



Q3 2021 Earnings Call Presentation

Wednesday, 27 October 2021

16:00 (Saudi), 17:00 (UAE), 14:00 (UK), 09:00 (New York)



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Presenting team



Faisal Al Nassar

Chief Financial Officer



Haitham Al Shathri

Head of Investor Relations



Ziyad Al Dahami

Treasury & Investor Relations Manager



AGENDA

Growth Strategy

How we performed

Spotlight

Technology and medical excellence

Appendix #1

About HMG

Appendix #2

Summarized financials



Growth Strategy

Equity story and strategy

A well-defined strategy enhanced by our core values

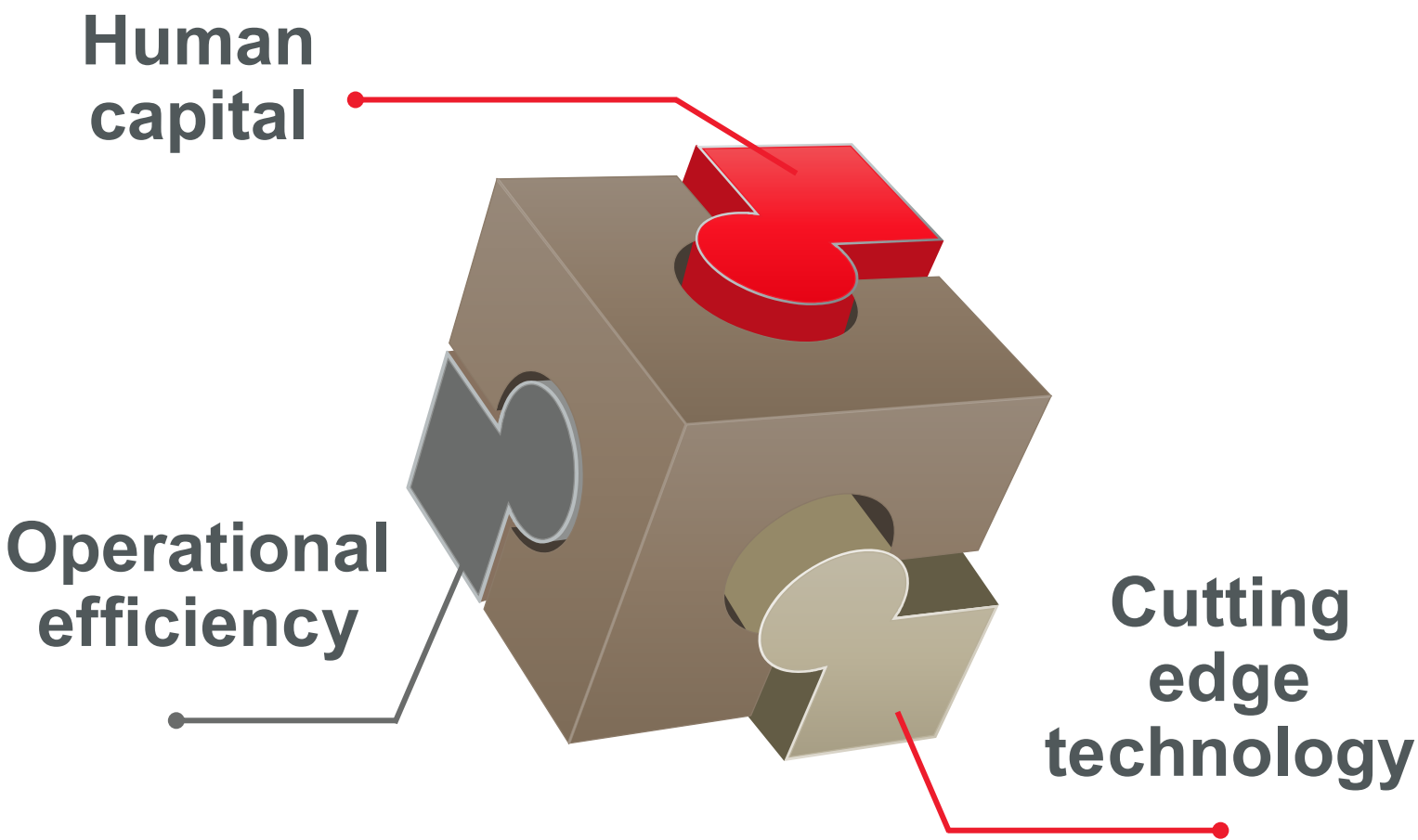
Vision

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

Mission

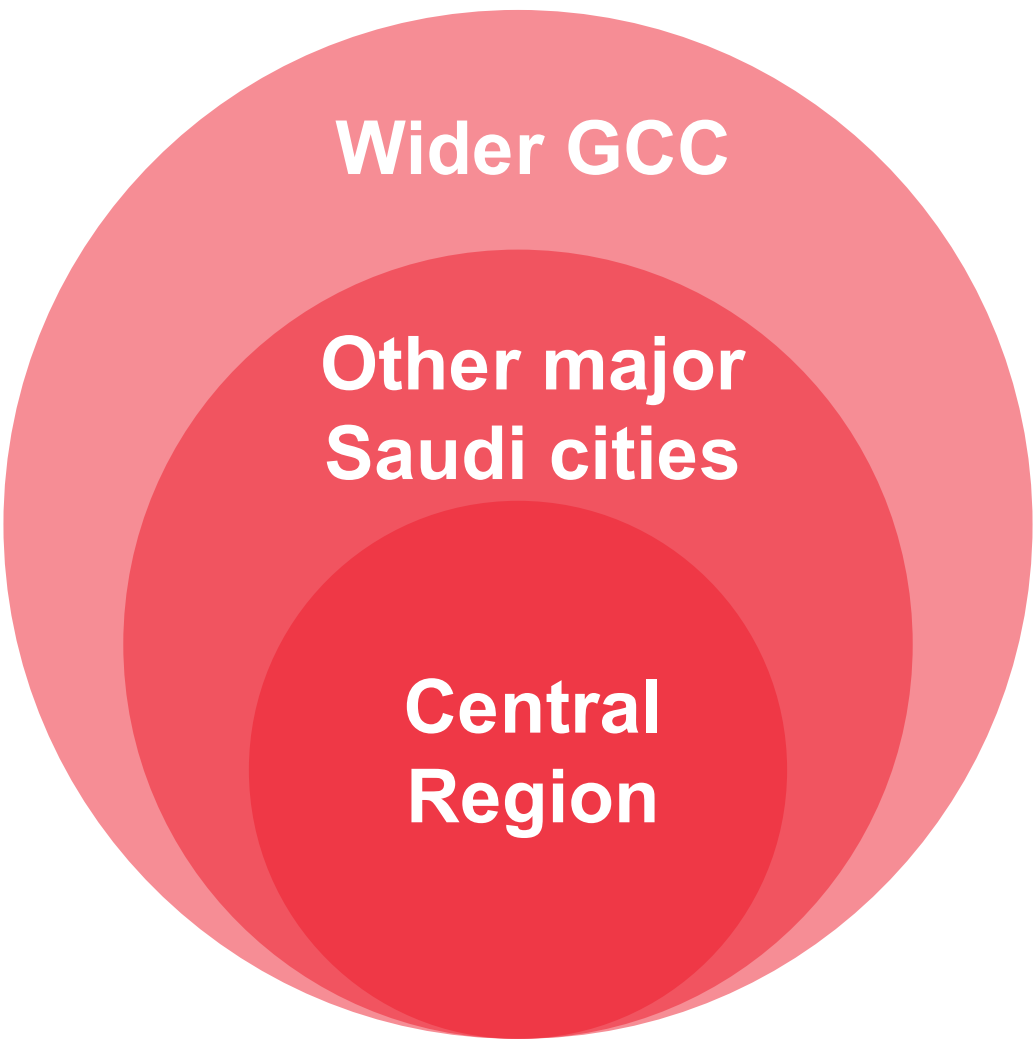
To develop and operate state of the art medical facilities and provide innovative healthcare services to create value for people

