

Alisa Moopen, Group Executive Director and Chief Executive Officer of Hospitals and Clinics, GCC

Aster invests Dh3bn in GCC healthcare



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Executive Director
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Hospitals and
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Aster DM
Healthcare

Gulf Property Exclusive

Aster DM Healthcare, which operates the largest chain of healthcare institutions in the GCC and India, is investing more than Dh3 billion (\$815 million) in expanding its regional footprint that will help meet the growing demand for healthcare services at a time when mandatory health insurance scheme is expanding the scope of healthcare sector.

The company, which runs 270 healthcare units including hospitals, clinics and pharmacies, has invested more than Dh2 billion in six hospitals and six more in the pipeline with Dh1 billion investment, Alisa Moopen, Group Executive Director and Chief Executive Officer of Hospitals and Clinics, GCC, said.

The company has already opened a 100-bed hospital in Mankhool while a 75-bed mother and child super speciality hospital located on Sheikh Zayed road is getting ready for opening in 2016. A

hospital in Sharjah, with a bed capacity of 110 and one in Qatar with a bed capacity of around 65 beds are nearing completion and are scheduled to open in 2016.

The four new hospitals will offer a combined bed capacity of 350 beds.

In her role, Alisa Moopen oversees the development of the group's hospital and clinics development programme.

“We currently have 14 hospitals that includes six in the GCC with the total number of beds reaching about 550 and a further eight hospitals

with 2,200 beds in India,” she said. “The GCC hospitals include three hospitals in Dubai, two in Oman and one direct acquisition in Saudi Arabia with investment to the tune of \$550 million (Dh2 billion).”

“In addition to these, we also have six hospitals in the pipeline in Dubai, Sharjah, Abu Dhabi and Qatar with around 550 beds while 8-10 more in India by 2020. In India, we will build larger hospitals with number of beds in excess of around 300 per hospitals. These will increase the number of beds

At A Glance

Dh3 billion

investment in GCC hospitals, clinics and pharmacies

270

No of healthcare units managed by DM Healthcare

400

No of healthcare units under management by Aster DM Healthcare by 2017

\$550 million

investment in hospitals by DM Healthcare in the GCC

\$7.3 billion

worth of contracts were expected to be awarded in the GCC in 2015

\$69.4 billion

value of GCC healthcare market to grow by 2018

\$300 million

investment by in Phase I of Medcity in Kochi



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by another 3,000 by 2020 in India. We are also setting up more hospitals in Saudi and Qatar to match the increasing demand for quality healthcare in the private sector in these regions.”

The company has also opened the first phase of Aster Medcity in Kochi, Kerala, that has nine centres of excellence providing quaternary care in a single campus that is spread across 40 acres of land. The project is being developed at an investment of \$300 million and will have a bed capacity of 1,100 including both phases.

With these new develop-

ments, the combined bed capacity at its hospitals is going to exceed 3,700 by 2017 with the majority of them to be in India.

The GCC healthcare construction market is set to register strong growth in the coming years due to rising population and per capita incomes. The contract awards for the GCC hospital construction projects are expected to increase from \$5.85 billion (Dh21.28 billion) in 2014 to \$7.3 billion (Dh26.71 billion) in 2015, according to a recent report by Ventures Onsite, an project tracker. The Kingdom of

Saudi Arabia (KSA) is projected to remain the largest market in the region with the UAE and Qatar expected to be the fastest growing markets for the sector.

Developers and investors are racing against each other to develop hospitals to meet the growing demand for quality medical services in the GCC. The GCC healthcare market is projected to grow at 12 per cent per annum to \$69.4 billion by 2018, according to a report by Alpen Capital.

According to Ventures Onsite MENA Projects Database, there are nearly 70

mega hospital projects in the GCC that are under construction and each valued at over \$100 million. Additionally there are several smaller scale hospital projects under construction. The total number of hospital projects in the GCC in all stages (planned, design, tender for construction and under construction) of development is nearly 350.

