

## 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 nine months ended September 30, 2023.

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

### Summary Financials

(TL million)	9M 2023	9M 2022	Change	Q3 2023	Q3 2022	Change
<b>Revenues</b>	<b>12,035</b>	<b>6,893</b>	<b>74.6%</b>	<b>4,869</b>	<b>2,476</b>	<b>96.7%</b>
<b>EBITDA<sup>1</sup></b>	<b>2,952</b>	<b>1,629</b>	<b>81.2%</b>	<b>1,242</b>	<b>590</b>	<b>110.6%</b>
EBITDA margin (%) <sup>1</sup>	24.5%	23.6%	89bps	25.5%	23.8%	169bps
<b>Net Profit/(Loss) Before Tax</b>	<b>1,805</b>	<b>1,039</b>	<b>73.6%</b>	<b>708</b>	<b>382</b>	<b>85.4%</b>
Net Profit/(Loss)	1,707	1,079	58.2%	724	475	52.5%
<b>Net Profit/(Loss) equity holders of the parent</b>	<b>1,621</b>	<b>1,039</b>	<b>56.1%</b>	<b>689</b>	<b>462</b>	<b>49.2%</b>
<b>Free Cash Flow</b>	<b>1,017</b>	<b>434</b>	<b>134.6%</b>	<b>388</b>	<b>124</b>	<b>213.2%</b>
Capital Expenditure	783	463	69.2%	538	164	227.7%
<b>Net Debt</b>	<b>3,073</b>	<b>1,452</b>	<b>111.7%</b>			
Net Debt / EBITDA	0.8x	0.7x				

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

### Financial Highlights

- ✓ In Q3 2023, total revenues increased by 97% to TL 4,869 million (Q3 2022: TL 2,476 million). Private medical insurance segment posted the highest growth among all segments. Therefore, total revenues increased by 75% to TL 12,035 million in 9M 2023 (9M 2022: TL 6,893 million).
- ✓ In Q3 2023, EBITDA surged by 111% to TL 1,242 million, and the EBITDA margin expanded by 169 basis points to 25.5%. For 9M 2023, EBITDA grew by 81% to TL 2,952 million, and the EBITDA margin increased by 89 basis points to 24.5%.
- ✓ In Q3 2023, net profit increased by 53% to TL 724 million (Q3 2022: TL 475 million). Net profit allocated to equity holders of the parent increased by 49% to TL 689 million in Q3 2023 (Q3 2022: TL 462 million). Net profit increased by 58% to TL 1,707 million in 9M 2023 (9M 2022: TL 1,079 million). Net profit allocated to equity holders of the parent increased by 56% to TL 1,621 million in 9M 2023 (9A 2022: TL 1,039 million). All in all net profit improved on the back of strong operational performance.
- ✓ Net debt/EBITDA ratio decreased to 0.8x in Q3 2023 compared to 2022 year-end due to the strong EBITDA growth. In the same period, net debt excluding IFRS 16 increased by TL 401 million to TL 1,188 million.

### Operating Highlights

- ✓ Private medical insurance segment grew by 126% and 107% in Q3 2023 and 9M 2023, respectively on the back of the ongoing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues grew by 56% and 48% in Q3 2023 and 9M 2023, respectively.
- ✓ Turkish Medical Association (TMA) price tariff was increased by %41 in December 26, 2022 which has been effective from July, 2023. Additionally, there was another 31% price hike in the TMA price tariff on June 22, 2023. The price increase resulting from the revision in June has been effective from July 1, 2023.
- ✓ The Social Security Insurance (SSI) price tariff saw a 31% increase on March 24, 2023. Furthermore, there was an additional 51% price hike to the SSI price tariff on August 24, 2023. The price adjustment made in August became effective as of September 1, 2023.

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

"We have achieved a successful financial and operational performance in the first nine months of 2023. As part of our strategy to grow our foreign medical tourism business, we have taken over a 154-bed hospital in Budapest, the capital of Hungary, and commenced operations under our Liv Hospital brand, while maintaining our solid financial position.

Furthermore, in line with our commitment to sustainability, we have released our third report adhering to the GRI standards. This accomplishment reaffirms our prominent position in Turkey's healthcare sector and reflects our dedication to responsible business practices. We acknowledge our role in promoting environmental and societal well-being and will continue to prioritize sustainability in our future endeavors."

