burjeel holdings

Burjeel Holdings

Q1-FY2023 Earnings Presentation

May 2023

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Agenda and Presenters

01 Business Overview

02 Performance Highlights

03 Strategy Overview

04 Group Financial Review

05 Segmental Review

06 Outlook

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Chief Financial Officer

Chetan Sehgal
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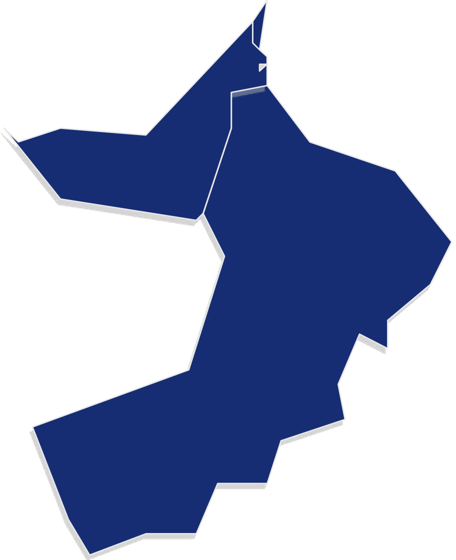
Head of Investor Relations

Business Overview

A full Healthcare Services ecosystem with a comprehensive offering across the entire patient journey, delivered through a portfolio of targeted brands

16	16	8	15	7
Hospitals	Polyclinics	Specialty Centres	Pharmacies	Other

24 Medical Centers



Portfolio of brands, each targeted at distinct patient demographics

Our Brands

- برجيل burjeel — a burjeel holdings company
- ميديور Medeor Hospital
- مستشفى ال ال اتش LLH HOSPITAL
- مستشفى لايف كير LIFECARE Hospital — a burjeel holdings company
- تجميل TAJMEEL — a burjeel holdings company

Key Q1 2023 Highlights

Strong top and bottom-line growth	Network expansion progressing	Patient footfall increasing	Enhanced Range of Offerings

Strong top and bottom-line growth

- Revenue of AED 1,085 million, **up 12%** over Q1FY22
- Net profit of AED 121 million, **up 43%** over Q1FY22
- BMC continued to rapidly scale revenue; **up 33%** over Q1FY22[1]

Network expansion progressing

- On track to add **100+ new inpatient beds and five new medical centers in 2023**
- **Expanding into Saudi Arabia** through the Leejam joint venture
- **Unlocking CAPEX-lite growth opportunities in the Middle East and Africa region** - as a preferred partner for managing complex healthcare units

Patient footfall increasing

- Overall patient footfall **increased by 17%** over Q1 2022
  - In-patient footfall **increased by 27%**
  - Out-patient footfall **increased by 17%**
- Focused on maximizing footfall growth in areas of **high-value specialized services and complex medical procedures**
- Overall **bed occupancy at 60%;** significant headroom remaining

Enhanced Range of Offerings

- **Launched The Paley Middle East Clinic** which provides world-class specialized orthopedic care for people with musculoskeletal conditions
- **Recruiting world-class healthcare consultants** and investing in our capabilities to offer more complex procedures in the future
- Partnered with OncoHelix Inc. to establish a cutting-edge laboratory in Abu Dhabi to provide **advanced molecular genetics, cellular, and immunological profile testing**

[1]BMC Revenue taken before Inter-Company eliminations

Focused Strategy, Clear Delivery

Ramp Up Of Growth Assets

Young asset fleet, with growth to be driven by utilisation ramp-up

Increasing Patient Yield

Elevate the delivery of high-value complex care, including oncology and transplants

Operational Excellence

Centralization and digitization to ensure Group synergies are captured

Geographic Expansion

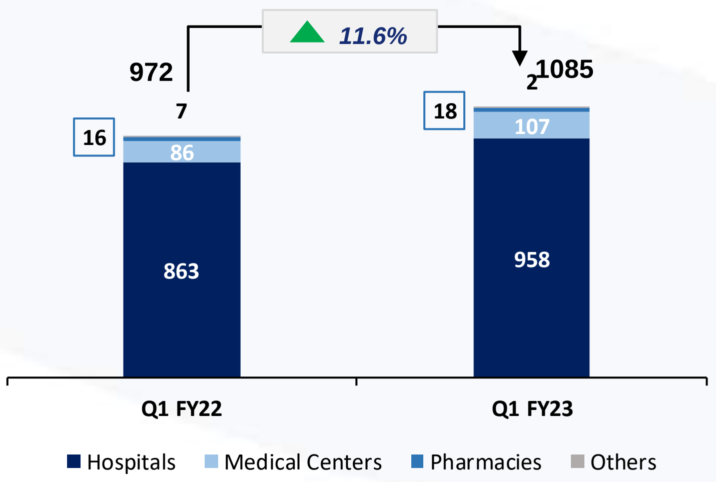
Deliver on our KSA entry and explore suitable, capex-lite opportunities in other markets

Delivered by a highly experienced management team with a strong regional track record

Group Financial Review

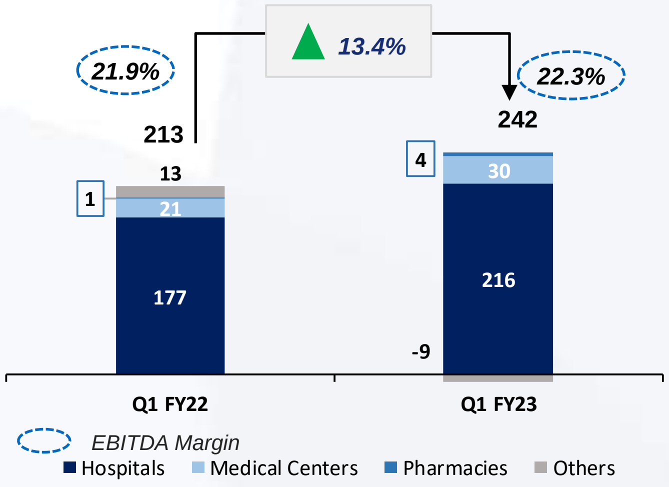
Revenue, EBITDA & Net Profit

REVENUE (AEDm)[1]



