

Bupa Arabia
FY 2016 Performance Update

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Saudi Insurance Market	5
Bupa Arabia Performance Overview	11
Competitive Positioning	19

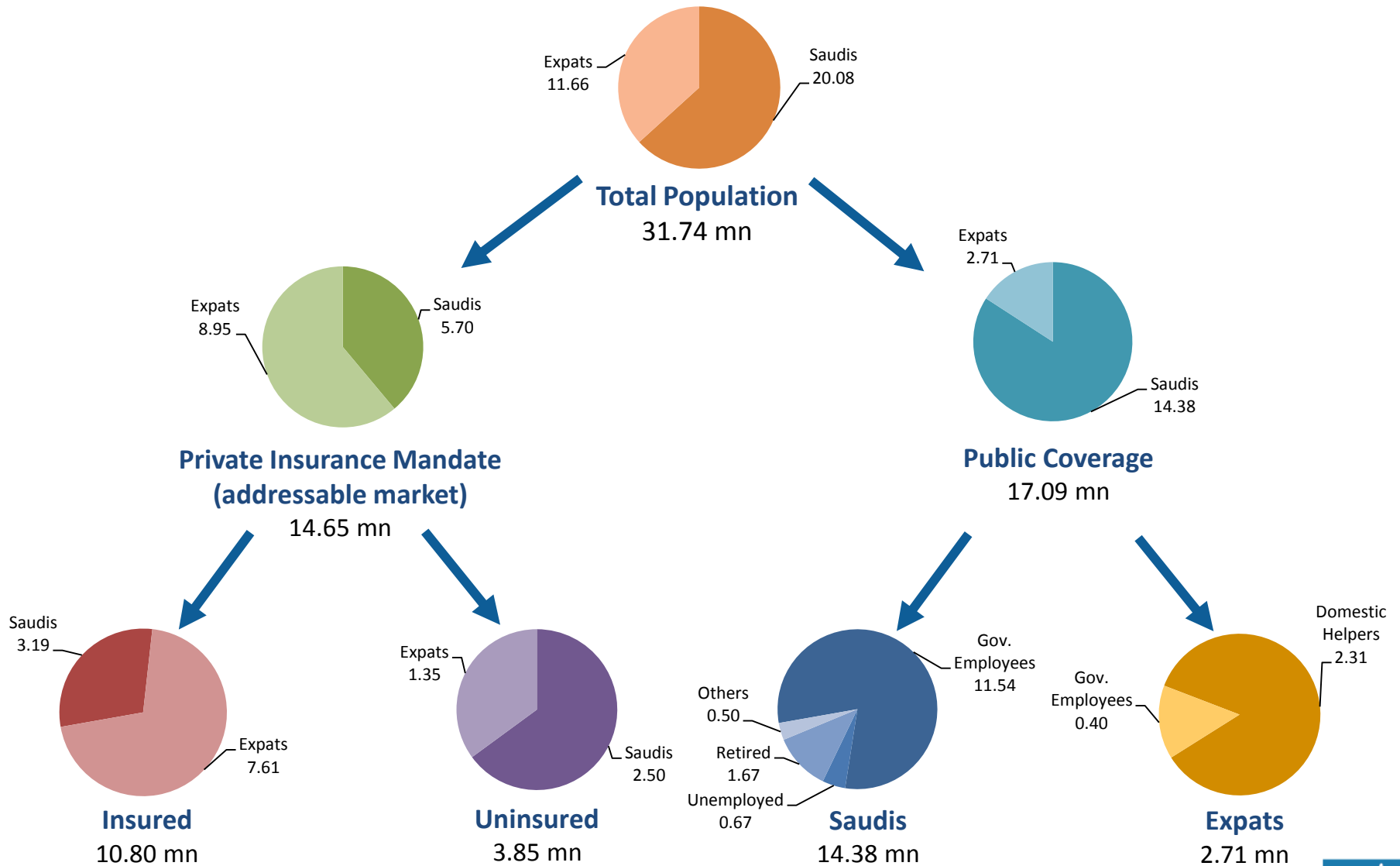
Sell Side Research Analyst Coverage

Company	Analyst	Recommendation	Price (SR)
EFG-Hermes	Murad Ansari	Buy	155.0
Arqaam Capital Limited	Jaap Meijer	Hold	146.9
HSBC	Ankur P Agarwal	Buy	148.0
Renaissance Capital	Balram Ramesh	Outperform	153.0
Alistithmar Capital	Mazen Al-Sudairi	Neutral	110.0
Aljazira Capital Co	Talha Nazar	Overweight	137.6
CI Capital	Monsef Morsy	Overweight	152.0

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Private Medical Insurance Market Potential



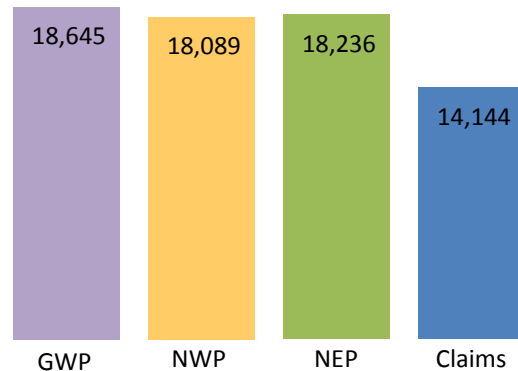
Source: GOSI, MOL, CCHI, GASTAT and Bupa Arabia estimates

Gross Written Premiums (GWP) & Health Performance

Total Insurance & Health Segment Performance (SR mn)

GWP (SR mn)	2011	2012	2013	2014	2015	2016	Q4 2015	Q4 2016
Total Insurance Market	18,704	20,486	24,993	30,260	36,395	36,744	7,953	7,781
Health Insurance Market	9,802	11,154	12,927	15,789	18,891	18,645	4,349	4,447
Bupa Arabia	1,993	2,194	3,177	5,740	7,328	7,939	1,100	1,086
Bupa's Market Share Total Insurance Market	11%	11%	13%	19%	20%	22%	14%	14%

FY 2016 Health Insurance Market Performance (SR mn)



