



# Q3 2020 Investor Presentation

As of 30 September 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

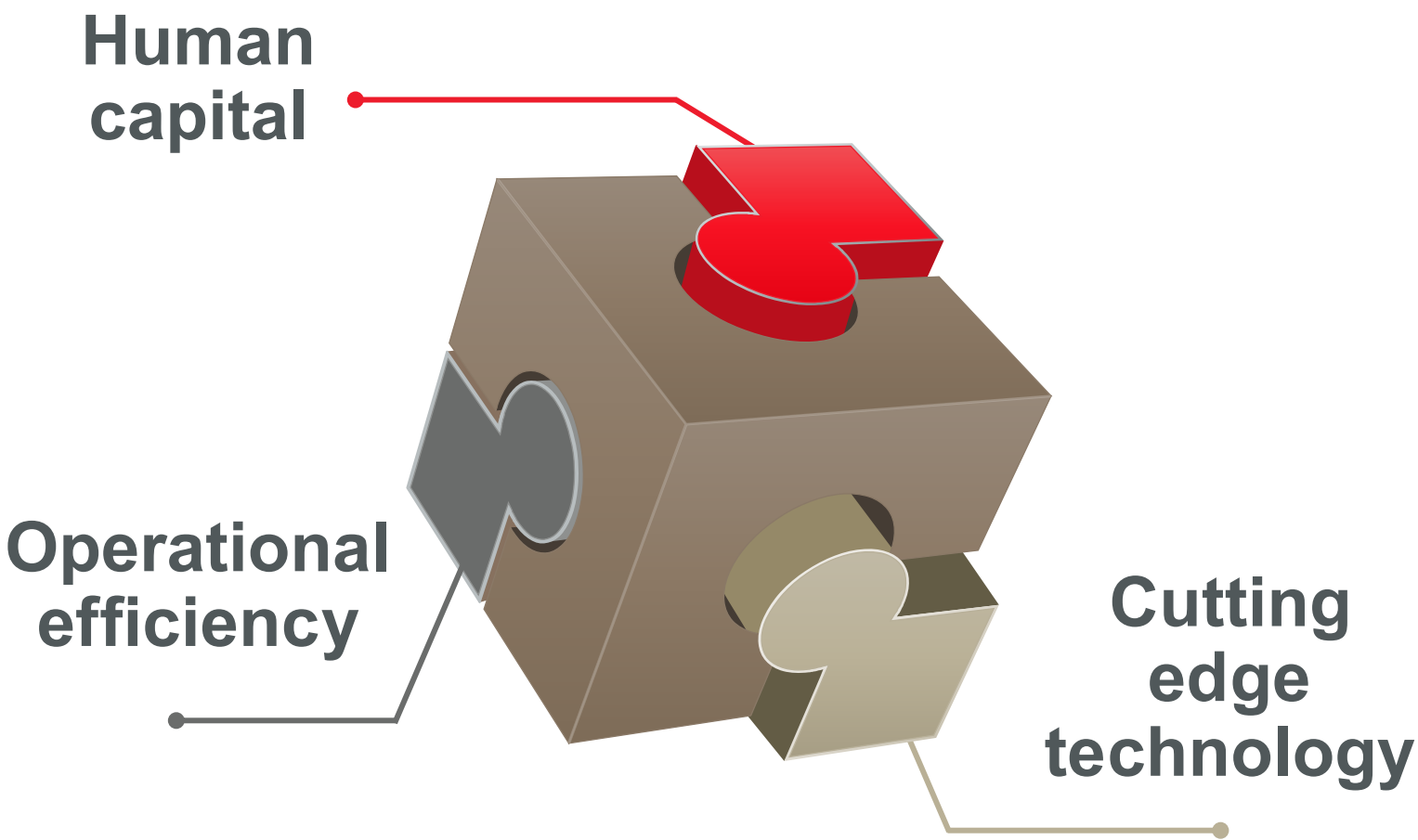
## Vision

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

## Mission

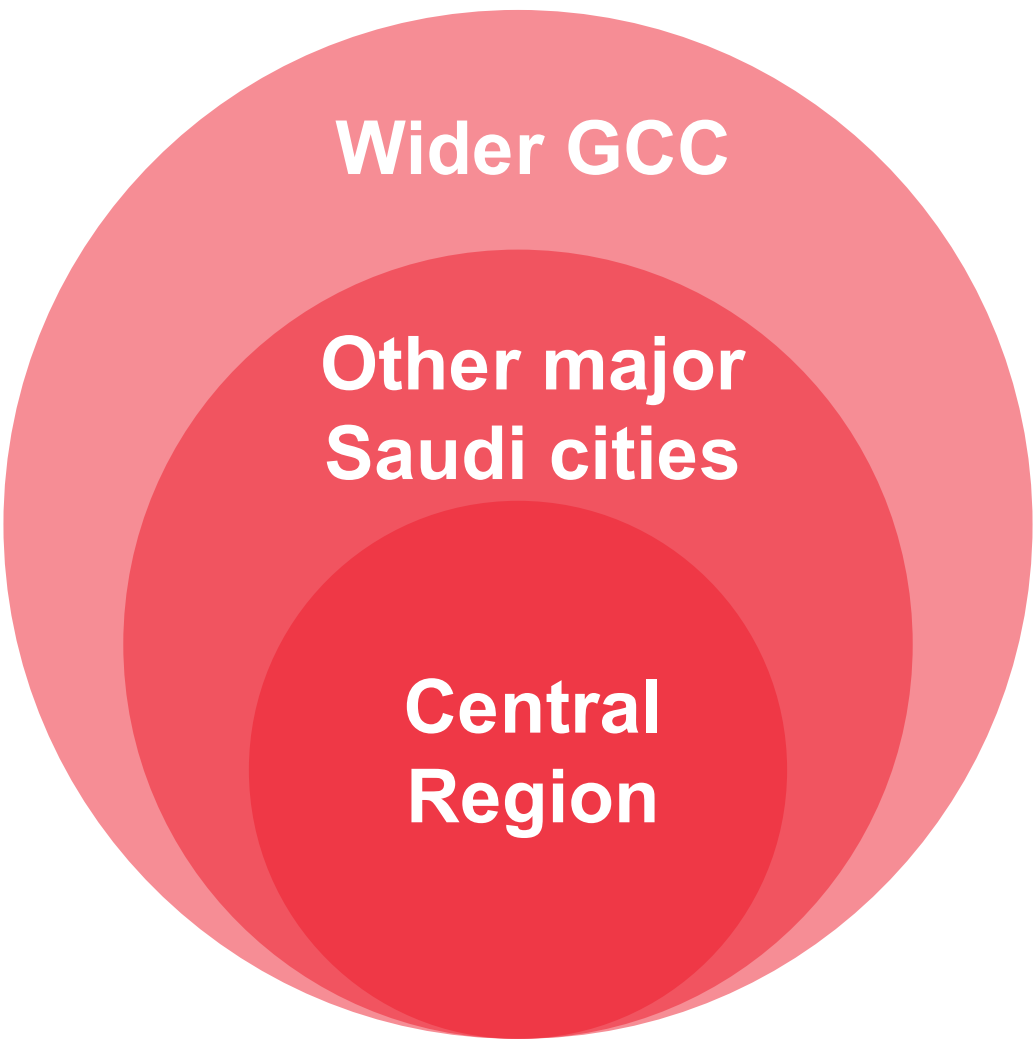
To develop and operate state of the art medical facilities and provide innovative healthcare services to create value for people