Strengthening the core



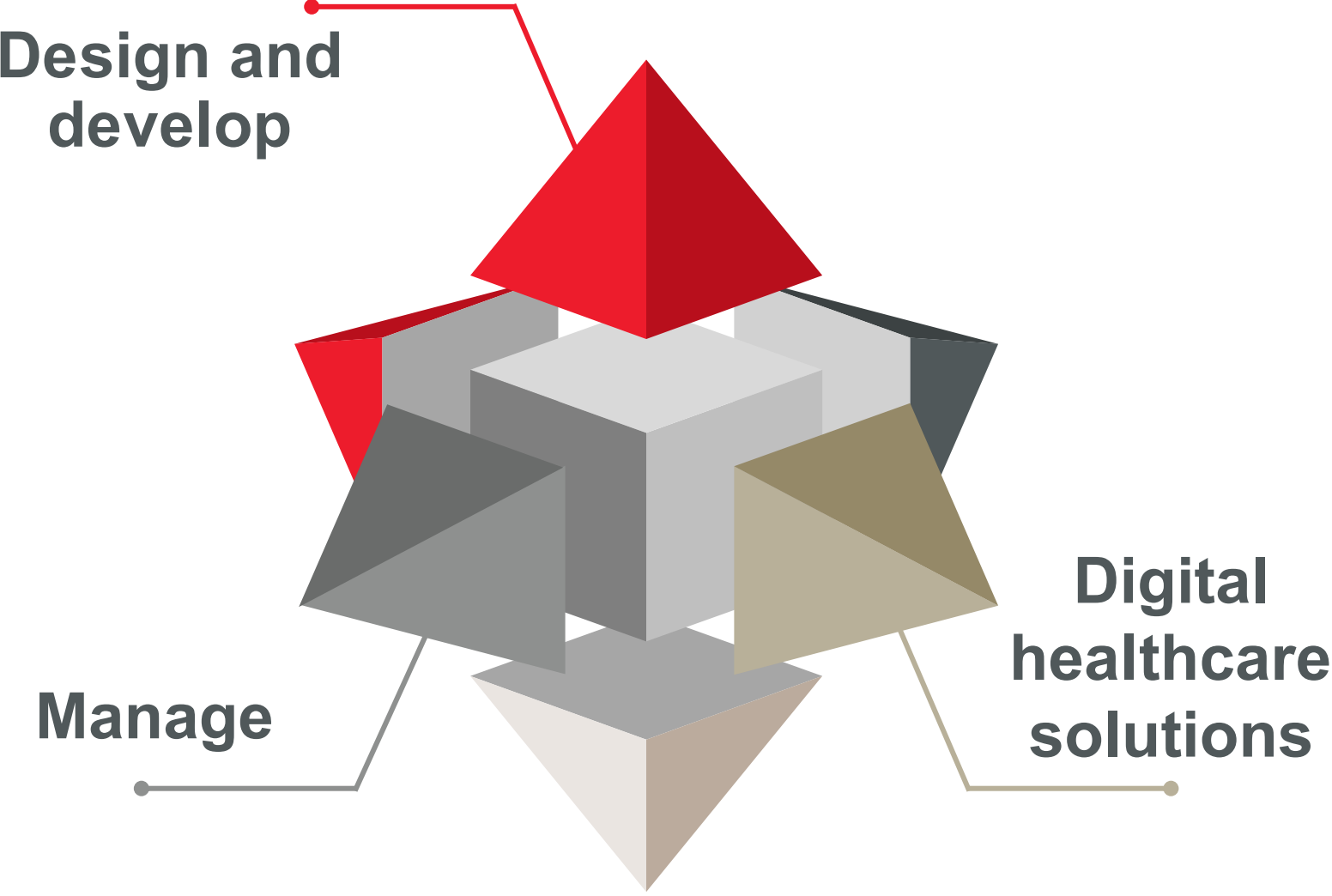
Patient centric healthcare

Expanding the reach



Organic growth while considering inorganic opportunities

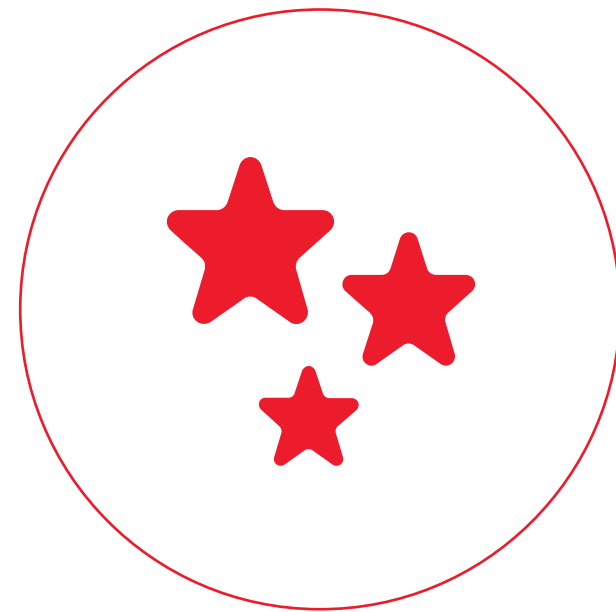
Broadening the service



Creation of new business lines

Key messages

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



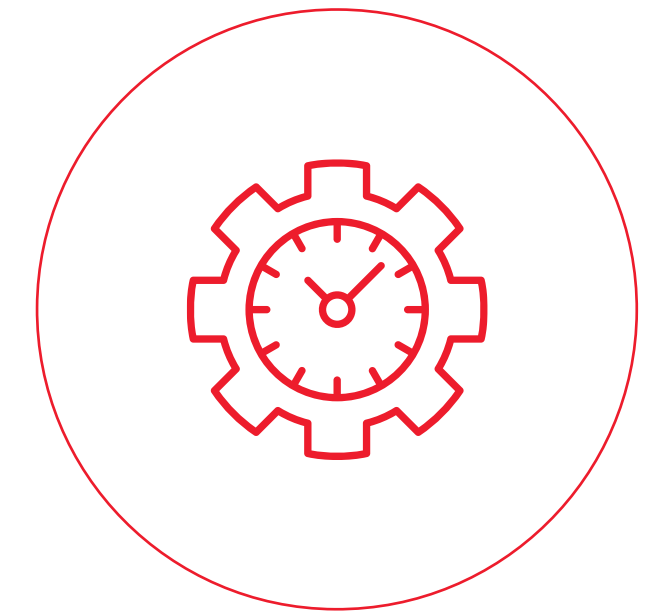
Best-in-class

- Regional integrated healthcare provider with **25+ years 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 15 Technology Products.
- **PPP Programs:** 6 MoH ICU locations under management (including Tele ICU) for 139 beds and working to build more in the pipeline
- **Robust expansion plan:** 5 new hospitals under construction and expansion. In addition to 4 new Medical Center.

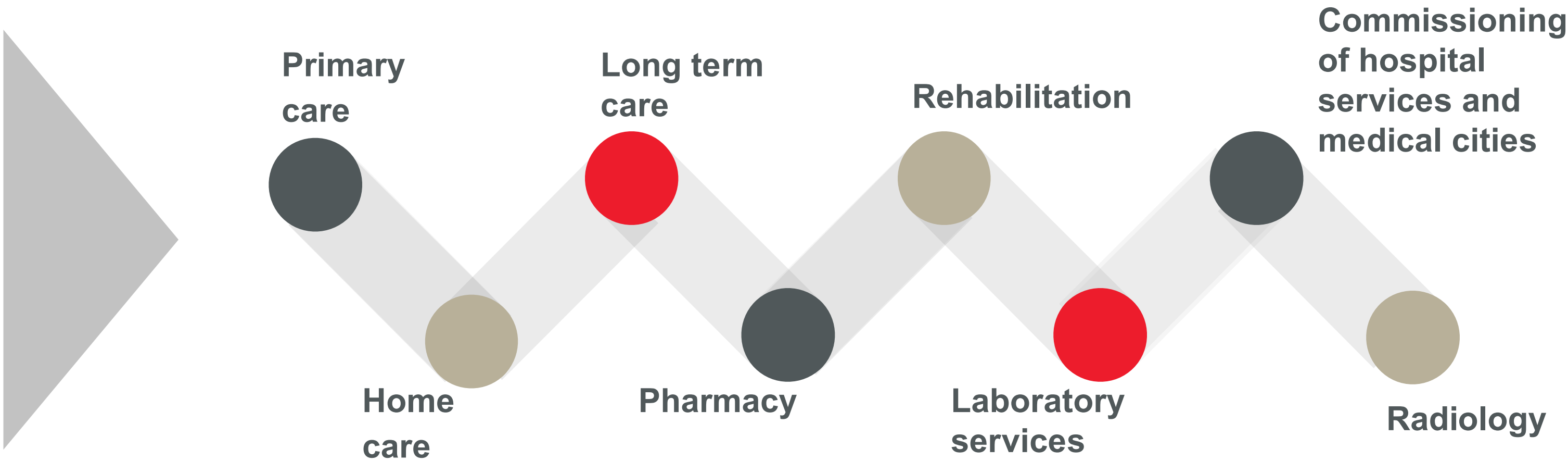


Efficiency drivers

- **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



Areas of focus for privatization



How has HMG positioned itself to participate?

Intensive Care Units (ICUs)

- Operating ICU beds in **6 MoH hospitals**
- Managing **the largest Tele-ICU Command Center in the world**

(Guinness World Record 2019)



Solutions

- Implemented VIDA in **39 MoH hospitals**, implementation process in **2** new MoH hospitals and **2** potential projects
- 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 and Ministry of Health**

Business structure

A fully integrated healthcare services provider



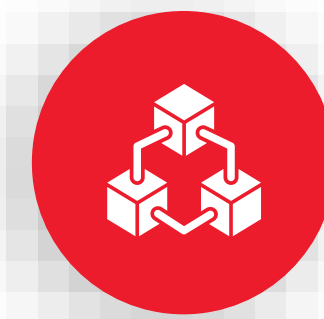
Hospitals

- **7 hospitals** in Saudi Arabia and Dubai
- **1,900+** beds and **1,370+** clinics
- **1 Medical center** in Bahrain through management agreement
- **1 Medical center** in Diplomatic Quarter
- **13,000+** staff, **2,750+** physicians



Pharmacies

- Outpatient pharmacies as part of the hospitals
 - **18 pharmacies in Saudi Arabia and Dubai**
 - **440+ employees**
- E-Pharmacy



HMG Solutions

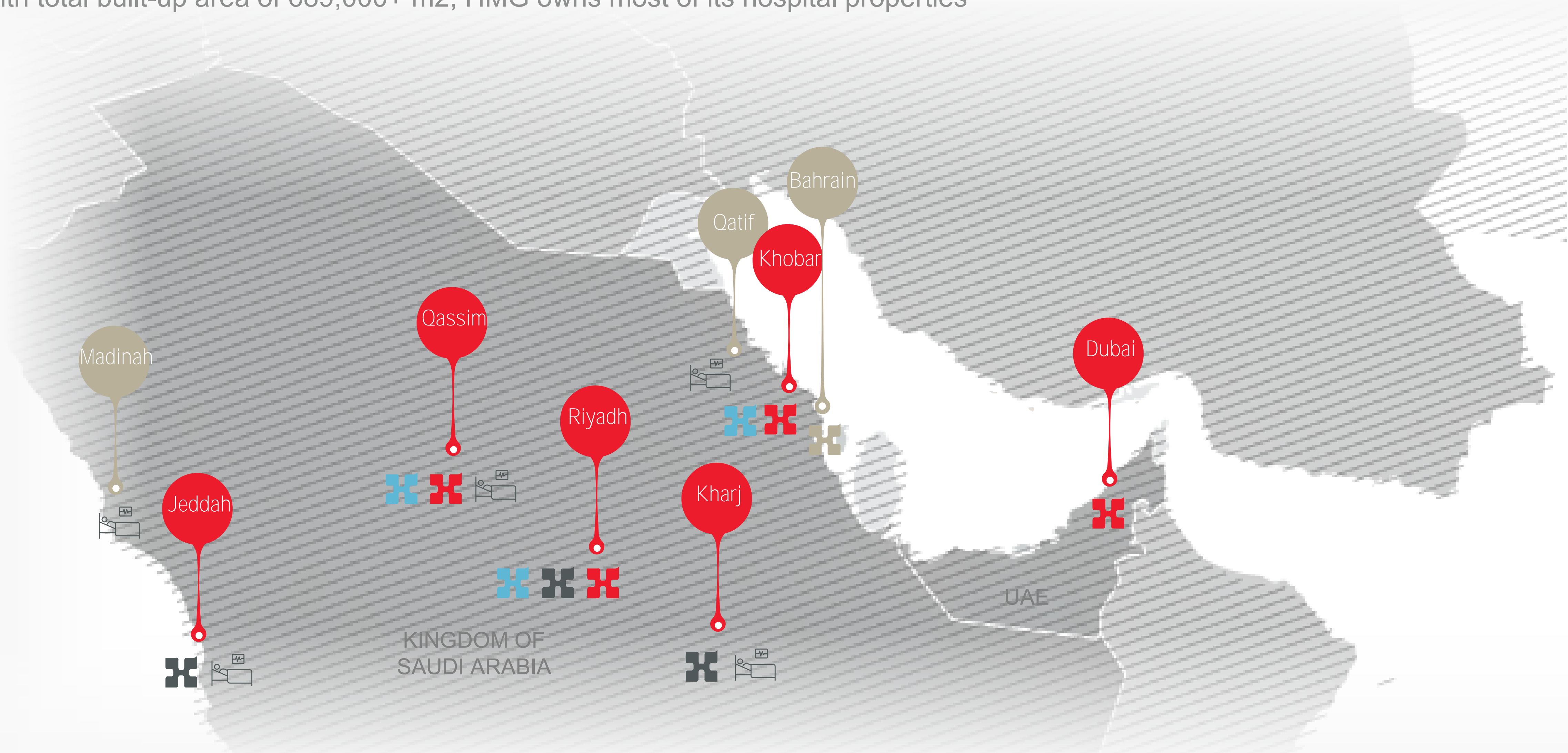
- **Cloud Solutions:** technology arm including HIS, e-medicine, mobile app & other Applications
- **PPP Programs:** Operating Intensive Care Units for others
- **Home Healthcare** services
- **MD LAB** for advanced laboratory services

Introducing New Solutions:

- **Flow Medical:** maintenance of medical equipment
- **Taswyat Management:** Revenue cycle management
- **Rawabet Medical:** Tele-medicine services