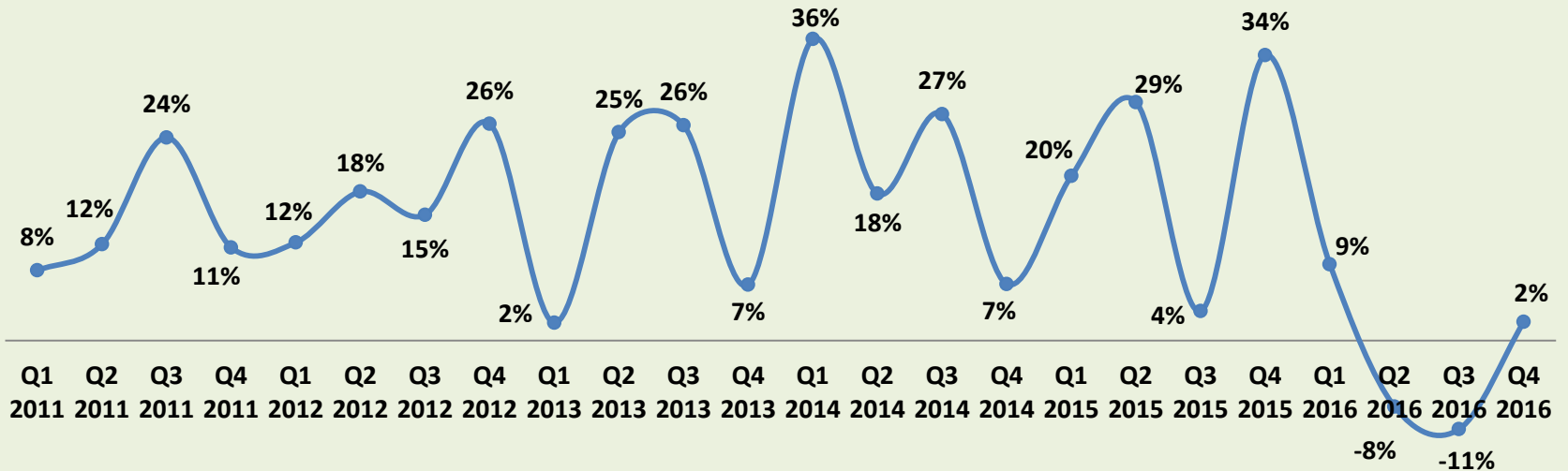
GWP: Gross Written Premiums
NWP: Net Written Premiums
NEP: Net Earned Premiums

- Bupa Arabia's Q4 GWP was flat, and for FY grew by 8% YoY
- Bupa Arabia's CAGR between 2011-2016 is 32%
- Health insurance market CAGR between 2011-2016 is 14%
- Bupa Arabia's 2016 market share closed at 22% of the total insurance market
- Health insurance market constitutes 51% of Saudi Arabia's total insurance market

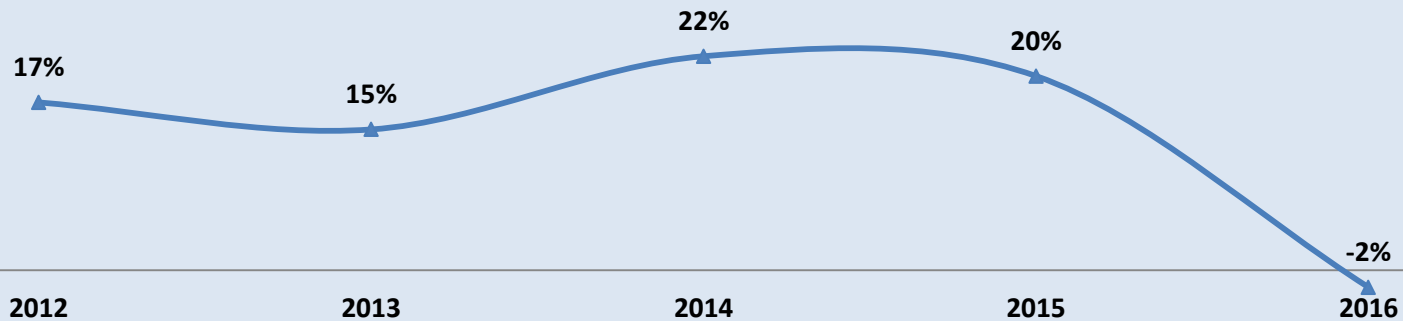
Source: respective insurance companies' Q4 2016 filings

Market GWP Growth - Health Insurance Market

Year on Year

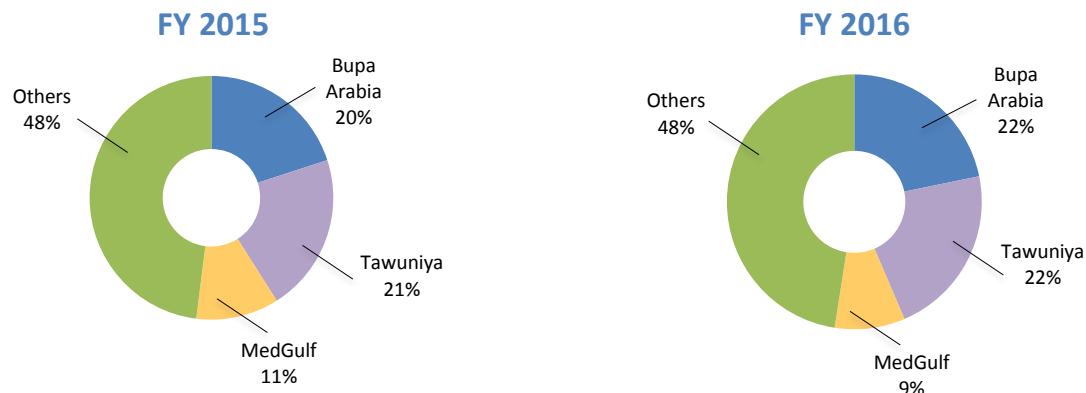


Rolling 12 month



Market Share in GWP

Market Share Breakdown – Total Insurance Market



- Bupa Arabia market share increased by 1.5% in FY 2016 compared to FY 2015, despite total market growing by only 1%
- Others (31 companies) market share is 48%

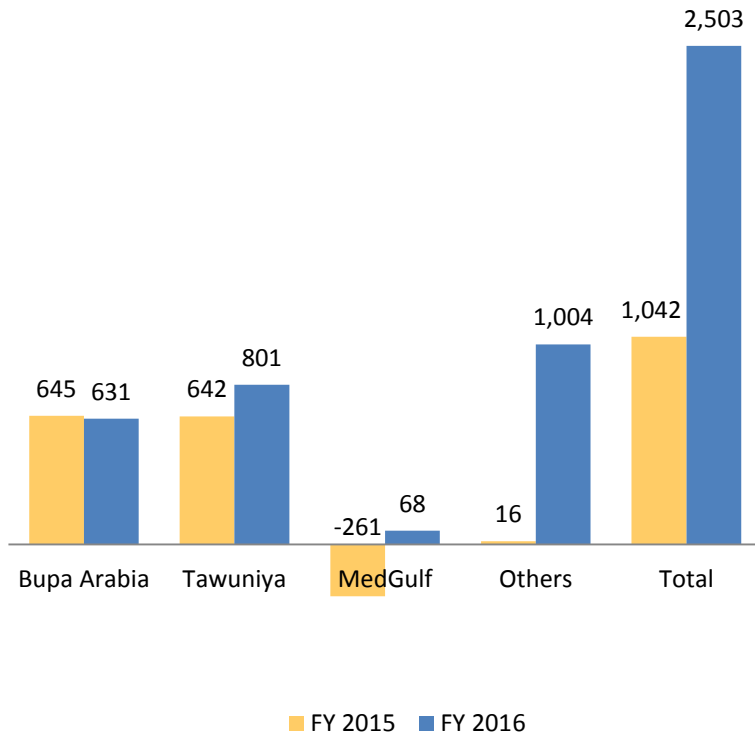
GWP and Loss ratio – Health Segment

(SR mn)	FY GWP – Health Segment			2015/2014 Growth	2016/2015 Growth	FY Loss Ratio – Health Segment		
	2014	2015	2016			2014	2015	2016
Bupa Arabia	5,740	7,328	7,939	28%	8%	79%	77%	81%
Tawuniya	4,155	4,913	5,231	18%	6%	81%	77%	80%
MedGulf	2,974	2,811	2,267	-5%	-19%	86%	91%	87%
Others	2,919	3,909	3,208	34%	-18%	67%	65%	59%
Total	15,789	18,961	18,645	20%	-2%	79%	78%	78%

