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, 2023.

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

Summary Financials

(TL million)	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Revenues	**7,167**	**4,417**	**62.3%**	**3,693**	**2,230**	**65.6%**
EBITDA[1]	**1,710**	**1,040**	**64.5%**	**896**	**539**	**66.1%**
EBITDA margin (%)[1]	23.9%	23.5%	32bps	24.3%	24.2%	8bps
Net Profit/(Loss) Before Tax	**1,097**	**658**	**66.8%**	**660**	**448**	**47.3%**
Net Profit/(Loss)	983	604	62.6%	725	404	79.2%
Net Profit/(Loss) equity holders of the parent	**932**	**577**	**61.6%**	**687**	**407**	**68.9%**
Free Cash Flow	**629**	**310**	**103.2%**	**156**	**55**	**181.4%**
Capital Expenditure	245	298	(18.0%)	125	193	(35.4%)
Net Debt	**2,570**	**1,344**	**91.2%**			
Net Debt / EBITDA	0.9x	0.7x				

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

Financial Highlights

- ✓ In Q2 2023, total revenues increased by 66% to TL 3,693 million (Q2 2022: TL 2,230 million), total revenues normalized for divestitures increased by 73%. Private medical insurance segment posted the highest growth among all segments. Therefore, total revenues increased by 62% to TL 7,167 million (H1 2022: TL 4,417 million).
- ✓ In Q2 2023, EBITDA increased by 66% to TL 896 million, EBITDA normalized for divestitures increased by 72%. EBITDA margin increased by 8 bps to 24.3%. In H1 2023, EBITDA increased by 64% to TL 1,710 million, while EBITDA margin increased by 32 bps to 23.9%.
- ✓ In Q2 2023, net profit increased by 79% to TL 725 million (Q2 2022: TL 404 million). Net profit allocated to equity holders of the parent increased by 69% to TL 687 million in Q2 2023 (Q2 2022: TL 407 million). Net profit normalized for divestitures increased by 176% in Q2 2023. Net profit increased by 63% to TL 983 million in H1 2023 (H1 2022: TL 604 million). Net profit allocated to equity holders of the parent increased by 62% to TL 932 million in H1 2023 (H1 2022: TL 577 million). Net profit improved on the back of strong operational performance, deferred tax income, and FX income from operations.
- ✓ Net debt/EBITDA ratio was flat at 0.9x in Q2 2023 compared to 2022 year-end. In the same period, net debt excluding IFRS 16 increased by TL 3 million to TL 790 million.

Operating Highlights

- ✓ Private medical insurance segment grew by 97% and 96% in Q2 2023 and H1 2023, respectively on the back of the ongoing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues grew by 32% and 42% in Q2 2023 and H1 2023, respectively.
- ✓ Turkish Medical Association (TMA) price tariff was increased by %41,4 in December 28, 2022 which is effective from January 1, 2023. There was another price increase by 30.7% to TMA price tariff in June 22, 2023 due to high inflation. The price increase resulting from the revision in June was effective from July 1, 2023.
- ✓ Social Security Insurance (SSI) price tariff was increased by 31% 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:

"The share of private medical insurance and foreign medical tourism segments in total turnover continues to increase in line with our long term diversification strategy. We have maintained our operating profit margins in the second quarter of the year with effective cost management. We will continue to grow in metropolitan areas through large scale hospitals and enhance our foreign medical tourism business with selected management contracts in high potential regions.

Our focus on sustainability has continued with the publishment of our first CDP report in July. After the GRI report, MLPCARE continues to be leader in the healthcare sector in Turkey with CDP reporting. In the CDP report, we explain our carbon emissions targets, our actions related to the climate crisis, and the associated financial implications of these potential risks and opportunities. Sustainability is a long journey and we are just at the start. Our Company will continue to develop further in ESG with diversified projects."

