



**Al Hammadi
Holding**

Al Hammadi Holding

Investor Presentation

9M 2023



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About Al Hammadi Holding

Al Hammadi is an integrated healthcare company and premier hospital operator providing world-class healthcare services to hundreds of thousands of local and foreign residents...

An Integrated Healthcare Company



80%¹

Hospitals

The company currently operates two hospitals in the Saudi Arabian capital, housing more than 600 inpatient rooms and 200 outpatient clinics. In line with the company's ambitious growth plans and Saudi Arabia's Vision 2030 strategy, Al Hammadi is aiming to inaugurate three more facilities in Riyadh over the coming seven years, more than doubling its inpatient and outpatient capacity.



20%¹

Pharmaceuticals

Al Hammadi also offers pharmacy services through a network of physical stores (currently located within its hospitals) and a growing online presence. The Group is also active in the vaccine import segment through its subsidiary, Pharma Serve.



600

Inpatient Rooms



26

Operating Rooms



200

Outpatient Clinics



2

In-hospital Pharmacies



5

Retail and Online Stores Planned for 2024

Our Accreditations



Ownership Structure As at Sep 2023

13.2%

45.5%

41.3%

■ Al Hammadi Family

■ Institutional Investors

■ Individual Investors

¹Share of 9M 2023 consolidated revenues.

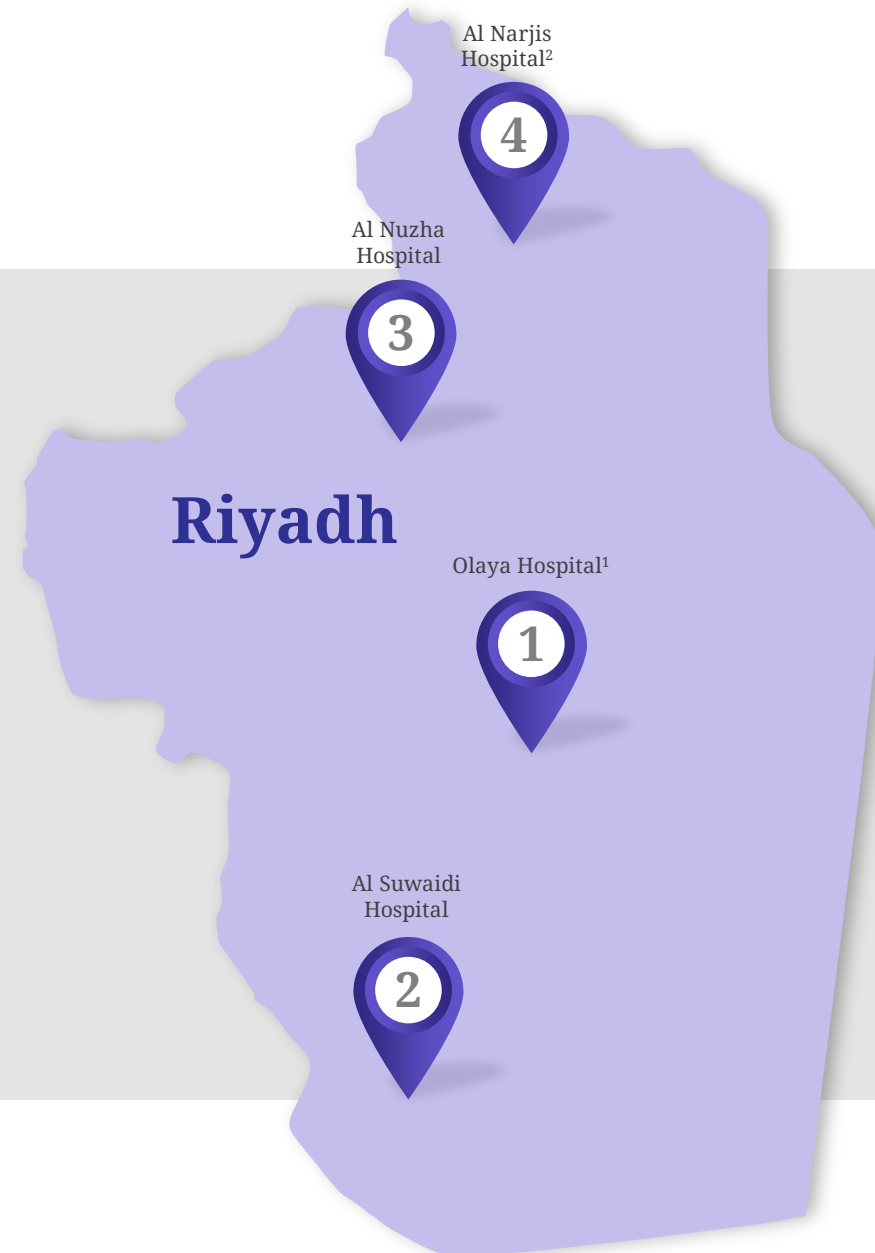
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The Company enjoys widespread coverage spanning the entire Saudi capital

Al Hammadi boasts two operational state-of-the-art facilities, Al Nuzha and Al Suwaidi hospitals, strategically located in the heart of Riyadh, with a third hospital, Olaya hospital, temporarily closed for renovations and with a planned reopening date of 2026.

In line with the Group's strategy to increase presence across Riyadh, and in response to the growing medical demand in the city, Al Hammadi plans to launch its fourth medical facility, Al Narjis Hospital, in 2028 to serve a largely underpenetrated area

