GCC Healthcare Industry

February 16, 2016

ALPEN CAPITAL
Investment Banking

Alpen Capital was awarded the "Best Research House" at the Banker Middle East Industry Awards 2011, 2013, and 2014

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Glossary

Inpatient: A patient who is admitted to a hospital for treatment for more than 24 hours

Outpatient: A patient, who visits a hospital, clinic, or related facility for diagnosis or treatment but is not hospitalized for more than a day

Healthcare expenditure: The sum of general government health expenditure and private health expenditure in a given year

Life expectancy at birth: Average number of years that a newborn is expected to live if the current mortality rates remain constant

Infant mortality rate: The number of deaths of infants, who are younger than one year, per 1,000 live births

Crude death rate: The number of deaths occurring during the year per capita

Bed occupancy rate: The number of inpatient days of care divided by the number of bed days available during a year

Average length of stay: The average number of days that a patient spends in a hospital. It is the ratio of the total number of days all inpatients spend at the hospital during a year and the number of admissions or discharges

Hospital bed density: The number of hospital beds per 10,000 people

Prevalence rate: The proportion of people with a particular disease at a given point in time or over a specified time period

Non-communicable diseases (NCDs): A medical condition or a disease that is non-transmissible or non-infectious. Also termed as chronic diseases, this condition progresses slowly and is prolonged

Long-term care (LTC): Services that meet the medical and non-medical needs of patients with a chronic illness or disability that renders them incapable of taking care of themselves for long periods

Post-acute care: Healthcare services that are aimed at continued recovery or management of a patient with chronic illness or disability

Primary healthcare center: A first point of contact for a person, who is ill or suffers injury. General practitioners, dentists, and physiotherapists are the common primary healthcare providers

Secondary care hospital: A hospital or clinic that offer the services of medical specialists and cater to patients, who visit directly or are referred by primary healthcare centers

Tertiary care hospital: A hospital that provides specialized treatment as well as care and is equipped with advanced diagnostic support and intensive care units

Gross written premium: The total premium written by an insurer before deducting reinsurance and ceding commissions

"Private healthcare industry in the region is poised for robust growth in the years ahead. We expect to see increasing consolidation and more of institutional and corporate participation characterized by higher investments in core technology, better governance and value for stakeholders. All governments in the region recognize the increasing role of the private sector, and we are likely to see some PPP (public private partnership) initiatives which has the potential to address many of the current healthcare challenges.

Patients in the region now expect not just high quality of medical care from the private hospitals, but also service excellence and highest levels of overall customer experience. Patient to hospital and patient to doctor communication and closer monitoring will be vastly improved through technologies like e-health and mobile health. Better integration of the hospitals with the Medical Insurance companies will make the administrative process faster and more efficient."

Mr. Sobhi A. Batterjee

Founder President & Chief Executive Officer

Saudi German Hospitals Group, KSA

"We have a positive outlook on the GCC healthcare industry, given the demand for more specialized services brought about by a regional ageing population, a prevalence of lifestyle diseases and increased preference to remain in the region for treatment rather than travelling abroad.

On a macro scale, growth in the GCC healthcare sector will be driven by economic and political stability within each country. At an industry level, investment by strong healthcare groups will aid growth, but this is dependent on a stable regulatory framework, the removal of any obstacles in attracting top-class doctors and appropriate ROI on capital investments: these will all generate confidence in the industry.

The challenges that the industry faces include lack of advanced tertiary services, absence of clear legislation regarding the definition of ethical healthcare practice and the most significant of all – cost. However, to overcome these challenges, the healthcare regulatory authorities are becoming very proactive in ensuring that the industry is run fairly and ethically. There is an increasing focus on quality, with governments introducing regulatory changes to improve efficiency and quality of services.

A maturing phase will continue in the industry over the medium term, with consolidation on both insurance and provider side of the industry due to an increased complexity of e-health initiatives and new regulations, as well as increased transparency, capital requirement and levels of competition."

David Hadley

Chief Executive Officer

Mediclinic Middle East, UAE

"For the last 27 years, Aster DM Healthcare have been providing healthcare services through our network of 6 hospitals, 70 clinics and 200 pharmacies in the 6 GCC countries, touching the lives of millions of people. Over the period there has been significant improvement in the depth and breadth of medical services in the region with huge amounts of investments, improving the quality of healthcare.

The increasing proportion of aged population, exponential increase in chronic life style diseases and increased coverage through insurance are the positive levers for the health sector and the scarcity of trained healthcare professionals is the major issue impeding the sector. The impact of the technology through various e-health & mobile health can disrupt the way in which healthcare is presently operated.

There are recent challenges due to the geopolitical issues and the low oil prices which cast a negative impact on the immediate outlook – however as healthcare is the last and the least to be affected in any downturn, I have a positive outlook for this sector in the medium and long term."

Dr. Azad Moopen (MD)

Founder Chairman & Managing Director

Aster DM Healthcare, UAE

"The region's healthcare industry is vibrant and thriving—constantly driving continuing growth across all its segments. Industry experts have also shared that the key drivers for the industry's growth are rapidly growing populations, per capita incomes, rising life expectancies, a high incidence of lifestyle-related diseases and ambitious medical infrastructure projects. The factors aiding the growth of the sector and driving the demand are increase in population along with the shift in the age group, income levels and sedentary lifestyles that result in a higher prevalence of obesity and chronic illnesses like diabetes. To help meet the growing demand, the region is now investing billions of dollars on building and developing large medical cities and complexes.

However, there are three key issues in the region's healthcare sector that must be addressed to ensure the steady progress of the segment namely shortage of healthcare staff, lack of specialized care programs and high cost of medical treatment. Trends like key growth in the medical tourism segment and emerging new technologies like e-health services will help overcome the challenges related to the costs, besides improving the quality of services. Lastly, wellness and cosmetic care centers are also on the rise."

Dr. Jamil Ahmed

Managing Director

Prime Healthcare Group LLC, UAE

"Healthcare in GCC is in the midst of a positive transformation. We are seeing significant investments from both government and private entities towards the improvement of infrastructure and recruitment of talent. These investments are bearing fruit as the number of citizens and expats availing of medical services locally, is increasing steadily.

While the challenge has always been recruitment of talent as highly specialized doctors and medical staff often do not consider the GCC because of the dearth of research and learning opportunities, the scenario is now changing. We are starting to see hospitals and other medical institutions engaging in research and pushing the envelope when it comes to medical treatment and care. The concept and usage of medical insurance is still in its infancy in several countries in the GCC. Once medical insurance becomes more widely available and mandatory, it will drive significant growth to this sector. In addition governments in the GCC are encouraging the privatization of medical care and services. Both these factors when coupled together create an environment of significant growth and innovation.

There has been a spate of consolidation in the healthcare sector to bring about efficiencies of scale. Also, a lot of resources are being spent on improving patient experiences and outcomes. These are all very positive trends and should significantly improve the long term prospects of an already healthy and resilient healthcare sector."

Dr. K.P. Raman

Founder & Senior Cardiologist

Al Hayat International Hospital, Oman

"In a market historically dominated by the Public Healthcare services, we have been witnessing an increasing role for the Private sector over the past few years due to the importance accorded by the Government to healthcare insurance for both Qataris and expatriates, population growth in the country at a CAGR of 7% over the past 5 years as well as the current demand supply gap in the Qatari market which stands at approximately 4,000 hospital beds. Given the above factors, the Qatari healthcare industry is certainly poised for a period of rapid and successful growth over the next 5 years."

Dr. Hashem Al Sayed

Vice Chairman

American Hospital, Qatar

"We are positive about the prospects of the Healthcare Industry in the region. Given the rising population and high incidence of lifestyle diseases, the demand for the healthcare services has been growing consistently, translating into higher healthcare spending. To meet the region's rising demand for healthcare, the GCC governments are making huge investments as well as encouraging the private sector to invest in the healthcare sector. Introduction of mandatory health insurance across the region is also likely to boost the overall spending. The sector has seen a significant increase in the M&A activity and the trend of consolidation will continue. Overall, the momentum is strong for the GCC Healthcare sector."

Rohit Walia

Executive Chairman

Alpen Capital

1. Executive Summary

The GCC healthcare sector is abuzz with a series of mega projects under various stages of development. These are well supported by the regional governments' long-term strategies to streamline the healthcare system, rollout of mandatory health insurance, and technological advancements. Over the decades, a focus on prevention of diseases and increasing access to healthcare has radically improved the region's health indicators such as life expectancy and infant mortality rates. Further, rising affluence, a growing population, and increasing prevalence of lifestyle diseases are expected to continue driving the demand for primary and advanced healthcare services. The role of private players is becoming imperative in this growing healthcare market.

1.1 Scope of the Report

This report is an update to Alpen Capital's GCC Healthcare Industry Report dated April 22, 2014. It presents the current state of the healthcare industry across the GCC countries. The report also covers the recent trends, growth drivers, and challenges in the industry, along with Alpen Capital's outlook until 2020. The report profiles some of the prominent healthcare companies in the region, while highlighting their financial and valuation metrics.

1.2 Industry Outlook

- The GCC healthcare market is projected to grow at a 12.1% CAGR from an estimated US$ 40.3 billion in 2015 to US$ 71.3 billion in 2020. An increase in the population and rising cost of treatment are the primary factors aiding growth.
- From an estimated US$ 24.0 billion in 2015, the outpatient market is forecasted to reach US$ 42.4 billion in 2020. The inpatient market is anticipated to grow from US$ 16.4 billion to US$ 28.9 billion during the same period.
- The healthcare market in each GCC country is anticipated to expand by 11%-13% between 2015 and 2020 in terms of annual average growth rates.
- The demand for hospital beds in the GCC region is projected to grow at a 2.3% CAGR from an estimated 101,797 in 2015 to 113,925 in 2020.
- The Saudi Arabian healthcare market is forecasted to reach US$ 27.4 billion in 2020, registering a CAGR of 11.0% from 2015.
- The healthcare market in the UAE is projected at US$ 19.5 billion in 2020, indicating an annual average growth of 12.7% from 2015.

1.3 Key Growth Drivers

- The GCC population is projected to grow at an annualized average rate of 2.4% between 2015 and 2020, thus increasing the consumer base for healthcare providers. Moreover, the region is set to witness a shift in the age-group distribution due to improved life expectancy. The resultant increase in the number of the old, who generally need more medical care, is likely to translate into higher healthcare spending.
- A rise in lifestyle-related diseases is likely to add to healthcare expenses as well as augment the need for specialized care centers and doctors.
- As the healthcare costs rise in tandem with the population growth, most of the GCC governments are introducing mandatory health insurance, which is likely to boost the overall healthcare spending.
- Each country in the GCC has devised a long-term strategic plan or vision to expand and upgrade its healthcare system. The successful execution of the plans is expected to scale up the healthcare infrastructure and quality standards.
- Sensing the demand, the government as well as private players have injected multi-billion dollars into the healthcare sector to construct large and specialized

healthcare facilities. The GCC region has nearly 350 hospital projects under various stages of development, which would further enhance the healthcare infrastructure in the region.

1.4 Key Challenges

- The GCC governments' budgets are increasingly coming under pressure amid falling oil prices. Accordingly, governments across the region are likely to curtail or defer their expenditure. A prolonged low oil price environment may influence the budgets of the GCC governments and, therefore, the healthcare spending.
- Several local patients in the GCC travel abroad to seek treatment due to lack of specialized care and high cost. The high cost of medical treatments in the GCC and limited super-specialized care in areas such as oncology and cardiology are driving outbound medical tourism.
- The GCC faces a dearth of local talent to meet the requirement at healthcare centers due to several factors. Although measures are being undertaken by regional governments, the shortfall is set to aggravate once the hospitals currently under construction commence operations.
- In the GCC healthcare sector, the private players face entry barriers such as high cost of setting up a hospital and high payback period. Over the years, a rapid development of infrastructure projects in the GCC has increased demand for the required resources, thereby pushing the cost of construction upwards.
- Despite a remarkable improvement in the condition of the GCC healthcare system over the last two decades, the accessibility and quality of care at public hospitals and clinics are yet to meet expectations of the citizens.

1.5 Key Trends

- Private sector involvement is becoming imperative to meet the rising demand for healthcare as well as to reduce the burden of costs on the government finances. Government policies to increase insurance coverage and provide other infrastructure support as well as financial incentives are drawing investors to the healthcare sector.
- The GCC region is witnessing a wave of information technology applications in delivering effective healthcare. The adoption of such technologies has the potential to improve the quality of care and reduce the cost substantially for both patients as well as providers.
- Growing health awareness among the residents along with the GCC governments' effort to improve the basic health indicators is leading to a shift from curative care to preventive care. Focus on the prevention of diseases will improve the public health profile and help reduce healthcare expenditure and enhance the quality of care.
- The rising prevalence of chronic diseases alongside an anticipated increase in the ageing population is prompting the need for long-term and post-acute care facilities in the GCC region.
- Improvement in the standard of living has increased the incidence of lifestyle-related diseases in the GCC region, creating demand for specialized centers. As part of its efforts to boost investments into the healthcare sector, the GCC governments are focusing on providing more specialized care centers and increasing the number of medical and research institutes.

Favorable socio-economic factors coupled with the government thrust on adopting a patient-centric model and improving the overall delivery system, is likely to continue strengthening the GCC healthcare industry, going forward.

2. The GCC Healthcare Industry Overview

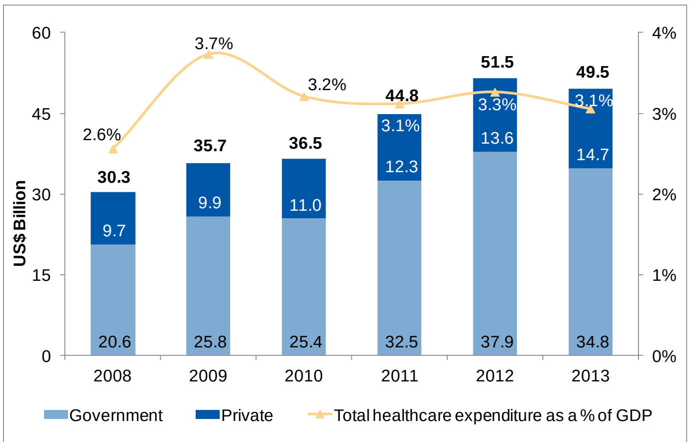
High spending power as well as changes in dietary habits and lifestyle has led to high incidence of diabetes, obesity, and cardiovascular diseases

Development of the healthcare sector has taken a center stage in the GCC countries, as they witness an era of demographic transition accompanied by rising prevalence of lifestyle-related diseases. High spending power as well as changes in dietary habits and lifestyle has led to high incidence of diabetes, obesity, and cardiovascular diseases among the region's residents. Such factors along with a high population growth are exerting pressure on the existing healthcare system. Consequently, the GCC governments are injecting huge funds as well as encouraging private sector participation to build hospitals and clinics, upgrade the existing infrastructure, and match the quality of services offered in the developed countries. The member nations are also investing heavily in technologies such as the digitization of patient records and e-visits. The rollout of mandatory health insurance schemes in all the countries is further accelerating the growth of the sector.

Over a period of five years up to 2013, healthcare expenditure in the GCC grew at a CAGR of 10.3% to US$ 49.5 billion

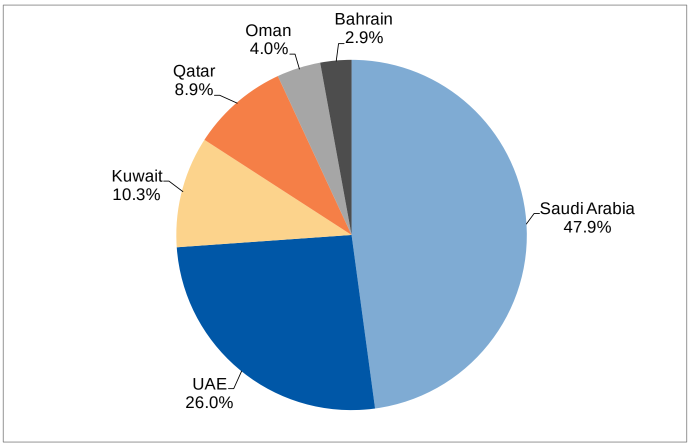
Over a period of five years up to 2013, healthcare expenditure in the GCC grew at a CAGR of 10.3% to US$ 49.5 billion[1] (see Exhibit 1). Saudi Arabia and the UAE are the largest markets, collectively accounting for nearly three-fourth of the region's spending on healthcare (see Exhibit 2). However, at 3.1% in 2013[2], total healthcare expenditure as a percentage of the aggregate GDP of the GCC nations was considerably below the world average of about 10%[3]. High oil prices for most part of the period enabled the GCC governments to shoulder a large portion of the overall healthcare expenses. In 2013, the government funded 70.3% of the total spending, considerably higher than that of 49% in North America and 60% average of the world[3]. Private expenditure in the sector grew at an 8.8% CAGR between 2008 and 2013, slower than that of 11.0% growth in government spending.

Exhibit 1: Healthcare Expenditure in the GCC



Source: WHO, IMF

Exhibit 2: Healthcare Expenditure by Country (2013)

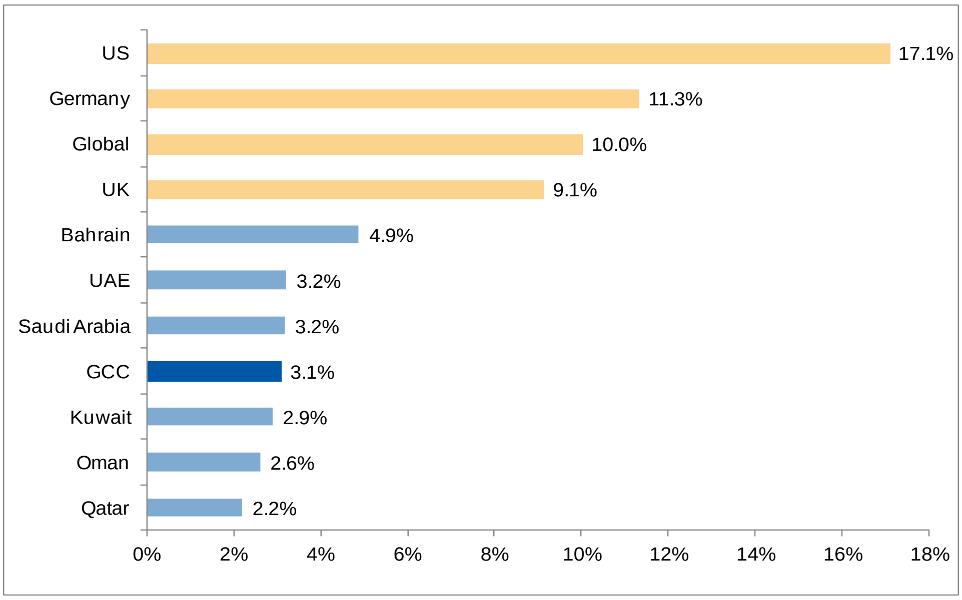


Source: WHO

Within the GCC, Bahrain had the highest healthcare spending as a percent of GDP at 4.9% in 2013, while Qatar had the lowest at 2.2%[1] (see Exhibit 3). The spending ratio across the member nations was very low compared to that in the developed countries such as the US, the UK, and Germany[3].

[1] Source: World Health Organization (WHO)
[2] Source: WHO, International Monetary Fund (IMF), and Alpen Capital
[3] Source: The World Bank

Exhibit 3: Country-wise Healthcare Expenditure as a Percent of GDP (2013)

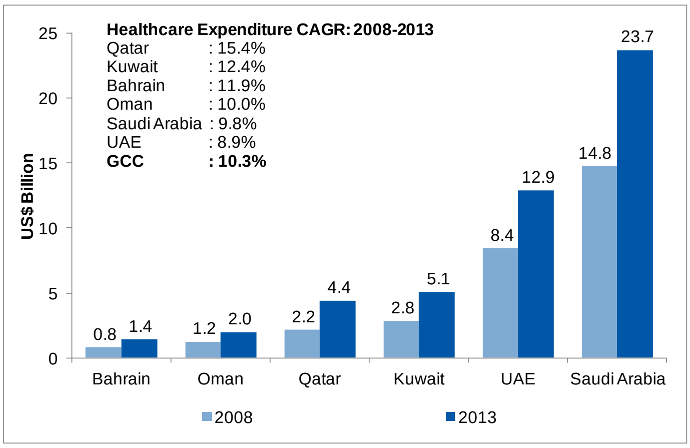


Source: WHO, IMF, The World Bank

Healthcare spending in Qatar, Kuwait, and Bahrain grew at the fastest pace within the GCC between 2008 and 2013

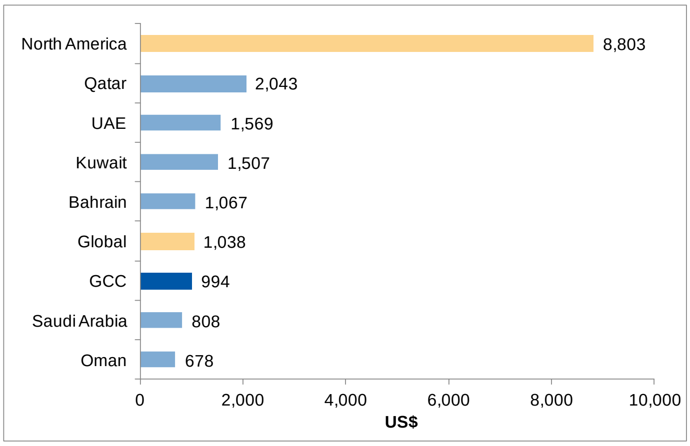
Healthcare spending in Qatar, Kuwait, and Bahrain grew at the fastest pace within the GCC between 2008 and 2013[4] (see Exhibit 4). The growth is primarily due to a lower base of healthcare expenditure. Spending growth in the UAE was the lowest in the region. Nevertheless, the country's per capita healthcare spending was the second highest, after Qatar, owing to rising affluence levels and prevalence of chronic diseases. Driven by the governments' huge investments to develop the healthcare sector, the total expenditure per capita in the GCC is getting closer to the global average, but substantially lower than that in North America (see Exhibit 5).

Exhibit 4: GCC Healthcare Expenditure (CAGR: 2008-2013)



Source: WHO

Exhibit 5: Healthcare Expenditure Per Capita (2013)



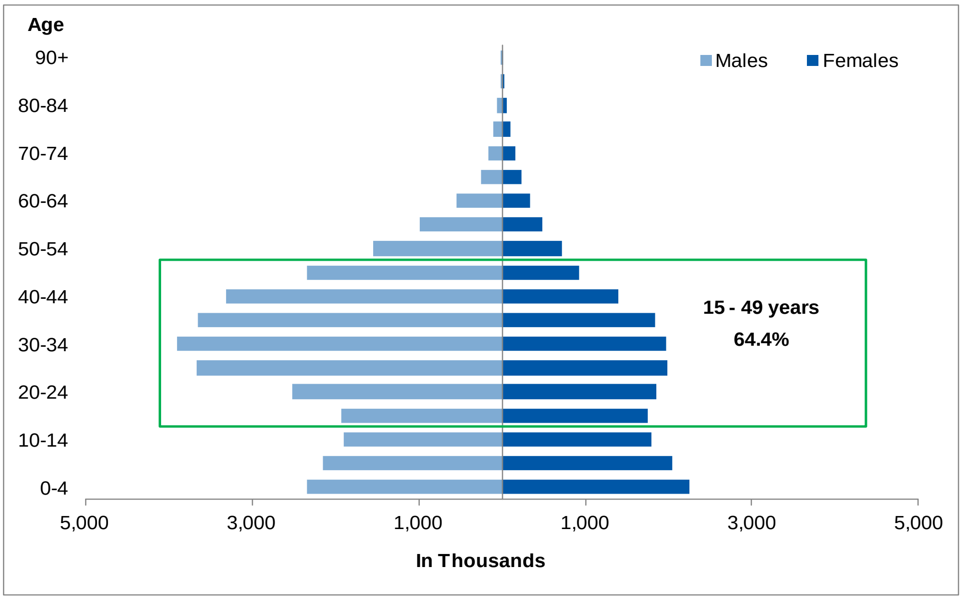
Source: WHO, IMF, Alpen Capital

[4] Source: WHO

The region's population is concentrated in the young and the working-age categories

Rising population amid improving life span as well as mortality rates and high occurrence of lifestyle-related diseases are fostering the need for healthcare services. The GCC population is more than 50 million, which has grown at a 4.4% CAGR over the last decade to 2014[5] aided by inflow of expatriates. The region's population is concentrated in the young and the working-age categories, with 24.3% below 15 years of age and two-third of the population aged 15-49 years in 2014 (see Exhibit 6). The dietary habits such as intake of fast foods among the young and working, who have less physical activity has resulted in a growing incidence of diseases such as cardiovascular ailments, diabetes, depression, anxiety, and nutritional disorders.

Exhibit 6: GCC Population Age Distribution (2014)



Source: IMF, Alpen Capital

Sustained focus on healthcare has improved key health indicators such as life expectancy at birth, infant mortality rate, and crude death rate. The average life expectancy at birth in the GCC is about 77 years, which is close to that in North America and above the global average[6] (see Exhibit 7). Oman, in particular, has seen an impressive improvement in life expectancy, which increased to 77 years in 2013 compared to 69 in 1993. A rise in the life expectancy has increased the time span over which an average person requires healthcare services.

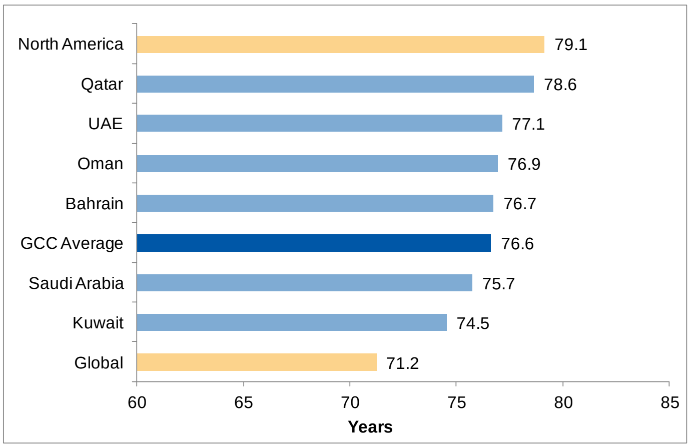
Robust improvement in key health indicators denotes that the nations have increased the access to, as well as enhanced the quality of healthcare delivery

Another health indicator that has improved remarkably is the infant mortality rate. The GCC region, on an average, registered over eight infant deaths per 1,000 live births in 2013[6] (see Exhibit 8). Within the region, the mortality rate was the highest in Saudi Arabia and Oman, which is substantially higher than that in the North America. Although higher than that in the developed countries, the GCC average infant mortality rate has dropped drastically, having more than halved in 2013 from over 18 in 1993. Some nations in the GCC have achieved the infant mortality rate targets listed under Millennium Development Goals set by the WHO. In 2013, the median crude death rate of three per 1,000 people in the GCC was much below the North American and EU rates of 8 and 10, respectively[6]. Such robust improvement in key health indicators denotes that the nations have increased

[5] Source: IMF, Alpen Capital
[6] Source: The World Bank

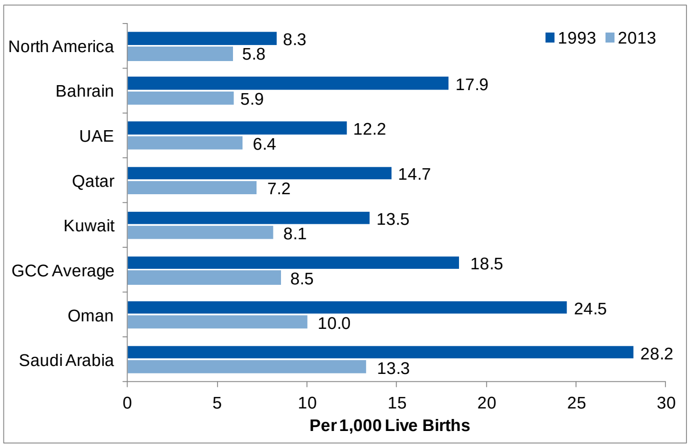
the access to, as well as enhanced the quality of healthcare delivery. Increased longevity, a decline in the infant mortality rate, and low crude death rate build the case for a rise in demand for primary healthcare facilities.

Exhibit 7: Life Expectancy at Birth (2013)



Source: The World Bank

Exhibit 8: Infant Mortality



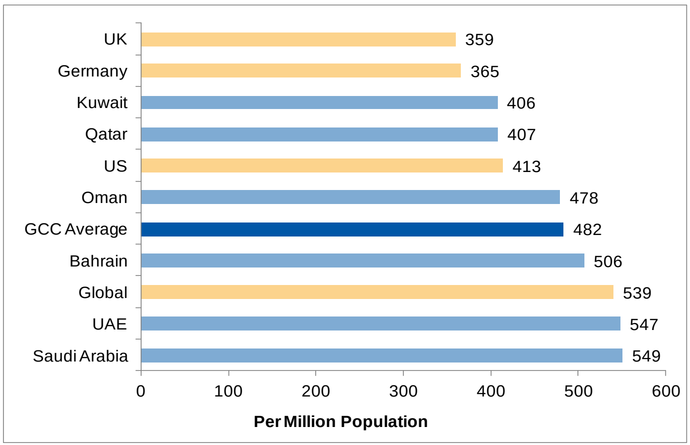
Source: The World Bank

The prevalence of cardiovascular ailments, diabetes, cancer, and mental and respiratory diseases in the GCC is the highest in the world

Less physical activity and dietary habits involving low consumption of carbohydrates, high intake of salt, and increasing consumption of packaged foods has led to the prevalence of diseases such as diabetes, obesity, and cardiovascular ailments in the GCC. In 2012, the age-standardized rate of death through NCDs in the member countries averaged at 482 per million people, higher than that in high-income countries such as the UK, the US, and Germany[7] (see Exhibit 9). The rate is, however, lower than the global average of 539 per million people[8]. Overall, more than 1.2 million deaths occurred in the GCC region in 2012[7], three-fourth of which were due to NCDs. The four major NCDs – cardiovascular diseases, cancer, diabetes, and chronic respiratory diseases – were responsible for more than 60% of the total deaths in Saudi Arabia and Kuwait, with the UAE recording the lowest number of such deaths (see Exhibit 10). The prevalence of cardiovascular ailments, diabetes, cancer, and mental and respiratory diseases in the GCC is the highest in the world[9]. All GCC countries, except Oman, featured among the world's top 20 countries with high instances of diabetes in 2014[10]. The treatment of such diseases is already accounting for a substantial portion of the healthcare expenditure, a trend that is likely to become increasingly prevalent.

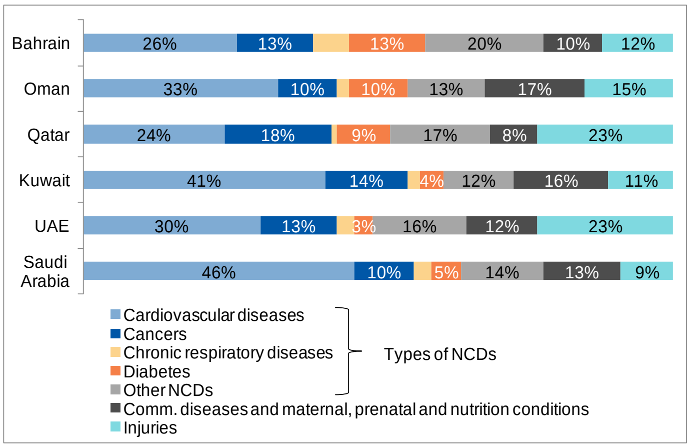
[7] Source: WHO
[8] Source: "Global Status Report of noncommunicable diseases", WHO, 2014
[9] Source: "Private partnerships in Gulf health care may be ill-advised", The National, January 2013
[10] Source: "IDF Diabetes Atlas Sixth Edition", International Diabetes Federation (IDF), 2014

Exhibit 9: NCD-related Mortality Rate (2012)



Source: WHO

Exhibit 10: Mortality Proportion by Types of Diseases (2012)

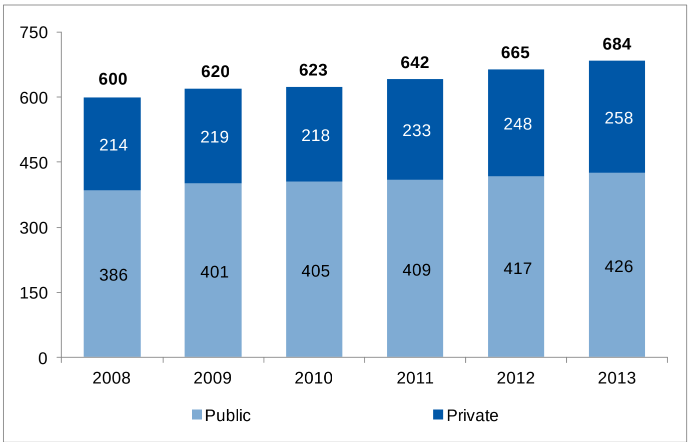


Source: WHO

In 2013, the region had 684 hospitals, of which, the governments owned and operated over 60%

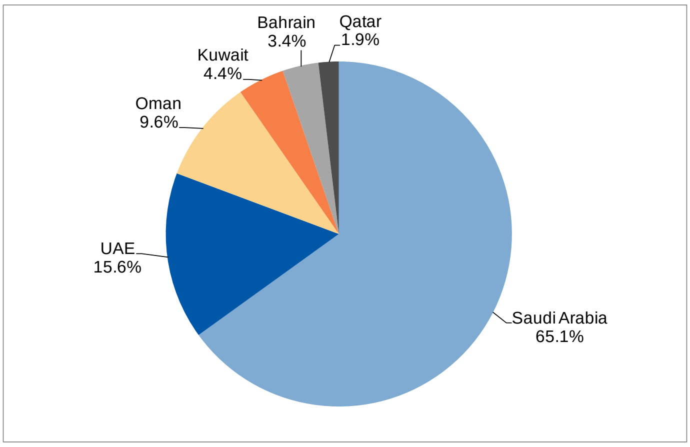
The governments' emphasis on the development of the healthcare sector has resulted in a consistent growth in the region's health infrastructure. In 2013, the region had 684 hospitals, of which, the governments owned and operated over 60%[11] (see Exhibit 11). Saudi Arabia and the UAE, with their huge population base, are home to more than 80% of the hospitals in the region (see Exhibit 12). The GCC also has a large number of primary healthcare centers, pharmacies, and x-ray laboratories, largely dominated by the private providers. While the public health facilities in the region offer free healthcare to its citizens, the private sector caters mostly to the expatriates and affluent nationals at a cost.

