



# Q2 2020 Investor Presentation

As of 30 June 2020



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**Nasser Al Hagbani**  
Chief Executive Officer



**Faisal Al Nassar**  
Chief Financial Officer





# AGENDA

## Growth strategy

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## How we performed

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Spotlight

## Technology and medical excellence

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Appendix #1

## About HMG

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Appendix #2

## Summarized financials

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# Growth strategy



# Equity story and strategy

A well-defined strategy enhanced by our core values

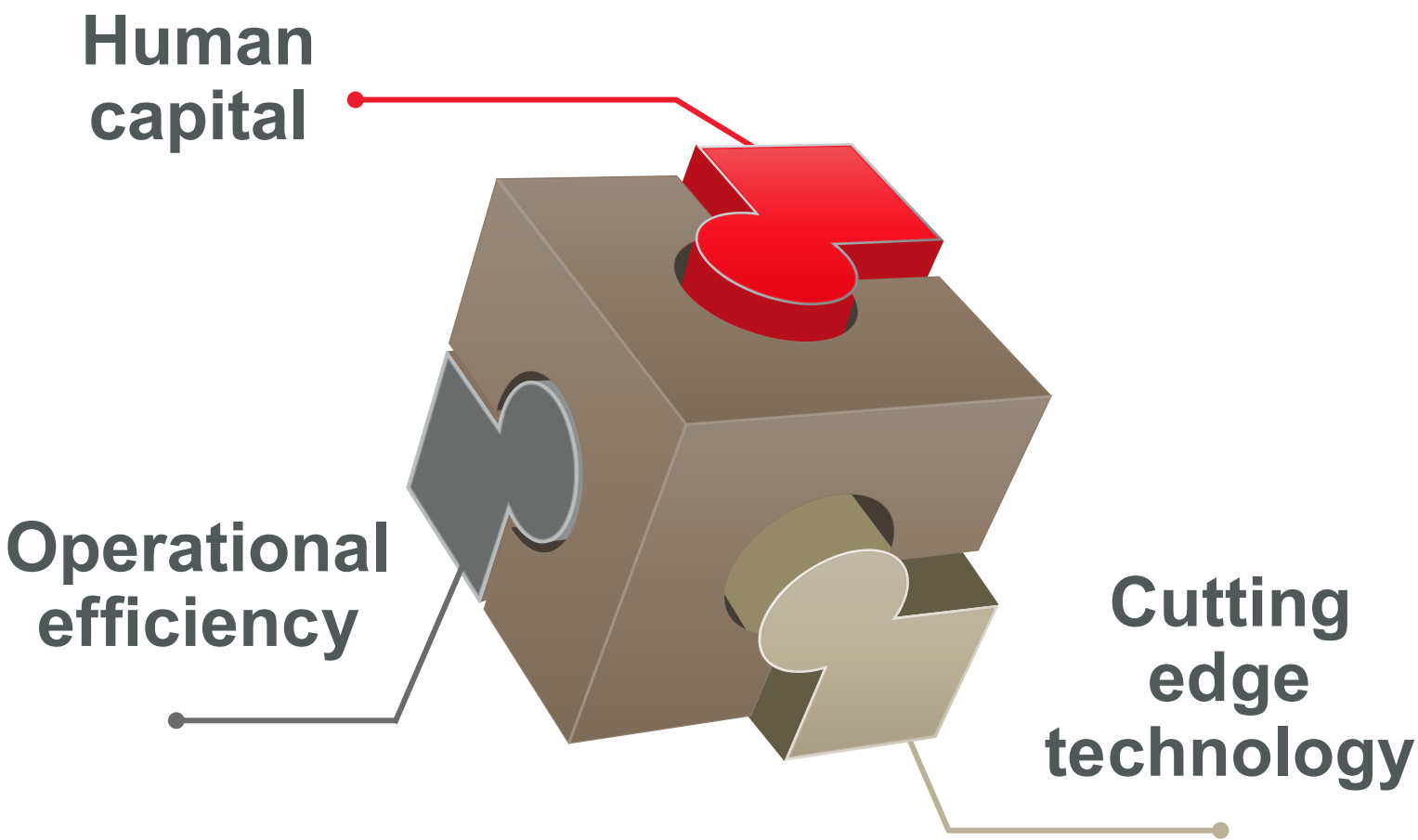
## Vision

To be the most trusted healthcare provider in medical excellence and patient experience globally

## Mission

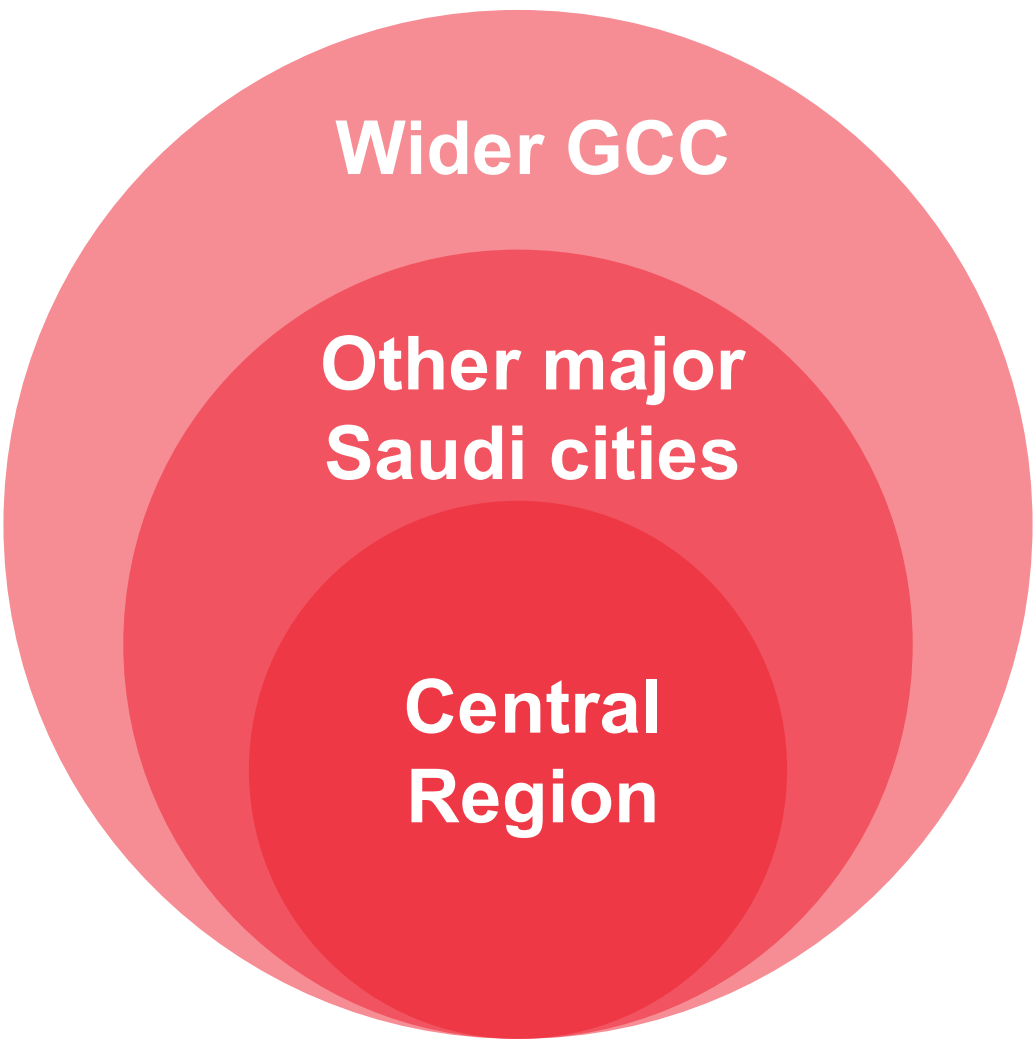
To develop and operate state of the art medical facilities and provide innovative healthcare services to create value for people

### Strengthening the core



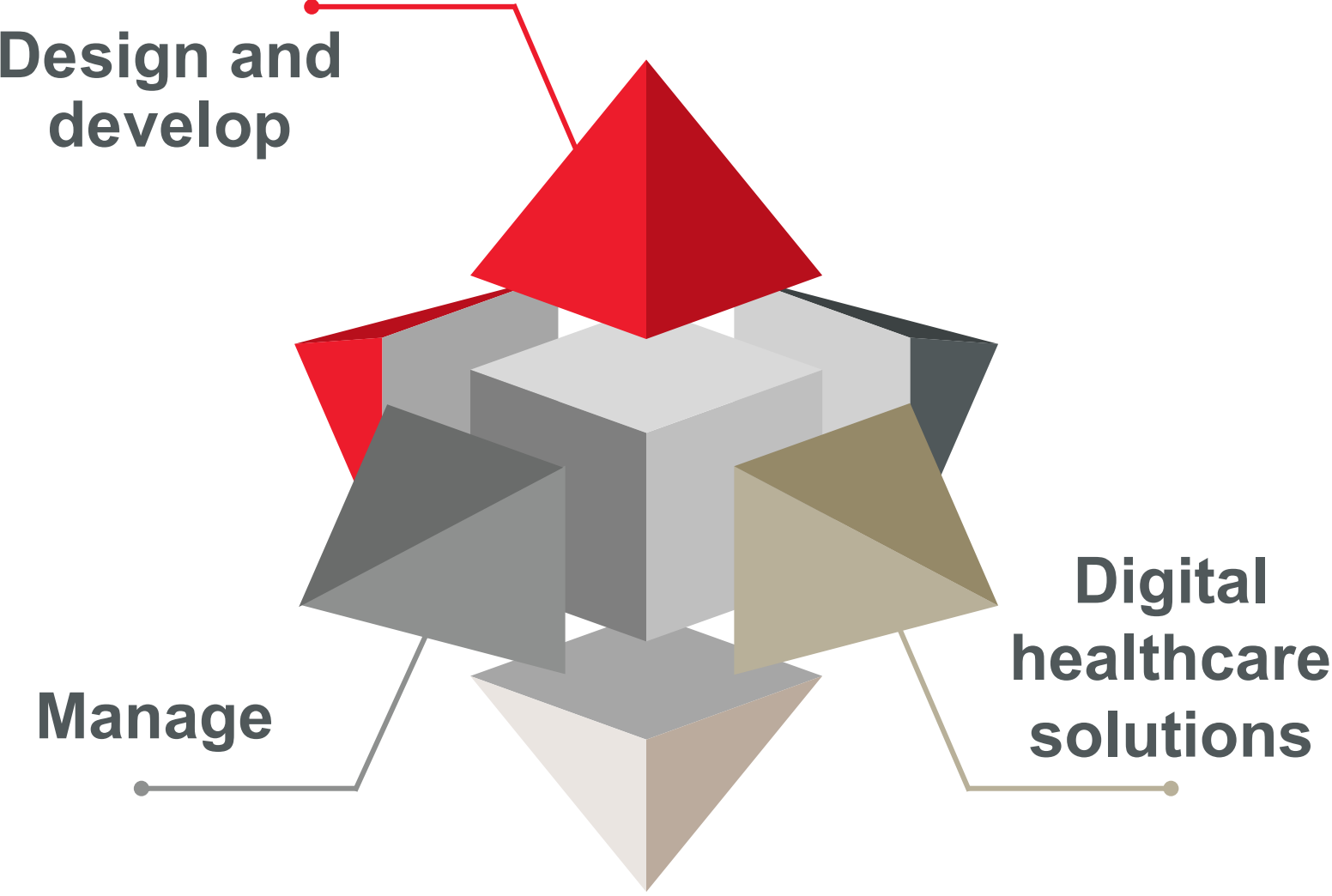
Patient centric healthcare

### Expanding the reach



Organic growth while considering inorganic opportunities

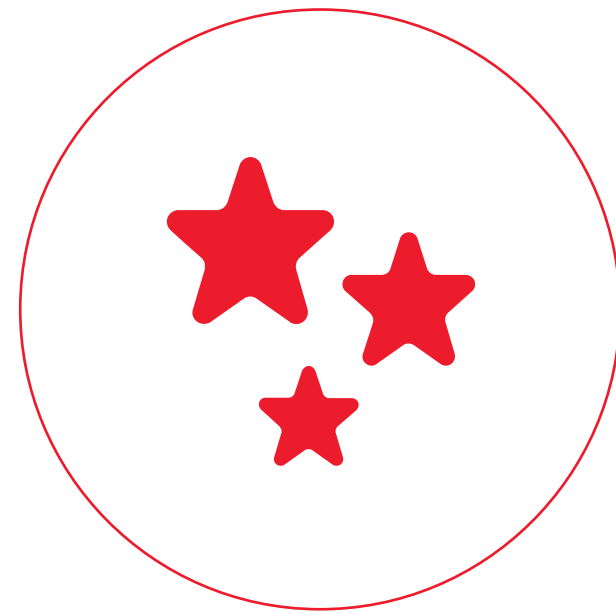
### Broadening the service



Creation of new business lines

# Key messages

A best-in-class healthcare leader with a **clear growth strategy**



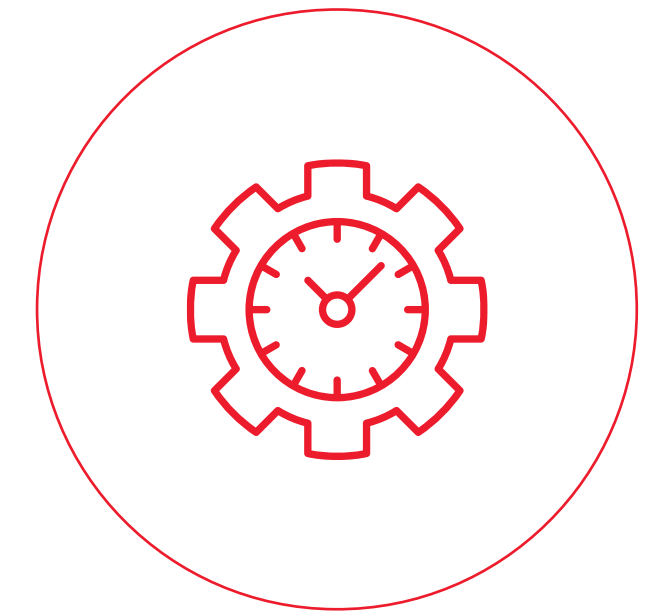
## Best-in-class

- Regional integrated healthcare provider with **25 year track record**
- **Resilient revenues** and **stable gross margins** supported by economies of scale, **strong cash flow management** and healthy balance sheet
- **Defined strategy** to strengthen core, expand reach and broadening the services



