

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

MLP Sağlık Hizmetleri A.Ş. (BIST: MPARK), the leading private healthcare service provider in Türkiye, announces its financial results for the first nine months ended September 30, 2024. All figures in this release include the impact of IAS 29 unless otherwise stated.

Summary Financials

(TL million)	9M 2024	9M 2023	Change	Q3 2024	Q3 2023	Change
Revenues	27,570	21,880	26.0%	9,782	7,709	26.9%
EBITDA¹	7,088	5,169	37.1%	2,620	1,900	37.9%
EBITDA margin (%) ¹	25.7%	23.6%	209bps	26.8%	24.7%	213bps
Net Profit/(Loss) Before Tax	5,903	4,418	33.6%	2,426	1,712	41.7%
Net Profit/(Loss)	4,445	3,070	44.8%	2,207	1,211	82.3%
Net Profit/(Loss) equity holders of the parent	4,042	2,942	37.4%	2,091	1,177	77.7%
Net Debt*	3,777	4,406	(14.3%)			
Net Debt / EBITDA*	0.4x	0.6x				

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

* 9M 2023 data is calculated based on 31.12.2023 Balance Sheet data.

Financial Highlights

- ✓ In Q3 2024, total revenues increased by 27% to TL 9,782 million (Q3 2023: TL 7,709 million). Domestic private medical insurance posted the highest growth among all segments. Therefore, total revenues increased by 26% to TL 27,570 million in 9M 2024 (9M 2023: TL 21,880 million).
- ✓ In Q3 2024, EBITDA increased by 38% to TL 2,620 million (Q3 2023: TL 1,900 million). In 9M 2024, EBITDA grew by 37% to TL 7,088 million (9M 2023: TL 5,169 million).
- ✓ In Q3 2024, net profit increased by 82% to TL 2,207 million (Q3 2023: TL 1,211 million). Net profit allocated to equity holders of the parent increased by 78% to TL 2,091 million in Q3 2024 (Q3 2023: TL 1,177 million). In 9M 2024, net profit increased by 45% to TL 4,445 million (9M 2023: TL 3,070 million). Net profit allocated to equity holders of the parent increased by 37% to TL 4,042 million in 9M 2024 (9M 2023: TL 2,942 million).
- ✓ Net debt/EBITDA ratio came in at 0.4x in 9M 2024, while net debt excluding IFRS 16 decreased by TL 848 million to TL 486 million.

Operating Highlights

- ✓ Turkish Medical Association (TMA) price tariff was increased by 25% in June was effective from July 1, 2024. Previously, a 41% increase was made in January 2024.
- ✓ The Social Security Insurance (SSI) price tariff saw a ca. 50% increase on May 11, 2024.
- ✓ In 2024, we added six new hospitals to our Group, four in Turkey and two abroad.
 - On April 16, 2024, a hospital operating in Ankara was acquired. The hospital, with a capacity of 182 beds, continues 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, continues its operations as VM Medical Park Gebze Hospital, while the hospital in Istanbul, with a capacity of 80 beds, continues as Medical Park Ataşehir Hospital.
 - On June 28, 2024, a hospital operating in İzmir was acquired. The hospital, with a capacity of 143 beds, continues its operations as Medical Park İzmir Hospital.

- The Kosova Medical Park Hospital in Pristina, with a capacity of 80 beds, started its operations at October.
 - On October 3, 2024, a hospital in Dubai, United Arab Emirates, was acquired. The hospital continues its operations as Liv Hospital Dubai.
- ✓ With Medical Park Pendik Hospital receiving JCI certification, the total number of JCI-accredited hospitals has now reached seven.
 - ✓ On October 9, 2024, by redeeming 17,025,000 shares corresponding to 8.18% of the Company's capital in accordance with the capital reduction procedures that do not require fund outflow, the process of reducing the issued capital from TL 208,037,202 to TL 191,012,202 was completed.

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

"Our Group continues to successfully implement its growth strategies. In the third quarter of 2024, we achieved strong real growth compared to both the previous quarter and the same period last year. This growth was driven by the increase in capacity utilization at our large hospitals and the rise in patient traffic. Additionally, we have expanded our network by acquiring six new hospitals. We will begin to see the full contribution of our new hospitals in major cities within Turkey starting next year. Our international hospitals will enhance our brand recognition and contribute to health tourism.

We have completed our CDP and GRI reporting for 2023 and aim to publish our first integrated report next year. Furthermore, we became a signatory of the UN Global Compact. With our strong financial position and strategic growth, we will continue to create long-term value for our investors."

