



NATIONAL MEDICAL CARE CO.

# Earnings presentation

1H 2023

16 August, 2023 | Riyadh, KSA



# Care Overview and Strategy

# Care: Shaped by Decades of Experience, Driven by Unmatched Passion, Pioneering the Future

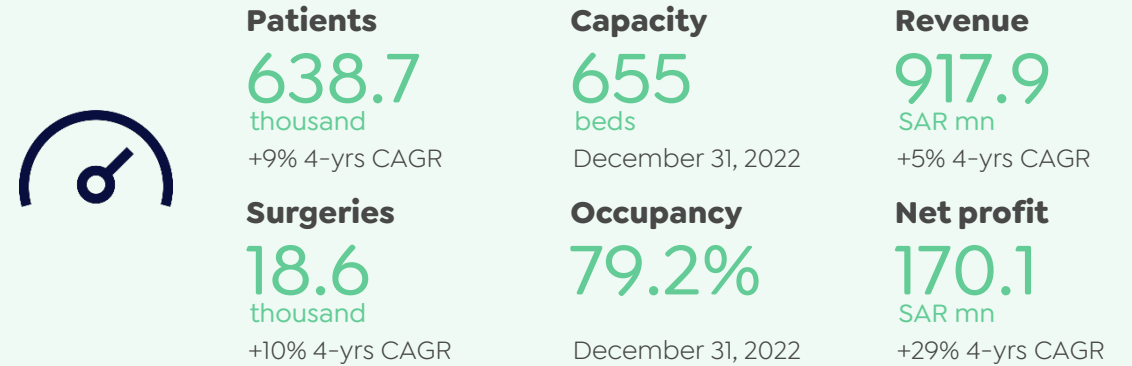


## Leading Specialized Healthcare Provider in Riyadh

### We are CARE:

- **Improving lives** by leveraging decades of accumulated experience
- **Serving patients** and communities with unmatched dedication and quality of care
- **Embracing innovation** to remain at the vanguard of healthcare

## FY22 Performance Highlights



## Focus on Areas of Excellence

### Specialized healthcare

- Orthopaedics
- General Surgery
- Acute Care
- Cardiology

### Experienced team

286

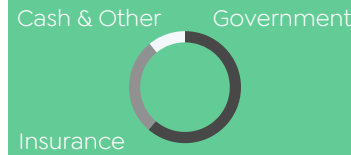
Doctors and specialists

### Lucrative market



Two hospitals in the capital city of Riyadh

### Reputable clients



Over the past 10 years Care improved the lives of

3.8 million people<sup>1</sup>



<sup>1</sup> Data from 2013 until June 30, 2023.

Source: Company data.

# Our Hospitals: Pioneering Excellence in Specialized Healthcare

From inception, our hospitals have exemplified healthcare excellence with a specialized focus



## Care National Hospital

Founded in 1966, Care National Hospital (CNH) stands as a top-tier healthcare institution focusing on internal medicine and occupational health. Upholding a legacy of excellence, CNH is committed to patient-focused, advanced care.



86,000 square meters



335 beds



87% occupancy in FY22



254,063 patients in FY22



51 intensive care units<sup>1</sup>



6 operating theatres<sup>1</sup>

## Kingdom of Saudi Arabia

Population: 36.4 million



## Riyadh Care Hospital

Established in 1990, Riyadh Care Hospital (RCH) stands as a premier healthcare facility, offering a comprehensive spectrum of treatments, with a central focus on general surgery and orthopaedics.



46,000 square meters



320 beds



79% occupancy in FY22



384,604 patients in FY22



54 intensive care units<sup>1</sup>



7 operating theatres<sup>1</sup>

<sup>1</sup> Data as of June 30, 2023. For Intensive Care Units (ICU): including Intensive Care Unit (ICU), Pediatric Intensive Care Unit (PICU), and Neonatal Intensive Care Unit (NICU) beds.

Source: World Bank, United Nations, U.S. Census Bureau (International Database), Company data.

# Saudi Arabia Healthcare Market Opportunity

Full of untapped potential, a growing older demographic with prevalent lifestyle diseases

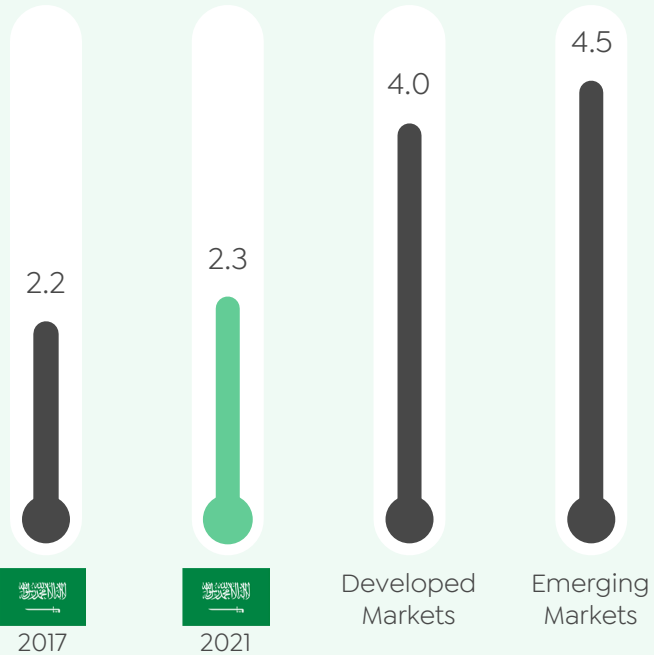


## Underpenetrated market

### KSA total bed rate

**2.3** beds/1,000 residents

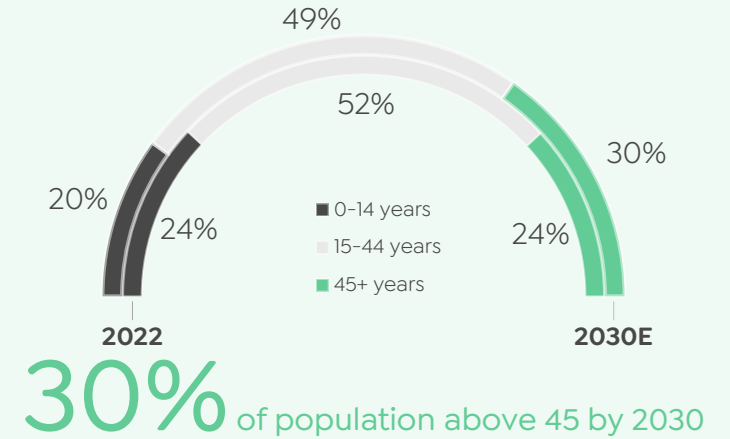
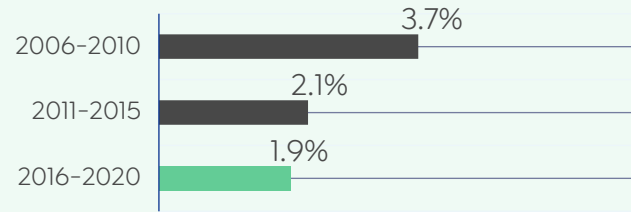
Saudi healthcare market bed availability significantly lags developed and emerging markets averages.



