



Sector Report **GCC Healthcare**

November 2021





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The image shows a modern building interior with a light-colored tiled floor and a wall of large glass windows. In the foreground, there is a glass railing with vertical metal posts. A dark blue rectangular overlay is positioned in the upper right quadrant, containing the text '01 Executive Summary'.

01

Executive Summary

1. Executive Summary



Healthcare expenditure in the GCC has remained buoyant over the years growing at a CAGR of c. 7.9% during 2015-20, driven by public expenditure, which constitutes c. 68.3% of total expenditure. Private expenditure on healthcare too has grown steadily at a CAGR of c. 10.7% over 2015-20. Although, private sector participation has increased manifold with c. 18.8% increase in private hospitals from 282 hospitals in 2015 to 335 in 2020, public hospitals still account for c. 59.5% (493) of the total 828 hospitals in 2020.

Saudi Arabia is increasingly focusing on improving the quality of healthcare through development of state-of-art facilities, introduction of mandatory reforms such as Public-Private Partnership (PPP), land grants, soft loans and regulatory changes. Similarly, the UAE has proposed a new PPP law to encourage private sector funding by offering a fair degree of protection with respect to the contractual terms. Dedicated healthcare zones in Dubai and laws permitting 100% foreign investment in healthcare in Saudi Arabia are expected to provide a boost to foreign private healthcare investments with focus on increasing private sector participation.

Factors including growing population (particularly the ageing population), increasing incidences of non-communicable diseases (NCDs) such as diabetes and obesity, widespread penetration of health insurance and medical tourism is expected to drive the healthcare sector in the GCC region.

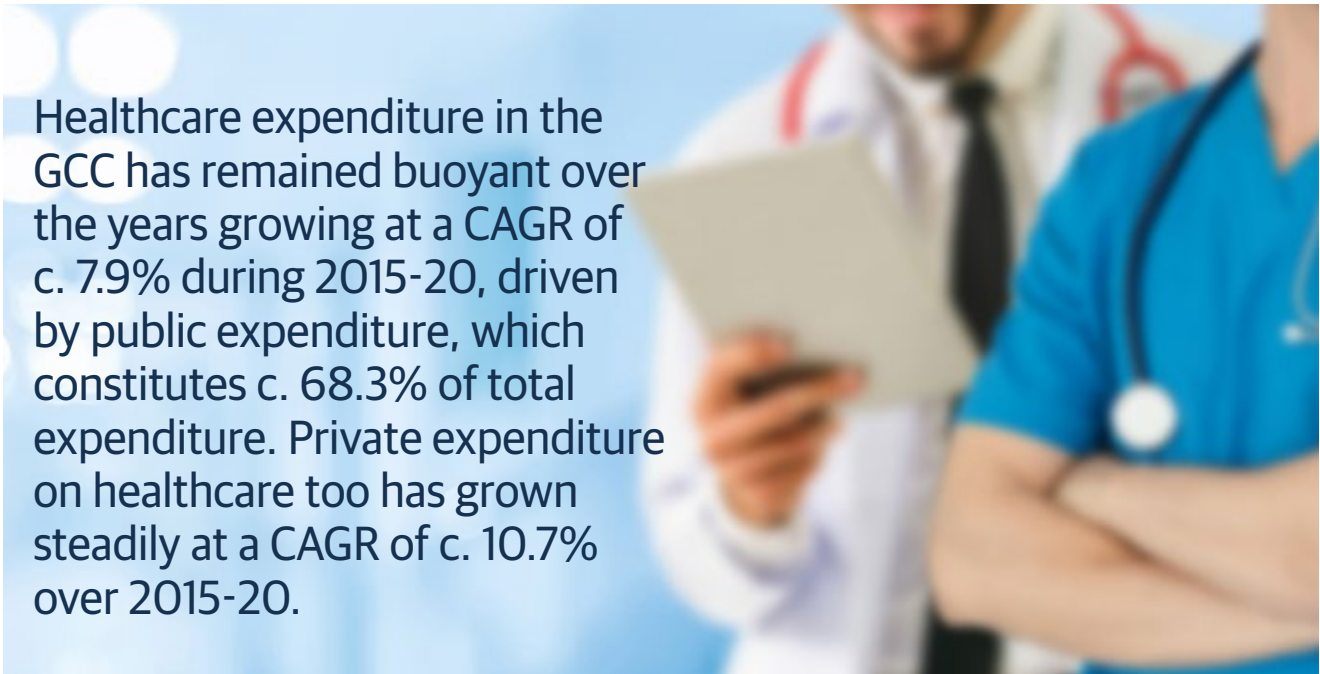
The countries are putting efforts to reduce the prevalence of diabetes and obesity. Recently, some of the governments including Saudi Arabia and the UAE have started introducing health insurance schemes that offers significant opportunity for global players strategizing entry into the market. The conditions are favorable for the increase in penetration of mandatory health insurance. Also, the penetration of digital innovation in the healthcare technology space will enable the nations to fill the gap in the services offered across segments. It is estimated that the healthcare service providers are poised for significant investments in digital health to lead the recovery of the industry post the ongoing COVID-19 pandemic.

The increasing rate of diseases owing to geriatrics population and increasing life expectancy is augmenting the demand for long-term and post-acute care (LTPAC) facilities which are currently scarce. Increase in lifestyle related NCDs have resulted in emergence of specialized care and center of excellence (CoE), which offer opportunity for private sector investment. The telehealth, medical devices and disposables market, are other areas offering growth prospects from an investment perspective. Home healthcare services have emerged as an attraction to the investors and the demand has witnessed an uptrend in the services over the past 5-7 years.

GCC countries are also committed to drive inbound medical tourism, by developing high quality medical cities. In 2018, the Dubai Health Authority (DHA) reported that around 337,011 medical tourists visited the country for treatments in orthopedics, sports medicine, dermatology and skin care, dentistry and fertility treatments. By the end of 2021, Dubai alone is expecting number of medical tourists to reach more than 500,000. The focus to develop the specialized care and CoE will also draw the attention of inbound patients, enabling additional growth.

On the other hand, increasing competition to tap the growing opportunities in the GCC healthcare has not only led to the improvements in quality of services delivered but has also made access to medical care convenient. GCC is also witnessing consolidation with the increasing number of M&A which is expected to result into systematized operating models, offering cost-effective care and treatment. Although the operators and service providers are gradually shifting to the trending operating models, shift in the healthcare needs of the population will require stakeholders across the ecosystem to keep evolving their delivery approach to meet the demands.





Healthcare expenditure in the GCC has remained buoyant over the years growing at a CAGR of c. 7.9% during 2015-20, driven by public expenditure, which constitutes c. 68.3% of total expenditure. Private expenditure on healthcare too has grown steadily at a CAGR of c. 10.7% over 2015-20.

However, GCC's healthcare sector has its own challenges as well. Outbound medical tourism is an issue, with many GCC nationals seeking medical treatment in countries such as Singapore, Malaysia and India due to superior facilities and cheaper treatment costs. One of the other challenge is availability of skilled healthcare workforce. There is a shortage of healthcare professionals across the GCC and over-reliance on the expat workforce is another challenge. To improve the local mix, nationalization drives have started. For example, 'Kuwaitization' drive in Kuwait requires a minimum 10% of the workforce in private hospitals to be locals.

The ongoing COVID-19 pandemic continue to have a harmful impact on the respective economies. The impact has been seen on the 'regular' care delivery of the GCC hospitals, especially the private ones where elective procedures like orthopedic procedures and other have decreased.







02

Sector Overview

2. Sector overview



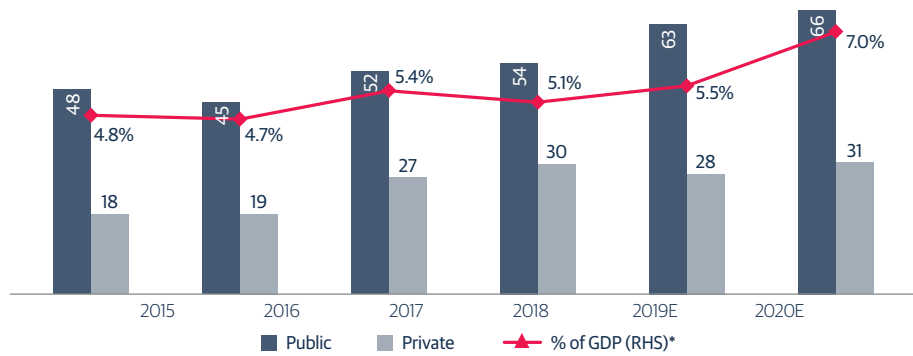
Healthcare sector will continue to benefit due to various demographic factors such as population growth (including ageing population), rising incidence of diseases, strong government support and increasing private sector participation. Penetration of digital technology across select healthcare segments along with introduction of value-based models is expected to accelerate growth.

Healthcare spending grew at a CAGR of c. 7.9% over 2015-20 to reach USD 97.0bn in 2020

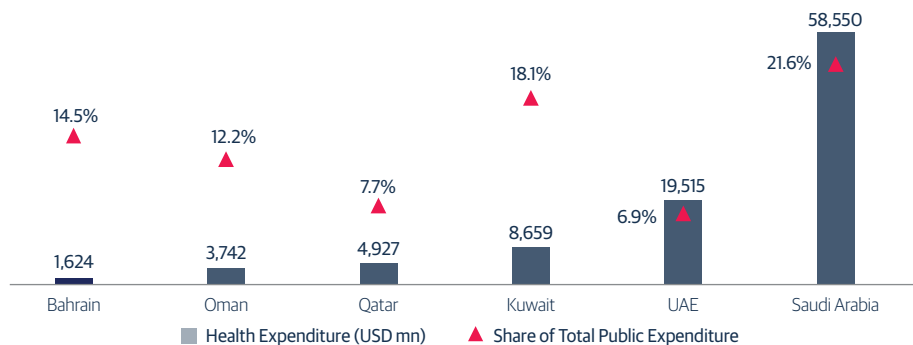
Healthcare spending has been growing steadily at a CAGR of c. 7.9% from USD 66.3bn in 2015 to USD 97.0bn in 2020. While the private healthcare spending has been growing at a CAGR of c. 10.7% during 2015-20, the real contribution towards healthcare expenditure is coming from the public sector, accounting for c. 68.3% of total expenditure in 2020. Saudi Arabia and the UAE are the largest healthcare market, accounting for c. 80.5% of total healthcare expenditure in the GCC in 2020.

GCC health expenditure trends

Public-private mix (USD bn)



Healthcare expenditure contribution (2020E)



Source: WHO, Axience estimates *Total healthcare expenditure as a percentage of GDP

GCC health expenditure rose from c. 4.8% of GDP in 2015 to c. 7.0% in 2020

Governments are focused towards improving the quality of healthcare and developing new healthcare facilities with the help of private sector, which is visible with the rise of healthcare expenditure from an average c. 4.8% of GDP in 2015 to c. 7.0% of GDP in 2020. Private participation has increased as governments are acting beyond being operator of healthcare facilities. Also, efficiency and quality of services have seen significant improvements with the introduction of mandatory reforms and regulatory changes which highlights government's long-term development strategies.

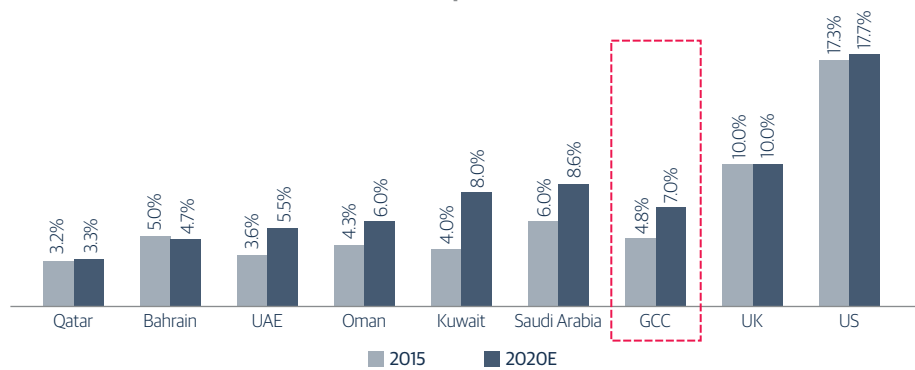




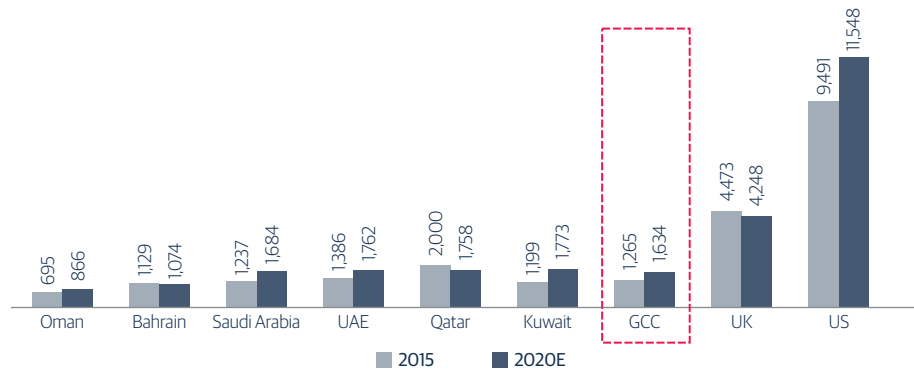
Kuwait tops the GCC with health expenditure per capita of USD 1,773 in 2020

With respect to healthcare expenditure, Kuwait and UAE are the fastest growing countries with a CAGR of c. 13.5% and c. 8.7%, respectively during 2015-20. Healthcare expenditure per capita in the GCC has increased at a CAGR of c. 5.3% with highest growth seen in Kuwait and Saudi Arabia with a CAGR of c. 8.1% and c. 6.4%, respectively. GCC's average per capita health expenditure of USD 1,634 in 2020 is significantly lower than of the US (USD 11,548) and the UK (USD 4,248), indicating a huge scope for growth. Kuwait topped GCC's health expenditure per capita at USD 1,773, while Qatar has the lowest proportion of GDP at c. 3.3% in 2020.

Total healthcare expenditure % of GDP



Healthcare expenditure per capita (USD)



Source: WHO, Office of National Statistics - UK, Centers for Medicare & Medicaid Services - US, Axience estimates

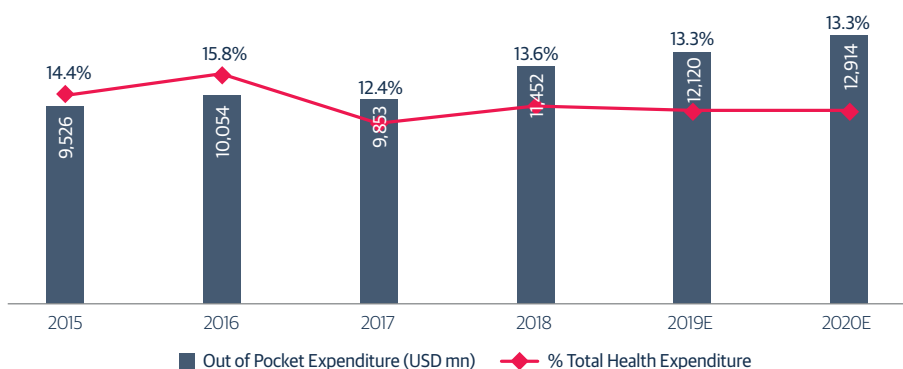
Bahrain has the highest out-of-pocket spending per capita of USD 306 per annum

During 2015-20, the out-of-pocket spending (OOPS) on health has increased at a CAGR of c. 6.3%, indicating the increasing burden of healthcare costs on individuals. Although the contribution of OOPS to total health expenditure has declined marginally during 2015-20, the per capita OOPS in the GCC has grown at a CAGR of c. 1.9% during the period to USD 198.0 in 2020. Bahrain has the highest per capita OOPS of USD 306 while the growth in per capita OOPS for Saudi Arabia is the highest with a CAGR of c. 6.2%. Oman has the lowest per capita OOPS of USD 41 which has been growing slowly at CAGR of c. 0.5% during 2015-20. Bahrain's OOPS constitute approximately c. 28.5% of the overall health expenditure, the highest in the GCC.

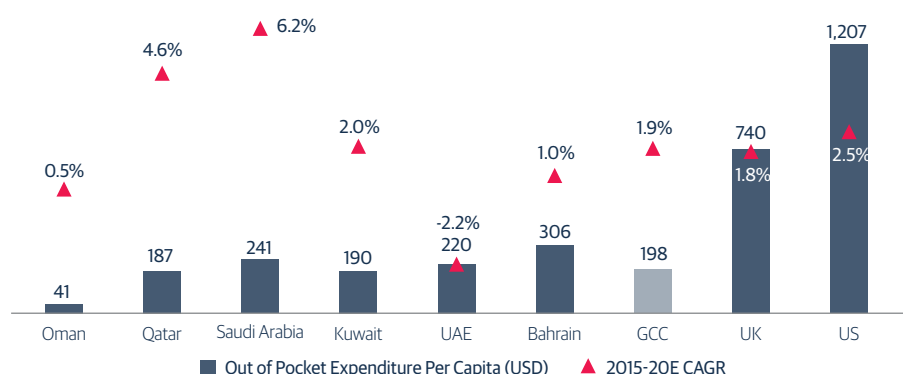




OOPS statistics GCC expenditure trends



Country-wise OOPS per capita (2020E)



Source: WHO, NHA, Axience estimates

Healthcare indicators have improved considerably, but they still lag behind developed nations

The GCC economies are progressing towards the developed nations standards with respect to health indicators such as life expectancy (at birth) and infant mortality due to significant improvements in healthcare infrastructure across the years. Infant mortality rates have declined (maximum decline in Saudi Arabia), life expectancy rates have improved (maximum increase in Oman) over the past two decades. In March 2019, Qatar was ranked 5th best in the world in the annual prosperity index 2018 due to its performance across three areas including health infrastructure and preventive care, physical and mental and other health outcomes¹.

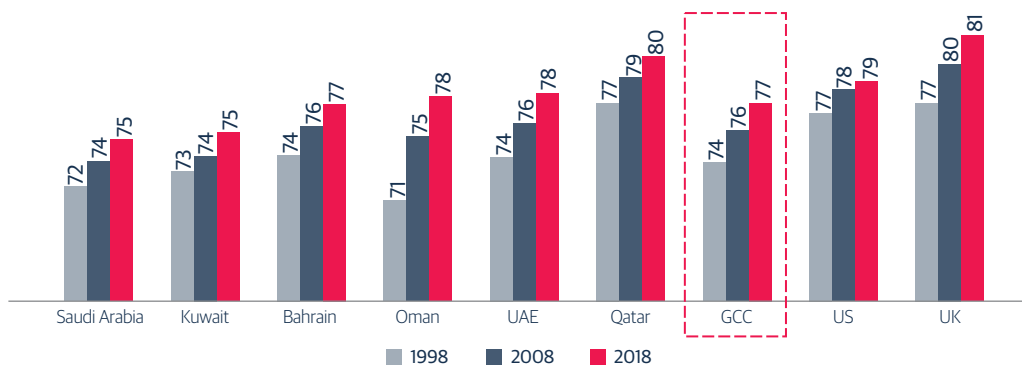
¹ Gulf Times



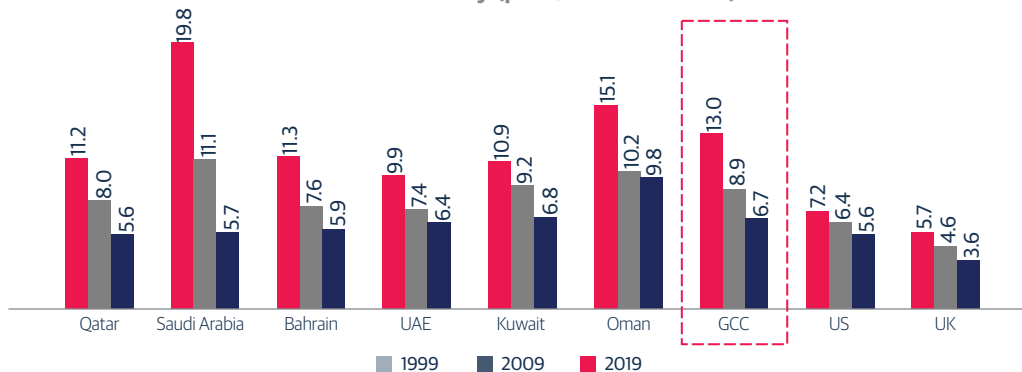


Comparison of health indicators

Life expectancy at birth (years)



Infant mortality (per 1,000 live births)



Source: World Bank

Public hospitals comprise of 59.5% of total hospitals in 2020

During 2015-20, the total number of hospitals increased at a CAGR of c. 2.6% to 828, largely dominated by public hospitals which account for c. 59.5% of the total hospitals in 2020, though the growth was majorly driven by private hospitals (CAGR of c. 3.5%). The maximum number of new hospitals have come up in Saudi Arabia (38) and the UAE (30), with both countries accounting for c. 79.2% of total hospitals in 2020. Saudi Arabia and the UAE saw the maximum addition of private hospitals of 19 and 15, respectively. Saudi Arabia saw the highest increase in number of public hospitals of 19. Some of the recent large scale projects in Saudi Arabia include - Project for Development of Security Forces Medical Complexes, King Abdullah Bin Abdulaziz Hospital, King Khaled Medical City (Dammam), Mouwasat Hospital (Al Khobar), King Faisal Medical City (Aseer) and Amal Mental Health Hospital (Taif). Few of the major projects in the UAE include - the Burjeel Medical City (Abu Dhabi), Al Ain Hospital (Al Ain), Mediclinic Parview Hospital (Dubai), Gulf Medical University Hospital (Ajman) and King's College Hospital (Dubai).

Foreign healthcare operators are also present in the region, such as the US-based John Hopkins Hospital, Thailand-based Bumrungrad and Austria-based Vamed which manage hospitals in Abu Dhabi, while the Cleveland Clinic of the US operates in Abu Dhabi through an agreement with Mubadala Development Company. India-based KIMS Healthcare Group has presence in Bahrain, Oman, Saudi Arabia, Qatar, and UAE. In November 2019, the Mayo Clinic partnered with Abu Dhabi Health Services Company PJSC (SEHA) Health System to jointly operate and manage Sheikh Shakhbout Medical City in Abu Dhabi. Most of the international players operate through PPPs, which will result in development of the overall healthcare ecosystem.

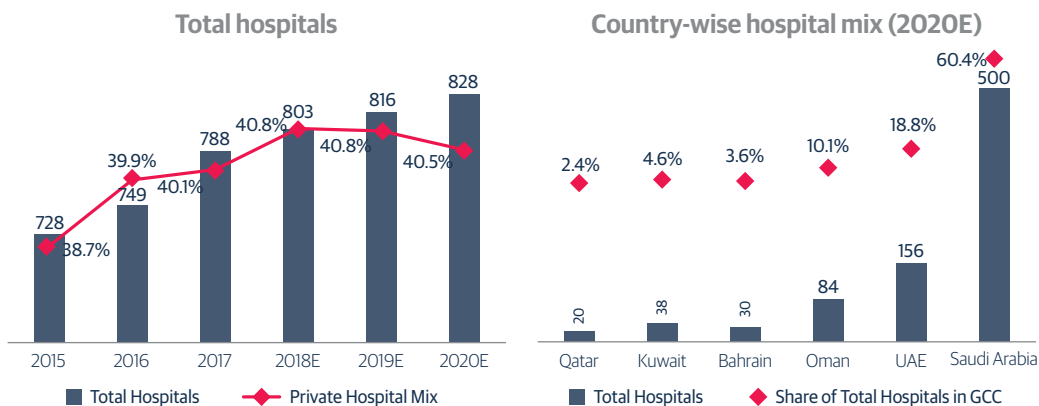






GCC hospitals

Saudi Arabia accounted for c. 60.4% (500 hospitals) of the total GCC hospitals in 2020, followed by UAE at c. 18.8% (156 hospitals)

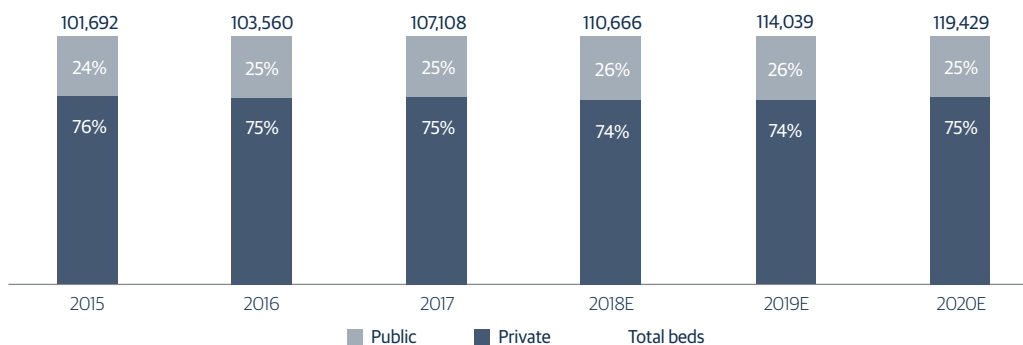


Source: MoH of respective countries, Axience estimates

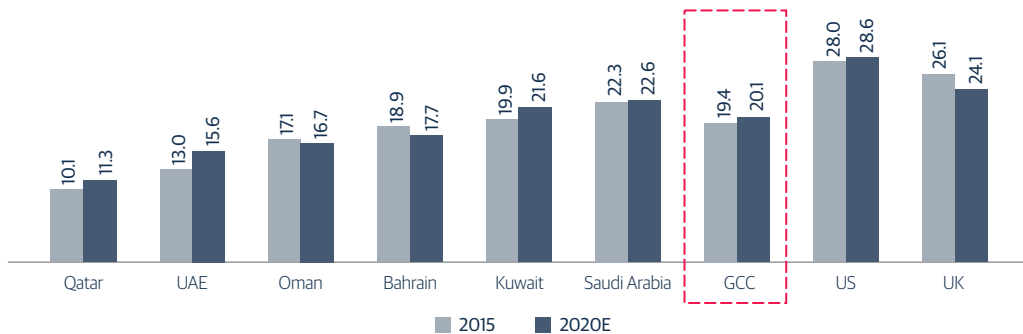
Hospital beds have grown at a CAGR of c. 3.3% during 2015-20 to 20.1 beds per 10,000 population

During 2015-20, the hospital beds have grown at (CAGR of c. 3.3%), supported by growth in private hospital beds with a CAGR of c. 3.7%. The bed density increased to 20.1 beds (per 10,000 population) in 2020 from 19.4 in 2015. The GCC region expects additional bed capacity requirement due to factors including increase in lifestyle related disease and rise in geriatric population. The hospital beds are forecasted to increase at a CAGR of c. 2.9% during 2020-24 to reach 133,653 beds in 2024.

