



## Middle East Healthcare Company “MEAHCO”

### Earnings Release

#### 3Q 2024 Financial Highlights

Revenue  
SAR **732**mn  
↑ 9% y-o-y

Gross Profit  
SAR **293**mn  
↑ 10% y-o-y  
40.0% Margin

EBITDA  
SAR **170**mn  
↑ 10% y-o-y  
23.2% Margin

Net Profit  
SAR **62**mn  
↑ 16% y-o-y  
8.4% Margin

#### 9M 2024 Financial Highlights

Revenue  
SAR **2,134**mn  
↑ 10% y-o-y

Gross Profit  
SAR **832**mn  
↑ 15% y-o-y  
39.0% Margin

EBITDA  
SAR **498**mn  
↑ 26% y-o-y  
23.3% Margin

Net Profit  
SAR **175**mn  
↑ 22% y-o-y  
8.2% Margin

#### 3Q 2024 Operational Highlights

Inpatient Admissions  
**26k**  
↑ 10% y-o-y

Outpatient Visits  
**580k**  
↑ 13% y-o-y

Performed Surgeries  
**13k**  
↓ 19% y-o-y

Utilisation Rate\*  
**78%**  
↑ 600 bps y-o-y

**Jeddah, Saudi Arabia, 3 November 2024**

Middle East Healthcare Company (MEHACO), Saudi Arabia’s most geographically diversified healthcare player, reported today its consolidated financial results for 3Q 2024, ending 30 September 2024.

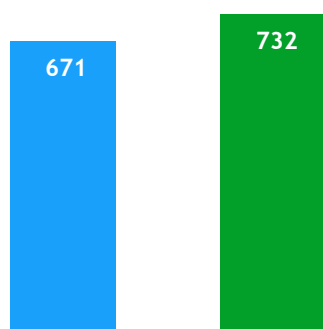
### Key highlights

- **Consolidated revenue** grew by 9% y-o-y to SAR732 million in 3Q 2024
- **Total number of served patients** reached 607k patients across the Group’s network of hospitals in 3Q 2024, with an increase of 13% vs. 3Q 2023
- **Insurance contribution to total revenue** stood at 53%, followed by Ministry of Health at 30%, cash at 15% and others at 3%
- The Group successfully maintained several re-accreditations during the quarter, including **CBAHI** and **JCI** accreditations in SGH Jeddah, and **CBAHI** accreditation in SGH Asser
- **EBITDA** grew by 10% y-o-y to SAR170 million in 3Q 2024, implying an **EBITDA margin** of 23.2%
- **Net profit after zakat and minority interest** recorded SAR62 million in 3Q 2024, marking an increase of 16% y-o-y vs. 3Q 2023

\* Inpatient utilisation rate based on operational beds

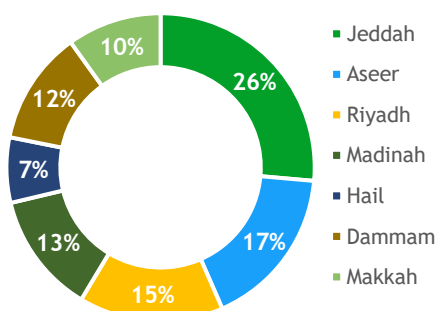


Consolidated Revenue  
SAR mn

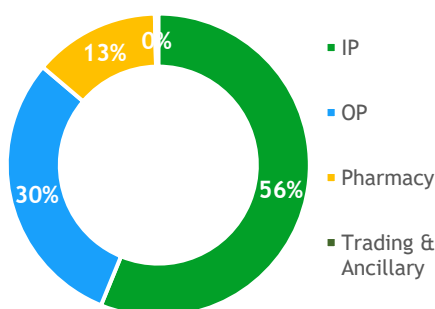


3Q 2023      3Q 2024

Revenue by Region\*  
3Q 2024



Revenue by Segment  
3Q 2024



\* Jeddah includes Management Fees

## Financial Performance

(In SAR mn)	3Q24	3Q23	y-o-y	9M24	9M23	y-o-y
Revenue	732	671	9%	2,134	1,933	10%
CoGS	(439)	(405)		(1,302)	(1,213)	
Gross Profit	293	266	10%	832	720	15%
Gross Profit Margin	40.0%	39.7%		39.0%	37.3%	
Operating Profit	116	110	5%	339	255	33%
Operating Margin	15.8%	16.4%		15.9%	13.2%	
Net Profit	62	53	16%	175	144	22%
Net Profit Margin	8.4%	7.9%		8.2%	7.4%	

Middle East Healthcare Company (MEAHCO) reported total revenues of SAR732 million in 3Q 2024, with an increase of 9% y-o-y. The growth for the quarter was led by increased census, backed by added capacities, and ongoing efforts to optimise case mix.

