



Q1 2020 Investor Presentation

As of 31 March 2020



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Nasser Al Hagbani
Chief Executive Officer



Faisal Al Nassar
Chief Financial Officer



AGENDA

 **Who we are**

 **How we performed**

Spotlight

 **Addressing challenges**

 **Q&A**

Appendix #1

 **Summarized financials**



Growth strategy

Equity story and strategy

A well-defined strategy enhanced by our core values

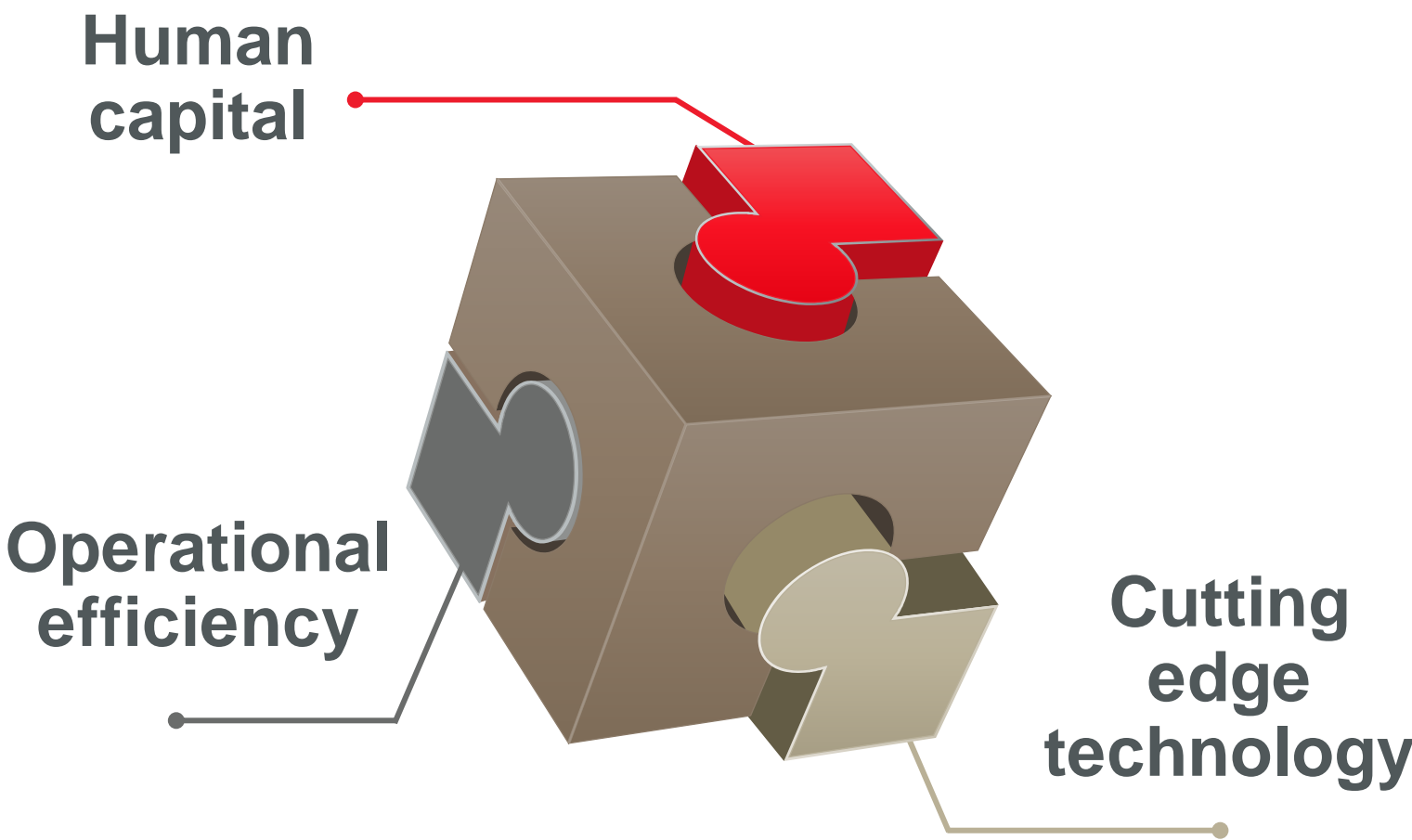
Vision

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

Mission

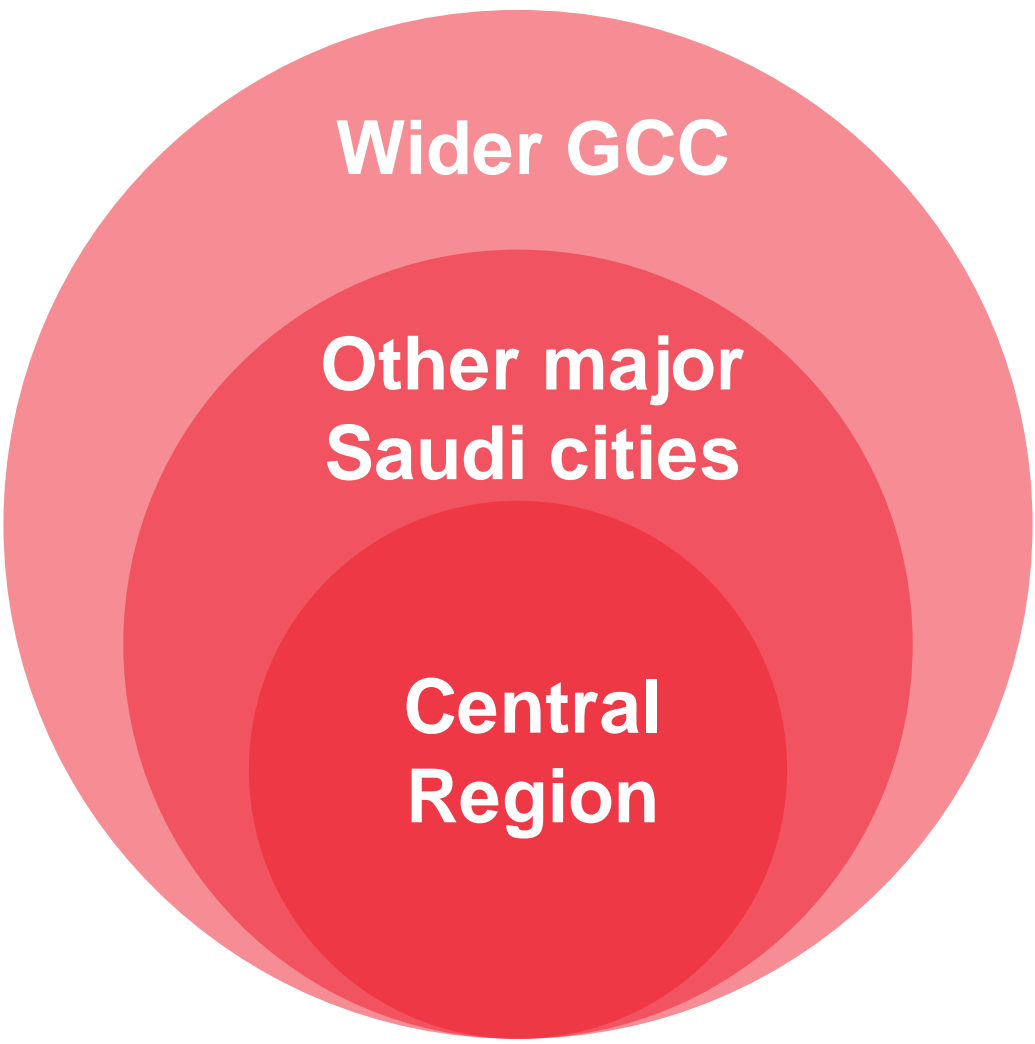
To develop and operate state of the art medical facilities and provide innovative healthcare services to create value for people