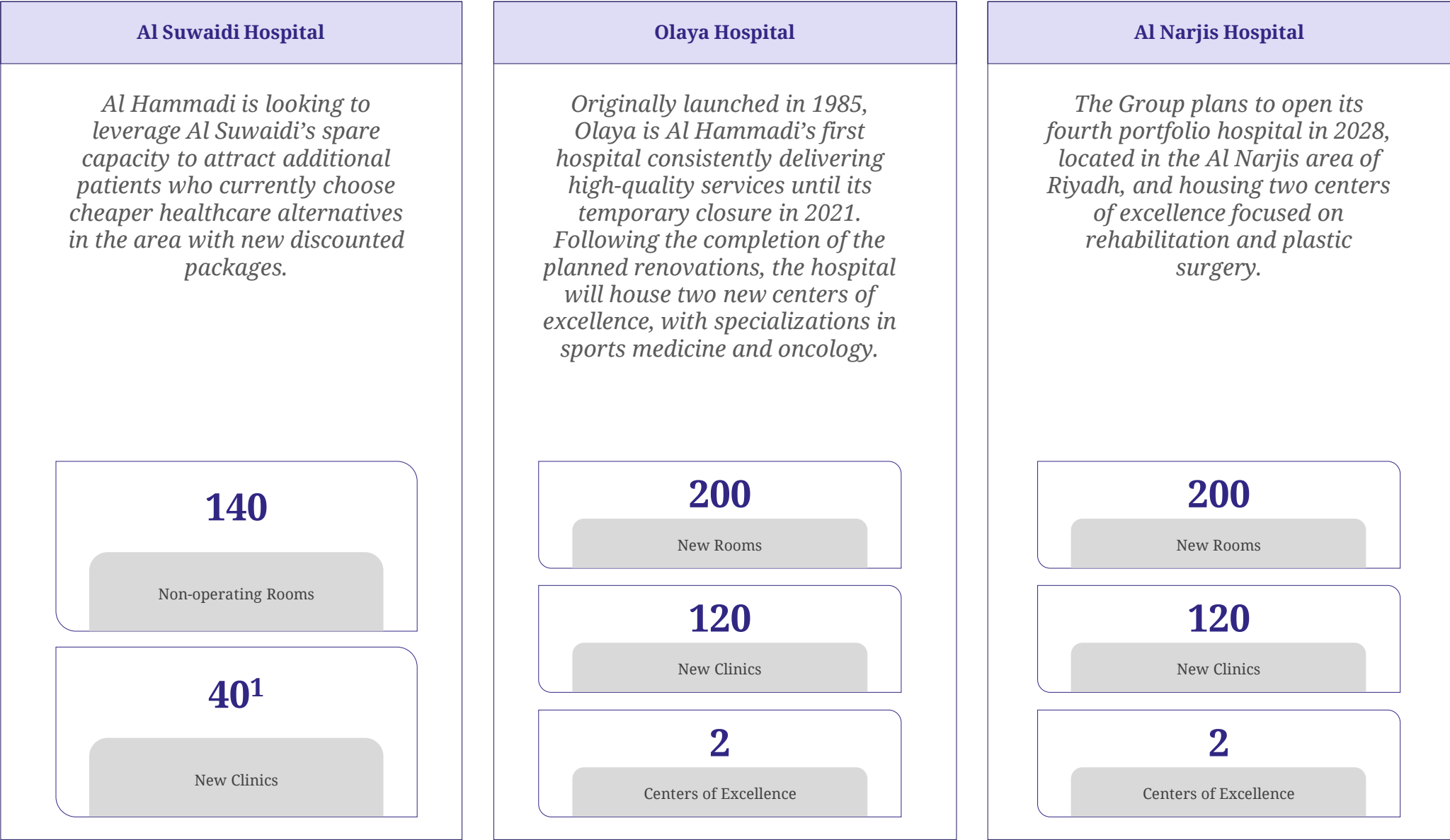


1. Temporarily closed for renovations and planned to reopen in 2026
2. Planned launch in 2028

Al Hammadi operates two premier hospitals in the heart of Riyadh providing a wide range of world-class services to thousands of patients

Al Nuzha Hospital	Patient Class Mix 2022	Al Suwaidi Hospital	Patient Class Mix 2022
<p>Located in the northeast neighborhood of Riyadh, Al Nuzha Hospital was inaugurated in 2018. The hospital was originally established to cater to middle-upper class patients, with an overall capacity of 600 rooms and 120 outpatient clinics. In 2022, the hospital was converted into 300 rooms as it implemented a premiumization strategy and is equipped to handle a wide range of medical cases because of its state-of-the-art technology and world-class staff.</p>		<p>Launched in 2015 and located in southwest Riyadh, Al Suwaidi Hospital boasts 300 rooms and 80 outpatient clinics. Only 200 rooms of the hospital's total capacity are operational, leaving ample room for strategic expansion within the hospital. Al Hammadi plans to leverage this extra capacity to attract more middle-upper class patients who currently opt for cheaper alternatives by introducing discount packages. The hospital is renowned for its stellar service and highly trained medical professionals.</p>	
<div>300</div> <div>Inpatient Rooms</div>	<div>120</div> <div>Outpatient Clinics</div>	<div>13</div> <div>Operating Rooms</div>	
<div>Specializations</div> <div>Cardiology</div> <div>Endocrinology</div> <div>Orthopedics</div> <div>Bariatric Surgery</div>	<div>Additional Services</div> <div>In-house pharmacy services</div> <div>139.2 k</div> <div>Mobile Services Users in 2022</div> <div>(+ 153% y-o-y)</div>	<div>Specializations</div> <div>Cardiology</div> <div>Dermatology</div> <div>Pediatrics</div> <div>Obstetrics and Gynecology</div>	<div>Additional Services</div> <div>In-house pharmacy services</div> <div>47.0 k</div> <div>Mobile Services Users in 2022</div> <div>(+ 177% y-o-y)</div>

The Group's ambitious growth plans will see it add 400 rooms and 240 clinics by 2028 to capitalize on the city's growing healthcare demand



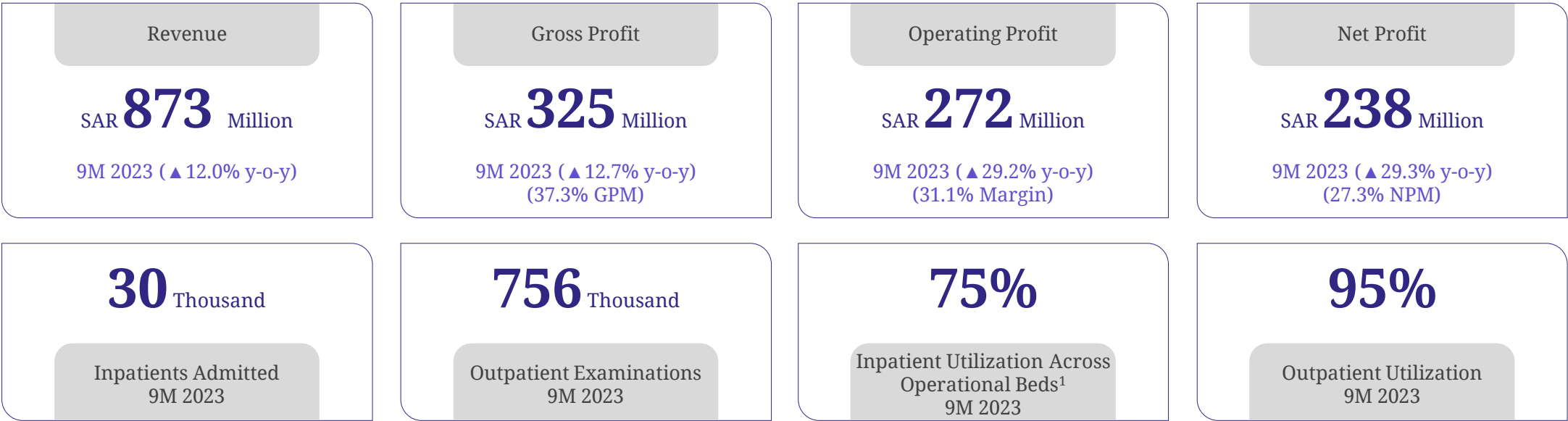
¹20 clinics to be launched in Q4 2023 and 20 clinics to be launched in 2024 for a total of 120 operating clinics by 2024



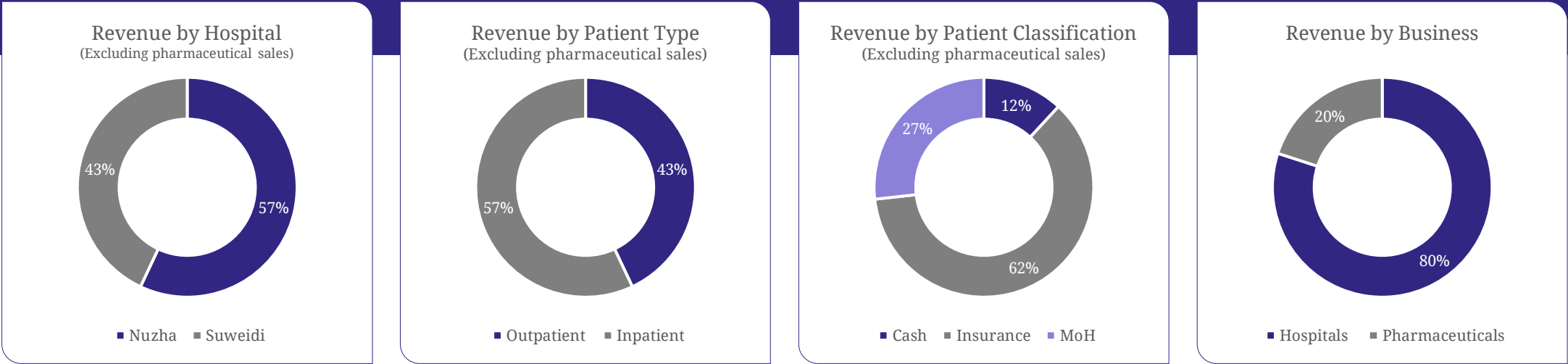
9M 2023 Results Overview

9M 2023 Results Snapshot

Al Hammadi carried the momentum forward from the first half of the year to deliver strong results in 9M 2023.



