

# Bupa Arabia

## Earnings Presentation FY2023

April 2024

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# Speakers



**Mohamed El Missaoui**  
CEO CareConnect



**Ali Sheneamer**  
Chief Business  
Development Officer



**Hatim Jamal**  
Chief Financial Officer



**Ahmed Bajunaid**  
Chief Investment Officer



**Abdulrahman Saimaldahar**  
Director of Finance Operations



**Nasser Aljudayi**  
Director of Actuarial & Data  
Analytics



**Abdulmalik Farrash**  
Director of Advisory & IR

# Bupa Arabia at a Glance

Robust profitability growth & significant value creation for shareholders



**25+**

Years of experience



**2000+**

Employees



**3.5M+**

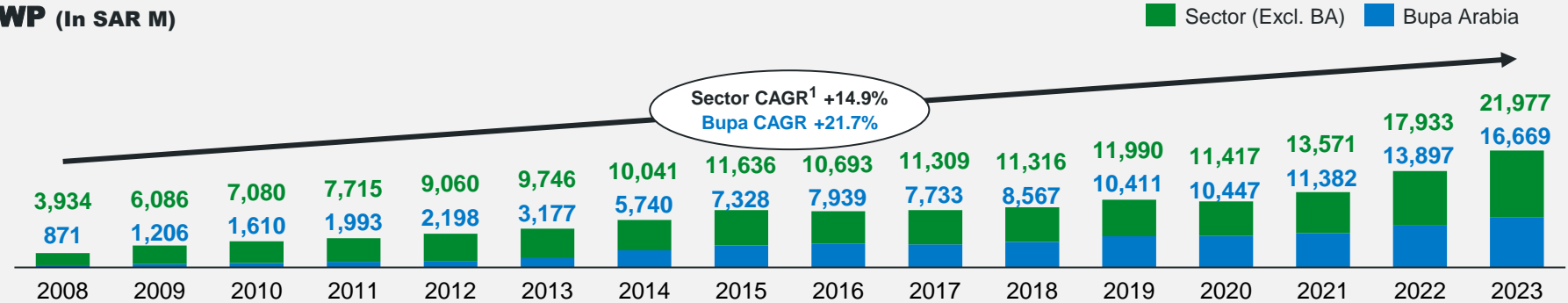
Members



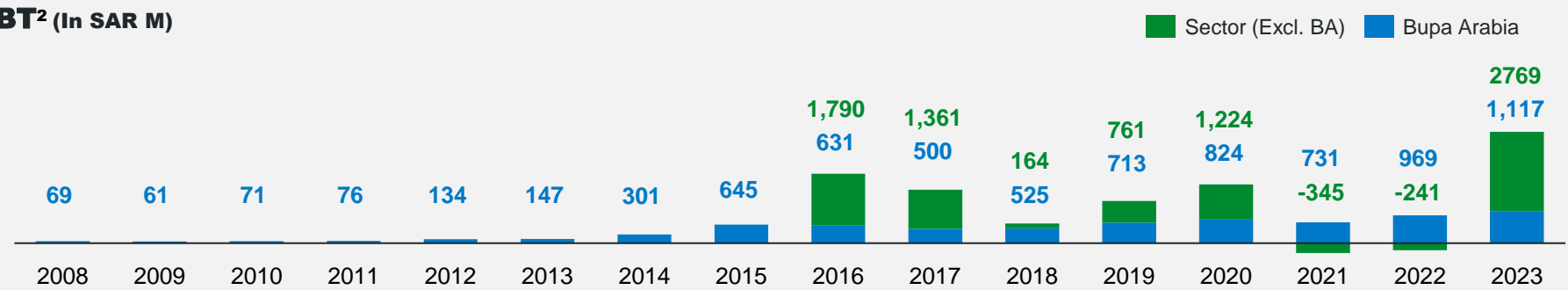
**1450+**

Providers in network

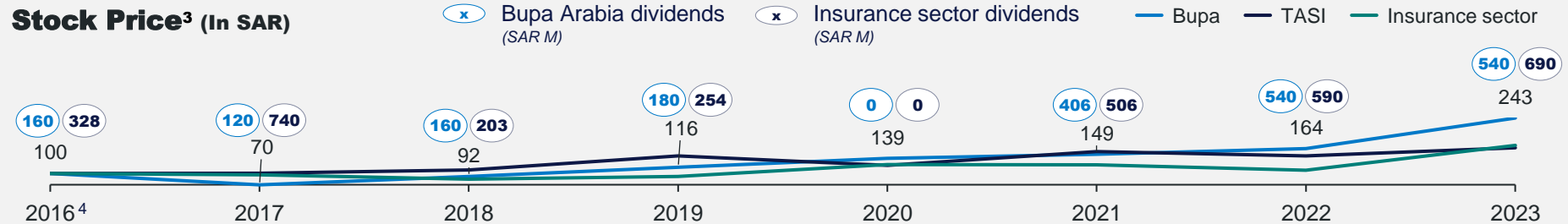
**GWP (In SAR M)**



**EBT<sup>2</sup> (In SAR M)**



**Stock Price<sup>3</sup> (In SAR)**



Note(s): (1) Sector's CAGR is calculated based on the sum of Bupa Arabia and sector (excl. BA) GWP (excl. BA); (2) Profit fluctuation in 2011 and 2012 is due to BDP treatment in line with interpretation of Article 69, where a BDP provision of SAR 34M was taken in 2011 and BDP recovery of SAR 20M was made in 2012; (3) Stock prices of Bupa Arabia, TASI and Insurance index have been based at 100; (4) Chart begins in 2016 as data for the insurance index prior to 2016 was not available

