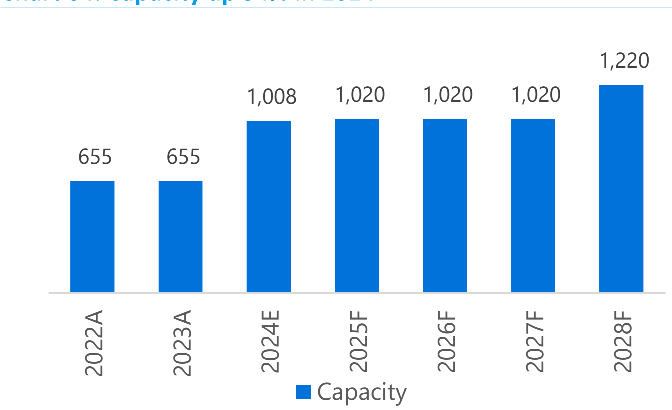
Capacity expansion supported by acquisition-led growth:

Over the past three years, since the launch of its 5-year strategic plan, the company has entered an expansion phase. These initiatives have not only accelerated growth but also uplifted margins and improved working capital. Historically, the company has been operating two hospitals located in Riyadh (3rd largest private healthcare provider in Riyadh from our coverage companies). Since 2023, they have acquired two new hospitals; Chronic Care Specialized Medical Hospital Co. (AlBalad branch) in Jeddah and Jiwar Medical Services Co. (Haram branch) in Makkah. The Jeddah hospital specializes in long-term care and the Makkah expansion gives exposure to the growth in religious pilgrims. The location in Makkah is ideal to capture this demand. Besides this, Care has also converted a dental clinic into a mental health hospital, purchased land for building new hospitals in Jeddah and Riyadh, and has also started adding beds to its existing hospital in Malaz.

As of 2023, the company's total bed capacity stood at 655 beds with 320 beds at the Rawabi branch and 335 beds at its Malaz branch, both located in Riyadh. Capacity in 2024 has increased 54% to 1,008 beds post the completion of expansion at Malaz branch adding 124 beds (459 beds post expansion) along with 175 beds at AlBalad branch and 54 operational beds at Haram branch. Capacity is expected to grow by at least another 21% from here on up until 2028 with the company's plans to add a third hospital in Narjis, Riyadh as well as the recently closed acquisition of Al Salam Health Medical Hospital. Al Salam has 100 beds, and the acquisition got shareholder approval in September 2024. Al Salam will have synergies with Care's existing hospital in North Riyadh. The financial numbers for Al Salam are not yet in our as well as consensus estimates and could drive additional upside.

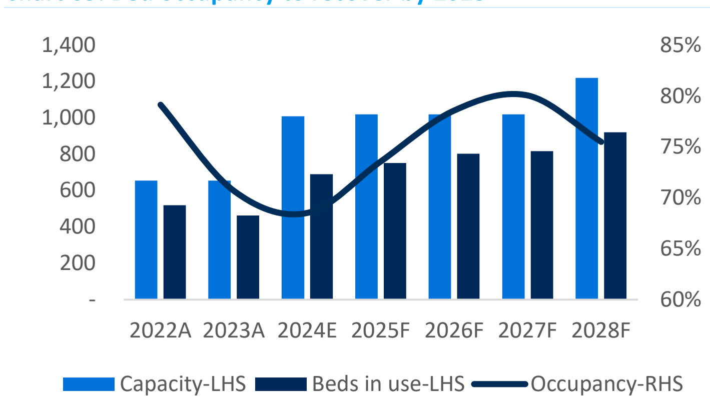
The Narjis hospital will have a total capacity of 400 beds. However, this will be carried out in two phases. Phase 1 of the project is expected to add 200 beds by the start of 2028 while the timeline for the remaining 200 beds in phase 2 will be determined based on the demand dynamics post completion of phase 1. Capex is expected to be between SR3.2mn-SR3.7mn per bed out of which 65% is to be completed in phase 1. Land for the hospital has been purchased. Construction is expected to start by 1Q25, and operations are expected to commence in 2028.

