MLPCARE

March 8, 2021

Robust Results In an Extraordinary Year

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 full year ended December 31, 2020.

(All figures in this fact sheet include the impact of IFRS 16 unless otherwise stated.)

Summary Financials

(TL million)	2020	2019	Change	Q4 2020	Q4 2019	Change
Revenues	**4,015**	**3,704**	**8.4%**	**1,201**	**988**	**21.6%**
EBITDA[1]	**1,049**	**834**	**25.8%**	**283**	**233**	**21.7%**
EBITDA margin (%)	26.1%	22.5%	362bps	23.6%	23.6%	2bps
EBITDA[1] without fx impact of other income/expenses from operating activities	**958**	**814**	**17.7%**	**265**	**222**	**19.5%**
EBITDA margin (%)	23.9%	22.0%	188bps	22.1%	22.5%	(37bps)
EBITDA[2] without IFRS 16	**791**	**579**	**36.5%**	**212**	**168**	**26.4%**
EBITDA margin (%)	19.7%	15.6%	406bps	17.7%	17.0%	68bps
Net Profit/(Loss) Before Tax	**186**	**82**	**125.9%**	**97**	**108**	**(10.2%)**
Net Profit/(Loss)	**123**	**56**	**118.6%**	**71**	**76**	**(6.8%)**
Net Profit/(Loss) Normalized for FX Losses from Debt (Including Hedging Cost)	**365**	**125**	**190.6%**	**69**	**104**	**(33.9%)**
Free Cash Flow	**733**	**490**	**49.6%**	**154**	**222**	**(30.8%)**
Capital Expenditure	166	173	(4.1%)	58	50	15.9%
Net Debt / Adj EBITDA	**2.0x**	**2.5x**				

[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.

[2] Adj. EBITDA (excluding obligations under operational leases related to IFRS 16).

Financial Highlights

- ✓ In Q4 2020, total revenues increased by 22% to TL 1,201 million (Q4 2019: TL 988 million) despite the second wave of pandemic hitting Turkey. The strong growth in domestic noncovid revenues and the recovery in medical tourism have been the main drivers. In 2020, total revenues increased by 8% to TL 4,015 million on the back of the strong growth in domestic patient revenues making up for the sharp decline in medical tourism revenues (2019: TL 3,704 million).
- ✓ In Q4 2020, the Adj. EBITDA came in at TL 283 million and the Adj. EBITDA margin at 23.6% due to effective revenue-cost balance management. Therefore, in 2020, Adj. EBITDA increased by 26% to TL 1,049 million and the Adj. EBITDA margin to 26.1%. The rent expense in 2020 has been reduced after negotiations with landlords. Therefore, Adj. EBITDA (without IFRS 16) growth excluding rent has been stronger at 37%.
- ✓ A net profit of TL 123 million was generated in 2020 (2019: TL 56 million). Net profit was TL 71 million in Q4 2020 (Q4 2019: TL 76 million). Operational improvements and leverage of fixed cost base have enabled the net margin increase.
- ✓ The Net Debt/Adj. EBITDA ratio was successfully decreased to 2.0x in 2020 from 2.5x in 2019 with effective cash management.

- ✓ The Company has converted all of the principal payments of EUR 46.5 million syndicated loans for the years 2022-2024 into TL at the CBRT buying rate on February 8, 2021. Therefore, the FX Net Debt open position has been closed, which will start to reflect on financial performance starting from Q1 2021. The transaction has enabled the Company to reduce the impact of potential FX volatility on its financials going forward.

Operating Highlights

- ✓ The Company continued its efforts to focus on growth in metropolitans with large-scale hospitals and optimize portfolio by divesting nonperforming assets.
    - Maltepe Hospital, taken over in December 2019, ramped-up quickly and generated cumulative positive EBITDA in 2020.
    - Ankara Hospital, taken over in March 2020, also ramped up quickly and generated cumulative positive EBITDA in 2020.
    - MLP Care’s second hospital in Gaziantep was opened on September 28, 2020 under the Liv brand. The greenfield hospital ramped up quickly generating only TL 1.5 million of negative EBITDA.
    - Total capital expenditures for the above mentioned hospital acquisitions and opening was minimal (TL 4.1 million).
    - MLP Care has exited from its underperforming Uşak Hospital as of August 7, 2020. In 2019, the share of the Uşak Hospital in consolidated revenues and EBITDA was 1.4% and 0.3% respectively. Proceeds from the sale transaction was TL 33,3 million.
- ✓ As a result of MLP Care’s accelerated digitalization efforts, invoices started to be issued with Robotic Process Automation. The system will be distributed to the wider group going forward. In 2020, the Company has also fully digitized its human resources management and planning process. This program, has automated all personnel planning and compensation calculation activities. Additionally, various other automation procedures are realized in doctor, material, and other cost management processes.