# Agenda

**01 Financial Performance**

**02 Market Trends**

**03 CareConnect**

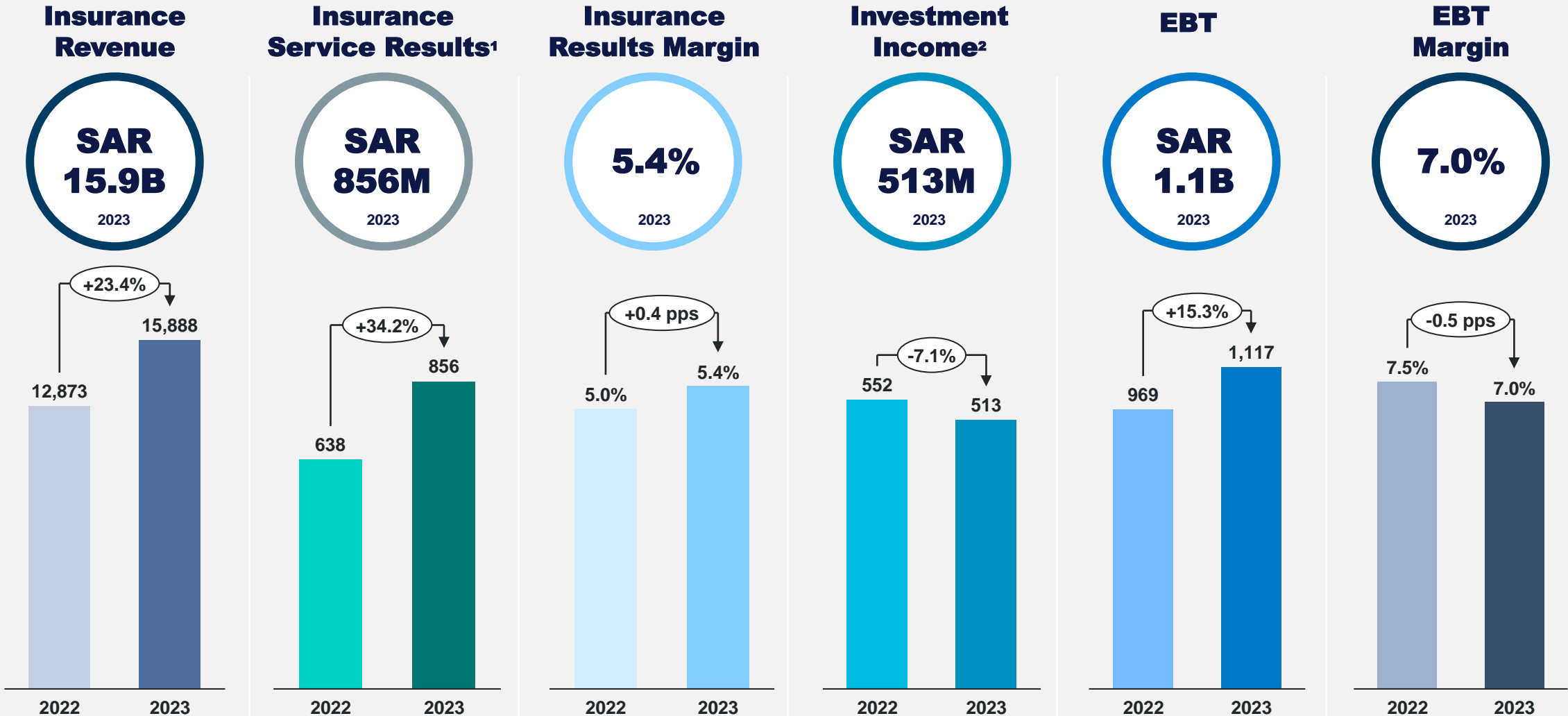
**04 Other Highlights**

# 01

# Financial Performance

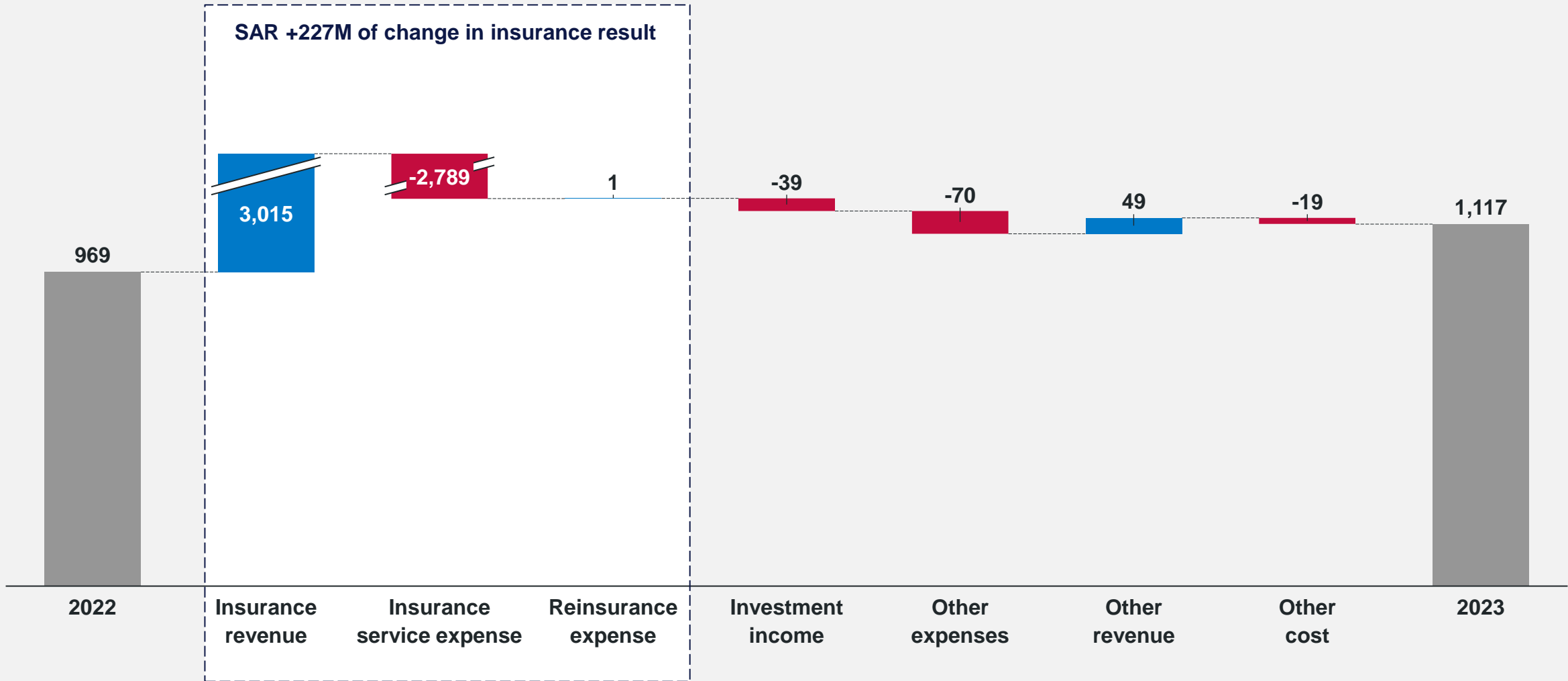
# Financial Highlights

FY2023 EBT increased by ~15% due to favorable pricing environment & membership driven growth



Note(s): (1) Insurance service results are calculated as insurance revenue minus insurance service expense and net expenses from reinsurance contracts held; (2) Investment income is calculated as the sum of investment income on financial assets at amortized cost, investment income on financial assets at fair value and net impairment loss on financial assets  
 Source(s): Bupa Arabia Financial Results FY2023

Overall increase in insurance results by SAR 227M due to continued favorable pricing environment





# IFRS17 Conversion

Consolidated P&L view for FY2023 across IFRS4 vs. IFRS17



## IFRS4 View – FY23 P&L<sup>1</sup>

SAR M	Twelve-month period ended 31 Dec 2023
<b>Gross written premiums</b>	<b>16,669</b>
Net premiums earned	15,691
Other revenues	92
<b>Total Revenues</b>	<b>15,783</b>
Net claims paid	(12,791)
Net claims incurred	(13,368)
Policy acquisition costs	(747)
Other costs	(37)
<b>Total underwriting costs &amp; expenses</b>	<b>(14,151)</b>
<b>NET UNDERWRITING INCOME</b>	<b>1,632</b>
<b><u>Other operating income/(expenses)</u></b>	
Allowance for doubtful receivables	52
General and administrative expenses	(822)
Selling and marketing expenses	(161)
Investment income	513
Other income – net	1
<b>Total other operating expenses</b>	<b>(418)</b>
<b>Income attributed to insurance operations</b>	<b>(97)</b>
<b>Income attributed to shareholders before zakat &amp; income tax</b>	<b>1,117</b>

## IFRS17 View – FY23 P&L

SAR M	Twelve-month period ended 31 Dec 2023
Insurance revenue	15,888
Insurance service expense	(14,995)
Net expenses from reinsurance contracts held	(28)
<b>Insurance service results</b>	<b>865</b>
Investment income on financial assets at amortized cost	351
Investment income on financial assets at fair value	163
Net impairment loss on financial assets	(1)
<b>Net insurance and investment results</b>	<b>1,378</b>
Other operating expenses, net	(317)
Other revenue	92
Other cost	(36)
<b>Income attributed to shareholders before zakat &amp; income tax</b>	<b>1,117</b>
Zakat charge	(80)
Income tax charge	(97)
<b>INCOME ATTRIBUTED TO SHAREHOLDERS AFTER ZAKAT &amp; INCOME TAX</b>	<b>940</b>
<b>Basic and diluted earnings per share (expressed in SAR per share)</b>	<b>6.29</b>

