



BUPA ARABIA Q1 2016 EARNINGS ANNOUNCEMENT

May 17, 2016

Fraser Gregory

Chief Financial Officer



Ali Sheneamer

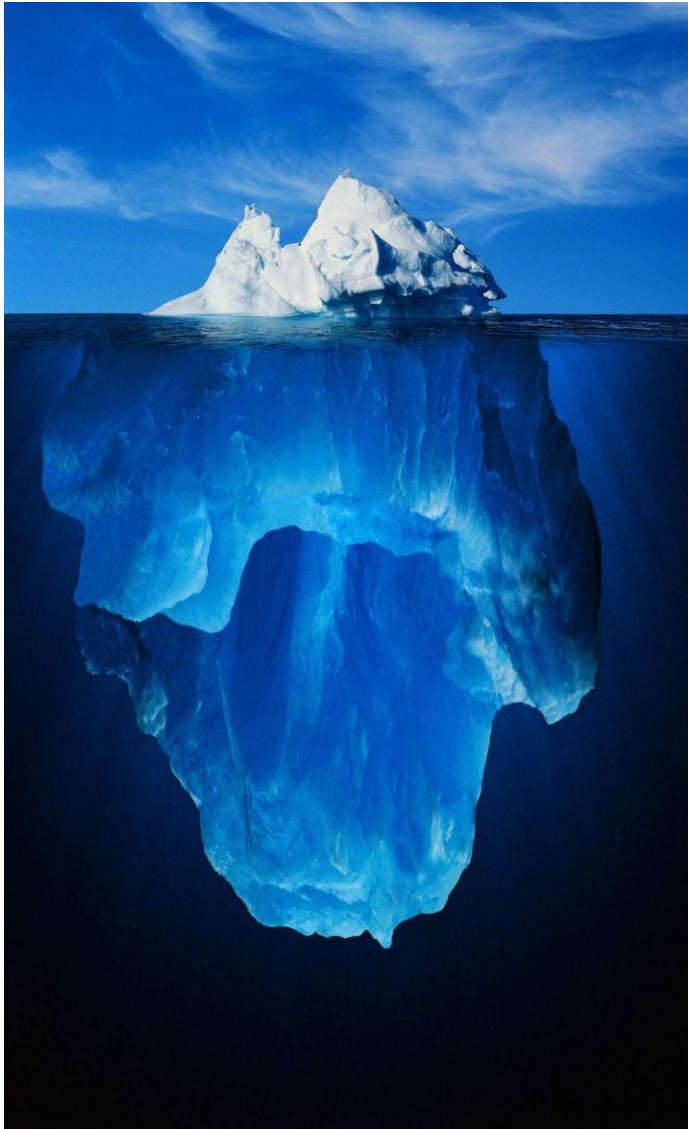
Chief Commercial Officer



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Private Medical Insurance Market Potential - Population



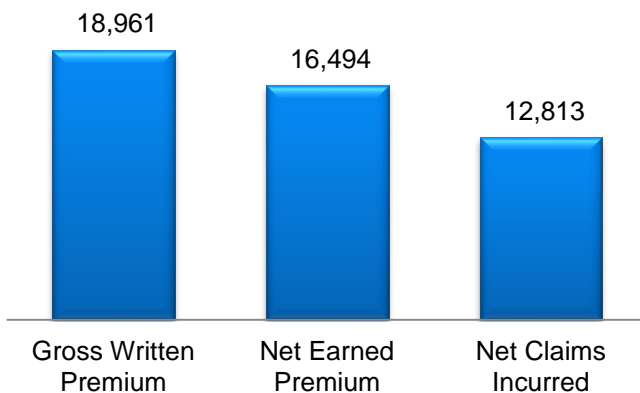
	Saudis	Expats	Total
<u>Population</u>	<u>21.11 M</u>	<u>10.41 M</u>	<u>31.52 M</u>
<u>Mandated: Private sector</u>	<u>5.64 M</u>	<u>9.06 M</u>	<u>14.70 M</u>
Covered	3.14 M	7.86 M	11.00 M
Uninsured	2.50 M	1.20 M	3.70 M
% Covered	56%	87%	75%
<u>Public Health:</u>	<u>15.47 M</u>	<u>1.35 M</u>	<u>16.82 M</u>
	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		

Sources: GOSI, MOL, CCHI, Bupa Arabia Internal Estimates, as of Dec 2015

The Saudi Insurance Market Report: Gross Written Premium (GWP)- Medical Sector SR (m)

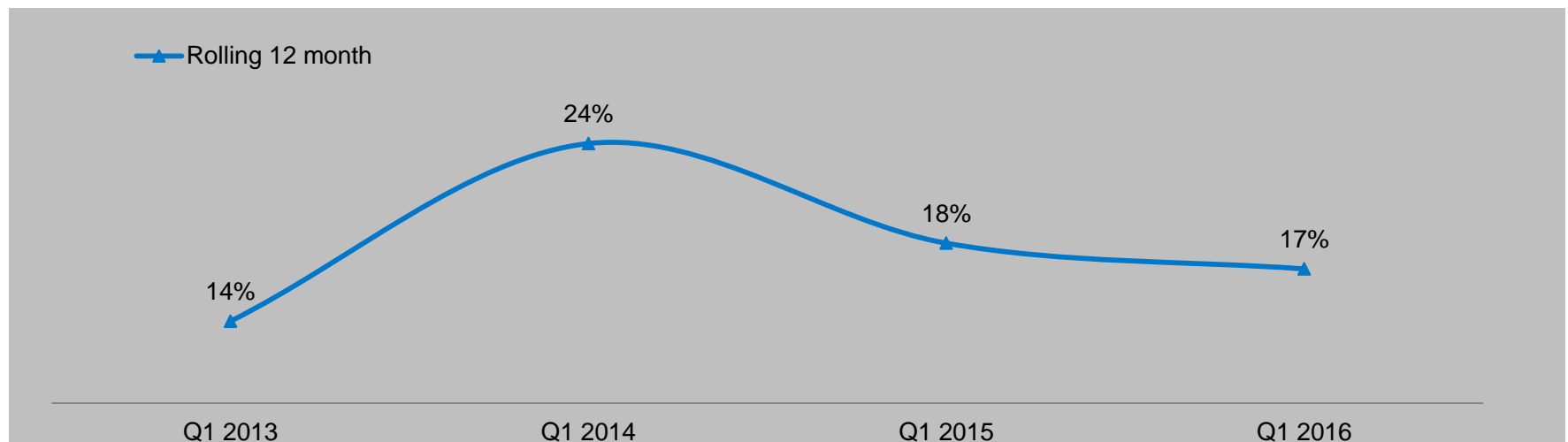
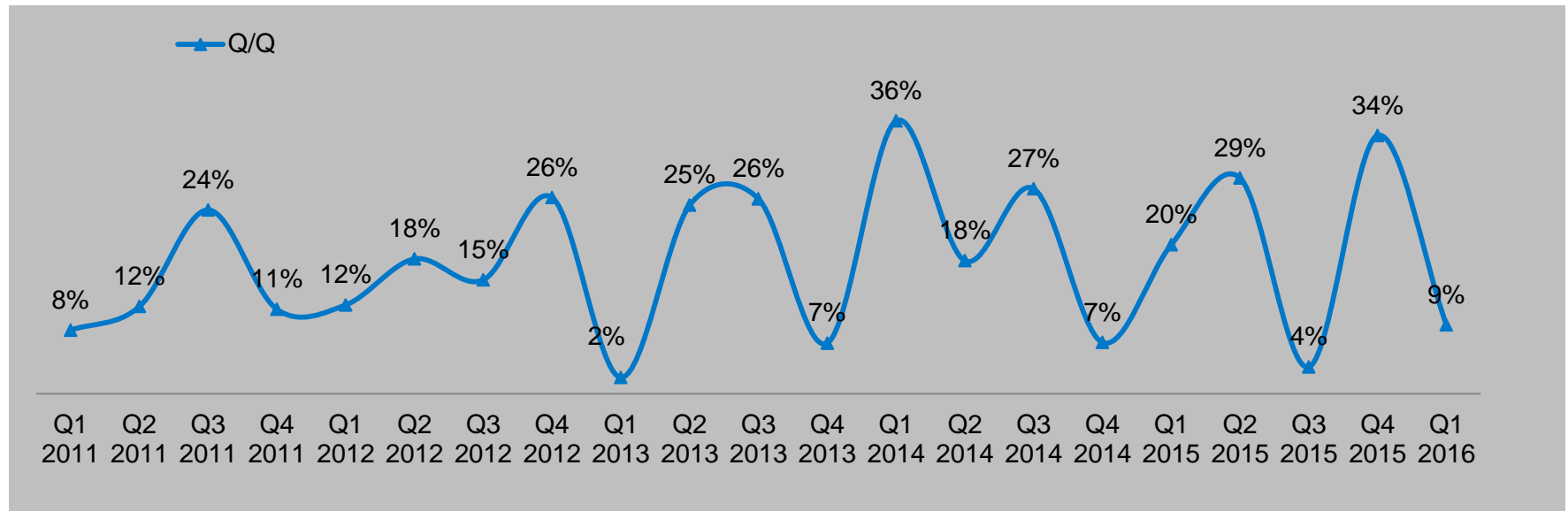
Gross Written Premium	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Q1 2015	Q1 2016
Total Medical Insurance	2,222	3,065	4,805	7,292	8,690	9,802	11,154	12,927	15,789	18,961	4,968	5,423
Bupa Arabia	367	597	941	1,347	1,749	1,993	2,194	3,177	5,740	7,328	2,079	2,446
<i>Bupa Arabia Market Share</i>	16.5%	19.5%	19.6%	18.5%	20.1%	20.3%	19.7%	24.8%	36.3%	38.6%	41.8%	45.1%