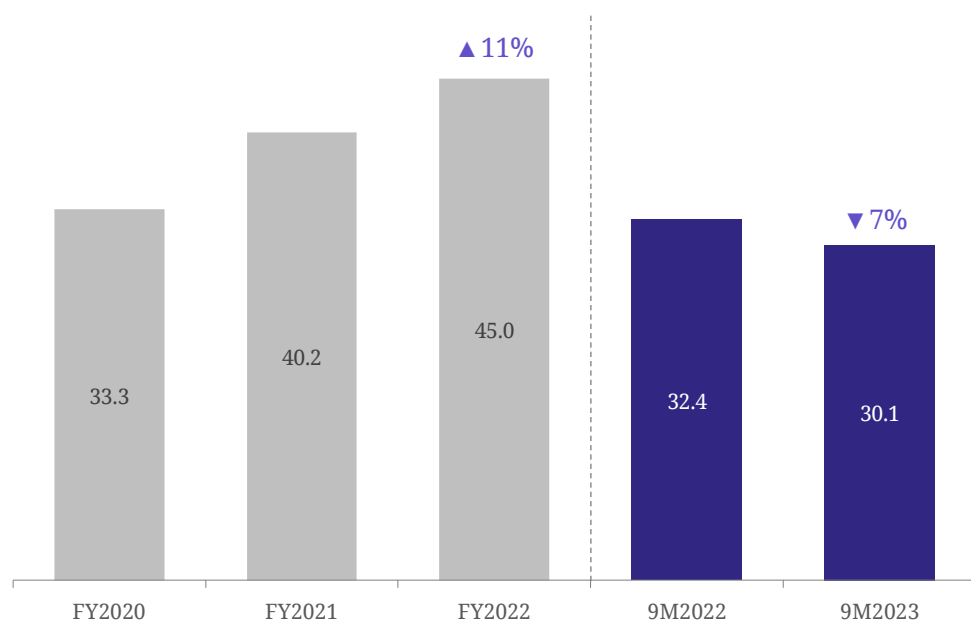
Revenue Contribution Breakup



9M 2023 Operational Review

Inpatient volumes slightly declined in the first nine months of 2023 compared to 9M 2022, while outpatient examination marginally increased versus the comparable period of 2022.

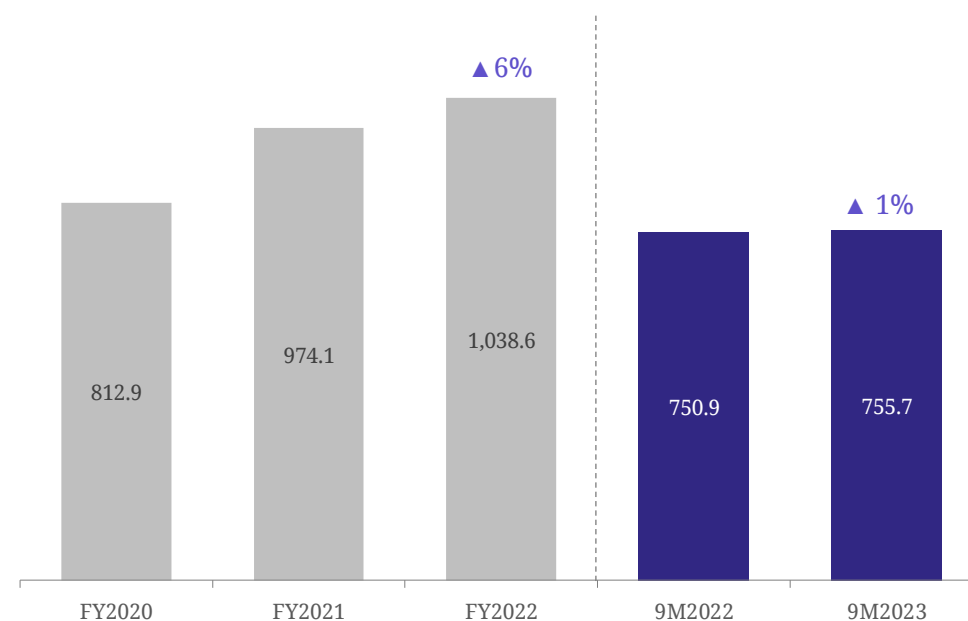
Inpatient Admissions | '000



On a Group level, Al Hammadi recorded inpatient admissions of 30,058 during the first nine months of the year, representing a 7% y-o-y decline driven by inpatient volumes slowdown during Eid and summer holidays. Al Nuzha hospital contributed 60% of total inpatient admissions in 9M2023 (vs. 57% during 9M 2022) and Al Suwaidi hospital accounted for the remaining 40% (vs. 43% during 9M 2022).

On a quarterly basis, inpatient admissions declined 12% compared to Q3 2022 but were up 3% compared to Q2 2023.

Outpatient Examinations | '000



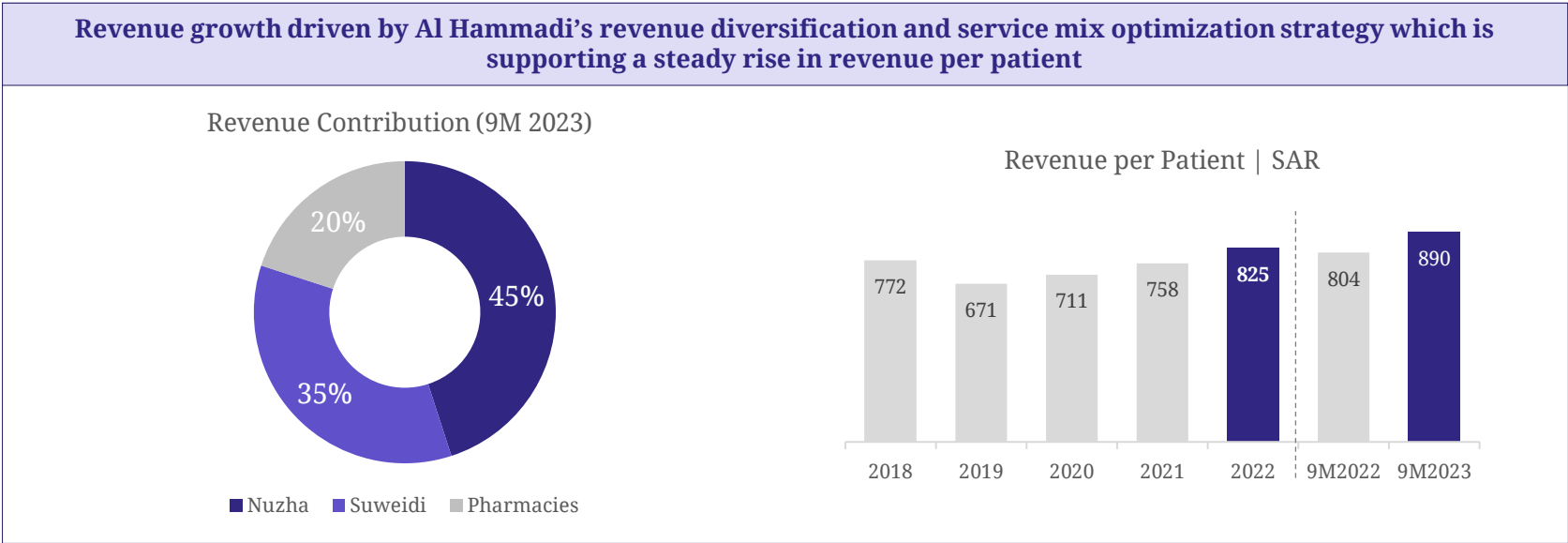
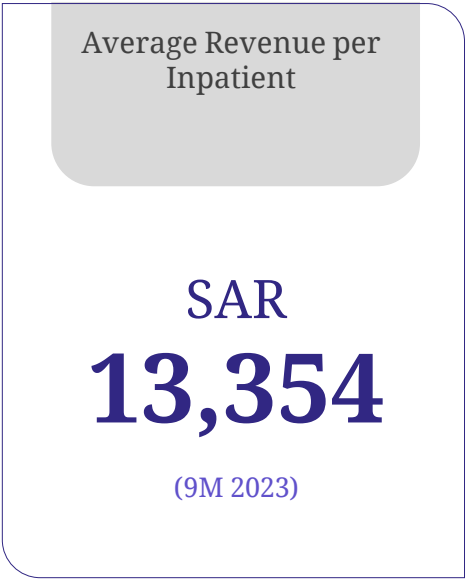
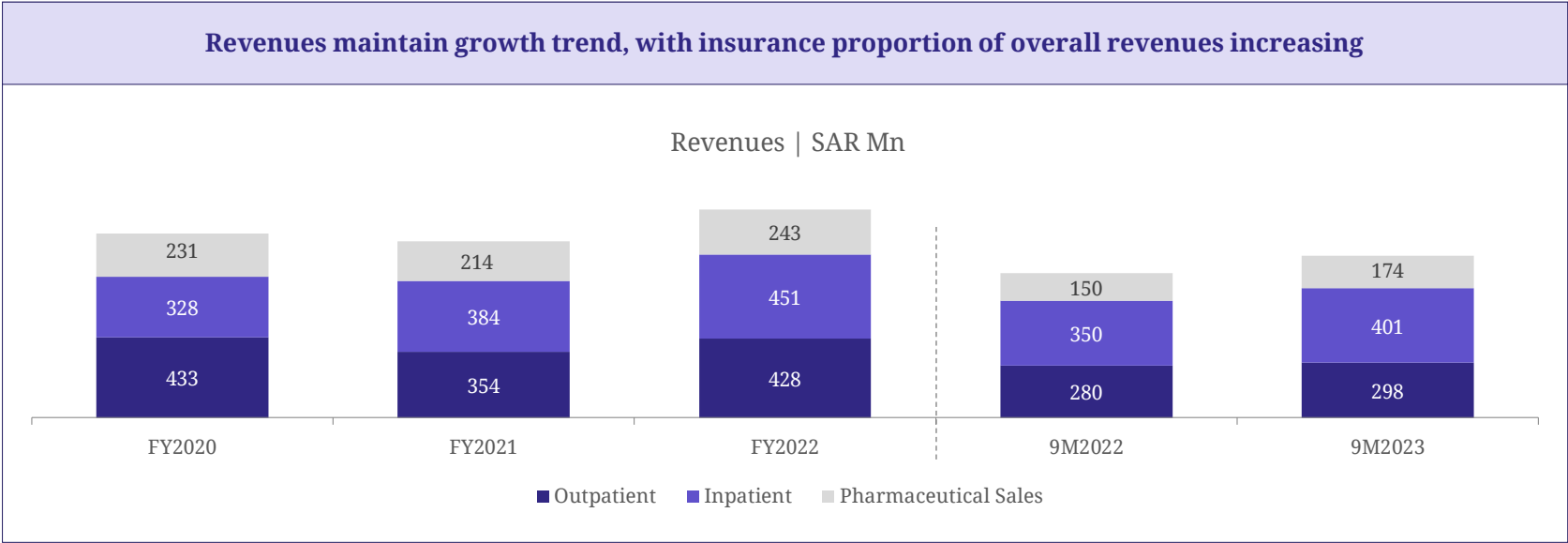
Al Hammadi recorded outpatient visits amounting to 755,715 during 9M 2023, up 1% compared to the first nine months of last year. The Company's Al Nuzha hospital accounted for 62% of all outpatient examinations in 9M 2023, in line with last year's figure. Al Suwaidi hospital contributed the remaining 38% of total outpatient visits for the nine-month period (unchanged versus 9M 2022).