Note(s): (1) Management accounts – not reviewed or audited by an external auditor

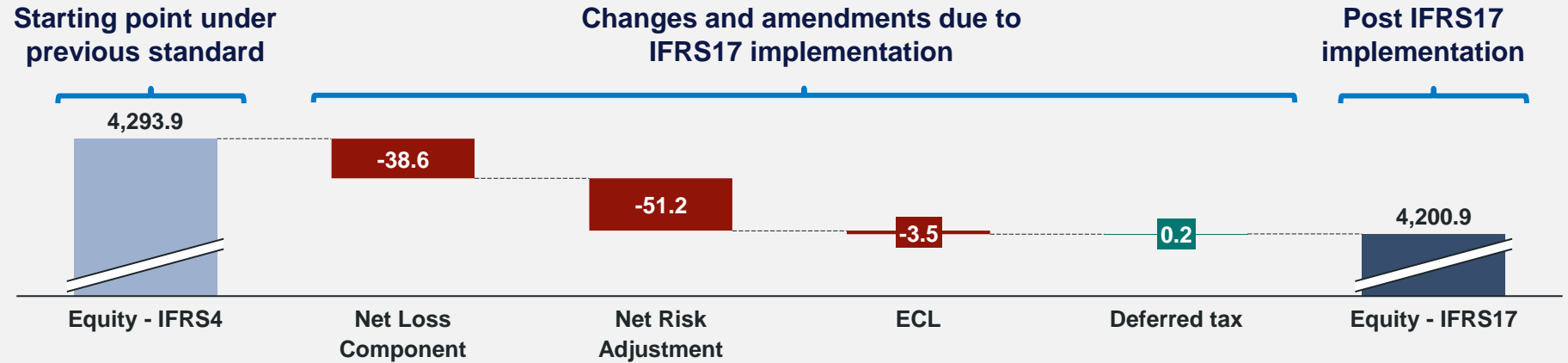
# IFRS17 & 9 Impact vs. Previous Years

Implementation of IFRS17 & 9 creates impact on equity position & profits when compared to previous periods

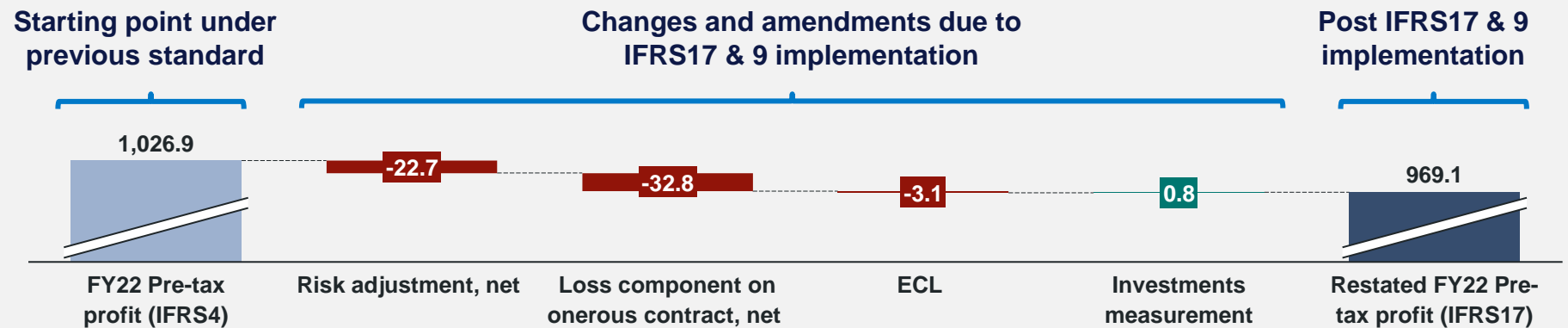


**Total equity as of FY22 has decreased by SAR 93M**

(2% of total equity)



**FY22 pre-tax profit has decreased by SAR 57.7M**

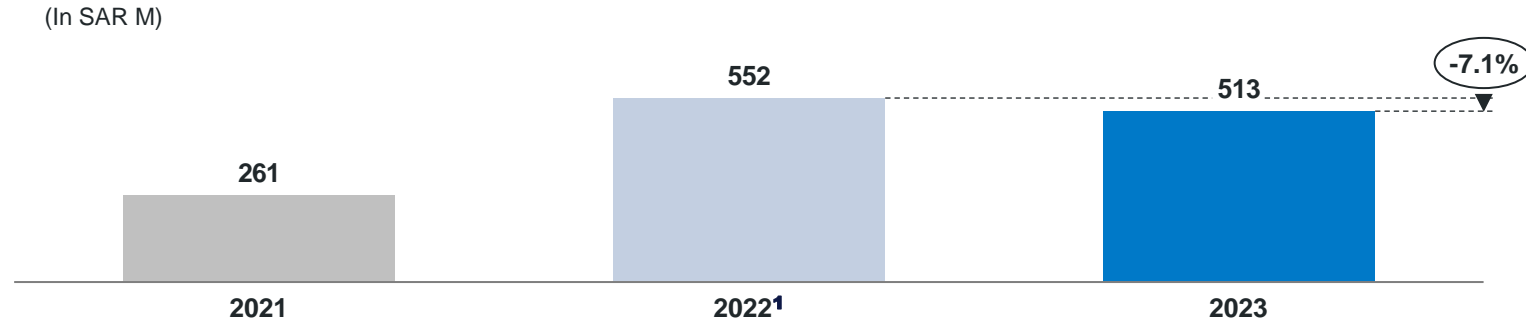


# Investment Portfolio and Results

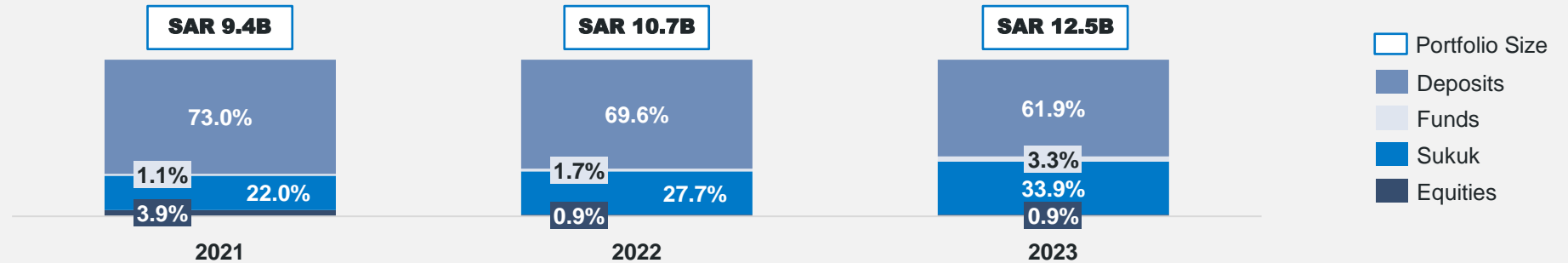
Resilient investment income given favorable interest rates, increased duration, & larger portfolio size