Chart 64: Capacity up 54% in 2024



Source: anbc research & Company Data

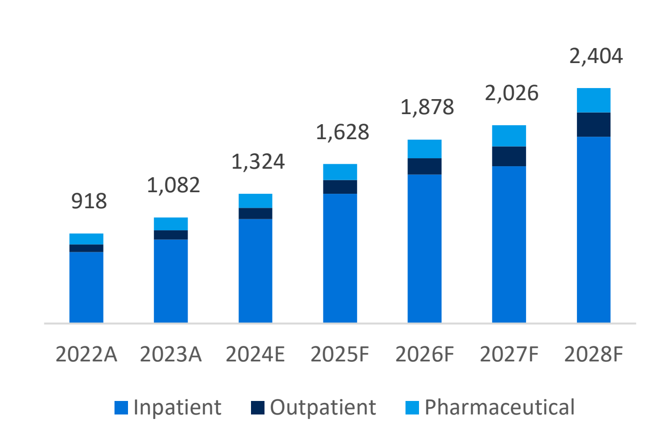
Chart 65: Bed occupancy to recover by 2025



Source: anbc research & Company Data

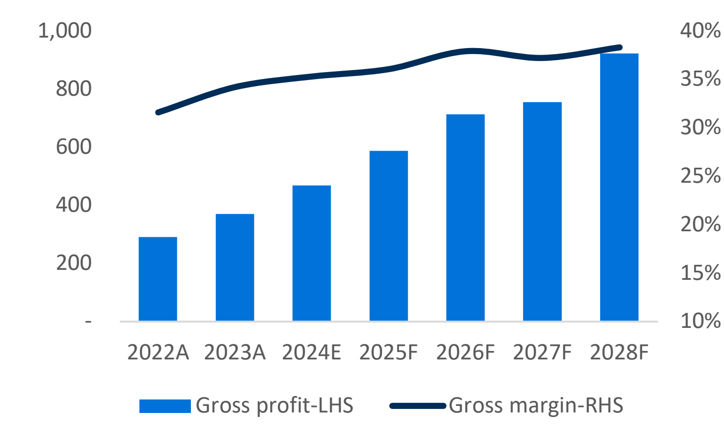
We expect the added capacity to drive revenue CAGR of 17% during 2023-2028, which is faster than its historical performance. We expect the highest growth in the outpatient segment given its low base (5-year CAGR: 21%) followed by growth in the inpatient segment (5-year CAGR: 17%) and the Pharmaceutical segment (5-year CAGR: 14%). Care focuses on Class B patients and the new acquisition of Al Salam deals mainly with class C (insurance categories) patients. This means that it is not competing directly with the likes of HMG and Fakeeh.

Chart 66: Revenue to grow at a CAGR of 17% by 2028



Source: anbc research & Company Data

Chart 67: Gross margins to reach 37% by 2028



Source: anbc research & Company Data

We also like the fact that the company is building a specialization in long term care and in mental health. Given the increase in the proportion of older population, we think there would be an increase in demand for such services. Care also won a SR381m contract from Prince Sultan Military Medical City which starts from 3Q24 which is expected to partially offset the loss of revenue from the National Guard contract.

Care acquired Chronic Care Specialized Medical Hospital Co. for SR193mn in 3Q23. The hospital is a 175-bed facility providing comprehensive medical care, long term nursing care and palliative care among other medical services in Jeddah. Annual revenues for the hospital were in the range of SR97mn-SR102mn during 2020-2022 with the higher end achieved in 2021. We expect the acquisitions to lay the groundwork for the company to expand its presence in new markets.

The company has also recently purchased land in Jeddah, although management is yet to decide on the use of this land, the option to build a new hospital remains on the table.

M&A gives additional options for growth and earnings upgrades

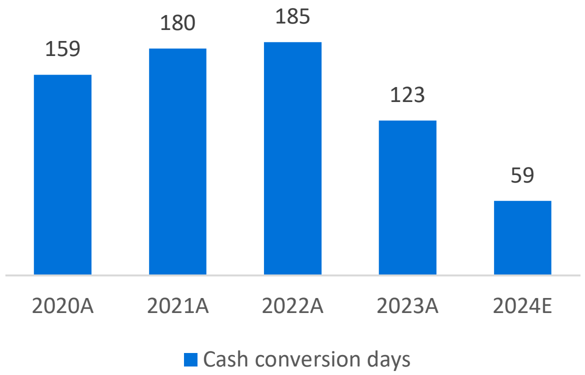
Care has the strongest balance sheet in the listed healthcare sector. At the end of 2Q24, it had net cash of SR41m. Most of it will be used for the acquisition of Al Salam but the company still has the ability to raise substantial capital to fund additional acquisitions. Assuming it levers up-to 5x EBITDA and uses that to make acquisitions at 10x -20x EBITDA, it could add 25-50% upside to EBITDA. We think this potential for momentum in earnings upgrades is the key reason behind the share price performance and also the key reason why we think near term valuation is not a reason to sell the stock. We find sufficient positive catalysts on the horizon which could help drive share price performance.

