

Integrated Diagnostics Holdings Plc

9M 2024 Results

Thursday, 14 November 2024

Integrated Diagnostics Holdings plc reports year-on-year revenue growth of 34% in 9M 2024 with improving margins at all levels of profitability

(Cairo and London) - Integrated Diagnostics Holdings ("IDH," "the Group," or "the Company"), a leading provider of diagnostic services with operations in Egypt, Jordan, Nigeria, Sudan, and Saudi Arabia, announced today its unaudited financial statements for the nine-month period ended 30 September 2024. IDH reported revenue of EGP 4,107 million, an increase of 34% from the same period of last year. Top-line growth came on the back of rising test and patient volumes (up 9% and 6% year-on-year, respectively) coupled with higher average revenue per test. Improved operational efficiencies saw top-line growth filter down the income statement with margins improving across the board. Specifically, in 9M 2024, IDH reported EBITDA of EGP 1,249 million, up 43% year-on-year and with an associated margin of 30%. Similarly, IDH's bottom-line expanded an impressive 87% year-on-year to reach EGP 724 million in the nine months ended 30 September 2024, yielding a net profit margin (NPM) of 18%, up five percentage points from 9M 2023.

On a three-month basis, revenue recorded EGP 1,609 million in Q3 2024, representing a 36% increase from EGP 1,182 million in the third quarter. Meanwhile, IDH's bottom-line expanded 38% year-on-year to EGP 244 million in Q3 2024, with a net profit margin of 15% for the quarter.

Financial Results (IFRS)

EGP mn	Q3 2023	Q3 2024	Change
Revenue	1,182	1,609	36%
Cost of Sales	(702)	(963)	37%
Gross Profit	480	646	35%
Gross Profit Margin	40.6%	40.2%	-0.4 pts.
Operating Profit	312	459	47%
EBITDA¹	411	581	41%
EBITDA Margin	34.8%	36.1%	1.3 pts.
Net Profit	176	244	38%
Net Profit Margin	14.9%	15.2%	0.2 pts.
Cash Balance²	794	1,338	69%

Note: Throughout the document, percentage changes are calculated using the exact value (as per the Consolidated Financials) not the corresponding rounded figure.

Key Operational Indicators³

EGP mn	9M 2023
Branches	594

Patients ('000)	6,248
Revenue per Patient (EGP)	489
Tests ('000)	26,468
Revenue per Test	115
Test per Patient	4.2

¹ EBITDA is calculated as operating profit plus depreciation and amortization.

² Cash balance includes time deposits, treasury bills, current accounts, and cash on hand.

³ Key operational indicators are calculated based on revenue for the periods of EGP 4,107 million and EGP 3,054 million for 9M 2024 and 9M 2023 respectively.

⁴ IDH rolled out 30 new branches in Egypt and two in KSA, while closing 1 branch in Jordan over the past 12-month period. It is important to note that due to the ongoing conflict in Sudan, only one of IDH's 18 branches in the country is currently operating, leading to a net growth in its branch network of 14 branches in 9M 2024.

Introduction

i. Financial Highlights

- IDH reported **consolidated revenue** of EGP 4,107 million in the nine months ended 30 September 2024, which represents a year-on-year expansion of 34% dually driven by a 9% year-on-year increase in tests performed and a 23% year-on-year increase in average revenue per test in the period. On a quarterly basis, revenue per test increased by a solid 36% year-on-year to reach EGP 1,609 million in Q3 2024.
- **Gross profit** recorded EGP 1,571 million in 9M 2024, up 38% year-on-year and yielding a gross profit margin of 38% versus 37% in the same period of last year. Improved gross profitability reflected lower direct wages and salary expenses which as a share of revenue declined to 18.8% in 9M 2024 from 19.2% in 9M 2023. On a quarterly basis, gross profit recorded EGP 646 million up 35% year-on-year and with a margin of 40%, in line with last year's third quarter gross margin.
- **EBITDA⁵** recorded EGP 1,249 million for 9M 2024, an increase of 43% from last year's figure. EBITDA margin recorded 30% for the nine-month period, up from 29% in the same nine-month period of last year. Improved EBITDA profitability reflects higher gross profitability for 9M 2024 coupled with lower SG&A expenses and impairment loss on receivables booked in the period with the first owing to improved operating efficiency and the latter reflecting an improvement in economic conditions and stability across IDH's markets since the start of the year. In Q3 2024, EBITDA came in at EGP 581 million, up 41% year-on-year with a margin of 36% versus 32% in the same three months of last year.
- **Net profit** came in at EGP 724 million in 9M 2024, up an impressive 87% from the corresponding period of last year. IDH's NPM for the period improved five percentage points to record 18% in 9M 2024 versus 13% in 9M 2023. Bottom-line profitability for the period was boosted by FX gains of EGP 265 million in the period (up 15% year-on-year) and a 15% year-on-year decline in net interest expenses for 9M 2024. On a quarterly basis, net profit recorded EGP 244 million in 9M 2024, up 38% from Q3 2023. NPM for the quarter came in unchanged at 15% versus 15% in the same three months of last year.

