Saudi German Health

Investor Presentation – 9M 2023
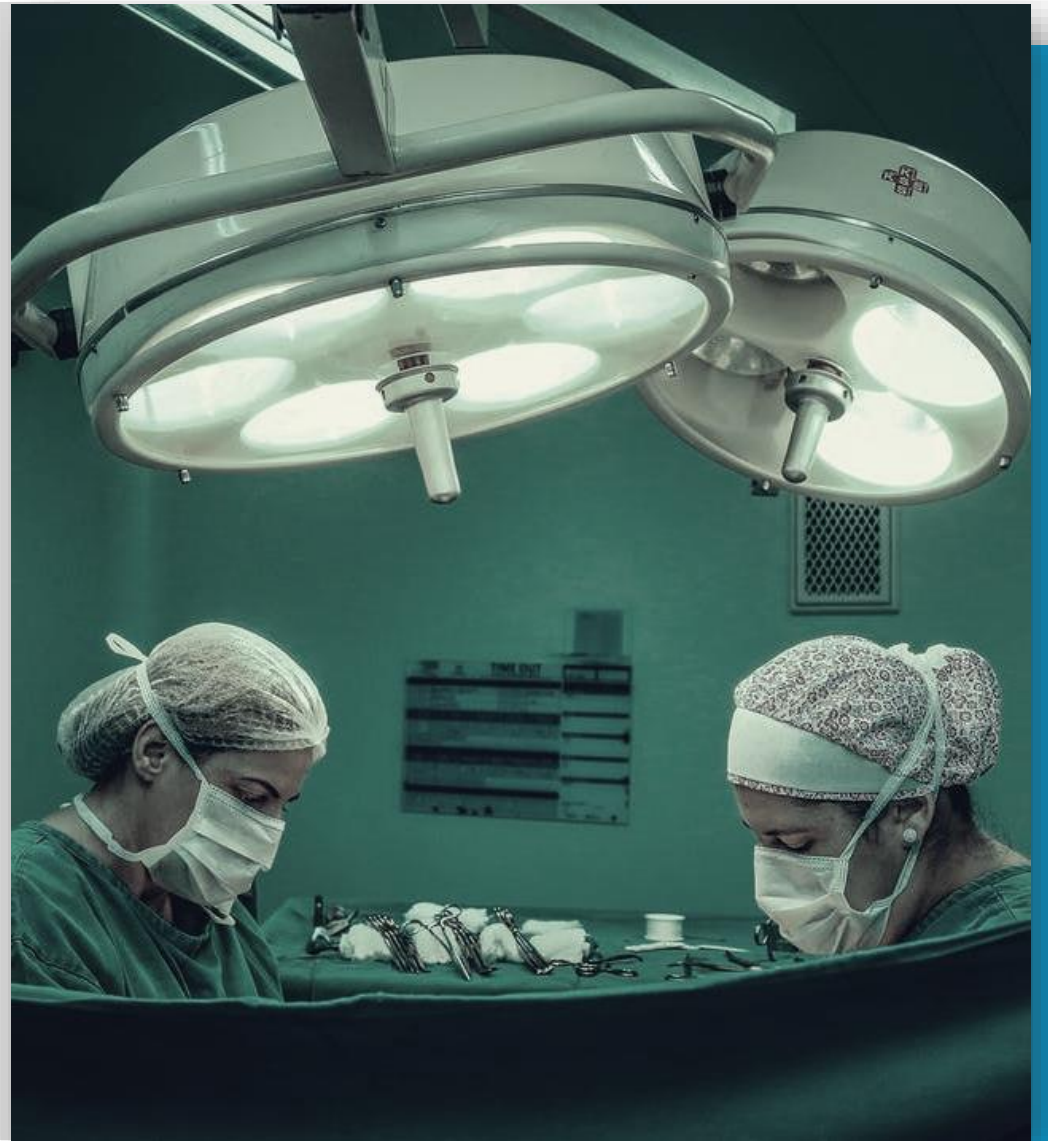
SGH at a Glance

8 Hospitals	**~1.3k bed** Operational Capacity	**~90%** Population Access
7.2k Total Staff	**1.3k** Total Doctors	**2.4k** Total Nurses
3.8 Avg. Length of Stay	**71%** Utilization Rate (Beds)	**66%** Utilization Rate (Clinics)
527k* Inpatient Censes	**11.6mn*** Outpatient Censes	**294k*** Performed Surgeries

*Aggregate figures from 2015 till 9M 2023

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The Group

Mission

To Provide Evidence-Based, Safe Medical Services Delivered with Effective Management, Engagement with Our Community and Fulfillment of Our Stakeholder's Needs.

Vision

To be the most accessible & agile healthcare group in the region, providing innovative and comprehensive patient-centric care to all patients anywhere, anytime.

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Overview

Our People

Eng. Sobhi Batterjee
Chairman

Makarem Batterjee
President and Vice Chairman

Dr Ahmed Shebl
Group Chief Executive Officer

Madani Hozaien
Group Chief Financial Officer

About Saudi German Health

Saudi German Health at a Glance

Middle East Healthcare Company (MEAHCO), publicly known as Saudi German Health (SGH), is a leading healthcare provider in Saudi Arabia. Building on a long family legacy as medical pioneers in the Kingdom, Saudi German Health was founded by the Batterjee family 35 years ago to relieve people's suffering and have a positive impact on their health.

In 1988, Eng. Sobhi Batterjee, Chairman of Saudi German Health, and Dr. Khalid Batterjee, Vice President of Saudi German Health, established the first hospital in Jeddah and collaborated with German University Hospitals to bring advanced German healthcare standards and expertise to the local community for the first time in the Kingdom of Saudi Arabia. These associations inspired the 'German' in our name.

Since then, MEAHCO has been expanding and growing its presence organically on firm footing. MEAHCO is the most geographically diverse healthcare player in Saudi Arabia with a total licensed capacity of c.1.8k beds and a comprehensive network of 8 full-fledged hospitals in Jeddah, Asser, Riyadh, Madinah, Hail, Dammam, and Makkah, enabling it to access ~90% of the Kingdom's population.

A Revamped Vision

Old Branding

شركة الشرق الأوسط للرعاية الصحية (ميكو)
MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
SAUDI GERMAN HOSPITALS GROUP
مجموعة مستشفيات السعودي الألماني

New Branding

شركة الشرق الأوسط للرعاية الصحية (ميكو)
MIDDLE EAST HEALTHCARE COMPANY (MEAHCO)
السعودي الألماني الصحية
Saudi German Health

Equity Growth Story

217 Licensed Beds
204 Operational Beds
131 Clinics

1988
Establishment in Jeddah

300 Licensed Beds
214 Operational Beds
69 Clinics

2001
Establishment in Riyadh

150 Licensed Beds
90 Operational Beds
24 Clinics

2017
Establishment in Hail

150 Licensed Beds
98 Operational Beds
16 Clinics

2020
Establishment in Dammam & Riyadh Hospital joined Mayo Clinic Network

35 Operational Beds
16 Clinics
30 Clinics Complex

2022
Launch of One-Day Surgery Hospital in Jeddah & Clinics Complex in Abha

2000
Establishment in Asser

400 Licensed Beds
291 Operational Beds
89 Clinics

2003
Establishment in Madinah

300 Licensed Beds
197 Operational Beds
58 Clinics

2018
Launch of Beverly Clinics in Jeddah

20 Clinics

2021
Rebranding to "Saudi German Health"

2022
Establishment in Makkah

300 Licensed Beds

2023
Medical Tower & Bed Expansion in Riyadh

143 Licensed Beds
160 Clinics

Saudi German Health's Brand Footprint

4
COUNTRIES

13
HOSPITALS

30+
YEARS

44
SPECIALITIES

Saudi Arabia

- **7** Owned
  - ➤ Jeddah
  - ➤ Asser
  - ➤ Riyadh
  - ➤ Madinah
  - ➤ Hail
  - ➤ Dammam
  - ➤ Makkah
- **1** Leased
  - ➤ Jeddah

