

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 six months ended June 30, 2022.

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

Summary Financials

(TL million)	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change
Revenues	4,417	2,542	73.7%	2,230	1,331	67.5%
EBITDA¹	1,040	596	74.4%	539	305	76.8%
EBITDA margin (%) ¹	23.5%	23.4%	10bps	24.2%	22,9%	127bps
Net Profit/(Loss) Before Tax	658	188	249.4%	448	73	509.6%
Net Profit/(Loss)	604	174	246.4%	404	95	327.7%
Net Profit/(Loss) equity holders of the parent	577	147	291.6%	407	82	398.2%
Free Cash Flow	384	304	26.6%	130	144	(9.9%)
Capital Expenditure	224	169	32.4%	119	126	(5.5%)
Net Debt	1,344	2,126	(36.8%)	1,344	2,126	(36.8%)
Net Debt / EBITDA	0.7x	1.9x				

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

Financial Highlights

- ✓ In Q2 2022, total revenues increased by 68% to TL 2,230 million (Q2 2021: TL 1,331 million), like-for-like total revenues excluding Sentez Sağlık Hizmetleri A.Ş. hospitals (İzmir, Gaziantep, and Batman) ("Sentez") increased by 88% to TL 2,132 million. Foreign medical tourism and domestic private medical insurance has been the key growth drivers. Overall, in H1 2022 revenue increased by 74% to TL 4,417 million (H1 2021: TL 2,542 million).
- ✓ In Q2 2022, EBITDA increased by 77% to TL 539 million, like-for-like EBITDA excluding Sentez increased by 91% to TL 520 million. While EBITDA margin increased by 127 bps to 24.2%, like-for-like EBITDA margin excluding Sentez increased by 32 bps to 24.4%. In H1 2022, EBITDA increased by 74% to TL 1,040 million, while EBITDA margin increased by 10 bps to 23.5%.
- ✓ Net profit increased by 328% to TL 404 million (Q2 2021: TL 95 million), like-for-like net profit excluding Sentez increased by 252% to TL 263 million in Q2 2022. Net profit allocated to equity holders of the parent increased by 398% to TL 407 million in Q2 2022 (Q2 2021: TL 82 million). Net profit in H1 2022 increased by 246% TL to 604 million (H1 2021: TL 174 million). Net profit improved on the back of robust EBITDA growth both in the quarter and half year as well as one-off income of TL 126 million from the sale of Sentez hospitals in Q2 2022.
- ✓ Net debt/EBITDA ratio was decreased to 0.7x in H1 2022 from 1.5x in 2021, supported by net TL 746 million of cash inflow from the sale of Sentez.

Operating Highlights

- ✓ Private medical insurance business grew by 74% in Q2 2022 and 88% in H1 2022 on the back of the increasing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues grew by 178% in Q2 2022 and 186% in H1 2022; circa 88% of this came from the appreciation of FX against TL in both Q2 2022 and H1 2022 and the rest from volume/price growth on the back of successful marketing and PR campaign.
- ✓ MLP Care has divested its 56% stake in its Sentez subsidiary and increased its stake from 75% to 100% in its MS Sağlık subsidiary in two simultaneous share transfer transactions. The process started on March 16, 2022 with the signing of a share transfer agreement regarding the two subsidiaries (“Sentez” and “MS Sağlık”) between MLP Care and MP Sağlık ve Ticaret A.Ş. (“MP Sağlık”), was completed on May 20, 2022;
 - Under the subsidiary of Sentez three hospitals (İzmir, Gaziantep, and Batman) were operated.
 - Under MS Sağlık Hizmetleri Ticaret A.Ş. (“MS Sağlık”) subsidiary Liv Hospital Ankara is operated.
 - The cash proceeds from the transaction are planned to be utilized for new hospital acquisition, investments abroad, and capacity expansion in existing facilities in line with our long-term growth strategies.
- ✓ MLP Care Board of Directors have decided in their May 25th, 2022 meeting to kick-off a share buyback program to acquire up to 10% free-float shares as treasury shares over the next twelve months. The rationale of this transaction is to support healthy share price formation. As of June 30, 2022, total nominal value of purchased shares have become TL 1,243,960 which represents 0.5980% of the share capital. As of August 11, 2022 total nominal value of repurchased shares have become TL 2,100,000 which represents 1.0094% of the share capital.
- ✓ A hospital management service contract has been signed on June 29, 2022 with Bona Dea Limited Liability Company in Baku, Azerbaijan for a duration of ten years. MLP Care will have full operating rights of the Liv Bona Dea Hospital that has a total closed area of circa 37,500 m², 156 beds, and 28 intensive care units.