Strengthening the core



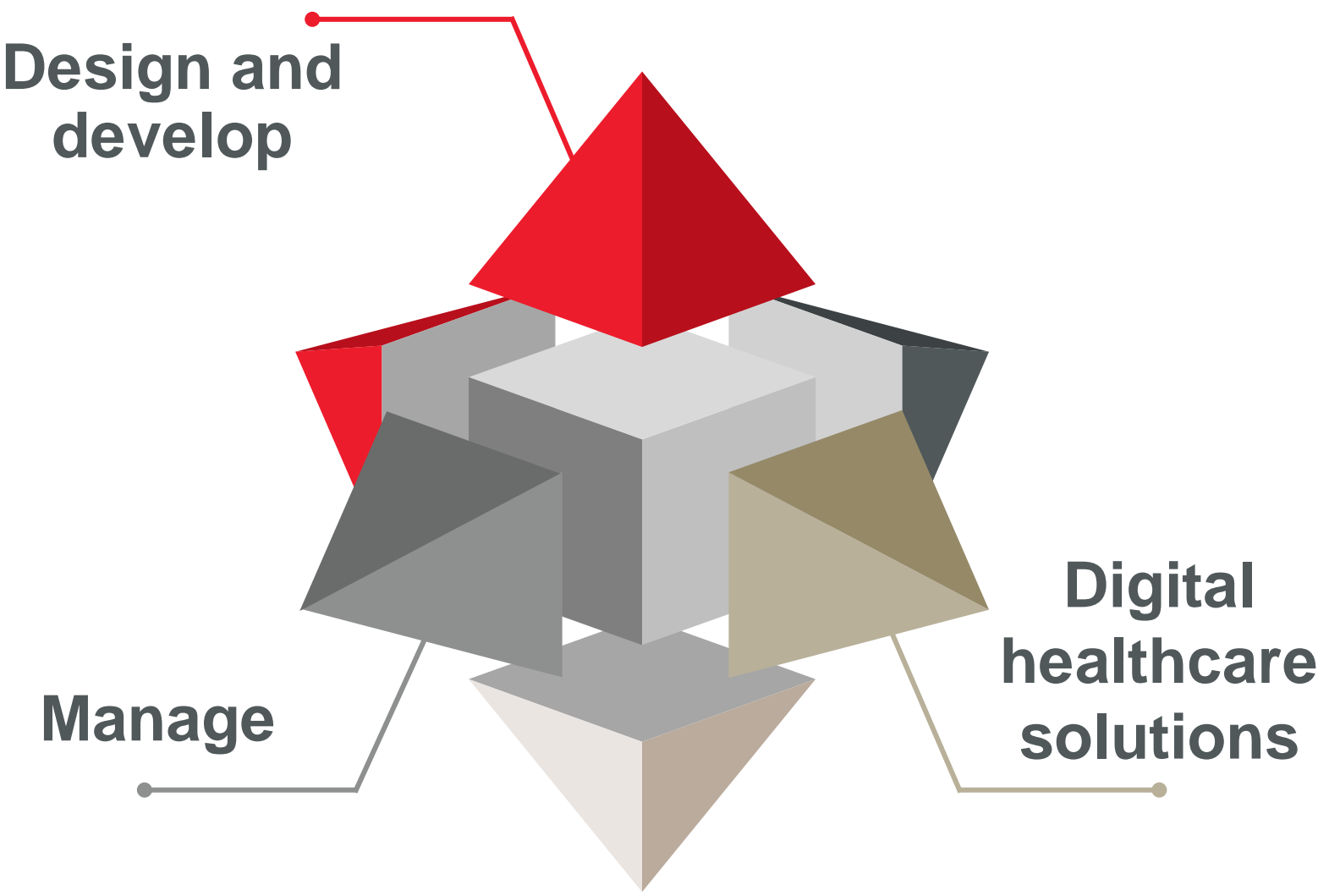
Patient centric healthcare

Expanding the reach



Organic growth while considering inorganic opportunities

Broadening the service



Creation of new business lines

Business structure

A fully integrated healthcare services provider



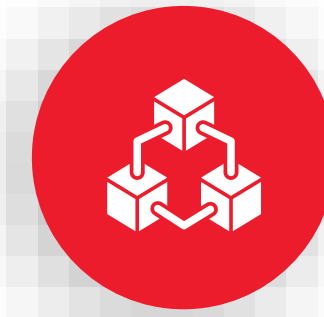
