

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 2022.

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

Summary Financials

(TL million)	9M 2022	9M 2021	Change	Q3 2022	Q3 2021	Change
Revenues	6,893	4,040	70.6%	2,476	1,498	65.3%
EBITDA¹	1,629	994	63.9%	590	398	48.1%
EBITDA margin (%) ¹	23.6%	24.6%	(97bps)	23.8%	26,6%	(277bps)
Net Profit/(Loss) Before Tax	1,039	335	210.1%	382	147	159.7%
Net Profit/(Loss)	1,079	215	401.4%	475	41	1,062.7%
Net Profit/(Loss) equity holders of the parent	1,039	165	529.4%	462	18	2,510.0%
Free Cash Flow	434	574	(24.5%)	49	271	(81.8%)
Capital Expenditure	463	245	89.0%	239	76	215.7%
Net Debt	1,452	1,967	(26.2%)	1,452	1,967	(26.2%)
Net Debt / EBITDA	0.7x	1.6x				

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

Financial Highlights

- ✓ In Q3 2022, total revenues increased by 65% to TL 2,476 million (Q3 2021: TL 1,498 million). Like-for-like total revenues excluding Sentez Sağlık Hizmetleri A.Ş. hospitals (İzmir, Gaziantep, and Batman) ("Sentez") increased by 93%. Foreign medical tourism and domestic private medical insurance has been the key growth drivers. Therefore, in 9M 2022 revenues increased by 71% to TL 6,893 million (9M 2021: TL 4,040 million). Like-for-like total revenues excluding Sentez increased by 90% to TL 6,515 million.
- ✓ In Q3 2022, EBITDA increased by 48% to TL 590 million, like-for-like EBITDA excluding Sentez increased by 66%. While EBITDA margin decreased by 277 bps to 23.8%. In 9M 2022, EBITDA increased by 64% to TL 1,629 million, like-for-like EBITDA excluding Sentez increased by 75%. While EBITDA margin decreased by 97 bps to 23.6%.
- ✓ In Q3 2022, net profit increased by 1,063% to TL 475 million (Q3 2021: TL 41 million). Net profit allocated to equity holders of the parent increased by 2,510% to TL 462 million in Q3 2022 (Q3 2021: TL 18 million). Net profit in 9M 2022 increased by 401% to TL 1,079 million (9M 2021: TL 215 million). Like-for-like net profit excluding Sentez increased by 518% to TL 892 million. Net profit improved on the back of strong operational performance, successful management of financial expenses, and deferred tax income.
- ✓ Net debt/EBITDA ratio was decreased to 0.7x in 9M 2022 from 1.5x in 2021, supported by cash inflow from the sale of Sentez.

Operating Highlights

- ✓ Private medical insurance business grew by 92% in Q3 2022, 89% in 9M 2022 on the back of the increasing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues grew by 138% in Q3 2022, 165% in 9M 2022; of those, 110% in Q3 2022 and 96% in 9M 2022 came from the appreciation of FX against TL 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 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 25, 2022 meeting to start 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 September 30, 2022, total nominal value of purchased shares have become TL 3,900,529 which represents 1.8749% of the share capital. As of November 7, 2022 total nominal value of repurchased shares have become TL 6,267,594 which represents 3.0127% 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.
- ✓ MLP Care has decided to transfer the operations of Medical Park Tarsus Hospital in July 1, 2022 and Medical Park Elazığ Hospital in September 5, 2022 in order to increase its portfolio efficiency in line with its strategy of growing with large-scale hospitals in metropolitan areas.
- ✓ There have been two price revisions in the SSI price tariff effective from February 8, 2022 and August 25, 2022. The price increase resulting from the revision in August affected the last month of Q3 2022.

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

“In the first nine months of 2022, we managed to increase both our like-for-like turnover and EBITDA above inflation. In the 3rd quarter, we maintained the robust revenue growth trend that we achieved in foreign medical tourism and private health insurance. Despite rising energy costs, we kept our EBITDA margin close to last year’s levels on the back of operational efficiency initiatives.”

We continue our sustainability efforts with the vision to create value for all our stakeholders. We have split our sustainability strategy into 4 main themes which are Digitalization, Human and Culture, Contribution to Society, and Environment, additionally set our long-medium-short-term goals to follow the progress of our company. In the upcoming periods, we will work to achieve these goals as well as our financial goals.”

