

MLP Sağlık Hizmetleri A.Ş. ("MLP Care")

MLP Sağlık Hizmetleri A.Ş. (BIST: MPARK), the leading private healthcare service provider in Turkey, announces its financial results for the first six months ended June 30, 2024.

(All figures in this fact sheet include the impact of IAS 29 unless otherwise stated.)

Summary Financials

(TL million)	H1 2024	H1 2023	Change	Q2 2024	Q2 2023	Change
Revenues	16,331	13,011	25.5%	7,701	6,496	18.6%
EBITDA¹	4,102	3,001	36.7%	1,897	1,560	21.6%
EBITDA margin (%) ¹	25.1%	23.1%	205bps	24.6%	24.0%	63bps
Net Profit/(Loss) Before Tax	3,193	2,499	27.8%	1,742	1,340	30.0%
Net Profit/(Loss)	2,055	1,708	20.4%	1,240	1,149	7.9%
Net Profit/(Loss) equity holders of the parent	1,791	1,620	10.6%	1,051	1,085	(3.2%)
Net Debt	3,997	4,046	(1.2%)			
Net Debt / EBITDA	0.5x	0.6x				

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

Financial Highlights

- ✓ In Q2 2024, total revenues increased by 19% to TL 7,701 million (Q2 2023: TL 6,496 million). Domestic private medical insurance posted the highest growth among all segments. Therefore, total revenues increased by 26% to TL 16,331 million in H1 2024 (H1 2023: TL 13,011 million).
- ✓ In Q2 2024, EBITDA increased by 22% to TL 1,897 million (Q2 2023: TL 1,560 million). In H1 2024, EBITDA grew by 37% to TL 4,102 million (H1 2023: TL 3,001 million).
- ✓ In Q2 2024, net profit increased by 8% to TL 1,240 million (Q2 2023: TL 1,149 million). Net profit allocated to equity holders of the parent decreased by 3% to TL 1,051 million in Q2 2024 (Q2 2023: TL 1,085 million). In H1 2024, net profit increased by 20% to TL 2,055 million (H1 2023: TL 1,708 million). Net profit allocated to equity holders of the parent increased by 11% to TL 1,791 million in H1 2024 (H1 2023: TL 1,620 million).
- ✓ Net debt/EBITDA ratio came in at 0.5x in Q2 2024, while net debt excluding IFRS 16 decreased by TL 223 million to TL 1,002 million.

Operating Highlights

- ✓ Turkish Medical Association (TMA) price tariff was increased by 41% effective from January, 2024. There was another price increase by 25% to TMA price tariff. The price increase resulting from the revision in June was effective from July 1, 2024.
- ✓ The Social Security Insurance (SSI) price tariff saw a ca. 50% increase on May 11, 2024.
- ✓ On April 16, 2024, a hospital operating in Ankara was acquired. The hospital, with a capacity of 182 beds, will continue its operations as Medical Park İncek Hospital.
- ✓ On June 24, 2024, two hospitals operating in Kocaeli and Istanbul were incorporated into our company through long-term leasing. The hospital in Kocaeli, with a capacity of 100 beds, will continue its operations as VM Medical Park Gebze Hospital, while the hospital in Istanbul, with a capacity of 80 beds, will continue as Medical Park Ataşehir Hospital.
- ✓ On June 28, 2024, a hospital operating in İzmir was acquired. The hospital, with a capacity of 143 beds, will continue its operations as Medical Park İzmir Hospital.
- ✓ The Kosova Medical Park Hospital in Pristina, with a capacity of 80 beds, is planned to start operations at the end of August.

- ✓ With Medical Park Pendik Hospital receiving JCI certification, the total number of JCI-accredited hospitals has now reached seven.

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

"Our Group continues to successfully pursue both organic and inorganic growth. On the back of increasing occupancy rates and operational efficiency initiatives, we have grown our revenues and EBITDA significantly above inflation in the first half of the year. In 2024, we have added five hospitals to our portfolio, including one abroad, increasing our bed capacity by approximately 10%. With our strong balance sheet, we will continue to pursue sustainable growth while creating long-term value for our investors."