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

“In the first half of 2022, we increased our domestic revenue significantly above inflation and tripled our foreign medical tourism revenue with effective marketing initiatives. We have reduced our Net Debt/EBITDA ratio to below 1.0x and further strengthened our balance sheet.

In line with our strategy to grow foreign medical tourism business, we signed our first hospital management contract abroad, in Azerbaijan. This hospital will play a major role in promoting Liv Hospital's strong brand and quality healthcare services outside of Turkey. We will continue to evaluate opportunities abroad and support our foreign medical tourism business with such management contracts.

Revenues

	H1 2022	H1 2021	Change	Q2 2022	Q2 2021	Change
Total Revenues (TL million)	4,417	2,542	73.7%	2,230	1,331	67.5%
Domestic Patient Revenues	3,532	2,225	58.7%	1,762	1,157	52.2%
<i>Inpatient Revenues</i>	<i>2,024</i>	<i>1,327</i>	<i>52.5%</i>	<i>1,023</i>	<i>691</i>	<i>48.0%</i>
<i>Outpatient Revenues</i>	<i>1,509</i>	<i>898</i>	<i>68.0%</i>	<i>738</i>	<i>466</i>	<i>58.4%</i>
Foreign Medical Tourism Revenues	724	253	186.2%	399	144	177.5%
Other Ancillary Business	160	64	150.2%	69	30	132.7%

Domestic Patient Revenues: Revenues from domestic patients increased by 52.2% in Q2 2022 and by 58.7% in H1 2022 due to increased patient numbers and average prices. The inpatient revenues grew by 48.0% in Q2 2022 and 52.5% in H1 2022. The outpatient revenues grew by 58.4% in Q2 2022 and 68.0% in H1 2022.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 177.5% in TL terms and 47.5% in USD terms in Q2 2022 and increased by 186.2% in TL terms and 51.8% in USD terms in H1 2022. FMT revenues as a percentage of the total revenues was 17.9% in Q2 2022 and 16.4% in H1 2022 (Q2 2021: 10.8%, H1 2021: 10.0%). FMT revenues was USD 25 million in Q2 2022 and USD 49 million in H1 2022.

Other Ancillary Business: Revenues from other ancillary business increased by 132.7% in Q2 2022 and 150.2% in H1 2022 due to management consultancy revenues from university hospitals. The consultancy revenues increased by 76.1% to TL 57 million in Q2 2022 and by 109.8% to TL 105 million in H1 2022 (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 2022	H1 2021	Change (bps)	Q2 2022	Q2 2021	Change (bps)
(% of Revenues)	76.5%	76.6%	(10)	75.8%	77.1%	(127)
Material	18.8%	19.2%	(40)	19.1%	18.6%	50
Doctor	20.9%	22.3%	(138)	20.5%	22.8%	(226)
Personnel	16.0%	16.3%	(27)	15.2%	16.4%	(123)
Rent	1.2%	0.8%	36	1.5%	0.8%	72
Outsourced services purchases	7.3%	8.5%	(117)	6.9%	8.4%	(150)
All other expenses	12.2%	9.4%	277	12.5%	10.0%	251

Material consumption as a percentage of total revenue increased by 50 bps in Q2 2022 due to increased costs and decreased by 40 bps in H1 2022 due to the lagging effect of increased costs on the back of effective inventory management.

Doctor costs as a percentage of total revenue decreased by 226 bps in Q2 2022 and 138 bps in H1 2022 due to strong hospital revenue growth and the sale of Sentez hospitals.