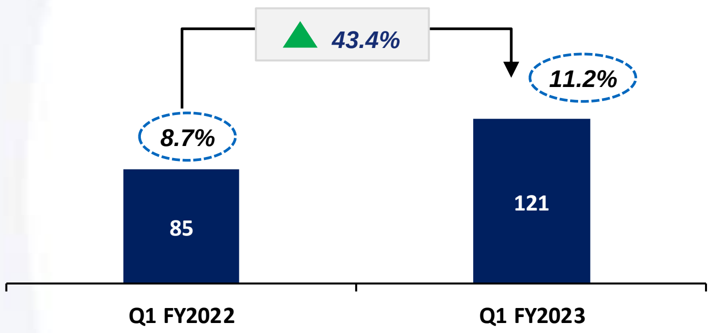
- Group revenue increased by ~11.6% primarily driven by the hospitals segment on the back of the ramp-up of Burjeel Medical City as well as an increase in revenue of other hospitals in the growth phase
- Hospital segment contributed 88.3% to total group revenue, compared to 88.8% in Q1 2022
- Medical Center segment contribution to group revenue grew marginally from 9.3% to 9.9%, indicating the primary segment has grown without impeding the growth of the hospital segment

EBITDA (AEDm)[1]



- EBITDA increased primarily as a result of BMC increasing its delivery of high margin medical care
- EBITDA margin increased from 21.9% to 22.3%, despite an increase in manpower cost from 42.4% of revenue to 43.2% as part of the Group strategy to enhance the Super Speciality Segment, which requires highly qualified manpower
- Revenue Cycle Management's continuous efforts improved claim quality, leading to better Expected Credit Loss provisions

NET PROFIT (AEDm)[1]



- Net profit increased primarily due to the growth in revenue, increase in operational efficiencies, reduction in finance cost due to repayment of major loan in FY2022 and a reduction in depreciation and amortisation as compared to last year
- Positive net profit margin improvement aided by the increase in high-value services
- The hospital and medical centre segments were the major drivers of growth in net profit

Notes: [1] Revenues post-intersegment eliminations

P&L Overview

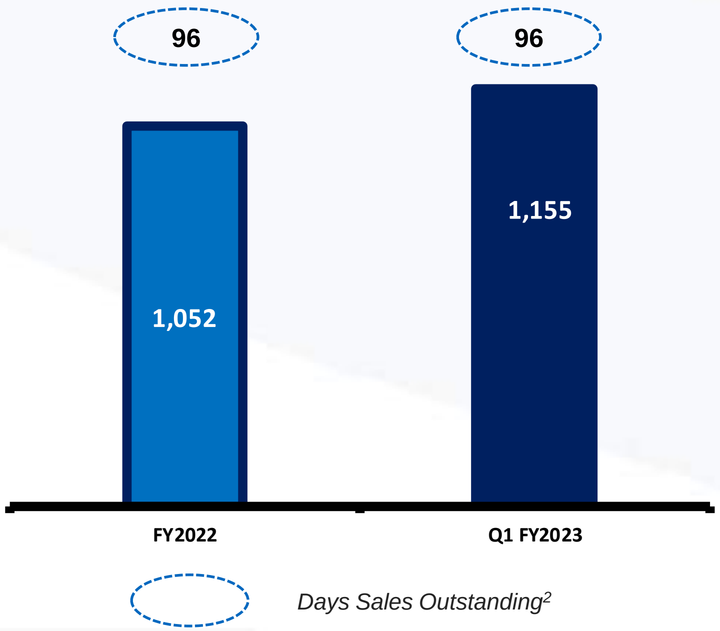
Group	Q1-FY22	Q1-FY23	Change
Inventories Consumed	226	252	*11.6%*
% of Revenue	*23.2%*	*23.2%*	
Doctors' and other employees[1]	413	469	*13.7%*
% of Revenue	*42.4%*	*43.2%*	
Provision for ECL	28	18	*-36.0%*
% of Revenue	*2.9%*	*1.7%*	
Other Expenses[2]	99	109	*11.0%*
% of Revenue	*10.1%*	*10.1%*	
Total OPEX ex.D&A[3]	**765**	**848**	***10.9%***
% of Revenue	*78.7%*	*78.2%*	
Share of Profit from associates	6	5	*-15.7%*
EBITDA	**213**	**242**	***13.4%***
% of Revenue	*21.9%*	*22.3%*	
Finance Costs	55	35	*-36.4%*
Depreciation & Amortisation	94	85	*-9.5%*
Interest Income from Related Parties	21	0	*-100.0%*
Net Profit & Loss	**85**	**121**	***43.4%***

- Inventory consumption as a percentage of revenue was maintained at the same level as prior year.
- Manpower costs increased slightly as a percentage of revenue compared to prior year due to ramp up of BMC and hiring of doctors in other entities that are in the ramping up stage.
- Revenue Cycle Management (RCM) has played a major role in claim processing enabling us to control the rejection rate.
- Other G&A as a percentage of revenue was maintained at the same level as last year.

All figures are post inter company eliminations.

