

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 full year ended December 31, 2022.

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

Summary Financials

(TL million)	2022	2021	Change	Q4 2022	Q4 2021	Change
Revenues	9,837	5,796	69.7%	2,944	1,756	67.7%
EBITDA¹	2,346	1,353	73.3%	716	359	99.5%
EBITDA margin (%) ¹	23.8%	23.3%	50bps	24.3%	20.4%	388bps
Net Profit/(Loss) Before Tax	1,304	372	250.8%	265	37	621.7%
Net Profit/(Loss)	1,675	355	371.5%	595	140	325.4%
Net Profit/(Loss) equity holders of the parent	1,619	290	457.6%	581	125	363.0%
Free Cash Flow	608	689	(11.7%)	175	115	52.2%
Capital Expenditure	871	493	76.5%	408	248	64.2%
Net Debt	2,053	2,069	(0.8%)	2,053	2,069	(0.8%)
Net Debt / EBITDA	0.9x	1.5x				

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

Financial Highlights

- ✓ In Q4 2022, total revenues increased by 68% to TL 2,944 million (Q4 2021: TL 1,756 million) total revenues normalized for divestitures increased by 93%. Foreign medical tourism and domestic private medical insurance have been the highest growth segments. In 2022, revenues have increased by 70% to TL 9,837 million (2021: TL 5,796 million) and increased by 91% when normalized for divestitures.
- ✓ In Q4 2022, EBITDA increased by 99% to TL 716 million, EBITDA normalized for divestitures increased by 133% to TL 713 million. EBITDA margin increased by 388 bps to 24.3%. In 2022, EBITDA increased by 73% to TL 2,346 million while EBITDA margin increased by 50 bps to 23.8%, EBITDA normalized for divestitures have increased by 90%.
- ✓ In Q4 2022, net profit increased by 325% to TL 595 million (Q4 2021: TL 140 million). Net profit allocated to equity holders of the parent increased by 363% to TL 581 million in Q4 2022 (Q4 2021: TL 125 million). Net profit in 2022 increased by 371% to TL 1,675 million (2021: TL 355 million). Net profit normalized for divestitures increased by 485% to TL 1,488 million. Net profit improved significantly on the back of strong operational performance, reduction in financial expenses due to deleveraging, and deferred tax income.
- ✓ Net debt/EBITDA ratio decreased to 0.9x in 2022 from 1.5x in 2021, supported by strong cash flow and cash inflow from the divestiture of underperforming hospitals.

Operating Highlights

- ✓ Private medical insurance segment has grown by 96% in Q4 2022, and 91% in 2022 on the back of the ongoing penetration of top-up insurance.
- ✓ Foreign Medical Tourism (FMT) revenues have grown by 113% in Q4 2022, 146% in 2022; of those, 67% in Q4 2022 and 87% in 2022 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.
- ✓ MLP Care has divested its 56% stake in its Sentez subsidiary and increased its stake from 75% to 100% in its MS Sağlık subsidiary in two simultaneous share transfer transactions. The process started on March 16, 2022 with the signing of a share transfer agreement regarding the two subsidiaries ("Sentez" and "MS Sağlık") between MLP Care and MP Sağlık ve Ticaret A.Ş. ("MP Sağlık"), was completed on May 20, 2022;
 - Under the subsidiary of Sentez, three hospitals (İzmir, Gaziantep, and Batman) were operated.
 - Under MS Sağlık subsidiary, Liv Hospital Ankara is operated.
 - The cash proceeds from the transaction are planned to be utilized for new hospital acquisition, investments abroad, share buy-back, and capacity expansion in existing facilities in line with our long-term growth strategies.
- ✓ MLP Care Board of Directors have decided in their May 25, 2022 meeting to start a share buyback program to acquire up to 10% free-float shares as treasury shares over the next twelve months. The rationale of this transaction is to support healthy share price formation. As of December 31, 2022, total nominal value of purchased shares have become TL 7,350,458 which represents 3.5332% of the share capital. As of March 8, 2023 total nominal value of repurchased shares have become TL 9,313,805 which represents 4.4770% of the share capital.
- ✓ A hospital management service contract has been signed on June 29, 2022 with Bona Dea Limited Liability Company in Baku, Azerbaijan for a duration of ten years. MLP Care will have full operating rights of the Liv Bona Dea Hospital that has a total closed area of circa 37,500 m², 156 beds, and 28 intensive care units.
- ✓ MLP Care has decided to transfer the operations of Medical Park Tarsus Hospital in July 1, 2022 and Medical Park Elazığ Hospital in September 5, 2022 in order to increase its portfolio efficiency in line with its strategy of growing with large-scale hospitals in metropolitan areas.
- ✓ MLP Care has taken over the licences of two active hospitals and one hospital and medical center in November 23, 2022. Accordingly, Medical Park Seyhan and Medical Park Adana Hospital started its operations in Adana with bed capacities of 164 and 158, respectively.
- ✓ There were two price revisions in the SSI price tariff effective from February 8, 2022 and August 25, 2022. The price increase resulting from the revision in August was effective in the last 4 months of 2022.

