

# MLP Care Investor Presentation

İş Yatırım İstanbul Investor Conference - September 26, 2022



**MLPCARE**

MEDICALPARK | **liV**HOSPITAL

## MLP Care: The #1 Private Hospital Group in Turkey

*Two brands and one concept targeting three different price points with consistently outstanding medical service quality*



**The largest hospital group in Turkey**

Established in 1993, listed on BIST in 2018



**26** Hospitals in Total



**~5,050** Beds in Total



**16,000+** Staff<sup>1</sup>  
**~ 2,400** Doctors  
(21% are academicians)



**3** JCI Accredited Hospitals

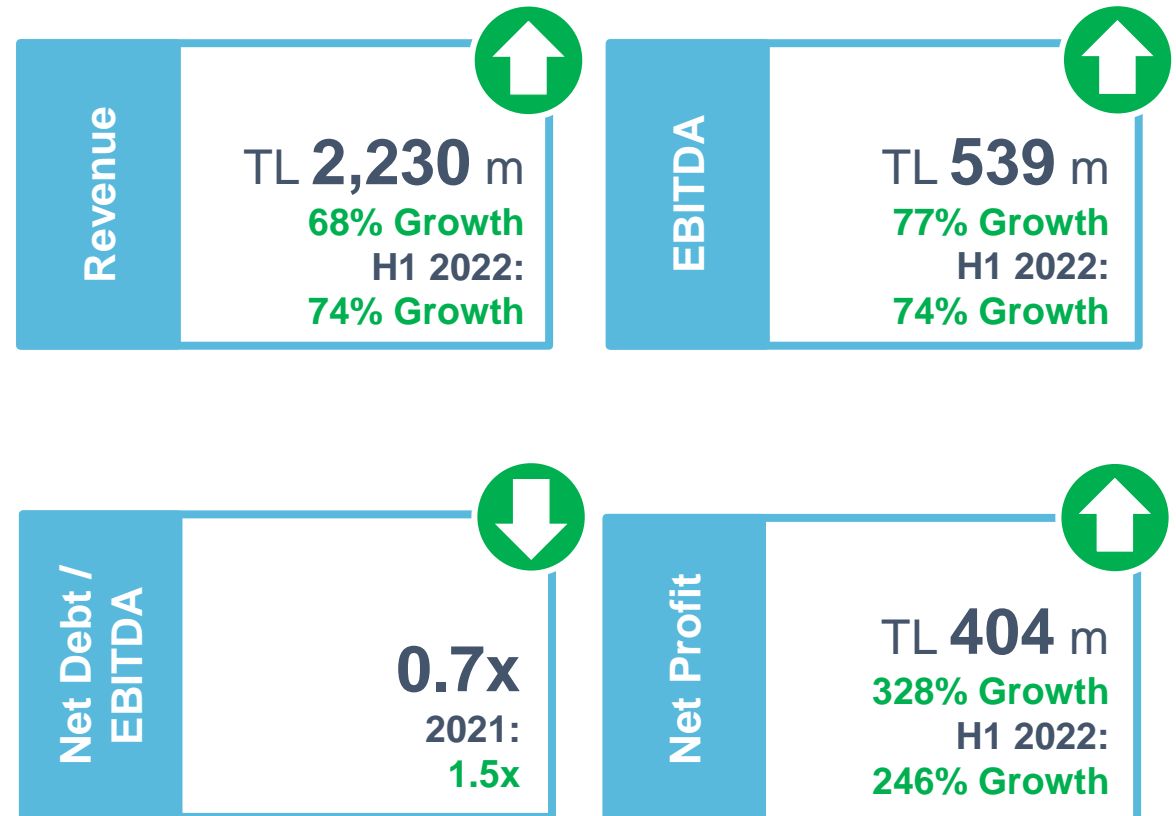
**3** Centers of Excellence

**Addresses All Price Segments** in the Turkish Market

<sup>1</sup> Includes managed hospitals, full time and part time staff

## At a Glance: MLP Care Q2 2022 Financial Highlights

- ✓ Revenue growth exceeding inflation
- ✓ EBITDA improved mainly due to
  - strong operational performance
  - effective cost saving measures
- ✓ Reduced leverage ratio on the back of
  - strong EBITDA growth
  - cash from the sale of Sentez
- ✓ Net profit improved on the back of
  - robust operational performance
  - one-off income from the sale of Sentez



## Our Growth Strategy Is Intact

*MLP Care continues its asset light growth strategy both in Turkey and abroad*



### Expand in Turkey

Expanding in metropolitans through mid-large scale hospitals (min. 100 bed capacity)

Growing our existing business by increasing capacity utilization at large hospitals



### Increase FMT revenue

Using digital marketing opportunities and opening new offices



### Expand in Foreign Countries

New hospital management contracts using the power of our brands



### Quick EBITDA ramp-up through leveraging MLP Care's resources

(brand strength, operational know how, licensing, experienced physicians, and management staff)



### Min. acquisition CAPEX & WC requirements

## Liv Hospital Brand Expands in Baku

### Map of Azerbaijan



### Liv Bona Dea Hospital

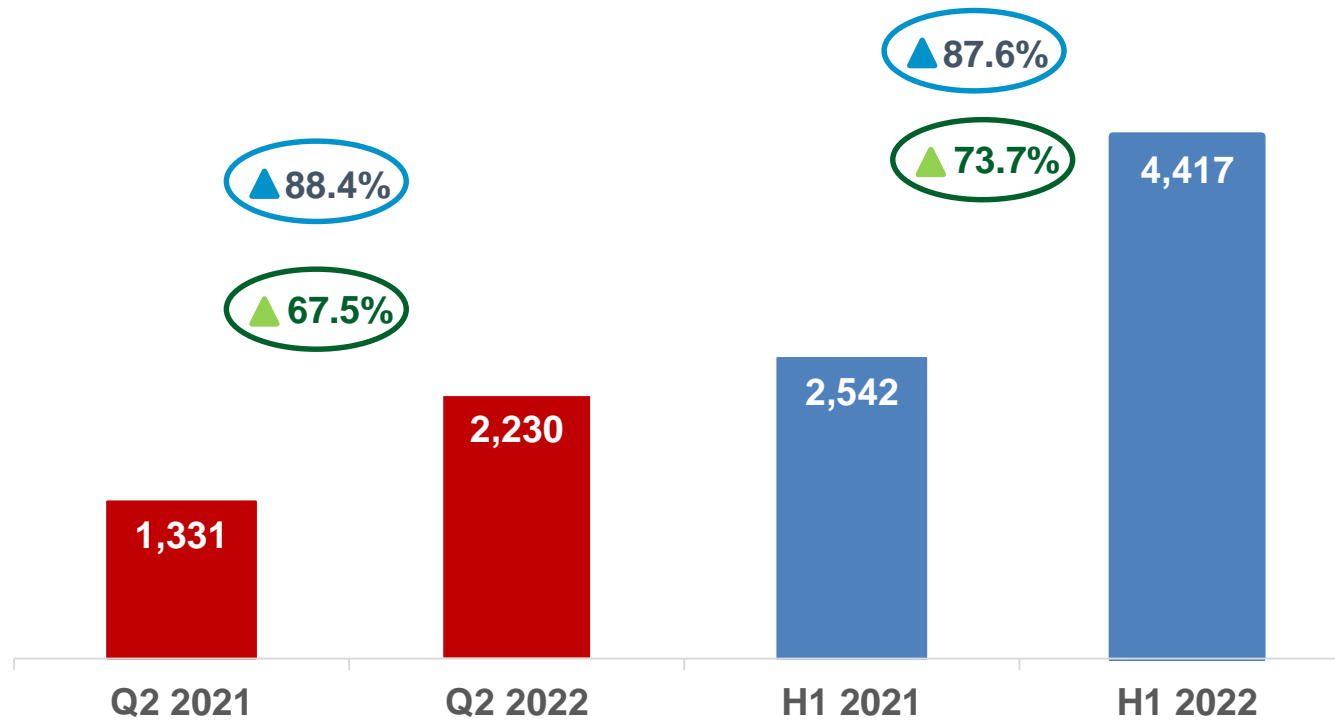
**Location:** Baku / Azerbaijan  
**Opening Date:** Temmuz 2022

#### Key Statistics

- ❖ 37.5k sqm
- ❖ 156 Bed Capacity
- ❖ 28 Intensive Care Unit
- ❖ 12 Operating Rooms

## Revenue Grows Above Inflation

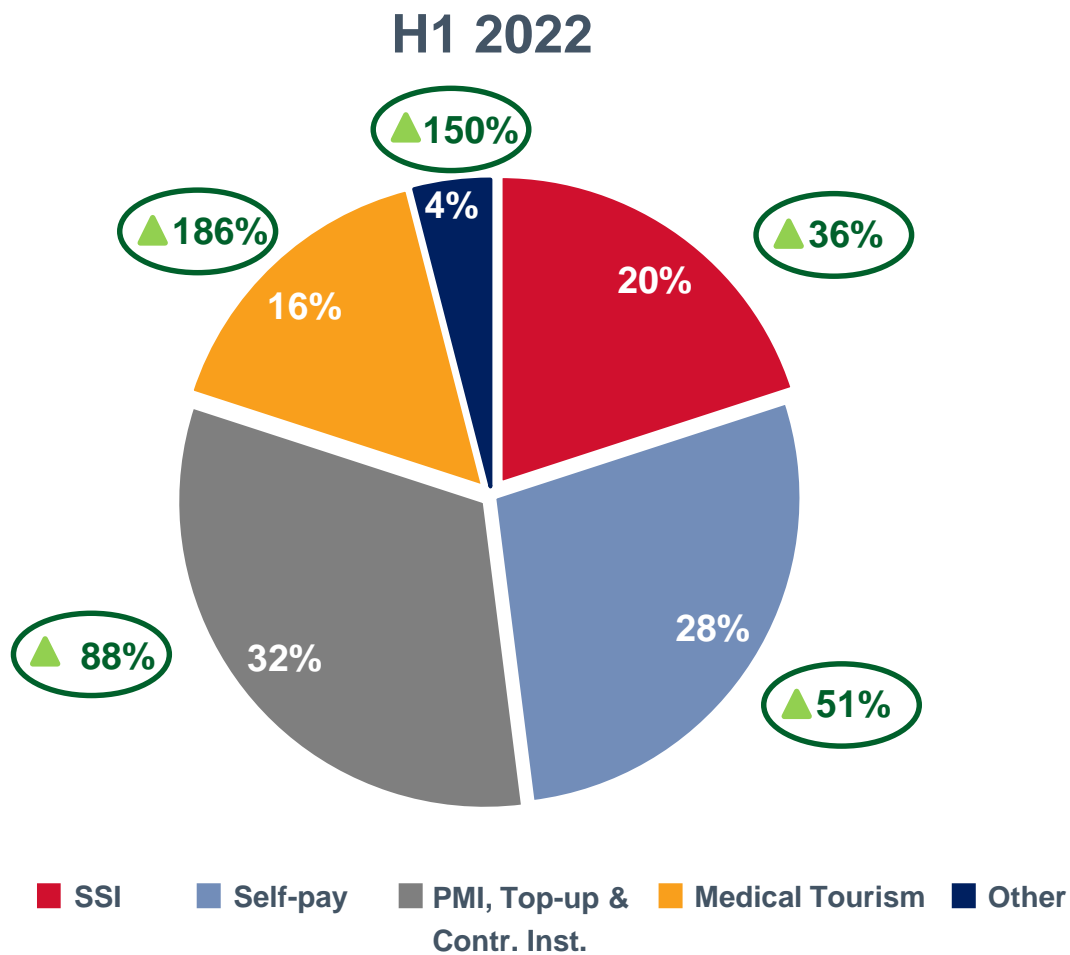
Revenue (TLm)



 Denotes growth of Revenue vs. the same period of the last year

 Denotes growth of Revenue vs. the same period of the last year excluding Sentez

## All Payer Types Continue To Grow

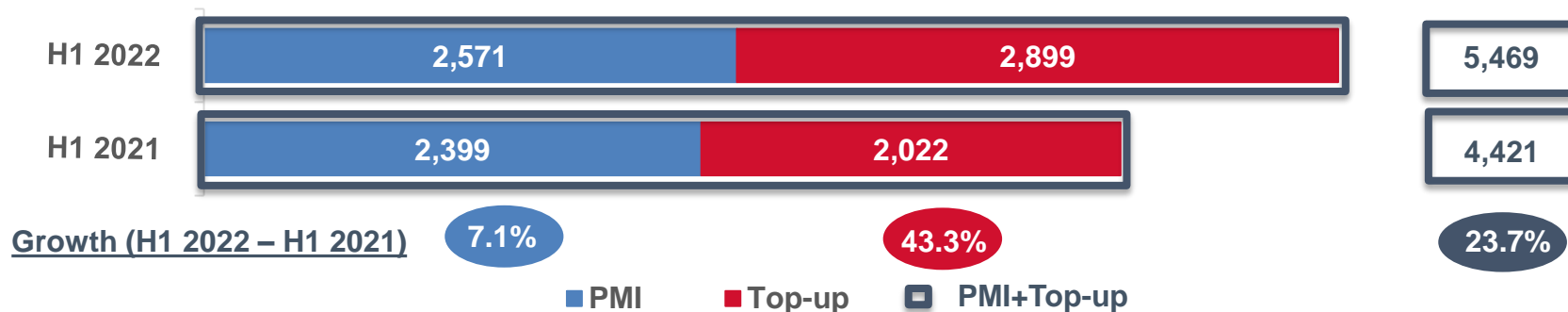


- ✓ **Revenue from SSI** was up by 30% in Q2 2022 (SSI Insurance allows for a wide addressable market, which is c.98% of the total population)
- ✓ **Self pay** was up by 50% in Q2 2022
- ✓ **Revenue from PMI, Top-up & Contracted Institutions** was up by 74% in Q2 2022
- ✓ **Medical Tourism** was up by 178% in Q2 2022
- ✓ **Other revenues** were up by 133% in Q2 2022 due to management consultancy revenues from university hospitals

