



# 9M2020 Results **Presentation**

November 2020





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# Results Snapshot

Group reports top- and bottom-line growth in 9M 2020, supported by a strong and broad-based recovery in the third quarter of the year

**EGP 1,670 mn**

Revenue in 9M 2020

▲ 1% y-o-y

**EGP 830 mn**

Gross Profit in 9M 2020

▲ 5% y-o-y / 50% margin

9M 2019 figures included the impact of the 100 Million Healthy Lives campaign in Egypt. Excluding the campaign, the Group's consolidated revenue records a 4% year-on-year rise.

**EGP 710 mn**

EBITDA in 9M 2020

▲ 4% y-o-y / 43% margin

**EGP 375 mn**

Net Profit in 9M 2020

▲ 4% y-o-y / 22% margin

Top-line growth was supported by the gradual lifting of restrictive measures, which saw the reopening of all branches during 3Q 2020, and IDH's ability to adapt its service offering to the changing dynamics.

**EGP 89**

Average revenue per test in 9M 2020

▲ 25% y-o-y

**471**

Operational branch labs in 9M 2020

▲ 19 branches vs FY2019

IDH continues to ramp up its house call service in Egypt and now offers Covid-19-related testing\* in both Egypt and Jordan, helping to drive volumes and top-line growth in both countries.

**18.8 mn**

Tests completed in 9M 2020

▼ 19% y-o-y

**4.8 mn**

Patients served in 9M 2020

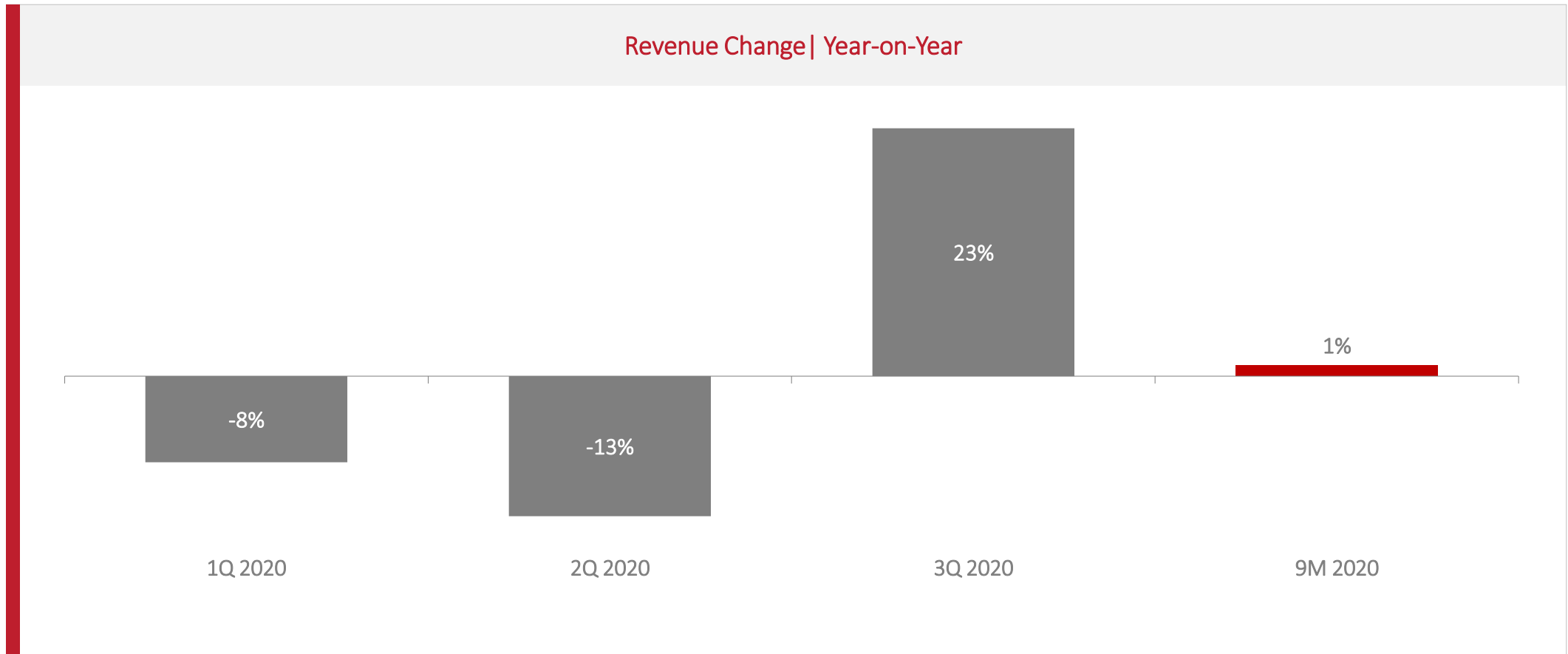
▼ 14% y-o-y

Patients served and test performed during 3Q 2020 recorded impressive 43% and 46% quarter-on-quarter growth, respectively.

\*Covid-19-related tests include PCR and antibody testing as well as a bundle of inflammatory and clotting markers such as Complete Blood Picture, ESR, D-Dimer, Ferritin and CRP, among others.

# Quarterly Revenue Progression

IDH witnessed a sharp recovery starting in June 2020, which carried through into the third quarter of the year