⁵ EBITDA is calculated as operating profit plus depreciation and amortization.

ii. Operational Highlights

- As of 30 September 2024, **IDH's branch network** stood at 608 branches, representing a net year-on-year increase of 14 branches compared to its network as at 30 September 2023. In the nine-month period, IDH inaugurated 30 new branches in Egypt and two new branches in its new market of Saudi Arabia. Meanwhile, in Sudan the Company reopened one branch during Q3 2024 with the remaining 17 still indefinitely shut down due to the country civil conflict continues. Finally, during the year, IDH saw the closure of one of its airport branches in Jordan as demand for Covid-19 testing continued its decline.
- During 9M 2024, IDH conducted 28.8 million **tests** across its geographies, a 9% year-on-year increase compared to the 26.5 million tests performed in the same period of last year.
- The **average revenue per test** reached EGP 142 in 9M 2024, an increase of 23% compared to the EGP 115 figure recorded in 9M 2023. This increase largely reflected to strategic price increases rolled out by IDH to address inflationary pressures in its primary markets, including Egypt and Nigeria.

- IDH served 6.6 million **patients** in 9M 2024, up 6% year-on-year. Meanwhile, in line with recent trends reflecting the success of IDH's value extraction strategy, the average number of tests per patient reached a record-high of 4.4 tests in 9M 2024, versus 4.2 tests in 9M 2023 and 3.7 in 9M 2022. The continued increase in average tests per patient underscores the effectiveness of IDH's initiatives, including its loyalty program introduced in FY 2021, which remains a key driver behind the steady rise in tests per patient.

iii. Updates by Geography

- In **Egypt** (82.1% of total revenue in 9M 2024), IDH recorded revenue of EGP 3,373 million, an increase of 35% from the EGP 2,500 million figure recorded in the same period of last year. Top-line growth in IDH's Egyptian market was fuelled by a 10% year-on-year increase in tests performed combined with a 23% year-on-year increase in average revenue per test as IDH successfully increased prices to combat rising inflation in the country. On a quarterly basis, IDH's Egyptian operations reported revenue of EGP 1,304 million in Q3 2024, up 32% year-on-year.
- IDH's **Jordanian** subsidiary, Biolab (16.1% of total revenues in 9M 2024), saw revenue reach JD 100 million in 9M 2024, just 2% below last year's top-line figure. Lower revenue came on the back of a 3% year-on-year decline in net revenue per test due to stringent pricing regulations imposed on Jordan's health sector. On EGP terms, operations in Jordan reported revenues of EGP 662 million in 9M 2024 and EGP 276 million in 9M 2023, representing year-on-year rises of 43% and 59%, respectively, due to the translation effect of a weaker Jordanian Dinar against the weakened EGP.
- In **Nigeria** (1.5% of total revenues in 9M 2024), Echo-Lab reported revenue of NGN 2,012 million, an increase of 38% from last year's figure. Higher revenue came on the back of a 63% year-on-year increase in average revenue per test as Echo-Lab continued to raise prices in step with inflation. Rising inflation weighed on patients purchasing power with test and patient volumes for the nine-month period declining 15% and 18%, respectively. In EGP-terms, revenue in Nigeria declined 23% year-on-year to EGP 61 million in 9M 2024 from EGP 79 million in 9M 2023, due to a weaker Naira during the period. In Q3 2024, revenue in the country increased marginally year-on-year to EGP 22 million.
- Biolab KSA, IDH's newest venture in **Saudi Arabia** (0.2% of total revenues in 9M 2024), which commenced operations in Q1 2024 with one branch opening in January and another in March, reported revenue of SAR 450 thousand in 9M 2024. Since inception, Biolab KSA has performed 21 thousand tests with average revenue per test standing at SAR 38. Operations in the new market are continuing to ramp up smoothly with revenue in Q3 2024 standing at SAR 450 thousand, up 60% from revenue recorded in Q2 2024 as Biolab KSA continues to serve a growing number of patients across its two operational branches. IDH views the Saudi Arabian market as a key driver of future growth for the company thanks to the market's large, growing and increasingly health-conscious population which is looking for access to high-quality diagnostic services from a currently fragmented market.
- In Q3 2024, IDH reopened one branch in **Sudan** after temporarily shutting down all branches in the country last year. It is worth noting that the remaining 17 branches remain closed indefinitely as the civil conflict in the country continues.