### Strengthening the core



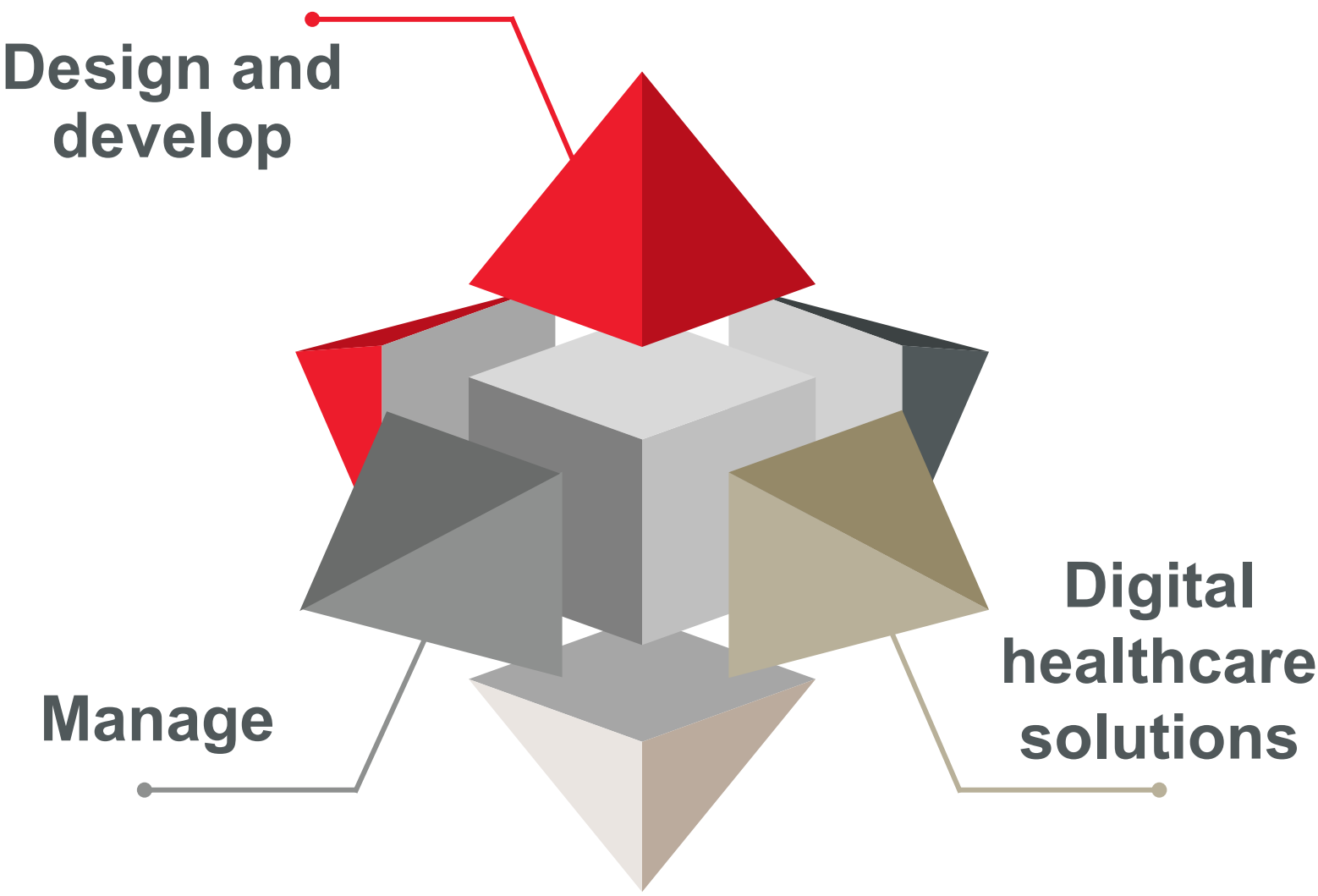
Patient centric healthcare

### Expanding the reach



Organic growth while considering inorganic opportunities

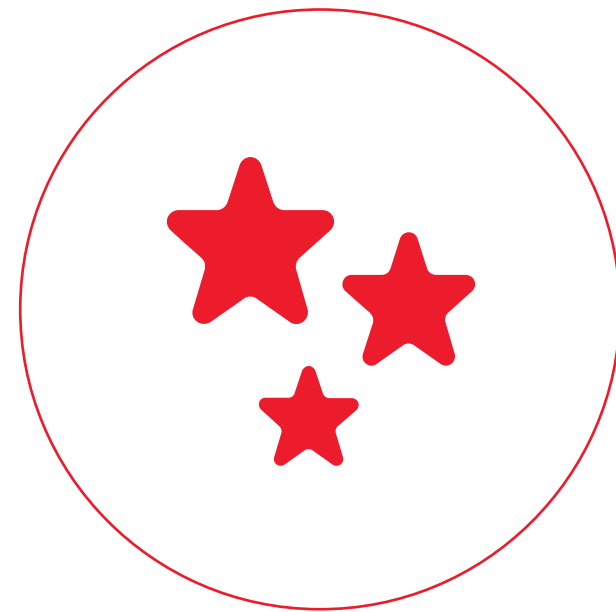
### Broadening the service



Creation of new business lines

# Key messages

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



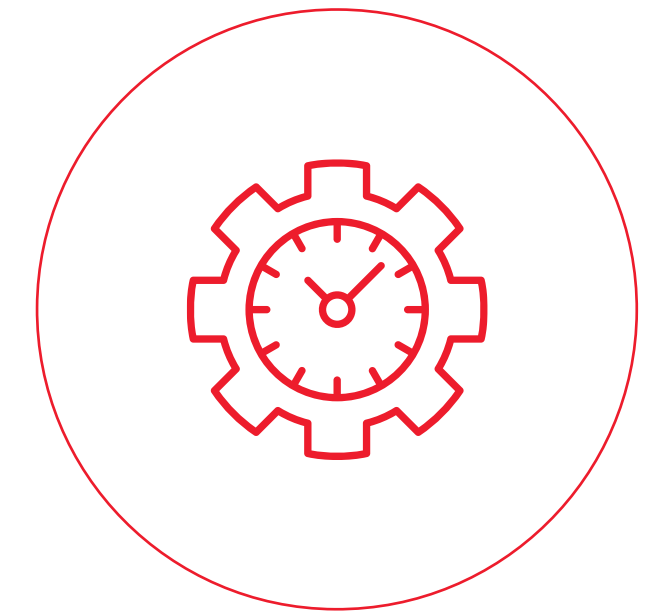
## Best-in-class

- 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

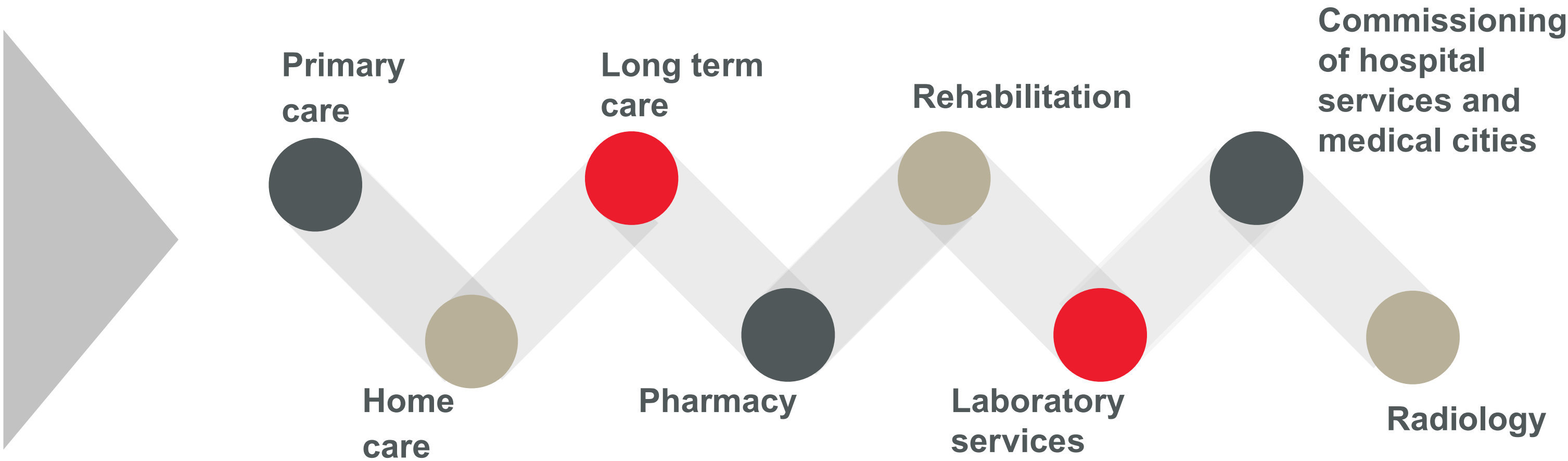
- **Efficient cash conversion cycle:** shortest CCC in the industry, proactive collection process
- **Cost efficiency:** economies of scale and cost efficiency on a growing patient volume base
- **Technology to drive operational efficiency:** best in class HIS, patients and physicians apps and rapidly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