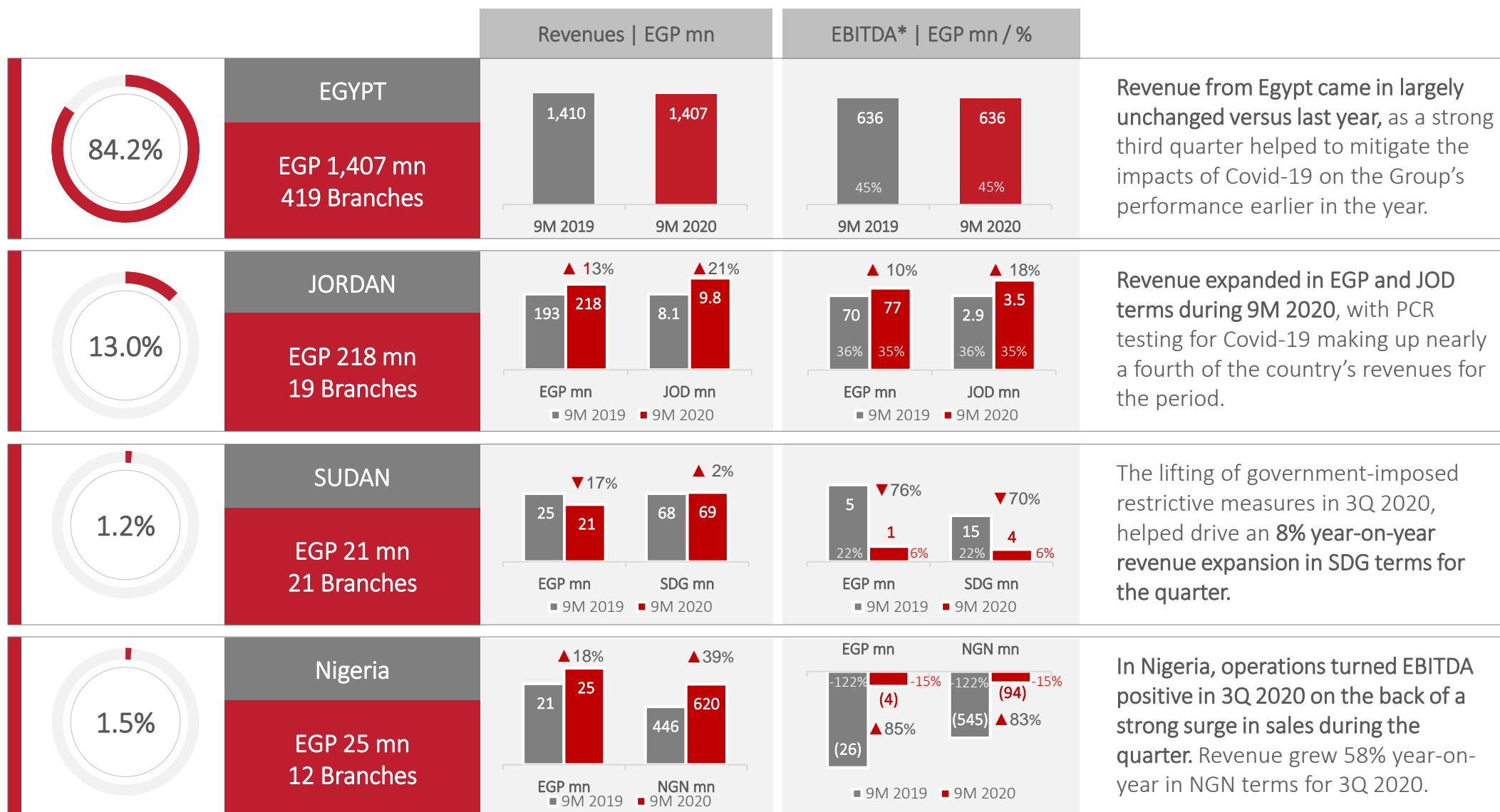


The year-to-date performance was supported by a strong third quarter, which saw **the Group close up 23% versus 3Q 2019, one of its strongest year-on-year revenue growth rates for a single quarter.**

IDH's house call services in Egypt continued to witness strong demand and in 3Q 2020 made up 21% of the country's revenues. Similarly, Covid-19-related testing, contributed to 20% of Egypt's revenue in 3Q2020 and to 32% of Jordan's top-line for the quarter.

# Regional Performance

Local currency revenue expanded in Jordan, Nigeria and Sudan as restrictions were lifted and traffic normalized



SDG = 0.2969 EGP, JOD = 22.1770 EGP, and NGN = 0.0400 EGP

# COVID-19 Impact on Regional Operations I/II

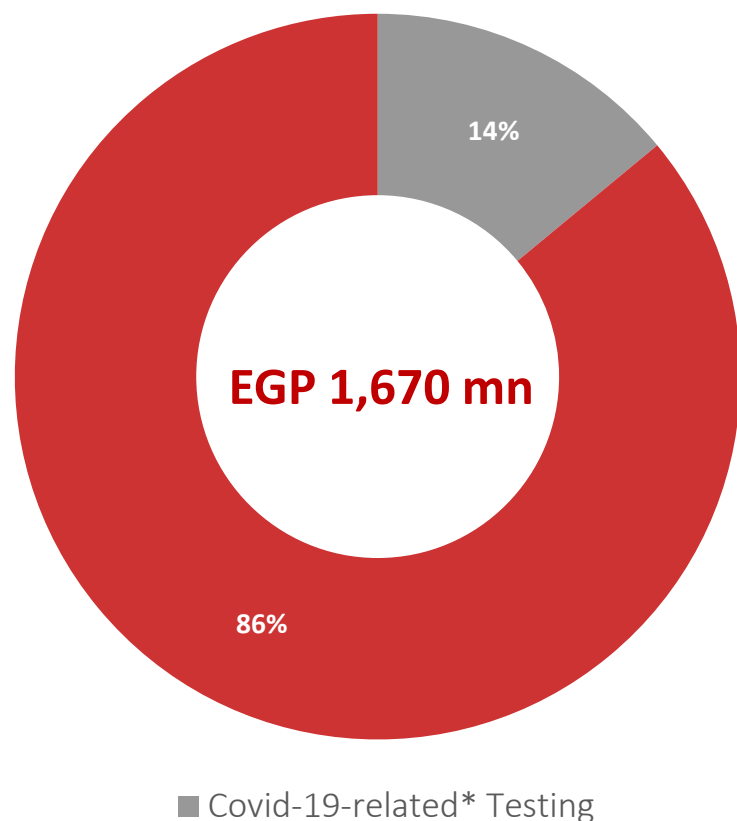
Across IDH's countries of operation, the Group witnessed a progressive easing of Covid-19-related measures during the quarter, with all branches operating normally starting in mid-July and through to the end of the third quarter

	EGYPT	<b>25<sup>th</sup> of March</b> <ul style="list-style-type: none"><li>• Nighttime curfew implemented</li><li>• All labs closed during the weekend (27<sup>th</sup> - 28<sup>th</sup>)</li></ul>	<b>29<sup>th</sup> of March</b> <ul style="list-style-type: none"><li>• All labs resumed operational activities with reduced working hours</li></ul>	<b>23<sup>rd</sup> of April</b> <ul style="list-style-type: none"><li>• Ramadan started with labs operating from 8am to 5pm</li></ul>	<b>31<sup>st</sup> of May</b> <ul style="list-style-type: none"><li>• Working hours extended to 7pm</li></ul>	<b>27<sup>th</sup> of June</b> <ul style="list-style-type: none"><li>• Back to normal working hours from 8am till 11pm</li></ul>	
	Jordan	<b>14<sup>th</sup> of March</b> <ul style="list-style-type: none"><li>• Closure of all educational institutions, governmental and private entities</li></ul>	<b>17<sup>th</sup> of March</b> <ul style="list-style-type: none"><li>• Curfew implemented, with two branches remaining open, one to conduct Covid-19 tests</li></ul>	<b>27<sup>th</sup> of April</b> <ul style="list-style-type: none"><li>• All branches operational from 9am to 5pm</li></ul>	<b>6<sup>th</sup> of June</b> <ul style="list-style-type: none"><li>• Biolab is back to normal working hours of 8am till 8pm</li></ul>	<b>27<sup>th</sup> of June</b> <ul style="list-style-type: none"><li>• Curfew eased to 12am to 6am</li></ul>	<b>21<sup>st</sup> of October</b> <ul style="list-style-type: none"><li>• New national curfew, no impact on branches thus far</li></ul>
	Sudan	<b>15<sup>th</sup> of March</b> <ul style="list-style-type: none"><li>• Closure of schools, religious institutes and polyclinics</li></ul>	<b>23<sup>rd</sup> of March</b> <ul style="list-style-type: none"><li>• Nationwide curfew from 8pm to 6am</li><li>• Curfew extended from 6pm to 6am on 29 March</li></ul>	<b>18<sup>th</sup> of April</b> <ul style="list-style-type: none"><li>• Complete lockdown in Khartoum, only five branches operational from 7:30am to 12:30pm</li></ul>	<b>3<sup>rd</sup> of May</b> <ul style="list-style-type: none"><li>• Additional branch opened bringing the total to six</li></ul>	<b>18<sup>th</sup> of July</b> <ul style="list-style-type: none"><li>• All branches are operational from 8am to 4pm</li></ul>	
	Nigeria	<b>22<sup>nd</sup> of March</b> <ul style="list-style-type: none"><li>• Complete lockdown in Kaduna and Delta state</li></ul>	<b>29<sup>th</sup> of March</b> <ul style="list-style-type: none"><li>• Lockdown in Lagos and Abuja</li><li>• Branches remained operational with reduced hours</li></ul>	<b>26<sup>th</sup> of April</b> <ul style="list-style-type: none"><li>• Curfew in Kaduna and Delta state</li><li>• Complete lockdown in Lagos and Abuja</li></ul>	<b>3<sup>rd</sup> of May</b> <ul style="list-style-type: none"><li>• Easing of lockdown directives in Lagos and Abuja</li></ul>	<b>7<sup>th</sup> of June</b> <ul style="list-style-type: none"><li>• All branches are operational from 8 a.m. to 6 p.m.</li></ul>	<b>19<sup>th</sup> of October</b> <ul style="list-style-type: none"><li>• New curfews and branch closures following civil unrest in several regions of Nigeria</li></ul>

