MLPCARE

March 6, 2018

STRONG TOPLINE AND MARGIN GROWTH

MLP Sağlık Hizmetleri A.Ş. (BIST:MPARK), the largest private healthcare service provider in Turkey, today announces its financial results for the full year ended December 31, 2017.

Full-year Highlights

- ✓ Strong growth across all revenue segments, with total revenue up 19.3% to TL2,576 million (2016 : TL 2,160 million)
- ✓ Adj EBITDA up 31.2% to TL 409 million (2016 : TL 312 million)
- ✓ Adj. EBITDA margin up by 145bps to 15.9% (2016 :14.4%) driven by like for like growth in mature hospitals and the ramp-up of developing hospitals
- ✓ Adj. EBITDAR up 29.5% to TL598 million (2016: TL 462 million), with a 184bps increase in EBITDAR margin to 23.2%
- ✓ Free cash flow (FCF) up by 51.3% to TL 299 million (2016 :198 million) with FCF/ Adj. EBITDA ratio at 73.3%
- ✓ Net Loss of TL133 million primarily driven by interest costs and FX losses on hard currency-denominated debt. On a pro forma basis, post IPO capital increase and normalisation of one-time IPO costs, MLP Care has achieved a net profit of TL 47 million.
- ✓ IPO proceeds of TL 600 million has been used to reduce the net debt, strengthening our balance sheet and reducing Net Debt/2017 EBITDA to 1.9x on a pro-forma basis vs. the reported leverage ratio of 3.4x. The leverage ratio is expected to come down further as the group continues to deliver strong EBITDA growth in 2018.

Summary Financials

(TLm)	2016	2017	CHANGE
Net Sales	**2,160**	**2,576**	**19.3%**
Adj. EBITDA*	**312**	**409**	**31.2%**
Adj. Margin (%)	14.4%	15.9%	145pp
Adj. EBITDAR*	**462**	**598**	**29.5%**
Adj. Margin (%)	21.4%	23.2%	184bps
Net Profit/(Loss)	**(49)**	**(133)**	**n.m.**
Net Loss Proforma for Capital Increase and IPO costs	**36**	**47**	**32.4%**

*Based on Reported EBITDA/EBITDAR adjusted for non-recurring FX gain/losses, one time expenses and non-cash GAAP provision expenses.

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

"We have continued our strong growth projectory in 2017 increasing our revenues by 19% and Adj. EBITDA by 31%. The Adj. EBITDA margin increased significantly despite the addition of two new hospitals to our portfolio. The IPO of the company has been a significant step for MLP Care and we would like to thank all our

investors for supporting us. As the leading private healthcare provider in Turkey, we have ambitious plans for the future and really excited to be able to share our strong performance with our investors.

The 2017 full year results were above our expectations and I am happy with both operational and financial performance of the company. The net loss was driven by interest expense and FX loss due to hard currency denominated debt. We have used the TL 600 million primary proceeds from the IPO to significantly strengthen our balance sheet and lower our foreign exchange-denominated debt stock. As a result, net profitability will improve significantly, supporting our future growth strategy."

Double digit growth in revenue and significant improvement in EBITDA

Revenue

Our revenue is generated from five primary payor sources: SSI, self-pay patients, private insurance companies and contracted institutions, foreign medical tourism and other ancillary businesses accounting for 34.9%, 33.2%, 17.4%, 7.3% and 7.2% of total revenue, respectively. In 2017, top three payors, namely SSI, self-pay patients, private insurance companies and contracted institutions (86% of the total) posted growth of 6.3%, 17.8% and 30.7%, respectively.

We analyse our business in three segments: (i) **domestic patient revenue**, (ii) **foreign medical tourism revenue** and (iii) **revenue from other ancillary businesses**, including our hospital management services contracts with İstanbul İstinye University Hospital and İstanbul Aydin University Hospital and our laboratory services, imaging services, insurance brokerage and catering businesses.

	2016	2017	Change
Total Revenue (mTL)	**2,160**	**2,576**	**19.3%**
Domestic Patient Revenue	1,915	2,203	15.1%
Foreign Medical Tourism Revenue	113	188	66.0%
Other Ancillary Business	132	185	40.1%

Our revenue from hospital business from local patients accounted for 85.5% of the total in 2017 vs. 88.6% a year ago. Inpatient and outpatient revenue grew by 13.4% and 17.8%, respectively. In line with our strategy, outpatient revenue growth was driven by strong pricing on the back of increased patient satisfaction. On the other hand, inpatient revenue was supported by significantly higher number of protocols, resulting in higher capacity utilization.

