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Integrated Diagnostics Holdings PLC

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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE UK MARKET ABUSE REGULATION**

## **IDH to acquire Evercare Group's 50% stake in Islamabad Diagnostic Centre (IDC), a leading provider in the fast-growing Pakistani market**

*The acquisition will see IDH expand its presence into a highly attractive market in South Asia with a favourable demographic profile, and gain a stake in one of Pakistan's largest, most respected, and fastest growing integrated diagnostics companies*

**20 December 2021**

**(Cairo and London)** - Integrated Diagnostics Holdings ("IDH," "the Company" or "the Group"), a leading consumer healthcare company with operations in Egypt, Jordan, Sudan, and Nigeria, today announced the signing of a sale and purchase agreement (the "SPA") to acquire 50% shareholding in Base Consultancy FZ LLC, the holding company of Islamabad Diagnostic Centre (Private) Limited ("IDC"), from the Evercare Group, an emerging markets healthcare delivery platform managed by TPG and backed by The Rise Fund, for a total consideration of US\$ 72.35 million. The transaction, which is subject to the satisfaction of a number of key conditions precedent ("CPs") including, but not limited to, the receipt of regulatory approval from the Competition Commission of Pakistan (the "CCP"), will see IDH acquire a stake in one of Pakistan's leading diagnostic providers and partner with the founder Dr Rizwan Uppal. IDC will be fully consolidated on IDH's accounts following the completion of the transaction and transfer of funds to the Evercare Group. This is directly in line with the Company's geographic expansion strategy to penetrate new, fast-growing emerging markets characterized by favourable demographics and an underpenetrated diagnostics sector. The transaction is expected to close in the first half of 2022.

Founded in 2005 by Dr. Rizwan Uppal, IDC is one of Pakistan's largest integrated (pathology and radiology) diagnostics providers, currently operating a network of more than 80 centres across approximately 30 cities throughout

Pakistan as of June 2021. The company served nearly two million patients and performed around three million tests during FY2021. IDC boasts a market leading position in the country and is well regulated at both the national and local level, having effectively worked together on a number pathology and imaging PPPs, and most recently having played a frontline role in COVID-19 diagnostic testing. IDC's scale, proven operational frameworks, and well-defined growth strategy provide the company with strong foundations from which to drive new growth as it looks to capitalise on Pakistan's favourable market fundamentals.

Dr. Rizwan Uppal has more than 25 years of experience in active clinical practice as both a medical consultant and pulmonologist. As the Founder, Chairman and CEO of IDC, he has demonstrated exceptional clinical and entrepreneurial abilities, building and scaling the company to become a leading diagnostic provider in the country. Dr. Rizwan Uppal will continue to serve as Chairman and CEO of IDC post-acquisition, leveraging his extensive experience to guide the company as it continues to grow in the coming years.

IDC is part of the Evercare Group, an integrated healthcare delivery platform investing in emerging markets across Africa and South Asia, including India, Pakistan, Bangladesh, Kenya, and Nigeria. Through its two-year investment in IDC, Evercare Group has worked closely with Dr. Rizwan Uppal to help institutionalize the company and grow its market presence, service offering, and patient reach to better serve the fast-growing demand for quality healthcare services and set IDC on a stronger footing with significant growth potential.

### **Transaction Rationale and Key Highlights**

- Access to one of the most populous emerging market countries with a population of more than 200 million, one of the largest in Asia, and boasting a young demographic with 63% under the age of 30, creating for long-term sustainable demand for quality healthcare services.
- The Pakistani healthcare sector resembles most of the markets which IDH operates in, namely being highly underserved and thus providing significant room for growth particularly within the private sector.
- The market is also characterized by a high degree of out-of-pocket (OOP) payments that account for approximately 56% of healthcare related expenses.
- Partnering with an established provider and a founder-led company with a strong track-record, solid financial performance, and an ambitious growth plan.
- Audited results for IDC's fiscal year ended 30 June 2021 saw the company book revenues of US\$ 46 million, up 208% year-on-year and representing a three-year CAGR [\[1\]](#) of 87%. EBITDA recorded US\$ 22.1 million in FY 2021 (margin of 48.0%) and net profit reached US\$ 13.7 million (margin of 29.8%).
- Operationally, IDC's on-the-ground presence is rapidly expanding, with its branch network going from 23 branches in 2017 to 85 branches

in 2021, and with plans to reach 100 branches by 2023. Test volumes have also grown remarkably in the last three years from around 800 thousand in 2017 to around 3.0 million in the twelve months to June 2021 and continued its sustained momentum to date. Geographically, the company currently operates branches in 30 cities around Pakistan and is aiming to penetrate an additional 8 to 10 cities in the coming two years.

