



SISTEMUL
MEDICAL

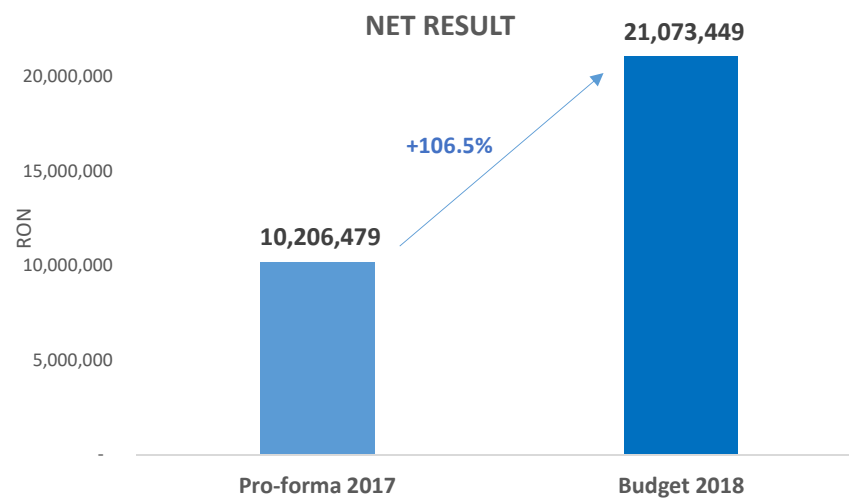
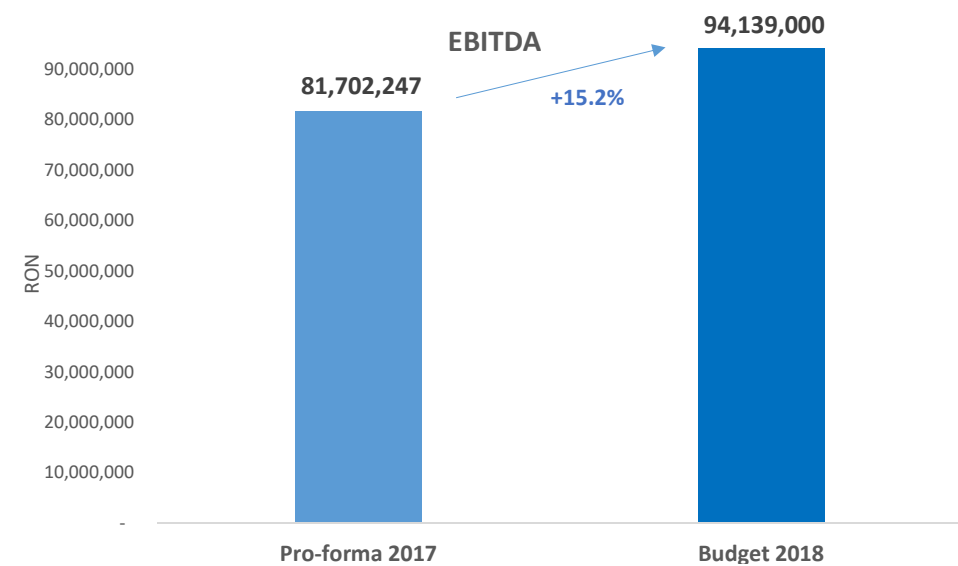
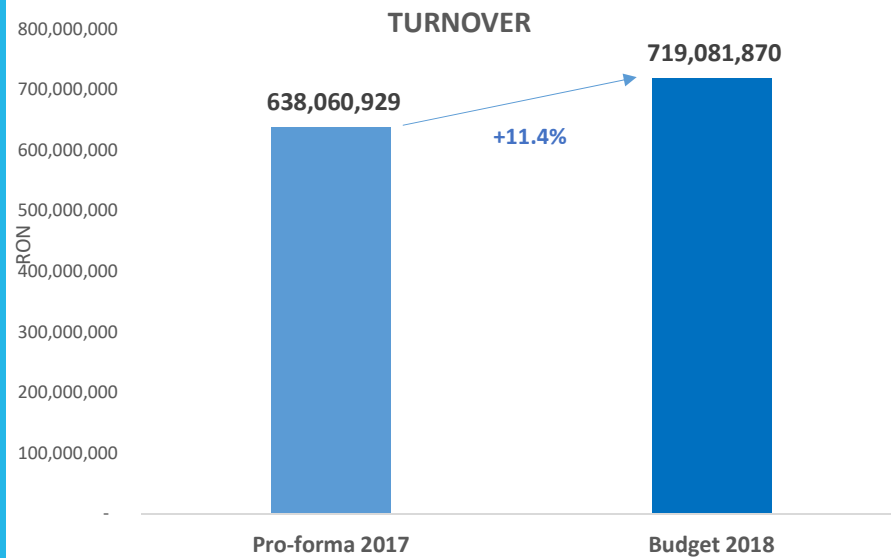


