



Press Release
Financial Results: Q3 2020

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Dr. Sulaiman Al Habib Medical Group (HMG) reports 9M net income growth of 23%

- **Pent-up demand for healthcare services and the change in revenue seasonality drives growth in Q3 2020 by 32% to reach SAR 1.62 billion year-on-year, and 15.46% for the 9-month period to reach SAR 4.17 billion, following easing of movement restrictions imposed by Covid-19**

Riyadh, Saudi Arabia, 25 October 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 the 3-month and 9-month periods ended 30 September 2020.

Revenue grew by 15.46% in 9M-2020 reaching SAR 4.17 billion, with an increase of SAR 558 million as compared to the corresponding period of the previous year (SAR 3.61 billion), primarily driven by the increase in inpatient occupancy, in addition to the increase in the number of patients during Q3 2020 in the Hospital segment, as well as the increase of revenue in the pharmacy segment, and the growth of revenue from the new contracts awarded to the group in HmG solutions segment during the years 2019 and 2020.

Net income for 9M-2020 increased by 22.93% to reach SAR 737.65 million, as compared to the corresponding 9-month period of the previous year (SAR 600 million), with a net income margin of 17.69%, compared to 16.61% in 9M-2019. Improved top-line performance was driven by the release of pent-up demand and increase in the inpatient occupancy as well as the increase in the number of patients during Q3 2020 following easing of movement restrictions, and despite the increase in fixed costs associated with the commencement of Khobar hospital’s operations which is still in the ramp up phase.

Revenue for the third quarter increased by 32% year-on-year, to SAR 1.62 billion, driven mainly by growth in all group segments including hospitals, pharmacy, and HmG solutions.

Third quarter net income grew 51% year-on-year to reach SAR 299 million. The growth was due to the change in revenue seasonality during this summer as people travels were limited due to Covid-19 pandemic. Net Income has improved despite the increase in fixed costs associated with the commencement of Khobar hospital’s operations which is still in the ramp-up phase. Growth was driven by improving revenues, increasing in inpatient occupancy, and to the increase in the number of patients during Q3 2020.

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

“Results witnessed an excellent improvement during the third quarter as a result of growth in all group segments including hospitals, pharmacy, and HmG solutions. The Group witnessed an increase in the number of visits, particularly the hospital segment, following easing of movement restrictions imposed by Covid-19. We saw a substantial increase in overall patient activity during Q3 2020, for which we have established an operation team to meet high demand and ensure patients receive best-in-class health services. As in previous quarters, the hospital segment continues to drive performance, and we are beginning to see patient distribution return to pre-pandemic levels.



Dr. Al Habib continued: Net income for the third quarter increased by 51% as we recalibrated our services to meet pent-up demand. We continue to roll out technology and home-based solutions for patients, and we look forward to continuing to grow our HMG Solutions segment, which has achieved very strong growth in 2020.

Dr. Al Habib concluded: Our four new hospital projects in Riyadh and Jeddah are all progressing well and remain on track. We continue to stringently evaluate and control costs across the Group, to optimize efficiency throughout our operations.”

Financial and operating highlights: Q3-2020

- Q3-2020 revenue growth of 32.4% year-on-year, reaching SAR 1.62 billion, and 9M-2020 growth of 15.4% to reach SAR 4.17 billion
- Q3-2020 net income grew by 50.9% year-on-year, to SAR 299 million, at a margin of 18.4%. 9M net income grew 23% to reach SAR 737.6 million at a margin of 17.69%
- HMG accredited by Saudi Sports Federation to treat sports players
- HMG Takhassusi Hospital awarded first place patient safety recognition by Saudi Central Board for Accreditation of Healthcare Institutes
- HMG recognised for best practice Annual Report and Digital Investor Relations at Middle East Investor Relations Awards

Growth strategy

HMG's growth strategy remains unchanged, with a focus on increasing the scale of the Group's facilities including the South West Jeddah Hospital, which began construction in 2019 and is expected to start operations at the end of 2023; the North Riyadh hospital which began construction in 2019 and will start operations at the end of 2023; and the North Jeddah Hospital for which construction is scheduled to begin in 2021, with a projected completion date at the end of 2024. Meanwhile, the Takhassusi Pediatric & Maternity Hospital in Riyadh completed its design phase and the Diplomatic Quarter Primary Care Center (Riyadh) entered final phases to be operational at the end of 2020.

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.



Summary Financials (ended 30 September 2020)

BALANCE SHEET (SAR million)	As of Sep 2020	As of Sep 2019
Current Assets	3,266	2,989
Inventory	381	296
Investments	37	40
Fixed Assets	5,323	5,142
Total Assets	9,007	8,467
Current Liabilities	1,653	1,495
Non-Current Liabilities	2,368	2,381
Shareholders Equity	4,811	4,394
Minority Interests	175	197
Total Liabilities and Shareholder Equity	9,007	8,467

INCOME STATEMENT (SAR million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenue	1,623.9	1,226.7	4,170.3	3,611.8
Cost of revenue	(1,065.0)	(877.8)	(2,851.7)	(2,524.0)
Gross profit	558.9	349.0	1,318.6	1,087.9
Selling and marketing expenses	(104.9)	(47.7)	(180.6)	(133.3)
G&A expenses	(130.1)	(108.8)	(352.2)	(350.3)
Operating income	323.9	192.5	785.8	604.2
Other income, net	11.9	16.0	42.1	48.7
Share in net income of associates	2.6	0.0	(1.8)	2.0
Finance charges	(10.8)	(5.1)	(37.9)	(16.6)
Minority interest	2.2	10.5	21.7	22.1
EBT	329.8	213.9	809.9	660.5
Zakat	(31.0)	(15.9)	(72.2)	(60.5)
Net income*	298.8	198.0	737.6	600.1

* Attributable to Equity holders of the Parent

CASH FLOW STATEMENT (SAR million)	9M 2020	9M 2019
EBT before minority and Zakat	788.2	638.4
Depreciation	238.6	184.7
Accounts Receivable	291.4	(274.1)
Inventory	(84.9)	(39.9)
Prepaid Expenses	(2.4)	(53.3)
Accounts Payable	(43.7)	(16.7)
Other Changes in Oper. Activity	215.7	151.7
Purchases of Fixed Assets	(417.1)	(499.7)
Other Changes in Investing Act.	(599.0)	2.5
Increase in Debts	93.1	321.2
Other Changes in Financing Act.	(391.6)	(588.8)
Cash at Beginning of Period	1,196.7	1,369.1
Cash at End of Period	1,284.9	1,195.1



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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.

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.

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