iv. Management Commentary

Commenting on the Group's performance, IDH Chief Executive Officer Dr. Hend El-Sherbini said: "As we enter the final weeks of the year, I am happy to report another set of strong financial and operational figures across our footprint. Since the start of the year, we have been hard at work to deliver on our strategic vision and priorities, and are pleased with the progress achieved up to this point particularly when considering the unprecedented challenges we have faced across our footprint. This not only leaves us on track to meet our FY 2024 targets, but also enables us to enter the new year in a strong position to drive further, sustainable growth in 2025 and beyond.

Before diving further into our results, it is worth noting that during the third quarter we successfully completed our delisting from the Egyptian Exchange (EGX). Today, we maintain our standard listing on the London Stock Exchange (LSE) and the entire IDH team remains committed to meeting the disclosure requirements of companies listed on the LSE. While our listing on the EGX has helped us increase our local visibility in the market where we generate the

of our business, we are excited to build on the original path we started on the LSE. We look forward to continue to create value for all our shareholders who place their trust in our business and story.

Turning to our results, in 9M 2024, we reported consolidated revenue of EGP 4.1 billion, up a solid 34% from the nine months of last year. Further down the income statement, we reported improving profitability at all levels. Our proactive efforts to boost operational efficiencies across every aspect of our operations continued to bear fruit. In addition, we were able to reduce the ramp-up costs of our new venture in Saudi Arabia, achieving a two-percentage-point improvement, which signals the continued normalization of our profitability.

On a regional basis, our Egyptian operations continued to lead the pack, with revenue growing an impressive 35% year-on-year on the back of both rising volumes and prices. Testament to the success of our growth strategies in the region, we saw average test per patient reach another record-high of 4.3 tests, up from 3.8 tests per patient recorded in the same period years ago in 9M 2022. On a similar note, our radiology venture, Al-Borg Scan, remained a key revenue driver, expanding 53% year-on-year and contributing 5% to the country's top-line. In light of the continued growth seen in the market, we have remained committed to our expansion targets and have thus far inaugurated 30 new branches in our home market. This not only sees us further cement our leadership in the local market but also enables us to tap into new population growth as Egypt's population continues to expand both within and outside Greater Cairo.

In our second-largest market of Jordan, geopolitical instability continued to impact patient volumes which declined year-on-year largely due to lower demand from medical tourists from around the region. Combined with a marginally lower average revenue per test during 9M 2024, this saw Jordan's top-line in local currency slightly contract from the same period of last year. On the other hand, our Nigerian operations saw year-on-year revenue growth in local currency of 38% as we continued to raise prices in line with inflation. A weakening Nigerian Naira over the last year has, however, weighed on our results in Egyptian Pound (EGP) terms as well as on patient's purchasing power with volumes down versus the previous year.

In our newly launched Saudi Arabian market, we continued to ramp up operations in line with our targets. During the third quarter of the year, our two operational branches located in Riyadh served a growing number of patients and generated SAR 451 thousand in revenue for the three-month period. This marks a 60% quarter-on-quarter expansion from SAR 282 thousand generated in the second quarter of this year and takes total revenue since inception to SAR 790 thousand. Thus far, our performance in the market has been encouraging and has reaffirmed our conviction that the market offers significant growth opportunities for IDH to capture in the future. In the coming months, our priority remains delivering excellent quality and service while building our profile in the market. On the latter front, since the launch of our first branch in January, we have adopted a comprehensive brand awareness and marketing strategy, which has included targeted advertising, social media campaigns, community event sponsorships, and partnerships with local healthcare providers and which has thus far yielded the desired results.

As we wrap up the final month and a half of 2024, our strategy and priorities remain unchanged. In our home market, since the floatation of the EGP back in March we have seen a steady improvement in the macroeconomic environment with international investors increasingly looking to capitalize on the market's attractive fundamentals. We have also seen a steady decline in inflation which we expect to help patients' purchasing power and in turn boost demand for our services. As always, we are prioritizing our patients' wellbeing and remain committed to ensuring our tests and services remain affordable to as many people as possible by sharing the inflationary burden with them. Meanwhile, we are particularly excited to continue ramping up our Saudi Arabian venture as we work to capture the market's full potential. As we close out 2024 and kick start 2025, I look forward to working with everyone at IDH to continue providing excellent care for our patients and incremental value for all stakeholders.