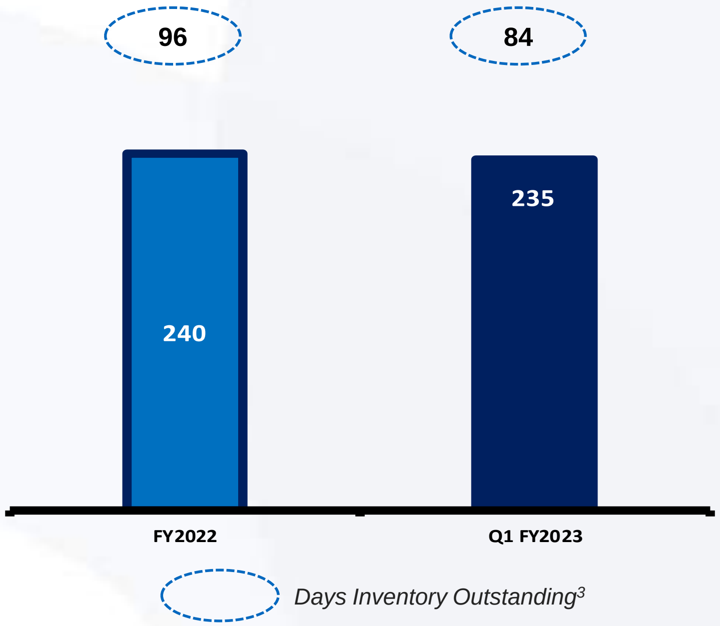
Group Net Working Capital Analysis

TRADE RECEIVABLES (AEDm)[1]



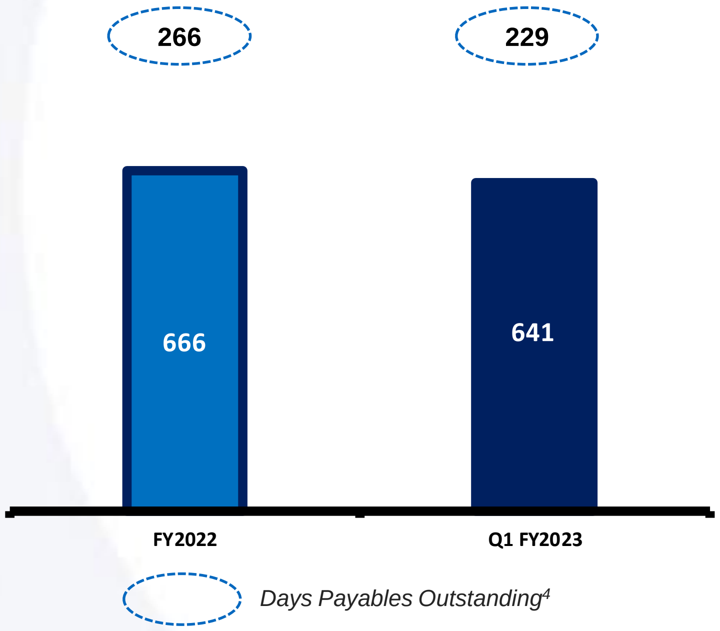
- Receivable days remained almost stable despite a significant increase in operating activity, showing the strength of the collections infrastructure established

INVENTORY (AEDm)[1]



- Continued to reduce inventory days on the back of centralized warehousing and improving inventory management procedures

TRADE ACCOUNT PAYABLE (AEDm)[1]



- Reduced payable days as management continues to operate towards reaching its target working capital days

Notes: [1]Net of provision for expected credit losses [2]Days Sales Outstanding calculated using (Trade Receivables, net of provision for ECL / Revenue)*90; [3]Days Inventory Outstanding calculated using Inventory / Inventories Consumed*90; [4]Days Payables Outstanding calculated using (Trade Payables / Inventories Consumed)*90

Group capital structure

	FY2021	FY2022	Q1 FY23
Bank Balances and Cash	***134***	***150***	***172***
Interest bearing loans and borrowings	3,208	1,261	1,232
Bank overdraft	*91*	*0*	*0*
Bank Debt[1]	**3,299**	**1,261**	**1,232**
Net Debt	***3,165***	***1,111***	***1,060***
Lease Liabilities[2]	1,281	1,176	1,143
Net Debt including Lease Liabilites[3]	***4,447***	***2,286***	***2,202***
Amounts Due From Related Parties	1,596	24	22
Amounts Due To Related Parties	*54*	*36*	*39*
KPIs:			
Net Debt including Lease Liabilities[3] / EBITDA	***5.7x***	***2.6x***	***2.4x***
Net Debt / Pre-IFRS 16 EBITDA[4]	**4.9x**	**1.5x**	**1.4x**
Total Group Equity	**381.2**	**1,117.8**	**1,239.2**
Divided mainly into:-			
Share capital	*0.7*	*520.5*	*520.5*
Shareholders' account	533.0	0	0.0
Share Premium	0.0	366.9	366.9
Retained earnings (incl NCI)	-175.1	223.9	345.2

- Interest bearing loans and borrowings& Bank Overdraft decreased by AED 2,038 million between Dec'21 to Dec'22, mainly as a result of the one-time settlement of loan liabilities as part of IPO process, and further reduced by AED 29 million in Q1-2023
- Further reduced Group Net Debt to AED 1.06 billion or 1.4x Net Debt/EBITDA, placing the group in a strong position to capitalize on potential growth opportunities
- Amounts due from related parties decreased by AED 1,569 million during FY2022, mainly on account of settlement of the inter-company balance of VPS healthcare LLC, and remained almost stable as at Q1-23.
- The Company's share capital is AED 520.5 million as at Dec-22, following listing on ADX in Oct-2022.

