

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, 2022.

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

Summary Financials

(TL million)	Q1 2022	Q1 2021	Change
Revenues	2,187	1,211	80.5%
EBITDA¹	501	291	71.9%
EBITDA margin (%) ¹	22.9%	24.0%	(114bps)
Net Profit/(Loss) Before Tax	210	115	82.8%
Net Profit/(Loss)	200	80	150.3%
Net Profit/(Loss) equity holders of the parent	170	66	159.0%
Free Cash Flow	254	159	59.6%
Capital Expenditure	105	43	142.0%
Net Debt	1,984	2,050	(3.2%)
Net Debt / EBITDA	1.3x	2.0x	

¹ EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

Financial Highlights

- ✓ In Q1 2022, total revenues increased by 81% to TL 2,187 million (Q1 2021: TL 1,211 million). The continued robust uptick in all revenue groups were effective in this high performance.
- ✓ In Q1 2022, EBITDA increased by 72% to TL 501 million, while EBITDA margin decreased by 114 bps to 22.9% due to the cost pressure mainly driven by the sharp increase in utility expenses.
- ✓ Net profit increased to TL 200 million in Q1 2022 (Q1 2021: TL 80 million). Net profit allocated to equity holders of the parent increased to TL 170 million in Q1 2022 (Q1 2021: TL 66 million). Net profit improved on the back of robust EBITDA growth compared to last year and deferred tax income generated from the investment incentives.
- ✓ Net debt/EBITDA ratio was successfully decreased to 1.3x in Q1 2022 from 1.5x in 2021 on the back of strong EBITDA, high operational cash conversion, and reduction in overall debt service.

Operating Highlights

- ✓ In Q1 2022, private medical insurance business grew by 103%, on the back of the increasing penetration of top-up insurance. The demand for private medical insurance has increased after the pandemic.
- ✓ In Q1 2022, Foreign Medical Tourism (FMT) revenues grew by 198%; circa 89% of this came from the appreciation of FX against TL and the rest from volume/price growth on the back of the normalization in international flights.
- ✓ There has been an upward revision in the SSI price tariff effective from February 8, 2022. SSI price increases will be fully effective starting from Q2 2022.

- ✓ MLP Care signed a share transfer agreement regarding two of its subsidiaries with MP Sağlık Hizmetleri A.Ş (“MP Sağlık”) in March 16, 2022. According to this share transfer agreement;
 - MLP Care will transfer its 56% shares in Sentez Sağlık Hizmetleri A.Ş (“Sentez”), one of its subsidiaries, to MP Sağlık which is a 44% minority shareholder. Under the subsidiary of Sentez three hospitals (İzmir, Gaziantep, and Batman) are operated.
 - MLP Care will increase its shareholding percentage from 75% to 100% by purchasing 25% of minority shareholders' shares in MS Sağlık Hizmetleri Ticaret A.Ş (“MS Sağlık”), one of its subsidiaries from MP Sağlık. Under MS Sağlık Liv Hospital Ankara is operated.
 - The cash proceeds from the transaction will be used for capacity expansion in existing facilities as well as new add-ons in target cities.

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

“In the first quarter of 2022, we managed to improve our domestic revenue significantly above the inflation and we tripled our foreign medical tourism revenue on the back of our successful marketing activities. We paid down borrowings and therefore decreased our net debt/EBITDA ratio down to 1.3x leveraging our strong EBITDA growth and high cash conversion.

We are proud to announce that we became the first hospital group in Turkey that published a sustainability report. Climate crisis and sustainable energy supply have become more important than ever as we come out of the pandemic. We accelerated our sustainability efforts and plan to integrate our sustainability actions in our financial reports soon.

In the remainder of the year, we will elaborate our sustainability goals and develop action plans to achieve our our strategic targets. We will be very happy to share our progress with all of our stakeholders.”

Revenues

	Q1 2022	Q1 2021	Change
Total Revenues (TL million)	2,187	1,211	80.5%
Domestic Patient Revenues	1,771	1,068	65.8%
<i>Inpatient Revenues</i>	1,000	636	57.3%
<i>Outpatient Revenues</i>	770	432	78.4%
Foreign Medical Tourism Revenues	325	109	197.7%
Other Ancillary Business	91	34	165.5%

Domestic Patient Revenues: Revenues from domestic patients increased by 65.8% in Q1 2022 due to increased patient numbers and average prices. The inpatient and outpatient revenues grew by 57.3% and 78.4%, respectively. SSI price revisions in June 2021 and February 2022 also supported this growth.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 197.7% in TL terms and 57.6% in USD terms in Q1 2022. FMT revenues as a percentage of the total revenues was 14.9% (Q1 2021: 9.0%). FMT revenues increased to USD 23 million in Q1 2022 from USD 20 million in Q1 2019 (without pandemic impact).

Other Ancillary Business: Revenues from other ancillary business increased by 165.5% in Q1 2022 due to management consultancy revenues from university hospitals. The consultancy revenues increased by 171.6% to TL 48 million in Q1 2022 (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)

	Q1 2022	Q1 2021	Change (bps)
(% of Revenues)	77.1%	76.0%	114
Material	18.6%	19.9%	(136)
Doctor	21.3%	21.7%	(43)
Personnel	16.9%	16.2%	71
Rent	0.9%	0.9%	(2)
Outsourced services purchases	7.7%	8.6%	(84)
All other expenses	11.8%	8.7%	308

Material consumption as a percentage of total revenue decreased by 136 bps in Q1 2022 due to effective inventory management.

Doctor costs as a percentage of total revenue decreased by 43 bps in Q1 2022 due to strong hospital revenue growth and optimization efforts.

