

Strong Start to the First Quarter of 2019

MLP Sağlık Hizmetleri A.Ş. ("MLP Care")

MLP Sağlık Hizmetleri A.Ş. (BIST: MPARK), the leading private healthcare service provider in Turkey, today announces its financial results for the first quarter of 2019.

Summary Financials

(TL million)	Q1 2019	Q1 2018	Change
Revenue	933	749	24.6%
Adj. EBITDA¹	168	140	20.5%
Adj. Margin (%)	18.0%	18.7%	(61bps)
Adj. EBITDAR¹	238	193	22.9%
Adj. Margin (%)	25.5%	25.8%	(34bps)
Net Profit/(Loss) Before Tax	12	(31)	n.m.
Net Profit/(Loss)	3	2	104.1%
Net Profit/(Loss) Normalized for FX Losses from Debt (Including Hedging Cost)	29	61	(52.6%)
Net Cash from Operating Activities	26	96	(73.0%)
Capital Expenditure	40	103	(60.9%)
Operating Cash Flow / Adj EBITDA	15.4%	68.5%	

¹ Based on Reported EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) / EBITDAR (Earnings Before Interest, Taxes, Depreciation, Amortization and Rent Expenses) adjusted for one-time (income) / expenses, net and non-cash GAAP provision expenses

Financial Highlights

- ✓ In Q1 2019, revenues increased to TL933 million, up by 25% (Q1 2018: TL749 million). When revenues of managed hospitals are included, revenue growth in Q1 2019 is at 28%.
- ✓ In Q1 2019, Adj. EBITDA increased by 20%, bringing EBITDA margin to 18.0%. Excluding one-off items, Adj. EBITDA growth is at 29%.
- ✓ In Q1 2019, net profit before tax turned into positive and TL12 million profit was recorded (Q1 2018: TL 31 million loss).
- ✓ In Q1 2019, a net profit of TL3 million was recorded due to strong operational performance and hedging (less than 1/3 of leverage is in FX and unhedged).
- ✓ Net profit normalized for FX losses was at TL29 million for Q1 2019.
- ✓ The net debt/Adj. EBITDA ratio was 2.6x in Q1 2019.

Operating Highlights

- ✓ According to the agreement between MLP Care and Bupa Acibadem Insurance Group, health insurance holders of Bupa Acibadem Insurance, Aksigorta, and all other insurance companies included in the senCard Membership Program will be able to receive healthcare service from Medical Park and Liv hospitals as of April 8, 2019. This cooperation covers 655 thousand users of the two insurance companies. Currently, MLP Care provides healthcare service for around 1 million top-up insurance holders. With this agreement potential insurance user number increased around 1.5 times.
- ✓ Continued focus on maintaining strong growth in medical tourism with medical tourism revenue up by 79% in Q1 2019 (now accounting for 11.4% of total revenues).

- ✓ Negative EBITDA impact of the new hospitals opened in 2018 dropped to TL0.8 million on the back of their successful ramp up.

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

“In the first quarter of 2019, we made a very good start to the year with revenues and EBITDA growing significantly above inflation. Foreign medical tourism (FMT) revenues were up by 79% y-o-y and FMT continues to be a strong growth engine going forward.

In April 2019, we have signed an agreement with Bupa Acibadem Insurance Group, an important player in Turkey’s healthcare insurance market. With this agreement, insurance holders of the SenCart Membership Program mainly Bupa Acibadem and Aksigorta, that covers 655 thousand people will be able to benefit from the healthcare services of Medical Park and Liv hospitals.

We will focus on further improving our operations, strengthening our balance sheet and cash flow for the rest of 2019.”

Revenue

	Q1 2019	Q1 2018	Change
Total Revenue (TL million)	933	749	24.6%
Domestic Patient Revenue	732	636	15.1%
<i>Inpatient Revenue</i>	430	377	14.1%
<i>Outpatient Revenue</i>	302	259	16.6%
Foreign Medical Tourism Revenue	106	59	78.6%
Other Ancillary Business	95	54	76.4%

Domestic Patient Revenue: Revenues generated from domestic patients increased by 15.1% in Q1 2019, driven by both inpatient and outpatient revenue growth.

