

### **NOVOLOG GROUP PRESENTATION**

January 2020

Health Care

**Innovation** 

Growth

### Forward-looking statement

- The information included in this presentation is a summary only and does not exhaust all of the information on the Company and its
  business, nor is it a substitute for inspection of the Periodic Report for 2019, the reports for Q3/2019, the Company's current reports and the
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  All numbers and figures are approximate.



### **Business Card**





Founded in 1966



The Company was listed on the **Tel-Aviv Stock Exchange in 2017** 



**Approximately 650 employees** 



Strong and stable balance sheet & financial position, with no bank debt



One of the leading companies in Israel in the logistics of pharmaceuticals, home-care services and digital healthcare



Dividend policy – 70% of the net profit



A hub of innovative Israeli technology-based services for end-customers



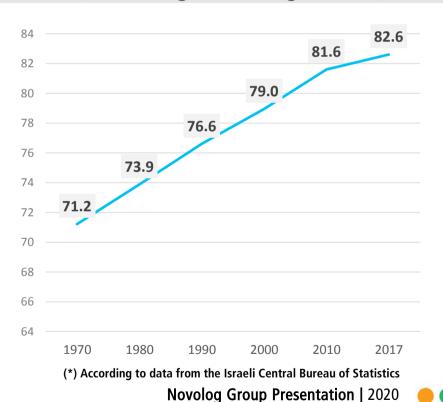
Main Shareholders: Udi Puzis, Mori Arkin, Eli **Dahan and Institutional Investors** 



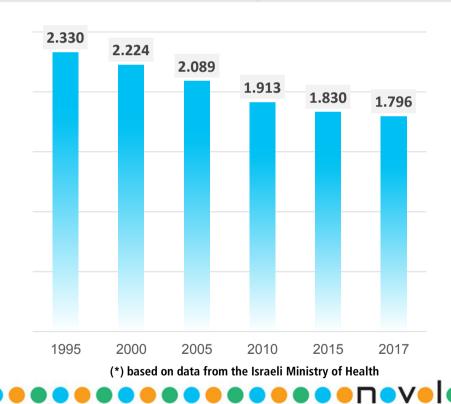


### Trends in Israel

Uptrend in life expectancy at birth in Israel\* (2016, the global average was 72)



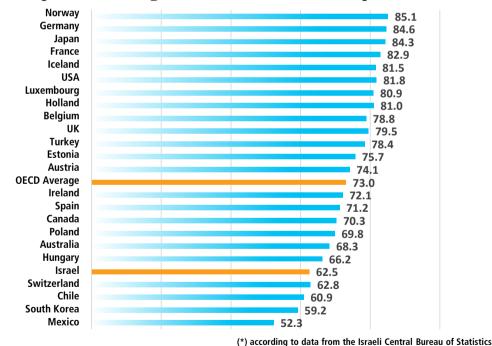
Downtrend in hospital beds per 1000 people\* (OECD average is 3.7)



### Trends in Israel

In Israel, national-public investments in healthcare are steadily dropping and are among the lowest in the OECD, while, at the same time, homecare treatments are steadily rising

#### Ratio of public funding to total current health expenditure in 2017\*



Steady rise in the percentage of the chronical patients (over 40% of the population) and an increase in the number of early-onset chronic patients



# General Trends in the Global Healthcare Industry

Amazon is on the brink of deciding if it will make a big move into selling drugs online

CNBC.COM, 6 Oct 2017

### Why hospitals are an old-fashioned idea

Current healthcare systems – which are based on brick and mortar, in-person, hospital-centric models – are ripe for disruption in order to alleviate these pressures and to serve future populations.

www.futurehealthindex.com, 22 May 2017

Alphabet Has Filed 186 Healthcare Patents. Watch Out, World

Forbes, 13 March 2018

#### Amazon acquires an online pharmaceuticals service for **USD 1 billion**

Amazon acquired PillPack, an online pharmaceuticals and prescription monitoring service operating in 50 states in the US. As soon as the deal was disclosed, shares of American pharma chains, such as Walgreens and CVS, dropped by about 8.5%.

Calcalist, June 28th 2018

A blow to healthcare companies: Amazon, Berkshire and JP Morgan are founding a new company

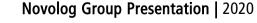
The companies announced their plan to establish an independent company that will provide healthcare services to their employees and their families in the United States. In response, US healthcare companies' shares dropped sharply.

"Hospitals of the future will only handle complicated procedures. I wouldn't invest in their shares today."