Where we operate

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



Owned facility

Medical Center

Under constructions

Operated hospital

Operated ICU

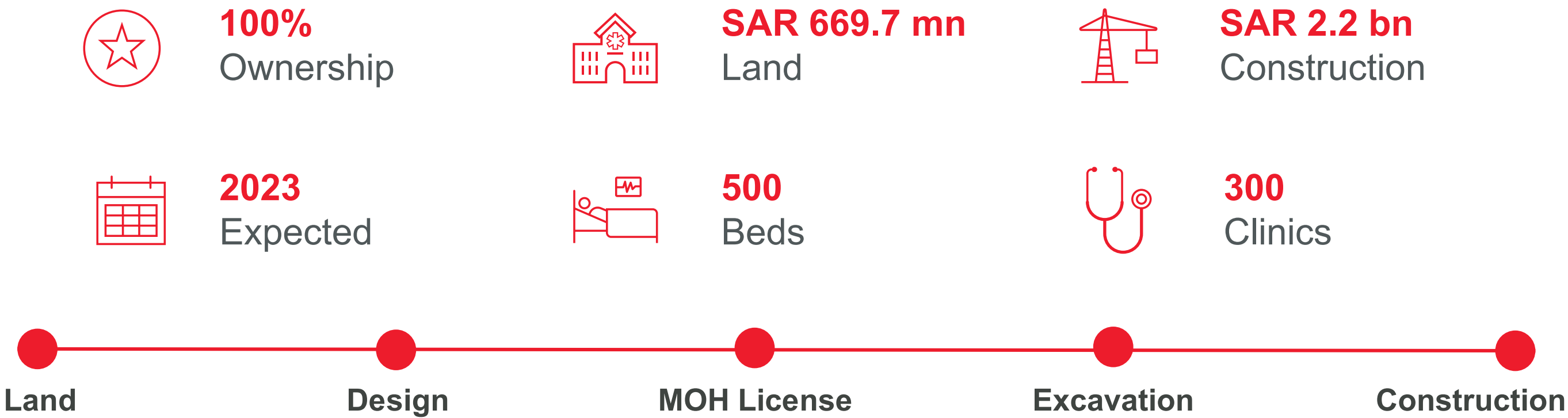


How we performed

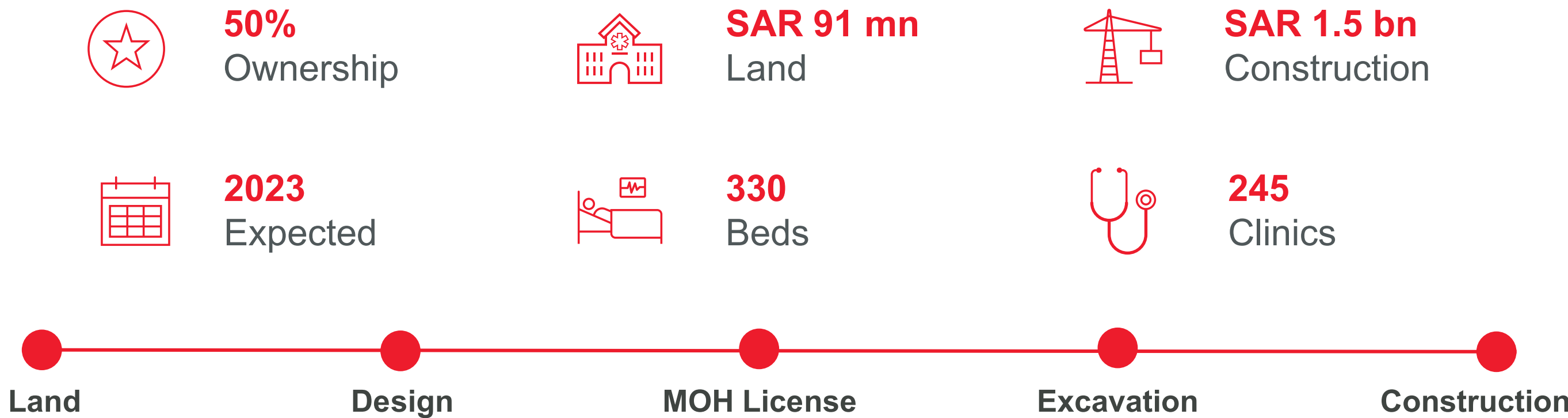
Projects update

Solidifying our market leadership through robust expansion plan

North Riyadh



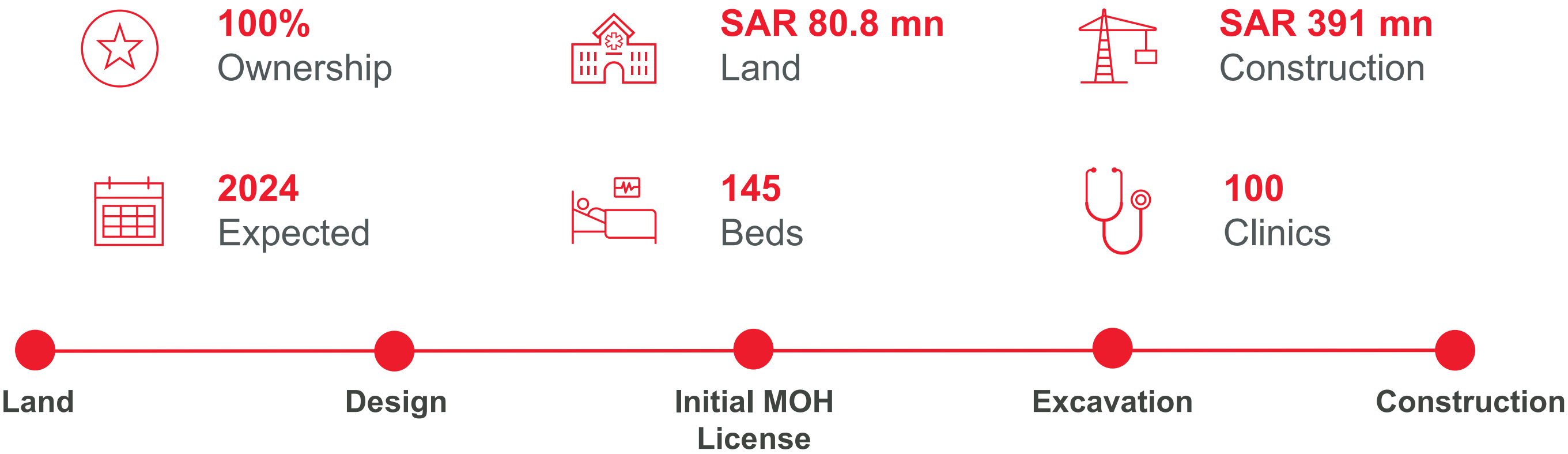
South-West Jeddah



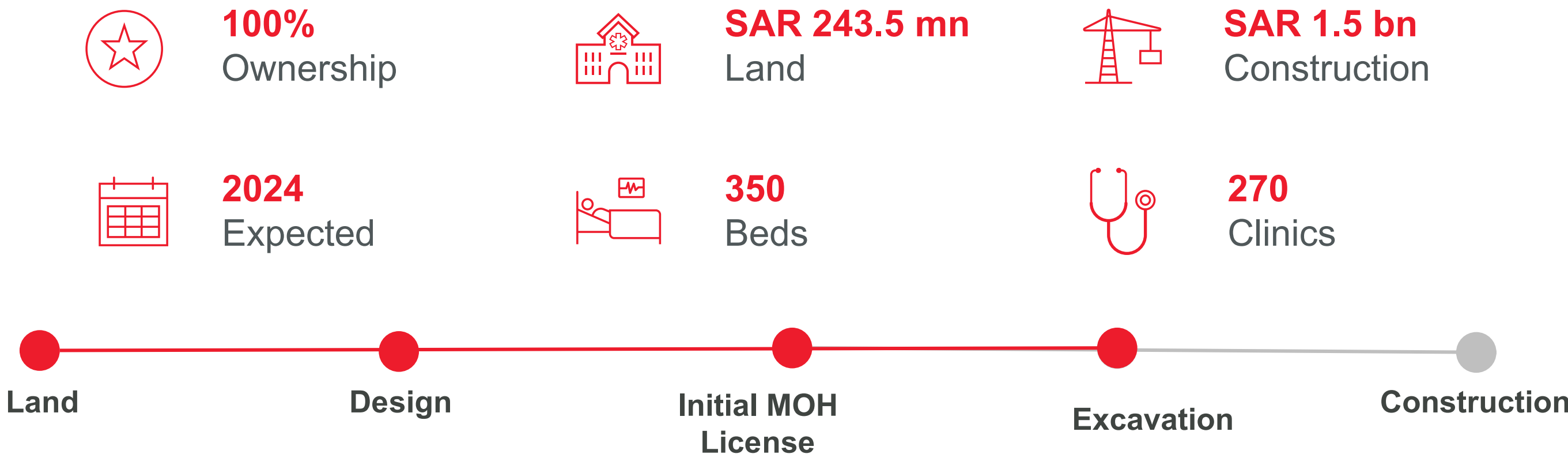
Projects update

Solidifying our market leadership through robust expansion plan

Maternity and Pediatric Hospital (New Takhassusi Expansion)

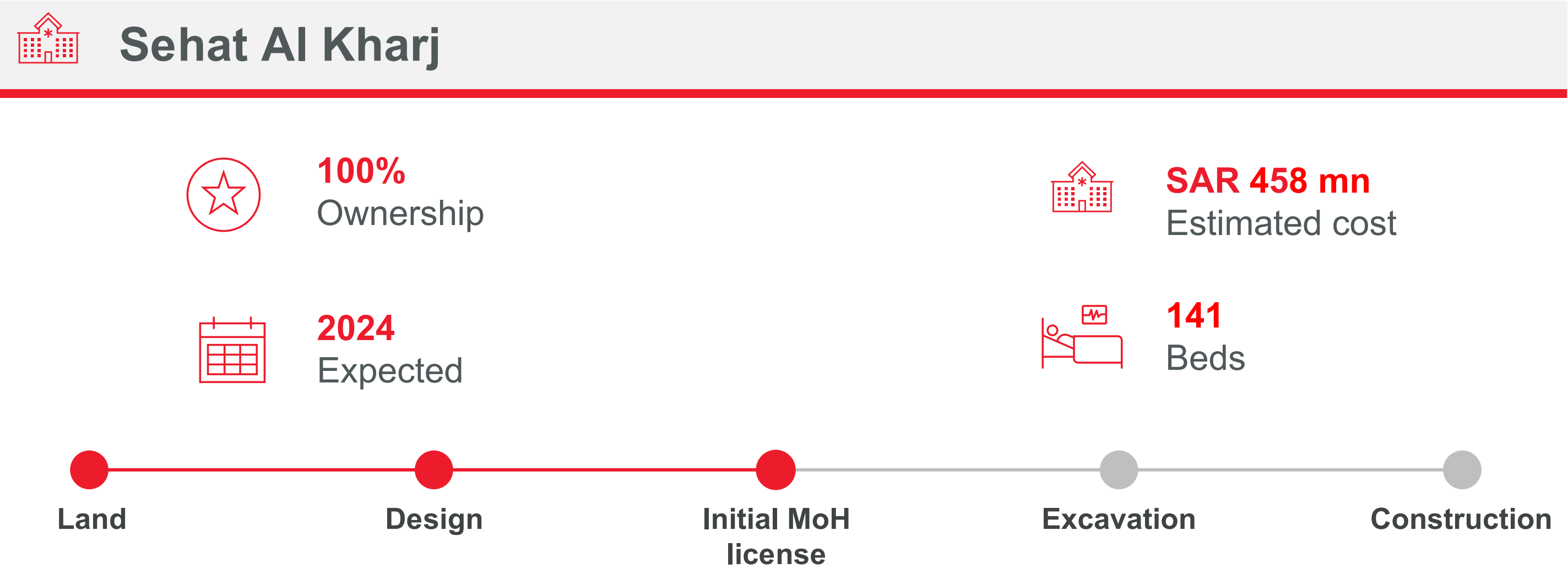


North Jeddah



Projects update

Solidifying our market leadership through robust expansion plan



Location
Al Kharj Governate, Saudi Arabia.

-
- Project Details**
 - Land Area: **44,303 square meters** (owned by the project)
 - Built-up Area: **79,040 Square Meters**

-
- Project Financing**
 - The estimated total cost of the project is SAR 458 million.
 - The project will be funded by the **Group’s internal resources** and by **long-term Shariah-compliant facilities** from local banks

Projects update

Solidifying our market leadership through robust expansion plan



Medical Center Services Expansion Strategy

HMG announced the Group's strategy to expand the Medical Centers services under the Trademark "Dr. Sulaiman Al Habib (Medical Center)" through "Al Marakez Al Awwalyah for Healthcare Company", a wholly owned subsidiary of the Group.