With a strong projected pipeline of clinics in the Q4 2023, Al Hammadi has a positive outlook on the growth of outpatient volumes for the coming quarter and next year.

In the third quarter of 2023, outpatient visits increased 5% y-o-y but marginally decreased q-o-q.

9M 2023 Consolidated Financial Performance (I/III)

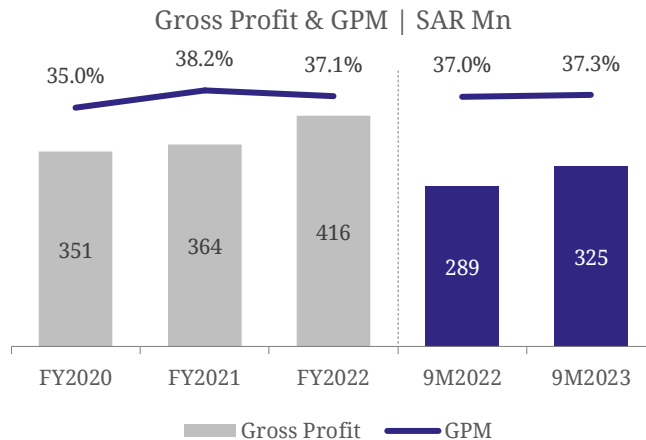
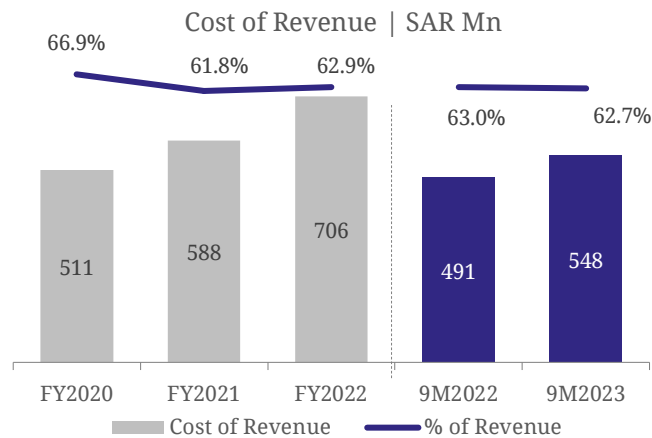
Top-line growth for the nine-month period was supported by strong revenues across Al Hammadi’s medical services and pharmaceutical segments during the period.



9M 2023 Consolidated Financial Performance (II/III)

Strong profitability was primarily driven by robust top-line growth filtering down to the bottom-line, coupled with improved cost efficiencies.

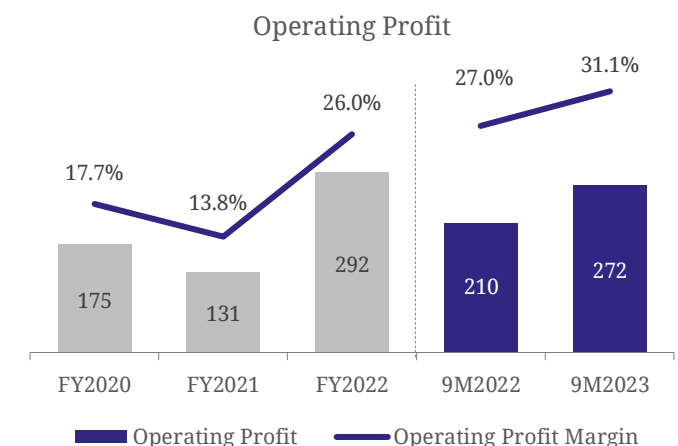
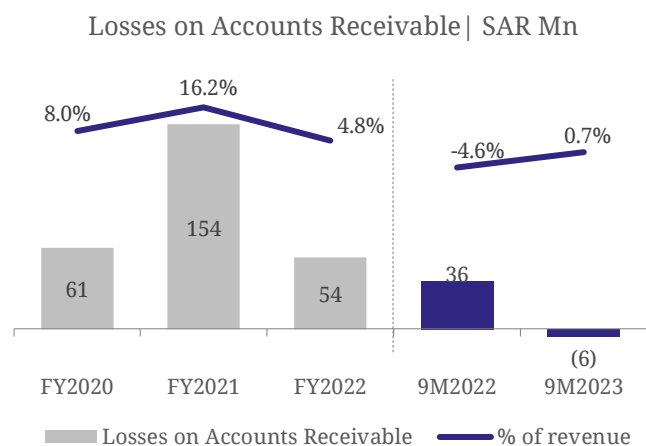
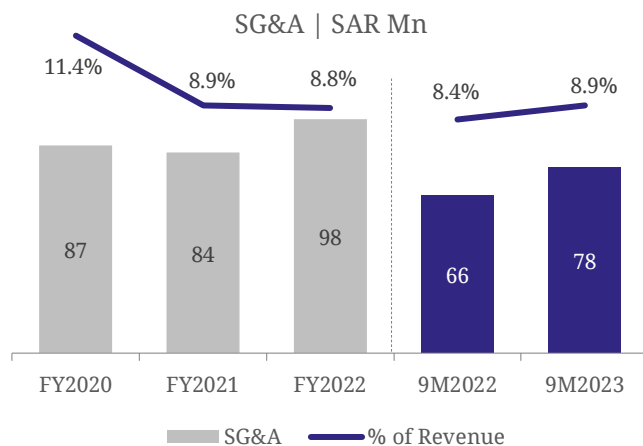
Cost optimization measures successfully maintaining general and operating expenses as a share of revenues in line with previous year and the Company's historical averages



Gross profit for the first nine months of the year recorded SAR 325 million, a 13% y-o-y increase from 9M 2022. Gross profit margin (GPM) recorded 37% in 9M 2023 in par with last year's figure.

