MLPCARE

May 27, 2020

Growth despite the Pandemic Effect

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 three months ended March 31, 2020.

(All figures in this fact sheet are included with the effect of IFRS 16 unless otherwise stated.)

Summary Financials

(TL million)	Q1 2020	Q1 2019	Change
Revenue	**979**	**933**	**4.9%**
EBITDA[1]	**235**	**231**	**1.9%**
EBITDA margin (%)	24.0%	24.7%	(69bps)
EBITDA[1] without fx effect of other income/expenses from operating activities	**218**	**221**	**(1.3%)**
EBITDA margin (%)	22.3%	23.7%	(140bps)
Net Profit/(Loss) Before Tax	**87**	**21**	**306.4%**
Net Profit/(Loss)	**61**	**11**	**466.0%**
Net Profit/(Loss) Normalized for FX Losses from Debt (Including Hedging Cost)	**119**	**39**	**206.0%**
Net Cash Flow from Operating Activities	**205**	**88**	**133.2%**
Capital Expenditure	36	40	(10.7%)
Operating Cash Flow / Adj EBITDA	**87.4%**	**38.2%**	**4,916bps**

[1] Adj. EBITDA is based on Reported EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) adjusted for one-time (income) / expenses, net and non-cash GAAP provision expenses.

Financial Highlights

- ✓ Revenues increased by 5% to TL 979 million (Q1 2019: TL 933 million) in Q1 2020 on the back of growth in domestic patients despite the pandemic impact. In the first 2 months of 2020, prior to start of the pandemic in the country on March 11th, total hospital revenue increased by 21%.
- ✓ In Q1 2020, Adj. EBITDA increased by 2% to TL 235 million. Although the adjusted EBITDA margin partially includes the effect of cost saving measures implemented due to the pandemic, it decreased by only 69 bps to 24.0%.
- ✓ Net income of TL 61 million was generated in Q1 2020 on the back of operational performance in January and February pre-pandemic period, and the negative goodwill recognized from the favourable acquisition of VM Medical Park Ankara Hospital.
- ✓ Excluding FX loss, net profit rises to TL 119 million in Q1 2020.
- ✓ The net debt/Adj. EBITDA ratio was 2.6x in Q1 2020.

Operating Highlights

- ✓ In Q1 2020, private medical insurance revenue increased by 20%, especially with the contribution of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenue increased by 26% in the first two months of 2020, however it decreased by 6% in Q1 2020 following the start of flight restrictions in March.

- ✓ As part of its strategy to focus growth in metropolitans with large-scale hospitals, MLP Care has acquired Medisis Hospital in Ankara/Keçiören, one of the top 3 highly populated districts in Turkey with its population of nearly 1 million people. MLP Care expects the hospital to become one of the top performing hospitals within the group.
- ✓ **Precautions Taken Regarding the COVID-19 Pandemic: (1)** All our hospitals established necessary committees to implement treatment protocols for COVID-19 patients, in coordination with Ministry of Health of Turkey, and as of March 20, 2020 started to diagnose and treat COVID-19 patients as pandemic hospitals. **(2)** Considering the nature of COVID-19 and transmission parameters, all kinds of precautions have been taken including implementation of disinfection procedures for the protection of our employees and hospitals. **(3)** Starting from April, Government's Incentive of Short-time Work Program was utilized and home-office practices were initiated for the head office employees. **(4)** Negotiations have started with suppliers and hospital building landlords to reduce operating costs throughout the pandemic. Material rent haircuts have been received from landlords (11 hospitals) so far. **(5)** In order to increase the liquidity position of the Company, long term credit lines of TL 330 million has been withdrawn, consisting of an investment loan of TL 80 million and a Net Working Capital loan of TL 250 million. The newly withdrawn facility had an interest rate of TR LIBOR + 2.5% (first 6 months) and 3.5% (remaining period) whereas the company's existing structured facility rate of TR LIBOR +5.8%. **(6)** As of March 2020, the Net Working Capital Management Committee for the planning of customer collections and supplier payments has been established. **(7)** Since we are a pandemic hospital, all Social Security Institution (SSI), Withholding Tax, VAT payments for the period of March-June have been postponed to October 2020.

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

"In 2020, the world faced an unprecedented health and economic crisis due to the COVID-19 outbreak. Despite the revenue losses in March, we managed to increase our EBITDA by 2 percent and closed the first quarter of the year with a profit of TL 61 million.

In the January-February of 2020, prior to the pandemic, both domestic and foreign medical tourism revenues increased above our expectations, with total hospital revenues growing by 21%. With the outbreak of the COVID-19 pandemic in March 11th, there was a sharp decline in our domestic and foreign medical tourism revenues in the second half of March and in April. Starting from May, revenues have started to recover despite the Ramadan impact.

SSI price tariff has been updated on March 3, 2020 effective from March 11, 2020. The new SSI prices, positively impact domestic patient revenues. The inclusion of hospitals in Short-time State Subsidy Program starting from April has supported personnel cost. On April 4th, effective immediately, the SSI has increased prices for pandemic treatments as well as intensive care unit treatments.