1st Medical Center at Riyadh's Diplomatic Quarter

Opened in January 2021, operating 17 clinics



New Medical Center Services Locations:

- Al Narjis District in Riyadh
- Al Hamra District in Riyadh
- Gharb Al Faisaliah District in Dammam
- Al Rayan District in Buraidah

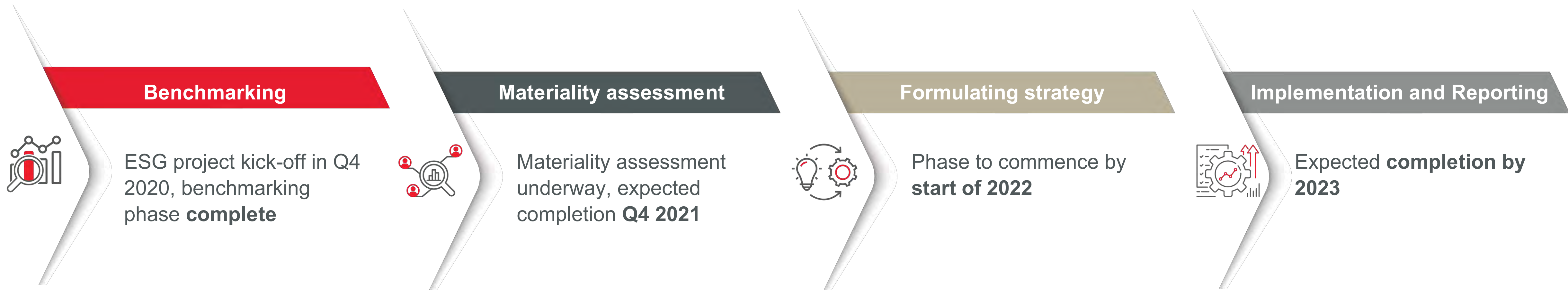


Committed to the well-being of the communities, we serve and take a broader approach to value creation by looking beyond our own facilities

Overview

In line with Saudi Ambitious Vision 2030, HMG is committed to fulfil its social responsibility by setting various initiatives such as:

- HMG is currently undertaking a four-phase exercise to start integrating ESG into its business practices and to measure and report on its ESG performance.
- As part of HMG’s commitment towards fulfilling its social responsibility, HMG and Al Rajhi Bank collaborated to support patients suffering from renal failure through the donation of 91 kidney transplants worth SAR 18 million.
- Four-phases program looks to formulate an ESG strategy that sets clear targets to achieve our sustainable development ambitions and integrates our existing sustainability efforts.
- 17 Residency & Fellowship Programs in HMG, which have been accredited by the Saudi Commission for Health Specialties.



Operations

HMG announced contract sign off by its subsidiary North Riyadh for Healthcare Company with MASAH Construction Company.

HMG launches project to incorporate audio-visual link between ambulances and emergency vehicles with "VIDA".

Critical Pathways In Cardiology journal publishes scientific research by Dr. Sulaiman Al Habib Medical Group staff on treatment of heart attacks.

For the 22nd year in a row, HMG organized and conducted its Annual Pediatric Conference as part of the Group's continuous effort to help train local medical personnel.

HMG launches Lean Six Sigma Yellow and Green Belt Course to develop and enhance the skills and abilities of the Group's human capital.

Dr. Sulaiman Al Habib Dubai Hospital organized its 3rd Pediatric Conference where more than 100 healthcare professional from HMG and outside attended.

HMG completed preparations to launch the International Musculoskeletal Imaging Conference through a virtual platform. The conference will feature more than 20 lectures, panel discussions, and workshops conducted by doctors from around the world.

HMG App and Services

Booked Appointments via App
630 k+ appointments

Transactions
121 mn+ transactions

E-Pharmacy
10,500+ transactions

Habib Live Care
22 k+ transactions

Home Health care
3,700+ transactions

Comprehensive Medical Check-up **6000+** requests

2.7 mn+ incoming calls to Call Center



Highlights: Q3 2021

Medical Excellence

Post-Graduate Program

Deliver optimum training activities

The **1st ICU residency program** in the private sector in KSA

17 Residency & Fellowship programs accredited by SCFHS

120 trainees

Under-Graduate Program

Affiliation agreement with governmental and private universities / colleges

500+
Undergraduate and interns

13
Governmental and Private Universities

CPR

Provide all basic and advanced life support courses

270+
courses

1590+
Trainees

Accredited by Saudi Heart Association (SHA) and American Heart Association (AHA)

CME

Responsible for all symposia, workshops, courses & conferences

 **50+**
activities

 **74**
hours

 **1180+**
participant

 **75**
speakers

Research Center

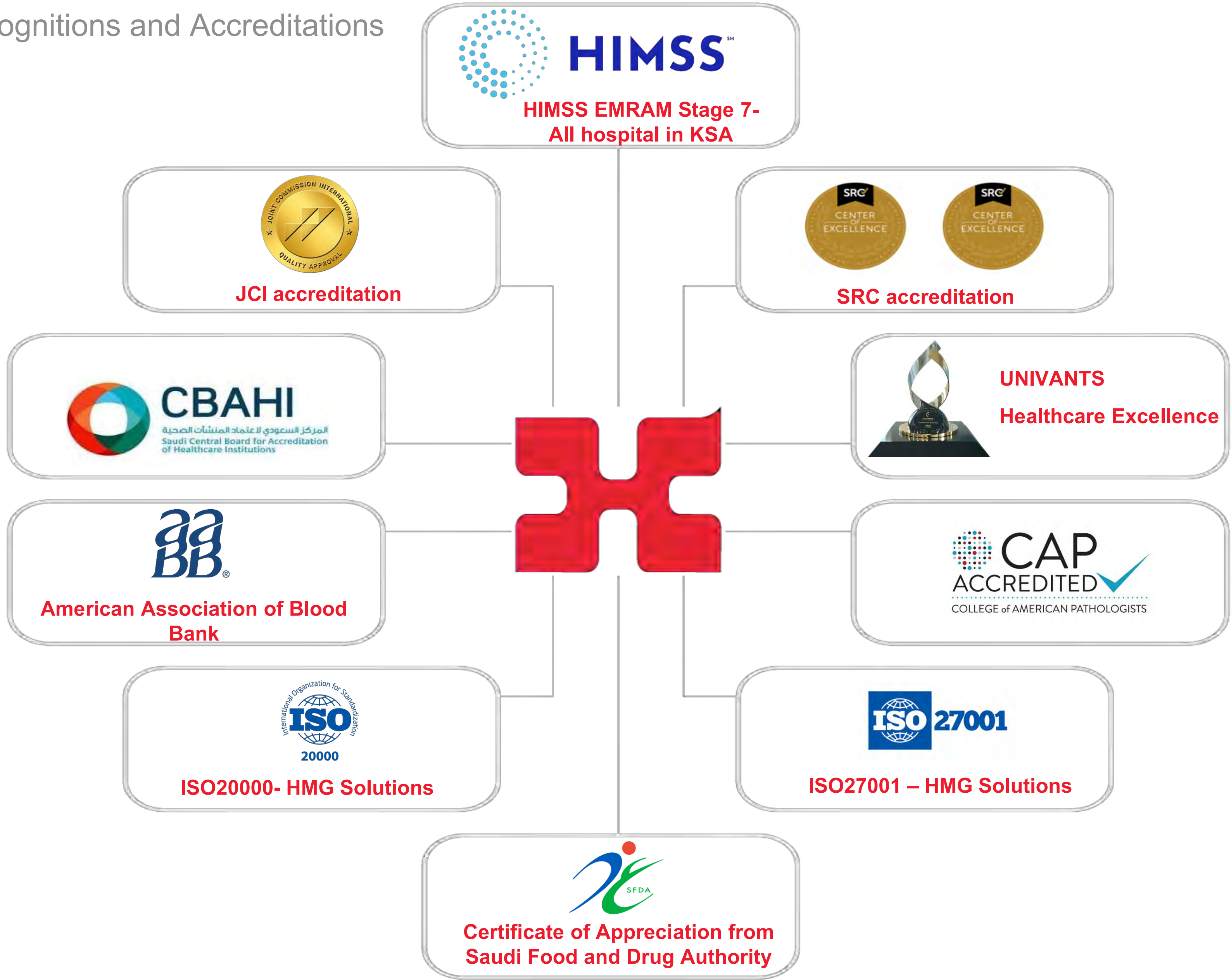
Oversees all research activities within HMG

Published Volume 3, Issue 3 with **8** research articles | Reviewed **20 Research proposals** through the IRB committee

Dr. Sulaiman Al Habib Medical Journal, which is the official publication of the Group, is the **first and only of kind in all private health sector around the region**

Highlights: Q3 2021

Recognitions and Accreditations



HMG won three awards at the annual Middle East Investor Relations Association (MEIRA) Awards in recognition of its continued excellence in investor relations:

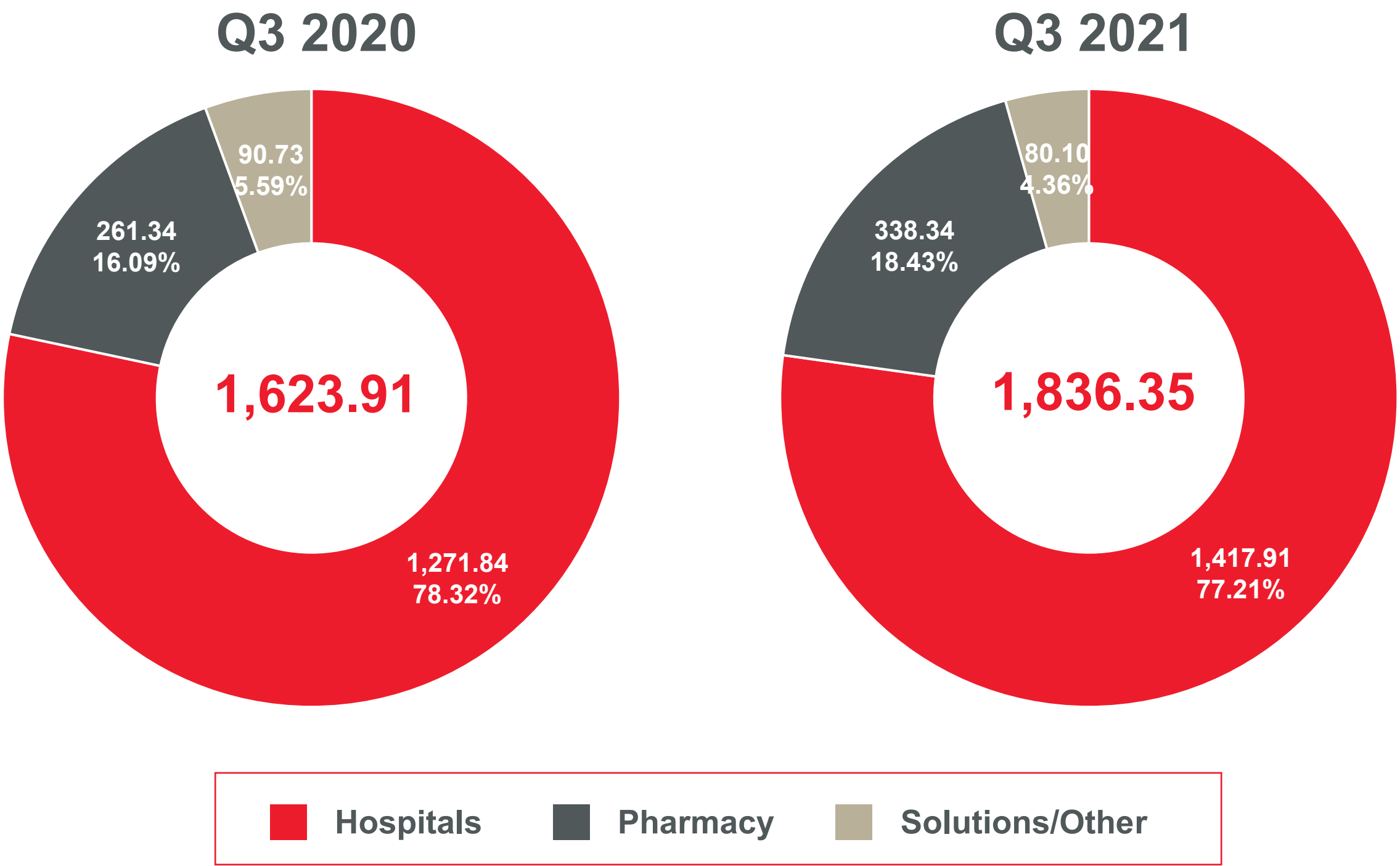
- ‘Leading Corporate for Investor Relations – Saudi Arabia’
- ‘Best 2020 Digital Annual Report – Large-Cap companies’ award.
- Recognition in the ‘Best 2020 Annual Report- Large cap’ category

