

QLM Life & Medical Insurance Company (QLMI)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR2.450	Target Price	QR2.371
Implied Upside	(3.2%)		

3Q2025 Short Of Estimates; Profitability Dropped On Insurance Losses

QLMI's 3Q2025 earnings misses estimates. QLM Life & Medical Insurance Company's (QLMI) net profit dropped by 65.3%/83.8% YoY/sequentially to QR4.4mn, below our estimate of QR13.1mn. The company racked up losses from its insurance operations of QR109.8mn vs. a profit of QR8.5mn in 3Q2024 (2Q2025: profit of QR102.7mn). 3Q2025's bottom-line was positively affected from investment income as it mitigated losses from insurance operations. We are still of the view **Seha could be a game changer – Seha rollout presents a sizable structural growth opportunity, with QLMI estimating ~2.1–2.3mn new individuals entering the private insured pool across two phases. Seha Phase 1 targeting Qatari nationals is underway and is expected to be implemented by year-end or 1st quarter of 2026. Phase 1 encompasses ~260k uninsured Qatari nationals not currently covered by employer-sponsored schemes, offering high-value, government-backed premiums. Coverage could be very broad with an extensive table of benefits and cover international services as well. Phase 2 could potentially follow extending mandatory coverage to ~1.8–2.0mn expatriates (1.4–1.5mn blue-collar workers), dramatically expanding the private insured base from the current ~550k. Phase 2 could grow the total addressable insurance premium pool by QR1.7–2.0bn, setting the stage for long-term demand uplift across Qatar's healthcare system. We are of the view that QLMI could be one of the primary beneficiaries of the Seha program and this could magnify the company's earnings profile. For the time being, we maintain our QR2.371 PT and Accumulate rating.**

Highlights

- **Combined ratio weakened YoY and sequentially in 3Q2025.** Combined ratio increased from 101.8% in 3Q2024 to 104.3% in 3Q2025, resulting in losses from insurance activities. Sequentially, QLMI went from a Combined ratio of 97.2% in 2Q2025 to 104.3% in 3Q2025. Losses from insurance activities most likely stemmed from increased billing and utilization from vendors.
- **9M2025 annualized RoE declined vs. 9M2024.** QLMI generated 9M2025 RoE of 9.5% (<CoE, which is a negative) vs. 11.7% in 9M2024 (1H2025: 14.3%). ROIC deteriorated sequentially from 8.9% in 1H2025 to 7.3% in 9M2025. We estimate RoE of 10.8% for FY2025, lower than CoE.
- **Medical insurance losses widened YoY vs. profit in 2Q2025; life insurance resulted in losses YoY and sequentially.** 3Q2025's bottom-line was negatively affected from losses in medical and life insurance; losses came in at QR8.8mn in 3Q2025 vs. a marginal profit of QR0.2mn in 3Q2024 (2Q2025: profit of QR16.2mn).
- **Investment income slightly declined YoY but was robust sequentially; investment yield was strong.** QLMI's net investment income receded by 2.5% YoY (+13.0% QoQ), which was able to mitigate losses from insurance operations. QLMI generated investment income of QR17.9mn in 3Q2025 vs. losses from insurance services of QR9.9mn. Investment yield was robust at 5.1% in 9M2025.
- **QLMI maintained a strong balance sheet.** The company had a strong capitalization of 41% in 3Q2025, which shields it from adverse market conditions.

Catalysts

- 1) Implementation of mandatory health insurance 2) Increase in the stock's liquidity/volume

Recommendation, Valuation and Risks

- **Recommendation and valuation: we keep our PT of QR2.371/sh. and Accumulate rating.** QLMI trades at FY2025e P/B and P/E of 1.2x and 12.0x, respectively.
- **Risks:** 1) Geo-political factors & 2) Decrease in local expat population

Key Data

Current Market Price (QR)	2.450
Dividend Yield (%)	4.1
Bloomberg Ticker	QLMI QD
Reuters Ticker	QLMI.QA
ISIN	QA000QLM003
Sector	Insurance
52wk High/52wk Low (QR)	2.450/1.886
3-m Average Volume	146,159
Mkt. Cap. (\$ bn/QR bn)	0.2/0.9
Shares Outstanding (mn)	350
FO Limit* (%)	49.0
Current Institutional FO (%)	11.6
1-Year Total Return (%)	26.4
Fiscal Year End	December 31

Source: Bloomberg (as of October 28, 2025), *Qatar Exchange (as of October 28, 2025); Note: FO is foreign ownership

Key Financial Data and Estimates

	2024	2025e	2026e
Attributable EPS (QR)	0.181	0.204	0.244
EPS Growth (%)	-14.7	12.5	19.8
P/E (x)	13.5	12.0	10.0
BVPS (QR)	1.88	1.97	2.09
P/BV (x)	1.3	1.2	1.2
Combined Ratio	99.3	98.8	98.1
RoE (%)	10.1	10.8	12.4
DPS (QR)	0.100	0.125	0.140
Dividend Yield (%)	4.1	5.1	5.7

Source: Company data; Note: All data is based on current number of shares

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Detailed Financial Statements