United Arab Emirates

- **3** Hospitals
  - ➤ Dubai
  - ➤ Sharjah
  - ➤ Ajman

Egypt

- **1** Hospital
  - ➤ Cairo

Yemen

- **1** Hospital
  - ➤ Sana

Hospitals Owned

Hospitals Under Management Agreement

Hospitals Leased

Accreditations

	Jeddah	Asser	Riyadh	Madinah	Hail	Dammam	Makkah
ACHS	Accredited	Accredited	Accredited	Accredited	Accredited	Accredited	Accredited
The Joint Commission	Accredited	Accredited	Accredited	Accredited	In Progress	Accredited	In Progress
CBAHI	Accredited	Accredited	Accredited	Accredited	Accredited	Accredited	In Progress
HIMSS	Accredited	Accredited	Accredited	Accredited	Accredited	In Progress	In Progress
CAP	Accredited	Accredited	Accredited	Accredited	Accredited	Accredited	In Progress
AABB	Accredited	Accredited	Accredited	Accredited	Accredited	Accredited	In Progress

🟩 Accredited
⬜ In Progress

Share Overview

Shareholder Structure

92mn Shares

- 45% Others (blue)
- 55% Bait Al-Batterjee (green)
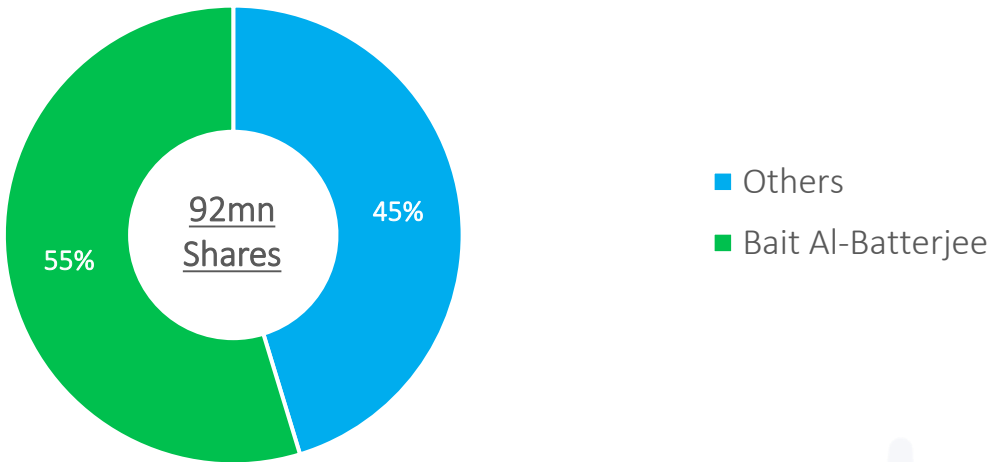
SGH Share Data

Market Cap. (SAR mn)	5,071
Market Cap. (USD mn)	1,352
52-Week High (SAR)	78.80
52-Week Low (SAR)	25.05
3-month ADTV (SAR mn)	34
12-month ADTV (SAR mn)	33

1 Year Stock Performance vs. TASI

Volume Traded (SGH) — Middle East Healthcare Co. — Tadwaul All Share Index (Rebased)
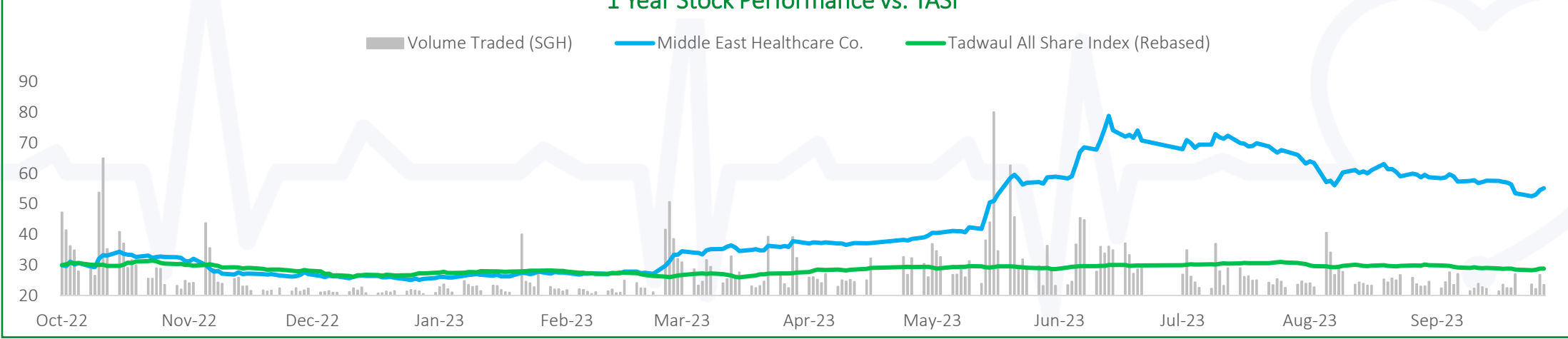
02

Market Overview

Population at a Glance

Gender Breakdown (%)

- Male
- Female

42%
58%

Age Breakdown (%)

- 0-19
- 20-34
- 35 - 49
- >50

14%
31%
28%
27%
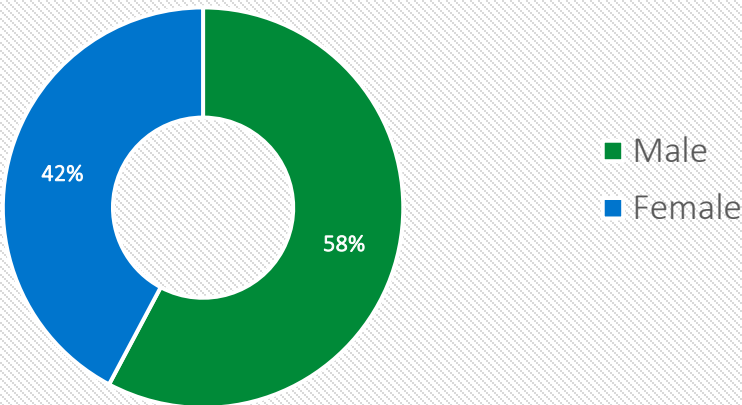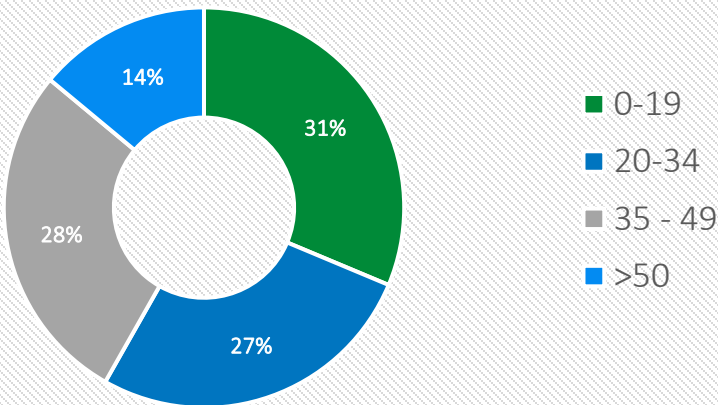
Breakdown by Administrative District (%)

Riyadh	Makkah	Madinah	Al-Qassim	Eastern Region	Asir	Tabuk	Hail	Northern Borders	Jazan	Najran	Al-Bahah	Al-Jawf
25%	26%	7%	4%	15%	7%	3%	2%	1%	5%	2%	1%	2%

Sector Growth Profile

Baby Deliveries

No . of Baby Deliveries (# 000)

2018	2019	2020	2021
602	578	523	509

Breakdown by Institution (%)

Legend: MOH · Other Gov.Sector · Private Sector

	2018	2019	2020	2021
Private Sector	39%	40%	38%	37%
Other Gov.Sector	17%	17%	17%	17%
MOH	44%	44%	45%	46%

Surgeries

No. of Surgeries (# mn)

2018	2019	2020	2021
1.3	1.4	1.2	1.8

Breakdown by Type (%)

Type	%
General	21%
OBS/GYN	18%
Ophthamology	10%
Orthopedics	10%
E.N.T	9%
Others	9%
Urology	6%
Pediatrics	5%
Cardiac,chest & vascular	4%
Plastic	3%
Faciodental	3%
Neurosurgery	2%

Physicians

No. of Physicians

Legend: Physicians (#000) · Physicians / 10k People

	2018	2019	2020	2021
Physicians (#000)	88	94	95	99
Physicians / 10k People	26.4	27.6	27.2	29.2

Breakdown by Institution (%)

Legend: MOH · Other Gov.Sector · Private Sector

	2018	2019	2020	2021
Private Sector	28%	28%	26%	28%
Other Gov.Sector	21%	20%	21%	18%
MOH	52%	52%	53%	54%

