



HEALTHCARE AND LIFE SCIENCES



OVERVIEW



The Healthcare and Life Sciences Sector is one of the most significant sectors for the Kingdom of Saudi Arabia. The healthcare sector is largely publicly financed, and over the past several decades, the Kingdom of Saudi Arabia has made significant strides in the improvement of its healthcare infrastructure and system. The demand for healthcare has continued to rise, and this has been witnessed by the increasing healthcare budget and healthcare investment made over the past few decades, notably in the past 10 years. **Despite the increase in healthcare expenditure, the Kingdom is facing a set of challenges that includes: increasing longevity and the continued rise in non-communicable diseases.**



HISTORY OF RAPID DEVELOPMENT

ROBUST INSTITUTIONAL INFRASTRUCTURE

The establishment of the Ministry of Health in 1950 marked the beginning of the rapid development of a modern healthcare ecosystem in Saudi Arabia. Decades of investments in healthcare infrastructure and technologies, educational institutes, research centers, and the healthcare workforce enabled the Kingdom to make key improvements in clinical outcomes, contributing to a significant increase in life expectancy.

MINISTRY OF HEALTH



The Ministry of Health (MOH) provides healthcare, promotes public health and disease prevention, develops laws and legislations, and regulates the industry. MOH also monitors the performance of health institutions, supports and conducts research and runs healthcare academies.

SAUDI HEALTH COUNCIL



The Saudi Health Council liaises between the multiple health sector stakeholders in the Kingdom to provide high quality health services efficiently by eliminating duplication and waste.

SAUDI FOOD AND DRUG AUTHORITY



The Saudi Food and Drug Authority develops and enforces health standards to regulate the sector including the safety, quality and efficacy of drugs, foods and medical devices.

SAUDI COMMISSION FOR HEALTH SPECIALTIES



The Saudi Commission for Health Specialties ensures effectiveness of health practitioners' registration and classification, promotes medical research and education, and sustains professional development through coordination and partnerships with local and international institutions.

THE COUNCIL OF COOPERATIVE HEALTH INSURANCE



The Council of Cooperative Health Insurance oversee the implementation of the system with the control over the comprehensive health insurance coverage, while supervising and controlling both insurance companies, and service providers.

HEALTH SECTOR EXPENDITURE

Today, Saudi Arabia is the largest spender on healthcare across the Middle East and North Africa. The 2017 government budget allocated \$32 billion to “Health and Social Development” in a market that enjoys an annual growth rate of approximately 10%.

HEALTH SECTOR EXPENDITURE IN MENA¹

\$ BILLION	COUNTRY	X CAGR2010-2016
34	 SAUDI ARABIA	11%
16	 UNITED ARAB EMIRATES	6%
14	 EGYPT	6%
12	 ALGERIA	6%
11	 IRAQ	17%
06	 MOROCCO	2%
06	 KUWAIT	10%
05	 QATAR	11%
03	 LEBANON	4%
03	 OMAN	11%
03	 TUNISIA	0%
02	 BAHRAIN	13%

Note: Data as of 2016

1. Middle East and North Africa

HEALTH SECTOR KEY FACTS

HEALTHCARE PROFESSIONALS



90,000

Doctors



180,000

Nurses



106,000

Allied Health Personnel

HEALTH FACILITIES



470+

Hospitals



5,000

Clinics



71,000

Hospital Beds

HEALTHCARE OUTCOMES IMPROVEMENTS

Over the last few decades Saudi Arabia has improved its key healthcare outcomes significantly.

By 2016, vaccination rates have improved to 98% of infants; compared to 41% in 1980. Likewise, infant mortality in 2015 has fallen to 7 per 1000 live births; compared to a global average of 32. In addition, life expectancy has improved to 74 years; compared to a global average of 71.

