



KSA JV Announcement

28 May 2019

Safe Harbour statement

Important information: forward-looking statements

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Agenda

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Completion of NMC KSA Joint Venture and business update

2

Update on details of the transaction

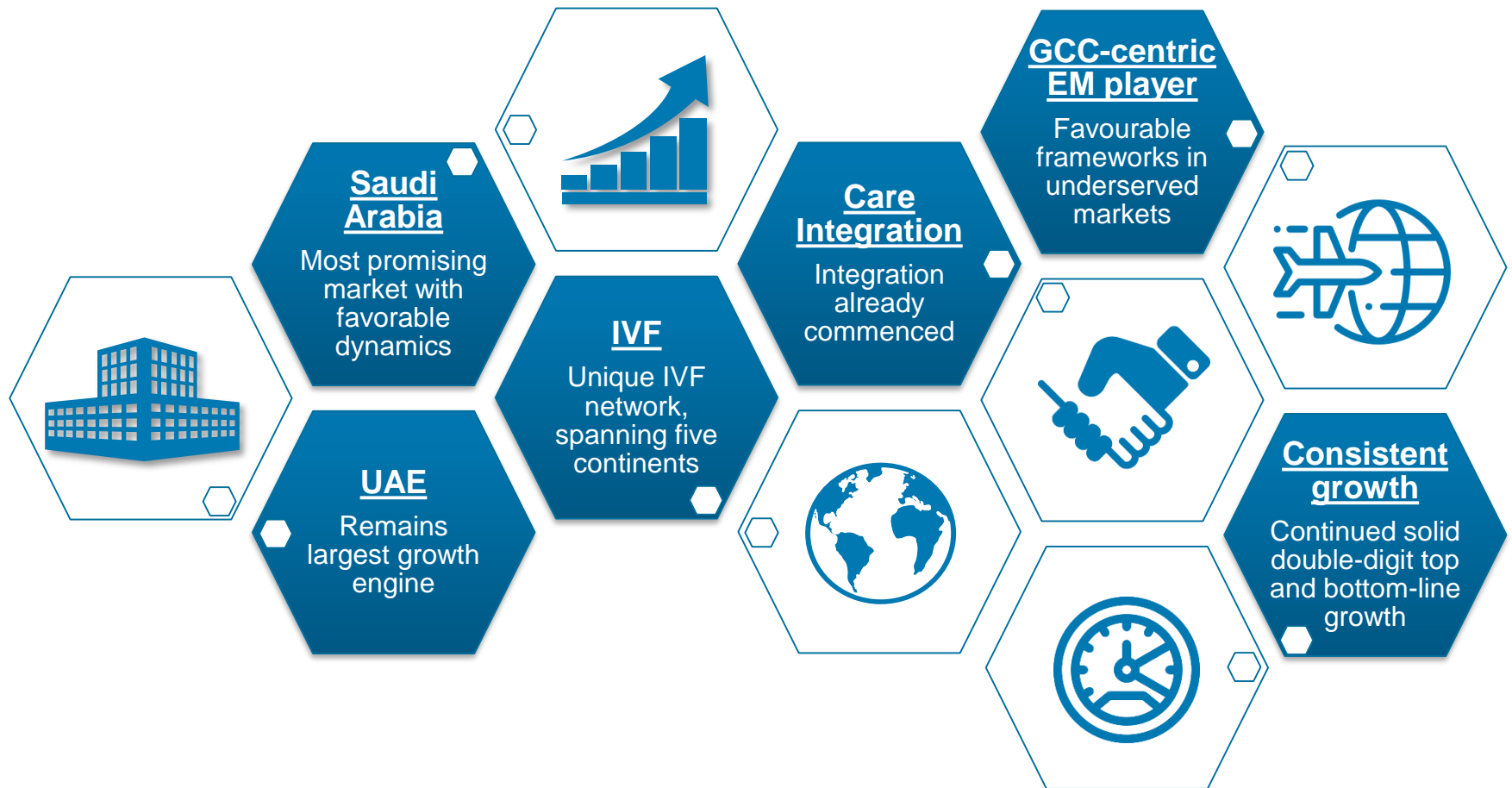
