



RNS Number : 6026O

Integrated Diagnostics Holdings PLC

02 June 2020

## Integrated Diagnostics Holdings Plc

### 1Q 2020 Results Update

Tuesday, 2 June 2020

# Integrated Diagnostics Holdings Plc records EGP 500 million in 1Q 2020 revenues; operations partly impacted by Covid-19

**(London)** Integrated Diagnostics Holdings ("IDH," "the Group," or "the Company"), a leading consumer healthcare company with operations in Egypt, Jordan, Sudan and Nigeria, released today unaudited highlights of its financial and operational performance in the first three months of 2020<sup>1</sup>, reporting total unaudited revenues of EGP 500 million and unaudited net profits of EGP 102 million.

## Results

	1Q2020	1Q2019
<b>Revenues*</b>	<b>500</b>	<b>546</b>
Cost of Sales	(257)	(279)
<b>Gross Profit</b>	<b>243</b>	<b>268</b>
<i>Gross Profit Margin</i>	49%	49%
Operating Profit	159	200
<b>EBITDA<sup>2</sup></b>	<b>203</b>	<b>236</b>
<i>EBITDA Margin</i>	41%	43%
<b>Net Profit</b>	<b>102</b>	<b>124</b>
<i>Net Profit Margin</i>	21%	23%
<b>Cash Balance</b>	<b>745</b>	<b>763</b>

\* Excluding the 100 Million Healthy Lives Campaign from 1Q 2019 figures, consolidated revenues would have dropped by 3% year-on-year. The 100 Million Healthy Lives campaign ran from November 2018 through June 2019. The Group saw 409.4 thousand patients under the campaign's umbrella and performed 4.4 million tests. For the first quarter 2019 campaign-related tests were c.1.63 million.

1 By the terms regulating the company's listing on the LSE, IDH is required to release reviewed financials at the half-year mark and audited full-year financials. Management and the Board of Directors have committed to providing performance updates in the first and third quarters as an outgrowth of the Company's commitment to transparency. All figures in this update are accordingly unaudited and provided from Management accounts.

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

## Financial Highlights

- €€€ **Revenues** for the first quarter of the year came in at EGP 500 million, down 8% year-on-year on the back of a lower volumes in the contract segment. The decline is largely due to the high base effect as the comparable period reflected increased contract volumes related to the 100 Million Healthy Lives Campaign in Egypt. Excluding campaign-related volumes, the Group's consolidated revenues records a 3% year-on-year decline in 1Q 2020, impacted by the Covid-19 outbreak at the end of the quarter.
- €€€ **Gross profit** was down 9% to EGP 243 million in 1Q 2020 with a margin of 49%, unchanged versus 1Q 2019 due to lower raw material costs.
- €€€ **Operating profit** recorded EGP 159 million for the first three months of the year, down 20% year-on-year. It is worth noting that during the quarter, IDH incurred higher SG&A expenses related to its new corporate headquarters and recorded higher bad debt provisions.
- €€€ **EBITDA<sup>2</sup>** for 1Q 2020 decreased 14% year-on-year to EGP 203 million, reflecting lower revenue and increased SG&A. EBITDA margin for 1Q 2020 stood at 41% versus the 43% margin recorded in the same quarter of last year.
- €€€ **Net profit** was EGP 102 million in 1Q 2020 versus EGP 124 million in the first quarter of 2019. Net profit margin for the period contracted to 21% compared to 23% in the same period of 2019.
- €€€ **Net cash flow from operating activities** stood at EGP 210 million for 1Q 2020, with the Group maintain total cash balances of EGP 745 million, reflecting a strong liquidity position.

## Operational Highlights

- €€€ **IDH's branch network stood at 457 branches as of 31 March 2020**, up from 422 branches as of 31 March 2019. Out of the 35 new branches over the past twelve months, five were opened during 1Q 2020.
- €€€ **Total patients** served stood at 1.6 million in 1Q 2020, down 21% year-on-year due to lower contract patients (-31% y-o-y), while walk-in patients increased 16% year-on-year. Factoring out contract patients related to the 100 Million Healthy Lives Campaign from

1Q 2019 figures, total patients records a 14% year-on-year decline in 1Q 2020.

