



# Q1 2021 Investor Presentation

As of 28 April 2021



## Disclaimer and important information in relation to this presentation

This presentation has been prepared solely for use as earnings presentation of Dr. Sulaiman Al Habib Medical Services Group Company (the “**Company**”). By attending or by reading this presentation, you agree to be bound by the following limitations.

The information contained in this presentation is for background purposes only and does not purport to be comprehensive and has not been independently verified, nor does it constitute or form part of any invitation or inducement to engage in any investment activity, nor does it constitute an offer or invitation to buy or subscribe for any securities in any jurisdiction, or a recommendation in respect of buying, holding or selling any securities.

No representation or warranty, express or implied, is made as to, and no reliance should be placed by any person for any purpose on the information contained in this presentation, fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation.

The information in this presentation is subject to change, update, revision, verification and amendment and such information may change materially. HMG is under no obligation to update or keep current the information contained in this presentation and any opinions expressed in it is subject to change without notice. This presentation has not been approved by any competent regulatory authority.

This presentation nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Any investor should make his investment decision, solely on the basis of the information that is contained in the prospectus (the “**Prospectus**”) published by the “**Company**”. The contents of this presentation are not to be construed as legal, or financial.

The distribution of this presentation may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein come should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This presentation may include statements that are, or may be deemed to be, “forward-looking statements” with respect to the Company’s financial position, results of operations and business and certain of the Company’s plans, intentions, expectations, assumptions, goals and beliefs. The contents of this presentation have been prepared by and are the sole responsibility of the Company.



**Faisal Al Nassar**

Chief Financial Officer



**Haitham Al Shathri**

Head of Investor Relations





# 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

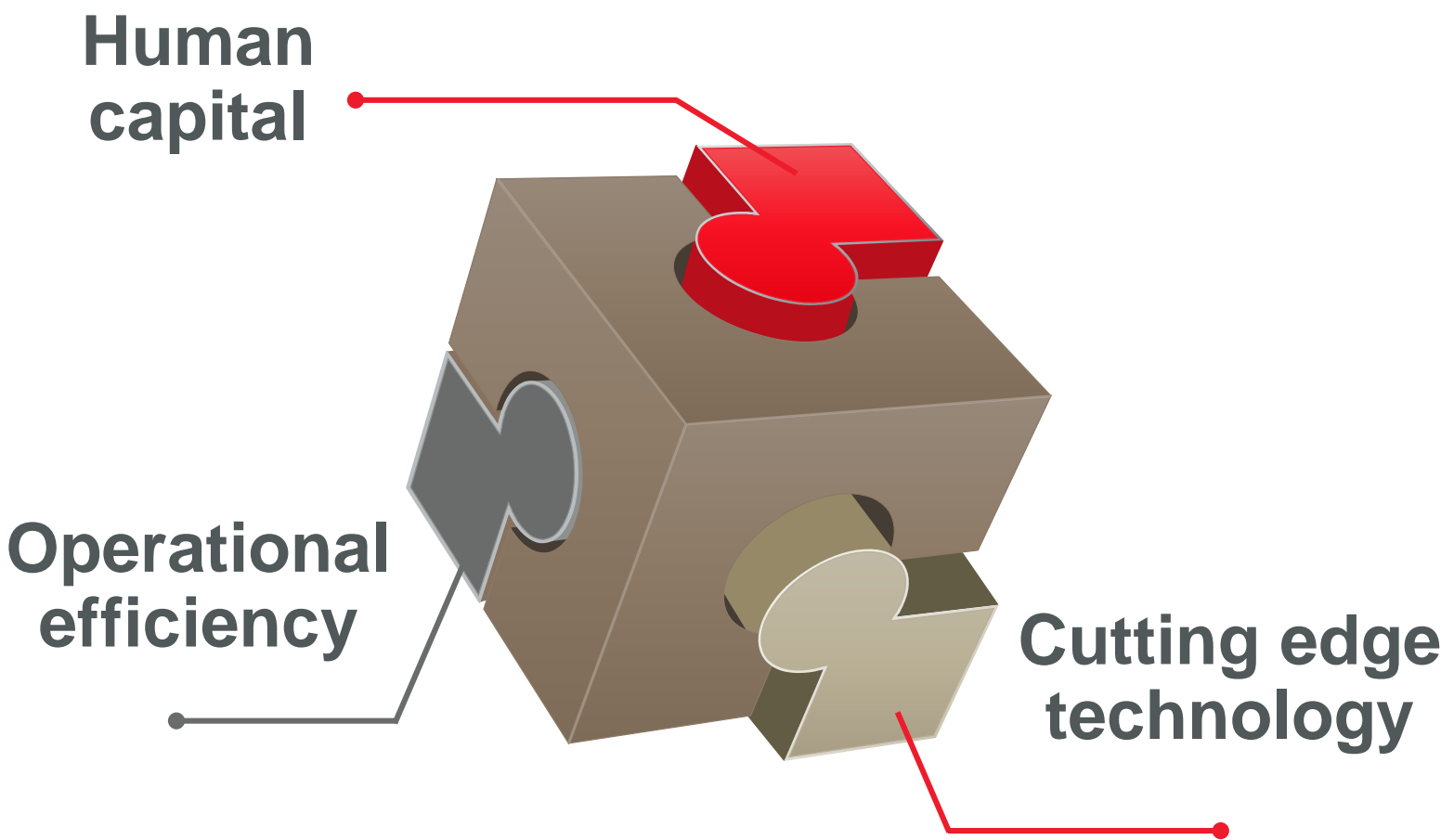
## Vision

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

## Mission

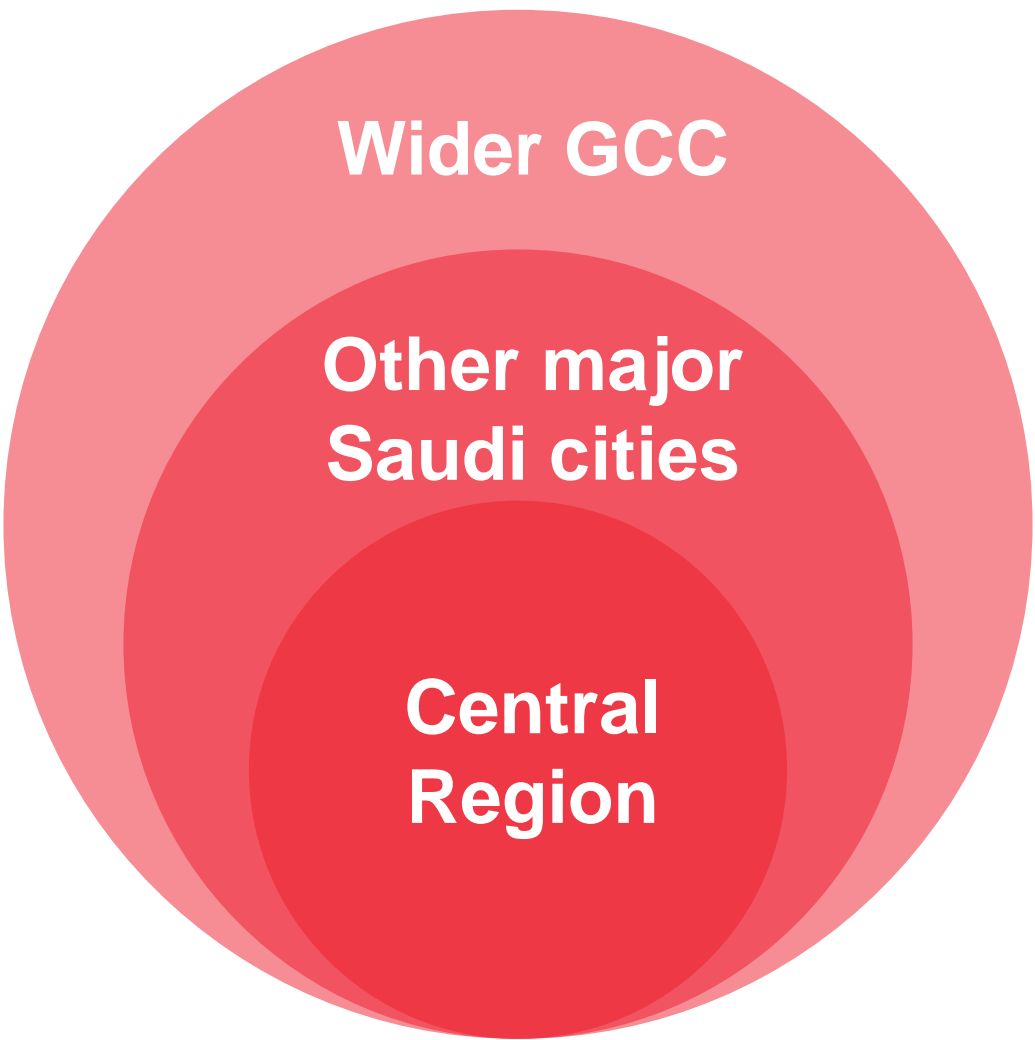
To develop and operate state of the art medical facilities and provide innovative healthcare services to create value for people

