

Bupa Arabia 1H 2016 Performance Update

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Saudi Insurance Market and Health Segment	5
Bupa Arabia Performance Overview	12
Competitive Positioning	21

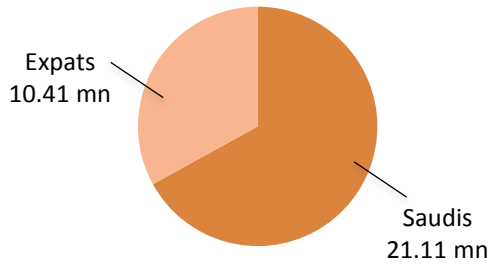
Sell Side Research Analyst Coverage

Company	Analyst	Recommendation	Price (SR)
EFG-Hermes	Murad Ansari	Buy	155.0
Renaissance Capital	Balram Ramesh	Buy	169.7
HSBC	Ankur P Agarwal	Buy	174.0
Arqaam Capital	Jaap Meijer	Buy	166.5
Aljazira Capital Co	Talha Nazar	Overweight	137.6
CI Capital	Monsef Morsy	Overweight	152.0

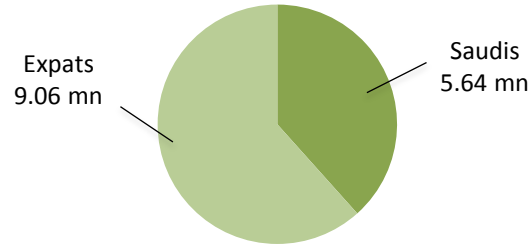
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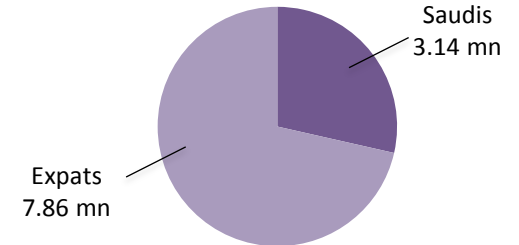
Private Medical Insurance Market Potential



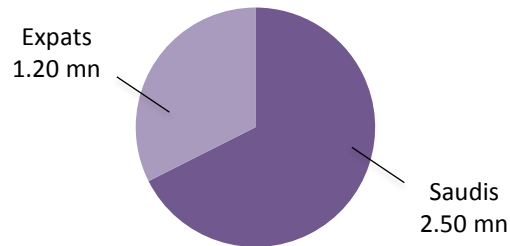
Total Population
31.52 mn



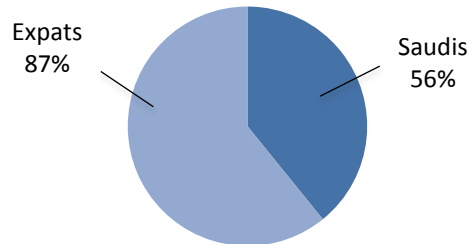
Mandated: Private Sector
14.70 mn



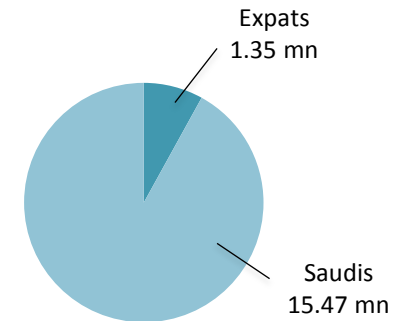
Covered
11.00 mn



Uninsured
3.70 mn



% Covered
75%



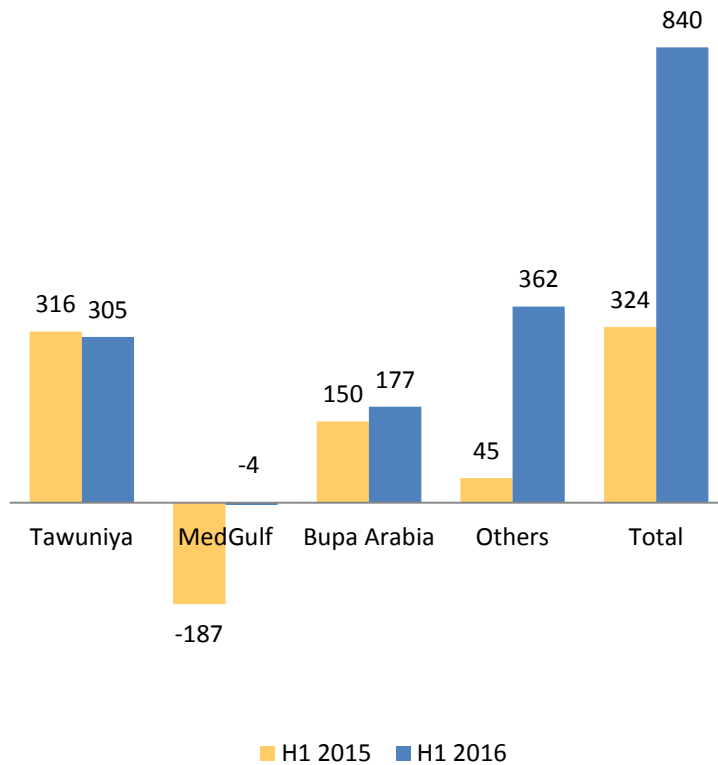
Public Health
16.82 mn

Saudis		Expats	
Gov. Employees	12.6 M	Domestic Helpers	0.95 M
Unemployed	0.7 M	Gov. Employees	0.40 M
Retired	1.67 M		
Self Insured	0.5 M		

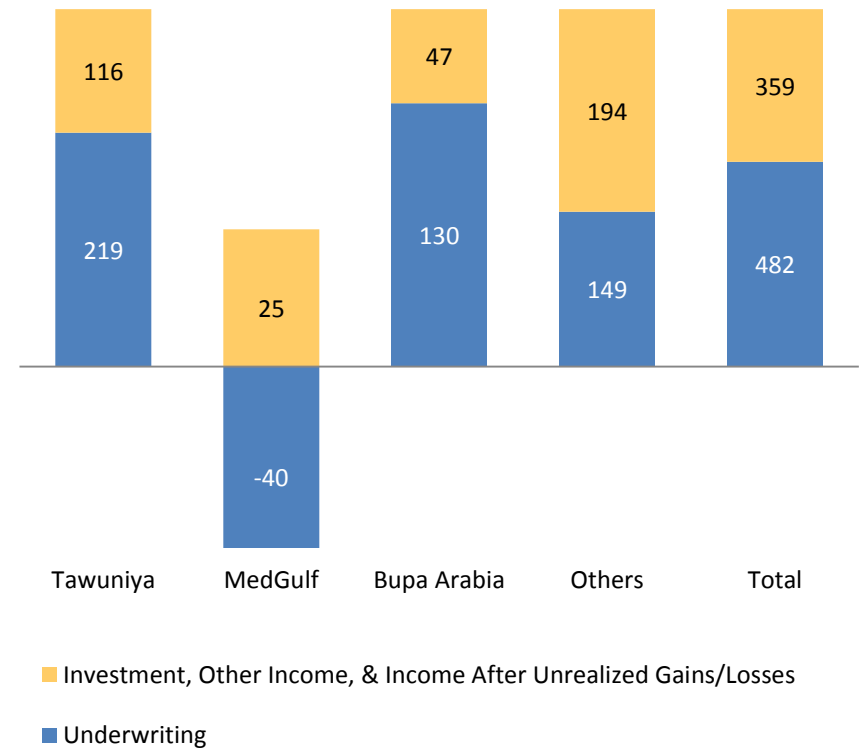
Source: GOSI, MOL, CCHI, and Bupa Arabia estimates