Exhibit 11: Number of Hospitals in the GCC



Source: MOH of Saudi Arabia, Oman, and Bahrain; SCH of Qatar; CSB of Kuwait; NBS of the UAE

Exhibit 12: Hospitals in the GCC, By Country (2013)



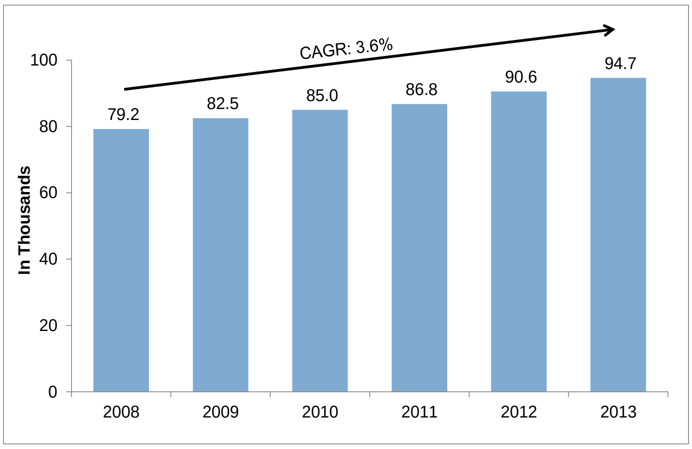
Source: MOH of Saudi Arabia, Oman, and Bahrain; SCH of Qatar; CSB of Kuwait; NBS of the UAE

[11] Source: Ministry of Health (MOH) of Saudi Arabia, Oman, and Bahrain; Supreme Council of Health (SCH) of Qatar; Central Statistical Bureau (CSB) of Kuwait; National Bureau of Statistics (NBS) of the UAE

The hospital bed density in the region averaged at 17 beds per 10,000 people between 2006 and 2012

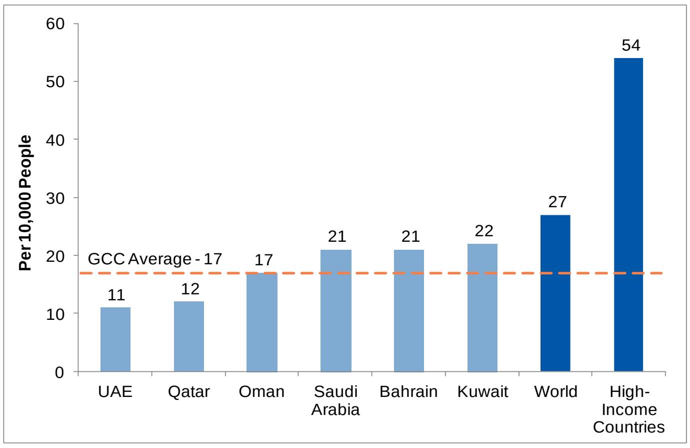
The region's hospitals had a capacity of nearly 95,000 beds by end-2013, having grown at a 3.6% CAGR since 2008[12] (see Exhibit 13). The hospital bed density in the region averaged at 17 beds per 10,000 people between 2006 and 2012 (see Exhibit 14). The bed density has remained more or less constant over the period due to population growth, while the development of related infrastructure has been comparatively slow. The hospital bed density in the region is significantly lower than that of 54 in high-income countries[13]. This disparity suggests that the healthcare infrastructure development in the GCC is slower than the growth of its population.

Exhibit 13: Hospital Beds in the GCC



Source: MOH of Saudi Arabia, Oman, and Bahrain; SCH of Qatar; CSB of Kuwait; NBS of the UAE; IMF

Exhibit 14: Hospital Bed Density (Average: 2006-2012)



Source: World Health Statistics 2014-WHO

Governments are making efforts to improve the quality of care by increasing the number of specialized centers

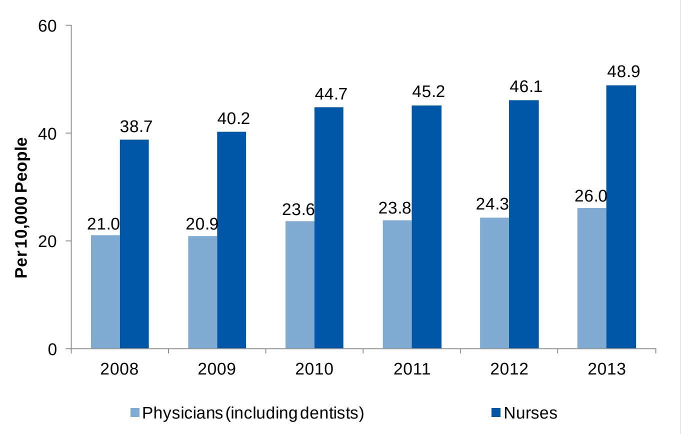
Although several specialty hospitals are now being set up, such facilities are limited in the GCC region[14]. Expatriates as well as many citizens seek medical treatment abroad due to high costs locally and inadequate specialized treatments. Governments are making efforts to improve the quality of care by increasing the number of specialized centers. Developments such as the Dubai Healthcare City in the UAE and the ongoing construction of International Medical City in Oman among other developments in the GCC region are lending a push to the region's healthcare sector, while serving as medical tourism hubs. In addition, the rollout of mandatory medical insurance is likely to lower the burden of costs on expatriates.

The region also faces a severe shortage of healthcare professionals and is largely dependent on expatriates

The region also faces a severe shortage of healthcare professionals and is largely dependent on expatriates. The GCC, on an average, had nearly 49 nurses, and 26 physicians and dentists per 10,000 persons in 2013[12] (see Exhibit 15). While the physicians (including dentists) to population ratio was close to that in the high-income countries, that of nurses in the region was considerably lower (see Exhibit 16). Within the region, the nurses to population ratio was the highest in Qatar. Acknowledging the medical staff shortage, the GCC governments are offering incentives to draw highly qualified professionals, investing in education and expansion of medical colleges, and deploying digital technology at healthcare centers and hospitals.

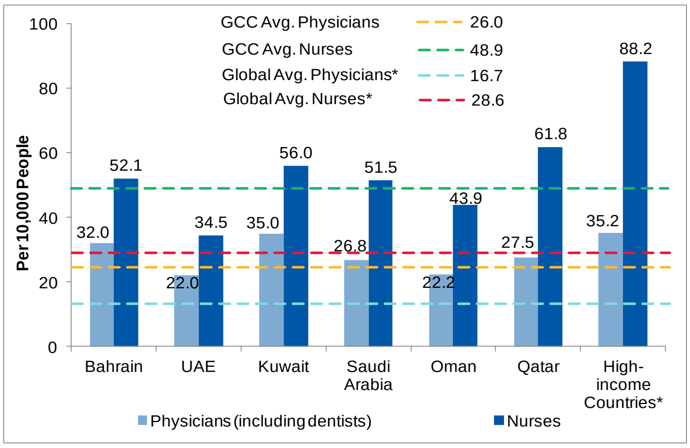
[12] Source: MOH of Saudi Arabia, Oman, and Bahrain; SCH of Qatar; CSB of Kuwait; NBS of the UAE; IMF; Alpen Capital
[13] Source: "World Health Statistics 2014", WHO
[14] Source: "GCC Healthcare – a Diagnosis", Falak Consulting, 2014

Exhibit 15: Physicians and Nurses Density in the GCC



Source: MOH of Saudi Arabia, Oman, Kuwait, and Bahrain; SCH of Qatar; NBS of the UAE; IMF

Exhibit 16: Physicians and Nurses Density (2013)



Source: MOH of Saudi Arabia, Oman, Kuwait, and Bahrain; SCH of Qatar; NBS of the UAE; World Health Statistics 2015-WHO; IMF

** Average for 2007-2013*

After assessing the demand and supply indicators, the GCC healthcare sector appears primed for a major expansion to fill the gap. Governments are formulating long-term strategic plans to enhance the supply-side factors as well as the quality of care. The GCC states have introduced initiatives such as soft loans and land grants to encourage private sector involvement. There are several mega projects under development, which once completed, are likely to boost the region's health infrastructure.

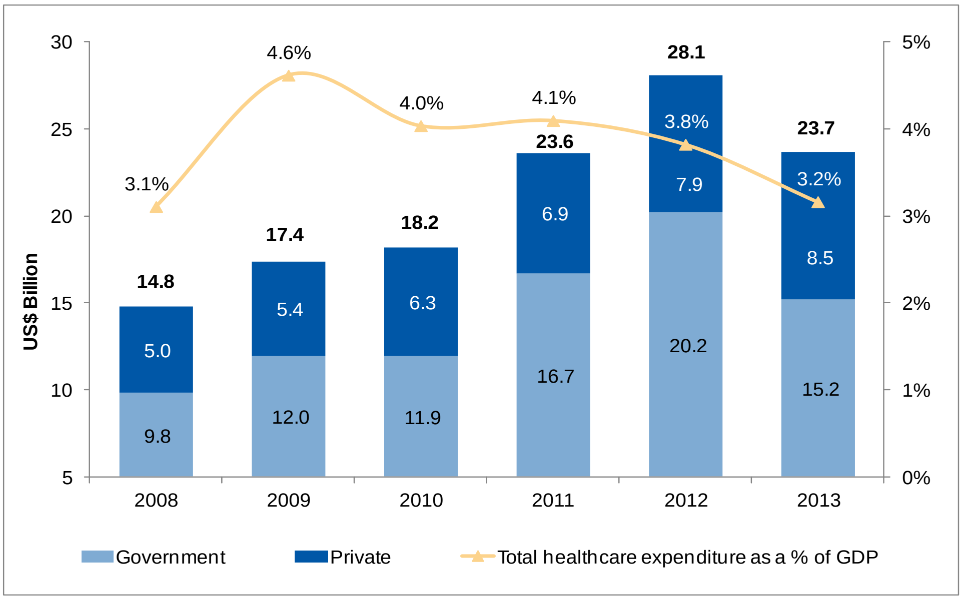
2.1 The Saudi Arabian Healthcare Sector

Total healthcare expenditure in the Kingdom grew at a 9.8% CAGR from US$ 14.8 billion in 2008 to US$ 23.7 billion in 2013

Home to over 30 million[15], Saudi Arabia is the most populous nation within the GCC. The Kingdom's rising population (+2.9% CAGR, 2009-2014), life span, and prevalence of lifestyle-related diseases have led to growth in the demand for healthcare services. The government has transformed the sector with substantial investments over the last decade. Total healthcare expenditure in the Kingdom grew at a 9.8% CAGR from US$ 14.8 billion in 2008 to US$ 23.7 billion in 2013[16] (see Exhibit 17). Nearly 65% of the expenses were borne by the government. Funding by the private sector increased at a faster pace of 11.2% during the period. The per capita healthcare expenditure in the country increased by 7.5% to US$ 807.8 between 2008 and 2013.

[15] Source: IMF
[16] Source: WHO

Exhibit 17: Healthcare Expenditure in Saudi Arabia



Source: WHO

The MOH regulates and largely manages the country's healthcare system. The MOH runs a number of hospitals that exclusively cater to the nationals. Additionally, there are quasi-public organizations that run hospitals and medical centers for their employees as well as medical facilities operated by private players.

The Saudi Arabian government has been encouraging private participation in the healthcare sector through the PPP model and by increasing loan limits

Expatriates are largely dependent on the private facilities. Mandatory health insurance for non-national workers was introduced in the Kingdom in 2005, and in 2013, it was extended to cover their dependents. To meet the medical needs of the expatriates, the government has been encouraging private participation in the country's healthcare sector through the public-private partnership (PPP) model and by increasing loan limits to private healthcare providers. Johns Hopkins Aramco Healthcare is one of the PPP health establishments in the Kingdom. As a step towards liberalizing the sector, the government granted the permission to non-healthcare professionals in December 2014 to own and operate hospitals as well as medical centers in the country[17].

The number of hospitals in the country stood at 453 in 2014, accommodating nearly 68,000 beds

The number of hospitals in the country stood at 453 in 2014, accommodating nearly 68,000 beds[18]. The government owned nearly 70% of these hospitals. Although healthcare infrastructure has improved over a period, there is still a huge shortage of hospital beds, the number of which has remained almost unchanged since 2009 at around 22 per 10,000 persons in 2014. An expanding pool of expatriates resulted in a 3.9% and 8.9% annual average growth in the number of outpatients and inpatients, respectively, at private hospitals between 2009 and 2014. At the same time, the number of outpatients and inpatients at all hospitals grew at a CAGR of 0.5% and 3.1%, respectively.

The country is largely dependent on expatriate medical workforce

The density of physicians (including dentists) and nurses has also increased gradually but is still inadequate for the populous nation. The region had more than 26 physicians and nearly 54 nurses per 10,000 people in 2014[19]. Moreover, the country is largely dependent

[17] Source: "Saudi Arabia Liberalises Investment Rules In Healthcare Sector", Gulf Business, December 1, 2014
[18] Source: "Health Statistics Annual Book 2014, MOH
[19] Source: MOH – Saudi Arabia

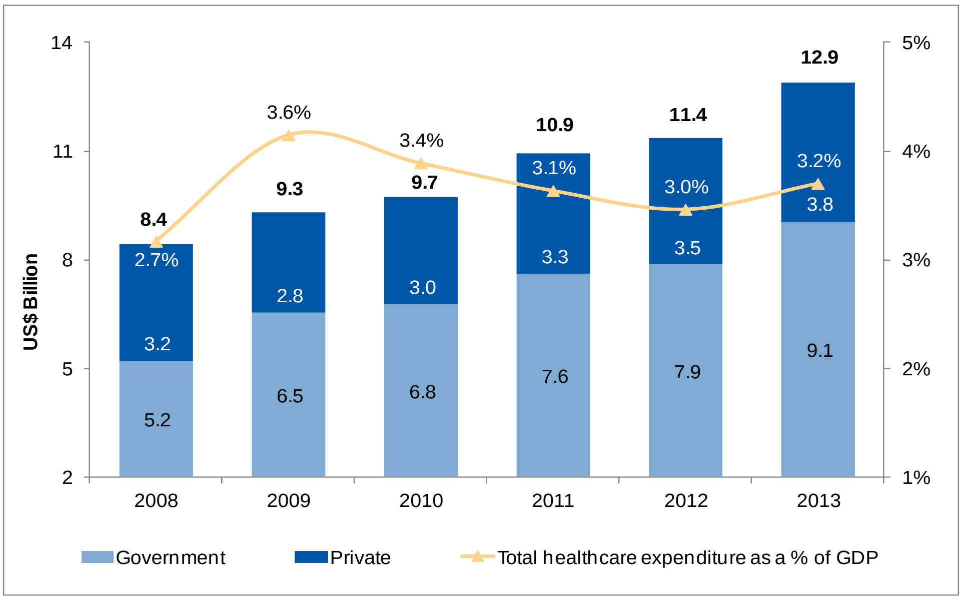
on expatriate medical workforce. The hiring of medical staff for both public as well as private healthcare companies has thus remained a challenge. The new regulations announced in December 2014 allow the free movement of experienced healthcare personnel across institutions to facilitate easier access to these professionals. Although the country lags behind the world average in terms of per capita hospital beds, it is well ahead with respect to the physicians and nurses to population ratios.

2.2 The UAE Healthcare Sector

The per capita healthcare spend in the UAE was at US$ 1,569 in 2013, the second highest in the GCC

With its vision to develop world-class healthcare infrastructure, expertise, and services, the UAE government is extensively expanding and upgrading its healthcare systems to match international standards. High birth rates, rise in life expectancy, growing incidence of NCDs, and medical tourism are driving the demand for healthcare in the UAE. Healthcare spending in the country grew at an 8.9% CAGR from US$ 8.4 billion in 2008 to US$ 12.9 billion in 2013[20] (see Exhibit 18). The per capita healthcare spend in the UAE was at US$ 1,569 in 2013, the second highest in the GCC.

Exhibit 18: Healthcare Expenditure in the UAE



Source: WHO

The MOH formulates nationwide health policies and regulates the healthcare market in the Northern Emirates. The country's two largest Emirates, Dubai and Abu Dhabi, are governed by Dubai Health Authority (DHA) and Health Authority of Abu Dhabi (HAAD), respectively. The UAE government has been liberal in welcoming foreign companies to support the growth of its healthcare industry. Subsequently, the country is witnessing several collaborations and strategic tie-ups between public and private companies and healthcare stakeholders.

[20] Source: WHO

While the country's bed capacity grew at an annualized rate of 3.7% since 2009 to reach 11,657 beds in 2014, the bed availability remained almost stable at nearly 13 per 10,000 persons

The private sector dominated the country's healthcare infrastructure landscape by operating nearly 70% of the 115 hospitals in the UAE in 2014[21]. However, government-run hospitals held a higher bed capacity. While the country's bed capacity grew at an annualized rate of 3.7% since 2009 to reach 11,657 beds in 2014, the bed availability remained almost stable at nearly 13 per 10,000 persons[22]. The ratio of nurses to population improved over the years to 35.9 per 10,000 persons. Although Dubai and Abu Dhabi reported the best physicians and nurses to population ratios in the GCC, overall, the country lags behind its regional peers due to lack of infrastructure in its northern region.

Abu Dhabi and Dubai, the major healthcare hubs, have taken significant steps to develop the sector. Abu Dhabi was the first Emirate to introduce mandatory health insurance for expatriates by linking it to resident permits. The Emirate has also announced the construction of several new hospitals to meet the growing demand for care. In late December 2014, HAAD announced its five-year strategic plan to 2020, focusing on improving the quality of care, reducing capacity gaps, attracting and training workforce, emergency preparedness, cost-effective healthcare spending, e-health, and wellness and prevention of diseases.

Dubai has developed two healthcare free zones, Dubai Healthcare City and Dubai Biotechnology and Research Park, to meet the demand for high-quality care

Dubai has emerged as one of the top healthcare destinations globally. The Emirate has an advanced healthcare system with numerous hospitals and primary healthcare centers offering state-of-the-art medical technologies and services that match international standards. The city has also developed two healthcare free zones, Dubai Healthcare City and Dubai Biotechnology and Research Park, to meet the demand for high-quality care. The Emirate announced mandatory health insurance in 2014. Today, Dubai is perceived as one of the top destinations for medical tourism, in particular, for cosmetic surgery. In first half of 2015, the Emirate hosted 260,000 medical tourists[23]. In 2014, Dubai spent AED 12.8 billion (US$ 3.5 billion[24]) on healthcare, of which the private sector accounted for 66.6%[25]. From 2012, the overall healthcare spending grew by 27.7% and that in the private sector increased by 37%.

2.3 The Kuwaiti Healthcare Sector

Kuwait's healthcare spending surged from US$ 2.8 billion in 2008 to US$ 5.1 billion in 2013, registering a 12.4% annualized growth

Kuwait's healthcare system is emerging rapidly, with increased life expectancy, lower infant mortality, and infectious disease control. While such factors aid population growth and thus the demand for healthcare services, a gradual increase in the incidence of NCDs is further intensifying the need for these services. The Kuwaiti population was the fifth most overweight and obese in the world, with a prevalence rate of 78.1% in adults over 20 years of age in 2013[26]. Despite its small population base, the country's per capita healthcare spending at US$ 1,507 was over 50% higher than the GCC region's average in 2013[27]. In absolute terms, Kuwait's healthcare spending surged from US$ 2.8 billion in 2008 to US$ 5.1 billion in 2013, registering a 12.4% annualized growth (see Exhibit 19). The government financed a majority of the expenditure, accounting for 83% of the overall healthcare spending in 2013. In recent years, the Kuwaiti government has implemented several reforms aimed at effectively funding the healthcare sector and controlling NCDs.

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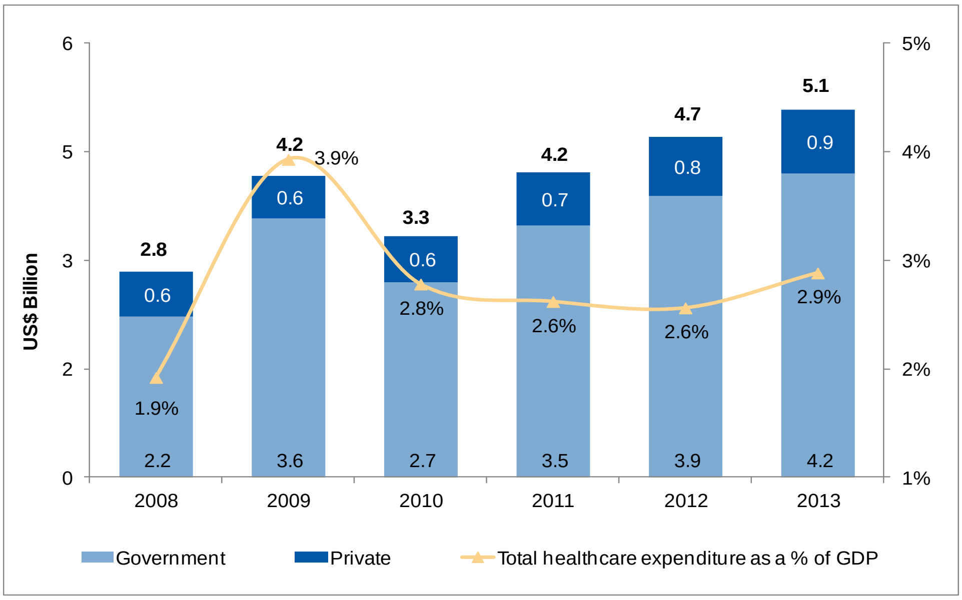
[21] Source: NBS of the UAE
[22] Source: NBS of the UAE, IMF, Alpen Capital
[23] Source: "Dubai welcomes 260,000 medical tourists in first half of 2015", Gulf News, September 6, 2015
[24] At the exchange rate on January 28, 2016
[25] Source: "Dubai plans more public-private healthcare partnerships", The National, January 28, 2016
[26] Source: "Ranking of world's most obese nations may surprise you", Portland Press Herald, April 23, 2015
[27] Source: WHO, IMF, and Alpen Capital

Exhibit 19: Healthcare Expenditure in Kuwait



Source: WHO

The Kuwaiti government has launched a PPP company, Kuwait Health Assurance Company, aimed at privatizing expatriate medical care and health insurance

Kuwait's MOH is the sole regulator and the largest provider of healthcare facilities in the country. Several other public and semi-public institutions such as the military and the Kuwait National Petroleum Company independently operate healthcare systems for their employees. The country also has many private hospitals and healthcare groups, which offer private accommodation, suites, minimal waiting times, and wellness services, unlike public hospitals. The Ministry is seeking private sector involvement in the non-emergency healthcare area for expatriates and their dependents. The Kuwaiti government has launched a PPP company, Kuwait Health Assurance Company, aimed at privatizing expatriate medical care and health insurance.

In terms of availability, Kuwait had 21 beds, 56 nurses, and 35 physicians (including dentists) per 10,000 persons in 2013

As of 2013, the country's healthcare infrastructure comprised 30 hospitals, including 15 public, 12 private, and three owned by oil companies[28]. Additionally, there were nearly 400 public primary healthcare units. State-owned facilities dominated the healthcare landscape, with government providing for almost 85% of the 8,120 hospital beds in the country in 2013. In terms of availability, the country had 21 beds, 56 nurses, and 35 physicians (including dentists) per 10,000 persons during the year. Healthcare resources have grown at a pace faster than that in the other GCC countries.

2.4 The Qatari Healthcare Sector

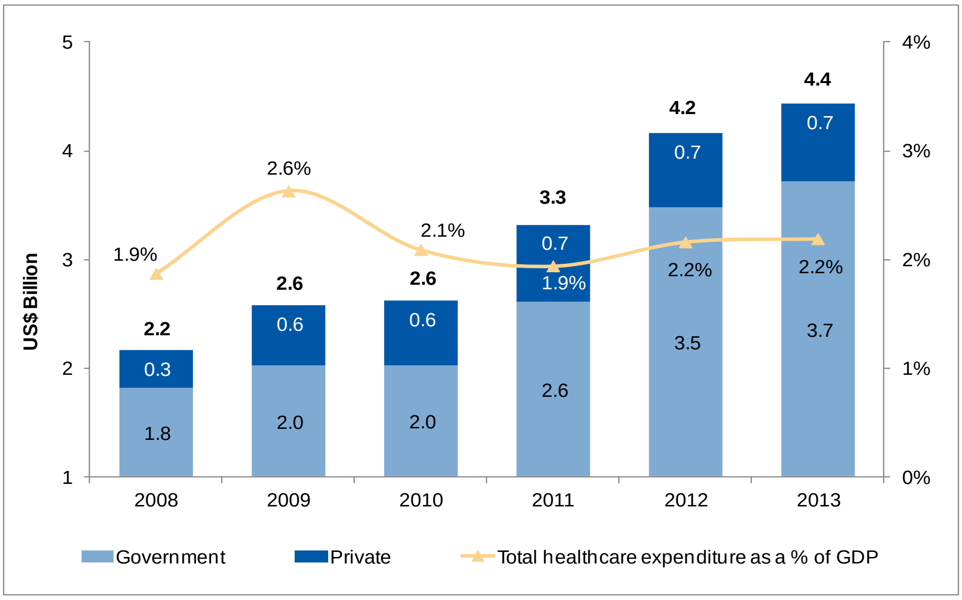
Since 2009, the total healthcare expenditure in Qatar soared at a 15.4% CAGR to US$ 4.4 billion in 2013

Being the wealthiest nation in the world, Qatar recorded the highest per capita healthcare spending at US$ 2,043 in 2013 in the GCC[29]. The country is home to the fastest growing population (6.5% CAGR, 2009-2014[30]) within the region. A rising population, high disposable income, rising life expectancy, low infant mortality, and increasing prevalence of lifestyle diseases such as diabetes, high blood pressure, and obesity have led to a concurrent increase in the demand for healthcare services. The Qatari Government has

[28] Source: "Statistical Review 2015", CSB of Kuwait, "Annual Health Report 2013", MOH – Kuwait
[29] Source: WHO
[30] Source: IMF

made significant investments over the past 20 years to build the country's healthcare system. Since 2009, the total healthcare expenditure in the country has soared at a 15.4% CAGR to reach US$ 4.4 billion in 2013, of which, the government financed more than 80%[31] (see Exhibit 20). Although the healthcare spending growth in Qatar was the highest in the region, it was the lowest as a percentage of the GDP.

Exhibit 20: Healthcare Expenditure in Qatar



Source: WHO

The nurses to population ratio in Qatar was the highest compared to that in other GCC countries

The SCH regulates the Qatari healthcare sector. While public hospitals offer free healthcare to its citizens, they also cater to expatriates that hold an annual health card. In all, Qatar had 13 hospitals and 452 primary healthcare centers in 2013, including four private hospitals and 419 private primary healthcare centers[32]. As the country is yet to develop super-specialty hospitals (for oncology, orthopedic, and cardiology), it sponsors specialized medical treatments for its citizens overseas. The hospitals in the country held a capacity of more than 2,400 beds, about 12 beds for 10,000 persons in 2013. There were nearly 28 physicians and about 62 nurses per 10,000 persons in the country. The nurses to population ratio was the highest compared to that in other GCC countries. To increase its health resources to population ratio, Qatar aims to improve the recruitment and retention rates by providing education and training. In 2013, Qatar commenced the implementation of its five-phased mandatory medical insurance plan, which is set for completion by end-2016[33].

2.5 The Omani Healthcare Sector

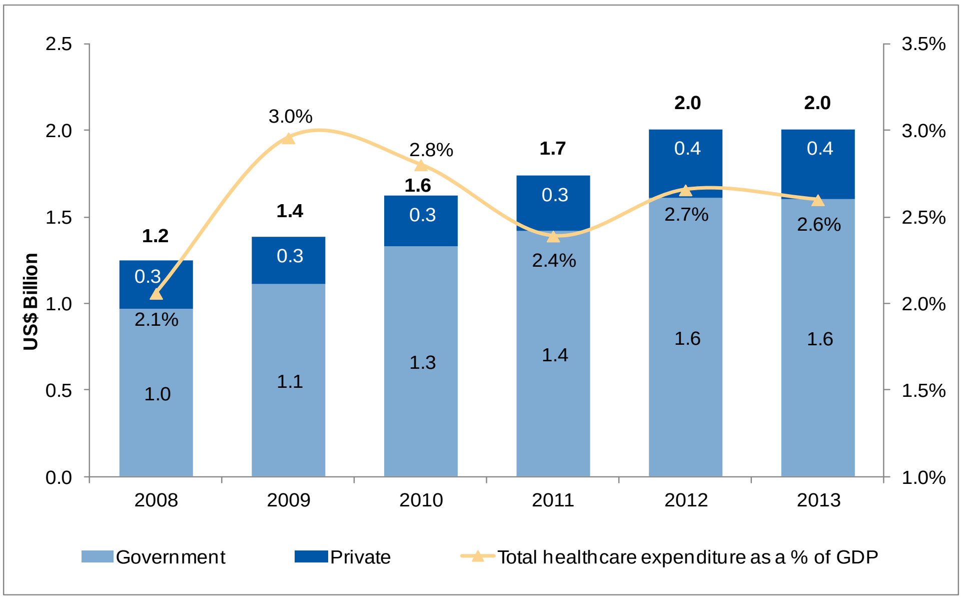
The healthcare expenditure in Oman was at US$ 2.0 billion in 2013

The WHO has recognized Oman's healthcare system for its rapid and cost-effective development. Healthcare spending in the country is growing rapidly due to its rising population (5.2% CAGR between 2009 and 2014[34]) and government's determination to

[31] Source: WHO
[32] Source: "Qatar Health Report 2013", SCH, Qatar
[33] Source: "Qatar delays rolling out nationwide health insurance scheme for expats", Doha News, February 12, 2015
[34] Source: IMF, Alpen Capital

provide treatment for the rising lifestyle-related diseases. The healthcare expenditure in Oman was at US$ 2.0 billion in 2013[35] (see Exhibit 21), representing an annualized growth of 10.0% since 2008. However, the per capita spending on healthcare at US$ 678 in 2013 was the lowest in the GCC region. The country's healthcare system is predominantly funded (80.0% in 2013) by the government.

Exhibit 21: Healthcare Expenditure in Oman



Source: WHO

The Omani MOH monitors the healthcare market, owning and operating a majority of the facilities. Several private and semi-public healthcare facilities are also present in the country. The MOH has been periodically announcing five-year plans that focus on enhancing service delivery, preventive care, and decentralization of services. The Ministry is actively thinking on introducing medical insurance policy in a phased manner for private employees.

The Sultanate had 67 hospitals with over 6,300 beds in 2014, representing a ratio of about 16 beds for every 10,000 residents

The Sultanate had 67 hospitals with over 6,300 beds in 2014, representing a ratio of about 16 beds for every 10,000 residents[36]. Additionally, there were over 250 public health centers and over 1,000 private clinics. The ratio of bed to population has dropped in the last five years, as the addition of beds was slower than the population growth. Although the number as well as quality of medical human resources in the Sultanate has improved remarkably over the last four decades, their ratio to population is inadequate to meet the needs of the developing health system. In 2014, there were about 24 physicians (including dentists) and 47 nurses for 10,000 residents[36].

2.6 The Bahraini Healthcare Sector

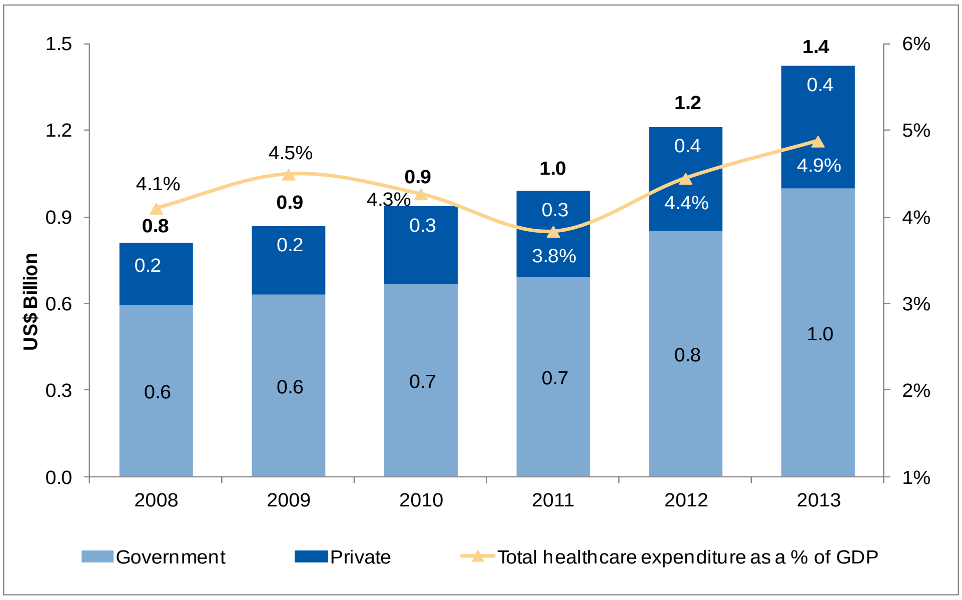
Healthcare spending in Bahrain as a percentage of the GDP (4.9% in 2013) was the highest in the GCC

Owing to a small population base, total healthcare spending in Bahrain was the lowest in the GCC in 2013. Nevertheless, spending measured as a percentage of the GDP (4.9% in 2013) was the highest in the region and in absolute terms, has grown at an 11.9% CAGR

[35] Source: WHO
[36] Source: "Annual Health Report 2014", MOH – Sultanate of Oman

since 2008 to US$ 1.4 billion in 2013[37] (see Exhibit 22). These figures are a pointer towards the government efforts in providing the necessary medical infrastructure to the residents. The Bahraini population has a lifestyle similar to the other GCC counterparts, with a persistent demand for healthcare services. Moreover, an increase in expatriates has led to a concurrent rise in the need for more private medical facilities. Private sector spending on healthcare grew at an annualized rate of 14.4% in the last five years to 2013, accounting for 30% of the overall healthcare expenditure[37].