Inpatients & Outpatients at a Glance

Inpatients

Breakdown of Inpatients

- 72% Saudi
- 28% Non-Saudi

Sector Breakdown

	2018	2019	2020	2021
MOH	42%	39%	41%	44%
Other Gov.Sector	18%	16%	20%	20%
Private Sector	40%	46%	39%	36%
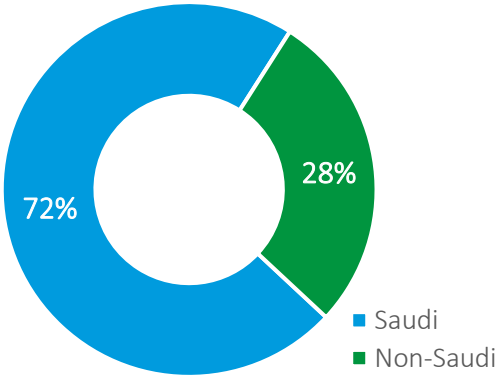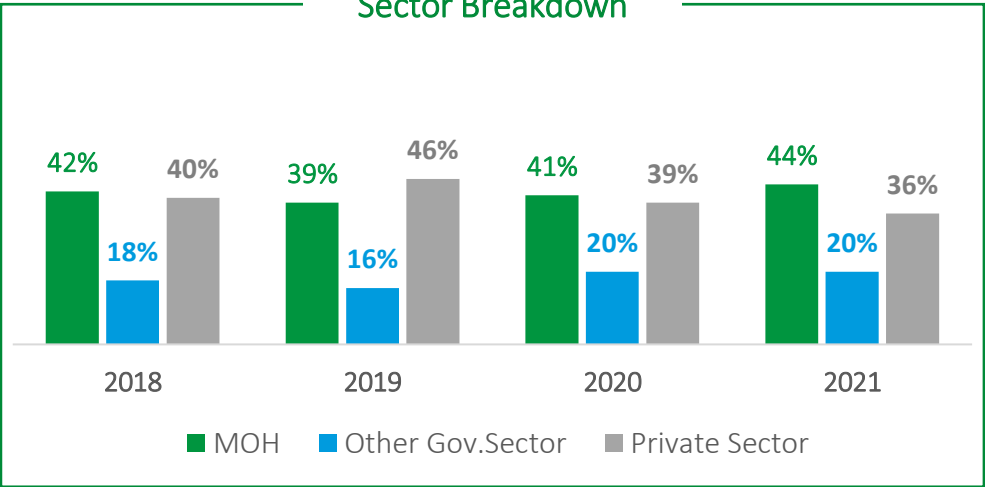
Outpatients

Breakdown of Outpatients

- 75% Saudi
- 25% Non-Saudi

Sector Breakdown

	2018	2019	2020	2021
MOH	43%	44%	41%	42%
Other Gov.Sector	18%	19%	14%	15%
Private Sector	39%	37%	45%	43%
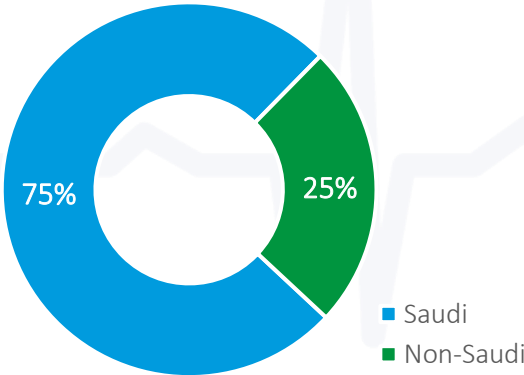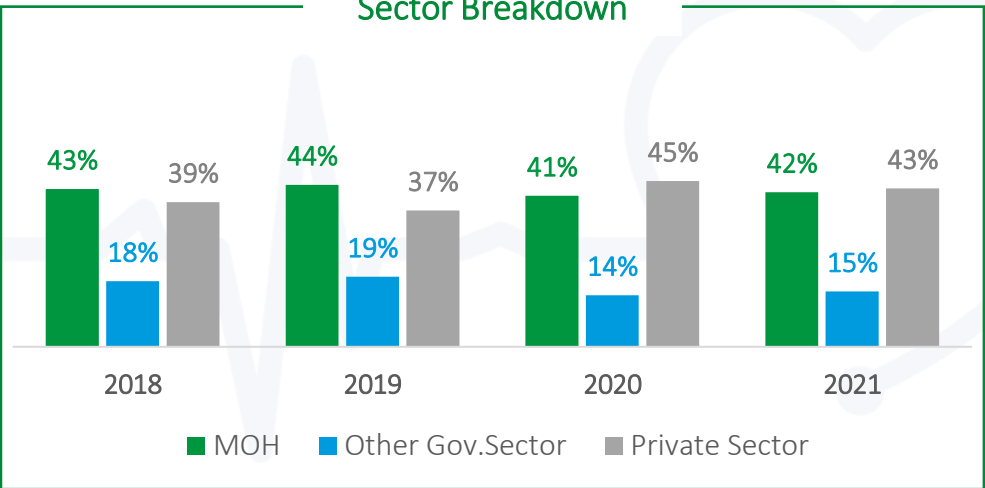
*Sources: Kingdom of Saudi Arabia - General Authority for Statistics

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With Clear Room for Growth

Beds

No. Beds (# 000)

2016	2017	2018	2019	2020	2021
70.8	73.0	75.1	77.0	78.6	77.2

No. of Beds/ 10k Person (#)

2016	2017	2018	2019	2020	2021
22.3	22.4	22.5	22.5	22.4	22.6
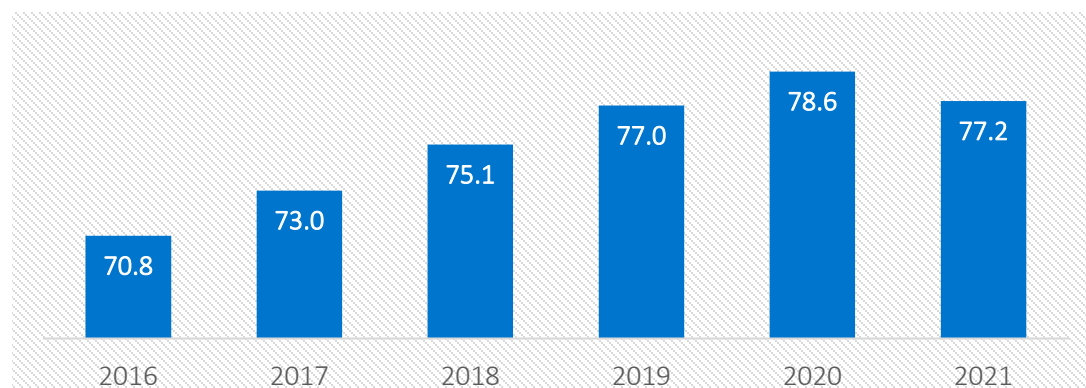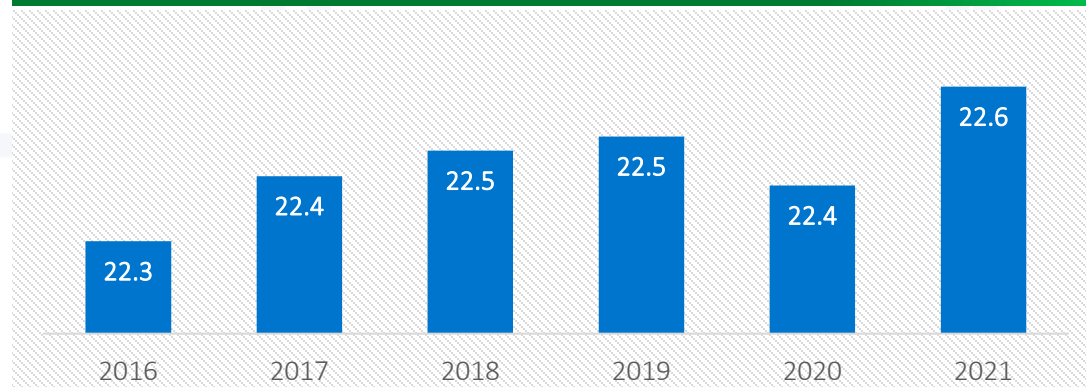
Hospitals