Revenues

	H1 2024	H1 2023	Change	Q2 2024	Q2 2023	Change
Total Revenues (TL million)	16,331	13,011	25.5%	7,701	6,496	18.6%
Domestic Patient Revenues	14,033	10,794	30.0%	6,646	5,386	23.4%
Inpatient Revenues	7,512	5,932	26.6%	3,580	2,997	19.4%
Outpatient Revenues	6,522	4,862	34.1%	3,066	2,388	28.4%
Foreign Medical Tourism Revenues	1,807	1,870	(3.4%)	858	931	(7.8%)
Other Ancillary Business	490	346	41.9%	197	180	9.7%

Domestic Patient Revenues: Revenues from domestic patients increased by 23.4% in Q2 2024, 30.0% in H1 2024 due to increased patient numbers and average prices. The inpatient revenues grew by 19.4% in Q2 2024, 26.6% in H1 2024. The outpatient revenues grew by 28.4% in Q2 2024, 34.1% in H1 2024.

Foreign Medical Tourism (FMT) Revenues: FMT revenues decreased by 7.8% in Q2 2024, 3.4% in H1 2024 due to lower patient flow and relatively stable USD/TL exchange rates compared to domestic unit price increases.

Other Ancillary Business: Revenues from other ancillary business increased by 9.7% in Q2 2024, 41.9% in H1 2024 due to management consultancy revenues from hospitals.

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

	H1 2024	H1 2023	Change (bps)	Q2 2024	Q2 2023	Change (bps)
(% of Revenues)	74.9%	76.9%	(205)	75.4%	76.0%	(63)
Material	13.8%	14.3%	(48)	13.3%	14.6%	(134)
Doctor	24.8%	23.6%	125	25.6%	24.1%	150
Personnel	21.0%	20.7%	25	20.9%	19.5%	137
Outsourced services purchases	6.1%	6.4%	(30)	6.3%	6.1%	20
All other expenses	9.3%	12.0%	(277)	9.3%	11.6%	(236)

Material consumption as a percentage of total revenue decreased by 134 bps to 13.3% in Q2 2024 and decreased by 48 bps to 13.8% due to effective inventory management.

Doctor costs as a percentage of total revenue increased by 150 bps to 25.6% in Q2 2024 and increased by 125 bps to 24.8% in H1 2024.

Personnel expenses as a percentage of total revenue increased by 137 bps to 20.9% in Q2 2024 and increased by 25 bps to 21.0% in H1 2024 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 increased by 20 bps to 6.3% in Q2 2024 and decreased by 30 bps to 6.1% in H1 2024.

All other expenses (energy, rent, foreign and domestic marketing expenses, etc.) as a percentage of total revenue decreased to 9.3% in Q1 2024 and H1 2024 due to relatively lower utility expense.

Cash Flow

The operating cash flow decreased by 36.2% to TL 564 million in Q2 2024 and decreased by 7.2% to TL 3,095 million in H1 2024 due to the increased working capital requirements resulting from growth in trade receivables due to upward unit price adjustments of domestic revenues and shorter vendor payment days. Therefore, the operating cash flow/EBITDA ratio was at 29.7% in Q2 2024 and 75.5% in H1 2024.

Free cash flow decreased by 113.7% to minus TL 69 million in Q2 2024 and decreased by 14.9% to TL 2,319 million due to the contraction in operational cash flow and the increase in CAPEX. Therefore, free cash flow/EBITDA ratio was at 56.5% in H1 2024.

Maintenance-related capital expenditures as a percentage of revenues was at 6.7% in Q2 2024 and 3.7% in H1 2024. Total capital expenditures as a percentage of revenues was at 8.1% in Q2 2024 and 4.7% in H1 2024.

Borrowings and Indebtedness

Net debt by currency (TL million)	H1 2024	Vertical %	2023	Vertical %	Change
TL	2,051	51%	2,399	59%	(14.5%)
USD + Euro (*)	(1,049)	(26%)	(1,175)	(29%)	(10.7%)
Total loan, financial leasing	1,002	25%	1,225	30%	(18.2%)
TL (IFRS 16)	2,868	72%	2,667	66%	7.5%
USD + Euro (IFRS 16)	127	3%	153	4%	(17.5%)
Total lease liabilities (IFRS16)	2,994	75%	2,821	70%	6.2%
Total net debt	3,997	100%	4,046	100%	(1.2%)

(*)There is a net long position of USD 36.0 million in foreign currency.

The net debt/EBITDA ratio was decreased to 0.5x in H1 2024 on the back of strong operating performance from 0.6x in 2023.

In H1 2024, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 223 million to TL 1,002 million.

The net debt/EBITDA ratio without IFRS 16 lease liability decreased to 0.1x in H1 2024 from 0.2x in 2023.

Total net debt including obligations under operational leases related to TFRS 16 decreased by 1% to TL 3,997 million.