Exhibit 22: Healthcare Expenditure in Bahrain



Source: WHO

Like the other GCC countries, the government is the chief provider of healthcare in Bahrain. The National Healthcare Regulatory Authority regulates the healthcare system and the SCH develops strategic plans and goals for the sector. This decentralization of services by the MOH has improved the efficiency of the system. The country already has mandatory health insurance schemes for expatriates.

In 2013, the hospitals in Bahrain had a capacity of over 2,500 beds, translating into a ratio of about 20 beds per 10,000 people

There were 23 hospitals, 7 private and 16 public, and 27 government-owned healthcare centers in the country in 2013[38]. During the year, the hospitals had a capacity of over 2,500 beds, translating into a ratio of about 20 beds per 10,000 people. Private hospitals and healthcare centers enjoy preference over the public facilities, indicated by the fact that the number of inpatients and outpatients in the private facilities grew at an annualized average of 11.4% and 10.4%, respectively, from 2008 to 2013[38]. As of 2013, there were about 32 physicians (including dentists) and 52 nurses per 10,000 people in the country. Similar to other countries in the region, expatriates constitute a significant proportion of the workforce in the healthcare sector.

[37] Source: WHO
[38] Source: "Health Statistics of 2013", MOH – Bahrain

3. The GCC Healthcare Industry Outlook

3.1 Forecasting Methodology

We have forecasted the healthcare market size and the hospital beds requirement in all the GCC countries through 2020. The market size is based on the estimation of both the outpatient as well as the inpatient segments after considering a number of socio-economic and healthcare indicators in the region.

Projections of the GCC healthcare industry are based on the following:

- The IMF forecasts for population and general inflation (last updated October 2015)
- Healthcare indicators – number of hospital beds, outpatient visits, inpatient admissions, bed occupancy rate, average length of stay, and average visits per individual – as provided by the health ministries and statistical organizations across the GCC nations
- WHO-CHOICE estimates for the cost of inpatient and outpatient treatments
- Health inflation estimates by Towers Watson (last updated 2014)

The formula used for forecasting the healthcare market size is –

***Total market size = Outpatient market size + Inpatient market size**, where*

- Outpatient market size = Average number of visits per individual per year x Population estimate x Cost per outpatient visit
- Inpatient market size = Prevalence rate of diseases x Population estimate x Average length of stay x Cost per inpatient day
  (Prevalence rate of diseases is derived using the inpatient admissions, and has a considerable impact on the inpatient market size)

The formula used for forecasting the number of hospital beds required is –

Total hospital beds requirement = Number of inpatient days / (365 x Bed occupancy rate[39]), where

- Number of inpatient days = Prevalence rate of diseases x Population estimate x Average length of stay

Note: We have introduced market forecasts for 2020 in this report, while presenting our interim forecasts for 2016 and 2018. Our interim forecasts vary from that in Alpen Capital's GCC Healthcare Industry report dated April 22, 2014. This variation is due to the revised cost estimates by WHO-CHOICE and use of updated base numbers for the healthcare indicators. The forecast of demand for hospital beds is based on the current level of inpatient treatments and does not take into account any additions from the announced or ongoing hospital projects.

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[39] In case of countries for which bed occupancy rate is not provided by the respective health ministry, it has been calculated as (Inpatient admissions x Average length of stay) / (Number of beds x 365)

3.2 Key Assumptions

Macro assumptions

- The GCC population is projected to grow at a CAGR of 2.4% to reach 59.2 million in 2020 from 52.6 million in 2015.
- The average general inflation rate in the region is expected to range between 2.2% and 2.9% during the forecast period.
- The average health inflation in the GCC was 6.8% in 2014. We expect the rate to remain constant, going forward.

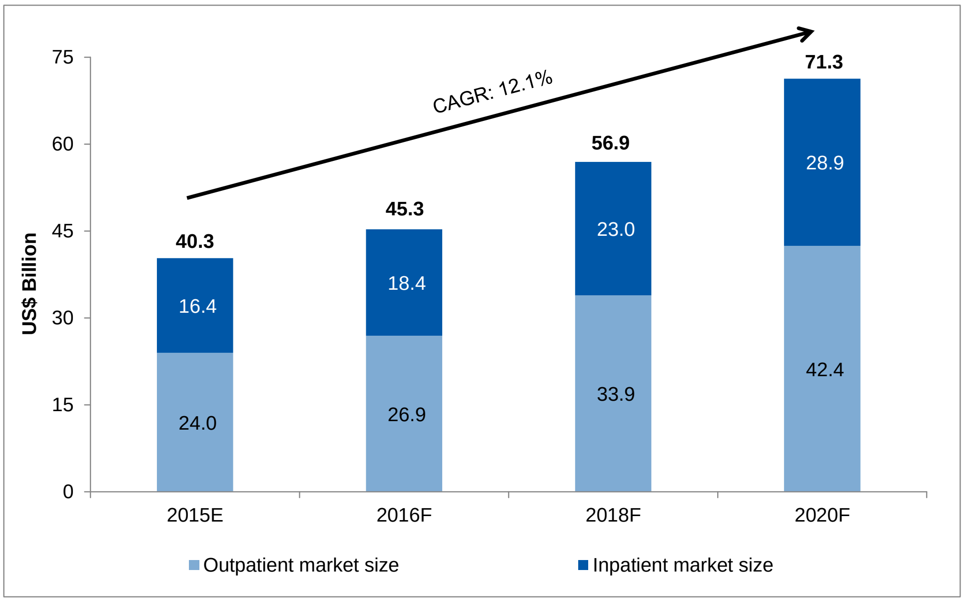
3.3 Market Forecast

The GCC healthcare market is projected to grow at an 12.1% CAGR from an estimated US$ 40.3 billion in 2015 to US$ 71.3 billion in 2020

The GCC healthcare market is projected to grow at a 12.1% CAGR from an estimated US$ 40.3 billion in 2015 to US$ 71.3 billion in 2020 (see Exhibit 23). An increase in the population and rising cost of treatment are the primary factors aiding growth.

During the forecast period, we expect the prevalence rate of diseases to remain constant as the rise in incidence of lifestyle-related diseases is likely to offset a corresponding decline in that of communicable diseases. From an estimated US$ 24.0 billion in 2015, the outpatient market is forecasted to reach US$ 42.4 billion in 2020. The inpatient market is anticipated to grow from US$ 16.4 billion to US$ 28.9 billion during the same period. The split between the outpatient and inpatient markets is likely to remain broadly unchanged during the forecast period.

Exhibit 23: The GCC Healthcare Market Size Forecast



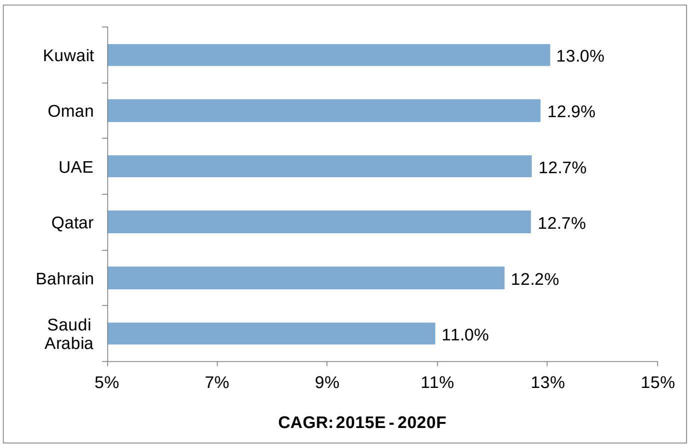
Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC

Note: E – Estimated, F – Forecasted

The healthcare market in each GCC country is anticipated to expand by 11%-13% between 2015 and 2020 in terms of annual average growth rates (see Exhibit 24). With its large population base, Saudi Arabia is the highest contributor to the region's healthcare market in 2015 at 40.3% (see Exhibit 25). It is followed by the UAE at 26.6% and Kuwait at

12.6%. While the country-wise market rankings are not expected to change through 2020, Saudi Arabia's share in the region is seen declining by 2 percentage points.

Exhibit 24: Country-wise Healthcare Market Growth (CAGR: 2015E – 2020F)



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Exhibit 25: Country-wise Contribution to the GCC Healthcare Market

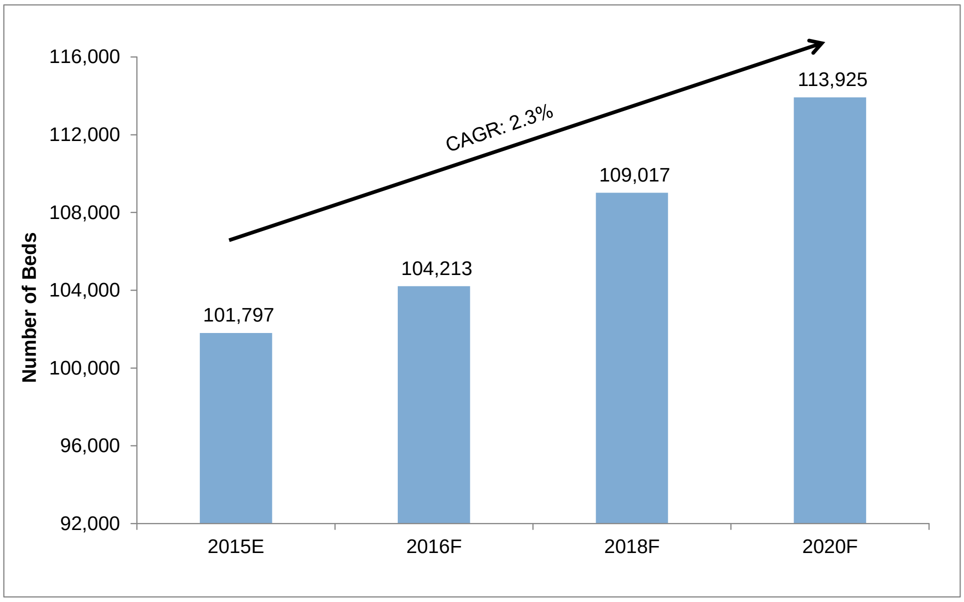
Country	2015E	2016F	2018F	2020F
Saudi Arabia	40.3%	39.7%	38.9%	38.4%
UAE	26.6%	26.7%	26.8%	27.4%
Kuwait	12.6%	12.6%	12.9%	13.1%
Qatar	12.0%	12.5%	12.8%	12.3%
Oman	5.8%	5.8%	5.9%	6.0%
Bahrain	2.7%	2.7%	2.7%	2.8%
GCC Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

The demand for hospital beds in the GCC is projected to grow at a 2.3% CAGR from an estimated 101,797 in 2015 to 113,925 in 2020

The demand for hospital beds in the GCC region is projected to grow at a 2.3% CAGR from an estimated 101,797 in 2015 to 113,925 in 2020 (see Exhibit 26). This represents an additional requirement of more than 12,000 beds in the next five years. Of these, Saudi Arabia is likely to account for more than 7,000 new beds, while the bed requirement in the UAE is expected to increase by nearly 1,900 beds.

Exhibit 26: Forecast of Demand for Hospital Beds in the GCC



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

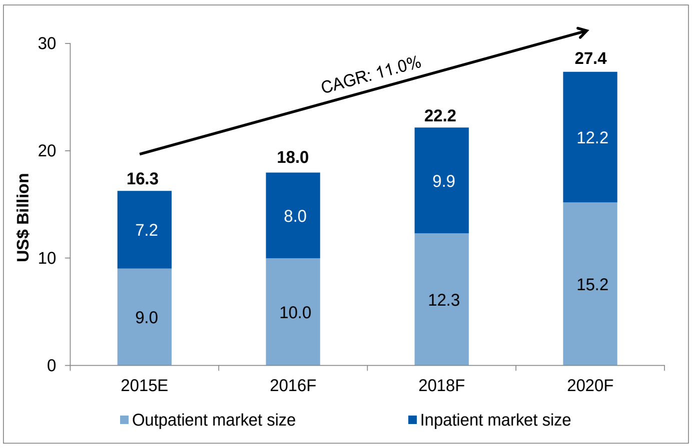
3.4 Country-wise Market Size Forecast

Saudi Arabia

The Saudi Arabian healthcare market is forecasted to reach US$ 27.4 billion in 2020

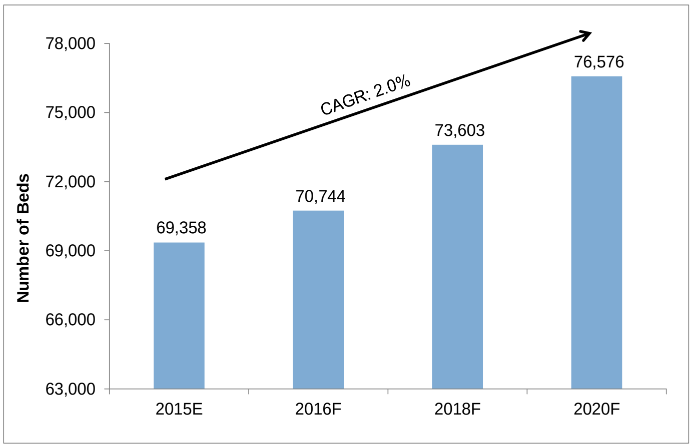
The Saudi Arabian healthcare market is forecasted to reach US$ 27.4 billion in 2020, registering a CAGR of 11.0% from 2015 (see Exhibit 27). The outpatient and inpatient markets are expected at US$ 15.2 billion and US$ 12.2 billion, respectively, in 2020. From less than 70,000 in 2015, the number of beds required in the Kingdom is likely to cross 76,500 in 2020 (see Exhibit 28).

Exhibit 27: Healthcare Market Size Forecast in Saudi Arabia



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Exhibit 28: Forecast of Demand for Hospital Beds in Saudi Arabia



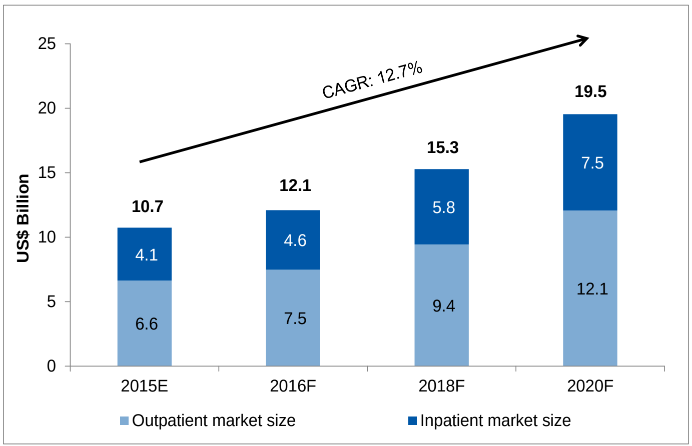
Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

UAE

The healthcare market in the UAE is projected at US$ 19.5 billion in 2020

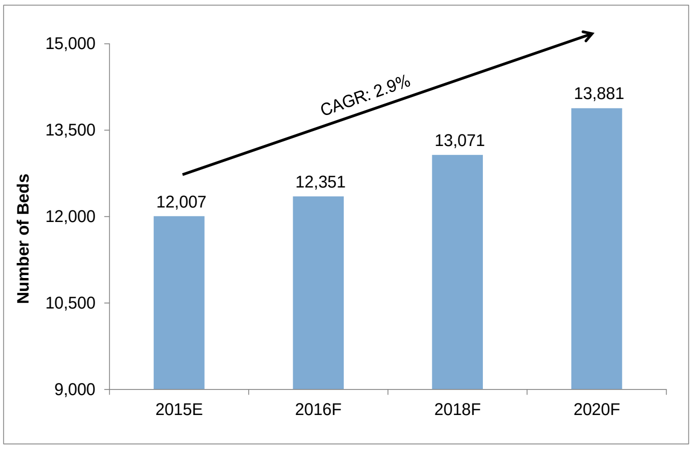
The healthcare market in the UAE is projected at US$ 19.5 billion in 2020, indicating an annual average growth of 12.7% from 2015 (see Exhibit 29). The outpatient and inpatient markets are projected to reach US$ 12.1 billion and US$ 7.5 billion, respectively, in 2020. The country is likely to see a nearly 3% annual increase in the number of hospital beds required, presenting a demand of more than 13,800 beds by 2020 (see Exhibit 30).

Exhibit 29: Healthcare Market Size Forecast in the UAE



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Exhibit 30: Forecast of Demand for Hospital Beds in the UAE



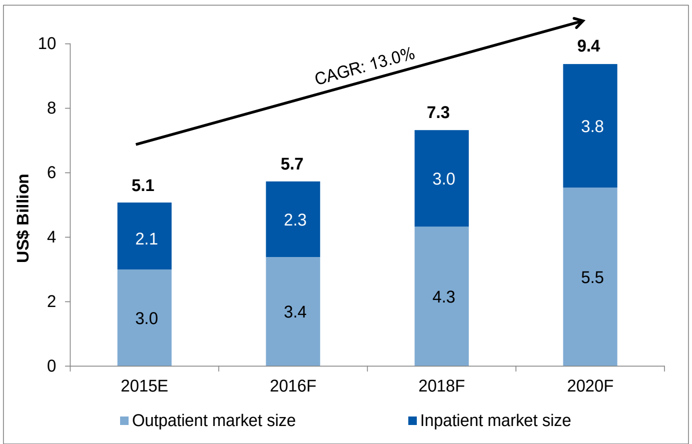
Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Kuwait

The healthcare market in Kuwait is expected to reach US$ 9.4 billion in 2020, registering a CAGR of 13.0% from 2015

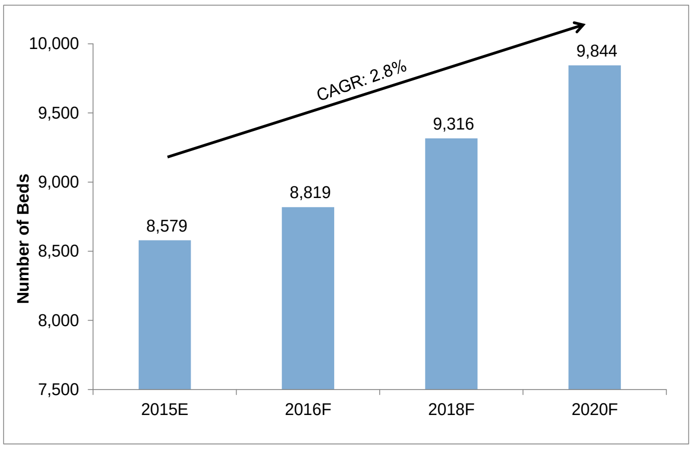
The healthcare market in Kuwait is expected to reach US$ 9.4 billion in 2020, registering a CAGR of 13.0% from 2015 (see Exhibit 31). The outpatient market is projected to grow from an estimated US$ 3.0 billion in 2015 to US$ 5.5 billion in 2020, while the inpatient market is likely to expand from US$ 2.1 billion to US$ 3.8 billion during the same period. The demand for hospital beds in Kuwait is projected at over 9,800 in 2020 (see Exhibit 32), implying an additional requirement of more than 1,200 beds from 2015.

Exhibit 31: Healthcare Market Size Forecast in Kuwait



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Exhibit 32: Forecast of Demand for Hospital Beds in Kuwait



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

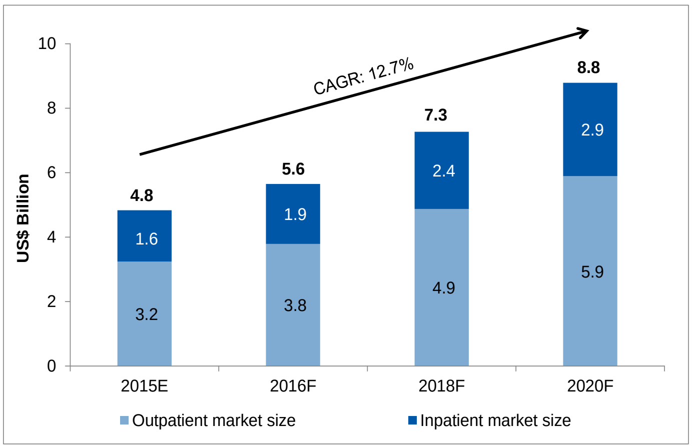
Qatar

The Qatari healthcare market is expected to reach US$ 8.8 billion in 2020

The Qatari healthcare market is expected to grow at a CAGR of 12.7% from 2015 to reach US$ 8.8 billion in 2020 (see Exhibit 33). The outpatient market is projected at US$ 5.9 billion by the end of the forecast period, while the inpatient market is forecasted to touch

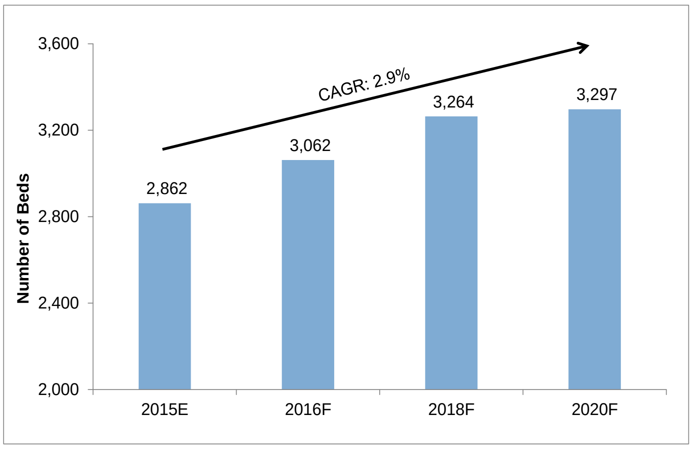
US$ 2.9 billion. The country's hospital bed requirement is likely to grow at a 2.9% CAGR between 2015 and 2020 to nearly 3,300 beds (see Exhibit 34).

Exhibit 33: Healthcare Market Size Forecast in Qatar



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Exhibit 34: Forecast of Demand for Hospital Beds in Qatar



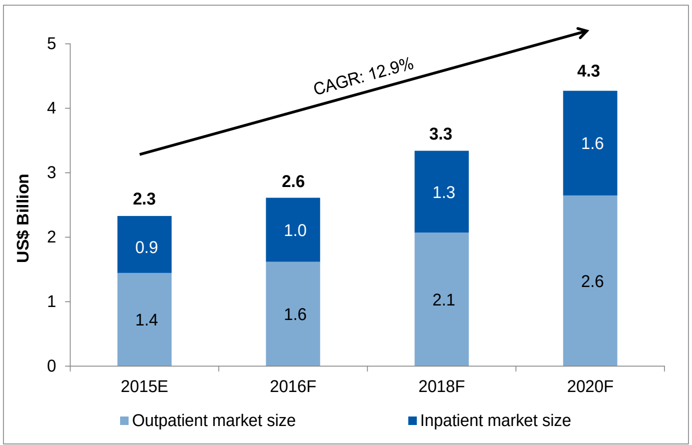
Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Oman

The Omani healthcare market is projected to reach US$ 4.3 billion in 2020

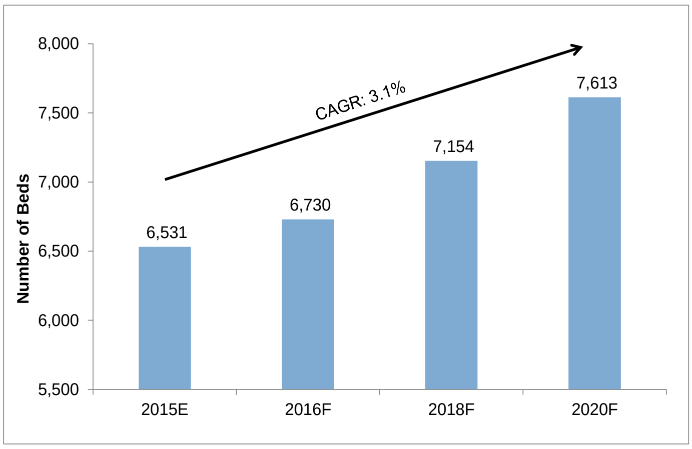
The Omani healthcare market is projected to reach US$ 4.3 billion in 2020, translating into a five-year CAGR of 12.9% (see Exhibit 35). The outpatient and inpatient markets are expected to reach US$ 2.6 billion and US$ 1.6 billion, respectively, by 2020. Oman's hospital bed requirement is forecasted to grow at an annual average of 3.1% in the next five years, suggesting a demand of more than 7,600 beds by 2020 (see Exhibit 36).

Exhibit 35: Healthcare Market Size Forecast in Oman



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Exhibit 36: Forecast of Demand for Hospital Beds in Oman



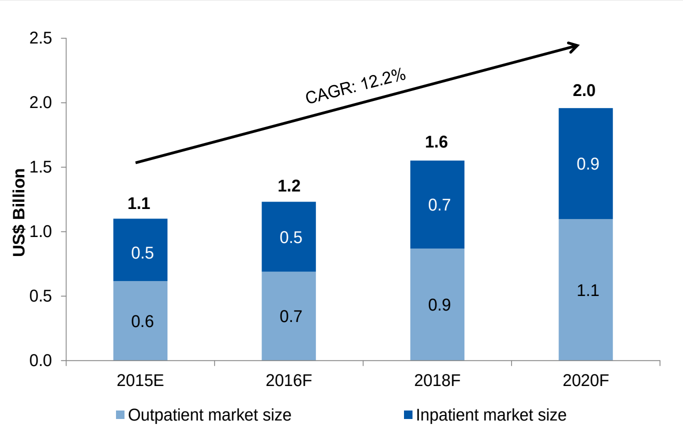
Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Bahrain

The healthcare market in Bahrain is projected to grow at an annual average of 12.2% to US$ 2.0 billion in 2020

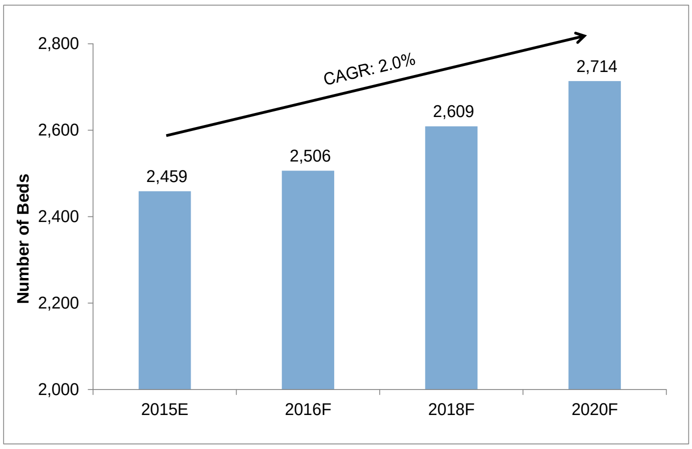
The healthcare market in Bahrain is projected to grow at an annual average of 12.2% from an estimated US$ 1.1 billion in 2015 to US$ 2.0 billion in 2020 (see Exhibit 37). The outpatient and inpatient markets are expected to reach US$ 1.1 billion and US$ 0.9 billion, respectively, in 2020. The demand for hospital beds in the country is projected to grow at 2.0% annually between 2015 and 2020 to over 2,700 beds (see Exhibit 38).

Exhibit 37: Healthcare Market Size Forecast in Bahrain



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

Exhibit 38: Forecast of Demand for Hospital Beds in Bahrain



Source: Alpen Capital, WHO, IMF, MOH and Statistical organizations in the GCC
Note: E – Estimated, F – Forecasted

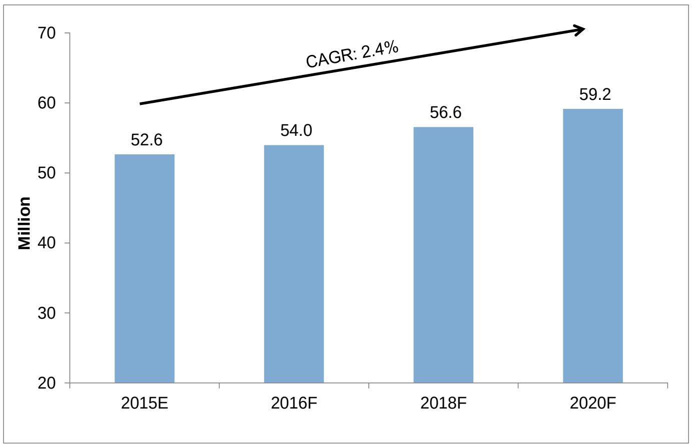
4. Growth Drivers

Rapidly Growing and Ageing Population

Rapidly growing population is inducing the governments across the GCC to improve the healthcare infrastructure as well as standards of care

Population is one of the main driving forces of any country's healthcare sector, helping it shape the system and bring in investors. Despite its low population base compared to many other emerging economies, the GCC countries' population has grown rapidly at a 3.1% CAGR over the last five years to 2015[40], supported by a large inflow of expatriates. The GCC population is projected to grow at an annualized average rate of 2.4% between 2015 and 2020 (see Exhibit 39). Although slower than the past, the growth in population is likely to increase the consumer base for healthcare providers and induce the governments to improve the healthcare infrastructure as well as standards of care. Moreover, the region is set to witness a shift in the age-group distribution due to improved life expectancy. As the current working class of population begins to age, more than 15% of the region's population is projected to be over 50 years by 2020 (see Exhibit 40) compared to about 11% in 2014[40]. Saudi Arabia and Bahrain, in particular, are likely to see an increase in this age category. The resultant increase in the number of the old, who generally need more medical care, is likely to translate into higher associated healthcare spending.

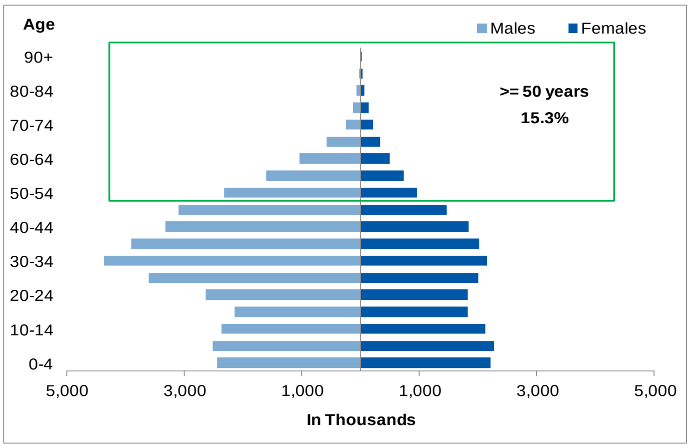
Exhibit 39: GCC Population Forecast



Source: IMF

Note: E – Estimated, F – Forecasted

Exhibit 40: GCC Population Age Distribution, 2020F



Source: IMF, Alpen Capital

High Incidence of Lifestyle-related Diseases

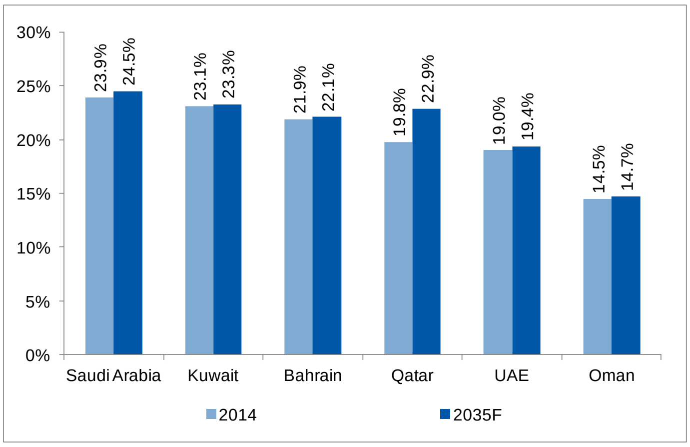
A sedentary lifestyle coupled with a penchant for packaged and fast food have led to an increase in the occurrence of lifestyle-related diseases

A sedentary lifestyle coupled with a penchant for packaged and fast food have led to an increase in the occurrence of lifestyle-related diseases such as obesity, diabetes, hypertension, cancer, and heart ailments in the GCC nations. The prevalence rate of diabetes and obesity in the region is among the highest in the world. All the member nations, barring Oman, were among the top 20 countries to have a high prevalence of diabetes in 2014[41]. Within the region, Saudi Arabia and Kuwait had the highest instances of diabetes (see Exhibit 41). The incidence rate of diabetes is anticipated to increase marginally by 2035 across the GCC, with that in Qatar rising by more than three percentage points. The GCC population is also among the most obese in the world. In 2014, the prevalence of obesity among adults in the region was the highest in Qatar at

[40] Source: IMF, Alpen Capital
[41] Source: "IDF Diabetes Atlas Sixth Edition", International Diabetes Federation, 2014

42.3% compared to the region's average at 36.7%[42] (see Exhibit 42). The rates are substantially higher than the global average of 12.9% and that of 23.5% in the high-income countries. The average cost of the treatment for NCDs generally exceeds that for other cases of hospitalization[43]. Moreover, being chronic, NCDs require continuous treatment throughout the lifetime of the afflicted patients. Consequently, a rise in such lifestyle-related diseases is likely to add to healthcare expenses as well as augment the need for specialized care centers and doctors.

