

# ALWAYS IN DEMAND

Although COVID-19 has had a fundamental impact on many industries and economies across the globe, the demand for healthcare services has not wavered. Over recent years, the healthcare industry has been adapting to rapid development in the global landscape, most notably driven by ageing populations, a growing burden of lifestyle diseases, advances in new medical technology, the development of virtual care and emerging healthcare consumerism. These provide opportunities for growth across the continuum of care.

## > 3x increase

in people aged 80 and older, from 137m in 2017 to 425m in 2050<sup>1</sup>

## ±50%

of our lives spent in less-than-good health, including 12% in poor health<sup>2</sup>

## 56%

of the global disease burden by 2030 will be due to chronic disease<sup>3</sup>

## USD7trn

global wellness and preventative care spend by 2025, up by over 40% from USD4.9trn in 2019<sup>4</sup>

## 34x increase

in telehealth use compared with pre-pandemic baseline<sup>5</sup>

-  **Clients**
-  **Employees**
-  **Investors**
-  **Medical practitioners**

-  **Clients**
-  **Governments and authorities**
-  **Healthcare insurers**

## LIFELONG PARTNERSHIP

Healthcare encounters are changing. Today, clients seek a partner to accompany them through life and champion their wellness and mental health so they can manage their health – regardless of time or place. Due to the rapid advancement of technology and services, their expectations extend beyond treatment and recovery to prevention and enhancement.

## AFFORDABILITY

The healthcare regulatory environment is evolving as stakeholders focus on the affordability of care in light of ever-increasing demand. This has resulted in outmigration of care, an approach that aims to reduce the cost of certain low-acuity services and procedures by offering these in more appropriate care settings. In addition, there is an ongoing drive for greater care coordination and data sharing to ensure efficient delivery of enhanced clinical outcomes.

## OUR MARKETS

### SWITZERLAND

**8.7m**

stable population<sup>6</sup>

**84 years**

average life expectancy, three years more than other Organisation for Economic Co-operation and Development ('OECD') countries<sup>7</sup>

**11.3%**

of gross domestic product ('GDP') spent on healthcare, above the OECD average of 8.8%<sup>7</sup>

**3.7%**

GDP growth in 2021, recovering from 2.4% contraction in 2020<sup>8</sup>

### HEALTHCARE

**74%<sup>9</sup>**

of bed capacity provided by public cantonal hospitals, the largest providers of healthcare

- Mature, high-quality healthcare system
- Ageing population
- Mandatory health insurance with the option to purchase supplementary cover

### OPPORTUNITIES

- Expand across the continuum of care: day case clinics, genetics, radiology, family medicine, virtual care
- Leverage collaboration in the sector to expand referral networks and create new insurance products
- Pursue additional PPPs

### IMPACT ON STAKEHOLDERS



**Clients:** Increasing need for healthcare, but empowered to demand it on their own terms



**Employees, alumni and potential applicants:** Training required for new technology; skills shortages



**Governments and authorities:** Insufficient service provision affecting affordability, skills and access



**Healthcare insurers:** Growing demand and greater focus on affordable, accessible healthcare solutions



**Investors:** Opportunity cost of not addressing emerging trends



**Medical practitioners:** Support needed with next-generation developments; training required for new technology

## OUR MARKETS

### SOUTHERN AFRICA

8.9m<sup>10</sup>

stable population of privately insured members

4.9%<sup>11</sup>

recovery in GDP in 2021, following 6.4% decline in 2020

#### HEALTHCARE

45%<sup>10</sup>

average insurance solvency ratio (25% required by Medical Schemes Act, No. 131 of 1998, in South Africa)

- Mature acute hospital sector
- Network formations common practice

#### OPPORTUNITIES

- Expand across the continuum of care: primary care, day case clinics, dialysis, mental health, oncology, radiology, genetics
- Develop delivery models and insurance products for private-pay and employed-but-uninsured markets

### THE MIDDLE EAST

9.9m<sup>12</sup>

population in the UAE with a five-year compound annual growth rate of 1.3%

89%<sup>13</sup>

expatriate population as a percentage of total population of the UAE

3.4%<sup>14</sup>

expected GDP growth in the UAE in 2021, with an estimated increase of 4.6% in 2022 and 3.9% in 2023

The UAE Government is investing in diversification strategies and stimulus packages to reduce dependency on hydrocarbons, attract expatriates to the region and reduce carbon footprint of power generation by 70% through UAE Vision 2050.

