



# 9M2019 Results **Presentation**

January 2020



# Agenda:

- 9M2019 Results
- Growth Strategies
  - Expanding Customer Reach
  - “Wayak” Investment
  - Al Borg Scan Updates
  - Nigeria Updates

## Today's Presenters

Dr. Hend El Sherbini  
Chief Executive  
Officer

Omar Bedewy  
Chief Financial  
Officer

Sherif El Ghamrawi  
Investor Relations  
Director





# Results Snapshot

Rapid top-line growth reaching 20% with strong gross profit margin and EBITDA profitability

**EGP 1,649 mn**

Revenue in 9M 2019

▲ 20% y-o-y

**EGP 793 mn**

Gross Profit in 9M 2019

▲ 17% y-o-y / 48% margin

**EGP 686 mn**

EBITDA in 9M 2019

▲ 27% y-o-y / 42% margin

**EGP 361 mn**

Net Profit in 9M 2019

▲ 2% y-o-y / 22% margin

**EGP 71**

Average revenue per test in 9M 2019

▲ 2% y-o-y

**442**

Operational branch labs in 9M 2019

▲ 28 branches

**23.1 mn**

Tests completed in 9M 2019

▲ 18% y-o-y

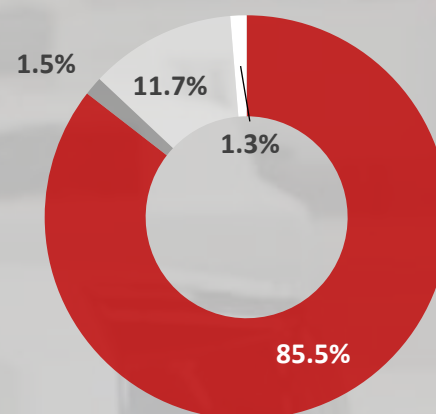
**5.6 mn**

Patients served in 9M 2019

▲ 11% y-o-y

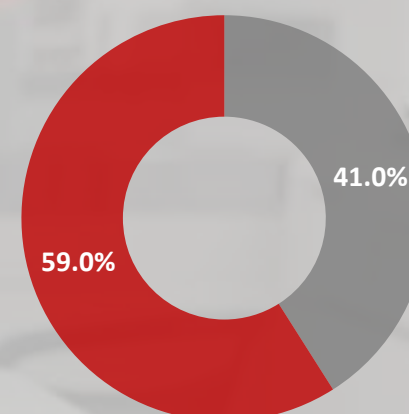
## Revenue Split

**IDH revenue by geography**  
(9M2019)



■ Egypt ■ Sudan ■ Jordan ■ Nigeria

**IDH revenue by type**  
(9M2019)

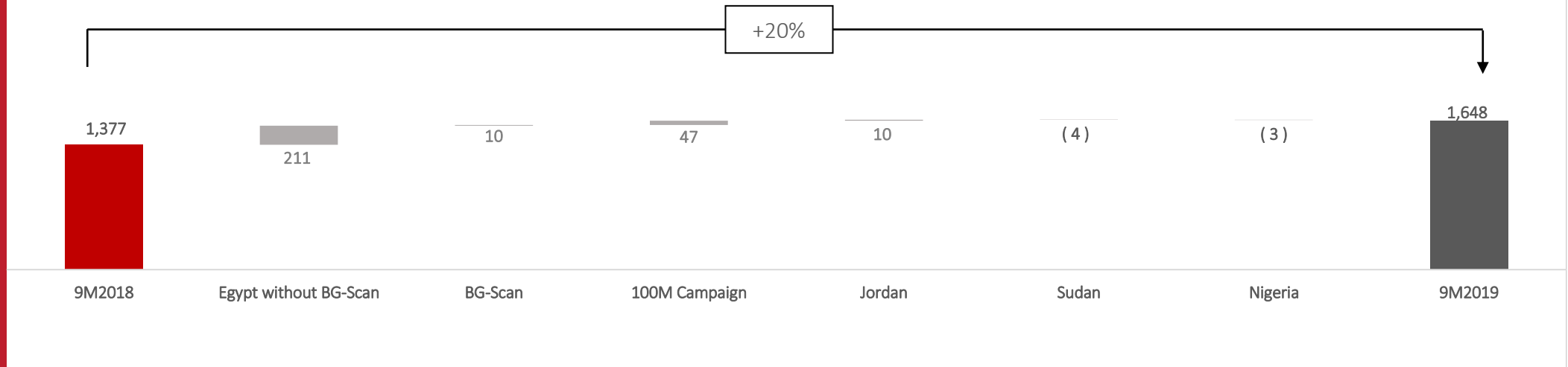


■ Walk-in ■ Corporate

# Revenue Growth Drivers

Revenue growth in 9M2019 was driven by higher patient, test volumes and improved pricing

Revenue Growth Drivers | EGP mn, %



Revenue growth in 9M2019 was primarily driven by **continued operational strength in Egypt**, with a steadily increasing contribution from Al Borg Scan

Growth was driven both by **increased volumes** following the 100 Million Healthy Lives campaign and **improved pricing**.

**Strong improvement in Jordan and Nigeria operations**, although Contribution from Sudan was negatively affected by currency translation

Management expects average and blended average revenue per test to **revert to elevated levels** with the awareness campaign in Egypt having come to an end.

# Segment Performance

Revenue mix skewed toward the contract segment due to higher campaign-related volumes

	Contract Segment			Walk-In Segment			Total		
	9M2018	9M2019	Change	9M2018	9M2019	Change	9M2018	9M2019	Change
Revenue (EGP '000)	796,313	967,730	22%	581,037	680,645	17%	1,377,350	1,648,376	20%
% of Revenue	58%	59%		42%	41%		100%	100%	
Patients ('000)	3,553	4,025	13%	1,465	1,562	7%	5,018	5,587	11%
% of Patients	71%	72%		29%	28%		100%	100%	
Revenue per Patient (EGP)	224	240	7%	397	436	10%	274	295	7%
Tests ('000)	14,703	17,780	21%	4,933	5,298	7%	19,636	23,078	18%
% of Tests	75%	77%		25%	23%		100%	100%	
Revenue per Test (EGP)	54	54	-	118	128	9%	70	71	2%
Test per Patient	4.1	4.4	7%	3.4	3.4	1%	3.9	4.1	6%

**17.8 mn**

Contract tests in 9M2019  
▲ 21% y-o-y

**EGP 54**

Avg. rev / contract test in  
9M2019  
≈ 9M2018

**EGP 967.7 mn**

Contract revenue in  
9M2019  
▲ 22% y-o-y / 59% cont.

**5.3 mn**

Walk-in tests in 9M2019  
▲ 7% y-o-y

**EGP 128**

Avg. rev / walk-in test in  
9M2019  
▲ 9% y-o-y

**EGP 680.6 mn**

Walk-in revenue in 9M2019  
▲ 17% y-o-y / 41% cont.

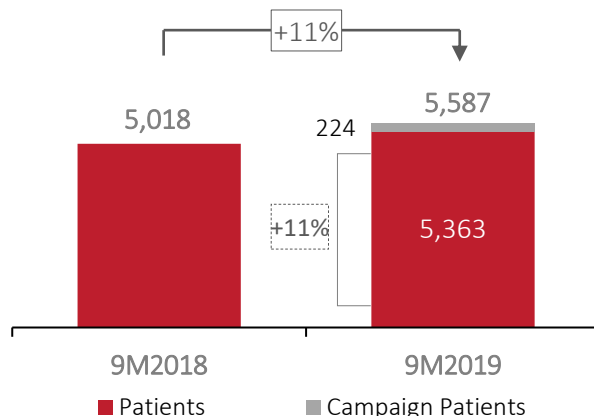
Note: All figures for 3Q19 and 9M19 exclude Wayak

# A Focus on the 100 Million Healthy Lives Campaign

The campaign was launched in November 2018 and ended in June 2019, and has directly benefited our business by increasing awareness and driving up our tests per patient ratio

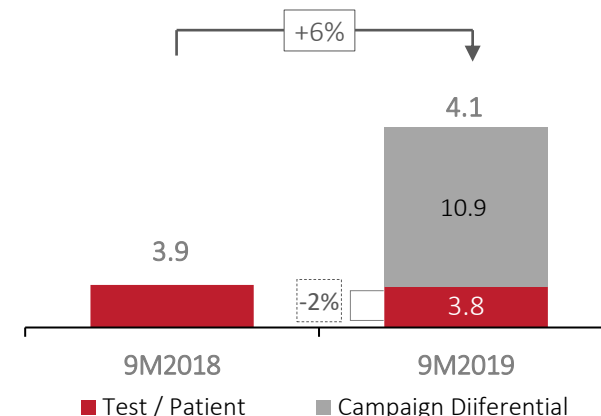
## IDH 9M2019 Patient Volumes | '000

The awareness campaign added 224 thousand patients to IDH's contract segment in 9M2019