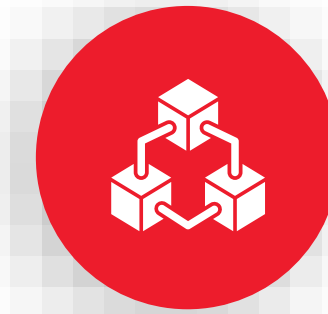
## Hospitals

- **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

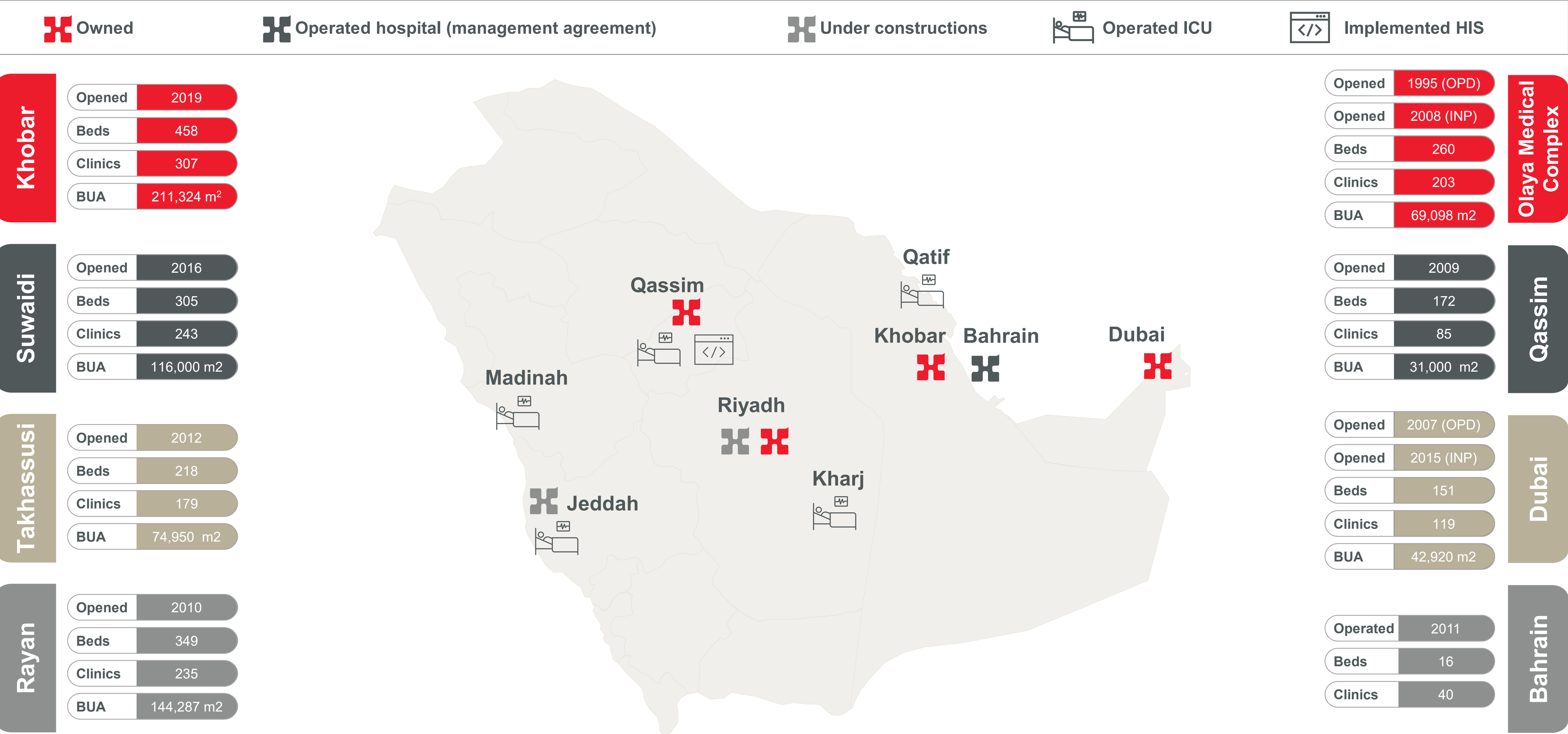


## HMG Solutions

- **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



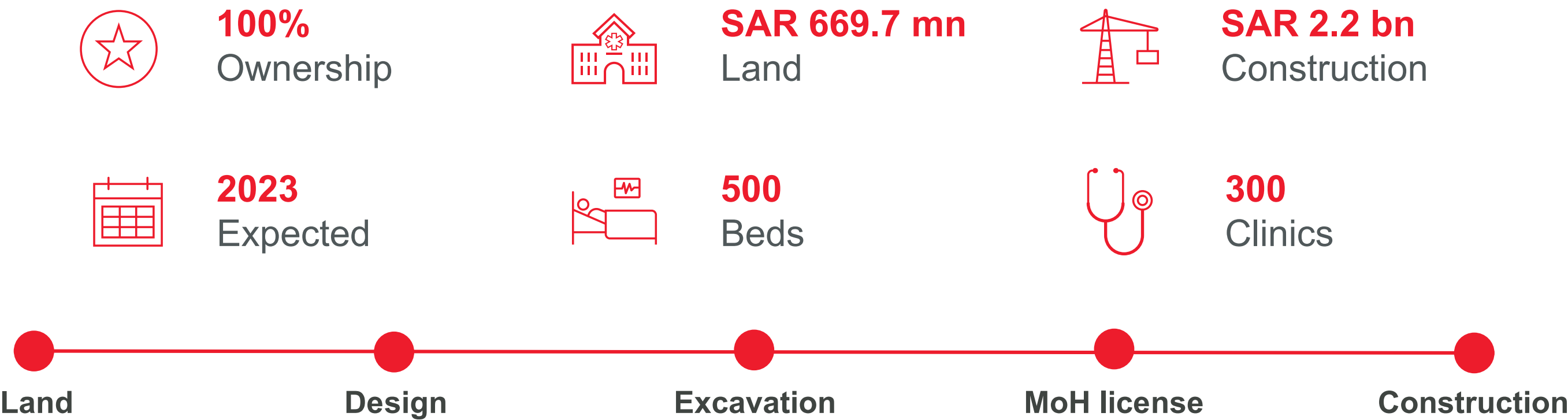


# How we performed

# Projects update

Solidifying our market leadership through robust expansion plan

## North Riyadh



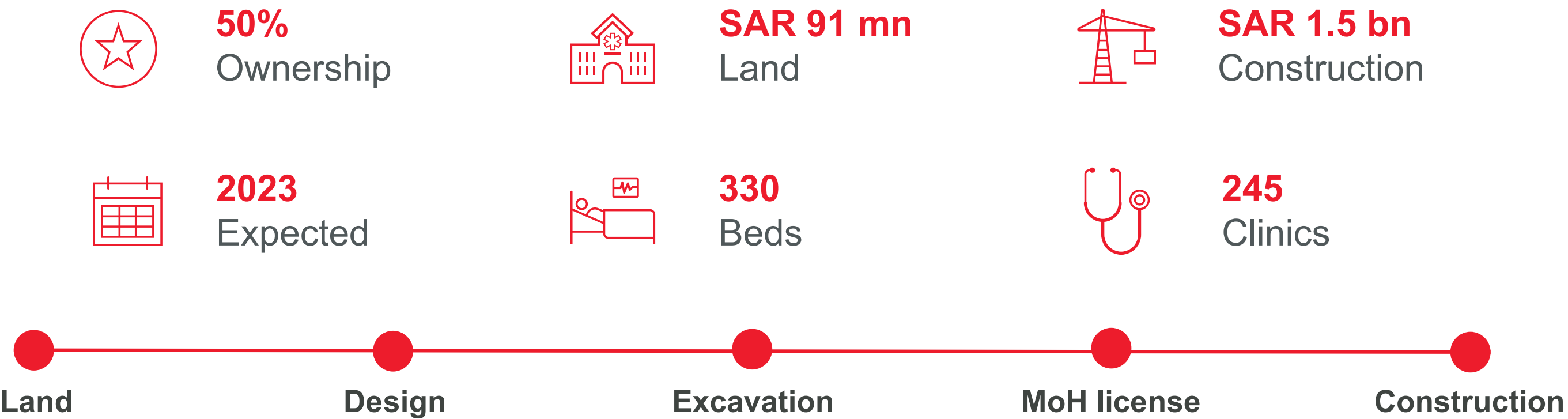
- 
- ### Excavation
- Raft **100% Complete** (68,397.19 m3 concrete)
  - **100,970Sqm** Slap finish
  - Horizontal **waterproofing** completed

- 
- ### Total workforce
- **742 HMG** Engineering and Contracting **Staff**
  - **1.1 million** Safe working hours
  - **Zero** incidents to date

# Projects update

Solidifying our market leadership through robust expansion plan

## South-West Jeddah



Land

Design

Excavation

MoH license

Construction



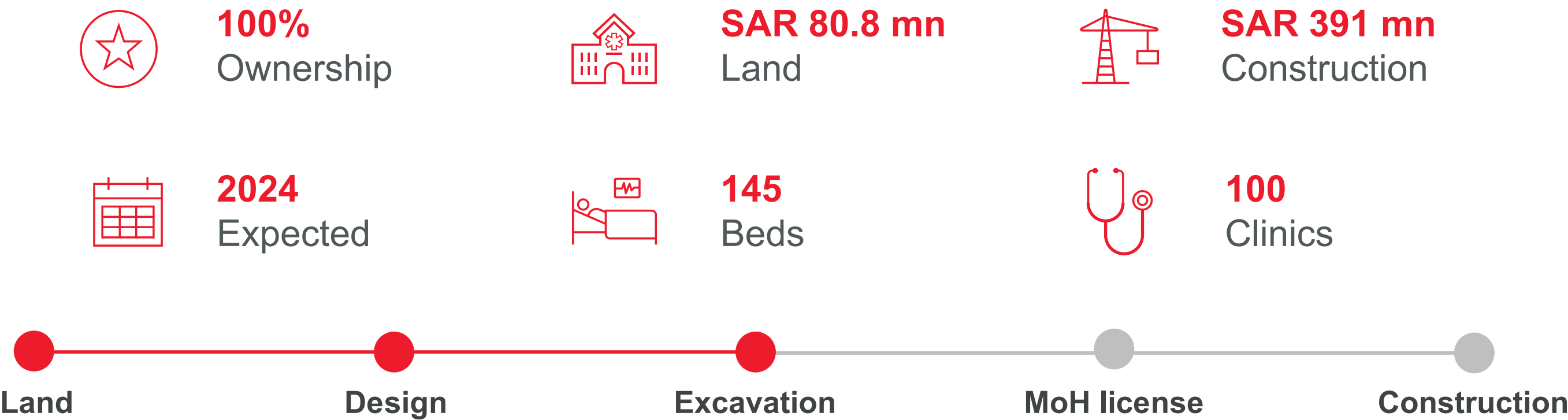
- 
- Excavation
- Shoring Wall **100% completed**  
731 meter
  - Excavation Works  
**214,181/283,272** cum 75.6 %
  - Waterproofing of piles  
**487/2084** piles

- 
- Total workforce
- **548 HMG** Engineering and Contracting **Staff**
  - **965,350k+** Safe working hours
  - **Zero** incidents to date

# Projects update

Solidifying our market leadership through robust expansion plan

## New Takhassusi Maternity and Pediatric Hospital



- 
- ### Excavation
- Excavation Works **75% completed**

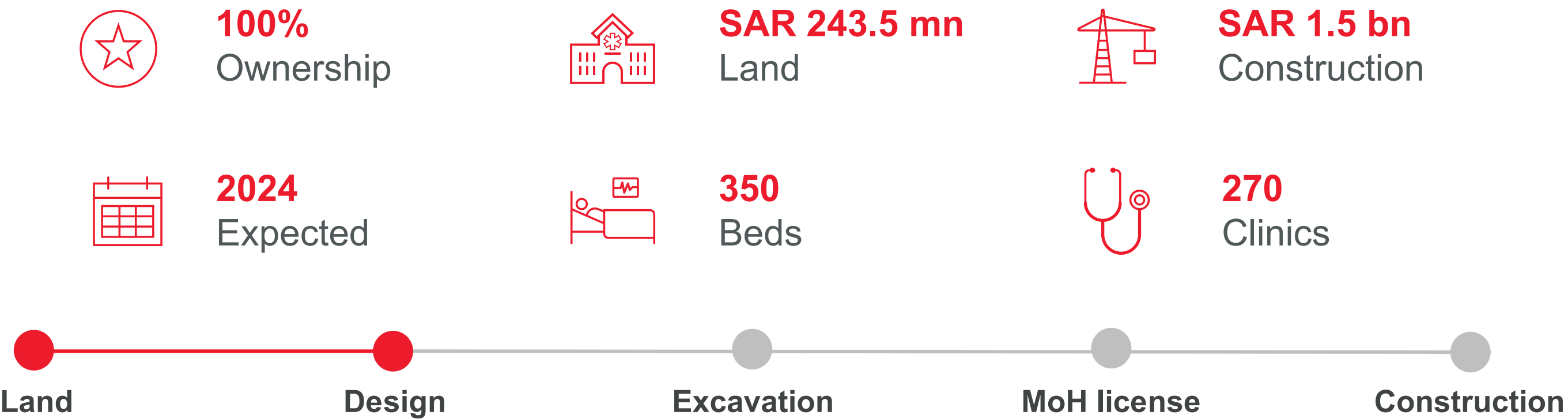
- 
- ### Design
- Architectural design **100 % completed**
  - Structural design **100% completed**

- 
- ### Total workforce
- 548 HMG** Engineering and Contracting **Staff**
  - 965,350k+** Safe working hours
  - Zero** incidents to date

