



# NOVOLOG GROUP PRESENTATION

March 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 presentations released thereby, as reported to the ISA via the Magna distribution site. The presentation does not constitute an offering or an invitation to purchase securities of the Company, and the provisions thereof do not constitute a recommendation or opinion or substitute for the discretion of the investor.
- This presentation includes forecasts, estimates, assessments and other information pertaining to future events and/or matters, whose materialization is uncertain and is beyond the Company's control, and which constitute forward-looking information, as defined in the Securities Law, 5728-1968. Such information may not materialize, in whole or in part, or may materialize in a manner significantly different to that forecast. Such information includes, inter alia, revenue, profit and EBITDA forecasts.
- Forward-looking information is based solely on the Company's subjective assessment, based on facts and data regarding the current condition of the Company's business and macroeconomic facts and figures, all as known to the Company at the time of preparation of this presentation. The materialization or non-materialization of the forward-looking information will be affected, inter alia, by risk factors characteristic of the Company's activity, as well as by developments in the general environment, in market conditions and in external factors affecting the Company's activity, including termination of contracts, changes in the competition, a significant recession, a change in the financing conditions, and other such events which cannot be estimated in advance and which are beyond the Company's control. The Company does not undertake to update and/or change any such forecast and/or assessment to reflect events and/or circumstances postdating this presentation.
- Such information is presented below for the sake of convenience only, but is not a substitute for the information provided by the Company in its financial statements or in connection therewith, and therefore should not be relied on solely in itself. The information included in this presentation is similar to the information included in the reports and/or immediate reports of the Company and does not include new material information. However, some of the data included in the presentation are presented in a different manner and/or breakdown and/or are differently edited. In any event of inconsistency between the reports and immediate reports of the Company released to the public and the information contained in this presentation, the information released to the public as aforesaid shall prevail.  
All numbers and figures are approximate.

# Business Card



Founded in 1966



Approximately 660 employees



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



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



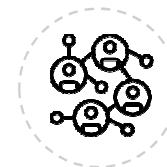
One of the leading companies in Israel in the logistics of pharmaceuticals, home-care services and digital healthcare