Medical tourism patients typically come to our hospitals for complicated procedures, making it less meaningful to compare average revenue with the domestic patients that comprise the majority of our business. Accordingly, we prefer to separately disclose this segment, which grew 65.9% in revenues in 2017. Medical tourism patients come primarily from Europe (40% of foreign medical tourism revenue), Middle East & Africa (29%) and former CIS (31%).

Revenue from other ancillary business increased by 40.1% in 2017 compared to the previous year, driven primarily by revenue growth of our laboratory services business resulting from an increase in the number of hospitals to which we provided laboratory services, as well as a contribution of our two managed hospitals.

Cost of Service (Including Mature and Developing Hospitals)

	2016	2017	Change (bps)
Cost of Service (% of Hospital Revenues)			
Material	19.8%	20.4%	57
Doctor	24.5%	24.6%	7
Personnel	19.7%	18.5%	-122
Rent	7.6%	7.9%	38
Outso.medic.serv.purch.	2.6%	2.7%	12
All other exp.	9.1%	8.4%	-78

Material consumption as a percentage of hospital revenue slightly increased in 2017 due to the revenue mix.

Doctor expenses as a percentage of hospital revenue was flat as doctor cost is ca. 95% variable.

Personnel expenses as a percentage of hospital revenue declined mainly due operational leverage.

Rent expenses as a percentage of hospital revenue slightly increased due to new hospital openings and some FX impact.

Contribution Margins

	2016	2017	Change
Contribution (mTL)	**356**	**454**	**27.8%**
Hospital Business - Total	337	418	24.0%
Other ancillary business	18	36	98.5%
Contribution Margin*	**16.5%**	**17.6%**	**114bps**
Hospital Business - Total	16.6%	17.5%	86bps
Other ancillary business	13.7%	19.5%	577bps

*Excludes expenses related to headquarters

Adj. EBITDA margin improved by 145 to 15.9% on the back of lower HQ expense as a percentage of revenue (HQ expense up by TL3m to TL46m in 2017), coupled with improved contribution margins.

Healthy balance sheet post IPO

Borrowings and Indebtedness

Net Debt by currency (TLm)	2017	Proforma*
TL	459	459
USD + Euro	923	334
Total	**1,381**	**793**

*Proforma net debt including IPO proceeds

As of December 31, 2017, MLP Care had TL1,381m in net debt, of which 33% were denominated in TL, 67% in euro. The net proceeds of the IPO has been used to reduce net debt. On a pro-forma basis, Net debt/ 2017 Adj. EBITDA falls down to 1.9x from 3.4x.

Strong Cash Conversion Rate

Cash Flow

FCF (TLm)	**2016**	**2017**	**Change**
Adj EBITDA	312	409	31.2%
Taxes	(8)	(9)	8.2%
Change in NWC	66	136	104.7%
Operational cash flow	**370**	**536**	44.8%
Capex	172	236	37.3%
Maintenance	56	65	16.0%
New Hospitals	78	141	82.4%
Other	38	29	(22.9%)
Free cash flow	**198**	**299**	**51.3%**
FCF / Adj. EBITDA	**63.5%**	**73.3%**	

Operational cash flow increased by 44.8% to TL536m on the back of strong EBITDA growth and improvement in NWC.

Total capital expenditures was up 37.3% to TL236m mainly due to new hospital openings. Maintenance capex as percentage of revenues remained flat at 2.6%.

Free cash flow improved by 51.3% to TL299m primarily due to strong operating performance.

Expansion through New Hospitals and Bed Additions

We added 708 new beds during 2017, of which 325 came from new hospitals while the rest was additions to existing hospitals.

	2016	**2017**	**Change**
Total Number of Hospitals (end of period)	**27**	**29**	**2**
MLP Consolidated	26	27	
Managed	1	2	
Total Number of Beds (end of period)	**4,622**	**5,330**	
MLP Consolidated	4,272	4,730	458
Managed	350	600	250

Samsun Liv, the third Liv concept hospital following Liv Ulus and Liv Ankara, started operating in June 2017 with a bed capacity of 75. As a Liv concept hospital, the company targets the premium market segment consisting mainly of self-pay and privately insured patients willing to pay a premium for VIP service.

