



# GCC HEALTHCARE INDUSTRY

20TH MARCH 2023

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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

*“There is a world before COVID and there is a world after COVID. The tight and professional coordination between public sector, private sector and payors during the epidemic, highlighted the overall maturity of the healthcare markets in the region. We have clearly witnessed a paradigm shift when it comes to provision of care in the private sector, where players like ourselves are taking on more clinical responsibility and getting engaged with the communities to provide accountable value-based care. We have witnessed the post COVID ramp up of care in KSA, GCC and North Africa, which is our current footprint. Burdening inflation and supply chain disruptions are hindering growth of the sector, whereas maturity of payor provider relationships, penetration of healthcare informatics, healthcare cybersecurity of data are areas of focus for players in the industry. Nevertheless, the aging population, increased awareness of chronic disease management and general acceptance of telemedicine as an alternative in primary care has helped keep things robust and will continue to drive industry growth. Further, with local equity markets gearing up for IPOs of pharma companies and healthcare providers and the increasing push of regional governments to localize pharma and medical equipment production is opening up a world of opportunity for the Healthcare LiveScience industry in the region.”*

**Dr. Makarem Sobhi Abdul Jaleel Batterjee**  
**President, Saudi German Health, Saudi Arabia**

*“The healthcare sector in GCC has witnessed major growth recently and showing resilience while recovering from Covid-19 pandemic and consequence of altered global economics due to increased demands for oil in response to shifts in politics worldwide. Throughout difficult economic times as well as during fiscal stability, investment in healthcare sector has continued to grow. The private sector has increasingly been considered as a key partner in the long-term development of the healthcare industry, particularly in terms of the quality of care in medical services.*

*While the pandemic has most certainly disrupted the healthcare industry, it has proven to be very agile in responding to the situation, with many private sector health facilities collaborating with governments to offer their infrastructure and manpower to aid in providing medical care and vaccination, with major increase in the integration of digital healthcare solutions like telemedicine, Artificial Intelligence, blockchain supplies and robotic technologies.*

*Healthcare sector in the region is facing increased demand on different infrastructures while facing shortage in health care professionals. These challenges created by several socio-economic and changing demographics, including increase in population, an ageing population, and a greater prevalence of lifestyle-related chronic diseases, such as non-communicable diseases, places considerable strain on the healthcare sector's resources and its ability to provide sustainable, efficient, and effective healthcare.*

*Education and innovation are key contributors to a successful healthcare sector in the GCC region. Developing and implementing strategic plans in partnership with private sector to improve health system delivery in GCC. Implementation of solutions and focused programs to enhance primary and healthcare promotion and prevent risks to health. Such plans require collaborative involvement from all stakeholders including governments and policy makers, hospitals, health care providers to face the challenges and capture the enormous opportunities to improve the health of the GCC population.”*

**Dr. Ayman Al Mutawa**  
**Chief Executive Officer, Al Salam International Hospital, Kuwait**

*“The outlook of the GCC healthcare sector is strong as there has been heightened focus on the sector driven by the COVID-19 pandemic. The sector demonstrated the collective strength of the public and private partnership by responding to an unprecedented situation and filling the gap through increased investments in infrastructure services and bringing in the right manpower. Its swift response also facilitated the provision of resources required for localized production. Apart from an increase in public-private partnerships, the pandemic has also accelerated the maturity of the healthcare system. Additionally, factors such as favorable economic conditions, enhanced*

*branding and exposure of the region, the introduction of visa reforms, and an increasing population will drive the sector's growth. The region is also well-positioned to become a healthcare hub for a very premium segment due to good connectivity and the availability of world-class infrastructure. We are also seeing strong growth in the number of visits to healthcare institutions and believe medical tourism could also grow at a fast pace as we have been enhancing our offerings with a greater focus on advanced and complex care.*

*Key challenges the sector continues to face include the availability of nursing equipment, recruitment of doctors and nurses, supply chain disruptions, and health inflation. Over the past two years, there has been an operational shift in terms of increased focus on innovation and digitization and a drive for investments to increase local and digital capabilities to create a sustainable ecosystem. The industry is in a phase of transition where responsibility on the private sector has increased, which will shape the outlook of the healthcare sector. We foresee the future of delivering healthcare to be very different with the support of visionary regulators, investments in technology and innovation, and focus on increasing local capabilities."*

**John Sunil**  
**Chief Executive Officer, Burjeel Holdings, UAE**

*"The variety of healthcare systems in all GCC nations need a supply of highly qualified experts to address existing and unforeseen public health concerns. Disease profiles have continued to emerge in the post-pandemic recovery era, and they can be effectively treated by focusing on the academic care.*

*All of the council nations recognize the need for more advanced medical education and training for their medical professionals, and they should pool resources to build a collective medical force along the lines of Médecins Sans Frontières (MSF). This team may not only help the council nations, but also help countries in need around the area. This need is fulfilled at Fakeeh University Hospital by building and running University Hospitals that provide the greatest current medical education in the region, educating future caregivers and medical professionals.*

*Meanwhile, instead of going east or west, organic growth in these sectors would be fueled by insurance coverage and an emphasis on treatment in tertiary and quaternary care with highly specialized operations performed in the region. Robot-assisted surgeries and AI-powered diagnostics will be a driving force, and businesses who invest in them will be at the forefront. Inflow of people seeking medical treatment from the MENA area would further assist the overall economic picture. The GCC has all of the ingredients for a successful medical travel hub, and the region should continue to expand its competence and reach."*

**Dr. Fatih Mehmet Gul**  
**Vice President UAE and Growth Office, CEO, Fakeeh University Hospital, UAE**

*"The GCC is an extremely robust region with huge economic potential, which we have witnessed first-hand in the UAE post-Covid, however different countries are at very different stages in the development of their healthcare industries. It is impossible to take a 'one-size-fits-all' approach; in a time of global economic and geopolitical instability, healthcare opportunities must be closely evaluated in the context of the political situation, economic predictability and growth.*

*The Covid-19 pandemic brought about significant change within the healthcare industry, not just in the GCC but globally, with the fast adoption of virtual health services. Although the fast onset of the pandemic meant that the initial offerings in this area were a little rushed, they are now maturing fast and a seamless integration of virtual and physical care is the goal. Funding models will eventually be the determinant of which technologies will scale and which will merely be creative disruptors, but regardless, the process to digitally transform healthcare businesses has put manpower capacity and profit margins under strain.*

*Shortage of capacity, particularly amongst nurses, combined with high staff turnover, is one of the main challenges facing healthcare in the region. Payer consolidation also makes price*



*increases difficult to come by which also affects healthcare companies' ability to recruit and retain the most talented employees. Oversupply of healthcare, a challenge already faced by more mature healthcare markets, is also beginning to play a part in developing markets; it is important to manage supply versus demand carefully to ensure greater predictability and stability, both of healthcare utilization and of return on capital for healthcare investors.*

*If we achieve this balance, we are on the road to growth in the GCC healthcare sector, especially if the role of governments in national healthcare provision, and their relationships with private healthcare providers as regulators, funders or competitors, are clarified.*

*This growth will be supported by the digital and technological innovation which we have already seen after the Covid pandemic in the field of telehealth and remote patient monitoring, but also other related trends such as automation, precision medicine and genetic testing."*

**Hein van Eck**  
**Chief Executive Officer, Mediclinic Middle East, UAE**

*"The healthcare industry worldwide has been through the sharpest learning curve in the last two years. While we learnt very quickly that geographical boundaries meant nothing to viruses and bacteria, and countries were far more vulnerable in isolation and stronger when they stood together, global healthcare policies needed to be reviewed and rewritten for this one world, one people inclusion. This is one of the key takeaways for a post-Covid world. Both the GCC and countries across the rest of the world have realized the importance of unifying healthcare policies, healthcare interventions, working out the logistics of distribution, dissemination of knowledge and global collaborations on medical research and development projects.*

*With newer technologies coming to the fore, healthcare is only going to get more streamlined and professional. Tele health, AI, cloud computing, health metaverse, robotic surgeries, have facilitated several global collaborations. Investment in healthcare is the need of the hour to provide seed funding and investment for healthcare research in all kinds of R&D, medical innovation, and healthcare delivery. Innovation is the holy grail for personalized and remote health care – Be it AI, metaverse applications, virtual access to patient-wellbeing monitoring, wearable technology, self-assessing tools, radio technology, all together are here to stay to make healthcare delivery more accessible to all. The world is eventually getting to be inclusive as diseases and epidemics proliferate through porous borders.*

*The healthcare sector is moving gradually towards universal care for all, and these technologies will slowly make this goal reachable. The world needs improved communication and synergy between all stakeholders of health. Healthcare policies with long term impact are very crucial and policy makers need to bring healthcare givers, institutions of healthcare delivery, diagnostic networks, and pharmacies on the same page as the patient to balance the fulcrum. Health insurance with basic packages must be made mandatory as it not only ensures a preventive approach to healthcare but also makes sure that basic healthcare delivery becomes a fundamental civil right of all.*

*Global healthcare funds are the need of the hour. Such funds can ensure a basic investment by leading nations of the world, annually, to build equity for R&D, preparedness with better medicine and healthcare essential stocks for future pandemics and disasters. The GCC will play a very significant role as a key stakeholder on the world stage to build a sustainable healthcare prospect."*

**Dr Jamil Ahmed**  
**Managing Director, Prime Health Care Group, UAE**

*“Healthcare delivery was already evolving at a fast pace when Covid-19 became a catalyst for change and accelerated this transformation, including the adoption of technology and focus on public health. Virtual reality, artificial intelligence, big data, IoT, augmented reality, robotics and machine learning are all healthcare technology trends that are going to play a vital role across the entire healthcare system. These will indeed become the growth drivers of the industry wherein the future models will be more patient-centric; besides tackling the shortage of skilled staff and bringing in cost efficiencies.*

*With the help of AI and big data the diagnosis will be super quick and patients will also get access to the best possible evidence-based treatment available in the world. Moreover, the value-based care models which prioritize quality over quantity of care will be the norm. Similarly, integrating sustainability considerations in business operations and striving for improvement in managing the environmental impacts will establish sustainability in healthcare.*

*Providers need to work on faster adoption of digital solutions, these include but are not limited to wearables and clinical-grade remote monitoring devices that capture and forward biometric data and telemedicine which are key to establishing an integrated smart health ecosystem.*

*Overall, the healthcare industry has exciting growth opportunities and companies that can capitalize on the latest trends and become future-ready are well-positioned for success in this rapidly evolving healthcare landscape.”*

**Dr. Raza Siddiqui**  
Group CEO, Arabian Healthcare Group and Executive Director, RAK Hospitals, UAE

*“We expect the GCC healthcare industry to witness renewed growth due to the anticipated rebound in economic activity, favorable demographics, increased awareness amongst the public, and preventive-care strategies by the regional governments. The effective collaboration between the public and private sector helped overcome challenges posed by the COVID-19 pandemic. The pandemic highlighted the importance of privatization initiatives and brought focus on increasing capacity as well as adopting alternative models that will create a robust healthcare environment within the region. It also accelerated the digital & technological transformation of the GCC healthcare industry to re-design the way healthcare is being delivered and to improve operational efficiencies.*

*In addition to factors like shortage of medical professionals and rising health inflation, the growth of the sector is also being hampered by a gap in supply of highly specialized facilities for segments such as neurological disorders, cardio surgeries, and trauma & rehabilitation services, resulting in the increase of outbound medical tourism. However, the GCC governments, in collaboration with private operators, are implementing targeted initiatives to boost their healthcare infrastructure and bring it at par with developed nations to increase inbound medical tourism. Going forward, the GCC healthcare industry is expected to benefit from a gamut of opportunities led by investments in preventive care, precision medicine, specialized centers of excellence and technological innovations.”*

**Rohit Walia**  
Executive Chairman and CEO, Alpen Capital (ME) Limited



## 1. Executive Summary

The GCC healthcare sector has witnessed significant growth and transformation in recent years due to the COVID-19 pandemic and the subsequent investments made by industry stakeholders to strengthen the ecosystem. Positive reforms by the regional governments continue to play a pivotal role while private sector participation is increasing, driven by PPP initiatives, mandatory health insurance and other collaborations aimed to bridge the demand-supply gap. At the same time, innovative technological solutions have fast-tracked the digital transformation of the industry. GCC's favorable demographics, higher life expectancy, increase in lifestyle related diseases and growing incidence of NCDs continue to drive demand for quality healthcare services. Although challenges like rising medical inflation and supply chain constraints currently exists, the region's healthcare services continue to remain of high interest to investors amid sustainable growth opportunities 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. It also covers recent trends, growth drivers and challenges, along with an outlook until 2027. The report profiles some of the prominent healthcare companies in the region, while highlighting the financial and valuation metrics for select integrated healthcare networks (IHNs) and Pharma & Medical Equipment companies.

### 1.2 Industry Outlook

- CHE in the GCC is projected to reach US\$ 135.5 billion in 2027, growing at a CAGR of 5.4% from 2022. The region's expanding population base, high incidence of NCDs, rising cost of treatment, rising medical inflation, and increasing penetration of health insurance are expected to augur growth. CHE as a proportion of GDP in the GCC is anticipated to grow from 5.0% in 2022 to 5.8% in 2027.
- The annual average growth rates of CHE in the GCC countries are projected to range between 4.4% and 7.4% during the forecast period. The growth varies widely among the GCC nations largely owing to country-specific population projections, economic conditions, cost of healthcare, and prevalence of underlying diseases. UAE is likely to witness the highest growth rate of 7.4% CAGR compared to its GCC peers. Market rankings are expected to remain unchanged, with Saudi Arabia and the UAE dominating the region's CHE with a combined share of 79.6% in 2027.
- In view of the anticipated rise in population, GCC is likely to require 12,207 new hospital beds by 2027. This translates into an estimated annual average growth of 1.9% since 2022 to reach a collective bed capacity of 133,731 by 2027.
- Between 2022 and 2027, Saudi Arabia is likely to witness the highest demand for beds in the GCC at over 8,197 new beds to cater to its expanding population base. The country is expected to account for approximately 67.2% of the regions total additions during the forecast period. Demand in the UAE is anticipated at more than 1,584 new beds during the five-year forecast period.

### 1.3 Key Growth Drivers

- Rapid response to mitigate the dual economic impact of the pandemic has fueled a broad-based recovery in the GCC economies. Growth is also driven by sizable infrastructure investment programmes by the GCC nations and increased purchasing power, which is likely to drive healthcare spending in the region.
- Increasing life expectancy at birth, improvements in infant mortality rate and an ageing population are the key demographics driving the region's healthcare system. GCC's population is expected to grow at an annualized rate of 1.9% between 2022 and 2027 to reach 66.2 million. The elderly population (50+ years) is likely to account for 20.8% of the total by 2027, up from 15.8% in 2022.

- 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.
- National health insurance strategies are expected to increase adoption and utilization of private hospitals and healthcare services, reducing the strain on public sector infrastructure. Implementation of the mandatory health insurance schemes is also expected to reduce the out-of-pocket expenditure on medical services.
- GCC countries continue to promote the region as a hub for medical tourism as part of their economic diversification plans. UAE continues to lead the medical tourism industry, with Dubai and Abu Dhabi attracting high number of tourists.

#### 1.4 Key Challenges

- The GCC nations are primarily dependent on import for pharmaceuticals, capital equipment, implants and medical devices. The high reliance on imports exposes the GCC to global price fluctuations in cases of supply chain disruptions, similar to those that occurred during the recent pandemic-imposed lockdowns.
- The industry continues to remain highly reliant on foreign workers for its healthcare personnel needs across medical specialties. This is due to scarcity of skilled and experienced national physicians and nurses in the region. Shortage of accredited medical institutions is also hindering the growth of local healthcare professionals.
- Despite recent advancements, there remains a gap in supply of specialized facilities for specialties such as neurological disorders, cardio surgeries, and trauma & rehabilitation. As a result, outbound medical tourism has been on the rise.
- The cost of healthcare services in the GCC has continued to rise due to increased demand for complex treatments, high dependence on imports, and a lack of specialized treatment centers.

#### 1.5 Key Trends

- GCC governments are encouraging the involvement of private players through PPP model as part of their long-term strategies aimed at capacity expansion, and enhancing the delivery system. Such strategies will help reduce the cost burden, bridge the growing demand-supply gap, and improve the quality of care.
- With chronic and lifestyle-related diseases becoming a major concern for the GCC population, the GCC governments have started advocating preventive care to help ease the burden on hospitals and existing healthcare resources.
- 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 smart technologies to enhance preventive care.
- The GCC countries are witnessing a rise in demand for Long-Term and Post-Acute Care (LTPAC), including home healthcare services and rehabilitation services. Demand for such services is largely driven by the region's ageing population as more people require geriatric care, rehabilitation, and home care services.
- Given the high demand for complex healthcare services in the region and the increasingly important need for quality improvements, specialized Centers of Excellence have been gradually gaining ground in the GCC.
- The GCC nations have been investing heavily in technology as a key enabler for developments in the healthcare space. Technology integration is likely to spur inclusivity, accessibility, affordability, and growth in the healthcare sector.

As the GCC healthcare sector continues to mature, it is moving towards a value-based care model that places patient-centric outcomes at the core of growth strategy. The active participation from public and private operators has brought about a shift in delivery of care that is likely to transform the sector and differentiate market participants in their ability to offer services, scalability and sustainability. This is likely to drive competition and require organizations to establish strategic plans for value-creating opportunities, leading to the industry witnessing increased mergers, acquisitions and consolidation.

## 2. The GCC Healthcare Industry Overview

*The GCC healthcare industry has witnessed major growth and transformation in recent years due to the emergence of COVID-19 pandemic and the subsequent investments made to strengthen the ecosystem*

*The COVID-19 pandemic highlighted the need for different capacity building initiatives for the stakeholders, especially towards upgrading the existing infrastructure and enhancing workforce*

*Between 2016 and 2020, CHE in the GCC is estimated to have grown at a CAGR of 5.8% to US\$ 86.8 billion*

The GCC healthcare industry has witnessed significant growth and transformation in recent years due to the COVID-19 pandemic and the subsequent investments made by public and private sector participants to strengthen the healthcare ecosystem. Although the COVID-19 pandemic posed considerable challenges for the industry, positive reforms by the governments coupled with unprecedented fiscal and economic measures to mitigate risks stemming from the outbreak, have aided growth. During the pandemic, the GCC governments exhibited their ability to deliver an effective, science-based public health approach while considering social security as a prime concern. This has further accentuated the region's drive to shift its healthcare ecosystem from curative to preventive care while also adopting a value-based and integrated delivery model that focuses on enhancing treatment outcomes and lowering costs. Nevertheless, the pandemic highlighted the need for capacity building initiatives for industry stakeholders, especially towards upgrading the existing infrastructure, enhancing workforce, and deploying automation while increasing R&D to better prepare for any potential outbreaks in the future. The pandemic incentivized service providers to ramp up investments in digitization in a bid to drive growth and improve operational efficiencies. Innovative solutions such as telemedicine, remote patient monitoring and consultancy, and online purchase of prescription medicines among others allowed a significant proportion of primary care delivery to shift to at home services. This has fast-tracked the digital transformation of the industry and enhanced the participation of private players, leading to larger number of public-private partnerships (PPPs) in the healthcare space. As a result, the region's healthcare services continue to remain of high interest to investors amid sustainable growth opportunities across the continuum of care.

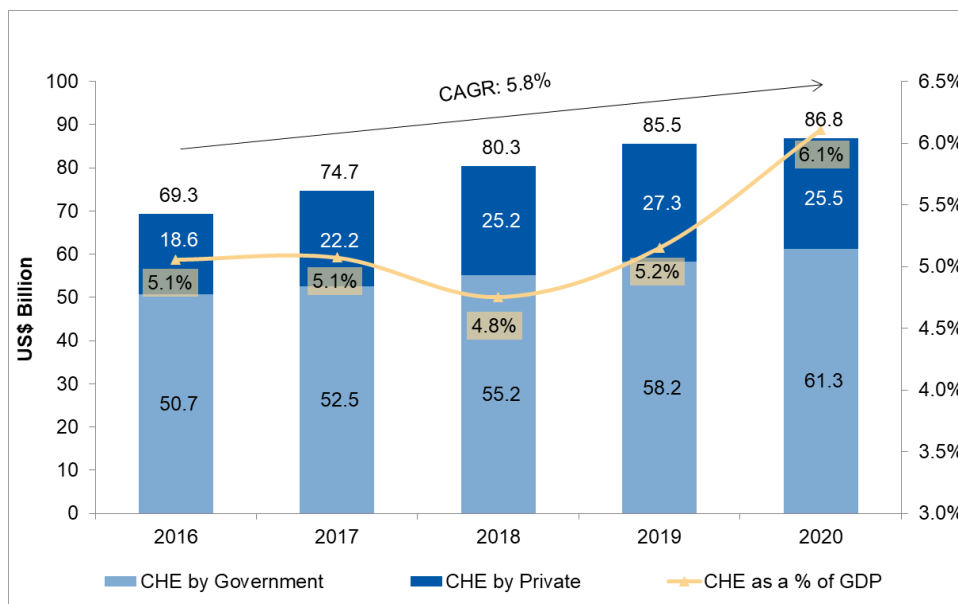
Despite lockdowns across the GCC nations, following strict government directives to limit the spread of COVID-19 during the peak periods of 2020-21, intrinsic demand for healthcare services continued to rise. Several hospitals had to delay non-emergency medical care to address the growing cases of the virus. This, in turn, led to delays in scheduled treatments and the temporary reallocation of resources that created a large pool of untreated medical cases, especially those seeking elective surgeries and non-urgent care. The outbreak also challenged the standard operational protocols and disrupted the medical supply chain, leading to critical shortages in healthcare equipment and increases in the cost of care. However, since the virus transitioned to an endemic illness, the healthcare industry resumed non-COVID-19 services. In addition to the ailments associated with the pandemic, major factors driving demand for healthcare in the region include population growth, higher life expectancy and improving infant mortality rates, increase in lifestyle related diseases and growing incidence of non-communicable diseases (NCDs).

Current Healthcare Expenditure (CHE) in the GCC has continued to grow, despite challenging economic conditions, implying the governments' commitment to expand and improve healthcare services across the region. Between 2016 and 2020, CHE in the GCC is estimated to have grown at a CAGR of 5.8% to reach US\$ 86.8 billion<sup>1</sup> (see Exhibit 1). The growth was supported by a 4.9% annualized increase in spending by the government and 8.2% by the private sector. Of the total US\$ 86.8 billion estimated healthcare spend in 2020, 70.6% (US\$ 61.3 billion) was financed by the governments, down from 73.1% (US\$ 50.7 billion) in 2016, emphasizing the growing prominence of the private sector. Between 2016 and 2019, share of healthcare spending by the GCC governments continued to fall due to constrained fiscal budgets amidst fall in oil prices. However, the onset of the COVID-19 pandemic compelled the regional governments to increase their healthcare budgetary allocations for capacity enhancements and managing the spending on precautionary

<sup>1</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

measures needed to combat the virus. On the other hand, private sector CHE recorded steady growth between 2016 and 2019, and recorded a drop of 6.6% during 2020 due to COVID-19 related implications<sup>2</sup>. CHE as a proportion of GDP reached 6.1% in 2020, up from 5.1% in 2016<sup>3</sup>.

**Exhibit 1: Current Healthcare Expenditure in the GCC (2016-2020)**



Source: WHO, IMF

**Healthcare spending in the UAE and Kuwait grew faster than the GCC average of 5.8% between 2016 and 2020**

Saudi Arabia, the largest market in the GCC, represented around 56.6% of the region's healthcare industry with an estimated CHE of US\$ 49.1 billion in 2020. This can be largely attributed to the Kingdom's high population concentration (~60.1% of the total GCC population<sup>4</sup>) coupled with its increased focus on developing the sector through private sector participation and PPP projects. As a result, healthcare spending in the Kingdom increased at an estimated CAGR of 4.3% between 2016 and 2020. On the other hand, CHE in the UAE grew at a CAGR of 12.3% between 2016 and 2020 to reach US\$ 19.7 billion<sup>5</sup>. The country remained the fastest growing market in the GCC, largely supported by strong investments by the private sector, a growing medical tourism industry and continued support from the government. CHE in Kuwait reached US\$ 6.7 billion in 2020, growing at a CAGR of 6.6% over the four year period. Notably, healthcare spending in the UAE and Kuwait grew faster than the GCC average of 5.8% between 2016 and 2020<sup>6</sup>. The four-year annualized growth rates in CHE for Oman stood at 5.2%, followed by Qatar (2.0%) while Bahrain witnessed a decline of 2.0% (see Exhibit 2)<sup>7</sup>.

<sup>2</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>3</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

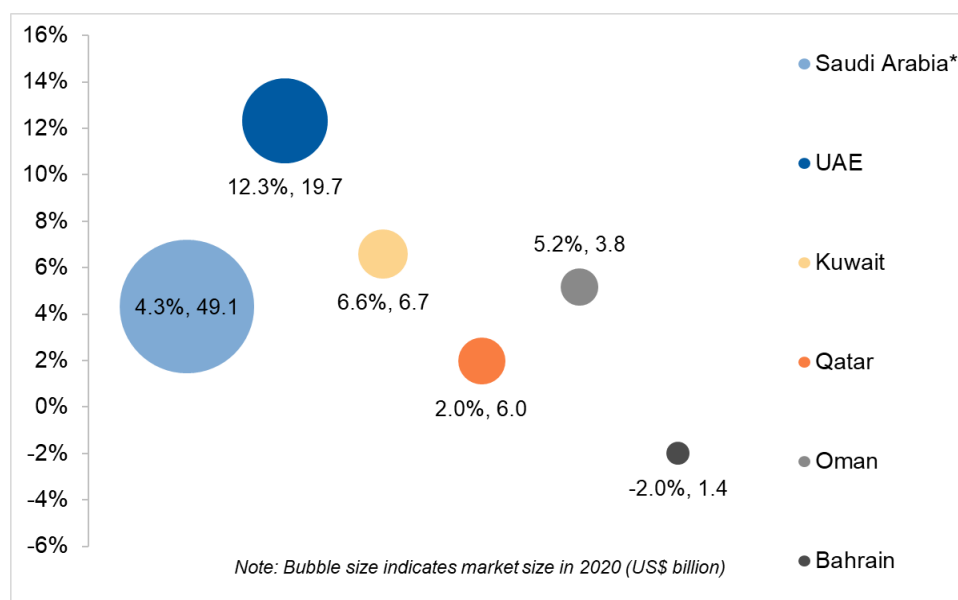
<sup>4</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>5</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>6</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>7</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

**Exhibit 2: Current Healthcare Expenditure and Growth by Country (CAGR: 2016-20)**



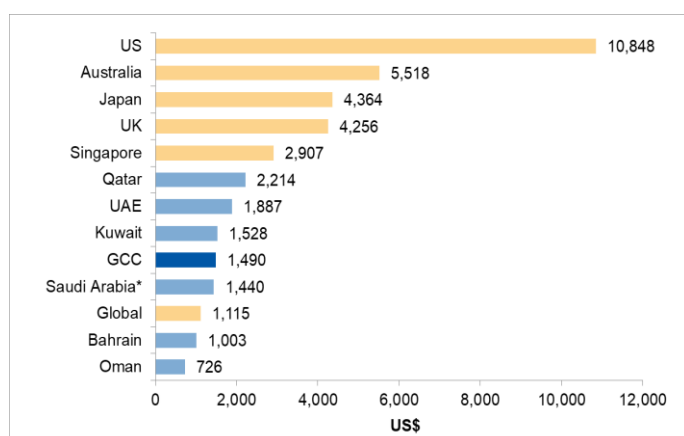
Source: WHO, IMF

\*Note: Saudi Arabia's data for 2019 & 2020 is calculated

**GCC's CHE per capita at US\$ 1,490.2 as of 2019 is higher than the global average but substantially lower compared to other developed countries**

GCC's CHE per capita at US\$ 1,490.2 as of 2019 stood higher than the global average of US\$ 1,115.0 but ranked substantially lower compared to other developed countries (see Exhibit 3)<sup>8</sup>. In terms of CHE as a percentage of GDP, the GCC continues trail behind the global average and developed nations like the US, UK, Japan, and Australia. This can be largely attributed to the region's population age distribution as children, youth and adults (all aged below 50 years) accounted for 85.5% of the total as of 2020<sup>9</sup>. However, the region's CHE has risen from 5.1% in 2016 to 5.2% in 2019, illustrating potential for growth in the region (see Exhibit 4). While Qatar continues to hold its position for the highest healthcare expenditure per capita in the GCC (more than US\$ 2,214.0 per person), the country's CHE as a percentage of GDP remained the lowest in the region at 3.5% as of 2019. Oman, on the other hand, had the lowest per capita spending in the GCC at US\$ 725.9 as of 2019<sup>10</sup>.

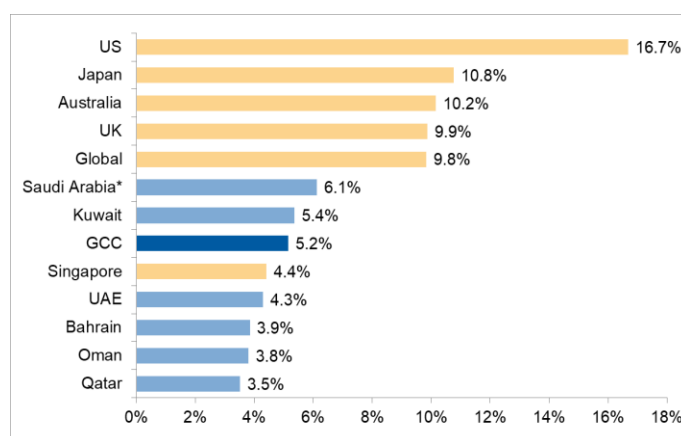
**Exhibit 3: CHE Per Capita (2019)**



Source: WHO, World Bank, IMF

Note: \*Saudi Arabia data for 2019 is calculated

**Exhibit 4: CHE as a % of GDP (2019)**



Source: WHO, World Bank, IMF

Note: \*Saudi Arabia data for 2019 is calculated

<sup>8</sup> Source: World Bank 2020

<sup>9</sup> Source: "World Population Prospects", United National Population Division (UNPD) 2020

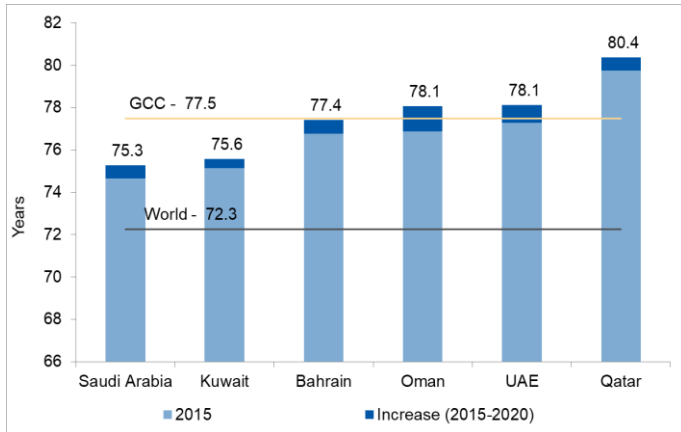
<sup>10</sup> Source: World Bank 2020



**Improving life expectancy at birth, fall in infant mortality rates and growing base of elderly population continues to augur demand for healthcare services**

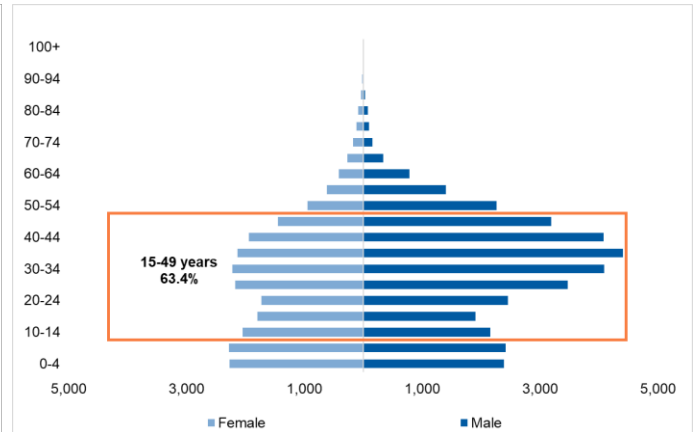
Population in the GCC reached 58.2 million in 2020, growing at CAGR of 2.0% since 2016. This can be largely attributed to the rise in the expatriate population and improving life expectancy at birth, which stood at 77.5 years as of 2020 compared to the world average of 72.3 years<sup>11</sup> (see Exhibit 5). Qatar topped the region in terms of average life expectancy at birth (80.4 years). Notably, the mean average infant mortality rate in the GCC improved to 6.6 deaths per 1,000 live births in 2020 from 6.9 deaths in 2018. The average of the region stood much lower compared to the world average of 27.9 deaths per 1,000 live births, comparatively better than the wider MENA region (18.0 deaths per 1,000 live births) and lowest in the Arab world as of 2020. With 4.9 deaths per 1,000 live births, Qatar recorded the lowest infant mortality rate in the GCC, followed by the UAE (5.6 deaths per 1,000 live births), Bahrain (5.8 deaths per 1,000 live births), and Saudi Arabia (6.0 deaths per 1,000 live births). Within the GCC, Oman has the highest rate with 9.5 deaths per 1,000 live births as of 2020<sup>12</sup>. Increases in life expectancy and decreases in infant mortality rate highlight the growing need for medical support over the increased lifespan of an individual. Consequently, this has expanded the size of the elderly population (50+ years of age) in the GCC to 13.4% of the total in 2020 from 11.1% in 2016. Moreover, the population of those aged 50+ in the GCC grew at a CAGR of 13.3% between 2016 and 2020, higher than the lower age categories<sup>13</sup>. Although the GCC's share of 65+ years population (2.4%), who remain the most vulnerable to age-related ailments, is considerably lower compared to the developed nations such as the US (16.2%), UK (18.7%), Japan (29.6%), Australia (16.2%), and Singapore (13.1%), it has been growing over the past decade. This rise in the elderly population has thus intensified the demand for healthcare services and long-term care centers while also giving impetus to preventive treatment in the region.

**Exhibit 5: Life Expectancy at Birth (2020)**



Source: World Bank

**Exhibit 6: GCC Population Age Distribution (2020)**



Source: UNPD, IMF

**Sedentary lifestyle and poor dietary habits have led to the rise in diabetes and obesity - a major risk factor for cardiovascular diseases and other heart related complications**

The region's population is concentrated in the young and the working-age categories, with 63.4% of the population aged between 15-49 years as of 2020 (see Exhibit 6)<sup>14</sup>. Sedentary lifestyles, poor food habits and unhealthy choices among the young and working have led to a higher prevalence of NCDs such as cardiovascular ailments, diabetes, respiratory, cancers, and nutritional disorders. Most of the GCC nations 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 2019<sup>15</sup>. In Saudi Arabia, 17.9% of the adult population suffers from

<sup>11</sup> Source: World Bank 2020

<sup>12</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>13</sup> Source: "World Population Prospects", United National Population Division (UNPD) 2020

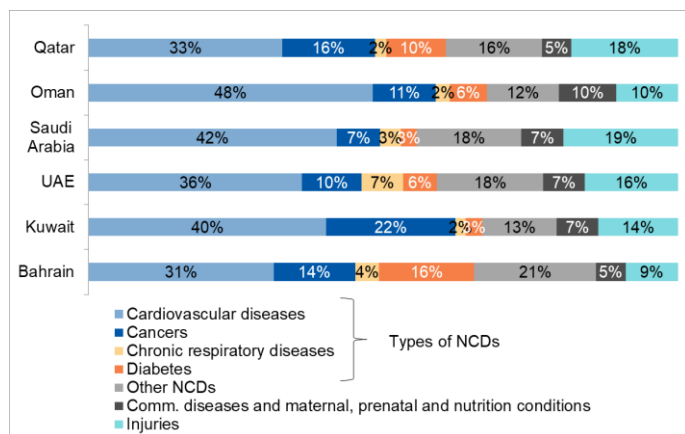
<sup>14</sup> Source: "World Population Prospects", United National Population Division (UNPD) 2020

<sup>15</sup> Source: International Diabetes Federation, Diabetes Atlas, World Bank 2019

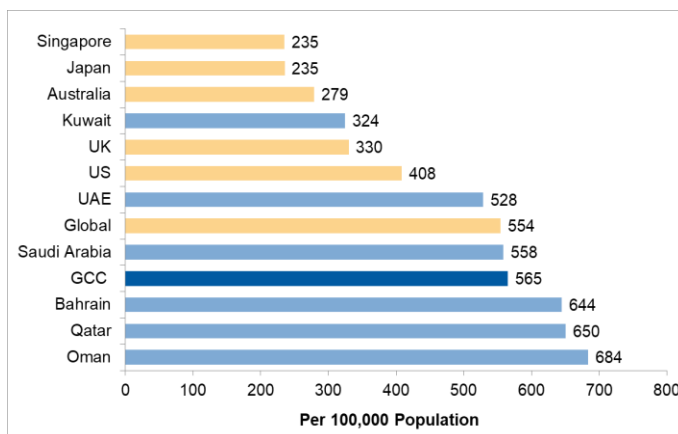


diabetes and over 40% are obese<sup>16</sup>. Obesity rates in Kuwait (37% of adults) and the UAE (30% of adults) also rank among the highest in the Arab world<sup>17</sup>. As a result, obesity and diabetes remain a major risk factor for cardiovascular diseases and other heart related complications within the region. Notably, the incidence rate of cardiovascular disease, diabetes, cancer and respiratory ailments in the GCC is among the highest in the world<sup>18</sup>. NCDs accounted for 78.8% of the total deaths in the region as of 2019, up from 73.0% in 2016. Fatality rates due to cardiovascular diseases, cancer, chronic respiratory diseases and diabetes made up for 62.5% of the total in 2019 compared to 55.0% in 2016<sup>19</sup> (see Exhibit 7). Oman recorded the highest NCD-related deaths in 2019 at 683.6 per 100,000 population in the region, followed by Qatar (650.1 per 100,000 population) and Bahrain (644.3 per 100,000 population). While the NCD-related mortality rate for UAE (528.4 per 100,000 population) and Saudi Arabia (558.1 per 100,000 population) was better than the GCC average (564.8 per 100,000 population), it stood significantly higher than developed countries like the US, UK, Japan, Australia, and Singapore. Notably, Kuwait (324.4 per 100,000 population) recorded the lowest NCD-related mortality rate among its GCC peers as of 2019 (see Exhibit 8). However, growing awareness of such diseases coupled with the desire to strengthen immunity levels to better protect against COVID-19 has encouraged people to adopt healthy food lifestyle habits. This has resulted in the GCC healthcare sector witnessing a structural shift towards a more preventive care model.

**Exhibit 7: Mortality Proportion by Types of Diseases (2019)**   **Exhibit 8: NCD-related Mortality Rate (2019)**



Source: WHO



Source: WHO

***The pandemic precipitated the need to upgrade the existing arrangements for capacity building and to offer integrated healthcare services***

Although the GCC healthcare infrastructure had been expanding at a relatively robust pace, COVID-19 placed enormous strain on the healthcare systems. The pandemic precipitated the need to upgrade the existing arrangements for capacity building and to offer integrated healthcare services. Amid the crisis, higher spending by the GCC governments and greater involvement of the private sector helped bridge the demand-supply gap caused by the rising healthcare needs. Between 2019 and 2020, a total of 15 hospitals were built across the region, of which 12 were in Saudi Arabia and the UAE<sup>20</sup>. Moreover, several temporary medical facilities were built by the GCC Health Ministries, in collaboration with the private operators, to increase bed capacity for the treatment of infected patients. Regional

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

<sup>17</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

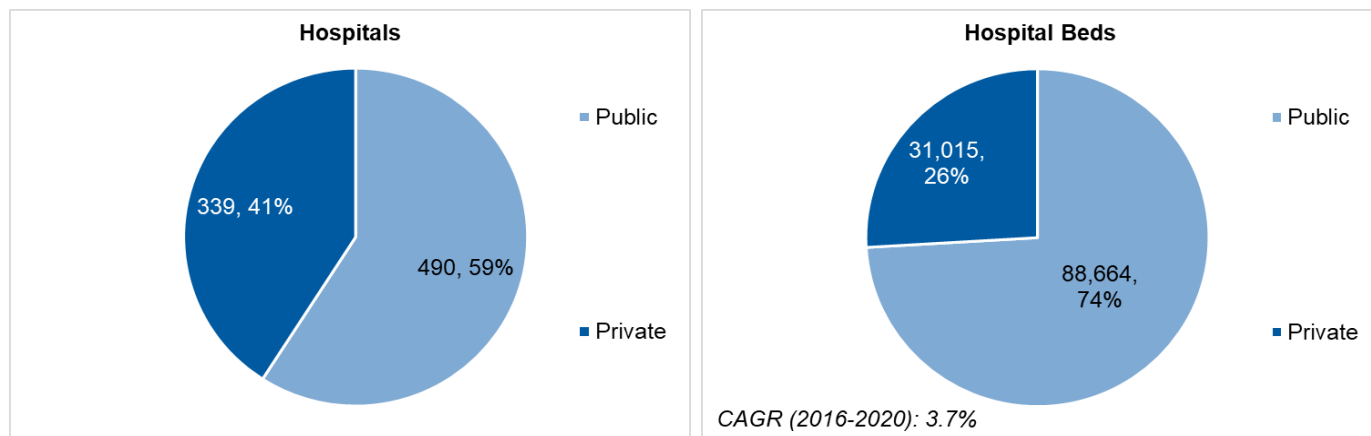
<sup>18</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>19</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>20</sup> 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)

governments also started incentivizing private sector participation through PPP model and transferring several public healthcare systems in order to reduce the cost burden while improving the quality of infrastructure and services offered. This has led to a rise in the number of multi-specialty hospitals as well as internationally accredited facilities and specialized care centers operating in the region.

#### Exhibit 9: Healthcare Infrastructure Capacity in the GCC (2020)



Source: Health Ministries of KSA, UAE, Kuwait, Oman, Qatar, Bahrain

Source: Health Ministries of KSA, UAE, Kuwait, Oman, Qatar, Bahrain

**The GCC had over 829 hospitals accommodating more than 119,679 beds as of 2020**

The GCC had over 829 hospitals accommodating more than 119,679 beds as of 2020, in addition to a large number of primary healthcare centers, medical clinics and laboratories (see Exhibit 9)<sup>21</sup>. While the public sector dominated the region's bed capacity, accounting for 74.1% in 2020 of the total, this share has gradually reduced from approximately 75.3% in 2016 due to the push towards privatization. The share of private hospitals in the region has risen to around 40.9% in 2020 from 38.3% in 2016 (see Exhibit 9)<sup>22</sup>. However, the share of public and private sectors in hospitals and hospital beds vary widely across the GCC nations.

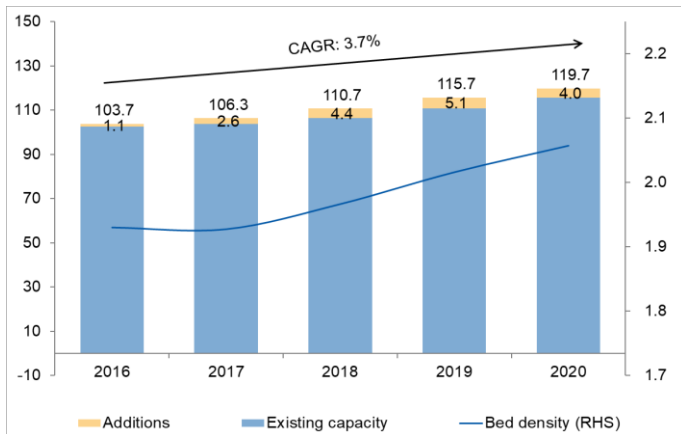
**The GCC bed density at 2.1 beds per 1,000 people is lower than that in developed countries like the US, UK, Japan, Australia, and Singapore**

Between 2016 and 2020, overall bed capacity in the region is estimated to have increased at a CAGR of 3.7% with an addition of nearly 16,022 new beds (see Exhibit 10). This led to the bed density in the region marginally increase to 2.1 beds per 1,000 people in 2020 from 1.9 beds per 1,000 people in 2016. Continued government investments and rise in the number of private hospitals in the UAE and Saudi Arabia have also aided the rise in the average bed density in the region over the four-year period. Nevertheless, it still stands lower than developed nations like the US, UK, Japan, Australia, and Singapore (see Exhibit 11). It was also significantly lower than the Organization for Economic Co-operation and Development (OECD) average of 5.1 beds per 1,000 people and the European Union (4.6 beds per 1,000 people). This can be largely attributed to the fairly constant population growth, while the development of related infrastructure has been comparatively slow.

