

GCC HEALTHCARE INDUSTRY



NOVEMBER 11, 2020

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Glossary

Current healthcare expenditure (CHE): The spending on all health care goods and services used or consumed during a year, excluding capital expenditures. It is a sum of general government health expenditure and private health expenditure

Hospital bed density: The number of hospital beds per 1,000 people

Health inflation/Medical cost inflation: An index measuring the trend in cost of medical care based on a survey by Willis Towers Watson

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

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

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

Long-term and post-acute care (LTPAC): 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

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

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

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

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

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

“The healthcare industry in the GCC has witnessed major growth and transformation due to significant investments over the past couple of years. The healthcare sector is considered to be a safe haven for investors and continually offers growth opportunities as demand is increasing year over year. Although the coronavirus pandemic has put pressure on the sector in the last few months, we expect to witness a surge in investments in the GCC region due to demand for prime care health services. Over the past few weeks we have started to see a V-shaped recovery as there is a continuous demand for care and people need to go to hospitals for treatments and surgeries and the shutdown has created a congestion in appointments post lockdown period. Hospitals are diligently re-opening their facilities in phases so that both the patients and staff are protected from COVID-19 and feel safe to come for treatments. Due to the pandemic and associated travel restrictions, there has been a shift in preference as patients who use to travel to Europe or US for treatment /surgeries are now looking to get the same done within the region. However, this is yet to be assessed on a longer period of time to see if there is a partial shift in this direction.

The lockdown has made the GCC governments realize the importance of making the healthcare sector self-sufficient in terms of the expertise and facilities offered. Hence, we expect a lot of development and investments in the sector to cater to the growing demand of the region. We ourselves are currently in the process of expansion and scheduled to open our second hospital in Kuwait before the end of this year.

Expansion of the sector and opening of new providers will add to the existing challenge of staffing and employing skilled manpower especially during these difficult times. Another challenge is to operate efficiently whilst adapting to this new way of life that has been imposed due to the pandemic, which is expected to last until an effective vaccine is introduced in the market.”

Mohammad Hamad AlHajeri

Chairman, Al Salam International Hospital, Kuwait

“The COVID-19 pandemic which left millions of people infected and several others dead globally, has been one of the toughest healthcare crises that the world has faced in our lifetime. By putting tremendous pressure on the available healthcare infrastructure to manage the pandemic, it has brought to light the preparedness of different nations to quickly respond to the crisis and the critical role of private and public institutions working together to cope up with the challenge.

In the GCC, the healthcare delivery sector was affected when the pandemic struck due to reluctance of patients to visit hospitals and clinics. We adopted required protocols and procedures to protect our staff who are the frontline workers in this fight against COVID and could prepare ourselves well to fight the disease effectively. Some of our hospitals were converted into designated COVID facilities. We were also actively involved in quarantining the patients in hotels as well as accommodations.

Though affected, the sector was also one of the fastest to evolve and innovate to respond to the challenge. Innovative solutions like telemedicine, e-ICU, remote monitoring, online purchase of prescription medicines, allowed a significant proportion of the primary care delivery to shift to the homes of people and we expect this behavior to continue and further fast-track the digital transformation of the sector. Aligned with the Vision of the Rulers of UAE to make UAE a digital first economy, elements like AI, data analytics, remote health, supported by the demand for advanced technology and quaternary care will drive the growth of the sector.”

Dr. Azad Moopen, MD, FRCP

Founder Chairman & Managing Director, Aster DM Healthcare, UAE

“COVID19 being a healthcare emergency is having a progressive impact and we expect the demand for healthcare providers to increase due to more awareness. From healthcare utilization perspective, there is an intrinsic demand for treatment of metabolic and lifestyle diseases like hypertension, dyslipidaemia, etc. We have also seen an increase in non-communicable diseases (NCDs) due to COVID 19 and the ensuing lockdown. Increase in awareness of infectious disease and the fear among the public will lead to seeking medical help for trivial illness, which also drives demand. During the pandemic, our clinics that specialized in aesthetics, elective surgery and dermatology, have experienced healthy footfall owing to the confidence we instil in our customers and the numbers are currently normalizing albeit slowly.

There are two significant trends that will come into play. Firstly, since medical insurance covers for primary healthcare, capitation model like Healthcare Management offices, will return to the forefront as corporates prefer cost optimization. Secondly, on a macroeconomic level, saturation of the general clinics and hospitals will occur, and the industry will move towards specialized or super specialty hospitals. Accordingly, many super-specialty hospitals are expected to come up in next five years. However, consumer behavior is rapidly changing towards utilizing healthcare, and hence the sector is posed with the challenge to adapt to new requirements and services in line with evolving expectations.

The investment outlook is quite bullish for the healthcare sector. There is an opportunity for small and medium-sized players to grow, and several such hospitals are expected to commission. Consequently, the oversupply of skilled Healthcare professionals is likely to be stabilized.

Further, the impact of the pandemic has led to consolidation in the sector due to a non-equilibrium in managing business economics versus cost. We expect to see positive effects of this in the coming years in a sense that the increasing intrinsic demand will match the consolidated supply in the region.”

Dr. Atul Aundhekar,
Group CEO, AVIVO Group, UAE

“We are optimistic on the long-term outlook for the sector, with a range of industry and macro fundamentals that are expected to drive medium- and long-term growth. Saudi Arabia has an ageing population and a rise in chronic diseases, and the healthcare sector remains relatively underdeveloped compared to global benchmarks, with undersupply of beds. There is also favorable regulation – the government is encouraging private sector participation, with the aim of increasing it to 35% by 2025.

The COVID-19 pandemic has brought challenges and has, in particular, put pressure on outpatient volumes and revenues from activities such as elective surgery. This was particularly acute during lockdown periods, when it was more difficult for patients to visit clinics and hospitals. Having said that, Ministry of Health efforts to contain the spread of the pandemic through both testing and treatment have brought new opportunities, with operators playing their part in supporting these efforts. HMG was quick to respond, dedicating critical care facilities to coronavirus treatment, and opening testing centers.

Looking ahead, and as has been proved by the pandemic, the agility and diversity of private operators' offering will be critical to differentiation, and a key growth driver for the sector. This is most profound in the fields of remote healthcare, digital solutions, and other forms of technology. We have found in recent months that the power of our HMG Solutions business has been tangible, and will be a critical strategic growth avenue in future months and years. So, too, will be the capacity and resources to maintain footprint expansion by opening specialized and state-of-the-art facilities that are competitive both locally and internationally. This program remains another key aspect of our roadmap.”

Mr. Nasser Al Hagbani
CEO, Dr. Sulaiman Al Habib Medical Services Group, Saudi Arabia

"Not exempt from the current global economic challenges, it is testing times for the UAE economy as well. The private healthcare sector is therefore also negatively affected on the back of this with existing providers facing financial pressure due to increasing competition. We are however thankful that the UAE leadership has expedited the plans to diversify the economy and foster new trade relations which should assist the economic recovery in the medium term.

The private healthcare sector was severely impacted in the first few months of the COVID-19 pandemic, mainly due to the suspension of most elective procedures in Dubai, the restrictions on movement and a collapse in confidence of patients about coming to a healthcare facility for any non-urgent reason. Healthcare operators were forced to diversify quickly, moving into telehealth and other services such as home and remote care.

We have seen recovery in the past few months as things have opened up and confidence has returned; however it is the impetus from this diversification which will enable healthcare operators to grow in the next few months and years. We are also seeing a change in case mix, with higher acuity cases coming through our doors. Economic factors such as the effects of a population outflow, as well as the high costs and competition in the industry are all challenges to the region's healthcare industry.

The COVID-19 pandemic has highlighted the importance of a cohesive healthcare industry and one of its positive aspects is the strengthening of relationships between the public and private sector. Government focus on healthcare and its recognition on the part the private healthcare played during the pandemic will lead to further growth and opportunity within the sector. There is also the opportunity for consolidation amongst the industry and further diversification of services across the continuum of care."

David Hadley

CEO, Mediclinic Middle East, UAE

"We are witnessing major growth opportunities for private healthcare institutions in the Middle East. With overwhelming evidence emerging from global and regional health systems in recent months, I believe the effects of the novel Coronavirus crisis will require to re-design the way health care organizations deliver care to patients as well as improve current internal inefficiencies through technology and create strategic partnerships to combat the challenges of living in a post-COVID-19 world.

Fortunately, at American Hospital Dubai, we possess the same ambitious goals as the government and rulers of UAE to alleviate the burden on our citizens and residents, as well as those visiting from all corners of the globe. Due to the clearly defined vision of the UAE government and a strong collaborative effort to redefine the health and healthcare industry, Dubai is increasingly becoming a sought-after destination for medical treatment too.

Even before the COVID-19 came into existence; American Hospital Dubai has been solidifying a number of strategic partnerships and innovative practices in order to deliver the highest standard of care to our patients and levels of efficiency to our stakeholders.

The post-COVID-19 will demand a more agile workforce with a front-line staff who can leverage various technologies, allowing them to focus on more valuable work, which we are already leveraging. Also aiding in rapid growth of the industry, is the adoption of cutting-edge technology. American Hospital Dubai will continue to make strategic investments in digitalization and technologies that boost the ability of our health care professionals to provide excellent care."

Sherif Beshara

CEO, Mohamed & Obaid Al Mulla Group, UAE (the holding company of American Hospital Dubai)

"The pandemic has placed the healthcare industry where it duly belonged, at the forefront of human existence. The cost of delivering services has gone up but not enough to derail the growth healthcare, pharma and med tech have been seeing with our aging population profile. With a new disease going rampant the need for Chronic care, Cancer Care, Cardiac Care, Maternity Care, Pediatric Care does not disappear, in fact it accentuates it. The corona virus and the subsequent impact of the global economy seems to have justified the old adage - 'Health is wealth'.

COVID-19 has given the government an imperative to lever the power of the private sector healthcare providers. The governments will have to put healthcare on an accelerated growth curve. Creation of healthcare infrastructure, digitization of healthcare delivery, business process automation on payment cycles, clinical decision support and AI for medical diagnostics will all force the industry to evolve faster than ever. The imperative to invest in healthcare for global financial powerhouses, industry magnates is as never before. A population of 7 billion people on a small planet like ours needs to get better healthcare. That will continue to keep this industry evergreen for investment.

The challenge now is to bring capital to the riskier side of the industry, the innovation side, where products and services with lasting impact are getting forged. We need countries to develop stronger indigenous capabilities in production of Pharma and Medical Technologies. All in all we stay bullish about our growth, we continue to deliver a hospital a year in geographies as varied as Morocco and Pakistan, from our own base in KSA. We continue to automate and introduce best data practices in our portfolio. We are as ready as ever to relieve people's suffering."

Makarem Batterjee

Vice Chairman, Saudi German Hospitals Group, Saudi Arabia

"The United Arab Emirates is home to a wide range of government-funded and rapidly evolving private healthcare sector that delivers a high standard of care to our diverse population.

During the COVID -19 pandemic, there have been various actions taken by the regulators in coordination with private healthcare providers, including establishing clear protocols and pandemic response teams, mobilization of increased capacity of the workforce, beds, equipment and diagnostics. The coronavirus outbreak has given rise to the demand of one key healthcare technology: telehealth. The tool, which has long been discussed in healthcare and IT circles, is now being recognized as a key system to support patient access to care throughout the coronavirus outbreak, complimented very well by home delivery of medication.

It is likely that it will take some time post-pandemic to achieve what could be considered 'business as usual'. In addition to getting things back to working normally, it will be important to use the experience of this pandemic to help us be better prepared for the future and use the experience of dealing with this crisis to also consider other sustained improvements to our healthcare.

Also, the "Waterfalls Initiative" for Continuous Education is an inspiring endeavor, led by HH Sheikh Mohammed bin Rashid Al Maktoum. This initiative will support the international medical community by facilitating their 'continuous education', while keeping their jobs and without any additional financial burden. It truly could not come at a better time for the world community.

This initiative reveals the UAE's readiness to lead as a pioneer in supporting the international medical fraternity raise the level of medical performance, employing innovative techniques while being a front-runner in improving the quality of life."

Dr. Jamil Ahmed

Managing Director, Prime Healthcare Group, UAE

"As a result of the COVID-19 experience, we expect a trend away from "high-touch" (hospital) care for all diseases and purposes towards more digitally supported "lower-touch" specialized care, in particular for the management of chronic and non-communicable diseases. This also requires a more active participation of the patients themselves through diagnostic and monitoring devices, wearables and other equipment. In the wake of these developments we expect regional governments to favor the creation of a highly integrated, improved quality, more accessible and more resilient healthcare system that can withstand and manage exogenous shocks in tandem with the public sector. The interplay and mutual dependence of the public and private sectors in healthcare have been amply demonstrated in the COVID-19 crisis. This will benefit "continuum-of-care" (COC) services, including Long Term Care (LTC), Post-Acute Care (PAC), Post-Acute Rehabilitation (PAR), physical therapy, home care and the broader field of disease management, specialized care such as oncology services, cardiology centers, dialysis, ophthalmology, as well as the broader field of women's health and locally produced healthcare products with a special view on making supply chains more resilient.

All these sectors will have a strong digital component and ideally follow a strategy to meet the need for accelerated integration of information flows and process management. Services that are "digitally enabled" or "technology enabled", especially in integrated care and primary care networks, disease detection/testing/diagnostics, POCT (Point of Care Testing), and disease prevention will continue to be emerging investment sectors in healthcare.

The TVM Capital Healthcare team will look at these investment themes from the overarching themes of quality of life, healthy aging and longevity. We expect these themes to continue to stay valid and important in a post COVID-19 world."

Dr. Helmut Schuehlsler

CEO & Chairman, TVM Capital Healthcare, Dubai, Singapore

"COVID-19 has disrupted the global healthcare landscape and it has put forth the greatest challenge in time for all healthcare providers. Healthcare systems worldwide are being tested by the crisis. It is noteworthy that some countries in Asia have responded to the spread faster than many others in the western regions. Countries are struggling worldwide with limited infrastructure, skilled workforce and medication. In the UAE, the country moved quickly to ensure the virus was mitigated, beginning a disinfection program in March, and making provisions of field hospitals to accommodate the growing numbers. The country is doing everything possible to contain the virus and is now in the final stages of clinical trials of the COVID-19 inactivated vaccine.

The pandemic has raised considerable interest in physical and mental wellbeing, which is set to continuously grow. Mental Health and Wellness organizations are increasingly seeing a rise in stress related disorders and urging individuals and organizations to seek professional help. This may be creating opportunities for more therapists to move group and individual sessions online to create support groups. New approaches to wellbeing are being thought through. Usage of health trackers, remote monitoring devices, and physical and mental wellbeing initiatives will open opportunities to wellness tourism. Keeping pace, the UAE has launched its own app, called AlHosn UAE, which uses Bluetooth to identify if a person has been in contact with someone with COVID-19. Likewise, tracking vitals, raising alarms, setting reminders on one's fitness regimes are norms of the day.

We also need to be mindful to cater to the most vulnerable group of our population - the elderly, and people of determination who are most likely to be affected by COVID-19. In many countries, senior citizens have been asked to stay indoors. This has led to further isolation for many older people, leading to concerns over other serious health issues such as heightened risk of cardiovascular and autoimmune diseases.

The healthcare providers need to be watchful, invest time in mining available data, making use of technological solutions, cross-training skilled workforce, establishing facilities that can cater to

high-risk medical needs, ensuring adequate stock of medical equipment and medicines, and ultimately create a sustainable healthcare model that is ever ready to meet contingencies with minimal disturbances.”

Taher Shams

Managing Director, Zulekha Healthcare Group, UAE

“We are optimistic about the outlook of the GCC healthcare sector which has witnessed unprecedented times since the outbreak of COVID-19. The pandemic has pressed the sector to adopt innovative ways to respond to the surge in demand for healthcare services and be better equipped for such events in the future. We expect the sector to grow on the back of high incidence of lifestyle diseases, ageing population, mandatory health insurance and inbound medical tourism.

The pandemic has given a boost to the investments that were being made by the GCC governments as well as the private sector to meet the increasing demand. As a result the sector has seen healthy deal activity which is expected to intensify due to the opportunities that have risen in recent times.”

Rohit Walia

Executive Chairman and CEO, Alpen Capital (ME) Limited

1. Executive Summary

COVID-19 has disrupted the global healthcare landscape and service providers are being tested by the crisis. Demographic shifts and rising cases of infection are intensifying pressure on health systems and demanding new directions in care delivery in the GCC. Industry stakeholders have put technology at the forefront of their efforts against the health crisis. At the same time, capacity building has become crucial in addressing the challenges arising from the sudden surge in demand. Regional governments continue to play a pivotal role in strengthening the sector while private sector participation is increasing, driven by a new paradigm of PPP initiatives, mandatory health insurance and other reforms aimed to bridge the demand-supply gap. With the CHE lower than 5% of GDP, much below other developed countries, the region offers immense scope for growth. Although challenges like rising medical inflation and eroding profit margins amid a slowdown in economic growth exists, opportunities for private players lie across the continuum of care.

1.1 Scope of the Report

This report provides a perspective of the GCC Healthcare Industry by presenting the current state of the industry and market dynamics with the impact of COVID-19 pandemic. The report also covers the outlook, recent trends, growth drivers and challenges in the sector. The report profiles some of the prominent healthcare companies in the region, while highlighting the financial and valuation metrics for selected integrated healthcare networks (IHNs) and Pharma & Medical Equipment companies.

1.2 Sector Outlook

- Driven by the pressure exerted by the COVID-19 outbreak, health systems are likely to further ramp up investments in digitization to drive future growth and improve operational efficiencies. Service providers are also likely to upgrade existing infrastructure to better prepare for any potential outbreaks in the future.
- The industry is expected to witness increased collaborative measures that will pave the way for better disease management and improved care services across specialties.
- Industry shortcomings are anticipated to be addressed by boosting domestic manufacturing. The governments continue to support local manufacturers by offering various incentives in a bid to make healthcare sector more self-sufficient.
- Health systems are likely to scout for inorganic growth opportunities through acquisitions and further diversify their offerings. Investment in research activities and digitization of services is also expected to spur innovation.

1.3 Growth Drivers

- The GCC economy is expected to rebound over the next two years with the GDP to see a 2.3% and 3.5% growth in 2021 and 2022, respectively, as the COVID-19 situation normalizes. This is likely to drive recovery in the healthcare sector as demand escalates and health systems evaluate expansion plans that were otherwise put on hold due to the pandemic.
- Increasing life expectancy at birth, improvements in infant mortality rate and an ageing population are the key demographics driving the region's healthcare system. The number of older people (aged 50+) are expected to increase at a CAGR of 6.9% between 2020 and 2025, while population is likely to grow at a CAGR of 2.3% during the same period.
- The GCC countries are witnessing a high prevalence of NCDs, a major cause of most of the deaths in the region. Considering the high cost and length of treating such lifestyle ailments, the healthcare expenditure in the region is set to rise.
- The gradual rollout of mandatory health insurance across the region will increase the utilization of medical services at private healthcare facilities.

- The GCC has an estimated 161 healthcare projects with a combined value of US\$ 53.2 billion under various stages of development. Such massive project pipeline is likely to augment the scale of healthcare services in the region.
- The GCC countries continue to promote the region as a hub for medical tourism as part of their economic diversification plans. Dubai and Abu Dhabi lead the region in attracting the highest number of medical tourists in the region.

1.4 Challenges

- Amid lower revenues due to the sharp correction in oil prices, the governments have come under increased pressure to aid the healthcare sector in terms of spending. The slump has been further aggravated by lower demand due to the COVID-19 outbreak. With the government shouldering a large part of the CHE, a low-price oil environment has constrained expansion of the healthcare sector.
- The COVID-19 pandemic has had a profound impact on regular care delivery in the GCC, hampering profitability for many operators. Consequently, revenue streams for hospital chains, diagnostics centers/ laboratories and clinics have come under increased pressure.
- Limited availability of skilled healthcare professionals and dependence on highly skilled expatriate talent is a significant shortcoming for the healthcare sector growth. Shortage of highly accredited medical institutions is also hindering the cultivation of nationally-trained healthcare professionals.
- The GCC countries experience supply gaps for a number of specialty segments such as cancers, neurological disorders, cardio surgeries and trauma & rehabilitation services. As a result, outbound medical tourism for such complex cases has been on the rise, creating a huge strain on the government budgets.
- The cost of healthcare services continue to rise within the GCC due to growing demand for complex conditions amid limited availability of specialized treatment centers. Gross medical inflation rates ranged between 3.5% and 9.1% in the GCC countries during 2020, with Saudi Arabia witnessing the highest rate.

1.5 Trends

- Regional governments are encouraging the involvement of private players through public-private-partnership (PPP) model as part of their long-term strategies aimed at capacity expansion, and enhancing the delivery system. Such strategies will help upgrade the quality of care and match international best practices.
- The GCC is focusing on preventive care in a bid to reduce the incidence of lifestyle-related diseases and associated costs. This will in turn help ease the burden on hospitals and existing healthcare resources.
- Home healthcare services and LTPAC facilities are rising in popularity across the GCC. Such centers are gaining prominence among aged patients as treatment is enhanced at the comfort of home and are less expensive compared to hospital admissions.
- Specialized Centers of Excellence have been gradually gaining ground in the GCC amid high demand for complex healthcare services and the increasingly important need for quality improvements.
- The GCC nations have been investing heavily in technology as a key enabler for developments in the healthcare space. Digitization of services will also continue to play a crucial role in combating the COVID-19 crisis.
- The healthcare sector is moving towards value-based care model as regional governments collaborate with private healthcare providers to develop systems that place patient-centric outcomes at the core of their growth strategy.

Ageing population, high prevalence of NCDs, focus on preventive care and quality enhancing reforms are reshaping and strengthening the GCC healthcare industry. A post pandemic expected economic recovery coupled with favorable policy changes will offer interesting opportunities to encourage investor interest.

2. The GCC Healthcare Industry Overview

The need for investments is becoming imperative to bridge the demand-supply gap amid threats from communicable and NCDs

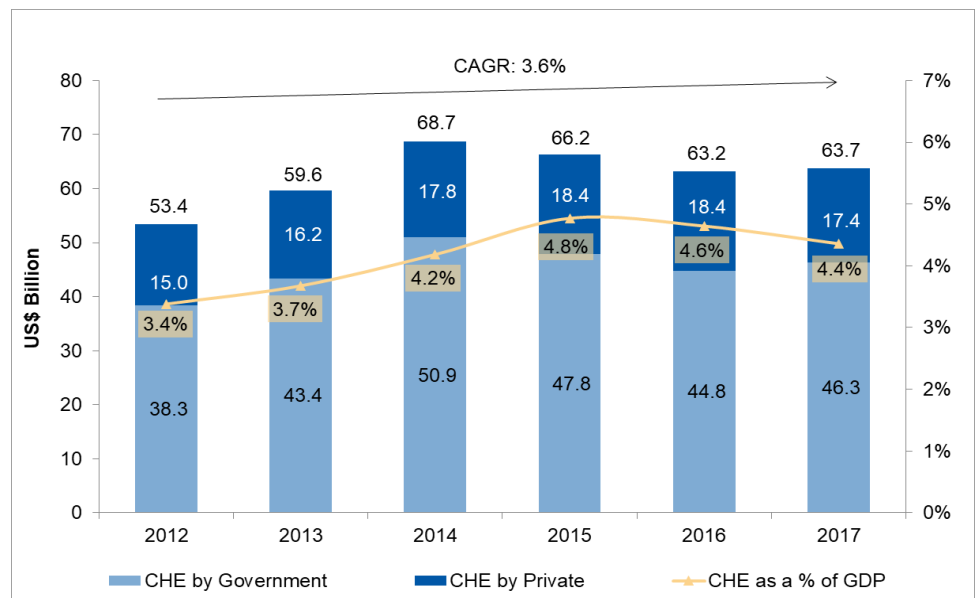
Between 2012 and 2017, CHE in the GCC grew at a CAGR of 3.6% to US\$ 63.7 billion

The GCC healthcare sector is currently undergoing transformation at an unprecedented pace and scale. The ecosystem is not only moving from curative to preventive care but also adopting a value-based and integrated delivery model. Supported by positive reforms by the governments, the sector remains one of the most critical avenues for the region's long-term economic diversification strategy. Despite the current economic slowdown, regional governments continue to bear a sizeable part of the healthcare expenditure while encouraging private sector participation. The GCC has been swift in its response to the COVID-19 pandemic with unprecedented measures to mitigate risks. Nevertheless, the crisis has caused considerable headwinds for the sector. At the same time, the pandemic has incentivized service providers to ramp up investments in digitization in a bid to drive growth and improve operational efficiencies. GCC's healthcare services continue to be of high interest to investors due to reasonable returns and sustainable growth opportunities. Amid rising threat from communicable and NCDs, the need for further investments is imperative to bridge the demand-supply gap across the value chain.

CHE as a proportion of GDP drops, despite continued government focus

CHE in the GCC continued to grow, albeit slowly, despite challenging economic conditions. Between 2012 and 2017, CHE in the GCC grew at a CAGR of 3.6% to US\$ 63.7 billion¹ (see Exhibit 1). The growth was supported by a 3.9% annualized increase in spending by the government and 3.0% by the private sector. Of the total US\$ 63.7 billion healthcare spend in 2017, 72.7% (USD 46.3 billion) was financed by the governments, up from 71.8% (USD 38.3 billion) in 2012, emphasizing the commitment to expand and upgrade healthcare services across the region. While healthcare spending by the government was hit during 2015 and 2016 due to constrained fiscal budgets amidst fall in oil prices, a rise of 3.4% y-o-y was recorded in 2017. CHE of the private sector recorded steady growth until 2015, remained flat during 2016 and recorded a drop of 5.4% in 2017. This led to the CHE as a percentage of GDP to drop for the second time in a row to 4.4% in 2017.

Exhibit 1: Current Healthcare Expenditure in the GCC



Source: WHO, IMF

Note: CHE for Saudi Arabia in 2017 is an average of last 5 years CHE (2012-2016); Data unavailable for 2017

¹ Source: "Global Health Expenditure Database", World Health Organization (WHO)

Saudi Arabia leads the region with the highest spending growth, while UAE recorded a slowdown

Saudi Arabia represented 56.3% of the region's healthcare market with CHE of US\$ 35.9 billion in 2017

Saudi Arabia represented around 56.3% of the region's healthcare market with an estimated CHE of US\$ 35.9 billion in 2017² (see Exhibit 2). While the spending proportion correlates with the high population concentration, Saudi Arabia has started focusing on developing the sector through increased private sector participation and PPP projects. As a result, healthcare spending in the Kingdom has increased at an annualized estimated average rate of 3.9% between 2012 and 2017 (see Exhibit 3). Despite the economic downturn caused by the fall in oil prices, CHE as a percent of GDP remained significant at around 5.2% for the Kingdom in 2017³. In contrast, spending growth in the UAE, the second largest market in the GCC, recorded a negative CAGR of -0.1% between 2012 and 2017. The slowdown can be attributed to a fall in government as well as private spending in 2015 and 2016. While expenditure in the UAE, Kuwait and Bahrain revived in 2017, an estimated lower private spending in Saudi Arabia and lower government spending in Qatar and Oman led to a downfall in the overall expenditure for these countries. Excluding the UAE, the five-year annualized growth rates in CHE of the other countries stood in the range of 3.9% to 7.1%.

Exhibit 2: Country wise CHE

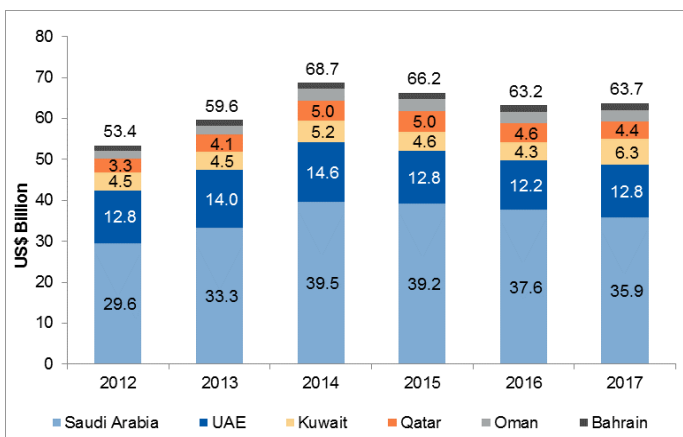
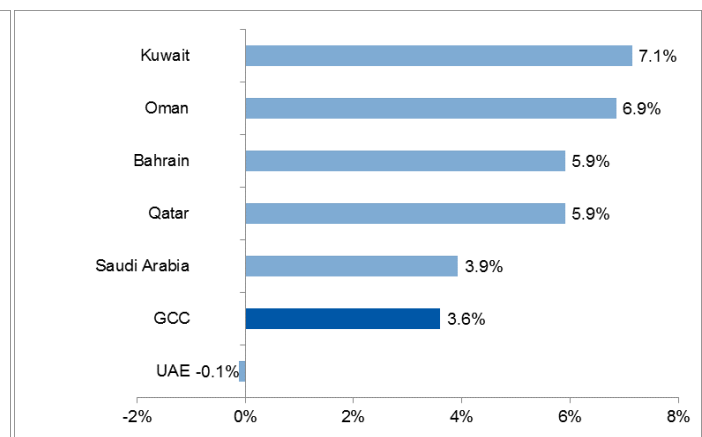


Exhibit 3: Country wise CHE Growth (CAGR: 2012-2017)



Source: WHO

Source: WHO

Note: CHE for Saudi Arabia in 2017 is an average of last 5 years CHE (2012-2016)

Note: CHE for Saudi Arabia in 2017 is an average of last 5 years CHE (2012-2016)

GCC's CHE per capita at US\$ 1,147.8 is higher than the global average but substantially lower compared to other developed countries

Low per capita spending compared to the developed countries

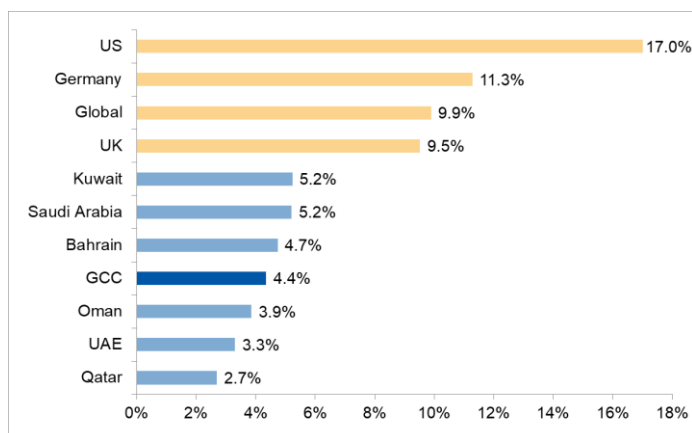
GCC's CHE per capita at US\$ 1,147.8 is higher than the global average of US\$ 1,059.0 but substantially lower compared to other developed countries⁴ (see Exhibits 5). In terms of CHE as a percentage of GDP, the GCC continues to trail behind the global average and developed nations like the US, the UK and Germany. However, it has risen significantly from 3.4% in 2012 to 4.4% in 2017, illustrating a strong demand and potential for growth in the region (see Exhibit 4). While Qatar continues to hold its position for the highest healthcare expenditure per capita, the country's CHE as a percentage of GDP remains the lowest in the region at 2.7%. Qatar spent more than US\$ 1,597.0 per person in 2017. Oman, on the other hand, has the lowest per capita spending in the GCC at US\$ 657.8.

² Source: Alpen Capital Healthcare Report (2018)

³ Source: WHO; "World Economic Outlook Database", International Monetary Fund (IMF), October 2019

⁴ Source: World Bank

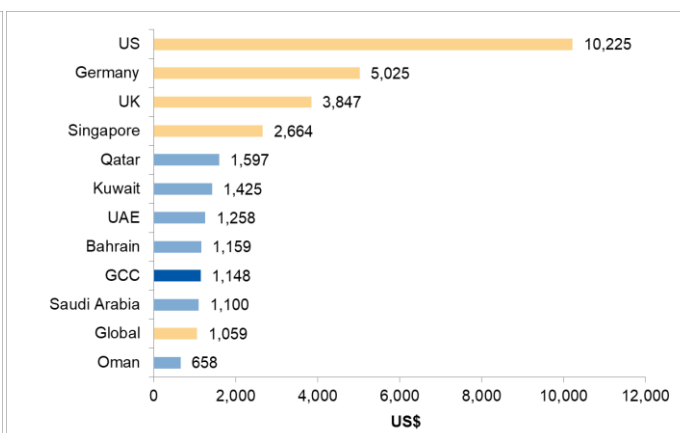
Exhibit 4: CHE as a % of GDP (2017)



Source: WHO, World Bank, IMF

Note: CHE for Saudi Arabia in 2017 is an average of last 5 years CHE (2012-2016)

Exhibit 5: CHE Per Capita (2017)



Source: WHO, World Bank, IMF

Note: CHE for Saudi Arabia in 2017 is an average of last 5 years CHE (2012-2016)

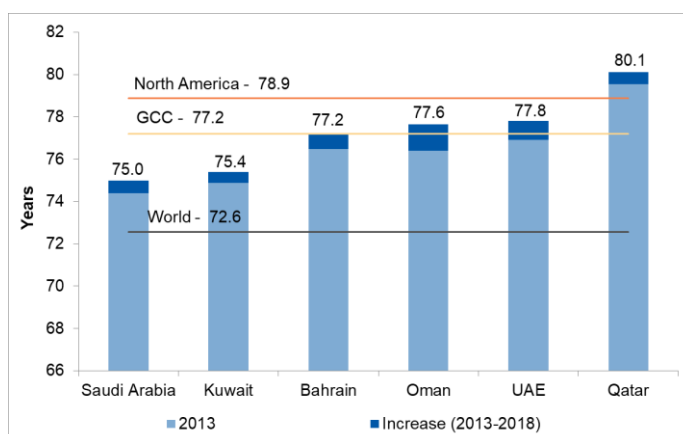
2.1 Demand for Care Continues to Soar

Ageing population and diseases due to sedentary lifestyle auguring demand

A higher demand for advanced healthcare is likely to arise from the population aged 50+

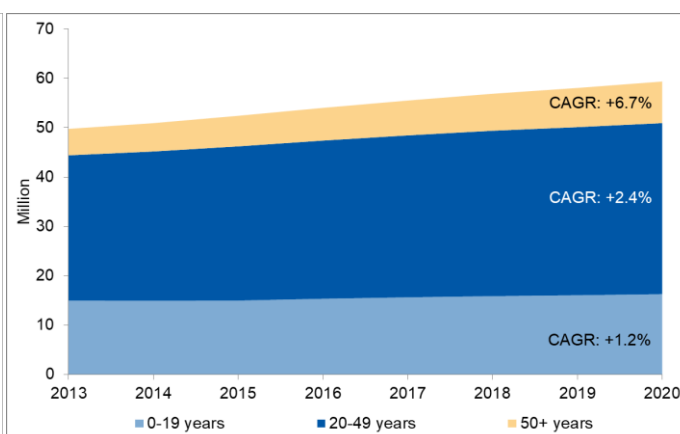
Population in the GCC reached nearly 57 million in 2018, growing at CAGR of 2.7% since 2013⁵. This can be largely attributed to the rise in expatriate population and improving life expectancy at birth, which stood at 77.2 years as of 2018⁶ (see Exhibit 6). Qatar topped the region in terms of average life expectancy at birth, indicating the country's advancement in healthcare system. Notably, the infant mortality rate in the GCC improved to 6.9 deaths per 1,000 live births in 2018 from 7.8 deaths in 2013⁷. Increase in life expectancy and fall in infant mortality rate highlights the growing need for medical support over the increased lifespan of an individual. Consequently, this has also expanded the size of elderly population in the GCC, which accounts for 14.2% of the total⁸. The rise in elderly population, requiring additional medical attention due to age-related ailments, is likely to intensify the demand for healthcare service.

Exhibit 6: Life Expectancy at Birth (2018)



Source: World Bank

Exhibit 7: GCC Population, by Age



Source: UNPD, IMF

⁵ Source: "World Economic Outlook Database", IMF, October 2019

⁶ Source: World Bank

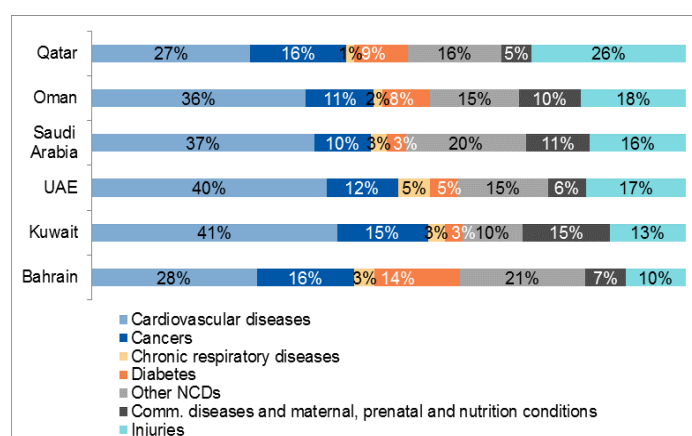
⁷ Source: "Global Health Observatory data repository", World Health Organization

⁸ Source: "World Population Prospects 2019", United National Population Division (UNPD)

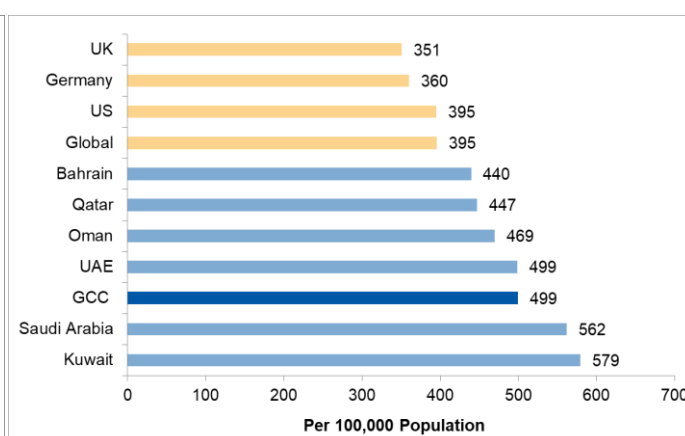
Sedentary lifestyle and poor dietary habits have led to the rise in diabetes and obesity to epidemic levels in the GCC

Sedentary lifestyle and poor dietary habits have led to the rise in diabetes and obesity to epidemic levels in the GCC. Notably, the incidence rate of cardiovascular disease, diabetes, cancer and respiratory ailments in the region is among the highest in the world⁹. NCDs accounted for nearly 73% of the total 157.6 thousand deaths in the region during 2016, with cardiovascular diseases, cancer, respiratory diseases and diabetes making up for ~55% of the total¹⁰ (see Exhibit 8). Kuwait recorded the highest NCD-related deaths in 2016 at 579.2 per 100,000 population in the region, significantly higher than the global average of 395.0 (see Exhibit 9). The NCD-related mortality rate for all the GCC countries stood much higher than the developed countries like the US, UK, and Germany. However, growing awareness of such diseases is making the GCC population shift towards healthier lifestyles. This has resulted in the GCC healthcare sector witnessing a structural shift towards a more preventive care model.

Exhibit 8: Mortality Proportion by Types of Diseases (2016) **Exhibit 9: NCD-related Mortality Rate (2016)**



Source: WHO



Source: WHO

The region has over 742 hospitals accommodating more than 106,693 beds

2.2 Higher Supply Growth from the Private Sector

Healthcare infrastructure in the GCC countries has significantly expanded over the years. Higher spending by the governments and greater involvement of the private sector has helped address the burgeoning demand and improve the quality of infrastructure. The region has over 742 hospitals accommodating more than 106,693 beds, in addition to a large number of primary healthcare centers/clinics and laboratories¹¹. While the public sector dominated the region's bed capacity, accounting for 75.4% in 2017 of the total, this share has gradually reduced from approximately 78.0% in 2012 due to the push towards privatization (see Exhibit 10). The share of private hospitals in the region has risen to around 39.8% in 2017 from 36.5% in 2012.