2015 Medical Insurance Performance SR (m)



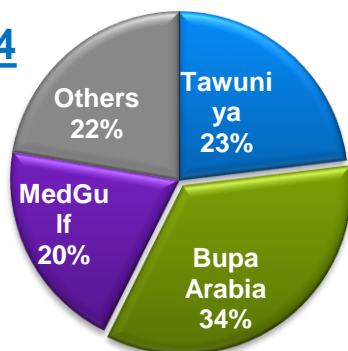
- Bupa Arabia CAGR between 2006-2015 is 39%
- Medical insurance CAGR between 2006-2015 is 27%.
- 2015 Medical insurance Loss ratio reached 78%. For 2014 Loss ratio was 79%.
- GWP retention rate is 96%
- Bupa Arabia Q1 2016 market share is 45.1%

Market Gross Written Premium Growth- Medical Sector

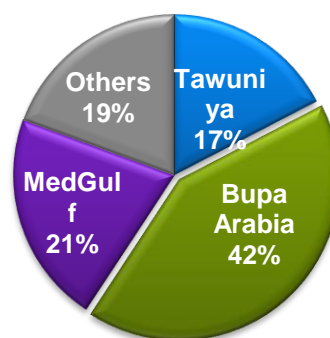


Market Share: Gross Written Premium- Medical Sector

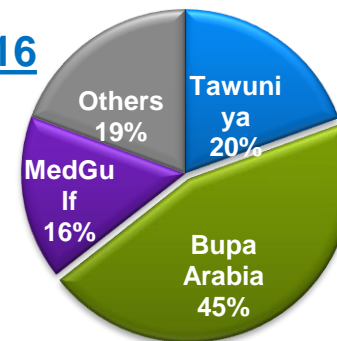
Q1 2014



Q1 2015



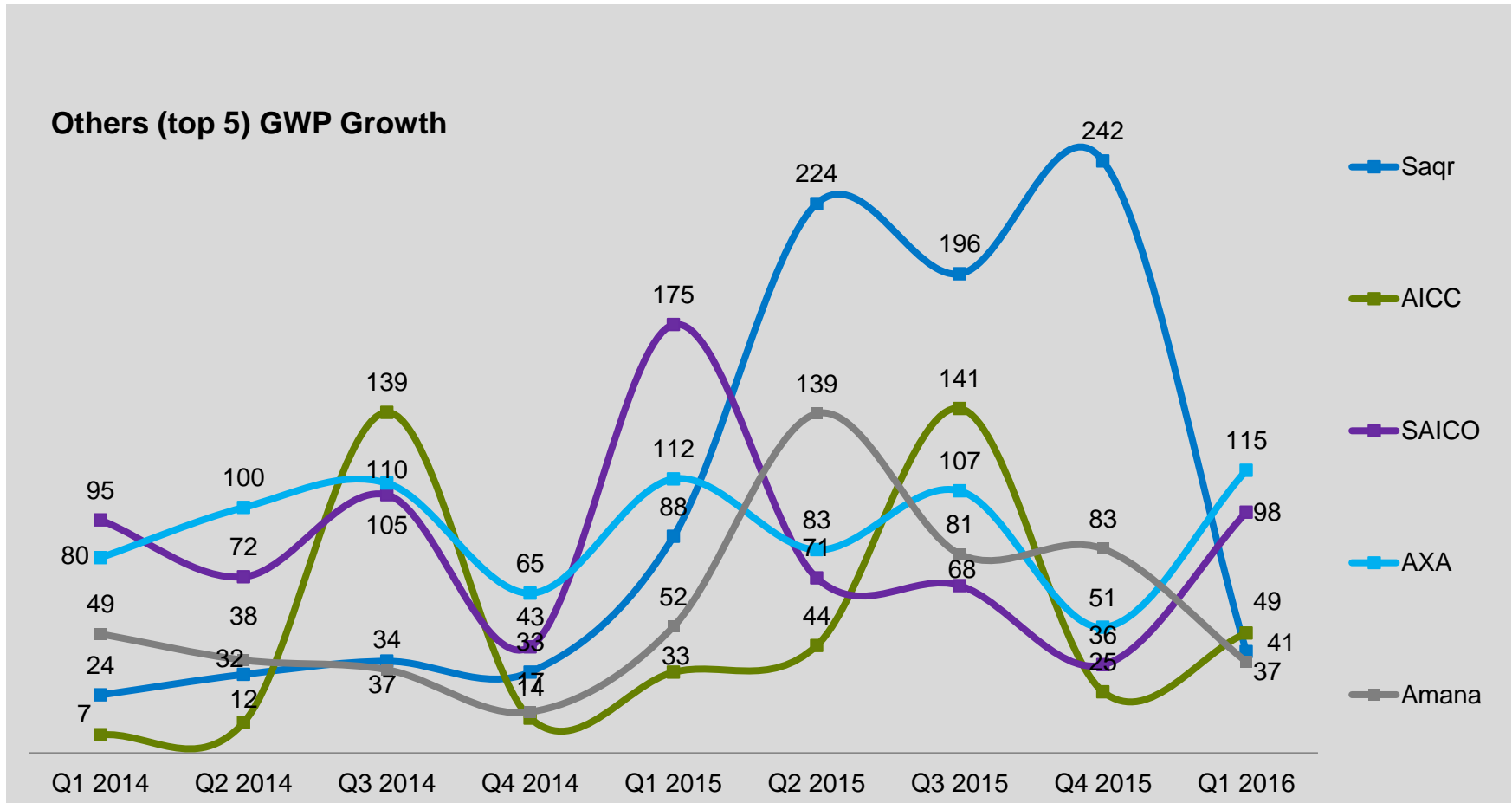
Q1 2016



- The medical sector GWP for Q1 2016 is SR 5.45 billion compared to SR 4.97 billion in Q1 2015.
- Bupa Arabia market share increased by 3.1% in Q1 2016 compared to Q1 2015
- Other (28 companies) market share is 19%