3

Capitalizing on the Saudi opportunity

4

Guidance update

The KSA JV helps NMC realise it's goals in KSA and the wider GCC



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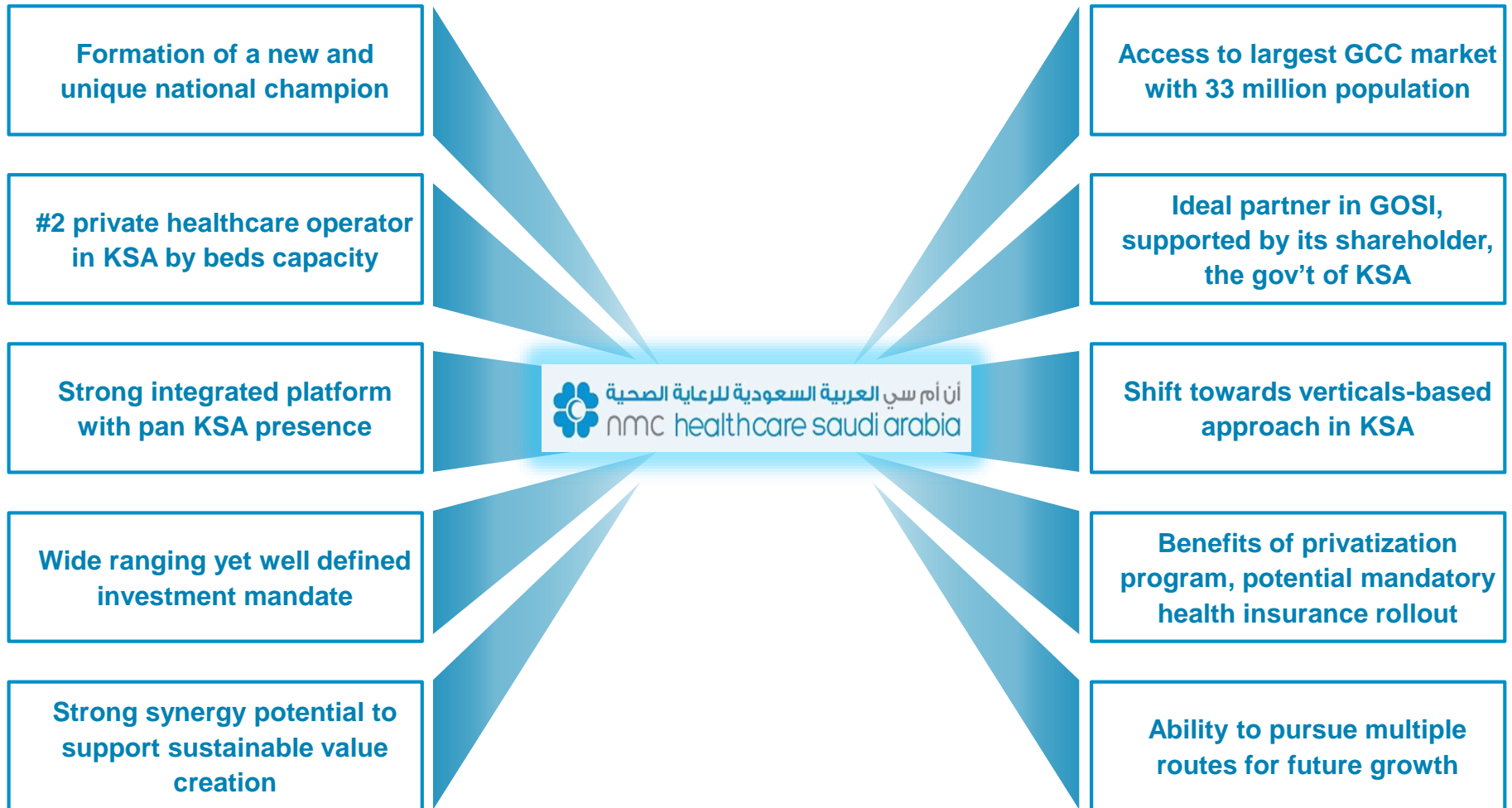
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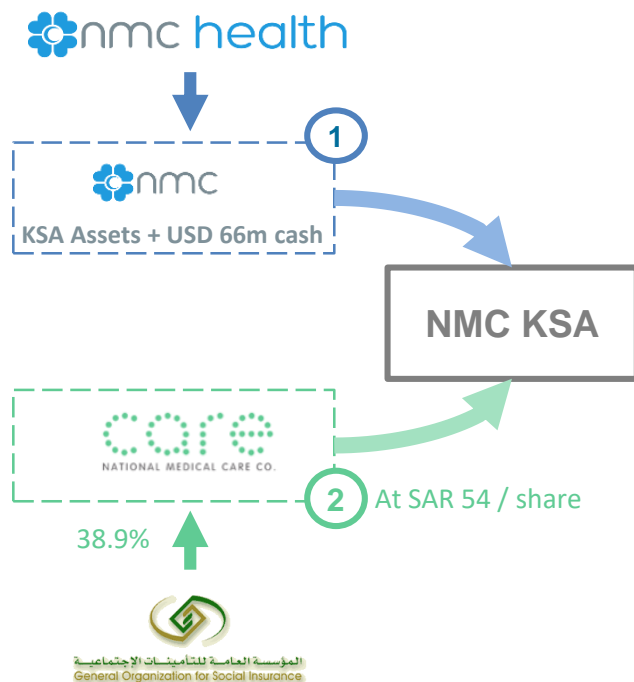
Guidance update