Improving efficiencies to unlock valuation gains

Care has consistently improved on various indicators including days of stay per inpatient and receivable days. The former has come down from 13.4 days in 2019 to 7.9 days in 2023, a reduction of 41%. During the same period, the Rawabi branch witnessed a decline from 9.6 days to 6.0 days while the Malaz branch declined from 19.1 days to 10.8 days. Although differences among hospitals stem from differences in services provided, nevertheless a declining trend within one hospital indicates improving efficiency given there is no change in the nature of services provided.

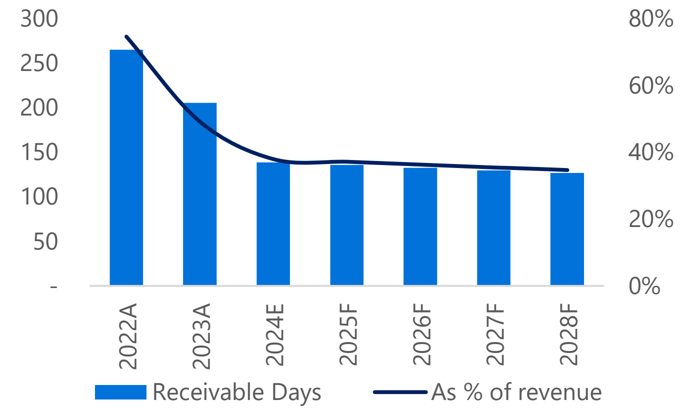
Similarly, receivable days for the company have averaged 225 days over the past 5 years. However, the company has managed to reduce this number down to 177 days as of 2Q24. The company still has the highest receivable days amongst the listed peers due to its high exposure to government contracts. The company is targeting to bring down receivable days from GOSI to 5-6 months, in-line with MoH. Despite this, the company has managed to maintain a positive net cash position over the years with minimal debt on its balance sheet.

Chart 68: Cash conversion cycle



Source: anbc research & Company Data

Chart 69: Receivable days to reach 126 days by 2028

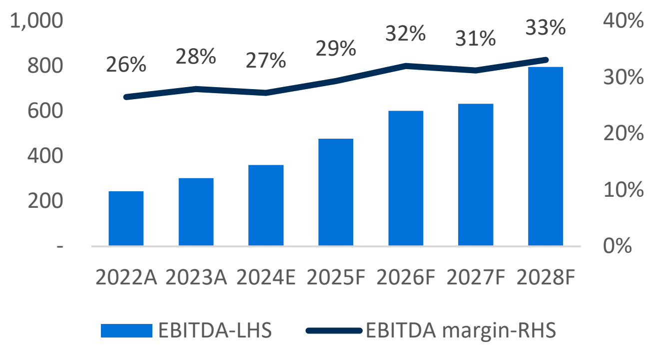


Source: anbc research & Company Data

In addition to this, the company has also recorded significant improvement in its ROE over the years. The company has now jumped ahead of Hammadi, Dallah and Fakeeh in terms of ROE generation, ranking third behind HMG and Mouwasat. ROE has constantly improved year after year from 7.9% in 2019 to 17.7% in 2023. We expect the trend to continue in the coming years reaching 20% in 2024 and 23% in 2025.

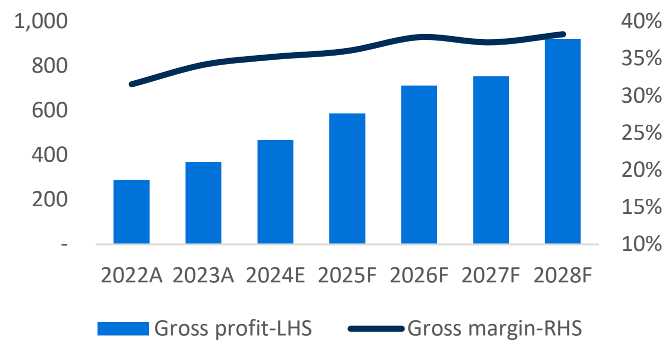
Gross margins have recorded similar improvements increasing every year from 23% in 2019 to 34% in 2023. This along with 11% CAGR in revenue has translated into improvements in operating and net margins as well, increasing from 15% to 23% and from 11% to 22%, respectively. Although we expect gross margins to face pressure during 2H24 due to ramp up costs associated with the recent expansion at Malaz, we expect the same to settle higher compared to 2023 at ~36% vs ~34%.