Aster DM Healthcare opened seven clinics in the UAE, ahead of the UAE National Day in December 2015, as part of the ongoing expansion which will take the total clinic count to 80 in

GCC. The total number of units is expected to increase to close to 400 by 2017, when the group completes 30 years.

Aster DM Healthcare traces its origin in 1987 at a single-doctor practice at a dispensary in Bur Dubai, started by Dr Azad Moopen, a young physician armed with Gold medal in Master degree in General Medicine.

Dr Moopen, father of Alisha, single-handedly expanded his medical practice from a small dispensary-cum-clinic to now a chain of 270 healthcare units that include

hospitals, clinics and pharmacies. Today, Aster DM network encompasses more than 15,000 employees, 1500+ doctors.

The company earned revenues of \$650 million in financial year 2014-15, with 90 per cent of it being from the GCC. The revenues have grown at a compound annual growth rate of 41 per cent in the last three years. The ownership structure of Aster DM Healthcare comprises of 52.3 per cent owned by promoter group, 35.8 per cent by private equity firms like India Value Fund and Olympus Capital

Asia and others 11.9 per cent.

The company is looking to expand its operations in India with thrust on medical tourism. It has invested Rs5.5 billion in Aster Medcity at Kochi, where around 20 per cent of the revenues is generated through medical value tourism. The company has also invested Rs2.3 billion in its green field hospital project at Bangalore, which is expected to be fully operational by the fourth quarter of this financial year.

Alisha said, the company remains on sound financial health despite the aggres-

sive expansion programme. “We have a very comfortable debt-to-equity ratio. We are not a highly leveraged organisation,” she said. “The current expansion is quite manageable for us. The biggest and most critical challenge getting the right clinical talent and expertise to run the operations of the unit.”

In an exclusive interview with *Gulf Property*, Alisha Moopen shares her thoughts. Excerpts:

Gulf Property: The mandatory health insurance scheme is fast changing

Alisa Moopen, Group Executive Director and Chief Executive Officer of Hospitals and Clinics, GCC

the healthcare landscape of the UAE's healthcare sector. How do you see this change?

Alisha Moopen: It's an incredible move. It is encouraging to see that the government has convinced the employers to pay for their workers' healthcare. This is a landmark initiative and it's a transition that's manageable.

Although the new move will increase the demand for more healthcare facilities, the existing healthcare infrastructure and facilities will be able to cope with the new demand.

For example, the UAE has 11,000 beds for approximately 9 million people, which translates to 1.2 beds per 1,000 patients. This is well below the World Health Organisation's recommended three beds per 1,000 patients. However, one has to remember, the UAE is a young, modern and vibrant economy and most people are young and productive. The ratio of old people is quite low comparatively, which in turn reduces the demand for hospital beds.

Besides, the new hospital projects that are coming up in the country in the next three to five years, will be good enough to meet the growing demand.

You are building a lot of hospitals. How are you managing the expansion?

Well, we are a financially healthy organisation. Our debt-to-equity ratio is quite low and the company is not highly leveraged.

We are conservative when it comes to finance. At the end of the day, the business needs to become sustainable. And financial discipline is very important in ensuring



Major Healthcare projects in the GCC

The GCC healthcare sector will continue its strong growth in the coming years. The GCC countries depend heavily on government funding to meet healthcare needs, which have embarked on ambitious healthcare infrastructure building programmes supported by larger healthcare budgets. The contract awards for the GCC hospital projects are expected to increase from \$ 5.85 billion in 2014 to \$7.3 billion in 2015. The Kingdom of Saudi Arabia (KSA) is projected to remain the largest market in the region and the UAE and Qatar are expected to be the fastest growing markets for the sector. Bahrain, Oman, and Kuwait are anticipated to register a significant jump in project completions in 2015 over 2014.