Hospitals

- **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

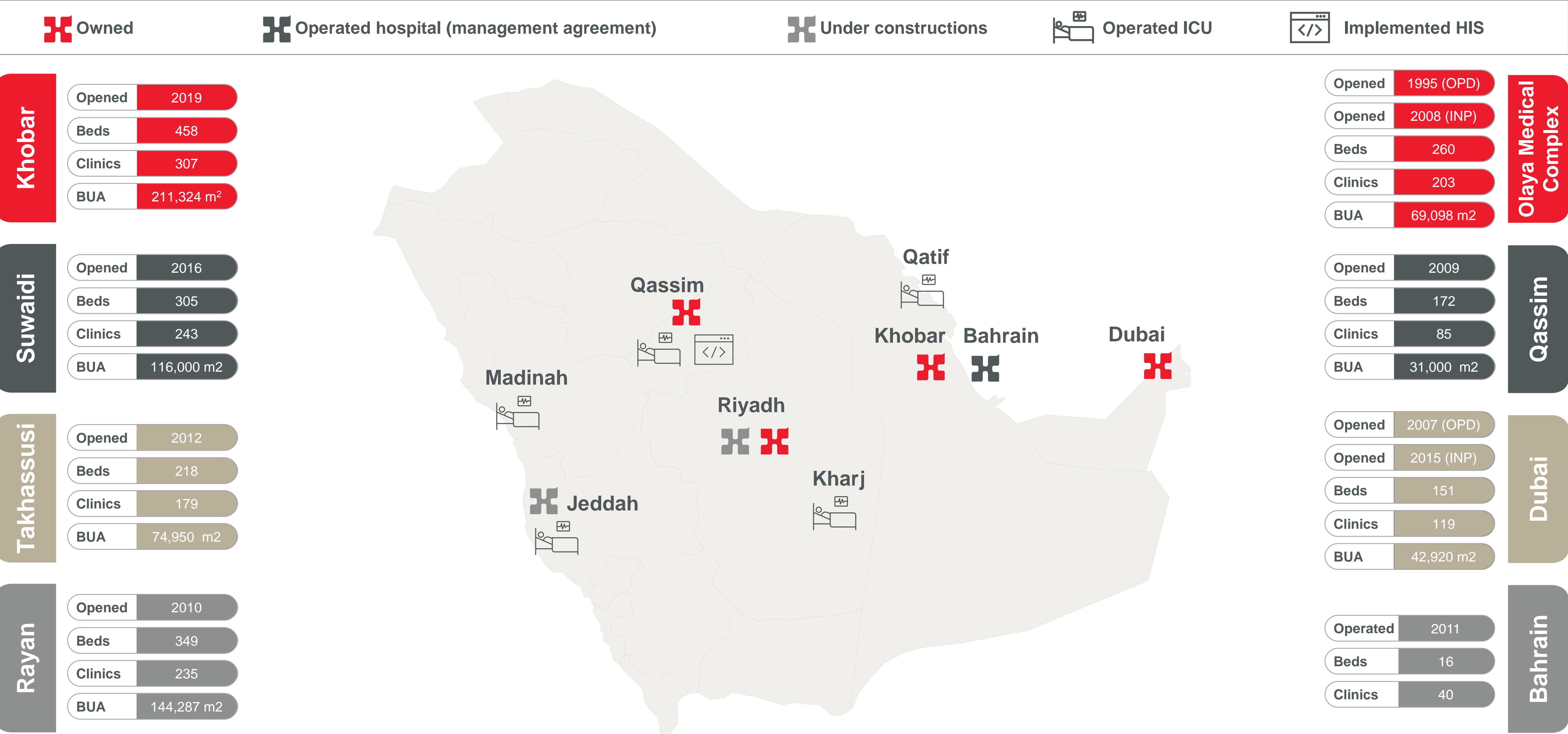


HMG Solutions

- **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

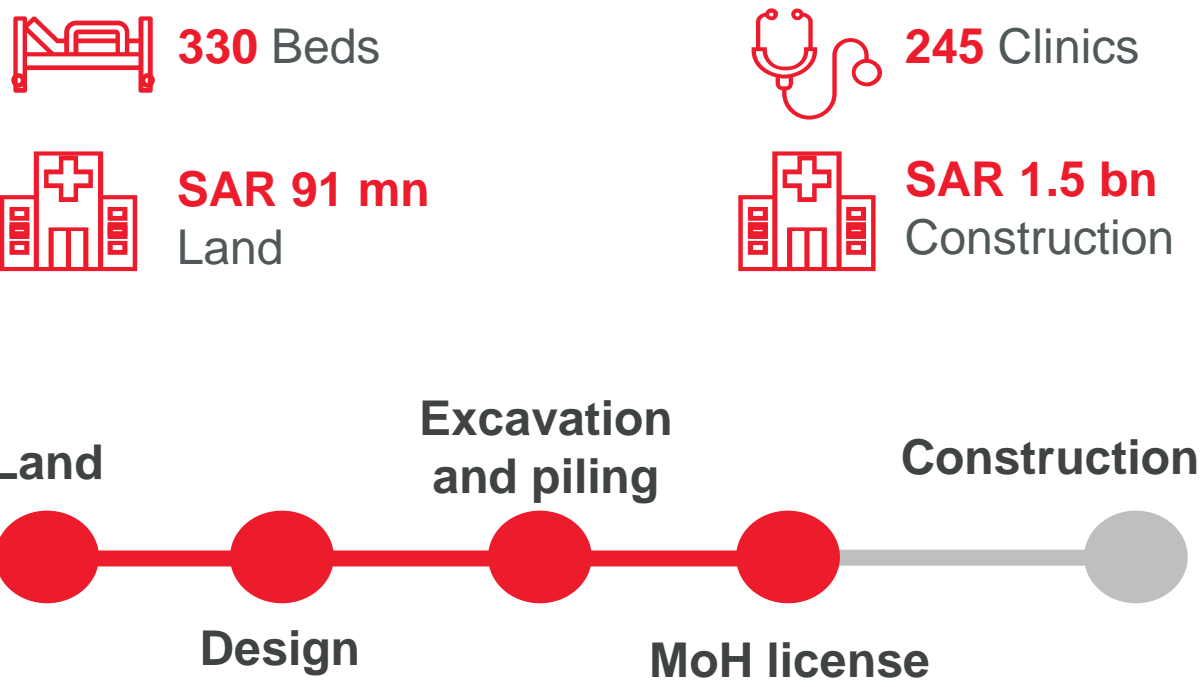


Projects update

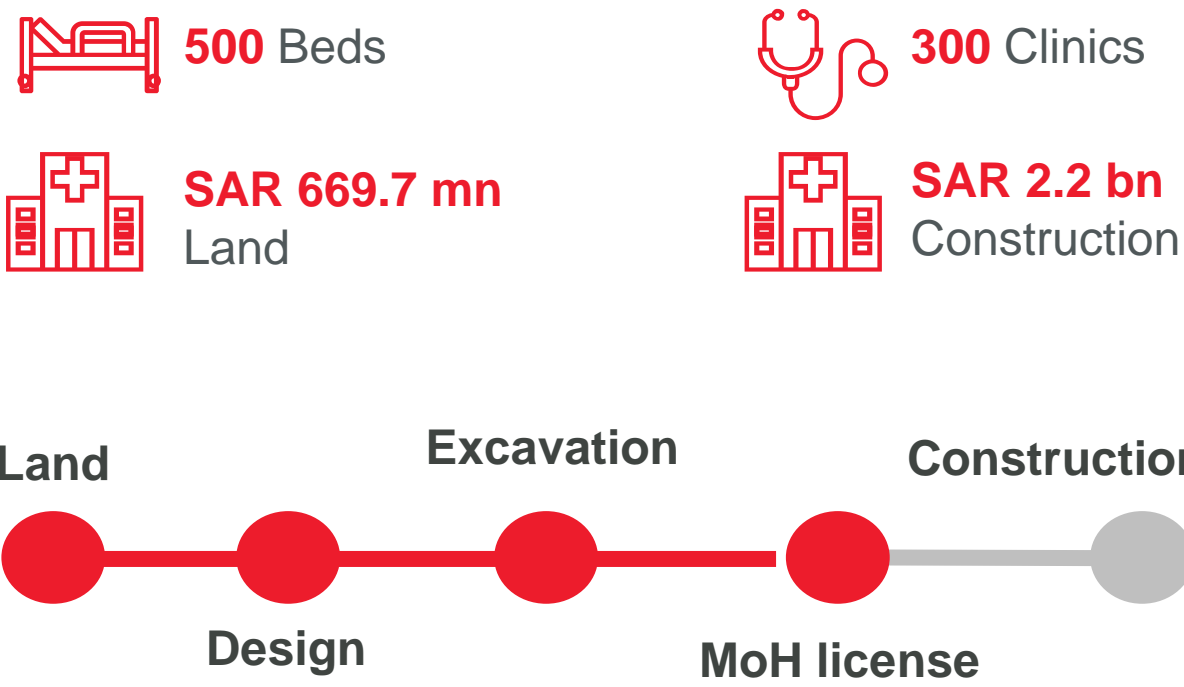
Solidifying our market leadership through aggressive expansion



