OVERVIEW
The Healthcare and Life Sciences Sector is one of the most significant sectors for the Kingdom of Saudi Arabia. The healthcare sector is largely publicly financed, and over the past several decades, the Kingdom of Saudi Arabia has made significant strides in the improvement of its healthcare infrastructure and system. The demand for healthcare has continued to rise, and this has been witnessed by the increasing healthcare budget and healthcare investment made over the past few decades, notably in the past 10 years. Despite the increase in healthcare expenditure, the Kingdom is facing a set of challenges that includes: increasing longevity and the continued rise in non-communicable diseases.
The establishment of the Ministry of Health in 1950 marked the beginning of the rapid development of a modern healthcare ecosystem in Saudi Arabia. Decades of investments in healthcare infrastructure and technologies, educational institutes, research centers, and the healthcare workforce enabled the Kingdom to make key improvements in clinical outcomes, contributing to a significant increase in life expectancy.

The Saudi Food and Drug Authority develops and enforces health standards to regulate the sector including the safety, quality and efficacy of drugs, foods and medical devices. The Saudi Commission for Health Specialties ensures effectiveness of health practitioners’ registration and classification, promotes medical research and education, and sustains professional development through coordination and partnerships with local and international institutions.

The Ministry of Health (MOH) provides healthcare, promotes public health and disease prevention, develops laws and legislations, and regulates the industry. MOH also monitors the performance of health institutions, supports and conducts research and runs healthcare academies.

The Saudi Health Council liaises between the multiple health sector stakeholders in the Kingdom to provide high quality health services efficiently by eliminating duplication and waste.

The Council of Cooperative Health Insurance oversees the implementation of the system with control over the comprehensive health insurance coverage, supervise and control insurance companies, and supervise and control service providers.
HEALTH SECTOR EXPENDITURE

Today, Saudi Arabia is the largest spender on healthcare across the Middle East and North Africa. The 2018 government budget allocated more than $39 billion to “Health and Social Development” in a market that enjoys an annual growth rate of approximately 5.6%.

HEALTH SECTOR EXPENDITURE IN MENA¹

<table>
<thead>
<tr>
<th>$ BILLION</th>
<th>COUNTRY</th>
<th>X CAGR FOR 5 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>34</td>
<td>SAUDI ARABIA</td>
<td>11%</td>
</tr>
<tr>
<td>16</td>
<td>UNITED ARAB EMIRATES</td>
<td>6%</td>
</tr>
<tr>
<td>14</td>
<td>EGYPT</td>
<td>6%</td>
</tr>
<tr>
<td>12</td>
<td>ALGERIA</td>
<td>6%</td>
</tr>
<tr>
<td>11</td>
<td>IRAQ</td>
<td>17%</td>
</tr>
<tr>
<td>06</td>
<td>MOROCCO</td>
<td>2%</td>
</tr>
<tr>
<td>06</td>
<td>KUWAIT</td>
<td>10%</td>
</tr>
<tr>
<td>05</td>
<td>QATAR</td>
<td>11%</td>
</tr>
<tr>
<td>03</td>
<td>LEBANON</td>
<td>4%</td>
</tr>
<tr>
<td>03</td>
<td>OMAN</td>
<td>11%</td>
</tr>
<tr>
<td>03</td>
<td>TUNISIA</td>
<td>0%</td>
</tr>
<tr>
<td>02</td>
<td>BAHRAIN</td>
<td>13%</td>
</tr>
</tbody>
</table>

Note: Data as of 2016/2018

¹. Middle East and North Africa Fitch Report Q4 2018 (BMI)
# Health Sector Key Facts

## Healthcare Professionals

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors</td>
<td>98,000+</td>
</tr>
<tr>
<td>Nurses</td>
<td>185,000+</td>
</tr>
<tr>
<td>Allied Health Personnel</td>
<td>111,000+</td>
</tr>
</tbody>
</table>

## Health Facilities

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>480+</td>
</tr>
<tr>
<td>Clinics</td>
<td>5,000</td>
</tr>
<tr>
<td>Hospital Beds</td>
<td>72,900+</td>
</tr>
</tbody>
</table>

HEALTHCARE OUTCOMES IMPROVEMENTS

Over the last few decades Saudi Arabia has improved its key healthcare outcomes significantly.