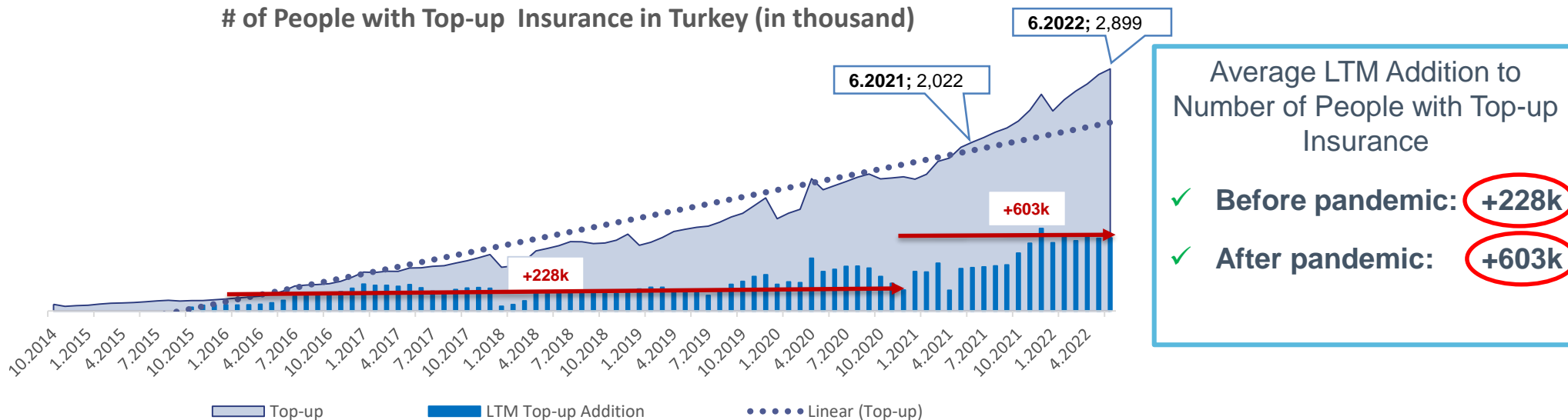
Denotes growth of Revenue vs. the same period of the last year

## # of People Top-up Insurance Users Reached 2.9 m

# of People with Insurance in Turkey (in thousand)



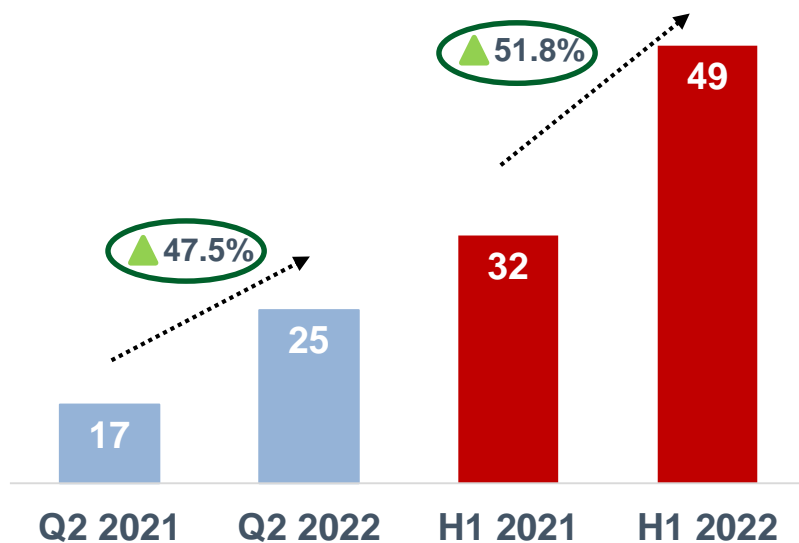
# of People with Top-up Insurance in Turkey (in thousand)



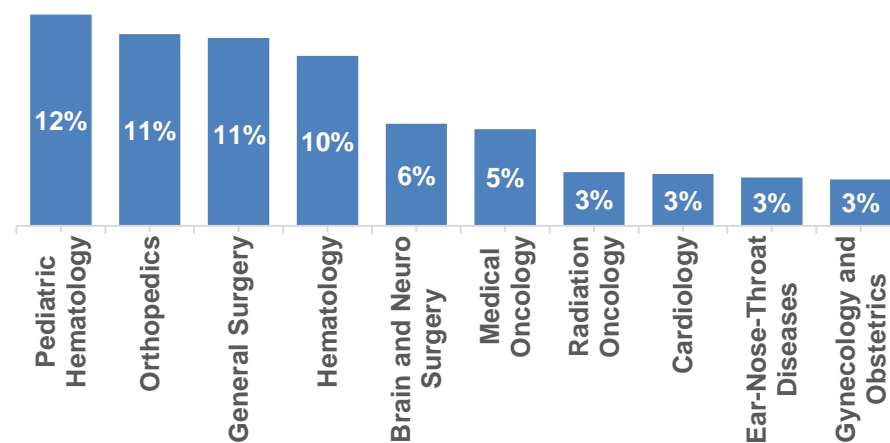


## FMT Revenue Triples In TL Terms

Medical Tourism Revenue (USD m)



TOP 10 FMT Revenue % by Department in H1 2022

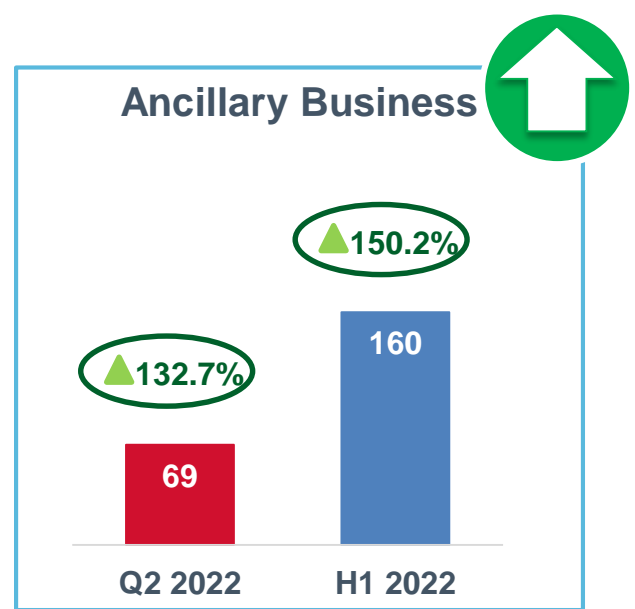
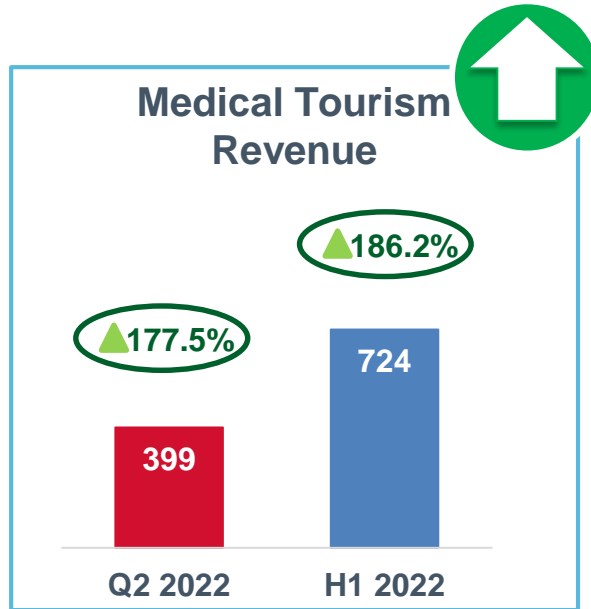
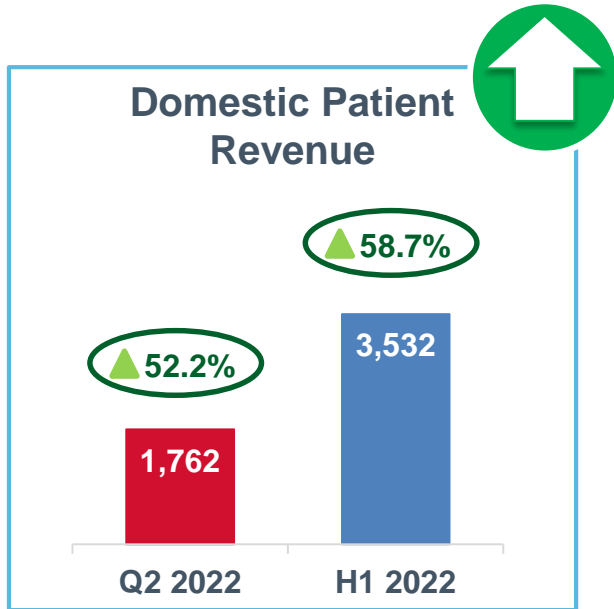


✓ Diversified and balanced geography. Patients comes from:

- Europe **25%**
- Middle East and Africa **27%**
- Former CIS and the Rest **48%**

✓ Revenue growth driven by the increasing of international flights

## All Revenue Segments Continue To Grow



**Domestic Revenue q-o-q Growth Continued in Q2 2022**

- ✓ Inpatient revenue grew in  
Q2 2022: **48.0%**  
H1 2022: **52.5%**
- ✓ Outpatient revenue grew in  
Q2 2022: **58.4%**  
H1 2022: **68.0%**

**Accelerated Growth of Foreign Medical Tourism Revenue in H1 2022**

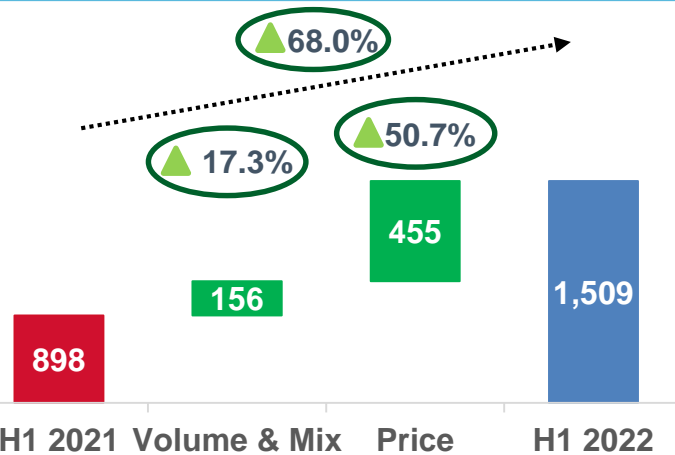
- ✓ Share of revenue from Europe in total Medical Tourism: **25%**
- ✓ Middle East & Africa: **27%**
- ✓ Former CIS and the rest: **48%**

**Increase in Managed Hospitals' Revenues in H1 2022**

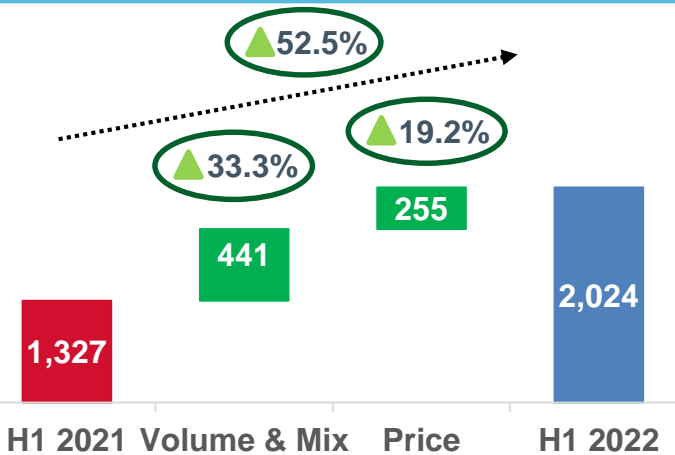
- ✓ Managed hospitals' revenue increased by 109.8% at 105mTL in H1 2022 (H1 2021: 50mTL)
- ✓ Laboratory business revenue decreased by 35.1% to 12mTL in H1 2022 (H1 2021:18mTL)