No. of Hospitals (#)

2016	2017	2018	2019	2020	2021
470	484	494	498	504	497
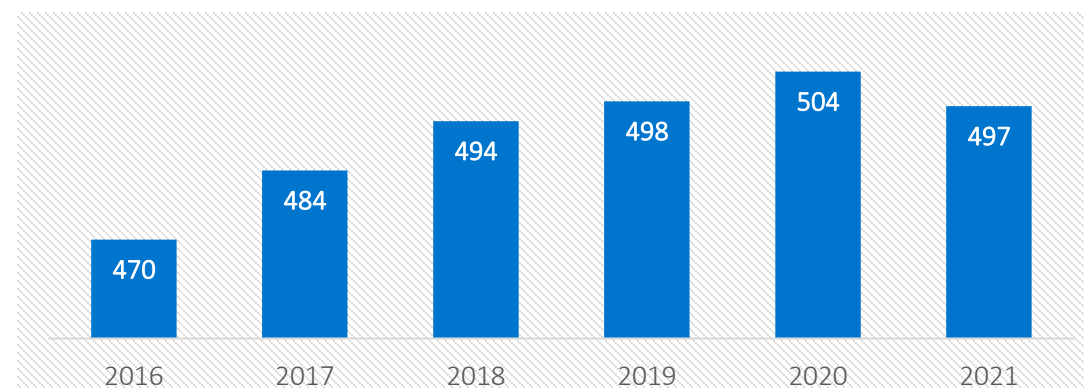
No. of Hospitals/ 100k Person (#)

2016	2017	2018	2019	2020	2021
1.48	1.50	1.47	1.46	1.44	1.42

*Sources: Kingdom of Saudi Arabia – Ministry of Health

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Health Insurance (1-2)

Highlights
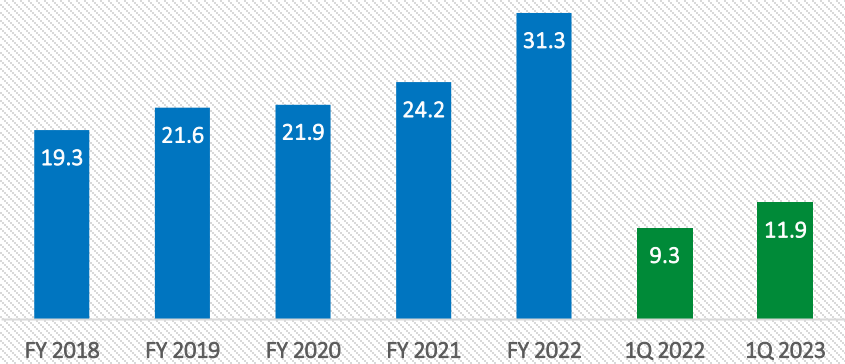
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Total Saudi Insurance Companies
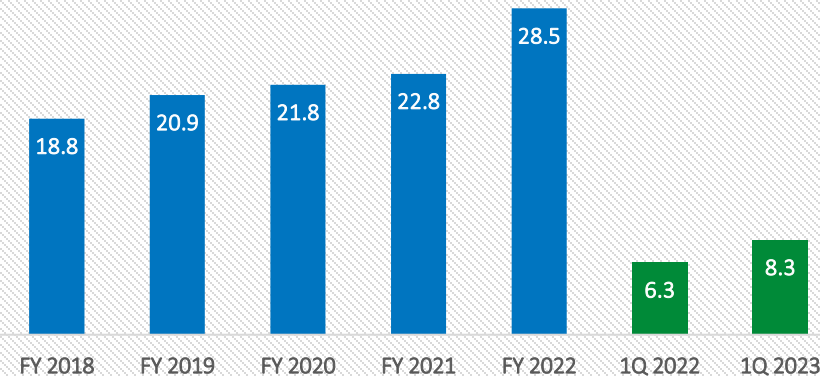
11.8mn

Contributors in Health Insurance Policies
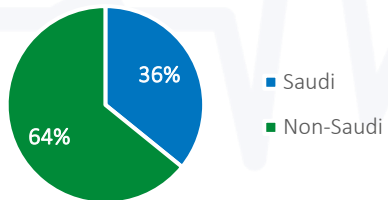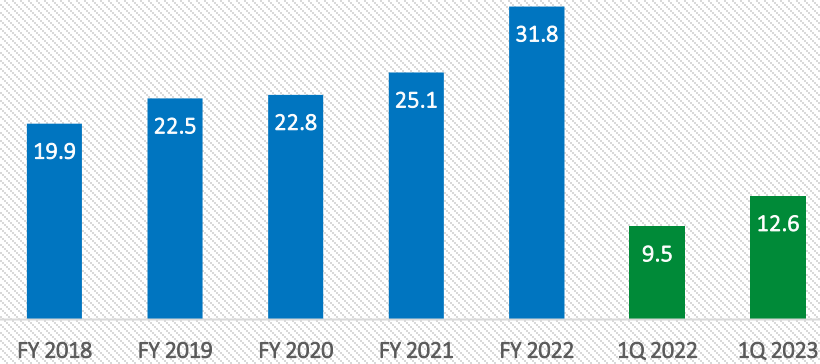
- 36% Saudi
- 64% Non-Saudi

Gross Written Premiums (SAR bn)

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	1Q 2022	1Q 2023
19.9	22.5	22.8	25.1	31.8	9.5	12.6

Net Written Premiums (SAR bn)

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	1Q 2022	1Q 2023
19.3	21.6	21.9	24.2	31.3	9.3	11.9

Net Earned Premiums (SAR bn)

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	1Q 2022	1Q 2023
18.8	20.9	21.8	22.8	28.5	6.3	8.3

Net Claims Incurred (SAR bn)

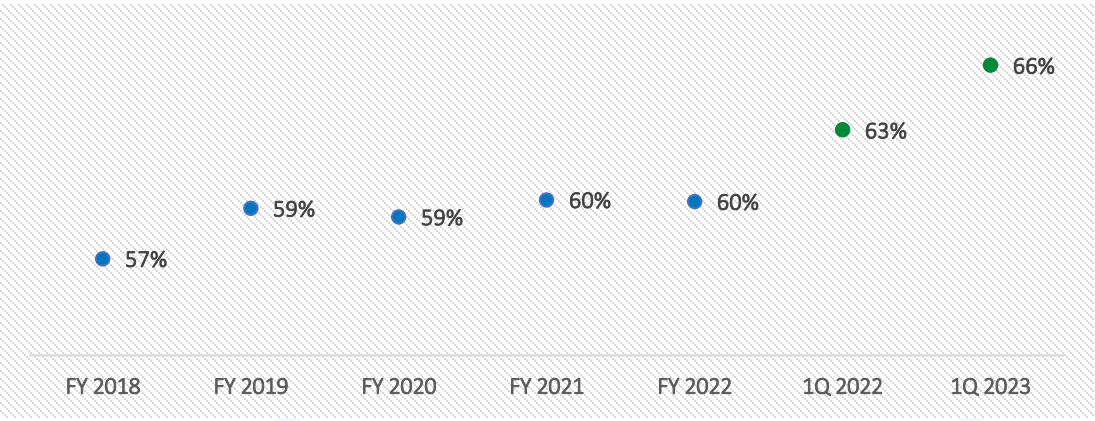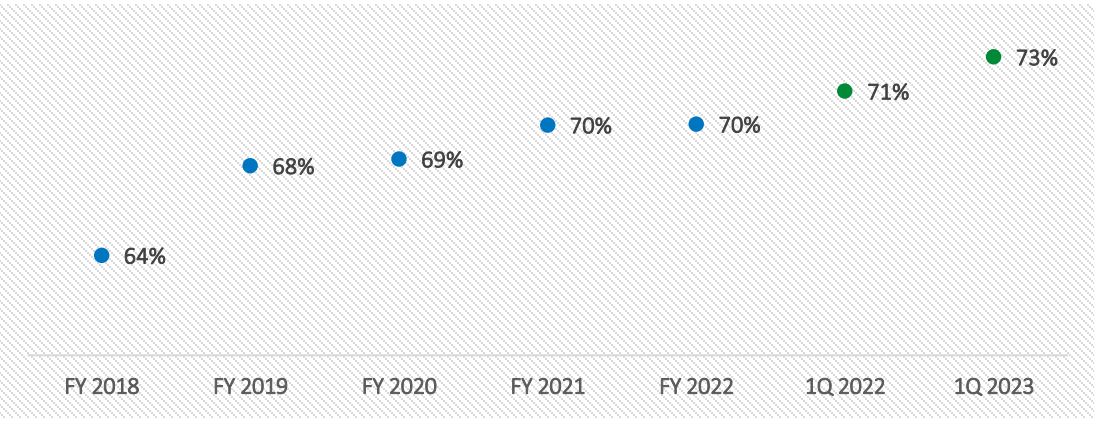| FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	1Q 2022	1Q 2023
17.1	18.3	18.0	19.7	24.2	5.6	7.0
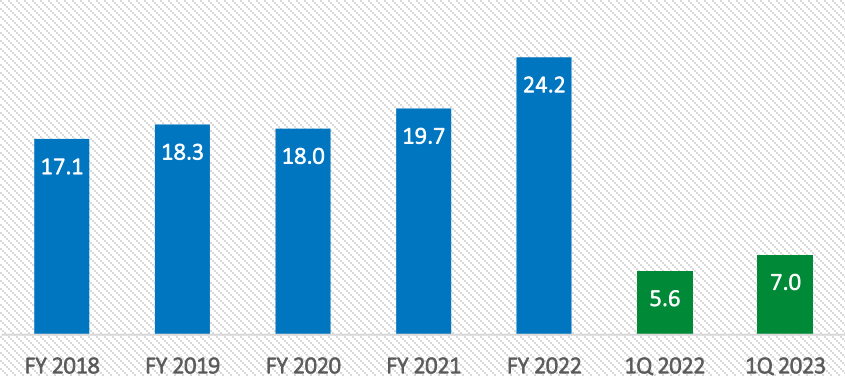
*Sources: Saudi Central Bank, Council of Cooperative Health Insurance