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

“This past year we have worked immensely to provide the highest quality of service to our patients and to protect our staff against the pandemic. In such a difficult year, we achieved strong results thanks to our agile business model and dedicated management team and staff.

We have taken a lot of measures to further improve our operational efficiency and cost discipline, and consequently we have improved our EBITDA margin. On February 8, 2021, we converted our FX denominated loans into TL and closed our open position. This has strengthened our balance sheet further against potential FX volatility.

Before the pandemic, we announced on various occasions that we have prioritized digital transformation and initiated projects in our group. The pandemic created an opportunity to accelerate these efforts as well as broaden the scope. I am proud to state that our digitalization efforts have been a major contributor to our operational efficiency performance in 2020. We will continue to reap results of the digitilization efforts going forward.

The pandemic has tested healthcare systems across the globe. I would like to express my gratitude once again to my staff for the uninterrupted, high-quality service they have continued to provide to our patients during these difficult times. ”

Revenue

	2020	2019	Change	Q4 2020	Q4 2019	Change
Total Revenue (TL million)	**4,015**	**3,704**	**8.4%**	**1,201**	**988**	**21.6%**
Domestic Patient Revenue	3,408	2,962	15.1%	1,014	815	24.4%
Inpatient Revenue	*2,073*	*1,747*	*18.6%*	*609*	*475*	*28.3%*
Outpatient Revenue	*1,335*	*1,215*	*9.9%*	*404*	*340*	*18.9%*
Foreign Medical Tourism Revenue	340	435	(21.8%)	114	105	7.8%
Other Ancillary Business	266	306	(13.1%)	74	67	9.1%

Domestic Patient Revenue: Revenues generated from domestic patients increased by 15.1% in 2020 and 24.4% in Q4 2020 on the back of the growth in both inpatient and outpatient revenues.

The inpatient revenues grew by 28.3% in Q4 2020 and 18.6% in 2020. Despite the decrease in the volume, the shift of hospital weight in the portfolio towards metropolitans, the increase in the percentage of complicated treatments in the total, and the SUT price revisions in March enabled unit price growth.

The outpatient revenues grew by 18.9% in Q4 2020 and 9.9% in 2020. The shift of hospital weight in the portfolio towards metropolitans supported this growth.

Foreign Medical Tourism (FMT) Revenue: FMT revenue declined by 21.8% in 2020 with the start of flight restrictions due to the pandemic in March 2020. FMT revenues increased by 7.8% in Q4 2020 on the back of the gradual recovery process that started in June with the opening of flights all over the world until the second wave of the pandemic hit the world in Q4.

Other Ancillary Business: Revenues from other ancillary business decreased by 13.1% in 2020 due to voluntary non-renewal of the tender for the laboratory business in line with the strategy to focus on core business. In Q4 2020, it increased by 9.1%, due to the decrease in the base effect of the laboratory business and the increase in management consultancy revenues from university hospitals. (Currently, we have 6 university hospitals, of which 3 have management service contracts with us).

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

	2020	2019	Change (bps)	Q4 2020	Q4 2019	Change (bps)
(% of Revenues)	**73.9%**	**77.5%**	**(362)**	**76.4%**	**76.4%**	**(2)**
Material	21.9%	23.3%	(138)	20.7%	22.5%	(177)
Doctor	21.0%	21.2%	(20)	22.1%	21.8%	22
Personnel	16.0%	17.5%	(154)	14.9%	17.2%	(232)
Rent	0.9%	0.8%	6	0.9%	0.8%	7
Outso. Serv. Purch.	8.2%	5.2%	299	10.4%	5.5%	494
All other exp.	5.9%	9.4%	(355)	7.4%	8.6%	(116)

<u>Material consumption</u> as a percentage of total revenue decreased by 177 bps in Q4 2020 and 138 bps in 2020 due to decrease in the share of other ancillary laboratory business, which has high cost.

