



**Al Hammadi  
Holding**

Al Hammadi Holding

# **Investor Presentation**

**1H 2023**



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# About Al Hammadi Holding

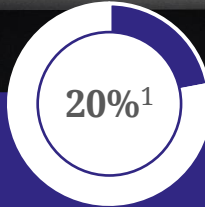
# Al Hammadi is an integrated healthcare company and premier hospital operator providing world-class healthcare services to hundreds of thousands of local and foreign residents...

## An Integrated Healthcare Company



### 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.



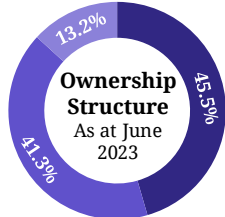
### Pharmaceuticals

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.

<b>600</b>	Inpatient Rooms	<b>26</b>	Operating Rooms	<b>200</b>	Outpatient Clinics
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<b>2</b>	In-hospital Pharmacies	<b>5</b>	Retail and Online Stores Planned for 2024
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### Our Accreditations

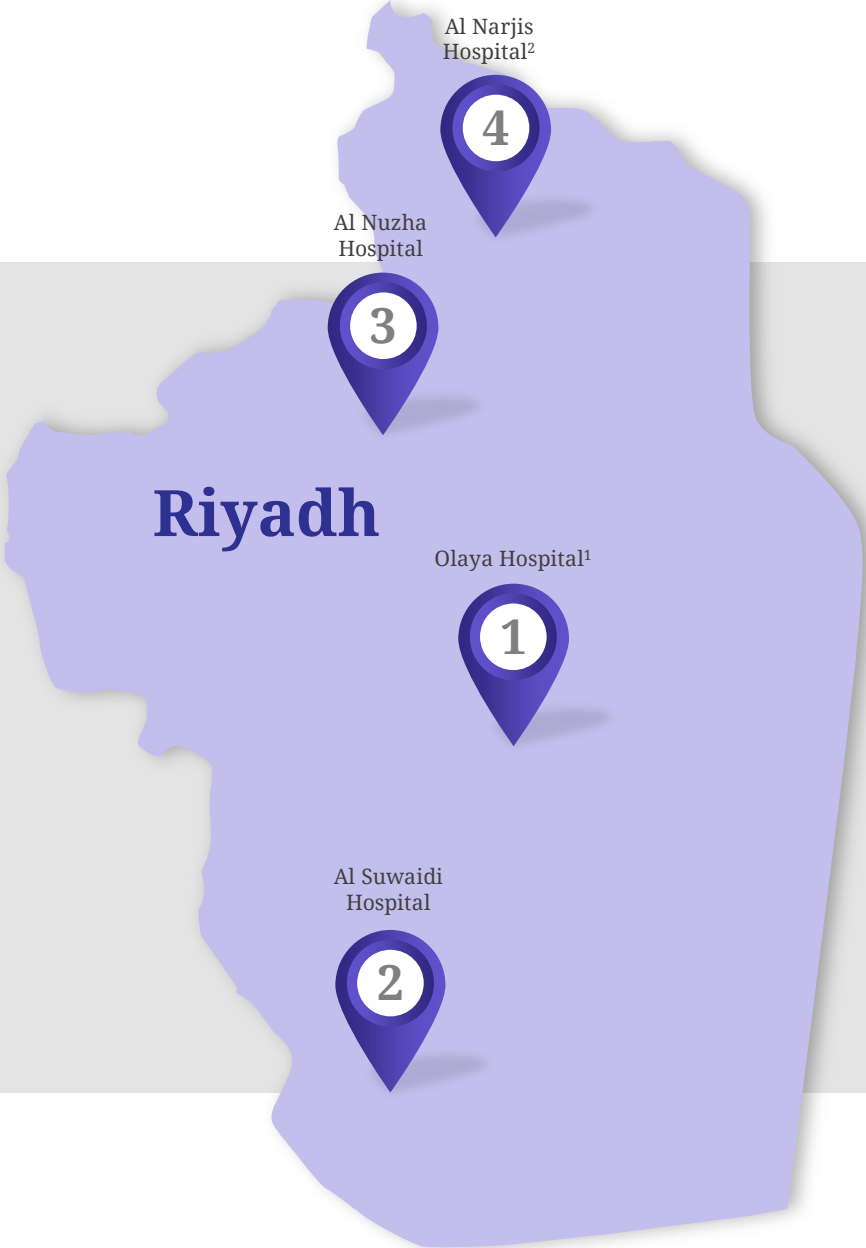


<sup>1</sup>Share of 1H 2023 consolidated revenues.

# 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

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.

### Patient Class Mix 2022

<b>300</b> Inpatient Rooms	<b>120</b> Outpatient Clinics	<b>13</b> Operating Rooms
-------------------------------	----------------------------------	------------------------------

Specializations		Additional Services
Cardiology	Endocrinology	In-house pharmacy services
Orthopedics	Bariatric Surgery	<b>139.2 k</b> Mobile Services Users in 2022 (+ 153% y-o-y)

## Al Suwaidi Hospital

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.

### Patient Class Mix 2022

<b>300</b> Inpatient Rooms	<b>80</b> Outpatient Clinics	<b>13</b> Operating Rooms
-------------------------------	---------------------------------	------------------------------

Specializations		Additional Services
Cardiology	Dermatology	In-house pharmacy services
Pediatrics	Obstetrics and Gynecology	<b>47.0 k</b> Mobile Services Users in 2022 (+ 177% y-o-y)

# 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

**Al Suwaidi Hospital**

*Al Hammadi is looking to leverage Al Suwaidi's spare capacity to attract additional patients who currently choose cheaper healthcare alternatives in the area with new discounted packages.*

140
Non-operating Rooms
40 <sup>1</sup>
New Clinics

**Olaya Hospital**

*Originally launched in 1985, Olaya is Al Hammadi's first hospital consistently delivering high-quality services until its temporary closure in 2021. Following the completion of the planned renovations, the hospital will house two new centers of excellence, with specializations in sports medicine and oncology.*

200
New Rooms
120
New Clinics
2
Centers of Excellence

**Al Narjis Hospital**

*The Group plans to open its fourth portfolio hospital in 2028, located in the Al Narjis area of Riyadh, and housing two centers of excellence focused on rehabilitation and plastic surgery.*

200
New Rooms
120
New Clinics
2
Centers of Excellence

<sup>1</sup>20 clinics to be launched in Q4 2023 and 20 clinics to be launched in 2024 for a total of 120 operating clinics by 2024