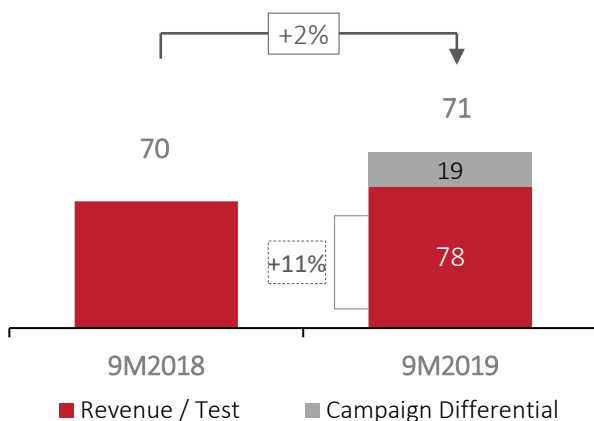
## IDH 9M2019 Tests per Patient | '000

Increased awareness about the importance of diagnostic testing significantly boosted the Group's average tests per patient



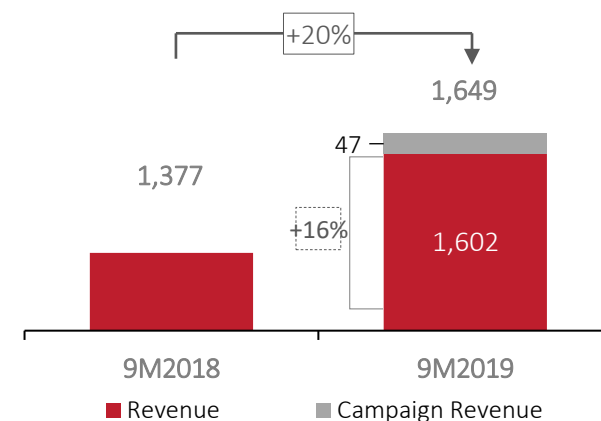
## IDH 9M2019 Average Revenue per Test | EGP

Average revenue per test increased at a subdued rate of 2% due to the campaign's lower pricing of EGP 19 per test. Factoring out the campaign, average revenue per test would increase 11% in 9M2019.



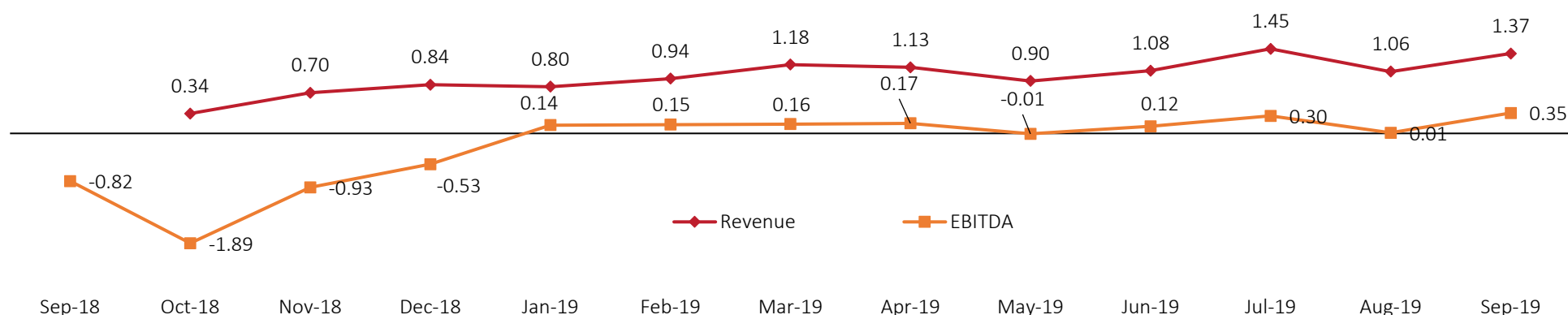
## IDH 1H2019 Revenues | EGP mn

The awareness campaign contributed EGP 47 million to IDH's top-line in 9M2019, accelerating revenue growth by c.4%.



# A Ramp-up of Operations at Al Borg Scan

Al Borg Scan Revenue & EBITDA Progression | EGP mn



**EGP 10 mn**

Revenue in 9M2019

**18 k**

Tests in 9M2019

**EGP 558**

Revenue / Test in 9M2019

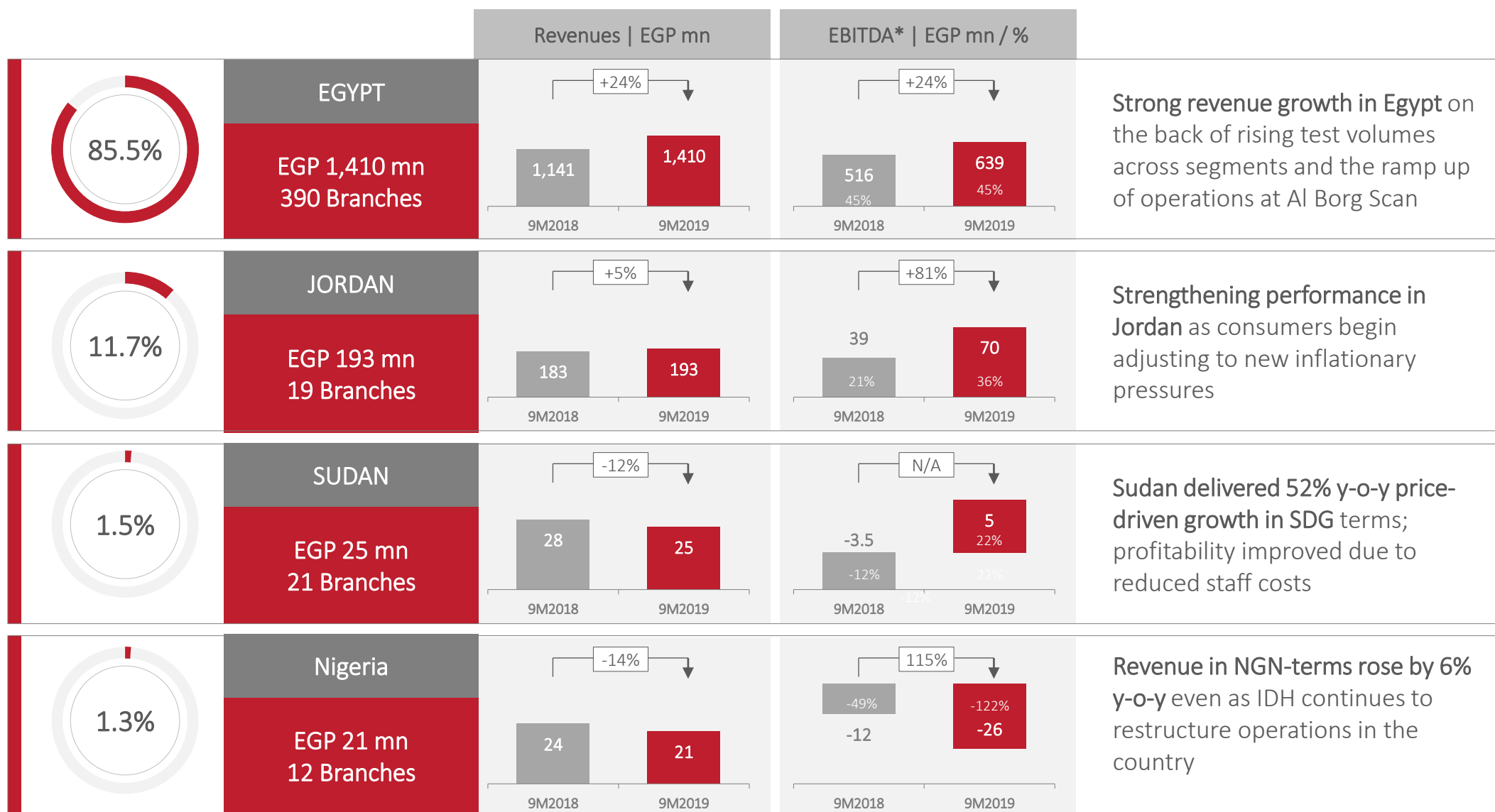
**EGP 1.4 mn**

EBITDA in 9M2019

Al-Borg Scan has achieved management's targets for **rapid growth in the top line and in EBITDA-level profitability**. The addition of Al Borg Scan's new branch at Shubra will bring the company's total investment cost to date to EGP 79 million.

