

Bupa Arabia Q3 2023 – Earnings Presentation

December 2023

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Bupa Arabia at a Glance

Robust profitability growth & significant value creation for shareholders



25+

Years of experience



1800+

Employees



3M+

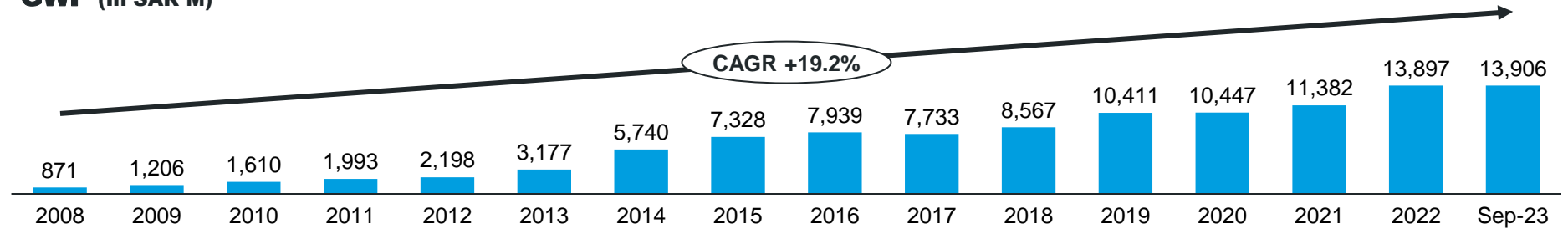
Members



1450+

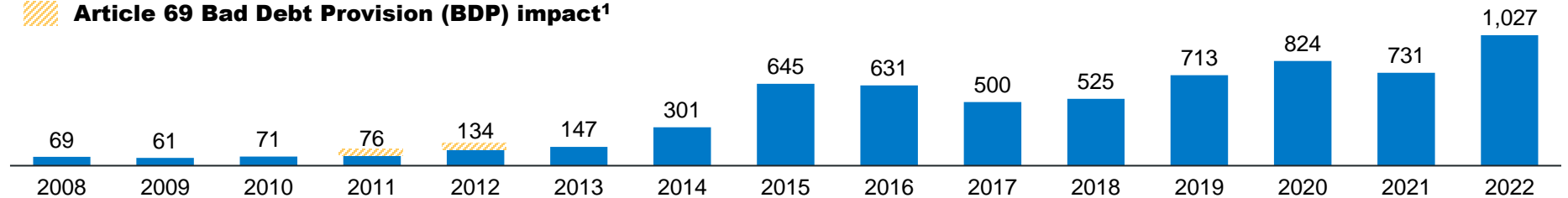
Providers in network

GWP (In SAR M)



EBT (In SAR M)

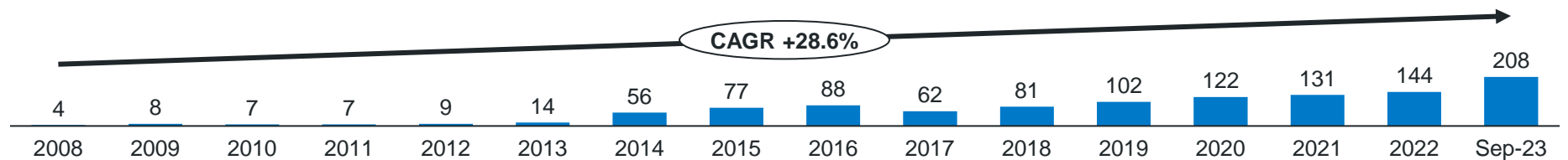
Article 69 Bad Debt Provision (BDP) impact¹



Stock Price² (In SAR)

Bupa Arabia

CAGR: TASI +0.1% | التعاونية Tawuniya +6.7% | ميدغلف MEDGULF -13.5%



Note(s): (1) Profit fluctuation in 2011 and 2012 is due to BDP treatment in line with interpretation of Article 69, where a BDP provision of SAR 34M was taken in 2011 and BDP recovery of SAR 20M was made in 2012. (2) Impact of increase in capital, by SAR 400M in 2015 and 2018, on the stock price have been reflected retrospectively.



Agenda

- 01 IFRS17 Conversion Table**
- 02 Financial Performance**
- 03 Market Outlook**
- 04 Other Highlights**

01

IFRS17 Conversion table

IFRS17 conversion

Consolidated P&L view for Q3 2023 across IFRS4 vs. IFRS17



IFRS4 View – Q3 2023 P&L¹

	Three-month period ended 30 Sep 2023	Nine-month period ended 30 Sep 2023
Gross premiums written	4,616,254	13,905,810
Net premiums earned	4,043,809	11,572,361
Other revenues	22,813	69,218
Total Revenues	4,066,622	11,641,579
Net claims paid	(3,472,979)	(9,375,894)
Net claims incurred	(3,412,327)	(9,763,092)
Policy acquisition costs	(182,843)	(527,605)
Other costs	(10,664)	(26,976)
Total underwriting costs & expenses	(3,605,834)	(10,317,673)
NET UNDERWRITING INCOME	460,788	1,323,906
Other operating income/(expenses)		
Allowance for doubtful receivables	1,572	41,710
General and administrative expenses	(200,683)	(533,082)
Selling and marketing expenses	(44,545)	(117,127)
Investment income	141,331	366,852
Other income – net	(1,343)	(1,885)
Total other operating expenses	(103,668)	(243,532)
Income attributed to insurance operations	(29,026)	(89,840)
Income attributed to shareholders before zakat & income tax	328,094	990,534

IFRS17 View – Q3 2023 P&L

	Three-month period ended 30 Sep 2023	Nine-month period ended 30 Sep 2023
Insurance revenue	4,092,577	11,728,004
Insurance service expense	(3,828,209)	(10,908,221)
Net expenses from reinsurance contracts held	(7,319)	(22,228)
Insurance service results	257,049	797,555
Investment income on financial assets at amortized cost	89,351	256,716
Investment income on financial assets at fair value	52,048	110,398
Net impairment loss on financial assets	(68)	(262)
Net insurance and investment results	398,380	1,164,407
Other operating expenses, net	(82,435)	(216,115)
Other revenue	22,813	69,218
Other cost	(10,664)	(26,976)
Income attributed to shareholders before zakat & income tax	328,094	990,534
Zakat charge	(23,266)	(69,009)
Income tax charge	(29,478)	(86,229)
INCOME ATTRIBUTED TO SHAREHOLDERS AFTER ZAKAT & INCOME TAX	275,350	835,296
Basic and diluted earnings per share (expressed in SAR per share)	1.86	5.59