Hospital beds - Public private mix



Hospital bed density (per 10,000 population)



Source: MoH - Bahrain, Oman & Saudi Arabia; Kuwait's CSB; Qatar's SCH; UAE's FCS; Axience estimates



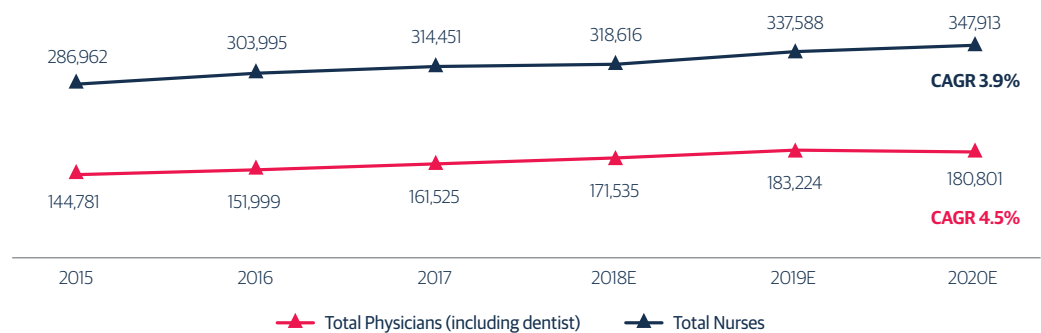


GCC's physician and nurse densities stood at 30.5 and 58.6, respectively in 2020

The GCC healthcare sector faces a shortage of healthcare resources, especially physicians and nurses, which is further widened by the construction of medical cities and hospitals which increased the demand for medical professionals. During 2015-20, the number of physicians (including dentists) increased at a CAGR of c. 4.5% to 180,801 resulting in improvement of physician density (per 10,000) from 27.6 (2015) to 30.5 (2020). During 2015-20, the total number of nurses grew at a CAGR of c. 3.9% resulting in an increase in the nurse density from 54.8 (2015) to 58.6 (2020). Governments are focusing towards investments in medical education, by setting up new colleges/institutes, producing more Science, Technology, Engineering and Mathematics (STEM) and medical students and providing incentives to promote and encourage the healthcare education.

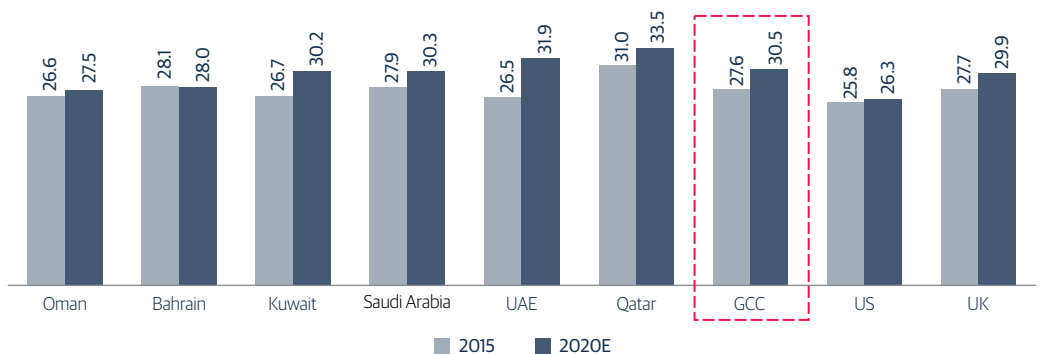
GCC healthcare professionals statistics

Total physicians and nurses



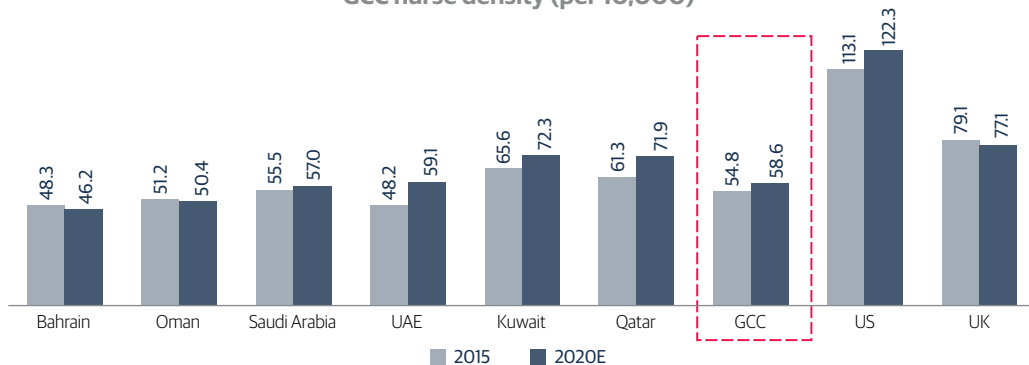
Source: MoH - Bahrain, Oman & Saudi Arabia; Kuwait's CSB; Qatar's SCH; UAE's FCS; Axience estimates

GCC physician density (per 10,000)





GCC nurse density (per 10,000)

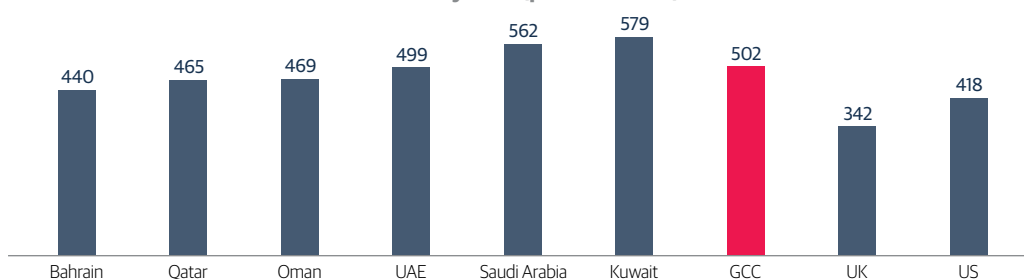


Source: MoH - Bahrain, Oman & Saudi Arabia, Kuwait's CSB, Qatar's SCH, UAE's FCS, Axience estimates

The prevalence of NCDs and lifestyle diseases such as diabetes (relatively high prevalence ratio of c. 16.9% among adult population in 2019) and obesity (prevalence ratio of c. 32.8% among adult population in 2016) has been increasing due to sedentary lifestyles, unhealthy diet and ageing population. Need for additional specialised healthcare centers and professionals will increase given the continuous treatment required to treat these lifestyle related diseases. The age-standardized death rate for NCDs in the GCC stands at 502.2 per 100,000 population in 2016, which is comparatively higher than that of developed nations such as the UK (342.4) and the US (417.9). Cardiovascular diseases account for the highest deaths among all NCDs in the GCC.

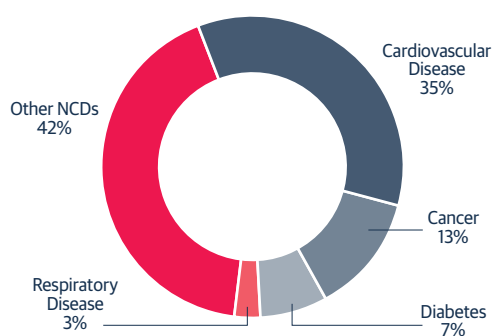
GCC NCD mortality statistics (2018)

Mortality rate (per 100,000)



GCC has a high diabetes prevalence ratio of c. 16.9% in 2019

NCD mortality by disease



Source: WHO, UNDP







03

Growth drivers and trends

3. Growth drivers and trends



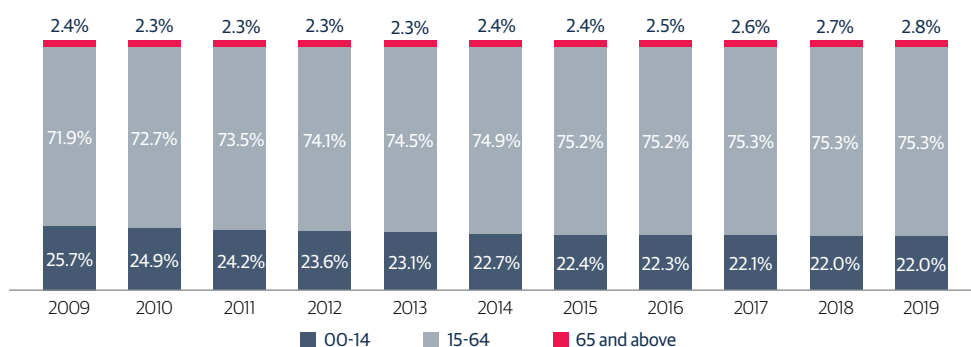
3.1 Key growth drivers

Population over 65 years is expected to grow at a CAGR of c. 5.7% during 2020-24 to 2.1mn

Growing population with high disposable incomes

The GCC population grew at a CAGR of c. 2.5% during 2015-20 to 59.4mn and is estimated to grow at a CAGR of c. 2.3% during 2020-24 to reach 64.9mn. The population aged over 65 years is expected to grow at a CAGR of c. 5.7% from 2020-24 to 2.1mn, translating into higher healthcare spending. This will also result in rise in demand of long-term care facilities. Though the proportion of population under age group of 14 year has declined from c. 25.7% in 2009 to c. 22.0% in 2019, it is still a significant growth driver. Moreover, the private healthcare sector is expected to benefit due to the demand from the expatriates.

GCC population mix - By age group (in years)



Source: World Bank

Additionally, the GCC healthcare providers also benefit from rising income levels which demands enhanced healthcare infrastructure and better quality of care. The per capita income in the GCC has traditionally been high. Moreover, the high level of personal income in a relatively tax-free environment has boosted disposable incomes in the GCC.

Prevalence of diabetes in the GCC is among the highest in the world

Rising incidences of lifestyle and chronic diseases

The GCC is witnessing an increasing number of lifestyle related diseases such as diabetes, obesity, heart diseases, hypertension, and cancer. This is driven by a variety of factors such as a sedentary lifestyle including consumption of unhealthy food (like packaged snacks and fast food), an ageing population, increasing stress, high tobacco usage, etc.

According to WHO, c. 73.0% of all deaths in Saudi Arabia in 2016 were due to NCDs, with cardiovascular diseases accounting for c. 37.0%, cancer c. 10.0%, respiratory diseases c. 3.0% and diabetes c. 3.0%. The prevalence of diabetes in the GCC is among the highest in the world with Kuwait and Saudi Arabia having the highest prevalence (among adults) in the region with c. 22.0% and c. 18.3%, respectively in 2019. In Saudi Arabia, the Type 2 diabetes mellitus rates are considerably higher in urban women (c. 33.0%) and older adolescents (c. 10.8%)². The diabetes prevalence rate (among adults) for Kuwait has seen an increase from c. 10.8% in 2010 to c. 22.0% in 2019.

² National Center for Biotechnology Information (NCBI)



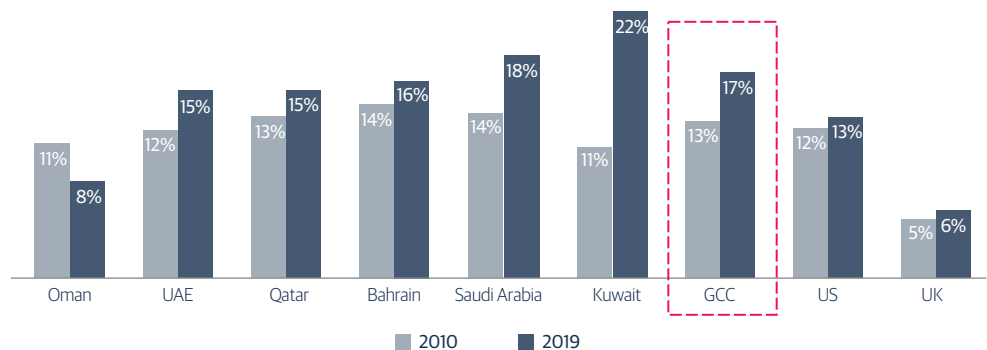


GCC is one of the most obese regions in the world, with an obesity prevalence of c. 32.8% in 2016, higher than that of the UK

Similarly, the GCC has one of the most obese population in the world with its average obesity prevalence increasing from c. 32.5% in 2008 to c. 32.8% in 2016. While UAE witnessed the highest increase in obesity prevalence during the period, Kuwait had the highest obesity level of c. 37.9% in 2016 across the GCC. WHO estimates indicate that approximately c. 31.7% of the UAE's adult population is considered obese in 2016 and 155,000 Emiratis already suffering from diabetes.

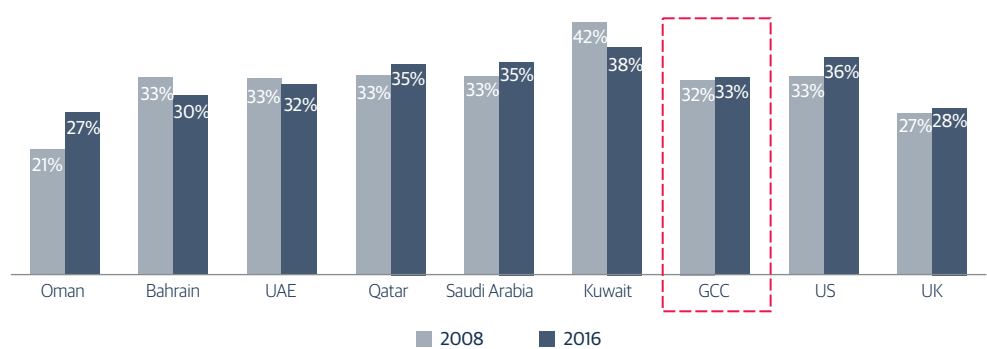
Disease prevalence - GCC vs Developed nations

Diabetes prevalence among adults



Source: International Diabetes Federation (IDF)

Obesity prevalence among adults*



Source: WHO *For individuals over 18 years & BMI of over 30

Higher incidence of NCDs is prevalent in Bahrain as c. 60.0% of the population is overweight, and c. 20.0% of the population being regular smokers³. The leading cause of deaths (from diseases) in Bahrain is due to the cardiovascular diseases which accounts for c. 47.1% of all deaths in 2018, highlighting the growing incidences of NCDs. Similarly, diseases of the circulatory system (cardiovascular diseases) and cancer are the top two causes of death (other than injuries), with circulatory system diseases accounting for c. 41.4% and c. 41.3% of all deaths in Abu Dhabi and Dubai, respectively.

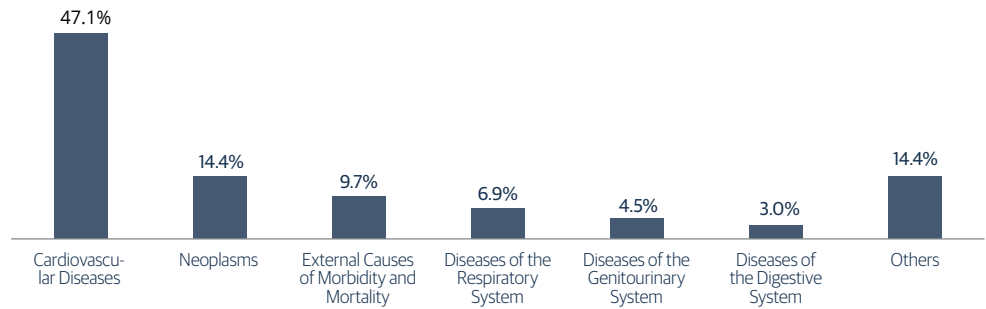
3 National Center for Biotechnology Information (NCBI)





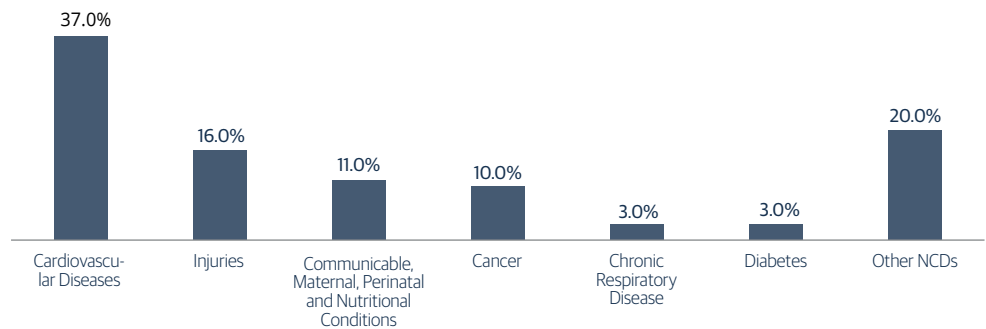
The leading cause of deaths (from diseases) in Bahrain is due to the circulatory system which accounts for c. 47.1% of all deaths in 2018

Top diseases in the GCC Top causes of deaths in Bahrain (2018)



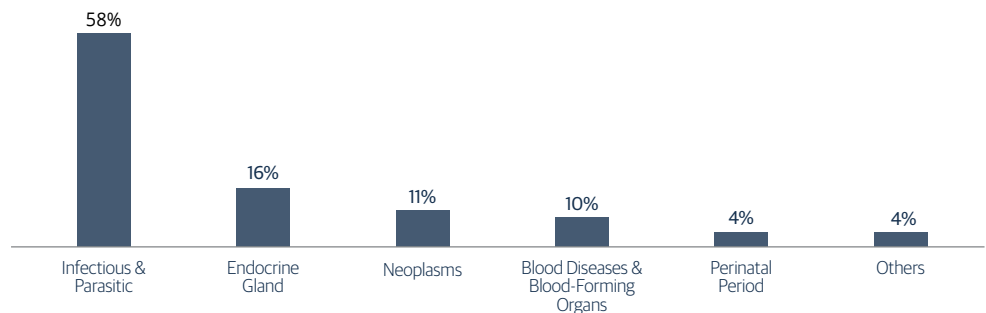
Source: MoH - Bahrain

Top causes of deaths in Saudi Arabia (2016)



Source: WHO

Top causes of deaths in Qatar (2018)

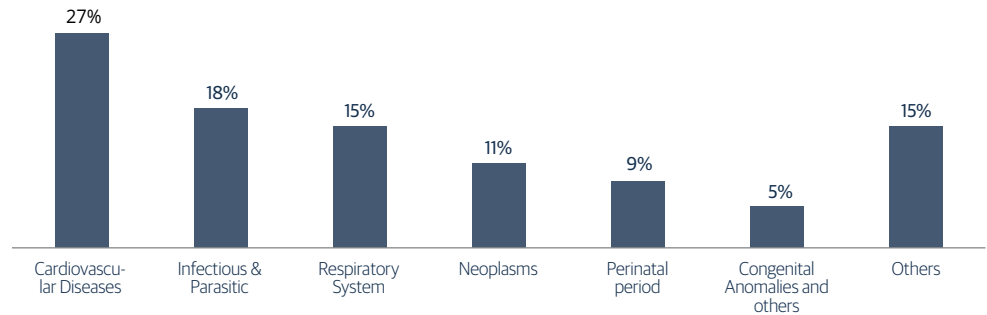


Source: Ministry of Public Health (MPH) - Qatar



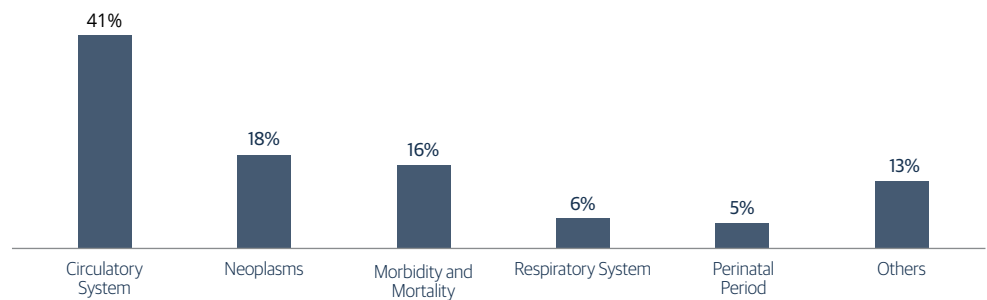


Top causes of deaths in Oman (2018)



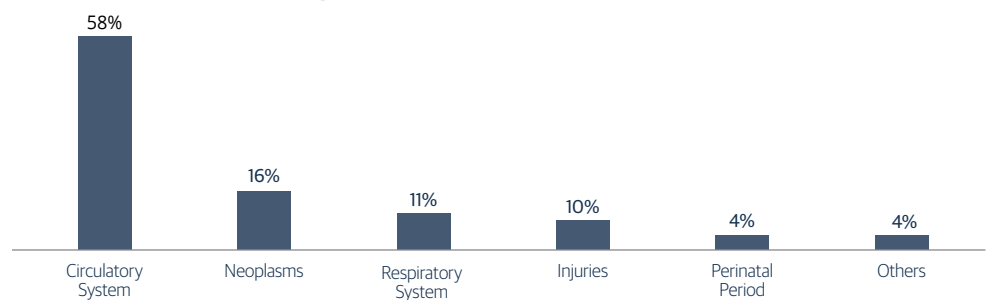
Source: MoH - Oman

Top causes of deaths in Abu Dhabi (2018)



Source: Health Authority of Abu Dhabi (HAAD)

Top causes of deaths in Dubai (2018)



Source: Dubai Health Authority (DHA)

The high levels of these NCDs, which are expected to rise further by 2035, will drive healthcare expenses upwards, given that these diseases require continuous treatment over a prolonged period of time. This also necessitates more healthcare service providers and doctors or physicians, benefitting the healthcare sector as a whole.





Qatar and Oman have still not made health insurance mandatory but are soon expected to follow their GCC peers

Saudi Arabia's gross written premiums for health insurance increased at a CAGR of c. 4.5% during 2014-18 to USD 5.3bn

The GCC governments are providing measures such as soft loans and land grants, to encourage PPPs

Saudi Arabia made plans to increase the number of primary healthcare centers to 2,750 in 2020

Penetration of mandatory health insurance

In order to address the growing demand and rising cost of healthcare, and to alleviate the persistent burden of healthcare spending of the government, many of the GCC nations have introduced mandatory health insurance schemes for everyone. Private insurers are rapidly coming up to cater to this demand, leading to increase in private sector health expenditure. The complete roll out of mandatory health insurance is expected by 2021, however many regions in the GCC have already implemented this, with Saudi Arabia, UAE, Bahrain and Kuwait having rolled out insurance schemes for expatriates. While Qatar and Oman have still not made it mandatory but are soon expected to follow their GCC peers.

At an overall level, insurance market in the GCC is expected to grow at a CAGR of c. 4.3% from USD 29.2bn in 2019 to USD 36.1bn in 2024 on the back of government's effort to strengthen regulations for phased introduction of mandatory insurance. The UAE recorded the highest insurance penetration in the region at c. 2.9% in 2018, followed by Bahrain (c. 1.9%) and Qatar (c. 1.6%), with the regional average being c. 1.7%. The insurance penetration of overall GCC is estimated to continue in the range of 1.8%-1.9% during 2019-24, which is actually below the global average of c. 6.1%, thus offering a huge scope for sector growth⁴.

Apart from reducing the out-of-pocket expenditure of all individuals, expatriates are expected to significantly benefit from the roll out of mandatory health insurance, with less travel and associated costs for availing treatment in their home countries where medical costs are far lower than in the GCC. In Saudi Arabia, the Gross Written Premium (GWP) in the health insurance market reached USD 5.3bn in 2018, with a CAGR of c. 4.5% during 2014-18. GWP for medical insurance in Bahrain grew at a CAGR of c. 8.1% from 2014-18 to USD 174mn in 2018⁵. Increase in penetration of mandatory health insurance across the GCC is expected to be a key driver for healthcare spending and services in the private sector going forward.

Government impetus supported by PPPs - increasing participation of private sector

Governments across the GCC are investing to develop their health infrastructure with multiple strategic visions or plans in place. The governments are keen on boosting private sector involvement in healthcare through measures such as soft loans and land grants, to encourage PPPs. Increasing number of expatriates and government initiatives to encourage private investment through PPPs have driven investment in the healthcare sector. Saudi Arabia and the UAE are among the top destinations for foreign investors to tap the healthcare market. Although public sector hospitals constitute the majority of hospitals in the GCC, increased private sector participation is reflected in the c. 18.8% increase in private hospitals during from 2015-20.

Saudi Arabia instituted a 10-year comprehensive health program that was targeted to build primary healthcare centers in the first phase and specialized and secondary care hospitals in the second phase by 2020. In addition, the country also aimed to have 27 specialized medical centers and five medical cities by 2020. Moreover, with the policy changes, which states that 100% ownership can be held by the foreign investors in the healthcare sector. This will help bridge the gap of 20,000 additional beds required by 2035. In 2019, the nation increased the amount allocated to healthcare sector by c. 8.2% YoY to USD 46bn, c. 15.6% of total budget. Government initiatives such as Saudi Vision 2030 and the National Transformation Program (NTP) 2020 focuses on privatization and bringing digital innovations in healthcare.

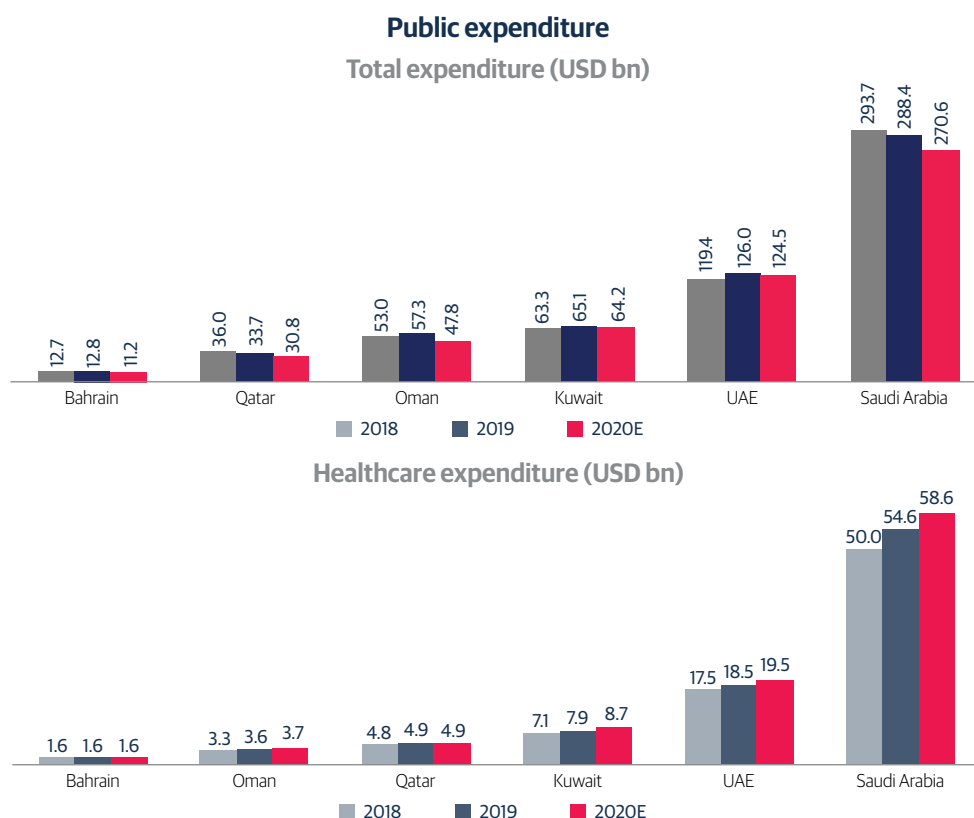
⁴ Gulf News

⁵ Central Bank of Bahrain





GCC's total public expenditure for 2020 decreased by c. 5.9% YoY to USD 549bn, of which Saudi Arabia accounted for c. 49.3%, while the UAE displayed the best annual growth rate. While most of the GCC countries have maintained their focus on social sectors such as healthcare and education, healthcare expenditure for Qatar declined marginally at c. 0.2% YoY in 2020. The decline in oil prices have had some impact on government healthcare budgets in the GCC despite healthcare being a priority sector.



Source: WHO and IMF

In Kuwait, hospital projects with capacity of more than 2,822 beds are being built or planned for approximately USD 2.9bn

In the UAE, Dubai proposed a new PPP law to encourage private sector funding by offering protection with respect to contractual terms, among other things. More PPPs are expected in the areas of long-term care (LTC), day-surgery centers, ambulatory and day care⁶. Similarly, Abu Dhabi's 5-year health strategy plans various public and private hospital projects to bridge the gap between demand and supply of hospital beds, and focuses on e-health and health information systems. It has formed PPPs with major international hospitals such as Vamed, Cleveland Clinic and Johns Hopkins. Public hospitals like Rashid Hospital have handed over its operations to private operator InterHealth Canada, while NMC Health now manages the Sheikh Khalifa General Hospital.