# Regional Performance

Strong growth led by Egypt; Sudan delivers solid EBITDA growth



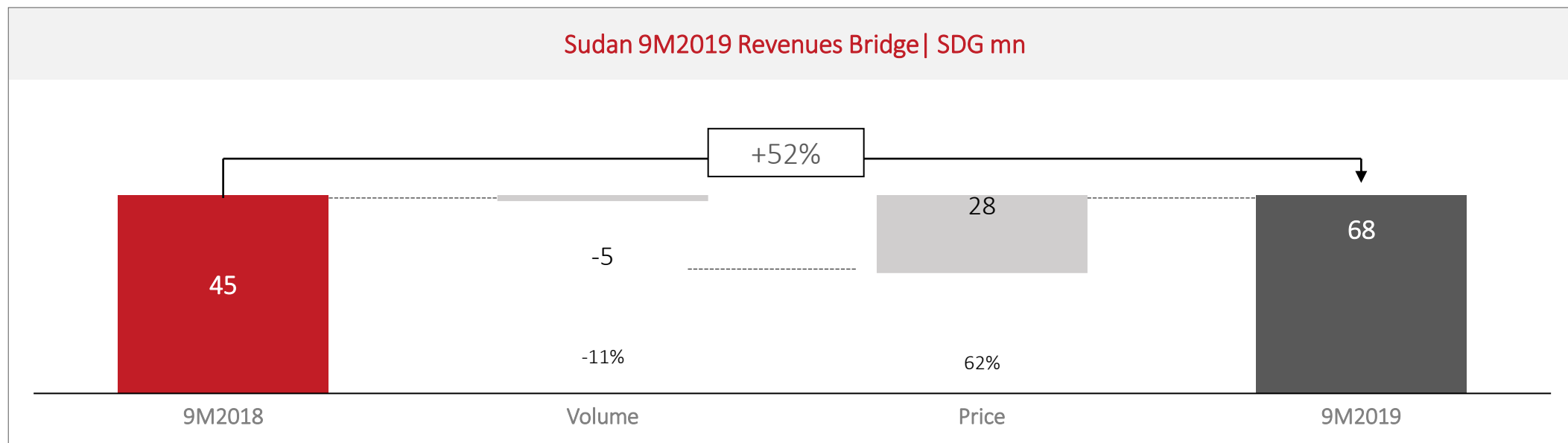
SDG = 0.3667 EGP, JOD = 23.79 EGP, and NGN = 0.0469 EGP

\* 2019 figures include IFRS 16 effect

Note: All figures for 3Q19 and 9M19 exclude Wayak



# Sudan Delivers Revenue and EBITDA Growth in SDG terms



## Revenues

Revenues increased 52% y-o-y owing to the significant prices increase.

## Gross profit

Gross profit margin increased by 4.7% reaching 37.8% due to a significant increase in revenues.

## EBITDA

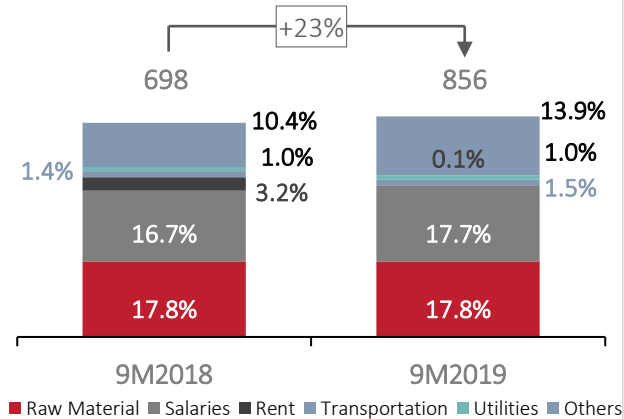
EBITDA margin grew by 18% owing to the revenue growth covering the relatively fixed operating costs.

# Strong Group Profitability

Steady increase in operational efficiency combines with sustained cost-cutting measures to deliver strong Group profitability

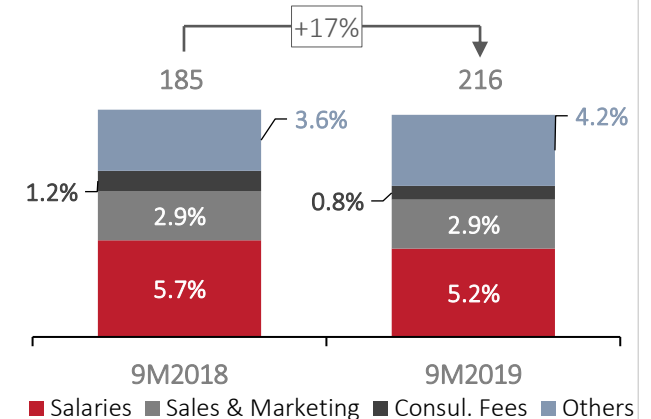
## IDH COGS Breakdown | EGP mn / % of Revenue

IDH's consolidated COGS grew 23% y-o-y, with savings on IFRS 16 related rent offset by an increase in direct depreciation and amortization.



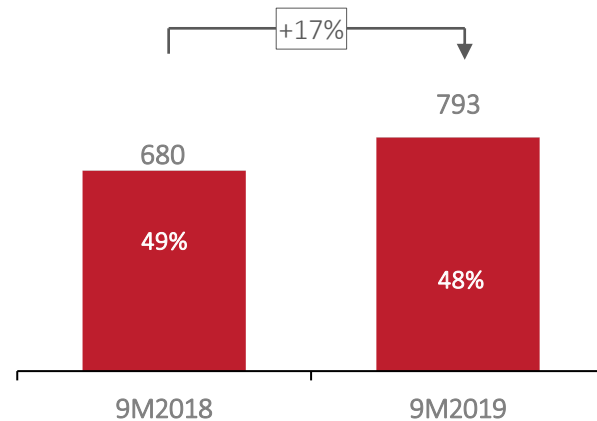
## IDH SG&A Breakdown | EGP mn / % of Revenue

IDH's revenue growth overshadowed the 12% increase in SG&A costs, with total SG&A/sales declining to 12.6% versus 13.9% in 1H2018.



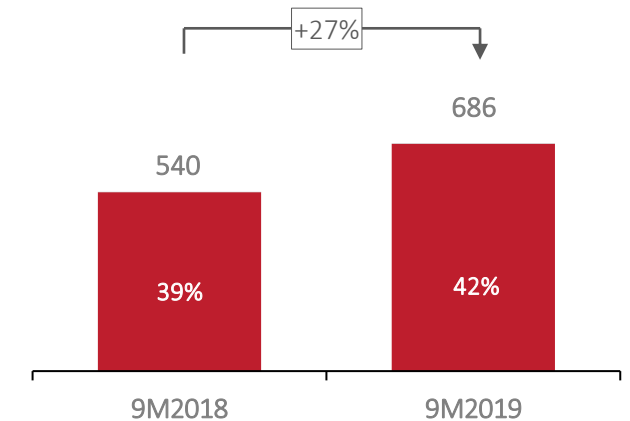
## IDH Consolidated Gross Profit | EGP mn / %

Gross profit margin recorded a strong 48% despite the lower contribution margin of campaign-related contract tests.



## IDH Consolidated EBITDA | EGP mn

EBITDA growth of 27% was driven by a rapid top-line expansion overriding SG&A growth. EBITDA margin recorded a statutory 42%, while normalizing for IFRS 16 and Wayak leads to a 39% margin.

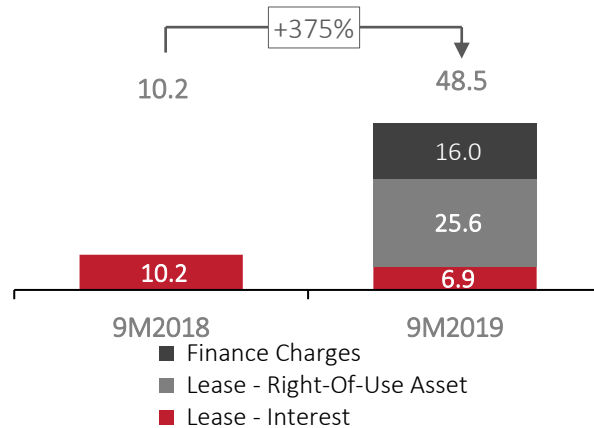


# Strong Group Profitability

IDH's net profit margin stood at a healthy 20% despite higher interest and tax expenses

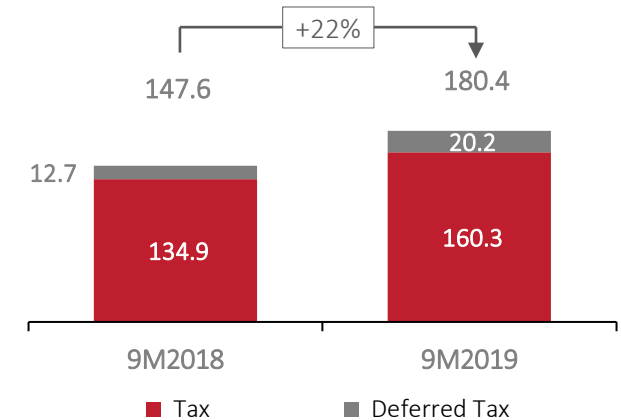
## IDH Interest Expenses | EGP mn / % of Revenue

The adoption of IFRS 16 led to interest on right-use-assets of 25.6 million, while outstanding loans related to Al Borg Scan and IDH's new headquarters added EGP 16.0 million.



