May 6, 2021

Efficiency Studies and Successful Balance Sheet Management

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, 2021.

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

Summary Financials

(TL million)	Q1 2021	Q1 2020	Change
Revenues	**1,211**	**979**	**23.7%**
EBITDA[1]	**346**	**235**	**47.1%**
EBITDA margin (%)	28.6%	24.0%	454bps
EBITDA[1] without fx impact of other income/expenses from operating activities	**313**	**218**	**43.6%**
EBITDA margin (%)	25.8%	22.3%	357bps
Net Profit/(Loss) Before Tax	**115**	**87**	**32.6%**
Net Profit/(Loss)	80	61	30.2%
Net Profit/(Loss) equity holders of the parent	**66**	**50**	**30.3%**
Free Cash Flow	**279**	**169**	**64.7%**
Capital Expenditure	43	36	20.6%
Net Debt	**2,050**	**2,140**	**(4.2%)**
Net Debt / Adj EBITDA	1.8x	2.6x	

[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

- ✓ In Q1 2021, total revenues increased by 24% to TL 1,211 million (Q1 2020: TL 979 million). The strong growth in domestic noncovid revenues and the recovery in foreign medical tourism revenues have been the main drivers.
- ✓ In Q1 2021, the Adj. EBITDA increased by 47% to TL 346 million and the Adj. EBITDA margin at 28.6% due to effective cost cutting measures.
- ✓ Net profit increased to TL 80 million in Q1 2021 (Q1 2020: TL 61 million). Net profit allocated to equity holders of the parent increased to TL 66 million in Q1 2021 (Q1 2020: TL 50 million). Operational improvements, leverage of fixed cost base, and successful financial cost management have enabled the net profit increase.
- ✓ The net debt/Adj. EBITDA ratio was successfully decreased to 1.8x in Q1 2021 from 2.0x in 2020 on the back of effective cash management.
- ✓ The Company has converted all of the debt service for EUR 46.5 million syndicated loans for the years 2022-2024 into TL at the CBRT buying rate on February 8, 2021. After the conversion, the Company now has an FX long position of EUR 6.2 million and potential FX volatility will not impact company financials going forward.

Operating Highlights

- ✓ In Q1 2021, private medical insurance revenue increased by 42%, especially with the contribution of top-up insurance.
- ✓ In Q1 2021, Social Security Insurance (SSI) revenue increased by 33% with the support of revision on Healthcare Applications Communiqué (SUT) price list in March 2020 and higher SSI patient volume. The SUT price list was revised again on April 28, 2021.
- ✓ The Company continued its portfolio optimization efforts to focus future growth in metropolitans with large-scale hospitals.
  - Maltepe Hospital, taken over in December 2019, ramped-up quickly and generated cumulative positive EBITDA in Q1 2021.
  - Ankara Hospital, taken over in March 2020, also ramped up quickly and generated cumulative positive EBITDA in Q1 2021.
  - 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 3.1 million of negative EBITDA in Q1 2021.
  - Total capital expenditures for the above mentioned hospital acquisitions and opening was minimal (TL 5.7 million).
  - Preparations continued for Vadi İstanbul, which is on track for opening at the end of Q2 2021 as the 6th hospital of Liv Hospital brand.

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

“In the first quarter of 2021, we have successfully improved our EBITDA and our net profit on the back of operational efficiency and cost discipline. On February 8, 2021, we converted our FX denominated loans into TL and closed our open position. We target to rapidly decrease our net debt in 2021, and we made good progress towards this goal in the first quarter.

Before the pandemic, we announced on various occasions that we have prioritized digital transformation and initiated many projects in our Group. In the first quarter, we continued our digitalization efforts in all departments within the Group. We believe that these efforts will facilitate the continuation of our operational efficiency improvements throughout 2021, help us to take actions on time and therefore enable us to reach our long-term strategic goals faster.

Finally, on behalf of both myself, our patients, and our MLP Care family, I would like to express my gratitude to my staff for the uninterrupted and high-quality service they have been providing to the whole community during this very difficult pandemic period.”