In Kuwait, hospital projects with capacity of more than 2,822 beds are being built or planned for approximately USD 2.9bn. In Qatar, the Supreme Council of Health (SCH) along with the Ministry of Economy and Commerce, allotted five plots of land to build and operate hospitals under the PPP model. Oman is developing a framework for PPPs and private investments across various sectors, including healthcare.

There are several mega projects under development, which once completed, are likely to boost the health infrastructure in the region. For example, in Abu Dhabi, the New Al Ain Hospital project which is being executed in collaboration with Abu Dhabi Health Services Company and Abu Dhabi General Services Company is c. 89% complete (as of September 2019). This hospital will consist of 719 beds, including 67 for Intensive Care Unit (ICU), 510 beds for general medicine, surgery, children's ward, maternity & royal suites and 142 for medical rehabilitation.

Mega projects in the pipeline*

Projects	Location	Cost (USD mn)	Description
King Abdullah Bin Abdulaziz Medical Complexes	Saudi Arabia	6,800	1,500+ bed each in Riyadh and Jeddah
King Fahad Medical City Expansion	Saudi Arabia	14,000	600 bed expansion
King Khalid Medical City	Saudi Arabia	1,270	1,500 beds
King Faisal Medical City	Saudi Arabia	1,060	1,350 beds in 2 phases
Medical City for Rehabilitation and Treatment	Saudi Arabia	347	1,100 beds
New Al Ain Hospital	UAE	1,200	719 beds
Sheikh Khalifa Central Hospital	UAE	235	300 bed expansion
Farwaniya Hospital Expansion	Kuwait	928	955 bed expansion
New Sabah Hospital	Kuwait	587	617 beds being added
Kuwait Cancer Control Center Expansion	Kuwait	596	618 beds being added
Al Adan Hospital Expansion	Kuwait	766	632 beds being added
King Abdullah Bin Abdulaziz Medical City	Bahrain	100	288 beds being added in Phase 1
Muharraq Hospital Complex	Bahrain	32	100 beds being added
Sultan Qaboos Medical City Complex	Oman	1,200	1,249 beds being added
International Medical City	Oman	1,000	800 beds
New Sultan Qaboos Hospital, Salalah (IHG)	Oman	351	700 beds
Gemelli Hospital Muscat	Oman	260	300 beds
Al Suwaiq Hospital Project, Suwaiq (IHG)	Oman	200	250 beds
Khasab General Hospital, Khasab (IHG)	Oman	148	150 beds

Source: Arab Health Online, Web search *Not a comprehensive list





3.2 Emerging trends

Private healthcare expenditure has increased at a CAGR of c. 10.7% during 2015-20 to USD 30.7bn

Saudi Arabia has allowed 100% foreign investment in hospitals

Increasing participation of private sector

Private healthcare expenditure in the GCC has increased at a CAGR of c. 10.7% during 2015-20 with the fastest growth seen in the UAE (CAGR of c. 14.6%). Overall, private healthcare expenditure has increased from USD 18.5bn in 2015 to USD 30.7bn in 2020 with Saudi Arabia and the UAE together accounting for c. 89.1% of private healthcare expenditure in the GCC.

Government initiatives and reforms such as allowance of 100% foreign investment in hospitals in Saudi Arabia, and dedicated healthcare zones such as the Dubai Healthcare City, have boosted private sector participation in the healthcare segment. Saudi Arabia has stressed on the increasing the role of private sector through privatization and financing of activities involving job creation and investment. In 2019, the private sector held c. 34.3% of the Saudi healthcare market and the total number of private sector hospitals has increased from 145 in 2015 to 164 in 2020⁷. The Saudi Arabian market is amongst the most advanced in the GCC, however, the kingdom operates with limited number of long-term care operators when compared to the size of the population.

Private sector investments in the GCC

Sponsor	Project	Year of Opening	Location	Investment (USD mn)
United Eastern Medical Services	Danat Al Emarat Hospital for Women & Children	2020	Abu Dhabi, UAE	82
Aster DM Healthcare	Aster Hospital	2019	Ibri, Oman	n/a
Al Salam	Al Salam Specialist Hospital	2019	Buhair, Bahrain	n/a
VPS Healthcare Group	Burjeel Medical City	2019	Abu Dhabi, UAE	381
VAMED	Al Reem Integrated Healthcare Center	2019	Abu Dhabi, UAE	n/a
Mediclinic Middle East	Mediclinic Parkview Hospital	2018	Dubai, UAE	n/a
Abeer Medical Group	Abeer	2018	Ruwi, Oman	n/a
VPS Healthcare	Burjeel Medical City	2017	Abu Dhabi, UAE	381.5
Qatar Foundation	Sidra Medical and Research Center	2016	Doha, Qatar	2,400
VKL Holding & Al Namal	Middle East Medical Center	2016	Hidd, Bahrain	17.2
Cleveland Clinic US	Cleveland Clinic	2015	Abu Dhabi, UAE	n/a
John Hopkins Medicine International	Tawam Hospital	2006	Abu Dhabi, UAE	n/a
Apollo Group of Hospitals	Yiaco Apollo Medical Center	2005	Salmiya, Kuwait	n/a
Apex Medical Group	International Medical City, Salalah	n/a	Salalah, Oman	1,000
Starcare Health Systems	Unnamed hospital	n/a	Muscat, Oman	76.9
Thumbay Group	Thumbay Hospital	n/a	Dubai, UAE	n/a
Aster DM Healthcare	Aster Hospital	n/a	Dubai, UAE	n/a
Starcare Health Systems	Unnamed hospital	n/a	Muscat, Oman	76.9

Source: Company websites, Web search

7 U.S-Saudi Arabian Business Council





CoEs providing high quality end-to-end medical care and technologically advanced services, are being setup across GCC

Focus on specialized care and emergence of CoE

While physical infrastructure continues to be built, a trend emerging is the setup of specialized healthcare facilities called as CoE, which provide high quality end-to-end medical care and technologically advanced services. These centers offer a clear differentiated offering, employs highly experienced clinical professionals and multi-disciplinary teams, and have the ability to command premium pricing as compared to the services offered by general hospitals. These CoEs provide improved patient outcomes for the specialties offered, such as faster recovery, better functional capability, reducing the chances of re-admission, etc.

Various initiatives are being planned in this area of business both by the governments as well as by the private service providers. For instance, the Bahraini government is planning to turn itself into a regional hub for specialized healthcare facilities. In 2019, Bahrain saw applications for different types of care including - hair transplant, stem cell banks and alternative medicine, which are unlike previous years where the requests were for general medical centers or multidisciplinary clinics like dermatology, dental or ophthalmology⁸. In another initiative, in June 2019, a UAE-based healthcare service provider, Avivo Group revealed that the firm is eyeing for new M&A and partnerships to focus on super specialized healthcare services in the region. The Group through strategic initiatives is trying to collaborate with super specialty providers in the healthcare sector from around the world.

CoEs established in the GCC

CoE	Location	Specialties offered
Aspetar	Doha, Qatar	Sports medicine and rehabilitation, recognized globally as a FIFA accredited CoE
Burjeel Hospital for Advanced Surgery	Dubai, UAE	Joint replacement - knee and hip
Danat El Emarat Hospital (Women and children)	Abu Dhabi, UAE	Maternity, neonatology and pediatrics, plastic / aesthetic surgeries for women, breast cancer screening programs
Wooridul Spine Center	Abu Dhabi, UAE	Spine disorders, fusion surgeries, open laser discectomies
Cleveland Clinic	Abu Dhabi, UAE	Obesity, diabetes and heart disease, minimally invasive robotic surgeries
Sidra Medical & Research Center	Qatar	Maternity and pediatrics
Imperial College of London - Diabetes Center	Abu Dhabi, UAE	Diabetes
Dubai Healthcare Corporation	Dubai, UAE	First skin bank
VPS Healthcare (Burjeel Medical City)	Abu Dhabi, UAE	Cancer treatment

Source: E&Y

8 Economic Development Board, Bahrain (EDB)





Rising rates of disability due to an ageing population and rising average life expectancy is driving demand for LTPAC

Setting up of CoE in specialized areas of cardiology and orthopedics is also expected to spur demand for LTPAC services

Emergence of LTPAC centers

LTPAC facilities provide medical and non-medical services ranging from complex care in hospitals to personalized home care to patients with prolonged illness, disabilities or patients requiring rehabilitation. Post-acute care offers post-hospitalization support and related services. The rising rates of disability due to ageing population and rising average life expectancy is driving demand for LTPAC for the elderly and people with disabilities, while increasing instances of chronic disorders and major injuries arising from road accidents are increasing demand for LTPAC centers⁹. According to a report published by the American Hospital Association, patients getting discharged from an acute hospital, moving to an LTPAC facility delivered better healthcare outcomes than patients discharged to their homes, which augurs well for LTPAC centers.

In the UAE, a 350-bed University Hospital related to Thumbay Group was inaugurated in Ajman in 2019. In the first phase, the hospital included 350 beds, more than 100 consultation clinics and 100 beds dedicated for long term care and rehabilitation. In a similar initiative in Qatar, the Hamad Medical Corporation provides patients with customized care designed to help the patients integrate back into the community. The facility is managed by Rumailah Hospital and offers specialist care to patients having cognitive and physical disabilities.

The setup of CoE in specialized areas of cardiology and orthopedics is also expected to spur demand for LTPAC services. The UAE is also emphasizing more on building LTPAC centers and has invested heavily in the past five years.

Prominent LTPAC providers in the GCC

Name	Country	Services offered
Amana Healthcare	UAE	LTPAC and homecare
Emirates Rehab and Homecare	Oman and UAE	LTPAC, rehabilitation and homecare
Cambridge medical and rehabilitation center	UAE	LTPAC, rehabilitation, VENT programs
Provita	UAE	Rehabilitation and LTPAC
Wooridul Spine Center	UAE	LTPAC and surgery
Sukoon International	Saudi Arabia	LTPAC
Americare	UAE	Long-term care and post-acute rehabilitation
Emirates Hospitals Rehabilitation and Homecare Services	UAE	Post-acute rehabilitation care
KIMS and CLINEA (France)	Bahrain	Long-term rehabilitation and post-acute care
NMC - Chronic Care Specialty Hospital	Saudi Arabia	Long term and transitional care
VPS Healthcare (Burjeel Medical City)	UAE	Long-term care facility
Capital Health	UAE	Acute, post-acute and long-term rehabilitation

Source: E&Y

9 WHO





Focus on developing a medical tourism hub

The GCC nations are developing state-of-the-art healthcare facilities offering high quality treatment and specialized care, with an eye to promote medical tourism by attracting an increasing number of patients for treatment of specific ailments. These developments are supported by relaxation of visa policies to facilitate an easier access to international patients. For example, the UAE had simplified its visa rules along with introduction of multiple entry visas for patients and their escorts in order to attract medical tourists back in 2014.

To further expand medical tourism, Dubai has introduced a master plan and aims to attract nearly 500,000 medical tourists annually by 2021

Dubai remains the major destination in the GCC drawing patients from abroad, with 337,000 medical tourists in 2018. Medical tourism industry in the UAE grew annually by c. 5.5% and the revenue reached AED 12.1bn (USD 3.3bn) in 2018. To further expand medical tourism, Dubai has introduced a master plan and aims to attract nearly 500,000 medical tourists annually by 2021. Back in 2016, Dubai Health Authority's Dubai Health Experience (DXH) initiative was launched to make Dubai a global center for the provision of medical tourism services. Dubai as a medical tourism city comprises of 18 hospitals and 54 specialties centers which offers more than 600 packages from 72 healthcare facilities in 2019.

Oman is building the International Medical City at a cost of USD 1.0bn to attract medical tourists

In a similar initiative to promote wellness tourism, Bahrain is constructing the Dilmunia Health District on the Dilmunia Island at a cost of USD 1.6bn in three phases, which will include hospitals, clinics, wellness centers, residential properties, hotels, and leisure facilities. The two phases were completed by 2017 and third phase has started in 2018. Similarly, Oman aspires to be a destination for medical tourism by building the International Medical City (IMC) at a cost of USD 1.0bn. The IMC will house a healthcare complex having 800-bed multi-specialty hospital, a health resort, hotels, wellness centers, apartments, a conventional center and colleges in a medical education complex, across an area of 0.9mn square meters. Qatar is another country which benefits from medical tourism, mainly from residents of other GCC nations after the development of Qatar Robotic Surgery Center. It has become a preferred destination for inexpensive cosmetic surgeries in the GCC.

Medical tourism is expected to pick up due to the efforts of the GCC nations, which is expected to boost healthcare revenues, not only from foreign patients but also from locals who would otherwise go abroad for specialized treatment. While a handful of innovation driven medical cities and specialized healthcare centers exist in the GCC which bode well for medical tourism, more specialized healthcare projects in the GCC (including medical cities) are coming up, that would further promote medical tourism in the region.





Healthcare projects in the GCC that have facilitated medical tourism

Name of Project	Completion Year	Location	Developer	Cost of Project (USD mn)
Burjeel Medical City	2020	Abu Dhabi, UAE	VPS Healthcare Group	381
New Jahra Hospital	2018	Kuwait	Kuwait Government	1,000
International Medical City	n/a	Oman	Apex Medical Group	1,000
Dilmunia Health District	2015	Bahrain	Developed by Ithmar Development Co., and funded by Bahrain Government	n/a
Cleveland Clinic	2015	Abu Dhabi, UAE	Cleveland Clinic	n/a
Qatar Robotic Surgery Center	2010	Qatar	Qatar Science and Technology Park and Hamad Medical Corporation	n/a
Yiaco Apollo Medical Center	2005	Kuwait	Apollo Group of Hospitals	n/a
Dubai Healthcare City	2002	Dubai, UAE	Dubai Government	n/a
King Abdullah Bin Abdulaziz Academic Medical City	2022	Bahrain	Bahrain Arabian Gulf University	267

Source: Company websites, Web search







04

Issues and challenges

4. Issues and challenges



GCC healthcare sector significantly impacted due to COVID-19

As the coronavirus pandemic continues to impact the globe, the GCC authorities are taking steps to limit both the health and economic impact of the virus. There were over 1.35 million of positive COVID-19 cases across the GCC region as of February 22, 2021¹⁰. Saudi Arabia has majority of confirmed cases, followed by the UAE and Kuwait, where the number of new cases has been rapidly increasing over the past months. With the COVID-19 outbreak, the authorities have taken a series of lockdown or containment measures limiting transportation and economic activity, which has negatively affected businesses to continue contributing to the economy. These measures have also affected the services sector including the healthcare, which employs a large number of people in the region, and may cause wide reverberations if unemployment rises and wages and remittances fall.

The COVID-19 impact was seen on the 'regular' care delivery which witnessed close to 50% cancellation of all regular care in the GCC, leading to an average of eight million fewer patient contacts per week (during the time when pandemic measures started). On a regular day, it is estimated that more than two million contacts are established between patients and providers in the GCC. However, due to the outbreak the regular care healthcare staffs were needed to disengage for managing the COVID-19 patients which resulted in such drop. At the same time, the regular patients themselves also postponed or cancelled regular care visits too. This is quite evident from the service provider's financial report. For instance, the business operation of Aster DM Healthcare for April 2020 was severely impacted due to COVID-19, which led to c. 35.0% year-on-year (YoY) fall in revenue for GCC and India businesses for the month. The occupancy rate for Aster's GCC hospitals was c. 52.0% in April 2020. Meanwhile, postponing care delivery can lead to negative impact on patient's health and creates an immense backlog, which leads to increased waiting lists.

The pandemic has also impacted the GCC tourism and mega-events including the Dubai's Expo 2020, which got postponed by a year to October 2021. Almost all of the GCC nations had restricted its citizens from going abroad and also reduced air travel considerably to limit incoming foreign nationals. This temporary shutdown of international travel in 2020 slowed down the visits of medical tourists, especially in Dubai (UAE) where patients majorly travel for lifesaving, cosmetics and orthopedics procedures.

GCC economies are highly vulnerable to change in oil prices

Due to the decrease in oil demand during the COVID-19 pandemic and the resultant economic slowdown, the crude oil prices had collapsed to USD 40/barrel in early June 2020. Such scenarios of low oil prices puts strain on the GCC countries which are majorly oil dependent, despite their ongoing efforts to diversify their economies. The lower prices affects the GCC countries spending capacity and may also face reduced remittance inflows and FDI, and weaker demand for goods and services from the rest of the region.

However, the robust economic growth due to recovery from the pandemic resulted in increase in oil prices in 2021. According to the US Energy Information Administration (EIA), Brent crude prices will average USD 68.61/barrel in 2021 and USD 66.04/barrel in 2022, compared to a low of USD 54.71 in 2017, USD 45.13 in 2016 and USD 53.03 in 2015¹¹. High oil prices result in higher budget surpluses and larger share of allocation to healthcare facilities and higher subsidies too, while low oil prices adversely impacts the execution of ongoing projects and restrict increase in healthcare

¹⁰ Worldometers





It is expected that oil prices will remain elevated in the short to medium term which will help governments' finances

projects. It is expected that oil prices will remain elevated in the short to medium term which will help governments' finances, however, oil prices will likely ease off once transitory demand/supply pressures largely arising from the COVID-19 disruptions are alleviated.

The GCC has around 26 mega hospital projects in active stages of development and majority of these projects were expected to be completed by 2020. The total investment cost of these projects is estimated to be USD 23.5bn and are expected to add a total of 18,123 beds.

Shortage of skilled workforce

The GCC nations face a shortage of skilled physicians and nurses in their efforts to position themselves as premier destination for medical tourism, despite having high quality infrastructure and facilities. Up to 80% of medical staff in certain hospitals and clinics are expatriates, which has led to inconsistencies in techniques and training standards¹¹. The growing population, increase in lifestyle ailments and pick-up in medical tourism is likely to increase the demand for skilled healthcare professionals. According to Colliers International, Saudi Arabia needed an additional 10,000 doctors by 2020 and will need more than 30,000 by 2030 to tackle critical bed shortages and meet the needs of its growing population. In a similar scenario, according to the National Center for Statistics and Information (NCSI), Oman will need more than 13,000 doctors by 2040 as part of Oman's Vision 2040.

GCC countries are undertaking labor reforms to reduce the dependence on expatriate workers

Further, the GCC countries are undergoing major labor reforms to reduce the dependence on expatriate workers which will add to the demand vows for local physicians who are currently in limited numbers. Kuwait has already started the implementation of its 'Kuwaitization' policy which mandates the proportion of Kuwaiti nationals to be employed under each sector. Currently, Kuwaiti nationals need to comprise minimum of 10% of the workforce in private hospitals in the nation. Bahrain has a policy where one in four workers in the private sector should be Bahraini for the company to get work visas for their expatriate employees. Other countries like Oman have also established localization drives, with the Ministry of Manpower tightening the issue of employment visas to expatriates. The UAE already has an 'Emiratization' drive in place to increase the number of locals in the private sector, although there are no mandatory requirements yet to hire locals. However, the GCC nations are also welcoming expatriates who wish to stay for a long-term. For example in May 2018, the UAE has started offering residency visas up to 10 years for specialists such as doctors, which will help bridge the gap in the labor force. In October 2019, Bahrain hired additional 400 nurses to ease the workload at the nation's key public hospital, Salmaniya Medical Complex (SMC), comprising of 150 Bahraini and 250 Indian personnel.

While all these reforms are aimed at improving the local mix in the healthcare sector, the existing shortage of local trained physicians in the GCC is expected to hinder these localization efforts, and incline healthcare providers to continue relying on expatriates to fill the demand.

¹¹ Mckinsey & Co.





Lack of quality care

The end quality of healthcare services in the GCC compared to the cost incurred is below par than that of the equivalent healthcare system of developed nations. There exist an acute imbalance in quality of healthcare system at primary and secondary care level in the region. Whereas, the tertiary and quaternary care still remains sub-standard. This inconsistency in the system exhibits uneven patient experience and satisfaction level which is also due to lack of comprehensive patient experience management function, poor existing practices and lack of implementing leading international practices.

According to a survey conducted by E&Y in 2017, only 38% of patients in the GCC have trust in their respective healthcare system. Most of them also reported that they would prefer to use healthcare services for serious conditions outside the GCC. To cater to lack of quality services, many governments send patients abroad for treatment of complex health conditions. The quality issue is not limited from the feedback from patients only. According to the same survey, c. 51.0% of the GCC healthcare professionals rate overall quality of healthcare as inconsistent in the region.

Increasing cost of outbound medical tourism

Lack of quality care and inadequate access to better healthcare facilities comes with a cost and results in unnecessary cost overheads for different governments. Lack of facilities related to complex cases of oncology, orthopedics, trauma, rehabilitation and pediatric services makes the GCC governments to fund outbound medical tourism. In general the GCC nationals rely more on healthcare system of Germany, UK, US and other Asian countries. Medical travel possess a severe cost burden on the GCC governments, which is estimated to be around USD 20bn a year¹². This is an important point as the GCC's oil-based economy is currently under pressure while the demand for healthcare services continues to grow with growing population, increasing ageing population and increasing prevalence of chronic diseases.

Funding of the healthcare bill

The GCC governments pays an average of over 70% of all healthcare expenditure. In addition, the contribution of private-sector health insurance providers in covering healthcare costs is limited¹³. Hence, the onus of providing healthcare services rests on government budget. The government budgets are already under-pressure due to increasing healthcare cost which is in turn dependent on rising population, ageing population and increase in cases of chronic diseases.

The current economic scenario in these countries, indicated by the recent pandemic induced economic slowdown and reduced spending budgets, add to the existing problems for the government. Given these challenges, the governments might be tempted to take difficult preventive measures to protect their economies. These measures might be in the form of imposing co-payment by patients or reduced reimbursement rates to institutions. The increased co-payment condition might deter the patients from accessing critical services, and the reduced reimbursement rates would discourage the investments required to fill current gaps in quality and accessibility of the services, further stressing the healthcare sector.

¹² Bain & Company

¹³ Bain & Company









05

Country profiles

5. Country profiles

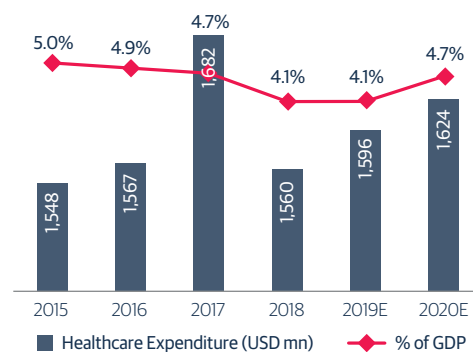


Total healthcare spending in Bahrain forms c. 14.5% of total public expenditure, third highest in GCC

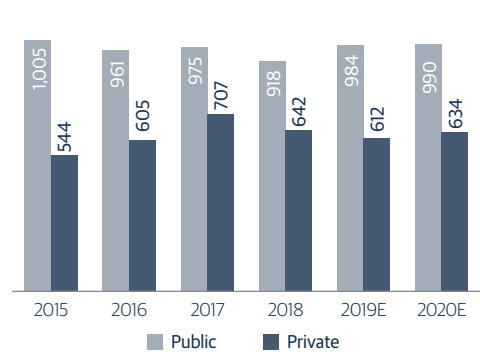
5.1 Bahrain

Bahrain's total healthcare spending as a percentage of total public expenditure stood at c. 14.5% in 2020, which was third highest in the GCC region. The nation witnessed a recovery in oil prices during 2016-19 and a corresponding improvement in the budget deficit to USD 4.5bn in 2020 from USD 5.7bn in 2015¹⁴. The total healthcare expenditure has grown at a CAGR of c. 1.0% during 2015-20 to USD 1.6bn, primarily driven by greater increase in private healthcare expenditure (CAGR of c. 3.1%). The share of private expenditure in total expenditure increased to c. 39.1% in 2020, up from c. 35.1% in 2015. Comparatively, the growth in public spending on healthcare decreased at annual rate of c. 0.3% during 2015-20 to reach USD 990mn. As far as outlook is concerned, the total healthcare expenditure is forecasted to grow at a CAGR of c. 0.8% during 2020-24 to USD 1.7bn.

Total healthcare expenditure (USD mn)



Healthcare expenditure mix (USD mn)



Source: Bahrain's Ministry of Finance, Axience estimates

14 IMF - World Economic Outlook Database





Key statistics

Macro parameter	2018	2019E	2020E	2024F
Population (mn)	1.48	1.48	1.51	1.64
Population growth rate (%)	2.0%	0.2%	2.0%	2.0%
Current GDP (USD mn)	37,653	38,574	34,624	42,256
Current GDP per capita (USD)	25,420	25,998	22,878	25,795
Public healthcare spending (USD mn)	918	984	990	1,015
Total healthcare spending per capita (USD)	994	1,075	1,074	1,023

Source: IMF, MoH - Bahrain, Axience estimates

Healthcare market structure

Regulatory framework:

The National Health Regulatory Authority (NHRA) is an independent body responsible for regulating healthcare sector in Bahrain, while the Supreme Council for Health (SCH) was formed in 2012 for framing policies regarding financing of health services, coordinating plans and programs of ministries etc.

Market structure:

Key indicators

Particulars	2015	2016	2017	2018E	2019E	2020E
Total hospitals	25	26	29	29	30	30
Public	7	7	7	7	7	7
Private	18	19	22	22	23	23
Number of medical centers*	30	30	30	31	32	33
Total hospital beds	2,594	2,593	2,580	2,580	2,680	2,680
Public	2,134	2,143	2,139	2,139	2,139	2,139
Private	460	450	441	441	541	541

Source: MoH - Bahrain, Axience estimates *Does not include private centers

The total number of hospital beds increased at a CAGR of c. 0.7% during 2015-20 to 2,680 beds in 2020 with public hospitals accounting for c. 79.8% of the beds. The increase in number of beds in public hospitals is flat compared to CAGR of c. 3.3% at private hospitals. The total number of beds is forecasted to increase at a CAGR of c. 4.3% during 2020-24 to reach 3,168 beds in 2024 with various upcoming projects. The largest among these is the 288-bed King Abdullah bin Abdulaziz Medical City, which is expected to receive patients from early 2022. The medical city will also include a number of research centers and a college of medicine. Similarly, the first phase of Muharraq Medical Complex is expected to be completed in 2021 and will have 100 beds of the 210 beds planned under multiple phases. The growth in the number of beds in private hospitals includes the 100-bed Al Salam Specialist Hospital which was opened in 2019.

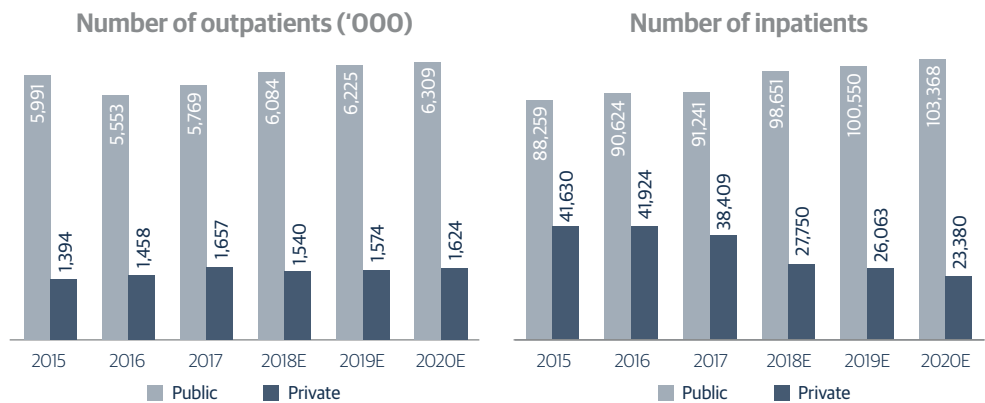
**National Health
Regulatory Authority
and Supreme
Council for Health
are responsible for
healthcare sector in
Bahrain**





Public hospitals accounted for c. 79.5% of total outpatients and c. 81.6% of inpatients in 2020

Public hospitals accounted for c. 79.5% of total outpatients and c. 81.6% of total inpatients in 2020. The total number of outpatients in Bahrain increased at a CAGR of c. 1.4% during 2015-20, mainly driven by private hospitals (CAGR of c. 3.1%) as compared to public hospitals (CAGR of c. 1.0%). Whereas, the total number of inpatients in private hospitals declined at a CAGR of c. 10.9% compared to increase in public hospitals (CAGR of c. 3.2%). The number of patients in private hospitals is expected to grow in the coming years due to the entry of international healthcare providers like German Orthopedic Hospital and Indian healthcare firm KIMS. The ratio between inpatient vs outpatient increased to c. 1.6% in 2020 when compared to c. 1.1% in 2015.