In the first quarter of this year, we maintained our robust cash position and balance sheet. Thanks to our Group's agile business model, we have taken quick measures to limit the effects of the crisis as much as possible without affecting the Group's long term potential. We expect to see the effects of the pandemic throughout the second quarter as well. We aim to compensate this in the third and fourth quarters due to the pent up demand, with the normalization of life and the abolition of travel restrictions abroad.

As part of our long-term growth strategy, we added a hospital in Ankara to our group in March. MLP Care aims to bring the newly acquired hospital to its full potential as soon as possible, using its brand strength, operational experience, experienced doctor, and management staff.

Our group; from the very beginning, has been trying to fulfil all responsibilities in combating the pandemic. In this context, all preparations have been made in a timely manner, and all of our healthcare professionals support this struggle with utmost devotion. The commitment and dedication of all our healthcare professionals in this regard, has been extraordinary. Hereby, I would like to express my pride and gratitude."

Revenue

	Q1 2020	Q1 2019	Change
Total Revenue (TL million)	**979**	**933**	**4.9%**
Domestic Patient Revenue	807	732	10.2%
Inpatient Revenue	*477*	*430*	*10.8%*
Outpatient Revenue	*330*	*302*	*9.2%*
Foreign Medical Tourism Revenue	100	106	(5.6%)
Other Ancillary Business	72	95	(24.0%)

Domestic Patient Revenue: Revenues generated from domestic patients increased by 10.2% in Q1 2020 driven by both inpatient and outpatient revenue growth.

The inpatient revenue grew by 10.8% in Q1 2020, on the back of the 19.1% increase in average price, despite the 6.9% decrease in volume due to the pandemic effect in March.

The outpatient revenue grew by 9.2% in Q1 2019, mainly driven by 19.2% increase in outpatient average revenue per visit, despite the 8.4% decrease in volume due to the pandemic effect in March.

Foreign Medical Tourism (FMT) Revenue: FMT revenue grew by 26% in the first 2 months of 2020, but with the start of flight restrictions in March due to the pandemic, it decreased by 5.6% despite the high base effect last year (it had grown by 78.6% in the same period of 2019). On December 30, 2019, our Medical Park and Liv Hospital brands were accepted to the state-sponsored branding program Turquality. Target market studies are still ongoing within the framework of this program. We expect foreign medical tourism to start posting growth after June, when travel restrictions are lifted.

Other Ancillary Business: Revenue from other ancillary business decreased by 24.0% in Q1 2020 due to voluntary non-renewal of the tender for the laboratory business as we are dedicated to focus on core business. We expect the base effect arising from this line of business to disappear in Q3 2020. On the other hand, management fees from university hospitals increased by 24.8% in the same period as capacity utilization rises. (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 2020	Q1 2019	Change (bps)
(% of Revenues)	**76.0%**	**75.3%**	**69**
Material	21.6%	24.0%	(243)
Doctor	20.8%	20.1%	67
Personnel	18.2%	17.2%	96
Rent	0.9%	0.8%	11
Outso. Serv. Purch.	7.3%	5.0%	224
All other exp.	7.3%	8.1%	(87)

Material consumption as a percentage of total revenue decreased by 243 bps in Q1 2020 due to decrease in the share of laboratory business which has high cost.

Doctor costs as a percentage of total revenue increased by 67 bps to 20.8% in Q1 2020 due to the effect of new hospital acquisitions.

Personnel expenses as a percentage of total revenue increased by 96 bps to 18.2% in Q1 2020 due to new hospital acquisitions and minimum wage increase.

Outsourced services purchases that consists of expenses in other ancillary businesses (laboratory, imaging, cleaning, catering, security etc.) percentage of the total revenue increased by 224 bps to 7.3% in Q1 2020 due to the increased volume of such services received.

All other expenses (energy, foreign and domestic marketing expenses etc.) decreased by 87 bps in Q1 2020 to 7.3% primarily due to the decrease in the marketing expenses related to FMT revenues.

EBITDA

The Adj. EBITDA number increased by 1.9% to TL 235 million in Q1 2020 despite the pandemic effect. On the other hand, Adj. EBITDA margin came in at 24.0% in Q1 2020.

The Adj. EBITDA (without foreign exchange effect of other income/expenses from operating activities) number decreased by 1.3% to TL 218 million in Q1 2020. On the other hand, Adj. EBITDA margin decreased 140 bps to 22.3% in Q1 2020.

Cash Flow

The operating cash flow increased from TL 88 million in Q1 2019 to TL 205 million in Q1 2020 as a result of the improvement in the cash cycle. Thus, the operating cash flow/EBITDA ratio came in at 87.4% in Q1 2020 (Q1 2019: 38.2%).

Maintenance-related capital expenditures as a percentage of revenues was at 2.0% in Q1 2020 (Q1 2019: 1.5%). Total capital expenditures as a percentage of revenues was at 3.7% in Q1 2020 due to lack of new hospital openings that requires high capital expenditure (Q1 2019: 4.3%).