## Ageing population

### Population growth

**1.3%** in 2022

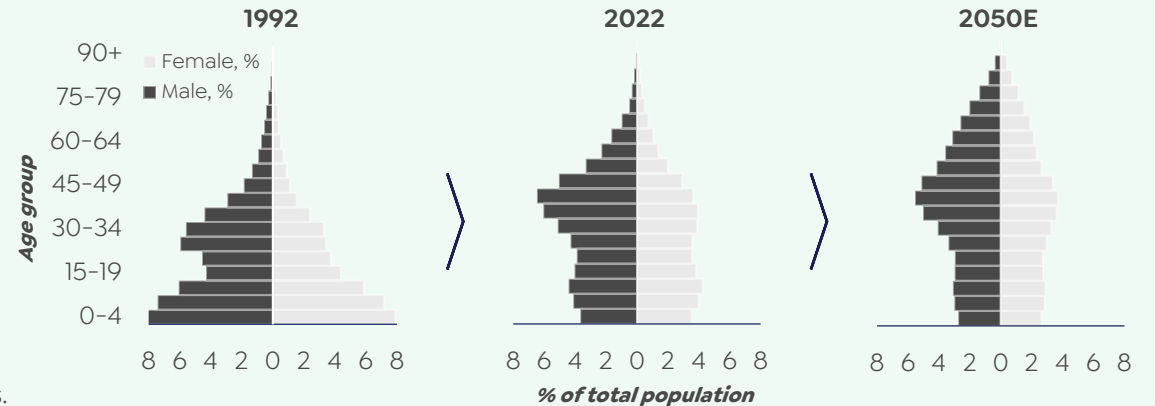


## Rise of lifestyle diseases

### Higher exposure

of maturing population to lifestyle diseases

Amidst KSA's urbanization and socio-economic shifts, there is a marked trend for an increase in lifestyle-related chronic diseases.



<sup>1</sup> Based on OECD data for 25 countries in the developed markets category and 13 countries in the emerging markets category.

Source: KSA Ministry of Health, KSA General Authority for Statistics, OECD, World Bank, U.S. Census Bureau (International Database), Care's strategy and research.

# Care Growth Strategy



The strategy unfolds around four core objectives, supported by a carefully curated set of initiatives

## Our Vision

To be at the forefront of healthcare  
in Saudi Arabia



## Our Mission

Providing distinctive care to improve  
the well-being of our community  
through the pursuit of excellence



## Our Strategic Objectives

### Extend

Extend health  
service offering  
in Riyadh

### Serve

Serve new  
population  
segments and  
geographies

### Deliver

Deliver  
exceptional  
value to patients  
and partners

### Realize

Realize potential  
of value  
networks across  
business units

A set of carefully designed  
initiatives underpins Care's  
strategy

# Care Growth Strategy: Efforts Focus

Strategy stands to reshape the organization, boost Company's performance and transform patient care



## Impact Area

### Performance



## Efforts Focus

**Grow** sustainably and outperform the market

**Improve** profit margins

**Diversify** sources of revenue

### People & Organization



**High** employee satisfaction

**Enhanced** market positioning

**Integrated** organization structure

### Patients & Partners



**Better** healthcare outcomes

**Highly satisfied** patients

**Partner of choice** for the government sector

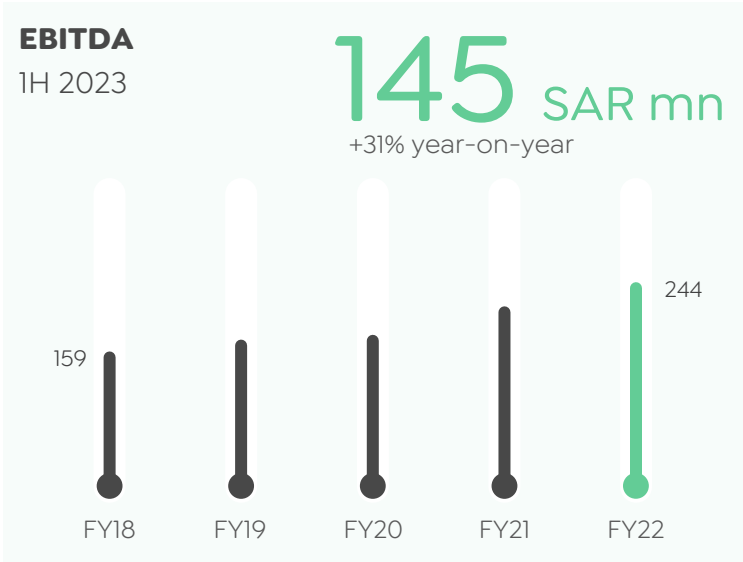
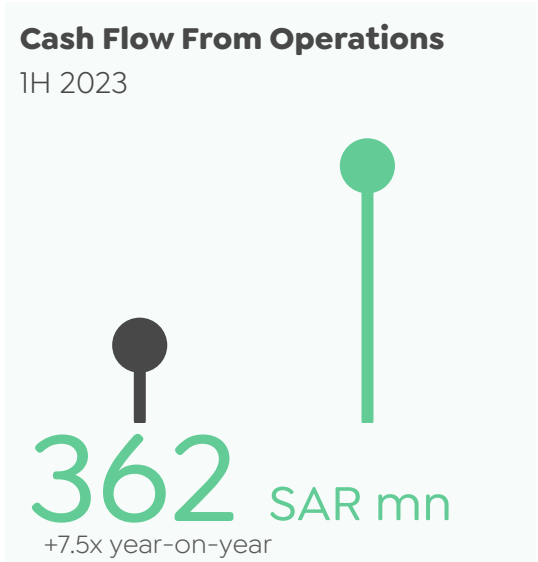
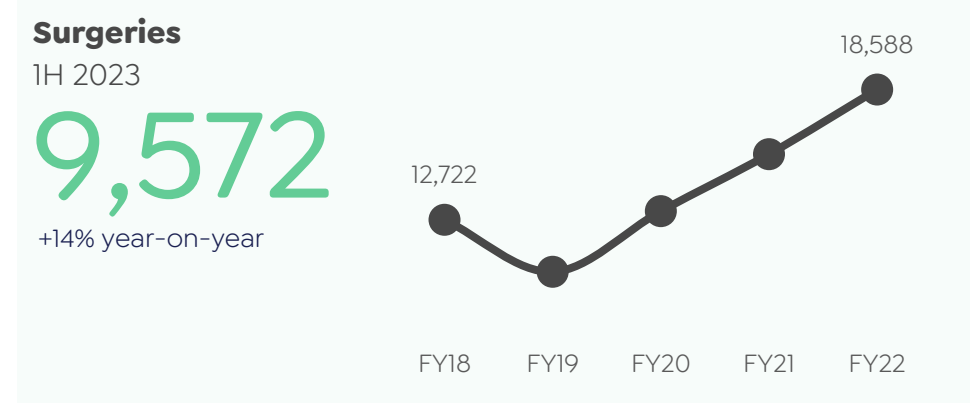
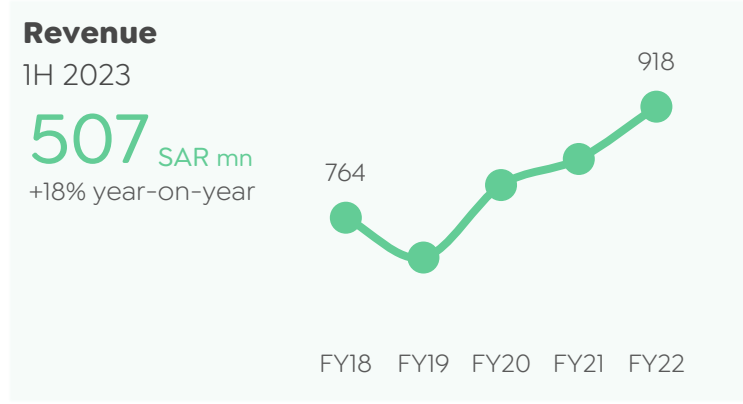
# Operating and Financial Performance