By 2017, vaccination rates have improved to 98% of infants; compared to 41% in 1980. Likewise, infant mortality in 2017 has fallen to just over 6 per 1000 live births; compared to a global average of 29. In addition, life expectancy has improved to just over 74 years; compared to a global average of 72.

### VACCINATION

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>41%</td>
</tr>
<tr>
<td>2017</td>
<td>98%</td>
</tr>
</tbody>
</table>

### LIFE EXPECTANCY

<table>
<thead>
<tr>
<th>Year</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>63</td>
</tr>
<tr>
<td>2017</td>
<td>74.9</td>
</tr>
</tbody>
</table>

### INFANT MORTALITY

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate (per 1000 live births)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>70</td>
</tr>
<tr>
<td>2017</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Source: MOH Annual Statistical Book 1438H/2017G
The Kingdom now faces a new set of challenges that are driving the next phase of development in the health sector.

- The population of Saudi Arabia is rapidly growing. By 2030, the population will increase by 28% to approximately 39.7 Million.

- The demographic profile of the Kingdom is quickly changing. By 2030, those over the age of 50 will increase by 201% to approximately 12.5 Million. This will lead to an increase in the overall demand for more frequent, advanced and expensive treatments.

- A nationwide shift in the disease profile from communicable to non-communicable diseases such as diabetes, cardiovascular disease, and cancer are on the rise, resulting in more demand and pressure on the healthcare system.

### DRIVING FACTORS TO INCREASE DEMAND FOR THE HEALTH SECTOR

<table>
<thead>
<tr>
<th>GROWING POPULATION</th>
<th>AGING POPULATION (ABOVE 50 YEARS OF AGE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.0 mn</td>
<td>39.7 mn</td>
</tr>
<tr>
<td>2015</td>
<td>2030</td>
</tr>
<tr>
<td>4.1 mn</td>
<td>12.5 mn</td>
</tr>
<tr>
<td>2015</td>
<td>2030</td>
</tr>
</tbody>
</table>

### RISING PREVALENCE OF CHRONIC CONDITIONS

- **Obesity**
  - 1 in 3 adults
  - 1 in 4 children

Source: WHO, BMI research report, MoH, GaStat
CURRENT MODEL OF DELIVERY AND LOCAL PRODUCTION

The Ministry of Health is the largest provider of healthcare in the Kingdom, accounting for approximately about 60% of healthcare services. Of the remaining, 24% is provided by the private sector and 16% by other governmental organizations KFSHRC, Armed Forces, etc.

PATIENT BEDS

HEALTHCARE SERVICE PROVIDERS

- 16% Other Governmental Entities
- 24% Private
- 60% Ministry of Health

PHARMACEUTICALS

HEALTHCARE PRODUCTS

- 70% Import
- 30% Local Manufacturing

MEDICAL DEVICES

- 98% Import
- 2% Local Manufacturing

Note: Data as of 2015/2017
Source: BMI, Ministry of Health

Currently, more than 70% of medicines and 98% of medical devices are imported.
Under Vision 2030, however, Saudi Arabia is introducing a new strategy to fulfill public health needs through insurance-based financing and increasing private sector participation. To execute the strategy, the Ministry of Health has created a dedicated transformation unit - the Vision Realization Office (VRO). Teams responsible for leading this transformation are currently working across 7 themes - Patient Centric Model of Care (MoC), Insurance based financing (Health Financing), Corporatization, Private Sector Participation (PSP), Independent Governance, Human Capital and Digital Healthcare.