Medical sector: SR (m) Q1	GWP			2015/2014 growth	2016/2015 growth	LR		
	2014	2015	2016			2014	2015	2016
Bupa Arabia	1421	2079	2446	46%	18%	87%	86%	85%
Tawuniya	958	863	1063	-10%	23%	94%	83%	85%
MedGulf	843	1061	883	26%	-17%	85%	96%	86%
Others	926	964	1031	4%	7%	70%	71%	56%
Total	4148	4968	5423	20%	9%	85%	85%	80%

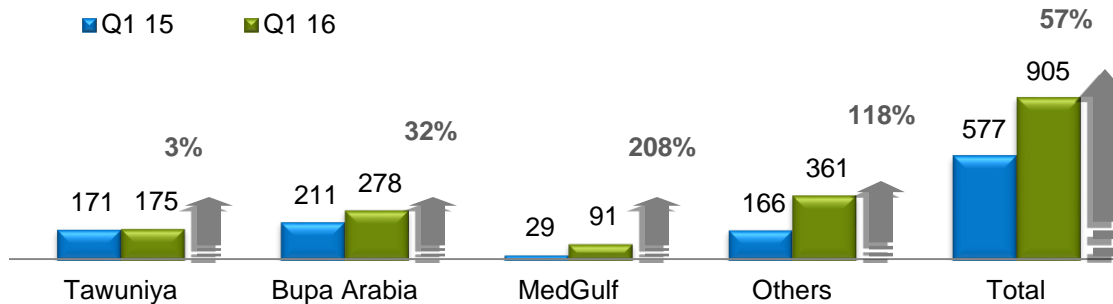
Others: (Smaller Companies)- SR (m)



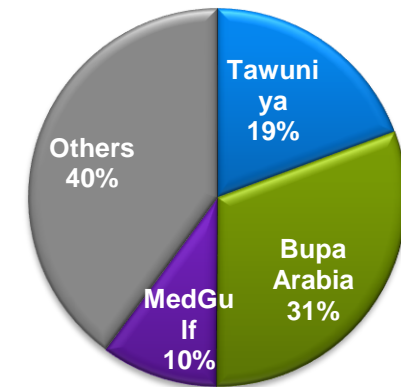
- Top 5 smaller companies based on 2015 performance.

Health Contribution & All Lines Net Income SR(m)

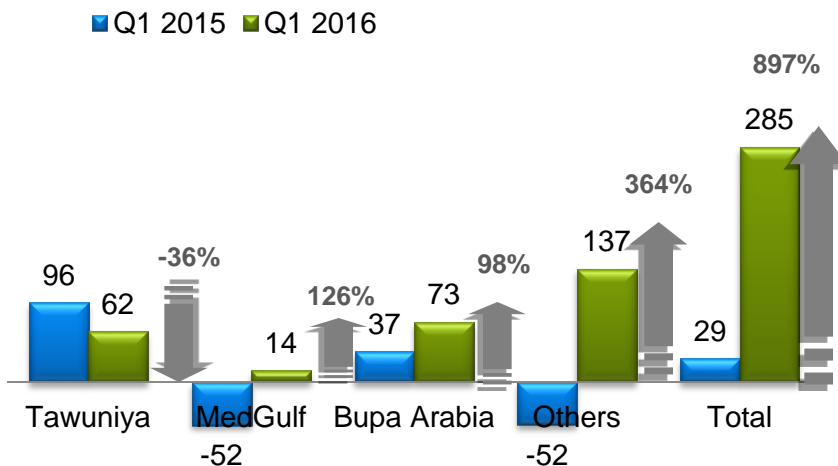
Health Underwriting Contribution Q1 (2015- 2016)



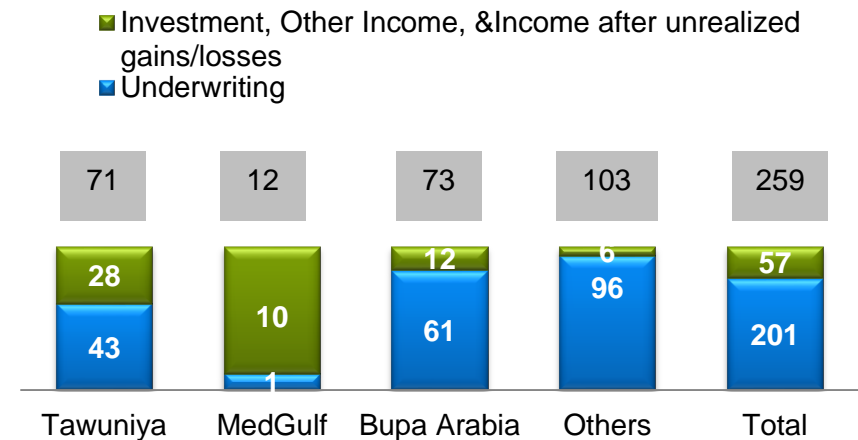
Contribution Q1 2016



All lines Net Income(Pre-tax/Zakat) Q1 (2015- 2016)



Q1 2016 All lines Income: Net of unrealized gains/losses



Summary- Key Financial Metrics

Bupa Arabia -SR(m)	Q1'16	Y/Y
GWP	2,446	18%
NEP	1,882	24%
Contribution	278	32%
Loss ratio(- is better)	85.2%	-0.82%
Expenses	209	16%
Net profit before zakat & tax	73	98%
EPS SR	0.91	98%

Bupa Arabia “Underlying” Results Q1 (2012-2016)

SR (m)-	2012	2013	2014	2015	2016
Underlying Trading Results	(23.9)	(17.1)	(18.6)	23.3	41.5
Investment Income & Other income	10.7	7.6	7.7	9.4	11.9
Bad Debt Provision (BDP)	15.1	(2.5)	(9.9)	4.1	19.2
One offs/Other income one off	-	8.0	-	-	-
Pre Tax Reported Results	1.9	(4.0)	(20.8)	36.8	72.6
Premium Earned	513	532	881	1514	1882
Underlying Trading Margin	-4.7%	-3.2%	-2.1%	1.5%	2.2%
Net Profit Margin	0.4%	-0.8%	-2.4%	2.4%	3.9%