Globes, April 9, 2018

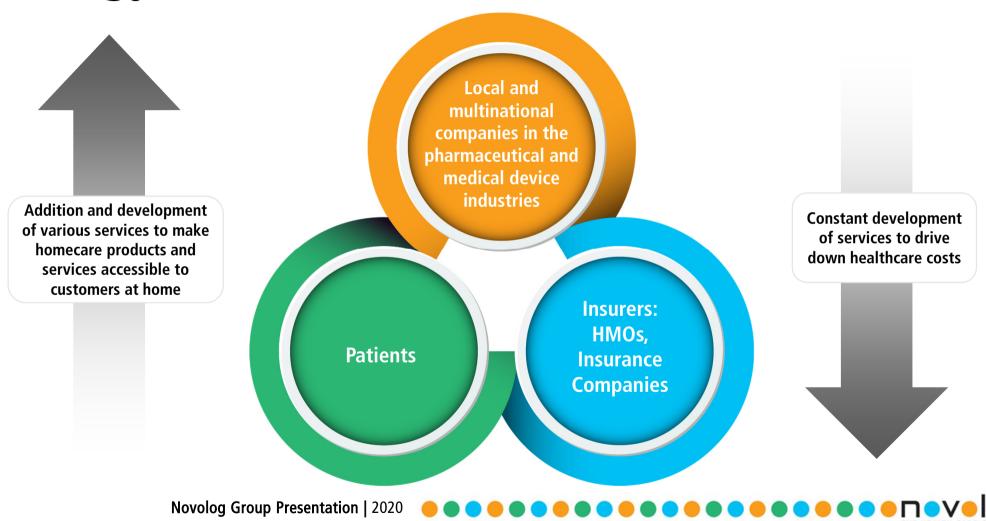
The Apple Watch — **Tipping Point Time for** Healthcare

thinkgrowth.org, 3 Oct 2018





### **Strategy**



# The Company's vision

To continue
establishing and
developing the
Company's leading
position in the
Israeli home care
industry

To expand the Group's basket of services to multinational pharmaceutical companies, insurers and patients

To identify
breakthrough
technologies in Israel
that help drive down
healthcare costs and
make advanced
services accessible to
customers in their
homes – the
Last Mile

To construct a model based on the experience amassed in Israel and to implement it abroad



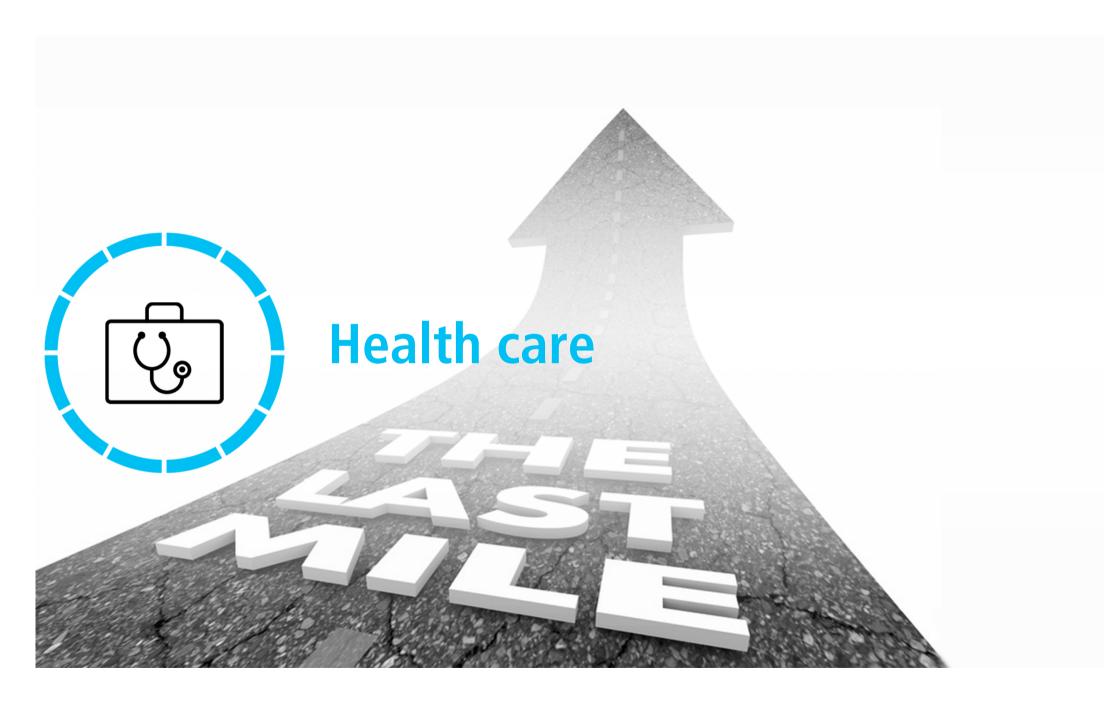
## Three operating segments



Synergies and comprehensive services along the entire healthcare chain

\*not accounting segments







# MediQuip



### Support echo system for patients requiring home care

- Home hospitalization
- Equipment supply
- Instructions
- > Supply of consumable equipment
- Medical staff available for home care needs 24/7