VACCINATION

% of infants



+139%

41%

1980

98%

2016

LIFE EXPECTANCY



-90%

63

1980

74

2016

INFANT MORTALITY

Per 1000 live births



+17%

70

1980

5

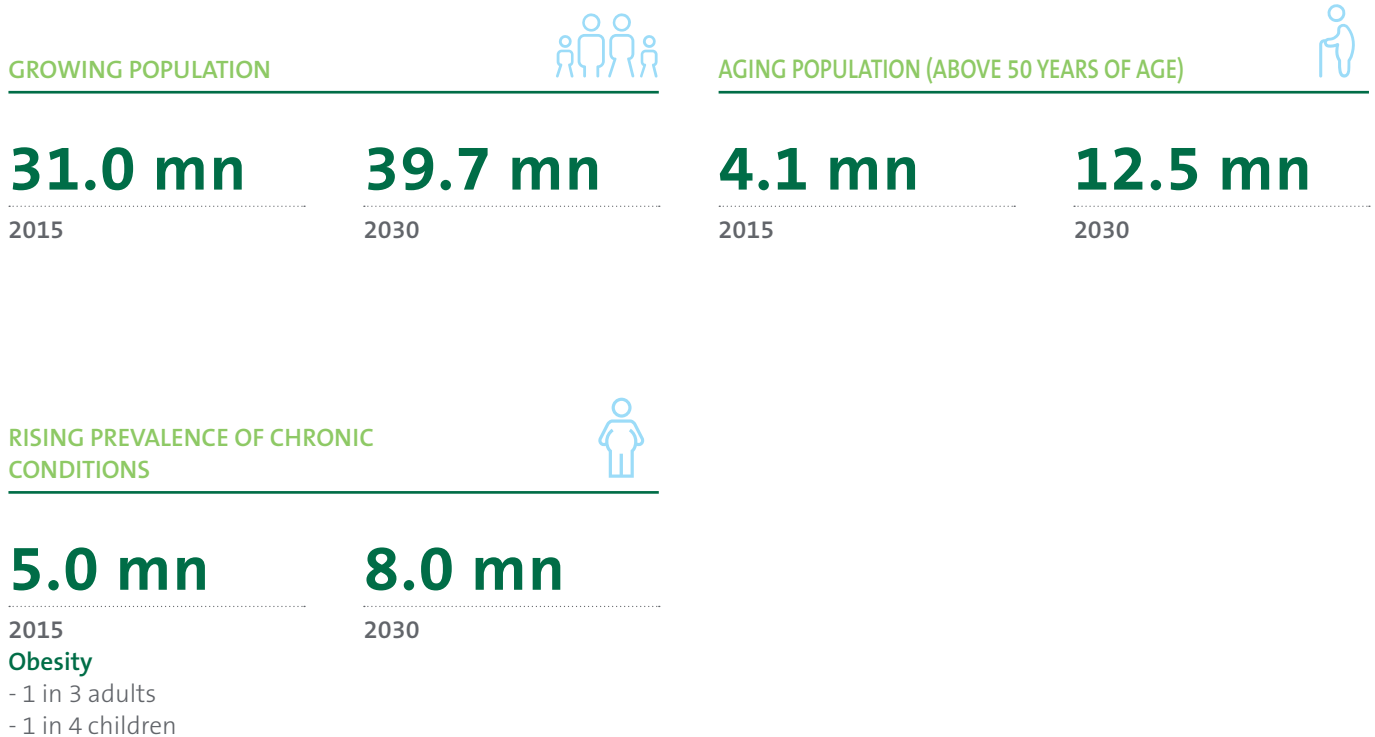
2016

THE FUTURE OF THE HEALTH SECTOR IN SAUDI ARABIA

The Kingdom now faces a new set of challenges that are driving the next phase of development in the health sector.

- ▶ The population of Saudi Arabia is rapidly growing. By 2030, **the population will increase by 28% to 39.7 million.**
- ▶ The demographic profile of the Kingdom is quickly changing. By 2030, **those over the age of 50 will increase by 201% to 12.5 million.** This will lead to an increase in the overall demand for more frequent, advanced and expensive treatments.
- ▶ A nationwide shift in the disease profile from communicable to non-communicable diseases such as **diabetes, cardiovascular disease, and cancer are on the rise**, resulting in more demand and pressure on the healthcare system.

