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, 2021.

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

Summary Financials

(TL million)	2021	2020	Change	Q4 2021	Q4 2020	Change
Revenues	**5,796**	**4,015**	**44.4%**	**1,756**	**1,201**	**46.2%**
EBITDA[1]	**1,546**	**1,049**	**47.4%**	**478**	**283**	**68.9%**
EBITDA margin (%)	26.7%	26.1%	55bps	27.2%	23.6%	365bps
EBITDA[1] (w/o fx impact)[2]	**1,477**	**958**	**54.1%**	**448**	**265**	**68.9%**
EBITDA margin (%)	25.5%	23.9%	161bps	25.5%	22.1%	342bps
Net Profit/(Loss) Before Tax	**372**	**186**	**100.5%**	**37**	**97**	**(62.0%)**
Net Profit/(Loss)	355	123	188.8%	140	71	96.6%
Net Profit/(Loss) (allocated to equity holders of the parent)	**290**	**65**	**347.3%**	**125**	**42**	**200.8%**
Free Cash Flow	**1,160**	**733**	**58.1%**	**308**	**154**	**100.5%**
Capital Expenditure	493	166	197.1%	248	58	331.2%
Net Debt[3] (including TFRS 16 impact)	**2,069**	**2,117**	**(2.3%)**	**2,069**	**2,117**	**(2.3%)**

[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] Including obligations under operational leases related to TFRS 16

Financial Highlights

- ✓ In Q4 2021, total revenues increased by 46% to TL 1,756 million (Q4 2020: TL 1,201 million). The continued robust uptick in domestic patient and foreign medical tourism business revenues quarter-on-quarter have been the main drivers for the strong performance. Overall, 2021 revenues increased by 44% to TL 5,796 million (2020: TL 4,015 million).
- ✓ In Q4 2021, the adj. EBITDA (w/o fx impact) increased by 69% to TL 448 million, while adj. EBITDA margin increased by 342 bps at 25.5%. In 2021, the adj. EBITDA increased by 54% to TL 1,477 million, while the adj. EBITDA margin increased by 161 bps to 25.5%.
- ✓ In Q4 2021, net profit increased by 96.6% to TL 140 million (Q4 2020: TL 71 million). Accordingly, net profit in 2021 increased to TL 355 million (2020: TL 123 million). Net profit allocated to equity holders of the parent was TL 125 million in Q4 2021 (Q4 2020: TL 42 million). Net profit improved on the back of robust revenue growth, effective cost optimization, and deferred tax income generated from revaluation of fixed assets, despite the provision of overdue Libyan trade receivables.
- ✓ The net debt/adj. EBITDA ratio was successfully decreased to 1.3x in 2021 from 2.0x in 2020 on the back of strong EBITDA and cash generation performance. Net debt decreased by TL 48 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 298 million related to renewed hospital rental contract and Liv Hospital Vadistanbul which was opened in May 2021.

Operating Highlights

- ✓ In 2021, private medical insurance revenue went up by 83% 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 109% in 2021 due to the low base effect triggered by the 22% contraction in 2020, appreciation of FX against TL, and the gradual openings of international flights this year.
- ✓ 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. Vadistanbul has a successful ramp-up profile and generated positive EBITDA in Q4 2021.
- ✓ There has been an upward revision in the SSI price tariff effective from February, 2022.

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

"In 2021, we have continued our robust growth performance, reduced our indebtedness significantly, and focused on operational efficiency initiatives given the increasing cost pressure. We are proud that we will release our first comprehensive sustainability report this year. We are the first hospital group to publish a sustainability report in Turkey. We will continue to make sustainability our priority and implement projects that will inspire the industry.

I would like to express my gratitude to my personnel for their dedication and significant contribution to the fight with the pandemic in the last two years."