Saudi Arabia leads the region with 475 hospitals accommodating over 72,639 beds as of 2017, accounting for over 68% of the total capacity in the GCC. Although the private sector accounted for 24.3% of the total bed capacity in the Kingdom as of 2017, the share has increased from 22.0% in 2012. The UAE had 143 hospitals with a total bed capacity of 13,312, of which 68.5% was privately held. Saudi Arabia and the UAE have lead the region

⁹ Source: "Global Health Observatory data repository", WHO

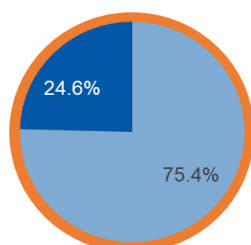
¹⁰ Source: "Global Health Observatory data repository", WHO

¹¹ Source: Health Ministries of Bahrain, Oman and Saudi Arabia, Federal Competitiveness and Statistical Authority (FCSA) of the UAE, Kuwait Central Bureau of Statistics (CBS), Ministry of Development Planning and Statistics of Qatar (MDPS)

in gradually privatizing the healthcare sector amid increasing fiscal burden due to lower oil revenues. Governments across the other four nations are also prioritizing privatization in order to reduce the costs, meet the rising demand and improve the quality of healthcare system. As of 2017, the public sector share ranged between 54.3% and 91.4% of the total hospital beds in Qatar, Kuwait, Oman and Bahrain.

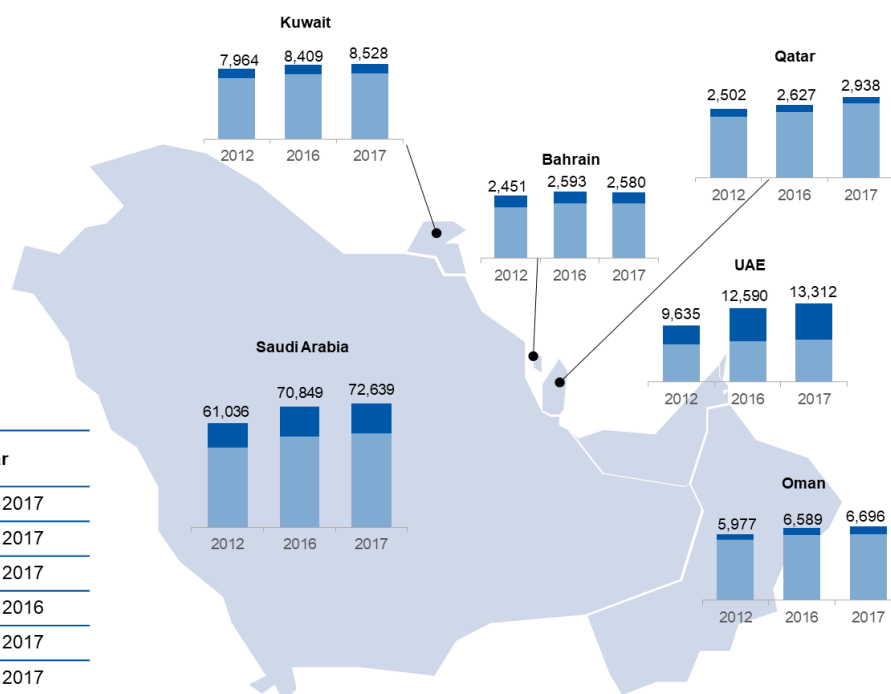
Exhibit 10: Healthcare Infrastructure Capacity in the GCC (2017)

GCC Hospital Beds Split



■ Public ■ Private

Country	No. of Hospital	Year
Saudi Arabia	475	2017
UAE	143	2017
Oman	76	2017
Kuwait	33	2016
Bahrain	29	2017
Qatar	19	2017



Source: Health Ministries of Bahrain, Oman and Saudi Arabia, FCSA of the UAE, CBS of Kuwait, MDPS of Qatar

Private sector contribution has improved bed density, but still below developed nations

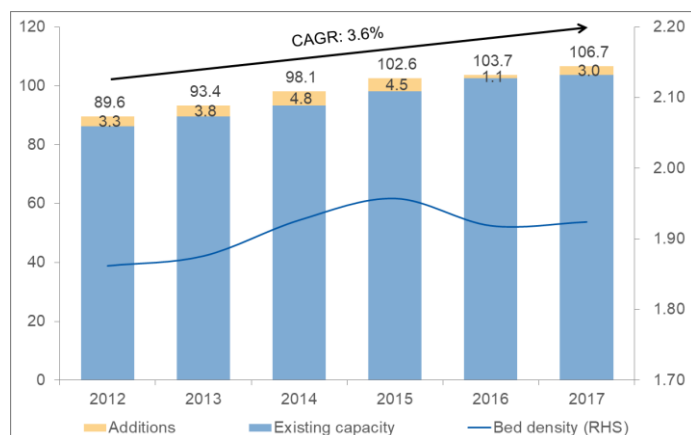
The GCC bed density at 1.9 beds per 1,000 people is lower than that in the other developed countries like the US, the UK, Germany and Singapore

Between 2012 and 2017, overall bed capacity in the region increased at a CAGR of 3.6% with an addition of nearly 17,128 new beds (see Exhibit 11). While this translated into a bed density of 1.9 beds per 1,000 people, it was still lower than developed nations like the US, UK, Germany and Singapore (see Exhibit 12). It was also significantly lower than the Organization for Economic Co-operation and Development (OECD) average of 4.7 beds per 1,000 people¹². The average bed density in the region rose between 2012 and 2017, largely aided by continued government investments and the rise in number of private hospitals in the UAE and Saudi Arabia. On the other hand, bed density in Kuwait, Oman and Bahrain fell in recent years with Qatar recording the lowest beds per capita as of 2017. Specialized care and LTPAC rehabilitation centers in both public and private hospitals have been struggling to meet the recent surge in demand¹³.

¹² Source: "Health at a Glance 2017", OECD

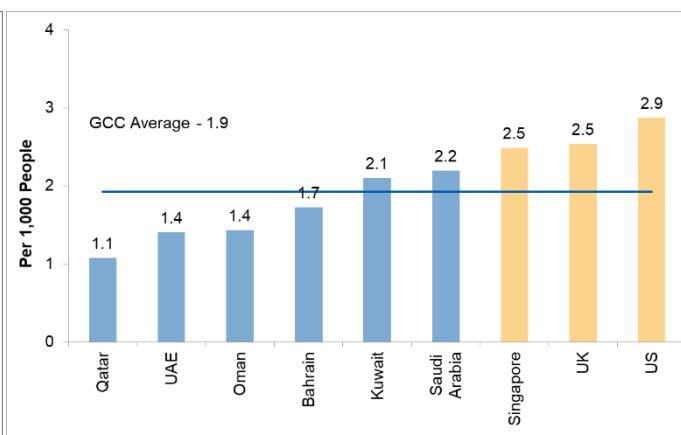
¹³ Source: '6 areas of healthcare to watch in GCC', Wamda

Exhibit 11: Hospital Beds in the GCC ('000)



Source: Health Ministries of Bahrain, Oman, Qatar and Saudi Arabia, FCSA, CSB, MDPS, Health Planning & Assessment Department of Qatar, Alpen Capital

Exhibit 12: Hospital Bed Density (2017)



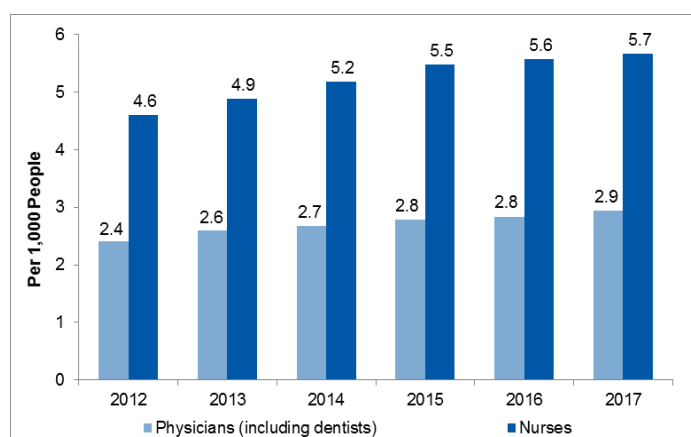
Source: Health Ministries of Bahrain, Oman, Qatar and Saudi Arabia, FCSA, CSB, MDPS, Health Planning & Assessment Department of Qatar, Department of Statistics Singapore, OECD, IMF, Alpen Capital

Shortage of healthcare professionals add to the supply concerns

The region had 5.7 nurses and 2.9 physicians and dentists per 1,000 population as of 2017

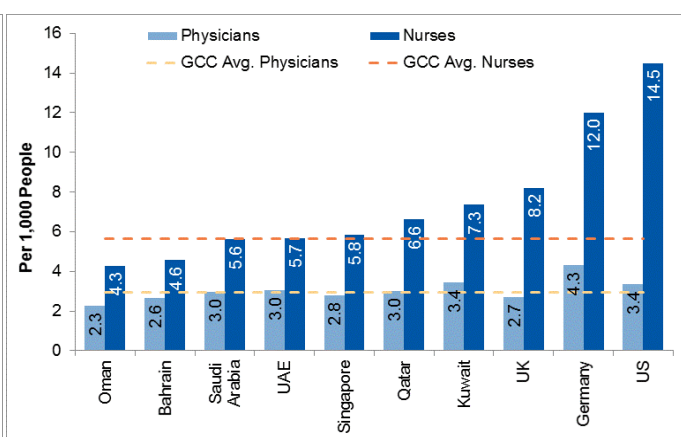
The region largely depends on expatriates for healthcare professionals due to scarcity of skilled and experienced national physicians and nurses. The lack of home grown professionals can be partly attributed to the limited number of healthcare educational institutions in the region. Consequently, this has been one of the major factors hindering the growth of the healthcare sector. On an average, the GCC had 5.7 nurses and 2.9 physicians and dentists per 1,000 population as of 2017 (see Exhibit 13). While the physicians (including dentists) density was close to that in developed nations, nurse density in the region was significantly lower (see Exhibit 14). In order to build and develop the necessary healthcare workforce, the GCC is focusing on establishing healthcare schools and promoting exchange programs for training to reduce the financial burden and uncertainty associated with hiring expatriates¹⁴.

Exhibit 13: Physicians and Nurses Density in the GCC



Source: Health Ministries of Bahrain, Oman, Qatar and Saudi Arabia, FCSA, CSB, MDPS, IMF, Alpen Capital

Exhibit 14: Physicians and Nurses Density (2017)



Source: Health Ministries of Bahrain, Oman, Qatar and Saudi Arabia, FCSA, CSB, MDPS, IMF, OECD, WHO, Alpen Capital

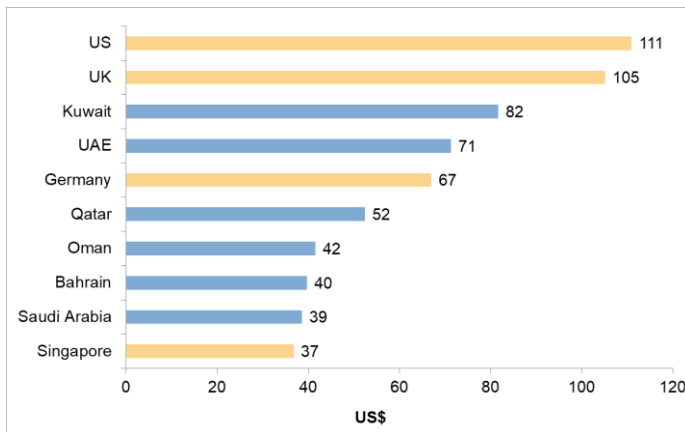
¹⁴ Source: "Capacity building in health care professions within the GCC countries", BMC Medical Education, March 14, 2019

Significant gap between the demand and supply of healthcare services in the region has led to a rise in the cost of medical care

Pursuing infrastructure expansion and consolidation to push medical costs lower

Significant gap between demand and supply of healthcare services in the region has led to a rise in the cost of care. Privatization of healthcare facilities in the region has further escalated the cost. Adding to this are the advancements made in medical technology, growing sophistication and improving capabilities of hospitals/clinics that have made treatments expensive. Within the region, there is a wide disparity in treatment cost with Kuwait and UAE considered to be the most expensive countries for treatments. The average cost of a visit to a doctor in Kuwait is approximately US\$ 82 while for UAE it stands at approximately US\$ 71, higher than some of the developed nations like Singapore and Germany (see Exhibit 15). The cost of healthcare is also higher than most Asian countries including India and Thailand. This has led to a lot of Emiratis seeking medical services outside the home nation. Medical cost inflation in the region averaged between 3.9% and 8.8% in the last five years to 2020 (see Exhibit 16)¹⁵. While UAE recorded the highest medical cost inflation since 2015, Kuwait had the lowest average in the region. In 2020, healthcare cost inflation in the UAE stood at 9.0% as against the general deflation of -1.5%¹⁶. The GCC governments are pursuing healthcare infrastructure expansion to help bridge the gap between demand and supply, while also pursuing consolidation to increase efficiency and focus on specialized care. Such efforts, in addition to measures such as introduction of mandatory health insurance are likely to help reduce the out of pocket expenditure for both the expatriates as well as locals. However, due to the limited availability of specialized care centers, treatments remain expensive and consequently health insurance premiums have increased.

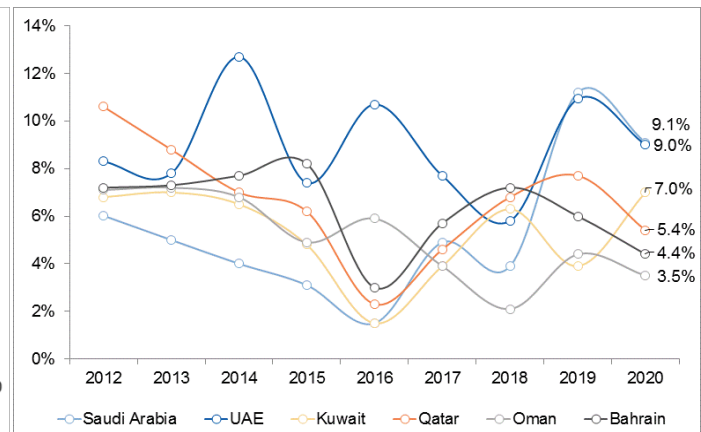
Exhibit 15: Average Cost of Visit to a Doctor



Source: Cost of Living Index – Expatistan (October 2020)

Note: The above costs are for visit to private doctors for 15 minutes

Exhibit 16: Medical Costs Trend (Net of General Inflation)



Source: Willis Towers Watson

¹⁵ Source: "2021 Global Medical Trends Survey Report", Willis Towers Watson

¹⁶ Source: "World Economic Outlook Database", International Monetary Fund (IMF), October 2020

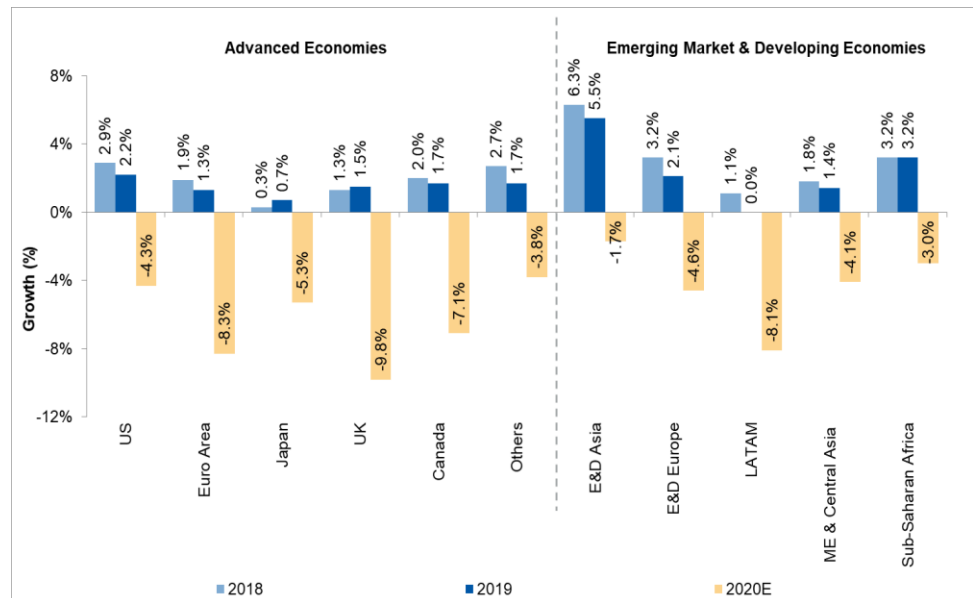
3. COVID-19 Implications

Global Impact

The COVID-19 health crisis has caused significant damage to global economies; the IMF forecasts a 4.4% contraction in global GDP in 2020

The outbreak of the novel coronavirus (COVID-19) has caused significant damage to global economies. The pandemic has spread at an alarming rate, causing a health crisis that the world is still grappling with. In addition to affecting human lives, the pandemic has also impacted businesses across the globe. In fact, 94% of the Fortune 1000 companies are already weathering COVID-19 disruptions¹⁷. The economic damage has sent shockwaves across advanced economies as well as developing nations, many of which are facing a daunting recessionary phase. Every region is subject to substantial growth downgrades as the pandemic is expected to leave lasting scars on human capital, trade, tourism, and healthcare. However, there are substantial differences across individual economies, reflecting evolution of the pandemic and the effectiveness of containment strategies. The IMF forecasts a 4.4% contraction in global GDP in 2020¹⁸ while the World Bank expects it to shrink by 5.2% during the year¹⁹.

Exhibit 17: Forecast of Global Economy



Source: IMF, World Bank, Thomson Reuters

The pandemic has placed immense burden on healthcare organizations across the world

The pandemic has placed immense burden on healthcare organizations across the world. The sudden surge in demand for COVID-19 treatment, precautionary and other services placed even the best resourced health systems under acute stress. The outbreak not only challenged the standard operational protocols but also disrupted the medical supply chain, leading to critical shortages across the continuum of care. At the same time, many providers are facing steep declines in revenue, primarily driven by the postponement of elective and non-urgent care. In order to boost the resiliency of health systems, industry stakeholders are integrating new-age technologies that enable smarter, more accurate, and predictive

¹⁷ Source: "94% of the Fortune 1000 are seeing coronavirus supply chain disruptions: Report", Fortune, February 21, 2020

¹⁸ Source: "World Economic Outlook Database", IMF, October 2020

¹⁹ Source: "The Global Economic Outlook During the COVID-19 Pandemic: A Changed World", World Bank, June 8, 2020

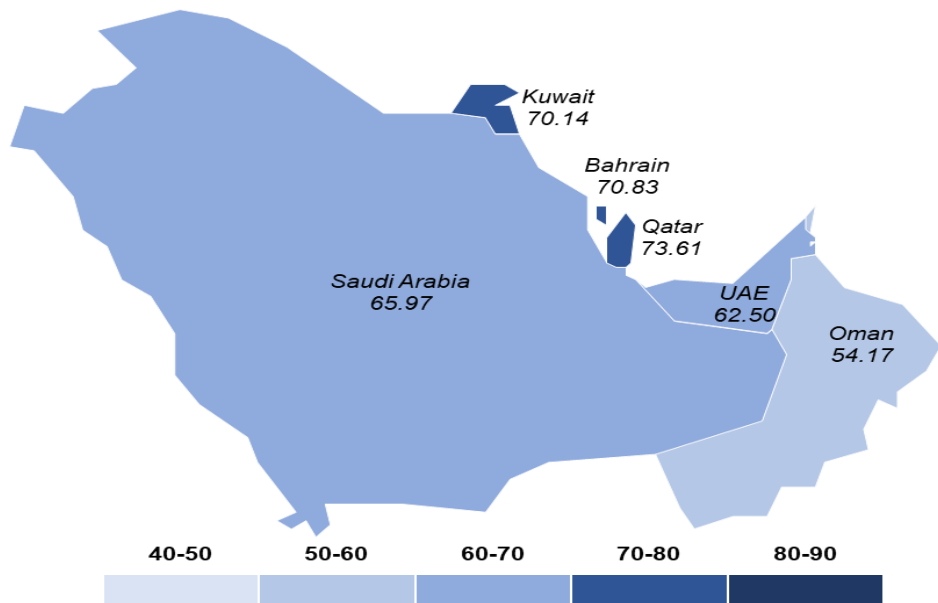
GCC nations took a number of fiscal and economic measures to mitigate economic consequences stemming from the virus outbreak

diagnostics and treatments, while also creating newer opportunities within the virtual healthcare space.

GCC Impact

The pandemic has had a much more profound impact on the GCC, as the region is not only contending with COVID-19 but also dealing with lowest oil prices in past 17 years. As a result, governments across the GCC took a number of fiscal and economic measures to mitigate economic consequences stemming from the outbreak. In addition to imposing lockdowns and restriction on travel to lower the contamination rate, the GCC nations injected targeted stimulus packages and relaxed monetary policies to help reignite growth. Although these measures have helped in restoring confidence, key economic business activities across sectors have capsized. Accordingly, the IMF estimates the GCC economy to shrink by 6.0% in 2020, significantly higher than the previously anticipated fall of 2.7%²⁰.

Exhibit 18: COVID-19 Containment & Health Response Index



Source: Oxford COVID-19 Government Response Tracker; Note: This is a composite measure based on eleven policy response indicators including school closures, workplace closures, travel bans, testing policy and contact tracing, rescaled to a value from 0 to 100 (100=strictest); Data as of Oct 31, 2020

The GCC nations were swift in their response to the COVID-19 crisis, given their potential exposure from hub airports and high expatriate populations. The countries implemented one of the most stringent policies internationally and have now announced several relaxation measures in geographical areas designated as non-hotspot. All the six nations scored at least 81/100 at their peak on the 'Stringency Index' compiled by Oxford University (compared to US peaking at 71) as of June²¹. Kuwait topped the Government Response Stringency Index parameter scoring 100% with policies such as school closures, travel bans, etc.²². As per the latest scores, Qatar has outperformed its GCC peers in the overall 'COVID-19 Containment and Health Response' index, based on the metrics used in the 'Stringency Index' plus testing policy and contact tracing. This highlights the public sector capacity to withstand crisis and its timely response, which requires investment in capacity building, coordination with multi-industry stakeholders, prioritization and agility. Although the

²⁰ Source: "Regional Economic Outlook: Middle East & Central Asia", IMF, October 2020

²¹ Source: "Reopening begins, but COVID-19 economic shockwaves persist", Middle East Economy Watch Q2 2020, PWC, June 9, 2020

²² Source: "Kuwait tops COVID-19 Government Response Index", Gulf News, June 6, 2020

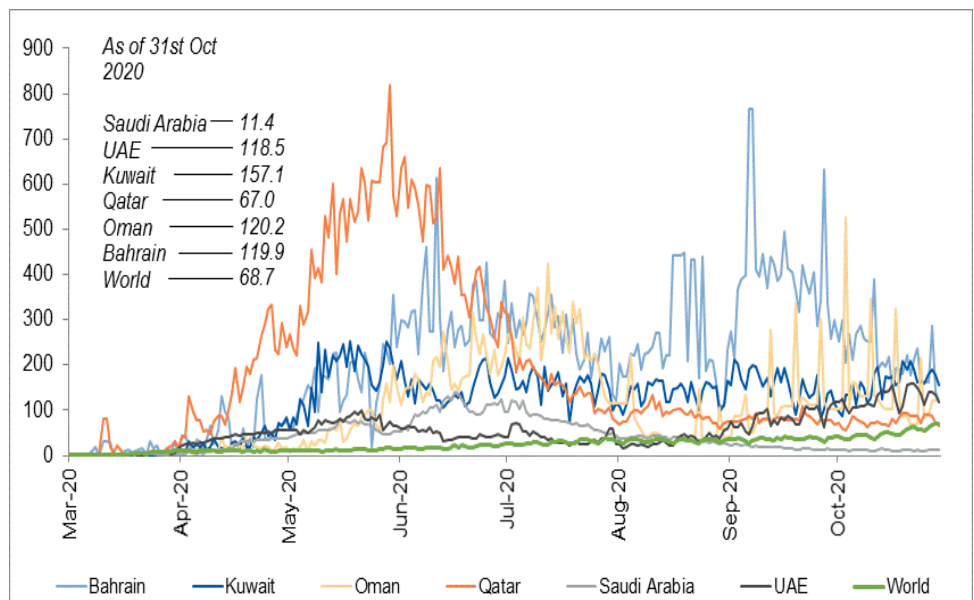
COVID-19 cases started to spike from March onwards, with Qatar and Bahrain being particularly affected

pandemic is far from over, the GCC governments have fared well by delivering an effective and science-based public health strategy.

Cases & Fatality Rate in the GCC

The first case of COVID-19 infection in the GCC was recorded in the UAE in January²³. Since then, many of the neighboring countries took immediate measures in response to control the virus prior to detecting the first case. Although the control response helped keep the rate relatively low until February, cases started to spike from March onwards, with Qatar and Bahrain being particularly affected. Cases peaked across majority of the six nations between May and June (see Exhibit 19), with Qatar recording highs of 817.4 daily new cases per million people, followed by Bahrain (614.7 daily new cases per million people), and Oman (369.9 daily new cases per million people). While cases in Qatar have subsided, Bahrain witnessed a sudden spike in September touching highs of 766.9 daily new cases per million people while daily new cases in Oman rose to highs of 525.8 per million people in October. On the other hand, daily new cases have been comparatively subdued in the UAE, Saudi Arabia, and Kuwait. The UAE witnessed a late surge in October (159.6 daily new cases per million people), Saudi Arabia in June (136.6 daily new cases per million people), and Kuwait in July (215.2 daily new cases per million people).

Exhibit 19: Daily New COVID-19 Cases per Million People



Source: Health Ministries of Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and the UAE, ECDC

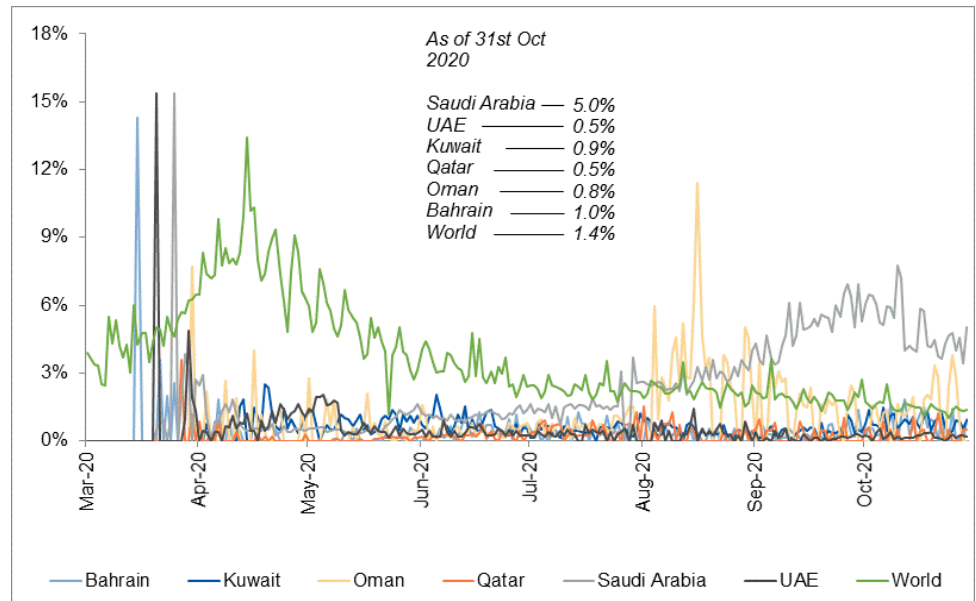
The GCC countries have been swift in their response with expanding their hospital bed capacities

As the pandemic started taking a toll on human lives, it became critical for the GCC nations to strengthen the public health systems, while also addressing the challenges posed by shortage of medical staff, limited specialized care centers, and availability of equipment and other resources to combat the pandemic. The countries have been swift in their response with expanding their hospital bed capacities, building new facilities and field centers, and converting hotels, military bases, convention centers and stadiums into makeshift quarantine facilities. Consequently, the daily COVID-19 fatality rate significantly dropped across the GCC nations from the peaks witnessed in the initial few months. As of October, the daily COVID-19 fatality rate across the GCC, excluding Saudi Arabia, was well below the world average of 1.4% (see Exhibit 20). Notably, the GCC member-states have scored well above

²³ Source: "Coronavirus: First case confirmed in Gulf region, more than 6,000 worldwide", UN News, January 29, 2020

the global average of 57% in terms of recoveries. As of October, Qatar and UAE led the region with a 98% recovery rate each, followed by Bahrain (97%), Saudi Arabia (96%), Oman (90%) and Kuwait (84%)²⁴.

Exhibit 20: Daily COVID-19 Fatality Rate



Source: Health Ministries of Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and the UAE, ECDC

UAE and Bahrain became the world's first countries with populations over 1 million to hit a 50% testing rate for COVID-19

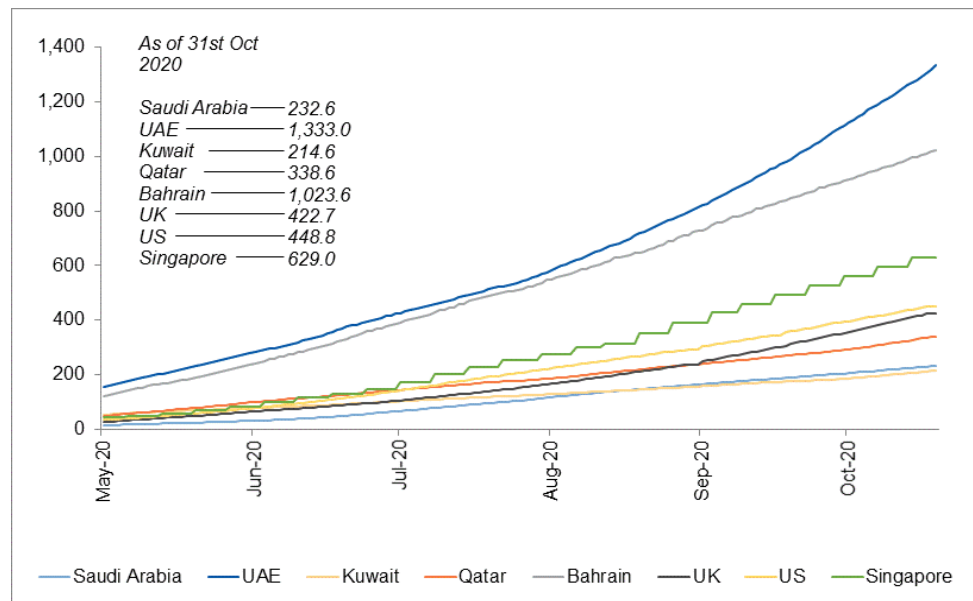
Diagnostic Testing as the first line of defense

Since the beginning of May, the GCC nations exponentially ramped up their testing capacity and were well above some of the most advanced nations such as the US and UK (see Exhibit 21). By August, the UAE and Bahrain became the world's first countries with populations over 1 million to hit a 50% testing rate for COVID-19. While the UAE achieved a coverage of 52.7%, Bahrain had covered 50.3% testing for its population. Consequently, UAE and Bahrain ranked fifth and seventh, respectively, globally for tests per million population²⁵. As of October, the UAE (1,333.0) and Bahrain (1,023.6) lead the GCC in terms of daily COVID-19 tests performed per thousand population, far above the US (448.8) and UK (422.7). Saudi Arabia, Qatar, Oman, and Kuwait too have exponentially increased their daily testing capacity that has led to rapid identification of cases, quick treatment for those affected, and immediate isolation to prevent the spread. The region's proactive and unified approach to increase its diagnostics capacity has significantly contributed towards keeping the infection relatively under control.

²⁴ Source: "Coronavirus (COVID-19) Testing", Our World in Data

²⁵ Source: "COVID-19: UAE among the world's first countries to test 50% of its population" Gulf News, August 5, 2020

Exhibit 21: Daily COVID-19 Tests per '000 People



Source: Health Ministries of Bahrain, Qatar, Kuwait, Oman, Saudi Arabia and the UAE, ECDC

3.1 Saudi Arabia

Economic Impact

Saudi Arabia's GDP is estimated to have plunged by ~13.0% y-o-y in Q2 2020

Saudi Arabia is facing significant challenges from lower oil prices and disruption of business activities from the COVID-19 pandemic. The Saudi government responded swiftly to the pandemic by announcing a stimulus package totaling US\$ 61 billion²⁶ to support the economy. Moreover, the Ministry of Finance took a number of austerity measures to shore up state finances including tripling of VAT to 15%, a cut in the cost of living allowance for government employees, and the deferment of some multi-billion dollar projects²⁷. This had a clear impact on Kingdom's fiscal position, which also prompted rating agencies, such as Moody's downgrading the Kingdom's sovereign outlook to 'negative' from 'stable'. The Kingdom's GDP plunged by 7.0% y-o-y in Q2²⁸, after falling by 1.0% in Q1 2020²⁹. According to IMF, the Kingdom will see its economy shrink by 5.4% in 2020³⁰.

Infrastructure Developments

Experience learned from the MERS-CoV epidemic has helped the Kingdom to be better prepared

The experience from the Middle East respiratory syndrome coronavirus (MERS-CoV) epidemic has helped the Kingdom to be better prepared for the current COVID-19 pandemic. Saudi Arabia promptly adopted measures to mitigate its impact, ranging from infrastructure developments to the expansion of digital health and providing free healthcare to the residents. The Saudi MoH designated 25 hospitals with an overall capacity of 80,000 beds and 8,000 ICU beds for the treatment of COVID-19 patients³¹. Of this, 2,200 beds for quarantine and 1,400 isolation rooms were added in the hospitals. As the number of cases in the country began to surge, field hospitals with a capacity of 100 and 500 beds were setup

²⁶ Source: "Saudi Arabia: Government and institution measures in response to COVID-19", KPMG, Sep 30, 2020

²⁷ Source: "Saudi Arabia Triples VAT, Cuts State Allowances Amid Crisis", Bloomberg, May 10, 2020

²⁸ Source: "MENA Economics: Saudi Arabia GDP (Q2 2020)", Capital Economics, September 30, 2020

²⁹ Source: "Saudi Arabia's GDP fell by 13% year-on-year during Q2", International Finance, September 8, 2020

³⁰ Source: "World Economic Outlook Database", IMF, October 2020

³¹ Source: "Saudi Arabia's digital healthcare landscape post-COVID-19", GHE, Informa Markets, May 5, 2020

Saudi Arabia announced a stimulus package totalling over US\$ 61 billion to support the economy

in Mecca³² and Jeddah³³, respectively. In July, an additional 2,199 ICU beds were added in various hospitals across the country for the same³⁴.

The Kingdom signed a US\$ 265 million cooperation agreement with China-based genome research organization BGI (formerly known as the Beijing Genomics Institute) to procure specialized COVID-19 testing labs, called 'Huo-yan Laboratories'. With the aim to scale up the number of targeted tests to 14.5 million (~40% of the total population), BGI would provide testing equipment, testing kits and design plans to build six major laboratories across the nation, including a mobile laboratory with a capacity of 10,000 tests daily³⁵.

As of October 31 2020, Saudi Arabia registered 346,880 COVID-19 positive cases, with 333,842 recoveries and 5,383 deaths. The total number of tests conducted reached 8,097,534³⁶.

Government Initiatives & Policy Responses

The Saudi government ensured transparency and effective communication from the outset of the pandemic. In March, Saudi Arabia shut down all business activities as part of the national lockdown measures, which extended until June while restrictions on travel continue to be imposed across the Kingdom. The government announced a set of support packages worth over US\$ 61 billion targeting the private sector to bail out from the economic debacle³⁷. In June, SAMA announced the injection of SAR 50 billion (US\$ 13.3 billion) to support liquidity and private sector credit. The government also made budgetary allocations to the tune of SAR 47 billion (US\$ 12.5 billion) to increase the resources available to the MoH to fight the virus. The economic stimulus measures are expected to be particularly fruitful for the Kingdom's healthcare companies as the sector has high receivables from the government³⁸. Saudi Arabia also expanded international cooperation at an early stage to aid other countries. The Kingdom organized a virtual G20 Leader's Summit in April in a bid to improve coordination of efforts to fight the pandemic. It pledged US\$ 500 million to international organizations to support emergency and preparedness response, developing and deploying new diagnostics, therapeutics and vaccines, and ensuring sufficient supplies of Personal Protective Equipment (PPE) for healthcare workers³⁹.

From announcing fiscal measures to free-of charge care for all those infected, the Kingdom ensured that the socio-economic and livelihood issues caused by the pandemic were addressed through joint efforts and multi-sectoral stakeholder engagement⁴⁰. In addition to collaborating with BGI to increase testing capacity, the Kingdom's National Unified Procurement Company (NUPC) purchased additional quantities of reagents and tests from the US, Switzerland and South Korea. As the number of infected cases surged, the Negotiating and Purchasing Committee struck deals with specialized international companies to cater to the rising demand for devices, medicines and medical supplies. The committee also coordinated efforts with the MoH to provide extra hospital beds and workforce to ensure that the critical needs of the patients are met⁴¹.

³² Source: "Field hospital set up in Makkah as COVID-19 numbers continue to rise", Arab News, May 1, 2020

³³ Source: "COVID-19: 500 bed field hospital opens in Jeddah, Saudi Arabia", Gulf News, June 8, 2020

³⁴ Source: "Coronavirus: Saudi Arabia adds 2,199 ICU COVID-19 beds within 90 days across Kingdom", Al Arabiya, July 5, 2020

³⁵ Source: "Chinese firm cooperates with Saudi Arabia to build six COVID-19 testing labs", Global Times, April 27, 2020

³⁶ Source: "Coronavirus (COVID-19) Testing", Our World in Data

³⁷ Source: "Saudi Arabia: Government and institution measures in response to COVID-19", KPMG, Sep 30, 2020

³⁸ Source: "Saudi private healthcare firms business under pressure despite coronavirus: Report", Al Arabiya, April 26, 2020

³⁹ Source: "The Saudi G20 Presidency calls for US\$8 billion in Combatting the COVID-19 Pandemic", G20 Saudi Arabia, April 16, 2020

⁴⁰ Source: "Saudi Arabia's response to the pandemic: A model for good governance", Al Arabiya, May 26, 2020

⁴¹ Source: "Saudi Arabia commissions COVID-19 testing kits", PR Newswire, April 27, 2020

As technology utilization became paramount amid the pandemic, Saudi Arabia's early commitment to digitizing healthcare positively influenced the country's response to contain the outbreak. To ensure safety of medical staff, a robotic doctor, named 'Dr. B2', was deployed in Riyadh's King Salman hospital to diagnose COVID-19 patient's vital signs and conduct sterilization procedures⁴². Moreover, a number of digital applications such as mobile health apps, tele-health, virtual clinics and robotics were deployed to join the fight against the pandemic⁴³. The Saudi MoH also launched a number of digital platforms with the aim to spread awareness, educate people, provide virtual consultations with doctors, and book appointments⁴⁴. In June, Saudi Arabia's Data and Artificial Intelligence Authority (SDAIA) launched Tabaud, a contact-tracing app to support nationwide efforts to tackle COVID-19⁴⁵.

3.2 UAE

Economic Impact

The pandemic significantly impacted the private sector activity in the UAE. At the same time, production shrunk due to supply chain disruptions, limited export opportunities and subdued domestic demand. This resulted in an estimated negative real GDP growth of 7.8% y-o-y in Q2 2020, while the non-hydrocarbon sector contracted by 9.3% y-o-y during the same period, after a drop of 2.7% in Q1 2020⁴⁶. According to the Central Bank of UAE, the country is expected to record a milder contraction of the non-hydrocarbon GDP in Q3 2020 that is likely to extend into the final quarter, albeit at a much milder pace, assuming that the virus is relatively contained. According to IMF, the UAE will see its economy shrink by 6.6% in 2020⁴⁷.

