

Integrated Diagnostics Holdings Plc
Replacement 1Q2019 Results Update

Wednesday, 15 May 2019

Following the announcement this morning '1st Quarter Results', RNS Number: 0374Z, an error on the financials relating to the Key Performance Indicators and Revenue Analysis: Contribution by Patient Segment has been highlighted. Therefore the results have been updated and superseded as stated below.

Integrated Diagnostics Holdings Plc records strong revenue growth and robust profitability in the first quarter of 2019

(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 quarter of 2019¹, reporting unaudited net profit of EGP 122 million on total unaudited revenues of EGP 546 million.

Results

	1Q2019	1Q2018
Revenues	546	446
Cost of Sales	281	229
Gross Profit	265	217
<i>Gross Profit Margin</i>	49%	49%
Operating Profit	197	150
EBITDA²	236	167
<i>EBITDA Margin</i>	43%	37%
Net Profit	122	110
<i>Net Profit Margin</i>	22%	25%
Cash Balance	763	664

¹By the terms regulating the company's listing on the LSE, IDH is required to release audited financials at the half- and full-year marks. 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

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

Financial Highlights

- Revenue** grew 22% to EGP 546 million in 1Q2019 on account of higher patient and test volumes. Egypt delivered a strong 27% increase in revenue which helped compensate for slower growth in Jordan on account of economic challenges and contraction in Sudan due to the political unrest and currency devaluation.
- Gross profit** in 1Q2019 recorded EGP 265 million, up 22% y-o-y in line with revenue growth. Gross profit margin remained stable at 49%.
- Operating profit** recorded a 32% y-o-y increase to EGP 197 million in 1Q2019.
- EBITDA** was up a strong 42% y-o-y to EGP 236 million in 1Q2019, supported by revenue growth, lower SG&A expenses as well as the effect of adopting IFRS 16 on operating leases and the reclassification of related rent expenses. Normalising for the IFRS 16 effect, EBITDA records EGP 222 million in 1Q2019, up 33% and with a four percentage-point expansion in EBITDA margin to 41%.
- Net profit** recorded EGP 122 million in 1Q2019, up 11% year-on-year and with a 22% margin versus 25% in 1Q2018. Normalising for the effect of IFRS 16, net profit records EGP 134 million in 1Q2019, up 22% year-on-year and with a stable margin at 25%.
- Net cash flow from operating activities** of EGP 179 million in 1Q2019 up from EGP 105 million last year, reflecting a strong cash-generating ability and indicating the non-cash nature of IFRS 16 related reclassifications.

Operational Highlights

- IDH opened 27 branches and closed four non-performing branches taking network to 421 branches** as of 31 March 2019 compared to 398 branches in 1Q2018.
- Total patients** served increased 18% year-on-year to 2.0 million in 1Q2019, while **total tests** recorded 8.4 million, up 28% over 1Q2018.
- Contract test volumes** were supported by the nation-wide 100 million Healthy Lives awareness campaign in Egypt, which contributed c.1.63 million tests.

- Average revenue per test** inched down 4% year-on-year in 1Q2019 as volume growth was skewed toward the contract segment. Excluding tests related to the 100 million Healthy Lives campaign, average revenue per test increased 12% year-on-year. Meanwhile IDH's **average revenue per patient** was up 4% during the quarter.
- IDH's average test per patient** increased 9% year-on-year while **average cost per test** declined 4% in 1Q2019 on account of higher volumes and favourable economies of scale.
- Continued operational progress with Nigeria expansion** with existing branches being refurbished and renovated.
- Good momentum with radiology unit, Al-Borg Scan** as operations ramped up.

Commenting on the Group's performance for the first quarter, IDH Chief Executive Officer Dr. Hend El-Sherbini said:

"Our Group's performance in the first quarter of the year builds on our track record of delivering strong and consistent results year-on-year and is in line with our performance targets for 2019. IDH delivered a 22% increase in revenue and was successful in maintaining strong profitability in the quarter, with our gross profit margin remaining stable at 49% despite growth being skewed toward the typically lower-margin contract segment. This was supported by the key fact that our business is fundamentally about COGS and economies of scale, with higher volumes awarding us cost advantages as reflected in our declining average cost per test."

