

# MENTAL HEALTHCARE AND DRUG ADDICTION

## INVESTMENT OPPORTUNITY SCORECARD

### HEALTHCARE AND LIFE SCIENCES

APRIL 2021

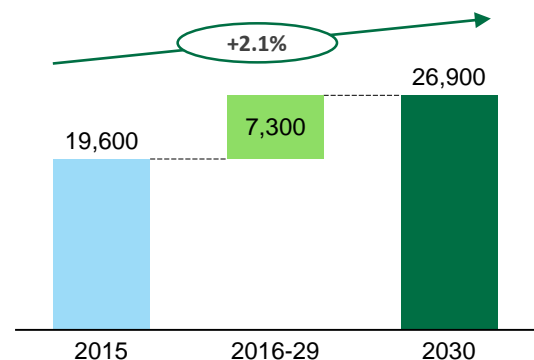


# MENTAL HEALTHCARE AND DRUG ADDICTION

**OPPORTUNITY'S DESCRIPTION:** Building and providing mental healthcare and drug addiction services with a total capacity of 1,000 beds over five-years

## DEMAND

### KSA MARKET SIZE, # OF BEDS



### INVESTMENT HIGHLIGHTS

- Expected investment size: USD 400 Mn
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)
- Expected IRR: 12%
- Expected payback period: 8 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 mental healthcare and drug addiction services due to growing and ageing population and increasing rate of drug abuse

### KEY DEMAND DRIVERS

- The current demand for beds (19,600) is exceeding supply of beds (4,000 beds) by almost 4 times
- There is increasing mental health awareness and accessibility, which will lead to increased demand for services
- Rise in per capita healthcare expenditure (\$ 1,279 in 2020) and prevalence of mental disorders in KSA (with 35%-50% of population experiencing at least one mental disorder in their lifetime) are key factors contributing to market growth
- Medical conditions, drug withdrawal and stressful events lead to increased anxiety and depression (accounting for more than 70% of mental health disorders in KSA)

## MARKET OVERVIEW

### MARKET READINESS AND COMPETITOR ANALYSIS

- Few mental healthcare and drug addiction services providers exist in Saudi Arabia

### SOME KEY PLAYERS

**Eradah (Al Amal) Mental Health Complex**

**Taif Mental Health Hospital**

**KAAUH Developmental Hospital**

### GLOBAL TRENDS

- The global substance abuse and mental health facilities market was valued at \$73.73 billion in 2020 and is expected to reach \$95.77 billion in 2025 growing at a CAGR of 5.4%<sup>1</sup>
- North America was the largest region in the global substance abuse and mental health facilities market, accounting for 63% of the market in 2020
- Increasing awareness about substance abuse management, advancement in the mental health and advanced in the behavioral health software solutions and improvement in the healthcare infrastructure is expected to drive market growth



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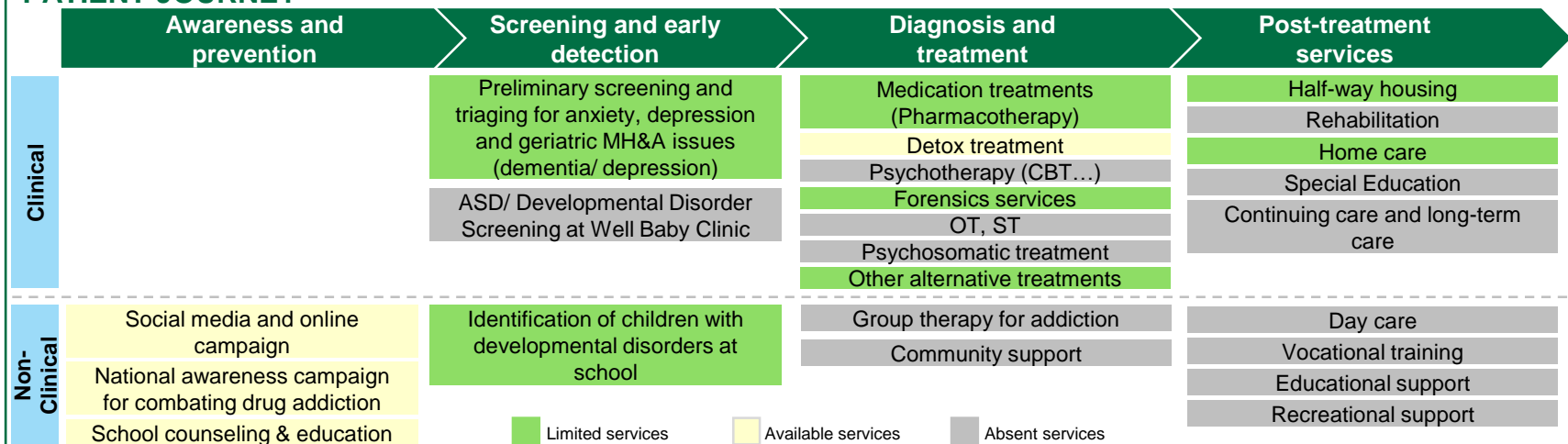
## SUPPLY

### SCALABILITY AND LOCALIZATION

Grade: Low Medium High

- 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 Ministry of Health has established Mental Health (MH) taskforce and has developed system strategy for MH tertiary care. It has also initiated plan to establish entity to oversee implementation of Mental Health & Addictions programs and initiatives
- The Ministry of Health has developed and started implementing PHC trainings for MH management

### PATIENT JOURNEY



### KEY STAKEHOLDERS



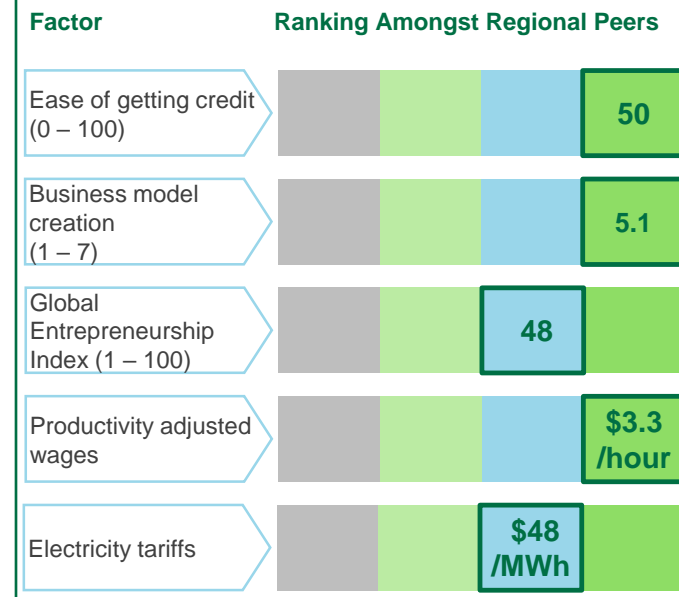
Cost of doing business is not specific for mental healthcare and drug addiction services  
 Sources for Cost of Doing Business: EIU, World Bank

## 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



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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