Revenue

	Q1 2021	Q1 2020	Change
Total Revenue (TL million)	**1,211**	**979**	**23.7%**
Domestic Patient Revenue	1,068	807	32.4%
Inpatient Revenue	*636*	*477*	*33.4%*
Outpatient Revenue	*432*	*330*	*30.8%*
Foreign Medical Tourism Revenue	109	100	9.2%
Other Ancillary Business	34	72	(52.7%)

Domestic Patient Revenue: Revenues generated from domestic patients increased by 32.4% in Q1 2021 on the back of the growth in both inpatient and outpatient revenues.

The inpatient revenues grew by 33.4% in Q1 2021. Despite the decrease in the volume, SUT price revisions in March 2020, the shift of hospital weight in the portfolio towards metropolitans, and the increase in the percentage of complicated treatments in the total enabled unit price growth.

The outpatient revenues grew by 30.8% in Q1 2021. The shift of hospital weight in the portfolio towards metropolitans supported this growth.

Foreign Medical Tourism (FMT) Revenue: FMT revenues increased by 9.2% in Q1 2021 despite the high base effect of patient volume in January and February 2020, on the back of the gradual recovery process that started in June 2020.

Other Ancillary Business: Revenues from other ancillary business decreased by 52.7% in Q1 2021 due to voluntary non-renewal of the tender for the laboratory business in line with the strategy to focus on core business. In Q1 2021, laboratory business revenue decreased by 75.9% to TL 10 million (Q1 2020: TL 43 million). Management consultancy revenues from university hospitals was TL 18 million (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)

	Q1 2021	Q1 2020	Change (bps)
(% of Revenues)	**71.4%**	**76.0%**	**(454)**
Material	19.9%	21.6%	(168)
Doctor	21.7%	20.8%	88
Personnel	16.2%	18.2%	(197)
Rent	0.9%	0.9%	0
Outso. Serv. Purch.	8.6%	7.3%	130
All other exp.	4.2%	7.3%	(308)

<u>Material consumption</u> as a percentage of total revenue decreased by 168 bps in Q1 2021 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 increased by 88 bps in Q1 2021. The reason for the decrease is that the divider effect of the decreasing other ancillary business revenue in the ratio calculation. Doctor costs as a percentage of hospital revenue alone decreased by 15 bps in Q1 2021.

<u>Personnel expenses</u> as a percentage of total revenue decreased by 197 bps to 16.2% in Q1 2021 due to better resource management, robust revenue growth, 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 130 bps to 8.6% in Q1 2021 as percentage of the total revenue due to increased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses etc.) decreased by 308 bps to 4.2% in Q1 2021 primarily due to the increasing effect of operational FX income on total expenses and decrease in the marketing expenses related to FMT revenues.

EBITDA

The Adj. EBITDA number increased by 47.1% to TL 346 million in Q1 2021. On the other hand, Adj. EBITDA margin came in at 28.6% on the back of strong operational performance and cost saving measures.

The Adj. EBITDA (without foreign exchange effect of other income/expenses from operating activities) number increased by 43.6% to TL 313 million in Q1 2021. On the other hand, Adj. EBITDA margin was 25.8%.

Cash Flow

The operating cash flow increased by 57.0% to TL 322 million in Q1 2021 (Q1 2020: TL 205 million). Thus, the operating cash flow/EBITDA ratio increased to 93.2% in Q1 2021 (Q1 2020: 87.4%).

Maintenance-related capital expenditures as a percentage of revenues was at 2.0% in Q1 2021 (Q1 2020: 2.0%). Total capital expenditures as a percentage of revenues was at 3.6% in Q1 2021 due to capex light strategy that includes no new hospital openings that requires high capital expenditure (Q1 2020: 3.7%).

In Q1 2021, free cash flow grew by 64.7% and reached TL 279 million (Q1 2020: TL 169 million) due to the strong improvement in operational cash flow and the decrease in ratio of both working capital and capital expenditures as a percentage of revenues.

Profit/(Loss) for the Period

In Q1 2021, due to the strong operational performance and cost savings, a net profit of TL 80 million was generated. In Q1 2020, a net profit of TL 61 million was generated with the contribution of goodwill of TL 82 million recognized from the favourable acquisition of VM Medical Park Ankara Hospital. Despite this base effect, net profit increased by 30.2% in Q1 2021.