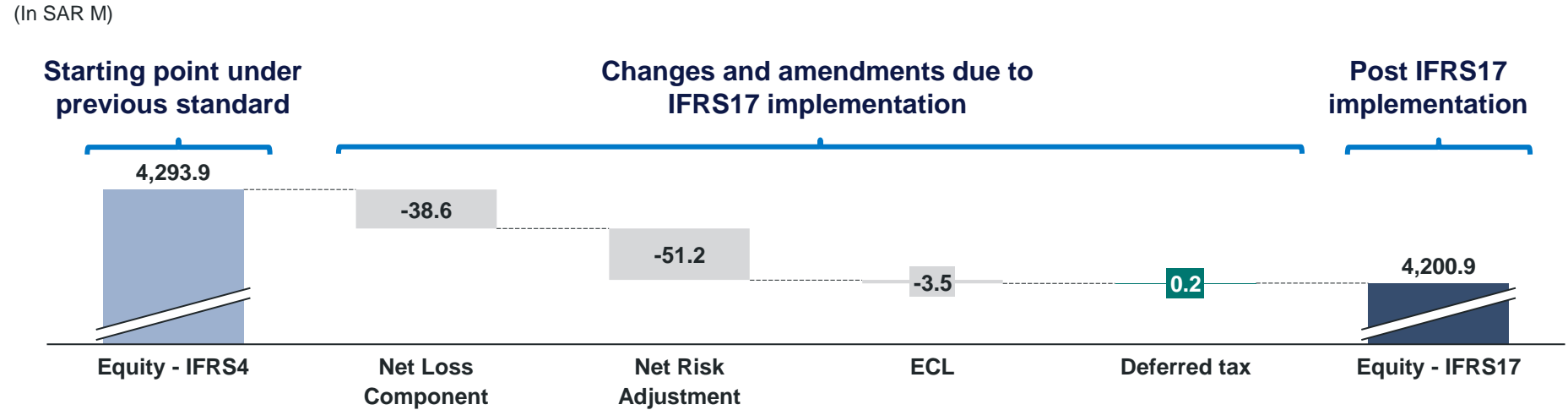
Note(s): 1. Management accounts – not reviewed or audited by an external auditor

IFRS17 & 9 Impact vs. previous years

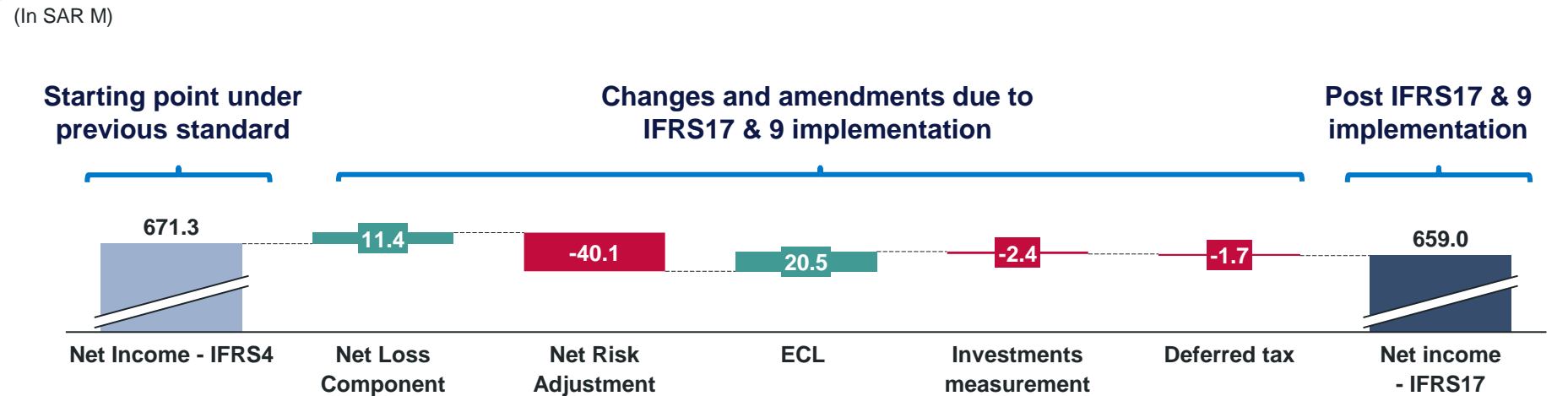
Implementation of IFRS17 & 9 creates impact on Equity position & profits when compared to previous periods

Total equity as of 31 Dec 2022 has decreased by SAR 93M

(2% of total equity)