"I am particularly pleased with IDH's role in the 100 million Healthy Lives awareness campaign, where the strength of our brands and breadth of our branch network has allowed us to actively participate in this nation-wide effort to eradicate Hepatitis C. While the mass nature of these types of initiatives apply downward pressure on average test pricing, they are ultimately a net positive for our business. In an under-served market with a relatively low test per patient ratio, government initiatives like this will increase awareness and directly benefit our business as people become more proactive and adopt a preventative approach to healthcare with regular testing."

"I also am glad to report that IDH's new radiology venture with Al-Borg Scan in Egypt is already delivering positive results and contributing to the Group's growth and profitability. Our target for the year will see us ramp up operations with additional branch openings planned for 2019. Meanwhile in Nigeria, our value-building phase is progressing well, with branch renovations and refurbishment well underway. In Sudan, management has taken concrete steps to mitigate the ongoing unrest and currency devaluation, adopting a strategy of capacity optimisation and cost control, including replacing expatriate staff with local hires, which has delivered expanded profitability despite downward pressure on revenue."

"Almost halfway into the year, I remain confident in our ability to meet our growth targets and thus reiterate our guidance for annual revenue growth of over 20% and an EBITDA margin of c. 40% at our established businesses."

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 421 branches as of 31 March 2019, 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.

Shareholder Information

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

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Forward-Looking Statements

These Year-End 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 Year-End 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 revenue growth of 22% year-on-year in 1Q2019 driven by higher patient and test volumes primarily by the Group's contract segment. Revenue growth was particularly robust in IDH's home market of Egypt, which recorded a 27% year-on-year growth in revenue driven by the Group's core pathology business and further supported state-sponsored 100 million Healthy Lives awareness campaign. IDH's strong brands and extensive branch network allowed the Group to play a key role in awareness campaign, which delivered 21% of total tests performed in Egypt and contributed c.31% to Egypt's revenue growth in the quarter. Egypt's performance was further buoyed by the ramp up of operations at the new Al Borg Scan branch - the Group's radiology unit - which contributed c.3% to Egypt's total revenue growth in 1Q2019.

Egypt's outperformance during the quarter helped offset slower contributions from other geographies that were weighed down by economic challenges and political unrest. In Jordan, austerity measures implemented by the government took a toll on consumer confidence leading to a modest 3% year-on-year increase in Biolab's revenue in 1Q2019. Nonetheless, operations in Jordan benefitted from increased efficiencies, recording a 14% increase in gross profit and a more than twofold increase in bottom-line. In Sudan, political unrest and currency devaluation led to 26% year-on-year revenue decline in EGP terms. It is worth noting, however, that despite the ongoing protests across several Sudanese cities, the Group's on-the-ground performance recorded a 39% year-on-year growth in SDG terms. Finally, with Nigeria's operation still undergoing restructuring, including branch renovations and upgrades, revenue declined 8% year-on-year in 1Q2019. However the Board remains confident in this acquisition and market potential.

Revenue Growth Drivers by Geography

	1Q2019	1Q2018
Egypt	23%	2%

Jordan	0.4%	
Sudan	(1%)	(0.6)
Nigeria	(0.2%)	2.
Total	22%	2

In terms of volume and pricing, the 100 million Healthy Lives awareness campaign helped drive a 40% year-on-year increase in IDH's total contract tests, and contributed c.19% to total test volumes. The lower-priced nature of the campaign and Egypt's large contribution to consolidated revenues weighed down on average price per test which decreased 4% year-on-year, leaving IDH's revenue growth during the quarter to be entirely volume-driven. Excluding the campaign's effect, average revenue per test increased 12% year-on-year.