Medical tourism is emerging as an important trend amongst GCC countries, further fuelling growth of the healthcare segment. The UAE and Oman are leading the way in tapping into this potential resource for growth with the governments providing specialised facilities to support the trend. For example, the UAE is building 22 hospitals to take care of half a million medical tourists by 2020.

| Project Name | Country | Value (\$ Mn) | Status |
|--|---------|---------------|--------------|
| Military Medical City in Riyadh - Phase 1 | KSA | 3,800 | Construction |
| Sidra Medical and Research Centre | Qatar | 2,400 | Construction |
| King Abdullah Security Forces Medical Complex | KSA | 1,813 | Construction |
| Sultan Qaboos Medical City Complex | Oman | 1,500 | Planned |
| Hospital Complex in Barka | Oman | 1,500 | Design |
| King Abdullah Medical City | KSA | 1,400 | Tendering |
| New Jahra Hospital | Kuwait | 1,266 | Construction |
| New Al Ain Hospital | UAE | 1,089 | Construction |
| Jaber Al Ahmed Al Sabah Hospital | Kuwait | 1,057 | Construction |
| New Medical City & Trauma Mass Casualty Hospital | Qatar | 1,000 | Design |
| Farwaniya Hospital Expansion | Kuwait | 924.75 | Construction |
| Mafraq Hospital in Abu Dhabi | UAE | 871 | Construction |
| Al Adan Hospital Expansion | Kuwait | 800 | Construction |
| New Sultan Qaboos Hospital in Salalah | Oman | 700 | Tendering |
| New Hospital Complex for Sheikh Khalifa Medical City UAE | UAE | 680 | Tendering |

Source: Ventures Onsite Projects Database, September 2015

we deliver on the promise to our partners and stakeholders too.

Besides, the capital expenditure of some of the hospital projects, such as the construction of the buildings are taken care of by our development partners, where we invest in the equipment, systems, deploying human talents and the overall management expertise.

What about the initial public offering (IPO) planned by the company? Are you going ahead with the IPO? It's a work in progress. Our financial consultants are look-

ing at various options in front of them.

What about the quality of healthcare services? Are you satisfied with the quality of doctors and the treatment?

I do not see any issues with regards to the regular treatment and the quality of medical staff. The facilities for general medicine and surgical practice is quite good and of international standard.

However, we see rooms for improvement in the speciality and super speciality treatment areas where you need international medical ex-

perts. This is why, we are developing small but speciality hospitals equipped with advanced technology, specialists and equipment. I think, with these, we could fulfil an important gap in the healthcare sector.

Most people still travel to India or Thailand for treatment. Do you think the UAE would be able to attract medical tourism?

Medical tourism is an area that we as a global healthcare service provider, is passionate about.

All our hospitals offer a great healthcare eco-system

that would be able to address almost all known diseases and therefore puts us in a unique situation in offering the best medical service to any patient – be it in the GCC and India.

Aster Medcity in Kochi, which opened in February 2014, has already become a hub for medical tourism with 25 per cent of the patients coming from abroad. Like most important medical and wellness tourism hubs in the world, Aster Medcity also has facility for attendant's room and board. Besides, we are developing a resort within the complex to compliment medical tourism.

People from Sri Lanka, the Middle East and Africa are the biggest healthcare seekers at Aster Medcity. For our patients in Oman, we have also opened a telemedicine centre in Muscat so that they could consult our doctors online and seek guidance, before proceeding to Aster Medcity.

Our new Bangalore facility will again be keenly focusing on attracting medical tourists for a wide variety of specialities with a focus on Organ transplant at the centre. The connectivity of Bangalore and the close proximity for the hospital to the airport will be of strategic advantage.

UAE is well placed for medical tourists mainly from GCC, Africa because of the ease of travel and the comforts available in the country.

Some special treatments where people are price insensitive, such as elective cosmetic procedures like dentistry, plastic surgery; or other sensitive matters such as IVF services which allow for gender selection etc offers some attraction to foreign patients. ■