DRIVING FACTORS TO INCREASE DEMAND FOR THE HEALTH SECTOR



CURRENT MODEL OF DELIVERY AND LOCAL PRODUCTION

The Ministry of Health is the largest provider of healthcare in the Kingdom, accounting for approximately about **60% of healthcare services**. Of the remaining, **24% is provided by the private sector** and **16% by other governmental organizations** KFSHRC, Armed Forces, etc..

PATIENT BEDS

HEALTHCARE SERVICE PROVIDERS



16%

Other Governmental Entities

24%

Private

60%

Ministry of Health

CLINICS



46%

Ministry of Health

54%

Private

PHARMACEUTICALS

HEALTHCARE PRODUCTS



70%

Import

30%

Local Manufacturing



98%

Import

2%

Local Manufacturing

Note: Data as of 2015

Source: BMI, Ministry of Health

NEW HEALTH SECTOR STRATEGY

Under **Vision 2030**, however, Saudi Arabia is introducing a new strategy to fulfill public health needs through insurance-based financing and increasing private sector participation. To execute the strategy, the Ministry of Health has created a dedicated transformation unit - **the Vision Realization Office (VRO)**. Teams responsible for leading this transformation are currently working across **7 themes** - **Patient Centric Model of Care (MoC)**, **Insurance based financing (Health Financing)**, **Corporatization**, **Private Sector Participation (PSP)**, **Independent Governance**, **Human Capital** and **Digital Healthcare**.

THEMES OF NEW HEALTH SECTOR STRATEGY

PATIENT CENTRIC MODEL OF CARE (MOC)



- Focus on prevention and on out-of-hospital care models

INSURANCE BASED FINANCING (HEALTH FINANCING)



- Move from government funded to insurance funded system

PRIVATE SECTOR PARTICIPATION (PSP)



- Facilitate private sector involvement through ownership and/or management of MOH hospitals and services
- Actively support localization of pharmaceutical, vaccines and medical products

INDEPENDANT GOVERNANCE



- Separate regulatory and delivery function by creating independent provider networks with operational autonomy and greater accountability

HUMAN CAPITAL



- Enhance quality and quantity of workforce through increased capacity, more rigorous licensing and making the profession more attractive to locals

