



Earnings Flash Note
Medicare Group
3Q 2023 / 9M 2023



Medicare Group (MCGS)

- > **Net profit decreased by 31.8% YoY to QR14.0mn (-19.9% QoQ)** owing to lower revenue and higher general & administrative expenses in 3Q2023. For 9M2023, net profit was down by 10.1% YoY to QR50.4mn.
- > **Operating income of QR109.1mn declined by -4.2% YoY (-8.1% QoQ)** in 3Q2023 while for 9M2023, it was broadly flat at QR356.3mn (-0.9% YoY).
- > **Gross profit came at QR39.7mn (-12.2% YoY, -11.5% QoQ)** while the corresponding margin dropped by 3.3ppts YoY (-1.4ppts QoQ) to 36.3% in 3Q2023.
- > **Operating profit decreased by 32.9% YoY to QR13.4mn (-20.1% QoQ)** and margin declined by 5.3ppts YoY (-1.9ppts QoQ) in 3Q2023.
- > **For 3Q2023, EPS came at QR0.05 vs. QR0.07 in 3Q2022** while for 9M2023, EPS was 0.18 vs 0.20 in 9M2022.

- > **As of 23rd Oct 2023, the stock has decreased 11.5% YTD**, underperforming the QSE index, which was down by 9.0% YTD.
- > **The stock is currently trading at a TTM P/E multiple of 19.3x**, lower than its 3Y historical average of 25.7x. We expect to trim our FY2023 estimates of net profit by between 5-8%, and we lower our price target to QR6.072 from QR7.144 to reflect 3Q2023 performance.

3Q 2023 Earnings Performance

	3Q2023	3Q2022	YoY	2Q2023	QoQ
Operating Income	109.3	114.1	-4.2%	118.9	-8.1%
Gross Profit	39.7	45.2	-12.2%	44.9	-11.5%
Gross Margin	36.3%	39.6%		37.7%	
Operating Profit	13.4	19.9	-32.9%	16.7	-20.1%
Operating Margin	12.2%	17.5%		14.1%	
Net Profit	14.0	20.6	-31.8%	17.5	-19.9%
Net Margin (%)	12.8%	18.0%		14.7%	
EPS (QR)	0.05	0.07	-31.8%	0.06	-19.9%

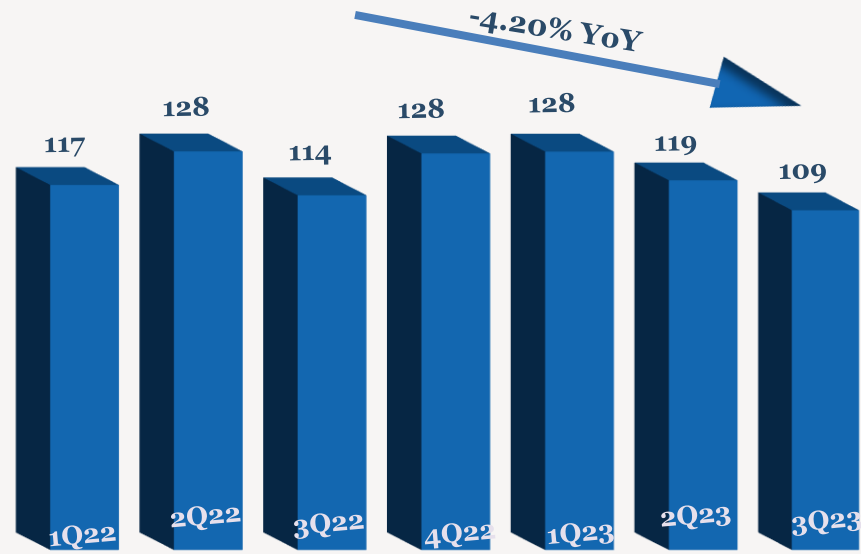
Note: Values are expressed in QR'mn unless explicitly stated

