

QLM Life & Medical Insurance Company (QLMI)

Recommendation	ACCUMULATE	Risk Rating	R-3
Share Price	QR2.000	Target Price	QR2.371
Implied Upside	18.6%		

2Q2025 Beats Estimates; Profitability Driven by Investment Income & Lower Opex
QLMI's 2Q2025 earnings beats estimates. QLM Life & Medical Insurance Company's (QLMI) net profit increased by 11.2% YoY (surged by 80.4% QoQ) to QR27.4mn, above our estimate of QR23.0mn (the beat was mainly due to better-than-expected results from insurance operations). Revenue increased by 43.3% YoY (+41.2% QoQ) on contract renewals and new contracts signed, in our view, which dwarfed insurance expense. Insurance expense gained 15.6% (+11.3% sequentially), which lead to a surge in insurance service results from insurance contract issued. 2Q2025's bottom-line was positively affected from the life insurance segment (+95.6%) vs a drop of 49.4% from the medical segment; QLM generated net profit of QR10.8mn in 2Q2025 from the life segment vs. a profit of QR5.5mn from the medical segment. 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 QLM 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 slightly weakened YoY but improved sequentially in 2Q2025.** Combined ratio increased from 96.3% in 2Q2024 to 97.2% in 2Q2025, resulting in marginal profitability from insurance activities. Sequentially, QLM went from from a Combined ratio of 98.9% in 1Q2025 to 97.2% in 2Q2025.
- **1H2025 annualized RoE remained flat vs. 1H2024.** QLM generated 1H2025 RoE of 13.0% vs. 13.4% in 1H2024. ROIC improved sequentially from 6.6% in 1Q2025 to 8.9% in 1H2025. However, we estimate RoE of 10.8% for FY2025, lower than CoE.
- **Life insurance remained strong, while the medical segment turned to profitability but remained soft YoY.** 2Q2025's bottom-line was positively affected from the life insurance segment (+95.6%) vs a drop of 49.4% from the medical segment; QLM generated net profit of QR10.8mn in 2Q2025 from the life segment vs. a profit of QR5.5mn from the medical segment. Life insurance generated a strong NPM of 23.9% in 2Q2025 vs. 13.7% in 2Q2024. NPM from the medical segment was a negligible 1.4%.
- **Investment income was flat YoY, but strong sequentially; investment yield was strong.** QLM's net investment income increased by 14.6% YoY (+31.1% QoQ), which was able to mitigate the impact of flattish income from insurance operations. Moreover, a drop in other opex helped push the bottom-line up YoY. QLM generated investment income of QR15.8mn in 2Q2025 vs. results from insurance services of QR15.9mn. Investment yield was robust at 5.9% in 1H2025.
- **QLMI maintained a strong balance sheet.** The company had a strong capitalization of 43% in 2Q2025, 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.** QLM trades at FY2025e P/B and P/E of 1.0x and 9.8x, 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)	11.0	9.8	8.2	7.7
BVPS (QR)	1.88	1.97	2.09	2.20
P/BV (x)	1.1	1.0	1.0	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 (%)	5.0	6.3	7.0	7.5

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

Key Data

Current Market Price (QR)	2.000
Dividend Yield (%)	5.0
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	183,142
Mkt. Cap. (\$ bn/QR bn)	0.2/0.7
Shares Outstanding (mn)	350
FO Limit* (%)	49.0
Current Institutional FO (%)	11.1
1-Year Total Return (%)	1.6
Fiscal Year End	December 31

Source: Bloomberg (as of Tuesday 12, 2025), *Qatar Exchange (as of Tuesday 12, 2025); Note: FO is foreign ownership

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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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