Chart 70: EBITDA to reach 33% by 2028



Source: anbc research & Company Data

Chart 71: Gross margins to reach 37% by 2028



Source: anbc research & Company Data

Based on these trends and assumptions, we estimate that Care can achieve 21% CAGR in earnings over 2023-2028. As stated earlier, our estimates are conservative and additional M&A could lead to substantial revisions.

Valuation

We have used a Discounted Cash Flow (DCF) model to value Care, with a cost of equity of 9.5% and terminal growth of 3.25%. Our target price of SR231/share values the company at a 2025 P/E of 26x. We have an Overweight rating on the stock due to its high earnings growth, improving margins and potential for further upside. Earnings are estimated to grow at a CAGR of 21% over the next five years with further ROE expansion to 20% in 2024e. Our financial estimates for 2025 and 2026 are ahead of the consensus. Consensus estimates for 2024 are not yet updated for 3Q24 results.

Table 12: Our estimates versus consensus

	ANB Est 2024E	Consensus 2024E	Delta	ANB Est 2025E	Consensus 2025E	Delta	ANB Est 2026E	Consensus 2026E	Delta
Revenues	1,324	1,323	0%	1,628	1,551	5%	1,878	1,737	8%
Gross Margin	35.3%	35.5%	-0.2%	36.0%	35.5%	0.5%	37.9%	35.5%	2.4%
EBITDA	364	379	-4%	482	450	7%	607	502	21%
EBITDA Margins	27.5%	28.6%	-1.1%	29.6%	29.0%	0.6%	32.3%	28.9%	3.4%
Net Income	273	302	-10%	374	359	4%	480	383	25%
EPS	6.08	6.61	-8%	8.34	7.66	9%	10.71	8.35	28%

Source: Bloomberg, anbc research

Table 13: DCF Model

National Medical Care Discounted Cash Flow (DCF)		2024E	2025F	2026F	2027F	2028F	2029F	2030F	2031F
EBITDA		364	482	607	639	804	966	1,033	1,114
less: interest		(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
less: taxes		(27)	(37)	(47)	(49)	(63)	(77)	(83)	(90)
less: WC change		41	(62)	(50)	(14)	(69)	(57)	(29)	(17)
less: CAPEX		(205)	(230)	(238)	(421)	(85)	(88)	(92)	(96)
Add: net borrowing		(31)	(28)	(26)	(24)	(22)	(20)	(19)	(17)
FCFE		**138**	**121**	**241**	**127**	**562**	**719**	**806**	**890**
Terminal value							-	-	**14,704**
PV of FCFE		**138**	**110**	**201**	**97**	**391**	**457**	**468**	**8,261**
Cost of Equity	*9.50%*								
Terminal growth	*3.25%*								
Enterprise value	**10,123**								
No. of shares	45								
TP	**231**								
Current price	190								
Upside	***21.7%***								
D/Y	***1.1%***								
Total return	***22.8%***								

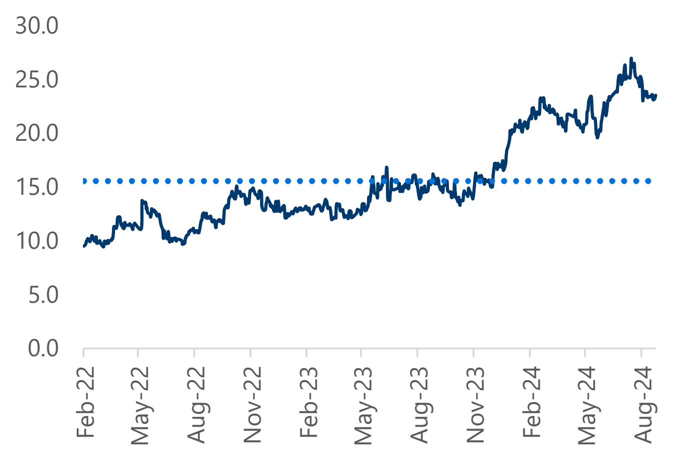
Source: anbc research & Company Data

Table 14: Valuation sensitivity

		Cost of equity				
Terminal growth rate		*8.50%*	*9.00%*	*9.5%*	*10.0%*	*10.5%*
	2.75%	260	237	217	201	186
	3.25%	280	253	**231**	212	196
	3.75%	304	273	247	225	207
	4.25%	335	297	266	241	220