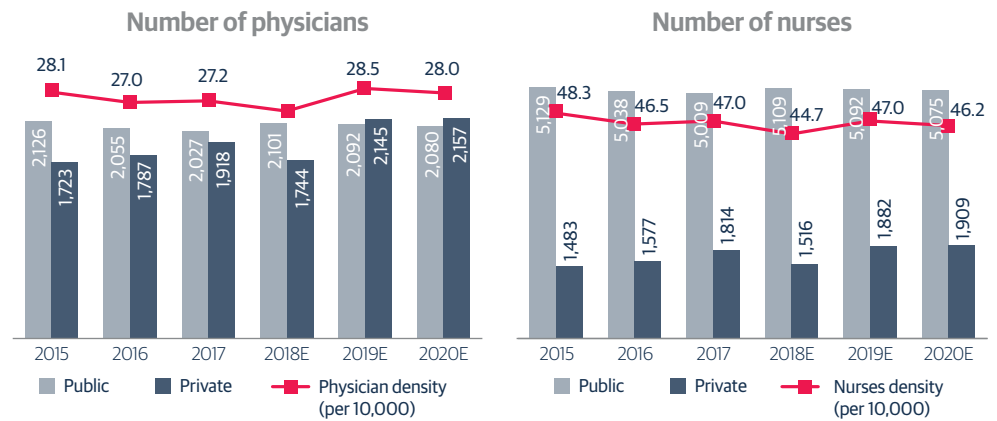


Source: MoH - Bahrain, Axience estimates

Bahrain has physician density of 28.0 physicians in 2020, which declined at CAGR of c. 0.1% over 2015-20

Bahrain's physician density (including dentists) stood at 28.0 physicians (per 10,000 population) in 2020, declined minimally at a CAGR of c. 0.1% over 2015-20, despite a CAGR increase of c. 1.9% in the total number of physicians during the period. The growth in total number of physicians was driven by private hospitals with a CAGR of c. 4.6% compared to decreased annual rate of c. 0.4% for public hospitals. The physician composition in the nation changed drastically over the past five years. In 2015, private hospital physicians constituted c. 44.8% of total physicians in the country, which has increased to c. 50.9% in 2020. Density of nurses in Bahrain was 46.2 (per 10,000) in 2020 and the total number of nurses grew at a CAGR of c. 1.1% during 2015-20 mainly driven by growth in the number of private hospital nurses (CAGR of c. 5.2%) against decreased annual rate of 0.2% in number of public hospital nurses. Bahrain is comparatively better placed than Oman in terms of supply of physicians, with a higher physician density, however it has the lowest nurse density in the GCC.





Source: MoH - Bahrain, Axience estimates

Growth drivers

- Total spending on healthcare as a percentage of GDP is fair among the GCC nations (c. 4.7% in 2020), as healthcare is one of the priority sector for the government
- Implementation of mandatory health insurance for citizens completely in 2021 will increase utilization of medical services at private healthcare facilities
- Bahrain has a relatively high incidence of diabetes with c. 16.3% of the adult population suffering from it in 2019 and c. 29.8% of the total population considered to be obese in 2016¹⁵. This has led to a high number of NCD cases in Bahrain, boding well for healthcare spending and increasing demand for healthcare facilities
- High prevalence rate of tobacco smokers, with c. 26.4% of the population smoking tobacco in 2016 is likely to further increase demand for healthcare centers and services¹⁶

Market developments

- In May 2020, Bahrain opened a new 154-bed field hospital staffed with 55 doctors and 250 nurses in 14 days for COVID-19 patients. It is the second such hospital among five that government planned to construct for adding 500 critical beds to its healthcare sector to address the increasing number of COVID-19 patients
- In January 2020, the Arabian Gulf University (AGU) signed a memorandum of understanding (MoU) with Saudi Development Fund (SDF) to finance construction of the buildings of the King Abdullah bin Abdulaziz Medical City Hospital which will be operational by 2022 with 288 beds
- In January 2020, KIMS Bahrain Healthcare (KBH) launched its fifth healthcare institution in Askar, the KIMS Bahrain Medical Center (KBMC), which is a multi-specialty center
- In May 2019, Bahrain invited tenders from leading contractors for the construction of a healthcare center at Madinat Khalifa area of the country, to accommodate 360 patients within the 17,244 square meters facility

¹⁵ International Diabetes Federation, WHO

¹⁶ World Bank





Bahrain passed the National Health Insurance Law in May 2018, requiring mandatory insurance contribution to the citizens

- In March 2019, the nation opened a new 100-bed private hospital to the public, Al Salam Specialist Hospital in Buhair region
- In May 2018, Bahrain passed the National Health Insurance Law (NHIL), which requires mandatory health insurance for all citizens. The citizens will pay insurance contributions into the Fund, which will provide insurance coverage. The government will bear the cost of 19 categories of medical care for Bahrainis, as well as their domestic staff
 - The law aims to lower government medical spending to BHD 800mn (USD 2.1bn) by 2038, which would have been BHD 1.0bn (USD 2.6bn) under the current healthcare system
 - Bahrain is in discussion with private consultants to introduce mandatory health insurance for its expat population, to lower the burden on employers as well as the government
- In May 2018, Bahrain awarded a contract worth USD 30mn to construct Phase 1 of Muharraq Hospital Complex which includes a 100-bed long-term care center for a new hospital in Muharraq city. The project is funded by SDF as a part of the GCC Countries Development Program. As of December 2020, c. 53.0% of the construction work has been completed and the project is on track for launch in Q3 2021

The nation's demand for healthcare services is expected to be high in coming years, due to growing population which is forecasted to increase at a CAGR of c. 2.0% during 2020-24. This will be further supported by the high incidence of diabetes and obesity, and tobacco consumption. The growing preference of Bahrainis towards private treatment has driven the growth in the private healthcare sector in terms of patients and number of physicians.

According to the CEO of Bahrain's NHRA, Bahrain could soon become a regional hub for specialized healthcare facilities, due to growing interest from investors in projects on hair transplant, stem cell banks and alternative medicine. Additionally, the Prime Minister of Bahrain has directed to fast-track four major health and development projects under construction across the nation. These include - Mohammed bin Khalifa Specialist Cardiac Hospital, Khalifa Town health project, Muharraq Hospital Complex and the Saada West project.

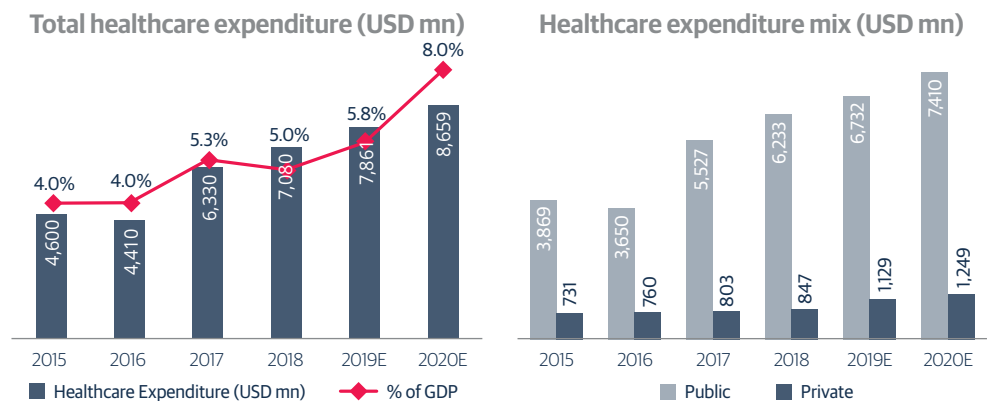




Public healthcare expenditure increased at a CAGR of c. 13.9% during 2015-20

5.2 Kuwait

Kuwait has relatively low GDP per capita (USD 22,252 in 2020) in the region but enjoys relatively higher per capita total healthcare spend (USD 1,773 in 2020) from all its GCC peers. The nation witnessed a worsening fiscal situation with a deficit of USD 8.4bn in FY 2020 compared to a surplus of USD 5.8bn in FY 2015. The public expenditure on healthcare increased at a CAGR of c. 13.9% during 2015-20 to USD 7.4bn. Though public spending accounts for the bulk of total healthcare expenditure (c. 85.6% in 2020), private health expenditure also increased at a higher CAGR of c. 11.3% during 2015-20. The total healthcare expenditure for Kuwait has grown at a CAGR of c. 13.5% during 2015-20 to USD 8.7bn and is forecasted to grow at a CAGR of c. 14.8% during 2020-24 to USD 15.0bn.



Source: WHO, National Health Accounts (NHA), Axience estimates





Key statistics

Macro parameter	2018	2019E	2020E	2024F
Population (mn)	4.62	4.75	4.88	5.45
Population growth rate (%)	4.1%	2.8%	2.8%	2.8%
Current GDP (USD mn)	140,691	135,387	108,656	134,633
Current GDP per capita (USD)	30,442	28,500	22,252	24,701
Public healthcare spending (USD mn)	6,233	6,732	7,410	12,928
Total healthcare spending per capita (USD)	1,711	1,655	1,773	2,758

Source: IMF, WHO, Kuwait Central Statistics Bureau, Axience estimates

Healthcare market structure

Regulatory framework:

Kuwait's Ministry of Health (MoH) is the governing body responsible for healthcare sector across Kuwait which provides free treatment to locals at public hospitals. There are also semi-public institutions run by the military and oil companies (Kuwait National Petroleum Company, Kuwait Oil Company, etc.) which runs and operate hospitals autonomously.

Market structure:

Key indicators

Particulars	2015	2016	2017	2018E	2019E	2020E
Total hospitals	32	33	34	35	35	38
Public*	20	21	22	23	23	26
Private	12	12	12	12	12	12
Number of medical centers	94	95	97	98	98	100
Total hospital beds	8,340	8,317	8,528	8,691	8,691	10,563
Public	7,258	7,246	7,402	7,542	7,542	9,414
Private	1,082	1,071	1,126	1,149	1,149	1,149

Source: Kuwait Central Statistics Bureau, Axience estimates *Public hospitals include semi-public hospitals run by oil companies

The total number of beds increased at a CAGR of c. 4.8% during 2015-20 to 10,563 beds in 2020 with public hospitals accounting for c. 89.1% of the beds. Beds in public hospitals have grown faster (CAGR of c. 5.3%) than that in private hospitals (CAGR of c. 1.2%). Number of hospital beds in the country is expected to grow at a CAGR of c. 6.1% during 2020-24, due to various upcoming projects such as the new 955-bed Farwaniya Hospital expansion project, 617-bed new Sabah Hospital, 632-bed Al Adan Hospital expansion, 618-bed Kuwait Cancer Control Center expansion project and 300-bed Jahra Hospital.

Ministry of Health provides free treatment to locals in public hospitals

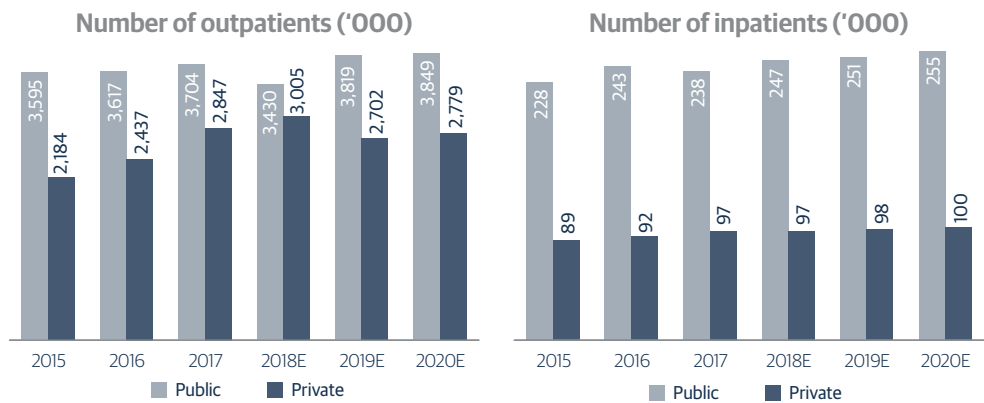




Public hospitals account for c. 58.1% of outpatient visits in 2020

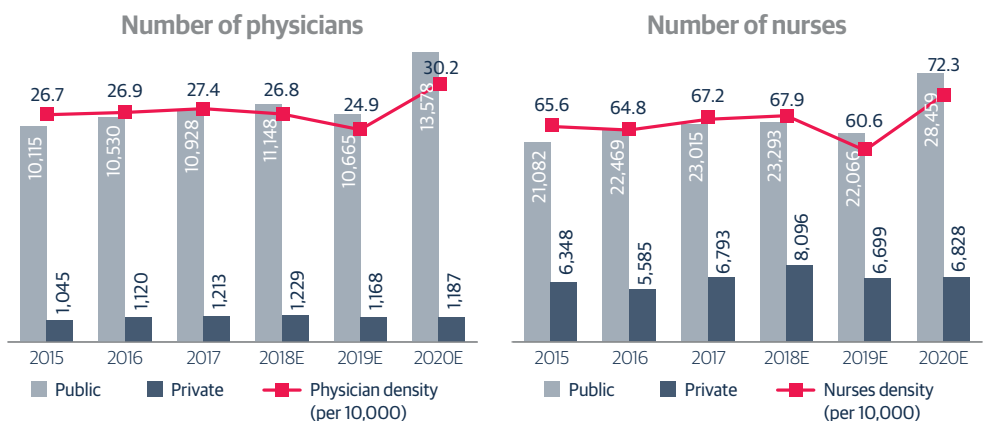
Total outpatients in Kuwait increased at a CAGR of c. 2.8% during 2015-20 with relatively higher growth in private hospitals

During 2015-20, total number of outpatients in Kuwait increased at a CAGR of c. 2.8% driven by growth in both number of outpatients at private hospitals (CAGR of c. 4.9%) as well as public hospitals (CAGR of c. 1.4%). Public hospitals accounted for c. 58.1% of total outpatient visits in 2020 which was at c. 62.2% in 2015 indicating the preference of Kuwaiti population to visit public hospitals still remains higher than private centers for outpatient treatment. The number of inpatients in private hospitals grew at a CAGR of c. 2.4% compared to public hospitals with a CAGR of c. 2.3%. This partly indicates the growing preference towards private hospitals for treatments requiring hospitalization. However, public hospital inpatient numbers still accounted for the majority of inpatients (c. 71.9% in 2020). The ratio between inpatient vs outpatient decreased slightly to c. 5.4% in 2020 from c. 5.5% in 2015.



Source: Kuwait Central Statistics Bureau, Axience estimates, Public hospitals include semi-public hospitals run by oil companies

Kuwait's physician (including dentists) density stood at 30.2 (per 10,000) in 2020, fourth highest in the GCC region. However, the density for nurses is highest in the region at 72.3 (per 10,000) in 2020. During 2015-20, the growth in number of physicians in public hospitals was higher (CAGR of c. 6.1%) compared to private hospital physicians (CAGR of c. 2.6%). Public hospital physicians accounted for c. 92.0% of total physicians in 2020. Meanwhile, the total number of nurses grew at a CAGR of c. 5.2% during 2015-20, with higher growth seen in public hospitals (CAGR of c. 6.2%) compared to private hospitals (CAGR of c. 1.5%). Public hospital nurses accounted for c. 80.7% of total nurses in 2020.



Source: Kuwait Central Statistics Bureau, Axience estimates, Public hospitals include semi-public hospitals run by oil companies





High incidence of lifestyle diseases is prevalent in Kuwait with c. 22.0% of adult population suffering from some type of diabetes in 2019

Growth drivers

- Compulsory public health insurance for expatriates is a key driver for growth in healthcare sector in Kuwait which has a high expatriate mix (c. 70.0% of total population). In 2018, Kuwait's MoH collected around KWD 110mn (USD 361mn) from expats for health insurance
- In an effort to promote privatization, the compulsory health insurance for expatriates moved from the MoH to Dhaman (Health Assurance Hospitals Company), a PPP entity, thus reducing cost and pressure on the government and improving the quality indicators of healthcare services in Kuwait
- Kuwait being a high income class nation, the demand for high end luxury stay at hospitals is increasing among Kuwaiti residents
- In March 2018, Kuwait's MoH revealed a memo according to which the nation is ready to hire about 2,000 expatriate medical personnel for new hospitals and clinics. These comprise of 500 doctors and over 1,500 nurses, radiology technicians and other support staff
- Kuwait has a high prevalence of diabetes with c. 22.0% of adult population (in 2019) suffering from some type of diabetes. Moreover, the country has the highest prevalence of obesity in the GCC with c. 37.9% of adults considered to be obese in 2016. This has driven demand for lifestyle disease related medical clinics in the country

Market developments

- In December 2019, Dhaman, a PPP regulated by the Kuwait Authority for Partnership Projects (KAPP) was appointed to offer health insurance for expatriates beginning from 2020 for KWD 130 (USD 428) per individual, covering expatriates along with their children working in the private sector
- In November 2019, Dhaman opened its first (of the planned 15) expatriates' healthcare center to provide comprehensive healthcare, in the Hawalli Governorate, containing 20 clinics providing general medical services
- In April 2019, the MoH announced that expatriates will have to pay a fee of KWD 10 (USD 33) for receiving treatment at public hospitals. The measure aims to ease congestion at public hospitals, while allowing government-run clinics to take in more patients
- In March 2019, Kuwait's national assembly passed a law, making it mandatory for foreigners visiting the country to obtain a health insurance to cover their stay. In 2018, more than 620,000 foreigners who visited Kuwait underwent medical treatment and returned without paying charges
- In December 2018, Dhaman started the construction of the company's second hospital in Jahra Governorate with a capacity of 300 beds, 13 ICUs and 11 operating rooms, to serve wide range of expatriates
- In December 2018, the MoH announced that it is preparing to build 32 new health centers in 2019-20, which will be staffed with 2,611 medical, technical and administrative staffs including 313 doctors, 179 pharmacists, 145 technicians and 134 nurses





- In July 2018, the Emir of Kuwait opened the USD 1.2bn New Jahra Medical City project in Jahra Governorate to improve national healthcare and raise the capacity of hospitals by 60%. The project includes a 1,234-bed hospital, a dental facility with 115 treatment rooms
- In March 2018, the MoH announced that they are in the process of banning expats with certain diseases from becoming permanent residents in the country, to lower strain on the national healthcare service. The ministry offers free or subsidized care for all residents
- In February 2018, the Secretariat General of the Supreme Council for Planning and Development announced that the new Sabah Hospital was c. 47.0% complete at the beginning of 2018. The hospital is being constructed at a cost of KWD 179mn (USD 587mn) has a capacity of 512 beds, in addition to 105 ICU beds

Demand for private hospitals is expected to rise with a rising expat-dominated population and with government plans to disallow expatriates at public hospitals. Government is also working on its plans to build expat-only hospitals in the future. The nation's strong support to the healthcare sector is reflected in the higher planned expenditure towards setting up new hospitals and improved facilities, and steps to reduce the medical tourism abroad.

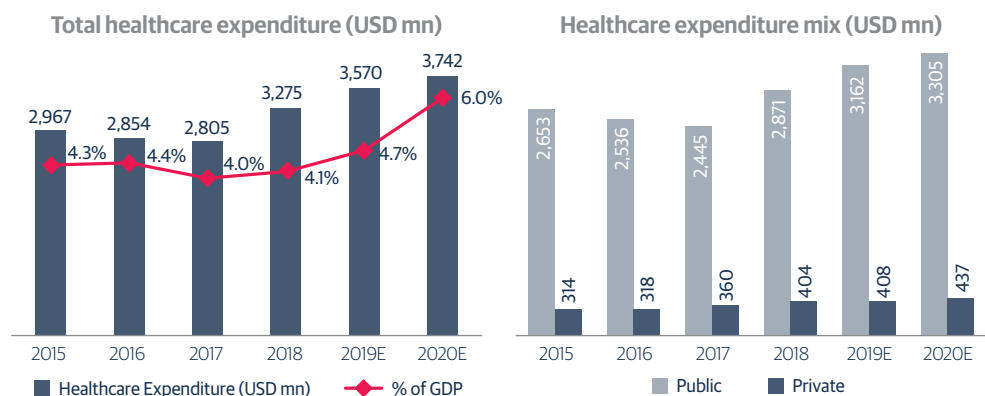




5.3 Oman

Oman's public expenditure for 2020 decreased by c. 8.8% YoY, with a c. 53.0% YoY reduction in deficit to USD 7.3bn

Oman's public expenditure for 2020 decreased by c. 8.8% YoY to OMR 11.8bn (USD 30.7bn) with a decline in the deficit to USD 7.3bn in 2020, compared to USD 15.4bn in 2019. The nation's total healthcare expenditure increased at a higher CAGR of c. 4.8% during 2015-20 to reach USD 3.7bn in 2020, driven by increase in public healthcare expenditure (CAGR of c. 4.5%) which accounted for c. 88.3% of total healthcare expenditure, as well as private healthcare expenditure (CAGR of c. 6.8%). Further, the total healthcare expenditure is forecasted to grow at a CAGR of c. 6.8% during 2020-24 to USD 4.9bn.



Source: WHO, NHA, Oman Data Portal, Axience estimates





Key statistics

Macro parameter	2018	2019E	2020E	2024F
Population (mn)	4.18	4.19	4.32	4.88
Population growth rate (%)	0.9%	0.4%	3.0%	3.2%
Current GDP (USD mn)	79,789	76,332	62,305	80,511
GDP per capita current (USD)	19,093	18,198	14,423	16,485
Public healthcare spending (USD mn)	2,871	3,162	3,305	4,289
Total healthcare spending per capita (USD)	678	851	866	995

Source: IMF, WHO, NCSI Oman, Axience estimates

Healthcare market structure

Regulatory framework:

Oman's Ministry of Health (MoH) is responsible for the provision, coordination and stewardship of the healthcare sector in Oman. In addition to this, the Ministry of Defense, Royal Oman Police, Petroleum Development Oman and the Sultan Qaboos University also have autonomous healthcare facilities, mainly for its employees and dependents.

Market structure:

Key indicators

Particulars	2015	2016	2017	2018	2019E	2020E
Total hospitals	69	74	76	81	83	84
Public	54	55	55	56	56	57
Private	15	19	21	25	27	27
No. of medical centers	1,300	1,371	1,484	1,527	1,527	1,567
Total hospital beds	6,468	6,589	6,696	6,824	6,894	7,194
Public	5,886	5,922	5,971	5,916	5,909	6,209
Private	582	667	725	908	985	985

Source: Oman Data Portal, Axience estimates

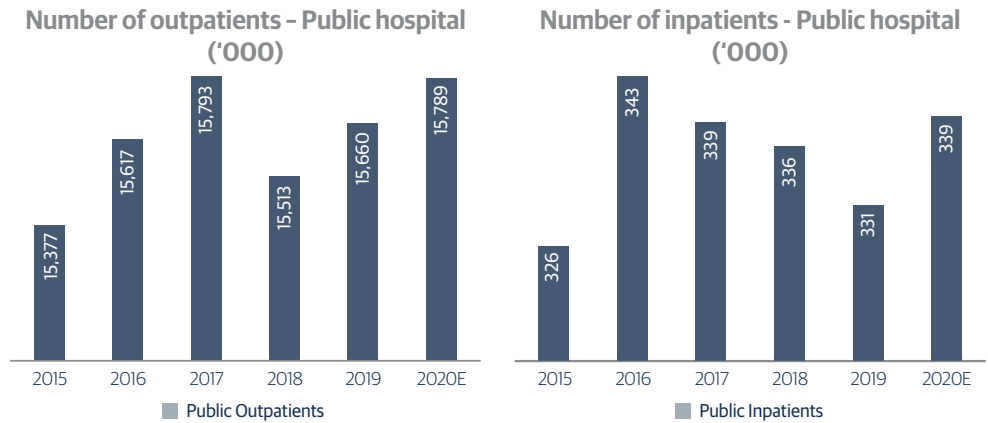
Oman witnessed a nominal increase in total number of hospitals, growing at a CAGR of c. 4.0% during 2015-20 to reach 84. The number of public hospitals has grown at a marginal rate of c. 1.1%, whereas the number of private hospitals have increased 1.8x, indicating the shifting preference towards private healthcare services. During 2015-20, the total number of hospital beds increased at a CAGR of c. 2.2% to 7,194 due to growth in the number of public hospital beds (CAGR of c. 1.1%), which constitutes c. 86.3% of total beds in Oman. The overall growth in beds was partly supported by higher CAGR of c. 11.1% in the number of private hospital beds, which resulted from increase in number of private hospitals (CAGR of c. 12.5%) during the period. The start of the construction work for three hospitals in new Salalah, Suwaiq, and Khasab region at a total cost of OMR 269mn (USD 699mn) and total capacity of 1,100 beds, will increase the number of beds in the country. The number of beds is expected to increase at a CAGR of c. 12.7% during 2020-24 to 11,593 due to further addition of 4,399 beds which includes 1,249 beds after the completion of Sultan Qaboos Medical City in the Al Barka region in 2021. Oman is also working with Italy's Gemelli Hospitals to build a new 300-bed specialised hospital in Muscat which was expected to be completed in 2020. Under the private sector initiatives, Idealmed Hospital Project in Muscat will add 100 beds post completion in Q4 2020.





Outpatients at public hospitals in Oman grew at a CAGR of c. 0.5% during 2015-20 to 15.8mn

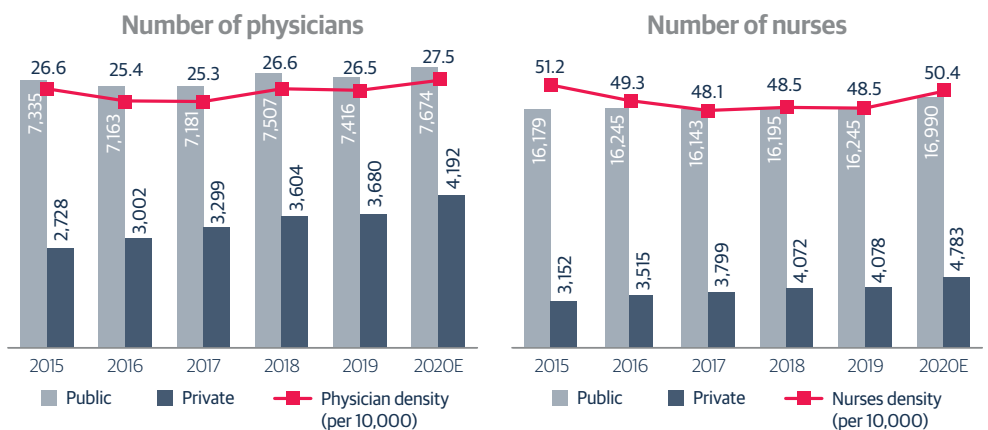
The number of outpatients in public hospitals grew at a CAGR of c. 0.5% during 2015-20 to 15.8mn, whereas the number of inpatients in MoH hospitals increased at CAGR of c.0.8% to 339,265. The ratio between inpatient vs outpatient remained constant at c. 2.1% in 2019.



