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05 February 2020

Dr. Suliman AlHabib Medical Services Group Company

Announcement of Intention to Float on the Saudi Stock Exchange ("Tadawul")

Dr. Sulaiman Al Habib Medical Services Group Company (the "**Company**" or the "**Group**" or "**HMG**") announces today its intention to proceed with an initial public offering (the "**IPO**" or the "**Offering**") on the Main Market of the Saudi Stock Exchange ("**Tadawul**"). The Capital Market Authority ("**CMA**") approved the Company's application for the initial public offering of 52,500,000 ordinary shares representing (15%) of the Company's share capital on 30 September 2019. The final offer price will be determined at the end of the book-building period.

Overview of the Group and its Activities

With a history that dates back to 25 years, the Group is one of the largest providers of healthcare services in the Kingdom of Saudi Arabia (**Kingdom**) and the region. The main activities of the Group include the establishment and management of healthcare facilities, pharmacies, and various ancillary services under HMG solutions business line, which include home healthcare, medical laboratories and medical technologies implementation.

1) Hospitals

The Group currently conducts its business through operation and management of seven health facilities in the Kingdom and Dubai with total capacity of 1,913 beds and 1,371 clinics as of 31 December 2019. The Group also provides management and operation services to third parties where it operates and manages the University Medical Center at King Abdullah Medical City in Bahrain. In addition, it operates intensive care units at six Ministry of Health medical facilities in five cities in the Kingdom, namely Jeddah, Medina, Buraidah, Al Kharj and Al Qatif.

2) Pharmacies

The Group currently manages and operates 13 pharmacies in various locations within the Group's hospitals and medical centers in the Kingdom and Dubai. HMG pharmacies provide more than 14,000 medical and consumer products covering all types of medicines and medical and cosmetic supplies to cover patients' needs.

3) HMG Solutions

The Group also carries out other health and support services through the operation and management of Al Mokhtabarat Diagnostic Medical Company ("**MD Labs**") and the Home Healthcare Company ("**HHC**"), which operates home care services. Furthermore, the Group provides medical information technology and systems services through its subsidiary, Cloud Solutions for Communications and Information Technology ("**Cloud Solutions**") which provides cutting-edge healthcare technology solutions to serve its customers, improve patient experience, increase operational efficiency.

Competitive Advantages

The following are the competitive advantages that distinguish HMG from other healthcare providers. These competitive advantages provide great opportunities for the Group to develop and improve its business and to satisfy increasing healthcare demand in the Kingdom in particular and the Gulf region in general.

1) Integrated, high-quality medical services

The Group has maintained its leading and strong position amongst medical services providers in the Kingdom and the region due to its continuous efforts in providing integrated high-quality medical services. The Group's hospitals provide primary and secondary medical services in addition to subspecialty and support services. In addition to this, the Group has established specialized centers to provide therapeutic services, including IVF, obesity, obstetrics and gynecology, microsurgeries in cardiac, orthopedics and spinal cord. In addition, the Group provides home healthcare services by making integrated medical care available to patients at their homes and among their families. The Group has strengthened its diagnostic medical capabilities by investing in specialized laboratories to provide advanced laboratory testing.

2) Pioneer in healthcare technology

The Group has invested in advanced medical care technologies to ensure the optimal use of technology to serve patients and improve medical quality through the establishment of:

- (1) The Tele-ICU Command Center, which operates around the clock and supervises more than 796 beds of intensive care in the Group's health facilities in the Kingdom, Dubai and Bahrain; the Group was awarded Guinness Certificate on 31 July 2019 as the world's largest Tele-ICU Command Center.
- (2) The Tele-Radiology Center, which links all of the Group's facilities to a diagnostic radiology command center that allows the physician to remotely read the reports and provide fast diagnostic service, highly impacting the quality and speed of medical service; and
- (3) Emergency Command and Control Center, which connects all emergency departments and ambulances with a command and control center that directs and supervises the movement of ambulances to reduce the time taken to bring patients to the hospital and medically supervises them remotely.

In addition, the Group has provided advanced technical systems to serve customers through Cloud Solutions that developed more than 11 specialized technical products to serve the healthcare sector. Nine of such products have been introduced, particularly:

- (1) Patient health information system VIDA: the first integrated electronic health system that meets several international standards and best practices adopted by such organizations as HIMSS.
- (2) Mobile application (Patient Mobile Application): that provides more than 70 self-services to patients electronically, such as viewing and creating schedules, introduction to physicians, review of laboratory and radiation results, prescriptions, vaccinations, insurance approvals, direct contact with physicians and other services.