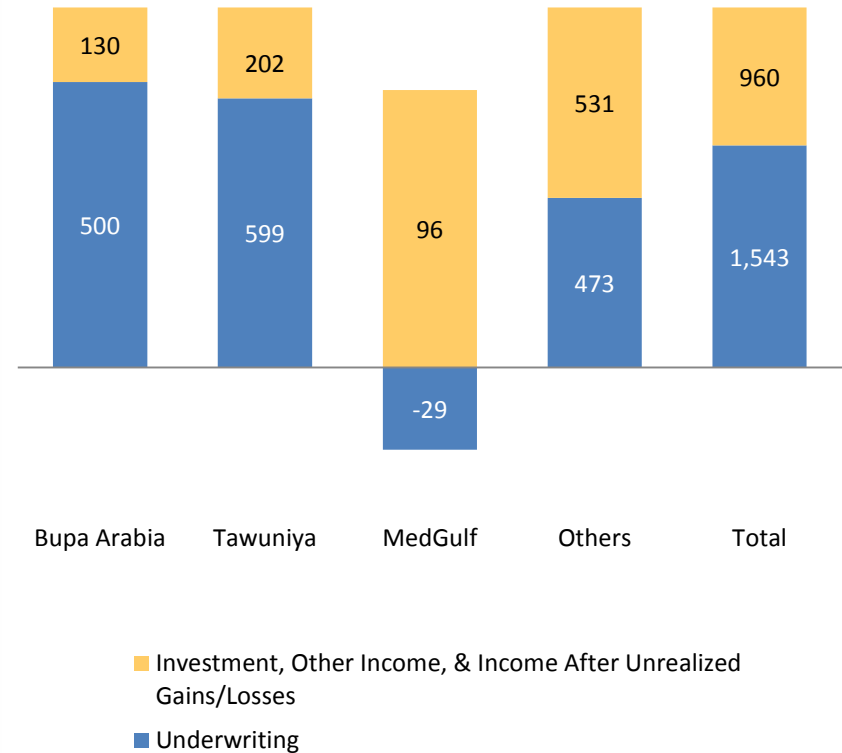
Source: respective insurance companies' Q4 2016 filings

All Insurance Lines Performance – FY 2015- 2016 (SR mn)

All Lines Net Income (Pre-Zakat/Tax)



2016 All Lines Income: Net of Unrealized Gains/Losses



Source: Bloomberg and respective insurance companies' Q4 2016 filings

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Key Financial Metrics

(SR mn, unless otherwise indicated)	Q4 2016	YoY	FY 2016	YoY
GWP	1,086	-1%	7,939	8%
Net Earned Premium (NEP)	1,982	9%	7,667	14%
Contribution	317	-15%	1,489	-3%
<i>Loss Ratio¹</i>	<i>84%</i>	<i>6%</i>	<i>81%</i>	<i>4%</i>
Operating and Other Expenses	169	7%	923	11%
Investment & Other income	63	288%	130	577%
Earnings before Zakat & Tax	193	-8%	631	-2%
EPS (SR)	2.42	-8%	7.90	-2%

¹ A negative YoY change is favorable

Non-Operating Performance FY 2012-2016

(SR mn)	2012	2013	2014	2015	2016
Operating Profit	91	128	317	664	536
Investment & Other income	23	27	30	19	130
Bad Debt Provision (BDP)	20	-9	-26	-39	-35
Non-Recurring Items	0	1	-19	0	0
Earnings before Zakat & Tax	134	147	301	645	631
Operating Profit Margin	4.3%	4.9%	6.9%	9.9%	7.0%
EBT Margin	6.3%	5.6%	6.6%	9.6%	8.2%

Note: Margins are based on NEP

Cost Structure - % of NEP

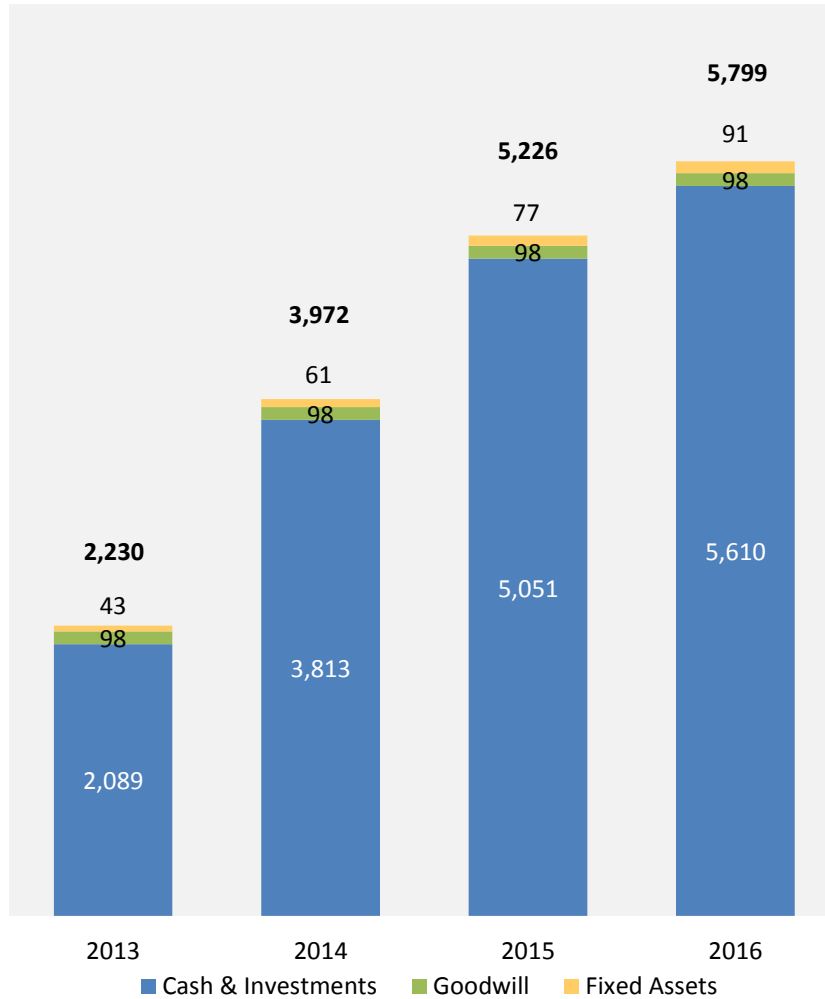
(SR mn)	FY 2014	FY 2015	FY 2016
Commissions	2.7%	2.4%	2.4%
Levies/ Brand Fees	2.1%	1.9%	1.8%
Marketing/ Fulfillment	0.7%	0.9%	0.5%
Total Acquisition Cost	5.4%	5.2%	4.7%
Staff Cost	6.2%	5.1%	5.1%
Other Expenses	2.1%	1.4%	1.8%
Total Expenses (Excluding Co-op Distribution & BDP)	13.7%	11.7%	11.6%