Financial highlights: Q3 2021

Revenue by segment

SAR million

+13.08%



Gross profit 4.93%

Q3 2021	586.42	▲
Q3 2020	558.89	

SAR (Millions)

Gross profit Margin

Q3 2021	31.93%	▼
Q3 2020	34.42%	

EBITDA 13.07%

Q3 2021	470.86	▲
Q3 2020	416.45	

SAR (Millions)

EBITDA margin

Q3 2021	25.64%	●
Q3 2020	25.64%	

Net income 16.68%

Q3 2021	348.62	▲
Q3 2020	298.79	

SAR (Millions)

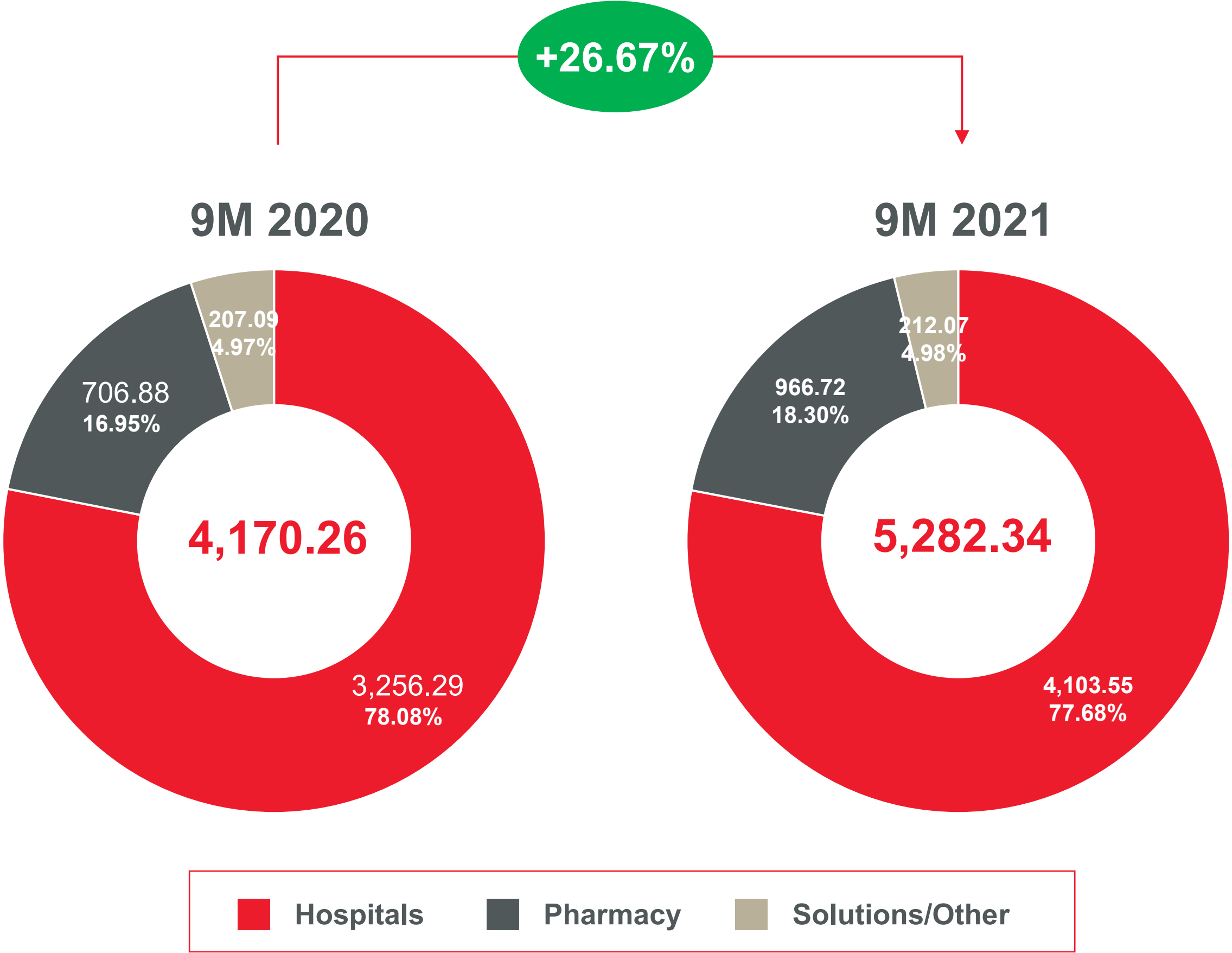
Net income margin

Q3 2021	18.98%	▲
Q3 2020	18.40%	

Financial highlights: 9M 2021

Revenue by segment

SAR million



Gross profit 27.93%

9M 2021	1,686.85	▲
9M 2020	1,318.60	
SAR (Millions)		

Gross profit Margin

9M 2021	31.93%	●
9M 2020	31.62%	

EBITDA 27.03%

9M 2021	1,354.78	▲
9M 2020	1,066.53	
SAR (Millions)		

EBITDA margin

9M 2021	25.65%	●
9M 2020	25.57%	

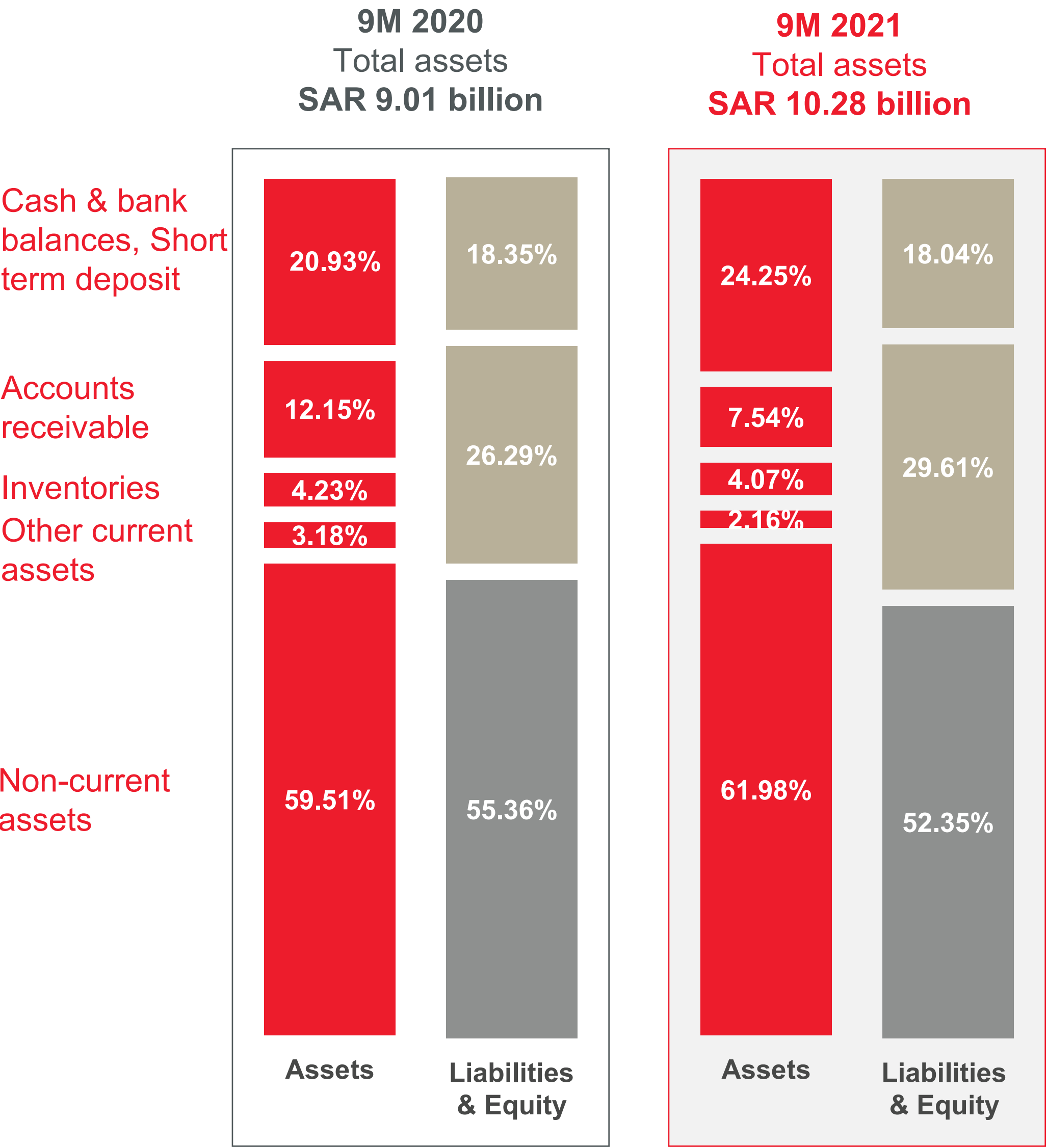
Net income 34.62%

9M 2021	993.02	▲
9M 2020	737.65	
SAR (Millions)		

