

## **24 November 2015 - NMC Health plc expands its Maternity & Fertility vertical through the acquisition of a majority stake in Fakh IVF**

NMC Health plc (LSE:NMC) ('NMC' or the 'Company'), the leading integrated healthcare provider operating across the United Arab Emirates, is pleased to announce that it has entered into an agreement to acquire a 51% shareholding in Fakh IVF Group ('Fakh IVF') for AED696m (US\$189 m). NMC has also agreed a mechanism by which it could increase its stake in Fakh IVF over time, based on certain conditions being met. Based on unaudited management accounts, Fakh IVF generated an EBITDA of US\$25m for the nine months ended 30 September 2015, an increase of 20% year-on-year (YoY).

Fakh IVF, which comprises of Fakh IVF LLC and Fakh IVF Fertility Center LLC, is the Middle East market leader for in-vitro fertilisation (IVF) services, performing over 4,000 IVF cycles per annum and offering the only full service genetics laboratory in the region. Fakh IVF currently operates centres in both Abu Dhabi and Dubai and is looking to expand its footprint within the UAE as well as in the Gulf Cooperation Council (GCC) region. Fakh IVF is expected to open three additional UAE centres during 2016 in Al Ain city, Western region of Abu Dhabi Emirate and Sharjah. Fakh IVF has also achieved considerable progress in its regional expansion plan with IVF centres expected in both Qatar and Oman before year end 2016.

The transaction is aligned with NMC's Group strategy of establishing the company as a top in-class integrated provider of specialist care across its existing multi-brand and multi-segment healthcare verticals. This acquisition confirms the NMC Maternity & Fertility vertical's global market position, as one of the leading international providers of fertility treatment services based on;

- Scale of its global business and cycle capacity
- Focused strategic initiative towards raising capabilities and access to care in high growth and under-supplied markets
- Segment leading treatment capabilities and success rates
- Diversity and complexity of service offering across the fertility treatment spectrum
- Established presence and referral centres across regulatory geographies to facilitate one-stop approach for patients

NMC Maternity & Fertility vertical now includes:

- Brightpoint Royal Women's Hospital – Most advanced women's and maternity care hospital in the Middle East
- Clinica Eugin – Top global fertility care provider based in Europe
- Fakh IVF (51%) – UAE based Middle Eastern leader with the only full service genetics laboratory in the region

The combination with Fakh IVF is expected to be highly synergistic with significant potential for cross-referral of patients and transfer of best practices and technologies within NMC's Maternity & Fertility vertical. Patients will have access to an integrated continuum of care with complementing capabilities and coordinated seamless service offering including local IVF treatments of the highest international standards at Fakh IVF, international referral to Clinica Eugin and its wider fertility service offering as permitted by its operational and regulatory environment and NMC's hospitals, led by Brightpoint, for antenatal, delivery and postnatal services.

Furthermore, this transaction will increase the company's penetration into the Thiqa insurance segment, which is exclusively comprised of UAE nationals in Abu Dhabi, where fertility treatment is covered.

In addition, fertility treatments are one of the leading drivers of medical tourism in the UAE and the acquisition of Fakh IVF will position NMC as the destination of choice for fertility treatments with a complete service offering delivered by Fakh IVF and Clinica Eugin.

Over 50% of patients treated by Fakh IVF in Dubai are expatriates with over 25% being medical tourists. Approximately 80% of patients treated by Fakh IVF in Abu Dhabi are Emirati nationals covered by Thiqa insurance.

Dr. Michael Fakh, the founder and 100% beneficial owner of Fakh IVF, will remain as a 49% shareholder and Managing Partner in the business, thereby ensuring a smooth transition and limiting any potential integration risk. Dr. Fakh is also a renowned research professional with over a hundred international publications. He has been instrumental in his professional career for over 20,000 births from infertile couples using only IVF.

**Dr. B.R. Shetty, Chief Executive Officer at NMC Health, commented:**

*“Our acquisition of a major shareholding in Fakh IVF is the logical next step towards achieving NMC’s goal of becoming a global leader in maternity and fertility services. We are particularly excited about growing our in vitro fertilisation service offering within the UAE and look forward to further expand its geographic reach.”*

**Information on Fakh IVF**

Fakh IVF Group was founded in Dubai in 2011 by Dr. Michael Fakh, who has been established as a leading IVF physician in the USA and the UAE for over 20 years. The business expanded into Abu Dhabi in 2013 and currently performs over 4,000 IVF cycles per annum in the UAE. Fakh IVF offers a wide range of IVF-related services including intra-cytoplasmic sperm injection (ICSI), intrauterine insemination (IUI), genetic testing, minimal stimulation IVF and male infertility treatments.