Revenues

	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Total Revenues (TL million)	**7,167**	**4,417**	**62.3%**	**3,693**	**2,230**	**65.6%**
Domestic Patient Revenues	5,944	3,532	68.3%	3,056	1,762	73.5%
Inpatient Revenues	*3,269*	*2,024*	*61.5%*	*1,701*	*1,023*	*66.3%*
Outpatient Revenues	*2,676*	*1,509*	*77.4%*	*1,355*	*738*	*83.6%*
Foreign Medical Tourism Revenues	1,030	724	42.2%	529	399	32.5%
Other Ancillary Business	192	160	19.9%	108	69	55.4%

Domestic Patient Revenues: Revenues from domestic patients increased by 73.5% and 68.3% in Q2 2023 and H1 2023, respectively driven by improved inpatient and outpatient average prices as well as increase in inpatient numbers. The inpatient revenues grew by 66.3% and 61.5% in Q2 2023 and H1 2023, respectively. On the other hand, the outpatient revenues grew by 83.6% and 77.4% in Q2 2023 and H1 2023, respectively.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 32.5% in TL terms and 0.3% in USD terms in Q2 2023 and increased by 42.2% in TL terms and 6.4% in USD terms in H1 2023. FMT revenues as a percentage of the total revenues was 14.3% and 14.4% in Q2 2023 and H1 2023, respectively (Q2 2022: 17.9%, H1 2022: 16.4%). FMT revenues was USD 25 million in Q2 2023 and USD 52 million in H1 2023 (Q2 2022: USD 25 million, H1 2022: USD 49 million).

Other Ancillary Business: Revenues from other ancillary business increased by 55.4% and 19.9% in Q2 2023 and in H1 2023, respectively driven by the management consultancy revenues from university hospitals. The consultancy revenues increased by 61.9% to TL 93 million in Q2 2023 and increased by 77.6% to TL 187 million in H1 2023.

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

	H1 2023	H1 2022	Change (bps)	Q2 2023	Q2 2022	Change (bps)
(% of Revenues)	**76.1%**	**76.5%**	**(32)**	**75.7%**	**75.8%**	**(8)**
Material	13.5%	18.8%	(532)	14.5%	19.1%	(458)
Doctor	23.6%	20.9%	271	24.1%	20.5%	358
Personnel	20.6%	16.0%	460	19.4%	15.2%	422
Rent	0.8%	1.2%	(44)	0.8%	1.5%	(73)
Outsourced services purchases	6.3%	7.3%	(100)	6.1%	6.9%	(85)
All other expenses	11.3%	12.2%	(87)	10.8%	12.5%	(173)

Material consumption as a percentage of total revenue decreased by 458 bps to 14.5% in Q2 2023 and decreased by 532 bps to 13.5% in H1 2023 due to the lagged impact of increased costs thanks to effective inventory management.

Doctor costs as a percentage of total revenue increased by 358 bps to 24.1% in Q2 2023 and increased by 271 bps to 23.6% in H1 2023 due to decreasing revenue generated from hospitals which are in the earthquake area.

Personnel expenses as a percentage of total revenue increased by 422 bps to 19.4% in Q2 2023 and increased by 460 bps to 20.6% in H1 2023 due to salary adjustments of the personnel in line with the minimum wage increase.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 85 bps to 6.1% in Q2 2023 and decreased by 100 bps to 6.3% in H1 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 decreased by 173 bps to 10.8% in Q2 2023 and decreased by 87 bps to 11.3% in H1 2023 due to the increases in energy (electricity and natural gas) expenses was below the inflation rate.

EBITDA

EBITDA number increased by 66.1% to TL 896 million in Q2 2023 and increased by 64.5% to TL 1,710 million in H1 2023. EBITDA margin increased by 8 bps to 24.3% in Q2 2023 and increased by 32 bps to 23.9% in H1 2023. EBITDA margin increased due to effective inventory management, increases in energy (electricity and natural gas) expenses was below the inflation rate, and decreased outsourced services purchases.