The Group's facilities in the two holy cities, Madinah and Makkah, along with Jeddah, were the main assets driving the Group's growth for the second consecutive quarter.

On a Group level, growth was a function of increased census across all business lines. Total number of inpatients and outpatients increased by 10% y-o-y and 13% y-o-y to 26k and 580k patients, respectively. Inpatient revenues grew 3% y-o-y to SAR411 million, primarily volume driven on increased insurance and MoH census, while outpatient revenues surged 18% y-o-y to SAR220 million on improved charge per visit and higher census.

Makkah, Jeddah and Madinah delivered the highest growth in revenues, respectively, in absolute and relative terms. The growth in Makkah was primarily insurance driven, while increased MoH referrals and insurance business were the driving force in Jeddah and Madinah.

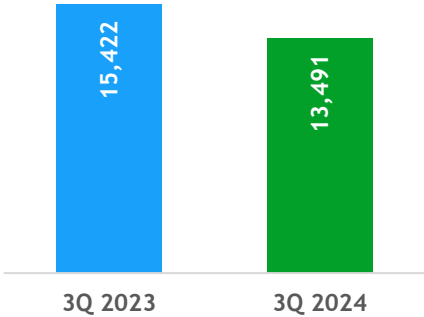
Insurance business remains the most contributor to top line with 53% contribution, followed by MoH at 30% and cash at 15%. Total insurance revenues increased 18% y-o-y in 3Q 2024.

Overall, cash conversion cycle declined to a low 186 days in 9M 2024 vs. 209 days in FY 2023 on significant improvement in the pace of collection from MoH and select insurance clients during the quarter.

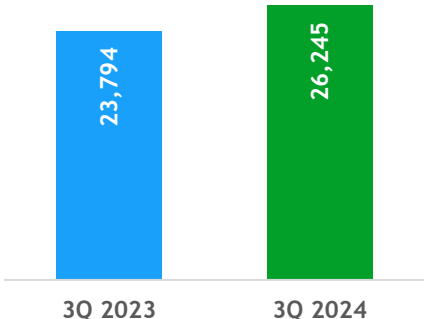


### Operational Performance

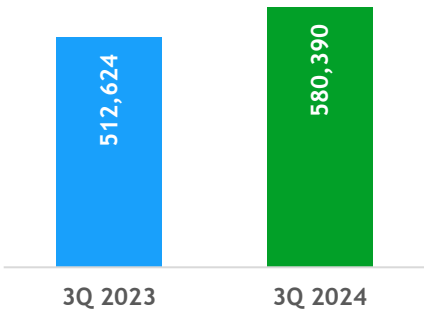
Performed Surgeries



Number of Inpatients



Number of Outpatients



The Group reported another solid set of results, delivering sustained y-o-y growth across all lines of businesses in terms of number of served patients on added capacities and higher utilisation of existing facilities.

Total number of served patients across the Group’s network of hospitals reached 607k patients in 3Q 2024, an increase of 13% y-o-y, while number of performed surgeries declined 13% y-o-y to 13k surgeries.

On a Group level, blended inpatient and outpatient utilisation rates recorded 78% and 72% in 3Q 2024, respectively, with blended average length of stay (ALOS) of c.3.8 nights. The Group’s current operational beds and clinics’ capacities stand at c.1.4k beds and c.600 clinics, respectively.

Aggregate number of inpatients was up by 10% y-o-y to 26k patients during the quarter, primarily on increased MoH and insurance businesses across the Group. Meanwhile, blended average IP revenue per stay marginally declined by 7% y-o-y.