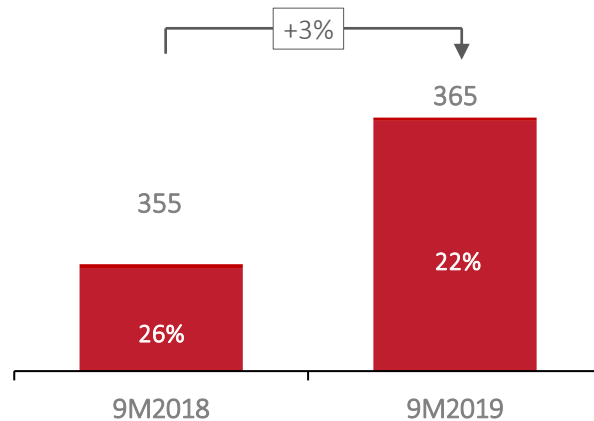
## IDH Taxes | EGP mn / % of Revenue

IDH's effective tax rate increased from 29% in 9M2018 to 33% in 9M2019 due to the adoption of a new tax law by the Egyptian government and an increase in the Jordanian corporate tax rate.



## IDH Consolidated Net Profit | EGP mn / %

After normalizing for IFRS 16 related effects, net profit would stand at EGP 377 million, up 6% year-on-year with a net profit margin of 23%.



## IFRS 16 Effect on Net Profit | EGP mn

Country	Depreciation	Interest	Rent	Net Effect
Egypt	(21.8)	(19.6)	32.0	(9.3)
Jordan	(11.2)	(5.0)	12.2	(4.0)
Sudan	(0.9)	(1.0)	1.5	(0.4)
Nigeria	(1.0)	-	1.8	0.8
<b>Total</b>	<b>(34.9)</b>	<b>(25.6)</b>	<b>47.5</b>	<b>(12.9)</b>

# Summary Balance Sheet

EGP'000	31 December 2018	30 September 2019
<b>ASSETS</b>		
Non-current assets		
Property, plant and equipment	705,779	765,577
Intangible assets and goodwill	1,672,462	1,663,738
Equity-Accounted Investees	-	6,479
Right-of-Use Assets	-	265,395
<b>Total non-current assets</b>	<b>2,378,242</b>	<b>2,701,189</b>
<b>Current assets</b>		
Inventories	91,079	81,530
Trade and other receivables	220,396	263,249
Other debit balances	79,593	90,367
Restricted cash	11,965	12,680
Other investment	239,905	84,677
Cash and cash equivalents	412,607	334,937
<b>Total current assets</b>	<b>1,055,545</b>	<b>867,440</b>
<b>Total assets</b>	<b>3,433,787</b>	<b>3,568,629</b>
<b>Equity</b>		
Equity attributed to the owners of the Company	2,271,362	2,149,601
Non-controlling interest	129,274	126,732
<b>Total equity</b>	<b>2,400,636</b>	<b>2,276,333</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	168,361	160,934
Other provisions	14,840	16,827
Long-term put option liability	13,604	6,881
Loans and financial obligations	167,026	137,336
Long-term lease liabilities	-	173,793
<b>Total non-current liabilities</b>	<b>363,831</b>	<b>500,774</b>
<b>Current liabilities</b>		
Trade and other payables	150,193	122,496
Other credit balances	293,841	390,213
Short-term lease liabilities	-	84,816
Loans and financial obligations	25,416	25,416
Current tax liabilities	199,870	173,584
<b>Total current liabilities</b>	<b>669,320</b>	<b>796,525</b>
<b>Total liabilities</b>	<b>1,033,151</b>	<b>1,297,299</b>
<b>Total equity and liabilities</b>	<b>3,433,787</b>	<b>3,573,632</b>

Adoption of IFRS 16 added EGP 265 million in right-of-use assets as of 30 September 2019. Meanwhile, property, plant and equipment increased following the completion of the Group's new headquarters.

The Group's total cash balances decreased to EGP 335 million as of 30 September 2019 from EGP 413 million as of 31 December 2018.

The Group recorded EGP 85 million in short-term lease liabilities and EGP 174 million in long-term lease liabilities related to the adoption of IFRS 16.

IDH's total debt (loans + finance lease) stood at EGP 189.3 million as of 30 September 2019, with a net debt / (cash) position of EGP (243) million.

# Summary Cash Flow Statement

EGP'000	30 September 2018	30 September 2019
Profit for the period before tax	503,120	544,945
<b>Net cash from operating activities before WC</b>	<b>544,043</b>	<b>672,189</b>
Change in working capital	(49,842)	(49,812)
Income taxes paid	(129,425)	(180,001)
<b>Net Cash from Operating Activities</b>	<b>364,776</b>	<b>442,376</b>
Interest received	55,038	33,269
Acquisition of Property, plant and equipment	(129,425)	(180,001)
Proceeds from sale of Property, plant and equipment	962	1,716
<b>Net cash flows used in investing activities</b>	<b>(115,509)</b>	<b>(101,976)</b>
Proceeds from borrowings	80,059	-
Payments of borrowings	(7,806)	(12,708)
Dividends paid	(434,931)	(450,501)
Lease liabilities	(24,781)	(2,340)
<b>Net cash flows used in financing activities</b>	<b>(394,144)</b>	<b>(530,569)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>541,184</b>	<b>432,294</b>

Net cash flow from operating activities grew from EGP 544 million in 9M2018 to EGP 672 million in the first nine months of 2019, reflecting the company's strong cash-generating ability.

CAPEX outlays for the addition and renovation of branches totaling EGP 117 million, including the new Al Borg Scan branch, and reflects foreign currency translation adjustments of EGP 44 million.

Dividend distribution of EGP 451 million (US\$ 26.4 million) for FY2018 paid in June 2019.



# Growth Strategies



# Expanding Customer Reach

IDH's nationwide presence and strong brand equity position it well to benefit from state-sponsored campaigns to increase awareness of preventative healthcare with diagnostic testing

## "100 Million Healthy Lives" campaign

The largest health campaign under the directive of the Egyptian President Abdel-Fattah El-Sisi, which aims to *eradicate hepatitis C across Egypt* as part of the administration's strategic 2020 plan.

The campaign also aims to *stymie the growth of chronic diseases* such as high blood pressure, diabetes and obesity, *by raising awareness on the importance of preventative healthcare with diagnostic testing.*

The campaign was launched in November 2018 and concluded in June 2019.

### Duration

8<sub>mo</sub>

Nov '18 – Jun '19

### Diagnostic Testing Targeting

50<sub>mn</sub>

Citizens

### Reach

Nationwide

### Cost

Free

## "Egypt's Women are Egypt's Health" campaign

Following on the success of the 100 Million Healthy Lives campaign, the Egyptian government launched a new awareness campaign in July 2019 targeting women and the *early detection of breast cancer with diagnostic testing.*

The first phase of the Presidential campaign began in nine governorates, including South Sinai, Matrouh, Port Said, Alexandria, Beheira, Damietta, Qalyubiya, Fayoum, and Assiut, before being rolled out nationwide and *targets 28 million women aged 18 and older.*

### Duration

1<sub>yr</sub>

July '19 – June '20

### Diagnostic Testing Targeting

28<sub>mn</sub>

Women aged 18 and older

### Reach

Nationwide

Beginning with nine governorates in the first phase

### Cost

Free



# Expanding Customer Reach

Parallel to state-sponsored initiatives, IDH also runs its own awareness campaigns focusing on specific diseases on a monthly basis and offering discounts on related testing



IDH implements monthly campaigns targeting specific diseases to raise awareness and offers discounts on related diagnostic testing

## IDH Monthly Disease Awareness Campaign Plans



almokhtabar.labs



20% discounts on food poisoning tests



alborg\_labs



Campaign to increase awareness on the dangers of anemia during pregnancy

# New Investment in Wayak

IDH launches new subsidiary “Wayak” to offer data-driven healthcare services, utilising data analytics and artificial intelligence to capitalise on IDH’s database of over c.13 million patients



## Wayak Services



Medication to be hand-delivered directly to the patient



Service provider referrals to IDH’s network



Diagnostics reminders



Discounted services at IDH’s network of service providers, including but not limited to lab tests



Customer service and follow-up through our call center



Healthcare Records by patients’ request

# “Wayak” Investment Thesis

## Wayak Investment Thesis

### EMR Building

IDH will build a systemized electronic record of Egypt’s patients in order to eliminate the need to track down patients’ previous paper medical records and to have access to accurate and legible patient data

### Extract Favorable Synergies

Synergies will arise from IDH's current business with the ability to drive additional pathology and radiology tests, and/or reduce inherent costs by leveraging IDH’s infrastructure and outsourcing most of the services provided

### Capitalize on a Growing Market

More than 19 million Egyptians have done blood tests and lab analysis at least once within the past 5 years, around 13 million are reachable by phone

### Leverage Brand Loyalty

Wayak will benefit from IDH’s diversified patient base and long standing relationships with its patients. Leveraging IDH’s existing database, Wayak will enable IDH to gain a market-leading position in Egypt, leveraging its existing 1.3 million patients (with chronicle diseases), out of a reachable list of 13 million customers.

### Capture Existing Demand

According to IDH’s patients data base around 10% of patients have a chronical diseases and more than 45 million Egyptians are uninsured and need proper health management

### Dedicated Managing Partner

Mr. Khaled Ismail, the CEO of Wayak, is the founder of venture capital firm HIMangel and has previously served as the managing director of Intel Mobile Communications, was a senior advisor to the Egyptian Minister of Communications and holds a Ph.D. in electrical engineering from the Massachusetts Institute of Technology. He brings valuable executive and start-up experience to the table.