9M 2023 Earnings Performance

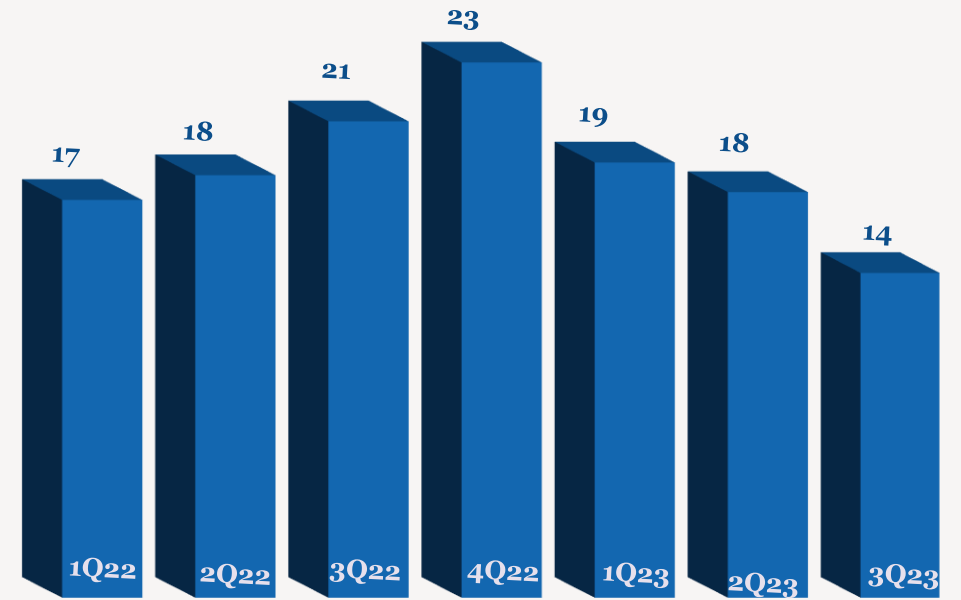
	9M2023	9M2022	YoY
Operating Income	356.3	359.7	-0.9%
Gross Profit	129.8	135.5	-4.2%
Gross Margin	36.4%	37.7%	
Operating Profit	45.7	51.6	-11.4%
Operating Margin	12.8%	14.3%	
Net Profit	50.4	56.0	-10.1%
Net Margin (%)	14.1%	15.6%	
EPS (QR)	0.18	0.20	-10.1%

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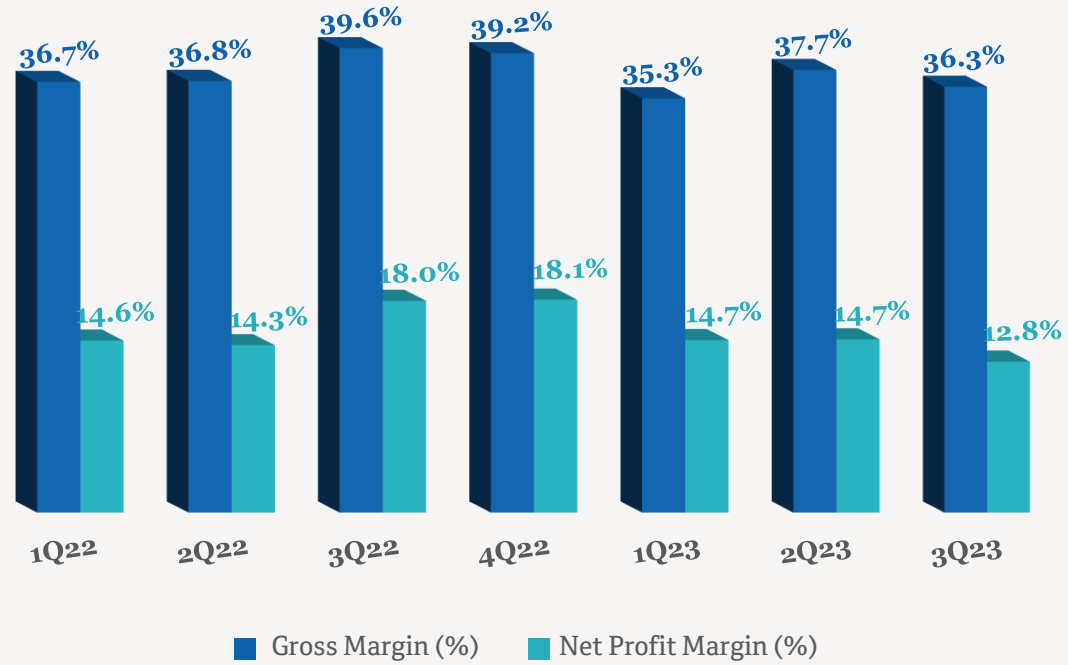
Quarterly Operating Income Trend (QRmn)