In terms of footprint, Riyadh led the overall increase in inpatients’ census in terms of the Group’s IP volume growth. SGH Makkah came in second on sustained organic growth as it continued to reap the benefits of the strong marketing campaign executed during the Hajj season.

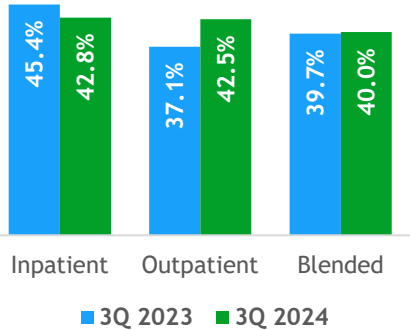
Total number of outpatients increased by 13% y-o-y to 580k patients, predominantly driven by higher insurance patients. Average charge per OP visit recorded a 4% y-o-y increase vs. 3Q 2023. Makkah, Dammam, and Madinah delivered the highest OP growth rates.

The Group is currently working on increasing the number of operational and/or licensed beds in select locations to capitalize on growing and pent-up demand.

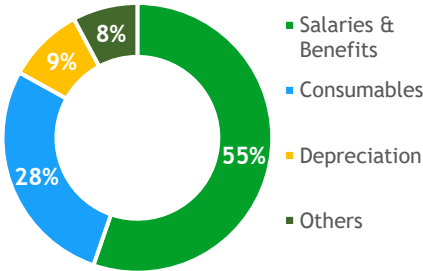
SGH Dammam is mulling to increase the number of licensed beds and clinics to cater for the growing demand in the Eastern province. The Group earlier increased the number of operational beds in Dammam by 50 beds to 150 beds in 1Q 2023, reaching the ceiling of the licensed capacity, and is currently running near full utilization rate.



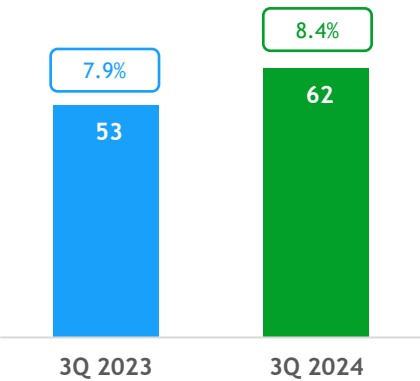
### Gross Profit Margin



### CoGS Breakdown 3Q 2024



### Net Profit (SAR mn, % margin)



## Profitability

The Group recorded consolidated gross profit of SAR293 million in 3Q 2024, 10% ahead of the comparable quarter last year, implying a gross profit margin of 40.0% and c.30 bps y-o-y margin enhancement. Improved pricing with select clients, better case-mix, contained OPEX and higher utilisation rates all contributed to drive economies of scale.

Salaries & benefits and consumables remain the key cost components for the business, representing 55% and 28% of total cost of revenue, respectively. Total salaries and benefits increased by 9% y-o-y, reflecting the typical annual merit increase and new hires. The Group’s total number of staff increased to 7.7k staff as of 3Q 2024, up from 7.2k in 3Q 2023.

On segmental performance, IP gross margin recorded 42.8% and OP gross margin recorded 42.5% during the quarter, vs. 45.4% and 37.1% in the comparable quarter last year, respectively.

Despite the increase in people’s cost on new hires in Dammam, Hai Al Jamea, Makkah, and Riyadh, to cater for added capacities, elevated people cost was offset by higher utilisation and improved profitability on scale. The Group recorded an EBITDA for the quarter of SAR170 million, up a solid 10% y-o-y and implying an EBITDA margin of 23.2%.

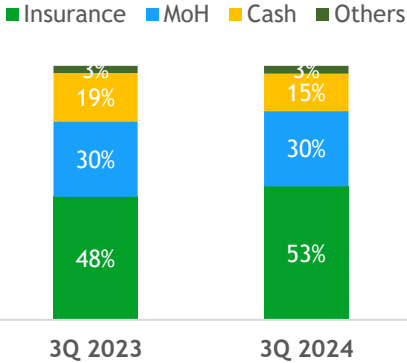
Net finance costs declined by 15% y-o-y and a significant 25% q-o-q to SAR47 million in 3Q 2024 on lower leverage driven by enhanced working capital on improvement in receivables collection.