3) Qualified health practitioners

The Group believes that the continued success of its business depends on attracting the most skilled health practitioners, including physicians, surgeons, highly specialized doctors, nurses, technicians and others. The HMG's medical team is composed of highly skilled and experienced health practitioners holding accredited certificates from North America and Western Europe. As of 31/03/2019 the Group employs 2,085 physicians, with physicians certified by the Saudi and western medical boards, including USA, UK and Canada, which accounts for 59% of the total number of physicians working at the Group. The remaining physicians are certified by a number of the Arab and Asian medical boards.

4) Large scale operations with high operational efficiency

Since its incorporation, the Group has gained a high level of expertise and technical knowledge, which has allowed it to design and supervise its projects for new medical facilities. This is carried out by the Group's design and engineering supervision team in accordance with the highest technical and medical standards and requirements. Except for Olaya Medical Complex, which began providing services in 1995, the Group has developed and supervised the implementation of its new projects, enabling it to identify the optimal use of built-up spaces and facilities to ensure the smooth flow of patients and medical staff, as well as the equipment of clinics and beds in a way that realizes operational efficiency and enhances quality of medical services. This business model has enabled the Company to achieve high growth and profitability, which is reflected by the Group's ability to expand its operations in relative short periods. The Group has been able to open a new hospital on average of 29 months, completing construction on average of 33 months and reaching positive Earnings Before Interest Taxes, Depreciation and Amortization ("EBITDA") on average of 16 months.

In the same approach, the Group seeks to expand into cities with increasing growth and high population density, as the expansion plan entails opening 3 new hospitals in the Kingdom, adding 1,180 beds, an increase of 62% to current capacity by investing SAR 6.0 billion in the coming years.

5) Qualified directors and senior executives

Since the Group's inception, the Board Chairman, Dr. Sulaiman Bin Abdulaziz Al-Habib, has been involved in formulating the Group's general strategy and defining its expansion plans. This has contributed to the growth of the business and the provision of numerous advanced medical services serving a large segment of patients. The success of the Group's business is also attributed to its Directors and Senior Executives

who have expertise in many areas, including health facility management, financial management, accounting management, information technology and governance. In addition, the Group has, since its inception, been developing multiple programs that contribute to developing the skills of employees with managerial and professional skills to enable them to succeed and assume senior positions at the Group. The Board of Directors is comprised of the following members:

Dr. Sulaiman Bin Abdulaziz Al-Habib - Chairman of the Board

Dr. Sulaiman Al Habib is the Chairman of the Board of Directors and is the founder of the Group and Chairman of the Board of Directors of Dr. Sulaiman Al Habib Investment Company. Dr. Sulaiman Al Habib also held the position of Head of the Department of Pediatrics at the Security Forces Hospital in Riyadh from 1988 to 1991. Dr. Sulaiman Al Habib holds a bachelor's degree in Medicine and Surgery from the College of Medicine at King Saud University in Riyadh in 1977. He has fellowship in Pediatrics from the British Royal College of Physicians in 1984.

Mazen Abdulrazzaq Sulaiman Al-Rumaih – Vice-Chairman of the Board

Mr. Mazen Al-Rumaih is the Vice Chairman of the Group and is Chairman of the Board and Chairman of the Executive Committee of the Saudi Fransi Bank and Chairman of the Board of the Saudi Fransi Capital Company and a partner in Sada Investment Company. Mr. Mazen Al-Rumaih also served as a member of the Capital Market Authority (CMA) Board from 2009 until 2014. Mr. Mazin Al-Rumaih holds a bachelor's degree in Accounting and Financial Management from Buckingham University in Britain in 1994.

Saleh Mohammed Abdulaziz Al-Habib – Board Member

Mr. Saleh Al Habib is a member of the board of directors of the Group and he is the General Manager of Jawhara Investment, Jawaher Al-Gharbia Company Al-Nakheel Housing Company, Maalem Investment Holding Company, a member of the Board of Directors and Chairman of the Executive Committee of Al-Andalus Real Estate Company, member of the Board of Directors of Al-Hayat Real Estate Company, member of the Board of Directors and Managing Director In Mohammed Abdulaziz Al-Habib & Sons Holding Company, member of the Board of Directors of Hamat Holding Company and a partner in United Third Investment Company. Mr. Saleh Al Habib also held the position of Chairman and Member of the Board of Directors in several companies. Mr. Saleh Al Habib holds a Bachelor's degree in Architecture from King Saud University in Riyadh in the year 2000.