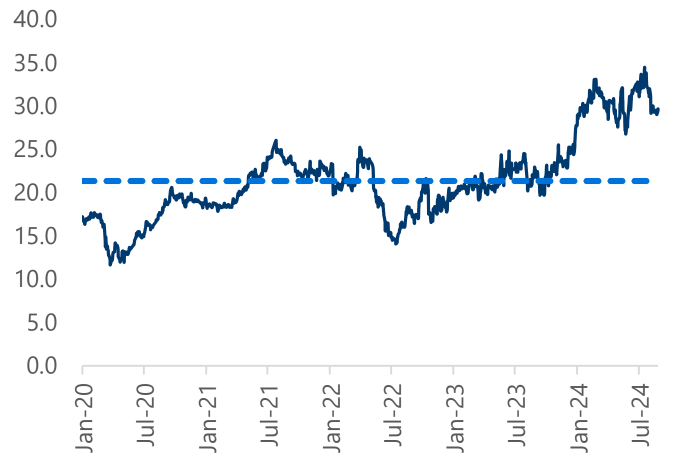
Source: anbc research & Company Data

Chart 72: EV/EBITDA (x)



Source: Bloomberg, anbc research

Chart 73: Price to Earnings (x)



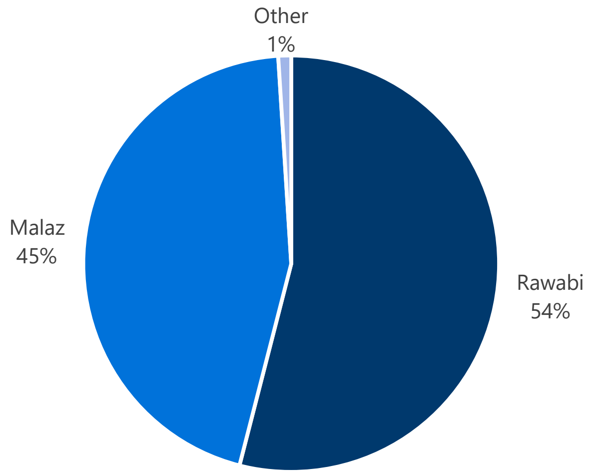
Source: Bloomberg, anbc research

Company Overview

National Medical Care was formed in 2003 as a partnership between GOSI and a group of shareholders from the private sector. The company traces its origins to 1966 when the National Hospital was set up by GOSI in Riyadh. Care listed on Tadawul in 2013. GOSI is still the largest shareholder through its investment arm, Hassana, which owns a 49.2% stake in the company. It is the third largest private sector hospital in Riyadh (from our coverage companies) and operates two hospitals, Riyadh Care Hospital in Rawabi (Rawabi Branch) and Care National Hospital in Malaz (Malaz Branch). As of end 2023, Care operated 655 beds and 224 clinics. In 2023, it served 651,000 patients out of which 21,300 were in-patient admissions.

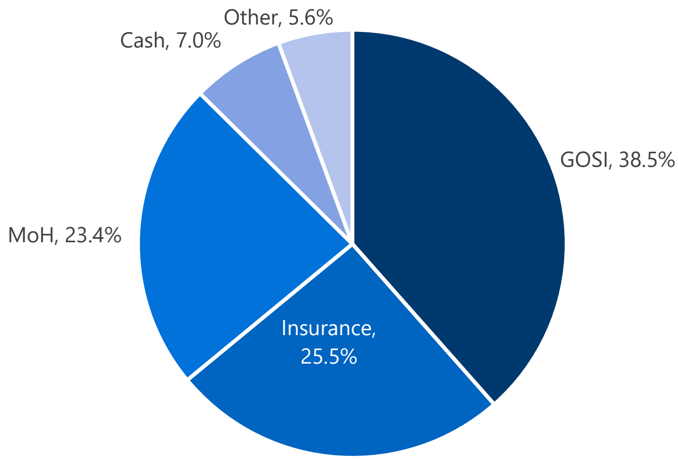
GOSI is the largest customer accounting for 38.5% of revenues. Care has an exclusive contract to provide healthcare services related to treating injuries from occupational hazards with GOSI. The contract is currently in the process of renewal and the management is working on converting it into a packaged deal with a pricing list for certain treatments and additional billing for other services. We think the contract would be renewed as GOSI is also the largest shareholder and over the years Care has built a specialization in dealing with such treatments.

