Strong revenue and margin growth in line with expectations

MLP Sağlık Hizmetleri A.Ş. (MLP Care)

MLP Sağlık Hizmetleri A.Ş. ("MLP Care"- BIST: MPARK), the largest private healthcare service provider in Turkey, today announces its financial results for the quarter ended 31 March 2018.

1Q 2018 Highlights

- ✓ Strong growth across all revenue segments, with total revenue up 18.2% to TL749 million (1Q2017: TL634 million)
- ✓ Adj EBITDA up 29.7% to TL140 million (1Q2017: TL108 million)
- ✓ Adj. EBITDA margin up by 166bps to 18.7% in 1Q2018 (1Q2017: 17.0%), driven by improved operating profitability in mature hospitals and ramp-up of developing hospitals despite the costs associated with the new hospital openings
- ✓ Adj. EBITDAR up by 25.5% to TL193 million (1Q2017: TL154 million), indicating a 149bps margin improvement to 25.8%
- ✓ Net profit reported at TL2 million in 1Q2018 compared to a TL17 million loss in 1Q2017
- ✓ Reduced Net debt of TL929 million, following cash injection of TL600 million from IPO in February 2018. Consequently, Net Debt/ LTM* Adj. EBITDA reduced to 2.1x, compared to its level of 3.4x as of 2017-end.

*Last twelve months

Summary Financials

(TL millon)	1Q2017	1Q2018	Change
Net Sales	**634**	**749**	**18.2%**
Adj. EBITDA*	**108**	**140**	**29.7%**
Adj. Margin (%)	17.0%	18.7%	166bps
Adj. EBITDAR*	**154**	**193**	**25.5%**
Adj. Margin (%)	24.3%	25.8%	149bps
Net Profit/(Loss)	**(17)**	**2**	**n.m.**

*Based on Reported EBITDA/EBITDAR adjusted for one-time (income) / expenses, net and non-cash GAAP provision expenses.

Dr. Muharrem Usta, Chairman and Chief Executive Officer of MLP Care, commented:

"I am delighted to report that we have made a very strong start to the year, with revenue growth of 18.2% and EBITDA growth of 30% compared to the same quarter last year."

"We continue to expand organically and inorganically across Turkey - in March, we opened our new İstanbul Pendik hospital and we will open our Mersin Hospital soon. With these two openings, we will have completed the greenfield investments scheduled for this year. Additionally, our successful listing on the Borsa İstanbul in February 2018 resulted in a cash injection of TL600m, which has significantly reduced our leverage, providing a strong platform for growth."

”We keep our commitment to continue developing multi-disciplinary capabilities in our hospital network, while adding new promising locations. We will continue to deliver best-in-class healthcare standards to all of our patients and stay focused on profitable growth.”

Solid revenue growth across all segments

Revenue

	1Q2017	1Q2018	Change
Total Revenue (TL million)	**633.8**	**749.3**	**18.2%**
Domestic Patient Revenue	551.3	636.1	15.4%
Foreign Medical Tourism Revenue	35.5	59.4	67.3%
Other Ancillary Business	47.1	53.9	14.4%

Domestic Patient Revenue: Revenues generated from domestic patients increased by 15.4% in 1Q2018, contributed by growth in both inpatient and outpatient revenues with respective growth rates of 11.7% and 21.1%. While outpatient revenue growth was driven by strong pricing, inpatient revenue was supported by higher number of protocols as well as price increases. Despite opening in March, Pendik hospital has also made a strong contribution to hospital revenues in the first quarter of 2018, which is expected to accelerate going forwards.

Foreign Medical Tourism Revenue: Strong growth in the medical tourism segment continued, with a 67.3% rise in revenues in the first quarter of 2018 compared to the same period in 2017. The growth has been mainly driven by higher patient volumes, and case mix shifting towards operations at higher price points.

Other Ancillary Business: Revenue from other ancillary business grew by 14.4% in the first quarter of 2018 when compared to the same period in 2017, primarily driven by increased revenue from managed University hospitals.

Focus on cost and expense management

Cost of Service and Expenses (Including Mature and Developing Hospitals and Ancillary Business)

	1Q2017	1Q2018	Change (bps)
(% of Revenues)			
Material	23.5%	21.8%	(165)
Doctor	22.1%	22.3%	16
Personnel	19.0%	18.7%	(34)
Rent	7.3%	7.1%	(16)
Outso.medic.serv.purch.	4.1%	4.5%	41
All other exp.	7.0%	6.9%	(7)

<u>Material consumption</u> as a percentage of total revenue declined in 1Q2018 compared to 1Q2017, helped by a positive patient mix within hospitals and a decline in the share of laboratory services business revenues (with higher material costs) in total revenues.

The cost of Doctors as a percentage of total revenue were slightly higher due to new hospital openings (e.g. Pendik and Samsun Liv). Doctor costs of mature hospitals as a percentage of revenues remained stable at around 22% in both Q12018 and Q12017.

Despite new hospital openings, personnel expenses as a percentage of total revenue declined due to operational leverage.

Outsourced medical services purchased as a percentage of total revenue were slightly higher due to an increased share of medical services outsourced from third parties in total revenues.

Rent expenses as a percentage of total revenue were slightly lower, despite new hospital openings.

Margin improvement on the back of solid revenue growth and effective cost management

EBITDA Margin

Adj. EBITDA margin improved 166 bps to 18.7% in 1Q2018, driven by improved operating profitability in mature hospitals, ramp up of developing hospitals and a successful cost savings programme, despite investments in new hospital openings.