Personnel expenses as a percentage of total revenue decreased by 123 bps to 15.2% in Q2 2022, and decreased by 27 bps to 16.0% in H1 2022 due to the decreased number of personnel from the sale of Sentez hospitals.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 150 bps to 6.9% in Q2 2022, and decreased by 117 bps to 7.3% in H1 2022 due to decreased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses etc.) increased by 251 bps to 12.5% in Q2 2022 and increased by 277 bps to 12.2% in H1 2022 primarily due to the increasing in the marketing expenses related to FMT revenues and increase in utility expenses over inflation rate.

EBITDA

EBITDA number increased by 76.8% to TL 539 million in Q2 2022 and increased by 74.4% to TL 1,040 million in H1 2022. EBITDA margin increased by 127 bps to 24.2% in Q2 2022 and increased by 10 bps to 23.5% in H1 2022. EBITDA number increased due to the decreasing doctor and personnel expenses.

Cash Flow

The operating cash flow decreased by 9.2% to TL 249 million in Q2 2022 due to the TL 626 million contracting effect of the Sentez sale on net working capital (Q2 2021: TL 274 million). Overall, operating cash flow increased by 27.0% to TL 612 million in H1 2022 due to the robust EBITDA growth (H1 2021: TL 482 million). Therefore, the operating cash flow/EBITDA ratio decreased to 46.1% in Q2 2022 and to 58.9% in H1 2022 (Q2 2021: 89.9%, H1 2021: 80.9%).

Free cash flow decreased by 9.9% to TL 130 million in Q2 2022 and increased by 26.6% to TL 384 million (Q2 2021: TL 144 million, H1 2021: TL 304 million). Therefore, free cash flow/EBITDA ratio was at 24.1% in Q2 2022, and 37.0% in H1 2022 (Q2 2021: 47.3%, H1 2021: 50.9%).

Maintenance-related capital expenditures as a percentage of revenues was at 2.9% in Q2 2022 and 2.8% in H1 2022 (Q2 2021: 2.2%, H1 2021: 2.1%). Total capital expenditures as a percentage of revenues was at 5.3% in Q2 2022 and 5.1% in H1 2022 (Q2 2021: 9.4%, H1 2021: 6.7%).

Profit/(Loss) for the Period

Due to strong EBITDA growth compared to last year and one-off income of TL 126 million from the sale of subsidiary, a net profit of TL 404 million in Q2 2022 and TL 604 million in H1 2022 was generated. Like-for-like net profit excluding Sentez a net profit of TL 263 million in Q2 2022 and TL 417 million in H1 2022 was generated.

In H1 2022, net profit allocated to non-controlling interest was TL 27 million due to profitable subsidiaries (H1 2021: TL 27 million). Therefore, in H1 2022, net profit allocated to equity holders of the parent increased by 291.6% to TL 577 million (H1 2021: TL 147 million). In Q2 2022, the net profit allocated to equity holders of the parent shares increased by 398.2% to TL 407 million with the transfer of Sentez hospitals, which accounted for the majority of profits related to non-controlling interests (Q2 2021: TL 82 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	H1 2022	Vertical %	2021	Vertical %	Change
TL	1,068	79%	1,364	66%	(21.7%)
USD + Euro (*)	(581)	(43%)	(187)	(9%)	210.1%
Total loan, financial leasing	487	36%	1,176	57%	(58.6%)
TL (IFRS 16)	767	57%	813	39%	(5.6%)
USD + Euro (IFRS 16)	90	7%	80	4%	12.4%
Total lease liabilities (IFRS16)	857	64%	893	43%	(4.0%)
Total net debt	1,344	100%	2,069	100%	(35.0%)

(*) A Currency Protected Deposit transaction amounting to TL 186.3 million (EUR 11.6 million) was made in February-June 2022 and presented under financial investments account. As the related EUR balance was converted to TL on the transaction date, it is not included in the above mentioned Foreign Currency Position. There is a net long position of EUR 44.2 million in foreign currency including the Currency Protected Deposit balance.

The net debt/EBITDA ratio was successfully decreased to 0.7x in H1 2022 from 1.5x in 2021 on the back of strong operating performance and net TL 746 million cash from the sale of Sentez hospitals.

