



Conference Call Presentation for
Q1 2019 Financial Results

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Therefore, the final results achieved may vary significantly from the forecasts, and the variations may be material.

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MAIN EVENTS OF Q1 2019

ACQUISITIONS

- 51% of the shares in **RMC Group, Hungary** (*finalized in March 2019*)
- Increase from 55% to 90% shares in **Sama Group, Craiova**
- Increase from 80% to 83% shares in **PDR Group, Brasov**

ORGANIC GROWTH

- 2 **Dent Estet** clinics in Sibiu – one for adults, one for kids

EXPANSION PLANS

- Additional investments in high margin imagistic services: 3 new **MRIs** that serve also under the contract with NHIH



KEY CHANGES Q1 2019 vs Q1 2018

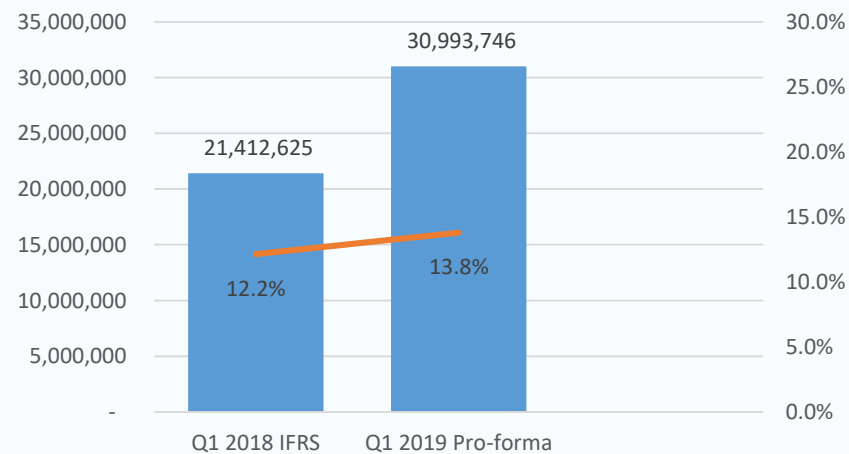
SALES

Sales increased by : + 27.6% Pro-forma Q1 2019 vs. IFRS Q1 2018
 + 31.1% IFRS Q1 2019 vs. IFRS Q1 2018
 + 15% like2like

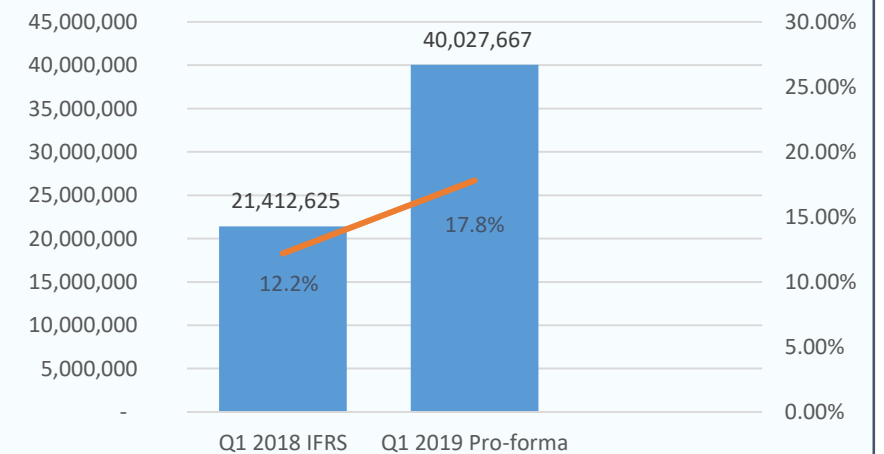
EBITDA

- Improved margin: **Before applying IFRS 16:** 13.8% Pro-forma Q1 2019 vs. 12.2% IFRS Q1 2018 (fig_1 below)
After applying IFRS 16: 17.8% Pro-forma Q1 2019 vs. 12.2% IFRS Q1 2018 (fig_2 below)
- Absolute value of EBITDA increased by: **Before applying IFRS 16:** 44.7% Pro-forma Q1 2019 vs. IFRS Q1 2018
After applying IFRS 16: 86.9% Pro-forma Q1 2019 vs. IFRS Q1 2018

EBITDA AND EBITDA MARGIN BEFORE APPLYING IFRS 16 (fig_1)



EBITDA AND EBITDA MARGIN AFTER APPLYING IFRS 16 (fig_2)



KEY CHANGES Q1 2019 vs Q1 2018 (Cont.)

