

Strategy

As a healthcare industry leader in the Kingdom of Saudi Arabia, HMG proactively identifies and invests in opportunities to support the goals of Saudi Vision 2030. Across our expanding footprint and operations, we leverage our scale as the Kingdom’s leading private healthcare provider to strategically align with and proudly contribute to the ambitions and achievements of the Kingdom across a range of key areas.



HMG Alignment with Vision 2030

How we Contribute



Improve living standards and safety

We continuously raise the standards of care and deliver best-in-class healthcare services to greater numbers of people across the Kingdom to elevate the health and well-being of citizens, residents and visitors, while ensuring that our workforce is safe, secure and enjoying a high standard of living.



Ensure sustainability of vital resources

We are working to become a benchmark for environmental, social and corporate governance (ESG) in the region, applying our reach, relationships and resources to advance sustainability across our business, our industry and our markets, while ensuring we act with due care and consideration to reduce our environmental footprint through the responsible use and reduction of medical waste, energy and other resources.



Empower society

We are supporting communities, organizations and individuals across our geographic footprint to empower social progress and inspire positive change, both at a grassroots level and through partnerships with government and other leading organizations across Saudi Arabia and beyond.



Enable private sector development

We are working in close collaboration to advise and support both public and private sector entities in the Kingdom, while actively pursuing participation in Public Private Partnerships (PPP), including the development of the mega projects.



Transform healthcare

We are recognized as Saudi Arabia’s pioneer in digital health innovations, building and bringing expertise, capabilities and technologies from across the Kingdom and the world to accelerate towards a new vision for Saudi healthcare. With our investment in medical centers, we work to achieve the Vision 2030 goal of having a “primary care physician for each citizen”.



Enhance labor market accessibility and attractiveness

We are a proudly Saudi-owned and operated Group and a pioneer in Saudization in our sector, which has always recognized our responsibility in attracting, developing, engaging the best and brightest in our sector – both Saudis and expats – through employment, training in our HMG Academy, university partnerships and medical research. In 2023, we achieved a Saudization rate of 39% across our Group.



Develop the tourism and national heritage sectors

We are a key organization in delivering the Kingdom’s healthcare vision, which is vital to enhancing the reputation and attractiveness of Saudi Arabia as a leading regional hub for healthcare tourism; while also providing peace of mind to tourists that world-class care is always available through our exclusive sponsorship of Riyadh Season and our provision of comprehensive healthcare services across the Kingdom.

Strategy (Continued)

Our Growth Strategy

Our corporate strategy unlocks sustainable value for our shareholders and stakeholders through clear strategic pillars, priorities and objectives that are designed to deliver tangible outcomes that are fully aligned with our vision, mission and values.

A well-defined strategy enhanced by our core values

Strategic Pillars and Drivers

Our Values

-  Integrity and trust
-  Care for patients and communities
-  Safety and security
-  Attract and invest in the best people
-  One team
-  Accountability
-  Excellence and quality
-  Innovate, simplify and always improve
-  Think big and act fast

Our Pillars

Strengthening the Core

Drivers

- Rigorous quality and safety standards
- Top-notch empowered employees
- Cutting-edge technology
- Operational efficiency
- Sustainability

Outcomes

- Patient and customer-centric value service delivery
- Best outcomes and experience

Expanding the Reach

Drivers

- In and out of hospital care; physical and virtual services
- Local, regional and global growth
- Care for communities

Outcomes

- Organic growth while considering inorganic opportunities

Broadening the Service

Drivers

- Entrepreneurship in new services areas
- Innovation in data and digital solutions
- National and international partnerships

Outcomes

- Creation of new business lines
- Revenue diversification
- Security in delivery value chain

Our Priorities

- Attract, develop and empower our people
- Care about patients, communities and the environment
- Provide best-in-class services
- Offer the utmost digital user experience
- Expand to new locations
- Increase operational efficiency
- Meet demand in growing sectors and diversify income sources
- Maintain position as leading brand in the market











Strategy (Continued)

Our Strategic Objectives

Our eight strategic priorities provide focus on channeling our financial and human capital to maximize impact. Our aim to develop and operate world-class medical facilities across the Kingdom and beyond that provide the best possible care and experience for patients each day hinges on our ability to deliver on these priorities.