Net profit after zakat and minority interest was up a solid 16% y-o-y to reach SAR62 million in 3Q 2024, delivering a net profit margin of 8.4%.

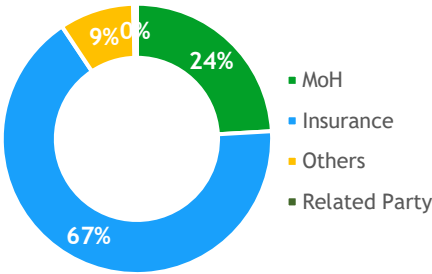
Makkah hospital and Abha clinics remained loss-making, in line with management expectations, with combined net losses of SAR10 million in 3Q 2024, down from SAR18 million losses in the comparable quarter last year. Hai Al Jamea managed to breakeven at the bottom-line level for the first quarter since the facility commenced operations in 2022.



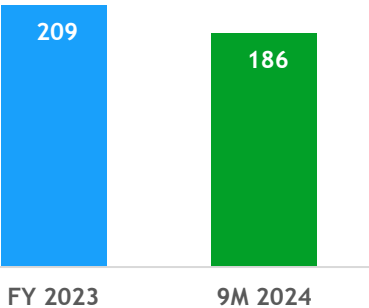
### Revenue by Clientele



### Receivables by Clientele 9M 2024



### Cash Conversion Cycle Days on Hand (DoH)



## Cash Management

Outstanding receivables stood at SAR1.9 billion as of September 2024, down a significant 16% from December 2023, despite the growth in the size of the business, on improved collection.

The pace of collection, primarily from MoH and to a lesser extent select insurance clients, witnessed significant improvement during the quarter. Part of the proceeds were utilized to pay down key suppliers' dues, bringing down trade payables a significant 34%. With that, overall cash conversion cycle stood at a low 186 days in 9M 2024 vs. 209 in FY 2023 with notable improvement in receivables days-on-hand.

MoH share of outstanding receivables declined significantly to 24%, down from 43% at the beginning of the year. The bulk of receivables remained associated with the insurance business, contributing c.67% of total outstanding receivables.

Management remains focused on enhancing balance sheet quality through reaching a more optimized sales mix and continuously working on enhancing revenue cycle management.

Insurance contributed the lion's share of the Group's business in 3Q 2024, with 53% contribution to revenue, with a solid growth of 18% compared to 3Q 2023. Meanwhile, MoH business grew 9% y-o-y with flattish contribution at c.30%, while cash business declined 16% y-o-y.

Proceeds raised from Sukuk issuance were fully utilized to restructure the Group's debt and extend overall debt profile's maturity. Net debt-to-equity, including Sukuk, declined to 1.3x from 1.5x in FY 2023.

Total capex spent during 9M 2024 amounted to SAR405 million, on renovation work and addition of some capacities at select sites, in addition to payments related to previous expansions as several milestone projects took place during 2022-23, including SGH Makkah Hospital, Hai Al Jamea Hospital, Abha Clinics and Riyadh expansion.

The company is planning a c.SAR400 million brownfield expansion and renovation work in SGH Jeddah that will add 194 beds and 22 clinics. The planned expansion will nearly double the number of beds of the Group's flagship hospital, which started operations in 1988.



### Latest Developments



The Group has been steadily moving forward with its strategy to focus on accreditations across its entire network of hospitals to enhance the level of offered services and improve the customers' perception of Saudi German Health brand.



On that front, the Group achieved a key milestone by becoming the first-ever healthcare provider in the Kingdom of Saudi Arabia to attain the prestigious ICHOM accreditation, which is a testament of the Group's advancement among industry peers in implementing value-based healthcare practices. ICHOM is an international organization that assesses and accredits health organizations that successfully put value-based healthcare principles into practice.



The Group successfully maintained several re-accreditations during the quarter, including CBAHI and JCI accreditations in SGH Jeddah, and CBAHI accreditation in SGH Asser. Meanwhile, SGH Dammam and SGH Dammam are working on the Healthcare Information and Management Systems (HIMSS) certificate with a target to be accredited by the MoH during 4Q 2024 / 1H 2025.



The Group received assessment from the Zakat, Tax and Customs Authority (ZATCA), claiming additional Zakat and withholding tax liabilities of SAR111.5 million in respect of the assessment for the years from 2015 to 2018, and SAR68 million related to the years from 2019 to 2020.