#### HEALTHCARE

- Mandatory health insurance
- Significant degree of variability in the types of healthcare services offered, the breadth and depth of clinical expertise, business and operating practices, client experience and clinical outcomes

#### OPPORTUNITIES

- Expand across the continuum of care: oncology, genetics, RPM, long-term care, palliative care, virtual care, diagnostics, sports medicine
- Expand into neighbouring countries
- Introduce new clinical specialties, technologies and high-acuity care to the region
- Leverage strong international brand and reputation

## OUR RESPONSE

We are leveraging our expertise and leading market positions to partner and collaborate with other public and private healthcare providers, evolving across the continuum of care. This approach helps entrench us into the healthcare delivery systems of the countries in which we operate, making the Group even more relevant to our stakeholders over the long term.

Although our divisions operate in unique legal, regulatory and economic environments, they share and strive towards the same Group strategic goals and high ESG standards.

 See the **Strategy overview** on page 16 for progress during the year



#### Sources

- <sup>1</sup> 'Ageing and health' fact sheet, World Health Organization
- <sup>2</sup> 'Adding years to life and life to years', McKinsey Health Institute
- <sup>3</sup> 'Lifestyle diseases: An Economic Burden on the Health Services', *United Nations Chronicle*
- <sup>4</sup> *The Global Wellness Economy: Looking Beyond COVID Report*, Global Wellness Institute
- <sup>5</sup> 'Telehealth: A quarter-trillion-dollar post-COVID-19 reality?', McKinsey Health Institute
- <sup>6</sup> 'Switzerland population', Worldometer
- <sup>7</sup> 'Health at a glance 2021', OECD, describing countries that belong to the OECD, all with high Human Development Index
- <sup>8</sup> 'Switzerland GDP growth rate', Trading Economics
- <sup>9</sup> 'Privatkliniken Schweiz 2020'
- <sup>10</sup> *Council for Medical Schemes 2020/2021 Annual Report*
- <sup>11</sup> 'The South African economy records a positive fourth quarter', Statistics South Africa
- <sup>12</sup> 'Total population of the UAE: 2020', The World Bank - CAGR 2015-2020
- <sup>13</sup> 'Population of the UAE 2021', Edarabia
- <sup>14</sup> 'UAE to post strong economic growth in 2022 and 2023', Fitch Solutions

# INVESTMENT CASE

Klinik Im Park, Switzerland



Following a clear strategic roadmap to accomplishing our vision, we are constantly evolving and expanding our integrated healthcare system to offer clients easy access to convenient, high-quality healthcare in the most suitable care setting at the most appropriate cost. By approaching this with disciplined capital allocation and a commitment to a better tomorrow, we expect to deliver superior and sustainable value to shareholders.

## 1 PARTNER OF CHOICE

- As a recognised employer and partner of choice, attracts and retains the best talent and independent medical practitioners across all disciplines
- Collaborates with governments and authorities to offer healthcare services and participates in initiatives to strengthen relationships across public and private healthcare sectors
- Innovates with healthcare insurers and industry partners to deliver products and services that meet the changing needs of clients

## 2 TRUST

- Established leading market positions with nearly 40 years of healthcare experience
- Operates world-renowned tertiary care facilities
- One of the largest private healthcare service providers and doctor networks across the Europe, Middle East and Africa ('EMEA') region
- International expertise across a balanced portfolio of developed (Switzerland and the UK) and emerging market (Southern Africa and the Middle East) operations
- Committed to sustainable development with clear ESG goals that advance the growth prospects of the Group and safeguard our people, clients and planet

## 3 CLIENT CENTRED

- Internationally recognised clinical expertise and a relentless focus on improving patient safety and clinical outcomes
- Committed to providing cost-efficient, quality care and outstanding client experiences as part of our mission to create value every day
- Digitalisation competencies centred on transforming services to offer seamless, integrated client journeys across physical and virtual care settings

## 4 OPPORTUNITIES FOR GROWTH

- Market share growth propelled by leading market positions and diverse services
- Focused expansion into new services across the continuum of care through investment in innovation, digital transformation and technology
- Disciplined approach to grow into new geographies by leveraging our core competencies

## 5 STRONG FINANCIAL PROFILE

- Robust cash generation
- Drives enhanced returns through increased asset turnover and value-oriented capital allocation
- Responsible approach to leverage through proactive management of debt levels, costs and maturity, providing financial flexibility for future growth
- Dividend policy payout ratio of between 25% to 35% of adjusted EPS
- Group benefits of scale and standardisation deliver cost savings and operating efficiencies

## 6 HIGH BARRIERS TO ENTRY

- Leverages international expertise and internal clinical benchmarking for effective management of large multidisciplinary acute facilities, Centres of Excellence ('CoEs') and specialised services
- Extensive and well-invested asset portfolio providing operational flexibility, including expansion across the continuum of care and other lighter asset investments to grow the business
- Hub-and-spoke healthcare models supported by widespread physical and virtual integrated client referral channels
- Detailed knowledge of complex and diverse reimbursement models underpinned by data science management