While we remain mindful of the challenges ahead, in particular around currency fluctuations and inflationary pressures in some of our key markets, our proactive risk management strategies, including price adjustments and cost optimization measures, have thus far successfully shielded the business and we are confident in our ability to sustain our growth trajectory. In light of this, we are reaffirming our guidance of around 30% revenue growth in FY 2024, with an EBITDA margin of approximately 30% for the year, excluding non-recurring expenses and results from our newly inaugurated venture in Saudi Arabia.

- End -

Analyst and Investor Call Details

An analyst and investor call will be hosted at 12:00 pm (UK) | 14:00 (Egypt) on Tuesday, 19 November 2024. To learn more details and register for the call by clicking on this [link](#).

For more information about the event, please contact: amoataz@EFG-HERMES.com

About Integrated Diagnostics Holdings (IDH)

IDH is a leading diagnostics services provider in the Middle East and Africa offering a broad range of clinical pathology and radiology tests to patients in Egypt, Jordan, Nigeria, Sudan, and Saudi Arabia. The Group's core brands include Al Borg, Al Borg Scan and Al Mokhtabar in Egypt, as well as Biolab (Jordan), Echo-Lab (Nigeria), Ultralab and Al Mokhtabar in Sudan (both in Sudan), and Biolab KSA (Saudi Arabia). With over 40 years of experience, a long track record for quality and safety has earned the Company a trusted reputation, as well as internationally recognised accreditation for its portfolio of over 3,000 diagnostics tests. From its base of 601 branches as of 31 December 2023, IDH served over 10 million patients and performed more than 36.1 million tests in 2023. IDH will continue to add laboratories through its Spoke and Spike business model that provides a scalable platform for efficient expansion. Beyond organic growth, the Group targets expansion in appealing markets, including acquisitions in the Middle Eastern, African, and European 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 (i) whose shares are admitted to the equity (transition) category (previously, the standard listing segment) of the Official List of the UK Financial Conduct Authority and admitted to trading on the main market for listed securities of the London Stock Exchange (ticker: IDHC) since 2015.

Shareholder Information

LSE: IDHC.L

Bloomberg: IDHC:LN

Listed on LSE: May 2015

Shares Outstanding: 581,326,272

Contact

Tarek Yehia

Investor Relations Director

T: +20 (0)2 3332 1126 | M: +20 10 6882 6678 | tarek.yehia@idhcorp.com

Forward-Looking Statements

These results for the quarter ended 30 September 2024 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 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", "expects", "forecasts", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement that is forward-looking. This applies, in particular, to statements containing information on future financial results, performance expectations regarding business and management, future growth or profitability and general economic and market 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 could 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 any assumption could cause the Group's actual financial condition and results of operations to differ materially from, or fail to meet, the 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 of the date and are subject to change without notice. The Group does not undertake any obligation to review, update, confirm or release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that change in relation to the content of this communication.

Group Operational & Financial Review

i. Revenue and Cost Analysis

Consolidated Revenue

In line with trends seen throughout the year, in 9M 2024 the Company delivered consolidated revenue of EGP 4,097 million, an increase from last year's EGP 3,054 million figure. Top-line growth for the period continued to be dual-driven as test volumes reached 28.8 million and average revenue per test continued to climb, rising 23% from last year to EGP 142. This growth comes on the back of the strategic price increases rolled out by IDH across its Egyptian and Nigerian markets, offsetting price pressures in both countries.

	Q3 2023	Q3 2024	Change
Revenue (EGP mn)	1,182	1,609	36%
Tests performed (mn)	10.0	11.0	10%
Revenue per test (EGP)	118	146	24%

Revenue Analysis: Contribution by Patient Segment

Contract Segment (65% of Group revenue in 9M 2024)

At IDH's contract segment, revenue recorded EGP 2,679 million, an increase of 38% from the previous year. 9M 2024 test volumes increased by 12% year-on-year to 24.2 million tests with average revenue per test also rising 23% to EGP 109.

Average tests per patient climbed further in the nine-month period, coming in at 4.6 tests per patient compared to 4.4 in 9M 2023. This steady rise is supported by IDH's loyalty program, which was introduced back in 2021, and which has, since then, encouraged single patients visiting IDH's branches.