- €€€ Similarly, **total number of tests** performed decreased 28% year-on-year to 6.1 million in 1Q 2020 due to lower contract volumes. Total tests recorded a 10% year-on-year decline in 1Q 2020 when excluding campaign-related tests from the comparable period.
- €€€ **Average revenue per test** was EGP 82 for 1Q 2020, up 26% year-on-year. It is important to note the 100 Million Healthy Lives campaign had weighed down on average revenue per test in 1Q 2019. Controlling for this, average revenue per test would still have increased 8% year-on-year for the period.
- €€€ **IDH's average test per patient** was down 8% year-on-year to 3.9 in 1Q 2020. Excluding the campaign, the average test per patient would have increased 5% year-on-year.
- €€€ **Nigeria** continued to capitalize on the recently acquired state of art radiology equipment in 4Q2019, resulting in a threefold surge in test volumes versus 1Q 2019.
- €€€ **AI-Borg Scan launched a second branch in Cairo** which commenced operations in February 2020. AI-Borg Scan continued to increase its contribution to consolidated revenues, generating EGP 4.1 million in 1Q 2020 (+41% y-o-y).

**Wayak**, launched in September 2019 with the aim of offering its patients healthcare management services, posted a negative EBITDA of EGP 2.0 million.

**Commenting on the Group's performance for the three-month period, IDH Chief Executive Officer Dr. Hend El-Sherbini said:**

"Overall, I am pleased with the Group's performance during the first quarter of the year where the defensive nature of our business and the resilience of our company has allowed us to navigate a challenging environment. In the midst of varying degrees of lockdowns and curfews across our geographies due to Covid-19, IDH was able to maintain largely steady revenues when normalising for the 100 Million Healthy Lives campaign in 1Q 2019."

"In Egypt, whilst all our branches remain operational, a nationwide curfew has seen a downtrend in like-for-like volumes starting late March through May. However, as consumers increasingly adapt to the new norm and given the inelastic demand for our tests, indicators are heading in the right direction and we are confident that patients will continue to seek our services. While there is limited visibility given the nature of the outbreak and the measures in place to prevent the spread of Covid-19, we do anticipate the outbreak to peak in Egypt within the coming weeks, after which a pick up toward 2019 levels could begin during the second half of the year. In the meantime, IDH has been partly offsetting the impact through a ramp up of our house calls service with increased marketing activities. Since its rollout in late March, our house calls' contribution to revenue more than doubled, and we will continue to push this convenient and free service to our patients who are unable to visit one of our branches during these critical

times."

"In Jordan, IDH delivered strong results with revenues increasing 9% in local currency terms. This comes despite the temporary closure of 17 out of 19 branches in late March due to the strict lockdown measures. Jordan is the only country where the Group is testing for Covid-19 in the general population, and operations have now recovered from the lockdown with all of Biolab's branches having reopened during the first week of May."

"Similarly, in Sudan, where the Group's branches remained operational during 1Q 2020 albeit at reduced hours, higher test volumes and improved pricing led to a 50% growth in local currency revenues. However, starting May the government imposed stricter containment measures which left only six out of the 21 branches remain operational at reduced hours. Once the government begins its gradual easing of restrictions, we expect our business to be among the first essential ones allowed to fully reopen, and thus do not anticipate these closures to persist for longer periods. In Nigeria, we witnessed a threefold increase in test volumes during 1Q 2020 owing to the newly acquired radiology equipment in late 2019. The Nigerian government imposed a complete lockdown in last days of March that although left our branches operational, volumes were impacted as the population remained under shelter in place orders. This has since eased into a curfew starting May and we are witnessing a gradual rebound in volumes in this fundamentally strong market."