All Insurance Lines Performance (SR mn)

All lines Net Income (Pre-Zakat/Tax) - H1 2015- 2016



H1 2016 All lines Income: Net of Unrealized Gains/Losses



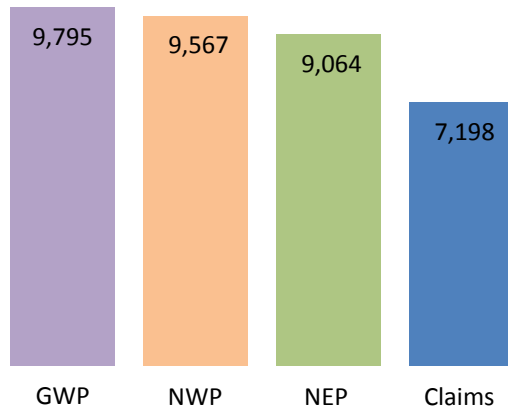
Source: respective insurance companies' Q2 2016 filings

Gross Written Premium (GWP) – Health Segment

GWP (SR mn)	2006	...	2010	2011	2012	2013	2014	2015	Q2 2015	Q2 2016	H1 2015	H1 2016
Health Insurance Market	2,222		8,690	9,802	11,154	12,927	15,789	18,891	4,855	4,444	9,823	9,795
Bupa Arabia	367		1,749	1,993	2,194	3,177	5,740	7,328	1,891	1,828	3,971	4,274
Bupa's Market Share	16.5%		20.1%	20.3%	19.7%	24.8%	36.3%	38.6%	39.0%	41.1%	40.4%	43.6%

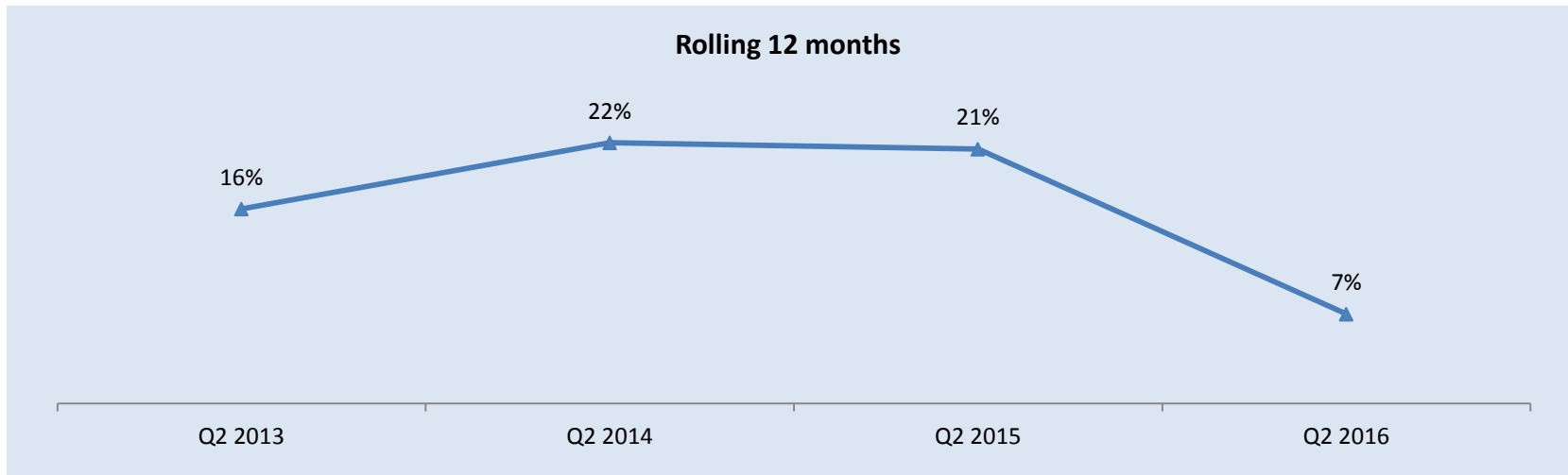
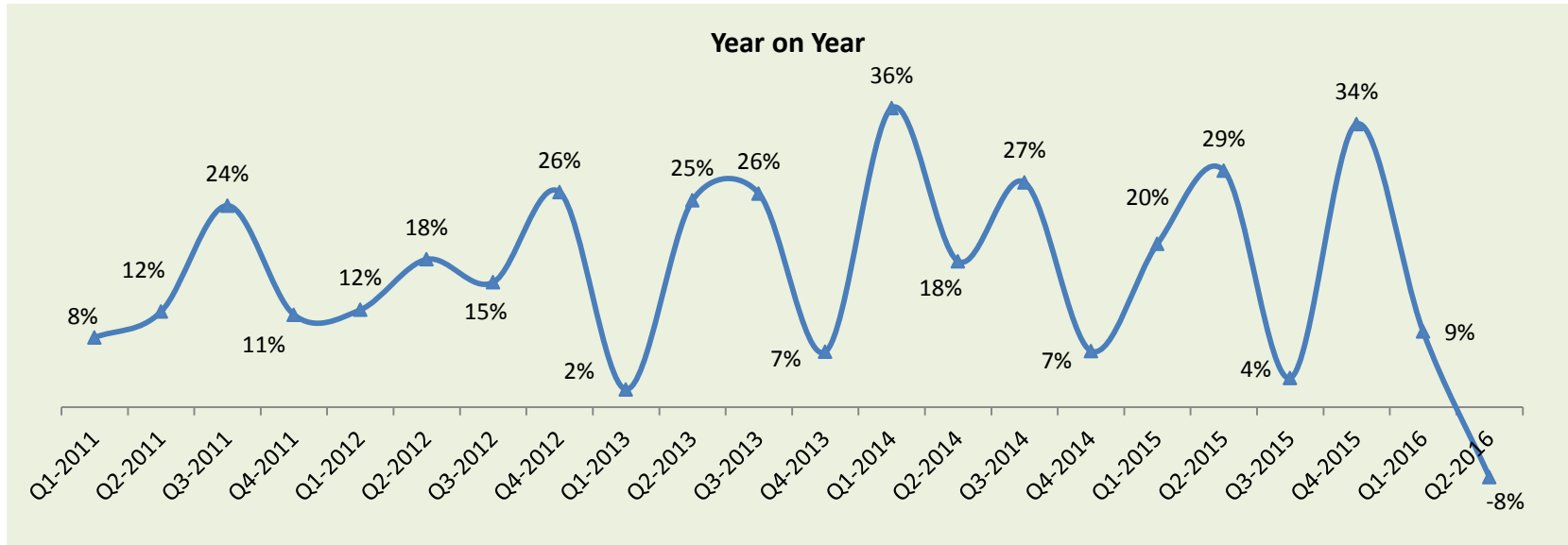
Source: respective insurance companies' Q2 2016 filings

