TIBBIYAH
طبية
الشركة الطبية العربية العالمية القابضة
Arabian International Healthcare Holding company

H1 2022 Results Presentation

17 October 2022

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Agenda

- Introduction & Highlights
- Financial Review
- Strategy & Outlook
- Q&A

Creating a leader in integrated healthcare solutions

- Founded by Al Faisaliah Group in 1973 to serve the healthcare sector in KSA
- Listed on Nomu in March 2022 … 25% floating
- Comprehensive healthcare solutions to the public and private sector across the following businesses:
  - FMS Capital equipment - integrated solutions and turnkey projects
  - Premma - Supply of medical devices and consumables
  - Philips Healthcare Saudi Arabia (50% JV)
  - NewYou – Bariatric & Cosmetic Surgery
  - BGI - Genomic & routine testing laboratory
  - SED - (Unilabs JV) : Radiology diagnostic

1000+ Complex Projects	**25%** Addressable Market Share
350+ Professionals employed	**16,000+** Deliveries per Annum
32% Saudization	**50** Cities
50+ Best-in-class Partners	**200+** Customers

A unique investment proposition in KSA's healthcare market

Differentiated value chain positioning

- Proven 50 years track record
- Long-term partnerships with the world's leading sector players
- Operational excellence, with deep market knowledge … sought after model
- One-stop shop for tailored solutions and products

Positive sector and country dynamics

- High growth and defensive sector
- Supportive government regulations
- Expanding budgets

Clear growth strategy

- Solid financial position
- Strong leadership and governance
- Pipeline of organic and inorganic growth initiatives

H1 2022 Highlights

↓ 1 **Global Supply Chain issues & Public customers revenue conversion delay**

… amplifying cyclicality of FMS Sales

↑ 2 **Good performance from Premma**

Due to shorter revenue conversion cycle and 'defensive' nature of the activity

= 3 **Anticipated one-offs impact … Comparable growth on a normalized basis**

Higher Covid-19 supplies sales in H1'21 affecting the base

↑ 4 **Personnel investments of SAR 5 million set to support future growth**

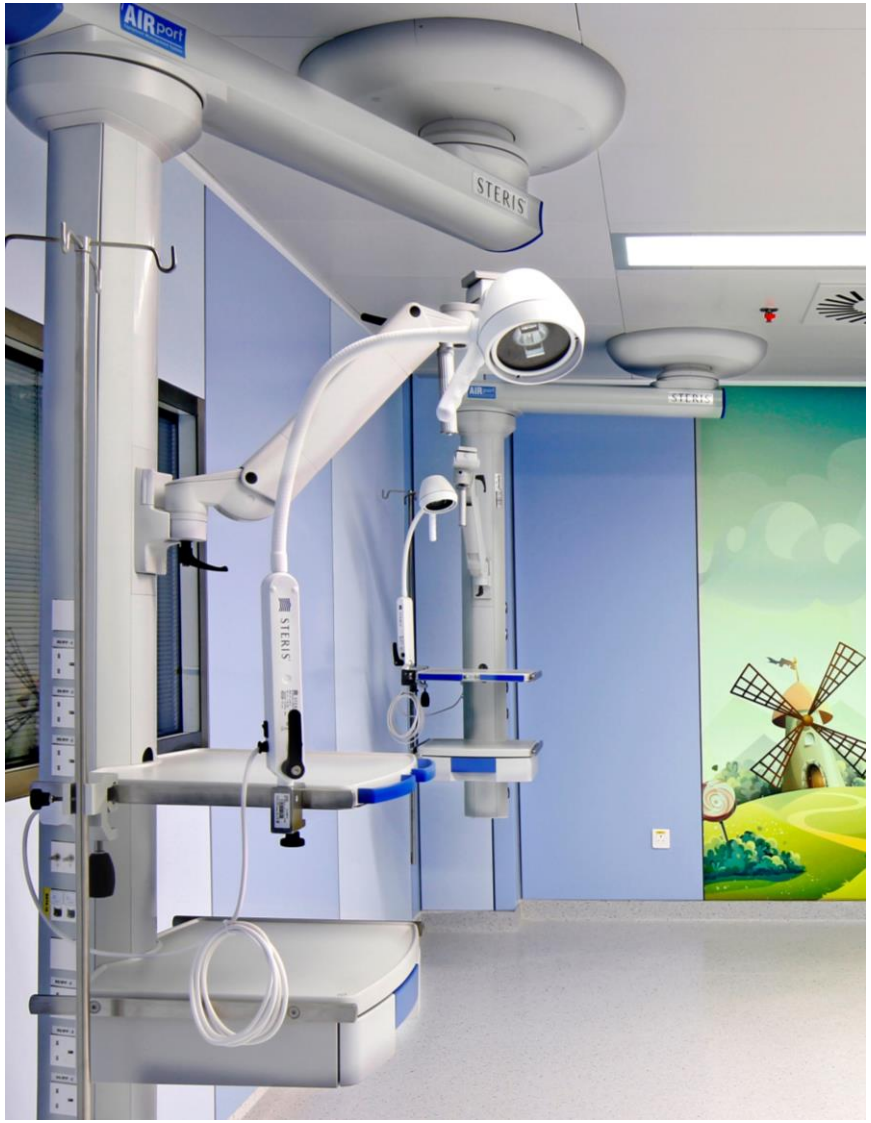
↑ 5 **Strong Orders Intake (OIT) for both FMS & Premma businesses**