### Supply of medical devices to healthcare institutions and to patients at their homes

Representing global leaders in the fields of:

- Respiration
- Sleep disorders
- Dialysis

Home hospitalization (home care) and treating patients with complex illnesses in their homes while reducing insurers' healthcare costs



Ventilation at home



Home hemodialysis



Pulmonary rehabilitation



Orthopedic rehabilitation



Home hospice







### **Target Care**



Service and process-management company in the health sector specializing in managing service- and knowledge-systems and complex processes for leading corporations in the Israeli economy in general and in the insurance sector in particular



Target Care develops systems for procuring medical equipment and provides medical services and claim-clearing services for insurance companies and HMOs



Operation of customer-service departments and complex knowledge management



Development and management of medical service deeds for insurance companies



Provision of outsourced claimclearing services for insurance companies



Management of the control system for HMO dental clinics included in the arrangement



### Medicare

development, implementation and management of chronic patient support programs in various diseases, together with supplying unique prescription drugs to patients at home and to clients of insurance companies



Experienced team of nurses, doctors and dieticians specializing in increasing adherence to drug regimen



Providing service to end-customers directly to their homes through personal medical courier



12 years of experience working with 12 international pharma companies in over 50 programs of chronic patient support in a wide range of fields of care







### **Infomed**



#### InfoMed – The Leading Medical Portal In Israel



Digital advanced-medicine platform offering medical information to the general public and digital solutions for doctors



Website with more than one million users per month, providing up-to-date information in all fields of medicine, and a wide database of more than 23,000 physicians



InfoMed's editorial staff creates professional content for pharmaceuticals, HMOs and Insurance companies



The Payers: Thousands of doctors





### Odoro



#### Self-service appointments scheduling for the medical sector



Allowing healthcare providers to set up a self-service multi-channel appointment service, CRM based and integrated with HMOs and EMR companies.



Rule Based Scheduling, combining practice and patient data



Multi scheduling channels, including web and mobile, IVR, call center service and messaging.



HMO and EMR companies integration



Superior product and service



8 Million appointments scheduled in the last 12 months









# **Novolog - Distribution**





Market leader and strategic partner of most of the multinational and local pharmaceutical companies and of medical device companies operating in Israel



97% of the distribution is carried out by the Company's employees with a minor use of subcontractors



Market leader in pharmaceutical logistics, which estimated at a volume of approximately NIS 9 billion in Israel



No collection, inventory or foreign exchange rate risks



Modern, automated and monitored logistics center



Functions as the anchor and base linking with all other companies in the Group







# Novolog – long-term relations as the logistics arm of global pharma multinational companies





# **Trialog Clinical Trials**



The strategic partner of pharmaceutical and CRO companies operating in the clinical trial market in Israel



**Comprehensive logistics** services for clinical trials in Israel



Market share of about 70%



Pharmaceutical sales services for clinical trials and over capsulation



Vast knowledge and experience in local regulations and in handling logistic issues



One of the Company's profit anchors







### **Dor Pharmaceutical Services**



**Expands the Company's service offerings to multinational companies** 



Conversion and translation



**QP Services** 



**Vigilance** 



Print brochures and labels



Regulation



**Clinical research** 



## Mediplast



Israel's main supplier of sterilization services for medical products using ethylene oxide gas



Mediplast provides advanced sterilization services to manufacturers of disposable medical equipment, a service constituting the last stage in the manufacturing process before distribution to end-customers (medical institutions throughout the world)



Meticulous quality assurance system that meets the stringent standards of regulatory authorities throughout the world



Automated and controlled sterilization process using the most advanced computerized system in the world