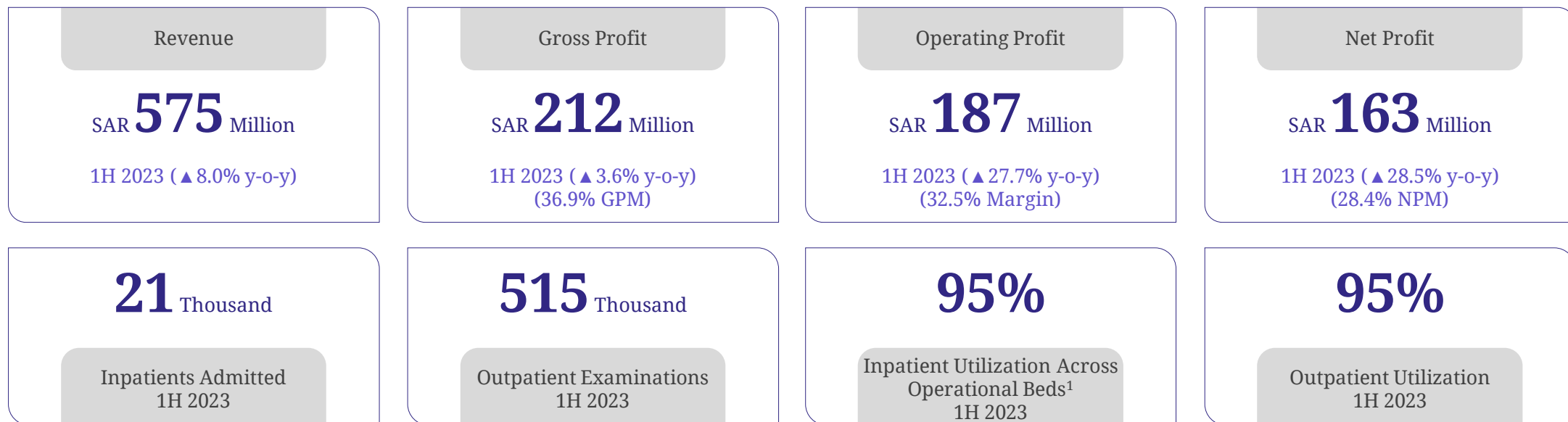


# 1H 2023 Results Overview

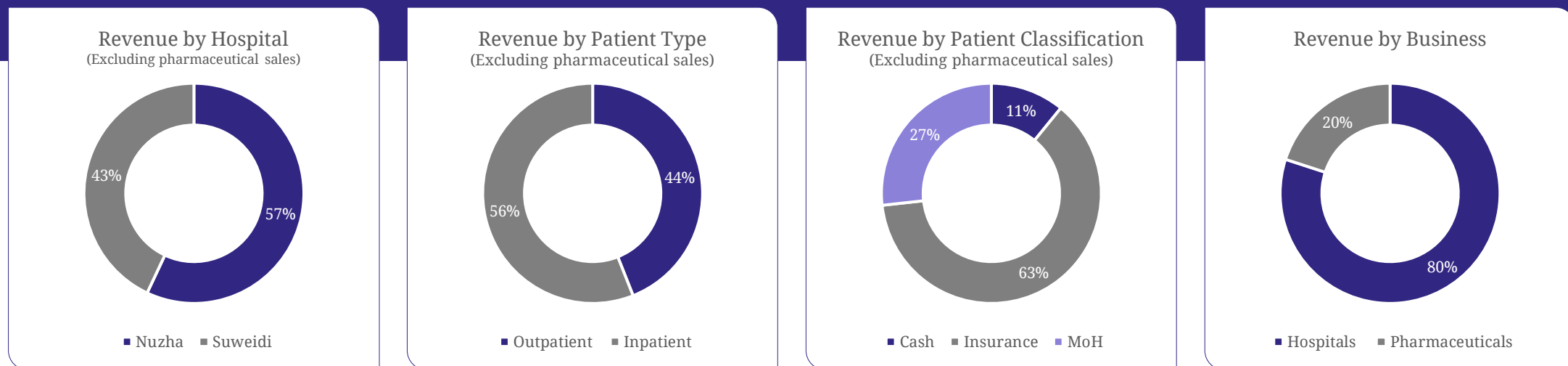


# 1H 2023 Results Snapshot

Al Hammadi built on a strong start to the year to deliver solid growth in 1H 2023. Year-on-year growth in the six-month period comes despite the expected slowdown in Q2 2023 as Ramadan and Eid vacations weighed on patient volumes.



## Revenue Contribution Breakup

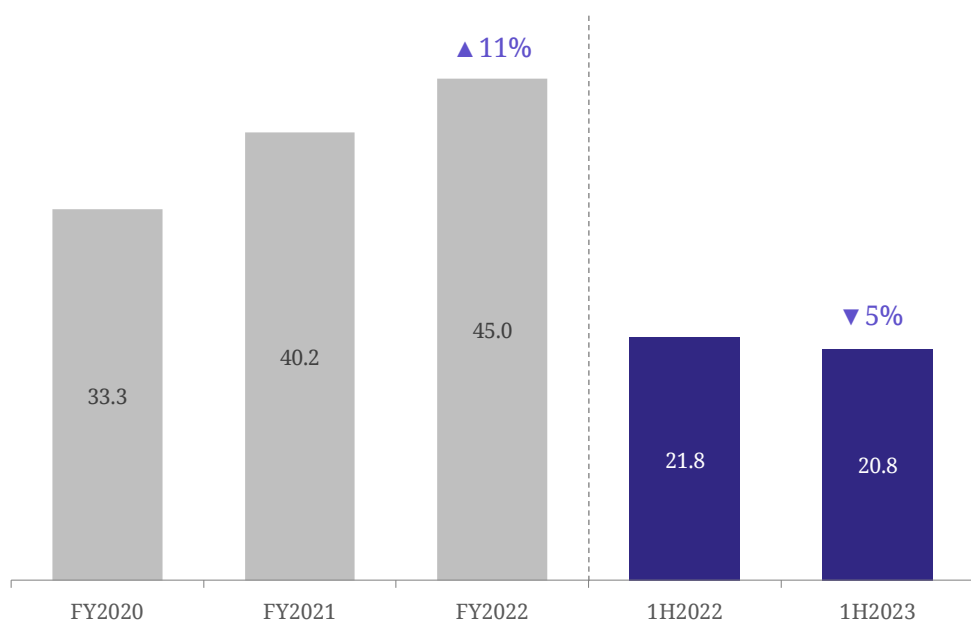


<sup>1</sup>Inpatient utilization rates in 1H 2023 across all beds (operational and non-operational) stood at 75%.

# 1H 2023 Operational Review

Patient volumes across both segments declined marginally year-on-year reflecting the expected seasonal decline associated with the holy month of Ramadan and the Eid vacations which impacted results for April and June.