Revenue Growth Drivers

	1Q2019	1Q2018
Volume	28%	
Price & Mix	(5%)	2
Foreign Currency Translation	(1%)	(2
Total	22%	2

Despite the negative contribution from pricing and mix to revenue growth in 1Q2019, management was successful in maintaining profitability thanks to increased operational efficiency and cost-control initiatives. IDH's scale-driven cost savings led to an overall decline in average cost per test, which offset the lower average pricing per test and delivered a gross profit performance that mirrored revenues with a 22% year-on-year increase and a stable gross profit margin at 49%. Furthermore, the decline in SG&A expenses as a percentage of revenues helped drive a 33% year-on-year increase in normalised EBITDA (excluding 1Q2019 gains related to IFRS 16 implementation) and a four percentage-point expansion in normalised EBITDA margin to 41%. EBITDA growth was also supported by a positive contribution from Sudan following the reduction in salaries as the Group implements its staff localisation programme, and is also in excess of a negative EBITDA contribution from Nigeria which is still in the value-building phase.

On the operational front, IDH expanded its geographic footprint to operate a network of 421 branches as of 31 March 2019, up 6% year-on-year compared to the 398 branches operated at close of the same quarter last year. The Group's expansion drive is 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. Branch additions included 26 labs in Egypt and one in Jordan while Sudan witnessed the closure of four non-performing branches.

Branches by Country

	31 March 2019	31 March 2018
Egypt	370	3
Jordan	19	
Sudan	22	
Nigeria	10	
Total Branches	421	3

Our Customers

IDH serves two principal types of clients: contract (corporate), including institutions such as unions, private insurance companies and corporations who enter into one-year renewable contracts at agreed rates per-test and on a per-client basis, and walk-in (individuals). Within each of these categories, the Group also offers a house call service, and within the contract segment, a lab-to-lab service.

Total patients served reached 2.0 million clients between both segments, up 18% y-o-y, while total test performed were 8.4 million in 1Q2019, up 28% year-on-year.

The ratio of contract to walk-in patients during 1Q2019 was 78:22 compared with 72:28 in 1Q2018, reflecting the accelerated growth in contract volumes during the quarter driven by the 100 million Healthy Lives awareness campaign in Egypt. The ratio is also in line with the general market-wide shift in patient mix in recent years and is a natural consequence of market dynamics in Egypt, as companies are extending additional benefits to their staffs. The trend has been encouraged by continued high inflation, which is eroding consumer spending power and thus putting incremental pressure on corporations to provide either health insurance or corporate plans.

Key Performance Indicators

	1Q2019			1Q2018			% change		
	Walk-In	Contract	Total	Walk-In	Contract	Total	Walk-In	Contract	Total
Revenue (EGP '000)	204,770	341,317	546,087	178,733	267,400	446,133	15%	28%	22%
% of Revenue	37%	63%	100%	40%	60%	100%			
Patients ('000)	441	1,546	1,986	475	1,213	1,688	-7%	27%	18%
% of Patients	22%	78%	100%	28%	72%	100%			
Revenue per Patient (EGP)	464	221	275	376	220	264	23%	0%	4%
Tests ('000)	1,500	6,929	8,430	1,596	4,983	6,579	-6%	39%	28%
% of Tests	18%	82%	100%	24%	76%	100%			
Revenue per Test (EGP)	137	49	65	112	54	68	22%	-8%	-4%
Test per Patient	3.4	4.5	4.2	3.4	4.1	3.9	1%	9%	9%

Revenue Analysis: Contribution by Patient Segment

In 1Q2019, contract clients represented 63% of IDH's total revenues compared to 60% last year. Total revenue from the segment was up 28% year-on-year to EGP 341 million, driven entirely by higher patient and test volumes. In 1Q2019, IDH served 1.5 million contract patients contracts (+27%) and performed 7.0 million contract tests (+39%). Contract volumes were buoyed by the 100 million Healthy Lives campaign. The state-sponsored campaign was launched by the Egyptian President with the goal of eliminating Hepatitis C in Egypt by the end of 2019. The campaign kicked off in November 2018 and is expected to run through to the end of May 2019, and has contributed c.9% of total contract revenues for the 1Q2019 and c.23% (1.6 million) of total contract tests.

