



IFC

**International
Finance Corporation**
WORLD BANK GROUP

IFC's Engagement in the **Health Sector**

November 2014



IFC: Part of the World Bank Group

IBRD

International Bank for Reconstruction and Development

Loans to middle-income and credit-worthy low-income country governments



IDA

International Development Association

Interest-free loans and grants to governments of poorest countries



IFC

International Finance Corporation

Solutions in private sector development



MIGA

Multilateral Investment and Guarantee Agency

Guarantees of private sector investment's non-commercial risks



ICSID

International Center for Settlement of Investment Disputes

Conciliation and arbitration of investment disputes



About IFC

With a global presence in more than

100 countries

a network of more than

900 financial institutions

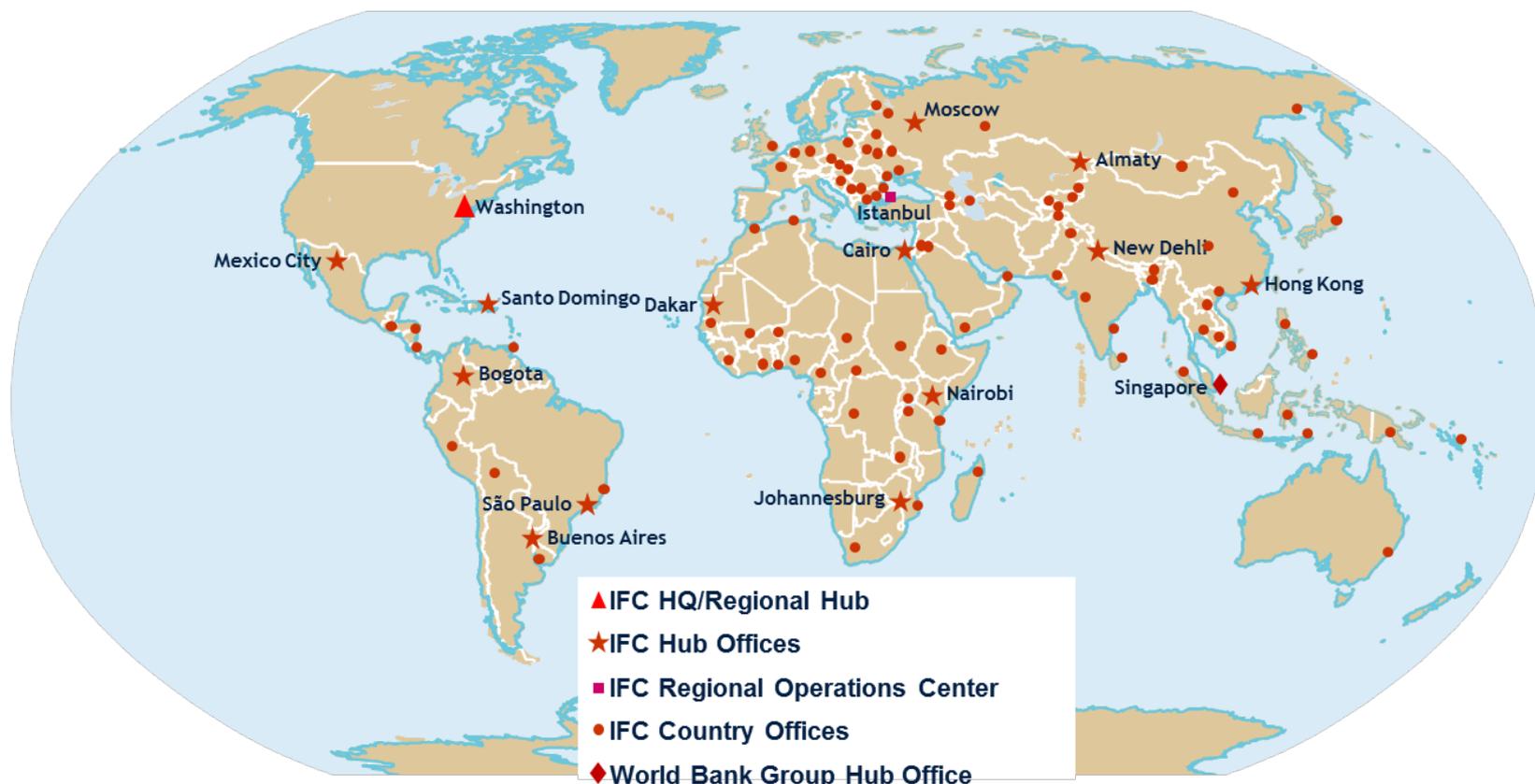
and nearly

2,000 private sector clients

IFC is uniquely positioned to create opportunity where it's needed most.