Hesham Sulaiman Abdulaziz Al-Habib – Board Member and VP of Business Development

Mr. Hesham Al Habib is a member of the Board of Directors and Vice President of Business Development in the Group. He is a member of the Board of Directors and member of the Audit Committee of the Kingdom Holding Company, member of the Board of Directors of Dr. Sulaiman bin Abdulaziz Al Habib Commercial Investment Company and Saudi Serco Services Company and a member of the Board of Directors of Hamat Holding Company as well. He held the position of Director of Business Development in the Group from 2009 until 2014. Mr. Hesham Al Habib holds a Bachelor's degree in Financial Management from the American University of Sharjah, UAE in 2009.

Samer Said Mohammed Gendy – Board Member

Mr. Samer Gendy is a member of the board of directors of the Group and CEO of Mohammed Abdulaziz Al Habib & Sons Holding Company and member of the audit committee of Al Hayat Real Estate Company and the International Health Care Company and Hamat Holding Company. Mr. Samer Gendy has been the CEO of the financial management of Mohammad Abdulaziz Al Habib & Sons Holding Company since the year 2013 through 2019. Mr. Samer Gendy holds a Bachelor's degree in Accounting from the University of Jordan in Amman, Jordan in 1999.

Nasser Mohammed Abdulaziz Al Haqbani – Board Member and CEO

Mr. Nasser Al-Haqbani is a member of the board of directors, member of the board of directors in all the companies affiliated with the Group and the Group's CEO, member of the board of directors in the First Riyadh Health Cluster and the Saudi Patient Safety Center and a member of the American College of Health Care Executives Institutions (ACHE). Mr. Nasser Al-Haqbani also held the position of Director of the User Support Department at the Institute of Public Administration from 1994 to 2000. Mr. Nasser Al-Haqbani holds a master's degree in office management from the Institute of Public Administration in Riyadh in 1994 and a bachelor's degree in Administrative Sciences and Public Administration from King Saud University in Riyadh in 1992.

Ubaid Abdullah Ubaid Al-Rasheed – Board Member

Mr. Ubaid Al-Rasheed is a member of the Board of Directors of the Group and head of Private Banking Services and Deputy Chief Executive Officer (CEO) of Arab National Bank, the Chairman of the Board of the Al-Arabi Heavy Equipment Lease Company and a member of the Board of Directors of the Saudi Chemical Company and the Saudi Home Loans. Mr. Ubaid Al-Rashid holds a Bachelor's degree in Business Administration from San Jose State University, California, USA in 1983.

Ziad Fouad Fahd Al-Saleh – Board Member

Mr. Ziad Al-Saleh is a member of the board of directors of the Group and a member of the board of directors at J.P. Morgan Saudi Arabia Company, Gulf Union Insurance Company, Riyadh Cables Company, Abdul Kadir Al-Muhaidib & Sons Company, Al Romansiah Restaurants and Vice President of Investments and the Head Mergers and Acquisitions Department at Abdul Kadir Al-Muhaidib & Sons Company, Mr. Ziad Al-Saleh holds a Master's degree in Business Administration with a financial specialization from the University of Geneva, Switzerland in 2004 and a Bachelor's degree in Business Administration from the University of Miami in the United States in 2002.

Faisal Abdullah Ali Al-Nassar – Board Member and CFO

Mr. Faisal Al-Nassar is a member of the Board of Directors of the Group, member of the Board of Directors of all the companies affiliated with the Group and CFO of the Group and member of the Board of Directors of the Saudi Serco Services Company. Mr. Faisal Al-Nassar also held the position of CFO and member of the Board of Directors and the Executive Committee of the Roiaa Investment Company (previously ACWA Holding) from 2006 until 2011 and holds a Bachelor's degree in Accounting and Information Systems from the College of Industrial Management at King Fahd University of Petroleum and Minerals in Dhahran in 2001.

Key Financial and Operating Metrics

Financial metrics	As of 31 December 2019 (SAR million)
Revenue	5,031
EBITDA	1,186
Margin (%)	24%
Net income attributed to Equity holders of the parent	870
Margin (%)	17%
Dividends	800

Operational data	As of 31 December 2019
Number of patients	3.3 million
Number of beds	1,913
Number of clinics	1,371

