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MedLife



H1 2021 Financial Results  
Conference call presentation

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

# AGENDA

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# Highlights 6m 2021

- Snapshot
- Key messages 6m 2021
- Outlook

## Snapshot

- Pro-forma Sales of RON 741m RON in 6m 2021, increase by 57.8% compared to 6m 2020;
- IFRS Sales for 6m 2021 of 677.3m RON, increased by 44.2% compared to 6m 2020 (42.4% like to like increase);
- Strong operating performance, in line with the strategy of recent years:
  - 21.2% Pro-forma EBITDA margin; pro-forma EBITDA 2x higher compared to 6m 2020;
  - 18.5% Pro-forma EBITDA before IFRS 16 margin: pro-forma EBITDA before IFRS 16 2.2x higher compared to 6m 2020;
  - 9.7% Pro-forma Net Result margin, Pro-forma Net Result 6.6x higher compared to 6m 2020;

## Key messages 6m 2021

- Clinics: focused on the development of new products in outpatient units, from pre & post covid screening packages to prevention packages for patients with chronic pathology.

Revenue increased by 36.6% vs. 6m 2020, with 29.6% increase in traffic and 5.4% increase in average fees;

- Hospitals: also increased their activity, more and more Romanians have taken care of their health and benefited from investigations and surgeries, most likely postponed during the lock down period.

Surgeries gained a larger scale, with an increase of 41% in hospitalized patients in 6m2021 as compared to the same period last year. There was also an increase of 7% in avg. fees (mix of services and complexity), leading to 50.9% increase in revenues for Hospitals BL.

- Laboratories: the increase in the number of laboratories by setting up the covid laboratories & increase in traffic in the post lock down period led to revenues almost 2x higher compared to the same period last year. Analyses increase by 69.9%, while avg fee by 12.7% (increase determined by the mix of analyses performed, including PCR);

We are continuously supporting the authorities and the general public, especially in this context with the increase in the number of new infections. We aim to invest even more in the medical infrastructure so as to increase access to these analyzes; we consider launching new mobile testing centers, which are essential for a better national coverage.

## Key messages 6m 2021 (Cont.)

- Corporate: developed dedicated programs for the corporate segment, as employers become more and more concerned about the health of their employees; 10.4% increase in revenue, with a portfolio of subscriptions higher by 8% as compared to 6m 2020 (730k HPP).
- Pharmacies: pharma segment has also expanded, with the integration of the two companies, CED Pharma and Pharmachem, and the expansion of the product portfolio. On a pro-forma basis, pharma segment is 2.7X higher than in 6m 2020, from 22.6m in 6m 2020 to 83.5m RON in 6m 2021 (Pharmachem and Ced Pharma included in pro-forma figures).
- Stomatology: very dynamic BL, increasing by 81.5% in revenues. Aiming full speed development, both through organic development and acquisitions: completed acquisition of Krudent in Brasov, increase from 52% to 100% shareholding in Dentist 4 Kids SRL, the Group`s dental clinic in Timisoara & founded a NewCo, Dent Estet Ploiesti with a 51% ownership.