Revenues

	2021	2020	Change	Q4 2021	Q4 2020	Change
Total Revenues (TL million)	**5,796**	**4,015**	**44.4%**	**1,756**	**1,201**	**46.2%**
Domestic Patient Revenues	4,905	3,408	43.9%	1,448	1,014	42.8%
Inpatient Revenues	*2,857*	*2,073*	*37.9%*	*824*	*609*	*35.3%*
Outpatient Revenues	*2,047*	*1,335*	*53.3%*	*623*	*404*	*54.1%*
Foreign Medical Tourism Revenues	712	340	109.2%	252	114	121.4%
Other Ancillary Business	179	266	(32.7%)	57	74	(22.9%)

Domestic Patient Revenues: Revenues from domestic patients increased by 42.8% in Q4 2021 due to increased patient numbers and average prices. In the last quarter of 2021, the number of patient admissions in 2019 (with no pandemic impact) was exceeded, while the number of outpatients in 2019 was reached back in 2021. 2021 revenues increased by 43.9% which was driven by the improvement in number of patients throughout the year, the average price increase related to SUT price revisions in June 2021, and the strong last quarter figures.

Foreign Medical Tourism (FMT) Revenues: FMT revenues was up more than 100% in TL terms both in Q4 2021 and 2021, and also exceeded the 2019 revenues, which did not have any pandemic effect, in US dollars terms, due to the vaccination coverage increased in society both in Turkey and in many of the countries and the increasing the number of traveling passengers. FMT revenues as a percentage of the total revenues was 14.3% in Q4 2021 and 12.3% in 2021.

Other Ancillary Business: Revenues from other ancillary business decreased by 22.9% in Q4 2021 and 32.7% in 2021 due to voluntary non-renewal of the tender for the laboratory business in line with the strategy to focus on core business.

On the other hand, management consultancy revenues from university hospitals increased by 67.2% to TL 42 million in Q4 2021, by 65.3% to TL 117 million in 2021 (Currently, we have 7 university hospitals, of which 3 have management service contracts with us).

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

	2021	**2020**	**Change (bps)**	**Q4 2021**	**Q4 2020**	**Change (bps)**
(% of Revenues)	**73.3%**	**73.9%**	**(55)**	**72.8%**	**76.4%**	**(365)**
Material	18.1%	21.9%	(377)	17.4%	20.7%	(332)
Doctor	21.7%	21.0%	65	21.1%	22.1%	(97)
Personnel	15.8%	16.0%	(21)	14.6%	14.9%	(33)
Rent	0.9%	0.9%	1	0.9%	0.9%	7
Outso. Serv. Purch.	8.4%	8.2%	21	9.3%	10.4%	(115)
All other exp.	8.4%	5.9%	255	9.5%	7.4%	204

<u>Material consumption</u> as a percentage of total revenue decreased by 332 bps in Q4 2021 and by 377 bps in 2021 due to decrease in the share of other ancillary laboratory business, which has a high cost base and increase in inpatient unit prices.

<u>Doctor costs</u> as a percentage of total revenue decreased by 97 bps in Q4 2021 due to strong hospital revenue growth and optimization efforts. In 2021 it increased by 65 bps. The increase is due to the new hospital opening in Q2 2021, and increased percentage of hospital revenue in total revenue in line with contraction of the ancillary business revenue.

<u>Personnel expenses</u> as a percentage of total revenue decreased by 33bps to 14.6% in Q4 2021, and 21 bps to 15.8% in 2021 due to the strong revenue growth.

<u>Outsourced services purchases</u> that consists of laboratory, imaging, cleaning, catering, security expenses as percentage of the total revenue decreased by 115 bps to 9.3% in Q4 2021 due to strong revenue growth. Due to increased volume of the outsourced PCR test service expenses, especially compared to the first half of 2021, outsourced services percentage of the total revenue increased by 21 bps to 8.4% in 2021.

<u>All other expenses</u> (energy, foreign and domestic marketing expenses etc.) increased by 204 bps to 9.5% in Q4 2021 and by 255 bps to 8.4% in 2021 primarily due to increase in the marketing expenses related to FMT revenues and increase in electricity, water and gas expenses.

EBITDA

The adj. EBITDA number increased by 68.9% to TL 478 million in Q4 2021 on the back of strong operational performance and cost saving measures. Adj. EBITDA margin increased by 365 bps to 27.2%. This increase was driven by the decreasing share of other ancillary laboratory business, which has a high cost base in total revenue, increasing inpatient revenue per protocol, patient mix effect, and the decreasing percentage of material costs in total revenue.