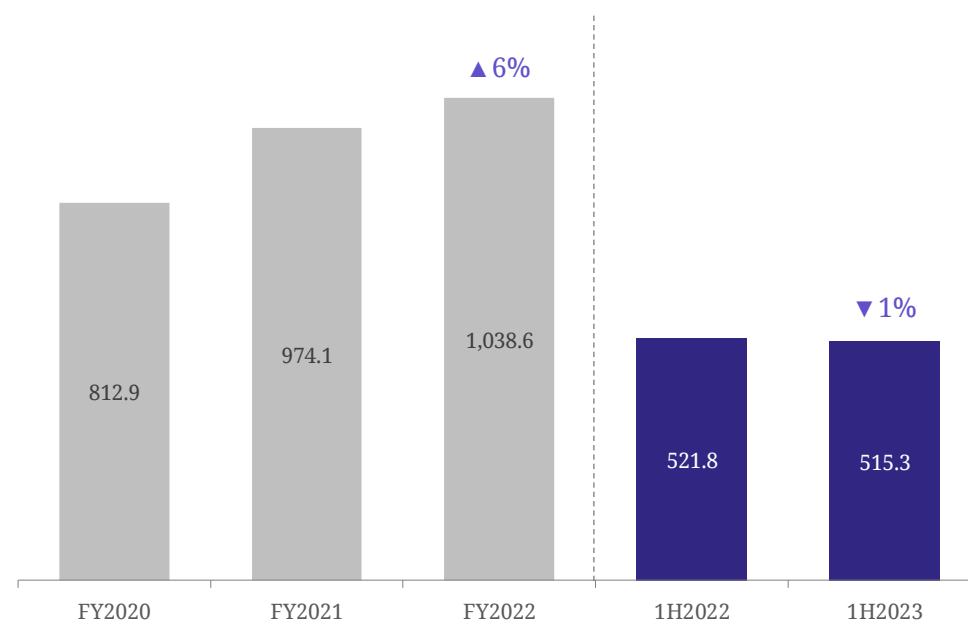
**Inpatient Admissions | '000**



On a Group level, Al Hammadi recorded inpatient admissions of 20,753 during the first half of the year, representing a 5% y-o-y decline wholly driven by the expected seasonal slowdown in Q2 2023. Al Nuzha hospital contributed 62% of total inpatient admissions in 1H 2023 (vs. 58% during 1H 2022) and Al Suwaidi hospital accounted for the remaining 38% (vs. 42% during 1H 2022).

On a quarterly basis, inpatient admissions declined 21% compared to Q2 2022 and 23% compared to Q1 2023. During the second quarter, inpatient volumes were weighed down by the holy month of Ramadan and Eid vacations which took place throughout the month of April and the second half of June.

**Outpatient Examinations | '000**



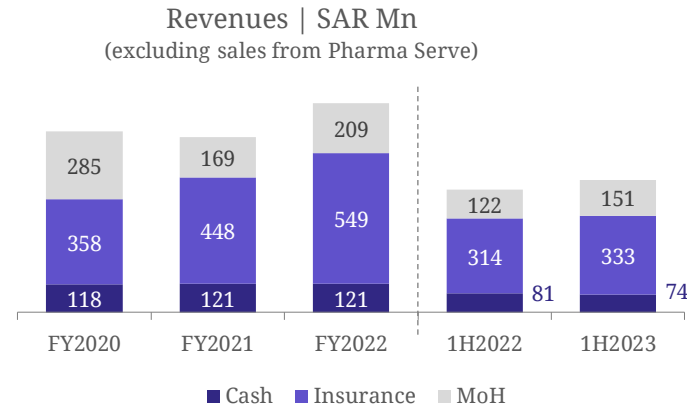
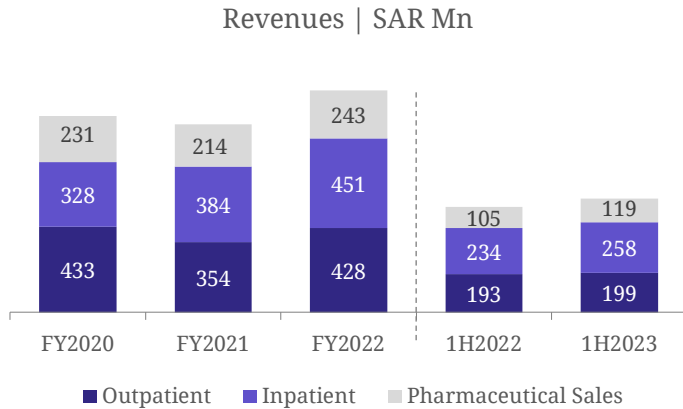
Al Hammadi recorded outpatient visits amounting to 515,317 during 1H 2023, down just 1% compared to the first six months of last year on the back of an expected seasonal decline in Q2 2022. The Company's Al Nuzha hospital accounted for 64% of all outpatient examinations in 1H 2023, in line with last year's figure. Al Suwaidi hospital contributed the remaining 36% of total outpatient visits for the six-month period (unchanged versus 1H 2022). **Outpatient volumes growth is set to accelerate through the second half of 2023 and into 2024 as new capacity expansions are successfully launched and ramped up.**

In the second quarter of 2023, outpatient visits declined 8% y-o-y and 11% q-o-q, as traffic was weighed down by multiple holidays during the quarter.

# 1H 2023 Consolidated Financial Performance (I/II)

Top-line growth for the six-month period was supported by a strong first quarter of the year which helped offset a slower second quarter.

## Revenues maintain growth trend, with insurance proportion of overall revenues increasing



Average Revenue per Inpatient

**SAR 12,417**

(1H 2023)

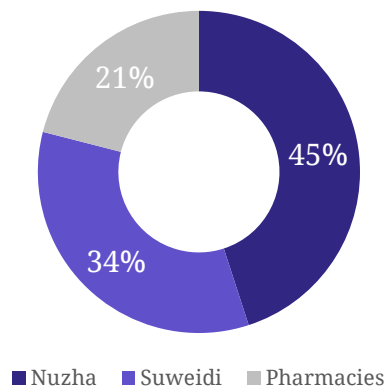
Average Revenue per Outpatient Visit

**SAR 386**

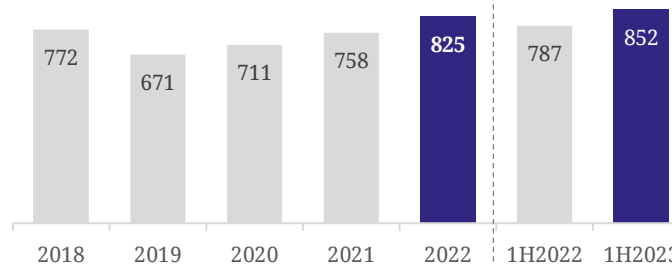
(1H 2023)

## Revenue growth driven by Al Hammadi's revenue diversification and service mix optimization strategy which is supporting a steady rise in revenue per patient

Revenue Contribution (1H 2023)