DIGITAL HEALTHCARE

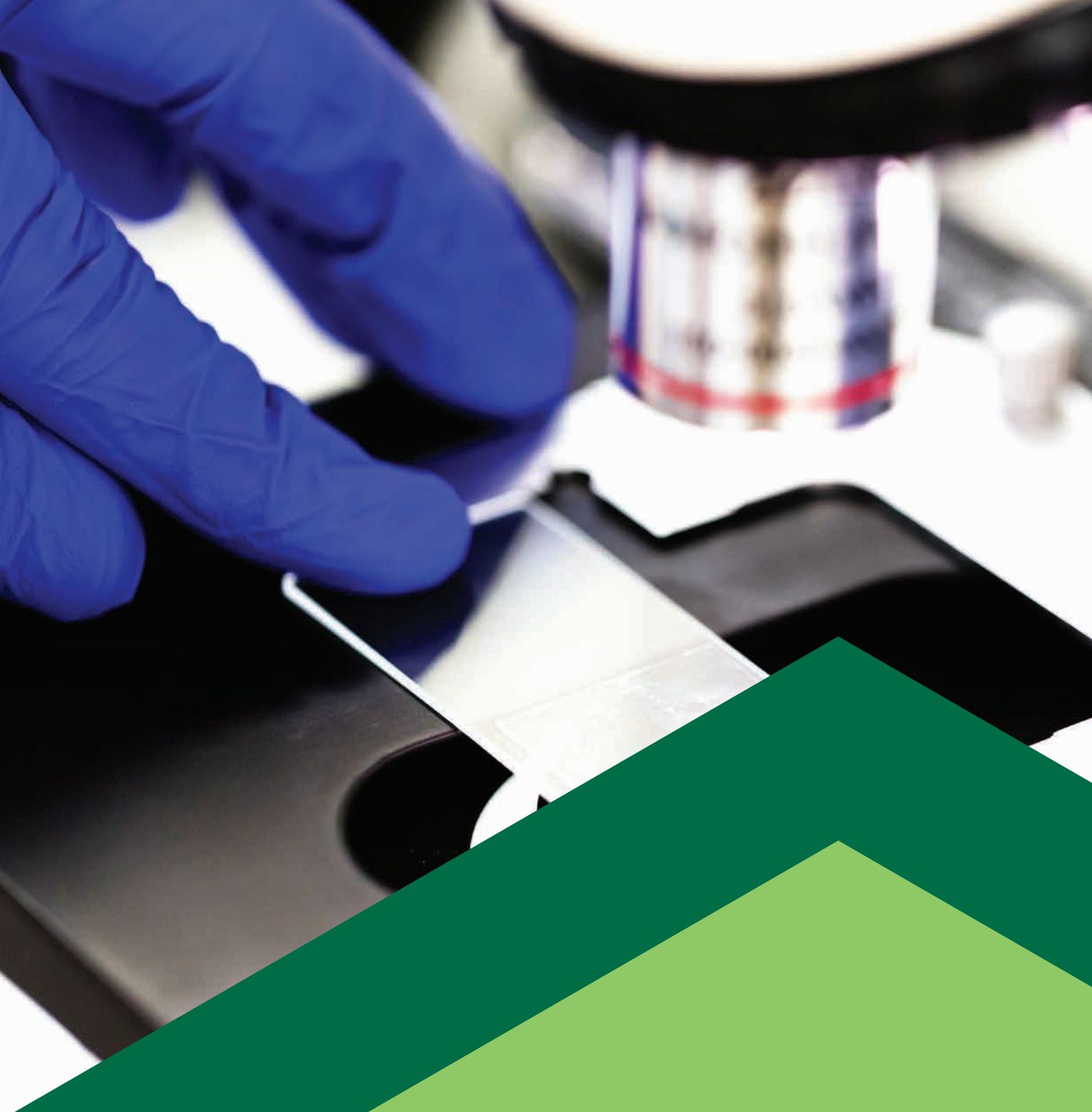


- Provide digital tools for patient self-service, prevention, unified patient records and workforce efficiency

CORPORATIZATION



- Split MoH to corporatize delivery creating independent provider networks with operational autonomy
- Strengthen MoH mandate to lead sector reform with strong oversight over regulatory agencies (“super-regulator”)