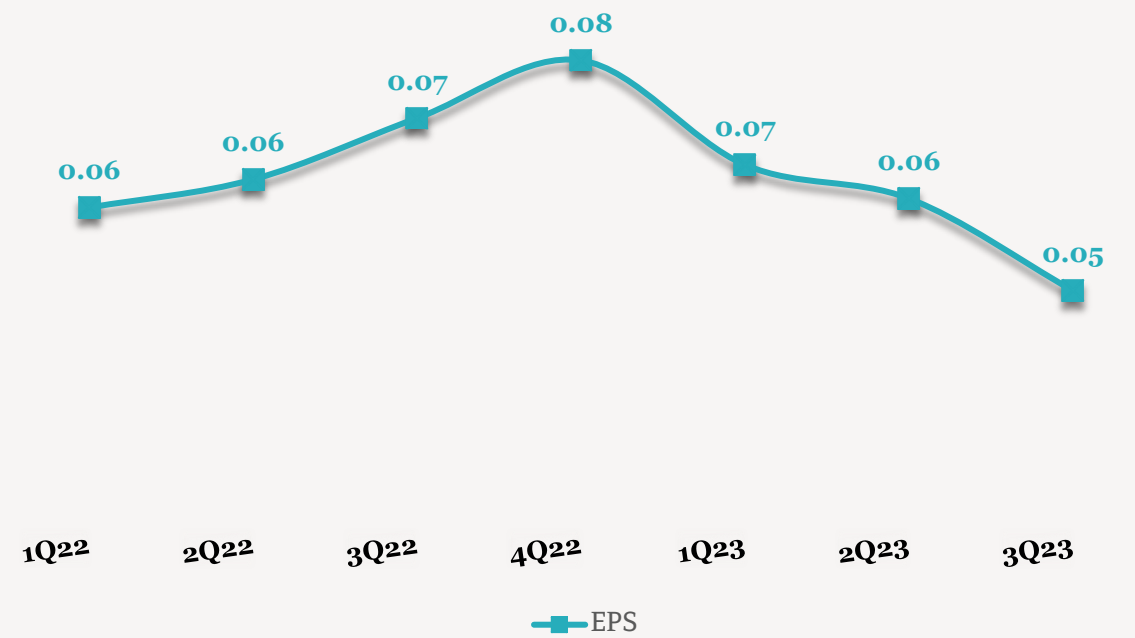
Quarterly Earnings Trend (QRmn)



Quarterly Margins Trend



EPS (QR) Trend



Contacts

QNB Financial Services Co. W.L.L.
Contact Center: (+974)4476 6666
info@qnbfs.com.qa
Doha, Qatar

Saugata Sarkar, CFA, CAIA Head
of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian Senior
Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

Roy Thomas
Senior Research Analyst
roy.thomas@qnbfs.com.qa

Dana Saif Al Sowaidi
Research Analyst
dana.alsowaidi@qnbfs.com.qa

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