Chart 74: Revenue split by hospitals (2023)



Source: anbc research & Company Data

Chart 75: Revenue split by customers (2023)



Source: anbc research & Company Data

Five-year Strategic Plan:

In April 2022, Care's management announced a five-year strategic plan, which is currently in implementation phase. The strategic plan has four pivots:

1. Extending health service offering in Riyadh.
2. Serving new population segments and geographies
3. Deliver exceptional value to patients and partners
4. Realizing the potential of value networks across the business units.

The goal of the plan is to have strategic impact on:

1) Financial performance by achieving i) sustainable growth in the healthcare sector, ii) Improving profit margins and iii) diversifying sources of revenues.
2) Patients and partners by achieving i) better healthcare outcomes, highly satisfied patients and being a partner of choice for different categories.
3) Company and staff by achieving i) increasing employee satisfaction ii) enhanced market positioning iii) integrated organization structure.

Since the launch of the program the company has achieved the following milestones:

- Acquired Jiwar Medical in Mecca in 2Q23 (66 beds) for SR22mn.
- Acquired Chronic Care in Jeddah in 4Q23 for SR163mn.
- Purchased land in Riyadh to construct a 400-bed hospital (first phase operational from 2028).
- Converted its existing dental clinic into a mental health facility (operational from 3Q24), which has around 46 beds.
- Purchased land in Jeddah for a hospital for SR132mn.
- Started the plan to add 124 additional beds at Malaz from 1Q24.
- Announced the acquisition of Al Salam Hospital in Riyadh for SR44m. The hospital has 100 beds.

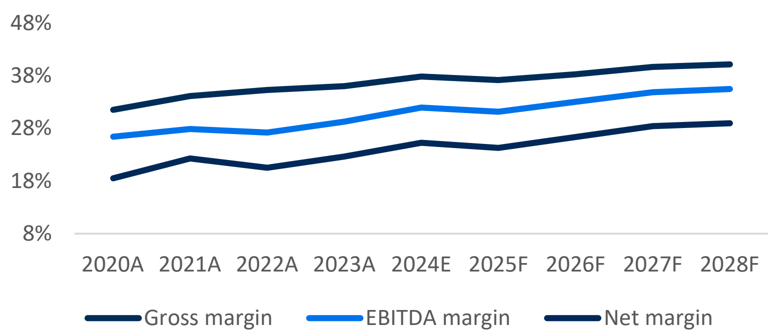
Financial Analysis:

Table 15: Revenue Model

	2022A	2023A	2024E	2025F	2026F	2027F	2028F
Beds	655	655	655	655	655	1,008	1,020
growth		*0%*	*0%*	*0%*	*0%*	*54%*	*1%*
Inpatients	14,000	16,000	19,000	21,000	21,280	30,734	34,537
growth		*14%*	*19%*	*11%*	*1%*	*44%*	*12%*
Outpatients	382,000	347,000	513,000	617,000	629,930	724,420	833,082
growth		*-9%*	*48%*	*20%*	*2%*	*15%*	*15%*
Total Patients	396,000	363,000	532,000	638,000	651,210	755,153	867,619
growth		*-8%*	*47%*	*20%*	*2%*	*16%*	*15%*
Revenue/Inpatient (SR)	33,845	34,606	29,315	34,667	40,242	34,659	38,344
growth		*2%*	*-15%*	*18%*	*16%*	*-14%*	*11%*
Revenue/Outpatient (SR)	*393*	*466*	*363*	*129*	*152*	*160*	*168*
growth		*18%*	*-22%*	*-65%*	*18%*	*5%*	*5%*
Inpatient Revenues (SR mn)	474	554	557	728	856	1,065	1,324
growth		*17%*	*1%*	*31%*	*18%*	*24%*	*24%*
Outpatient Revenues (SR mn)	150	162	186	79	96	116	140
growth		*8%*	*15%*	*-57%*	*21%*	*21%*	*21%*
Hospital Revenue (SR mn)	**624**	**715**	**743**	**807**	**952**	**1,181**	**1,464**
growth		*15%*	*4%*	*9%*	*18%*	*24%*	*24%*
Pharma Revenue (SR mn)	84	93	102	111	130	143	164
Growth		*11%*	*10%*	*8%*	*17%*	*10%*	*15%*
Total Revenue (SR mn)	708	809	845	918	1,082	1,324	1,628
Growth		*14%*	*5%*	*9%*	*18%*	*22%*	*23%*