Health Insurance (2-2)

Gross Written Premiums (% of Total Market)

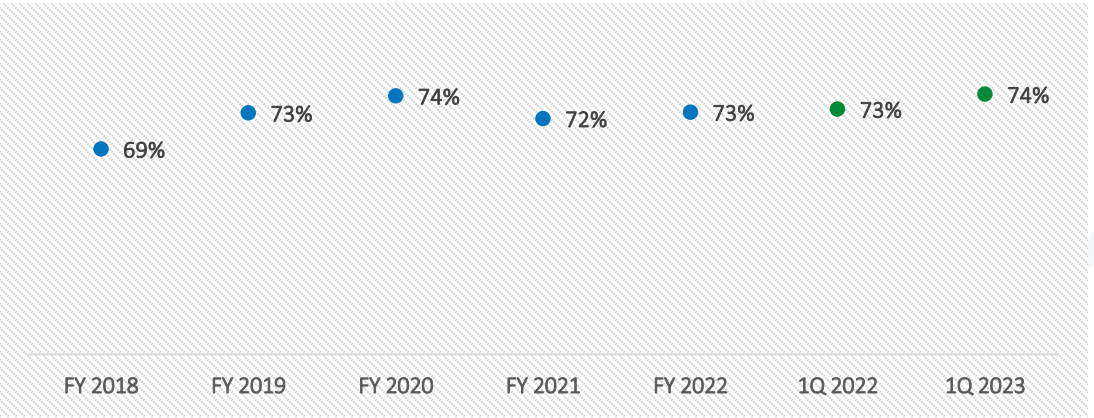- FY 2018: 57%
- FY 2019: 59%
- FY 2020: 59%
- FY 2021: 60%
- FY 2022: 60%
- 1Q 2022: 63%
- 1Q 2023: 66%

Net Written Premiums (% of Total Market)

- FY 2018: 64%
- FY 2019: 68%
- FY 2020: 69%
- FY 2021: 70%
- FY 2022: 70%
- 1Q 2022: 71%
- 1Q 2023: 73%

Net Earned Premiums (% of Total Market)

- FY 2018: 63%
- FY 2019: 67%
- FY 2020: 69%
- FY 2021: 69%
- FY 2022: 71%
- 1Q 2022: 70%
- 1Q 2023: 72%
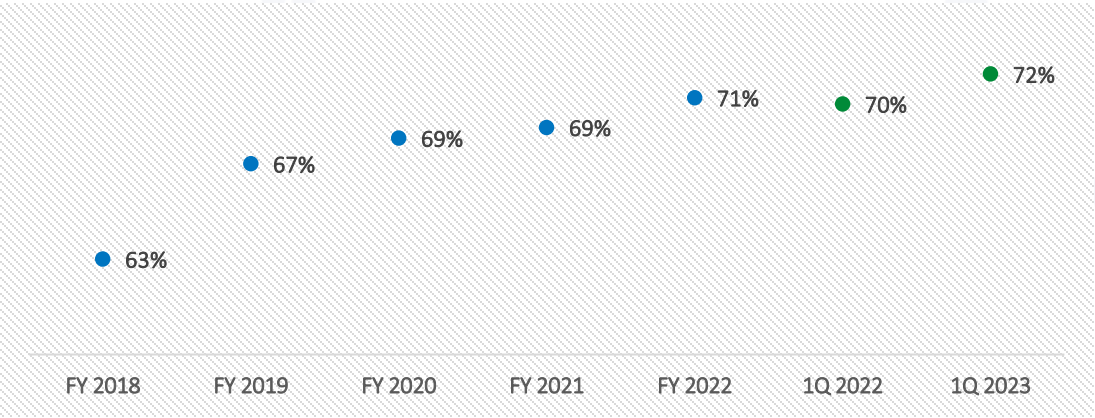
Net Claims Incurred (% of Total Market)

- FY 2018: 69%
- FY 2019: 73%
- FY 2020: 74%
- FY 2021: 72%
- FY 2022: 73%
- 1Q 2022: 73%
- 1Q 2023: 74%

*Sources: Saudi Central Bank, Council of Cooperative Health Insurance

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03

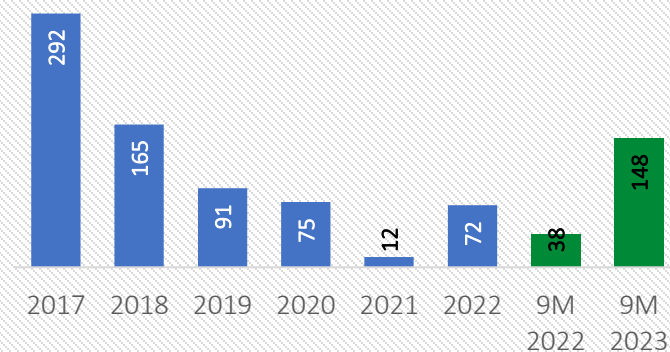**Finanical & Opeational Highlights**

Key P&L Indicators

Revenue (SAR mn)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
1,462	1,391	1,497	1,751	1,873	2,152	1,534	1,933

EBITDA (SAR mn)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
371	252	201	235	196	287	187	396
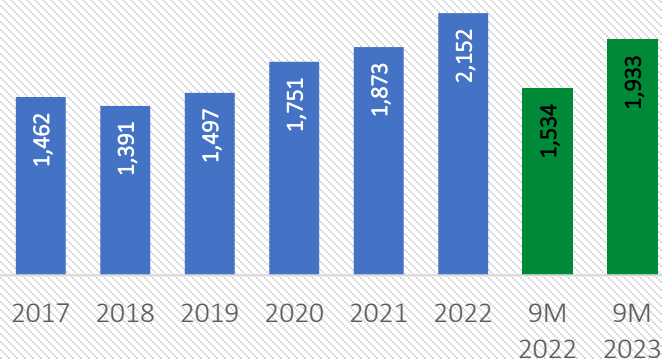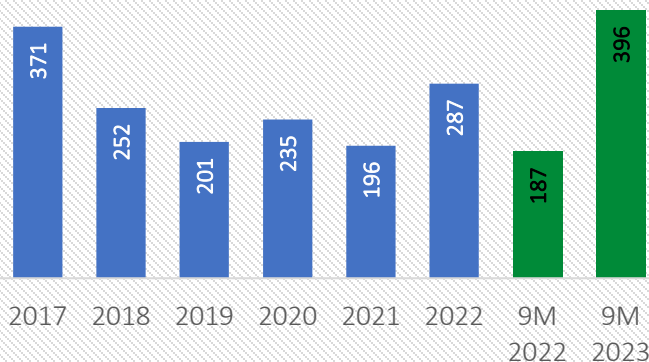
Net Profit After Zakat (SAR mn)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
292	165	91	75	12	72	38	148