# Operating and Financial Performance Highlights

Solid operational efficiency paired with rapidly improving financial outcomes



# Operational Trends

Patient numbers growth driven by more referrals, offset by the completion of a significant contract

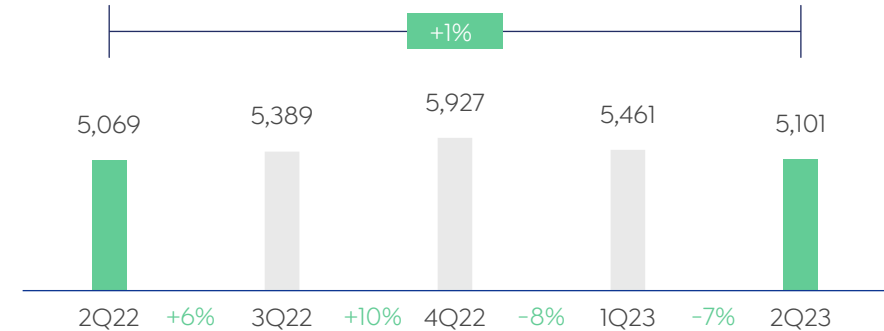


## Operational Highlights

SAR mn	2Q2023	2Q2022	Δ%	1H2023	1H2022	Δ%
Inpatient admissions	5,101	5,069	+1%	10,562	9,856	+7%
Outpatient visits	146,935	149,629	-2%	307,225	305,162	+1%
<b>Total patients</b>	<b>152,036</b>	<b>154,698</b>	<b>-2%</b>	<b>317,787</b>	<b>315,018</b>	<b>+1%</b>
Inpatient days	36,644	45,096	-19%	87,535	87,689	-0%
Bed capacity	603	618	-2%	603	639	-6%
Bed occupancy rate (%)	67.0%	80.7%	-13.7%	80.8%	76.2%	+4.6%
Average length of stay (days)	7.2	8.9	-19%	8.3	8.9	-7%
Number of surgeries	4,648	4,263	+9%	9,572	8,430	+14%

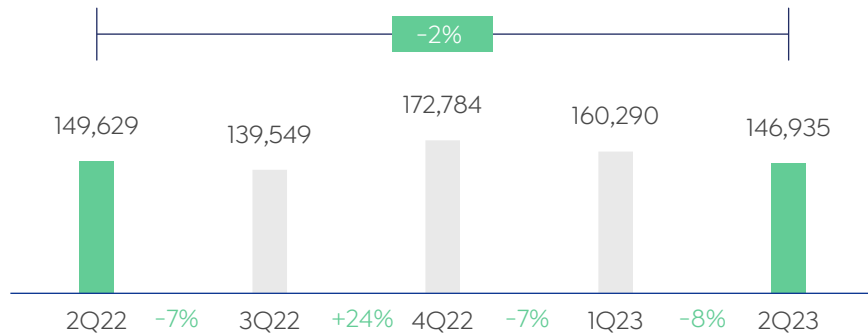
## Inpatients Admissions Quarterly Trend

(Admissions)



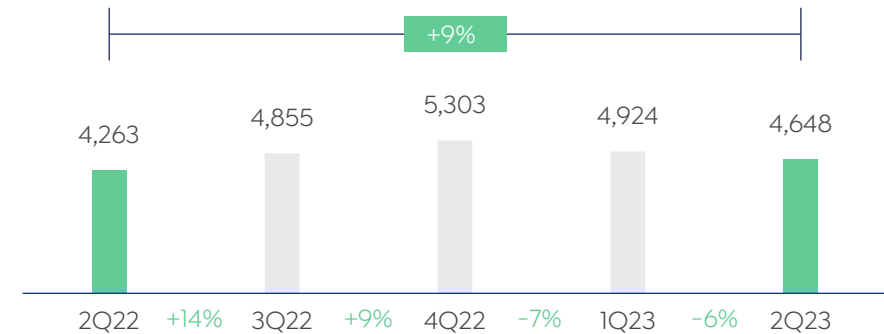
## Outpatient Visits Quarterly Trend

(Outpatient visits)



## Surgeries Quarterly Trend

(Surgeries)



# Income Statement

Strong profitability improvement driven by robust operations, better pricing, and cost control efforts

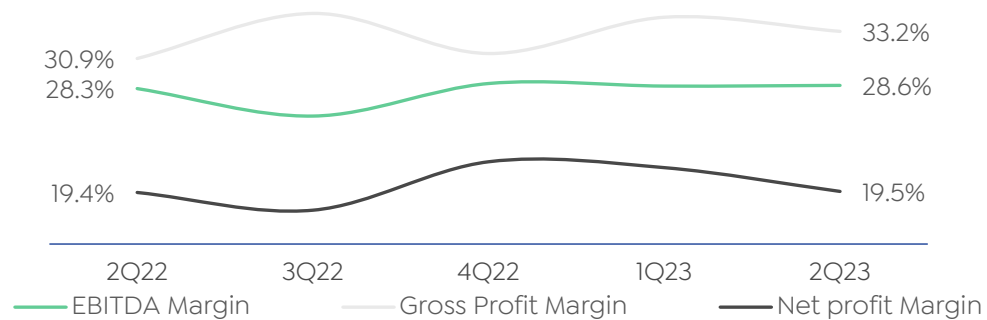


## Income Statement Highlights

SAR mn	2Q2023	2Q2022	Δ%	1H2023	1H2022	Δ%
Revenues	245	216	+13%	507	428	+18%
Cost of revenues	(164)	(150)	+9%	(335)	(300)	+12%
<b>Gross profit</b>	<b>81</b>	<b>67</b>	<b>+22%</b>	<b>171</b>	<b>128</b>	<b>+34%</b>
Operating expenses	(24)	(17)	+43%	(50)	(41)	+22%
<b>Operating profit</b>	<b>57</b>	<b>50</b>	<b>+15%</b>	<b>121</b>	<b>87</b>	<b>+39%</b>
<b>EBITDA</b>	<b>70</b>	<b>61</b>	<b>+14%</b>	<b>145</b>	<b>110</b>	<b>+31%</b>
<b>Net profit</b>	<b>48</b>	<b>42</b>	<b>+14%</b>	<b>104</b>	<b>72</b>	<b>+45%</b>
Gross profit margin	33.2%	30.9%	+2.3%	33.8%	30.0%	+3.8%
EBITDA margin	28.6%	28.3%	+0.3%	28.5%	25.7%	+2.8%
Net profit margin	19.5%	19.4%	+0.1%	20.5%	16.8%	+3.7%

