

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, 2023.

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

Summary Financials

(TL million)	Q1 2023	Q1 2022	Change
Revenues	3,474	2,187	58.8%
EBITDA¹	814	501	62.6%
EBITDA margin (%) ¹	23.4%	22.9%	55bps
Net Profit/(Loss) Before Tax	437	210	108.5%
Net Profit/(Loss)	258	200	29.1%
Net Profit/(Loss) equity holders of the parent	245	170	44.0%
Free Cash Flow	473	254	86.1%
Capital Expenditure	120	105	14.1%
Net Debt	2,449	1,984	23.4%
Net Debt / EBITDA	0.9x	1.3x	

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

Financial Highlights

- ✓ In Q1 2023, total revenues increased by 59% to TL 3,474 million (Q1 2022: TL 2,187 million) total revenues normalized for divestitures increased by 82%. Domestic private medical insurance posted the highest growth among all segments.
- ✓ In Q1 2023, EBITDA increased by 63% to TL 814 million, EBITDA normalized for divestitures increased by 88%. EBITDA margin increased by 55 bps to 23.4%.
- ✓ In Q1 2023, net profit increased by 29% to TL 258 million (Q1 2022: TL 200 million). Net profit allocated to equity holders of the parent increased by 44% to TL 245 million in Q1 2023 (Q1 2022: TL 170 million). Net profit normalized for divestitures increased by 67%. Net profit improved on the back of strong operational performance, successful management of financial expenses due to decreasing financial leverage and despite paying additional one-off corporate tax related to the earthquake (TL 137 million).
- ✓ Net debt/EBITDA ratio was flat at 0.9x in Q1 2023 compared to 2022 year-end. In the same period, net debt excluding IFRS 16 decreased by TL 140 million to TL 647 million.

Operating Highlights

- ✓ Private medical insurance segment grew by 95% in Q1 2023 on the back of the ongoing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues grew by 54% in Q1 2023, of that 35% came from the appreciation of FX against the TL and the rest from volume/price growth on the back of effective marketing and PR campaigns.
- ✓ There was a price revision in the Turkish Medical Association (TMA) price tariff December 28, 2022. The price increase resulting from the revision in December was effective from the January 1, 2023.
- ✓ There was a price revision in the Social Security Insurance (SSI) price tariff in March 24, 2023. The price increase resulting from the revision in March was effective in the last week of March.

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

“We woke up with an unprecedented earthquake disaster on February 6. Kahramanmaraş-centered earthquakes destruction in 11 provinces and our losses sorrowed all of us. After the earthquake, we tried to meet the healthcare needs of the people of the region in all our hospitals. As a group, we contributed to the acute period work through our humanitarian aid supplies and soup kitchens. We will continue these efforts in the long term.

We made a successful start to 2023 both operationally and financially. We managed to increase our revenue above inflation and our EBITDA above our revenue. Despite the high inflation period, we increased our EBITDA margin due to effective cost management. At the end of 2022, we took over 2 hospitals, 1 hospital license and 1 medical centre license in Adana. We will continue to pursue growth opportunities that will provide efficiency for our Group in the coming periods.”

Revenues

	Q1 2023	Q1 2022	Change
Total Revenues (TL million)	3,474	2,187	58.8%
Domestic Patient Revenues	2,888	1,771	63.1%
Inpatient Revenues	1,567	1,000	56.7%
Outpatient Revenues	1,321	770	71.4%
Foreign Medical Tourism Revenues	502	325	54.2%
Other Ancillary Business	84	91	(7.3%)

Domestic Patient Revenues: Revenues from domestic patients increased by 63.1% in Q1 2023 due to increased inpatient numbers and both inpatient and outpatient average prices. The inpatient revenues grew by 56.7% in Q1 2023. The outpatient revenues grew by 71.4% in Q1 2023.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 54.2% in TL terms and 13.9% in USD terms in Q1 2023 in spite of the Kahramanmaraş-centered earthquake which impacted 11 cities, which reduced demand from foreign patients in February. FMT revenues as a percentage of the total revenues was 14.4% in Q1 2023 (Q1 2022: 14.9). FMT revenues was USD 27 million in Q1 2023 (Q1 2022: USD 23 million).