MedLife

MEDLIFE GROUP - Consolidated Budget of
Income and Expense
for the financial year 2018

Consolidated Budget of Income and Expense 2018 – MedLife Group

<i>(RON, unless otherwise stated)</i>	Pro-forma 2017	Budget 2018
TURNOVER	638,060,929	719,081,870
Other operational income	7,630,731	-
OPERATIONAL INCOME	645,691,660	719,081,870
 OPERATIONAL EXPENSES (without depreciation, amortization and impairment, including from reevaluations)	 (563,989,413)	 (624,942,869)
 EBITDA	 81,702,247	 94,139,000
 Depreciation, Amortization and Impairment, including from reevaluation	 (44,641,286)	 (55,480,981)
 OPERATIONAL PROFIT	 37,060,961	 38,658,020
 FINANCIAL RESULT	 (20,816,641)	 (11,295,580)
 NET RESULT	 10,206,479	 21,073,449



Substantiation of the structure of the Consolidated Budget of Income and Expense 2018

The Group's results of operations are affected, were affected in the past and are expected to be affected in the future by a variety of factors, such as:

- Improving macroeconomic conditions and the general health condition of the population increase private healthcare demand
- Low levels of State healthcare expenditure increase the demand for private medical services
- It is estimated that the healthcare reforms will generate the development of the private healthcare market
- The frequent changes of the fiscal regulations might have an impact over the costs and affect profitability
- The Group's reliance on State funding is expected to remain low
- The Group's balanced business model provides strong revenue capture
- Expansion by organic growth and acquisitions provides capacity for growth
- Labour costs and efficiencies impact profitability

The estimations and assumptions used are based on historical experience and on other factors which are considered to be reasonable given the current conditions, and their results set the base for judgement with regards to future performance which is not easily outlined from other sources.

The actual results may differ from the estimations.

Substantiation of the structure of the Consolidated Budget of Income and Expense 2018

The Group's performance depends on the demand for its medical services, which itself depends on the general trends of the medical services sector. The Group expects the financial results will grow, considering that the volume of the medical services rendered in the Group's units continue to increase and the financial results of the recently acquired companies will continue to be consolidated in the financial results of the Group.

The Group estimates that:

- it will continue to analyze the potential acquisition of certain medical companies which will determine the expansion of its services in areas where it already has local presence or will allow the Group to expend in new geographical areas.
- it will continue to capitalize on the medical units of the acquired companies in order to organically develop their operations and to align the acquired companies to a profitability level (EBITDA margin) similar to that of the Group. Disclaimer: Polisano target is not included in the above figures considering that the transaction is not yet closed because of the conditions precedent which need to be met for the closing to occur.
- it will generate organic growth opportunities through both launching of greenfield units and capitalizing on growth opportunities for the existing units by building up additional business on the same, already existing, fixed costs structure, especially in case of hospitals.
- it will continue to optimize the mix of services rendered in its units based on specific market conditions thus aiming to increase the revenue and improve the profit margin of each medical unit
- the salary increases performed by the government for all public hospitals may affect the profitability of the private hospital medical units
- it will profit from market consolidation, which is particularly favorable to the leaders of the private medical services market ("PMSM"), allowing for an accelerated growth of sales and a more intense presence on the regional market and on niche specialties, and facilitating the leaders to reach economies of scale. Medlife Group has detached from others operators of PMSM, being referred to as the largest player on the private medical services market according to the most important business and financial indicators: reach, sales, medical infrastructure (clinics, patients' capacity, laboratories) and according to the number of the corporate clients.