<u>Doctor costs</u> as a percentage of total revenue decreased by 20 bps to 21.0% in 2020 due to effective cost control.

<u>Personnel expenses</u> as a percentage of total revenue decreased by 232 bps to 14.9% in Q4 2020 and by 154 bps to 16.0% in 2020 due to better resource management and utilization of the government's Short-time Work Program subsidy.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses increased by 494 bps to 10.4% in Q4 2020 and by 299 bps to 8.2% in 2020 as percentage of the total revenue due to the increased volume of such services received.

All other expenses (energy, foreign and domestic marketing expenses etc.) decreased by 116 bps to 7.4% in Q4 2020 and by 355 bps to 5.9% in 2020 primarily due to the increase in the effect of operational FX difference income on total expenses and decrease in the marketing expenses related to FMT revenues.

EBITDA

The Adj. EBITDA number increased by 21.7% to TL 283 million in Q4 2020. On the other hand, Adj. EBITDA margin came in at 23.6% on the back of strong operational performance and cost saving measures. In 2020, the Adj. EBITDA number increased by 25.8% to TL 1,049 million and the Adj. EBITDA margin increased to 26.1%.

The rent expense in 2020 has been reduced after negotiations with landlords. Therefore, Adj. EBITDA (without IFRS 16) growth excluding rent has been stronger at 36.5%.

The Adj. EBITDA (without foreign exchange effect of other income/expenses from operating activities) number increased by 19.5% to TL 265 million in Q4 2020. On the other hand, Adj. EBITDA margin was 22.1% in Q4 2020. In 2020, the Adj. EBITDA number increased by 17.7% to TL 958 million and the Adj. EBITDA margin increased to 23.9% by 188 bps.

Cash Flow

The operating cash flow was TL 211 million in Q4 2020. Thus, the operating cash flow/EBITDA ratio came in at 74.6% in Q4 2020. In 2020, the operating cash flow increased to TL 899 million and the operating cash flow/EBITDA ratio increased to 85.7%.

Maintenance-related capital expenditures as a percentage of revenues was at 3.0% in Q4 2020 and 2.3% in 2020 (Q4 2019: 1.5% and 2019: 1.6%). Total capital expenditures as a percentage of revenues was at 4.8% in Q4 2020 and 4.1% in 2020 due to capex light strategy that includes no new hospital openings that requires high capital expenditure (Q4 2019: 5.0% and 2019: 4.7%).

In 2020, free cash flow grew by 49.6% and reached TL 733 million due to the strong improvement in operational cash flow and the decrease in both working capital needs and capital expenditures.

Profit/(Loss) for the Period

Due to the strong operational performance and cost savings, a net profit of TL 71 million was generated in Q4 2020 (Q4 2019: TL 76 million). The net profit was recorded in spite of financial expenditure of TL 109 million in Q4 2020. On the other hand, TL 123 million net profit was recorded in spite of the high financial expenditure of TL 684 million in 2020.

Excluding FX loss, net profit was TL 69 million in Q4 2020 and TL 365 million in 2020. On the other hand, interest expenses decreased by 17.8% in Q4 2020 and by 11.9% in 2020 as the borrowing interest of TL loans had a decreasing trend.

Borrowings and Indebtedness

Net Debt by Currency (TL million)	2020[1]	Vertical %[1]	2020	Vertical %	2019	Vertical %	Change
TL	1,460	69%	1,064	50%	881	43%	20.8%
USD + Euro	62	3%	457	22%	434	21%	5.2%
Euro (Hedged)	--	--	--	--	149	7%	(100.0%)
Total loan, financial leasing	**1,521**	**72%**	**1,521**	**72%**	**1,465**	**71%**	**3.9%**
TL (IFRS 16)	521	25%	521	25%	542	26%	(3.9%)
USD + Euro (IFRS 16)	74	3%	74	3%	59	3%	24.3%
Total lease liabilities (IFRS16)	**595**	**28%**	**595**	**28%**	**602**	**29%**	**(1.1%)**
Total net debt	**2,117**	**100%**	**2,117**	**100%**	**2,066**	**100%**	**2.4%**

[1] Including the transaction on February 8, 2021 regarding the conversion of the principal payments of EUR 46.5 million syndicated loans for the years 2022-2024.

The Net Debt/Adj. EBITDA ratio was 2.0x in 2020.