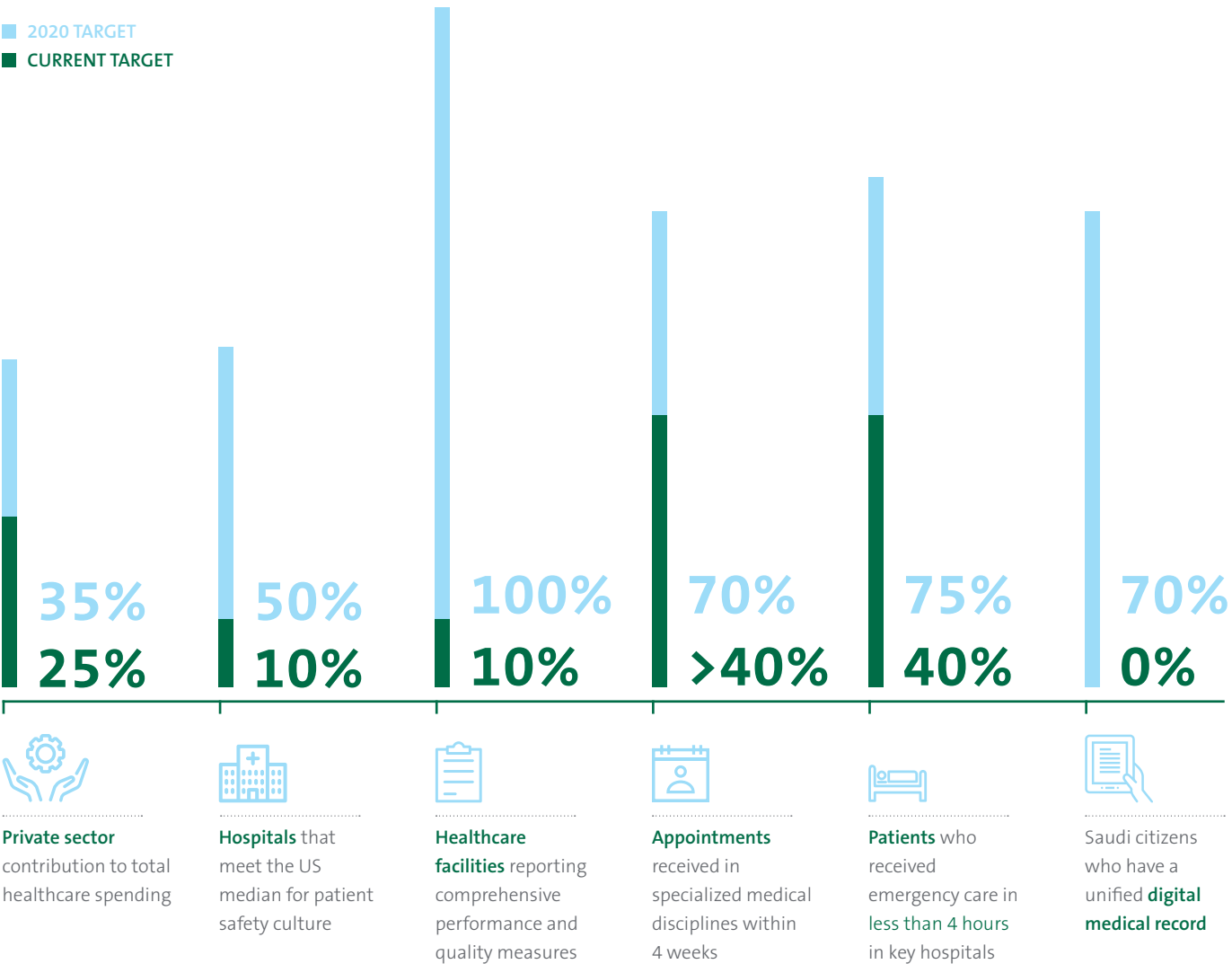


*Across all 7 themes, the Ministry of Health is shifting its focus away from its traditional role as a healthcare provider, to become solely a regulator of healthcare in the Kingdom. The NTP has set a target to increase the private sector's contribution to healthcare spending from **25% to 35%**.*

Consequently, new opportunities are being created for investors to capture a lucrative share of the Saudi healthcare market.

HEALTH SECTOR 2020 TARGETS

NATIONAL TRANSFORMATION PROGRAM'S HEALTHCARE TARGETS



Source: NTP 2020



INVESTMENT OPPORTUNITIES

The government will cumulatively spend \$180 billion on healthcare over the next 5 years in both traditional and frontier subsectors to meet demand and tackle the Kingdom's public health challenges. As such, investors will find significant opportunities across the entire sector including hospital and healthcare services, pharmaceuticals, and medical devices.

SERVICE PROVISION

Currently, healthcare service provisioning is largely centered on government facilities, with the focus mostly on acute care and the provision of episodic care. Through the transformation occurring in Saudi healthcare however, the Kingdom is seeking to bring care closer to the patient.

To decrease the burden of chronic diseases and to increase life expectancy further, Saudi Arabia will make **significant investments in preventative care and wellness ecosystem worth \$130 billion in:** primary care centers, medical imaging, laboratories, hospitals and hospital commissioning, long-term care, rehabilitation, and home care.

