

# HOME HEALTHCARE

## INVESTMENT OPPORTUNITY SCORECARD

### HEALTHCARE AND LIFE SCIENCES

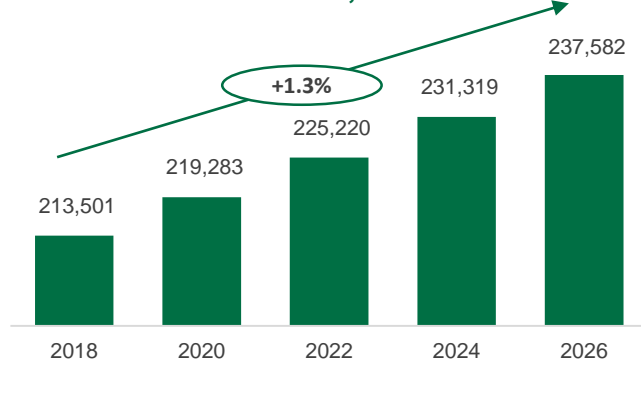
APRIL 2021



**OPPORTUNITY'S DESCRIPTION:** Building and providing home healthcare services to 10,000 active home healthcare patients to be delivered over 5 years

### DEMAND

#### KSA MARKET SIZE, # PATIENTS



#### INVESTMENT HIGHLIGHTS

- Expected investment size: USD 13.3 Mn
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)
- Expected IRR: 14%
- Expected payback period: 5 years

### INVESTMENT OVERVIEW

#### VALUE PROPOSITION

- KSA has a solid foundation for its healthcare sector through well established ecosystem and incentive schemes for foreign players entering the local market
- KSA is the largest spender on healthcare across the MENA region. The 2019 budget allocated more than USD 45.86 Bn for Health and Social Development
- In line with Saudi Vision 2030, Saudi government seeks to improve the quality of healthcare services and facilities while optimizing available resources thereby boosting opportunities for increased private sector participation
- Opportunity to cater large, unmet demand of home healthcare services due to growing and ageing population and increasing rate of disability and accidents

#### KEY DEMAND DRIVERS

- Increasing need for chronic healthcare, especially to tackle \*Alzheimer's, \*Dementia, Parkinson's and Multiple Sclerosis conditions among the growing elderly population (3.4% are 65 yrs+ in 2019 vs forecast of 17.2% in 2050)
- With growing Saudi population and increased life expectancy of both females and males, it is expected that 250,000 Saudi citizens will need home healthcare services by 2030
- Increasing care intensive lifestyle diseases in KSA (7.1 mn people in 2020 vs forecast of 9.5 in 2030) to increase secondary diseases leading to home healthcare such as heart attacks
- 7% of the total Saudi population is classified as disabled and it is expected to grow by 1.3% p.a. between 2020-30 which will drive the need for home healthcare services

### MARKET OVERVIEW

#### MARKET READINESS AND COMPETITOR ANALYSIS

- Few home healthcare services providers exist in Saudi Arabia

#### SOME KEY PLAYERS



#### GLOBAL TRENDS

- The global home healthcare market size was valued at US\$ 167.3 billion in 2020 and anticipated to grow at a CAGR of 8.65% until 2030<sup>1</sup>
- Ageing population and increased patient preference for value-based healthcare are anticipated to fuel market growth
- The increasing prevalence of chronic diseases among the elderly is another major factor contributing to market growth



# HEALTHCARE AND LIFE SCIENCES HOME HEALTHCARE

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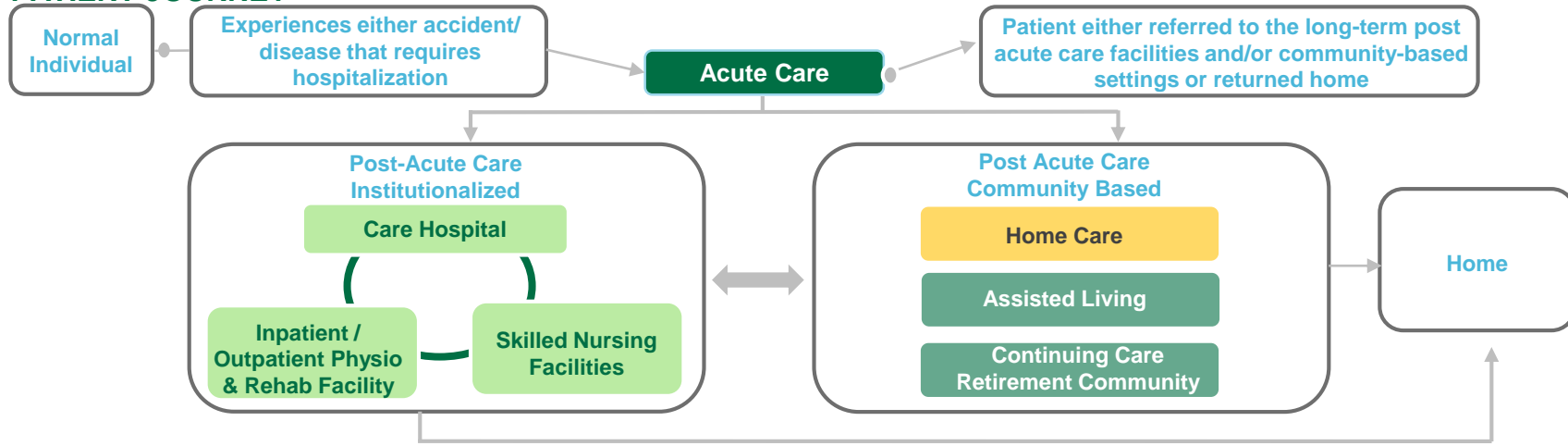
## SUPPLY

### SCALABILITY AND LOCALIZATION

- Strong local demand, favorable regulatory ecosystem and ability to provide cost competitive services create scope for localizing home healthcare services in KSA
- KSA has a competitive cost advantage in providing healthcare services over regional peers: ~15% lower costs for specialized staff, ~10% lower costs for rentals and purchase of land and ~15% lower CAPEX for healthcare equipment
- Saudi Commission for Health Specialties (SCFHS) is working to develop healthcare standards through designing and organizing health training programs; promote medical research and education; and achieve sustained professional development in the KSA

Grade: Low Medium High

### PATIENT JOURNEY



### KEY STAKEHOLDERS



INVEST SAUDI

Cost of doing business is not specific for home healthcare services  
Sources for Cost of Doing Business: EIU, World Bank

## ENABLING FACTORS

### ENABLERS

- Up to 50% tax credit on Saudi national worker's payroll and training cost for 10 years
- HRDF covers monthly salaries for 30-50% of Saudi employees (extra 10% for females) for 2 years, provided it does not exceed USD 4,000
- On-the-job training program for Saudi nationals under Tamheer program

### COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Ease of getting credit (0 – 100)	50
Business model creation (1 – 7)	5.1
Global Entrepreneurship Index (1 – 100)	48
Productivity adjusted wages	\$3.3 /hour
Electricity tariffs	\$48 /MWh

Bottom 25% Top 75% Top 50% Top 25%

# DEFINITIONS

#	SCORECARD SECTION	DEFINITIONS
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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