As such, we work hard to measure, monitor and manage all associated success factors and risks, creating a culture of accountability and effective governance to drive sustainable growth and value creation for our business, people, patients and the Kingdom.

Strategic Priorities	Strategy	Measures	Associated Risks
 <p>Attract, develop and empower our people</p>	<ul style="list-style-type: none"> Support the needs of all employees, invest in human capital, foster learning through national and international training programs, and provide a safe and engaging working environment to be recognized as an employer of choice and a provider of rewarding career pathways for our people. 	<ul style="list-style-type: none"> 8,100+ staff training hours Physician retention rate of 90%+ 80,000+ learning components in Virtual Academy platform Partnership with national and international universities 	Risks 1 and 8
 <p>Care about patients, communities and the environment</p>	<ul style="list-style-type: none"> Genuinely care about the well-being of our patients by continuously professionalizing patient experience. Deliver care "closer to home" and give back to our communities. Create sustainable growth through a developed ESG agenda. 	<ul style="list-style-type: none"> Field medicine and RRT Continuous enhancement of HMG app and e-Pharmacy Corporate social responsibility (CSR) initiatives 	Risks 4 and 5
 <p>Provide comprehensive, best-in-class services</p>	<ul style="list-style-type: none"> Provide customer and patient-centric, integrated physical and virtual services and solutions. Maintaining the highest quality and safety standards, delivering the best possible results and experiences. Continuous innovation and expansion of services and solutions, always increasing and setting the standards of care in Saudi Arabia, the Middle East and the world. 	<ul style="list-style-type: none"> 6m+ patients served 60+ sub-specialties First to integrate AI radiology in the Kingdom First Tele-EEG Center in the Middle East 	Risks 2, 5, 7 and 10
 <p>Offer the utmost digital user experience</p>	<ul style="list-style-type: none"> Reinforce market leadership and reputation as a trailblazer in the Kingdom for digital patient experience, building capabilities and technologies to provide better and faster care at every step of the patient journey, within and outside the walls of our facilities, through continuous innovation and improvement. 	<ul style="list-style-type: none"> Implemented VIDA health information system in 55+ healthcare facilities 552m patient interactions in HMG app HIMMS Stage 7 accreditation 	Risks 3 and 7

Strategic Priorities	Strategy	Measures	Associated Risks
 <p>Expand to new locations</p>	<ul style="list-style-type: none"> Increase our global and regional footprint through organic growth while considering inorganic opportunities. Utilize land bank to establish and operate medical facilities across the GCC. The Group aims to build on the increasing scale of its operations to achieve economies of scale. 	<ul style="list-style-type: none"> 12 upcoming healthcare facilities 	Risks 2, 3 and 9
 <p>Increase operational efficiency</p>	<ul style="list-style-type: none"> Increase effectiveness of health practitioners and continue to implement a value engineering approach with technology-led operational efficiencies. This will improve performance and benefit a large number of patients across the Group's facilities. 	<ul style="list-style-type: none"> EBITDA margin of 26.6% Cash conversion cycle of negative 8 days 	Risks 1, 6 and 8
 <p>Meet demand in growing sectors and diversify income sources</p>	<ul style="list-style-type: none"> Broaden our current medical services while exploring new business avenues through HMG Solutions and strategic partnerships with national and international companies to offer a wide range of healthcare digital solutions, across the full value chain. 	<p>Revenue by segment:</p> <ul style="list-style-type: none"> 77.0% hospitals 20.9% pharmacies 2.1% HMG Solutions <p>Innovative services:</p> <ul style="list-style-type: none"> Cloud Solutions Company Flow Medical Company Taswyat company 	Risks 1 and 7
 <p>Maintain position as leading brand in the market</p>	<ul style="list-style-type: none"> Stand out as the largest provider of medical services in the Middle East. Continuing to be a leading brand by expanding in-house capabilities, investing in the latest cutting-edge medical technologies, engaging highly competent healthcare practitioners and focusing on the full continuum of care to reinforce the Group's market position. 	<ul style="list-style-type: none"> 1,900+ beds 25 medical facilities <p>Receive recognitions from national and international organizations including:</p> <ul style="list-style-type: none"> ISQua EEA EFQM WHO's Level-4 certification of PSFH JCIA 	Risks 4, 5, 7 and 10

Strategy (Continued)

Key Performance Indicators

In order to ensure continuous and consistent strategic progress towards our Vision and Strategic Priorities, we closely monitor our performance against key performance indicators. During 2023, our outstanding achievements and growth are reflected across these meaningful metrics, highlighting our strong performance throughout the year.