IFC's Global Reach



- Global Knowledge and Local access: more than **108 offices** worldwide in **98 countries**, with over half of IFC's **3,879 staff** based in emerging markets.
- Network of **30 staff** investment and industry professionals focused on healthcare.

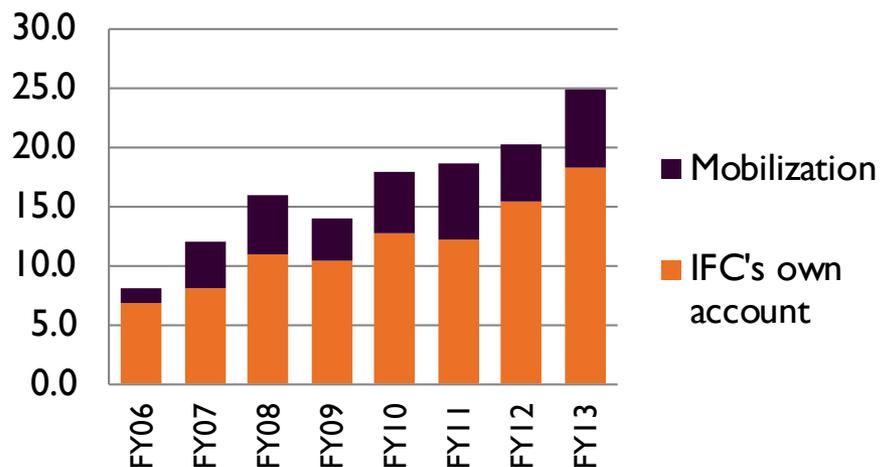
- Owned by **184 member countries**.
- Collaborate with the rest of the World Bank Group.
- Staff with specializations in financial services, industry, environment, corporate governance, advisory services and more.

Over US\$100 billion Invested in Emerging Markets since 1956

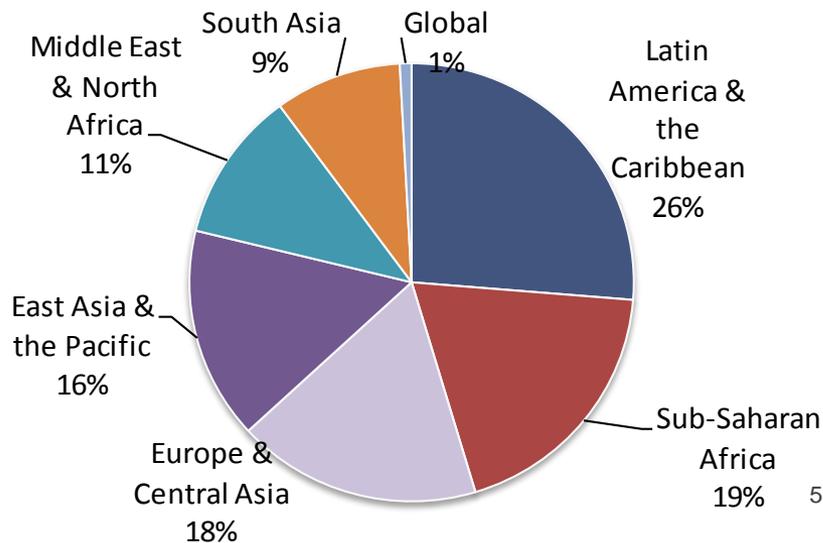
Shareholders	184 member countries
S&P & Moody's Rating	AAA/Aaa
Total Assets	US\$77.5 billion
Portfolio	US\$49.6 billion
Committed in FY13	US\$24.8 billion
- Own Account	- US\$18.3 billion
- Mobilized	- US\$ 6.5 billion
# of Active Projects	1,948
# of Countries	113
# of Equity Investments	US\$8 billion in 800 companies

- Take market risk with no sovereign guarantees
- Promoter of environmental, social, and corporate governance standards
- Focus on development impact
- What we look for from clients:
 - Commitment to project (equity)
 - Successful track record & long-term strategy
 - Integrity

FY13 Investment Commitments: \$24.8 Billion



FY13 Commitments by Region



How IFC Differs from Other Partners

Global Industry Expertise

- Global investment team dedicated to **healthcare sector in emerging markets**
- **Industry specialists on staff:**
 - In house specialists with health sector track record in emerging markets
 - Ability to share relevant insights and knowledge pre and post investment
 - Post investment available as a strategic and operational sounding board
 - Actively part of investment team and all deal stages
- **Green Building** and **energy efficient expertise** and advisory services

Capital Mobilization

- IFC can **mobilize funding:** debt from commercial banks and other DFIs (syndications), equity from investors (AMC), etc.