Infrastructure Developments

As the number of COVID-19 cases in the country continued to surge, the need for immediate medical attention became paramount. The UAE responded to the crisis with rapid capacity expansion of its existing healthcare infrastructure. For instance, the country established fully equipped, high-tech health facilities in Dubai and Abu Dhabi with bed capacities of 5,000 and 1,200, respectively⁴⁸. Aster DM Healthcare opened a new 50-bed critical care hospital in Dubai, especially to provide treatment to COVID-19 patients⁴⁹. Similarly, several hospitals were opened in Abu Dhabi, including field hospitals in Khalifa City, dedicated to treat only COVID-19 patients amid the growing need for hospital beds and to reduce the burden on other hospitals⁵⁰. In addition to this, unremitting support to medical staff, free testing and treatment for COVID-19 patients, and the use of smart applications has helped maximize UAE's effort in combatting the pandemic. Aiming to subject its entire population to COVID testing, the country ranked first globally in COVID-19 screening per capita in June 2020⁵¹ (currently ranks fifth⁵²) and by August, the authorities had already tested over 52% of UAE's entire population⁵³.

The UAE is expected to witness a decline of 6.6% GDP growth for 2020

The UAE responded to the crisis with rapid capacity expansion of its existing healthcare infrastructure and rapid testing initiatives

⁴² Source: "Coronavirus: Robot doctor helps keep Saudi Arabia medical staff safe", Al Arabiya, May 8, 2020

⁴³ Source: "Saudi Arabia's digital healthcare landscape post-COVID-19", GHE, Informa Markets, May 5, 2020

⁴⁴ Source: "Saudi Arabia's digital healthcare landscape post-COVID-19", GHE, Informa Markets, May 5, 2020

⁴⁵ Source: "Saudi Arabia releases contact tracing app", Geneva, Internet Platform, June 14, 2020

⁴⁶ Source: "Central bank forecasts UAE GDP to contract 5.2 per cent in 2020", Gulf News, September 23, 2020

⁴⁷ Source: "World Economic Outlook Database", IMF, October 2020

⁴⁸ Source: "Government spending efficiency is key to mitigate the economic repercussions of COVID-19", UAE MoF, July 20, 2020

⁴⁹ Source: "Aster DM Healthcare launches 50 bed critical care Aster Hospital in Dubai", Pharmabiz, June 2, 2020

⁵⁰ Source: "Coronavirus: new hospital opens for COVID-19 patients in Abu Dhabi", The National, May 10, 2020

⁵¹ Source: "UAE exceeds 3 mln coronavirus tests, ranks 1st in screening per capita: Minister", Al Arabiya, June 18, 2020

⁵² Source: "COVID-19: UAE among the world's first countries to test 50% of its population" Gulf News, August 5, 2020

⁵³ Source: "COVID-19: UAE among the world's first countries to test 50% of its population" Gulf News, August 5, 2020

UAE launched an economic support plan worth US\$ 70 billion along with a stimulus package worth US\$ 7.2 billion in terms of fiscal measures

The government increased the expenditure allocated to MoHAP to better fight the disease

As of October 31 2020, the UAE registered 131,508 COVID-19 positive cases, with 128,902 recoveries and 490 deaths. The total number of tests conducted reached 13,184,160⁵⁴.

Government Initiatives & Policy Responses

Coherent decision-making by the UAE government has been a crucial factor for its success in managing the pandemic. Given the country's heavy reliance on tourism and trade, the authorities moved quickly to implement a containment strategy by ordering business closures, cancel sporting events, and tighten travel procedures. Consequently, the EXPO 2020 was postponed until next year which will help the participants overcome the repercussions of COVID-19. While borders were sealed in March to restrict movement, a complete lockdown was implemented from early April until July to combat the spread of the virus at both the federal and emirate level⁵⁵. Although the average infection rate has been plummeting since May, the country is witnessing occasional spikes that might call for new restrictive measures to be imposed⁵⁶.

UAE rolled out several stimulus packages aimed at supporting businesses and optimize spending to support the broader economy. The Central Bank of UAE (CBUAE) launched an economic support plan worth AED 256 billion (US\$ 70 billion or 20% of GDP), along with a stimulus package worth AED 26.5 billion (US\$ 7.2 billion or 2% of GDP) in terms of fiscal measures⁵⁷. While Dubai announced an AED 1.5 billion (US\$ 0.4 billion) stimulus package to boost the commercial, retail, external trade, tourism, and energy sectors as part of the package; Abu Dhabi announced a total of 16 initiatives as a part of its 'Ghadan 21' development program to support commercial and industrial activities in the Emirate⁵⁸. On the other hand, Sharjah announced two stimulus packages amounting to AED 481 million (USD 130.9 million) and AED 512 million (US\$ 139 million) to boost business continuity and development in various fields⁵⁹.

The government increased the expenditure allocated to the Ministry of Health and Prevention (MoHAP), which was initially 7% of the federal budget for 2020, in order to manage the spending on precautionary measures needed to combat COVID-19⁶⁰. Besides investing in increasing hospital bed capacity and workforce, various coordinated measures were undertaken to ensure the availability of efficient healthcare services to all those in need. For instance, the Dubai Health Authority (DHA) and Dubai Healthcare City Authority (DHCA) partnered with government agencies like Dubai Police and Dubai Municipality to tackle the outbreak. These agencies have been well supported by private sector players and research institutes like Mohammed Bin Rashid University (MBRU) that has played a key role in coordinating the efforts of ensuring sufficient capacity and unified testing and treatment protocols. Moreover, a designated 'COVID Central Command Center' has been established where all initiatives, challenges and learnings are translated into practice and unified policies for the decision makers to strategize against the rising contamination rate in the country⁶¹.

In addition to streamlining healthcare services, the UAE has ensured that people receive adequate treatment for COVID-19. To facilitate this, the DHCA and Al-Jalila Foundation introduced a dedicated COVID-19 fund to assist the virus-infected patients who did not have the means to pay for their care⁶². The UAE also announced access to free healthcare to all

⁵⁴ Source: "Coronavirus (COVID-19) Testing", Our World in Data

⁵⁵ Source: "UAE Begins Two Week 24 Hour Lockdown; Etihad and Emirates to Operate Repatriation Flights" Outlook India, April 6, 2020

⁵⁶ Source: "UAE could re-impose lockdown in some areas due to surge in Covid-19 cases", AS, August 22, 2020

⁵⁷ Source: "Government spending efficiency is key to mitigate the economic repercussions of COVID-19", UAE MoF, July 20, 2020

⁵⁸ Source: "Abu Dhabi introduces 16 economic initiatives amid COVID-19 outbreak", Mubasher, March 16, 2020

⁵⁹ Source: "Sharjah approves second stimulus package of \$139m", Construction Week, November 5, 2020

⁶⁰ Source: "Government spending efficiency is key to mitigate the economic repercussions of COVID-19", UAE MoF, July 20, 2020

⁶¹ Source: "COVID-19: An integrated healthcare system is the way forward", Healthcare IT News, June 2, 2020

⁶² Source: "Worried you can't afford coronavirus treatment? Dubai launches support fund, Al Arabiya, April 28, 2020

those infected, irrespective of a health insurance⁶³. The country further ensured a smooth functioning of the society by deploying technological resources to maintain the health and wellbeing of its residents. For instance, the MoHAP launched a testing and contact tracing app, called Alhosn, in May 2020⁶⁴ in addition to using digital platforms for information exchange. The UAE also ensured the availability of ample medical infrastructure through an AI-driven platform that helps decision makers determine the need for healthcare facilities in each area across the country⁶⁵.

3.3 Qatar

Economic Impact

Similar to the other major oil & gas exporting nations, Qatar too witnessed significant headwinds in demand for its hydrocarbons amid the pandemic. While the crash in hydrocarbon prices weighed heavily on the country's fiscal and external balances, tepid business activity has put investment in new resources and major projects under intense scrutiny. In order to boost sentiments, Qatar rolled out a QAR 75 billion (US\$ 20.5 billion) support package while also committing to continue work on projects to prepare for the World Cup 2022⁶⁶. Nevertheless, the crisis has threatened to stall economic growth even with increased government spending aimed to ease the impact of COVID-19. According to IMF, the country's GDP growth is expected to fall to -4.5% in 2020⁶⁷. However, building self-sufficiency in critical supplies and resilience in logistics operations during the three years of economic embargo has helped the country strengthen its position during the crisis⁶⁸.

Infrastructure Developments

Qatar ensured the availability of ample bed capacity by expanding the existing healthcare facilities, building new hospitals, and assigning hospitals as dedicated coronavirus treatment centers. Seven hospitals in the country were dedicated to treat COVID-19 patients⁶⁹. The Ministry of Public Health (MoPH) also built a quarantine complex in Umm Slal with 18,000 beds, fully equipped with all necessary equipment for COVID-19 treatment⁷⁰. Additionally, two temporary medical facilities were built by the MoPH, in cooperation with the armed forces, with a total capacity of 4,645 beds⁷¹. The MoPH also launched three mobile units and six COVID-19 ambulances in March for random examination. Furthermore, the Primary Health Care Corporation (PHCC) designated the Muaither Health Center, Rawdat Al Khail Center, Gharrafat Al Rayyan Center, and Umm Salal Health Center⁷² for testing and treating COVID-19 suspected cases⁷³.

In order to increase testing capacity, Qatar permitted private healthcare facilities in the country to perform COVID-19 PCR test and send the samples to Hamad Medical Corporation (HMC) laboratories for examination⁷⁴. Consequently, Qatar became the second

⁶³ Source: "Coronavirus cases in UAE to be treated free of cost, insurance not necessary", Khaleej Times, February 6, 2020

⁶⁴ Source: "UAE public urged to join COVID-19 contact tracing app Alhosn to protect themselves, communities", UAE MoHAP, May 20, 2020

⁶⁵ Source: "UAE launches smart platform to respond to COVID-19 threat", Arabian Business, June 16, 2020

⁶⁶ Source: "Lessons Learned: Qatar's COVID-19 Response and the 'Gulf Foreign Labor Model'", Inside Arabia, May 26, 2020

⁶⁷ Source: "World Economic Outlook Database", IMF, October 2020

⁶⁸ Source: "Qatar better prepared to deal with COVID-19 crisis", Qatar Tribune, June 3, 2020

⁶⁹ Source: "With the new hospital beds to be added in the coming two weeks: Opening of Nearly 3,500 Hospital Beds Part of Qatar's COVID-19 Response Strategy", Hamad Medical Corporation, May 19, 2020

⁷⁰ Source: "Ministers inspect Umm Slal quarantine centre", Gulf Times, March 26, 2020

⁷¹ Source: "New field units to raise hospital beds in Qatar to 18,000: Khater", Qatar Tribune, March 24, 2020

⁷² Source: "PHCC confirms readiness to provide health services to all patients", Peninsula Qatar, April 26, 2020

⁷³ Source: "Primary Health Care Corporation designates two health centers for coronavirus (COVID-19) patients" Qatar MoPH, April 8, 2020

⁷⁴ Source: "Qatar allows private hospitals to conduct COVID-19 tests", Deshabhimani, June 22, 2020

Qatar's GDP growth is expected to fall to -4.5% in 2020 due to the crisis

Qatar ensured ample bed capacity by expanding the existing healthcare facilities, building new hospitals, and assigning hospitals as dedicated COVID-19 treatment centers

Qatar rolled out a US\$ 20.5 billion stimulus package to revive economic activity

country in the GCC after Bahrain to allow private clinics for coronavirus tests. Additionally, the PHCC launched invitation-only drives through swab hubs at Al Thumamam, Al Waab, and Leabaib health centers to ramp up testing in the country⁷⁵.

As of October 31 2020, Qatar registered 132,343 COVID-19 positive cases, with 139,349 recoveries and 232 deaths. The total number of tests conducted reached 975,530⁷⁶.

Government Initiatives & Policy Responses

Qatar imposed partial lockdowns in March and announced plans to lift it in four phases from June until September 2020⁷⁷. While restrictions could be re-imposed if necessary, the country took a number of measures to ensure economic and health wellbeing. From rolling out a QAR 75 billion (US\$ 20.5 billion or ~13% of GDP) stimulus package primarily aimed at SMEs and hard hit sectors to assuring free of cost treatment for the COVID-19 infected patients, the government has strongly battled the crisis through strategic initiatives. By repurposing existing resources and facilities, capacity was swiftly expanded to ensure sufficient healthcare facilities with intensive treatment and advanced respiratory support. Qatar also extended help to a number of foreign countries by sending medical equipment and supplies to China, Iran, Italy, Spain, US, Lebanon, Tunisia, Algeria, Rwanda and Nepal; providing financial support to the Palestinian people in the Gaza Strip; and aiding refugee camps in Jordan, Syria, and Lebanon⁷⁸. Such measures can be primarily attributed to the government acting decisively in terms of leveraging its national wealth, abundant supply reserves, and a well-equipped healthcare system.

The MoPH took numerous collaborative measures to ensure quality and convenience of service for the entire population. The authorities also made efficient use of technology in their battle against the pandemic. For instance, the MoPH collaborated with TASMU Smart Qatar, MoTC, Hukoomi and Qatar Post to set up virtual assistance for outpatient services at PHCC and HMC⁷⁹. The MoPH, together with HMC, PHCC and Qatar Metabolic Institute (QMI) also launched a program for diabetics to ensure their safety through virtual clinics, as they are more vulnerable to COVID-19 infection⁸⁰. A contact-tracing app, Ehteraz, was also launched to keep the residents safe and assist the medical workforce in identifying potential COVID-19 cases⁸¹. For the elderly, a dedicated hotline was launched to meet their medical needs and provide psychological support⁸², along with virtual consultations for physiotherapy and rehabilitation services⁸³. In its effort to strengthen the medical workforce, the 'For Qatar' National Volunteering Campaign was launched to add support to the medical and allied health practice. This helped in increasing the number of volunteers with the MoPH, Qatar Charity, and Qatar Red Crescent to ~35,000 to spread awareness about COVID-19⁸⁴.

⁷⁵ Source: "PHCC confirms readiness to provide health services to all patients", Peninsula Qatar, April 26, 2020

⁷⁶ Source: "Coronavirus (COVID-19) Testing", Our World in Data

⁷⁷ Source: "Qatar to lift coronavirus restrictions in four phases", AlJazeera, June 8, 2020

⁷⁸ Source: "Minister of Public Health Presents Qatar's Strategy to Contain the Spread of COVID-19 to WHO Officials", Qatar MoPH, April 30, 2020

⁷⁹ Source: "Qatar launching new remote healthcare services", Qatar MoPH, March 28, 2020

⁸⁰ Source: "Health Sector Launches Remote 'COVID-19 and Diabetes' Program to Proactively Treat Vulnerable Patients", Qatar MoPH, April 16, 2020

⁸¹ Source: "Ehteraz" Plays Vital Role in Keeping People Safe during Lifting of Restrictions, say Health O", Qatar MoPH, September 8, 2020

⁸² Source: "Qatar ramps up efforts to keep elderly safe from COVID-19", Gulf Times, May 16, 2020

⁸³ Source: "MOPH Works with Health Sector Institutions to Ensure Best Care for The Elderly During COVID-19 Pandemic", Qatar MoPH, May 14, 2020

⁸⁴ Source: "National Volunteering Campaign to strengthen fight against COVID-19", The Peninsula Qatar, April 5, 2020

3.4 Kuwait

Economic Impact

The IMF estimates Kuwait's economy to fall to -8.1% in 2020

Kuwait also faces a dual challenge from lower oil prices and the COVID-19 outbreak on the broader economy. The brunt of pandemic-related lockdown measures was felt in Q2 2020 as private spending and investment activity is estimated to have been hit hard. According to IMF, Kuwait will see its economy shrink by 8.1% in 2020⁸⁵. In March, the Central Bank of Kuwait (CBK) added US\$ 1.6 billion in budget of government departments to support the fight against the pandemic⁸⁶. Although it is one of the smallest stimulus package in the GCC, the National Bank of Kuwait (NBK) predicted the country's deficit to reach 40% of GDP in FY 2020/21⁸⁷. In light of increased spending and restricted government revenues, S&P downgraded Kuwait's rating to 'AA-' from 'AA'⁸⁸, followed by another downgrade by Moody's Investor Service to 'A1'⁸⁹. The much awaited upgrade to 'Emerging Market' from 'Frontier Market' by MSCI was also delayed from May to November 2020⁹⁰.

Infrastructure Developments

Kuwait repurposed several grounds and facilities to provide treatment and care for COVID-19 patients

Kuwait's healthcare system has been able to manage the surge in cases without being overburdened⁹¹. Several grounds and facilities were repurposed to provide treatment and care for COVID-19 patients. The country's first makeshift hospital for COVID-19 was constructed with the help of Sinopec, China's biggest petrochemicals firm, in April. The facility, with a capacity for 1,700 beds, has been designated as the key medical facility to treat COVID-19 patients⁹². The International Fairgrounds in Mishref is also being used as a field hospital with 250 beds as well as a testing center⁹³. For quarantine and isolation, a section of Jaber Al-Ahmad Sports Stadium was converted into a quarantine facility with a capacity of 5,000 beds and includes a field medical center, dormitories for medics, ICUs, and pharmacies⁹⁴. To support Al Farwaniya Hospital, halls in Tadamonn Sport Club were also converted into a field emergency unit⁹⁵. Additionally, Safir Hotels & Resorts (SHR) offered their Safir Fintas Kuwait (SFK) and Safir Airport Kuwait (SAK) properties to the MoH in support of Al Farwaniya Hospital⁹⁶. The five star Al Kout Beach Hotel and Al Khiran resorts are a few other examples of Kuwait's luxury hotels supporting the administration in their fight against the pandemic⁹⁷. Private sector companies were also urged to provide housing provisions for their workers infected with the virus⁹⁸.

In addition to providing treatment, Kuwait's hospitals activated pandemic prevention protocols and adopted various measures to establish and manage a database system of those infected with the virus⁹⁹. In May, Kuwait opened drive through testing centers at different locations across the country in an attempt to expand testing capacity. The MoH, in cooperation with the Public Authority for the Civil Information, started conducting tests for 180 individuals per day through the initiative¹⁰⁰. In June, the MoH also began home testing

⁸⁵ Source: "World Economic Outlook Database", IMF, October 2020

⁸⁶ Source: "Addressing the economic challenges of COVID-19 in Kuwait", KPMG, May 6, 2020

⁸⁷ Source: "Chronicle the Coronavirus: Perspective on Kuwait's Response", WANA Institute, June 2020

⁸⁸ Source: "S&P downgrades Kuwait, Oman, revises outlook on Bahrain on plummeting oil prices" S&P Global, March 27, 2020

⁸⁹ Source: "Kuwait Gets First Moody's Downgrade Over 'Liquidity Risks'", Bloomberg, September 23, 2020

⁹⁰ Source: "Kuwait's coordinated response to COVID-19", Atalayar, April 23, 2020

⁹¹ Source: "Chronicle the Coronavirus: Perspective on Kuwait's Response", WANA Institute, June 2020

⁹² Source: "Sinopec Helps Kuwait Build Its First Makeshift Hospital for COVID-19 Patients", YiCai, April 14, 2020

⁹³ Source: "Coronavirus: Kuwait builds 5,000-bed medical facility for COVID-19 patients", Arabian Business, April 27, 2020

⁹⁴ Source: "Kuwait places 128 buildings under quarantine due to COVID", Construction Week Online, May 13, 2020

⁹⁵ Source: "COVID-19: Kuwait lays out rules dealing with quarantine facilities", Gulf News, May 27, 2020

⁹⁶ Source: "Safir Hotels & Resorts Supports Kuwait In Combating The Coronavirus Outbreak" Safir Hotels, April 6, 2020

⁹⁷ Source: "Hard times shape speedy Saudi and Kuwaiti coronavirus response", Reuters, March 30, 2020

⁹⁸ Source: "Kuwait government to provide more quarantine facilities", Zawya, May 25, 2020

⁹⁹ Source: "Kuwait's COVID-19 Response "decisive, rapid, comprehensive" – WHO", KUNA, May 22, 2020

¹⁰⁰ Source: "Kuwait launches drive-through COVID-19 testing centre at airport", DT Next, May 17, 2020

Kuwait announced liquidity stimulus of US\$ 1.6 billion for FY 2020/21

in response to a surge in cases¹⁰¹, and further announced free-of-cost testing at all government-run hospitals for citizens as well as expats¹⁰². By September, the MoH had ramped up capacity by allowing both public and private hospitals to conduct testing in an effort to reduce community spread. Consequently, the country ranked sixth in the Middle East and 38th in the world in terms of number of tests per capita¹⁰³.

As of October 31 2020, Kuwait registered 125,337 COVID-19 positive cases, with 116,202 recoveries and 773 deaths. The total number of tests conducted reached 916,525¹⁰⁴.

Government Initiatives & Policy Responses

Kuwait imposed stringent curfews and travel bans to combat the pandemic in early March. The imposed restrictions were gradually eased and a five-phased plan was announced to reopen the economy completely by mid-September¹⁰⁵. During this period, the government announced a slew of measures to help the economy survive the implications of COVID-19. In addition to raising the budget to support efforts in fighting COVID-19 by KWD 500 million (US \$1.6 billion or 1.5% of GDP) for FY 2020/21, monetary and liquidity stimulus including moratorium on debt repayments and financial support to SMEs were announced¹⁰⁶.

The MoH announced free of cost tests for citizens and expatriates alike in a bid to better assess the transmission rate¹⁰⁷. According to the WHO, Kuwait's response was 'decisive, rapid and comprehensive', which helped the nation keep the virus spread under control. The government formed three high level committees to help monitor the pandemic across border crossings, hospitals and clinics¹⁰⁸. Consequently, Kuwait topped the 'Government Response Stringency Index' - a study conducted by the Oxford University to assess the measures taken by governments to tackle the outbreak¹⁰⁹.

Starting September, the MoH implemented a new quarantine mechanism for health sector workers who are in contact with infected patients¹¹⁰. In order to deal with a second wave of the virus, the MoH laid down a plan to fly in 500 qualified medical staff from Pakistan¹¹¹. Kuwait also secured an agreement with the Global Alliance for Vaccines and Immunization (GAVI) to provide COVID-19 vaccine enough for ~800,000 patients, once available¹¹². Extending its help to foreign countries, Kuwait supported the Tunisian MoH with US\$ 5 million to strengthen health structure in the country¹¹³. Kuwait also supported Jordan's response plan to the pandemic, in collaboration with the WHO¹¹⁴. The country participated in Solidarity, an initiative by the WHO, to reach a safe and effective treatment for the virus¹¹⁵.

The government also adopted a number of measures through multi-sector collaboration as a part of its COVID-19 response plan. The Kuwait Foundation for the Advancement of Sciences initiated one of the largest programs to combat the virus by allocating a budget of US\$ 33 million in March. The Foundation deployed all its capabilities, human resources, and six centers to assist the government in the fields of education, health, business environment, civil society readiness, media and IT. The organization also purchased ventilators and PPE

¹⁰¹ Source: "Kuwait MOH Team To Start Testing For COVID-19 At Home", KWT Today, June 20, 2020

¹⁰² Source: "Kuwait to offer free COVID-19 tests for all, says ministry", KUNA, July 23, 2020

¹⁰³ Source: "Kuwait increases number of COVID-19 tests", Gulf News, September 11, 2020

¹⁰⁴ Source: "Coronavirus (COVID-19) Testing", Our World in Data

¹⁰⁵ Source: "Kuwait begins phased plan to reopen economy, over a million expats remain in lockdown", Gulf Business, June 1, 2020

¹⁰⁶ Source: "Kuwait Government and institution measures in response to COVID-19", KPMG, July 22, 2020

¹⁰⁷ Source: "Kuwait to offer free COVID-19 tests for all, says ministry", KUNA, July 23, 2020

¹⁰⁸ Source: "Kuwait's COVID-19 Response "decisive, rapid, comprehensive" – WHO", KUNA, May 22, 2020

¹⁰⁹ Source: "Kuwait tops COVID-19 Government Response Index", Gulf News, June 6, 2020

¹¹⁰ Source: "New quarantine plan for doctors, nurses, technicians & health inspectors in Kuwait", Zawya, Sep 8, 2020

¹¹¹ Source: "Kuwait to deal with second wave of coronavirus with help from Pakistan", Zawya, August 30, 2020

¹¹² Source: "Kuwait inks coronavirus vaccine deal with international organization", Arab News, July 27, 2020

¹¹³ Source: "Tunisia: Kuwait supports the response to COVID-19 through the WHO", WHO, July 21, 2020

¹¹⁴ Source: "Jordan: WHO and Kuwait support COVID-19 response measures at points of entry", WHO, July 6, 2020

¹¹⁵ Source: "Kuwait says to participate in WHO's initiative for COVID-19 clinical trial", Xinhua Net, May 5, 2020

kits from China for US\$ 16.5 million as part of the program¹¹⁶. Additionally, technology was utilized at various levels to better the country's efforts against the outbreak. The MoH launched a mobile app, called Shlonik, to monitor individuals who are in mandatory home quarantine using a smart barcoded bracelet to track their movements¹¹⁷.

3.5 Oman

Economic Impact

The IMF estimates Oman's economy to contract by 10.0% in 2020

The impact of depressed oil prices and business closures due to stringent lockdown measures has weakened Oman's fiscal position. The Sultanate is also facing increased pressure due to the rising need for public spending to cope with the social and economic fallout caused by the virus outbreak. Consequently, Oman announced several measures to support the economy including suspension of municipal taxes and fees, and liquidity support of ~OMR 8 billion (US\$ 20.8 billion) for the financial sector. Amid increased expenditure and lower revenues, the Sultanate's fiscal deficit is likely to widen over 17% of GDP in 2020, causing public debt to exceed 70% of GDP¹¹⁸. Accordingly, the authorities have announced plans to reduce spending in the 2020 budget by 10% (~5% of GDP)¹¹⁹. This has led to agencies like S&P¹²⁰ and Fitch Ratings¹²¹ to lower Oman's sovereign ratings further into the 'junk' category of 'BB-' from 'BB' with a negative outlook. According to IMF, Oman's GDP growth is expected to contract by 10.0% in 2020, the worst affected amongst the GCC nations¹²².

Infrastructure Developments

Oman increased hospital bed capacity, mobilized human resources and technology to mitigate the crisis

Oman's response to the pandemic was quick, from increasing hospital capacity to mobilizing human resources and technology to mitigate the crisis¹²³. Public sector hospitals emerged as the backbone during the pandemic, having shared a major responsibility in treatment of COVID-19 patients¹²⁴. Mandated by the government, the National Centre for Cardiac Medicine and Surgery of Royal Hospital was fully converted into a treatment center for the virus¹²⁵. Adlife Hospital in Al Amerat, which has a capacity of 64 beds and four ICU beds, is being used as a make-shift hospital by the Oman Medical Association (OMA) to treat the virus infected patients¹²⁶. The authorities also established a field hospital with 250-300 beds in Muscat¹²⁷. Provisions for isolation and quarantine were made in 25 institutional centers in April, which were set up in various governorates across the Sultanate¹²⁸. Vale Oman, in co-operation with the MoH, furnished the Drug Rehabilitation Centre in Sohar to be operated as a quarantine and isolation space¹²⁹. Considering the increasing burden on the government hospitals, the MoH urged private health establishments to ramp up their investments and capabilities in the management of COVID-19. The appeal was made in light of the sizeable disparity in the allocation of hospital beds for expatriates. Bed allocation

¹¹⁶ Source: "Scientific progress": the arrival of ventilators and personal protective equipment from China", Al Qabas, May 3, 2020

¹¹⁷ Source: "MoH taps technology to monitor home-quarantined returnees", KUNA, April 19, 2020

¹¹⁸ Source: "Oman's Economic Update — April 2020", World Bank, April 16, 2020

¹¹⁹ Source: "Policy Responses to COVID-19", IMF, September 25, 2020

¹²⁰ Source: "UPDATE 1-S&P cuts Oman rating deeper into junk, trims Bahrain's outlook", Reuters, March 28, 2020

¹²¹ Source: "Fitch Downgrades Oman to 'BB-'; Outlook Negative", Fitch Ratings, August 17, 2020

¹²² Source: "World Economic Outlook Database", IMF, October 2020

¹²³ Source: "WHO collaboration in Oman's response to COVID-19", WHO, April 2, 2020

¹²⁴ Source: "Oman's private sector urged to boost investment in COVID-19 care", Zawya, June 24, 2020

¹²⁵ Source: "New COVID-19 treatment centre announced in Oman", Zawya, June 24, 2020

¹²⁶ Source: "Oman opens new 64-bed coronavirus field hospital in Muscat", Arabian Business, May 17, 2020

¹²⁷ Source: "Oman boosts hospital capacity as coronavirus cases surge", Reuters, July 2, 2020

¹²⁸ Source: "25 isolation centres set up in Oman", Zawya, April 28, 2020

¹²⁹ Source: "Oman: Vale and MOH sign Cooperation Agreement for furnishing Quarantine Center in North Al Batinah", Webwire, June 2, 2020

ratio in Muscat for Omanis stands at 44.6/10,000 vs 22.4/10,000 nationally, while for expatriates the ratio stands at 7.8/10,000 in Muscat vs 5.0/10,000 nationally¹³⁰.

As cases surged in June, public hospitals and labs started feeling the strain due to the spike in testing demand¹³¹. In response, the government reduced testing to free up resources for severe cases in hospitals. From the onset of pandemic until July, the country conducted ~4,000 tests on a daily basis, after which the number was reduced to around 1,000 tests per day¹³². Amid rising demand for testing in government hospitals, the MoH started diverting suspected patients to private facilities¹³³. The decision to reduce testing was believed to have impacted low-income expatriate community. Therefore, in August, the Sultanate revised the cost of testing in private hospitals to support expatriates for whom the costs were not borne by their employers¹³⁴. Moreover, several diagnostic centers including mobile buses were launched for nationals and expats alike to provide medical consultation and testing. For example, Aster Al Raffah Hospital and Clinics, in collaboration with the MoH, volunteered to provide free medical services for expatriates of Wilayat Muttrah, Muscat¹³⁵.

As of October 31 2020, Oman registered 114,434 COVID-19 positive cases, with 103,060 recoveries and 1,208 deaths¹³⁶.

Government Initiatives & Policy Responses

Oman imposed stringent lockdown restrictions from July 25 until August 8, a period that included the Eid Al Adha holiday¹³⁷. Considering the impact on businesses, the Sultanate announced a number of measures in March to combat the economic strain. These included the suspension of municipal taxes and some government fees until August, postponement of loan servicing for borrowers of Oman Development Bank and SME support fund for six months. In April, the government approved measures to maintain the employment of its citizens and support the affected private sector firms and SMEs through interest-free emergency loans¹³⁸. In June, the Capital Market Authority (CMA) announced an initiative for expats to include all medical tests and treatment costs for COVID-19 in the insurance coverage¹³⁹. To further support the economy, the Central Bank of Oman injected OMR 8 billion (US\$ 20.8 billion) of liquidity to banks while the Ministry of Finance cut 5% of the budget allocated to government agencies for 2020¹⁴⁰.

As cases started to rise in April, the government declared free treatment for both Omani and non-Omani residents¹⁴¹. Consequently, hospital and testing capacity were ramped up through private sector collaboration while partnerships with technology firms helped the government minimize the contamination rate. A contact tracing app, called Tarassud Plus, was launched by the MoH with features such as up-to-date COVID-19 statistics, guidelines, best practices¹⁴² and a registration process for travelers to Oman¹⁴³. Supporting the government's response to the pandemic, several private organizations stepped up by supplying medical equipment and materials to hospitals and clinics. For example, Sonnaa Oman started large-scale production of digital artificial respiration device that simulates the

Oman announced a liquidity stimulus of US\$ 20.8 billion for the financial sector

¹³⁰ Source: "Oman's private sector urged to boost investment in COVID-19 care", Zawya, June 24, 2020

¹³¹ Source: "Oman: testing for coronavirus reduced", The National, July 27, 2020

¹³² Source: "Oman stops coronavirus testing to make room for severe cases", Alkhaleej Today, July 27, 2020

¹³³ Source: "Oman stops coronavirus testing to make room for severe cases", Alkhaleej Today, July 27, 2020

¹³⁴ Source: "MoH revises fee for COVID-19 tests in Pvt hospitals", Oman Observer, August 10, 2020

¹³⁵ Source: "COVID-19: Aster Al Raffah Hospital launches free mobile testing service in Oman", The Arabian Stories, June 4, 2020

¹³⁶ Source: "Coronavirus (COVID-19) Testing", Our World in Data

¹³⁷ Source: "COVID-19: Oman declares full lockdown", Gulf News, July 21, 2020

¹³⁸ Source: "Policy Responses to COVID-19", IMF, September 25, 2020

¹³⁹ Source: "COVID-19 test, treatment free for expats: Health Minister", Oman Observer, April 9, 2020

¹⁴⁰ Source: "UPDATE 1-Oman central bank to offer \$20 bln in extra liquidity", Reuters, March 18, 2020

¹⁴¹ Source: "COVID-19 test, treatment free for expats: Health Minister", Oman Observer, April 9, 2020

¹⁴² Source: "Using technology to contain COVID-19 in Oman", WHO, June 17, 2020

¹⁴³ Source: "Oman's health ministry releases update for Tarassud app", Times of Oman, September 25, 2020

ventilation system¹⁴⁴. Telecom firm Ooredoo QSC donated vital medical equipment to Sohar Hospital for monitoring COVID-19 patients¹⁴⁵, and Omantel forged a partnership with the MoH to purchase laboratory materials for testing¹⁴⁶. In order to look for innovative solutions to combat the pandemic, Muscat-based Research Council launched a COVID-19 research program focused on financially supporting projects that conducted clinical and non-clinical research in the fields of diagnostics, telemedicine, and artificial intelligence (AI) application among others¹⁴⁷.

3.6 Bahrain

Economic Impact

Bahrain, which was already experiencing a number of headwinds from a deteriorating fiscal position, is expected to witness an adverse impact on the broader economy due to the pandemic. Despite ongoing reforms to reduce the budget deficit, high dependency on oil and limited room to cut spending has made the country more vulnerable compared to its GCC peers. In order to support the economy, the government announced US\$ 11.4 billion stimulus package, equating to almost 30% of its GDP¹⁴⁸. The additional financial need is expected to push country's fiscal deficit from 10.6% in 2019 to over 16% of GDP this year. The public debt which was already 100% of its GDP in 2019, is expected to reach 125% of GDP in 2020¹⁴⁹. The IMF estimates the country's GDP to contract by 4.9% in 2020¹⁵⁰. Consequently, S&P and Fitch Ratings downgraded Bahrain's sovereign ratings to 'B+' from 'BB-' with a stable outlook¹⁵¹.

Infrastructure Developments

Since the beginning of the pandemic, Bahrain implemented several precautionary measures and ensured ample bed and testing capacity through its government and private health institutions. In March, the National Health Regulatory Authority (NHRA) started granting private hospitals license to provide medical care for asymptomatic cases of COVID-19 and oversee quarantine facilities. Middle East hospital was granted permit to provide COVID-19 treatment at the Park Regis Hotel which added 172 beds to the existing capacity. The hospital also converted Best Western Hotel and Taj Plaza Hotel into private quarantine centers, adding 260 beds to the capacity. Novotel Hotel in Muharraq, with a capacity of 160 beds, was also converted to a quarantine facility and was overlooked by a specialist medical team from the Bahrain Specialist Hospital¹⁵². In order to keep up with the rise in infection, Bahrain increased bed capacity for patients. In May, a new facility with 184 ICU beds was opened in one of the largest isolation and treatment centers having 814 beds in A'ali¹⁵³. The government also set up a field hospital in Sitra with a capacity of 152 beds and added a makeshift 130-bed ICU at the Bahrain Defence Force Hospital in Riffainto as part of a plan to add capacity of 500 ICU beds for severe cases¹⁵⁴. The BDF hospital, with a 130 bed ICU unit, was among the first in Bahrain to set up latest technology and equipment for COVID-

*The IMF estimates
Bahrain's economy to
contract by 4.9% in 2020*

*Bahrain ensured ample bed
and testing capacity
through its government and
private health institutions*

¹⁴⁴ Source: "The digital innovators leading Oman's COVID-19 response", Oxford Business Group, April 28, 2020

¹⁴⁵ Source: "Ooredoo Supports the Fight Against COVID-19 in Sohar Hospital", Ooredoo, May 10, 2020

¹⁴⁶ Source: "MOH, Omantel Partnership to Deal with COVID-19", Oman News Agency, March 24, 2020

¹⁴⁷ Source: "The digital innovators leading Oman's COVID-19 response", Atalayar, May 6, 2020

¹⁴⁸ Source: "Bahrain distributes COVID-19 'care packages' to nationals in US, UK", Gulf Business, May 12, 2020

¹⁴⁹ Source: "Macro Poverty Outlook (MPO): Bahrain", World Bank, April 2020

¹⁵⁰ Source: "World Economic Outlook Database", IMF, October 2020

¹⁵¹ https://www.business-standard.com/article/international/bahrain-gets-first-rating-downgrade-in-2-years-says-need-more-gulf-aid-120081700030_1.html

¹⁵² Source: "Bahrain allows private hospitals to treat COVID-19 patients", Trade Arabia, March 31, 2020

¹⁵³ Source: "Bahrain inaugurates new 184-bed ICU at A'ali", Gulf Insider, May 24, 2020

¹⁵⁴ Source: "Bahrain sets up coronavirus ICU in military hospital car park", Reuters, April 14, 2020

19 isolation treatment¹⁵⁵. As of September, Bahrain's isolation centers had a total capacity of 8,149 beds, of which 19.2% were occupied¹⁵⁶.

Since the outbreak, Bahrain has increased its focus on testing and has expanded testing capacity to minimize contamination rate. In March, the Bahrain International Exhibition & Convention Center with a capacity of more than 500 beds and 1,200 seats was designated as the main testing center for COVID-19. Later to increase access, a drive through testing center was also launched at the facility¹⁵⁷. The country also ramped up its testing efforts by conducting 2,300 daily random tests across the country through public buses and mobile units¹⁵⁸. Additionally, 11 private hospitals were authorized by the government to conduct COVID-19 swab tests. These hospitals included Middle East Hospital, American Mission Hospital, Awali Hospital, Al Kindi Specialist Hospital, Royal Bahrain Hospital and Ibn Al Nafees Hospital, among others¹⁵⁹. As of July, Bahrain ranked second in the world for tests conducted per 1,000 people¹⁶⁰ and ranked fifth in the world for tests conducted per million¹⁶¹. In August, the country reported that it conducted 707 tests per 1,000 people and exceeded 50% in COVID-19 testing of its population, one of the highest in the world. In addition to boasting of a high recovery rate of 92.2% by August¹⁶², a significant milestone of conducting over 1 million COVID-19 PCR diagnostic tests was achieved as part of Bahrain's 'Trace, Test, Treat' strategy¹⁶³.

As of October 31 2020, Bahrain registered 81,466 COVID-19 positive cases, with 78,719 recoveries and 319 deaths. The total number of tests conducted reached 1,741,755¹⁶⁴.

Government Initiatives & Policy Responses

In a bid to flatten the contamination curve, Bahrain imposed stringent lockdown measures in March and loosened restrictions by early April¹⁶⁵. As businesses were hit, the government was swift to announce a US\$ 11.4 billion stimulus package to bail out the economy. It also announced fiscal support to the private sector through exemption of fees and taxes, remittance of salaries, doubling of size of the liquidity fund to support SMEs, and expand financial support to hard hit sectors through Tamkeen. The government also added BHD 177 million (US\$ 470 million or 1.3% of GDP) to the 2020 budget as an aid, and further granted BHD 5.5 million (US\$ 1.5 million) enhancement to social benefits for lower income families. It also reduced non-priority government agencies expenditure by up to 30% and delayed some capital expenditure to accommodate for the rise in expenses amid lower revenues¹⁶⁶.