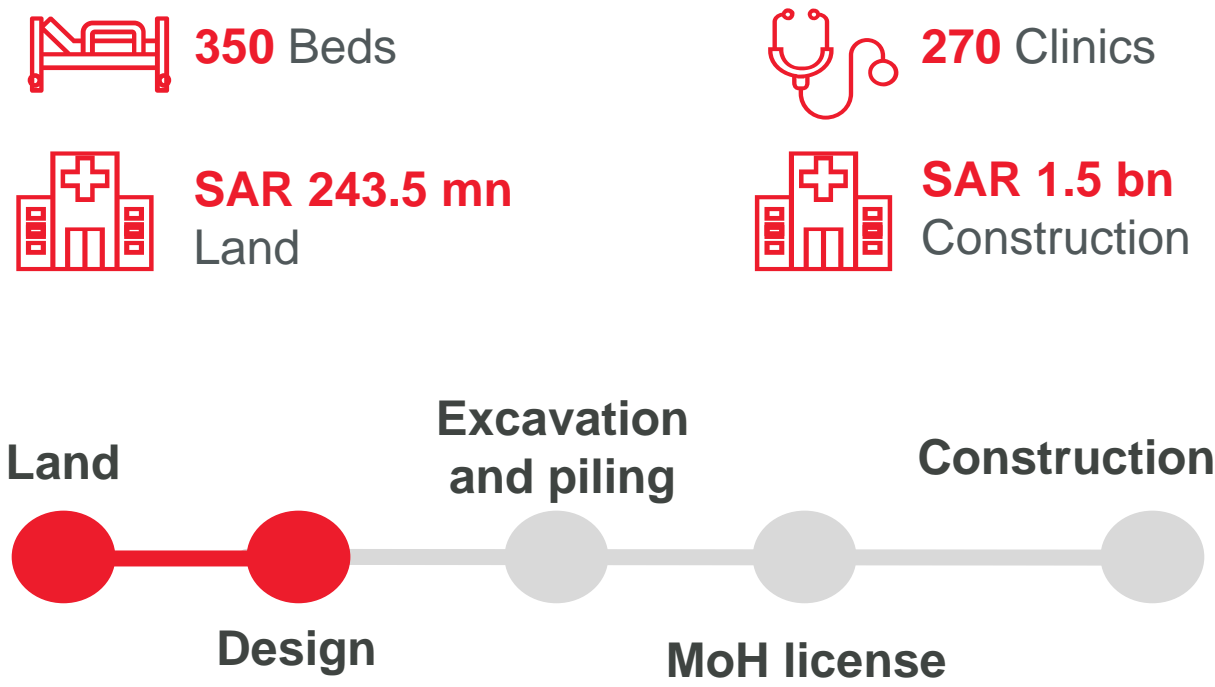
South-West Jeddah 2023E
50% ownership



North Riyadh 2023E
100% ownership

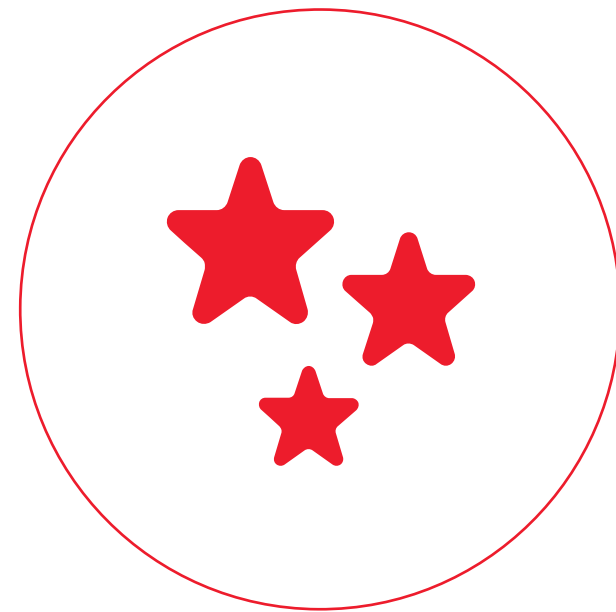


North Jeddah 2024E
100% ownership



Key messages

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



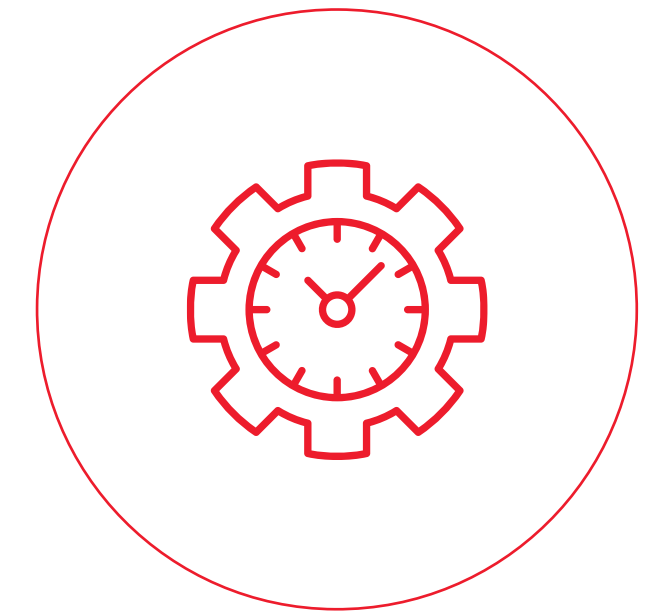
Best-in-class

- 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
- **Robust expansion plan:** 2 new hospitals under construction, construction of one additional hospital to start in 2021, expansion of HMG Solutions



Efficiency drivers

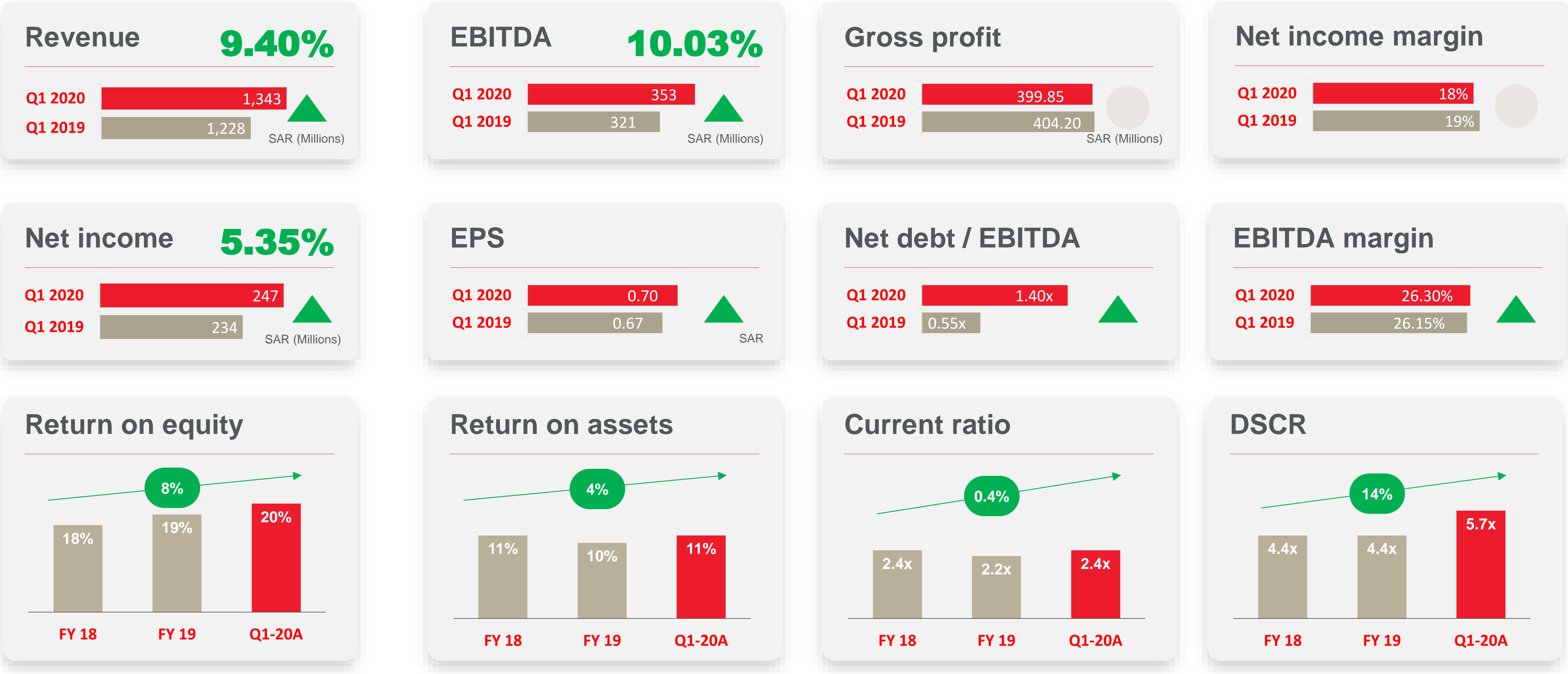
- **Efficient cash conversion cycle:** shortest CCC in the industry, proactive collection process
- **Cost efficiency:** economies of scale and cost efficiency on a growing patient volume base
- **Technology to drive operational efficiency:** best in class HIS, patients and physicians apps and rapidly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



The background image shows a hand placing a vial into one of the wells of a microplate. The microplate is held by a robotic arm. In the center, a circular component of the machine is visible, labeled 'Thermo SCIENTIFIC', 'IX-200', 'max. 5 500 rpm', 'Auto-Lock', and 'PUSH to unlock rotor'. The entire scene is overlaid with a semi-transparent red filter.