Country Risk Mitigation

- **Reduced Political risk** through government relations, preferred creditor status, neutral broker role
- Withholding tax benefit

Long-term Competitive Financing

- **One-stop-shop for financing:** equity, debt, structured finance, etc., based on client needs
- **Longer investment horizon and less cyclical than most financial investors:** up to 10-12 years, both equity and debt

Regional Knowledge

- Global and **local presence in more than 80 countries** with increased **focus on local presence** and expertise
- Investment professionals in regional hubs and large country offices

Environmental & Social Risk Management

- Advice on **Environmental and Social Best Practices**
- **Equator Principles** modeled after IFC Standards (60 international banks)
- Local Consultation and Disclosure
- Corporate Governance and Sustainability Toolkit

IFC's Business, Products and Services

Senior Debt

- Direct lending
- Acquisition financing
- On-lending
- Syndicated loans
- Local currency financing

Structured Finance

- Partial credit guarantees
- Securitization
- Bond underwriting

Mezzanine Finance

- Convertible debt
- Subordinated debt
- Tier II instruments

Private Equity

- Common shares
- Preferred shares
- Syndication via IFC Asset Management Company

Trade Finance

- Supply-chain finance
- Trade finance guarantees

Advisory Services

- Public-Private Partnerships
- Investment Climate
- Sustainable Business Advisory

Sustainable Finance

- Carbon finance
- Renewable energy
- Corporate governance financing

Asset Management Company

- Third-party capital investing alongside IFC
- Approximately US\$5.5 billion under management

Recent General IFC Transactions with Global Clients



Volkswagen India Pvt. Ltd.

€ 35m Debt
India
2009



Recordati

US\$35m Debt
Turkey
2014



Global Trade Liquidity Program

US\$4b
Global
2009



Marriott Haiti

US\$13m Debt
Haiti
2013



Auchan

US\$75m Debt
Ukraine
2013



Voxiva

US\$5m Equity
Global
2008



Essilor

US\$20m Loan
Global
2014



Bayer Ukraine Ltd.