Offering Summary

Market	Main Market of the Saudi Stock Exchange of Saudi Arabia ("Tadawul")
Total Number of Offer Shares	Fifty-two million five hundred thousand (52,500,000) fully paid ordinary shares. The Offer Shares represent (15%) of the Company's Share Capital
Tranches of Targeted Investors	<p>Subscribing for the Offer Shares shall be limited to two tranches of investors as follows:</p> <p>Tranche (A) - Participating Parties: This tranche comprises the parties entitled to participate in the book-building process as specified in the prospectus are:</p> <ol style="list-style-type: none"> a) Public and private funds investing in securities listed in Tadawul where the terms and conditions of a fund allow them to do so, subject to the provisions and restrictions of the Investment Fund Regulations and Instructions on Book Building. b) Authorized Persons who are licensed to deal as a principle, in accordance with the Prudential Rules upon submission of the Application Form. c) Clients of a person authorized by CMA to conduct managing activities in accordance with the provisions and restrictions of Book Building Instructions. d) Any legal persons allowed to open an investment account in the Kingdom, and an account with the Depository Center, except for non-resident foreign investors –other than QFIs as per the QFI Rules. e) Any government agency, or international body recognized by CMA, the Exchange, or any other stock exchange recognized by CMA, or the Depository Center. f) Government-owned companies whether directly or through a private portfolio manager. g) GCC companies, and GCC funds, if the terms and conditions of the fund permit that. h) Qualified Foreign Investors ("QFIs"). i) An ultimate beneficial owner of a legal person in a swap agreement with an Authorized Person in accordance with the terms and conditions of such swap agreement. <p>Tranche (B) - Individual Investors: This tranche comprises Saudi natural persons including the Saudi divorced or widowed woman having minor children from non-Saudi husband where she shall have the right to subscribe in their names in her own, provided she submits proof of her marital status and motherhood, as well as Gulf investors being natural persons. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If any subscriber subscribes to shares twice, the second subscription shall be considered void and only the first subscription will be considered.</p>

Number of Shares Offered to Participating Parties	Fifty-two million five hundred thousand (52,500,000) ordinary shares representing (100%) of the total Offer Shares. However, if there is sufficient demand from Individual Investors and Participating Entities subscribed to all Offer Shares allocated to them, the Lead Manager shall have the right to reduce the number of the shares allocated to the Participating Entities to forty-seven million two hundred fifty thousand (47,250,000) shares representing (90%) of the total Offer Shares.
Number of Shares Offered to Individual Investors	Five million two hundred fifty thousand (5,250,000) ordinary shares, representing (10%) of the total Offer Shares.

For enquiries

Financial advisors and underwriters	
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Joint book runners		
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With respect of the Offering:

- (1) Jadwa Investment Company and Riyad Capital Company have been appointed as joint financial advisors (together, the “**JFA**”);
- (2) Jadwa Investment Company, Riyad Capital Company and EFG Hermes KSA have been appointed as joint bookrunners (together, the “**JBR**”); and
- (3) Sulaiman Abdulaziz Sulaiman Al-Habib, Mohammed Abdulaziz Al-Habib and Sons Holding Company, and Mohammed Sulaiman Abdulaziz Al-Habib are the selling shareholders (together, the “**Selling Shareholders**”).

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This announcement is for information purposes only and under no circumstances shall constitute an offer or invitation, of form the basis for a decision, to invest in any securities of the Company.

This announcement is being distributed in accordance with Article 33(g) of the Rules on the Offer of Securities and Continuing Obligations (“**OSCO Rules**”) issued by the Capital Market Authority in Saudi Arabia (the “**CMA**”) for the purposes of ascertaining the extent to which potential investors are willing to participate in the potential initial public offering of the Company, and should not result in any binding undertakings to acquire shares or subscribe in the Offering. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors may only subscribe in the securities referred to in this announcement on the basis of the CMA approved prospectus to be issued and published by the Company in due course (the “**Prospectus**”). The information in this announcement is subject to change. In accordance with Article 34(d) of the OSCO Rules, copies of the Prospectus will, following publication, be available on the websites of the Company at www.hmg.com, the Exchange at www.tadawul.com.sa, the CMA at www.cma.org.sa and each of the JFA.

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The Prospectus is the sole legally binding document containing information about the Company and the Offering. In the event of any discrepancy between this announcement and the Prospectus, the Prospectus will prevail

This announcement may include statements that are, or may be deemed to be, “forward-looking statements” with respect to the Company’s financial position, results of operations and business and certain of the Company’s plans, intentions, expectations, assumptions, goals and beliefs. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of

words such as “believes”, “expects”, “are expected to”, “anticipates”, “intends”, “estimates”, “should”, “will”, “shall”, “may”, “is likely to”, “plans” or similar expressions, including variations and the negatives thereof or comparable terminology. Any forward-looking statements reflect the Company’s current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company’s business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Company, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in Saudi Arabia. Forward-looking statements speak only as of the date they are made. Each of the Company, the JFA and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statement contained in this announcement whether as a result of new information, future developments or otherwise.

There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company’s intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering. Acquiring shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested. Persons considering investment should consult an investment advisor or an authorised person specializing in advising on such investments as to the suitability of the Offering for the person concerned.

The JFA are acting exclusively for the Company and the Selling Shareholders and no-one else in connection with the Offering. They will not regard any other person as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Selling Shareholders for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

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