## Continued Improvement in Average Prices

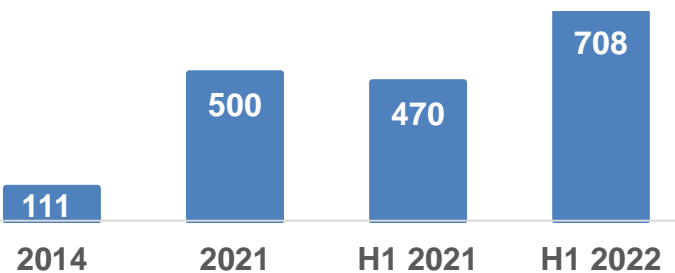
### Outpatient Revenues (TLm)



### Inpatient Revenues (TLm)

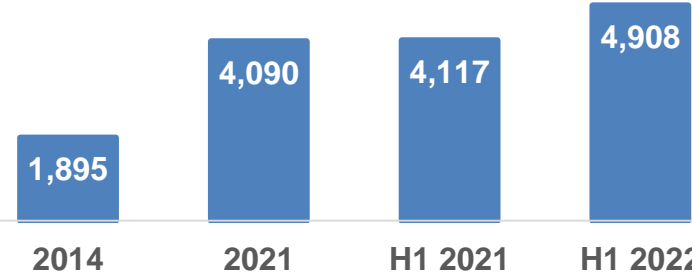


### Average Revenue Per Visit (ARPV)



ARPV 7 year CAGR:  $\triangle$ 24.0% H1 2022:  $\triangle$ 50.7%

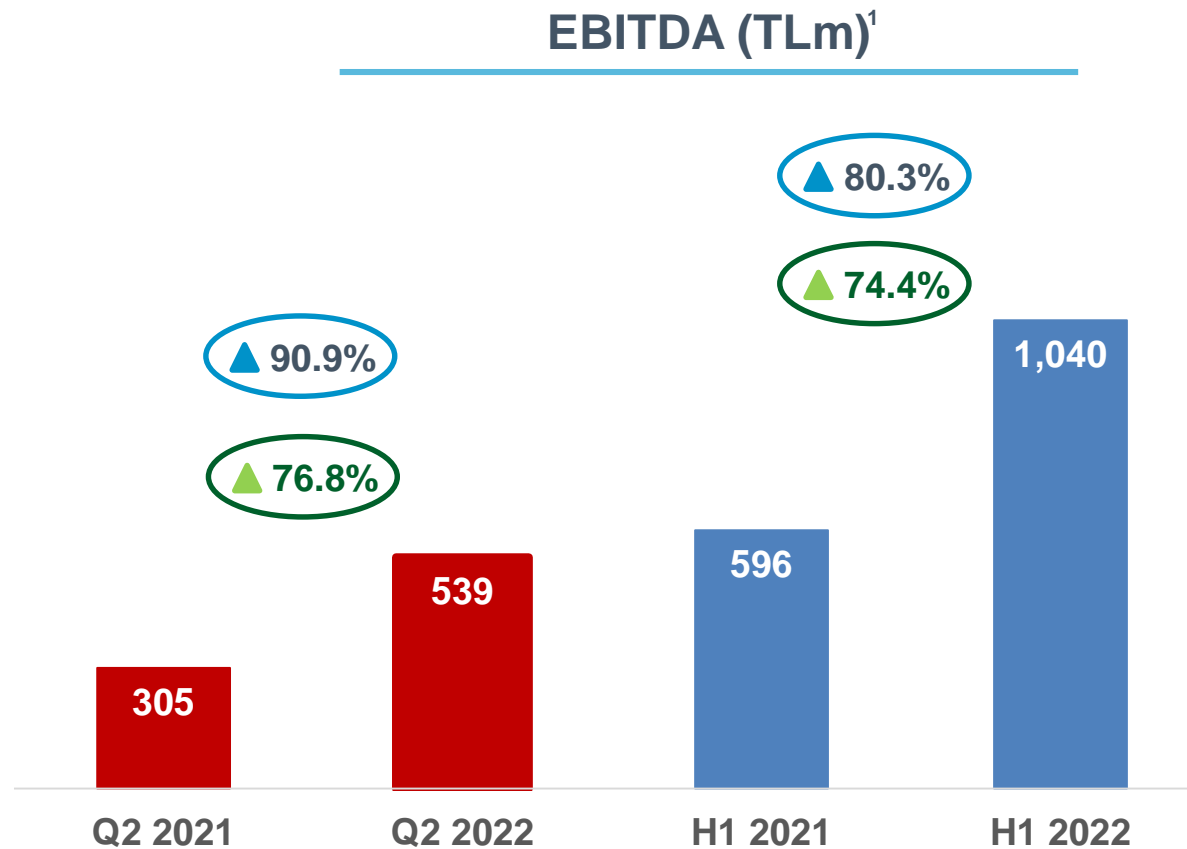
### Average Revenue Per Protocol (ARPP)



ARPP 7 year CAGR:  $\triangle$ 11.6% H1 2022:  $\triangle$ 19.2%

✓ Inpatient and Outpatient revenues made up 57% and 43% of total Domestic Hospital Business Revenues in H1 2022

## EBITDA Is Up By 74%



<sup>1</sup> EBITDA calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses



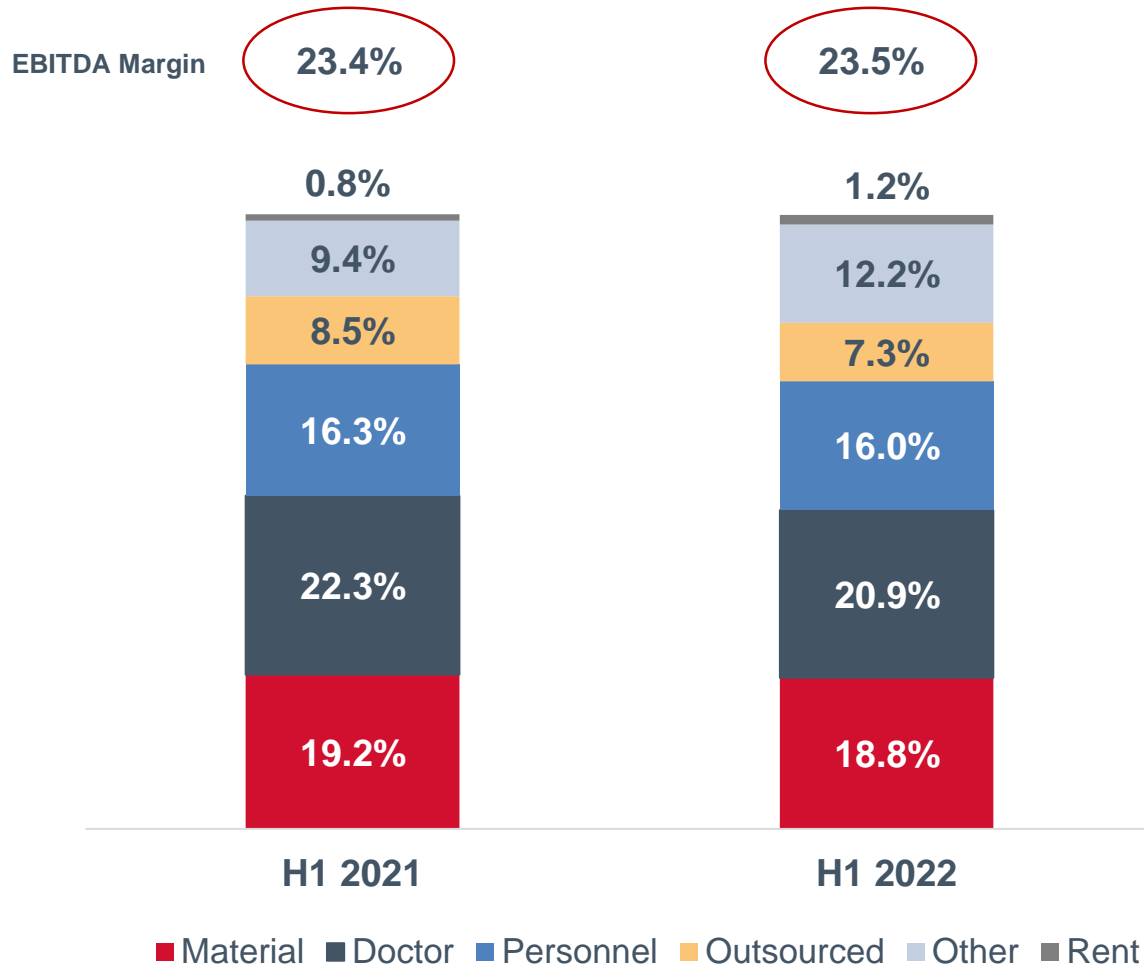
Denotes growth of EBITDA vs. the same period of the last year



Denotes growth of EBITDA vs. the same period of the last year excluding Sentez

## Prudent Cost Management

Cost of Service and G&A Expenses as a % of Revenues

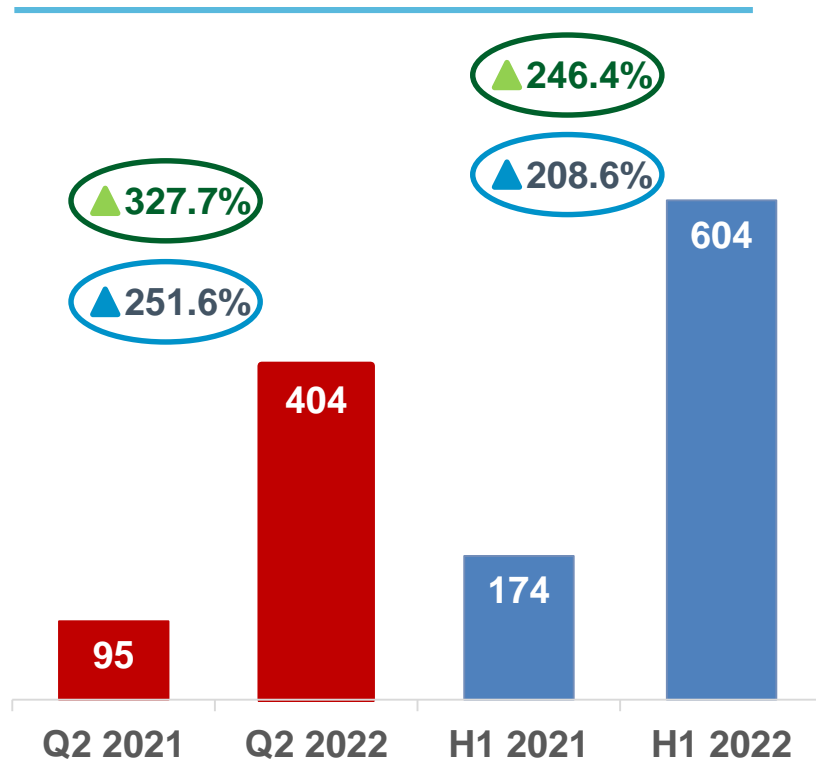


### Cost Saving Measures enables us to reach the favourable EBITDA Margin

- ✓ **Material costs** as a % of revenue decreased in H1 2022 due to the lagging effect of increased costs on the back of effective inventory management
- ✓ **Doctor costs** as a % of revenue decreased in H1 2022 due to strong hospital revenue growth and the sale of Sentez hospitals
- ✓ **Personnel costs** as a % of revenue decreased in H1 2022 due to the decreased number of personnel from the sale of Sentez hospitals
- ✓ **Outsourced services** as a % of revenue decreased due to decreased volume of the outsourced PCR test service expenses
- ✓ **Other expenses** as a % of revenue increased due to primarily due to the increasing in the marketing expenses related to FMT revenues and increase in utility expenses over inflation rate.