Cost Base Profile: % Net Earned Premium

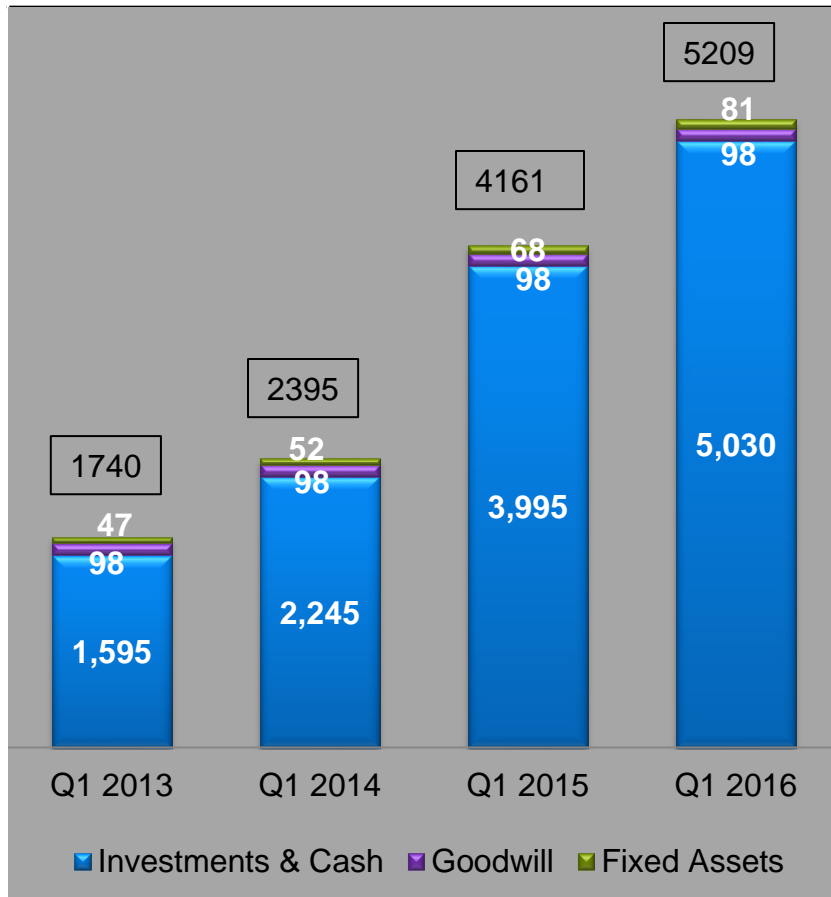
Bupa Arabia-	Q1 2014	Q1 2015	Q1 2016
Commissions	3.1	2.4	2.4
Levies/ Brand fees	2.7	2.3	2.2
Marketing/ Fulfilment	0.8	0.6	0.7
	6.6	5.3	5.3
Salaries/ Staff related/ Training	6.5	5.0	5.1
Others: IT/Property/ Travel	2.0	1.8	1.8
Total (Excluding Co-op Distribution & BDP)	15.1%	12.1%	12.2%

- Written is a more appropriate denominator; on this basis acquisition costs are at 4.1% in Q1 2014, 3.9% in Q1 2015, and 4.1% in Q1 2016.

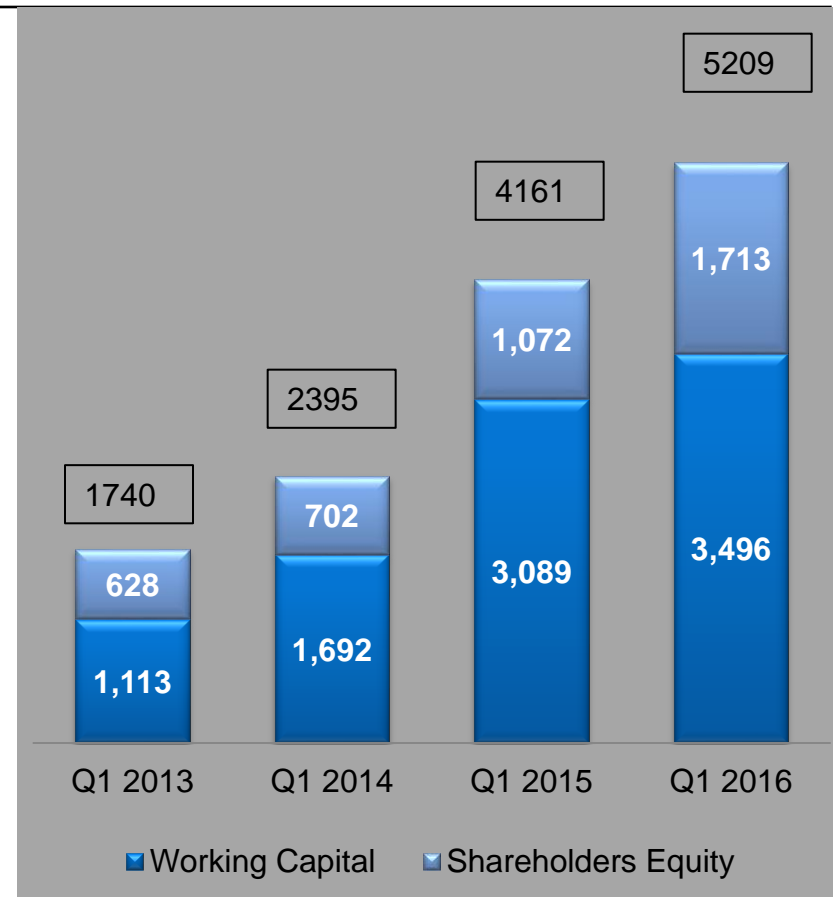
* Cost line items do not reconcile with the quarterly financial statement.

Balance Sheet- Key Facts Q1 (2013-2016) SR (m)