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

"I would like to start by sending my condolences one more time to all families who have lost their beloved ones in the Kahramanmaraş-centered earthquakes that took place in early February and caused massive destruction in 11 cities. Tens of thousands of our citizens have lost their lives. I share the pain of all those affected and commemorate our losses.

From the first day of the earthquake, we focused on healing injured citizens in our hospitals all over the country, especially the ones in the region. Our healthcare staff have volunteered and treated patients on the field. As a Group, we have donated significant funds to help the ones in need.

We left behind a successful year both operationally and financially in 2022. We have grown our revenues and EBITDA significantly above inflation. We increased our EBITDA margin due to effective cost management. In 2022, we have accelerated our sustainability efforts and with that, we were admitted to the Borsa Istanbul (BIST) Sustainability Index. We have also recently become one of the first signatories of the Women's Empowerment Principles (WEPS) in Turkey. In order to support healthy price formation we announced a share buy-back program to purchase up to 10% of our shares in twelve months. We opened the first overseas hospital of our Group in Baku. We continued to expand nationally by entering Adana, the fourth largest city in Turkey, through acquisition of 2 hospitals, 1 hospital licence and 1 medical center licence.

In the coming years, we will continue to create value for our investors while seizing growth opportunities both at home and abroad.

Revenues

	2022	2021	Change	Q4 2022	Q4 2021	Change
Total Revenues (TL million)	9,837	5,796	69.7%	2,944	1,756	67.7%
Domestic Patient Revenues	7,779	4,905	58.6%	2,318	1,448	60.1%
Inpatient Revenues	4,339	2,857	51.8%	1,257	824	52.5%
Outpatient Revenues	3,440	2,047	68.0%	1,061	623	70.2%
Foreign Medical Tourism Revenues	1,754	712	146.4%	536	252	113.0%
Other Ancillary Business	304	179	69.8%	90	57	58.2%

Domestic Patient Revenues: Revenues from domestic patients increased by 60.1% in Q4 2022, 58.6% in 2022 due to increased inpatient numbers and both inpatient and outpatient average prices. The inpatient revenues grew by 52.5% in Q4 2022, 51.8% in 2022. The outpatient revenues grew by 70.2% in Q4 2022, 68.0% in 2022.

Foreign Medical Tourism (FMT) Revenues: FMT revenues increased by 113.0% in TL terms and 27.4% in USD terms in Q4 2022, increased by 146.4% in TL terms and 31.8% in USD terms in 2022. FMT revenues as a percentage of the total revenues was 18.2% in Q4 2022, 17.8% in 2022 (Q4 2021: 14.3%, 2021: 12.3%). FMT revenues was USD 29 million in Q4 2022, USD 106 million in 2022.

Other Ancillary Business: Revenues from other ancillary business increased by 58.2% in Q4 2022, 69.8% in 2022 due to management consultancy revenues from university hospitals and Liv Bona Dea Hospital. The consultancy revenues increased by 61.2% to TL 68 million in Q4 2022, 99.9% to TL 234 million in 2022 (Currently, we have 6 university hospitals, of which 3 have management service contracts with us).