Net income margin

9M 2021	18.80%	▲
9M 2020	17.69%	

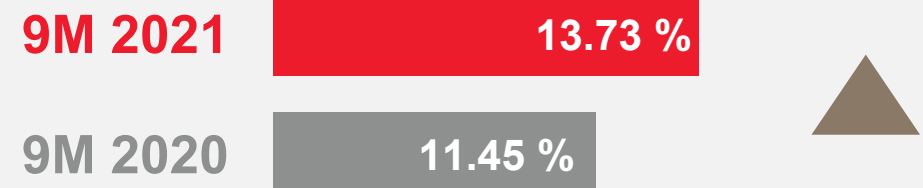
Healthy balance sheet / 9M 2021



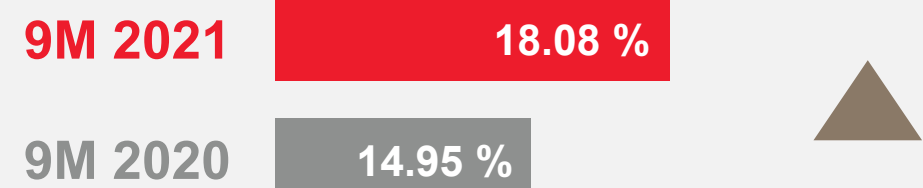
ROE



ROA



ROCE



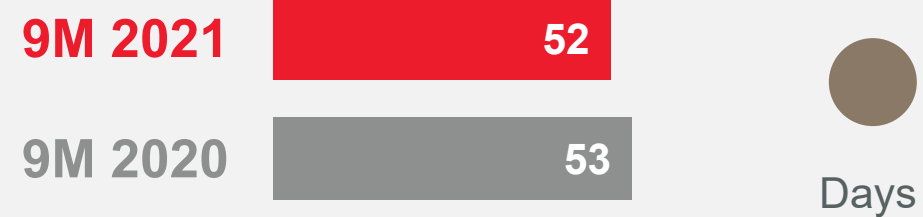
Current Ratio



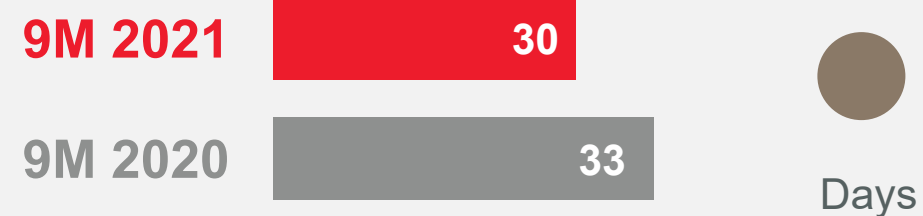
Receivables outstanding



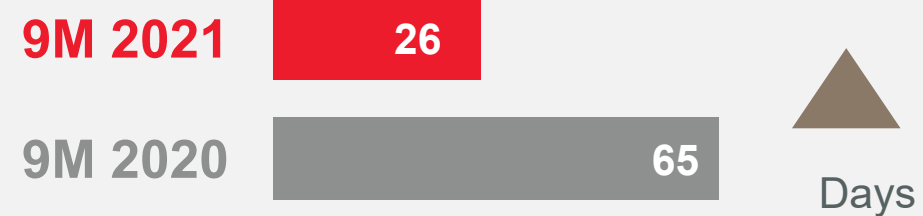
Payables outstanding



Inventory

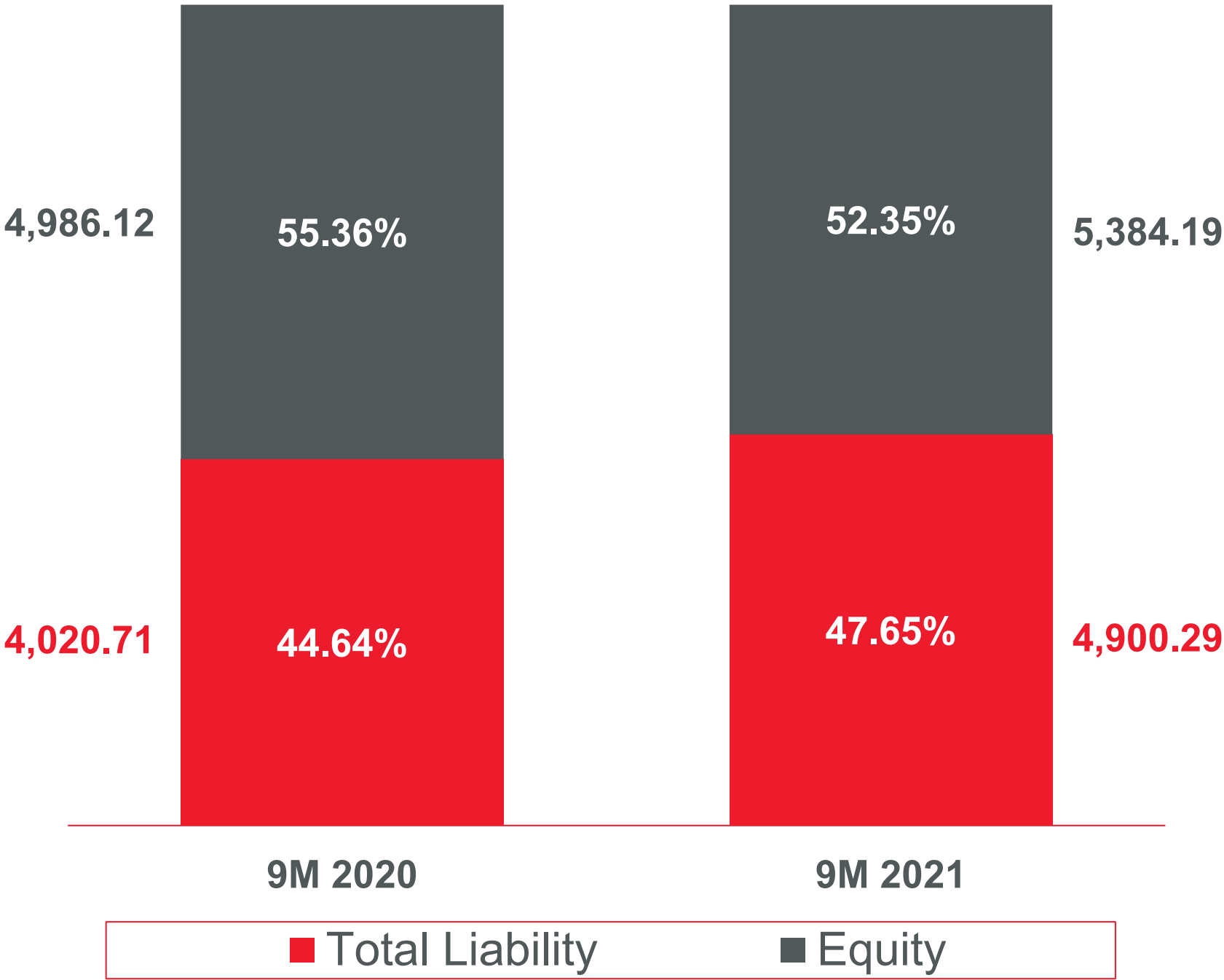


Cash cycle



Total liabilities and equity

SAR million



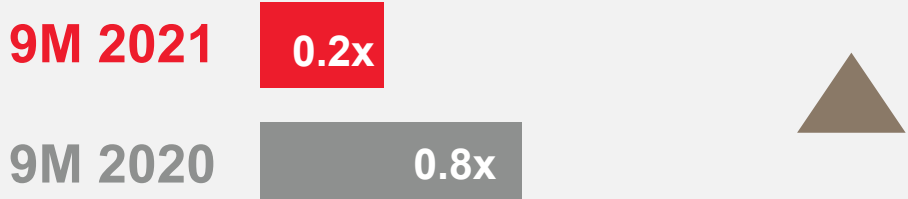
Total Liabilities/Total Assets



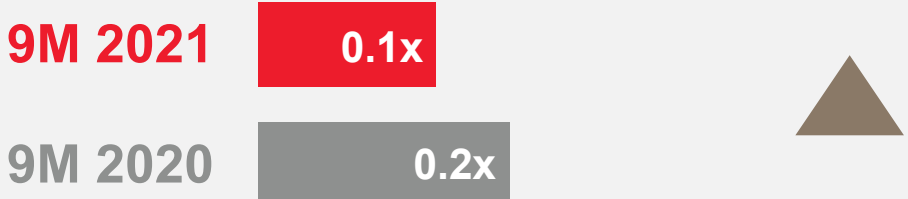
Total Liabilities/Equity



Net Debt / EBITDA



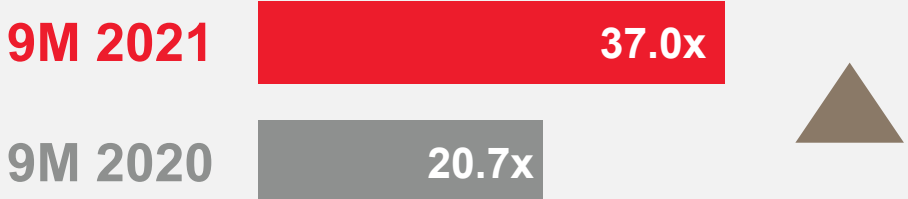
Net Debt / Equity



DSCR

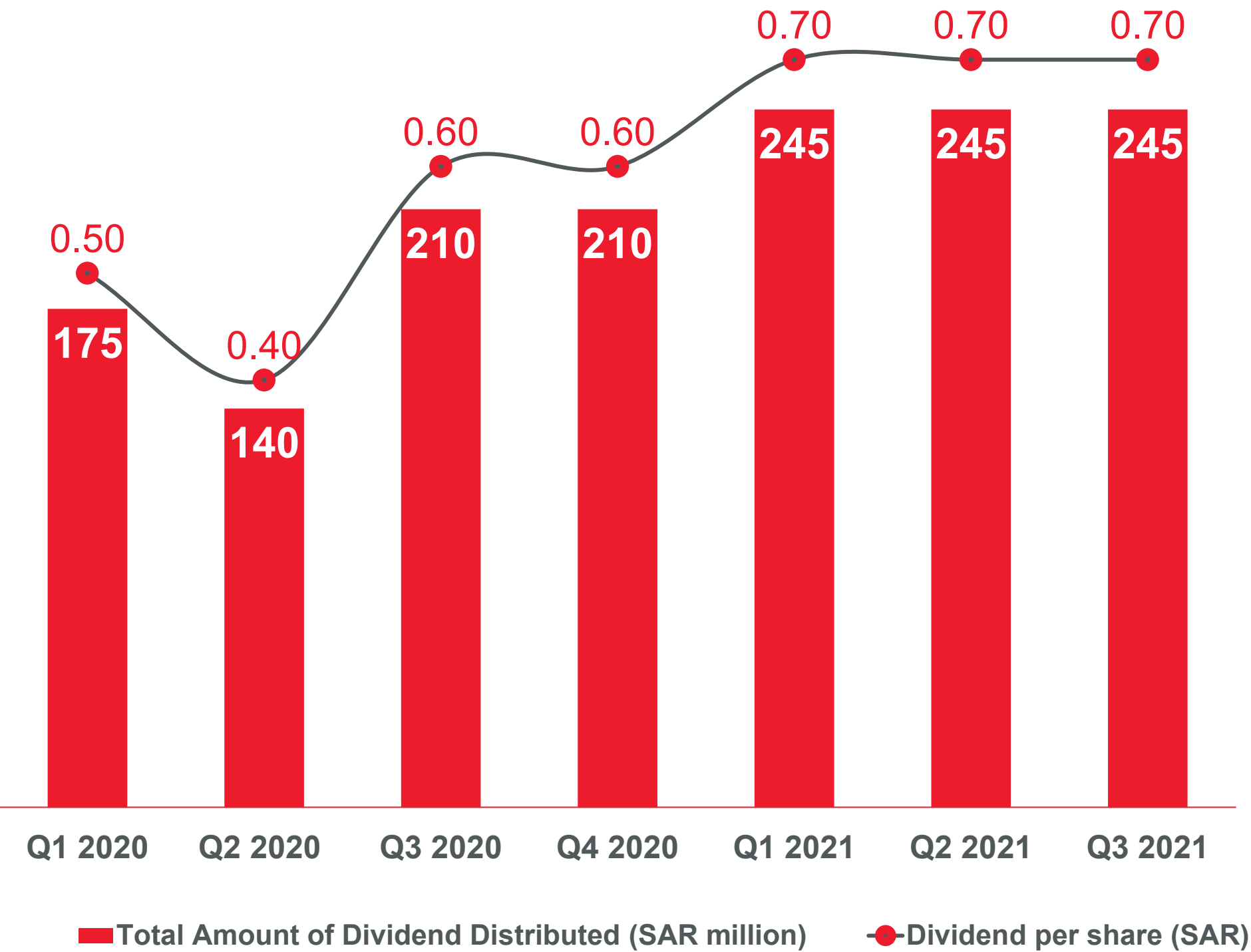


Interest Coverage ratio



Total cash dividends for shareholders: Q3 2021

Declared dividends



Declared Cash dividends / Q3 2021

Total distributed dividends	SAR 245 million
% of capital	7% (equivalent to SAR 0.70 per share)
Eligibility date	28 th October 2021
Date of distribution	15 th November 2021

Total declared cash dividends for shareholders / 9M 2021

Total distributed dividends	SAR 735 million
% of capital	21% (equivalent to SAR 2.10 per share)