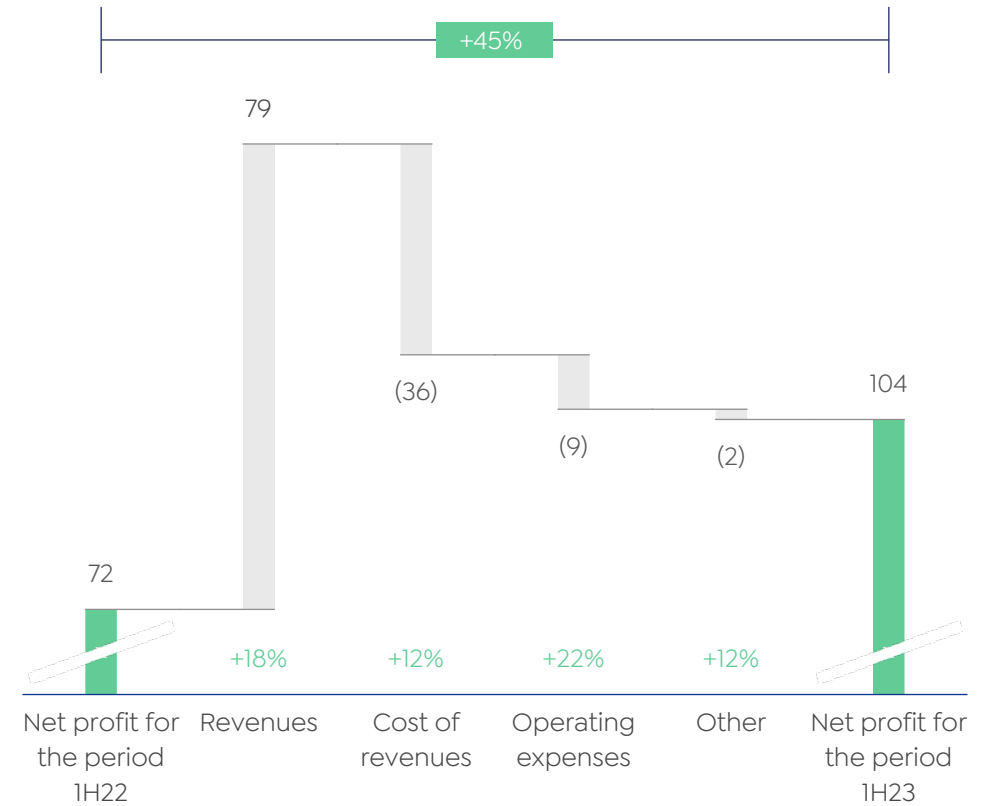
## Quarterly Margin Trends

(%)



## Net Profit Development

(SAR mn)



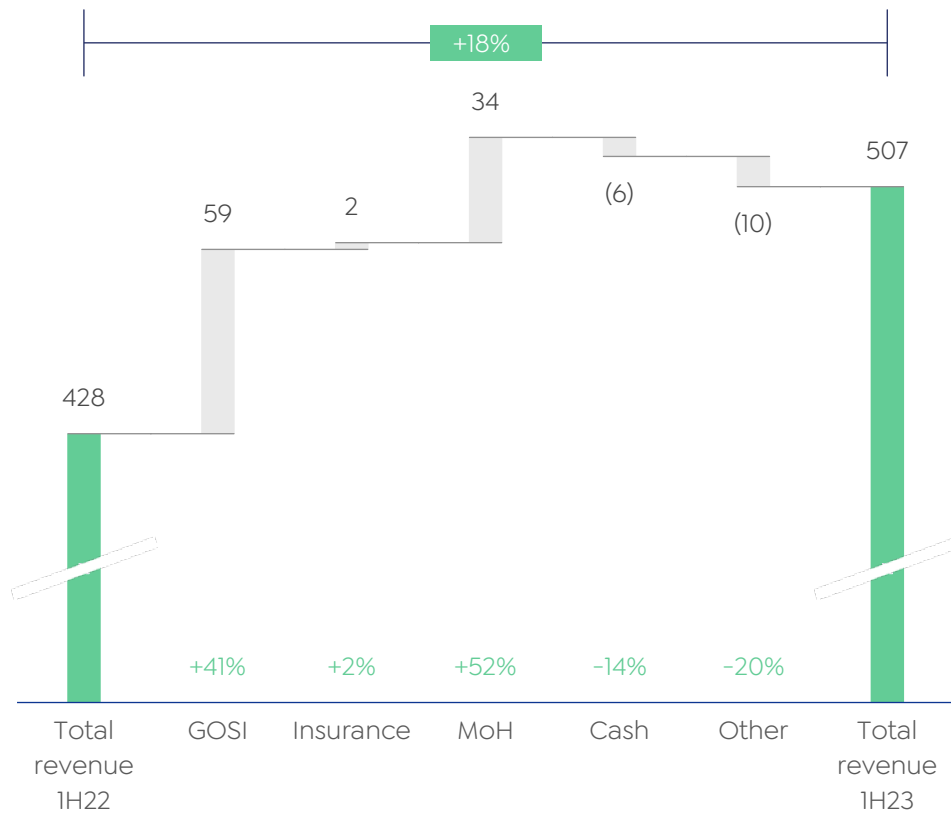
# Revenue Trends

Revenue in 1H 2023 fuelled by increasing number of referrals from key clients and price hikes



## Revenue Development

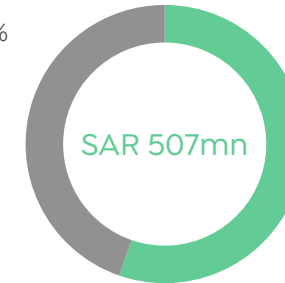
(SAR mn)



## Revenue by Business Unit (1H 2023)

(SAR mn)

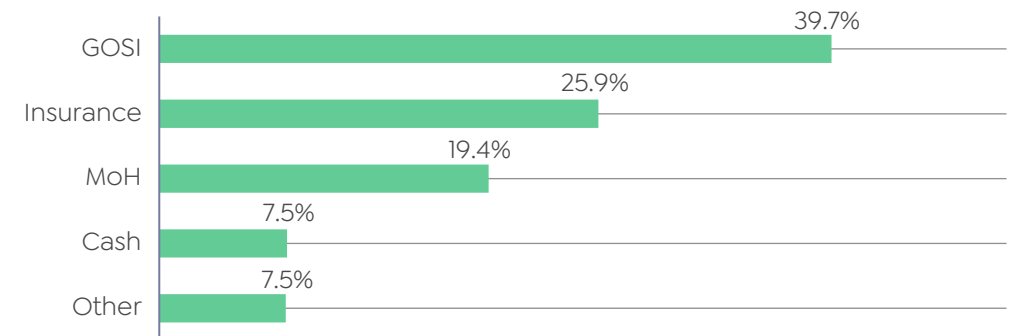
National Care Hospital, 44.7%



Riyadh Care Hospital, 55.3%

## Revenue by Payer (1H 2023)

(SAR mn)