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

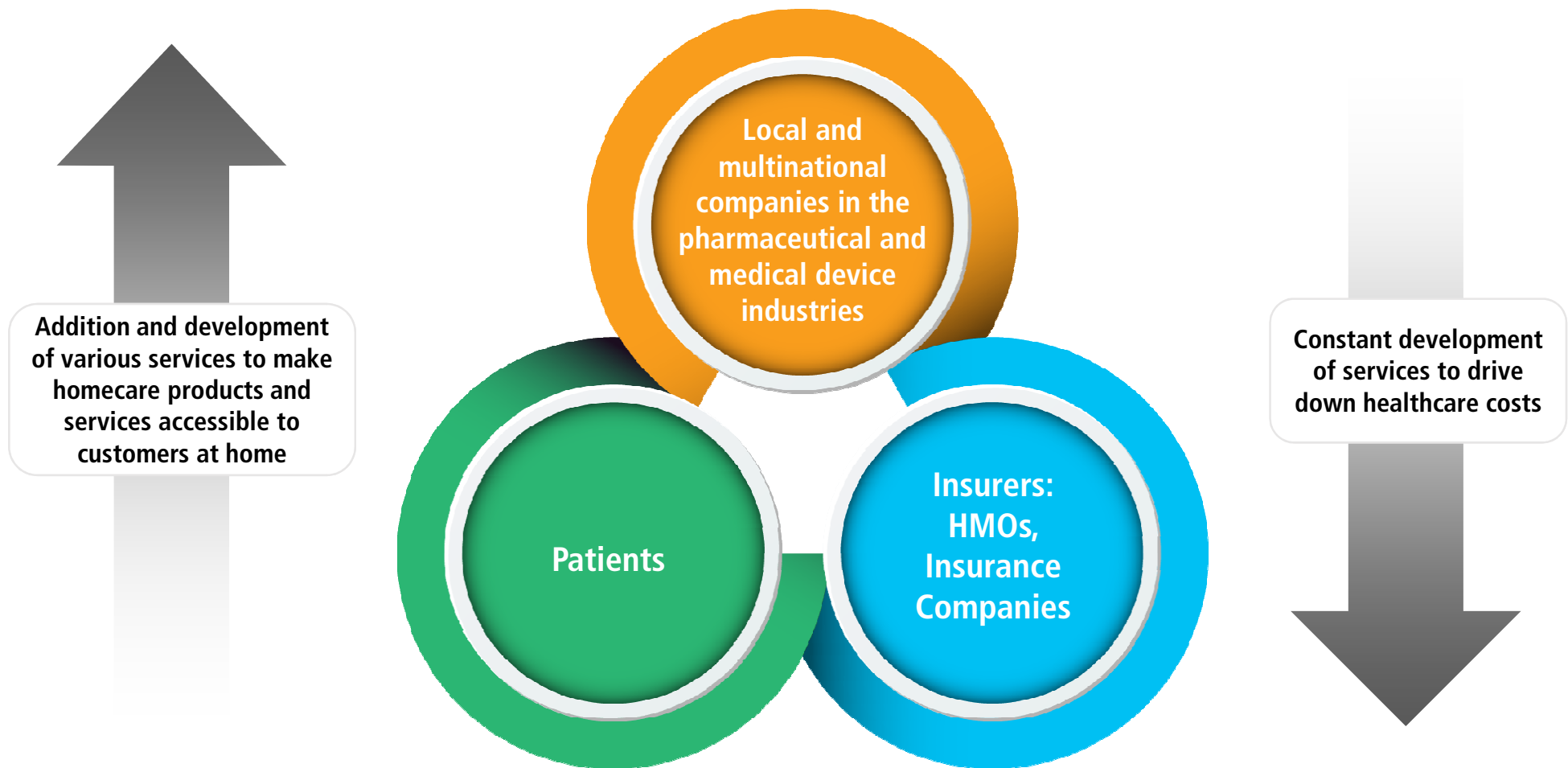
# Three operating segments



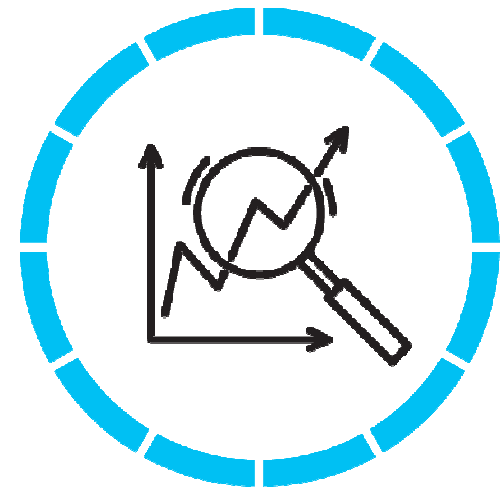
Synergies and comprehensive services along the entire healthcare chain

\*not accounting segments

# Strategy



# RESULTS OVERVIEW Q4 2019



# Corona Virus Impact

**Novolog and key Group companies are defined as a "vital enterprise". The companies are prepared for emergency situations and the provision of continuous service to customers.**

The company monitors and examines the impact of the outbreak of the Corona virus (COVID-19) on its activities. The Company estimates Corona virus pandemic may have varied effects for the Group's business operations. The outbreak of the corona virus may lead to an increase in demand for the distribution of medicines and medical equipment as well as an increase in the demand for home-based medical services within the area of home care activity, as well as acceleration in the implementation of telemedicine.

The effects of the Corona virus, if continue for a long duration may has a negative impact on the economic situation in the world in general and in Israel in particular, which could have an impact on the group's activities, which will be reflected, among other things, in the decline in employee availability due to being in isolation in accordance with the Ministry of Health's regulations and / or other regulatory requirements in Israel.