H1 2016 Health Segment Performance (SR mn)



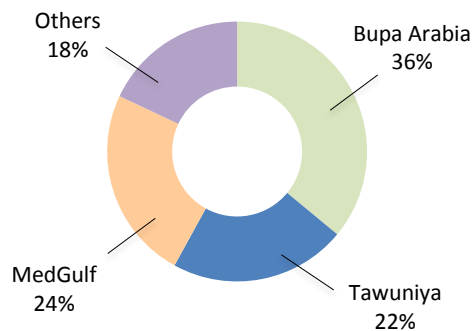
- Bupa Arabia CAGR between 2006-2015 is 39%
- Health insurance CAGR between 2006-2015 is 27%
- Health insurance loss ratio reached 83% for Both H1 2016 and 2015
- GWP retention rate H1 2016 is 97%
- Bupa Arabia H1 2016 market share is 44%

Market GWP Growth - Health Segment

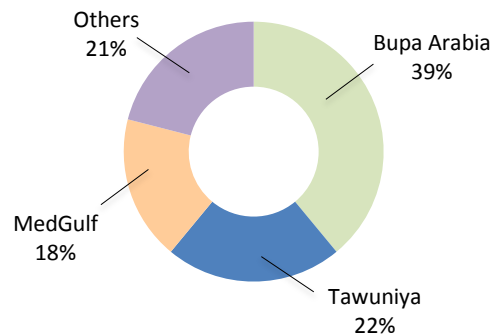


Market Share in GWP – Health Segment

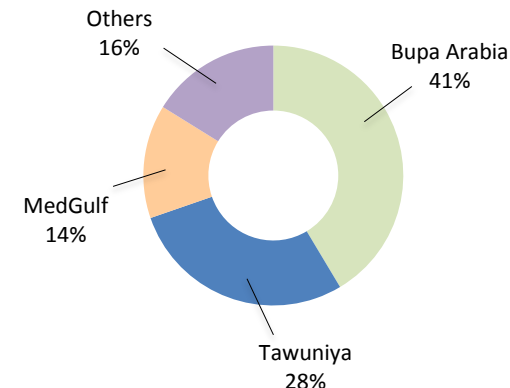
Q2 2014



Q2 2015



Q2 2016

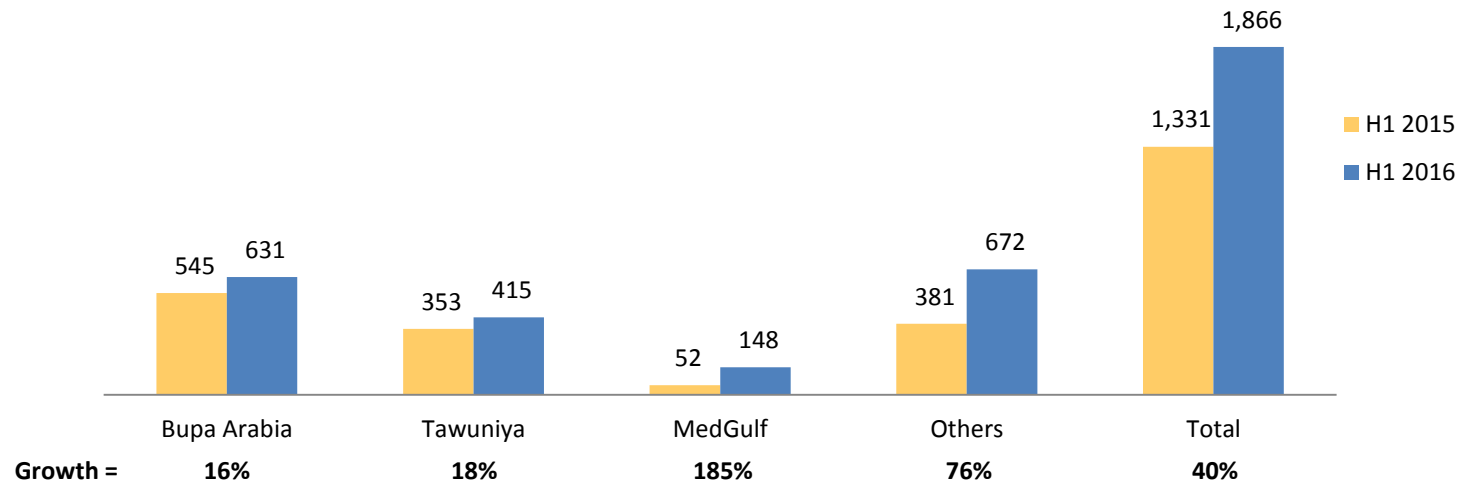


- The health insurance sector GWP for Q2 2016 is SR4.44 billion compared to SR4.86 billion in Q2 2015
- Bupa Arabia market share increased by 2.3% in Q2 2016 compared to Q2 2015
- Others (25 companies) market share is 16%

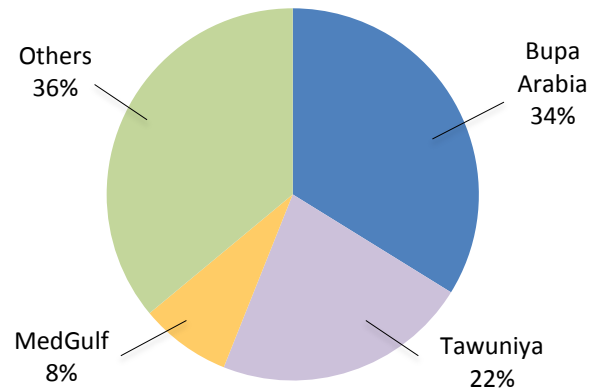
(SR mn)	H1 GWP			2015/2014 Growth	2016/2015 Growth	H1 Loss Ratio		
	2014	2015	2016			2014	2015	2016
Bupa Arabia	2,798	3,971	4,274	42%	8%	85%	80%	83%
Tawuniya	1,799	1,935	2,315	8%	20%	91%	82%	83%
MedGulf	1,732	1,919	1,517	11%	-21%	85%	97%	88%
Others	1,555	1,998	1,689	28%	-15%	66%	69%	57%
Total	7,884	9,823	9,795	25%	0%	83%	83%	79%