**Revenues**

	9M 2023	9M 2022	Change	Q3 2023	Q3 2022	Change
<b>Total Revenues (TL million)</b>	<b>12,035</b>	<b>6,893</b>	<b>74.6%</b>	<b>4,869</b>	<b>2,476</b>	<b>96.7%</b>
Domestic Patient Revenues	9,931	5,461	81.9%	3,986	1,929	106.7%
Inpatient Revenues	5,413	3,081	75.7%	2,144	1,057	102.8%
Outpatient Revenues	4,517	2,380	89.8%	1,842	871	111.4%
Foreign Medical Tourism Revenues	1,800	1,217	47.8%	769	493	56.0%
Other Ancillary Business	305	214	42.4%	113	54	109.0%

**Domestic Patient Revenues:** Revenues from domestic patients increased by 106.7% and 81.9% in Q3 2023 and 9M 2023, respectively driven by increased patient numbers and average prices. The inpatient revenues grew by 102.8% and 75.7% in Q3 2023 and 9M 2023, respectively. On the other hand, the outpatient revenues grew by 111.4% and 89.8% in Q3 2023 and 9M 2023, respectively.

**Foreign Medical Tourism (FMT) Revenues:** FMT revenues increased by 56% and 47.8% in Q3 2023 and 9M 2023, respectively. As a proportion of total revenues, FMT revenues accounted for 15.8% in Q3 2023 and 15.0% in 9M 2023.

**Other Ancillary Business:** Revenues from other ancillary business increased by 109% and 42.4% in Q3 2023 and in 9M 2023, respectively driven by the management consultancy revenues from university hospitals. The consultancy revenues rose by 58% to reach TL 95 million in Q3 2023 and by 70.5% to reach TL 282 million in 9M 2023. (Currently, we have management service contracts with a total of 5 hospitals, including 3 university hospitals and 2 international hospitals).

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

	9M 2023	9M 2022	Change (bps)	Q3 2023	Q3 2022	Change (bps)
<b>(% of Revenues)</b>	<b>75.5%</b>	<b>76.4%</b>	<b>(89)</b>	<b>74.5%</b>	<b>76.2%</b>	<b>(169)</b>
Material	13.5%	17.5%	(394)	13.5%	15.0%	(149)
Doctor	23.6%	21.0%	254	23.5%	21.3%	225
Personnel	20.4%	16.5%	388	20.1%	17.4%	269
Rent	0.7%	1.1%	(46)	0.5%	1.0%	(48)
Outsourced services purchases	6.1%	7.1%	(100)	5.8%	6.7%	(93)
All other expenses	11.2%	13.1%	(191)	11.0%	14.7%	(373)

Material consumption as a percentage of total revenue decreased by 149 basis points to 13.5% in Q3 2023 and declined by 394 basis points to 13.5% in 9M 2023. This reduction can be attributed to the delayed impact of rising costs, which was made possible through efficient inventory management.

Doctor costs as a percentage of total revenue increased by 225 bps to 23.5% in Q3 2023 and increased by 254 bps to 23.6% in 9M 2023.

Personnel expenses as a percentage of total revenue increased by 269 bps to 20.1% in Q3 2023 and increased by 388 bps to 20.4% in 9M 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 93 bps to 5.8% in Q3 2023 and decreased by 100 bps to 6.1% in 9M 2023. This decline was a result of the reduced volume of expenses associated with outsourced PCR test services.

All other expenses (energy, foreign and domestic marketing expenses, etc.) as a percentage of total revenue decreased by 373 bps to 11.0% in Q3 2023 and decreased by 191 bps to 11.2% in 9M 2023 due to the increase in energy expenses occurring below the inflation rate.

**EBITDA**

EBITDA increased by 110.6% to TL 1,242 million in Q3 2023 and increased by 81.2% to TL 2,952 million in 9M 2023. EBITDA margin increased by 169 bps to 25.5% in Q3 2023 and increased by 89 bps to 24.5% in 9M 2023. EBITDA margin increased, thanks to the positive impact of the SSI price increase in August, effective inventory management, the increase in energy expenses occurring below the inflation rate, and a decrease in outsourced services.

**Cash Flow**

The operating cash flow increased by 221.5% to TL 926 million in Q3 2023 and increased by 102.6% to TL 1,823 million in 9M 2023 due to the robust EBITDA growth and positive working capital. Therefore, the operating cash flow/EBITDA ratio come in at 74.5% in Q3 2023, and 61.8% in 9M 2023.