Q3 2022 net income has decreased by SAR 12.3M

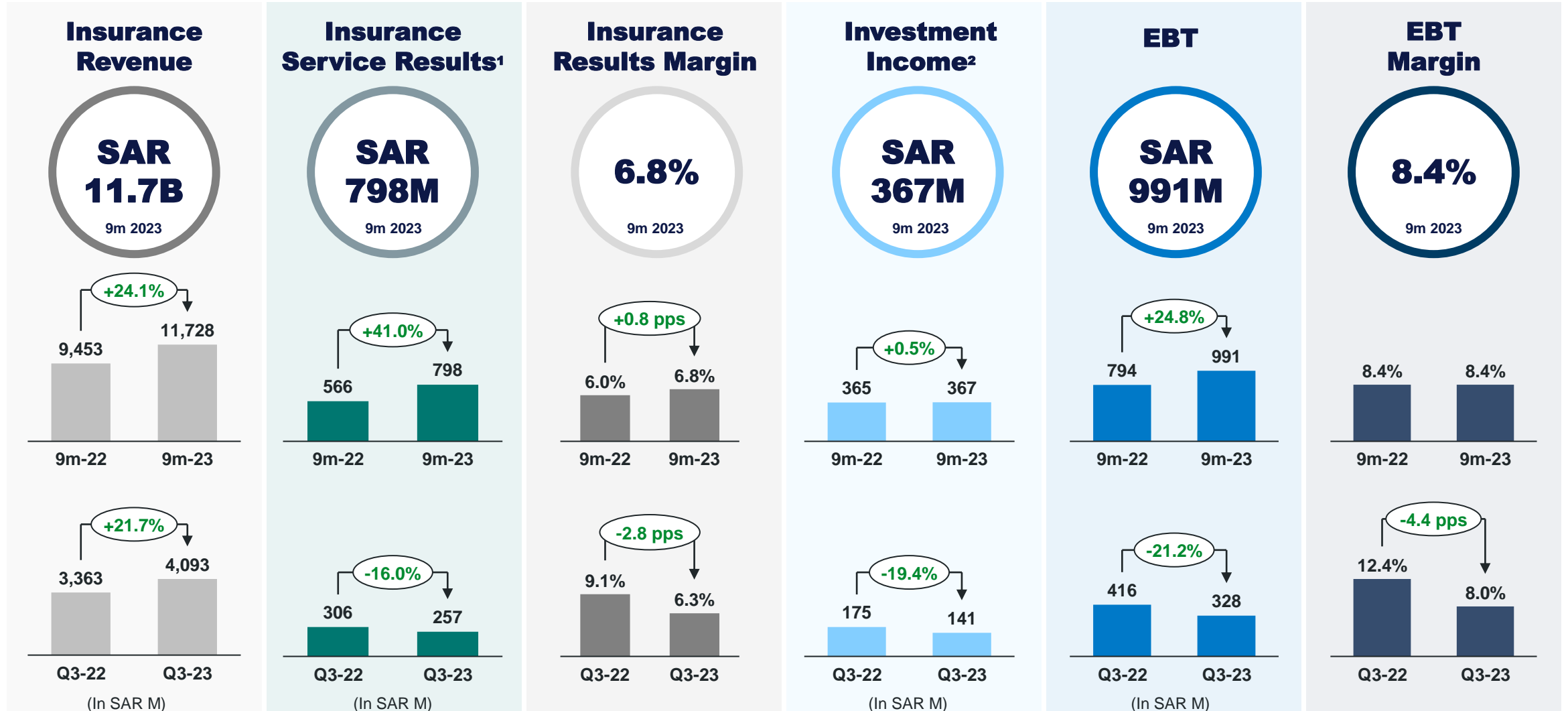


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Financial Performance

Financial Highlights

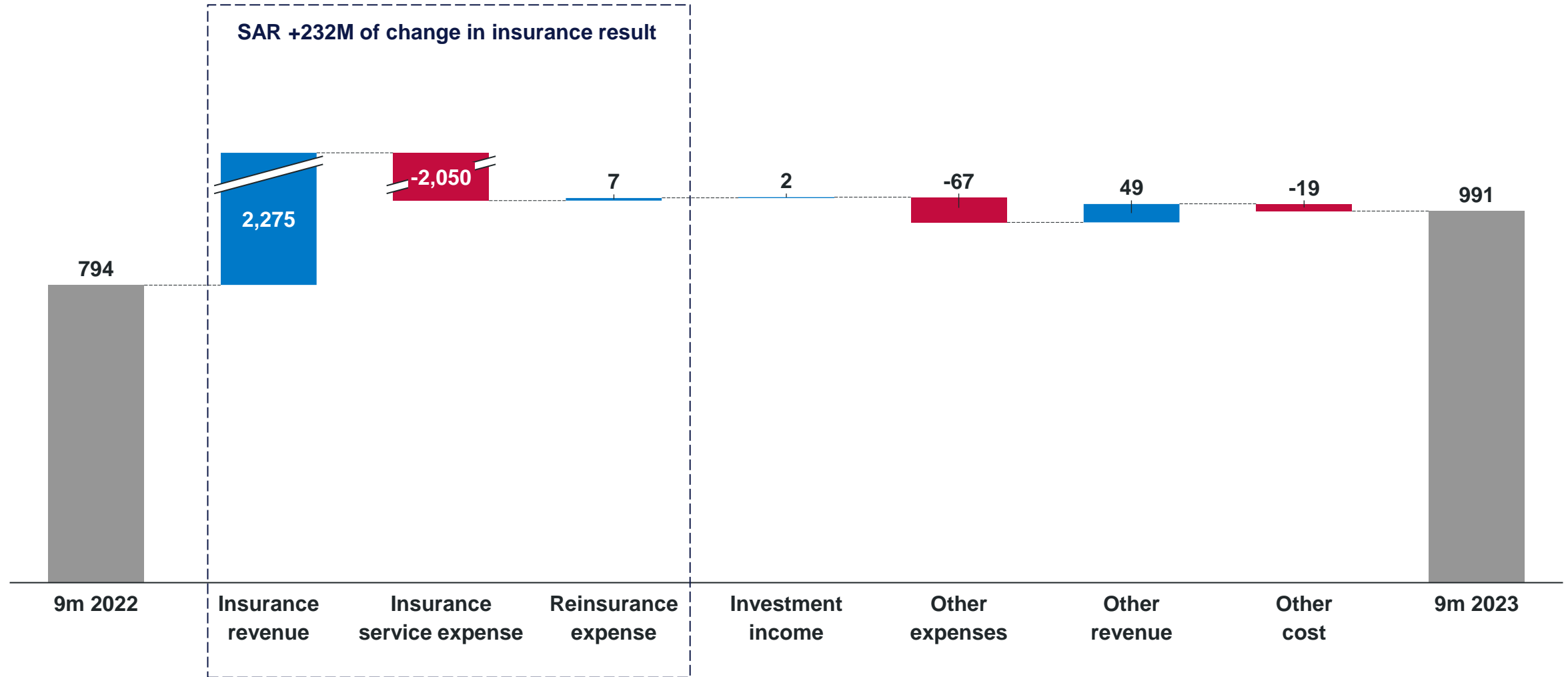
9m 2023 EBT increased by ~25% due to a favorable pricing environment and membership driven growth



Note(s): 1. Insurance Service Results are calculated as insurance revenue minus insurance service expense and net expenses from reinsurance contracts held; 2. Investment income is calculated as the sum of investment income on financial assets at amortized cost, Investment income on financial assets at fair value and net impairment loss on financial assets

Source(s): Bupa Arabia Financial Results Q3 2023

Overall increase in insurance results by SAR 232M due to the continued favorable pricing environment



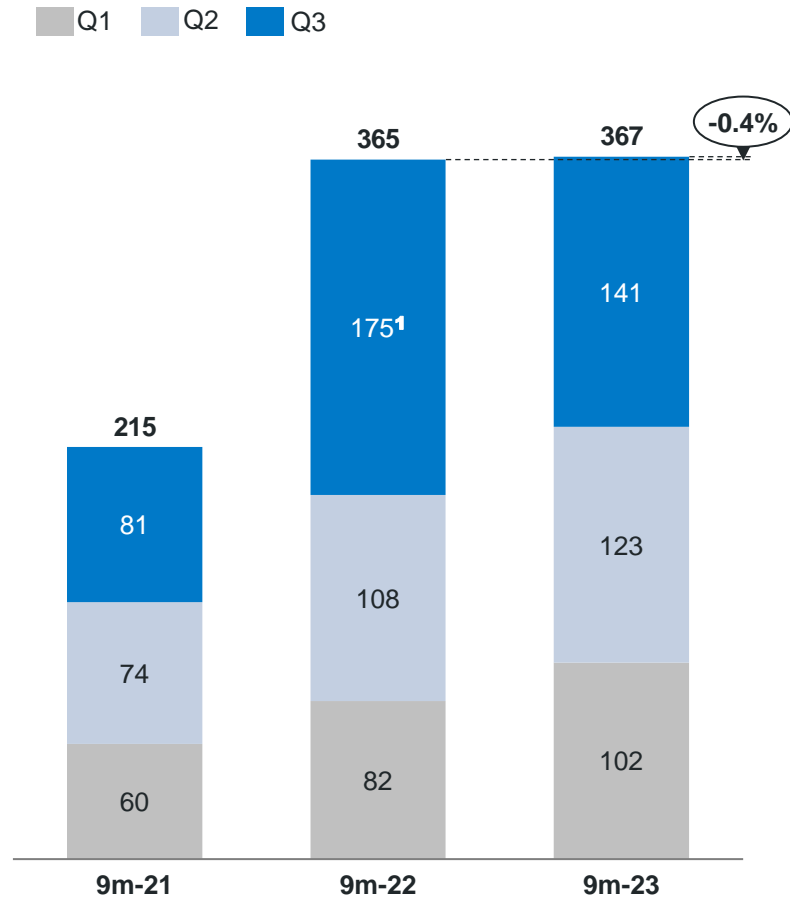
Source(s): Bupa Arabia Financials Q3 2023

Investment Portfolio and Results

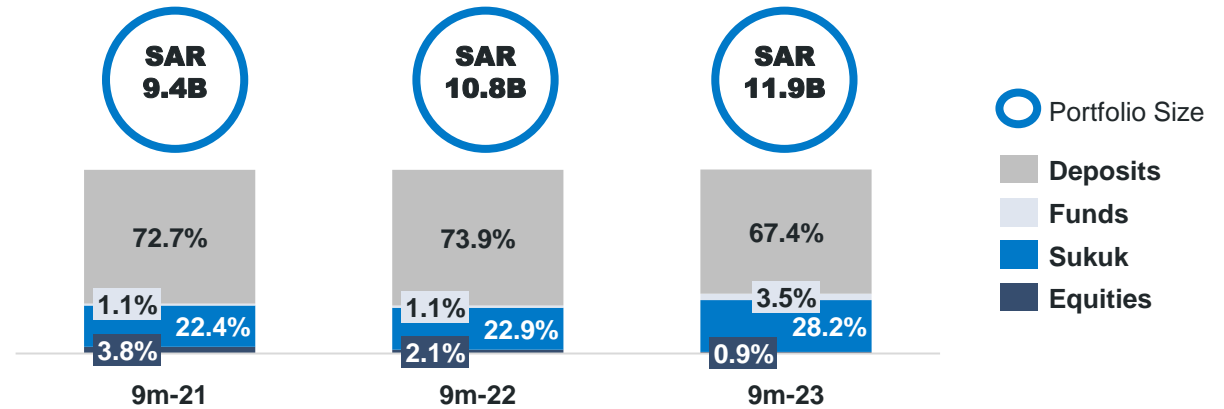
Resilient investment income given favorable interest rates, increased duration, and larger portfolio size