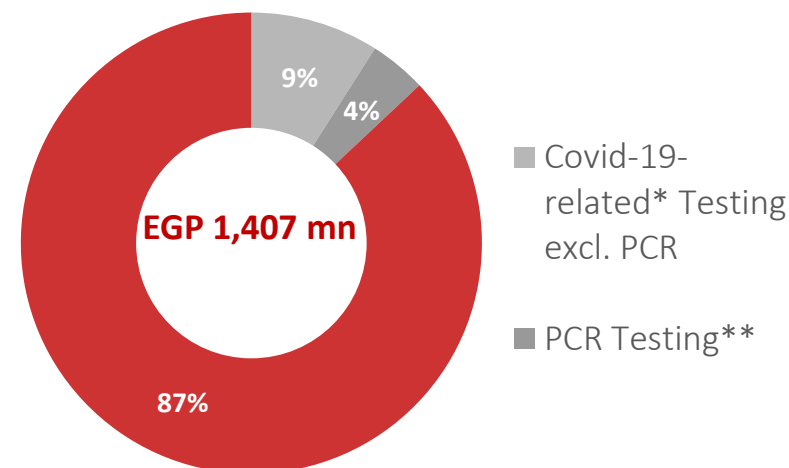
# COVID-19 Impact on Regional Operations II/II

Top-line growth was supported by IDH's Covid-19-related\* test offering in Egypt and Jordan, which continues to witness strong demand in both countries

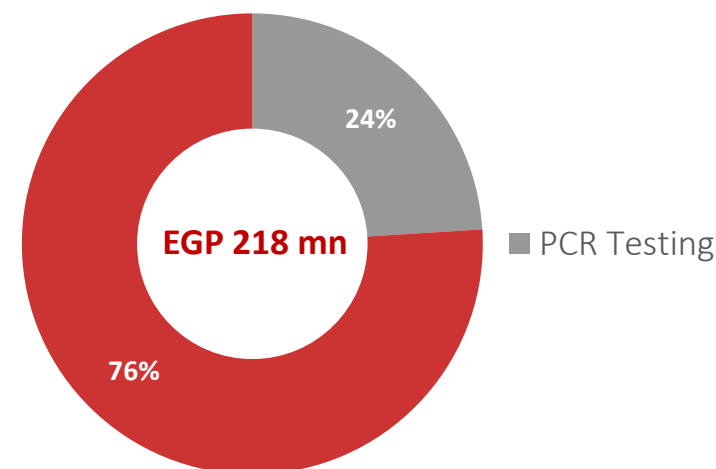
Covid-19 Testing Contribution to IDH Revenue 9M20



EGYPT



JORDAN



\* Covid-19-related tests include PCR and antibody testing as well as a bundle of inflammatory and clotting markers such as Complete Blood Picture, ESR, D-Dimer, Ferritin and CRP, among others.

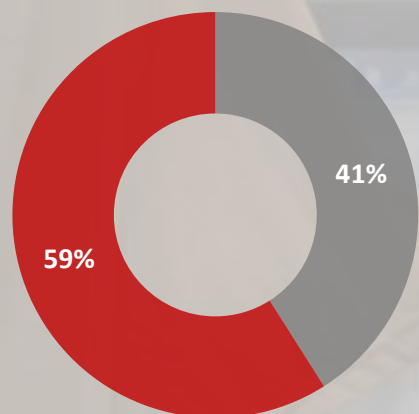
\*\* Includes EGP 28 million contributed from PCR testing conducted as part of IDH's agreement with Pure Health.

# Segment Performance

Revenue and patient mix normalized from higher campaign-related contract volumes last year

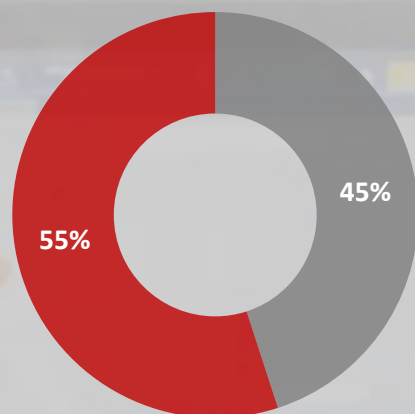
## Revenue Split

9M 2019



■ Walk-in ■ Corporate

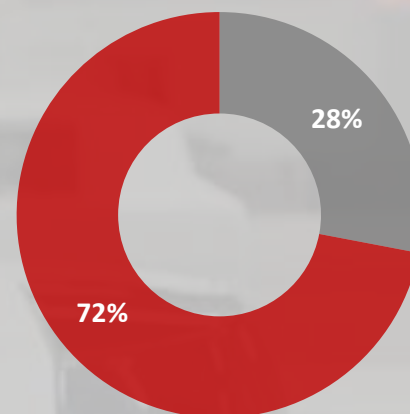
9M 2020



■ Walk-in ■ Corporate

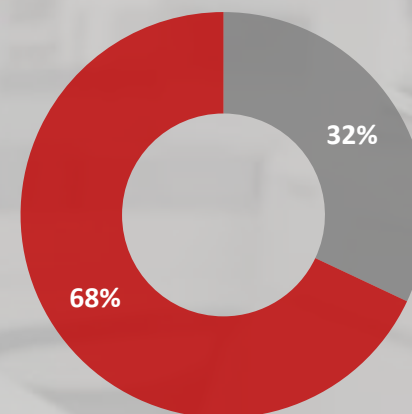
## Patient Split

9M 2019



■ Walk-in ■ Corporate

9M 2020



■ Walk-in ■ Corporate



# Segment Performance

During 2019 management had analysed the segmentation of Egypt's patient base leading to a reclassification between walk-ins and contract volumes.