Free cash flow increased by 213.2% to TL 388 million in Q3 2023 and increased by 134.6% to TL 1,017 million in 9M 2023 on the back of strong EBITDA growth and improved working capital despite higher capital expenditure. Therefore, free cash flow/EBITDA ratio come in at 31.2% in Q3 2023 and 34.5% in 9M 2023.

Total capital expenditures as a percentage of revenues came in at 11.1% in Q3 2023 and 6.5% in 9M 2023.

### Profit/(Loss) for the Period

In Q3 2023, net profit surged by 52.5% to reach TL 724 million, and for the first 9 months of 2023, it showed a remarkable increase of 58.2%, totaling TL 1,707 million. This impressive growth in net profit can be attributed to the strong performance in operations.

Net profit allocated to non-controlling interest was TL 35 million in Q3 2023 and TL 86 million in 9M 2023. Therefore, net profit allocated to equity holders of the parent increased by 49.2% to TL 689 million in Q2 2023 and 56.1% to TL 1,621 million in 9M 2023.

### Borrowings and Indebtedness

Net debt by currency (TL million)	9M 2023	Vertical %	2022	Vertical %	Change
TL	1,758	57%	1,272	62%	38.2%
USD + Euro (*)	(570)	(19%)	(485)	(24%)	17.6%
<b>Total loan, financial leasing</b>	<b>1,188</b>	<b>39%</b>	<b>787</b>	<b>38%</b>	<b>50.9%</b>
TL (IFRS 16)	1,762	57%	1,170	57%	50.6%
USD + Euro (IFRS 16)	123	4%	95	5%	28.8%
<b>Total lease liabilities (IFRS16)</b>	<b>1,885</b>	<b>61%</b>	<b>1,265</b>	<b>62%</b>	<b>49.0%</b>
<b>Total net debt</b>	<b>3,073</b>	<b>100%</b>	<b>2,053</b>	<b>100%</b>	<b>49.7%</b>

(\*)There is a net long position of USD 23.0 million in foreign currency.

The net debt/EBITDA ratio was decreased to 0.8x in 9M 2023 on the back of strong operating performance. (2022: 0.9x)

In 9M 2023, net debt excluding obligations under operational leases related to TFRS 16 increased by TL 401 million to TL 1,188 million (2022: TL 787 million). The net debt/EBITDA ratio without IFRS 16 lease liability remained constant at 0.4x in 9M 2023 (2022: 0.4x).

Total net debt including obligations under operational leases related to TFRS 16 increased by TL 1,021 million to TL 3,073 million due to lease agreements of existing hospitals and issued bonds (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 September 30, 2023, total nominal value of purchased shares have become TL 14,467,000 which represents 6.9540% of the share capital. As of November 7, 2023 total nominal value of repurchased shares have become TL 15,520,000 which represents 7.4602% of the share capital.

## EBITDA RECONCILIATION

TL million	9M 2023	9M 2022	Change	Q3 2023	Q3 2022	Change
<b>Revenue</b>	<b>12,035</b>	<b>6,893</b>	<b>74.6%</b>	<b>4,869</b>	<b>2,476</b>	<b>96.7%</b>
Cost of service (-)	(8,489)	(4,938)	71.9%	(3,368)	(1,749)	92.5%
<b>Gross profit</b>	<b>3,547</b>	<b>1,954</b>	<b>81.5%</b>	<b>1,501</b>	<b>726</b>	<b>106.7%</b>
General administrative expenses (-)	(1,159)	(642)	80.6%	(458)	(243)	88.5%
Depreciation and amortization expenses (Cost of service)	523	294	78.0%	183	98	87.7%
Depreciation and amortization expenses (General administrative expenses)	42	24	77.6%	16	9	81.6%
<b>EBITDA<sup>1</sup></b>	<b>2,952</b>	<b>1,629</b>	<b>81.2%</b>	<b>1,242</b>	<b>590</b>	<b>110.6%</b>
<b>EBITDA margin (%)<sup>1</sup></b>	<b>24.5%</b>	<b>23.6%</b>	<b>89bps</b>	<b>25.5%</b>	<b>23.8%</b>	<b>169bps</b>