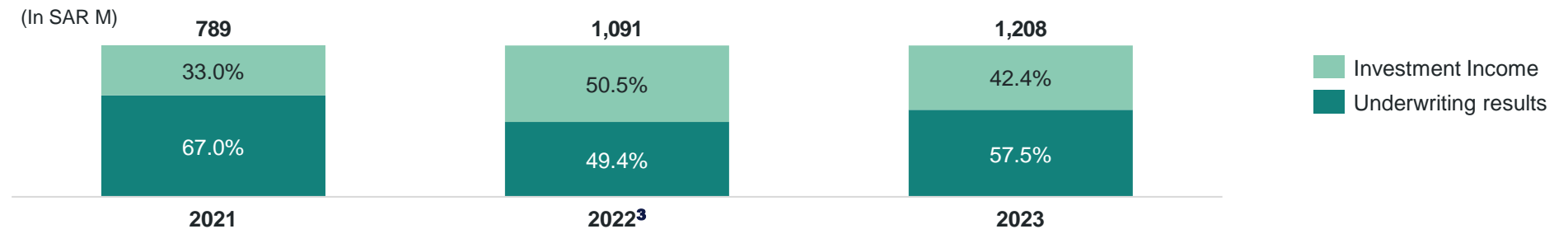
**Decrease of 7.1% in investment income driven by non-recurring gains in 2022**



**Portfolio size increased in 2023 by SAR 1.8B across different asset allocations**



**Income breakdown<sup>2</sup> shows increase of 10% in 2023**



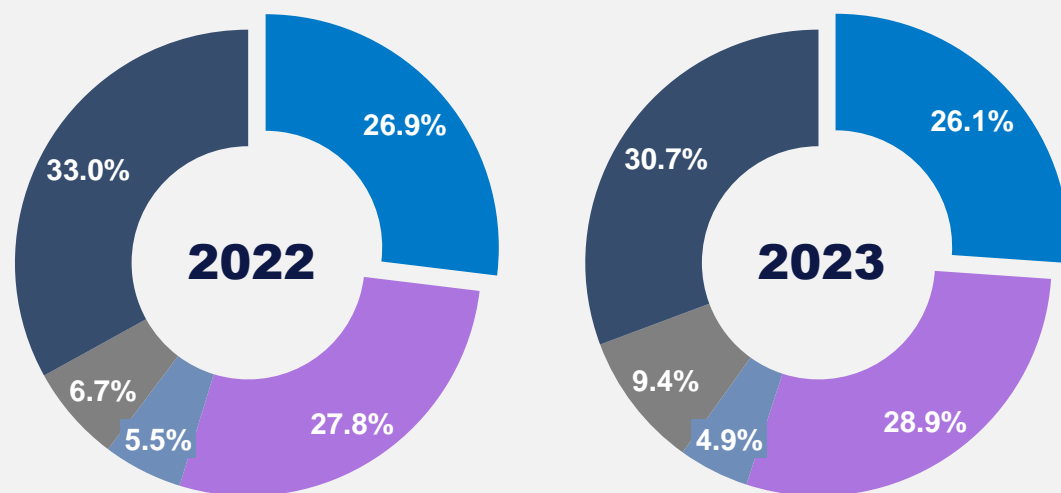
Note(s): (1) Investment income in Q3-22 includes capital gains; (2) Income breakdown represents net income attributed to the shareholders and policyholders; (3) Restated numbers for 2022

# Market Share & Positioning

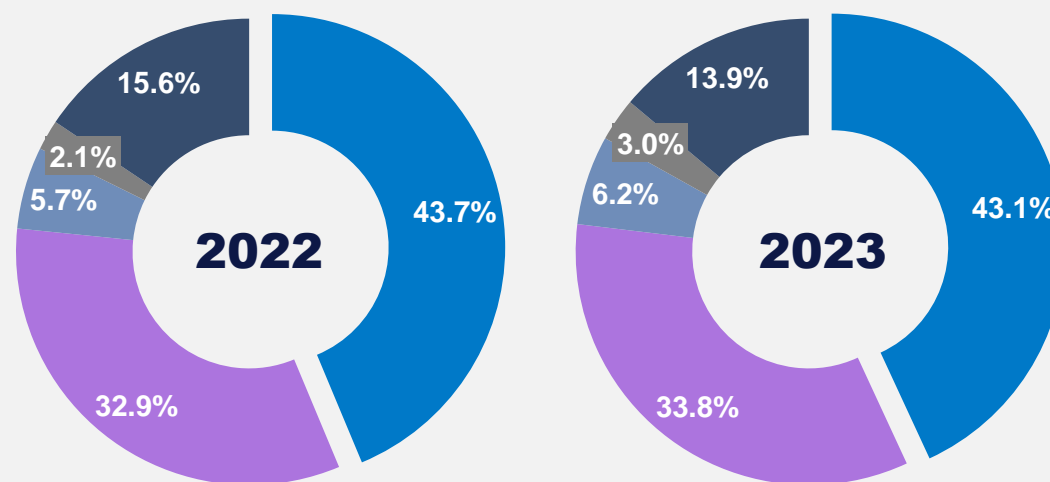
Bupa Arabia maintains leadership in the health insurance market



**Total Insurance Market Share** GWP basis



**Health Insurance Market Share** GWP basis



■ Bupa Arabia 
 ■ Tawuniya 
 ■ Medgulf 
 ■ Al Rajhi Takaful 
 ■ Others

Note(s): Calculation of total insurance market and health insurance market excludes GWP from Saudi Reinsurance Company.  
Source(s): Respective insurance companies' filings.

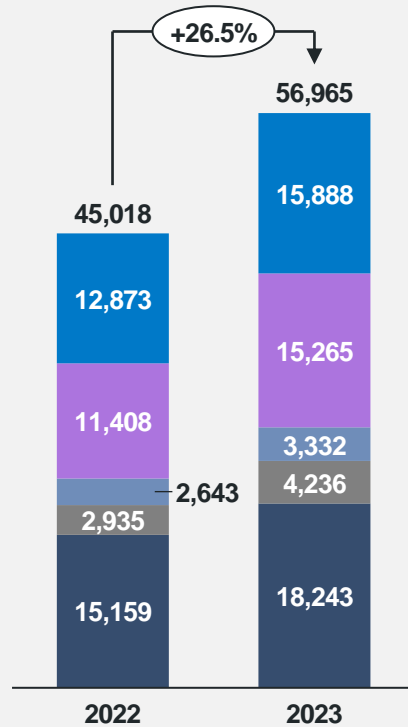
# Total Insurance Market

Sustained favorable pricing, business growth, & loss ratio improvement continue to deliver healthy results

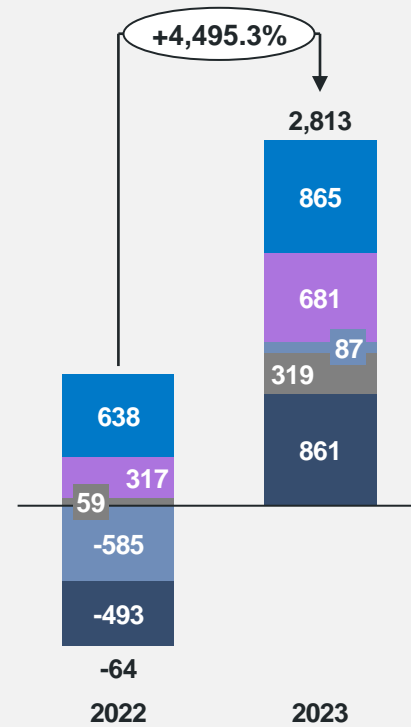


(All in SAR M)