<sup>21</sup> 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)

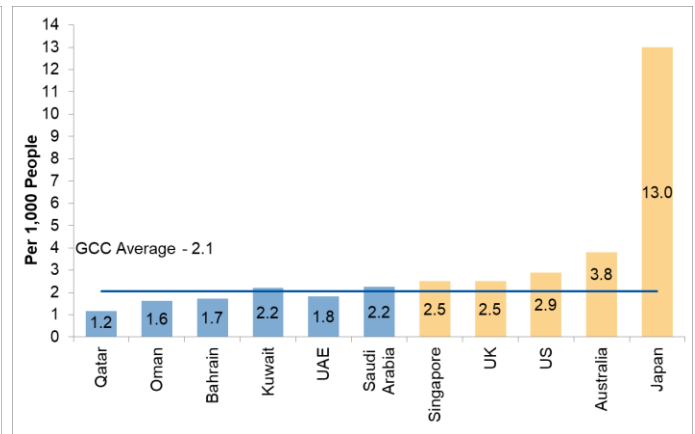
<sup>22</sup> Source: Health Ministries of Bahrain, Oman and Saudi Arabia, Federal Competitiveness and Statistical Authority (FCSA) of the UAE, Kuwait Central Bureau of Statistics (CBS), Ministry of Development Planning and Statistics of Qatar (MDPS)

**Exhibit 10: 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

**Exhibit 11: Hospital Bed Density (2020)**

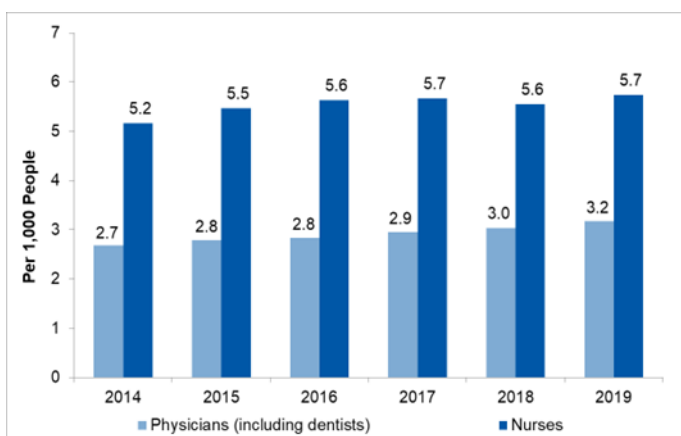


Source: Health Ministries of Bahrain, Oman, Qatar and Saudi Arabia, FCSA, CSB, MDPS, Health Planning & Assessment Department of Qatar, Department of Statistics Singapore, OECD, IMF

**The region had 5.7 nurses and 3.2 physicians per 1,000 population as of 2019**

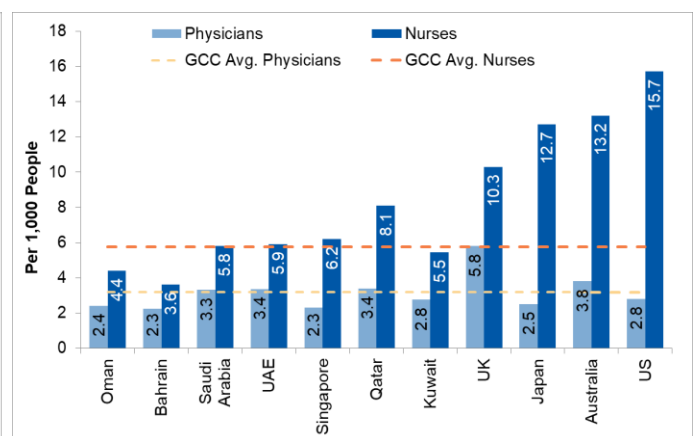
With the growing population base in the GCC, there is a gap in healthcare manpower availability across medical specialties. The region largely depends on expatriates for healthcare professionals due to a scarcity of skilled and experienced national physicians and nurses. On an average, the GCC had 5.7 nurses and 3.2 physicians and dentists per 1,000 population as of 2019 (see Exhibit 12). While the physicians (including dentists) density was higher than developed nations such as the US, Japan, and Singapore, nurses density in the region was significantly lower (see Exhibit 13). In order to build and develop the necessary healthcare workforce, the GCC governments have started undertaking initiatives such as promoting exchange programs for training, introducing post-graduate programmes, providing career advancement opportunities and varied training courses in medical, science, technical and specialized healthcare services for the nationals<sup>23</sup>.

**Exhibit 12: Physicians and Nurses Density in the GCC**



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

**Exhibit 13: Physicians and Nurses Density (2019)**



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

The existing gap between demand and supply of healthcare services coupled with privatization of healthcare facilities has led to a rise in the cost of care. Increased utilization

<sup>23</sup> Source: "Capacity building in health care professions within the GCC countries", BMC Medical Education, March 14, 2020

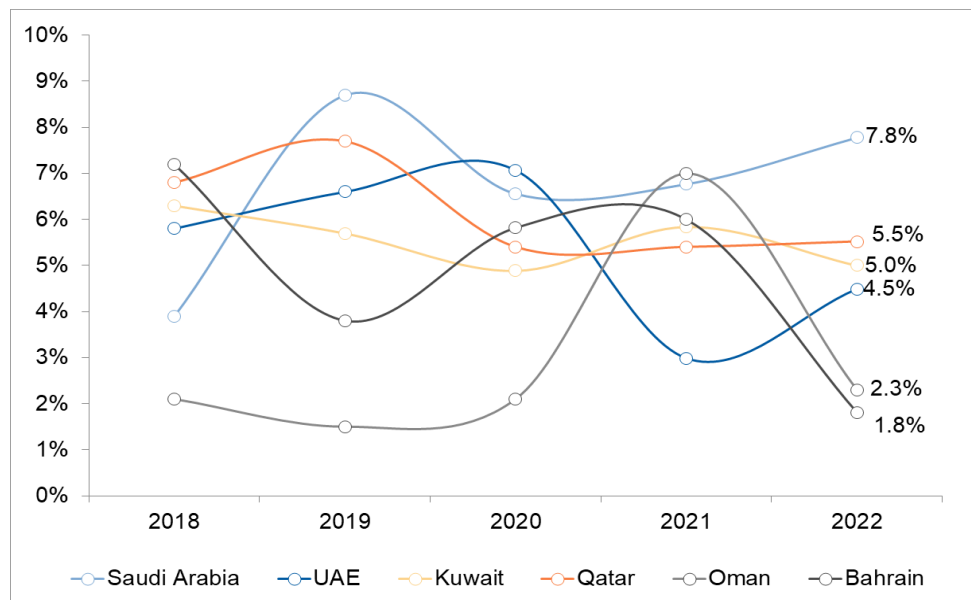
**Significant gap between the demand and supply of healthcare services coupled with privatization of healthcare facilities has led to a rise in the cost of medical care**

**GCC governments have ramped up efforts towards healthcare infrastructure expansion and capacity building strategies to help bridge the gap between demand and supply**

of resources amid the COVID-19 pandemic translated to a further spike in healthcare costs during 2020 and 2021 across the region. This can be largely attributed to the supply chain issues that led to shortages in the pharmaceutical and medical instrument industry, while scarcity of labor also added to the burden. The continued shortage of skilled medical professionals, limited availability of specialized care centers, advancements made in medical technology, growing sophistication and improving capabilities of service providers have made treatments expensive in the GCC. The impact of rising inflation in recent years on the broader economy has also driven up costs in healthcare significantly. Medical cost inflation amongst the GCC nations averaged between 3.0% and 6.7% in the last five years to 2022 (see Exhibit 14)<sup>24</sup>. While Saudi Arabia recorded the highest average medical cost inflation since 2018, Oman had the lowest average in the region. In 2022, healthcare cost inflation stood the highest in Saudi Arabia (7.8%), followed by Qatar (5.5%), Kuwait (5.0%), and the UAE (4.5%).

Although majority of these costs have moderated in 2022, they continue to be above the norm witnessed during the pre-pandemic era. Consequently, the GCC governments have ramped up efforts towards healthcare infrastructure expansion and capacity building strategies to help bridge the gap between demand and supply, while focusing on consolidation to increase efficiency and establish specialized care services. Such efforts, in addition to measures such as introduction of mandatory health insurance are likely to help reduce the out-of-pocket expenditure for patients. At the same time, mandatory health insurance coverage is likely to boost overall healthcare spending thus improving utilization rates and the demand for hospital beds.

**Exhibit 14: Medical Costs Trend (Net of General Inflation)**



Source: Wills Towers Watson

<sup>24</sup> Source: "2023 Global Medical Trends Survey Report", Willis Towers Watson

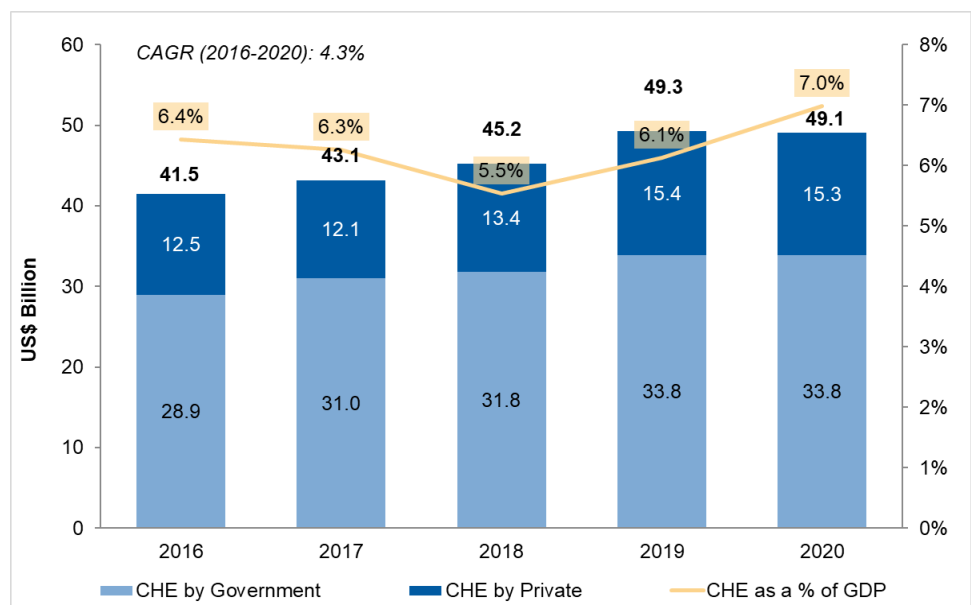
**As part of its Vision 2030, Saudi Arabia plans to invest over US\$ 65 billion to develop its healthcare infrastructure**

## 2.1 Saudi Arabia's Healthcare Landscape

Home to over 35.0 million people and accounting for ~60.2% of the total GCC population as of 2020<sup>25</sup>, Saudi Arabia is the most populous nation within the GCC. The Kingdom's rising population (2.4% CAGR between 2016 and 2020)<sup>26</sup>, improvement in life expectancy at birth, and high prevalence of lifestyle-related diseases and NCDs<sup>27</sup> have led to growth in demand for healthcare services. Saudi Arabia spends 25% to 35% of its total healthcare budget on diabetes, obesity, and cardiovascular diseases. In 2020 and 2021, the Saudi government increased its budget towards healthcare, accounting for 16.4% and 18.0% of the total, respectively, to expand infrastructure and increase the resources available to the MoH to fight COVID-19. As the health crisis eased in 2022, the authorities have shifted focus towards long standing reform efforts that have been delayed due to the pandemic. The Kingdom allocated 14.5% of its total budget towards healthcare in 2022<sup>28</sup>.

As part of its Vision 2030 strategy launched in 2016, Saudi Arabia aims to increase private sector contribution from 40% to 65% by 2030, targeting the privatization of 290 hospitals and 2,300 primary health centers. The Saudi MoH also plans to launch health clusters across the Kingdom to promote preventive and integrated care, and to improve access to healthcare services. Other MoH priorities include increasing the number of internationally accredited hospitals, doubling the number of primary healthcare visits per capita from two to four, reducing the prevalence of lifestyle-related diseases, improving the quality of preventive and therapeutic services, and expanding digital innovation<sup>29</sup>. Launched in 2022, the newly established Health Sector Transformation Programme aims to cover 88% of the Kingdom's population by inclusive health services, and 100% of the population under the unified digital medical records system by 2025<sup>30</sup>.

**Exhibit 15: Current Healthcare Expenditure in Saudi Arabia**



Source: WHO, IMF

\*Note: Data for 2019 and 2020 is calculated

<sup>25</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>26</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>27</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>28</sup> Source: Saudi Arabia Annual Budget Publications – KPMG; SAMA

<sup>29</sup> Source: Health Sector Transformation Program (2020-21) - Saudi Arabia Vision 2030; MoH

<sup>30</sup> Source: "Saudi Arabia Healthcare in 2022: An industry overview", Omnia Health, October 9, 2022

**Saudi Arabia represented around 56.6% of the region's healthcare market with an estimated CHE of US\$ 49.1 billion in 2020**

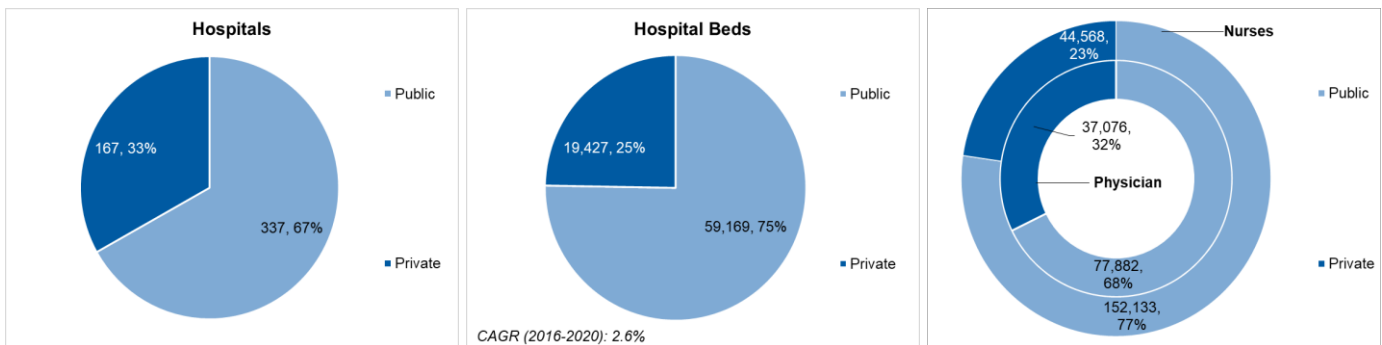
**Saudi Arabia leads the region with 504 hospitals accommodating over 78,596 beds as of 2020, accounting for 65.5% of the total capacity in the GCC**

The government has transformed the sector with substantial investments over the last decade. Saudi Arabia represented around 56.6% of the region's healthcare market with an estimated CHE of US\$ 49.1 billion in 2020<sup>31</sup> (see Exhibit 15). This can be largely attributed to the Kingdom's high population concentration coupled with its increased focus on developing the sector through private sector participation and PPP projects. Healthcare spending in the Kingdom has increased at an estimated CAGR of 4.3% between 2016 and 2020. The growth was supported by a 4.0% annualized increase in spending by the government and 5.0% by the private sector over the four-year period. As a result, CHE as a proportion of GDP remained significant at around 7.0% for the Kingdom in 2020 despite the economic headwinds caused by the COVID-19 pandemic. The per capita healthcare spend in Saudi Arabia stood at US\$ 1,402.4 in 2020, up from \$1,304.1 in 2016<sup>32</sup>.

Saudi Arabia leads the region with 504 hospitals accommodating over 78,596 beds as of 2020, accounting for 65.5% of the total capacity in the GCC (see Exhibit 16). The total number of hospital beds have grown at a CAGR of 2.6% between 2016 and 2020. The Kingdom led the region in gradually privatizing the healthcare sector with its share of private hospitals rising from 32.3% in 2016 to 33.1% in 2020. Although the private sector accounted for just 24.7% of the total bed capacity in the Kingdom as of 2020, it has grown at a faster rate than the public sector since 2016. Bed density in the Kingdom has improved from 2.1 beds per 1,000 people in 2016 to 2.2 beds per 1,000 people in 2020<sup>33</sup>.

The density of physicians (including dentists) and nurses has also increased gradually. Saudi Arabia had more than 3.3 physicians and nearly 5.6 nurses per 1,000 people as of 2020. Private sector accounted for 32.2% of the physicians and 22.7% of the nurses' population in 2020 (see Exhibit 16)<sup>34</sup>.

**Exhibit 16: Public-Private Healthcare Landscape in Saudi Arabia (2020)**



Source: Health Ministry of Saudi Arabia

## 2.2 UAE's Healthcare Landscape

As one of the most economically developed and diversified markets in the GCC, UAE has a strong healthcare ecosystem. The country was swift in taking precautionary health measures to contain COVID-19, resulting in the UAE being globally ranked as one of the top countries, and the highest in the Arab world, in terms of its COVID-19 response<sup>35</sup>. UAE's Centennial 2071 Plan, launched in 2021, has healthcare as a priority sector that aims to develop infrastructure, expertise, and services that match international standards, with a focus on lifestyle-related diseases. It also aims for improvement in access to healthcare

<sup>31</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>32</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>33</sup> Source: Saudi Arabia MoH Annual Statistical Database 2020; SAMA 2020

<sup>34</sup> Source: Saudi Arabia MoH Annual Statistical Database 2020; SAMA 2020

<sup>35</sup> Source: UAE Healthcare and LifeScience", International Trade Administration, 26 July, 2022

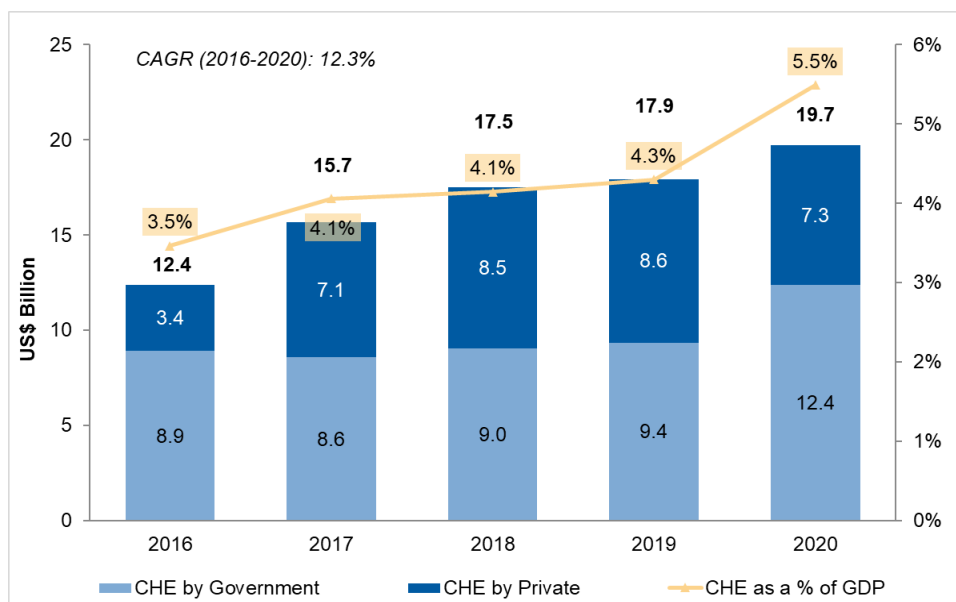


through digitization, and to become a top destination for medical tourism<sup>36</sup>. In 2021 and 2022, the government increased its budget towards healthcare accounting for 8.1% of the total during each year, up from 6.9% in 2020. The improved budgetary provision largely focused towards expanding and upgrading the country's healthcare systems<sup>37</sup>. Federal authorities of Abu Dhabi and Dubai, the major healthcare hubs of the country, have also taken significant steps including liberalizing policies to attract foreign investments with the aim of improving standard of care and boosting the industry. The UAE's growing population (2.0% CAGR between 2016 and 2020)<sup>38</sup>, rise in life expectancy, high incidence of NCDs and lifestyle-related diseases<sup>39</sup>, coupled with popularity as a medical tourism hub are driving the demand for healthcare services.

**CHE in the UAE grew at a CAGR of 12.3% between 2016 and 2020 to reach US\$ 19.7 billion; Per capita healthcare spend stood at US\$ 1,992.1 in 2020**

CHE in the UAE, the second largest market in the GCC, grew at a CAGR of 12.3% between 2016 and 2020 to reach US\$ 19.7 billion (see Exhibit 17)<sup>40</sup>. The country remained the fastest growing market in the GCC, largely supported by a 20.8% annualized increase in spending by the private sector and 8.5% by the government over the four-year period. Of the total US\$ 19.7 billion healthcare spend in 2020, 62.8% (US\$ 12.4 billion) was financed by the government. Amid rising participation from private sector, the share of government expenditure in the UAE has fallen from 72.1% witnessed in 2016. Notably, CHE as a proportion of GDP has increased to 5.5% in 2020 from 3.5% in 2016. The per capita healthcare spend in the UAE stood at US\$ 1,992.1 in 2020, the second highest in the GCC<sup>41</sup>.

**Exhibit 17: Current Healthcare Expenditure in UAE**



Source: WHO, IMF

**The UAE had 157 hospitals accommodating over 18,005 beds as of 2020, accounting for 15.0% of the total capacity in the GCC**

The UAE had 157 hospitals accommodating over 18,005 beds as of 2020, accounting for 15.0% of the total capacity in the GCC. The total number of hospital beds has grown at a CAGR of 9.4% between 2016 and 2020, the highest in the region. The private sector dominates the country's healthcare infrastructure landscape, accounting for 66.2% of the total hospitals in 2020 (see Exhibit 18). However, government-run hospitals held a higher bed capacity. Amid rising privatization, the sector's share of the total bed capacity in the

<sup>36</sup> Source: UAE Centennial 2071 Plan, UAE Cabinet

<sup>37</sup> Source: Annual Budget Publications, UAE Ministry of Finance

<sup>38</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>39</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

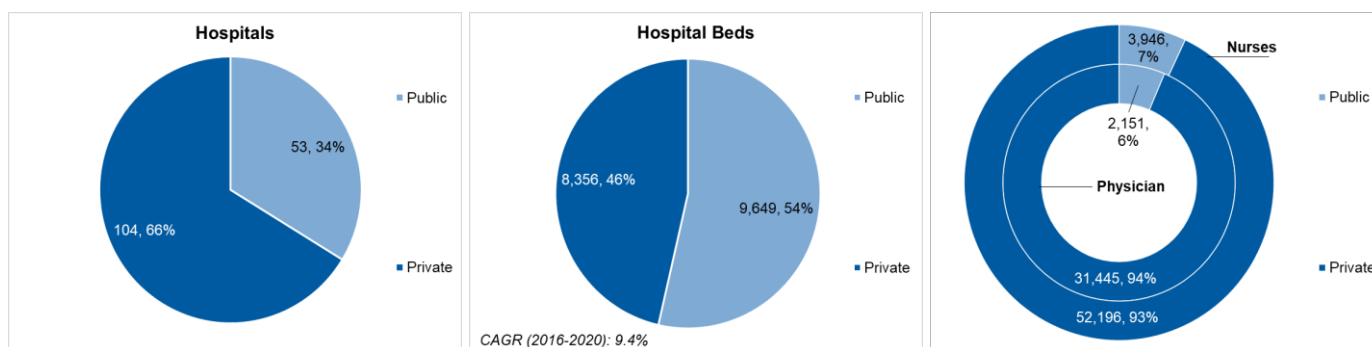
<sup>40</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>41</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

country has fallen to 53.6% as of 2020 from 54.5% in 2016. Nearly 70% of the healthcare facilities in the country have international accreditation, including hospitals, ambulatory services, clinics, polyclinics, and primary care centers<sup>42</sup>. The UAE recorded the highest improvement in bed density during the four-year period, moving from 1.4 beds per 1,000 people in 2016 to 2.2 beds per 1,000 people in 2020<sup>43</sup>.

The density of physicians (including dentists) and nurses has improved over the years. UAE had more than 3.4 physicians and nearly 6.0 nurses per 1,000 people as of 2020. The private sector accounted for 93.6% of the physicians and 88.4% of the nurses' population in 2020 (see Exhibit 18)<sup>44</sup>.

**Exhibit 18: Public-Private Healthcare Landscape in UAE (2020)**



Source: UAE MoHAP

## 2.3 Qatar's Healthcare Landscape

***Qatar's CHE grew at a CAGR of 2.0% between 2016 and 2020 to reach US\$ 6.0 billion; It recorded the highest per capita healthcare spending at US\$ 2,250.8 in 2020***

Healthcare continues to be a priority for Qatar and the government has been constantly upgrading the quality of its healthcare infrastructure and services through reform initiatives. The country's National Health Strategy (2018-2022) within its Vision 2030 Plan identified 12 areas of focus including development of integrated health systems, and coverage of preventive and curative healthcare among others to deliver improved health outcomes<sup>45</sup>. As part of its Healthcare Facilities Master Plan, the government aims to deliver 48 new facilities such as primary healthcare centers, diagnostic and treatment centers, while also focusing on hospital expansions and building general and specialized hospitals. Despite the slowdown in economy, Qatar's government increased its budget towards healthcare in 2021 and 2022 accounting for 8.5% and 9.8% of the total, respectively, to expand its infrastructure and increase focus towards quality services<sup>46</sup>. The country's growing population base<sup>47</sup>, high disposable income, rising life expectancy, low infant mortality, and increasing prevalence of lifestyle-related diseases<sup>48</sup> have led to an increase in the demand for healthcare services.

Qatar's CHE grew at a CAGR of 2.0% between 2016 and 2020 to reach US\$ 6.0 billion (see Exhibit 19)<sup>49</sup>. Growth was largely supported by a 6.9% annualized increase in spending by the private sector while government spending has remained relatively flat (0.8% CAGR) over the four-year period. Of the total healthcare spend in 2020, 79.1% (US\$ 4.8 billion) was financed by the government. Amid rising participation from private sector, the share of government expenditure in Qatar has fallen from 82.7% in 2016 to 79.1% in 2020. Although the country's CHE as a proportion of GDP has increased to 4.2% in 2020 from 3.7% in 2016,

<sup>42</sup> Source: UAE Healthcare and LifeScience", International Trade Administration, 26 July, 2022

<sup>43</sup> Source: UAE MoHAP Annual Statistical Database 2020

<sup>44</sup> Source: UAE MoHAP Annual Statistical Database 2020

<sup>45</sup> Source: National Health Strategy (2018-2022) - Qatar National Vision 2030

<sup>46</sup> Source: Annual Budget Publications, Qatar Ministry of Finance

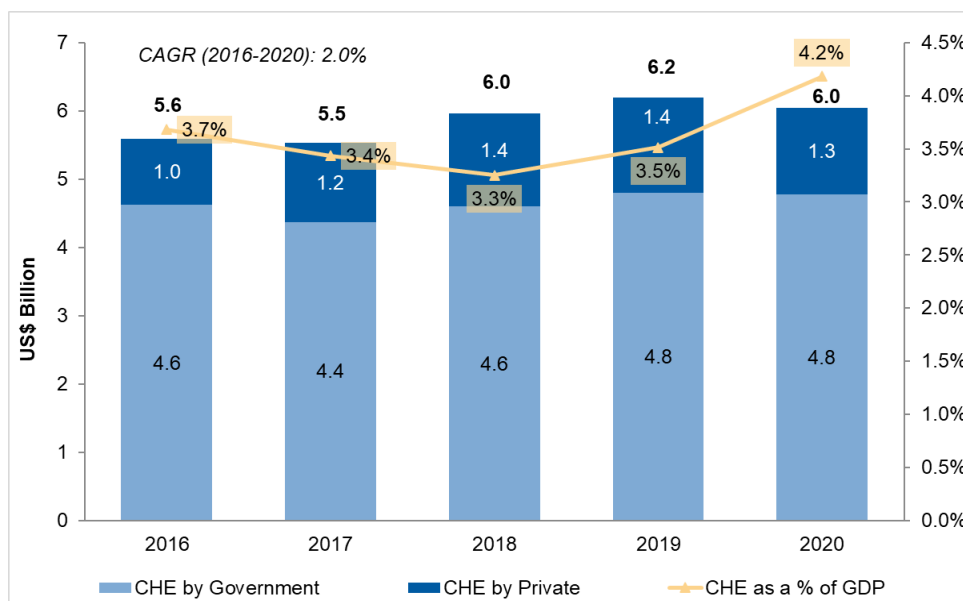
<sup>47</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>48</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>49</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

it remains amongst the lowest in the GCC. Being one of the wealthiest nations globally, Qatar recorded the highest per capita healthcare spending at US\$ 2,250.8 in 2020 in the GCC<sup>50</sup>.

**Exhibit 19: Current Healthcare Expenditure in Qatar**



Source: WHO, IMF

**As of 2020, Qatar had 20 hospitals; Total number of hospital beds in the country stood at over 3,134 beds in 2019**

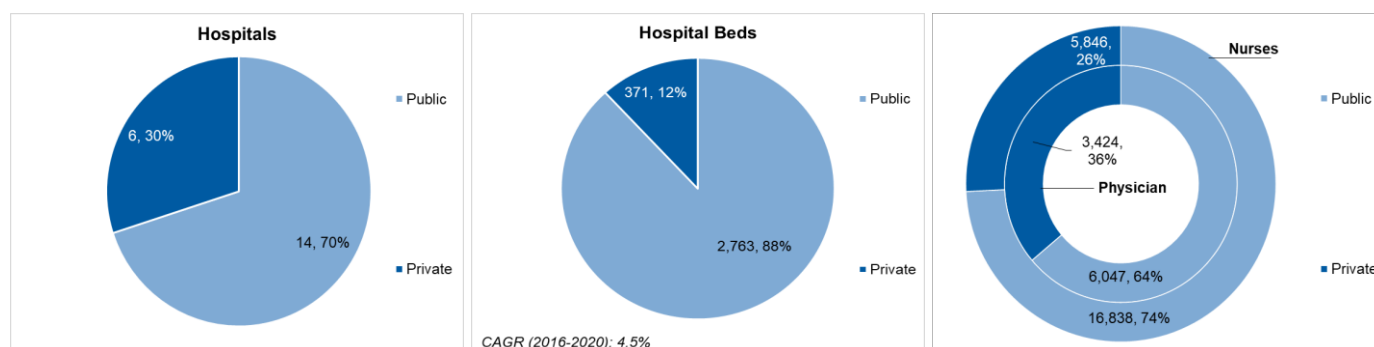
As of 2020, Qatar had 20 hospitals with the public sector accounting for 70.0% of the infrastructure. The total number of hospital beds in the country stood at over 3,134 beds in 2019, recording a CAGR of 4.5% since 2016. The public sector hospitals also held a higher bed capacity, accounting for 88.2% as of 2019 (see Exhibit 20). Bed density has improved from 1.0 beds per 1,000 people in 2016 to 1.1 beds per 1,000 people in 2019<sup>51</sup>. The density of physicians (including dentists) and nurses in Qatar has improved over the years and stands among the highest in the GCC while also surpassing developed nations such as Singapore. The country had more than 3.4 physicians and approximately 8.1 nurses per 1,000 people as of 2019. The public sector accounted for 63.8% of the physicians and 74.2% of the nurses' population in 2019 (see Exhibit 20)<sup>52</sup>.

<sup>50</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>51</sup> Source: Qatar MoPH Annual Statistical Database 2020

<sup>52</sup> Source: Qatar MoPH Annual Statistical Database 2020

## Exhibit 20: Public-Private Healthcare Landscape in Qatar (2019/20)



Source: Ministry of Health

\*Note: Hospital data is for 2020; Hospital beds data is for 2019; Physicians and nurses data is for 2019

## 2.4 Kuwait's Healthcare Landscape

As part of its National Development Plan (2020-2025), Kuwait aims to build healthcare infrastructure and facilities at par with international standards and also improve the quality of healthcare in its existing treatment centers<sup>53</sup>. The government has focused at allocating a substantial part of its budget towards healthcare, consistently accounting for over 11.0% of the total since 2019, largely focusing towards expanding the primary and tertiary care centers across the country<sup>54</sup>. Healthy rise in population (1.9% CAGR between 2016 and 2020)<sup>55</sup>, increased life expectancy, lower infant mortality, coupled with high prevalence rates of obesity, diabetes, cancer among other lifestyle-related diseases<sup>56</sup> continue to drive demand for healthcare services in Kuwait.

**CHE in Kuwait grew at a CAGR of 6.6% between 2016 and 2020 to reach US\$ 6.7 billion; Per capita healthcare spend stood at US\$ 1,430.7 as of 2020**

CHE in Kuwait grew at a CAGR of 6.6% between 2016 and 2020, the second fastest amongst the GCC nations, to reach US\$ 6.7 billion (see Exhibit 21)<sup>57</sup>. The public healthcare sector accounted for 89.8% of the healthcare spending in the country as of 2020, up from 85.3% in 2016. Despite the rising prominence of the public sector in Kuwait's healthcare ecosystem, the government has introduced new reforms including broadening PPPs and giving the private sector a larger role in the provision of healthcare services. As the government is actively broadening the healthcare industry, the country's CHE as a proportion of GDP has increased from 4.7% in 2016 to 6.3% in 2020, the second highest in the GCC. Despite its small population base, Kuwait's per capita healthcare spending stood at US\$ 1,430.7 as of 2020<sup>58</sup>.

<sup>53</sup> Source: National Development Plan (2020-2025)

<sup>54</sup> Source: Annual Budget Publications, Kuwait Ministry of Finance

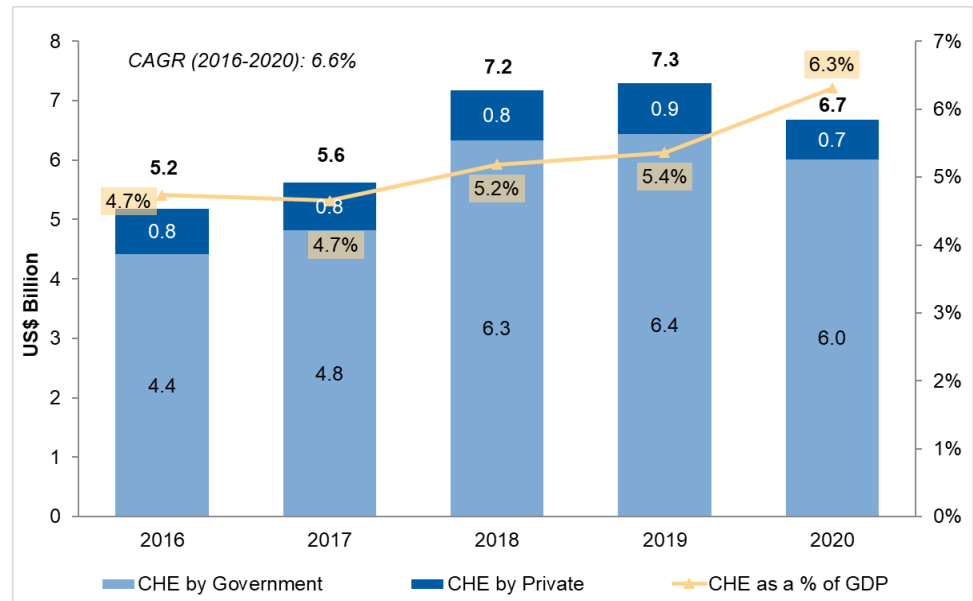
<sup>55</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>56</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>57</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>58</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

**Exhibit 21: Current Healthcare Expenditure in Kuwait**

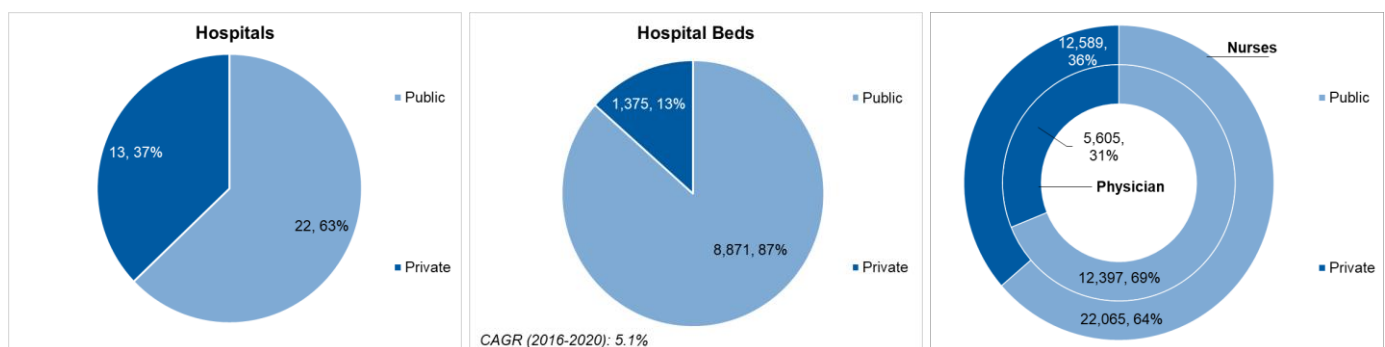


Source: WHO, IMF

**As of 2020, Kuwait had 35 hospitals; Total number of hospital beds grew at a CAGR of 5.1% between 2016 and 2020 to stand at over 10,246 beds**

As of 2020, Kuwait had 35 hospitals with the public sector accounting for 62.9% of the healthcare system. The total number of hospital beds in the country grew at a CAGR of 5.1% between 2016 and 2020 to stand at over 10,246 beds (see Exhibit 22). Although the public-sector hospitals held a higher bed capacity, accounting for 86.6% as of 2020, the private sector bed capacity has been growing at a faster pace of 6.4% between 2016 and 2020. Consequently, bed density has improved over the four-year period from 1.9 beds per 1,000 people in 2016 to 2.2 beds per 1,000 people in 2020<sup>59</sup>. The density of physicians (including dentists) and nurses in the country has also improved over the years, surpassing not only its GCC peers but also developed nations such as Singapore. The country had more than 3.9 physicians and around 7.4 nurses per 1,000 people as of 2020. Public sector accounted for 68.9% of the physicians and 63.7% of the nurses' population in 2020 (see Exhibit 22)<sup>60</sup>.

**Exhibit 22: Public-Private Healthcare Landscape in Kuwait (2020)**



Source: Ministry of Health

<sup>59</sup> Source: Kuwait MoH Annual Statistical Database 2020

<sup>60</sup> Source: Kuwait MoH Annual Statistical Database 2020

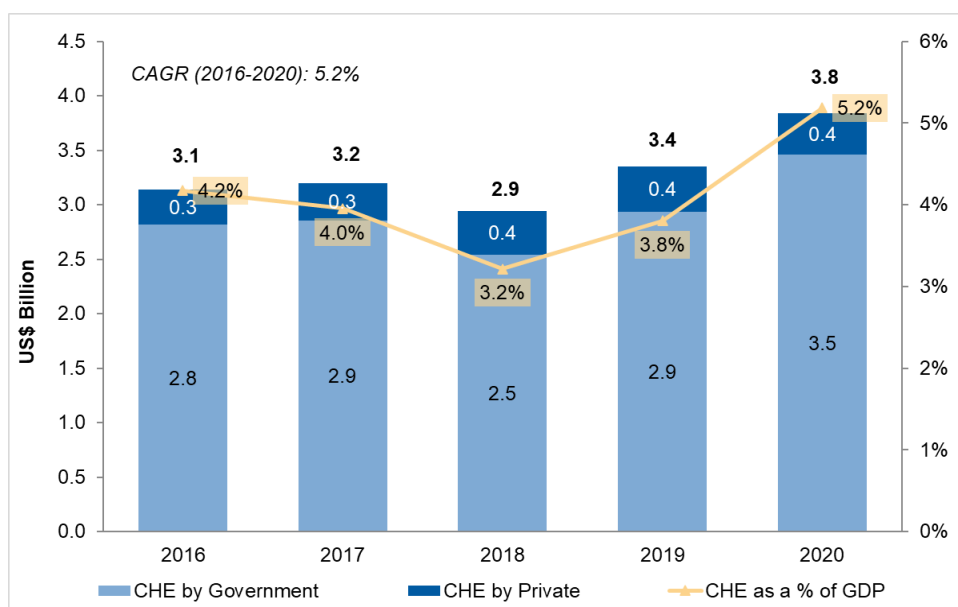
## 2.5 Oman's Healthcare Landscape

Oman has started investing heavily in the healthcare sector over the last decade with the aim of creating a relatively modern ecosystem. The Sultanate's Health Vision 2050 development plan, which was initially launched in 2012 and updated at frequent intervals, outlines the need for the expansion of specialist services, reduce costs, results-based project funding, private sector collaboration, decentralization of management and increased transparency among others. It also includes spending towards primary and tertiary care in addition to women's health issues, infectious and non-infectious diseases, radiology, ophthalmology, mental health, and occupational health<sup>61</sup>. In order to achieve this, the government has been allocating over 11.0% of its total budget towards the healthcare sector since 2020<sup>62</sup>. Rising population of the country<sup>63</sup> coupled with the growing incidence of NCDs, especially cardiovascular diseases, cancers, diabetes and chronic respiratory diseases<sup>64</sup> are the key factors driving the growth of healthcare services in Oman.

**Oman's CHE grew at a CAGR of 5.2% between 2016 and 2020 to reach US\$ 3.8 billion; Per capita healthcare spending stood at US\$ 863.2 as of 2020, the lowest amongst the GCC countries**

Oman's CHE grew at a CAGR of 5.2% between 2016 and 2020 to reach US\$ 3.8 billion (see Exhibit 23)<sup>65</sup>. The public healthcare sector accounted for 90.3% of the healthcare spending in the Sultanate as of 2020, up from 89.9% in 2016. While Oman recorded a 5.3% annualized increase in spending by the public sector over the four-year period, the private sector participation has increased in tandem (4.1% CAGR) since 2016. This indicates the government's increased focus towards privatization of assets to provide quality services while also emphasising on being patient-focused and keeping up with emerging technologies. Consequently, CHE as a proportion of GDP in Oman has increased from 4.2% in 2016 to 5.2% in 2020. The country's per capita healthcare spending stood at US\$ 863.2 as of 2020, the lowest amongst the GCC countries<sup>66</sup>.

**Exhibit 23: Current Healthcare Expenditure in Oman**



Source: WHO, IMF

<sup>61</sup> Source: "Oman's Health Vision 2050 to provide high-quality services for long term", Oxford Business Group

<sup>62</sup> Source: Annual Budget Publications, Oman Ministry of Finance

<sup>63</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>64</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>65</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

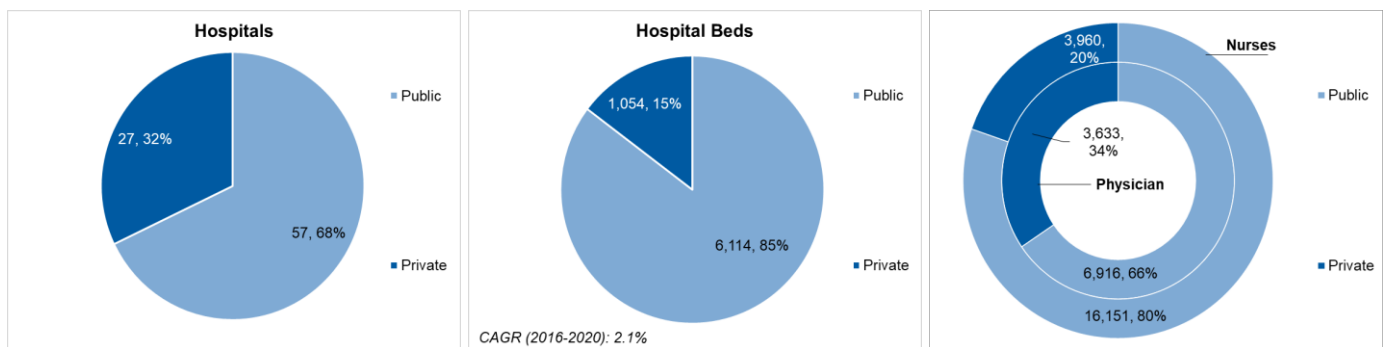
<sup>66</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020



**The Sultanate had 84 hospitals as of 2020; Total number of hospital beds in the country stood at over 7,168 beds in 2020, growing at a CAGR of 2.1% since 2016**

The Sultanate had 84 hospitals with the public sector accounting for 67.9% of the existing healthcare systems as of 2020. The total number of hospital beds in the country stood at over 7,168 beds in 2020, growing at a CAGR of 2.1% since 2016 (see Exhibit 24). While public-sector hospitals held a higher share of bed capacity (85.3%), the rise in number of private hospitals have led to a faster growth (2.1% CAGR) in provision of beds between 2016 and 2020. Consequently, bed density in Oman has improved from 1.5 beds per 1,000 people in 2016 to 1.6 beds per 1,000 people in 2020<sup>67</sup>. Although the density of physicians (including dentists) and nurses in the country has improved over the years, it stands lowest among the GCC peers. The country had more than 2.4 physicians and around 4.5 nurses per 1,000 people as of 2020. Public sector accounted for 65.6% of the physicians and 80.3% of the nurses' population in 2020 (see Exhibit 24)<sup>68</sup>.