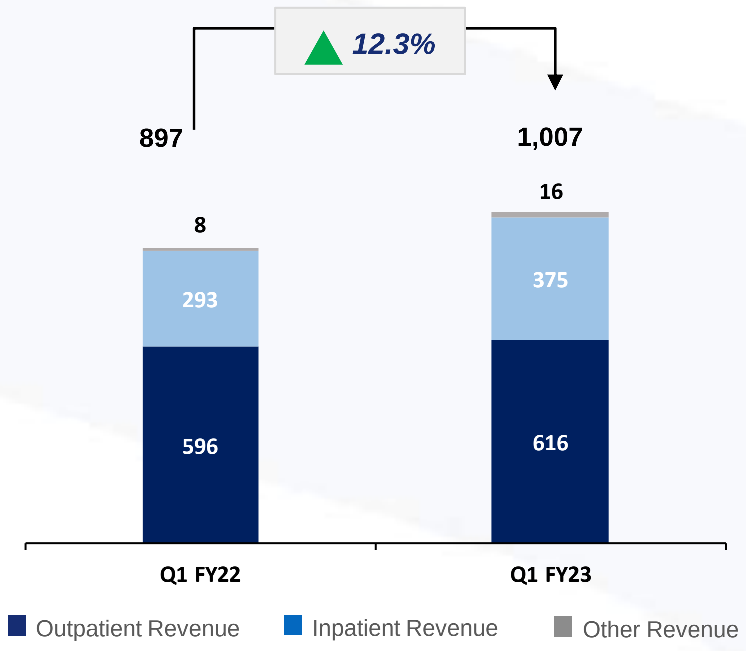
Notes: [1] Includes Interest Bearing Loans and Borrowings and Bank Overdraft [2] Includes Current and Non-Current portion of Lease Liabilities [3] Includes Net Debt and Lease Liabilities [4] Pre-IFRS 16 EBITDA calculated as EBITDA less Annual Lease Rental Payments and Net Debt is calculated as Bank Debt less Cash and bank balance, Q1FY23 KPI's derived on LTM EBITDA basis

Segmental Review

Hospitals

Hospitals Segment | Financial Performance Update

REVENUES (AEDm)[1]



- Hospitals segment contributed 88.3% to Group revenue in Q1 23, as compared to 88.8% from the same period in the prior year
- Revenue growth of 12.3% was largely driven by Burjeel Medical City, Burjeel Day Surgery centre, Burjeel Royal Hospital Al Ain, Burjeel Speciality Hospital Sharjah and Medeor Hospital Abu Dhabi
- Revenue growth was also supported by the Group's focus on super specialty treatment and complex cases

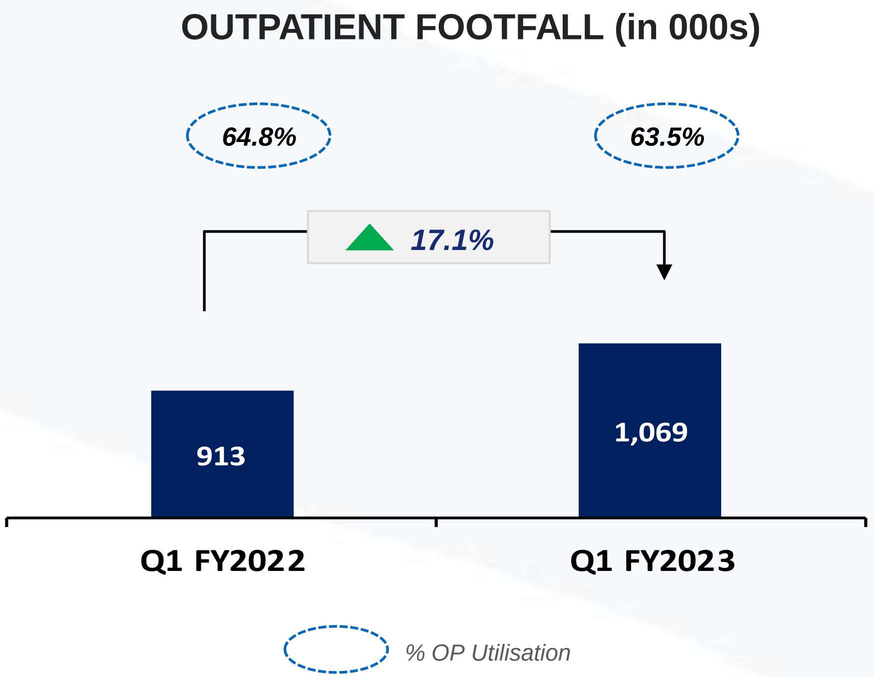
EBITDA (AEDm)

Hospitals Segment	Q1-FY22	Q1-FY23	Change
Inventories Consumed	230	264	*15.1%*
% of Revenue	*25.6%*	*26.3%*	
Doctors' and other employees[1]	362	396	*9.4%*
% of Revenue	*40.3%*	*39.3%*	
Provision for ECL	25	18	*-27.7%*
% of Revenue	*2.8%*	*1.8%*	
Other Expenses[2]	103	113	*9.7%*
% of Revenue	*11.5%*	*11.2%*	
Total OPEX ex.D&A[3]	**720**	**791**	***9.9%***
% of Revenue	*80.2%*	*78.6%*	
EBITDA	**177**	**216**	***21.7%***
% EBITDA Margin including BMC	*19.8%*	*21.4%*	
% EBITDA Margin excluding BMC	*23.2%*	*23.5%*	

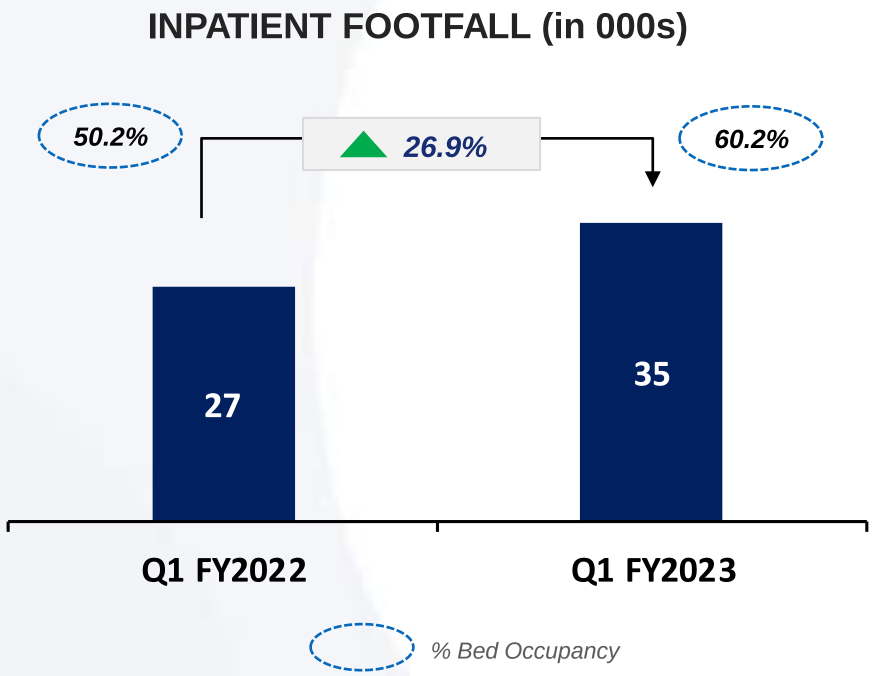
- Cost of consumables increased to 26.3% from 25.6% on account of a shift towards more complex cases and the ramp up of new assets like BMC
- Increase in staff costs (in value) is mainly attributable to BMC (~66.6% of the total increase in staff cost) and the addition of new doctors in other group hospitals
- The contribution of other growth assets was crucial in keeping the ratio of manpower expenses to revenue consistent with the previous year