## Catalysts for value creation

- **Technology:** Pioneer in healthcare technology, award-winning hospital information system (HIS) & other 11 Technology Products.
- **PPP Programs:** 7 MoH ICU locations under management (including Tele ICU) for 189 beds and working to build more in the pipeline
- **Robust expansion plan:** 3 new hospitals under construction, construction of one additional hospital to start in 2021, expansion of HMG Solutions



## Efficiency drivers

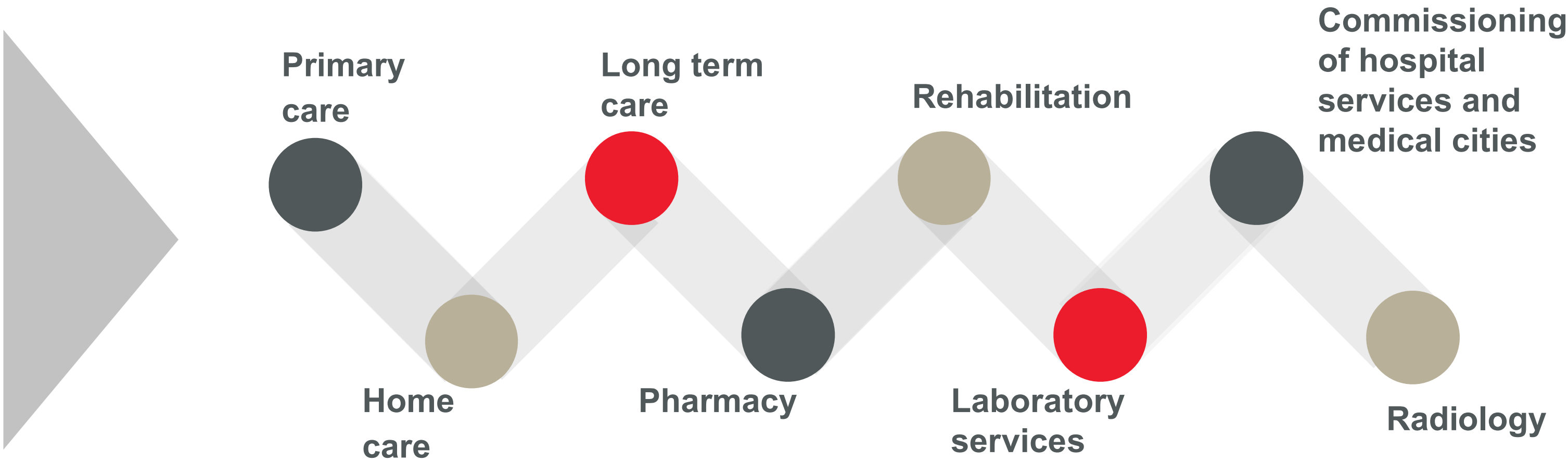
- **Efficient cash conversion cycle:** shortest CCC in the industry, proactive collection process
- **Cost efficiency:** economies of scale and cost efficiency on a growing patient volume base
- **Technology to drive operational efficiency:** best in class HIS, patients and physicians apps and rapidly growing business solutions including special focus on automation of services

# HMG is contributing to the goals of Vision 2030

KSA has set a target to increase private sector participation in the healthcare industry to 35% by 2020



## Areas of focus for privatization



### How has HMG positioned itself to participate?

Intensive Care Units (ICUs)

- Operating ICU beds in **7 MoH hospitals**
- Managing **the largest Tele-ICU Command Center in the world**  
(Guinness World Record 2019)



Solutions

- Implementing **VIDA** in **17 MoH hospitals**
- Management, operation and maintenance of **PACS** infrastructure systems in **11 MoH hospitals**

Home Healthcare

- Providing home healthcare services to **General Department of Medical Services at the Ministry of Interior**



# Business structure

A fully integrated healthcare services provider



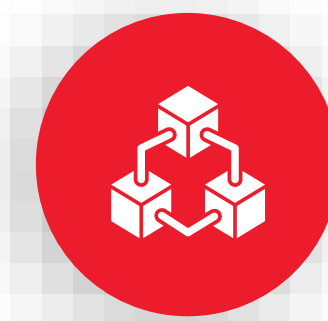
## Hospitals

- **7 hospitals** in Saudi Arabia and Dubai
- **1,900+** beds and **1,370+** clinics
- **1 medical center** in Bahrain through management agreement
- **13k+** staff, **2,750+** physicians



## Pharmacies

- Outpatient pharmacies as part of the hospitals
  - **13 pharmacies in Saudi Arabia**
  - **1 pharmacy in Dubai**
  - **400+ employees**
- E-Pharmacy

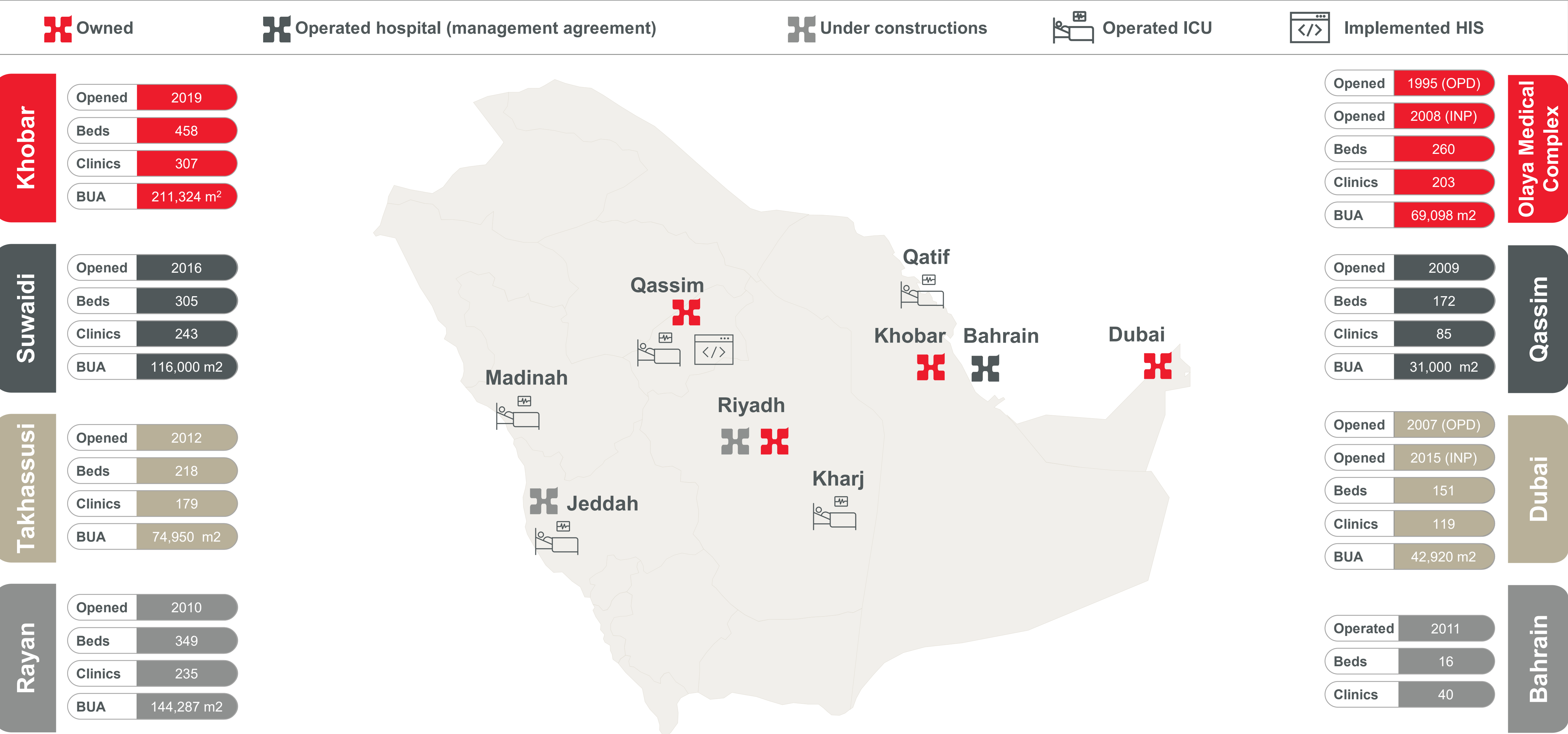


## HMG Solutions

- **Cloud Solutions:** technology Arms including HIS, e-medicine, mobile app & other Applications
- **PPP Programs:** Operating Intensive Care Units for others
- **Home Healthcare** services
- **MD LAB** for advance laboratory services

# Where we operate

With total built-up area of 689,000+ m2, HMG owns most of its hospital properties



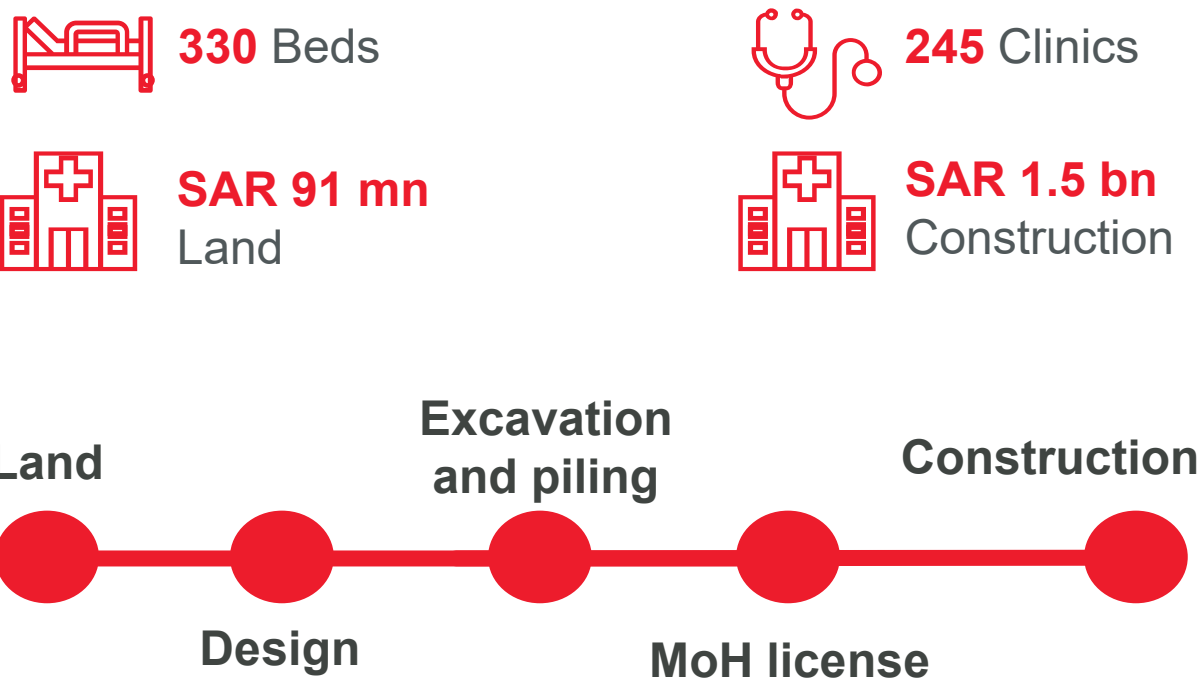


# Projects update

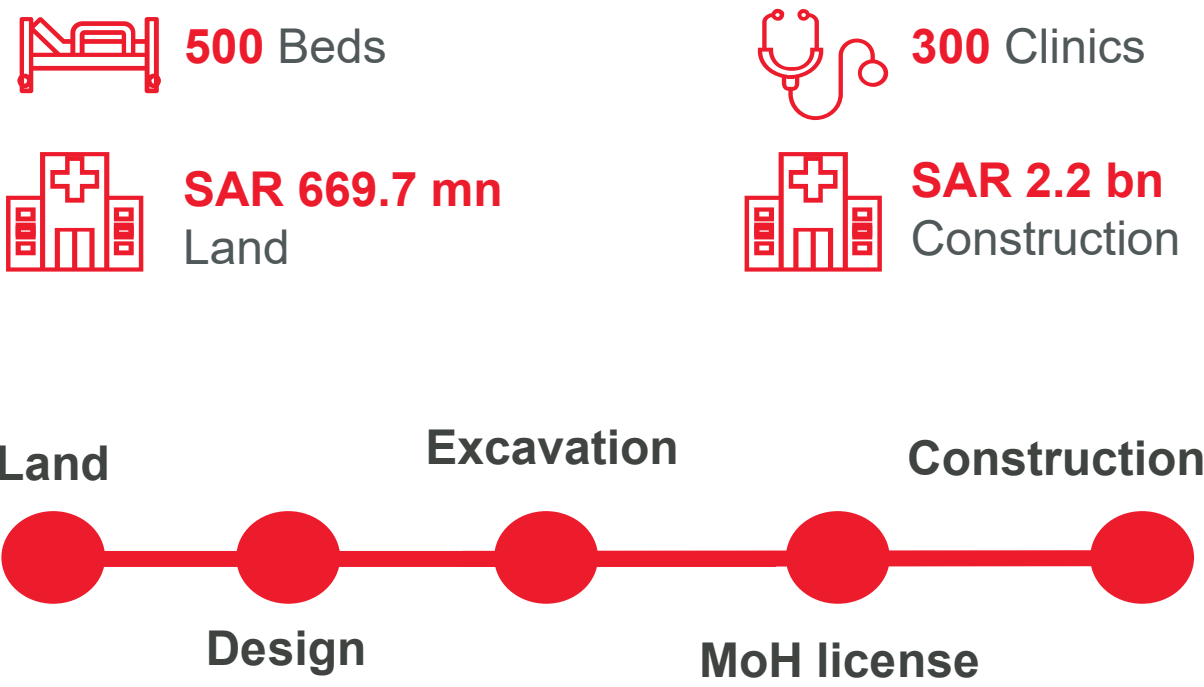
Solidifying our market leadership through aggressive expansion