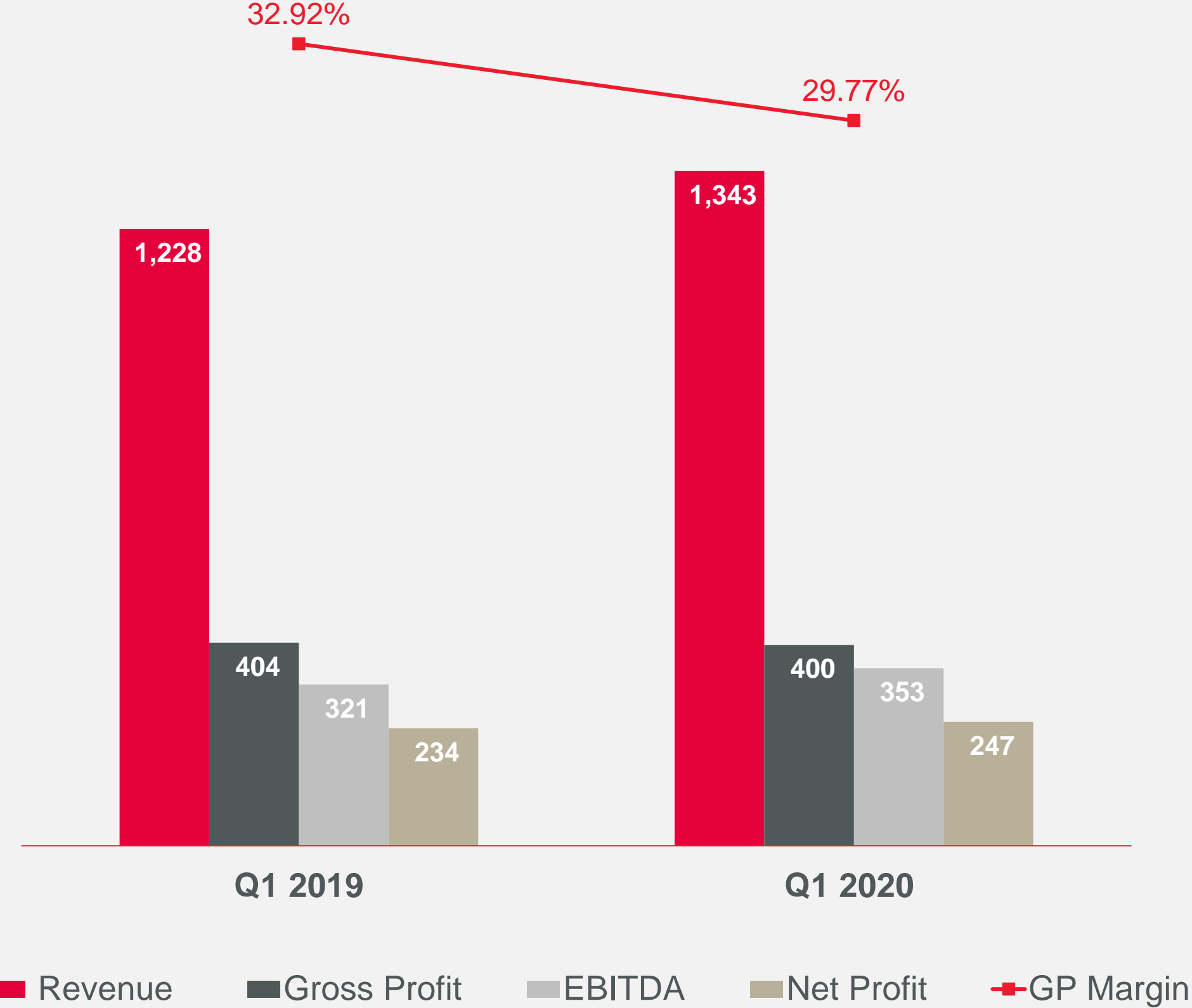
How we performed

Highlights: Q1 2020



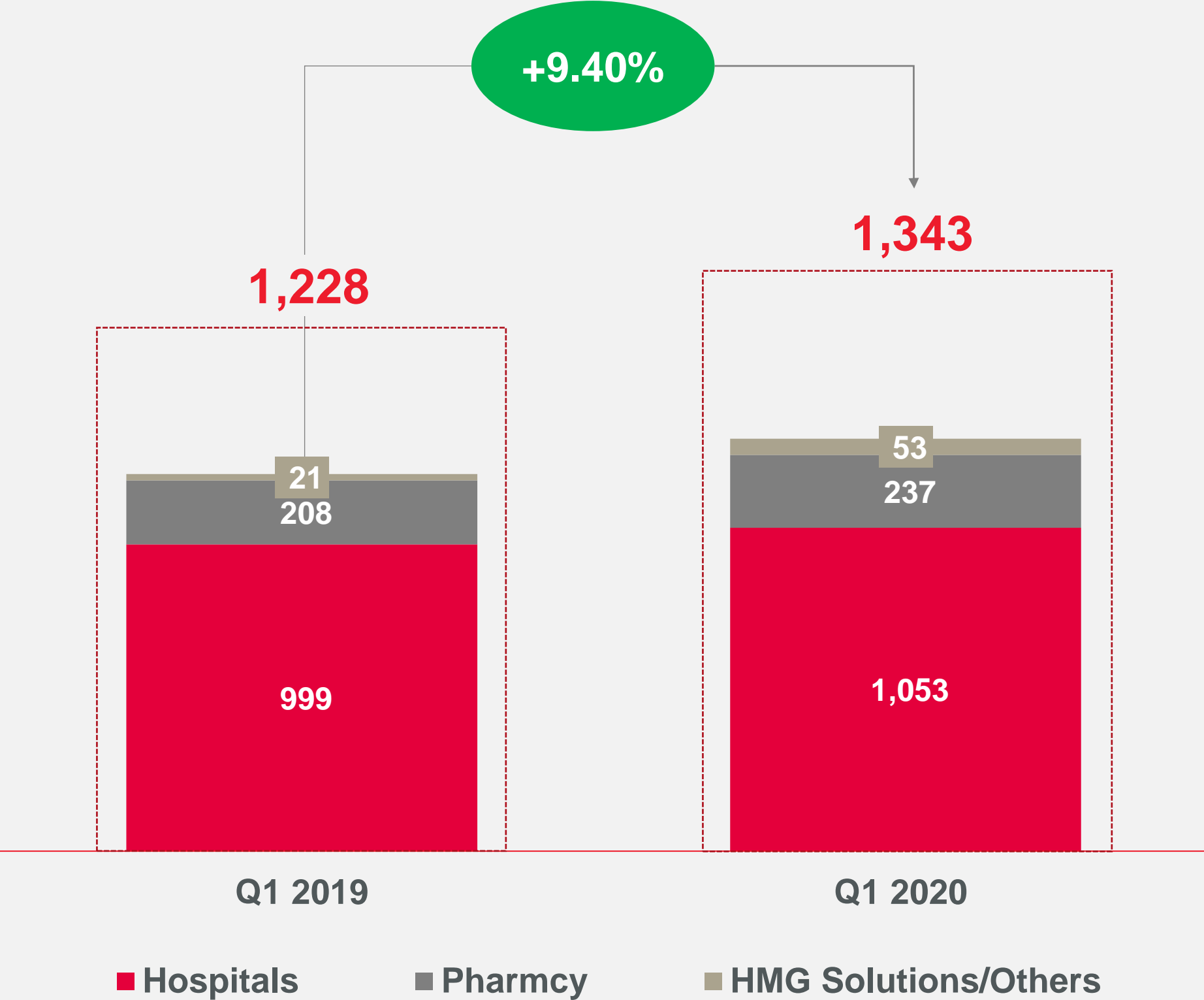
Financial performance

SAR million

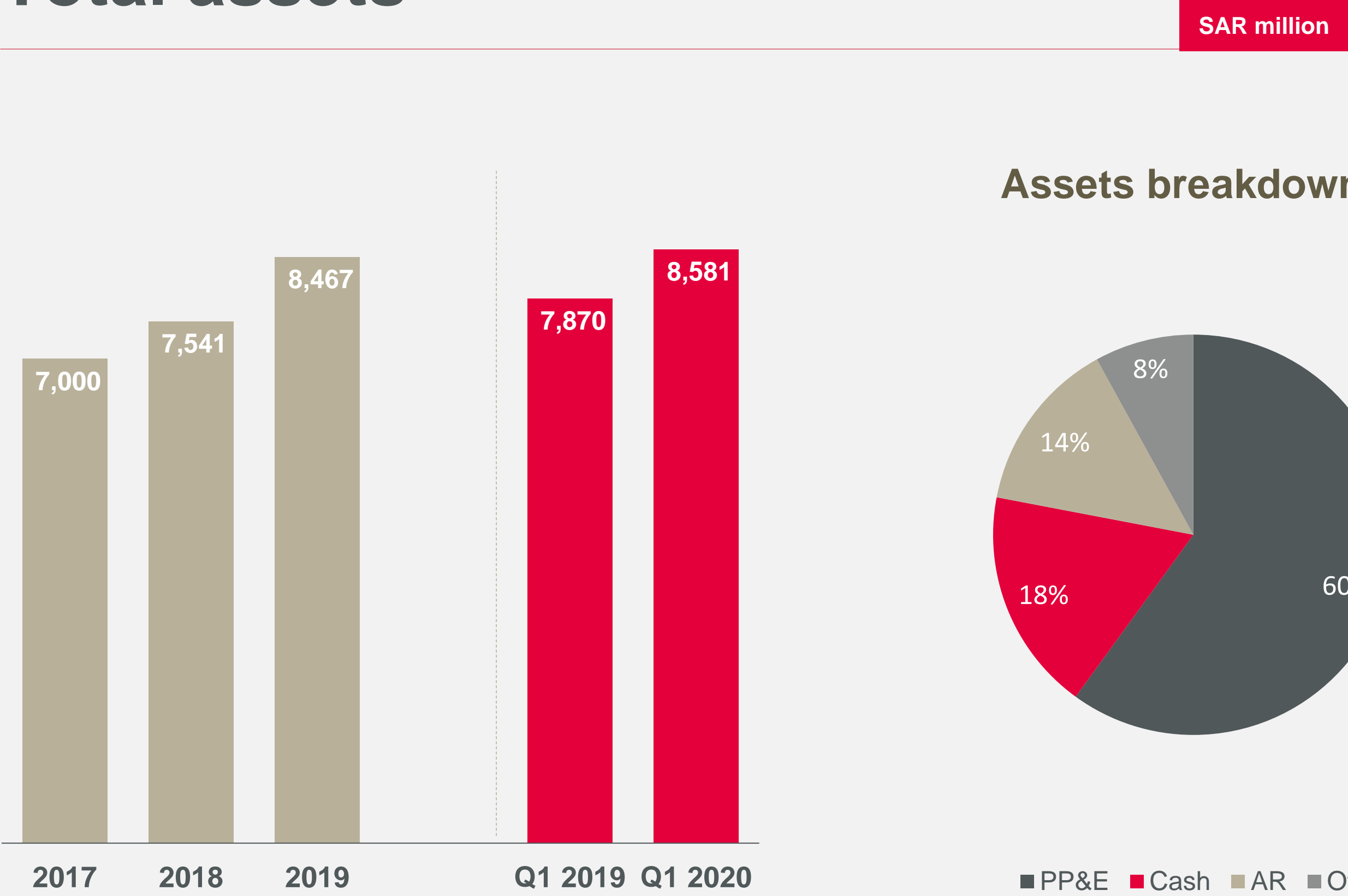


Revenue by segment

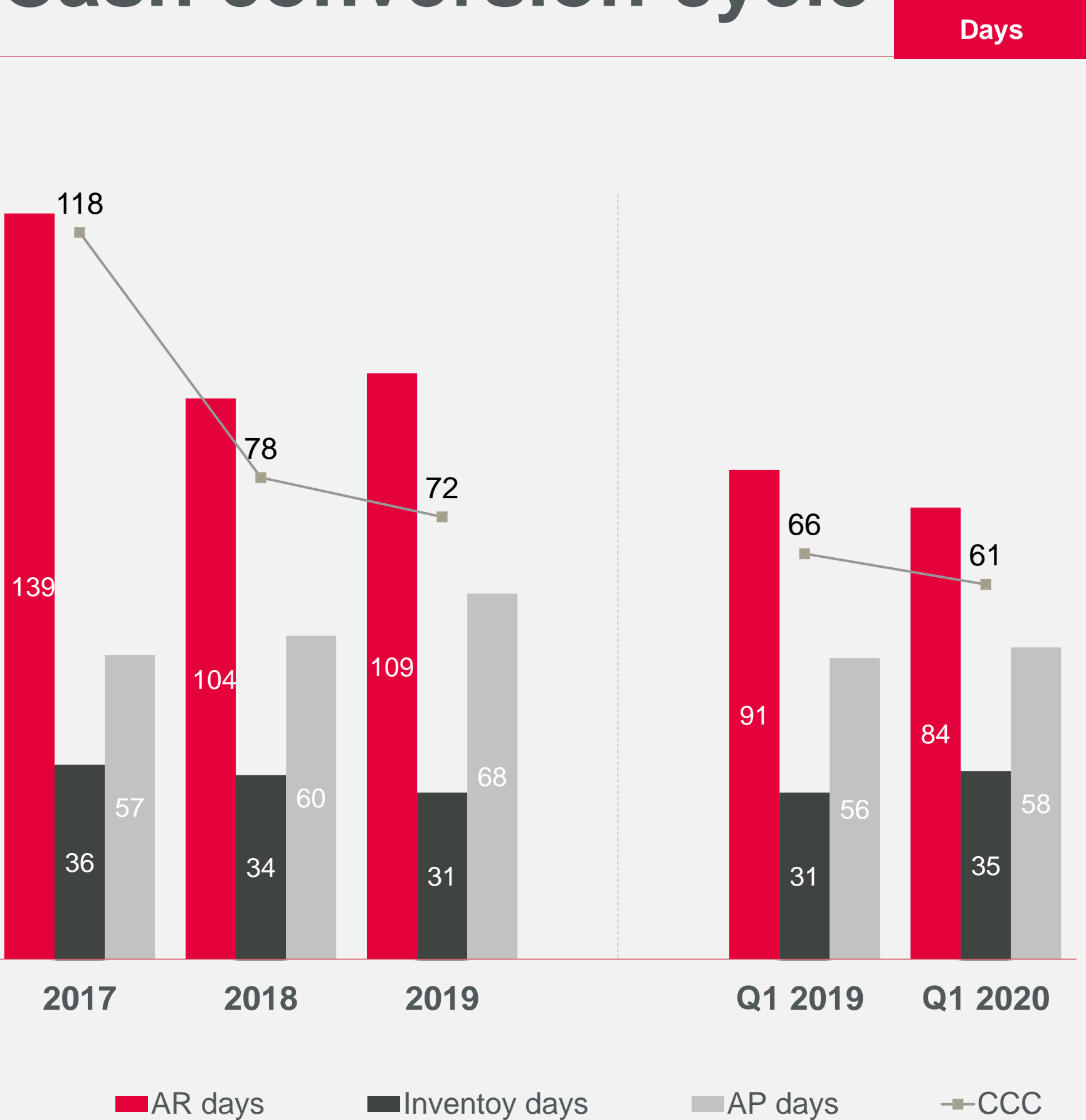
SAR million



Total assets

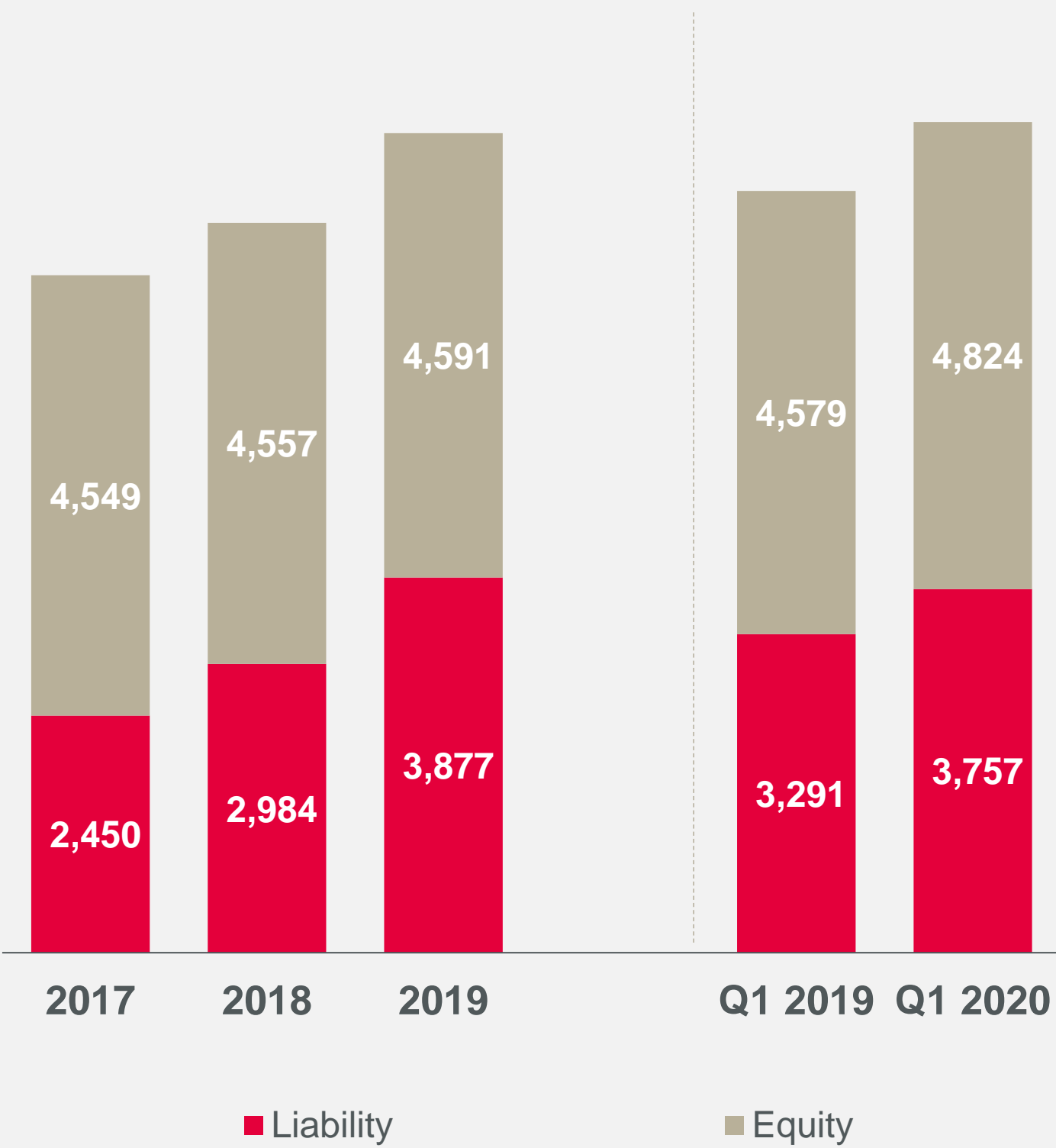


Cash conversion cycle

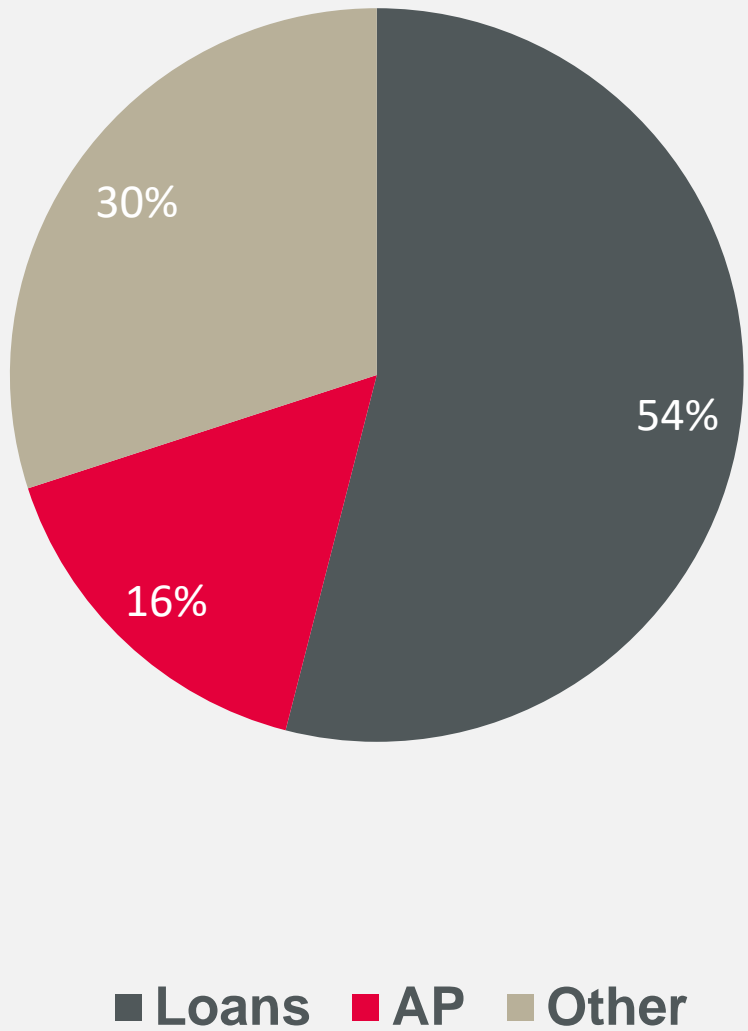


Liabilities and equity

SAR million

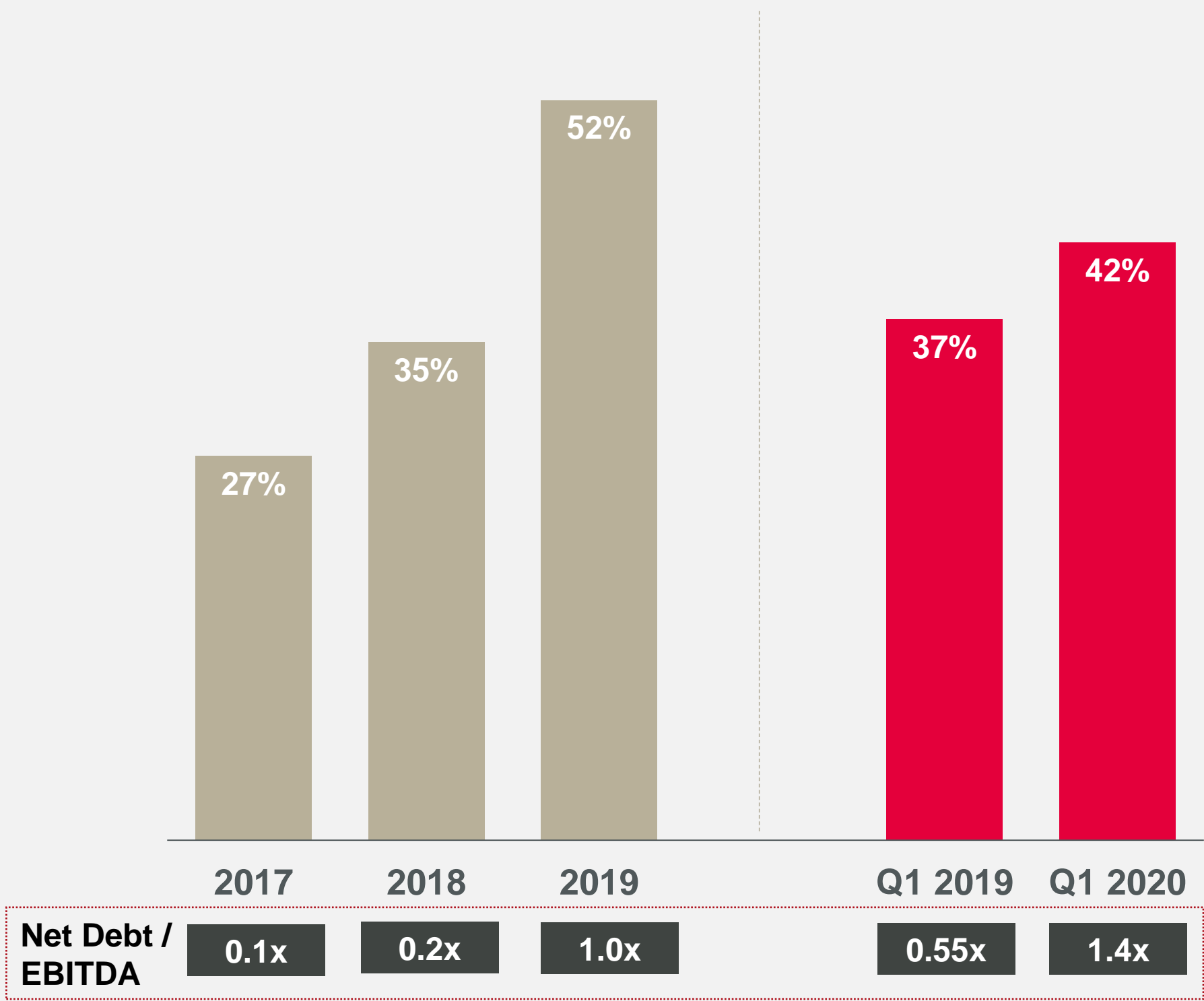


Liabilities breakdown



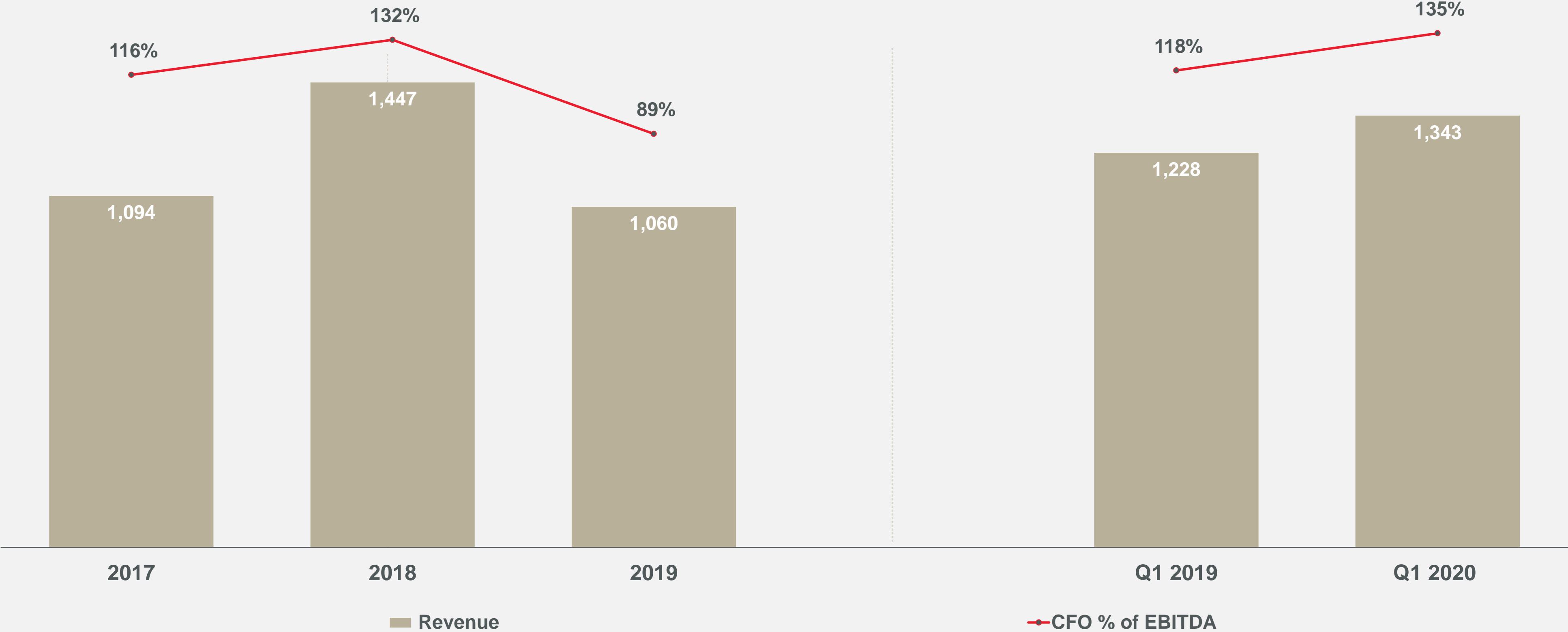
Debt to equity

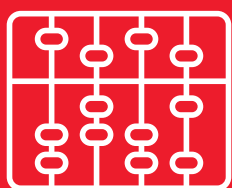
%



Cash flow from operations

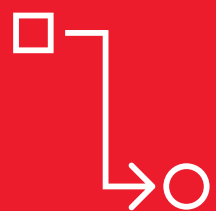
SAR million





Situation remains fluid

- Government precautionary measures to limit and counter the outbreak, including curfews across the Kingdom. Some restrictions are now being lifted
- HMG facilities and subsidiaries remain **operational** with negative impact from the curfew
- Saudi government announced stimulus plan for private sector



Expected impact