Source: Company Data & anbc research

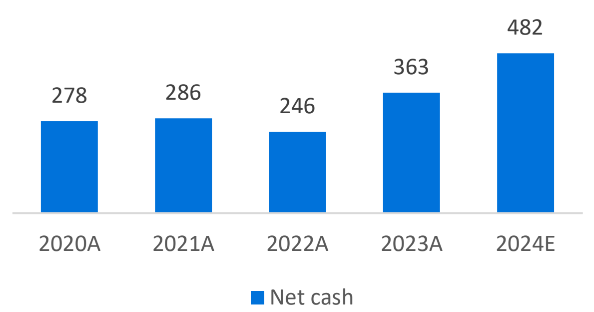
Chart 76: Trend in profitability margins



Source: anbc research & Company Data

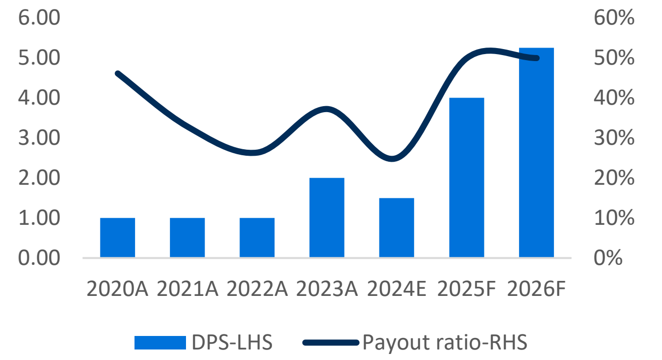
Strong Balance Sheet:

Chart 77: Net cash position*



Source: anbc research & Company Data. *Pre Al Salam-Hospital deal close

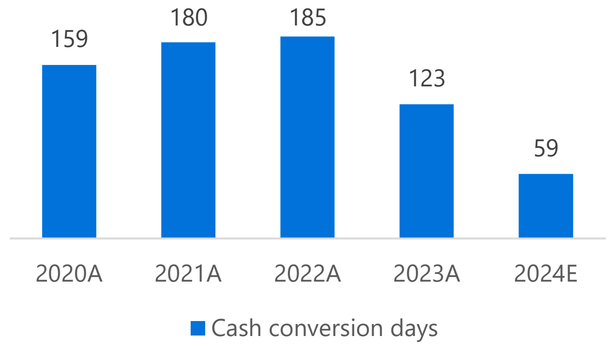
Chart 78: Dividend payout



Source: anbc research & Company Data

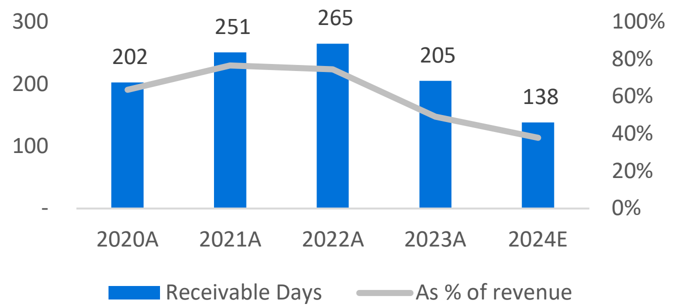
Improving cash flow generation:

Chart 79: Cash flow conversion cycle



Source: anbc research & Company Data

Chart 80: Accounts receivable days



Source: anbc research & Company Data

Major Shareholders

The company's majority shareholder is SMG, incorporated in the Kingdom of Saudi Arabia, which has 49.2% shareholding. SMG is ultimately owned by General Organization for Social Insurance (GOSI), Saudi Arabia.