US\$70m Risk Sharing Facility
Ukraine
2012



Heidelberg Cement Africa

US\$110m Equity and
US\$70m Debt
Tanzania and West Africa
2010



Gates Foundation / Global Health Investment Corporation

US\$10m Equity
Global
2013



Ikea Moscow

US\$15m Debt
Russia
2008



Laureate

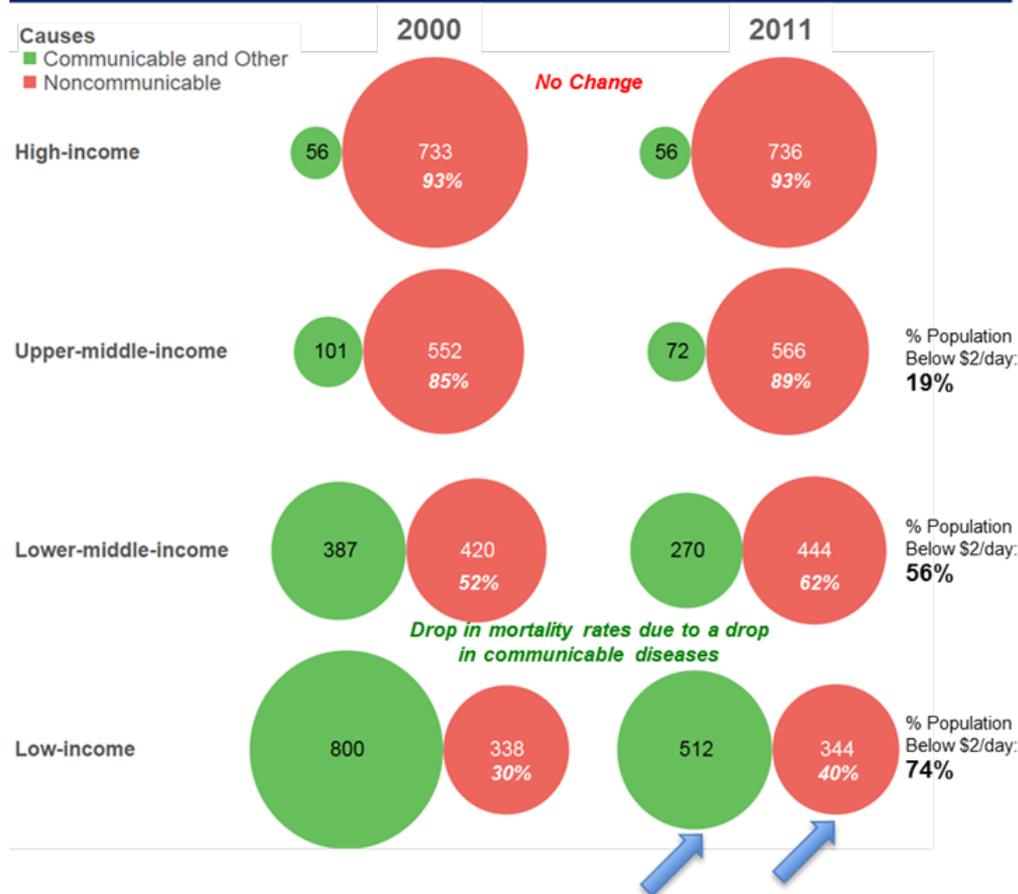
US\$100m Equity
Global
2013

Factors for Potential Healthcare Opportunities Globally

GLOBAL		
Changing Nature of Diseases	Resources Inadequate to the Problem	Global Healthcare Potential
<ul style="list-style-type: none"> • Increased longevity due to a rapid fall of infectious diseases opens the door to chronic ailments • Unhealthy diets, physical inactivity and tobacco use contribute to the rise of chronic non-communicable diseases (NCD) • NCD developing country deaths 3x as large as in developed countries 	<ul style="list-style-type: none"> • Healthcare expenditure per capita is \$6000 in developed countries versus \$278 for developing countries (2012) • Healthcare spending ranges from 17.7% of GDP in the US to a less than 2% in the poorest developing countries • Lack of equipment, medicine, doctors (including specialists) and nurses constrain the ability to deliver adequate care for the <u>bulk</u> of the population 	<ul style="list-style-type: none"> • Demand for services will grow with the large projected increase in NCDs in developing countries • Older populations with ability to pay for care. Large number of countries with 65 or older populations growing at 3.5% (projections 2010-2030) <i>combined with</i> GDP per capita above \$5000 (2014 figures)

EM Are Facing a Dual Challenge

Mortality Rates by Income and Cause of Disease (Both Sexes, per 100,000 people)



Source: WHO, World Bank WDI, Global Markets Group

An increasing number of EM countries are facing a double burden of disease as they:

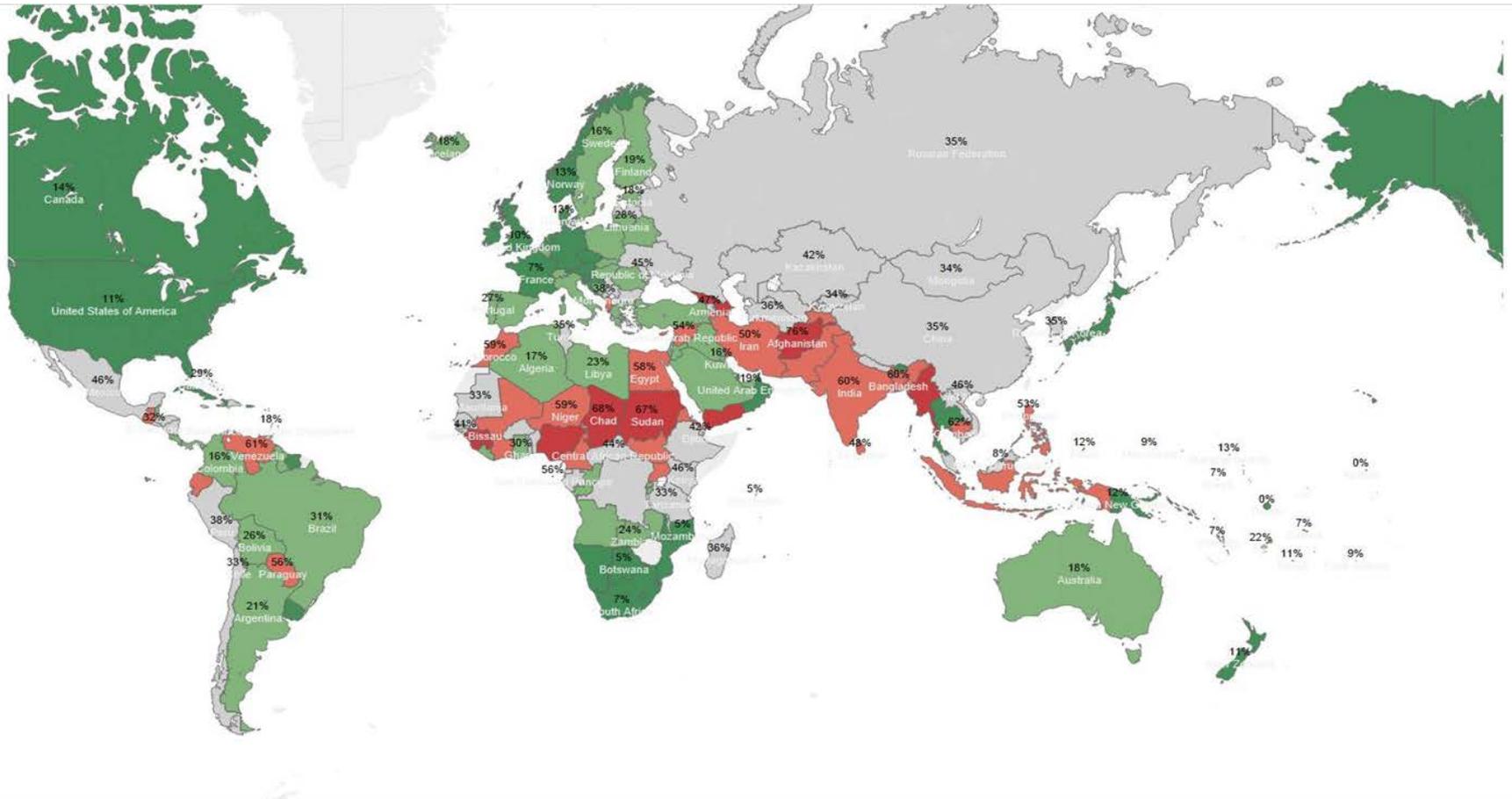
- Struggle to reduce maternal and child deaths caused by infectious diseases - pneumonia, malaria and diarrhea are the most likely to kill a child under the age of 5
- Have to cope with an increase in the risk factors for chronic diseases such as diabetes, heart disease and cancer

Low income countries share of chronic disease rises from 29.5% to 40.2% in a decade!!

Low and Lower middle income countries still have to develop a health system that address health threats in BOTH areas