The Group has filed appeals against ZATCA's assessments with the Committee for Resolution of Tax Violation and Dispute (CRTVD) and with the Appellate Committee for Tax, and Customs Violations and Disputes (ACTVD) but were rejected. The Group filed pleas for reconsideration against the decisions taken by ACTVD in respect of both assessments, which are still under study.



The Company paid its third contribution for its 24.6% share in Sobhi Abdel Jalil Batterjee Medical Hospital ("SAJB Medical Hospital") in 3Q 2024, raising total investments to SAR61 million. SAJB Medical Hospital is a 300 beds and 80 outpatient clinics facility containing all medical specialties in addition to the patient admission department, the radiology department, laboratories and all other support departments.



### Financial Statements

#### Income Statement

(In SAR mn)	3Q 2024	3Q 2023	Change	9M 2024	9M 2023	Change
Revenue	732	671	9%	2,134	1,933	10%
Cost of Revenue	(439)	(405)		(1,302)	(1,213)	
Gross Profit	293	266	10%	832	720	15%
<i>Gross Profit Margin</i>	<i>40.0%</i>	<i>39.7%</i>		<i>39.0%</i>	<i>37.3%</i>	
Selling & marketing Expenses	(18)	(9)		(53)	(29)	
General & Admin Expenses	(159)	(148)		(440)	(436)	
Operating Profit	116	110	5%	339	255	33%
<i>Operating Profit Margin</i>	<i>15.8%</i>	<i>16.4%</i>		<i>15.9%</i>	<i>13.2%</i>	
Other Income	6	4		37	11	
Finance Cost	(47)	(55)		(175)	(104)	
Profit before Zakat	75	59	27%	202	162	24%
Zakat	(11)	(5)		(25)	(14)	
Net Profit	64	54	18%	176	148	19%
<i>Net Profit Margin</i>	<i>8.7%</i>	<i>8.1%</i>		<i>8.3%</i>	<i>7.7%</i>	
<i>Distributed as:</i>						
Parent Company	62	53	16%	175	144	22%
Non-Controlling Interest	2	1		1	5	



### Financial Statements

#### Balance Sheet

(In SAR mn)

	Sep 2024	Dec 2023
Property and Equipment	2,747	2,502
Right of Use Assets	85	55
Intangible Assets	45	31
Investment in Subsidiary / Associated Company	61	10
<b>Total Non-Current Assets</b>	<b>2,937</b>	<b>2,598</b>
Inventories	72	75
Account Receivable	1,941	2,301
Prepayments and Others	163	155
Cash and Bank Balances	50	44
<b>Total Current Assets</b>	<b>2,225</b>	<b>2,575</b>
<b>Total Assets</b>	<b>5,162</b>	<b>5,173</b>
Share Capital	920	920
Statutory & FX Reserves	227	221
Retained Earnings	552	377
<b>Equity Attributable to Shareholders</b>	<b>1,699</b>	<b>1,519</b>
Non-Controlling Interests	47	46
<b>Total Equity</b>	<b>1,746</b>	<b>1,565</b>
Term Loans	814	1,310
Lease Obligations	71	46
Sukuk	989	0
Deferred Income	8	9
Employees' End of Service Benefits	257	240
<b>Total Non-Current Liabilities</b>	<b>2,139</b>	<b>1,606</b>
Short-Term Borrowings	596	1,116
Other Non-Current Liabilities	0	6
Lease Obligations	14	13
Accounts Payable	366	559
Accrued Expenses and Others	275	291
Zakat Payable	25	18
<b>Total Current Liabilities</b>	<b>1,277</b>	<b>2,003</b>
<b>Total Liabilities</b>	<b>3,416</b>	<b>3,608</b>
<b>Total Liabilities and Equity</b>	<b>5,162</b>	<b>5,173</b>



### Financial Statements

#### Cash Flow

(In SAR mn)