The business has one of the highest success rates for IVF services in the country and is the only IVF centre in the Middle East with an in-house Genetics Laboratory performing genetics screening for couples, embryos and also for the advanced personalised medicine. Fakh IVF was also the first to introduce the EmbryoScope in the UAE, a ground-breaking technology in the field of reproductive medicine and was the first centre in the UAE to perform a MicroTESE, a procedure that allows for sperm to be found even if sperm retrievals done earlier did not produce viable sperm for IVF.

Fakh IVF generated a net profit of US\$16.6m and had gross assets of US\$17.6m and net assets of US\$13.7m in the financial year ended 31 March 2014.

Fakh IVF is expected to have a net cash position on its balance sheet at the time of closing.

Website: [fakhivf.com](http://fakhivf.com)

**Financing and Financial Impact on NMC**

The transaction will be financed using existing cash and credit facilities. NMC expects to retain, post transaction, a net debt to EBITDA level allowing the company financial flexibility for future growth initiatives.

Excluding synergies, the transaction is expected to be significantly accretive to NMC's EPS in 2016 with an attractive ROIC in excess of NMC's cost of capital.

**Additional Information on the Transaction**

The transaction is subject to customary terms and conditions. NMC expects the transaction to complete by the end of Q1 2016.

Evercore and FGB are acting as Financial Advisors to NMC. In addition, NMC is being advised by Allen & Overy, Clyde & Co. and PwC.



## **Investor and analyst call**

A conference call for investors and analysts will be held today at 14.00 London time.

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## **About NMC Health**

NMC Health plc group is the leading private sector healthcare operator in the United Arab Emirates, with a nation-wide network of hospitals and operations in the country since 1975. The Group currently operates or manages eight hospitals, two day-care patient centres, nine medical centres and fifteen pharmacies. In addition, the Group owns and operates Clinica Eugin in Barcelona, Spain - one of the leading fertility treatment centres globally. NMC also owns and operates Americare Group, the leading home care provider in the UAE as well as ProVita, the pioneering provider of long-term medical care, also in the UAE. The enlarged company received almost 2.8m patients in 2014. The group is also a leading UAE supplier of products and consumables across several key market segments, with the major contribution coming from healthcare related products. NMC Health plc group reported revenues of US\$ 644m in 2014.

In April 2012 NMC Health plc was listed on the Premium Segment of the London Stock Exchange. NMC Health plc is a constituent of the FTSE 250 Index.

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## **Forward Looking Statements**

Certain information contained in this document constitutes "forward-looking statements," which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. Such statements express the intentions, opinions, or current expectations of NMC with respect to possible future events and are based on current plans, estimates and forecasts which NMC has made to the best of its knowledge, but which do not claim to be correct in the future. Due to various risks and uncertainties, actual events or results or actual performance of NMC may differ materially from those reflected or contemplated in such forward-looking statements. No assurances can be given that the forward-looking statements in this announcement will be realised. As a result, recipients should not rely on such forward-looking statements. Subject to compliance with applicable law and regulations, NMC undertakes no obligation to update these forward-looking statements. No representation or warranty is made as to the reasonableness of such forward-looking statements. No statement in this document is intended to be nor may be construed as a profit forecast.

## **EVERCORE**

Evercore Partners International LLP ("Evercore"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser exclusively for NMC and no one else in connection with the Transaction referred to in this announcement and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than NMC for providing the protections afforded to clients of Evercore, nor for providing advice in relation to the matters referred to in this announcement.

## **FGB**

First Gulf Bank ("FGB") is acting as financial advisor exclusively for NMC. Established in 1979 and headquartered in Abu Dhabi, UAE, FGB offers a full range of financial services to business and consumer sectors throughout an extensive network of branches across the UAE. Internationally, FGB has branches in Singapore and Qatar, representative offices in India, Hong Kong, Seoul and London and a subsidiary in Libya. As



a major leading Bank in the UAE, FGB had Shareholder Equity of AED 34.3 Billion as of September 30th , 2015 making it one of the largest equity based Banks in the UAE. FGB is recognized as a world-class organisation committed to maximising value for shareholders, customers and employees as it focuses on delivering banking products and services that meet client needs and support the UAE's dynamic economy. FGB was also ranked as the 8th most powerful company in the Arab World and 4th leading bank in Forbes' 'Top 500 companies in the Arab World' list.