The government took effective pre-emptive measures to combat the pandemic and was commended by WHO for its agile response. In addition to imposing strict travel restrictions, extensive testing and tracking were core to Bahrain's strategy to limit the spread of the virus. The country ensured free checkups, quarantine, isolation and treatment services for its citizens as well as residents. The 'Test, Trace, Treat' strategy played a critical role in tracing

Bahrain announced a US\$ 11.4 billion stimulus package to bail out the economy

¹⁵⁵ Source: "The Royal Medical Services provides the latest mobile rooms to isolate suspected cases of Coronavirus", Bahrain MoH, July 1, 2020

¹⁵⁶ Source: "The National Medical Taskforce for Combating the Coronavirus (COVID-19) highlights measures taken to mitigate the spread of COVID-19", Bahrain MoH, September 9, 2020

¹⁵⁷ Source: "Ministry of Health launches a COVID-19 drive-through testing centre at the Bahrain International Exhibition & Convention Centre", Bahrain MoH, April 9, 2020

¹⁵⁸ Source: "Mobile units tests in Bahrain a success", Zawya, August 24, 2020

¹⁵⁹ Source: "NHRA lists 11 Private Hospitals Offering COVID-19 Testing", News of Bahrain, May 2020

¹⁶⁰ Source: "The National Medical Taskforce for Combating the Coronavirus (COVID-19) highlights measures taken to mitigate the spread of COVID-19", Bahrain News Agency, July 22, 2020

¹⁶¹ Source: "The Ministry of Health continues random COVID-19 testing for citizens and residents", Bahrain News Agency, April 17, 2020

¹⁶² Source: "Bahrain Passes One Million COVID-19 Tests Mark", Bahrain News Agency, August 20, 2020

¹⁶³ Source: "The National Medical Taskforce for Combating the Coronavirus (COVID-19) highlights measures taken to mitigate the spread of COVID-19", Bahrain MoH, August 26, 2020

¹⁶⁴ Source: "Coronavirus (COVID-19) Testing", Our World in Data

¹⁶⁵ Source: "Coronavirus: Bahrain one of first nations to ease lockdown as malls reopen", Al Arabiya, April 9, 2020

¹⁶⁶ Source: "Policy Responses to COVID-19", IMF, September 25, 2020

and identifying cases and thereafter managing them¹⁶⁷. Moreover, the government set up a committed National Taskforce for Combating Coronavirus (NRCC), which in co-ordination with different stakeholders took several measures to fight the pandemic. Bahrain was also the first Arab country to join the WHO's Solidarity Trial experiment program¹⁶⁸.

In an initiative to leverage technology, the government made it mandatory for people under quarantine to wear an electronic bracelet compatible with Bahrain's 'BeAware Bahrain' tracking app to monitor their location¹⁶⁹. The MoH also deployed a trio of medical robots to Ebrahim Khalil Khanoo Health Center isolation facility in Manama as an experiment. The initiative is expected to contribute significantly in assessing how technology can minimize the direct exposure of healthcare workers to the virus¹⁷⁰.

¹⁶⁷ Source: "Combating the Coronavirus, Bahrain Offers Health & Economic Success Story", PR Newswire, April 16, 2020

¹⁶⁸ Source: "Bahrain distributes COVID-19 'care packages' to nationals in US, UK", Gulf Business, May 12, 2020

¹⁶⁹ Source: "Bahrain launches electronic bracelets to keep track of active COVID-19 cases", Mobihealth News, April 8, 2020

¹⁷⁰ Source: "Trial of medical robots proving successful in Bahrain", Healthcare IT News, May 28, 2020

4. The GCC Outlook

Investment Focus: Primary and intensive care to upgrade the existing infrastructure with focus on innovative and pre-emptive measures

Investment Focus: Medical equipment supplies with emphasis on bridging the gaps in continuum of care

Investment Focus: Digital and technological infrastructure including AI, Big data analytics and automation with focus on sustainability

COVID-19 has changed the global healthcare landscape within a span of few months. Although the sector has shown more resilience compared to other industries, healthcare systems struggled to cope with the sudden surge in demand for COVID-19 related services which significantly strained their revenue streams. Amid a continued fall in regular care services, demand for virtual care solutions such as telehealth and remote patient monitoring has helped reduce the adversity to an extent. This, in turn, has compelled providers to immediately ramp up investments in digitization to drive future growth and improve operational efficiencies. It has also necessitated the need to upgrade existing infrastructure to better prepare for any potential severe outbreaks in the future. Consequently, some expansion plans by the private sector are likely to be delayed as service providers realign themselves with the new priorities. In the medium-term, operators are likely to increase investments in primary care and intensive care while innovative thinking and pre-emptive measures are likely to become the norm in the healthcare space over the long-term.

The previous experience with the MERS had put the region in a relatively stronger position to tackle COVID-19. Despite the advancements in infrastructure and procedural developments made in recent years, the magnitude of the pandemic highlighted the vulnerabilities of the healthcare system, especially the ability to tackle emergencies. This calls for increased focus on bridging the gaps across the continuum of care. Consequently, industry stakeholders are advocating the need for a stronger integrated healthcare system to ensure adequate equipment and supplies, which has been particularly challenging, and the availability of skilled professionals across medical specialties. This particularly highlights the significance of a cohesive effort and need for strengthening the relationship between the public and private sector participants. The pandemic will likely boost collaborative measures in the sector and pave the way for better disease management, and improved care services across specialties like oncology, cardiology, ophthalmology, and women's health. As the crisis has significantly disrupted supply chains, shortages are expected to be addressed by increasing domestic manufacturing of healthcare products and equipment that will make supply chains more resilient, alongside investment in research activities to spur innovation. The governments will therefore continue to support local manufacturers by offering various fiscal incentives in a bid to make healthcare sector more self-sufficient.

The crisis has incentivized the governments to accelerate the healthcare curve by leveraging private sector expertise in enhancing infrastructure, deploying digitization and automation while increasing medical R&D to evolve faster. Virtual consultations, coupled with innovative solutions like telemedicine, e-ICU, remote monitoring services and online ordering of medicines have already been adopted by various operators amid the crisis. This has not only helped diversify their offerings but also allowed a significant proportion of the primary care delivery to shift to home based services. Such advancements have helped reduce the financial strain on healthcare systems caused by a fall in demand for elective surgeries and non-urgent care. Thus, the use of technology such as AI, Big data and Machine Learning (ML) will be at the core of building new healthcare models. While this trend will be witnessed across the region, UAE would likely be at the forefront of transforming the sector. Nevertheless, improvement in current inefficiencies through better utilization of resources and capacity optimization would still remain critical while creating strategic partnerships with HealthTech/MedTech companies will pave the path for sustainable growth and overcome the challenges of living in a post-COVID-19 era.

Digital advancements, further accentuated by the need for better care among an ageing population and patients suffering from NCDs, is likely to generate opportunities for investments and consolidation in the region. Hospitals and other service providers are likely to scout for inorganic growth opportunities through acquisitions and further diversify their

***Investment Focus:
Acquisitions and
consolidations to achieve
efficiencies in specialised
care for both physical and
mental wellbeing***

offerings. This is expected to help the systems bring about an equilibrium in managing business economics versus cost, while also increase their efficiency and focus on specialized care. At the same time, investor interest is set to amplify as the sector adapts to changes that the pandemic has made necessary. Establishment of facilities and related services that cater to high-risk medical needs such as LTPAC, Post-Acute Rehabilitation (PAR), physical therapy, home care/remote care and the broader field of disease management are expected to be the most lucrative segments. All these segments largely depend on digitization and integration of information flows and process management. Consequently, offerings that are digitally enabled, especially in integrated care and primary care networks, diagnostics, POCT (Point of Care Testing), and disease prevention will continue to be emerging investment segments in the healthcare sector. With increasing change witnessed in case mix and higher acuity cases, health segments that include mining and analyzing data, cross-training of skilled workforce, and ensuring adequate stock of medical equipment and medicines are expected to garner significant attraction from investors. Furthermore, the pandemic has raised interest in both physical and mental wellbeing due to a rise in stress-related disorders. As these ailments are expected to grow, opportunities are likely to emerge for therapists, wellness tourism, along with self-diagnostic healthcare tools. Bridging the existing gap in these fields will be crucial in creating an integrated, better quality, more accessible and resilient healthcare system that can withstand external shocks and meet contingencies.

***Investment Focus: PPP
models in order to have
regulatory reforms to
support the sectors growth
and sustainability***

The GCC governments have exhibited that they can deliver an effective, science-based public health strategy while considering social security as a prime concern. Nevertheless, the regional stakeholders are likely to reprioritize their long-term healthcare plans at a macro level as significant trends come into play. The sector is expected to move towards specialized care due to saturation of general clinics and hospitals amid rising demand due to increased awareness. Economic factors stemming from a population outflow, as well as the high costs of care and dependence on expatriates for skilled medical professionals are some of the challenges that will be addressed through different capacity building initiatives. While emphasizing on overcoming these barriers, the governments are expected to enhance the effectiveness of the delivery system through PPP models, and increase attention on developing a robust medical education system. Focus on privatization is likely to gain further impetus as governments look to reduce their financial burden and concentrate on regulatory reforms. Once the crisis abates and these strategies start materializing, the region will be better positioned for a strong rebound and continued economic growth. Consequently, the healthcare sector is likely to witness a V-shaped recovery as demand for care soars and people proceed with non-urgent treatments and elective surgeries, releasing the congestion post the extensive lockdown period.

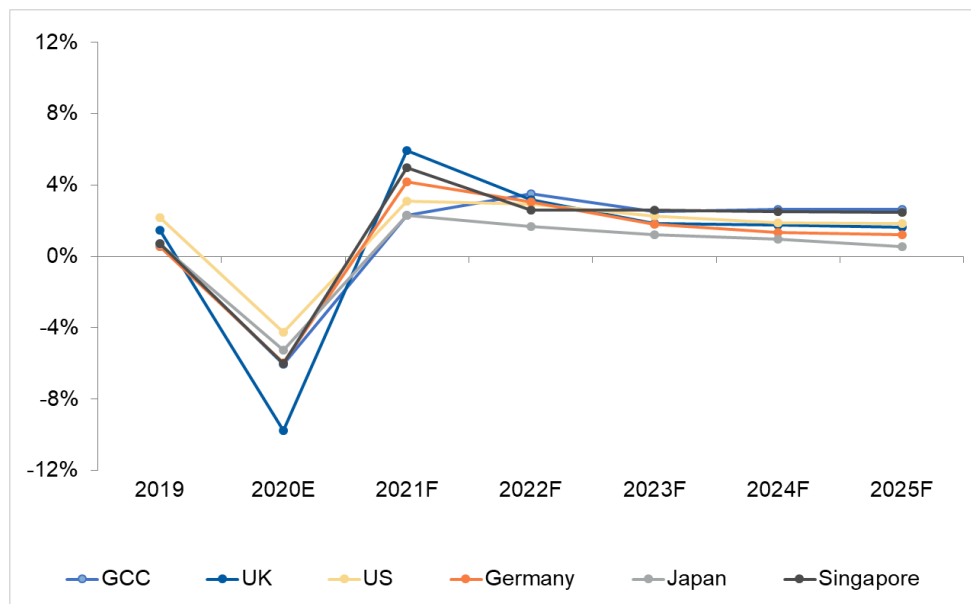
5. Growth Drivers

Post Pandemic Recovery

GCC's GDP is likely to rebound to 2.3% and 3.5% growth in 2021 and 2022, respectively

The GCC governments have already begun to lay the groundwork for recovery and rebuilding a stronger healthcare ecosystem while laying higher emphasis on economic revival. According to IMF, the GCC's GDP is expected to shrink by 6.0% in 2020, in line with contraction of the global economy and other major economies. However, the region is expected to rebound over the next two years with the GDP likely to see a 2.3% and 3.5% growth in 2021 and 2022, respectively, as the COVID-19 situation normalizes¹⁷¹. The GCC is expected to revert to pre-pandemic levels by as early as 2022, marginally surpassing projections in peer countries like the US, UK, Singapore, Japan, and Germany. It is forecasted to maintain a growth trajectory in line with the peer countries up to 2025 (see Exhibit 22)¹⁷². The unprecedented reforms and effective responses to curb the rising cases coupled with strong emphasis towards economic diversification and private sector participation will aid economic growth in the long run¹⁷³. Engaging the private sector as a crucial stakeholder in the healthcare sector will also expand opportunities to build on local manufacturing capabilities¹⁷⁴.

Exhibit 22: Real GDP Growth Projections – GCC vs Peer Markets (2019-2025F)



Source: IMF – October 2020

Note: E – Estimate, F – Forecast

The confluence of all these factors are likely to drive recovery in the healthcare sector. In the short term, surge in demand is expected for elective procedures, especially from non-urgent surgical patients that were put on hold due to the crisis. This pent-up demand is likely to be a boon for the service providers, which remains a valuable source of revenue to support their operations. On the supply side, health systems will be better positioned to rethink their traditional models, and will look to invest in digitization while increasing

¹⁷¹ Source: "World Economic Outlook Database", IMF, October 2020

¹⁷² Source: "World Economic Outlook Database", IMF, October 2020

¹⁷³ Source: GCC Region Mega Trends, Forecast to 2030, Frost & Sullivan, October 5, 2020

¹⁷⁴ Source: "How can the GCC strengthen its health disaster preparedness", Gulf Business, August 11, 2020

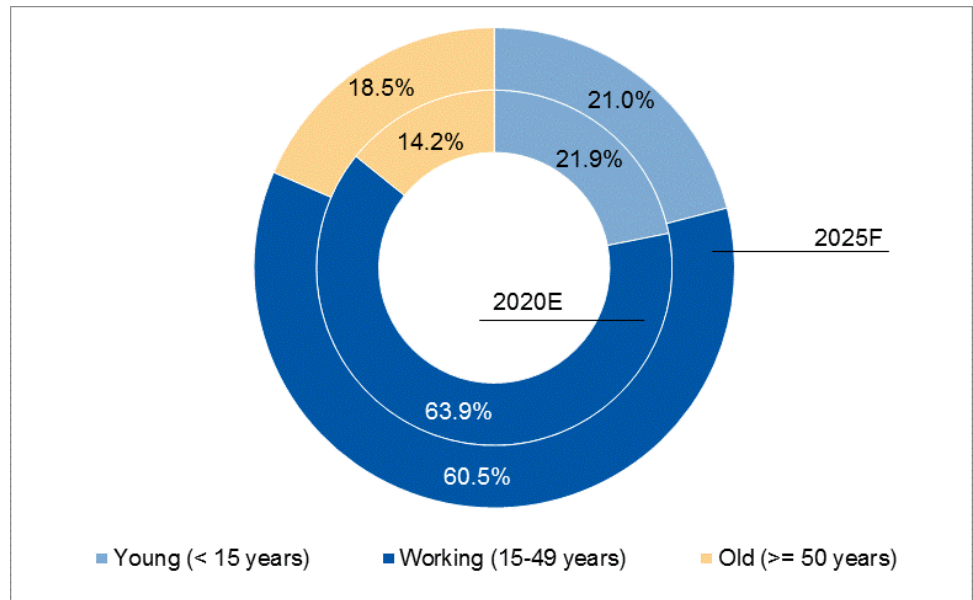
investments in critical care infrastructure. Pandemic preparedness will speed up the deployment of telemedicine and remote care while also accelerating innovation in AI solutions. At the same time, the sector is likely to enhance care delivery and processing capabilities through virtual hospitals and health information systems¹⁷⁵. Such advancements are likely to create new revenue streams for the health systems and, in turn, boost the GCC healthcare ecosystem.

Favorable Demographics

Rising and ageing population, increase in life expectancy and low infant mortality rate are the key demographics driving the region's healthcare system

Improvements in infant mortality rate, increasing life expectancy at birth and an ageing population are the key demographics driving the region's healthcare system. The number of older people (aged 50+) are expected to increase at a CAGR of 6.9% between 2020 and 2025. Consequently, elderly population is expected to comprise of 18.5% of the total by 2025, up from 14.2% in 2020 (see Exhibit 23)¹⁷⁶. The GCC's population, which is growing at a faster annual rate than the world average of 1.0%, is expected to grow at a CAGR of 2.3% between 2020 and 2025¹⁷⁷. The combination of these factors should boost the demand for long-term care centers and healthcare services across the GCC. At the same time, rising health consciousness among individuals is also likely to give impetus to preventive treatment and medical clinics in the region.

Exhibit 23: Population Age Distribution



Source: UNPD

Note: E – Estimate, F – Forecast

High Prevalence of NCDs

The GCC countries are increasingly facing health problems similar to the western world such as high prevalence of NCDs. Sedentary lifestyles, poor food habits and unhealthy choices have led to a higher prevalence of diabetes, cardiovascular disease, obesity, and other

In the GCC, diabetes prevalence was recorded at 14.3% of the total population as of 2019

¹⁷⁵ Source: The Reshaping of Industries Caused by COVID-19, Frost & Sullivan, October 7, 2020

¹⁷⁶ Source: "World Population Prospects 2019", United National Population Division (UNPD)

¹⁷⁷ Source: "World Economic Outlook Database", IMF, October 2020

chronic conditions in the region. The MENA region had the highest age-adjusted prevalence of diabetes in adults, recorded at 12.2% of the population as of 2019, and is expected to further rise to 13.9% by 2045¹⁷⁸. In the GCC, most countries have obesity rates higher than the recommended levels by the WHO, while diabetes prevalence was recorded at 14.3% of the total population as of 2019¹⁷⁹. Saudi Arabia had the highest deaths due to diabetes among the GCC nations in 2016¹⁸⁰.

Moreover, lack of adequate focus on disease management, prevention and early-stage intervention is driving NCD-related mortality rates in the GCC. As of 2017, Bahrain had the highest NCD related mortality cases (83%), followed by the UAE (77%), Saudi Arabia (73%), Kuwait and Oman (72% each), and Qatar (69%)¹⁸¹. Notably, 17.9% of the adult population in Saudi Arabia suffers from diabetes and over 40% of the Kingdom's citizens are considered to be obese¹⁸². As a result, obesity and diabetes remain a major risk factor for cardiovascular diseases and other heart related complications within the region. Considering the high cost and the duration of treating such diseases, the healthcare expenditure in the GCC is expected to increase in the coming years. Additionally, the rise in such chronic ailments is likely to increase the demand for specialized healthcare facilities and a more skilled workforce to address the consequent rise in complex treatment procedures.

Mandatory Health Insurance

The GCC healthcare sector has been primarily driven by governments, which has put significant burden on state finances. In a bid to transfer some of the cost to individual citizens, employers and insurers, amid deepening fiscal deficits and budget constraints, governments have introduced mandatory health insurance schemes. Currently, GCC countries are at different stages of rolling out mandatory health insurance. Buoyed by the already widespread implementation in the UAE and Saudi Arabia, the health insurance market in the GCC is estimated to have reached US\$ 13.4 billion in 2019¹⁸³. In the UAE, the contribution of the health insurance to the non-life insurance segment increased to 55.8% in 2018 from 44.1% in 2013¹⁸⁴. The UAE's new retirement visa scheme for expatriates lists mandatory UAE health insurance as one of its major criteria, highlighting the country's efforts to encourage adoption¹⁸⁵. In the rest of the GCC countries, mandatory health insurance is expected to be fully implemented by 2021-22, which will significantly increase the utilization of medical services at private healthcare facilities. Higher utilization and rising demand for quality care will continue to drive healthcare costs, and hence the overall cost of insurance. Consequently, the GCC health insurance market is expected to grow at a CAGR of 11.3% between 2020 and 2025 to reach US\$ 25.5 billion¹⁸⁶.

Strong Project Pipeline

Rising elderly population and NCD related ailments have necessitated the development of an infrastructure that could support the rise in demand for such services in the coming years.

¹⁷⁸ Source: "IDF Diabetes Atlas 9th Edition", International Diabetes Federation; World Atlas

¹⁷⁹ Source: International Diabetes Federation, Diabetes Atlas, World Bank

¹⁸⁰ Source: "Global Health Observatory data repository", WHO

¹⁸¹ Source: "Global Health Observatory data repository", WHO

¹⁸² Source: "Privatization, Localization, and Digitalization will Determine the Future of the KSA Healthcare Market", Frost & Sullivan, July 16, 2020

¹⁸³ Source: "GCC Health Insurance Market 2020-2025", IMARC Group, August 20, 2020

¹⁸⁴ Source: "UAE Insurance Authority", 2019

¹⁸⁵ Source: "Dubai launches retirement visa scheme for expats", Arab news, September 2020

¹⁸⁶ Source: "GCC Health Insurance Market to Reach US\$ 25.5 Billion by 2025, Spurred by Favorable Government Initiatives, imarcgroup, March 24, 2020

The gradual rollout of compulsory health covers across the region will increase the utilization of medical services at private healthcare facilities

The region has an estimated 161 healthcare projects with a combined value of US\$ 53.2 billion under various stages of development

Dubai and Abu Dhabi lead the region in attracting the highest number of medical tourists, and rank among the top 10 most popular medical tourism destination in the world

Regional governments and private operators have consequently laid out plans to increase the number of hospitals, primary healthcare centers, clinics and laboratories. The region has an estimated 161 healthcare projects with a combined value of US\$ 53.2 billion under various stages of development. Upon completion, these projects are expected to add more than 40,326 beds to the region's existing capacity. Saudi Arabia has the highest number of healthcare projects under construction, accounting for 19.2%, followed by Kuwait (12.9%), the UAE (10.3%), and Oman (2.1%)¹⁸⁷. The massive investment in building a robust infrastructure is in line with regional governments' agendas to transform their healthcare ecosystem and improve the quality of healthcare services.

Inbound Medical Tourism

The GCC countries continue to promote the region as a hub for medical tourism as part of their economic diversification plans. Dubai and Abu Dhabi lead the region in attracting the highest number of medical tourists in the region. The cities were ranked as the sixth and ninth most popular medical tourism destinations in the world during 2020-21. Dubai witnessed a 4% y-o-y rise in medical tourism arrivals in 2019 to reach 350,118. Asian tourists accounted for the highest share of 34%, followed by medical tourists from neighboring Arab countries at 28%; and 17% from Europe¹⁸⁸. The growth can be largely attributed to the Emirate's modern healthcare facilities and its commitment to enhance the experience of international patients and wellness tourists. Within Dubai, dentistry, orthopedics and dermatology were found to be the key treatments for inbound tourists¹⁸⁹.

Dubai is also a prominent hub for cosmetic surgery and is home to the largest number of cosmetic surgeons per capita in the region, at about 50 specialists per million people¹⁹⁰. In order to attract over half a million medical tourists by 2021, the DHA issued 3,397 licenses to healthcare facilities in Dubai, while 45 new health facilities, a hospital, and 10 general and specialized medical clinics were inaugurated during the first half of 2020¹⁹¹. Moreover, Dubai has 20 licensed centers specializing in traditional, complementary, and alternative medicine (TCAM) that are particularly popular among foreign patients. In September 2019, the healthcare arm of Abu Dhabi's Mubadala Investment Co. signed a new agreement with Nirvana Travel and Tourism to grow medical tourists from the Gulf region, Africa, Russia, China and India¹⁹². Similar efforts are being initiated by the other GCC nations to appeal international medical tourists. For example, Saudi Arabia's ambitious eHealth strategy aims to connect all levels of care digitally and attract international patients through a five-year implementation plan¹⁹³. Bahrain too holds a distinct reputation for specialized healthcare in the areas of cardiology and oncology, which helps the country attract sizeable medical tourists. As quality of infrastructure and care continues to soar, the region is expected to attract higher number of medical tourists and simultaneously reduce the outbound medical tourism. Accordingly, the GCC medical tourism market is expected to reach US\$ 28 billion by the end of 2024, growing at a CAGR of 8.8% since 2018¹⁹⁴.

¹⁸⁷ Source: "MENA Healthcare Poised for Post COVID-19 Growth", MEED, August 12, 2020

¹⁸⁸ Source: "Global Medical Tourism Index (MTI) 2020-2021", "Arab MTI 2020-2021", Medical Tourism

¹⁸⁹ Source: "Dubai's DHA says 'on track' to attract 500,000 medical tourists by 2021", Gulf Business, August 22, 2019

¹⁹⁰ Source: "Dubai is the 'new Beverly Hills of the Middle East': Here's why", Gulf News, February 2020

¹⁹¹ Source: "Dubai gets top rank in medical tourism destination in the region and sixth in the world", Gulf News, September 02, 2020

¹⁹² Source: "Future Trends in Medical Tourism in the GCC", IMTJ, March 5, 2020

¹⁹³ Source: "National E- Health Strategy", Ministry of Health, Saudi Arabia

¹⁹⁴ Source: "UAE top medical tourism destination in GCC", Zawya, September 2020

6. Challenges

Economic Slowdown

Job losses and business closures caused by the COVID-19 pandemic is likely to reduce demand in the near term

The GCC region remains highly reliant on the hydrocarbon sector to drive economic growth and public sector spending. Amid lower revenues due to the sharp correction in oil prices, the regional governments have come under increased pressure to aid the healthcare sector in terms of spending. The slump, further aggravated by lower demand due to the COVID-19 outbreak, is likely to result in US\$ 270 billion in revenue losses for the GCC countries¹⁹⁵. This will further widen the region's fiscal deficit to a substantial 10.5% of GDP in 2020¹⁹⁶. Consequently, the IMF estimates the GCC economy to shrink by 6.0% in 2020, down significantly from the previously anticipated fall of 2.7%¹⁹⁷. While the governments have taken unprecedented measures to stimulate economic activity through fiscal stimulus, the spending constraints could potentially slowdown the pace of growth in the healthcare sector. Infrastructure development plans are likely to be delayed, while private operators will re-evaluate expansion strategies to align with the changing economic landscape. Additionally, job losses and business closures caused by the COVID-19 pandemic is likely to reduce demand in the near term.

COVID-19 Eroding Private Sector Profits

Revenue streams for hospital chains, labs and clinics have come under increased pressure amid the COVID-19 outbreak

COVID-19 has had a profound impact on regular care delivery in the GCC. Demand for primary and secondary care, dental services, mental healthcare and allied health services have contracted significantly due to rise in COVID-19 medical procedures. This has led to around 8 million fewer patient contacts per week in the region, hampering profitability for many operators¹⁹⁸. The pandemic has significantly impacted the Emergency Departments as elective surgeries have been cancelled or postponed until further notice, as patients have avoided visiting clinics amid the lockdown due to the fear of contracting the virus. Consequently, revenue streams for hospital chains, diagnostics centers/ laboratories and clinics have come under increased pressure. For instance, demand for non-COVID medical procedures, including the most lucrative operations has fallen for private sector hospitals in Saudi Arabia. The private healthcare sector is largely facing the heat as people opt for public providers as cheaper alternatives for treatment. As a result, hospitals are lowering their prices to stay competitive, which is likely to erode profit margins, strain revenues and derail any expansion strategy¹⁹⁹. As private healthcare operators are expected to suffer revenue losses from the pandemic induced recession, the overall impact is likely to stress the GCC healthcare sector's business fundamentals.

On the other hand, health insurers in Saudi Arabia and the UAE face a profit squeeze as insurance premiums are failing to keep pace with the rising value of medical claims amid the COVID-19 pandemic. While treatment is free for the nationals of the two nations, foreign residents - who constitute approximately 38% and 88% of the Saudi and UAE populations respectively - rely on private insurance provided by their employer²⁰⁰. This has adversely impacted investor sentiments for example, share prices of Saudi Arabia's two biggest health

¹⁹⁵ Source: "GCC to lose \$270 billion in oil revenues in 2020, says IMF, Gulf News, July 13, 2020

¹⁹⁶ Source: "Regional Economic Outlook Update: Middle East and Central Asia", IMF, July 2020

¹⁹⁷ Source: "Regional Economic Outlook: Middle East & Central Asia", IMF, October 2020

¹⁹⁸ Source: "Half of GCC's regular healthcare on hold due to COVID-19", Consultancy.me, March 2020

¹⁹⁹ Source: "Saudi private healthcare firms business under pressure despite coronavirus: Report", Al Arabia English, April 26, 2020

²⁰⁰ Source: "2020 Global Medical Trends Survey Report", Willis Towers Watson

insurers - Bupa Arabia For Cooperative Insurance Co. and The Co. for Cooperative Insurance (Tawuniya) - tumbled 21.3% and 30.1%, respectively, from January 23 to March 23, 2020²⁰¹. Consequently, insurers are likely to tweak their product offerings with a potential increase in rates.

Shortage of Medical Professionals & Healthcare Institutes

The GCC has been largely dependent on highly skilled expatriate talent for the expansion of the healthcare sector

Given the inherent shortage of medical professionals from the region, the GCC has been largely dependent on highly skilled expatriate talent for the expansion of the healthcare sector. The outbreak of COVID-19 has intensified the burden on the region's limited healthcare resources. As a result, doctors and paramedics from Asian countries like India²⁰² and Pakistan²⁰³ were called by Kuwait and UAE to meet the sudden rise in demand for care. However, the growing nationalization of jobs within the region is likely to present a unique challenge for healthcare operators going forward. In Saudi Arabia, authorities recently denied the renewal of employment contracts of a number of expatriate health employees who exceeded 10 years of service in the Kingdom, in line with their 'Saudization' plans²⁰⁴. Similar localization initiatives are being implemented in the other GCC nations such as Oman.

Capacity building activities and programs aimed at cultivating nationally-trained healthcare professionals are essential in the GCC

With the accelerated development of medical cities and hospitals underway, the need for skilled medical professionals is set to rise exponentially²⁰⁵. Consequently, capacity building activities and programs aimed at cultivating nationally-trained healthcare professionals are essential in the GCC. As of 2017, the GCC was home to 139 healthcare education institutes with Saudi Arabia (77 institutes) and the UAE (24 institutes) accounting for ~73% of the total. While there are several nursing schools in the region, institutes for other health disciplines such as dental, medical and pharmaceutical are inadequate. For instance, there is a need to establish a college of dentistry in Bahrain and Qatar so that the nations are less reliant on international dental graduates²⁰⁶. Moreover, the region should focus on scaling up the training capacity of their existing schools and aim for international accreditation for the development of higher quality healthcare programs. This will reduce the shortfall in nationally-trained medical professionals and the subsequent dependency on expatriate workforce²⁰⁷.

Limited Specialized Care Centers

The GCC healthcare system has limited capacity and technology to treat patients suffering from cancers, neurological disorders and cardio surgeries

Despite a well-established and growing healthcare sector, GCC countries experience supply gaps for a number of specialty segments such as cancers, neurological disorders, cardio surgeries, and trauma & rehabilitation services. As a result, outbound medical tourism for such complex cases has been on the rise, creating a huge strain on the government budgets. For instance, the DHA spends millions of dollars to cover the costs of UAE nationals seeking healthcare overseas. In 2018, a total of 1,207 patients were sent abroad by the DHA for treatment with total expenditure of AED 331 million (US\$ 90.1 million). Nearly 25.4% of the patients sent abroad sought oncology treatments, followed by 10.8% for

²⁰¹ Source: SA:8210, SA:8010, Historical Stock Price Quotes, Bloomberg

²⁰² Source: "India Agrees In Principle To Send Doctors, Nurses To UAE", Business LIVE ME, April 30, 2020

²⁰³ Source: "Pakistan to send 600 health workers to Kuwait", Arab News, May 15, 2020

²⁰⁴ Source: "Saudi Arabia not to renew contracts of expat health workers after 10 years", Gulf News, September 2020

²⁰⁵ Source: "People Shortage in Healthcare: Plan Now for the Future", Cielo

²⁰⁶ Source: "Capacity building in health care professions within the GCC countries", BMC Medical Education, March 14, 2019

²⁰⁷ Source: "Country Cooperation Strategy at a glance - Kuwait", WHO, March 12, 2019

orthopedic surgery, 7.6% for ophthalmology, and 6.7% for neurology and neurosurgeries²⁰⁸. There is also a lack of sufficient facilities that offer LTPAC across the GCC, which could exaggerate the strain on existing resources and restrict treatment availability for patients. This mismatch between demand and supply is likely to pose a challenge for the GCC healthcare sector.

Rising Cost of Healthcare

Gross medical inflation rates ranged between 3.5% and 9.1% in the GCC countries during 2020, with Saudi Arabia witnessing the highest rate

Cost of healthcare services continue to rise within the GCC due to growing demand for complex conditions amid limited availability of specialized treatment centers. Gross medical inflation rates ranged between 3.5% and 9.1% in the GCC countries during 2020, with Saudi Arabia witnessing the highest rate. In 2020, Saudi Arabia's medical inflation stood at 9.1%, up from 3.9% in 2018, due to the new 5% VAT introduced in January 2018. In UAE medical inflation increased to 9.0% in 2020 from 5.8% in 2018²⁰⁹. Additionally, rising cases of NCDs and other chronic conditions is also inflating demand for complicated treatment procedures and driving costs up. In the GCC, diabetes and obesity are common among the top causes of claims, with type 2 diabetes affecting 31.6% and 25% of the population in Saudi Arabia and the UAE, respectively²¹⁰. This along with high prevalence of obesity rates in the region is likely to lead to conditions such as cardiovascular disease, peripheral vascular disease and kidney disease. Although the implementation of mandatory health insurance has reduced the cost burden for the expatriate population, they still prefer to seek affordable treatment options at their home. The pandemic has only intensified this massive strain on healthcare resources and capacity, which in turn will have a strong bearing on future costs. The confluence of the above factors, coupled with scarcity of skilled and trained medical professionals and the rising cost of medical technologies, could further pose a significant challenge for the GCC's healthcare sector.

²⁰⁸ Source: Dubai Annual Health Statistical Report 2018, Dubai Health Authority (DHA), Government of Dubai

²⁰⁹ Source: "2021 Global Medical Trends Survey Report", Willis Towers Watson

²¹⁰ Source: "Health insurers in UAE, Saudi face added profit squeeze from COVID-19", S&P Global, March 2020

7. Trends

The governments are actively encouraging the PPP model to meet the rising medical needs while reducing the burden of financing

Greater PPP Involvement for Healthcare Infrastructure Development

In order to bridge the demand-supply gap amid rising healthcare needs, regional governments are actively encouraging the involvement of private players through PPP model. Moreover, privatization of hospitals and allied services remains at the forefront of the governments' economic diversification agenda, which will not only reduce the burden of financing but also enhance the quality of care in the region. The Saudi Arabian MoH aims to increase private sector contribution in total healthcare spending to 35% by 2020²¹¹. Subsequently, the government has allowed 100% foreign ownership in healthcare companies and plans to privatize several public healthcare facilities²¹². In June 2019, Saudi Arabia announced its first healthcare PPP project that targets radiology and medical imaging services covering several hospitals in the greater Riyadh area²¹³. On other hand, private participation has been on the rise in the UAE. DHA is creating an investment strategy which would promote Dubai as a competitive hub for investment in healthcare and enable sustainable public-private models in Dubai (DHA Investment Strategy 2017–2020)²¹⁴. In December 2018, DHA announced plans to open a US\$ 100 million cardiology hospital in the Rashid Complex in Dubai under PPP. The hospital is scheduled to open in 2022²¹⁵. Several other healthcare PPPs and investments were in the works, like Abu Dhabi's intent to procure around AED 10 billion (US\$ 2.7 billion) of PPP infrastructure projects in 2020 across sectors²¹⁶. Through PPP, the regional governments can leverage efficiencies and expertise of the private players to achieve their development goals and match international best practices.

GCC governments are focusing on preventive care in a bid to reduce the incidence of lifestyle-related diseases and associated costs

Increased Focus on Preventive Care

The regional governments are focusing on preventive care in a bid to reduce the incidence of lifestyle-related diseases and associated costs. This will in turn help ease the burden on hospitals and existing healthcare resources. For instance, the UAE government is encouraging initiatives such as free screening for early detection of breast cancer and diabetes in collaboration with the private sector²¹⁷, while also promoting physical activity and healthier lifestyles²¹⁸. The MoH also launched the Health Heroes App to create awareness among children on the importance of adopting a healthy lifestyle in line with the National Agenda's aim to combat obesity among children²¹⁹. Similarly, the Saudi Arabian government has rolled out the 'Quality of Life Program 2020' among other initiatives that focuses on fitness and preventive care with the aim to reduce obesity by 3% and diabetes by 10% in the Kingdom by 2030²²⁰. The Saudi Arabian Ministry has also developed a national executive plan to control as well as prevent the occurrence of diabetes. Under the plan, MoH conducts anti-diabetes national education programs as well as campaigns, and has

²¹¹ Source: "National Transformation Program 2020", Saudi Arabia Vision 2030

²¹² Source: "The Privatization of Health Care System in Saudi Arabia", Saudi Arabia Vision 2030, NCBI PMC

²¹³ Source: "Saudi Arabia seeks bids for first public-private healthcare project", Arabian Business, June 2019

²¹⁴ Source: "Investments and PPP's Department", DHA Investment Strategy 2017-2020, DHA

²¹⁵ Source: "New Dubai hospital to be built on public-private model", Gulf News, December 2018

²¹⁶ Source: "Abu Dhabi to issue \$2.7bn tenders for infrastructure projects in PPP push", Arabian Business, February 2020

²¹⁷ Source: Good Health and Well-being, UN's 2030 Agenda, UAE government

²¹⁸ Source: Projects & Initiatives, UAE Ministry of Health & Prevention

²¹⁹ Source: "Ministry of Health and Prevention launches Health Heroes smart app", UAE MoH, November 25, 2016

²²⁰ Source: "Privatization, Localization, and Digitalization will Determine the Future of the KSA Healthcare Market", Frost&Sullivan

launched specialized centers to combat the rising prevalence of the disease²²¹. Kuwait MoH has introduced geriatric services at Primary Health Care (PHC) level, and established mini clinics for chronic health problems and preventive services. On the other hand, Qatar's PHCC launched a new five year strategic plan (2019-2023), which classifies preventive health as one of the six priority areas.²²²

In the wake of COVID-19, integration of technology as part of the preventive care model has become imperative. Majority of the governments have already introduced contact tracing apps to better manage the pandemic. The region has also started making use of early diagnostic tools and more accurate predictive models for health assessment and management, while innovators continue to harness big data, blockchain, AI, and other such smart technologies to enhance preventive care. Moreover, the increased adoption of devices that can track health activity, vital signs, sleep, sugar levels, and more, exhibit the rising health awareness in the region. The GCC countries currently spend between US\$ 31 and US\$ 131 per person on preventative care, vis-à-vis an average of US\$ 450 in European countries²²³.

Growing Prominence of LTPAC and Home Healthcare Services

With the onset of COVID-19, the relevance of home healthcare services, especially remote care delivery, have multiplied

Home healthcare services and LTPAC facilities are rising in popularity across the GCC. Apart from being less expensive compared to hospital admission, it is also a preferable option for aged patients as treatment is enhanced at the comfort of home. For instance, in Saudi Arabia, services could reportedly be provided to a patient at home for less than SAR 300 (US\$ 80) as compared to ~SAR 2,000 (US\$ 533) per day for a hospital bed²²⁴. Saudi authorities are also working in line with their e-Health strategy that aims to improve the accessibility and quality of remote care to citizens through utilizing telemedicine. The UAE too provides free home healthcare services for eligible citizens, ranging across medical care, rehabilitation, natural treatments, dental, optical, dermatological and diabetes treatments, and preventive care. Nursing services, physiotherapy, pharmaceutical delivery, stroke recovery, senior care, post-surgery, post-discharge and wound care, and disease management are also some home healthcare services being explored in the region²²⁵. Given the shortage of skilled doctors and nurses in the region, these services hold the potential to provide convenience of care and reduce the burden on hospitals. Eyeing the growing opportunity in this market, Air Liquide entered the home healthcare services with the acquisition of the respiratory division of Thimar Al-Jazirah Co. (TAC), a leader in the pharmaceutical, respiratory medical services, and dental industries in Saudi Arabia²²⁶. Similarly in Bahrain, KIMS hospital has collaborated with France-based CLINEA to provide long-term rehabilitation and post-acute care through a new 10-storey facility which will have 110 rehabilitation beds²²⁷. On the other hand, Manzil Healthcare services entered into a strategic partnership with Kuwait Life Sciences Company in 2019 to expand their healthcare solutions for the ageing population in Kuwait²²⁸.