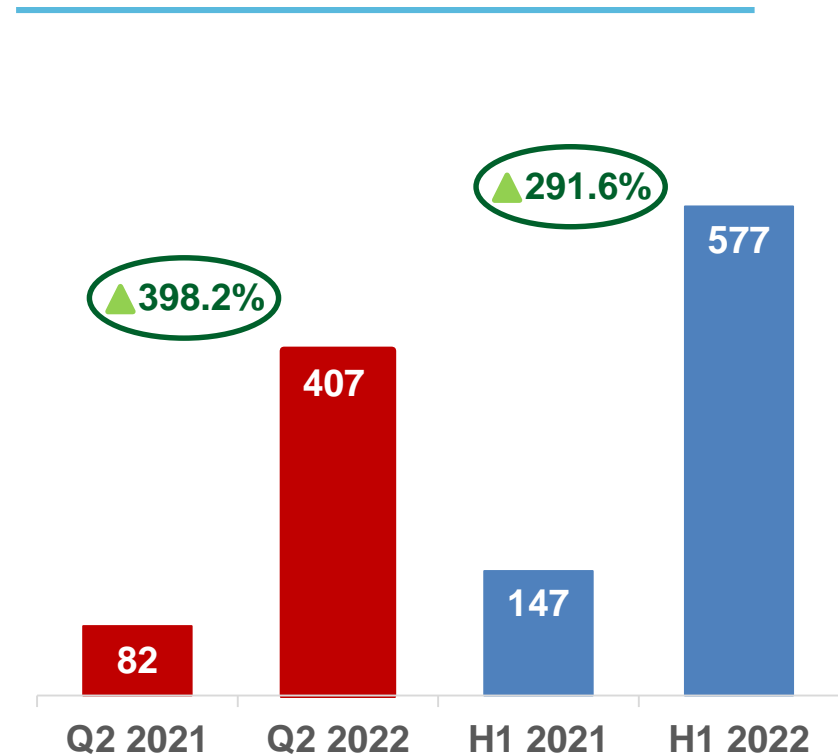
## Bottom Line Improves On The Back Of Strong Operations

### Net Profit (TLm)



### Net Profit (TLm)

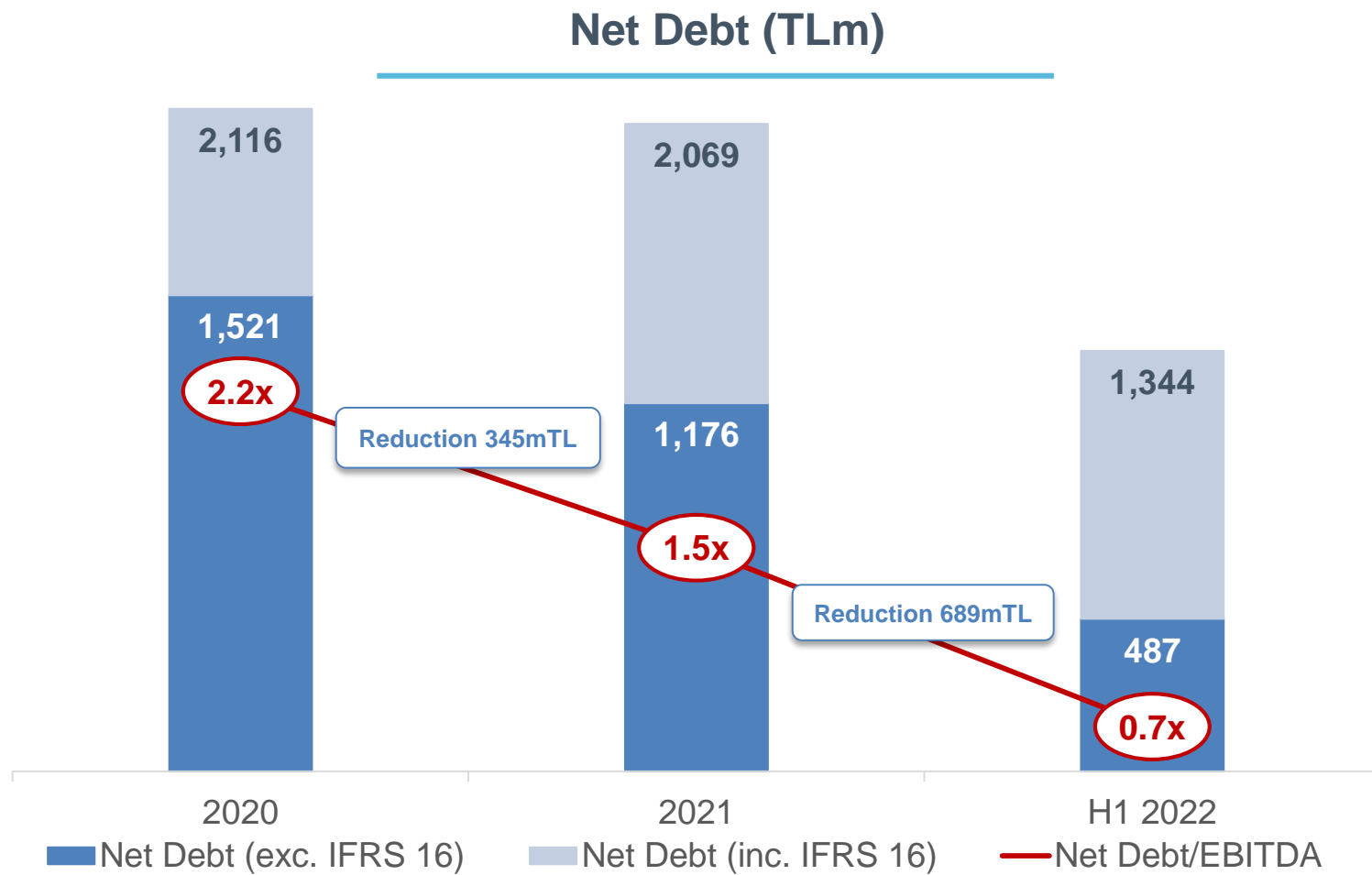
Allocated to Equity Holders of the Parent



▲ Denotes growth of Net Profit and Net Profit Allocated to Equity Holders of the Parent vs. the same period of the last year

▲ Denotes growth of Net Profit vs. the same period of the last year excluding Sentez

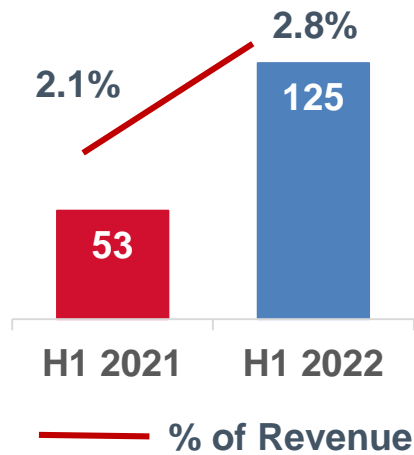
## Leverage Ratios Continue To Decline



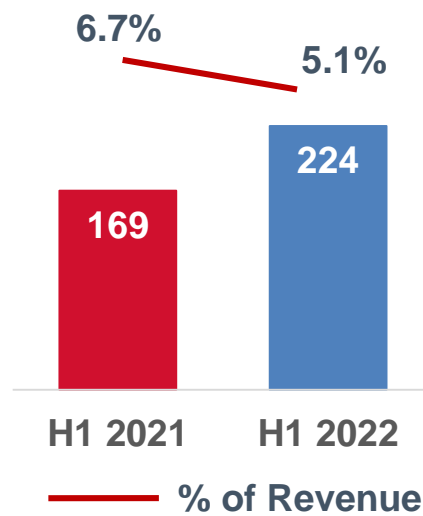
✓ FX risk of balance sheet completely mitigated in 2021

## Strong Cash Generation

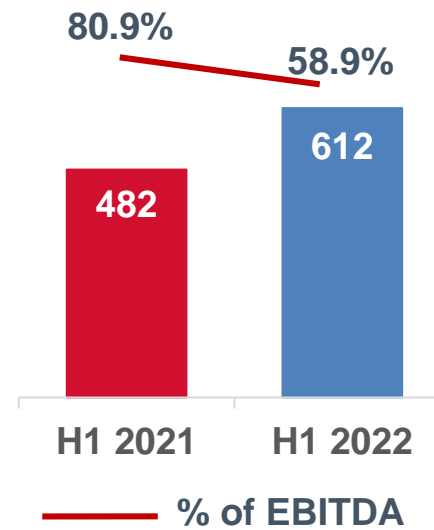
Maintenance Capex (TLm)



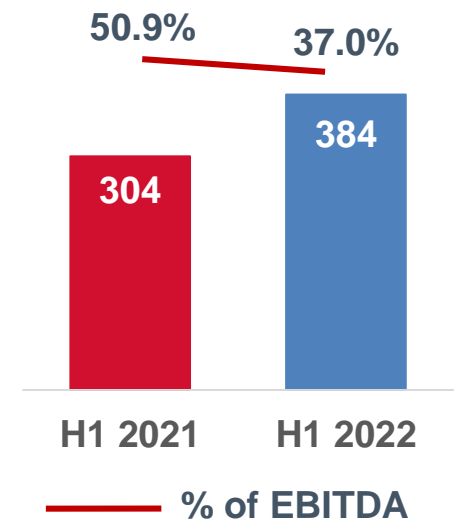
Total Capex (TLm)



OCF/ EBITDA



FCF/ EBITDA





## We Accelerate Our Sustainability Efforts

### Completed

- ✓ Sustainability Working Group
- ✓ Sustainability trainings for employees
- ✓ Materiality matrix
- ✓ Data collection
- ✓ Policy review
- ✓ Review of data collection process
- ✓ Sustainability report
- ✓ Sustainability strategy development



### Planned



#### To Be More Comprehensive

- ✓ Analysing stakeholders' views for **materiality**
- ✓ Calculating detailed **carbon footprint**
- ✓ Reviewing **supply chain management**



#### To Be More Efficient

- ✓ Sustainability **targets** (short-medium-long term) and **action plan**
- ✓ **KPIs for departments**
- ✓ Restructuring **sustainability governance**



#### To Be More Transparent

- ✓ Disclosing **sustainability strategy**
- ✓ Reporting for **CDP**
- ✓ Being a signatory of **UN Global Compact**

## Why Invest In MLP Care?

1 Operates in the Attractive Turkish Healthcare Market

2 Clear Leader in Private Hospital Provision

3 Strong Brand Recognition and Unique Business Model

4 Clinical Excellence and World Class Service Offering

5 Superior Historical Financial Performance

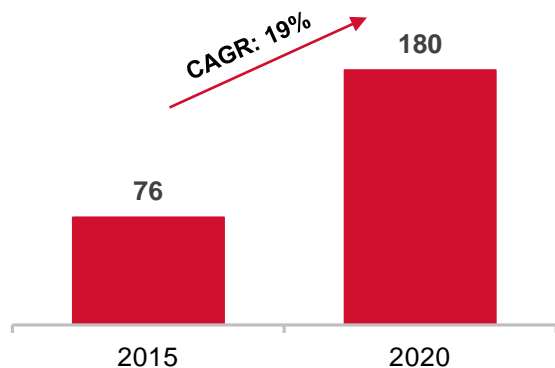
6 Outstanding Platform for Further Growth



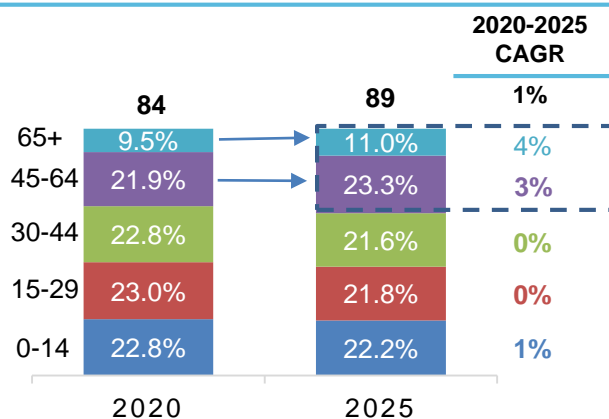
## 1 Operates In The Attractive Turkish Healthcare Market

Turkey is an attractive healthcare market with a growing elderly population and level of affluence, with significant scope for expansion compared to OECD players.

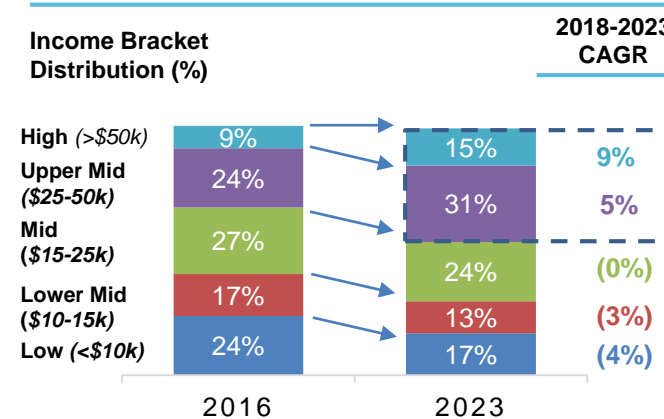
Turkish Healthcare Spending to Providers<sup>1</sup> (TLbn)



Growth in Aging Turkish Population (millions)

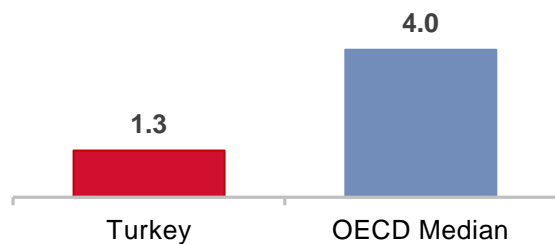


Growing Levels of Affluence in Turkey

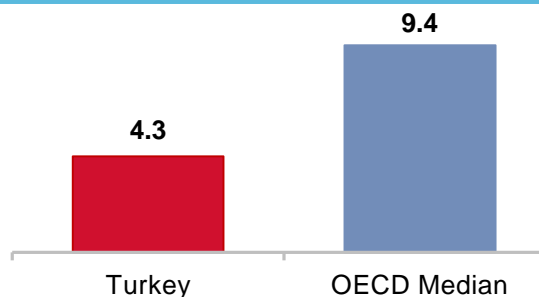


Significant Scope For Expansion Compared to OECD<sup>2</sup> Peers

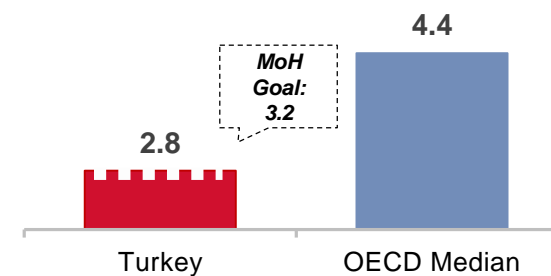
Healthcare Spending Per Capita in 2021 (\$'000)<sup>3</sup>