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

	2022	2021	Change (bps)	Q4 2022	Q4 2021	Change (bps)
(% of Revenues)	76.2%	76.7%	(50)	75.7%	79.6%	(388)
Material	17.3%	18.1%	(80)	17.1%	17.4%	(31)
Doctor	21.3%	21.7%	(37)	21.9%	21.1%	80
Personnel	16.3%	15.8%	50	15.7%	14.6%	113
Rent	1.1%	0.9%	16	0.8%	0.9%	(10)
Outsourced services purchases	7.0%	8.4%	(140)	6.8%	9.3%	(252)
All other expenses	13.2%	11.8%	141	13.4%	16.3%	(288)

Material consumption as a percentage of total revenue decreased by 31 bps in Q4 2022, 80 bps in 2022 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 80 bps in Q4 2022 due to acquisition of new hospitals, decreased by 37 bps in 2022 due to strong hospital revenue growth and portfolio optimization.

Personnel expenses as a percentage of total revenue increased by 113 bps to 15.7% in Q4 2022, 50 bps to 16.3% in 2022 due to two consecutive increase in the salary of the personnel in line with the minimum wage increase in 2022.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 252 bps to 6.8% in Q4 2022, 140 bps to 7.0% in 2022 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 288 bps to 13.4% in Q4 2022 due to the base effect stemming from the one-off Libyan bad debt expenses in 2021. On the other hand, all other expenses as a percentage of total revenue increased by 141 bps to 13.2% in 2022 mainly 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 99.5% to TL 716 million in Q4 2022 and increased by 73.3% to TL 2,346 million in 2022. EBITDA margin increased by 388 bps to 24.3% in Q4 2022 and increased by 50 bps to 23.8% in 2022. EBITDA margin increased due to decreased volume of the outsourced PCR test service expenses and on the back of effective inventory management, additionally base effect stemming from the one-off Libyan bad debt expenses.

Cash Flow

The operating cash flow increased by 64.6% to TL 598 million in Q4 2022, 25.7% to TL 1,498 million due to the robust EBITDA growth (Q4 2021: TL 363 million, 2021: TL 1,191 million). Therefore, the operating cash flow/EBITDA ratio decreased to 83.5% in Q4 2022, decreased to 63.9% in 2022 (Q4 2021: 101.2%, 2021: 88.0%).

Free cash flow increased by 52.2% to TL 175 million in Q4 2022 and decreased by 11.7% to TL 608 million in 2022 (Q4 2021: TL 115 million, 2021: TL 689 million). Therefore, free cash flow/EBITDA ratio was at 24.4% in Q4 2022, 25.9% in 2022 (Q4 2021: 32.0%, 2021: 50.9%).

Maintenance-related capital expenditures as a percentage of revenues was at 5.6% in Q4 2022, 4.2% in 2022 (Q4 2021: 7.1%, 2021: 4.0%). Total capital expenditures as a percentage of revenues was at 13.9% in Q4 2022, 8.9% in 2022 (Q4 2021: 14.1%, 2021: 8.5%).

Profit/(Loss) for the Period

Net profit increased by 325.4% to TL 595 million in Q4 2022 and increased by 371.5% to TL 1,675 million in 2022. Net profit normalized for divestitures increased by 485.4% to TL 1,488 million in 2022. Net profit improved on the back of strong operational performance, successful management of financial expenses, and deferred tax income.

Net profit allocated to non-controlling interest was TL 14 million in Q4 2022, TL 55 million in 2022 (Q4 2021: TL 14 million, 2021: TL 65 million). Therefore, net profit allocated to equity holders of the parent increased by 363.0% to TL 581 million in Q4 2022 and increased by 457.6% to TL 1,619 million in 2022 (Q4 2021: TL 125 million, 2021: TL 290 million).

Borrowings and Indebtedness

Net debt by currency (TL million)	2022	Vertical %	2021	Vertical %	Change
TL	1,272	62%	1,364	66%	(6.7%)
USD + Euro (*)	(485)	(24%)	(187)	(9%)	158.6%
Total loan, financial leasing	787	38%	1,176	57%	(33.1%)
TL (IFRS 16)	1,170	57%	813	39%	44.0%
USD + Euro (IFRS 16)	95	5%	80	4%	19.0%
Total lease liabilities (IFRS16)	1,265	62%	893	43%	41.7%
Total net debt	2,053	100%	2,069	100%	(0.8%)

(*) A Currency Protected Deposit transaction amounting to TL 214.2 million (EUR 11.0 million) was made in August-September 2022 and presented under financial investments account. As the related EUR balance 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 37.9 million in foreign currency including the Currency Protected Deposit balance.