Cash Flow

The operating cash flow increased by 22.3% to TL 304 million in Q2 2023 and increased by 46.7% to TL 898 million in H1 2023 due to the robust EBITDA growth (Q2 2022: TL 249 million, H1 2022: TL 612 million). Therefore, the operating cash flow/EBITDA ratio was at 34.0% in Q2 2023, and 52.5% in H1 2023 (Q2 2022: 46.1%, H1 2022: 58.9%).

Free cash flow increased by 181.4% to TL 156 million in Q2 2023 and increased by 103.2% to TL 629 million in H1 2023 due to lower capex (Q2 2022: TL 55 million, H1 2022: TL 310 million). Therefore, free cash flow/EBITDA ratio was at 17.4% in Q2 2023 and 36.8% in H1 2023 (Q2 2022: 10.3%, H1 2022: 29.8%).

Maintenance-related capital expenditures as a percentage of revenues was at 1.9% in Q2 2023 and 3.7% in H1 2023 (Q2 2022: 6.2%, H1 2022: 4.5%). Total capital expenditures as a percentage of revenues was at 3.4% in Q2 2023 and 6.6% in H1 2023 (Q2 2022: 8.7%, H1 2022: 6.8%).

Profit/(Loss) for the Period

Net profit increased by 79.2% to TL 725 million in Q2 2023 and increased by 62.6% to TL 983 million in H1 2023. Net profit normalized for divestitures increased by 175.7% in Q2 2023 and 135.5% in H1 2023. Net profit improved on the back of successful operational performance, deferred tax income, and FX income from operations.

Net profit allocated to non-controlling interest was TL 38 million in Q2 2023 and TL 51 million in H1 2023 (Q2 2022: TL 2 million net loss, H1 2022: TL 27 million net profit). Therefore, net profit allocated to equity holders of the parent increased by 68.9% to TL 687 million in Q2 2023 and 61.6% to TL 932 million in H1 2023 (Q2 2022: TL 407 million, H1 2022: TL 577 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	H1 2023	Vertical %	2022	Vertical %	Change
TL	1,235	48%	1,272	62%	(2.9%)
USD + Euro (*)	(445)	(17%)	(485)	(24%)	(8.2%)
Total loan, financial leasing	**790**	**31%**	**787**	**38%**	**0.4%**
TL (IFRS 16)	1,655	64%	1,170	57%	41.5%
USD + Euro (IFRS 16)	125	5%	95	5%	30.7%
Total lease liabilities (IFRS16)	**1,780**	**69%**	**1,265**	**62%**	**40.7%**
Total net debt	**2,570**	**100%**	**2,053**	**100%**	**25.2%**

(*) A Currency Protected Deposit transaction amounting to TL 99.3 million (USD 5.0 million) was made in April 2023 and presented under financial investments account. As the related 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 USD 23.2 million in foreign currency including the Currency Protected Deposit balance.

The net debt/EBITDA ratio was flat at 0.9x in H1 2023 on the back of strong operating performance. (2022: 0.9x)

In H1 2023, net debt excluding obligations under operational leases related to TFRS 16 increased by TL 3 million to TL 790 million (2022: TL 787 million). The net debt/EBITDA ratio without IFRS 16 lease liability decreased to 0.2x in H1 2023 from 0.4x in 2022.

Total net debt including obligations under operational leases related to TFRS 16 increased by TL 518 million to TL 2,570 million due to lease agreements of 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 June 30, 2023, total nominal value of purchased shares have become TL 13,020,000 which represents 6.2585% of the share capital. As of August 8, 2023 total nominal value of repurchased shares have become TL 13,690,000 which represents 6.5806% of the share capital.