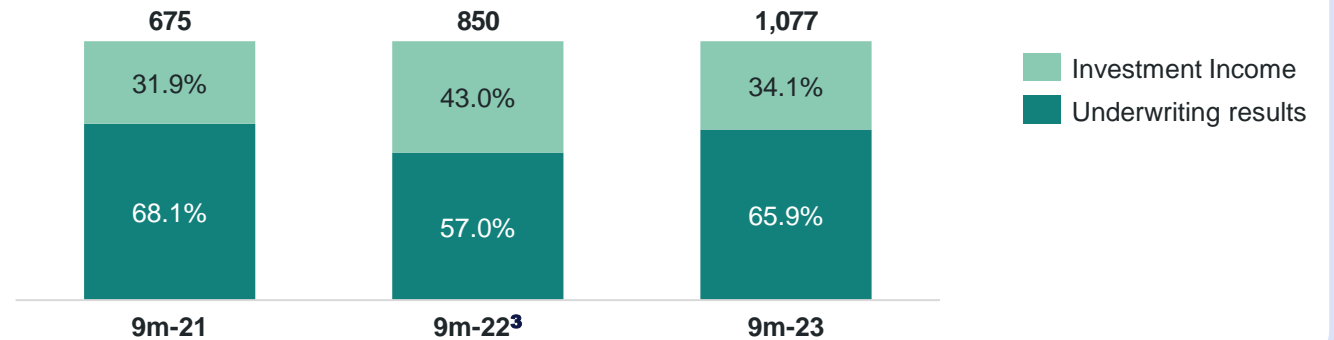
Investment Income (In SAR M)



Asset Allocation



Income Breakdown² (In SAR M)



Note(s): (1) Investment income in Q3-22 includes capital gains. (2) Income breakdown represents net income attributed to the shareholders and policyholders. (3) Restated numbers for 2022

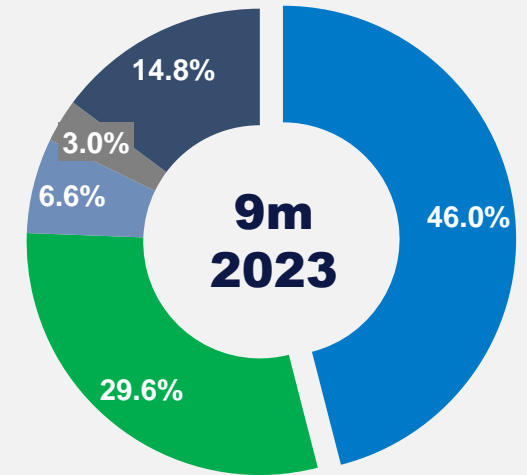
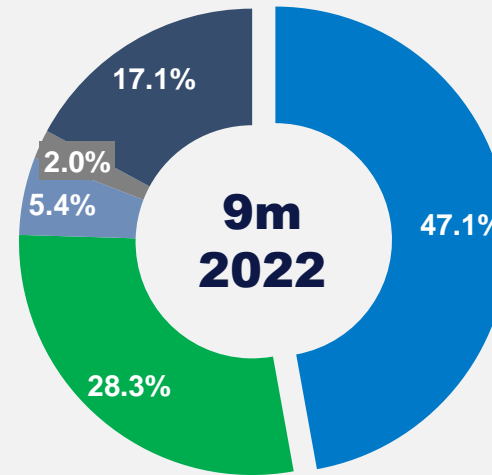
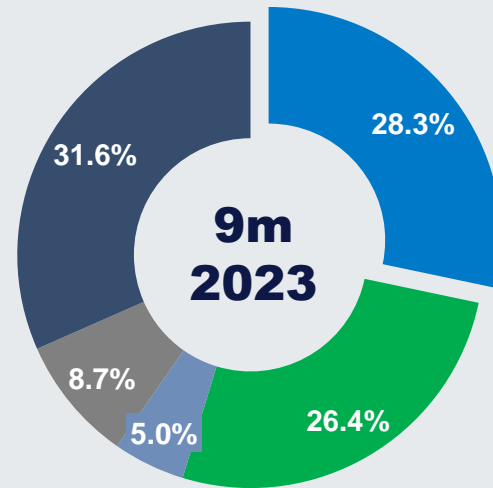
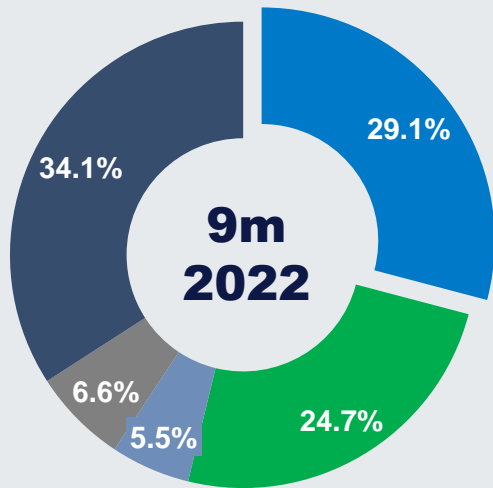
Market Share & Positioning

Bupa Arabia maintains leadership in the health insurance market



Total Insurance Market Share GWP basis

Health Insurance Market Share GWP basis



■ Bupa Arabia
 ■ Tawuniya
 ■ Medgulf
 ■ Al Rajhi Takaful
 ■ Others

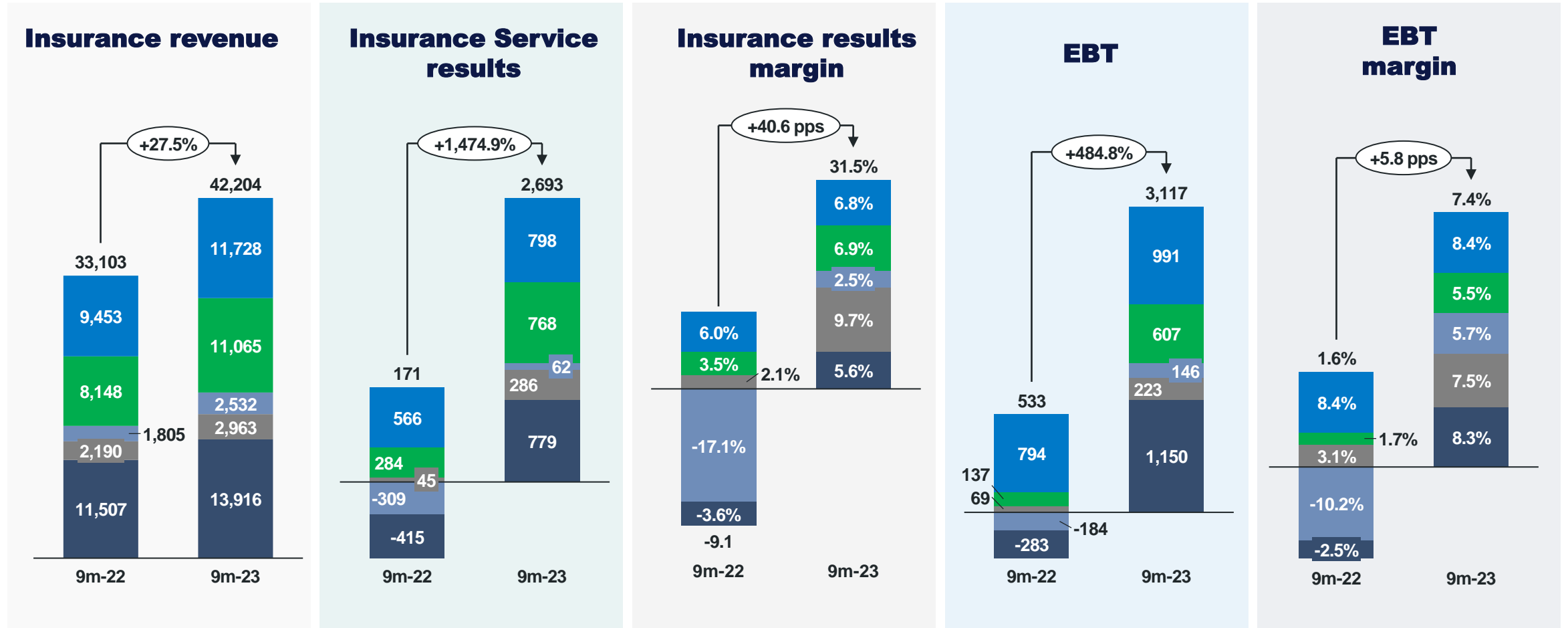
Note(s): Calculation of total insurance market and health insurance market excludes GWP from Saudi Reinsurance Company due to limited information disclosed.
 Source(s): Respective insurance companies' filings.