Walk-in Segment (35% of Group revenue in 9M 2024)

Meanwhile, at IDH's walk-in segment, revenue reached EGP 1,428 million in 9M 2024, an increase of 28% from 9M 2023. 9M 2024 recorded a 34% year-on-year rise in average revenue per walk-in test (EGP 306 in 9M 2024 versus EGP 228 in 9M 2023) despite a y-o-y decline in test volumes, as more walk-in patients shifted to IDH's contract segment and high inflation temporarily reduced purchasing power across several of IDH's markets. The average tests per patient at the segment recorded 3.5 in 9M 2024, a decline from 3.6 in 9M 2023.

Detailed Segment Performance Breakdown

	Walk-in Segment			Contract Segment		
	9M23	9M24	Change	9M23	9M24	Change
Revenue (EGP mn)	1,116	1,428	28%	1,938	2,679	38%
Patients ('000)	1,343	1,333	-1%	4,905	5,266	7%
% of patients	21%	20%		79%	80%	
Revenue per Patient (EGP)	831	1,072	29%	395	509	29%
Tests ('000)	4,894	4,660	-5%	21,574	24,179	11%
% of Tests	18%	16%		82%	84%	
Revenue per Test (EGP)	228	306	34%	90	111	23%
Test per Patient	3.6	3.5	-4%	4.4	4.6	5%

Revenue Analysis: Contribution by Geography

Egypt (82.1% of Group revenue in 9M 2024)

IDH's home and largest market, Egypt, maintained its strong growth momentum, delivering revenue of EGP 3,373 million in the first nine months of last year. Top-line growth was fuelled by a 10% year-on-year increase in tests performed combined with a 10% increase in revenue per test as IDH successfully increased prices to combat rising inflation in the country.

On a quarterly basis, IDH's Egyptian operations reported revenue of EGP 1,304 million in Q3 2024, up 32% year-on-year.

AI-Borg Scan

IDH's rapidly growing radiology venture, AI-Borg Scan, saw revenue expand 53% year-on-year in 9M 2024 to reach EGP 1,000 million. During the period, IDH performed 191 thousand scans, 25% more than the previous year. In parallel, average revenue per scan rose to EGP 5.24, up from EGP 4.15 in 9M 2023. AI-Borg Scan continues to operate seven branches strategically located across Greater Cairo enabling it to capture the fragmented Egyptian radiology market.

House Calls

During 9M 2024, IDH's house call services continued its significant contribution to the country's results, constituting 10% of total revenue. The segment's contribution remains well above pre-pandemic averages, showcasing the segment's growth potential and the effectiveness of its business strategy.

Wayak

Finally, Wayak, which aims to leverage the Company's expanding patient database to develop electronic medical records and other services, achieved revenue of EGP 12 million, marking a 66% year-on-year increase. This growth came on the back of a 37% increase in the number of tests performed, up 37% year-on-year.

Detailed Egypt Performance Breakdown

Detailed Egypt Performance Breakdown	
Revenue (EGP mn)	
Pathology Revenue (contribution to Egypt's results)	2,392
Radiology Revenue (contribution to Egypt's results)	1,000
Tests performed (mn)	
Revenue per test (mn)	

Jordan (16.1% of Group revenue in 9M 2024)

In IDH's second largest market, Jordan, Biolab saw revenue reach JOD 10.6 million in 9M 2024, just 2% below the previous year. This growth came on the back of a 3% year-on-year decline in net revenue per test due to stringent pricing regulations imposed by the government. In other terms, operations in Jordan reported revenues of EGP 662 million in 9M 2024 representing year-on-year rises of 10% in tests performed and a weakened EGP.

On a quarterly basis, Biolab recorded JOD 4.0 million in Q3 2024, up 1% year-on-year. In EGP terms, it recorded revenue of EGP 1,000 million, up 1% year-on-year.

Detailed Jordan Performance Breakdown

Detailed Jordan Performance Breakdown	
Revenue (EGP mn)	
Revenue (JOD mn)	
Tests performed (mn)	
Revenue per test (mn)	

Nigeria (1.5% of Group revenue in 9M 2024)

Echo-Lab, IDH's Nigerian subsidiary, reported revenue of NGN 2,012 million, an increase of 38% from last year's of a 63% year-on-year increase in average revenue per test as Echo-Lab continued to raise prices in step with inflation and purchasing power with test and patient volumes for the nine-month period declining 15% and 14%, respectively. 23% year-on-year to EGP 61 million in 9M 2024 reflecting a weaker Naira during the period.

In Q3 2024, revenue in the country increased marginally year-on-year to reach EGP 22 million.