	Contract Segment			Walk-In Segment			Total		
	9M2020	9M2019	Change	9M2020	9M2019	Change	9M2020	9M2019	Change
Revenue (EGP '000)	921	968	-5%	749	681	10%	1,670	1,649	1%
% of Revenue	55%	59%		45%	41%		100%	100%	
Patients ('000)	3,261	4,025	-19%	1,531	1,562	-2%	4,792	5,587	-14%
% of Patients	68%	72%		32%	28%		100%	100%	
Revenue per Patient (EGP)	282	240	17%	489	436	12%	348	295	18%
Tests ('000)	13,780	17,780	-22%	4,984	5,298	-6%	18,765	23,078	-19%
% of Tests	73%	77%		27%	23%		100%	100%	
Revenue per Test (EGP)	67	54	23%	150	128	17%	89	71	25%
Test per Patient	4.2	4.4	-4%	3.3	3.4	-4%	3.9	4.1	-5%
KPIs Adjusted for the Campaign and Reclassification*									
Revenue (EGP '000)	921	848	9%	749	754	-1%	1,670	1,602	4%
% of Revenue	55%	53%		45%	47%		100%	100%	
Tests	13,780	14,636	-6%	4,984	6,000	-17%	18,765	20,635	-9%
% of Tests	73%	71%		27%	29%		100%	100%	
Revenue per Test (EGP)	67	58	15%	150	126	20%	89	78	15%

**13.8 mn**

Contract tests in 9M2020  
▼ 6% y-o-y excl. campaign and adj. for reclassification

**EGP 67**

Avg. rev / contract test in 9M2020  
▲ 15% y-o-y excl. campaign and adj. for reclassification

**EGP 921 mn**

Contract revenue in 9M2020  
▲ 9% y-o-y excl. campaign and adj. for reclassification

**5.0 mn**

Walk-in tests in 9M2020  
▼ 17% y-o-y adj. for reclassification

**EGP 150**

Avg. rev / walk-in test in 9M2020  
▲ 20% y-o-y adj. for reclassification

**EGP 47 mn**

Campaign-related revenue in 9M2019

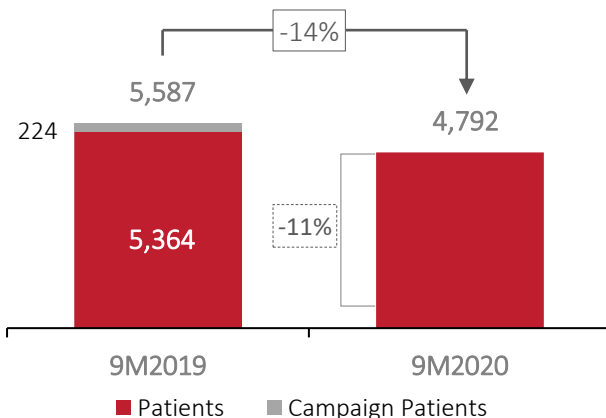
\* Adjustments related to the 100 Million Healthy Lives campaign include subtracting 224 thousand patients, 2.4 million tests and revenue of EGP 47 million for the 9M 2019 contract segment's KPIs. Additionally, reclassification adjustments include the transfer of 702 thousand tests in 9M 2019 and associated revenue of EGP 73 million from the contact segment to walk-ins.

# A Focus on the 100 Million Healthy Lives Campaign

The campaign was launched in November 2018 and ended in June 2019

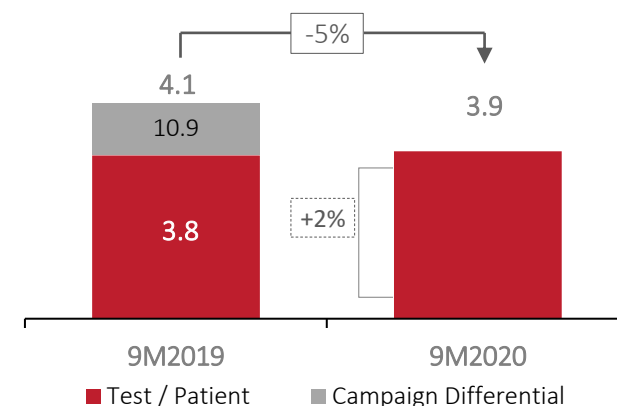
## IDH 9M 2020 Patient Volumes | '000

The awareness campaign added 224 thousand patients to IDH's contract segment in the comparable period of 2019



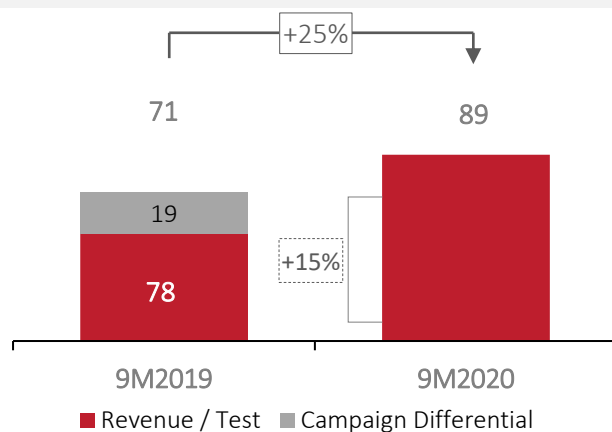
## IDH 9M 2020 Tests per Patient | '000

Excluding the impact of the Campaign, test per patient increased 2% y-o-y in 9M 2020



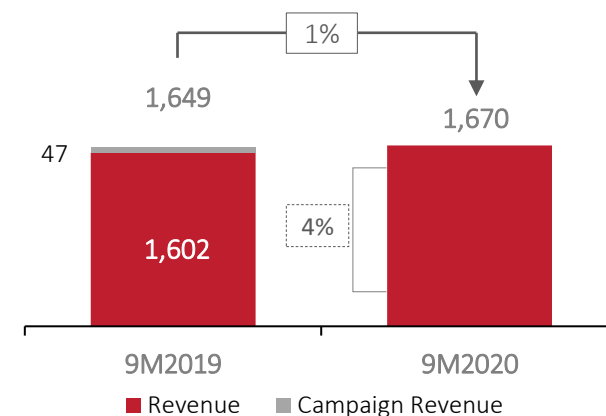
## IDH 9M 2020 Average Revenue per Test | EGP

Average revenue per test increased by 25% year-on-year. Factoring out the Campaign, average revenue per test would increase 15% in 9M 2020



## IDH 9M 2020 Revenues | EGP mn

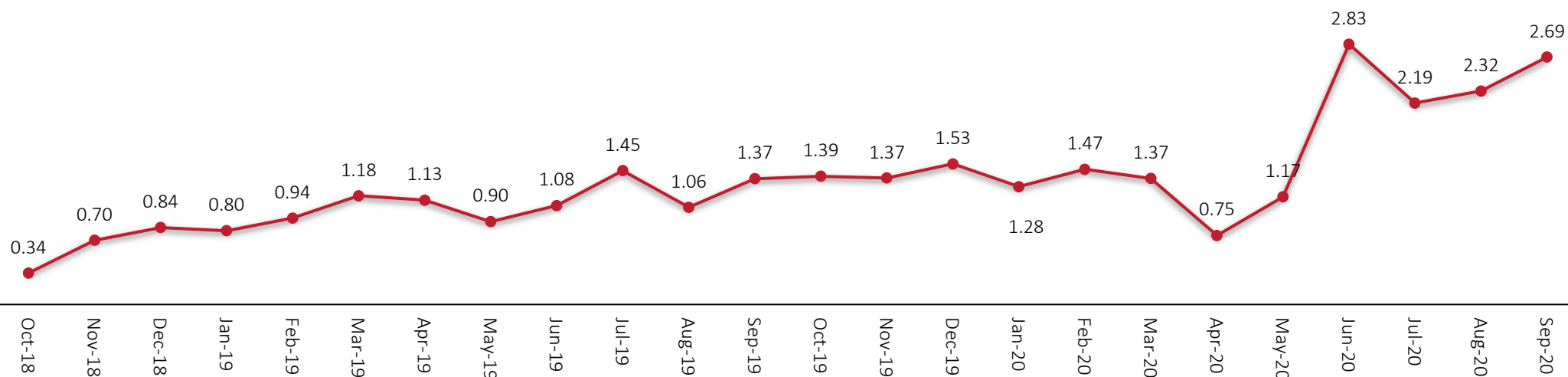
The awareness campaign contributed EGP 47 million to IDH's top-line in 9M 2019. Controlling for the Campaign, consolidated revenue expanded 4% y-o-y



