



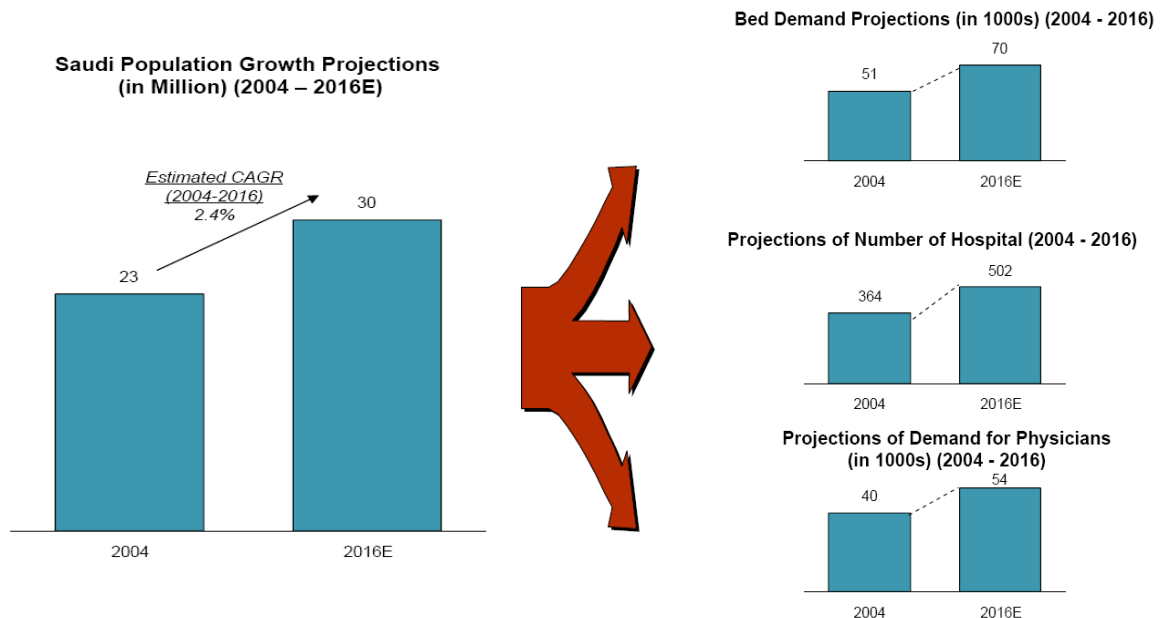
الهيئة العامة للاستثمار
Saudi Arabian General Investment Authority
(SAGIA)

Health Care Investment Opportunities

Overview

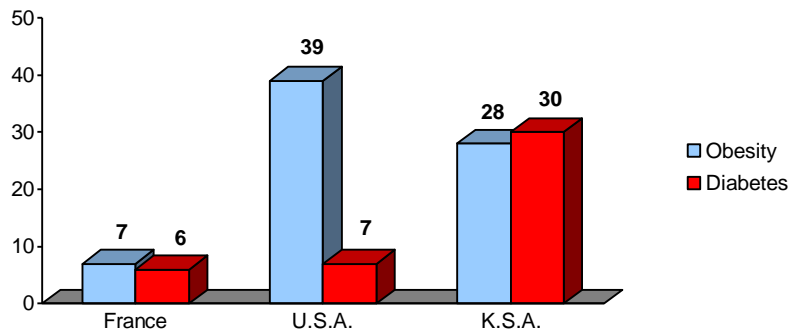
Improving healthcare provision is critical to promoting the development of a nation's people, its social structures and institutions, as well as its economy, with a strong healthcare sector generating productivity and output growth at all levels of the economy. Several indicators suggest that the stage is set for the healthcare sector to be an area of high growth as well as heightened importance in the Kingdom. Population growth, a slowly aging society and the conditions that affluence often exacerbates are creating a tremendous new demand for healthcare services in the Kingdom. Over the coming years, Saudi Arabia is set to experience a sharp increase in its healthcare needs, owing to the following factors:

- Between now and 2016, the population is expected to grow by more than 20%, from 23 to 30 million.
- This population growth is to lead to a significant increase in the demand for healthcare, with projections as follows:



- The percentage of the population over 60 is rising, and is expected to more than double by 2020.
- Greater material wealth is leading to a deterioration of physical condition.
- The average Body Mass Index (BMI) of Saudi nationals 15 years and older is 30 kg/m², far above the global average of 23 (above 25 indicates obesity).
- Poor lifestyle choices translate into expensive and chronic conditions. For example, about 30% of the Saudi population suffers from type 1- or type 2- diabetes, compared to 5% of the global population.

Prevalence of Obesity & Diabetes in France, U.S.A. & Saudi (% of population)



- Treatments for diabetes and cardiovascular diseases are expected to triple and quadruple respectively in the coming 20 years.
- As incomes increase, Saudis are likely to spend an increasing amount of money on healthcare treatments, such as leading-edge therapies.

Current Activities

At present, the Saudi government funds most of the demand for healthcare capital and operating expenditures, with private sector spending accounting for 25 percent of the total. As it has been recognized that it alone will be unable to continue to meet the growing demand, the Saudi government has identified healthcare as one of the key sectors targeted in its wide-ranging privatization program. Specifically, the Ministry of Health has developed a plan to fundamentally restructure its activities in order to reduce its role as the payer of first resort and at the same time boost its capabilities as a regulator of private healthcare services. The introduction of mandatory expatriate insurance has forced a level of market opportunity that is only expected to grow as the policy is extended to include all Saudis. Healthcare in the Kingdom is currently undergoing a massive overhaul with many opportunities to build a leading competitive sector on the horizon.

Strategy

A number of steps are being taken to initiate a focused and target-driven program to enhance the healthcare investment environment in Saudi Arabia. SAGIA has established key targets in the healthcare sector, including improved licensing and privatization initiatives, establishing a new healthcare regulatory framework and the development of world-class high-quality standards in healthcare delivery. As a primary initiative, in developing its Economic Cities (ECs) across the Kingdom, SAGIA is striving to create a unique system delivering the best international healthcare practices and standards. The ECs will boast the first privately-funded, fully integrated healthcare systems in the Kingdom of holistic, patient-centered care, significantly adding value to the cities and their residents.

Opportunities for Investors

We have identified specific investment opportunities in the healthcare sector in Saudi Arabia, based on the suitability with existing conditions in the Kingdom, such as demand and competition, as well as the value brought to Saudi Arabia, such as level of healthcare provision, growth and employment. Over the coming decade, vast new opportunities are likely to open up in virtually every aspect of the Saudi healthcare sector:

Primary care

- There is a pressing and severe need for modernization of primary healthcare provision due to the importance of primary care now and in the future in reform, protection of society from disease and dealing with chronic diseases.
- With the government's shift to preventative care and the increasing numbers of people on private health insurance, opportunities are abounding for physician practice groups, disease management clinics and health education.

Secondary care

- The high incidence of chronic diseases such as cardiovascular diseases and diabetes, as well as the capacity saturation at public hospitals and the limited availability of specialists mean that there are great opportunities for specialty centers, specifically in cardiology and diabetes.

Tertiary care

- Long waiting periods at public hospitals, bed shortages, increasing incidence of chronic diseases, and the deteriorating quality of care in some areas are creating opportunities for multidisciplinary hospitals and specialized centers of excellence including such complex disciplines as oncology and organ transplants.

Ambulatory care and testing centers

- Need for outpatient facilities offering ambulatory care, ambulatory surgical capacity and diagnostic imaging centers are growing as hospitals are working over-capacity.

Health insurance

- As a result of the mandatory Cooperative Insurance Act, a large market has been created for insurance as all employers are now required to provide private health insurance, initially to non-Saudis, but eventually to cover all employees. Increase in private insurance among nationals is already on the rise.

e-Health

- The growth in the numbers of players in the healthcare sector as well as the increasing sophistication of care available is likely to generate complexity, driving the need for a national electronic records system for healthcare.
- Accordingly, health systems integrators and potentially telemedicine specialists are likely to be in high demand.