Saudi Arabia (0.2% of Group revenue in 9M 2024)

Biolab KSA, IDH's newest venture in Saudi Arabia which began operations in Q1 2024 with one branch opening a revenue of SAR 790 thousand in 9M 2024. Since inception, Biolab KSA has performed 21 thousand tests with a 38.

Operations in the new market are continuing to ramp up smoothly with revenue in Q3 2024 standing at SAR 451 thousand in Q2 2024 as Biolab KSA continue to serve a growing number of patients across its two operational branches.

Sudan

In Q3 2024, IDH reopened one branch in Sudan after temporarily shutting down all branches earlier this year. The other branches remain closed indefinitely as the civil conflict in the countries continues. During the first nine months, the company generated revenue of EGP 1.6 million.

Revenue Contribution by Country

	9M 2023
Egypt Revenue (EGP mn)	2,500
Pathology Revenue (EGP mn)	2,392
Radiology Revenue (EGP mn)	108
Egypt Contribution to IDH Revenue	81.9%
Jordan Revenue (EGP mn)	464
Jordan Revenues (JOD mn)	10.8
Jordan Revenue Contribution to IDH Revenue	15.2%
Nigeria Revenue (EGP mn)	79
Nigeria Revenue (NGN mn)	1,457
Nigeria Contribution to IDH Revenue	2.6%
Saudi Arabia Revenue (EGP mn)	-
Saudi Arabia Revenue (SAR k)	-
Saudi Arabia Contribution to IDH Revenue	-
Sudan Revenue (EGP mn)	11
Sudan Revenue (SDG mn)	207
Sudan Contribution to IDH Revenue	0.4%

Average Exchange Rate

	9M 2023
USD/EGP	30.7
JOD/EGP	43.02
NGN/EGP	0.05
SAR/EGP	-

Patients Served and Tests Performed by Country

	9M 2023
--	----------------

Egypt Patients Served (mn)	5.8
Egypt Tests Performed (mn)	24.4
Jordan Patients Served (k)	286
Jordan Tests Performed (k)	1,858
Nigeria Patients Served (k)	102
Nigeria Tests Performed (k)	204
Saudi Arabia Patients Served (k)	-
Saudi Arabia Tests Performed (k)	-
Total Patients Served (mn)	6.2
Total Tests Performed (mn)	26.5

Operational Branches by Country

	30 September 2023	30 S
Egypt	537	
Jordan	27	
Nigeria	12	
KSA	-	
Sudan	18	
Total	594	

Cost of Goods Sold

IDH recorded cost of goods sold for the nine-month period of EGP 2,536 million, up 32% from the same time last year. As a percentage of revenue, cost of goods sold accounted for 62%, just below last year's 63% figure. The marginal year-on-year increase was driven by higher wages and salary expenses coupled with lower depreciation as a share of revenue for the nine-month period.

Cost of Goods sold Breakdown as a Percentage of Revenue

Raw Materials	
Wages & Salaries	
Depreciation & Amortisation	
Other Expenses	
Total	

Raw material costs (35% of consolidated cost of goods sold in 9M 2024) was the largest contributor to cost of goods sold, increasing 34% year-on-year to reach EGP 898 million. As a share of revenue, raw materials stood at 21.9% unchanged from 21.9% in 9M 2023. Proactive inventory management and strong supplier relationships continued to shield its cost base from inflationary pressures.

Wages and salaries, which include employee share of profits (30% share of consolidated cost of goods sold in 9M 2024) was the largest contributor to IDH's total cost of goods sold during the nine-month period, recording EGP 770 million, a 30% increase year-on-year. As a percentage of revenue, direct wages and salaries accounted for 18.8% in 9M 2024, down from 19.2% in 9M 2023. This was primarily due to the start of the year to optimize headcount.

Direct Wages and Salaries by Region

Egypt (EGP mn)	
Jordan (EGP mn)	
Jordan (JOD mn)	
Nigeria (EGP mn)	
Nigeria (NGN mn)	
Saudi Arabia (EGP mn)	
Saudi Arabia (SAR k)	

Direct depreciation and amortization costs (13% of consolidated cost of goods sold in 9M 2024) increased 13% year-on-year to reach EGP 330 million. As a percentage of revenue, direct depreciation and amortization declined to 7.9% in 9M 2024 from 8.7% in 9M 2023. The increase in depreciation expenses is attributed to the expansion of IDH's branch network, which saw the addition of 30 new branches compared to this time last year.

Other expenses (21% of consolidated cost of goods sold in 9M 2024) recorded EGP 543 million in 9M 2024, a 21% increase year-on-year. As a percentage of revenues stood at 13.2% largely consistent with the same period last year. The main components include repair and maintenance fees, hospital contracts, cleaning costs, transportation, and license expenses.