## Operational KPIs – supporting annex for BL evolution

Business line	Info	6m 2020 IFRS	6m 2021 IFRS	%VAR	Share of total IFRS Sales	Pro-forma adj.	6m 2021 Pro-forma	Share of total Pro-forma Sales
Clinics	<b>Revenue</b>	<b>142,177,693</b>	<b>194,244,223</b>	<b>36.6%</b>	<b>28.7%</b>	<b>2,458,469</b>	<b>196,702,692</b>	<b>27%</b>
Clinics	Visits	862,759	1,118,174	29.6%				
Clinics	Avg fee	164.8	173.7	5.4%				
Stomatology	<b>Revenue</b>	<b>25,486,852</b>	<b>46,261,681</b>	<b>81.5%</b>	<b>6.8%</b>	-	<b>46,261,681</b>	<b>6%</b>
Stomatology	Visits	42,778	74,097	73.2%				
Stomatology	Avg fee	595.8	624.3	4.8%				
Hospitals	<b>Revenue</b>	<b>104,535,623</b>	<b>157,738,345</b>	<b>50.9%</b>	<b>23.3%</b>	-	<b>157,738,345</b>	<b>21%</b>
Hospitals	Patients	35,680	50,331	41.1%				
Hospitals	Avg fee	2,929.8	3,134.1	7.0%				
Laboratories	<b>Revenue</b>	<b>74,421,693</b>	<b>142,421,658</b>	<b>91.4%</b>	<b>21.0%</b>	<b>1,150,235</b>	<b>143,571,893</b>	<b>19%</b>
Laboratories	Analyses	2,484,730	4,220,816	69.9%				
Laboratories	Avg fee	30.0	33.7	12.7%				
Corporate	<b>Revenue</b>	<b>93,717,326</b>	<b>103,467,517</b>	<b>10.4%</b>	<b>15.3%</b>	<b>44,240</b>	<b>103,511,757</b>	<b>14%</b>
Corporate	Subscriptions	678,174	731,736	7.9%				
Corporate	Avg fee	138.2	141.4	2.3%				
Pharmacies	<b>Revenue</b>	<b>22,635,468</b>	<b>23,423,761</b>	<b>3.5%</b>	<b>3.5%</b>	<b>10,742,957</b>	<b>34,166,718</b>	<b>5%</b>
Pharmacies	Clients	106,451	99,925	-6.1%				
Pharmacies	Sales per	212.6	234.4	10.2%				
Others	<b>Revenue</b>	<b>6,556,164</b>	<b>9,733,230</b>	<b>48.5%</b>	<b>1.4%</b>	<b>49,375,689</b>	<b>59,108,919</b>	<b>8%</b>
<b>Total</b>		<b>469,530,819</b>	<b>677,290,415</b>	<b>44.2%</b>	<b>100.0%</b>	<b>63,771,589</b>	<b>741,062,004</b>	<b>100%</b>



## Key messages 6m 2021 (Cont.)

- First 6 months of 2021 marked the increase of existing facilities by 40 million euros by signing a syndicated loan in total amount of approximately 143 million euros + additional 50 million euros submitted to approval to shareholders: a total of 90 million euros funds that will be dedicated to acquisitions in the country, but also in the region;
- Advanced discussions for 2-3 important acquisitions which would bring added value to our portfolio of services;
- Other important liquidities of the company will be added to this loan, as the case may be, which will allow us to make investments for the organic development of the business segments from own funds;
- Regarding the research department, the Group continued in 2021 to help monitor the pandemic exclusively from own resources, with more than 1m euros engaged so far;

# Outlook

Main development segments include:

1. M&A and digitization programs will be a priority in the strategy plan;  
We have completed the acquisition of CED Pharma and Pharmachem Distribution and we are in advanced discussions for other acquisitions. We believe that by the end of this year we will announce at least 2 important transactions that will help us consolidate our leading position at national level.  
Specific interest in segments of medical services that are offered less by MedLife medical units, which may prove important for the Group's dynamics in the coming years.
2. Strengthening of the research department: the acceleration of the research initiatives launched since the beginning of last year & maintaining the role of regional watchdog in monitoring the pandemic (i.e. cell immunization study is ongoing);
3. Consolidation and expansion of the current hospital units & create regional medical hubs;
4. Strengthen the medical infrastructure at the level of all our units nationwide in a systematic way and expand the only platform that covers the entire country with medical units;

# Financial overview

- Consolidated Statement of Profit and Loss
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flow

