

## Stronger Balance Sheet Supported by Increased Efficiency

### 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 third quarter and the first nine months of 2021.

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

#### Summary Financials

(TL million)	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
<b>Revenues</b>	<b>4,040</b>	<b>2,814</b>	<b>43.6%</b>	<b>1,498</b>	<b>1,075</b>	<b>39.3%</b>
<b>EBITDA<sup>1</sup></b>	<b>1,068</b>	<b>766</b>	<b>39.5%</b>	<b>392</b>	<b>312</b>	<b>26.0%</b>
EBITDA margin (%)	26.4%	27.2%	(77bps)	26.2%	29.0%	(276bps)
<b>EBITDA<sup>1</sup> (w/o fx impact)<sup>2</sup></b>	<b>1,029</b>	<b>693</b>	<b>48.5%</b>	<b>396</b>	<b>279</b>	<b>42.2%</b>
EBITDA margin (%)	25.5%	24.6%	84bps	26.4%	25.9%	55bps
<b>Net Profit/(Loss) Before Tax</b>	<b>335</b>	<b>89</b>	<b>276.9%</b>	<b>147</b>	<b>25</b>	<b>497.0%</b>
Net Profit/(Loss)	215	52	315.3%	41	13	224.4%
<b>Net Profit/(Loss)</b> (allocated to equity holders of the parent)	<b>165</b>	<b>23</b>	<b>610.3%</b>	<b>18</b>	<b>(4)</b>	<b>n.m.</b>
<b>Free Cash Flow</b>	<b>851</b>	<b>580</b>	<b>46.9%</b>	<b>335</b>	<b>278</b>	<b>20.7%</b>
Capital Expenditure	245	108	125.8%	76	52	46.7%
<b>Net Debt<sup>3</sup></b> (including TFRS 16 impact)	<b>1,967</b>	<b>2,088</b>	<b>(5.8%)</b>	<b>1,967</b>	<b>2,088</b>	<b>(5.8%)</b>

<sup>1</sup> 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

<sup>2</sup> Without fx impact of other income/expenses from operating activities

<sup>3</sup> Including obligations under operational leases related to TFRS 16

#### Financial Highlights

- ✓ In Q3 2021, total revenues increased by 39% to TL 1,498 million (Q3 2020: TL 1,075 million). The continued robust uptick in domestic patient revenues quarter-on-quarter and the accelerated recovery of foreign medical tourism business have been the main drivers for the strong performance. Overall, 9M 2021 revenues increased by 44% to TL 4,040 million (9M 2020: TL 2,814 million).
- ✓ In Q3 2021, the adj. EBITDA (w/o fx impact) increased by 42% to TL 396 million, while adj. EBITDA (w/o fx impact) margin increased by 55 bps at 26.4%. In 9M 2021, the adj. EBITDA (w/o fx impact) increased by 48% to TL 1,029 million, while the adj. EBITDA (w/o fx impact) margin increased by 84 bps to 25.5%.
- ✓ In Q3 2021, net profit increased by 224.4% to TL 41 (Q3 2020: TL 13 million). It is important to note that this increase is after the one-off deferred tax expense adjustment of TL 69 million related to the tax base increase. Accordingly, net profit in 9M 2021 increased to TL 215 million (9M 2020: TL 52 million). Net profit allocated to equity holders of the parent was TL 18 million in Q3 2021 (Q3 2020: TL 4 million loss). Rapid recovery of revenues compared to previous year, effective cost optimization, and reduction of financial expenses (realized after closure of FX open position in financial debt in February 2021) have supported the net profit increase.

- ✓ The net debt/adj. EBITDA ratio was successfully decreased to 1.5x in 9M 2021 from 2.0x in 2020 on the back of strong EBITDA and cash generation performance. Net debt decreased by TL 150 million compared to 2020. This decrease was realized despite the additional debt (financial leasing and obligations under operational leases related to TFRS 16) of TL 174 million related to Liv Hospital VadIstanbul which was opened in May 2021.