Total Insurance Market

Sustained favorable pricing, business growth, and loss ratio improvement continue to deliver healthy results



(All in SAR M)



■ Bupa Arabia ■ Tawuniya ■ Medgulf ■ Al Rajhi Takaful ■ Others

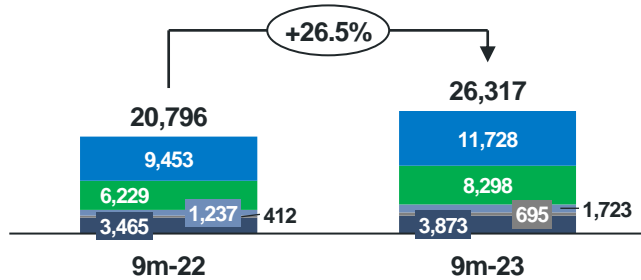
Source(s): Respective insurance companies' filings.

Health Insurance Market

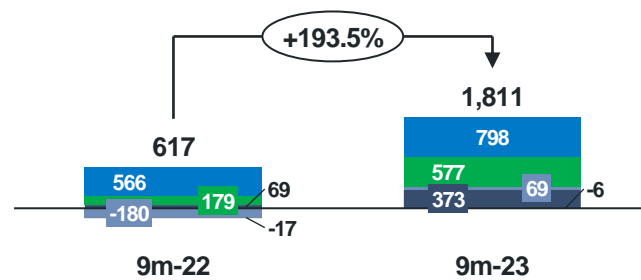
Growth observed across GWP segments as Bupa Arabia maintains leadership in corporates and SMEs



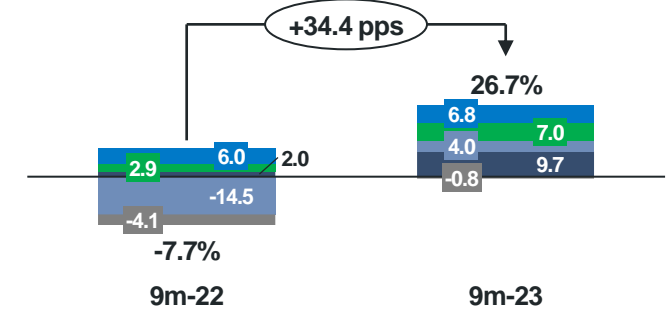
Insurance revenue (in SAR M)



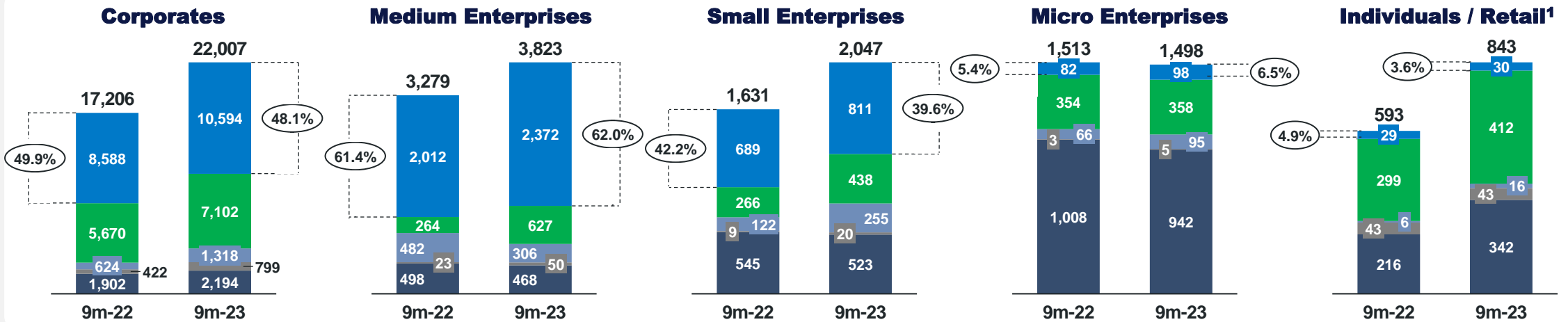
Insurance service results (in SAR M)



Insurance result margin



GWP Segmentation (All in SAR M)



■ Bupa Arabia ■ Tawuniya ■ Medgulf ■ Al Rajhi Takaful ■ Others

Note(s): (1) Individual/Retail figures for Tawuniya include results from Hajj and Umrah
Source(s): Respective insurance companies' filings.

03

Market Outlook

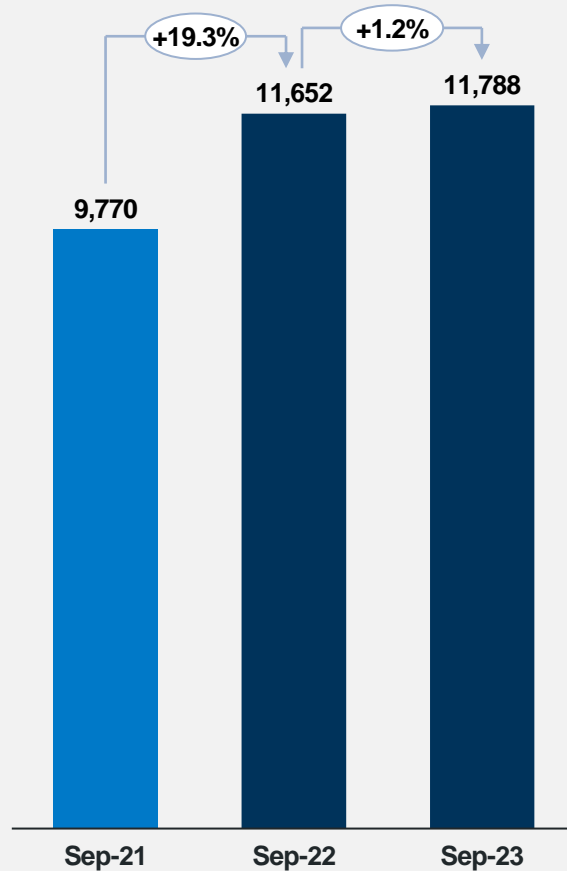
Saudi Health Insurance Market Trends (1/2)