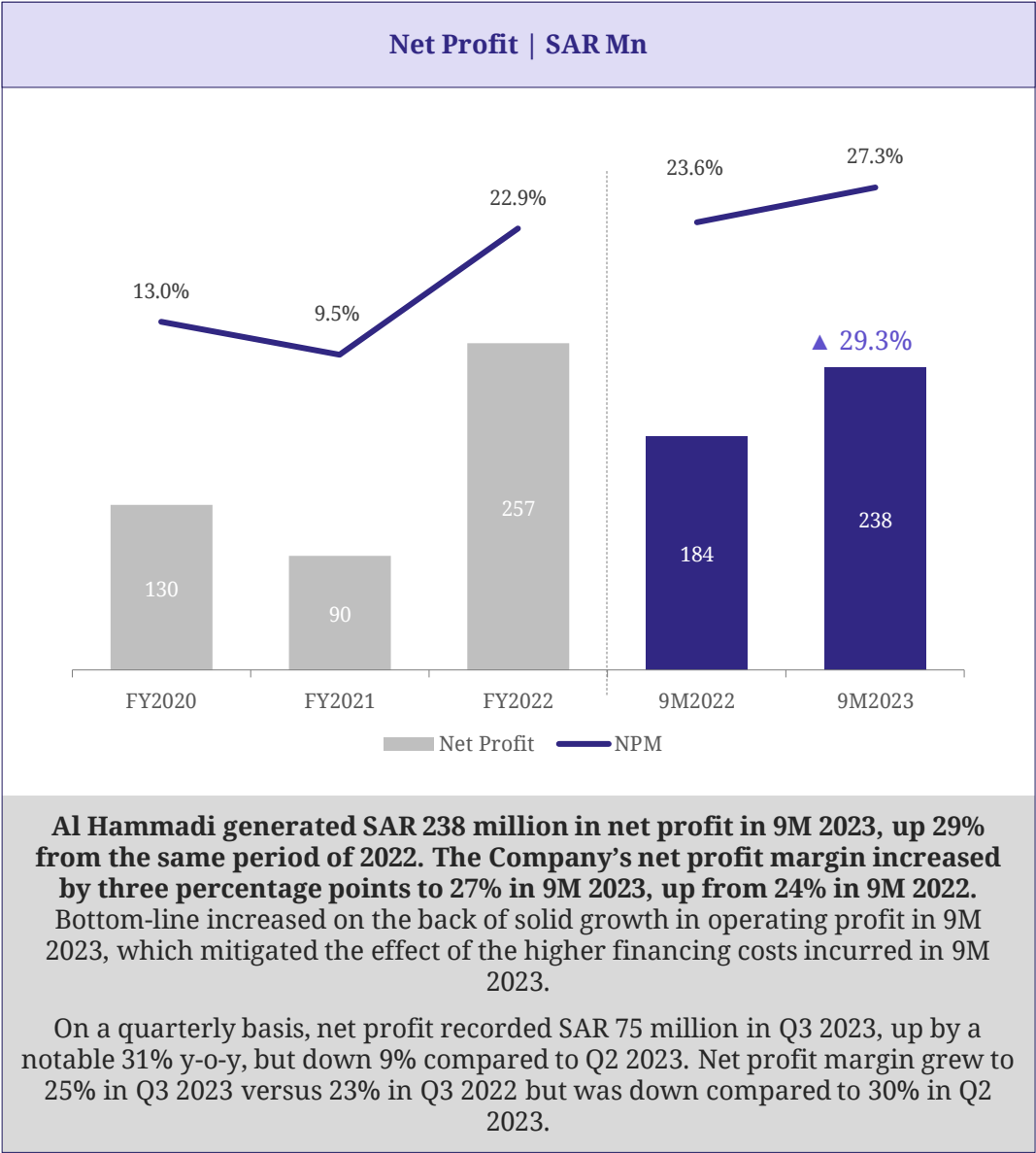
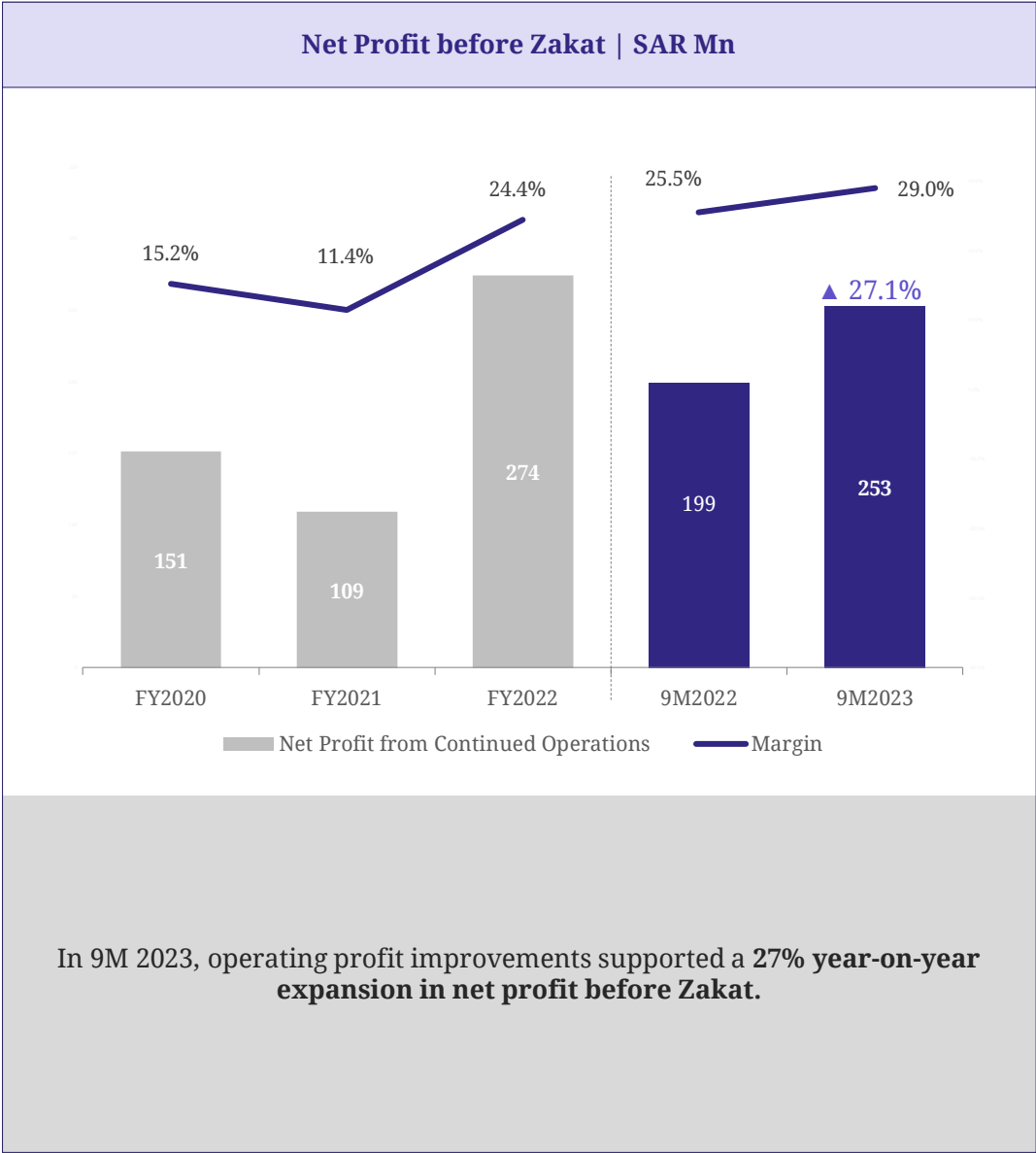
On a quarterly basis, gross profit recorded a 35% y-o-y and 23% q-o-q decline, while GPM recorded 38% in Q3 2023 versus 34% in Q3 2022 and 33% in Q2 2023.