Gross Profit Margin (%)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
41%	36%	32%	33%	32%	32%	31%	37%

EBITDA Margin (%)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
25%	18%	13%	13%	10%	13%	12%	20%

Net Profit Margin (%)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
20%	12%	6%	4%	1%	3%	2%	8%
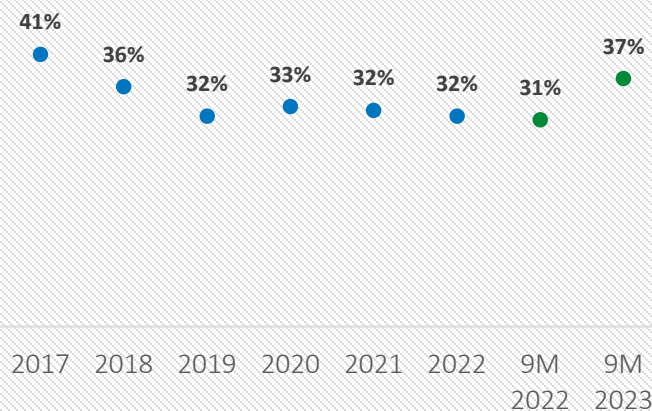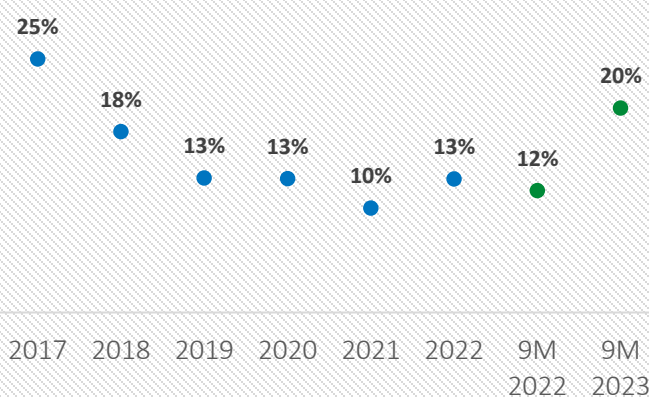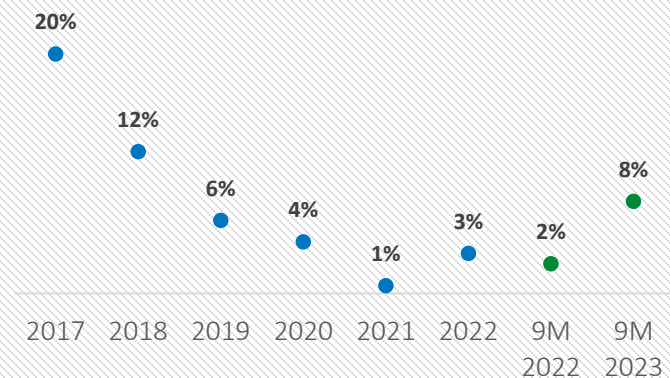
Key Balance Sheet Metrics

Assets (SAR bn)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
2.4	2.7	3.3	3.6	4.0	4.5	4.4	5.0
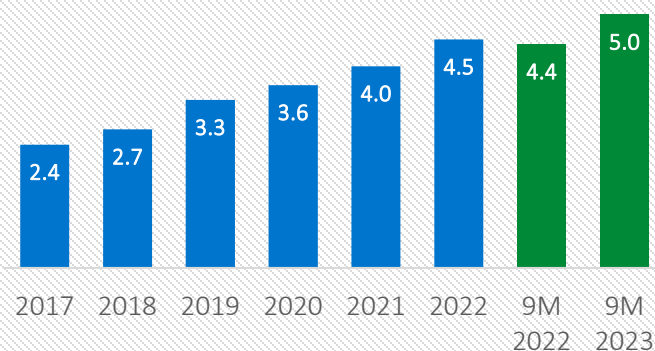
Cash & Cash Equivalent (SAR mn)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
111	44	54	17	28	16	14	65
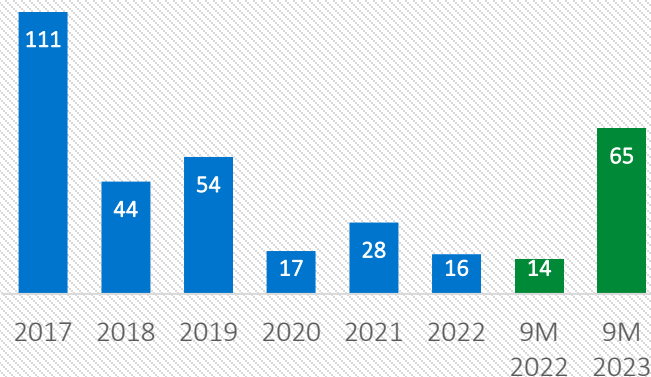
Capital Structure (SAR bn)

Total Equity · Debt

	2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
Total Equity	1.5	1.5	1.6	1.3	1.3	1.4	1.3	1.6
Debt	0.3	0.6	1.0	1.5	1.9	2.2	2.3	2.4
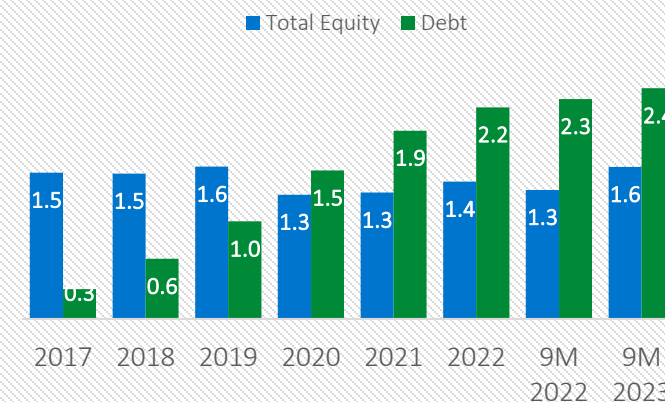
Return on Assets (%) - Annualized

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
12%	6%	3%	2%	0%	2%	1%	6%
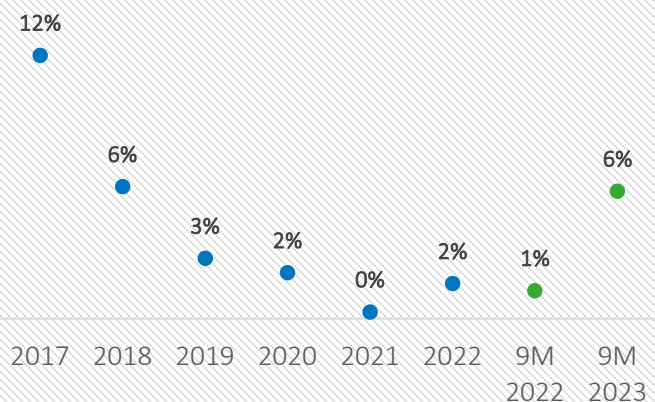
Return on Equity (%) - Annualized

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
20%	11%	6%	6%	1%	5%	4%	13%

Debt / Equity (x)
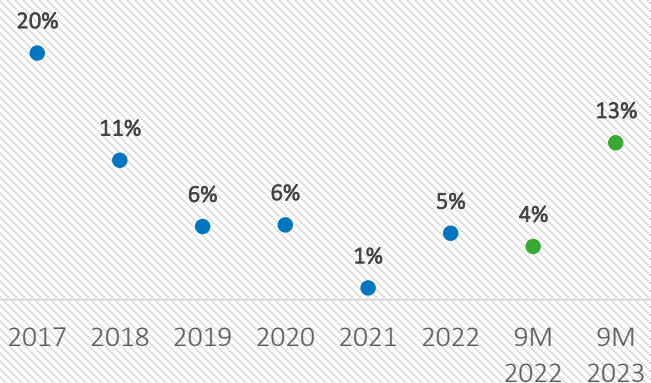
2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
0.2x	0.4x	0.6x	1.2x	1.5x	1.5x	1.7x	1.5x
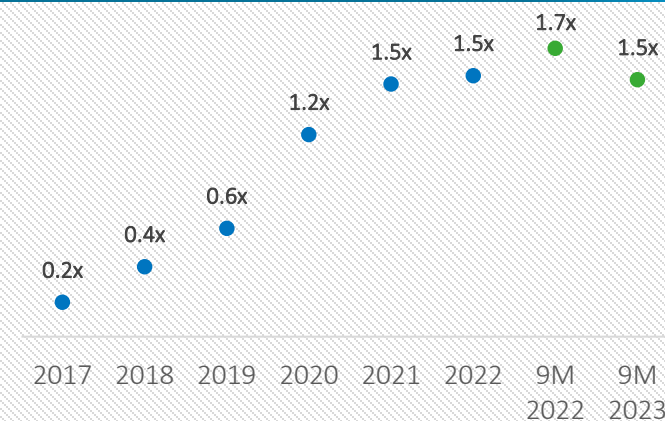
Key Operational Metrics (1-2)

