MLPCARE

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High Growth Supported by the Base Effect of Pandemic

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 second quarter and the first half of 2021.

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

Summary Financials

(TL million)	H1 2021	H1 2020	Change	Q2 2021	Q2 2020	Change
Revenue	**2,542**	**1,738**	**46.3%**	**1,331**	**759**	**75.3%**
EBITDA[1]	**676**	**454**	**48.8%**	**330**	**219**	**50.6%**
EBITDA margin (%)	26.6%	26.1%	45bps	%24,8	%28,8	(407bps)
EBITDA[1] (w/o fx impact)[2]	**633**	**414**	**52.7%**	**320**	**196**	**62.8%**
EBITDA margin (%)	24.9%	23.8%	105bps	24.0%	25.9%	(184bps)
Net Profit/(Loss) Before Tax	**188**	**64**	**192.6%**	**73**	**(22)**	**n.m.**
Net Profit/(Loss)	174	39	344.5%	95	(22)	n.m.
Net Profit/(Loss) (allocated to equity holders of the parent)	**147**	**27**	**435.8%**	**82**	**(23)**	**n.m.**
Free Cash Flow	**516**	**302**	**71.1%**	**237**	**132**	**79.2%**
Capital Expenditure	169	57	197.5%	126	21	504.0%
Net Debt[3] (w/o TFRS 16 impact)	**1,390**	**1,525**	**(8.8%)**	**1,390**	**1,525**	**(8.8%)**

[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] Without fx impact of other income/expenses from operating activities

[3] Excluding obligations under operational leases related to TFRS 16

Financial Highlights

- ✓ In Q2 2021, total revenue increased by 75% to TL 1,331 million (Q2 2020: TL 759 million). The low base effect caused by the 15% revenue contraction due to pandemic in Q2 2020, the continued strong growth in domestic patient revenue quarter-on-quarter, and the accelerated recovery of foreign medical tourism revenue were the main drivers. Therefore, in H1 2021 revenue increased by 46% to TL 2,542 million (H1 2020: TL 1,738 million).
- ✓ In Q2 2021, the adj. EBITDA (w/o fx impact) increased by 63% to TL 320 million, while adj. EBITDA (w/o fx impact) margin came in at 24.0%. In H1 2021, the adj. EBITDA (w/o fx impact) increased by 53% to TL 633 million, while the adj. EBITDA margin increased by 105 bps to 24.9%.
- ✓ A net profit of TL 95 million was generated in Q2 2021 (Q2 2020: TL 22 million loss). Net profit allocated to equity holders of the parent was TL 82 million (share in total: 86%) in Q2 2021 (Q2 2020: TL 23 million loss). Accordingly, net profit in H1 2021 increased to TL 174 million (H1 2020: TL 39 million). Net profit allocated to equity holders of the parent increased to TL 147 million in H1 2021 (H1 2020: TL 27 million). Rapid recovery of revenue compared to previous year, effective cost management, and reduction of financial expenses (mitigating currency risk by closing fx net debt) have supported the net profit increase.

- ✓ The net debt/adj. EBITDA ratio was successfully decreased to 1.7x in H1 2021 from 2.0x in 2020 on the back of strong operational and cash generation performance. This decreases was realized despite the financial leasing and obligations under operational leases related to TFRS 16 of TL 171 million related to Liv Hospital VadIstanbul which was opened in May 2021.

Operating Highlights

- ✓ In Q2 2021, private medical insurance revenue went up by 155% driven by the strong growth of the top-up insurance. This high growth momentum was supported by the low base effect caused by the 21% contraction in Q2 2020 and the increase in demand for private medical insurance during the pandemic.
- ✓ Foreign Medical Tourism (FMT) revenue grew by 308% in Q2 2021 due to the low base effect caused by the 67% contraction in Q2 2020 and the gradual openings of international flights this year.
- ✓ There has been an upward revision in the SSI price tariff effective from June 1, 2021.
- ✓ Liv Hospital VadIstanbul has started accepting patients on May 24, 2021 in Istanbul, Sarıyer with a capacity of 125 beds. In addition to domestic patients, this hospital will serve foreign patients from European and Balkan countries, the Middle East and Arab countries.

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

"In the second quarter of 2021, we have announced strong results on the back of high revenue growth vs. the low base of previous year, cost saving measures, and decreased financial costs.

This year we target to continue decreasing our net debt rapidly and have already made good progress towards this goal so far.

I believe that our Liv Hospital VadIstanbul hospital, which was opened in Istanbul in May, will contribute significantly to the Group's foreign medical tourism revenue in the upcoming years.