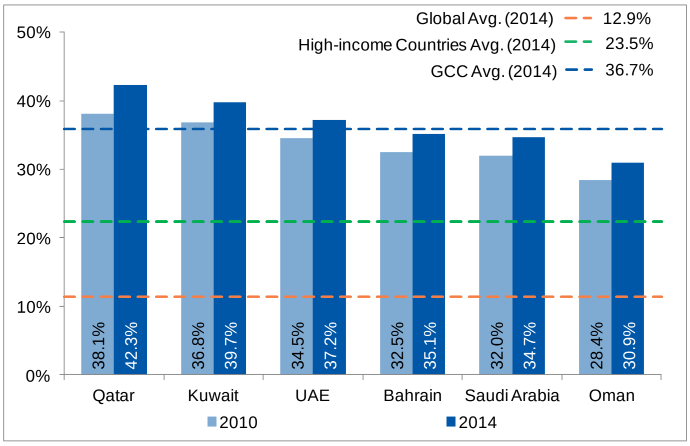
Exhibit 41: Prevalence of Diabetes in the GCC



Source: IDF, Sixth Edition - 2014 Update

Note: F – Forecasted

Exhibit 42: Prevalence of Obesity in the GCC (2014)



Source: WHO

Note: The above figures are percentage of defined population(over 18 years) with a body mass index of 30 kg or higher

Penetration of Mandatory Health Insurance

The rollout of health insurance is likely to reduce the burden of healthcare cost on the government and the out-of-pocket expenditure of the residents

As the healthcare costs rise in tandem with the population growth, most of the GCC governments are introducing mandatory health insurance. The rollout of such schemes is likely to reduce the burden of healthcare costs on the government as well as the out-of-pocket expenditure of the residents. Expatriates, who currently seek medical services in their home countries due to the high cost in the GCC, are particularly expected to benefit from the introduction of such schemes. The health insurance gross written premium (GWP) in Saudi Arabia, the first country in the GCC region to make health insurance mandatory for expatriates in 2006, grew by ~22% y-o-y and represented 52% of its overall insurance market in 2014[44]. Kuwait, Bahrain, and Abu Dhabi have also laid down insurance schemes for expatriates. Qatar and Dubai are implementing mandatory health insurance in a phased manner, with Oman also in the process of following suit. The gradual expansion of medical insurance coverage across the GCC is likely to boost the overall healthcare spending.

Favorable Strategic Plans of the Governments

Each country in the GCC has devised a long-term strategic plan or vision to expand and upgrade its healthcare system. Saudi Arabia has remained at the forefront by forming plans that focus on e-health and infrastructure and allocating large funds towards the

[42] Source: WHO
[43] Source: "Healthcare Policies in GCC: Challenges and Future Directions", Gulf Research Centre, Cambridge
[44] Source: "The Saudi Insurance Market Report", Saudi Arabian Monetary Agency, 2014

The Saudi Arabia MOH aims to have 2,750 primary healthcare centers and 70,693 beds by 2020

development of the sector. The Kingdom has laid down a 10-year Integrated and Comprehensive Health Program to develop and improve its healthcare system[45]. It also proposes to upgrade and equip primary healthcare centers with automated and standardized e-health solutions, programs to improve medical performance, and initiate preventive care programs. The first phase of the program (2011-2015) is aimed at building primary healthcare centers while the second phase (2015-2020) involves the construction of secondary care hospitals and specialized treatment facilities. Overall, the MOH aims to have 2,750 primary healthcare centers and 70,693 beds by 2020 compared to 2,281 health centers and 40,300 beds in 2014. In addition, the country aims to have 27 specialized medical centers and five medical cities by 2020. The government announced a budget of SAR 840 billion (US$ 223.8 billion[46]) in 2016, of which 12.5% was allocated towards health and social affairs[47].

The five-year health strategy of Abu Dhabi is mainly concentrated on e-health and healthcare informatics

The sovereign health entities of Abu Dhabi and Dubai have also formulated strategies that focus on identifying supply gaps and developing the sector. The five-year health strategy of Abu Dhabi is mainly concentrated on e-health and healthcare informatics, in addition to reducing capacity gaps and improving the quality of care. The city foresees an additional requirement of 2,200 hospital beds, 4,800 doctors, and 13,000 nurses by 2022[48]. There are several public and private projects under the planning and construction stages, which are likely to bridge the shortfall. In January 2015, DHA revealed its 10-year healthcare plan that focuses on building a world-class and patient-centric model of care. The plan estimates a requirement of an additional 8,000 beds, 7,323 doctors, and 8,510 nurses in Dubai in the next decade[49]. To fill the gap, DHA has proposed to hire and retain a highly skilled medical workforce and construct several hospitals, three medical colleges, and five nursing schools. In January 2016, His Highness Sheikh Mohammed Bin Rashid Al Maktoum launched a five-year health strategy for streamlining the healthcare sector in Dubai[50]. The strategy features 15 programs and 93 initiatives, and four approaches aimed at ensuring a healthy and safe environment, providing high quality comprehensive and integrated healthcare system, attaining innovation, improving healthcare service efficiency, and creating an integrated database to facilitate smart governance. The UAE government announced a budget of US$ 13.2 billion for 2016, about 8% of which is envisaged to be utilized towards healthcare infrastructure development[51]. In a move to assess the quality of services, the UAE Cabinet introduced a nationwide program on January 10, 2016 to evaluate public hospitals and clinics, based on parameters such as wait time, patient satisfaction, duration of admittance, and success percentage of surgeries, among others[52].

The Kuwaiti government has placed emphasis on the expansion of the healthcare sector in its National Development Plan. The government, in partnership with the private sector, aims to build 10 new hospitals with a capacity of more than 6,000 beds by investing over US$ 7.0 billion[53].

The SCH of Qatar has also laid down a National Health Strategy for 2011-2016, aimed at developing a world-class integrated healthcare system

The SCH of Qatar has also laid down a National Health Strategy (NHS) for 2011-2016, aimed at developing a world-class integrated healthcare system that offers high-quality services, a skilled workforce, a national health policy, effective and affordable care, and advanced research. To achieve these objectives, the government is encouraging private sector involvement. As a part of its NHS, the government launched a Healthcare Facilities

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[45] Source: "MOH's Media Report on the Occasion of the Saudi National Day 1434H", MOH –Saudi Arabia, September 23, 2013; "Saudi Arabia is Building a Massive Nationwide eHealth Network", Nuviun, March 2, 2014
[46] At the exchange rate on December 28, 2015
[47] Source: Ministry of Finance – Kingdom of Saudi Arabia, December 28, 2015
[48] Source: "Healthy, Wealthy & Wise", The Business Year, 2015
[49] Source: "Dubai unveils ambitious 10-year healthcare plan", The National, January 28, 2015
[50] Source: "Mohammad Bin Rashid launches 5-year health strategy", Gulf News, January 26, 2016
[51] Source: "UAE cabinet trims down budget to $13.2bn for 2016", Constructionweekonline.com, October 26, 2015
[52] Source: "UAE cabinet approves plan to rate public hospitals", Gulf News, January 10, 2016
[53] Source: "Kuwait to invest more than $7 billion in healthcare sector", The Gulf Today, November 16, 2014

Master Plan for 2013-2033, which indentified the supply gaps and the measures to fill them. The plan forecasts an additional requirement of 1,067 beds by 2018 and 1,582 beds by 2033, and an estimated cost of QAR 56.8 billion (US$ 15.5 billion[54]) on the higher side to fill all the gaps[55]. The country had a capacity of over 2,400 beds in 2013[56].

Oman is constructing two major medical cities at a total cost of US$ 2.5 billion

Oman's 2050 Health Vision document aims to establish a well-organized, efficient, and accountable healthcare system. By 2050, the number of beds in MOH hospitals is set to increase by 9,900[57]. Based on the analysis in the document, the Sultanate will require an additional 5,740 doctors and 12,863 nurses by 2020. The country is also constructing two major medical cities at a total cost of US$ 2.5 billion[58] to promote medical tourism and meet the need for specialized care.

Bahrain has also framed a health strategy for the period from 2015 to 2018, focusing on infrastructure development, encouraging the PPP model, and preparing the system to cater to the ageing population and treatment of NCDs[59].

With such strong strategies in place, it is clear that the GCC governments are making significant strides towards bolstering their healthcare sector and meeting the growing medical needs of its rising population. The successful execution of the plans is expected to extensively scale up the region's healthcare infrastructure and quality standards.

Mega Projects in the Pipeline

Multi-billion Dollar Projects to Boost Domestic Healthcare Infrastructure

The GCC region has nearly 350 hospital projects under various stages of development, of which almost 70 projects are worth more than US$ 100 million each

Sensing the demand, the government as well as private players have injected multi-billion dollars into the healthcare sector to construct large and specialized healthcare facilities. The GCC region has nearly 350 hospital projects under various stages of development, of which almost 70 projects are worth more than US$ 100 million each[60]. The largest project by value is the construction of phase one of Military Medical City in Riyadh (see Exhibit 43). Undertaken by the Ministry of Defense of Saudi Arabia, the phase one project entails the construction of hospitals with a total capacity of 1,500 beds, warehouses, administrative buildings, and associated facilities. The entire project is expected to complete by 2029[61]. The second-largest project, based in Qatar, involves the construction of tertiary care center with about 400 beds as well as research and education institutions[62]. The development of such massive infrastructure is likely to augment the scale as well as quality of healthcare services in the region.

[54] At the average exchange rate in September 2014
[55] Source: "Qatar Healthcare Facilities Master Plan 2013-2033", SCH, Qatar, September 2014
[56] Source: SCH, Qatar
[57] Source: "Health Vision 2050", Ministry of Health of the Sultanate of Oman, May 2014
[58] Source: "Oman's Healthcare Industry: Showing Signs of Rapid Development", Deutsch-Emiratische Industrie- und Handelskammer, February 6, 2014
[59] Source: "Bahrain plans major rethink of healthcare policies", Trade Arabia, December 19, 2014
[60] Source: "GCC Healthcare Construction Market Outlook", The Big 5 Hub, September 2015
[61] Source: "NBC Construction Contracts Index First Quarter 2015", NCB; May 2015
[62] Source: Sidra Medical and Research Center

Exhibit 43: Major Ongoing and Announced Hospital Projects in the GCC

Project	Country	Value (US$ million)	Status
Military Medical City in Riyadh - Phase 1	Saudi Arabia	3,800	Construction
Sidra Medical and Research Center	Qatar	2,400	Construction
King Abdullah Bin Abdulaziz Project for Development of Security Forces Medical Complexes	Saudi Arabia	1,813	Construction
Dilmunia Health District	Bahrain	1,600	Tender & Bid for Construction
Sultan Qaboos Medical City Complex	Oman	1,500	Planned
Hospital Complex in Barka	Oman	1,500	Design
King Abdullah Medical City – Makkah	Saudi Arabia	1,400	Tender for Construction
New Jahra Hospital	Kuwait	1,267	Construction
New Al Ain Hospital	UAE	1,089	Construction
Jaber Al Ahmed Al Sabah Hospital	Kuwait	1,057	Construction
International Medical City	Oman	1,000	Bid Evaluation
New Medical City and Trauma Mass Casualty Hospital	Qatar	1,000	Design
Farwaniya Hospital Expansion	Kuwait	925	Construction
Mafraq Hospital in Abu Dhabi	UAE	871	Construction
Al Adan Hospital Expansion	Kuwait	800	Construction
New Sultan Qaboos Hospital in Salalah	Oman	700	Tender for Construction
New Hospital Complex for Sheikh Khalifa Medical City	UAE	680	Tender for Construction

Source: GCC Construction Market Outlook – The Big 5 Hub, September 2015; International Medical Travel Journey; International Medical City – Oman; Zawya

Large Projects to Encourage Medical Tourism

Dubai has unveiled a master plan to attract half a million foreign patients annually by 2020

The GCC countries plan to encourage medical tourism by developing world-class healthcare and hospitality facilities while relaxing the visa-related policies. The UAE is at the forefront, having simplified the entry process for patients by introducing new visa options including visas for multiple entries and the patient's escort[63]. Dubai is already a popular medical destination and it welcomed 260,000 medical tourists in the first half of 2015[64]. Dubai has unveiled a master plan to attract half a million foreign patients annually, which is likely to bring in revenue of AED 2.6 billion (US$ 0.7 billion[65]) by 2020[66]. The plan, to be implemented in two phases, involves the construction of 18 private and four public hospitals with a workforce of more than 3,800. In January 2016, Dubai Health Care City

[63] Source: "UAE simplifies the visa process for medical tourists", International Medical Travel Journal, October 22, 2014
[64] Source: "Dubai welcomes 260,000 medical tourists in first half of 2015", Gulf News, September 6, 2015
[65] At the exchange rate on March 24, 2015
[66] Source: "Dubai reveals master plan for 500,000 medical tourists a year", The National, March 24, 2015

announced its plan to build the world's largest wellness center over the next four years in a bid to strengthen the healthcare system as well as drive medical tourism in the Emirate[67].

With an aim to host medical tourists, Bahrain has planned the construction of Dilmunia Health District at an estimated cost of US$ 1.6 billion[68]. Spread over 165,000 square meters (sq m) of land, the district will feature clinics and hospitals alongside residences, hotels, leisure, and wellness clusters on the man-made Dilmunia Island.

Oman is constructing the International Medical City at an estimated cost of US$ 1.0 billion to promote itself as a medical tourism destination

Not to be left behind, Oman is constructing the International Medical City (IMC) at an estimated cost of US$ 1.0 billion[69] to promote itself as a medical tourism destination. Apex Medical Group will execute the project in three phases, in partnership with the Oman ministries of tourism and health. As per the plan, the IMC will comprise three clusters - a healthcare complex, a health resort, and a medical education complex - across an area of 866,000 sq m. The first phase will involve the construction of a 250-bed multi-specialty tertiary care hospital. The next two phases are expected to expand the bed capacity to 530 as well as involve construction of hotels, wellness centers, serviced apartments, colleges, and a conventional center.

Such massive developments within the GCC healthcare sector that are focused on medical tourism are likely to not only attract patients from across the world but also reduce the outbound visits of locals for specialized treatment.

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[67] Source: "World's largest wellness centre to open in Dubai", Zawya, January 25, 2016
[68] Source: "Bahrain's medical and health tourism strategy", International Medical Travel Journey, October 19, 2015
[69] Source: "International Medical City Brochure", IMC – Oman

5. Challenges

Low Oil Prices May Slow Government Spending

The GCC governments' budgets are increasingly coming under pressure amid falling oil prices

The GCC governments' budgets are increasingly coming under pressure amid falling oil prices. Although some countries hold large foreign reserves, overall, governments across the region are likely to curtail or defer their expenditure plans, with oil prices well below US$ 50 per barrel. Oman and Bahrain, in particular, are likely to adopt a tight-fisted approach towards spending as their fiscal deficits widen. In December 2015, the Saudi Arabian government announced a cut in public spending in 2016, after recording an annual budget deficit of about US$ 98 billion[70]. The spending cut is in view of lower revenue from the drop in oil prices. The healthcare spending was impacted, as the budget for health and social development was slashed by more than 30% to SAR 104.9 billion (US$ 27.9 billion[71])[72]. Thus, a prolonged low oil price environment may influence the budgets of the GCC governments and, therefore, the healthcare spending. Nevertheless, private sector participation in the industry is likely to rise in the wake of a slowdown in government spending and policies encouraging private investments.

High Cost and Limited Specialized Care Diverting Patients Abroad

The GCC nations, on an average, witnessed about 7% y-o-y rise in medical costs in 2014, much higher than that of ~4% in Europe

The cost of medical treatments in the GCC is high compared to the developed as well as emerging medical destinations. In 2009, the average cost of a heart bypass surgery in the UAE was US$ 44,000 compared to US$ 18,500 in Singapore, US$ 11,000 in Thailand, US$ 10,000 in India, and US$ 9,000 in Malaysia[73]. The disparity appears to have worsened, considering the faster rate of increase in medical costs in the GCC countries. The estimates by the global professional services company – Towers Watson – reveal that healthcare costs in the GCC nations (excluding Saudi Arabia), on an average, witnessed about 7% y-o-y rise in 2014, much higher than that of ~4% in Europe. At an estimated 7.7%, the cost rise in Bahrain exceeded the region's average. Due to such high costs, expatriates prefer medical treatment overseas, especially in their home countries.

In addition to the cost disadvantage, another factor driving outbound medical tourism is limited super-specialized care

In addition to the cost disadvantage, another factor driving outbound medical tourism is limited super-specialized care in areas such as oncology and cardiology[74]. As a result, the citizens are offered government-sponsored specialized care overseas. The health authority in Dubai spent AED 439 million (US$ 119.5 million[75]) towards overseas treatment for its citizens in 2014[76]. Around 16% of the expenses were incurred on oncology treatments, followed by about 14%-15% each on neurosurgeries and orthopedics, and about 6% on cardio surgeries. The Saudi Arabian government spent over SAR 1 billion (US$ 266.6 million[75]) for the overseas treatment of locals in 2014[77].

Considering the high incidence of cancer and cardiovascular ailments, there is an urgent need for specialized care centers in the GCC. Although such centers are under development, the region needs to improve critical care delivery by providing the necessary equipment as well as hiring specialized doctors.

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[70] Source: "Saudi Arabia Cuts Spending, Raises Domestic Fuel Prices", The Wall Street Journal, December 28, 2015
[71] At the exchange rate on December 28, 2015
[72] "Recent Economic Developments and Highlights", Ministry of Finance – Saudi Arabia, December 28, 2015
[73] Source: "Transforming the Middle East's healthcare model", Grant Thornton, 2009
[74] Source: "GCC Healthcare Sector", Ardent Advisory & Accounting LLC, October 2015
[75] At the average exchange rate in 2014
[76] Source: "Dubai Annual Health Statistical Report", DHA, 2014
[77] Source: Saudi Medical Tourism

Shortage of Local Medical Professionals

Fields such as nursing are generally perceived as being women-oriented, further trimming the available workforce

The GCC faces a dearth of local talent to meet the requirement at healthcare centers due to several factors. Firstly, the region produces few medical graduates to cater to the growing population due to a lower base of nationals. In addition, fields such as nursing are generally perceived as being women-oriented, further trimming the available workforce. Accordingly, the availability of skilled and experienced physicians and nurses within the region is scarce. Healthcare institutions are thus reliant on expatriate workers, who account for as many as 80% of the physicians in some countries[78]. However, the average ratio of physicians (including dentists) and nurses per 10,000 people in the GCC at about 26 and 49, respectively, is insufficient to meet the growing demand for healthcare services[79]. Although measures are being undertaken by regional governments, the shortfall is set to aggravate once the hospitals currently under construction commence operations. Several governments have already identified large additional workforce requirements at the new developments. As global healthcare companies begin to set up shop in the region, competition to hire specialists is expected to further intensify.

Another factor challenging the providers is high dependence on expatriates, who consider the GCC healthcare facilities as a stepping-stone to gain experience and then seek careers in the West. The governments are designing strategies such as providing residency programs and increasing the number of medical colleges to attract as well as retain healthcare professionals.

Although such efforts are likely to bear fruits in the long term, the sector is likely to face a dearth of healthcare professionals in the near term.

Barriers of Entry for Private Sector

Private players face entry barriers such as high cost of setting up a hospital and high payback period

In the GCC healthcare sector, the private players face entry barriers such as high cost of setting up a hospital and high payback period. The construction of a new hospital requires large capital, considering the cost of land, equipments, materials, and labor. Over the years, a rapid development of infrastructure projects in the GCC has led to an increase in demand for the required resources, thereby pushing the cost of construction upwards. In general, construction costs are the highest in Qatar with the ongoing development of several projects ahead of the 2022 FIFA World Cup[80]. In the UAE, construction of a hospital using the conventional method requires a capital outlay of about AED 1 million (US$ 0.3 million[81]) per bed[82]. Besides, the hospital projects have long gestation and payback period.

Healthcare providers in the GCC are looking at measures to curtail their operating costs in order to offset the impact of high capital expenditure towards constructing hospitals. The current investment climate characterized by global economic uncertainty, low oil prices, and volatility in financial markets has made investors across the globe more cautious and risk-averse. This can have a negative impact on the fund-raising ability of companies in the region to finance their healthcare projects.

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[78] Source: "Health care sector in GCC faces talent shortage", Gulf News, January 10, 2014
[79] Source: MOH of Saudi Arabia, Oman, Kuwait, Bahrain and Qatar, NBS of the UAE, IMF, Alpen Capital
[80] Source: "Qatar's construction costs continue to be highest in the GCC", Doha News, January 15, 2015
[81] At exchange rate on January 25, 2015
[82] Source: "Modular hospital designs to slash construction cost by half", Gulf News, January 25, 2015

Due to the lack of homogeneous regulations and adherence to international standards, there have been inconsistencies in the quality of services in the member nations

Absence of Quality Standards

Despite a remarkable improvement in the condition of the GCC healthcare system over the last two decades, the accessibility and quality of care at public hospitals and clinics are yet to meet expectations of the citizens[83]. Due to the lack of homogeneous regulations and adherence to international standards, there have been inconsistencies in the quality of services in the member nations.

Although there have been efforts to improve healthcare delivery standards, the progress has been slow. Some GCC governments have encouraged renowned international educational institutions to set up healthcare facilities and are seeking international affiliations to improve the service quality. Some international institutes that have set up medical centers in the GCC are John Hopkins Medicine International, Imperial College London, and Cleveland Clinic.

[83] Source: "Healthcare Policies In GCC: Challenges And Future Directions", Gulf Research Meeting

6. Trends

Governments Encouraging the PPP Model

Government policies to increase insurance coverage and provide other infrastructure support as well as financial incentives are drawing investors into the sector

Growing population, rising healthcare costs, and a high incidence of NCDs demand more funds into the GCC countries' healthcare system. Private sector involvement is becoming imperative to meet the rising demand as well as to reduce the burden of costs on the government finances. Government policies to increase insurance coverage and provide other infrastructure support as well as financial incentives are drawing investors into the sector. As a result, PPPs are already budding in the region and are likely to grow further. Such partnerships are typically structured on the build, operate, and transfer model, helping the GCC governments fill the gaps in terms of capital, infrastructure, workforce, and the quality of services.

Measures undertaken by the governments in Saudi Arabia and the UAE to bring private investments into the healthcare sector are already bearing results. Both the countries are home to a significant number of renowned foreign hospitals and health insurance providers. Among the member nations, Saudi Arabia accounted for the highest private sector contribution to the total healthcare expenditure, which was also more than that in the developed nations of Germany and the UK[84]. The Saudi Arabian government has encouraged private sector participation by expanding health insurance, providing higher loan amounts at low interest rates to construct hospitals, and promoting their partnerships with public entities. With limited healthcare services available to expatriates at the MOH facilities, inpatient admissions at the private facilities are on the rise.

The government of Abu Dhabi has entered into partnerships with major international hospitals such as Cleveland Clinic, Johns Hopkins, Vamed, and Bumrungrad. Public hospitals in the UAE such as Sheikh Khalifa General Hospital and Rashid Hospital have handed over their management to the private providers, NMC Health and InterHealth Canada, respectively. On September 20, 2015, the government of Dubai proposed a new PPP law to encourage private sector funding by offering them a degree of protection by structuring the tendering process and partnership contract specifications, among others[85]. As a part of its new healthcare strategy, DHA aims to increase PPP in areas of ambulatory care, LTC, home care and day-surgery centers[86]. Such laws and strategies are likely to increase the private sector involvement in the UAE's healthcare sector.

Kuwait has established a separate entity, Partnerships Technical Bureau, to oversee PPPs across sectors

Kuwait has established a separate entity, Partnerships Technical Bureau, to oversee PPPs across sectors. Within the healthcare sector, this entity is in the process of tendering a 500-bed Physical Medicine and Rehabilitation Hospital and Related Facilities project under the PPP model[87]. The selected private player will build, finance, maintain, and operate the project. In 2011, the MOH formed Kuwait Health Assurance Company under the PPP model, aimed at providing health insurance and medical care to expatriates. The company is overseeing the construction of 15 primary care centers and three secondary care hospitals with more than 1,200 beds[88].

Qatar's SCH, together with the Ministry of Economy and Commerce, has allotted five plots to build and operate hospitals under the PPP model[89]. Before issuing the tender, the government launched a survey to seek the opinion of private investors on the areas

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84 Source: WHO
85 Source: "Dubai's new law on PPP", Nabarro LLP, October 20, 2015
86 Source: "Dubai plans more public-private healthcare partnerships", The National, February 1, 2016
87 Source: Partnerships Technical Bureau
88 Source: "Kuwait Investing Billions in Healthcare Sector", Interfax Europe Ltd., November 14, 2015
89 Source: "Govt allots five plots to build new hospitals", Zawya, June 14, 2015

of healthcare specialization to be offered at the facilities, the economic feasibility of the project, financing methods, and the extent and form of government support, among others.

In the backdrop of low oil prices, the Oman government is seeking PPP projects to boost economic growth. The government is preparing a framework for PPP and private investments in diverse fields, including healthcare.

Overall, state contribution towards the total healthcare expenditure could reduce if private sector participation increases as a result of such encouraging measures across the region.

Increasing Adoption of Information Technology

The present tech-savvy generation has encouraged the use of innovative healthcare information technology

The GCC region is witnessing a wave of information technology applications in delivering effective healthcare. The present tech-savvy generation has encouraged the use of innovative healthcare information technology such as eVisits, digitization of electronic medical records (EMR), data analytics, and mobile applications for patient engagement. The adoption of such technologies has the potential to improve the quality of care and reduce the cost substantially for both patients as well as providers.

Regional governments are investing in such technologies to modernize and streamline their healthcare systems. Saudi Arabia, the UAE, and Qatar have framed eHealth strategies, involving the automation of medical centers, monitoring of patients remotely, and data management, among others. In 2008, the UAE launched an electronic healthcare information system “Wareed”, which virtually linked 14 MOH hospitals and 25 state clinics by early 2014 to avoid the duplication of patient records and increase patient safety[90]. The health ministry of the UAE has entered into an agreement with telecom operators, Etisalat and Du, to provide mHealth (mobile health) services[91]. They will work together to develop healthcare and wellness services such as creating awareness and preventing NCDs, educating patients about their health, diagnosing ailments and monitoring patients remotely, and offering tele-health and medical video conferencing. DHA became the first healthcare authority within the GCC to implement a tele-health project, RoboDoc, aimed at enhancing the healthcare delivery method[92].

Saudi Arabia’s eHealth strategy aims to upgrade and expand its digital health system to connect over 3,500 healthcare centers under a single integrated network by 2020

Saudi Arabia’s 10-year plan includes an eHealth strategy to upgrade and expand its digital health system to connect over 3,500 healthcare centers under a single integrated network by 2020[93]. The country is making huge investments into cloud, virtualization, mobility, telemedicine, and remote patient monitoring. Qatar is also working towards developing an integrated and secure national eHealth system aimed at improving access to care, supporting new models of delivery, enhancing patient safety, and enabling a high-performing healthcare system[94]. Oman’s MOH has developed a comprehensive healthcare management system, Al Shifa, which provides a complete solution for managing EMR, assets, inventory, and financial as well as human resources[95]. This system has been enabled in over 200 healthcare facilities. In 2012, Bahrain’s MOH launched a national health information system, I-Seha, to integrate clinical and administrative solutions for primary and secondary care, and compile patient information as a single electronic health record.

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[90] Source: “Wareed links 14 hospitals, 25 clinics across the country”, Khaleej Times, January 27, 2014
[91] Source: “MoH signs deal with Etisalat, du to deliver mobile health services”, Emirates 24/7, January 29, 2014
[92] Source: “Arab Health 2016 witnesses impressive launch lineup of cutting edge technologies”, Arab Health, January 26, 2016
[93] Source: “Saudi Arabia is Building a Massive Nationwide eHealth Network”, Nuviun, March 2, 2014
[94] Source: “Qatar National E-Health & Data Program”, National Health Strategy, June 14, 2015
[95] Source: “Al Shifa System”, Ministry of Health Oman

Shift from Curative Care to Preventive Care

Focus on the prevention of diseases will not only improve the public health profile but can also help reduce healthcare expenditure and enhance the quality of care

Growing health awareness among the residents along with the GCC governments' effort to improve the basic health indicators is leading to a shift from curative care to preventive care. Focus on the prevention of diseases will not only improve the public health profile but can also help reduce healthcare expenditure and enhance the quality of care. Some of the measures undertaken by the regional governments in preventing diseases include:

- As a part of its ten-year health program, the Saudi Arabian MOH has set up a public health department, which is implementing around 37 preventive programs in the country[96]. The Ministry has also developed a national executive plan to control as well as prevent the occurrence of diabetes. Under the plan, the MOH conducted anti-diabetes national education programs as well as campaigns while launching 20 specialized centers and proposing to open eight additional centers[97]. These centers will not only offer the treatment for diabetes but will also work on spreading awareness about the prevention and cure of the disease.
- Saudi Arabia is in discussions with Aino Health, a Finnish preventive healthcare expert, and Commit, a solution developer, to enter into a contract to change the country's healthcare operating model and focus on preventive care and health management[98]. Investments towards this initiative are likely to be worth about EUR 50 million (US$ 54.3 million[99]).
- Wellness and prevention of diseases are among the focus areas for Abu Dhabi's healthcare authority. In 2013, the health authority introduced Weqaya, a program to screen the risk of cardiovascular ailments among nationals and further assist in health improvement.
- DHA conducts health awareness campaigns throughout the year, encourages health screening at MOH-run primary healthcare centers by offering attractive packages, and operates specialized clinics to provide care for patients afflicted with NCDs[100].

One of the strategic pillars of DHA in 2015 was the prevention and awareness of NCDs

- One of the strategic pillars of DHA in 2015 was the prevention and awareness of NCDs. To reduce the prevalence of such diseases in Dubai, the authority is encouraging programs on health education and behavior change. It also plans to focus on early detection and reporting of communicable diseases, infectious disease screening, immunizations, and workplace safety[101].
- Qatar has also included preventive healthcare as one of the goals under its NHS 2011-2016. The strategy proposes evidence-based programs to control the occurrence of chronic and communicable diseases and the establishment of public health governance to monitor and evaluate the prevention initiatives. It also aims to bring about the development of occupational health standards as well as programs and strategies focused on women and child health[102].
- On November 21, 2015, Qatar's Minister of Public Health launched the National Diabetes Strategy for the next seven years. The strategy, to be implemented in phases, involves a program on generating awareness and focusing on the prevention of diabetes, developing a scientific research plan, educating the

[96] Source: "MOH's Media Report on the Occasion of the Saudi National Day 1434H", MOH, Saudi Arabia, September 23, 2013
[97] Source: "MOH Efforts of Educating on Diabetes", MOH, Saudi Arabia, November 12, 2013
[98] Source: "Breakthrough for Finnish preventive health care in Saudi Arabia", Finpro, November 6, 2015
[99] At the exchange rate on November 6, 2015
[100] Source: "Dubai Health Authority's smart clinic discusses prevention and treatment of non-communicable diseases", DHA, October 21, 2015
[101] Source: "Dubai Health Authority Reveals 2015 Roadmap with Prevention and Patient Care at Center", Nuviun, February 8, 2015
[102] Source: "National Health Strategy 2011-2016", Qatar National Health Strategy

workforce providing diabetes care, and introducing a national screening and early detection program[103].

- To prevent as well as control NCDs in Bahrain, its MOH has prepared a national policy framework that includes relevant laws, regulations, and directives. Under the framework, the Ministry plans to improve the nation's public health profile through steps such as imposing restrictions on smoking in public places and focusing on food safety, including the labeling of food items and drinks with information about the ingredients they contain.

Long-term and Post-acute Care Centers

The rising prevalence of chronic diseases alongside an anticipated increase in the ageing population is prompting the need for LTC facilities in the region

LTC facilities offer medical as well as non-medical services to patients with prolonged illness or disability that renders them incapable of taking care of themselves for a long period. Post-acute care centers provide medical and support services to patients in their post-hospitalization periods to aid their recovery. Jointly referred as LTPAC, the facilities offer services related to patient rehabilitation, LTC, nursing homes, and home care. The rising prevalence of chronic diseases alongside an anticipated increase in the ageing population is prompting the need for LTPAC facilities in the GCC region. Currently, the GCC faces a shortage of 2,000-2,400 beds for LTPAC patients[104]. Due to the shortage of such facilities, patients in need of LTPAC are generally accommodated in the Intensive Care Units and other acute care hospital units for an extended period, causing a delay in the availability of such beds for other patients.

The demand for LTPAC is growing in the UAE that is recording a rise in genetic disorders and proportion of the elderly population, in addition to high instances of serious injuries due to road accidents. Abu Dhabi has witnessed the setting up of the largest number of LTC providers. The Emirate's health authority offers LTC license to operate as a hospital, a rehabilitation center, a post-acute hospital, or a nursing home. Sensing the opportunity in the segment, healthcare players such as NMC Health Plc, Al Noor Hospitals Group Plc, and Amanat Holdings have made investments in specialized LTPAC providers such as ProVita International Medical Center, Rochester Wellness, and Sukoon International Holding, respectively. ProVita International Medical Center has LTC facilities in the UAE and plans to launch such services in Qatar and Saudi Arabia. Rochester Wellness has LTC and home care units in the UAE and Oman. Sukoon International Holding provides extended care and critical care services in Jeddah, Saudi Arabia, with plans to open new LTC facilities in Riyadh. Dubai has prioritized investments in setting up rehabilitation and long-term patient services under its Clinical Services Capacity Plan 2015-2025[104]. In January 2016, the UAE witnessed launch of its first inpatient rehabilitation center in Dubai[105]. The AED 35 million (US$ 9.5 million[106]) center is a partnership between Canadian Specialist Hospital and Wagner Health & Care, one of the world's leading providers of rehabilitation care.

Qatar has also seen the launch of large LTC facilities, including a LTC unit in Rumailah Hospital and the Enaya Specialized Care Center

In the recent years, Qatar has also seen the launch of large LTC facilities, including a LTC unit in Rumailah Hospital and the Enaya Specialized Care Center. The Qatar Health Facilities Master Plan includes the development of two LTC facilities between 2015 and 2019 at an estimated cost of QAR 4.0 billion[107] (USD 1.1 billion[108]). The LTC market in

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[103] Source: "Minister of Health launches Qatar national diabetes strategy", The Peninsula Qatar, November 21, 2015
[104] Source: "The growing demand for long-term and post-acute care in the GCC", Arab Health Daily Dose, January 26, 2016
[105] Source: "DHA Chairman inaugurates UAE's first private AED35 million rehabilitation centre", Zawya, January 31, 2016
[106] At the exchange rate on January 31, 2016
[107] Source: "Qatar Healthcare Facilities Master Plan 2013-2033", National Health Strategy Qatar, September 2014
[108] At the average exchange rate in September 2014

Saudi Arabia is in its nascent stages, with the demand for such facilities projected to reach 12,936 beds substantially high compared to supply estimates of 2,059 beds by 2017[109].