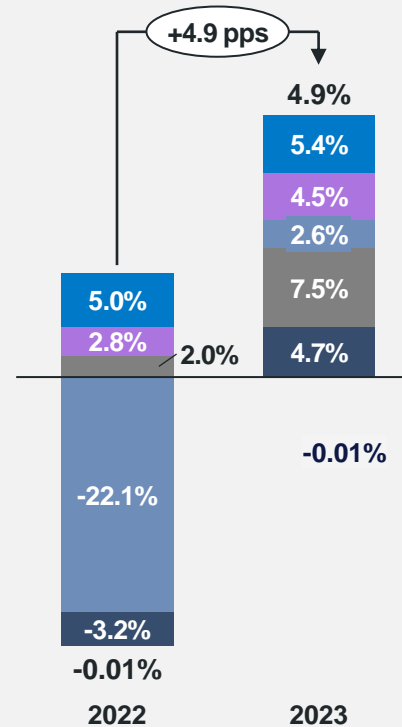
## Insurance revenue



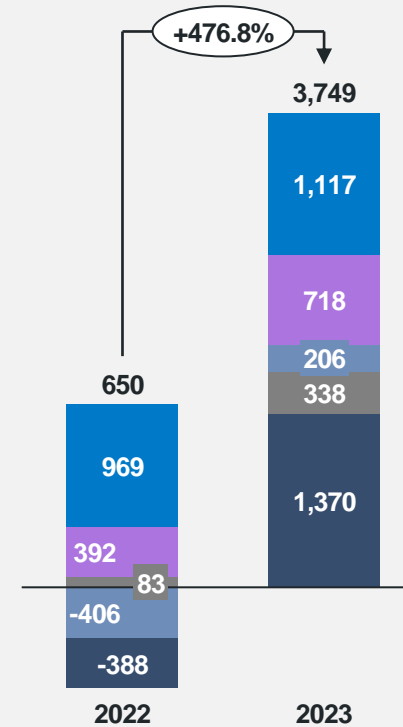
## Insurance Service results



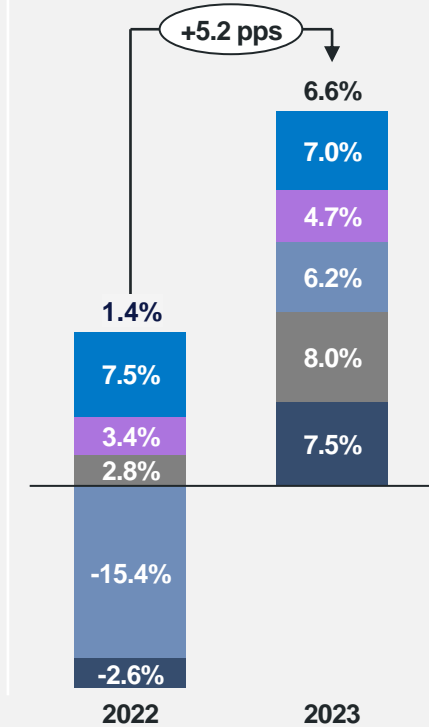
## Insurance results margin



## EBT



## EBT margin



■ Bupa Arabia 
 ■ Tawuniya 
 ■ Medgulf 
 ■ Al Rajhi Takaful 
 ■ Others

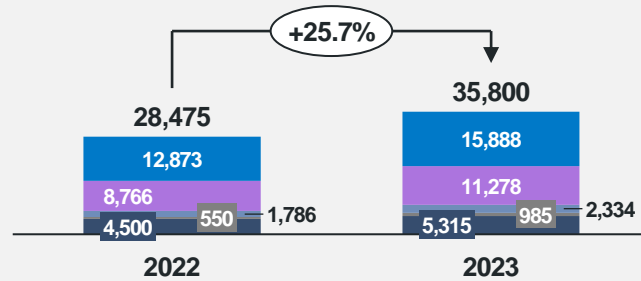
Source(s): Respective insurance companies' filings.

# Health Insurance Market

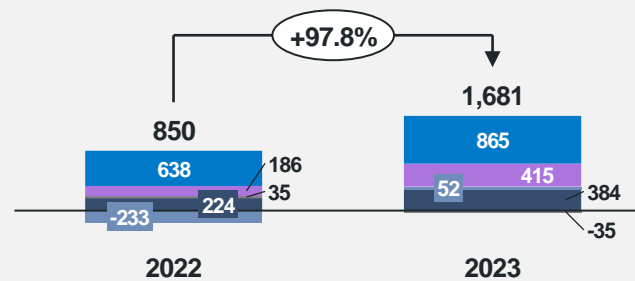
Growth observed across GWP segments as Bupa Arabia maintains leadership in corporates and SMEs



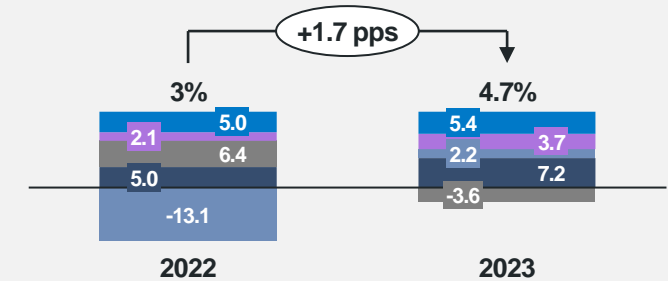
**Insurance revenue<sup>1</sup>** (in SAR M)



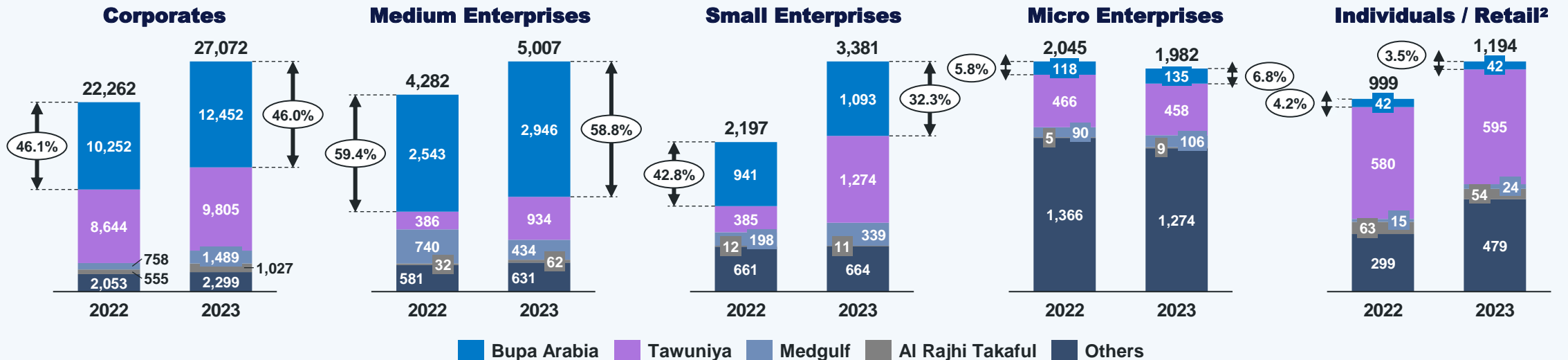
**Insurance service results<sup>1</sup>** (in SAR M)



**Insurance result margin**



**GWP Segmentation** (All in SAR M)



Note(s): (1) Figures for Tawuniya include Medical Umrah insurance; and Aljazira Takaful insurance revenue and service results include a pro-rata assessment based on FY23, (2) Individual/Retail figures for Tawuniya include results from Medical Umrah insurance  
 Source(s): Respective insurance companies' filings.