Net profit allocated to non-controlling interest was TL 14 million due to profitable subsidiaries. In Q1 2021, the ratio of non-controlling interest to total net profit was 17.8%. Therefore, in Q1 2021, net profit allocated to equity holders of the parent increased by 30.3% to TL 66 million (Q1 2020: TL 50 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	Q1 2021	Vertical %	2020	Vertical %	Change
TL	1,484	72%	1,064	50%	39.4%
USD + Euro	(60)	(3%)	457	22%	n.m.
Total loan, financial leasing	**1,423**	**69%**	**1,521**	**72%**	**(6.5%)**
TL (IFRS 16)	551	27%	521	25%	5.8%
USD + Euro (IFRS 16)	76	4%	74	3%	2.8%
Total lease liabilities (IFRS16)	**627**	**31%**	**595**	**28%**	**5.4%**
Total net debt	**2,050**	**100%**	**2,117**	**100%**	**(3.1%)**

The net debt/Adj. EBITDA ratio was successfully decreased to 1.8x in Q1 2021 from 2.0x in 2020 on the back of effective cash management. In Q1 2021, net debt decreased to TL 2,050 million (2020: TL 2,117 million).

Currency risk management

The Company has converted all of the debt service for EUR 46.5 million syndicated loans for the years 2022-2024 into TL at the CBRT buying rate on February 8, 2021. After the conversion, the Company now has an FX long position of EUR 6.2 million and potential FX volatility will not impact company financials going forward. 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, to reduce financial expenses and net debt/EBITDA ratio.

EBITDA RECONCILIATION

TL million	Q1 2021	Q1 2020
Net profit / (loss)	**80**	**61**
Tax (income) from operations	35	25
Depreciation and amortization of tangible and intangible fixed assets	73	62
Total interest expenses/(income) and fair value differences of derivative instruments	127	160
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	(0)	(82)
Reported EBITDA	**314**	**227**
Net one-off (gains) / losses	19	4
Non-cash GAAP provision expenses	13	4
Adjusted EBITDA	**346**	**235**
Adjusted EBITDA margin (%)	**28.6%**	**24.0%**
Foreign exchange gains/(losses) from operations	33	17
Adjusted EBITDA[1]	**313**	**218**
Adjusted EBITDA margin (%)[1]	**25.8%**	**22.3%**

[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	Unaudited Q1 2021	Unaudited Q1 2020	Change (%)
Revenue	**1,211**	**979**	**23.7%**
Cost of service (-)	(908)	(750)	21.1%
Gross profit	**303**	**229**	**32.4%**
General administration expenses (-)	(85)	(74)	14.6%
Other income from operations	85	82	3.2%
Other expenses from operations (-)	(57)	(67)	(15.3%)
Operating profit/(loss)	**246**	**170**	**45.0%**
Income from investing activities	0	82	(99.7%)
Expense from investing activities (-)	(0)	(0)	(98.0%)
EBIT	**246**	**252**	**(2.3%)**
EBIT margin	*20.3%*	*25.8%*	*(542bps)*
Interest expenses (-)	(123)	(108)	13.0%
Net foreign exchange profit / (loss) (including hedging cost)	(9)	(57)	(84.1%)
Net profit / (loss) before tax	**115**	**87**	**32.6%**
Tax income / (expense) from operations	(35)	(26)	38.6%
Net profit / (loss)	**80**	**61**	**30.2%**
Net profit / (loss) non-controlling interest	14	11	29.3%
Net profit / (loss) equity holders of the parent	**66**	**50**	**30.3%**

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2021	Audited December 31, 2020
Cash and cash equivalents	579	375
Trade receivables	1,217	1,155
Inventory	109	113
Short term other assets	603	542
Current assets	**2,508**	**2,185**
Tangible and intangible fixed assets	1,439	1,441
Right of use assets	296	257
Deferred tax assets	379	402
Long term other assets	303	287
Non-current assets	**2,417**	**2,387**
Total assets	**4,925**	**4,572**
Trade payables	1,077	987
Short term other liabilities	474	422
Short term financial liabilities (incl. financial and operational leases)	1,084	978
Current liabilities	**2,634**	**2,387**
Long term other liabilities	136	139
Deferred tax liabilities	183	184
Long term financial liabilities (incl. financial and operational leases)	1,546	1,514
Non-current liabilities	**1,865**	**1,836**
Shareholders' equity	346	282
Non-controlling interest	80	66
Equity	**426**	**349**
Total liabilities & equity	**4,925**	**4,572**

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 more than 17,000 personnel, including over 2,100 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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