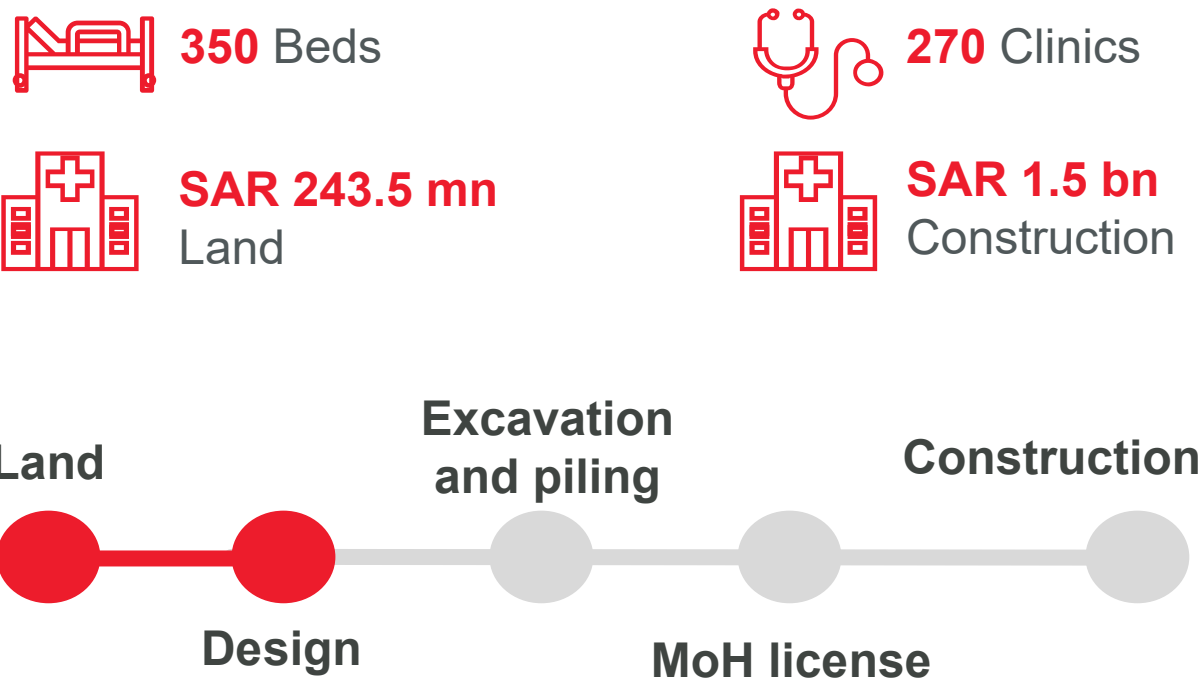
**South-West Jeddah** 2023E  
50% ownership



**North Riyadh** 2023E  
100% ownership



**North Jeddah** 2024E  
100% ownership





# Current projects update

State-of-the-art medical facilities to create value for people



## North Riyadh



### Excavation

- Raft **100% Complete** (68,397.19 m3 concrete)
- **40,000Sqm** Slap finish
- Vertical **waterproofing** completed



### Total workforce

- **742 HMG** Engineering and Contracting **Staff**
- **1+ million** Safe working hours
- **Zero** incidents to date



## South- West Jeddah



### Excavation

- Shoring Wall **100% completed** 731 meter
- Excavation Works **150,918/283,272** cum 51.67 %
- Waterproofing of piles **120/2084** piles



### Total workforce

- **231 HMG** Engineering and Contracting **Staff**
- **31k+** Safe working hours
- **Zero** incidents to date






# New maternity and pediatric hospital project

State-of-the-art medical facility to create value for people

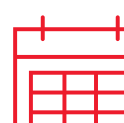


 **Location**  
Riyadh, intersection between King Abdullah road and Takhassusi street

 **Project Details**  
Land Area **7,170 sqm** (owned by the project)  
Built-up capacity **62,274sqm**

 **Project Financing**

- The estimated total cost of the project is SAR 472 million.
- The project will be funded by the **Company's internal resources** and by **long-term Shariah-compliant facilities** from local banks

 **Expected Dates**

- The expected project start date is **Q3 2020**
- The expected project completion date is **Q4 2023**
- The expected commencement date is **Q1 2024**







# How we performed



Technology

Launch of **Habib Live Care**



Launch of first smart-link project between **hospitals Emergency and ambulances**

Launch of **‘Tele-stroke’** program in addition to the existing: **Tele-ICU**, Tele Radiology, **Tele-Medicine**, Tele Health

3 New lines of business

**Primary Care**

**Virtual clinics**

**RCM**

Mobile application H1 2020

Total Download **154k+** downloads **Growth 72%** ▲

Booked Appointments **458k+** appointments **Growth 32%** ▲

Transactions **131m+** transactions **Growth 300%** ▲



Medical excellence

**Launch** of 21<sup>st</sup> intensive pediatrics course

**337 CPR** course with **1921 trainees**

Hosted **International Conference** on **Emergency Medicine**

Launch **Excellence Award** for **COVID-19** research

**500+** healthcare practitioners trained from **12 university**

Operations

Partnership with **Diplomatic Quarter** General Authority for development and operation of **Primary Care Center**



Operating new **50 beds** in Madinah as part of **PPP**



Licensed to perform **COVID-19** testing, with **drive-through** service, **without** any single **outbreak**



**Roll-out** of at home vaccination program for children

Awards and recognitions

**Khobar** hospital gains Level **6 HIMSS accreditation** during **COVID-19**



**EANM** accreditation for **Nuclear Medicine Center**



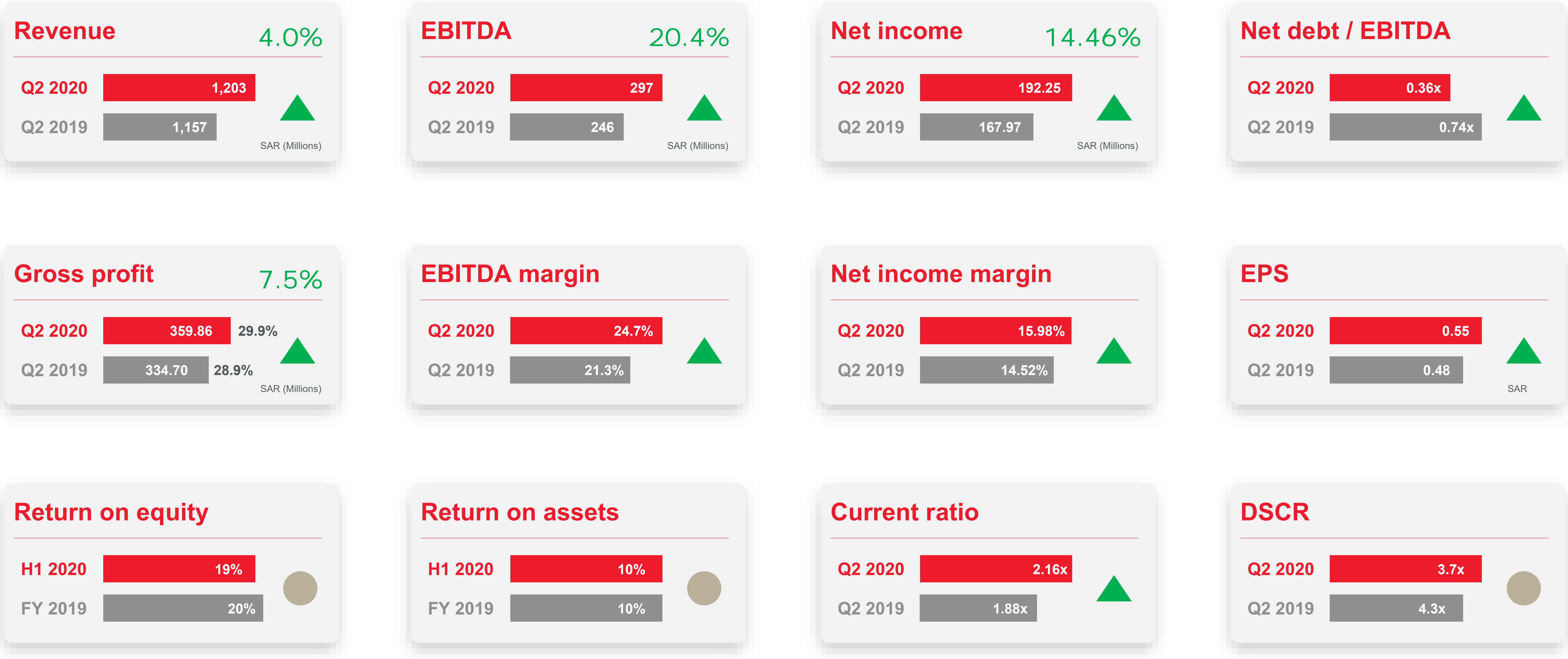
Suwaidi hospital gains **JCI accreditation** during **COVID-19**