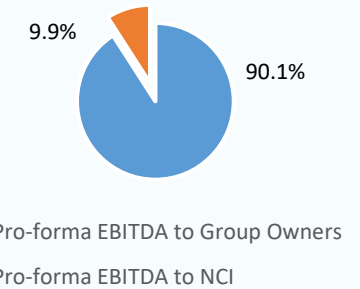
EBITDA

■ Split of **Pro-forma EBITDA** between Owners of the Group / NCI for Q1 2019:

- **90.1%** to Group Owners
- **9.9%** to NCI

Vs.

- **87.1%** to Group Owners for IFRS Q1 2018
- **12.9%** to NCI for IFRS Q1 2018



EBIT

■ **Improved margin:** Before applying IFRS 16: 7.2% Pro-forma Q1 2019 vs. 5.5% IFRS Q1 2018 (fig_1 below)

After applying IFRS 16: 7.4% Pro-forma Q1 2019 vs. 5.5% IFRS Q1 2018 (fig_2 below)

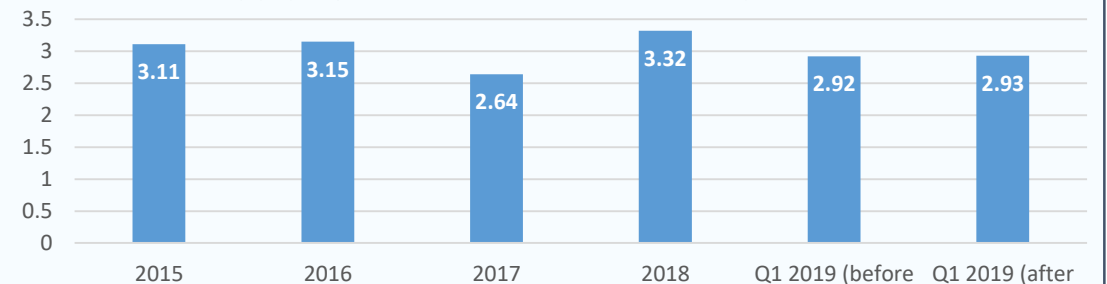
Positive evolution in **EBIT** and **EBITDA** due to optimization efforts across all business lines and stability behavior in Depreciation.

■ Absolute value of EBIT **increased** by: Before applying IFRS 16: 68.8% Pro-forma Q1 2019 vs. IFRS Q1 2018

After applying IFRS 16: 73.9% Pro-forma Q1 2019 vs. IFRS Q1 2018

NET DEBT to Pro-forma EBITDA Ratio

■ **Improved Net Debt to Pro-forma EBITDA* Ratio;** after applying IFRS 16, Debt increased by 27.5%, while EBITDA pro-forma increased by 29%.



*pro-forma EBITDA for 3m 2019 was annualized

KEY CHANGES Q1 2019 vs Q1 2018 (Cont.)

NET RESULT

■ **IFRS & Pro-forma:** Decrease in Net Result was exclusively due to increased Financial Loss coming from:

1. Other financial expenses (i.e. loss from FX rate differences) in amount of **6.3m RON** in Q1 2019 as compared to **300k RON** in Q1 2018; and
2. IFRS 16 Impact on Financial Result of **1m RON** in Q1 2019.

NET RESULT attributable to Owners and NCI

■ 95% of the aforementioned impact from FX rate differences and IFRS 16 is attributable to Owners of the Group, thus influencing the Split of Net Result between Owners and NCI.

We performed a simulation of the net attributable profit before impact from FX rate differences and IFRS 16:

- Split of Net Result IFRS Q1 2019: 40% Owners / 60% NCI
- Split of Net Result Before impact from FX rate differences & IFRS 16: 82% Owners / 18% NCI
- Split of Net Result IFRS 2018: 80% Owners / 20% NCI
- Split of Net Result IFRS Q1 2018: 66% Owners / 34% NCI