In H1 2022, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 689 million to TL 487 million (2021: TL 1,176 million). The net debt/EBITDA ratio decreased to 0.3x in H1 2022 from 1.1x in 2021.

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 725 million to TL 1,344 million (2021: TL 2,069 million).

EBITDA RECONCILIATION

TL million	H1 2022	H1 2021	Q2 2022	Q2 2021
Revenue	4,417	2,542	2,230	1,331
Cost of service	3,189	1,907	1,593	999
Gross profit	1,228	635	637	332
General administrative expenses (-)	(399)	(194)	(201)	(109)
Depreciation and amortization expenses (Cost of service)	196	144	95	76
Depreciation and amortization expenses (General administrative expenses)	15	10	8	5
EBITDA¹	1,040	596	539	305
EBITDA margin (%)¹	23.5%	23.4%	24.2%	22.9%

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	Reviewed		Change (%)	Reviewed		Change (%)
	H1 2022	H1 2021		Q2 2021	Q2 2021	
Revenue	4,417	2,542	73.7%	2,230	1,331	67.5%
Cost of service (-)	(3,189)	(1,907)	67.2%	(1,593)	(999)	59.5%
Gross profit	1,228	635	93.2%	637	332	91.7%
General administration expenses (-)	(399)	(194)	105.9%	(201)	(109)	84.6%
Other income from operations	206	214	(4.0%)	91	134	(32.5%)
Other expenses from operations (-)	(251)	(192)	31.2%	(103)	(135)	(23.2%)
Operating profit/(loss)	784	465	68.7%	423	223	89.8%
Income from investing activities	144	3	n.m.	127	2	n.m.
Expense from investing activities (-)	(9)	(0)	n.m.	(3)	(0)	n.m.
EBIT	919	467	96.8%	547	225	142.9%
<i>EBIT margin</i>	20.8%	18.4%	244bps	24.5%	16.9%	761bps
Interest (expenses) / income, net (-)	(224)	(251)	(10.7%)	(84)	(133)	(36.4%)
Net foreign exchange profit / (loss) (including hedging cost)	(38)	(28)	32.7%	(15)	(19)	(22.4%)
Net profit / (loss) before tax	658	188	249.4%	448	73	509.6%
Tax income / (expense) from operations	(53)	(14)	287.4%	(44)	21	(306.7%)
Net profit / (loss)	604	174	246.4%	404	95	327.7%
Net profit / (loss) non-controlling interest	27	27	1.3%	(2)	13	(118.9%)
Net profit / (loss) equity holders of the parent	577	147	291.6%	407	82	398.2%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Reviewed June 30, 2022	Reviewed June 30, 2021	Audited December 31, 2021
Cash and cash equivalents	1,158	580	680
Financial investments	186	-	-
Trade receivables	1,083	1,279	1,318
Inventory	436	118	285
Short term other assets	539	454	458
Current assets	3,403	2,431	2,741
Tangible and intangible fixed assets	1,813	1,518	1,716
Right of use assets	550	397	539
Deferred tax assets	436	419	422
Long term other assets	410	326	329
Non-current assets	3,210	2,661	3,007
Total assets	6,613	5,091	5,748
Trade payables	1,909	1,118	1,546
Short term other liabilities	604	429	498
Short term financial liabilities (incl, financial and operational leases)	1,534	1,199	1,274
Current liabilities	4,047	2,746	3,318
Long term other liabilities	144	138	149
Deferred tax liabilities	146	187	136
Long term financial liabilities (incl, financial and operational leases)	1,154	1,508	1,475
Non-current liabilities	1,444	1,832	1,761
Shareholders' equity	1,148	421	539
Non-controlling interest	(26)	93	131
Equity	1,122	514	669
Total liabilities & equity	6,613	5,091	5,748

ABOUT MLP CARE

We are the most widespread private healthcare service provider in Turkey in terms of number of hospitals, beds and geographic scope based on our footprint of 27 hospitals and around 5,300 beds in 12 cities across Turkey and Baku, Azerbaijan 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 17 thousand personnel, including over 2,400 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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