# Consolidated Statement of Profit and Loss (1/3)

Description	6m 2020 IFRS	6m 2021 IFRS	%VAR	Pro-forma adj.	6m 2021 Pro-forma	%VAR
Sales	469,530,819	677,290,415	44.2 %	63,771,589	741,062,004	57.8%
Other operating income	1,703,993	2,361,661	38.6 %	1,125,459	3,487,120	104.6%
<b>OPERATING INCOME</b>	<b>471,234,812</b>	<b>679,652,076</b>	<b>44.2 %</b>	<b>64,897,048</b>	<b>744,549,124</b>	<b>58.0%</b>
<b>OPERATING EXPENSES</b>	<b>(440,347,856)</b>	<b>(576,526,627)</b>	<b>30.9 %</b>	<b>(64,185,380)</b>	<b>(640,712,007)</b>	<b>45.5%</b>
<b>OPERATING PROFIT</b>	<b>30,886,956</b>	<b>103,125,449</b>	<b>233.9 %</b>	<b>711,668</b>	<b>103,837,117</b>	<b>236.2%</b>
<b>EBITDA</b>	<b>80,195,092</b>	<b>155,881,020</b>	<b>94.4 %</b>	<b>1,425,441</b>	<b>157,306,461</b>	<b>96.2%</b>
<b>EBITDA before IFRS 16</b>	<b>62,862,768</b>	<b>135,307,624</b>	<b>115.2 %</b>	<b>1,425,441</b>	<b>136,733,065</b>	<b>117.5%</b>
Net finance cost	(10,067,299)	(12,314,202)	22.3 %	(254,167)	(12,568,369)	24.8%
Other financial expenses	(5,008,809)	(5,560,501)	11.0 %	(50,595)	(5,611,096)	12.0%
<b>FINANCIAL RESULT</b>	<b>(15,076,107)</b>	<b>(17,874,703)</b>	<b>18.6 %</b>	<b>(304,762)</b>	<b>(18,179,465)</b>	<b>20.6%</b>
<b>RESULT BEFORE TAXES</b>	<b>15,810,848</b>	<b>85,250,746</b>	<b>439.2 %</b>	<b>406,906</b>	<b>85,657,652</b>	<b>441.8%</b>
Income tax expense	(4,874,911)	(13,699,390)	181.0 %	(263,501)	(13,962,891)	186.4%
<b>NET RESULT</b>	<b>10,935,937</b>	<b>71,551,356</b>	<b>554.3 %</b>	<b>143,405</b>	<b>71,694,761</b>	<b>555.6%</b>
Other comprehensive income	(122,651)	-	(100.0)%		-	-100.0%
<b>Total comprehensive income</b>	<b>10,813,287</b>	<b>71,551,356</b>	<b>561.7 %</b>	<b>143,405</b>	<b>71,694,761</b>	<b>563.0%</b>
<b>Margins</b>						
EBIT %	6.6%	15.2%			<b>14.0%</b>	
EBITDA %	17.1%	23.0%			<b>21.2%</b>	
EBITDA before IFRS 16 %	13.4%	20.0%			<b>18.5%</b>	
Net Result %	2.3%	10.6%			<b>9.7%</b>	

# Consolidated Statement of Profit and Loss (2/3)

*explained*

## 1) 6m 2021 Pro-forma vs. 6m 2020 IFRS

- ❑ Sales increased by **57.8%**, to 741m RON
- ❑ OPEX increased by **45.5%**, to 640.7m RON
- ❑ More than threefold increase in **EBIT**, to 103.8m RON, leading to **14.0%** margin (6.6% in the same period last year), due to improved financial performance and cost cutting measures implemented in 2020
- ❑ **EBITDA** increased by **96.2%** to 157.3m RON, leading to **21.2%** margin (17.1% in the same period last year)
- ❑ **EBITDA before IFRS 16** more than doubled, reaching 136.7m RON, leading to **18.5%** margin (13.4% in the same period last year)
- ❑ 6.6 X increase in **Net Result**, to 71.7m RON
- ❑ Split of **Net Result**: 90% to Group Owners, 10% to NCI
- ❑ **Pro-forma adj.** include:
  1. Financial Results of the Acquired Companies in amount of 63.8m RON (Veridia for the period January-February 2021; Pharmachem & CED Pharma group for the period January-June 2021 and Medica Sibiu for the period January – March 2021)
  3. 984k RON one-off expenses