### Strengthening the core



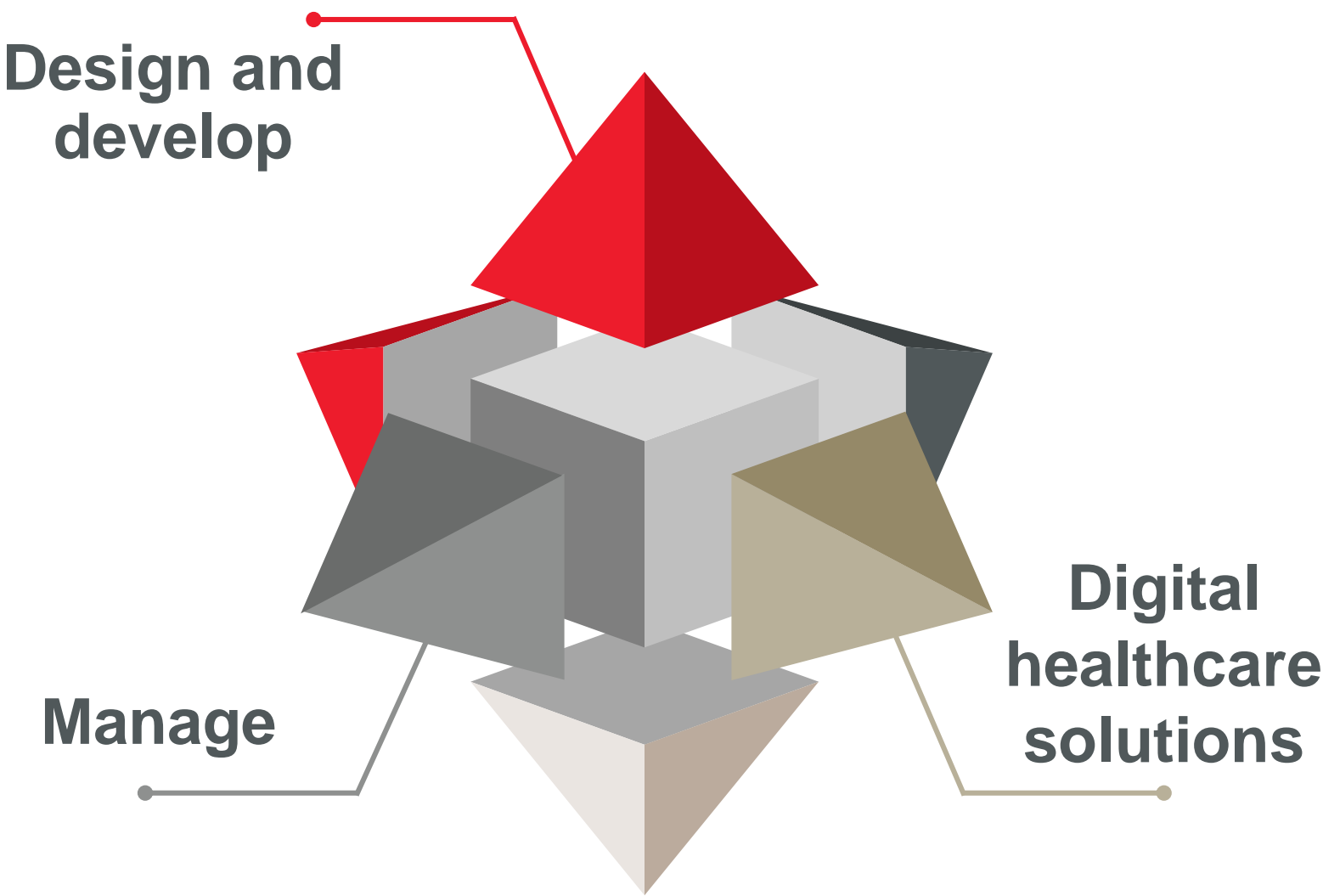
Patient centric healthcare

### Expanding the reach



Organic growth while considering inorganic opportunities

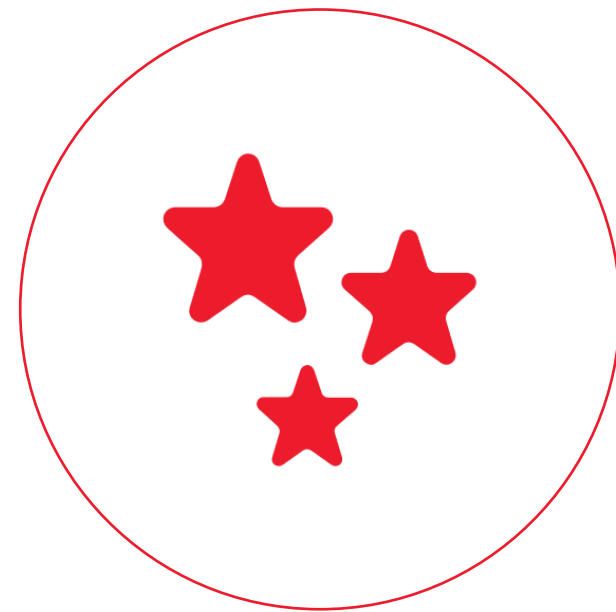
### Broadening the service



Creation of new business lines

# Key messages

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



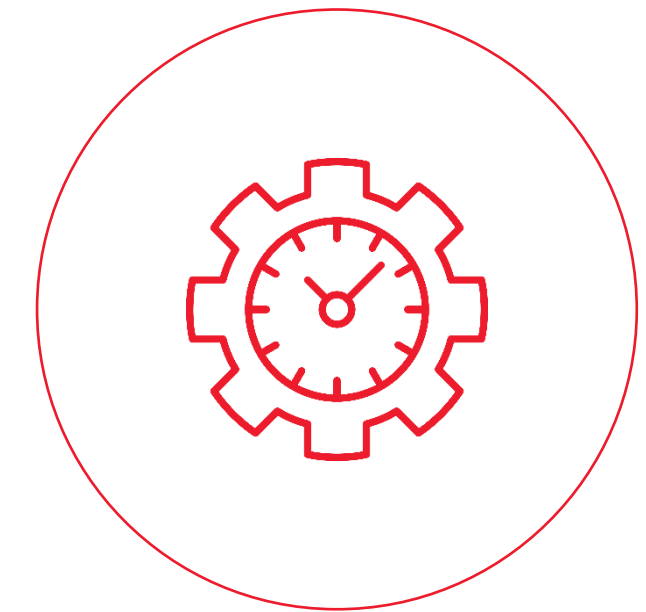
## Best-in-class

- 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 13 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:** 4 new hospitals under construction, opening a new medical center started in 2021, and expansion of HMG Solutions

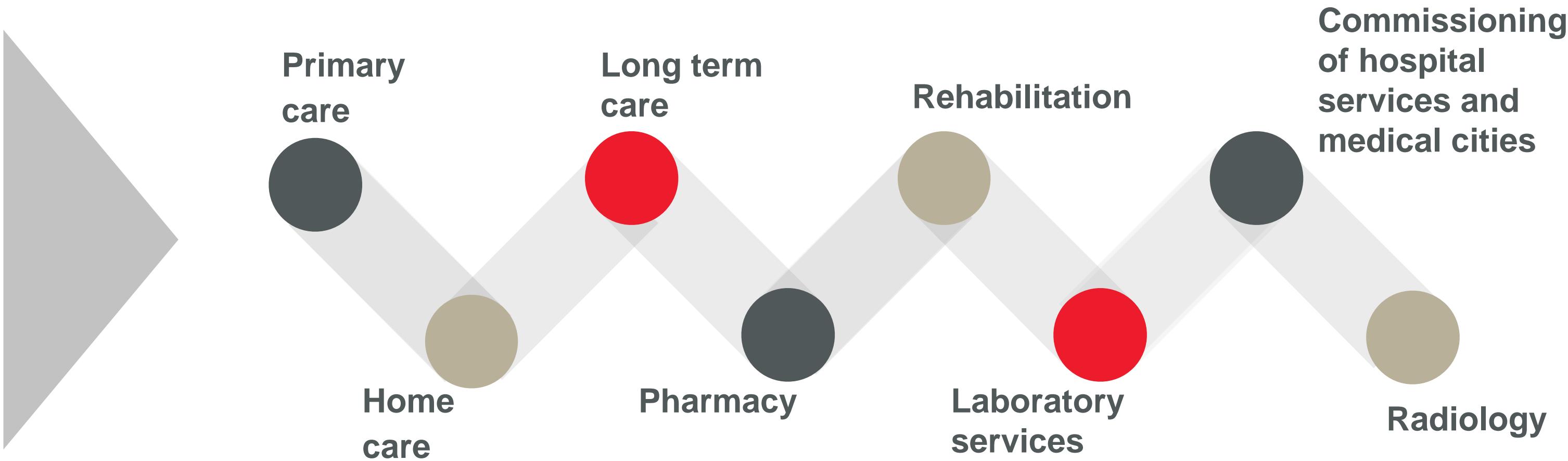


## Efficiency drivers

- **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



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 **32 MoH hospitals**, and **implementing** in new **15 MoH hospitals**
- Management, operation and maintenance of **PACS** infrastructure systems in **13 MoH hospitals**

Home Healthcare

- Providing home healthcare services to **General Department of Medical Services at the Ministry of Interior and Ministry of Health**

SAR 500+ million total value of contracts signed



# 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 primary care clinic** in DQ
- **13,000+** staff, **2,750+** physicians



## Pharmacies

- Outpatient pharmacies as part of the hospitals
  - **18 pharmacies in Saudi Arabia and Dubai**
  - **400+ 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