Average revenue per contract test in the contract segment was down 8% year-on-year to EGP 49, while average revenue per contract patient remained almost stable in 1Q2019, reaching EGP 221. It is worth noting that the decline in average revenue per test was due to the

increased volumes generated from the awareness campaign, where the price per test is set at lower levels due to the mass nature of the campaign. Nonetheless, the strong volume-driven growth at the segment saw it contribute over 73% to IDH's consolidated revenue growth for the quarter.

Meanwhile, revenues from IDH's walk-in segment contributed 37% to IDH's total revenues in 1Q2019 compared to 40% last year. Total segment revenues were up 15% year-on-year to EGP 205 million in 1Q2019, with growth being price-driven as patient and test volumes were weighed down by a slow performance in Sudan on account of the ongoing protest in several cities. Walk-in clients totalled 441 thousand in 1Q2019, down 7% year-on-year, while walk-in tests numbered 1.5 million during the quarter, down 6% versus 1Q2018.

Slower volumes in the walk-in segment were offset by better pricing and mix as the Group was successful in passing-on price increases to consumers who have increasingly adapted to new price levels following the late 2016 devaluation of the Egyptian pound. IDH's average revenue per walk-in test which increased 22% year-on-year to EGP 137 1Q2019, while average revenue per walk-in patient which increased 23% to EGP 464 during the same period. Overall the walk-in segment contributed c.26% to IDH's consolidated revenue growth in 1Q2019.

The Group's blended average revenue per test was down 4% year-on-year to EGP 65 in 1Q2019, however, factoring out the tests under the 100 million Healthy Lives awareness campaign, average revenue per test would have increased 12% year-on-year to EGP 76. On the other hand, IDH's blended average revenue per patients was up 4% year-on-year to EGP 275. Management expects these key metrics to normalise once the effect of the campaign phases out, with the Group's in-house efforts such as targeting the walk-in segment with tactical marketing campaigns providing additional pricing support.

Revenue Analysis: Contribution by Geography

On a geographic basis, Egypt contributed 86% of total revenues in 1Q2019 (1Q2018: 83%), followed by Jordan at 11% (1Q2018: 13%), Sudan at 1.5% (1Q2018: 2.4%) and finally Nigeria which contributed 1.4% to total revenues (1Q2018: 1.9%).

IDH's home market of Egypt recorded revenue growth of 27% year-on-year to EGP 471 million in 1Q2019, with growth being driven by both the contract and walk-in segments. IDH served a total of 1.9 million patients in Egypt during the quarter and performed a total of 7.9 million tests. On a segment basis, contract patients in Egypt reached 1.5 million in 1Q2019 who received 6.6 million tests (including 1.6 million tests related to the 100 million Healthy Lives awareness campaign). The contract segment in Egypt recorded revenues of EGP 311 million in 1Q2019, up 30% year-on-year. Meanwhile, walk-in patient volumes were up 1% year-on-year to 388 thousand in 1Q2019 and received a total of 1.3 million tests, up 4.9% 1Q2018. Walk-in segment revenues in Egypt were EGP 160 million in 1Q2019, up 23% on account of better pricing and mix.

Revenues from the Group's operations in Jordan recorded EGP 59 million in 1Q2019, up 3% year-on-year. Growth comes despite the economic challenges and austerity measures such as the increase in salaries tax by 5-7%, which took a toll on consumers' purchasing power, particularly the middle class. Nonetheless, the Group's Jordanian subsidiary Biolab delivered a strong operational performance, with total number of patients climbing 5% year-on-year to 69 thousand in 1Q2019 and total tests performed rising 2% to 408 thousand during the same period.

In Sudan, results continue to be affected by the effect of the Sudanese pound's devaluation between the comparable periods, with revenue recording a 26% year-on-year decline to EGP 8.0 million in 1Q2019. In SDG terms, revenues were up 39% in 1Q2019 despite lower patient and test volumes due to the ongoing political unrest and protests across several cities. Growth

in SGD terms was primarily driven by price increases in the walk-in segment as the Group passes on increases in step with currency devaluation.