NMC and GOSI have entered a strategic partnership to create a new national healthcare champion in KSA



JV formation completed, with increased stake in CARE

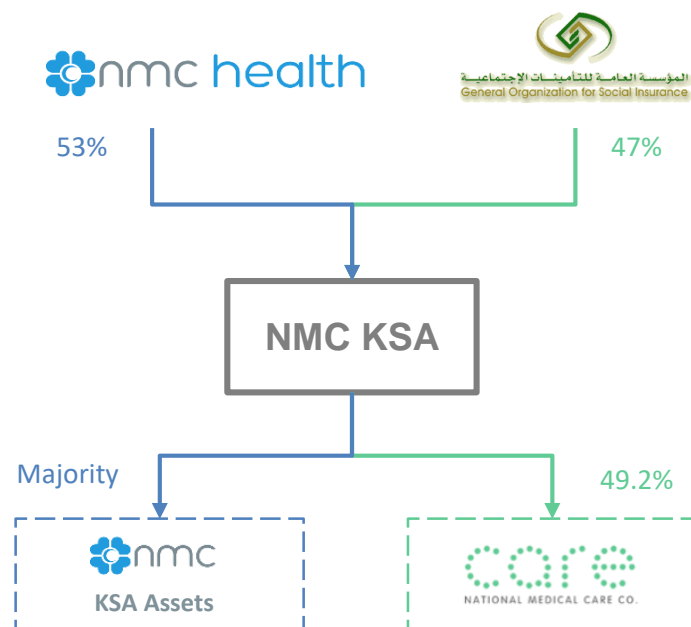
JV capitalization



JV (NMC KSA) capitalized through:

- ① NMC contributing its 5 existing assets in KSA, along with a USD 66M cash injection..
- ② GOSI/ Hassana contributing its 38.88% stake in CARE at SAR 54/share.