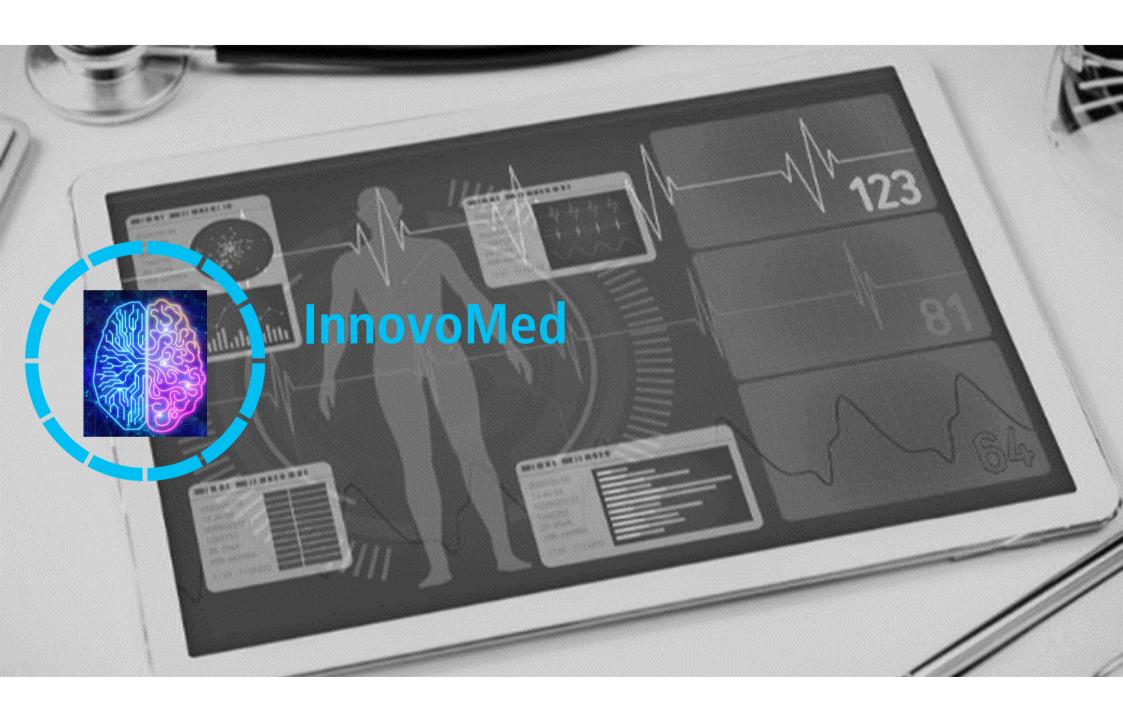
**Essential service for a variety of sectors** 

- Medical equipment and device companies
- Biotech companies
- Startups in the field of medical devices



Investing in supporting operations, such as logistic services, microbiology labs and re-use in hospitals







### InnovoMed



An open innovation hub dedicated to connecting leading multinational corporations (MNCs) with Israeli pharma & health startups and technologies managed by Accelmed Venture's management group, headed by Dr. Irit Yaniv



Providing access to thousands of Israeli startups, venture-capital funds, innovation hubs and research centers across the Israeli health-tech ecosystem. Sector expertise includes medical devices, pharma, digital health and medical cannabis.



Instant access to quality Israeli pharma and health startups as potential partners.



Focusing on relevant, actionable leads and bridging cultural barriers, improving conversion rates for innovation partners.



Robust scouting across the Israeli techhealth ecosystem using direct sourcing, market presence and data analysis.