MEDLIFE GROUP Q1 2019 FINANCIAL SNAPSHOT

Consolidated Statement of Financial Position

Description	December 31, 2018	March 31, 2019	%VAR	Impact from	March 31, 2019	%VAR
	IFRS	IFRS (before applying IFRS 16)		IFRS 16	IFRS	
Non-current assets	590,174,447	590,884,360	0.1%	105,951,764	696,836,124	18.1%
Current assets	163,919,759	176,513,180	7.7%	-	176,513,180	7.7%
TOTAL ASSETS	754,094,206	767,397,540	1.8%	105,951,764	873,349,304	15.8%
Current liabilities	245,246,366	249,449,154	1.7%	33,468,439	282,917,593	15.4%
Long term liabilities	313,538,596	322,675,526	2.9%	73,002,751	395,678,277	26.2%
Deferred tax liability	16,436,342	16,436,342	0.0%	161,837	16,598,179	1.0%
TOTAL LIABILITIES	575,221,304	588,561,022	2.3%	106,633,027	695,194,049	20.9%
Equity attributable to owners of the Group	159,350,814	159,314,144	0.0%	(631,226)	158,682,918	-0.4%
Non-controlling interests	19,522,088	19,522,374	0.0%	(50,037)	19,472,337	-0.3%
EQUITY	178,872,902	178,836,518	0.0%	(681,263)	178,155,255	-0.4%

IFRS 16 adjustments:

1. Right-of-use asset : 105,951,764 RON;
2. Deferred tax liability: 161,837 RON;
3. Lease liability (current and long term): 106,471,190 RON; and
4. Impact in net result: (681,263) RON.

MEDLIFE GROUP Q1 2019 FINANCIAL SNAPSHOT(Cont.)

Consolidated Statement of Profit and Loss

Description	Q1 2018	Q1 2019	%VAR	Impact from IFRS 16	Q1 2019	%VAR	Q1 2018	Q1 2019	%VAR	Q1 2019	%VAR
	IFRS	IFRS (before applying IFRS 16)			IFRS		IFRS	Pro-forma (before applying IFRS 16)		Pro-forma	
Sales	176,228,645	231,022,320	31.1%	-	231,022,320	31.1%	176,228,645	224,930,073	27.6%	224,930,073	27.6%
Other operating income	209,217	2,026,049	868.4%	-	2,026,049	868.4%	209,217	2,026,049	868.4%	2,026,049	868.4%
OPERATING INCOME	176,437,862	233,048,369	32.1%	-	233,048,369	32.1%	176,437,862	233,048,369	32.1%	226,956,122	28.6%
OPERATING EXPENSES	(166,815,073)	(218,497,801)	31.0%	492,054	(218,005,747)	30.7%	(166,815,073)	(210,717,411)	26.3%	(210,225,357)	26.0%
OPERATING PROFIT	9,622,789	14,550,568	51.2%	492,054	15,042,622	56.3%	9,622,789	16,238,710	68.8%	16,730,764	73.9%
EBITDA	21,412,625	29,305,604	36.9%	9,033,920	38,339,524	79.1%	21,412,625	30,993,746	44.7%	40,027,667	86.9%
FINANCIAL RESULT	(3,619,906)	(10,092,910)	178.8%	(1,011,480)	(11,104,390)	206.8%	(3,619,906)	(10,092,910)	178.8%	(11,104,390)	206.8%
RESULT BEFORE TAXES	6,002,883	4,457,658	(25.7)%	(519,426)	3,938,232	(34.4)%	6,002,883	6,145,800	2.4 %	5,626,374	-6.3%
Income tax expense	(1,614,370)	(1,407,046)	(12.8)%	(161,837)	(1,568,883)	(2.8)%	(1,614,370)	(1,677,149)	3.9 %	(1,838,986)	13.9%
NET RESULT	4,388,513	3,050,612	-30.5%	(681,263)	2,369,349	-46.0%	4,388,513	4,468,652	1.8%	3,787,389	-13.7%

IFRS 16 adjustments:

1. Rent: release of 9,033,920 RON from Rent expense;
2. Depreciation: additional 8,541,867 RON in Depreciation expense;
3. EBITDA: increase of 9,003,920 RON;
4. Financial result: additional 1,011,480 RON in Finance Cost; and
5. Income tax expense: additional 161,837 RON in Income tax expense.

MEDLIFE GROUP Q1 2019 FINANCIAL SNAPSHOT(Cont.)