Strategic Priorities



Attract, develop and empower our people



Care about patients, communities and the environment



Provide best-in-class services



Offer the utmost digital user experience



Expand to new locations



Increase operational efficiency



Meet demand in growing sectors and diversify income sources

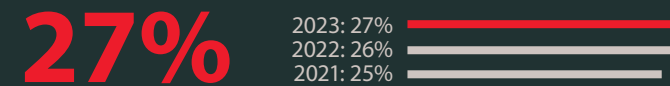


Maintain position as leading brand in the market

Financial KPIs

EBITDA Margin

EBITDA margin is the reported EBITDA of the Group as a percentage of Group revenue.



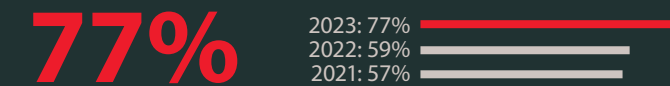
2023 performance

The Group increased its EBITDA margin. It reflects the Group's ability to achieve high-cost efficiency, while continuing to expand its market share.



Debt/Equity (D/E)

D/E is indicative of the relative proportion of shareholders' equity and debt used to finance the Group's assets.



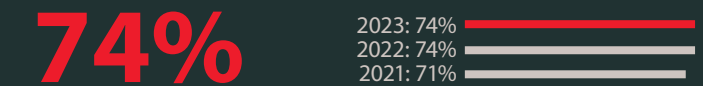
2023 performance

The Group's leverage ratio is healthy and comparable to the industry's average. It increased due to the growth and expansion of the business, financed partly through loans.



Dividend Payout

Dividend payout ratio measures the percentage of net income distributed to shareholders as dividends.



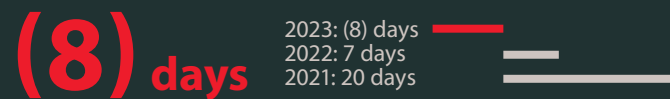
2023 performance

The Group has a history of maintaining a healthy dividend payout ratio for its shareholders.



Cash Conversion Cycle (CCC)

CCC represents the number of days taken by the Group to turn its resource inputs into cash.



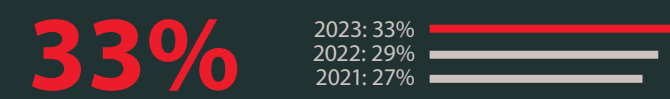
2023 performance

The Group significantly improved the cash conversion cycle for the year 2023 to become negative 8 days, compared to positive 7 days for the year 2022. This improvement is attributed to enhanced operational efficiency and an extension in payable days for the year 2023. The CCC of (8) days is notably the shortest among industry peers. The proactive collection strategies, efficient management of working capital, and strategic collaborations with insurance clients are instrumental in driving the remarkable performance of the Group's CCC



Return on Equity (ROE)

ROE is equal to a fiscal year net income divided by shareholder equity expressed as a percentage.



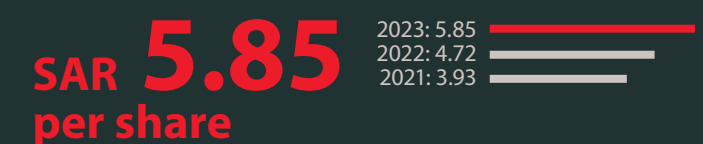
2023 performance

The Group's ROE enhanced primarily due to increasing patient-base driven by the demand for the Group's innovative and quality healthcare services.



Earnings per Share (EPS) in SAR

EPS is calculated by dividing the net income by the weighted average number of ordinary shares outstanding during the year.



2023 performance

The 23.9% increase in EPS was primarily driven by operating profit growth during the year.

