

A HEALTHY INVESTMENT

د. سليمان الحبيب
DR SULAIMAN AL HABIB
المجموعة الطبية medical group



As a market leader in medical excellence, Dr. Sulaiman Al Habib Medical Group (HMG) has a 25+ year track record of advancing medical care driven by our vision, mission, and values.

Dr. Sulaiman Al Habib Medical Group (HMG)

www.hmg.com/en

Year company founded: 1993

Number of employees: 13,000+

Market capitalization: SAR 38.15 billion



Nasser Al Haqbani
CEO, Dr. Sulaiman Al Habib Medical Group



HMG is the leading private sector provider of integrated medical care in Saudi Arabia and the GCC. The group owns and operates seven hospitals in Saudi Arabia and Dubai in addition to a Primary Care Medical Center and a network of 14 pharmacies across the region. As part of its strategic pillars to deliver best in-class care through disruptive innovation and cutting-edge technology, the group has expanded its capabilities, expertise, and knowledge across a range of support and complementary fields to its core business through its Cloud Segment.

HMG strives to be the most trusted healthcare provider in medical excellence and patient experience globally



Nasser Al Haqbani, CEO of HMG, said, "HMG strives to be the most trusted healthcare provider in medical excellence and patient experience globally. We do this by developing and operating state-of-the-art medical facilities and providing innovative healthcare services that create value for our stakeholders. This is an exciting new era for our business and for the Saudi capital market, and we trust this market environment will enable us to deliver on our aims."

HMG supports the Kingdom's Vision 2030 agenda to grow the healthcare industry. It currently serves more than three million patients annually; and it has a history of opening a new hospital every 29 months.

Through the continuous expansion of its operations, HMG has developed a range of innovative products and solutions that will enhance the healthcare landscape and enrich the patient experience. Innovation and advanced technology are indicators of our relentless milestone to lead the healthcare innovations by embracing opportunities in the market, and adapting services to meet patient needs.

Al Haqbani added: "Disruption, particularly in healthcare technology and digital solutions, will be a key differentiator for HMG in the future. I am proud of our agility and ability to innovate, as these characteristics have made us committed to safety and innovation, and being agile in our response to a rapidly changing environment, we can continue to deliver on our ambitious growth plans."

HMG is proud to be serving the communities we operate in by deploying resources and our talented staff to improve the lives of those who are less fortunate. In 2020, HMG provided over SAR 31.68 million of medical services for critical cases, surgeries, treatments, and medications to patients in need.

"We are an active and engaged corporate citizen that upholds its ethical responsibilities toward patients, employees, the community, and the environment. We take pride in dedicating resources to improve healthcare outcomes, while being committed to the highest standards of Corporate Governance," Al Haqbani said.

+3.2 million

Patients served annually

Dr. Sulaiman Al Habib Medical Services Group (HMG) offers comprehensive integrated healthcare services with a track record for developing and operating healthcare facilities, pharmacies, and associated services in Saudi Arabia and the GCC.

The group's portfolio includes seven hospitals in Saudi Arabia and the UAE, more than 1,900 beds and more than 1,370 clinics, one primary care medical centre, and one medical center in Bahrain.

HMG strives to remain at the forefront of sourcing, developing, and integrating cutting-edge solutions to deliver best in-class care in the GCC.

It has a wholly-owned healthcare technology company called Cloud Solutions, an in-house Clinical Engineering Department, and a highly-trained workforce that puts the power of advanced medical technology to work.

The group maintains its market leadership by developing and deploying the latest medical technology and solutions. HMG is a pioneer in healthcare technology, having built and applied award-winning hospital information systems (VIDA), which it implemented in 25 Ministry of Health hospitals and which operate Critical Care beds in another six.

In broadening its service offering, HMG is creating new business segments that include remote services, public-private-partnerships (such as ICU operations for government facilities), and IT solutions and technology partnerships through its subsidiary Cloud Solutions.

The group is also making strong progress in its ambition to become the government's partner of choice. The Kingdom's economic reform program presents significant opportunities for healthcare providers, with private sector participation expected to increase to 35 percent by 2025. Key opportunities for HMG include the operation of intensive care units (ICUs) for government hospitals and the management of tele-ICU command centers, hospital information centers, the management, operation and maintenance of infrastructure systems, and the provision of home healthcare services in addition to other healthcare sectors announced in the Vision 2030 for private sector participation including primary care, home healthcare, laboratory services and rehabilitation.

