



Press Release
Financial Results: Q2 2020

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Dr. Sulaiman Al Habib Medical Group (HMG) reports first half net income growth of 9.15%

- Q2 revenues of SAR 1.2 billion grew 3.96% year-on-year, and 6.76% for first half 2020 to SAR 2.55 billion
- Launch of “Al-Habib Live Care” drives electronic service delivery and remote medical consultations
- Partnership with Diplomatic Quarter General Authority to operate primary care medical centre in Riyadh
- Group’s total capacity stands at 1,913 beds and 1,371 clinics as at 30 June 2020, through which an integrated system of general and specialized services is provided

Riyadh, Saudi Arabia, 16 August 2020: Dr. Sulaiman Al Habib Medical Group (“HMG”, or the “Group”), Saudi Arabia’s largest private medical services provider, has announced its financial results for 6-month period ended 30 June 2020.

Revenues grew by 6.76% in H1-2020 reaching SAR 2.55 billion, with an increase of SAR 161.26 million as compared to the corresponding first half of the previous year (SAR 2.3 billion), as a result of revenue growth in all segments including hospitals, pharmacy, and HMG Solutions.

Net income for H1-2020 increased by 9% to reach SAR 438.9 million, as compared to the corresponding first half of the previous year (SAR 402.1 million), with a net income margin of 17.23% of revenue, compared to 16.86% in H1-2019. Net income has improved despite the increase in fixed costs associated with the commencement of Khobar hospital’s operations during Q2-2019, which is still in its ramp-up phase during its first year of operation. This increase in net income was driven by both an increase in inpatient occupancy as well as revenue growth for the current period, as a result of the Group’s continuous effort to maintain cost levels by increasing operational efficiency.

Revenue for the second quarter 2020 increased by 3.96% year-on-year, to SAR 1.2 billion, driven mainly by growth in the hospital segment, due to the increase in inpatient occupancy resulting from an increase in Ministry of Health referrals, and an increase in the number of patients at Khobar hospital, which commenced operations in the second quarter of 2019. Revenues increased in the pharmacy segment, in addition to growth in revenue from new contracts awarded to HMG Solutions during 2019 and 2020.

Second quarter net income grew 14.46% year-on-year to reach SAR 192.25 million. Growth was driven by improving revenues, the roll-out of new services and a focus on operational efficiency and cost containment measures – particularly in light of the headwinds provided by the Covid-19 pandemic and associated economic disruption.



Dr. Sulaiman Al Habib, Chairman of the Board of Directors at HMG, commented:

“Strong results for the first half reflect our Company’s focus on best-in-class healthcare delivery, and a dynamic business strategy that allows us to be agile and respond to challenges, particularly given the current circumstances. Our hospitals segment continued to drive performance, with inpatient revenue offsetting pressure on outpatient volumes caused by Covid-19 related issues. During the period, we signed an agreement to operate a primary care medical centre for the Diplomatic Quarter General Authority, which will expand our operations in this line of business in Saudi Arabia.

Construction work continued as planned at our Riyadh and Jeddah projects, and our hospital in Khobar continues its ramp-up phase during its first year of operation. As we expand our operations, our team is focused on continuously assessing costs and improving efficiencies.

Net income for the second quarter increased by 14.46% as we rolled out several initiatives and launched new services in response to Ministry of Health referrals. We placed significant emphasis on providing patients with technology and home-based solutions to address their healthcare needs, including the launch of Al-Habib Live Care to provide online consultations, our Tele Stroke program, home-delivery for pharmacy products, an at-home vaccination program for paediatric patients and other services.”

Financial and operating highlights: Q2-2020

- Q2-2020 revenue growth of 3.96% year-on-year, reaching SAR 1.2 billion, and H1-2020 growth of 6.76% to reach SAR 2.55 billion
- H1-2020 EBITDA of SAR 650.07 million, with the EBITDA margin at 25.53%, compared to a margin of 23.79% in H1-2019
- Q2-2020 net income grew by 14.46% year-on-year, to SAR 192.25 million, at a margin of 15.98%. H1 net income grew 9.15% to reach SAR 438.85 million at a margin of 17.23%

Covid-19 impact and response

Since the onset of the pandemic, Dr. Sulaiman Al-Habib Medical Services Group Company has worked through the period of precautionary and preventive measures taken by the authorities, to address and limit the spread of the virus. The Group assure that all its facilities and subsidies are fully operational. However, there will be a negative impact on certain operational activities during the precautionary measures period, which will have an impact on the business activities, and financial results of the Group.

The Group has employed an integrated approach to enhance patient services, including increasing the readiness of electronic services, activating remote medical consultations, the delivery of medicines and medical services to customers at home, and the provision of new and differentiated services. In the second quarter, the Group obtained a license for Covid-19 testing, and benefitted from its ownership of the largest remote command centre for intensive care, overseeing more than 650 beds for intensive care units in the Kingdom of Saudi Arabia.