Source: NCSI, MoH - Oman, Axience estimates

The physician density in Oman is the lowest in the GCC at 27.5

The physician density in Oman is the lowest in the GCC at 27.5 (per 10,000), whereas the nurse density is the second lowest at 50.4 (per 10,000) in 2020. During 2015-20, the number of physicians (including dentists) saw a growth (CAGR of c. 3.4%), driven by increase in number of physicians in private hospitals (CAGR of c. 9.0%). The total number of nurses also witnessed a growth (CAGR of c. 2.4%), driven by increase in the number of nurses in private hospital (CAGR of c. 8.7%).



Source: NCSI, Axience estimates

Growth drivers

- Oman's mandatory universal health insurance for private sector employees, domestic workers and visitors, which was likely to be launched in 2021, aims to cover 2.0mn workers in private sector and will help to reduce the number of outbound medical tourists
- c. 60.0% of the Omani population carry some type of genetic blood disease due to consanguinity among Omani tribes which has led to a high prevalence of blood disorders and thus drive the demand for healthcare services in the country

Oman's mandatory universal health insurance is expected to be launched in 2021





- Oman has been ranked as the world's safest country for expats, according to the 2019 Expat Insider Report, by InterNations. Expats account for c. 41.7% of the population in Q1 2020, assuring demand for quality healthcare facilities
- Prevalence of lifestyle diseases among Omanis such as diabetes (c. 8.0% among adult population in 2019), obesity (c. 27.0%) and hypertension (c. 41.5%) is likely to increase demand for lifestyle medical clinics in the country

Market developments

- In May 2020, Oman's health officials opened a temporary 64-bed field hospital in Muscat to treat mild to moderate cases of COVID-19
- In March 2020, Oman Investment Corporation SAOC (OIC), a leading Omani private equity investment company announced that its first investment vehicle, Aman Healthcare Services will start construction of first women and children hospital in Sohar in Q2 2020 which will be completed by 2022 with a capacity of 60 beds
- In January 2020, UK-based International Hospitals Group (IHG) received contract for the construction of the Salalah, Suwaiq and Khasab hospitals, backed by more than GBP 500mn (USD 654mn) value of funding from UK Export Finance (UKEF)
- In October 2019, Oman has set aside OMR 479mn (USD 1.2bn) for its plans to build its first medical city in the Wilayat of Barka having 1,249 hospital beds
- In May 2019, Dubai-based Aster DM Healthcare launched the 22-bed Aster Hospital in the Ibri district of Oman, which is its third hospital in Oman
- In March 2019, Oman-based Al Afia Healthcare Development and Investment Company started construction works at the 100-bed Idealmed Hospital project in Muscat, which is likely to be completed in Q4 2020
- In September 2018, Badr al Samaa Hospital inaugurated its new 80-bed facility in Barka Wilayat
- In April 2018, Saudi Arabia's ABEER Medical Group launched its first hospital in Oman, having 100-beds to be situated at business district of Ruwi
- In February 2018, Oman announced plans to build a new 300-bed specialized hospital in Muscat in collaboration with Italy-based private health facility, Gemelli Hospitals, at a cost of OMR 100mn (USD 259.7mn) and is likely to be completed in 2020. The move aims to involve private sector participation to develop the sector

Oman witnessed almost doubling of the number of private hospitals during 2015-20 from 15 in 2015 to 27 in 2020, reflecting demand for private healthcare facilities. The government plans to construct world class healthcare cities such as the upcoming ones in Salalah and Muscat, to convert the country into a medical tourism destination and to reduce the number of patients going to other Asian countries for treatment. Overall, the outlook for healthcare – both private and public looks positive.



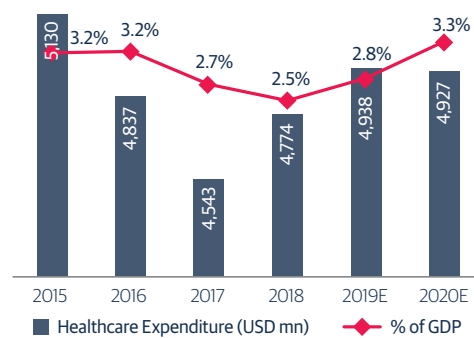


5.4 Qatar

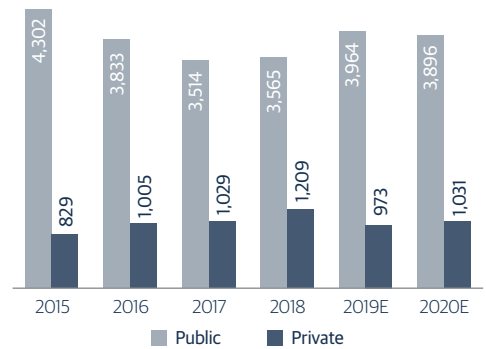
During 2015-20, overall healthcare expenditure decreased at a CAGR of c. 0.8%, led by decline in public health expenditure (CAGR of c. 2.0%)

Qatar has one of the highest GDP per capita in the world (USD 52,751 in 2020) and has spent c. 8.2% of its total expenditure on public healthcare in 2020. The nation has increased its total expenditure to QAR 173.9bn (USD 47.8bn) in 2020, largely reflecting the improvement in oil prices during 2016-19. The total expenditure on healthcare sector stood at USD 4.9bn in 2020, c. 10.3% of the total expenditure. During 2015-20, overall, expenditure on healthcare decreased at annual rate of c. 0.8%, led by decline in public health expenditure at annual rate of c. 2.0%, which accounts for bulk of total health expenditure (c. 79.1%) in 2020. As far as outlook is concerned the total healthcare expenditure for Qatar is forecasted to grow at a CAGR of c. 0.5% during 2020-24 to reach USD 5.0bn in 2024.

Total healthcare expenditure (USD mn)



Healthcare expenditure mix (USD mn)



Source: WHO, NHA, Axience estimates





Key statistics

Macro parameter	2018	2019E	2020E	2024F
Population (mn)	2.76	2.80	2.80	2.83
Population growth rate (%)	1.3%	1.3%	0.3%	0.2%
Current GDP (USD mn)	183,335	175,838	147,791	182,204
GDP per capita (USD)	66,422	62,919	52,751	64,420
Public healthcare spending (USD mn)	3,565	3,964	3,896	3,957
Total healthcare spending per capita (USD)	1,716	1,767	1,758	1,778

Source: IMF, WHO, MDPS Qatar, Axience estimates

The Supreme Council of Health is the regulatory authority concerned with supervision of public and private medical facilities in Qatar

Healthcare market structure

Regulatory framework:

The Supreme Council of Health (SCH) is the authority concerned with supervision of public and private medical facilities in Qatar. In addition to this, the Ministry of Public Health (MoPH) is the government body responsible for developing a national strategy for healthcare, which develops policies, strategies, plans and programs for healthcare in the country.

Market structure:

Key indicators

Particulars	2015	2016	2017	2018	2019	2020E
Total hospitals	14	14	19	19	19	20
Public*	10	10	14	13	13	14
Private	4	4	5	6	6	6
No. of medical centers	703	919	534	600	384	389
Total hospital beds	2,462	2,627	2,550	2,132,853	3,134	3,163
Public	2,208	2,373	2,223	2,498	2,778	2,807
Private	254	254	327	358	356	356

Source: National Health Strategy Qatar, Axience estimates * Public hospitals include semi-public hospitals run by oil companies

Beds in public hospitals increased at a CAGR of c. 4.9% during 2015-20

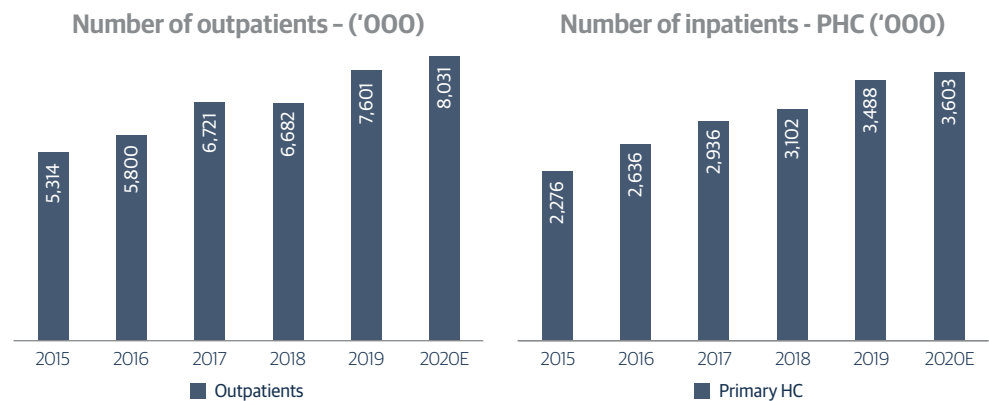
The total number of hospitals increased at a CAGR of c. 7.4% during 2015-20 to 20 with major growth coming from private hospitals (CAGR c. 8.4%) as compared to public hospitals (CAGR c. 7.0%). The total number of beds increased at a CAGR of c. 5.1% during 2015-20 to 3,163 beds, majorly driven by CAGR of c. 4.9% in public hospitals beds, which accounts for c. 88.7% of the total hospital beds in 2020. In 2017, four new public hospitals added 311 beds while one new private hospital added 73 beds. Till 2016, private hospitals faced difficulties such as delays in getting licenses for medical practitioners, insurance companies selecting hospitals coming under the purview of medical insurance and refusal of certain companies to accept medical certificates from private clinics¹⁷. The number of beds is expected to increase at a CAGR of c. 1.0% during 2020-24 to 3,288 due to various upcoming projects including the 100 to 150-bed hospital inside the Giardon Village which is part of the Pearl-Qatar and Gewan Island development undertaken by United Development Company (UDC).

17 Business Quick





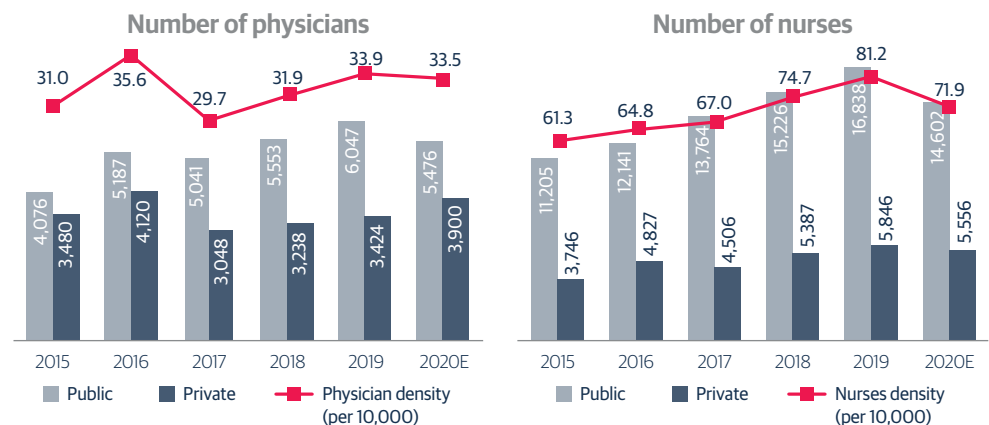
During 2015-20, the total number of outpatients in Qatar increased at a CAGR of c. 8.6% to 8.0mn, driven by increase in outpatients in the Primary Healthcare Centers (PHC) (CAGR of c. 9.6%) which accounted for c. 44.9% (3.6mn) of the total outpatients in 2020. Outpatients at other health facilities increased at CAGR c. 7.8% during the period to reach 4.4mn in 2020.



Source: NCSI, NHS Qatar, Axience estimates

Qatar recorded the highest physician density of 33.5 in the region

In 2020, Qatar recorded the highest physician density of 33.5 (per 10,000) in the region. It also recorded the highest nurse density of 71.9 (per 10,000) amongst all other GCC nations during the year. During 2015-20, the number of physicians (including dentists) saw a strong CAGR of c. 4.4%, driven by growth in number of physicians in public hospitals (CAGR of c. 6.1%). Meanwhile, the number of nurses increased at a CAGR of c. 6.2%, driven by higher growth in number of nurses in both private hospitals (CAGR of c. 8.2%) and public hospitals (CAGR of c. 5.4%).



Source: NCSI, Axience estimates





Due to sedentary lifestyle, c. 43.0% of the Qatari population were found to be either overweight or obese in 2018

Growth drivers

- Levels of obesity have increased drastically with c. 43.0% of the population being either overweight or obese in 2018, due to sedentary lifestyle¹⁸. The nation also ranks relatively high in the prevalence rate of diabetes with c. 15.5% of the adult population suffering from the disease (as of 2019), which has increased demand for lifestyle medical clinics
- A high tobacco consumption rate with c. 20.2% of men consuming tobacco in all forms in 2013 and an estimated 12% of the population exposed to second hand smoke may lead to higher incidences of breathing and circulatory problems¹⁹

Market developments

- In April 2020, the Public Works Authority (Ashghal) announced that it has set up a 3,000-bed medical quarantine hospital within 72 hours to cater to the COVID-19 patients and plans to complete work to have an 8,000-bed quarantine hospital soon. Ashghal has also started work on constructing a 150-bed field hospital
- In October 2019, Hamad Medical Corporation (HMC) announced an expansion program for the Cuban Hospital, increasing the capacity of the outpatient clinics by c. 30.0% and adding new gynecology and obstetrics clinics which will be integrated into a maternity ward
- In July 2019, HMC's Al Wakrah Hospital announced plans to increase its bed capacity by c. 10.0% in 2020 from the current 326 beds. A pediatric long-term rehabilitation center is also under construction with 60 inpatient beds and dedicated facilities
- In June 2019, MoPH announced the construction of a number of new specialized hospitals, both public and private. Number of beds in private sector hospitals are planned to be increased by c. 25.0%
- Qatar is also working to make health insurance compulsory for visitors
- In November 2018, the MoPH initiated a move in collaboration with its partners to reduce tobacco consumption in Qatar by c. 30.0% by 2022 and identified it as a national target within the National Health Strategy 2018-2022

Al Wakrah Hospital plans to increase its bed capacity by c. 10.0% in 2020

¹⁸ The Peninsula

¹⁹ Global Adult Tobacco Survey (GATS)



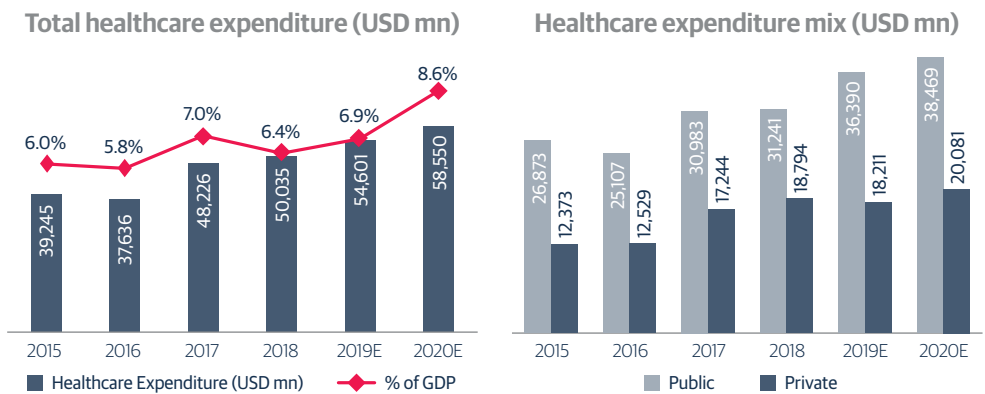


5.5 Saudi Arabia

Saudi Arabia's spending on healthcare is the highest in the GCC in absolute terms and the highest as a percentage of GDP

Saudi Arabia's spending on healthcare is the highest in the GCC in absolute terms and the highest as a percentage of GDP (c. 8.6% in 2020) in the region. During 2015-20, total healthcare expenditure grew at a CAGR of c. 8.3% to USD 58.6bn, driven by private healthcare expenditure (CAGR of c. 10.2%) as well as public expenditure (CAGR of c. 7.4%). It is forecasted to grow at a CAGR of c. 9.3% over 2020-24 to reach USD 83.6bn.

For the period of five year ending 2020, a total of 30 hospitals were expected to be delivered with a total capacity of 6,950 beds. These account for c. 70.0% of the total planned during the period.



Source: WHO, NHA, Axience estimates





Key statistics

Macro parameter	2018	2019E	2020E	2024F
Population (mn)	33.41	34.08	34.76	37.63
Population growth rate (%)	2.5%	2.0%	2.0%	2.0%
Current GDP (USD mn)	786,522	792,967	680,897	853,457
GDP per capita (USD)	23,539	23,266	19,587	22,681
Public healthcare spending (USD mn)	31,241	36,390	38,469	54,709
Total healthcare spending per capita (USD)	1,485	1,602	1,684	2,221

Source: IMF, WHO, CDSI, Axience estimates

Healthcare market structure

Regulatory framework:

The Ministry of Health (MoH) is the key government agency which is responsible of providing healthcare services to the population of Saudi Arabia. There are also three other mini-NHS (National Health Systems) which finances and delivers primary, secondary and tertiary care to specific enrolled security and armed forces populations, i.e. the Ministry of Defense and Aviation, the Ministry of Interior and the Saudi Arabian National Guard.

Market structure:

Key indicators

Particulars	2015	2016	2017	2018	2019	2020E
Total hospitals	462	470	487	494	498	500
Public	317	318	329	331	334	336
Private	145	152	158	163	164	164
Number of health centers	2,282	2,325	2,361	2,390	2,261	2,261
Total hospital beds	69,394	70,844	72,981	75,225	76,988	78,588
Public	52,746	53,416	55,359	56,342	57,842	59,442
Private	16,648	17,428	17,622	18,883	19,146	19,146

Source: Saudi Arabia Ministry of Health

During 2015-20, the total number of hospitals in Saudi Arabia grew at a CAGR of c. 1.6% to 500, of which public hospitals accounted for c. 67.2% of the total and grew at a CAGR of c. 1.2% thus adding 19 new hospitals. Private hospitals increased by 19 but at a faster CAGR of c. 2.5%.

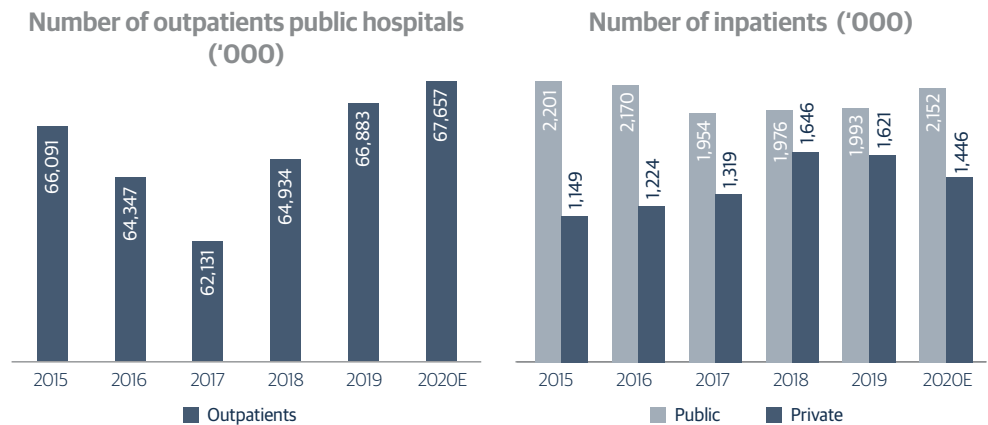
Similarly, the total number of hospital beds across the nation increased at a CAGR of c. 2.5%, driven by absolute increase of 6,696 beds at the public hospitals, which accounted for c. 75.6% of total hospital beds in 2020. Beds in private hospitals grew at a much faster CAGR of c. 2.8% when compared to public hospitals (c. 2.4%). However, the number of hospital beds in Saudi Arabia is still lower at 22.6 beds per 10,000 population compared to 28.6 in the US in 2020. The number of beds is forecasted to increase at a CAGR of c. 1.9% during 2020-24 to 84,708 on account of various ongoing and announced projects. These include 1,500-bed





(each) King Abdullah Bin Abdulaziz Medical Complexes, 1,500-bed King Khalid Medical City, Dammam, 1,350-bed King Faisal Medical City, Asir, 1,100-bed Medical City for Rehabilitation and Treatment, Riyadh and 600-bed King Fahad Medical City Expansion, Riyadh . Other hospital projects include 100-bed hospital by ACWA Power, 500-bed Al Kharj hospital and 300-bed Khamis Mushait Central Hospital. Besides the initiatives by the public sector, private sector is also playing a small but important role with 120-bed hospital by Ahalia Group, 150-bed by Jamjoom Pharma and 200-bed by Al Murjan Group.

During 2015-20, the total number of outpatients in the public hospitals increased at a CAGR of c. 0.5% to 67.7mn. The total number of inpatients grew at a CAGR of c. 1.4% to 3.6mn, largely driven by a higher CAGR of c. 4.7% in the private hospital inpatients compared to a decreased annual rate of c. 0.4% in the public hospital inpatients.

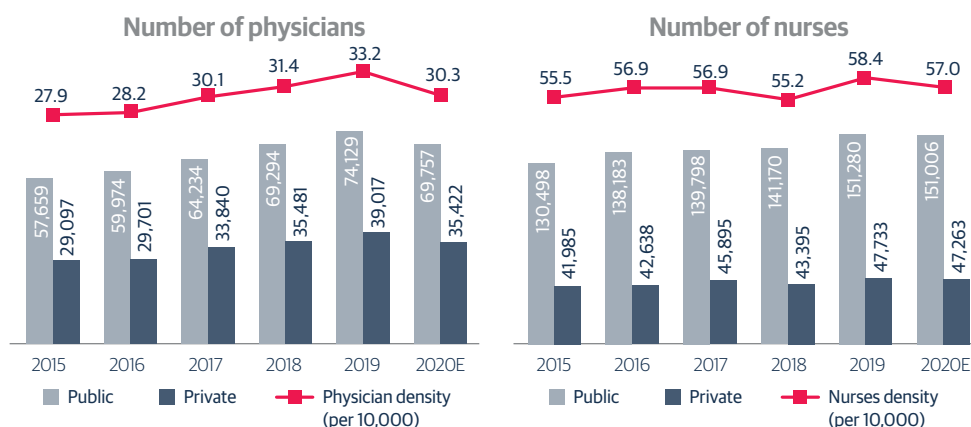


Source: MoH, Saudi Arabia

Saudi aims to increase the number of local physicians by targeting 4,000 resident Saudi student physician enrolments annually under the NTP 2020

During 2015-20, the increase in the number of physicians in Saudi Arabia was higher at a CAGR of c. 3.9% supported by almost identical growth in both private (CAGR of c. 4.0%) and public sector (CAGR of c. 3.9%) resulting from the addition of 19 new public and 19 new private hospitals. The physician density (per 10,000) in the Kingdom increased from 27.9 (in 2015) to 30.3 (in 2020). The nation aims to increase the number of local physicians by targeting 4,000 resident Saudi student physician enrolments annually under the National Transformation Program (NTP) 2020 which forms a part of nation's Vision 2030. Meanwhile, the number of nurses increased at a CAGR of c. 2.8%, with nurse density (per 10,000) increasing from 55.5 (in 2015) to 57.0 (in 2020).





Source: General Authority for Statistics

Growth drivers

- The number of visitors to the country mainly consist of Hajj and Umrah pilgrims (religious tourism) which is expected to increase from 19mn in 2017 to 30mn by 2030, driving the growing need of healthcare services²⁰
- More than 35% of Saudi adult population found to be obese in 2016 and there are 4.3mn adults suffering from diabetes in 2019, representing a sizeable proportion of the population being impacted due to sedentary lifestyle, high tobacco consumption and unhealthy eating habits, triggering the demand for more healthcare facilities²¹
- c. 44.0% of the population of Saudi Arabia will be over the age of 40 years and c. 14.0% will be over 60 years by 2035, requiring additional 20,000 hospital beds by 2035²²

Market developments

- In June 2020, Jeddah Health Affairs Department converted Jeddah Expo Center into a 500-bed field hospital to take care for COVID-19 patients. In a similar effort, in May 2020, Saudi Arabian MoH had set up a 100-bed field hospital in Makkah to treat COVID-19 patients
- In April 2020, Saudi Arabia's ACWA Power signed an agreement with construction company, THABAT to build an integrated mobile hospital with a capacity of 100 beds. The hospital will have medical equipment and supplies required to treat COVID-19 patients
- In February 2020, Saudi German Hospitals (SGH) opened a 300-bed hospital in Saudi Arabia's Dammam region, the Group's first hospital in eastern province and 11th in the GCC region. The hospital is equipped with the latest medical equipment and technology
- In October 2019, Saudi Arabia introduced the compulsory health insurance for tourists, with a maximum cover of SAR 100,000 (USD 26,666), covering expenses related to medical examination, treatment of emergency cases and admission to hospital

²⁰ Arabian Business

²¹ A International Diabetes Federation (IDF), Arab News

²² Oxford Consultancy





**MoH plans to
privatize 290
hospitals and 2,300
primary health care
centers by 2030**

- In September 2019, Saudi Arabia's MoH in partnership with Philips introduced three digital healthcare technology projects to enhance the patients access and experience of care
- In June 2019, Saudi Arabia's MoH invited local and international healthcare service providers to take part in its first PPP project. The project targets radiology and medical imaging services covering several hospitals in the greater Riyadh region
- In May 2019, Saudi Arabia recruited 1,000 nurses from the Philippines to boost its healthcare sector
- In April 2019, the MoH, in co-operation with the National Centre for Privatization, announced the kingdom's first PPP in the sector, calling for proposals to upgrade radiology and medical imaging services at seven hospitals in Riyadh
- In March 2019, the Council of Ministers approved amendments to the Private Health Institutions Law which allows foreign investors to own, operate, and manage hospitals and health centers in the Kingdom through PPPs and build-operate-transfer (BOT) models
 - This step form part of a set of longer-term privatization targets outlined under Vision 2030, where MoH plans to privatize 290 hospitals and 2,300 primary health care centers by 2030
- In January 2019, Saudi Arabia's Jamjoom Pharma signed an agreement with King Abdullah Economic City (KAEC) to build a hospital that will be completed in Q4 2024. The hospital will have an initial capacity of 150 beds, which will be increased to 500
- Adoption of the NTP 2020 has seen Saudi Arabia allocate USD 6.2bn towards the MoH to fulfill various healthcare objectives such as restructuring of the primary healthcare, development of emergency room and ICU, training of healthcare professionals etc.

