

MEDLIFE GROUP Q3 2021 Conference Call – Q&A Transcript

Q: What kind of EBITDA margin should we expect the two businesses in the oncological field (OncoCard and Neolife) to generate?

A (main takeaways):

- Businesses in the oncological field, particularly those that have radiotherapy inside, have margins higher than Medlife Group.

Q: Pharma segment- following the acquisition there, I noticed that the average ticket size was substantially lower. Is that something to continue forward?

A (main takeaways):

- The number of clients increased significantly in Q3 given the consolidation of CED pharmacies that entered in consolidation starting 1st of July, with a full effect in Q3, leading to lower sales per client. We expect this trend to continue in the future. These pharmacies are located next to public hospitals, they are referring to different type of clients, thus the average sale per client is significantly lower than the one in Pharmalife.

Q: EBITDA margin, after the consolidation of the wholesale and retail pharmacy business, 19% in Q3, is that a good run rate for Q4 and going forward?

A (main takeaways):

- The guidance for EBITDA margin for this year remains in the limits approved in the budget (i.e. 19.5%). Even though the positive impact coming from PCR testing could not be replicated going forward, we are optimistic that in medium and long term we can keep margins higher versus those before the pandemic. If you are looking in the consolidation, we already see in third quarter the effect of the acquisitions, while pro-forma better illustrates this effect and how the group will look in the future; a decrease by 1.7 percentage points EBITDA margin as compared to IFRS EBITDA and this pressure is coming of course due to Pharmachem that comes with a lower margin than the medical companies of MedLife Group, but here also we expect some synergies with our pharmacies and supply chain and these are expected as part of its integration and further consolidation.

Q: The pricing environment, what can you share in this regard, do you feel any competitive pressure during this third quarter?

A (main takeaways):

- We did some increase in prices in October, is not seen yet in the results of 3rd quarter, and we believe some increase in prices will take place next year as well, as long as the inflation will increase. After the increase made in October, we don't have signs that the patients are dissatisfied with that, we think that the market can absorb these prices. Depending on the evolution of pricing, of energy and any other prices and pressures on the cost side, of course we should make these adjustment in prices next year.