**Exhibit 24: Public-Private Healthcare Landscape in Oman (2020)**



Source: Ministry of Health

## 2.6 Bahrain's Healthcare Landscape

Over the years, Bahrain has stepped up its efforts to provide, support, and develop healthcare services through infrastructure developments and technology adoption. The Kingdom's MoH has enhanced its role in policy making and governance to ensure sustainability while also focusing on resource development, financing, and greater participation from the private sector through PPP projects. In collaboration with industry stakeholders, the government aims to address new epidemiological diseases by focusing on healthy lifestyle promotion and address the growing incidence of NCDs and other lifestyle-related ailments<sup>69</sup>. Consequently, the government has been allocating over 9.0% of its total budget towards the healthcare sector since 2019<sup>70</sup>.

**CHE in Bahrain stood at US\$ 1.4 billion, recording a fall of 2.0% CAGR between 2016 and 2020; Per capita healthcare spending stood at US\$ 982.3 as of 2020**

CHE in Bahrain stood at US\$ 1.4 billion, recording a fall of 2.0% CAGR between 2016 and 2020 (see Exhibit 25)<sup>71</sup>. Owing to a small population base<sup>72</sup>, total healthcare spending in the Kingdom was the lowest in the GCC as of 2020. Amid growing participation from private sector, healthcare spending from the government has fallen to 58.1% in 2020 from 61.3% in 2016. Over the four-year period, the private sector recorded a 1.6% annualized increase in spending while government spending has remained dampened. Consequently, CHE as a proportion of GDP in the Kingdom has declined from 4.9% in 2016 to 4.2% in 2020. The country's per capita healthcare spending stood at US\$ 982.3 as of 2020<sup>73</sup>.

<sup>67</sup> Source: Oman MoH Annual Statistical Database 2020

<sup>68</sup> Source: Oman MoH Annual Statistical Database 2020

<sup>69</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

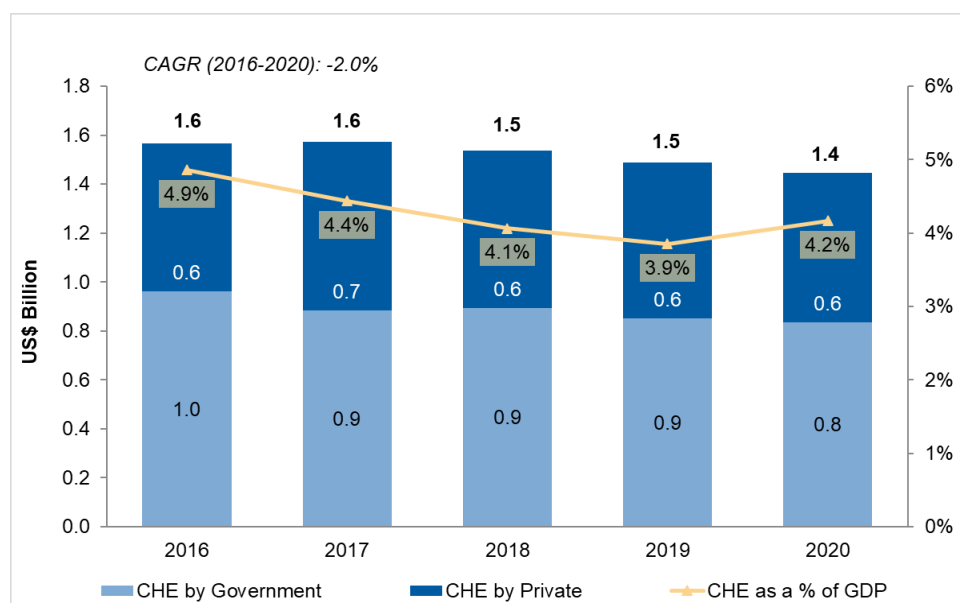
<sup>70</sup> Source: Annual Budget Publications, Bahrain Ministry of Finance

<sup>71</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

<sup>72</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>73</sup> Source: "Global Health Expenditure Database", World Health Organization (WHO) 2020; IMF 2020

**Exhibit 25: Current Healthcare Expenditure in Bahrain**

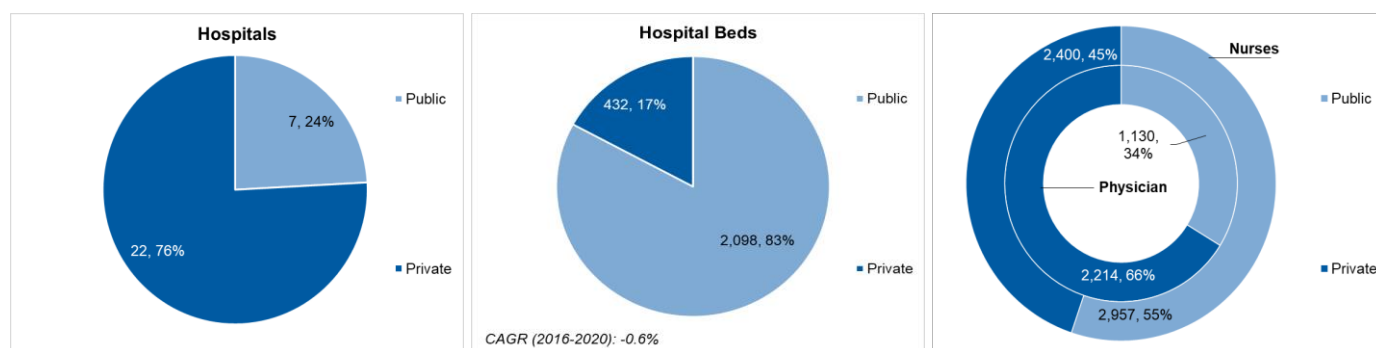


Source: WHO, IMF

**Bahrain had 29 hospitals as of 2020; Total number of hospital beds grew at a CAGR of 0.6% between 2016 and 2020 to stand at over 2,661 beds**

Bahrain had 29 hospitals as of 2020, with the private sector accounting for 75.9% of the infrastructure. The total number of hospital beds in the country stood at over 2,530 beds as of 2020 (see Exhibit 26)<sup>74</sup>. Despite the private sector accounting for higher number of hospitals (75.9%) in the Kingdom, government-run hospitals held a higher share of bed capacity (82.9%) as of 2020<sup>75</sup>. While the bed density in Bahrain has remained unchanged over the four-year period, density of physicians (including dentists) and nurses continues to remain below par. The country had more than 2.3 physicians and around 3.6 nurses per 1,000 people as of 2019. Private sector accounted for 66.2% of the physicians while the public sector accounted for 55.2% of the nurses' population in 2019 (see Exhibit 26)<sup>76</sup>.

**Exhibit 26: Public-Private Healthcare Landscape in Bahrain (2019/2020)**



Source: Ministry of Health

\*Note: Hospital data is for 2020; Hospital beds data is for 2019; Physicians and nurses data is for 2019

<sup>74</sup> Source: Bahrain MoH Annual Statistical Database 2020

<sup>75</sup> Source: Bahrain MoH Annual Statistical Database 2020

<sup>76</sup> Source: Bahrain MoH Annual Statistical Database 2020

## 3. The GCC CHE Outlook

### 3.1 Forecasting Methodology

We have forecasted the size of the healthcare industry in each GCC country in terms of CHE on inpatient, outpatient and other services, through 2027. It projects the number of outpatients and inpatients during the forecast period by adopting a regression model on the back of strong correlation with population and nominal GDP of the respective GCC countries. The model also projects the requirement of additional hospital beds across the constituent countries by taking into consideration the new projects announced coupled with broader macro factors and long-term objectives of regional governments.

The data points considered for the forecasts include:

- Historical data on CHE – WHO Global Health Expenditure Database (availability for countries vary until 2018, 2019 and 2020)
- Population – IMF World Economic Outlook Database (October 2022)
- Health inflation from Willis Towers Watson's (WTW) Global Medical Trends Survey Report (last available 2022)
- Healthcare indicators such as the number of hospital beds, outpatient visits, inpatient admissions, bed occupancy rate, average length of stay and average visits per individual are sourced from the health ministries and statistical organizations of the GCC countries.

The formula used for forecasting total CHE is –

**CHE = Outpatient + Inpatient + Others**, where

- Outpatient market size = Total number of outpatient visits x average cost per outpatient visit. For total number of outpatient visits, we have observed a strong correlation between the outpatient visits and population. Hence, the forecast for the number of outpatient visits was arrived at by primarily using a regression model.
- Inpatient market size = Total number of inpatient days (number of inpatients x average length of stay) x Cost per inpatient day. For total number of inpatients, we have observed a strong correlation between the inpatient and population and nominal GDP. Hence, the forecast for the number of inpatient visits was arrived at by primarily using a regression model.
- 'Others' market size includes expenditure on all the other medical and administrative expenses that are not covered under inpatient and outpatient care.

#### Macro assumptions

- The region's GDP (PPP) per current prices is projected to increase at a CAGR of 4.3% between 2022 and 2027 (*Source: IMF*).
- The GCC population is projected to grow at a CAGR of 1.9% to reach 66.2 million in 2027 from 60.3 million in 2022 (*Source: IMF*).
- The average health inflation in the GCC was 4.5% in 2022 and is estimated to remain at around 3.9% through 2027.

*Note: In this report, we have modified our approach and methodology to have a broader market outlook by projecting the inpatient and outpatient numbers by using a regression model. Hence, our forecasts are not directly comparable to Alpen Capital's GCC Healthcare Industry report dated March 26, 2018.*

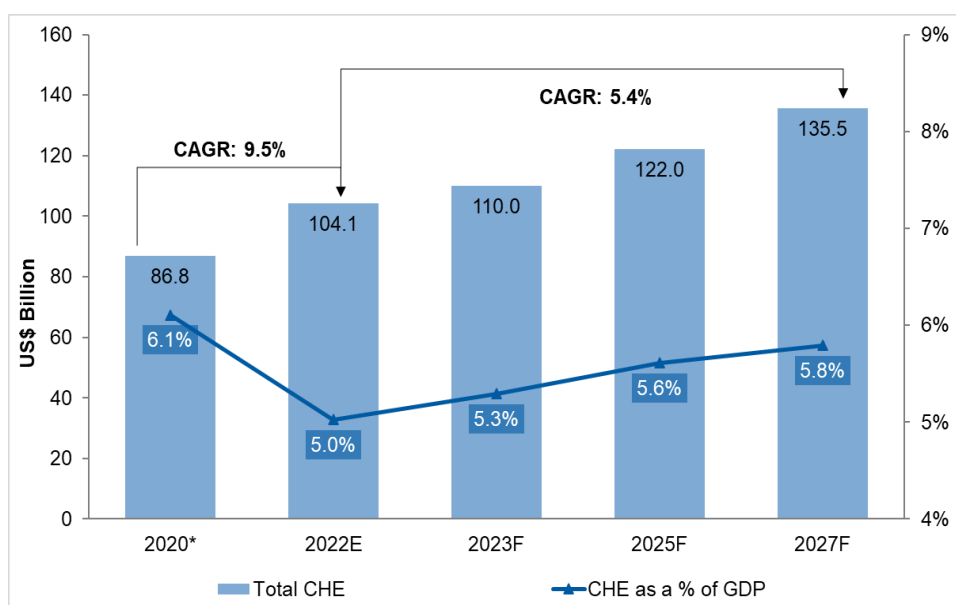
### 3.2 Current Healthcare Expenditure (CHE) Forecast

Following a period of sustained pressure amid multiple waves of the COVID-19 pandemic, the GCC healthcare sector is expected to see renewed growth driven by the anticipated rebound in economic activity, favorable demographics<sup>77</sup>, increased awareness amongst the public, and preventive-care strategies by the regional governments. The crisis re-designed the way healthcare operators deliver care to patients as well as improved past internal inefficiencies through technology adoption and strategic partnerships. While digitization and collaborations have made a progressive impact, the resurgence in demand for elective surgeries, a burgeoning medical tourism industry, and an intrinsic demand for treatment of NCDs and other ailments are likely to support the demand for healthcare in the long-term.

**Healthcare expenditure in the GCC is projected to reach US\$ 135.5 billion in 2027, growing at a CAGR of 5.4% since 2022**

CHE in the GCC is estimated to have grown at a CAGR of 9.5% between 2020 and 2022 to reach US\$ 104.1 billion. The two-year period, when the healthcare sector was primarily combating the pandemic, recorded a high growth in inpatient and outpatient markets. As the crisis started to abate in 2021, the region's CHE as a percentage of GDP is estimated to have normalized and stood at 5.6% as compared to 6.1% in 2020. Healthcare expenditure in the GCC is further projected to reach US\$ 135.5 billion in 2027, growing at a CAGR of 5.4% from 2022 (see Exhibit 27). The region's expanding population base (estimated to grow at an annualized rate of 1.9% CAGR between 2022 and 2027)<sup>78</sup>, high incidence of NCDs<sup>79</sup>, rising cost of treatment, rising medical inflation<sup>80</sup>, and increasing penetration of health insurance are expected to augur growth. CHE as a proportion of GDP in the GCC is anticipated to grow from 5.0% in 2022 to 5.8% in 2027.

**Exhibit 27: Forecast of CHE in the GCC**



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

Note: E - Estimate, F - Forecast; \*Total CHE for Saudi Arabia is estimated

Between 2022 and 2027, CHE in the GCC countries is anticipated to increase at annual average growth rates of 4.4% to 7.4% (see Exhibit 28). The growth varies widely among the GCC nations largely owing to country-specific population projections, economic conditions, cost of healthcare, and prevalence of underlying diseases among other factors. UAE is likely

<sup>77</sup> Source: "World Economic Outlook Database", IMF, October 2022

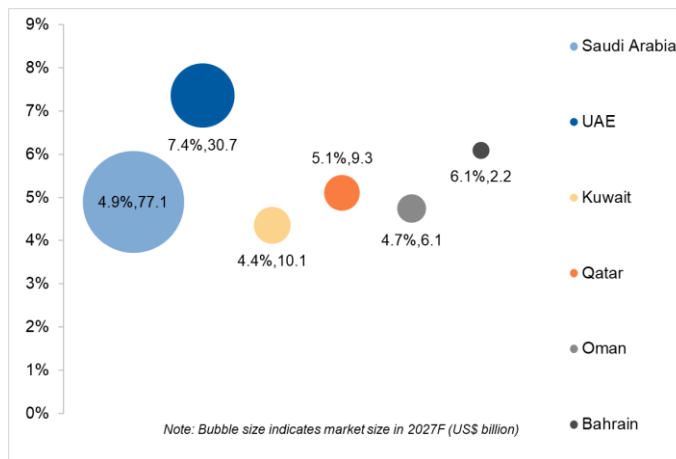
<sup>78</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>79</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>80</sup> Source: "2022 Global Medical Trends Rates Report", Willis Towers Watson

to witness the highest growth rate compared to its GCC peers in anticipation of a fast-growing population, increased and wider coverage of mandatory health insurance and high average medical inflation rate. Subsequently, the share of UAE in the GCC's CHE is expected to expand at a faster rate compared to the other countries. However, the market rankings are expected to remain unchanged, with Saudi Arabia and the UAE dominating the region's CHE with a combined share of 79.6% in 2027 (see Exhibit 29).

**Exhibit 28: Country-wise CHE Growth**



Source: Alpen Capital, WHO, IMF, WTW, MOH and Statistical organizations  
Note: E - Estimate, F - Forecast; Bubble size indicates Market Size

**Exhibit 29: Country-wise CHE Contribution**

Country	2022E	2023F	2025F	2027F
Saudi Arabia	58.3%	58.0%	57.2%	56.9%
UAE	20.7%	21.1%	22.1%	22.7%
Kuwait	7.8%	7.7%	7.6%	7.4%
Qatar	7.0%	7.0%	6.9%	6.9%
Oman	4.6%	4.6%	4.6%	4.5%
Bahrain	1.6%	1.6%	1.6%	1.6%
<b>GCC Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Alpen Capital, WHO, IMF, WTW, MOH and Statistical organizations  
Note: E - Estimate, F - Forecast

**The region is likely to require 12,207 new hospital beds by 2027, an estimated annual average growth of 1.9% since 2022 to reach a collective bed capacity of 133,731**

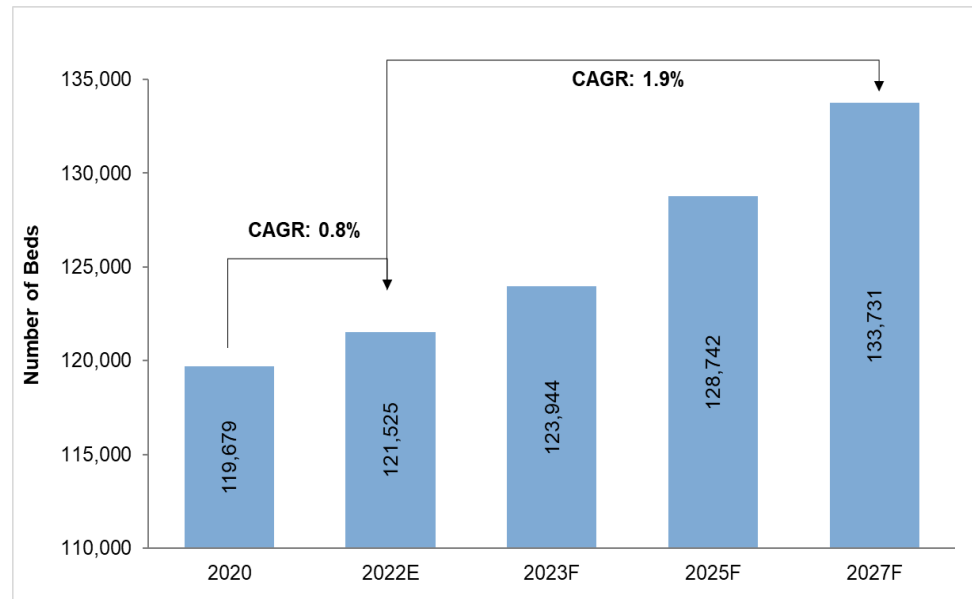
### 3.3 Forecast of Hospital Beds

Between 2020 and 2022, the GCC is estimated to have added 1,846 hospital beds. In view of the anticipated rise in population, the region is likely to require 12,207 new hospital beds by 2027. This translates into an estimated annual average growth of 1.9% since 2022 to reach a collective bed capacity of 133,731 (see Exhibit 30). While the high incidence of chronic cases<sup>81</sup> is likely to increase the demand for beds across the GCC, regional governments and private sector participants are strongly focusing in areas of specialized care, long-term and post-acute care, and rehabilitation among others.

During 2022-2027, Saudi Arabia is likely to witness the highest demand for beds in the GCC at over 8,197 new beds to cater to its expanding population base. The country is expected to account for approximately 67.2% of the regions total additions during the forecast period. Demand in the UAE is anticipated at more than 1,584 new beds during the five-year forecast period. While most of the GCC countries are likely to experience a strong demand, the requirement of new beds in Qatar is expected to remain tepid amid lower than average population growth. Majority of the new additions are expected to be driven by the private sector as the GCC governments have started focusing on privatization to reduce cost burden and increase standard of care.

<sup>81</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

**Exhibit 30: Forecast of Demand for Hospital Beds in the GCC**



Source: Alpen Capital, WHO, IMF, WTW, Health Ministries of KSA, UAE, Kuwait, Oman, Qatar, Bahrain

Note: E - Estimate, F - Forecast

### 3.4 Country-wise CHE Forecast

#### Saudi Arabia

Between 2020 and 2022, Saudi Arabia's CHE is estimated to have grown by 11.2% CAGR, higher than the GCC average of 9.5% CAGR, primarily driven by the COVID-19 pandemic. Healthcare spending in the Kingdom is further projected to grow at a CAGR of 4.9% between 2022 and 2027 to reach US\$ 77.1 billion (see Exhibit 31). A steady growth in population (2.0% CAGR between 2022 and 2027)<sup>82</sup>, rise in the cost of treatment and increase in health insurance coverage are expected to support demand for varied healthcare services. With an anticipated addition of 1.9 million elderly people (+50 years)<sup>83</sup> and high incidence of lifestyle-related diseases<sup>84</sup>, demand for long-term care centers and outpatient treatments is set to rise. Such factors support the utilization of both public and private healthcare services at hospitals. Although Saudi Arabia is expected to continue to lead and account for 56.9% of the region's CHE by 2027, its share is likely to fall from 58.3% in 2022. At the same time, the Kingdom's CHE as proportion of GDP is anticipated to grow from 6.0% in 2022 to 6.9% in 2027.

Over the two-year period of 2020-2022, Saudi Arabia is estimated to have added 172 beds. The Kingdom would need a total bed capacity of 86,965 by 2027 to accommodate the growing demand, translating an annual average growth of 2.0% since 2022. This signifies an additional requirement of 8,197 beds, accounting for 67.2% of the total GCC requirement, over the five-year period (see Exhibit 32). Saudi Arabia plans to build 20,000 hospital beds and 224 healthcare centers across the Kingdom at an estimated cost of SAR 48 billion (US\$ 12.8 billion)<sup>85</sup>. While the government is actively encouraging private sector participation to meet the growing demand, it is also building large medical centers and institutions such as King Abdullah bin Abdulaziz Medical Complexes (>1,500 beds), King Khalid Medical City

**Healthcare spending in Saudi Arabia is projected to grow at a CAGR of 4.9% between 2022 and 2027 to reach US\$ 77.1 billion**

**During the forecast period, the Kingdom would need a total bed capacity of 86,965 by 2027, translating to an additional requirement of 8,197 beds**

<sup>82</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>83</sup> Source: "World Economic Outlook Database", IMF, October 2022

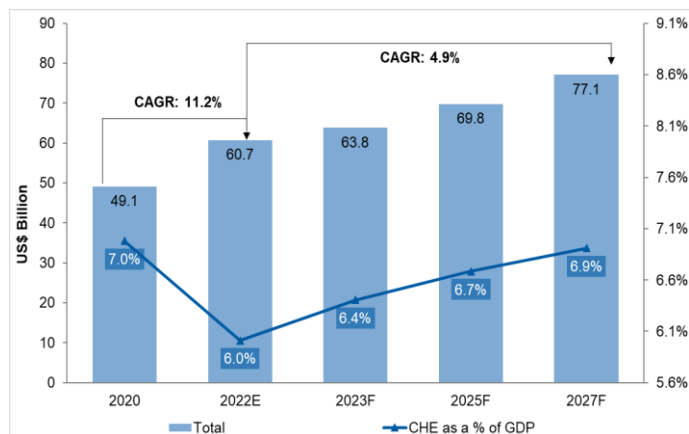
<sup>84</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>85</sup> Source: "MENA Hospital Projects Forum 2022 to feature US\$45bn worth of healthcare projects across the MENA region", Zawya, April 20, 2022



(1,500 beds), King Faisal Medical City (1,350 beds), Prince Mohammad bin Abdul Aziz Medical City (442 beds), and King Abdullah Medical City (292 beds – Phase 1) among others<sup>86</sup>. Saudi Arabia's privatization drive, engagement in PPP projects coupled with the introduction of comprehensive insurance coverage will encourage private investments in the sector.

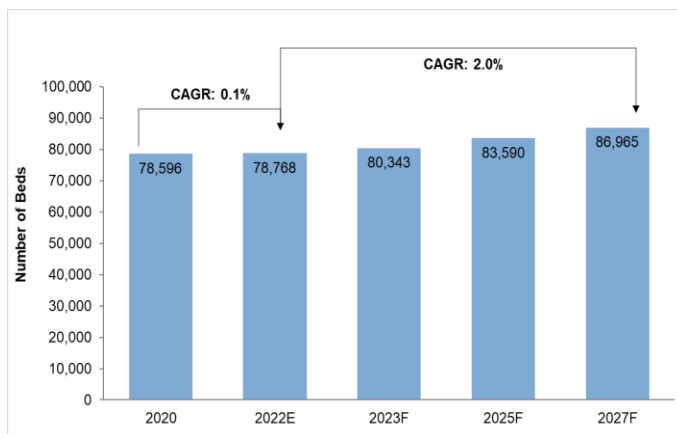
**Exhibit 31: Forecast of CHE in Saudi Arabia**



Source: Alpen Capital, WHO, IMF, WTW, MOH

Note: E - Estimate, F - Forecast

**Exhibit 32: Demand for Hospital Beds in Saudi Arabia**



Source: Alpen Capital, WHO, IMF, WTW, MOH

Note: E - Estimate, F - Forecast

**UAE's healthcare spending is projected to outpace its GCC peers over the forecast period to reach US\$ 30.7 billion by 2027**

**Requirement of beds in the UAE is projected at 20,779 by 2027, representing an additional demand for 1,584 new beds over the five-year forecast period**

## UAE

CHE in the UAE is estimated to have grown at a CAGR of 4.5% between 2020 and 2022, the lowest amongst the GCC nations and below the GCC average. Nevertheless, the country's healthcare spending is projected to outpace its GCC peers (7.4% CAGR) over the forecast period to reach US\$ 30.7 billion by 2027 (see Exhibit 33). Growth is expected to be supported by a rising application of mandatory health insurance, an expanding medical tourism industry<sup>87</sup>, increasing population base (1.6% CAGR between 2022 and 2027)<sup>88</sup> and medical inflation<sup>89</sup>. Consequently, the UAE's share of CHE to the region's total is likely to grow from 20.7% in 2022 to 22.7% in 2027. At the same time, the country's CHE as a proportion of GDP is anticipated to grow from 4.3% in 2022 to 5.0% in 2027.

Between 2020 and 2022, UAE is estimated to have added 1,191 beds, accounting for 64.5% of the total GCC additions. The country's epidemiological profile, which indicates high prevalence of chronic diseases and poor nutritional habits amid a busy lifestyle<sup>90</sup>, warrants a need for continued care. The anticipated rise in medical tourists is also driving the demand for beds in the UAE, especially in private hospitals. Accordingly, the requirement of beds in the country is projected at 20,779 by 2027, representing an additional demand for 1,584 new beds over the five-year forecast period (see Exhibit 34). The government has increased its privatization drive to meet the rising demand and having all hospitals accredited according to national and international quality standards as part of its long-term vision<sup>91</sup>. The UAE has around 700 healthcare projects under development with a total investment of US\$ 60.9 billion<sup>92</sup>. As part of this, several specialty and multi-disciplinary hospitals are currently

<sup>86</sup> Source: MEED Projects

<sup>87</sup> Source: "Global Medical Tourism Index (MTI) 2020-2021", "Arab MTI 2020-2021", Medical Tourism

<sup>88</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>89</sup> Source: "2022 Global Medical Trends Rates Report", Willis Towers Watson

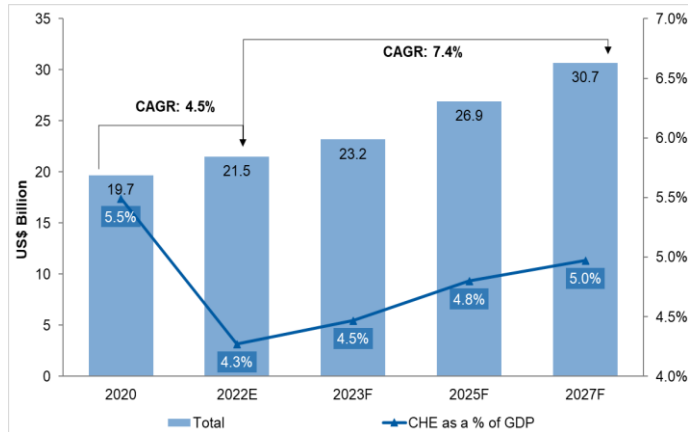
<sup>90</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>91</sup> Source: UAE Vision 2071

<sup>92</sup> Source: "Projects: Top 5 healthcare projects in GCC amount to a \$2.5bln spending spree", Zawya, June 23, 2021

being built across the country by the private sector and also through PPP initiatives. Some of the most notable upcoming projects include the Al Ain Hospital (719 beds), Burjeel Medical City (400 beds), and Hamdan Bin Rashid Cancer Hospital (250 beds) among others<sup>93</sup>.

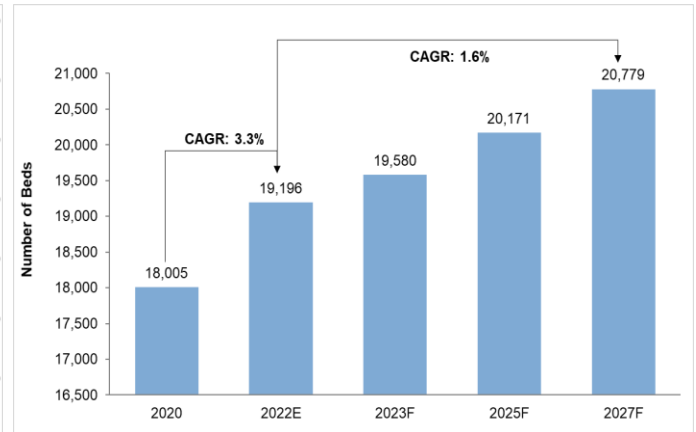
**Exhibit 33: Forecast of CHE in the UAE**



Source: Alpen Capital, WHO, IMF, WTW, MOH

Note: E - Estimate, F - Forecast

**Exhibit 34: Demand for Hospital Beds in the UAE**



Source: Alpen Capital, WHO, IMF, WTW, MOH

Note: E - Estimate, F - Forecast

## Qatar

**Healthcare spending in Qatar is expected grow at a CAGR of 5.1% CAGR over the five-year forecast period to reach US\$ 9.3 billion by 2027**

CHE in Qatar is estimated to have grown at a CAGR of 9.7% between 2020 and 2022, at par with the GCC average. Furthermore, healthcare spending in the nation is expected to record a CAGR of 5.1% over the five-year forecast period to reach US\$ 9.3 billion by 2027 (see Exhibit 35). This can be largely attributed to a relatively subdued population growth<sup>94</sup>. The introduction of mandatory health insurance for non-Qatari employees and their family members<sup>95</sup>, prevalence of chronic health problems<sup>96</sup>, and the introduction of preventive services by the government<sup>97</sup> is expected to augur demand for healthcare services in the country. While Qatar's share of CHE to the region's total is expected to remain flat at 6.9% during the forecast period, its healthcare expenditure as proportion of GDP is anticipated to grow marginally from 3.3% in 2022 to 3.6% in 2027. The demand for hospital beds in the country is expected to remain flat over the next five years due to an estimated fall in population as per the IMF during the forecast period (see Exhibit 36).

<sup>93</sup> Source: MEED Projects

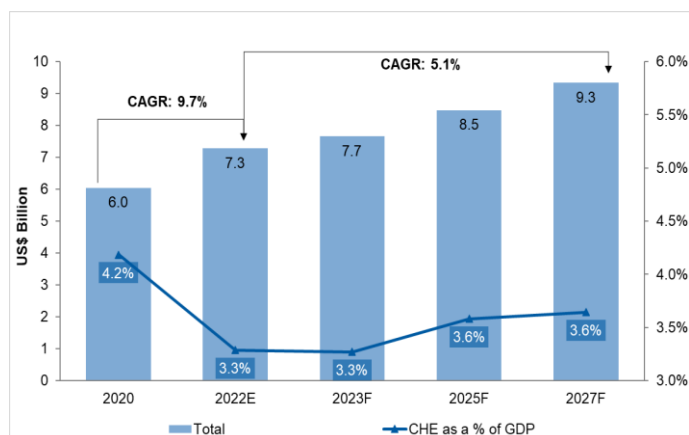
<sup>94</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>95</sup> Source: "New mandatory health insurance system introduced in Qatar, Clyde & Co, January 2023

<sup>96</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>97</sup> Source: "PHCC launches five-year plan", Qatar Tribune April 30, 2019

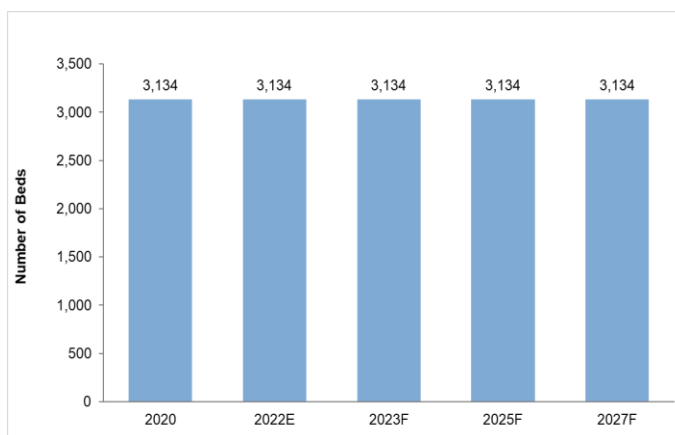
**Exhibit 35: Forecast of CHE in Qatar**



Source: Alpen Capital, WHO, IMF, WTW, MOH

Note: E - Estimate, F - Forecast

**Exhibit 36: Demand for Hospital Beds in Qatar**



Source: Alpen Capital, WHO, IMF, WTW, MOH

Note: E - Estimate, F - Forecast

**Kuwait's healthcare spending is projected to grow at the slowest pace in the GCC over the forecast period to reach US\$ 10.1 billion by 2027**

**Requirement of beds in Kuwait is projected at 11,472 in 2027, representing an additional demand for 910 new beds over the five-year period**

## Kuwait

Kuwait's CHE is estimated to have grown at a CAGR of 10.3% between 2020 and 2022, higher than the GCC average of 9.5% CAGR. However, the country's healthcare spending is projected to grow at the slowest pace among the GCC nations (4.4% CAGR) over the forecast period to reach US\$ 10.1 billion by 2027 (see Exhibit 37). The growth is expected to be driven by an expanding (1.7% CAGR between 2022 and 2027)<sup>98</sup> as well as ageing population. Although the country has the lowest NCD-related mortality rate among its GCC peers, underlying conditions such as diabetes among the Kuwaiti population is among the highest in the Arab world<sup>99</sup>. Kuwait's share of CHE to the region's total is likely to marginally fall from 7.8% in 2022 to 7.4% in 2027. On the other hand, the country's CHE as proportion of GDP is anticipated to grow from 4.4% in 2022 to 5.6% in 2027.

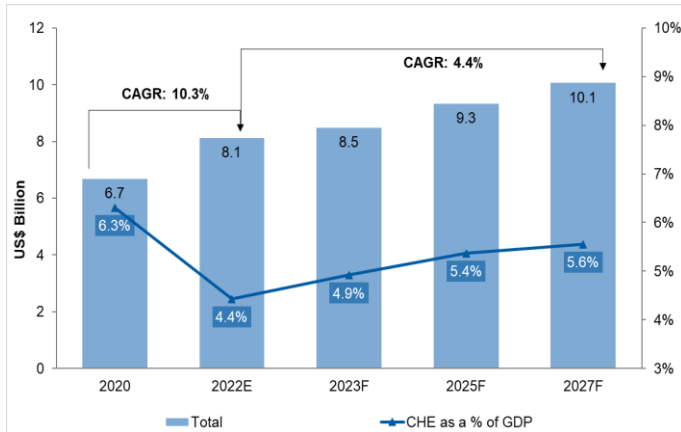
Kuwait is estimated to have added 316 hospital beds between 2020 and 2022. In view of the rising need for care, the requirement of beds in Kuwait is projected at 11,472 in 2027, representing an additional demand for 910 new beds over the five-year period (see Exhibit 38). While majority of the upcoming projects are being undertaken by the government, Kuwait is also drawing private sector participation to expand its healthcare infrastructure. Some of the most notable upcoming public sector projects include Al Jahra Hospital (1,171 beds), Farwaniya Hospital expansion (955 beds), Kuwait Children's Hospital (792 beds), and the New Maternity Hospital (789 beds)<sup>100</sup>.

<sup>98</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>99</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

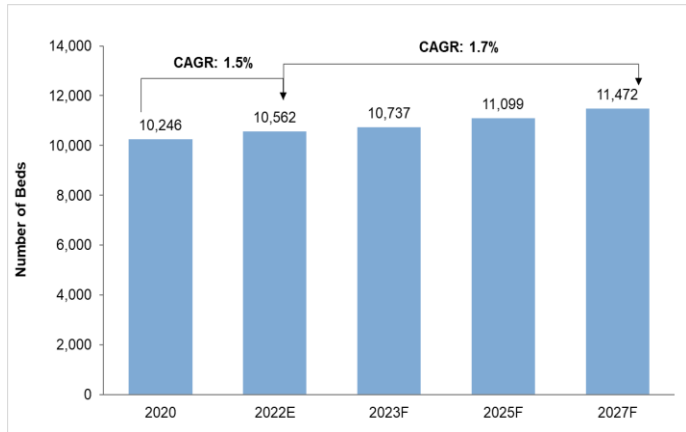
<sup>100</sup> Source: MEED Projects

**Exhibit 37: Forecast of CHE in Kuwait**



Source: Alpen Capital, WHO, IMF, WTW, MOH  
Note: E - Estimate, F - Forecast

**Exhibit 38: Demand for Hospital Beds in Kuwait**



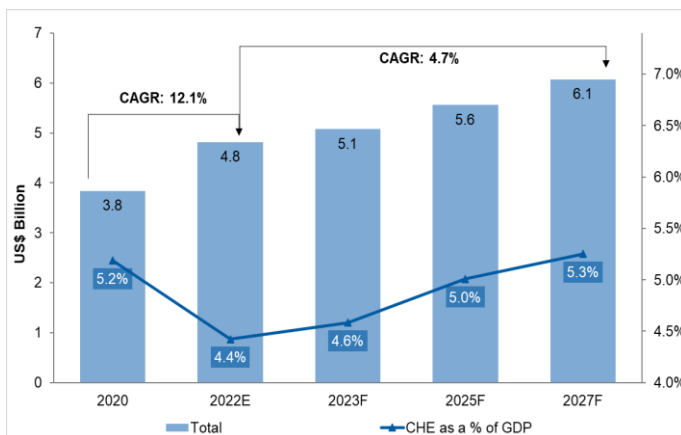
Source: Alpen Capital, WHO, IMF, WTW, MOH  
Note: E - Estimate, F - Forecast

## Oman

**Healthcare spending in Oman is forecasted to grow at a CAGR of 4.7% between 2022 and 2027 to reach US\$ 6.1 billion**

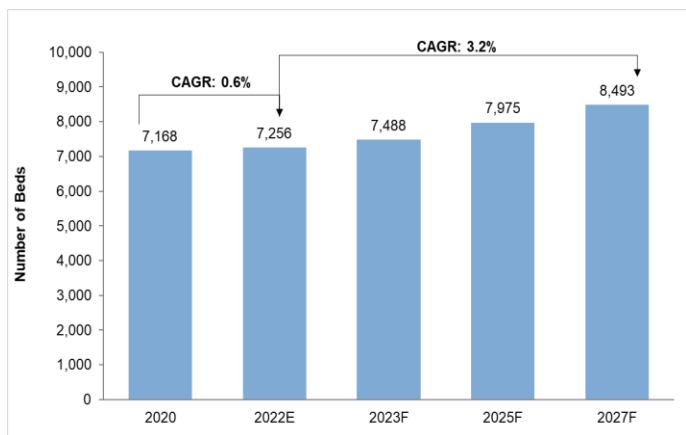
Between 2020 and 2022, Oman's CHE is estimated to have grown by 12.1% CAGR, the fastest in the GCC. The Sultanate's healthcare spending is further forecasted to grow at a CAGR of 4.7% between 2022 and 2027 to reach US\$ 6.1 billion (see Exhibit 39). This growth can be attributed to rapidly rising population (3.2% CAGR between 2022 and 2027), the roll-out of Unified Health Insurance Policy in 2019<sup>101</sup>, a mandated health insurance law<sup>102</sup>, and rising medical inflation<sup>103</sup>. Furthermore, treatment of NCDs and preventive care measures by the government are likely to account for a large portion of the healthcare expenditure<sup>104</sup>. Oman's share of CHE to the region's total is likely to remain flat at 4.5% over the five-year period until 2027. On the other hand, the Sultanate's CHE as proportion of GDP is anticipated to grow from 4.4% in 2022 to 5.3% in 2027. To accommodate the growing number of patients, the bed requirement in Oman is anticipated to grow at a CAGR of 3.2% through 2027, the highest in the GCC. This translates into a demand for more than 1,237 new beds to reach a capacity of 8,493 beds (see Exhibit 40).

**Exhibit 39: Forecast of CHE in Oman**



Source: Alpen Capital, WHO, IMF, WTW, MOH  
Note: E - Estimate, F - Forecast

**Exhibit 40: Demand for Hospital Beds in Oman**



Source: Alpen Capital, WHO, IMF, WTW, MOH  
Note: E - Estimate, F - Forecast

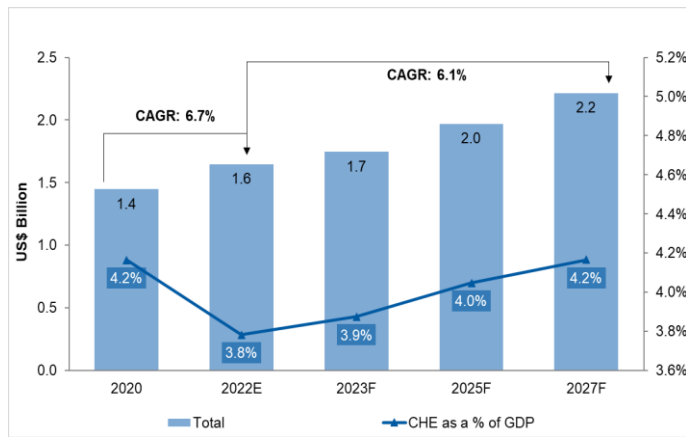
<sup>101</sup> Source: "Oman Rolls Out Unified Health Insurance Policy - or 'Dhamani'", Oman Law Blog, Curtis, July 22, 2019  
<sup>102</sup> Source: "Oman: New mandated Health Insurance law in Oman", Mondaq, February 26, 2020  
<sup>103</sup> Source: "2022 Global Medical Trends Rates Report", Willis Towers Watson  
<sup>104</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

## Bahrain

**Healthcare spending in Bahrain is projected to grow at a CAGR of 6.1% over the next five years to reach US\$ 2.2 billion in 2027**

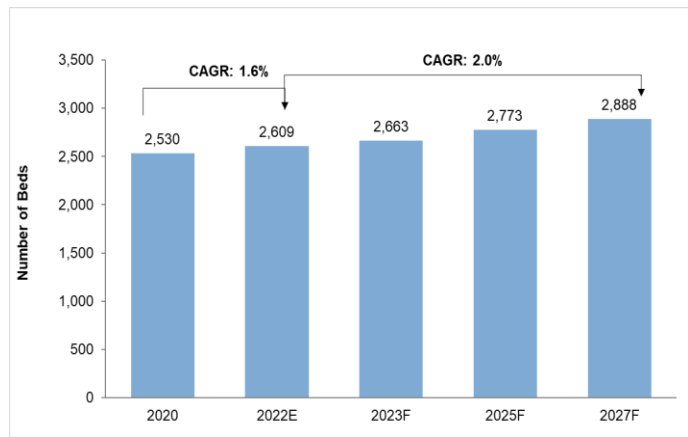
Bahrain's CHE is estimated to have grown at a CAGR of 6.7% between 2020 and 2022. Healthcare spending in the country is projected to grow at an annualized average growth rate of 6.1% over the next five years to reach US\$ 2.2 billion in 2027 (see Exhibit 41). Bahrain's growing size of population (2.0% CAGR between 2022 and 2027)<sup>105</sup>, proposed mandatory health insurance<sup>106</sup>, high prevalence of lifestyle ailments such as obesity<sup>107</sup> and diabetes<sup>108</sup>, and rising medical inflation<sup>109</sup> are likely to aid growth. The country's share of CHE to the region's total is likely to remain flat at 1.6% over the forecast period. On the other hand, its CHE as a proportion of GDP is anticipated to grow from 3.8% in 2022 to 4.2% in 2027. The country's hospital bed requirement is projected at 2,888 in 2027, suggesting an annual average growth of 2.0% since 2022 (see Exhibit 42). The government's focus towards privatization of the healthcare sector is likely to aid development while also enhancing quality of care.