<sup>1</sup> 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 2023	9M 2022	Change (%)	Q3 2023	Q3 2022	Change (%)
<b>Revenue</b>	<b>12,035</b>	<b>6,893</b>	<b>74.6%</b>	<b>4,869</b>	<b>2,476</b>	<b>96.7%</b>
Cost of service (-)	(8,489)	(4,938)	71.9%	(3,368)	(1,749)	92.5%
<b>Gross profit</b>	<b>3,547</b>	<b>1,954</b>	<b>81.5%</b>	<b>1,501</b>	<b>726</b>	<b>106.7%</b>
General administration expenses (-)	(1,159)	(642)	80.6%	(458)	(243)	88.5%
Other income from operations	531	330	61.1%	206	124	66.2%
Other expenses from operations (-)	(422)	(353)	19.8%	(244)	(101)	141.1%
<b>Operating profit/(loss)</b>	<b>2,496</b>	<b>1,289</b>	<b>93.6%</b>	<b>1,004</b>	<b>506</b>	<b>98.6%</b>
Income from investing activities	56	129	(56.5%)	7	(15)	n.m.
Expense from investing activities (-)	(8)	(13)	(38.4%)	(5)	(4)	20.4%
<b>EBIT</b>	<b>2,545</b>	<b>1,405</b>	<b>81.1%</b>	<b>1,006</b>	<b>486</b>	<b>106.8%</b>
<i>EBIT margin</i>	<i>21.1%</i>	<i>20.4%</i>	<i>75bps</i>	<i>20.7%</i>	<i>19.6%</i>	<i>101bps</i>
Interest (expenses) / income, net (-)	(687)	(323)	112.6%	(293)	(99)	194.9%
Net foreign exchange profit / (loss) (including hedging cost)	(52)	(43)	22.9%	(5)	(5)	(6.3%)
<b>Net profit / (loss) before tax</b>	<b>1,805</b>	<b>1,039</b>	<b>73.6%</b>	<b>708</b>	<b>382</b>	<b>85.4%</b>
Tax income / (expense) from operations	(97)	40	n.m.	17	93	(81.9%)
<b>Net profit / (loss)</b>	<b>1,707</b>	<b>1,079</b>	<b>58.2%</b>	<b>724</b>	<b>475</b>	<b>52.5%</b>
Net profit / (loss) non-controlling interest	86	41	111.0%	35	13	163.4%
<b>Net profit / (loss) equity holders of the parent</b>	<b>1,621</b>	<b>1,039</b>	<b>56.1%</b>	<b>689</b>	<b>462</b>	<b>49.2%</b>

## SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited September 30, 2023	Unaudited September 30, 2022	Audited December 31, 2022
Cash and cash equivalents	1,177	994	766
Financial investments	-	214	214
Trade receivables	2,592	1,303	1,455
Inventory	847	539	661
Short term other assets	1,011	661	701
<b>Current assets</b>	<b>5,627</b>	<b>3,711</b>	<b>3,798</b>
Tangible and intangible fixed assets	3,044	1,853	2,368
Right of use assets	1,435	548	932
Deferred tax assets	950	491	740
Long term other assets	829	573	599
<b>Non-current assets</b>	<b>6,258</b>	<b>3,466</b>	<b>4,638</b>
<b>Total assets</b>	<b>11,885</b>	<b>7,177</b>	<b>8,436</b>
Trade payables	3,319	2,109	2,398
Short term other liabilities	1,256	712	746
Short term financial liabilities (incl, financial and operational leases)	2,578	1,560	1,646
<b>Current liabilities</b>	<b>7,153</b>	<b>4,382</b>	<b>4,790</b>
Long term other liabilities	423	144	424
Deferred tax liabilities	10	72	28
Long term financial liabilities (incl, financial and operational leases)	1,672	1,099	1,386
<b>Non-current liabilities</b>	<b>2,105</b>	<b>1,315</b>	<b>1,838</b>
Shareholders' equity	2,501	1,492	1,805
Non-controlling interest	127	(13)	2
<b>Equity</b>	<b>2,627</b>	<b>1,479</b>	<b>1,807</b>
<b>Total liabilities &amp; equity</b>	<b>11,885</b>	<b>7,177</b>	<b>8,436</b>

## **ABOUT MLP CARE**

We are the leading hospital group in Turkey with with 29 Hospitals and around 5,700 beds, located in 13 cities across Turkey and Baku, Azerbaijan, Budapest, Hungary. 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:

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