



**METROPOLIS HEALTHCARE LIMITED  
&  
Core Diagnostics Acquisition Presentation**

**December 09, 2024**

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# Transaction Overview

## *Core Diagnostics Overview*

- Founded in 2012, Core is the leading Oncology (Cancer) testing lab player in India with 1,300+ test menu
- Dominant player in super-specialty Oncology & Companion diagnostics
- Diversified Mix: B2C: 51% and B2B: 49%

## *Transaction Details*

- Metropolis to Acquire 100% stake in Core Diagnostics
- Equity Value at INR 246.8 crs. (2.2x of FY24 Revenue)

## *Transaction Funding*

- 45% to be funded by Equity Swap & 55% to be funded by Cash consideration

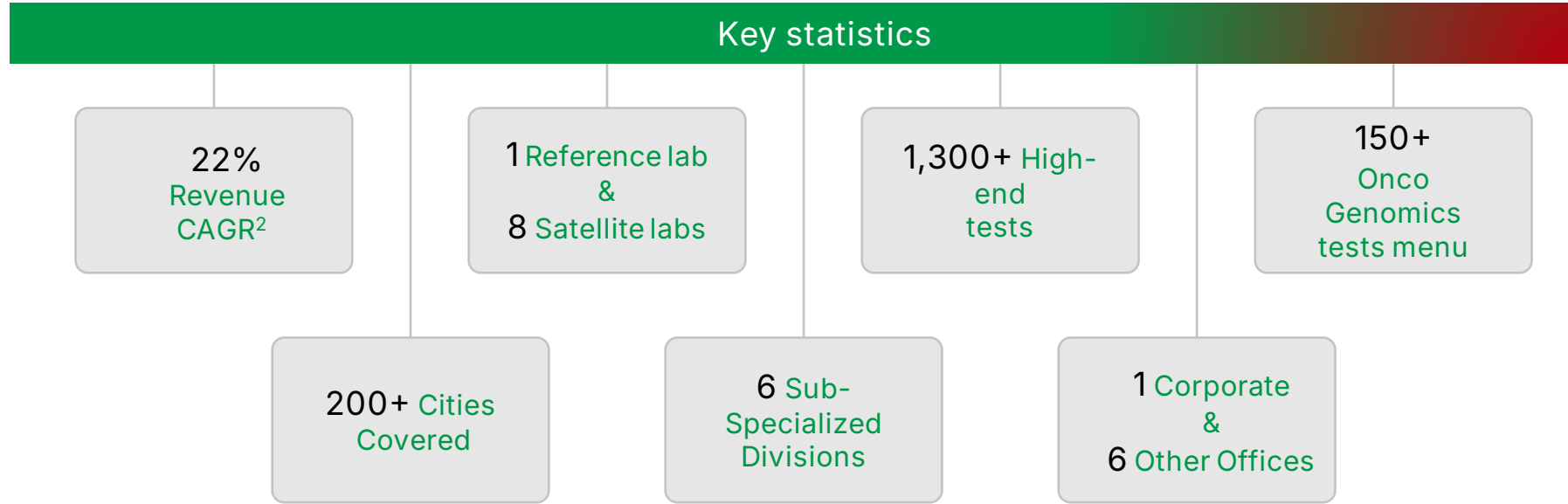
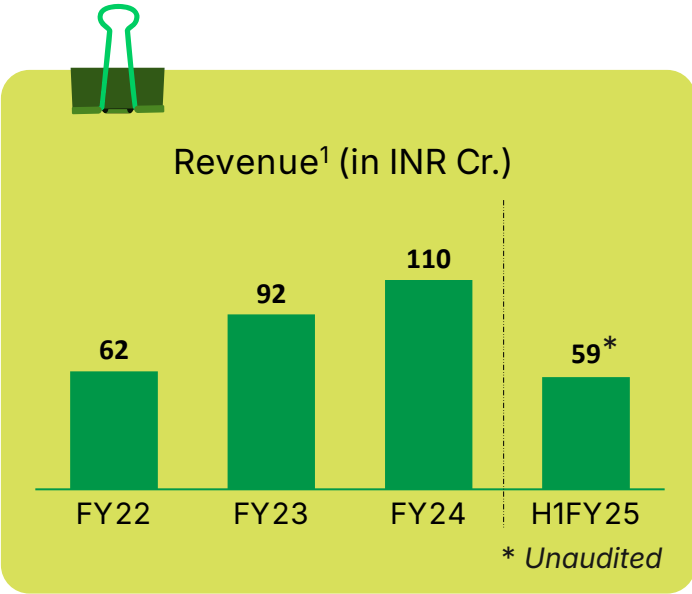
## *Impact on Financials*