²²¹ Source: "Media Report on the MOH Efforts of Educating on Diabetes, Saudi Ministry of Health, November 2013

²²² Source: "PHCC launches five-year plan", Qatar Tribune April 30, 2019

²²³ Source: "A Healthcare Prescription for the GCC", Bain & Company, January 12, 2018

²²⁴ Source: "Award-winning Saudi health care organization homes in on global awareness day", Arab News, October 18, 2019

²²⁵ Source: "How to get home healthcare services in the UAE", Gulf News, December 2019

²²⁶ Source: "Air Liquide enters Saudi home healthcare market", Global Growth Markets, January 05, 2018

²²⁷ Source: "KIMS collaborates with CLINEA for advanced rehabilitation services", Economic Times, October 10, 2019"

²²⁸ Source: "Home Healthcare provider to boost Kuwait Healthcare", Laing Buisson, October 9, 2019

With the onset of the COVID-19 pandemic, the relevance of such services, especially remote care delivery, have largely multiplied. As a result, regional governments and healthcare providers have been working cohesively to offer integrated services on digital platforms that eliminates the need for physical care, check-ups, consultations, and treatment. Driven by the pandemic, video consultation calls as an alternative for outpatient visits and primary care consultation is increasing fast across the region. In May 2020, the UAE MoHAP announced strengthening its telemedicine system, which offers supporting medical specialties such as nutrition and physiotherapy, among other services²²⁹. It is also crucial that operators start delivering other forms of care at home such as monitoring chronic patients or the treatment of vulnerable patients who require dialysis or chemotherapy. Similar approaches can be applied for prevention or treatment programs in primary care and mental healthcare departments²³⁰.

Focus on Specialized Centers of Excellence (CoE)

Specialized CoEs are gaining prominence amid high demand for complex healthcare services in the region

Given the high demand for complex healthcare services in the region and the increasingly important need for quality improvements, specialized COEs have been gradually gaining ground in the GCC. Future investments in the health sector are largely being driven to fill this quality gap, and majority of the upcoming projects are focusing on the provision of specialized treatments. For instance, the Sheikh Shakhbout Medical City, established as a joint venture by Abu Dhabi Health Services Company and Mayo Clinic in November 2019, is one of UAE's largest hospitals for serious and complex care²³¹. In August 2020, it launched three new specialty surgical services in bariatric care, thoracic and colorectal surgeries²³². In September 2020, the UAE MoHAP announced the advanced international accreditation of Sharjah's Al Qassimi Hospital as a CoE for bariatric surgery, making it the world's first hospital outside the US to receive this award²³³. Saudi Arabia's King Faisal Specialist Hospital & Research Centre (KFSH&RC) is another tertiary healthcare provider for specialized medicine services such as oncology, cardiology, transplants and fertility, with about 1 million outpatient visits annually²³⁴.

In addition to focusing on establishing specialized centers for treatment, governments are also collaborating with private institutes to build specialized research facilities in the region. For example, GE Healthcare announced a partnership with Tatweer Medical Co. in February 2018 to develop an advanced Centralized Diagnostic Radiology Facility that is projected to become one of the largest specialized private medical campus in Saudi Arabia²³⁵. Abbott established the Abbott Diabetes Academy in the UAE, a dedicated training academy for healthcare professionals working with diabetes patients. In addition to acting as a CoE for specialized medical fields, these institutes provide practical tools for disease management and research. The increase in specialized care centers across the GCC will help reduce outbound medical tourism.

²²⁹ Source: "UAE MoHAP strengthens telemedicine system", Tahawultech, May 2020

²³⁰ Source: "Half of GCC's regular healthcare on hold due to COVID-19", Consultant ME, March 31, 2020

²³¹ Source: "Abu Dhabi Health Services, Mayo Clinic announce launch of new medical city", November 2019

²³² Source: "Sheikh Shakhbout Medical City launches three specialty surgical services", Zawya, August 2020

²³³ Source: "Al Qassimi Hospital obtains JCI accreditation as centre of excellence for bariatric surgery", Zawya, September 2020

²³⁴ Source: "King Faisal Specialist Hospital & Research Centre progresses transformation program by virtually upgrading its Integrated Clinical Information System", Cerner, August 2020

²³⁵ Source: "GE Healthcare signs MoU with Tatweer Medical", Saudi Gazette, February 7, 2018

Technology integration is likely to positively spur inclusivity, accessibility, affordability, and growth in the GCC healthcare sector

Technology Driving Enhanced Healthcare Outcomes at Lower Costs

Technological innovations have made rapid strides in healthcare and remains a key enabler for developments in the GCC healthcare space. The countries have been investing heavily in healthcare information technology such as e-Visits, digitization of electronic medical records (EMR/EHR), data analytics, and mobile applications for patient engagement for improved healthcare delivery and disease management. Innovators are also leveraging new and advanced technologies such as artificial intelligence (AI), machine learning (ML), blockchain, augmented reality/virtual reality (AR/VR), cloud computing and big data analytics to create faster, more efficient and predictive healthcare tools to improve outcomes. Amid broader use of technology in the healthcare ecosystem, the DHA recently launched a Resuscitation Quality Improvement (RQI) program for medical professionals at Rashid Hospital, training them to use smart technology through electronic simulation²³⁶.

Technology is also assisting the region in combating the COVID-19 crisis. In addition to introducing contact tracing apps, the region is using multiple platforms assisting in remote care delivery. For example, the UAE MoHAP launched a chatbot service, Virtual Doctor, for people to assess if their symptoms could be associated with the COVID-19 virus²³⁷. Similar measures have been introduced by the other GCC nations to combat the pandemic. This has accelerated the adoption of e-consultation, telehealth, self-diagnostics, health monitoring devices, consumer wearables, and other digitalized offerings in the region. Notably, telemedicine has emerged as an effective tool for combating COVID-19, while also bridging the gap between patients, physicians and health systems. In addition to reducing costs and improving access to care, telemedicine offers a great potential as a sustainable solution to provide care remotely. The GCC already had the technology put into practice with several countries offering virtual consultation, remote radiography, and other diagnostics services. For example, Abu Dhabi's Mubadala Investment Co. signed an agreement with Switzerland's Medgate in 2014 to create Abu Dhabi Telemedicine Centre. In Bahrain, Skype Telemedicine Solutions provides remote radiography, helping navigate the shortages in specialized care and improve patient services²³⁸. More recently, the National Health Authority of Bahrain and the country's MoH implemented legislations that allowed hospitals and clinics for the first time to use internal and external methods of telemedicine without requiring a license²³⁹. Such technology integration is likely to positively spur inclusivity, accessibility, affordability, and growth in the GCC healthcare sector. Annual investment in digital infrastructure is expected to increase by US\$ 500 million to US\$ 1.2 billion in the next two years, a 10% to 20% rise compared to previous estimates of 3% to 4%, while virtual visit volumes are likely grow 4x by Q4 2020²⁴⁰.

GCC is moving towards 'value-based' healthcare model that focuses on enhancing treatment outcomes while lowering costs

Shift to Value-Based and Customer-Centric Healthcare Models

The GCC is witnessing a shift in its healthcare system from a 'fee-for-service' to a 'value-based' healthcare model that focuses on enhancing treatment outcomes while lowering costs. The approach specifically facilitates payments to healthcare providers based on patient-centric health outcomes, thus enabling payer and provider interests to align. This application has helped reduce costs by 17% globally, particularly in North America, for similar or even superior clinical outcomes and patient experience²⁴¹. This trend is

²³⁶ Source: "Dubai Health Authority provides Rashid Hospital with the latest technology for on-site CPR training of healthcare professionals", Emirates News Agency, August 2020

²³⁷ Source: "Digital Health: Going beyond containing the COVID-19 infection rate", Arab Health

²³⁸ Source: "Smart solutions applied to patient care in the GCC", Oxford Business Group, March 2020

²³⁹ Source: "What will future of Telemedicine look like?", WAYA, September, 2020

²⁴⁰ Source: "GCC healthcare sector poised for significant investments in digital health to kick-start recovery of industry post COVID-19", BusinessLive Me, July 14, 2020

²⁴¹ Source: "A Healthcare Prescription for the GCC", Investcorp, May 2018

increasingly being witnessed in the GCC, as regional governments collaborate with private healthcare providers and industry stakeholders to develop systems that place patient-centric outcomes at the core of their healthcare model. For instance, Saudi Arabia has outlined its planned shift to a value-based healthcare model in its Vision 2030 Agenda²⁴². The region is witnessing increased use of technology, data-driven analysis to improve healthcare treatments and enhanced care coordination, all of which are helping transition to an integrated system that lowers costs. The broader aim is to bring in efficiency and sustainability and drive value outcomes across the healthcare ecosystem. While this shift is still at grassroots level in the GCC, coordinated efforts by the regional governments will drive the healthcare sector towards a value-based model. This will result in bringing about balance in quality, reduce overall cost while ensuring equal access to healthcare for the citizens and expatriates alike. The shift to smarter healthcare and enhanced collaborations between the public and private sector stakeholders will all aid growth of this trend.

Rise in Cosmetic and Wellness Care Centers

UAE leads the region's cosmetics and wellness market, offering an array of services

The medical aesthetics industry has also been gaining importance in the GCC. Rising health awareness, along with evolving consumer preferences and habits, have resulted in a coherent growth of interest in the health and wellness market. The MENA region's health and wellness tourism market is growing much faster than other regions, attracting a large number of international tourists. Health and wellness tourism revenues in the MENA reached US\$ 10.7 billion as on November 2019, growing at a rate of 13.3%, much higher than the average annual world market growth of 6.5%. UAE remains the hub for wellness tourism, with the country recording 53% more income by its health and wellness-centered tourism as compared to traditional tourism²⁴³.

In addition to being the hub for cosmetic surgery, the UAE also offers an array of spas, wellness centers, recreational, and therapeutic facilities. It also offers traditional practices that emphasize preventive healthcare, such as ayurveda, homeopathy, and yoga among others. UAE has also increased its focus on complementary alternative medicine, particularly herbal medicine. The Zayed Complex for Herbal Research and Traditional Medicine attracts patients from all over the Middle East due to its high success rates in curing and combating illnesses including diabetes and asthma. The not-for-profit center pioneers treatments for illnesses using plants grown in the UAE. Other GCC nations are also heavily investing in building similar facilities. For instance, the world's first center for Traditional Arabic Islamic Medicine, called the Zulal Wellness Resort, is expected to open in Qatar by 2021. Spread across an area of 280,000 sq m, it will be the Middle East's first full-immersion wellness resort and the largest wellness destination²⁴⁴. Driven by such strong dynamics, the MENA wellness market is projected to reach US\$ 18.7 billion by 2022²⁴⁵.

²⁴² Source: "Health Sector Transformation Strategy", Saudi Arabia Vision 2030 V3

²⁴³ Source: "Wellness Market Trend in the Middle East and North Africa", November, 2019

²⁴⁴ Source: "Zulal Wellness Resort will be landmark Middle Eastern Wellness Retreat, October, 2020."

²⁴⁵ Source: "Characteristic wellness market trends in the Middle East and North Africa", Piscine Global, November 2019

NMC Health and Dallah Healthcare dominated the M&A activity in the region with three strategic acquisitions each

8. Merger and Acquisition (M&A) Activities

The GCC Healthcare sector recorded robust M&A activity over the last two years, specifically in the UAE and Saudi Arabia. While the region observed a handful of cross-border acquisitions, there were several intra-regional deals as companies are looking to offer integrated services and increase market share. NMC Health and Dallah Healthcare Holding dominated the M&A activity in the region with three strategic acquisitions each. The largest deal, based on disclosed deal value, was the US\$ 205 million acquisition of Fakh IVF Group by NMC Health Plc (see Exhibit 24). Amanat Holdings, Al Ahsa Development Co., and Aster DM Healthcare Ltd. also completed meaningful acquisitions during the period. The deal activity is likely to intensify amid higher demand for specialized services in the backdrop of COVID-19, increasing privatization, and competition. The region is likely to show high interest in acquiring stakes in LTPAC and home healthcare services.

Exhibit 24: Major M&A Deals in the GCC Healthcare Industry

Acquirer	Acquirer's Country	Target	Target's Country	Year	Consideration (US\$ Million)	Percent Sought (%)
NMC Health PLC	UK	Fakh IVF Group	UAE	2018	205	49%
GFH Capital Ltd	UAE	Senior Healthcare Portfolio, US	United States	2019	180	100%
NMC Health PLC	UK	Cosmesurge*	UAE	2018	170	NA
United Eastern Medical Services LLC	UAE	Al-Muhaidib Dental Group	Saudi Arabia	2019	133	NA
Gulf Capital PJSC	UAE	Ivi Rma Global SI-Middle East Business	UAE	2020	100	100%
Al Ahsa Development Co	Saudi Arabia	Al Salam Medical Services Co*	Saudi Arabia	2018	67	NA
Dallah Healthcare Holding	Saudi Arabia	Dallah Healthcare Holding Jsc	Saudi Arabia	2019	51	6%
Investcorp Bank BSC	Bahrain	Nephrocare Health Services Pvt Ltd	India	2019	44	NA
Dallah Healthcare Holding	Saudi Arabia	Makkah Medical Center*	Saudi Arabia	2020	43	NA
Amanat Holdings PJSC	UAE	Royal Maternity Hospital Holding WLL	Bahrain	2018	39	69%
Amanat Holdings PJSC	UAE	Royal Hospital For Women	Bahrain	2018	39	69%
NMC Health PLC	UK	Al Salam Medical Group*	Saudi Arabia	2018	37	NA
Aster DM Healthcare Ltd.	India	Wahat Al Aman Home Healthcare Llc*	UAE	2019	29	NA
Al Ahsa Development Co.	Saudi Arabia	Al Ahsa Medical Services Co Ltd*	Saudi Arabia	2019	18	NA
Mediclinic Middle East Management Services	UAE	Majid Al Futtaim Healthcare Llc	UAE	2018	15	100%
Caretech International Ltd.	UK	As Investments Holding Ltd.	UAE	2019	9	51%
Oasis Capital Bank BSC	Bahrain	Groupe De La Polyclinique Internationale Sainte Anne-Marie	Ivory Coast	2019	6	NA
KBBO Group	UAE	Omid Sobhani Ltd.	UK	2018	4	75%
Al Ahsa Development Co.	Saudi Arabia	Twareat Medical Center	Saudi Arabia	2018	4	25%
Dallah Healthcare Holding	Saudi Arabia	Meraas Holding Llc-Healthcare Division*	UAE	2019	3	NA
Aster DM Healthcare	UAE	Premium Healthcare Ltd.	UAE	2019	2	80%
Undisclosed	NA	Asnan Tower	Kuwait	2018	1	NA
Foundation Holdings	UAE	Right Health Holding	UAE	2018	NA	NA
Ghobash Trading & Investment Co.	UAE	Pyramids Group	UAE	2020	NA	70%

Source: Thomson Reuters Eikon

Note: *Deals pending completion (as on September 30, 2020)

9. Financial and Valuation Analysis

In this section, we have analyzed 15 listed healthcare companies in the GCC. These companies are classified into two categories - 10 companies operating as integrated health networks (IHNs) and 5 in the pharmaceuticals & medical equipment sales (Pharma & Medical Equipment). In both these categories, we have analyzed the latest three-year financial performance as well as the half-yearly performance of 2020 with the preceding year. We have also analyzed the valuation ratios for the selected IHN and Pharma & Medical Equipment companies in the GCC, using traditional valuation metrics, namely P/E, P/B, EV/EBITDA and EV/Sales multiples to provide an indication of current valuation metrics in the sector.

9.1 IHNs

The table below represents the financial performance, including market capitalization and revenue (2019 and 2-yr CAGR) along with 3-year average of EBITDA, Return on Equity (ROE) and Return on Assets (ROA) for the selected companies only. On an average, the selected companies within the IHN segment recorded a consolidated revenue growth of 8.1%, EBITDA margin of 19.8% and ROA of 7.7% over the last three years (see Exhibit 25).

Exhibit 25: Financial Performance of the Selected IHN Companies in the GCC

Company Name	Country	Market Cap (US\$ Million)	Revenue (US\$ Million)	Revenue Growth (2-Yr CAGR%)	EBITDA Margin (3-Yr avg. %)	ROE (3-Yr avg. %)	ROA (3-Yr avg. %)	Capex (US\$ Million)
Al Hammadi Co. for Development & Investment	KSA	903.80	259.78	17.2%	26.2%	6.6%	4.1%	20.81
Aster DM Healthcare ^a	UAE	927.96	1,351.56	13.9%	11.9%	9.1%	3.8%	80.68
Dallah Healthcare Holding Co.	KSA	1,033.29	333.93	1.6%	22.9%	12.0%	7.7%	53.62
Gulf Medical Projects Co. ^b	UAE	443.34	145.65	10.5%	23.5%	5.8%	4.2%	8.69
Medicare Group	Qatar	664.65	134.79	2.1%	23.0%	8.0%	6.7%	13.10
Middle East Healthcare Co.	KSA	824.65	399.16	1.2%	18.9%	12.1%	7.0%	125.70
Mouwasat Medical Services Co.	KSA	3,412.73	495.32	11.0%	31.4%	21.9%	14.4%	70.69
National Medical Care Co.	KSA	623.09	188.93	-9.0%	21.8%	7.5%	5.4%	2.61
Dr. Sulaiman Al Habib	KSA	8,809.10	1,341.82	7.2%	21.2%	16.7%	10.3%	196.16
Al Maidan Dental Clinic ^a	Kuwait	996.99	182.10	11.5%	19.2%	17.2%	12.2%	4.53
Consolidated			4,833.03	8.1%	19.8%	12.7%	7.7%	576.58
Average				6.7%	22.0%	11.7%	7.6%	
High				17.2%	31.4%	21.9%	14.4%	
Low				-9.0%	11.9%	5.8%	3.8%	

Source: Company Annual Reports, Yahoo Finance, Bloomberg

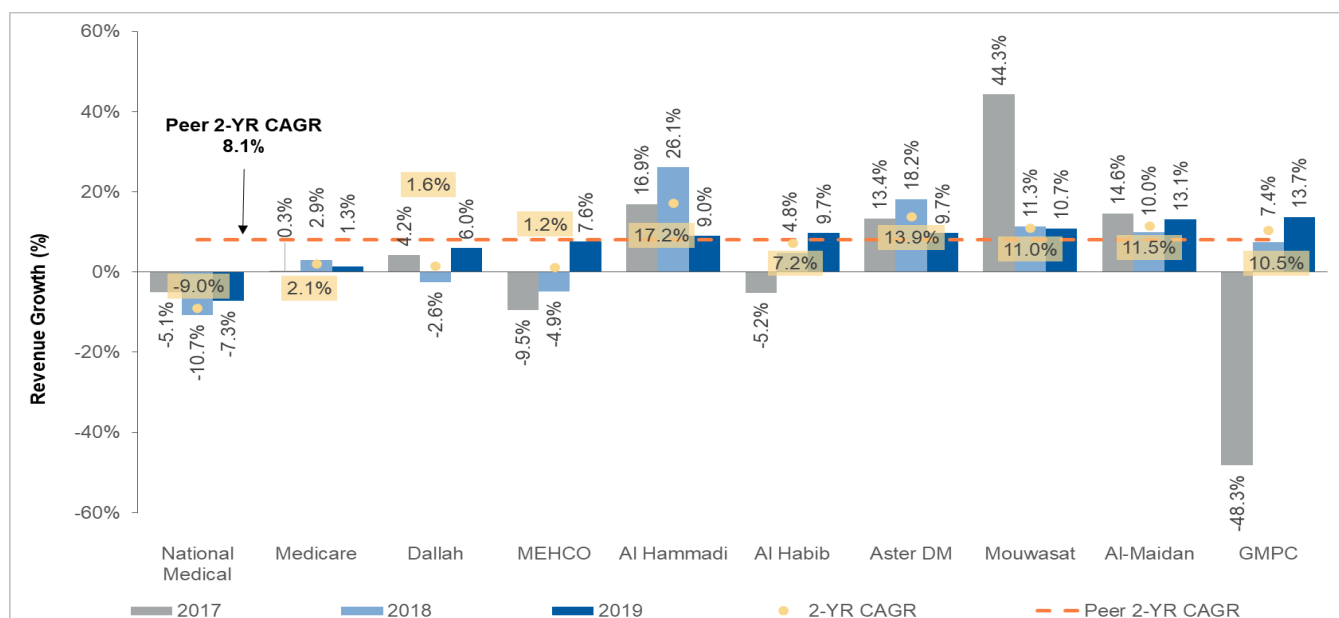
Notes: Last updated October 28, 2020; * The financials are based on annual results for the year ended December 2019; ^a Fiscal year from Apr-Mar, latest three-year data taken for years 2017-18, 2018-19, and 2019-20; ^b 3-Yr Avg. EBITDA Margin and ROA for Gulf Medical Projects Co. excludes 2017 figures (FY 2017-18) as they are outliers.

Revenue Analysis

The combined revenue of selected IHN companies stood at US\$ 4.8 billion in 2019, recording an increase of 8.5% Y-O-Y and a CAGR of 8.1% since 2017

The combined revenue of selected IHN companies in the GCC stood at US\$ 4.8 billion in 2019, recording a CAGR of 8.1% since 2017 (see Exhibit 26). From the Exhibit below, it can be observed that Aster DM, Al Habib and Mouwasat maintained their leading position within the region. Collectively, the three companies accounted for 66% of the consolidated revenues, while the remaining six companies accounted for 34% of the total consolidated revenues in 2019.

Exhibit 26: Revenue Growth of the Selected IHN Companies in the GCC – Yearly (2017-2019)



Source: Company Annual Reports

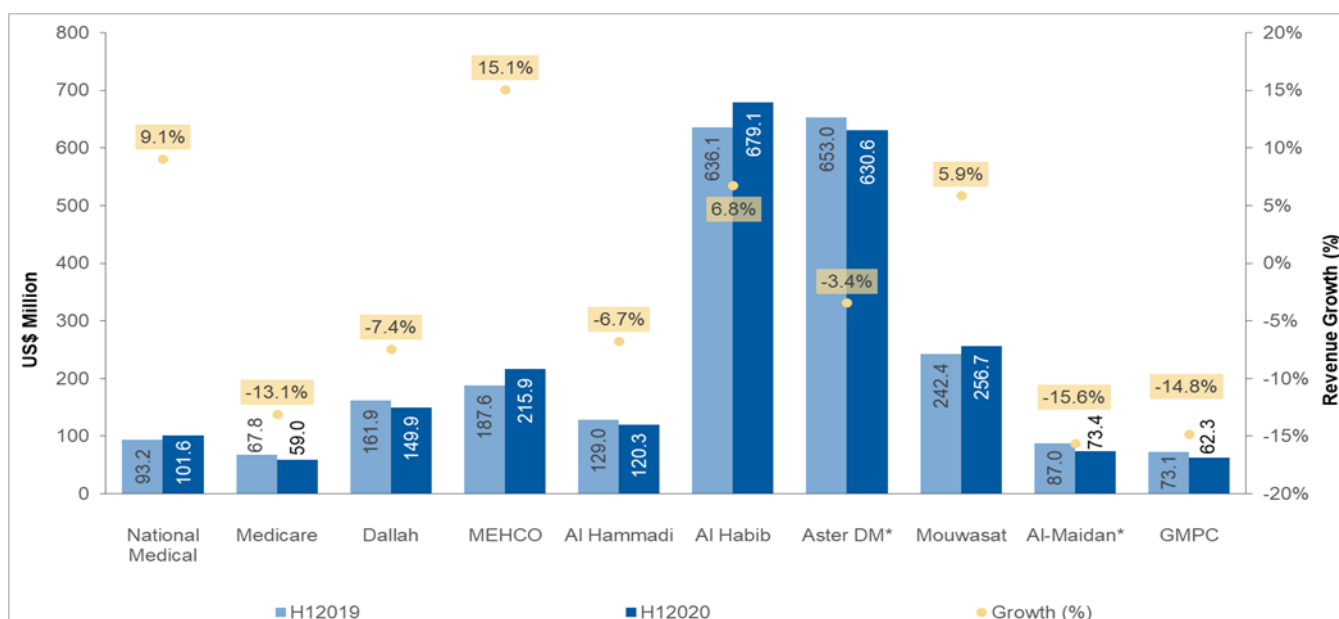
Saudi-based Al-Hammadi (~5% of 2019 peer group revenue) was the best performer with a CAGR of 17.2% between 2017 and 2019, which was primarily driven by its strategy to foray into the pharmaceuticals segment coupled with rise in outpatient and inpatient volumes. UAE based Aster DM, the largest of the selected listed IHN providers in the GCC by revenue (~28% of 2019 peer group revenue), also reported a CAGR of 13.9%, on the back of rise in volumes in the GCC (+22% y-o-y in 2019²⁴⁶), and strategy of asset-light expansion through new hospitals and acquisitions²⁴⁷ in India and the GCC²⁴⁸. Saudi-based Al Habib, the second largest company (~28% of 2019 peer group revenue), reported a CAGR of 7.2% between 2017 and 2019, after witnessing a decline in revenues in 2017 due to change in strategy to reduce government related business. Alternatively, Saudi-based National Medical was the only company within the selected IHN to record a decline in revenues of 7.3% in 2019 and 10.7% in 2018, which can be attributed to decline in both clinical services and sale of medicines.

²⁴⁶ Source: "Aster DM Healthcare's Q2 pulse normal; progress to be watched", November 2019

²⁴⁷ Source: "Aster DM Healthcare acquires 80% stake in UAE-based Premium Healthcare", ET, December 2019

²⁴⁸ Source: "In the Chairman's footsteps", Express Healthcare, December 2019

Exhibit 27: Revenue Growth of the Selected IHN Companies in the GCC – Half Yearly (H1 2019 - H1 2020)



Source: Company Annual Reports

* H1 data for Aster DM and Al-Maidan was calculated for the latest two quarters (Q4 of 2019 and Q1 of 2020) to align with other public companies

Despite the challenges caused by the on-going pandemic, the selected IHN companies reported a rise of 0.8% y-o-y in revenues in H1 2020

In the first six months of 2020, the selected IHN companies recorded a modest growth of 0.8% y-o-y. Out of ten selected IHN companies, Saudi-based MEHCO (+15.1%), National Medical (+9.1%), Al Habib (+6.8%) and Mouwasat (+5.9%), were the four companies that reported a rise in revenues during H1 2020, primarily due to a rise in occupancy because of an increase in patient visits. However, the remaining six companies within the selected IHN companies reported a drop in revenues between 6% and 15% during the same period, on the back of drop in demand for general care and elective surgery due to COVID-19.

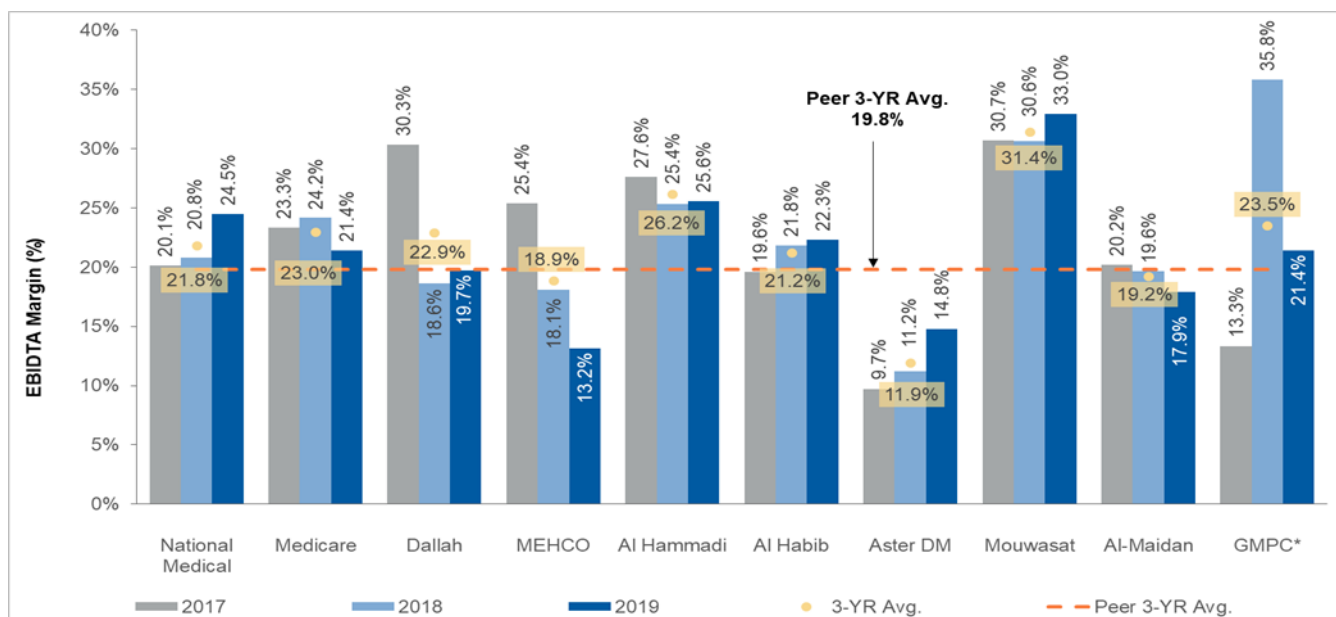
Profitability Analysis

The combined EBITDA of selected IHN companies have grown at a CAGR of 9.0% since 2017

During the last three years, the EBITDA margin of the selected IHN providers in the GCC averaged 19.8% (see Exhibit 28). The combined EBITDA grew from US\$ 815.9 million in 2017 to US\$ 969.7 million in 2019, recording a CAGR of 9.0%. During the same period, EBITDA margins of the selected companies have improved from 19.7% to 20.1%, which can be contributed to increase in utilization rates and focus on cost efficiencies.

The top 3 players (Aster DM, Al Habib and Mouwasat) reported an improvement in EBITDA margin from 17.0% in 2017 to 20.3% in 2019, which was driven by cost control measures adopted by the companies. Mousawat reported the best EBITDA margins within the selected companies, which was broadly in line with the initiative taken by the company to control costs. Aster DM Healthcare had one of the lowest EBITDA margins of 14.8% in 2019 compared to selected IHN companies average of 20.1%, which can be attributed to its aggressive growth strategy of expanding into new markets. However, the EBITDA margins have improved from 9.7% in 2017 to 14.8% in 2019 on the back of initiatives taken by the company to optimize costs by diversifying healthcare offerings, and adopting asset-light expansion models. Al Habib has also witnessed an improvement in EBITDA margins from 19.6% in 2017 to 22.3% in 2019, which is higher than the selected IHN companies average.

Exhibit 28: EBITDA Margin of the Selected IHN Companies in the GCC

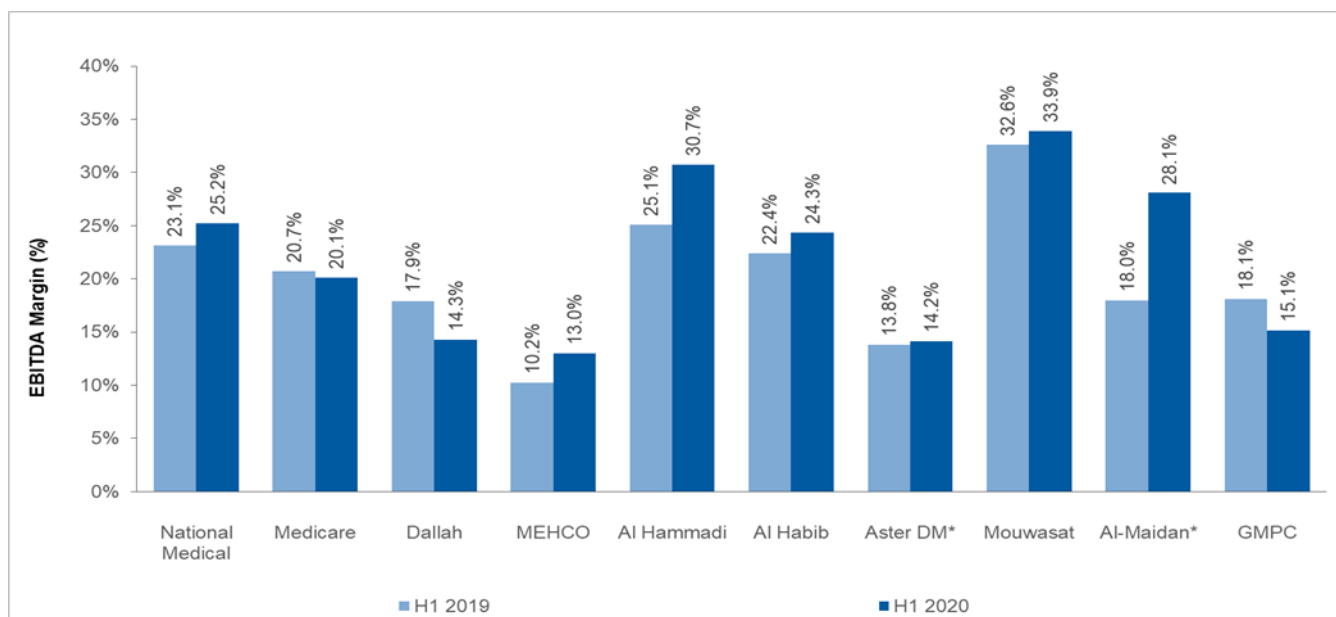


Source: Company Annual Reports

* EBITDA for GMPC normalized after removing non-recurring earnings in 2017

In H1 2020, the selected IHN companies cumulatively witnessed further improvement in EBITDA margins from 19.6% in H1 2019 and 20.1% in 2019 to 21.1%. This has been primarily driven by cost control measures and focus on increasing utilization rates to improve the overall margins. The EBITDA of selected companies grew by 8.5% y-o-y to reach US\$ 495.6 million in H1 2020 compared to US\$ 456.6 million in H1 2019. The top three companies witnessed an increase of 9.6% y-o-y in EBITDA, resulting in margins improving from 20.3% in 2019 to 21.8% in H1 2020. EBITDA margins of Al Habib and Mouwasat expanded by 2.0% and 0.9%, while Aster DM's margins contracted by 0.6% on the back of lower utilization rates. Al Maidan of Kuwait recorded the highest improvement in margins of 10.2% in H1 2020, while GMPC (post normalizing) and Dallah faced contractions of 6.3% and 5.5% during the same period.

Exhibit 29: EBITDA Margin of the Selected IHN Companies in the GCC – Half Yearly (H1 2019 vs H1 2020)



Source: Company Annual Reports

* H1 data for Aster DM and Al-Maidan was calculated for the latest two quarters (Q4 of 2019 and Q1 of 2020) to align with other public companies

The average ROE of the selected healthcare companies stood at 12.3% in 2019, down from 13.0% in 2017

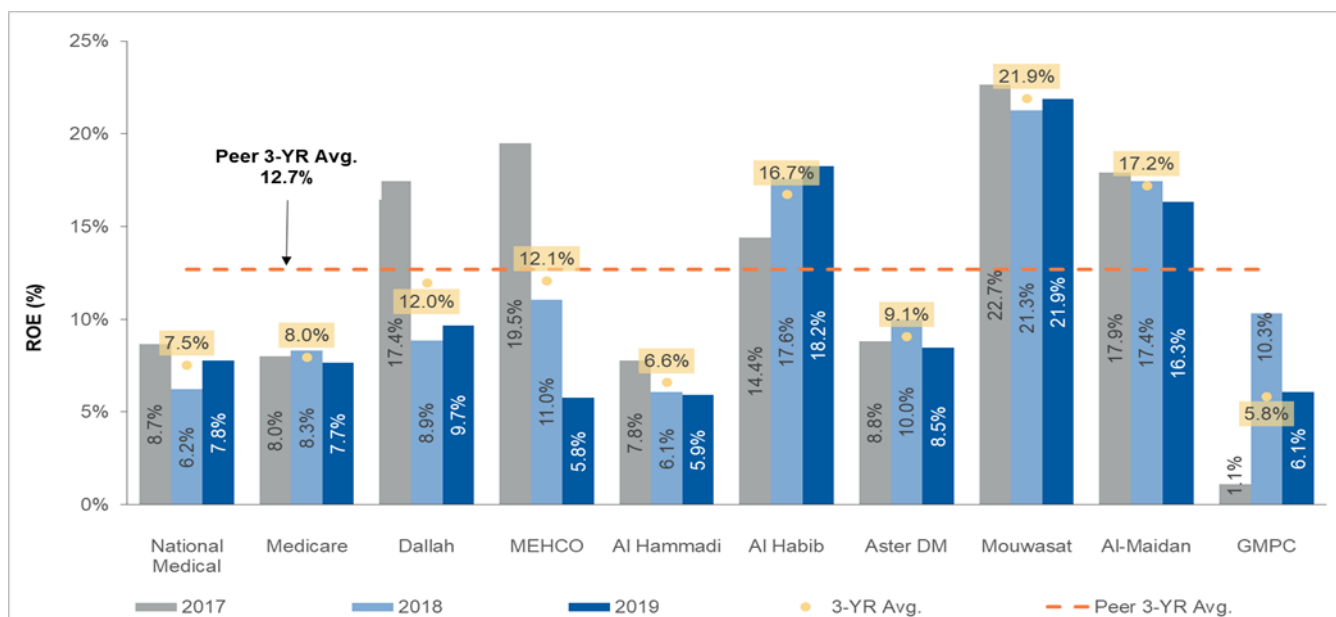
The three-year average return ratios of the selected IHN companies have remained under pressure due to higher depreciation and rising interest cost to pursue expansion plans. The net earnings of the selected IHN companies have dropped from US\$ 565.9 million in 2017 to US\$ 562.5 million in 2019, while the shareholder equity increased from US\$ 4.3 billion in 2017 to US\$ 4.6 billion in 2019. Although, the operating margins have continued to rise during this period, the rising interest cost due to incremental debt to fund expansion plans and increased depreciation due to net addition in fixed assets weighed on net earnings performance of selected IHN companies. As a result, the average ROE of selected companies IHN companies dropped from 13.0% in 2017 to 12.3% in 2019.

Mouwasat continues to have one of strongest return ratios amongst its peers

Mouwasat had the strongest ROE of 21.9% in 2019, followed by 18.2% and 16.3% by Al Habib and Al Maidan, respectively. Mouwasat's strong margins came in despite increased expenditure on capacity additions, due to its ability to efficiently manage such expansions without negatively impacting profitability. Moreover, Mouwasat had a three-year median payout ratio of 45%, implying efficient reinvestments to deliver sustainable growth²⁴⁹.