# Al Borg Scan Expansion Updates

In October 2018, IDH inaugurated its first radiology business in Egypt under the brand name Al Borg Scan



Al Borg Scan draws on Al Borg's brand equity to position itself as a premium service provider offering the full range of imaging services using the latest technology and highly trained staff.

**EGP 10 mn**

9M2019 Revenue from 1<sup>st</sup> Branch

**EGP 1.4 mn**

9M2019 EBITDA from 1<sup>st</sup> Branch

## Rationale

Leverage the strong relationship between the Al Borg brand and its millions of customers while capitalizing on favorable key market dynamics.

## Leadership

The business is led by a group of the nation's most prominent radiologists with a track record at Egypt's leading hospitals and radiology centres.

## Near-Term Goals

Plans to add PET scanning modal, and obtain an international accreditation during 2019.

## Key Service Offering & Suppliers

Al Borg Scan's Mohandeseen branch offers a full range of radiology services, including magnetic resonance imaging (MRI), computed tomography (CT), ultrasound, x-ray and mammograms.

### Technology Providers



### CT Scan

**2,671** scans in 9M19



### MRI

**3,091** scans in 9M19



### Ultrasound

**2,980** scans in 9M19



### X-Ray

**4,986** scans in 9M19



### Mammography

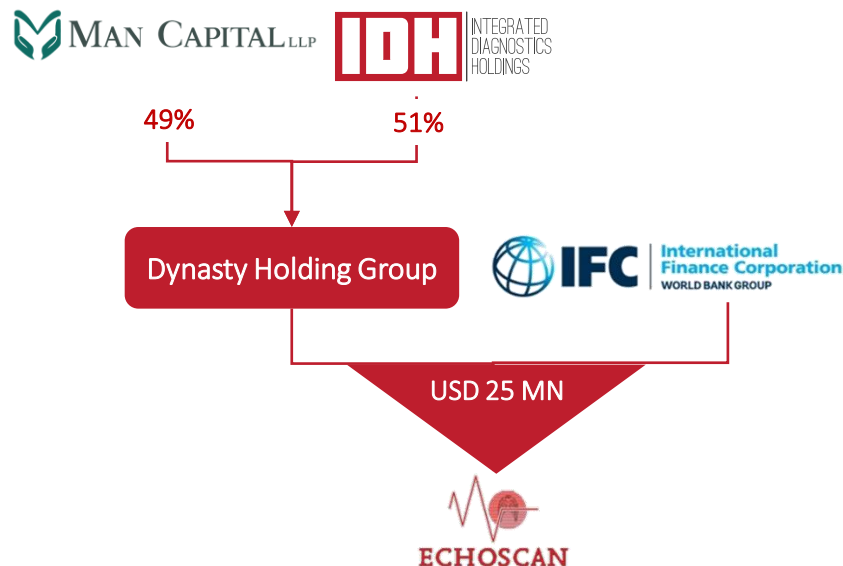
**75** scans in 9M19



# Delivering on Our Strategies – Nigeria Expansion

In December 2017, IDH further expanded its geographical footprint with an investment in Nigeria, a value-accretive acquisition in a large, fragmented and underpenetrated diagnostic services market where our business model is well-suited to capitalise on similar healthcare and consumer trends

IDH entered into a strategic alliance with Man Capital LLP to form Dynasty Holding Group (“Dynasty”), which in turn partnered with the International Finance Corporation to acquire a majority stake in Eagle Eye Echo-Scan Limited (“Echo-Scan”), a medical diagnostics business based in Nigeria. The acquisition was financed through a capital increase.



Key player in Nigeria, providing diagnostic services across 10 state-of-the-art diagnostic centres in country's urban healthcare sector

Figures need updating

## Locations

USD 25 million will be collectively invested into Echo-Lab to expand its service offering, nationwide footprint, and improve its quality standards

**USD 4.5 mn**

Invested by Dynasty in FY2018

**USD 4.0 mn**

Invested by Dynasty in 1H2019

**USD 8.5 mn**

Invested by Dynasty to Date

**USD 1.1 mn**

Invested by IFC in FY2018

**USD 1.0 mn**

Invested by IFC in 1H2019

**USD 2.1 mn**

Invested by IFC to Date

# Nigeria Expansion Updates

Operational progress in Nigeria expansion with existing branches being refurbished and renovated and with loss-making branches being relocated or closed

## Branch Renovations & Rebranding

Rebranded the company to Echo-Lab (from Echo-Scan), which launched in November 2018 with the opening of a revamped branch reflecting its new brand and image



Headquarters moved from Abuja to Lagos

Continued roll-out of renovations / revamping plan to Echo-Lab's 12 branch locations

Closed two non-performing locations in 2018 and opened two new branches as of 30 June 2019

One new branch to be added in 2H-2019

## Operational Milestones

Hiring new management staff  
(CFO, COO, S&M Director)

Training of operational staff to improve service quality

Established new accretive deals with suppliers

Expanded test menu by sending samples to Mega Lab in Egypt

LMS & SAP implementation

Delivery of state-of-the-art radiology equipment from GE, including MRIs and CTs to commence operation in 2H2019

# Nigeria Branch Roll-Out and Renovations

Opebi Branch Renovation and Rebranding



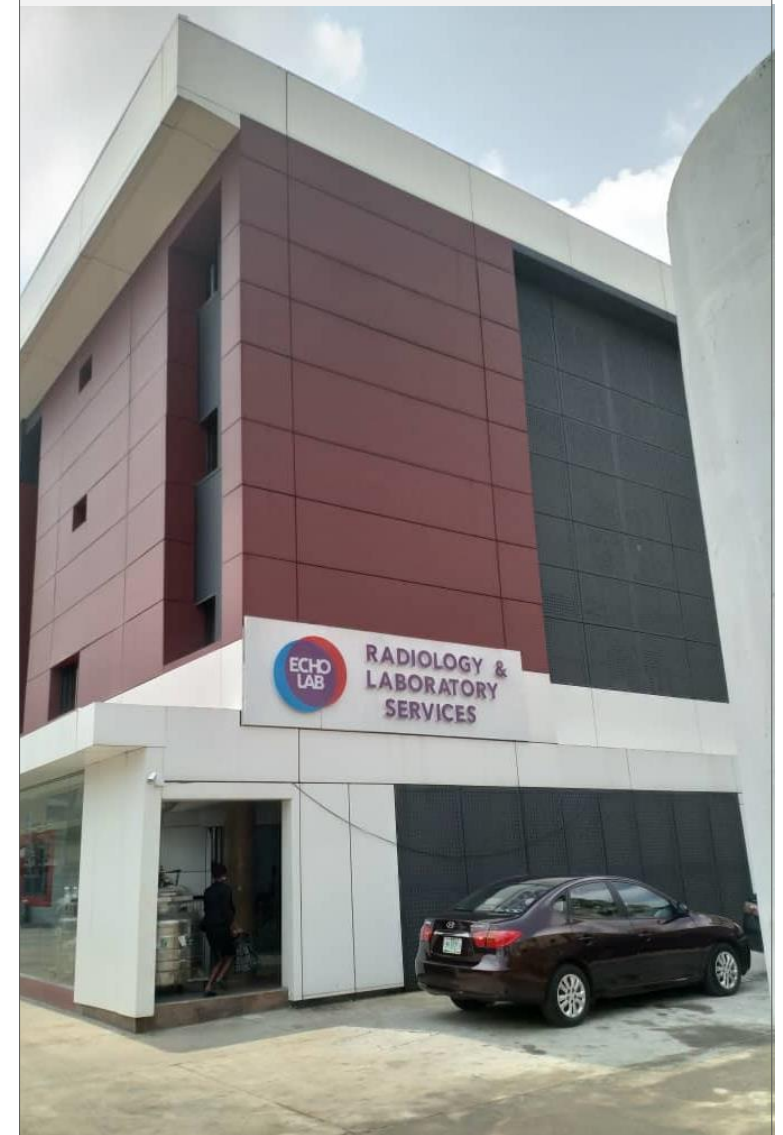
Area 11 Branch Renovation and Rebranding



Benin Branch Renovation & Rebranding



New Victoria Island Branch





# Nigeria Recently Acquired Equipment I/II

Victoria Island Branch



Opebi Branch





# Nigeria Recently Acquired Equipment II/II

Garki Branch



Benin Branch



# Outlook & Guidance

Management is pleased with the strong performance in 9M2019 and remains confident in the attractive underlying trends in the healthcare industries across IDH's footprint



Attractive  
Underlying Industry  
Trends

Continued  
Expansion of Branch  
Network with c.20-  
30 new branches in  
2019

+20% Full-Year Revenue  
Growth in 2019

c.40% EBITDA  
margin in 2019

Leverage the  
Group's Brands and  
Network to  
Introduce New  
Services

Continue to Explore  
Opportunities to  
Expand into New  
Geographies



**Q&A**



# Appendix



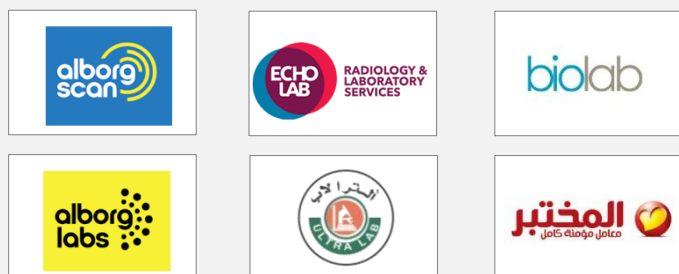
# Who We Are

Integrated Diagnostics Holding is a leading, fully-integrated provider of high-quality medical diagnostic services with a footprint spanning Egypt, Jordan, Sudan and Nigeria

## Our Services

Immunology	Radiology	Hematology
Endocrinology	Clinical Chemistry	Molecular Biology
Cytogenetics	Hatopathology	Microbiology

## Our Brands



## Accreditations



## Our Patients



### Walk-In Patients

IDH's walk-in clients, also referred to as "self-payers", represented 41% of the Group's revenues, and include individuals who pay out of pocket in advance of tests being completed.