# Costs Overview



Total expenses growth slower than the rise in revenue, creating a favourable operating leverage effect

## Total Expenses Breakdown (1H 2023)

(SAR mn)

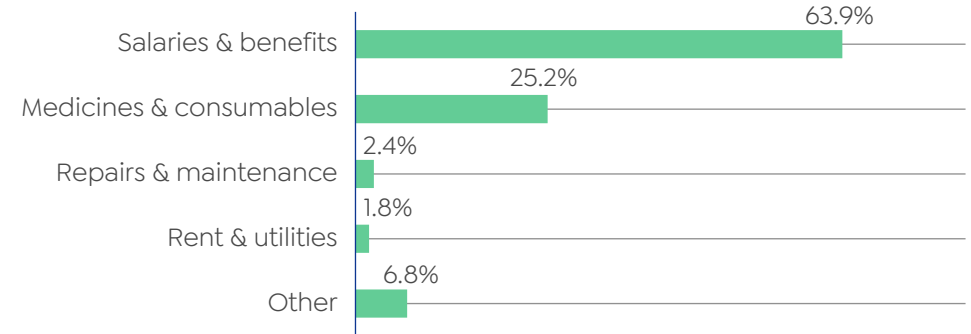
**+13%**

1H 2023 YoY ↑



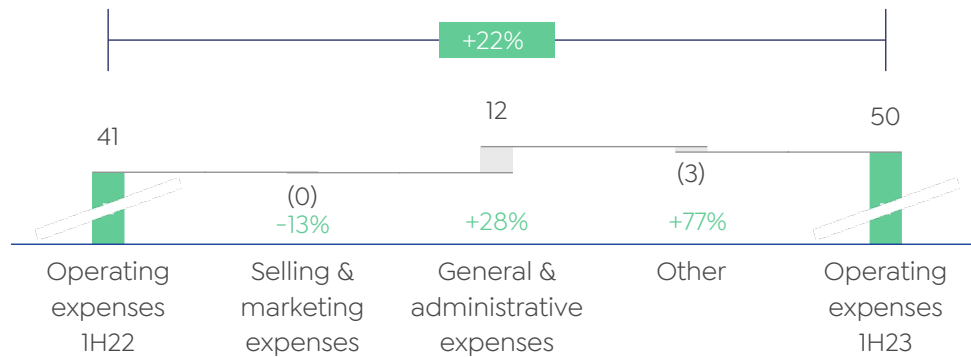
## Cost of Revenues Breakdown (1H 2023)

(SAR mn)



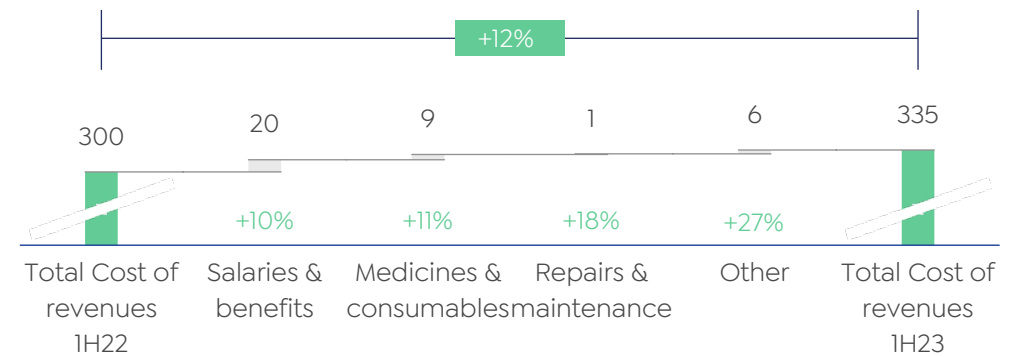
## Operating Expenses Development

(SAR mn)



## Cost of Revenues Development

(SAR mn)



# Balance Sheet Highlights

Solid balance sheet, marked by a significant cash reserve and a more efficient cash conversion cycle

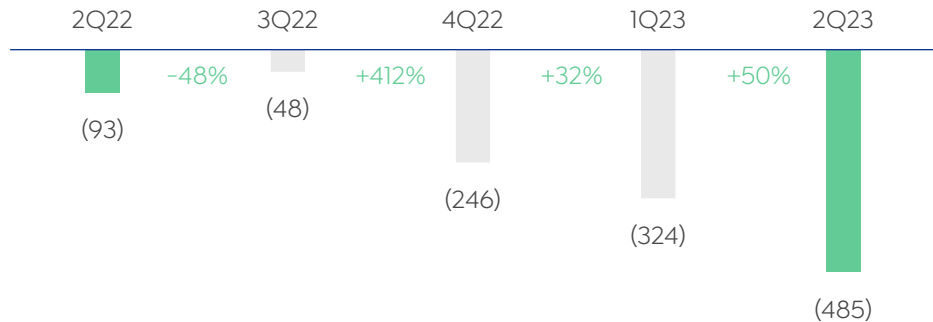


## Balance Sheet Highlights

SAR mn	2Q2023	4Q2022	Δ%	2Q2022	Δ%
Total Non-Current Assets	757	657	+15%	664	+14%
Total Current Assets	1,102	1,056	+4%	923	+19%
<b>Total Assets</b>	<b>1,859</b>	<b>1,713</b>	<b>+9%</b>	<b>1,586</b>	<b>+17%</b>
<b>Total Shareholders' Equity</b>	<b>1,323</b>	<b>1,264</b>	<b>+5%</b>	<b>1,151</b>	<b>+15%</b>
Total Non-Current Liabilities	192	163	+17%	182	+5%
Total Current Liabilities	345	286	+21%	253	+36%
<b>Total Liabilities</b>	<b>536</b>	<b>449</b>	<b>+19%</b>	<b>435</b>	<b>+23%</b>
Cash & cash equivalents	602	329	+83%	182	+231%
Net Debt	(485)	(246)	+97%	(93)	+422%

## Net Debt Trend

(SAR mn)



## Cash Conversion Cycle<sup>1</sup> Trend

(Days)



<sup>1</sup> Based on LTM (trailing) indicators.