Assets

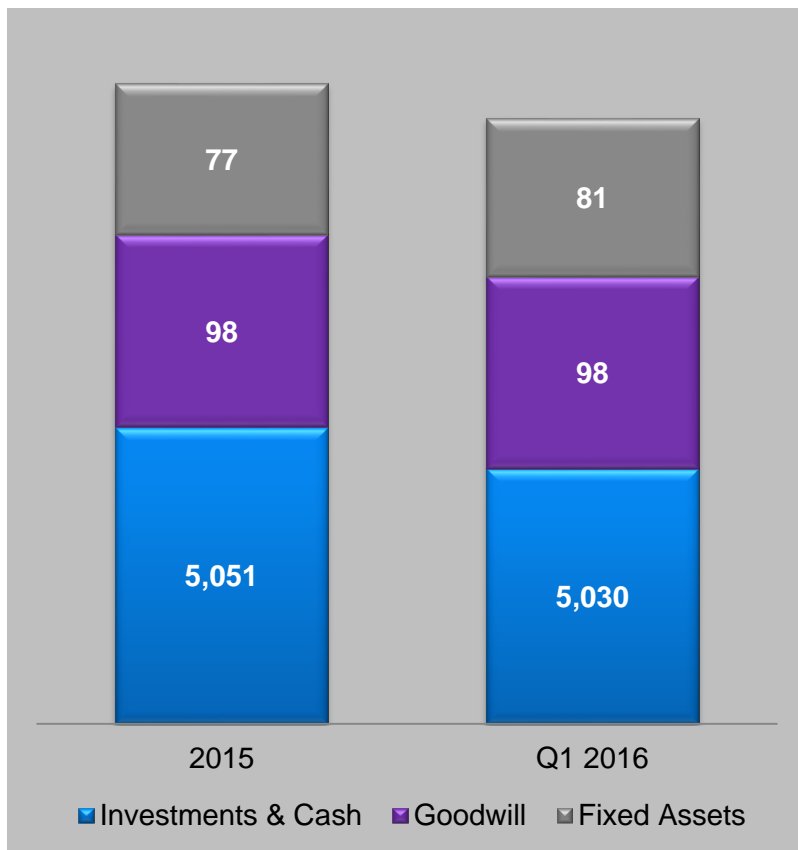


Working Capital+ Shareholder's Equity

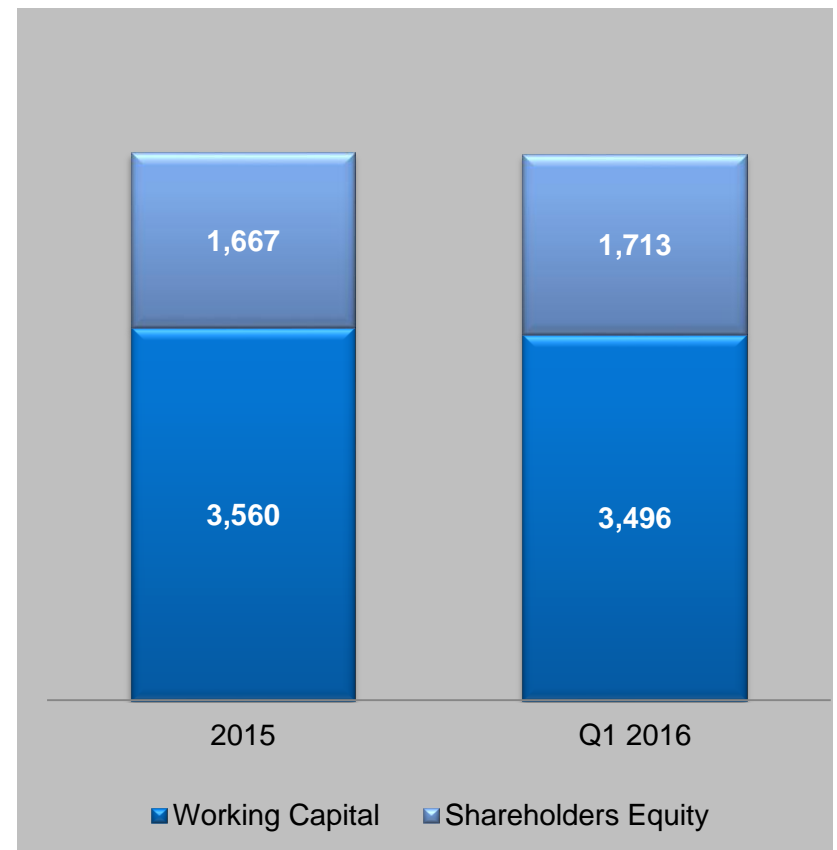


Balance Sheet- Key Facts Q1 (2013-2016) SR (m)

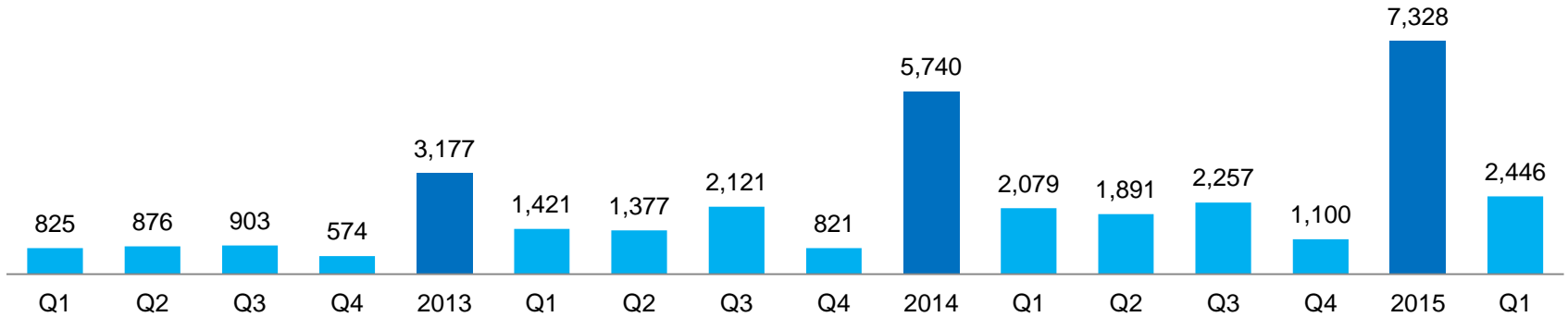
Assets



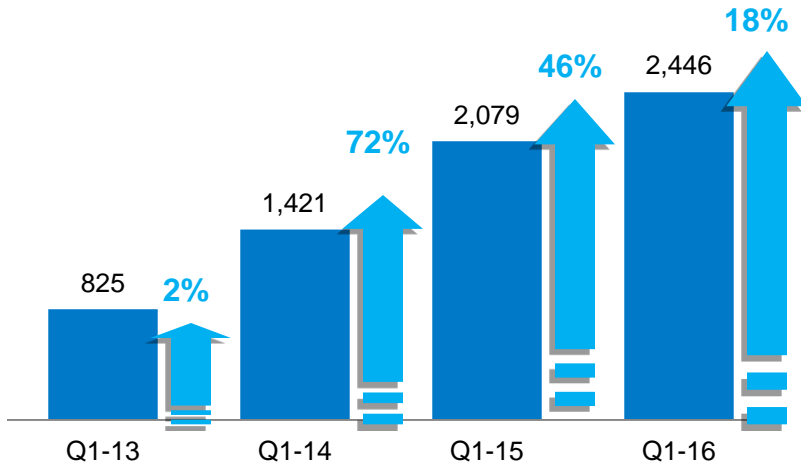
Working Capital+ Shareholder's Equity



Gross Written Premium Q1 (2013-2016) SR (m)

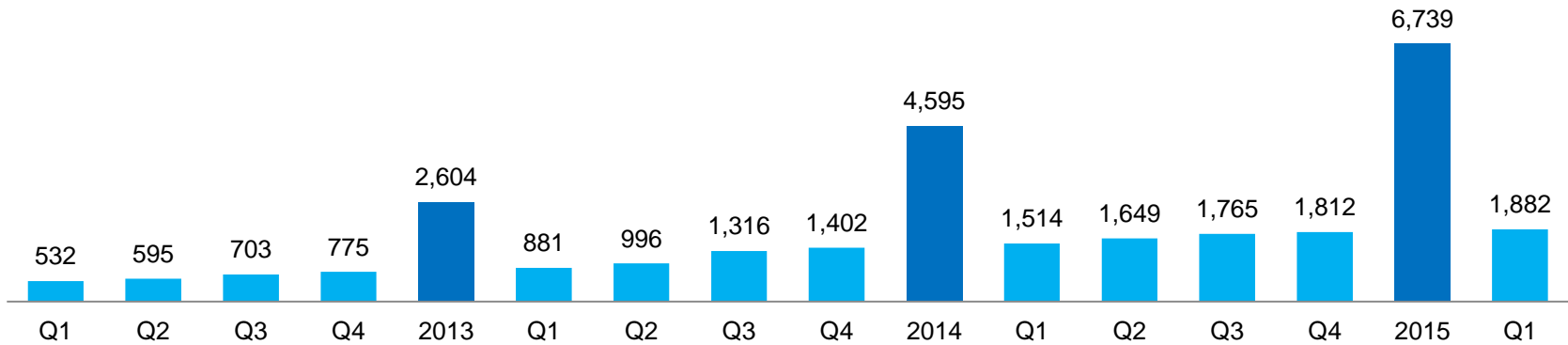


Q1 GWP Growth

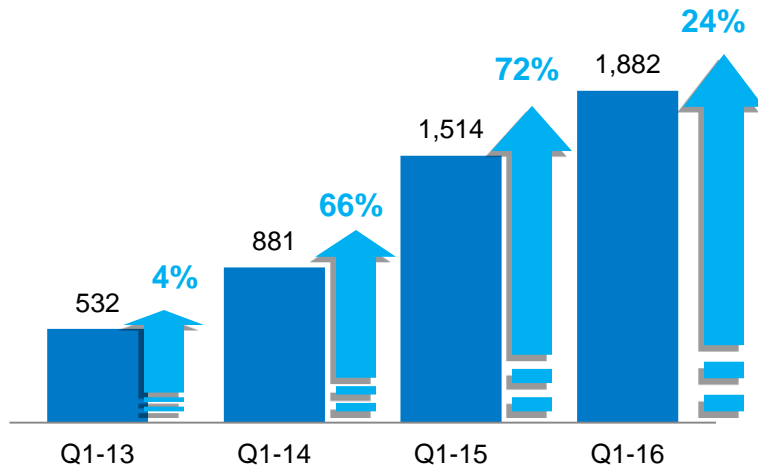


- GWP CAGR is 44% from Q1 2013 –Q1 2016.