²⁴⁹ Source: "Is Mouwasat MSC's Recent Stock Performance...Its Strong Fundamentals?", Simply Wall St, July 2020

Exhibit 30: ROE of the Selected IHN Healthcare Companies in the GCC



Source: Company Annual Reports

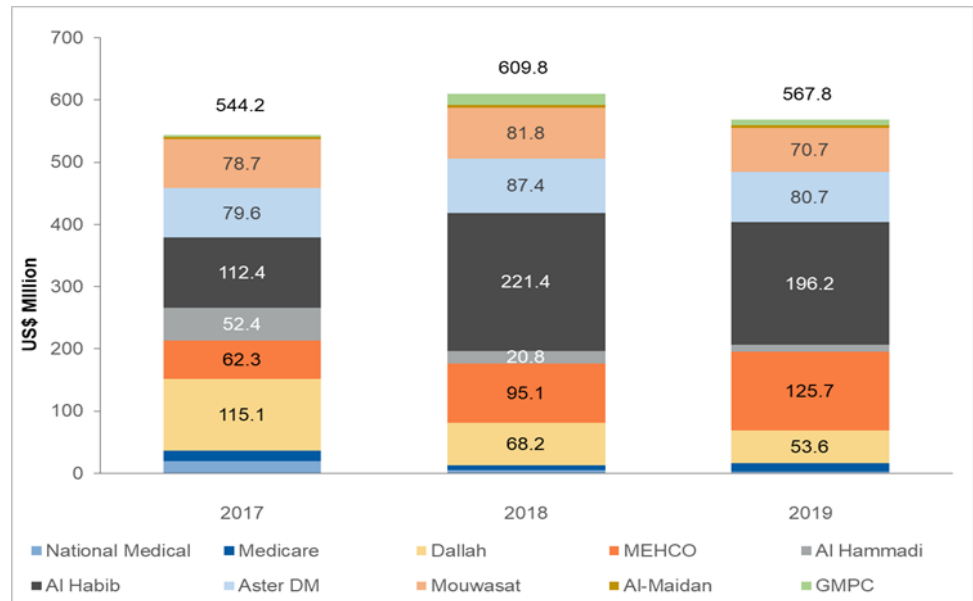
Within the selected IHN companies, MEHCO reported return ratios lower than peers as its ROE dropped from 19.5% in 2017 to 5.8% in 2019. This can be primarily attributed to the sharp drop in net profits during the same period on the back of higher costs leading to margin compression and rising interest cost due to increase in debt. Al Hammadi and GMPC are two companies with average ROEs of around 6.0% in 2019, which is significantly lower compared to its peers. Aster DM reported an ROE of 8.5% in 2019 compared to 8.8% in 2017, which can be attributed to higher interest cost by increasing debt to fund its robust expansion plans.

Capital Expenditure

The combined capital expenditure of selected IHN companies grew at a CAGR of 2.1% to reach US\$ 544.2 million in 2019

The combined capital expenditure of the selected IHN companies in the GCC grew at a CAGR of 2.1% from 2017-19, with a 12.1% y-o-y increase in 2018, followed by a 6.9% y-o-y decline to US\$ 567.8 million in 2019 (see Exhibit 31). Major contributors to the overall growth in capex were GMPC (+52.6%), MEHCO (+42.0%), and Al Habib (+32.1%), with capex growing at a CAGR of over 30% from 2017-19. Following the sale of its Al Zahra Hospital in Sharjah, GMPC invested to increase its capacity by opening new medical clinics in Dubai and across the UAE, while MEHCO continued to expand its capacity by investing in a new 100-bed multi-specialty hospital in Ras Al-Khaimah. On the other hand, GMPC, NMCC and Al Hammadi recorded a drop in capex of 51.9%, 49.0% and 42.2%, respectively in 2019.

Exhibit 31: Total Capital Expenditure of the IHN Healthcare Companies in the GCC



Source: Company Annual Reports

Further expansion plans by the selected healthcare companies include Al Hammadi's Al Nuzha Hospital expansion to add 120 beds in Q1 2021; Middle East Healthcare's capacity enhancement plans through its new Dammam Hospital in Q3 2019 and new hospital in Makkah in FY 2021; NMCC's bed capacity expansion at National Care Hospital from 325 to 420 and then 495 in Q1 2020 and Q1 2021, respectively; Dallah's Namar Hospital expansion (250 beds and 100 clinics) in Q1 2021 and Al-Nakheel (150 beds and 30 clinics) in Q1 2020; and lastly, Mouwasat's Dammam hospital expansion (204 beds and 50 clinics) in Q1 2021 and new Madinah hospital that will add 125 beds and 26 clinics²⁵⁰.

Valuation Analysis

The GCC-based IHN companies are currently trading at an average P/E multiple of 33.5x and EV/EBITDA multiple of 19.1x

The selected IHN companies in the GCC are trading at an average P/E multiple of 33.5x, P/B multiple of 3.7x and EV/EBITDA multiple of 19.1x (see Exhibit 32). Excluding Al Maidan's P/E multiple of 58.6x, the average multiple of remaining selected companies would equate to 30.8x, which is still higher than the average of 27.0x for all the listed companies in GCC (as of October 28, 2020). In terms of P/B multiple, the selected IHN companies in the GCC are trading at an average multiple of 3.7x compared to an average of 1.9x for all the listed companies in GCC (as of October 28, 2020).

²⁵⁰ Source: KSA Healthcare Sector Report, AlJazira Capital, June 2019

Exhibit 32: Key Valuation Ratios of Selected IHN Healthcare Companies in the GCC

Company Name	LTM			
	P/E Ratio (x)	P/B Ratio (x)	EV/EBITDA (x)	EV/Sales (x)
Al Hammadi Co. for Development & Investment	30.7	2.1	14.6	4.1
Aster DM Healthcare	35.8	2.1	10.8	1.5
Dallah Healthcare Holding Co.	31.5	2.6	20.8	4.1
Gulf Medical Projects Co.	25.8	1.6	10.7	1.9
Medicare Group	32.6	2.5	22.7	5.1
Middle East Healthcare Co.	29.3	2.0	18.5	2.8
Mouwasat Medical Services Co.	28.8	6.5	22.2	7.7
National Medical Care Co.	25.2	2.4	11.9	2.9
Dr. Sulaiman Al Habib	37.1	7.2	29.2	6.8
Al Maidan Dental Clinic	58.6	7.6	29.9	5.2
Average	33.5	3.7	19.1	4.2
Median	31.1	2.5	19.7	4.1
High	58.6	7.6	29.9	7.7
Low	25.2	1.6	10.7	1.5

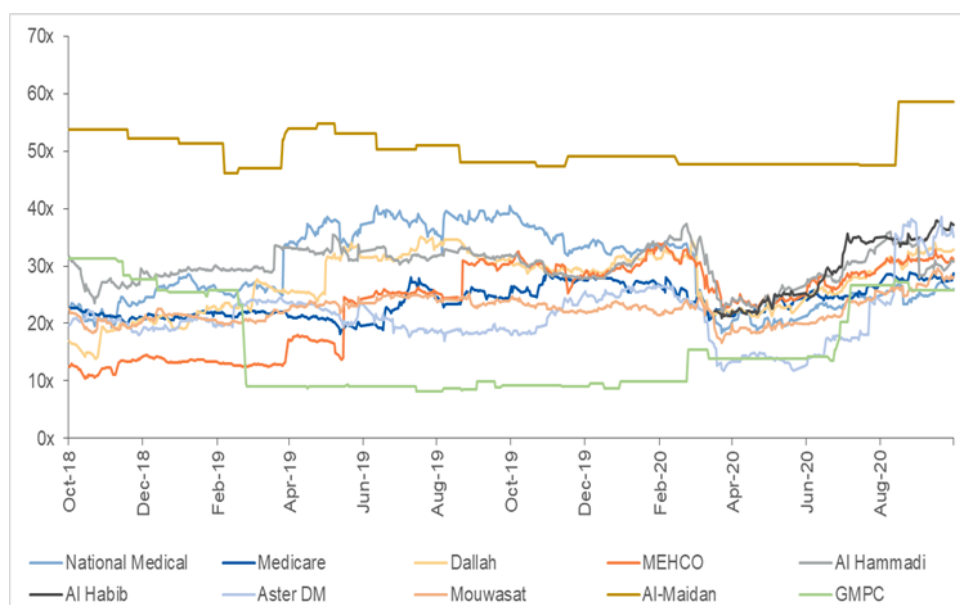
Source: Thomson Reuters Eikon

Notes: Last updated October 28, 2020; Figures in red indicate below selected companies set average and those in green suggest at par with or above the set average

In terms of EV/Sales, the selected IHN companies are trading at a multiple of 4.2x as of October 28, 2020

In terms of EV/EBITDA multiple, the selected IHN companies are trading at a multiple of 19.1x. In terms of EV/Sales multiple, the selected IHN companies are trading at a multiple of 4.2x as of October 28, 2020.

Exhibit 33: P/E Relative Valuation Trend of IHN Healthcare Companies in the GCC



Source: Thomson Reuters Eikon (as on October 28, 2020)

Although valuation multiples appear to be higher compared to GCC and historical averages, the sector's underlying growth potential and rising thrust towards healthcare infrastructure within the region is likely to drive earnings and margins in the coming years. Moreover, the companies have taken a conscious step in optimizing cost structures, and early signs of it

are reflected in H1 earnings, which could also lead to margin expansion and higher return ratios going forward.

9.2 Pharma & Medical Equipment

On an average, the selected set of companies within the Pharma & Medical Equipment segment witnessed a continued decline in revenues during the past three years, which can be broadly attributed to regulatory changes, bans & suspensions and recalls due to quality issues. However, an increase in demand for medical supplies from the healthcare services boosted the revenues of selected companies by 3.4% y-o-y in H1 2020.

Exhibit 34: Financial Performance of the Selected Pharma & Medical Equipment Companies in the GCC

Company Name	Country	Market Cap (US\$ Million)	Revenue (US\$ Million)*	Revenue Growth (2-Yr CAGR %)	EBITDA Margin (3-Yr avg. %)	ROE (3-Yr avg. %)	ROA (3-Yr avg. %)	Capex (US\$ Million)
Saudi Pharmaceutical Industries & Medical Appliances	KSA	1,046.22	414.06	5.8%	3.7%	-5.2%	-2.0%	20.86
Gulf Pharmaceutical Industries	UAE	468.61	82.10	-48.9%	-60.7%	-33.3%	-12.0%	9.45
Advanced Technology Co.	Kuwait	294.18	468.11	-8.2%	12.9%	9.9%	2.3%	9.62
Qatari German Medical	Qatar	51.4	2.24	-16.9%	-56.7%	-35.1%	-8.8%	0.02
Yiaco Medical Co.	Kuwait	39.56	121.27	-30.2%	-8.3%	-	-7.9%	0.36
<i>Consolidated</i>			1,087.76	-14.6%	-1.3%	-11.8%	-1.2%	40.30
<i>Average</i>				-19.7%	-21.8%	-15.9%	-5.7%	
<i>High</i>				5.8%	12.9%	9.9%	2.3%	
<i>Low</i>				-48.9%	-60.7%	-35.1%	-12.0%	

Source: Company Annual Reports, Yahoo Finance, Bloomberg

Notes: Last updated October 28, 2020; * The financials are based on annual results for the year ended December 2019

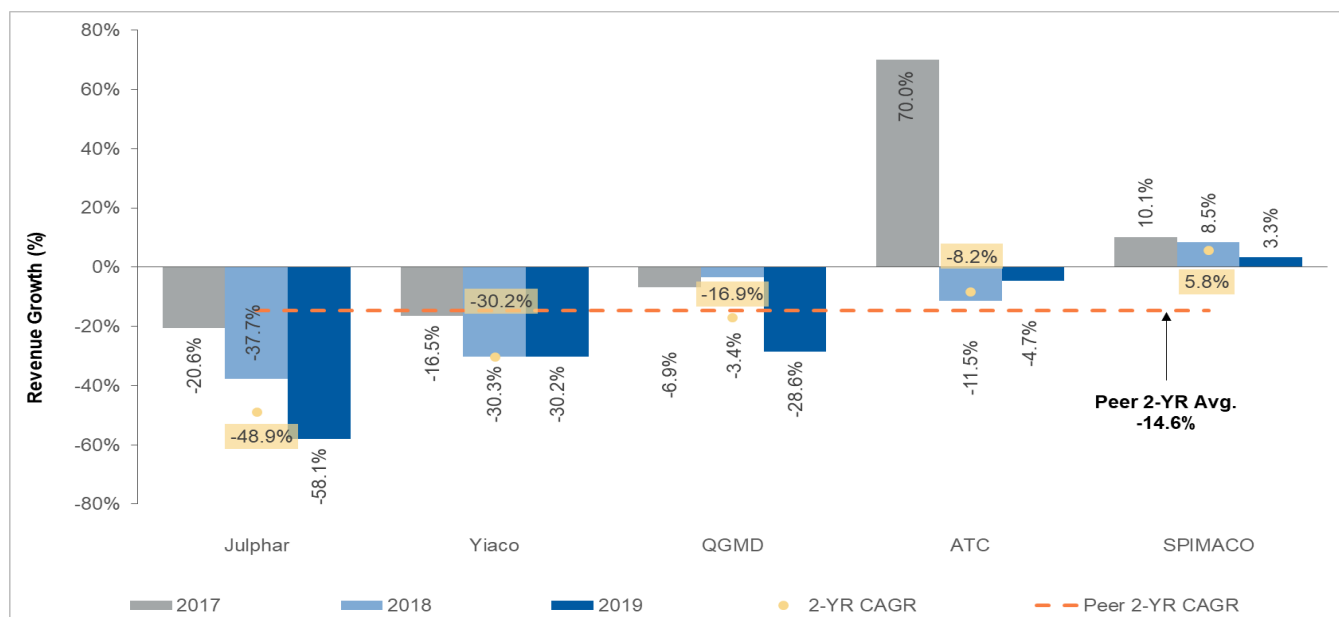
Revenue Analysis

The combined revenue of the selected Pharma & Medical Equipment companies dropped from US\$ 1.5 billion in 2017 to US\$ 1.1 billion in 2019

The combined revenue of the selected Pharma & Medical Equipment companies in the GCC dropped by 14.0% from US\$ 1.3 billion in 2018 to US\$ 1.1 billion in 2019. On an average, the revenues have declined at a CAGR of -14.6% since 2017 (see Exhibit 35). Saudi Pharmaceutical Industries & Medical Appliances (SPIMACO), a Saudi company (~38% of 2019 peer group revenue) was the only company to record a CAGR of 5.8% in the past three years. In 2019, SPIMACO's revenue was driven by strong growth in its distribution services (+18.0% y-o-y) and manufacturing service contracts (+10.5%), while its product sales grew by 3.4% y-o-y²⁵¹.

²⁵¹ Source: SPIMACO Financial Statement (2019)

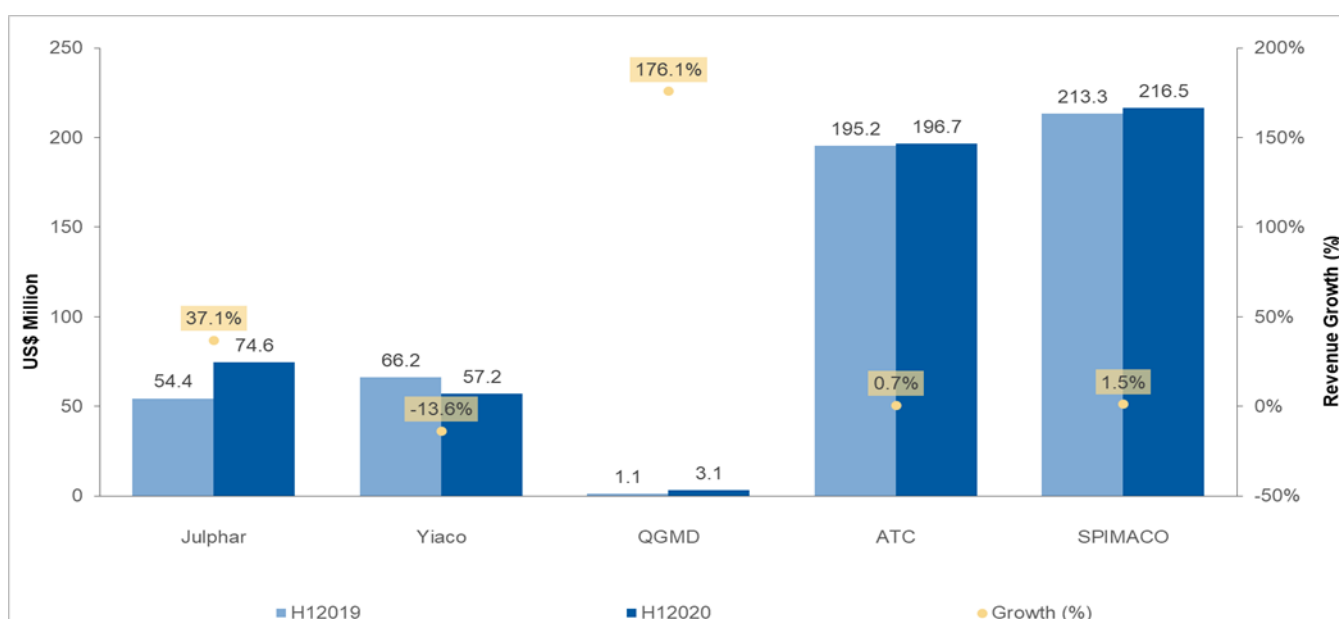
Exhibit 35: Revenue Growth of the Selected Pharma & Medical Equipment Companies in the GCC – Yearly (2017-2019)



Source: Company Annual Reports

The remaining four companies, Julphar, ATC, QGMD and Yiaco, witnessed a declining trend in revenues from 2017-19. Julphar's revenues plunged at a 48.9% CAGR from 2017-19, largely due to the suspension levied on its imports of drugs in 2018²⁵². Overall the decline in revenues of Pharma & Medical Equipment companies can be due to lack of demand for local drugs as they tend to have higher dependency on imports (~80% across the region), with the share of imports as high as 95.6% of Dubai's pharmaceutical market in 2019²⁵³.

Exhibit 36: Revenue Growth of the Selected Pharma & Medical Equipment Companies in the GCC – Half Yearly (H1 2019-H1 2020)



Source: Company Annual Reports

²⁵² Source: "Julphar sales hit by Saudi suspension, slips into red", Khaleej Times, December 23, 2018

²⁵³ Source: "GCC pharmaceutical market to double by 2028, Fitch Solutions says", The National, January 2019

However, the onset of the COVID-19 pandemic and resulting disruption to global supply chains, along with GCC government initiatives to spur domestic manufacturing, has boosted demand for local drugs and domestic manufacturing of pharmaceuticals and medical equipment. Consequently, four out of the five companies witnessed a rebound in sales, with strong y-o-y growth in revenues in H1 2020. QGMD recorded the highest growth of 176.1% y-o-y, followed by Julphar (+37.1%) and SPIMACO (+1.5%). Kuwait based Yiacco was the only company to recorded a drop of 13.6% y-o-y in H1 2020.

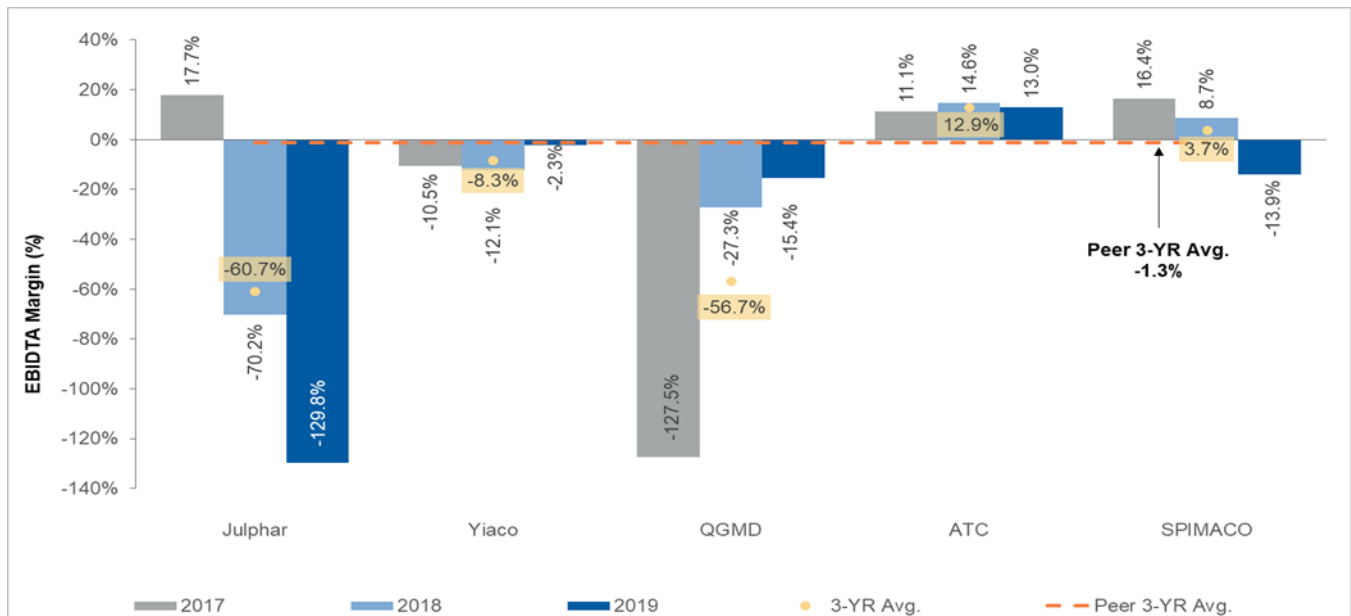
Profitability Analysis

The combined EBITDA of selected Pharma companies have consistently declined during the past three years, with the exception of ATC of Kuwait.

During the last three years, the combined EBITDA of the selected Pharma & Medical Equipment companies dropped from a positive US\$ 147.9 million in 2017 to a negative US\$ 106.4 million in 2019. The steep increase in losses during the period can be attributed to decline in sales, while operating expenses remained constant. Consequently, this negatively impacted the EBITDA margins of the selected companies during the past three years.

Kuwait-based ATC was the only company within the selected companies to record EBITDA profits in all the past three years. The EBITDA margins of the company improved from 11.1% in 2017 to 13.0% in 2019, significantly outperforming its peers, especially as the rest of the companies are grappling through losses. Saudi-based SPIMACO, on the other hand, reported an EBITDA loss in 2019 after recording profits in 2017 and 2018, which can be mainly attributed to decline in profits from associates and increase in impairment losses on trade receivables. The performance of the remaining three companies remained under pressure as they continued to register losses over the past three years.

Exhibit 37: EBITDA Margin of the Selected Pharma & Medical Equipment Companies in the GCC

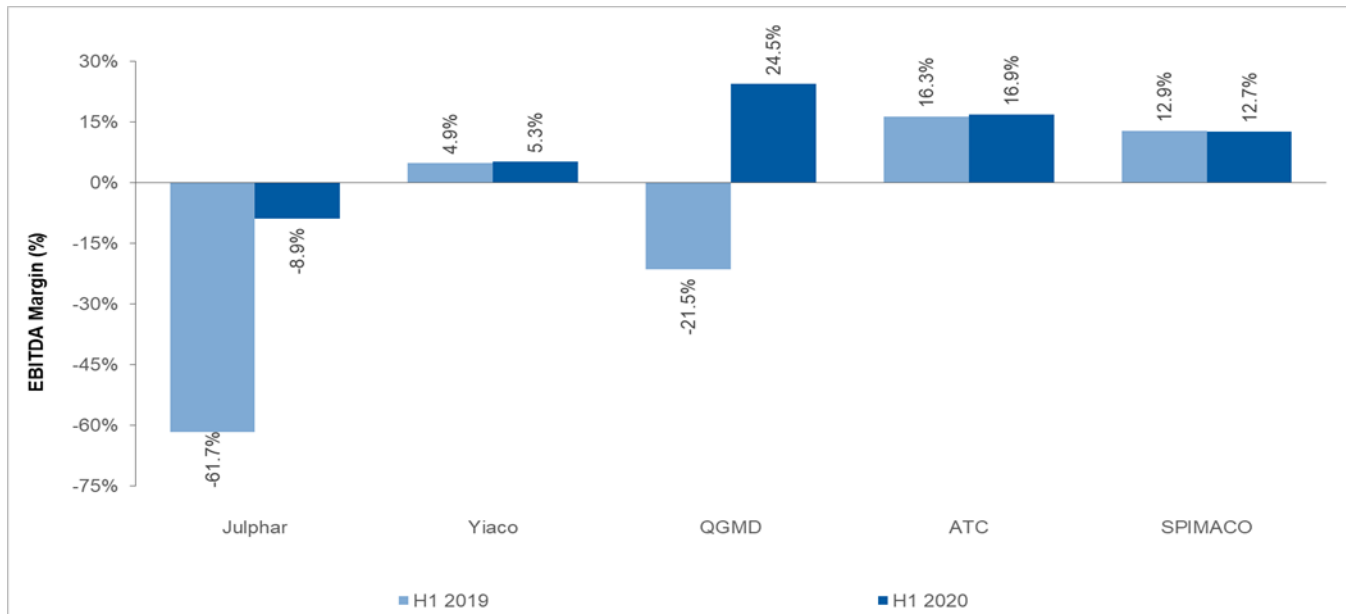


Source: Company Annual Reports

At the end of H1 2020, the EBITDA of the selected Pharma & Medical Equipment companies grew by 101.6% y-o-y, thanks to the increase in demand for medical supplies from the healthcare service providers arising due to COVID-19. Consequently, the selected companies witnessed an improvement in EBITDA margins from 5.4% in H1 2019 to 10.5% in H1 2020. QGMD witnessed a steep rise in revenues, which helped the company in turning EBITDA losses in H1 2019 into profits of US\$ 0.7 million in H1 2020, resulting in a margin of 24.5%. Although Gulf Pharma witnessed an improvement in operating performance, the

company continues to remain in losses due to temporary suspension of exports to KSA and Bahrain and product recalls due to quality issues.

Exhibit 38: EBITDA Margin of the Selected Pharma & Medical Equipment Companies in the GCC – Half Yearly (H1 2019-H1 2020)



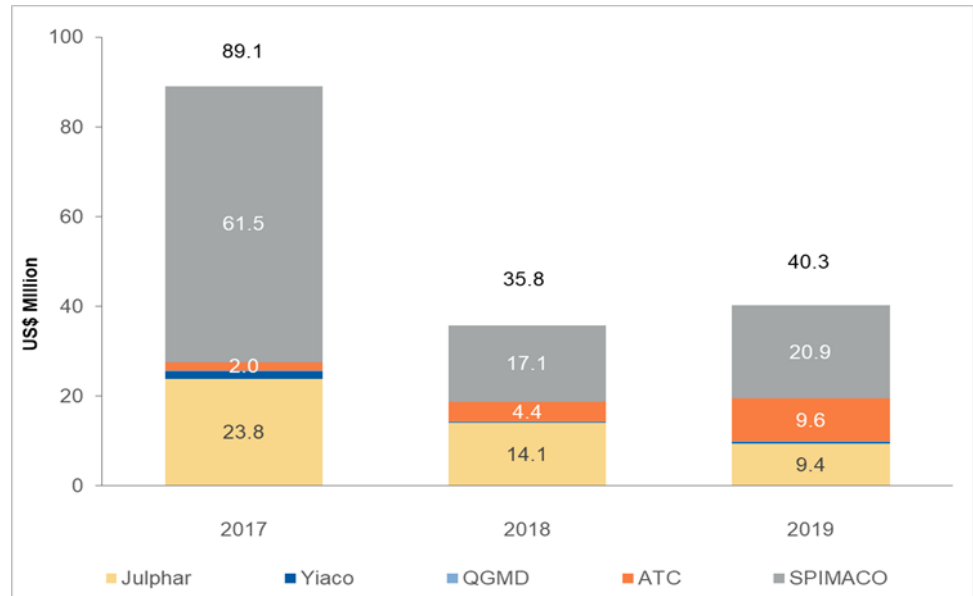
Source: Company Annual Reports

Capital Expenditure

The overall capital expenditure of the selected Pharma companies dropped from US\$ 89.1 million in 2017 to US\$ 40.3 million in 2019

The combined capital expenditure of the selected Pharma & Medical Equipment companies in the GCC declined from US\$ 89.1 million in 2017 to US\$ 40.3 million in 2019. Over the last three years, ATC and QGMD witnessed an increase in capex, while the other three companies witnessed continued drop in capital expenditure. Kuwait-based ATC recorded an increase in capex at a CAGR of 118.7% from 2017-19 on the back of expansion plans through its medical towers project, and ongoing projects with Kuwait Cancer Center, Al Sabah Hospital, Farwania Hospital, and New Maternity Hospital, which are expected to be completed by 2020-22. QGMD reported an increase at a CAGR of 48.8% in capex from 2017-19, while Yiacor, Julphar and SPIMACO witnessed a drop in spending during the same period.

Exhibit 39: Total Capital Expenditure of Selected Pharma & Medical Equipment Companies in the GCC



Source: Company Annual Reports

Going forward, the demand for domestically manufactured pharmaceuticals, drugs, medical equipment and devices are likely to be driven by rising private sector investments, investment in healthcare infrastructure, and increasing cases of chronic diseases. Moreover, support from local governments towards encouraging self-reliance is likely to spur the launch of new medical facilities, many of which are in the pipeline, thus enabling growth in the sector. Most significantly, the accelerated integration and application of AI and other new and advanced technologies in healthcare, is likely to prompt the widespread adoption of a range of medical devices across the GCC, thus boosting demand in this market. In Kuwait, diagnostic imaging devices are projected to be one of the biggest product segments in its medical device market, largely due to its preliminary requirement in many healthcare examinations²⁵⁴.

Valuation Analysis

In the selected Pharma & Medical Equipment companies in the GCC, we have not analyzed the data due to inconsistent financial indicators and wide-variation in multiples to conclude any trend within the sample set.

²⁵⁴ Source: Kuwait Medical Device Market, Ken Research, January 2019

Exhibit 40: Key Valuation Ratios of Selected Pharma & Medical Equipment Companies in the GCC

Company Name	LTM			
	P/E Ratio (x)	P/B Ratio (x)	EV/EBITDA (x)	EV/Sales (x)
Saudi Pharmaceutical Industries & Medical Appliances	NM	2.3	58.5	2.5
Gulf Pharmaceutical Industries	NM	1.6	NM	7.1
Advanced Technology Co	35.9	1.5	14.5	2.0
Qatari German Medical	NM	6.7	164.8	23.7
Yiaco Medical Co.	NM	6.6	NM	0.2

Source: Thomson Reuters Eikon

Notes: Last updated October 28, 2020; NM – Not Meaningful for an analysis of the data for the selected companies due to inconsistent financial indicators and wide-variation in multiples to conclude any trend

As a response to COVID-19, GCC governments are encouraging local pharmaceutical production, while GCC companies are ramping up R&D initiatives to develop tech-enabled tools and equipment for effective treatment and diagnosis²⁵⁵. As a result, the pandemic has turned out to be a boon for the local pharma companies due to the expected demand in medical supplies from the healthcare service providers. Moreover, the supply chain constraints from international companies has also prompted government and authorities to encourage and procure supplies from domestic pharma companies. These factors are likely to contribute to revenue and profitability growth within pharmaceutical companies in the region.

²⁵⁵ Source: "COVID-19 could spur GCC drug production", MEED, April 2020

Country Profiles

Saudi Arabia

Key Growth Drivers

- **Demography & NCDs:** Healthcare needs will continue to rise, as the country is likely to reach a population size of 36.2 million by 2022, of which ~17% will be aged over 50 years. Moreover, NCDs account for ~73% of all mortality cases in the Kingdom, with cardiovascular leading the cause. Saudi Arabia ranks seventh in the world for age-adjusted prevalence of diabetes. ~18.3% of adults in Saudi Arabia suffer from diabetes and over 40% of the Kingdom's citizens are considered to be obese. The rise in these lifestyle diseases will support demand for highly specialized medical and surgical care services in the Kingdom.
- **Privatization:** The government is encouraging private sector participation with the aim of increasing it to 35% by 2025. It further plans to privatize 295 hospitals and 2,259 healthcare centers by 2030. It is estimated that 20,000 additional beds would be required by 2035, further creating opportunities for private players to increase their investments in the sector.
- **Mandatory Health Insurance:** Since the implementation of mandatory health insurance, ~68% of expatriates have been insured and it was further estimated that regulations would add 2 million people to the total number of insured by 2019. Expansion of the coverage would increase utilization of healthcare services at private facilities in the Kingdom. Furthermore, all insurance companies in the Kingdom covered treatment for suspected and confirmed COVID-19 patients.

Recent Industry Developments

- In October 2020, the MoH published guidelines on 13 home healthcare services amid rising demand due to COVID-19.
- In September 2020, the MoH approved the 'Treatment Abroad Scheme' for which there is no cure available in the Kingdom.
- In July 2020, Middle East Healthcare's SGH Group partnered with US-based Automation Anywhere to implement AI bots in its system to improve patient care and automate end-to-end business process.
- In January 2020, Dr. Sulaiman Fakeeh Hospital completed the acquisition of Saudi Arabian Airlines' medical unit - Saudi Medical Services. The transaction was the first privatization by Saudi Arabia as part of its Vision 2030 plan and first privatization of a healthcare facility in the Kingdom.

Macro-economic Indicators

Indicators	Unit	2019E	2020E	2021F	2022F
GDP growth at current prices	%	0.8	-14.1	8.0	5.7
GDP per capita, at current prices	US\$	23,266.5	19,586.5	20,741.9	21,488.3
Population	mn	34.1	34.8	35.5	36.2
Medical Inflation	%	11.2	9.1	10.0	-

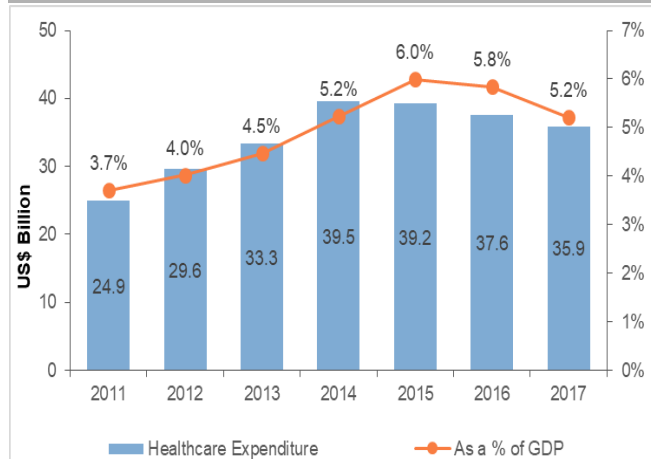
Source: IMF – October 2020, WTW

Note: E – Estimate; F – Forecast

Key Players

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

Current Healthcare Expenditure in Saudi Arabia



Source: WHO, Alpen Capital

Note: CHE for Saudi Arabia in 2017 is an average of last 5 years CHE (2012-2016); Data unavailable for 2017

UAE

Key Growth Drivers

- **Demography & NCDs:** An expanding population base, of which ~13% will be over the age of 50 years by 2022, and high per capita income is fueling demand for healthcare services. Moreover, sedentary lifestyle has increased the prevalence of high risk diseases like diabetes and obesity (~30% of adults in the UAE are obese). High NCD mortality rate of ~77% indicates increased health expenditure on treatment of related diseases.
- **Mandatory Health Insurance:** Following the phased implementation of compulsory medical insurance in Abu Dhabi and Dubai, the DHA has enforced insurance companies to include COVID-19 treatment under their coverage. The DHA also adopted the 'DRG' model (Diagnosis Related Group) that will help insurance companies categorize hospitalization costs. This will improve business efficiency for healthcare providers.
- **Medical Tourism:** Dubai and Abu Dhabi were ranked as the sixth and ninth most popular medical tourism destinations in the world as per Medical Tourism Index 2020-2021. Dubai hosted 350,118 medical tourists in 2019, an increase of 4.0% y-o-y, and expects the industry to contribute US\$ 708 million to the GDP by 2020 with 13.0% y-o-y revenue growth. Euromonitor forecasts the UAE's medical tourism industry to reach AED 14 billion (US\$ 3.8 billion) by end of 2020 and touch AED 19 billion (US\$ 5.2 billion) by 2023.

Recent Industry Developments

- In June 2020, American Hospital Dubai launched the first AI research center in the region in partnership with Cerner Corp. The center aims to leverage Cerner's Electronic Health Records data along with its clinical AI and advanced data analytics tools to create a CoE for oncology, infectious diseases and bariatric medicine.
- In April 2020, UAE published the 'Positive List' under the FDI Law which allows for 100% ownership in healthcare segments including hospital activities and pharma manufacturing.
- In December 2019, the DHA and VPS Healthcare signed a MoU to facilitate knowledge transfer, exchange experiences and strengthen collaboration in key healthcare areas.
- In December 2019, Aster DM Healthcare acquired 100% stake in Wahat Al Aman Home Healthcare for US\$ 28.6 million.

Macro-economic Indicators

Indicators	Unit	2019E	2020E	2021F	2022F
GDP growth at current prices	%	-3.0	-16.0	5.4	4.4
GDP per capita, at current prices	US\$	39,179.9	31,947.9	32,686.2	33,126.5
Population	mn	10.7	11.1	11.4	11.8
Medical Inflation	%	10.9	9.0	6.5	-

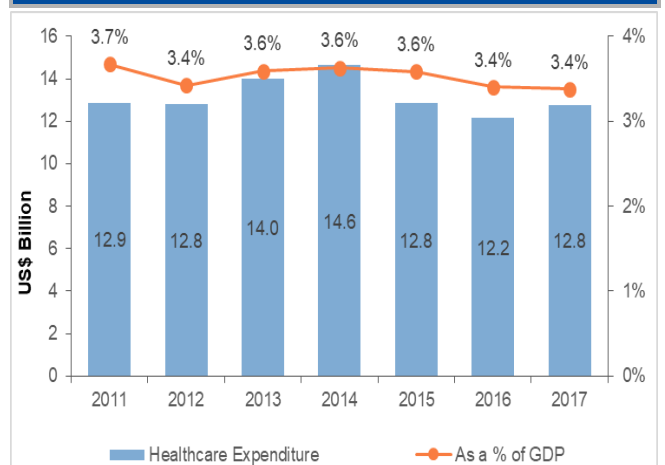
Source: IMF – October 2020, WTW

Note: E – Estimate; F – Forecast

Key Players

Company	Type
American Hospital Dubai	Gen. Medical & Surgical Hosp.
Aster DM Healthcare	Gen. Medical & Surgical Hosp.
AVIVO Group	Gen. Medical & Surgical Hosp.
Gulf Medical Projects Co.	Gen. Medical & Surgical Hosp.
Mediclinic Middle East	Gen. Medical & Surgical Hosp.
Mubadala Healthcare	Gen. Medical & Surgical Hosp.
Prime HealthCare Group	Gen. Medical & Surgical Hosp.
Thumbay Group	Gen. Medical & Surgical Hosp.
TVM Capital Healthcare	Gen. Medical & Surgical Hosp.
VPS Healthcare	Gen. Medical & Surgical Hosp.
Zulekha Healthcare Group	Gen. Medical & Surgical Hosp.

Current Healthcare Expenditure in the UAE



Source: WHO, Alpen Capital

Qatar

Key Growth Drivers

- **Demography & NCDs:** A rise in population to 2.8 million by 2022 will stimulate demand for healthcare services in the country. Furthermore, poor eating habits and physical inactivity has led to ~30% of adults becoming obese. This, coupled with the size of ageing population, will further augur demand for healthcare services.
- **Privatization:** In order to meet the increasing demand of healthcare services and share the financial burden on state finances, Qatar is set to attract FDIs through PPP initiatives in the healthcare sector. By 2022, the country's MoPH plans to increase the number of private hospital beds by 25%. In 2019, as part of the government's goal to increase hospital beds to 5,700 by 2033, bidders from the private sector were invited to construct and operate three hospitals on state-owned land in Abu Hamour and Al Shamal, adding a capacity of 310 beds.
- **Mandatory Health Insurance:** Qatar has already introduced compulsory health insurance for residents, enabling them to access affordable services at private facilities as well. The MoPH is also in the midst of drafting a law on its new mandatory health insurance scheme, including those visiting the country. This is likely to attract foreign insurance players to establish their operations in the country, further aiding growth.

Recent Industry Developments

- As of October 2020, Qatar's Public Works Authority (Ashghal) completed work on nine healthcare projects and is working on development of five new healthcare centers and a National Laboratory Building to provide specialized services including infectious disease management. This forms part of Ashghal's plan to construct ~70 healthcare centers over a 10 year period.
- In October 2020, the MoPH in collaboration with Hamad Medical Corporation (HMC), Primary Health Care Corporation (PHCC), Sidra Medicine and Naufar, launched a mental health and emotional wellbeing awareness campaign. It aims at reducing stress of people amid the COVID-19 pandemic.
- In June 2020, Qatar allowed private healthcare facilities in the country to perform COVID-19 tests, becoming the second country after Bahrain to allow for private lab testing. The samples will be sent to HMC laboratories for examination.