- **Could impact the Group's future** financial results, cash flows and financial condition
- Impact being monitored on real-time basis to introduce mitigating actions
- Magnitude of the financial impact not yet known
- **3x scenarios** as simulation for future material impact



Mitigating actions

- Issuing of required **curfew permits** for operational teams on time to avoid **service distribution** in addition to enhance patient services
- The only private hospital provider to **be licensed to perform COVID-19 test**
- Increase readiness of **electronic service channels** by activating remote consultation services Live Care, e-pharmacy etc..
- Medicine **delivery** and **home medical services** including rapid response team
- **Cost structure review** including reducing overtime, reduced working hours allowances, work hours, supplier cost reductions, and revisited outsourced services and other operational costs
- Working on bank facilities as **additional working capital** in case crisis continues for longer than anticipated period



Q&A



Appendix #1

Summarized financials

Summary: Balance sheet

SAR '000	2018	2019	Q1 2019	Q1 2020
Current assets	2,908,116	2,989,126	2,946,396	3,053,294
Inventory	302,537	295,867	279,274	361,758
Investments	43,488	40,032	45,049	39,240
Fixed assets	4,287,023	5,142,279	4,599,719	5,126,970
Other assets	-	-	-	-
Total assets	7,541,164	8,467,304	7,870,438	8,581,262
Current liabilities	1,364,162	1,495,280	1,471,696	1,438,801
Non-current liabilities	1,619,743	2,381,230	1,819,360	2,318,559
Other liabilities	-	-	-	-
Shareholders' equity	4,328,022	4,393,877	4,350,606	4,636,446
Total liabilities and shareholders' equity	7,541,164	8,467,304	7,870,438	8,581,262
Minority interests	229,237	196,917	228,776	187,456

Summary: Income statement

SAR '000	2018	2019	Q1 2019	Q1 2020
Revenue	4,587,633	5,016,280	1,227,903	1,343,343
Sales cost	(3,225,624)	(3,492,741)	(823,705)	(943,492)
Total income	1,362,009	1,523,539	404,198	399,851
Other revenues	99,199	63,515	18,140	16,798
Total revenues	1,461,208	1,587,054	441,507	416,649
Admin and marketing expenses	560,486	655,819	175,191	141,244
