



NATIONAL MEDICAL CARE CO.

# Investor Relations (IR) H1 2019 CARE Performance Update

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الشركة الوطنية للرعاية الطبية

# Disclaimer

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Unless otherwise specified all information is for the quarter ended June 2019.



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# CARE has achieved significant milestones since inception which now includes 2 flagship hospitals and a state-of-the-art healthcare center

2013 Year listed	764m* Net Revenue
327m Dividends**	62.2m* Net Profit



National Medical Care Co.

2013

~2.8K Total Staff	2 Hospitals
655 Total Beds	1 Polyclinic



Care National Hospital (CNH)

1967



Riyadh Care Hospital (RCH)

1991



Family HealthCare Center (FHCC)

2017

\* Data for FY 2018

\*\* Cumulative dividends since 2013

# CARE's core assets constitute a strong platform that will enable significant growth



## Description

- Established in 1967 as the first private hospital in Riyadh with 47 clinics as of June 2019

- Established in 1991 with 85 clinics as of June 2019

- Operations at the clinic began in 2017 with a focus on elective treatments and dental services

## Operational Statistics (1H 2018 & 2019)

- 330 beds, 129 beds being licensed
- OPD + ER visits – 2018: 78,340 2019: 67,352
- Inpatient – 2018: 3,447 2019: 2,741
- ALOS – 2018: 14.9 Overall 5.1 acute 2019: 17.5 overall 4.5 acute



- 325 beds
- OPD + ER visits – 2018: 144,218 2019: 124,769
- Inpatient – 2018: 4,787 2019: 3,938
- ALOS – 2018: 10.1 overall 3.4 acute & 2019: 10.7 overall 3.6 acute

- 8 clinics and Dermatology unit
- 9 physicians

## Occupancy

Occupancy rate in H1 2019 was ~80% on average across both hospitals

## Accreditations

-  Saudi Central Board For Accreditation of Health Care Institutions (CBAHI)
-  Joint Commission International (JCI) Accreditation

# CARE has embarked on a focused expansion strategy since 2013

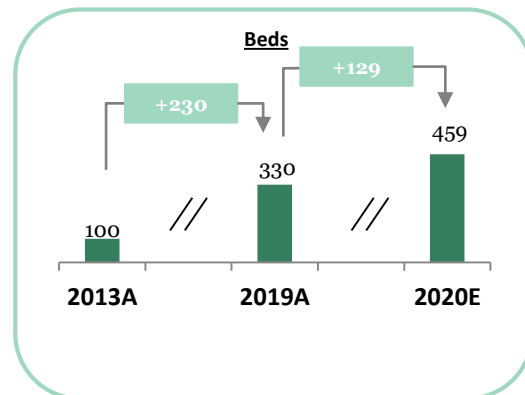
CNH

Bed expansion

## Description

- Underwent an expansion project prior to 2012 to increase bed capacity to 330 from the original 100 beds
- Licensing is underway to reach expected capacity of 459 beds by 2020
- Focusing on moving long-term patients from the National Guard contract to CNH's new wing along with a focus on GOSI patients