Note: the cost figures are adjusted, hence they don't reconcile with the reported financial statements

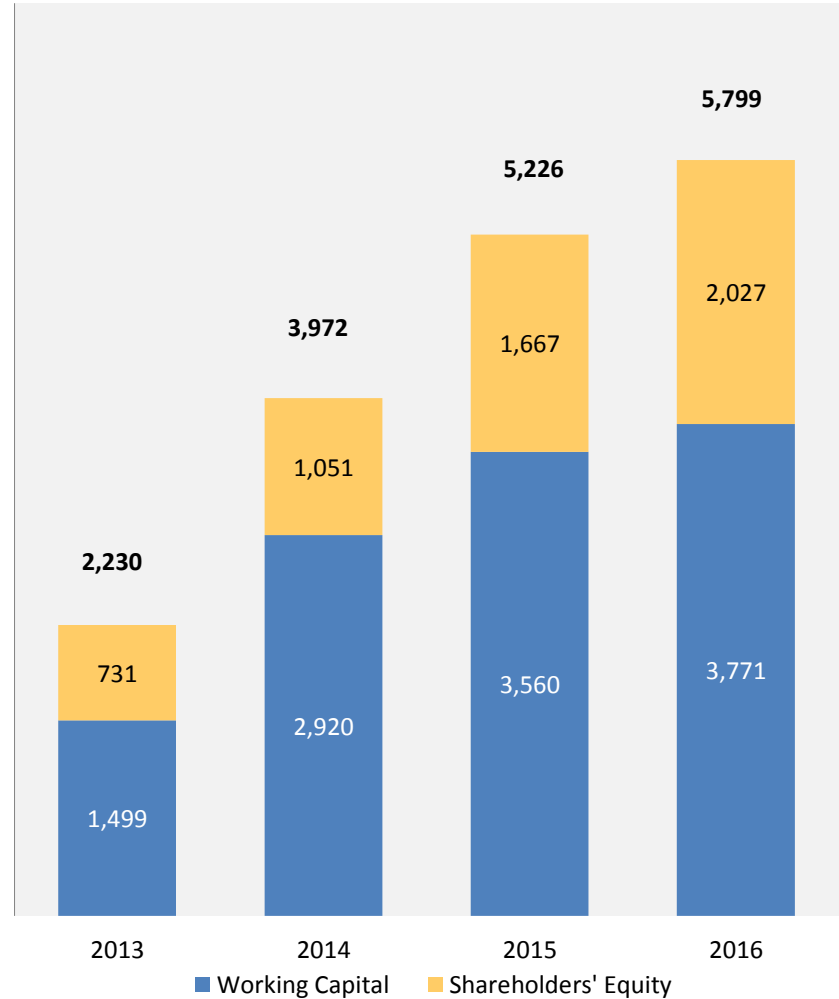
- On a GWP basis, acquisition costs are at 4.4% in 2014, 4.8% in 2015 and 4.6% in 2016

Balance Sheet Summary 2013-2016 (SR mn)

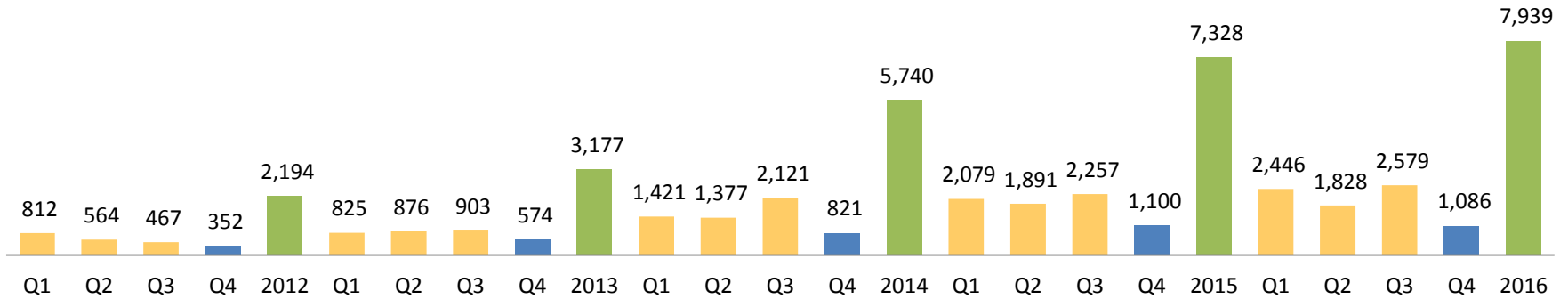
Assets



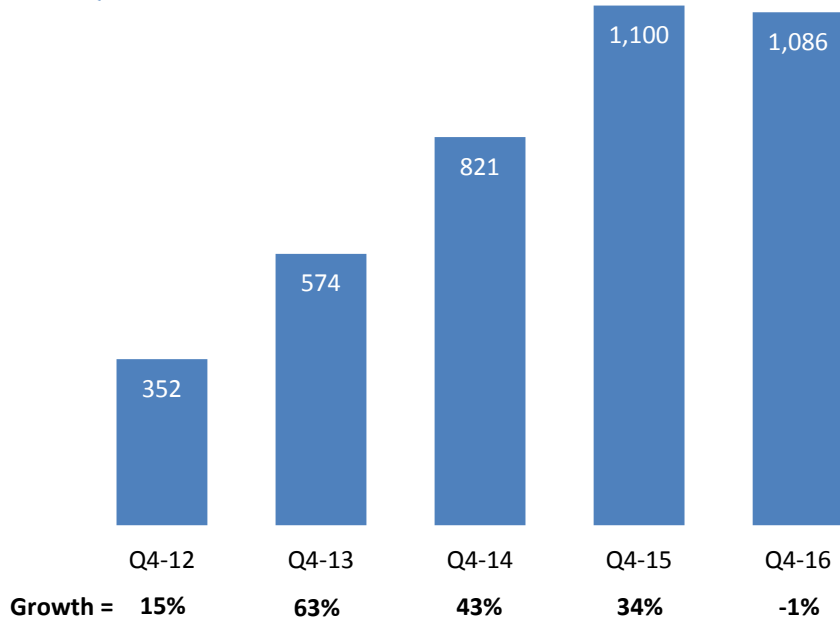
Working Capital / Shareholders' Equity



GWP Trend (SR mn)