Healthcare Spending

Out of Pocket Expenses *(as percent of total expenditure on health, 2011)*



Out of Pocket (%total h...
0% 79%

Healthcare Sector Overview

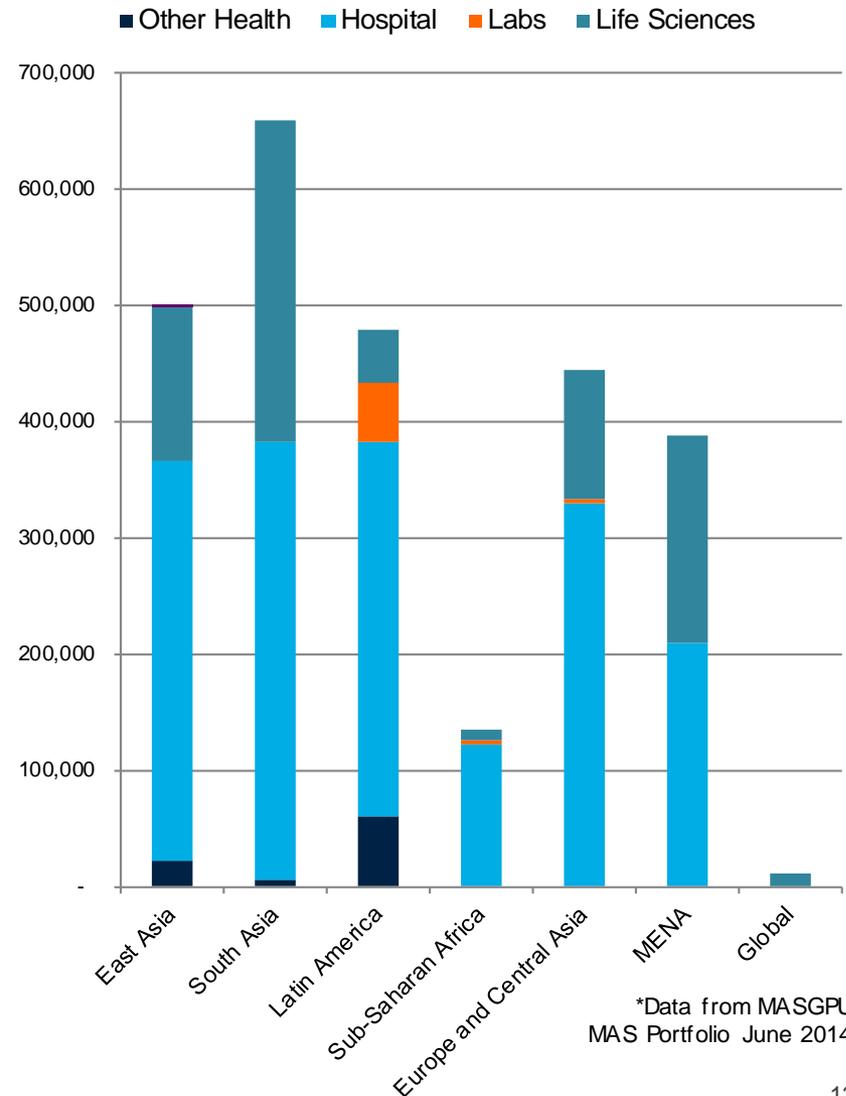
Financed over **\$3 billion** to **180** private health care and life sciences companies in **53** countries, treating over **12 million** patients annually.

- IFC is the world's largest multilateral investor in the private health care sector in emerging markets.
- IFC works with companies across the value chain.

Areas of Engagement

- ✓ Pharmaceutical and life sciences companies
- ✓ Private hospitals and clinics
- ✓ Ambulatory care centers
- ✓ Diagnostic centers
- ✓ E-health and telemedicine providers
- ✓ Health maintenance organizations
- ✓ Health insurers
- ✓ Medical waste treatment providers
- ✓ Health sector investment funds
- ✓ Private medical and nursing schools and training institutions

Cumulative Investments in Health and Life Sciences*



Representative Transactions in Health Services

Equity	Debt and Equity	Equity/Quasi-Equity	Debt	Investment and Advisory
<p>Asia</p>  <p>IHH Healthcare</p> <p>US\$48m Equity 2012</p>	<p>India</p>  <p>Fortis</p> <p>US\$45m Equity US\$55m Debt 2013</p>	<p>Brazil</p>  <p>Alliar</p> <p>US\$40m Senior Debt US\$10m Quasi-Equity 2013</p>	<p>Sub-Saharan Africa</p>  <p>Hygeia</p> <p>\$8.03m Debt 2007, 2009</p>	<p>Yemen</p>  <p>UST – Univ. of Science and Technology</p> <p>US\$8m Senior Debt Advisory 2008</p>
<p>Latin America and the Caribbean</p>  <p>Sala Uno</p> <p>US\$2.25m Equity 2014</p>	<p>Apollo Hospitals</p>  <p>Apollo Hospitals</p> <p>US\$5m Equity US\$15m Senior Debt 2005, 2009, 2012</p>	<p>Fast Africa</p>  <p>AAR Healthcare</p> <p>US\$4m Equity 2013</p>	<p>China</p>  <p>\$15m Debt 2011</p>	<p>China</p>  <p>Aier</p> <p>US\$8m Senior Debt Advisory 2006</p>
<p>Sub-Saharan Africa</p>  <p>Life Healthcare</p> <p>US\$93m Equity 2010</p>	<p>Turkey</p>  <p>MNT</p> <p>US\$15m Equity US\$15m Debt 2012</p>	<p>China</p>  <p>Concord</p> <p>US\$50m Senior Debt and Equity 2013</p>	<p>East Asia and the Pacific</p>  <p>Quadria</p> <p>\$25m Debt 2014</p>	<p>Mexico</p>  <p>Hospitaria</p> <p>US\$10m Debt Green Building Advisory 2013</p>