Healthcare Spending % of GDP in 2021<sup>3</sup>



Hospital Beds Per Capita in 2021 ('000)<sup>4</sup>



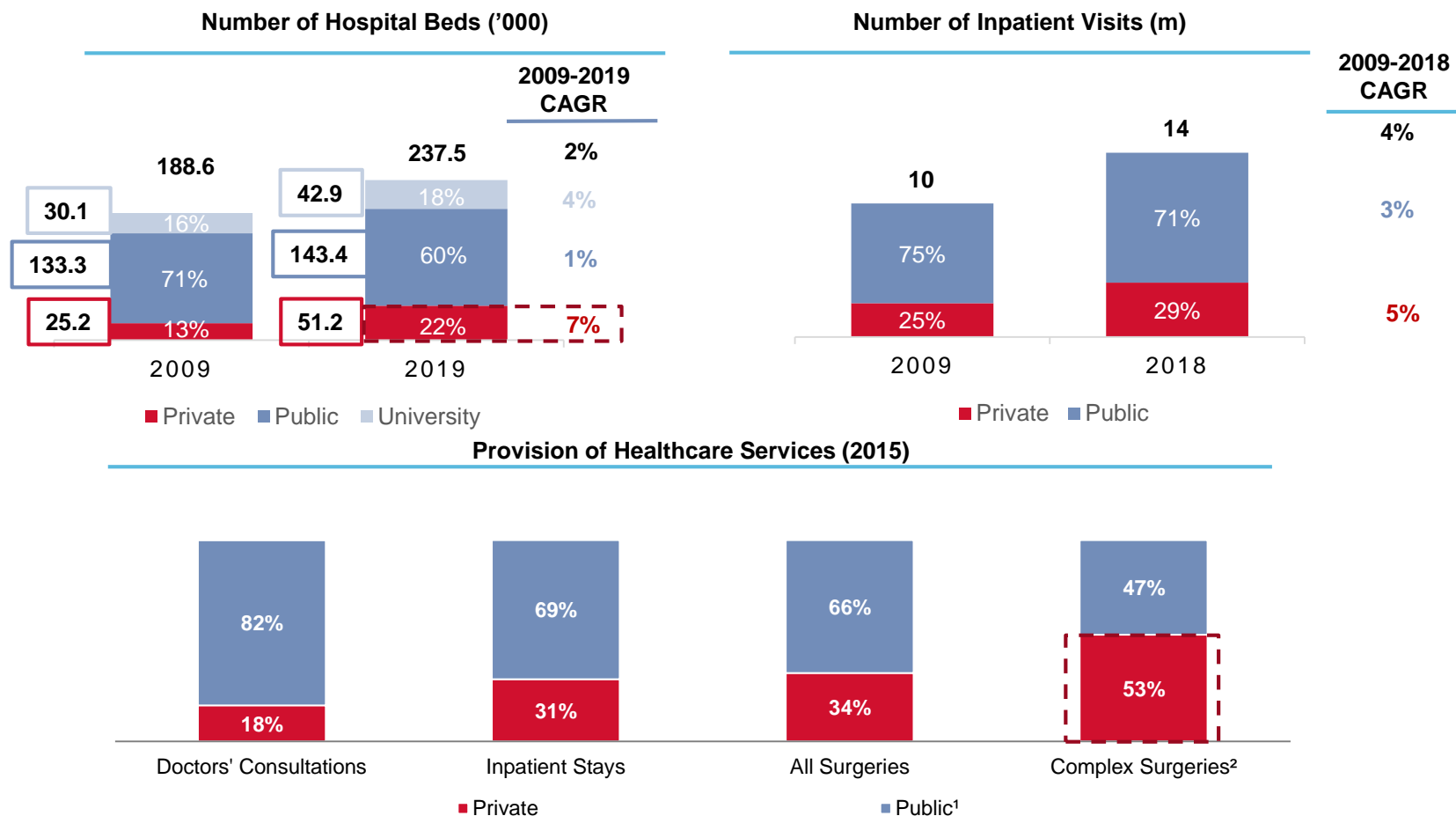
Source: OECD, Turkish Statistical Institute, TOBB Report <sup>1</sup> Denotes hospitals only excluding pharmaceutical, medical equipment, dental and other

<sup>2</sup> Denotes the OECD including 38 member countries. <sup>3</sup> Latest available data is used from OECD website

<sup>4</sup> 2019: 237,504 beds in Turkey.

## 1 Operates In The Attractive Turkish Healthcare Market

Private operators have increased their market share by increasing capacity and by focusing on procedures with higher complexity. Private players now account for 22% of beds, but provide 53% of complex surgeries.



Source: Ministry of Health, Health Statistics Yearbook 2013, 2015, TOBB report; <sup>1</sup> Public includes Ministry of Health and University hospitals; <sup>2</sup> A1 type surgeries e.g., organ transplants, 2014 numbers due to data availability

## 1 Operates In The Attractive Turkish Healthcare Market

Supportive government policies have underpinned the expansion of private hospital groups

### Healthcare System and Key Participants



<b>Regulator</b>	<ul style="list-style-type: none"> <li>✓ Monitors quality at all public and private hospitals</li> <li>✓ Owns and operates public hospitals</li> <li>✓ Controls the number of licences in the sector</li> </ul>
<b>Ministry of Health (MoH)</b>	

<b>Payor</b>	<ul style="list-style-type: none"> <li>✓ Main provider of financing to the healthcare sector</li> <li>✓ Monitors usage statistics across private and public hospitals</li> </ul>
<b>Social Security Institute (SSI)</b>	

### Universal Healthcare Coverage with Patient Choice

#### Universal healthcare coverage (UHI)

- ✓ Healthcare reforms initiated in 2004
- ✓ Primary care free of charge for all citizens

✓ 98%<sup>1</sup> population coverage by UHI

#### System favours patient choice

- ✓ Services provided by both public and contracted private hospitals with SSI being the key payor
- ✓ Private hospitals are able to charge higher rates than public hospitals, with some payment required from SSI patients
  - SSI reimburses private hospitals using SUT prices<sup>2</sup>. Last price adjustment made in August 2022.
  - Private hospitals have the right to charge +200%<sup>3</sup> over and above SUT prices<sup>2</sup>

- ✓ Patients' choice
- ✓ Partial SSI reimbursements
- ✓ Co-pay up to 200% above SUT prices<sup>2</sup>

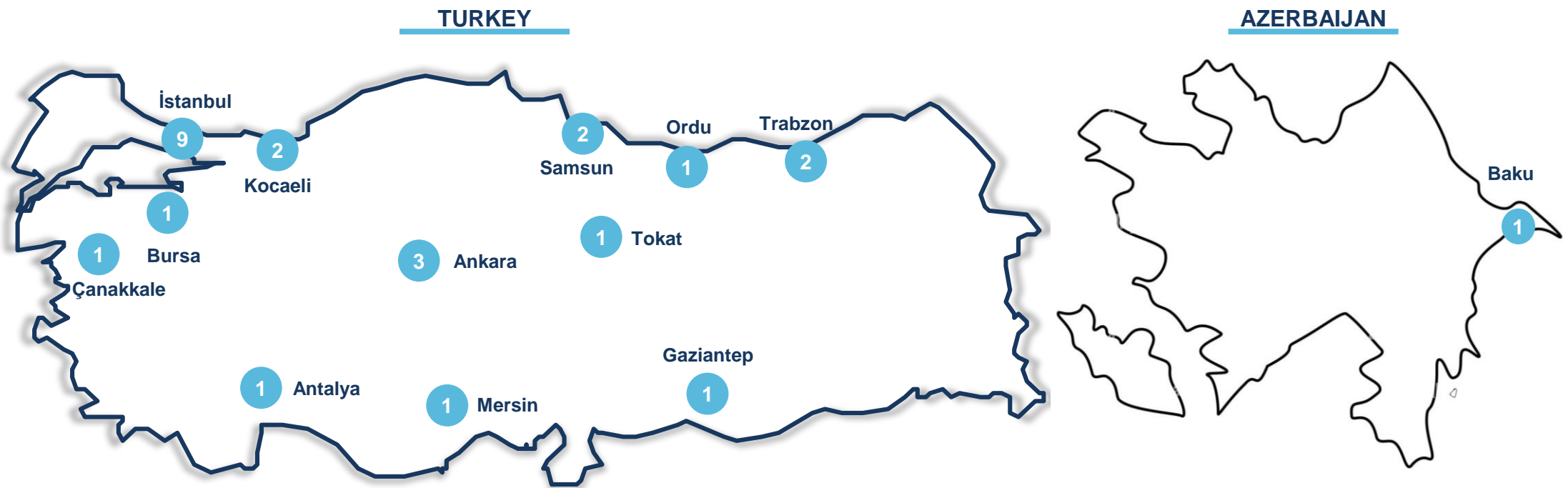
Source: OECD reviews of health systems, Turkey 2008, Turkstat, TOBB report

<sup>1</sup> TOBB report; <sup>2</sup> SUT prices = SSI tariffs; <sup>3</sup> 200%+ on all services (except a few specified services);

## ② Clear Leader In Private Hospital Provision

*MLP Care is the largest multi-specialty hospital group in Turkey and the only private player with a truly nationwide network*

### MLP Care network (# of hospitals and locations)

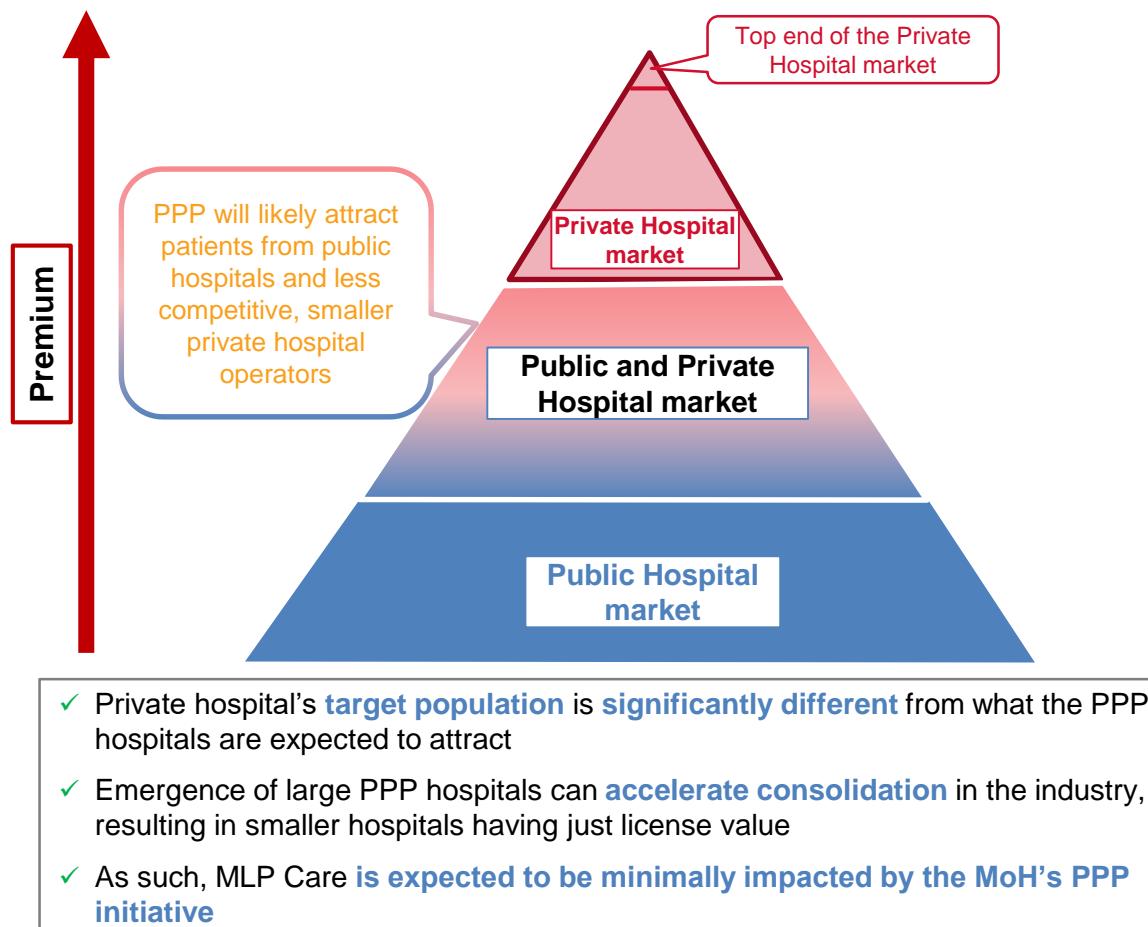


- ✓ National and local leader with a network covering the greatest number of cities
- ✓ 45% of beds located in the attractive Istanbul market
- ✓ **MLP Care has the highest number of beds in nearly every city in which they are present**