# Continued Ramp up at Al Borg Scan

Al-Borg Scan launched a second branch in Cairo in February 2020, progress continues toward the launch of a third branch

Al Borg Scan Revenue Progression | EGP mn



**EGP 16.1 mn**

Revenue in 9M2020

**23.9k**

Patients in 9M2020

**30.1k**

Tests in 9M2020

**EGP 533**

Revenue / Test in 9M2020

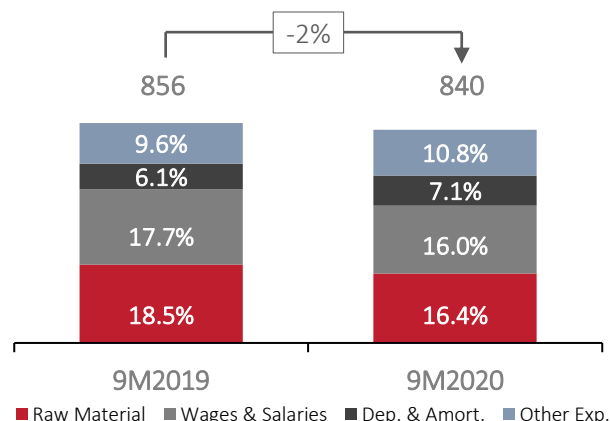
Al-Borg Scan, IDH new radiology venture, generated revenue of EGP 16.1 million in 9M 2020, up 62% year-on-year. **Al Borg Scan inaugurated its second branch in Cairo in February 2020**, with both branches having served a total of 23.9 thousand patients in 9M 2020, up 76% year-on-year. The addition of Al Borg Scan's new branch in Cairo, brings the company's total investment cost to date to EGP 77 million. The Group is actively working towards the launch of its third branch, expected for 1Q 2021.

# Group Profitability Remained Intact

Gross profit margin expanded to 50%, supported by lower raw material costs and lower wages and salaries; EBITDA margin up marginally despite higher cautionary provisions

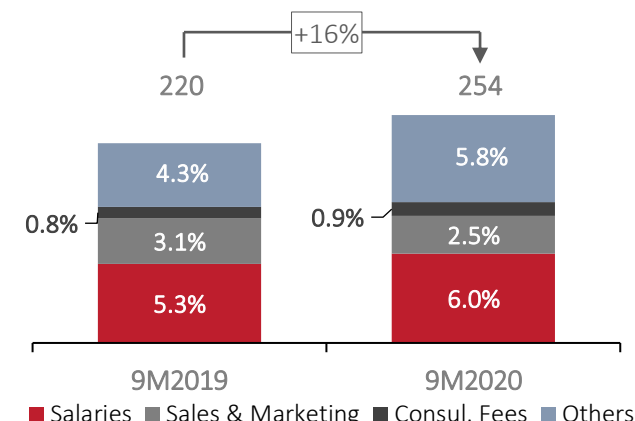
## IDH COGS Breakdown | EGP mn / % of Revenue

IDH's consolidated COGS decreased 2% y-o-y, largely reflecting a decrease in raw material outlays and lower direct wages and salaries.



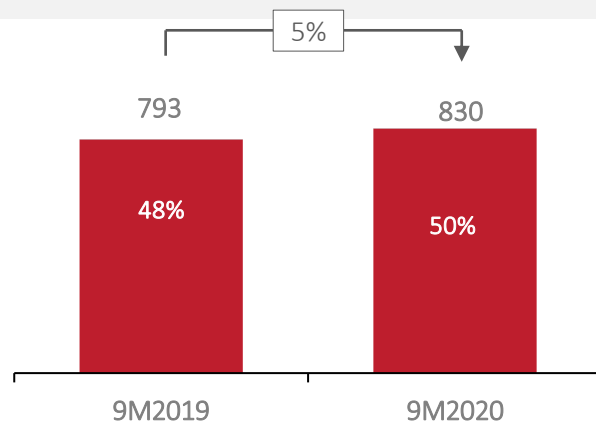
## IDH SG&A Breakdown | EGP mn / % of Revenue

SG&A/sales reach 15.2% versus 13.3% in 9M2019 as management booked cautionary provisions of EGP 35 million to account for elongated collection cycles.



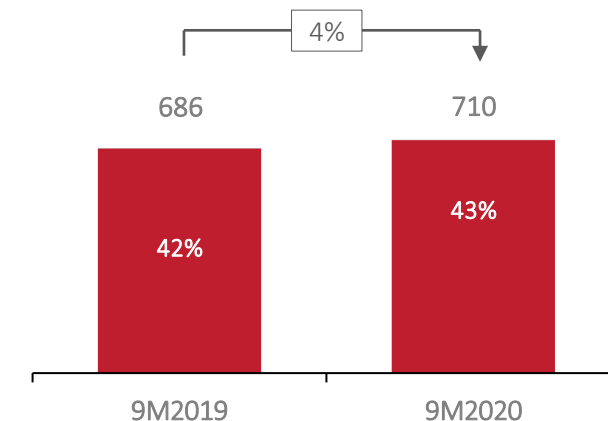
## IDH Consolidated Gross Profit | EGP mn / %

Gross profit margin expanded to 50%, supported by lower raw material costs as well as lower wages and salaries.



## IDH Consolidated EBITDA | EGP mn

EBITDA expanded 4% y-o-y as stronger gross profit for the period offset higher SG&A outlays and provisions for the period.



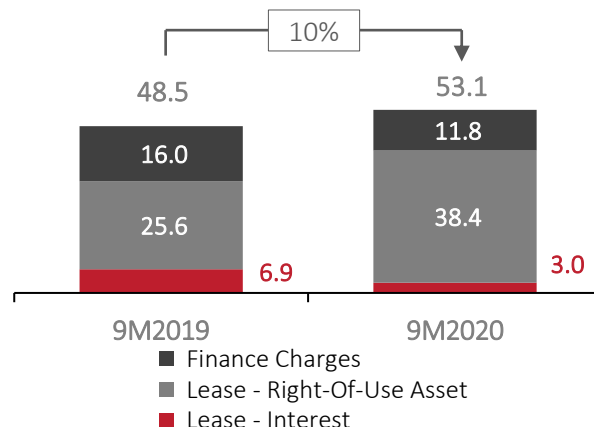


# Group Profitability Remained Intact

Revenue growth trickled down to the Group's bottom-line which expanded 4% year-on-year in 9M 2020 with a stable margin versus last year

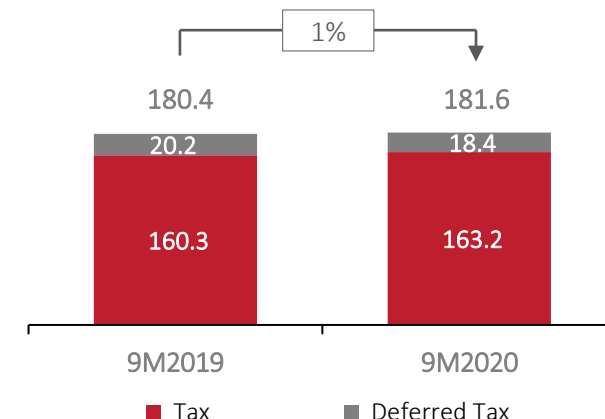
## IDH Interest Expenses | EGP mn / % of Revenue

The increase in interest expenses is largely due to higher interest of right-of-use assets following the addition of new branches.