The net debt/EBITDA ratio was successfully decreased to 0.9x in 2022 from 1.5x in 2021 on the back of strong operating performance and cash generated from the sale of Sentez hospitals.

In 2022, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 389 million to TL 787 million (2021: TL 1,176 million). The net debt/EBITDA ratio decreased to 0.4x in 2022 from 1.1x in 2021.

Total net debt including obligations under operational leases related to TFRS 16 decreased by TL 16 million to TL 2,053 million (2021: TL 2,069 million).

EBITDA RECONCILIATION

TL million	2022	2021	Q4 2022	Q4 2021
Revenue	9,837	5,796	2,944	1,756
Cost of service (-)	(6,992)	(4,217)	(2,054)	(1,248)
Gross profit	2,845	1,579	890	508
General administrative expenses (-)	(945)	(561)	(303)	(247)
Depreciation and amortization expenses (Cost of service)	409	314	116	91
Depreciation and amortization expenses (General administrative expenses)	36	22	12	6
EBITDA¹	2,346	1,353	716	359
EBITDA margin (%)¹	23.8%	23.3%	24.3%	20.4%

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

SUMMARY CONSOLIDATED INCOME STATEMENT

	Audited	Audited		Unaudited	Unaudited	
TL million	2022	2021	Change (%)	Q4 2022	Q4 2021	Change (%)
Revenue	9,837	5,796	69.7%	2,944	1,756	67.7%
Cost of service (-)	(6,992)	(4,217)	65.8%	(2,054)	(1,248)	64.6%
Gross profit	2,845	1,579	80.2%	890	508	75.2%
General administration expenses (-)	(945)	(561)	68.2%	(303)	(247)	22.5%
Other income from operations	417	544	(23.3%)	87	292	(70.0%)
Other expenses from operations (-)	(480)	(546)	(12.2%)	(127)	(297)	(57.3%)
Operating profit/(loss)	1,838	1,016	81.0%	548	256	114.1%
Income from investing activities	162	10	1,542.9%	33	7	370.3%
Expense from investing activities (-)	(104)	(1)	9,865.5%	(91)	(1)	9,429.5%
EBIT	1,896	1,024	85.1%	491	262	87.2%
<i>EBIT margin</i>	<i>19.3%</i>	<i>17.7%</i>	<i>160bps</i>	<i>16.7%</i>	<i>14.9%</i>	<i>174bps</i>
Interest (expenses) / income, net (-)	(534)	(553)	(3.5%)	(211)	(149)	41.1%
Net foreign exchange profit / (loss) (including hedging cost)	(58)	(99)	(41.7%)	(15)	(76)	(80.2%)
Net profit / (loss) before tax	1,304	372	250.8%	265	37	621.7%
Tax income / (expense) from operations	370	(17)	n.m.	330	103	220.0%
Net profit / (loss)	1,675	355	371.5%	595	140	325.4%
Net profit / (loss) non-controlling interest	55	65	(14.5%)	14	14	(0.2%)
Net profit / (loss) equity holders of the parent	1,619	290	457.6%	581	125	363.0%

SUMMARY CONSOLIDATED BALANCE SHEET

TL million	Audited December 31, 2022	Audited December 31, 2021
Cash and cash equivalents	766	680
Financial investments	214	-
Trade receivables	1,455	1,318
Inventory	661	285
Short term other assets	701	458
Current assets	3,798	2,741
Tangible and intangible fixed assets	2,368	1,716
Right of use assets	932	539
Deferred tax assets	740	422
Long term other assets	599	329
Non-current assets	4,638	3,007
Total assets	8,436	5,748
Trade payables	2,398	1,546
Short term other liabilities	746	498
Short term financial liabilities (incl, financial and operational leases)	1,646	1,274
Current liabilities	4,790	3,318
Long term other liabilities	424	149
Deferred tax liabilities	28	136
Long term financial liabilities (incl, financial and operational leases)	1,386	1,475
Non-current liabilities	1,838	1,761
Shareholders' equity	1,805	539
Non-controlling interest	2	131
Equity	1,807	669
Total liabilities & equity	8,436	5,748

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 18 thousand personnel, including over 2,500 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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