Other expenses	18,085	(4,674)	5,908	5,932
Total expenses	578,571	651,145	181,099	147,176
Net income before Zakat	882,637	935,909	260,408	269,473
Zakat	81,330	65,678	26,328	22,874
Net income	801,307	870,231	234,080	246,599

Summary: Cash flow statement

SAR '000	2018	2019	Q1 2019	Q1 2020
Net income	881,404	903,273	259,947	259,856
Depreciation	200,187	255,919	56,307	78,068
Accounts receivable	271,418	(322,563)	7,836	243,894
Inventory	3,715	(29,372)	(13,826)	(65,838)
Prepaid expenses	(37,470)	(78,755)	8,518	15,794
Accounts payable	48,877	139,103	(4,055)	(52,488)
Other changes in operating activity	79,243	192,133	65,197	(2,875)
Purchases of fixed assets	(830,128)	(735,506)	(144,710)	(62,630)
Other changes in investing act.	10,454	4,198	(1,691)	1,000
Increase in debts	408,135	471,174	60,567	(60,423)
Other changes in financing act.	(807,254)	(972,061)	(162,597)	(18,190)
Cash at beginning of period	1,140,537	1,369,118	1,369,118	1,196,661
Cash at end of period	1,369,118	1,196,661	1,500,611	1,532,829

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