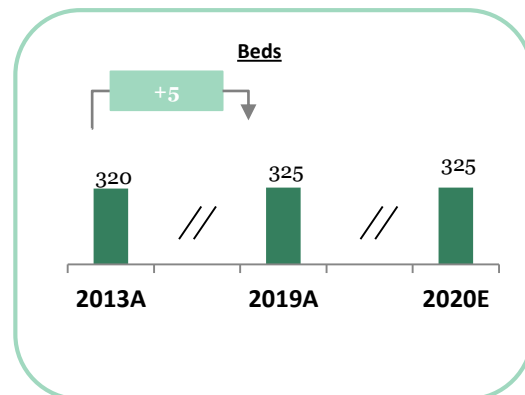
## KPIs



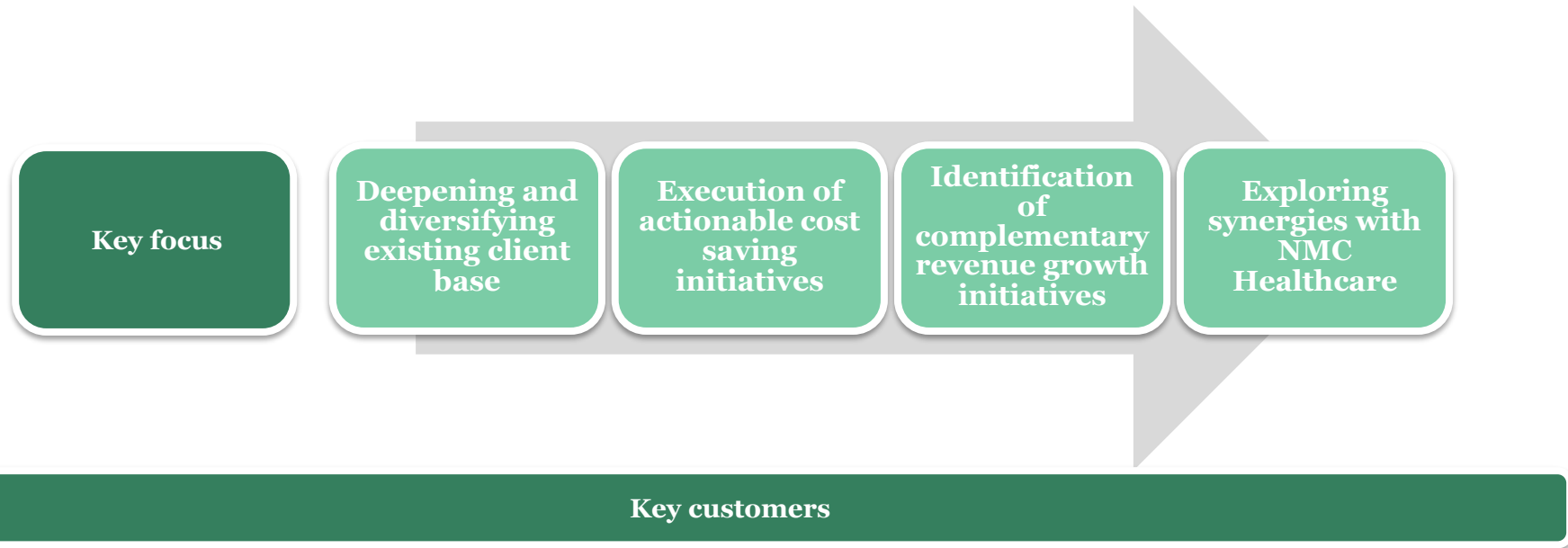
RCH

Bed expansion

- No plans to expand bed capacity. RCH can accommodate up to 400 beds with facility modifications
- Ongoing efforts to improve patient experience and patient journey.
- Become a preferred service provider.
- Focus on growing pediatrics, obstetrics, neonatology and general surgery