**Forbes** International **top 100 companies** in the Middle East



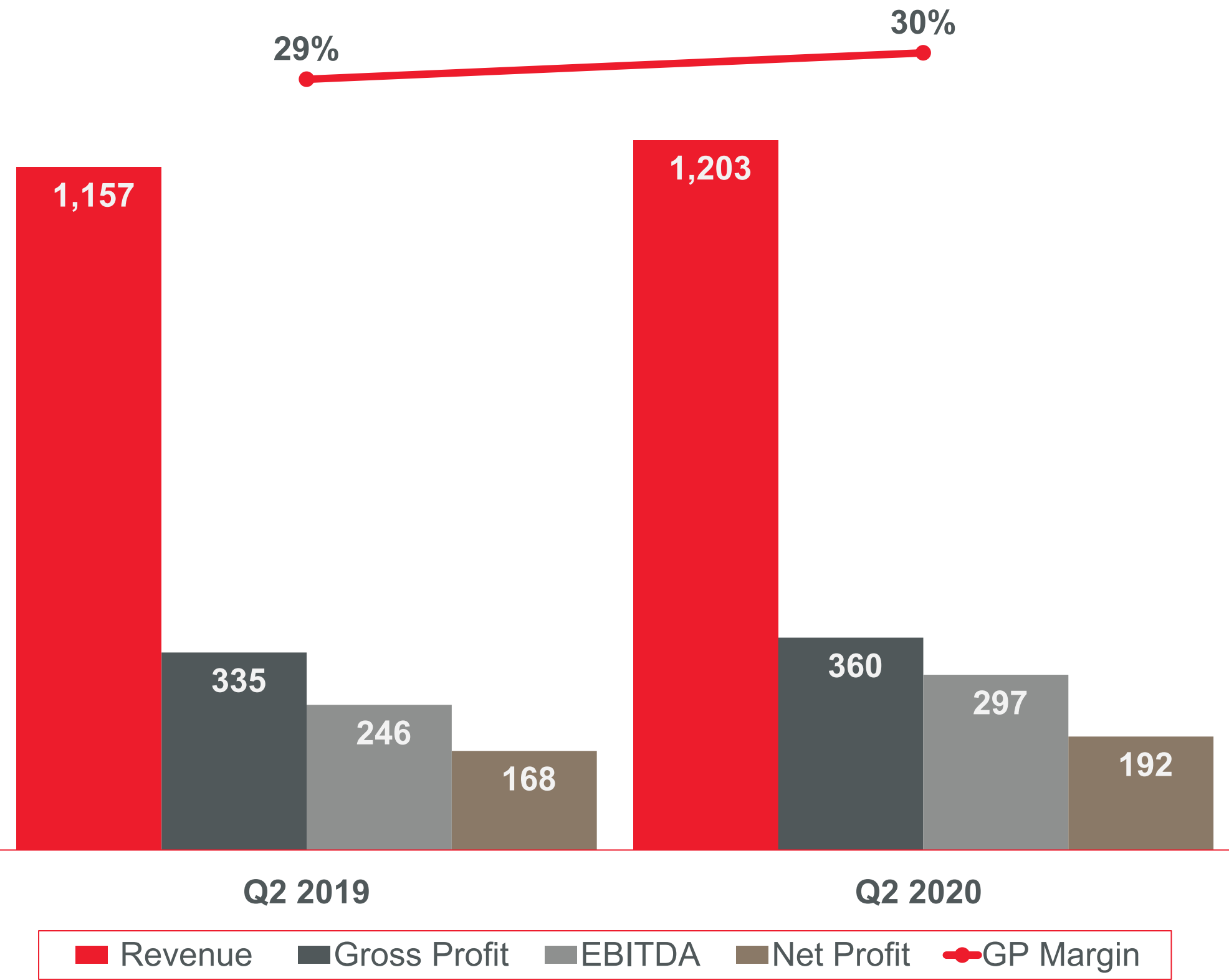


# Financial highlights: Q2 2020



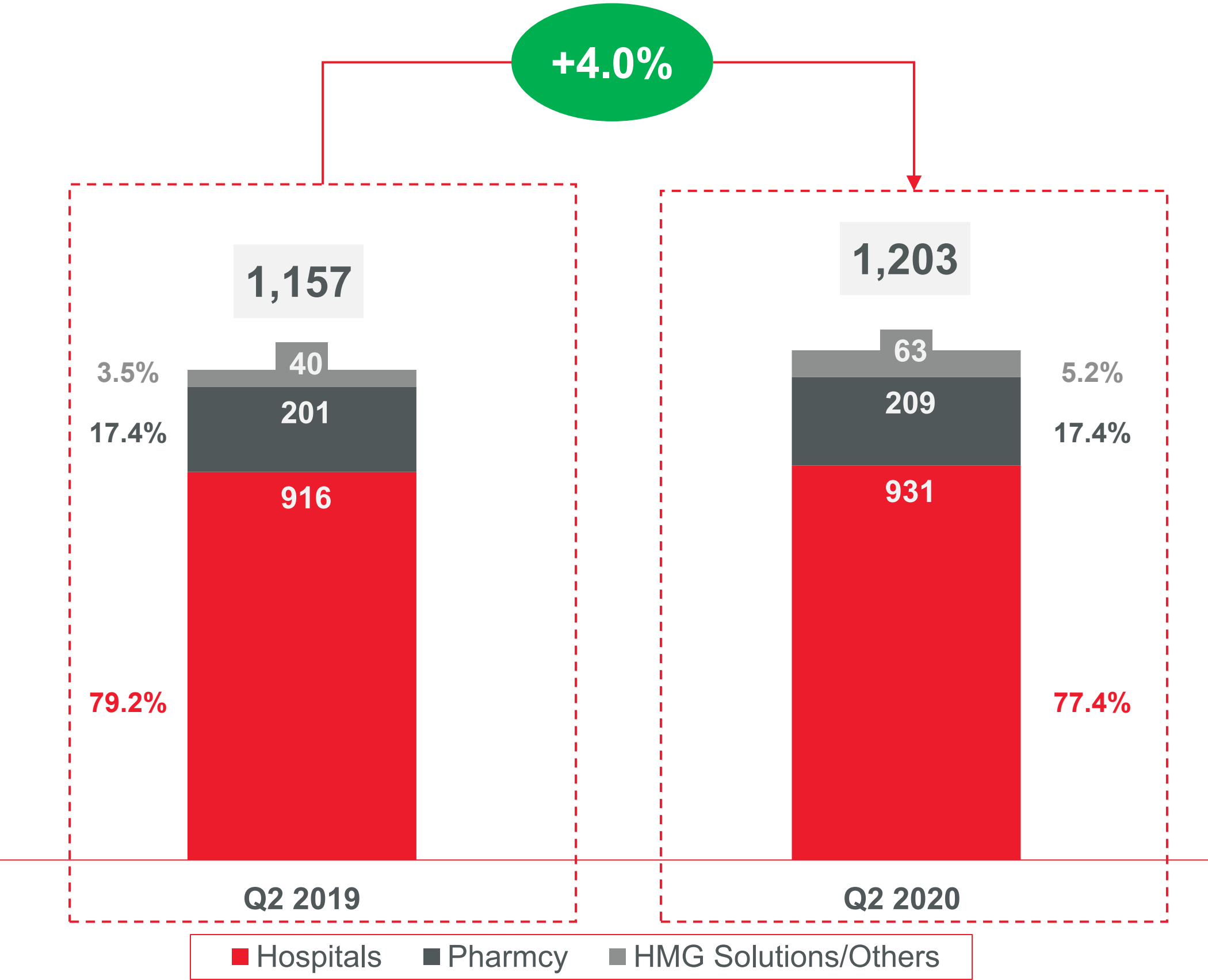
Financial performance

SAR million



Revenue by segment

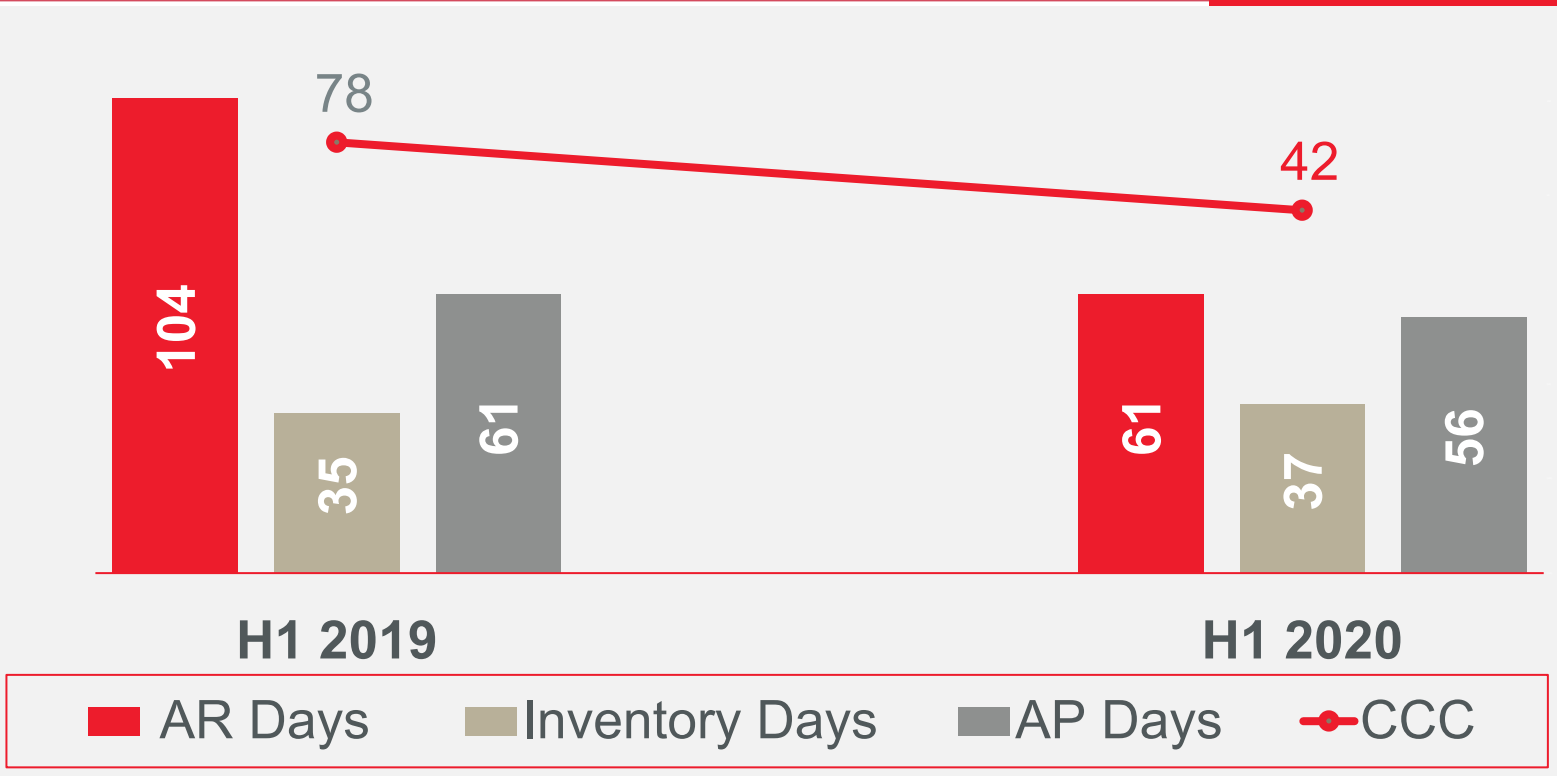
SAR million



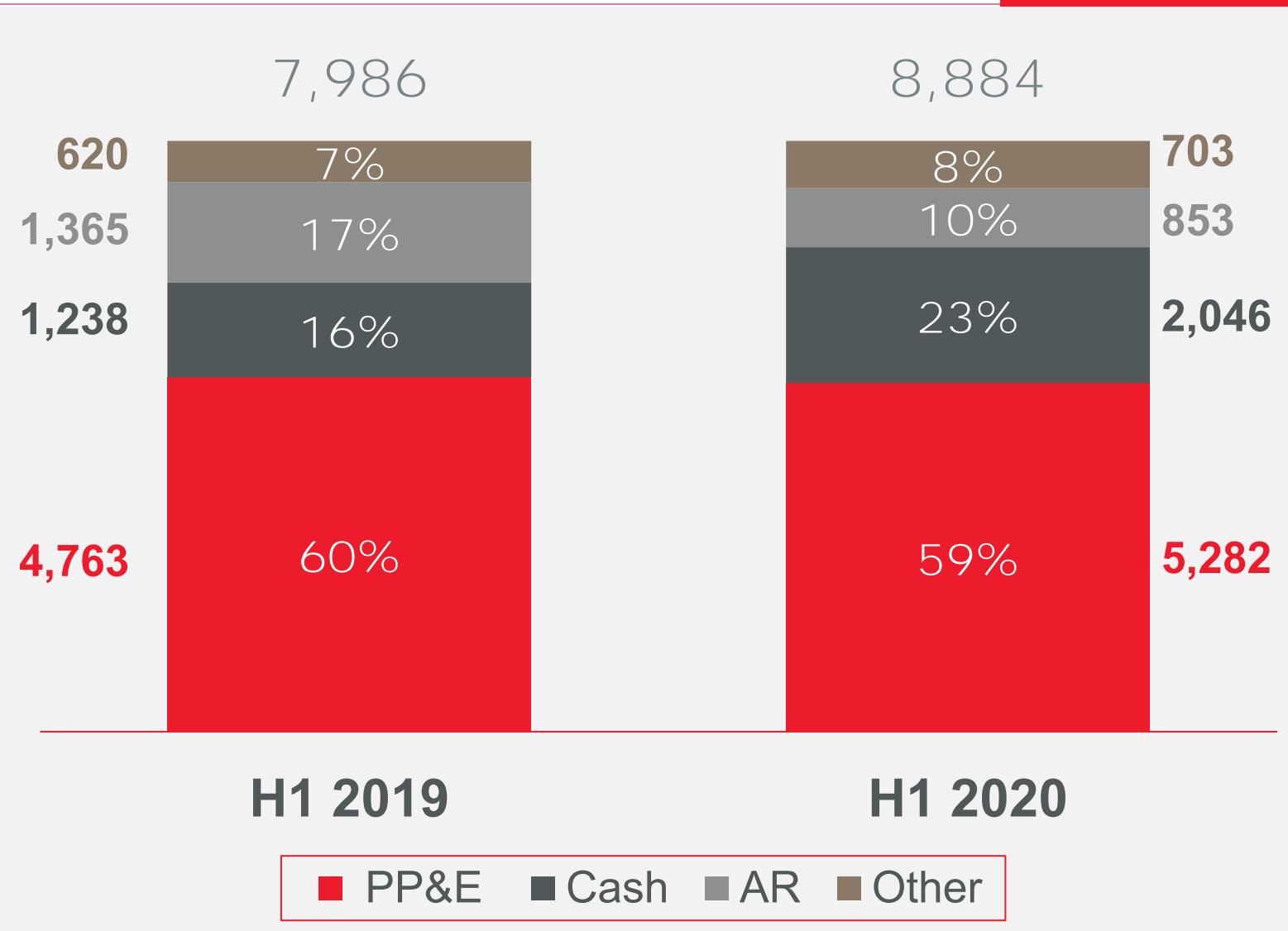


# Healthy balance sheet

## Cash conversion cycle Days



## Total assets SAR million



## H1 2019 Total assets SAR 8.0 billion

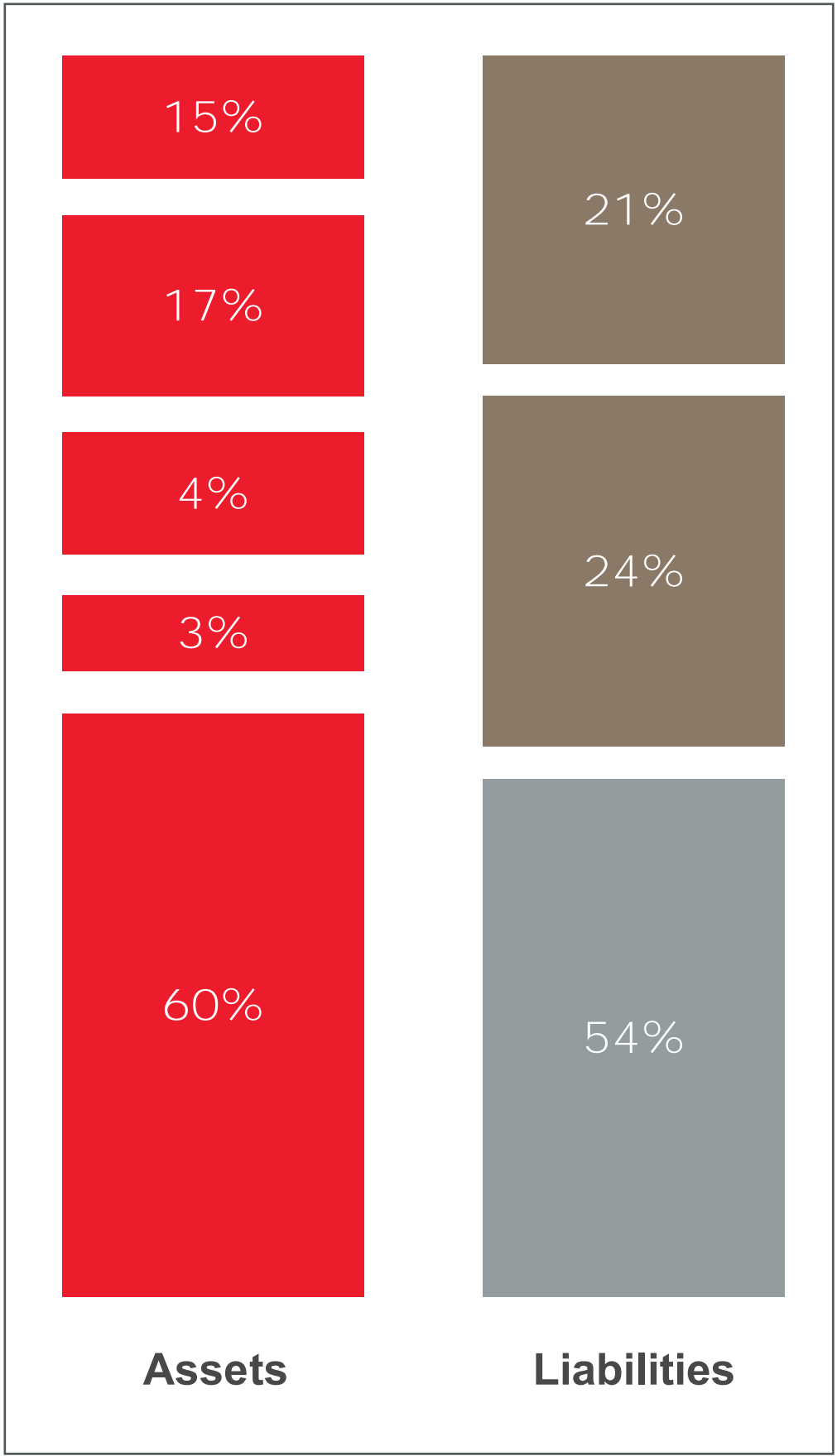
Cash and bank  
balances

Accounts  
receivable

Inventories

Other current  
assets

Non-current  
assets

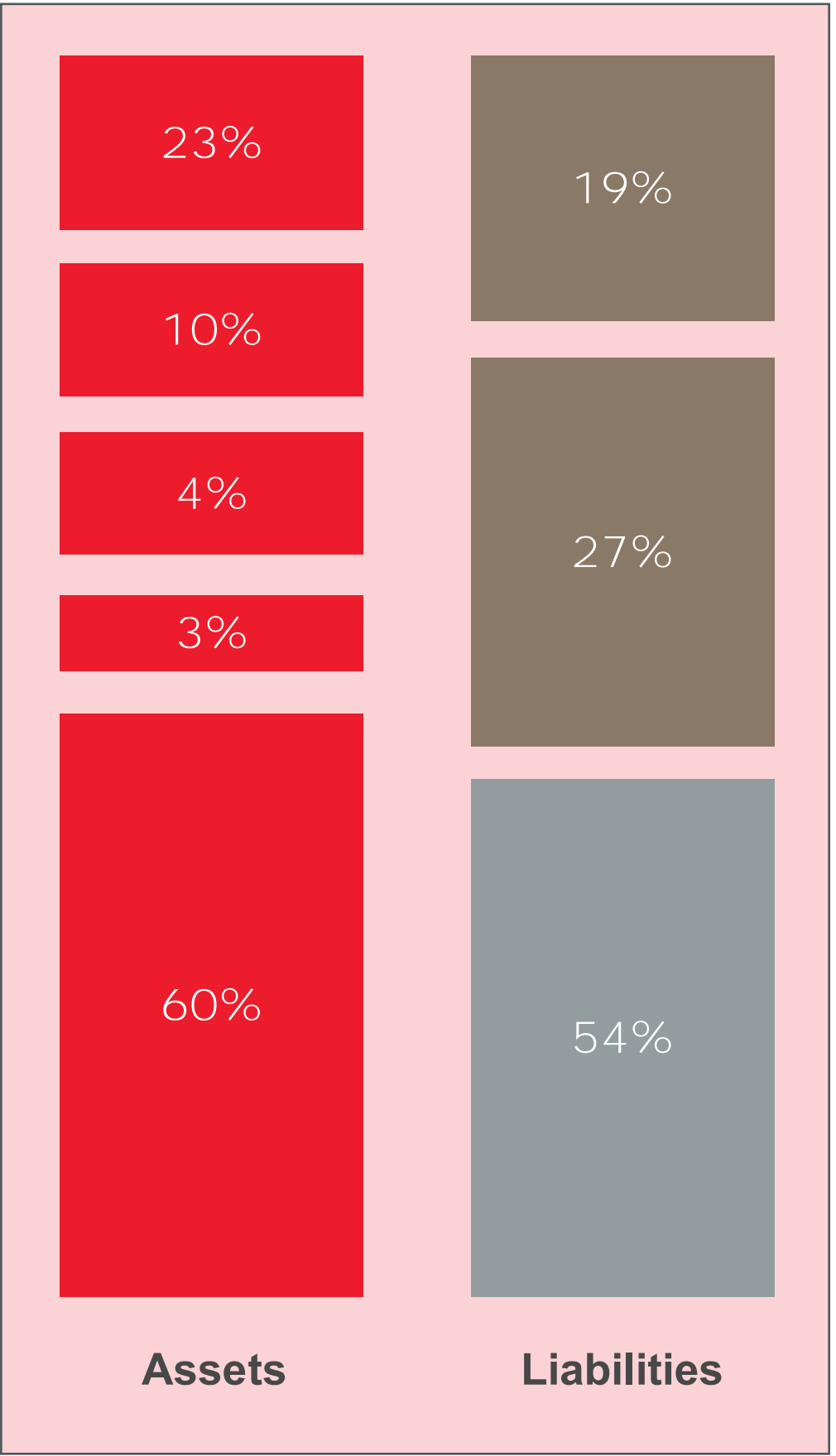


## H1 2020 Total assets SAR 8.9 billion

Current  
liabilities

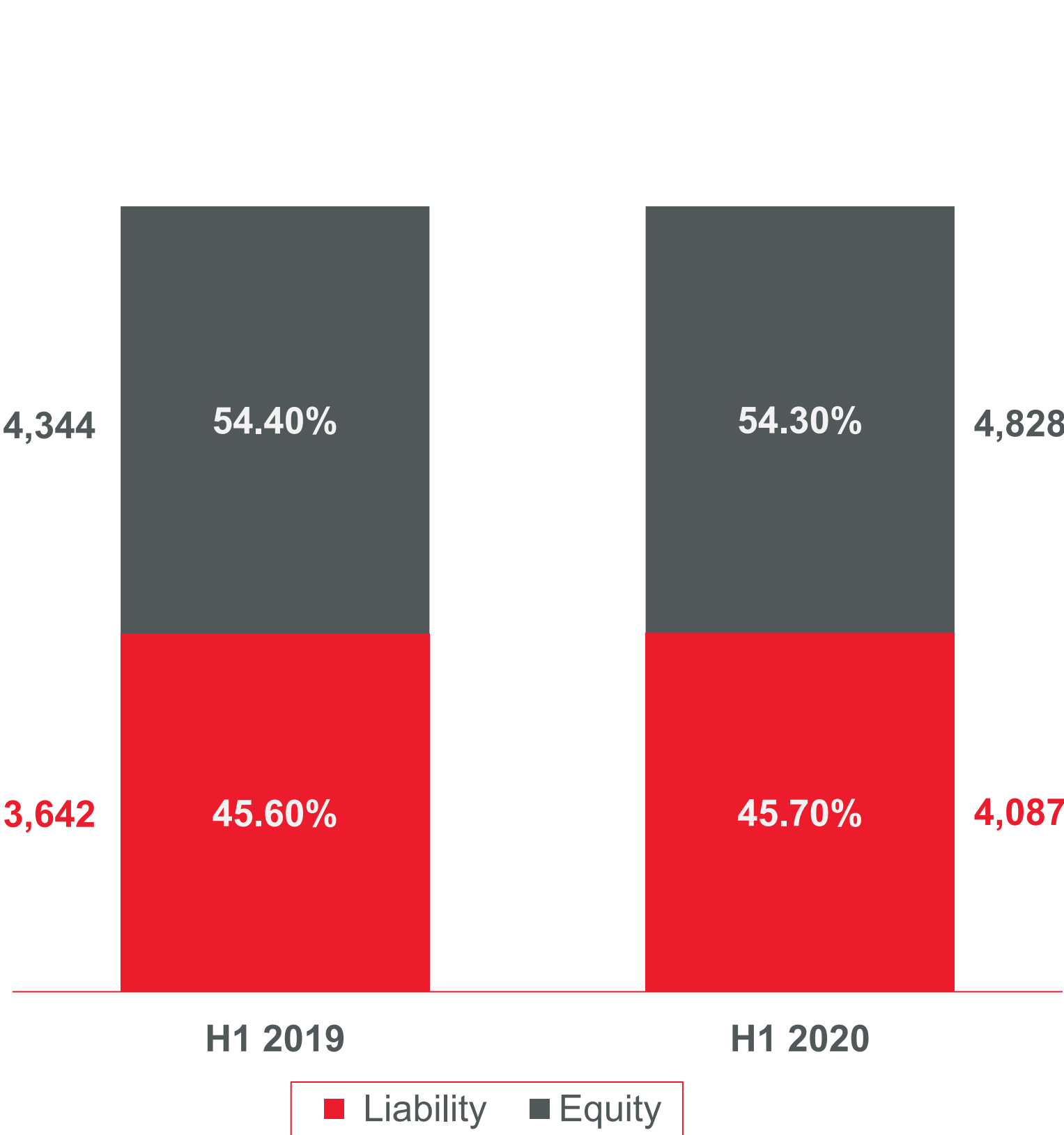
Non-  
current  
liabilities

Equity

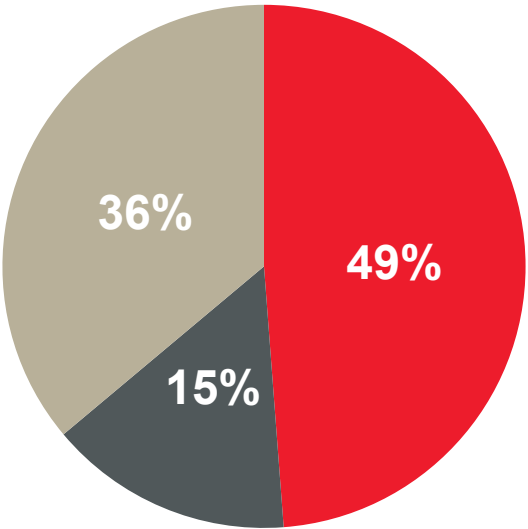


Total liabilities and equity

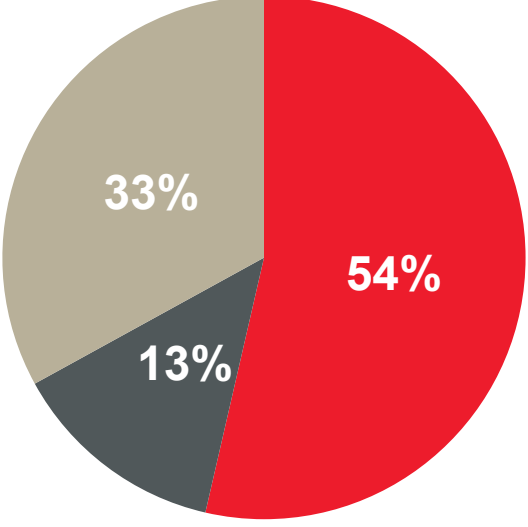
SAR million



H1 2019 Liabilities breakdown

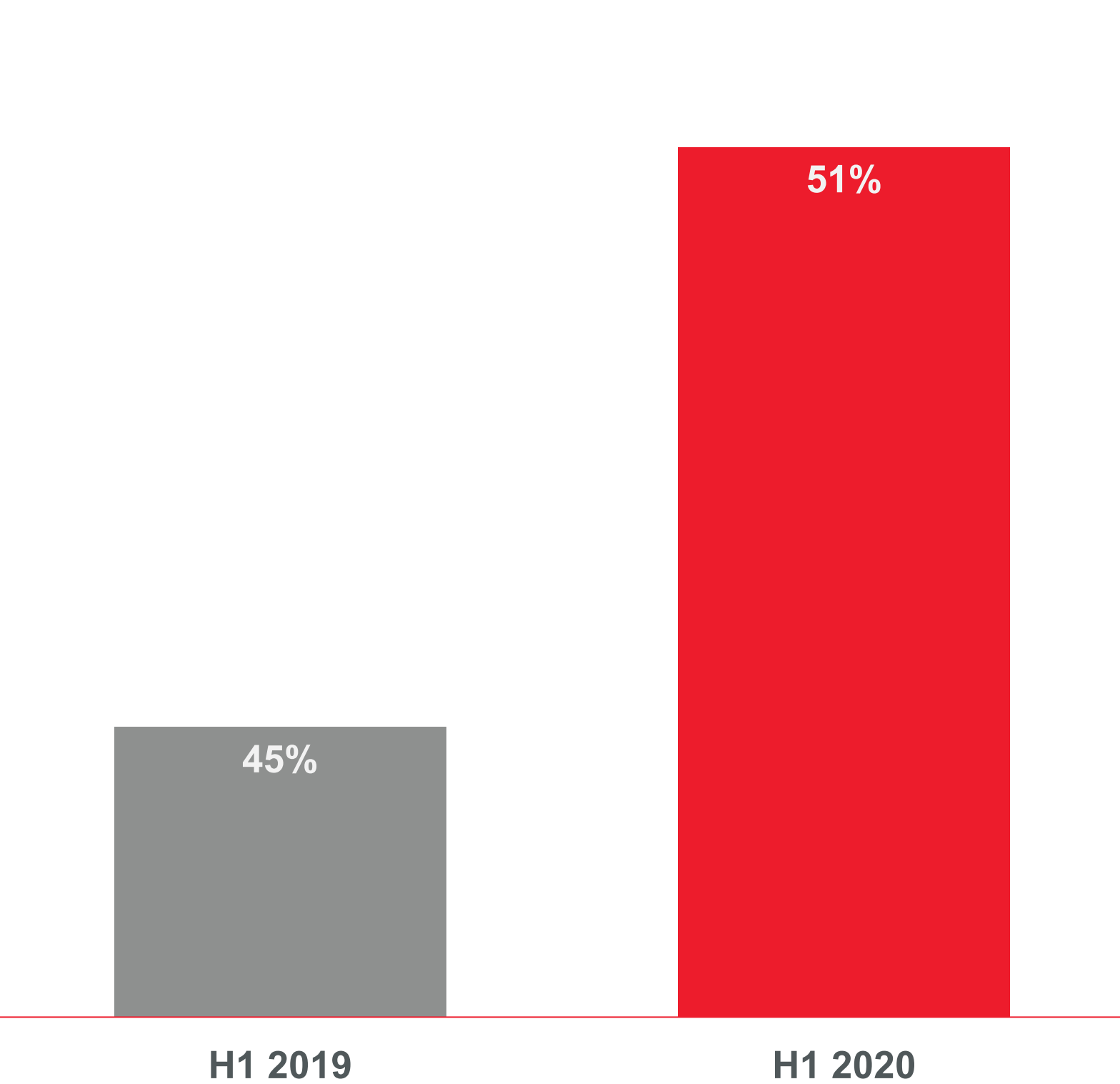


H1 2020 Liabilities breakdown



Debt to equity

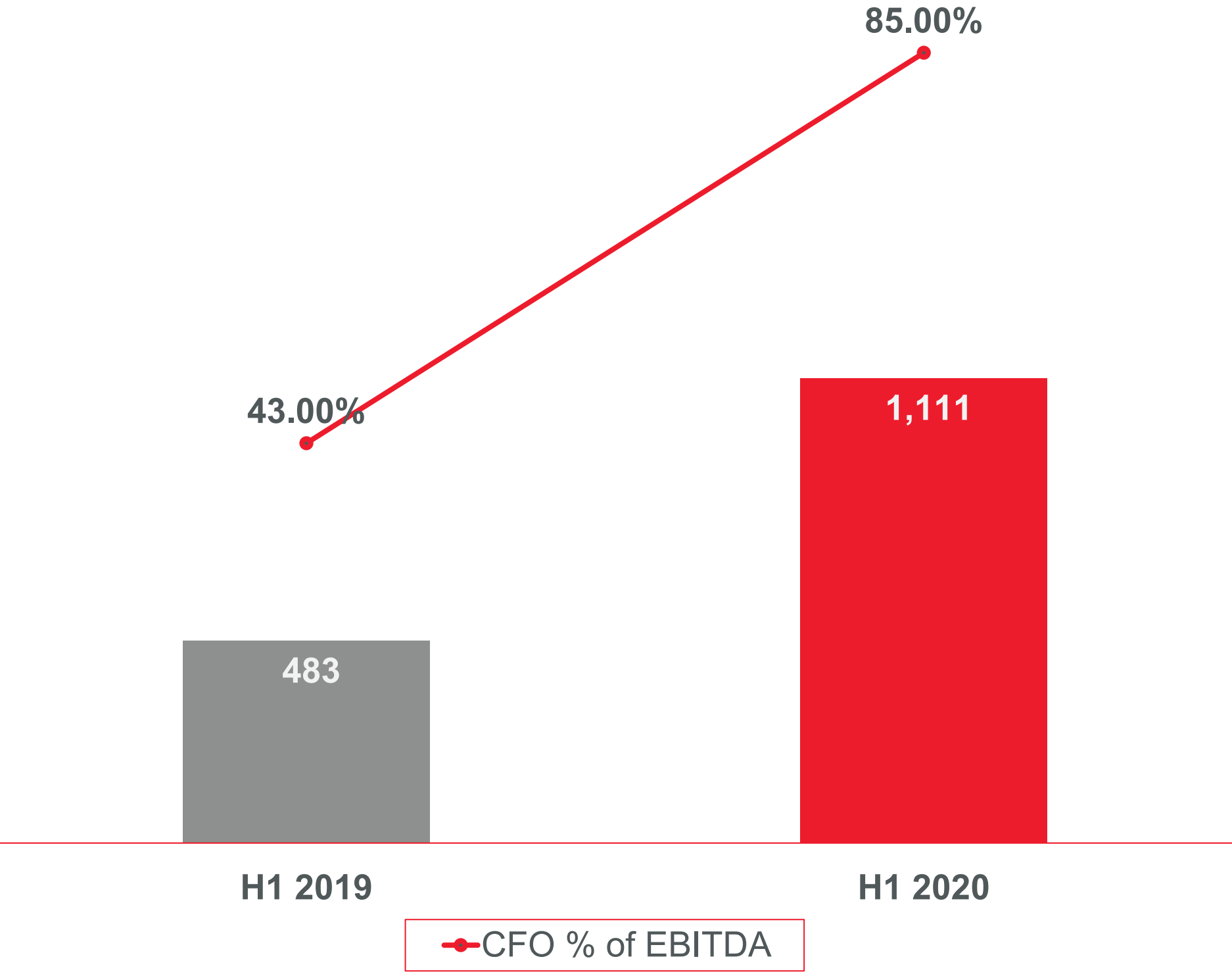
%





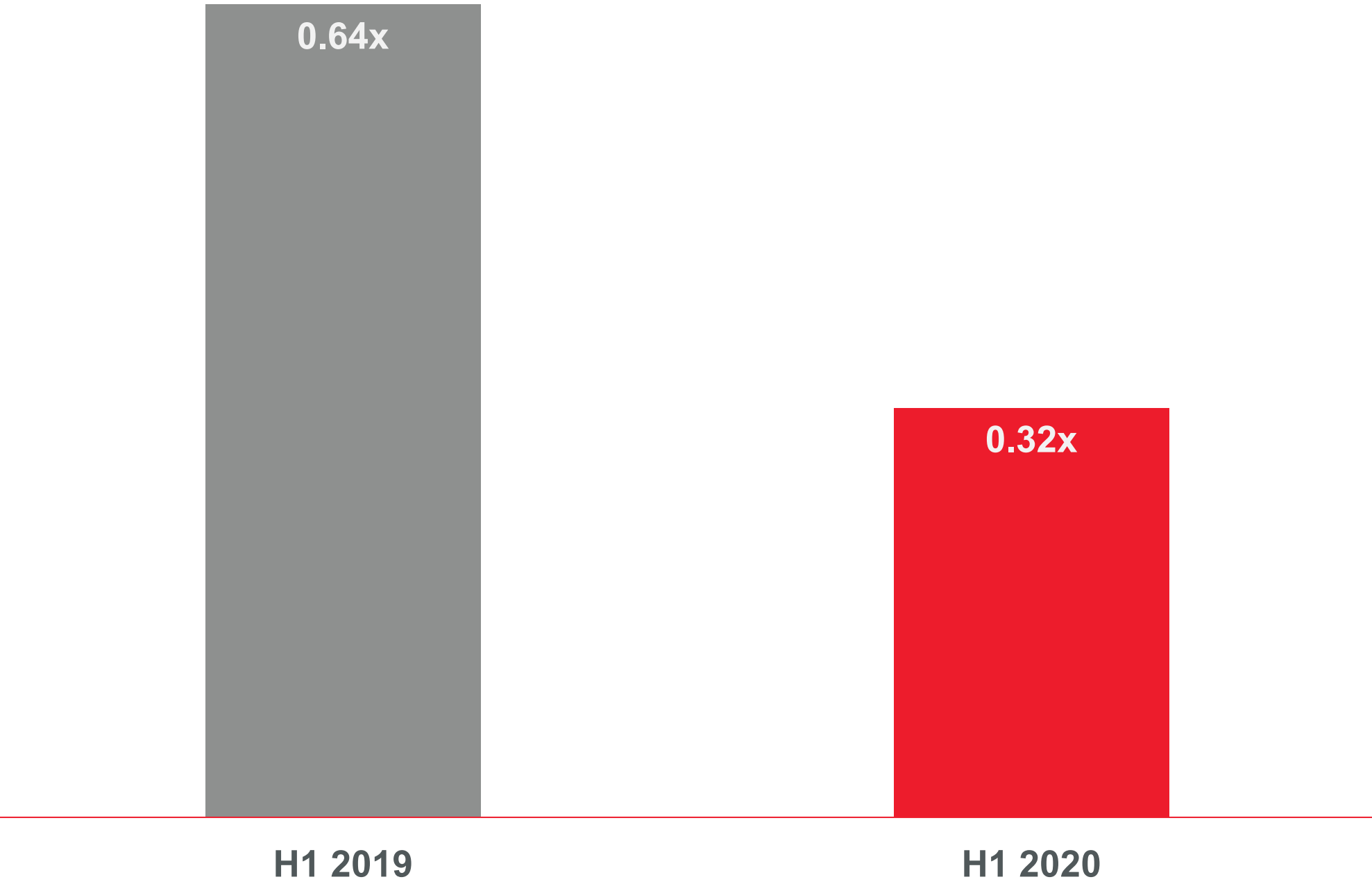