Revenue per Patient | SAR



Average Revenue per Pharmacy Visit

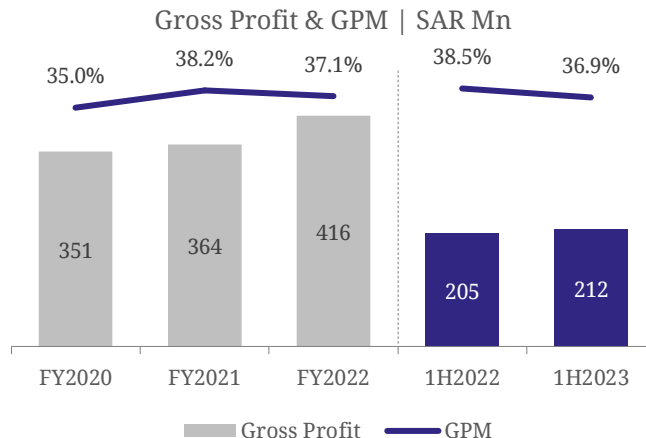
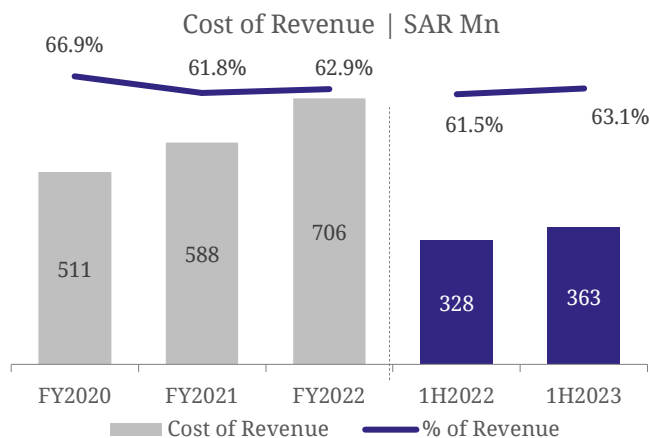
**SAR 146**

(1H 2023)

# 1H 2023 Consolidated Financial Performance (II/II)

Al Hammadi recorded improvements at all levels of profitability in the first six months of 2023 as top-line growth filtered down the income statement.

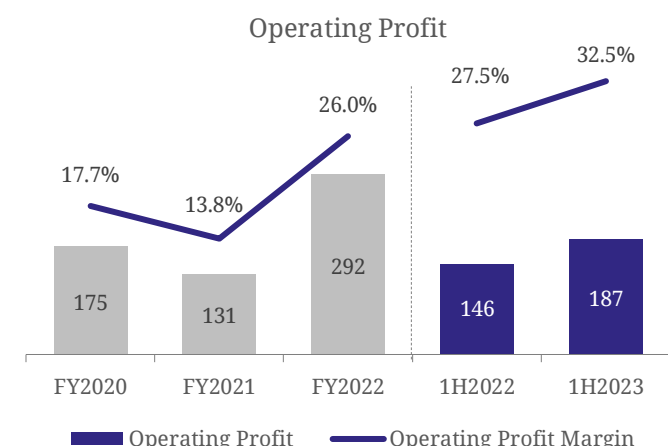
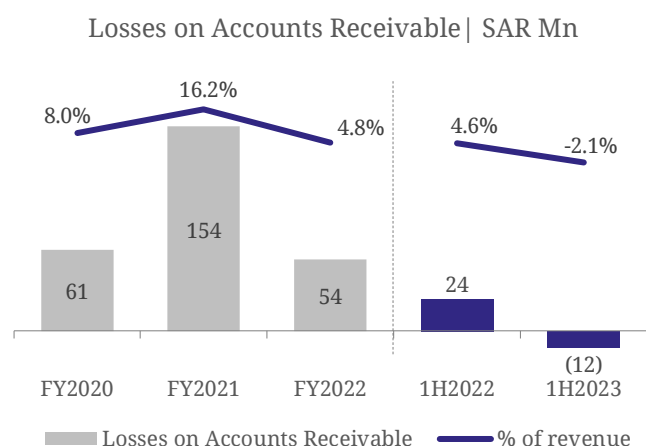
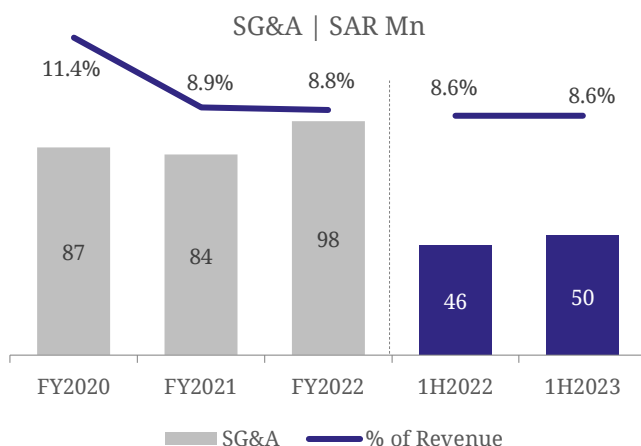
**Cost optimization measures successfully maintaining general and operating expenses as a share of revenues in line with previous year and the Company's historical averages**



**Gross profit for the first half of the year recorded SAR 212 million, a 4% y-o-y increase from 1H 2022. Gross profit margin (GPM) recorded 37% in 1H 2023 versus 39% in the same six months of last year.**

On a quarterly basis, gross profit recorded a 16% y-o-y and 24% q-o-q decline on the back of lower revenues for the quarter. GPM recorded 33% in Q2 2023 versus 39% in Q2 2022 and 40% in Q1 2023.

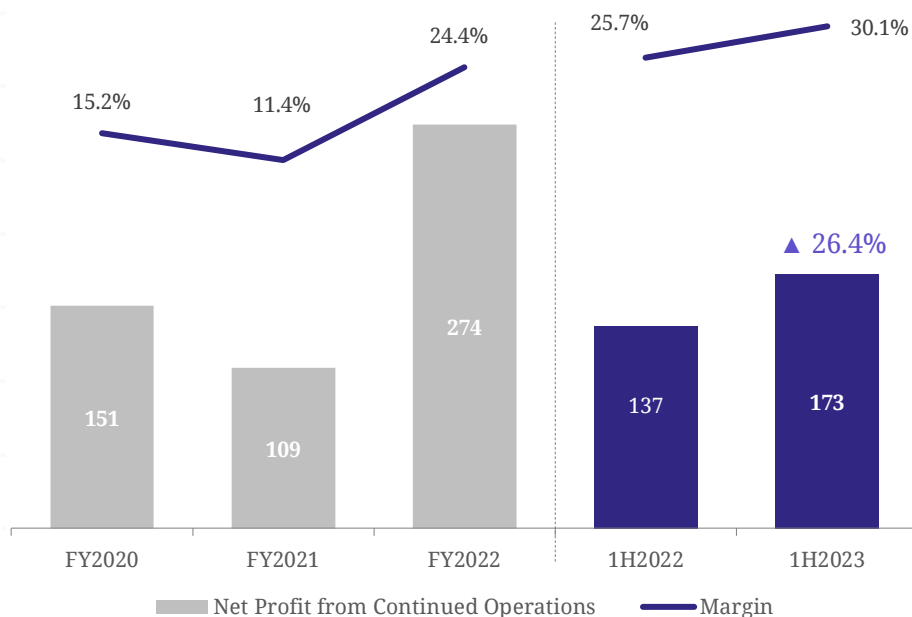
**Profitability for the six-month period was supported by a rising top-line coupled with effective cost optimization measures and a provision reversal booked in Q2 2023 on the back of improved collection rates**