# Where we operate

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

 Owned

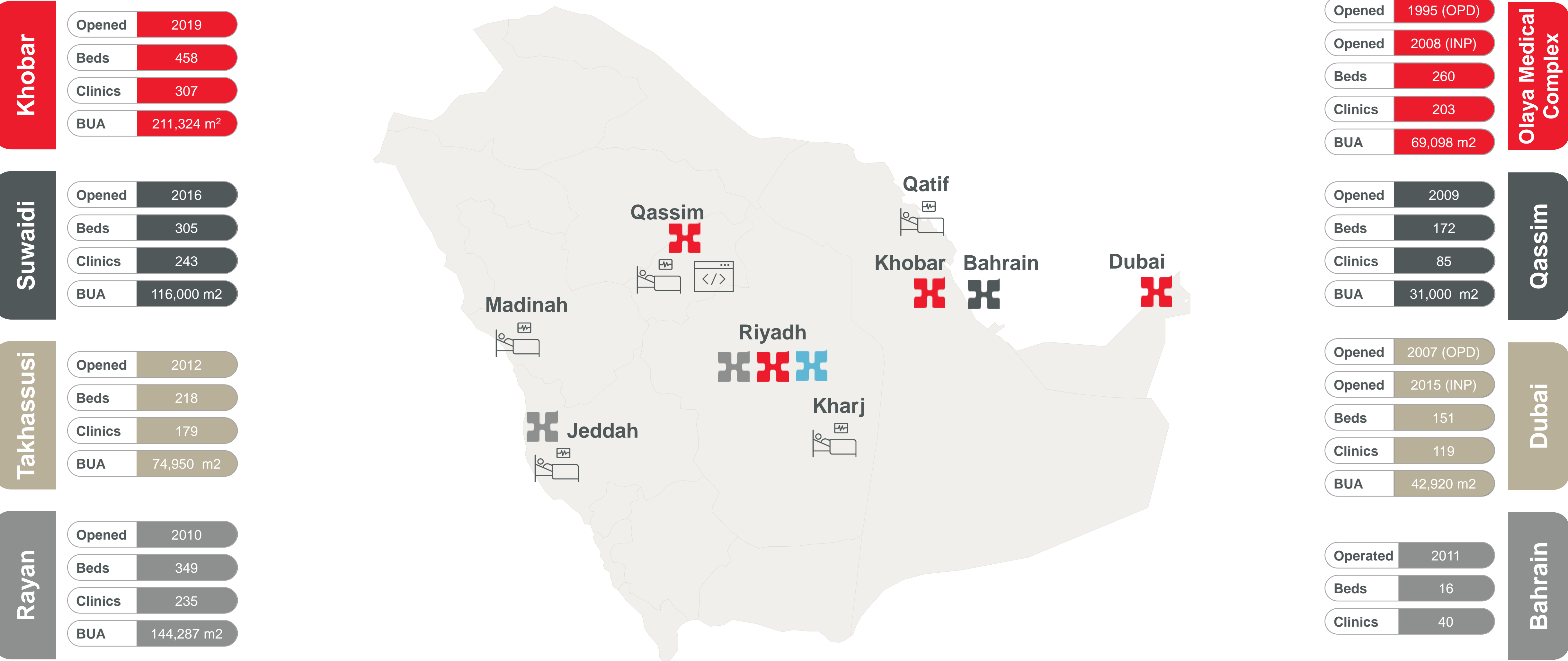
 Primary Care Medical Center

 Operated hospital (management agreement)

 Under constructions

 Operated ICU

 Implemented HIS





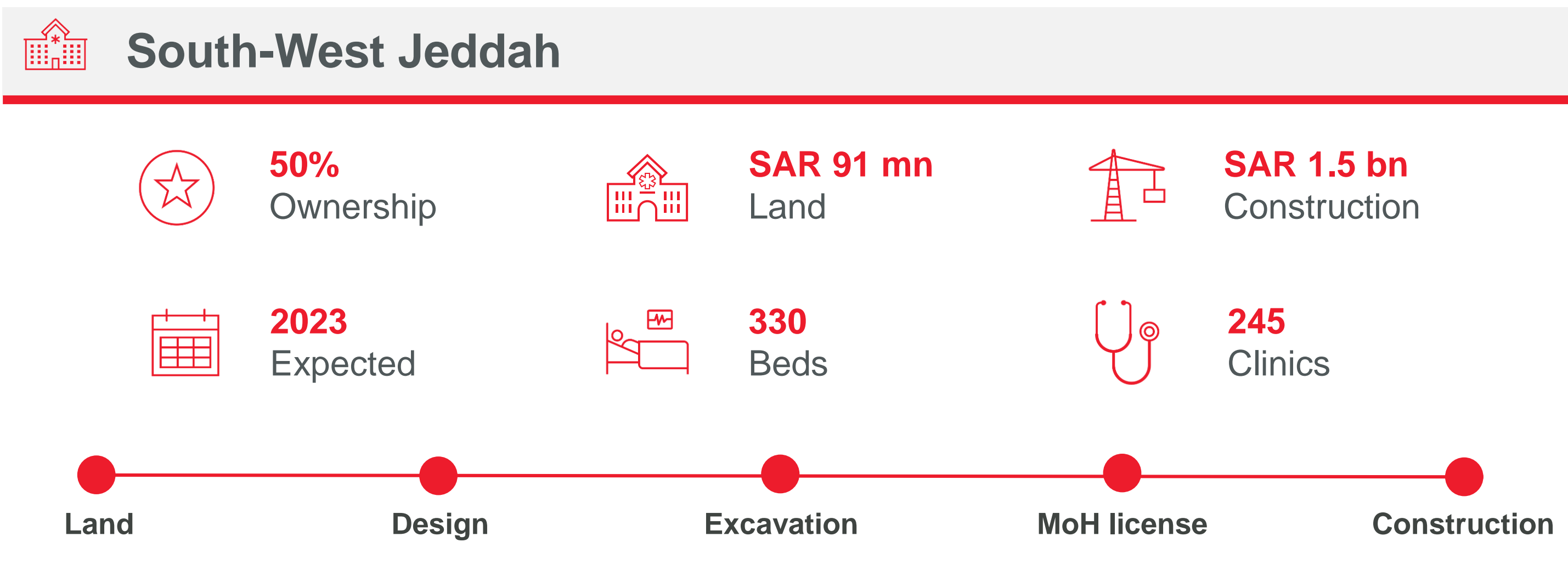
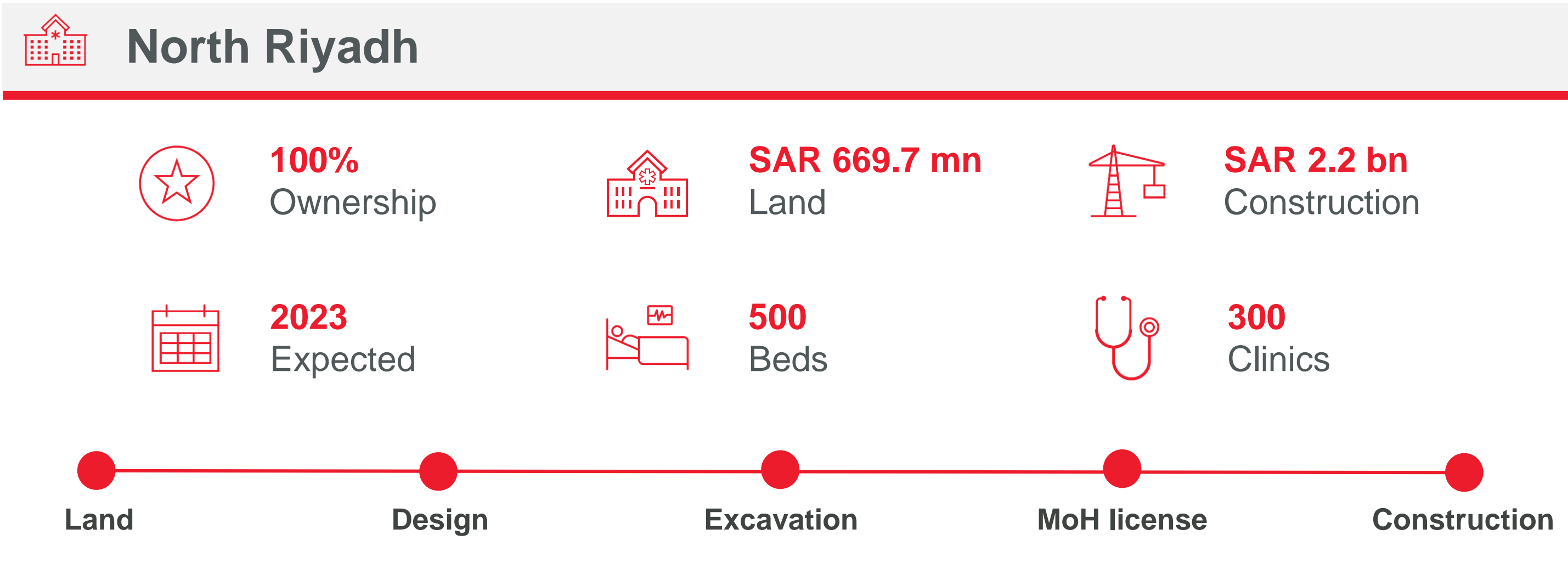