Net Earned Premium Q1 (2013-2016) SR (m)

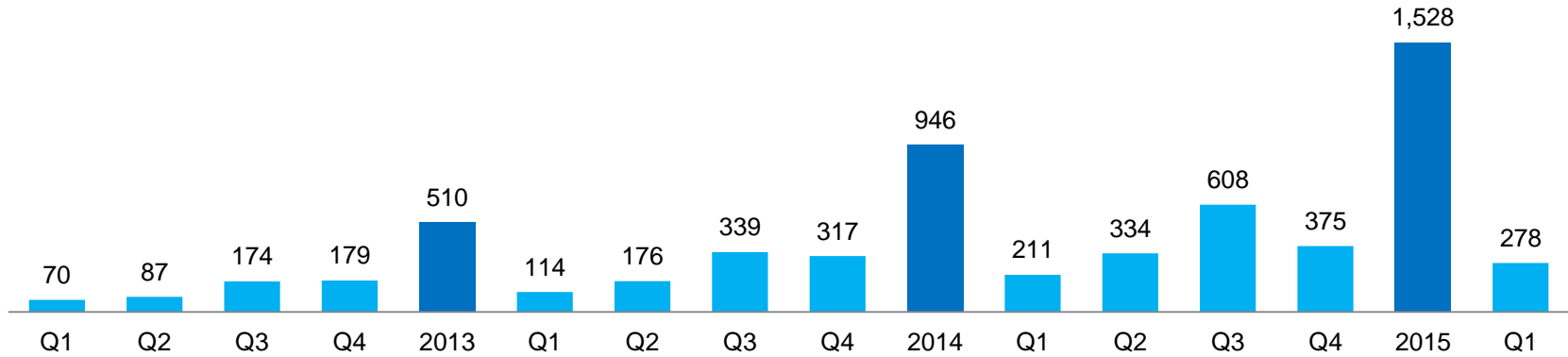


Q1 NEP Growth

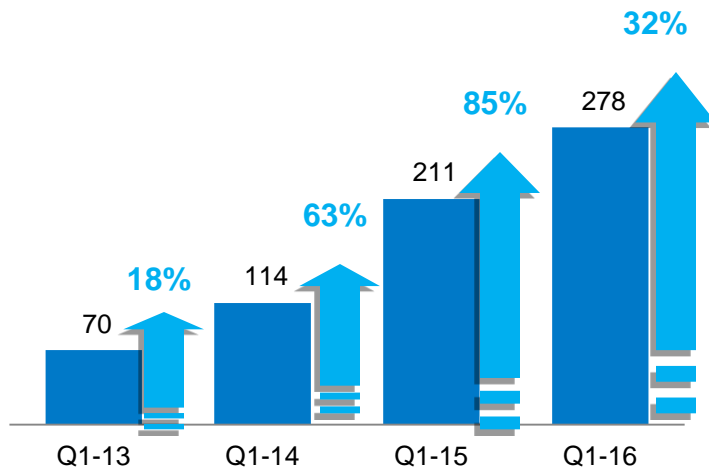


- GWP CAGR is 52% from Q1 2013 –Q1 2016.

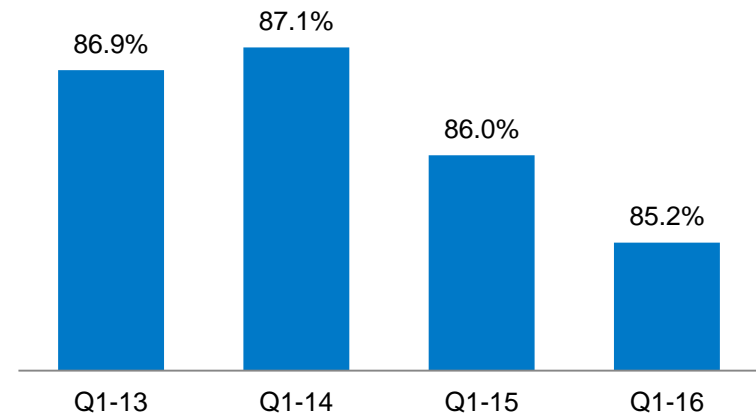
Contribution Q1 (2013-2016) SR (m)