SERVICE PROVISION¹ MARKET SIZE

Cumulative government expenditure from 2017-2021

\$130 bn

2016

23 bn



2021

28 bn

KEY INFRASTRUCTURE

MoH³ hospital beds in 2016

42,000

Private hospital beds in 2016

17,000

MoH³ primary healthcare centers in 2016

2,300

PSP² OPPORTUNITIES

- Primary Care
- Hospital Commissioning
- Medical City
- Rehabilitation
- Long-Term Care
- Laboratory
- Radiology
- Home Care

1. Assumed to be 90% of the non-product healthcare expenditure (i.e. total healthcare expenditure excluding pharmaceuticals and medical devices)

2. Private Sector Partnership

3. Ministry of Health

MEDICAL DEVICES

Currently, over **90% of medical devices in the Kingdom are imported**. The Saudi market accounts for 55% medical devices expenditure in the **GCC (Gulf Cooperation Council)**.

MEDICAL DEVICES MARKET SIZE

Cumulative government expenditure from 2017-2021

\$11 bn

2016

1.9 bn



2021

2.4 bn

CATEGORIES SPLIT

Capital Equipment in 2016

\$1.1 bn

Patient Aids in 2016

\$0.2 bn

Consumables in 2016

\$0.6 bn

LOCALIZATION OPPORTUNITIES

Manufacturing of:

- Glucometers
- Implants
- 21 products segments such as:
 - IVD
 - Orthopedics
 - Anesthesia
 - Nephrology / Urology
 - Dental
 - Hospital Supplies

PHARMACEUTICALS

Localizing the pharmaceutical industry is a key priority for the Saudi government as part of Vision 2030. Today, only **30% of pharmaceutical products are manufactured locally**. In 2016, the pharmaceutical market was **worth \$8.1 billion**, making it the largest pharmaceutical market in the GCC. The per capita drug spending in the Kingdom is **113% higher than the global average**.

Cumulative government spending on pharmaceuticals from 2017-2021 will be worth **\$42 billion**.

PHARMACEUTICALS MARKET SIZE

Cumulative Government expenditure over 2017-2021

\$42 bn

2016

7.4 bn



2021

9.3 bn

KEY INFRASTRUCTURE

Spend on Patient Drugs in 2016

\$4.1 bn

Spend on Generic Drugs in 2016

\$2.3 bn

Spend on Over the Counter in 2016

\$1.0 bn

LOCALIZATION OPPORTUNITIES

Manufacturing of:

- Vaccines
- Biologics & Biosimilars
- Sterile Injectables
- APIs
- Solid Oral Dosages



SUCCESS STORIES

GE and Saudi Arabia have over 80 years of shared history. Today, GE healthcare employs 350 people including 100 field engineers



We are very proud of the long term partnership GE has with the Ministry of Health and continue to look for opportunities to contribute to the Ministry's mission of transforming the health system and improving patient outcomes. Our competencies are aligned with the strategy of the Ministry of Health and together, we aim to improve the Saudi healthcare infrastructure and drive efficiencies in health care expenditure.

Hisham Bahkali
President & CEO,
GE Saudi Arabia & Bahrain



Johns Hopkins Medicine's first collaboration in Saudi was an affiliation with King Khaled Eye Specialist Hospital in 2010, bringing together two world leaders in treating and curing eye disease



Johns Hopkins Medicine is happy to share its 127 years of healthcare expertise with its renowned partners in Saudi Arabia. The resulting collaborations have opened up great potential to address the most critical health challenges facing the Kingdom and the region.

Pamela D. Paulk, M.S.W., M.B.A.
President & CEO,
Johns Hopkins Medicine International



3M has been in the Kingdom of Saudi Arabia since the 1980s and the company now provides technical support to its customers across diverse industry



3M has plans to continue to increase our localization effort in Saudi Arabia. As a global leader in developing innovative solutions, our goal is to play an important role in the Kingdom's effort to diversify its economy through knowledge and technology transfer. We will work closely with the Saudi government to enhance our manufacturing investment plans, invest in specialized research and development centers, and create high-value, technically sophisticated jobs.