### Contract Patients

IDH's contract clients, who in 9M2019 represented 59% of the Group's revenues, include institutions such as unions, syndicates, private and public insurance companies, banks and corporations who enter into one year renewable contracts at agreed rates per-test and on a per-client basis.

**+ 30** years

Track record

**+1,400**

Diagnostic tests offered

**6** key brands

With strong awareness

**4**

Country footprint (Egypt, Jordan, Sudan & Nigeria)

**442**

Branch labs as at 9M19

**5.6** MN

9M19 Patients

**23.1** MN

9M19 Tests

EGP **1.6** BN

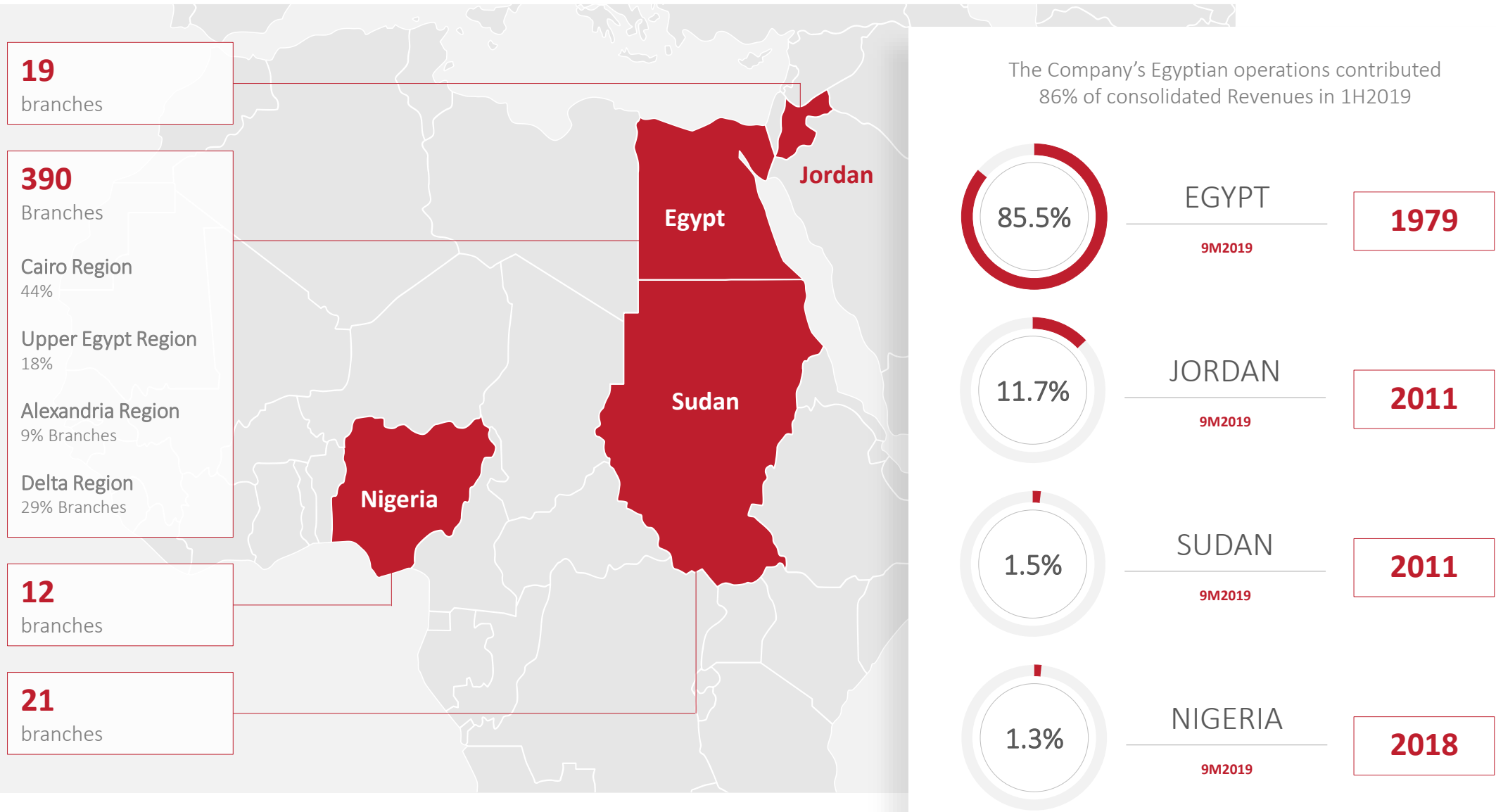
9M19 Revenues





# Our Geography

IDH's branch network of 442 labs at 9M2019 spans 4 countries, the largest of which is Egypt



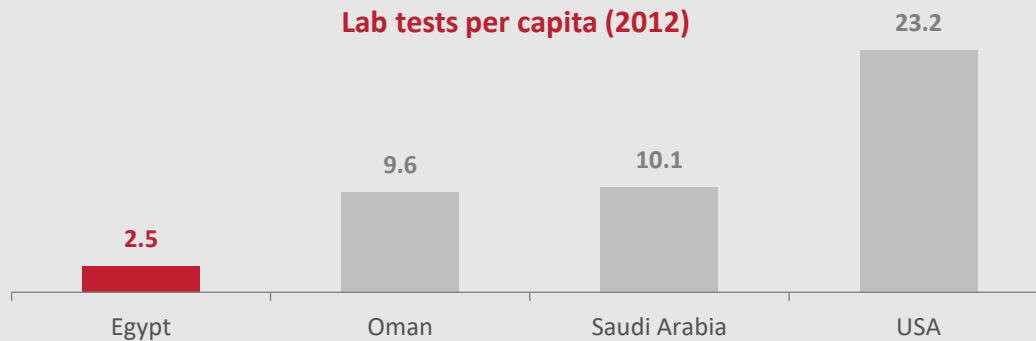
# Favorable Industry Dynamics

## Structural Growth Drivers

Powerful structural growth drivers underpin Egypt's healthcare growth story, including an ever-expanding population, rising lifestyle diseases, favorable government regulation and increased medical tourism

### Operating in a still under-penetrated market

Healthcare expenditures-per-capita and lab tests-per-capita demonstrate the underpenetrated nature of the IDH's markets.



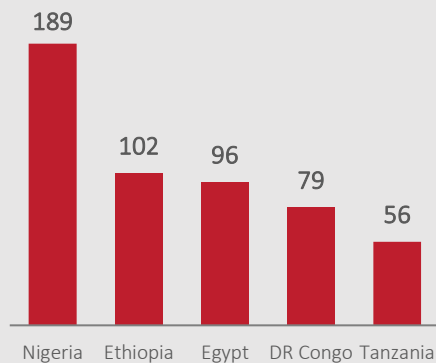
Source: Analysis of the US Clinical Laboratory Market; Frost & Sullivan – March 2012 – NHS UK

### Large Populations

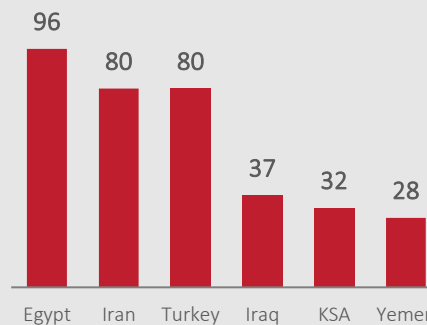
Approaching 100 million, Egypt is the third most populous country in Africa and by far the most populous country in the Middle East.

### Top 5 African and Middle Eastern Country Populations

### African Populations 2016 (in millions)



### Middle Eastern Populations 2016 (in millions)



Source: World Bank

\*CAPMAS (Central Agency for Public Mobilization and Statistics) recently announced that Egypt's population has reached 104.2 million.

### High Disease Burden

The Egyptian population is marked by a high incidence of lifestyle-related medical conditions, with obesity being a notable example given its high correlation with many life-threatening illnesses including cardiovascular disease, diabetes and cancer.