In Nigeria, revenues recorded EGP 7.8 million in 1Q2019, down 8% year-on-year. Nigeria's value-adding phase is progressing, with existing branches being refurbished and renovated as well as rolling out new branches and procuring new state-of-art pathology and radiology equipment.

Cost of Sales

IDH's cost of sales recorded EGP 281 million in 1Q2019, up 23% year-on-year and remaining largely stable as a percentage of revenues. Gross profit for the Group was up 22% to EGP 265 million in 1Q2019, with gross profit margin maintained at 49% during the quarter.

COGS Breakdown as a Percentage of Revenue

	1Q2019	1Q2018
Raw Materials	20.2%	20.1%
Wages & Salaries	15.5%	16.9%
Depreciation	6.8%	3.4%
Other Expenses	8.9%	11.0%
Total	51.4%	51.4%

Raw materials costs, including cost of tests sent abroad, recorded EGP 111 million in 1Q2019, up 23% year-on-year and constituting the largest share of COGS at 39%. This translates into an average raw material cost per test of EGP 13.1, down 4% year-on-year despite the prevailing double-digit inflation and the lower contribution margin of tests related to the 100 million Healthy Lives campaign. Total raw materials as a percentage of sales remained largely stable at 20.2% in 1Q2019 compared to 20.1% in 1Q2018. Factoring out the effect of the campaign tests, raw materials as a percentage of sales would have declined to 18.9% in 1Q2019, reflecting management's efficiency and cost-reduction initiatives.

Constituting the second-largest share of COGS, direct salaries and wages were up 13% year-on-year to EGP 85 million in 1Q2019. However, as a percentage of sales, direct salaries and wages declined almost 1.5 percentage points to 15.5% in 1Q2019 down from 16.9% in the previous year. The decline comes on account of lower salaries in Sudan as management implements its staff localisation plan as well as the closure of non-performing branches in the country.

Other expenses, including branch utilities recorded EGP 48 million in 1Q2019, remaining largely stable compared to the EGP 49 million, yet decreasing as a percentage of sales to 8.9% from 11.0% in 1Q2018. The decline was driven by lower rent expenses from 3.3% of sales to 0.3% in 1Q2019 reflecting the effect of implementing IFRS 16. Meanwhile utilities expenses increased 19% year-on-year driven by the increase in the number of branches as well as fuel and energy price hikes in July 2018, however remained stable as a percentage of sales.

Direct depreciation and amortisation more than doubled from EGP 15 million in 1Q2018 to EGP 37 million in 1Q2019 as the Group capitalised leases amounting to EGP 268 million (gross) related to the implementation of IFRS 16. Consequently, direct depreciation and amortisation as a percentage of sales increased to 6.8% in 1Q2019 compared to 3.4% last year.

EBITDA

IDH recorded a consolidated EBITDA of EGP 236 million, up a strong 42% year-on-year increase, while EBITDA margin expanded six percentage points to 43%. The implementation of IFRS 16 contributed 21% to EBITDA growth for the period, where normalising for its effect

would leave EBITDA up 33% year-on-year to EGP 222 million and with an EBITDA margin of 41% versus 37% in 1Q2018.

Operational EBITDA growth and margin expansion were driven by strong gains in Egypt, which recorded an EBITDA margin of 48% in 1Q2019 compared to 44% in the previous year. Improvements in Egypt were supported by cost efficiencies, with lower cost of specialised testing sent abroad as the Group increasingly relies on its Mega Lab, and a decrease in salaries as a percentage of sales. Jordan's Biolab also recorded strong EBITDA gains on 117% year-on-year and margin expansion to 28% (20% excluding IFRS16) compared to 13% in 1Q2018.

Meanwhile, Sudan generated a positive EBITDA of EGP 1.4 million and an EBITDA margin of 18% (10% excluding IFRS 16) compared to a negative 4% in 1Q2018. The improved performance is attributable to the decrease in salaries as a percentage of sales from 50% in 1Q2018 to 38% in 1Q2019, driven by lower salaries paid in US\$ to expatriates as IDH pushes forward with its staff localisation program in Sudan. Finally, Nigeria recorded a negative EBITDA of EGP 8.4 million in 1Q2019, with operations still in the value-building phase.