### THEMES OF NEW HEALTH SECTOR STRATEGY

**PATIENT CENTRIC MODEL OF CARE (MOC)**
- Focus on prevention and on out-of-hospital care models

**PRIVATE SECTOR PARTICIPATION (PSP)**
- Facilitate private sector involvement through ownership and/or management of MOH hospitals and services
- Actively support localization of pharmaceutical, vaccines and medical products

**HUMAN CAPITAL**
- Enhance quality and quantity of workforce through increased capacity, more rigorous licensing and making the profession more attractive to locals

**INSURANCE BASED FINANCING (HEALTH FINANCING)**
- Move from government funded to insurance funded system

**INDEPENDANT GOVERNANCE**
- Separate regulatory and delivery function by creating independent provider networks with operational autonomy and greater accountability

**CORPORATIZATION**
- Split MoH to corporatize delivery creating independent provider networks with operational autonomy
- Strengthen MoH mandate to lead sector reform with strong oversight over regulatory agencies ("super-regulator")

**DIGITAL HEALTHCARE**
- Provide digital tools for patient self-service, prevention, unified patient records and workforce efficiency
Across all 7 themes, the Ministry of Health is shifting its focus away from its traditional role as a healthcare provider, to become solely a regulator of healthcare in the Kingdom. The NTP has set a target to increase the private sector’s contribution to healthcare spending from 25% to 35%.

Consequently, new opportunities are being created for investors to capture a lucrative share of the Saudi healthcare market.
HEALTH SECTOR
2020 TARGETS

NATIONAL TRANSFORMATION PROGRAM’S HEALTHCARE TARGETS

<table>
<thead>
<tr>
<th>Private sector contribution to total healthcare spending</th>
<th>Hospitals that meet the US median for patient safety culture</th>
<th>Healthcare facilities reporting comprehensive performance and quality measures</th>
<th>Appointments received in specialized medical disciplines within 4 weeks</th>
<th>Patients who received emergency care in less than 4 hours in key hospitals</th>
<th>Saudi citizens who have a unified digital medical record</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 TARGET: 35%</td>
<td>2020 TARGET: 50%</td>
<td>2020 TARGET: 100%</td>
<td>2020 TARGET: 70%</td>
<td>2020 TARGET: 75%</td>
<td>2020 TARGET: 70%</td>
</tr>
<tr>
<td>CURRENT TARGET: 25%</td>
<td>CURRENT TARGET: 10%</td>
<td>CURRENT TARGET: 10%</td>
<td>CURRENT TARGET: &gt;40%</td>
<td>CURRENT TARGET: 40%</td>
<td>CURRENT TARGET: 0%</td>
</tr>
</tbody>
</table>

Source: NTP 2020
INVESTMENT OPPORTUNITIES

The government will cumulatively spend $180 billion on healthcare over the next 5 years in both traditional and frontier subsectors to meet demand and tackle the Kingdom’s public health challenges. As such, investors will find significant opportunities across the entire sector including hospital and healthcare services, pharmaceuticals, and medical devices.

SERVICE PROVISION

Cumulative spending over 2017-2021

$130 bn

MoH hospital beds

43,000+

Private hospital beds

17,000+

MoH primary healthcare centers

2,300+

MEDICAL DEVICES

Cumulative spending over 2017-2021

$11 bn

Spending on capital equipment

$1.1 bn

Spending on consumables

$0.6 bn

Spending on patient aids

$0.2 bn

PHARMACEUTICAL

Cumulative spending over 2017-2021

$42 bn

Spending on patented drugs

$4.1 bn

Spending on generic drugs

$2.3 bn

Spending on OTC

$1.0 bn

1. Assumed to be 90% of the non-product healthcare expenditure (i.e. total healthcare expenditure excluding pharmaceutical and medical devices)
2. Ministry of Health
3. Data as of 2016/2017

Source: BMI, Ministry of Health (MoH), MOH Annual Statistical Book 1438H/2017G
Currently, healthcare service provisioning is largely centered on government facilities, with the focus mostly on acute care and the provision of episodic care. Through the transformation occurring in Saudi healthcare however, the Kingdom is seeking to bring care closer to the patient.