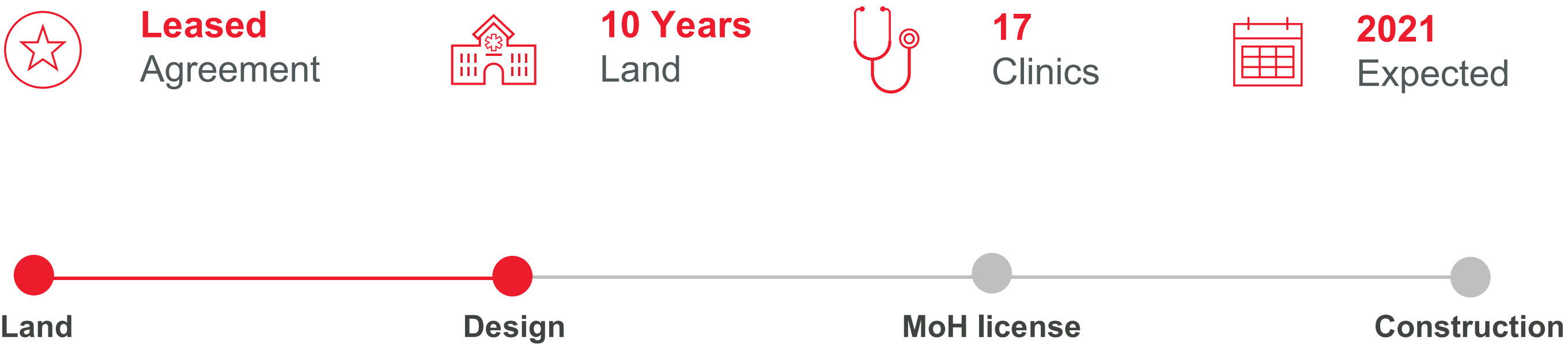
# Projects update

Solidifying our market leadership through robust expansion plan

North Jeddah



Medical Center at Diplomatic Quarter



Operations

Strategic partnership with Dubai Government Workshop

Spreading awareness of **breast cancer**



Medical excellence

Issue of **Dr. Sulaiman Al Habib Medical Journal**

**5 Published** Research

**20** Scientific Research work conducted

Technology

Launch of HR platform **Mowadhafi Service**



Mobile application Q3 2020

Total Download **735k+** downloads **Growth 45%** ▲

Booked Appointments **354k+** appointments **Growth 87%** ▲

Transactions **97m+** transactions **Growth 388%** ▲

Habib Live Care **35k+** transactions



E-Pharmacy **15k+** transactions



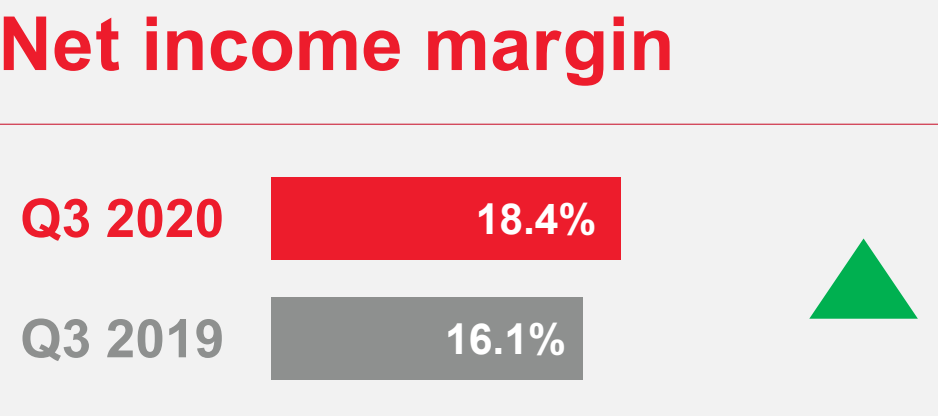
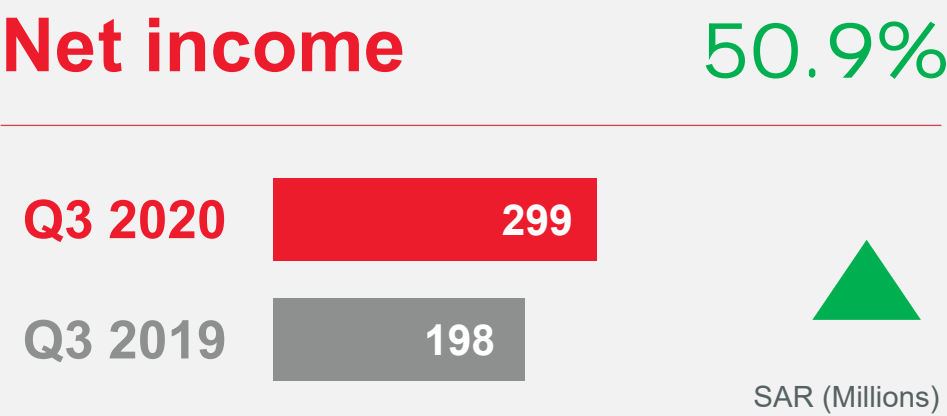
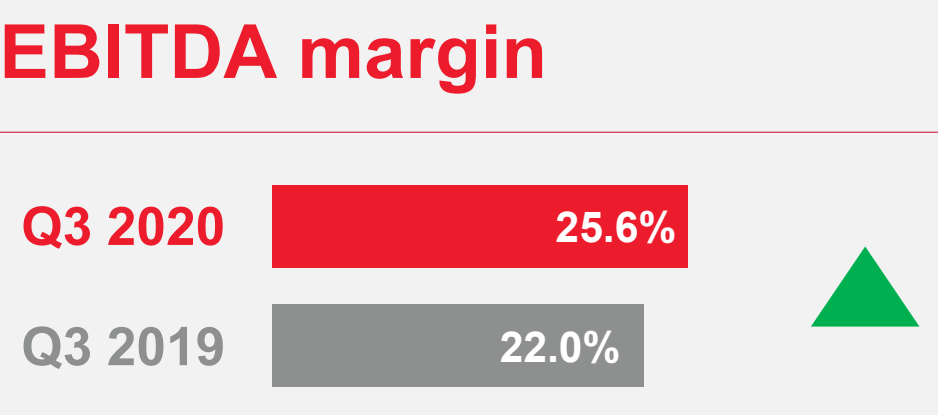
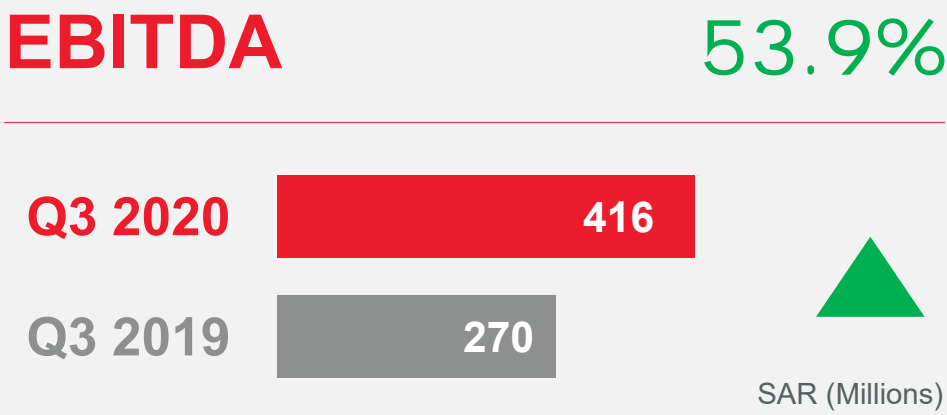
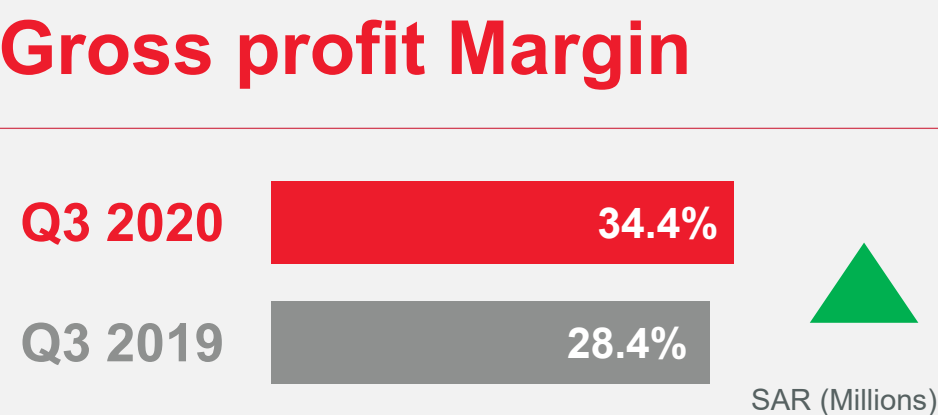
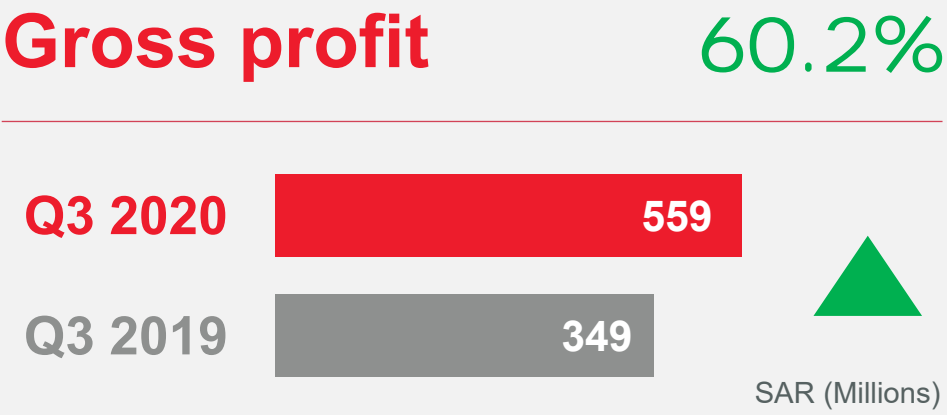
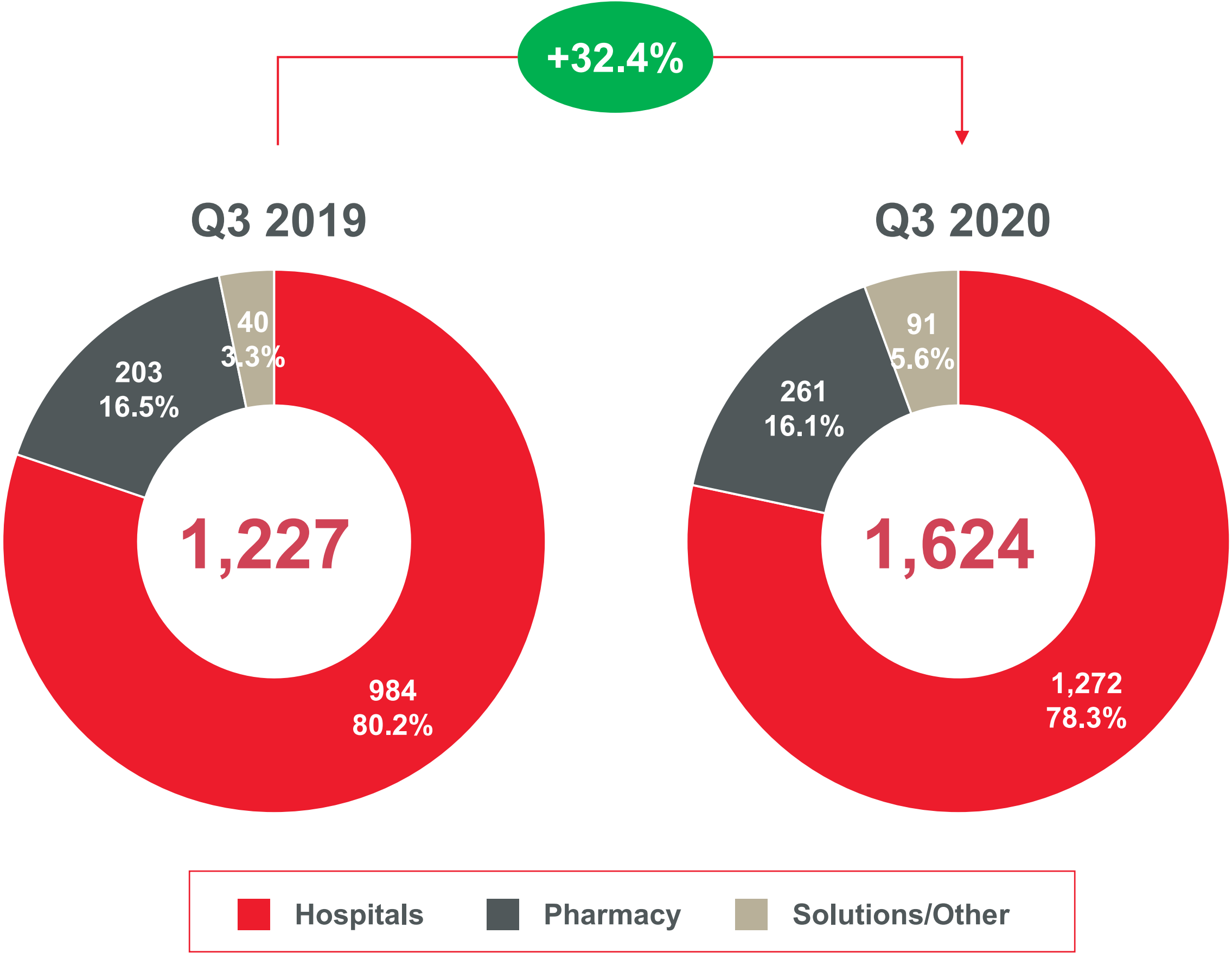
Medical excellence