- EPS Accretive from the first year (FY26)
- While the RoCEs & RoEs compress marginally in FY26, these ratios track MHL in FY27 and turn accretive FY28 onwards

## *Transaction Timelines*

- Definite Agreement is signed; transaction expected to be closed within 60 days

# About Core Diagnostics (1/2)



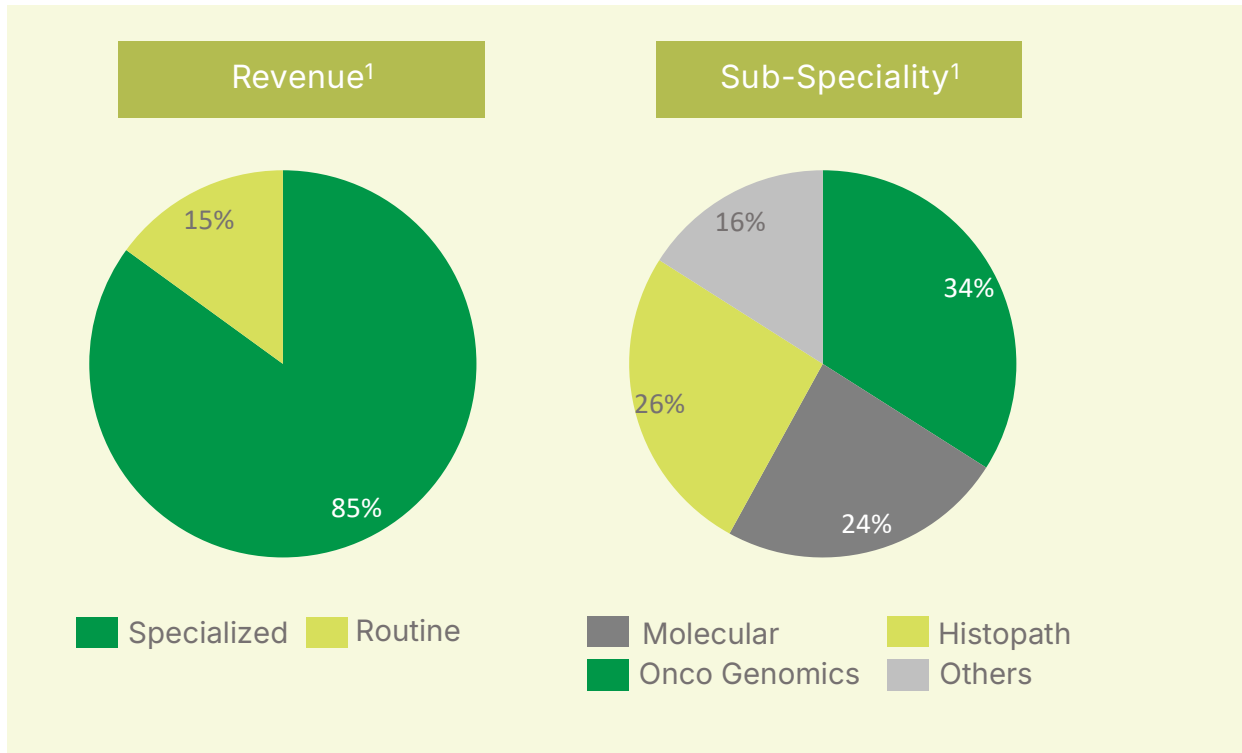
- High-end oncology lab based in Gurugram
- Accredited by NABL & CAP<sup>3</sup>
- 1,200+ hospitals & clinics-based clients and 30+ Pharma Support Programs

- 100+ technical sales executives and genetic counsellors covering 1,600+ oncology prescribers
- Operates through franchisee network across 10+ countries in Asia, Africa, and the Middle East
- Majority of the revenue contribution from North & East India enabling Metropolis to expand its reach in the non-core geographies

3 1) Excludes Covid revenue  
 2) CAGR is for the period FY22-24 where-in revenues are adjusted for Covid and non-recurring business  
 3) NABL: National Accreditation Board for Testing and Calibration Laboratories; CAP: College of American Pathologists

