

## Case Study: Luanda Medical Center

### LMC's Story

Luanda Medical Center (LMC) was founded in 2012 when Vital Capital identified a gap in the Angolan market for affordable, high-quality healthcare servicing the capital of Luanda and surrounding rural areas. Believing it could offer value in addressing this challenge based on its prior experiences in Angola and in healthcare development, the fund manager decided to make a greenfield investment—initiating, implementing and overseeing the creation of LMC—in order to increase the availability of healthcare and diagnostic services in the country and improve the overall health of the population.

Vital Capital spent the following years designing, renovating and staffing the facility, injecting additional capital as needed into the healthcare platform. In 2014, the U.S. Government's development finance institution Overseas Private Investment Corporation (OPIC) became an additional partner, providing a US\$9.8 million senior loan to LMC.



LMC began accepting patients in early 2015 with an initial focus on providing solutions in diagnostics medicine, maternal care, advanced imaging, ambulatory surgery services and the treatment of chronic diseases—services that Angolans historically had to travel abroad to receive. With medical training programs created by certified experts from developed countries, LMC augments local skillsets to provide international quality healthcare at reasonable local rates. As of September 2017, the medical center serves over 7,000 individuals per month, of which approximately 75% obtain access to its services via commercial health insurance.

### The Role Played by Private Capital

As LMC was a greenfield investment, all elements of the enterprise were designed from the beginning by Vital Capital in collaboration with professional advisors. Once the team identified a centrally located building to serve as the primary healthcare facility, it embarked upon the task of refurbishing and reconfiguring the space, including purchasing and installing medical equipment as well as the IT infrastructure that would be responsible for the medical, management and financial reporting systems.

Staffing the facility and putting in place a high-quality management team capable of achieving profitability and delivering strong risk-adjusted returns for investors, in addition to focusing on the social impact expectations of the venture, was a key priority for Vital Capital. Both locals and expatriates (representing a wide range of countries such as Israel, Spain, the United States, South Africa, Portugal, Argentina, Brazil, Cuba,

Ethiopia, India and Tunisia) were hired for the clinical and management teams, with 100 full-time employees at the time of LMC's official launch. LMC's full-time employees have since grown to 330 as of September 2017 with 61.4% of the workforce being female and 71.4% being Angolan. Vital Capital ensured that all local licensing and regulations were in place, including obtaining local medical licenses for all expatriate staff.

From a governance perspective, Vital Capital appointed LMC's Board of Directors, while retaining various consultants to advise the Board and management team on an ongoing basis. Vital Capital further assisted in creating LMC's mission statement, as well as detailed operational practices and a Code of Business Conduct that establishes behavioral expectations for the entire organization. It also drives the formulation of LMC's long-term business strategy on an annual basis.

#### The Company



#### Essentials

**Company:** Luanda Medical Center (LMC)

**Website:** [lmc.co.ao](http://lmc.co.ao)

**Country:** Angola

**Sector:** Healthcare

**Business focus:** Medical and diagnostic services

**Size:** US\$71.1 million in enterprise value (as of December 2016)

**GP:** Vital Capital, an impact investment fund manager focused on Sub-Saharan Africa ([vital-capital.com](http://vital-capital.com))

**Date of investment:** May 2012 with several additional equity investments from 2013 to 2015

**Investment:** Vital Capital invested US\$21.6 million in equity in LMC

#### Impact Highlights

Seeing a gap in the Angolan market for affordable, high-quality healthcare, Vital Capital chose to make a greenfield investment in 2012—initiating, implementing and overseeing the creation of Luanda Medical Center—in order to increase the availability of healthcare and diagnostic services in the country. Today the medical center serves over 7,000 individuals per month, of which approximately 75% obtain access to its services via commercial health insurance.

Vital Capital tackled all elements of designing the healthcare facility from its inception, including refurbishing and reconfiguring the space, purchasing and installing medical equipment, and installing the IT infrastructure that would be responsible for the medical, management and financial reporting systems. Vital Capital also prioritized staffing the clinical and management teams with highly qualified locals and expatriates. As of September 2017, LMC has 330 full-time employees, over 60% of which are female.

In 2015, Vital Capital facilitated LMC's adoption of GIIRS (the Global Impact Investing Rating System), which systemically rates a company's social and environmental impact. Within two years from its official launch, the facility was awarded with a Gold Medal for its development impact business model, and is rated as having above-average performance in all operational categories including workers, the environment, community and governance.

# The Company View

“As a leading impact investor, Vital Capital entrusted LMC to manifest its core credo (“Doing Well while Doing Good”) in the healthcare field. As part of that, Vital has provided LMC extensive and invaluable support, enabling us to improve the health of our patients while maintaining financial viability in a very challenging environment.”

**Dr. Michael Averbukh**  
CEO, Luanda Medical Center

## IMPACT HIGHLIGHTS

	Initial Investment	September 2017
Enterprise Value (US\$m)	N/A: Greenfield	71.1 (as of December 2016)
Revenue (US\$m)	N/A: Greenfield	17.5
# of employees	N/A: Greenfield	330
Women as % of employees	N/A: Greenfield	61.4%
Investments in local communities	N/A: Greenfield	US\$120,000 annually
Local taxes paid (US\$m)	N/A: Greenfield	2.9

As a result of Vital Capital’s efforts, LMC opened its doors in February 2015. Today LMC provides ambulatory and cardiology procedures, as well as X-ray, ultrasound, CT and MRI services. In addition, the facility has developed a number of internal healthcare programs focused on issues such as prenatal healthcare and the screening and prevention of breast and cervical cancer. It has also established partnerships with international medical centers such as the Herzlya Medical Center in Israel and the Mercy Medical Center in the United States.

In 2016 alone, LMC:

- Provided care to over 34,000 individuals with 89% of visits being curative;
- Delivered 8,000 vaccinations;
- Administered over 1,100 HPV vaccines (including to local orphans);

- Initiated a Cervical Cancer Prevention Campaign focused on both awareness and treatment;
- Conducted 985 HPV (cervical cancer) exams;
- Delivered 100 babies as part of its maternal health program (since program inception);
- Spent approximately US\$4 million in local purchases;
- Provided continuous free treatment to 420 clients;
- Operated over 120 diagnostic or life-supporting medical equipment pieces; and
- Performed over 2,000 surgical procedures.

To promote broader awareness of the healthcare facility and its overall mission, LMC conducts regular outreach efforts through local radio and television campaigns, and engages in ongoing patient education.

## Beyond the Bottom Line

Luanda Medical Center is already having a positive social impact on the population of Luanda through the provision of affordable healthcare via an internationally accredited facility. It also seeks to improve the overall level of skills and technical expertise amongst the country’s healthcare providers. Over time, the facility plans to provide medical training and remote medical care access to Angola’s more rural provinces.

In order to track and measure its overall impact, a key priority for Vital Capital was establishing from the outset an environmental policy and management system for LMC, including a comprehensive waste management plan, a hazardous materials and communications plan, occupational health and safety policies, procedures for monitoring sub-contractors’ environmental processes and emergency response plans, to name a few. On a quarterly basis, LMC, under Vital Capital’s guidance, conducts a performance review of key ESG and impact indicators, such as energy and fuel usage, waste volumes, the number of individuals served, the percentage of curative visits, and the overall status of



LMC’s ESG action plan implementation. Recently, an energy usage survey was initiated to identify energy savings opportunities. A comprehensive ESG report is produced on an annual basis.

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