Profitability for the nine-month period was supported by a solid top-line coupled with cost efficiency measures and a provision reversal booked in Q2 2023 on the back of improved collection rates



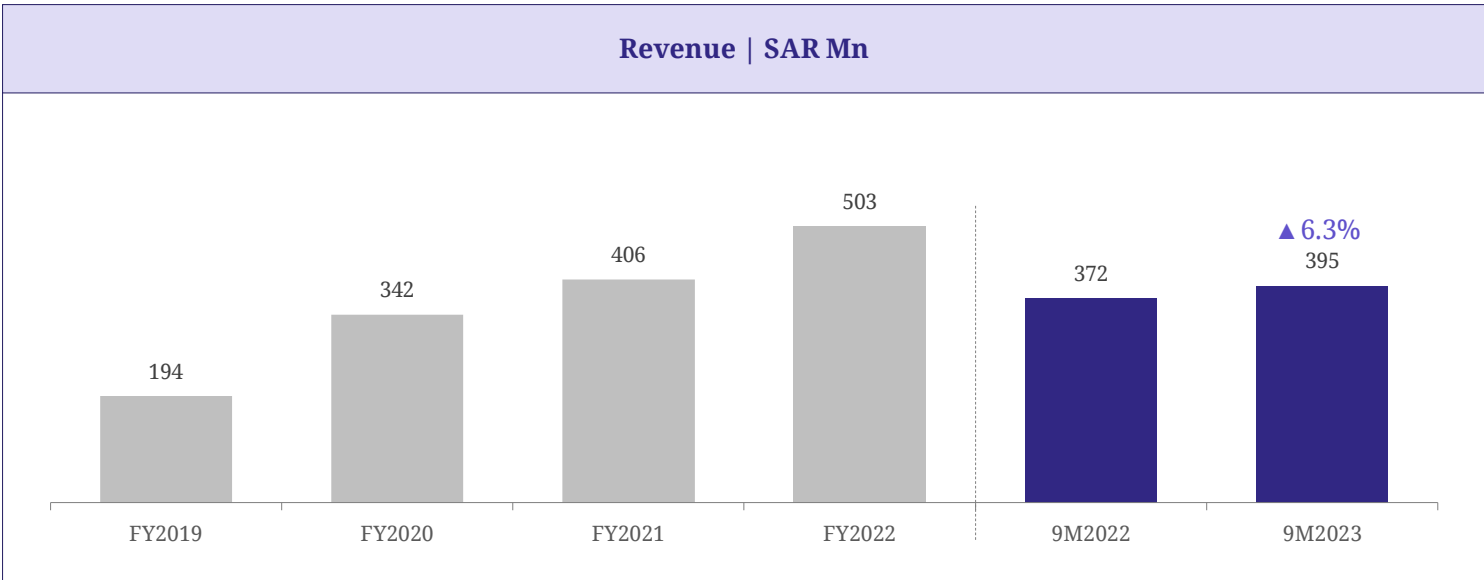
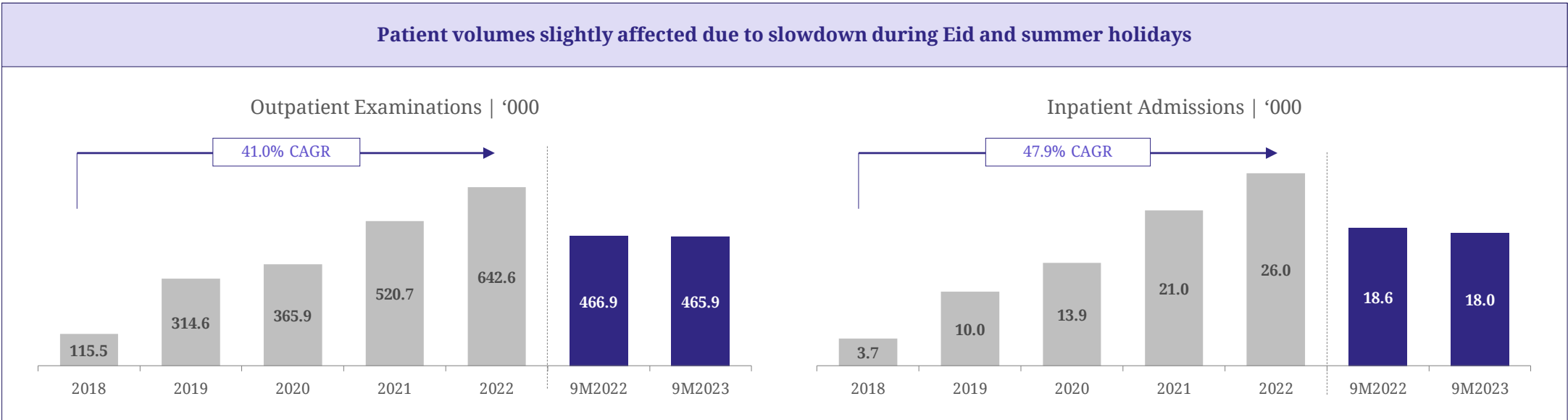
9M 2023 Consolidated Financial Performance (III/III)

Strong net profit on the back of higher revenues and solid operating profits over the nine-month period.



Al Nuzha Hospital: 9M 2023 Performance

Continued top-line growth reported despite lower patient volumes in 9M 2023.