# How we performed



# Projects update

Solidifying our market leadership through robust expansion plan

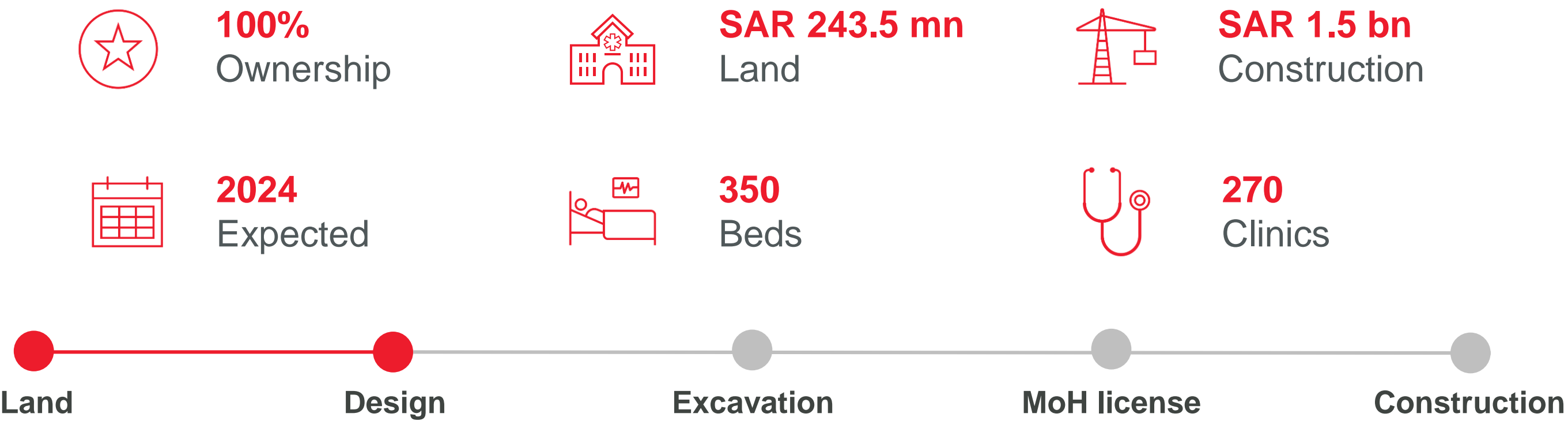




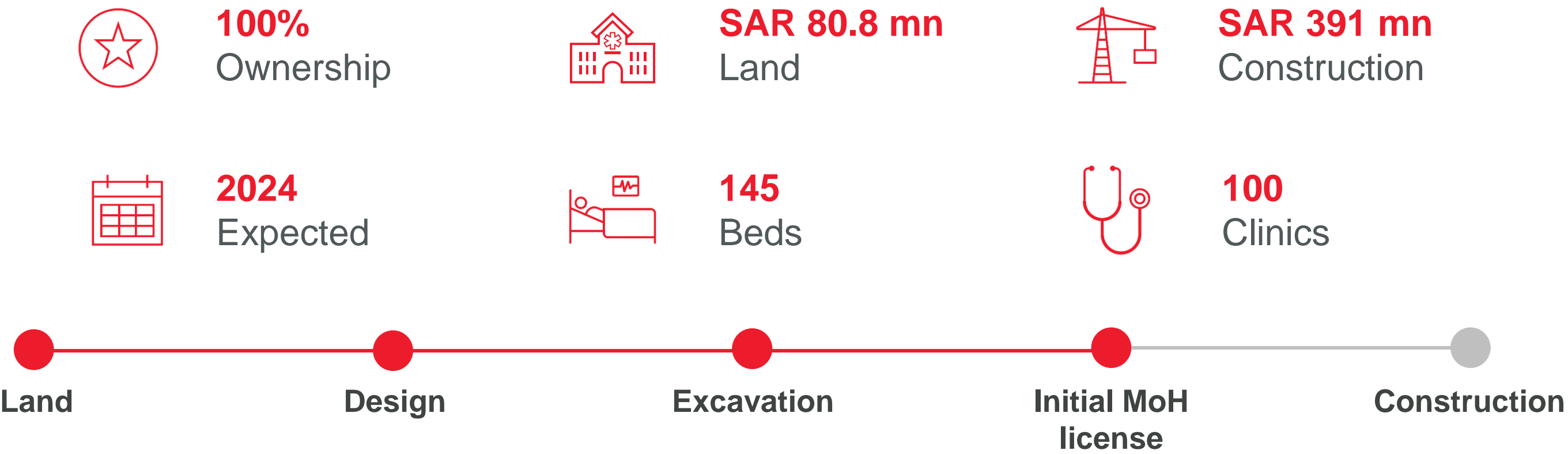
# Projects update

Solidifying our market leadership through robust expansion plan

North Jeddah



Maternity and Pediatric Hospital (New Takhassusi Expansion)





People & Training

- First international blood clots conference took place
- 1<sup>st</sup> thrombosis virtual conference has been held on February 2021.
- HMG launches the Future Leaders Initiative (Himma) to develop leaders
- 86 Tamheer trainees graduated from training program
- HMG supported Saudi CFA training program
- Cooperation agreement with Al-Ghad International Colleges for Applied Medical Sciences
- Dr. Sulaiman Al Habib Medical Group announces the launch of sabbatical leave program

Operations

- DQ Primary Care Clinic commenced operations
- COVID-19 vaccination program rolled out in collaboration with Ministry of Health
- SAR 71 million structural works contract awarded for Gharb Al Takhassusi
- General Authority of Civil Aviation agreement to enhance aviation medicine capabilities
- Remote stroke treatment program activated – 84 cases prevented
- Launch of ECMO “Artificial Heart-Lung Pump” program
- Tele Cardiology Program  
Treating heart attack remotely
- Rapid Response Team smart link activated one year of success with 11k+ patients served and 40k calls received

Medical excellence

- 75+ CME programs for 6,000 participants
- 177 CPR course with 1,040+ trainees
- 935 undergraduates from 12 universities
- 87 trainees in postgraduate training program
- 10 research articles published in Q1 2021 issue of medical journal
- Cooperation agreement with Princess Nourah bint Abdulrahman University to train female students



Recognitions and accreditations



Capital Markets Awards  
most notable listing (main market)