Double digit OIT growth vs H1'21

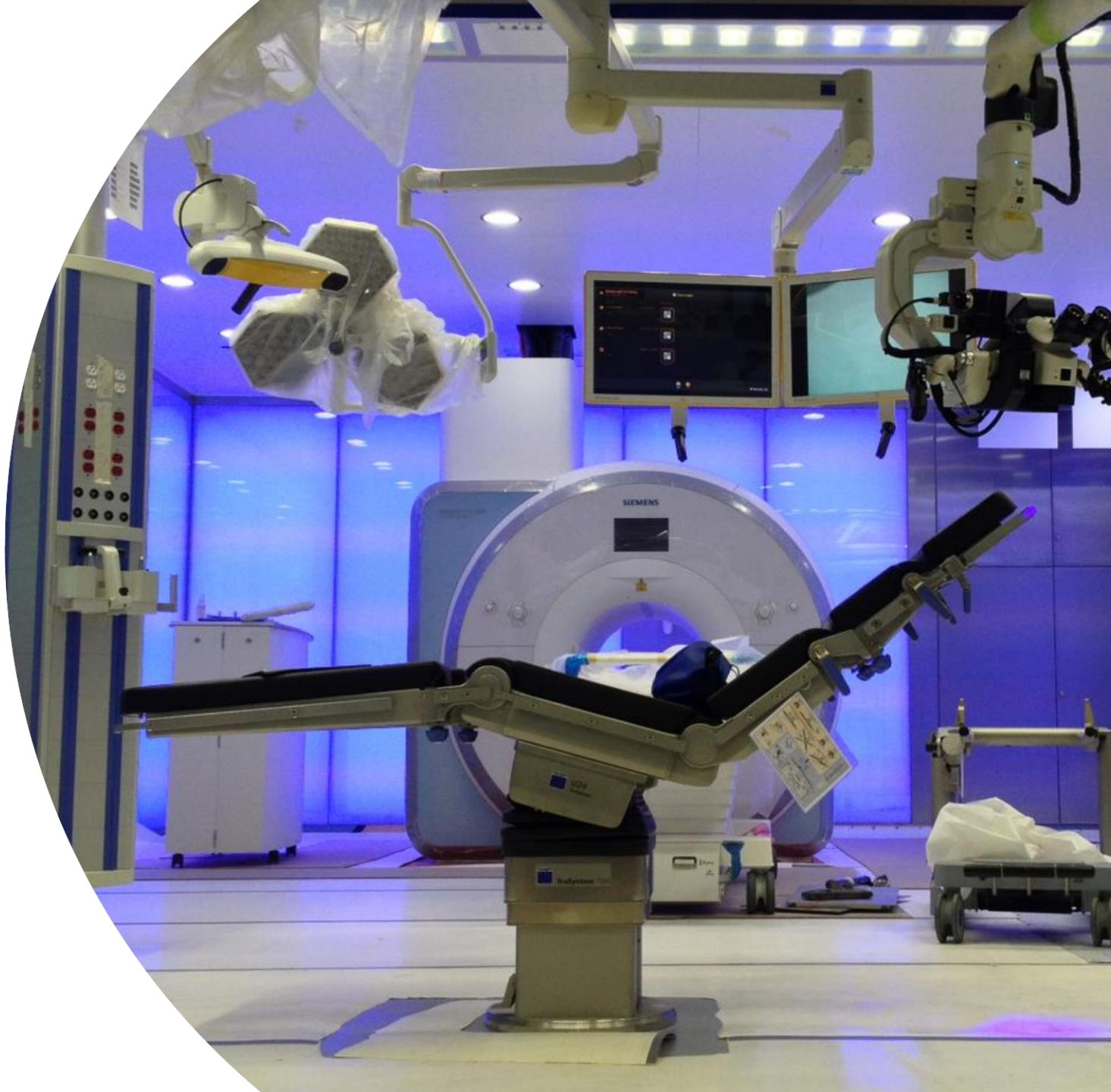
↑ 6 **Progress on execution of non-organic growth strategy … NewYou, BGI, Unilabs**