Source: respective insurance companies' Q2 2016 filings

Contribution – Health Segment (SR mn)



H1 2016 Breakdown by Player



Source: respective insurance companies' Q2 2016 filings

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Key Financial Metrics

(SR mn, unless otherwise indicated)	Q2 2016	Y/Y	H1 2016	Y/Y
GWP	1,828	-3%	4,273	8%
Net Earned Premium (NEP)	1,864	13%	3,746	18%
Contribution	353	6%	631	16%
<i>Loss Ratio¹</i>	<i>81%</i>	<i>2%</i>	<i>83%</i>	<i>0.5%</i>
Expenses	273	29%	482	23%
Earnings before Zakat & Tax	104	-8%	177	18%
EPS (SR)	1.31	-8%	2.22	19%

¹ A negative Y/Y change is favorable

Underlying Results H1 2012-2016

(SR mn)	2012	2013	2014	2015	2016
Underlying Trading Results	(17.7)	(28.8)	11.2	150.2	159.7
Investment Income & Other income	10.5	11.7	18.2	13.2	46.6
Bad Debt Provision (BDP)	14.6	(9.1)	(12.3)	(13.4)	(29.4)
Non-Recurring Items	-	8.0	-	-	-
Pre Zakat/Tax Reported Result	7.4	(18.2)	17.1	150.0	176.9
Underlying Trading Margin	-1.7%	-2.6%	0.6%	4.7%	4.3%
Net Profit Margin	0.7%	-1.1%	0.9%	4.7%	4.7%

Note: margins are based on NEP

Cost Structure - % of NEP

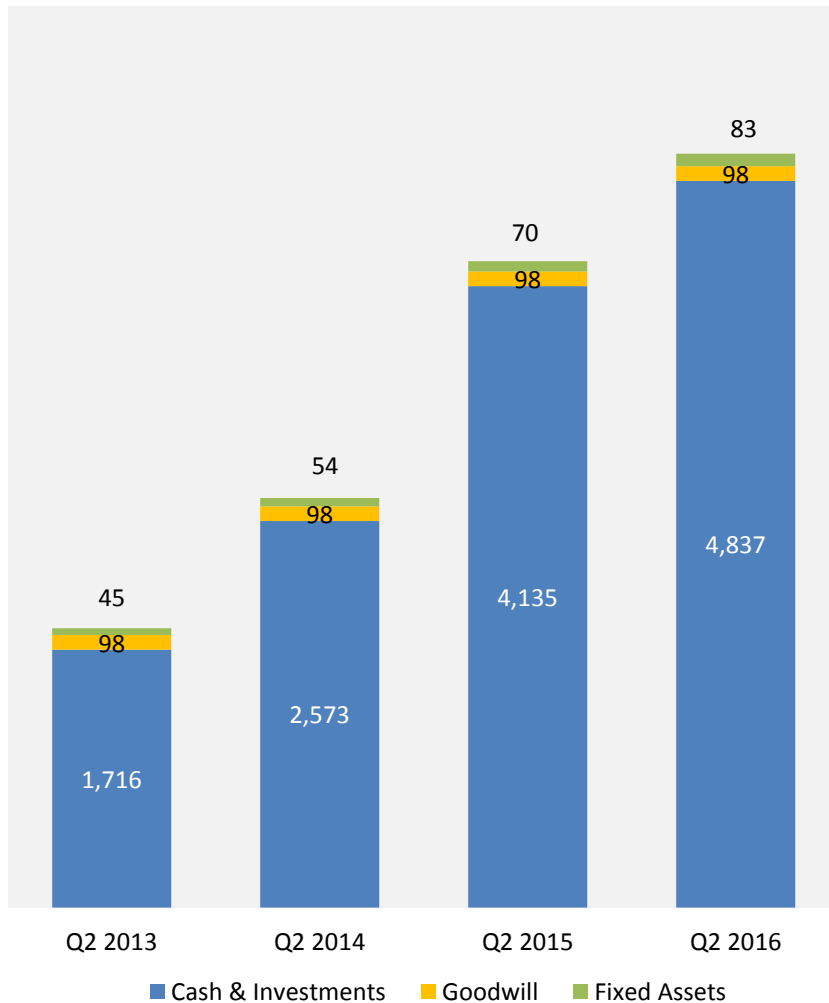
(SR mn)	H1 2014	H1 2015	H1 2016
Commissions	2.9%	2.4%	2.4%
Levies/ Brand Fees	2.5%	2.1%	2.0%
Marketing/ Fulfillment	0.8%	0.6%	0.5%
Total Acquisition Cost	6.2%	5.1%	4.9%
Staff Cost	6.5%	5.2%	5.3%
Other Expenses	2.1%	1.7%	1.9%
Total Expenses (Excluding Co-op Distribution & BDP)	14.8%	12.0%	12.1%

Note: cost line items do not reconcile with the quarterly financial statement

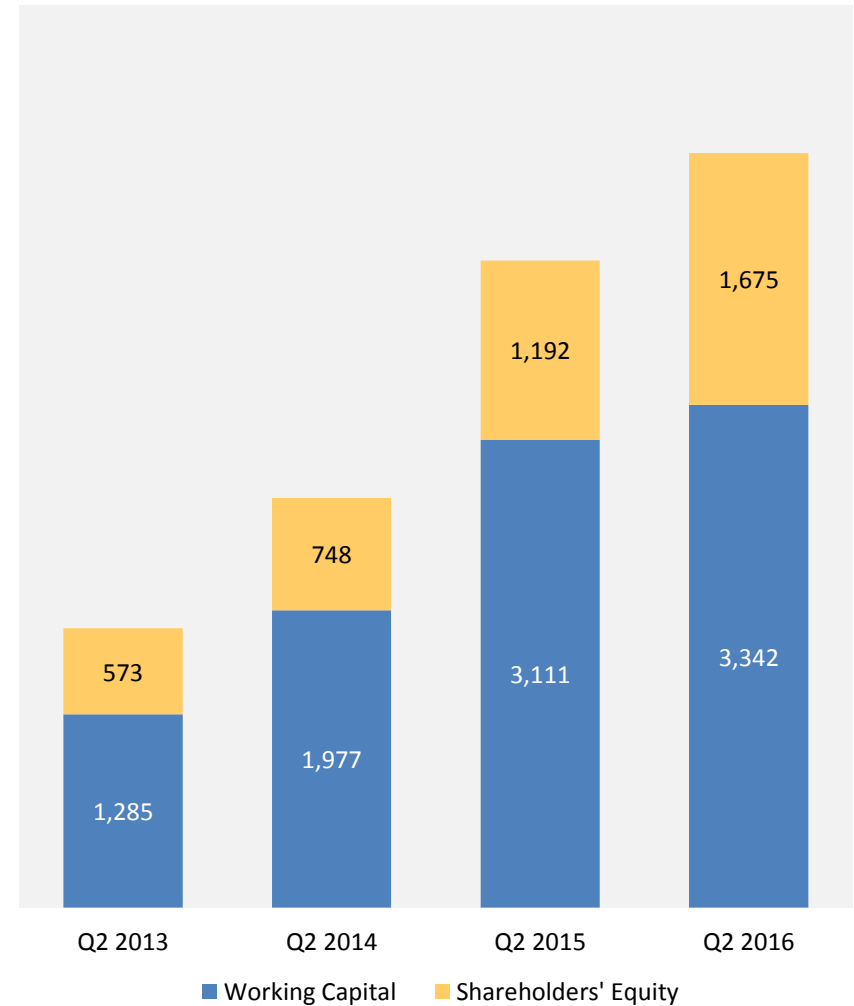
- On a GWP basis, acquisition costs are at 4.2% in H1 2014, 4.1% in H1 2015, and 4.3% in H1 2016