Currency risk management

All of the principal payments of EUR 46.5 million of syndicated loans for the years 2022-2024 converted into TL at the CBRT buying rate on February 8, 2021. As a result of this transaction after reporting date, FX Net Debt open position is closed, impacts of which will be seen by Q1 2021. Along with its long term strategy, the Company created natural hedge in balance sheet through keeping cash in hand in EUR denominated terms in efforts to manage foreign exchange risk, reduce financial expenses and Net Debt / EBITDA ratio.

EBITDA RECONCILIATION

TL million	2020	2019	Q4 2020	Q4 2019
Net profit / (loss)	**123**	**56**	**71**	**76**
Tax (income) from operations	63	26	25	31
Depreciation and amortization of tangible and intangible fixed assets	252	266	64	68
Total interest expenses/(income) and fair value differences of derivative instruments	657	543	100	158
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	(116)	(131)	1	(129)
Reported EBITDA	**978**	**760**	**261**	**205**
Net one-off (gains) / losses	54	48	16	19
Non-cash GAAP provision expenses	16	26	6	9
Adjusted EBITDA	**1,049**	**834**	**283**	**233**
Adjusted EBITDA Margin (%)	**26.1%**	**22.5%**	**23.6%**	**23.6%**
Foreign exchange gains/(losses) from operations	91	19	18	11
Adjusted EBITDA[1]	**958**	**814**	**265**	**222**
Adjusted EBITDA Margin (%)[1]	**23.9%**	**22.0%**	**22.1%**	**22.5%**

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

SUMMARY CONSOLIDATED INCOME STATEMENT

	Audited	Audited		Unaudited	Unaudited	
TL million	**2020**	**2019**	**Change (%)**	**Q4 2020**	**Q4 2019**	**Change (%)**
Revenue	**4,015**	**3,704**	**8.4%**	**1,201**	**988**	**21.6%**
Cost of service (-)	(3,058)	(2,852)	7.2%	(909)	(754)	20.6%
Gross profit	**956**	**852**	**12.3%**	**292**	**234**	**24.7%**
General administration expenses (-)	(266)	(309)	(13.8%)	(85)	(91)	(6.6%)
Other income from operations	561	333	68.1%	194	92	112.1%
Other expenses from operations (-)	(497)	(354)	40.6%	(196)	(93)	109.8%
Operating profit/(loss)	**754**	**523**	**44.1%**	**206**	**142**	**45.4%**
Income from investing activities	119	132	(10.4%)	0	130	(99.9%)
Expense from investing activities (-)	(2)	(2)	60.4%	(1)	(2)	(51.9%)
EBIT	**870**	**654**	**33.0%**	**205**	**270**	**(24.1%)**
EBIT margin	*21.7%*	*17.7%*	*401bps*	*17.1%*	*27.4%*	*(1,027bps)*
Interest expenses (-)	(443)	(502)	(11.9%)	(111)	(135)	(17.8%)
Net foreign exchange profit / (loss) (including hedging cost)	(242)	(69)	249.1%	2	(28)	n.m.
Net profit / (loss) before tax	**186**	**82**	**125.9%**	**97**	**108**	**(10.2%)**
Tax income / (expense) from operations	(63)	(26)	141.7%	(25)	(31)	(18.4%)
Net profit / (loss)	**123**	**56**	**118.6%**	**71**	**76**	**(6.8%)**

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Audited December 31, 2020	Audited December 31, 2019
Cash and cash equivalents	375	306
Trade receivables	1,155	991
Inventory	113	90
Short term other assets	542	335
Current assets	**2,185**	**1,722**
Tangible and intangible fixed assets	1,441	1,327
Right of use assets	257	235
Deferred tax assets	402	398
Long term other assets	287	232
Non-current assets	**2,387**	**2,193**
Total assets	**4,572**	**3,914**
Trade payables	987	821
Short term other liabilities	422	256
Short term financial liabilities (incl. financial and operational leases)	978	861
Current liabilities	**2,387**	**1,938**
Long term other liabilities	139	95
Deferred tax liabilities	184	155
Long term financial liabilities (incl. financial and operational leases)	1,514	1,488
Non-current liabilities	**1,836**	**1,738**
Shareholders' equity	282	230
Non-controlling interest	66	8
Equity	**349**	**238**
Total liabilities & equity	**4,572**	**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 15 cities across the country as of reporting date. 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. We have approximately 18,000 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 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:

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