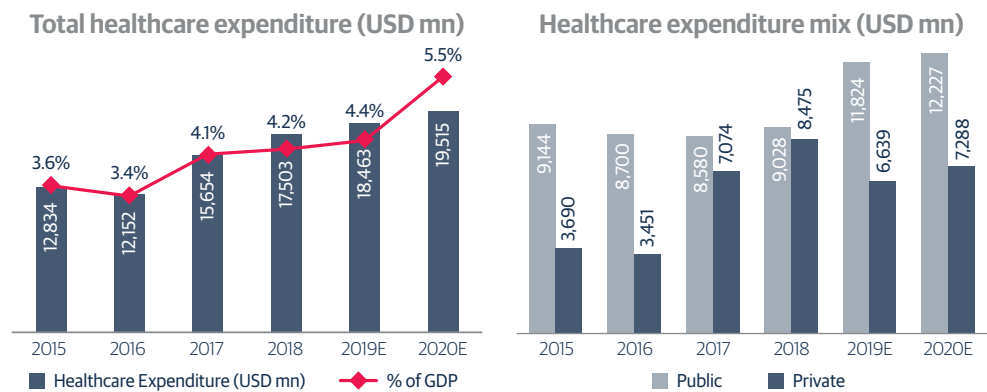




Healthcare expenditure across UAE increased at a CAGR of c. 8.7% during 2015-20

5.6 UAE

UAE accounts for the second largest spending on healthcare in the GCC region after Saudi Arabia. Healthcare expenditure as percentage of total GDP stood at c. 5.5% in 2020, up from c. 3.6% in 2015. During 2015-20, total healthcare expenditure increased at a CAGR of c. 8.7% to USD 19.5bn, driven by a CAGR of c. 14.6% in private expenditure. As far as outlook is concerned the total healthcare expenditure is forecasted to grow at a CAGR of c. 9.7% over 2020-24 to USD 28.2bn.



Source: WHO, NHA, Axience estimates





Key statistics

Macro parameter	2018	2019E	2020E	2024F
Population (mn)	10.43	10.75	11.08	12.50
Population growth rate (%)	2.9%	3.1%	3.1%	3.1%
Current GDP (USD mn)	422,215	421,142	353,899	427,335
GDP per capita (USD)	40,479	39,180	31,948	34,198
Public healthcare spending (USD mn)	9,028	11,824	12,227	17,284
Total healthcare spending per capita (USD)	1,817	1,718	1,762	2,260

Source: IMF, WHO, Axience estimates

Healthcare market structure

Regulatory framework:

UAE has five healthcare regulators, the Ministry of Health (MoH), Ministry of Finance, Federal Health Insurance Authority, Dubai Health Authority and the Health Authority of Abu Dhabi. These government entities are responsible for regulation of healthcare service providers across the country.

Market structure:

Key indicators

Particulars	2015	2016	2017	2018	2019E	2020E
Total hospitals	126	132	143	145	151	156
Public	38	39	45	45	50	53
Private	88	93	98	100	101	103
Number of medical centers	4,352	4,671	4,968	5,201	5,622	6,020
Total hospital beds	12,434	12,590	13,312	13,811	15,652	17,241
Public	7,022	6,865	7,232	7,043	8,734	10,153
Private	5,412	5,725	6,080	6,768	6,918	7,088

Source: Federal Competitiveness and Statistics Authority, Axience estimates

There are 5 healthcare regulators across UAE, including the Dubai Health Authority and Health Authority of Abu Dhabi

Total number of hospitals in the UAE has grown at a CAGR of c. 4.4% during 2015-20

UAE has total of 156 hospitals comprising of 103 private and 53 public hospitals in 2020. The total number of hospitals in the country increased at a CAGR of c. 4.4% during 2015-20, adding 30 new hospitals with 15 new hospitals each in public and private.

During 2015-20, the total number of beds across the country increased at a CAGR of c. 6.8%, driven mainly by the higher growth in beds at the public sector hospitals (CAGR of c. 7.7%), which also accounted c. 58.9% of the total capacity in the country in 2020. The beds are forecasted to increase at a CAGR of c. 0.4% during 2020-24 to 17,511, on the back of various upcoming projects such as, 150-bed hospital by Zulekha Healthcare Group and 100-bed hospital by Danat Al Emarat.



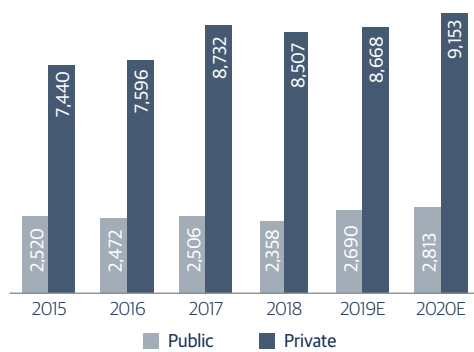


Outpatients and inpatients in private hospitals in Dubai increased at a higher CAGR of c. 4.2% and c.5.6%, respectively during 2015-20

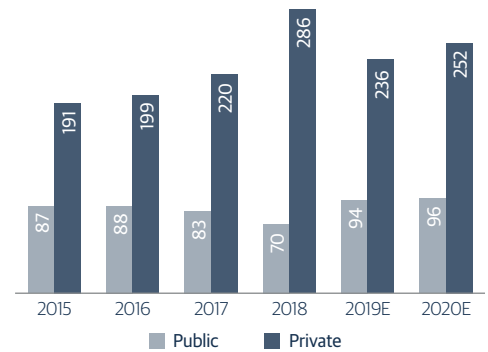
Dubai

Private hospitals accounted for c. 76.5% of total outpatients in Dubai in 2020 mainly due to the high expatriate population in the Emirate who prefer private hospital visits over government-run hospitals. During 2015-20, the total number of outpatients and inpatients in Dubai increased at a CAGR of c. 3.7% and c. 4.5%, respectively, sustained by the rapid growth in number of private outpatients and inpatients at a CAGR of c. 4.2% and c. 5.6%, respectively. Inpatients at public hospitals increased at a CAGR of c. 1.8% over the period. The increase in the capacity of private hospitals in Dubai is also a key reason for the growth in number of patients seeking private treatment.

Number of outpatients - Dubai ('000)



Number of inpatients - Dubai ('000)

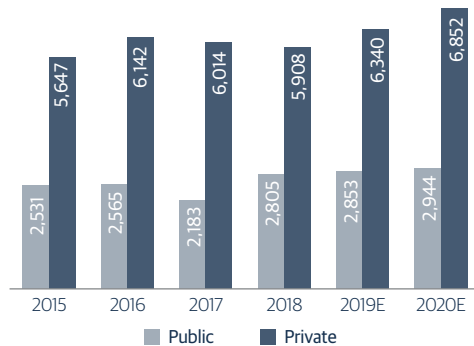


Source: Dubai Health Authority, Axience estimates

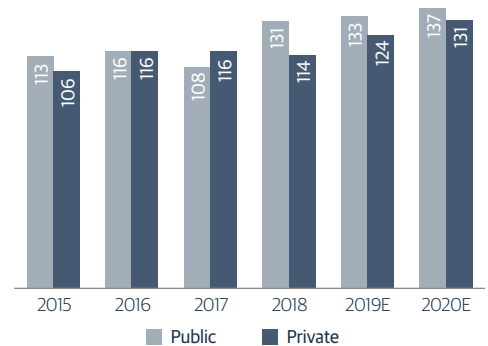
Abu Dhabi

Total number of outpatients across Abu Dhabi increased at a CAGR of c. 3.7% during 2015-20 with strong growth in outpatients visiting private hospitals (CAGR of c. 3.9%) as compared to public hospitals which increased at a CAGR of c. 3.1%. Private hospitals accounted for c. 70.0% of total outpatients in 2020. The number of inpatients across across Abu Dhabi are evenly distributed between public and private hospitals. The number of inpatients in private hospitals grew at a much faster CAGR of c. 4.3% during 2015-20 as compared to public hospital inpatients (CAGR of c. 3.8%) due to steady growth in expatriate population who prefer private hospital treatments as well as increase in number of high quality private clinics providing new acute and sub-acute care facilities.

Number of outpatients - Abu Dhabi ('000)



Number of inpatients - Abu Dhabi ('000)

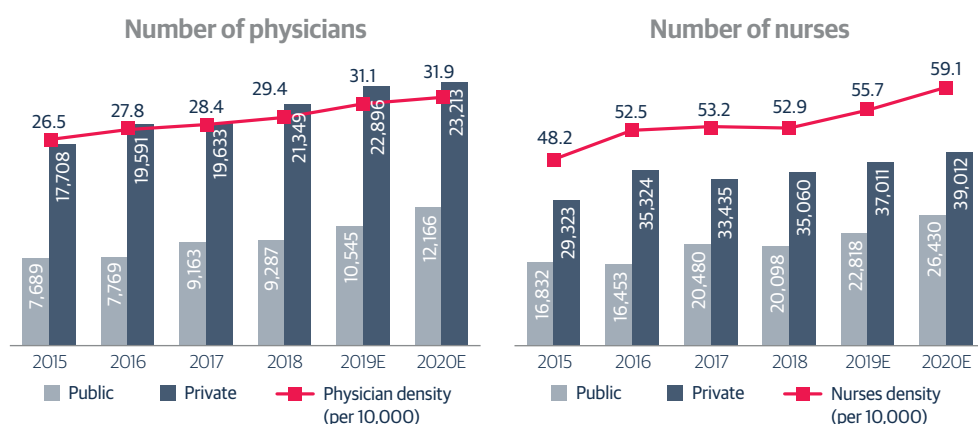


Source: Health Authority of Abu Dhabi, Axience estimates





During 2015-20, UAE witnessed one of the fastest increase in the number of physicians in the GCC with a CAGR of c. 6.9% to reach 35,379, driven by growth in number of physicians in public hospitals (CAGR of c. 9.6%) due to addition of 30 new hospitals. Number of nurses also saw higher CAGR of c. 7.2%, with number of public nurses increasing faster (CAGR of c. 9.4%) as compared to private nurses (CAGR of c. 5.9%). The physician and nurse density in the UAE has grown consistently over 2015-20 to 31.9 per 10,000 (CAGR of c. 3.8%) and 59.1 per 10,000 (CAGR of c. 4.2%), respectively.



Source: Federal Competitiveness and Statistics Authority, Axience estimates

Growth drivers

- Steady increase in population from 11.1mn in 2020 to estimated 12.5mn by 2024, of which almost c. 90.0% will comprise of expatriates²³. Moreover, an ageing population with the number of Emiratis above 60 years are set to double and comprise c. 11.0% of population by 2032²⁴. This will lead to increase in demand for healthcare facilities
- High incidence of obesity - with c. 27.0% of males and c. 39.0% of women affected and a high consumption of tobacco - with c. 38.0% of males in the UAE estimated to smoke tobacco, are expected to increase the demand for healthcare facilities treating NCD's²⁵
- Increasing medical tourism, especially in Dubai where 337,011 medical tourists arrived in 2018 which is expected to grow to 500,000 by 2021²⁶, is a key growth driver for healthcare sector in the UAE. The medical tourism of the UAE increased by c. 5.5% YoY generating AED 12.1bn (USD 3.3bn) in sales in 2018
- UAE has witnessed significant deals in terms of M&As and strategic alliances between healthcare stakeholders, public and private entities to enhance the healthcare industry

Dubai is a key medical tourism destination, with 337,011 medical tourists in 2018, which is expected to grow to 500,000 by 2021

23 UN, IMF
24 DHA
25 WHO
26 DHA



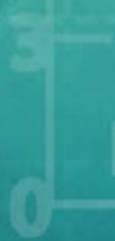


Market developments

- In April 2020, Abu Dhabi Health Services Company (SEHA) has established three field hospitals to combat the COVID-19 pandemic. These comprise of hospital in Emirates Humanitarian City with a capacity of 1,200 patients, second hospital in Abu Dhabi Exhibition Center with capacity to serve 1,000 patients and Dubai Parks and Resorts with a capacity of 1,200 patients
- In April 2020, Dubai Government announced that it is developing a field hospital which can have up to 3,000 beds within the Dubai World Trade Center to provide service to any potential increase in number of COVID-19 patients
- In April 2020, Abu Dhabi's leading public hospital, the Sheikh Khalifa Medical City has set up a dedicated 127-bed facility to treat COVID-19 patients
- In November 2019, Shaikh Shakhbout Medical City (SSMC) was inaugurated, which has a capacity of 741 beds for inpatient care
- In October 2019, Thumbay University Hospital, the largest private academic hospital was opened. In its first phase, the nurses of the 350-bed capacity facility from more than 25 nations will serve approximately 3,000 patients daily
- In March 2019, Saudi German Hospitals Group announced plans to open a new AED 300mn (USD 81mn) healthcare facility in Ajman with a capacity of 200 beds
- In January 2019, Aster DM Healthcare announced plans to open a 150-bed multi-specialty tertiary care facility in Al Qusais area of Dubai
- In September 2018, Mediclinic Middle East announced the opening of a 182-bed private, multi-specialty hospital in Al Barsha region in Dubai
- In May 2018, the Ahalia Group announced plans to build Sharjah's first multi-specialty hospital at a cost of USD 100mn having 120 beds
- In April 2018, Bahrain-based Asset Manager announced plans to build a new 200-bed hospital complex on Reem Island in Abu Dhabi
- In April 2018, Saudi German Hospital announced plans to develop a 100-bed specialty hospital on Al Marjan Island, in the Emirate of Ras Al Khaimah
- In January 2018, Zulekha Healthcare Group announced plans to build a 150-bed hospital in Sharjah, under the Group's Indian brand, Alexis Hospital

Rising preference towards private healthcare facilities is reflected in the healthy growth across the private sector in terms of patients and increase in capacity. The c. 3.4% YoY growth in the government healthcare expenditure in 2020 shows the government's willingness to enhance the sector. An increasing expatriate population which is expected to reach 11mn by 2030 and government support such as acceptance of expatriate insurance cards at government healthcare facilities indicate a positive outlook for UAE's healthcare sector.





06

Investment opportunities



6. Investment opportunities



6.1 Investments and M&A trends in healthcare

The GCC healthcare sector has seen increasing number of international and regional private investments made. The UAE and Saudi Arabia accounted for almost all of the deals. While the M&A activities in Saudi Arabia were mostly in general hospitals, the UAE attracted investors in clinic centers across multiple specialization including in-vitro fertilization, cosmetic surgery and long-term care and rehabilitation. With government planning to privatize a number of healthcare assets, the untapped Saudi Arabian healthcare market is expected to witness more deals in the next five-years.

NMC Health and Mediclinic made most of the acquisitions (11 in total) in the region during 2010-20. Most of the M&A activities were centered around the UAE with 16 deals in total.

Major healthcare deals in the GCC (2010-21*)

Year	Acquirer Name	Target Name	Target Country	Deal Value (USD mn)	Target Industry (Investment Type)	EBITDA Margin	EV/ EBITDA	Transaction Value/bed (USD '000)
2021	Amanat Holdings	Cambridge Medical and Rehabilitation Center	UAE	232	Clinics and Centers	n/a	n/a	n/a
2020	Dallah Health Company	Care Shield Holding Company	Saudi Arabia	80	Clinics and Centers	24%	n/a	n/a
2020	Dallah Health Company	Makkah Medical Center Company	Saudi Arabia	n/a	Hospitals	n/a	n/a	n/a
2020	Aster DM Healthcare	Wahat Al Aman Home Healthcare	UAE	26.9	Hospitals	5%	n/a	n/a
2019	CareTech Holdings	AS Investments Holding	UAE	9.31	Clinics and Centers	n/a	n/a	n/a
2019	Al Rajhi REIT Fund	Al Salam NMC Hospital	Saudi Arabia	44.0	Hospitals	n/a	n/a	440
2019	Dallah Health Company	Meras Arabia Medical Holding	Saudi Arabia	3.25	Clinics and Centers	8%	n/a	n/a
2019	Middle East Financial Investment	Meras Arabia Medical Holding	Saudi Arabia	n/a	Clinics and Centers	n/a	n/a	n/a
2019	Mamoura Diversified Global Holding	Amana Healthcare	UAE	274	Hospitals	5%	n/a	3,425
2018	NMC Health	Fakih IVF Group	UAE	205	Clinics and Centers	5%	11.2x	n/a
2018	NMC Health	CosmeSurge	UAE	170	Clinics and Centers	n/a	11.9x	n/a
2018	NMC Health	Al Salam Medical Group	Saudi Arabia	37	Hospitals	n/a	n/a	370
2018	Gulf Capital	Accumed Practice Management	UAE	n/a	Healthcare Services	n/a	n/a	n/a
2017	Amanat Holdings	International Medical Center	Saudi Arabia	98	Hospitals	5%	n/a	2,479
2016	NMC Health	As Salama Hospital	Saudi Arabia	28	Hospitals	n/a	n/a	200





2016	Mediclinic International	Al Noor Hospitals	UAE	2,168	Hospitals	n/a	n/a	27,100
2016	NMC Health	Al Zahra Hospital	UAE	560	Hospitals	n/a	n/a	2,994
2016	Saudi Arabian Investment	Ebrahim Mohammed Alman & Brothers	Saudi Arabia	n/a	Hospitals	n/a	n/a	n/a
2015	Aster DM Healthcare	Sanad Hospital	Saudi Arabia	247	Hospitals	n/a	n/a	2,470
2015	NMC Health	ProVita International Medical Center	UAE	161	Clinics and Centers	5%	12.7x	1,333
2015	Amanat Holdings	Mediclinic International	UAE	68	Hospitals	n/a	16.84x	979,435
2015	NMC Health	Dr. Sunny Healthcare Group	UAE	64	Clinics and Centers	12%	n/a	n/a
2013	Mediclinic International	Emirates American for Medical Services	UAE	25	Clinics and Centers	n/a	n/a	n/a
2012	Mediclinic International	Emirates Healthcare Holdings	UAE	24	Hospitals	n/a	n/a	n/a
2012	Mediclinic International	Emirates Healthcare Holdings	UAE	200	Hospitals	n/a	n/a	n/a
2011	NBK Capital	Elaj Medical Services	Kuwait	n/a	Hospitals	n/a	n/a	n/a
2010	Gulf Capital	TechnoScan	UAE	n/a	Clinics and Centers	n/a	n/a	n/a

Source: Bloomberg, PitchBook

Note: Only pending or completed deals included. *Data extracted as on 12th March 2021





6.2 Areas for private sector investment in the GCC

Specialized CoE and lifestyle care centers in the GCC

Lifestyle diseases like obesity, diabetes and hypertension are expected to drive the demand for specialized healthcare centers across the region. Kuwait is amongst the top countries in the world with c. 22.0% of the country's adult population suffering from diabetes. Moreover, Kuwait, Qatar and Saudi Arabia, are ranked amongst the top 10 countries for the incidence rates of Type 1 diabetes in children (age 0-14 years). As per the IDF estimates, the number of people with diabetes (aged between 20-79 years) in the GCC was 3.1mn in 2010, which is expected to increase to 9.9mn by 2030. Other NCDs like cancer has also become fairly common and are expected to increase marginally by 2035, driving the need for additional specialized lifestyle care centers for treatment in the GCC.

Specialized centers for oncology and cardiology treatment are in short supply in the GCC

Moreover, specialized centers for cancer and cardiology offer investment opportunities, given the demand for such treatments and the lack of adequate centers. Over the past few years, several patients (sponsored by the GCC governments) have traveled abroad for treatment for oncology and cardiology. This itself presents a significant opportunity for setting up treatment centers locally which are currently short in supply.

LTPAC centers and home healthcare services

Gaps exist in the supply of LTPACs in the GCC, as the estimated shortfall stands between 2,000-2,400 beds, with more than 50% of the gap existing in Saudi Arabia alone. The areas of cardiology and orthopedics offer opportunities for such centers to come up. Also, home healthcare services have emerged as an attractive opportunity for health investment due to the emergence of m-health (mobile-health) applications and services.

GCC's ageing population is expected to grow at a CAGR of c. 5.7% over 2020-24, driving demand for home healthcare facilities

It is estimated that the global home healthcare market is forecasted to grow at a CAGR of c. 7.9% over 2020-27 to reach USD 515.6bn in 2027, up from USD 303.6bn in 2020²⁷. When it comes to GCC, the region has already started seeing the emergence of home healthcare service providers such as Manzil Home Services in Abu Dhabi and Home Care Center in Qatar. Home-healthcare spending in the region was poised to hit over USD 4.5bn by 2020, providing promising investment opportunities for private investors. Factor including the ageing population (over 65 years of age) which is estimated to grow at a CAGR of c. 5.7% over 2020-24 to reach 2.1mn by 2024 and increase in chronic disease cases will provide a potential market opportunity for home healthcare services market²⁸.

Increasing adoption of technology in healthcare

While several countries are adopting e-health strategies to improve healthcare delivery and planning, those in the GCC are gradually embarking on adopting technology in healthcare systems. Saudi Arabia has developed a five year strategy to implement e-health technology and resources effectively to improve healthcare performance and delivery, with plans of building an integrated and comprehensive health program having 3,500 health facilities using a single patient health record system by 2020. Similarly, the Qatar National Health Strategy Program aims to improve healthcare efficiency and effectiveness through the use of telehealth and telemedicine. The use of telehealth applications in providing home care services have proved to be cost effective and has helped reduce the cost of transferring patients to emergency departments and physician offices.

The global telehealth market is projected to grow at a CAGR of c. 16.9% over 2020-25 to reach USD 55.6bn in 2025, up from USD 25.4bn in 2020

27 Grandview Research
28 World Bank





The telehealth and e-health sector which was already experiencing a substantial growth before the COVID-19 crisis, is now poised to grow even further. According to industry estimates, the global telehealth market is projected to grow at a CAGR of c. 16.9% over 2020-25 to reach USD 55.6bn in 2025, up from USD 25.5bn in 2020²⁹. The growth will be largely driven by the current COVID-19 crisis across the globe. The outbreak has resulted into increased demand for telehealth and e-health solution, due to lockdown implemented by several countries as a preventive measure to curb the spread of pandemic. It helps necessitate expert opinion from professionals located across the world, not just in the GCC, which are also beneficial in cases of follow-up and recurring treatments.

Moreover, with growing prevalence of diabetes, cardiovascular conditions, and cancer in the GCC region, there will be increasing demand for telehealth services in the coming years. The trend of wearable technology and healthcare apps is also growing rapidly in the region.

GCC is also witnessing an increase in the use of healthcare technologies. In 2019, Philips partnered with Saudi Arabia's Ministry of Health to introduce three digital healthcare technology projects which aims to improve patients' access and experience of care, enhance the overall health of the Saudi population, reduce time spent by health professionals and lower the per-capita healthcare cost. The first project included an AI enabled Radiology Operations Command Center. The second project is the eHIA "eHealth ICU Advocate" Tele-ICU Pilot, launched in partnership with Saudi Telecom Company. The third project is the Population Health Management prompting e-health in Saudi Arabia to track annual and periodic examinations and facilitate patient follow-up on an ongoing basis which eases the process of diagnosis.

Demand for healthcare infrastructure expected to increase in Saudi Tier 2 and 3 cities, due to increasing population

Saudi Arabia has over 83% urbanization rate, with majority population base concentrated in the Tier 1 cities³⁰ such as Riyadh, Jeddah, Eastern and Makkah which makes c. 57% (19.9mn) of the total population in 2020. Whereas, the smaller cities including Tier 2³¹ and Tier 3 cities³² constitute c. 29% (10.1mn) and c.9% (3.3mn) of the total population, respectively. However, the population base of Tier 2 cities is growing considerably and it is estimated that they will add another 3.4mn inhabitants by 2030.³³ This will further add to demand of healthcare infrastructure in the country.

The population base of Tier 2 cities is growing considerably and it is estimated that they will add another 3.4mn inhabitants by 2030

29 MarketsandMarkets

30 Tier 1 - Cities with population base of over 2.5mn

31 Tier 2 - Cities with population base between 1mn to 2.5mn

32 Tier 3 - Cities with population between 400,000 to 1mn

33 Ministry of Municipal and Rural Affairs, Saudi Arabia





Saudi Arabia population by cities ('000)

Rank	Cities	2015	2016	2017	2018	2019	2020
Tier 1							
1	Riyadh	7,911	8,002	8,216	8,447	8,661	8,873
2	Jeddah	4,336	4,515	4,626	4,768	4,900	5,032
3	Eastern	3,095	3,145	3,228	3,318	3,402	3,485
4	Makkah	2,165	2,233	2,319	2,387	2,450	2,512
Tier 2							
5	Madinah	2,061	2,080	2,133	2,188	2,240	2,291
6	Aseer	1,806	1,783	1,822	1,863	1,902	1,940
7	Jazan	1,569	1,534	1,568	1,604	1,637	1,671
8	Qaseem	1,403	1,388	1,424	1,456	1,488	1,520
9	Taif	1,287	1,273	1,302	1,332	1,360	1,388
10	Al - Ahsa	1,221	1,198	1,225	1,253	1,279	1,305
Tier 3							
11	Tabouk	907	891	910	931	950	968
12	Hail	686	685	700	716	731	746
13	Najran	582	569	582	596	608	621
14	Al-Bahah	472	466	476	487	497	507
15	Hafr Al-Baten	447	438	447	458	467	476
All Tier 4							
	All Tier 4 cities	1,573	1,542	1,574	1,611	1,645	1,677
	Total Population	31,521	31,742	32,552	33,414	34,218	35,013

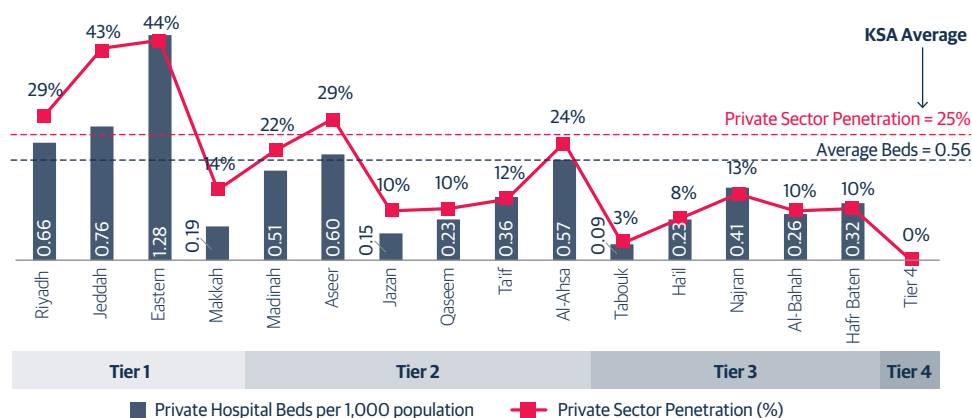
Source: Saudi Ministry of Health

We note that Tier 2 and Tier 3 cities are largely dependent on government hospitals, and these cities remain underserved when it comes to quality healthcare offered by the private sector. According to 2019 data from Ministry of Health, there are many cities where the supply of private hospital beds was relatively lower compared to the national average of 0.56 per 1,000 population. These include - Madinah, Jazan, Qaseem, Ta'if, Tabouk, Ha'il, Aseer, Najran, Al-Bahah and Hafr Baten.





Private hospital beds per 1,000 population and penetration (2019)



Source: Saudi Ministry of Health

While the Saudi government is actively involved in raising the reach of healthcare facilities to vast majority of population, there remains a gap between the demand and supply for private hospital beds in Tier 2 and Tier 3 cities. The supply of private hospital beds in the Tier 2 and Tier 3 cities need to be increased by 1.7x and 2.3x, respectively to achieve the national average. Alternatively, the combined private hospital beds for Tier 2 and Tier 3 cities need to be increased by 1.9x from 3,003 to 5,588. This offers a significant opportunity for private sector players due to limited supply and patients' preference for private health care due to efficiency and high quality standards.

Actual requirement of private hospital beds in Tier 2 and Tier 3 cities

Cities	Current Status (2019)	Actual Requirement*
Madinah	1,135	1,254
Jazan	250	917
Qaseem	343	833
Ta`if	489	762
Tier 2	2,217	3,776
Tabouk	86	532
Ha`il	170	409
Najran	250	341
Al-Bahah	130	278
Hafr Baten	150	262
Tier 3	786	1,822
Tier 2 and 3	3,003	5,588

* Actual requirement to achieve national average of 0.56 private hospital beds per 1,000 inhabitants in 2019





Opportunity for clinic (single or multi-specialty) aggregation in Saudi Arabia and UAE

There exists an opportunity for aggregation within the GCC multi-specialty³⁴ clinics market, which is relatively fragmented with several private players. The branded and institutionalized clinic chains provide quality care which is more preferred by certain patient segments over standalone clinics and public establishments. Moreover, multiple services under one roof with ease of accessibility as well as availability of highly skilled physicians are some of the other reasons for higher preference. Additionally, there is a sense of brand consciousness which also means that people are ready to pay extra for quality service, which paves path for more branded private clinics.