Notes: [1]Above figures are pre-intersegment eliminations [2] Other expenses include Rent expenses, Utility Charges, and Other expenses [3]Total OPEX ex. D&A – refers to total operating expenses excluding all depreciation and amortisation expenses

Hospitals Segment | Operational Performance Update

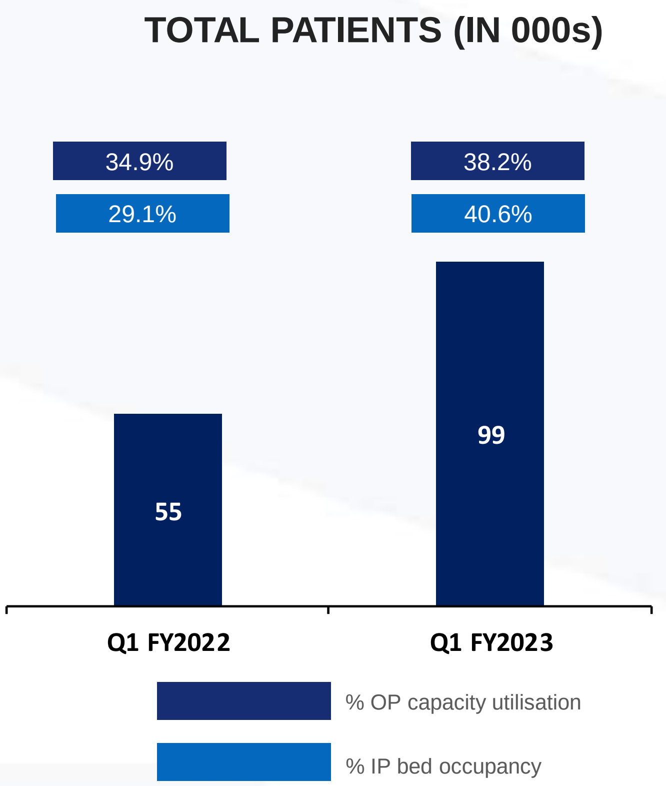


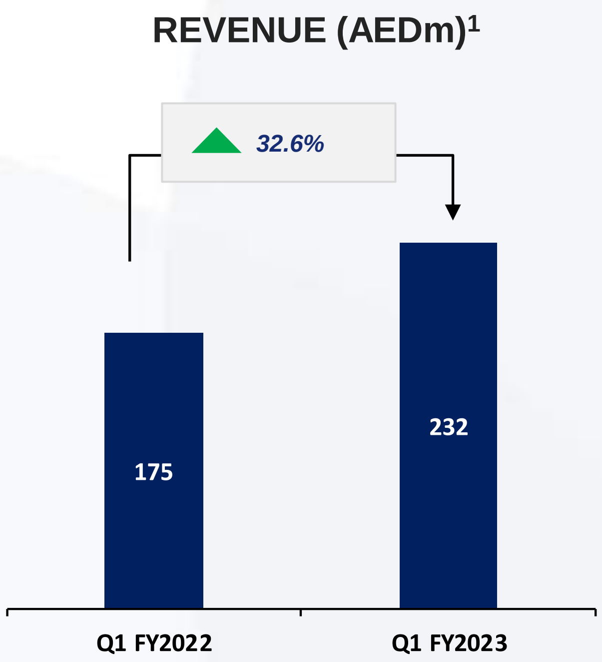
- The ramp up in utilisation of assets, in particular, at BMC, drove the 17.4% increase in outpatient footfall in the hospital segment
- There was a slight drop in outpatient capacity utilisation despite an increase in footfall due to the hiring of new physicians in operating units
- Also, significant increase in outpatient footfalls at Burjeel Hospital Abu Dhabi, Medeor Hospital Abu Dhabi, Burjeel Royal Hospital Al Ain, Burjeel Specialty hospital Sharjah and Burjeel Day Surgery Centre as a result of continued ramp up of the growth assets and introduction of new services (oncology, cardiology, gastroenterology, etc.)