Cash flow from operations

SAR million



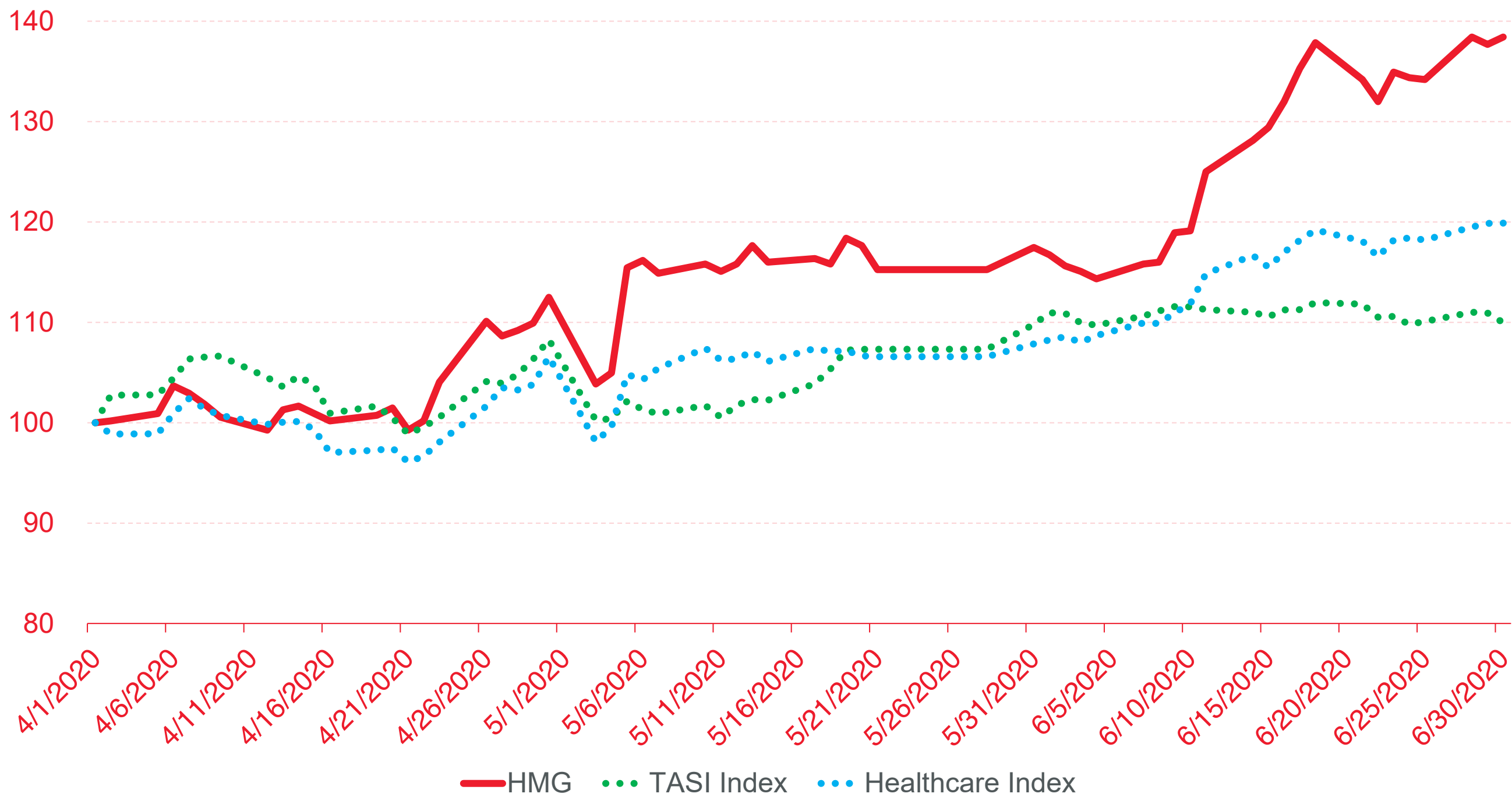
Net Debt / EBITDA

Times



# Share performance and dividend record

## Share Price Performance (Monthly; Rebased to 100)



Source: Bloomberg, Tadawul, HMG's Financials

## Total cash dividends for shareholders / H1-2020

|                             |                                       |
|-----------------------------|---------------------------------------|
| Total distributed dividends | SAR 315 million                       |
| % of capital                | 9% (equivalent to SAR 0.90 per share) |

## Cash dividends for shareholders / Q2-2020

|                             |                                       |
|-----------------------------|---------------------------------------|
| Total distributed dividends | SAR 140 million                       |
| % of capital                | 4% (equivalent to SAR 0.40 per share) |
| Eligibility date            | 20 August 2020                        |
| Date of distribution        | 06 September 2020                     |