**35%**

Adult Egyptian population that is obese

**10%**

Egyptian children who are considerably overweight

**28%**

Heart disease, the leading cause of death, highly correlated with obesity

### Heightened Health Consciousness

A growing consumer class is, however, becoming more health and wellness conscious.



# Asset-light Business Model

## Hub, Spokes and Spikes

IDH's "Hub, Spoke and Spike" business model enables the Company to organically expand its reach in highly-fragmented markets with underserved diagnostic services demand

### Mega Lab: "Hub"

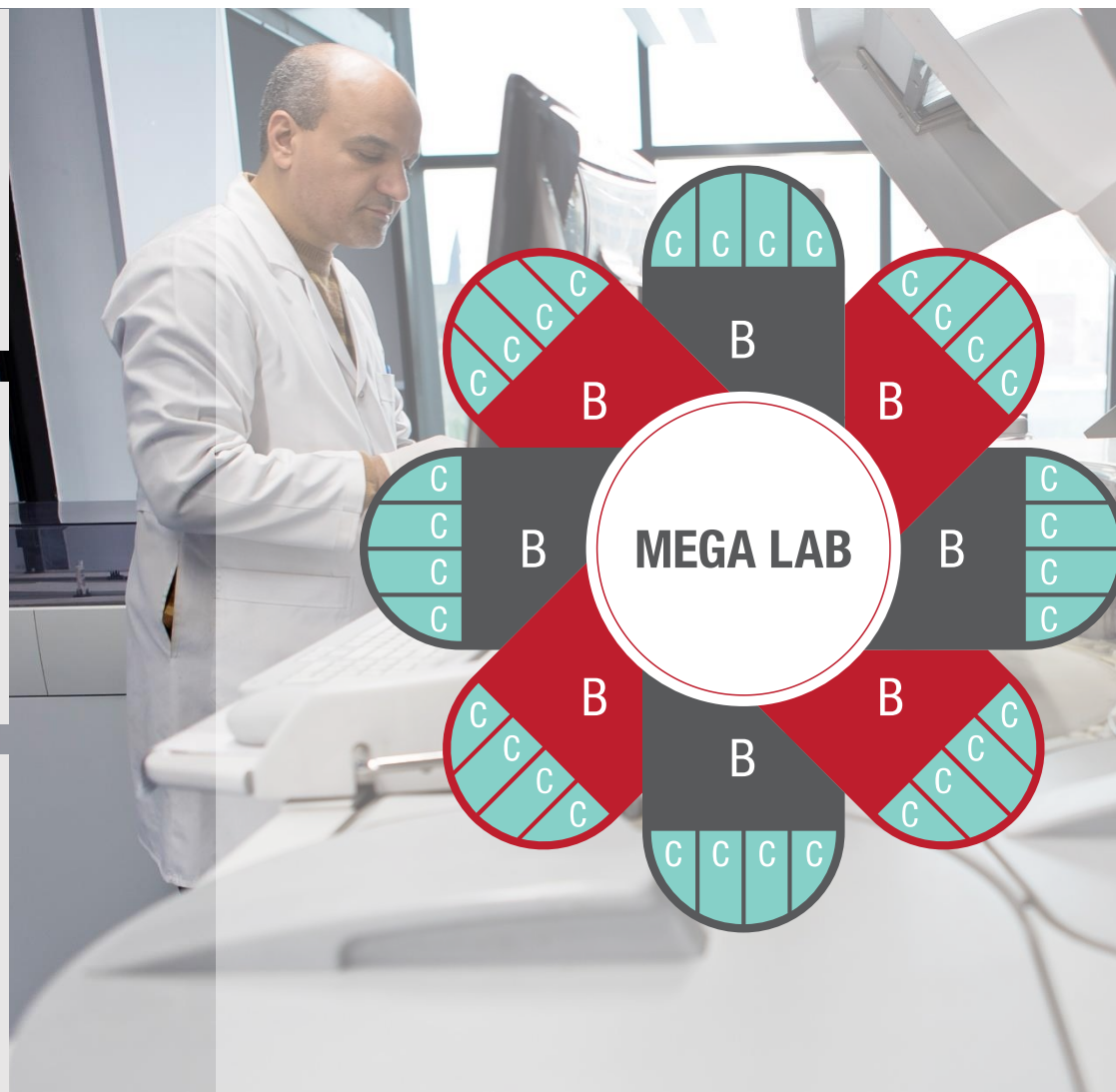
- The Mega Lab, the largest automated lab in Egypt, serves as IDH's diagnostic "Hub," equipped with the latest technology to provide a full suite of diagnostic tests.
- Significant cost synergies are realized on kits, logistics and quality control.

### B Labs: "Spokes"

- The B Labs serve as "Spokes" that reduce traffic to the Mega Lab by processing routine test on site including chemistry, parasitology and hematology.
- B Labs are both large in size and higher in capacity than the C Labs.
- At 31 December 2018, there were seven B Labs in Egypt and 19 in Jordan.

### C Labs: "Spikes"

- The C Labs are collection centers, conducting the most basic of tests.
- Because they require low capital to open, they enable IDH to expand its reach in highly-fragmented markets.
- Typical C Labs take 1-2 months to set up and 4-6 months to break even.
- At 31 December 2018, there were 396 operational C Labs.



# Our Mega Lab

## State-of-the-Art Equipment with High Capacity and Throughput

### Capabilities

- Mega Lab machines are **capable of conducting a wide range of tests** including basic blood grouping to advanced gene sequencing.
- New and esoteric test facilities at the Mega Lab provides a **“one-stop” solution** for customers which drives IDH’s key test-per-patient metric

### Capacity

- Inauguration of IDH’s Mega Lab in 2015 **doubled the production capacity**
- High capacity and capability for a broad range of tests provides IDH the ability to **plug and play for further expansion**.

### Procurement

- Central procurement system ensures **coordinated purchasing** across the group.
- IDH is in a good position to negotiate **favorable kit prices** and procure additional equipment to enhance capacity if required

Only CAP accredited laboratory in Egypt



Existing B and C labs



Outsourced hospital and lab testing



Mega lab



Regional expansion



Esoteric testing



# Key Supplier Relationships

IDH leverages its bargaining power with suppliers to maximize value in a business that is fundamentally about COGS economy of scale

## Dynamics of Supplier Relationships

- The majority of **testing equipment is provided at no upfront cash cost** in return for which IDH agrees to purchase a minimum volume of kits from the equipment supplier
- Laboratory test **kits are purchased on contract with volume-linked pricing.**
- Significant volume and scale has also placed the Company in a **favorable position to negotiate test kit prices**, thus manage costs effectively, especially during recent challenging macroeconomic times.
- Reflecting this **asset-light business model with its associated low CAPEX**, IDH's balance sheet is under leveraged and highly cash-generative for strategic flexibility.
- Supplier relationships **helped protect gross margins despite a >50% devaluation** of the EGP after the November 2016 float.

### INTEGRATED DIAGNOSTICS HOLDINGS

biolab

Alborg  
Laboratories



al mokhtabar  
moasameh kamel laboratories

Abbott  
A Promise for Life

Roche

SIEMENS

sysmex

SUPPLIERS



# Human Resources Development

## Training

IDH views education as an essential means of ensuring quality across its laboratories. We strive to create a diverse, productive culture and a safe working environment in order to empower our people to reach their full potential

### Training streams



Medical / scientific / technical



Function-specific (non-medical)



Managerial



Soft skills

All staff benefit from training

### Unique programs for



Chemists



Salespersons



Managers

- IDH has a dedicated training facility in Cairo with four training laboratories.
- As at June 2018, the training centre employed one director, 5 full-time specialists, 4 administrators and 14 part-time instructors.
- The centre provides training to around 250 employees per month, including doctors, chemists, sales personnel and administrators.

#### IDH Customer Service School



- IDH's training department has launched the **IDH Customer Service** School to ensure that all employees are equipped with the right skills, knowledge and abilities to perform assigned tasks proficiently, enabling the growth and success of our front-line staff.

- Branch managers, area managers and customer service managers utilizing specific KPIs to measure employee performance and to ensure that the curriculum is applied on the field

# IDH is a Consumer-Facing Service Provider

The mechanics of the Egyptian healthcare market are markedly different from those in many Western healthcare industries

## Egypt's Private Healthcare System

IDH serves the private healthcare market, where notably patients have substantially more freedom to make healthcare decisions than do their counterparts in more institutionalised markets.

As general practitioners are rare in Egypt, patients may elect to seek initial care by visiting:

A hospital outpatient clinic or emergency room

A polyclinic

The office of a specialist physician

While physicians ordering diagnostic procedures to be completed outside a hospital setting may make recommendations, patients have a high degree of freedom in choosing a diagnostic service provider, a decision that is based primarily on:

Perceived quality and safety

Affordability of pricing

Insurance or corporate arrangements

Patients then typically obtain their diagnostic test results in person and, with an accompanying report from a pathologist, geneticist, radiologist or other specialist, return to the physician who requested the tests in the first instance.

