

Integrated Diagnostics Holdings Plc continues to build on a strong start to 2023, delivering a 40% expansion in conventional business in 1H 2023

31 August 2023

(Cairo and London) — Integrated Diagnostics Holdings (“IDH,” “the Group,” or “the Company”), a leading provider of diagnostic services with operations in Egypt, Jordan, Nigeria, Sudan, and soon launching in Saudi Arabia, announced today its reviewed financial statements for the six-month period ended 30 June 2023, booking conventional¹ revenues of EGP 1,872 million, up an impressive 40% versus 1H 2022 and continuing to showcase the underlying health of IDH’s business. Total revenues, which in 1H 2022 included notable contributions from IDH’s Covid-19-related testing², declined just 4% year-on-year in 1H 2023. IDH posted a net profit of EGP 211 million in 1H 2023, down 52% year-on-year reflecting higher salary expenses to support staff during ongoing inflationary period as well as weaker EGP compared to 1H 2022.

On a quarterly basis, IDH recorded total revenues of EGP 957 million in Q2 2023, expanding 24% year-on-year and 5% quarter-on-quarter. Similarly, the Company reported a solid 37% year-on-year conventional revenue expansion in Q2 2023. Net profit for the quarter stood at EGP 43 million, 66% below last year’s figure.

Financial Results (IFRS)³

EGP mn	1H 2022	1H 2023	Change
Revenues	1,954	1,872	-4%
Conventional Revenues	1,339	1,872	40%
Covid-19-related Revenues	615	-	-
Cost of Sales	(1,122)	(1,214)	8%
Gross Profit	832	658	-21%
Gross Profit Margin	43%	35%	-7 pts
Operating Profit	562	265	-53%
EBITDA⁴	709	462	-35%
EBITDA Margin	36%	25%	-12 pts
Net Profit	439	211	-52%
Net Profit Margin	22%	11%	-11 pts
Cash Balance	816	666	-18%

Commenting on the Group’s performance, IDH Chief Executive Officer Dr. Hend El-Sherbini said: “I am delighted to report that IDH continued to build on a strong start to the year to deliver yet another set of impressive operational and financial results at our conventional business supported by solid performances across our Egyptian, Jordanian and Nigerian subsidiaries. The robust 40% year-on-year growth in conventional revenues for the six-month period came despite a difficult macroeconomic environment faced across our markets of operation as accelerating inflation, rising interest rates and weakening local currencies continued to impact our patients’ purchasing power and our cost base. In parallel, during the second quarter of the year, patient volumes were affected by the expected slowdown associated with the holy month of Ramadan and Eid vacations which weighed on traffic in April and the last week of June.

¹ Conventional (non-Covid) tests include all of the Group’s test offering with the exception of its Covid-19-related test offering outlined above.

² Covid-19-related tests include both core Covid-19 tests (Polymerase Chain Reaction (PCR), Antigen, and Antibody) as well as other routine inflammatory and clotting markers including, but not limited to, Complete Blood Picture, Erythrocyte Sedimentation Rate (ESR), D-Dimer, Ferritin and C-reactive Protein (CRP), which the Company opted to include in the classification as “other Covid-19-related tests” due to the strong rise in demand for these tests witnessed following the outbreak of Covid-19. Starting Q1 2023, IDH has opted to stop reporting on its Covid-19-related revenues and test volumes due to their material insignificance to the consolidated figures and to Egypt’s and Jordan’s country-level results for the quarter. In the comparable period of last year (1H 2022) IDH had recorded EGP 615 million in Covid-19-related revenues and had performed 1.4 million Covid-19-related tests.

³ Important notice: In the Company’s earnings releases covering the five quarters starting from Q4 2021 and ending Q4 2022, management had opted to present Alternative Performance Measures (APM) alongside IFRS-compliant figures as outlined on page 2 of the Company’s FY 2022 Earnings Release. Starting in Q1 2023, due to the material insignificance of Covid-19-related revenues on consolidated results, the Company will only report IFRS-compliant figures. It is worth noting that revenues for the comparable period (Q1 2022), include concession fees amounting to EGP 63 million paid by Biolab as part of its agreement with QAIA and Aqaba Port.

⁴ EBITDA is calculated as operating profit plus depreciation and amortization.

Despite this, in the first six months of 2023 we performed more conventional tests than in the comparable period of 2022, supported by an expanded branch network and an enhanced service offering.”