Balance Sheet Summary Q2 2013-2016 (SR mn)

Assets

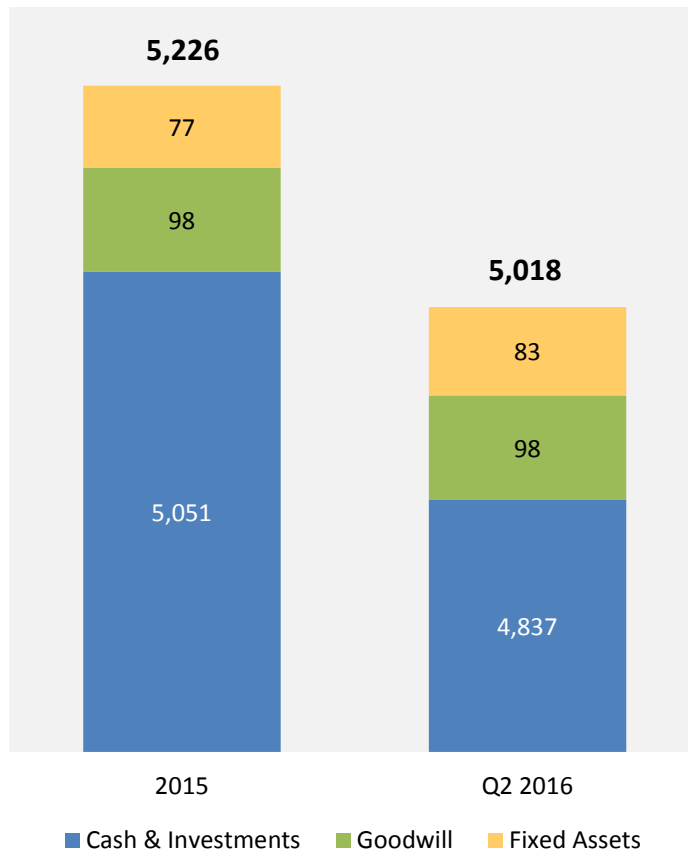


Working Capital + Shareholders' Equity

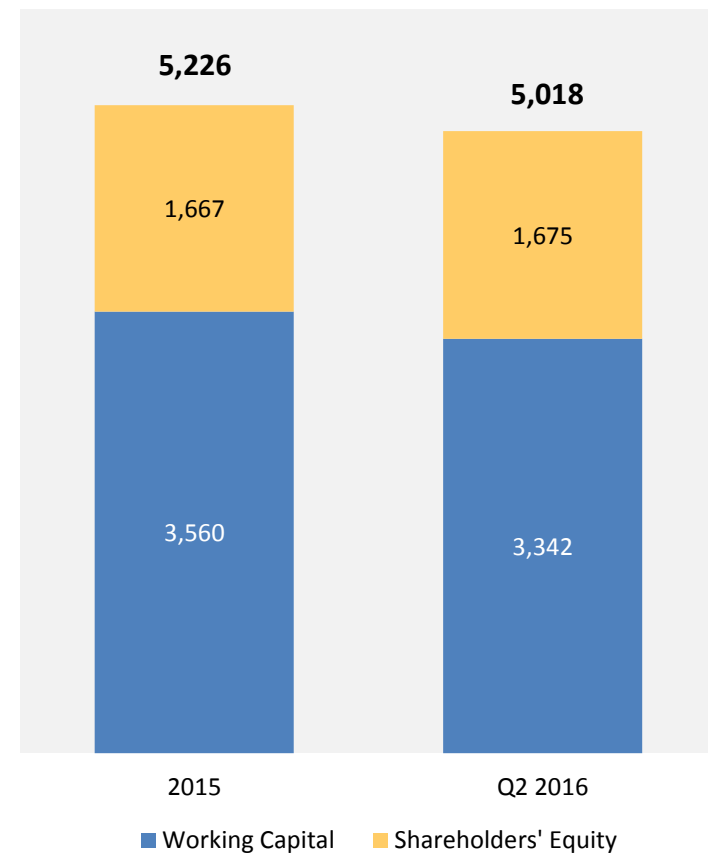


Balance Sheet Summary Dec 2015 vs Jun 2016 (SR mn)