# 1H 2023 Consolidated Financial Performance (II/II)

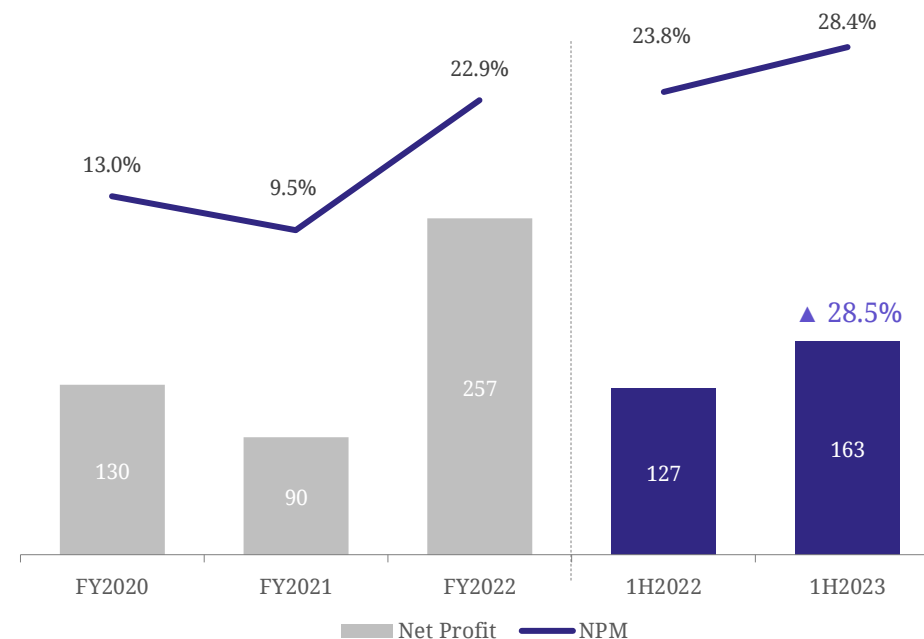
Top-line growth filtered through to the Group's bottom-line which continued to improve in line with recent trends.

Net Profit before Zakat | SAR Mn



Al Hammadi's strong operating profit growth supported a **26% year-on-year expansion in net profit before Zakat** for the first half of the year.

Net Profit | SAR Mn



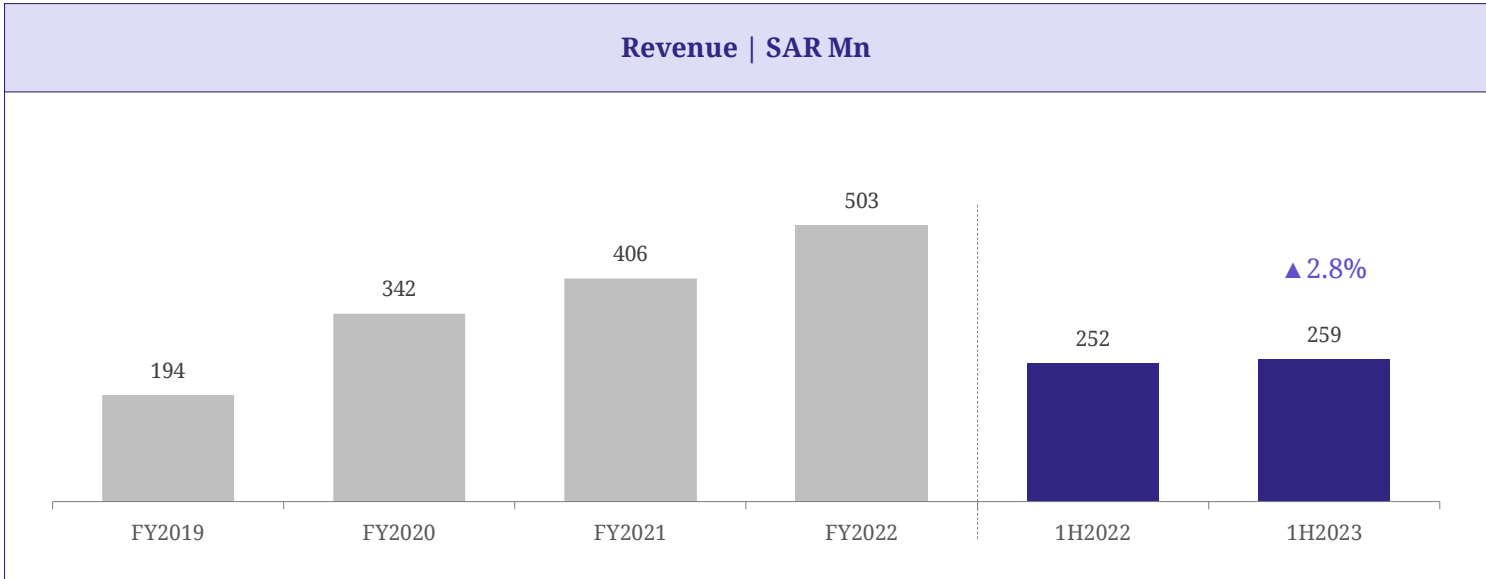
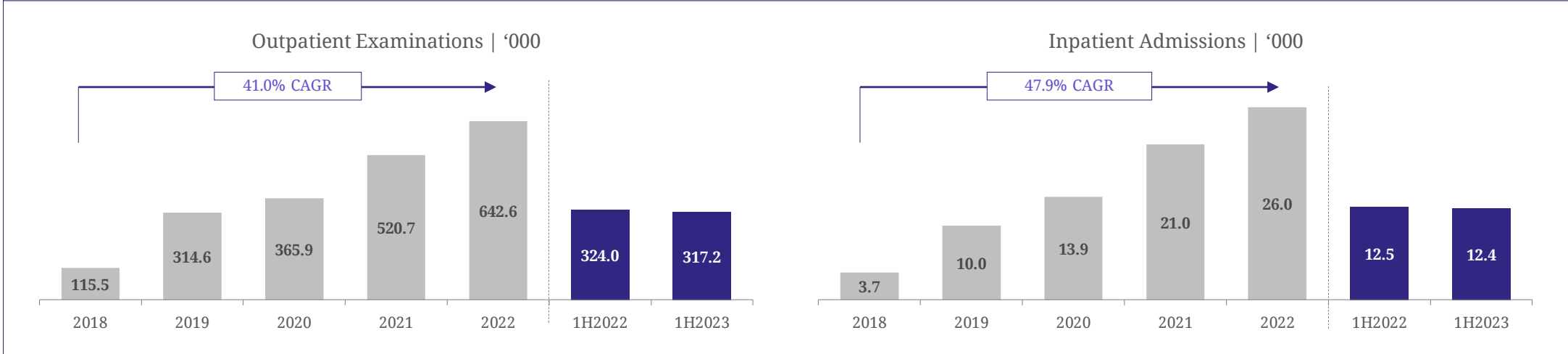
Al Hammadi reported a net profit of SAR 163 million during 1H 2023, up **28% from the same period of 2022**. The Company's net profit margin increased by **five percentage points to 28% in 1H 2023 from 24% in 1H 2022**. Bottom-line growth came as the solid growth in operating profit recorded in 1H 2023 was only marginally outweighed by a 47% increase in net finance costs for the period.