Acquisition and JVs in Cosmetic Surgery, Genomics, Radiology … diversifying income streams and counter cyclicality

↑ 7 **IPO Long Term guidance unchanged and SAR 60 million in full year dividend paid in July 2022**



Financial Review



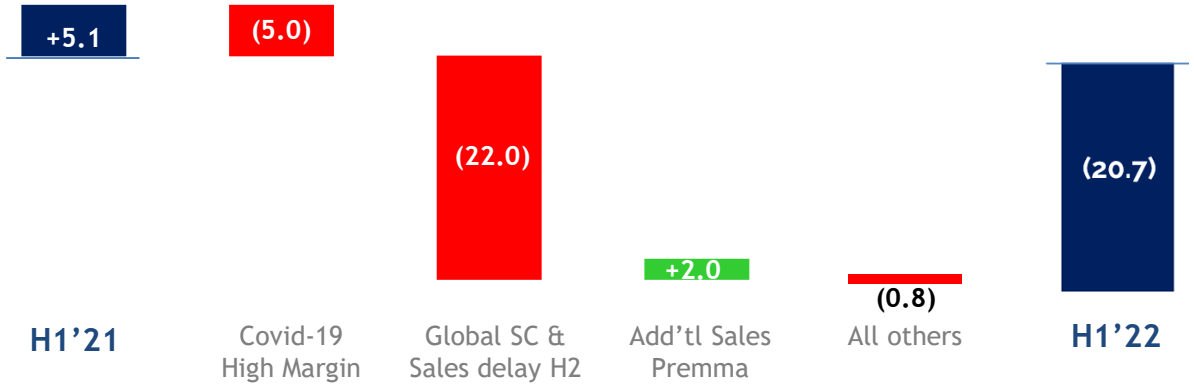
A tale of two halves, one-offs and cyclicality

(SAR million)

H1 Key metrics …

	H1'22	H1'21	Var.
Net Sales	215.3	249.2	(33.9)
vPY (in %)	*(13.6)%*	-	-
GP	40.8	57.7	(16.9)
GP%	19%	23%	(4)pts
Net Income / (loss)	(20.7)	+5.1	(25.8)
vPY (in %)	-	-	-

H1 Net income walk …



H1'22 Revenue Headwind … Optimistic for FY'22 Revenue

Highlights

- **Net Sales …** Unfavorable H1'22 in FMS (Covid, Global SC) partially balanced by stronger Premma (consumables) sales activity
- **GP & GP% …** Decrease due to unusual high in H1'21 (Covid) and lower FMS activity in H1'22 .. Partially balanced by strong working capital management
- **Net income / (loss) …** Covid one-off in H1'21 and Global SC headwinds in H1'22 driving the drop .. Partially offset by strong consumable sales and efficiency initiatives … Future growth fueled by investment in personnel

Segmental review

(SAR million)

FMS

	H1'22	H1'21	Var.
Net Sales	73.9	123.9	(50.0)
vPY (in %)	*(40.3)%*	-	-
Net Income (loss)	(18.1)	5.4	(23.5)
vPY (in %)	-	-	-

Premma

	H1'22	H1'21	Var.
Net Sales	141.3	125.3	+16.0
vPY (in %)	*+12.7%*	-	-
Net Income (loss)	(2.6)	(0.3)	(2.3)
vPY (in %)	-	-	-

FMS temporary revenue headwind … Premma revenue steady
Strong Orders Intake for both businesses

Highlights

Premma

- Higher sales conversion as demand continued rising
- Market share expansion through strategic initiatives and collaboration with new suppliers
- Double digit growth on Orders Intake

FMS

- Global supply chains disruptions delaying deliveries to clients
- Bulk of revenues typically generated in H2
- Double digit growth on Orders Intake

Cash Flows, Working Capital … and Debt structure

(SAR million)

Cash Flow Statement

	Act. H1'22	Act. H1'21	Var.
CFOA	(79.6)	(71.6)	(8.0)
CFFI	2.6	0.2	+2.4
CFFF	87.0	92.4	(5.4)
Net Cash Flow	**9.9**	**21.0**	**(11.1)**

Debt Structure

	Act. Jun'22	Act. Jun'21	Var.
LongTerm (Al Faisaliah)	75.0	100.0	(25.0)
Short Term (Al Faisaliah)	157.5	360.0	(202.5)
Short Term (External Banks)	130.0	-	+130.0
	287.5	360.0	(72.5)
Total Loan & Borrowings	**362.5**	**460.0**	**(97.5)**