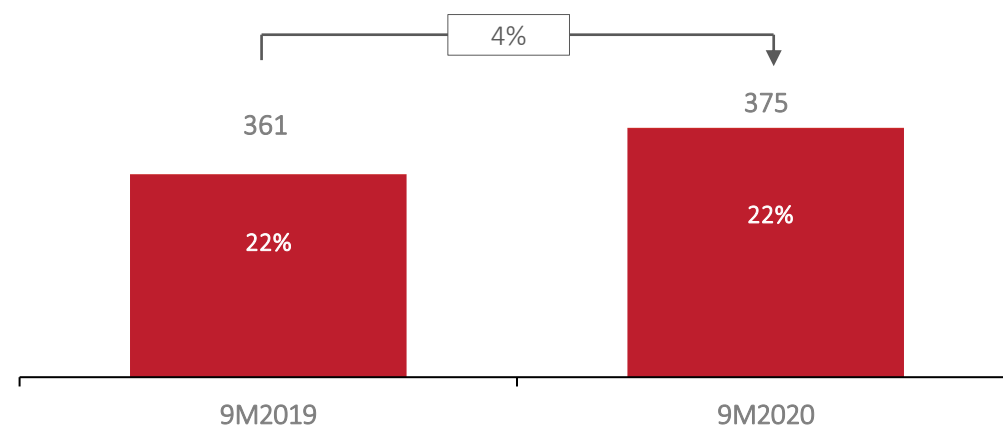
## IDH Taxes | EGP mn / % of Revenue

Tax expenses recorded in the first nine months of the year were EGP 182 million compared to EGP 180 million in 9M 2019. The effective tax rate stood unchanged at 33% in 9M 2020.



## IDH Consolidated Net Profit | EGP mn / %

IDH's consolidated net profit was EGP 375 million in 9M 2020, up 4% year-on-year as revenue growth for the period trickled down to the Group's bottom-line. Net profit margin stood at 22% in 9M 2020, remaining stable from the same period of last year.



# Covid-19 Internal Protocols and Preventative Measures

In light of the recent covid-19 global outbreak, IDH, in line with World Health Organization (WHO) guidelines, has implemented detailed internal protocols to guarantee the safety of its staff and patients and safeguard its operations. IDH's response to the spread of covid-19 is focused on two fronts: Staff and patient safety and business continuity.

## Staff and patient safety

### Appropriate Protective Equipment

All of our staff use appropriate protective equipment when interacting with patients, including those suspected of having covid-19 or any other infectious disease. We maintain a robust stock of protective equipment to ward against supply-chain risk.

### Procedures for Interacting with Patients

All of our frontline staff are trained on procedures for interacting with patients suspected of carrying covid-19 or any other communicable disease. Managers regularly review these procedures with their teams and a refresher has been disseminated to all employees. These procedures include steps that are taken to (a) protect our staff and (b) protect other patients presenting at our clinics for testing.

### Referring Patients Suspected of Carrying covid-19

Our team have a protocol for referring patients they suspect may carry covid-19 to the nearest state lab for testing.

### Regular Communication

All members of our team are subject to regular messages reminding them that they may not report to work if they have symptoms of a covid-19 infection.

### Cleaning and Disinfection

We have increased frequency of cleaning and disinfection and all facilities have been decontaminated.

## Business continuity

### Equipment Stock

As of date our average testing kit stock covers three months of operation (with the exception of short shelf life kits which constitute c.10% of total number of kits).

### Covid-19 Testing

We are prepared with standard operating procedures for SARS CoV-2 testing in the event that we are asked by a competent health authority to participate in testing efforts.

### Review of Internal Processes

We have identified head-office functions that can be performed from home and are reviewing our disaster recovery and business continuity policies to ensure that we are prepared for any eventuality.

# 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

8mo

Nov '18 – Jun '19

### Revenue Generated

EGP 84mn

Nov '18 – Jun '19

### Diagnostic Testing Targeting

50mn

Citizens

### Tests Completed

4.4mn

Nov '18 – Jun '19

### Reach

Nationwide

### Patients Served

409k

Nov '18 – Jun '19

### Cost

Free

### Average Revenue per Test

EGP 19



# 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



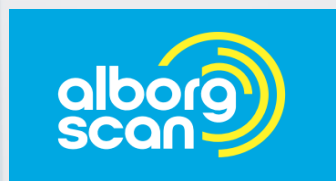
Customer service and follow-up through our call center



Healthcare Records by patients’ request

# Al Borg Scan Expansion Updates

In February 2020, operations commenced at Al Borg Scan's second branch in Cairo. The Group is actively working towards obtaining ACR (American College of Radiology) accreditation for Al Borg Scan's branches, a process it expects to conclude by next year. In parallel, Al Borg Scan's third branch is expected to come online in the first quarter of 2021.



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 16.1 mn**

9M2020 Revenue

**EGP 1.6 mn**

9M2020 EBITDA

## 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

Inaugurate a third branch by the first quarter of 2021

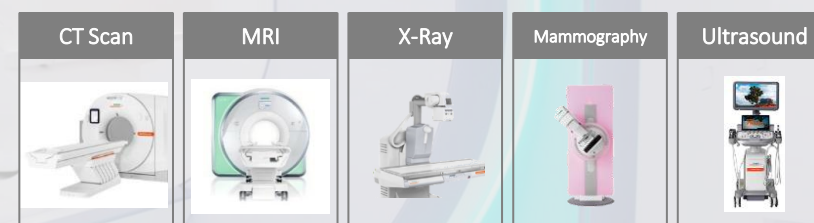
## Alborg Scan Overview

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



### Key Services



**30.1 thousand**

Tests performed in 9M2020 (+69% y-o-y)

**EGP 533**

9M2020 Revenue per test (-4% y-o-y)

**23.9 thousand**

Patients served in 9M2020 (+76% y-o-y)

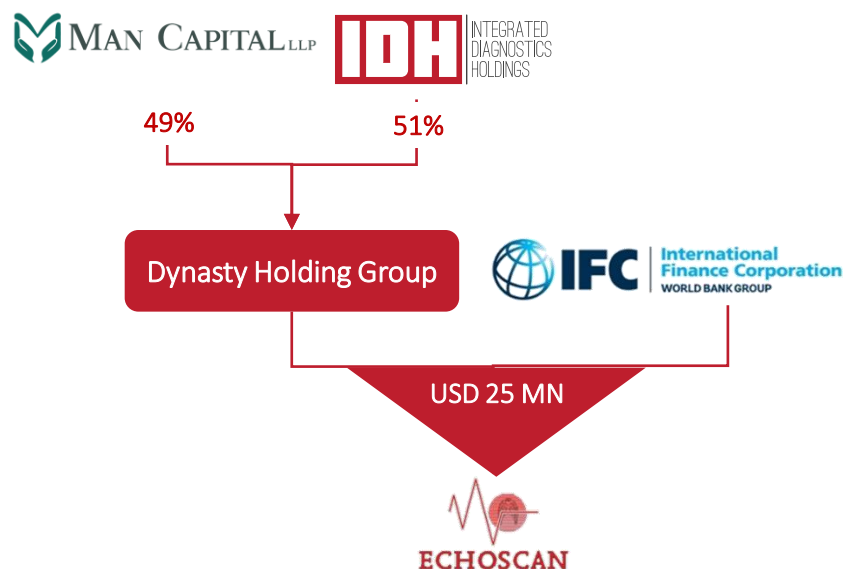
**EGP 672**

9M2020 Revenue per patient (-8% y-o-y)

# 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. **The Group's Nigerian operations turned EBITDA positive in 3Q 2020 following a surge in sales for the quarter.**

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 quality medical diagnostic services across 12 state-of-the-art diagnostic centres in country's underserved private healthcare sector

## Locations

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

**USD 9.2 mn**

Invested by Dynasty in  
FY2018 + FY2019

**USD 2.2 mn**

Invested by Dynasty in  
9M2020

**USD 11.4 mn**

Invested by Dynasty to Date

**USD 1.1 mn**

Invested by IFC in FY2018

**USD 1.0 mn**

Invested by IFC in FY2019

**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. In parallel, the Group is actively seeking to optimise its offering, pushing its radiology and pathology services.