"Across our geographies, we continue to implement measures outlined in our Crisis Management Plan with a focus on mitigating health and safety risks, ensuring smooth operations and business continuity whilst maintaining efficient stakeholder communication, and assessing our financial resilience through stress tests to better ascertain the financial impact on IDH. Our primary goal is to ensure safe continuity of business activities and keeping critical functions running. Most importantly, we are maintaining adequate supplies of personal protective equipment for our frontline staff and are implementing strict hygiene and physical distancing protocols to limit the risk of infection."

"Meanwhile, our supply chain continues to function with minimal disruption, and we have built up sufficient raw materials coverage through to the end of September 2020. We are also prepared with the necessary tools and IT infrastructure to allow for stable and remote day-to-day operations. This preparedness extends across all functions, including our marketing activities, customer relationship management, SAP and laboratory management systems."

"IDH remains strongly cash generative and we are focused on prudent cash management with cost discipline and a reduction of non-critical uses of cash. We are also leveraging government initiatives to support cash flows, such as the payment of FY 2019 corporate taxes over three instalments. Finally, out of an abundance of caution, we have taken some provisions to account for the potential elongating of payment cycles, however, we have not yet witnessed any impairments in receivables. Overall, IDH's strong liquidity position and underleveraged balance sheet places us in a very resilient position."

"In the coming months, our focus will remain on safety and business continuity and minimizing the impact of Covid-19 as we navigate through this unprecedented global crisis. As such, the Group has put on hold any expansion plans during 2Q, including at Al Borg Scan."

"In the longer term, management remains fundamentally optimistic about the outlook for our business beyond the current crisis. IDH continues to be served by supporting macroeconomic and industry trends, strong market positions of its brands, and an effective business model and

clearly defined strategies that can deliver long-term growth once the current crisis resolves."

### **Analyst and Investor Call Details**

An analyst and investor call will be hosted at 2pm (UK) | 3pm (Egypt) on Wednesday, 3 June 2020. You may dial in using the conference call details below:

<b>Country</b>	<b>Dial In</b>
International UK	+44-20-3936-2999
International US	+1-646-664-1960
UAE Toll Free	0800-0357-04553
UK Toll Free	0800-640-6441
US Toll Free	+1-855-9796-654

**Conference ID:** 815371

Participants can also join by web through this [link](#) and entering the **access code** 1253548.

### **About Integrated Diagnostics Holdings (IDH)**

IDH is a leading consumer healthcare company in the Middle East and Africa with operations in Egypt, Jordan, Sudan and Nigeria. The Group's core brands include Al Borg and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Ultralab and Al Mokhtabar Sudan (both in Sudan) and Echo-Scan (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 1,400 diagnostics tests. From its base of 457 branches as of 31 March 2020, 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 and African 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.

IDH's forward-looking strategy rests on leveraging its established business model to achieve four key strategic goals, namely: (1) continue to expand customer reach; (2) increase the number of tests per patient; (3) expand into new geographic markets through selective, value-accretive acquisitions; and (4) introduce new medical services by leveraging the Group's network and reputable brand position. Learn more at [idhcorp.com](http://idhcorp.com).

### **Shareholder Information**

LSE: IDHC.L  
Bloomberg: IDHC:LN  
Listed: May 2015  
Shares Outstanding: 150 million

### **Contact**

#### **Nancy Fahmy**

Investor Relations Director

T: +20 (0)2 3345 5530 | M: +20 (0)12 2255 7445 | [nancy.fahmy@idhcorp.com](mailto:nancy.fahmy@idhcorp.com)

### **Forward-Looking Statements**

These three-month results have been prepared solely to provide additional information to shareholders to assess the group's performance in relation to its operations and growth potential. These three-month results should not be relied upon by any other party or for any other reason. This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "aims", "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding business and management, future growth or profitability and general economic and regulatory conditions and other matters affecting the Group.