The inpatient revenue grew by 14.1% in Q1 2019, on the back of the increase in both average price and volume.

The outpatient revenue grew by 16.6% in Q1 2019, mainly driven by increasing outpatient average revenue per visit despite the slight decrease in outpatient volume.

Foreign Medical Tourism Revenue: Strong growth in the medical tourism segment continued in Q1 2019, delivering a 78.6% growth. 45.2% of the revenue growth was mainly driven by price and FX impact and 33.4% by volume. We target to grow the share of hard currency revenues by expanding our FMT business by effective advertising efforts in the target international markets.

Other Ancillary Business: Revenue from other ancillary business accelerated in the Q1 2019 on the back of increased management fees from university hospitals as capacity utilization rises and the growth of laboratory business (Currently, we have 5 university hospitals, of which 3 have management service contracts with us.)

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

	Q1 2019	Q1 2018	Change (bps)
(% of Revenues)	82.0%	81.3%	61
Material	24.0%	21.8%	222
Doctor	20.1%	22.3%	(215)
Personnel	17.2%	18.7%	(149)
Rent	7.4%	7.1%	27
Outso.medic.serv.purch.	5.0%	4.5%	46
All other exp.	8.2%	6.9%	129

Material consumption as a percentage of total revenue increased in Q1 2019 due to inflation adjustment for drugs by 26% in February 2019, which accounts around 30% of the total material costs and the increase in share of lab business revenues in our total revenues.

Despite the new hospital openings, doctor cost as a percentage of total revenue declined to 20.1% in Q1 2019 due to increase in capacity utilization and efficiency initiatives.

Personnel expenses as a percentage of total revenue declined by 149 bps to 17.2% in Q1 2019 due to the strong revenue growth and efficient cost management.

Rent expenses as a percentage of total revenue increased from 7.1% to 7.4% due to the TL devaluation and new hospital openings. Pursuant to the amendment of the decree on the Protection of the Value of Turkish Currency dated September 12, 2018, we completed converting FX denominated hospital building lease agreements to Turkish Lira as of October 2018.

Outsourced medical services purchased (laboratory, imaging, cleaning, catering, security etc.) as a percentage of total revenue increased in parallel with the increase in other ancillary businesses.

EBIT and EBITDA

The EBIT (Earnings Before Interest, Taxes) number improved by 12.0% to TL108 million in Q1 2019 on the back of strong operational performance and lower depreciation as a percentage of revenues.

The Adj. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) number increased by 20.5% to TL168 million in Q1 2019. Additionally, Adj. EBITDA margin came in at 18.0%, decreasing by 61 bps

Cash Flow

The operating cash flow / EBITDA ratio was 15.4% in Q1 2019. Operating cash flow decreased to TL26 million in Q1 2019 due to the increase in current trade receivables in line with the revenue growth and shortened payment day terms. Maintenance-related capital expenditures as a percentage of revenues was at 1.5% in Q1 2019. Total capital expenditures as a percentage of revenues was at 4.3% in Q1 2019 due to lack of new hospital openings in 2019 (Q1 2018: 13.8%).

Profit for the Period

Despite the finance expenses of TL96 million due to the FX losses, a net profit of TL3 million posted in Q1 2019, driven by the strong operational performance and hedging.

Borrowings and Indebtedness

Net Debt by Currency (TL million)	Q1 2019	Vertical Percentage	2018	Vertical Percentage	Change
TL	709	52%	521	42%	36.0%
USD + Euro	378	28%	437	35%	(13.4%)
USD + Euro (Hedged)	274	20%	285	23%	(4.0%)
Total	1,361	100%	1,243	100%	(9.5%)

The net debt/ Adj. EBITDA ratio was 2.6x in Q1 2019 supported by the positive contribution of hedging and increasing cash and cash equivalents amount despite the TL depreciation.