Personnel expenses as a percentage of total revenue increased by 71 bps to 16.9% in Q1 2022 due to the absence of the short-time working incentive this year, the opening of a new hospital, the new personnel recruited for increasing capacity utilization of the existing hospitals, and salary increases.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 84 bps to 7.7% in Q1 2022 due to decreased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses etc.) increased by 308 bps to 11.8% in Q1 2022 primarily due to the increasing utility expenses and increase in the marketing expenses related to FMT revenues.

EBITDA

EBITDA number increased by 71.9% to TL 501 million in Q1 2022. EBITDA margin decreased by 114 bps to 22.9% due to the increasing utility expenses, increase in the marketing expenses related to FMT revenues, and personnel expenses.

Cash Flow

The operating cash flow increased by 74.7% to TL 363 million in Q1 2022 (Q1 2021: TL 208 million). Therefore, the operating cash flow/EBITDA ratio increased to 72.6% in Q1 2022 (Q1 2021: 71.4%).

In Q1 2022, free cash flow grew by 59.6% and reached TL 254 million (Q1 2021: TL 159 million) due to the improvement in net working capital to revenue ratio from 3.4% in 2021 to 2.5%. Therefore, free cash flow/EBITDA ratio was at 50.8% in Q1 2022 (Q1 2021: 54.7%).

Maintenance-related capital expenditures as a percentage of revenues was at 2.8% in Q1 2022 (Q1 2021: 2.0%). Total capital expenditures as a percentage of revenues was at 4.8% in Q1 2022 (Q1 2021: 3.6%).

Profit/(Loss) for the Period

In Q1 2022, a net profit of TL 200 million was generated on the back of robust EBITDA growth compared to last year and deferred tax income generated from the investment incentives.

Net profit allocated to non-controlling interest was TL 30 million due to profitable subsidiaries (Q1 2021: TL 14 million). Therefore, in Q1 2022, net profit allocated to equity holders of the parent increased to TL 170 million (Q1 2021: TL 66 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	Q1 2022	Vertical %	2021	Vertical %	Change
TL	1,011	51%	1,364	66%	(25.8%)
USD + Euro (*)	8	0%	(187)	(9%)	n.m.
Total loan, financial leasing	1,019	51%	1,176	57%	(13.4%)
TL (IFRS 16)	879	44%	813	39%	8.2%
USD + Euro (IFRS 16)	87	4%	80	4%	7.9%
Total lease liabilities (IFRS16)	965	49%	893	43%	8.1%
Total net debt	1,984	100%	2,069	100%	(4.1%)

(*) A Currency Protected Deposit transaction amounting to TL 102.8 million (EUR 6.6 million) was made in February 2022. As the related EUR balance was converted to TL on the transaction date, it is not included in the above mentioned Foreign Currency Position.

The net debt/EBITDA ratio was successfully decreased to 1.3x in Q1 2022 from 1.5x in 2021 on the back of strong operating performance.

In Q1 2022, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 157 million to TL 1,019 million (2021: TL 1,176 million).

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 85 million to TL 1,984 million (2021: TL 2,069 million).

EBITDA RECONCILIATION

TL million	Q1 2022	Q1 2021	Change (%)
Revenue	2,187	1,211	80.5%
Cost of service	(1,596)	(908)	75.7%
Gross profit	591	303	94.9%
General administrative expenses (-)	(198)	(85)	133.3%
Depreciation and amortization expenses (Cost of service)	101	68	48.1%
Depreciation and amortization expenses (General administrative expenses)	7	5	41.2%
EBITDA¹	501	291	71.9%
EBITDA margin (%)¹	22.9%	24.0%	(114bps)

¹ EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

SUMMARY CONSOLIDATED INCOME STATEMENT

TL million	Unaudited	Unaudited	Change (%)
	Q1 2022	Q1 2021	
Revenue	2,187	1,211	80.5%
Cost of service (-)	(1,596)	(908)	75.7%
Gross profit	591	303	94.9%
General administration expenses (-)	(198)	(85)	133.3%
Other income from operations	137	85	61.4%
Other expenses from operations (-)	(148)	(57)	159.6%
Operating profit/(loss)	382	246	55.2%
Income from investing activities	17	0	100.0%
Expense from investing activities (-)	(6)	(0)	100.0%
EBIT	393	246	59.7%
<i>EBIT margin</i>	<i>18.0%</i>	<i>20.3%</i>	<i>(234bps)</i>
Interest expenses (-)	(161)	(123)	31.5%
Net foreign exchange profit / (loss) (including hedging cost)	(23)	(9)	148.8%
Net profit / (loss) before tax	210	115	82.8%
Tax income / (expense) from operations	(10)	(35)	(71.9%)
Net profit / (loss)	200	80	150.3%
Net profit / (loss) non-controlling interest	30	14	110.2%
Net profit / (loss) equity holders of the parent	170	66	159.0%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2022	Audited December 31, 2021
Cash and cash equivalents	650	680
Trade receivables	1,634	1,318
Inventory	342	285
Short term other assets	476	458
Current assets	3,102	2,741
Tangible and intangible fixed assets	1,757	1,716
Right of use assets	606	539
Deferred tax assets	445	422
Long term other assets	357	329
Non-current assets	3,164	3,007
Total assets	6,266	5,748
Trade payables	1,785	1,546
Short term other liabilities	703	498
Short term financial liabilities (incl. financial and operational leases)	1,259	1,274
Current liabilities	3,747	3,318
Long term other liabilities	152	149
Deferred tax liabilities	129	136
Long term financial liabilities (incl. financial and operational leases)	1,375	1,475
Non-current liabilities	1,656	1,761
Shareholders' equity	703	539
Non-controlling interest	160	131
Equity	864	669
Total liabilities & equity	6,266	5,748

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 2,600 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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