Macro-economic Indicators

Indicators	Unit	2019E	2020E	2021F	2022F
GDP growth at current prices	%	-4.1	-16.0	5.3	6.7
GDP per capita, at current prices	US\$	62,918.8	52,751.1	55,417.2	58,955.9
Population	mn	2.8	2.8	2.8	2.8
Medical Inflation	%	7.7	5.4	-	-

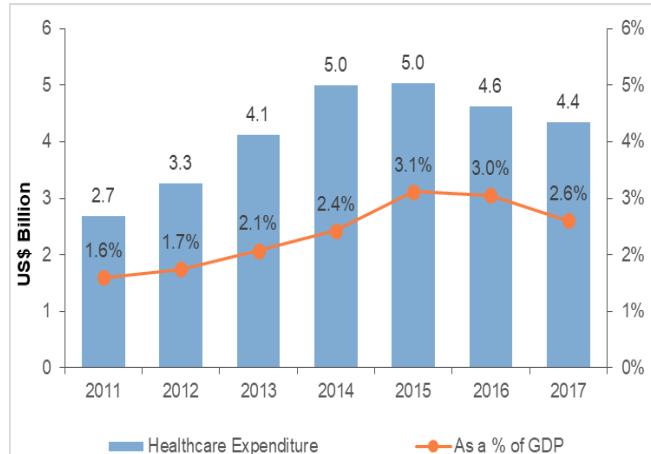
Source: IMF – October 2020, WTW

Note: E – Estimate; F – Forecast

Key Players

Company	Type
Al Abeer Medical Center Qatar	Clinics
Al Ahli Hospital	Gen. Medical & Surgical Hosp.
Al Emadi Hospital	Gen. Medical & Surgical Hosp.
Feto Maternal Center	Clinics
Hamad Medical Corporation	Gen. Medical & Surgical Hosp.
Medicare Group Q.S.C.	Gen. Medical & Surgical Hosp.
Sidra Medical and Research Center	Gen. Medical & Surgical Hosp.

Current Healthcare Expenditure in the Qatar



Source: WHO, Alpen Capital

Kuwait

Key Growth Drivers

- **Demography & NCDs:** Population in Kuwait is expected to grow to 5.1 million by 2022, of which ~20% will be over the age of 50 years. Moreover, Kuwait ranks 11th in the world for obesity, with ~37% of adults in the nation being obese. Such factors have increased the risk of cardiovascular diseases, which accounts for ~41% of NCD mortality rate. The high prevalence of such chronic diseases will continue to spur demand for healthcare services and treatments.
- **Regulations:** In a bid to reduce its financial burden, the government approved a draft law in 2019 that would establish a compulsory health insurance scheme for expatriates and for visitors. Considering expatriates account for ~70% of Kuwait's population, the government also approved a law to establish hospitals for the treatment of expatriates only.
- **Projects Pipeline:** The Kuwait Health Assurance Company (Dhaman), established under a PPP initiative, opened its first primary healthcare center in Cairo Complex in 2019 for expatriates. The center is part of Dhaman's plan to establish three 250-bed hospitals, 10 clinics and one single day surgery center. As of 2019, there were five entities working on 13 large scale mega healthcare projects, of which the MoH and Ministry of Public Works is overseeing projects worth US\$ 4.4 billion to replace or expand nine operating hospitals. These projects would add a capacity of more than 7,000 beds to the country's existing healthcare system. The private healthcare sector is also expected to add 1,800 beds to the capacity, with several projects currently under development.

Recent Industry Developments

- Kuwait's Children Hospital, with a capacity of 792 beds, 30 operating theatres and more than 11,000 rooms is scheduled to be completed in 2020. The hospital, which will be one of the largest in the world, will offer a full range of medical services.
- A total of 2,479 new hospital beds are expected to be added by 2020 as a result of expansions at Sabah Hospital, Farwaniya Hospital and Kuwait Cancer Centre.
- Al Salam International Hospital plans to build a new hospital that will include 46 medical clinics with a capacity of 50-125 bedrooms, seven operating rooms, and a maternity ward with nine delivery rooms.

Macro-economic Indicators

Indicators	Unit	2019E	2020E	2021F	2022F
GDP growth at current prices	%	-3.8	-19.7	6.9	5.6
GDP per capita, at current prices	US\$	28,499.8	22,252.4	23,138.1	23,773.6
Population	mn	4.7	4.9	5.0	5.1
Medical Inflation	%	3.9	7.0	7.7	-

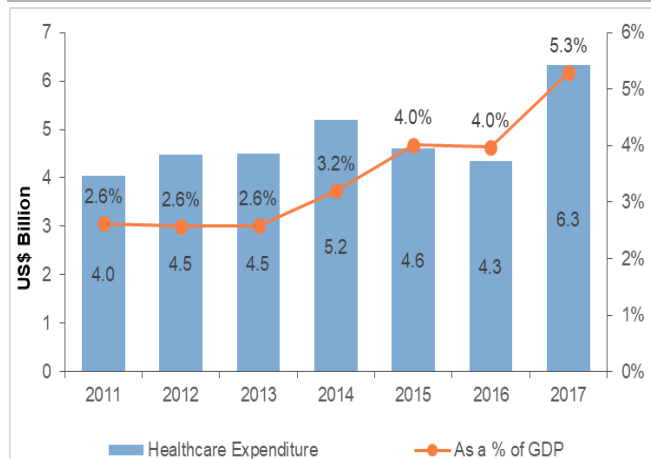
Source: IMF – October 2020, WTW

Note: E – Estimate; F – Forecast

Key Players

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

Current Healthcare Expenditure in Kuwait



Source: WHO, Alpen Capital

Source: Thomson Reuters Eikon, IMF, Media Reports

Oman

Key Growth Drivers

- **Demography & NCDs:** Population in Oman is expected to grow to 4.6 million by 2022, growing at a CAGR of 3.0% since 2019. Rising population coupled with the country's high NCD mortality rate of ~72% will increase demand for care and treatment of ailments such as cardiovascular diseases, diabetes, and obesity among others.
- **Regulations:** Oman's Mandatory Health Insurance System called 'Dhamani', is expected to begin in late 2020 (likely delay until 2021) and cover ~2 million private sector employees once it is fully rolled out. Pursuant to the compulsory insurance scheme, CMA issued the Unified Health Insurance Policy in 2019 for private sector employees, including expatriates and visitors. CMA also issued a directive to cover medical tests and treatment costs for COVID-19 patients in the insurance coverage for both nationals and expatriates.
- **Privatization:** The Public Private Partnership (PPP) Law and the Privatization Law came into force in July 2019 and would be implemented in phases. As per the first phase, the private sector can design, build and maintain state clinics. However, the management would still be under the purview of the MoH. Oman's flagship project, Sultan Qaboos Medical City Complex, worth OMR 479 million (US\$ 1,242.8 million) is being developed under the PPP model and is proposed to have five major hospitals with more than 2,000 beds, a dedicated imaging center and laboratories.

Recent Industry Developments

- In April 2020, the Royal Hospital launched the virtual clinic service to enable patients to communicate with the doctors remotely by a phone call. This service is currently available for the patients in several medical specializations.
- In April 2020, Al Masarra hospital initiated community psychological support as part of its efforts in fighting COVID-19.
- In March 2020, Omantel in partnership with the MoH purchased more than 24,000 laboratory materials for the COVID-19 test.
- In June 2019, Badr Al Samaa Group of Hospitals and Polyclinics launched a first of its kind private facility in Al Dakhiliya Governorate, Nizwa (Oman). The multi-specialty hospital with expanded facilities serves as a strategic referral center for advance care in the private healthcare sector.

Macro-economic Indicators

Indicators	Unit	2019E	2020E	2021F	2022F
GDP growth at current prices	%	-4.3	-18.4	4.8	11.0
GDP per capita, at current prices	US\$	18,198.3	14,423.4	14,674.5	15,803.9
Population	mn	4.2	4.3	4.5	4.6
Medical Inflation	%	4.4	3.5	2.1	-

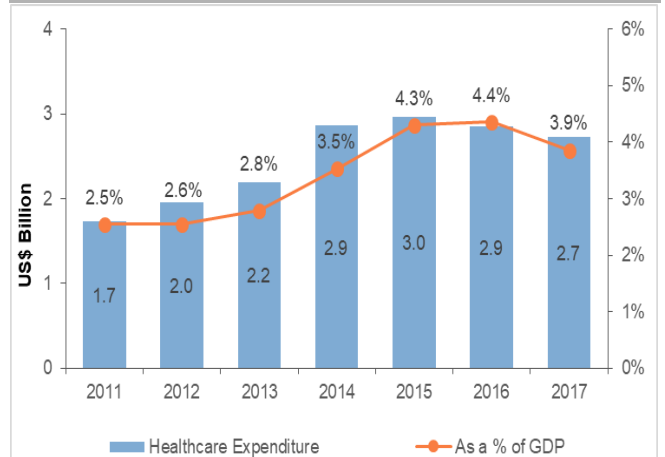
Source: IMF – October 2020, WTW

Note: E – Estimate; F – Forecast

Key Players

Company	Type
Al Amal Medical Center	Clinics
Al Bahja Polyclinic	Clinics
Al Hayat International Hospital	Gen. Medical & Surgical Hosp.
Apollo Medical Centre	Gen. Medical & Surgical Hosp.
Badr Al Samaa Group of Hospitals and Polyclinics	Gen. Medical & Surgical Hosp.
Elaj Medical Center	Gen. Medical & Surgical Hosp.
Madinat Qaboos Medical Centre	Clinics
Muscat Private Hospital	Gen. Medical & Surgical Hosp.
Oman Medical Projects	Gen. Medical & Surgical Hosp.
Starcare Hospital	Specialized Hospitals

Current Healthcare Expenditure in Oman



Source: WHO, Alpen Capital

Bahrain

Key Growth Drivers

- **Demography & NCDs:** The population of Bahrain is expected to reach 1.6 million by 2022. Moreover, NCDs account for ~83% of all mortality cases in the country, the highest rate in the GCC. The rise in prevalence of NCDs coupled with growing population will drive demand for long-term care and other healthcare services.
- **Regulations:** The mandatory health insurance scheme (Sehati) for expatriates, which was scheduled to be launched in 2019, is now expected to be introduced in late 2020 or early 2021. Under the scheme, expatriates will be covered by insurance paid by their employers, which will entitle them to treatment at private and public facilities. Once Sehati is launched, Bahrainis will continue to be eligible for free services at public health facilities, and pay an additional insurance premium to access private sector treatment. Once fully implemented, the law will reduce the number of Bahrainis seeking treatment elsewhere and also increase the utilization of private healthcare facilities in the country.

Recent Industry Developments

- In May 2020, Bahrain became the first country in the GCC to allow private hospitals to conduct optional COVID-19 tests.
- In January 2020, an agreement was signed between Arabian Gulf University and the Saudi Fund for Development (SFD) to finance the construction of new buildings at the King Abdullah bin Abdullaziz Medical City Hospital. The project, towards which SAR 1 billion (US\$ 0.3 billion) was donated as funding, is being built upon a 1 million sq m of land and will include 288 beds, a number of research centers and a college of medicine. The project is expected to begin operations by early 2022.
- In October 2019, Bahrain unveiled two healthcare sector projects at the first Business Development and Investment Forum in Health and Medical Industries (BDFEX). The country also announced plans to seek investors for the two healthcare projects - a complex of private integrated medical clinics and second an industrial zone for health and medical industries.
- In February 2019, the MoH launched the genetic testing unit which enhances Bahrain's medical research field that would aid in treating undiagnosed rare genetic diseases.

Macro-economic Indicators

Indicators	Unit	2019E	2020E	2021F	2022F
GDP growth at current prices	%	2.4	-10.2	5.7	4.9
GDP per capita, at current prices	US\$	25,997.6	22,877.6	23,710.4	24,382.6
Population	mn	1.5	1.5	1.5	1.6
Medical Inflation	%	6.0	4.4	4.5	-

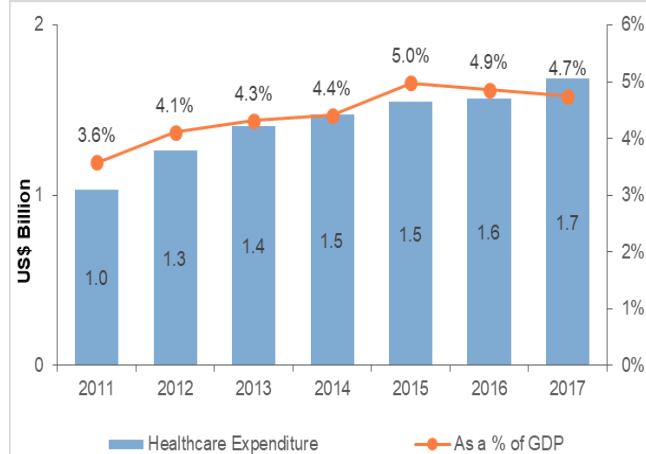
Source: IMF – October 2020, WTW

Note: E – Estimate; F – Forecast

Key Players

Company	Type
American Mission Hospital	Specialized Hospitals
Bahrain Specialist Hospital	Gen. Medical & Surgical Hosp.
Balsam Pediatric Clinic	Clinics
Gulf Medical and Diabetes Center	Specialized Hospitals
Ibn Al Nafees Hospital	Gen. Medical & Surgical Hosp.
International Hospital of Bahrain	Gen. Medical & Surgical Hosp.
KIMS Group	Gen. Medical & Surgical Hosp.
Middle East Hospital	Gen. Medical & Surgical Hosp.
Royal Hospital for Women	Gen. Medical & Surgical Hosp.
Seef Dental Hospital	Clinics

Current Healthcare Expenditure in Bahrain



Source: WHO, Alpen Capital

Company Profiles

Al Hayat International Hospital (Privately Owned)

Oman

Company Description

Operational since 1995, Al Hayat International Hospital (AHIH) is a 50 bed multi-specialty hospital based in Oman and is part of the Al Hayat Group (AHG). AHG also operates Al Hayat Polyclinic in Sohar, which offers comprehensive services across specialties. Dr. K.P. Raman, a cardiologist trained in the UK, is the Founder and Chairman of the Group that has been at the forefront of introducing several advanced medical facilities in the Sultanate's private sector.

Business Segments/Services Portfolio

- **Cardiology:** This is the key specialization of the hospital, offering a full spectrum of services for treating and preventing heart and blood vessel diseases. The department is equipped with state-of-the art facilities that help provide screening, diagnostics and treatment through CT coronary angiogram, invasive coronary angiogram, angioplasty and stenting, pacemaker implantation, ICD and CRT implantation for heart failure, loop recorder implantation for arrhythmias, Holter monitor, TMT or stress test, tilt table testing, carotid doppler, and ECHO (Stress ECHO and Trans-esophageal ECHO), among others. AHIH was the first to introduce echocardiogram (ECHO) facility in Oman's private sector healthcare space.
- **Diabetology:** This department provides diagnosis and treatment of diabetic complications. Services offered under this department include diabetic heart and kidney checkup, diabetic neuropathy screening, diabetic foot study, real-time continuous glucose monitoring, and regular blood tests.
- **Other Specializations:** Apart from the above specialties, the hospital also offers diagnostics and treatment in the areas of dermatology, dentistry, ENT, endocrinology, emergency medicine, gastroenterology, general and laparoscopic surgery, internal medicine, nephrology, neurology, orthopedics, oncology, ophthalmology, pediatrics, physiotherapy, pulmonology, radiology, urology, and cosmetic surgery, among others.

Recent Developments/Future Plans

- In September 2019, AHIH opened a new cardiac catheter laboratory in Muscat that offers innovative technologies for the treatment of Coronary Artery Disease.

Al-Mowasat Healthcare Co. K.S.C.P. (Privately owned)

Kuwait

Company Description

Established in 1998, Al-Mowasat Healthcare Co. K.S.C.P. (MHC) owns, develops and manages hospitals in Kuwait. The company owns and operates the New Mowasat Hospital and New Mowasat Clinics in Kuwait. It is also engaged in real estate activities through its subsidiary, Al-Mowasat Real Estate Co., which constructs and manages hospitals in Kuwait. MHC is the healthcare arm of Nafais Holding Co., which is also engaged in educational services.

Business Segments/Services Portfolio

- **New Mowasat Hospital (NMH):** Established in 1965, NMH is one of the first private hospitals in Kuwait. It spans over an area of 27,000 sq m and has a capacity of over 100 beds. The hospital offers a range of medical services in the areas of anesthesiology, cardiology, general surgery, ENT, dentistry, endocrinology, nephrology, neurology, endoscopy, ophthalmology, neonatology, reproductive medicine, rheumatology and urology. It is equipped with patient rooms, operation theaters, pharmacy, emergency care, endoscopy rooms, rehabilitation center, and a laboratory. NMH is an accredited healthcare facility by the Accreditation Canada Qmentum International, Accreditation Canada International, and Joint Commission International (JCI).
- **New Mowasat Clinics (NMC):** Established in May 2009, NMC is a polyclinic that offers healthcare services in and surrounding the Ahmadi Governorate in the south of Kuwait. It offers medical care in the areas of general medicine, internal medicine, family medicine, obstetrics & gynecology, pediatrics & neonatology, dermatology & cosmetology, dental, orthopedic, physical medicine, ENT, ophthalmology and urology. It also has an onsite laboratory and radiology department to support treatment.
- **Investment and Others:** This segment is mainly engaged in real estate activities and other investments through the subsidiary Al-Mowasat Real Estate Company K.S.C.C.

Recent Developments/Future Plans

- NMH was re-accredited by the JCI based on the findings of the Triennial Hospital Survey in February 2020. The hospital met all standards with 100% compliance for Quality and safety standards. Subject to 3-year accreditation cycles, NMH had earlier received JCI accreditation in 2010, 2014, and 2017.

Al Salam International Hospital (Privately Owned)

Kuwait

Company Description

Established in 1964, Al Salam International Hospital (ASIH) is a multi-specialty hospital providing obstetric gynecology, surgical, medical, pediatric, and critical care services. The 184-bed hospital is owned by a group of investors including the Kuwait Finance House that owns ~76.1% stake in ASIH. ASIH operates different in-house specialized centers and clinics under its name including the Derma Care Center, Al-Messila, and Al-Salam Dental Center. The hospital also offers personalized patient care services like nursing, dietary services, and Dasman Suite (luxurious suites offering specialized medical care and premium value-added services). ASIH also has a clinical pharmacy and laboratory.

Business Segments/Services Portfolio

- **Al Messila Tower:** The tower has a chain of private clinics that operate as a branch of the ASIH. The facility offers healthcare services in various specialized fields including dental, diabetes and hypertension, dialysis, obesity, maternal-child healthcare, and dermatology.
- **Derma Care Center:** It is a CoE and has three sections - the medical section, which offers laser care treatments and traditional dermatology treatment for different skin ailments; medical skin care section, which offers beauty & cosmetic treatments; and a VIP section, which offers premium care and highest level of privacy.
- **Al-Salam Dental Center:** The center comprises of 11 clinics, an imaging room and a dental lab. It is equipped with the latest equipment and technology that are utilized to provide treatment in specialties such as pediatric dentistry, orthodontics, endodontics, and prosthodontics, among others.
- **Other Specializations:** In addition to the above specialization centers, ASIH offers treatment and diagnostic in the areas of cardiology, gynecology, internal medicine, cosmetic surgery, hematology, ophthalmology, urology, andrology, orthopedic, pediatric, obstetrics, endocrinology, nephrology, gastroenterology, respiratory, neurology, and ENT.

Recent Developments/Future Plans

- ASIH plans to build a new hospital in the Ahmadi area in Kuwait. The hospital will be built in two phases - the first phase will include a new premises of 46 medical clinics with a capacity of 50-125 bedrooms, seven operating rooms, and a maternity ward with nine delivery rooms; and the second phase will be based on expansions in the existing facility with increase in number of patients as needed.

American Hospital Dubai (Privately Owned)

UAE

Company Description

Established in 1996, American Hospital Dubai (AHD) is a part of the Mohammed & Obaid Al Mulla Group. AHD has a total capacity of 252-beds with more than 40 medical and surgical specialties. In addition to the main hospital, AHD also runs two clinics, which offer primary care services in Dubai Media City and Al Barsha area. The hospital also has a Life Support Training Center, which is a part of the American Heart Association (AHA). AHD is also an inaugural member of the Mayo Clinic Care Network and is also the first hospital in the region to be accredited by the JCI. Within the region, its laboratory is the first in the private sector to be accredited by the College of American Pathologists.

Business Segments/Services Portfolio

- **Medical Services:** AHD provides various medical services in areas of cancer care, anesthesiology, bariatric surgery, colorectal surgery, dermatology, endocrinology, gastroenterology, geriatrics, general surgery, heart and vascular center, kidney dialysis, neurology, nephrology, gynecology, orthopedics, palliative care, pediatrics, cosmetic surgery, rheumatology, radiation oncology, urology, and sports medicine.
- **Health Packages:** The hospital provides various health packages for maternity, plastic surgery, weight loss, colonoscopy screening, cardiology, dermatology, knee replacement, and full health check-up.
- **Mayo Care Network:** As a member of the Mayo Clinic Care Network, AHD has access to an online point-of-care tool called AskMayoExpert, which enables medical professionals to collaborate with Mayo Clinic (US). This tool offers disease management, care guidelines, treatment recommendations and reference materials for different medical conditions with Mayo Clinic expertise.
- **Life Support Training Center:** The center offers training courses in basic life support, advanced cardiovascular life support, pediatric advanced life support, neonatal resuscitation program, airway management, electrocardiogram, pharmacology, and cardiopulmonary resuscitation. AHD is the first private hospital in the UAE to be an AHA International Training Center.

Recent Developments/Future Plans

- In July 2020, AHD was awarded 'Excellence in Robotics Surgery Services' by UK-based Global Brands Magazine for its da Vinci Xi surgical system - a robotic surgery system that provide multi-quadrant access for a variety of complex procedures.
- In June 2020, AHD launched the first AI research center in the region in partnership with Cerner Corp. The AI research center aims to leverage Cerner's Electronic Health Records data along with its clinical AI and advanced data analytics tools to create CoE for oncology, infectious diseases, and bariatric medicine. The center will use big data analytics and machine learning capabilities to support research activities and operational improvement projects.
- In June 2020, AHD selected Oracle Cloud Application, a member of Oracle Partner Network, to provide a digital business platform with the Oracle Enterprise Resource Planning. The initiative aims to enhance productivity, reduce cost, and improve controls.

Aster DM Healthcare Ltd. (Publicly Listed)

UAE

Company Description

Incorporated in 1987, Aster DM Healthcare (ADMH) provides primary, secondary, tertiary and quaternary healthcare services through its network of 26 hospitals, 116 clinics, and 238 retail pharmacies across seven countries. These facilities are operated under the brands Aster, Access, Medcare, MIMS and Medcity in the GCC (excl. Kuwait), Jordan and India. ADMH has a workforce of ~20,000 medical staff.

Business Segments/Services Portfolio

- **GCC:** ADMH operates hospitals, clinics and pharmacies in Oman, UAE, Qatar, Bahrain, Jordan and Saudi Arabia. It runs 13 hospitals in the GCC (eight in UAE, three in Oman, one each in Qatar and Saudi Arabia) with a total capacity of 1,165 beds. Additionally, the company operates a network of 107 clinics and over 238 retail pharmacies, largely in the UAE. Overall, the GCC operations accounted for ~81.3% of ADMH's total revenue during FY 2020.
- **India:** ADMH operates 13 multi-specialty hospitals in India with a combined capacity of 3,693 beds. Additionally, it runs six clinics, few pharmacies and DM Wayanad Institute of Medical Sciences (WIMS) College in Kerala. The India business accounted for ~18.6% of ADMH's total revenue during FY 2020.

Recent Developments/Future Plans

- In June 2020, ADMH launched a 50-bed critical care hospital in Muhaisnah, Dubai for the treatment of COVID-19 patients.
- In December 2019, ADMH acquired 100% stake in Wahat Al Aman Home Healthcare LLC, Abu Dhabi for AED 105 million (US\$ 28.6 million).
- In December 2019, ADMH acquired 80% stake in the UAE based Premium Healthcare, which operates a clinic at DIFC, for AED 8.7 million (US\$ 2.4 million).

Financial Performance

US\$ Million	2018 YE Mar	2019 YE Mar	2020 YE Mar	Change y-o-y (%)
Revenue	954.1	1,127.6	1,237.5	9.7
COGS	290.3	341.2	371.6	8.9
Operating Income	50.8	83.4	100.0	20.0
Operating Margin (%)	5.3	7.4	8.1	
Net Profit / (Loss)	39.7	51.8	44.4	-14.3
Net Income Margin (%)	4.2	4.6	3.6	
Return on Equity (%)	10.4	10.7	8.5	
Return on Assets (%)	3.9	4.5	2.9	

Source: Company website, Company Filings, Thomson Reuters

Current Price (US\$) 1.86

Price as on October 28, 2020

Stock Details

Thomson Reuters ticker	ATRD.NS
52 week high/low	180.50/78.50
Market Cap (US\$ mn)	927.9
Enterprise value (US\$ mn)	1,677.4
Shares outstanding (mn)	499.5

Source: Thomson Reuters

Average Daily Turnover ('000)

	AED	US\$
3M	1,679.7	457.3
6M	2,215.6	603.2

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2019	LTM
P/E (x)	25.6	35.8
P/B (x)	2.5	2.1
EV/Sales	5.5	1.5
Dividend Yield (%)	-	-

Source: Thomson Reuters

Shareholding Structure

Union Investments Pvt. Ltd	37.41%
Others	62.59%
Total	100.00%

Source: Thomson Reuters

AVIVO Group (Privately Owned)

UAE

Company Description

Established in 2011, AVIVO Group owns and operates two hospitals, 29 clinics, 10 dental centers, six pharmacies, six distribution centers, two training centers and two diagnostic facilities in the UAE and Kuwait. The group, with a staff of over 220 doctors and 1,200 employees, caters to around 1 million patients per year. The hospitals and clinics offer services under two broad specialties - medical and surgical, while also facilitating auxiliary services such as preventive health check-ups, physiotherapy, clinical laboratory services, radiology & imaging services, occupational health training, etc.

Business Segments/Services Portfolio

- **AVIVO Hospitals:** Under this brand, the group operates the below two hospitals in the UAE:
 - **National Hospital:** Established as a hospital in 1998, this 22-bed multi-specialty facility in Abu Dhabi offers inpatient and outpatient services in more than 13 different specialties. The hospital also has a laboratory, operation theatres, radiology and a pharmacy to facilitate treatment services.
 - **Conceive – The Gynecology and Fertility Hospital:** Established in 2004, the hospital has two branches in the UAE. The two facilities, located in Sharjah and Dubai, offer a comprehensive range of reproductive treatments and technologies such as ovulation induction, IVF, IUI, PESA, TeSA, ICSI, Blastocyst culture, laparoscopy, colposcopy, hysteroscopy, etc.
- **AVIVO Clinics:** Under this brand, the group operates nine super specialties clinics (three in Dubai and six in Kuwait), Aesthetica Clinics and two Dermalase Clinics.
 - **Super Specialities Clinics:** The three super specialties clinics in UAE are German Medical Center (Dubai), Beverly Home Healthcare (Dubai) and Conceive - the Gynecology Center. The six clinics in Kuwait are Mallorca Medical Center, Tijan International Dental Center and Dental Lab (one lab and four centers at Jahra, Farhaniya, Al Samiya and Fahaheel in Kuwait).
 - **Aesthetica Clinics:** Established 2002, the two clinics in Dubai offer a range of cosmetic surgery and anti-ageing treatments.
 - **Dermalase Clinic:** The two clinics in Dubai offer a range of aesthetic procedures including skincare, laser treatment, Botox and fillers, clinical dermatology, plastic surgery and anti-aging medicine.
- **Primary Healthcare Clinics & Diagnostic Centers:** Under this division, the group operates four clinics across the UAE. In Dubai, it runs the, Doctor's Clinic and Muhaisna Specialist Medical Centre (Eastern Dubai). In Sharjah, it operates the Reem Medical Diagnostics Centre and Reem Al Nahda Medical and Diagnostic Centre. In addition to these, the group also operates the Royal English Laboratory in Kuwait that offers a comprehensive range of laboratory tests.
- **Kalium Drug Store:** Established in 2006, Kalium group of companies is a distributor of advanced medical equipment, skin care products and aesthetic devices in the Middle East region.
- **Institute of Medical Aesthetics:** It is a fully accredited educational institute in Dubai, which provides training programs for medical professionals in aesthetic medicine.
- **American Academy of Anti-Aging Medicine (A4M):** A4M works on the advancement of healthcare technologies that can combat chronic diseases related to aging. It offers medical education, training and activities through its entity Metabolic Medical Institution.

Recent Developments/Future Plans

- In March 2020, AVIVO opened a new beauty-enhancement and wellness clinic under Dermalase Clinic brand in Al Wasl, Dubai.
- In February 2019, AVIVO signed an accord with Australian Council on Healthcare Standards International as part of the group's commitment to continuous quality improvement in its services as per the global standards.
- AVIVO plans are to expand to other parts of the GCC including Saudi Arabia, Oman, Kuwait, Qatar and UAE with more specialized centers. It also plans to expand to the Southeast Asian countries of Singapore, Malaysia, Indonesia, Thailand, and the Philippines.

Source: Company website, Media Reports

Badr Al Samaa Group of Hospitals and Polyclinics (Privately Owned) Oman

Company Description

Founded in 2002, Badr Al Samaa Group of Hospitals and Polyclinics (BASG) is one of the largest healthcare providers based out of Oman with presence across the GCC region. The group operates more than 18 hospitals and medical centers in Oman, Qatar, UAE, Bahrain, and Kuwait. The group operates 10 healthcare facilities in Oman, five Al Hilal Hospitals & medical centers in Bahrain and one medical center each in the UAE, Kuwait and Qatar. Badr Al Samaa hospitals have more than 400 doctors that provide treatment across major specialties.

Business Segments/Services Portfolio

- **Specialties:** The hospitals and medical centers across all locations offer treatment in specialties such as urology, cardiology, neurology, nephrology, pulmonology, diabetology, general surgery, ENT, gynecology and obstetrics, pediatrics, anesthesiology, radiology, dermatology, pathology, dentistry, dietetics, physiotherapy, gastroenterology, internal medicine, psychiatry, orthopedics and trauma, ophthalmology and orthodontics. The facilities are JCI accredited.
- **Facilities:** In addition to the above treatments, the group offers a wide range of wellness packages under general health checks, heart health checks, mother & child checks, and disease specific checks. The hospitals are well equipped with latest medical equipment and offer support services such as pharmacy, emergency medical services, radiology, laboratory and ambulance.

Recent Developments/Future Plans

- In August 2019, BASG launched its Medical Center in Suwaiq, Oman. Offering a wide range of specialties, this center has advanced emergency department with triage facilities. It has total 10 beds to handle emergency cases.
- In June 2019, BASG launched a first of its kind private facility in Al Dakhiliya Governorate, Nizwa (Oman). The advanced multi-specialty hospital with expanded facilities serves as a strategic referral center in the private healthcare sector.

Dallah Healthcare Holding Co. (Publicly Listed)

Saudi Arabia

Company Description

Founded in 1995, Dallah Healthcare Holding Company's (DHC) businesses include ownership of the 448 bed Dallah Hospital in Saudi Arabia, operation and management of third-party hospitals, production and distribution of medical supplies and herbal medicines. DHC also invests in healthcare projects in the Middle East.

Business Segments/Services Portfolio

- **Dallah Hospital:** The JCI accredited hospital has two branches - Dallah Namar and Dallah Alnakheel, which provide medical services across multiple specialties.
- **Pharmaceutical:** Dallah Pharma Co., the fully owned subsidiary of DHC, is a distributor of pharma, herbal, and cosmetic products with exclusive distribution rights for 45 pharmaceutical, 12 herbal and eight cosmetic products in Saudi Arabia.
- **Operation and Management:** DHC manages and operates Al-Khafji Hospital (owned by Aramco) and the 100-bed Mahayel Hospital in Saudi Arabia.
- **Support Services:** DHC supports and complements hospitals with their medical services through the Afyaa Al Nakheel Support Services Co.
- **Investments:** DHC has investments in several healthcare projects in the Middle East.

Recent Developments/Future Plans

- In June 2020, DHC signed an agreement to acquire 78.59% of shares of Makkah Medical Center for US\$ 42.9 million, bringing its total ownership to 86.1%.
- In May 2020, DHC agreed to buy 54.65% of Care Shield from Kingdom Holding for US\$ 80 million in cash and in exchange KIDC, a subsidiary of Kingdom Holdings, will receive a 4.99% stake in DHC valued at US\$ 49.6 million.
- In December 2019, DHC acquired 10% stake in Meras Arabia Medical Holding Co. for US\$3.2 million as a part of the plan to gradually acquire 70% of Meras.

Financial Performance

US\$ Million	2017 YE Dec	2018 YE Dec	2019 YE Dec	Change y-o-y (%)
Revenue	323.3	315.0	333.9	6.0
COGS	174.5	198.6	214.5	8.0
Operating Income	82.1	39.0	41.2	5.6
Operating Margin (%)	25.4	12.4	12.3	
Net Income	78.7	37.8	39.2	3.6
Net Income Margin (%)	24.3	12.0	11.7	
Return on Equity (%)	18.4	8.6	9.4	
Return on Assets (%)	12.3	5.4	5.2	

Source: Company website, Company Filings, Thomson Reuters

Current Price (US\$) 12.05

Price as on October 28, 2020

Stock Details

Thomson Reuters ticker	4004.SE
52 week high/low	50.40/34.75
Market Cap (US\$ mn)	1,033.3
Enterprise value (US\$ mn)	1,333.2
Shares outstanding (mn)	85.5

Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US\$
3M	21,060.5	5,615.5
6M	17,673.8	4,712.5

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2019	LTM
P/E (x)	31.5	31.5
P/B (x)	2.7	2.6
EV/Sales	12.5	4.1
Dividend Yield (%)	3.0	2.6

Source: Thomson Reuters

Shareholding Structure

Dallah Al Baraka Holding Co.	54.61%
Al Faqih	5.24%
Tareq Osman Al Qasabi	4.82%
Aseer Trading, Tourism & Mfg	3.50%
Others	31.73%
Total	100.00%

Source: Thomson Reuters

Dr. Soliman Fakeeh Hospital (Privately Owned)

Saudi Arabia

Company Description

Founded in 1978, Dr. Sulaiman Fakeeh Hospital (DSFH) is a multi-specialty hospital in Saudi Arabia with a capacity of 500 beds. The hospital, with a workforce of more than 3,000 caregivers and 2,900 specialists, is visited by more than 700,000 patients every year. The company is a part of Fakeeh Care Group, a healthcare and medical-education service provider in Saudi Arabia. The other healthcare-related entities under the group include Fakeeh College for Medical Sciences, Fakeeh University Hospital, Aman Home Healthcare, Kaust Health, Family Medical Center, Khadija Attar Center, The Executive Clinic, Fakeeh Medical Home, and Dr. Soliman Fakeeh Medical Center. Fakeeh International, another company under Fakeeh Care, offers medical tourism services at DSFH. Additionally, the group offers complementary healthcare services through Fakeeh International (medical tourism and medical projects), Olympia (a rehabilitation/fitness center), Kameda Arabia (provider of integrated healthcare IT solutions), and Fakeeh Complementary (distributor of medical supplies).

Business Segments/Services Portfolio

- **Clinical Departments:** DSFH offers healthcare services in the areas of internal medicine, andrology, anesthesia, obstetrics & gynecology, audiology, bariatric surgery, respiratory & sleep disorders, cardiology, pediatrics, ENT, physical medicine, plastic surgery, palliative care, orthopedic & spine diseases, rheumatology, vascular surgery, chiropractic medicine, gastroenterology, general surgery, hyperbaric oxygen therapy, assisted reproductive care, psychiatry, neurosurgery, oncology/hematology, urology, and radiology. It also provides rehabilitation, adult intensive care and pain services with dedicated renal dialysis, endoscopy, and burn care units.
- **Pharmacy:** DSFH provides outpatient (three pharmacies), inpatient, and clinical pharmacy services. Additionally, the DSFH Pharmaceutical services hosts training programs for pharmacy and clinical pharmacy students.
- **Elite Center:** This center provides premium and personalized services, with access to advanced diagnostic tools and healthcare resources. The range of services provided include Elite Center Clinic, assistance in appointment, Executive Health Program for professionals, medication dispensing by clinical pharmacist, a dedicated lounge area, and waiting area with free Wi-Fi service.

Recent Developments/Future Plans

- In January 2020, DSFH completed its acquisition and strategic partnership with Saudi Arabian Airlines' medical unit - Saudi Medical Services. The transaction was the first privatization of a healthcare facility in Saudi Arabia, as part of its Vision 2030.
- In July 2018, Serco - a leading FTSE 250 outsourcing firm and DSFH formed a partnership agreement to enhance facilities management and patient-facing services at the hospital in the next 5 years. The agreement covers 12 service lines within the hospital including – VIP services, maintenance planning and implementation, infection control, cleaning technology & QA, portering and helpdesk. In addition, Serco is implementing a Computer Aided Facilities Management system across all service lines.

Dr. Sulaiman Al-Habib Medical Group (Publicly Listed)

Saudi Arabia

Company Description

Established in 1995, Dr. Sulaiman Al-Habib Medical Group (HMG) is a provider of comprehensive healthcare services in the GCC. The company owns and operates six hospitals in Saudi Arabia and one in the UAE, which together have a capacity of more than 1,913 beds, along with managing a medical facility in Bahrain. HMG also runs 1,371 clinics, 13 outpatient pharmacies and CoEs.

Business Segments/Product Portfolio

- **Healthcare Facilities:** HMG runs seven hospitals namely Dubai Hospital, Olaya Medical Complex, Suwadi Hospital, Qassim Hospital, Al Rayan Hospital, Takhassusi Hospital, and the Khobar Hospital, which is HMG's first fully integrated digital healthcare facility with 458 beds. Additionally, the group offers operating and management services to the University Medical Center affiliated with King Abdullah Medical City in Bahrain. HMG's portfolio also includes under construction North Riyadh and Southwest Jeddah hospitals.
- **Pharmacy:** HMG operates pharmacies in Saudi Arabia through Al Afia Pharmacies Co. and the Middle East Pharmacies Co., and in Dubai through Pharma Choice.
- **Solutions:** HMG offers home healthcare services, establish and operate ICUs and laboratories, while also providing health IT systems through different companies.
- **Centers of Excellence (CoE):** HMG runs CoEs for various therapeutic areas including dermatology, plastic surgery, ophthalmology, orthopedic, and maternity.

Recent Developments/Future Plans

- In August 2020, HMG approved construction of new US\$ 125.8 million maternity and pediatric hospital in Riyadh as a branch of the Gharb Al-Takhassusi Hospital.
- In February 2020, HMG offered 15% of share capital in IPO worth US\$ 0.70 billion.