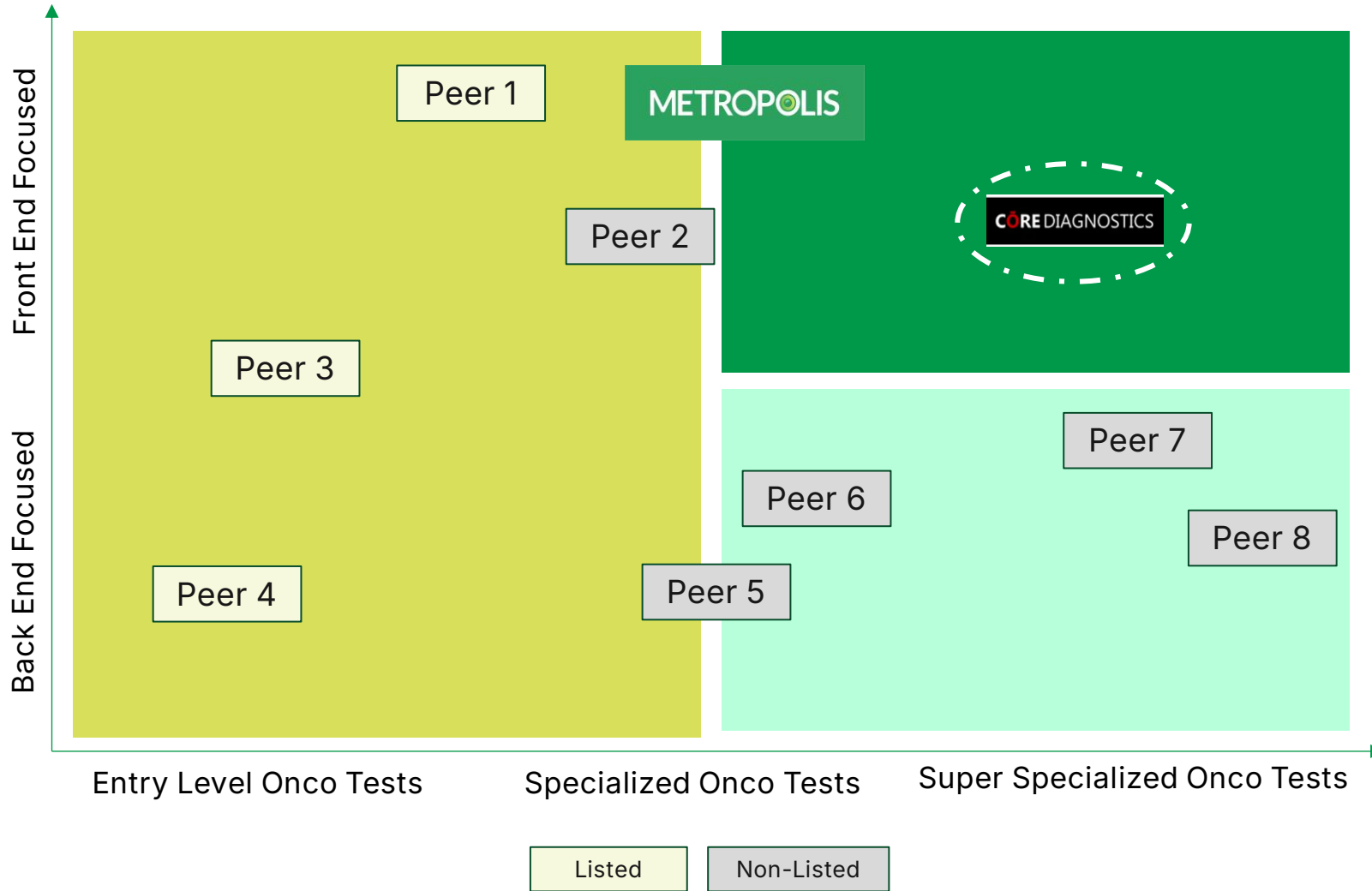
# ○ About Core Diagnostics (2/2)

*Core Diagnostics is India's leading Oncology (cancer) specialty testing lab offering the most advanced testing in the industry.*



- 85%+ revenue contribution from Core Diagnostics is from Specialized testing
- One of the largest "bio bank" of 40,000+ samples and well indexed medical records with significant strategic value
- Niche capabilities is Onco Genomics with ~70% contribution comes from Super Specialty Onco Tests