Operations	Performance	
7 hospitals	Revenue	SAR 5.8 billion
1 medical center	Patients	3.2+ million
14 pharmacies	Gross profit	SAR 1.8 billion
1900+ beds	GP margin	22.4%
1370+ clinics	Net profit	SAR 1,055 million
2750+ physicians	NP margin	21.3%

The listing of 15 percent of its ordinary shares on the Saudi Exchange was a significant milestone for HMG, and key to its expansion efforts. The offer was heavily oversubscribed by a range of local and global investors, demonstrating a high level of confidence in the group, its management, and the Saudi healthcare sector. By becoming publicly listed, HMG has improved its corporate profile among local and international investors.

- HMG's patient numbers for the year increased to exceed 3.2 million
- EBITDA has increased by SAR 306.36 million reaching SAR 1,491.70 million, an increase of 25.85 percent compared to the year 2019
- Revenue growth was mainly attributed to the hospital segment due to the increase in inpatient occupancy. In addition to the revenue growth in the pharmacy segment during current year, 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 the year 2020 increased by 21.29% to reach SAR 1,055.48 million, with an improved net income margin of 18.01 percent of revenue compared to 17.35 percent for the year 2019.

Milestone IPO

In March 2020, the group listed 15 percent of its ordinary shares on the Saudi Exchange in an offer that was heavily oversubscribed and attracted local and international investors seeking exposure to become a leading player in Saudi Arabia's burgeoning healthcare sector.



A unique opportunity

Attractive industry fundamentals

The Saudi healthcare sector enjoys strong fundamentals, underpinned by supportive market dynamics that are driving demand for facilities and services. The Kingdom has an aging population and chronic disease is on the rise, which is leading to increased demand for specialized healthcare provision. In line with the Vision 2030 agenda, health insurance coverage is growing (currently 64 percent of hospital revenue), while favorable demographics saw patient numbers increase at a CAGR of 7 percent from 2016-2019. Positive regulation is supporting a push toward private sector participation, with the government targeting 35 percent by 2025.

Track record

HMG has a 25+ track record as a fully-integrated healthcare provider, developing and operating hospital facilities, pharmacies and associated support services. The company has delivered consistent financial results and operational growth, with an unmatched ability to ramp-up even during downward cycles:

- Resilient revenue
- Stable gross margins supported by economies of scale to enhance profitability
- Strong cash flow management and cash conversion cycle
- Healthy balance sheet in spite of expansion with low gearing levels
- HMG remains committed to maintaining a minimum payout ratio of 70 percent in the future, subject to market conditions.

Strategy for growth

1. Strengthen the core

- Maintain market leadership position and brand strength, patient-centric healthcare
- Achieve technology-led operational efficiencies
- Invest in human capital: attract and retain top physicians and medical staff, roll-out extensive training and education programs

2. Expand the reach

- Add more than 1,000 beds by 2024 through fully-funded expansion plan
- Growth of operations in the GCC
- Land bank for future expansion, with unmatched Design-Build-Operate capability
- Maintain record for opening new facilities on average every 29 months

13000+

Currently employed by HMG

3. Broaden the service

- HMG Solutions: the cloud solutions technology arm of the Group, which owns the intellectual property of 11 products in medical technology including hospital information systems, and patients and physicians' mobile apps
- Management and operation of medical facilities for others, home healthcare services, and advanced medical laboratories
- Tele-medicine services including tele-radiology, tele-ICU, and other specialized services

Leading the field

Market leader in medical excellence

HMG offers comprehensive medical care that is truly patient-centric by investing in human capital. The group has a uniquely comprehensive service offering in primary, secondary, and tertiary care across more than 60 specialties. The company attracts and retains the highest-qualified physicians by offering programs including 15 residency and fellowship schemes, research grants, and continuous medical education.

Pioneer in healthcare technology

HMG maintains its market leadership by developing and deploying the latest medical technology and solutions. The group is a pioneer in healthcare technology, having built and applied award-winning hospital information systems (VIDA) in Saudi Arabia and the GCC. In broadening its service offering, HMG is creating new business segments that include remote services, public-private-partnerships (such as ICU operations for government facilities), IT solutions, and technology partnerships through its wholly owned subsidiary Cloud Solutions Company.

Management and governance

HMG is entrepreneurial in nature, benefitting from a highly-experienced senior management team and a diverse board of directors, with skills required to guide the group through its next phase of growth. The diverse board comprises three executive members, three non-executive members and three independent non-executives. A robust ESG framework places a well-established focus on best practice in Corporate Governance, with Board committee members benefitting from diverse industry experience including healthcare, financial, real estate, and commercial.