**Exhibit 41: Forecast of CHE in Bahrain**



Source: Alpen Capital, WHO, IMF, WTW, MOH  
Note: E - Estimate, F - Forecast

**Exhibit 42: Demand for Hospital Beds in Bahrain**



Source: Alpen Capital, WHO, IMF, WTW, MOH  
Note: E - Estimate, F - Forecast

<sup>105</sup> Source: "World Economic Outlook Database", IMF, October 2022  
<sup>106</sup> Source: "Compulsory health insurance in Bahrain", Atlas Magazine, January 2021  
<sup>107</sup> Source: "Obesity Rates by Country 2023", World population review  
<sup>108</sup> Source: "IDF MENA Members", International Diabetes Federation (IDF)  
<sup>109</sup> Source: "2022 Global Medical Trends Rates Report", Willis Towers Watson

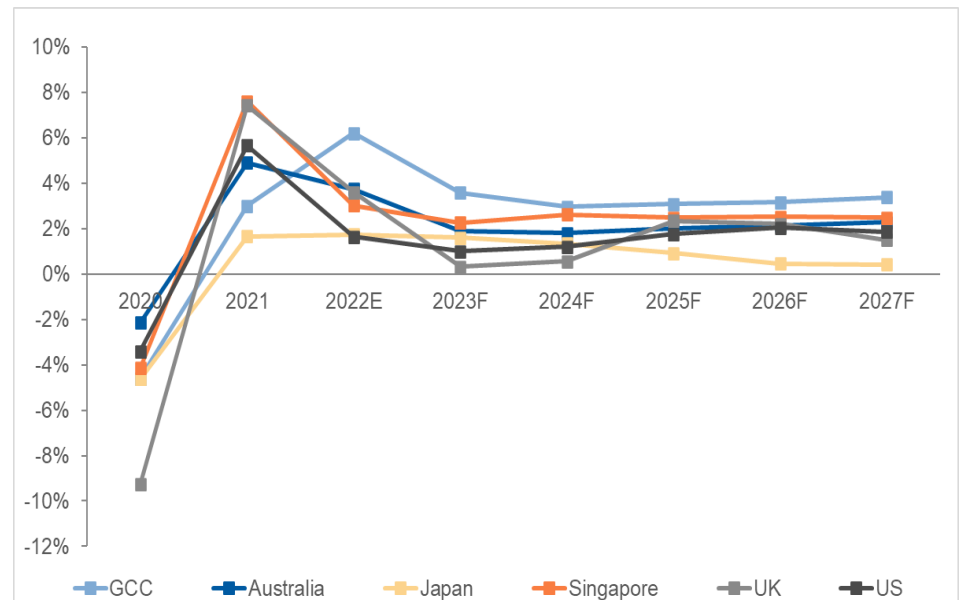
## 4. Growth Drivers

### Economic Growth & Diversification

**Rapid response to mitigate the dual economic impact of the pandemic and low oil prices has fueled a broad-based recovery in the GCC economies**

Rapid response to mitigate the dual economic impact of the pandemic and low oil prices has fueled a broad-based recovery in the GCC economies. The IMF estimates the GCC economies to have grown by 6.2% in 2022<sup>110</sup> compared to 3.0% in 2021<sup>111</sup>. This can be attributed to the successful implementation of vaccination strategies, easing of COVID-19 restrictions, fiscal stimulus measures to aid the private sector, and positive business and tourism sentiment driven by mega events<sup>112</sup> in the region. Moreover, GCC policymakers' strong emphasis towards economic diversification and private sector participation has continued to aid growth. As the global economy remains under pressure with new shocks, the reform momentum established by the GCC nations during the period of low oil prices has helped maintain stability. In order to build a sustainable economic environment, the region has accelerated structural reforms while enhancing regulatory frameworks, strengthening institutions and governance, improving infrastructure development, and further leveraging technology and digitalization across key sectors<sup>113</sup>.

**Exhibit 43: Real GDP Growth Projections – GCC vs Developed Markets (2020-2027F)**



Source: IMF – October 2022

Note: E – Estimate, F – Forecast

According to the IMF, the GCC economy is expected to accelerate at a higher pace as compared to other markets with the GDP likely to grow at 3.6% in 2023 as both hydrocarbon and private sector revenues continue to gain momentum<sup>114</sup>. The IMF anticipates that if oil prices remain high, the GCC economies will generate an additional US\$ 1.4 trillion in revenue over the next four to five years<sup>115</sup>. Moreover, the overall fiscal balances of the GCC

<sup>110</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>111</sup> Source: "World Economic Outlook Database", IMF, October 2021

<sup>112</sup> Source: "Gulf economies should use the available fiscal space to ensure a soft landing", MEI@75, August, 2022

<sup>113</sup> Source: "Economic Prospects and Policy Challenges for the GCC Countries – 2022", IMF, November 29, 2022

<sup>114</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>115</sup> Source: "GCC economies set to reap \$1.4tn in additional oil windfall in 5 years, IMF says", The National News, May 24, 2022



***Engaging the private sector as a crucial stakeholder in the healthcare sector is expected to expand opportunities to build on local manufacturing capabilities***

***Key demographics driving the region's healthcare system are lower infant mortality rates, increased life expectancy at birth, and an ageing population***

nations have improved significantly, in line with the recent rise in hydrocarbon prices and the waning effects of the pandemic<sup>116</sup>. The region's GDP growth is expected to stabilize and range between 3.0% and 3.4% until 2027<sup>117</sup>. Nevertheless, it is expected to surpass GDP growth projections of developed countries like the US, UK, Singapore, Japan, and Germany over the five-year period (see Exhibit 43)<sup>118</sup>. Saudi Arabia is likely to be one of the fastest-growing economies, largely driven by the government's pro-business reforms, rebound in oil prices and policies aimed at diversifying and liberalizing the economy<sup>119</sup>. UAE's economic growth also remains strong, driven by a rebound in domestic activity, while elevated oil prices support high surpluses in the fiscal and external balances. Large scale infrastructure developments and focus towards building the non-oil sector as part of the country's long-term diversification strategy continue to support inclusive growth<sup>120</sup>. Similarly, economic recovery in other GCC nations is gaining strength on the back of higher domestic demand, rise in hydrocarbon prices, and massive developments made for the FIFA World Cup 2022.

The healthcare industry is also driven by growth prospects and increased purchasing power. The overall income levels in the GCC region have recovered substantially due to the increase in oil prices and private sector growth, resulting in higher per capita income. According to the IMF, per capita GDP in the GCC is expected to grow at a CAGR of 4.3% between 2022 and 2027, which is likely to further drive healthcare spending in the region. The sizable infrastructure investment programmes by the GCC nations should also provide a platform for recovery in economic activity. Engaging the private sector as a crucial stakeholder in the healthcare sector is expected to expand opportunities to build on local manufacturing capabilities<sup>121</sup>. Moreover, measures taken to attract businesses and skilled talent from all over the globe will not only aid economic growth, but also offer the regional healthcare ecosystem a larger market to tap into. The confluence of all these factors is likely to drive recovery in the healthcare sector over the long-term.

## Favorable Demographics

Key demographics driving the region's healthcare system are lower infant mortality rates, increased life expectancy at birth, and an ageing population. All GCC countries have an average life expectancy, which stood at 77.5 years as of 2020, above the world average of 72.3 years<sup>122</sup>. With improving economic environment, higher spending capacity, and better access to care, the average life expectancy in the GCC countries is expected to increase by 4 to 4.5 years by 2050<sup>123</sup>. Meanwhile, the mean average infant mortality rate in the GCC improved to 6.6 deaths per 1,000 live births in 2020 from 6.9 deaths in 2018<sup>124</sup>. Increased lifespan of an individual has expanded the size of elderly population in the GCC. Between 2022 and 2027, the number of older people (those aged 50 and up) in the GCC is expected to grow at a CAGR of 31.9%. As a result, the elderly population is likely to account for 20.8% of the total by 2027, up from 15.8% in 2022 (see Exhibit 44)<sup>125</sup>. Moreover, the proportion of GCC population aged above 65 will reach approximately 17% by 2050 from 3% in 2020 according to the World Bank<sup>126</sup>.

<sup>116</sup> Source: "Pandemic mitigation success sets up GCC economies to double growth this year", National Business News, November 2022

<sup>117</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>118</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>119</sup> Source: "Saudi Arabia to Grow at Fastest Pace in a Decade", IMF, August 17, 2022

<sup>120</sup> Source: "IMF Staff Completes 2022 Article IV Mission to United Arab Emirates", IMF, November 21, 2022

<sup>121</sup> Source: "How can the GCC strengthen its health disaster preparedness", Gulf Business, August 11, 2020

<sup>122</sup> Source: World Bank

<sup>123</sup> Source: World Bank, World Health Organization (WHO) 2022

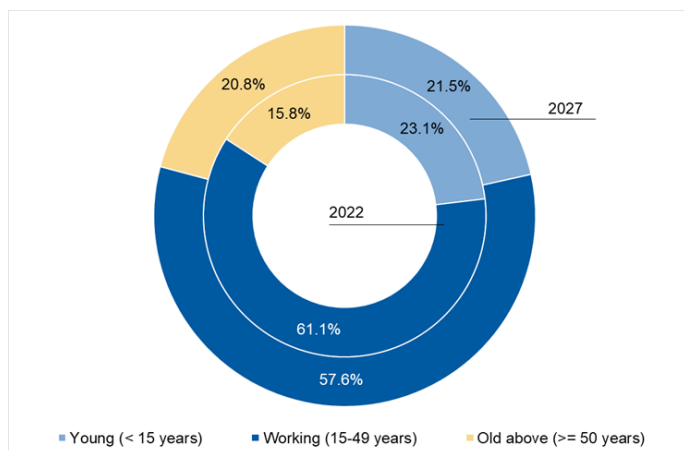
<sup>124</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>125</sup> Source: "World Population Prospects 2020", United Nations Population Division (UNPD)

<sup>126</sup> Source: World Bank 2020

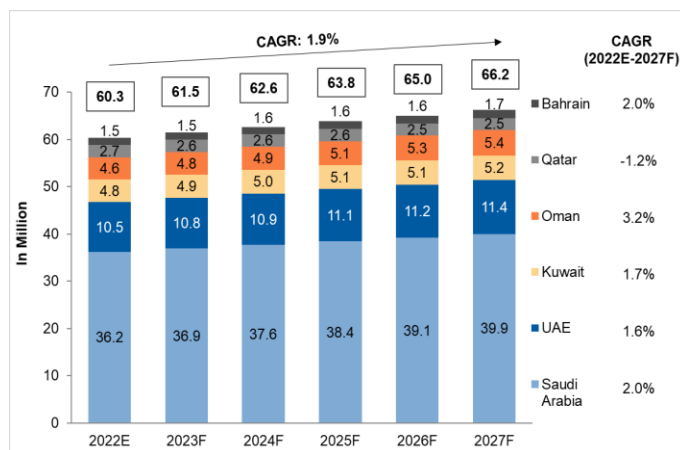
The GCC population grew at a CAGR of 1.9% between 2016 and 2021, at par with the MENA average of 1.7% and higher than the world average of 1.1%<sup>127</sup>. Expatriates continue to account for a significant portion (approximately 50%) of the total GCC population. Despite the pandemic forcing many expatriates to return home, as private sector business closures and crude output cuts weighed on income sources<sup>128</sup>, population levels in the GCC remained relatively stable in 2020 and 2021<sup>129</sup>. In 2022, growth was largely driven by reopening of the borders coupled with rising prospects of jobs as economic conditions revived and expatriates started returning to the GCC shores. Other factors such as positive immigration laws, relaxation of visa rules<sup>130</sup>, strengthening the private sector and liberalization policies<sup>131</sup> along with the assurance of a safe and secure environment have also played a significant role in the region's development. According to IMF, GCC's population is expected to further grow at an annualized rate of 1.9% between 2022 and 2027 to over 66.2 million (see Exhibit 45)<sup>132</sup>. These factors are likely to increase demand for general care, long-term care facilities and healthcare services throughout the region. At the same time, rising health consciousness among individuals is likely to boost demand for preventive treatment and medical clinics in the region.

**Exhibit 44: Population Age Distribution**



Source: UNPD

**Exhibit 45: GCC Population Forecast**



Source: WHO

Note: E - Estimate, F - Forecast

## High Prevalence of NCDs

**Rapid population growth and lifestyle changes in the GCC countries have altered and challenged the region's health profile**

Population growth and lifestyle changes in the GCC countries continue to alter and challenge the region's health profile. While significant progress in combating infectious diseases and improving primary healthcare standards is reflected in key health indicators, the inherent sedentary lifestyles and poor food habits among the nationals have led to a higher prevalence of diabetes, cardiovascular disease, obesity, and other chronic conditions in the region. Notably, the incidence rate of cardiovascular disease, diabetes, cancer and respiratory ailments in the GCC is among the highest in the world<sup>133</sup>.

According to the International Diabetes Federation (IDF), MENA region had the highest prevalence of diabetes in adults, recorded at 16.2% of the total population as of 2021, which

<sup>127</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>128</sup> Source: "Gulf expat exodus could continue until 2023, S&P says", February 21, 2021

<sup>129</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>130</sup> Source: "GCC: Immigration roundup from the last 12 months", PwC, July 06, 2021

<sup>131</sup> Source: "Saudi plans economic overhaul with \$3.2 trillion investment", Economic Times, March 31, 2021

<sup>132</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>133</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

**Limited focus on disease management, prevention, and early-stage intervention is driving NCD-related mortality rates in the GCC**

**Buoyed by the widespread implementation in the UAE and Saudi Arabia, the health insurance market in the GCC is estimated to have reached US\$ 15.3 billion in 2021**

is expected to further rise by 86% by 2045. The region has the highest share (24.5%) of diabetes-related deaths in people of working age<sup>134</sup>. Among the GCC countries, Kuwait had the highest prevalence of diabetes in adults at 25.5% of the total population in 2021, followed by Saudi Arabia (17.7%), Qatar (16.4%), UAE (12.3%), Oman (12.3%), and Bahrain (9.0%)<sup>135</sup>. As of 2019, Bahrain had the highest rate of NCD-related mortality (86%), followed by Oman (80%), Kuwait (79%), Qatar and the UAE (77% each), and Saudi Arabia (73%)<sup>136</sup>. Overweight and obesity rates are also rapidly rising in GCC countries. Kuwait has the highest obese adults at 37.9%, followed by the UAE (31.7%), Saudi Arabia (35.4%), Qatar (35.1%), Bahrain (29.8%), and Oman (27%)<sup>137</sup>. Obesity and diabetes remain a major risk factor for cardiovascular diseases and other heart related complications within the region.

Limited focus on disease management, prevention, and early-stage intervention continue to drive NCD-related mortality rates in the GCC. NCDs accounted for 78.8% of the total deaths in the region as of 2019, up from 73.0% in 2016. Fatality rates due to cardiovascular diseases, cancer, chronic respiratory diseases and diabetes made up for 62.5% of the total in 2019 compared to 55.0% in 2016<sup>138</sup>. The NCD-related mortality rate for all GCC countries is much higher than developed countries. As the region's older age population grows, they are likely to become more susceptible to risk of NCDs. Therefore, the GCC healthcare sector is witnessing a structural shift towards a more preventive care model. The higher incidence of lifestyle diseases is expected to increase per capita healthcare costs and more demand for specialized tertiary medical facilities. As a result, additional investment and private sector participation are required to reduce the demand-supply gap.

## Mandatory Health Insurance

GCC countries are implementing mandatory health insurance schemes to reduce government costs and improve health standards. While health insurance has become mandatory for expatriates in all the six nations, insurance for citizens continues to be sponsored by the local government. In Saudi Arabia, all employers in the private sector must provide their local and foreign employees (and their dependents) with health insurance. Consequently, contribution of the health insurance to the non-life insurance segment in the Kingdom increased to 58.9% in 2020 from 52.0% in 2015<sup>139</sup>. In Abu Dhabi and Dubai, the state health insurer, Daman, or other private insurers cover foreign employees under various schemes, while citizens are covered under the Thiqa and Saada program, respectively. The other five smaller Emirates in the UAE do not have insurance mandates in place for expatriates and local residents<sup>140</sup>. Nevertheless, contribution of health insurance to the non-life insurance segment in the country has increased to 55.3% in 2020 from 47.8% in 2015<sup>141</sup>. Buoyed by the widespread implementation in the UAE and Saudi Arabia, the health insurance market in the GCC is estimated to have reached US\$ 15.3 billion in 2021<sup>142</sup>.

Most GCC countries are developing legislative policies to mandate employers to provide basic healthcare insurance to their expatriate employees<sup>143</sup>. In 2020, Kuwait's Health Insurance Hospitals Company (Dhaman) announced it will be introducing a new KWD 130 (US\$ 430.8) compulsory health insurance for two million residents working in the private

<sup>134</sup> Source: "IDF Diabetes Atlas 10<sup>th</sup> Edition 2021", International Diabetes Federation (IDF)

<sup>135</sup> Source: "IDF MENA Members", International Diabetes Federation (IDF) 2021

<sup>136</sup> Source: "Cause of death, by non-communicable disease (% of total), WHO 2021

<sup>137</sup> Source: "Obesity Rates by Country 2023", World population review

<sup>138</sup> Source: "Global Health Observatory data repository", World Health Organization (WHO) 2020

<sup>139</sup> Source: "Insurance Market Report 2020", Saudi Arabian Monetary Authority (SAMA)

<sup>140</sup> Source: "Everything You Should Know About Health Insurance in UAE", Gargash Insurance, January 24, 2023

<sup>141</sup> Source: UAE Insurance Authority, 2021

<sup>142</sup> Source: "GCC Health Insurance Market 2022-2027", IMARC Group, February 20, 2021

<sup>143</sup> Source: "Healthcare Policies in GCC: Challenges and Future Directions", Gulf Research Center Cambridge, 2022

***National mandatory health insurance strategies are expected to increase the adoption and utilization of private hospitals and healthcare services, reducing the strain on public sector infrastructure***

sector<sup>144</sup>. The country also introduced new health insurance policies by the government to cover public sector retirees<sup>145</sup>. Additionally, Kuwait has made it a legal requirement for all visitors to obtain a health insurance cover for their stay in the country<sup>146</sup>. Similarly, Bahrain had announced plans to make health insurance coverage compulsory for all citizens, residents and visitors to the country from January 2019. Although the first phase of the National Health Insurance scheme (SEHATI) was approved, it has not yet been implemented across the nation<sup>147</sup>. The Supreme Council of Health and Aon Bahrain signed an agreement on the implementation of a health insurance scheme for foreign residents within the framework of the National Health Insurance (NHI) program. The new health insurance project will cover 720,000 foreigners residing in Bahrain<sup>148</sup>. Oman introduced the Unified Health Insurance Policy (UHIP) to be implemented in five stages starting 2019 with application of the mandate to foreign visitors in the first stage, foreign workers in the second, companies by size and industry in the third stage and nationals and their dependents in the fourth and fifth stages<sup>149</sup>. In response to the growing significance of health insurance in the country, an amendment to the Insurance Companies Law and the Takaful Insurance Law was recently undertaken which aimed at separating health insurance as an independent activity from other activities of insurance<sup>150</sup>. The country also passed a mandated health insurance law in February 2020, as per which the residents in Oman will be required to have in place a minimum level of medical insurance coverage<sup>151</sup>. Oman's mandatory health insurance (Dhamani) programme is set to launch in 2023, providing insurance to more than 5 million private sector employees, including expatriates and visitors, as well as their dependents<sup>152</sup>. In October 2021, Qatar announced that a mandatory health insurance system will be implemented for all foreign nationals and visitors to the country<sup>153</sup>. This law introduces a number of changes, including compulsion for non-Qatari nationals and visitors to Qatar to have private health insurance, while employers must now enroll their non-Qatari employees and their family members in the mandatory health insurance scheme<sup>154</sup>.

These national mandatory health insurance strategies are expected to increase the adoption and utilization of private hospitals and healthcare services, reducing the strain on public sector infrastructure. Implementation of the mandatory health insurance schemes is also expected to reduce the out-of-pocket expenditure on medical services of both nationals and expatriates. As more people get insured in the region, demand for primary care and elective surgery segment of secondary and tertiary care facilities is expected to increase.

## Robust Project Pipeline

***An ageing and expanding population coupled with the increasing prevalence of NCDs has necessitated the GCC nations to focus on building an infrastructure that could support the rise in demand for critical and acute care services***

An ageing and expanding population, coupled with the increasing prevalence of NCDs and the recent COVID-19 health scare, has necessitated the GCC economies to focus on building an infrastructure that supports the rise in demand for critical and acute care services. Despite the pandemic-induced economic slowdown, investments towards healthcare infrastructure in the region remained largely unaffected. Saudi Arabia plans to build 20,000 hospital beds and 224 healthcare centers across the Kingdom as part of its

<sup>144</sup> Source: "Kuwait introduces new compulsory health insurance costing KD130", Gulf News, November 23, 2020

<sup>145</sup> Source: "Kuwait's insurance industry charts a more sustainable path", Oxford Business Group

<sup>146</sup> Source: "Insurance and Reinsurance in Kuwait: Overview", Thomson Reuters Practical Law, October 1, 2020

<sup>147</sup> Source: "Compulsory health insurance planned for locals and expats in Bahrain", Laing Buisson, January 21, 2020

<sup>148</sup> Source: "Bahrain to launch compulsory health insurance", LaingBuisson, June 22, 2022

<sup>149</sup> Source: "Gulf Cooperation Council States: Health insurance mandates across the region", Willis Tower Watson, December 13, 2018

<sup>150</sup> Source: "Health Insurance to be an independent activity: CMA", Oman Observer, June 17, 2021

<sup>151</sup> Source: "Oman: New mandated Health Insurance law in Oman", Mondaq, February 26, 2020

<sup>152</sup> Source: "Rollout of mandatory health insurance in 2023: Oman", Zawya, September 20, 2022

<sup>153</sup> Source: "Mandatory health insurance for expatriates and visitors to Qatar: Ministry", The Peninsula Qatar, October 20, 2021

<sup>154</sup> Source: "New mandatory health insurance system introduced in Qatar, Clyde & Co, January 2023

Vision 2030, with projects totaling SAR 48 billion (US\$ 12.8 billion)<sup>155</sup>. On the other hand, UAE has around 700 healthcare projects under development with a total investment of US\$ 60.9 billion, majority of which are being carried out by the private sector<sup>156</sup>. The private sector is likely to shoulder a significant portion of the healthcare burden, including projects involving public-private partnerships (PPPs). Mandatory health insurance schemes that are gradually bringing the entire GCC population under medical insurance cover continues to drive investment in hospitals, clinics, laboratories, health resorts, research centers, medical colleges and medical cities among other facilities. As economic growth accelerates amid a rebound in oil prices, the region is expected to witness further investment in infrastructure.

#### Exhibit 46: Major Upcoming Hospital Projects in the GCC

Hospital Name	Bed Capacity	Value (US\$ mn)	Country	Project Owner
King Abdullah bin Abdulaziz Medical Complexes (Riyadh & Jeddah)	>1,500	6,800.0	Saudi Arabia	Ministry of Health
King Khalid Medical City	1,500	NA	Saudi Arabia	Ministry of Health
King Faisal Medical City (Asir)	1,350	1,060.0	Saudi Arabia	Ministry of Health
Al Jahra Hospital in Al Jahra	1,171	1,000.0	Kuwait	State of Kuwait
Medical City for Rehabilitation and Treatment (Riyadh)	1,100	346.6	Saudi Arabia	NA
Farwaniya Hospital (Expansion)	955	928.0	Kuwait	Ministry of Health
Kuwait Children's Hospital	792	NA	Kuwait	Ministry of Health
New Maternity Hospital	789	NA	Kuwait	Ministry of Public Works
Al Ain Hospital	719	1,200.0	UAE	Abu Dhabi General Services Company (Musanada)
Sultan Qaboos Hospital (Salalah)	700	350.0	Oman	Ministry of Health
Sabah Al Salem Univ. Health Sciences Center	690	NA	Kuwait	SAS University City
Prince Mohammad bin Abdul Aziz Medical City	442	NA	Saudi Arabia	Ministry of Health
Burjeel Medical City (Abu Dhabi)	400	381.0	UAE	Burjeel Holdings
King Abdullah Medical City Hospital (Phase 1)	292	300.0	Saudi Arabia	Ministry of Health
Al Suwaiq Hospital Project	260	NA	Oman	Ministry of Health
Hamdan Bin Rashid Cancer Hospital (Dubai)	250	NA	UAE	Al Jalila Foundation
King Fahad Medical City	231	400.0	Saudi Arabia	Ministry of Health

Source: MEED; News Articles

#### Inbound Medical Tourism

Medical tourism continues to gain prominence in the region amid the governments' strategy to diversify the economies. The GCC governments, in collaboration with private operators, are implementing targeted initiatives to boost their healthcare infrastructure and bring it at par with developed nations in terms of standards and key indicators. This has led to a rise in several specialized and multi-disciplinary hospitals and clinics establish their base across the region. In addition to attracting patients from overseas, the growing market of private

<sup>155</sup> Source: "MENA Hospital Projects Forum 2022 to feature US\$45bn worth of healthcare projects across the MENA region", Zawya, April 20, 2022

<sup>156</sup> Source: "Projects: Top 5 healthcare projects in GCC amount to a \$2.5bn spending spree", Zawya, June 23, 2021



***Dubai and Abu Dhabi  
attract the most medical  
tourists in the region, and  
rank among the top ten  
most popular medical  
tourism destinations in the  
world***

health institutions has also provided a growth opportunity for service providers looking to position the region as a medical tourism hub with a focus on personalized care<sup>157</sup>.

UAE continues to lead the GCC's medical tourism industry, with Dubai and Abu Dhabi being the frontrunners at present<sup>158</sup>. The country has retained its top position globally since 2019 in terms of number of accredited health facilities with 221 accredited hospitals, medical centers and health facilities, according to the Joint Commission International (JCI)<sup>159</sup>. At the same time, availability of specialized healthcare professionals in the public and private sector across the continuum of care has also aided the rise in international patients and wellness tourists. The Dubai Health Authority (DHA) reported that 630,000 international health tourists visited Dubai in 2021, with 38% coming from Asian countries, 24% from Europe, and 22% from Arab and other GCC countries<sup>160</sup>. The cumulative medical expenses for these international health tourists amounted to about AED 730 million (\$198.7 million), a record number especially in light of the difficult economic and travel circumstances caused due to the COVID-19 pandemic. The three medical specialties that attracted the most health tourists were dermatology (43%), dentistry (18%), and gynecology (16%). Other medical specialties included orthopedics, plastic surgery, ophthalmology, health and wellness, and fertility treatments<sup>161</sup>. Certain medical procedures, such as a hip replacement, in the UAE cost much lower (under \$15,000) compared to developed countries like the US and Switzerland at \$26,500 and \$19,722 respectively<sup>162</sup>. The UAE 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 people<sup>163</sup>.

The UAE government has taken several initiatives towards developing the country's medical tourism market. The DHA has created multiple categories of travel Visas based on the type of procedure the medical tourist is seeking. The authority also offers full medical tourism packages with accommodation and transportation included<sup>164</sup>. Other initiatives include the DHA developing the Dubai Health Experience brand (DXH) - a digital one-stop shop that provides official information about healthcare facilities and other stakeholders who provide services to medical tourists such as lodging, visa procedures, and consultations, among others<sup>165</sup>. In July 2022, the DHA signed a Memorandum of Understanding (MoU) with Visa with the aim to enhance Dubai's competitiveness as an ideal destination for health tourism. As part of the agreement, Visa will work in co-operation with its bank partners to provide cardholders with a set of exclusive discounts on medical services provided by members of the DXH through the health tourism website<sup>166</sup>. More recently, the DHA launched the 'Dubai in One Day' health tourism initiative during the Arab Health Exhibition and Congress 2023. The initiative aims to further bolster the health tourism sector in the Emirate and provide tourists with comprehensive and affordable health screening packages that are available across a number of private health facilities<sup>167</sup>. Abu Dhabi is also focusing on the development of its medical tourism industry as a part of its Abu Dhabi Vision 2030. The Emirate launched the 'Jawda Quality Index' to provide a detailed assessment of the performance of medical service providers, in alignment with global best practices, for foreign medical tourists<sup>168</sup>.

<sup>157</sup> Source: "GCC Countries Medical Tourism Market", Future Market Insights, 2021

<sup>158</sup> Source: "Global Medical Tourism Index (MTI) 2020-2021", "Arab MTI 2020-2021", Medical Tourism

<sup>159</sup> Source: "UAE ranked top medical tourism destination in GCC", Zawya, January 31, 2021

<sup>160</sup> Source: DHX.ae, Dubai Health Authority (DHA)

<sup>161</sup> Source: "Dubai received 630,000 international health tourists in 2021", The Economic Times, May 17, 2022

<sup>162</sup> Source: "Are private-public alliances the way forward in UAE healthcare?", International Finance, April 01, 2021

<sup>163</sup> Source: "Dubai is the 'new Beverly Hills of the Middle East': Here's why", Gulf News, February 2020

<sup>164</sup> Source: "Medical Tourism in Dubai", Medical Tourism Loan

<sup>165</sup> Source: DHX.ae, Dubai Health Authority (DHA)

<sup>166</sup> Source: DHX.ae, Dubai Health Authority (DHA)

<sup>167</sup> Source: "Dubai Health Authority launches 'Dubai In One Day' health tourism initiative at Arab Health 2023", DHX.ae, Dubai Health Authority (DHA)

<sup>168</sup> Source: JAWDA – Abu Dhabi Healthcare Quality Index, Royal Commission of Abu Dhabi Government Procurement



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 plan<sup>169</sup>. The Kingdom has also developed a five-year plan to attract medical tourists from other Islamic countries and has endorsed a proposal that combines religious and medical tourism to promote health services to the pilgrims<sup>170</sup>. Qatar announced a scheme to make public healthcare universal in 2021 using government subsidies as part of its National Vision 2030 initiative. This has helped the medical tourism industry in Qatar<sup>171</sup>. The country was ranked 38 among global destinations in the 2020-2021 Medical Tourism Index<sup>172</sup>. Amid similar initiatives by the government, Kuwait's ranking stood at 43 globally in the 2020-2021 Medical Tourism Index<sup>173</sup>. As quality of infrastructure and care continues to rise, the region is expected to attract higher number of medical tourists and simultaneously reduce 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 2018<sup>174</sup>.

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<sup>169</sup> Source: "National E- Health Strategy", Ministry of Health, Saudi Arabia

<sup>170</sup> Source: "Healthcare In The UAE and Saudi Arabia", New Zealand Trade & Enterprise, October 2021

<sup>171</sup> Source: "5 Reasons Why Qatar's Healthcare System is Thriving", Medvocation, June 03, 2022

<sup>172</sup> Source: Qatar – Medical Tourism Association Index 2020-2021

<sup>173</sup> Source: Kuwait – Medical Tourism Association Index 2020-2021

<sup>174</sup> Source: "UAE top medical tourism destination in GCC", Zawya, September 2020

## 5. Challenges

***High reliance on imports exposes the GCC to global price fluctuations in cases of supply chain disruptions, similar to those that occurred during the recent pandemic-imposed lockdowns***

### High Dependency On Imports

GCC nations are primarily dependent on import for pharmaceuticals, capital equipment, implants and medical devices. The countries pay a premium for branded products due to a relatively underdeveloped domestic manufacturing sector while generic drugs and cost-effective medical devices are widely used in developed markets. The high reliance on imports exposes the GCC to global price fluctuations in cases of supply chain disruptions, similar to those that occurred during the recent pandemic-imposed lockdowns<sup>175</sup>. Similarly, the recent downturn in global economic conditions has seen much of the international price volatility transmitted to domestic healthcare sector.

The UAE imports pharmaceutical products from about 72 countries, with 10 countries accounting for ~80% of the supply<sup>176</sup>. As of 2021, the country's import of pharmaceuticals was valued at US\$ 3.2 billion in 2021<sup>177</sup>. On the other hand, Saudi Arabia imports ~80% of its medications from other countries. Almost 70% of imports are from Europe, 13% from the US, and 12% from the GCC and other countries. The Kingdom has a relatively stronger domestic manufacturing market for drugs compared to its GCC peers and accounts for approximately 40% of the total market. The Saudi government has taken measures to develop the domestic pharmaceutical industry, with policies and incentives to support local manufacturing of oral solids, Active Pharmaceutical Ingredients (APIs), plasma products, vaccines, and biosimilars<sup>178</sup>. Saudi Arabia's import of pharmaceuticals was valued at US\$ 6.9 billion in 2021<sup>179</sup>. Overall, the GCC's generic drug market was valued at US\$ 4.5 billion in 2021 and is expected to reach US\$ 9.9 billion by 2027, growing at a CAGR of 14.2% since 2022. Although the domestic drug manufacturing landscape is currently at a nascent stage, the high prevalence of chronic diseases represents one of the key factors impelling the generic drugs market growth in the region<sup>180</sup>.

In the GCC, medical devices account for 70% of revenues, followed by In Vitro Diagnostic (IVD) for 19%, and medical imaging for 11%. Domestic manufacturing is still in its early stages of development and accounts for less than 20% of market revenues. The market is import dependent and price-sensitive with advanced medical devices imported from the US, Germany, Japan, and China<sup>181</sup>. The respective GCC governments are striving to reduce the reliance on imports by encouraging domestic production, investing in infrastructure development, and collaborating with foreign players for manufacturing R&D initiatives. Consequently, a number of international pharmaceutical and medical device companies are looking to capitalize on the drive towards local manufacturing, with plans to make GCC as a potential hub for distribution across the Middle East<sup>182</sup>. Considering branded medications and imported medical devices make up 70% to 80% of their sales, respectively, it has led to an increase in overall expenditure and escalated medical costs across the region.

<sup>175</sup> Source: "What GCC countries can learn from the impact of the pandemic on supply chains", PWC, July 2020

<sup>176</sup> Source: "2020 Annual Overview of Healthcare in the GCC - Growth opportunities for 2021 and beyond", Frost & Sullivan, Mashreq

<sup>177</sup> Source: "Saudi Arabia Imports of Pharmaceutical products", Trading Economics

<sup>178</sup> Source: "2020 Annual Overview of Healthcare in the GCC - Growth opportunities for 2021 and beyond", Frost & Sullivan, Mashreq

<sup>179</sup> Source: "Saudi Arabia Imports of Pharmaceutical products", Trading Economics

<sup>180</sup> Source: "GCC Generic Drug Market: Industry Trends, Share, Size, Growth, Opportunity and Forecast 2022-2027", IMARC

<sup>181</sup> Source: "2020 Annual Overview of Healthcare in the GCC - Growth opportunities for 2021 and beyond", Frost & Sullivan, Mashreq

<sup>182</sup> Source: "Why healthcare is a sound investment in the GCC", Dubai World Trade Center, January 26, 2022

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

## Shortage of Medical Professionals and Healthcare Institutes

The GCC healthcare industry continues to remain highly dependent on foreign workers for its healthcare personnel needs across medical specialties<sup>183</sup>. This is largely due to scarcity of skilled and experienced national physicians and nurses in the region. For instance, expatriate population in the UAE accounts for 82% of its physicians and 96% of its nurses<sup>184</sup>. With the accelerated development of medical cities and hospitals underway across the GCC, the need for skilled medical professionals is set to rise exponentially<sup>185</sup>. Moreover, high attrition rates and corresponding retention issues<sup>186</sup> continue to pose a challenge for the GCC healthcare industry. The outbreak of COVID-19 had further intensified the burden on the region's limited healthcare resources. To meet the sudden rise in demand for care during the pandemic, doctors and paramedics from South East Asia and Asian countries such as India<sup>187</sup> and Pakistan<sup>188</sup> were called by Kuwait and the UAE. The lack of home grown professionals can be partly attributed to the limited number of healthcare educational institutions and specialized training facilities in the region. Consequently, this has been one of the major factors hindering growth of the healthcare sector.

To address this challenge, GCC governments have been undertaking initiatives to ease visa regulations for skilled workers and develop more healthcare education institutions as part of their diversification strategies. For instance, multiple UK universities in the UAE such as Birmingham Dubai, King's College, and Strathclyde offer access to high-quality education in medicine, well-being, dentistry, pharmacy and other related fields<sup>189</sup>. While opportunities to develop medical professionals within the UAE are expanding, the government's new initiatives, directives, and progressive immigration reforms to retain expatriates are simultaneously helping bridge the demand-supply gap. In November 2020, the UAE announced plans to extend its 10-year golden visa system to all doctors, PhD holders, and highly skilled workers<sup>190</sup>. In 2015, Dubai unveiled a 10-year plan, called the Dubai Clinical Services Capacity Plan, which involves building three new medical colleges and five nursing schools. This plan also aims for implementing strategies to make the nursing profession more desirable and attract and retain high-caliber medical and healthcare staff to fill gaps in certain healthcare specialties<sup>191</sup>. Similar capacity building activities and programmes aimed at cultivating nationally-trained healthcare professionals while also retaining expatriate talent are being implemented in the other GCC nations. Moreover, the region is focusing on scaling up the training capacity for continuing professional development and aiming for international accreditation for the development of higher quality healthcare programmes.

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

## Limited Specialized Care Facilities

Despite the GCC healthcare sector witnessing growth in the number of hospitals and health centers, there remains a gap in the supply of highly specialized facilities for segments such as neurological disorders, cardiac surgeries, and trauma & rehabilitation services. As a result, outbound medical tourism for nationals seeking such treatments has been on the rise, and this has created 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.

<sup>183</sup> Source: "HIMS in Riyadh: Solving the healthcare workforce crisis in the Middle East", Healthcare IT News, November 18, 2022

<sup>184</sup> Source: "Education and the UAE's healthcare workforce", British Centers for Business, January 16, 2022

<sup>185</sup> Source: "People Shortage in Healthcare: Plan Now for the Future", Cielo

<sup>186</sup> Source: "Saudi Arabia not to renew contracts of expat health workers after 10 years", Gulf News, September 2020

<sup>187</sup> Source: "India Agrees In Principle To Send Doctors, Nurses To UAE", Business LIVE ME, April 30, 2020

<sup>188</sup> Source: "Pakistan to send 600 health workers to Kuwait", Arab News, May 15, 2020

<sup>189</sup> Source: "Education and the UAE's healthcare workforce", British Centers for Business, January 16, 2022

<sup>190</sup> Source: "UAE to expand 10-year golden visa system to all doctors, PhD holders and highly skilled workers", The National News, November 17, 2020

<sup>191</sup> Source: "The UAE Healthcare Sector", USA-UAE Business Council, June 2021

In 2021, a total of 283 patients were sent abroad by the DHA for treatment with total expenditure of AED 136.4 million (US\$ 37.1 million) compared to 326 patients sent abroad in 2020 for a total cost of AED 202.0 million (US\$ 55.0 million). Majority of the patients sent abroad sought specialized treatments such as orthopedic and neuro surgeries<sup>192</sup>. In order to reduce outbound medical tourism, the GCC countries have started establishing Centers of Excellence to provide specialty medical services. There is also a lack of sufficient facilities that offer rehabilitation and long-term care (LTC) 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

***Rising inflation is likely to reduce the spending power of consumers, leading to a slowdown in the healthcare industry***

The fallout from the challenged economic environment across the globe, coupled with lingering global supply chain disruptions and labor shortages from the pandemic have led to increased costs and inflation across all major industries. Although oil prices have risen by more than expected (projected to increase by an average of 5.3% of GDP in 2022 compared to 2021), rising inflation has turned out to be a major economic concern for the import dependent GCC countries<sup>193</sup>. In 2022, inflation hit a 40-year high of 7.9% in the US and the IMF forecasted the advanced economies to see 3.9% inflation during the year<sup>194</sup>. GCC countries have not been immune to this global trend with the regional inflation average estimated at 3.9% in 2022, although it varies widely between countries. The IMF further estimates inflation in the GCC to rise to 2.8% in 2023 (see Exhibit 47)<sup>195</sup>. Such developments are likely to reduce the spending power of patients opting for elective surgeries, leading to a slowdown in the GCC healthcare industry.

***Gross medical inflation rates in the GCC countries have outpaced general inflation rates in recent years, ranging between 1.8% and 7.5% in 2022***

The cost of healthcare services in the GCC has also continued to rise in tandem due to an increased demand for complex treatments, high dependence on imports, and a lack of specialized treatment centers. Gross medical inflation rates in the GCC countries have outpaced general inflation rates in recent years ranging between 1.8% and 7.5% in 2022, with Saudi Arabia having the highest rate (see Exhibit 48)<sup>196</sup>. The increasing prevalence of NCDs and other chronic conditions is increasing demand for complex treatment procedures and driving costs up. Chronic conditions continue to be one of the key contributing factors of increasing medical costs for employers and one of the primary drivers of insurance claims activity across the GCC. The top reasons in the GCC countries that drive the claims in both frequency and cost are respiratory conditions (i.e. asthma, chronic obstructive pulmonary disorder), diseases of the circulatory system (i.e. hypertension, acute myocardial infraction), endocrine and metabolic diseases (i.e. diabetes, high blood pressure), cancer, and musculoskeletal conditions (i.e. arthritis, scoliosis)<sup>197</sup>. Although the implementation of mandatory health insurance has reduced the cost burden for the expatriate population, they prefer to seek affordable treatment options within their home country. Moreover, the pandemic intensified claim activity in the GCC that led to a spike in medical costs in several countries during 2020-21. In Saudi Arabia, the government covered all COVID-19-related claims while in the UAE, regulators required COVID-19 coverage for both inpatient and outpatient claims, and insurers were required to modify policy to include this coverage. At

<sup>192</sup> Source: Dubai Health Statistical Yearbook 2021, DHA

<sup>193</sup> Source: "World Economic Outlook Database", IMF, October 2022

<sup>194</sup> Source: "Inflation is a concern for the GCC, but it has faced far worse before", PwC, 2022

<sup>195</sup> Source: "World Economic Outlook Database", IMF, October 2022

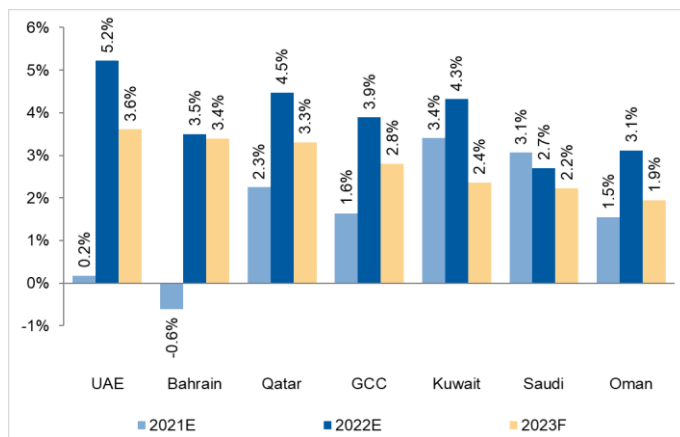
<sup>196</sup> Source: "2022 Global Medical Trends Rates Report", Willis Towers Watson

<sup>197</sup> Source: "Key Drivers of Healthcare Costs in Middle East & Africa", Marsh, March 17, 2022

the same time, claim activity for mental health offerings increased, with insurers reporting an increase in the use of wellness benefits and Employee Assistance Programmes (EAP)<sup>198</sup>.