Some of the other prominent LTPAC providers in the GCC include the UAE-based Amana Healthcare and Cambridge Medical and Rehabilitation Center as well as the Health Oasis Hospital and International Extended Care Center in Saudi Arabia (see Exhibit 44).

Exhibit 44: LTC Providers in the GCC

Name	Country
Enaya Specialized Care Center	Qatar
Rumailah Hospital	Qatar
Health Oasis Hospital	Saudi Arabia
International Extended Care Center	Saudi Arabia
Sukoon International Holding	Saudi Arabia
Abu Dhabi Rehabilitation Center	UAE
Al Ain Hospital	UAE
Al Rahba Hospital	UAE
Amana Healthcare	UAE
Americare Group	UAE
Behavioral Sciences Pavilion	UAE
Cambridge Medical and Rehabilitation Center	UAE
Ghiathy Hospital	UAE
Madinat Zayed Hospital	UAE
Manzil Health	UAE
Medcare Physiotherapy and Rehabilitation Centre	UAE
ProVita International Medical Center	UAE
Rochester Wellness	UAE
Sheikh Khalifa Medical City	UAE
Tawam Hospital	UAE

Source: Alpen Capital

Strengthening Specialized Care, Medical Education, and Research

The GCC governments are focusing on providing more specialized care centers and increasing the number of medical and research institutes

Improvement in the standard of living has increased the incidence of lifestyle-related diseases in the GCC region, creating demand for specialized centers and resources of care. Thus, as part of its efforts to boost investments into the healthcare sector, the GCC governments are focusing on providing more specialized care centers and increasing the number of medical and research institutes.

The governments are constructing multi-specialty centers, Centers of Excellence (CoE) and medical cities as well as entering into strategic partnerships with leading international players in providing the required infrastructure and resource support. Some of the large

[109] Source: "Amanat Holdings PJSC announces investment in Sukoon International Holding CJSC", Amanat Healthcare and Education", August 11, 2015

specialized hospital projects operational and under development include the International Medical City and the Qaboos Medical City Complex in Oman; Sidra Medical and Research Center and Hamad Bin Khalifa Medical City in Qatar; Kuwait Cancer Control Hospital; and Sheikh Khalifa Medical City and Mohammad Bin Rashid University Hospital and College in the UAE. In addition to specialty hospitals, these medical centers and cities house educational and research centers.

The GCC nations are engaging in research and strategic partnerships to strengthen their healthcare system. Some such instances are listed below:

Kuwait's MOH partnered with GE Healthcare to deploy its latest technologies at the country's specialized healthcare centers

- There are nearly 150 medical and healthcare research projects under construction in Qatar, launched by the Qatar National Research Fund in association with several well-known local and international health institutions[110]. Weill Cornell Medical College is conducting research on the stem cell therapy and is in the process of decoding the Qatari genome to identify areas that could enable prediction and prevention of certain diseases. The Hamad Medical Corporation, in collaboration with the US-based Georgetown University, is researching the use of molecular profiling tools in predicting the course of diabetes.
- The German Neuroscience Center, based in Dubai Healthcare City, has partnered with Vivantes Hospital Group, Germany's largest government healthcare group[111]. The association aims to invite leading neurologists to Dubai Healthcare City to offer medical treatment and conduct programs in the areas of education, training, knowledge transfer, and patient therapy.
- In January 2015, Kuwait's MOH partnered with GE Healthcare to deploy its latest technologies at the country's specialized healthcare centers[112]. Some of the solutions to be provided by GE Healthcare include computed tomography technologies, designed for high quality imaging of heart, and integrated oncology solutions.
- In October 2015, the UAE-based Gulf Medical University partnered with the UK-based University of Salford for knowledge transfer as well as staff and student exchange programs in the area of genomic diagnostics[113].
- In November 2015, the UAE-based VPS Healthcare entered into a strategic partnership with Penn Medicine to conduct educational conferences, enhance patient care standards, and provide healthcare education for industry professionals such as physicians and nurses[114].

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[110] Source: "Driving Qatar's Research Program", Qatar's Supreme Council of Health, July 1, 2014
[111] Source: "GNC Announces Partnership with Germany's Largest Public Healthcare Group", Zawya, January 22, 2015
[112] Source: "GE Healthcare partners with Kuwait MoH to help equip first-in-country specialized healthcare centers", GE Healthcare, January 27, 2015
[113] Source: "New partnership signals major boost for UAE medical education", Zawya, October 7, 2015
[114] Source: "Penn Medicine & VPS Healthcare set for strategic partnership", Zawya, November 2, 2015

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7. Merger and Acquisition (M&A) Activities

In pursuit of growth, NMC Healthcare Plc acquired five healthcare companies in 2015

The GCC healthcare sector's M&A arena remained active during 2015. Among the completed deals for which the transaction value was disclosed, the largest was Aster DM Healthcare's acquisition of a 57% interest in Sanad Hospital for US$ 245.1 million (see Exhibit 45). During the year, South Africa-based Mediclinic International announced its intention to acquire Al Noor Hospitals Group for US$ 2.2 billion in a reverse takeover deal. Expected to be completed in early 2016, the deal will be the largest within the GCC healthcare sector, with the merged entity to become the third-largest acute hospital group outside the US[115]. NMC Health Plc as well as VPS Healthcare were also contenders to acquire Al Noor Hospitals Group Plc. In pursuit of growth, NMC Health Plc acquired five healthcare companies in 2015, with the largest being Faikh IVF and ProVita International Medical Center LLC. The latter was an exit by a private equity (PE) firm, TVM Capital Healthcare Partners. In 2015, PE firms such as Middle East Venture Partners and Alkhabeer Healthcare Private Equity also invested in the GCC healthcare sector.

Exhibit 45: Major M&A Deals in the GCC Healthcare Industry

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US$ Million)	Percent Sought (%)
Mediclinic International*	South Africa	Al Noor Hospitals Group	UAE	2015	2,168.3	-
Aster DM Healthcare	UAE	Sanad Hospital	Saudi Arabia	2015	245.1	57%
NMC Health Plc	UAE	Fakih IVF	UAE	2015	189.5	51%
NMC Health Plc	UAE	ProVita International Medical Center LLC	UAE	2015	160.6	100%
Amanat Holdings PJSC	UAE	Al Noor Hospitals Group	UAE	2015	68.1	4%
NMC Health Plc	UAE	Dr. Sunny Healthcare Group	UAE	2015	64.0	100%
Amanat Holdings	UAE	Sukoon Intl. Hldg	Saudi Arabia	2015	47.7	35%
Dallah Healthcare Holding Co.	Saudi Arabia	Dr. Mohammed Rashid al-Fagih & Co.	Saudi Arabia	2014	34.4	30%
Mediclinic International	South Africa	Two pathology labs	UAE	2015	25.9	100%
GC Credit Opportunities Fund L.P. of Gulf Capital	UAE	Amana Healthcare	UAE	2014	22.7	N/A
Al Noor Hospitals Group	UAE	Gulf Intl. Cancer Center	UAE	2014	21.8	100%
Al-Ahsa Development Co.	Saudi Arabia	Al-Ahsa Medical Services	Saudi Arabia	2015	4.5	9%
Al-Ahsa Development Co.	Saudi Arabia	Al-Ahsa Medical Services	Saudi Arabia	2015	1.8	3%
Middle East Venture Fund II of Middle East Venture Partners	Lebanon	Altibbi	UAE	2015	1.1	N/A
IMS Health Holdings	US	Dimensions Healthcare	UAE	2016	N/A	100%
Al Imtiaz Invst. Group	Kuwait	Al Ritaj Holding Co.	Kuwait	2015	N/A	12%
Al Noor Hospitals Group	UAE	Rochester Wellness	UAE	2015	N/A	N/A
Nafais Holding Co.*	Kuwait	Al-Mowasat Healthcare	Kuwait	2015	N/A	2%
NMC Health Plc	UAE	Americare Group	UAE	2015	N/A	100%
NMC Health Plc	UAE	Clinica Eugin	Spain	2015	N/A	86%
Alkhabeer Healthcare Private Equity Fund I	Saudi Arabia	Eed Group	Saudi Arabia	2015	N/A	N/A
Alkhabeer SME Fund I	Saudi Arabia	Alajaji Group	Saudi Arabia	2014	N/A	N/A

Source: Zawya, Bloomberg, Arabianbusines.com, Media Report

*Note: * Deals pending completion (as on February 6, 2016)*

[115] Source: "Mediclinic beats rival bidder to secure deal with Al Noor", Business Day, October 15, 2015

8. Financial and Valuation Analysis

8.1 Financial Performance

In this section, we have analyzed the latest three-year[116] financial performance of eight listed healthcare companies in the GCC (see Exhibit 46). The financials of these selected set of companies appear healthy, with annual average revenue growth at 15.6%, EBITDA margin at 26.3%, and Return on Assets (ROA) at 13.5%.

Exhibit 46: Financial Performance of the Selected Healthcare Companies in the GCC

Company Name	Country	Market Cap (US$ Million)	Revenue (US$ Million)	Revenue Growth (3-yr avg. %)	EBITDA Margin (3-yr avg. %)	ROA (3-yr avg. %)	Capex (US$ Million)
Al-Maidan Clinic for Oral Health Services Co. K.S.C.P.	Kuwait	1,000.8	108.3[a]	15.3%[b]	20.8%[b]	6.8%[b]	5.6[a]
Al-Mowasat Healthcare Co. K.S.C.	Kuwait	67.6	86.1[c]	5.3%[d]	21.1%[d]	6.9%[d]	1.3[c]
Al Noor Hospitals Group Plc	UAE	1,970.7	468.2[e]	16.6%[f]	21.8%[f]	26.7%[f]	37.4[e]
Dallah Healthcare Hldg. Co.	KSA	1,105.4	262.8[c]	15.7%[d]	25.4%[d]	9.4%[d]	49.2[c]
Medicare Group (Q.S.C.)	Qatar	801.6	163.2[a]	23.1%[g]	36.4%[g]	15.9%[g]	38.1[a]
Mouwasat Medical Services Co.	KSA	1,582.3	281.1[c]	9.8%[d]	36.2%[d]	13.9%[d]	44.2[c]
National Medical Care Co.	KSA	581.4	234.2[c]	18.9%[d]	21.6%[d]	9.3%[d]	23.9[c]
NMC Health Plc*	UAE	2,382.6	389.5[e]	19.9%[f]	27.4%[f]	18.8%[f]	99.4[e]
Average				*15.6%*	*26.3%*	*13.5%*	
High				*23.1%*	*36.4%*	*26.7%*	
Low				*5.3%*	*20.8%*	*6.8%*	

Source: Zawya, Bloomberg, NMC Health Company Reports, Alpen Capital

*Notes: Last updated February 5, 2016; Figures in red indicate below-average performance and those in green suggest performance at par with or above average; * All the financials of NMC Health Plc belong to its healthcare segment; [a] Last twelve months (LTM) ended September 2015; [b] average of LTM ended September 2015 and years ended March 2015 and 2014; [c] year ended December 2015; [d] average of years ended December 2015, 2014 and 2013; [e] LTM ended June 2015; [f] average of LTM ended June 2015 and years ended December 2014 and 2013; and [g] average of LTM ended September 2015 and years ended December 2014 and 2013*

Revenue Analysis

Consolidated revenue of the eight healthcare companies in the GCC stood at US$ 2.0 billion for LTM 2015

Consolidated revenue of the selected eight healthcare companies in the GCC stood at US$ 2.0 billion for LTM 2015, growing at an annual average of 15.6% from 2013. Most of the companies reported strong revenue growth, consequent to an increase in capacity at their hospitals coupled with higher patient turnover and rising medical fees.

[116] Since some of the companies are nearing their financial year-end, we have compared the LTM financials of all companies with their previous two full-year results

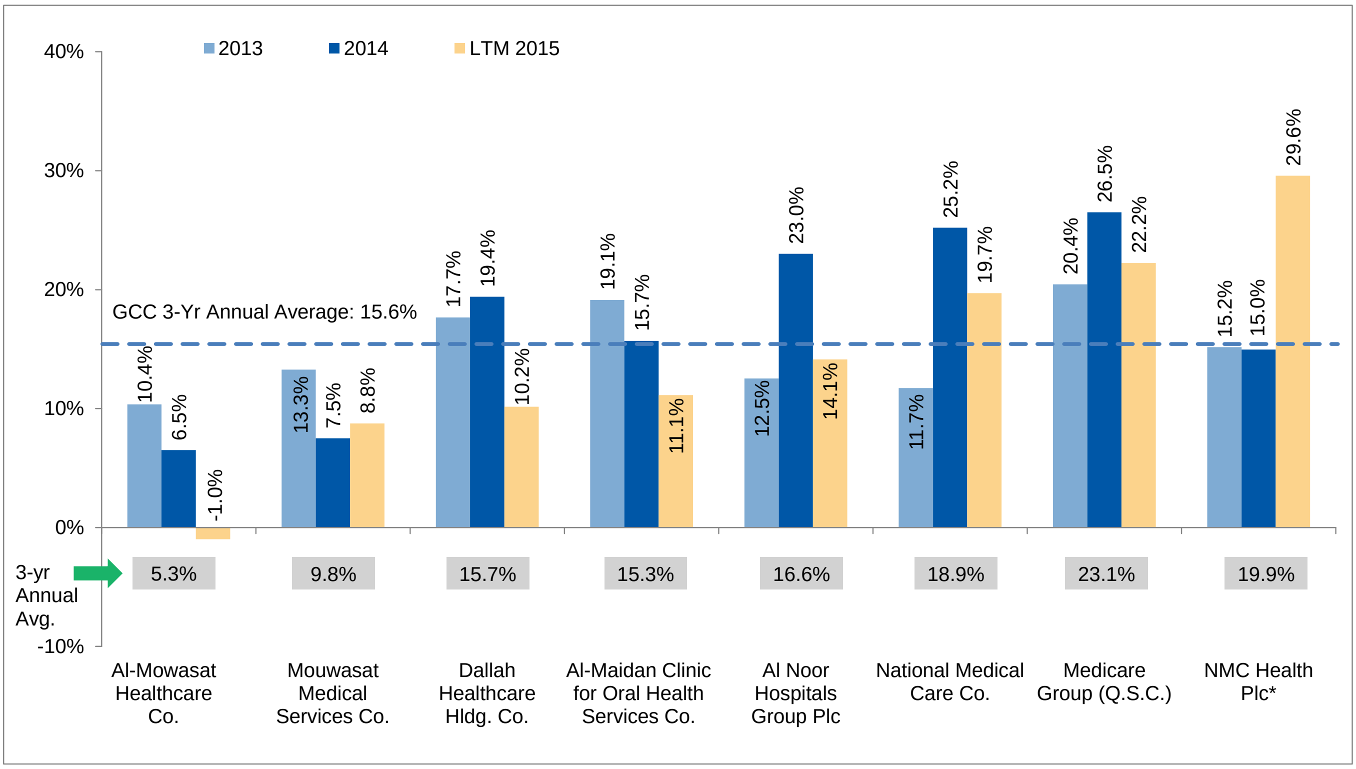
UAE-based Al Noor Hospitals Group Plc and NMC Health Plc are the largest listed healthcare providers in the region, together contributing over 40% to the LTM 2015 peer group revenue.

Medicare Group (Q.S.C), NMC Health Plc, and National Medical Care Co. outperformed their regional peers by registering a three-year annualized revenue growth of more than 19%

Medicare Group (Q.S.C), NMC Health Plc, and National Medical Care Co. outperformed their regional peers by registering a three-year annualized revenue growth of more than 19% (see Exhibit 47). The healthcare business revenue of the UAE-based NMC Health Plc has grown at a sturdy pace since its IPO in 2012, led by a combination of organic as well as inorganic expansion. Between 2013 and 2015, the company constructed four hospitals in the UAE and completed four accretive acquisitions[117]. The company's revenue during the first half of 2015 was also driven by higher patient visits resulting from the roll out of mandatory insurance in Dubai in Q4 2014[118]. National Medical Care Co. reported strong revenue growth, following a capacity expansion at its Riyadh-based National Hospital during 2013 to 2015[119].

Revenue of Al-Mowasat Healthcare Co. of Kuwait grew at the slowest pace of 5.3% within the region's healthcare sector between 2013 and 2015.

Exhibit 47: Revenue Growth of the Selected Healthcare Companies in the GCC



Source: Zawya, Bloomberg, NMC Health Company Reports, Alpen Capital

** Revenue growth of the healthcare segment*

Profitability Analysis

The three-year average EBITDA margin of the selected GCC healthcare providers stood at 26.3%. While the average industry-wide margin grew in 2013 and 2014, it dropped in LTM

[117] Source: "NMC Healthcare Plc provides update on progress of group strategy", Zawya, November 19, 2015
[118] Source: Interim 2015 report, NMC Healthcare Plc, August 26, 2015
[119] Third-party broker reports, Alpen Capital

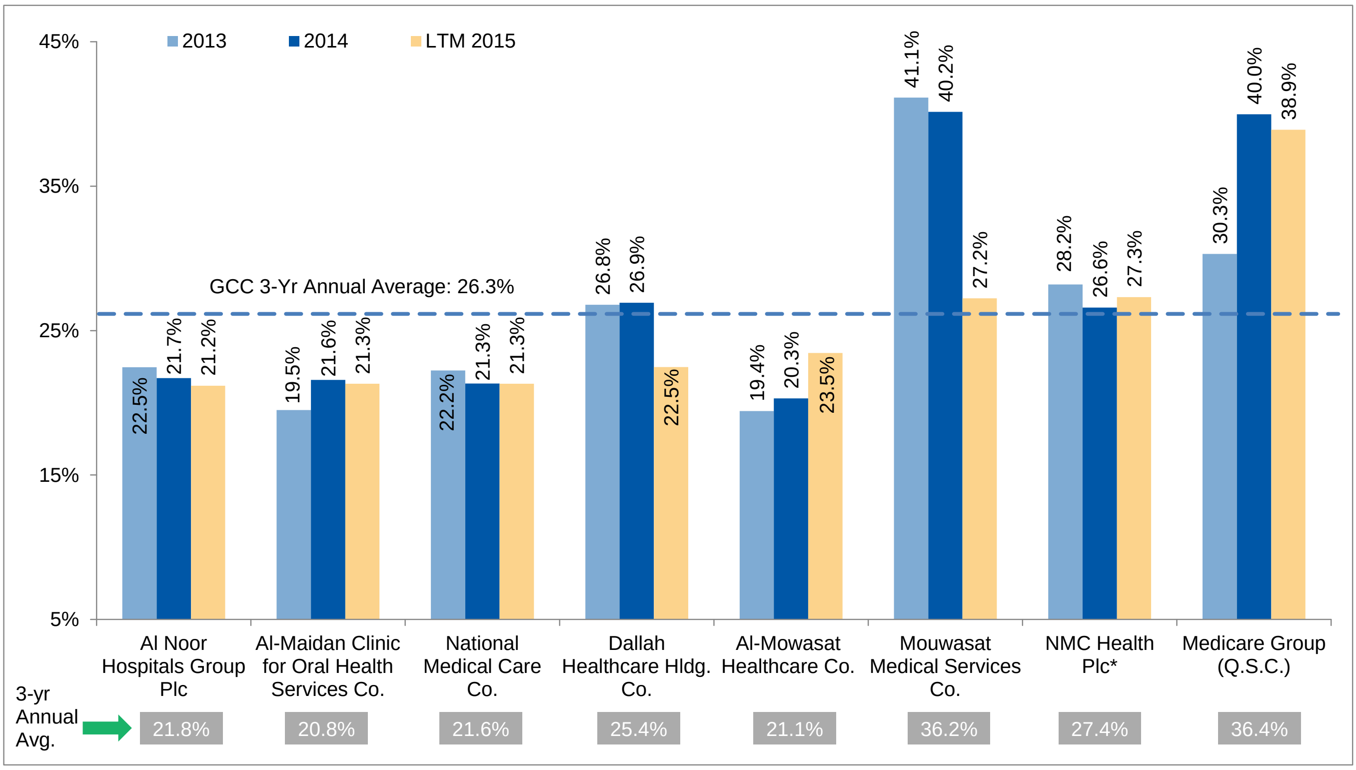
2015, mainly due to costs incurred towards the construction and operation of new hospitals. As the number of hospitals in the region rises, the competition to hire medical professionals is likely to intensify, resulting in an increase in the staff cost. Nevertheless, the commencement of operations at the new facilities and a gradual increase in their utilization rate are likely to aid profitability.

Mouwasat Medical Services Co. and Medicare Group (Q.S.C.) recorded the highest three-year average EBITDA margins of 39.4% and 36.4%, respectively

Medicare Group (Q.S.C.) and Mouwasat Medical Services Co. recorded the highest three-year average EBITDA margins of 36.4% and 36.2%, respectively (see Exhibit 48). Mouwasat Medical Services Co. enjoys a high EBITDA margin, mainly due to its growing topline and cost efficiency measures. Medicare Group (Q.S.C.) has also controlled costs, as its selling, general and administrative (SG&A) costs as a percentage of revenue have declined since 2012. During the period, the company's revenue has also grown by more than 20% annually, thus supporting margin expansion.

Average EBITDA margin within the industry in LTM 2015 declined, primarily due to a drop in the margins of Mouwasat Medical Services Co., and Dallah Healthcare Holding Co. Mouwasat Medical Services Co. margin dropped drastically as it booked operating loss for its newly opened hospital in Riyadh[120]. Such a performance appears to be a temporary phase, as the company expects the new hospital to break even in the coming quarters. The EBITDA margin of Dallah Healthcare Holding Co. was down on account of an increase in costs towards capacity expansion.

Exhibit 48: EBITDA Margin of the Selected Healthcare Companies in the GCC



Source: Zawya, Bloomberg, NMC Health Company Reports, Alpen Capital

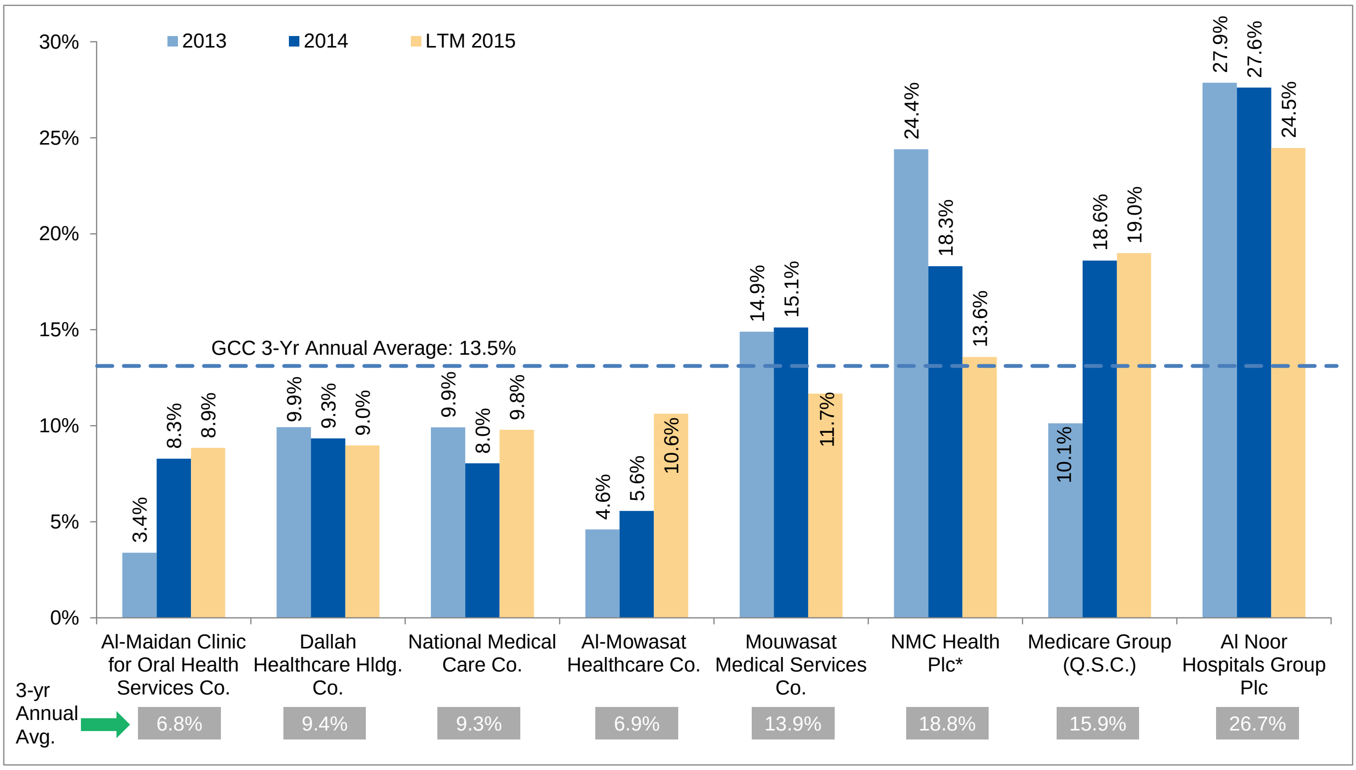
** EBITDA margin of the healthcare segment*

[120] "Mouwasat Medical Services Company Announces the Interim Financial Results for the Period Ending on 31-12-2014", Mouwasat Medical Services Co., January 20, 2015

The industry-wide ROA averaged at 13.5% from 2013 to LTM 2015

The industry-wide ROA averaged at 13.5% from 2013 to LTM 2015. Four companies delivered ROA above the industry average, with the two UAE-based companies, Al Noor Hospitals Group Plc and NMC Health Plc (healthcare segment), reporting the highest three-year average ROA of 26.7% and 18.8%, respectively (see Exhibit 49). Although higher than peers, the returns of these companies have dropped over the years. The dip was more prominent for NMC Health Plc due to a substantial increase in assets, following a series of acquisitions and new constructions. The returns of Medicare Group and Al-Maidan Clinic for Oral Health Services Co. registered a considerable growth in 2014. While the ROA increase of the former was in line with the operating margin growth, that of Al-Maidan was aided by lower SG&A and interest expense.

Exhibit 49: ROA of the Selected Healthcare Companies in the GCC



Source: Zawya, Bloomberg, NMC Health Company Reports, Alpen Capital

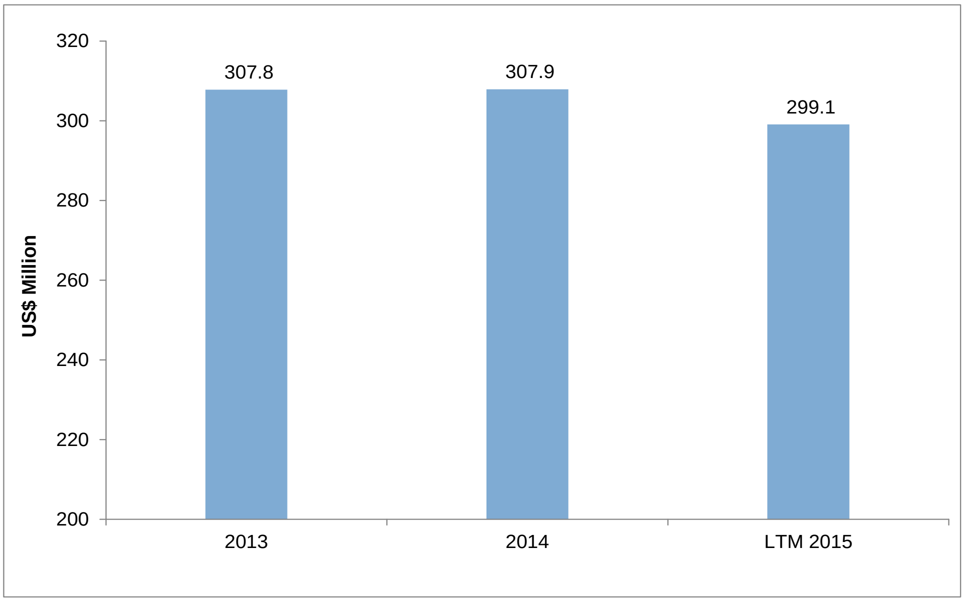
** ROA of the healthcare segment*

Capital Expenditure

Capital expenditure by the selected healthcare companies in the GCC remained US$ 300 million in 2013 and 2014

Healthcare companies across the GCC are investing in building new hospitals as well as expanding the capacity of existing hospitals to meet the region's hospital bed shortage. Capital expenditure by the selected healthcare companies in the GCC remained above US$ 300 million in 2013 and 2014 but the LTM 2015 figures were slightly lower at US$ 299.1 million (see Exhibit 50). Companies based in Saudi Arabia and the UAE accounted for a majority of the capital expenditure during the year.

Exhibit 50: Total Capital Expenditure of the Healthcare Companies in the GCC



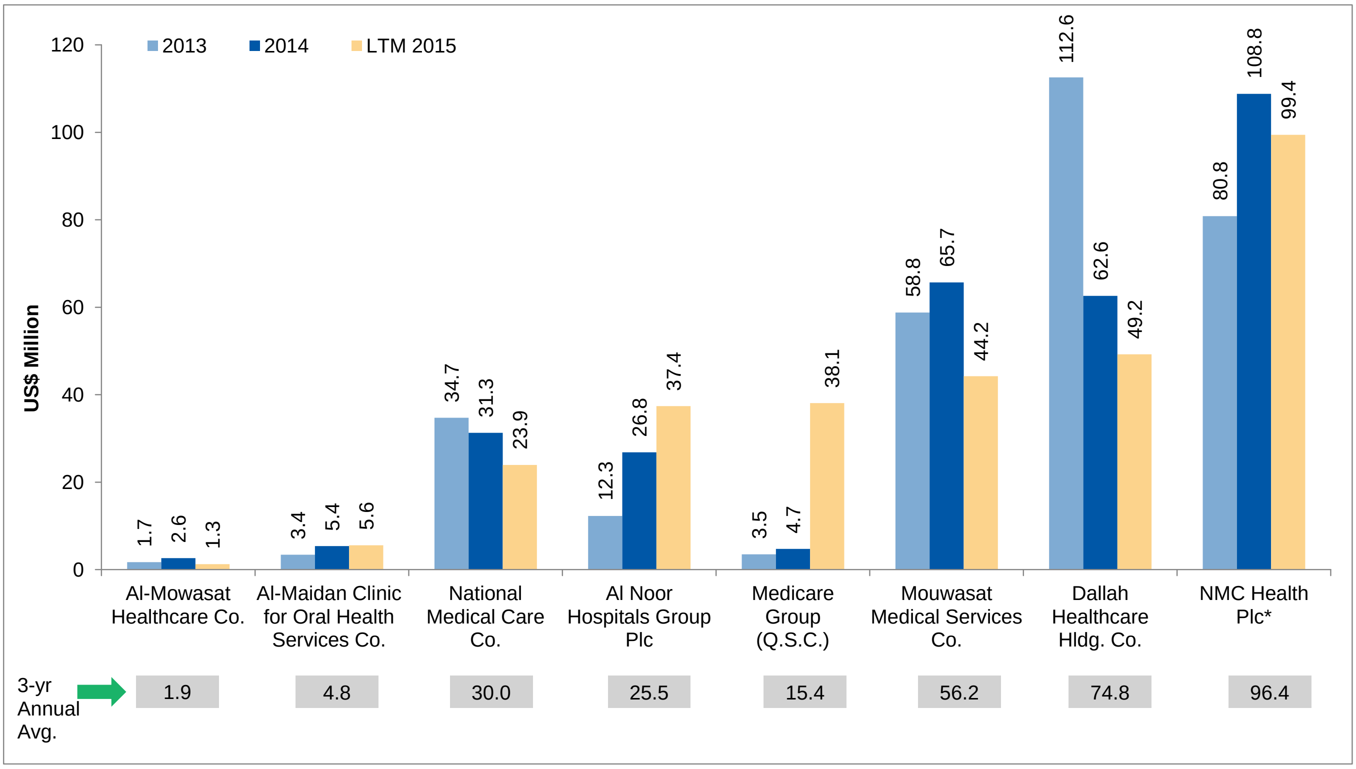
Source: Zawya, Bloomberg, NMC Health Plc Reports, Alpen Capital
Note: The above figures include NMC Health Plc's capital expenditure under its healthcare segment only

NMC Health Plc, Dallah Healthcare Holding Co., and Mouwasat Medical Services Co. accounted for more than 75% of the peer group's overall capital expenditure in 2013 and 2014

NMC Health Plc and Dallah Healthcare Holding Co. registered the highest capital expenditure among the peers during the last three years (see Exhibit 51). NMC Health Plc, Dallah Healthcare Holding Co., and Mouwasat Medical Services Co. accounted for more than 75% of the peer group's overall capital expenditure in 2013 and 2014, which dropped to 64.5% during LTM 2015. NMC Health has completed several projects under its capacity expansion program from 2012 to 2015. After completing its hub-and-spoke network expansion strategy, the company is now making strategic acquisitions to grow its business. Dallah Healthcare Holding Co. completed the construction of a pediatrics hospital in 2013 and commenced the construction of two new hospital projects in Riyadh, the land for one of which was purchased during the year. Mouwasat Medical Services Co. incurred expenses towards the construction of a hospital in Riyadh in 2014. In 2015, the company commenced work on a new hospital at Al Khobar and the expansion of its hospital in Jubail[121]. Overall sector topline is expected to receive a boost once the projects that are currently under construction commence operations.

[121] Source: "Saudi Healthcare Sector", Al Rajhi Capital, May 19, 2016

Exhibit 51: Capital Expenditure of the Selected Healthcare Companies in the GCC



Source: Zawya, Bloomberg, NMC Health Company Reports, Alpen Capital
** Capital expenditure of only the healthcare segment*

8.2 Valuation Analysis

In this section, we have analyzed the valuation ratios of the listed healthcare companies in the GCC. We have used the P/E and EV/EBITDA multiples to gauge the attractiveness of the stocks.