Forward-looking statements reflect the current views of the Group's management ("Management") on future events, which are based on the assumptions of the Management and involve known and unknown risks, uncertainties and other factors that may cause the Group's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause the Group's actual financial condition and results of operations to differ

materially from, or fail to meet expectations expressed or implied by, such forward-looking statements.

The Group's business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to differ materially from those expressed or implied by the forward-looking statements contained in this communication. The information, opinions and forward-looking statements contained in this communication speak only as at its date and are subject to change without notice. The Group does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

## **Operational & Financial Review**

IDH recorded revenues of EGP 500 million in the first quarter of the year, down 8% year-on-year. The contraction came on the back of a 23% year-on-year decline in contract revenues owing to the comparable period's inflated figures on account of the 100 Million Healthy Lives Campaign in Egypt. Excluding campaign-related figures from 1Q 2019, the Group's consolidated revenues record a 3% year-on-year decline in 1Q 2020, primarily due to Covid-19 related lockdowns and curfews across the Group's geographies, and its effect on patient volumes beginning mid-March 2020.

### **Revenue Growth Drivers**

	<b>1Q2020</b>	<b>1Q2019</b>
Volume	(27.6%)	28.1%
Price & Mix	21.7%	(4.8%)
Foreign Currency Translation	(2.7%)	(0.9%)
<b>Total</b>	<b>(8%)</b>	<b>2%</b>

### **Covid-19 Impact on Geographies**

In Egypt, all of the Group's branches remained operational albeit with reduced working hours in accordance with the government-imposed curfews beginning late March. The dual-effect of the campaign-related volumes in 1Q 2019 and the shorter working hours during the tail end of the quarter led to a 10% year-on-year decline in Egypt's revenue. Should we exclude the campaign's effect, Egypt's revenue records a 4% y-o-y decline. As of date, the health ministry has made testing for the SARS CoV-2 the exclusive responsibility of state-owned laboratories. Should IDH be called on to assist with testing in Egypt, the Group stands ready with the necessary systems, risk matrix and trained staff to safely administer the test.

In Jordan and Sudan, government-imposed curfews and lockdowns led to the closure of some branches during March through May, however, both countries reported growing patient and test volumes in 1Q 2020. On the revenue front, Sudan reported growth versus the previous year (50% revenue growth in local currency), while Jordan maintained stable revenues year-on-year (9% growth in local currency) despite the closure of 17 out of 19 branches in late March. It is important to note that currently Jordan is the only country where the Group is testing for Covid-19 in the general population.

Finally, IDH's Nigerian operations reported a strong, volume-driven rise in revenues for the quarter (51% growth in local currency), as the geography's ramp-up in operations versus last year outweighed the limited impact of Covid-19 curfews on branch hours.

## Revenue Growth Drivers by Country

	1Q2020	1Q2019
Egypt	(9%)	2%
Jordan	(0.2%)	0%
Sudan	0.3%	(1%)
Nigeria	0.2%	(0.2%)
<b>Total</b>	<b>(8%)</b>	<b>2%</b>

On the operational front, IDH expanded its geographic footprint to 457 branches as at the end of March 2020. This is a 35-branch increase from the 422 operational branches as at 31 March 2019, five of which were opened during 1Q 2020. The Group's expansion drive continues to be supported by its state-of-the-art Mega Lab which allows IDH to deploy its Hub, Spoke and Spike business model in Egypt to roll out capital-efficient "C" labs more rapidly. Over the last year, branch additions included 34 labs in Egypt and two in Nigeria while Sudan witnessed the closure of a non-performing branch.

## Branches by Country

	31 March 2020	31 March 2019
Egypt	405	367
Jordan	19	19
Sudan	21	21
Nigeria	12	12
<b>Total Branches</b>	<b>457</b>	<b>422</b>

## Our Customers

IDH serves two principal types of clients: contract (corporate), including institutions such as unions, private insurance companies and corporations, and walk-in (individuals). The ratio of contract to walk-in patients during the three-month period ended 31 March 2020 stood at 68:32 compared to the 78:22 ratio in the same quarter last year. The decrease in contract patients as a share of the total reflects a normalisation in contract volumes during the period following the end of the 100 Million Healthy Lives campaign in Egypt, which contributed 152 thousand patients in 1Q 2019.