The confluence of the above factors, coupled with the scarcity of skilled and trained medical professionals, privatization of healthcare facilities, and the rising cost of medical technologies could further contribute to a rise in the cost of medical treatments. This high cost is expected to impact the medical tourism industry as many cost-sensitive consumers might consider cheaper alternatives in countries such as India and Thailand. Although the GCC countries are expected to further develop healthcare infrastructure, reducing the demand-supply gap in the long-term, the rising medical costs pose a significant challenge for the GCC's healthcare sector in the short-term.

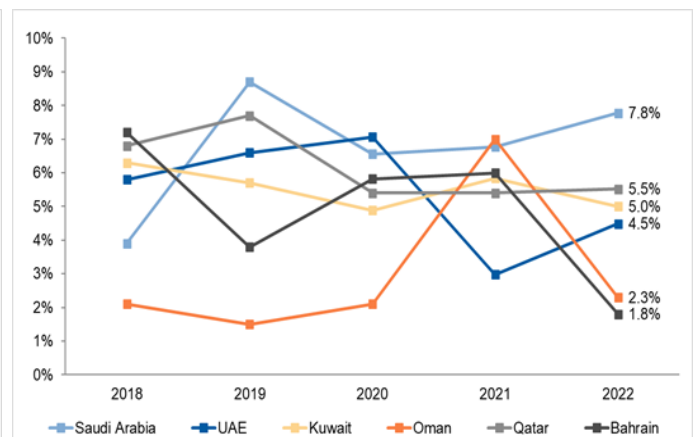
**Exhibit 47: Country-wise Inflation at Average Consumer Price (2021-2023F)**



Source: IMF – World Economic Outlook October 2022

Note: E – Estimated, F – Forecasted

**Exhibit 48: Country-wise Health Inflation (2018-2022)**



Source: Towers Watson

<sup>198</sup> Source: "Key Drivers of Healthcare Costs in Middle East & Africa", Marsh, March 17, 2022

## 6. Trends

***Privatization of hospitals and allied services will not only help reduce the cost burden but also bridge the growing demand-supply gap amid rising healthcare needs***

### Privatization Initiatives and Public Private Partnerships (PPPs)

GCC governments are actively looking at alternative models to fund and operate new and existing facilities delivering healthcare services in the region. As such, they have been encouraging the involvement of private players through a PPP model. Privatization of hospitals and allied services remains at the forefront of the GCC governments' economic diversification agenda, which will not only help reduce the cost burden but also bridge the growing demand-supply gap amid rising healthcare needs and thus improve the quality of healthcare in the region.

In January 2022, Saudi Arabia designed the new private sector participation law (PSP Law) to boost private investment in the Kingdom. The law marks the beginning of the legal framework on which the government can start to outsource healthcare provision and will cover PPPs<sup>199</sup>. This could be crucial for the Saudi healthcare sector, which currently has SAR 48 billion (US\$ 12.8 billion) worth of projects that will create 224 primary healthcare centers and add more than 20,000 hospital beds across the Kingdom by 2030, as part of its Vision 2030<sup>200</sup>. In June 2019, Saudi Arabia announced its first healthcare PPP project that targets radiology and medical imaging services covering hospitals in the greater Riyadh area<sup>201</sup>. In addition to infrastructure development projects, the Kingdom has also been collaborating with foreign players on building a robust healthcare technology ecosystem.

Similarly, private participation has been on the rise in the UAE. The country has around 700 healthcare projects under development with a total investment of US\$ 60.9 billion (AED 223.5 billion), mostly carried out by the private sector<sup>202</sup>. Partnerships with the private sector are also supporting the MoH's Emirati Genome Program which aims to better understand the genetic makeup of the UAE population and help improve patient outcomes for the local population. The partnership has also seen the launch of the region's first dedicated contract research organization (Insights Research Organization and Solutions - IROS) for conducting clinical research<sup>203</sup>. The Dubai Healthcare Corporation (DHC) has published a roadmap for PPPs in new hospital projects and is in talks with investors in the healthcare sector where demand is growing, especially in rehabilitation clinics, mental healthcare facilities and dialysis centers<sup>204</sup>. During the Dubai International PPP Conference in 2021, the DHA announced eight healthcare projects, including a PPP to develop a long-term care center in the Emirate<sup>205</sup>.

Oman has announced plans to build the OMR 479 million (US\$ 1,242.8 million) Sultan Qaboos Medical City Complex under a PPP model<sup>206</sup>. The country has already rolled out several healthcare projects including a dialysis center, secondary hospital and central laboratory under the PPP model. Similarly, several other healthcare PPPs are in the pipeline across the GCC as the regional governments aim to leverage efficiencies and expertise of the private players to achieve their development goals and match international best practices. For instance, Qatar intends to invest QAR 337 million (US\$ 92.5 million) in a healthcare PPP project. As part of this, the government is increasing private sector

<sup>199</sup> Source: "Saudi Arabia Approves Private Sector Participation Law Implementing Regulations", Gowling WLG, January 25, 2022

<sup>200</sup> Source: "Middle Eastern nations warm up to PPP model to accelerate development projects", Khaleej Times, February 23, 2022

<sup>201</sup> Source: "Saudi Arabia seeks bids for first public-private healthcare project", Arabian Business, June 2019

<sup>202</sup> Source: "MENA Hospital Projects Forum 2022 takes off", Zawya, June 9, 2022

<sup>203</sup> Source: "How public-private partnerships can power the next phase of the UAE healthcare sector", December 5, 2022

<sup>204</sup> Source: "MENA: new hospital projects grow", LaingBuisson, July 5, 2022

<sup>205</sup> Source: "A general introduction to public-private partnerships in United Arab Emirates", Lexology, March 25, 2022

<sup>206</sup> Source: "Oman looks to public-private partnerships in construction", The Observer, March 11, 2018



participation in the design, construction, operation, and maintenance of two primary health centers in Madinat Khalifa and Umm Ghuwalina to provide enhanced primary care services<sup>207</sup>. As the region focuses on developing domestic R&D capabilities, PPPs coupled with recent regulatory reforms, are likely to support clinical trials and the launch of new biopharma manufacturing and production facilities. This will allow companies to focus on the development of medicines to address areas of high unmet need, such as the treatment of rare diseases. In the long-run, this is likely to lead to reduced costs and build more robust supply chains. It will also help build a mature healthcare ecosystem, supporting the advancement of medical education and critical skills while helping attract global talent.

## Increased Focus on Preventive Care

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

With chronic and lifestyle-related diseases like diabetes, heart disease and obesity becoming a major concern for the GCC population, preventive measures are likely to play a vital role in improving health and curbing costly treatments. Consequently, the GCC governments have started advocating preventive care to help ease the burden on hospitals and existing healthcare resources. The regional governments have adopted several strategies to promote healthy behavior, including implementing policy programmes and educational campaigns that encourage physical activity and reduce dietary dependence on processed foods. UAE is actively promoting organic food concepts and farming to make healthy options available. The country has local organic products certified by the Emirates Authority for Standardization and Metrology (ESMA), and imports by an ESMA-approved organization<sup>208</sup>.

Governments are also working to improve access to specialized healthcare services, particularly for those at high risk for developing lifestyle diseases. 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 sector<sup>209</sup>, while also promoting physical activity and healthier lifestyles<sup>210</sup>. 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 children<sup>211</sup>. It also launched the eEtmenan app to facilitate prevention of NCDs<sup>212</sup>. Some of the other notable screening programmes by the UAE aimed at prevention and control of NCDs include 'National Strategy for Fighting Diabetes'; 'Combat NCDs (2017-2021)' to promote healthy lifestyles and curb related diseases; 'Together We Move' campaign to promote physical activity among women of all ages; and 'Ma'kom Campaign', which offers direct consultations and tips to encourage healthy lifestyles. It has also launched the 'Diabetes Screening and Professional Healthcare Education' programme with key objectives including screening of 10,000 high-risk individuals and training 90 nurses based on the Johnson & Johnson Diabetes Institute (JJDI) curriculum<sup>213</sup>. Similarly, the Saudi Arabia has rolled out the 'Quality of Life Program 2020' among other initiatives as part of its Vision 2030 that focuses on fitness and preventive care with the aim to reduce obesity by 3% and diabetes by 10% in the Kingdom by 2030<sup>214</sup>. The Saudi Arabian Ministry has also developed a national executive plan to control as well as prevent the occurrence of diabetes. Other preventive care initiatives in the Kingdom include

<sup>207</sup> Source: "Primary Health Centres - Madinat Khalifa, Umm Ghuwailina, Nuajja & Al Thamaid", BNC Network, February 24, 2022

<sup>208</sup> Source: "Why the Middle East's organic market is ripe with opportunity", Dubai World Trade Center, December 15, 2020

<sup>209</sup> Source: Good Health and Well-being, UN's 2030 Agenda, UAE government

<sup>210</sup> Source: Projects & Initiatives, UAE Ministry of Health & Prevention

<sup>211</sup> Source: "Ministry of Health and Prevention launches Health Heroes smart app", UAE MoH, November 25, 2016

<sup>212</sup> Source: "Various initiatives for prevention and control of NCDs in the GCC", MEED, November 24, 2021

<sup>213</sup> Source: "Various initiatives for prevention and control of NCDs in the GCC", MEED, November 24, 2021

<sup>214</sup> Source: "Privatization, Localization, and Digitalization will Determine the Future of the KSA Healthcare Market", Frost&Sullivan

*Healthcare systems with greater technological reach and infrastructure such as the UAE are moving towards building a tailored and proactive health ecosystem*

'National Strategy for Diet and Physical Activity (2014-2025)'; the 'Obesity Control & Prevention Strategy 2030'; and Tawazon Programme (by John Hopkins Aramco Healthcare) - the first diabetes prevention programme in Saudi Arabia<sup>215</sup>. Kuwait's MoH has introduced geriatric services at Primary Health Care (PHC) level, and established mini clinics for chronic health problems and preventive services. Similarly, Qatar's PHCC has launched a five-year strategic plan (2019-2023), which classifies preventive health as one of the priority areas<sup>216</sup>.

## Advancements in Precision Medicine and Personalized Care

The region has 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. Consequently, healthcare systems with greater technological reach and infrastructure such as the UAE are moving towards building a tailored and proactive health ecosystem. The UAE government has allocated AED 4.9 billion (\$1.3 billion), equivalent to 8.4% of the total federal budget, to healthcare and community protection in the federal budget for 2022-2026. The funding will largely be directed towards disease treatment and prevention through precision medicine, including tailored therapies and lifestyle changes based on research, robust data, and advanced technology.

In an effort to better understand pharmacogenomics and establish a strong footprint in the precision medicine field, the country established the UAE Genomics Council in June 2021<sup>217</sup>. Biogenix Labs and Omics Center of Excellence in Abu Dhabi, two of the region's largest and technologically advanced omics facilities allowed for the creation of the de novo Emirati reference genome, will help build an inclusive healthcare system in the region<sup>218</sup>. Similarly, Khalifa University of Science and Technology completed a significant local genome study that will contribute to nationwide efforts to build a comprehensive reference genome for the UAE population<sup>219</sup>. These studies of omics and multi-omics, including proteomics and genomics, will allow healthcare institutions to better understand the genomes of the UAE population, improving the ability of researchers and clinicians to identify genetic causes of diseases that are common in the UAE and the region. It will, in turn, help patients receive early diagnoses of rare and previously incurable genetic diseases. The Qatar Genome Programme (QGP), a population-based research project that aims to study the genetic makeup of the Qatari population, is another initiative that aims to pave the way for precision medicine and personalized care. Supported by the Sidra Medical and Research Center, QGP published its first genome-wide association study with 45 clinically relevant traits in 2021. Apart from the QGP, a number of other genome-scale studies have emerged from Qatar, including ones looking at the pharmacogenetic map of Qatar from genome and exome sequences available in public domain. Amid such developments, the Qatar Precision Medicine Institute was launched in November 2020 to develop and implement the precision medicine technology for Qatar<sup>220</sup>.

<sup>215</sup> Source: "Various initiatives for prevention and control of NCDs in the GCC", MEED, November 24, 2021

<sup>216</sup> Source: "PHCC launches five-year plan", Qatar Tribune April 30, 2019

<sup>217</sup> Source: "The Emirati Genome Program: A Gamechanger For Healthcare In The UAE", Entrepreneur Middle East, April 18, 2022

<sup>218</sup> Source: Projects & Initiatives, UAE Ministry of Health & Prevention

<sup>219</sup> Source: "Khalifa University Researchers Complete Reference Genome Study for the UAE", Khalifa University, July 5, 2021

<sup>220</sup> Source: Qatar Genome Programme Website

***Alongside the growing demand for specialized services, the GCC countries are witnessing a rise in demand for LTPAC, including home healthcare services and rehabilitation services***

## Prominence of LTPAC, Rehabilitation and Home Healthcare Services

Alongside the growing demand for specialized services, the GCC countries are witnessing a rise in demand for Long-Term and Post-Acute Care (LTPAC), including home healthcare services and rehabilitation services. Demand for such services is largely driven by the region's ageing population as more people require geriatric care, rehabilitation, and home care services. Apart from being less expensive compared to hospital admission, it is also a preferable option for aged patients as treatment is provided at the comfort of home. Thus, the need for infrastructure to support the provision of LTPAC and rehab facilities is one of the main policy drivers for the GCC governments. The Saudi MoH is already seeking to engage operators for LTPAC, rehab facilities, and home healthcare as part of its privatization process<sup>221</sup>. The Kingdom is building a Medical City for Rehabilitation and Treatment in Riyadh at a cost of US\$ 346.6 million that will provide specialized treatment and therapy for patients with physical disabilities. The project, which is expected to serve more than 170,000 patients a year, will include 1,100 beds<sup>222</sup>.

The UAE provides free home healthcare services for eligible citizens, ranging across medical care, rehabilitation, natural treatments, dental, optical, dermatological and diabetes treatments, and preventive care. Notably, Dubai has prioritized investments in setting up LTPAC and rehab patient services under its latest Investment Guide<sup>223</sup>. In December 2022, Amanat Holdings announced the creation of the largest pan-GCC post-acute care platform following the merger of Sukoon International Holding Company with Cambridge Medical & Rehabilitation Center. The company plans to expand to approximately 1,000 pan-regional beds within three years. Post-merger, it will operate around 400 beds in the UAE and Saudi Arabia across four cities (Abu Dhabi, Al-Ain, Dhahran, and Jeddah) with a 300 bed expansion underway, primarily in Saudi Arabia and further expansion plans in the pipeline<sup>224</sup>. Amongst the other GCC nations, KIMS hospital in Bahrain 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 beds<sup>225</sup>. 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 Kuwait<sup>226</sup>.

Currently, the market is in a nascent stage and many existing LTPAC, home healthcare and rehabilitation facilities lack the required medical capabilities. As the market matures, more centers providing specialized rehabilitation such as cardiopulmonary, pediatric, neurorehabilitation and musculoskeletal rehabilitation are expected to enter the market<sup>227</sup>. 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 region<sup>228</sup>. 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. Notably, the capital and operating costs of setting up LTPAC and rehab facilities are up to 30% or lower when compared to an acute care hospital<sup>229</sup>. Therefore, establishing LTPAC and rehab facilities with home-based international operators can act as a catalyst to reduce expenditure on outbound treatments whilst simultaneously growing a new service sector.

<sup>221</sup> Source: "Long term care (LTC), Rehabilitation & Home Care (HC) in KSA", Omnia Health, March 10, 2021

<sup>222</sup> Source: "Medical City For Rehabilitation And Treatment", BNC Network, January 20, 2023

<sup>223</sup> Source: "Long term care (LTC), Rehabilitation & Home Care (HC) in KSA", Omnia Health

<sup>224</sup> Source: "Amanat announces the creation of the largest pan-GCC post-acute care provider", Zawya, December 20, 2022

<sup>225</sup> Source: "KIMS collaborates with CLINEA for advanced rehabilitation services", Economic Times, October 10, 2019

<sup>226</sup> Source: "Home Healthcare provider to boost Kuwait Healthcare", Laing Buisson, October 9, 2019

<sup>227</sup> Source: "Long term care (LTC), Rehabilitation & Home Care (HC) in KSA", Omnia Health, March 10, 2021

<sup>228</sup> Source: "How to get home healthcare services in the UAE", Gulf News, December 2019

<sup>229</sup> Source: "Long term care (LTC), Rehabilitation & Home Care (HC) in KSA", Omnia Health, March 10, 2021

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

## Growing Number of Specialized Centers of Excellence (CoE)

The healthcare undersupply of specialized facilities in the GCC is significantly pronounced. 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 GCC healthcare sector are largely being driven towards facilities focusing on chronic and acute care treatments including oncology, orthopedics and cardiology, obstetrics and gynecology, pediatrics, and endocrinology. Consequently, majority of the upcoming projects in the GCC are focusing on the provision of specialized treatments. For instance, the DHA has announced plans to open a US\$ 100 million Cardiac Center of Excellence (CCoE) hospital in the Rashid Complex in Dubai under PPP<sup>230</sup>. The UAE is currently home to several CoE facilities including the Cleveland Clinic Abu Dhabi, Aster DM Healthcare, Emirates Hospitals Group, Saudi German Hospital UAE, American Hospital Dubai, and Thumbay University Hospital among others offering specialized treatments in multiple disease categories and medical disciplines. Recently, American Hospital, Dubai's CoE in robotic surgery earned accreditation by the US-based Surgical Review Corporation, making it the first private healthcare entity outside the US to gain this recognition<sup>231</sup>. Similarly, the number of tertiary care facilities in Saudi Arabia transforming to CoE has also been on the rise. The Kingdom's King Faisal Specialist Hospital & Research Center (KFSH&RC) is a comprehensive tertiary healthcare provider for specialized medicine services such as oncology, cardiology, transplants and fertility, with about 1 million outpatient visits annually<sup>232</sup>. Some of the other notable names that have established credentials as CoEs include Dallah Al Nakheel Hospital, College of Medicine - King Saudi University, and Faculty of Medicine - King Abdulaziz University among others.

In addition to focusing on establishing specialized centers for treatment, GCC governments are also collaborating with private institutes and promoting them to build specialized research facilities in the region. For instance, the Center of Excellence in Trauma and Accidents (CETA) located in the Faculty of Medicine at King Abdulaziz University in Jeddah was established as an active research center on injuries and accidents in Saudi Arabia. It aims to address the urgent need to develop advanced research methods and lead qualified staff to deal with trauma cases in hospitals across the Kingdom<sup>233</sup>. Similarly, the Center of Excellence in Thrombosis and Hemostasis (COETH) was established in College of Medicine, King Saudi University as a research center in the area of thrombosis and hemostasis diagnosis, prevention, and treatment in the Middle East<sup>234</sup>. 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.

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

## Innovation and Technology Driving Enhanced Healthcare Outcomes

Digital transformation of the healthcare sector has been a key focus area for the GCC governments. Regulatory authorities, in collaboration with private institutions, are investing in smart technologies such as e-Visits, digitization of electronic medical records (EMR/EHR), data analytics, and mobile applications for patient engagement, and improved healthcare delivery and disease management. Tools such as Internet of Things (IoT), artificial

<sup>230</sup> Source: "New Dubai hospital to be built on public-private model", Gulf News, December 2018

<sup>231</sup> Source: "American Hospital Dubai's Center of Excellence in Robotic Surgery earns accreditation", Gulf News, October 3, 2022

<sup>232</sup> Source: "King Faisal Specialist Hospital & Research Center progresses transformation program by virtually upgrading its Integrated Clinical Information System", Cerner, August 2020

<sup>233</sup> Source: Center of Excellence in Trauma and Accidents (CETA); King Abdulaziz University

<sup>234</sup> Source: Center of Excellence in Thrombosis and Hemostasis (COETH), King Saudi University

*The GCC governments' early commitment to digitizing healthcare influenced the region's response to contain the COVID-19 outbreak*

intelligence (AI), machine learning (ML) and big data are growing in prominence, while implementation of robotics and augmented reality/virtual reality (AR/VR) are slowly making space in the mainstream application of healthcare services to improve patient care. Although digital technologies rose to the occasion during COVID-19 pandemic, its application in the healthcare industry had already been in existence. Innovative tools have been widely tested in patient care and diagnostics, virtual collaboration, remote monitoring and task automation among others. However, the recent manifestation of new solutions to tackle health issues and engage patients via user-centric interfaces has given rise to a new face of healthcare.

In the UAE, more than 50% of hospitals use IoT-based solutions and 90% of doctors use smartphones and medical apps to provide services to their patients. With the UAE's advanced infrastructure and high adoption rates of technological innovation, digitization is expected to play a crucial role in improving the country's performance efficiency, the quality of services, and the optimal use of resources across the continuum of care<sup>235</sup>. On the other hand, Saudi Arabia is expected to be the fastest-growing digital health market in the region, with the government allocating US\$ 1.5 billion for healthcare information technology and digital transformation programmes. According to a Frost & Sullivan survey, 70% of the patients in Saudi Arabia already use telehealth services<sup>236</sup>. Technology integration is likely to spur inclusivity, accessibility, affordability, and growth in the GCC healthcare sector.

### Leveraging Technology to Fight COVID-19

As technology utilization became paramount amid the pandemic, the GCC governments' early commitment to digitizing healthcare influenced the region's response on containing the outbreak. The countries were prompt in their response with the launch of contact-tracing apps - Saudi Arabia's Data and Artificial Intelligence Authority (SDAIA) launched Tabaud<sup>237</sup>; UAE's MoHAP launched Alhosn<sup>238</sup>; Qatar's MoPH launched Ehteraz<sup>239</sup>; and Oman's MoH launched Tarassud Plus<sup>240</sup> to support the nationwide efforts to tackle COVID-19. In addition to introducing contact tracing apps, the GCC countries used multiple platforms assisting in remote care delivery. For example, Saudi Arabia deployed a robotic doctor in Riyadh's King Salman hospital to diagnose COVID-19 patients<sup>241</sup>. The UAE launched a chatbot service, Virtual Doctor, for people to assess if their symptoms could be associated with the COVID-19 virus<sup>242</sup>. The American Hospital in Dubai used AI-powered robotic surgeons amid the pandemic to eliminate infections in surgeries. Qatar collaborated with TASMU Smart Qatar, MoTC, Hukoomi and Qatar Post to set up virtual assistance for outpatient services at PHCC and HMC<sup>243</sup>. Sonnaa Oman started large-scale production of digital artificial respiration device that simulates the ventilation system<sup>244</sup>. Such measures accelerated the adoption of e-consultation, telehealth, self-diagnostics, health monitoring devices, consumer wearables, and other digitalized offerings in the region during the pandemic.

### Telemedicine

Although the COVID-19 crisis may have put telemedicine in the spotlight, the region had long recognized the potential for remote consultation and diagnostics. For instance, Abu Dhabi's Mubadala Investment Company already had an agreement with Switzerland's

<sup>235</sup> Source: "Digitalisation of healthcare in GCC", Omnia Health

<sup>236</sup> Source: "Privatization, Localization, and Digitalization will Determine the Future of the KSA Healthcare Market", Frost & Sullivan

<sup>237</sup> Source: "Saudi Arabia releases contact tracing app", Geneva, Internet Platform, June 14, 2020

<sup>238</sup> Source: "UAE public urged to join COVID-19 contact tracing app Alhosn to protect themselves, communities", UAE MoHAP, May 20, 2020

<sup>239</sup> Source: "Etheraz" Plays Vital Role in Keeping People Safe during Lifting of Restrictions, say Health O", Qatar MoPH, September 8, 2020

<sup>240</sup> Source: "Using technology to contain COVID-19 in Oman", WHO, June 17, 2020

<sup>241</sup> Source: "Coronavirus: Robot doctor helps keep Saudi Arabia medical staff safe", Al Arabiya, May 8, 2020

<sup>242</sup> Source: "Digital Health: Going beyond containing the COVID-19 infection rate", Arab Health

<sup>243</sup> Source: "Qatar launching new remote healthcare services", Qatar MoPH, March 28, 2020

<sup>244</sup> Source: "The digital innovators leading Oman's COVID-19 response", Oxford Business Group, April 28, 2020



***Although the COVID-19 crisis may have put telemedicine in the spotlight, the region had long recognized the potential for remote consultation and diagnostics***

***With applications in diagnostics and screening, EMR/EHR acts as a centralized system for digitization and distribution of medical records***

Medgate in 2014 to create Abu Dhabi Telemedicine Center (ADTC) that provides call center services to two of Mubadala's other health care investments - Healthpoint Hospital and Capital Health Screening Center<sup>245</sup>. In early 2020 ADTC extended the services to include the Imperial College London Diabetes Center. Moreover, Mubadala's Cleveland Clinic Abu Dhabi established an online health portal in 2020 that allows patients to attend virtual visits with physicians, track their prescriptions and receive information on test results<sup>246</sup>. In Bahrain, Skype Telemedicine Solutions provides remote radiography, demonstrating how hospitals and health authorities can navigate around regional shortages of some skills in order to improve patient services<sup>247</sup>. Telehealth has broadened the scope of patient care, and is viewed by the GCC governments as a key component of their digital healthcare transformation programme.

### **Electronic Medical Records (EMR) / Electronic Health Records (EHR)**

With applications in diagnostics and screening, EMR / EHR act as a centralized system for digitization and distribution of medical records. The technology is being widely introduced in many parts across the GCC. The Abu Dhabi Health Information Exchange platform, called Malaffi, currently connects more than 85% of hospitals in the Emirate<sup>248</sup>. NABIDH is Dubai's platform for exchanging medical records between healthcare providers. It enables DHA facilities and all government and private facilities nationwide to be connected to an integrated digital system<sup>249</sup>. In March 2021, the UAE launched the Riayaty Digital Health Platform. Riayaty is based on a central and integrated healthcare system with easy access to patients' health data in the UAE by linking together the public and private healthcare facilities. The platform is linked to other affiliate medical records - including NABIDH (Dubai) and Malaffi (Abu Dhabi) - to form a central database for exchanging public health information in real-time. Approximately 60%, equating to 7.1 million, of UAE's citizens, 207 healthcare facilities and 26,000 clinicians had signed up to Riayaty as of November 2021<sup>250</sup>. These platforms allow medical reports to be viewed at any time and from anywhere while maintaining the privacy, which help healthcare professionals take appropriate medical decisions and allow patients to choose the most convenient healthcare facility.

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<sup>245</sup> Source: "Mubadala Launches Abu Dhabi Telemedicine Center with Swiss Telemedicine Leader, Medgate", Mubadala, October 12, 2014

<sup>246</sup> Source: "HEALTH PORTAL 2020, Cleveland Clinic Abu Dhabi

<sup>247</sup> Source: "TRS Collaborates with Bahrain's Skype Telemedicine", Healthvision, October 4, 2019

<sup>248</sup> Source: Malaffi – Connecting Healthcare, Official Website

<sup>249</sup> Source: NABIDH, Official Website

<sup>250</sup> Source: "GCC region intensifies HIE roll-out; improved digital maturity to fuel introduction of unified health records", Healthcare IT News, November 15, 2021



## 7. Merger and Acquisition (M&A) Activities

*Uncertain global macroeconomic environment, coupled with staffing shortages and inflation will likely motivate healthcare platforms to pursue consolidation*

M&A activity across the GCC healthcare sector has been in flux since the beginning of 2020 amid the downturn in operations due to the COVID-19 pandemic. 2021 witnessed some revival in businesses as economies reopened, leading to M&A activities stirring up again in the region. In 2021, there were 7 M&A deals recorded in the GCC healthcare sector compared to 4 deals concluded during 2020. M&A activity picked up momentum in 2022 with the region witnessing 12 M&As during the year. The deals during the last two years comprised of a handful of cross-border and intra-regional acquisitions. While some of the deals were organic and strategic in nature, primarily aimed at forming stronger entities to offset weak profitability, there was active participation from Private Equity players as well. The GCC witnessed 16 intra-regional deals between 2020 and 2022, while there were 4 deals wherein an overseas operator acquired stakes in GCC health establishments. Similarly, GCC investors made 3 strategic investments in companies with foreign headquarters to diversify their geographical presence during the period (see Exhibit 49).

The uncertain global macroeconomic environment, coupled with staffing shortages and inflation will likely motivate healthcare platforms to pursue consolidation, especially private hospitals and medical institutes. Moreover, normalization of valuations post COVID-19 and the need for operators to innovate and transform their businesses to remain competitive is likely to create a compelling M&A landscape in the GCC. Going forward, the focus is likely to be directed towards value-creating opportunities with larger players targeting small to mid-sized players as well as tech-enabled service providers. This will, in turn, require organizations to establish strategic plans to set up integration of data and leverage cross-functional capabilities that will not only strengthen their competitive advantage but also encourage the establishment of integrated healthcare networks with multi-specialty service offerings.

**Exhibit 49: Major M&A Deals in the GCC Healthcare Industry**

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US\$ Million)	Percent Sought (%)
Gulf Islamic Investments	UAE	Almeswak	KSA	2022	530.0	51%
Pure Health	UAE	Ardent Health Services	USA	2022	500.0	N/A
Amanat Holdings PJSC	UAE	Cambridge Medical and Rehabilitation Center	UAE, KSA	2021	232.0	100%
Dallah Healthcare	KSA	International Medical Center Co.	KSA	2022	189.0	19%
Gulf Capital PJSC	UAE	IVI-RMA Middle East	Spain	2020	100.0	100%
GFH Financial Group	Bahrain	Multi-Specialty Healthcare Partner Holding Ltd	UAE	2021	100.0	60%
Amanat Holdings PJSC	UAE	Human Development Company	KSA	2022	58.7	60%
Arabian International Healthcare Holding Co. (Tibbiyah)	KSA	Innovative Care Co.	KSA	2022	56.8	51%
Dallah Healthcare Holding	KSA	Makkah Medical Center	KSA	2020	42.9	79%



Marksans Pharma	India	Access Healthcare for Medical Products	UAE	2022	3.3	100%
Ghobash Trading & Investment Co.	UAE	Pyramids Group	UAE	2020	N/A	70%
Amanat Holdings PJSC	UAE	Sukoon	KSA	2022	N/A	85%
Medcare (Aster DM)	UAE	Skin111	UAE	2022	N/A	60%
Mubadala Healthcare	UAE	G42 Healthcare	UAE	2022	N/A	N/A
Abu Dhabi Developmental Holding Co.	UAE	Birgi Mefar Group	Turkey	2022	N/A	N/A
International Holding Co.	UAE	Response Plus Medical Services	UAE	2021	N/A	40%
Abu Dhabi Developmental Holding Co.	UAE	Pure Health	UAE	2021	N/A	N/A
International Holding Co.	UAE	Burjeel Holdings	UAE	2022	N/A	15%
Mubadala Healthcare	UAE	UEMedical	UAE	2021	N/A	60%
Olive Rock Partners; Cerberus Capital	USA, UAE	UEMedical	UAE	2021	N/A	N/A
CommonSpirit	USA	Arabian Hospital Group	UAE	2023	N/A	N/A
Aster DM Healthcare	India	Medcare Hospital	UAE	2022	N/A	2%
Babil Group	Oman	Starcare Hospital	Oman	2021	N/A	N/A

Source: Thomson Reuters

Note: Data sourced for the period 01 January 2020 to 10 March 2023. Only completed deals under consideration

## 8. Financial and Valuation Analysis

In this segment, we have analyzed the performance of 15 GCC-listed healthcare companies, which are divided into two categories - 10 integrated health networks (IHNs) and 5 pharmaceutical and medical equipment companies (Pharma & Medical Equipment). We have analyzed the latest three-year financial performance, full-year for companies that have disclosed 2022 earnings and 9M performance of 2022 for companies that have not disclosed their full-year results for 2022. 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 and trends within the listed healthcare companies.

### 8.1 IHNs

The table below represents the financial performance, including market capitalization and revenue (2022 and 2-yr CAGR) along with 3-year average of EBITDA margin, while the Return on Average Equity (ROAE) and Return on Average Assets (ROAA) based on 3-year average (2020-2022) for the selected companies. However, the companies that have not released their full-year earnings for 2022, we have analyzed the revenue along with EBITDA margin based on 3-year period (9M 2020 – 9M 2022). For ROAE and ROAA, we have taken the 2-year average (2020 and 2021).

**Exhibit 50: 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. %)	ROAE (3-Yr avg. %)	ROAA (3-Yr avg. %)	Capex (US\$ Million)
Aster DM Healthcare <sup>d</sup>	UAE	1,466.6	1,550.4	15.2%	20.0%	10.4%	3.5%	276.9
Dr. Sulaiman Al-Habib Medical Group	KSA	23,261.6	2,216.5	19.1%	20.1%	25.5%	13.2%	424.9
Gulf Medical Projects Co.	UAE	380.6	137.2	1.7%	-0.1%	3.8%	3.3%	2.1
Medicare Group Q.S.C.	Qatar	475.2	133.8	1.1%	-3.8%	7.9%	6.1%	12.4
Middle East Healthcare Co.	KSA	862.8	573.9	10.9%	10.5%	4.1%	1.4%	65.2
Al Hammadi Co. for Development & Investment	KSA	2,122.9	299.3	21.2%	36.4%	9.6%	6.6%	30.0
National Medical Care Co.	KSA	943.9	244.8	6.5%	15.7%	12.1%	8.8%	56.5
Al Maidan Dental Clinic <sup>d</sup>	Kuwait	480.4	233.9	8.5%	5.2%	19.5%	12.5%	4.2
Dallah Healthcare Holding Company	KSA	3,446.8	478.5 <sup>a</sup>	40.2% <sup>b</sup>	24.3% <sup>b</sup>	10.5% <sup>c</sup>	5.0% <sup>c</sup>	NR
Mouwasat Medical Services Company SJSC	KSA	5,147.3	446.4 <sup>a</sup>	5.2% <sup>b</sup>	37.9% <sup>b</sup>	24.7% <sup>c</sup>	16.0% <sup>c</sup>	NR
<i>Consolidated</i>			5,389.9	14.9%	18.4%	15.1%	8.1%	872.2
<i>Average</i>				10.5%	13.0%	11.6%	6.9%	
<i>High</i>				21.2%	36.4%	25.5%	13.2%	
<i>Low</i>				1.1%	-3.8%	3.8%	1.4%	

Source: Company Annual Reports, Yahoo Finance, Bloomberg

Notes: Last updated March 10, 2023; <sup>a</sup> 9M 2022; <sup>b</sup> Period between 9M 2020 and 9M 2022; <sup>c</sup> 2-year average (2021 and 2022); <sup>d</sup> For Aster DM and Al-Maidan do not report on a December-end fiscal period, 2022 data has been calculated as the latest four quarters (Q4 of 2021 till Q3 of 2022) to align with other public companies, NR - Not Reported

## Revenue Analysis

For the year 2022, 8 out of the 10 selected IHN companies reported their full-year earnings, while Dallah and Mouwasat of Saudi Arabia are the 2 that have not reported their earnings at the time of writing this report.

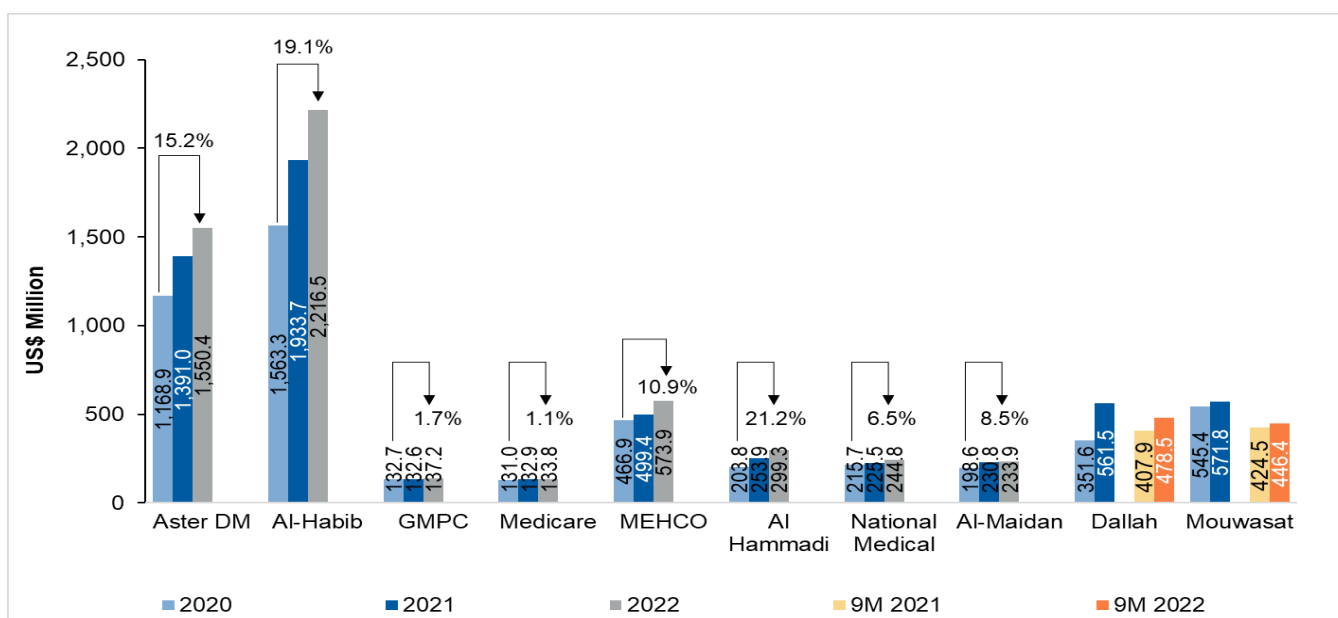
**The combined revenue of selected 8 IHN companies stood at US\$ 5.4 billion in 2022, a CAGR of 14.9% since 2020**

The consolidated revenues of the 8 companies stood at US\$ 5.4 billion in 2022, a CAGR of 14.9% since 2020. 3 out of the 8 companies, namely Aster DM, Al Habib and Al Hammadi reported a higher annualized growth of 15.2%, 19.1% and 21.2% respectively, while Medicare and GMPC were the 2 slowest-growing companies with a rate of 1.1% and 1.7% respectively. The remaining 3 companies witnessed growth in revenues between 6% and 11% during the same period.

The top 2 companies, Al Habib and Aster DM accounted for around 70% of the total consolidated revenues of the selected 8 IHN companies. Both these companies strengthened its leading position during the period by increasing its contribution from 67.0% in 2020 to 70% in 2022. The combined revenues grew at a CAGR of 17.4% compared to 14.9% reported by the selected companies. The outperformance by Al Habib was primarily driven by growth in number of outpatients and higher occupancy in inpatients<sup>251</sup>. Aster DM performance was driven by growth in business from India, especially the strategy to expand its pharmacies and labs within the country<sup>252</sup>.

Al Habib maintained its leading position within the IHN sector with a CAGR growth of 19.1%, while Aster DM grew at 15.2% during the same period. GMPC and Medicare were the two companies reported a slower CAGR growth of 1.7% and 1.1% respectively between 2020 and 2022.

**Exhibit 51: Revenue Growth of the Selected IHN Companies in the GCC –Yearly (2020 - 2022)**



Source: Company Annual Reports

Note: For Aster DM and Al-Maidan do not report on a December-end fiscal period, 2022 data has been calculated as the latest four quarters (Q4 of 2021 till Q3 of 2022) to align with other public companies

<sup>251</sup> Source: "Sulaiman Al Habib 2022", Argam, February 2023

<sup>252</sup> Source: "Aster DM Healthcare Financial Statement Q3 2022/23", February 2023

Collectively, Saudi-based Dallah and Mouwasat reported a y-o-y growth of 11.1% in 9M 2022 compared to same period of the preceding year, which is lower than the consolidated y-o-y growth of 12.6% by the IHN companies. Dallah reported a faster growth of 17.3% y-o-y in 9M 2022, while Mouwasat recorded a growth of 5.2% during the period. The outperformance by Dallah can be broadly attributed to improvement in volumes of both outpatient and inpatient coupled with higher occupancy rates<sup>253</sup>.

### Profitability Analysis

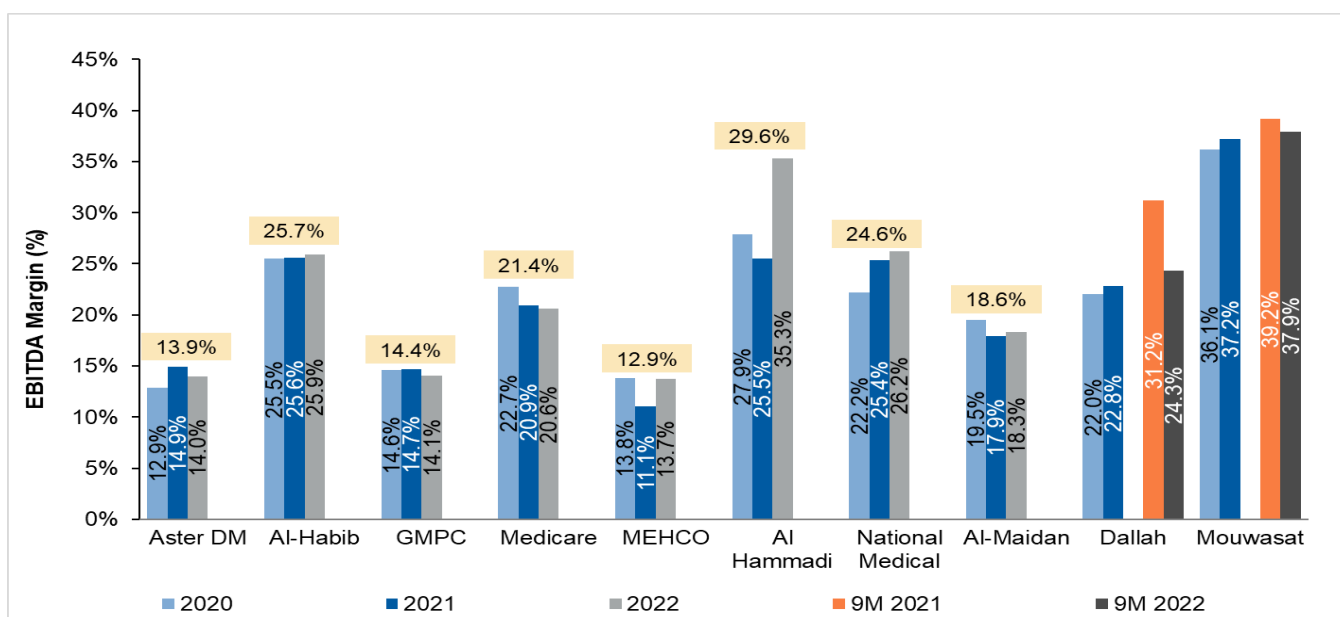
**The combined EBITDA of selected IHN 8 companies have grown at a CAGR of 18.4% between 2020 and 2022**

The consolidated EBITDA of the 8 companies stood at US\$ 1.1 billion in 2022, increasing at a CAGR of 18.4% since 2020 compared to 14.9% rise in revenues during the same. This led to an improvement in consolidated EBITDA margins of selected companies to 21.0% in 2022 compared to 20.2% in 2021 and 19.8% in 2020. The consistent increase in consolidated margins can be attributed to rise in outpatient volumes and better utilization rates from the inpatient segment<sup>254</sup>.

5 out of the 8 covered companies reported an improvement in EBITDA margins in 2022, while the remaining 3 recorded a drop of less than 1% in margins during the year. Al Hammadi recorded the highest improvement in EBITDA margins from 25.5% in 2021 to 35.3% in 2022, which can be broadly attributed to a 63.3% rise in EBITDA for the year on the back of decline in expected credit losses compared to the previous year.

Al Habib of Saudi Arabia, the largest within the selected IHN companies, witnessed a marginal improvement in margins from 25.5% in 2020 to 25.9% in 2022. Aster DM of the UAE reported a decline in EBITDA margins from 14.9% in 2021 to 14.0% in 2022, which can be broadly attributed to expansion plans to increase its presence in both India and the GCC<sup>255</sup>.

