

Long Term Care

INVESTMENT OPPORTUNITY SCORECARD

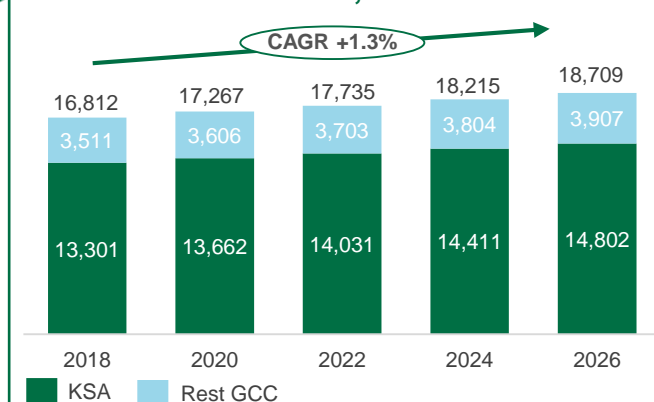
HEALTHCARE AND LIFE SCIENCES

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OPPORTUNITY'S DESCRIPTION: Building facilities for providing long-term care (LTC) services with a total capacity of 1,000 beds over five-years

DEMAND

MARKET SIZE, USD Mn



INVESTMENT HIGHLIGHTS

- Expected investment size: more than USD 300 Mn
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)
- Expected IRR: 12%

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 Vision 2030, KSA is planning to boost the number of hospital beds for long-term care patients in the country. Government's Vision 2030 and NTP focuses on healthcare development through Ministry of Health (MoH) and Private Sector Participation (PSP) using PPP Model
- There is an opportunity to capitalize upon government's focus by establishing flagship units in major cities and later expanding to semi-urban locations in KSA

KEY DEMAND DRIVERS

- Many acute care treatment beds in hospitals are occupied by LTC patients, creating a burden on availability of beds
- 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% in 2050)
- Saudi demand for LTC is expected to reach ~18,000 beds in 2030 due to growing incidences of lifestyle diseases such as diabetes, obesity and hypertension and increasing number of people with disabilities due to accidents and strokes

MARKET OVERVIEW

MARKET READINESS AND COMPETITOR ANALYSIS

- There are five licensed LTC service providers in KSA, out of which only one player is from foreign origin

COMPETITOR ANALYSIS



GLOBAL TRENDS

- Global long term care market size is expected to reach USD 1.7 Tn by 2027, increasing at a CAGR of 7.1% since 2020
- Global population of people aged 65 years and above was 703 million in 2019. The number of elderly people is projected to double by 2050 to reach 1.5 billion
- Growing number of traffic accidents and sports injuries, increasing disabilities among the geriatric population around the world are poised to drive long term care global market

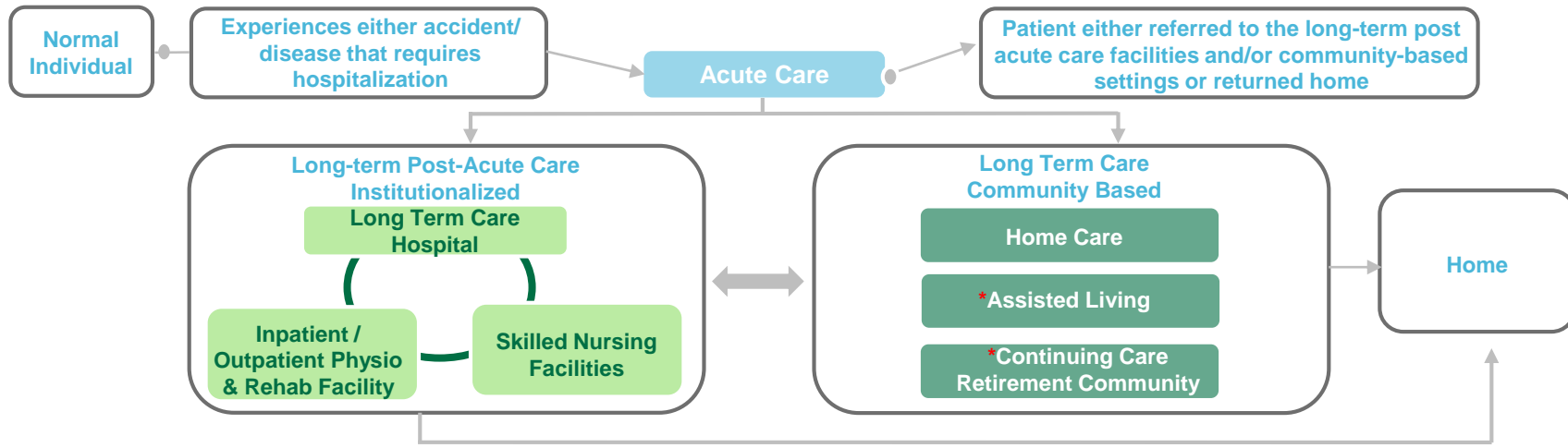
SUPPLY

SCALABILITY AND LOCALIZATION

- Strong local demand, favorable regulatory ecosystem and ability to provide cost competitive services create scope for localizing long-term care 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
- The LTC industry is well regulated in KSA and Ministry of Health (MoH) has introduced requirements for opening new LTC centres focusing on number of medical devices, quality of services and medical staff, including doctors and pharmacists among others

Grade: Low Medium High

PATIENT JOURNEY



KEY STAKEHOLDERS



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

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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