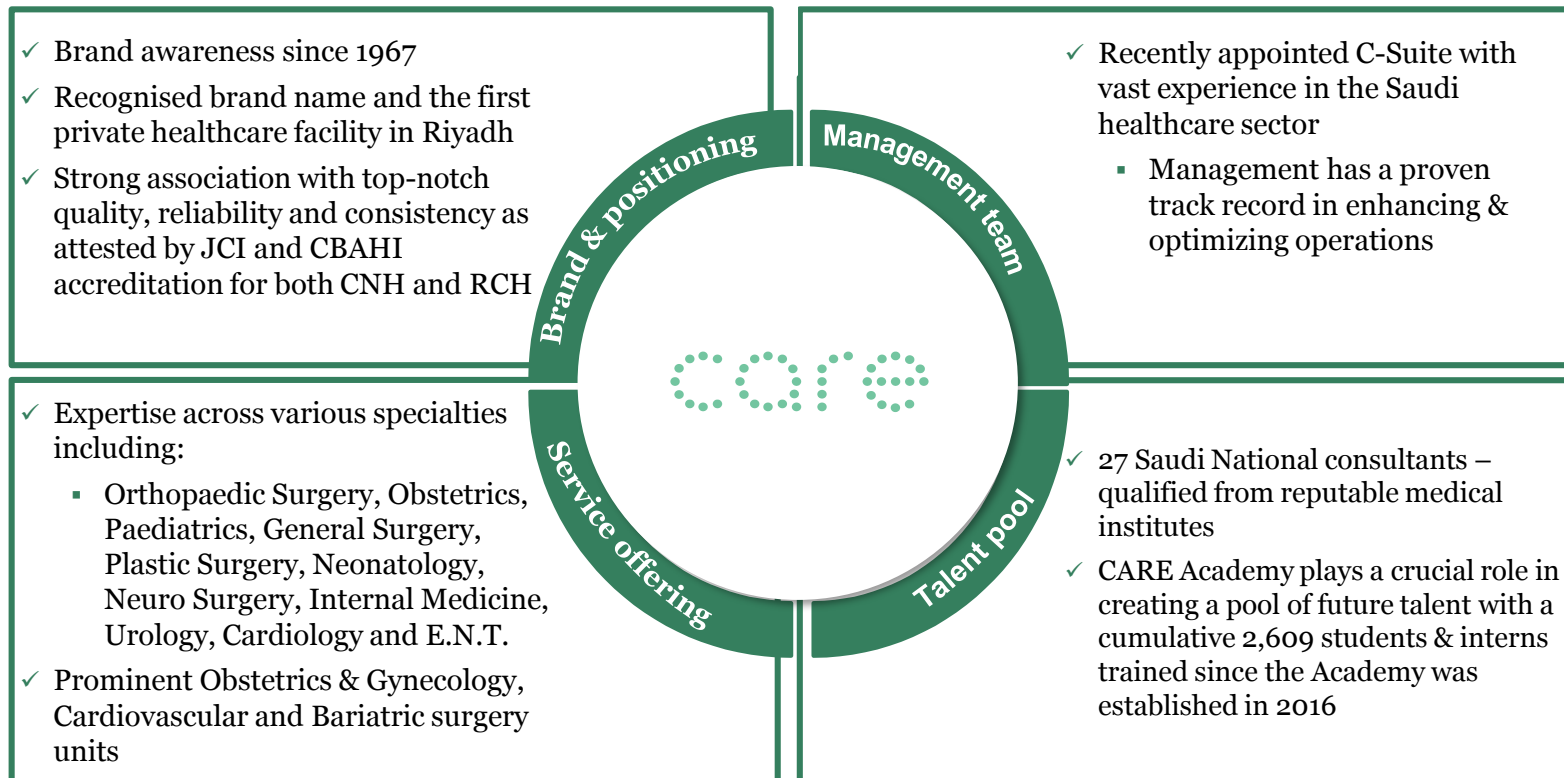
# CARE management has identified following key focus areas for future growth supported by long-standing relationships with our key customers





# CARE's strengths come from longstanding market and brand positioning, qualified leadership, service offering and top talent