Continuous Medical Education for **2,340+ participants** | **246 CPR** course with **1,243**

**800+** undergraduate trainees trained from **12 university**

Revenue by segment

SAR million



# Healthy balance sheet / 9-month

As of Sep 2019  
Total assets  
SAR 8.2 billion

As of Sep 2020  
Total assets  
SAR 9.0 billion

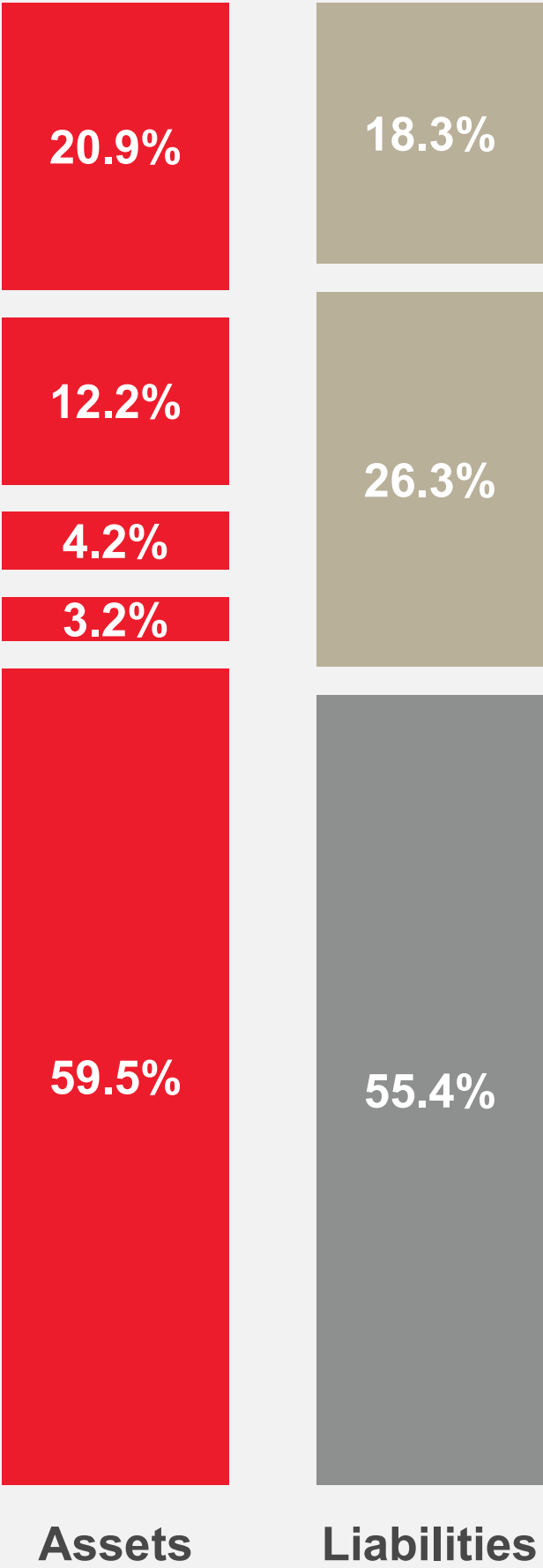
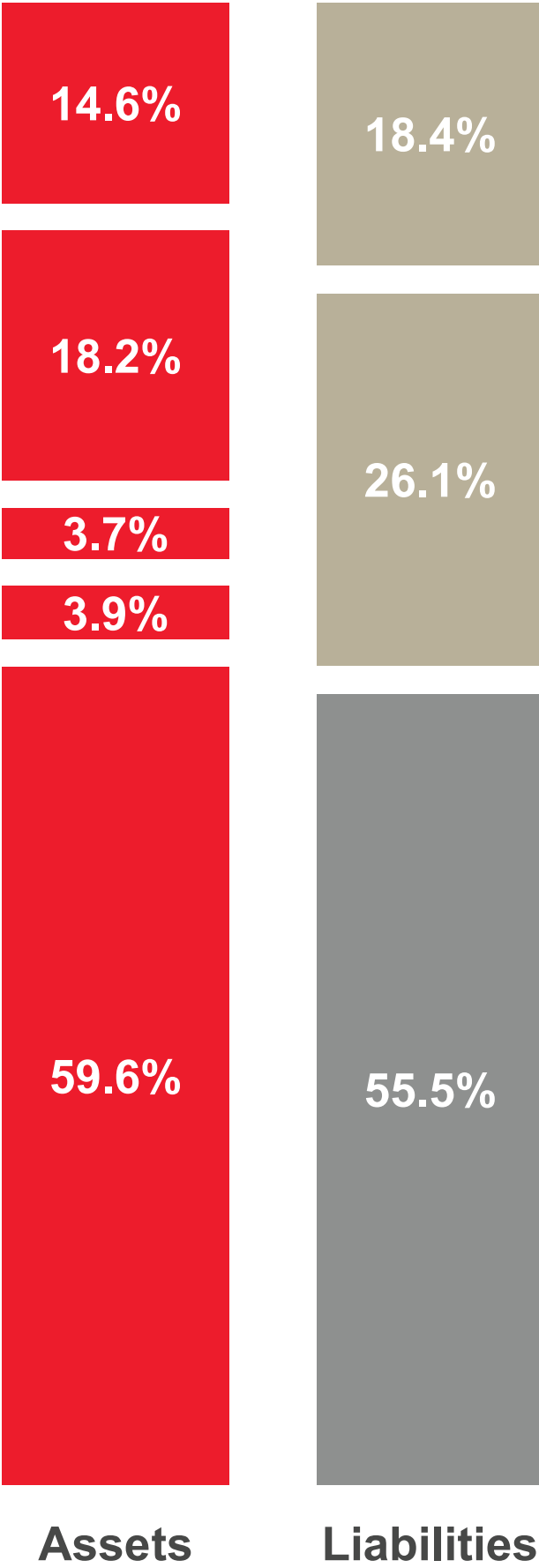
Cash, time deposit & bank balances