# Well positioned in the oncology testing market



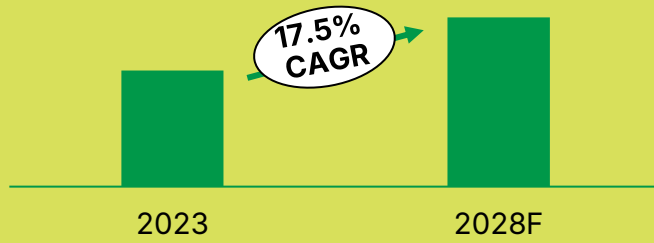
## Peers' Headquarters:

Northern India	Peer 1	Peer 2	Peer 5
Western India	Peer 4	Peer 7	
Southern India	Peer 3	Peer 5	Peer 6

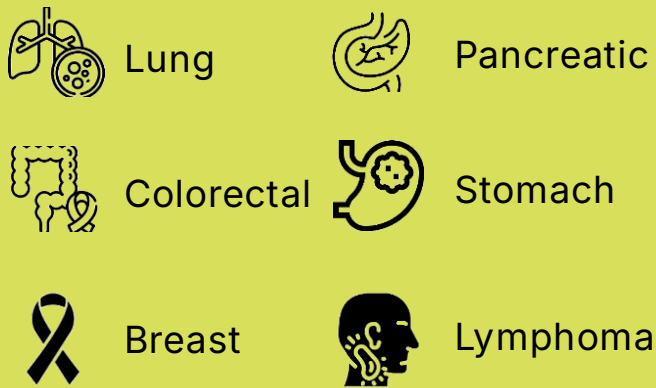
- Peers 1, 2, 3 & 4 are among the leading diagnostic players in the industry
- Peers 5, 6, 7, and 8 are single specialty testing players in India

# Opportunities in the Oncology Segment

Indian Oncology Market Size<sup>1</sup>



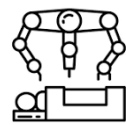
## Most Common Cancer Types



## Growth Drivers

1. Rising Cancer Prevalence: ~1.4 million new cancer cases annually.
2. Advances in treatment technologies including onco genomics testing
3. Increased healthcare access: Onco focused hospitals & New treatment guidelines
4. Growing awareness about cancer prevention and early detection

## New Developments in Oncology Treatment



Robotic Surgery



Advanced Biomedical Imaging



Personalized Medicines



Patient-Centric Care



Onco-Genomics

# Entry Barriers in Oncology Testing Segment

## Oncologists Centric Segment

- Demands Personalized Connect
- Dependent on the Oncologists trust and confidence on the lab

## R&D Centric

- Can take years to build new tests capabilities
- Selection of right test mix is critical



## Rx Focused Diagnostics

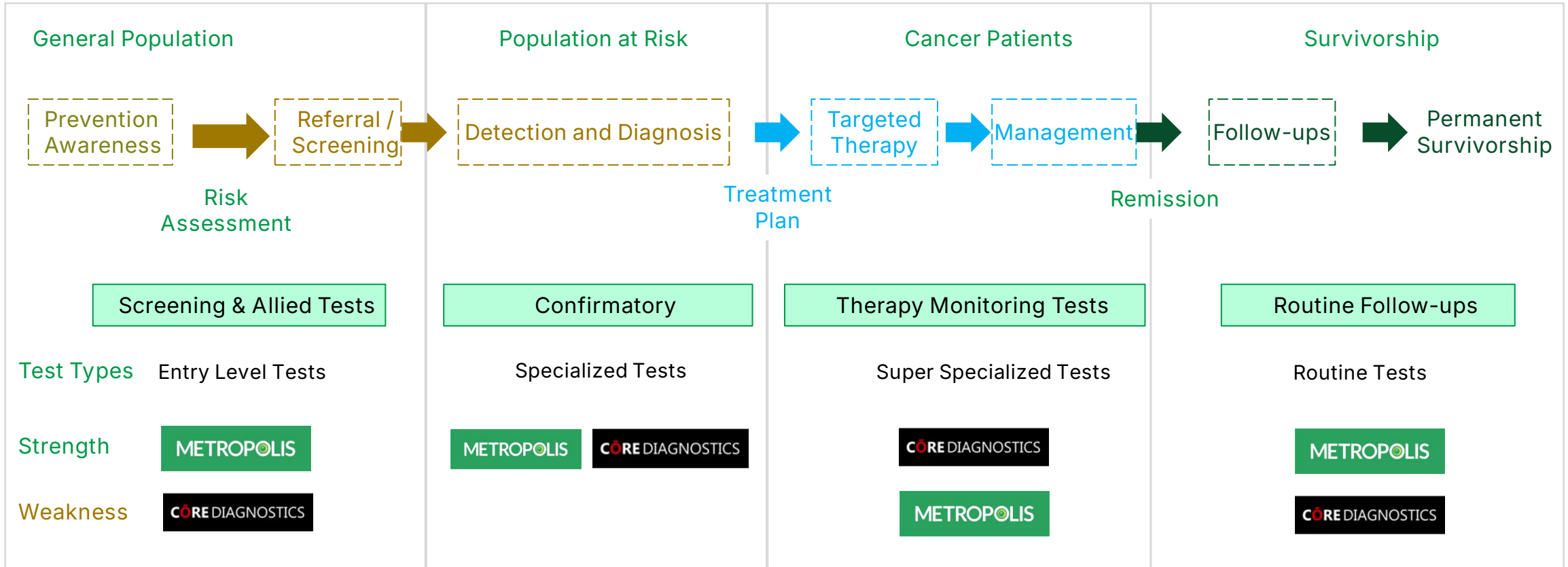
- No self prescribed tests
- Low volume and high-value tests
- Testing only through prescriptions and hence oncologists connect is paramount