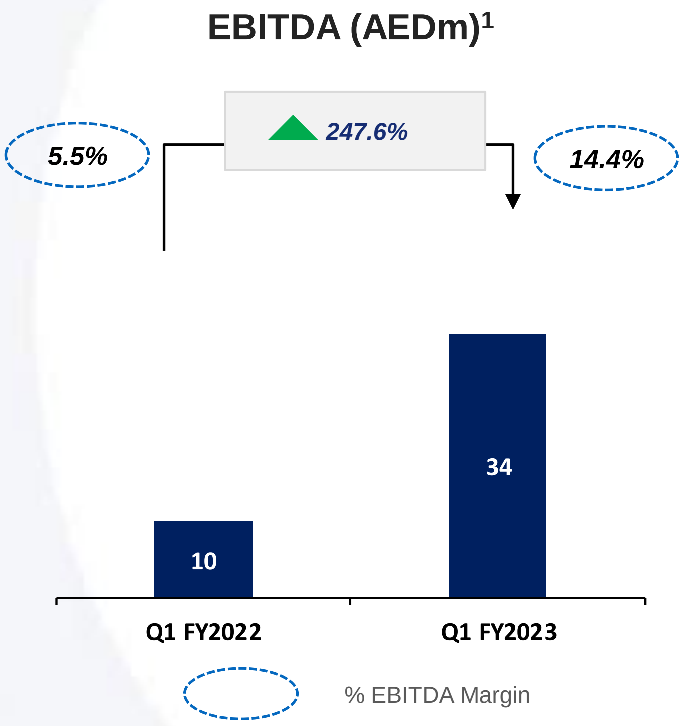


- The ramp up in utilisation of assets, in particular BMC, drove the 26.9% increase in inpatient footfall
- Growth in inpatient footfall was further driven by Medeor Hospital Abu Dhabi, Burjeel Royal Hospital Al Ain and LLH Hospital Abu Dhabi, as a result of the continued ramp up and introduction of new services
- Increased bed occupancy is a result of the incremental inpatient footfall improvement

Burjeel Medical City Performance







- Burjeel Medical City (BMC) delivered a 23.1% contribution to total hospital segment revenue
- Significant increase in EBITDA margin to 14.4%
- Continued ramp up of BMC in the current year drove a sharp increase in IP and OP footfalls, as a result of the introduction and rapid ramp-up of new services
- BMC is a key driver of Burjeel's wider ambition and our ability to deliver increasingly complex care and high-value, high-yield services

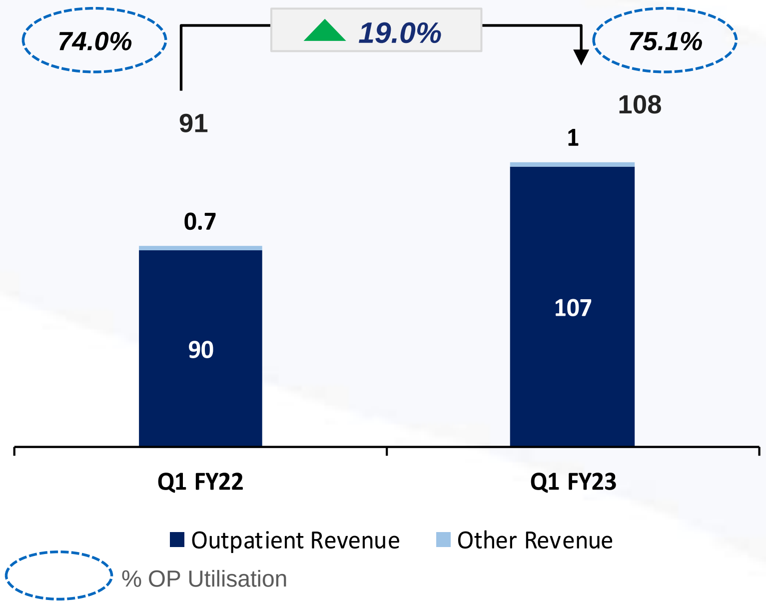
Notes: [1]Above figures are pre-intersegment eliminations. Contribution to hospital segment is calculated using pre inter company elimination revenue of hospital segment .

Segmental Review

Medical Centers

Medical Centers Segment | Financial Performance Update

REVENUE (AEDm)[1]



EBITDA (AEDm)

Medical Centers Segment	Q1-FY22	Q1-FY23	Change
Inventories Consumed	20	25	*22.6%*
% of Revenue	*22.1%*	*22.8%*	
Doctors' and other employees[1]	38	41	*10.2%*
% of Revenue	*41.3%*	*38.3%*	
Provision for ECL	3	2	*-36.5%*
% of Revenue	*2.9%*	*1.5%*	
Other Expenses[2]	9	10	*6.8%*
% of Revenue	*10.4%*	*9.3%*	
Total OPEX ex.D&A[3]	**70**	**78**	***11.6%***
% of Revenue	*76.7%*	*71.9%*	
EBITDA	**21**	**30**	***43.5%***
% EBITDA Margin	*23.3%*	*28.1%*	

- Burjeel-branded medical centers continued their robust performance, driving 19% revenue growth
- In this segment, revenue growth is mainly driven by Burjeel Medical Center, Al Shamkha, Burjeel Medical Centre Deerfields, and Burjeel Medical Centre Zeina
- Also saw a ramp-up in specialties like OBGYN, paediatric, orthopaedics, physiotherapy, and internal medicine

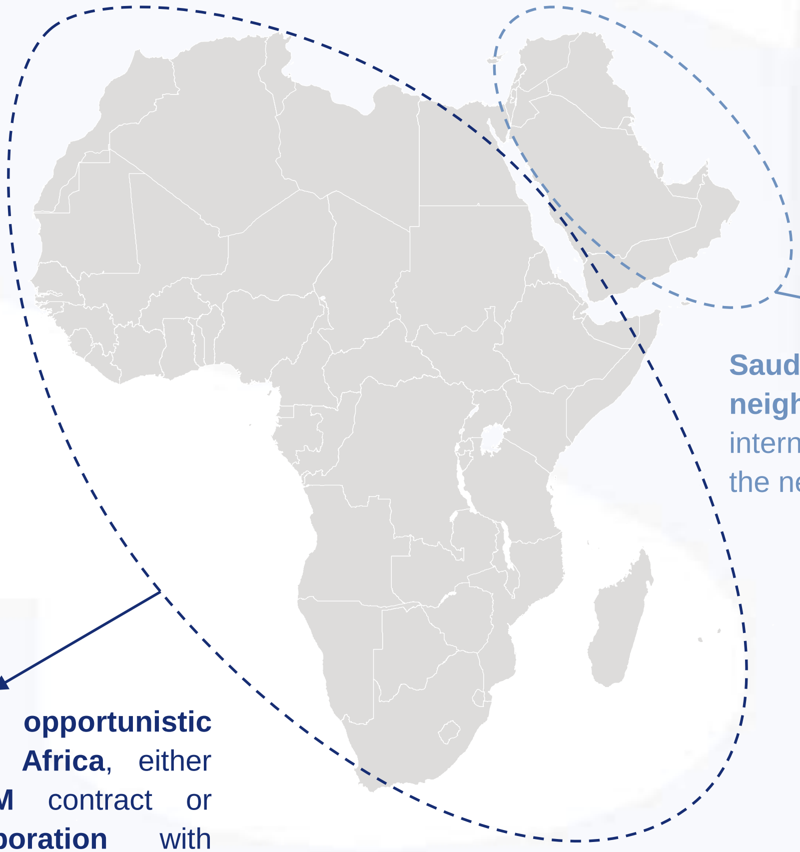
- EBITDA margin increased on the back of a decline in manpower costs, provision for ECL and other G&A as a percentage of revenue
- Direct Costs as a percentage of revenue remained flat year-on-year