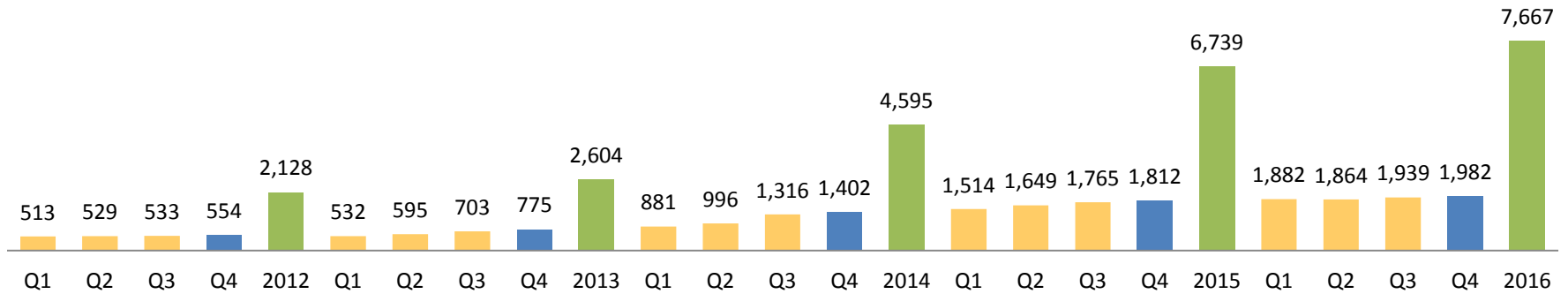


Q4 GWP YoY Growth

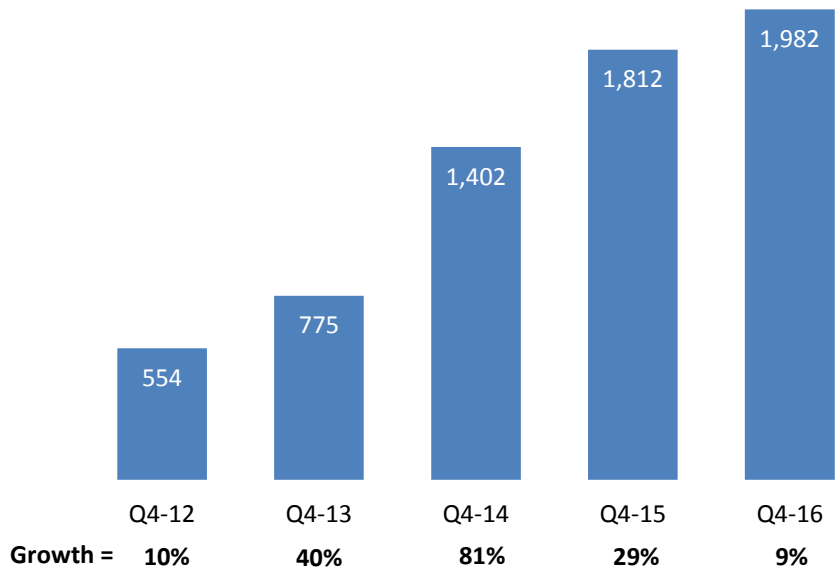


- GWP CAGR is 33% for period Q4 2012 – Q4 2016 and 38% for period FY 2012 – FY 2016
- GWP was flat in Q4 2016 YoY

NEP Trend (SR mn)

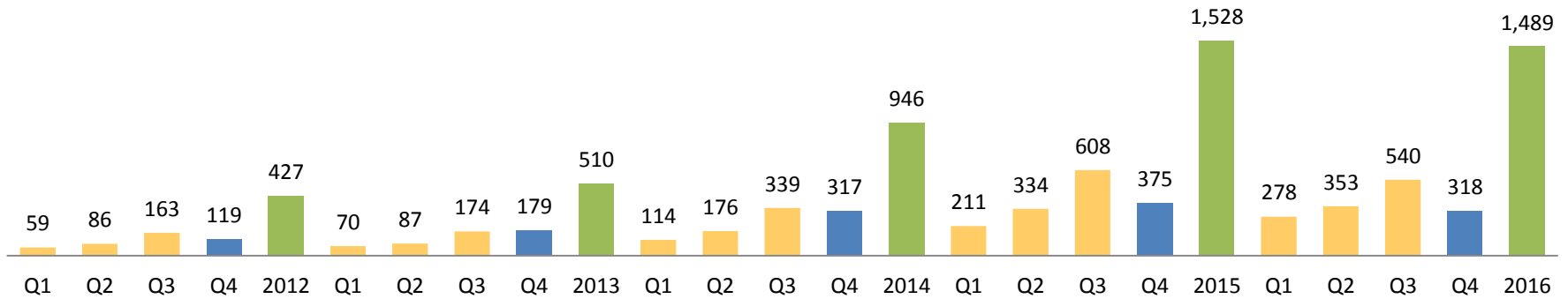


Q4 NEP YoY Growth

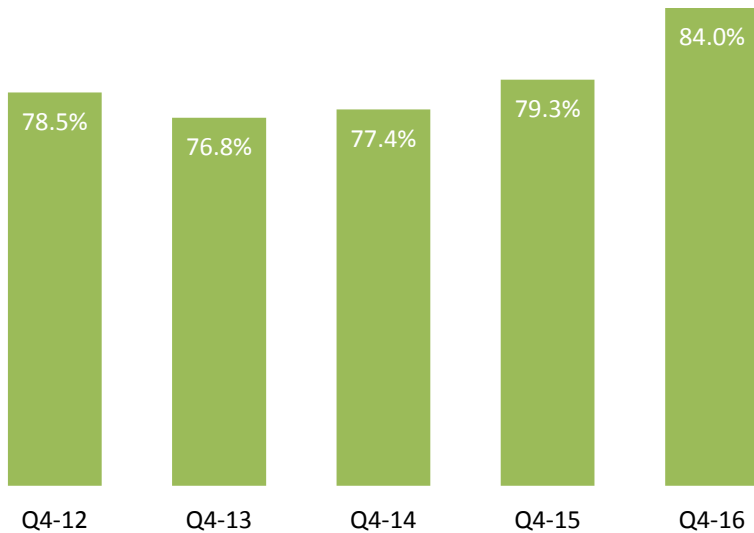


- NEP CAGR is 38% for period Q4 2012 – Q4 2016 and 38% as well for period FY 2012 – FY 2016
- NEP grew by 9% in Q4 2016 YoY

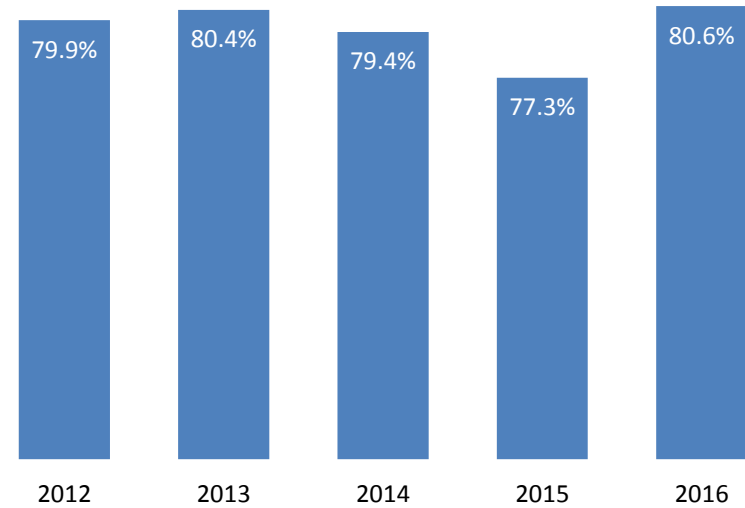
Contribution Trend (SR mn)