OPEX Evolution

Description	Q1 2018 IFRS	Q1 2019 IFRS (before applying IFRS 16)	%VAR	Impact from IFRS 16	Q1 2019 IFRS	%VAR	% of OPERATING EXPENSES			% of SALES			
							Q1 2018 IFRS	Q1 2019 IFRS	Change	Q1 2018 IFRS	Q1 2019 IFRS	Change	Note
Consumable materials and repair materials	27,016,168	36,689,703	35.8%	-	36,689,703	35.8%	16.2%	16.8%	0.6 p.p	15.3%	15.9%	0.6 p.p	
Commodities	7,397,306	7,800,694	5.5%	-	7,800,694	5.5%	4.4%	3.6%	-0.9 p.p	4.2%	3.4%	-0.8 p.p	
Utilities	2,382,903	3,227,505	35.4%	-	3,227,505	35.4%	1.4%	1.5%	0.1 p.p	1.4%	1.4%	0 p.p	
Repairs maintenance	1,636,226	2,720,633	66.3%	-	2,720,633	66.3%	1.0%	1.2%	0.3 p.p	0.9%	1.2%	0.2 p.p	
Rent	10,524,735	10,876,123	3.3%	(9,033,920)	1,842,203	-82.5%	6.3%	0.8%	-5.5 p.p	6.0%	0.8%	-5.2 p.p	A
Insurance premiums	569,427	682,537	19.9%	-	682,537	19.9%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p	
Promotion expense	3,650,101	3,326,851	-8.9%	-	3,326,851	-8.9%	2.2%	1.5%	-0.7 p.p	2.1%	1.4%	-0.6 p.p	
Communications	916,427	910,930	-0.6%	-	910,930	-0.6%	0.5%	0.4%	-0.1 p.p	0.5%	0.4%	-0.1 p.p	
Third party expenses & Salaries expenses, out of which:	98,276,586	133,215,209	35.6%	-	133,215,209	35.6%	58.9%	61.1%	2.2 p.p	55.8%	57.7%	1.9 p.p	B
<i>Third party expenses (including doctor's agreements)</i>	<i>47,204,919</i>	<i>60,960,784</i>	<i>29.1%</i>	-	<i>60,960,784</i>	<i>29.1%</i>	<i>28.3%</i>	<i>28.0%</i>	<i>-0.3 p.p</i>	<i>26.8%</i>	<i>26.4%</i>	<i>-0.4 p.p</i>	
<i>Salary and related expenses (including social contrib.)</i>	<i>51,071,667</i>	<i>72,254,425</i>	<i>41.5%</i>	-	<i>72,254,425</i>	<i>41.5%</i>	<i>30.6%</i>	<i>33.1%</i>	<i>2.5 p.p</i>	<i>29.0%</i>	<i>31.3%</i>	<i>2.3 p.p</i>	
Depreciation	11,789,836	14,755,036	25.2%	8,541,867	23,296,903	97.6%	7.1%	10.7%	3.6 p.p	6.7%	10.1%	3.4 p.p	C
Other administration and operating expenses	2,655,358	4,292,580	61.7%	-	4,292,580	61.7%	1.6%	2.0%	0.4 p.p	1.5%	1.9%	0.4 p.p	
OPERATING EXPENSES	166,815,073	218,497,801	31.0%	(492,054)	218,005,747	30.7%	100%	100%	0 p.p	94.7%	94.4%	-0.3 p.p	

Note:

The Group recorded a 0.3 p.p. decrease of Operating Expenses as % of Sales in Q1 2019 as compared to Q1 2018, despite the increase in salaries that took place subsequent to March 2018:

- A. 5.2 p.p. decrease of "Rent" as % of Sales, generated by first time adoption of IFRS 16;
- B. 1.9 p.p. increase of "Third parties and salaries expenses" as % of Sales as an effect of increased salaries in the public sector; and
- C. 3.4 p.p. increase of "Depreciation" as % of Sales, mainly due to first time adoption of IFRS 16.

KEY OPERATIONAL METRICS FOR Q1 2019

Business line	Info	Q1 2019 IFRS	Q1 2018 IFRS
Clinics	Revenue	67,709,964	48,199,052
Clinics	Visits	435,603	320,519
Clinics	Avg fee	155.4	150.4
Stomatology	Revenue	14,375,414	10,534,452
Stomatology	Visits	29,632	25,808
Stomatology	Avg fee	485.1	408.2
Hospitals	Revenue	52,713,276	33,002,491
Hospitals	Patients	20,816	15,658
Hospitals	Avg fee	2,532.3	2,107.6
Laboratories	Revenue	38,105,024	33,632,216
Laboratories	Analyses	1,496,320	1,445,108
Laboratories	Avg fee	25.5	23.3
Corporate	Revenue	45,581,978	39,857,039
Corporate	Subscriptions	650,193	573,688
Corporate	Avg fee	70.1	69.5
Pharmacies	Revenue	9,750,143	8,948,472
Pharmacies	Clients	69,700	75,256
Pharmacies	Sales per client	139.9	118.9
Others	Revenue	2,786,521	2,054,923





IV. Q&A SESSION

THANK YOU!