Accounts receivable

Inventories

Other current assets

Non-current assets



Current liabilities

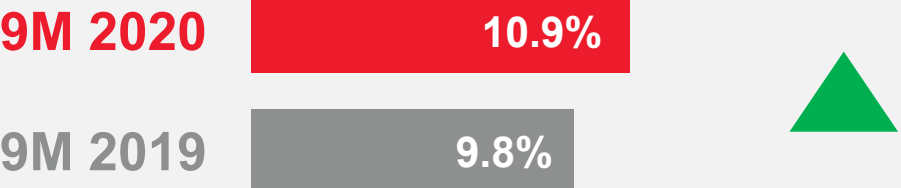
Non-current liabilities

Equity

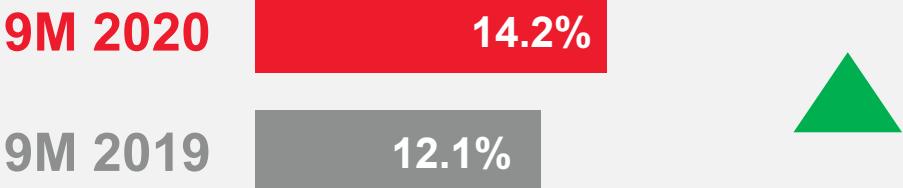
## ROE



## ROA



## ROCE



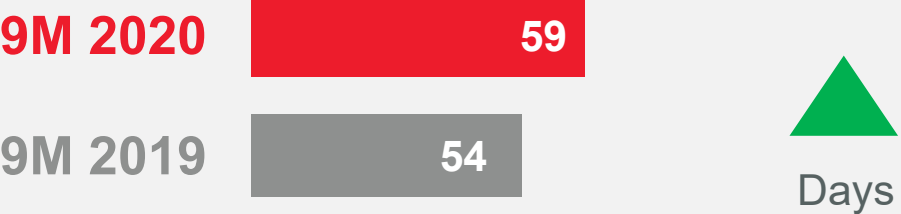
## Current Ratio



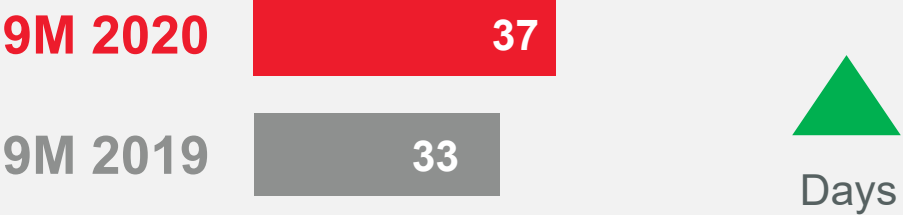
## Receivables outstanding



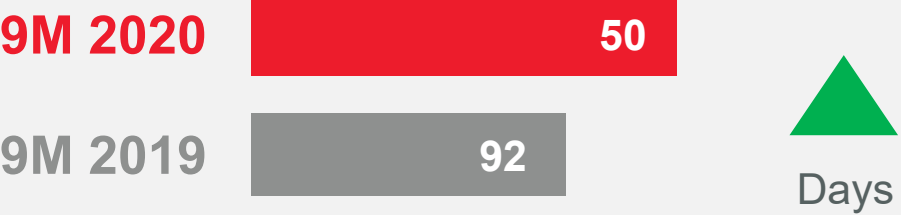
## Payables outstanding



## Inventory

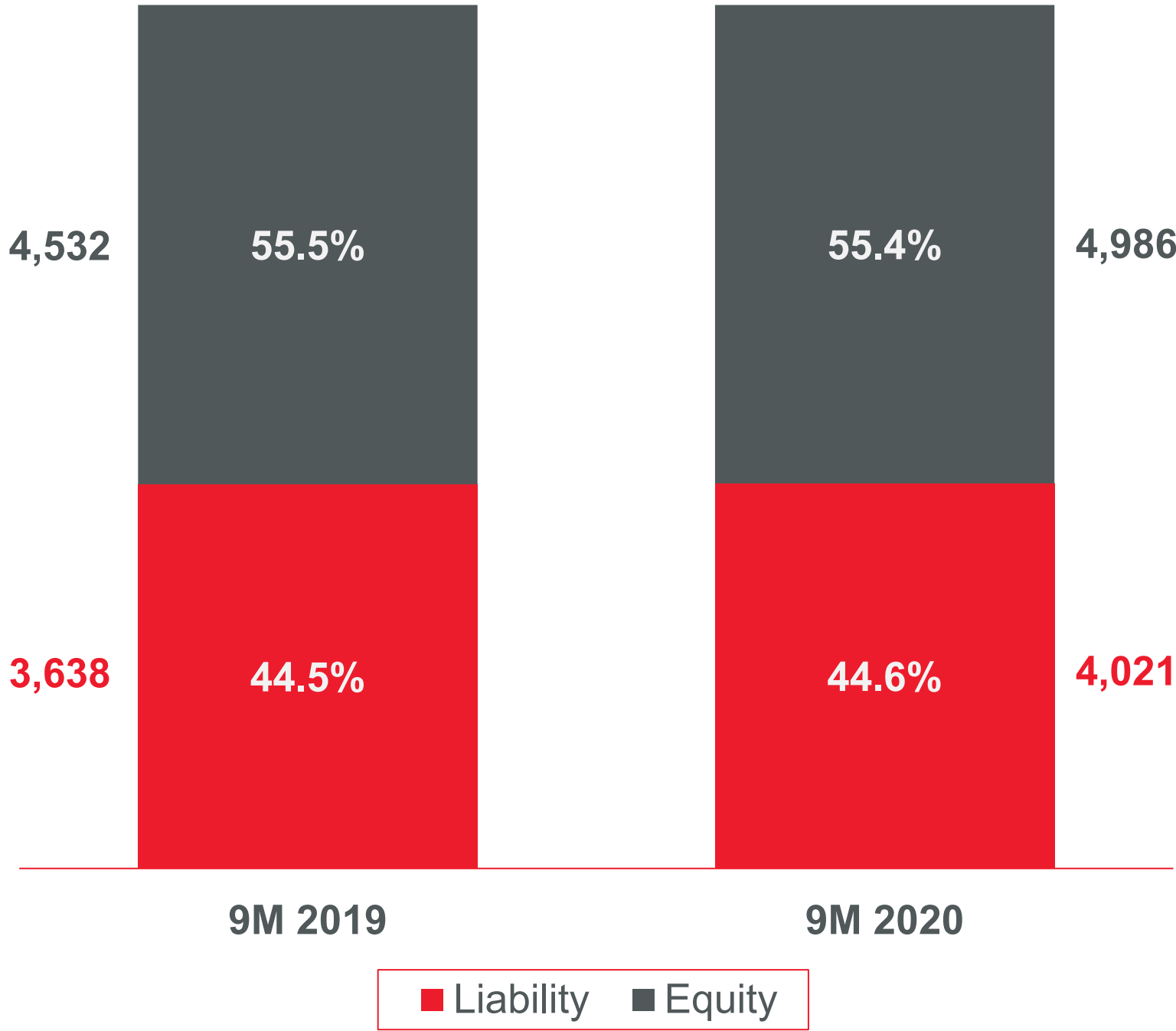


## Cash cycle



Total liabilities and equity

SAR million



Total Liabilities/Total Assets

9M 2020	0.45x	▲
9M 2019	0.45x	

Total Liabilities/Equity

9M 2020	0.81x	▲
9M 2019	0.80x	

Net Debt / EBITDA

9M 2020	0.41x	▲
9M 2019	0.89x	

Net Debt / Equity

9M 2020	0.12x	▲
9M 2019	0.21x	

DSCR

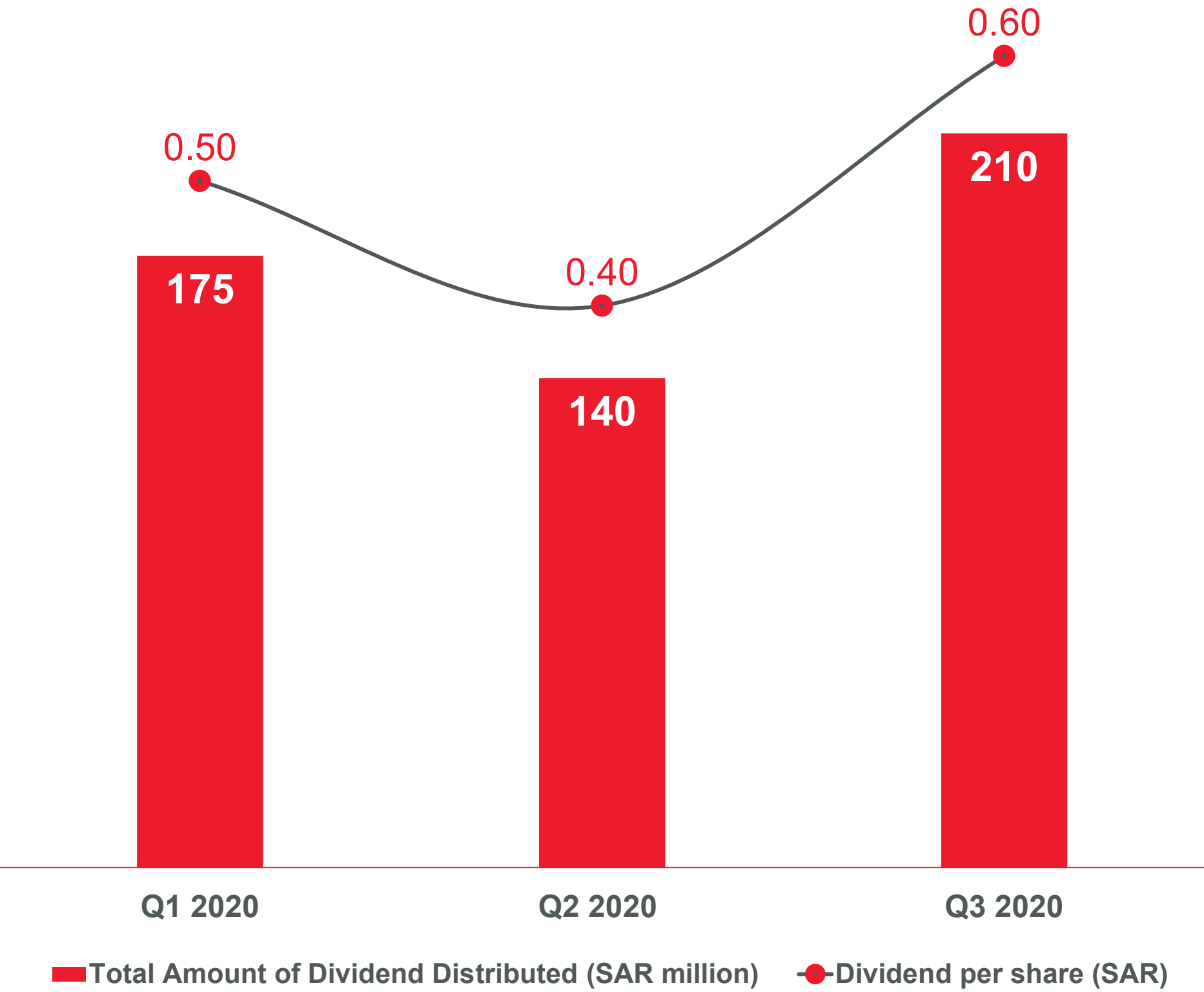
9M 2020	3.3x	▲
9M 2019	4.1x	

Interest Coverage ratio

9M 2020	20.7x	▲
9M 2019	36.5x	

# Total cash dividends for shareholders: Q3 2020

## Distributed dividends



## Cash dividends / Q3-2020

Total distributed dividends	SAR 210 million
% of capital	6% (equivalent to SAR 0.60 per share)
Eligibility date	29 October 2020
Date of distribution	15 November 2020

## Total cash dividends for shareholders / 9M 2020

Total distributed dividends	SAR 525 million
% of capital	15% (equivalent to SAR 1.50 per share)

# Investor Relations: IR Optic

Listening to our capital markets partners

## We want to know your views...

- Ongoing effort to ensure high levels of disclosure and transparent communications
- Our IR team, will conduct an independent **Capital Markets Perception Study**
- We would greatly appreciate your feedback, which will be requested on a **non-attributable** basis
- Findings will be provided to Management and the Board
- Outputs from the report will be reflected in our IR strategy
- Objective:** Investor and analyst feedback on
  - IR program
  - Investment case
  - Business strategy
  - Operational model
  - Outlook

## Respecting your time and your preferences

- We fully appreciate the time constraints facing the investment community
- You will have the option to participate through an **online survey** which should take no more than **10-12 minutes**
- OR** our IR team will be available to speak to you to discuss your views on a **call** lasting approximately **20 minutes**.
- An IR representative will be in touch with you over the coming days
- Do not hesitate to contact us**, at [investor.relations@drsulaimanalhabib.com](mailto:investor.relations@drsulaimanalhabib.com), if you would **prefer not to be contacted**.
- If you would be **happy to conduct the interview via phone**, please do also let us know

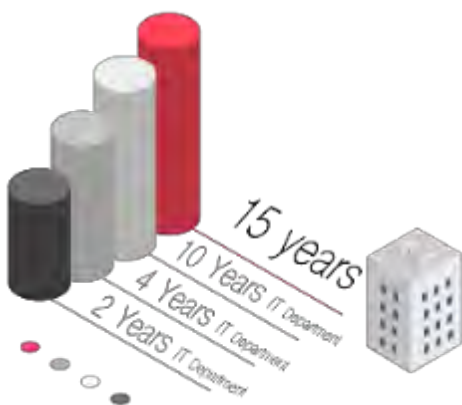


Spotlight

# Technology and medical excellence

# Developing cutting edge technology

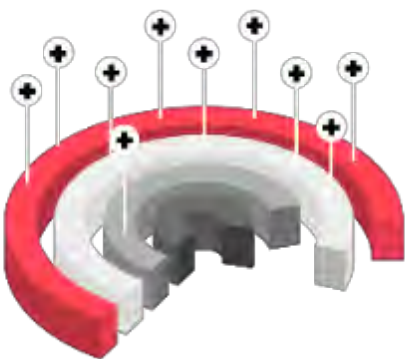
Pioneer in award-winning hospital information system and applications in the MENA region



