

QLM Life & Medical Insurance Company (QLMI)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR1.980	Target Price	QR2.371
Implied Upside	19.7%		

1Q2025 Short of Estimates; Profitability Was Dented From Medical Losses

QLMI's 1Q2025 earnings misses estimates. QLM Life & Medical Insurance Company's (QLMI) net profit decreased by 12.8% YoY (surged by 49.3% QoQ) to QR15.2mn, below our estimate of QR18.5mn (the miss was across the board). Although revenue increased by 7.2% YoY, growth in insurance expense by 13.7% (primarily from medical claims) and declining net insurance service results (-55.2%), crimped results. The medical segment generated large losses YoY, while the life insurance segment generated strong profits. On the other hand, investment income that generates the bulk of the bottom-line, increased by 18.5% YoY. Sequentially, the surge in the bottom-line was driven by insurance profits and lower opex. We are still of the view **Seha could be a game changer – if and when this law is implemented, it could increase the number of members in the local health insurance system by 4 to 5x and we are of the view that QLMI could be one of the primary beneficiaries. 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 but significantly improved sequentially in 1Q2025.** Combined ratio increased from 97.4% in 1Q2024 to 98.9% in 1Q2025, resulting in marginal profitability from insurance activities. Sequentially, QLMI went from making losses from insurance activities in 4Q2024 (combined ratio: 101.3%) to marginal profitability in 1Q2025.
- **1Q2025 annualized RoE decreased to below its CoE, generating negative EVA.** QLMI generated 1Q2025 RoE of 9.2% vs. 11.1% in 1Q2024. ROIC also dropped from 7.5% in 1Q2024 to 6.6% in 1Q2025.
- **Life insurance remained strong, while the medical segment's losses widened.** 1Q2025's bottom-line was adversely affected due to losses from the medical segment; QLMI generated losses of QR15.5mn vs. losses of QR4.8mn in 1Q2024, while profitability from life insurance (+40.0% YoY) generated a strong NPM of 38.2% in 1Q2025.
- **Investment income was strong YoY, but weak sequentially; investment yield was healthy.** QLMI's net investment income increased by 18.5% YoY (-18.6% QoQ), which was able to mitigate the impact of weak income from insurance operations. Hence, the decrease in the bottom-line was measured. QLMI generated investment income of QR12.0mn in 1Q2025 vs. net profit from insurance of QR8.3mn. Investment yield remained healthy at 4.7% in 1Q2025 (1Q2024: 5.0%).
- **QLMI maintained a strong balance sheet.** The company had a strong capitalization of 42% in 1Q2025, 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 maintain our target price of QR2.371/sh. and our Accumulate rating.** QLMI trades at FY2025e P/B and P/E of 1.0x and 9.7x, respectively.
- **Risks: 1) Geo-political factors 2) Decrease in local expat population & 3) Credit rating change.**

Key Financial Data and Estimates

	2024	2025e	2026e	2027e
Attributable EPS (QR)	0.181	0.204	0.244	0.259
EPS Growth (%)	-14.7	12.5	19.8	6.2
P/E (x)	10.9	9.7	8.1	7.6
BVPS (QR)	1.88	1.97	2.09	2.20
P/BV (x)	1.1	1.0	0.9	0.9
Combined Ratio	99.3	98.8	98.1	97.8
RoE (%)	10.1	10.8	12.4	12.4
DPS (QR)	0.100	0.125	0.140	0.150
Dividend Yield (%)	5.1	6.3	7.1	7.6

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

Key Data

Current Market Price (QR)	1.980
Dividend Yield (%)	5.1
Bloomberg Ticker	QLMI QD
Reuters Ticker	QLMI.QA
ISIN	QA000QLM003
Sector	Insurance
52wk High/52wk Low (QR)	2.495/1.886
3-m Average Volume	102,441
Mkt. Cap. (\$ bn/QR bn)	0.2/0.7
Shares Outstanding (mn)	350
FO Limit* (%)	49.0
Current Institutional FO (%)	10.6
1-Year Total Return (%)	+8.1
Fiscal Year End	December 31

Source: Bloomberg (as of Tuesday 29, 2025), *Qatar Exchange (as of Tuesday 29, 2025); Note: FO is foreign ownership

Shahan Keushgerian

+974 4476 6509

shahan.keushgerian@qnbfs.com.qa

Saugata Sarkar, CFA, CAIA

+974 4476 6534

saugata.sarkar@qnbfs.com.qa

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

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

Disclaimer and Copyright Notice: This publication has been prepared by QNB Financial Services Co. WLL ("QNB FS") a wholly-owned subsidiary of QNB QPSC ("QNB"). QNB FS is regulated by the Qatar Financial Markets Authority and the Qatar Exchange QNB QPSC is regulated by the Qatar Central Bank. This publication expresses the views and opinions of QNB FS at a given time only. It is not an offer, promotion or recommendation to buy or sell securities or other investments, nor is it intended to constitute legal, tax, accounting, or financial advice. QNB FS accepts no liability whatsoever for any direct or indirect losses arising from use of this report. Any investment decision should depend on the individual circumstances of the investor and be based on specifically engaged investment advice. We therefore strongly advise potential investors to seek independent professional advice before making any investment decision. Although the information in this report has been obtained from sources that QNB FS believes to be reliable, we have not independently verified such information and it may not be accurate or complete. QNB FS does not make any representations or warranties as to the accuracy and completeness of the information it may contain, and declines any liability in that respect. For reports dealing with Technical Analysis, expressed opinions and/or recommendations may be different or contrary to the opinions/recommendations of QNB FS Fundamental Research as a result of depending solely on the historical technical data (price and volume). QNB FS reserves the right to amend the views and opinions expressed in this publication at any time. It may also express viewpoints or make investment decisions that differ significantly from, or even contradict, the views and opinions included in this report. This report may not be reproduced in whole or in part without permission from QNB FS.

COPYRIGHT: No part of this document may be reproduced without the explicit written permission of QNB FS.