9M 2024

9M 2023

#### Cash Flows From Operating Activities

<b>Profit before Zakat</b>	<b>202</b>	<b>162</b>
Depreciation	137	129
Amortization of Intangible Assets	8	2
Depreciation of Right of Use Assets	14	10
Allowance for Expected Credit Losses	(33)	3
Unwinding Impact of Other Financial Liabilities	0	0
Provisions for Slow Moving and Obsolete Inventories	3	2
Amortization of Deferred Income	(1)	(1)
Finance Charges Related to Lease Obligations	6	3
Finance Charges Related to Borrowings	169	102
Loss on Disposal of Property & Equipment	(19)	1
Provisions for Employees' End of Service Benefits	37	31
<b>Operating Cash before Changes in Working Capital</b>	<b>521</b>	<b>443</b>
Accounts Receivable	403	(453)
Inventories	1	46
Prepayments & Other Current Assets	(9)	13
Accounts Payable	(192)	110
Accrued Expenses & Other Current Liabilities	(42)	48
Other Financial Liabilities	(6)	(5)
<b>Cash Flow from Operating Activities</b>	<b>676</b>	<b>201</b>
Employees' End of Service Paid	(20)	(28)
Zakat Paid	(18)	(9)
<b>Net Cash Flow from Operating Activities</b>	<b>638</b>	<b>164</b>

#### Cash Flow from Investing Activities

Additions to Property & Equipment & Intangible Assets, Net	(384)	(175)
Advance for Investment	(51)	(10)
<b>Net Cash Flow from Investing Activities</b>	<b>(435)</b>	<b>(185)</b>

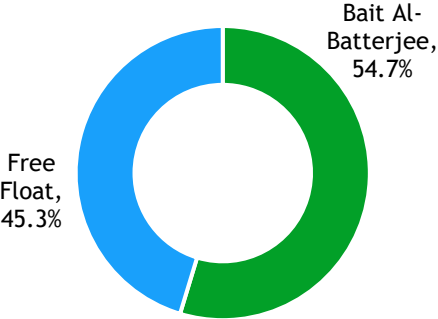
#### Cash Flow from Financing Activities

Lease Obligations, Net	(24)	(15)
Loans and Borrowings, Net	(1,008)	197
Proceeds from Sukuk, Net	989	0
Financial Charges Paid	(154)	(110)
<b>Net Cash Flow from Financing Activities</b>	<b>(198)</b>	<b>71</b>

<b>Net Change in Cash and Cash Equivalent</b>	<b>5</b>	<b>50</b>
Cash and Cash Equivalent at the Beginning of the Period	44	16
<b>Cash and Cash Equivalent at the End of the Period</b>	<b>50</b>	<b>65</b>



### Shareholder Structure



### Share Information

<b>Reuters / Bloomberg</b>
2009.SE / MEH AB
<b>Shares Outstanding</b>
92,040,000
<b>Free Float</b>
45.3%

### About Middle East Healthcare Company

Middle East Healthcare Company, publicly known as Saudi German Health, is a leading healthcare provider in Saudi Arabia with operations spanning across seven cities in the Kingdom. Building on a long family legacy as medical pioneers in the Kingdom, Saudi German Health was founded by the Batterjee family c.35 years ago to relieve people’s suffering and have a positive impact on their health.

In 1988, Eng. Sobhi Batterjee, Chairman of Saudi German Health, and Dr. Khalid Batterjee, Vice President of Saudi German Health, established the first hospital in Jeddah and collaborated with German University Hospitals to bring advanced German healthcare standards and expertise to the local community for the first time in the Kingdom of Saudi Arabia. These associations inspired the ‘German’ in our name.

Since then, MEAHCO has been expanding and growing its presence organically on firm footing. MEHACO is the most geographically diverse healthcare player in Saudi Arabia with a comprehensive network of 8 full-fledged hospitals in Jeddah, Aseer, Riyadh, Madinah, Hail, Dammam, and Makkah, enabling it to access ~90% of the Kingdom’s population.

The Group has a total licensed capacity of c.1.8k beds and operational capacity of c.1.4k beds.

Learn more at: [www.saudigermanhealth.com](http://www.saudigermanhealth.com)

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### Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as “according to estimates”, “aims”, “anticipates”, “assumes”, “believes”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “should”, “to the knowledge of”, “will”, “would” or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Company.

Forward-looking statements reflect the current views of the Company’s management (“Management”) on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Company’s actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Company’s business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this prospectus. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.