EBITDA RECONCILIATION

TL million	H1 2023	H1 2022	Change	Q2 2023	Q2 2022	Change
Revenue	**7,167**	**4,417**	**62.3%**	**3,693**	**2,230**	**65.6%**
Cost of service (-)	(5,121)	(3,189)	60.6%	(2,631)	(1,593)	65.2%
Gross profit	**2,046**	**1,228**	**66.6%**	**1,062**	**637**	**66.7%**
General administrative expenses (-)	(701)	(399)	75.7%	(352)	(201)	75.2%
Depreciation and amortization expenses (Cost of service)	339	196	73.2%	172	95	80.8%
Depreciation and amortization expenses (General administrative expenses)	26	15	75.2%	14	8	79.0%
EBITDA[1]	**1,710**	**1,040**	**64.5%**	**896**	**539**	**66.1%**
EBITDA margin (%)[1]	***23.9%***	***23.5%***	***32bps***	***24.3%***	***24.2%***	***8bps***

[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	H1 2023 (Reviewed)	H1 2022 (Reviewed)	Change (%)	Q2 2023	Q2 2022	Change (%)
Revenue	**7,167**	**4,417**	**62.3%**	**3,693**	**2,230**	**65.6%**
Cost of service (-)	(5,121)	(3,189)	60.6%	(2,631)	(1,593)	65.2%
Gross profit	**2,046**	**1,228**	**66.6%**	**1,062**	**637**	**66.7%**
General administration expenses (-)	(701)	(399)	75.7%	(352)	(201)	75.2%
Other income from operations	325	206	57.9%	278	91	206.7%
Other expenses from operations (-)	(178)	(251)	(29.1%)	(128)	(103)	24.2%
Operating profit/(loss)	**1,492**	**784**	**90.4%**	**859**	**423**	**102.9%**
Income from investing activities	50	144	(65.6%)	39	127	(69.0%)
Expense from investing activities (-)	(3)	(9)	(67.9%)	(0)	(3)	(88.3%)
EBIT	**1,539**	**919**	**67.4%**	**898**	**547**	**64.1%**
EBIT margin	*21.5%*	*20.8%*	66bps	*24.3%*	*24.5%*	(22bps)
Interest (expenses) / income, net (-)	(394)	(224)	76.0%	(197)	(84)	133.1%
Net foreign exchange profit / (loss) (including hedging cost)	(48)	(38)	26.9%	(42)	(15)	179.4%
Net profit / (loss) before tax	**1,097**	**658**	**66.8%**	**660**	**448**	**47.3%**
Tax income / (expense) from operations	(114)	(53)	114.4%	65	(44)	n.m.
Net profit / (loss)	**983**	**604**	**62.6%**	**725**	**404**	**79.2%**
Net profit / (loss) non-controlling interest	51	27	85.3%	38	(2)	n.m.
Net profit / (loss) equity holders of the parent	**932**	**577**	**61.6%**	**687**	**407**	**68.9%**

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Reviewed June 30, 2023	Reviewed June 30, 2022	Audited December 31, 2022
Cash and cash equivalents	788	1,158	766
Financial investments	99	186	214
Trade receivables	2,063	1,083	1,455
Inventory	676	436	661
Short term other assets	842	539	701
Current assets	**4,469**	**3,403**	**3,798**
Tangible and intangible fixed assets	2,428	1,813	2,368
Right of use assets	1,357	550	932
Deferred tax assets	829	436	740
Long term other assets	918	410	599
Non-current assets	**5,532**	**3,210**	**4,638**
Total assets	**10,001**	**6,613**	**8,436**
Trade payables	2,624	1,909	2,398
Short term other liabilities	1,121	604	746
Short term financial liabilities (incl, financial and operational leases)	1,833	1,534	1,646
Current liabilities	**5,578**	**4,047**	**4,790**
Long term other liabilities	414	144	424
Deferred tax liabilities	12	146	28
Long term financial liabilities (incl, financial and operational leases)	1,624	1,154	1,386
Non-current liabilities	**2,051**	**1,444**	**1,838**
Shareholders' equity	2,319	1,148	1,805
Non-controlling interest	53	(26)	2
Equity	**2,372**	**1,122**	**1,807**
Total liabilities & equity	**10,001**	**6,613**	**8,436**

ABOUT MLP CARE

We are the leading hospital group in Turkey with 28 hospitals and 5,600 beds capacity in 13 cities across Turkey and Baku, Azerbaijan. We provide a full range of healthcare services from gynecology, cardiology, oncology, orthopedics, 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