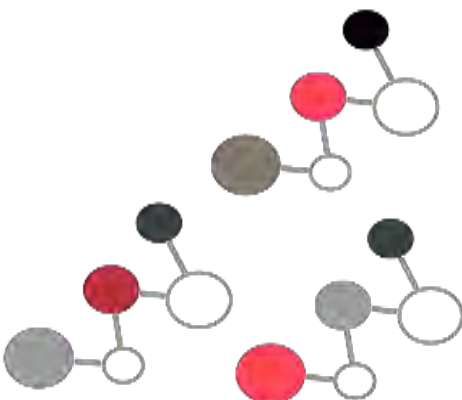
**15+ Years of experience** in deploying technology solutions in healthcare domain



**11 Products**

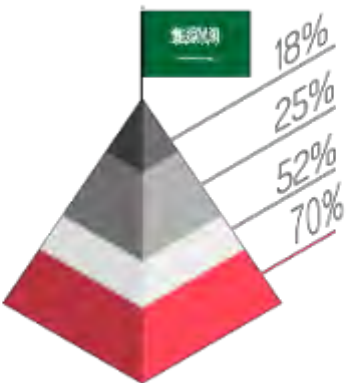


**27 Digital hospitals**



**15 Clients**

## HMG Solutions' footprint



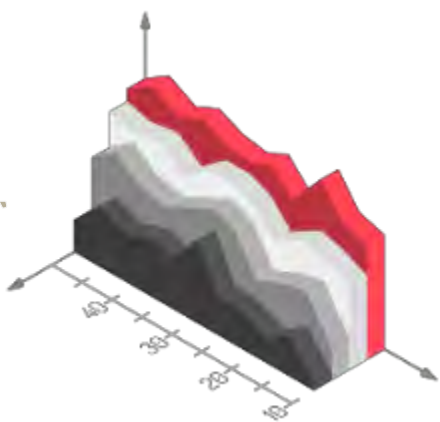
**70% Saudization**



**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

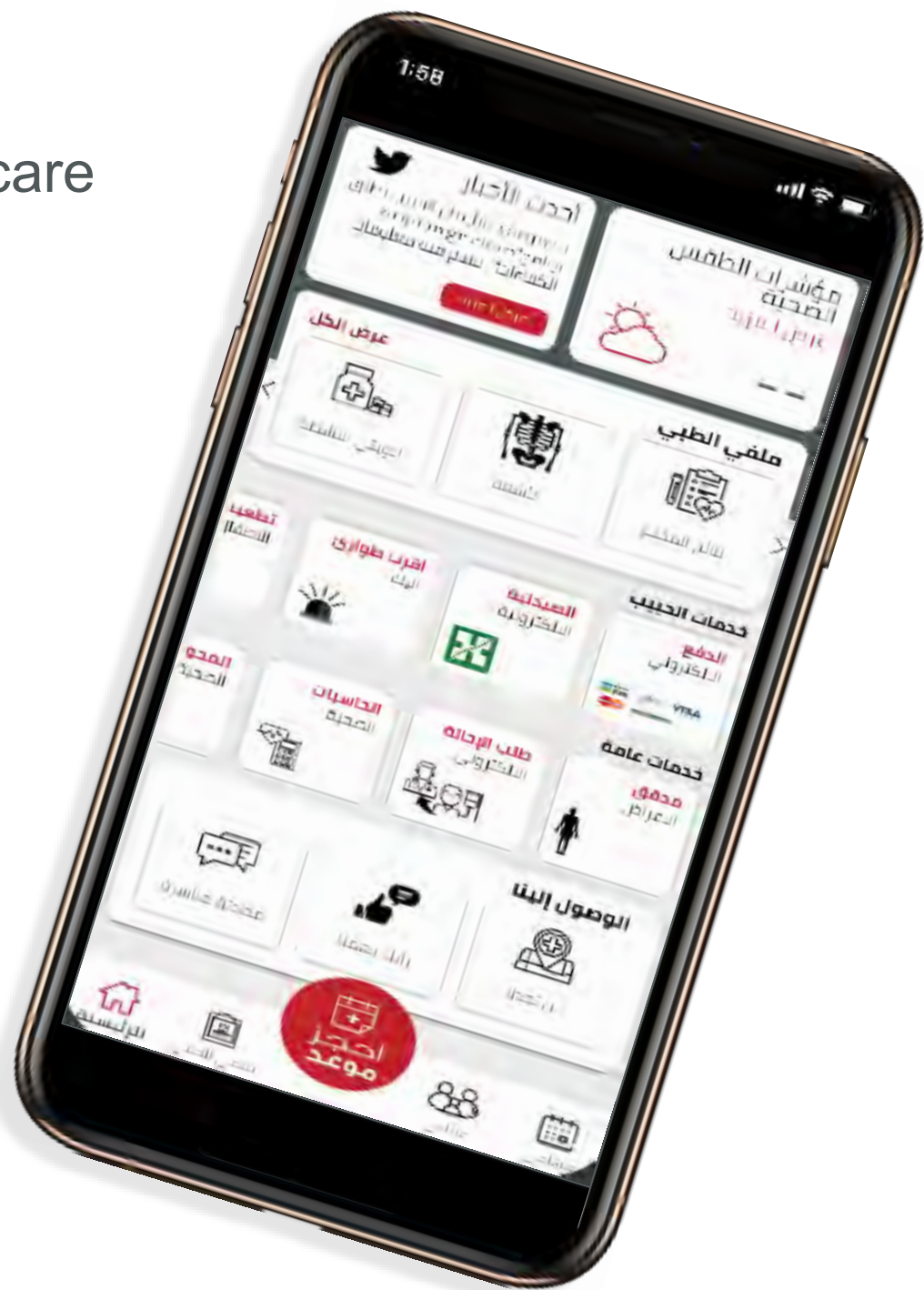
### medical record anywhere anytime

### Patients

- Unique patient experience
- Built using the latest Technologies

### Physicians

- Continuity of care



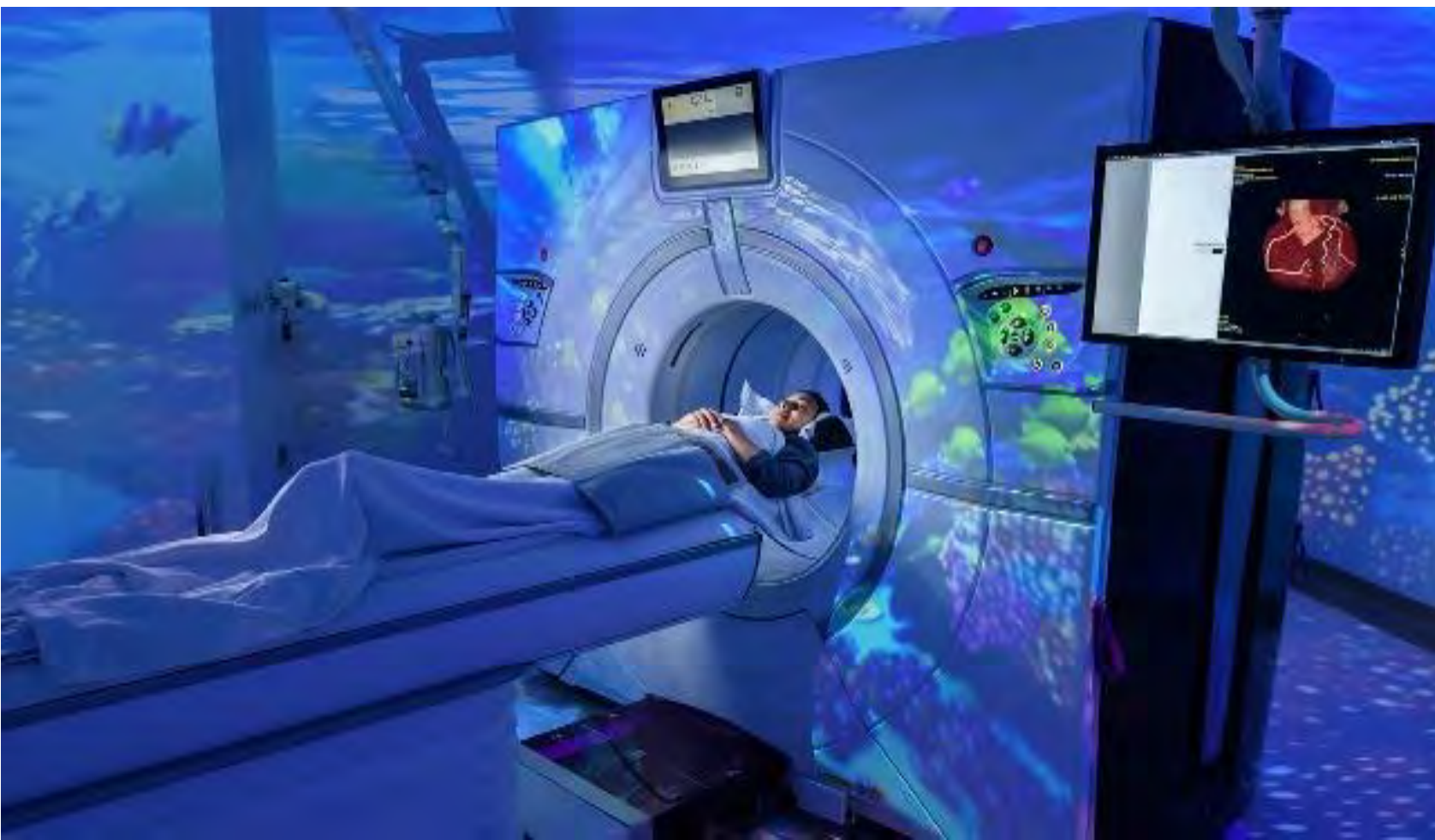
# Pioneer in healthcare technology (cont'd)