The adj. EBITDA number increased by 47.4% to TL 1,546 million in 2021. On the other hand, adj. EBITDA margin increased by 55 bps to 26.7% due to decreasing percentage of material costs in total revenue.

In Q4 2021, the adj. EBITDA (w/o fx impact) number increased by 68.9% to TL 448 million, while adj. EBITDA (w/o fx impact) margin increased by 342 bps to 25.5%. In 2021, the adj. EBITDA (w/o fx impact) increased by 54.1% to TL 1,477 million, while the adj. EBITDA (w/o fx impact) margin increased by 161 bps to 25.5%.

Cash Flow

The operating cash flow increased by 163.4% to TL 557 million in Q4 2021 and by 83.8% to TL 1,653 million in 2021 (Q4 2020: TL 211 million, 2020: TL 899 million). Therefore, the operating cash flow/EBITDA ratio increased to 116.4% in Q4 2021 and 106.9% in 2021 (Q4 2020: 74.6%, 2020: 85.7%).

Free cash flow increased by 100.5% to TL 308 million in Q4 2021 and by 58.1% to TL 1,160 million in 2021 (Q4 2020: TL 154 million, 2020: TL 733 million) due to the decrease in working capital requirements. Therefore, free cash flow/adj. EBITDA ratio increased to 64.4% in Q4 2021 and 75.0% in 2021 (Q4 2020: 54.3%, 2020: 69.9%).

Maintenance-related capital expenditures as a percentage of revenue increased to 7.1% in Q4 2021 and 4.0% in 2021 (Q4 2020: 3.0%, 2020: 2.3%). The increase is related to a one-time growth related imaging machinery capex in Q4 2021, if the impact of such purchase is removed, maintenance-related capital expenditures as a percentage of revenue declines to 2.6% in Q4 2021. Total capital expenditures as a percentage of revenue increased to 14.1% in Q4 2021 and 8.5% in 2021 (Q4 2020: 4.8%, 2020: 4.1%).

Profit/(Loss) for the Period

In Q4 2021, net profit increased by 96.6% to TL 140 million. Accordingly, net profit in 2021 increased to TL 355 million. Net profit improved on the back of robust revenue growth, effective cost optimization, and deferred tax income (increased by TL 132 million in Q4 2021 and by TL 94 million in 2021) generated from revaluation of fixed assets, despite the TL 104 million write-off of overdue Libyan trade receivables.

Net profit allocated to non-controlling interest was TL 14 million in Q4 2021 and TL 65 million in 2021 due to profitable subsidiaries (Q4 2020: TL 29 million, 2020: TL 58 million). Therefore, net profit allocated to equity holders of the parent increased to TL 125 million in Q4 2021 and TL 290 million in 2021 (Q4 2020: TL 42 million, 2020: TL 65 million).

Borrowings and Indebtedness

Net Debt by Currency (TL million)	2021	Vertical Percentage	2020	Vertical Percentage	Change
TL	1,364	66%	1,064	50%	28.1%
USD + Euro	(187)	(9%)	457	22%	n.m.
Total loan, financial leasing	**1,176**	**57%**	**1,521**	**72%**	**(22.7%)**
TL (TFRS 16)	813	39%	521	25%	55.9%
USD + Euro (TFRS 16)	80	4%	74	3%	8.6%
Total lease liabilities (TFRS16)	**893**	**43%**	**595**	**28%**	**50.0%**
Total net debt	**2,069**	**100%**	**2,117**	**100%**	**(2.3%)**

The net debt/adj. EBITDA ratio was down to 1.3x in 2021 from 2.0x in 2020 on the back of strong operating performance.

In 2021, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 345 million to TL 1,176 million (2020: TL 1,521 million).

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 48 million to TL 2,069 million (2020: TL 2,117 million). This decrease was realized despite the additional debt (financial leasing and obligations under operational leases related to TFRS 16) of TL 298 million related to renewed hospital rental contract and Liv Hospital Vadistanbul, which was opened in May 2021.

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 with a long cash position of EUR 12.8 million in 2021. Therefore, potential FX volatility will not impact company financials going forward.