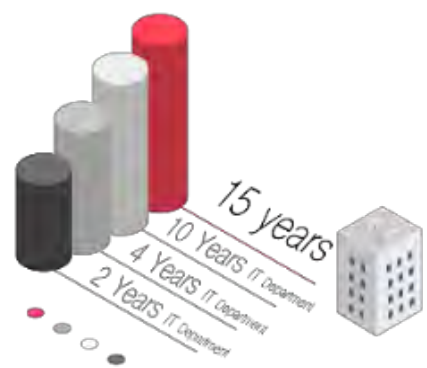


Spotlight

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



15 Products



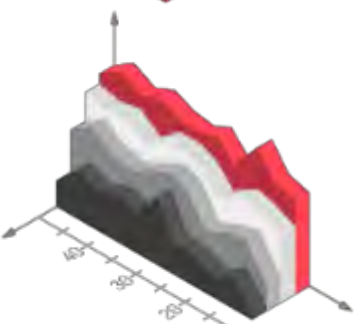
52 Digital hospitals



16 Clients

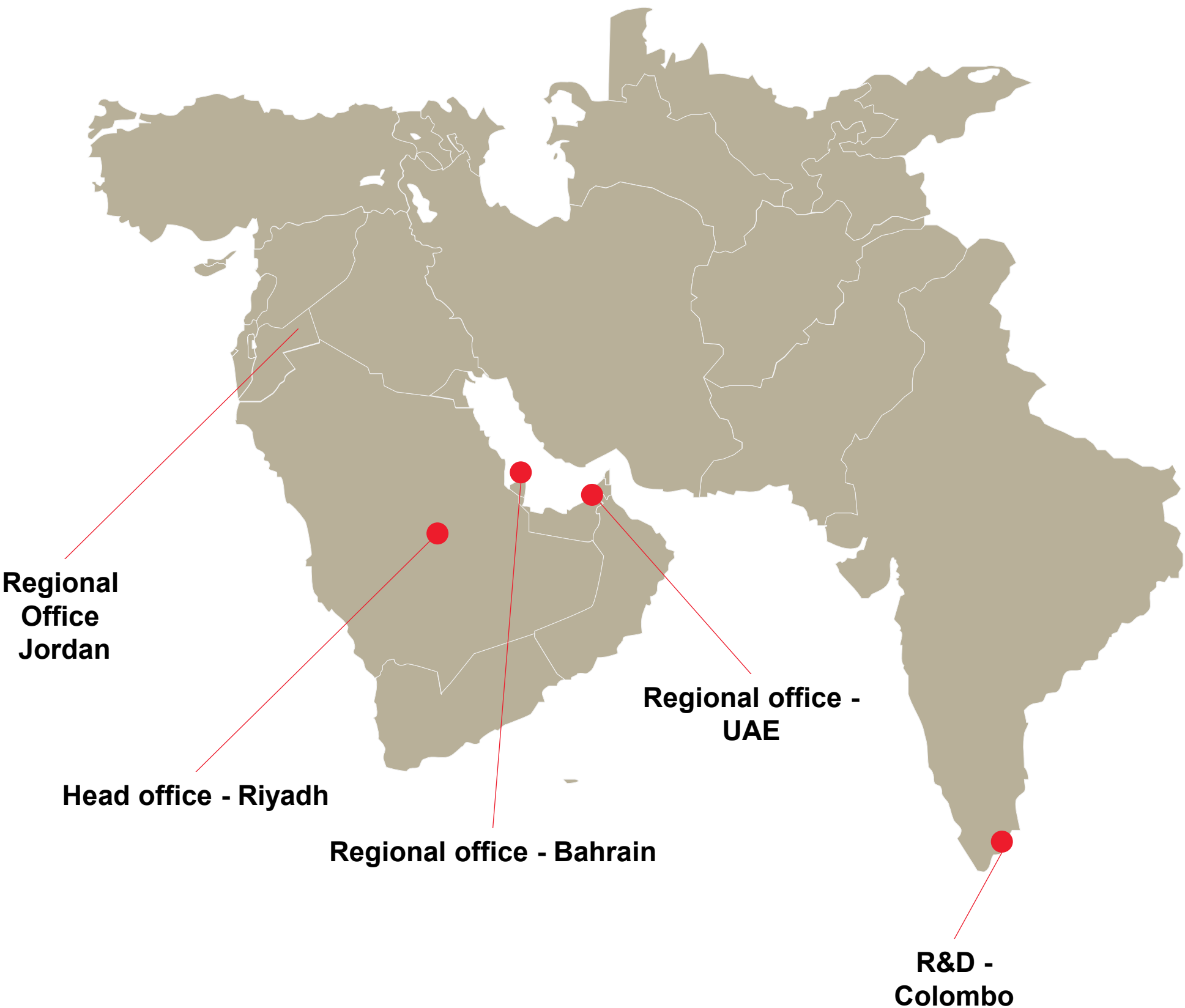


26 International partnerships



16 University student internships

Cloud Solutions' footprint



Pioneer in healthcare technology

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



E-medicine

Tele-Cardio

- Designed to treat heart attacks remotely

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 healthcare 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 7 accreditation** in all HMG's hospital in KSA.
- Implemented VIDA in **39 MoH Hospitals**.



Mobile application

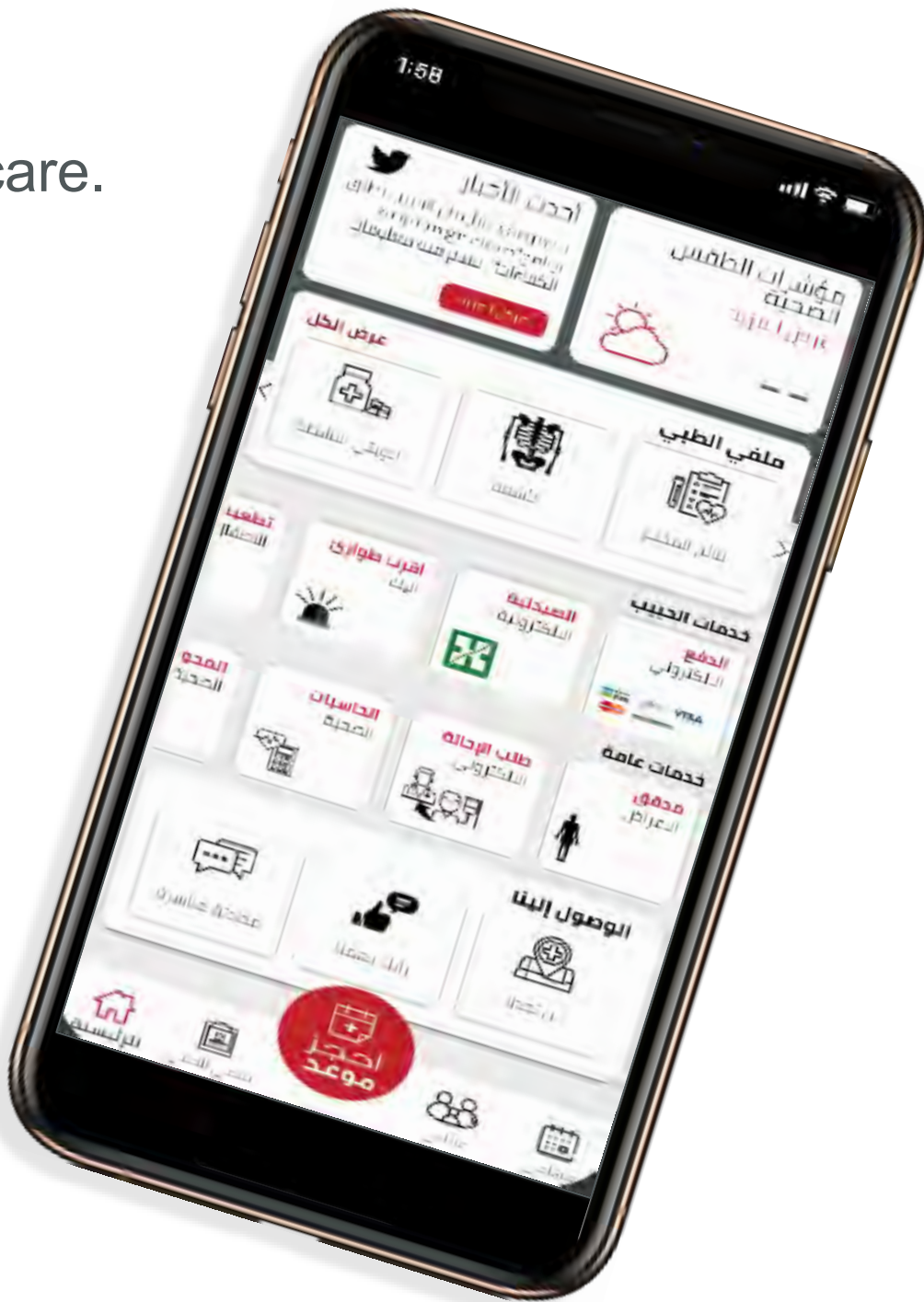
Medical record anywhere anytime

Patients

- Unique patient experience.
- Built using the latest Technologies.

Physicians

- Continuity of care.



Pioneer in healthcare technology

Adapting services to meet patient needs

Knee replacement technology

Innovative minimally invasive knee replacement offer for quick return to normal life



Siemens Healthineers partnership

Nuclear service center expanded oncology and radiology service at Al Khobar through first-of-its-kind Biograph Vision PET-CT



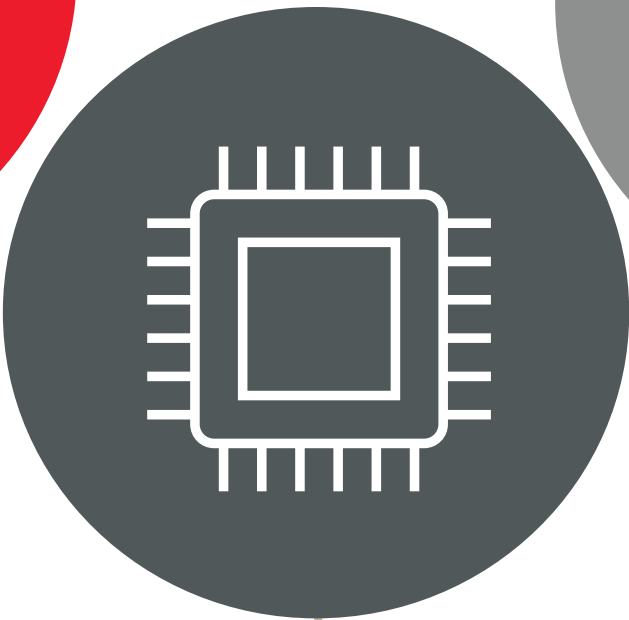
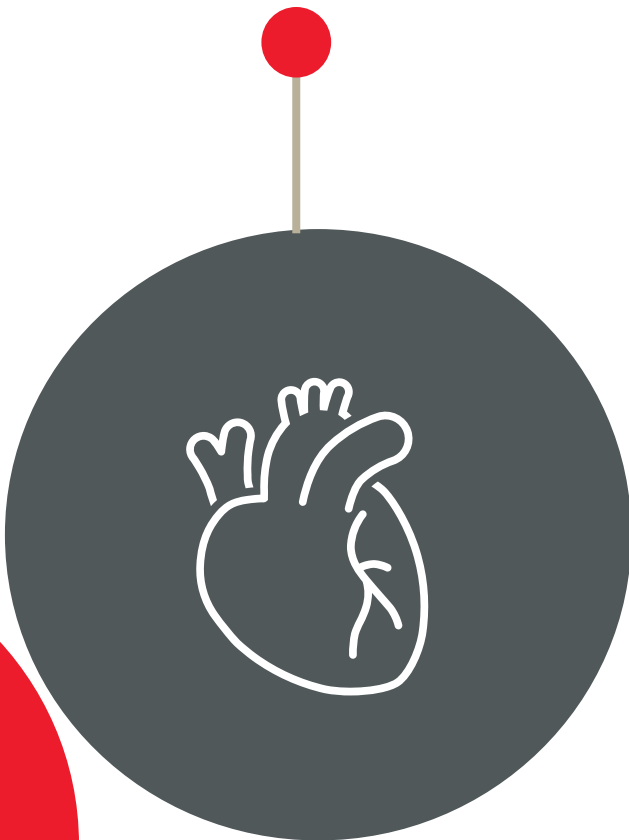
CSSD