## ② Clear Leader In Private Hospital Provision

MoH is investing in the PPP program, but large private players do not expect to see an impact in the near / mid term

Highly illustrative schematic of the Turkish Healthcare Sector



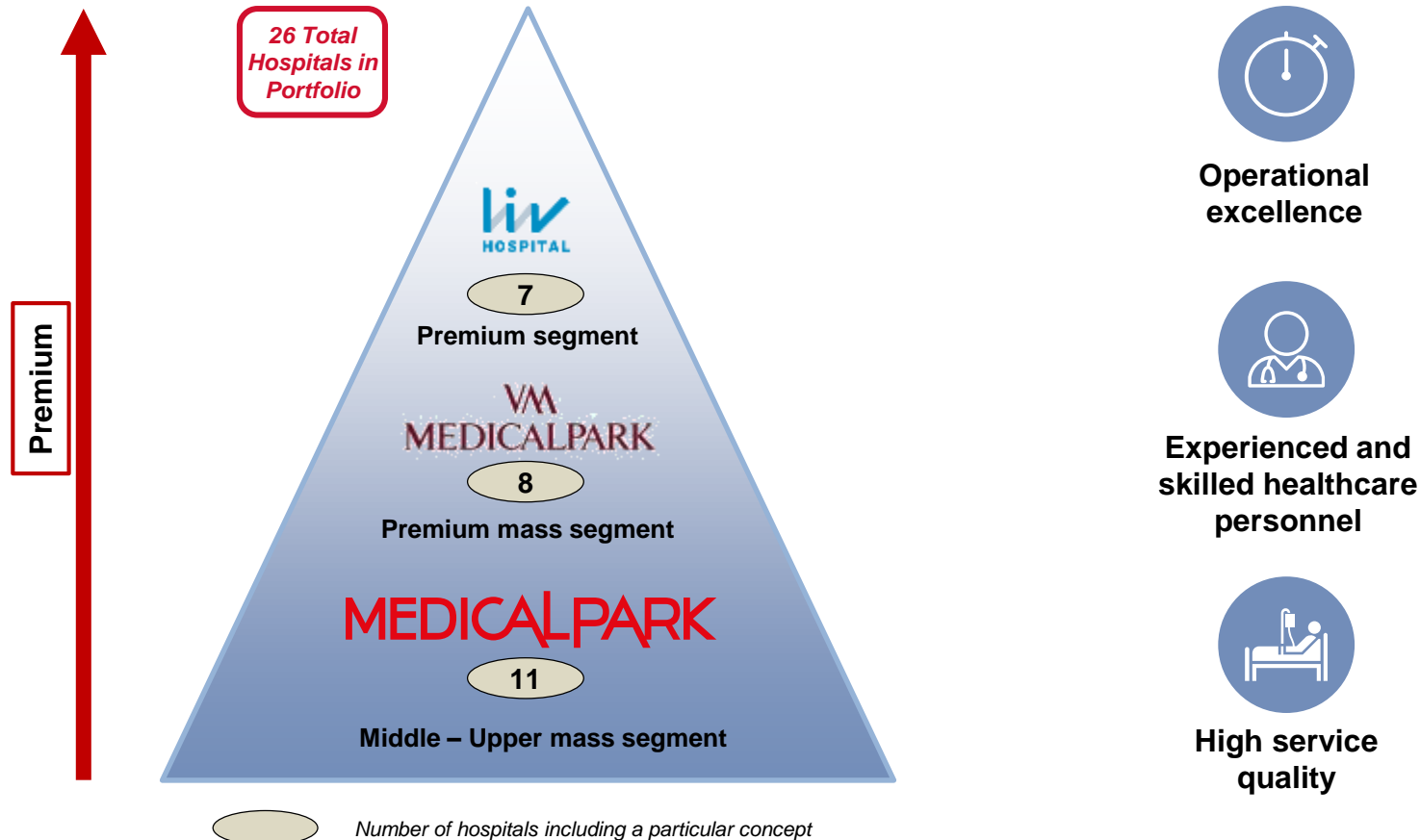
PPP success factors

- ✓ City hospitals are **mega health complexes requiring operational excellence** to ensure financial sustainability and top quality
- ✓ Right governance system needs to be in place
- ✓ MoH needs to **staff** city hospitals with the right quantity and quality of medical staff
- ✓ **Some public hospitals** may need to be **closed** and staff re-located
- ✓ **Re-location** of medical staff may pose some **risk due to remote location of city hospitals**
- ✓ MoH needs to **ensure patient demand** through high quality service
- ✓ **Significant increase in travel time**, especially for outpatient or unplanned visits may hinder demand

## 3 Strong Brand Recognition And Unique Business Model Addressing Multiple Price Points

Two brands and one concept targeting three different price points with consistently outstanding medical service quality

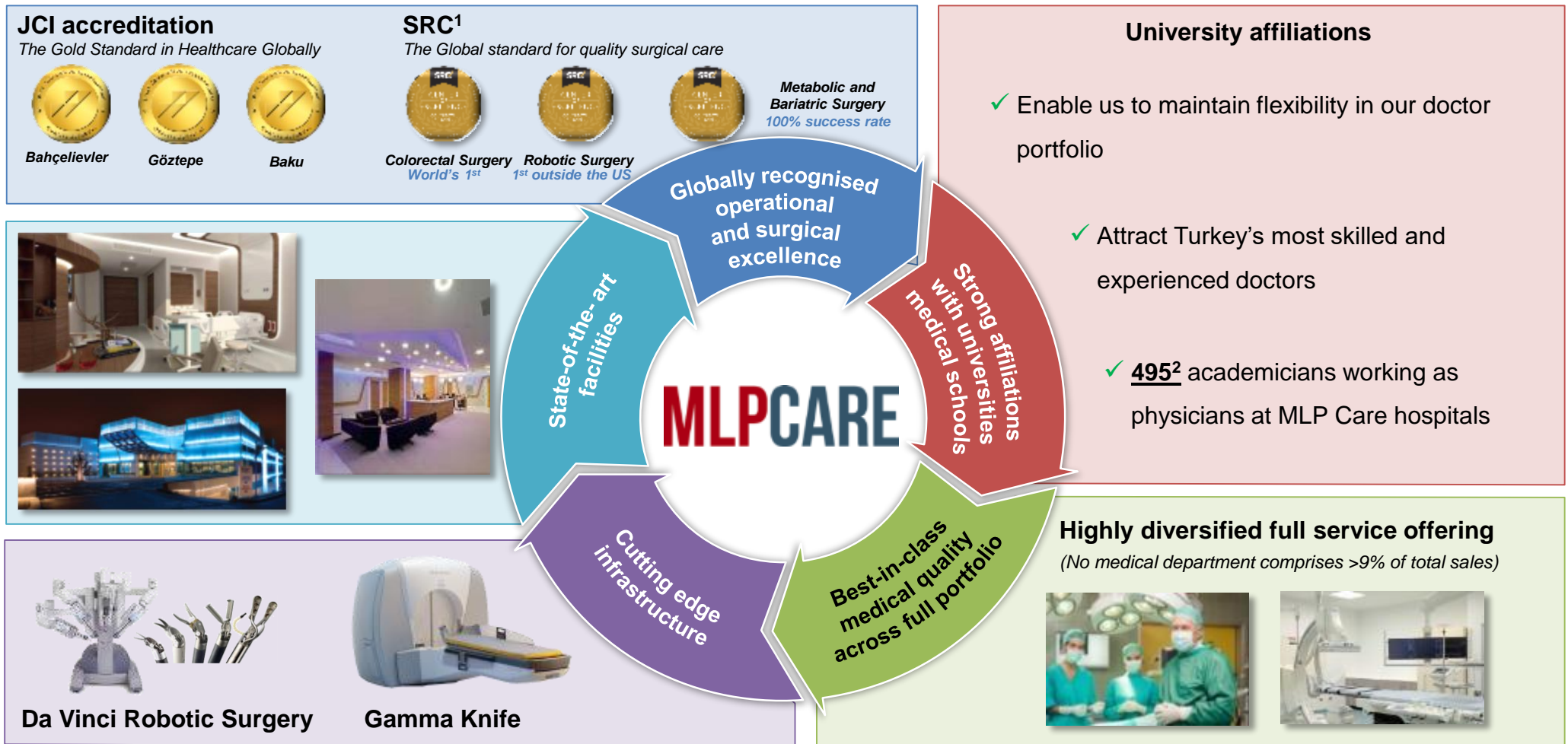
### Overview and Positioning





## 4 Clinical Excellence And World Class Service Offering

MLP Care benefits from a “Virtuous Circle” of best-in-class service, infrastructure and academic affiliations



<sup>1</sup> Denotes Surgical Review Corporation

<sup>2</sup> Per regulations issued by YÖK (The Council of Higher Education), academicians from other provinces are no longer permitted to work at universities in Istanbul and Ankara. The number of academicians with an academic titles assigned is 495.

## 4 Clinical Excellence And World Class Service Offering

Top tier talent and patients are attracted to MLP Care's unrivalled reputation, resulting in a steadily growing market share

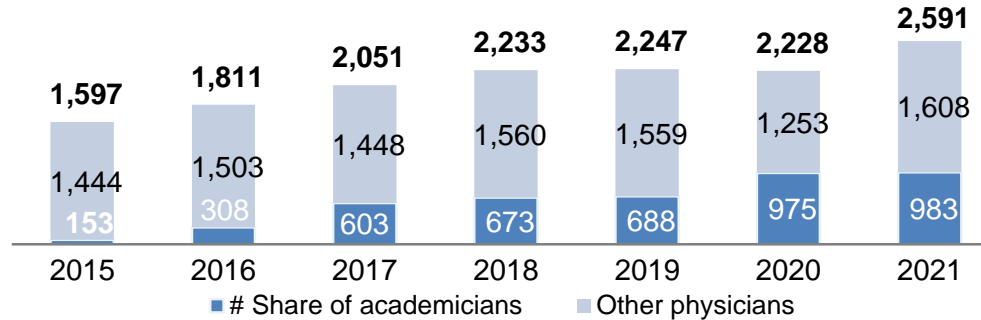
Ability to attract and retain top-tier physicians...

### Key points of attraction

Top tier physicians choose MLP Care for:

- ✓ Strong and reliable brand
- ✓ Leading market share
- ✓ State-of-the-art infrastructure
- ✓ 6 university affiliated hospitals
- ✓ Vast exposure to complex cases

### Proven track record of physicians recruitment



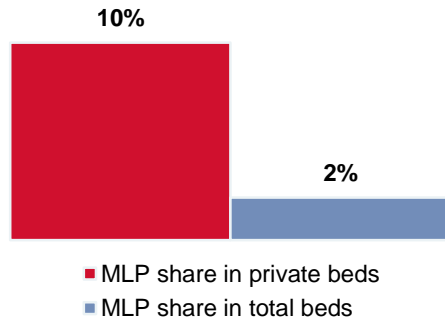
CAGR 2015-2021

8%

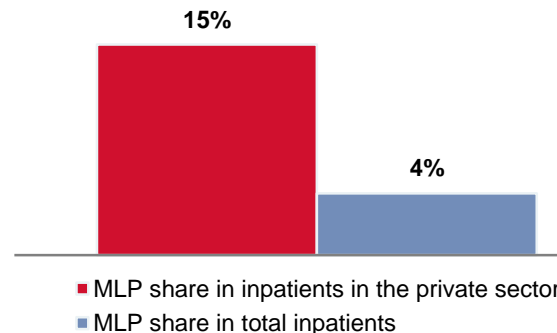
36%

...and drive patient in-flows to grow market share in Turkey

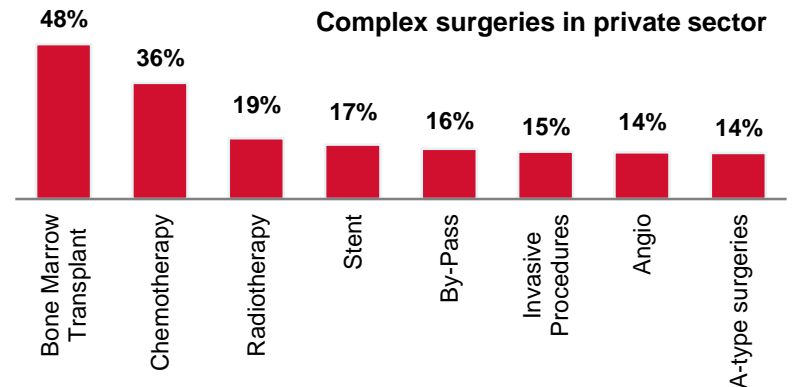
### MLP Care share in beds<sup>1</sup>



### MLP Care share in inpatients<sup>2</sup>



### MLP Care share in complex surgeries<sup>2</sup>



Source: <sup>1</sup> Turkish Statistical Institute Data as of 2019 used <sup>2</sup> Turkish Ministry of Health