While fighting the pandemic in our Liv Hospital and Medical Park hospitals, we continue to provide highly complex vital treatments in a safe environment. For the rest of the year, we expect to continue delivering strong results as the number of fully vaccinated people increase and life gradually returns to normal."

Revenue

	H1 2021	H1 2020	Change	Q2 2021	Q2 2020	Change
Total Revenue (TL million)	**2,542**	**1,738**	**46.3%**	**1,331**	**759**	**75.3%**
Domestic Patient Revenue	2,225	1,479	50.5%	1,157	672	72.2%
Inpatient Revenue	*1,327*	*926*	*43.4%*	*691*	*449*	*54.0%*
Outpatient Revenue	*898*	*553*	*62.3%*	*466*	*223*	*108.7%*
Foreign Medical Tourism Revenue	253	135	87.1%	144	35	308.5%
Other Ancillary Business	64	124	(48.5%)	30	52	(42.7%)

Domestic Patient Revenue: Revenue from domestic patients increased by 72.2% in Q2 2021, 50.5% in H1 2021 on the back of strong growth in both inpatient and outpatient revenue. This high growth in Q2 2021 was driven by low base effect (There was 3.8% contraction in domestic revenue in Q2 2020 due to pandemic related restrictions), SUT price revisions in June 2021, the shift of hospital weight in the portfolio towards metropolitans, and the increase in the percentage of complicated treatments in the total.

The inpatient revenue grew by 54.0% in Q2 2021, 43.4% in H1 2021. The outpatient revenue grew by 108.7% in Q2 2021 and 62.3% in H1 2021.

Foreign Medical Tourism (FMT) Revenue: In Q2 2020, FMT revenue had contracted by 67.0% due to the flight restrictions kicked off during the pandemic. On the other hand, FMT revenue was by 308.5% and 87.1%, respectively in Q2 2021 and H1 2021, as life continues to normalize around the world with the accelerated vaccination. FMT revenue was up by 31.5% quarter-on-quarter in Q2 2021.

Other Ancillary Business: Revenue from other ancillary business decreased by 42.7% in Q2 2021 and 48.5% in H1 2021 due to voluntary non-renewal of the tender for the laboratory business in line with the strategy to focus on core business. Laboratory business revenue decreased by 75.1% to TL 8 million in Q2 2021, by 75.6% to TL 18 million in H1 2021 (Q2 2020: TL 32 million, H1 2020: TL 75 million).

On the other hand, management consultancy revenue from university hospitals increased by 175.7% to TL 32 million in Q2 2021, by 69.9% to TL 50 million in H1 2021 (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)

	H1 2021	H1 2020	Change (bps)	Q2 2021	Q2 2020	Change (bps)
(% of Revenue)	**73.4%**	**73.9%**	**(45)**	**75.2%**	**71.2%**	**407**
Material	19.2%	22.6%	(336)	18.6%	23.9%	(527)
Doctor	22.3%	20.5%	177	22.8%	20.1%	270
Personnel	16.3%	16.8%	(48)	16.4%	15.1%	138
Rent	0.8%	1.0%	(18)	0.8%	1.2%	(40)
Outso. Serv. Purch.	8.5%	7.3%	123	8.4%	7.3%	116
All other exp.	6.3%	5.7%	58	8.2%	3.7%	450

Material consumption as a percentage of total revenue decreased by 527 bps in Q2 2021 and by 336 bps in H1 2021 due to decrease in the share of other ancillary laboratory business, which has a high cost base.

Doctor costs as a percentage of total revenue increased by 270 bps in Q2 2021 and by 177 bps in H1 2021. Of that increase, circa 100 bps stemmed from the increase of hospital revenue in total in line with contraction of the ancillary business revenue. The rest was related with new hospital opening in Q2 2021 and hospital mix change.

Personnel expenses as a percentage of total revenue decreased by 48 bps to 16.3% in H1 2021 due to the strong revenue growth. On the other hand, this ratio in Q2 2021 was up by 138 bps to 16.4% due to the utilization of Short-time Work Program subsidy in Q2 2020 for more personnel, personnel salary adjustments, and new hospital openings.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses increased by 116 bps to 8.4% in Q2 2021 and by 123 bps to 8.5% in H1 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.) increased by 450 bps to 8.2% in Q2 2021 and by 58 bps to 6.3% in H1 2021 primarily due to lower operational FX income and increase in the marketing expenses related to FMT revenues.