## Key Performance Indicators

	Contract Segment			Walk-in Segment			1Q2019
	1Q2019	1Q2020	Change	1Q2019	1Q2020	Change	
Revenue (EGP '000)	353,987	272,522	-23%	192,100	227,234	18%	192,100
<i>% of Revenue</i>	65%	55%		35%	45%		
Patients ('000)	1,546	1,061	-31%	441	510	16%	441
<i>% of Patients</i>	78%	68%		22%	32%		
Revenue per Patient (EGP)	229	257	12%	436	445	2%	436
Tests ('000)	6,982	4,485	-36%	1,447	1,621	12%	1,447
<i>% of Tests</i>	83%	73%		17%	27%		
Revenue per Test (EGP)	51	61	20%	133	140	6%	133
Test per Patient	4.5	4.2	-6%	3.3	3.2	-3%	3.3

## Revenue Analysis: Contribution by Patient Segment

The Group's contract segment recorded a 23% year-on-year fall in revenues for the quarter, making up just 55% of consolidated revenues for the period versus the 65% share in 1Q 2019. The contraction was volume driven as contract patients fell 31% versus the first quarter of 2019 and the number of tests performed decreased 36% year-on-year in 1Q 2020. It is important to note that the comparable period of 2019 included tests related to the 100 Million Healthy Lives campaign in Egypt which concluded at the end of 1H 2019.

Average revenue per contract test increased to EGP 61, a 20% year-on-year rise partially driven by a low base effect on the back of volumes generated from the awareness campaign. Similarly, average revenue per contract patient increased 12% year-on-year to EGP 257 in the first three months of the year.

Revenues from IDH's walk-in segment made up 45% of IDH's total revenues in 1Q 2020 at EGP 227 million, an 18% year-on-year rise. Segment growth was dual driven by volume and price, with walk-in patients and tests performed rising 16% and 12% respectively, and with average revenue per walk-in patient and test up 2% and 6% respectively.

The Group's overall average revenue per test increased 26% year-on-year to EGP 82 in 1Q 2020. Factoring out the tests performed as part of the 100 million Healthy Lives awareness campaign during the first quarter of last year, average revenue per test would have increased 8% year-on-year. On the other hand, IDH's blended average revenue per patients was up 16% year-on-year to EGP 318.

## Revenue Analysis: Contribution by Geography

### Revenue Contribution by Country

	1Q2020	1Q2019
Egypt	84.7%	86.7%
Jordan	11.6%	10.3%
Sudan	1.9%	1.9%
Nigeria	1.7%	1.4%

In Egypt, revenues were down 10% y-o-y to EGP 424 million on the back of lower volumes. It is worth noting that 100 Million Healthy Lives campaign was ongoing throughout 1Q 2019. Excluding its impact, revenues would have declined by 4% y-o-y.

Egypt's revenues also include contributions from Al-Borg Scan, IDH new radiology venture, which generated revenue of EGP 4.1 million in 1Q 2020, up 41% growth year-on-year. Al Borg Scan served 6.1 thousand patients in 1Q 2020, up 49% while total tests performed increased 40% year-on-year to 8.1 thousand. The rapid increase in volumes follows the commencement of operations of Al Borg Scan's second branch in February 2020.



In Jordan, government-imposed curfews and lockdowns on the 21st of March led to the closure of 17 branches, leaving two operational one of which was performing Covid-19 testing. Nonetheless, IDH's Jordanian operation managed to deliver a 9% y-o-y increase in revenue in JOD terms. However, the appreciation of the EGP saw revenues come in 2% below last year's figure to EGP 58 million in 1Q 2020. It is worth noting that all of Biolab's 19 branches were reopened during the first week of May as the government began easing containment measures.