Revenues

	9M 2024	9M 2023	Change	Q3 2024	Q3 2023	Change
Total Revenues (TL million)	27,570	21,880	26.0%	9,782	7,709	26.9%
Domestic Patient Revenues	23,777	18,064	31.6%	8,492	6,307	34.7%
<i>Inpatient Revenues</i>	12,638	9,855	28.2%	4,456	3,394	31.3%
<i>Outpatient Revenues</i>	11,139	8,209	35.7%	4,036	2,913	38.5%
Foreign Medical Tourism Revenues	3,048	3,261	(6.5%)	1,080	1,224	(11.8%)
Other Ancillary Business	745	555	34.3%	211	178	18.3%

Domestic Patient Revenues: Revenues from domestic patients increased by 34.7% in Q3 2024, 31.6% in 9M 2024 due to increased patient numbers and average prices. The inpatient revenues grew by 31.3% in Q3 2024, 28.2% in 9M 2024. The outpatient revenues grew by 38.5% in Q3 2024, 35.7% in 9M 2024.

Foreign Medical Tourism (FMT) Revenues: FMT revenues decreased by 11.8% in Q3 2024, 6.5% in 9M 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 18.3% in Q3 2024, 34.3% in 9M 2024 due to management consultancy revenues from hospitals.

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

	9M 2024	9M 2023	Change (bps)	Q3 2024	Q3 2023	Change (bps)
(% of Revenues)	74.3%	76.4%	(209)	73.2%	75.3%	(213)
Material	13.2%	14.1%	(86)	12.2%	13.7%	(155)
Doctor	25.0%	23.6%	140	25.2%	23.5%	166
Personnel	20.5%	20.5%	(3)	19.6%	20.2%	(52)
Outsourced services purchases	6.1%	6.2%	(10)	6.1%	5.8%	26
All other expenses	9.6%	12.1%	(249)	10.1%	12.1%	(199)

Material consumption as a percentage of total revenue decreased by 155 bps to 12.2% in Q3 2024 and decreased by 86 bps to 13.2% in 9M 2024 due to effective inventory management.

Doctor costs as a percentage of total revenue increased by 166 bps to 25.2% in Q3 2024 and increased by 140 bps to 25.0% in 9M 2024.

Personnel expenses as a percentage of total revenue decreased by 52 bps to 19.6% in Q3 2024 and decreased by 3 bps to 20.5% in 9M 2024.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue increased by 26 bps to 6.1% in Q3 2024 and decreased by 10 bps to 6.1% in 9M 2024.

All other expenses (energy, rent, foreign and domestic marketing expenses, etc.) as a percentage of total revenue decreased by 199 bps to 10.1% in Q3 2024 and decreased by 249 bps to 9.6% in 9M 2024 due to relatively lower utility expense.

Cash Flow

The operating cash flow increased by 37.9% to TL 4,271 million in Q3 2024 and increased by 37.1% to TL 7,642 million in 9M 2024 due to the positive working capital and robust EBITDA growth. Therefore, the operating cash flow/EBITDA ratio was at 163.0% in Q3 2024 and 107.8% in 9M 2024.

Free cash flow increased by 61.8% to TL 2,536 million in Q3 2024 and increased by 11.6% to TL 5,061 million due to increase in operating cash flow. Therefore, free cash flow/EBITDA ratio was at 96.8% in Q3 2024 and 71.4% in 9M 2024.

Maintenance-related capital expenditures as a percentage of revenues was at 16.3% in Q3 2024 and 8.2% in 9M 2024. Total capital expenditures as a percentage of revenues was at 16.5% in Q3 2024 and 8.9% in 9M 2024.

Borrowings and Indebtedness

Net debt by currency (TL million)	9M 2024	Vertical %	2023	Vertical %	Change
TL	1,790	47%	2,613	59%	(31.5%)
USD + Euro (*)	(1,304)	(35%)	(1,280)	(29%)	1.9%
Total loan, financial leasing	486	13%	1,334	30%	(63.6%)
TL (IFRS 16)	3,163	84%	2,905	66%	8.9%
USD + Euro (IFRS 16)	128	3%	167	4%	(22.9%)
Total lease liabilities (IFRS16)	3,291	87%	3,073	70%	7.1%
Total net debt	3,777	100%	4,407	100%	(14.3%)

(*)There is a net long position of USD 39.0 million in foreign currency.

The net debt/EBITDA ratio was decreased to 0.4x in 9M 2024 on the back of strong operating performance from 0.6x in 2023.