Overall growth in 9m 2023 driven by Saudis in comparison to the same period in 2022



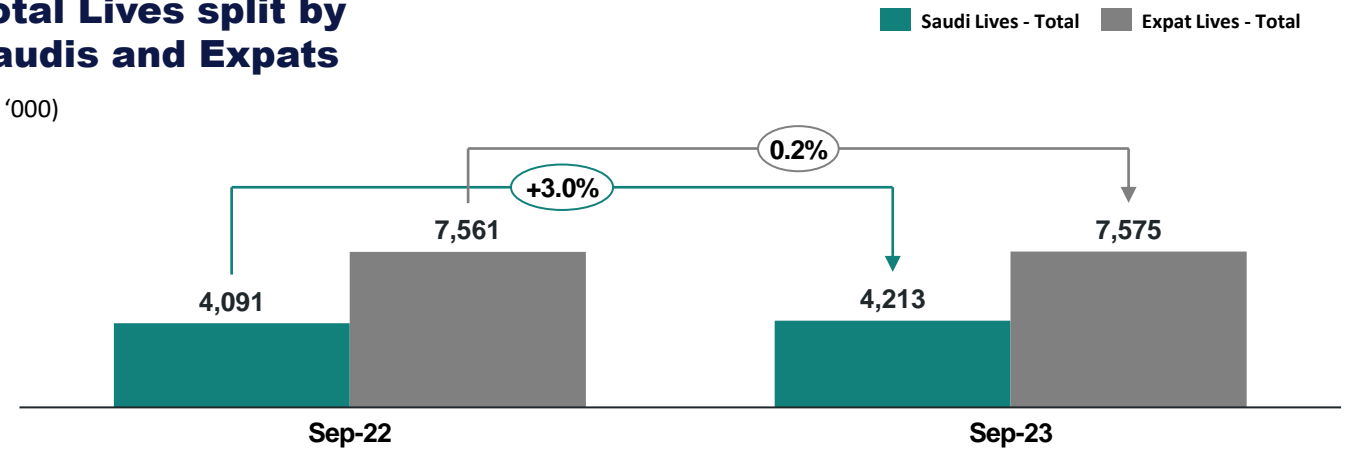
Total Insured Lives

(In '000)



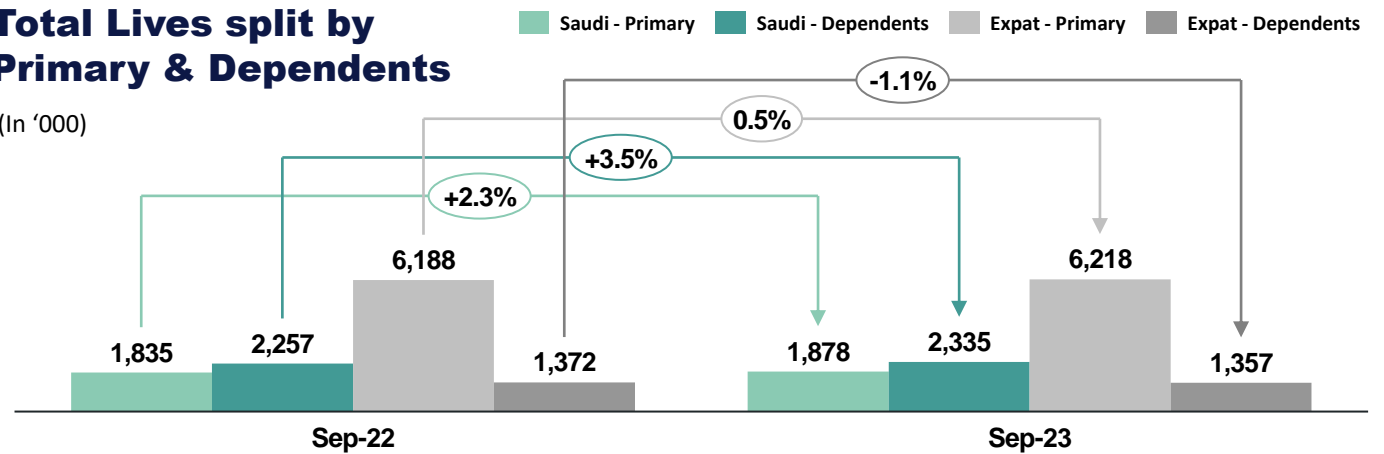
Total Lives split by Saudis and Expats

(In '000)



Total Lives split by Primary & Dependents

(In '000)



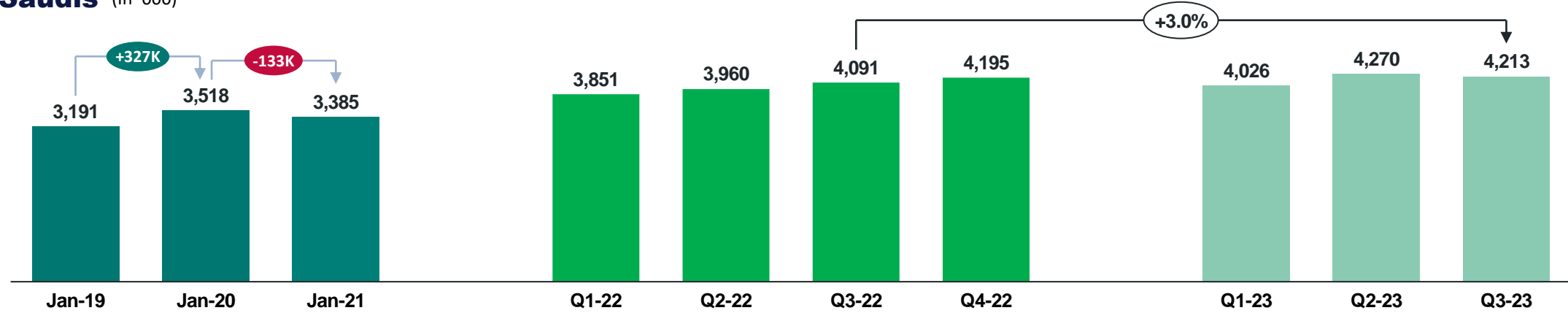
Source(s): GSTAT; GOSI; MoL; CHI; Bupa Arabia estimates

Saudi Health Insurance Market Trends (2/2)

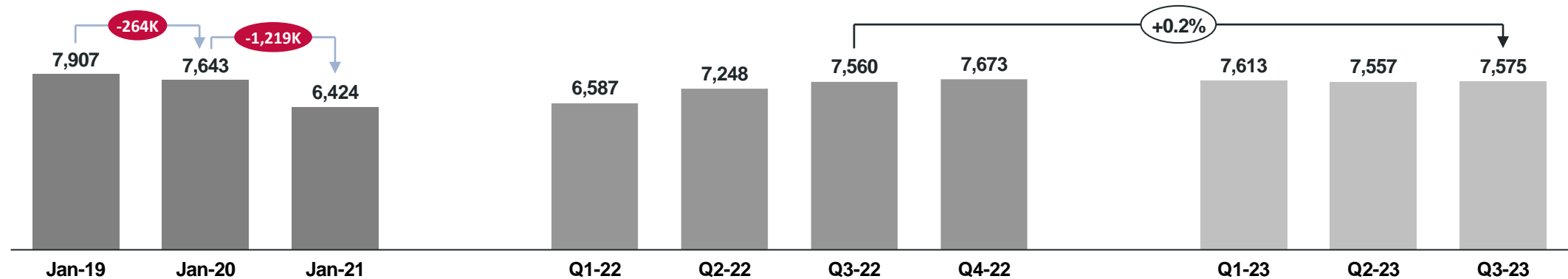
Despite overall growth, slight decline in expat lives YTD mainly due to expat dependents