The challenges resulting from the pandemic have negatively affected outpatient activity, due to the difficulty of patients’ access to hospitals as a result of curfews, which led to a decrease in the number of outpatient visits to clinics. It should however be noted that a recovery in



outpatient traffic began to occur in June. The Group's management continues to monitor the situation closely, taking the necessary measures to mitigate the impact of the pandemic on financial and operating performance.

With tangible signs of recovery in performance in June 2020, and sustained growth for each of the Group's main business segments, it remains difficult to accurately determine the exact scale of the pandemic's impact, with much depending on future developments that cannot be predicted while the situation remains fluid. At the date of approval of the financial statements, and in light of prevailing uncertainty, it is not possible to make a reliable estimate on the future impact of the pandemic, in respect to financial results, cash flows and the financial position of the Company.

Growth strategy

HMG's overarching growth strategy remains unchanged, with a focus on growing the scale of the Group's facilities including the South West Jeddah Hospital, which began construction in 2019 and is expected to start operations in 2023; the North Riyadh hospital which began construction in 2019 and will start operations in 2023; and the North Jeddah Hospital for which construction is scheduled to begin in 2021, with a projected completion date of 2024.

The Group continues to build up its IT services offering, through HMG Solutions, which has become a leader in technology services for healthcare. During the current Covid-19 health crisis, the service offering has become particularly important for boosting the resilience of the business and for adding value to multiple stakeholder groups. HMG Solutions will continue to be a growth driver for HMG, providing technical services for healthcare providers in the region. Areas of focus for technology will include developing the group's Tele-ICU capabilities from the world-record 796 beds currently served, and developing HMG's private medical information system, a one-of-a-kind electronic portal to manage medical procedures, diagnostics and analysis.

HMG is listed on Tadawul (Symbol: SULAIMAN ALHABIB: 4013), and is Saudi Arabia's leading private healthcare provider. The Group's portfolio includes 7 hospitals in Saudi Arabia and the UAE, 1,913 beds and 1,371 clinics, and managing 1 medical centre in Bahrain. HMG also operates 13 pharmacies and provides a range of medical and technical services for its own and other hospitals.



Financials (3-months ended 30 June 2020)

INCOME STATEMENT (SAR '000)	30 June 2020	30 June 2019
Revenue	1,203,008	1,157,188
Sales cost	843,147	822,487
Total income	359,862	334,701
Other revenues	8,928	16,622
Total revenues	368,790	351,323
Admin and marketing expenses	156,550	171,125
Depreciation	-	-
Other expenses	1,631	6,057
Total expenses	158,181	165,068
Net income before zakat	210,608	186,255
Zakat	18,355	18,283
Net Income	192,254	167,972

BALANCE SHEET (SAR '000)	30 June 2020	30 June 2019
Current Assets	3,206,681	2,866,745
Inventory	361,205	313,400
Investments	34,605	42,507
Fixed Assets	5,281,997	4,763,116
Other Assets	-	-
Total Assets	8,884,489	7,985,768
Current Liabilities	1,654,505	1,689,857
Non-Current Liabilities	2,402,135	1,952,148
Other Liabilities	-	-
Shareholders' Equity	4,650,355	4,126,113
Total Liabilities and Shareholder Equity	8,706,994	7,768,118
Minority interests	177,494	217,650

CASH FLOW STATEMENT (SAR '000)	30 June 2020	30 June 2019
Net Income	460,573	435,076
Depreciation	158,001	122,837
Accounts Receivable	614,250	(121,897)
Inventory	(65,264)	(45,559)
Prepaid Expenses	(19,123)	(50,324)
Accounts Payable	(111,711)	31,851
Other Changes in Operating Activity	74,107	111,293
Purchases of Fixed Assets	(297,709)	(373,456)
Other Changes in Investing Act.	1,000	227
Increase in Debts	88,317	163,558
Other Changes in Financing Act.	(52,735)	404,478
Cash at Beginning of Period	1,196,661	1,369,118
Cash at End of Period	2,046,368	1,238,248



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About HMG

Dr. Sulaiman Al-Habib Medical Services Group (HMG) is a private integrated healthcare provider with a 25-year track record for developing and operating healthcare facilities, pharmacies and associated services in Saudi Arabia and the GCC. With 7 hospitals, 1,300+ clinics and 13 pharmacies across Saudi Arabia, the UAE and Bahrain, HMG is a GCC leader in healthcare solutions, technology and systems. The Group offers comprehensive healthcare that is patient-centric and supported by investment in first-class human capital and medical research. HMG consistently achieves industry-leading satisfaction rates across its primary, secondary and tertiary services.

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