In 9M 2024, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 848 million to TL 486 million.

Total net debt including obligations under operational leases related to TFRS 16 decreased by 14% to TL 3,777 million.

EBITDA RECONCILIATION

TL million	9M 2024	9M 2023	Change	Q3 2024	Q3 2023	Change
Revenue	27,570	21,880	26.0%	9,782	7,709	26.9%
Cost of service (-)	(20,099)	(16,014)	25.5%	(6,852)	(5,478)	25.1%
Gross profit	7,470	5,866	27.4%	2,930	2,230	31.4%
General administrative expenses (-)	(2,297)	(2,168)	5.9%	(839)	(742)	13.1%
Depreciation and amortization expenses (Cost of service)	1,783	1,343	32.8%	495	374	32.3%
Depreciation and amortization expenses (General administrative expenses)	132	128	2.9%	35	38	(9.0%)
EBITDA¹	7,088	5,169	37.1%	2,620	1,900	37.9%
EBITDA margin (%)¹	25.7%	23.6%	209p	26.8%	24.7%	213p

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 9M 2024	Unaudited 9M 2023	Change (%)	Unaudited Q3 2024	Unaudited Q3 2023	Change (%)
Revenue	27,570	21,880	26.0%	9,782	7,709	26.9%
Cost of service (-)	(20,099)	(16,014)	25.5%	(6,852)	(5,478)	25.1%
Gross profit	7,470	5,866	27.4%	2,930	2,230	31.4%
General administration expenses (-)	(2,297)	(2,168)	5.9%	(839)	(742)	13.1%
Other income from operations	630	939	(32.9%)	225	319	(29.3%)
Other expenses from operations (-)	(797)	(730)	9.2%	(244)	(380)	(35.9%)
Operating profit/(loss)	5,006	3,907	28.1%	2,072	1,427	45.2%
Income from investing activities	1,737	105	1,554.9%	843	11	7,475.2%
Expense from investing activities (-)	(6)	(15)	(57.9%)	-	(9)	(100.0%)
EBIT	6,737	3,997	68.5%	2,915	1,429	104.0%
<i>EBIT margin</i>	<i>24.4%</i>	<i>18.3%</i>	<i>617bps</i>	<i>29.8%</i>	<i>18.5%</i>	<i>1,126bps</i>
Interest (expenses) / income, net (-)	(1,931)	(1,336)	44.5%	(616)	(448)	82.6%
Net foreign exchange profit / (loss) (including hedging cost)	(25)	(97)	(74.7%)	(12)	(7)	66.5%
Monetary gain / (loss)	1,122	1,855	(39.5%)	139	738	(77.8%)
Net profit / (loss) before tax	5,903	4,418	33.6%	2,426	1,712	41.7%
Tax income / (expense) from operations	(1,458)	(1,363)	7.0%	(219)	(501)	(56.2%)
Net profit / (loss)	4,445	3,070	44.8%	2,207	1,211	82.3%
Net profit / (loss) non-controlling interest	404	129	213.1%	116	34	243.1%
Net profit / (loss) equity holders of the parent	4,042	2,942	37.4%	2,091	1,177	77.7%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Unaudited September 30, 2024	Audited December 31, 2023
Cash and cash equivalents	3,392	3,821
Trade receivables	5,831	4,969
Inventory	973	1,463
Short term other assets	1,252	1,241
Current assets	11,448	11,493
Tangible and intangible fixed assets	15,477	11,356
Right of use assets	10,389	9,838
Deferred tax assets	2,467	2,458
Long term other assets	3,795	3,460
Non-current assets	32,129	27,112
Total assets	43,577	38,605
Trade payables	5,691	5,546
Short term other liabilities	3,055	2,367
Short term financial liabilities (incl, financial and operational leases)	4,396	4,161
Current liabilities	13,143	12,074
Long term other liabilities	1,193	569
Deferred tax liabilities	5,264	4,380
Long term financial liabilities (incl, financial and operational leases)	2,772	4,067
Non-current liabilities	9,229	9,015
Shareholders' equity	20,507	17,220
Non-controlling interest	699	295
Equity	21,205	17,516
Total liabilities & equity	43,577	38,605

ABOUT MLPCARE

We are the most widespread private healthcare service provider in Türkiye in terms of number of hospitals, beds and geographic scope based on our footprint of 35 hospitals and more than 6,300 beds in Türkiye, Azerbaijan, Hungary, Kosovo and Dubai as of reporting date. We provide a full range of healthcare services from gyneacology, 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:

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