Saudis (In '000)



Expats (In '000)



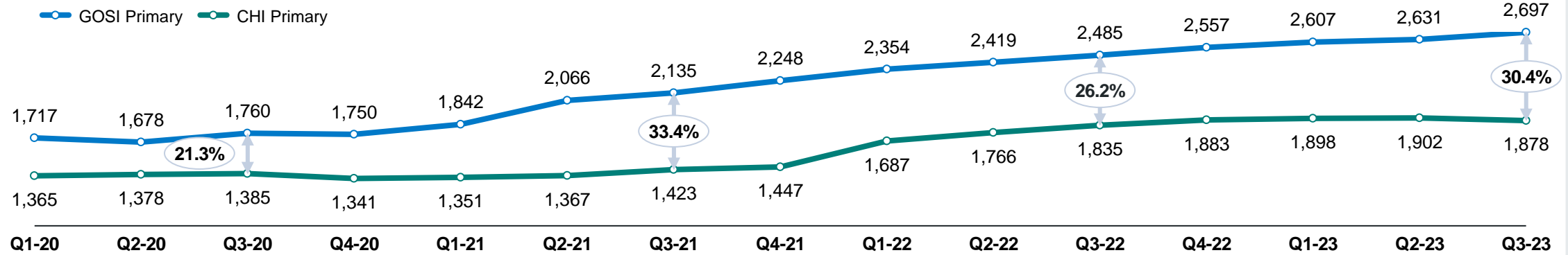
Source(s): GSTAT; GOSI; MoL; CHI; Bupa Arabia estimates

Gap & Enforcement Explained

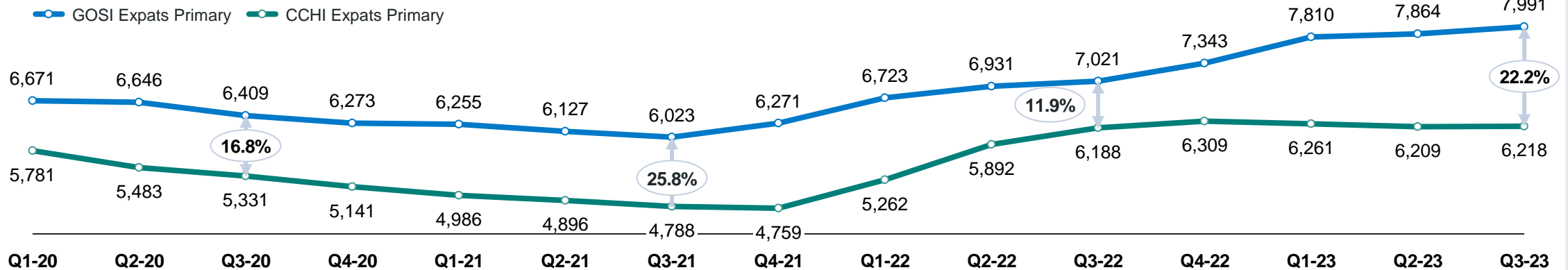
Enforcement gap remains within private sector with +819K Saudis & +1.8M Expats without Medical Insurance



Saudis (In '000)



Expats (In '000)



Source(s): GSTAT; GOSI; MoL; CHI; Bupa Arabia estimates

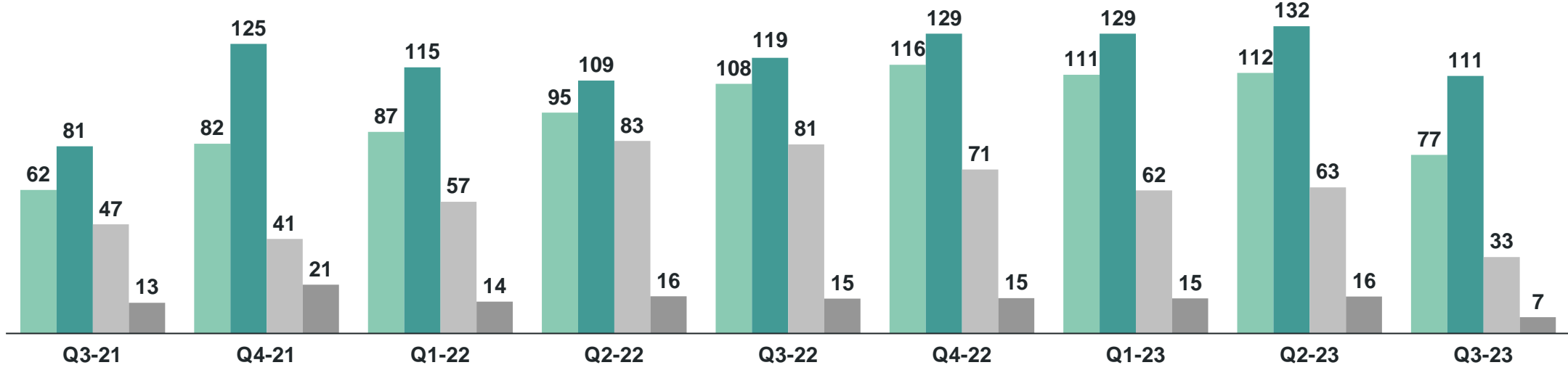
Duplicate insurance and implications

Decrease of 95K duplicated lives across Saudis and Expats due to CHI duplicate insurance policies



■ Saudi Primary
 ■ Saudi Dependent
 ■ Expat Primary
 ■ Expat Dependent

(In '000)



As Government shifts more insurance policy acquisition through EXPRO, key duplications have been identified

Former spousal coverage

Employed spouses generating duplicate coverage

Other duplication cases



CHI is currently focusing on blocking ID numbers with duplicate insurance policies across the private and public sectors