**Exhibit 52: EBITDA Margin of the Selected IHN Companies in the GCC – Yearly (2020 - 2022)**



Source: Company Annual Reports

Note: \*For Aster DM and Al-Maidan do not report on a December-end fiscal period, 2022 data has been calculated as the latest four quarters (Q4 of 2021 till Q3 of 2022) to align with other public companies

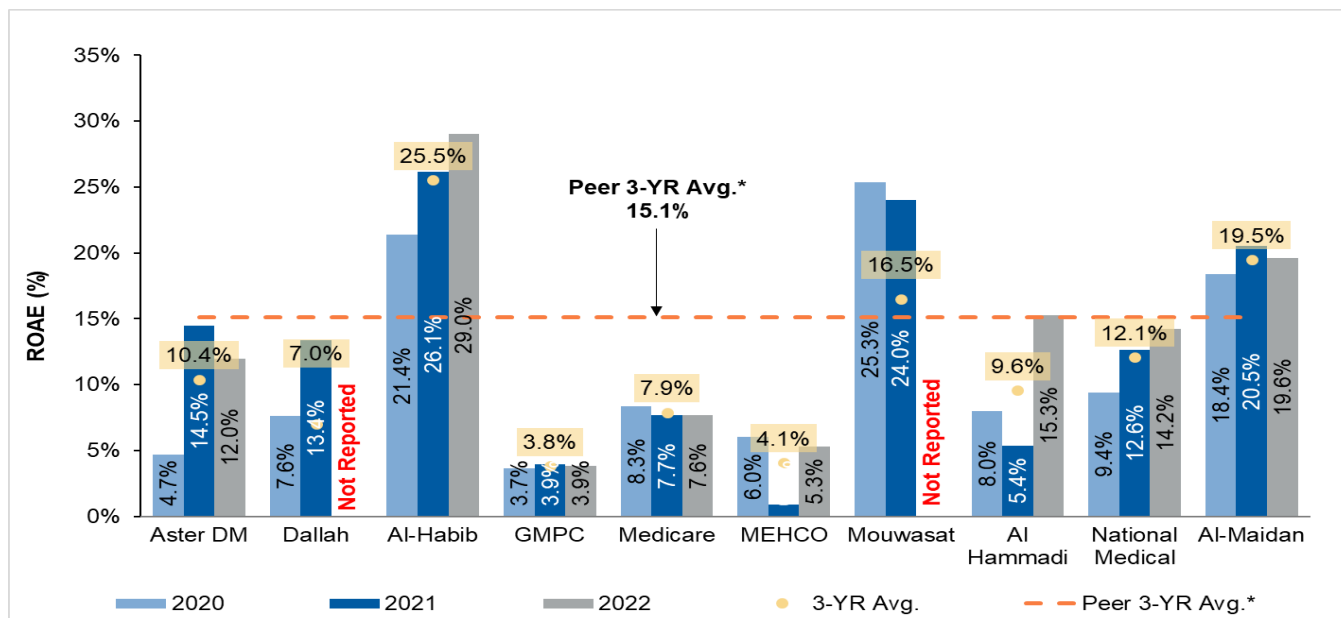
<sup>253</sup> Source: "Dallah Healthcare 9M 2022", Argaam, November 2022

<sup>254</sup> Source: "Dallah Healthcare 9M 2022", Argaam, November 2022

<sup>255</sup> Source: "Aster DM Healthcare Financial Statement Q3 2022/23", February 2023

The EBITDA of Saudi-based Dallah and Mouwasat grew by 30.8% and 1.9% respectively in 9M 2022 compared to same period of the preceding year. In terms of EBITDA margin, Mouwasat has the highest average margin within the selected IHN companies, however it has been declining from a high of 40.6% in 9M 2020 to 37.9% in 9M 2022, primarily due to increase in operating cost related to commissioning of both the expansion of hospital in Dammam and Madinah during the period<sup>256</sup>. EBITDA margins of Dallah was 24.3% in 9M 2022, which is lower compared to 31.2% reported in the previous year and also lower than the consolidated margin of 25.0% by the selected IHN companies during the same period.

**Exhibit 53: ROAE of the Selected IHN Healthcare Companies in the GCC**



Source: Company Annual Reports

Note: \*Peer 3-YR Avg. does not include Dallah Healthcare and Mouwasat Medical Co. since both the companies' 2022 financials are not reported as of March 10, 2023

**The average ROAE of the selected 8 IHN companies stood at 17.8% in 2022, up from 12.3% in 2020**

The consolidated net profit of 8 IHN companies stood at US\$ 725.3 million in 2022, an increase of 24.7% compared to 2021. As a result, the average return of average equity (ROAE) of the selected companies increased to 17.8% in 2022 compared to 15.3% in 2021 and 12.3% in 2020. In terms of companies, only 2 companies reported higher ROAE than the consolidated, while the remaining 6 companies were below the average of the selected companies.

In 2022, Al Habib reported the strongest ROAE of 29.0%, followed by 19.6% and 15.3% by Al Maidan of Kuwait and Al Hammadi of Saudi Arabia. The strong return ratios from Al Habib was broadly driven by revenues, which was supported by growth in outpatient volumes and higher occupancy rates from the inpatient segment during the year<sup>257</sup>.

3 companies, namely GMPC, Medicare and MEHCO have continued to report single digit return ratios for the last three years. These 3 companies have one of the lowest ROAEs within its peers, on the back of lower earnings. GMPC reported a decline of 1.1% in net profit for the year 2022, while Medicare witnessed flattish growth of 0.1% during the same period. This can be primarily attributed to the sharp drop in net profits during the same period on

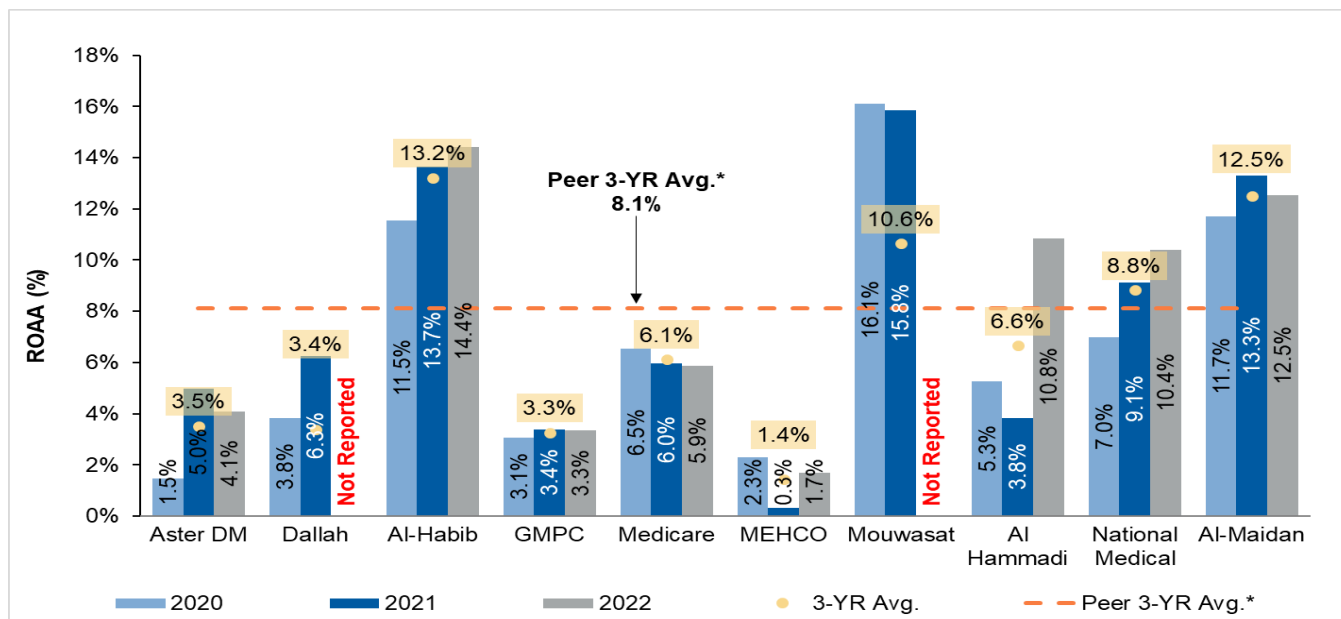
<sup>256</sup> Source: "Saudi Healthcare Sector", Ubhar Capital, November 2022

<sup>257</sup> Source: "Sulaiman Al Habib 2022", February 2022



the back of higher costs leading to margin compression and rising interest costs due to increase in debt levels<sup>258</sup>.

**Exhibit 54: ROAA of the Selected IHN Healthcare Companies in the GCC**



Source: Company Annual Reports

Note: \*Peer 3-YR Avg. does not include Dallah Healthcare and Mouwasat Medical Co. since both the companies' 2022 financials are not reported as of March 10, 2023

The consolidated return on average assets (ROAA) of the selected IHN companies improved to 9.3% in 2022, given the rise in net earnings during the same. The ROAA has continued to rise over the last three years from 6.8% in 2020 to 8.3% in 2021 and reach 9.3% in 2022. 4 out of the 8 covered companies witnessed an improvement in ROAA in 2022, while the rest of the companies reported a decline during the same period.

Considering a 3-year average ROAA, Al Habib has the best ratio of 13.2% amongst its peers, while MEHCO has the lowest ROAA of 1.4%, followed by GMPC and Aster DM with 3.3% and 3.5% respectively. Although Al Maidan has the second highest 3-year average ROAA of 12.5% amongst its peers, its 2022 return is lower compared to the previous year. A similar rate of decline was also witnessed in Aster DM in 2022, which can be broadly attributed to the company's plan to expand its presence across the GCC and India<sup>259</sup>.

## Capital Expenditure

**The combined capital expenditure of selected 8 IHN companies grew at a CAGR of 56.1% to reach US\$ 872.2 million in 2022 compared to 2020**

The combined capital expenditure of the selected (8) IHN companies in the GCC grew by 46.0% in 2022 to reach USD 872.2 million compared to the previous year (see Exhibit 55). Two companies, Al Habib and Aster DM accounted for around 80% of the total capex reported in 2022. Both the companies continue to expand their operations by increasing bed capacity over the next few years. Aster DM has a total of 12 projects in the pipeline, 3 of which are in the GCC, while the remaining 9 are in India. The expansion will lead to an increase of 245 beds in GCC and 1825 in India<sup>260</sup>. Al Habib has 9 hospital projects under

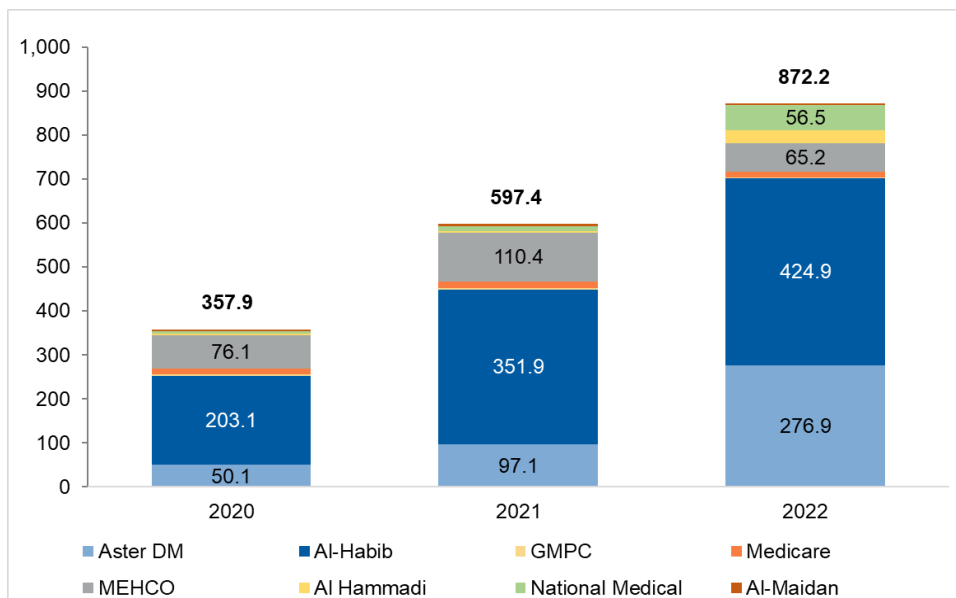
<sup>258</sup> Source: "GMPC and Medicare Group 2022 Financial Statements", February 2023

<sup>259</sup> Source: "Aster DM Healthcare Financial Statement Q3 2022/23", February 2023

<sup>260</sup> Source: "Aster DM Healthcare Financial Statement Q3 2022/23", February 2023

pipeline, which is a combination of new hospitals and expansions, which is likely to strengthen its market position within the KSA<sup>261</sup>.

**Exhibit 55: Total Capital Expenditure of the IHN Healthcare Companies in the GCC**



Source: Company Annual Reports

Note: 2022 data for Aster DM and Al-Maidan was calculated for the latest four quarters (Q4 of 2021 till Q3 of 2022) to align with other public companies; Exhibit includes those companies which have released financials for FY 2022 as of March 10, 2023

Regional IHN companies have been making investments to expand their current operations, which has led to a CAGR of 56.1% during the last two years. Medicare of Saudi Arabia has reported the highest CAGR growth of 242.1% in the last two years, primarily driven by the company's purchase of land to build a new hospital in Riyadh. Capex for Al Hammadi grew at an annualized rate of 194.4% in the past two years, which was primarily driven by a land purchase in 2022 to build a new hospital with a capacity of 300 beds in Riyadh<sup>262</sup>. The expansion by companies in the Saudi Arabia is in line with government's push towards transforming the healthcare sector through increased participation from the private sector.

## Valuation Analysis

**The GCC-based IHN companies are currently trading at an average P/E multiple of 42.7x and EV/EBITDA multiple of 19.5x**

The selected IHN companies in the GCC are trading at an average P/E multiple of 42.7x and EV/EBITDA multiple of 19.5x (see Exhibit 56). Excluding MEHCO's P/E multiple of 135.2x, the average multiple of remaining selected companies would equate to 32.5x, which is still higher than the average of 31.2x for all the listed companies in GCC (as of March 10, 2023). In terms of the P/B multiple, the selected IHN companies in the GCC are trading at an average multiple of 4.4x compared to an average of 3.6x for all the listed companies in GCC (as of March 10, 2023).

In terms of the P/E multiple, the selected IHN companies are trading at an average multiple of 42.7x as of March 10, 2023. Only 2 companies are trading at a premium, while the rest of the 8 companies are trading at a discount to average multiple of the sector. This can be broadly attributed to significantly higher multiple of 135.2x for MEHCO. Excluding MEHCO, the P/E multiple of the sector would normalize to 32.5x, where 5 out of 10 companies trade

<sup>261</sup> Source: "Sulaiman Al Habib Financial Statement 2022", February 2022

<sup>262</sup> Source: "Al Hammadi buys land in Riyadh", March 2022

at a premium. Al Habib trades at P/E multiple of 52.9x, which can be attributed to the company's ability to expand margins and deliver strong profitability over the past two years. Al Habib has the highest number of hospital beds and clinics in KSA, which is expected to further increase over the next five years.

**Exhibit 56: 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)
Aster DM Healthcare	24.0	2.6	9.7	1.4
Dallah Healthcare Holding Company	42.4	6.5	19.8	4.7
Dr. Sulaiman Al-Habib Medical Group	52.9	12.6	42.1	10.9
Gulf Medical Projects Co	38.2	1.3	18.3	2.6
Medicare Group Q.S.C.	22.0	1.6	18.0	3.7
Middle East Healthcare Co.	135.2	2.4	18.5	2.5
Mouwasat Medical Services Company SJSC	34.4	6.7	25.0	9.1
Al Hammadi Co. for Development & Investment	40.8	4.5	20.7	7.3
National Medical Care Co.	23.3	3.0	13.7	3.6
Al Maidan Dental Clinic	14.2	2.5	8.8	1.6
<b>Average</b>	<b>42.7</b>	<b>4.4</b>	<b>19.5</b>	<b>4.7</b>
<b>Median</b>	<b>36.3</b>	<b>2.8</b>	<b>18.4</b>	<b>3.7</b>
<b>High</b>	<b>135.2</b>	<b>12.6</b>	<b>42.1</b>	<b>10.9</b>
<b>Low</b>	<b>14.2</b>	<b>1.3</b>	<b>8.8</b>	<b>1.4</b>

Source: Thomson Reuters Eikon

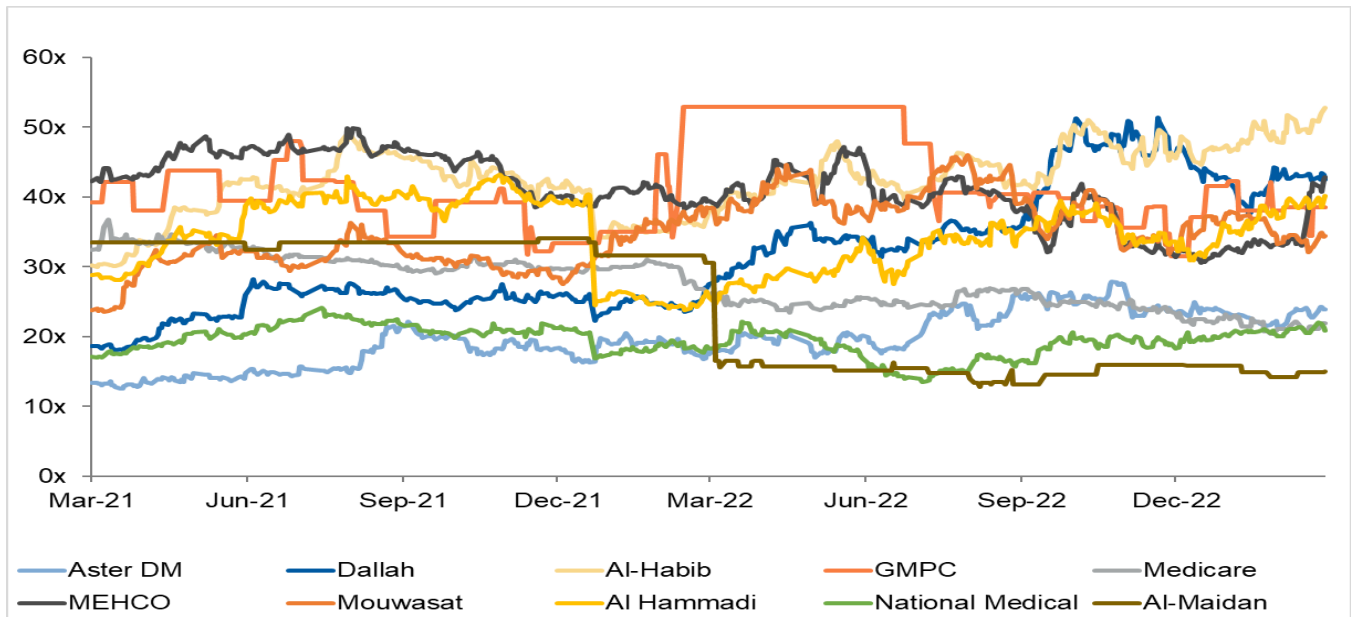
Notes: Last updated March 10, 2023; Figures in red indicate below selected companies set average and those in green suggest at par with or above the set average

***In terms of EV/Sales, the selected IHN companies are trading at a multiple of 4.7x as of March 10, 2023***

In terms of the EV/Sales multiple, the selected IHN companies are trading at an average multiple of 4.7x as of March 10, 2023. 3 out of 10 companies are trading at a multiple that is higher than the average of the selected IHN companies, while 6 companies are trading at a lower multiple and 1 is in line with the sector average. Al Habib is trading an EV/Sales multiple of 10.9x, which is significantly higher than the average of the sector. Excluding Al Habib from the selected IHN companies, the average multiple of the sector would drop to 4.1x.

In terms of EV/EBITDA multiple, the selected IHN companies are trading at an average multiple of 19.5x as of March 10, 2023, which is in line with the historical average of 19.1x in 2020 and 2021. The performance of companies during the year has led to changes in multiples across the sector. For example, Al Habib trades at a multiple of 42.1x on the back of its ability to increase margins, while lower than average margins led to lower multiple of 8.8x for Al Maidan of Kuwait.

**Exhibit 57: P/E Relative Valuation Trend of IHN Healthcare Companies in the GCC**



Source: Thomson Reuters Eikon (as on March 10, 2023)

The sector has historically traded at a higher multiple compared to GCC and historical averages, especially since the outbreak of pandemic in 2020. This can be broadly attributed to the underlying growth potential and increased thrust towards healthcare infrastructure within the region. Moreover, the companies have focused on optimizing cost and improving utilization rates to boost profitability, which is evident from the earnings report by companies in 2022. Going forward, the companies are making significant investments to increase capacity and improve utilization rates, which will lead to continued improvement in profitability and return ratios.

## 8.2 Pharma & Medical Equipment

On an average between 9M 2020 and 9M 2022, the selected pharmaceutical and medical equipment companies have reported a CAGR of 11.3% in revenues, which can be broadly attributed to increase in demand for medical supplies from the healthcare services during the period. However, the performance within the sector remains uneven with 3 out of 5 companies witnessing an increase in revenues, while 2 reported drops during the same period.

**Exhibit 58: 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. %)	ROAE (3-Yr avg. %)	ROAA (3-Yr avg. %)	Capex (US\$ Million)*
Saudi Pharmaceutical Industries & Medical Appliances	KSA	706.8	281.9	-5.2%	13.2%	-4.6%	-2.5%	18.6
Gulf Pharmaceutical Industries	UAE	313.3	341.5	64.9%	20.8%	-24.2%	-10.1%	8.7
Advanced Technology Co.	Kuwait	241.5	407.8	8.9%	14.8%	6.1%	1.2%	0.5
Qatari German Medical	Qatar	31.9	8.5	20.5%	51.8%	-7.5%	-1.8%	0.1
Yiaco Medical Co.	Kuwait	25.1	36.9	-32.3%	3.1%	-47.5%	-1.6%	0.1
<i>Consolidated</i>			1,076.6	11.3%	14.5%	-8.0%	-3.8%	27.9
<i>Average</i>				11.4%	20.7%	-15.5%	-2.9%	
<i>High</i>				64.9%	51.8%	6.1%	1.2%	
<i>Low</i>				-32.3%	3.1%	-47.5%	-10.1%	

Source: Company Annual Reports, Yahoo Finance, Bloomberg

Notes: Last updated March 10, 2023; \*The financials are based on results for the period ended 9M 2022

## Revenue Analysis

**The combined revenue of the selected Pharma & Medical Equipment companies increased from US\$ 0.9 billion in 9M 2020 to US\$ 1.1 billion in 9M 2022**

The consolidated revenues of the selected pharmaceutical and medical equipment companies in the GCC increased at a GAGR of 11.3% between 9M 2020 and 9M 2022 (See Exhibit 59). 3 out of 5 companies witnessed an increase in revenues, while the remaining 2 companies reported declines during the same period.

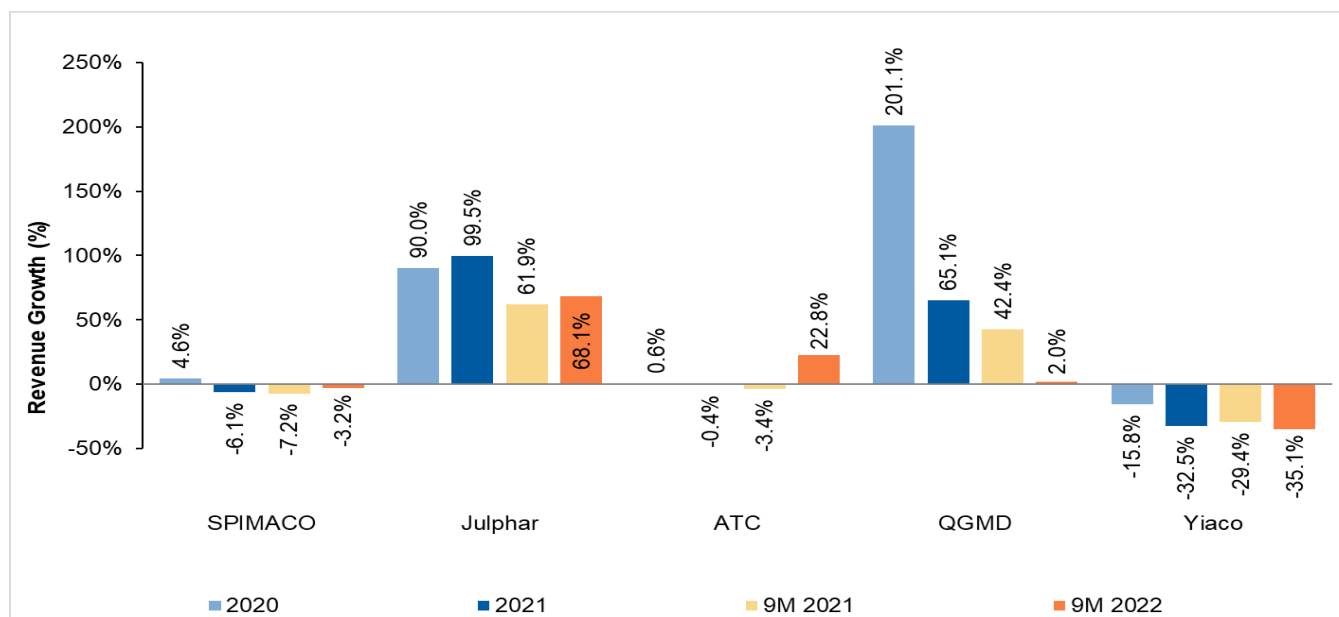
The top 3 companies, SPIMACO, Julphar and ATC accounted for more than 90% of the total revenues of the selected companies. In 9M 2022, the top 3 companies reported a growth of 24.8%, which was higher compared to 20.7% recorded by the selected companies. This outperformance was driven by growth of 68.1% and 22.8% in Julphar and ATC, while SPIMACO reported a drop of 3.2% during the same period, which can be attributed to repricing of some products by the Saudi Food and Drug Authority (SFDA)<sup>263</sup>. Additionally, the revenues were also negatively impacted by lower sales from one of the licensor products during the last two years<sup>264</sup>. The strong growth by Julphar was driven by strong gain in market share was witnessed in key markets including the UAE, Saudi Arabia and other North African countries<sup>265</sup>.

<sup>263</sup> Source: "Saudi Arabia Rolls Out New Pricing Guidelines", January 2021

<sup>264</sup> Source: "SPIMACO Financial Statement Q3 2022", November 2022

<sup>265</sup> Source: "Julphar Financial Statement Q3 2022", November 2022

**Exhibit 59: Revenue Growth of the Selected Pharma & Medical Equipment Companies in the GCC – Yearly (2020-2021)**



Source: Company Annual Reports

Notes: 9M growth for all companies are YoY compared to the same period of the preceding year

Yiacco of Kuwait was another company within the segment to report a decline of 35.1% in 9M 2022 compared to same period of the previous. The revenues of the company have continued to remain on a downward trend as it was negatively impact by increase in provision for legal cases and penalties from government authorities<sup>266</sup>. QGMD of Qatar reported a growth of 2.0% in 9M 2022, after rising by 42.4% in 9M 2021 on the back of continued sale of syringes for vaccines<sup>267</sup>.

### Profitability Analysis

**The combined EBITDA of selected Pharma companies have consistently declined during the past three years, at an annualized rate of 4.7%**

During the last three years, the combined EBITDA of the selected Pharma & Medical Equipment companies declined at an annualized rate of 4.7% between 9M 2020 and 9M 2022. This was primarily attributed to a drop of 23.3% in EBITDA from US\$ 141.8 million in 9M 2021 to US\$ 108.8 million in 9M 2022. 3 out of the 5 companies reported a decline in EBITDA in 9M 2022 compared to the previous year, while only 2 companies were able to record an increase in EBITDA. This can be primarily attributed to higher cost of sales coupled with higher operating expenses during the period. Out of the top 3 companies, ATC was the only company to report marginal increase in EBITDA, while the other 2, SPIMACO and Julphar witnessed a decline during the period.

The decline in EBITDA negatively impacted the margins for the selected Pharma & medical Equipment companies in 9M 2022 compared to 9M 2021. The EBITDA margins recorded in 9M 2022 were the lowest recorded during the last three years. This decline was driven by 69.7% in SPIMACO and 13.5% in Julphar. ATC and Yiacco of Kuwait were the only 2 companies that witnessed an increase in EBITDA of 1.9% and 289.0% respectively during the period.

<sup>266</sup> Source: Yiacco Medical Press Release Q3 2022", November 2022

<sup>267</sup> Source: "QGMD Financial Statement Q3 2022", October 2022



**Exhibit 60: EBITDA Margin of the Selected Pharma & Medical Equipment Companies in the GCC**



Source: Company Annual Reports

3 out of 5 companies witnessed a decline in EBITDA margin, while only 2 companies managed to an increase in margin during the same period. Kuwait-based ATC witnessed an improvement in EBITDA margin to 16.5% in 9M 2022 compared to 15.6% in 9M 2021. Julphar witnessed the largest decline in EBITDA margin as it dropped from 33.6% in 9M 2021 to 17.9% in 9M 2022.

### Capital Expenditure

**The overall capital expenditure of the selected Pharma companies dropped from US\$ 57.5 million in 9M 2020 to US\$ 27.9 million in 9M 2022**

The combined capital expenditure of the selected Pharma & Medical Equipment companies in the GCC declined from US\$ 57.5 million in 2020 to US\$ 27.9 million 9M 2022, but marginally higher than US\$ 27.1 million in 2021. The capital expenditure has continued to remain in a downtrend trend from a high of US\$ 89.1 million in 2017. However, 2020 was an exception year as the capex of US\$ 57.5 million was higher than US\$ 40.3 million in 2019 and US\$ 35.8 million in 2018.

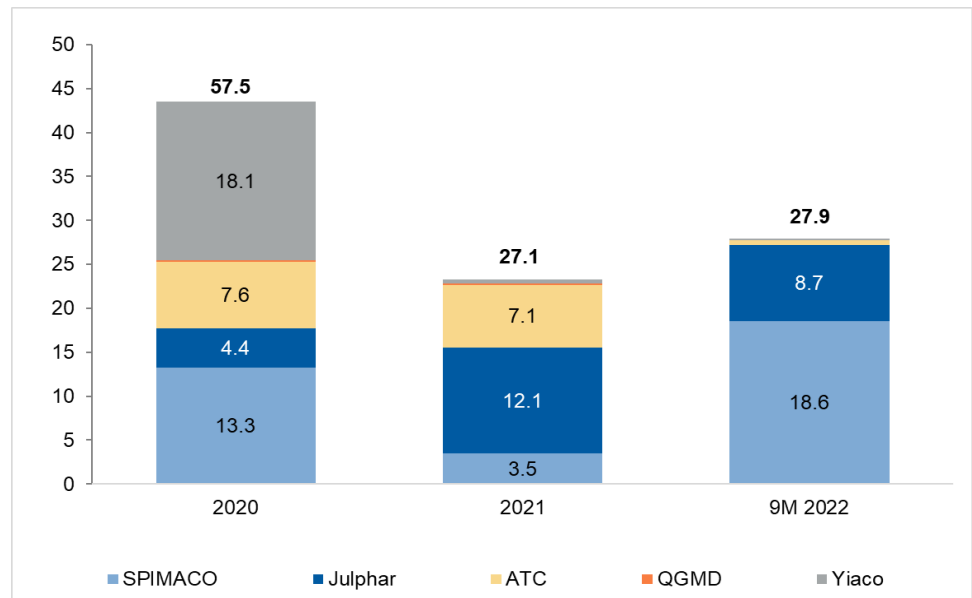
Over the last three-year period, SPIMACO and Julphar witnessed an increase in capex, while the other 3 companies witnessed drop in capital expenditure. Saudi based SPIMACO recorded an increase of 17.9% to reach US\$ 18.6 million as the company continued to progress on major expansion projects and growth initiatives such as the completion of Saudi Arabia's first oncology manufacturing facility expected to come on stream this year<sup>268</sup>. Julphar witnessed an increase of 112.0% in capex, which is in line with the company's new strategic initiatives to drive revenues by 2030<sup>269</sup>.

ATC and Yiacco of Kuwait and QGMD of Qatar, are the 3 companies that witnessed a decline in capex in 9M 2022. ATC witnessed a decline of 92.8% in capex to reach US\$ 0.5 million in 9M 2022 compared to US\$ 6.7 million during the same period of the previous year. Yiacco has been on a downward trend when it comes to making capital investments during the past few years. The company's capex has dropped from US\$ 18.6 in 9M 2020 to US\$ 0.1 million in 9M 2022.

<sup>268</sup> Source: "SPIMACO Financial Statement Q3 2022", November 2022

<sup>269</sup> Source: "Julphar Financial Statement Q3 2022", November 2022

**Exhibit 61: Total Capital Expenditure of Selected Pharma & Medical Equipment Companies in the GCC**



Source: Company Annual Reports

Going forward, the rising support from local governments towards encouraging locally produced pharmaceutical products is likely to drive growth within the sector. As a result, the companies within the sector are focusing on renewing their long-term strategies by ramping up R&D initiatives to continue upgrading their tech-enabled tools for effective treatment and diagnosis. Additionally, the companies are focusing on launching new medical facilities, and products, which are likely to contribute to revenue and profitability growth over the next few years. For example, SPIMACO and Julphar have announced new strategic plans for the next 5 years, which are primarily focused on increasing their product offerings and new launches to drive growth.

### 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. For example, out of the 5 companies, only 2 companies, Julphar of the UAE and ATC of Kuwait are depicting valuations, which are comparable to the broader sector. Both of these companies are trading an EV/EBITDA multiple between 13.4x and 13.8x, while the rest of the companies are trading between a wide range of 74.5x and 25.0x. Hence, the wide range and exclusion of companies in a limited number would skew the average towards one or two companies, which might not be an appropriate representation of any trend within the sector.



**Exhibit 62: 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	1.6	74.5	2.5
Gulf Pharmaceutical Industries	NM	1.2	13.4	1.4
Advanced Technology Co	14.1	1.1	13.8	1.9
Qatari German Medical	100.7	3.5	25.0	5.2
Yiaco Medical Co.	NM	111.3	NM	NM

Source: Thomson Reuters Eikon

Notes: Last updated March 10, 2023; 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



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# Country Profiles

## Saudi Arabia

### Key Growth Drivers

- **Demography & NCDs:** Saudi Arabia's population is expected to reach 39.9 million by 2027, with 22.2% of the population over the age of 50. NCDs account for ~68% of all mortality cases in the Kingdom. Diabetes affects nearly 18% of adults in Saudi Arabia, and more than 40% of its citizens are obese. The rise in these lifestyle diseases will support demand for specialized medical and surgical care services in the Kingdom.
- **Privatization:** The Saudi government aims to increase private sector contribution from 40% to 65% by 2030, targeting the privatization of 290 hospitals and 2,300 primary health centers. It is also planning to invest over US\$ 65 billion to develop the country's healthcare infrastructure under Vision 2030.
- **Project Pipeline:** Saudi Arabia has SAR 48 billion (US\$ 12.8 billion) worth of projects that will create 224 primary healthcare centers and add 20,000+ hospital beds in the Kingdom by 2030.
- **Mandatory Health Insurance:** Health insurance is mandatory for all employees in the private sector (and their dependents), and tourists. Without adequate health insurance coverage, a visa is not issued by the government. Expansion of the mandatory coverage would increase utilization of healthcare services at private facilities across the Kingdom.
- **Medical Tourism:** Saudi Arabia has developed a five-year plan to attract medical tourists from other Islamic countries and plans to combine religious and medical tourism to promote health services to the pilgrims.

### Recent Industry Developments

- In October 2022, Saudi Arabia's MoH mandated that telehealth be included in healthcare insurance coverage by both public and private organizations.
- In June 2022, Saudi government announced the formation of a new entity, Health Holding Company (HHC), which will take over healthcare services normally provided and managed by the Kingdom's MoH.
- In January 2022, Saudi Arabia designed the new private sector participation law (PSP Law) to boost private investment in the Kingdom. The law is the beginning of the legal framework on which the Saudi government can start to outsource healthcare provision and will cover PPPs.

### Macro-economic Indicators

Indicators	2022E	2023F	2025F	2027F
GDP growth at current prices (%)	21.2	-1.4	2.7	3.6
GDP per capita, at current prices (US\$)	27,941.5	27,008.8	27,206.4	27,950.0
Population (Mn)	36.2	36.9	38.4	39.9
Medical Inflation (%)	5.4	3.7	4.1	3.9

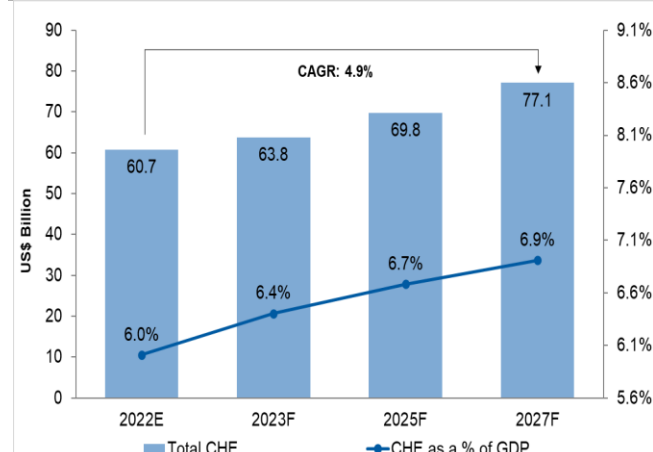
Source: IMF – October 2022, WTW

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 Center	Clinics
Qassim National Hospital	Gen. Medical & Surgical Hosp.

### Current Healthcare Expenditure in Saudi Arabia



Source: IMF, Alpen Capital



## UAE

### Key Growth Drivers

- **Demography & NCDs:** UAE's population is expected to reach 11.4 million by 2027, of which around 14.7% will be over the age of 50 years. Moreover, sedentary lifestyle has increased the prevalence of high risk diseases like diabetes (~12.3% of adults) and obesity (~30% of adults). High NCD mortality rate of ~77% indicates increased health expenditure on treatment of related diseases. These factors, coupled with its high per capita income will stimulate demand for healthcare services.
- **Mandatory Health Insurance:** UAE is planning to make health insurance mandatory in all the Emirates and plans to link the unified health file Riayat with a federal digital platform approved by all service providers. Currently, this coverage is only mandatory in Abu Dhabi and Dubai. ~60% of UAE's citizens, 207 healthcare facilities and 26,000 clinicians had signed up to Riayat as of November 2021.
- **Medical Tourism:** Dubai and Abu Dhabi were ranked as the sixth and ninth most popular medical tourism destinations in the world during 2020-21 'Medical Tourism Index'. The DHA reported that 630,000 international health tourists visited Dubai in 2021. Cumulative medical expenses for these health tourists amounted to about AED 730 million (\$198.7 million).
- **Project Pipeline:** UAE has around 700 healthcare projects under development with a total investment of US\$ 60.9 billion, majority of which are being carried out by the private sector.

### Recent Industry Developments

- In December 2022, Amanat Holdings announced the creation of the largest pan-GCC post-acute care platform following the merger of Sukoon International Holding Co. with Cambridge Medical & Rehabilitation Center. The company plans to expand to approximately 1,000 pan-regional beds within three years.
- In October 2022, the UAE signed industrial deals worth AED 260 million (\$70.8 million) with major pharmaceutical and medical companies to manufacture medical equipment locally.
- In July 2022, the DHA signed a Memorandum of Understanding (MoU) with Visa with the aim of enhancing Dubai's competitiveness as an ideal destination for health tourism.
- In June 2022, the UAE's MoHAP and Novartis announced a special training program for Emirati graduates in the medical and pharmaceutical fields.

### Macro-economic Indicators

Indicators	2022E	2023F	2025F	2027F
GDP growth at current prices (%)	20.0	3.0	4.2	5.2
GDP per capita, at current prices (US\$)	47,792.9	48,263.0	50,606.7	54,095.9
Population (Mn)	10.5	10.8	11.1	11.4
Medical Inflation (%)	4.5	5.0	5.6	5.3

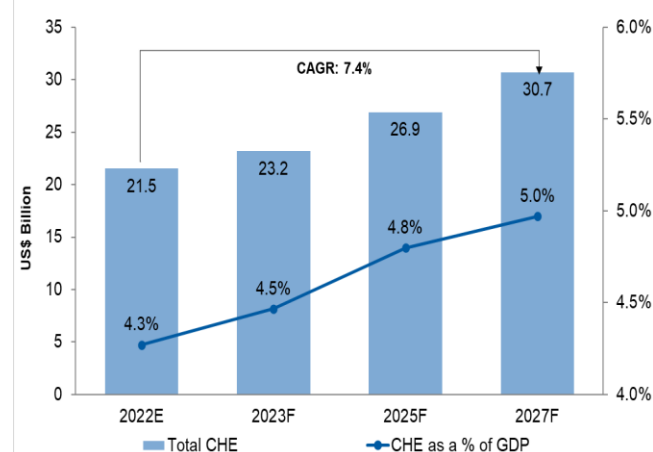
Source: IMF – October 2022, WTW

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: IMF, Alpen Capital

## Qatar

### Key Growth Drivers

- **Demography & NCDs:** The demand for healthcare services will continue to grow as Qatar's population is likely to reach 2.5 million by 2027, of which ~14.6% will be aged over 50 years. Obesity affects nearly 35.1% of the adult population, with diabetic patients accounting for 16.4% of the total.
- **Privatization:** Qatar enacted a PPP Law to bolster the market attractiveness and attract foreign investors. It intends to invest QAR 337 million (US\$ 92.5 million) in a healthcare PPP project. The government is increasing private sector participation in the design, construction, operation, and maintenance of two primary health centers in Madinat Khalifa and Umm Ghuwalina to provide enhanced primary care for the catchment population.
- **Mandatory Health Insurance:** Qatar passed the new Healthcare Services Law of 2021 mandating private health insurance for residents, expatriates, visitors and tourists. The stipulation, which came into partial effect in May 2022, will be implemented in phases. This is likely to attract foreign insurance players to establish their operations in the country, further aiding growth.

### Recent Industry Developments

- In February 2023, five Qatari hospitals including Sidra Medicine and Rumailah Hospital ranked among the world's top 250 academic medical centers, according to Brand Finance's study.
- In November 2022, Qatar's MoPH launched an e-training program for medical staff licensed by the Ministry within the Baby Friendly Hospital Initiative (BFHI).
- In November 2022, the National Mental Health Program Team of the MoPH collaborated with HMC and PHCC to launch an educational program, called 'Ma'ak', to promote mental health and wellbeing awareness in Qatar.
- In October 2022, the WHO, with support from the Qatar MoPH, launched its AI-powered Digital Health Worker, Florence v 2.0, offering an interactive platform to share several health topics in 7 languages at the World Innovation Summit for Health.
- In September 2022, the MoPH signed a three-year 'Sport for Health' partnership with the WHO in the run up to FIFA World Cup 2022. The collaboration aims at promoting health and well-being of participants in mega sporting events.

### Macro-economic Indicators

Indicators	2022E	2023F	2025F	2027F
GDP growth at current prices (%)	23.2	5.7	1.6	4.1
GDP per capita, at current prices (US\$)	82,886.8	89,416.4	92,172.2	101,906.0
Population (Mn)	2.7	2.6	2.6	2.5
Medical Inflation (%)	5.5	4.0	3.6	3.0

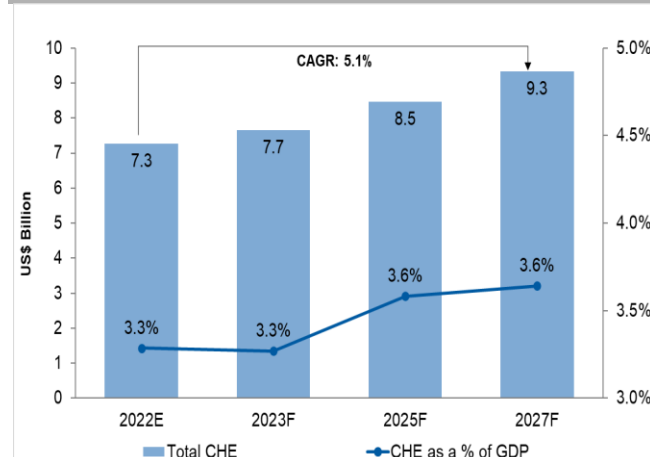
Source: IMF – October 2022, WTW

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: IMF, Alpen Capital

## Kuwait

### Key Growth Drivers

- **Demography & NCDs:** A rise in population to 5.2 million by 2027 will stimulate demand for healthcare services in the country. Obesity affects nearly 37.9% of the adult population, and adult diabetic patients account for ~25.5% in Kuwait. This, coupled with the size of ageing population (~35.0% will be over 50 years by 2027), will further augur demand for healthcare.
- **Mandatory Health Insurance:** The Health Insurance Hospitals Company (Dhaman) is the first healthcare institution in the Middle East operating through a PPP model that will be introducing compulsory health insurance for two million residents working in the private sector. Kuwait also introduced new health insurance policies to cover public sector retirees and has made it a legal requirement for all visitors to obtain a health insurance cover.
- **Projects Pipeline:** Kuwait has a robust healthcare project pipeline. Some of the major hospital projects under construction include Al Jahra Hospital (1,171 beds), expansion of the Farwaniya Hospital (955 beds), Kuwait Children's Hospital (792 beds), New Maternity Hospital (789 beds), and Sabah Al Salem University Health Sciences Center (690 beds).