## 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

New C branch launched in Lagos in October 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

Installation of two CT and two MRI machines with commissioning started in  
Lagos and Abuja

Expansion with three new Echo-Lab branches established during 2019,  
bringing the total number of branches in the country to 12

# 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





# Appendix



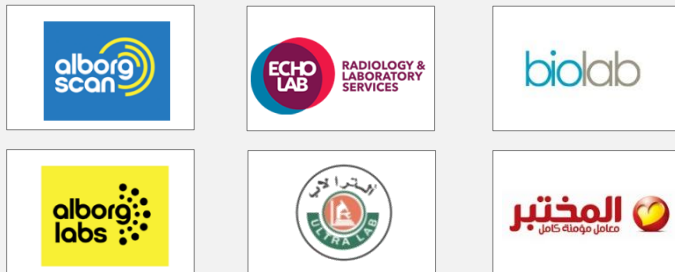
# Who We Are

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	Histopathology	Microbiology

## Our Brands



## Accreditations



## Our Patients



### Walk-In Patients

IDH's walk-in clients, also referred to as "self-payers", represented 44.9% of the Group's revenues in 9M 2020, and include individuals who pay out of pocket in advance of tests being completed.



### Contract Patients

IDH's contract clients, who in 9M 2020 represented 55.1% 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

**6** key brands

With strong awareness

**471**

Branch labs as at 9M20

**18.8** MN

9M20 Tests

**+1,400**

Diagnostic tests offered

**4**

Country footprint (Egypt, Jordan, Sudan & Nigeria)

**4.8** MN

9M20 Patients

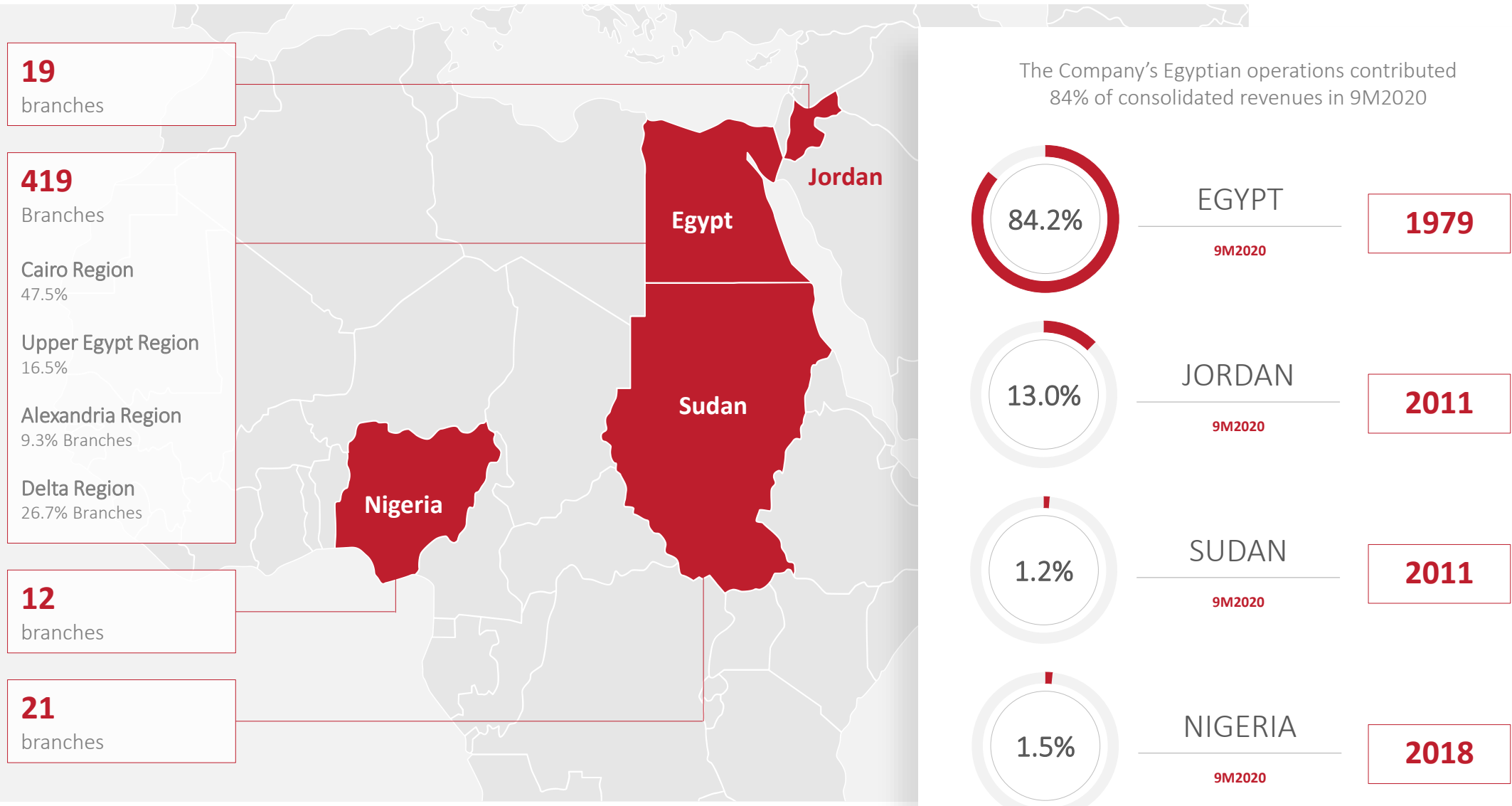
EGP **1,670** MN

9M20 Revenues



# Our Geography

IDH's branch network of 471 labs at 9M2020 spans 4 countries, the largest of which is Egypt