## Cash dividends for shareholders / Q1-2020

|                             |                                       |
|-----------------------------|---------------------------------------|
| Total distributed dividends | SAR 175 million                       |
| % of capital                | 5% (equivalent to SAR 0.50 per share) |
| Eligibility date            | 02 July 2020                          |
| Date of distribution        | 20 July 2020                          |



# Investor Relations: launching the new website

One-stop portal for the investment community



**Financial information** including financial statements, share performance and earnings pack



**Quarterly disclosures** and toolkit



**Reporting material** including annual and interim reports



**Continuously updated** - sign up to receive updates







Spotlight

# Technology and medical excellence



# Developing cutting edge technology

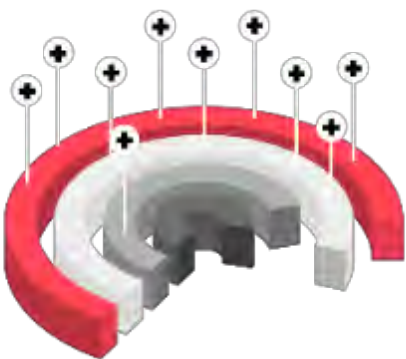
Pioneer in award-winning hospital information system and applications in the MENA region



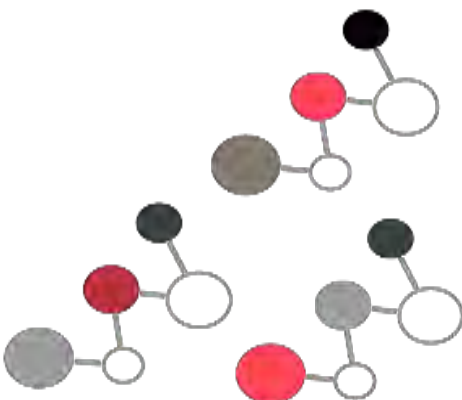
**15+ Years of experience** in deploying technology solutions in healthcare domain