### Operating Highlights

- ✓ In Q3 2021, private medical insurance revenue went up by 68% especially driven by the strong growth of the top-up insurance. This high growth momentum was supported by the increase in demand for private medical insurance after the pandemic.
- ✓ Foreign Medical Tourism (FMT) revenue grew by 127% in Q3 2021 due to the low base effect triggered by the 22% contraction in Q3 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, Sariyer 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:

*“COVID-19 pandemic, which started in our country in March 2020, has created an unprecedented health and economic emergency globally. Throughout this period we worked with great devotion as we have the largest established footprint amongst the private healthcare providers in Turkey and bear a huge responsibility to our community. We continued to improve our operational performance on the back of diligent cost discipline, strengthened our cash position, and reduced our leverage ratio. We eliminated the impact of FX volatility from our financials by converting our FX denominated loans into TL and closing our open FX position against any potential macro headwinds.*

*The pent-up demand for health services, has been strong and resulted in high domestic and international patient traffic this year. In our group, digitalization projects continue at a full speed. Through our digital personnel planning system in all hospitals, we optimize staff allocation, and personnel working hours. With Robotic Process Automation (RPA), we aim to fully automate all invoice processes, thus directing staff time to higher value-added jobs. We aim to complete our digital supply chain program and deploy in all our hospitals next year. With this project, we will provide better inventory management and create additional cost savings. We believe that these efforts will make a positive contribution to our efficiency and therefore profitability in the future.*

### Revenues

	9M 2021	9M 2020	Change	Q3 2021	Q3 2020	Change
<b>Total Revenues (TL million)</b>	<b>4,040</b>	<b>2,814</b>	<b>43.6%</b>	<b>1,498</b>	<b>1,075</b>	<b>39.3%</b>
Domestic Patient Revenues	3,457	2,395	44.4%	1,232	916	34.6%
Inpatient Revenues	2,033	1,464	38.9%	706	538	31.1%
Outpatient Revenues	1,424	931	53.0%	527	378	39.4%
Foreign Medical Tourism Revenues	460	226	103.1%	207	91	126.8%
Other Ancillary Business	122	193	(36.5%)	58	68	(14.6%)

**Domestic Patient Revenues:** Revenues from domestic patients increased by 34.6% in Q3 2021 on the back of strong growth in both inpatient and outpatient revenues. This growth was driven by the improvement in number of patients since the beginning of the year and the average price increase related to SUT price revisions in June 2021. Revenues from domestic patients increased by 44.4% in 9M 2021. This high growth was additionally supported by low base effect as a result of 3.8% contraction in domestic revenues in Q2 2020 due to pandemic related restrictions.

The inpatient revenues grew by 31.1% in Q3 2021, 38.9% in 9M 2021. The outpatient revenues grew by 39.4% in Q3 2021, 53.0% in 9M 2021.

**Foreign Medical Tourism (FMT) Revenues:** FMT revenues had contracted by 67.0% in Q2 2020 and 21.9% in Q3 2020 due to the flight restrictions kicked off during the pandemic. On the other hand, FMT revenues was up by 126.8% in Q3 2021 and 103.1% in 9M 2021, as the vaccination speed accelerated both in Turkey and in many of the countries and the number of traveling passengers increased. In Q3 2021, FMT revenues increased by 43.9% compared to Q2 2021. FMT revenues as a percentage of the total revenues was 13.8% in Q3 2021 and 11.4% in 9M 2021.

**Other Ancillary Business:** Revenues from other ancillary business decreased by 14.6% in Q3 2021 and 36.5% in 9M 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 revenues decreased by 82.9% to TL 7 million in Q3 2021, by 78.0% to TL 25 million in 9M 2021 (Q3 2020: TL 38 million, 9M 2020: TL 114 million).