Notes: [1]Above figures are pre-intersegment eliminations [2]Total Other expenses include Rent expenses, Utility Charges, and Other expenses [3]Total OPEX ex. D&A – refers to total operating expenses excluding all depreciation and amortisation expenses

Network Evolution

Middle East & Africa Key Regions; Saudi Arabia Core to Growth Strategy

Key region of focus – Middle East & Africa



Saudi Arabia (and other UAE neighbouring countries) core to international expansion strategy over the next 5 years

Capex light opportunistic expansion into Africa, either under an **O&M** contract or through **collaboration** with Strategic Partners

Target markets

1 KSA

- First Leejam JV rehabilitation and wellness clinics expected to open in Q4 2023
- O&M opportunities being explored

2 Egypt

- Identified as a market with a need for quality healthcare provision and increased capacity
- Potential O&M opportunities being explored

3 Other Markets

- Assessing opportunities with strong in-market margin potential and an added ability to drive complex traffic to the UAE for treatment

Expanding Our Healthcare Infrastructure

Launch of five new medical centers in FY2023

The planned launch of five medical centers by Q3 FY2023 will allow the group to tap into new markets and attract more patients, resulting in increased revenue streams and improved profitability. We will also benefit from economies of scale and greater operational efficiencies, as we can leverage our existing infrastructure and resources across multiple locations.

Al Dhafra Day Surgery Center	New National Medical Center	Al Gimi Center	Dubai Satellite Clinic (Al Quoz)	Dubai Satellite Clinic (DIP-2 Mango)
Brand: Burjeel	**Brand:** LLH	**Brand:** LLH	**Brand:** LLH	**Brand:** LLH
Expected Launch: May 2023	**Expected Launch:** July 2023	**Expected Launch:** July 2023	**Expected Launch:** July 2023	**Expected Launch:** July 2023
No. of Revenue Generating Doctors: 16	**No. of Revenue Generating Doctors:** 8	**No. of Revenue Generating Doctors:** 7	**No. of Revenue Generating Doctors:** 8	**No. of Revenue Generating Doctors:** 7

In FY2023, we will also be adding ~120 beds across our network of facilities.

36
Burjeel Medical City, MBZC - LTC

17
Burjeel Hospital, Abu Dhabi

16
Burjeel Day Surgery Center, Al Reem

14
LLH Salalah

12
Burjeel Medical Center, Deerfield's

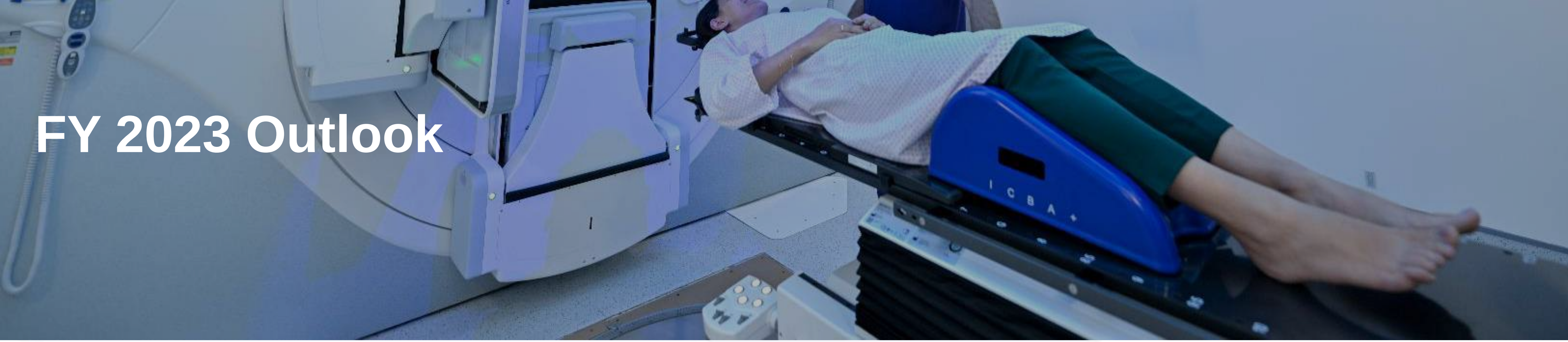
12
Al Dhafra Day Surgery Center

8
LLH Hospital, Abu Dhabi

5
Burjeel Royal Hospital, Al Ain

Outlook

FY 2023 Outlook



REVENUE GROWTH

- **Group revenue** is expected to grow organically in the high-teens
- **BMC revenue** expected to grow more than 1.5x

EBITDA MARGIN

- **EBITDA margin** expected to improve to at least 2021 levels
- **BMC EBITDA margin** expected to improve to mid-high teens

MAINTENANCE CAPEX

- **Maintenance CAPEX** expected to be approximately 2.5% of revenue
- **The Group may deploy Growth CAPEX** (including M&A) funded through a mix of debt and equity.