Revenues

	9M 2022	9M 2021	Change	Q3 2022	Q3 2021	Change
Total Revenues (TL million)	6,893	4,040	70.6%	2,476	1,498	65.3%
Domestic Patient Revenues	5,461	3,457	57.9%	1,929	1,232	56.5%
<i>Inpatient Revenues</i>	3,081	2,033	51.5%	1,057	706	49.8%
<i>Outpatient Revenues</i>	2,380	1,424	67.1%	871	527	65.4%
Foreign Medical Tourism Revenues	1,217	460	164.6%	493	207	138.2%
Other Ancillary Business	214	122	75.2%	54	58	(7.1%)

Domestic Patient Revenues: Revenues from domestic patients increased by 56.5% in Q3 2022, 57.9% in 9M 2022 due to increased inpatient numbers and both inpatient and outpatient average prices. The inpatient revenues grew by 49.8% in Q3 2022, 51.5% in 9M 2022. The outpatient revenues grew by 65.4% in Q3 2022, 67.1% in 9M 2022.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 138.2% in TL terms and 13.6% in USD terms in Q3 2022, increased by 164.6% in TL terms and 35.0% in USD terms in 9M 2022. FMT revenues as a percentage of the total revenues was 19.9% in Q3 2022, 17.7% in 9M 2022 (Q3 2021: 13.8%, 9M 2021: 11.4%). FMT revenues was USD 28 million in Q3 2022, USD 77 million in 9M 2022.

Other Ancillary Business: Revenues from other ancillary business decreased by 7.1% in Q3 2022 due to decreasing laboratory business in line with the strategy to focus on core business. In 9M 2022 increased by 75.2% due to management consultancy revenues from university hospitals. The consultancy revenues increased by 146.8% to TL 60 million in Q3 2022, 121.9% to TL 165 million in 9M 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)

	9M 2022	9M 2021	Change (bps)	Q3 2022	Q3 2021	Change (bps)
(% of Revenues)	76.4%	75.4%	97	76.2%	73.4%	277
Material	17.5%	18.5%	(102)	15.0%	17.2%	(218)
Doctor	21.0%	21.9%	(87)	21.3%	21.3%	(1)
Personnel	16.5%	16.3%	22	17.4%	16.3%	109
Rent	1.1%	0.9%	27	1.0%	0.9%	12
Outsourced services purchases	7.1%	8.0%	(91)	6.7%	7.2%	(48)
All other expenses	13.1%	9.8%	328	14.7%	10.5%	422

Material consumption as a percentage of total revenue decreased by 218 bps in Q3 2022, 102 bps in 9M 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 1 bps in Q3 2022, 87 bps in 9M 2022 due to strong hospital revenue growth and the sale of Sentez hospitals.

Personnel expenses as a percentage of total revenue increased by 109 bps to 17.4% in Q3 2022, 22 bps to 16.5% in 9M 2022 due to increase in the salary of the personnel in line with minimum wage increase.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 48 bps to 6.7% in Q3 2022, 91 bps to 7.1% in 9M 2022 due to decreased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses etc.) increased by 422 bps to 14.7% in Q3 2022, 328 bps to 13.1% in 9M 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 48.1% to TL 590 million in Q3 2022 and increased by 63.9% to TL 1,629 million in 9M 2022. EBITDA margin decreased by 277 bps to 23.8% in Q3 2022 and decreased by 97 bps to 23.6% in 9M 2022. EBITDA margin decreased due to increase in the marketing expenses related to FMT revenues, increase in utility expenses, and increase in the salary of the personnel.

Cash Flow

The operating cash flow decreased by 16.8% to TL 288 million in Q3 2022 due to the contracting effect of the increasing trade receivables related with the revenue increase on net working capital (Q3 2021: TL 346 million). Therefore, operating cash flow increased by 8.7% to TL 900 million in 9M 2022 due to the robust EBITDA growth (9M 2021: TL 828 million). Therefore, the operating cash flow/EBITDA ratio decreased to 48.8% in Q3 2022, to 55.2% in 9M 2022 (Q3 2021: 86.9%, 9M 2021: 83.3%).

Free cash flow decreased by 81.8% to TL 49 million in Q3 2022 and decreased by 24.5% to TL 434 million in 9M 2022 (Q3 2021: TL 271 million, 9M 2021: TL 574 million). Therefore, free cash flow/EBITDA ratio was at 8.4% in Q3 2022, 26.6% in 9M 2022 (Q3 2021: 67.9%, 9M 2021: 57.7%).

Maintenance-related capital expenditures as a percentage of revenues was at 4.9% in Q3 2022, 3.6% in 9M 2022 (Q3 2021: 3.5%, 9M 2021: 2.6%). Total capital expenditures as a percentage of revenues was at 9.6% in Q3 2022, 6.7% in 9M 2022 (Q3 2021: 5.0%, 9M 2021: 6.1%).

Profit/(Loss) for the Period

Net profit increased by 1,062.7% to TL 475 million in Q3 2022 and increased by 401.4% to TL 1,079 million in 9M 2022. Like-for-like net profit excluding Sentez increased by 517.8% to TL 892 million in 9M 2022. Net profit improved on the back of strong operational performance, successful management of financial expenses, and deferred tax income.