# Q4 2019 Highlights

\*before standards IFRS 16

- **Total Revenues** increased by **2%** YoY to NIS **225.1** Million
- **Operating profit** increased by **10.5%** YoY to NIS **9.2** Million
- **Adjusted EBITDA** increased by **14.2%** YoY to a top record of NIS **16.3** Million
- **Launching** the health tech innovation center – Innovomed
- **Divisional transformations:** Health Care, Logistics and Digital Health



# Q4 2019 Results

\*before standards IFRS 16

(NIS million)

	Q4 2019	Q4 2018	%
Revenues	225.1	220.6	2%
Gross Profit	25.2	22.1	13.9%
Operating Profit	9.2	8.3	10.5%
Adjusted Operating Profit*	11.6	9.6	20.8%
Net Profit	5.5	4.8	16.5%
Adjusted EBITDA	16.3	14.2	14.2%

Gross Profit + **14%**

Operating Profit + **10%**

Adjusted EBITDA + **14%**

\* Adjusted operating profit is operating profit excluding expenses that are not related to the operations of the company business

# Non-Operational expenses Q4 2019

(NIS million)

	Q4 2019	Q4 2018	change
<b>Revise financial liabilities to non-controlling interests (financing expenses)</b>	1.7	1.1	0.6
<b>amortization of surplus on investment</b>	1.9	0.7	1.2
<b>stock based compensation expense</b>	0.5	0.6	(0.1)
<b>Total expenses which are not related to the operational business</b>	4.1	2.4	1.7
<b>IFRS 16 Impact</b>	1.0	-	1.0
<b>Total expenses</b>	5.1	2.4	2.7

# YTD 2019 Results

\*before standards IFRS 16

(NIS million)

	2019	2018	%
<b>Revenues</b>	1004.1	910.0	10.3%
<b>Gross Profit</b>	97.4	85.1	14.5%
<b>Operating Profit</b>	31.7	36.3	(12.5%)
<b>Adjusted Operating Profit*</b>	47.4	40.1	18.2%
<b>Net Profit</b>	14.2	22.5	(37.0%)
<b>Adjusted EBITDA</b>	65.6	57.3	14.4%

Revenues **+ 10%**

Adj Operating Profit\* **+ 18%**

Adj EBITDA **+ 14%**

\* Adjusted operating profit is operating profit excluding expenses that are not related to the operations of the company business

# Non-Operational expenses YDT **2019**

	2019	2018	change
Revise financial liabilities to non-controlling interests (Other expenses)	6.9	(1.2)	8.1
Revise financial liabilities to non-controlling interests (financing expenses)	6.7	4	2.7
amortization of surplus on investment	6.8	2.9	3.8
stock based compensation expense	2.0	1.5	0.5
<b>Total expenses which are not related to the operational business</b>	<b>22.4</b>	<b>7.2</b>	<b>15.2</b>
IFRS 16 Impact	4.1	-	4.1
<b>Total expenses</b>	<b>26.5</b>	<b>7.2</b>	<b>19.3</b>

# Balance Sheet **2019**

(NIS million)

	<b>31.12.2019</b> standards IFRS 16	<b>31.12.2018</b>
<b>Cash</b>	<b>185</b>	<b>108</b>
<b>Current assets</b>	<b>1,675</b>	<b>1,532</b>
<b>Noncurrent assets</b>	<b>475</b>	<b>207</b>
<b>Current liabilities</b>	<b>1713</b>	<b>1,596</b>
<b>Noncurrent liabilities</b>	<b>173</b>	<b>36</b>
<b>Equity</b>	<b>264</b>	<b>106</b>
<b>Total liabilities and equity</b>	<b>2150</b>	<b>1,738</b>