To decrease the burden of chronic diseases and to increase life expectancy further, Saudi Arabia will make significant investments in preventative care and wellness ecosystem worth $130 billion in: primary care centers, medical imaging, laboratories, hospitals and hospital commissioning, long-term care, rehabilitation, and home care.

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### SERVICE PROVISION MARKET SIZE

**Cumulative expenditure over 2017-2021**

- **2016**: $23 bn
- **2021**: $28 bn
- **Total**: $130 bn

---

### KEY INFRASTRUCTURE

- **MoH hospital beds**: 43,000+
- **Private hospital beds**: 17,000+
- **MoH primary healthcare centers**: 2,300+

---

### PPP OPPORTUNITIES

- Radiology
- Primary Healthcare
- Hospital commissioning
- Medical Cities
- Laboratories
- Long Term Care
- Home Care
- Rehabilitation

---

1. Assumed to be 90% of the non-product healthcare expenditure (i.e. total healthcare expenditure excluding pharmaceuticals and medical devices)
2. Public Private Partnership
3. Data as of 2016/2017

Source: BMI, Ministry of Health (MoH), MOH Annual Statistical Book 1438H/2017G
MEDICAL DEVICES

Currently, over 90% of medical devices in the Kingdom are imported. The Saudi market accounts for 55% medical devices expenditure in the GCC (Gulf Cooperation Council).

Cumulative government spending on medical devices from 2017-2021 will be worth approximately $11 billion.

**MEDICAL DEVICES MARKET SIZE**

Cumulative expenditure from 2017-2021

$11 bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1.9 bn</td>
</tr>
<tr>
<td>2021</td>
<td>2.4 bn</td>
</tr>
</tbody>
</table>

**CATEGORIES SPLIT**

- Capital Equipment: $1.1 bn
- Patient Aids: $0.2 bn
- Consumables: $0.6 bn

**LOCALIZATION OPPORTUNITIES**

- Medical beds and hospital furniture
- Orthopedic tools & trauma fixation devices
- Diabetes monitoring
- Drug delivery systems
- Disposable hospital supplies
- Chemical reagents
- Wound care consumables
- Dialysis consumables

*Source: BMI, Ministry of Health (MoH), MOH Annual Statistical Book 1438H/2017G*  
*Data as of 2016/2017*
Localizing the pharmaceutical industry is a key priority for the Saudi government as part of Vision 2030. Today, only 30% of pharmaceutical products are manufactured locally. The pharmaceutical market is worth approximately $8 billion, making it the largest pharmaceutical market in the GCC.

Cumulative government spending on pharmaceuticals from 2017-2021 will be worth $42 billion.

**PHARMACEUTICALS MARKET SIZE**

<table>
<thead>
<tr>
<th>Cumulative expenditure over 2017-2021</th>
<th>$42 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>7.4 bn</td>
</tr>
<tr>
<td>2021</td>
<td>9.3 bn</td>
</tr>
</tbody>
</table>

**KEY INFRASTRUCTURE**

<table>
<thead>
<tr>
<th>Patient Drugs</th>
<th>$4.1 bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic Drugs</td>
<td>$2.3 bn</td>
</tr>
<tr>
<td>Over the Counter</td>
<td>$1.0 bn</td>
</tr>
</tbody>
</table>

**LOCALIZATION OPPORTUNITIES**

- Oral solids
- Sterile injectables
- APIs
- Vaccines
- Biologics/ Biosimilars
- Plasma products
- Others

Source: MOH Annual Statistical Book 1438H/2017G
Data as of 2016/2017
SUCCESS STORIES

GE and Saudi Arabia have over 80 years of shared history. Today, GE healthcare employs 350 people including 100 field engineers.

We are very proud of the long term partnership GE has with the Ministry of Health and continue to look for opportunities to contribute to the Ministry’s mission of transforming the health system and improving patient outcomes. Our competencies are aligned with the strategy of the Ministry of Health and together, we aim to improve the Saudi healthcare infrastructure and drive efficiencies in health care expenditure.