Profit for the Period

Net income of TL 61 million was generated in Q1 2020 on the back of operational performance in January and February when the pandemic effect was not seen, and the goodwill recognized from the favourable acquisition of VM Medical Park Ankara Hospital. Net profit was recorded in spite of the high financial expenditure of TL 166 million in Q1 2020.

As the average Euro rate increased by 10.3% in Q1 2020, foreign exchange expenses increased by 105.0% to TL 57 million. Excluding FX rate loss, net profit was TL 119 million in Q1 2020.

On the other hand, interest expenses decreased by 0.7% as the borrowing interest of TL loans has a decreasing trend. Due to the downward momentum in TL interest rates, finance expenses are expected to decrease in the upcoming periods.

Borrowings and Indebtedness

Net Debt by Currency (TL million)	Q1 2020	Vertical Percentage	2019	Vertical Percentage	Change
TL	723	34%	881	43%	(17.9%)
USD + Euro	616	29%	434	21%	41.9%
Euro (Hedged)	151	7%	149	7%	1.2%
Total loan, financial leasing	**1,490**	**70%**	**1,465**	**71%**	**1.8%**
TL (IFRS 16)	588	27%	542	26%	8.4%
USD + Euro (IFRS 16)	62	3%	59	3%	4.4%
Total lease liabilities (IFRS16)	**650**	**30%**	**602**	**29%**	8.0%
Total net debt	**2,140**	**100%**	**2,066**	**100%**	**3.6%**

The net debt/Adj. EBITDA ratio was 2.6x in Q1 2020.

Currency risk management

The company has total EUR 133 million gross principal and interest debt service pertaining to the foreign currency denominated bank loan, financial leasing and IFRS 16 lease liabilities. As of March 31, 2020, EUR 24 million of total debt service including principal and interest for the 2020 period was hedged using a cross currency swap transaction.

The total hedged portion was 19% of the total euro-denominated loans principal, interest payments and lease liabilities. With this transaction, currency risk for the 9-month period has been mitigated.

EBITDA RECONCILIATION

TL million	Q1 2020	Q1 2019
Net profit / (loss)	**61**	**11**
Tax (income) from operations	25	10
Depreciation and amortization of tangible and intangible fixed assets	62	64
Total interest expenses/(income) and fair value differences of derivative instruments	160	128
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	(82)	(0)
Reported EBITDA	**227**	**213**
Net one-off (gains) / losses	4	7
Non-cash GAAP provision expenses	4	11
Adjusted EBITDA	**235**	**231**
Adjusted EBITDA Margin (%)	**24.0%**	**24.7%**
Foreign exchange gains/(losses) from operations	17	10
Adjusted EBITDA[1]	**218**	**221**
Adjusted EBITDA Margin (%)[1]	**22.3%**	**23.7%**

[1] Adj. EBITDA and Adj. EBITDA margin without foreign exchange gains/(losses) from other income/(expenses) from operating activities

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Q1 2020	Q1 2019	Change (%)
Revenue	979	933	4.9%
Cost of service (-)	(750)	(706)	6.2%
Gross profit	**229**	**227**	**0.8%**
General administration expenses (-)	(74)	(72)	3.4%
Other income from operations	82	63	31.5%
Other expenses from operations (-)	(67)	(60)	11.7%
Operating profit/(loss)	**170**	**158**	**7.5%**
Income from investing activities	82	0	17,260.4%
Expense from investing activities (-)	(0)	--	100.0%
EBIT	**252**	**158**	**59.2%**
EBIT margin	*25.8%*	*17.0%*	*879bps*
Interest expenses (-)	(108)	(109)	(0.7%)
Net foreign exchange profit / (loss) (including hedging cost)	(57)	(28)	105.0%
Net profit / (loss) before tax	**87**	**21**	**306.4%**
Tax income / (expense) from operations	(25)	(10)	140.7%
Net profit / (loss)	**61**	**11**	**466.0%**

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2020	Audited December 31, 2019
Cash and cash equivalents	386	306
Trade receivables	1,067	991
Inventory	118	90
Short term other assets	374	335
Current assets	**1,945**	**1,722**
Tangible and intangible fixed assets	1,453	1,327
Right of use assets	291	235
Deferred tax assets	405	398
Long term other assets	238	232
Non-current assets	**2,387**	**2,193**
Total assets	**4,331**	**3,914**
Trade payables	870	821
Short term other liabilities	328	256
Short term financial liabilities (incl. financial and operational leases)	915	861
Current liabilities	**2,114**	**1,938**
Long term other liabilities	137	95
Deferred tax liabilities	183	155
Long term financial liabilities (incl. financial and operational leases)	1,598	1,488
Non-current liabilities	**1,918**	**1,738**
Shareholders' equity	280	230
Non-controlling interest	19	8
Equity	**300**	**238**
Total liabilities & equity	**4,331**	**3,914**

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 around 6,000 beds in 16 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, 2020, we have approximately 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 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.

ENQUIRIES

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

Dr. Deniz Can Yücel
Strategy and Investor Relations Director
T +90 212 227 5555 (Ext: 1148)
E deniz.yucel@mlpcare.com