New structure



- The cash injection by NMC has been utilized to acquire additional stake in CARE at a weighted average price of SAR 52.6 by the JV (through privately negotiated deals with the counterparties).
- In due course, representatives of NMC KSA will be inducted on the BoD of Care
- Care key management changes

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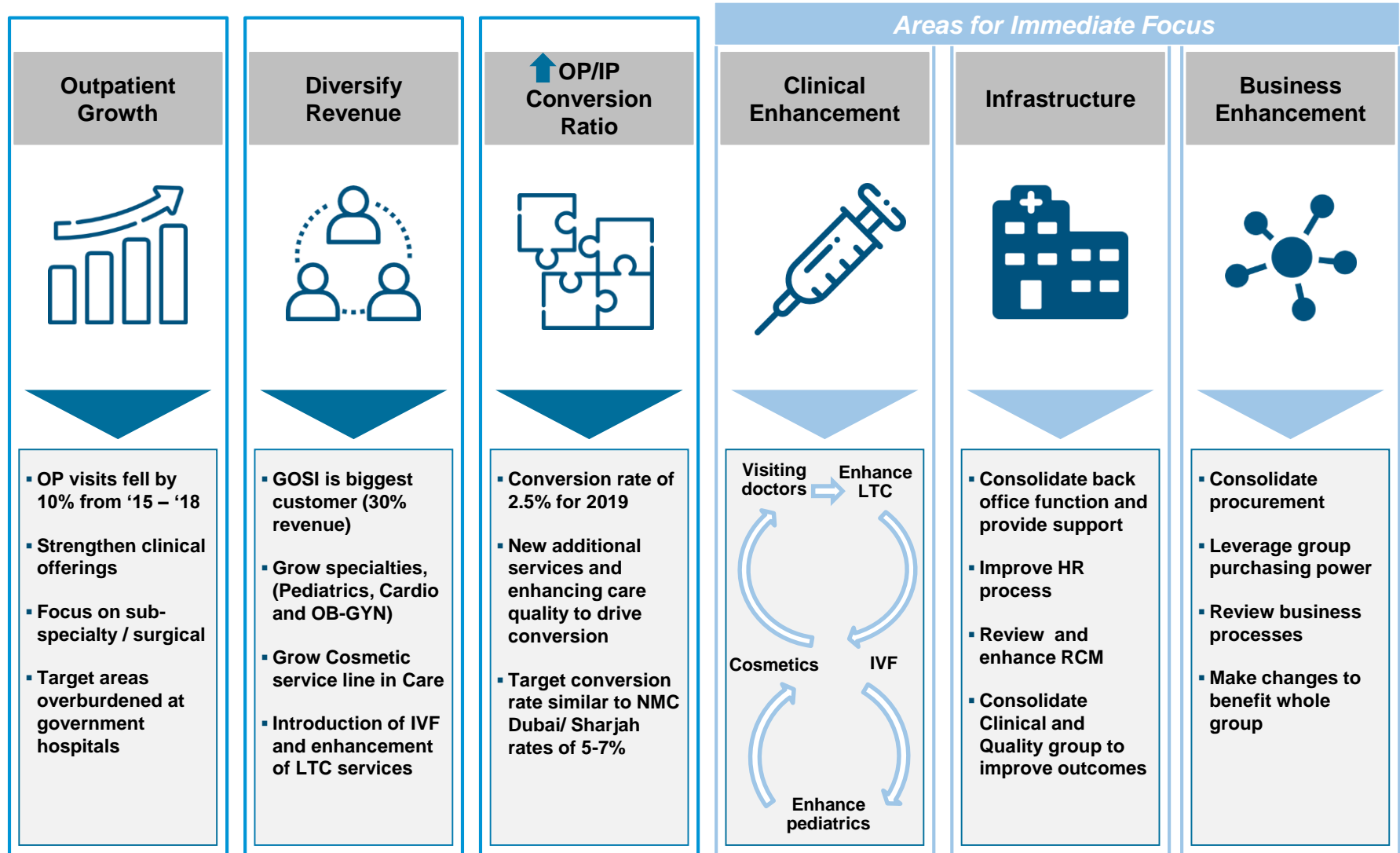
Guidance update

Over the past 18 months, NMC has created an integrated healthcare network across KSA, achieving a number of key milestones