Net profit turns positive

Net Profit

Improved operational profitability as well as a deferred tax income of TL35 million delivered a net profit of TL2 million, compared to a TL17 million loss in the first quarter of 2017. This profit was delivered despite an increase in financial expenses.

The net debt position was significantly reduced, following the TL600m capital raise from our IPO, which took place in February 2018. The positive impact on financial expenses is therefore not fully reflected within the Q1 2018 results. Accordingly, financial expenses increased by 58% in 1Q2018 over 1Q2017, mainly due to the FX losses that rose by 79% for the same period. Financial expenses mainly relate to interest expenses on bank loans, financial leases, bonds issued and FX losses.

Strengthened balance sheet after IPO

Borrowings and Indebtedness

Net Debt by currency (TL million)	2017	1Q2018	Change
TL	459	428	(6.8%)
USD + Euro	923	501	(45.7%)
Total	**1,381**	**929**	**(32.8%)**

As of March 31, 2018, net debt declined significantly to TL929 million from TL1,381 million at 2017-end, contributed to the cash injection of TL600 million from the IPO. As announced prior to the IPO, the funds generated were used to pay back part of the Euro-based syndication loans in early-March. Consequently, Net Debt/ LTM Adj. EBITDA reduced to 2.1x compared to its level of 3.4x as of 2017-end.

Capacity expansion on track

MLP Care's new hospital located in Istanbul Pendik has started accepting patients as of March 6, 2018. VM Medical Park Pendik Hospital is MLP Care's second hospital on the Asian side of Istanbul, a 62,000 square meter facility.

In addition, the second planned hospital opening in 2018, VM Medical Park Mersin Hospital is expected to begin receiving patients in the first half of 2018.

ABOUT MLP CARE

We are the largest private healthcare service provider in Turkey in terms of number of hospitals, beds and geographic scope based on our footprint of 30 hospitals and 5,700+ beds in 17 cities across the country. We treat more than 2 million people per year, with our patients primarily drawn from the upper-mid segments of the market. We provide a full range of healthcare services from gynaecology, cardiology, oncology, orthopaedics, intensive care to complex treatments such as organ and bone marrow transplants. As of March 31, 2018, we had more than 17,000 personnel, including over 2,000 physicians, managed by a head office team which integrates field operations, sets strategy and monitors real-time performance across all 30 hospitals.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company’s actual performance.

WEBCAST

1Q2018 Results Presentation & Webcast will be held on May 8, 2018 at 5:30 p.m. (Istanbul), 3:30 p.m. (London) and 10:30 a.m. (New York).

Audio Conference:

- Singapore Toll: +6564298400 PIN: 47124954#
- Turkey Toll: +902123755127 PIN: 47124954#
- United Kingdom Toll: +442071943759 PIN: 47124954#
- United States Toll: +1 6467224916 PIN: 47124954#

(Participants will have to quote the above code when dialing into the conference)
Webcast:
http://event.on24.com/wcc/r/1654367-1/FA710451124913E0799BD34CC648A2F1?partnerref=rss-events
Replay: On demand webcast will be available on the above link for 12 months
The presentation will be available prior to the conference call at our website.

ENQUIRIES

For financial reports and further information regarding MLP Care, please visit our website at http://www.mlpcare.com/ or you may contact:

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EBITDA RECONCILIATION

TL million	1Q2017	1Q2018
Net Profit / (Loss)	(17)	2
Tax income from operations	(9)	(32)
Depreciation and amortization of tangible and intangible fixed assets	41	44
Total interest expenses, net of interest income and gain on financial derivatives	79	120
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	0	0
Reported EBITDA	**94**	**133**
Rent expenses	46	54
Reported EBITDAR	**140**	**187**
Net one-off (gains) / losses	6	2
Non-cash GAAP provision expenses	7	5
Adjusted EBITDA	**108**	**140**
Rent expenses	46	54
Adjusted EBITDAR	**154**	**193**
Adjusted EBITDA Margin (%)	**17.0%**	**18.7%**
Adjusted EBITDAR Margin (%)	**24.3%**	**25.8%**

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	1Q2017	1Q2018
Revenue	634	749
Cost of service (-)	(534)	(611)
Gross Profit	**100**	**138**
General administration expenses (-)	(43)	(60)
Other income from operations	115	67
Other expenses from operations (-)	(118)	(49)
Operating Income	**54**	**96**
Finance expenses (-)	(80)	(127)
Net profit (loss) before tax	**(26)**	**(31)**
Tax income / (expense) from operations	9	32
Net profit / (loss)	**(17)**	**2**

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	December 31, 2017	March 31, 2018
Cash and cash equivalents	218	247
Trade receivables	750	791
Inventory	51	69
Short term other assets	142	161
Current assets	**1,161**	**1,268**
Fixed assets	1,220	1,275
Deferred tax assets	197	233
Long term other assets	143	151
Non-current assets	**1,560**	**1,659**
Total Assets	**2,721**	**2,927**
Trade payables	670	699
Short term other liabilities	168	178
Short term financial liabilities (incl. leases)	423	340
Current liabilities	**1,261**	**1,217**
Long term other liabilities	55	55
Deferred tax liabilities	124	125
Long term financial liabilities (incl. leases)	1,176	836
Non-current liabilities	**1,355**	**1,016**
Shareholders' equity	16	614
Non-controlling interest	88	80
Total liabilities & equity	**2,721**	**2,927**