The GCC-based healthcare companies are currently trading at an average P/E multiple of 23.6x and EV/EBITDA multiple of 18.5x

The GCC-based healthcare companies are currently trading at an average P/E multiple of 23.6x and EV/EBITDA multiple of 18.5x (see Exhibits 52 and 53). NMC Health Plc commands the highest valuation multiples within the region, bolstered by its accretive acquisitions in 2015. With a higher EBITDA margin compared to its regional peers, Medicare Group (Q.S.C.) appears attractive at below-average P/E and EV/EBITDA multiples. Based on these multiples, the valuation of most companies in the GCC is more than that of their US and European peers, indicating higher investor interest in them. This premium is not likely to reduce in the near term, considering the huge potential in the GCC healthcare market.

Exhibit 52: LTM P/E Relative Valuation

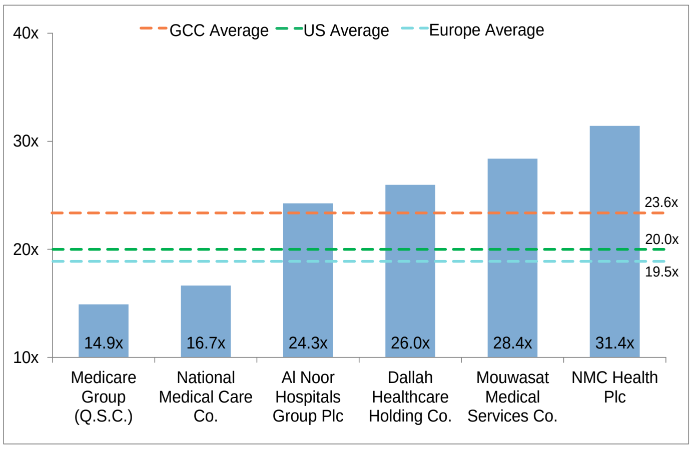
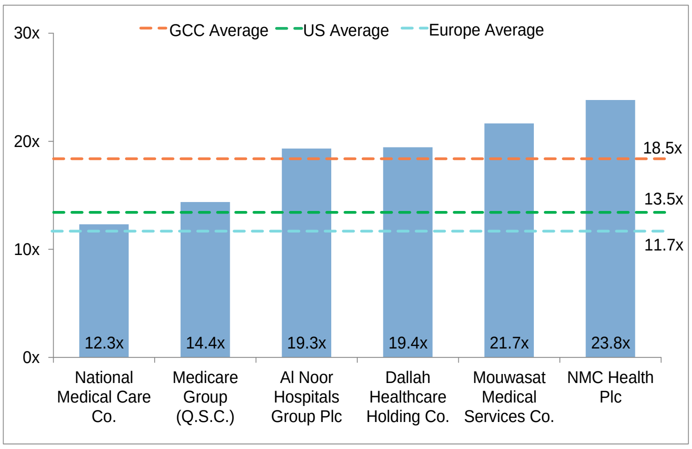


Exhibit 53: LTM EV/EBITDA Relative Valuation



Source: Bloomberg as on February 04, 2016

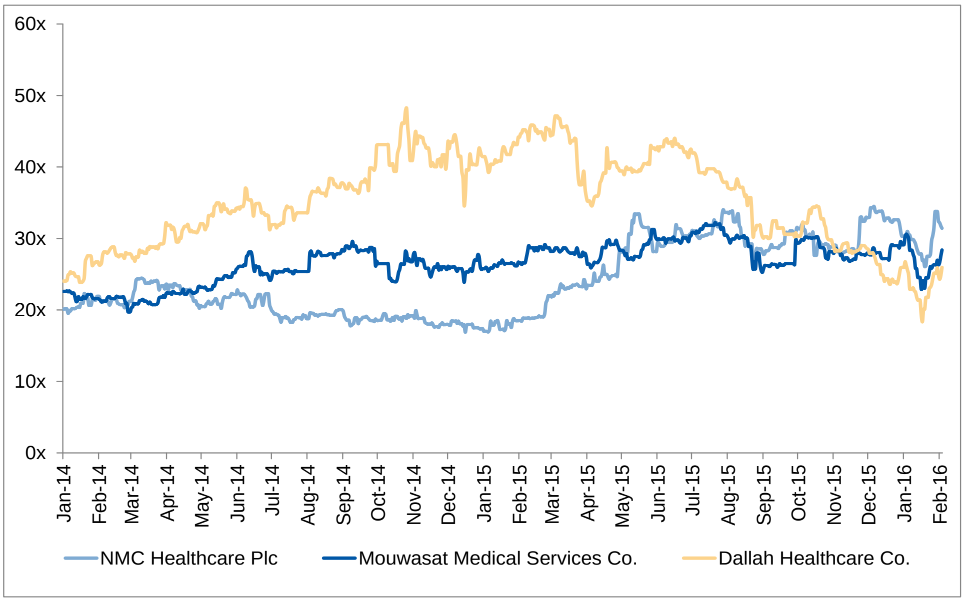
Notes: The average multiples of the healthcare companies in the US and Europe are as per MSCI Healthcare Index of the respective regions

We have not factored in the multiples of Al-Maidan Clinic for Oral Health Services Co. and Al-Mowasat Healthcare Co. in the GCC average, as they are outliers

The median P/E multiple of the healthcare companies that are trading above the industry average was 29.7x in 2015, up from 25.0x in 2014

The median P/E multiple of the healthcare companies that are trading above the industry average was 29.7x in 2015, up from 25.0x in 2014. During the period, the P/E multiple of Dallah Healthcare Plc was trading at a premium to its peers, most of the time (see Exhibit 54). However, the cancellation of the company's acquisition of Dr. Erfan & Bagedo General Hospital Company resulted in a decline in its stock price. On the other hand, the multiple of NMC Health Plc, which underperformed during most of the period, has risen since April 2015 and surpassed its peers in November 2015, following its strategic acquisitions.

Exhibit 54: P/E Relative Valuation Trend of the Healthcare Companies



Source: Bloomberg as on February 04, 2016

Country Profiles

Saudi Arabia

Key Growth Drivers

- **Population:** As per IMF, the population in the kingdom is projected to grow at a CAGR of 2.0% between 2015 and 2020. Rising number of inhabitants coupled with an improved life expectancy is aiding the demand for healthcare services.
- **Rise in NCDs:** Saudi Arabia reported about 549 deaths due to NCDs per 100,000 people in 2012, highest within the GCC and much above the figures in the developed nations (Source: WHO). NCDs require care for a prolonged period due to their chronic nature, with a high cost of treatment. High occurrence of NCDs is expected to keep driving the healthcare market.
- **Government initiatives:** Saudi government has undertaken significant measures in advancing the healthcare sector by encouraging private investments and focusing on health infrastructure development and use of digital technology. Several large state-owned hospital projects under construction in next four years are likely to increase the scale of services.
- **Mandatory health insurance:** The Kingdom was the first country within the GCC to make health insurance mandatory for expatriates. It was gradually expanded to cover all private sector workers, expatriate dependants, and visitors. Increased coverage bodes well for the healthcare sector.

Recent Industry Developments

- The Saudi government allocated SAR 104.9 billion (US$ 27.9 billion*) to health and social affairs in the 2016 budget.
- In November 2015, the Coop. Health Insurance Council intended to mandate health insurance for all entry visas.
- In October 2015, UAE-based Aster DM Healthcare purchased an additional 57% interest in Riyadh-based Sanad Hospital. Following the deal, the company holds a 95% stake in the target hospital.
- In October 2015, the Saudi MOH terminated the operations of 61 private medical facilities for regulatory violations. This action followed the ministry's earlier warning to certain private hospitals, under which, they were asked to improve their service quality in order to continue their operations.
- In August 12, 2015, Amanat Holdings acquired a 35% stake in Sukoon Intl. Holding, a specialized provider of extended care and critical care services.

* At the exchange rate on December 28, 2015

Macro-economic and Health Indicators

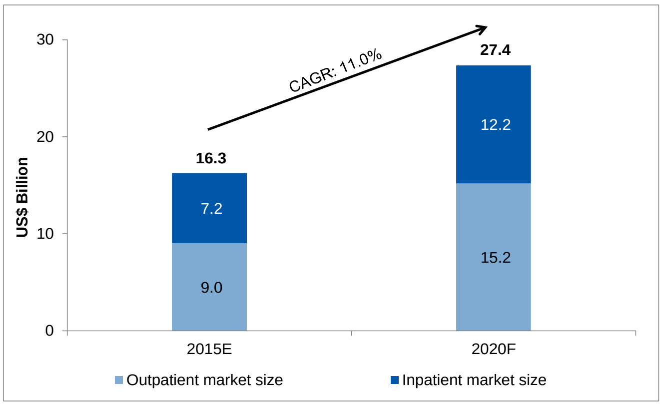
Indicators	Unit	2014	2016F	2020F
GDP per capita, at current prices	US$	24,252	20,093	24,488
GDP growth, at constant prices	%	3.5%	2.2%	3.2%
Population	mn	30.8	32.0	34.7
Inflation	%	2.7%	2.3%	2.9%
Hospital beds	no.	67,997	70,744	76,576
Inpatient admissions	'000	3,541.4	3,684.5	3,988.2
Outpatient visits	mn	134.3	140.9	152.5

Source: IMF – October 2015, MOH – Saudi Arabia, Alpen Capital
Note: F – Forecasted

Key Private Players

Company	Type
Al Ahsa Hospital	Gen. Medical & Surgical Hosp.
Al Hammadi Company for Development and Investment	Gen. Medical & Surgical Hosp.
Dallah Healthcare Holding Co.	Gen. Medical & Surgical Hosp.
Dr. Soliman Fakeeh Hospital	Gen. Medical & Surgical Hosp.
Dr. Sulaiman Al Habib Medical Center	Gen. Medical & Surgical Hosp.
Elaj Medical Services Co. Ltd.	Clinics
Magrabi Hospitals & Centers	Specialized Hospitals
National Medical Care Co.	Gen. Medical & Surgical Hosp.
Olaya Medical Centre	Clinics
Saudi German Hospitals Group	Gen. Medical & Surgical Hosp.

The Saudi Arabian Healthcare Market Size



Source: Alpen Capital

UAE

Key Growth Drivers

- **Population:** IMF expects the UAE population to grow by 2.9% annually between 2015 and 2020. An expanding base alongside an increase in the number of ageing is likely to bolster the demand for healthcare services rapidly.
- **Rise in NCDs:** The UAE is also witnessing an increase in deaths due to NCDs. Prolonged treatment of such chronic diseases is boosting the healthcare sector revenue and urging the need for highly specialized and LTC medical centers.
- **Government initiatives:** The UAE has the largest number of private hospitals within the GCC due to a liberal regulatory environment. While Abu Dhabi already has mandated health insurance for expatriates, Dubai introduced the same in 2014 with a plan to expand in phases by 2016. This coupled with the individual Emirates health ministries' long-term healthcare development strategies are strengthening the sector.
- **Inbound medical tourism:** Dubai has emerged as one of the top healthcare destinations in the world. The Emirate has drawn a plan to attract half a million foreign patients annually by 2020 (Source: The National).

Recent Industry Developments

- On January 26, 2016, Dubai unveiled a five-year health strategy focusing on health and lifestyle, service excellence, smart health, and governance.
- In October 2015, the UAE government announced a budget US$ 13.2 billion for 2016, of which 7.9% was allocated to healthcare.
- On October 18, 2015, South Africa-based hospital group, Mediclinic Intl., agreed to acquire Al Noor Hospitals Group Plc through a reverse takeover. The resultant new company will operate 73 hospitals with total revenue of over US$ 4 billion.
- In October 2015, the UAE MOH started a campaign to attract more nationals to pursue a nursing career. The campaign focuses on awarding hospitals for incentivizing the profession, changing the perception of the profession, and introducing nursing in early education and career guidance programs.
- In February 2014, DHA passed a law mandating health insurance for all residents in Dubai. The law would be implemented in phases spread over two and half years.

Macro-economic and Health Indicators

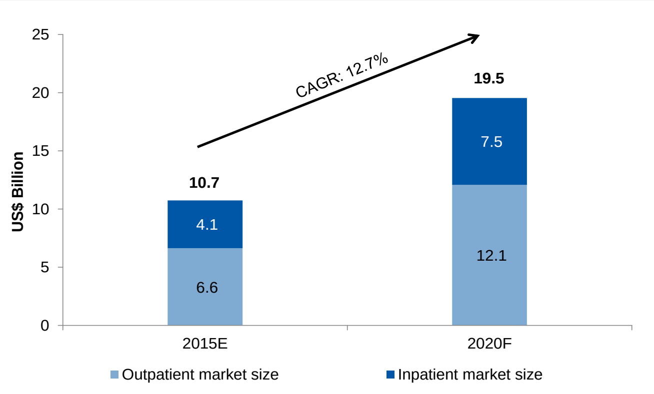
Indicators	Unit	2014	2016F	2020F
GDP per capita, at current prices	US$	42,944	36,142	42,330
GDP growth, at constant prices	%	4.6%	3.1%	3.8%
Population	mn	9.3	9.9	11.1
Inflation	%	2.3%	3.0%	3.4%
Hospital beds	no.	11,657	12,351	13,881
Inpatient admissions	'000	645.5*	684.0	768.7
Outpatient visits	mn	32.6*	34.5	38.8

Source: IMF – October 2015, NBS of the UAE, Alpen Capital
*Note: F – Forecasted, *Estimated*

Key Private Players

Company	Type
Al Noor Hospitals Group Plc	Gen. Medical & Surgical Hosp.
Gulf Medical Projects Co. (Al Zahra Hospital)	Gen. Medical & Surgical Hosp.
American Hospital Dubai	Gen. Medical & Surgical Hosp.
Anglo Arabian Healthcare	Gen. Medical & Surgical Hosp.
Aster DM Healthcare	Gen. Medical & Surgical Hosp.
AVIVO Group	Gen. Medical & Surgical Hosp.
GMC Hospitals	Gen. Medical & Surgical Hosp.
iCare Clinics	Medical Centers & Clinics
International Modern Hospital	Gen. Medical & Surgical Hosp.
Mediclinic Middle East	Gen. Medical & Surgical Hosp.
NMC Health Plc	Gen. Medical & Surgical Hosp.
Prime HealthCare Group LLC	Gen. Medical & Surgical Hosp.
VPS Healthcare	Gen. Medical & Surgical Hosp.
Zulekha Healthcare Group	Gen. Medical & Surgical Hosp.

The UAE Healthcare Market Size



Source: Alpen Capital

Kuwait

Key Growth Drivers

- **Population:** The country's population is projected to grow at a CAGR of 2.8% between 2015 and 2020. As a result, demand for healthcare services is expected to continue to rise.
- **High prevalence of lifestyle-related diseases:** Kuwait is home to the second-highest number of diabetic residents within the GCC (Source: IDF). The country ranks fifth globally for prevalence of overweight and obese (Source: Portland Press Herald, PPH). A high incidence of such diseases calls for regular check-ups and prolonged treatment, thus increasing demand for healthcare services.
- **Formation of a PPP company:** In a move towards privatizing expatriate health insurance and related medical care, the Kuwaiti government established Kuwait Health Assurance Co. under the PPP model. The entity is currently constructing 3 hospitals and 15 clinics to serve expatriates. Access to such facilities is likely to increase the number of people seeking medical care.
- **Mega hospital projects underway:** In its development plan, the Kuwaiti government announced the construction of public hospitals at a cost of US$ 7.3 billion. Of these, ten projects are likely to be completed by 2016. Once operational, such hospitals are expected to boost the healthcare sector revenue.

Recent Industry Developments

- In November 2015, the Kuwaiti MOH discussed plans to limit the use of public healthcare facilities to the citizens only. The existing health insurance programs may be altered accordingly, with dedicated private hospitals being constructed for expatriates.
- The Kuwaiti MOH entered into an agreement with the Indian embassy in October 2015 on the modalities of recruiting nurses from India through three government agencies only.
- In August 2015, the Kuwaiti MOH stated plans to segregate the under-construction Jaber Hospital into various sections and bring in healthcare providers from across the world to manage each department. The hospital would be one of the largest in the Middle East, with a total area of 0.2 million sq m.
- In September 2014, Kuwait slashed the daily allowances for patients and their escorts towards medical treatment abroad.

Macro-economic and Health Indicators

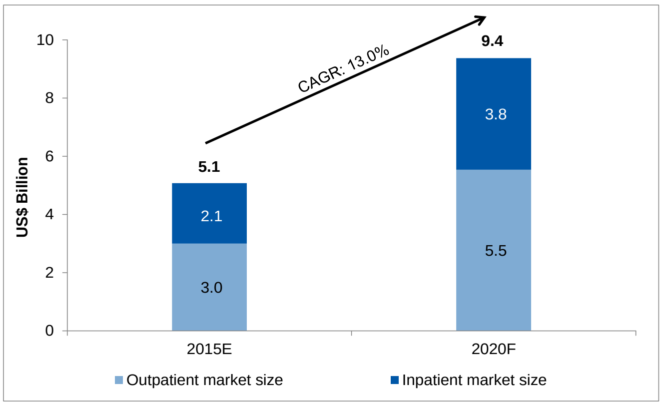
Indicators	Unit	2014	2016F	2020F
GDP per capita, at current prices	US$	43,168	30,426	37,856
GDP growth, at constant prices	%	0.1%	2.5%	2.9%
Population	mn	4.0	4.2	4.7
Inflation	%	2.9%	3.3%	3.6%
Hospital beds	no.	8,348*	8,819	9,844
Inpatient admissions	'000	327.1*	345.5	385.7
Outpatient visits	mn	18.1*	19.1	21.3

Source: IMF – October 2015, MOH – Kuwait, Alpen Capital
*Note: F – Forecasted, *Estimated*

Key Private Players

Company	Type
Al-Mowasat Healthcare Co.	Gen. Medical & Surgical Hosp.
Al Maidan Clinic for Oral Health Services	Clinics
Al Rashid Hospital	Gen. Medical & Surgical Hosp.
Al Salam International Hospital	Gen. Medical & Surgical Hosp.
Dar Al Shifa Hospital	Gen. Medical & Surgical Hosp.
Fawzia Sultan Rehabilitation Institute	Specialized Hospitals
Hadi Clinic	Gen. Medical & Surgical Hosp.
Kuwait Medical Services Co.	Clinics
United Medical Services Co. K.S.C.C.	Clinics

The Kuwaiti Healthcare Market Size



Source: Alpen Capital

Qatar

Key Growth Drivers

- **Population:** The Qatari population is forecasted to grow at a CAGR of 2.9% between 2015 and 2020. Population growth is likely to increase the demand for healthcare.
- **High prevalence of lifestyle-related diseases:** Qatar ranks fourth in the world as home to the highest number of the overweight and the obese (Source: PPH). The incidence of diabetes in Qatar is set to rise by more than 3 percentage points from 2014 to 2035 (Source: IDF). A high per capita income and sedentary lifestyle has given rise to such lifestyle-related diseases, thus translating into a growing need for specialized treatment.
- **National health strategy:** The SCH has designed a strategic health plan to meet seven goals that include providing access to care, high quality services, preventive care, developing a national health policy, planning PPP projects, focusing on research, and building a skilled national workforce. Such plans are expected to strengthen the country's healthcare system.
- **Expanding insurance coverage:** In 2013, Qatar initiated the implementation of mandatory medical insurance plan in a phased manner until end-2016. Increased coverage is likely to drive the healthcare market.

Recent Industry Developments

- On February 1, 2016, Sidra Medical and Research Center was accredited by the Qatar Council for Healthcare Practitioners.
- Qatar government allocated QAR 20.9 billion (US$ 5.7 billion*) for the healthcare sector in its 2016 budget.
- On December 3, 2015, Qatar's Minister of Public Health announced plans to open five new hospitals in 2016 as a part of the NHS.
- In October 2015, the Public Works Authority in coordination with the Ministry of Municipality and Urban Planning and Central Municipal Council announced the construction of a 500-bed hospital and an emergency center in Al Khor at a cost of US$ 1 billion.
- In October 2015, the SCH started framing the next five-year NHS (2017–2022) that is expected to emphasize on workers' health and wellbeing.

* At the exchange rate on December 16, 2015

Macro-economic and Health Indicators

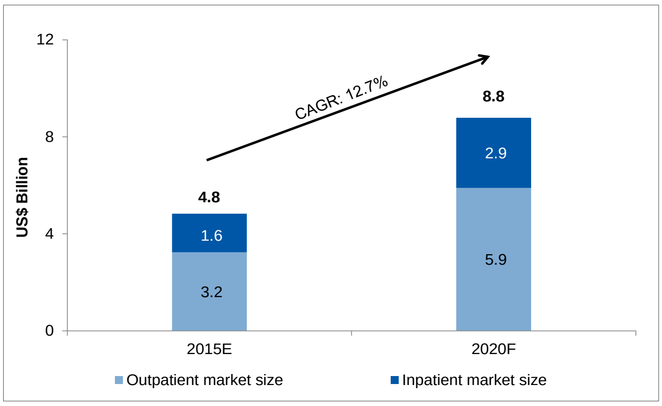
Indicators	Unit	2014	2016F	2020F
GDP per capita, at current prices	US$	93,990	73,725	95,310
GDP growth, at constant prices	%	4.0%	4.9%	2.8%
Population	mn	2.2	2.6	2.8
Inflation	%	3.0%	2.3%	2.3%
Hospital beds	no.	2,625*	3,062	3,297
Inpatient admissions	'000	110.5*	128.8	138.7
Outpatient visits	mn	11.8*	13.7	14.8

Source: IMF – October 2015, SCH of Qatar, Alpen Capital
*Note: F – Forecasted, *Estimated*

Key Private Players

Company	Type
Al Abeer Medical Center Qatar	Clinics
Al Emadi Hospital	Gen. Medical & Surgical Hosp.
American Hospital	Gen. Medical & Surgical Hosp.
Feto Maternal Center	Clinics
Gulf Laboratory & X-Ray	Diagnostic Laboratories
Medicare Group (Al-Ahli Hospital)	Gen. Medical & Surgical Hosp.
Sidra Medical and Research Center	Gen. Medical & Surgical Hosp.

The Qatari Healthcare Market Size



Source: Alpen Capital

Oman

Key Growth Drivers

- **Population growth and improved life expectancy:** Within the GCC, Oman is set to witness the highest annual growth rate in its population at 3.1% between 2015 and 2020. Life expectancy in the country improved notably from 69 in 1993 to 77 in 2013 (Source: The World Bank). Thus, a rapidly rising population along with an increase in the life expectancy is expected to further drive the demand for healthcare.
- **Rollout of mandatory health insurance:** Like its GCC allies, Oman is planning to introduce mandatory health insurance for expatriates. This policy is expected to be implemented in phases over a period of 5 to 10 years. Consequently, the number of patients visiting private hospitals is set to increase.
- **Projects to enhance the capacity:** Two major healthcare projects worth US$ 1.0 billion each are under construction. While one is a healthcare cluster to promote inbound medical tourism, the other is a medical city comprising five major hospitals to cater to the residents. Additionally, there are other small projects underway, which once operational, would boost the healthcare sector revenue.

Recent Industry Developments

- In January 2016, the Omani government allocated OMR 1.3 billion (US$ 3.4 billion*) on the healthcare sector, accounting for about 11% of the total budgeted expenditure of OMR 11.9 billion (US$ 30.8 billion*) in 2016.
- In November 2015, Al Madina Investment announced plans to construct an integrated healthcare complex comprising a 225-bed tertiary care hospital, a three-star hotel apartment, and 300 residential units. Entailing a cost of OMR 72 million (US$ 186.4 million#), the complex is slated to open in 2018.
- In September 2015, the MOH disclosed that it incurred recurring and development expenses of over OMR 754 million (US$ 2.0 billion^) in 2014, an increase of 27% y-o-y, to enhance the healthcare service delivery.
- In August 2015, the Omani MOH issued a circular asking the private sector doctors to renew their licenses every six years.

Macro-economic and Health Indicators

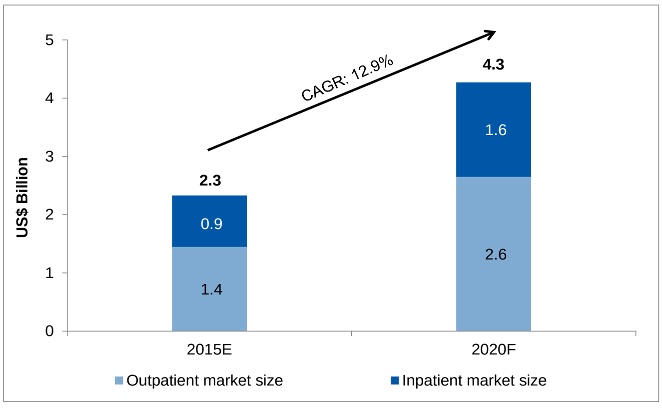
Indicators	Unit	2014	2016F	2020F
GDP per capita, at current prices	US$	20,927	15,322	16,622
GDP growth, at constant prices	%	2.9%	2.8%	1.0%
Population	mn	3.7	4.0	4.5
Inflation	%	1.0%	2.0%	2.8%
Hospital beds	no.	6,322	6,730	7,613
Inpatient admissions	'000	445.6*	474.4	536.6
Outpatient visits	mn	19.6	20.8	23.6

Source: IMF – October 2015, MOH – Oman, Alpen Capital
*Note: F – Forecasted, *Estimated*

Key Private Players

Company	Type
Al Amal Medical & Health Care Centre	Clinics
Al Hayat International Hospital	Gen. Medical & Surgical Hosp.
Apollo Medical Centre	Gen. Medical & Surgical Hosp.
Badr Al Samaa Group of Hospitals	Gen. Medical & Surgical Hosp.
Madinat Qaboos Medical Centre	Clinics
Medicare Centre	Diagnostic Laboratories
Muscat Private Hospital	Gen. Medical & Surgical Hosp.
Starcare Hospital	Specialized Hospitals

The Omani Healthcare Market Size



Source: Alpen Capital

* At the exchange rate on January 3, 2016
# At the exchange rate on November 5, 2015
^ At the exchange rate on September 9, 2015

Bahrain

Key Growth Drivers

- **Population:** Although small in size, population in Bahrain is expected to grow at an annual average of 2.0% between 2015 and 2020. More than 15% of Bahrain's population is likely to be above 50 years of age by 2020 from an estimated 13% in 2015 (United Nations Population Division). Population growth along with an increase in the number of the ageing is likely to present the need for more healthcare services.
- **Lifestyle-related diseases:** Like other GCC nations, Bahrain witnessed a high prevalence rate of diabetes at 21.9% (Source: IDF) and obesity at 35.1% in 2014 (Source: WHO). A sedentary lifestyle and a liking for fast foods have led to high incidences of such diseases, resulting in an increased spending on treatments.
- **Construction of Dilmunia Health District:** Ithmaar Development Co. is developing Dilmunia Health District, encompassing an area of 165,000 sq m. The project will comprise specialized hospitals and clinics, in addition to residence, hotel, leisure, and wellness clusters. The completion of such a massive structure is likely to attract several foreign patients, while catering to the locals, and thus boost the healthcare industry revenue.

Recent Industry Developments

- The Bahraini government budgeted an expenditure of BD 248.2 million (US$ 654.1 million*) for the health authorities including MOH, SCH, and National Health Regulatory Authority in 2015-2016. Of the total, BD 7.0 million (US$ 18.4 million) is budgeted for projects.
- In January 2016, Bahrain's Minister of Health inaugurated the expanded facility of Ebrahim Khalil Kano Health and Social Center. In particular, the center is aimed at meeting the healthcare needs of the ageing.
- In May 2015, Bahrain's MOH awarded a project to a system integrator, Azimuth, to increase the quality of care and customer satisfaction at all hospitals and clinics.
- In August 2015, UAE-based Aster DM Healthcare commenced its operations in Bahrain by opening a multi-specialty medical center in Gudaibiyawill.

* At the exchange rate on July 6, 2015

Macro-economic and Health Indicators

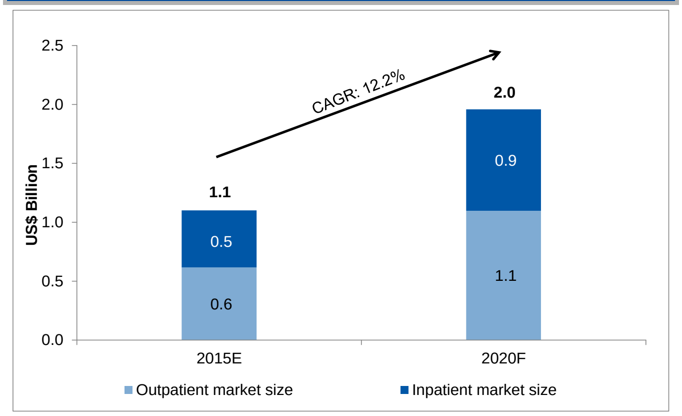
Indicators	Unit	2014	2016F	2020F
GDP per capita, at current prices	US$	26,701	24,507	28,374
GDP growth, at constant prices	%	4.5%	3.2%	3.3%
Population	mn	1.3	1.3	1.4
Inflation	%	2.7%	2.1%	2.5%
Hospital beds	no.	2,410*	2,506	2,714
Inpatient admissions	'000	127.6*	132.7	143.7
Outpatient visits	mn	7.0*	7.2	7.8

Source: IMF – October 2015, MOH – Bahrain, Alpen Capital
*Note: F – Forecasted, *Estimated*

Key Private Players

Company	Type
American Mission Hospital	Specialized Hospitals
Bahrain Specialist Hospital	Gen. Medical & Surgical Hosp.
Dr. Tariq Hospital	Specialized Hospitals
Estiqlal Medical Services Centre	Clinics
Ibn Al Nafees Hospital	Gen. Medical & Surgical Hosp.
International Hospital of Bahrain	Gen. Medical & Surgical Hosp.
KIMS Healthcare Group	Gen. Medical & Surgical Hosp.
Seef Dental Hospital	Clinics

The Bahraini Healthcare Market Size



Source: Alpen Capital

Company Profiles

Al Hayat International Hospital (Privately Owned) Oman

Company Description

Operational since 1995, Al Hayat International Hospital is a multi-specialty hospital in Muscat, Oman, with a branch in Sohar. Founded by Dr. K.P. Raman, a UK-trained cardiologist, the 50-bed hospital is known for its advanced facilities of care as well as specialization in treating chronic diseases such as heart ailments, high blood pressure, and diabetes.

Business Segments/Services Portfolio

- **Cardiology:** This is the key specialization of the hospital, which is equipped with an outpatient department, a state-of-the art intensive coronary care unit, inpatient rooms, and experienced staff. The facilities offered under this area include TMT stress test, echocardiogram, holter monitor, ultrasound, carotid doppler, trans-esophageal echo, computerized tomography (CT) coronary angiogram, and temporary pacemaker.
- **Diabetology:** The hospital provides diagnosis and treatment of diabetes through its recognized diabetes center. Services offered under this stream include heart and kidney checkup, foot study, neuropathy screening, real-time continuous glucose monitoring, and regular blood tests.
- **Other Specializations:** In addition to the above specializations, the hospital provides an array of services in the areas of anesthesiology, cosmetic surgery, dermatology, dental, ENT, gastroenterology, gynecology, laparoscopic surgery, neurology, oncology, ophthalmology, orthopedics, pediatrics, physiotherapy, pulmonology, radiology, rheumatology, and urology, among others.

Key Strengths

- A team of internationally qualified doctors.
- Recognized as the Best Private Hospital in 2015 by the MOH of Oman.
- A wide range of services across medical specialties.

Recent Developments/Future Plans

- On December 17, 2015, the Omani MOH on the premises of delivering high-quality healthcare services and exceeding patient expectations, recognized Al Hayat International Hospital as the Best Private Hospital in 2015. The hospital's Sohar branch also was acknowledged for its best practices in patient care and safety.
- In June 2015, the hospital expanded its gynecology facilities with the appointment of Dr. AV Bhuwaneswari, who holds more than 45 years of practice in obstetrics and gynecology in India and Oman.
- Grant Medical Foundation (Ruby Hall Clinic), an India-based tertiary care hospital, collaborated with Al Hayat International Hospital in January 2015 to spread cancer awareness in Oman. The partnership will conduct collaborative research as well as community awareness and education sessions for improving the level of cancer care.

ALPEN CAPITAL

Al-Maidan Clinic for Oral Health Services Co. (Publicly Listed) Kuwait

Company Description

Al-Maidan Clinic for Oral Health Services Company K.S.C.P. (Al-Maidan Clinic) commenced operations in 1987 as a dental clinic in Kuwait. Currently, it operates eight dental clinics at strategic locations across the country. After its listing on the Kuwait Stock Exchange in 2008, Al-Maidan Clinic set up the 120-bed Al Seef Hospital in 2009. The company is a subsidiary of United Medical Services Co. (UMS), one of the largest private medical service providers in Kuwait. UMS is a part of the KIPCO Group, one of the largest diversified holding companies in the MENA region.

Business Segments/Services Portfolio

- **Clinics:** Under this segment, the company provides services related to oral healthcare, diagnosis, dental treatment, and consultations to outpatients. The company's specialties under dentistry include cosmetic dentistry, pedodontics, endodontics, periodontics, prosthodontics, orthodontics, dental implantology, and restorative dentistry.
- **Hospitals:** This segment includes the operation of Al Seef Hospital, which offers medical diagnosis, healthcare, consultations, and specialized treatment to both inpatients and outpatients. Al Seef is a general hospital specializing in woman and child health. Some of the key services include obstetrics & gynecology, in-vitro fertilization (IVF), pediatrics & neonatology, urology & andrology, plastic & reconstructive surgery, orthopedic surgery, clinical psychology, dietetics & nutrition, dermatology & venerology, and otolaryngology ENT.

Key Strengths

- A one-stop dental services provider.
- Treated more than 400,000 patients
- A staff of over 70 leading dental clinicians and experts.

Recent Developments/Future Plans

- Al-Maidan Clinic plans to open centers in the UAE, Qatar, Libya, Tunisia, and Algeria in the future.