EBITDA

The adj. EBITDA number increased by 50.6% to TL 330 million in Q2 2021 on the back of strong operational performance and cost saving measures. Adj. EBITDA margin decreased by 407 bps to 24.8%. This decrease was driven primarily by the decreasing effect of operational FX income on total expenses (Q2 2021: 205 bps decrease) and increase in the marketing expenses related to FMT revenues (Q2 2021: 105 bps decrease).

The adj. EBITDA number increased by 48.8% to TL 676 million in H1 2021. On the other hand, adj. EBITDA margin increased by 45 bps to 26.6% on the back of decrease in the share of other ancillary laboratory business, which has a high cost base.

In Q2 2021, the adj. EBITDA (w/o fx impact) number increased by 62.8% to TL 320 million. On the other hand, adj. EBITDA margin was 24.0%. In H1 2021, the adj. EBITDA (w/o fx impact) number increased by 52.7% to TL 633 million. Adj. EBITDA margin increased by 105 bps to 24.9%.

Cash Flow

The operating cash flow increased by 136.9% to TL 363 million in Q2 2021 and by 91.1% to TL 685 million in H1 2021 (Q2 2020: TL 153 million, H1 2020: TL 359 million). Thus, the operating cash flow/EBITDA ratio increased to 110.0% in Q2 2021 and 101.4% in H1 2021 (Q1 2020: 69.9%, H1 2020: 78.9%).

Free cash flow increased by 79.2% to TL 237 million in Q2 2021 and by 71.1% to TL 516 million in H1 2021 (Q2 2020: TL 132 million, H1 2020: TL 302 million) due to the decrease in working capital requirements. Therefore, free cash flow/adj. EBITDA ratio increased to 71.9% in Q2 2021 and 76.4% in H1 2021 (Q2 2020: 60.4%, H1 2020: 66.4%)

Maintenance-related capital expenditures as a percentage of revenue was at 2.2% in Q2 2021 and 2.1% in H1 2021 (Q2 2020: 1.7%, H1 2020: 1.9%). Total capital expenditures as a percentage of revenue increased to 9.4% in Q2 2021 and 6.7% in H1 2021 due to the TL 72 million capital expenditure made in Q2 2021 for VadIstanbul (Q2 2020: 2.7%, H1 2020: 3.3%).

Profit/(Loss) for the Period

Due to the strong operational performance and cost savings, a net profit of TL 95 million in Q2 2021 and TL 174 million in H1 2021 was generated. In H1 2020, a profit of TL 39 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 344.5% in H1 2021.

High operational performance and cost savings measures (operating profit increase Q2 2021: TL 90 million, H1 2021: TL 167 million), decreased finance expenses due to foreign currency risk (finance expenses decrease Q2 2021: TL 5 million, H1 2021: TL 39 million), realized deferred tax income in Q2 2021 due to the increased corporate tax rate from 20% to 25% (tax expense decrease Q2 2021: TL 21 million, H1 2021: TL 11 million) supported net profit increase.

Net profit allocated to non-controlling interest was TL 13 million in Q2 2021 and TL 27 million in H1 2021 due to profitable subsidiaries. The ratio of non-controlling interest to total net profit was 13.6% in Q2 2021 and 15.5% in H1 2021. Therefore, a net loss of TL 23 million allocated to equity holders of the parent in Q2 2020 turned to profit of TL 82 million in Q2 2021. In H1 2021, net profit allocated to equity holders of the parent increased by 435.8% to TL 147 million (H1 2020: TL 27 million)

Borrowings and Indebtedness

Net Debt by Currency (TL million)	H1 2021	Vertical Percentage	2020	Vertical Percentage	Change
TL	1,427	67%	1,064	50%	34.0%
USD + Euro	(36)	(2%)	457	22%	n.m.
Total loan, financial leasing	**1,390**	**65%**	**1,521**	**72%**	**(8.6%)**
TL (TFRS 16)	660	31%	521	25%	26.6%
USD + Euro (TFRS 16)	76	4%	74	3%	2.8%
Total lease liabilities (TFRS16)	**736**	**35%**	**595**	**28%**	**23.6%**
Total net debt	**2,126**	**100%**	**2,117**	**100%**	**0.5%**

The net debt/adj. EBITDA ratio was down to 1.7x in H1 2021 from 2.0x in 2020 on the back of strong operating performance.

In H1 2021, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 131 million to TL 1,390 million (2020: TL 1,521 million).