# 02

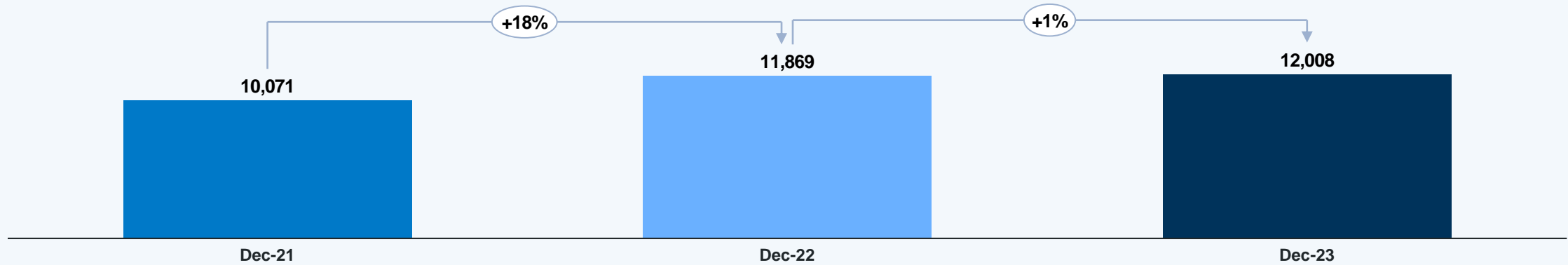
# Market Trends

# Saudi Health Insurance Market Trends (1/2)

Overall growth in FY23 driven by Saudi lives in comparison to the same period in 2022

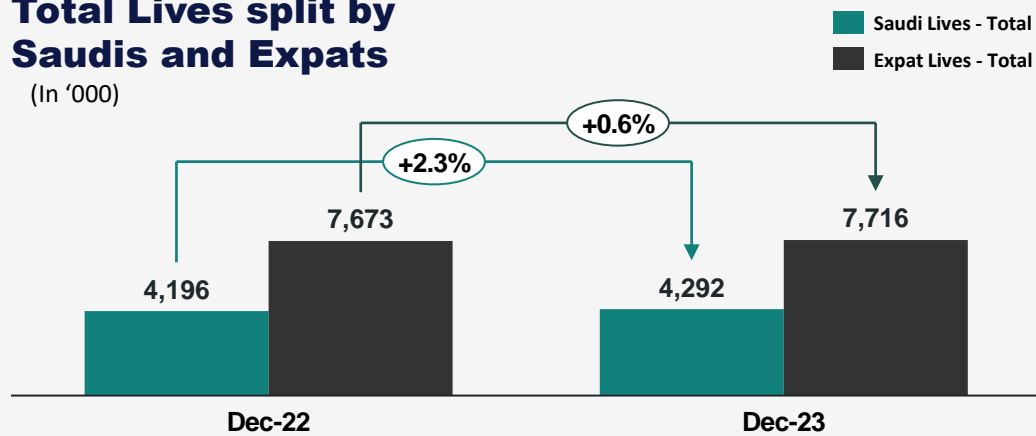


### Total Insured Lives (In '000)



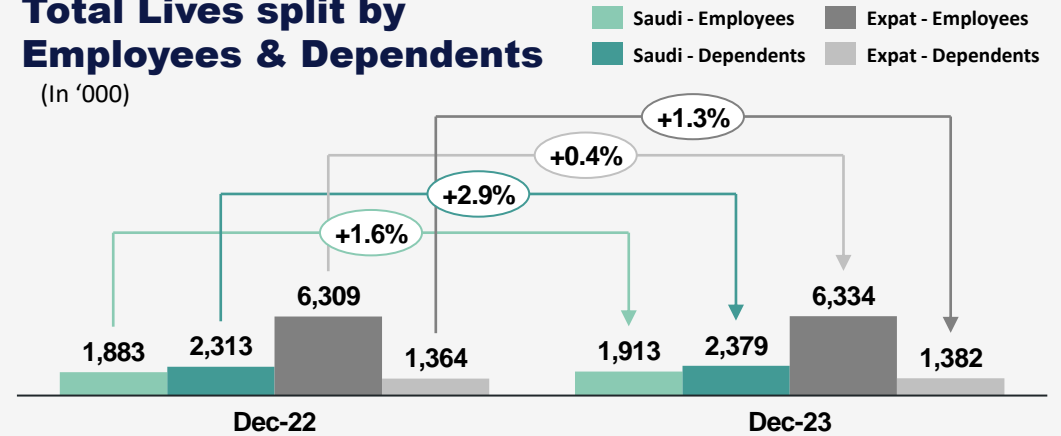
### Total Lives split by Saudis and Expats

(In '000)



### Total Lives split by Employees & Dependents

(In '000)



Source(s): GSTAT; GOSI; HRSD; CHI; Bupa Arabia estimates

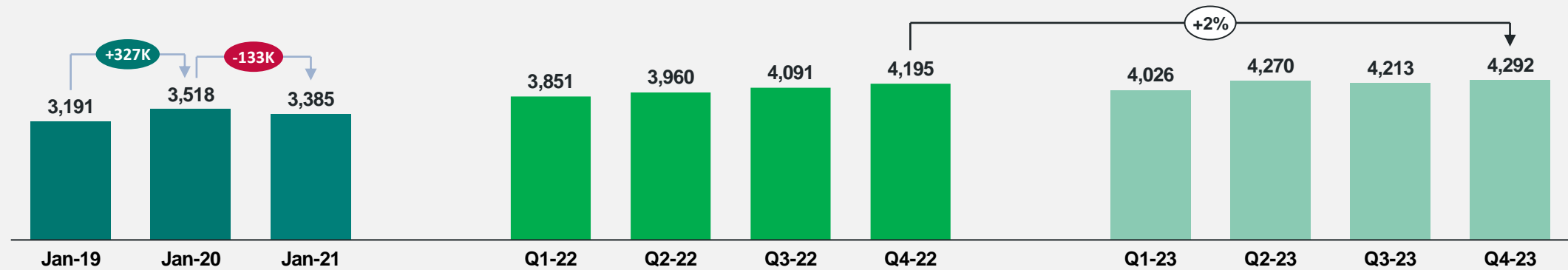


# Saudi Health Insurance Market Trends (2/2)

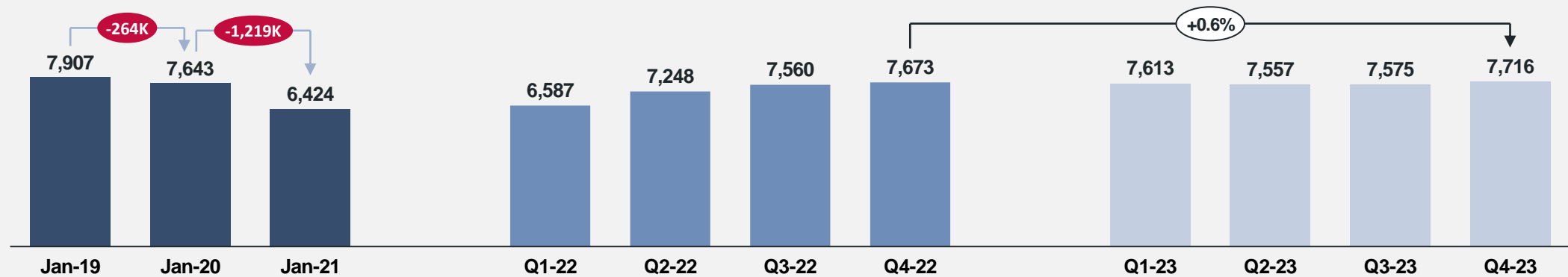
Despite overall growth, slight decline in expat lives YTD mainly due to expat dependents