Other Ancillary Business: Revenues from other ancillary business decreased by 7.3% in Q1 2023 due to decreasing laboratory business in line with the strategy to focus on core business.

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

	Q1 2023	Q1 2022	Change (bps)
(% of Revenues)	76.6%	77.1%	(55)
Material	12.4%	18.6%	(612)
Doctor	23.0%	21.3%	179
Personnel	21.9%	16.9%	503
Rent	0.7%	0.9%	(14)
Outsourced services purchases	6.6%	7.7%	(114)
All other expenses	11.8%	11.8%	3

Material consumption as a percentage of total revenue decreased by 612 bps in Q1 2023 due to the lagging effect of increased costs on the back of effective inventory management.

Doctor costs as a percentage of total revenue increased by 179 bps in Q1 2023 due to decreasing revenue generated from hospitals which are in the earthquake area.

Personnel expenses as a percentage of total revenue increased by 503 bps to 21.9% in Q1 2023 due to salary adjustments of the personnel in line with the minimum wage increase as well as provisions for vacation and severance payment due to the early retirement personnel after the elimination of an age requirement by the new approved law.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 114 bps to 6.6% in Q1 2023 due to decreased volume of the outsourced PCR test service expenses.

All other expenses (energy, foreign and domestic marketing expenses, etc.) as a percentage of total revenue increased by 3 bps to 11.8% in Q1 2023 due to the increase in the marketing expenses related to FMT revenues and increase in utility expenses above the inflation rate.

EBITDA

EBITDA number increased by 62.6% to TL 814 million in Q1 2023. EBITDA margin increased by 55 bps to 23.4%. EBITDA margin increased due to effective inventory management and decreased volume of the outsourced PCR test service.

Cash Flow

The operating cash flow increased by 63.4% to TL 593 million in Q1 2023 due to the robust EBITDA growth (Q1 2022: TL 363 million). Therefore, the operating cash flow/EBITDA ratio was at 72.9% in Q1 2023 (Q1 2022: 72.6%).

Free cash flow increased by 86.1% to TL 473 million in Q1 2023 (Q1 2022: TL 254 million). Therefore, free cash flow/EBITDA ratio was at 58.1% in Q1 2023 (Q1 2022: 50.8%).

Maintenance-related capital expenditures as a percentage of revenues was at 2.0% in Q1 2023 (Q1 2022: 2.8%). Total capital expenditures as a percentage of revenues was at 3.5% in Q1 2023 (Q1 2022: 4.8%).

Profit/(Loss) for the Period

Net profit increased by 29.1% to TL 258 million in Q1 2023. Net profit normalized for divestitures increased by 67.2% in Q1 2023. Despite paying additional one-off corporate tax related to the earthquake of TL 137 million, net profit improved on the back of successful operational performance.

Net profit allocated to non-controlling interest was TL 13 million in Q1 2023 (Q1 2022: TL 30 million). Therefore, net profit allocated to equity holders of the parent increased by 44.0% to TL 245 million in Q1 2023 (Q1 2022: TL 170 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	Q1 2023	Vertical %	2022	Vertical %	Change
TL	1,038	42%	1,272	62%	(18.4%)
USD + Euro (*)	(391)	(16%)	(485)	(24%)	(19.3%)
Total loan, financial leasing	647	26%	787	38%	(17.8%)
TL (IFRS 16)	1,706	70%	1,170	57%	45.9%
USD + Euro (IFRS 16)	96	4%	95	5%	0.7%
Total lease liabilities (IFRS16)	1,802	74%	1,265	62%	42.5%
Total net debt	2,449	100%	2,053	100%	19.3%

(*) A Currency Protected Deposit transaction amounting to TL 266.9 million (EUR 6.6 million and USD 7.0 million) was made in January-February 2023 and presented under financial investments account. As the related EUR and USD balances 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 34.7 million in foreign currency including the Currency Protected Deposit balance.

