

Chairman's Statement

Continuous Innovation for Growth

Dividend pay-out

74%

Net income

SAR 2bn



HMG has consistently provided quality health services with commitment, passion and reliability. Once again, our outstanding teams and exceptional colleagues have been the bedrock of our success, demonstrating their unrivalled skills and dedication to enable us to serve more patients than ever before. We achieved historic operational and financial milestones in 2023, while creating the foundation to accelerate growth in the years to come. On behalf of HMG and the Board of Directors, it is my great pleasure to present this Annual Report.

Dr. Sulaiman Al Habib
Chairman



Our values of integrity, care for patients and communities, safety, teamwork, effectiveness, excellence and quality are fundamental to the success of our business and form the basis of our workforce ethos. It is their exceptional talent which has been at the heart of our 2023 achievements.

We constantly align with the Group's vision of providing trusted healthcare, medical expertise and a seamless patient experience, enhancing our status and influence on a global stage. Last year, we met all of those criteria as we embraced new technology, improved accessibility and shared our knowledge with national and international audiences.

Our ambition to grow as a Group and add greater value to our patients has been instrumental in a year of rapid expansion, in which we significantly increased the presence of our healthcare facilities and pharmacies.

As the largest private healthcare provider in Saudi Arabia and a publicly listed company, HMG takes pride in providing its shareholders with a robust corporate governance structure and a sturdy framework to manage risk exposure across all aspects of our operations.

I am delighted to announce that as a result of our additional facilities and efficiencies, HMG achieved a record SAR 2 billion in net income and maintained a dividend pay-out ratio of 74% for our loyal and committed shareholders.

In addition to continuous stakeholder engagement with our patients, people, shareholders and communities, HMG forges new relationships and maintains existing bonds with many other industry parties; in particular, our associations with insurance companies – whose members form our largest client base and biggest market segment – and related government departments, whose regulations facilitate our service provision and facility operations. We remain focused in our interactions with the Kingdom's vision and constantly strive to support governmental initiatives. (Read more on Stakeholder Engagement section on page 12)

HMG's expansion broadened both our patient base and scope of services last year, enabling greater healthcare access and additional revenue streams for the Group as our footprint continued to grow. Moreover, the integration of additional cutting-edge medical innovation and further development of our expert practitioners has delivered the most progressive, effective services to a larger number of communities and we are committed to continue on that path.

Building Capabilities and Scale

In line with our expansion, we have recruited and retained the most talented local, regional and international medical practitioners. Their dedication, expertise and consummate professionalism are pivotal to our growth, and we have progressed and developed our talent at an unprecedented rate.

We are committed to ensuring our people are engaged, satisfied, recognized and rewarded for their efforts. Patient feedback is an essential tool in acknowledging our most productive areas and identifying those that need improvement. The comments and praise for HMG have been a credit to our employees who not only deliver supreme medical care, but also forge close bonds with our patients.

In fostering a working environment that is considerate, respectful and understanding, we have nurtured a community that appreciates the value of diversity. We actively encourage the enrolment and recruitment of female colleagues, Saudi citizens and people with special abilities to join our workforce, which consists of employees from five continents at all levels across the organization.

Contributing to Saudi Vision 2030

As always, our goals are perfectly aligned with Saudi Vision 2030 and its benefit to the wider population. HMG creates employment opportunities for thousands of people, contributing to the Kingdom's economy, while continuously raising standards of care.

In addition, we continue to enhance our contribution to universal healthcare through our research facilities and the constant development and implementation of medical innovation. Furthermore, as a stalwart of sustainability, HMG has an innate responsibility to the environment, applying practical steps in every part of its operations to conserve our resources and preserve the planet.

As a proud sponsor and contributor to national and international causes, we extended our services to numerous events in 2023, including our role as the Strategic Medical Sponsor of Riyadh Season for the fourth consecutive year and acting as Medical Sponsor for the Formula 1 Saudi Grand Prix. We also provided comprehensive medical services as a sponsor to the FIFA Club World Cup in Jeddah and sponsored the Saudi Cup for Equestrian and Horse Racing, as well as the Saudi Games in Riyadh.

Chairman's Statement (Continued)

Our Responsibilities in Action

In 2023, HMG completed an environmental, social and corporate governance (ESG) strategic framework to identify best practices in every aspect of our business by benchmarking, analyzing and implementing key pillars.

This roadmap outlines our responsibilities and priorities to optimize our actions and allows us to report on our outcomes, clearly and consistently. We will focus on practical measures to mitigate our carbon footprint and protect the world around us. In addition, we will reliably invest in our teams to realize their full potential, ensuring the rules, practices and processes of our corporate governance maintain their integrity, accountability and transparency.

Underscoring our absolute commitment to ESG, it is with great pride that we will produce our first ever stand-alone Sustainability Report in 2024.

Healthcare Trends in 2023

We saw a significant shift in attitudes and trends in 2023 as the Transformation program became far more established and post-COVID-19 healthcare habits took a new direction. There was a pronounced movement toward preventative action and proactive healthy lifestyles as education and awareness were highlighted across the Kingdom.

In line with the Vision 2030 ambition to raise life expectancy from 74 to 80 years of age, and negate the high incidence of lifestyle-related diseases, healthcare spending in Saudi Arabia is projected to grow at a CAGR of 4.9% up to 2027, reaching USD 77.1 billion¹.

In addition, the Saudi Government has committed to invest more than USD 65 billion in developing the country's healthcare infrastructure¹.

Innovation and Inspiration

Our investment in technology remains a hallmark of the Group's leadership. As the medical world moves at a faster pace than ever, the implications of new prevention, diagnoses, treatments and recovery are immense. As we ramp up the integration of artificial intelligence, machine learning, virtual services and robotics in our healthcare facilities, we are able to save and change our patients' lives as never before.

HMG physicians and surgeons are now applying advanced technology to a full spectrum of medical cases and our tele-health systems have become integral to our daily practices, producing remarkable improvements in the care and recovery of our patients.

Positioned for Sustainable Growth

We set ourselves ambitious goals for 2023 and have surpassed expectations, providing supreme care for a record number of patients with phenomenal results. Our path of innovation and growth drives our progress, hand in hand with the highest caliber of medical teams in the Kingdom.

Through our commitment to a healthier population and an even greater contribution to Vision 2030, we made giant strides in our delivery of care last year but, more than that, we have strengthened our foundations for the future.

We have a collective, unified mission to provide our patients with unparalleled services and, in collaboration with our subsidiaries and local and international partners, we are ready to deliver on our promise.

Acknowledgements

I wish to thank our government for its ever-present support for the people of Saudi Arabia and the nation's healthcare sector, and the UAE Government for its constant patronage, as well as our various partners and shareholders for their enduring trust and commitment to our shared goals.

I would also like to extend my deep appreciation to my fellow Board members for their service during this year, and recognize the hard work and dedication of our Management team and all our employees, who have been instrumental in our accomplishments throughout 2023.

In addition, my great thanks and congratulations to our new CEO, Mr. Faisal Al Nassar for his inspirational insight and leadership in this exceptional year.

During 2023, HMG reaffirmed its leadership in the industry, and we look forward to leveraging this positive momentum as we strive to reach even greater heights in 2024.

Dr. Sulaiman Al Habib
Chairman

1. Alpen Capital GCC Healthcare Industry Report 2023