## Saudis (In '000)



## Expats (In '000)



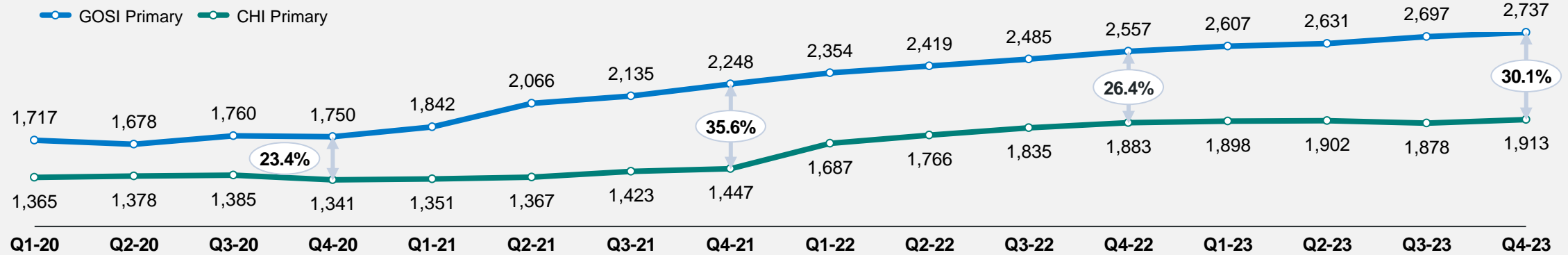
Source(s): GSTAT; GOSI; HRSD; CHI; Bupa Arabia estimates

# Gap & Enforcement Explained

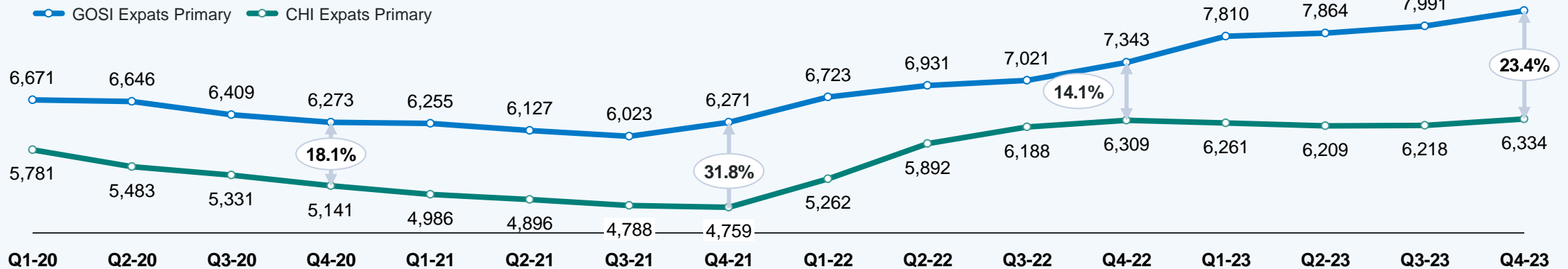
Enforcement gap remains within private sector with +824K Saudis & +1.9M Expats without Medical Insurance



## Saudis (In '000)



## Expats (In '000)



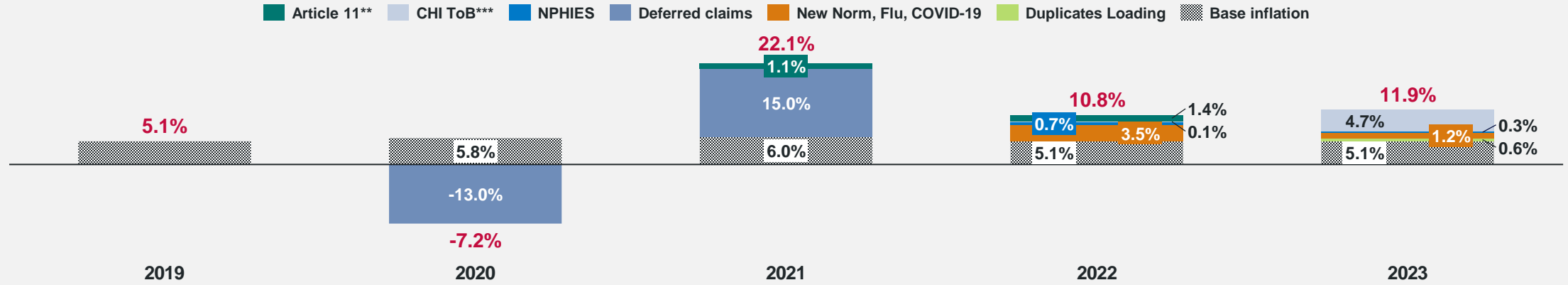
Source(s): GSTAT; GOSI; HRSD; CHI; Bupa Arabia estimates

# PMI Market Challenges

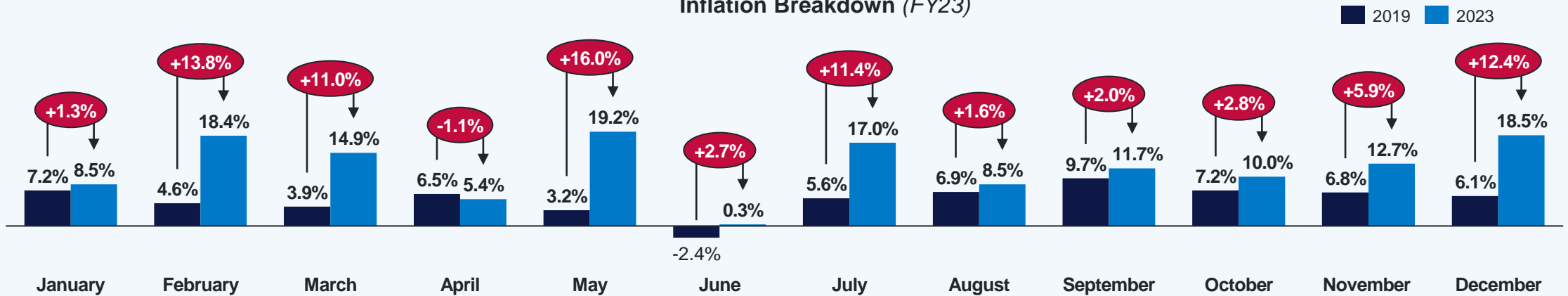
FY23 concluded at alarming inflation numbers as we monitor the trend coming into Q1 2024



## Medical Inflation Overview



## Inflation Breakdown (FY23)



03

# CareConnect

# Why the Name “CareConnect”

End-to-end connected care



## Moving From...



**Member Care**

### Fundamental Services

Enrollment,  
Benefits &  
Network  
Management,  
Customer Service

### Tebtom Healthcare Service

*Medication Refill &  
Pickup/Delivery,  
Home Labs,  
Coaching*

### Rahatkom Point of Care

*On-Site Pre-Auth  
& Care, Delegates*

ENABLERS



**Digital & Data**

## ...Into



**End-to-End Integrated Member Care**

**Connected Care Program  
Coordinated by a “Care Navigator” and “Digital Platforms”**



**Digital Care**



**In-Person Care**



**Referrals**

# CareConnect is a Purpose-Built, Digital-First Integrated Care Provider

To deliver value based care at a scale



**Digital-First, AI Led,  
Scalable Model**

Scalable solutions focused on member persona and engagement

AI powered, data driven care and empowering doctors and patients



**Comprehensive,  
Integrated and  
Coordinated Care**

Integrated care model virtual and in-person

Covering the full delivery value chain – primary, secondary, and tertiary care



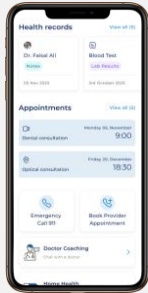
**Referral and Value  
Based  
Health Care**