Q4 Loss Ratio



FY Loss Ratio



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Bupa Arabia - Past, Present and Future

The Past:

A Health Insurance
Pioneer in KSA

- One of the first health insurers in KSA
- A leader in the fight for enforcement of expatriate health cover
- Superior service and real differentiation for customers

The Present:

Leading the Health
Insurance Market
Through Change

- The most efficient in a growing market
- Systematizing and continuous improvement in core processes
- Creating real differentiation on superior service and by offering customers unique healthcare expertise

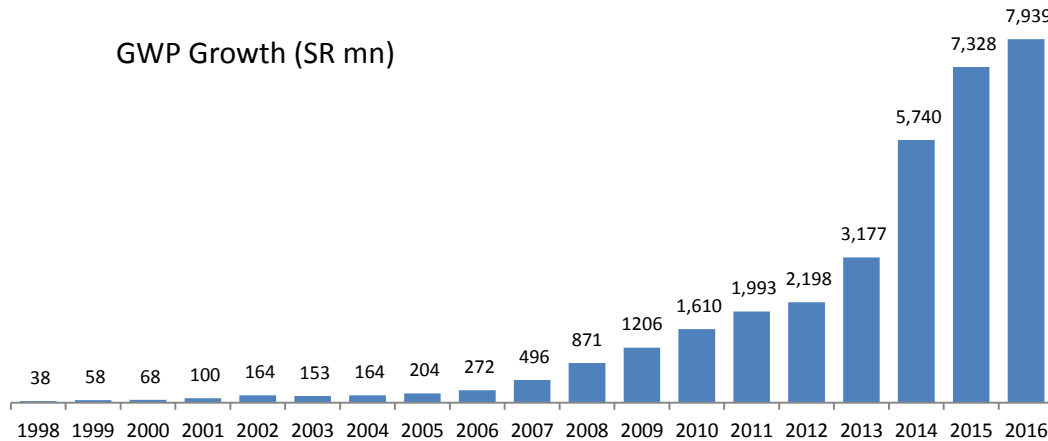
The Future:

The Arab World's
Foremost Healthcare
Partner

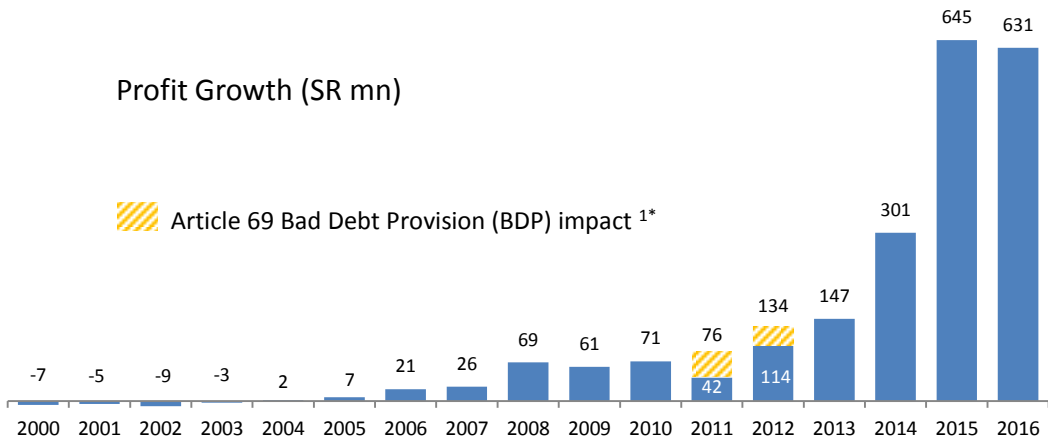
- Bupa Arabia will be the greatest healthcare company in the Arab world

What We've Achieved, Financially

GWP Growth (SR mn)



Profit Growth (SR mn)



- BUPA Middle East (BME) was incorporated in 1997 as a JV between Bupa Group and Nazer Group
- In 1999, a Royal decree mandated PMI for non-Saudis
- In 2006 this was linked to visa renewal, igniting industry and BME growth
- In 2008, BME changed from a JV to a public company and changed its name to Bupa Arabia. Bupa and the Nazer Group each own 26.25%, the remainder is owned by the public
- In 2010, Bupa Arabia reached 1 million members
- The largest health insurer (by GWP) in Saudi Arabia
- In 2013, Bupa Arabia reached 2 million members
- In 2014, It became the most profitable insurer (retained profit) in Saudi Arabia and had the biggest market share in the Medical Insurance

¹ Profit fluctuation in 2011 and 2012 is due to BDP treatment in line with interpretation of Article 69, where a BDP provision of SR34mn was taken in 2011 and BDP recovery of SR20mn was made in 2012

* SAMA's interpretation of Article 69 enforces a BDP charge calculation based on policy inception date as opposed to invoice date

Achievements & Awards

Our services have set industry standards

We have been recognized by various organizations for our value added benefits to our customers in 2016

<h3>International Awards</h3>	<ul style="list-style-type: none"> • “Best Corporate Company for Investor Relations” by Investor Relations Awards • “Insurance company of the Year” by Arabian Business • “Best Insurance company” by Global Business Outlook Awards • Ranked 75th Strongest Company in GCC by Forbes • Ranked 3rd fastest growing company in GCC by Insight Discovery & Marmore MENA Intelligence • 1st in Saudi (Insurance) & 22nd Worldwide (Overall) by increase in net profits for 2016 by CPI Financial – Leaders in Islamic Finance • 1st in Saudi (Insurance) & 28th Worldwide (Overall) by change in assets for 2016 by CPI Financial • 1st in Saudi (Insurance) & 34th Worldwide (Overall) by change in liabilities for 2016 by CPI Financial • 2nd in Saudi (Insurance) & 6th Worldwide (Overall) by change in income for 2016 and 2nd in Saudi Arabia (Insurance) & 24th Worldwide (Overall) by income for 2016 by CPI Financial • Ranked 1st most attractive insurance employer for university students in Saudi Arabia by Universum • Ranked 2nd Best CEO in Saudi Arabia & 10th Best CEO in the GCC by INSEAD business school & TRENDS business • 4th in Saudi Arabia in The Top Buzz Rankings for Financial Services & Insurance brands for 2016 by YouGov
<h3>KSA Awards</h3>	<ul style="list-style-type: none"> • “7th rank in Great Place to Work award” by Great Place to Work Survey • 1st place in the “Most Women Friendly Employer” by the Human Resources Development Fund (HRDF) • 2nd place for the “Excellence in Learning & Development” category by the Human Resource Development Fund (HRDF) • 37th rank amongst the best 100 companies in Saudi by Al-Eqtisadeya • Ranked 1st Leader of the insurance sector in Saudi Arabia for 2015/16 by Albilad Capital
<h3>Honors</h3>	<ul style="list-style-type: none"> • Honoring award from, Princess Adelah Bint Abdullah Al-Saud, for our Training and contribution with the Home Healthcare Foundation • Honoring award from Ministry of Social Affairs presented by “Deputy Governor Prince Saud Bin Abdullah Bin Jalawi”, for our leadership role in orphan’s healthcare • Honoring award by Ministry of Health, for sponsoring the 2nd Saudi Health Administration Annual Conference