On the other hand, management consultancy revenues from university hospitals increased by 53.8% to TL 24 million in Q3 2021, by 64.3% to TL 75 million in 9M 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)

	9M 2021	9M 2020	Change (bps)	Q3 2021	Q3 2020	Change (bps)
<b>(% of Revenues)</b>	<b>73.6%</b>	<b>72.8%</b>	<b>77</b>	<b>73.8%</b>	<b>71.0%</b>	<b>276</b>
Material	18.5%	22.4%	(395)	17.2%	22.2%	(496)
Doctor	21.9%	20.6%	135	21.3%	20.7%	64
Personnel	16.3%	16.5%	(15)	16.3%	15.9%	38
Rent	0.9%	0.9%	(2)	0.9%	0.7%	24
Outso. Serv. Purch.	8.0%	7.2%	78	7.2%	7.2%	2
All other exp.	8.0%	5.2%	276	10.9%	4.4%	643

Material consumption as a percentage of total revenue decreased by 496 bps in Q3 2021 and by 395 bps in 9M 2021 due to decrease in the share of other ancillary laboratory business, which has a high cost base and increase in inpatient unit prices.

Doctor costs as a percentage of total revenue increased by 64 bps in Q3 2021 and by 135 bps in 9M 2021. The increase is due to the new hospital opening in Q2 2021, hospital mix change, and increased percentage of hospital revenue in total revenue in line with contraction of the ancillary business revenue.

Personnel expenses as a percentage of total revenue decreased by 15 bps to 16.3% in 9M 2021 due to the strong revenue growth. On the other hand, this ratio in Q3 2021 was up by 38 bps to 16.3% due to the utilization of Short-time Work Program subsidy in Q3 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 2 bps to 7.2% in Q3 2021 and by 78 bps to 8.0% in 9M 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 643 bps to 10.9% in Q3 2021 and by 276 bps to 8.0% in 9M 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 26.0% to TL 392 million in Q3 2021 on the back of strong operational performance and cost saving measures. Adj. EBITDA margin decreased by 276 bps to 26.2%. This decrease was driven primarily by the decreasing effect of operational FX income on total expenses (Q3 2021: 331 bps decrease) and increase in the marketing expenses related to FMT revenues (Q3 2021: 121 bps decrease).

The adj. EBITDA number increased by 39.5% to TL 1.068 million in 9M 2021. On the other hand, adj. EBITDA margin decreased by 77 bps to 26.4% due to decreased effect of operational FX income in total cost.

In Q3 2021, the adj. EBITDA (w/o fx impact) number increased by 42.2% to TL 396 million, while adj. EBITDA (w/o fx impact) margin increased by 55 bps to 26.4%. In 9M 2021, the adj. EBITDA (w/o fx impact) increased by 48.5% to TL 1,029 million, while the adj. EBITDA (w/o fx impact) margin increased by 84 bps to 25.5%.

#### **Cash Flow**

The operating cash flow increased by 24.8% to TL 411 million in Q3 2021 and by 59.3% to TL 1.096 million in 9M 2021 (Q3 2020: TL 329 million, 9M 2020: TL 688 million). Thus, the operating cash flow/EBITDA ratio was at 104.7% in Q3 2021 and 102.6% in 9M 2021 (Q3 2020: 105.8%, 9M 2020: 89.8%).

Free cash flow increased by 20.7% to TL 335 million in Q3 2021 and by 46.9% to TL 851 million in 9M 2021 (Q3 2020: TL 278 million, 9M 2020: TL 580 million) due to the decrease in working capital requirements. Therefore, free cash flow/adj. EBITDA ratio was at 85.5% in Q3 2021 and 79.7% in 9M 2021 (Q3 2020: 89.2%, 9M 2020: 75.7%).

Maintenance-related capital expenditures as a percentage of revenue was at 3.5% in Q3 2021 and 2.6% in 9M 2021 (Q3 2020: 2.1%, 9M 2020: 2.0%). Total capital expenditures as a percentage of revenue increased to 5.0% in Q3 2021 and 6.1% in 9M 2021 due to the TL 75 million capital expenditure made in 2021 for Vadlstanbul (Q3 2020: 4.8%, 9M 2020: 3.9%).

#### **Profit/(Loss) for the Period**

Due to the strong operational performance and cost savings, a net profit of TL 41 million in Q3 2021 and TL 215 million in 9M 2021 was generated. In 9M 2020, a profit of TL 52 million was generated with the contribution of goodwill of TL 82 million recognized from the favourable acquisition of VM Medical Park Ankara Hospital and TL 33 million fixed asset sales revenue of Uşak Hospital exit. Despite this base effect, net profit increased by 224.4% in Q3 2021 and 315.3% in 9M 2021.