Outcome/value-based capabilities (technology, products, and services)

Strong alignment of incentives with customers, members, providers and partners

# CareConnect Digital First Model

Provides care at all stages of the member journey and it touches various risk profiles



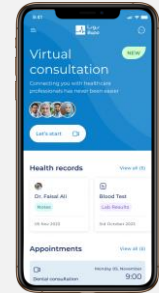
**Electronic Medical Records**



**Personalized Engagement Plan**



**Pre-Active Remote Monitoring**



**24/7 Health Assistance**



**Home Healthcare Services**  
(Medication Prescription, Delivery Home Lab Testing)



**Hospital Admissions Support**



**In-Person Care**  
(Express, In-House Clinics)



**Value Care (Multi-Specialty)**

Source(s): CareConnect

# 04

## Other Highlights



# Bupa Arabia Highlights

Key licenses obtained for Bupa Arabia's subsidiaries, along with several developments & contract awards



Bupa Arabia for Cooperative Insurance's subsidiary, CareConnect, obtained the final license to practice telehealth care and telemedicine from Ministry of Health and received CHI approval.



Bupa Arabia for Cooperative Insurance received the approval of Saudi Arabian Airlines Co. to provide cooperative insurance services to its employees, their family members, and retirees for one year, starting from March 6.



Bupa Arabia for Cooperative Insurance received the certification of Sharia compliance by Shariya Review Bureau (SRB).



Bupa Arabia for Cooperative Insurance announces it has been awarded as the health insurance provider for the Saudi National Bank.



Bupa Arabia for Cooperative Insurance announces the establishment of CareConnect, a wholly owned subsidiary with an authorized capital of SAR 10M.



Saudi Ground Services company announces the signing of a contract with Bupa Arabia for Cooperative Insurance Company to provide medical insurance for the company employees and their families (related party).

# Regulatory Highlights

Continuous reforms across Saudi Health Sector and Health Insurance Sector in alignment with Vision 2030



Insurance Authority (IA) issued decision to localize all sales positions in insurance products starting from April 15, 2024. ★



Insurance Authority held first meeting with the CEOs of insurance companies on 3<sup>rd</sup> of December 2023. This meeting emphasized the need to unify efforts and work as partners to build and develop the insurance sector. ★



Insurance Authority commences operations as the authorized regulator of the insurance industry in KSA, as of 23<sup>rd</sup> of November 2023.



Insurance Authority announces appointment of Eng. Naji Al-Tamimi as CEO, on 23<sup>rd</sup> of November 2023.



Saudi Arabia's Minister of Health announces new plan for national state-funded health insurance by 2026, on 29<sup>th</sup> of October 2023.



CHI signs a collaboration agreement with Seha Virtual Hospital; Under the agreement, the CHI can seek medical opinions from Seha Virtual Hospital for beneficiaries of the Cooperative Health Insurance Law who require specialized medical advice.

# Achievements & Awards

Bupa Arabia has been recognized with multiple awards in 2023



## Chartered Institute of Personnel & Development

- Best Employee Engagement Initiative
- Employer of the year 2023



## Council of Health Insurance Excellence

- Health insurance for the year
- Best Customer Experience
- Best C-suite 2023 Tal Nazer
- Women leader of the year
- Young achiever of the year



## Kantar BrandZ awards 2023

- #1 Most Valuable Insurance Brand (KSA)
- #9 Most Valuable Brand (KSA)



## SHRM MENA Awards 2023

- 1st place - Excellence in Health and Wellbeing
- 2nd place - Talent Acquisition and Retention



## General Society of Surveillance (SGS) 2023

- 1st Insurance Company to acquire:
  - ISO/IEC 27001:2013
  - ISO/IEC 20000-1:2018



## Digital Experience ME Awards 2023

- Best Digital Campaign
- Regional Excellence Healthcare



## Saudi Capital Markets Awards (SCMA) 2023

- Best Investor Relations Program Award



## Golden Shield Excellence 2023

- Best Insurance Brand
- Health Insurer of the Year



## World Economic Magazine Awards 2023

- Best Health Insurance Campaign: Live Right Saudi Arabia



## World Economic Magazine Awards 2023

- Best Health Insurance Campaign: Live Right Saudi Arabia



# Clients Portfolio

Diverse client mix across multiple sectors



## Government Sector



المؤسسة العامة لتحلية المياه المالحة  
Saline Water Conversion Corporation



البريد السعودي  
Saudi Post



الخطوط الحديدية السعودية  
SAUDI ARABIA RAILWAYS



وزارة الطاقة  
MINISTRY OF ENERGY



## Natural Resources Sector



صدارة  
Sadara

التصنيع  
TASNEE



ياسرف  
Yasref



## Trade & Contracting Sector



روشــن  
ROSHN



مجموعة محمد يوسف ناغي وأخوانه  
MOHAMED YOUSUF NAGHI & BROTHERS GROUP



## Banking & Financial Sector



مصرف الراجحي  
alrajhi bank



الأول  
SAB



العربي  
anb



بنك البلاد  
Bank Albilad



## Other Sectors



السعودية  
Saudia



KAUST



النهدى  
nahdi



عبد اللطيف جميل  
Abdul Latif Jameel



unicharm



BAE SYSTEMS



**Mohamed El Misaoui**  
CEO CareConnect



**Ali Sheneamer**  
Chief Business  
Development Officer



**Hatim Jamal**  
Chief Financial Officer



**Ahmed Bajunaïd**  
Chief Investment Officer



**Abdulrahman Saimaldahar**  
Director of Finance Operations



**Nasser Aljudayi**  
Director of Actuarial & Data  
Analytics



**Abdulmalik Farrash**  
Director of Advisory & IR

# Thank you



*With you for better health*

# Appendix

# Board of Directors & Chief Executive Team



# Board of Directors



**Eng. Loay Hisham Nazer**  
Chairman



**David Martin Fletcher**  
Vice-Chairman



**Martin Houston**  
Board Member



**Dr. Abdulla Elyas**  
Board Member -  
Independent



**Huda M. Bin Ghoson**  
Board Member -  
Independent



**Osama Shaker**  
Board Member -  
Independent



**Nigel Sullivan**  
Board Member



**Tal Hisham Nazer**  
Board Member



**Nader Ashoor**  
Board Member

# Chief Executive Team



**Tal Hisham Nazer**  
Chief Executive Officer



**Mohamed El Missaoui**  
Chief Executive Officer  
CareConnect



**Nader Ashoor**  
Deputy Chief Executive  
Officer



**Ali Sheneamer**  
Chief Business  
Development Officer



**Ahmed Bajunaid**  
Chief Investment  
Officer



**Tariq Alamoudi**  
Chief Human  
Resources Officer



**Atef Mufti**  
Chief Growth Officer



**Ryann Tarabzoni**  
Chief Operations  
Officer



**Amro Shawli**  
Chief Governance,  
Risk & Control Officer



**Hatim Jamal**  
Chief Financial Officer



*With you for better health*