Hisham Bahkali
President & CEO,
GE Saudi Arabia & Bahrain

Johns Hopkins Medicine’s first collaboration in Saudi was an affiliation with King Khaled Eye Specialist Hospital in 2010, bringing together two world leaders in treating and curing eye disease.

Johns Hopkins Medicine is happy to share its 127 years of healthcare expertise with its renowned partners in Saudi Arabia. The resulting collaborations have opened up great potential to address the most critical health challenges facing the Kingdom and the region.

Pamela D. Paulk, M.S.W., M.B.A.
President & CEO,
Johns Hopkins Medicine International
3M has been in the Kingdom of Saudi Arabia since the 1980s and the company now provides technical support to its customers across diverse industry.

“3M has plans to continue to increase our localization effort in Saudi Arabia. As a global leader in developing innovative solutions, our goal is to play an important role in the Kingdom’s effort to diversify its economy through knowledge and technology transfer. We will work closely with the Saudi government to enhance our manufacturing investment plans, invest in specialized research and development centers, and create high-value, technically sophisticated jobs.”

H. C. Shin
Executive Vice President for International Operations 3M

Baxter has been contributing to quality healthcare in Saudi Arabia for 50+ years. It started a JV with Olayan in 2009 to set up a full-edged manufacturing plant to produce renal and IV products.

“We are proud to deliver products and services directly to patients at home. Baxter is focused on providing renal patients the best possible life by elevating the standards of care. Baxter is committed to addressing the individual needs of patients by supporting greater access to innovative renal care products, therapies, and services to the Ministry of Health and proposes to save billions for the Ministry by prioritizing PD Therapy over HD in line with global trends.”

Mohammed Khalil
General Manager of Baxter Limited Liability Company
SUCCESS STORIES

Established in 1986, SPIMACO is a Saudi company having multiple international partnerships with reputed healthcare players like GSK, Bayer, Eli Lilly, Sanofi and MSD.

SPIMACO has been, and is still, implementing its strategic plan by focusing on key sectors in the pharmaceutical industry as well as research and development. In addition, SPIMACO Pharmaceutical has established many alliances and partnerships in the field of pharmaceutical products to protect and enhance its competitive advantage.

Saleh bin Mnayel Al Khalaywi
Chairman of SPIMACO Pharmaceutical Company

GSK entered the Kingdom in 1950 and today boasts of 9 offices across the country with 1 manufacturing site, employing 480 people.

In Saudi Arabia, we truly value our partnership with the Ministry of Health with whom we share a common set of values and healthcare vision. As an investor and longstanding partner of KSA we look forward to continuing our good cooperation and support the Saudi Government’s agenda on manufacturing, research and healthcare. There has never been a greater demand worldwide for better healthcare and we remain committed to playing our role to address local needs.

Andrew Miles
Vice President and General Manager GCC GSK

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Vice President and General Manager GCC GSK
Sanofi has operated in Saudi Arabia for over 50 years. In 2014, Sanofi opened a new plant at the King Abdullah Economic City with over 400 employees, 66% of whom are women.

The Saudi market is a strategic market for Sanofi and KAEC is the perfect place to have our facility. Its strategic location, the facilities the city offers; (King Abdullah Port) which will ease Sanofi’s importation and exportation processes; the ease of governmental processes and the benefits a foreign direct investor as Sanofi can get due to the proximity of ECAs offices in the city which is a one-stop-shop for all the government related formalities.

Ahmed Serag
KSA General Manager Country Chair, SANOFI
Saudi General Investment Authority is the Kingdom’s investment promotion agency. Our priorities are to attract and develop foreign investment, enhance the nation’s investment climate, increase the ease of doing business, and eliminate obstacles from investors’ journey.

To discover the countless opportunities, across major economic sectors, that Saudi Arabia has to offer:

**CONTACT US NOW**

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