On a quarterly basis, net profit recorded SAR 82 million in Q2 2023, up 26% y-o-y and largely stable compared to the figure recorded in the first three months of this year. Net profit margin also expanded to 30% in Q2 2023 from 23% in Q2 2022 and 27% in Q1 2023.

# Al Nuzha Hospital: 1H 2023 Performance

Top-line growth came despite a marginal decline in patient volumes in 1H 2023 on the back of slower traffic during the month of Ramadan and Eid vacations which in 2023 impacted results in April and the second half of June.

Patient volumes set to return to growth in the second half of the year as traffic normalizes post Eid vacation

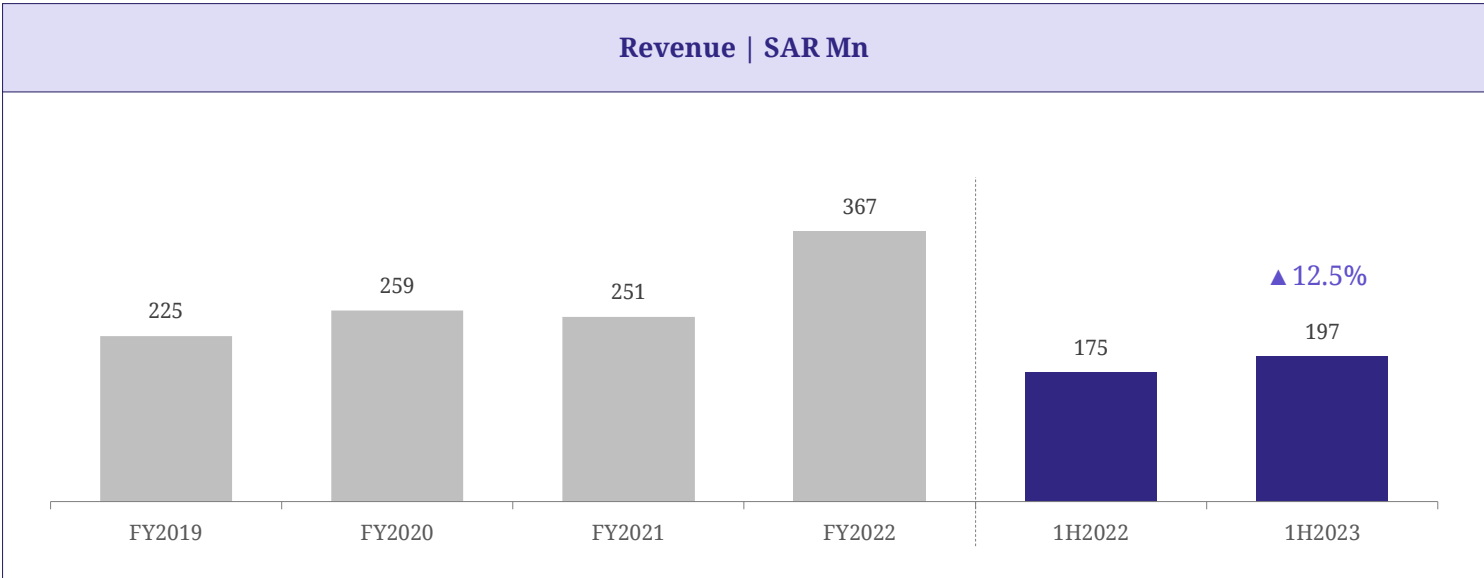
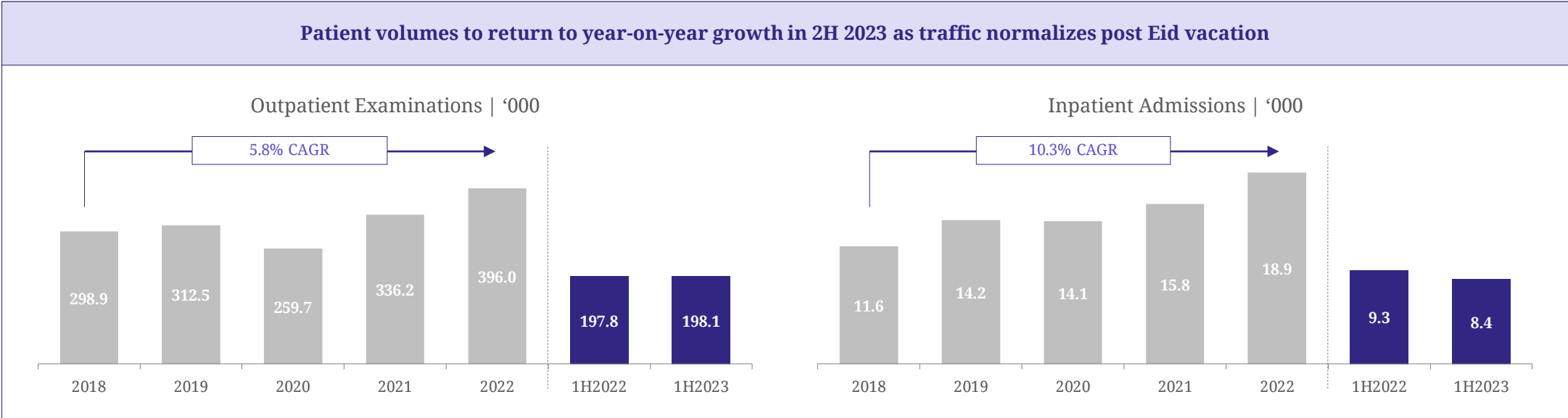