**11 Products**

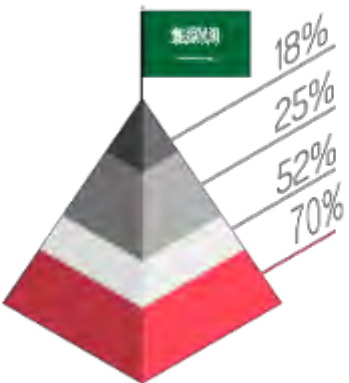
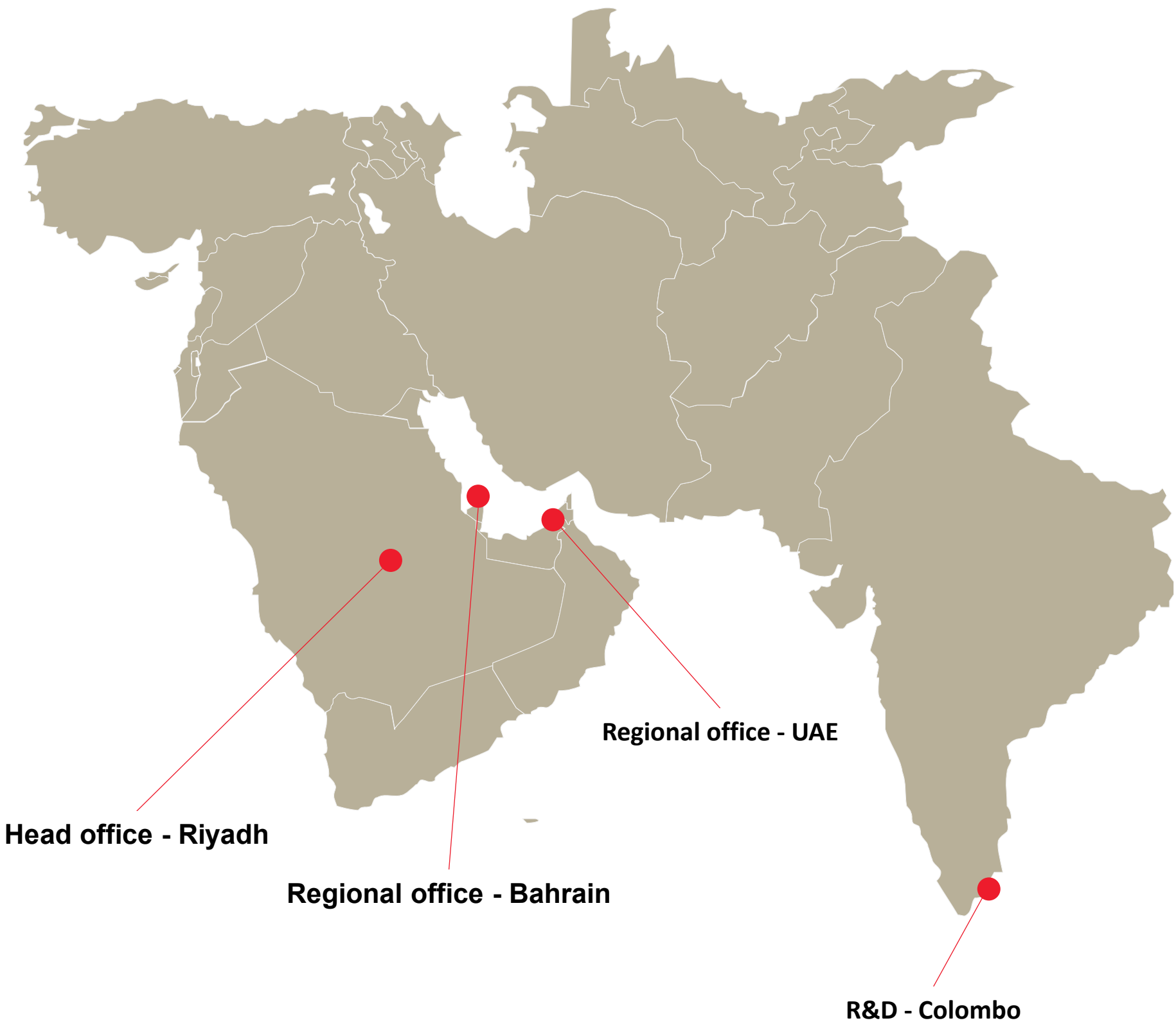


**27 Digital hospitals**



**15 Clients**

## HMG Solutions' footprint



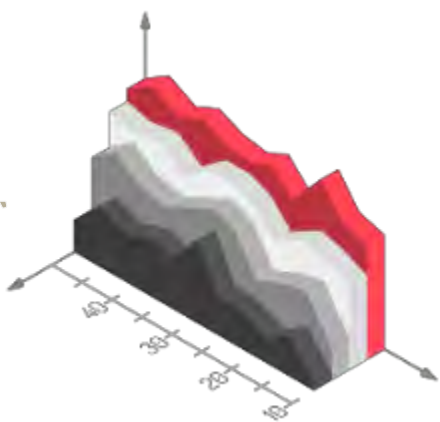
**70% Saudization**



**400+ Employees**



**23 International partnerships**



**4 University student internships**

# Pioneer in healthcare technology

Better medical outcomes, exceptional patient experience, and advanced operational practices



## E-medicine

### Tele-ICU

- The largest in the world (Guinness World Record), with **796** beds
- First in MENA working **24/7**
- Scalable to manage **1,000+** beds

### Tele-radiology:

- Improving efficiency and quality of care
- Central reporting **24/7**

### Tele-medicine

- Enabling second opinion through robotics

### Tele-health

- Enabling home health care and tele-health, fully integrated with medical equipment



## HIS (VIDA)

### First-of-its-kind electronic portal

- Helps in storing and managing medical procedures, diagnostics, and analysis
- **Integrates healthcare provision stages** in a paperless environment
- **Web-based** (Cloud-based)
- **Built using the industry's best practices and healthcare standards** such as HL 7, ICD 10, CPT
- Achieved **HIMSS stage 6 accreditation**
- **17** MoH Hospitals



## Mobile application

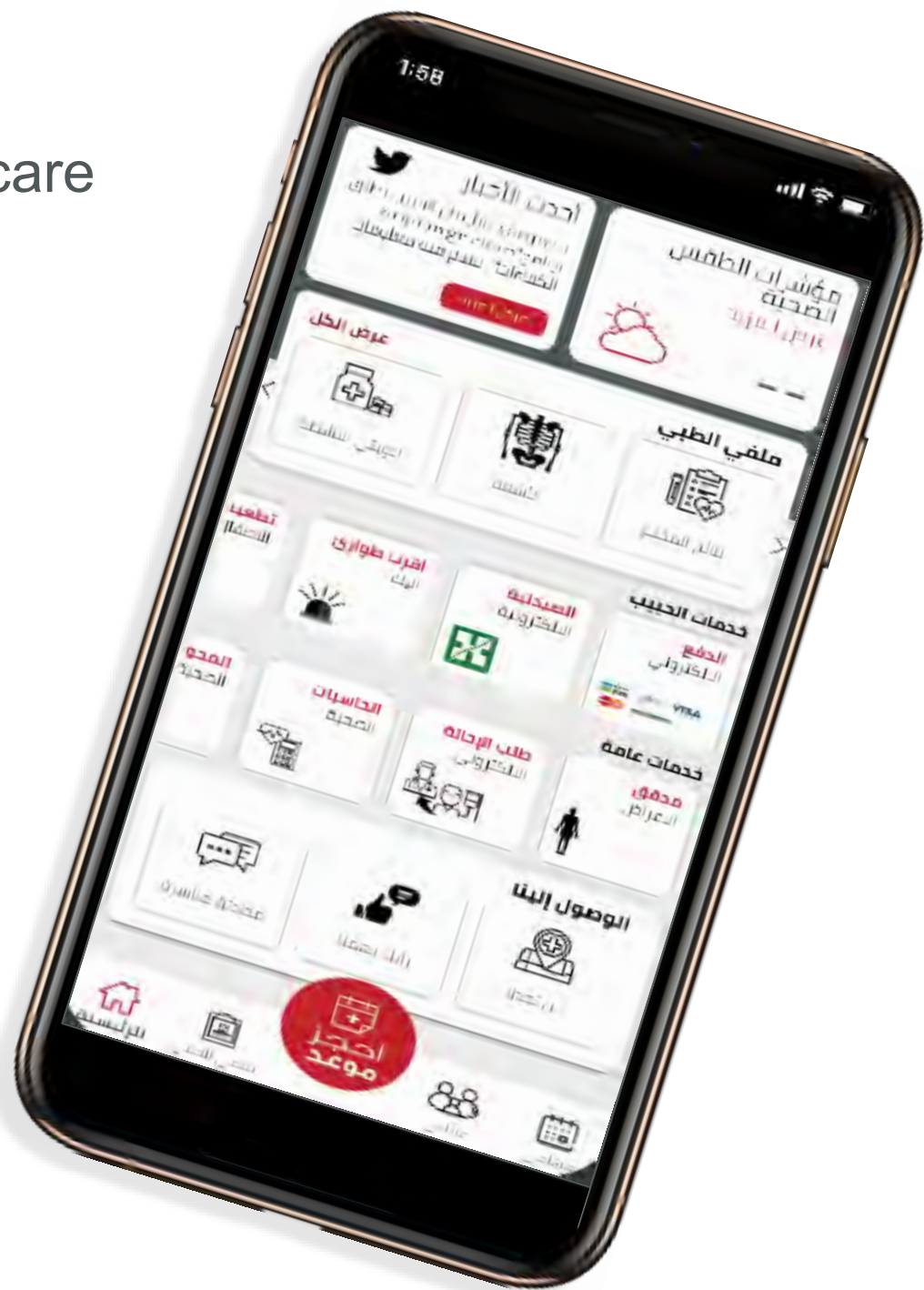
### medical record anywhere anytime

#### Patients

- Unique patient experience
- Built using the latest Technologies

#### Physicians

- Continuity of care





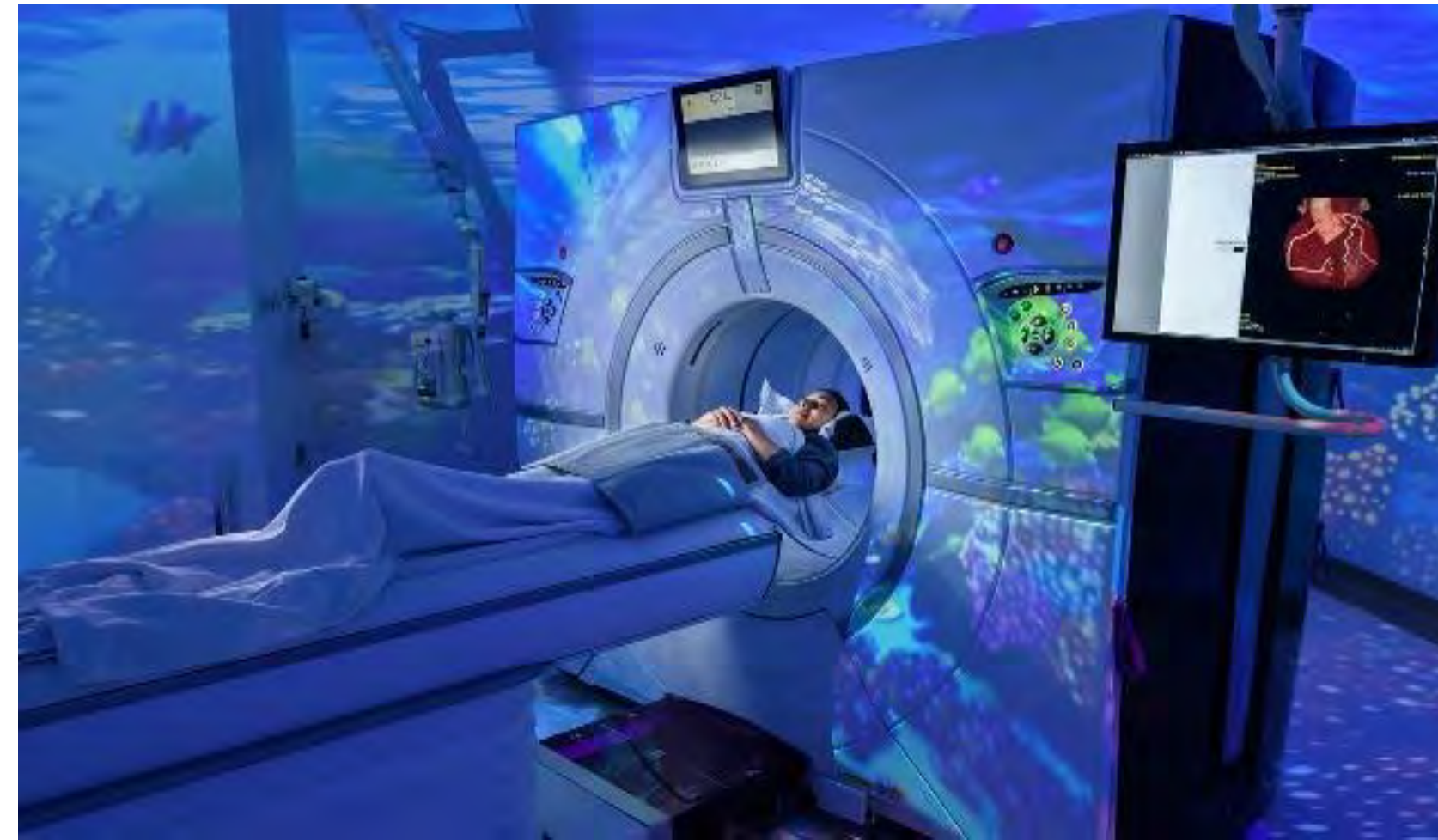
# Pioneer in healthcare technology (cont'd)

Introducing the latest medical equipment



## MRI

The first in the region with lightweight coil design and noise cancelation that provides comfort to the patient



## CT Scan

High definition imaging for all body parts with exceptionally low dose of X-ray to the patient



## CATH Lab

All heart related diagnoses in high resolution with lowest possible X-ray dose to the patient