### Recent Industry Developments

- In February 2023, Dhaman Hospitals Company announced the completion of the construction of Dhaman Health System at the opening of Dhaman Hospital in Jahra Governorate.
- In December 2022, Kuwait-Saudi Pharmaceutical Industries Company (KSPICO) entered into a collaboration with UK-based Rosemont Pharmaceuticals. Through this partnership, KSPICO will license and distribute a range of Rosemont products in the GCC and MENA regions.
- In September 2022, Kuwait's MoH explored collaboration with Barraquer UAE Eye Hospital. A delegation visited Dubai to lay the groundwork for ophthalmology patients from Kuwait to avail treatment at Barraquer UAE Eye Hospital.
- In August 2021, Royale Home Health, a subsidiary of the Royale Hayat Hospital in Kuwait City, enabled remote hospitality services and holistic clinical care with enterprise mobility and a home care solution.

### Macro-economic Indicators

Indicators	2022E	2023F	2025F	2027F
GDP growth at current prices (%)	35.2	-6.0	1.1	2.2
GDP per capita, at current prices (US\$)	38,123.2	35,255.1	34,350.8	34,631.2
Population (Mn)	4.8	4.9	5.1	5.2
Medical Inflation (%)	5.0	3.9	3.9	2.8

Source: IMF – October 2022, 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: IMF, Alpen Capital

## Oman

### Key Growth Drivers

- **Demography & NCDs:** Demand for better healthcare services is expected to rise in Oman as the population grows to 5.4 million by 2027, of which 12.9% will be over 50 years of age. Obesity affects nearly 27% of the adult population in Oman, and over 12.3% of the adult population suffers from diabetes.
- **Mandatory Health Insurance:** The Omani Medical Association announced Dhamani (a mandatory health insurance scheme for the private sector) which will commence in 2023. Under the Dhamani scheme, private sector employees and their dependents, as well as tourists and visitors to Oman, will be covered by mandatory health insurance. The scheme will be rolled out in phases to cover different categories of private companies operating in the Sultanate.
- **Privatization:** According to the 2023 state budget, Oman's Finance Ministry along with other government institutions, plan to increase the private sector's participation in implementation of PPP projects in the healthcare space. Some of the proposed PPP projects include a renal dialysis center and the Al Taafi Suhar center (a modern de-addiction and rehabilitation facility). 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 January 2023, Oman's MoH announced 19 investment projects, 11 investment opportunities, and 14 empowerment projects. The MoH also signed an agreement with the Trading and Investment Company and ITHCA Group.
- In August 2022, India-based Jaslok Hospital & Research Center launched the Jaslok Hospital Co-ordination Center in Oman. Through a partnership with Al Miri Co-ordination Center, Oman & Magnus Medi, Jaslok will offer end-to-end services.
- In January 2022, Oman International Hospital launched the 'Med Academy', an exclusive center for medical training, and R&D of new clinical practices and approaches.
- In May 2021, Oman's MoH announced that it had taken several initiatives to encourage investment in private healthcare space, including curbing the cost of healthcare services.

### Macro-economic Indicators

Indicators	2022E	2023F	2025F	2027F
GDP growth at current prices (%)	26.9	1.7	0.5	2.4
GDP per capita, at current prices (US\$)	23,541.5	23,193.2	21,828.1	21,342.8
Population (Mn)	4.6	4.8	5.1	5.4
Medical Inflation (%)	2.3	4.2	3.3	3.5

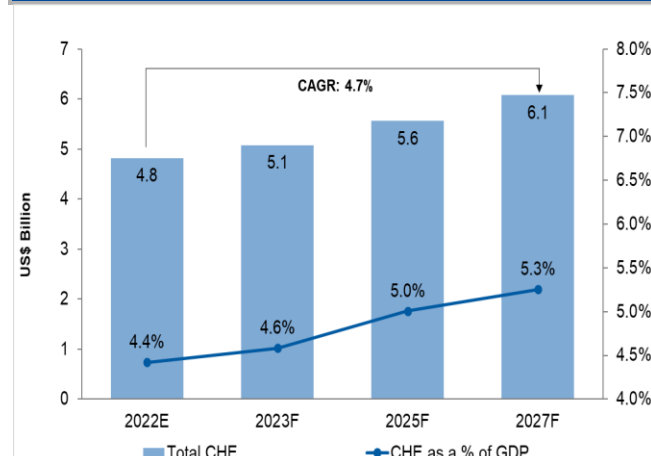
Source: IMF – October 2022, WTW

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 Center	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 Center	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: IMF, Alpen Capital

## Bahrain

### Key Growth Drivers

- **Demography & NCDs:** The population of Bahrain is expected to reach 1.7 million by 2027, of which ~20.4% will be over 50 years of age. Moreover, ~29.8% of the adult population is obese, and nearly 9.0% of the adult population suffers from diabetes. NCDs account for ~86.0% of all mortality cases in the country, the highest in the GCC. These factors will help drive demand for long-term care and other healthcare services.
- **Mandatory Health Insurance:** The MoH is planning to launch mandatory health insurance for foreigners or foreign residents. The Supreme Council of Health and Aon Bahrain signed an agreement on the implementation of a health insurance scheme for foreign residents within the framework of the National Health Insurance (NHI) program. The new health insurance project will cover 720,000 foreigners residing in Bahrain. Additionally, Bahrain's Social Health Insurance Program (SEHATI) for Bahrainis is expected to be launched in 2023. With SEHATI, locals will continue to be eligible for free services at public health facilities.

### Recent Industry Developments

- In January 2023, Sheba Medical Center signed a medical innovation agreement with Bahrain's King Hamad American Mission Hospital (AMH) to incorporate innovative technologies into the latest medical facility at Bahraini hospitals.
- In January 2023, the Supreme Council for Health (SCH) announced that Bahraini citizens would receive free and unlimited treatment at all government medical facilities under the SEHATI program.
- In December 2022, RCSI Bahrain collaborated with a group of private hospitals and the government agency Tamkeen to support the provision of Bahraini nurses' employment and training in private sector hospitals.
- In November 2022, The Royal College of Surgeons in Ireland – Medical University of Bahrain (RCSI Bahrain) announced a new global university partnership involving its School of Nursing and Midwifery. The partnership aims to prepare its graduates to become global healthcare professionals.
- In April 2022, Bahrain became the first country to authorize, receive, and administer Valneva's COVID-19 vaccine, manufactured by the European pharma company Valneva.

### Macro-economic Indicators

Indicators	2022E	2023F	2025F	2027F
GDP growth at current prices (%)	12.0	3.4	4.1	4.6
GDP per capita, at current prices (US\$)	28,691.8	29,076.3	30,177.6	31,639.0
Population (Mn)	1.5	1.5	1.6	1.7
Medical Inflation (%)	1.8	3.8	3.1	3.2

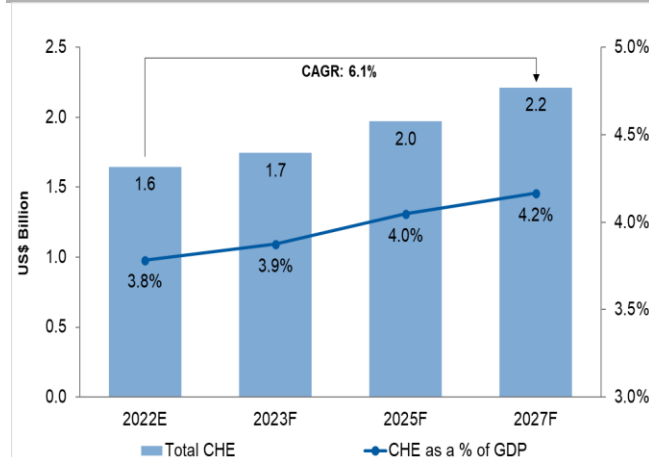
Source: IMF – October 2022, WTW

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



ALPEN  
CAPITAL

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# Company Profiles

## Abeer Medical Group (Privately Owned)

## Saudi Arabia

### Company Description

Established in 1999, Abeer Medical Group (AMG) provides comprehensive healthcare services to over 4 million people each year across the GCC countries and India through its network of over 50 healthcare facilities, which includes medical centers, hospitals, health & wellness centers, pharmacies, and optical centers among others. AMG is the healthcare division of Abeer Group, which also owns Abeer Aviation (an aviation support service company), Quartz Studio (a marketing and advertising venture), Insight Media City (a media organization), Abeer Holidays (a travel and tourism business), and Abeer Educity (a project that holds institutions in both medical and non-medical streams).

### Business Segments/Services Portfolio

- **Saudi Arabia:** AMG operates 18 medical facilities in Saudi Arabia, providing medical care in a variety of specialties such as pulmonology, gastroenterology, neurology, urology, nephrology, and others. AMG also provides ancillary services such as home healthcare, healthcare packages, lab tests, radiology units, pharmacies, and optical outlets.
- **Qatar:** AMG owns two multispecialty healthcare centers in Qatar. These medical centers provide specialized medical services, pharmacies, and diagnostic services among others. It also offers treatment in over 15 specialties including ENT, orthopedics, dermatology, dentistry, etc.
- **Oman:** AMG owns a multi-specialty hospital at Ruwi, Muscat that offers medical facilities including outpatient care, day care, emergency care, and inpatient rooms, including royal suites and deluxe rooms, among others. The hospital offers treatment in a wide range of specialties including pediatrics, neonatology, orthopedics, sports medicine, cardiology, urology, etc. It also offers several health-check packages, including healthy heart packages, diabetic checkups, delivery packages, and antenatal packages among others.
- **Kuwait:** AMG owns the Abeer Medical Center in Farwaniya, which is a multi-specialty healthcare center that offers specialized medical services, pharmacies, diagnostic services including MRI, etc. It offers therapeutic care in several specialties, including obstetrics and gynecology, orthopedics, ophthalmology, dermatology, and radiology, among others. It also provides a variety of comprehensive preventive health check packages such as an antenatal package, a gynecology ultrasound package, and a liver wellness package among others.
- **UAE:** AMG offers an integrated set of medical services through its two medical facilities in the UAE, namely the multispecialty Al Raha Hospital in Abu Dhabi and the Al Abeer Medical Center Day Surgery Unit in Abu Dhabi. The hospital provides therapeutic care in several specialties, including neurology, pediatrics, ENT, and dentistry among others.
- **India:** AMG offers comprehensive healthcare services in Kerala through its three medical facilities, including the multi-specialty Abeer Hospital, the Abeer Dialysis Center, and the Abeer Family Medical Center.

### Recent Developments/Future Plans

- In October 2021, AMG opened a new specialized dental care center in Jeddah, Saudi Arabia.
- In June 2021, AMG launched its Home Healthcare Services in Saudi Arabia.
- In April 2021, AMG launched its application on App Store and Google Play Store. The application is currently running in the Sharafiyah and Aziziyah branches in Saudi Arabia.

Source: Company Website, Media Reports

## Almana Group of Hospitals (Privately Owned)

## Saudi Arabia

### Company Description

Established in 1949, Almana Group of Hospitals (AGH) provides integrated healthcare services through its network of four tertiary care hospitals, two outpatient medical centers, five inpatient pharmacies, and six outpatient pharmacies in Saudi Arabia. AGH's medical facilities have a cumulative bed capacity of 1,100 and a workforce of over 6,600 people, 800 of whom are doctors. The Almana Group owns AGH and is involved in a variety of businesses including hospitality, real estate, machinery, construction projects, logistics, investments, and medical services.

### Business Segments/Services Portfolio

- **Hospital:** AGH operates four JCI-accredited multi-specialty hospitals in Saudi Arabia, namely AGH Khobar (454 beds), AGH Dammam (343 beds), AGH Jubail (159 beds), and AGH Hofuf (150 beds). These hospitals offer diagnostic & therapeutic care in medicine and surgery specialties & subspecialties, including neurology, urology, ENT, bariatrics, cardiology, and neurosurgery among others.
- **Medical Center:** AGH owns two medical centers, namely Almana Medical Center Jubail (38 doctors) and Almana Medical Center Rakkah (80 doctors). These centers provide outpatient services and include specialized doctors in the areas of dermatology, dentistry, orthopedics, diabetes, and endocrine diseases among others.
- **Specialized Units:** For comprehensive care, AGH provides a wide range of specialized centers including the AGH hemodialysis unit, infertility & IVF unit, nuclear medicine & oncology unit, cardiology & vascular unit, orthopedics & sport injuries unit, and dental & maxillofacial among others.
- **Support Services:** AGH offers a variety of support services including pharmacies, laboratories, radiology, physiotherapy, operating rooms, a wellness center, childbirth education classes, and a sleep laboratory among others.
- **Package Services:** AGH offers customized health package solutions that include check-ups and consultations for a range of medical needs. It provides health packages to corporate as well as individual clients. AGH also offers pregnancy packages.

### Recent Developments/Future Plans

- In November 2022, AGH announced upgrading all its branches and training centers to build a fully digitally connected hospital.
- In December 2021, AGH launched the Almana Hospitals application across multiple platforms, which allows patients to book appointments and access health-related information.
- In August 2021, AGH launched the Almana Sports Medicine Unit at Almana Medical Tower 1 in AGH Khobar (Saudi Arabia), which is the largest specialized sports medicine unit in the region. The unit contains many clinics offering orthopedic services.
- In March 2021, AGH opened the Almana Medical Tower - AGH Jubail in Saudi Arabia. The new building includes two private women and childbirth operations.
- In March 2021, AGH inaugurated the Central Laboratory Almana General Hospital in Al-Khobar, Saudi Arabia. The lab has achieved international accreditation standards such as CBAHI, SFDA, and College of American Pathologist (CAP).

## AI Salam International Hospital (Privately Owned)

Kuwait

### Company Description

Established in 1964, Al Salam International Hospital (ASIH) is a 192-bed multi-specialty hospital owned by a group of investors led by Kuwait Finance House, which owns 76.1% of the hospital. The hospital employs around 466 medical professionals who treat patients in over 27 specialties, including nephrology, neurology, and cardiology. The Al Salam Al Ahmadi Hospital, Al Salma Derma Care Center, Al-Messila, and Al-Salam Dental Center are among the specialized centers and clinics run by ASIH. In addition, the hospital provides personalized patient care services such as LAB home service, nursing, dietary services, and the Dasman Suite (luxurious suites offering specialized medical care and premium value-added services). ASIH has partnered with FysioHolland to provide rehabilitation services, adopted the Lippincott procedures, and has also received accreditation from the Kuwait Institute for Medical Specializations (KIMS) as well as American Heart Association (AHA) certification for offering life-saving courses.

### Business Segments/Services Portfolio

- **Al Messila Medical Tower:** As a division of the ASIH, the tower is home to a network of private clinics. The hospital provides medical care in a number of specialized fields, including dental, diabetes, heart and vascular surgery, dialysis, obesity, maternal-child healthcare, and dermatology among others.
- **Derma Care Center:** It is a CoE with three sections: the medical section, which offers medical laser treatments and traditional dermatology treatment for various skin ailments; the medical skin spa, which offers the latest aesthetical and beauty treatments; and the VIP section, which provides premium care.
- **Al-Salam Dental Center:** The center has 13 clinics, an X-Ray imaging room, and a dental lab. It is fully equipped with cutting-edge technology and equipment to treat patients in specialties such as pediatrics, dentistry, orthodontics, endodontics, and prosthodontics among others.
- **Other Specializations:** ASIH also provides treatment and diagnostic services in cardiology, gynecology, internal medicine, hematology, ophthalmology, urology, andrology, orthopedics, pediatrics, obstetrics, endocrinology, nephrology, gastroenterology, respiratory, neurology, and ENT.

### Recent Developments/Future Plans

- In April 2021, ASIH became the first hospital in Kuwait to implement Lippincott procedures for the evaluation, recording, and management of nursing department skills.
- In March 2021, ASIH received the American Heart Association (AHA) certification as an accredited international training center for life-saving courses.

## American Hospital Dubai (Privately Owned)

UAE

### Company Description

Established in 1996, American Hospital Dubai (AHD) is a 254-bed multispecialty hospital that offers treatment in over 40 medical and surgical specialties. It is the healthcare arm of Mohammed and Obaid Al Mulla Group, which is engaged in healthcare, hospitality, and real estate businesses. AHD operates a CAP-accredited laboratory and seven clinics in Dubai Media City, Al Barsha, Al Khawaneej, Jumeirah, Mira, Dubai Hills, and Nad Al Sheba. AHD also runs a life-support training center, which is a part of the American Heart Association, as well as a clinical education department. This JCI-accredited hospital with CoEs in cancer, heart, and orthopedics, is the inaugural member of the Mayo Care Network. 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 has a team of over 170 physicians that provide multispecialty treatment in the areas of anesthesiology, bariatric surgery, colorectal surgery, dermatology, endocrinology, kidney dialysis, neurology, nephrology, gynecology, pediatrics, cosmetic surgery, rheumatology, radiation oncology, and urology, among others. For advanced care, ADH offers state-of-the-art facilities, including surgical robotics systems and an AI-led research lab.
- **Health Packages:** The hospital provides several health packages, including cervical cancer screening, esophagogastroduodenoscopy (EGD), pediatrics, maternity, plastic surgery, weight loss, colonoscopy, and a full health check-up.
- **Mayo Care Network:** As a part of the Mayo Care Network, AHD has access to electronic tools that enable its doctors to collaborate with Mayo Clinic physicians, such as AskMayoExpert an online point-of-care tool offering disease management, treatment recommendations, care guidelines, and reference materials for diverse medical circumstances; eConsult, which connects American hospital physicians with Mayo Clinic experts if they need additional advice on a patient's care; and eTumor Boards, which provides live teleconferences for the management of complex cancer cases.
- **Life Support Training Center (LSTC):** AHD is the UAE's first private hospital to be designated as an AHA International Training Center. LSTC offers training courses in CPR, basic life support, advanced cardiovascular life support, pediatric advanced life support, neonatal resuscitation program, airway management, electrocardiogram, and pharmacology.

### Recent Developments/Future Plans

- In December 2022, AHD opened the American Children Center, a new full-fledged pediatric center that offers treatments for newborns, infants, children, and adolescents.
- In October 2022, AHD's Center of Excellence in Robotic Surgery (COERS) earned accreditation by the US-based Surgical Review Corporation and became the first private healthcare entity outside the US to gain this recognition.
- In October 2022, AHD introduced one of the most advanced physiotherapy and rehabilitation centers to the UAE and the region to provide treatments for illnesses, disabilities, and injuries that impair movement and deliver pre and post-operative care to enhance patient wellbeing.
- In January 2022, AHD launched the American Hospital Academic Institute (AHAI) to promote medical skills in the UAE and region, and provide training for over 400 professionals to work in the healthcare sector within two years of its incorporation.
- In December 2021, AHD became the first private hospital in the UAE to establish the first and only autologous stem cell transplant department in Dubai that offers in-house stem cell transplant of patients' stem cells without the requirement for a donor.

## Aster DM Healthcare Ltd. (Publicly Listed)

UAE

### Company Description

Established in 1987, Aster DM Healthcare (ADMH) provides primary, secondary, tertiary and quaternary healthcare services through its 30 hospitals, 121 clinics, 459 pharmacies, 19 labs and 140 patient experience centers across the GCC (excl. Kuwait), Jordan and India. These facilities are operated under the brands Aster, Access, Medcare, MIMS and Medcity. It has a workforce of ~28,400 medical staff.

### Business Segments/Services Portfolio

- **GCC:** ADMH runs hospitals, clinics, and pharmacies in the UAE, Oman, Qatar, Bahrain, Jordan, and Saudi Arabia. It operates 15 hospitals (nine in the UAE, four in Oman, and one each in Saudi Arabia and Qatar) with a total bed capacity of 1,441. It also runs 110 clinics (96 in the UAE, six each in Oman and Qatar, and two in Bahrain) and 245 pharmacies, mostly in the UAE. Overall, the GCC operations reported 76.7% of ADMH's total revenue during FY 2021-22.
- **India:** ADMH runs 15 multi-specialty hospitals in India with a total capacity of 4,080 beds. It also runs 11 clinics, 214 pharmacies, 159 labs, and patient experience centers, mostly in South India, and the DM WIMS College in Kerala. Overall, the India operations reported 23.3% of ADMH's total revenue during FY 2021-22.

### Recent Developments/Future Plans

- In December 2022, ADMH signed an agreement with Faruk Medical City to collaborate on capability building for healthcare professionals in Iraq.
- In October 2022, ADMH launched a 100-bed multi-specialty hospital in Sharjah with core specialties in neurology, cardiology and pediatrics.
- In November 2021, ADMH acquired 49% stake in Sanghamitra Hospitals Pvt. Ltd. (SHPL) in India for INR 59.4 crore (US\$ 7.3 million).

### Financial Performance

US\$ Million	2020 YE Mar	2021 YE Mar	2022 YE Mar	Change y-o-y (%)
Revenue	1,184.8	1,168.9	1,391.0	19.0
EBITDA	169.8	143.5	200.2	39.5
Operating Income	155.7	165.3	183.2	10.8
Operating Margin (%)	13.1	14.1	13.2	
Net Profit / (Loss)	42.5	24.0	81.1	238.0
Net Income Margin (%)	3.6	2.1	5.8	
ROAE (%)	8.5	4.7	14.5	
ROAA (%)	2.9	1.5	5.0	

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US\$) 2.9

Price as on March 10, 2023

### Stock Details

Thomson Reuters ticker	ATRD.NS
52 week high/low	2.0/3.3
Market Cap (US\$ mn)	1,466.6
Enterprise value (US\$ mn)	2,106.7
Shares outstanding (mn)	497.3

Source: Thomson Reuters

### Average Daily Turnover ('000)

	AED	US\$
3M	2,324.0	632.8
6M	4,954.3	1,348.9

Source: Thomson Reuters

### Share Price Chart



Source: Thomson Reuters

### Valuation Multiples

	2022	LTM
P/E (x)	23.9	24.0
P/B (x)	2.6	2.6
EV/Sales	1.5	1.4
Dividend Yield (%)	NA	NA

Source: Thomson Reuters

### Shareholding Structure

Union Investments Pvt. Ltd	37.41%
Others	62.59%
<b>Total</b>	<b>100.00%</b>

Source: Thomson Reuters



## Badr Al Samaa Group of Hospitals (Privately Owned)

Oman

### Company Description

Established in 2002, Badr Al Samaa Group of Hospitals (BASG) operates over 20 multispecialty healthcare centers providing comprehensive medical care across the GCC countries. The group owns 12 Badr Al Samaa hospitals and medical centers in Oman, five Al Hilal hospitals and medical centers in Bahrain, and one medical center each in the UAE, Kuwait, and Qatar. With a combined team of over 400 doctors and over 2,000 medical staff, BASG delivers diagnostic, curative, and preventive healthcare services and serves patients across major specialties. Badr Al Samaa Hospital at Ruwi and Al Khoud in Oman are JCI accredited units of BASG.

### Business Segments/Services Portfolios

- **Specialties:** BASG healthcare centers provide comprehensive treatment in specialties such as endocrinology, neonatology, neurology, nephrology, pulmonology, diabetology, general surgery, pediatrics, dermatology, pathology, dietetics, physiotherapy, internal medicine, psychiatry and trauma, ophthalmology, and orthodontics. It also offers treatments in cardiology, orthopedics, obstetrics & gynecology, urology & andrology, gastroenterology, radiology, ENT, and dentistry.
- **Facilities:** BASG offers comprehensive wellness packages to ensure patients' well-being under general health checks, heart health checks, mother-and-child checks, and disease-specific checks, as well as provides essential services including emergency services, clinical and diagnostic facilities, ICU, NICU, trauma care, visa medical, pharmacy, radiology, and ambulance. The group also collaborates with all the major insurance companies in the region for cashless arrangements for payment of medical expenses.

### Recent Developments/Future Plans

- In February 2022, Badr Al Samaa Hospital, Barka, Sohar, Salalah, and Nizwa received the 'The Australian Council on Healthcare Standards' (ACHS) accreditation for efficiency, effectiveness and quality standards of healthcare centers.
- In November 2021, BASG launched an advanced MRI facility (GE Signa Voyager 1.5T) in Oman which is first of its kind, having best features resulting in precise diagnosis and utmost patient comfort.
- In June 2021, BASG launched its 13<sup>th</sup> state-of-the-art Badr Al Samaa Medical Center in Mabella, Muscat (Oman) equipped with advanced machines for radiology and pathology diagnostics.
- In October 2020, BASG launched the largest healthcare facility in the private sector at Sohar (Oman) that offers more than 100 beds, critical care, advanced diagnostic and therapeutic modalities.

## Bait Al-Batterjee Medical Co. Ltd. (Privately Owned)

Saudi Arabia

### Company Description

Established in 1988, Bait Al-Batterjee Medical Co. Ltd. (BAB) is a healthcare and medical education provider. It has 16 hospitals in six countries with a total capacity of over 6,000 beds and 15,000 employees who have served more than 30,000,000 patients. BAB operates over 30 companies that focus on healthcare, higher education, real estate investments, commercial development, construction, fitness, IT, real estate and facility management, as well as pharmaceuticals, among others. While the group's main market is primarily the Arab world, it continues to expand its operations throughout the Middle East, cosmopolitan Africa and India.

### Business Segments/Services Portfolio

- **Medical Facilities:** BAB provides comprehensive healthcare services through its wide range of medical facilities including:
  - **Batterjee Medical City (BMC):** BAB owns six medical cities in Saudi Arabia, namely BMC Mecca, BMC Ajman, BMC Jeddah, BMC Dammam, BMC Dubai, and BMC Alexandria.
  - **Saudi German Hospital Group (SGH):** Established in 1988, SGH owns 11 hospitals and has 9000 medical staff who offer treatment in over 44 medical specialties and subspecialties, and caters to over 2.5 million patients each year.
  - **Beverly Clinics:** Started in 2018, it is a Jeddah-based specialized clinic that includes 21 outpatient clinics that provide diagnosis and healthcare services. In addition, it carries out research and scientific and laboratory projects with an aim to improve practical management and clinic personnel's competence.
  - **BAB Pharmaceutical Industries:** Founded in 2008, it caters to pharmaceutical needs and intends to expand across the Middle East and Africa by offering innovative continuous supply chain solutions.
  - **Other related companies:** BAB Fitness and Wellness, SarahCare (an adult day care center), Advanced Pharmaceutical Industries, IHCC (International Hospitals Construction Company), Topmed (a healthcare and medical advisory firm), Humania (a healthcare-focused investment platform), AlAlamia (a medical staff recruitment company), AJ Sons Distribution (a medical equipment distributor), and Syanah.
- **Academics Facilities:** BAB also provides medical education through its network of academic institutes, including Batterjee Medical College (BMC), Batterjee Education and Training Academy, The Global Business School, and the International Skill Development Company.
- **Other BAB subsidiaries:** Other companies in BAB's portfolio include Amala, 3C Architecture & Engineering Consultants, Lifestyle Developers, The New City Company, IACC, The Track, and Megamind IT Solutions.

### Recent Developments/Future Plans

- In September 2022, SGH opened a new 300-bed hospital in Makkah, Saudi Arabia that has 100 outpatient clinics.
- In July 2022, SGH opened a new clinic in Abha, Saudi Arabia.
- In May 2022, SGH earned the American Nurses Credentialing Center (ANCC) accreditation for providing high-quality Nursing Continuing Professional Development (NCPD).

## Dallah Healthcare Holding Co. (Publicly Listed)

Saudi Arabia

### Company Description

Established in 1995, Dallah Healthcare Holding Company's (DHC) operations include ownership of the 901-bed Dallah Hospital in Saudi Arabia, operation and management of third-party hospitals, and production & distribution of medical supplies and cosmetic products. 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:** DHC's wholly owned subsidiary Dallah Pharma Co. is a distributor of pharma, dietary supplements, and cosmetics with exclusive rights to distribute 45 drugs, 12 dietary supplements, and 8 cosmetic products in Saudi Arabia.
- **Operation and Management:** DHC manages and operates Saudi Arabia's Al-Khafji Hospital (owned by Aramco) and Muhayl National Hospital.
- **Support Services:** DHC supports and complements hospitals with their medical services through the Afyaa Al Nakheel Support Services Co.
- **Investments:** DHC has investments in Aseer Co., Makkah Medical Center, Al-Ahsa Medical Services Co., and Jordanian Pharmaceutical Manufacturing Co.

### Recent Developments/Future Plans

- In January 2022, DHC agreed to purchase an additional 18.98% stake in International Medical Center, bringing its total ownership to 27.18%.
- In April 2021, DHC invested SAR 70 million (US\$ 18.7 million) to improve the patient experience at Dallah Al Nakheel Hospital.
- In March 2021, DHC signed a contract with Hashim Contracting Co. to develop its main building at Dallah Hospital-Alnakheel.

### Financial Performance

US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	333.9	351.6	561.5	59.7
COGS	214.5	231.6	358.7	54.8
Operating Income	41.2	52.0	97.3	87.0
Operating Margin (%)	12.3	14.8	17.3	
Net Profit / (Loss)	39.2	36.0	73.3	103.7
Net Income Margin (%)	11.7	10.2	13.1	
ROAE (%)	9.4	7.6	13.4	
ROAA (%)	5.2	3.8	6.3	

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US\$) 38.3

Price as on March 10, 2023

### Stock Details

Thomson Reuters ticker	4004.SE
52 week high/low	24.8/46.8
Market Cap (US\$ mn)	3,446.8
Enterprise value (US\$ mn)	3,000.0
Shares outstanding (mn)	90.0

Source: Thomson Reuters

### Average Daily Turnover ('000)

	SAR	US\$
3M	22,653.2	6,028.2
6M	29,408.5	7,825.8

Source: Thomson Reuters

### Share Price Chart



Source: Thomson Reuters

### Valuation Multiples

	2022	LTM
P/E (x)	43.8	42.4
P/B (x)	6.7	6.5
EV/Sales	4.9	4.7
Dividend Yield (%)	1.4	1.4

Source: Thomson Reuters

### Shareholding Structure

Dallah Albaraka Group	48.63%
Kun Investment Holding	7.86%
Kingdom Inv. and Dev. Co	4.98%
Mohammed Al Faqih	4.83%
Others	33.70%
<b>Total</b>	<b>100.00%</b>

Source: Thomson Reuters

## Dar Al Shifa Hospital (Privately Owned)

Kuwait

### Company Description

Established in 1963, Dar Al Shifa Hospital (DASH) was the first privately owned hospital in Kuwait. It began as a private maternity care hospital before becoming a full-service general hospital in 1992. DASH is a multi-specialty hospital with 130 beds and all ancillary healthcare facilities including neonatal units, intensive care units, operating rooms, emergency rooms, cardiac catheterization laboratories, pharmacies, and outpatient clinics. The hospital offers both premium and standard inpatient rooms, such as the Al Dana Suite, classic imperial suites, royal suites, and junior rooms depending on the needs of the patient. DASH holds certifications from Accreditation Canada International (ACI), Healthcare Information and Management Systems Society 7 (HIMSS7), American College of Radiology (ACR), and ISO 22000:2005 Bureau Veritas.

### Business Segments/Services Portfolio

- **Departments & Services:** DASH offers treatment in several specialties including neurosurgery, orthopedic surgery, anesthesia, cardiology, dermatology, ENT, nephrology, gastroenterology, internal medicine, interventional radiology, IVF & Reproductive Medicine, neonatology, neurology, pediatrics, plastic surgery, pulmonology & sleep medicine, and urology among others.
- **Dar Al Shifa Clinics:** The medical center offers a variety of medical and dental specialties, such as ophthalmology, pediatrics, dermatology, orthopedics, obstetrics and gynecology, radiology, endocrinology, and pharmacy among others.
- **Dar Al Shifa Dental Center:** It is an integrated, specialized dental center that offers a wide range of dental services, including implantology, endodontics, periodontics, cosmetic dentistry, prosthodontics, and oral and maxillofacial surgery among others.
- **Dar Al Shifa Home Care:** It offers healthcare services through a team of doctors, nurses, and physiotherapists at patients' homes, depending on their medical needs. Services include IV initiation and management, oxygen therapy and nebulizers, physical therapy, laboratory services, etc.
- **Dar Al Shifa Training Center:** DASH has a life support training center affiliated with the American Heart Association (AHA). The center provides courses in Advanced Cardiovascular Life Support (ACLS), Basic Life Support (BLS), Pediatric Advanced Life Support (PALS), Electrocardiogram and Pharmacology, Family and Friends Cardiopulmonary Resuscitation (CPR), and Heartsaver First Aid CPR.
- **Shifa Lite:** It offers customized nutrient-rich meals as well as several nutritional programs based on the subscriber's health condition. These programs are supervised by dieticians.
- **Academics Division:** DASH, through its Professional Development Unit (PDU), offers education and training opportunities to enhance the skills, knowledge, and abilities of DASH personnel. PDU provides internship and research programs, in-house training programs, scientific conferences, etc. for comprehensive development of candidates.

### Recent Developments/Future Plans

- In December 2022, DASH became the first hospital in Kuwait to achieve Stage 7 validations on the HIMSS Electronic Medical Record Adoption Model (EMRAM) and Outpatient-EMRAM. EMRAM Stage 7 demonstrates that the organization has completely embraced technology to support optimized patient care.

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

Saudi Arabia

### Company Description

Established in 1995, Dr. Sulaiman Al-Habib Medical Group (HMG) is a diversified healthcare provider in the Middle East. HMG operates over 22 medical facilities, including nine hospitals in Saudi Arabia and one in the UAE, with a combined capacity of over 1,900 beds, along with a medical facility in Bahrain. HMG also runs over 1,370 clinics, 50 digital hospitals, 17 pharmacies, and CoEs across the region.

### Business Segments/Product Portfolio

- **Healthcare Facilities:** HMG operates 10 hospitals, namely Olaya Medical Complex, Dubai Hospital, Qassim Hospital, Rayan Hospital, Takhassusi Hospital, Suwaidi Hospital, Maternity Hospital, Orthopedic and Spinal Surgeries Hospital, Dr. Sulaiman Al Habib Hospital in Jeddah and Khobar Hospital, which is HMG's first fully integrated digital healthcare facility. Additionally, HMG offers operating and management services to the University Medical Center affiliated with King Abdullah Medical City in Bahrain.
- **Pharmacy:** HMG offers e-pharmacy services which are delivered via HMG's mobile app. Furthermore, HMG operates pharmacies in Saudi Arabia through Asharq Al Awsat Pharmacies and Al Afia Pharmacies, and in Dubai through Pharma Choice.
- **Solutions:** HMG offers home healthcare, tele-medicine services, VIDA cloud solutions, and MD LAB for advanced lab services.
- **Center of Excellence:** HMG runs various CoEs such as dermatology, plastic surgery, ophthalmology, obesity treatment and maternity.

### Recent Developments/Future Plans

- In November 2021, HMG signed a US\$ 8 million land deal in Al-Madinah, Saudi Arabia to build a new hospital.

Financial Performance				
US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	1,337.8	1,563.3	1,933.7	23.7
COGS	931.5	1,066.1	1,312.2	23.1
Operating Income	231.4	297.3	391.0	31.5
Operating Margin (%)	17.3	19.0	20.2	
Net Profit / (Loss)	223.4	276.0	370.0	34.0
Net Income Margin (%)	16.7	17.7	19.1	
ROAE (%)	18.3	21.4	26.1	
ROAA (%)	10.5	11.5	13.7	

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US\$) 66.5

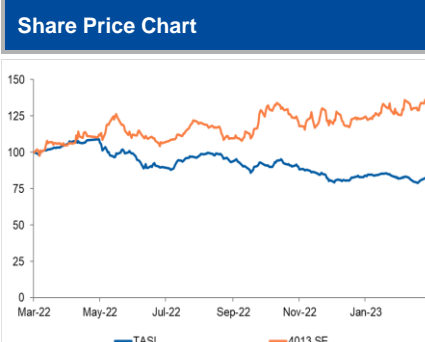
Price as on March 10, 2023

Stock Details	
Thomson Reuters ticker	4013.SE
52 week high/low	47.7/67.9
Market Cap (US\$ mn)	23,261.6
Enterprise value (US\$ mn)	24,196.6
Shares outstanding (mn)	350.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	SAR	US\$
3M	33,052.6	8,795.5
6M	38,800.9	10,325.2

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2022	LTM
P/E (x)	46.7	52.9
P/B (x)	11.1	12.6
EV/Sales	12.5	10.9
Dividend Yield (%)	1.4	1.4

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%
<b>Total</b>	<b>100.00%</b>

Source: Thomson Reuters

## Fakeeh Care Group (Privately Owned)

Saudi Arabia

### Company Description

Established in 1978, Fakeeh Care Group is an integrated healthcare service provider with operations spanning across Saudi Arabia and the UAE healthcare and medical education markets. The group offers a range of services covering the continuum of care, especially secondary and tertiary healthcare to the community. The services provided include a wide spectrum of specialties ranging from critical care, individual well-being to chronic illness management, fighting contagious diseases, and prevention through education and training provided by medical staff. The group has a combined capacity of more than 1,400 beds across its hospitals and medical centers. It employs over 1,000 doctors, 2,000 nurses, and educates more than 2,500 medical students.

### Business Segments/Services Portfolio

- **Hospitals and Clinics:** The group offers a range of healthcare services, including home care, in four different locations:
  - **Jeddah:** The group owns and operates Dr. Soliman Fakeeh Hospital in Jeddah as well as five healthcare clinics namely Dr. Soliman Fakeeh Medical Center, Fakeeh Medical Home, Fakeeh Executive Clinic, and Kaust Health. The hospital has 120 outpatient clinics, 15 operating rooms, and 400 inpatient beds.
  - **Riyadh:** Dr. Soliman Fakeeh Hospital in Riyadh has a capacity of 200 beds, with services including emergency rooms, intensive care units, neonatal care, a laboratory, and obstetrics and gynecology clinic.
  - **Medina:** Dr. Soliman Fakeeh Hospital in Medina provides services spanning multiple medical specialties, including outpatient clinics, advanced diagnostics, and clinical care.
  - **Dubai:** Fakeeh University Hospital in Dubai is one of the group's largest healthcare facilities outside of Saudi Arabia. Equipped to offer secondary and tertiary medical services supported by diagnostic centers, the hospital primarily focuses on family and patient-centered services, working at a capacity of 700,000 patients per year.
- **Education:** The group owns two educational institutions, namely Fakeeh College for Medical Sciences and Khadijia Attar. The Khadija Attar Center provides healthcare, educational, rehabilitation and play therapy services for children with disabilities.
- **Retail:** The group owns Fakeeh Complementary (a distributor of medical supplies and pharmaceuticals) and Fakeeh Vision (an eyewear wholesaler and retailer) under this segment. Both of these brands offer products that complement healthcare services.
- **Others:** Other companies included in the group's portfolio include Fakkeh Tech (provider of integrated IT solutions to the healthcare industry), Fakeeh International (provides medical tourism, medical evacuation, and medical projects among others), MedE (provider of ambulance services), Advanced Horizons Contracting Company (AHC), and Alfarabi Logistics.

### Recent Developments/Future Plans

- In June 2022, Fakeeh Care Group signed a strategic partnership agreement with Um Al-Qura Development and Construction Company to establish a 200-bed hospital at Masar Destination in Makkah (Saudi Arabia).
- In May 2022, Dr. Soliman Fakeeh Hospital in Jeddah (Saudi Arabia) was named the best private hospital in Saudi Arabia in the annual list issued by the American magazine (Newsweek Magazine).
- In December 2021, Dr. Soliman Fakeeh Hospital in Jeddah (Saudi Arabia) achieved Stage 7 on the Electronic Medical Record Adoption Model (EMRAM). EMRAM Stage 7 demonstrates that the organization has completely embraced technology to support optimized patient care.
- In April 2021, Fakeeh Care Group opened the 350-bed Fakeeh University Hospital, a smart medical university and hospital in Dubai Silicon Oasis (UAE).

Source: Company Website, Media Reports



## Gulf Medical Projects Co. (Publicly Listed)

UAE

### Company Description

Established in 1979, Gulf Medical Projects Co. (GMPC) provides a comprehensive set of healthcare services and is engaged in activities including building and managing its own hospitals, equipping and servicing government and private hospitals with dental equipment, hospital and laboratory equipment, disposable medical equipment, pharmaceuticals, cosmetics, and chemicals. All the commercial operations are managed by Gulf Medical Commercial Agencies, the trading arm of GMPC. It also owns a hospital and a medical center in Dubai under the brand Al-Zahra, which provides healthcare services across medical specializations.

### Business Segments/Services Portfolio

- **Al Zahra (Pvt.) Hospital Dubai LLC (AZHD):** Established in 2005, this JCI and CAP accredited hospital, with a capacity of 187 beds, offers a medical team of over 250 doctors that has specialties in the areas of neurology, dermatology, ENT, oncology, gynecology, hematology, nephrology, urology, and plastic surgery. Additionally, it offers a variety of healthcare packages, including maternity, wellness, dialysis, cardiology, and bariatric plans. GMPC holds a 68.4% stake in the hospital.
- **Al Zahra Private Medical Center:** Established in 1993, this medical facility in Dubai provides diagnosis and treatment services for outpatients in major medical and surgical disciplines and dentistry, as well as auxiliary services like physiotherapy, radiology, and laboratory.

### Recent Developments/Future Plans

- N/A

Financial Performance				
US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	145.5	132.7	132.6	-0.1
COGS	108.7	98.1	97.8	-0.3
Operating Income	8.1	8.2	7.3	-11.1
Operating Margin (%)	5.6	6.2	5.5	
Net Profit / (Loss)	19.0	11.3	12.0	6.4
Net Income Margin (%)	13.1	8.5	9.0	
ROAE (%)	6.1	3.7	3.9	
ROAA (%)	4.9	3.1	3.4	

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US\$) 0.5

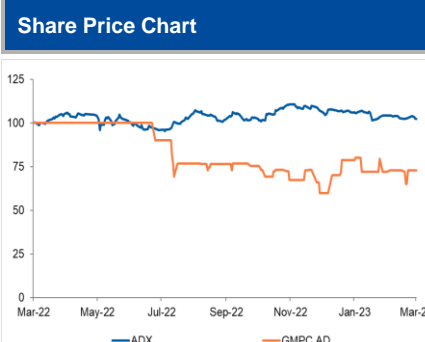
Price as on March 10, 2023

Stock Details	
Thomson Reuters ticker	GMPC.AD
52 week high/low	0.5/0.7
Market Cap (US\$ mn)	380.6
Enterprise value (US\$ mn)	352.8
Shares outstanding (mn)	698.9

Source: Thomson Reuters

Average Daily Turnover ('000)		
	AED	US\$
3M	43.5	11.8
6M	34.4	9.4

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2022	LTM
P/E (x)	41.5	38.2
P/B (x)	1.4	1.3
EV/Sales	2.7	2.6
Dividend Yield (%)	5.6	5.6

Source: Thomson Reuters

Shareholding Structure	
Salem Al Hosani	24.98%
Muhra Majed Saqr Al Qasimi	11.91%
Majid Al Qassimi	10.87%
Al Salem Co	10.56%
Others	41.68%
<b>Total</b>	<b>100.00%</b>

Source: Thomson Reuters

## Company Description

Established in 2002, KIMS Healthcare Group (KHG) provides primary to quaternary care through a network of 23 hospitals and medical centers in the Middle East and India. With a team of over 900 doctors and over 2,000 nurses, it offers treatment in a wide range of specialties, including cardiology, oncology, ENT, and neurology among others. For comprehensive care, KHG also offers telehealth consultations, home care services, robotic surgery units, modern operation theaters, ICUs of international standards, and a transplant program for the pancreas, heart, kidneys, liver, and lungs. KHG has received eight accreditations, including ACHSI, NABH, NABL, and NABH - Nursing, Medical Imaging Services, Blood Bank, Emergency Department, and National Neonatal Forum Level-III B for Neonatology.