Net debt/equity ratio

Jun'22	Jun'21
1.43x	1.80x

Driving Working Capital … Deleveraging to fuel inorganic growth

Highlights

- **Cash Flow Statement …** Limited decrease despite material net loss in H1'22 … attesting strong working capital drive by management over H1'22
- **Debt Level & Debt Structure …** Adequate level of Al Faisaliah Group debt vs External debt … All arm's length
- **Net Debt/Equity …** Deleveraging from 1.80x down to 1.43x … Freeing up capacity for future inorganic growth

Strategy & Outlook

Transformation strategy

DIVERSIFIED HEALTHCARE HOLDING

1 Core Expansion

- Grow and protect
- New therapeutic areas
- Private sector clients
- World class organization
- Market consolidator

2 KSA Privatization

- Targeted PPP projects
- Operation, maintenance, and management of healthcare facilities

3 Health-tech Services

- Oncology services centers
- Laboratory services
- Radiology diagnostic centers
- Specialized independent clinics
- Dialysis

Leveraging existing principles	In-house capabilities
Digitization & Marketing	Financial solutions for private sector
M&As, JVs & Consortiums	Renown clinical partners

Major growth initiatives in H1 2022

Pillar	Approach	Field	Scope	Background
1	Addressable Market	Core Expansion	Maintain market share and enter new Therapeutic areas	• Grow future addressable market to SAR 7.4 bn through core expansion across new subsegments
3	Acquisition	Specialized Clinics	Own and operate specialized private clinics	• Acquisition of 51% stake in New You and iPharma, leading surgery and medical center specialized in bariatric and cosmetic surgeries
3	JV	Laboratory Services	Establish, operate and manage medical laboratories	• 50:50 JV with BGI Almanahil Health for Medical Services (BGI), an Asian leader in advanced medical tests • Potential to develop local manufacturing for lab consumables
2 3	JV	Radiology Diagnostic	Establish, operate, and manage diagnostic centers	• Formation of SEDC through JV with Unilabs Diagnostics, Europe's leader in diagnostic services • JV's target market includes private and PPP

Long Term Growth Strategy in motion …

Focus on New You acquisition

- First major investment in the Health-Tech Service vertical
- In line with strategy to become a diversified healthcare holding company
- Complementary to other strategic initiatives and JVs in Laboratory and Radiology services
- Value accretive to shareholders
  - Steady annual revenues in excess of SAR 120m and high EBITDA margins >30%
  - Up to SAR 213m - SAR 109.5m cash and up to SAR 104m through 3 years earn-out structure
- Leading day surgery and medical center in KSA specialized in bariatric Cosmetic and reconstructive surgeries
- Customer base diversification and steady cash inflows from private patients
- Scalable business model fitting vertical's long-term growth ambitions
- Debt-free allowing further expansion in new business lines as well as geographical locations in the Kingdom
- Fully consolidated with impact set to flow through from Q3 FY22

51% stake for up to **SAR 213m**

36 Doctors and 27 Nurses

1 building comprising **8** Units

35,000+ Patients /Year

75,000+ Procedures/Year

5,500+ Surgeries /Year

IPO Performance Guidelines 2021-2025 … unchanged

Guidance	Revenue	▪ Double-digit CAGR to **double revenues** through: • Core Business growth: 30-35% • Core Business Expansion: 30-35% • New Business Lines: 25-30%
	Net Profit	▪ **Double profit level** through: • Higher margin business lines/products/services • Efficient working capital management • Optimized capital structure
	Working Capital	▪ Improved **metrics** through: • Improved systems and payment management with government customers • Diversification into cash business
Financial Policy	Dividends	• Payout ratio over the medium term **maintained at 75% of Net Income level** • Dependent company requirements and **market conditions**
	Capital Structure	• Improved structure and profitability levels to support targeted **payout ratios** within **reasonable debt/equity levels**

H1 2022 Key Take Outs

Growth

- **Execution of our M&A strategy**
  … NewYou, BGI, Unilabs
- Investment in personnel to support future growth

Performance

- **Business cyclicality …**
  … H1'22 not indicative of FY'22
- **Unfav. comparison with H1'21**
  … H1'21 One-Offs and H1'22 Global Supply Chain headwinds
- **H1'22 Strong Working Capital** management …
- **Solid Orders Intake**

Market

- **High Growth & Defensive Sector**
- **Privatization**
- **Expanding the healthcare insurance coverage**

Sales recovery expected in H2'22 … Growth is in motion

Q & A

Thank You

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