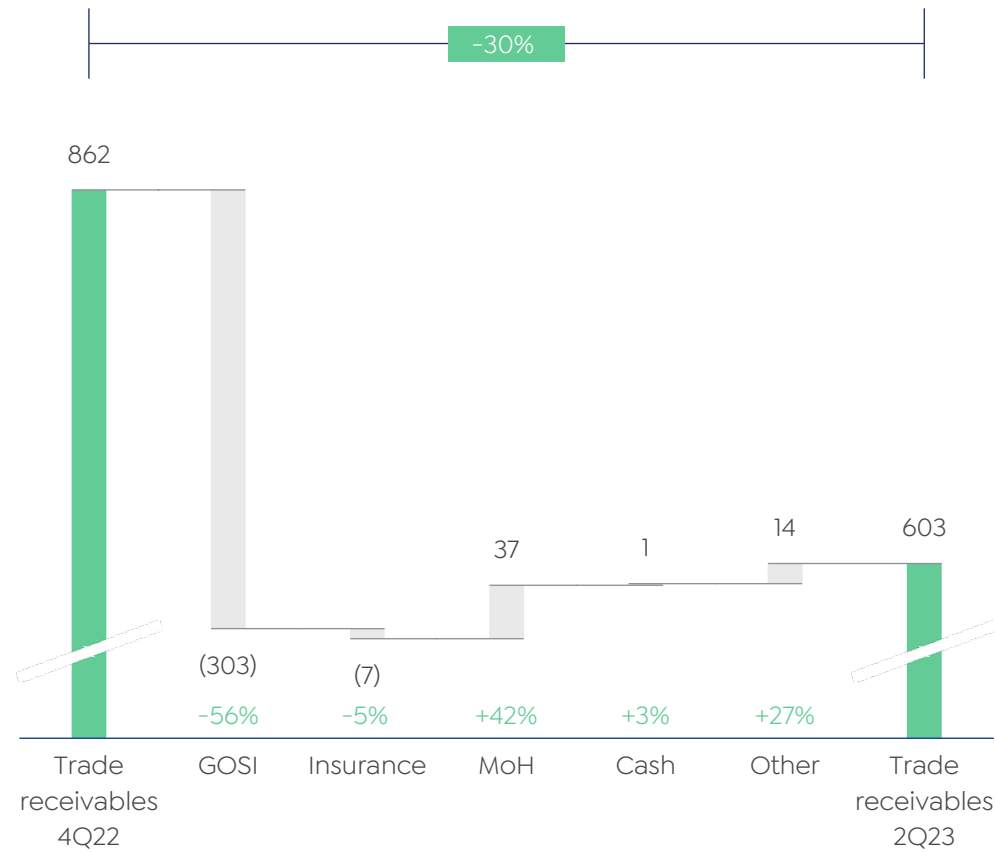
# Receivables Management

Better receivables management through the efficient clearance of GOSI's collections backlog



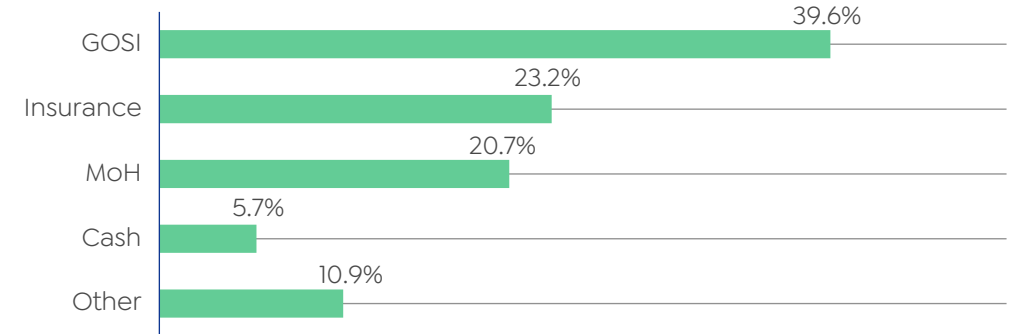
## Trade Receivables<sup>1</sup> Development

(SAR mn)



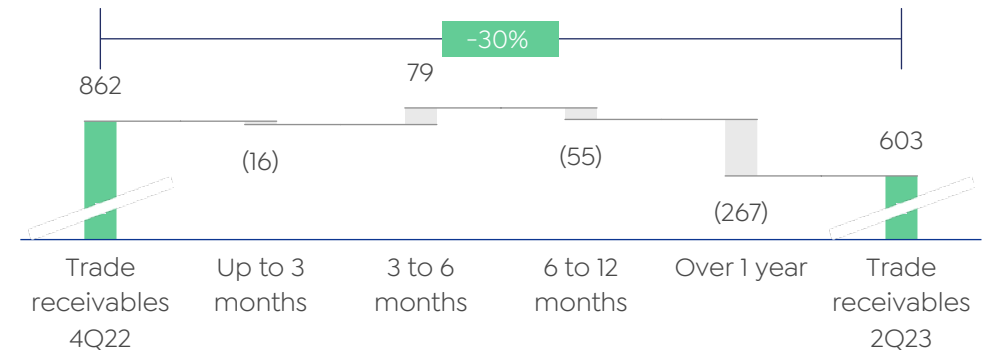
## Trade Receivables<sup>1</sup> Structure (end of 2Q 2023)

(SAR mn)



## Trade Receivables<sup>1</sup> Aging (end of 2Q 2023)

(SAR mn)



<sup>1</sup> Based on Gross Trade Receivables

# Cash Flow Highlights

Cash flow from operations supported by stronger results and improvement in working capital

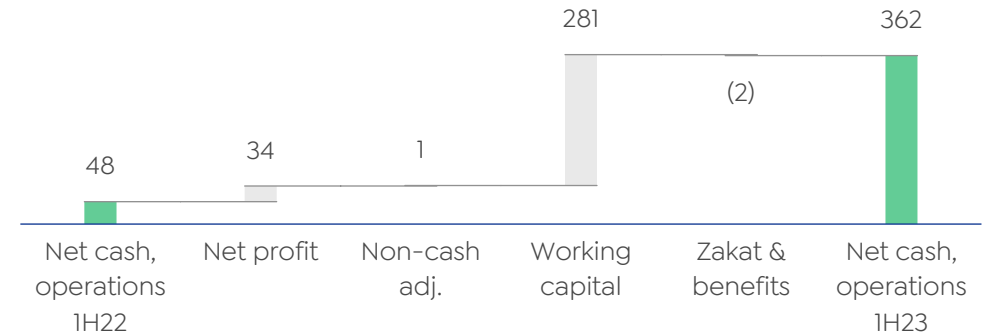


## Cash Flow Highlights

SAR mn	2Q2023	2Q2022	Δ%	1H2023	1H2022	Δ%
<b>Net Profit before zakat</b>	<b>57</b>	<b>50</b>	<b>+14%</b>	<b>121</b>	<b>87</b>	<b>+39%</b>
Non-cash adjustments	18	14	+27%	36	35	+3%
Working capital changes	214	78	+175%	226	(55)	NA
Zakat and end-of-service benefits	(17)	(15)	+16%	(21)	(19)	+10%
<b>Net cash, operations</b>	<b>272</b>	<b>127</b>	<b>+114%</b>	<b>362</b>	<b>48</b>	<b>+654%</b>
Capex	(13)	(189)	-93%	(25)	(196)	-87%
<b>Net cash, investing activities</b>	<b>(32)</b>	<b>(189)</b>	<b>-83%</b>	<b>(44)</b>	<b>(196)</b>	<b>-77%</b>
<b>Net cash, financing activities</b>	<b>(45)</b>	<b>(45)</b>	<b>+0%</b>	<b>(45)</b>	<b>(45)</b>	<b>+0%</b>
<b>Net changes in cash</b>	<b>195</b>	<b>(107)</b>	<b>NA</b>	<b>273</b>	<b>(193)</b>	<b>NA</b>