## Financial Implications

- CAPEX intensive and continuous need for upgradation
- High operational cost (logistics, home services, etc.)
- Takes several years to reach operating breakeven

# Role of Diagnostics in Cancer Treatment

## The Cancer Patient Journey



3x

Oncology patients need 3x more frequent tests for monitoring and management

High Synergy in Patient Acquisition, Management, and Retention

# Strategic Fit to Metropolis

Strong presence in North & East India with significant Revenue Contributions

100+ Specialty Sales Team & 1,600+ Oncologists reach

Together, the largest Oncology testing player in India



Super specialized test menu in Oncology Testing

Quality asset with a high turnaround potential using MHL's brand, Distribution network & Leadership

# Fit to Metropolis Strategic Pillars

## Metropolis' Strategic Pillars

Focus on B2C

Rx focus through Specialty Doctors Connect

Enhance Specialty Test Revenue Market Share

Build Strong Doctors Connect in new geographies

Increase Average Revenue per Patient

**CORE** DIAGNOSTICS



# Investment Rationale (1/2)

## Geographical Synergy

Will strengthen relationships with the leading hospitals and oncologists across North & East India

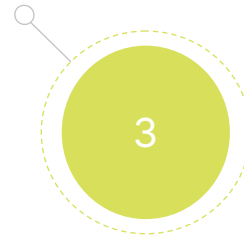
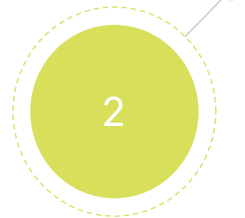


## Cost Synergies

- › Merging of overlapping labs
- › Procurement efficiency
- › Manpower Optimization & Rationalization
- › Logistics Synergy
- › Overhead cost optimization

## Specialty Capabilities

Will enhance the cancer testing capabilities of Metropolis with addition of high-end testing



## Cross Selling

Wide opportunities to offer non-onco tests to Core's hospital and Lab clients. Metropolis has opportunities to cross-sell super specialized onco tests of Core to their customers



## Investment Rationale (2/2)

1

### Strong Track-Record

- The 1<sup>st</sup> leading oncology testing lab in the country
- Revenue CAGR of ~22% over FY22 - FY24
- Average Revenue Per Test of INR 2,300/-
- No. of patients: ~4.5L per year
- 85% revenues from specialized testing

2

### Governance

- Fits into MHL's DNA of Integrity, Empathy & Accuracy
- Managed by a professional management team
- Highly qualified and experienced team
- Accredited by NABL & CAP

3

### Synergy

- Enhance MHL's testing capabilities in North India
- EPS Accretive from FY26.
- RoCE & RoE Accretive from FY28
- High Network Synergy
- 85% exclusive client base: opportunity for cross-selling
- 150+ exclusive test panels to augment MHL oncology portfolio