Income Statement (In QR mn)	2022	2023	2024	2025e	2026e	2027e
Insurance Revenue	1,212	1,124	1,223	1,325	1,361	1,445
Insurance Service Expense	(1,140)	(1,041)	(1,160)	(1,245)	(1,265)	(1,341)
Insurance Service Result From Insurance Contracts	72	83	63	79	95	104
Net Expenses from Reinsurance Contracts Held	(20)	(39)	(35)	(43)	(44)	(46)
Insurance Service Results	52	44	28	37	51	58
Net Investment Income	39	55	57	58	62	61
Net Insurance Financial Results	0	(2)	2	2	1	1
Net Insurance & Investment Results	91	97	87	97	114	120
Other Operating Expenses	19	20	21	23	26	27
Net Profit Before Income Tax	72	77	66	74	88	93
Net Tax	2	(0)	(1)	(0)	(1)	(0)
Net Profit (Headline)	73	76	65	73	88	93
Social & Sports Contribution Fund	2	2	2	2	2	2
Net Profit (Attributable to Shareholders)	71	74	63	71	85	91
EPS (Headline)	0.209	0.218	0.186	0.209	0.250	0.266
EPS (Attributable)	0.204	0.212	0.181	0.204	0.244	0.259

Source: Company data, QNB FS Research

Balance Sheet (In QR mn)	2022	2023	2024	2025e	2026e	2027e
Bank Balances & ST Deposits	575	611	603	639	671	691
Financial Investments	775	686	749	821	863	898
Reinsurance Contracts	38	45	59	43	52	55
Other Assets & Receivables	106	51	25	57	73	114
PP&E	2	4	3	3	3	3
Total Assets	1,496	1,398	1,439	1,563	1,663	1,762
Liabilities						
Provisions & Other Payables	151	158	168	214	176	185
Short-Term Borrowings	393	254	273	301	321	344
Insurance & Reinsurance Contract Liabilities	373	359	340	359	435	462
Total Liabilities	917	771	781	875	933	991
Total Shareholders' Equity	580	627	658	688	730	772
Total Liabilities & Shareholders' Equity	1,496	1,398	1,439	1,563	1,663	1,762
BVPS	1.66	1.79	1.88	1.97	2.09	2.20

Source: Company data, QNB FS Research

Ratios/Financial Indicators	2022	2023	2024	2025e	2026e	2027e
Profitability (%)						
Combined Ratio	97.3	98.0	99.3	98.8	98.1	97.8
RoE (Based on Beginning BV)	11.1	12.8	10.1	10.8	12.4	12.4
RoAE	11.7	12.3	9.9	10.6	12.1	12.1
RoAA	4.9	5.1	4.5	4.8	5.3	5.3
ROIC	7.3	8.4	6.8	7.2	8.1	8.1
Net Profit Margin	5.9	6.6	5.2	5.4	6.3	6.3
Net Operational Margin	4.3	3.7	2.5	2.9	3.8	4.1
Investment Yield	3.4	5.6	5.4	4.9	4.8	4.4
Investment Income/Total Income	53.9	73.5	90.0	81.1	72.7	67.6
Contract Liabilities/Revenue	30.7	31.9	27.8	27.1	32.0	32.0
Balance Sheet Structure (%)						
Cash to Assets	38	44	42	41	40	39
Investments to Assets	52	49	52	53	52	51
Other Assets to Assets	10	7	6	7	8	10
Investments to Shareholders' Equity	134	109	114	119	118	116
Leverage (x)						
Debt /Equity	0.7	0.4	0.4	0.4	0.4	0.4
Debt/Capital	0.4	0.3	0.3	0.3	0.3	0.3
Interest Coverage	8.9	5.3	4.9	5.9	7.0	8.0
Growth (%)						
Insurance Revenue	N/A	-7.3	8.8	8.3	2.7	6.2
Insurance Service Expense	N/A	-8.7	11.4	7.4	1.6	6.0
Insurance Service Result From Insurance Contracts Issues	N/A	14.4	-23.6	25.7	19.8	9.2
Net Expenses from Reinsurance Contracts Held	N/A	92.3	-9.6	22.5	3.3	4.6
Insurance Service Results	N/A	-15.5	-35.9	29.7	39.0	13.3
Net Investment Income	N/A	41.9	4.4	1.4	7.3	-1.2
Net Insurance & Investment Results	N/A	6.3	-10.0	11.1	17.5	5.6
Other Operating Expenses	N/A	3.5	6.8	8.0	10.3	4.5
Net Profit Before Income Tax	N/A	7.0	-14.4	12.2	19.8	6.0
Net Profit (Headline)	N/A	4.2	-14.7	12.5	19.8	6.2
Net Profit (Attributable to Shareholders)	N/A	4.2	-14.7	12.5	19.8	6.2
Cash & Depos	-16.0	6.2	-1.4	6.0	5.0	3.0
Financial Investments	13.7	-11.4	9.2	9.6	5.1	4.1
Total Assets	3.8	-6.6	2.9	8.6	6.4	6.0
Shareholders' Equity	-10.1	8.2	4.8	4.6	6.1	5.7

Source: Company data, QNB FS Research

Recommendations		Risk Ratings	
<i>Based on the range for the upside / downside offered by the 12-month target price of a stock versus the current market price</i>		<i>Reflecting historic and expected price volatility versus the local market average and qualitative risk analysis of fundamentals</i>	
OUTPERFORM	Greater than +20%	R-1	Significantly lower than average
ACCUMULATE	Between +10% to +20%	R-2	Lower than average
MARKET PERFORM	Between -10% to +10%	R-3	Medium / In-line with the average
REDUCE	Between -10% to -20%	R-4	Above average
UNDERPERFORM	Lower than -20%	R-5	Significantly above average

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