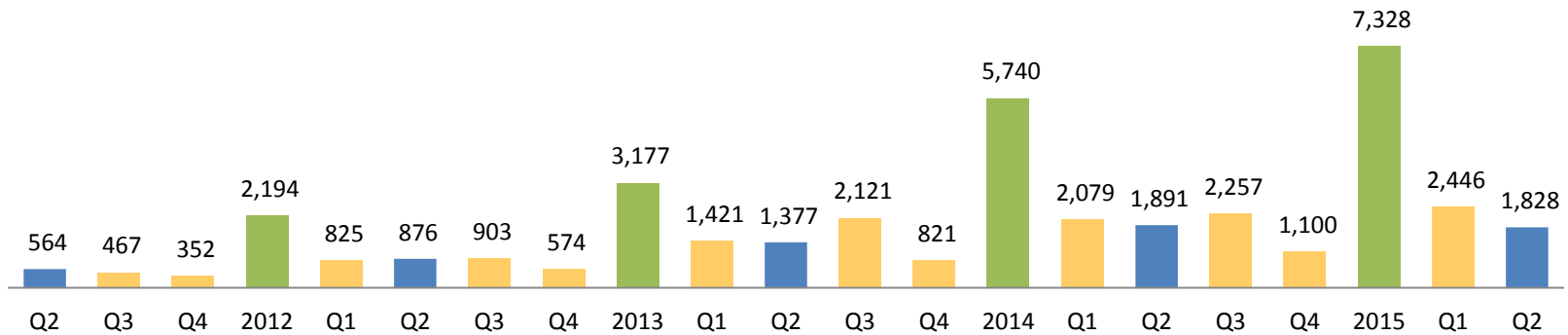
Assets



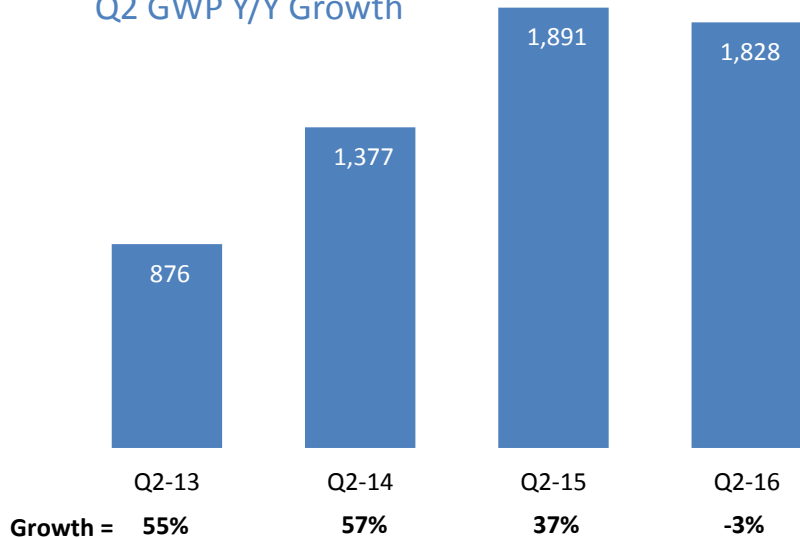
Working Capital+ Shareholders' Equity



GWP Trend (SR mn)

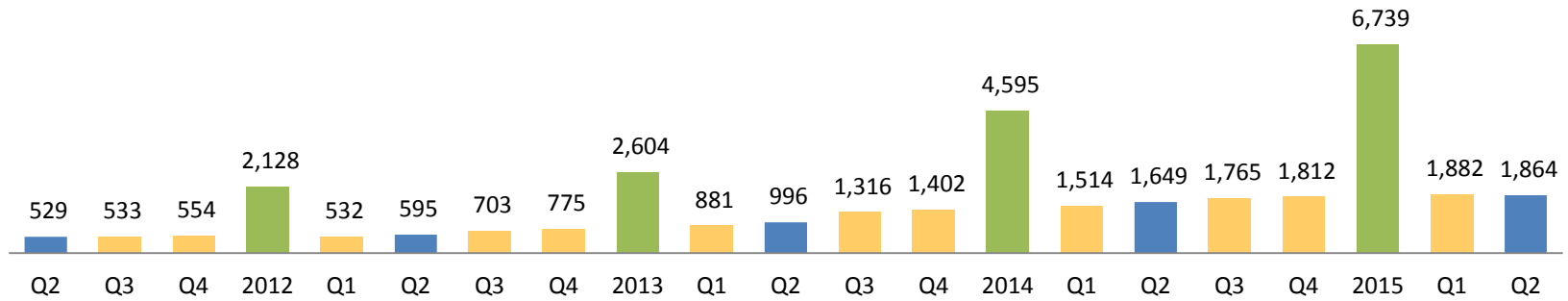


Q2 GWP Y/Y Growth

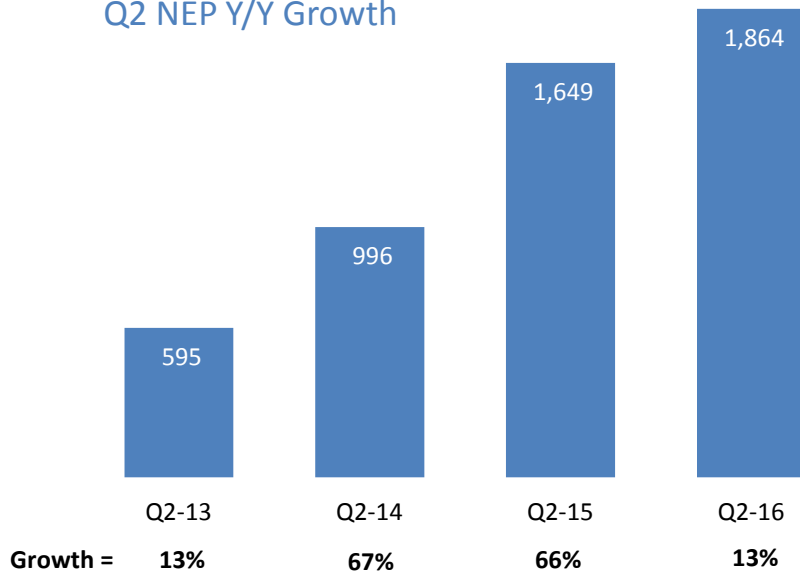


- GWP CAGR is 28% for period Q2 2013 – Q2 2016
- Q2 GWP declined by 3%, mostly due to the loss of some high loss ratio accounts
- Our priority at Bupa Arabia is to sustain an appropriate margin, not growth for growth's sake

NEP Trend (SR mn)