Gross Profit

IDH recorded a gross profit of EGP 1,571 million in 9M 2024, up 38% year-on-year. Gross profit margin (GPM) increased to 61% from 58% in 9M 2023. The increase in gross profit was driven by a decrease in cost of goods sold as a percentage of revenue, lower depreciation thanks to enhanced fixed asset utilization, and higher operating expenses as a result of IDH's efforts to optimize headcount over the past year.

Selling, General and Administrative (SG&A) Expenses

SG&A outlays for the nine-month period ended 30 September 2024 reached EGP 677 million, marking a 21% increase year-on-year. As a percentage of revenues, SG&A accounted for 16%, down from 18% in 9M 2023. The rise in SG&A expenses was mainly due to:

- **Indirect wages and salaries** reached EGP 280 million, a 35% increase compared to the previous year. This was primarily due to wage increases and the translation effect from Jordanian salaries as well as Saudi Arabian salaries due to a weaker Egyptian pound. Direct wages as a percentage of revenue remained stable at 6.8% owing to IDH's headcount optimization strategy.
- **Other G&A expenses** rose by 18% year-on-year to EGP 219 million, primarily due to increased advertising (due to a weaker Egyptian currency) and traveling expenses.
- **Advertising expenses** increased by 47% year-on-year as the Company invested in the ramp-up of its operations in Q1 2024. These expenses represented 34% of the Company's total advertising costs for 9M 2024.

Selling, General and Administrative Expenses

EGP mn	
Wages & Salaries	

Accounting and Professional Fees	
Market - Advertisement expenses	
Other Expenses	
Depreciation & Amortisation	
Impairment loss on trade and other receivable	
Travelling and transportation expenses	
Other (income)/expense	
Total	

EBITDA

In 9M 2024, IDH recorded an EBITDA of EGP 1,249 million, representing a year-on-year increase of 43% normalization over the last twelve months. The EBITDA margin also improved to 30% in the nine-month period.

It is worth noting that EBITDA has been impacted by the recent expansion of IDH's operations in Saudi Arabia and Egypt. Adjusting for non-recurring items, IDH's EBITDA for the period would stand at EGP 1,380 million, with an associated increase of 45%.

EBITDA by Country

In **Egypt**, IDH recorded an EBITDA of EGP 1,182 million in 9M 2024, 54% above its EBITDA in 9M 2023, a 10 percentage points above last year's figure. Improved EBITDA profitability came on the back of enhanced gross margins and reduced SG&A expenses for the period, with notable declines versus last year in advertising outlays and accounting fees.

In **Jordan**, Biolab reported an EBITDA of JOD 2.8 million for 9M 2024, just 2% below last year's EBITDA, and down 1% in 9M 2023. In EGP terms, EBITDA amounted to EGP 178 million, marking a 45% year-on-year increase. The increase reflects the devaluation of the EGP over the past year.

In **Nigeria**, ongoing economic challenges and rising inflation have negatively weighed on IDH's cost base, resulting in a 10% decrease in EBITDA in the month period. In 9M 2024, EBITDA losses amounted to NGN 573 million, down from the NGN 294 million in 9M 2023. When converted to EGP, EBITDA losses were EGP 18 million in 9M 2024, unchanged from the previous year.

In **Saudi Arabia**, EBITDA losses amounted to SAR 8 million (EGP 93 million) as the business remains in its early stages.

Regional EBITDA in Local Currency

Egypt EBITDA (EGP mn)	
<i>Margin</i>	
Jordan EBITDA (JOD mn)	
<i>Margin</i>	
Nigeria EBITDA (NGN mn)	
<i>Margin</i>	
Saudi Arabia EBITDA (SAR mn)	
<i>Margin</i>	
Sudan EBITDA (SDG mn)	
<i>Margin</i>	

Interest Income / Expense

IDH's interest income came in at EGP 85 million in 9M 2024, increasing 83% year-on-year. Higher interest income was driven by higher interest rates imposed by the Central Bank of Egypt (CBE) during the past twelve months.