Representative Transactions in Life Sciences

Debt	Debt and Equity	Debt and Equity	Equity/Quasi-Equity	Cleaner Production Loans
<p>Latin America</p>  <p>BELCORP</p> <p><u>Belcorp</u></p> <p>US\$50m Debt US\$80m B-Loan 2012</p>	<p>China</p>  <p>FOSUN 复星</p> <p><u>Fosun Pharma</u></p> <p>US\$88.3m Debt US\$25 Equity 2006, 2012</p>	<p>MENA</p>  <p>AIKMA</p> <p><u>Hikma</u></p> <p>US\$164.43m Debt and Equity 1987, 1989, 1993, 1994, 2003, 2011, 2012</p>	<p>India</p>  <p>JUBILANT LIFESCIENCES</p> <p><u>Jubilant</u></p> <p>\$50mn A-loan; \$52.5mn B-loan \$60mn C-loan 2014</p>	<p>India</p>  <p>HIKAL Just the right chemistry</p> <p><u>Hikal</u></p> <p>US\$41.7m Debt, Equity, and Cleaner Production Loan 2009, 2013</p>
<p>China</p>  <p>W</p> <p><u>Weigao</u></p> <p>US\$20m Debt 2007</p>	<p>India</p>  <p>Bharat Biotech</p> <p><u>Bharat</u></p> <p>US\$4.5m Equity 2005</p>	<p>Colombia</p>  <p>Tecniquimicas</p> <p><u>Tecniquimicas</u></p> <p>US\$45m Debt and Equity 2008, 2009</p>	<p>India</p>  <p>VINATI ORGANICS LIMITED</p> <p><u>Vinati</u></p> <p>US\$11m Debt US\$5m Quasi-equity 2011</p>	<p>India</p>  <p>Granules India Limited</p> <p><u>Granules</u></p> <p>US\$25m Equity and Debt US\$1m Cleaner Production Loan 2007, 2009, 2012</p>
<p>Turkey</p>  <p>RECORDATI</p> <p><u>Recordati</u></p> <p>US\$35m Debt 2014</p>	<p>India</p>  <p>Dabur</p> <p><u>Dabur Pharma</u></p> <p>US\$10.05m Debt & Equity 2005</p>	<p>Laos</p>  <p>essilor</p> <p><u>Essilao</u></p> <p>US\$20m Debt 2014</p>	<p>India</p>  <p>Vivimed</p> <p><u>Vivimed</u></p> <p>US\$12.5 Debt US\$7.5m Quasi-equity 2011</p>	

Representative Transactions with Financial Intermediaries

Funded Facilities	Investment Funds	Investment Funds	IFC Guarantees
 <p>US\$25m Senior Debt Turkey</p>	 <p>US\$4 million India</p>	 <p>US\$25 million Asia Region</p>	<p>Global Trade Finance Program (GTFP) – Health US\$132m</p> <p>For medicines, medical/laboratory equipment, other medical goods</p> <p>Baxter / Boston Scientific / Eli Lilly / Novartis / Toshiba</p>
 <p>US\$25m Senior Debt Brazil</p>	<p>Health in Africa (HiA) Fund US\$20m Equity^(a) Africa Region</p>	<p>SHEFA US\$15m MENA Region</p>	
 <p>US\$71.4m Senior Debt Romania</p>	 <p>Fund II and III US\$35m Equity China</p>	 <p>Global Health Investment Fund US\$10 million World</p>	

GTFP Guaranteed Trade Financing

- ***Pricing Advantage***
 - ✓ IFC AAA-rated guarantee provides borrowing banks access to highly-competitive trade finance pricing on the international correspondent bank market
 - ✓ Borrowing banks can offer more attractive terms to their importing and exporting customers
- ***Speed Advantage***
 - ✓ Simplified and standardized deal documentation means that turnaround time from origination to disbursement may be achieved in as little as two weeks
- ***Relationship Advantage***
 - ✓ GTFP's extensive network offers a choice of 200+ relationships for funding partners
- ***Structuring Advantage***
 - ✓ Portfolio of smaller underlying deals with variety of underlying customers, loan tenors, and import/export use of funds may be bundled together into one financing request

Deal Highlight: Medical Equipment Financing in Georgia

IFC guaranteed a **US\$560K letter of credit confirmation with deferred payment**, supporting installation of new medical imaging equipment for a private-sector clinic in Tbilisi.