- The deal will see IDH further diversify its revenue base and expand its geographic footprint.
- IDC contributes around 15%<sup>[2]</sup> of both the combined company's consolidated revenue and consolidated EBITDA and is expected to be accretive from completion of the transaction.
- As part of the transaction, the current Evercare Board representatives (Jide Olanrewaju, Mehmet Ilkin and Mujtaba Hussain) will step down and be replaced by new directors from IDH, with the latter holding four of the seven seats, allowing for IDC's figures to be consolidated on IDH's accounts. Existing Directors, Dr Rehan Uppal and Dr Imran Uppal, will continue to serve on the Board alongside Dr Rizwan Uppal.

### **Structure and Financing of the Proposed Transaction**

- IDH has signed agreements to acquire a 50% indirect equity stake in IDC, through the acquisition of a 50% equity stake in Base Consultancy FZE LLC UAE, the SPV that owns 100% in IDC.
- The 50% stake is currently owned by Evercare IGA Holdings Limited, managed by TPG and backed by The Rise Fund.
- The total consideration is US\$ 72.35 million with the final consideration subject to customary closing adjustments.
- IDH plans to finance the transaction through a combination of existing cash and committed debt facilities. The debt package includes the US\$ 45.0 million facility secured from IFC in May 2021, and an additional US\$ 15.0 million IFC syndicated facility from Mashreq Bank.
- Completion of the transaction is subject to satisfaction of a number of key CPs including, but not limited to, receiving regulatory approval from the CCP, which is expected to be received within three to six months of the signing of the SPA.

**Commenting on the acquisition, IDH CEO Dr. Hend El Sherbini, said:** "We are very excited about the opportunity to add Pakistan as our fifth geography, one of South Asia's most attractive markets. This is fully aligned with our regional expansion strategy that targets high-growth and underpenetrated markets where our platform is well-suited to deliver exceptional quality of care to a broad and growing patient-base. Pakistan's young population and lagging investment in healthcare provide for significant future potential. IDC ticks all the boxes of our investment criteria and I am delighted to be partnering with

Dr. Rizwan Uppal, who over the last two decades has built a remarkably successful business that places service quality and operational excellence at the core of its offering. IDC is an ideal partner for IDH, with the combination of our two companies set to generate remarkable value and future growth opportunities for both parties."

**IDC's Founder, Chairman and CEO Dr. Rizwan Uppal, added:** "I am delighted to welcome and have the opportunity to partner with a mission-aligned regional champion like IDH to serve more patients, create more employment opportunities across our centres, and usher in a new phase of growth. The group boasts an exceptional track record of high-quality service delivery complemented by a world-class management team and robust governance frameworks. The synergies between IDH and IDC will ultimately raise the bar for diagnostic healthcare standards and allow us to capitalise on the important growth opportunity offered by the Pakistani market. I am hopeful that IDC and IDH will complement each other in imaging and lab services to further improve the quality, cost and turnaround time of diagnostic services."

**Matthew Hobart, Chairman of Evercare's Board of Directors, Co-Managing Partner of TPG Growth and leader of healthcare investing for The Rise Fund, said:** "Our partnership with Dr. Rizwan Uppal has produced a new standard for diagnostic services in emerging markets. With state-of-the-art equipment, high standards, and quality operations, we have met the healthcare needs of millions of patients, particularly those from low-income populations across Pakistan. IDC was built on a foundation of excellence, and has continued to demonstrate its patient first approach, having rapidly operationalized new laboratories at the onset of the pandemic to address immediate COVID-19 testing needs at scale. Today IDC remains on a strong growth trajectory as it has become an indispensable resource for patients and a top destination for aspiring laboratory professionals in Pakistan. We wish IDC continued success in serving this important population with high quality and affordable services."