JCI accreditation



American College of Radiology



HIMSS stage 7 classification  
Al Khobar Hospital



National Patient Safety Award



SRC accreditation



CAP Accredited



Acknowledgment from CCHI

Mobile application Q1 2021

Booked Appointments  
440 k+ appointments Growth 88% ▲

Transactions  
96 mn+ transactions Growth 63% ▲

Habib Live Care  
15k+ transactions

E-Pharmacy  
6,500+ transactions

Home Health care  
2,500+ transactions

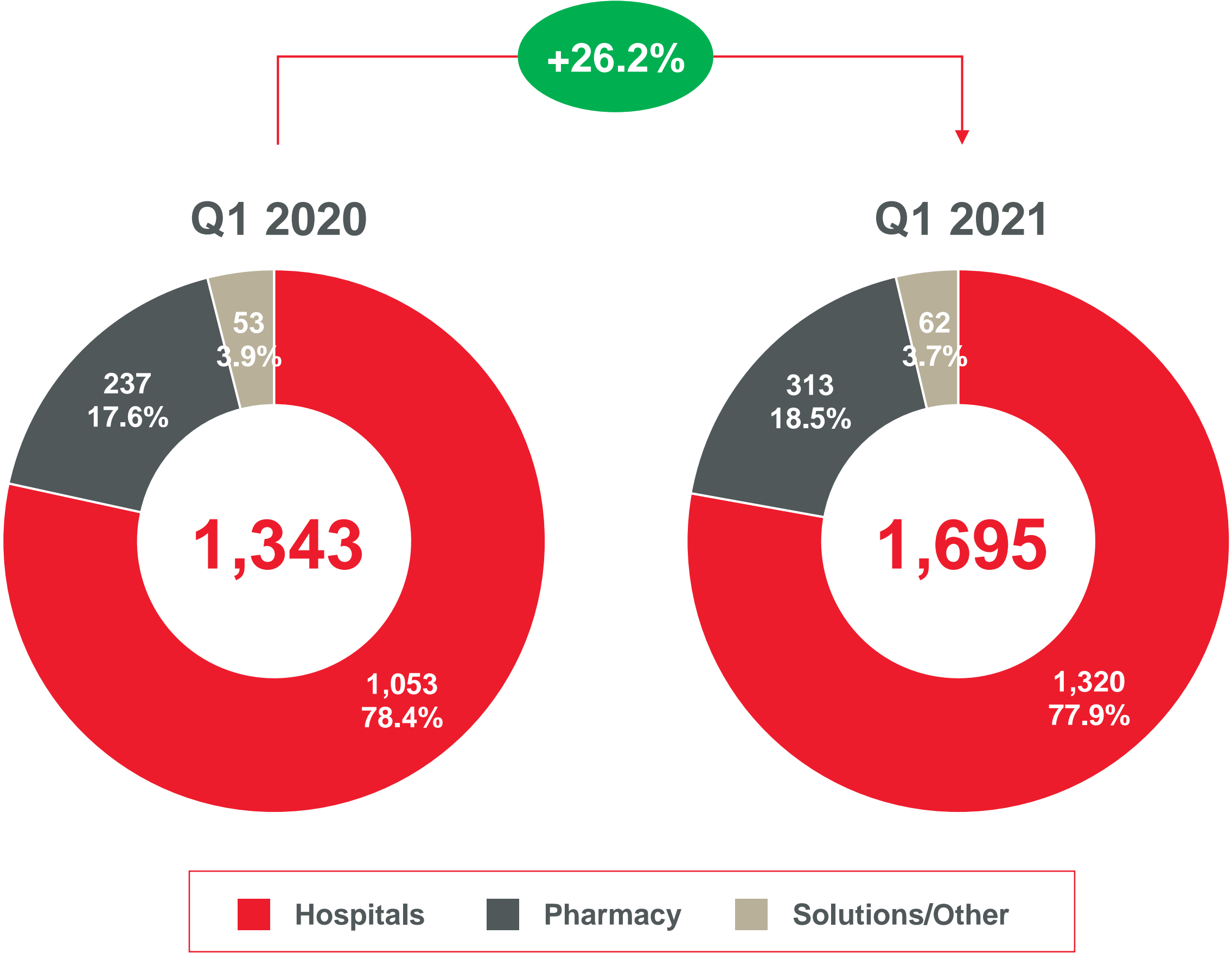




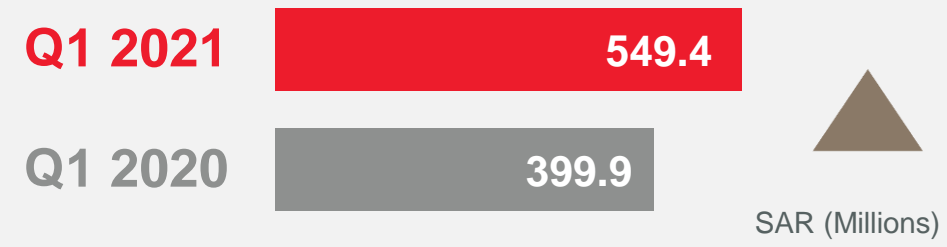
# Financial highlights: Q1 2021

## Revenue by segment

SAR million



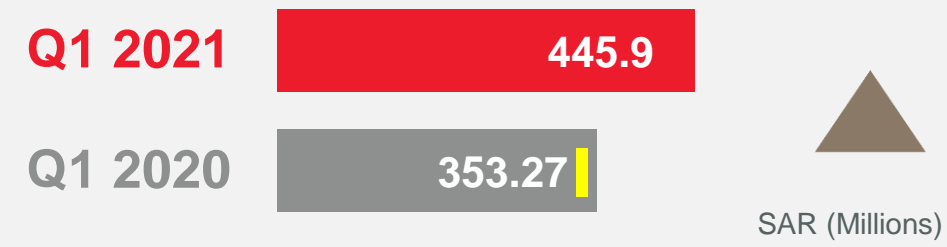
### Gross profit **48.6%**



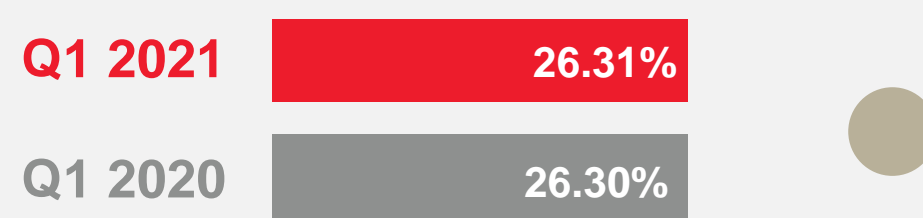
### Gross profit Margin



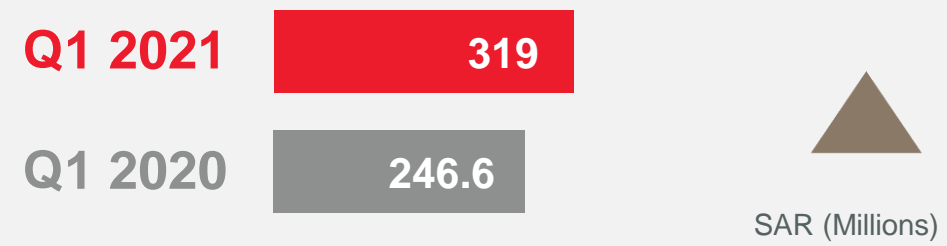
### EBITDA **26.2%**



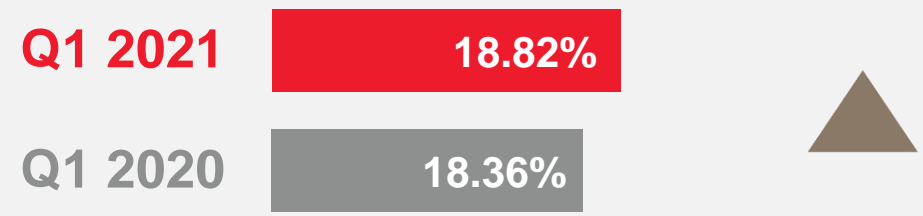
### EBITDA margin



### Net income **29.4%**

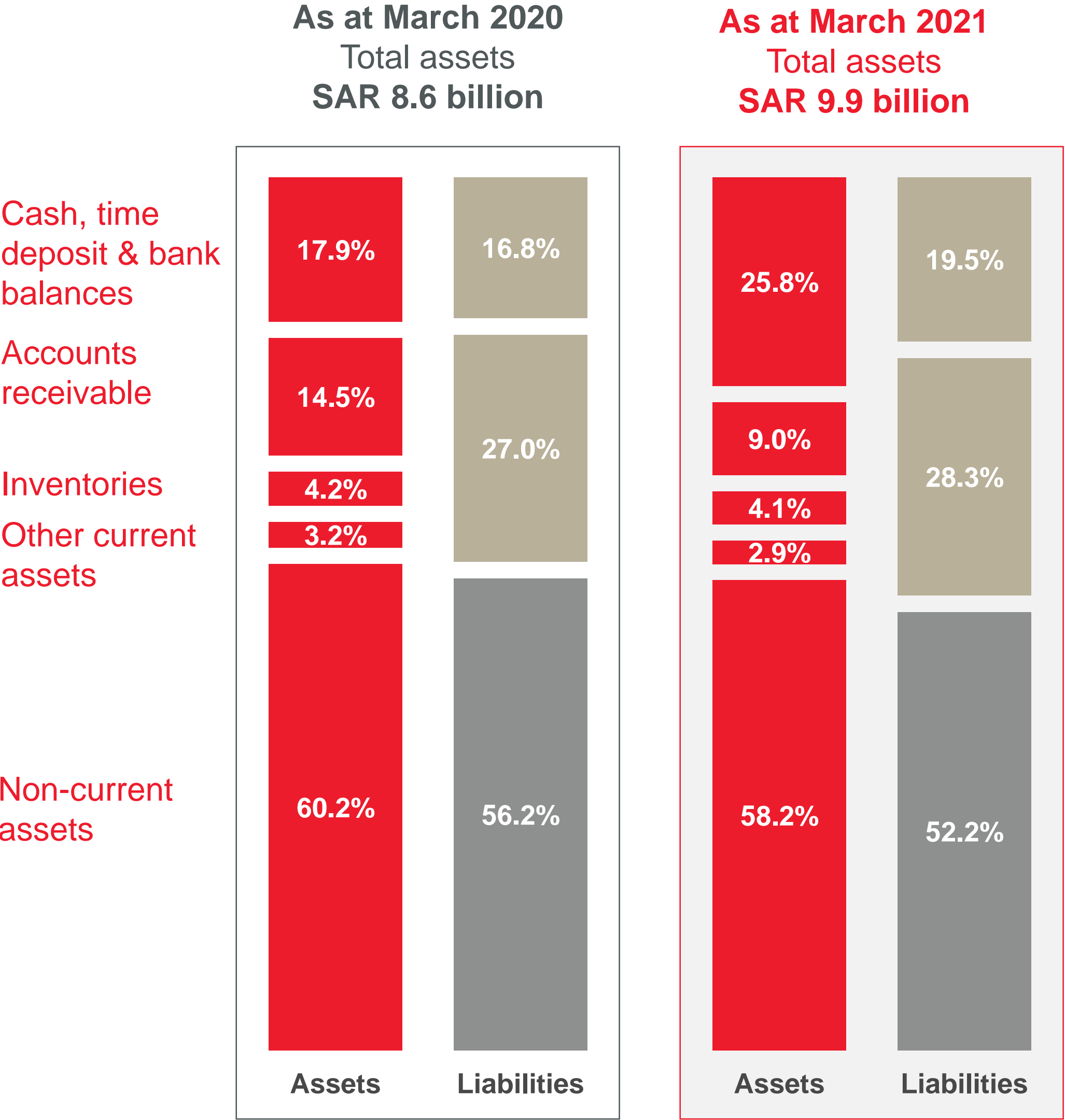


### Net income margin

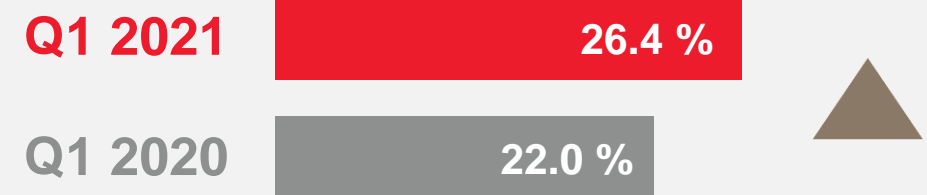




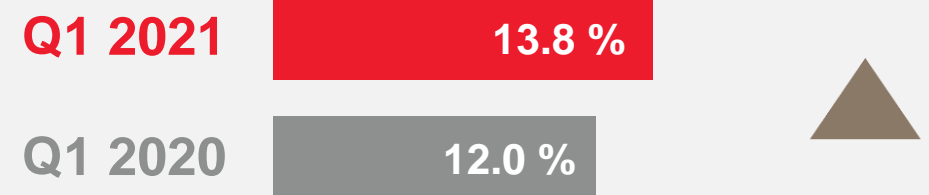
# Healthy balance sheet / Q1 2021



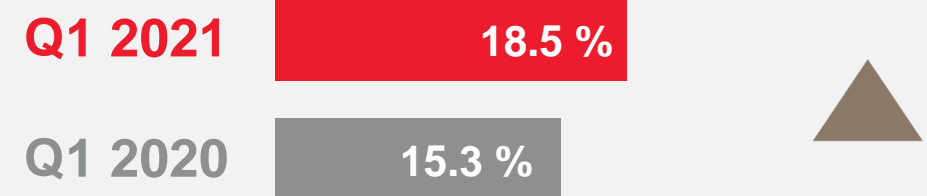
## ROE



## ROA



## ROCE



## Current Ratio



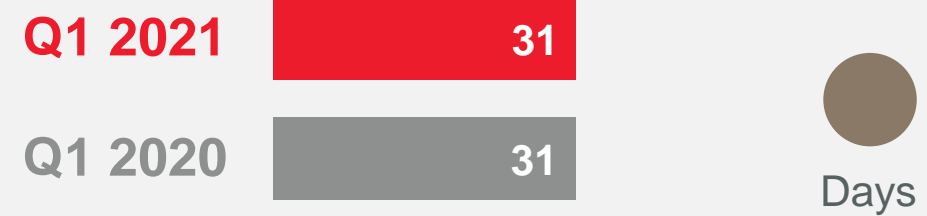
## Receivables outstanding



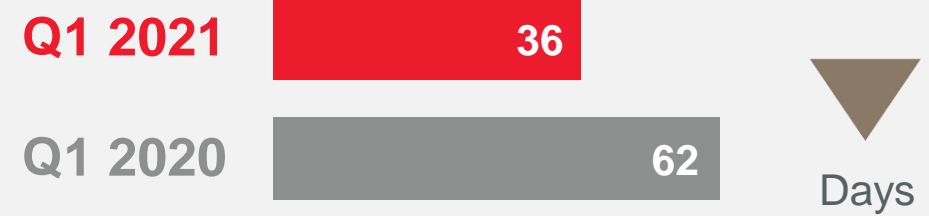
## Payables outstanding



## Inventory

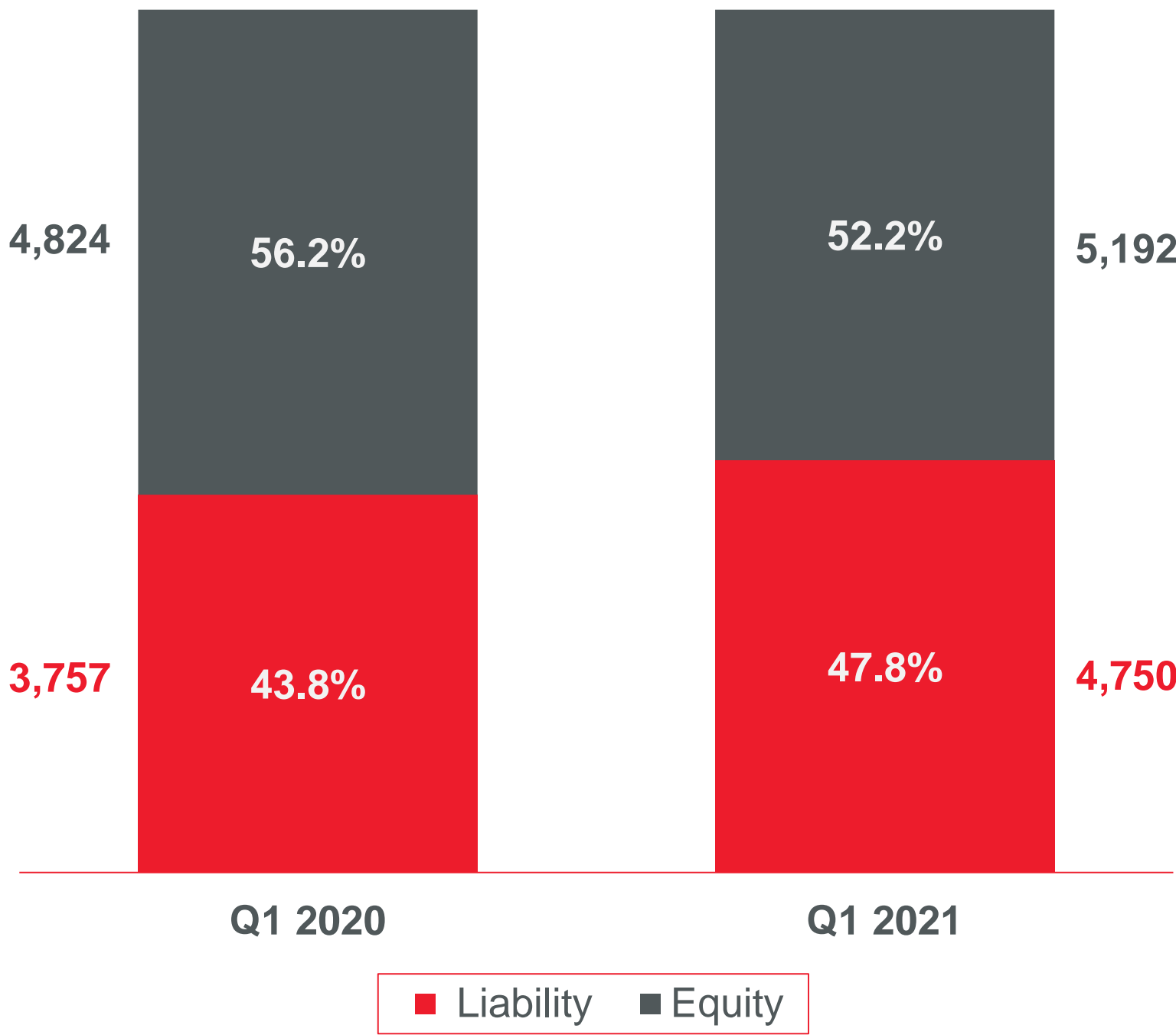


## Cash cycle



Total liabilities and equity

SAR million



Total Liabilities/Total Assets

Q1 2021	0.48x	▲
Q1 2020	0.44x	

Total Liabilities/Equity

Q1 2021	0.91x	▲
Q1 2020	0.78x	

Net Debt / EBITDA

Q1 2021	0.04x	▼
Q1 2020	0.17x	

Net Debt / Equity

Q1 2021	0.10x	▼
Q1 2020	0.57x	

DSCR

Q1 2021	4.60x	▲