## Business Segments/Services Portfolio

- **Healthcare Division:** KHG offers 23 medical facilities that have a combined capacity of over 2,000 beds in six countries (Bahrain, Oman, Saudi Arabia, Qatar, the UAE, and India).
  - **India:** KHG owns several medical facilities in four locations in Kerala, namely Trivandrum, Kollam, Kottayam, and Perinthalmanna. In Trivandrum, it operates one quaternary-care KIMSHEALTH hospital; one KIMSHEALTH cancer center at Anayara, and four primary-care KIMSHEALTH medical centers at Pothencode, Attingal, Manacaud, and Kuravankonam. It owns the 200-bed KIMSHEALTH Hospital in Kollam, 105-bed KIMSHEALTH Hospital in Kottayam, and the super specialty KIMSHEALTH Hospital in Perinthalmanna.
  - **Bahrain:** KHG runs two multi-specialty hospitals, including KIMSHEALTH Hospital in Umm Al Hassam and Royal Bahrain Hospital in Salmaniya, as well as four medical centers in Muharraq, ASKAR, Umm Al Hassam, and Janabiyah. These hospitals offer care in several specialties, including obstetrics & gynecology, pediatrics, orthopedics, ENT, ophthalmology, urology, etc. Also, these medical centers have specialties including orthopedics, internal medicine, general surgery, etc.
  - **UAE:** KHG owns two medical centers in the UAE, namely the Deira Clinic and the Bur Dubai Clinic. These clinics offer treatment in several specialties, including ENT, orthopedics, orthodontics, pediatrics, dermatology, cosmetology, etc.
  - **Oman:** KHG runs the 65-bed KIMSHEALTH Hospital in Darsait, which provides inpatient and outpatient services, maternity care, radiology, operating rooms, pharmacy, laboratory, and emergency services. It also operates two KIMSHEALTH medical centers in Al Khuwair and Duqm.
  - **Saudi Arabia:** KHG owns two multispecialty clinics in Saudi Arabia, namely Danat Al Sahraa in Jubail and Jarir Medical Center in Riyadh, which provide treatment in several specialties, including dentistry, dermatology, nephrology, cosmetology, ENT, obstetrics, gynecology, ophthalmology, and orthopedics, among others.
  - **Qatar:** KHG runs two medical centers in Wakra and Barwa that offer therapeutic care in specialties including gynecology, ophthalmology, orthodontics, pediatrics, and radiology among others.
- **Academics division:** KHG also offers several doctoral courses, paramedical courses, the KIMSHEALTH Institute of Skill Acquisition (KISA) program, an internal medicine training (IMT) program, Excel Paces (a preparatory training program for PACES (Practical Assessment of Clinical Examination)), and American Heart Association BLS/ACLS/PALS courses among others.

## Recent Developments/Future Plans

- In May 2022, KIMSHEALTH Bahrain medical facilities received the Australian Council for Health Standard International (ACHSI) accreditation.
- In September 2021, KIMSHEALTH Medical Centers in Muharraq and Umm Al-Hassam received Diamond Level Accreditation by the National Health Regulatory Authority.

Source: Company Website, Media Reports

### Company Description

Established in 2014, King's College Hospital London (KCHL) provides comprehensive healthcare services including consultations, diagnostic tests, treatments, and recovery support, in the UAE through its medical centers such as Dubai Hills Hospital, Dubai Marina Clinic, and Dubai Jumeirah Clinic. KCHL offers treatment in several specialties, including cardiology, neurology, and spine surgery among others. It also has CoEs in multi-disciplinary fields and is affiliated with King's College Hospital UK, which was established in 1840. As a result of this collaboration, King's College Hospital UK created all clinical policies, procedures, and practices in the UAE facilities. Additionally, majority of KCHL's medical professionals hold UK, US, or European Board Certifications.

### Business Segments/Services Portfolio

- **Dubai Hills Hospital:** Dubai Hills Hospital is a 100-bed multi-specialty hospital that provides tertiary care in the UAE. It offers treatment in a wide range of specialties, including plastic surgery, rheumatology, neurology, cardiology, orthopedics, physiotherapy, radiology, spine surgery, thoracic surgery, urology, neurosurgery, dermatology, dietetics, ENT, and others.
- **Medical Centers:** KCHL owns two multi-specialty medical centers, including Dubai Marina Clinic and Dubai Jumeirah Clinic, as well as one medical and surgical center in Abu Dhabi. These medical facilities provide therapeutic care in several specialties, including orthopedics, rheumatology, gastroenterology, colorectal surgery, dentistry, dermatology, ENT, gynecology, pediatrics, pulmonology, and urology among others.
- **Health Checkup:** KCHL provides a wide range of age-based health screening packages for patients. These packages include the Executive Health Check for Men and Women, the Executive Premium Health Check for Men and Women, the Comprehensive Health Check for Men and Women, the Vital Health Check for Men and Women, and the King's Signature Health Package Collection among others.
- **Packages:** KCHL offers a variety of essential packages including flu vaccination, weight loss programs, vitamin D and B12 testing, and a post-COVID screening package among others. It also offers comprehensive cardiac packages, screening for healthy hearts, antenatal packages, pre-diabetes and diabetes screening packages, as well as liver and pancreas cancer check-up packages.

### Recent Developments/Future Plans

- In January 2022, KCHL, in partnership with Ashmore Group and Saudi Bugshan Group, announced the start of construction of the new 150-bed King's College Hospital Jeddah (Saudi Arabia).

## Magrabi Hospitals & Centers (Privately Owned)

## Saudi Arabia

### Company Description

Established in 1955, Magrabi Hospitals & Centers (Magrabi) offers healthcare services in the areas of ophthalmology, ENT and dentistry in nine countries across the Middle East and Africa region. Moreover, almost all of its surgical facilities are accredited by the JCI. The company runs 33 hospitals/centers, of which 22 are in Saudi Arabia, six in Egypt, three in the UAE and one each in Qatar and Yemen. The facilities are equipped with 40 operating theaters and 25 Excimer laser machines. It serves over 1 million patients for eye care and performs more than 100,000 vision-preserving surgeries each year, through a team of 365 doctors.

### Business Segments/Services Portfolio

- **Eye:** The company's ophthalmology team consists of over 300 physicians, 600 nurses, and 40 optometrists. Magrabi hospitals have specialized eye care units, such as cornea and refractive units for normal vision, vision errors, and vision correction options; vitreoretinal units; oculoplasty units; a pediatric ophthalmology unit; and cataract and glaucoma units.
- **ENT:** Magrabi hospitals offer specialized units for rhinology, otology, laryngology, and phoniatrics. These units diagnose and treat a variety of conditions and diseases, including sinusitis, tinnitus, tonsils, adenoids, hearing loss in infants and newborns, sensitivity and allergy tests, cholesteatoma, and cochlear implants among others.
- **Dental:** Dental care services include pedodontics (treatment of children's dental issues), orthodontics (treatment of teeth misalignment), orthodontics (correction of dental deformities and anomalies) prosthodontics (treat lost or deficient teeth), oral surgery (treatment of diseases, defects and injuries of the oral cavity), endodontics (diagnosis and treatment of dental pulp diseases), and periodontics (diagnosis, management and treatment of gum diseases and conditions).

### Recent Developments/Future Plans

- In July 2022, Magrabi signed an agreement with STS Ltd., one of the major construction and building services company, for the construction of the new surgical tower on Al Madinah Road, Saudi Arabia.
- In June 2022, Magrabi signed a construction agreement with SAK, one of the largest architectural, engineering, and planning consulting firms, for its new branch in Jeddah, Saudi Arabia.
- In March 2022, Magrabi established a new Magrabi Eye Center in Dammam, Saudi Arabia.
- In January 2022, Magrabi Hospital and Center Riyadh (Saudi Arabia) received an exceptional percentage in the International Commission on Hospital Accreditation's evaluation (JCI).
- In June 2021, Magrabi opened the new Magrabi Eye Center in Al-Morgan District, Saudi Arabia.

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

**Qatar**

### Company Description

Established in 1996, Medicare Group Q.S.C. is involved in the establishment of multi-specialty hospitals, clinics, and a nutrition-specialized company that provides healthcare services. The group owns the ACHS-accredited Al-Ahli Hospital, which features inpatient and outpatient departments with a total capacity of 250 beds. Other healthcare projects of the group include Hemya (healthy nutrition-based diet center that is supervised by the Al-Ahli Hospital team), Re'aya (home nursing services), Enaya (physical therapy services), and the Al-Ahli Hospital clinic.

### Business Segments/Product Portfolio

- **Al-Ahli Hospital:** The 250-bed hospital provides integrated healthcare through
  - **Medical Departments:** The hospital provides treatment in over 28 specialties, including neurosurgery, dermatology, neurology, pediatrics, endocrinology, rheumatology, and ENT surgery, among others. It also provides the facilities of CT scanning, MRI, dentistry, ophthalmology, etc.
  - **Ancillary Services & Units:** The hospital offers other essential services such as pathology and laboratory medicine, dietary, pharmacy, speech and language therapy, ICU & NICU, coronary care unit, and radiology.
  - **Education Services:** The hospital is collaborating with Weill Cornell College, Qatar University, Hammad International Training Center, North Atlantic College and Calgary University to provide nursing education and training.
- **Hemya:** Hemya, certified by HACCP, offers calorie-controlled diet foods and diet assistance programs with dietary consultation services.

### Recent Developments/Future Plans

- N/A

Financial Performance				
US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	134.8	131.0	132.3	1.0
COGS	82.6	79.6	81.9	2.8
Operating Income	25.3	26.8	25.9	-3.5
Operating Margin (%)	18.8	20.5	19.6	
Net Profit / (Loss)	21.5	23.5	21.7	-7.5
Net Income Margin (%)	15.9	17.9	16.4	
ROAE (%)	7.7	8.3	7.7	
ROAA (%)	6.3	6.5	6.0	

Source: Company Website, Company Filings, Thomson Reuters

**Current Price (US\$)** 1.7

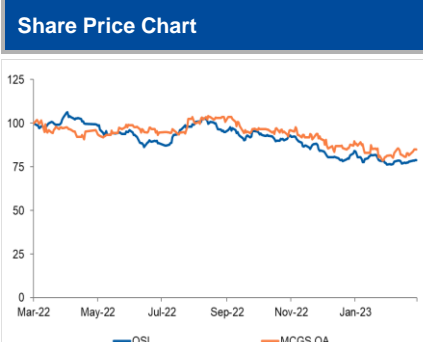
Price as on March 10, 2023

Stock Details	
Thomson Reuters ticker	MCGS.QA
52 week high/low	1.5/2.1
Market Cap (US\$ mn)	475.2
Enterprise value (US\$ mn)	496.9
Shares outstanding (mn)	281.4

Source: Thomson Reuters

Average Daily Turnover ('000)		
	QAR	US\$
3M	1,350.5	370.9
6M	1,229.2	337.6

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2022	LTM
P/E (x)	22.2	22.0
P/B (x)	1.6	1.6
EV/Sales	3.7	3.7
Dividend Yield (%)	4.3	4.2

Source: Thomson Reuters

Shareholding Structure	
Wethaq Business Development Co	14.26%
Al Ruba Trading WLL	10.00%
Dal Al Arab for B&D	1.38%
Al Manara Investment WLL	0.25%
Others	74.11%
<b>Total</b>	<b>100.00%</b>

Source: Thomson Reuters

## Mediclinic Middle East (Privately Owned)

UAE

### Company Description

Mediclinic Middle East (MME) is a part of Mediclinic International PLC (MIP), which runs 74 hospitals. MIP, a healthcare company listed in London, Johannesburg, and Namibia, was founded in South Africa in 1983 and has divisions in Switzerland, Southern Africa (South Africa and Namibia), and the Middle East. It holds a 29.7% equity stake in UK-based Spire Healthcare Group, which runs 39 hospitals. MME runs eight hospitals (four in Dubai, two each in Abu Dhabi and Al Ain City), two day-care clinics, 40 operation theaters, and over 24 outpatient clinics, with about 1,000 bed capacity in the UAE. It has established a care collaboration center for the synergy of chronic disease management (incorporating RPM), a virtual clinic in Dubai and Abu Dhabi, and an online pharmacy for home delivery services. It also launched the My Mediclinic 24x7 app for better management of medical appointments. MME generated revenues of AED 3,760 million and AED 4,111 million in FY 2021 and 2022, respectively. In FY 2022, MME accounted for 28% of the parent company's revenue, up from 25.7% in FY 2021.

### Business Segments/Services Portfolio

- **Hospitals:** MME operates eight hospitals in the UAE, namely Mediclinic City Hospital, Mediclinic City Hospital Comprehensive Cancer Center, Mediclinic Parkview Hospital, and Mediclinic Welcare Hospital in Dubai; Mediclinic Airport Road Hospital, and Mediclinic Al Noor Hospital in Abu Dhabi; and Mediclinic Al Ain Hospital, and Mediclinic Al Jowhara Hospital in Al Ain City. These hospitals provide advanced clinical services such as cardiothoracic surgery and pediatric intensive care and have specializations in fields such as dentistry, cardiology, and ENT among others. They also offer travel packages for international patients.
- **Clinics:** MME runs over 23 outpatient clinics across the UAE. These clinics are equipped with advanced medical equipment and offer specialized medical services. Some of them include
  - **Dubai:** Mediclinic Dubai Mall, Mediclinic Ibn 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 Madinat Zayed, Mediclinic Al Mussafah, Mediclinic Al Mamora, Mediclinic Baniyas, and Mediclinic Khalifa City.
  - **Al Ain:** Mediclinic Bawadi, Mediclinic Al Yahar, Mediclinic Al Madar, and Mediclinic Zakher.

### Recent Developments/Future Plans

- In September 2022, the UAE health ministry signed a partnership deal with MME to develop health and medical research and organize scientific conferences, training programs, and priority clinical trials in the country.
- In September 2022, MME launched 'Enhance', its new standalone aesthetics and wellness brand, in Fashion Avenue at The Dubai Mall (UAE).
- In January 2022, four MME facilities in Dubai (Mediclinic Parkview Hospital, Mediclinic City Hospital, Mediclinic Welcare Hospital and Mediclinic Dubai Mall) received accreditation from the European Association for the Study of Obesity (EASO) as a Collaborating Center for Obesity Management (COM).
- In January 2022, MME acquired Ayadi Home Healthcare, which provides home healthcare services such as respiratory care, medicine administration, wound and ulcer care, and chronic disease management to patients in Abu Dhabi and Al Ain (UAE).



## Mouwasat Medical Services Company SJSC (Publicly Listed)

Saudi Arabia

### Company Description

Established in 1975, Mouwasat Medical Services Company (MMSC) provides comprehensive healthcare services through its multispecialty hospitals, specialized centers, clinics, and pharmacies. It also employs AI technology such as a robotic pharmacy and a Tele-ICU unit. Additionally, through its branches, MMSC is engaged in the business of managing, operating, acquiring, and maintaining hospitals, medical centers, and pharmacies, as well as wholesale distribution of medical equipment.

### Business Segments/Product Portfolio

- **Hospitals:** MMSC operates six Mouwasat Hospitals (MH) and 615 clinics in Saudi Arabia, including MH Damman (480 beds); MH Riyadh (200 beds); MH Madinah (340 beds); MH Jubail (200 beds); MH Qatif (120 beds); and MH Khobar (280 beds). These hospitals offer treatment in specialties such as cardiology, neurosurgery, etc.
- **Specialized Centers:** MMSC runs specialized centers at its hospitals that provide integrated medical services in areas such as fertility, skin care, rehabilitation, etc.
- **Pharmacy:** It offers inpatient, outpatient, and clinical pharmacy services, among others. Moreover, all pharmaceutical practices maintain ASHP, JCIA, CBAHI, ARAMCO (JHAH), and HIMSS accreditation standards.
- **Subsidiaries:** MMSC owns 51% of the equity stakes in Jeddah Doctors Co. Ltd. and 50% in Advanced Medical Complexes Ltd. It has also acquired 51% of the stakes in Eastern Company for Medical Services Ltd.

### Recent Developments/Future Plans

- In June 2022, MMSC signed a \$78.7 million contract with Tareg Al Jaafari Contracting Co. to build a new hospital in Yanbu Industrial City, Saudi Arabia.
- In June 2022, MMSC approved a SAR 335 million (US\$ 89.2 million) project to build a new hospital in Riyadh's Al Qadisiyya neighborhood.

Financial Performance				
US\$ Million	2019 YE Dec	2020 YE Dec	2021 YE Dec	Change y-o-y (%)
Revenue	495.3	545.4	571.8	4.8
COGS	274.2	289.3	306.3	5.9
Operating Income	125.5	154.1	165.9	7.6
Operating Margin (%)	25.3	28.3	29.0	
Net Profit / (Loss)	119.7	149.8	162.8	8.7
Net Income Margin (%)	24.2	27.5	28.5	
ROAE (%)	23.3	25.3	24.0	
ROAA (%)	14.1	16.1	15.8	

Source: Company Website, Company Filings, Thomson Reuters

Current Price (US\$) 51.5

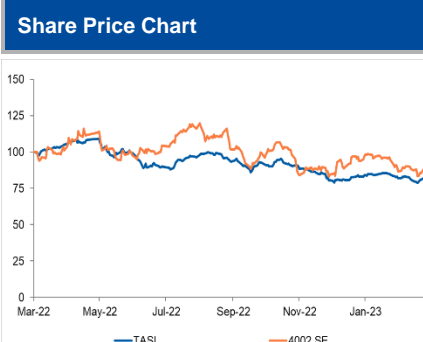
Price as on March 10, 2023

Stock Details	
Thomson Reuters ticker	4002.SE
52 week high/low	46.1/69.1
Market Cap (US\$ mn)	5,147.3
Enterprise value (US\$ mn)	5,390.7
Shares outstanding (mn)	100.0

Source: Thomson Reuters

Average Daily Turnover ('000)		
	SAR	US\$
3M	19,358.7	5,154.5
6M	22,606.8	6,019.3

Source: Thomson Reuters



Source: Thomson Reuters

Valuation Multiples		
	2022	LTM
P/E (x)	37.3	34.4
P/B (x)	7.3	6.7
EV/Sales	9.4	9.1
Dividend Yield (%)	1.4	1.4

Source: Thomson Reuters

Shareholding Structure	
Suliman Al Saleem	17.50%
Nasser Fahed Alsubaei	17.50%
Al Mojel Trad. & Cont. Co	1.05%
Others	63.95%
<b>Total</b>	<b>100.00%</b>

Source: Thomson Reuters

## 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 11 healthcare facilities across the UAE. With a staff of over 11,000 caregivers, 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:** Incorporated in 2015, this multi-specialty hospital particularly addresses cases that require complex care. It was formed as a result of the partnership agreement of 2006 signed between Mubadala Development and the US-based Cleveland Clinic. The hospital has 101 acres of floor area and a capacity of 364 beds with five clinical floors, three diagnostic and treatment levels, and 13 floors of critical and acute inpatient units. The hospital also offers over 50 medical and surgical specialties and 26 operating rooms. It has six CoEs: heart and vascular, neurological, digestive disease, eye, respiratory, and critical care.
- **Amana Healthcare:** Founded in 2013, it offers eight medical facilities with a combined bed capacity of 600. It has over 1500 staff that offer services including long-term care, comprehensive inpatient rehabilitation, home healthcare, tissue viability & stoma care.
- **Healthpoint:** Founded in 2013, Healthpoint is a multi-specialty hospital that operates 10 specialty centers, including the Bariatric and Metabolic Surgery Center, the Dental Clinic, the Musculoskeletal Department, Wooridul Spine Center, etc. Additionally, Healthpoint has received recognition from CARF International, JCI, and the American SRC.
- **Capital Health Screening Center:** 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, Al Ain, and Ruwais city in the UAE.
- **Abu Dhabi Telemedicine Center:** 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.
- **Imperial College London Diabetes Center (ICLDC):** Established in 2006, ICLDC is an outpatient facility formed through a partnership with UK-based Imperial College London. It provides services in over 15 departments in the UAE and operates three branches across Abu Dhabi and Al Ain. It is accredited by JCI, CAP, etc. and also conducts training and education for caregivers.
- **National Reference Laboratory (NRL):** Founded in 2010, NRL is operated by US-based LabCorp and boasts a team of over 200 lab scientists that offer 5000 medical tests across all disciplines. Additionally, it has seven CoEs and 21 international accreditations.

### Recent Developments/Future Plans

- In December 2022, Mubadala Healthcare signed a partnership agreement with the Abu Dhabi Pension Fund (ADPF) to provide healthcare services, including annual check-ups, treatments, and follow-ups, to ADPF-registered pensioners through the newly launched 'Health is Wealth' program.
- In November 2022, Mubadala Healthcare opened a 125,000 sq. ft. multi-specialty day surgery and outpatient clinic in Dubai that provides treatment in specialties including cardiology, dermatology, neurology, endocrinology, plastic surgery, and orthopedics.
- In March 2022, Mubadala Healthcare signed a partnership with BioIntelliSense to introduce remote monitoring and other technology-based solutions to provide innovative care to patients.
- In April 2022, Cleveland Clinic Abu Dhabi was recognized as the UAE's top hospital in Newsweek's 'World's Best Hospitals 2022'.
- In January 2022, Healthpoint Dental Clinic earned accreditation from the Australian Council on Healthcare Standards International (ACHSI) for safe and quality care.

Source: Company Website, Media Reports

### Company Description

Founded in 1974, NMC Healthcare, now NMC OpCo. Ltd., provides comprehensive healthcare services through its network of over 200 healthcare facilities in the UAE, Oman, Europe, the UK, and Africa. Its portfolio includes JCI-accredited tertiary care multi-specialty hospitals, medical centers, specialty care centers, fertility clinics, long-term care units, cosmetic clinics, day surgery centers, and home health services. NMC is the UAE's largest private healthcare provider and Oman's third largest. It also employs over 2,000 doctors and 20,000 medical personnel to serve over 5.5 million patients per year.

### Business Segments/Services Portfolio

- **UAE:** NMC operates over 53 medical facilities in the UAE including clinics, home care services, and dental centers among others. These multispecialty hospitals offer treatment in a wide range of specialties, including gastroenterology, gastrointestinal surgery, general and laparoscopic surgery, neonatology, nephrology, and neuroscience, among others. In addition to that, NMC has CoEs in nine departments, namely NMC Orthocare, NMC Eyecare, NMC Heartcare, NMC Surgery, NMC Smile, NMC ENT Care, NMC Bloom, NMC Urocare, and NMC Cancer Care.
- **Oman:** NMC owns two multispecialty hospitals in Oman - NMC Specialty Hospital, Al Hail (45 beds) and NMC Specialty Hospital, Ghoubra (55 beds). The hospitals offer treatment in several specialties including ophthalmology, anesthesiology, cardiology, dentistry, orthopedics, pediatrics, pathology, radiology, urology, dermatology, gastroenterology, neurosurgery, spine surgery, and obstetrics among others. It also provides Visa medical and PDO packages. NMC also owns one medical center, NMC Medical Center, Seeb, which offers treatment in the departments of internal medicine, pediatrics, gynecology, radiology, dentistry, etc.
- **Europe:** NMC owns Clinica Eugin in Spain, which is one of the largest fertility clinics in Europe and equipped with the most advanced technologies. It also owns Adeli Medical Center in Slovakia, which offers healthcare services in the areas of neurology, medical rehabilitation, physiotherapy, rheumatology, balneology, clinical speech therapy, and intensive medicine with a team of 260 medical personnel.
- **United Kingdom:** NMC owns two medical facilities in the UK - NMC Parkside Hospital and Cancer Center London. NMC Parkside Hospital is a 70-bed multispecialty hospital that offers care in specialties including gastroenterology, genetics, orthopedics, cardiology, cosmetic and reconstructive surgery, ENT, and urology. Cancer Center London, recognized as a CoE in private cancer treatment, offers chemotherapy, radiotherapy, photodynamic therapy, and surgery.

### Recent Developments/Future Plans

- In July 2022, NMC Healthcare opened a new dental center in Ras Al Khaimah (UAE), offering a variety of treatments and services ranging from basic dental check-ups to advanced dental procedures using cutting-edge dental equipment.
- In April 2022, NMC Royal Hospital introduced the first AI-driven MRI scanner in Sharjah (UAE) that will identify cancers and the severity of strokes as well as diagnose heart, lung, liver, and bone diseases.
- In March 2022, NMC Healthcare sold its 53% equity stake in Saudi Medical Care Group. With the sale of its majority stake in SMCG, NMC has now divested all its non-core international assets.
- In March 2022, NMC Specialty Hospital, Ghoubra, installed the Endo-AVF System, the first of its kind in Oman, to assist renal failure patients.

## Oman International Hospital (Privately Owned)

Oman

### Company Description

Established in 2020, Oman International Hospital (OIH) is a multispecialty hospital that provides diagnosis and therapeutic care. It is owned and operated by Al Afia Healthcare Development and Investment Co. SAOC. OIH has a capacity of 100 beds and also has five CoEs. Built over a total floor area of over 42,000 sq m, the hospital is equipped with the most advanced medical tools, including an MRI 3T open bore system, and a hybrid OR among others.

### Business Segments/Services Portfolio

- **Specialties:** OIH offers treatment in a variety of specialties, including anesthesiology, dermatology, dental medicine, ear, nose, and throat (ENT), emergency medicine, endocrinology & nutrition, gastroenterology, general surgery, internal medicine, nephrology, neurology, oncology, plastic surgery, psychiatry & psychology, and urology among others.
- **Inpatient Support Services:** OIH offers ancillary healthcare services including anesthesiology, operation theaters, imaging diagnosis, maternity care, in vitro fertilization, and biomedical diagnosis including anatomical pathology and clinical pathology. It also has general ICUs, heart ICUs, and pediatric and neonatal ICUs.
- **Special Packages:** OIH offers several health packages including premarital health screening for men and women; executive checkups; VIP delivery package; expat and traveler checkup; occupational screening; VIP antenatal package; and VIP cosmetic checkup among others.
- **Centers of Excellence:** OIH has five CoEs, including Woman Care & Maternity Center, Child Care Center, Heart & Vascular Care Center, Vision Care Center, and Ortho & Spine Care Center.
- **Other Facilities:** OIH also offers a pharmacy unit, an optics shop, a medical spa, and a general and fertility laboratory.

### Recent Developments/Future Plans

- In February 2022, OIH launched 'Med Academy', an exclusive center for medical research, training, and development in Oman.
- In January 2022, OIH received European Foundation for Quality Management (EFQM) certification.
- In September 2021, OIH signed an agreement with the National Life and General Insurance Co. (NLGIC) that allows NLGIC health insurance cardholders access to OIH's medical services at affordable charges.

## Prime HealthCare Group LLC (Privately Owned)

UAE

### Company Description

Established in 1999, Prime HealthCare Group LLC (PHG) offers comprehensive, personalized, and affordable quality healthcare. The group has developed into a major conglomerate of hospitals, medical and diagnostic centers, and pharmacies. It provides globally benchmarked clinical services and technology-driven digital delivery of personalized care through a team of over 350 physicians and over 1,100 medical staff. PHG has achieved several accolades including JCI/ACHSI accreditations, Dubai Quality Appreciation Award, and DHA Distinguished Hospitals, Clinics, and Diagnostic Division for delivering quality healthcare services.

### Business Segments/Services Portfolio

- **Prime Hospital:** It is a Dubai-based 100-bed multi-specialty hospital that offers special medical services, including a neonatal ICU, day surgery unit, pediatric ICU, adult ICU, family clinic, coronary care unit, and a dedicated maternity and child floor. This JCI and ACHS-accredited hospital furnishes treatments in several specialties, such as orthopedics, neurosurgery, constructive surgery, cardiology, urology, and neurology among others. The hospital offers AHA-certified life support training and also collaborates with major insurance companies for easy payment arrangements.
- **Prime Medical Centers:** PHG owns 14 multi-specialty centers located in Dubai (nine centers), Sharjah (four centers), and Ajman (one center), as well as five Prime Corp Medical Centers. Each center is equipped with EMR and diagnostic facilities and offers outpatient services to more than 4,000 patients daily. Additionally, it offers booking through its 'Prime Health ME' mobile app.
- **Premier Diagnostic Center:** Inaugurated in 2011, this Dubai-based diagnostic center provides health screening, wellness programs, radiology, and diagnostic services. It is accredited with ISO 15189 by the EIAC and offers services including multi-slice CT scanning, open MRI, X-ray with CR, OPG, and ultrasound among others.
- **Medi Prime Pharmacies:** PHG owns 14 pharmacies across the UAE offering a wide range of healthcare products, including pharmaceuticals, cosmetics, baby care products, and medical equipment among others.
- **Corporate Medical Services:** Through this service, PHG offers its corporate clients a cost-effective network of medical personnel as well as professional administration and management of healthcare services. These services cover pre-employment & occupational health check-up, vaccinations, ambulance services, on-site first aid, medical assistance, wellness and health awareness programs.
- **Prime Home Care:** Through this service, PHG provides professional practitioners to deliver medical care at home as per the patient's needs. These services include doctor visits, services for the elderly, disability care, medical equipment supplies, mother & baby care, child health services, stroke recovery care, physiotherapy, and rehabilitation among others.

### Recent Developments/Future Plans

- In October 2022, Prime Health Dubai collaborated with Augnito, a voice-to-text AI software, into its transcription and EHR systems. Augnito captures clinical data, enhances productivity, and reduces the administrative burden on healthcare professionals.
- In June 2022, PHG received accreditation for its Premier Diagnostic and Medical Center Laboratory Dubai (UAE) from the College of American Pathologists (CAP) for pursuing the highest diagnostic standards.
- In January 2022, PHG signed an agreement with Dubai Healthcare City Authority (DHCA) for the launch of Prime Heart and Lung Hospital in Dubai Healthcare City Phase 2.

### Company Description

Established in 2007, RAK Hospital is an 80-bed multi-specialty tertiary care hospital that is a flagship brand of the Arabian Healthcare Group. This JCI and Swiss Leading Hospital-accredited hospital has a team of over 75 doctors and 400 medical staff that offer therapeutic care in a range of specialties including minimally invasive surgery, bone health, eye care, maternal health, rehabilitation, neurological issues, and advanced cardiac care among others. The hospital is equipped with 9 intensive care units (ICUs), four operation theaters, a cardiac catheterization lab, outpatient clinics, and advanced emergency services, among others. It also offers homecare nursing and midwife services and conducts several seminars on various pertinent issues like diabetes, geriatric care, incontinence, parenting, and breast cancer among others. Moreover, it has partnered with Sonnenhof Swiss Health to leverage the healthcare and hospitality heritage of Switzerland.

### Business Segments/Services Portfolio

- **Specialties:** The hospital offers treatment in a wide range of specialties including orthopedic surgery, neurology, neuro and spine surgery, plastic and aesthetic surgery, radiology and imaging, urology, cardiac surgery, cardiology, dentistry and orthodontics (dental), dermatology, endocrinology, gastroenterology, obstetrics and gynecology, ophthalmology, pediatrics and neonatology, and psychiatry among others.
- **Other Medical Services & Lead Programs:** RAK Hospital provides teleconsultation in 4 specialties - internal medicine, pediatrics, psychology, and dietetics. It also offers antenatal packages as well as maternity packages, including C-section delivery packages and normal delivery packages. For a healthy heart checkup, the hospital offers a Regular Heart Health Package, which includes a consultation, an ECG, and a lipid profile. Additionally, to discover the lineage of a patient, it also offers ancestry testing.
- **Medical Tourism Packages:** For comprehensive healthcare, RAK Hospital offers various customized, tailored, and individualized healthcare packages for domestic and international patients including Swiss Health Checkup Packages, Royal Health Checks, Whole Body Checkups, Corporate Health Checks, and Basic Health Checks among others.
- **Patient Services:** RAK Hospital offers 3 types of discount cards for patients - Homat Al Watan Card, Fazaa Card, and Esaad Card. These cards provide discount on select medical services for the cardholders and their family members.

### Recent Developments/Future Plans

- In February 2023, RAK Hospital signed a clinical collaboration agreement with India-based Apollo Hospitals Group that will cover training, telemedicine services, academics, and laboratory referral services. As part of the collaboration, UAE patients will get direct access to Apollo's expert medical team without travelling outside of the country.
- In February 2023, US-based CommonSpirit Health acquired an equity stake in Arabian Healthcare Group. The strategic alliance through equity investment aims to support the group's ambitious addition of tertiary services and expansion of RAK Hospital.
- In October 2022, RAK Hospital conferred 'Super brands Status 2022'.
- In October 2022, RAK Hospital received two accreditation certificates, namely 'Quality Medical Care' and 'Excellence in Medical Tourism', from Germany's TEMOS International Healthcare Accreditation.
- In September 2022, RAK Hospital was awarded the 'WMC Excellence Awards 2022' for being the best medical tourism hospital of the year.



## Sidra Medicine (Privately Owned)

Qatar

### Company Description

Established in 2015, Sidra Medicine (SDM) is a tertiary healthcare and research hospital established by the Qatar Foundation. Based in Education City, Sidra Medicine focuses on three critical pillars including education, research, and clinical care. SDM opened its outpatient clinics in 2016 and its main hospital in 2018. This JCI-accredited hospital, with a capacity of over 398 beds and over 422 doctors, provides therapeutic care for children, women, and young people in a wide range of specialties, including neurology, neonatology, and gynecology among others.

### Business Segments/Services Portfolio

- **Healthcare:** SDM offers over 66 clinics and specialty healthcare services that provide comprehensive care for women, children, and young people. For children and young people, SDM provides treatment in a variety of specialties including adolescent medicine, child and adolescent mental health services, neonatology, nephrology, dialysis, neurology, developmental pediatrics, endocrinology, and diabetes, among others. And for women, it offers care in the departments of maternal fetal medicine, reproductive medicine (IVF and fertility management), women's health physiotherapy, aesthetic surgery and medicine, and gynecology among others. Additionally, SDM offers clinical support services for the patient's health and wellness. These services include diagnostic imaging, therapy, audiology, anesthesiology, perioperative services, casting services, orthotics and prosthetics, and pathology among others. It also has a College of American Pathologists (CAP) accredited clinical laboratory.
- **Education:** Sidra Medicine is a Qatar Council for Healthcare Practitioners (QCHP) and Accreditation Council for Continuing Medical Education (ACCME) accredited center that offers several medical education programs including continuous medical education and continuous professional development, undergraduate and graduate programs, residency and fellowship programs, and simulation-based learning programs. It also offers a clinical library, online and physical, that stores articles, e-journals, e-books, databases, etc.
- **Research:** SDM has a research branch that conducts preclinical research and clinical trials. It conducts research in advanced disciplines, including genome sequencing, stem cells, gene therapy, etc. and offers educational programs including a Master's program, a PhD program, and a clinical PhD program. SDM also offers four core facilities in their research branch including research operations and services, a deep phenotyping core, integrated genomic services, and digital health. It is also collaborating with several educational and research institutions including Qatar Biobank and Weill Cornell Medicine, among others, to conduct various research projects and activities.

### Recent Developments/Future Plans

- In November 2022, Sidra Medicine opened a new male infertility clinic as part of its expansion of private reproductive medical services in Qatar.
- In November 2022, Sidra Medicine was selected as the first hospital in the Middle East and North Africa to offer the newly commercially certified Venus P-Valve for transcatheter pulmonary valve implantations.
- In October 2022, Sidra Medicine inked a memorandum of understanding (MoU) with Microsoft to assist its research branch's digital transformation goals and advance its genomics research and precision medicine activities.
- In October 2022, Sidra Medicine opened a new menopause clinic, a comprehensive service dedicated to management of women's health during midlife, menopause and beyond, in Qatar.
- In February 2021, Sidra Medicine received ACGME-I accreditation in pediatric specialties.

Source: Company Website, Media Reports

## VPS Healthcare Group (Privately Owned)

UAE

### Company Description

Established in 2007, VPS Healthcare Group/Burjeel Holdings (BHL) offers primary to quaternary medical care in the UAE and MENA markets through its 39 hospitals and medical centers, including 12 JCI-accredited hospitals and 15 pharmacies. With a combined capacity of over 1,660 beds, 69 operation theaters, and 1,200 doctors, it provides treatment to 4.3 million patients every year. BHL is a member of the MENA Regional Partnership Community of WEF (World Economic Forum) and is an industry partner of the WEF.

### Business Segments/Services Portfolio

- **Hospitals & Medical Centers:** VPS's portfolio consists of over 61 medical facilities, including 16 hospitals and 23 medical centers across the GCC region and India. These medical facilities are operated by VPS under several brands, as mentioned below
  - **Burjeel:** VPS runs six multi-specialty hospitals (five in the UAE, one in Oman), six medical centers (five in the UAE, one in Oman), and one day surgery center (UAE) under this brand. VPS also operates Burjeel Medical City in Abu Dhabi.
  - **Medeor Hospital:** VPS runs two multi-specialty hospitals in the UAE that offer treatment in 35 specialties under this brand.
  - **LLH:** Under this brand, VPS offers comprehensive healthcare through its two JCI-accredited multi-specialty hospitals in Abu Dhabi and Musaffah. The company also runs one medical center in Musaffah.
  - **Lifecare Hospital:** VPS runs two JCI-accredited hospitals in Musaffah and Baniyas that specialize in cardiology, neurology, etc.
  - **Lifeline:** Under this brand, VPS in Oman runs a medical center in Darsait and two multi-specialty hospitals in Salalah and Sohar.
  - **VPS Lakeshore Hospital:** VPS operates a 570-bed multi-specialty hospital for integrated healthcare as well as medical education and research in Kochi, India. It offers treatment in over 40 specialties, including neurology, neurosurgery, etc.
- **Specialized Clinics & Services:**
  - **Tajmeel:** Under this brand, VPS runs five dental and cosmetology clinics in Abu Dhabi, Dubai, and Al Ain in the UAE.
  - **Burjeel:** VPS runs one home care service clinic in Abu Dhabi.
  - **Response Plus Medical:** Through this brand, VPS offers over 250 ambulances, 1,600 medical staff, and 260 medical facilities for medical emergency services, onsite healthcare, and occupational health solutions in the UAE.
  - **OccuMed Clinics:** Located in Musaffah and Fujairah, it offers convenient on-site and off-site occupational health services to businesses. The services include audiometric tests, spirometer testing, ECG, treadmill tests, ultrasounds, ophthalmology, etc.
  - **Educare Institute of Dental Sciences:** Founded in 2007, it is a dental college in Malappuram (India) that is approved by the Dental Council of India.
  - **Mobile Clinics:** VPS offers medical services through its mobile clinics in remote areas of the UAE. These clinics are staffed with general practitioners, radiologists, nurses, dietitians and specialists as well as equipped with X-ray, ultrasound, ECG, etc.
- **Pharmaceutical Services:**
  - **LifePharma FZE:** Founded in 2011, LifePharma is the Dubai-based pharmaceutical production arm of VPS. It can produce 30 million liquid bottles, 600 million capsules, and 2.2 billion tablets annually. It has received accreditation from the US FDA, EMA, Health Canada, and TGA among others. In 2017, it became the first business in the UAE to receive US FDA approval.
  - **Burjeel Retail Pharmacies:** Under this brand, VPS operates eleven pharmacies in the UAE.

### Recent Developments/Future Plans

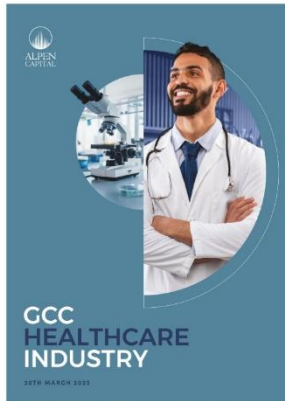
- In November 2022, Burjeel Holdings signed a Memorandum of Understanding (MoU) with the Ministry of Industry and Advanced Technology to provide quality medical services to the ministry's personnel and their families.
- In October 2022, Burjeel Holdings was listed on the Abu Dhabi Securities Exchange and raised AED 1.1 billion (US\$ 0.3 billion).
- In July 2022, Burjeel Hospital signed a MoU with RAKMHSU to strengthen collaboration in skill development and academics.

Source: Company Website, Media Reports

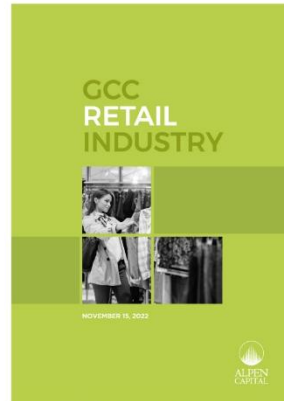


ALPEN  
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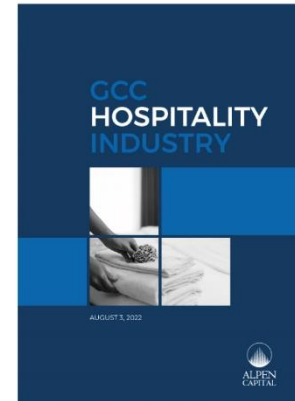
## INDUSTRY RESEARCH



GCC Healthcare Industry  
2009, 2011, 2014, 2016,  
2018, 2020 & 2023



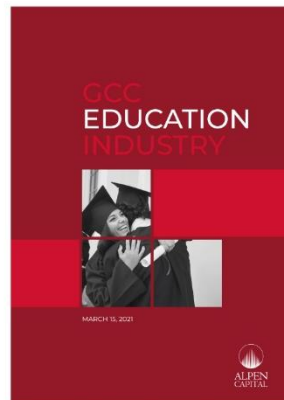
GCC Retail Industry  
2009, 2010, 2011,  
2012, 2015, 2017, 2019 & 2022



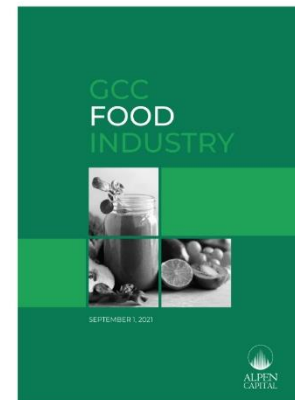
GCC Hospitality Industry  
2011, 2012, 2014,  
2016, 2018 & 2022



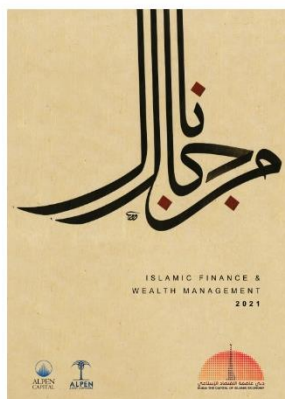
GCC Insurance Industry  
2009, 2011, 2013,  
2015, 2017, 2019 & 2022



GCC Education Industry  
2010, 2012, 2014,  
2016, 2018 & 2021



GCC Food Industry  
2011, 2013, 2015,  
2017, 2019 & 2021



Islamic Finance  
and Wealth Management  
2021

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



to  
**Savola Group**



Financial Advisor



**RBL BANK LIMITED**  
US\$ 100,000,000  
Unsecured Tier 2 Sub-ordinated Loan  
Investor



Financial Advisor



**Sale of 100% Equity Stake in  
Al Faysal Bakery and Sweets**



to  
**Agthia Group PJSC**



Financial Advisor



**INR 3,10,00,00,000  
(~EUR 40 million)**

**Equity Capital**

Investors



Financial Advisor



**Sale of 70% Equity Stake in  
Pyramids Group, UAE**

to



**A Ghobash Group Company**

Financial Advisor



**Sale of 60% Equity Stake in Multi-Speciality  
Healthcare Partner Holding Ltd.**



to



**GFH Financial Group B.S.C.**

Financial Advisor



**IndusInd Bank**

**US\$ 75,000,000  
Long Term Debt**

Investor



Financial Advisor



**Sale of 100% equity stake in  
Seven Seas Technology, UAE**

to



**Softline Group Inc**  
(A London Stock Exchange Listed Entity)

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