Financial Performance				
US\$ Million	2017 YE Dec	2018 YE Dec	2019 YE Dec	Change y-o-y (%)
Revenue	1,167.9	1,223.5	1,341.8	9.7
COGS	830.4	860.3	931.5	8.3
Operating Income	174.8	213.8	231.4	8.3
Operating Margin (%)	15.0	17.5	17.2	
Net Income	174.9	213.4	223.4	4.7
Net Income Margin (%)	15.0	17.4	16.6	
Return on Equity (%)	14.6	17.6	18.3	
Return on Assets (%)	9.6	11.0	10.5	

Source: Company website, Company Filings, Thomson Reuters

Current Price (US\$) 25.65

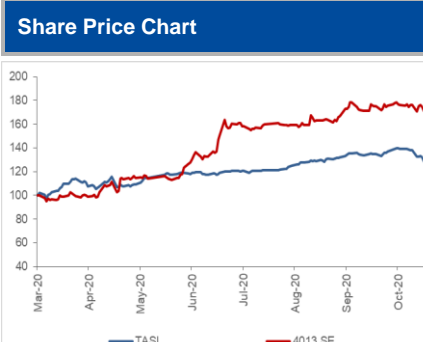
Price as on October 28, 2020

Stock Details	
Thomson Reuters ticker	4013.SE
52 week high/low	100.00/51.90
Market Cap (US\$ mn)	8,809.1
Enterprise value (US\$ mn)	9,087.0
Shares outstanding (mn)	350.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	SAR	US\$
3M	69,931.9	18,646.5
6M	66,977.0	17,858.6

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2019	LTM
P/E (x)	-	37.1
P/B (x)	-	7.2
EV/Sales	-	6.8
Dividend Yield (%)	-	0.9

Source: Thomson Reuters

Shareholding Structure	
Sulaiman Al Habib	40.03%
Mohd Al Habib & Sons Hldg	33.75%
Jawharat Investment Co	4.98%
Thabat Business Co Ltd	3.67%
Others	17.57%
Total	100.00%

Source: Thomson Reuters

Gulf Medical Projects Co. (Publicly Listed)

UAE

Company Description

Established in 1979, Gulf Medical Projects Co. (GMPC) provides an integrated set of care services, primarily operating in the field of managing and equipping hospitals and medical clinics in the UAE. The company's business activities also include construction of medicine factories and trading of medical equipment. It owns a hospital and a medical center in Dubai under the brand Al-Zahra. These facilities provide a wide range of healthcare services across medical specializations.

Business Segments/Services Portfolio

- **Al Zahra (Pvt.) Hospital Dubai LLC (AZHD):** Established in 2005, AZHD is a general hospital with a capacity of 187 beds. The JCI accredited hospital offers specialties in the areas of cardiology, dermatology, ENT, bariatric surgery, cancer center, gynecology, hematology, nephrology, neurology, urology, pathology, pediatrics, radiology, rheumatology, and plastic surgery. GMPC holds a 68.4% stake in the hospital.
- **Al Zahra Private Medical Centre:** Established in 1993, this medical center in Dubai acts as a support and referral center for the Al-Zahra Hospital. It offers outpatient services across medical areas, dentistry services and ancillary services like physiotherapy, radiology, and laboratory.

Recent Developments/Future Plans

- N/A

Financial Performance				
US\$ Million	2017 YE Dec	2018 YE Dec	2019 YE Dec	Change y-o-y (%)
Revenue	119.3	128.1	145.7	13.7
COGS	98.6	97.5	108.5	11.4
Operating Income	5.8	38.4	23.3	-39.5
Operating Margin (%)	4.9	30.0	16.0	
Net Profit / (Loss)	391.3	32.6	19.0	-41.6
Net Income Margin (%)	328.0	25.4	13.1	
Return on Equity (%)	107.8	9.6	6.1	
Return on Assets (%)	73.2	7.1	4.9	

Source: Company website, Company Filings, Thomson Reuters

Current Price (US\$) 0.63

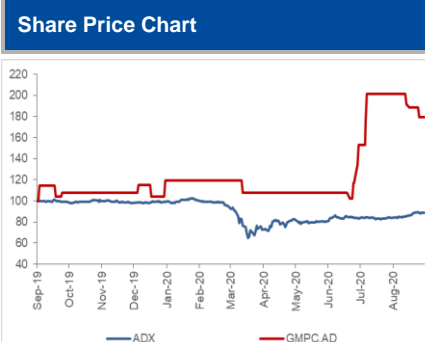
Price as on October 28, 2020

Stock Details	
Thomson Reuters ticker	GMPC.AD
52 week high/low	2.62/1.33
Market Cap (US\$ mn)	443.3
Enterprise value (US\$ mn)	334.0
Shares outstanding (mn)	698.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	AED	US\$
3M	1,434.6	390.6
6M	1,434.6	390.6

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2019	LTM
P/E (x)	9.9	25.8
P/B (x)	1.1	1.6
EV/Sales	3.3	1.9
Dividend Yield (%)	6.5	4.3

Source: Thomson Reuters

Shareholding Structure	
Salem Al Hosani	27.84%
Muhra Majed Saqr Al Qasimi	11.91%
Majid Al Qassimi	10.87%
Al Salem Co	10.56%
Others	38.80%
Total	100.00%

Source: Thomson Reuters

Magrabi Hospitals & Centers (Privately Owned)

Saudi Arabia

Company Description

Founded in 1955, Magrabi Hospitals & Centers (Magrabi) provide treatment and care in the areas of ophthalmology, ENT and dentistry in nine countries across the Middle East and Africa region. The company boasts of one of the largest eye care network in the world and operates 33 hospitals/centers, of which 20 are in Saudi Arabia, five in Egypt, four in the UAE, two in Oman and one each in Qatar and Yemen. The facilities are equipped with 40 operating theatres and 25 Excimer laser machines. The company caters to over 1 million patients for eye care and performs more than 100,000 vision-preserving surgeries annually.

Business Segments/Services Portfolio

- **Eye:** The company's ophthalmology team includes more than 300 physicians, 600 nurses and 40 optometrists that provide eye care services such as refractive & cornea surgery (normal vision, vision errors, vision correction options), cataract & glaucoma, vitreoretina, pediatric ophthalmology, and oculoplasty.
- **ENT:** This department offers treatment services such as laryngology & phoniatic, otology, and rhinology. It caters to the diagnosis and treatment for several conditions and diseases such as sinusitis, tinnitus, tonsils, adenoids, hearing loss in infants and newborn, voice therapy, sensitivity and allergy tests, cholesteatoma and cochlear implants, among others.
- **Dental:** The services offered under dental care include pedodontics (treatment of children's dental issues), orthodontics (treatment of teeth misalignment), oral surgery (treatment of diseases, defects and injuries of the oral cavity), endodontics (diagnosis and treatment of dental pulp diseases), orthodontics (correction of dental deformities and anomalies) prosthodontics (treat lost or deficient teeth), and periodontics (diagnosis, management and treatment of gum diseases and conditions).

Recent Developments/Future Plans

- In August 2020, Magrabi Dental Centers became the first and only one in the region to achieve JCI Accreditation.
- In June 2020, Magrabi opened a new eye & dental center in Kharj, Saudi Arabia.
- In May 2019, Magrabi opened a new eye & dental center in Qassim, Saudi Arabia.
- In May 2019, Magrabi opened a new dental center in Al-Madina Munawara, Saudi Arabia.

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

Qatar

Company Description

Founded in 1996, Medicare Group Q.S.C. (MCGS) is engaged in the establishment of specialized hospitals and clinics that provide healthcare services. The group runs the 250-bed Al-Ahli Hospital in Doha, which offers inpatient and outpatient services in various medical departments. MCGS has also established several healthcare projects and companies including Hemya - a company (under the supervision of Al-Ahli) specializing in delivering healthy food, Al-Ahli hospital clinic, Re'aya (home nursing services) and Enaya (physical therapy services).

Business Segments/Product Portfolio

- **Al-Ahli Hospital:** The 250-bed hospital offers comprehensive care through:
 - **Medical Departments:** The hospital provides diagnosis and treatment in areas of dermatology, anesthesiology, neurology, pediatrics, endocrinology, rheumatology, ENT, urology, orthopedics, traumatology, mental health, hearing and balance, women's clinic, IVF and fertility center, among others.
 - **Ancillary Services & Units:** The hospital offers several ancillary services through units such as dietary, pharmacy, speech and language therapy, ICU & NICU, coronary care unit, and radiology, among others.
 - **Education Services:** The hospital provides nursing education and training through associations with Hammad International Training Center, North Atlantic College, and Calgary University.
- **Hemya:** Hemya offers customized diet food to their customers, as per their health conditions. They also offer dietary consultation services and several diet packages.

Recent Developments/Future Plans

- In May 2018, Al-Ahli received an accreditation certificate from the Qatari Council for Healthcare as the provider of medical education and professional development activities for different healthcare practitioners.

Financial Performance				
US\$ Million	2017 YE Dec	2018 YE Dec	2019 YE Dec	Change y-o-y (%)
Revenue	129.3	133.0	134.8	1.3
COGS	73.7	78.3	80.9	3.2
Operating Income	22.4	23.5	22.6	-4.0
Operating Margin (%)	17.3	17.7	16.7	
Net Income	22.0	23.2	21.5	-7.5
Net Income Margin (%)	17.0	17.5	15.9	
Return on Equity (%)	7.9	8.4	7.7	
Return on Assets (%)	6.7	7.1	6.3	

Source: Company website, Company Filings, Thomson Reuters

Current Price (US\$) 2.38

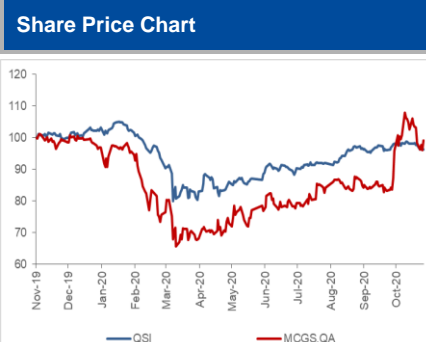
Price as on October 28, 2020

Stock Details	
Thomson Reuters ticker	MCGS.QA
52 week high/low	9.50/5.50
Market Cap (US\$ mn)	664.7
Enterprise value (US\$ mn)	678.4
Shares outstanding (mn)	281.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	QAR	US\$
3M	8,010.7	2,200.1
6M	6,985.1	1,918.5

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2019	LTM
P/E (x)	27.1	32.6
P/B (x)	2.5	2.5
EV/Sales	18.1	5.1
Dividend Yield (%)	3.3	3.2

Source: Thomson Reuters

Shareholding Structure	
Ezdan Holding group QPSC	12.50%
Al Ruba Trading WLL	10.00%
Wethaq Business Development Co	10.00%
Dal Al Arab for B&D	1.38%
Others	66.12%
Total	100.00%

Source: Thomson Reuters

Mediclinic Middle East (Privately Owned)

UAE

Company Description

Mediclinic Middle East (MME) is part of Mediclinic International plc, a London Stock Exchange (LSE) and Johannesburg listed healthcare provider with operations in South Africa, Switzerland, and UAE. Mediclinic International also owns 29.9% interest in UK-based Spire Healthcare Group plc that operates 38 hospitals. In the UAE, MME runs eight hospitals (two hospitals in Abu Dhabi, four hospitals in Dubai, two hospitals in Al Ain), two day care clinics, and 18 outpatient clinics, with a combined capacity of over 900 beds. The hospitals and clinics in the UAE provide a range of medical services across specializations and are equipped with 38 operation theatres. Some of the key specializations of the hospitals and clinics include neonatal / prenatal care and cosmetic services (non-surgical and surgical treatments including blepharoplasty, otoplasty, rhinoplasty, liposculpture, labiaplasty, refractive surgery, etc.). MME generated revenues of AED 3,319.5 million (US\$ 903.8 million) and AED 3,453.8 million (US\$ 940.5 million) during FY 2019 and FY 2020, respectively. In FY 2020, MME accounted for 24% of the parent company's revenue, up from 23% in FY 2019.

Business Segments/Services Portfolio

- **Hospitals:** MME owns eight hospitals in the UAE, namely Mediclinic Airport Road Hospital (Abu Dhabi), Mediclinic Al Noor Hospital (Abu Dhabi), Mediclinic Welcare Hospital (Dubai), Mediclinic City Hospital (Dubai), Mediclinic City Hospital Comprehensive Cancer Centre (Dubai), Mediclinic Parkview Hospital (Dubai), Mediclinic Al Ain Hospital (Al Ain), and Mediclinic Al Jowhara Hospital (Al Ain). These hospitals are equipped with accident and emergency units, operation theatres, oncology units, wound clinics, ambulance services, and specialized outpatient clinics.
- **Clinics:** MME operates 20 clinics across the UAE. Some of the standalone clinics in the cities include
 - **Dubai:** Mediclinic Dubai Mall, Mediclinic IBM Battuta, Mediclinic Al Sufouh, Mediclinic Al Qusais, Mediclinic MIRDIF, Mediclinic Arabian Ranches, Mediclinic Meadows, Mediclinic Deira, Mediclinic Me'aisem, and Mediclinic Springs.
 - **Abu Dhabi:** Mediclinic Mussafah, Mediclinic Al Mamora, Mediclinic Baniyas and Mediclinic Khalifa City, Mediclinic Madinat Zayed, ENEC.
 - **Al Ain:** Mediclinic Bawadi, Mediclinic Al Yahar, Mediclinic Al Madar, and Mediclinic Zakher.

Recent Developments/Future Plans

- MME is planning to launch a comprehensive genetics service in the UAE later in 2020. The company has already acquired equipment for the same.
- In May 2020, MME announced partnership plans with Al Murjan, a leading Saudi Arabian family business group, to establish an internationally accredited private hospital with 200 beds in Jeddah. Mediclinic will handle management of the hospital and support Al Murjan Group with their advisory services in planning, design, construction and commissioning.
- In December 2019, MME announced near completion of its Mediclinic Airport Road hospital extension with a range of expanded services as it becomes one of the largest hospitals in Abu Dhabi.
- In November 2018, MME acquired a minority stake in Bourn Hall MENA, the holding company of Bourn Hall Fertility Centre in the UAE, and in FY2020 expanded its partnership with the completion of the construction of an IVF center at Mediclinic Al Bateen.

Middle East Healthcare Co. (Publicly Listed)

Saudi Arabia

Company Description

Founded in 1988, Middle East Healthcare Co. (MEHCO) is engaged in the operation of various hospitals, clinics, pharmacies, institutes and other health services and centers. Under the brand name of Saudi German Hospital (SGH), MEHCO operates 11 hospitals including multi-specialty tertiary level hospitals in the cities of Jeddah, Riyadh, Dammam, Hail, Dubai, Sharjah, Madinah, Aseer, Cairo, Ajman and Sanaa.

Business Segments/Product Portfolio

MEHCO has four operating segments - inpatient and outpatient services, pharmacy, and others. Majority of the revenues are contributed by its inpatient and outpatient services, which accounted for 54.27% and 26.7%, respectively, in FY 2019. Following are the list of SGH hospitals in each country with their respective bed capacity:

- **SGH Saudi Arabia:** Jeddah (218 beds); Aseer (400 beds); Riyadh (300 beds); Madinah (300 beds); Hail (150 beds); Dammam (150-300 beds)
- **SGH UAE:** Dubai (300 beds), Sharjah (50 beds), Ajman (100-200 beds)
- **SGH Egypt:** Cairo (332 beds)
- **SGH Yemen:** Sanaa (300 beds)

Recent Developments/Future Plans

- In July 2020, MEHCO's SGH Group announced a partnership with US-based Automation Anywhere to implement AI bots in its system to improve patient care and automate end-to-end business process.
- In April 2020, MEHCO started implementation of 'at home' initiative to improve healthcare access in the wake of COVID-19.
- In February 2020, MEHCO opened a new healthcare facility in Dammam, marking its 11th hospital in the region.
- In January 2020, MEHCO hosted the signing ceremony of partnership between SGH with Mayo Clinic International Network.

Financial Performance

US\$ Million	2017 YE Dec	2018 YE Dec	2019 YE Dec	Change y-o-y (%)
Revenue	390.0	370.9	399.2	7.6
COGS	230.6	237.3	273.0	15.0
Operating Income	78.6	43.4	27.5	-36.5
Operating Margin (%)	20.2	11.7	6.9	
Net Profit / (Loss)	78.0	43.9	24.0	-45.2
Net Income Margin (%)	20.0	11.8	6.0	
Return on Equity (%)	20.3	11.0	5.9	
Return on Assets (%)	12.4	6.4	3.0	

Source: Company website, Company Filings, Thomson Reuters

Current Price (US\$) 9.17

Price as on October 28, 2020

Stock Details

Thomson Reuters ticker	4009.SE
52 week high/low	39.20/23.88
Market Cap (US\$ mn)	824.7
Enterprise value (US\$ mn)	1,194.5
Shares outstanding (mn)	92.0

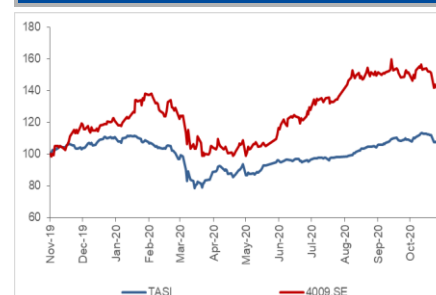
Source: Thomson Reuters

Average Daily Turnover ('000)

	SAR	US\$
3M	18,042.2	4,810.7
6M	15,869.4	4,231.4

Source: Thomson Reuters

Share Price Chart



Source: Thomson Reuters

Valuation Multiples

	2019	LTM
P/E (x)	30.1	29.3
P/B (x)	1.8	2.0
EV/Sales	8.7	2.8
Dividend Yield (%)	6.6	5.7

Source: Thomson Reuters

Shareholding Structure

Bait Al Batterjee Medical Co	54.69%
International Finance Corp	7.10%
Islamic Development Bank	1.45%
Others	36.76%
Total	100.00%

Source: Thomson Reuters

Middle East Hospital (Privately Owned)

Bahrain

Company Description

Middle East Hospital (MEH) based in Bahrain, is the healthcare arm of VKL Holding and Al Namal Group of Companies, a conglomerate with investments in real estate, property development and management, construction, healthcare, and hospitality. The group owns and operates the 85-bed multi-specialty MEH in Segaya and three medical centers in Hidd, Salmabad, and the BIW Industrial Area in Bahrain. Surgery and its sub specialties are among the major services provided by MEH. The hospital also runs CoEs for various therapeutic areas including ophthalmology, ENT, anesthesia, dental and maxillofacial, internal medicine, obstetrics & gynecology, and radiology.

Business Segments/Services Portfolio

- **Middle East Hospital:** Started in 2016, this is an acute general hospital spread over an area of 80,000 sq ft. The facility consists of five VIP suite rooms, 25 single rooms, 16 semi private beds, seven emergency room beds, 11 ICU beds and 25 consultation rooms. The hospital provides medical care across multiple specialties with emphasis on diabetic patients. The key medical departments of the hospitals include orthopedic, pediatrics, urology, orthopedic surgery, internal medicine, ENT, dental and maxillofacial, among others. It also offers several healthcare packages and has a separate department of pathology and laboratory, and pharmacy.
- **Middle East Medical Center, Hidd:** This was the first healthcare venture of the VKL Holding and Al Namal Group of Companies. With a staff of 60 doctors, the center provides 600 medical services across medical specialties such as ayurveda, cosmetology, internal medicine, ENT, dentistry, and general medicine, among others. The center is equipped with a laboratory, radiology, dental, physiotherapy, and pharmacy units. Apart from these, the center also provides pre-employment health check-ups for expat workers, health packages for ayurvedic and general packages, home care and support services.
- **Middle East Medical Center, Salmabad:** With a workforce of more than 248 doctors, the polyclinic offers 675 medical services including dentistry, ayurveda, general practice and pre-employment health check-ups. The center is also facilitated with a full-fledged laboratory, ultrasound, X-ray, ECG, and dental departments. In addition to these, it also provides health packages and specialized health services to corporate clients.
- **Middle East Medical Center, BIW:** The facility caters to the businesses and industrial houses in the BIW Industrial Area. It offers general practitioners and specialist consultations, outpatient treatment, immediate medical care, observation care, dental treatment, along with diagnostic services.

Recent Developments/Future Plans

- MEH has recently commenced services in ophthalmology and soon plans to introduce endoscopic units.

Mubadala Healthcare (Privately Owned)

UAE

Company Description

Mubadala Healthcare is a part of the Mubadala Investments Company, which is owned by the Government of Abu Dhabi and has investments across sectors in more than 50 countries globally. Mubadala runs several portfolios through its healthcare network by partnering with international medical institutes and currently operates seven healthcare facilities across the UAE. These healthcare facilities offer a wide range of services in more than 60 medical and surgical specializations.

Business Segments/Services Portfolio

- **Cleveland Clinic Abu Dhabi:** Started in 2015, this multi-specialty hospital particularly addresses cases that require complex care. It was formed as a result of the partnership agreement signed between Mubadala Development and US-based Cleveland Clinic. Spread over an area of 23-acre land, the hospital has a capacity of 364-beds with five clinical floors, three diagnostics and treatment levels, and 13 floors of critical and acute in-patient units. The hospital also offers more than 40 medical and surgical specialties. It has six CoEs in heart & vascular, neurological, digestive disease, eye, respiratory, and critical care.
- **Amana Healthcare:** Established in 2013, this company operates medical and rehabilitation hospitals in the UAE. The services offered include post-acute healthcare, long-term care, post-acute rehabilitation, transitional care, and home healthcare.
- **Healthpoint:** Founded in 2013, Healthpoint is a premium hospital operating three specialty centers - Bariatric & Metabolic Surgery Centre, Dental Clinic and Musculoskeletal that provide support and clinical services in specialties such as bone & joints, bariatric & metabolic surgeries, and dentistry, among others.
- **Capital Health Screening Centre:** Established in 2013, this center is wholly owned by Mubadala Investment Company, and provides services related to certified visa medical screening for individuals and corporates with on-site ID card services. Their centers are located in Abu Dhabi, Musaffah, and Al Ain in UAE.
- **Abu Dhabi Telemedicine Centre:** Started in 2014, this center is a joint-venture between Mubadala Investment Company and Swiss-based Medgate, which offers medical teleconsultation services in both Arabic and English. They also provide call center services to Healthpoint and Capital Health Screening Center.
- **Imperial College London Diabetes Center (ICLDC):** Established in 2006, ICLDC is an out-patient facility formed through a partnership with UK-based Imperial College London. It provides services related to diabetes care in 11 specialties in the UAE and operates three branches across Abu Dhabi and Al-Ain. It also conducts training and education for healthcare professionals.
- **National Reference Laboratory (NRL):** Founded in 2010, NRL is managed by US-based LabCorp and is spread across an area of 33,000 sq ft. It provides clinical testing solution and serves several local and regional clients, including government hospitals.

Recent Developments/Future Plans

- In August 2020, Mubadala Healthcare and US-based private equity firm Kohlberg & Co. signed an agreement to acquire majority stake in US-based PCI Pharma Services – a global biopharmaceutical supply chain solutions provider.
- In August 2020, NRL opened its second COVID-19 testing facility in Dubai and also introduced advanced virus-detection system and new technology for delivering test results.
- In June 2020, Mubadala Healthcare and Dubai-based Aramex entered into a partnership to deliver door-to-door critical medical supplies to patients across the UAE.
- In May 2020, Mubadala collaborated with UAE-based Strata Manufacturing to produce essential medical supplies like intubation capsules, face shields, and ear guards using their additive (3-D) manufacturing technology.
- In July 2019, NRL signed a Laboratory Referral Services agreement with UAE-based UEMedical. As part of this agreement, NRL will become the exclusive provider of referral laboratory testing to all facilities of the UEMedical healthcare network in the UAE.

Source: Company website, Media Reports

Prime HealthCare Group LLC (Privately Owned)

UAE

Company Description

Founded in 1999, Prime HealthCare Group LLC (PHG) is one of the leading healthcare providers in the UAE with more than 350 physicians and a support staff of over 1,000. The company operates a network of hospitals, medical and diagnostic centers, and pharmacies, which provide several healthcare services across medical specialties. The JCI accredited Prime Hospital and Prime Medical Center at the Annual Health Awards 2018, as one of the most 'Distinguished Hospitals' and 'Distinguished Clinics' in the UAE.

Business Segments/Services Portfolio

- **Prime Hospital:** This hospital is a multi-specialty hospital with a capacity of 100-beds, offering healthcare services in the areas of cardiology, dermatology, gynecology, pulmonology, and neurology, among others. It has a dedicated floor for mother and child care. The hospital also provides life support training which is certified by the AHA's International Training Center.
- **Prime Medical Centers:** PHG operates a network of 14 multi-specialty centers located in Dubai (nine centers), Sharjah (four centers) and Ajman (one center). The centers offer out-patient treatment and diagnostics services to more than 3,500 patients daily. All the centers are equipped with EMR and offer booking through its 'Prime Health ME' mobile app.
- **Premier Diagnostic Center:** Opened in 2011, this diagnostic center in Dubai is an associate of the Prime Healthcare Group, which provides comprehensive radiology and laboratory services. Some of the key services offered include Open MRI, mammography, audiometry, echocardiography, densitometry, peripheral vision analysis & optometry, and multi-slice CT scan, among others.
- **Medi Prime Pharmacies:** PHG operates 11 pharmacies across the UAE. These pharmacies supply general medical products including first aid boxes, medicines, medical equipment, skin care products and cosmetics, among others.
- **Corporate Medical Services:** Through this service, PHG provides administration and affordable management healthcare services to its corporate clients. The services include pre-employment & occupational health check-up, vaccinations, in-house clinics, ambulance services, gatekeeper services, on-site first aid medical assistance, wellness and health awareness programs.
- **Prime Home Care:** Through this service, the company aims to provide medical care and nursing to homebound patients due to illness or injury. Services include doctor visits, services for elderly, disability care, medical equipment supplies, mother & baby care, child health services, stroke recovery care, palliative care, physiotherapy, and rehabilitation, among others.

Recent Developments/Future Plans

- In November 2019, PHG opened a new medical facility in Zero 6 mall in Sharjah, UAE.
- In May 2019, Prime Hospital in Dubai was granted the Australian Council on Health Care Standards accreditation, following the JCI accreditation received in 2015 by the hospital.
- In February 2019, PHG opened a multi-specialty family clinic in Al Safa.

Qassim National Hospital (Privately Owned)

Saudi Arabia

Company Description

Started in 2010, Qassim National Hospital (QNH) is a Saudi Arabia-based multi-specialty healthcare facility spread over an area of 90,000 sq m in Buraydah with one branch in Riyadh. The hospital has a capacity of more than 100 beds and offers in-patient and out-patient services in various medical specialties with ICU units, incubation department, and emergency departments. The hospital also has a Continuous Education and Training department that organizes seminars and courses to equip their medical staff with the latest knowledge and technical skills.

Business Segments/Services Portfolio

The 100-bed hospital offers comprehensive patient care through the following in-house departments:

- **Medical Clinics:** QNH has 14 clinics, each of which offer diagnosis and treatment in different specialties such as cardiology, ENT, gastroenterology, general surgery, internal medicine, neurology, neurosurgery, nephrology, obstetrics and gynecology, dermatology, orthopedics, pulmonary, pediatric, and urology.
- **Medical Centers:** It includes one physiotherapy center that provides treatment in cases of post ACL reconstruction and meniscectomy, low back pain (lumbar disc), neck pain (cervical disc), fractures, CVA (Cardiovascular Accident/Cardiovascular diseases), CTS (Carpal Tunnel Syndrome), total hip replacement, shoulder adhesive capsulitis, impingement syndrome, and bell's palsy. The treatment is provided with the help of advanced technologies such as electrical stimulator, cold modalities, and vacuum therapy, among others.
- **Medical Units:** The hospital is equipped with five critical care units including cardiac catheterization, emergency, intensive care, new born intensive care, and pediatric intensive care. The intensive care unit in QNH is a 32-bed facility that provides medical care to patients with fatal conditions.
- **Medical Services:** The hospital provides services under five specialty departments including radiology, laboratory, anesthesiology, operations, and infection control.

Recent Developments/Future Plans

- N/A

Thumbay Group (Privately Owned)

UAE

Company Description

Started in 1998, Thumbay Group is a UAE-based diversified international business conglomerate operating in multiple sectors including healthcare, medical research, diagnostics, retail pharmacy, health communications, wellness, medical tourism, retail opticals, nutrition stores, hospitality, real estate, media, education, and others. The healthcare arm of the group consists of a network of academic hospitals, centers and day care facilities, which alongside medical services offer teaching and training opportunities to students of the Gulf Medical University, Ajman. In addition to this, the group operates a chain of pharmacies, diagnostic centers, retail outlets, and wellness centers across the UAE.

Business Segments/Services Portfolio

- **Healthcare Facilities:** Thumbay Group owns and operates several healthcare facilities in the UAE. Thumbay University Hospital, a private academic hospital with a capacity of 350-beds, includes 100-beds for long-term care and rehabilitation, center for oncology, 10 modern surgical suites for all major specialties, center for imaging, Cath lab, ICU/CCU/NICU/PICU, and a 10-bed dialysis unit. Other healthcare facilities include five Thumbay Hospitals (Dubai, Ajman, Sharjah, Fujairah, and India); two Thumbay Day Care centers in Sharjah; Thumbay Dental Hospital with 60 dental chairs in Ajman; Thumbay Medical & Dental Specialty Center in Sharjah; Thumbay Physical Therapy & Rehabilitation Hospital in Ajman; and 11 Thumbay clinics offering comprehensive care in Ajman, Sharjah, Dubai, Fujairah, Ras Al Khaimah and Umm Al Quwain.
- **Thumbay Labs:** Started in 2013, Thumbay Labs form a large group of College of American Pathologists accredited labs in the region that offer advanced testing in core laboratory, hemoglobinopathy laboratory, bio analytical, clinical research, high complexity histopathology, cytogenetics & molecular diagnostics, microarray labs, microbiology, immunology and allergy.
- **Thumbay Pharmacy:** Thumbay Group owns and operates 54 pharmacies across the UAE, and two in India. Its business is divided into two main segments - hospital & retail pharmacy and clinical pharmacy.
- **Thumbay Medical Tourism:** The group offers medical tourism with long-term care facility in Thumbay University Hospital. It provides personalized care, and has been a choice of destination for affordable healthcare to patients from over 175 nationalities.
- **Wellness:** Thumbay Group offers sports, recreation, fitness, health, social and youth programs through its range of gyms, health clubs, and spas. The group's Body and Soul brand has five outlets in the UAE, including 'ELITE' and 'LADIES ONLY' clubs.
- **Health Communication:** This division conducts programs (conferences, workshops, and seminars) to meet the needs of organizations to broaden their professional competencies and meet the license requirements by awarding accredited certificates.

Recent Developments/Future Plans

- In July 2020, Gulf Medical University signed an agreement to follow the international standards of academic centers with the regulations of Ministry of Education and bodies like JCI.
- In July 2020, Thumbay University Hospital partnered with Ajman Specialty Hospital to provide advanced treatments including tertiary and quaternary care, long term care, lab & radiology services and sample testing to patients in Thumbay University Hospital.
- In February 2020, Thumbay Hospital in the UAE opened a 10-bed dialysis and nephrology center for patients.
- In October 2019, Thumbay Group opened its largest academic hospital in Thumbay Medicity, Ajman. The new quaternary care facility has a capacity of 350-beds in its first phase. It also opened its first robotics pharmacy under the Thumbay Pharmacy network in Ajman.
- In February 2019, Manzil Healthcare services signed agreement with Thumbay Group to extend its home healthcare services in the Northern Emirates.

Source: Company website, Media Reports

TVM Capital Healthcare (Privately Owned)

UAE

Company Description

Established in 2009, TVM Capital Healthcare is a healthcare focused investment company that operates in Dubai and Singapore. The company focuses on fulfilling gaps in healthcare provision by investing growth capital in transformational healthcare companies in emerging markets, including MENA, Turkey, India and Southeast Asia. It is a part of international TVM Capital network, an affiliation of venture capital and private equity firms with an operating track-record of over 35 years.

Business Segments/Services Portfolio

- **Manzil Health Care Services:** Founded in 2011, Manzil Health Care Services was acquired by TVM Capital Healthcare in 2012. The company provides various services including home healthcare, support services, respiratory services, wellbeing services, intermittent services, and disease management in the UAE, Qatar and Egypt. In 2016, the company became the first home healthcare service provider to receive accreditation from the JCI.
- **Bourn Hall Fertility Center:** In 2010, TVM Capital Healthcare along with UK-based Bourn Hall Clinic formed Bourn Hall International, which led to the opening of two clinics in the UAE - one in Dubai and another one in Al Ain. In 2016, Bourn Hall Clinic in Dubai received accreditation from the JCI.
- **Cambridge Medical & Rehabilitation Center (CMRC):** CMRC is a medical care and rehabilitation service provider for patients requiring both short-term and long-term care. CMRC has healthcare facilities in the UAE (Abu Dhabi, Al Ain and Dubai) and one newly opened 60-bed facility in Saudi Arabia. CMRC has received accreditation from both the JCI and Commission on Accreditation of Rehabilitation Facilities (CARF).
- **Amecath:** It is a producer and distributor of medical devices with focus on catheters and related products. The company has manufacturing facilities in Egypt, and exports to more than 55 international markets in Europe and the US.

Recent Developments/Future Plans

- In July 2020, TVM Capital Healthcare announced plans to raise a second growth capital fund in the GCC that will focus on all areas of healthcare, excluding general hospital. The new fund will have a strong focus on Saudi Arabia.
- In May 2019, TVM Capital Healthcare signed an agreement with Ukraine-based Kozyavkin Medical Group to launch a specialist Cerebral Palsy care business. Vivus Medical Rehabilitation will deliver specialist health treatment to patients with cerebral palsy and other disorders of the central nervous system in MENA and Southeast Asian markets.

VPS Healthcare Group (Privately Owned)

UAE

Company Description

Founded in 2007, VPS Healthcare Group (VPS) is an integrated healthcare service provider operating a network of 24 hospitals under 15 brands, with over 125 medical centers and employs 13,000, including over 1,800 doctors. The company also owns and manages LifePharma, the largest pharmaceutical manufacturing company in the UAE. VPS Healthcare is recognized as an Industry Partner by the World Economic Forum (WEF) and is also a member of the MENA Regional Partnership Community of the WEF.

Business Segments/Services Portfolio

- **Hospitals & Medical Centers:** VPS operates 16 hospitals and 11 medical centers across the GCC and India. These hospitals and medical centers are operated by VPS under various brands, as mentioned below:
 - **Burjeel:** VPS runs five premium care hospitals and nine medical centers under this brand, with majority of them in the UAE and few in Oman. VPS also operates Burjeel Medical City in Abu Dhabi. This medical city offers specialized treatment in oncology, acute care, long-term care and wellness.
 - **Medeor 24x7:** Under this brand, VPS runs six multi-specialty family hospitals with three each located in the UAE and India.
 - **LLH:** Under this brand, VPS has two multi-specialty hospitals in Abu Dhabi and Musaffah, which offers personalized care services. The company also operates one medical clinic in Al Musaffah.
 - **Lifecare Hospital:** Located in Musaffah and Baniyas, the hospitals specialize in cardiology and endocrinology.
 - **Lifeline:** VPS operates two multi-specialty family hospitals in Salalah and Sohar and a medical center in Al Darsait, Oman.
 - **VPS Lakeshore Hospital:** VPS runs a multi super-specialty hospital for medical education, research, and patient-centered clinical care in Kochi, India.
- **Specialized Clinics & Services:**
 - **Tajmeel:** Under this brand, VPS owns and operates five clinics in the field of dentistry and cosmetology.
 - **Burjeel:** VPS runs one home care service clinic in Al Najdah.
 - **Response Plus Medical:** Through this brand, VPS offers on-site healthcare management, health solutions, and medical emergency transfers for remote work sites across the UAE.
 - **OccuMed Clinics:** Provides occupational medicine services such as audiometric tests, spirometer testing, ECG, treadmill test, ultrasound, ophthalmology and others.
 - **Educare Institute of Dental Sciences:** A dental college in Kochi, India.
 - **Mobile Clinics:** VPS runs a fleet of mobile clinics in remote areas of the UAE, which provides mobile services such as mobile mammography unit, dental clinics, examination rooms, laboratory services, X-ray, ultrasound, ECG, etc.
- **Pharmaceutical Services:**
 - **LifePharma FZE:** It is an integrated pharmaceutical company in the UAE that is primarily involved in manufacturing and exporting of drugs. It is the UAE's only USFDA-certified facility and has ties with US-based Abbott Laboratories, Acino and Apotex. As part of the deal signed with Apotex Inc., it will produce 120 million tablets per year for export to North America.
 - **Burjeel Retail Pharmacies:** VPS runs a chain of eight pharmacies in Abu Dhabi under the brand.

Recent Developments/Future Plans

- In December 2019, the DHA and VPS Healthcare signed a MoU to facilitate knowledge transfer and collaboration in key healthcare areas.
- In October 2019, VPS Healthcare opened its 23rd hospital in Sharjah. The new facility has a capacity of 75 beds.
- In December 2019, VPS Healthcare opened a 400-bed tertiary and quaternary care hospital in Abu Dhabi.

Source: Company website, Media Reports

Zulekha Healthcare Group (Privately Owned)

UAE

Company Description

Established in 1992, Zulekha Healthcare Group (ZHG) owns and operates two multi-disciplinary hospitals in Dubai and Sharjah, three medical centers, five pharmacies, and a diagnostic center in the UAE. The two multidisciplinary hospitals specialize in over 30 different areas of treatments including cancer care, cardio thoracic and vascular surgery, plastic and reconstruction surgery, pediatric cardiology, pulmonology and chest diseases, among others. ZHG also operates Alexis Multispecialty Hospital in Nagpur, India.

Business Segments/Services Portfolio

- **Zulekha Hospital, Dubai:** Started in 2004, this hospital has a total capacity of 179 beds and offers both in-patient and out-patient care. The hospital includes multiple COEs including cardiology, plastic surgery, general surgery, etc.
- **Zulekha Hospital, Sharjah:** This multi-specialty hospital is spread over an area of 290,000 sq. ft. with a capacity of 185 beds. The hospital provides treatment in areas such as obstetrics, gynecology, pediatrics, audiology, neurology, oncology, physiotherapy, ENT, cardiology, and urology, among others.
- **Alexis Multispecialty Hospital, India:** Started in 2016, this multispecialty hospital offers secondary and tertiary care services in the areas of cancer, cardiology, orthopedic and neurology with a capacity of 210 beds.
- **Pharmacy:** The group owns and operates five pharmacies, of which three are located in Sharjah and two in Dubai.
- **Medical Centers:** The group runs three medical center in the UAE, with two in Dubai and one in Sharjah.

Recent Developments/Future Plans

- In August 2019, Zulekha Hospital Sharjah was certified with the 'Baby Friendly Hospital Initiative' (BFHI) accreditation by UNICEF and the WHO.
- In July 2019, ZHG partnered with okadoc.com, an online appointment booking platform, to improve operational efficiencies and improve visibility of its multidisciplinary hospitals in the UAE.
- In March 2019, ZHG announced the addition of a new open heart center at its facility in Dubai. The new cardiac center offers valve repair and replacement, repair of septal defects, and complex treatments such as coronary artery bypass grafting.
- In March 2019, Zulekha Hospital and Al Sharq Hospital signed a MoU to extend medical and tertiary services in the East Coast and Southern regions of the UAE.



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**Sale of 51% Equity Stake in
Al Kabeer Group of Companies**



to
Savola Group



Financial Advisor



**Dubai Investment Park
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(A wholly owned subsidiary of Dubai Investments PJSC)
Rated 'BB with Stable Outlook' by Standard & Poor's

US\$ 300,000,000
Debut Sukuk Offering - 5 years

Joint Lead Managers



Financial Advisor



AL Bayan Group of Companies

Sale of 100% Equity stake in the water bottle
manufacturing, purification and distribution business.



to
Agthia Group PJSC



Financial Advisor



**Cholamandalam Investment and Finance
Company Limited**

**INR 10,570,000,000
(~US\$150 million)**

Non Convertible Debentures

Investor



Asian Development Bank

Financial Advisor



National Savings Bank

US\$ 100,000,000

Term Facility

Financial Advisor



US\$ 67,500,000

Syndicated Senior Term Facility

US\$ 32,500,000

Arranger and Facility Agent

FMO

Lenders

US\$ 20,000,000

US\$ 15,000,000



Financial Advisor



Techno Blue W.L.L.
Sale of 100% Equity stake



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