## CARE exists to humanize the healthcare industry



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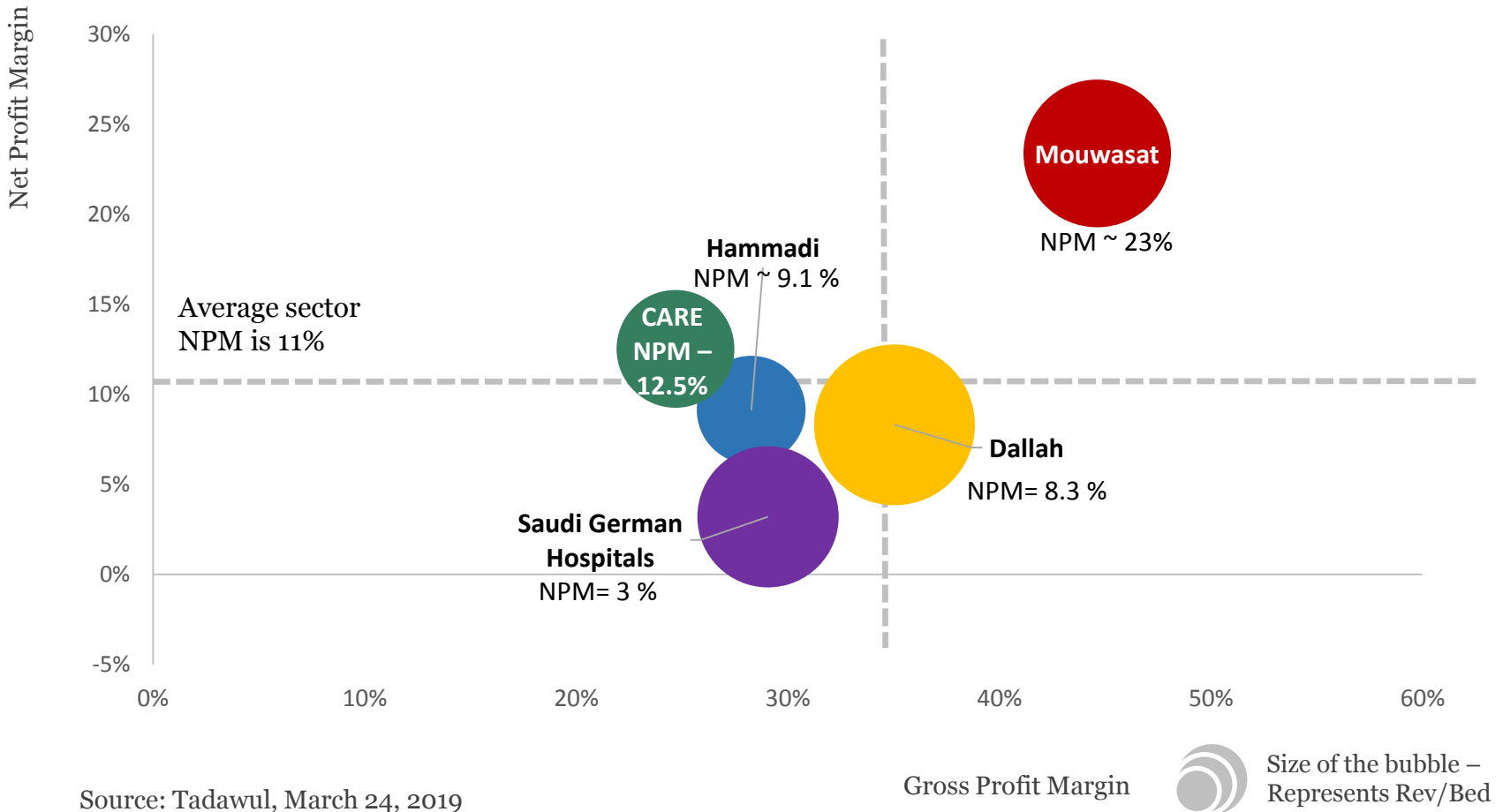
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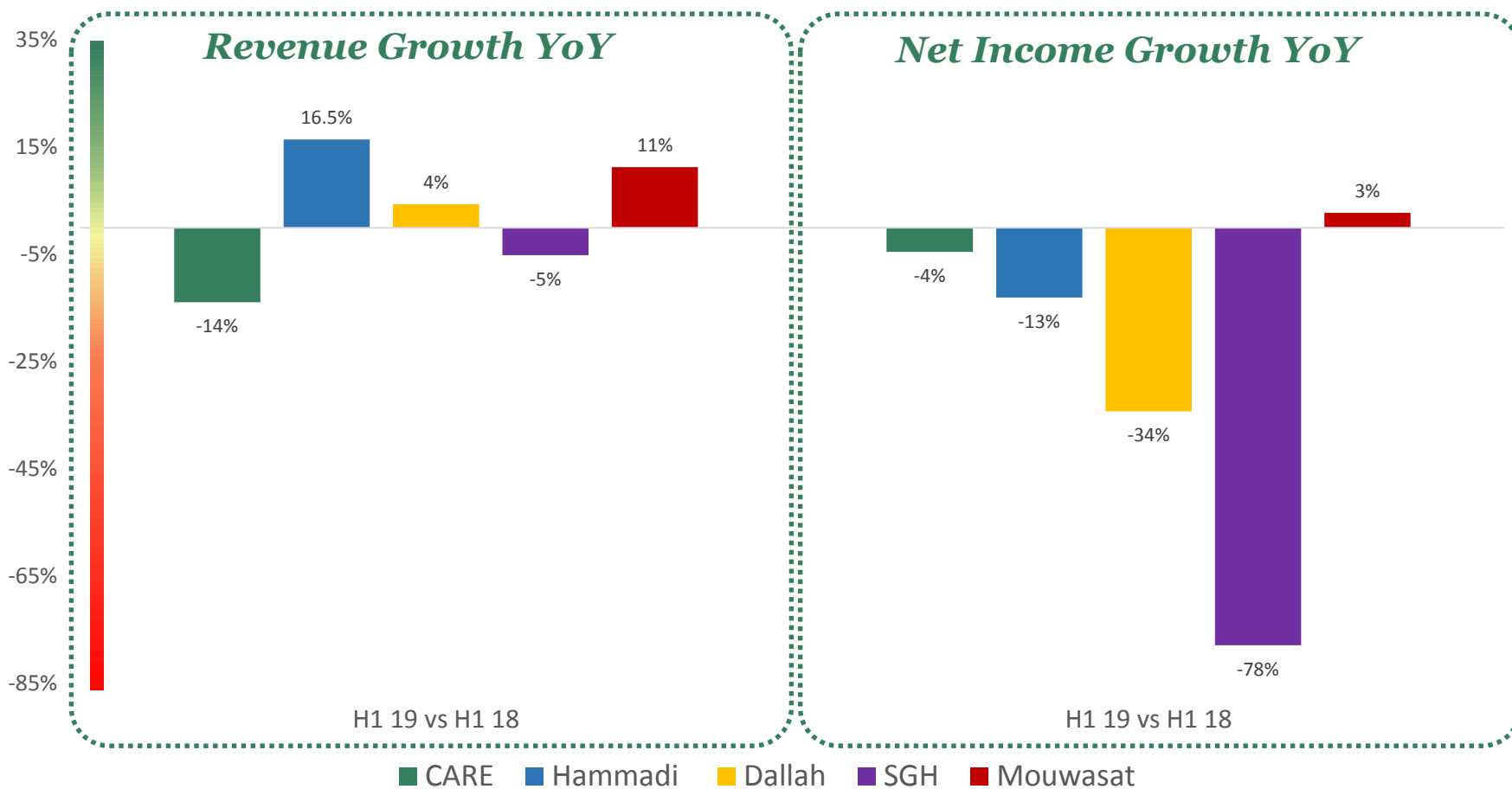
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**In H1 2019, the average healthcare sector net profit margin declined to ~11% down ~6 ppt from ~17% in H1 2018. CARE's 12.5% NPM was only surpassed by Mouwasat. Our revenue per bed remained ~30% lower than average. This is mainly due to the large number of LTC patients and the drop in operations. We remain focused on improving utilization of existing bed capacity by attracting patients with shorter ALOS**