Key Milestones

- ✓ 3 of 5 hospitals achieved CBAHI accreditation so far, driving improved MOH revenue and reimbursement rates
- ✓ Corporate office in Riyadh has been strengthened with strategic hires made in operations, finance, HR etc
- ✓ Key staff from UAE operations were redeployed to KSA to support the CEO on integration
- ✓ RCM process has been enhanced with rejection rates cut in half over past 12 months
- ✓ AR days have shortened with significant improvement in cash collections
- ✓ As Salam Hospital Riyadh rebranded to NMC Specialty Hospital, with improved occupancy rates from less than 40% to 76%
- ✓ CCSMC in Jeddah has continued to outperform expectations, with 96% occupancy, additional service lines, and licensing of additional beds

NMC will focus on specific areas of improvement for CARE



NMC are focused on diversifying revenue away from GOSI reliance to improve Quality of Earnings

Introduction of NMC's model for clinical and business success will begin immediately, specifically in areas of:



IVF



Cosmetics and
Aesthetics



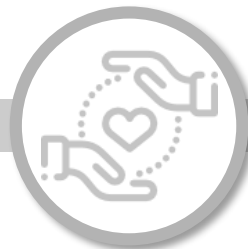
Long term care
and rehab



Pediatrics



Obstetrics



Oncology

- Focus on expanding and diversifying the payer base
- Improve IP occupancy rates
- The pharmacy margin (net revenue – medicine costs) can be improved to 20% (currently 6%-9%) over the next two years
- Plan to convert FHCC medical center into IVF and cosmetics facility to enhance the service offering and compliment other specialties like Obstetrics / gynecology, and pediatrics

NMC Healthcare Saudi Arabia will continue to enhance quality care, work on business expansion and successful integration of its hospitals

Quality Care

- Leveraging NMC's association with Boston and Cincinnati Children Hospital to strengthen pediatrics
- Establish KSA hospitals as CoE for key specialties and a destination of choice for GCC and KSA nationals

Relationship key to success

- Expand NMC network into underserved Tier 2 cities for multispecialty hospitals and selective holy cities
- Identify a location for NMC Royal Hospital Saudi Arabia by Q1 2020
- Continue to expand footprint in KSA and aim to add additional 500 LTC beds in KSA in the next 3-4 years
- Use UAE cosmetic expertise and knowledge to tap in to the huge growth potential in the KSA market
- Develop IVF
- Introduction of complex DNA based genetics testing in into KSA

Integration

- Focus on the integration of KSA hospitals and further build and enhance the regional corporate office
- Centralized procurement functions and standardize suppliers to reduce the overall consumable and service costs
- Focus on centralizing all key functions including HR, treasury, finance, marketing, and RCM

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Guidance update

2019 guidance: Strong organic growth to continue

(USDm)	2019 guidance
Revenues	USD 2,500-2,540m (previously USD 2,425-2,465m)
EBITDA	USD 575-585m (previously USD 566-576m)
Net Income to equity holders	USD 320-330m

- Financial statement for NMC KSA to be fully consolidated
 - NMC KSA to recognize income from Care as share of profit from associate
- Bank interest and charges:
 - USD 5-6m bank charges assumed for 2019
 - USD 5-6m a contingency for potential interest cost relating to working capital needs for any periodic, high margin government Distribution contracts

Key items below EBITDA

Share of Profits from Associate	7
Bank interest & charges	(77)
Sukuk & Bond interest	(32)
Non-cash financial charges	(15)
Depreciation	(95)
Amortization	(23)

Adding the impact of IFRS 16

Management has refined the anticipated impact of IFRS 16, under review by auditors

EBITDA	Increased by USD 90mn, as rental cost is adjusted
IFRS 16 lease liabilities	To stand at USD 680mn – 690mn
Net Income to equity holders	To stand at USD 297-305m after application of IFRS 16
Net debt – to - EBITDA	To stand at 3.4x – 3.5x post IFRS 16

- IFRS 16 lease liabilities to stand at USD 680-690m
 - Around USD 25m of lease liabilities related to Boston IVF
 - Lease liabilities related to existing assets to stand at USD 655-665m

Additional charges related to IFRS 16 *(lower – upper range)*

Lease liability finance charge	(33) – (34)
ROU Depreciation	(83) – (84)