In the first six months of the year, the Company performed a total of 16.5 million tests, up 3% compared to total tests performed in 1H 2022. Meanwhile, conventional tests performed increased an impressive 13% year-on-year in 1H 2023, and now stand 25% above pre-pandemic levels. During the period, total patients served reached 3.9 million, with tests per patient recording an all-time high of 4.2 tests in 1H 2023, testament to the increasing attractiveness of IDH’s expanded offering. The consistent growth of IDH’s conventional business is a direct result of the Company’s expansion strategy, which has seen the Group bring online an additional 50 branches in the twelve months to 30 June 2023, whilst building long-term relationships with its growing patient base.

On a geographic basis, in both Egypt and Jordan IDH continued to observe growing demand for its conventional service offering with test volumes expanding 14% and 8% versus 1H 2022, respectively. This translated in a robust 33% year-on-year conventional revenue expansion in Egypt and a 9% year-on-year conventional revenue growth in local currency terms in Jordan.

“Results like the ones recorded in our two largest markets of Egypt and Jordan continue to showcase both countries’ underlying growth potential and further validate the effectiveness of our post-pandemic growth strategies. We were particularly happy to note that across both markets during the months of May and June (once adjusted for the Eid-related slowdown) we recorded the highest monthly revenue figures since the start of 2023. The accelerating growth, which we observed continue into July and August, displays the resilience of demand for our service offering despite the continued inflationary pressures impacting our patients, and leaves us in a strong position heading into the second half of the year,” **El-Sherbini added.**

Meanwhile, in Nigeria, Echo-Lab recorded strong revenue growth in both local currency and EGP terms, supported by both its radiology and pathology offerings. Finally, as expected, results in Sudan were significantly impacted by the ongoing conflict which has seen 16 of the Group’s 18 branches temporarily shut down starting April. IDH’s team has put in place robust mitigation strategies to protect its people and operations, and regularly updates response protocols to reflect the evolving conditions on the ground.

Further down the income statement, IDH reported lower margins at all levels of profitability primarily reflecting a post-Covid-19 normalisation and rising salary and wage expenses as it rolled out higher than usual annual increases to protect its staff against rising inflation as part of the Group’s talent retention strategy. Meanwhile, the Company continued to record only moderate increases in raw material outlays during the period, as it successfully leveraged its robust supplier relationships to secure favourable test-kit prices. Despite IDH’s cost base continuing to reflect the impacts of rising inflation and a weakening EGP, in the coming months the Company sees them progressively normalising heading into 2024.

“With two thirds of 2023 now behind us, I am confident that we remain well placed to deliver on our operational and financial targets for the year. In the coming months, we are particularly looking forward to launching our Saudi Arabian operations in December, while also making progress on our strategic priorities and value-creation strategies across existing markets. Considering our strong first half results, the solid strategies in place, and the positive momentum enjoyed by our Egyptian and Jordanian subsidiaries, we reaffirm our guidance of full-year conventional revenue (excluding Covid-19-related contributions) year-on-year growth of around 30% for FY 2023,” **El-Sherbini concluded.**

IDH’s full 1H 2023 earnings release for the six-month period ended 30 June 2023 is available at [idhcorp.com](https://www.idhcorp.com).

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About Integrated Diagnostics Holdings (IDH)

IDH is a leading diagnostics services provider in the Middle East and Africa offering a broad range of pathology and radiology tests to patients in Egypt, Jordan, Sudan and Nigeria. The Group's core brands include Al Borg, Al Borg Scan and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Ultralab and Al Mokhtabar Sudan (both in Sudan) and Echo-Lab (Nigeria). A long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditations for its portfolio of over 2,000 diagnostics tests. From its base of 552 branches as of 31 December 2022, IDH served over 8.7 million patients and performs more than 32.7 million tests in 2022. IDH will continue to add laboratories through a Hub, Spoke and Spike business model that provides a scalable platform for efficient expansion. Beyond organic growth, the Group's expansion plans include acquisitions in new Middle Eastern, African, and East Asian markets where its model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets. IDH has been a Jersey-registered entity with a Standard Listing on the Main Market of the London Stock Exchange (ticker: IDHC) since May 2015 with a secondary listing on the EGX since May 2021 (ticker: IDHC.CA). Learn more at idhcorp.com.

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Forward-Looking Statements

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