Currency risk management

The company has total EUR161 million gross principal and interest debt service pertaining to the foreign currency denominated bank loan and financial leasing. As of March 31, 2019, EUR52 million of total debt service including principal and interest for the 2019-2020 period (for a total of EUR71 million) was hedged using a cross currency swap transaction.

The total hedged portion was 33% of the total euro-denominated loans principal and interest payments. With this transaction, currency risk for the 24-month period has been mitigated.

EBITDA RECONCILIATION

TL million	Q1 2019	Q1 2018
Net profit / (loss)	3	2
Tax income from operations	8	(32)
Depreciation and amortization of tangible and intangible fixed assets	52	44
Total interest expenses, net of interest income and gain on financial derivatives	87	120
Net (gains) / losses from the disposal of tangible and intangible assets	(0)	(0)
Reported EBITDA	151	133
Rent expenses	69	54
Reported EBITDAR	220	186
Net one-off (gains) / losses	7	2
Non-cash GAAP provision expenses	11	5
Adjusted EBITDA	168	140
Adjusted EBITDAR	238	193
Adjusted EBITDA Margin (%)	18.0%	18.7%
Adjusted EBITDAR Margin (%)	25.5%	25.8%

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Q1 2019	Q1 2018	Change (%)
Revenue	933	749	24.6%
Cost of service (-)	(756)	(611)	23.7%
Gross profit	177	138	28.5%
General administration expenses (-)	(72)	(60)	20.2%
Other income from operations	63	67	(6.7%)
Other expenses from operations (-)	(61)	(49)	24.0%
Operating profit/(loss)	107	96	11.6%
Income from investing activities	0	0	200.6%
Expense from investing activities (-)	--	(0)	(100.0%)
EBIT	108	96	12.0%
<i>EBIT margin</i>	<i>11.6%</i>	<i>12.9%</i>	<i>(129bps)</i>
Finance expenses (-)	(70)	(68)	4.3%
Net foreign exchange profit / (loss) (including hedging cost)	(26)	(60)	(56.5%)
Net profit / (loss) before tax	12	(31)	(137.4%)
Tax income / (expense) from operations	(8)	32	(126.2%)
Net profit / (loss)	3	2	104.1%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2019	Audited December 31, 2018
Cash and cash equivalents	371	223
Trade receivables	949	899
Inventory	83	80
Short term other assets	283	276
Current assets	1,686	1,479
Tangible and intangible fixed assets	1,293	1,305
Deferred tax assets	282	282
Long term other assets	185	173
Non-current assets	1,759	1,760
Total assets	3,445	3,239
Trade payables	721	808
Short term other liabilities	255	246
Short term financial liabilities (incl. leases)	645	455
Current liabilities	1,621	1,509
Long term other liabilities	55	55
Deferred tax liabilities	136	136
Long term financial liabilities (incl. leases)	1,057	964
Non-current liabilities	1,249	1,154
Shareholders' equity	469	474
Non-controlling interest	106	101
Equity	575	576
Total liabilities & equity	3,445	3,239

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 31 hospitals and around 6,000 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, 2019, we had more than 20,000 personnel, including over 2,200 physicians, managed by a head office team which integrates field operations, sets strategy and monitors real-time performance across all 31 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

Q1 2019 Results Presentation & Webcast will be held on May 9, 2019 at 3:30 p.m. (Istanbul), 1:30 p.m. (London) and 08:30 a.m. (New York).

Audio Conference:

- Singapore Toll: +6564298400 PIN: 72120589#
- Turkey Toll: +902123755127 PIN: 72120589#
- United Kingdom Toll: +442071943759 PIN: 72120589#
- United States Toll: +1 6467224916 PIN: 72120589#

(Participants will have to quote the above code when dialling into the conference)

Webcast:

<http://event.on24.com/wcc/r/1985907-1/1C8F1DD273953DBD230010EA3040B99C?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://investor.mlpcare.com/en/> or you may contact:

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