High operational performance and cost savings measures (operating profit increase Q3 2021: TL 70 million, 9M 2021: TL 237 million), decreased finance expenses due to mitigated foreign currency risk (finance expenses decrease Q3 2021: TL 85 million, 9M 2021: TL 124 million). Deferred tax expense, on the other hand, decreased the profit for the period increasing by TL 69 million in 3Q 2021 and TL 38 million in 9M 2021 due to the one-off write-off of 50% of the deductible losses of previous years due to tax base increase.

Net profit allocated to non-controlling interest was TL 23 million in Q3 2021 and TL 50 million in 9M 2021 due to profitable subsidiaries. Therefore, a net loss of TL 4 million allocated to equity holders of the parent in Q3 2020 turned to profit of TL 18 million in Q3 2021. In 9M 2021, net profit allocated to equity holders of the parent increased by 610.3% to TL 165 million (9M 2020: TL 23 million).

### Borrowings and Indebtedness

Net Debt by Currency (TL million)	9M 2021	Vertical Percentage	2020	Vertical Percentage	Change
TL	1,282	65%	1,064	50%	20.5%
USD + Euro	(26)	(1%)	457	22%	n.m.
<b>Total loan, financial leasing</b>	<b>1,256</b>	<b>64%</b>	<b>1,521</b>	<b>72%</b>	<b>(17.5%)</b>
TL (IFRS 16)	635	32%	521	25%	21.8%
USD + Euro (IFRS 16)	76	4%	74	3%	2.8%
<b>Total lease liabilities (IFRS16)</b>	<b>711</b>	<b>36%</b>	<b>595</b>	<b>28%</b>	<b>19.5%</b>
<b>Total net debt</b>	<b>1,967</b>	<b>100%</b>	<b>2,117</b>	<b>100%</b>	<b>(7.1%)</b>

The net debt/adj. EBITDA ratio was down to 1.5x in 9M 2021 from 2.0x in 2020 on the back of strong operating performance.

In 9M 2021, net debt excluding obligations under operational leases related to IFRS 16 decreased by TL 266 million to TL 1,256 million (2020: TL 1,521 million).

Total net debt including obligations under operational leases related to IFRS 16 decreased by TL 150 million to TL 1,967 million (2020: TL 2,117 million). The decrease was realized despite the debt of TL 174 million (of that TL 62 million was financial leasing and TL 112 million was obligations under operational leases related to IFRS 16) related to Liv Hospital Vadistanbul opening.

### 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 2.6 million in 9M 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 and cash equivalents in EUR denominated terms in efforts to manage foreign currency risk, to reduce financial expenses and net debt/EBITDA ratio.

## EBITDA RECONCILIATION

TL million	9M 2021	9M 2020	Q3 2021	Q3 2020
<b>Net profit / (loss)</b>	<b>215</b>	<b>52</b>	<b>41</b>	<b>13</b>
Tax (income) from operations	120	37	106	12
Depreciation and amortization of tangible and intangible fixed assets	238	188	84	62
Total interest expenses/(income) and fair value differences of derivative instruments	427	557	148	239
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	(3)	(117)	(0)	(32)
<b>Reported EBITDA</b>	<b>997</b>	<b>717</b>	<b>379</b>	<b>294</b>
Net one-off (gains) / losses	52	38	16	14
Non-cash GAAP provision expenses	19	11	(2)	4
<b>Adjusted EBITDA</b>	<b>1,068</b>	<b>766</b>	<b>392</b>	<b>312</b>
<b>Adjusted EBITDA margin (%)</b>	<b>26.4%</b>	<b>27.2%</b>	<b>26.2%</b>	<b>29.0%</b>
Foreign exchange gains/(losses) from operations	39	73	(4)	33
<b>Adjusted EBITDA<sup>1</sup></b>	<b>1,029</b>	<b>693</b>	<b>396</b>	<b>279</b>
<b>Adjusted EBITDA margin (%)<sup>1</sup></b>	<b>25.5%</b>	<b>24.6%</b>	<b>26.4%</b>	<b>25.9%</b>