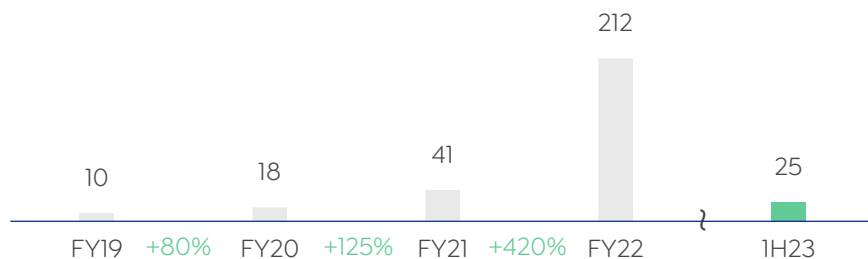
## Cash Flow From Operations Development

(SAR mn)



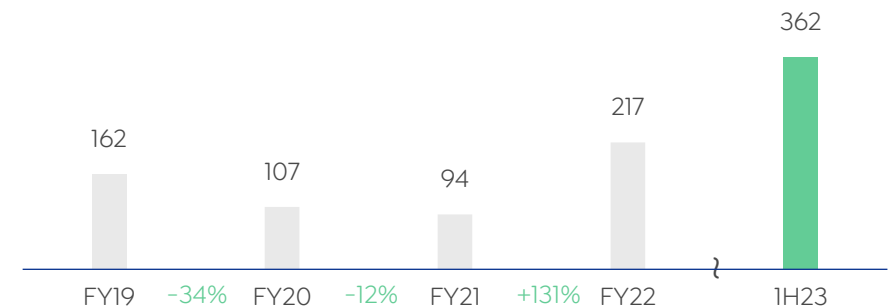
## Capex Trend

(SAR mn)



## Cash Flow From Operations Trend

(SAR mn)







# Q&A Session





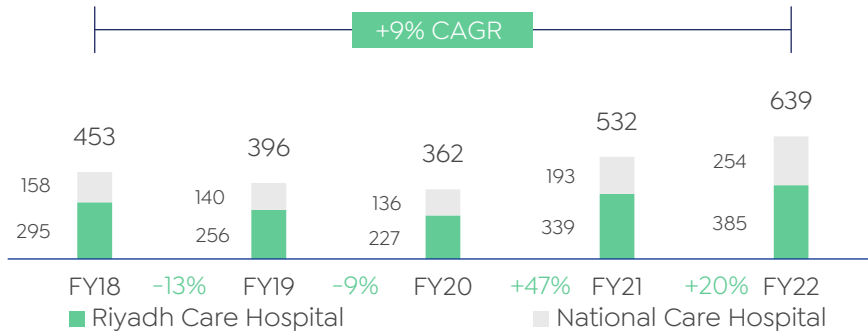
# Appendix

# Operating Performance Overview (1/2)



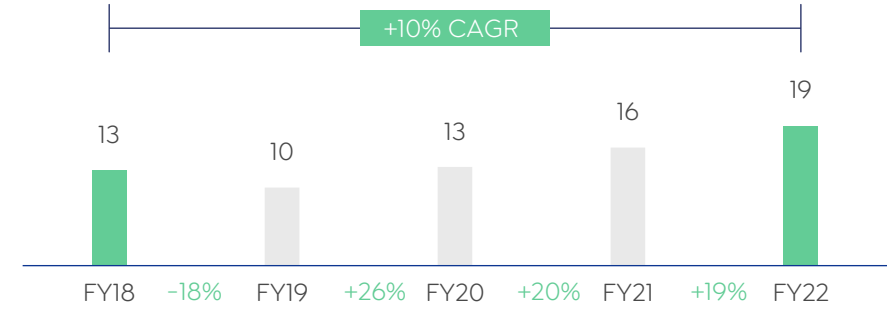
## Total Patients Trend

(Thousand patients)



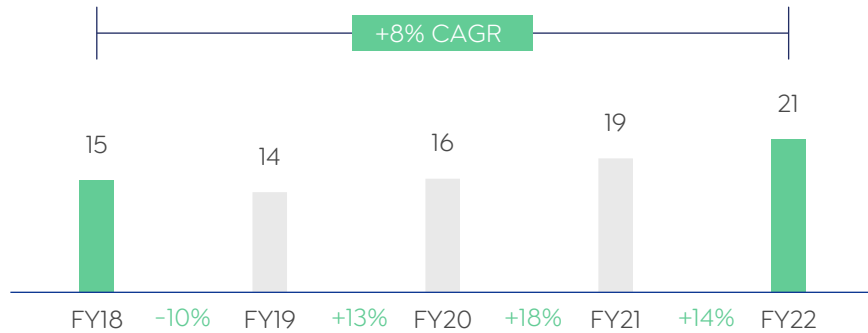
## Surgeries Trend

(Thousand surgeries)



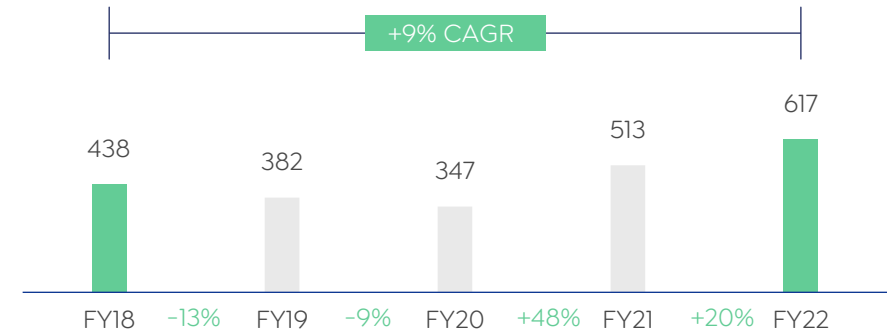
## Inpatients Admissions Trend

(Thousand admissions)



## Outpatient Visits Trend

(Thousand outpatient visits)

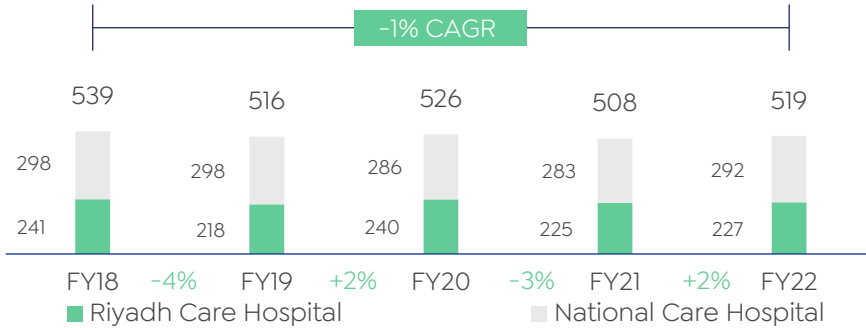


# Operating Performance Overview (2/2)



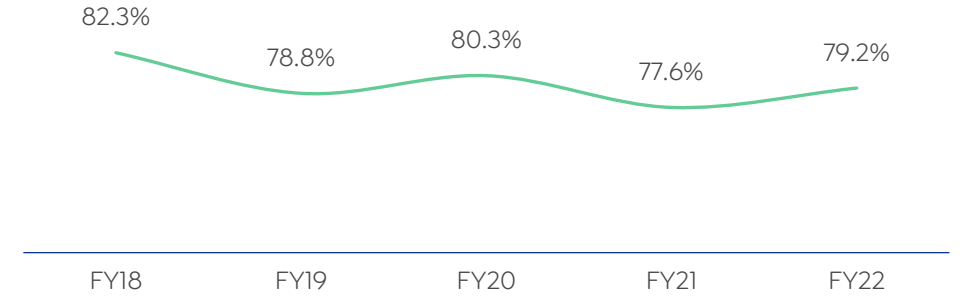
## Occupied Beds Trend

(Occupied beds)