The Bupa Arabia Strategy

Bupa Arabia is the greatest healthcare company in the Arab world. It is designed to deliver on its purpose. When it touches you, whether you are an employee, a customer or a community member, you will live a longer, healthier, happier life. We have written history.

A healthcare partner to millions more people



Health insurance that leads the market in unlocking access to high-quality healthcare

Provision (e.g., clinics and hospitals) sufficient to shift the industry to a patient-centric, outcomes-focused paradigm

Partnerships to tackle the most pressing healthcare needs

■ Healthcare Partner

People love working at Bupa because of our amazing culture



We are leaders in all we do

We have an innovative and caring culture

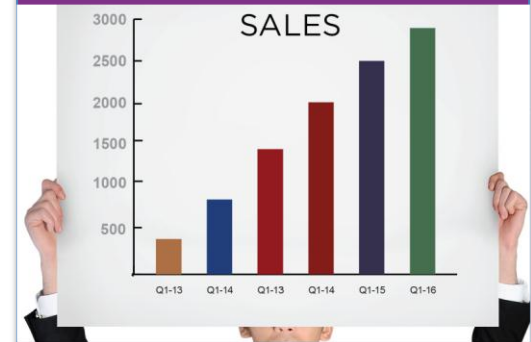
We are loved by customers

We have amazing talent

We consistently act according to our values

■ Love Working at Bupa

Extraordinary business performance



■ Extraordinary Performance

Investment in Competitive Advantages



Key Business Achievements:

- Nesma and Partners Contracting Co. (Oct 2015)
- Al Rajhi Bank (Jan 2014)
- Abdullatif Jamil Group (Jan 2014)
- The Savola Group-Panda (Jan 2014)
- SABIC (July 2014)
- Opened regional office in Riyadh in 2014, grown headcount significantly.
- New Healthcare Operations department:
 - 2014: 800k lives touched
 - 2015: 1.5mn lives touched
 - 2016: 3.5mn lives touched
- Launched Bupa World in Riyadh (Oct 2014)
- Football partnerships (July 2014)
- Opened new claims department in Jeddah (Jan 2016)



Bupa Group - International Strength

Total Countries sold to: 190 Total Revenue: £ 9.8 bn(As of Dec 2015). Total employee headcount 84K.

- Insurance businesses
- Provision businesses
- Integrated health services



We're Better, Because of Our World Class Service

World Class Customer Service



- We transformed our call centre into a medical call centre by embedding doctors and nurses
- We have the best customer care and VIP unit handling end to end issue resolution
- We have our own command centre to monitor the customer in-hospital experience live

Unparalleled Point of Care Attention



- We have very dedicated in-hospital teams ensuring resolution with the Insurance office and Bupa HQ
- We have Bupa Arabia doctors working in hospitals to ensure better healthcare outcomes for our members
- We have a professional, experienced provider relationship team to ensure the best relationship with providers

Tebtom: Surrounding you with Care

A set of unprecedented and unique healthcare services that transcend regular healthcare coverage