Inpatient Cases (# 000)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
45	48	57	70	71	74	53	67

Outpatient Cases (# mn)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
1.2	1.2	1.3	1.2	1.3	1.7	1.2	1.5

Performed Surgeries (# 000)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
23	25	29	35	45	50	31	39
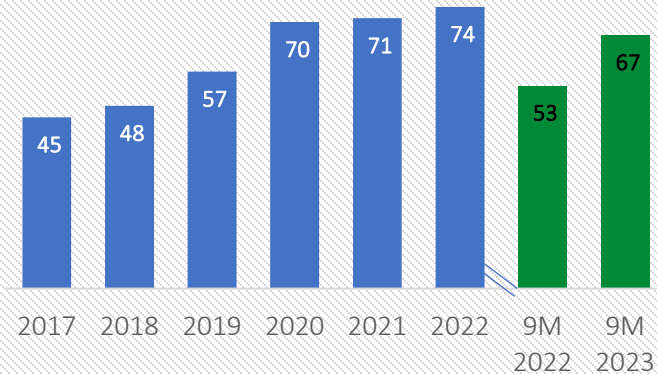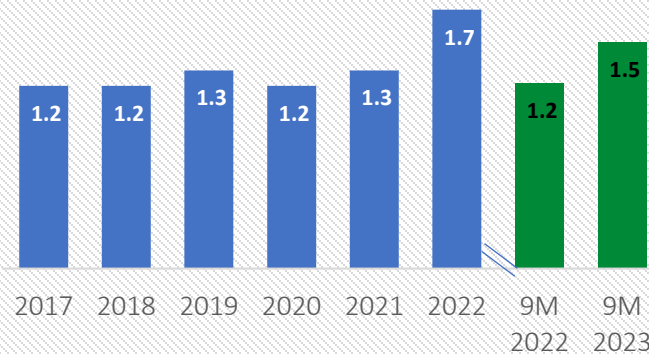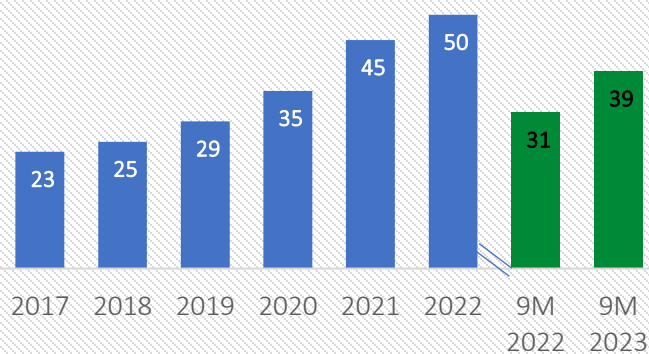
Average Length of Stay (# Days)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
4.5	4.6	4.2	4.1	3.7	3.8	3.9	3.8

Beds Utilization Rate (%)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
61%	66%	71%	71%	64%	65%	72%	71%
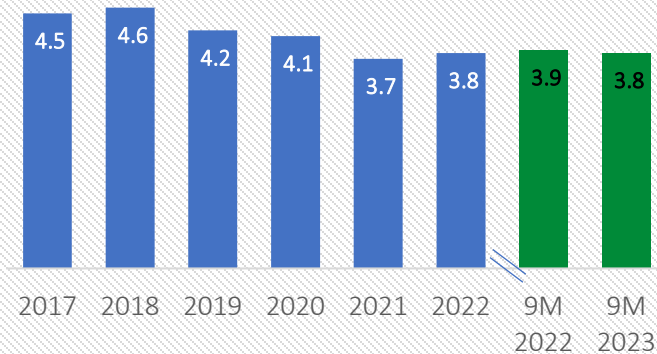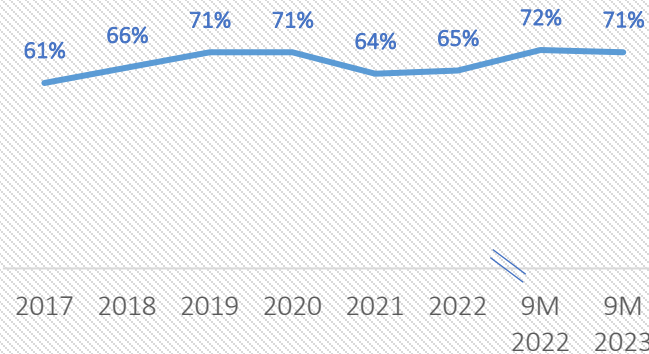
Clinics Utilization Rate (%)

2017	2018	2019	2020	2021	2022	9M 2022	9M 2023
59%	56%	60%	51%	57%	63%	64%	66%
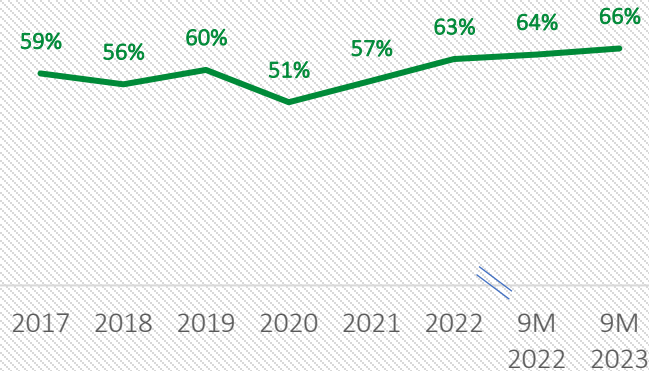
Key Operational Metrics (2-2)

Revenue by Clientele

- Insurance 51%
- MoH 29%
- Cash 18%
- Others 3%

Revenue by Region

- Jeddah 28%
- Aseer 18%
- Riyadh 18%
- Madinah 12%
- Hail 7%
- Dammam 11%
- Makkah 6%
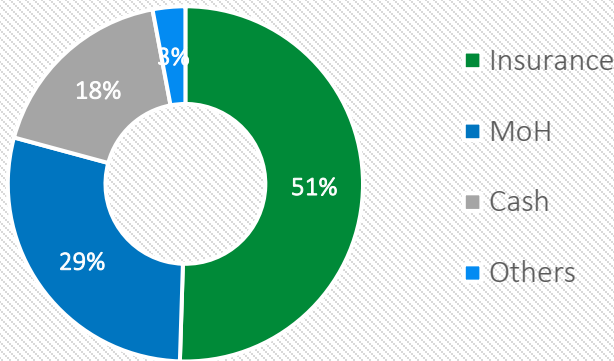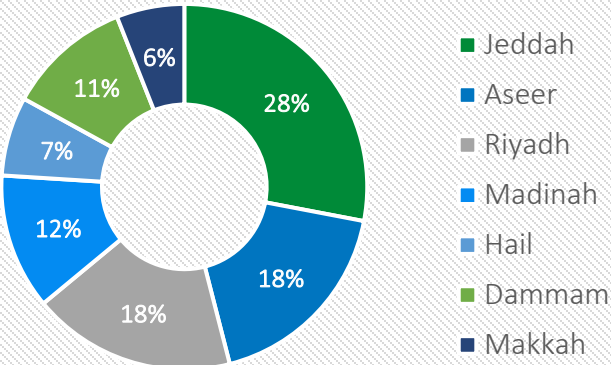
Revenue by Type of Service

- IP 59%
- OP 28%
- Pharmacy 12%
- Trading & Ancillary 0%

CoGS Breakdown

- Salaries & Benefits 55%
- Consumables 28%
- Depreciation 9%
- Others 8%

Saudization Rate (%)

- Saudi 34%
- Non-Saudi 66%

Receivables Breakdown (%)