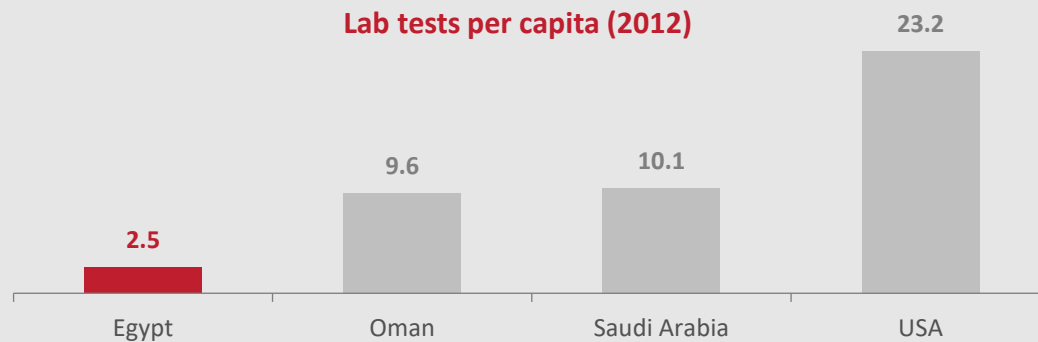
# Favorable Industry Dynamics

## 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.



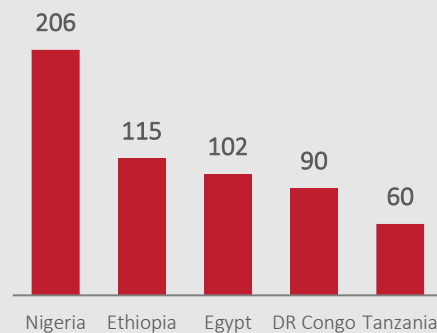
Source: Analysis of the US Clinical Laboratory Market; Frost & Sullivan – March 2012 – NHS UK

### Large Populations

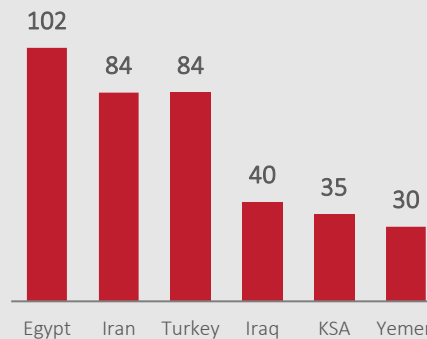
At just over 100 million, Egypt is the third most populous country in Africa and by far the most populous country in the Middle East.

### Top 5 African and Middle Eastern Country Populations

### African Populations 2020 (in millions)



### Middle Eastern Populations 2020 (in millions)



Source: World Bank

\*CAPMAS (Central Agency for Public Mobilization and Statistics) announced that Egypt's population had surpassed the 100 million in February 2020.

### 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"

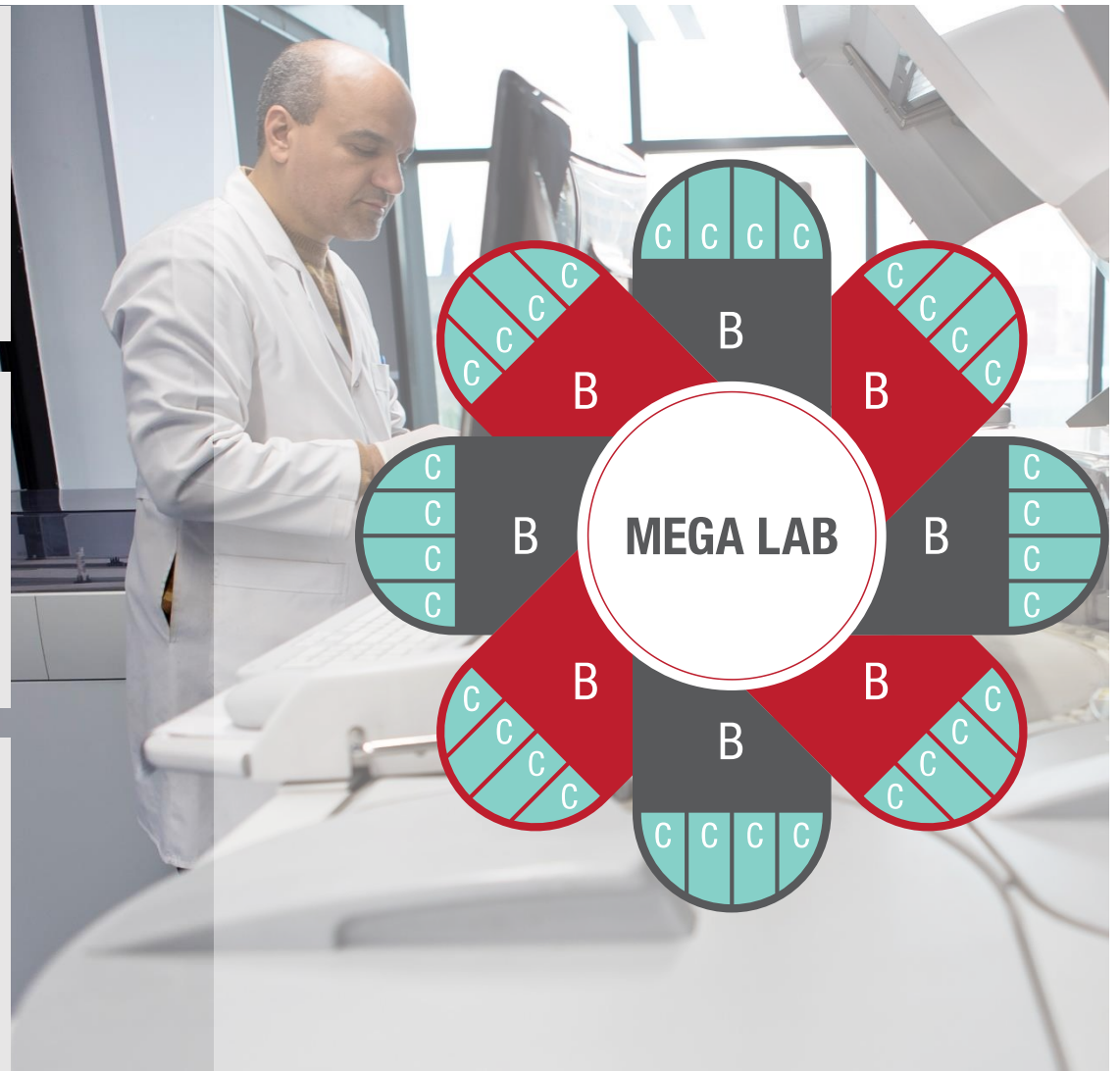
- The Mega Lab, the largest automated lab in Egypt, serves as IDH's diagnostic "Hub," equipped with the latest technology to provide a full suite of diagnostic tests.
- Significant cost synergies are realized on kits, logistics and quality control.

### 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 30 September 2020, 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.





# 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 three medical labs, one computer lab, two training rooms, plus three training rooms at its Smart Village HQ offices.
- The training team comprises of 11 employees, including one manager, one medical consultant, two supervisors, one administrator and six training specialists. In addition, the trainers' club currently has 37 active members.
- The centre provides training to an average of 628 employees per month, including doctors, chemists, receptionists, managers, 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

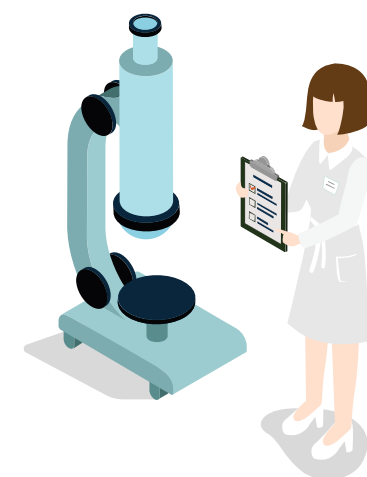


1. Hospital outpatient clinic or ER
2. Polyclinic
3. Specialist physician's office

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

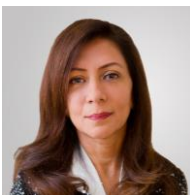
## A World-Class Board of Directors

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	