Table 16: Financial Statements

National Medical Care Income statement:		2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F
Revenue	SR mn	918	1,082	1,324	1,628	1,878	2,026	2,404	2,742
Gross profit	SR mn	**290**	**370**	**467**	**586**	**712**	**753**	**921**	**1,088**
Selling & distribution expenses	SR mn	4	9	10	13	15	16	19	22
General &admin	SR mn	91	119	149	155	161	181	188	194
Expected credit loss allowance	SR mn	5	(0)	8	8	8	8	8	8
Operating profit	SR mn	**197**	**247**	**303**	**415**	**531**	**553**	**710**	**868**
Depreciation & Amortization	SR mn	46	55	60	67	75	86	95	98
EBITDA	SR mn	**243**	**302**	**364**	**482**	**607**	**639**	**804**	**966**
Finance cost	SR mn	(1)	(18)	4	4	4	4	4	4
Profit before zakat	SR mn	**199**	**265**	**299**	**411**	**527**	**549**	**706**	**864**
Zakat	SR mn	28	24	27	37	47	49	63	77
Profit after zakat	SR mn	**170**	**241**	**273**	**374**	**480**	**499**	**643**	**787**
EPS	SR/share	**3.79**	**5.37**	**6.08**	**8.34**	**10.71**	**11.14**	**14.33**	**17.55**
DPS, net	SR/share	1.00	2.00	1.50	4.25	5.25	5.50	7.25	8.75
Balance sheet:		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
PPE	SR mn	652	726	884	1,060	1,236	1,584	1,587	1,591
Right of use assets	SR mn	-	91	78	65	52	39	26	13
Intangible assets	SR mn	4	119	119	119	119	119	119	119
Non-current assets	SR mn	**657**	**936**	**1,081**	**1,244**	**1,407**	**1,742**	**1,732**	**1,723**
Inventories	SR mn	43	53	54	66	74	81	94	105
Trade and other receivables	SR mn	684	532	502	604	682	718	833	927
Term deposits	SR mn	-	385	385	385	385	385	385	385
Cash&equivalents	SR mn	329	309	388	326	340	228	473	807
Current assets	SR mn	**1,056**	**1,278**	**1,329**	**1,381**	**1,480**	**1,412**	**1,785**	**2,225**
Total assets	SR mn	**1,713**	**2,214**	**2,410**	**2,625**	**2,887**	**3,154**	**3,517**	**3,947**
Share capital	SR mn	449	449	449	449	449	449	449	449
Statutory reserve	SR mn	186	186	186	186	186	186	186	186
Treasury shares	SR mn	-	-	-	-	-	-	-	-
Retained earning	SR mn	629	819	1,024	1,207	1,452	1,705	2,022	2,417
Total shareholder equity	SR mn	**1,264**	**1,453**	**1,659**	**1,842**	**2,087**	**2,340**	**2,657**	**3,052**
Long term borrowings	SR mn	77	262	236	212	191	172	155	139
Lease liability	SR mn	-	53	49	44	39	35	30	26
Employee benefit obligations	SR mn	86	98	98	98	98	98	98	98
Non-current liabilities	SR mn	**163**	**413**	**382**	**354**	**328**	**305**	**283**	**263**
Trade and other payables	SR mn	190	228	241	293	328	358	417	465
Current portion of long term borro	SR mn	6	8	8	8	8	8	8	8
Current portion of lease liability	SR mn	-	7	7	7	7	7	7	7
Current liabilities	SR mn	**286**	**348**	**361**	**413**	**448**	**477**	**537**	**585**
Total liablities	SR mn	**449**	**761**	**743**	**767**	**776**	**782**	**820**	**848**
Total liabilities and equity	SR mn	**1,713**	**2,214**	**2,402**	**2,609**	**2,863**	**3,122**	**3,477**	**3,899**
Cash flow statement		**2022A**	**2023A**	**2024E**	**2025F**	**2026F**	**2027F**	**2028F**	**2029F**
Profit before zakat	SR mn	199	265	299	411	527	549	706	864
Depreciation on PPE	SR mn	42	44	50	57	64	76	84	87
Adjusted net income	SR mn	265	319	341	449	563	594	745	893
Trade receivables	SR mn	(41)	193	30	(102)	(77)	(37)	(115)	(94)
Inventories	SR mn	3	(8)	(1)	(12)	(8)	(7)	(13)	(11)
Trade payables	SR mn	14	(28)	13	52	35	30	60	48
Net CFO	**SR mn**	**217**	**467**	**382**	**387**	**513**	**580**	**677**	**835**
Purchase of PPE	SR mn	(211)	(54)	(202)	(227)	(235)	(418)	(82)	(85)
CFI	**SR mn**	**(212)**	**(625)**	**(205)**	**(230)**	**(238)**	**(421)**	**(85)**	**(88)**
Dividend paid	SR mn	(45)	(45)	(67)	(191)	(235)	(247)	(325)	(392)
Proceeds from term loans	SR mn	-	191	-	-	-	-	-	-
Repayment of term loans	SR mn	(6)	(6)	(26)	(24)	(21)	(19)	(17)	(15)
Payment of lease liabilities	SR mn	-	(2)	(5)	(5)	(5)	(5)	(5)	(5)
CFF	**SR mn**	**(51)**	**138**	**(98)**	**(219)**	**(261)**	**(270)**	**(347)**	**(413)**
Net cash flows	SR mn	(46)	(21)	79	(62)	14	(112)	245	334
Ending balance	**SR mn**	**329**	**309**	**388**	**326**	**340**	**228**	**473**	**807**

Source: anbc research & Company Data

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