The net debt/EBITDA ratio was flat at 0.9x in Q1 2023 on the back of strong operating performance. (2022: 0.9x)

In Q1 2023, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 140 million to TL 647 million (2022: TL 787 million). The net debt/EBITDA ratio decreased to 0.3x in Q1 2023 from 0.4x in 2022.

Total net debt including obligations under operational leases related to TFRS 16 increased by TL 397 million to TL 2,449 million due to lease agreements of newly opened and existing hospitals (2022: TL 2,053 million).

Share Buy-Back Program

MLP Care Board of Directors have decided at their May 25, 2022 meeting to start a share buyback program to acquire up to 10% Company's issued capital. The rationale of this transaction is to support healthy share price formation. The fund of TL 650,000,000, which was previously allocated for the share buyback, was increased by TL 750,000,000 and determined as TL 1,400,000,000 and its duration was extended until May 25, 2024. As of March 31, 2023, total nominal value of purchased shares have become TL 10,086,610 which represents 4.8485% of the share capital. As of May 9, 2023 total nominal value of repurchased shares have become TL 11,061,309 which represents 5.3170% of the share capital.

EBITDA RECONCILIATION

TL million	Q1 2023	Q1 2022	Change
Revenue	3,474	2,187	58.8%
Cost of service (-)	(2,490)	(1,596)	56.0%
Gross profit	984	591	66.5%
General administrative expenses (-)	(349)	(198)	76.2%
Depreciation and amortization expenses (Cost of service)	167	101	65.9%
Depreciation and amortization expenses (General administrative expenses)	12	7	70.9%
EBITDA¹	814	501	62.6%
EBITDA margin (%)¹	23.4%	22.9%	55bps

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 2023	Q1 2022	
Revenue	3,474	2,187	58.8%
Cost of service (-)	(2,490)	(1,596)	56.0%
Gross profit	984	591	66.5%
General administration expenses (-)	(349)	(198)	76.2%
Other income from operations	48	115	(58.8%)
Other expenses from operations (-)	(50)	(148)	(66.3%)
Operating profit/(loss)	633	360	75.7%
Income from investing activities	10	17	(40.7%)
Expense from investing activities (-)	(2)	(6)	(57.5%)
EBIT	641	372	72.3%
<i>EBIT margin</i>	<i>18.4%</i>	<i>17.0%</i>	<i>144bps</i>
Interest (expenses) / income, net (-)	(197)	(140)	41.5%
Net foreign exchange profit / (loss) (including hedging cost)	(6)	(23)	(73.3%)
Net profit / (loss) before tax	437	210	108.5%
Tax income / (expense) from operations	(179)	(10)	1,730.1%
Net profit / (loss)	258	200	29.1%
Net profit / (loss) non-controlling interest	13	30	(55.3%)
Net profit / (loss) equity holders of the parent	245	170	44.0%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited March 31, 2023	Audited December 31, 2022
Cash and cash equivalents	937	766
Financial investments	267	214
Trade receivables	1,708	1,455
Inventory	651	661
Short term other assets	734	701
Current assets	4,297	3,798
Tangible and intangible fixed assets	2,400	2,368
Right of use assets	1,433	932
Deferred tax assets	710	740
Long term other assets	713	599
Non-current assets	5,257	4,638
Total assets	9,554	8,436
Trade payables	2,543	2,398
Short term other liabilities	1,043	746
Short term financial liabilities (incl, financial and operational leases)	1,997	1,646
Current liabilities	5,583	4,790
Long term other liabilities	438	424
Deferred tax liabilities	3	28
Long term financial liabilities (incl, financial and operational leases)	1,656	1,386
Non-current liabilities	2,097	1,838
Shareholders' equity	1,859	1,805
Non-controlling interest	15	2
Equity	1,875	1,807
Total liabilities & equity	9,554	8,436

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 28 hospitals and around 5,600 beds in 13 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 19 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:

Dr. Deniz Can Yücel

Strategy and Investor Relations Director

T +90 212 227 5555 (Ext: 1148)

E deniz.yucel@mlpcare.com