# Pioneer in healthcare technology (cont'd)

Introducing the latest medical equipment



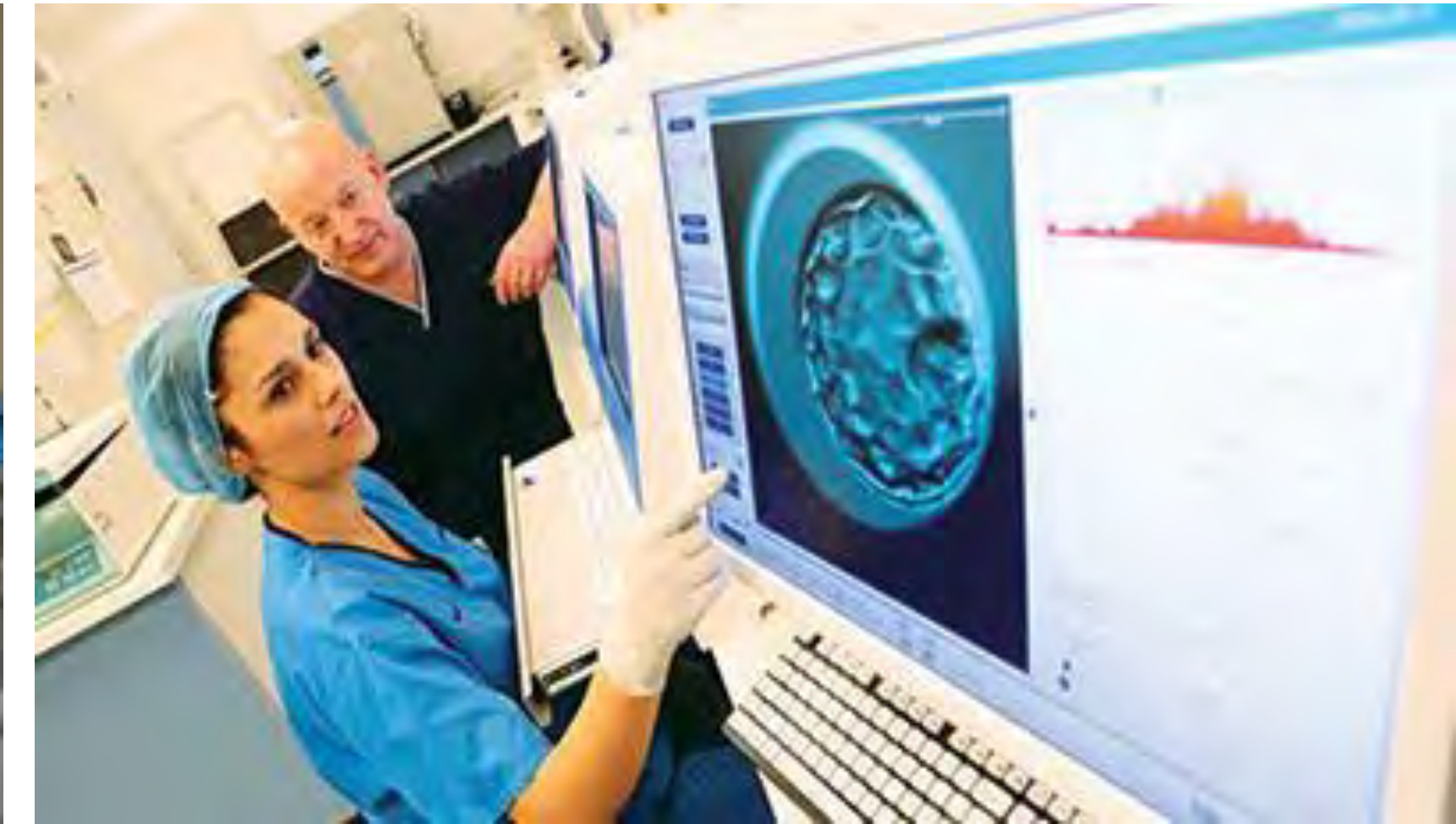
## CSSD

The best technology in the region to disinfect and sterilize surgical instruments



## Laboratory

Fully digital and integrated laboratories, allowing for fast and accurate diagnosis without human intervention



## IVF Lab

Safe environment for embryos and highest number of cycle with comparable probabilities of successful pregnancy to international benchmarks

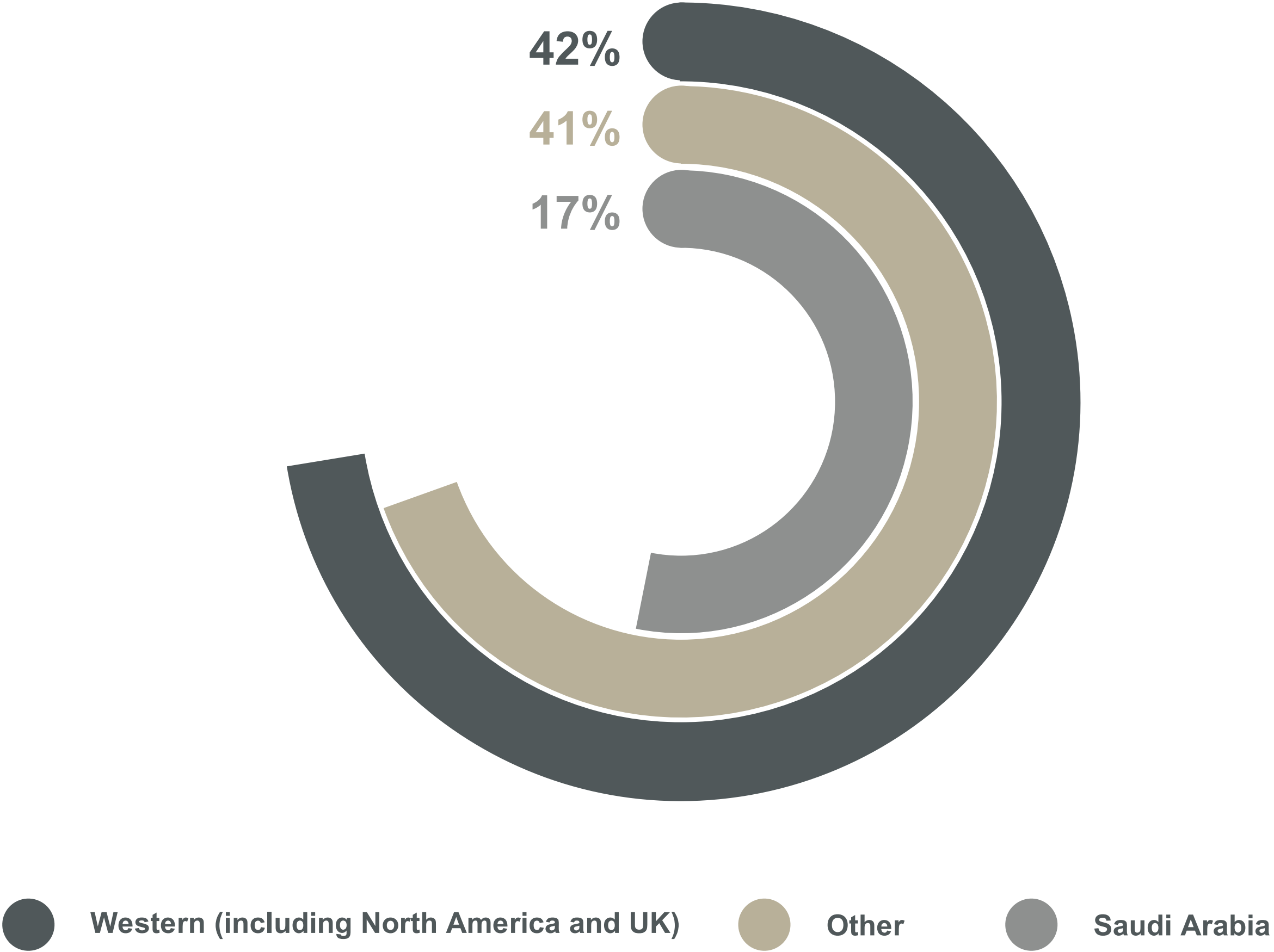


# Attracting and retaining top talent

Our employees are our most valuable assets

-  **15+** average years' experience
-  **4+ years** physician retention rate
-  **100+** recruiting offices
-  **90+** nationalities
-  **14** fellowship programs to train **50+** Saudi physicians

## Physician qualifications







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Appendix #1

## About HMG



# Strong track record in construction and ramp-up

On average, opening a new hospital every 29 months, completing construction in 33 months and ramping-up in 16 months

| Hospital             |   | Beginning of construction | Completion of construction | Positive EBITDA   |
|----------------------|---|---------------------------|----------------------------|-------------------|
| Olaya Medical Center |    | 1993                      | 1995                       | 24 months         |
| Dubai outpatient     |    | 2005                      | 2007                       | 22 months         |
| Maternity            |    | 2006                      | 2008                       | 14 months         |
| Qassim               |    | 2006                      | 2009                       | 16 months         |
| Al Rayyan            |   | 2006                      | 2010                       | 10 months         |
| Takhassusi           |  | 2007                      | 2012                       | 10 months         |
| Spinal               |  | 2007                      | 2010                       | 12 months         |
| Dubai inpatient      |  | 2012                      | 2015                       | 10 months         |
| Suwaidi              |  | 2013                      | 2016                       | 22 months         |
| Khobar               |  | 2016                      | 2019                       | Opened in Q2 2019 |

# Diverse board of directors

Our success is driven by our people



## 2 Non-Executives



**Dr. Sulaiman Al Habib**  
Chairman

- Founder of HMG
- Previously chairman of the Medical Committee in Riyadh Chamber of Commerce



**Saleh Al Habib**  
Board Member

- Board member, Al-Andalus Real Estate Company
- Board member, Hamat Holding Company

## 3 Executives



**Nasser Al Haqbani**  
Board Member and CEO

- Board member, Saudi Center for Patient Safety
- Member of the Board of Trustees of the Saudi Commission for Health Specialties



**Faisal Al Nassar**  
Board Member and CFO

- Board member in all subsidiaries of the Group
- Previously CFO at ACWA Power Holding



**Hesham Al Habib**  
Board Member and VP, Business Dev.

- Board member and member of the Audit Committee, Kingdom Holding Company, Hamat Holding Company

## 4 Independents



**Mazen Al Rumaih**  
Vice Chairman

- Chairman, Saudi Fransi Capital
- Previously board member of the CMA



**Obaid Al Rasheed**  
Board Member

- Head of Private Banking and Deputy Chief Executive Officer, Arab National Bank
- Board member, Saudi Chemical Company



**Ziyad Al Saleh**  
Board Member

- Board member, JP Morgan Saudi Arabia
- Board member, Gulf Union Insurance Company



**Nabeel AlAmoudi**  
Board Member

- Member of Saudi Aramco's Board of Directors
- Was Saudi Arabia's transport minister



# Experienced senior management

Highly experienced, high caliber management



**Nasser Al Hagbani**  
Chief Executive Officer

## Core functions



**Abdulwahab Al Abdulwahab**  
Chief Operating Officer



**Abdullah Al Harbash**  
Vice President of Physicians Affairs



**Sulaiman Al Majid**  
Vice President of Medical and Nursing Affairs



**Sulaiman Al Tuwaian**  
Vice President of Hospital Affairs

## Corporate functions



**Faisal Al Nassar**  
Chief Financial Officer



**Hesham Al Habib**  
Vice President of Business Development



**Saud Al Arifi**  
Vice President of General Counsel of the Group



**Mustafa Al Amri**  
Vice President of Logistics Management

## Independent functions



**Riyadh Al Ateeq**  
Director Pharmaceutical Facilities



**Abdullelah Al Mayman**  
Chief Executive Officer of Cloud Solutions



**Vimal Subramanian**  
Head of Internal Audit

## Hospitals

General Director

Medical Director

Executive Director





Appendix #2

# Summarized financials



# Summary: Balance sheet

| SAR '000                                 | H1 2019   | H1 2020   | YoY     |
|--|-----------|-----------|---------|
| Current Assets                           | 2,866,744 | 3,206,681 | 11.86%  |
| Inventory                                | 313,400   | 361,205   | 15.25%  |
| Investments                              | 42,507    | 34,605    | -18.59% |
| Fixed Assets                             | 4,763,116 | 5,281,997 | 10.89%  |
| Other Assets                             | -         | -         | -       |
| Total Assets                             | 7,985,768 | 8,884,489 | 11.25%  |
| Current Liabilities                      | 1,689,857 | 1,654,505 | -2.09%  |
| Non-Current Liabilities                  | 1,952,148 | 2,402,135 | 23.05%  |
| Other Liabilities                        | -         | -         | -       |
| Shareholders Equity                      | 4,126,113 | 4,650,355 | 12.71%  |
| Total Liabilities and Shareholder Equity | 7,768,117 | 8,706,994 | 12.09%  |
| Minority Interests                       | 217,650   | 177,494   | -18.45% |

# Summary: Income statement

| SAR '000                     | Q2 2019   | Q2 2020   | YoY      |
|------------------------------|-----------|-----------|----------|
| Revenue                      | 1,157,188 | 1,203,008 | 3.96%    |
| Cost of Revenue              | 822,487   | 843,147   | 2.51%    |
| Gross Profit                 | 334,701   | 359,862   | 7.52%    |
| Other Income                 | 16,622    | 8,928     | -46.29%  |
| Total Gross Income           | 351,323   | 368,790   | 4.97%    |
| Admin and Marketing Expenses | 171,125   | 156,550   | -8.52%   |
| Depreciation                 | -         | -         | -        |
| Other Expenses               | (6,057)   | 1,631     | -126.93% |
| Total Expenses               | 165,068   | 158,181   | -4.17%   |
| Net Income Before Zakat      | 186,255   | 210,609   | 13.08%   |
| Zakat                        | 18,283    | 18,355    | 0.39%    |
| Net Income                   | 167,972   | 192,254   | 14.46%   |



# Summary: Cash flow statement

| SAR '000                        | H1 2019   | H1 2020   | YoY      |
|---------------------------------|-----------|-----------|----------|
| Net Income                      | 435,076   | 460,573   | 5.86%    |
| Depreciation                    | 122,837   | 158,001   | 28.63%   |
| Accounts Receivable             | (121,897) | 614,250   | -603.91% |
| Inventory                       | (45,559)  | (65,264)  | 43.25%   |
| Prepaid Expenses                | (50,324)  | (19,123)  | -62.00%  |
| Accounts Payable                | 31,851    | (111,711) | -450.73% |
| Other Changes in Oper. Activity | 111,293   | 74,107    | -33.41%  |
| Purchases of Fixed Assets       | (373,456) | (297,709) | -20.28%  |
| Other Changes in Investing Act. | 227       | 1,000     | 340.53%  |
| Increase in Debts               | 163,558   | 88,317    | -46.00%  |
| Other Changes in Financing Act. | 404,478   | (52,735)  | -113.04% |
| Cash at Beginning of Period     | 1,369,118 | 1,196,661 | -12.60%  |
| Cash at End of Period           | 1,238,248 | 2,046,368 | 65.26%   |

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