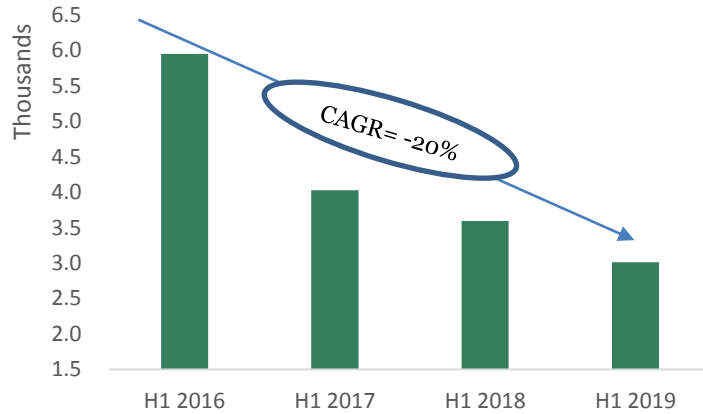


Despite performing below the sector in terms of revenue growth YoY in H1 2019, we experienced ~4% net income decline compared to an average decline of ~31% for our peer group. This reflects the continuing impact of management initiatives aimed at right sizing and right costing initiated in 2017

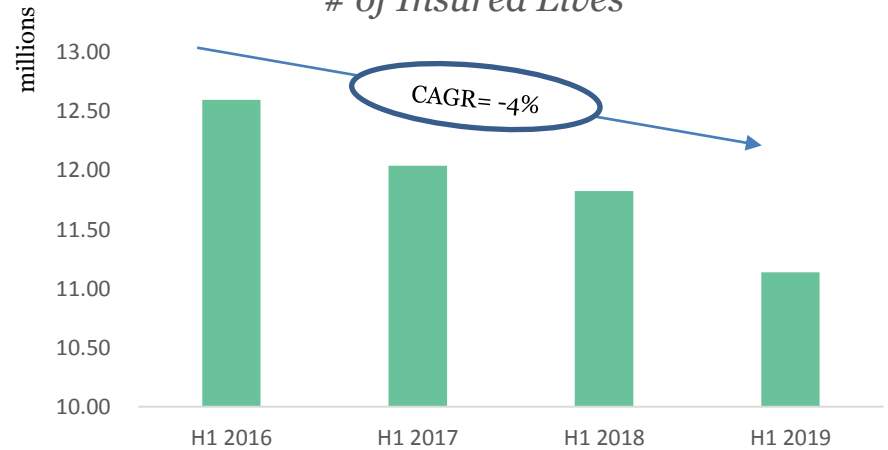


**Healthcare providers in Saudi Arabia witnessed declines in visits as the number of insured lives experienced ~4% annual declines since H1 2016. CARE additionally experienced declines due to the drop in injuries reported by GOSI as the number of mega infrastructure projects in Riyadh declined. Furthermore, the additional private bed capacity increased competition**