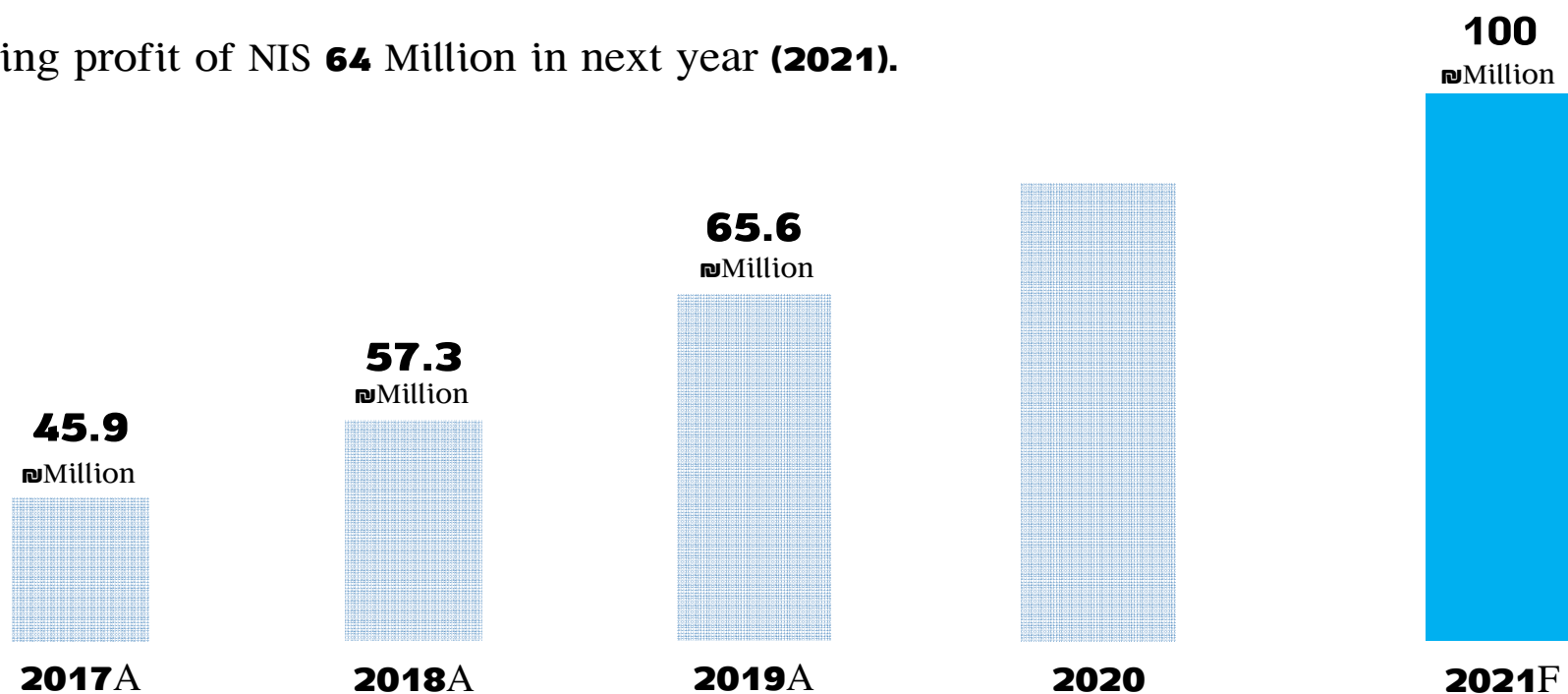
Cash on hand **185 M-NIS**

Equity **264 M-NIS**

Debt **0.6 M-NIS**

# 100 plan (before standards IFRS 16)

As part of the long-term growth plan, the company's management estimates that the Adj EBITDA from current operations in Israel is expected to reach NIS **100** Million, and operating profit of NIS **64** Million in next year (**2021**).



# Future Growth

- Expanding Home-Care Products
- Continued growth in Digital Health and Telemedicine activities
- Growing activity with health insurance companies and HMO'S
- Medical Cannabis activity
- Acquisitions in Israel that support the Group's growth strategy
- Acquisition of international activity in accordance with the Group's strategy

# 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



## DISCIPLINED 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



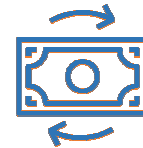
## Reinvest for Growth

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