Patient chooses physician



Patient gets his Rx for tests



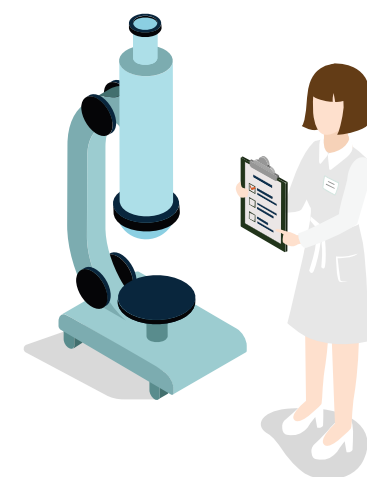
Patient chooses lab



Patient pays for his tests



Patient picks up his own results



Patient returns with test results to original physician

# Tactical Marketing Campaigns

IDH's tactical marketing programs are focused on driving patient and test volumes, especially in the higher-margin walk-in patient category

Walk-in patients are typically Egypt's most vulnerable citizens, hurt most by inflationary pressures and most often without healthcare insurance arrangements.

As walk-ins are less apt to spend on lab tests, marketing campaigns aimed at these higher-margin patients seek to raise awareness of particular diseases – especially lifestyle diseases such as diabetes and high cholesterol - and the importance of regular testing.



IDH deploys marketing tools including:

Gatherings for physicians

In-house Points Redemption Program

Discounts on packages of chronic disease tests

Partnership with the National Bank of Egypt for more affordable payment methods

CRM programs, e.g. phone apps and SMS messages with results

Nationally appropriate mix of above-the-line tools, including outdoor and digital marketing

Channel-specific tools and activations

# Governance

## Overview

IDH is committed to implementing best practices in corporate governance through the expertise of both the individual Directors and outside parties

### Anti-Bribery and Anti Corruption Policy (ABAC)

The IDH Anti-Bribery and Corruption Policy requires compliance with the highest ethical standards and all anti-corruption laws applicable in the countries in which IDH conducts business (whether through a third party or otherwise).

### No Referral Fee Policy

The practice of paying kickbacks is incompatible with the laws of most established international jurisdictions. IDH maintains a strict policy on referral fees and prohibits the payment of “commissions and financial incentives or making illegal profits” when referring patients for medical tests.

### Gift Policy

IDH is committed to serving our customers and working with our partners with the highest standards of integrity. In line with this commitment, we adopt a “No Gift Policy” whereby our employees are not allowed to exchange gifts with current or potential customers, suppliers or business partners. This is to prevent any conflicts of interest, or appearance of such in our business dealings.

### Internal Audit Procedures

► The Board has delegated oversight of the Group’s system of internal controls to the Audit Committee to safeguard the assets of the Group and the interests of shareholders.

► The Audit Committee reviews the effectiveness of the Group’s internal controls on an ongoing basis and reports back to the Board with their findings and recommendations.

► The Board has accordingly established that the Group has in place internal controls to manage risk including:

- the outsourcing of the internal audit function to professionals from Ernst & Young (EY) until an Internal Auditor was appointed for the Group on 16 May 2016;
- the identification and management of risk at the level of operating departments by the heads of those departments; and
- regular Board level discussion of the major business risks of the Group, together with measures being taken to contain and mitigate those risks.

While not required to comply with UK Corporate Governance Code, IDH aims to voluntarily comply with aspects of the Code while continually working toward closing the gap with premium listed entities on the London Stock Exchange. To date, the Company has established four Board committees (members on overleaf):

- 1 Nominations Committee
- 2 Remuneration Committee
- 3 Audit Committee
- 4 M&A Committee



# Governance

## A World-Class Board of Directors

The majority of members of IDH's Board of Directors are independent and offer significant experience in the healthcare market, MENA region and investment activities



**Lord St John of Bletso**<sup>1</sup>  
Independent Non-Executive

Lord St John has been a crossbencher in the House of Lords, UK Parliament, since 1978 and is an Extra Lord-in-Waiting to HM Queen Elizabeth II. He is currently non-executive chairman of Strand Hanson Ltd and Global Resources Investment Trust (GRIT) and serves as a director of Falcon Group and Albion Enterprise VCT. He is also a member of the advisory boards of 10Sat, Betway Group, ECO Capacity Exchange and Impala Energy. Lord St John received a BA (Law) and BSocSc (Psychology) from Cape Town University, BProc (Law) from the University of South Africa and an LLM from the LSE, London.



**Prof. Dr. Hend El Sherbini**  
Group Chief Executive Officer

Dr. El Sherbini is a professor of clinical pathology at the Faculty of Medicine, Cairo University and currently sits on the board of American Society of Clinical Pathology (Egypt) and consults on the international certification process. She received her MBBCh, Masters in Clinical and Chemical Pathology, PhD in Immunology from Cairo University, and an Executive MBA from London Business School. Dr. El Sherbini served as CEO of Al Mokhtabar since 2004, until becoming CEO of the Group in 2012.



**Hussein Choucri**<sup>1,2,3,4</sup>  
Independent Non-Executive Director and Chairman of the Remuneration Committee

Mr. Choucri is Chairman and Managing Director of HC Securities & Investment, which he established in May 1996, and he currently sits on the boards of Edita Food Industries, Six of October Development and Investment Co. (SODIC), the Holding Company for Tourism, Hotels & Cinema and the Egyptian British Business Council. Mr. Choucri served as a Managing Director of Morgan Stanley from 1987 to 1993 and served as Advisory Director at Morgan Stanley from 1993-2007. He received his Management Diploma from the American University in Cairo in 1978.



**James Patrick Nolan**<sup>2,3,4</sup>  
Independent Non-Executive Director and Chairman of the Audit and M&A Committees

Mr. Nolan is an Independent Director. He spent 15 years with Royal Philips NV, latterly as Head of Mergers & Acquisitions, and has also served as Head of Mergers & Acquisitions at Veon Inc., a major mobile telecoms operator in Emerging Markets. During his time at Philips, he led a series of acquisitions in diagnostic imaging, an area in which Philips is now a global leader. He has extensive quoted-company board experience having served on the boards of M\*Modal Inc., Naveq Inc and SHL Telemedicine Ltd.

Mr. Nolan graduated from Oxford University in Law in 1983 and is a qualified barrister in England and Wales. He also holds an MBA from INSEAD.



**Dan Olsson**<sup>1,2,3</sup>  
Independent Non-Executive Director

Mr. Olsson is CEO of the Team Olivia Group, a Swedish healthcare group. He has long and extensive international experience in the diagnostic sector, where he has served in a range of executive positions, among others as CEO of Unilabs Group in Geneva, Switzerland from 2007 to 2009 and has worked in the healthcare sector since 1999. Mr. Olsson studied economics at the University of Lund in Sweden.



**Richard Henry Phillips**  
Non-Executive Director

Mr. Phillips is a founding partner of Actis LLP, the emerging markets private equity group. As Actis LLP is one of the Company's major shareholders, Mr. Phillips is not considered by the Board as being independent. He established the Actis Global Consumer Sector team and served as Head of Consumer for four years until becoming a member of the Actis Investment Committee. During the year he was responsible for the investment activity of Actis in North Africa and, latterly, Asia. Mr. Phillips is a director on the board of a number of companies including Edita Food Industries SAE, Emerging Markets Knowledge Holdings Ltd. and others. Mr. Phillips holds a degree in Economics from the University of Exeter.

# Sustainability

Founded on the principle of providing quality medical assistance and services to better the lives of individuals and the community at large, IDH views corporate responsibility initiatives as an extension of its core purpose with the aim of improving communities in which it does business

## The Moamena Kamel Foundation for Training and Skill Development

### Primary Services

- |   |  |
|---|--|
| 1 | Free healthcare clinics  |
| 2 | Loans for entrepreneurial women  |
| 3 | Educational services for the children of Al Duweiqā community                        |
| 4 | Providing food for families in need of such assistance                               |
| 5 | Coverage of running costs for the ICU at Cairo's public-sector Kasr El Aini Hospital |

*IDH commits up to 1% of the net after-tax profit of its subsidiaries, Al Borg and Al Mokhtabar, to the Moamena Kamel Foundation for Training and Skill Development.*

### Other Corporate Responsibility Initiatives

- Services to Kasr El Aini Hospital
  - Providing medical supplies to ICU and other units
  - Providing monthly incentives for nurses at the ICU
  - Provided 12-20 beds
- Providing finance and in-kind support to El Manial Hospital
- Financial and in-kind support to Egyptians during natural disasters
- Providing Ramadan iftar (feast) meals to the underprivileged during Ramadan
- Providing free medical tests to underprivileged Egyptian children
- Sponsoring medical convoys in Fayoum

# Investment Highlights

IDH is an attractive investment opportunity with compelling fundamentals, present in fast-growing, under-served markets



1	Formidable playing field with structural growth drivers, high barriers to entry and a highly fragmented market	
2	Established business model with strong brand recognition and market leading position	
3	Experienced, entrepreneurial and longstanding management team and adherence to best corporate governance practice	
4	Strong unlevered balance sheet and strong cash generation	
5	Strong earnings with attractive margins through operational performance, and historical strong organic growth	
6	Allowing for capitalization on multiple future growth avenues	