Current Price (US$)	4.00

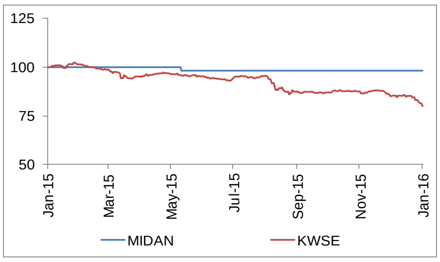
Price as on November 29, 2015 (Last traded)

Stock Details	
Bloomberg ticker	MIDAN KK
52 week high/ low	4.04/4.00
Market Cap (US$ mn)	1,000.8
Enterprise value (US$ mn)	997.5
Shares outstanding (mn)	250.0

Source: Bloomberg

Note: The information on average daily turnover is not available

Share Price Chart



Source: Bloomberg

Valuation Multiples	2015
P/E (x)	99.4
P/B (x)	17.3
EV/S (x)	9.7
Dividend yield (%)	N/A

Source: Zawya

Shareholding Structure	
United Company for Medical Services	52.11%
Mohammed Jawad Behbehani	16.64%
Ehtiram Abbas Mohammed Haydar	8.00%
Public	23.25%
Total	**100.00%**

Source: Kuwait Stock Exchange

Financial Performance						
US$ Million	**2014 YE Mar**	**2015 YE Mar**	***Change (%)***	**H1 2015**	**H1 2016**	***Change (%)***
Revenue	96.6	104.6	*8.4*	53.4	54.3	*1.8*
COGS	66.0	68.3	*3.6*	38.8	40.5	*4.3*
Operating Income	8.0	12.5	*55.1*	6.9	7.0	*2.0*
Operating Margin (%)	8.3	11.9		12.9	12.9	
Net Income	4.5	10.2	*125.8*	5.9	6.2	*6.2*
Net Income Margin (%)	4.7	9.8		11.0	11.5	
Return on Average Equity (%)	9.1	19.1		22.0	21.0	
Return on Average Assets (%)	3.4	8.3		8.9	10.2	

Key Comments

- *Al-Maidan Clinic's operating income increased by 2.0% y-o-y to US$ 7.0 million during H1 2016 led by revenue growth and decline in general and administrative expenses. Consequently, the company reported operating margin of 12.9%, which remained unchanged over the same period last year.*
- *A partial repayment of liabilities led to a decline in the finance cost in H1 2016. Consequently, the company's net income during the period grew by 6.2% y-o-y to US$ 6.2 million.*

Source: Zawya, Company Filings, Alpen Capital

Al-Mowasat Healthcare Company K.S.C. (Publicly Listed) Kuwait

Company Description

Incorporated in 1998, Al-Mowasat Healthcare Company K.S.C. (MHC) owns, develops, and manages hospitals in Kuwait and Lebanon. The company's major hospital is New Mowasat Hospital in Kuwait, spread over an area of 27,000 sq m and holding a capacity of 100 beds. MHC also operates primary healthcare clinics under the brand, New Mowasat Clinics. The company is engaged in real estate activities through its subsidiary, Al-Mowasat Real Estate Co., which constructs and manages hospitals in Kuwait.

Business Segments/Services Portfolio

- **Healthcare Services:** Under this segment, the company conducts its hospital operations that include medical care, pharmacy, and other ancillary services. The subsidiaries and associates through which the company offers healthcare services include New Al-Mowasat Co. K.S.C. (99%), Al-Mowasat Healthcare for Management Co. W.L.L. (99%), Al-Mowasat Health Project Development Co. W.L.L. (99%), and Mazaya Medical Company W.L.L. (37.5%) in Kuwait. The Lebanon-based operations are conducted through Al-Mowasat Healthcare Co. S.A.L. (100%), Al-Mowasat Middle East Healthcare Co. (Holding) S.A.L. (100%), Al-Mowasat Lebanon Healthcare Co. (Holding) S.A.L. (100%), and Life Holding Co. S.A.L. (74%). New Mowasat Hospital offers a range of inpatient and outpatient services through facilities such as an operation theater, an endoscopy room, emergency care, a laboratory, radiology, and a rehabilitation center.
- **Investment and others:** This segment invests surplus cash into various instruments, including real estate, which are managed by specialized companies.

Key Strengths

- Accredited by Joint Commission International (JCI).
- Awarded Diamond Accreditation in 2014, the highest level of recognition for performance excellence in healthcare, from Accreditation Canada Qmentum International.
- A subsidiary of Nafais Holding Company, a listed player engaged in education and healthcare businesses.

Recent Developments/Future Plans

- On January 13, 2016, the company announced that its Board of Directors would meet to discuss the voluntary delisting of its shares from the Kuwait Stock Exchange.

Current Price (US$)	0.66

Price as on February 01, 2016

Stock Details	
Bloomberg ticker	MHC KK
52 week high/ low	0.79/0.49
Market Cap (US$ mn)	67.6
Enterprise value (US$ mn)	54.4
Shares outstanding (mn)	101.6

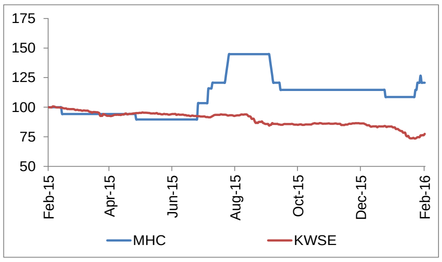
Source: Bloomberg

Average Daily Turnover ('000)

	KWD	US$
3M	2.23	7.34
6M	1.94	6.40

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015
P/E (x)	8.9	5.5
P/B (x)	0.9	0.8
EV/S (x)	0.8	0.6
Dividend yield (%)	5.4	8.3

Source: Bloomberg

Shareholding Structure	
Nafais Holding Company K.S.C.	46.67%
Mawared United Investment Co.	20.00%
AREF Investment Group	15.30%
Kuwait Awqaf Public Foundation	10.00%
Public	8.03%
Total	**100.00%**

Source: Zawya

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	89.9	86.1	*-4.3*
COGS	19.9	19.3	*-2.8*
Operating Income	12.4	14.6	*17.8*
Operating Margin (%)	13.8	17.0	
Net Income	6.8	11.0	*61.2*
Net Income Margin (%)	7.6	12.8	
Return on Average Equity (%)	10.2	15.5	
Return on Average Assets (%)	5.6	10.6	

Key Comments

- *MHC's revenue declined by 4.3% y-o-y to US$ 86.1 million during FY 2015 as a result of a drop in the services income, which accounts for nearly 80% of the total revenue.*
- *Despite a fall in revenue, a drop in staff costs resulted in a 17.8% y-o-y growth in operating income to US$ 14.6 million during FY 2015, translating into an operating margin of 17.0% compared to 13.8% during FY 2014.*
- *Net income grew by 61.2% y-o-y to US$ 11.0 million in FY 2015 led by a drop in finance costs. Net income margin increased to 12.8% during the year from 7.6% a year ago.*

Source: Zawya, Company Filings, Alpen Capital

ALPEN CAPITAL

Al Noor Hospitals Group Plc (Publicly Listed) UAE

Company Description

Established in 1985, Al Noor Hospitals Group Plc (Al Noor) is the largest integrated private healthcare services provider in Abu Dhabi. The company has presence in the UAE (Abu Dhabi, Al Ain, Dubai, and Northern Emirates) and Oman. As of end-June 2015, the company operated three hospitals with 216 beds and 684 physicians, in addition to 17 clinics and medical centers. The company also has two LTC centers each in Dubai and Oman, with a total capacity of 51 beds as of November 2015.

Business Segments/Services Portfolio

- **Central Region:** Under this segment, the company operates Airport Road Hospital and Khalifa Street Hospital in the central region of Abu Dhabi. These hospitals hold a combined bed capacity of 170 and are supported by a network of eight medical centers in the region. The medical centers provide basic care, radiology, and pharmaceutical services.
- **Western and Eastern Region:** Through this division, the company operates the 46-bed Al Ain Hospital and six medical centers in East of Abu Dhabi, in addition to four medical centers in the western region. These medical centers offer basic care to the locals and serve as referral centers for Al Noor's hospitals in Abu Dhabi.
- **Dubai and Northern Emirates:** The company operates four medical centers and one 24-bed LTC center in Dubai and the Northern Emirates through this division.
- **International:** Under this segment, the company operates a medical center and a 27-bed LTC facility in Oman.

Key Strengths

- A vertically integrated healthcare model offering services across medical fields.
- Wide coverage in Abu Dhabi.

Recent Developments/Future Plans

- In January 2016, the South African Competition Tribunal gave an unconditional approval for the proposed combination of South Africa-based Mediclinic Intl. and Al Noor announced in October 2015. The enlarged entity will be listed on the London Stock Exchange on February 15, 2016.
- In January 2016, Amanat Holdings disposed its 4.14% stake in Al Noor at an average price of £ 11.60.
- By end-2016, Al Noor plans to open a 40-bed hospital in Al Ain, six medical centers across the UAE, and add 28 beds at its existing hospital in Al Ain.
- In November 2015, Al Noor completed the acquisition of Rochester Wellness, a top provider of long-term physical, occupational, and speech rehabilitation care.

Current Price (US$)	16.86

Price as on February 04, 2016

Stock Details	
Bloomberg ticker	ANH LN
52 week high/ low	18.33/12.41
Market Cap (US$ mn)	1,970.7
Enterprise value (US$ mn)	1,884.8
Shares outstanding (mn)	116.9

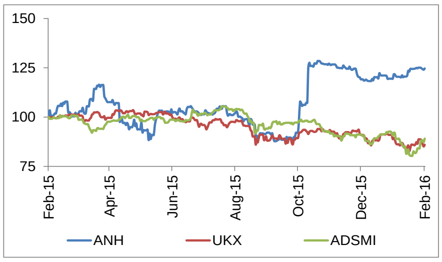
Source: Bloomberg

Average Daily Turnover ('000)

	GBP	US$
3M	4,610.2	6,974.7
6M	3,295.7	5,040.8

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015E	2016E
P/E (x)	22.2	22.9	20.5
P/B (x)	7.7	6.5	5.2
EV/S (x)	3.8	3.7	3.2
Dividend yield (%)	0.9	1.3	1.4

Source: Bloomberg

Shareholding Structure	
Mr Mohammed Bin Butti Al Hamid	28.25%
Dr Kassem Ali Alom	6.04%
Woodford Invst. Management	5.48%
BlackRock Group	5.19%
Public	55.04%
Total	**100.00%**

Source: Company Filings

Financial Performance						
US$ Million	**2013 YE Dec**	**2014 YE Dec**	***Change (%)***	**H1 2014**	**H1 2015**	***Change (%)***
Revenue	365.0	449.1	*23.0*	224.8	244.0	*8.5*
COGS	210.5	257.0	*22.1*	126.3	143.0	*13.2*
Operating Income	74.2	84.8	*14.2*	46.2	45.1	*-2.4*
Operating Margin (%)	20.3	18.9		20.6	18.5	
Net Income	61.4	81.2	*32.3*	44.5	42.1	*-5.5*
Net Income Margin (%)	16.8	18.1		19.8	17.2	
Return on Average Equity (%)	69.8	39.4		51.3	36.1	
Return on Average Assets (%)	27.9	27.6		34.9	26.1	

Key Comments

- *The company's revenue grew 8.5% y-o-y to US$ 244.0 million in H1 2015, driven by higher outpatient (+13.2%) and inpatient (+6.9%) volumes. Strong patient volumes at the new medical centers and acquired facilities helped offset a decline in volumes at Khalifa Street Hospital, which is under a refurbishment and repositioning program. While the average revenue per inpatient grew by 0.4% y-o-y, that of outpatient declined by 3.2%.*
- *In H1 2015, depreciation grew by 49.1% y-o-y to US$ 8.2 million because of the new medical centers, patient room renovations, new imaging equipment, and the acquisition of a cancer center. Higher depreciation coupled with costs related to the refurbishment program resulted in a 2.4% y-o-y fall in the operating income to US$ 45.1 million during the period. Accordingly, the operating margin dropped by 2.1 percentage points (ppts) y-o-y to 18.5% in H1 2015.*
- *Although the drop in the operating profit was, to an extent, offset by a lower interest expense, a substantial increase in profits to minority holders led to a 5.5% y-o-y drop in the net profit attributable to equity holders to US$ 42.1 million in H1 2015. Net income margin dropped by 2.6 ppts y-o-y to 17.2% during the period.*

Source: Company Filings, Bloomberg, Alpen Capital

Aster DM Healthcare (Privately Owned) UAE

Company Description

Established in 1987 by Dr. Azad Moopen, Aster DM Healthcare (DM Healthcare) is a leading healthcare group in the Middle East and India. It provides a range of healthcare services through hospitals and clinics, diagnostic centers, pharmacies, educational institutions, and healthcare management and support systems. The company is present in the GCC as well as India and Far East. DM Healthcare runs 16 hospitals, over 60 medical centers, and more than 170 pharmacies located across multiple countries. These healthcare facilities provide treatment and allied services across therapeutic areas. The company operates under different brands such as Access, Aster, Medcare, and Aster Medcity.

Business Segments/Services Portfolio

- **Middle East:** DM Healthcare is present in the UAE, Qatar, Saudi Arabia, Bahrain, and Oman. In the UAE, DM Healthcare operates multiple hospitals, clinics, and pharmacies. In Oman, the company operates two hospitals in Muscat and Sohar, in addition to clinics and pharmacies. DM Healthcare runs clinics, pharmacies, and diagnostic center in Qatar. The company forayed into Bahrain with a clinic in Manama in December 2015. DM healthcare operates in Saudi Arabia through Sanad Hospital in Riyadh, in which it holds a 97% stake. Overall, the company has a capacity of more than 500 beds in the GCC.
- **India:** In India, DM Healthcare is present in the cities of Calicut, Kottakkal, Kochi, Wayanad, Kolhapur, Pune, Hyderabad, and Bangalore. Currently, the company operates eight hospitals in India, with a combined bed capacity of 1,840 beds.
- **Far East:** The company launched the first clinic in the Philippines at St. Francis Square, Mandaluyong City, in partnership with the local firm, Casam Holdings Inc. DM Healthcare plans to invest US$ 5.3 million to build at least five ambulatory clinics in the country over the next 18 months.

Key Strengths

- A rich experience of 28 years in operating healthcare facilities.
- Awarded the 'Emerging Multi-specialty Healthcare Provider at VC Circle Healthcare Award 2014.
- A wide portfolio of hospitals, clinics, pharmacies, diagnostic centers, healthcare management, educational institutions, and healthcare support systems.

Recent Developments/Future Plans

- In December 2015, DM Healthcare entered Bahrain by setting up a clinic in Manama. The company also announced plans to establish five more healthcare facilities in Bahrain in the future. DM Healthcare aims to invest more than US$ 136 million in the GCC over the next two years.
- The company opened seven clinics across the UAE in November 2015.
- In October 2015, DM Healthcare purchased an additional 57% stake (for US$ 245 million) in Sanad hospital in Riyadh, Saudi Arabia, to up its total stake to 97%. In 2011, the company had bought a 40% stake in the hospital.
- DM Healthcare launched a clinic in Ras Al Khaimah, UAE, in May 2015.

AVIVO Group (Privately Owned) UAE

Company Description

Established in 2011, AVIVO Group (erstwhile Healthcare MENA Ltd.) owns and operates hospitals, clinics, pharmacies, and laboratories in the UAE and Kuwait. The group operates 32 healthcare assets, including two hospitals, 14 specialty centers, eight high-end dental centers, six pharmacies, and two diagnostic facilities. AVIVO Group provides various services such as day surgery, emergency care, first aid and occupational health hazard training, lithotripsy, and physiotherapy. The group is a healthcare private equity initiative of Al Masah Capital Limited, one of the GCC's leading alternative investment and asset management firms.

Business Segments/Services Portfolio

- **AVIVO Hospitals:** The group operates two hospitals in the UAE, namely, National Hospital in Abu Dhabi and Conceive Gynaecology and Fertility Hospital in Sharjah. National Hospital is a 22-bed multiple-specialty hospital offering both inpatient and outpatient services across 13 specialties. Conceive Gynaecology and Fertility Hospital provides a comprehensive range of reproductive treatments and technologies such as ovulation induction, blastocyst culture and transfer, time lapse studies of embryos, pre-implantation genetic screening of embryos, laparoscopy, colposcopy, and hysteroscopy. Currently, Conceive Gynaecology and Fertility Hospital operates from two locations in the UAE.
- **AVIVO Clinics:** Located across the UAE and Kuwait, the specialty clinics operated by AVIVO Group offer a complete range of healthcare solutions, including medical and aesthetic solutions for skin, teeth, and hair.
- **PRIMACARE Clinics:** The group offers a wide variety of specialized health and wellness services through the six PRIMACARE Clinics located in Dubai, Abu Dhabi, and Sharjah.
- **Other Services:** The group provides pharmacy and diagnostic services through its brands "PRIMACARE Pharmacy" and "Sterling Diagnostics". The group has five pharmacies and a diagnostic center in the UAE as well as one pharmacy and diagnostic center each in Kuwait

Key Strengths

- Backed by Al Masah Capital Limited.
- Expanded coverage over the years through the inorganic route.

Recent Developments/Future Plans

- In December 2015, the largest shareholder of the group, Al Masah Capital Limited announced plans to invest around US$ 300 million for growth and expansion of AVIVO Group in the GCC countries within the next two years. The group plans to strengthen its presence in the cities where it is currently present as well as expand its network into new markets, such as Oman, Qatar, Saudi Arabia and South East Asia. After expansion, the number of healthcare facilities under the group is likely to increase to 50.
- In November 2015, the group entered into partnership with Dubai-based Dr Michael's Dental Clinic, a chain of dental centers offering dentistry and oral surgery from its three facilities in Dubai.
- In November 2015, Healthcare MENA Limited was rebranded to AVIVO Group as a part of the group strategy to position itself as one of the largest integrated healthcare providers in the UAE.
- In September 2015, the group's wholly owned subsidiary, Alchemist Healthcare LLC, entered into a partnership with Kuwait-based Tijan International Dental Company, a chain of specialized dental centers in Kuwait

Badr Al Samaa Group of Hospitals (Privately Owned) Oman

Company Description

Founded in 2002 in Ruwi, Badr Al Samma Group of Hospitals (BAS) is the largest private healthcare provider in Oman, with nine healthcare facilities in areas of Al Khuwair, Sohar, Salalah, Al Khoud, Barka, Sur, Ruwi, Nizwa, and Falaj Al Qabail. BAS also expanded its presence to Bahrain (through Al Hilal Hospital) in 2007, Dubai (a medical center) in 2010, and Qatar (a medical center) in 2014. Further, BAS and Wellspring India Meditour hold a partnership in the international healthcare facilitation program since 2008. With this alliance, the company plans to address the unmet needs of Omani patients, who travel to India for their healthcare needs.

Business Segments/Services Portfolio

- **Specialties:** All the medical establishments of BAS offer services across super specialties such as cardiology, neurology, urology, nephrology, gastroenterology, and neonatology. It also attends to specialties such as anesthesiology, psychiatry, general medicine, gynecology & obstetrics, pediatrics, general & laparoscopic surgery, dermatology, orthopedics, ENT, dental surgery, ophthalmology, radiology, pathology, homeopathy, and physiotherapy.
- **Facilities:** The company offers facilities such as health check up, ambulance services, LAB services, pharmacy, radiology, and 24-hour emergency medical services.

Key Strengths

- Well-equipped with state-of-the-art facilities.
- Hospitals re-approved by the Omani MOH for its adherence to the new healthcare standards and regulations for its maternity center.
- The hospital offers healthcare services to more than 850 corporate clients, including major insurance companies.

Recent Developments/Future Plans

- In late 2015, BAS commenced the operations of the neuroscience department at its Ruwi center.
- BAS' hospital in Salalah was honored with National Award of Excellence as the best hospital in the Dhofar region and BAS Barka was honored with the best polyclinic award for 2015.

Bahrain Specialist Hospital (Privately Owned) — Bahrain

Company Description

Bahrain Specialist Hospital (BSH) is a private healthcare provider operating more than 80 patient rooms and a day-case unit in Bahrain. The hospital is founded by a diverse base of investors from Bahrain, Saudi Arabia, Kuwait, the UAE, and Qatar.

Business Segments/Services Portfolio

- **BSH – Juffair:** This hospital offers medical services across specialties such as internal medicine, cardiology, neurology, neurosurgery, psychiatry, nephrology, gastroenterology, pulmonary medicine, dermatology, pediatrics, pediatric surgery, obstetrics, gynecology & IVF, endocrinology, general & laparoscopic surgery, plastic surgery, urology, orthopedic surgery, dentistry & oral surgery, ophthalmology, ENT, rheumatology, oncology, physical medicine & physiotherapy, nutrition & weight management, anesthesia & pain management, audiology, emergency medicine, radiology, and laboratory.
- **BSH Clinics – West Riffa:** BSH clinics offer services related to internal medicine, general practice, cardiology, orthopedic, ENT, plastic surgery, pediatric, dental, general surgery, dermatology, obstetrics & gynecology, physiotherapy, and pharmacy. A fully equipped radiology and laboratory department supports the clinical activities.

Key Strengths

- The first and the only hospital in Bahrain to receive the JCI accreditation.
- International recognition by two scientific organizations, namely, the European Society for Hypertension and American Laparoscopy Association.
- Consistent investments in training programs and workshops to keep its doctors abreast of the latest medical techniques and technologies.

Recent Developments/Future Plans

- Fifth Hemodialysis Training Session, organized by BSH, was held on December 26, 2015 at The Diplomat Radisson Blu, under the joint sponsorship of Fresenius Medical Care and The Diplomat Radisson Blu.
- In May 2014, BSH became the first private hospital in Bahrain to host a seminar on proton therapy in cancer treatment. This program was done in collaboration with SAH Global, one of the US-based leaders in the therapy.
- In 2014, BSH launched a medical center in the West Riffa region comprising specialized clinics offering comprehensive medical services.

Dallah Healthcare Holding Co. (Publicly Listed) — Saudi Arabia

Company Description

Established in 1987, Dallah Healthcare Holding Co. (Dallah) provides comprehensive medical services through its hospital in Saudi Arabia. In addition to owning hospital, the company invests in healthcare projects and manages third-party hospital operations. Dallah is also engaged in the distribution of drugs and herbal cosmetics.

Business Segments/Services Portfolio

- **Dallah Hospital:** The company commenced operations at the Dallah hospital complex in Riyadh in 1987. With a total capacity of more than 400 beds, the hospital provides a wide range of services in the areas of cardiology, obstetrics & gynecology, ophthalmology, plastic surgery, neurology, diabetes, rheumatology, emergency care, and pulmonology, among others.
- **Dallah Pharma:** Started in 1994, the company's pharma segment distributes pharmaceutical, herbal, and cosmetic products to retail pharmacies, hospitals, and government agencies. The company has exclusive rights to distribute 45 pharmaceutical products, 12 herbal products, and 8 cosmetic products in Saudi Arabia, with some additional under the process of registration.
- **Operations and Management:** The company ventured into the management and operation of third-party hospitals in 2006. Dallah receives a fee-based income for providing its operational expertise. The company currently manages two hospitals, Al-Khafji Hospital and Mahayel Hospital in the kingdom.
- **Investments:** Dallah has invested in healthcare projects such as Makkah Medical Center, Al-Ahsa Medical Services Co., and Jordanian Pharmaceutical Manufacturing Co.

Key Strengths

- Accredited by the JCI in 2009 and renewed in 2012.
- Exclusive rights to distribute 45 pharmaceutical products in Saudi Arabia.

Recent Developments/Future Plans

- As per a company update in July 2015, the construction cost of the 400-bed hospital project in Namar increased by more than 80% to SAR 920 million (US$ 245.2 million*) due to certain changes and additions. While the first phase of the project is slated to complete in Q3 2017, the second phase is due in 3Q 2018.
- In May 2015, the Capital Market Authority approved Dallah's application to increase its capital from SAR 472.0 million (US$ 125.8 million#) to SAR 590.0 million (US$ 157.3 million#) through issue of bonus shares in the ratio of 1:4.

* At the exchange rate on July 7, 2015

\# At the exchange rate on May 13, 2015

Current Price (US$)	18.73

Price as on February 04, 2016

Stock Details

Bloomberg ticker	DALLAH AB
52 week high/ low	31.37/13.24
Market Cap (US$ mn)	1,105.4
Enterprise value (US$ mn)	1,148.5
Shares outstanding (mn)	59.00

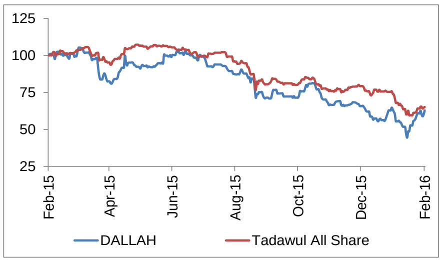
Source: Bloomberg

Average Daily Turnover ('000)

	SAR	US$
3M	13,809.5	3,680.2
6M	12,038.2	3,209.4

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015	2016E
P/E (x)	41.6	25.1	20.7
P/B (x)	4.8	3.0	2.8
EV/S (x)	6.9	4.4	3.7
Dividend yield (%)	0.8	2.1	1.9

Source: Bloomberg

Shareholding Structure

Dallah Albaraka Holding Co.	54.61%
Dr. Mohammed Rashid Alfagih	5.24%
Public	40.15%
Total	**100.00%**

Source: Zawya

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	238.6	262.8	*10.2*
COGS	121.5	154.1	*26.9*
Operating Income	52.2	44.9	*-14.1*
Operating Margin (%)	21.9	17.1	
Net Income	39.2	44.0	*12.2*
Net Income Margin (%)	16.4	16.7	
Return on Average Equity (%)	11.9	12.4	
Return on Average Assets (%)	9.3	9.0	

Key Comments

- *Dallah's revenue grew by 10.2% y-o-y to US$ 262.8 million in FY 2015 driven by an increase in patient volumes as well as opening of its north clinics building.*
- *Despite rise in revenue, operating income fell by 14.1% y-o-y to US$ 44.9 million during the period, translating into an operating margin of 17.1% compared to 21.9% in FY 2014. The drop in operating income is attributed to an increase in general and administrative expenses on account of the expansion.*

Source: Zawya, Tadawul, Alpen Capital

Dr. Soliman Fakeeh Hospital (Privately Owned) — Saudi Arabia

Company Description

Founded by Dr. Soliman Fakeeh in Jeddah in 1978, Dr. Soliman Fakeeh Hospital (DSFH) has over three decades of experience in serving patients across Saudi Arabia. DSFH is one of the most distinguished hospitals in the region, catering to over 500,000 patients every year. The hospital is a regional pioneer in the field of organ-transplantation, including kidney, bone-marrow, liver, and heart transplantation.

Business Segments/Services Portfolio

- **Specialty Units:** It offers various specialty care services, including burn care, renal dialysis, extended care, IVF, extra corporeal shock wave lithotripsy, hyperbaric oxygen, bone marrow transplant, and organ transplantation as well as allergy, immunology, respiratory, and sleep disorders.
- **Laboratory:** This segment offers facilities such as pathological diagnosis, hematological diagnosis, toxicology and drug monitoring laboratory, microbiology laboratory, and virology laboratory.
- **Executive Health Program:** This is a personalized health program that offers a complete range of consultations, investigations, and diagnostic procedures aimed at detecting and preventing diseases, which can be treated if discovered early. The program package is customized to meet individual needs.
- **Clinical Department:** DSFH operates several clinical departments such as internal medicine, obstetrics & gynecology, pediatrics, general surgery, anesthesia, neuroscience, orthopedics, ophthalmology, urology, medical genetics unit, physical medicine & rehabilitation, cardiovascular & thoracic, plastic & micro-surgery, emergency, ICUs, and a dental center.
- **Pharmacy Services Department:** DSFH operates three pharmacies for the outpatients and one pharmacy for serving the inpatients 24/7.
- **Radiology:** This is a highly specialized department providing services related to diagnostic imaging and therapeutic interventional procedures.

Key Strengths

- First private hospital in the western region of Saudi Arabia to hold the JCI accreditation in 2006, 2009, and 2012 and the Australian Council for Healthcare Standards International (ACHSI) accreditation in 2008 and 2012.
- Record of performing the highest number of open-heart surgeries in the private sector in Saudi Arabia.

Recent Developments/Future Plans

- In January 2015, DSFH announced plans to award contract for the construction of Fakeeh Academic Medical Centre in Dubai. The project entails an investment of AED 1 billion (US$ 0.3 billion*). Phase one of the project is expected to include the construction of 150 beds by end-2016 and the second phase will build another 150 beds along with a medical university in 2019.
- In January 2015, the company announced plans to float a tender for the construction of the US$ 24.5 million Diabetes Plus and Urgent Care Center in Dubai, which is expected to complete by 2019.
- In January 2015, the President and Chairman of DSFH announced plans of an IPO in the next three years with the promoter's intention to sell 30% stake.

* At the exchange rate on January 29, 2015

Dr. Sulaiman Al Habib Medical Group (Privately Owned) Saudi Arabia

Company Description

Established in 1995, Dr. Sulaiman Al Habib Medical Group (HMG) is one of the largest healthcare providers in the MENA region, with its operations spread across Saudi Arabia (Riyadh & Qassim), the UAE, and Bahrain. HMG operates 11 general as well as specialized hospitals and 7 medical centers. It is also developing one of the largest private medical cities in Saudi Arabia. The group has a capacity of over 1,500 beds along with more than 4,000 physicians. Besides, the group maintains strategic partnerships with top-notch international companies such as General Electric, Draeger, Stryker, and Herman Miller to deploy the latest technologies at its hospitals.

Business Segments/Services Portfolio

- **Hospitals:** The group runs eight hospitals and two medical complexes. These hospitals and medical centers maintain several departments such as spinal surgery, speech therapy, tissue laboratory, vascular, urology, dermatology, dental, diabetes & endocrine, endoscopy unit, gastroenterology, internal medicine, kidney dialysis unit, nuclear medicine unit, nephrology, neurology, cardiology, hematology pulmonary, psychiatry, pain treatment, radiology, rheumatology, and laser hair removal center.
  - Olaya Medical Complex: Located in Riyadh this is one of the largest integrated medical complexes in Saudi Arabia.
  - Rayan Hospital: Based in Arryan, it is one of the largest private hospitals in Riyadh, with bed capacity of 360.
  - AL Takhassusi Hospital: This hospital has the most advanced healthcare facilities with a capacity of 150 beds.
  - AL Qassim Hospital: Started in 2009, this hospital has 220 beds and is accredited with JCI.
  - Dubai Hospital: It was the first project outside Saudi Arabia by HMG in 2008.
  - AL Khobar Hospital: It is the first fully integrated digital health project, with 290 clinics and a capacity of 400 beds.
  - AL Sweidi Hospital: It is the first digital facility in Saudi Arabia and has 300 beds coupled with 240 clinics.
  - Maternity Hospital: It provides comprehensive services for women's health through a range of health programs.
  - Orthopedic Hospital: Commenced in 2010, this 200-bed hospital focuses on bone, joint & spine surgeries.
  - Dr. Sulaiman Al-Habib Medical City: To be developed in Riyadh, the medical city will comprise 700 beds, 400 clinics, and 170 beds of ICUs
- **Centers of Excellence:** HMG runs CoEs for various therapeutic areas such as dermatology & skin care, plastic surgery, ophthalmology, obesity, fertility, orthopedic, and maternity.
- **Pharmacy:** HMG operates eight pharmacies adjacent to its hospitals and offers more than 40,000 medical products.

Key Strengths

- A comprehensive healthcare service provider in the Middle East.
- Accredited by JCI and honored by several awards such as Arab Health Award 2011 for the best radiology department in the Middle East, the Arab Health Award 2012 for excellence in human resource development, and the Arab Health Award 2013 for excellence in surgery services.

Recent Developments/Future Plans

- In June 2015, HMG started operations at its 200-bed digital hospital in the Dubai Healthcare City. It introduced the digital hospital concept by deploying next generation equipments used for diagnosis and treatments.
- The CEO of HMG won CEO Excellence Award 2014, organized by Middle East Excellence Awards Institute.

Gulf Medical Projects Co. (Al-Zahra Hospital) (Publicly Listed) UAE

Company Description

Established in 1979, Gulf Medical Projects Co. (GMPC) operates hospitals and clinics in the UAE through its subsidiaries. Additionally, the company is engaged in trading of medical equipment and construction of medicine factories. The company owns two hospitals, one each in Sharjah and Dubai, and a medical center in Dubai under the brand, Al-Zahra. The hospitals and medical center provide a wide range of healthcare services across medical specializations.

Business Segments/Services Portfolio

- **Al-Zahra (Pvt.) Hospital Sharjah:** This hospital in Sharjah started operations in 1981 and was the first private general hospitals in the UAE. With a capacity of 132 beds, the hospital offers inpatient and outpatient services, supported by ancillary services such as radiology and laboratory. GMPC's trading business is conducted through this 100% owned subsidiary.
- **Al-Zahra (Pvt.) Medical Centre:** Established in 1993, the medical center in Dubai offers a gamut of outpatient services along with dentistry. The center is also equipped with ancillary units of physiotherapy, radiology, and laboratory. The center acts as a support for the Al-Zahra hospital in Sharjah.
- **Al Zahra Private Hospital Dubai:** GMPC owns a 68.4% interest in this subsidiary, which operates a hospital in Dubai with a capacity of 187 beds. The hospital is equipped with state-of-the-art facilities for providing medical services to locals as well as international patients.

Key Strengths

- State-of-the-art medical equipment and professional expertise.
- A wide range of services across medical specialties.
- Ambulance service at GMPC's Dubai hospital accredited by the Dubai Cooperation for Ambulance Service.

Recent Developments/Future Plans

- In January 2015, Al-Zahra Hospital in Sharjah announced its plans to launch a series of projects, including an oncology CoE, an ophthalmology CoE, a painless surgery project, a joint replacement center, a cochlear CoE, a cardiothoracic surgery CoE, a maxillofacial CoE, and two new ultra-clean operation rooms. Additionally, a major expansion of the hospital's neonatal intensive care unit (ICU) is also underway. The other projects in the group's pipeline include satellite clinics across the UAE as well as a bariatric and a plastic surgery CoE.