Sudan reported revenue of EGP 10 million, up 22% versus the previous year despite the government-imposed curfew, which came in effect in the second half of March. In local currency, revenues were up by a solid 50% year-on-year on account of higher test volumes and improved pricing. The Company's Sudanese branches have remained open during 1Q 2020 despite operating at reduced hours of 8am-7pm rather than 8am-11pm. It is important to note that starting May 2020 only six out of the 21 branches were operational due to the imposition of stricter measures by the government, with working hours further reduced from the previously allowed 8am-7pm window.

At the Group's Nigerian subsidiary, revenues recorded an 11% year-on-year increase to EGP 9 million as the Group reaps the rewards of its renovation and branch upgrade works. Revenue in NGN terms was up 51% year-on-year, driven by higher tests performed which increased by a solid 218% year-on-year in 1Q 2020.

## Cost of Sales

IDH's cost of sales decreased 8% year-on-year to EGP 257 million in 1Q 2020. The Group's gross profit recorded EGP 243 million in the first quarter of the year, down 9% year-on-year. Gross profit margin for the period was unchanged at 49%.

### COGS Breakdown as a Percentage of Revenue

	1Q2020	1Q2019
Raw Materials	14.4%	19.6%
Wages & Salaries	16.8%	15.5%
Depreciation & Amortisation	7.8%	6.8%
Other Expenses	12.3%	9.1%
<b>Total</b>	<b>51.3%</b>	<b>51.0%</b>

Raw material costs decreased 33% versus the same period of last year to EGP 72 million. Raw material costs made up the second largest of total consolidated COGS during the first quarter of the year at 28.0%. The average raw material cost per test performed during the quarter stood at EGP 11.8, down from the EGP 12.7 in the first quarter of last year. Raw materials as a percentage of sales decreased to 14.4% from last year's 19.6% reflecting a one-off discount granted by suppliers. Going forward, raw materials as a percentage of revenue is expected to normalise at circa 17%.

Direct salaries and wages made up the largest share of total COGS during the quarter at 32.8% in 1Q 2020, as it reached EGP 84 million for the period, unchanged from last year's figure. The contraction in IDH's consolidated revenues for the period saw direct salaries and wages as a percentage of revenues increase to 16.8% for the quarter from 15.5% last year.

Direct depreciation and amortisation rose 13% year-on-year to EGP 39 million on the back of growth in depreciation due to the addition of new equipment at Al Borg-Scan and Nigeria. Direct depreciation and amortization as a percentage of revenues increased to 7.8% in 1Q 2020 from

6.4% last year. ?

## EBITDA

IDH's consolidated EBITDA in the first quarter of 2020 declined 14% year-on-year to EGP 203 million, while EBITDA margin for the period stood at 41% versus 43% in 1Q 2019. Lower margin was due to top-line contraction and the consequent increase in SG&A as a percentage of sales to 17%. IDH incurred increase SG&A expenses related to its new corporate headquarters of EGP 2.2 million and recorded a bad debt provision of EGP 10 million. Said provisions are to account for the potential elongating of payment cycles due to Covid-19.

In Egypt, EBITDA recorded EGP 188 million in 1Q 2020, down 17% year-on-year. EBITDA margin stood at 44% during the quarter, down 4 percentage points from last year's figure impacted by the Covid-19 outbreak along with establishing a bad debt provision. In Jordan, IDH's operations reported a 3% year-on-year contraction in EBITDA to EGP 16 million in 1Q 2020 due to the exchange rate difference between the two reporting periods. The Egyptian pound had appreciated from an average of EGP:JOD of 24.57 in 1Q 2019 to 22.06 in 1Q 2020. It should be noted that in JOD terms, EBITDA witnessed an increase of 8% despite the closure of 17 branches during the second half of March 2020. EBITDA margin was flat for the quarter at 28%. Sudan's EBITDA for the quarter reported a 34% year-on-year increase to EGP 1.9 million in 1Q 2020 (EBITDA grew by 66% in SDG terms). EBITDA margin stood at 20% compared to the 18% margin recorded in 1Q2019. Finally, in Nigeria, EBITDA losses narrowed to EGP 2 million from the negative EGP 8 million recorded in the same quarter of last year. Losses narrowed due to an 11% year-on-year increase in revenues (51% in NGN terms) and a 27% year-on-year decrease in salaries expense during the quarter.