İstanbul Aydın University (İAÜ) hospitals started operating in March 2017 with a bed capacity of 250. MLP Care operates İstanbul Aydın University Hospital pursuant to a management contract. Under the relevant agreement, MLP Care receive a share of the revenues/ profits generated by this hospital in return for the hospital management services, know-how, brand and equipment provided.

Hospitals opened in 2017	New/ Acquired	Area (sqm)	# of Beds	# of Doctors	Total Staff	Operating Rooms
Samsun Liv – June 2017	New	6.800	75	45	190	2
İAÜ Florya – March 2017	Managed	50.714	250	68	445	6

Average utilization rate improved to 69% despite the growth in bed capacity. On the other hand, average length of stay improved to 1.7 days in 2017 compared to 1.9 days a year ago.

A new homecare service brand has been launched; "Medical Park Evde". In addition, new «Stroke Centers» in İstanbul Aydın University Hospital, İstanbul İstinye University Hospital, GOP & Samsun Hospitals and Turkey's first «Vascular System Health Center» opened in İstanbul İstinye University Hospital.

ABOUT MLPCARE

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 29 hospitals and 5,330 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 December 31, 2017, we had more than 17,000 personnel, including over 2,000 physicians, managed by a headquarters team integrating field operations, setting strategy and monitoring real-time performance across all 29 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

2017 Results Presentation & Webcast will be held on March 7, 2018 at 16:00. EET (Istanbul)

Audio Conference:

- Singapore Toll-Free: 8001206518 PIN: 81226869#
- Singapore Toll: +6564298400 PIN: 81226869#
- Turkey Toll: +902123755127 PIN: 81226869#
- United Arab Emirates Toll-Free: 800035703603 PIN: 81226869#
- United Kingdom Toll-Free: 08003766183 PIN: 81226869#
- United Kingdom Toll: +442071943759 PIN: 81226869#
- United States Toll-Free: 8442860643 PIN: 81226869#

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

Webcast:
http://event.on24.com/wcc/r/1624643-1/A43AB66E04E30451737959351E989367?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.
Click here to access webcast

ENQUIRIES

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

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EBITDA RECONCILIATION

TLm	2016	2017
Net Profit / (Loss)	**(49)**	**(133)**
Tax income from operations	(14)	(38)
Depreciation and amortization of tangible and intangible fixed assets	153	175
Total interest expenses, net of interest income and gain on financial derivatives	263	374
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	1	0
Reported EBITDA	**354**	**379**
Rent expenses	150	189
Reported EBITDAR	**504**	**568**
Net one-off (Gains) / Losses	(47)	19
Non-cash GAAP provision expenses	5	11
Adjusted EBITDA	**312**	**409**
Rent expenses	150	189
Adjusted EBITDAR	**462**	**598**
Adjusted EBITDA Margin (%)	**14.4%**	**15.9%**
Adjusted EBITDAR Margin (%)	**21.4%**	**23.2%**

SUMMARY CONSOLIDATED INCOME STATEMENT

TLm	2016	2017
Revenue	2,160	2,576
Cost of service (-)	(1,854)	(2,171)
Gross Profit	**306**	**405**
General administration expenses (-)	(127)	(215)
Other income from operations	198	380
Other expenses from operations (-)	(169)	(358)
Operating Income	**210**	**213**
Finance expenses (-)	(271)	(383)
Net profile (loss) before tax	**(62)**	**(171)**
Tax income / (expense) from operations	14	38
Net profit / (loss)	**(49)**	**(133)**

SUMMARY CONSOLIDATED BALANCE SHEET

TLm	Dec 31, 2016	Dec 31, 2017
Cash and cash equivalents	111	218
Trade receivables	724	750
Inventory	45	51
Short term other assets	136	142
Short term assets	**1,016**	**1,161**
Fixed assets	1,173	1,220
Deferred tax assets	146	197
Long term other assets	101	143
Long term assets	**1,420**	**1,560**
Total Assets	**2,435**	**2,721**
Trade payables	449	670
Short term other liabilities	175	168
Short term financial liabilities (incl. leases)	408	423
Short term liabilities	**1,031**	**1,261**
Long term other liabilities	53	55
Deferred tax liabilities	124	124
Long term financial liabilities (incl. leases)	962	1,176
Long term liabilities	**1,139**	**1,355**
Shareholders' equity	175	16
Non-controlling interest	90	88
Total liabilities & equity	**2,435**	**2,721**