## 5 Superior Historical Financial Performance

EBITDA Growth > Net Sales Growth > CPI (Consumer Price Index)

Net Sales (TLm)

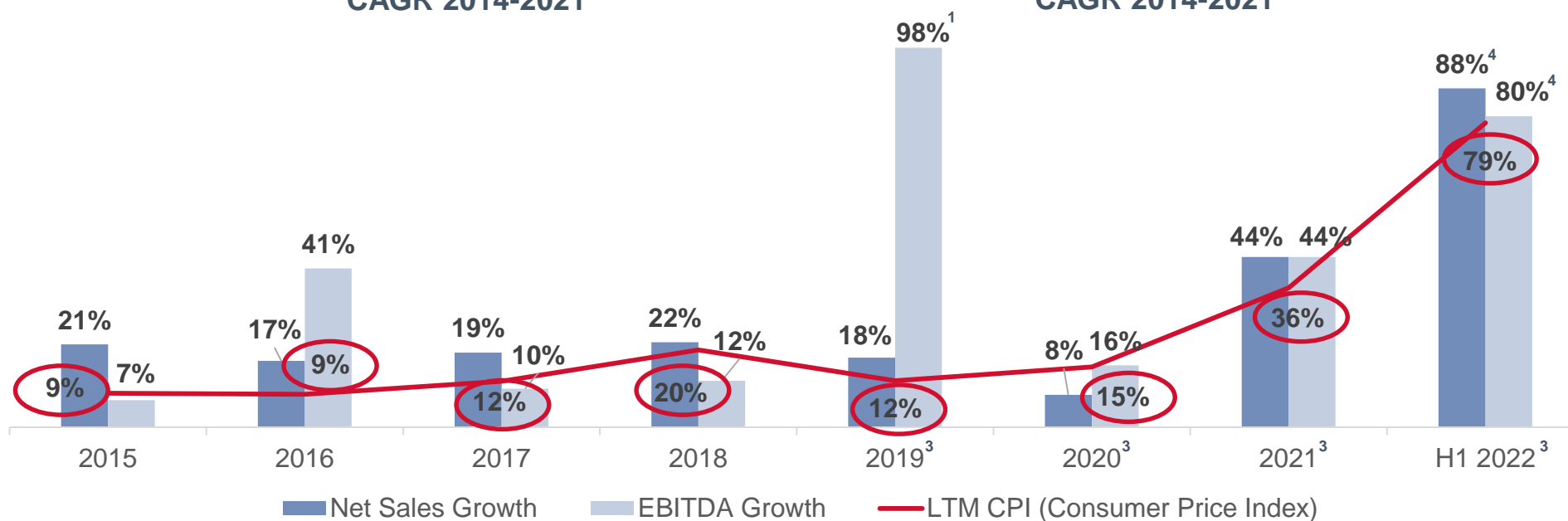
**21%**

CAGR 2014-2021

EBITDA<sup>2</sup> (TLm)

**30%**

CAGR 2014-2021



<sup>1</sup> 2019 EBITDA growth is not comparable due to IFRS 16 adjustment

<sup>2</sup> EBITDA calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

<sup>3</sup> IFRS 16 adjustments are included in 2019, 2020, 2021, and H1 2022

<sup>4</sup> Denotes growth of Revenue and EBITDA vs. the same period of the last year excluding Sentez

## 6 Outstanding Platform for Further Growth

Proven track record of greenfield expansions and M&A

Total Hospitals  
At Year End

25

26

27

29

31

29

30

30

26

Greenfield

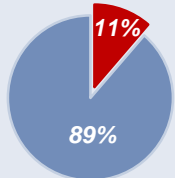
- ✓ MLP Care has added on average c.400 beds p.a.<sup>1</sup> through greenfield projects since 2014
- ✓ Multiple opportunities identified for expanding bed capacity in the near term

M&A

- ✓ MLP Care evaluates new opportunistic M&A opportunities in existing private hospitals
- ✓ Of the **26** hospitals, **6** were M&A
- ✓ Multiple targets in consideration

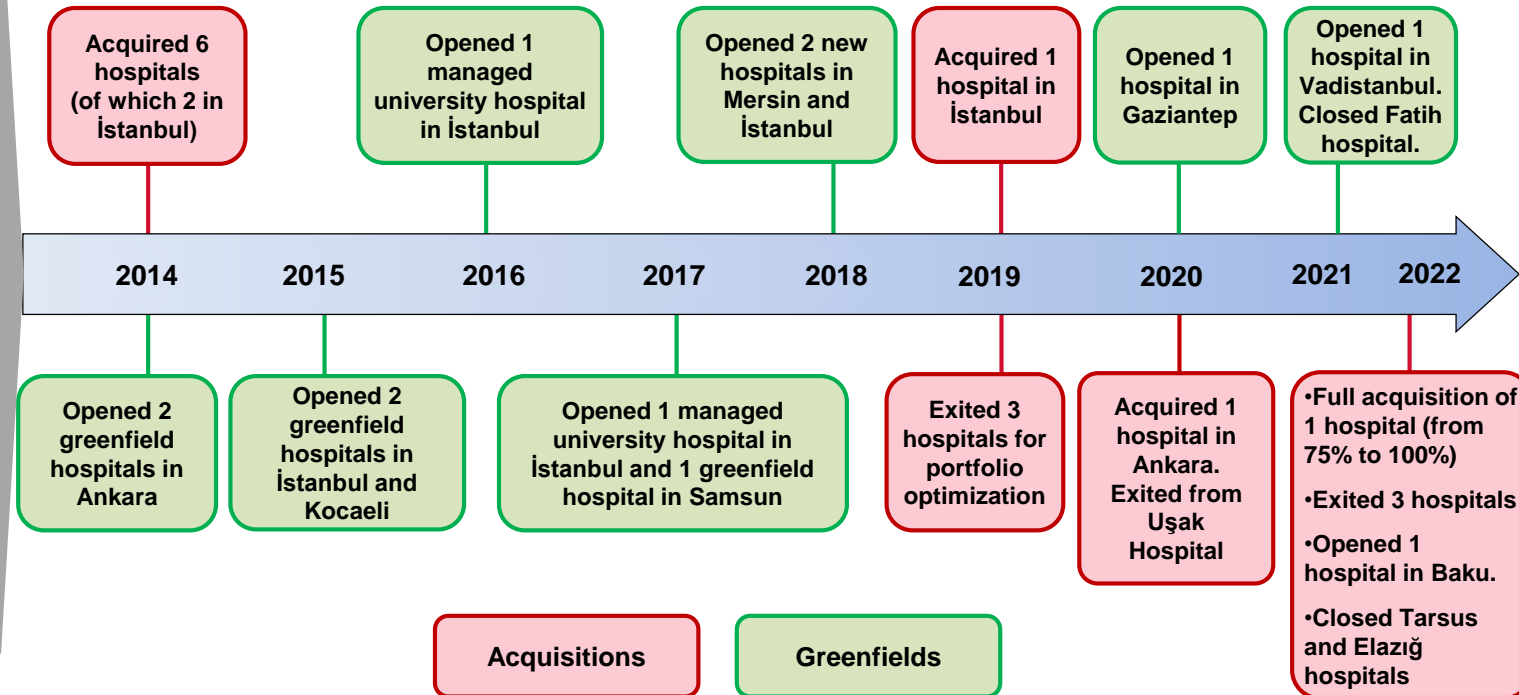
Vast amount of potential targets

Remaining private hospitals 511



Top 4 private players 64

Total private hospitals = 575



Acquisitions

Greenfields

## 6 Outstanding Platform for Further Growth

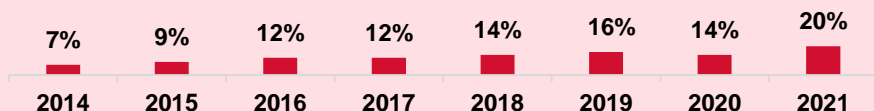
MLP Care has several avenues to continue its growth trajectory

### Top line growth via the favourable insurance scheme

- ✓ MLP Care has increased its market share in PMI (private medical insurance) (including Top-up Insurance) over the years, growing its revenue from PMI by **11.5x** from 2014 to 2021
- ✓ Top-up insurance is the fastest growing portion of the PMI market as MLP Care has been a pioneer in the Top-up insurance

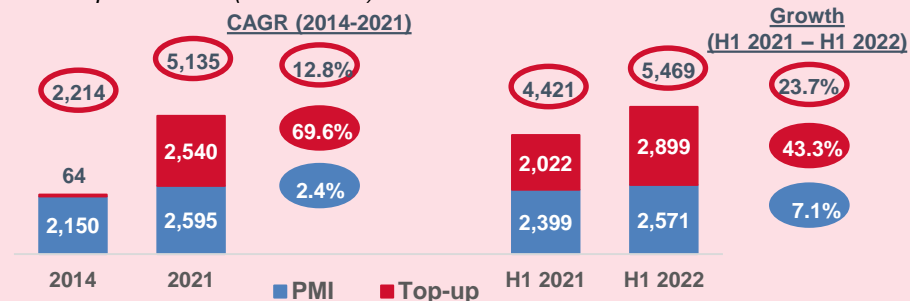
#### High Growth of MLP Care in the PMI (including Top-up Insurance) market

MLP Care market share in the PMI market<sup>1</sup>



#### Top-up Insurance's total policies sold grew by 45x in 2014 and H1 2022

Total # of policies sold (in thousand)



### Growth through revenue diversification

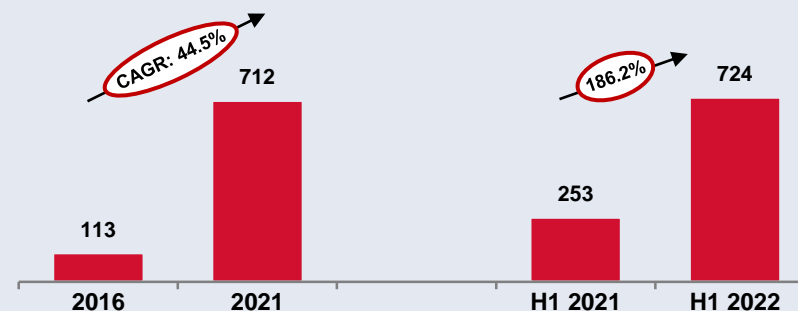
Self-pay

- ✓ Self-Pay share of total pay in MLP Care revenues has **up from c. 27% in 2014 to c. 31% in 2021**
  - Driven by increased share of metropol hospitals in total revenue
  - Increased offerings for elective procedures
  - Expanded premium

Medical tourism

- ✓ Outstanding medical quality in line with OECD countries
- ✓ Comparatively affordable with c. 50-65% in estimated savings compared to US treatment costs

#### MLP Care Medical Tourism Revenue (million TL)



## Appendix

Revenue Breakdown By Payor Type

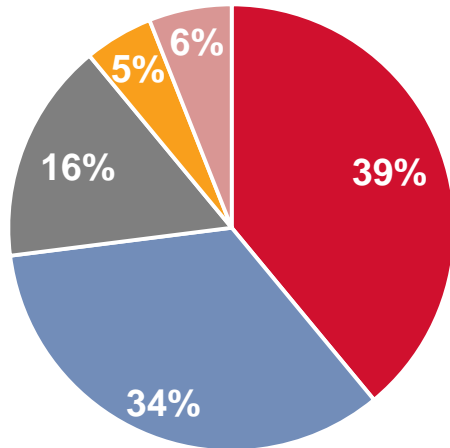
Historical Financial Statements

Capital, Shareholder Structure & Subsidiaries

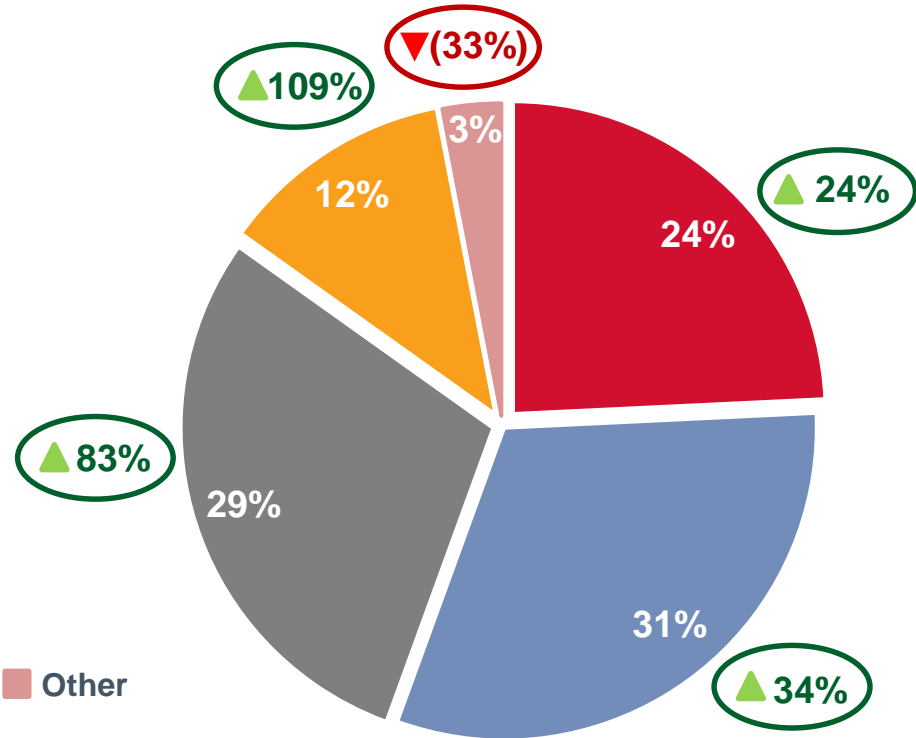
Key Historical Milestones

## Revenue Diversification Through Growing Segments

2016



2021



■ SSI   
 ■ Self-pay   
 ■ PMI, Top-up & Contr. Inst.   
 ■ Medical Tourism   
 ■ Other