04

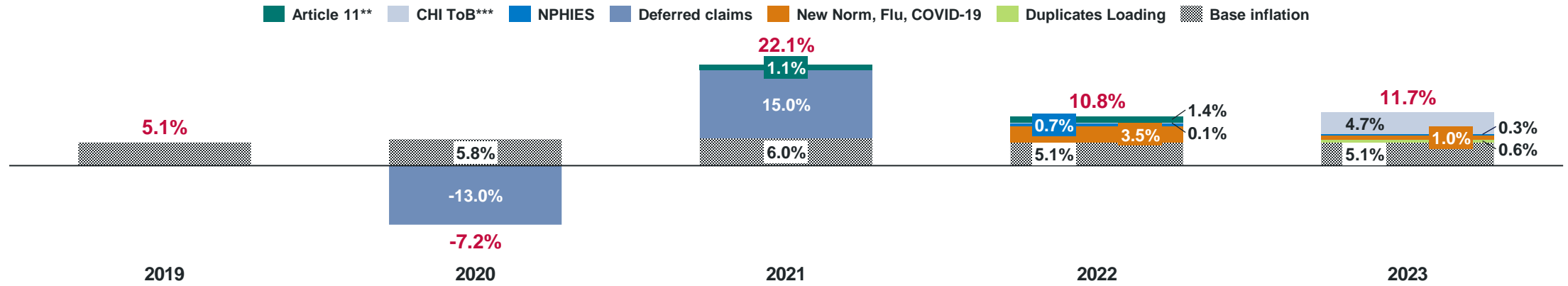
Other Highlights

PMI Market Challenges

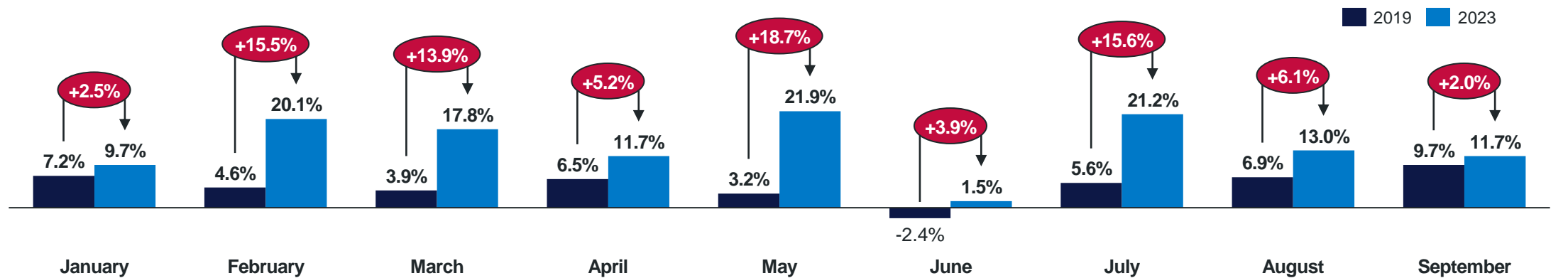
Medical inflation levels continue to be alarming with expectations to slow down by end of year



Medical Inflation Overview



Inflation Breakdown (YTD)



Business Highlights

Bupa Arabia was awarded as the health insurance provider for SABIC and Saudi Ground Services Company



Bupa Arabia for Cooperative Insurance announces the establishment of “Horizon Medical Services Company”, a wholly owned subsidiary with an authorized capital of SAR 10M



The Saudi Ground Services company announces the signing of a contract with Bupa Arabia for Cooperative Insurance Company to provide medical insurance for the company employees and their families (related party). 02/07/2023



Bupa Arabia for Cooperative Insurance announces it has been awarded as the health insurance provider for the Saudi Basic Corporation (SABIC). 18/06/2023



Bupa Arabia for Cooperative Insurance successfully distributed SAR 540M as dividends in July 17, 2023



Bupa Arabia for Cooperative Insurance renewed both, it's three-year insurance license with SAMA, and CHI license. 15/02/2023









Bupa Arabia for Cooperative Insurance renewed contract for SNB to provide health insurance services for its employees and their families. 18/12/2022

Regulatory Highlights

Continuous reforms across Saudi Health Sector and Health Insurance Sector in alignment with Vision 2030



	<p>The Insurance Authority (IA) commences operations as the authorized regulator of the insurance industry in KSA, as of 23rd of November 2023</p>
	<p>The IA announces appointment of Eng. Naji Al-Tamimi as CEO, on 23rd of November 2023.</p>
	<p>Saudi Arabia's Minister of Health announces new plan for national state-funded health insurance by 2026, on 29th of October 2023.</p>
	<p>CHI signs a collaboration agreement with Seha Virtual Hospital; Under the agreement, the CHI can seek medical opinions from Seha Virtual Hospital for beneficiaries of the Cooperative Health Insurance Law who require specialized medical advice.</p>
	<p>SAMA releases updates to the unified compulsory motor insurance policy.</p>
	<p>SAMA's new Governor Excellency Mr. Ayman Alsayari has been appointed by the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, and HRH Prince Mohammed bin Salman bin Abdulaziz, Crown Prince and Prime Minister, on the 2nd of February 2023.</p>

Achievements & Awards

Bupa Arabia has been recognized with multiple awards in 2023 and prior



<p>BrandZ 2023</p> <ul style="list-style-type: none">#1 Most Valuable Insurance Brand (KSA)#9 Most Valuable Brand (KSA)	<p>SHRM MENA Awards 2023</p> <ul style="list-style-type: none">1st place - Excellence in Health and Wellbeing2nd place - Talent Acquisition and Retention	<p>General Society of Surveillance (SGS) 2023</p> <ul style="list-style-type: none">1st Insurance Company to acquire:<ul style="list-style-type: none">ISO/IEC 27001:2013ISO/IEC 20000-1:2018	<p>Digital Experience ME Awards 2023</p> <ul style="list-style-type: none">Best Digital CampaignRegional Excellence Healthcare
<p>Saudi Capital Markets Awards (SCMA) 2023</p> <ul style="list-style-type: none">Best Investor Relations Program Award	<p>Golden Shield Excellence Awards 2023</p> <ul style="list-style-type: none">Best Insurance BrandHealth Insurer of the Year	<p>World Economic Magazine Awards 2023</p> <ul style="list-style-type: none">Best Health Insurance Campaign: Live Right Saudi Arabia	<p>Okaz List Top CEO Event 2023</p> <ul style="list-style-type: none">Tal Nazer named as one of the Top CEOs in Saudi Arabia
<p>Saudi Capital Markets Awards (SCMA) 2022</p> <ul style="list-style-type: none">Best Investor Relations Program AwardBest ESG Award	<p>Golden Shield Excellence Awards 2022</p> <ul style="list-style-type: none">Best Insurance BrandBest Healthcare insurance innovation	<p>Global Good Governance Awards (3G) 2022</p> <ul style="list-style-type: none">Commitment to Corporate Governance AwardSocial Innovation Award	<p>CHI Excellence Awards 2022</p> <ul style="list-style-type: none">Best Achiever Award (C-Suite) - Tal NazerBest Customer ServiceDigital Innovator of the year

Q&A



Speakers:



Ali Sheneamer
Chief Business
Development Officer



Ahmed Bajunaid
Executive Director
Asset Management & Business
Advisory



Omar Bashanfar
Senior Director
Finance Operations



Nasser Aljudayi
Senior Executive
Manager of Actuarial
& Financial Analysis



Abdulmalik Farrash
Senior Executive
Manager of Business
Advisory & IR

Thank you



With you for better health

Appendix



Board of Directors & Chief Executive Team

Board of Directors



Engr. Loay Hisham Nazer
Chairman



David Martin Fletcher
Vice-Chairman



Martin Houston
Board Member



Dr. Abdulla Elyas
Board Member - Independent



Huda M. Bin Ghoson
Board Member - Independent



Osama Shaker
Board Member - Independent



Nigel Sullivan
Board Member



Tal Hisham Nazer
Board Member



Nader Ashoor
Board Member

Chief Executive Team



Tal Hisham Nazer
Chief Executive Officer



Nader Ashoor
Deputy Chief Executive Officer
& Chief Financial Officer



Ali Sheneamer
Chief Business Development Officer



Amro Shawli
Chief Governance, Risk & Control Officer



Tariq Alamoudi
Chief Human Resources Officer



Mohamed El Missaoui
Chief Operations Officer



Atef Mufti
Chief Sales Officer

New Insurance Authority

Approved by the Council of Ministers with the aim to oversee the insurance sector as the main regulator



On Tuesday, August 15th 2023 the Council of Ministers approved the establishment and formation of the Insurance Authority



As custodian of the insurance sector, the Insurance Authority will focus on key strategic goals to develop the sector

- 1 **Organize and regulate the insurance sector in order to ensure sector development**
- 2 **Supervise and oversee all insurance activities in order to maximize efficiency and efficacy**
- 3 **Promote awareness of insurance, and protect policyholders and beneficiaries**
- 4 **Ensure insurance sector stability, and overall financial stability**
- 5 **Promote and grow the insurance sector and define the guidelines of insurance obligations**



Will assume all responsibilities of CHI

To define new mandate for insurance sector

To report directly to the Council of Ministers

CEO to be appointed by Authority Board



With you for better health