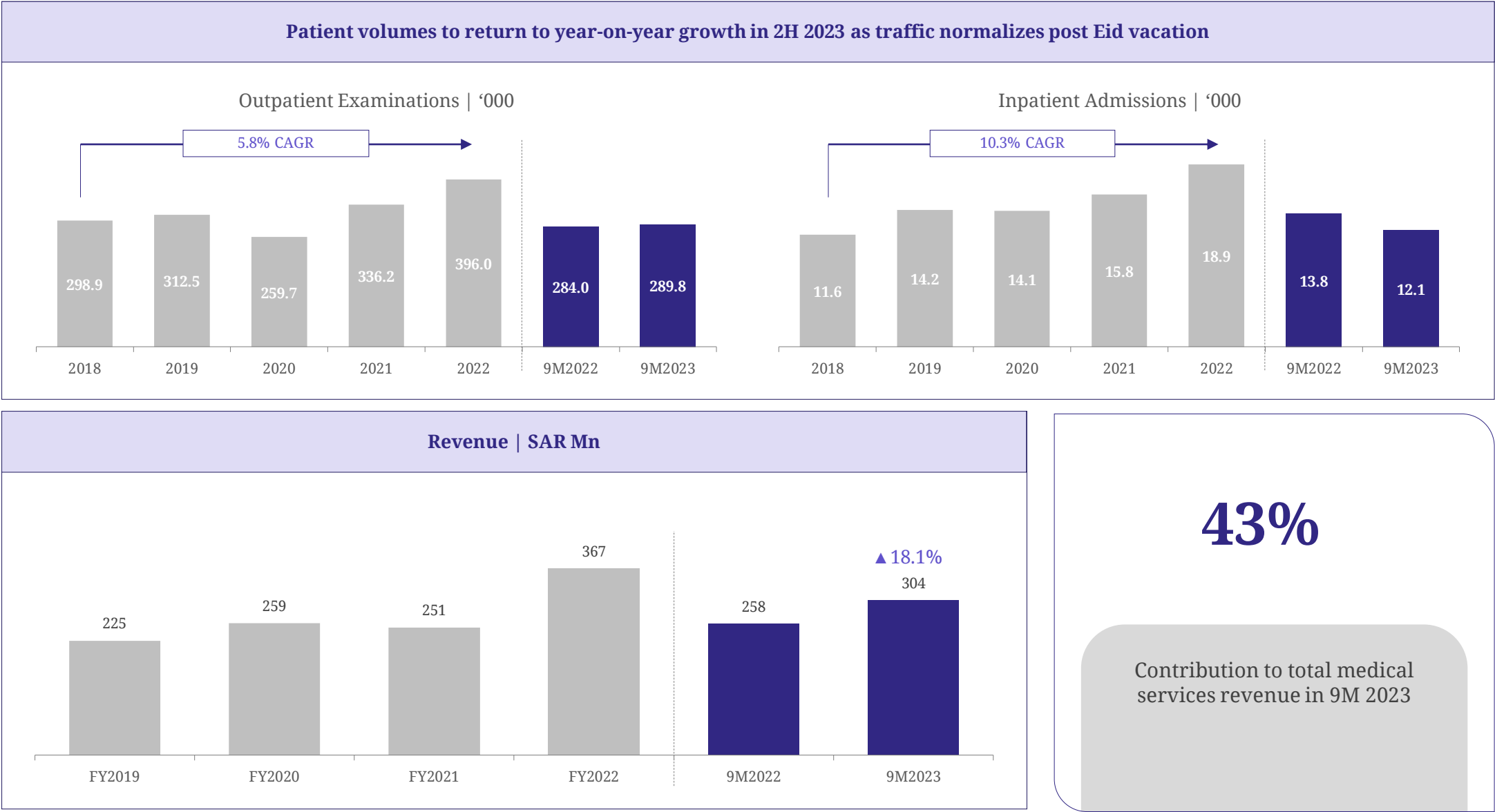


57%

Contribution to total medical services revenue in 9M 2023

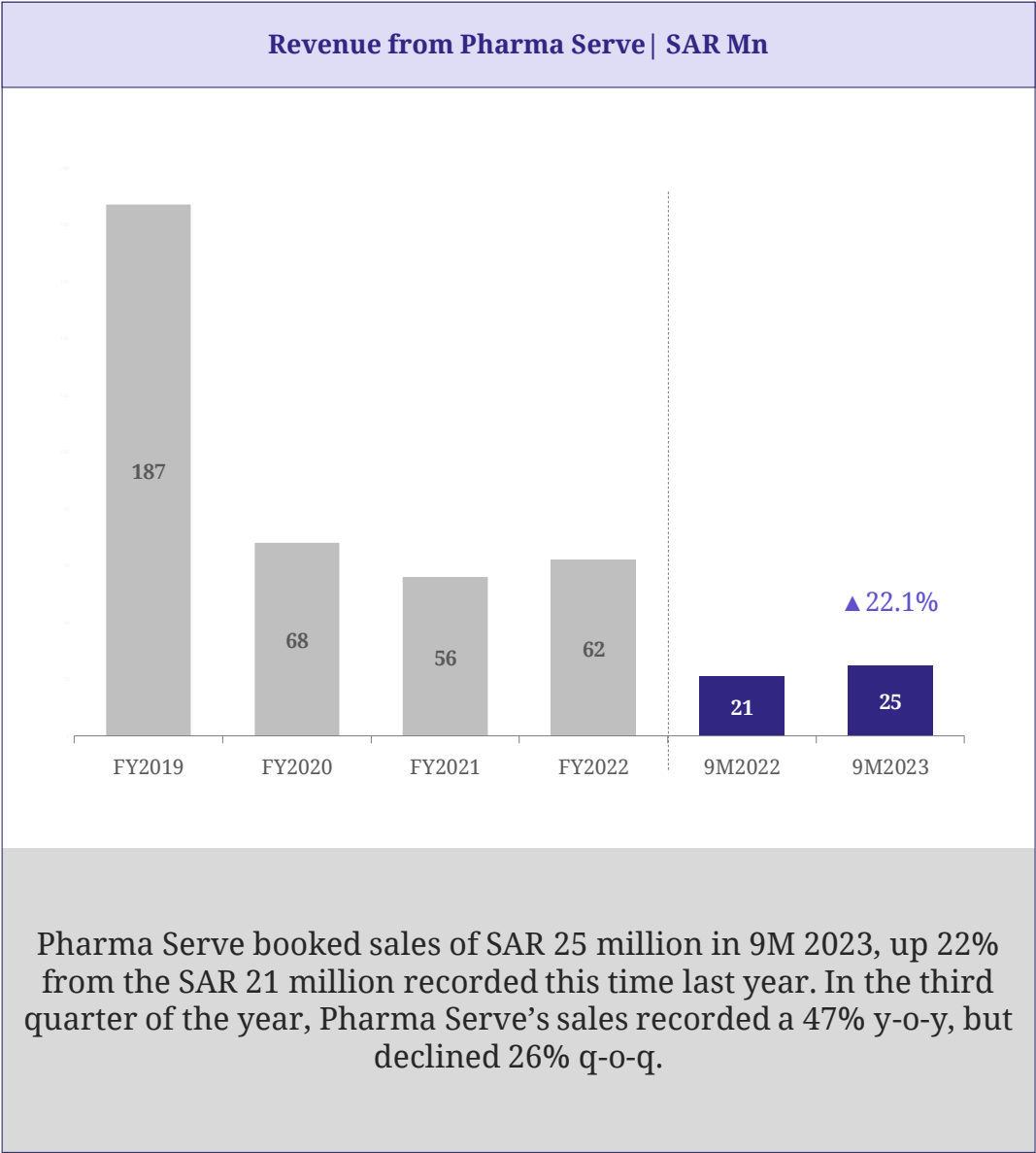
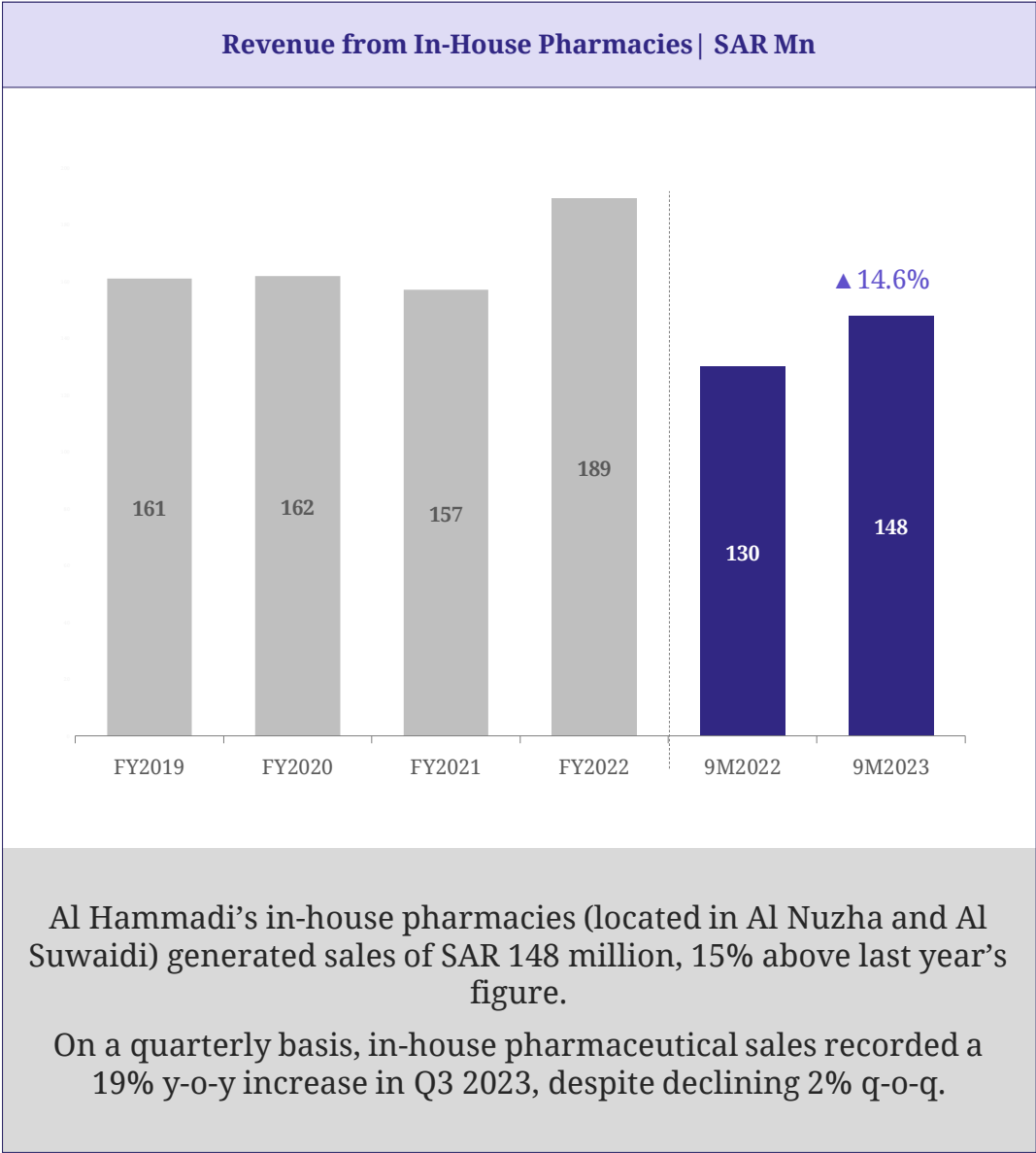
Al Suwaidi Hospital: 9M 2023 Performance