### Regional EBITDA in Local Currency

mn		1Q 2020	1Q
Egypt	EGP	188	2
Jordan	JOD	0.7	0
Sudan	SDG	7	
Nigeria	NGN	(58)	(1)

## Interest Income / Expense

IDH recorded interest income of EGP 18.3 million in the first quarter of 2020, up 19% year-on-year. Interest income increased on the back of higher cash balances.

Interest expense recorded EGP 18 million in 1Q 2020 compared to EGP 20 million in the comparable period of 2019. The decline in interest expenses is due to consecutive rate cuts by the Central Bank of Egypt during 2019 and 2020. Interest expense is broken down as EGP 12.3 million related to IFRS 16; EGP 3.8 million related to medium-terms loans for the AI Borg Scan expansion and the Group's new headquarters in Cairo's Smart Village; and EGP 2.0 million related to equipment lease.

## Foreign Exchange

IDH recorded a net foreign exchange loss of EGP 6 million in 1Q 2020 compared to EGP 11 million in 1Q 2019. The figure is primarily related to FX losses on the back of the SDG devaluation versus the EGP.

## **Taxation**

Tax expenses recorded in 1Q 2020 were EGP 51 million compared to EGP 60 million in the same period of last year. The effective tax rate was 33%, unchanged compared to 1Q 2019. There is no tax payable for IDH's two companies at the holding level. Tax was paid on profits generated by operating companies in Egypt, Jordan and Sudan.

## **Net Profit**

IDH's consolidated net profit contracted 17% year-on-year in 1Q 2020 to EGP 102 million. Net profit margin stood at 21% for the period compared to 23% in 1Q 2019. Net profit margin contraction was driven by lower revenues, relatively stable fixed costs along with an increase in bad debt provisions and new headquarters expenses.

## **Balance Sheet**

On the assets side of the balance sheet, IDH held gross property, plant and equipment (PPE) of EGP 1,151 million as at 31 March 2020, an increase from EGP 1,140 million as at 31 December 2019. The increase reflects regular CAPEX outlays during the period.

Accounts receivable recorded EGP 240 million as at 31 December 2020 compared to EGP 261 million at year-end 2019. Accounts receivables' days on hand (DOH) stood at 136 days, up from the 129 days as at year-end 2019 due to lower collection in March 2020 following the imposition of Covid-19-related measures. It should be noted that accounts receivables DOH is calculated based on credit revenues amounting to EGP 156 million in 1Q 2020, representing 57% of contract revenues for the period.

The Group's "days inventory outstanding" increased to 117 days at the close of the first quarter of the year compared to 82 days as at 31 December 2019. The increase follows the Group's strategy of increasing its inventory coverage period to mitigate for potential supply disruptions due to Covid-19.

IDH's cash balances increased to EGP 745.1 million as at 31 March 2020 compared to EGP 630 million as at 31 December 2019.

On the liabilities side, accounts payable stood at EGP 148 million at 31 March 2020 versus EGP 145 million at year end 2019. The Group's days payable outstanding (DPO) stood at 184 days compared to 141 days at 31 December 2019.

Net cash stood at EGP 563 million as at 31 March 2020 versus EGP 455 million at year-end 2019, reflecting the Group's strong liquidity position.

- Ends --

use and distribution of this information may apply. For further information, please contact [rns@lseg.com](mailto:rns@lseg.com) or visit [www.rns.com](http://www.rns.com).

END

QRFEAPKFEESEEFA