Q1 2020	4.50x	

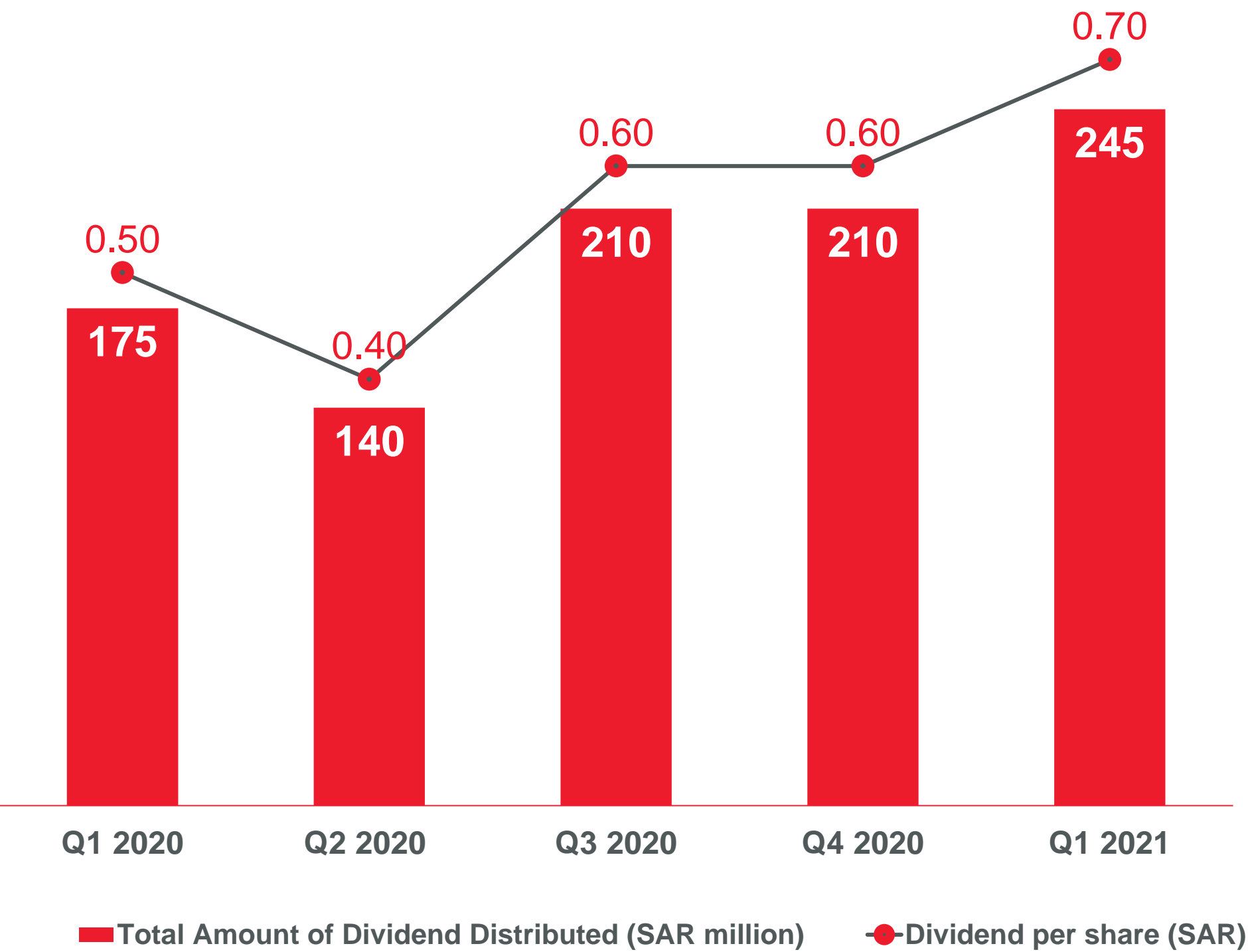
Interest Coverage ratio

Q1 2021	29.20x	▲
Q1 2020	16.60x	



# Total cash dividends for shareholders: Q1 2021

## Declared dividends



## Declared Cash dividends / Q1 2021

Total distributed dividends	SAR 245 million
% of capital	7% (equivalent to SAR 0.70 per share)
Eligibility date	29 <sup>th</sup> April 2021
Date of distribution	18 <sup>th</sup> May 2021

## Total declared cash dividends for shareholders / FY 2020

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

# MEIRA Investor Relations Best Practice Awards - Polling Now Open



## Overview

The Institutional Investor Developed Europe & Emerging EMEA Executive Team Survey is under way, with members of the buy- and sell-side eligible to vote.

One of HMG's priority to recognize the requirement of the Investment Community, particularly HMG's Shareholders, Analysts, and prospective Shareholders, for relevant, timely, accurate and adequate information, disseminated to all Stakeholders simultaneously concerning the company's business, strategic and financial development.

## Key points

### Key Dates

- The 2021 Emerging EMEA Executive Team Survey is now open as of **12<sup>th</sup> April, 2021**.
- Deadline to cast your vote is on **May 7<sup>th</sup>, 2021**.

### Voting Process

- Both buy-side and sell-side can give their views on our IR performance and individual IROs, with the option of providing qualitative feedback on the companies you cover.
- You must be registered on the system and covering stocks in the MENA region to be eligible for voting.
- Corporate winners will be announced at the MEIRA IR Awards later this year.