NET LEVERAGE

- **Net Debt/EBITDA[1]** of less than 2.5x to be maintained

[1] Calculated using pre-IFRS 16 EBITDA as EBITDA less Annual Lease Rental Payments

As stated at the time of our IPO, **Burjeel Holdings intends to pay cash dividends from 2023 onwards**, on the expected basis of a **pay-out ratio of 40% to 70% of net income**, dependent on the required investment for additional growth plans.

Q&A

Appendix

Financial summary Q1-FY2023 & Q1-FY2022

Group Financial Summary

AED Million	Q1 FY22	Q1 FY23	YoY %
Revenue	972	1,085	11.6%
Opex[1]	-759	-843	11.1%
EBITDA[2]	**213**	**242**	**13.4%**
Net Profit	**85**	**121**	**43.4%**
EBITDA Margin	22%	22%	
Net Profit Margin	9%	11%	
Total Equity	479	1,239	158.9%
Net debt[3]	3,181	1,060	-66.7%
Earnings per Share (AED - LTM Basis)	0.06	0.07	26.8%
Capital employed	4,355	3,333	-23.5%
Return on capital employed (LTM basis)	10%	17%	-
Net debt to EBITDA (LTM basis)	3.8	1.2	-
Leverage ratio (Debt/Equity)	6.8	1.0	-
Return on equity (LTM basis)	18%	32%	-

Segmental Financial Summary

AED Millions	Q1-FY22	Q1-FY23	QoQ %
Revenue	**972**	**1,085**	**11.6%**
Hospitals	863	958	10.9%
Medical Centers	86	107	24.8%
Pharmacies	16	18	9.0%
Others	7	2	-63.8%
EBITDA	**213**	**242**	**13.4%**
Hospitals	177	216	21.7%
Medical Centers	21	30	43.5%
Pharmacies	1	4	243.0%
Others	13	-9	-164.0%
Net Profit	**85**	**121**	**43.4%**
Hospitals	61	105	72.2%
Medical Centers	10	22	117.2%
Pharmacies	1	4	338.0%
Others	13	-9	-171.4%

Notes:

(1) Opex includes G&A expenses and ECL.

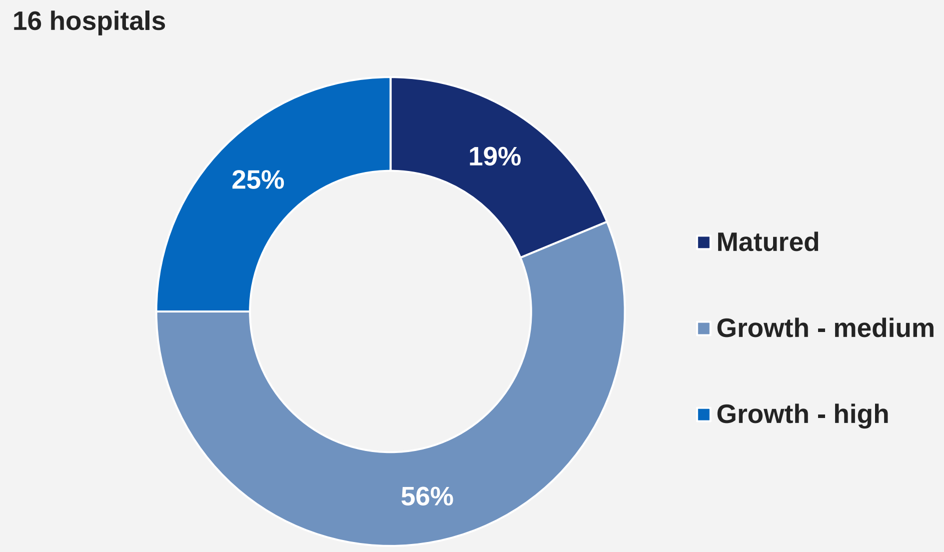
(2) EBITDA represents Earnings Before Interest, Tax, Depreciation and Amortization

(3) Interest bearing liabilities less cash and cash equivalents

The ratios calculated for Q1FY22 & Q1FY23 are on LTM basis. Net Bank Debt against Post IFRS-16 EBITDA

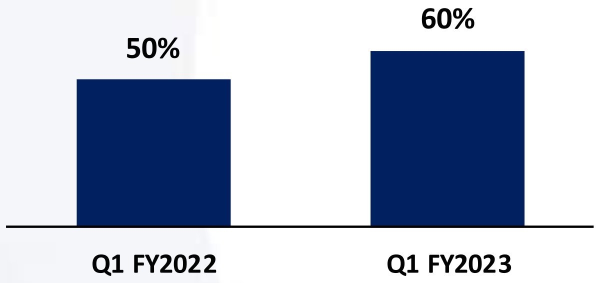
A Young Asset Fleet with Growth to be Driven by Utilisation Ramp-Up

Asset maturity split for hospitals[1]

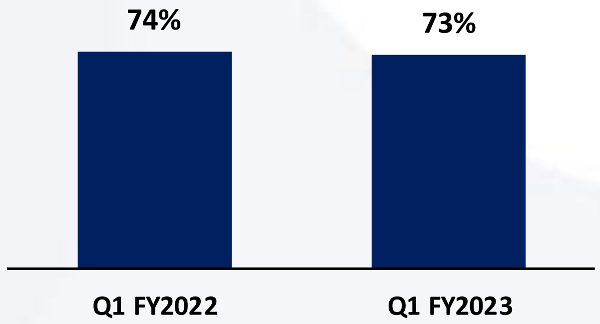


We have significant headroom remaining, which will be utilized with increasingly higher value medical care.

Inpatient bed occupancy[2]



Group Outpatient utilisation[3]



Note: [1] Hospitals: bed occupancy ≥70% = Matured, ≥55% and <70% = Growth – medium and <55% = Growth – high based on FY2022 Occupancy. [2] Based on occupied beds divided by operational beds. [3] Based on OP footfalls divided by maximum possible consults in a year

Burjeel Holdings

Q1-FY2023 Earnings Presentation

May 2023