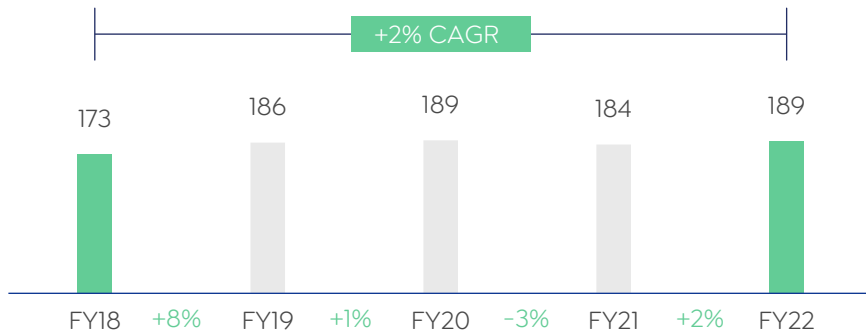
## Bed Occupancy Trend

(%)



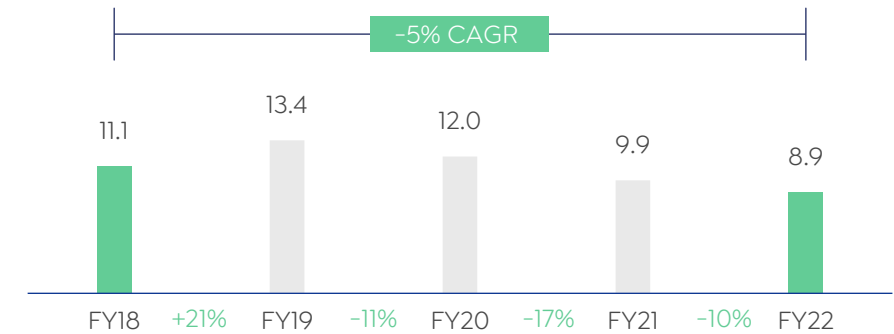
## Inpatient Days Trend

(Thousand inpatient days)



## Average Length of Stay Trend

(Days per stay)

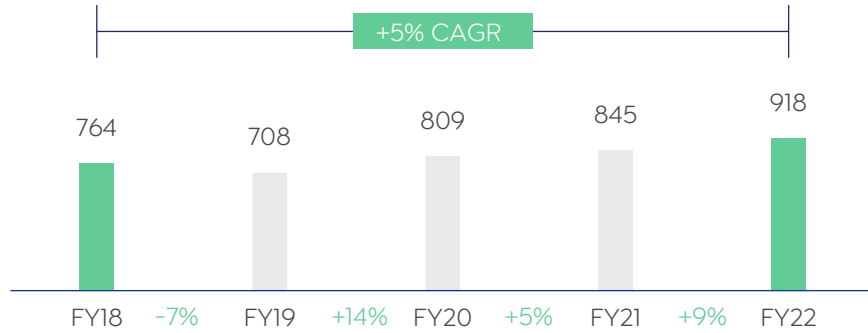


# Financial Performance Overview



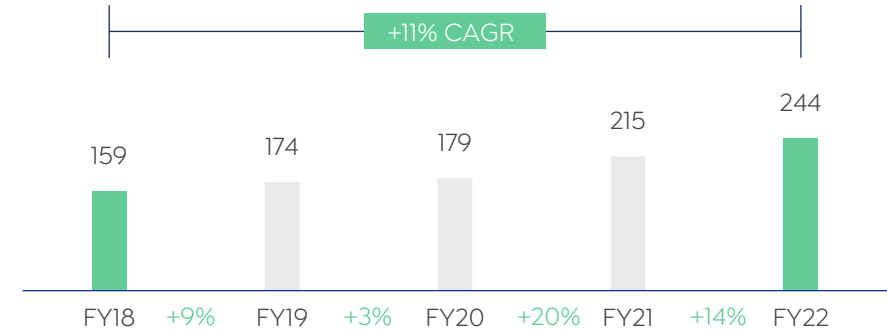
## Total Revenue Trend

(SAR mn)



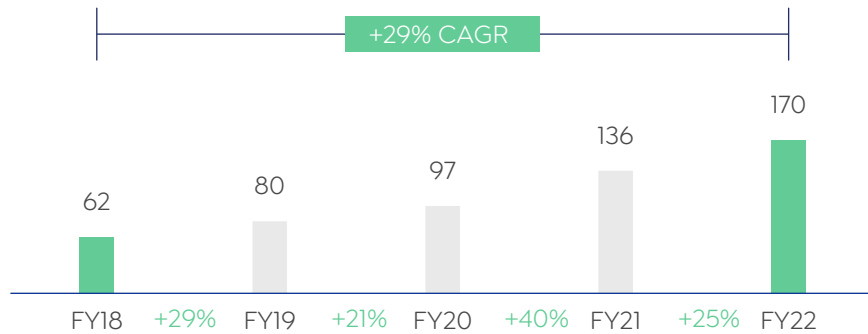
## EBITDA Trend

(SAR mn)



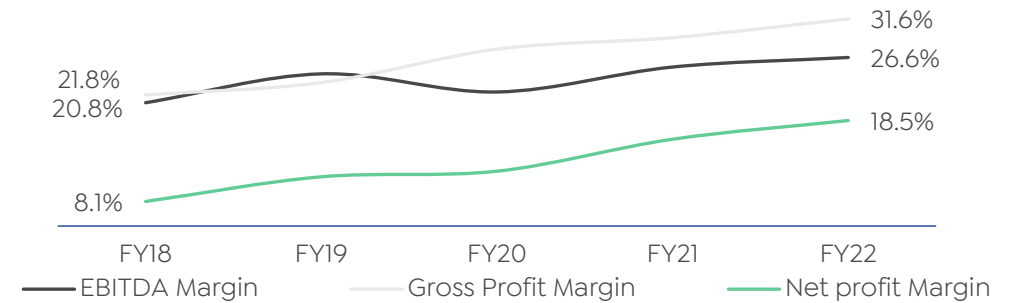
## Net Profit Trend

(SAR mn)



## Margins Trend

(%)





# Contacts

## Institutional investor contact

Care Investor Relations

Care.IR@care.med.sa

+966-11-493-1881 ext. 123 & 135

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