IFRS 16 Effect on Regional EBITDA

	EBITDA Excluding IFRS 16	Margin	Rent Expense	EBIT
Egypt	217	46%	9	
Jordan	12	20%	5	
Sudan	0.8	10%	0.6	
Nigeria ³	(8)	-	-	
Total	222	41%	15	

³The effect of IFRS 16 on Nigeria's EBITDA will be assessed in 2Q2019

Interest Income / Expense

IDH recorded interest income of EGP 15 million in 1Q2019, down 12% year-on-year compared to EGP 17 million in 1Q2018. Interest income declined following the Central Bank of Egypt's rate cuts in early 2019, along with the utilization of cash balances to purchase USD 18 million during 1Q2019 to secure the dividends' payment in June 2019.

Interest expense recorded EGP 20 million in 1Q2019 compared to EGP 3 million in the first quarter of 2018. The substantial increase was driven by the implementation of IFRS 16 which added EGP 12 million to the quarter's interest expense. IDH also recorded EGP 6 million in borrowing costs related to medium term loans for the AI Borg Scan expansion and the Group's new headquarters in Cairo's Smart Village.

Foreign Exchange

IDH recorded a net foreign exchange loss of EGP 11 million in 1Q2019 compared to EGP 9 million in 1Q2018. The figure is primarily related to FX transactions related to secure liquidity for the June 2019 dividend distribution.

Taxation

Tax expenses recorded in 1Q2019 were EGP 60 million compared to EGP 45 million in 1Q2018. The effective tax rate was 33% compared to 29% last year, with the increase attributable to:

- The adoption of IFRS 16 where any cost/expenses related to this standard are not tax deductible.
- Starting January 2019, the Jordanian corporate tax rate increased 1% to reach 21%.

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 and Jordan.

Net Profit

IDH's consolidated net profit recorded EGP 122 million in 1Q2019 up 11% y-o-y on the back of top-line and EBITDA growth. Net profit normalized for the effect of IFRS 16 records EGP 134 million, up 22% year-on-year with a stable 25% net profit margin.

Net Effect of IFRS 16 on Net Profit

	Depreciation	Interest	Rent
Egypt	(7.7)	(6.8)	9.3
Jordan	(4.9)	(2.6)	4.6
Sudan	(2.3)	(2.2)	0.6
Total	(14.9)	(11.7)	14.6

Balance Sheet

On the assets side of the balance sheet, IDH held gross property, plant and equipment (PPE) of EGP 1,007 million as at 31 March 2019, up from EGP 983 million at 31 December 2018. The increase reflects CAPEX outlays for the addition and renovation of branches totalling EGP 33 million, including the new Al Borg Scan branch, and reflects foreign currency translation adjustments of EGP 9 million.

Accounts receivable recorded EGP 258 million as at 31 March 2019 compared to EGP 220 million at year-end 2018. Accounts receivable days-on-hand (DOH) normalised back to 122 days following the increase witnessed at year-end 2018 on account of the 100 Million Healthy Lives Campaign. It is worth mentioning that the campaign's receivables balance was EGP 49 million at the close of the quarter. Excluding campaign-related receivables, DoH would decrease to 118 days.

The Group's "days inventory outstanding" decreased to 75 days at the close of the quarter compared to 82 days as at 31 December 2018.

IDH's cash balances increased to EGP 762 million as at 31 March 2019 from EGP 664 million as at 31 December 2018, driven by the increase in cash flow generated from operations.

On the liabilities side, accounts payable stood at EGP 186 million at 31 March 2019 versus EGP 158 million at year end 2018. The Group's days payable outstanding (DPO) slightly decreased to 144 days from 145 days at 31 December 2018.

The adoption of IFRS 16 led to the addition of EGP 27 million in short-term lease liabilities and EGP 223 million in long-term lease liabilities as at 31 March 2019.

- Ends --

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