Health Education

- With a significant shortage of native Saudi clinicians compounded with a growing demand for physicians – expected to grow from 40,000 to 54,000 by 2016 – more medical schools and residency programs must be developed.
- With a severe global shortage in nurses and nurse educators, there is a dire need for nursing, allied health and administrative schools to train Saudi nationals.

In order to support these investments opportunities, Saudi Arabia has put together a world-class package of incentives for investors, benchmarked to the leading international standards, the features of which are summarized in the following table:

Advantages of Economic Cities

In addition to the above incentives, the advantages of being located in the ECs and the additional opportunities that arise for healthcare investors are as follows:

Greenfield projects

- At the cost of more than \$60 billion, the Kingdom has planned the construction of four ECs - with another two in the pipeline - financed wholly by the private sector, uniquely designed with state-of-the-art, SMART infrastructure throughout offering top-notch services and highest quality of life.
- These cities - the largest of which is the size of Washington D.C. - will house over 2.5 million inhabitants, naturally requiring healthcare.

Healthcare masterplan

- The healthcare system in the ECs is set to establish a new concept for healthcare in the Kingdom. Healthcare in the ECs will be the first fully integrated private healthcare system in the Kingdom, seeking to provide a uniquely crafted system of holistic, patient-centered care, focused on the patient's well being and enhancing his quality of life. A handpicked healthcare cluster of the best in their specialty will collaborate and complement one another, each delivering in their area of expertise under a unified healthcare system meeting the highest international standards, with laws and regulations benchmarked to global standards of excellence. The entire spectrum of quality healthcare will be offered in the ECs as well as boasting strong interplaying medical education and research programs.

SAGIA as the chief regulator of healthcare

- Healthcare in the ECs will be entirely privately funded and operated under the supervision of the SAGIA Healthcare Sector, to meet the highest international best practices, while minimizing bureaucracy and offering first-class business services through SAGIA's onsite SMART-services centers.

World-class standards of care and safety

- SAGIA is seeking to achieve Joint Commission International (JCI) accreditation for all healthcare facilities throughout the ECs, adhering to guidelines that represent global excellence and in turn garnering increased global recognition for its healthcare standards.

- The ECs, offering healthcare second to none in quality and patient safety, are set to attract healthcare tourism from throughout the region.

Purchasing power in the ECs will be high

- The ECs will add \$150 billion to the Kingdom's GDP, creating 1.5 million jobs, bringing the GDP/capita in the ECs to over \$33,000 compared to \$13,000 in the base economy.

IT infrastructure

- The ECs will boast state-of-the-art IT networks, with internet speeds ten times faster than that of the highest in the world
- An advanced e-health system will dramatically improve healthcare quality with the delivery of appropriate medical care and improved coordination of care information among healthcare players with lowered healthcare costs.

Human Resources

- Cadre is the human resources company for the ECs with the mission to educate, train and place Saudi nationals for employment in the ECs to bridge the gap between supply and demand.
- Cadre will assure all employee recruitment based on specific needs and handle employee Visas, assuring accurate staffing with minimal bureaucracy for employers.

Projected investment in health Care:

- Short term 2016: \$1.50 billion **Jobs: 1200**
- Long term 2025: \$7.00 billion **Jobs: 35000**

Conclusion

Saudi Arabia is in the midst of an exciting transition to a more open, market-driven healthcare system. For international healthcare providers and investors, the coming liberalization of the sector will mean increased access to the largest healthcare market in the Middle East, and an exciting opportunity to help millions of Saudis live longer, healthier lives.

Healthcare Team

Dr. Manar Al-Moneef - VP health care and life sciences
Mrs. Golnar Kamalvand - Manger Health care and life sciences
Mrs. Nouf Al-Qassim - Researcher
Mr. Mohammed Al-Luhaidan - sector assistant

Contact

health@sagia.gov.sa