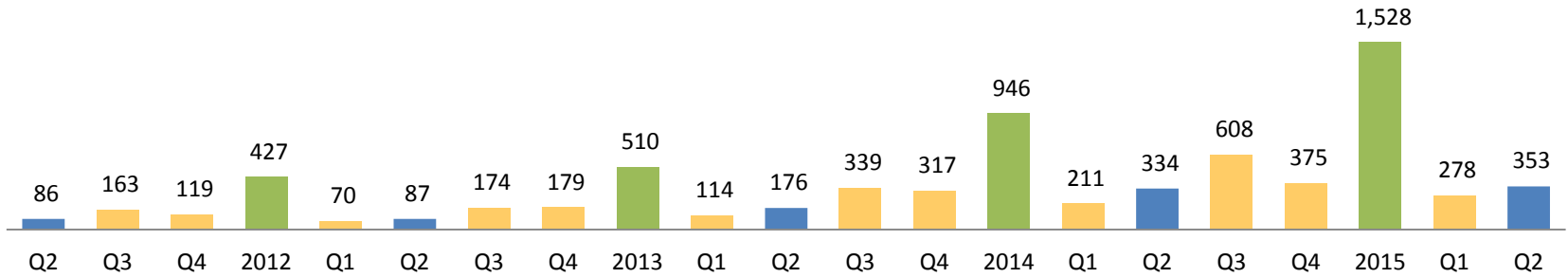


Q2 NEP Y/Y Growth

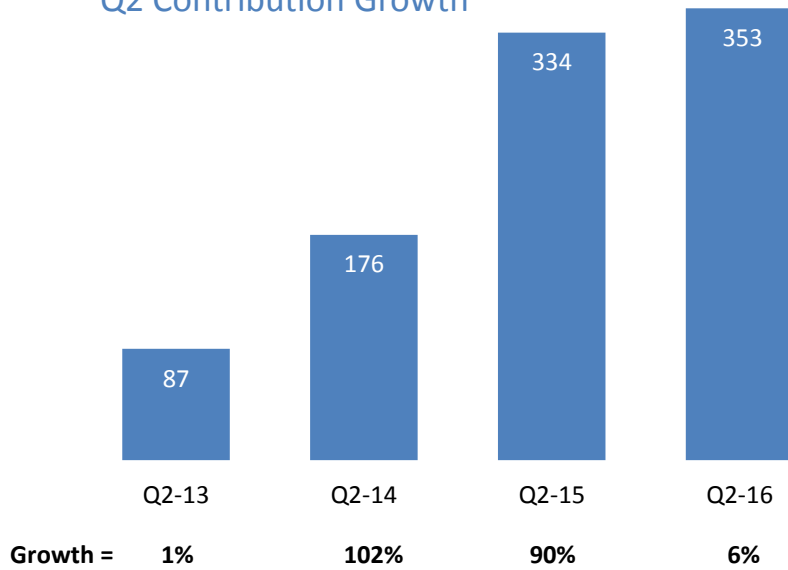


- NEP CAGR is 46% for period Q2 2013 – Q2 2016
- Q2 NEP grew by 13%

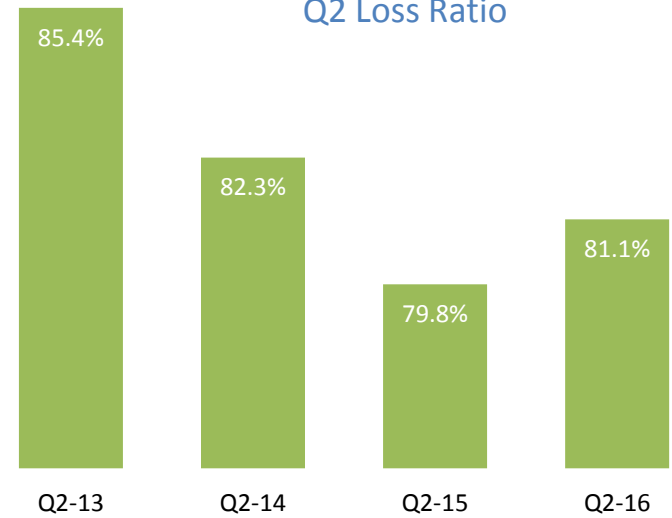
Contribution Trend (SR mn)



Q2 Contribution Growth



Q2 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

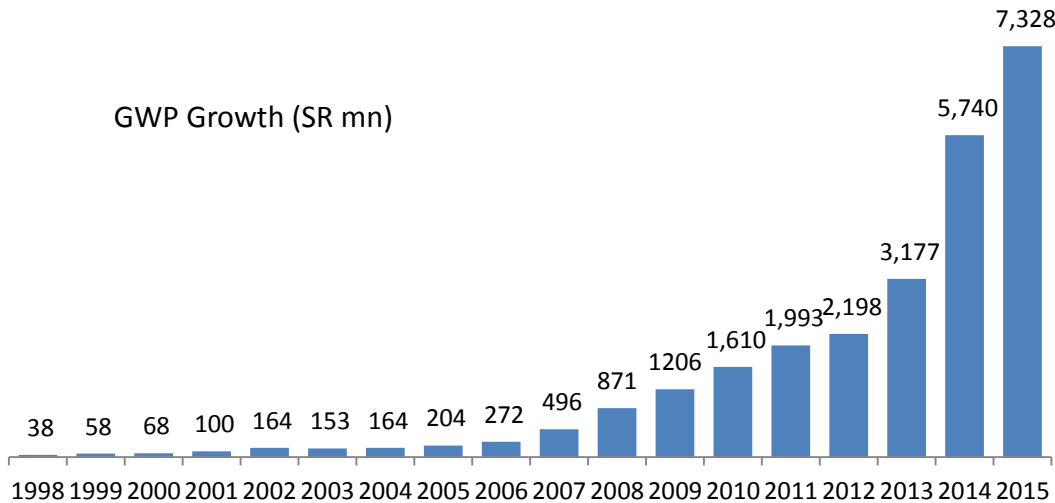
- The most efficient in a growing market
- Systematizing and continuous improvement in core processes
- Creating real differentiation on superior service and by offering customers unique healthcare expertise

The Future: The Arab World's Foremost Healthcare Partner

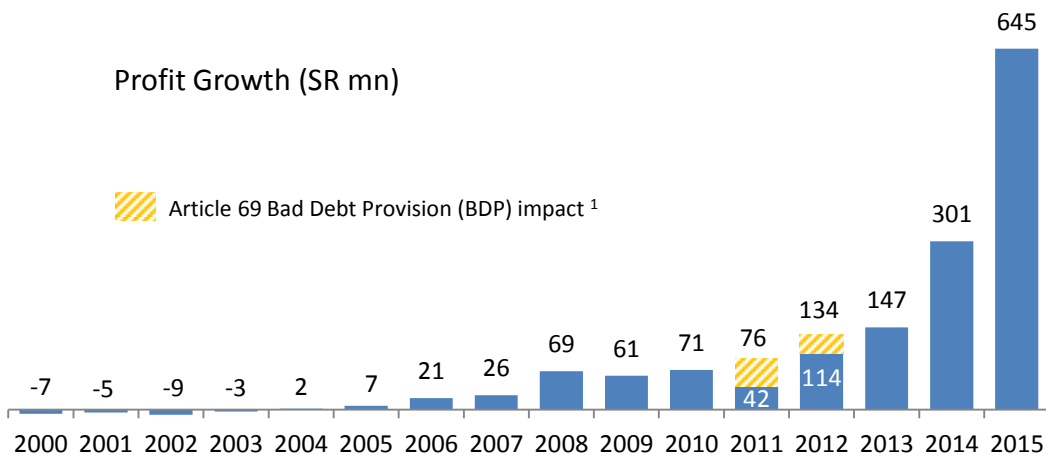
- Bupa Arabia will be the greatest healthcare company in the Arab world

What We've Achieved, Financially

GWP Growth (SR mn)



Profit Growth (SR mn)



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

- 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
- In 2015, we reached 3 millions members

What We've Achieved, Industry Awards

Our services have set industry standards

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

2006

- Best medical insurer, Jeddah Chamber of Commerce
- E-business award, Middle East Insurance Awards, Bupa Active Service