**57%**

Contribution to total medical services revenue in 1H 2023

# Al Suwaidi Hospital: 1H 2023 Performance

Continued top-line growth reported despite lower patient volumes in 1H 2023

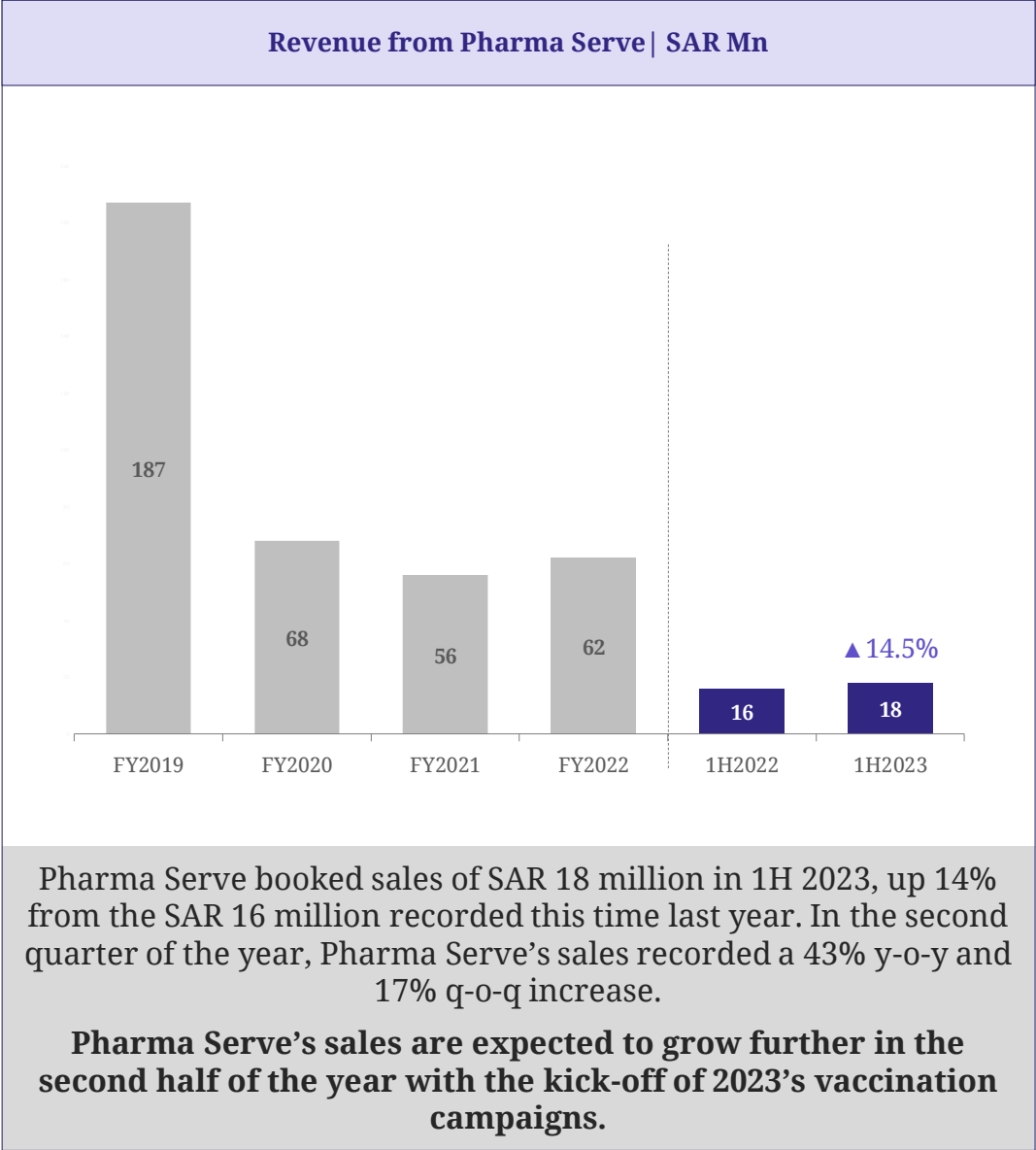
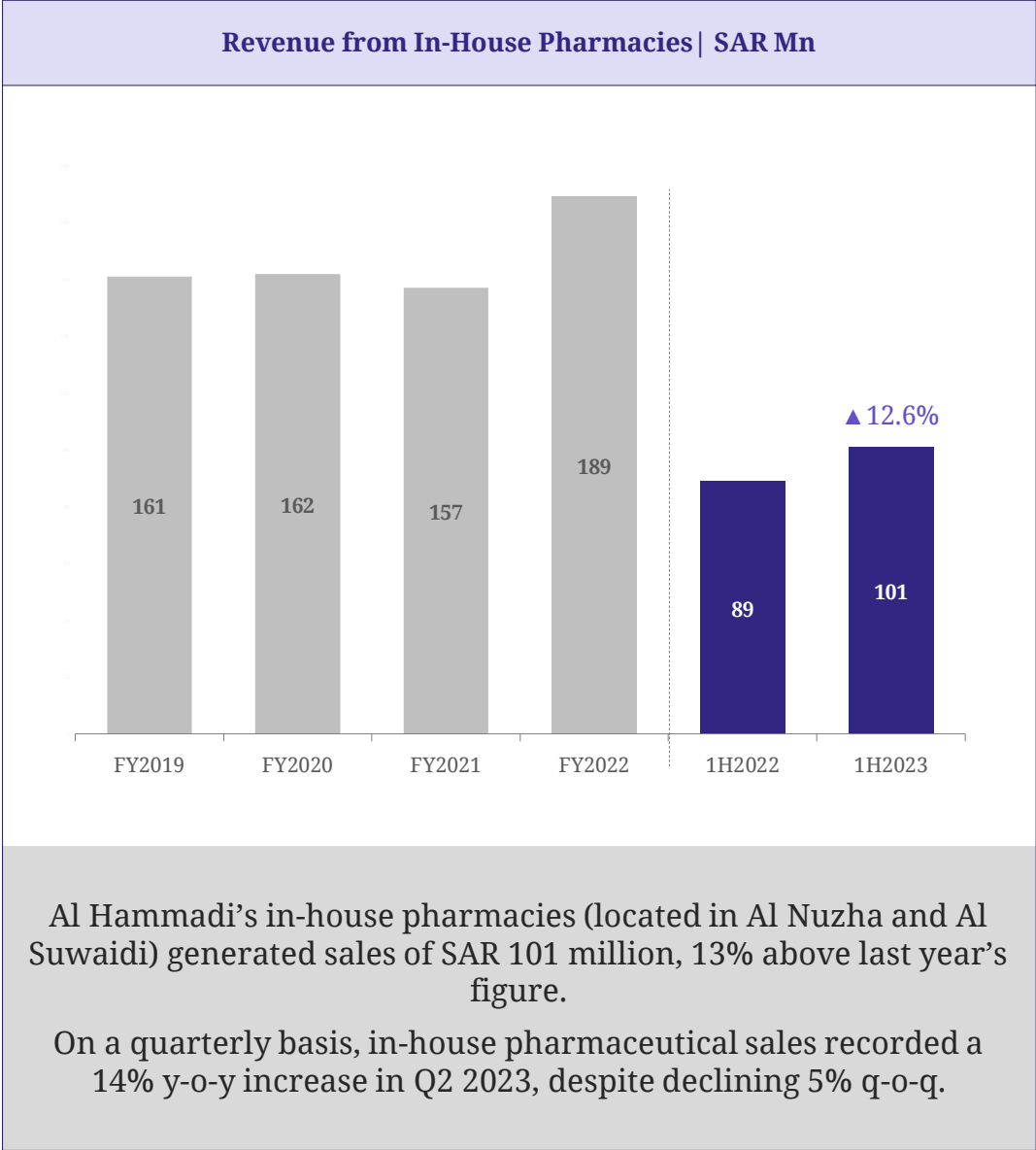


43%

Contribution to total medical services revenue in 1H 2023

# Pharmaceuticals: 1H 2023 Performance Review

Al Hammadi’s pharmaceutical sales contributed 20% of consolidated revenues, recording SAR 119 million for 1H 2023. This represent a 13% y-o-y rise supported by both increased in-house and Pharma Serve sales.