Net profit allocated to non-controlling interest was TL 13 million in Q3 2022, TL 41 million in 9M 2022 (Q3 2021: TL 23 million, 9M 2021: TL 50 million). Therefore, net profit allocated to equity holders of the parent increased to TL 462 million in Q3 2022 and increased by 529.4% to TL 1,039 million in 9M 2022 (Q3 2021: TL 18 million, 9M 2021: TL 165 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	9M 2022	Vertical %	2021	Vertical %	Change
TL	1,327	91%	1,364	66%	(2.7%)
USD + Euro (*)	(730)	(50%)	(187)	(9%)	289.6%
Total loan, financial leasing	597	41%	1,176	57%	(49.2%)
TL (IFRS 16)	765	53%	813	39%	(5.8%)
USD + Euro (IFRS 16)	89	6%	80	4%	11.2%
Total lease liabilities (IFRS16)	855	59%	893	43%	(4.3%)
Total net debt	1,452	100%	2,069	100%	(29.8%)

(*) A Currency Protected Deposit transaction amounting to TL 214.2 million (EUR 11.0 million) was made in August-September 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 51.7 million in foreign currency including the Currency Protected Deposit balance.

The net debt/EBITDA ratio was successfully decreased to 0.7x in 9M 2022 from 1.5x in 2021 on the back of strong operating performance and cash generated from the sale of Sentez hospitals.

In 9M 2022, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 579 million to TL 597 million (2021: TL 1,176 million). The net debt/EBITDA ratio decreased to 0.4x in 9M 2022 from 1.1x in 2021.

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 617 million to TL 1,452 million (2021: TL 2,069 million).

EBITDA RECONCILIATION

TL million	9M 2022	9M 2021	Q3 2022	Q3 2021
Revenue	6,893	4,040	2,476	1,498
Cost of service	4,938	2,969	1,749	1,062
Gross profit	1,954	1,071	726	435
General administrative expenses (-)	(642)	(314)	(243)	(121)
Depreciation and amortization expenses (Cost of service)	294	222	98	78
Depreciation and amortization expenses (General administrative expenses)	24	16	9	6
EBITDA¹	1,629	994	590	398
EBITDA margin (%)¹	23.6%	24.6%	23.8%	26.6%

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		
	9M 2022	9M 2021	Change (%)	Q3 2021	Q3 2021	Change (%)
Revenue	6,893	4,040	70.6%	2,476	1,498	65.3%
Cost of service (-)	(4,938)	(2,969)	66.3%	(1,749)	(1,062)	64.7%
Gross profit	1,954	1,071	82.5%	726	435	66.9%
General administration expenses (-)	(642)	(314)	104.2%	(243)	(121)	101.3%
Other income from operations	330	253	30.5%	124	38	224.5%
Other expenses from operations (-)	(353)	(249)	41.4%	(101)	(58)	75.6%
Operating profit/(loss)	1,289	760	69.8%	506	295	71.5%
Income from investing activities	129	3	n.m.	(15)	0	n.m.
Expense from investing activities (-)	(13)	(0)	n.m.	(4)	(0)	n.m.
EBIT	1,405	762	84.4%	486	295	64.8%
<i>EBIT margin</i>	<i>20.4%</i>	<i>18.9%</i>	<i>152bps</i>	<i>19.6%</i>	<i>19.7%</i>	<i>(6bps)</i>
Interest (expenses) / income, net (-)	(323)	(404)	(20.0%)	(99)	(153)	(35.2%)
Net foreign exchange profit / (loss) (including hedging cost)	(43)	(23)	86.2%	(5)	5	n.m.
Net profit / (loss) before tax	1,039	335	210.1%	382	147	159.7%
Tax income / (expense) from operations	40	(120)	n.m.	93	(106)	n.m.
Net profit / (loss)	1,079	215	401.4%	475	41	1,062.7%
Net profit / (loss) non-controlling interest	41	50	(18.7%)	13	23	(42.1%)
Net profit / (loss) equity holders of the parent	1,039	165	529.4%	462	18	2,510.0%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited September 30, 2022	Unaudited September 30, 2021	Audited December 31, 2021
Cash and cash equivalents	994	676	680
Financial investments	214	-	-
Trade receivables	1,303	1,359	1,318
Inventory	539	122	285
Short term other assets	661	537	458
Current assets	3,711	2,694	2,741
Tangible and intangible fixed assets	1,853	1,539	1,716
Right of use assets	548	383	539
Deferred tax assets	491	351	422
Long term other assets	573	341	329
Non-current assets	3,466	2,614	3,007
Total assets	7,177	5,308	5,748
Trade payables	2,109	1,315	1,546
Short term other liabilities	712	461	498
Short term financial liabilities (incl, financial and operational leases)	1,560	1,188	1,274
Current liabilities	4,382	2,964	3,318
Long term other liabilities	144	148	149
Deferred tax liabilities	72	187	136
Long term financial liabilities (incl, financial and operational leases)	1,099	1,456	1,475
Non-current liabilities	1,315	1,791	1,761
Shareholders' equity	1,492	436	539
Non-controlling interest	(13)	116	131
Equity	1,479	552	669
Total liabilities & equity	7,177	5,308	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 26 hospitals and around 5,050 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 2,300 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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