Al- Suwaidi's top-line grew on the back of higher outpatient volumes in 9M 2023.



Pharmaceuticals: 9M 2023 Performance Review

Al Hammadi’s pharmaceutical sales contributed 20% of consolidated revenues, recording SAR 174 million for 9M 2023. This represent a 16% y-o-y rise supported by both increased in-house and Pharma Serve sales.





Appendix

9M 2023 Consolidated Income Statement

SAR mn	Q3 2022	Q3 2023	Y-o-Y Change	9M 2022	9M 2023	Y-o-Y Change
Revenue	246.9	297.8	20.6%	779.8	873.1	12.0%
Cost of revenue	(163.4)	(185.0)	13.2%	(491.1)	(547.7)	11.5%
Gross Profit	83.5	112.9	35.2%	288.7	325.4	12.7%
<i>GPM</i>	33.8%	37.9%	4.1pts	37.0%	37.3%	0.3pts
Selling and marketing expenses	(0.7)	(0.9)	32.5%	(2.0)	(4.1)	104.5%
Administrative and general expenses	(19.2)	(27.0)	40.9%	(63.5)	(73.5)	15.7%
Expected credit loss provision	(11.3)	(5.6)	-50.1%	(35.6)	6.3	n/a
Impairment loss on investment in subsidiaries	-	-	-	-	-	-
Other operating income	13.9	7.3	-47.4%	22.7	17.5	-22.9%
Operating Profit	66.2	86.6	30.8%	210.2	271.5	29.2%
<i>Operating profit margin</i>	26.8%	29.1%	2.3pts	27.0%	31.1%	4.1pts
Share of profit in subsidiaries	1.3	(0.6)	n/a	3.6	1.3	-64.3%
Finance costs	(5.3)	(6.1)	14.2%	(14.6)	(19.7)	35.0%
Net profit before Zakat	62.1	79.9	28.6%	199.2	253.1	27.1%
Zakat expenses	(5.0)	(5.0)	-	(15.0)	(15.0)	-
Net profit for the period	57.1	74.9	31.1%	184.2	238.1	29.3%
<i>NPM</i>	23.1%	25.1%	2.0pts	23.6%	27.3%	3.7pts
Earnings per share:	0.36	0.47	31.1%	1.15	1.49	29.3%

9M 2023 Consolidated Balance Sheet

SAR mn	31 December 2022	30 September 2023
ASSETS		
Non-current assets		
Property and equipment	1,606.2	1,674.4
Advance payments for acquisition of property and equipment	95.8	-
Intangible assets and goodwill	28.5	25.9
Investment in associates	124.2	125.4
Total non-current assets	1,854.8	1,825.7
Current Assets		
Inventories	56.2	55.1
Other receivables	7.2	9.8
Prepayments	14.8	14.3
Contract assets	7.3	9.2
Trade receivables	481.1	486.5
Cash and cash equivalents	60.6	185.7
Total current assets	627.1	760.6
TOTAL ASSETS	2,481.8	2,586.3
SHAREHOLDER'S EQUITY AND LIABILITIES		
SHAREHOLDER'S EQUITY		
Share capital	1,600.0	1,600.0
Statutory reserve	37.0	37.0
Retained earnings	73.5	201.3
TOTAL SHAREHOLDER'S EQUITY	1,710.6	1,838.3
LIABILITIES		
Non-current liabilities		
Loans	203.0	162.4
Government grants	114.9	108.1
Lease liabilities	114.5	113.2
Employees' terminal benefits	78.8	83.3
Total non-current liabilities	511.2	467.1
Current liabilities		
Loans	29.2	28.8
Government grants	9.1	9.1
Lease liabilities	14.5	12.6
Accrued zakat	16.9	15.2
Trade payables	87.0	69.0
Accrued expenses	35.5	46.5
Other payables	25.0	34.1
Contract liabilities	42.8	65.5
Total current liabilities	260.1	280.9
TOTAL LIABILITIES	771.3	748.0
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	2,481.8	2,586.3

9M 2023 Consolidated Statement of Cash Flow

SAR mn	30 Sep 2022	30 Sep 2023
OPERATING ACTIVITIES		
Net profit	184.2	238.1
Adjustments to reconcile net profit to cash flow	-	-
Depreciation of property and equipment and right of use assets	74.3	72.7
Amortization of intangible assets	2.8	2.7
Losses on disposals from discontinued operations	-	-
Losses on disposals of property and equipment	-	1.4
Losses on disposals of right of use assets	-	(0.5)
Impairment losses of goodwill	-	-
Company share of profits from associate	(3.6)	(1.3)
Provision from slow-moving inventory	-	-
Impairment loss on trade receivables and other debit balances	35.6	(6.3)
Government grants released	(15.1)	(6.8)
Current services cost of employees' terminal benefits	9.3	8.9
Reverse of legal provision	-	-
Contract liability generated during the period	38.1	36.3
Finance expenses	14.6	19.7
Zakat charge during the period	15.0	15.0
	355.2	379.9
Working capital adjustments		
Inventories	6.0	1.2
Other receivables	(3.0)	(2.6)
Prepayments	(23.7)	0.6
Contract assets	(6.7)	5.3
Net changes in related parties	(0.4)	(9.1)
Trade receivables	(147.5)	(6.1)
Trade payables	(1.7)	(9.9)
Accrued expenses	(2.3)	11.0
Other payables	(4.5)	8.4
Contract liability	(44.8)	(13.6)
Employees' terminal benefits paid	(7.7)	(5.9)
Zakat paid	(18.2)	(16.7)
NET CASH GENERATED FROM OPERATING ACTIVITIES	100.8	342.5
INVESTING ACTIVITIES		
Purchase of property and equipment	(11.2)	(47.1)
Advance payments for acquisition of property and equipment	(95.8)	-
Cash proceeds from sale of property and equipment	-	-
Purchase of intangible assets	(0.1)	(0.0)
Investment in associate	-	-
NET CASH USED IN INVESTING ACTIVITIES	(107.1)	(47.1)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	146.2	54.1
Repayment of bank and government borrowings	(63.6)	(101.5)
Lease liability paid	(7.5)	(7.8)
Finance cost paid	(3.2)	(3.7)
Dividends paid	(143.3)	(111.4)
NET CASH USED IN FINANCING ACTIVITIES	(71.3)	(170.3)
Net change in cash and cash equivalents	(77.6)	125.1
Cash and cash equivalents at the beginning of the period	120.9	60.6
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	43.2	185.7