### **Advisors**

Renaissance Capital is acting as the exclusive financial advisor to IDH for the transaction and in connection with the financing, with White & Case LLP acting as international legal counsel, Chima & Ibrahim Advocates/Corporate Counsel as local legal counsel, and Ernst & Young Global Limited advising on matters pertaining to financial and tax due diligence.

EFG Hermes is acting as the exclusive financial advisor to TPG, with Debevoise & Plimpton LLP acting as legal counsel and RIAA Barker Gillette as legal counsel to IDC.

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

An analyst and investor call will be hosted at 2.30pm (UK) | 4.30pm (Egypt) on Monday, December 2021. You can access by registering in advance in the following link:

[https://rencap.zoom.us/webinar/register/WN\\_VIs3kYHkRaKu7WO3FkvEvQ](https://rencap.zoom.us/webinar/register/WN_VIs3kYHkRaKu7WO3FkvEvQ)

### **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, Al Borg Scan and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Ultralab and Al Mokhtabar Sudan (both in Sudan) and Echo-Lab (Nigeria). A long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditations for its portfolio of over 2,000 diagnostics tests. From its base of 507 branches as of 30 September 2021, IDH will continue to add laboratories through a Hub, Spoke and Spike business model that provides a scalable platform for efficient expansion. Beyond organic growth, the Group's expansion plans include acquisitions in new Middle Eastern, African, and Asian markets where its model is well-suited to capitalise on similar healthcare and consumer trends and capture a significant share of fragmented markets. IDH has been a Jersey-registered entity with a Standard Listing on the Main Market of the London Stock Exchange (ticker: IDHC) since May 2015 with a secondary listing on the EGX since May 2021 (ticker: IDHC.CA). Learn more at [idhcorp.com](http://idhcorp.com).

The person responsible for arranging the release of this announcement is Nancy Fahmy, Investor Relations Director at IDH.

### **Contact**

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### **About Islamabad Diagnostics Centre (IDC)**

IDC is a leading radiology and pathology diagnostics service provider in Pakistan. IDC provides a comprehensive range of state-of-the-art imaging and lab services under one roof, across an extensive national network of 80+ branches in ~30 cities.

Each centre is equipped with the latest imaging technology and offers a full spectrum of services including: hematology and cytogenetics, immunology and serology, MRI, CT Scan, X-Rays, fluoroscopy, as well as neurology dental, respiratory and female health services.

IDC was founded in 2005 by Founder, Chairman and CEO Dr. Rizwan Uppal, a practicing medical consultant, pulmonologist and homeopath.

### **Contact**

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### **About the Evercare Group**

The Evercare Group operates as an integrated healthcare delivery platform in emerging markets across Africa and South Asia, including India, Pakistan, Bangladesh, Kenya, and Nigeria, led by CEO Massimiliano Colella.

The Group's portfolio includes 31 hospitals, 18 clinics and more than 80 diagnostics centres. Evercare is proud to be one of the most diverse healthcare group in the countries it operates in with 11,000 caregivers working together to develop a systemic healthcare change in emerging markets.

Evercare is wholly owned by the Evercare Health Fund, a US \$1bn emerging markets healthcare fund managed by TPG and backed by The Rise Fund. The Evercare Health Fund is comprised of the world's leading impact investors and global development finance institutions.

The Evercare Group believes access to healthcare is a fundamental right and invests in emerging markets to bring private, quality driven healthcare to meet the needs of local people.

## Contact

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## Forward-Looking Statements

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.

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[1] Compounded annual growth rates (CAGR) are calculated based on local currency (Pakistani Rupee).

<sup>2</sup> This is based on Last Twelve Months ("LTM") results for IDH and FY2021 audited accounts for IDC, with both reporting periods ending June 2021. This allows for a one-to-one comparison given that IDC's fiscal year 2021 ran from July 2020 to June 2021.

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