<sup>1</sup> 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			Unaudited		
	9M 2021	9M 2020	Change (%)	Q3 2021	Q3 2020	Change (%)
<b>Revenues</b>	<b>4,040</b>	<b>2,814</b>	<b>43.6%</b>	<b>1,498</b>	<b>1,075</b>	<b>39.3%</b>
Cost of service (-)	(2,969)	(2,150)	38.1%	(1,062)	(799)	33.0%
<b>Gross profit</b>	<b>1,071</b>	<b>664</b>	<b>61.2%</b>	<b>435</b>	<b>277</b>	<b>57.4%</b>
General administration expenses (-)	(314)	(181)	73.8%	(121)	(68)	77.1%
Other income from operations	277	366	(24.2%)	50	205	(75.4%)
Other expenses from operations (-)	(249)	(302)	(17.3%)	(58)	(176)	(67.2%)
<b>Operating profit/(loss)</b>	<b>784</b>	<b>548</b>	<b>43.2%</b>	<b>307</b>	<b>238</b>	<b>29.4%</b>
Income from investing activities	3	119	(97.7%)	0	34	(99.4%)
Expense from investing activities (-)	(0)	(2)	(94.8%)	(0)	(2)	(97.1%)
<b>EBIT</b>	<b>787</b>	<b>664</b>	<b>18.4%</b>	<b>307</b>	<b>270</b>	<b>14.0%</b>
<i>EBIT margin</i>	<i>19.5%</i>	<i>23.6%</i>	<i>(414bps)</i>	<i>20.5%</i>	<i>25.1%</i>	<i>(456bps)</i>
Interest expenses (-)	(429)	(331)	29.4%	(166)	(105)	58.3%
Net foreign exchange profit / (loss) (including hedging cost)	(23)	(244)	(90.6%)	5	(140)	n.m.
<b>Net profit / (loss) before tax</b>	<b>335</b>	<b>89</b>	<b>276.9%</b>	<b>147</b>	<b>25</b>	<b>497.0%</b>
Tax income / (expense) from operations	(120)	(37)	223.1%	(106)	(12)	782.8%
<b>Net profit / (loss)</b>	<b>215</b>	<b>52</b>	<b>315.3%</b>	<b>41</b>	<b>13</b>	<b>224.4%</b>
Net profit / (loss) non-controlling interest	50	29	75.8%	23	17	37.5%
<b>Net profit / (loss) equity holders of the parent</b>	<b>165</b>	<b>23</b>	<b>610.3%</b>	<b>18</b>	<b>(4)</b>	<b>n.m.</b>

## SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited September 30, 2021	Unaudited September 30, 2020	Audited December 31, 2020
Cash and cash equivalents	676	492	375
Trade receivables	1,359	1,115	1,155
Inventory	122	112	113
Short term other assets	537	479	542
<b>Current assets</b>	<b>2,694</b>	<b>2,198</b>	<b>2,185</b>
Tangible and intangible fixed assets	1,539	1,431	1,441
Right of use assets	383	250	257
Deferred tax assets	351	415	402
Long term other assets	341	243	287
<b>Non-current assets</b>	<b>2,614</b>	<b>2,339</b>	<b>2,387</b>
<b>Total assets</b>	<b>5,308</b>	<b>4,537</b>	<b>4,572</b>
Trade payables	1,315	905	987
Short term other liabilities	461	431	422
Short term financial liabilities (incl. financial and operational leases)	1,188	888	978
<b>Current liabilities</b>	<b>2,964</b>	<b>2,224</b>	<b>2,387</b>
Long term other liabilities	148	140	139
Deferred tax liabilities	187	187	184
Long term financial liabilities (incl. financial and operational leases)	1,456	1,705	1,514
<b>Non-current liabilities</b>	<b>1,791</b>	<b>2,031</b>	<b>1,836</b>
Shareholders' equity	436	245	282
Non-controlling interest	116	37	66
<b>Equity</b>	<b>552</b>	<b>282</b>	<b>349</b>
<b>Total liabilities &amp; equity</b>	<b>5,308</b>	<b>4,537</b>	<b>4,572</b>



**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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