H. C. Shin
Executive Vice President for
International Operations 3M

3M

Baxter has been contributing to quality healthcare in Saudi Arabia for 50+ years. It started a JV with Olayan in 2009 to set up a full-edged manufacturing plant to produce renal and IV products



We are proud to deliver products and services directly to patients at home. Baxter is focused on providing renal patients the best possible life by elevating the standards of care. Baxter is committed to addressing the individual needs of patients by supporting greater access to innovative renal care products, therapies, and services to the Ministry of Health and proposes to save billions for the Ministry by prioritizing PD Therapy over HD in line with global trends.

Mohammed Khalil
General Manager of Baxter
Limited Liability Company

Baxter

SUCCESS STORIES

Established in 1986, SPIMACO is a Saudi company having multiple international partnerships with reputed healthcare players like GSK, Bayer, Eli Lilly, Sanofi and MSD



SPIMACO has been, and is still, implementating its strategic plan by focusing on key sectors in the pharmaceutical industry as well as research and development. In addition, SPIMACO Pharmaceutical has established many alliances and partnerships in the field of pharmaceutical products to protect and enhance its competitive advantage.

Saleh bin Mnayel Al Khalaywi
Chairman of SPIMACO
Pharmaceutical Company

سيماكو الدوائية
SPIMACO ADDWAIEH

GSK entered the Kingdom in 1950 and today boasts of 9 offices across the country with 1 manufacturing site, employing 480 people



In Saudi Arabia, we truly value our partnership with the Ministry of Health with whom we share a common set of values and healthcare vision. As an investor and longstanding partner of KSA we look forward to continuing our good cooperation and support the Saudi Government's agenda on manufacturing, research and healthcare. There has never been a greater demand worldwide for better healthcare and we remain committed to playing our role to address local needs.

Andrew Miles
Vice President and General Manager
GCC GSK



Sanofi has operated in Saudi Arabia for over 50 years. In 2014, Sanofi opened a new plant at the King Abdullah Economic City with over 400 employees, 66% of whom are women



The Saudi market is a strategic market for Sanofi and KAEC is the perfect place to have our facility. Its strategic location, the facilities the city offers; (King Abdullah Port) which will ease Sanofi's importation and exportation processes; the ease of governmental processes and the benefits a foreign direct investor as Sanofi can get due to the proximity of ECA's offices in the city which is a one-stop-shop for all the government related formalities.

Ahmed Serag
KSA General Manager Country Chair,
SANOFI



Operating in the Kingdom since the 1960s, Pfizer was granted a license giving it 100 percent ownership of its Saudi business



We are proud to be the first pharmaceutical company to be granted license from SAGIA, as a result of our commitment toward Saudi government since our agreement in 2011 to establish our manufacturing facility in King Abdullah Economic City ("KAEC"). With this licence Pfizer Saudi will further enhance its presence in the Kingdom ensuring faster access to medicine for patients with supply chain integrity and it will help to accelerate our Saudization plan.

Hussein al-Hakim
Country Manager
Pfizer Saudi Arabia



The background features abstract geometric shapes in shades of dark green, light green, and light blue. A dark green triangle is at the top left, with a light green triangle below it. A light blue triangle is on the left side. At the bottom, there are more dark green and light green shapes. The text is positioned in the top left corner.

ABOUT SAUDI GENERAL INVESTMENT AUTHORITY

Saudi General Investment Authority is the Kingdom's investment promotion agency. Our priorities are to attract and develop foreign investment, enhance the nation's investment climate, increase the ease of doing business, and eliminate obstacles from investors' journey.

To discover the countless opportunities, across major economic sectors, that Saudi Arabia has to offer:

CONTACT US NOW

HEADQUARTERS

Imam Saud Bin Abdulaziz Road

T + 966 11 203 5555

F + 966 11 263 2894

E invest@sagia.gov.sa

P.O. Box 5927, Riyadh 11432

Kingdom of Saudi Arabia

investsaudi.sa

investsaudi.sa