Total net debt including obligations under operational leases related to TFRS 16 was TL 2,126 million (2020: TL 2,117 million). Total net debt stayed flat due to TL 171 million obligation that came from the opening of Liv Hospital VadIstanbul (of that TL 61 million was financial leasing and TL 110 million was obligations under operational leases related to TFRS 16).

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. The Company maintained its fx denominated net debt long position of EUR 3.5 million in H1 2021. Therefore, 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 currency risk, to reduce financial expenses and net debt/EBITDA ratio.

EBITDA RECONCILIATION

TL million	H1 2021	H1 2020	Q2 2021	Q2 2020
Net profit / (loss)	**174**	**39**	**95**	**(22)**
Tax (income) from operations	14	25	(21)	(0)
Depreciation and amortization of tangible and intangible fixed assets	154	125	81	63
Total interest expenses/(income) and fair value differences of derivative instruments	279	318	152	158
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	(3)	(85)	(2)	(2)
Reported EBITDA	**619**	**423**	**304**	**196**
Net one-off (gains) / losses	37	24	18	20
Non-cash GAAP provision expenses	20	7	7	3
Adjusted EBITDA	**676**	**454**	**330**	**219**
Adjusted EBITDA margin (%)	**26.6%**	**26.1%**	**24.8%**	**28.8%**
Foreign exchange gains/(losses) from operations	43	40	10	23
Adjusted EBITDA[1]	**633**	**414**	**320**	**196**
Adjusted EBITDA margin (%)[1]	**24.9%**	**23.8%**	**24.0%**	**25.9%**

[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	Reviewed H1 2021	Reviewed H1 2020	Change (%)	Q2 2021	Q2 2020	Change (%)
Revenue	**2,542**	**1,738**	**46.3%**	**1,331**	**759**	**75.3%**
Cost of service (-)	(1,907)	(1,351)	41.2%	(999)	(601)	66.3%
Gross profit	**635**	**388**	**63.9%**	**332**	**159**	**109.3%**
General administration expenses (-)	(194)	(113)	71.8%	(109)	(39)	181.0%
Other income from operations	227	161	40.8%	142	79	80.1%
Other expenses from operations (-)	(192)	(126)	52.3%	(135)	(58)	130.2%
Operating profit/(loss)	**477**	**310**	**53.8%**	**231**	**140**	**64.4%**
Income from investing activities	3	85	(97.0%)	2	2	8.1%
Expense from investing activities (-)	(0)	(0)	(59.6%)	(0)	(0)	566.7%
EBIT	**479**	**395**	**21.5%**	**233**	**143**	**63.5%**
EBIT margin	*18.9%*	*22.7%*	*(385bps)*	*17.5%*	*18.8%*	*(126bps)*
Interest expenses (-)	(263)	(227)	16.0%	(140)	(118)	18.8%
Net foreign exchange profit / (loss) (including hedging cost)	(28)	(104)	(72.7%)	(19)	(46)	(58.8%)
Net profit / (loss) before tax	**188**	**64**	**192.6%**	**73**	**(22)**	**n.m.**
Tax income / (expense) from operations	(14)	(25)	45.1%	21	0	n.m.
Net profit / (loss)	**174**	**39**	**344.5%**	**95**	**(22)**	**n.m.**
Net profit / (loss) non-controlling interest	27	12	130.9%	13	1	n.m.
Net profit / (loss) equity holders of the parent	**147**	**27**	**435.8%**	**82**	**(23)**	**n.m.**

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Reviewed June 30, 2021	Reviewed June 30, 2020	Audited December 31, 2020
Cash and cash equivalents	580	470	375
Trade receivables	1,279	1,080	1,155
Inventory	118	107	113
Short term other assets	454	392	542
Current assets	**2,431**	**2,049**	**2,185**
Tangible and intangible fixed assets	1,518	1,428	1,441
Right of use assets	397	268	257
Deferred tax assets	419	410	402
Long term other assets	326	234	287
Non-current assets	**2,661**	**2,340**	**2,387**
Total assets	**5,091**	**4,389**	**4,572**
Trade payables	1,118	804	987
Short term other liabilities	429	363	422
Short term financial liabilities (incl. financial and operational leases)	1,199	951	978
Current liabilities	**2,746**	**2,118**	**2,387**
Long term other liabilities	138	139	139
Deferred tax liabilities	187	182	184
Long term financial liabilities (incl. financial and operational leases)	1,508	1,678	1,514
Non-current liabilities	**1,832**	**1,999**	**1,836**
Shareholders' equity	421	252	282
Non-controlling interest	93	20	66
Equity	**514**	**272**	**349**
Total liabilities & equity	**5,091**	**4,389**	**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 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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