EBITDA RECONCILIATION

TL million	2021	2020	Q4 2021	Q4 2020
Net profit / (loss)	**355**	**123**	**140**	**71**
Tax (income) from operations	17	63	(103)	25
Depreciation and amortization of tangible and intangible fixed assets	336	252	98	64
Total interest expenses/(income) and fair value differences of derivative instruments	652	657	225	100
Net (gains) / losses from the disposal of tangible and intangible assets and income from negative goodwill	(9)	(116)	(6)	1
Reported EBITDA	**1,351**	**978**	**354**	**261**
Net one-off (gains) / losses	73	54	21	16
Non-cash GAAP provision expenses	123	16	104	6
Adjusted EBITDA	**1,546**	**1,049**	**478**	**283**
Adjusted EBITDA margin (%)	**26.7%**	**26.1%**	**27.2%**	**23.6%**
Foreign exchange gains/(losses) from operations	70	91	30	18
Adjusted EBITDA[1]	**1,477**	**958**	**448**	**265**
Adjusted EBITDA margin (%)[1]	**25.5%**	**23.9%**	**25.5%**	**22.1%**

[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	Audited 2021	Audited 2020	Change (%)	Unaudited Q4 2021	Unaudited Q4 2020	Change (%)
Revenues	**5,796**	**4,015**	**44.4%**	**1,756**	**1,201**	**46.2%**
Cost of service (-)	(4,217)	(3,058)	37.9%	(1,248)	(909)	37.3%
Gross profit	**1,579**	**956**	**65.1%**	**508**	**292**	**73.9%**
General administration expenses (-)	(561)	(266)	111.1%	(247)	(85)	190.3%
Other income from operations	582	561	3.8%	304	194	56.5%
Other expenses from operations (-)	(546)	(497)	9.8%	(297)	(196)	51.6%
Operating profit/(loss)	**1,053**	**754**	**39.7%**	**269**	**206**	**30.6%**
Income from investing activities	10	119	(91.7%)	7	0	n.m.
Expense from investing activities (-)	(1)	(2)	(57.5%)	(1)	(1)	29.5%
EBIT	**1,062**	**870**	**22.1%**	**275**	**205**	**34.0%**
EBIT margin	*18.3%*	*21.7%*	(334bps)	*15.7%*	*17.1%*	(143bps)
Interest expenses (-)	(591)	(443)	33.5%	(162)	(111)	45.9%
Net foreign exchange profit / (loss) (including hedging cost)	(99)	(242)	(59.0%)	(76)	2	n.m.
Net profit / (loss) before tax	**372**	**186**	**100.5%**	**37**	**97**	**(62.0%)**
Tax income / (expense) from operations	(17)	(63)	(73.3%)	103	(25)	n.m.
Net profit / (loss)	**355**	**123**	**188.8%**	**140**	**71**	**96.6%**
Net profit / (loss) non-controlling interest	65	58	11.6%	14	29	(50.8%)
Net profit / (loss) equity holders of the parent	**290**	**65**	**347.3%**	**125**	**42**	**200.8%**

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Audited December 31, 2021	Audited December 31, 2020
Cash and cash equivalents	680	375
Trade receivables	1,318	1,155
Inventory	285	113
Short term other assets	458	542
Current assets	**2,741**	**2,185**
Tangible and intangible fixed assets	1,716	1,441
Right of use assets	539	257
Deferred tax assets	422	402
Long term other assets	329	287
Non-current assets	**3,007**	**2,387**
Total assets	**5,748**	**4,572**
Trade payables	1,546	987
Short term other liabilities	498	422
Short term financial liabilities (incl. financial and operational leases)	1,274	978
Current liabilities	**3,318**	**2,387**
Long term other liabilities	149	139
Deferred tax liabilities	136	184
Long term financial liabilities (incl. financial and operational leases)	1,475	1,514
Non-current liabilities	**1,761**	**1,836**
Shareholders' equity	539	282
Non-controlling interest	131	66
Equity	**669**	**349**
Total liabilities & equity	**5,748**	**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 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 20 thousand personnel, including over 2,500 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:

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