Interest expense⁶ stood at EGP 143 million, up 25% year-on-year in 9M 2024. The marginal increase in interest expense was primarily due to:

- Higher interest on lease liabilities related to IFRS 16 due to the addition of new branches to IDH's network in Egypt.
- Higher interest expenses following the CBE decision to increase rates in February and March 2024. IDH's interest-bearing debt⁷ (excluding accrued interest) decreased to EGP 81 million as at 30 September 2024, from EGP 100 million as at 30 September 2023. As part of IDH's strategy to reduce foreign currency risk, the Company agreed with General Electric (GE) to settle its obligation of USD 5.7 million. Half the settlement was settled utilising internal funds, while the remaining half was settled through a bridge loan by Ahly United Bank- Egypt (AUBE). Interest expenses related to the AUBE facility for the bridge loan was fully settled in Q2 2023.
- Fast track payments worth EGP 6.5 million, which encompass discounts provided for the rapid payment of trade payables.

Interest Expense Breakdown

EGP mn	
Interest on Lease Liabilities (IFRS 16)	
Interest Expenses on Leases	
Interest Expenses on Borrowings ⁸	
Bank Charges	
Fast Track Payment	
Total Interest Expense	

ii. Balance Sheet Analysis

Assets

Property, Plant and Equipment

IDH recorded property, plant and equipment (PPE) cost of EGP 2,982 million as of 30 September 2024, up from EGP 2,815 million at the end of 2023. The increase in CAPEX as a share of revenue in the nine-month period is largely due to the addition of new improvements of IDH's headquarters (constituting 3.1% of revenues), in addition to the translation effect related to the EGP (comprising 7.2% of revenues).

Total CAPEX Addition Breakdown - 9M 2024

EGP mn	
Leasehold Improvements/new branches	
AI-Borg Scan Expansion	
Total CAPEX Additions Excluding Translation	
Translation Effect	
Total CAPEX Additions	

Trade Receivables and Provisions

Net trade receivables at 30 September 2024 amounted to EGP 806 million, up 42% year-to-date. Meanwhile, IDH booked 149 days, up from 134 days at the end of 2023.

Provision for doubtful accounts in 9M 2024 was recorded at EGP 19 million, a decrease from EGP 37 million booked at the end of 2023. This is due to an improvement in overall economic conditions, increased stability, and reduced inflation across IDH's markets, along with a noticeable increase in collected amounts during the current accounting period.

Inventory

At 30 September 2024, IDH booked an inventory balance of EGP 400 million, up 7% compared to the end of 2023. The Inventory Turnover Ratio (DIO) decreased to 123 days, from 133 days at 31 December 2023. With improvements in the economic situation, the company has been reducing DIO as the previous stockpiling is no longer necessary.

Cash and Net Debt

Cash balances and financial assets at amortised cost at 30 September 2024 reached EGP 1,338 million, up from EGP 1,215 million at the end of 2023.

EGP mn	
Treasury Bills	
Time Deposits	
Current Accounts	
Cash on Hand	
Total	

IDH's net debt⁹ balance came in at EGP 74 million as of the end of 9M 2024, down from EGP 361 million as at the end of 2023.

EGP mn	
Cash and Financial Assets at Amortised Cost ¹⁰	3,338
Lease Liabilities Property*	
Total Financial Liabilities (Short-term and Long-term)	
Interest Bearing Debt ("Medium Term Loans")	
Net Debt Balance	

Note: Interest Bearing Debt includes accrued interest for each period.

*If excluding Lease Liabilities Property (IFRS 16), IDH would have recorded net cash of EGP 991 million.

⁹ The net debt balance is calculated as cash and cash equivalent balances including financial assets at amortised cost, less interest-bearing liabilities.

¹⁰ As outlined in Note 9 of IDH's Consolidated Financial Statements, some term deposits and treasury bills cannot be accessed for over three months. Deposits which cannot be accessed for over three months stood at EGP 42 million at 30 September 2024 (2023: EGP 49 million). Meanwhile, cash and cash equivalents stood at EGP 70 million (2023: EGP 112 million).

Lease liabilities and financial obligations on property recorded EGP 917 million at 30 September 2024, with the translation effect of JOD-denominated liabilities in Jordan following the devaluation of the EGP in early 2024.

Meanwhile, **financial obligations related to equipment** stood at EGP 257 million as at 30 September 2024, up from EGP 235 million at the end of 2023, due to USD-linked contracts with equipment suppliers following the devaluation of the EGP.

Finally, **interest bearing debt**¹¹ (excluding accrued interest) reached EGP 81 million at the end of Q3 2024, down from EGP 100 million at the end of 2023.

Liabilities

Trade Payable¹²

Trade payable as of 30 September 2024 stood at EGP 321 million, up from EGP 272 million at the end of 2023. The Days Payable Outstanding (DPO) came in at 94 days, down from 113 days at 31 December 2023.

- End -

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

QRTEAEFDFDFLFAA