- ✓ Revenue from PMI, Top-up & Contracted Institutions grew by 83% in 2021
- ✓ Medical Tourism grew by 109% in 2021
- ✓ SSI Insurance allows for a wide addressable market (c.98% of the total population)
- ✓ Share of self pay continues to increase in total

## Historical Balance Sheet

TLm	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
<b>Current assets</b>	<b>3,403</b>	<b>2,431</b>	<b>2,741</b>
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
<b>Non-current assets</b>	<b>3,210</b>	<b>2,661</b>	<b>3,007</b>
<b>Total assets</b>	<b>6,613</b>	<b>5,091</b>	<b>5,748</b>
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
<b>Current liabilities</b>	<b>4,047</b>	<b>2,746</b>	<b>3,318</b>
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
<b>Non-current liabilities</b>	<b>1,444</b>	<b>1,832</b>	<b>1,761</b>
Shareholders' equity	1,148	421	539
Non-controlling interest	(26)	93	131
<b>Equity</b>	<b>1,122</b>	<b>514</b>	<b>669</b>
<b>Total liabilities &amp; equity</b>	<b>6,613</b>	<b>5,091</b>	<b>5,748</b>



## Historical P&L Statements

TLm	Reviewed H1 2022	Reviewed H1 2021	Change (%)	Q2 2022	Q2 2021	Change (%)
Revenues	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%
<b>Gross profit</b>	<b>1,228</b>	<b>635</b>	<b>93.2%</b>	<b>637</b>	<b>332</b>	<b>91.7%</b>
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%)
<b>Operating profit / (loss)</b>	<b>784</b>	<b>465</b>	<b>68.7%</b>	<b>423</b>	<b>223</b>	<b>89.8%</b>
Income from investing activities	144	3	n.m.	127	2	n.m.
Expense from investing activities (-)	(9)	(0)	n.m.	(3)	(0)	n.m.
<b>EBIT</b>	<b>919</b>	<b>467</b>	<b>96.8%</b>	<b>547</b>	<b>225</b>	<b>142.9%</b>
<i>EBIT margin</i>	20.8%	18.4%	244bps	24.5%	16.9%	761bps
Interest expenses (-)	(224)	(251)	(10.7%)	(84)	(133)	(36.4%)
Net foreign exchange profit / (loss) (including hedging cost)	(38)	(28)	32.7%	(15)	(19)	(22.4%)
<b>Net profit / (loss) before tax</b>	<b>658</b>	<b>188</b>	<b>249.4%</b>	<b>448</b>	<b>73</b>	<b>509.6%</b>
Tax income / (expense) from operations	(53)	(14)	287.4%	(44)	21	(306.7%)
<b>Net profit / (loss)</b>	<b>604</b>	<b>174</b>	<b>246.4%</b>	<b>404</b>	<b>95</b>	<b>327.7%</b>
Net profit / (loss) non-controlling interest	27	27	1.3%	(2)	13	(118.9%)
<b>Net profit / (loss) equity holders of the parent</b>	<b>577</b>	<b>147</b>	<b>291.6%</b>	<b>407</b>	<b>82</b>	<b>398.2%</b>

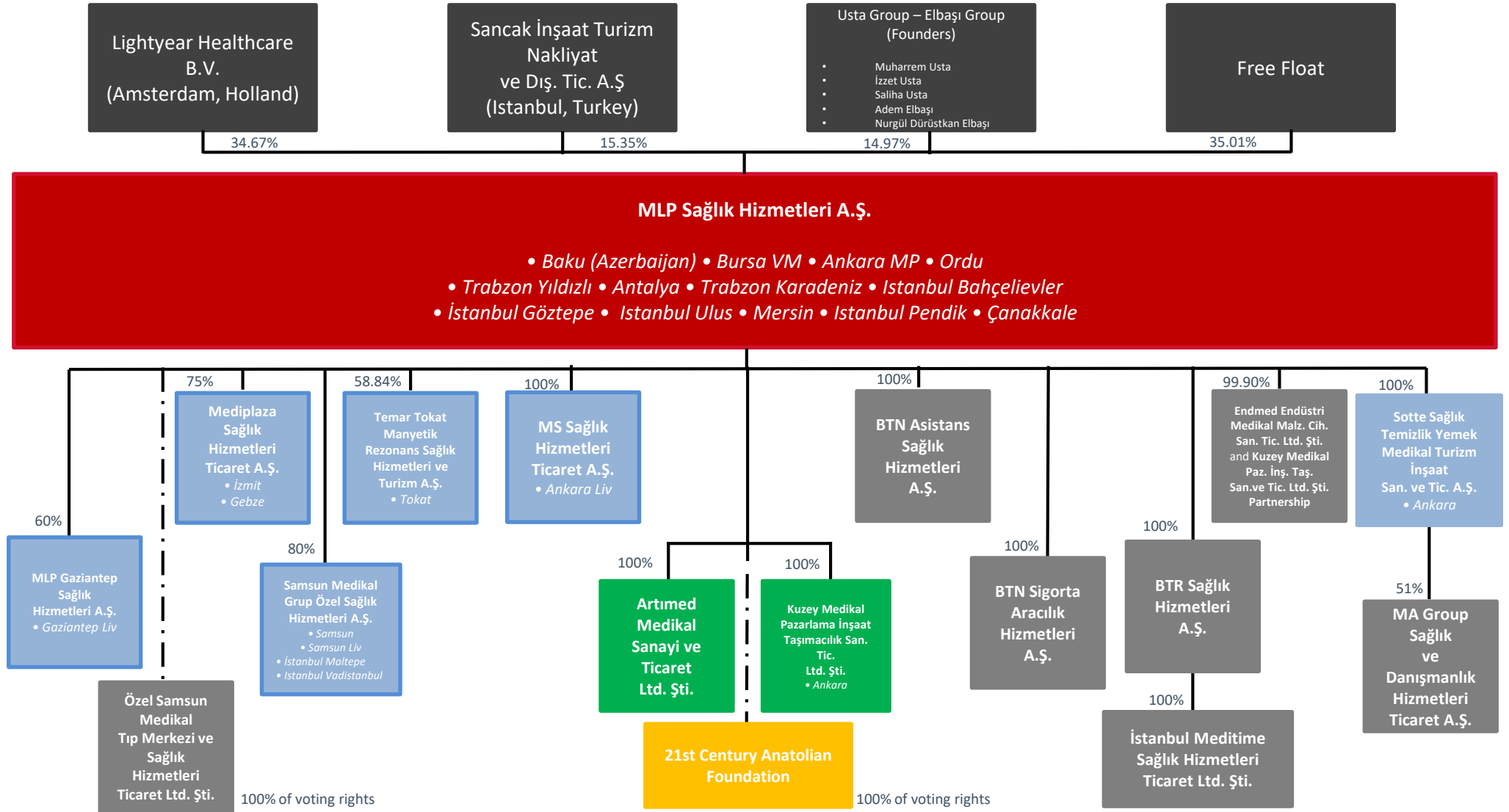
## EBITDA Reconciliation

TLm	H1 2022	H1 2021	Q2 2022	Q2 2021
<b>Revenue</b>	<b>4,417</b>	<b>2,542</b>	<b>2,230</b>	<b>1,331</b>
Cost of service	3,189	1,907	1,593	999
<b>Gross profit</b>	<b>1,228</b>	<b>635</b>	<b>637</b>	<b>332</b>
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
<b>EBITDA<sup>1</sup></b>	<b>1,040</b>	<b>596</b>	<b>539</b>	<b>305</b>
<b>EBITDA Margin (%)<sup>1</sup></b>	<b>23.5%</b>	<b>23.4%</b>	<b>24.2%</b>	<b>22.9%</b>

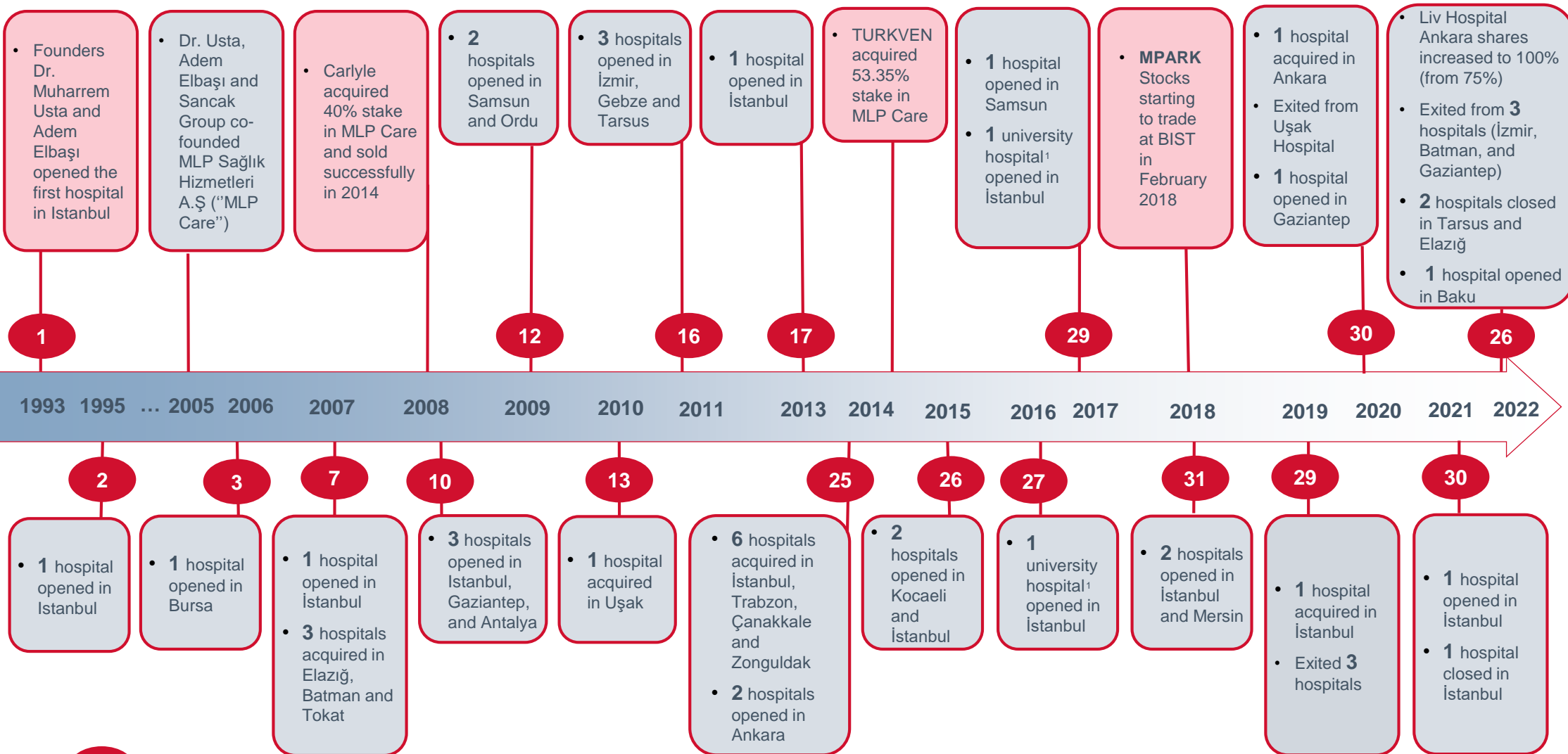
<sup>1</sup>EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

## Capital, Shareholder Structure\* & Subsidiaries

\*Shareholding structure after public offering (excluding the 6,827k shares purchased by shareholders from publicly traded portion)



## Key Historic Milestones



# Hospitals

<sup>1</sup>Managed hospital

## Disclaimer

This presentation may contain certain forward-looking statements concerning MLP Care's 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 MLP Care's actual performance.

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