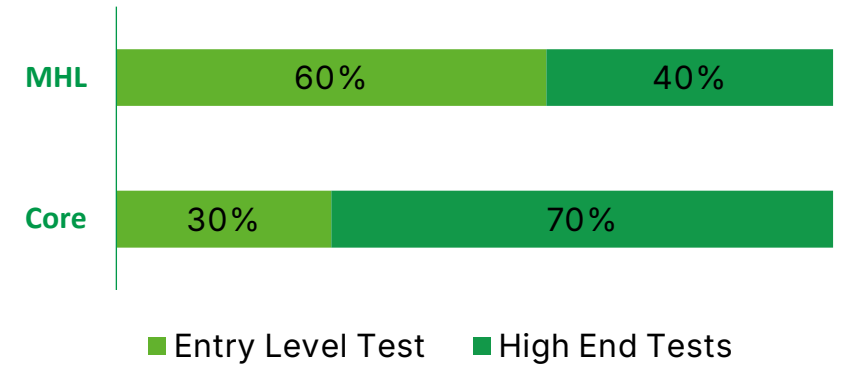
# Core + MHL : Enhanced capabilities & new geography

INR (Cr.)	Metropolis	Core	Combined
Total Revenue*	1,189	110	1,299
Specialty Revenue	440	93	533
Specialty as a % Contribution	37%	85%	41%

Oncology Reach	Metropolis	Core	Combined
Oncology Sales Team	30	100	130
Oncologist Connect	600	1,600	2,200

North & East	Metropolis	Core	Combined
Oncology Sales Team	10	36	46
Oncologist Connect	300	900	1,200

Oncology Revenue – by Test Type



*70% of Core's Oncology Revenue is from high end tests compared to 40% for MHL*

- Core has a deeper presence in North and East due to strong connect with the Oncologists and tie-ups with leading cancer hospitals
- For Metropolis, the Contribution of Oncology revenue to the total revenue grows from 4% to 10%
- This synergy will help accentuate MHL's leadership position in Oncology

# Integration Plan

## Phase-wise Integration Plan

### Closing date to 6 months

- Steering committee formation and integration roll-out
- Redesign Organogram with retention plan for key team
- Synergy on COGS & Resource Optimization
- IT integration – software rollouts
- Tests Optimization and expansion
- Report format Harmonization
- Cross Selling strategy roll Out

### 6 - 18 Months

- Create a unified brand identity and align marketing strategies
- Full integration of Business teams, brand, backend operations
- Centralization of International business
- Centralization of Pharma alliances business

## Team Retention Plan

- Key Team members to be offered with attractive ESOPs and retention bonuses
- Team Empowerment and bonding initiatives for value creation

# Management Commentary

Ms. Ameera Shah,  
Chairperson & Whole-time  
Director



*"We recognize the significant potential of the rapidly growing Indian Oncology (cancer) market, which is expected to expand at a CAGR of 17.5% from 2023 to 2028.<sup>1</sup> This growth, driven by rising cancer incidences, technological advancements, improved healthcare access, and increased awareness, presents a substantial opportunity for Metropolis.*

*With approximately 1.4 million cancer cases and nearly a million deaths annually in India, there is a critical need for advanced cancer testing nationwide. By integrating Core's expertise and infrastructure with Metropolis' established strengths, we aim to reinforce our leadership in advanced cancer testing and establish a Centre of Excellence in Cancer Diagnostics. With a proven track record of successful acquisitions, we remain committed to driving sustainable growth and delivering long-term value to our shareholders."*

Mr. Surendran Chemmenkotil,  
Chief Executive Officer



*"With the majority of Core's revenue coming from Northern and Eastern India, this acquisition provides an opportunity to connect with leading hospitals in these regions.*

*It enables us to cross-sell Metropolis' comprehensive range of tests and services while offering Core's advanced cancer testing to our existing customers. This strategic integration enhances our ability to meet the diverse needs of healthcare providers and patients and expand our presence."*

Mr. Avadhut Joshi,  
Chief Business Development  
Officer



*"This move aligns perfectly with our M&A strategy of acquiring high-quality platforms that are sub-scale and can be scaled rapidly through enhanced governance, management, and the extensive distribution network of Metropolis.*

*The integration of Core into Metropolis is expected to unlock significant synergies, both cost and revenue, which will drive a strong return on investment and further reinforce our leadership in specialized diagnostics."*



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