2007

- 8th Best company to work for, Saudi Best Company Award
- Best Call center Quality award, Insights Middle East Call center Awards
- Best Medical Insurer, Jeddah Chamber of Commerce

2008

- E-business Award, Middle East Insurance Award, Msg. Bupa
- Best Company to work for, Saudi Best Company Award
- Best working Environment for women, Saudi best company award
- Best Call center Quality award, Insights Middle East Call center Awards

2009

- E-business award, Middle East Insurance awards, Basmah
- 8th Fastest growing company award (SME sector) Saudi fast growth award

2010

- Preferred CEO of the Year Award Naseba & Kingdom HR Gathering

2011

- Best Saudi Company to work for. Best Workplace For Women Award
- Best Saudi Company to work For, for Insurance and Finance Service Sector Award

2012

- Best Large Call Centre – INSIGHTS Middle East Call Centre Awards

2013

- Best Saudi Company to work for. Best Workplace For Women Award
- Best Saudi Company to work For, for Insurance and Finance Service Sector Award
- Best Call Centre in Middle East

2014

- The Best CSR initiative- international Finance Magazine
- The Best CSR impact initiative award- Saudi Arabia CSR summit 2014
- The Best CSR integrated Organization award-Saudi Arabia summit 2014
- Top rating in building competitive" responsible employment standard" King Khalid Foundation awards.
- Ranked 10th "Great place to Work" In Saudi Arabia
- Best Saudi Company to work for- Female category
- Best innovative Healthcare partnership in KSA for al Hilal FS

2015

- Leading Corporate for Investor Relations- KSA
- The best Insurance Company of the Year by Arabian Business
- Tal Nar, awarded as Top CEO Middle East by Trends Magazine in conjunction with INSEAD business school
- 1st Ranking in 'Most Women Friendly Employer' award by HRDF
- 2nd Ranking in 'Excellence in Learning and Development' by HRDF
- Ali Sheneamer, awarded as 'Champion of Change' by 2nd Annual Talent and Diversity Leadership Forum

2016

- Leadership role in orphan care by Ministry of Social Affairs
- Tal Nazer, awarded as the 2nd best Top CEO in KSA and Top CEO award for 2016 within GCC

2020: Our Intent and Goals

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

A healthcare partner to millions more people



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

■ Healthcare Partner

Extraordinary business performance



■ Extraordinary Performance

Investment in Competitive Advantages



Key Business Wins:

- 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
- 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

Tebtom program- 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



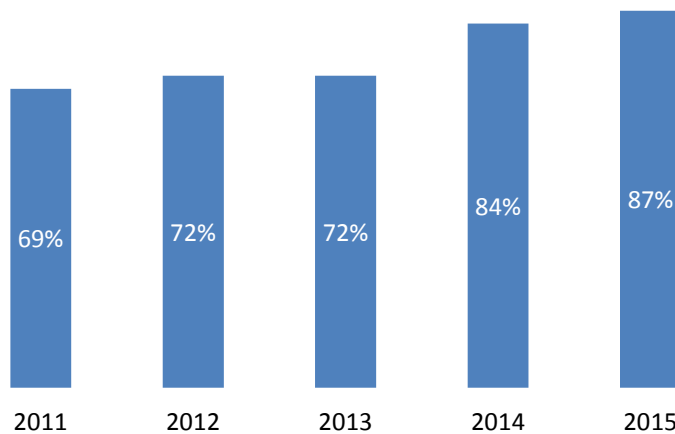
رعاية الحمل والأمومة
Maternity Care



رعاية الطفل
Child Care

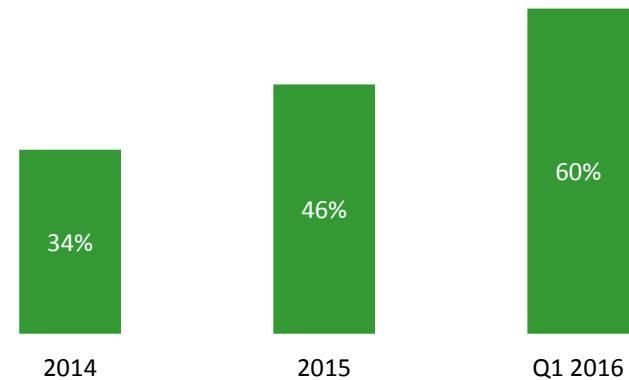
World Class Service – Customer Satisfaction

Customer Satisfaction



Bupa Arabia has managed to increase its customer satisfaction level while growing its customer base over the years

Our NPS Score



We have implemented the Net Promoter Score (NPS) system in the top 10 major/critical touchpoints such as Pre-Auth, Call Center, Membership, etc.

Superior Claims Management - Capabilities

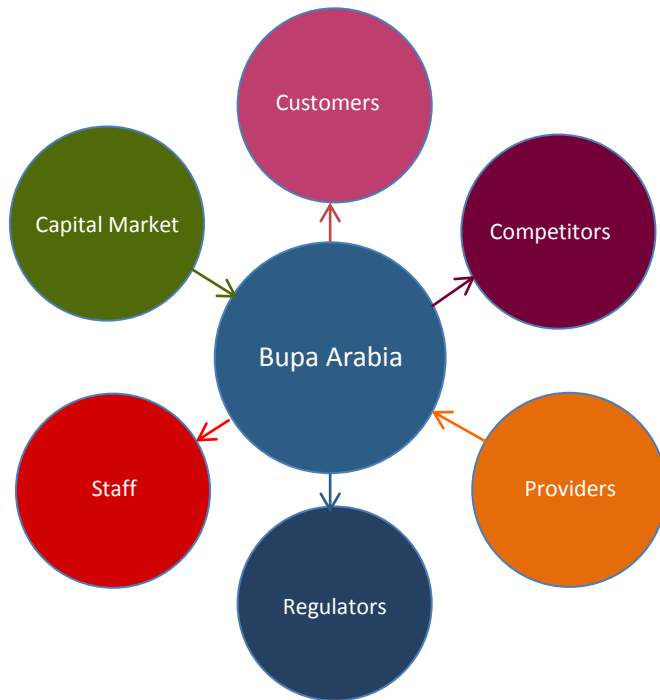


Our Professional and Consistent Risk Management

Reported Loss Ratio	2011	2012	2013	2014	2015	2011-2015
Bupa Arabia	80.4%	79.9%	80.4%	79.4%	77.3%	78.9%
Tawuniya	71.7%	90.1%	107.9%	81.9%	77.3%	86.5%
MedGulf	76.4%	87.8%	107.1%	85.7%	90.6%	90.3%

Source: respective insurance companies' filings

Market Context - 2016 Focus



MACRO ECONOMIC ENVIRONMENT

- Oil prices; Impact on GDP
- Cost of living increases; impact on affordability and hospitals costs
- Raising 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

- Pushing 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