Centralized Sterilization Supply Department implemented latest tracking technology for instruments and machines



MICS Program

Minimally invasive cardiac surgery program – first and only Saudi healthcare provider offering service. 10+ procedures in 2020



Radiology RIS/PACS System

RIS/PACS system implemented at 11 MoH Hospitals to improve radiology workflow



VIDA-MOH

VIDA electronic medical record proof of concept projects implemented at several hospitals

Attracting and retaining top talent

Our employees are our most valuable assets

Physician qualifications



15+ years average years of experience



89% physician retention rate



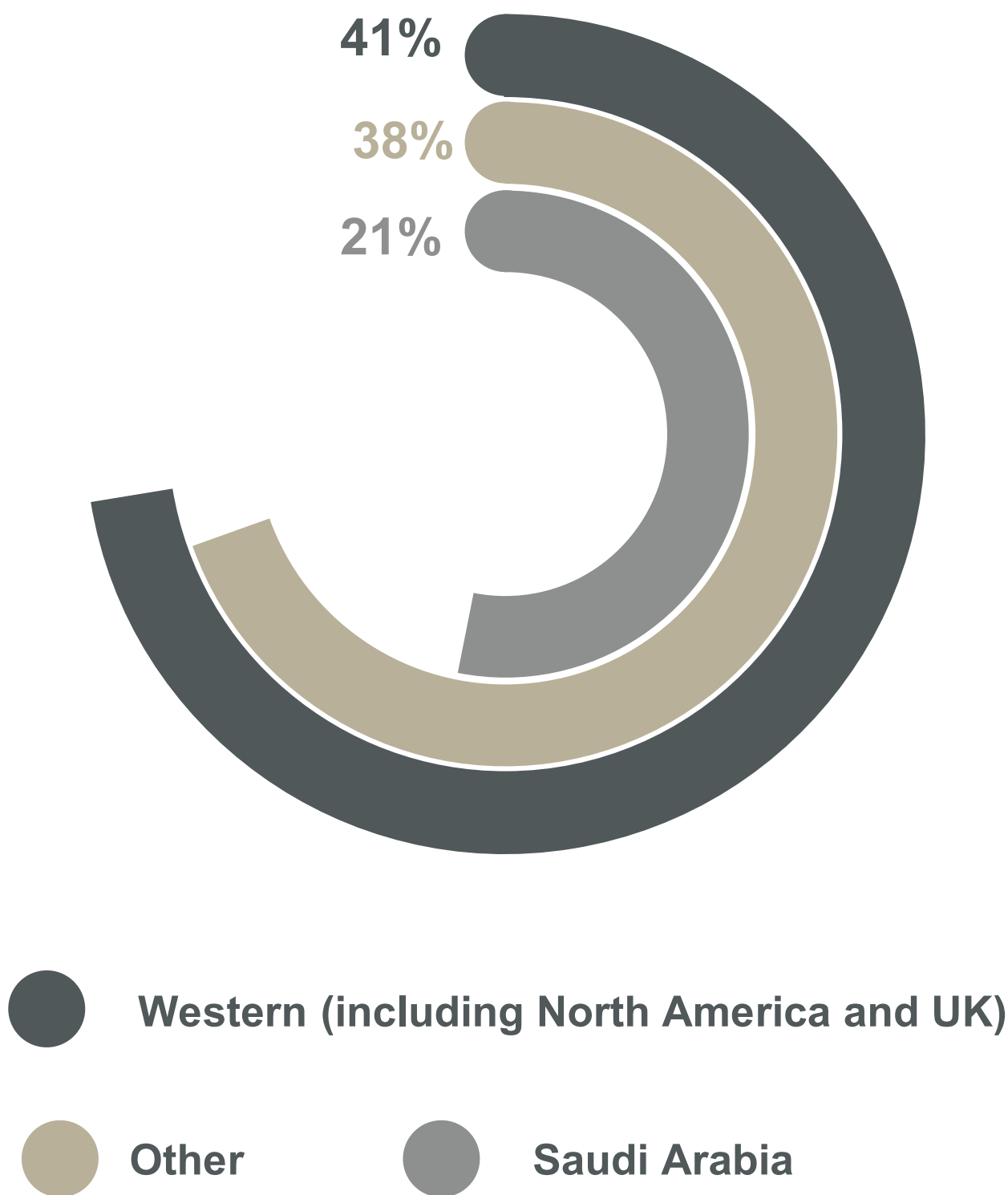
120 recruiting offices across the globe



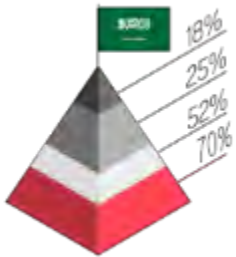
45+ nationalities



17 Residency and fellowship programs



Our People



34% Saudization across the Group



Staff Ratio
63% female : **37%** male



12,600+ requests for Mowadhafi Program



31 Agreement with other companies to offer discount for HMG's staff + events during Q3



تم التشغيل
OPEN NOW
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Appendix #1

About HMG

Diverse board of directors

Our success is driven by our people

3 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



Dr. Nabeel AlAmoudi
Board Member

- Board member, Saudi Aramco
- Previously, Minister of Transport of the Kingdom and Chairman of the Board of Directors of the General Authority of Civil Aviation, Public Transport Authority, Saudi Ports Authority, Saudi Railways Organization and Saudi Railways

3 Executives



Nasser Al Huqbani
Board Member and CEO

- Board member, Saudi Patient Safety Center (SPSC)
- 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
- Board member, Hamat Holding Company

3 Independents



Mazen Al Rumaih
Vice Chairman

- Chairman, Saudi Fransi Bank
- Previously Chairman, Saudi Fransi Capital



Obaid Al Rasheed
Board Member

- Chief Executive Officer, Arab National Bank
- Vice Chairman, Saudi Chemical Company



Ziyad Al Saleh
Board Member

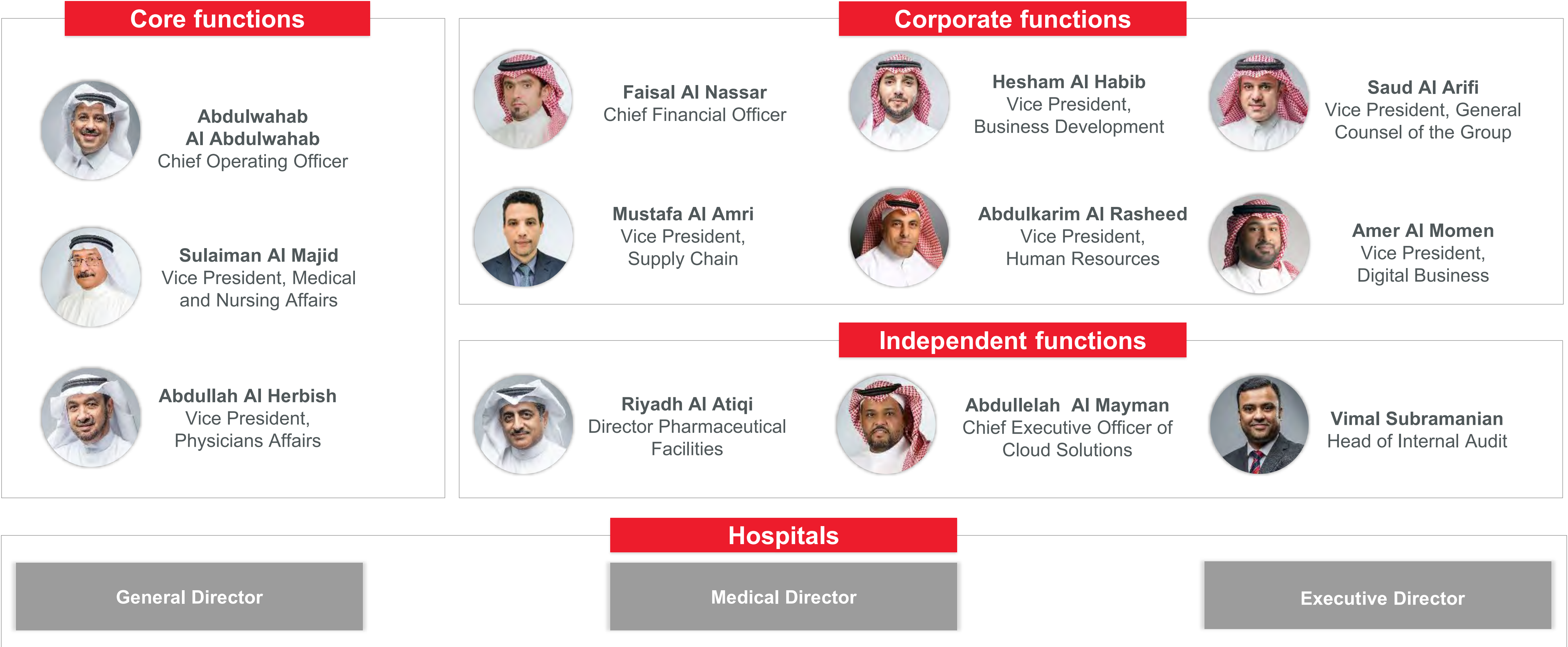
- Board member, JP Morgan Saudi Arabia
- Board member, Riyadh Cables Company

Experienced senior management

Highly experienced, high caliber management



Nasser Al Huqbani
Chief Executive Officer





Appendix #2

Summarized financials

Summary: Balance sheet

As of 30 September 2021

SAR million	As of 30 September 2021	As of 30 September 2020	Change %
Current Assets	3,910.13	3,646.53	7.23%
Investments	44.19	37.22	18.73%
Fixed Assets	6,330.16	5,323.08	18.92%
Total Assets	10,284.48	9,006.83	14.19%
Current Liabilities	1,855.56	1,653.07	12.25%
Non-Current Liabilities	3,044.74	2,367.64	28.60%
Shareholders' Equity	5,201.15	4,810.70	8.12%
Minority Interests	183.03	175.42	4.34%
Total Liabilities and Shareholder Equity	10,284.48	9,006.83	14.19%

Summary: Balance sheet

As of 30 September 2021

SAR million	30 September 2021 (Nine months)	30 September 2020 (Nine months)	Change %
Revenue	5,282.34	4,170.26	26.67%
Cost of revenue	(3,595.49)	(2,851.66)	26.08%
Gross profit	1,686.85	1,318.60	27.93%
Selling and marketing expenses	(163.71)	(116.15)	40.95%
G&A expenses	(453.24)	(416.64)	8.78%
Operating income	1,069.90	785.81	36.15%
Other income, net	50.51	42.08	20.03%
Share in net income of associates	7.32	(1.81)	504.42%
Finance charges	(28.88)	(37.90)	(23.80%)
EBT and before minority interest	1,098.85	788.18	39.42%
Minority interest	(5.90)	21.67	(127.23%)
EBT	1,092.95	809.85	34.96%
Zakat	(99.93)	(72.20)	38.41%
Net income (Attributable to Equity holders of the Parent)	993.02	737.65	34.62%

Summary: Cash flow statement

As of 30 September 2021

SAR million	30 September 2021 (Nine months)	30 September 2020 (Nine months)	Change %
Net cash from operating activities	1,609.24	1,402.86	14.71%
Net cash used in investing activities	(885.04)	(1,016.09)	12.90%
Net cash from (used in) financing activities	(569.25)	(298.51)	(90.70%)
Cash and cash equivalents at the beginning of the period	2,339.26	1,196.66	95.48%
Cash and cash equivalents at the end of the period	2,494.22	1,284.93	94.11%



Q&A

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