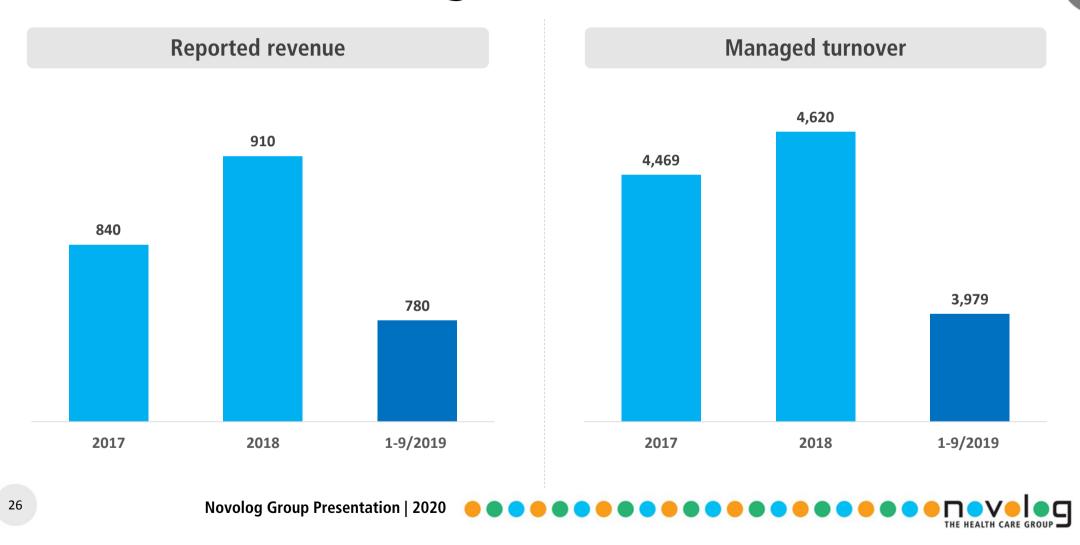


Supporting corporations in building successful partnerships by mapping their needs and screening the market to find the best solution and technology.



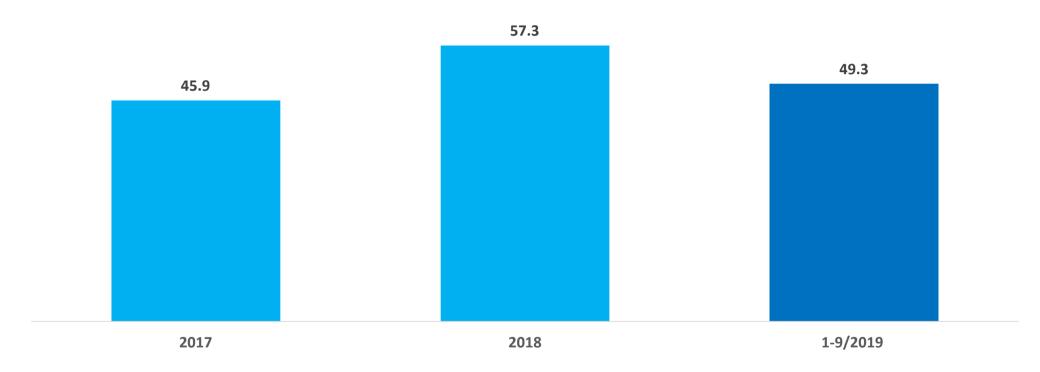


# Consistent revenue growth (in NIS millions)



# **Growth in adjusted EBITDA\* (NIS millions)**

\*before standards IFRS 16



<sup>\*</sup>After neutralizing expenses and income unrelated to the Company's ongoing operation; neutralized expenses, such as IPO expenses, revaluation of options to purchase minority interests and other expenses

## **Condensed financial data (in NIS millions)**

### In the pharmaceutical distribution segment – only minor credit exposures

- The Company transfers payment only upon receiving payment from the customer, or offsets uncollected debts from payments to pharmaceutical companies
- The Company settles foreign exchange rates with the pharmaceutical companies

#### The company has no commercial inventory exposure

- Novolog is entitled to return unsold inventory (expired/lack of demand) to pharmaceutical companies
- Price changes on inventory are backed by the pharmaceutical companies

	<b>30.9.2019</b> Inc. IFRS16	31.12.2018
Cash	278.8	108.0
<b>Current assets</b>	1,748.8	1,423.9
Noncurrent assets	455.7	206.5
Total assets	2,483.3	1,738.4
Current liabilities	2,014.5	1,596.3
Noncurrent liabilities	200.7	35.7
Total liabilities	2,215.2	1,631.9
Equity	268.1	106.5
Total liabilities and equity	2,483.3	1,738.4



### **100** plan

As part of the long-term growth plan, the company's management estimates that EBITDA from current operations in Israel is expected to reach NIS 100 million next year (2021)\*

\*before standards IFRS 16

#### FINANCIAL EXECUTIVE SUMMARY



STRONG FINANCIAL PERFORMANCE

The company has a consistent track record of delivering strong financial performance



**DIVERSIFICATION** 

Future growth will be fueled by three operating segments



DISIPLINED APPROACH

The company maintaining a disciplined approach to investment.

During last year, the company strengthened its capital



CAPITAL ALLOCATION PRIORITIES

Reinvesting back into the existing business and returning cash to shareholders



# CAPITAL ALLOCATION STRATEGY TO GROW AND DELIVER STRONG SHAREHOLDER RETURNS



Reinvest for Growth

Invest in organic opportunities & initiatives



Acquisitions

Acquisitions that support our current strategies

Return Capital to Shareholders- Target cash dividends equal to 70% of net profit





# **Thank You!**

Health Care

**Innovation** 

Growth