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# Appendix

# 1H 2023 Consolidated Income Statement

SAR mn	Q2 2022	Q2 2023	Y-o-Y Change	1H 2022	1H 2023	Y-o-Y Change
<b>Revenue</b>	<b>281.9</b>	<b>276.7</b>	<b>-1.9%</b>	<b>532.8</b>	<b>575.3</b>	<b>8.0%</b>
Cost of revenue	(172.9)	(184.6)	6.8%	(327.7)	(362.8)	10.7%
<b>Gross Profit</b>	<b>109.1</b>	<b>92.1</b>	<b>-15.6%</b>	<b>205.2</b>	<b>212.5</b>	<b>3.6%</b>
<i>GPM</i>	39%	33%	-5.4 pts	39%	37%	-1.6 pts
Selling and marketing expenses	(0.8)	(1.1)	39.4%	(1.3)	(3.2)	143.5%
Administrative and general expenses	(21.5)	(21.3)	-0.9%	(44.4)	(46.5)	4.8%
Expected credit loss provision	(16.8)	17.8	n/a	(24.3)	12.0	n/a
Impairment loss on investment in subsidiaries	-	-	-	-	-	-
Other operating income	3.9	5.7	46.4%	8.8	10.2	15.6%
Share of profit in subsidiaries	2.0	0.5	-71.9%	2.3	1.9	-17.8%
<b>Operating Profit</b>	<b>75.8</b>	<b>93.7</b>	<b>23.6%</b>	<b>146.3</b>	<b>186.8</b>	<b>27.7%</b>
<i>Operating profit margin</i>	27%	34%	7.0 pts	27%	32%	5.0 pts
Finance costs	(5.7)	(6.9)	20.1%	(9.2)	(13.6)	47.1%
Net profit before Zakat	70.1	86.8	23.9%	137.1	173.3	26.4%
Zakat expenses	(5.0)	(5.0)	0.0%	(10.0)	(10.0)	0.0%
<b>Net profit for the period</b>	<b>65.1</b>	<b>81.8</b>	<b>25.7%</b>	<b>127.1</b>	<b>163.3</b>	<b>28.5%</b>
<i>NPM</i>	23%	30%	6.5 pts	24%	28%	4.5 pts
Earnings per share:	0.41	0.51	25.7%	0.79	1.02	28.5%

# 1H 2023 Consolidated Balance Sheet

SAR mn

31 December 2022

30 June 2023

## ASSETS

### Non-current assets

Property and equipment	1,606.2	1,691.9
Advance payments for acquisition of property and equipment	95.8	-
Intangible assets and goodwill	28.5	26.8
Investment in associates	124.2	126.1
<b>Total non-current assets</b>	<b>1,854.8</b>	<b>1,844.7</b>

### Current Assets

Inventories	56.2	57.1
Other receivables	7.2	9.3
Prepayments	14.8	15.7
Contract assets	7.3	3.3
Trade receivables	481.1	441.8
Cash and cash equivalents	60.6	175.1
<b>Total current assets</b>	<b>627.1</b>	<b>702.3</b>
<b>TOTAL ASSETS</b>	<b>2,481.8</b>	<b>2,547.0</b>

## 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	124.2
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>1,710.6</b>	<b>1,761.2</b>

### LIABILITIES

#### Non-current liabilities

Loans	203.0	159.7
Government grants	114.9	110.4
Lease liabilities	114.5	110.8
Employees' terminal benefits	78.8	83.3
<b>Total non-current liabilities</b>	<b>511.2</b>	<b>464.2</b>

#### Current liabilities

Loans	29.2	29.0
Government grants	9.1	9.1
Lease liabilities	14.5	13.6
Accrued zakat	16.9	10.2
Trade payables	87.0	67.6
Accrued expenses	35.5	41.8
Other payables	25.0	92.5
Contract liabilities	42.8	57.8
<b>Total current liabilities</b>	<b>260.1</b>	<b>321.6</b>
<b>TOTAL LIABILITIES</b>	<b>771.3</b>	<b>785.8</b>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>2,481.8</b>	<b>2,547.0</b>

# 1H 2023 Consolidated Statement of Cash Flow

SAR mn	30 June 2022	30 June 2023
<b>OPERATING ACTIVITIES</b>		
Net profit	127.1	163.3
<b>Adjustments to reconcile net profit to cash flow</b>		
Depreciation of property and equipment and right of use assets	49.2	48.0
Amortization of intangible assets	1.9	1.8
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	(2.3)	(1.9)
Provision from slow-moving inventory	-	-
Impairment loss on trade receivables and other debit balances	24.3	(18.6)
Government grants released	(3.8)	(4.6)
Current services cost of employees' terminal benefits	6.1	5.9
Reverse of legal provision	-	-
Contract liability generated during the period	28.6	25.6
Finance expenses	9.2	13.6
Zakat charge during the period	10.0	10.0
	<b>250.3</b>	<b>243.9</b>
<b>Working capital adjustments</b>		
Inventories	5.0	(0.9)
Other receivables	(12.7)	(2.1)
Prepayments	(2.6)	(0.8)
Contract assets	(0.6)	10.5
Net changes in related parties	(0.1)	(8.7)
Trade receivables	(127.8)	51.2
Trade payables	1.6	(12.9)
Accrued expenses	(0.7)	6.3
Other payables	(5.0)	11.2
Contract liability	(42.0)	(10.6)
Employees' terminal benefits paid	(5.5)	(4.1)
Zakat paid	(18.2)	(16.7)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>41.6</b>	<b>266.3</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(7.9)	(39.8)
Advance payments for acquisition of property and equipment	(95.8)	-
Cash proceeds from sale of property and equipment	-	-
Purchase of intangible assets	-	-
Investment in associate	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(103.7)</b>	<b>(39.8)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	146.2	54.1
Repayment of bank and government borrowings	(56.1)	(101.5)
Lease liability paid	(7.0)	(5.6)
Finance cost paid	(2.0)	(3.4)
Dividends paid	(95.1)	(55.7)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(14.0)</b>	<b>(112.1)</b>
Net change in cash and cash equivalents	(76.1)	114.5
Cash and cash equivalents at the beginning of the period	120.9	60.6
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>44.8</b>	<b>175.1</b>