In recent years, Saudi Arabia and the UAE have been the most active markets in terms of aggregation with increasing interest amongst investors in consolidating and institutionalizing medical clinics including dialysis, in vitro fertilization (IVF), ophthalmology, dental and cosmetic clinics as well as rehab and long term care centers. Additionally, there are many polyclinics looking to consolidate, as they are not being efficiently managed despite being profitable.³⁵ Below are some of the key industry examples where clinic aggregation strategy was applied to expand market share.

- Jadwa Investment Company acquired 42% stake in Al Muhaideb Dental Clinics Group for USD 143mn. The Group operated more than 40 dental clinics and numerous dental laboratories with over 300 dental chairs spread across 5 cities in Saudi Arabia. Similarly, in 2017, the investment company bought 70% stake in Al Meswak Dental clinics, which manages around 80 centers in 20 Saudi cities
- Abu Dhabi-based NMC Health acquired 70% stake in UAE-based CosmeSurge, for USD 170mn. CosmeSurge provided cosmetic surgery and aesthetic medicine and operated 19 clinics with a 10-bed hospital

Worth highlighting that PE firms are actively investing in the fast growing healthcare markets of the UAE and Saudi Arabia. For example, in January 2020, Abu Dhabi-based PE firm, Gulf Capital acquired 100% stake in fertility service provider IVI-RMA Middle East. The latter aims to increase the number of fertility clinics and to

³⁴ A multi-specialty clinic is a set up providing treatment for multiple ailments at one convenient location by doctors who share facilities, administration, income and expenses, support staff and equipment

³⁵ Arab News







07

Valuation multiples



7. Valuation multiples



GCC-based healthcare providers trade at a discount of c.27.6% (PE multiple) over valuations of their counterparts in developed countries

GCC-based healthcare providers are currently trading at an average one-year forward P/E multiple of 24.3x, c. 27.6% discount over the average valuation of major healthcare providers (based on market cap) in developed countries. In terms of forward EV/EBITDA multiples, GCC-based healthcare firms trade at a premium of c. 11.4% over their counterparts from developed countries.

7.1 GCC based healthcare providers

Company	Country	Market Cap (USD mn)	EV/EBITDA		P/E	
			TTM	2021E	TTM	2021E
Dr Sulaiman Al Habib Medical	Saudi Arabia	11,011	29.3	28.5	39.4	37.8
Mouwasat Medical Services Co	Saudi Arabia	3,695	20.2	19.1	26.1	25.8
Mediclinic International	South Africa	3,192	n/a	9.1	n/a	13.6
Dallah Healthcare Company	Saudi Arabia	1,284	24.3	18.2	30.5	29.7
Middle East Healthcare Co	Saudi Arabia	859	18.1	16.1	32.0	28.1
Aster DM Healthcare	UAE	976	7.8	6.5	25.2	16.0
Al Hammadi Co. for Dev. and Invest.	Saudi Arabia	926	14.2	12.0	27.0	24.1
National Medical Care Company	Saudi Arabia	618	11.7	9.5	24.5	19.0
Medicare Group	Qatar	695	22.3	n/a	30.5	n/a
Average			18.5	14.9	29.4	24.3
Median			19.2	14.1	28.8	25.0

Source: Bloomberg data extracted on 15th March 2021

Note: EV/EBITDA and P/E estimates for Mediclinic International and Aster DM Healthcare are based on year ending 31st March





7.2 Major healthcare providers across developed countries

Company	Country	Market Cap (USD mn)	EV/EBITDA		P/E	
			TTM	2021E	TTM	2021E
HCA Healthcare	US	64.4	9.4	9.0	15.2	15.0
Fresenius SE & Co	Germany	24.0	7.5	7.6	11.8	11.0
Fresenius Medical Care	Germany	21.2	7.6	8.3	15.3	16.0
Universal Health Services	US	11.7	7.6	7.9	19.1	12.8
Ramsay Health Care	Australia	11.6	12.8	11.3	61.1	31.1
Encompass Health Corp	US	7.9	12.2	12.1	26.3	22.9
Tenet Healthcare Corp	US	5.9	11.5	7.5	14.7	13.0
Select Medical Holdings Corp	US	4.7	8.7	9.8	23.5	15.1
Acadia Healthcare Co	US	5.3	17.5	15.0	28.2	25.0
Medicover	Sweden	0.0	5.0	n/a	0.1	n/a
Surgery Partners	US	2.5	19.6	21.0	n/a	n/a
Ramsay Generale De Sante	France	2.4	10.0	n/a	32.6	n/a
Rhoen-Klinikum	Germany	1.2	10.5	7.4	135.0	35.8
Community Health Systems	US	1.5	7.0	7.5	22.9	170.9
Aevis Victoria	Switzerland	1.0	76.7	49.3	n/a	n/a
Average			14.9	13.4	31.2	33.5
Median			10.0	9.0	22.9	16.0

Source: Bloomberg data extracted on 15th March 2021





A blurred background image of a hospital room. In the upper left, a medical monitor displays various data points and waveforms. Below it, a patient is lying in a bed, partially covered by a white sheet. A green object, possibly a bag or part of the bed's equipment, is visible on the right side of the frame. The overall scene is out of focus, emphasizing the text overlay.

08

Key player profiles

8. Key player profiles



Abeer Medical Group (Saudi Arabia)

Business description

Abeer Medical Group owns and operates medical centers and hospitals in Saudi Arabia, UAE, Oman, Kuwait and India. Abeer was established in 1999 in Jeddah and caters to nearly four million patients every year. The Group currently operates six hospitals and 22 medical centers and employs more than 5,000 healthcare professionals. Another five hospitals and 18 medical centers are under development. The Group has collaborated with various insurance companies including Bupa, Medgulf, SAICO, Al Rajhi Takaful and more to provide better services to patients.

The hospital portfolio of Abeer Medical Group has multiple departments including cardiology, clinical hematology, dermatology, psychiatry, dental, ENT, gastroenterology and hepatology, gynecology, general surgery, internal medicines, laboratory services, maxillofacial, neurology, orthopedics, physiotherapy, pediatric unit, radiology, urology, pulmonary medicine.

Portfolio of hospitals

- **Saudi Arabia** – The Group has three hospitals in the nation i.e. Dr. Hassan Ghazzawi Hospital (Jeddah) acquired in 2010, Saudi National Hospital (Makkah) acquired in 2011 and Abeer Hospital (Riyadh) which began operations in 2014. The company has 17 medical center across the nation. The Group has three upcoming hospitals and 10 medical centers in the nation
- **UAE** – Operates one hospital, Al Raha Hospital and one medical center in Abu Dhabi. Upcoming project includes one hospital and one medical center
- **Oman** – Operates one hospital, Abeer Hospital which was opened in 2018. Upcoming project includes three medical centers
- **Qatar** – Portfolio comprises of two medical centers
- **India** – Indian portfolio comprises of Abeer Hospital which started in 2004 and two medical centers. All projects are based in the state of Kerala. Upcoming project include one hospital facility

Key strengths

- The Group is one of the largest private healthcare provider in the GCC with over 50 healthcare operational and planned facilities in the GCC and India
- The Abeer Group has presence in various industries including software development, insurance outsourcing, education and more

Latest developments

- In March 2020, Landmark Group Qatar had partnered with Abeer Group to offer exclusive healthcare packages and discounts to the former's customers
- In October 2019, Saudi National Hospital and Dr. Hassan Ghazzawi Hospital (DHGH) obtained the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI)
- In October 2019, Consulate General of India, Mohammed Noor Rahman Sheikh inaugurated the Salamatak Patient Loyalty Program, started by Abeer Medical Group
- In May 2019, Abeer Group inaugurated the advanced Physiotherapy and Rehabilitation Center at Abeer Medical Center in Al-Bawadi District (Jeddah)





Al Hammadi Hospitals Group (Saudi Arabia - Publicly listed)

Business description

Al Hammadi Hospital Group is owned, operated and managed by Al Hammadi Company for Development and Investment, a Saudi Arabia-based company engaged in the wholesale and retail sale of medical equipment and medicines. The Group started offering healthcare services to patients in Riyadh, Saudi Arabia since 1985. It was established by Saleh Bin Mohammed Al Hammadi and Abdul Aziz Bin Mohammed Al Hammadi. Considered to be one of the largest comprehensive medical care provider in Riyadh, the Group operates three hospitals - Al Hammadi Al-Olaya, Al Hammadi Al-Suwaidi and Al Hammadi Al-Nuzha.

Portfolio of hospitals

- **Al Hammadi Hospital Al-Olaya** – Located in Olaya district in the North of Riyadh, it has 300 beds, 74 outpatient clinics and 12 operating rooms in a total area of 50,000 square meters. It also has inpatient departments, medical labs, radiology services and three pharmacies
- **Al Hammadi Hospital Al-Suwaidi** – Located in the district of Suwaidi southwestern city of Riyadh, it has 428 beds, 64 outpatient clinics, 13 operating rooms, cardiac catheterization room, two upper and lower endoscopy operations, kidney stone treatment and lithotripsy rooms in a total area of about 95,000 square meters
- **Al Hammadi Hospital Al-Nuzha** – Located in the district of Al Nuzha northeastern city of Riyadh, it has 600 beds, 64 outpatient clinics and 13 operating rooms providing patient care services and medical facilities in the total area of 84,000 square meters

Key strengths

- Al Hammadi Hospital Group, with the support of Al Hammadi Company for Development and Investment has experience in medical care for more than 30 years in Saudi Arabia
- Al Hammadi Hospitals are a member of several international organizations including the British Safety Council, the American Hospital Federation and the IHF
- Al Hammadi Hospitals have good relations with the insurance companies in the Saudi Arabia, which enables the hospitals to meet the medical needs of a large segment of the population

Latest developments

- In September 2020, the Al Hammadi Company for Development and Investment reported c.95.4% YoY increase in net profits after zakat and tax to SAR 39.1mn (USD 10.4mn) in Q2 2020, due to improved performance of Hospital Al-Nuzha branch, higher inpatient revenues, and a decrease in finance costs
- In February 2018, Al Hammadi Company for Development and Investment was planning to appoint Goldman Sachs Group as an advisor for its merger with National Medical Care

Financials

(USD mn)	2017	2018	2019
Revenue	188.9	238.2	259.7
EBITDA	52.2	60.4	66.4
EBITDAM (%)	27.6%	25.4%	25.6%
Net Profit	28.8	23.9	24.8
NPM (%)	15.2%	10.1%	9.5%
ROE (%)	7.8%	6.3%	6.1%
ROA (%)	4.9%	3.8%	3.7%
Valuation multiples	TTM	2020E	2021E
P/E (x)	27.0x	25.7x	24.1x
EV/EBITDA (x)	14.2x	12.8x	12.0x

Stock parameters

CMP (USD)	7.8
Bloomberg Ticker	ALHAMMAD AB
Market Cap (USD mn)	926
EV (USD mn)	1,056
Ownership structure	
Saleh Bin Mohd. Al Hammadi	10.0%
Abdul Aziz Bin Al Hammadi	10.0%
Vanguard Group	1.7%
BlackRock Inc	1.0%
Others	77.3%





Aster DM Healthcare (UAE - Publicly listed)

Business description

Headquartered in Dubai, Aster DM Healthcare is a leading healthcare group established by Dr. Azad Moopen in 1987. The Company covers full spectrum of healthcare services with an expansive portfolio of 25 hospitals, 117 clinics and 238 retail pharmacies in eight countries including Middle East, India and Philippines. Its network encompasses 21,091 employees, 3,086 doctors, 7,263 nurses with several Joint Commission International (JCI) accredited clinics and diagnostics centers. The Company operates under different brands such as Access, Aster, Medcare and Aster Medcity.

Geographical segments

- **Middle East** – The Company operates a network of hospitals, clinics and pharmacies across Middle East. In the UAE, the company has a large number of establishments which include Aster Hospital, Aster clinics, Aster Pharmacy, Medcare Hospitals and Access Clinics. In Qatar, the Company operates an Aster Hospital, eight clinics and six pharmacies. The Company operates in Saudi Arabia through Sanad Hospital in which it owns c. 97%. The Company forayed into Bahrain with a Medical Center in Manama in December 2015 and operates two clinics and two pharmacies. In Oman, Aster operates three hospitals, eight clinics and eight pharmacies
- **India** – The Company operates 13 hospitals and nine clinics in India with 3,693 beds in the following cities: Kozhikode, Kottakkal, Kochi, Kannur, Wayanand, Kolhapur, Guntur, Ongole, Vijayawada, Hyderabad and Bengaluru
- **Far East** – The Company launched its first clinic in the Philippines at St. Francis square in November 2015. The company owns five clinics and operates as Aster DM Healthcare Inc

Key strengths

- The Company has over 33 years of experience in operating healthcare facilities and has wide presence in the Middle East and South Asia
- The Company provides broad healthcare solutions to people including primary, secondary, tertiary and quaternary care at affordable cost

Latest developments

- In June 2020, Aster DM Healthcare launched a 50-bed critical care facility to support its present capacity to provide treatment to COVID-19 patients in Dubai
- In March 2020, Aster sold its Kuwait-based loss making pharmacy business for USD 1.6mn to Pharmazone and to Palestine Pharmacy Company (PALCO)
- In February 2020, Aster was allowed 100% legal ownership in Dubai from earlier c. 49%
- In January 2020, Aster announced plans to open four new hospitals in India, which include two in Bengaluru with 350 and 600 beds, one in Chennai (500 beds) and one in Thiruvananthapuram (750 beds)
- In December 2019, Aster announced the acquisition of Abu Dhabi's Wahat Al Aman Home Healthcare for USD 29mn
- In October 2019, Aster acquired c. 80% stake in Premium Healthcare

Financials (Year-end 31st March):

(USD mn)	2017-18	2018-19	2019-20
Revenue	1,027.4	1,115.3	1,204.6
EBITDA	95.1	123.5	177.4
EBITDAM (%)	9.3%	11.1%	14.7%
Net Profit	41.5	47.5	40.9
NPM (%)	4.0%	4.3%	3.4%
ROE (%)	11.4%	11.0%	8.5%
ROA (%)	3.8%	4.1%	2.6%
Valuation multiples	TTM	2020-21E	2021-22E
P/E (x)	25.2x	39.1x	16.0x
EV/EBITDA (x)	7.8x	8.3x	6.5x

Stock parameters

CMP (USD)	2.0
Bloomberg Ticker	ASTERDM IN
Market Cap (USD mn)	976
EV (USD mn)	1,787
Ownership structure	
Union Investment Luxembourg	37.4%
Olympus Capital Asia Inv.	23.0%
RIMCO Mauritius Ltd	10.1%
HDFC Asset Management	3.7%
Others	25.8%





Badr Al Samaa Group of Hospitals and Polyclinic (Oman)

Business description

Badr Al Samaa Group started as Polyclinic in 2002 and gradually became the largest private healthcare group of Oman. Its hospitals are located in Ruwi, Alkhuwair, Sohar, Al khoud, Salalah, Barka, Sur, Nizwa, Duqm, Falaj Al Qabail, in Oman and also has international presence in the UAE, Bahrain, Kuwait and Qatar. It offers 24 hours emergency service with mobile intensive care and caters to 850 corporate clients including all major insurance companies. The Group expanded its presence in Bahrain (through Al Hilal Hospital) in 2007, in Dubai (through a medical center) in 2010 and in Qatar (a medical center) in 2014. The Group operates over 20 centers, with more than 30mn visits, over 400 doctors, over 2,000 nurses and over 15 years of experience in the industry

Business segments

Oman	Bahrain
Badr Al Samaa Hospital – Ruwi	Al Hilal Medical Center - Muharraq
Badr Al Samaa Hospital – Al Khoud	Al Hilal Medical Center - Riffa
Badr Al Samaa Hospital – Barka	Al Hilal Medical Center - Manama
Badr Al Samaa Hospital – Nizwa	Al Hilal Medical Center - Salmabad
Badr Al Samaa Medical Centre - Duqm	Al Hilal Medical Centre - Askar
Badr Al Samaa Hospital – Salalah	Qatar
Badr Al Samaa Medical Center – Al Khuwair	Badr Al Samaa Medical Center - Doha
Badr Al Samaa Medical Center – Sohar	Kuwait
Badr Al Samaa Medical Center – Falaj Al Qabail	Badr Al Samaa Medical Center - Farwaniya
Badr Al Samaa Polyclinic – Suwaiq	UAE
Badr Al Samaa Medical Center – Sur	Badr Al Samaa Medical Center - Dubai

Key strengths

- The Group is one of the largest private healthcare provider in Oman and has over 2,000 nurses, paramedical and other skilled support staff to provide medical care
- The hospitals and medical centers of the Group are accredited by JCI
- Collaborated with major insurance companies including AXA Insurance, BUPA Insurance, Oman-Qatar Insurance and more in the GCC region to provide better healthcare services to the patients

Latest developments

- In June 2019, Badr Al Samaa opened its advanced multi-specialty hospital in Nizwa, Oman to cater to the medical needs in the Al Dakhiliya Governorate
- In September 2018, Badr al Samaa Group of Hospitals inaugurated Badr Al Samaa Hospital, Barka, a 80-bedded fully equipped hospital in South Batinah, Oman
- In October 2018, Badr Al Samaa Hospital, Ruwi got accredited by Patient Safety Friendly Hospital Initiative (PSFHI) by the Ministry of Health (Oman) and WHO
- In November 2018, Al-Hilal Healthcare Group, a subsidiary of Badr Al Samaa Group, launched its fourth branch in Salmabad, Bahrain





Dallah Health Company (Saudi Arabia - Publicly listed)

Business description

Founded in 1995, Dallah Health Company (DHC) specializes in the provision and operation of healthcare programs and utilities. DHC's investments include hospitals, production of medical supplies, and the operation of healthcare facilities. Dallah Hospital in Riyadh consists of more than 2,000 employees. DHC is the first private center licensed by the Saudi Ministry of Health to treat infertility patients and the first specialized ER (Accident & Emergency) department in Riyadh.

Business segments

- **Dallah Hospital** – DHC owns, manages, operates healthcare facilities. It operates 448 beds and 220 outpatient clinics, catering to over 39,000 inpatients and 932,000 outpatients annually
- **Dallah Pharma** – The division imports and distributes, wholesale and retail medicines with distribution rights for 45 pharmaceutical, 12 herbal and eight cosmetic products in Saudi Arabia
- **Operations** – In 2006, the Group started managing and operating hospitals owned by third-parties. Currently, DHC is working on two projects with Al-Khafji Hospital for joint operations and Mahayel Hospital

Key strengths

- DHC is the pioneer in heart surgery, license to treat infertility patients, has specialized ER (Accident & Emergency) department and approved trainer for Obstetrics/Gynecology
- The company was accredited by JCI in 2009 and its validity ends in 2021

Latest developments

- In October 2020, DHC completed the expansion of the Dallah Hospital Al Nakheel Complex and was thrown open to welcome patients. The modified complex is equipped with the latest medical technology and equipment and has a total capacity of 585 beds
- In May 2020, DHC acquired c. 58.6% stake in Care Shield Holding Company (CSHC) for a total value of SAR 300mn (USD 80mn) in a share swap and cash deal
- In February 2020, DHC signed a MoU to acquire c. 78.6% majority stake in Makkah Medical Center Company for SAR 161.1mn (USD 42.9mn). With prior ownership of c. 7.5%, DHC increased its stake to c. 86.1% in Makkah Medical Center Company
- In December 2019, DHC acquired c. 10% stake in Meras Arabia Medical Holding Company for SAR 12.2mn (USD 3.2mn), which is specialized in dental and aesthetic medicine
- In September 2019, DHC signed strategic partnership contract of USD 30mn with Siemens Healthcare Ltd to procure technical support for radiology sections in all DHC hospitals
- In April 2018, DHC started operations of Dallah-Namar Hospital, which initially began with a capacity of 150 beds

Financials

(USD mn)	2017	2018	2019
Revenue	323.2	314.7	333.8
EBITDA	98.1	58.7	65.9
EBITDAM (%)	30.3%	18.6%	19.7%
Net Profit	81.1	37.9	36.3
NPM (%)	25.1%	12.0%	10.9%
ROE (%)	18.4%	8.6%	9.4%
ROA (%)	12.4%	5.4%	5.2%
Valuation multiples	TTM	2020E	2021E
P/E (x)	30.5x	36.6x	29.7x
EV/EBITDA (x)	24.3x	23.3x	18.2x

Stock parameters

CMP (USD)	14.3
Bloomberg Ticker	DALLAH AB
Market Cap (USD mn)	1,284
EV (USD mn)	1,559
Ownership structure	
Dallah Al Baraka Group	52.8%
Al Faqih Mohammed Rashid	5.2%
Norges Bank	1.3%
Vanguard Group	0.8%
Others	39.9%





Dr Sulaiman Al Habib Medical Services Group Co. (Saudi Arabia - Publicly listed)

Business description

Founded in 1995, Dr. Sulaiman Al Habib Medical Services Group Company (HMG) is one of the largest providers of comprehensive healthcare services in the Middle East. HMG operates a number of medical facilities across Saudi Arabia, UAE, and Bahrain; in addition to developing the first private medical city in Riyadh, Saudi Arabia. The Group provides neurology, pediatric, cardiology, dental, gastroenterology and obesity treatment services.

Business segments

- **Hospitals** – Constitutes a total of seven hospitals in Saudi Arabia and Dubai and one medical center in Bahrain (through management agreement) with 1,913 beds and over 1,350 clinics as on 31st December 2020. HMG engages more than 13,000 employees and 2,500 physicians under the hospitals segment
- **Pharmacies** – Operates 13 outpatient pharmacies in Saudi Arabia and one in Dubai as part of the hospitals and employs over 350 employees in this segment. Also operates E-Pharmacy
- **HMG solutions** – Provides Cloud solutions, including HIS, e-medicine, mobile app and other applications. It operates ICUs for others under PPP arrangement, provides home healthcare services and also operates MD LAB for advance laboratory services

Key strengths

- Regional integrated healthcare provider with over 25 years of track record
- Over 15 years of experience in deploying technology solutions in healthcare domain
- 42% of physicians have western qualifications (including North America and UK)
- HMG has received numerous international and national awards and accreditations which include JCI, ISO, MEED, Forbes, CPQ, Arab Health Awards, The Middle East HR Excellence Award, and Middle East Insights' Quality Service Awards
- Manages the largest Tele-Intensive Care Unit Command Center in the world (Guinness World Record 2019)

Latest developments

- In February 2021, HMG announced the opening of its new state-of-the-art medical center in Riyadh's Diplomatic Quarter (DQ). The medical center offers services including emergency, pediatrics, obstetrics and gynecology, dental, ENT, ophthalmology, internal medicine, family medicine, dermatology, and cosmetology clinics, in addition to the pharmacy
- In October 2020, HMG's subsidiary, North of Riyadh for Healthcare Company signed a 13-year Shariah-compliant credit facility agreement worth SAR 2.2bn (USD 0.6bn) with Saudi British Bank (SABB) for financing a project
- In August 2020, HMG's Board of Directors approved the construction of a new Maternity and Pediatric Hospital in Riyadh as a branch of Gharb Al-Takhassusi Hospital at a cost of SAR 472mn (USD 126mn). The hospital is expected to commence operations in Q1 2024
- In March 2020, the company's shares were listed on Tadawul stock exchange
- In January 2020, HMG launched the new version of its smartphone app integrating all its healthcare services, during its participation in the Arab Health Exhibition 2020 in Dubai. The launch of new app was a part of HMG's strategy to facilitate the delivery of healthcare services to beneficiaries through the latest technologies

Financials

(USD mn)	2018	2019	2020
Revenue	1,247.9	1,368.6	1,561.9
EBITDA	272.5	305.7	381.7
EBITDAM (%)	21.8%	22.3%	24.4%
Net Profit	218.0	236.7	281.2
NPM (%)	17.5%	17.3%	18.0%
ROE (%)	18.5%	20.0%	22.7%
ROA (%)	11.0%	10.9%	11.8%
Valuation multiples	TTM	2021E	2022E
P/E (x)	39.4x	37.8x	33.0x
EV/EBITDA (x)	29.3x	28.5x	24.5x

Stock parameters

CMP (USD)	31.5
Bloomberg Ticker	SULAIMAN AB
Market Cap (USD mn)	11,011
EV (USD mn)	11,136
Ownership structure	
Al-Habib Sulaiman	40.0%
Mohammed Abdulaziz Al Habib	33.8%
Al-Habib Hesham Sulaiman	2.0%
Vanguard Group	0.7%
Others	23.5%





Medicare Group QSC (Qatar- Publicly listed)

Business description

Medicare Group QSC, formerly known as Al Ahli Specialized Hospital Company QSC, is a Qatar-based company engaged in the establishment and operation of a specialized hospitals and outpatient clinics providing healthcare and treatment services in Qatar. The company was founded in 1996 and is listed on the Qatar Stock Exchange and owns Al-Ahli Hospital in Doha. The Company operates a medical center in Al Wakrah, which was started in February 2019. Medicare Group also provides services through Hemya (healthy nutrition-specialized company), Re'aya (home nursing services) and Enaya (physical therapy services) to patients.

Portfolio of hospitals

- **Al-Ahli Hospital** – Hospital consists of 250-beds offering five-star healthcare services with more than 20 medical departments
 - Clinical departments include Anesthesia, Dermatology, Cardiology, Ophthalmology, Pediatrics, Pulmonary and Chestt, General Surgery among others
 - Ancillary services and units include dietary, pathology and laboratory medicine, pharmacy, physical and rehabilitative medicine, radiology, speech and language therapy, neonatal intensive care unit and coronary care unit

Key strengths

- Al-Ahli Hospital was supported by Qatari government to establish healthcare facility in the country in 1995
- Al-Ahli Hospital proved its developmental capabilities by obtaining an accreditation certificate from the Qatari Council for Healthcare Practitioners as a provider of medical education and continuous professional development activities for different healthcare practitioners

Latest developments

- In September 2020, Medicare Group announced that with regards to its lawsuit filed against National Health Insurance company (SEHA), the court has ordered the latter to pay outstanding amount of QAR 130mn (USD 35.4mn) for health services provided
- In May 2018, Al-Ahli Hospital received accreditation certificate as a provider of medical education and professional development activities from the Qatari Council for Healthcare Practitioners

Financials

(USD mn)	2018	2019	2020
Revenue	132.4	134.1	129.8
EBITDA	29.2	28.8	30.8
EBITDAM (%)	22.0%	21.4%	23.7%
Net Profit	23.1	21.4	23.3
NPM (%)	17.5%	15.9%	17.9%
ROE (%)	8.4%	7.7%	8.3%
ROA (%)	7.1%	6.3%	6.5%
Valuation multiples	TTM	2021E	2022E
P/E (x)	30.5x	n/a	n/a
EV/EBITDA (x)	22.3x	n/a	n/a

Stock parameters

CMP (USD)	2.5
Bloomberg Ticker	MCGS QD
Market Cap (USD mn)	695
EV (USD mn)	687
Ownership structure	
Ezdan Holding Group	12.5%
Wethaq Business Development	10.0%
Vanguard Group	1.5%
BlackRock Inc.	0.9%
Others	75.1%





Mediclinic International PLC (UAE; Publicly listed in South Africa)

Business description

Mediclinic is an international private sector hospital group established in South Africa in 1983, and is primary listed on the London Stock Exchange (LSE), with secondary listings on the Johannesburg Stock Exchange in South Africa and the Namibian Stock Exchange. The Group operates 75 hospitals, eight sub-acute hospitals, 17 day clinics and 18 outpatient clinics globally with three operating segments i.e. Mediclinic Southern Africa (accounting for c. 29.4% of FY 2020 revenues), Hirslanden (Switzerland) (c. 46.6%) and Mediclinic Middle East (c. 23.9%). Mediclinic International also holds c. 29.9% interest in UK-based Spire Healthcare Group Plc.