EBITDA RECONCILIATION

TL million	H1 2024	H1 2023	Change	Q2 2024	Q2 2023	Change
Revenue	16,331	13,011	25.5%	7,701	6,496	18.6%
Cost of service (-)	(12,162)	(9,673)	25.7%	(5,783)	(4,780)	21.0%
Gross profit	4,169	3,338	24.9%	1,919	1,716	11.8%
General administrative expenses (-)	(1,339)	(1,310)	2.2%	(636)	(636)	(0.1%)
Depreciation and amortization expenses (Cost of service)	1,182	889	32.9%	571	437	30.6%
Depreciation and amortization expenses (General administrative expenses)	90	83	7.9%	43	43	0.5%
EBITDA¹	4,102	3,001	36.7%	1,897	1,560	21.6%
EBITDA margin (%)¹	25.1%	23.1%	205p	24.6%	24.0%	63p

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	Reviewed	Reviewed	Change (%)	Reviewed	Reviewed	Change (%)
	H1 2024	H1 2023		Q2 2024	Q2 2023	
Revenue	16,331	13,011	25.5%	7,701	6,496	18.6%
Cost of service (-)	(12,162)	(9,673)	25.7%	(5,783)	(4,780)	21.0%
Gross profit	4,169	3,338	24.9%	1,919	1,716	11.8%
General administration expenses (-)	(1,339)	(1,310)	2.2%	(636)	(636)	(0.1%)
Other income from operations	371	569	(34.8%)	59	480	(87.7%)
Other expenses from operations (-)	(508)	(321)	58.2%	(209)	(228)	(8.3%)
Operating profit/(loss)	2,693	2,276	18.3%	1,133	1,332	(14.9%)
Income from investing activities	821	86	852.9%	821	67	1,116.5%
Expense from investing activities (-)	(6)	(5)	9.1%	(6)	(1)	829.5%
EBIT	3,508	2,357	48.8%	1,948	1,399	39.3%
<i>EBIT margin</i>	<i>21,5%</i>	<i>18,1%</i>	<i>336bps</i>	<i>25,3%</i>	<i>21,5%</i>	<i>377bps</i>
Interest (expenses) / income, net (-)	(1,207)	(816)	47.9%	(571)	(341)	67.5%
Net foreign exchange profit / (loss) (including hedging cost)	(11)	(83)	(86.4%)	(1)	(53)	(97.9%)
Monetary gain / (loss)	903	1,040	(13.2%)	366	335	9.1%
Net profit / (loss) before tax	3,193	2,499	27.8%	1,742	1,340	30.0%
Tax income / (expense) from operations	(1,137)	(791)	43.8%	(502)	(191)	163.0%
Net profit / (loss)	2,055	1,708	20.4%	1,240	1,149	7.9%
Net profit / (loss) non-controlling interest	264	87	202.4%	190	64	196.1%
Net profit / (loss) equity holders of the parent	1,791	1,620	10.6%	1,051	1,085	(3.2%)

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Audited June 30, 2024	Audited December 31, 2023
Cash and cash equivalents	2,371	3,508
Trade receivables	4,932	4,562
Inventory	972	1,343
Short term other assets	991	1,139
Current assets	9,266	10,552
Tangible and intangible fixed assets	11,236	10,426
Right of use assets	9,891	9,033
Deferred tax assets	1,958	2,257
Long term other assets	3,265	3,176
Non-current assets	26,350	24,891
Total assets	35,617	35,443
Trade payables	4,682	5,092
Short term other liabilities	1,889	2,173
Short term financial liabilities (incl, financial and operational leases)	3,843	3,820
Current liabilities	10,414	11,085
Long term other liabilities	521	522
Deferred tax liabilities	4,585	4,021
Long term financial liabilities (incl, financial and operational leases)	2,525	3,734
Non-current liabilities	7,631	8,277
Shareholders' equity	17,037	15,810
Non-controlling interest	535	271
Equity	17,572	16,081
Total liabilities & equity	35,617	35,443

ABOUT MLPCARE

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 34 hospitals and more than 6,300 beds in 14 cities across Turkey and Baku Azerbaijan, Budapest Hungary, and Pristina Kosovo as of reporting date. We provide a full range of healthcare services from gynecology, cardiology, oncology, orthopaedics, intensive care to complex treatments such as organ and bone marrow transplants. We have more than 20 thousand personnel, including over 2,800 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:

Investor Relations Department

T +90 212 227 5555

E investor@mlpcare.com