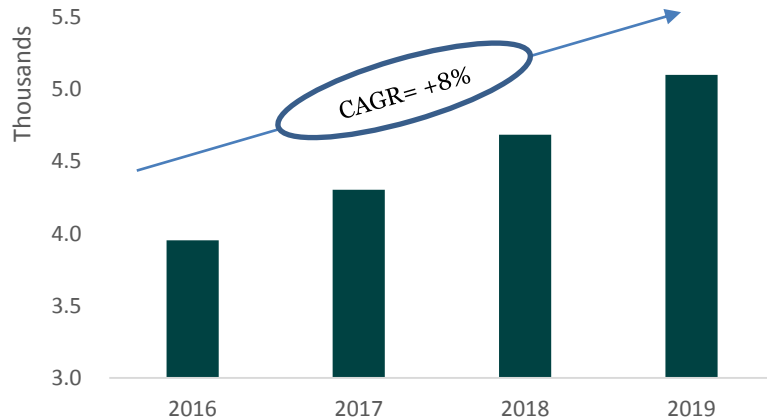
*# of Riyadh GOSI Injuries*



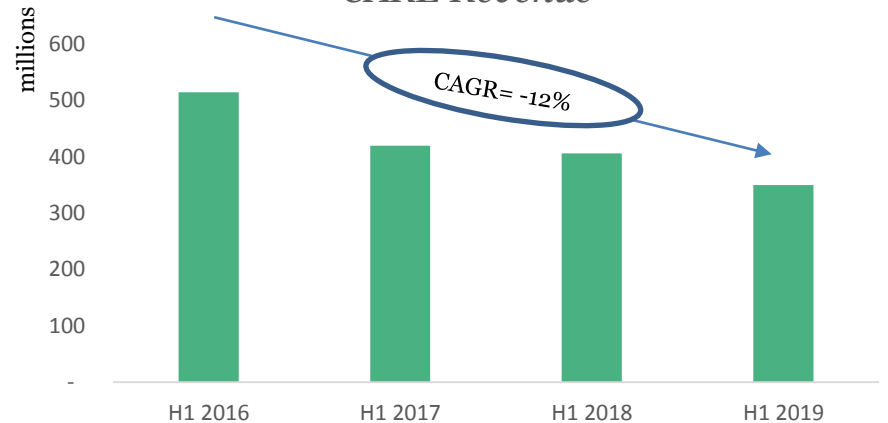
*# of Insured Lives*



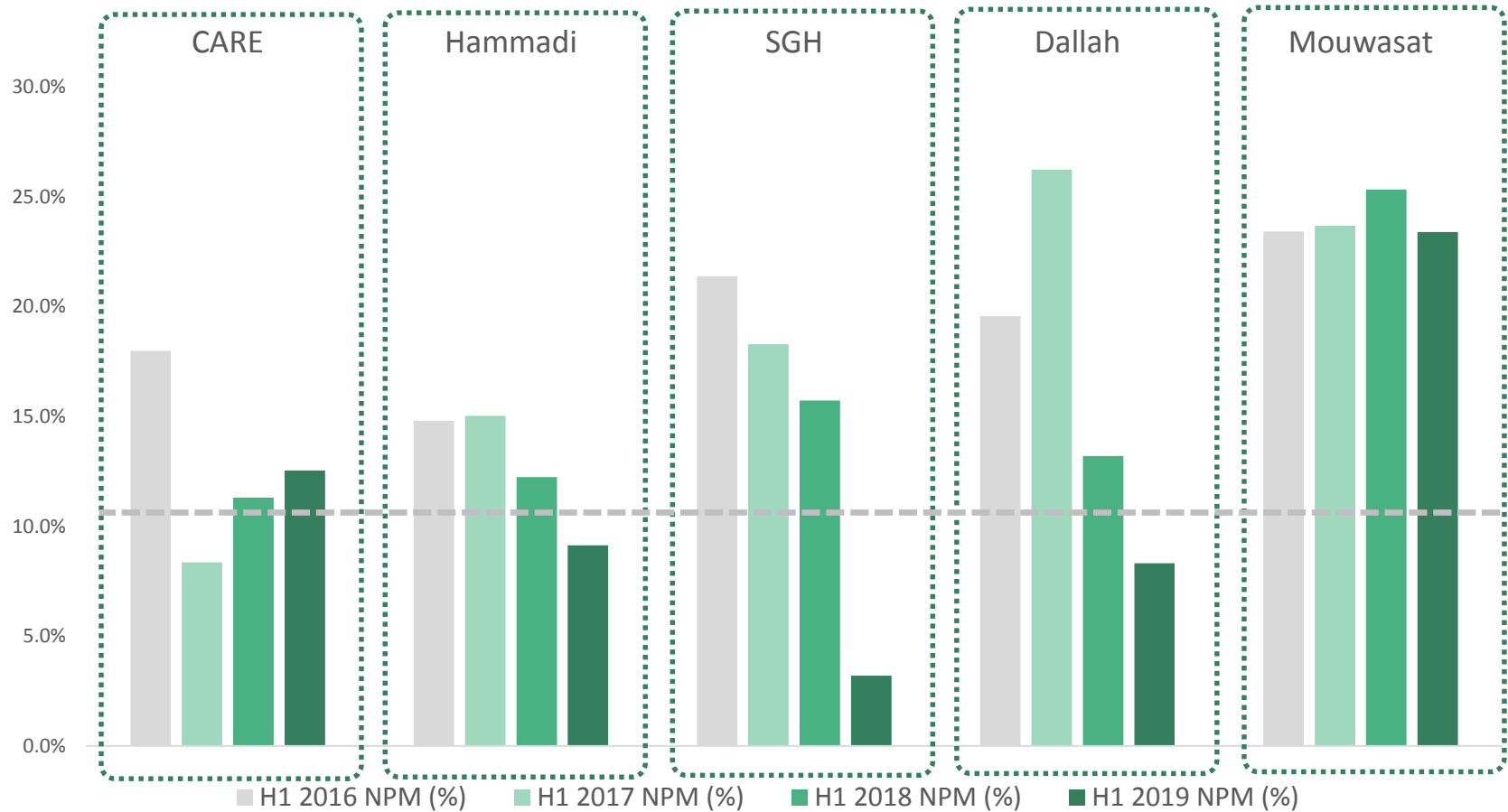
*Riyadh Private Bed Capacity*



*CARE Revenue*



**Despite revenue declines at CARE, our net profit margin growth was the sector leader since H1 2017 growing by ~49% while average sector NPMs declined by ~47%. This can be attributed to management's focus on optimizing operational efficiency which we hope will continue to drive future growth in margins**



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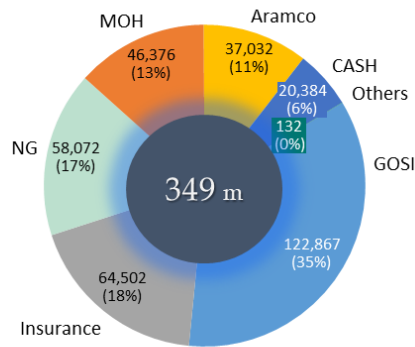
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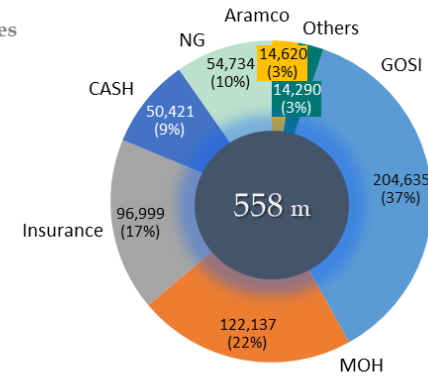
# Care H1 Performance Summary

YTD Revenue vs Last Year	SR 349.4 M ▼ 13.9%	YTD EBTDA vs Last Year	SR 91.3 M ▲ 0.8%	YTD Cost vs Last Year	SR 303.5 M ▼ 14.2%	YTD Net Income vs Last Year	SR 43.8 M ▼ 4.5%	Rejection Exp vs Last Year	SR 18.7 M ▲ 2.3%
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## Key Customers



## Gross Receivables



Ave. Revenue/bed vs Last Year	667 ▼ 10.8%	Ave. Collection Period vs Last Year	196 ▼ 18.7%	EBIT margin vs Last Year	16.1% ▲ 2.2 ppt	EBITDA Margin vs Last Year	26.1% ▲ 3.8 ppt	EBIT vs Last Year	SR 56.3 M 0.0%
Ave. Cost/bed vs Last Year	502 ▼ 10.5%	EPS vs Last Year	0.98 ▼ 4.5%	Net profit Margin vs Last Year	12.5% ▲ 1.2 ppt	Cash vs Last Year	SR 334 M ▲ 108%	Operating cash flow vs Last Year	SR 50.0 M ▼ 55%



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# Q&A session

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