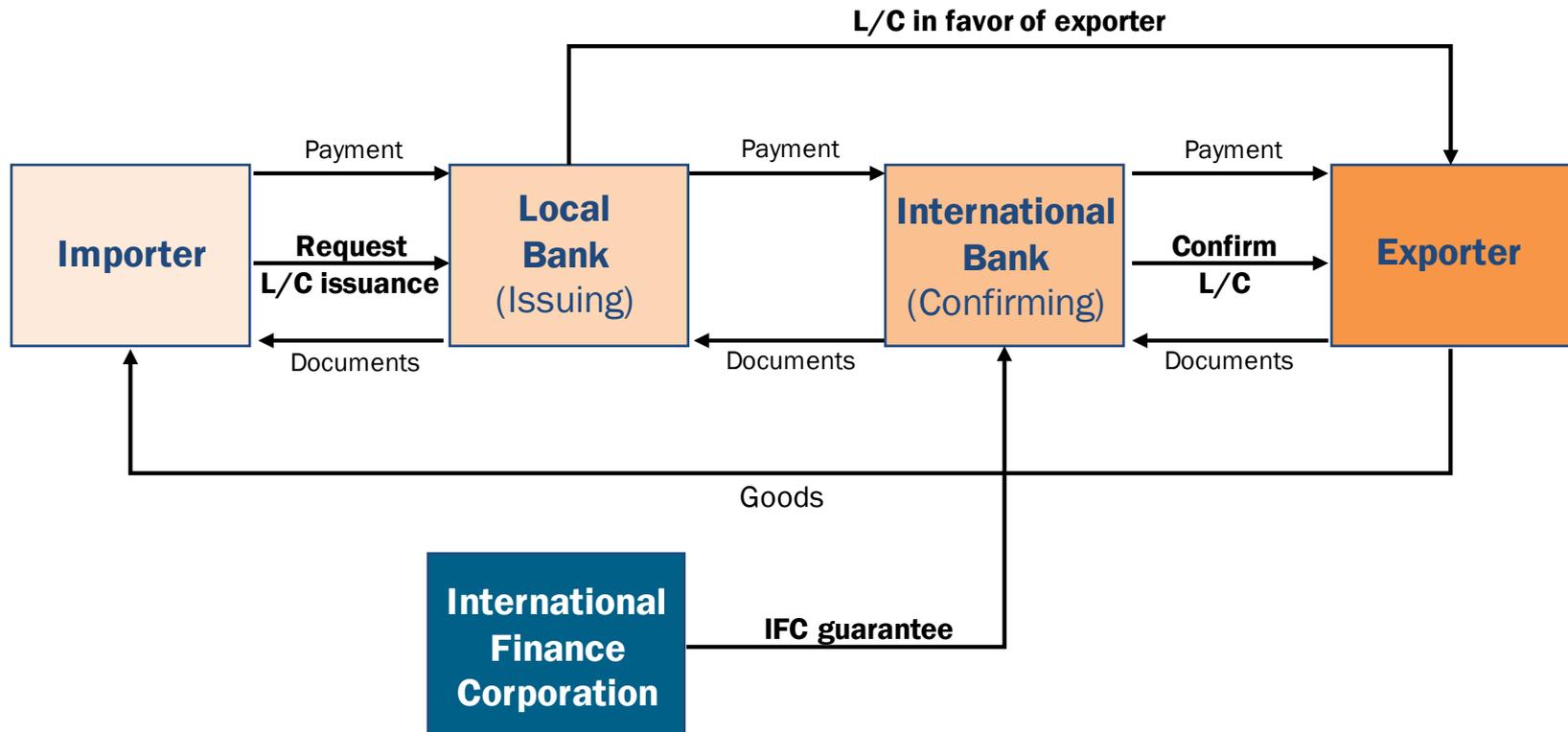


Importer:	a Georgian medical clinic
Exporter:	GE Medical Systems, Istanbul, Turkey
Amount:	US\$560K
Issuing Bank:	Bank of Georgia
Confirming Bank:	Yapi Kredi Bank Turkey
Goods:	GE Healthcare MRI scanner
Payment:	18 months, in monthly installments

Tbilisi, GEORGIA



How GTFP Works: L/C Transactions





IFC

International
Finance Corporation
WORLD BANK GROUP

Thank you

David Fulton, Head – USA & Canada
Michele Shuey, Global Health