Business segments

- **Mediclinic Southern Africa** – It operates 51 hospitals, eight sub-acute and specialized hospitals and 11 day clinics throughout South Africa and Namibia. The segment has over 8,600 inpatient beds, 306 theatres and has over 15,800 employees
- **Hirslanden** – It operates 17 private hospitals, four day clinics and three outpatient clinics in Switzerland. The segment has more than 1,900 inpatient beds, 112 theatres and has over 10,900 employees
- **Mediclinic Middle East** – It operates seven hospitals, two day clinics and 18 outpatient clinics. The segment has more than 900 inpatient beds, 39 theatres and over 6,800 employees

Key strengths

- It is the first private hospital group in the UAE to open an academic training institution, offer gated radiotherapy services and to perform first robotic knee surgery in the Middle East
- Mediclinic has various Greenfield/Brownfield initiatives to be completed in near future in Abu Dhabi which includes: 1) Airport road hospital (100 beds), 2) Western region hospital of Abu Dhabi (40 beds), and 3) Upgradation of Mediclinic Al Noor Hospital
- Mediclinic is investing prominently on Electronic Health Record (EHR) implementation to offer unified care and improved service quality for patients

Latest developments

- In November 2020, Mediclinic Middle East had joined the TriNetX network to help grow the hospital Group's overall research portfolio and expand its clinical trial opportunities. TriNetX is the global health research network enabling healthcare organizations, biopharmaceutical companies and contract research organizations (CROs) to collaborate, enhance trial design, improve site selection and planning, and bring new therapies to market faster
- In June 2020, Mediclinic Middle East partnered with Al-Murjan Group, a Saudi family business Group, to establish a 200-bed private hospital in Jeddah to be completed in Q2 2022
- In February 2020, Mediclinic International acquired Matlosana Hospitals in South Africa. The acquisition includes 51% stake in 50-bed Parkmed Neuro Clinic Psychiatric Hospital
- In January 2020, the Hirslanden Group reached an agreement with the owners of Operationszentrum Zumikon to take over the latter's outpatient surgical unit in April 2020

Financials (Year-end 31st March)

(USD mn)	2017-18	2018-19	2019-20
Revenue	3,815.6	3,849.2	3,919.5
EBITDA	683.3	647.2	705.6
EBITDAM (%)	17.9%	16.8%	18.0%
Net Profit	267.1	254.4	229.3
NPM (%)	7.0%	6.6%	5.9%
ROE (%)	-13.3%	-4.7%	-10.6%
ROA (%)	-7.1%	-2.4%	-4.8%
Valuation multiples	TTM	2020-21E	2021-22E
P/E (x)	n/a	27.0x	13.6x
EV/EBITDA (x)	n/a	11.3x	9.1x

Stock parameters

CMP (USD)	4.3
Bloomberg Ticker	MDC LN
Market Cap (USD mn)	3,192
EV (USD mn)	6,671
Ownership structure	
Remgro Ltd.	44.6%
Public Investment Corp Ltd	9.5%
Genesis Asset Managers LLP	4.2%
BlackRock Inc.	3.4%
Others	38.3%





Mouwasat Medical Services (Saudi Arabia - Publicly listed)

Business description

Mouwasat Medical Services was founded in 1975 as a private dispensary at Dammam, Saudi Arabia. In 1984, the company established first medical facility known as Mouwasat Hospital in Dammam, which commenced operation in 1988. Mouwasat Medical Services operates a chain of hospitals in Dammam, Riyadh, Madinah, Jubail, Qatif and Khobar under Mouwasat Hospital brand. The Mouwasat Medical Services consists of 1,200 beds out of which 260 are critical beds, 400 clinics and 60 operating rooms.

Portfolio of hospitals

- **Mouwasat Hospital Dammam** – It consists of 240 beds in single and double rooms and luxury hotel suites with over 80 beds for different age groups, medical and surgical specialties
- **Mouwasat Hospital Riyadh** – It consists of 165 beds across all medical areas including adult, intensive care, isolation rooms, child and neonatal care, emergency beds, hospital rooms, double rooms with luxury suites and six separate delivery rooms
- **Mouwasat Hospital Madinah** – The hospital has a capacity of 125 beds, spread across single, double rooms and deluxe suites. It also owns 34 ambulances, a surgical department, a binoculars unit, an ICU, a neonatal intensive care unit (NICU), and a specialized center for physiotherapy and rehabilitation
- **Mouwasat Hospital Jubail** – It consists of 170 beds with 70 outpatient clinics, an emergency department, 12 ICU rooms, 6 critical care units (CCU) rooms, 5 pediatric intensive care unit (PICU) rooms, a hemodialysis unit and an industrial medical checkup department
- **Mouwasat Hospital Qatif** – It consist of 100 beds divided into single rooms, double rooms and deluxe suites, 40 outpatient clinics across the various medical specialties. Also, it has an ICU, a NICU, dialysis unit, a long-term care unit (LTC) and an integrated radiology department
- **Mouwasat Hospital Khobar** – It has a capacity of 280 beds out of which 60 beds are allocated for the intensive care departments for adults, children and newborns. Also, it consist of an isolation room for care

Key strengths

- Mouwasat Hospital Dammam is one of the two private hospitals in Saudi Arabia offering Radiology Services, approved since 2016 through the American College of Radiology (ACR)
- Mouwasat Hospital Khobar provides advanced services such as electronic reservation programs and bookings through the website and mobile application
- Mouwasat Hospitals operates specialized centers for treatments related to skincare, obesity, infertility and delayed reproduction
- Mouwasat Hospitals entered into collaborative agreements with international institutions, hospitals and medical centers which improved the medical services of the company by acquiring expertise and practices from hospitals and health centers worldwide





Latest developments

- In December 2019, Mouwasat Hospital received the silver award winner in the Best Customer Experience Strategy category
- In August 2019, the Mouwasat Medical Services Company started its project for Smart Robotic Outpatient Pharmacy at Khobar branch. It is the first private hospital in Saudi Arabia to implement the Smart Robotic Outpatient Pharmacy

Financials

(USD mn)	2018	2019	2020
Revenue	447	495.1	544.9
EBITDA	137	164.1	193.5
EBITDAM (%)	30.6%	33.1%	35.5%
Net Profit	96.1	112.2	140.6
NPM (%)	21.5%	22.7%	25.8%
ROE (%)	22.5%	23.0%	24.9%
ROA (%)	13.0%	12.8%	15.1%
Valuation multiples	TTM	2021E	2022E
P/E (x)	26.1x	25.8x	22.5x
EV/EBITDA (x)	20.2x	19.1x	16.9x

Stock parameters

CMP (USD)	36.9
Bloomberg Ticker	MOUWASAT AB
Market Cap (USD mn)	3,695
EV (USD mn)	3,890
Ownership structure	
Al Saleem Mohd Bin Sulaiman	17.5%
Al Subeiy Mohd Sultan	17.5%
Al Subeiy Naser Sultan	17.5%
Vanguard Group	1.5%
Others	46.0%





National Medical Care Company (Saudi Arabia - Publicly listed)

Business description

Established in 2003, National Medical Care Company is a Saudi-based company engaged in medical services business and establishment, ownership, operation and management of hospitals and healthcare units and centers, wholesale and retail trade of drugs, medical equipment and supplies. The Company manages two hospitals - Riyadh Care Hospital and the Care National Hospital, and a health care center. In total, the company owns and operates 784 hospital beds in Saudi Arabia.

Portfolio of hospitals

- **Riyadh Care Hospital** – It consists of 325 beds, including suites, private and shared rooms. As for the outpatient clinics, it has Department of Emergency, Department of Children Emergency, Department of Laboratory and Blood Bank, Department of Physiology and Department of Dermatology. The hospital also operates a dental center, eye diseases unit, laser unit, asthma and allergic chest unit, endoscopy unit, specialized clinics, medical rehabilitation center, medical services, ICU for heart patients, intensive & medium care unit for children and newborns, dialysis center, operating rooms, physical therapy, respiratory therapy and radiology
- **Care National Hospital** – The facility has a capacity of 459 beds. As for the outpatient clinics, it has Department of Surgery, Department of Internal Medicine, Department of Eye, Ear, Nose and Throat, Department of Urinary Tract, Department of Heart Diseases, Department of Digestive Diseases, Department of Binoculars, Department of Plastic Surgery, Department of Dermatology, Department of Intensive Care for Adults and Children, Emergency Department, Dental Department, Radiology Department, Laboratory, Blood Bank, Department of Physical Therapy, and Pharmacy
- **Family Health Care Center** – It provides dental care, skin care and family medicine clinics

Key strengths

- The Emergency room sees 250 cases on daily basis with an average waiting time of 15 minutes
- The Radiology department registers 100,000 procedures per year and provides CT Scan, Digital Fluoroscopy, Digital X-ray with wireless detectors, among others
- The Company offers Care loyalty program to communicate and recognize the employees of Care Hospitals
- The Company operates Care WalaPlus application to avail the full features of Care loyalty program, which can be accessed through the website as well

Latest developments

- In March 2020, the outpatient department of National Medical Care Company registered a drop in patients due to the Government's precautionary measures to contain COVID-19 pandemic outbreak in Saudi Arabia
- In November 2019, the company repaid the SAR 100mn (USD 26.6mn) loan received from Riyadh Bank for expansion, renewal, renovation and preparation of northern building of National Care Hospital in 2015

Financials

(USD mn)	2017	2018	2019
Revenue	228	203.6	188.9
EBITDA	45.9	43	46.3
EBITDAM (%)	20.1%	21.1%	24.5%
Net Profit	23	17.1	21.3
NPM (%)	10.1%	8.4%	11.3%
ROE (%)	9.0%	6.3%	7.9%
ROA (%)	6.0%	4.4%	5.8%
Valuation multiples	TTM	2020E	2021E
P/E (x)	24.5x	23.9x	19.0x
EV/EBITDA (x)	11.7x	11.0x	9.5x

Stock parameters

CMP (USD)	13.8
Bloomberg Ticker	CARE AB
Market Cap (USD mn)	618
EV (USD mn)	553
Ownership structure	
Saudi Medical Care Group	49.2%
Vanguard Group	1.6%
Norges Bank	0.9%
BlackRock Inc	0.8%
Others	47.5%





NMC Health (UAE - Delisted)

Business description

NMC Health is the leading private sector healthcare operator based out of Abu Dhabi, UAE. Started in 1975, the Group has an international network of hospitals consisting of over 200 healthcare facilities across 19 countries, catering to over 8.5mn patients and employing over 2,000 doctors. It operates via two segments i.e. NMC Healthcare (c. 74.1% of FY 2018 revenues) and NMC Distribution (c. 25.9%). It has acquired Fakh IVF, CosmeSurge and Aspen in 2018. In 2012, NMC became the first company from Abu Dhabi to be listed on the LSE, however, it was placed in administration and was delisted from LSE in April 2020 due to financial irregularities.

Business segments

- **NMC Healthcare** – It provides services including hospitals, day surgery centers, medical centers and pharmacies, which is built upon four verticals including Multi-Specialty, Maternity & Fertility, Long-term & Home Care and Operations & Management
- **NMC Distribution** – The distribution division has a network of over 780,000 sq. ft. of warehousing space across the UAE, driven by 769 professionals to cater to over 15,000 customers and offering over 115,000 products across pharma and non-pharma segments. The company plans to sell the unit to raise USD 300mn to address the groups liquidity

Key strengths

- The company has an experience of over 44 years in the UAE and the first from Abu Dhabi to be listed on the London Stock Exchange and is also a part of the FTSE250 Index
- NMC Health has 1,200 licensed beds in the UAE and is ranked as 2nd private healthcare operator in Saudi Arabia by beds capacity after the JV with General Organization for Social Insurance

Latest developments

- In February 2021, Abu Dhabi Commercial Bank (ADCB) has won a worldwide freezing order against the principal owners and executives of NMC Health that collapsed into administration in 2020 amid fraud claims. ADCB has an exposure of more than USD 1bn in NMC Health
- In April 2020, NMC Health was delisted from LSE on grounds of financial irregularities and was placed under UK High Court ordered administration, stripping the management of all powers to take decisions on behalf of the company. The total debt of the company was estimated at USD 6.6bn as of March 2020
- In December 2019, US-based investment firm, Muddy Waters questioned the Group's financial position which resulted in c. 42.0% decline in the share price of the company. Further in February 2020, the founder B.R. Shetty resigned as the Group's joint non-executive chairman
- In November 2019, NMC Health launched its hospital in Al Hail, Oman. The Al Hail facility is a 45-bed hospital with 15 OPD clinics and 24/7 emergency department
- In May 2019, NMC Health acquired a majority stake in Boston IVF to promote growth and development of NMC's IVF business in North America
- In January 2019, NMC Health inaugurated the multi-specialty medical center in Al Rolla, Sharjah (UAE). The center is equipped with 23 doctors involved in 18 different specialties

Financials

(USD mn)	2016	2017	2018
Revenue	1,220.9	1,603.4	2,057.3
EBITDA	246.1	353.6	487.4
EBITDAM (%)	20.2%	22.1%	23.7%
Net Profit	138.7	195.1	249.8
NPM (%)	11.4%	12.2%	12.1%
ROE (%)	19.0%	18.6%	20.8%
ROA (%)	7.0%	7.1%	7.3%





Saudi German Hospitals Group (Saudi Arabia - Publicly listed)

Business description

Founded by Batterjee family in 1988 in Jeddah, the Saudi German Hospital (SGH) Group also known as Middle East Healthcare Company (MEAHCO) is the leading provider of healthcare services in the MENA region. The Group currently operates hospitals and clinics in several cities across Saudi Arabia, UAE, Egypt, and Yemen. Currently, the Group's various medical cities and hospital projects are under various stages of completion that include Egypt, UAE, Saudi Arabia, Morocco and Pakistan. The SGH Group has been recognized as one of the 50 Global Growth Companies by The World Economic Forum; awarded Healthcare Company of the Year 2018; awarded GCC Patient Experience Eminence Award 2018-19; and was also recognized for having the best-accredited life support training center in Saudi Arabia in 2018.

Portfolio of hospitals

- **SGH Jeddah** - Opened in 1988 in Jeddah (KSA) and has 218 beds
- **SGH Aseer** - Opened in 2000 in the Aseer (KSA) and has 400 beds
- **SGH Riyadh** - Opened in 2001, in Riyadh (KSA) and has 300 beds
- **SGH Madinah** - Opened in 2003 in the Madinah (KSA) and has 300 beds
- **SGH Sanaa** - Opened in 2006 in Sanaa (Yemen) and has 300 beds
- **SGH Dubai** - Opened in 2012 in Dubai (UAE) and has 300 beds
- **SGH Cairo** - Opened in 2015 in Egypt and has 332 beds
- **SGH Hail** - Opened in February 2017 in Hail (KSA) and has 150 beds
- **SGH Sharjah** - Opened in 2018 in Sharjah (UAE) and has 50 beds
- **SGH Ajman** - Opened in 2019 in Ajman (UAE) and has 200 beds
- **SGH Dammam** - Opened in 2020 in Dammam (KSA) and has 300 beds

Key strengths

- MEAHCO is the largest hospital group in Saudi Arabia with more than 30 years of experience
- The Group's hospitals are accredited by JCI and providing largest hospital group since past 31 years

Latest developments

- In February 2020, SGH officially opened the new hospital in Dammam with 300 beds
- In January 2020, SGH Riyadh joined the Mayo Clinic Care Network to resolve complex medical cases at no extra cost to the patient
- In October 2019, SGH Dubai received Gold Certification for Excellence in Person-Centered Care by Planetree International at the conference in Orlando Florida, US
- In April 2019, SGH opened its third hospital in the UAE in Ajman at a cost of USD 82mn
- In October 2019, MEAHCO signed Shari'a compliant facility agreements with Emirates NBD and Bank Albilad for USD 93.3mn loan

Financials

(USD mn)	2018	2019	2020
Revenue	370.7	399.0	471.9
EBITDA	67.1	53.8	67.5
EBITDAM (%)	18.1%	13.5%	14.3%
Net Profit	45.9	26.0	26.9
NPM (%)	12.4%	6.5%	5.7%
ROE (%)	11.9%	6.6%	7.1%
ROA (%)	6.7%	3.2%	3.2%
Valuation multiples	TTM	2021E	2022E
P/E (x)	32.0x	28.1x	19.6x
EV/EBITDA (x)	18.1x	16.1x	13.5x

Stock parameters

CMP (USD)	9.3
Bloomberg Ticker	MEH AB
Market Cap (USD mn)	859
EV (USD mn)	1,225
Ownership structure	
Batterjee Medical House	54.7%
International Finance Corp	7.1%
Norges Bank	0.8%
Vanguard Group	0.5%
Others	36.9%





Thumbay Hospital (UAE)

Business description

Thumbay Hospital is a part of Thumbay Group, a diversified international business conglomerate which started in 1998 and is headquartered in DIFC Dubai, UAE. The Group owns and operates hospitals and medical centers in Ajman, Fujairah, Sharjah, Dubai and Hyderabad (India). Thumbay Hospital network is the largest network of private academic hospitals in the Middle East region and have state-of-the-art operation theatres and diagnostic labs with ultra-modern facilities, and well-equipped labor and delivery rooms. Recently, Thumbay Hospital implemented Picture Archiving and Communication System (PACs) across all of their radiology labs. The Group operates various hospitals and clinics under the brand name of Thumbay Hospital Day Care, Thumbay Dental Hospital, Thumbay Physical Therapy and Rehabilitation Hospital, Thumbay Clinic and Thumbay Clinic ELITE.

Portfolio of hospitals

- The Group currently operates hospitals in the UAE and India:
 - **Ajman** – Hospital started in 2002 and the Thumbay Medicity in 2020
 - **Fujairah** - Hospital started operations in 2006
 - **Sharjah** – Thumbay Medical & Dental Specialty Center is a full-fledged multi-specialty Center which started operations in 2011
 - **Dubai** – Hospital started operations in 2015
 - **Hyderabad (India)** – Hospital started in 2016

Key strengths

- Thumbay Hospital implemented Hospital Information System (HIS) for quick report generation and quick retrieval of patients' files
- The Group has obtained JCI accreditation for the hospitals and CAP-accredited for laboratories
- The Group started Thumbay Medical Tourism (TMT) initiative to offer ultra-modern healthcare services to the increasing number of international patients visiting the UAE, at affordable costs
 - TMT has representative offices in 87 countries across the globe and the Group expects to welcome around 1,000 medical tourists daily, by 2022

Latest developments

- In April 2020, the Group opened to the public its own 22 testing centers in Dubai and the Northern Emirates to help citizens in the diagnostics of COVID-19
- In February 2020, Thumbay University Hospital launched a 10 -bed unit for nephrology and dialysis
- In October 2019, the Thumbay Group opened the Thumbay University Hospital with the capacity of 350 beds at Thumbay Medicity located at Ajman, UAE
- In February 2019, Manzil Healthcare Services collaborated with the Thumbay Hospital Group to offer the wide range of home health services for the latter's patients
- In October 2018, the Thumbay Group announced its plan to open a medical university and teaching hospital in Ghana and a Medicity in Egypt





VPS Healthcare (UAE)

Business description

Founded in 2007, VPS Healthcare is a multinational healthcare group headquartered in Abu Dhabi, UAE. The company has a network of 24 hospitals, 125 medical centers and affiliated services with over 10,000 employees across the GCC, Europe and India. From starting operations in the UAE, the company extended its services to other countries like Oman, India and Saudi Arabia (under development). It operates Hospitals & Healthcare Centers, Specialized clinics & services and also operates pharmaceutical manufacturing facility in Dubai.

Brands

Country	Segment	Brands
UAE	Hospitals & Healthcare Centers	Burjeel Hospital, Medeor Hospital, LLH Hospital, Lifecare Hospital
	Specialized clinics & services	Tajmeel, Burjeel, Response Plus Medical and Occumed clinic
	Pharmaceuticals	LifePharma and Burjeel Pharmacy
Oman	Hospitals & Healthcare Centers	Burjeel Hospital and Lifeline Hospital
India	Hospitals & Healthcare Centers	Rockland Hospitals and Lakeshore Hospitals
	Specialized clinics & services	Educare Institute

Key strengths

- Provides patients with escort services on commercial airlines with the Temos certification
- The Group hospitals are approved by ISO accreditation across the MENA region
- Recognized as an Industry Partner by the World Economic Forum (WEF) and is also a member of the MENA Regional Partnership Community of the WEF

Latest developments

- In March 2020, Amanat Holdings abandoned its ongoing talks with VPS to acquire a strategic stake in the latter company, without disclosing the reason
- In October 2019, VPS opened its 23rd hospital - Burjeel Specialty Hospital in Sharjah, UAE with 75 beds
- In October 2018, VPS Healthcare along with LLH Hospital Musaffah created Guinness World Record for the largest simultaneous self-examination for breast cancer
- In February 2018, VPS signed a 10-year partnership agreement with Royal Philips to install Electronic Medical Record (EMR) solutions across UAE, Oman and India
- In January 2018, the Group ventured into medical coding by launching a new group company named Dynamed Healthcare Solutions, Kochi







9. Upcoming healthcare projects



List of major upcoming healthcare projects in the GCC

Name	Country	Type	Completion	Beds
King Abdullah Bin Abdulaziz Medical City Hospital	Bahrain	Public	2022	288
Muharraq Hospital Complex	Bahrain	Public	2021	100
Hi-tech hospital - A'ali	Bahrain	Public	2022	100
Farwaniya Hospital Expansion	Kuwait	Public	2020	955
Childrens Hospital - Al Shuwaikh	Kuwait	Public	n/a	792
Kuwait Maternity Hospital	Kuwait	Public	2022	780
Al Adan Hospital Expansion	Kuwait	Public	2022	632
Kuwait Cancer Control Center expansion	Kuwait	Public	n/a	618
New Sabah Hospital	Kuwait	Public	2020	617
Sultan Qaboos Medical City Complex	Oman	Public	2021	1,249
New Sultan Qaboos Hospital, Salalah (IHG)	Oman	Public	n/a	700
Royal Oman Police Hospital	Oman	Public	n/a	400
Gemelli Hospital Muscat	Oman	Private	2020	300
Al Suwaiq Hospital Project, Suwaiq (IHG)	Oman	Public	n/a	250
Khasab General Hospital, Khasab (IHG)	Oman	Public	n/a	150
Idealmed Hospital Project	Oman	Private	2021	100
Aman Healthcare	Oman	Private	2022	60
Giardon Village Hospital (UDC)	Qatar	Private	n/a	125
Al Wakra Hospital Expansion (10%)	Qatar	Public	2020	30
14 new health centers	Qatar	Public	2020	n/a
King Khalid Medical City, Dammam	Saudi Arabia	Public	2020	1,500
King Abdullah Bin Abdulaziz Medical	Saudi Arabia	Public	2022	1,500
King Faisal Medical City, Asir	Saudi Arabia	Public	2021	1,350
Medical City for Rehabilitation	Saudi Arabia	Public	2021	1,100
King Fahad Medical City Expansion	Saudi Arabia	Public	2021	600
Al Karj Hospital	Saudi Arabia	Public	n/a	500
Kamis Mishet Hospital	Saudi Arabia	Public	2021	300
Al Murjan Group, Jeddah	Saudi Arabia	Private	2022	200
Hospital by Jamjoom Pharma	Saudi Arabia	Private	n/a	150
Hospital by Ahalia Group	Saudi Arabia	Private	n/a	120
New Al Ain Hospital	UAE	Public	2020	719
Burjeel Medical City, Abu Dhabi	UAE	Public	2020	400
Thumbay Hospital Dubai Expansion	UAE	Private	2020	300
LTC Facility Health Project	UAE	Public	n/a	120
Danat Al Emarat Hospital - Phase 2	UAE	Private	2020	100
NMC Healthcare	UAE	Private	2020	70

Source: Web Search



10. Sector outlook



Despite decline in oil prices and its impact on the government finances and overall fiscal positions, the healthcare sector is poised to grow in near future. The total healthcare expenditure in the GCC is forecasted to increase at a CAGR of c. 9.3% during 2020-24 to reach USD 138.4bn. Saudi Arabia and the UAE will together account for almost c. 80.8% of the market in 2024. Increasing population, rising incidences of NCDs, government focus on implementing mandatory insurance and increasing investment in telehealth and e-health market are some of the key factors that will drive the market growth.

The GCC population is projected to grow at a CAGR of c. 2.3% to reach 64.9mn in 2024. The growing population will fuel the demand of healthcare service which will be equally driven by expat demand in the region which currently constitutes just over 48% of the overall population. Moreover, increasing incidences of NCDs, such as diabetes and obesity, is expected to drive demand for healthcare centers offering treatment for such lifestyle diseases. The rising rate of disabilities with an increase in ageing population and increasing life expectancy will support demand for LTPAC facilities and home healthcare services for patients requiring personalized homecare and rehabilitation.

Governments across the GCC region is transforming the existing PPP laws, or are drafting new ones to support regulatory framework for healthcare PPP projects. They are incentivizing private players through PPPs to invest in and manage operations, while the public sector acts as the regulator. All these initiatives will help fuel the growth of hospitals in the region which is projected to increase at a CAGR of c. 0.9% during 2020-24 to reach 857. The demand for hospital beds in the region is forecasted to increase resulting in shortfall of beds. This shortfall will be filled with new projects which will result in projected increase in number of beds to 133,653 by 2024.

One of the major challenges that the healthcare sector faces is shortage of medical staff which is common across the region. However, they are taking the required steps with instances of offering long-term residency visas to doctors, hiring nurses in bulk from other regions. The number of physicians in the GCC are projected to grow at a CAGR of c. 3.0% during 2020-24 to around 203,157. Similarly, the number of nurses is forecasted to increase at a CAGR of c. 2.7% during 2020-24 to reach 387,726.

The sector is currently also witnessing another major challenge with the outbreak of COVID-19. The region is expected to witness a short-term reduction in revenues due to reduced consumption on account of delays in elective surgery and lower purchases of medicines due to fewer prescriptions. The difficulties will also arise due to shortages of medical devices like ventilators and test kits and operational issues, including the interruption of clinical trials and inadequate virtual care.

However, to an extent the GCC countries have been successful in managing the spread of COVID-19 and has shown more resilience than most countries, with accelerated growth in certain sub-sectors such as long-term care, post-acute care and telehealth. Demand for digital healthcare has increased significantly and is expected to increase across areas like remote patient monitoring, virtual care, telemedicine, robotic automation and artificial intelligence. This has resulted in healthcare service providers to ramp up investments in healthcare digitization. According to industry estimates, the annual investment in digital infrastructure in the region is expected to increase between USD 500mn to USD 1.2bn, an increase of 10%-20% during 2020-22, compared to previous estimates of 3%-4%³⁶.

The pandemic is expected to result in double-digit growth in telemedicine and virtual care solutions. As per the market estimates, virtual visits in the GCC are expected to increase by c. 14.0% in 2021. Also, the clinical decision support tools and remote patient monitoring is estimated to be a USD 3.0bn market by 2021 in the region³⁷. All these will directly impact market and will lay growth foundation for future.

36 Mashreq Bank and Frost & Sullivan
37 Frost & Sullivan



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