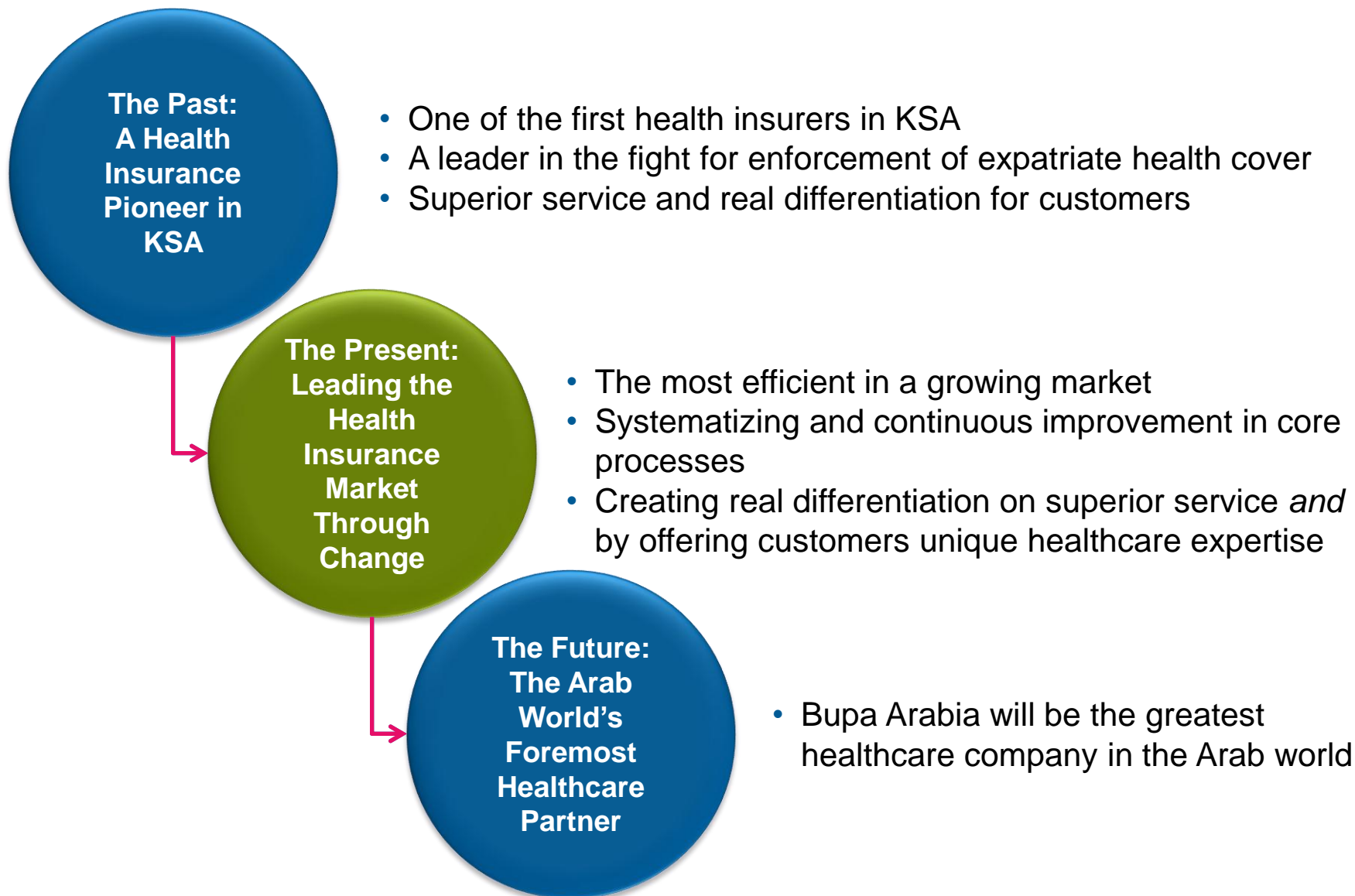
Q1 Contribution Growth



Q1 Loss Ratio

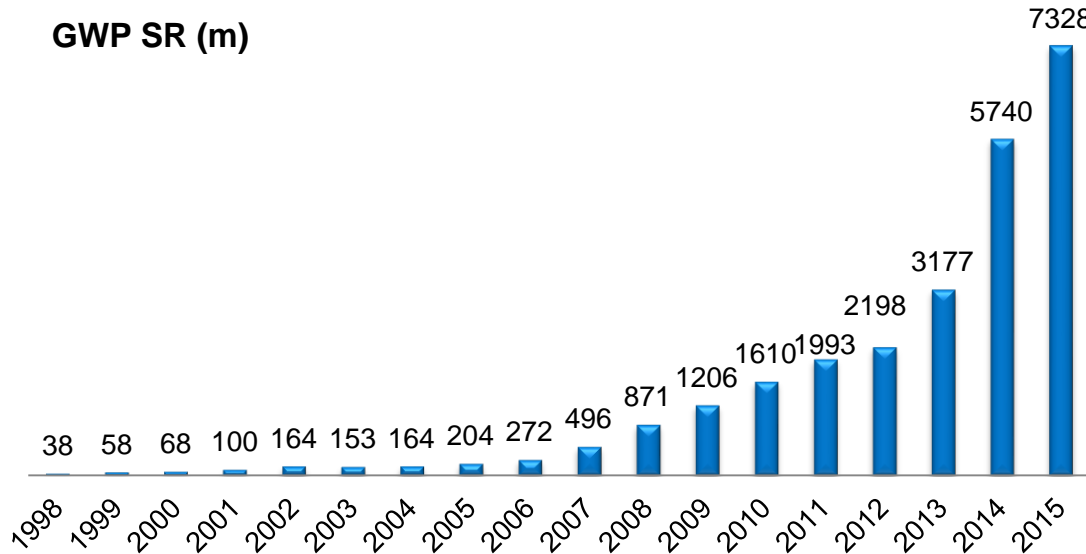


Bupa Arabia – Past, Present and Future



Bupa Arabia: What We've Achieved, Financially

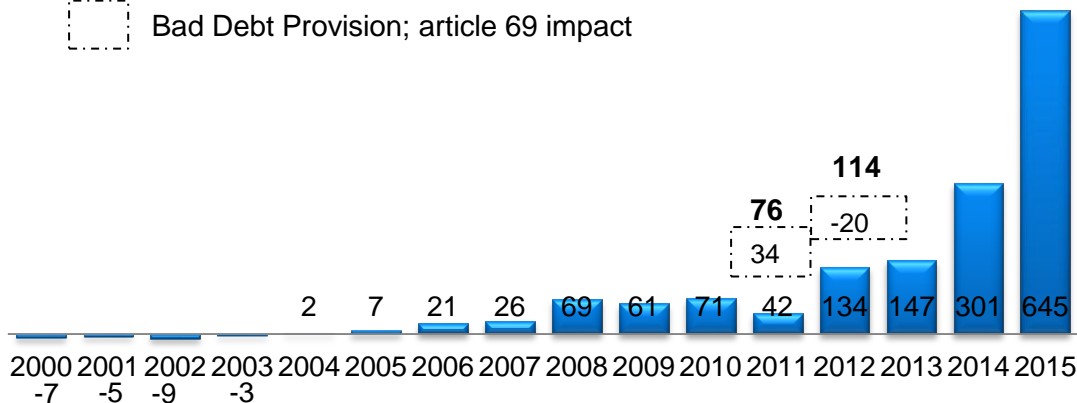
GWP SR (m)



- 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.

■ Bupa Arabia Profit

□ Bad Debt Provision; article 69 impact



Bupa Arabia: 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.

- | | | | | | |
|--|---|---|---|--|--|
| <h2>2006</h2> <ul style="list-style-type: none"> • Best medical insurer, Jeddah Chamber of Commerce • E-business award, Middle East Insurance Awards, Bupa Active Service. | <h2>2007</h2> <ul style="list-style-type: none"> • 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. | <h2>2008</h2> <ul style="list-style-type: none"> • 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. | <h2>2009</h2> <ul style="list-style-type: none"> • E-business award, Middle East Insurance awards, Basmah. • 8th Fastest growing company award (SME sector) Saudi fast growth award. | <h2>2010</h2> <ul style="list-style-type: none"> • Preferred CEO of the Year Award. Naseba & Kingdom HR Gathering | <h2>2011</h2> <ul style="list-style-type: none"> • Best Saudi Company to work for. Best Workplace For Women Award • Best Saudi Company to work For, for Insurance and Finance Service Sector Award |
|--|---|---|---|--|--|
-
- | | | |
|---|---|--|
| <h2>2012</h2> <p>Best Large Call Centre – INSIGHTS Middle East Call Centre Awards</p> | <h2>2014</h2> <ul style="list-style-type: none"> • The Best CSR imitative- international Finance Magazine. • The Best CSR impact imitative 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.. | <h2>2015</h2> <ul style="list-style-type: none"> • 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 2rd Annual Talent and Diversity Leadership Forum |
|---|---|--|
-
- | | |
|---|--|
| <h2>2013</h2> <ul style="list-style-type: none"> • 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 | <h2>2016</h2> <ul style="list-style-type: none"> • 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-focussed paradigm