**To participate in the survey and voting, you may click on the banner below**







Spotlight

# Technology and medical excellence



# Developing cutting edge technology

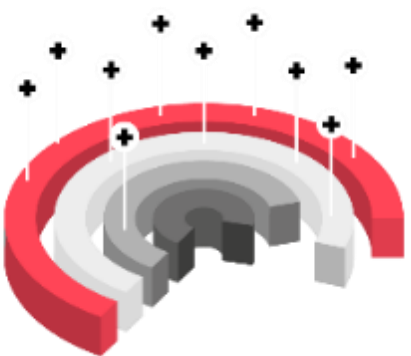
Pioneer in award-winning hospital information system and applications in the MENA region



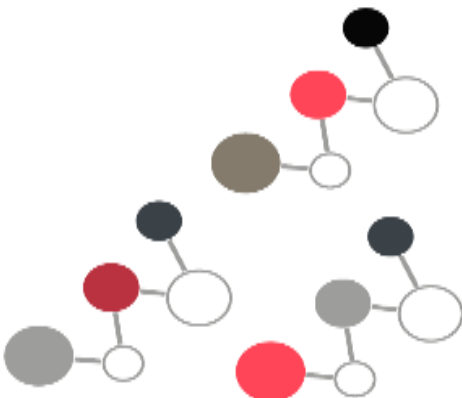
**15+ Years of experience**  
in deploying technology solutions in healthcare domain



**13 Products**

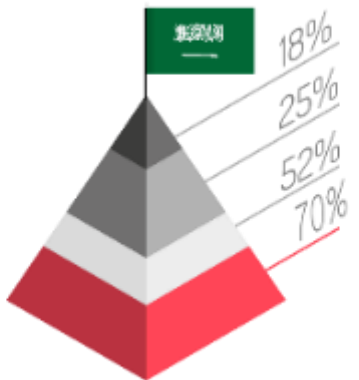
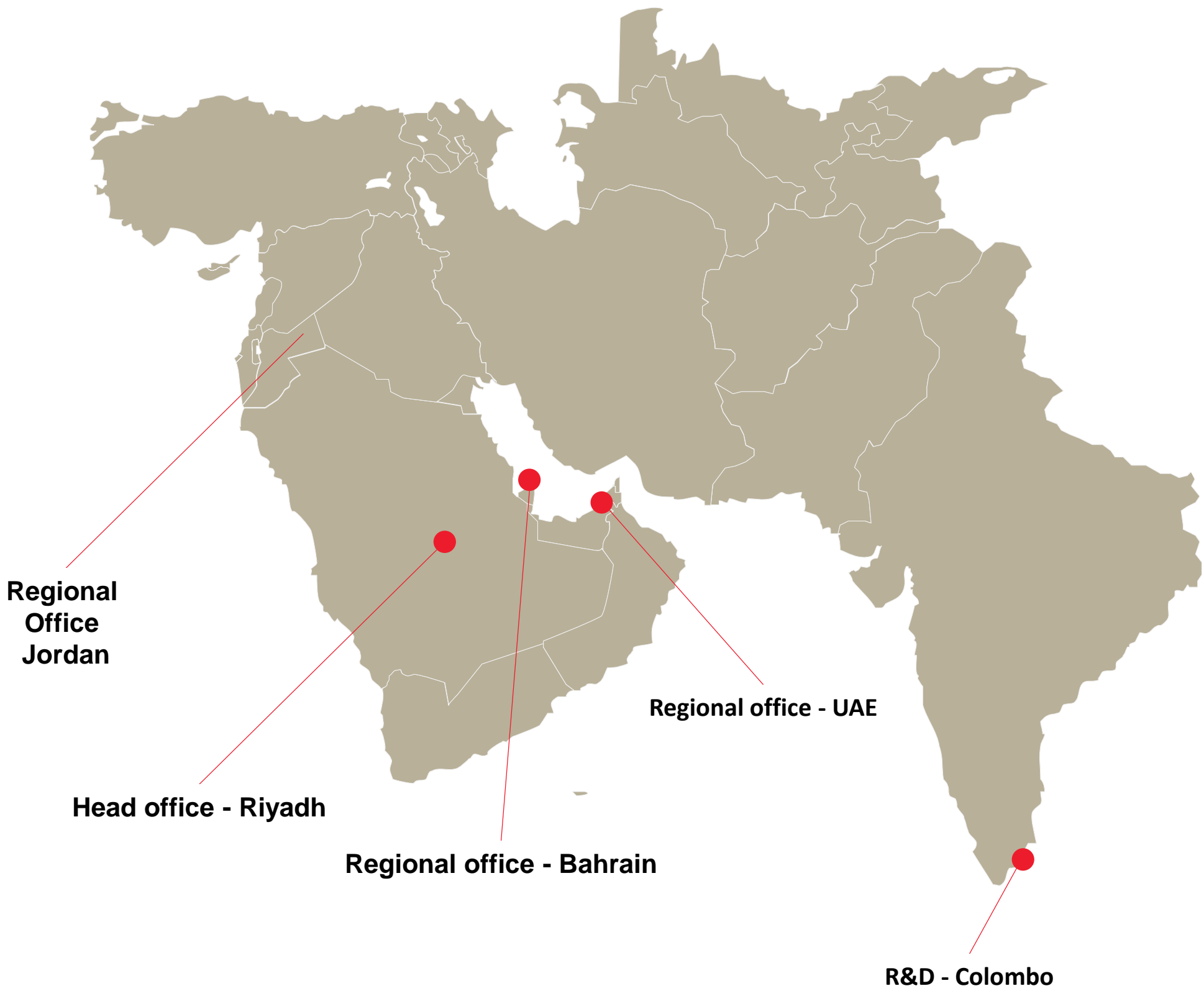


**27 Digital hospitals**



**15 Clients**

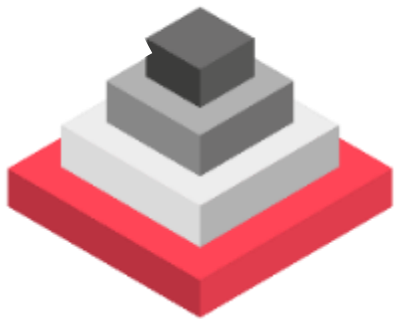
## HMG Solutions' footprint



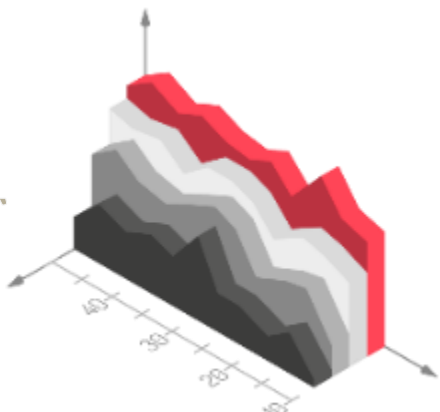
**70% Saudization**



**500+ Employees**



**26+ International partnerships**



**12 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 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.

### Implemented in **32 MoH Hospitals**.



## Mobile application

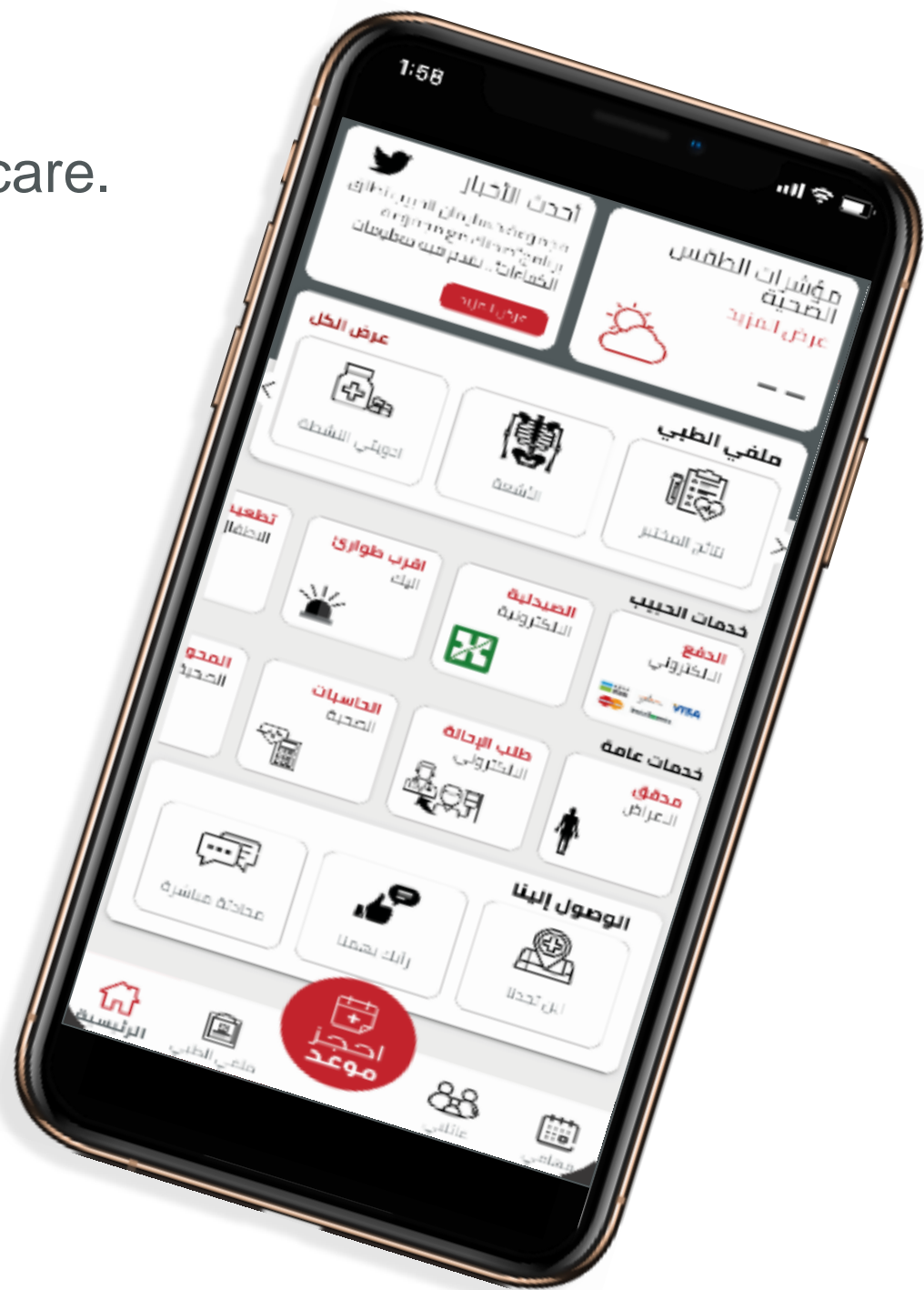
### Medical record anywhere anytime

#### Patients

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

#### Physicians

- Continuity of care.