رعاية مرضى السرطان
Cancer Care



طبيب بوبا
Bupa Doctor

رعاية المسنين
Elderly Care



طبتوم
Tebtom



الاستشارات الدولية
International Second
Medical Opinion

رعاية الأمراض المزمنة
Chronic Diseases Care

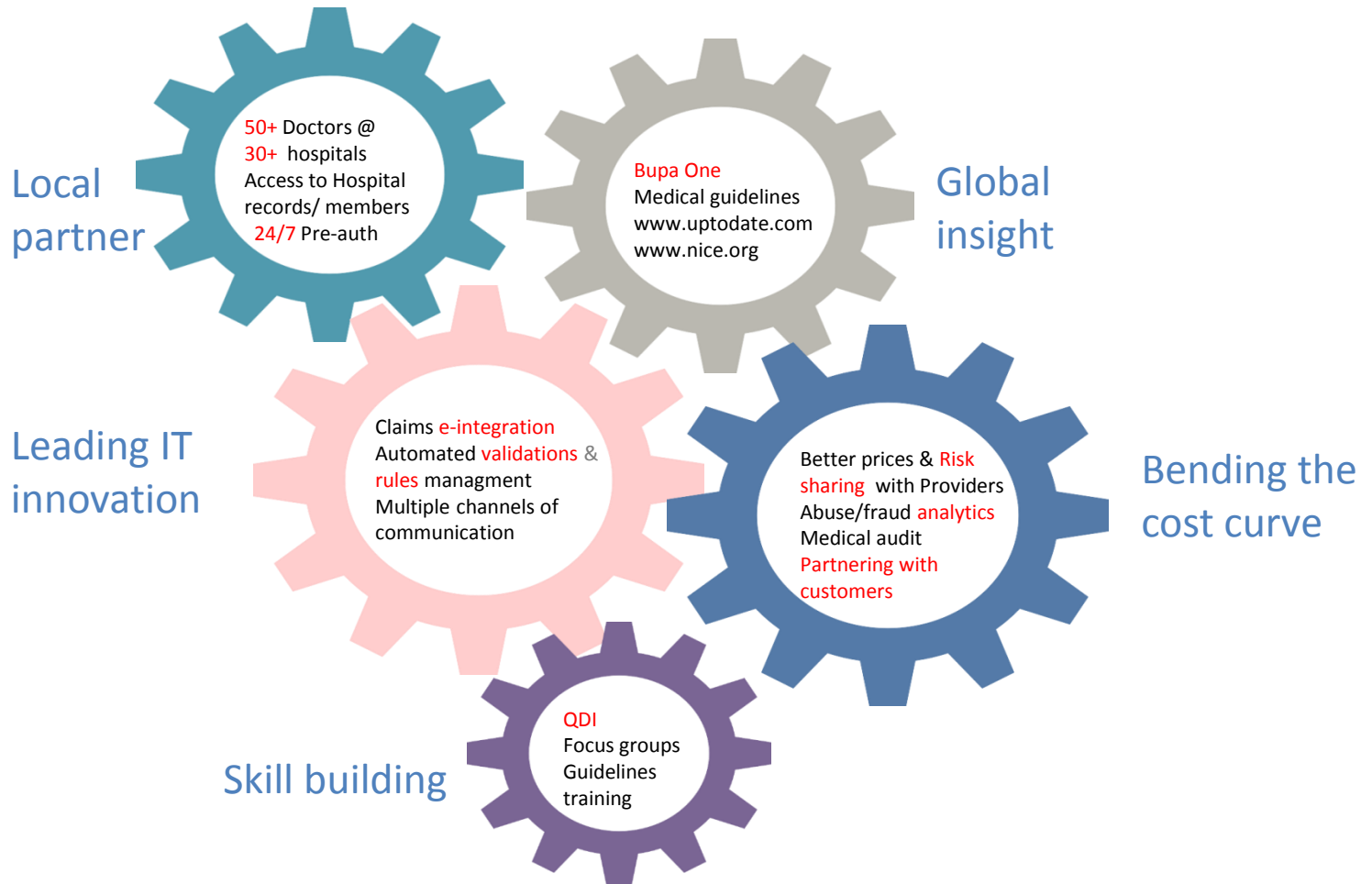


رعاية الحمل والأمومة
Maternity Care



رعاية الطفل
Child Care

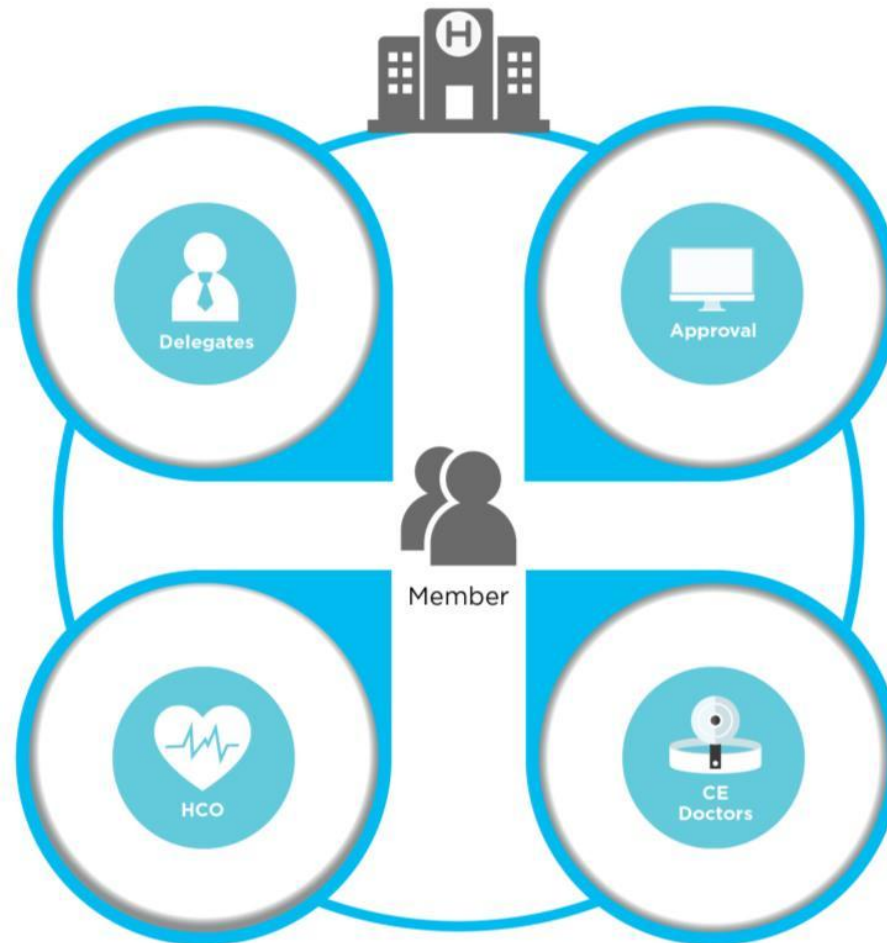
Superior Claims Management - Capabilities



Point of Care

Own the Customer Experience at Point of Care

- Stationed and roving delegates offering proactive help to members
- HCO Female Doctor providing onsite coaching especially for hospitalized members and those waiting for their appointments



- Onsite PA staff ensures quick request approvals
- Roving Bupa Doctors also ensures quality and policy adherence

Point of Care

Our Latest Differentiation Driver



What We've Achieved

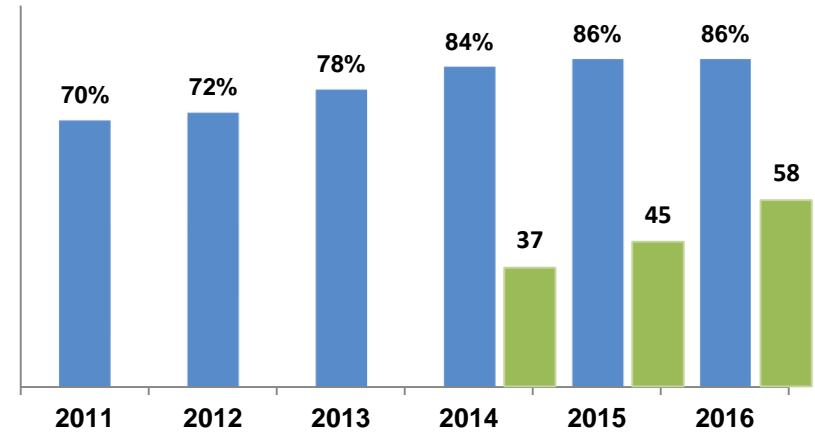
A change in the way the market views customer service

Moving from “Health Insurer” to “Healthcare Partner” through innovative initiatives:

- Up Your Service Passion: step change in service mindset and operational excellence
- Breakthrough in healthcare services
- Quality management systems
- An improved hospital experience



Customer Satisfaction & NPS



Up Your Service Passion

More than 500 frontline staff certified on service methods

Focused improvement projects to enhance processes

Automation and innovations in major touch points

Consistent programs to embed the service culture

Breakthrough in Healthcare Services

Chronic Disease Management

Maternity Coaching

Baby Vaccination Coaching

Medication Refill

International Second Opinion

Doctor on Phone

Point of Care (POC)

Hospital Delegates providing administrative assistance in the hospitals

Clinical Excellence Doctors providing medical assistance

Health Coaching in the hospitals

Quick processing of PA requests

Market Context - 2016 Focus



MACRO ECONOMIC ENVIRONMENT

- Oil prices; Impact on GDP
- Cost of living increases; impact on affordability and hospitals costs
- Rising investment returns (yields improving) whilst balancing admissibility constraints

CUSTOMERS

- Enhancing our proposition and service – new CRM platform, HealthCare Operations
- Helping our customers at the critical point of care delivery

COMPETITORS

- Managing the size and impact of extended payment term requests in a tightening credit market

PROVIDERS

- Containing price inflation and risks of cartel like behavior
- Building capability – resources and IT to reduce fraud, abuse & overtreatment

REGULATORS

- Promoting for better enforcement and coverage of the public sector

PEOPLE

- Embedding, empowering and growing a rising workforce
- Providing the IT environment which supports greater customer service



THANK YOU