Partnerships to tackle the most pressing healthcare needs

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***

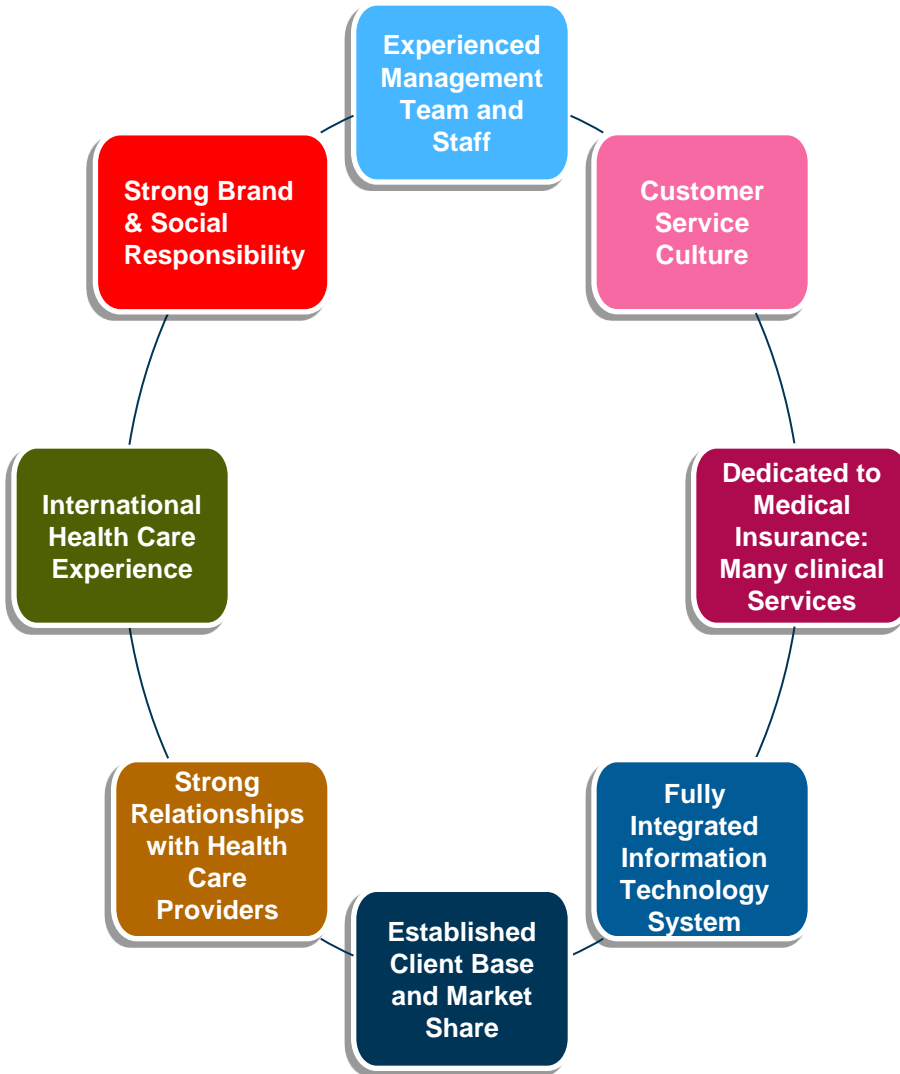
We have ***amazing talent***

We consistently ***act according to our values***

Extraordinary business performance



Bupa Arabia – 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: 800 K lives touched.

2015:1.5 M lives touched.

•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

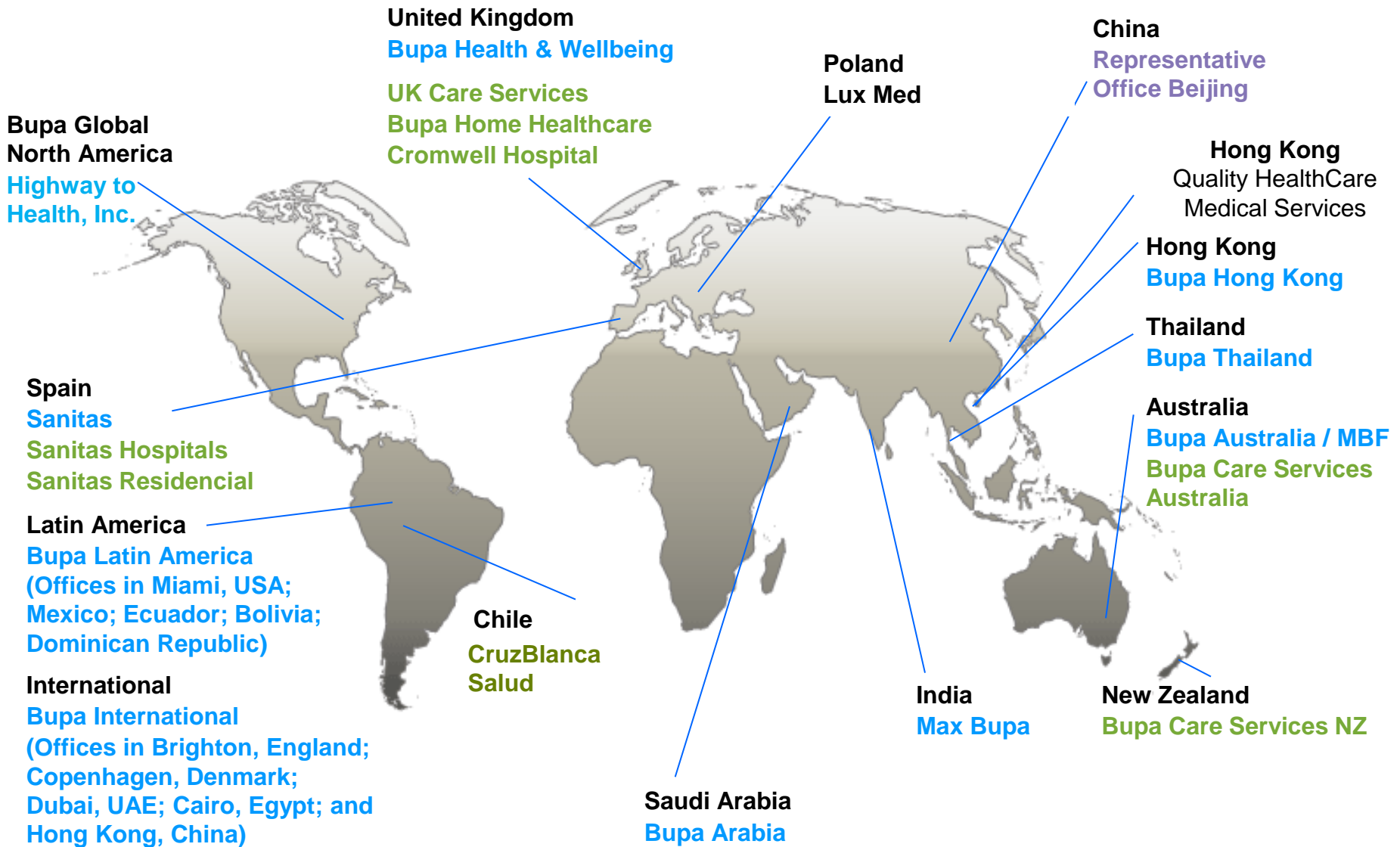
Total Revenue: £ 9.8 bn (As of Dec 2015).

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

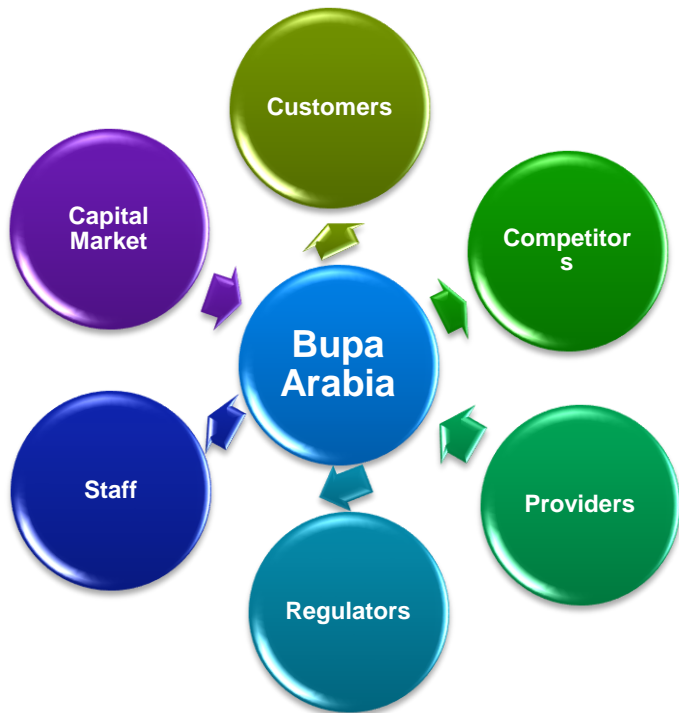


رعاية الحمل والأمومة
Maternity Care



رعاية الطفل
Child Care

MARKET CONTEXT – 2016 FOCUS



❖ Macro Economic Environment

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

❖ CUSTOMERS

- Enhancing our proposition and service – new CRM platform, HealthCare Operations
- Building scale in the Saudi Family segment

❖ 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
- Build capability – resources and IT to reduce fraud, abuse & overtreatment

❖ REGULATORS

- Push 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