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



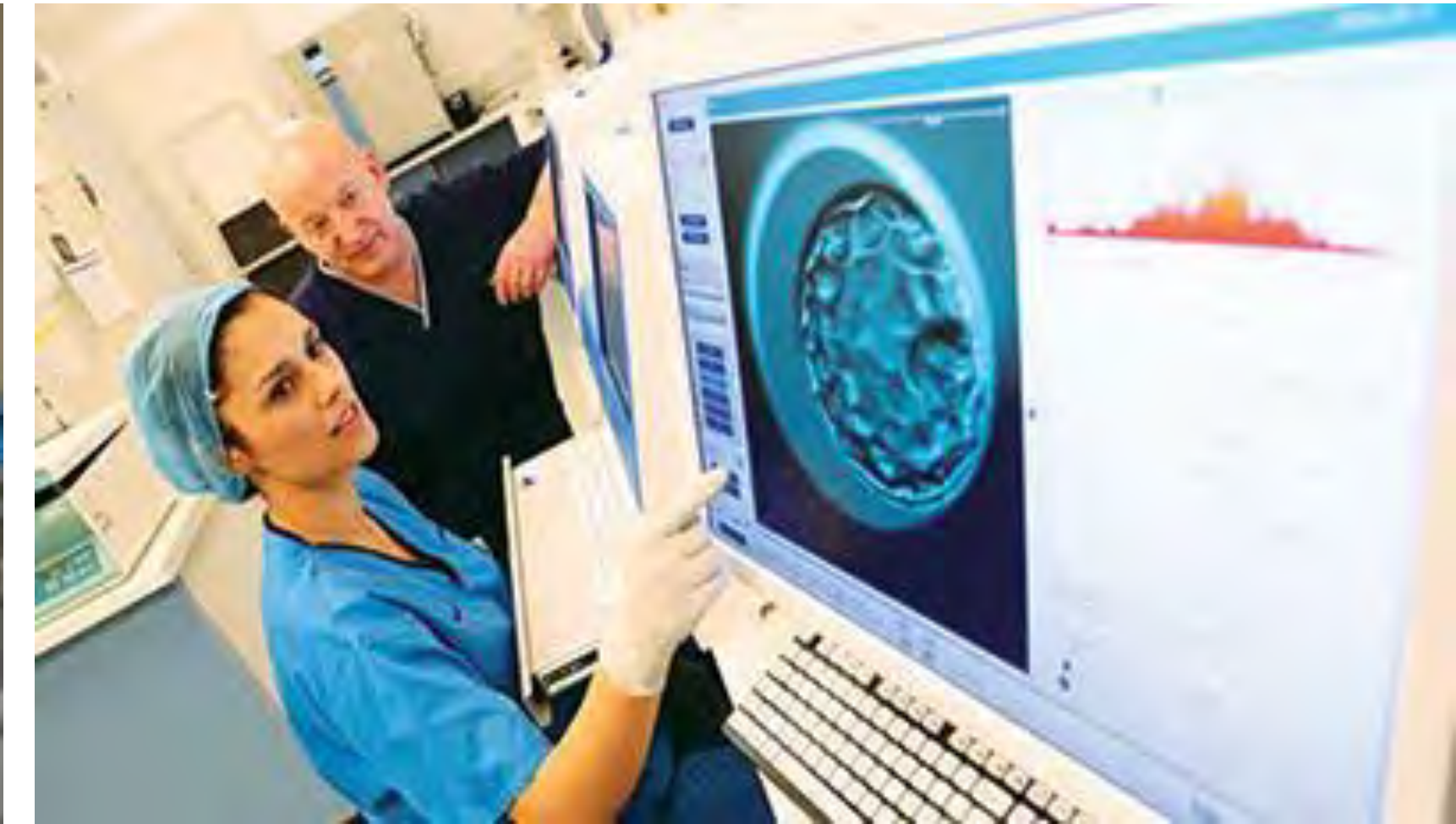
## CSSD

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

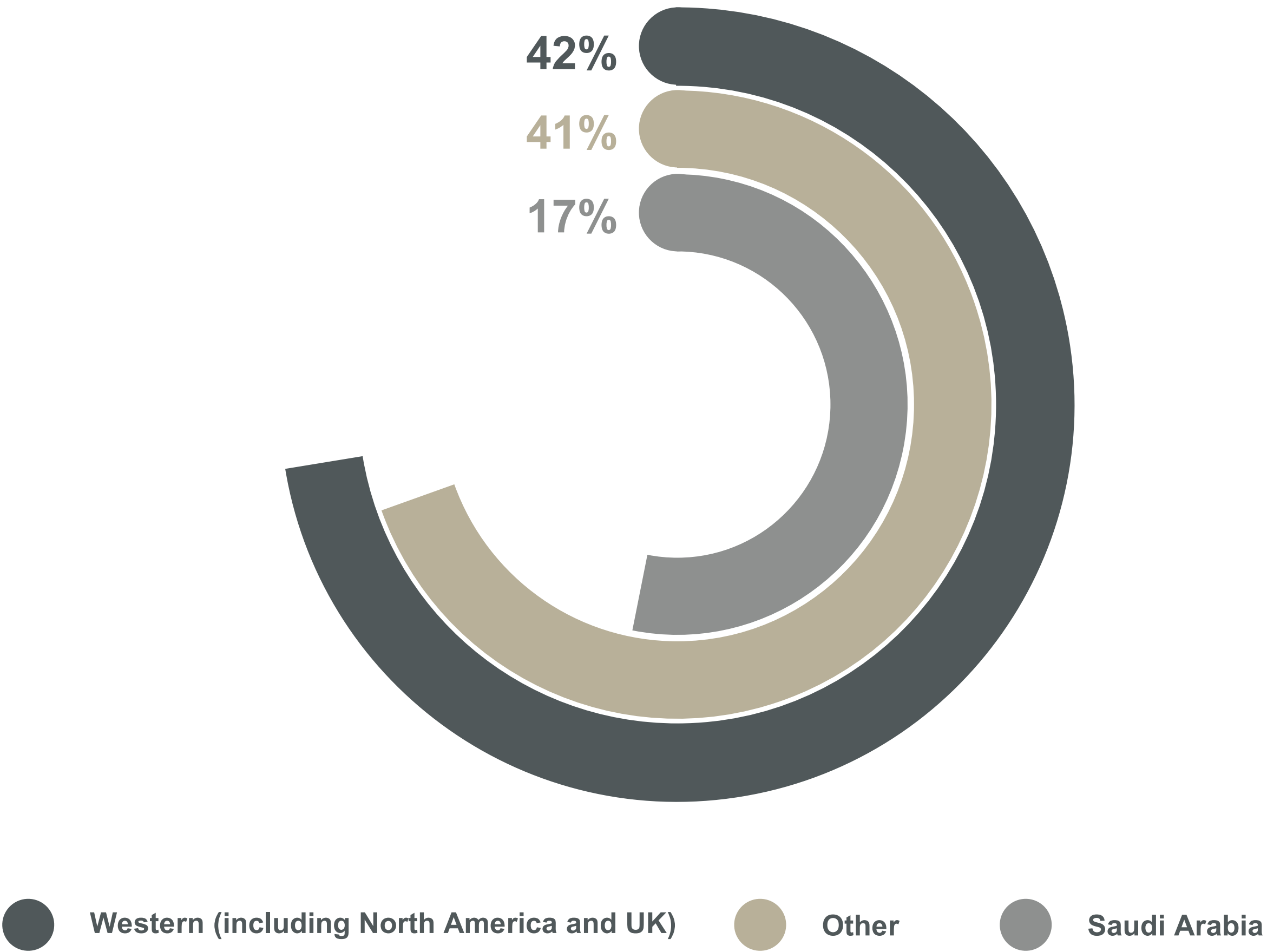
Safe environment for embryos and highest number of cycle with comparable probabilities of successful pregnancy to international benchmarks

# 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





تم التشغيل  
OPEN NOW  
013 871 1111

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

## 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



**Nabeel AlAmoudi**  
Board Member

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

## 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

## 3 Independents



**Mazen Al Rumaih**  
Vice Chairman

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



**Obaid Al Rasheed**  
Board Member

- 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

# 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

As at 30 September 2020

SAR million	As of Sep 2020	As of Sep 2019	Change %
Current Assets	3,266	2,989	9.25%
Inventory	381	296	28.70%
Investments	37	40	-7.02%
Fixed Assets	5,323	5,142	3.52%
Total Assets	9,007	8,467	6.37%
Current Liabilities	1,653	1,495	10.55%
Non-Current Liabilities	2,368	2,381	-0.57%
Shareholders Equity	4,811	4,394	9.49%
Minority Interests	175	197	-10.92%
Total Liabilities and Shareholder Equity	9,007	8,467	6.37%

# Summary: Income statement

As at 30 September 2020

SAR million	Q3 2020	Q3 2019	Change%	YTD 2020	YTD 2019	Change%
Revenue	1,623.9	1,226.7	32.4%	4,170.3	3,611.8	15.5%
Cost of revenue	(1,065.0)	(877.8)	21.3%	(2,851.7)	(2,524.0)	13.0%
<b>Gross profit</b>	<b>558.9</b>	<b>349.0</b>	<b>60.2%</b>	<b>1,318.6</b>	<b>1,087.9</b>	<b>21.2%</b>
Selling and marketing expenses	(104.9)	(47.7)	119.7%	(180.6)	(133.3)	35.4%
G&A expenses	(130.1)	(108.8)	19.6%	(352.2)	(350.3)	0.5%
<b>Operating income</b>	<b>323.9</b>	<b>192.5</b>	<b>68.3%</b>	<b>785.8</b>	<b>604.2</b>	<b>30.1%</b>
Other income, net	11.9	16.0	(25.5%)	42.1	48.7	(13.7%)
Share in net income of associates	2.6	0.0	na	(1.8)	2.0	(189.6%)
Finance charges	(10.8)	(5.1)	111.4%	(37.9)	(16.6)	128.9%
Minority interest	2.2	10.5	(79.4%)	21.7	22.1	(1.9%)
<b>EBT</b>	<b>329.8</b>	<b>213.9</b>	<b>54.2%</b>	<b>809.9</b>	<b>660.5</b>	<b>22.6%</b>
Zakat	(31.0)	(15.9)	95.2%	(72.2)	(60.5)	19.4%
<b>Net income*</b>	<b>298.8</b>	<b>198.0</b>	<b>50.9%</b>	<b>737.6</b>	<b>600.1</b>	<b>22.9%</b>

\* Attributable to Equity holders of the Parent

# Summary: Cash flow statement

As at 30 September 2020

SAR million	9M 2020	9M 2019	Change %
EBT before minority and Zakat	788.2	638.4	23.5%
Depreciation	238.6	184.7	29.2%
Accounts Receivable	291.4	(274.1)	(206.3%)
Inventory	(84.9)	(39.9)	112.5%
Prepaid Expenses	(2.4)	(53.3)	(95.4%)
Accounts Payable	(43.7)	(16.7)	162.3%
Other Changes in Oper. Activity	215.7	151.7	42.2%
Purchases of Fixed Assets	(417.1)	(499.7)	(16.5%)
Other Changes in Investing Act.	(599.0)	2.5	na
Increase in Debts	93.1	321.2	(71.0%)
Other Changes in Financing Act.	(391.6)	(588.8)	(33.5%)
Cash at Beginning of Period	1,196.7	1,369.1	(12.6%)
Cash at End of Period	1,284.9	1,195.1	7.5%



# Q&A

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