Current Price (US$)	0.61

Price as on February 04, 2016

Stock Details	
Bloomberg ticker	GMPC UH
52 week high/ low	0.78/0.47
Market Cap (US$ mn)	428.1
Enterprise value (US$ mn)	431.6
Shares outstanding (mn)	698.9

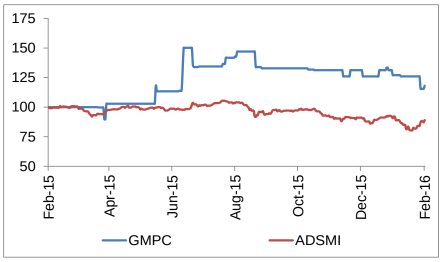
Source: Bloomberg

Average Daily Turnover ('000)

	AED	US$
3M	44.9	12.2
6M	30.6	8.3

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014
P/E (x)	9.8
P/B (x)	1.2
EV/S (x)	2.7
Dividend yield (%)	2.5

Source: Bloomberg

Shareholding Structure	
Mr. Salem Abdullah Salem Al Hosani	24.31%
HH Sheikh Mohammed Bin Saud Bin Sakr Al Qasimi	17.77%
HH Sheikh Majed Bin Faisal Bin Khalid Sultan Al Qassimi	15.31%
Al Salem Company Limited	10.19%
HH Sheikh Faisal Khalid Abdullah Sultan Al Qassimi	6.34%
Public	26.08%
Total	**100.00%**

Source: Zawya

Financial Performance						
US$ Million	**2013 YE Dec**	**2014 YE Dec**	***Change (%)***	**9M 2014**	**9M 2015**	***Change (%)***
Revenue	126.8	158.5	*25.0*	115.3	141.9	*23.1*
COGS	85.7	103.9	*21.2*	79.1	98.3	*24.3*
Operating Income	15.6	21.0	*34.1*	14.4	19.6	*35.6*
Operating Margin (%)	12.3	13.2		12.5	13.8	
Net Income	25.1	36.9	*47.0*	22.6	27.1	*20.0*
Net Income Margin (%)	19.8	23.3		19.6	19.1	
Return on Average Equity (%)	10.2	12.7		10.6	11.3	
Return on Average Assets (%)	5.1	7.3		5.9	7.0	

Source: Zawya, Alpen Capital

Ibn Al-Nafees Hospital CO. B.S.C (C) (Privately Owned) Bahrain

Company Description

Established in 2001, Ibn Al-Nafees Hospital CO. B.S.C (C) (Ibn Al-Nafees Hospital) is a Bahrain-based private hospital providing a range of healthcare services in multiple therapeutic areas. The hospital provides inpatient and outpatient services through its 24-hour clinic, a fully equipped laboratory, and an in-house pharmacy. The hospital offers a wide variety of packages, including check-ups and delivery packages that cater to various patient needs.

Business Segments/Services Portfolio

- **Specialty Clinics:** The hospital has specialty clinics catering to specific disease categories, including cardiology, chest diseases (such as asthma, coughing, pulmonary tuberculosis, interstitial lung diseases, and pulmonary function testing), cosmetic surgery, dermatology, dental, endocrinology, ENT, gastroenterology, IVF & genetics, nephrology, neurology, obstetrics & gynecology, oncology, orthopedic, pediatrics & neonatology, psychiatry, radiology, and urology.
- **24 Hours Clinic:** This clinic looks after minor emergencies and patient's routine medical complaints. Areas of treatment include pain management, ENT, allergies, asthma, hypertension, diabetes, and chest pain, among others.
- **Other Services:** The hospital is also equipped with laboratory, physiotherapy center, and in-house pharmacy. Laboratory services provided by Ibn Al-Nafees Hospital include biochemistry, haematology, microbiology, serology, immunology, histopathology, and cytology. The hospital provides various physiotherapy techniques including manual therapy concept, spine core stability rehabilitation, trigger point concept, myofascial release technique, proprioception neuro-facilitation, and kinesio taping.

Key Strengths

- A wide range of services across medical specialties.
- Strong governmental support.

Recent Developments/Future Plans

- In August 2015, the hospital announced that Dr. Haytham Al Khawaja, Consultant Pediatrician & Neonatologist, would offer his services at Ibn Al-Nafees Hospital on a full time basis.

KIMS Group (Privately Owned) — Bahrain

Company Description

Kerala Institute of Medical Sciences (KIMS) Group is an Indian healthcare group that operates multi-center hospitals and clinics across India and the GCC. The KIMS Group forayed into the GCC through KIMS Bahrain Medical Center in 2004. Currently, KIMS operates two hospitals and five medical centers in the GCC. The hospitals and medical centers run by the group cater to multiple therapeutic areas, including anesthesiology, cardiac, cosmetology, dermatology, endocrinology, ENT, gastroenterology, general surgery, gynecology, internal medicine, and oncology.

Business Segments/Services Portfolio

The company operates hospitals and medical centers in the GCC as well as India.

- **GCC:** The company provides a range of medical services through its hospitals and medical centers in the GCC.
  - **Bahrain:** The company operates one hospital (Royal Bahrain Hospital) and one medical center (KIMS Bahrain Medical Center) in Bahrain. Royal Bahrain Hospital is a 70-bed multi-specialty facility and KIMS Bahrain Medical Center is a multi-specialty outpatient medical center with diagnostic facilities.
  - **Oman:** KIMS is present in Oman through KIMS Oman Hospital, a 50-bed multi-specialty hospital offering inpatient and outpatient services, 24-hour emergency and trauma care, radiology and imaging, pharmacy, and physiotherapy, among others.
  - **Saudi Arabia:** In the Kingdom, the company runs two multi-specialty medical centers, namely, KIMS Suncity Medical Center (in Jubail) and KIMS Medical Center (in Riyadh).
  - **Qatar:** The company operates KIMS Qatar Medical Center in Al Wakrah.
  - **UAE:** KIMS has one multi-specialty medical center in Dubai.
- **India:** KIMS is the largest corporate healthcare organization in Kerala and among the top 10 in India. The company operates multiple healthcare facilities in Indian cities such as Kochi, Trivandrum, Kottayam, and Kollam with around 1,500 total beds as of March 31, 2015.

Key Strengths

- A staff of doctors and medical professionals from multiple countries.
- A wide range of services across medical specialties.
- A wide geographic presence in the GCC and India.

Recent Developments/Future Plans

- In October 2015, Royal Bahrain Hospital entered into an agreement with Royal Charity Organization to offer free medical treatment to orphans and widows sponsored by RCO.
- In August 2015, KIMS entered into an agreement to acquire majority stake in Hyderabad-based 150-bed hospital, Bibi General Hospital and Cancer Centre.
- In November 2014, KIMS Group acquired a 51% stake in Al Shifa Hospital located at Perinthalmanna in Kerala, India.

Magrabi Hospitals & Centers (Privately Owned) — Saudi Arabia

Company Description

Magrabi Hospitals & Centers (Magrabi) was founded in 1955 as an eye hospital in Riyadh. Overall, the company operates 24 hospitals and medical centers in the Middle East and North Africa – three hospitals and 11 medical centers in Saudi Arabia, one hospital and two centers in the UAE, one medical center each in Oman and Qatar, two hospitals and two medical centers in Egypt and one medical center in Yemen. These facilities provide a wide range of medical services in areas of eye, ENT, and dentistry.

Business Segments/Services Portfolio

- **Eye:** Under this segment, the company provides ophthalmology services across 12 sub-specialties. The company operates units for refractive surgery, cataract, vitro-retina, glaucoma, cornea and external eye diseases, pediatric ophthalmology, oculoplasty, ocular oncology, neuro-ophthalmology, low vision aids, contact lenses, and ophthalmic investigation.
- **ENT:** Magrabi provides various ENT services under the three sub-divisions of otology, rhinology, and laryngology and phoniatric. Some services offered through these divisions include diagnosis of hearing loss and vertigo, surgical implantation and evaluation of cochlear implants, pre-operative fitting of hearing aids, psychometric analysis of child and infants, auditory and speech rehabilitation, endoscopic examination and diagnosis of nose and sinuses, sensitivity and allergy tests, diagnosis and management of snoring, rehabilitation of deaf children, acoustic analysis of voice, laser phonosurgery, and diagnosis as well as treatment of laryngeal lesions.
- **Dental:** The company operates seven sub-units under the dental segment including implantology (permanent artificial replacement of teeth), prosthodontics (restoration of normal dentition), periodontics (diagnose and treat diseases of the gum), endodontics (diagnose and treat diseases of the dental pulp), orthodontics (correct dental deformities and anomalies), oral surgery, and pedodontics (treat dental diseases of children).

Key Strengths

- Received the American Academy of Ophthalmology Achievement Award in 2007.
- The only accredited private ophthalmologic institute in the Middle East and Africa, recognized by the Fellowship of the Royal College of Surgeons in the UK.
- First eye care provider to introduce the concept of sub-specialization in ophthalmology.
- Strong network of hospitals and medical centers.
- Several hospitals and medical centers accredited by JCI.

Recent Developments/Future Plans

- N/A

Medicare Group Q.S.C. (Publicly Listed) — Qatar

Company Description

Medicare Group Q.S.C. (earlier known as Al-Ahli Hospital) was listed in August 1997 and commenced its hospital operations in November 2004 after spending several years on planning and development. The group operates a 250-bed hospital that offers inpatient as well as outpatient services across medical specializations. The hospital also provides continuing education for its nurses through a nursing education unit in collaboration with Hammad international Training Center, North Atlantic College, and Calgary University.

Business Segments/Services Portfolio

- **Medical Departments:** The hospital's departments offering medical services include anesthesiology, chiropractics, dental center, dermatology, emergency, gastroenterology, general surgery, heart care center, internal medicine, neurology, women's clinic, opthamology, orthopedics, traumatology, pediatrics, psychiatry, pulmonary and chest, physical and rehabilitative medicine, urology, endocrinology, nephrology, rheumatology, ENT surgery, travel clinic, hearing and balance, and IVF clinic.
- **Ancillary Services and Units:** In addition to the above departments, the hospital is equipped with other units providing supporting services. The ancillary services and units include dietary, pharmacy, speech and language therapy, ICU and coronary care unit, pathology and laboratory medicine, radiology, and neonatal ICU.

Key Strengths

- International accreditation by ACSHI.

Recent Developments/Future Plans

- In October 2015, Medicare Group announced its intention to establish three major emergency departments and outpatient clinics at an investment of QAR 500 million (US$ 137.2 billion*) over the next three years.
- In March 2015, Medicare Group disclosed its plans to set up a polyclinic in Al Wakra during the year. Additionally, the group announced its interest in investing QAR 135 million (US$ 37.0 million#) towards the development of a specialized bone center, expected to be completed in 2016.

Current Price (US$)	28.48

Price as on February 04, 2016

Stock Details	
Bloomberg ticker	MCGS QD
52 week high/ low	53.01/21.14
Market Cap (US$ mn)	801.6
Enterprise value (US$ mn)	797.5
Shares outstanding (mn)	28.14

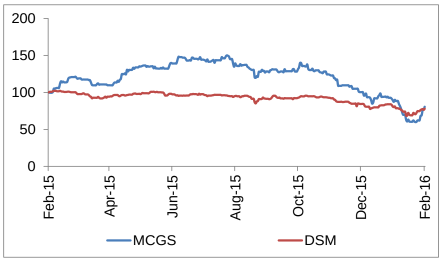
Source: Bloomberg

Average Daily Turnover ('000)

	QAR	US$
3M	3,255.3	893.9
6M	2,668.2	732.7

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014
P/E (x)	18.1
P/B (x)	3.6
EV/S (x)	5.9
Dividend yield (%)	4.3

Source: Bloomberg

Shareholding Structure

HH Sheikh Thani Abdullah Thani Al Thani and sons	45.00%
Ezdan Holding Group Q.S.C.	24.69%
Public	30.31%
Total	**100.00%**

Source: Zawya

* At the exchange rate on October 1, 2015

At the exchange rate on March 18, 2015

Financial Performance						
US$ Million	**2013 YE Dec**	**2014 YE Dec**	***Change (%)***	**9M 2014**	**9M 2015**	***Change (%)***
Revenue	114.7	145.2	*26.5*	101.8	119.8	*17.7*
COGS	60.8	66.6	*9.5*	52.6	62.9	*19.7*
Operating Income	27.1	52.1	*92.3*	27.8	32.6	*17.4*
Operating Margin (%)	23.6	35.9		27.3	27.2	
Net Income	24.6	49.9	*102.9*	31.5	35.4	*12.4*
Net Income Margin (%)	21.4	34.3		30.9	29.5	
Return on Average Equity (%)	11.4	20.9		18.8	19.5	
Return on Average Assets (%)	10.1	18.6		16.7	16.7	

Source: Zawya, Alpen Capital

Mediclinic Middle East (Privately Owned) UAE

Company Description

Mediclinic Middle East (the erstwhile Emirates Healthcare) is a part of Mediclinic International, one of the top ten listed private hospital groups in the world with healthcare facilities in South Africa, Switzerland, and the UAE. In October 2012, the parent acquired the remaining shares of Emirates Healthcare from partners, Varkey Group and General Electric, and then rebranded it to its current name. Mediclinic Middle East owns and operates 2 hospitals and 10 clinics with a total capacity of over 380 beds in the UAE. The company generated revenue of AED 1,430 million (US$ 389.4 million*) and AED 730 million (US$ 198.8 million*) during FY2015 and H1 FY2016, respectively.

Business Segments/Services Portfolio

- **Hospitals:** Mediclinic Middle East operates two hospitals, namely, Mediclinic Welcare Hospital and Mediclinic City Hospital in Dubai. Established in 1998, Mediclinic Welcare Hospital is a multi-specialty 127-bed hospital. It offers facilities such as a 24-hour accident and emergency unit, four extensively equipped operating theatres, a maternity complex, an intensive care unit, an imaging division with the latest MRI, CT scan, ultrasound, mammography, digital X-ray, and ambulatory services. Established in 2008, Mediclinic City Hospital is a 229-bed multi-disciplinary hospital. Both the hospitals offer treatment in the areas of cardiology, radiology, gynecology, trauma, nuclear medicine, endocrinology, obstetrics, and neonatal care, among others.
- **Clinics:** Mediclinic Middle East operates ten clinics in the UAE, namely, Mediclinic Beach Road, Mediclinic Meadows, Mediclinic Arabian Ranches, Mediclinic Dubai Mall, Mediclinic Mirdif, Mediclinic Ibn Battuta, Mediclinic Al Qusais, Mediclinic Al Sufouh, Mediclinic Corniche, and Mediclinic Al Hili. These clinics offer expertise in a wide range of medical specialties, including dentistry, dermatology, general surgery, ENT, gastroenterology, internal medicine, obstetrics & gynecology, orthopedics, and urology. The ten clinics were run with a total of 27 beds, as of September 2015.

Key Strengths

- Accredited by JCI.
- A wide range of services across medical specialties.

Recent Developments/Future Plans

- In January 2016, the South African Competition Tribunal gave an unconditional approval for the proposed combination of Mediclinic Intl. and Al Noor. The enlarged entity will be listed on the London Stock Exchange on February 15, 2016.
- In December 2015, Mediclinic City Hospital inaugurated its state-of-the-art pediatric intensive care unit.
- In April 2015, Mediclinic Middle East announced plans to build a new over 150-bed general hospital (named Mediclinic Parkview Hospital), in a strategic location on Umm Suqeim Road in Dubai. The hospital, to be constructed by end-2018, is expected to provide international standards of healthcare services to the southern part of Dubai.
- In February 2015, Mediclinic Middle East opened its first clinic in Al Ain at Hili Mall.
- In October 2014, Mediclinic Middle East started a new patient satisfaction survey program with Press Ganey, a world leader in patient satisfaction measurement.
- The group is also developing a new wing of the Mediclinic City Hospital, which will house centers of excellence in the areas of metabolic disorders, breast cancer and oncology in cooperation with Hirslanden (a sister company).

* At the average exchange rate during FY2015 and H1 FY2016

National Medical Care Co. (Riyadh Care Hosp.) (Publicly Listed) Saudi Arabia

Company Description

National Medical Care Co. (CARE) was incorporated in 2003 as a closed joint stock company represented by the General Organization for Social Insurance and private shareholders. Listed in March 2013, the company is mainly engaged in the owning, managing, and equipping of two hospitals – Riyadh Care Hospital and National Hospital. The company is also engaged in the distribution of medicines and medical supplies.

Business Segments/Services Portfolio

- **Riyadh Care Hospital:** Established in 1990, this is a multi-disciplinary hospital providing primary, secondary, and tertiary care services. The hospital has a capacity of over 300 beds and a staff of more than 1,450. Riyadh Care Hospital provides a wide range of inpatient and outpatient services. The hospital has different types of rooms for patient care along with specialized clinics and units for dentistry, ophthalmology, dermatology, asthma and allergy, endoscopy, medical rehabilitation, physical therapy, respiratory therapy, diagnostic and therapeutic endoscopy, radiology, blood bank, and physiology.
- **National Care Hospital:** This hospital started its operations in 1967 and CARE expanded its capacity in a phased manner beginning November 2013. The hospital currently has a capacity of nearly 300 beds.
- **Care Pharmaceutical:** Launched in 2011, this segment undertakes wholesale distribution of medicines and medical equipment.

Key Strengths

- Accredited by JCI and the Central Board for Accreditation of Health Institutions.
- Equipped with state-of-the-art medical facilities that meet international standards.

Recent Developments/Future Plans

- In November 2015, CARE started the trial run of Family Medicine Center spread over an area of 5,000 sq m with 22 clinics. The trial phase may run for almost a year. The company also closed a SAR 100 million (US$ 26.7 million*) Murabaha agreement to finance renovation works of the northern building of National Hospital, which is expected to add 200 beds and 40 clinics in phases by Q1 2017.
- Recently, the Riyadh Care hospital launched a number of new services such as cardiac catheterization and interventional radiology services. It also plans to set up a comprehensive obesity center and other unique services.

* At the exchange rate on November 5, 2015

Current Price (US$)	12.96

Price as on February 04, 2016

Stock Details	
Bloomberg ticker	CARE AB
52 week high/ low	18.10/11.47
Market Cap (US$ mn)	581.4
Enterprise value (US$ mn)	615.0
Shares outstanding (mn)	44.9

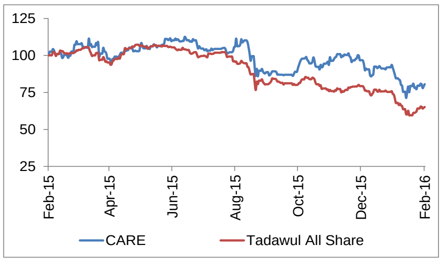
Source: Bloomberg

Average Daily Turnover ('000)

	SAR	US$
3M	9,313.8	2,483.1
6M	13,310.9	3,548.7

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015	2016E
P/E (x)	26.2	19.1	16.9
P/B (x)	2.9	2.8	2.4
EV/S (x)	3.4	3.0	2.4
Dividend yield (%)	2.8	N/A	4.4

Source: Bloomberg

Shareholding Structure	
General Organization for Social Insurance - Saudi Arabia	35.12%
Public	64.88%
Total	**100.00%**

Source: Zawya

Financial Performance			
US$ Million	**2014 YE Dec**	**2015 YE Dec**	***Change (%)***
Revenue	195.6	234.2	*19.7*
COGS	143.9	175.5	*22.0*
Operating Income	28.1	34.3	*22.1*
Operating Margin (%)	14.4	14.6	
Net Income	24.9	34.8	*39.7*
Net Income Margin (%)	12.7	14.9	
Return on Average Equity (%)	11.4	15.1	
Return on Average Assets (%)	8.0	9.8	

Key Comments

- *CARE's revenue grew by 19.7% y-o-y to US$ 234.2 million in FY 2015 led by an increase in revenue from medical services arising from increased operational efficiency and improved service quality.*
- *Revenue growth coupled with lower general and administrative expenses resulted in a 22.1% y-o-y rise in operating income to US$ 34.3 million during FY 2015.*

Source: Zawya, Tadawul, Alpen Capital

NMC Health Plc (Publicly Listed) UAE

Company Description

Having commenced operations as a small pharmacy and clinic in 1975, NMC Health Plc has transformed itself into an integrated private healthcare services provider with extensive presence across the UAE. The company was listed on the London Stock Exchange in April 2012 and has vastly spread its operations through the organic and inorganic routes. The company runs a network of about 20 hospitals, medical centers, and day care surgery clinics, with a licensed capacity of 855 beds in the UAE. NMC Health also operates fertility clinics in Spain through a subsidiary.

Business Segments/Services Portfolio

- **Healthcare:** Under this segment, the company provides inpatient and outpatient services across medical specializations through its network of hospitals, medical centers, a day surgery center, and medical suites. Additionally, the company operates 15 pharmacies within or near its healthcare facilities. The company also has a contract with the UAE Ministry of Presidential Affairs for managing the operations of a 205-bed general hospital in Umm al Quwain.
- **Distribution and Services:** Through this segment, the company conducts the wholesale trading of pharmaceutical goods, medical equipment, cosmetics, and food. This business is supported by 8 warehouses and offices as well as 214 delivery vehicles.

Key Strengths

- The company has an experience of over 40 years in the UAE.
- The Spanish subsidiary, Clinica Eugin, is among the leading providers of fertility treatments in the world.
- One of the top distributors/wholesalers in the UAE.

Recent Developments/Future Plans

- In November 2015, NMC Health entered into an agreement to acquire Fakih IVF Group, a market leader in the Middle East for IVF. The target company has operations in Abu Dhabi and Dubai and plans to expand within the UAE as well as across the GCC.
- In August 2015, the company completed the acquisition of ProVita International Medical Center LLC, a leading provider of LTC in the UAE.
- In August 2015, NMC Health opened NMC Royal Hospital, a 250-bed super specialty hospital, in Abu Dhabi. This is expected to serve as central to the company's hub-and-spoke platform and a regional referral point.

Current Price (US$)	12.83

Price as on February 04, 2016

Stock Details	
Bloomberg ticker	NMC LN
52 week high/ low	14.07/7.74
Market Cap (US$ mn)	2,382.6
Enterprise value (US$ mn)	2,767.4
Shares outstanding (mn)	185.7

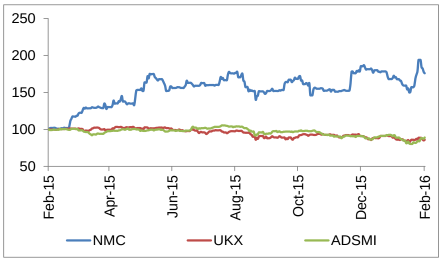
Source: Bloomberg

Average Daily Turnover ('000)

	GBP	US$
3M	470.8	709.3
6M	493.6	753.2

Source: Bloomberg

Share Price Chart



Source: Bloomberg

Valuation Multiples

	2014	2015E	2016E
P/E (x)	17.4	21.7	15.6
P/B (x)	3.0	4.5	3.5
EV/S (x)	2.3	3.2	2.6
Dividend yield (%)	1.1	0.9	1.2

Source: Bloomberg

Shareholding Structure	
Dr. Bavaguthu Raghuram Shetty	25.70%
HE Saeed Bin Butti	23.40%
Khalifa Bin Butti	10.30%
Infinite Investment LLC	7.60%
Public	33.00%
Total	**100.00%**

Source: Company Filings

Financial Performance						
US$ Million	**2013 YE Dec**	**2014 YE Dec**	***Change (%)***	**H1 2014**	**H1 2015**	***Change (%)***
Revenue	550.9	643.9	*16.9*	314.3	393.8	*25.3*
COGS	365.3	434.7	*19.0*	212.0	256.1	*20.8*
Operating Income	83.1	88.4	*6.4*	46.4	52.5	*13.2*
Operating Margin (%)	15.1	13.7		14.8	13.3	
Net Income	68.2	76.6	*12.3*	40.3	39.6	*-1.7*
Net Income Margin (%)	12.4	11.9		12.8	10.1	
Return on Average Equity (%)	19.0	18.3		21.2	18.5	
Return on Average Assets (%)	8.9	8.7		10.1	7.4	

Key Comments

- *NMC Health's revenue grew by 25.3% y-o-y to US$ 393.8 million in H1 2015, driven by a 28.7% y-o-y increase in patient visits.*
- *The company's healthcare segment revenue increased by 38.9% y-o-y to US$ 220.5 million in H1 2015, led by a good performance of the hospitals fully operational before 2015 and high patient growth at Dubai Specialty hospital due to the rollout of mandatory insurance in Dubai. The distribution and services segment revenue grew by 11.4% y-o-y to US$ 173.2 million, attributed to growing demand, addition of new brands, and an exclusive pharmacy agreement with Nestle for distributing its infant product range.*
- *The company's operating income during H1 2015 grew by 13.2% y-o-y to US$ 52.5 million. The increase in revenue was, to an extent, offset by higher operating expenses pertaining to the hiring of doctors and medical staff for the new facilities and recognition of acquisition-related expenses. Consequently, operating margin declined by more than 140 basis points to 13.3% in H1 2015.*
- *Further, one-off charge related to early loan repayment and acquisition costs resulted in a 1.7% y-o-y drop in net income to US$ 39.6 million in H1 2015.*

Source: Bloomberg, Company Filings, Alpen Capital

Prime HealthCare Group LLC (Privately Owned) UAE

Company Description

Having started operations in October 1999, Prime HealthCare Group LLC was founded by Dr. Jamil Ahmed, an orthopedic surgeon who sought training in India and Germany. The group is one of the leading healthcare providers in the UAE, with more than 350 physicians and a support staff of over 1,000. Prime HealthCare Group LLC operates hospitals, medical and diagnostic centers, and pharmacies in the UAE.

Business Segments/Services Portfolio

- **Prime Hospital Dubai:** Located at Airport Road, this 100-bed hospital primarily provides acute care to adults/pediatric and neonatal care. The hospital also offers services such as emergency care, advanced cardiac care, intensive care unit, day surgery unit, and family clinic, to name a few. The hospital has been built in accordance with the guidelines of American Institute of Architects Hospital Architecture and standards of JCI.
- **Prime Medical Centers:** The group's Prime medical centers are located at nine locations spread across Dubai, Sharjah, and Abu Dhabi. These centers offer multi-specialty outpatient services along with complete diagnostic support. On an average, 2,500 patients are served on a daily basis at these centers.
- **Premier Diagnostic Center:** Operational since 2011, the center offers diagnostic services related to magnetic resonance imaging, CT scan, mammography, segmental body analysis, orthopantomography, advanced laboratory services, and sleep study. It also offers wellness packages covering health screening, check-ups, and diabetes and cardiac wellness.
- **Medi Prime Pharmacies:** The group operates pharmacy stores located near its prime medical centers and hospitals. It offers prescription-based and over-the-counter medicines.
- **Corporate Services:** Under this segment, the group manages over 25 designated corporate clinics inside the client's office in association with health insurance companies and more than 20 on-site clinics at clients' accommodation camps or work sites.
- **Prime Home Care:** Through this segment, the group delivers personalized healthcare at the residence of patients, who are unable to leave their homes due to illness.

Key Strengths

- Received the Dubai Quality Appreciation award in 2012 for the second time after winning it in 2007 and the Sharjah Economic Excellence award in 2010.

Recent Developments/Future Plans

- Between October and November 2015, Prime HealthCare Group LLC ran medical campaigns to spread awareness on breast feeding, breast cancer, and diabetes.
- The group presented its portfolio of advanced medical services in the 2015 International Medical Travel Exhibition Conference (IMTEC), held in Dubai in October 2015. The IMTEC is a global event hosted for the medical travel market.
- In June 2015, the Group established Prime Specialist Medical Center in Sharjah, offering several therapeutic remedies in areas of cardiology, ENT, internal medicine, orthopedics, gynecology, pediatrics, neurology, gastroenterology, and radiology.

ALPEN CAPITAL

Saudi German Hospitals Group (Privately Owned) — Saudi Arabia

Company Description

Saudi German Hospitals Group (SGH) is owned by Middle East Healthcare Company (MEAHCO), which was founded by the Batterjee family in 1988 and is the largest private healthcare company in Saudi Arabia. MEAHCO fully owns and operates four multi-specialty tertiary hospitals in Jeddah, Riyadh, Madinah, and Aseer in Saudi Arabia under the brand Saudi German Hospital. MEAHCO is also developing a hospital in Hail through its associate company, National Healthcare Co. (32.33% interest). The group also manages other third-party hospitals in Dubai-UAE, Sanna-Yemen, and Cairo-Egypt.

Business Segments/Services Portfolio

The hospitals in the GCC offer both outpatient and inpatient services across the entire spectrum of medical specialties. The hospitals runs several departments such as laboratory, cardiology, cardio-thoracic surgery, chest, ENT, emergency, general surgery, internal medicine, neurology, obstetrics and gynecology, ophthalmology, orthopedics, pediatrics, physiotherapy, plastic surgery, psychiatry, laparoscopic and vascular surgery, oncology, ophthalmology, orthopedic, and urology. In addition to providing quality healthcare to the local population, SGH also targets international patients through its various services.

- **SGH – Riyadh:** The hospital in Riyadh commenced operations in 2001 and has a capacity of over 200 beds.
- **SGH – Jeddah:** Operational since 1988, the Jeddah-based hospital with a capacity of over 190 beds mainly provides tertiary care across all medical specialties. The hospital also offers diagnostic facilities as well as support services.
- **SGH – Aseer:** Started in 2000, the SGH in Asser is a 194-beds hospital providing medical services to the citizens in the south region as well as the GCC tourists.
- **SGH – Madinah:** Having started its operations in 2003, this is a general hospital with a capacity of over 180 beds. The hospital is equipped with the state-of-the-art Hospital Information System to provide fully automated patient services.
- **SGH – Dubai:** The company manages a hospital based in Dubai, which has a capacity of more than 300 beds along with other supporting departments. The hospital is owned by Emirates Health Care Development Company.
- **SGH – Sanaa:** MEHACO manages a 300-bed hospital in Sanaa, Yemen, which is owned by Saudi Yemeni Healthcare Co.
- **SGH – Cairo:** The group also has been awarded contract to manage operations of the under development 300-bed hospital in Cairo owned by Egyptian Saudi Healthcare Co.

Key Strengths

- State-of-the-art medical equipment and personalized attention to international patients.
- All hospitals are accredited by the JCI.

Recent Developments/Future Plans

- In January 2016, MEAHCO requested the Capital Markets Authority to postpone their IPO. In December 2015, the company had announced its plan to go public issuing 27.6 million shares, representing 30% of its share capital.
- MEAHCO is developing hospital projects in Hail and Dammam, with the hospital in Hail scheduled to open by 2016.
- In December 2014, IHCC, a turnkey solutions provider, announced the start of work on the Saudi German Hospital in Ajman, the UAE. The project involves construction of a 300-bed hospital spread over an area of one million square feet. It is expected to complete by 2017.

VPS Healthcare (Privately Owned) UAE

Company Description

Founded in 2007, VPS Healthcare (VPS) is an integrated healthcare service provider with a network of hospitals and clinics, pharmaceuticals manufacturing, retail pharmacy, and other healthcare services. On a consolidated basis, it has 16 hospitals, more than 100 medical centers and clinics, and 28 independent operational pharmacies. VPS has an employee strength of 7,500, of which, 787 are doctors. It catered to 2 million patients in 2015, with its presence in the UAE, India, Oman, and the UK. The company operates its hospitals and clinics under brands such as Burjeel, Medeor, LLH, Tajmeel, Lifecare, Occumed, and Lifeline.

Business Segments/Services Portfolio

VPS offers the entire gamut of healthcare services at its multi-specialty hospitals and clinics. Some of the hospital's major areas of care include cardiovascular, orthopedics, ophthalmology, pediatrics, obstetrics, gynecology, and reproductive medicine. In addition, it offers specialized services related to advanced diagnostic imaging services and surgeries. VPS is a holding company that operates through its subsidiaries and partnerships, as below.

- **Owned and Operated Facilities:** Under this portfolio, VPS operates the 261-bed Burjeel Hospital (Abu Dhabi), the 32-bed Burjeel Hospital for Advanced Surgery (Dubai), two Burjeel Medical Centre (Abu Dhabi), Prince Medical Centre (Abu Dhabi), Medeor Downtown Medical Centre (Dubai), two LLH Hospitals (56 beds in Abu Dhabi and 83 in Musaffah), Medeor 24x7 Hospitals (78 beds in Abu Dhabi and 75 in Dubai), chain of clinics under LLH for Healthcare Management (Abu Dhabi), Occumed Clinic (Abu Dhabi), Life Pharma Pharmacies (Dubai), two Tajmeel Dental centers in Abu Dhabi, the 82-bed Lifeline Hospital (Oman), 125-bed Burjeel Hospital (Oman), Lifeline Medical Centres (Oman), Marina Health Promotion Centre (Abu Dhabi), a pharmaceutical manufacturing unit under LifePharma FZE (Dubai), and the Medicine Shoppe pharmacies.
- **Joint Venture Facilities:** These include two Lifecare Hospitals (200 beds in Musaffah and 44 in Baniyas).
- **Co-Ownership:** Under this segment, the company runs Lakeshore Hospital in India, among others.

Key Strengths

- A fully-integrated healthcare system to provide primary, secondary, and tertiary care.
- Robust infrastructure, reputed physicians, and strong brand value.
- Outstanding specialized services such as IVF, cath lab, and dialysis.
- State-of-the-art diagnostic imaging services and laboratories.
- Strong IT and Hospital Information System, which integrates and manages the entire hospital operations.

Recent Developments/Future Plans

- VPS Healthcare is planning a spate of new projects, including a 300-bed Burjeel Medical City within Mohammed bin Zayed City, an oncology formulation facility in Abu Dhabi, and several medical centers and hospitals in Abu Dhabi, Sharjah, and Al Ain. In addition, VPS is targeting geographical expansion across the MENA region, covering secondary and tertiary care hospitals.
- In October 2015, VPS Healthcare announced plans to recruit a staff of up to 5,000 over the next three years to serve its growing pipeline of new hospitals and medical centers.
- In July 2015, the company announced an investment of GBP 150 million (US$ 234 million*) towards building a cancer care hospital in London, which is expected to open in 2017. It would be the first UK-based private hospital to offer the proton beam therapy, a type of radiotherapy used in the treatment of cancer.

* At the exchange rate on July 31, 2015

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