



**20 August 2018**

**NMC Health plc**  
(the "Company" or "NMC")

## **Continuous execution of 2017 enhanced strategy**

***Further geographic expansion of the IVF platform: Extending foothold in Europe and entry into the African market***

***First O&M contract signed in sub-Saharan Africa***

***UK acquisition reinforces capability enhancement program***

NMC Health plc (LSE: NMC), the leading private healthcare operator in the Gulf Cooperation Council (GCC) with international services across 17 countries, announces significant progress the Company has made during 2018 against the updated strategy announced in December 2017.

## **Development of Centers of Excellence as potential verticals**

With the verticals-based structure serving NMC well across its rapid growth, the Company continues to evaluate potential new additions to the framework. As highlighted previously, the recently acquired cosmetics business represents a strong candidate in this regard. Additionally, NMC's Pediatric Centre of Excellence is rapidly emerging as a potential new, organically grown vertical. The Company has significantly enhanced the quality and complexity of pediatric care in the UAE following its collaboration with Cincinnati Children's Hospital, one of the top two children-focused hospitals in the US. Under the terms of the agreement, key child specialists from the American hospital visit NMC Royal hospital on a periodic basis, bringing previously unavailable medical services in the country. Given the shortage of pediatric healthcare services in the GCC in general and the UAE in particular, this segment represents strong potential for growth, and hence an upgrade to a vertical status.

While the abovementioned offer the nearest term potential to form new verticals, management continues to see promise across a number of other Centers of Excellence that could eventually become independent verticals as well. The most prominent among these include Orthopedics, Cardiology, Oncology and Ophthalmology.

## **Expanding healthcare business target market from GCC to wider Emerging Markets**

NMC's Operations & Management (O&M) vertical continues to serve as a risk-controlled means of gaining exposure to new markets outside the GCC and evaluating opportunities for capital deployment. Following the Egyptian O&M contracts announced in January 2018, NMC has now extended its reach to sub-Saharan Africa through signing of O&M contracts with private parties in Kenya. Signed on 1 July 2018, the contracts cover two hospitals in Nairobi and will generate revenues of US\$2m per annum. Additionally, the Kenyan government has requested NMC to advise on affordable healthcare technology for school going students.

In addition to high margin revenues, the O&M contracts are expected to provide considerable cross referral opportunities to NMC's UAE-based facilities. Kenya, as well as the wider sub-Saharan Africa, remains an important source of medical tourism to the UAE due to its geographic proximity and conducive visa regulations.

## **Extending the IVF global footprint**

Highlighted during the 2017 strategy update as a truly global opportunity, NMC's IVF business continues to extend its international reach, with three new markets added recently including Sweden, Latvia and Kenya. The Company has acquired leading IVF clinics in Sweden and Latvia, broadening its foothold in the attractive European market for a combined consideration of c. US \$25m. In addition to being value accretive acquisitions (both transactions completed at multiples below 8x 2018E EV/EBITDA), these top-rated clinics add substantial

research expertise in the Fertility segment. They also bring highly experienced doctors to NMC's team, including world renowned gynecologist, Dr. Mats Brännström, who made history by successfully conducting the world's first uterus transplant.

Moreover, adding a fourth continent in the form of Africa, NMC's Fertility business has entered the Kenyan market through a Greenfield expansion in Nairobi. Fully integrated with our European brand, Clinica Eugin, the clinic will be the only global platform in Africa. Infertility represents a major reproductive health problem across Africa in general and in sub-Saharan Africa in particular. Given its solid expertise in Europe, in-house resources, operational expertise and research capabilities, NMC is ideally positioned to invest in this developing market. With the Kenyan facility expected to attract patients from adjoining East African markets of Tanzania, Uganda and Rwanda, NMC views its state-of-the-art clinic as a launchpad for the attractive African market.

### **Acquisition of UK-based Aspen Healthcare: Establishing Centers of Excellence in GCC with capability enhancement program**

NMC has acquired 100% of the equity of Aspen Healthcare ("Aspen") from Tenet Healthcare for an Enterprise Value of GBP 10m. Aspen operates a network of nine facilities across the UK including four hospitals, three of which are based in Greater London (Parkside Hospital, The Holly Private Hospital and Highgate Hospital).

Aspen facilities provide quality services, with NHS accounting for less than 30% of revenues. While offering a large range of specialties, Aspen is particularly recognized in Orthopedics and Oncology, which represent 50% of the company's revenues. Both segments remain highly underserved in the UAE, thus offering the dual benefit of knowledge transfer as well as potential for patient referral to NMC's own international facilities when the required medical treatment is unavailable in the country.

The acquisition also provides NMC a very cost-effective means of introducing its fertility services to the UK. Situated in prime locations, the facilities have the required civil structures in place for rapid deployment of our world-renowned IVF services.

NMC's management sees significant opportunity for driving margin and earnings growth at the newly acquired facilities. However, while capital expenditure is planned for the Aspen facilities, NMC does not currently intend to invest in other non-fertility based healthcare facilities in the UK.

NMC intends to finance the transaction using existing cash resources. For the year ended 31 December 2017, Aspen reported EBITDA of £5m (US\$7m) and had gross assets of £173m (US\$221m). The transaction is expected to be neutral to NMC's EPS in 2018.

### **Adapting to rapid technological developments in the healthcare sector**

NMC is ardently keeping an eye on global digital health trends, such as mobile health, artificial intelligence enabled healthcare platforms, genomics and robotics. These developments are expected to have a dramatic impact on healthcare delivery in the coming years. NMC is exploring novel ways to collaborate with industry leaders in these technological fields to pioneer a futuristic healthcare value chain to improve accessibility, enhancing clinical outcomes and reducing costs.

#### **Mr Prasanth Manghat, Chief Executive Officer, commented:**

"In December 2017, we set out our new strategy to drive future growth by focusing on leveraging our healthcare services expertise to increase capacity, growing our capabilities and expanding across multiple geographies. Our flexible model allows us to consider opportunities to manage as well as own healthcare facilities. We continue to expand into new geographies, with our footprint now spread across 17 countries. Despite the passage of a relatively short time period since outlining the enhanced strategy, we have made substantial progress across all facets. We continue to strengthen NMC's reputation as a provider of world class services for our patients and are cementing our position as a leading global healthcare operator."

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**About NMC Health**

NMC the leading private healthcare operator in the GCC with an international network of hospitals across 17 countries. NMC also ranks as one of the top 3 in-vitro fertilisation (“**IVF**”) operators globally. The Group is also a leading provider of long-term medical care in the UAE through its subsidiary ProVita. Pursuing an aggressive international expansion program from 2016, the company now has over 34% of its licensed bed capacity in the Kingdom of Saudi Arabia (KSA), where the company has introduced long-term and multi-specialty care services. Moreover, the recent formation of a joint venture with GOSI/Hassana Investment Company is set to substantially boost the Group’s bed capacity in KSA, with the JV expected to be the second largest healthcare operator in the Kingdom in terms of number of beds. NMC received over 5.7m patients in 2017. 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. The Group reported revenues of US\$1.6 billion for the year ended 31 December 2017.

In April 2012 NMC was listed on the Premium Segment of the London Stock Exchange. NMC is a constituent of the FTSE 100 Index.