- MoH 43%
- Insurance 54%
- Others 3%
- Related Party 0%
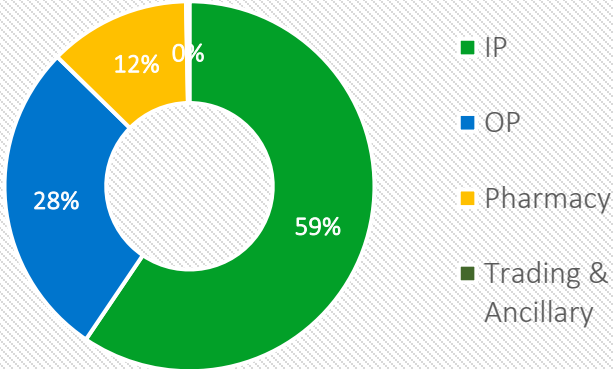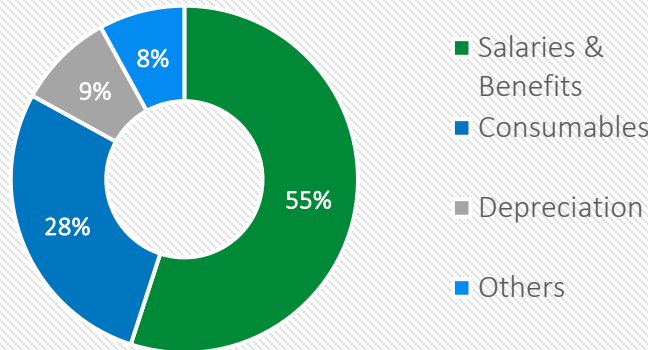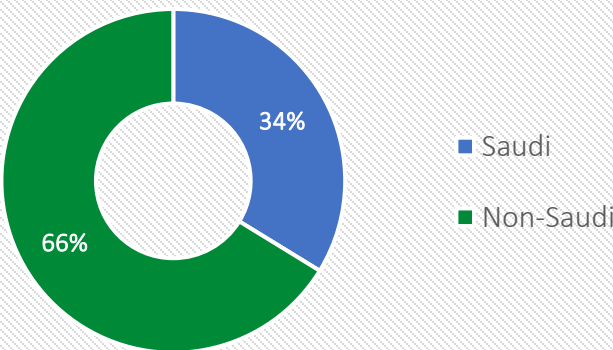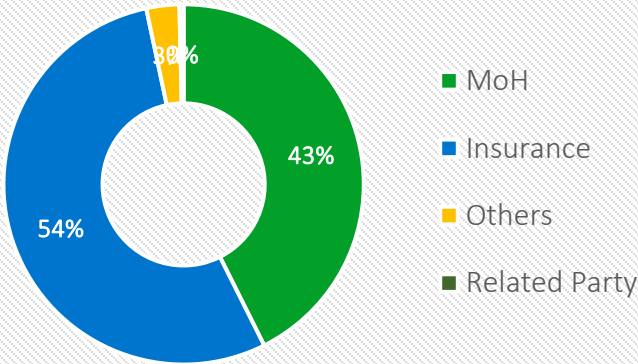
04

Updates & Strategic Focus

Expansion & CAPEX

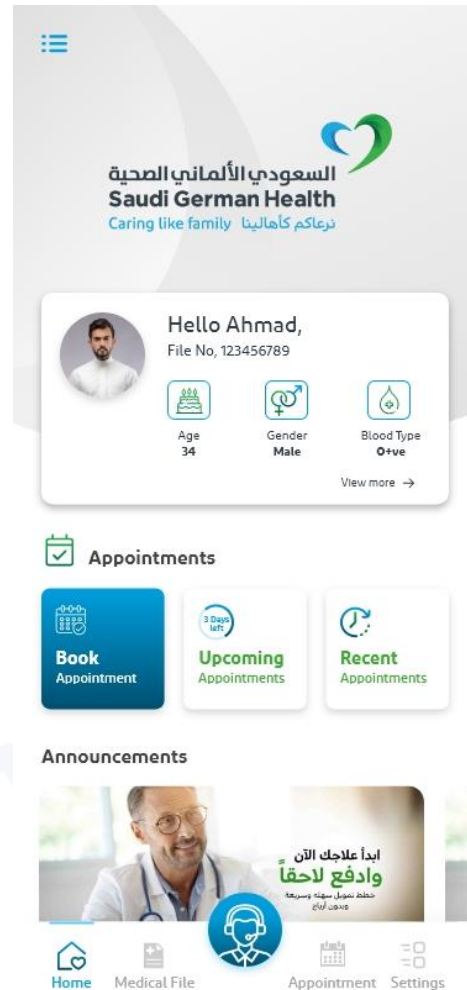| Project	Capex	Capacity	Launch Date

SGH Jeddah

Hospital Renovation & Tower Expansion

SAR 399 million

194 beds
22 clinics

1H 2026

Turnaround Revolution

Integration

Diversification

Digital Transformation

Accreditation

Restructure

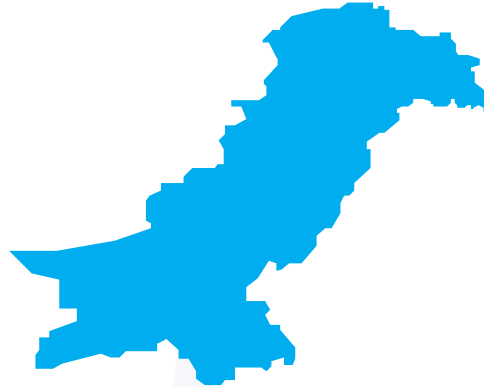Cost Efficiency

Technology

Patients Satisfaction

Hospitals Under Management Pipeline

Egypt

- SGH Alex West
- SGH Giza

Pakistan

- SGH Lahore
- SGH Islamabad
- SGH Karachi
- BTPL Lahore

Morocco

- SGH Casablanca

05

9M 2023 Results

Income Statement

(In SAR mn)	3Q 2023	3Q 2022	Change	9M 2023	9M 2022	Change
Revenue	671	512	31%	1,933	1,534	26%
Cost of Revenue	(405)	(360)		(1,213)	(1,058)	
Gross Profit	266	152	75%	720	478	51%
Gross Profit Margin	*39.7%*	*29.7%*		*37.3%*	*31.0%*	
Selling & marketing Expenses	(9)	(6)		(29)	(21)	
General & Administrative Expenses	(148)	(119)		(436)	(373)	
Operating Profit	110	26	318%	255	82	210%
Operating Profit Margin	*16.4%*	*5.1%*		*13.2%*	*5.4%*	
Other Income	4	4		11	13	
Finance Cost	(55)	(18)		(104)	(48)	
Profit before Zakat	59	12	395%	162	47	242%
Zakat	(5)	(3)		(14)	(10)	
Net Profit	54	8	539%	148	38	294%
Net Profit Margin	*8.1%*	*1.7%*		*7.7%*	*2.5%*	
Distributed as:						
Parent Company	**53**	**11**	**380%**	**144**	**42**	**242%**
Non-Controlling Interest	1	(3)		5	(4)	

Balance Sheet

(In SAR mn)	Sep 2023	Dec 2022
Property and Equipment	2,510	2,471
Right of Use Assets	59	63
Intangible Assets	12	7
Investment in Subsidiary / Associated Company	10	0
Total Non-Current Assets	2,591	2,542
Inventories	101	149
Account Receivable	2,085	1,635
Prepayments and Others	144	157
Cash and Bank Balances	65	16
Total Current Assets	2,395	1,957
Total Assets	4,986	4,499
Share Capital	920	920
Statutory Reserve	203	202
Retained Earnings	386	243
Equity Attributable to Shareholders	1,510	1,365
Non-Controlling Interests	48	43
Total Equity	1,558	1,408
Term Loans	1,208	1,181
Lease Obligations	48	57
Other Non-Current Liabilities	9	18
Employees' End of Service Benefits	208	205
Total Non-Current Liabilities	1,473	1,460
Short-Term Borrowings	1,159	991
Other Non-Current Liabilities	7	5
Lease Obligations	14	12
Accounts Payable	536	426
Accrued Expenses and Others	227	188
Zakat Payable	14	9
Total Current Liabilities	1,956	1,631
Total Liabilities	3,429	3,091
Total Liabilities and Equity	4,986	4,499

Thank You

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