# Pioneer in healthcare technology

Adapting services to meet patient needs



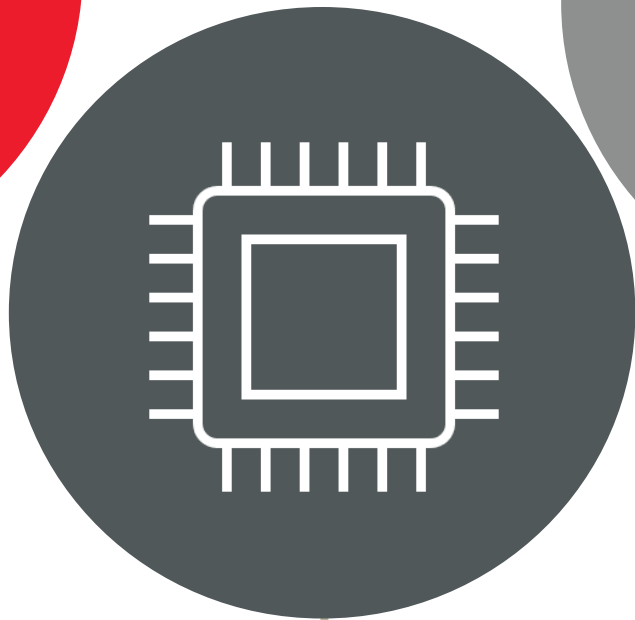
## Knee replacement technology

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



## Radiology RIS/PACS System

RIS/PACS system implemented at 13 MoH Hospitals to improve radiology workflow

## 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






## VIDA-MOH

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

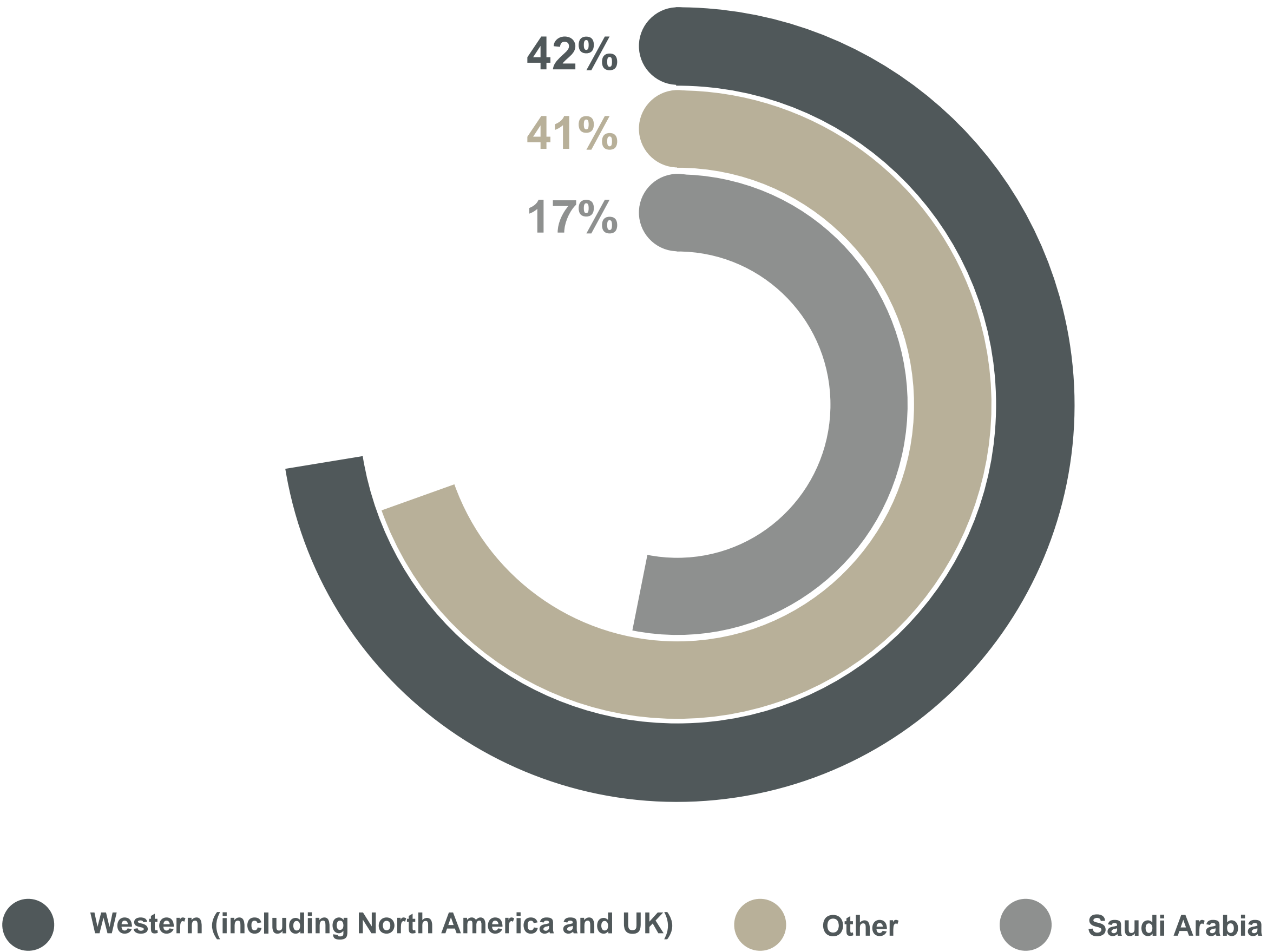


# Attracting and retaining top talent

Our employees are our most valuable assets

- **15+ years** average years of experience
- **4 years** physician retention rate
- **100+** recruiting offices
- **90+** nationalities
- **16** Residency and 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
DQ		2020	2021	Opened in Q1 2021



# 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

- 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

## Core functions



**Abdulwahab Al Abdulwahab**  
Chief Operating Officer



**Sulaiman Al Majid**  
Vice President, Medical and Nursing Affairs



**Abdullah Al Herbish**  
Vice President, Physicians Affairs

## Corporate functions



**Faisal Al Nassar**  
Chief Financial Officer



**Hesham Al Habib**  
Vice President, Business Development



**Saud Al Arifi**  
Vice President, General Counsel of the Group



**Mustafa Al Amri**  
Vice President, Supply Chain



**Abdulkarim Al Rasheed**  
Vice President, Human Resources

## Independent functions



**Riyadh Al Atiqi**  
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 31 March 2021

SAR million	Q1 2021	Q1 2020	Change %
Current Assets	4,157.7	3,415.1	21.7%
Investment in subsidiaries & Associates	42.5	39.2	8.2%
Property and Equipment	5,742.7	5,127.0	12.0%
Total Assets	9,942.9	8,581.3	15.9%
Current Liabilities	1,941.3	1,438.8	34.9%
Non-Current Liabilities	2,809.3	2,318.6	21.2%
Shareholders Equity	5,014.7	4,636.4	8.2%
Non-controlling interests	177.6	187.5	-5.3%
Total Liabilities and Shareholder Equity	9,942.9	8,581.3	15.9%

# Summary: Balance sheet

As at 31 March 2021

SAR million	Q1 2021	Q1 2020	Change %
Revenue	1,694.8	1,343.3	26.2%
Cost of revenue	(1,145.4)	(943.4)	21.4%
<b>Gross profit</b>	<b>549.4</b>	<b>399.9</b>	<b>37.4%</b>
Selling and marketing expenses	(46.9)	(35.2)	33.2%
General and administrative expenses	(152.9)	(106.1)	44.1%
<b>Operating income</b>	<b>349.6</b>	<b>258.6</b>	<b>35.2%</b>
Finance charges	(11.9)	(15.5)	(22.9%)
Share in net income of associates	2.6	0.2	1140.6%
Other income, net	17.6	16.6	6.7%
<b>EBT and before non-controlling interests</b>	<b>357.9</b>	<b>259.9</b>	<b>37.7%</b>
Minority interest	(38.2)	(22.9)	67.1%
<b>Income before non-controlling interests</b>	<b>319.7</b>	<b>237.0</b>	<b>34.9%</b>
Zakat	(0.7)	9.6	(107.2%)
<b>Net income (Attributable to Equity holders of the Parent)</b>	<b>319.0</b>	<b>246.6</b>	<b>29.4%</b>



# Summary: Cash flow statement

As at 31 March 2021

SAR million	Q1 2021	Q1 2020	Change %
Net cash from operating activities	424.7	476.3	(10.8%)
Net cash used in investing activities	(212.2)	(61.6)	244.5%
Net cash from (used in) financing activities	15	(78.6)	(119.1%)
Cash and cash equivalents at the beginning of the period	2,339.30	1,196.70	95.5%
Cash and cash equivalents at the end of the period	2,566.80	1,532.80	67.5%



# Q&A





## Dr. Sulaiman Al Habib Medical Services Group

**Tel:** +966 11 525 9999

**Fax:** +966 11 217 4980

**Mob:** +966 50 338 2785

**Email:** [investor.relations@drsulaimanalhabib.com](mailto:investor.relations@drsulaimanalhabib.com)

P.O. Box 301578

Riyadh 11372, Kingdom of Saudi Arabia

[www.hmg.com](http://www.hmg.com)