# Consolidated Statement of Profit and Loss (3/3)

## OPEX Evolution

Description	6m 2020 IFRS	6m 2021 IFRS	%VAR	% of OPERATING EXPENSES			% of SALES		
				6m 2020 IFRS	6m 2021 IFRS	Change	6m 2020 IFRS	6m 2021 IFRS	Change
Consumable materials and repair materials	75,468,411	121,848,288	61.5%	17.1%	21.1%	4 p.p	16.1%	18.0%	1.9 p.p
Commodities	18,299,256	18,515,597	1.2%	4.2%	3.2%	-0.9 p.p	3.9%	2.7%	-1.2 p.p
Utilities	6,455,252	6,712,868	4.0%	1.5%	1.2%	-0.3 p.p	1.4%	1.0%	-0.4 p.p
Repairs maintenance	5,032,545	6,819,498	35.5%	1.1%	1.2%	0 p.p	1.1%	1.0%	-0.1 p.p
Rent	3,254,906	4,579,968	40.7%	0.7%	0.8%	0.1 p.p	0.7%	0.7%	0 p.p
Insurance premiums	1,523,664	1,750,038	14.9%	0.3%	0.3%	0 p.p	0.3%	0.3%	-0.1 p.p
Promotion expense	5,711,775	4,782,999	-16.3%	1.3%	0.8%	-0.5 p.p	1.2%	0.7%	-0.5 p.p
Communications	2,111,219	2,383,800	12.9%	0.5%	0.4%	-0.1 p.p	0.4%	0.4%	-0.1 p.p
Third party expenses & Salaries expenses, out of which:	268,788,216	348,751,635	29.7%	61.0%	60.5%	-0.5 p.p	57.2%	51.5%	-5.8 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>128,399,941</i>	<i>183,825,118</i>	<i>43.2%</i>	<i>29.2%</i>	<i>31.9%</i>	<i>2.7 p.p</i>	<i>27.3%</i>	<i>27.1%</i>	<i>-0.2 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>140,388,275</i>	<i>164,926,517</i>	<i>17.5%</i>	<i>31.9%</i>	<i>28.6%</i>	<i>-3.3 p.p</i>	<i>29.9%</i>	<i>24.4%</i>	<i>-5.5 p.p</i>
Depreciation	49,308,137	52,755,571	7.0%	11.2%	9.2%	-2 p.p	10.5%	7.8%	-2.7 p.p
Other administration and operating expenses	4,394,476	7,626,365	73.5%	1.0%	1.3%	0.3 p.p	0.9%	1.1%	0.2 p.p
<b>OPERATING EXPENSES</b>	<b>440,347,856</b>	<b>576,526,627</b>	<b>30.9%</b>	<b>100%</b>	<b>100%</b>	<b>0 p.p</b>	<b>93.8%</b>	<b>85.1%</b>	<b>-8.7 p.p</b>

Release of **5.9 p.p.** in EBITDA margin due to:

- Increase in Consumable & repair materials with **1.9 p.p.** of Sales due to reagents and materials related to PCR testing;
- Decrease in Commodities with **1.2 p.p.** of Sales: decrease of Pharmacies BL weight in total Group;
- Decrease in Third party expenses & Salaries expenses with **5.8 p.p.** of Sales due to cost cutting measures implemented in 2020;

# Consolidated Statement of Financial Position (1/2)

Description	December 31, 2020 IFRS	June 30, 2021 IFRS	%VAR
Non-current assets	904,446,206	919,089,613	1.6%
Current assets, excluding Cash and cash equivalents	197,077,260	217,689,726	10.5%
Cash and cash equivalents	81,970,397	130,092,462	58.7%
<b>TOTAL ASSETS</b>	<b>1,183,493,863</b>	<b>1,266,871,801</b>	<b>7.0%</b>
Current liabilities (excluding interest bearing liabilities)	199,597,812	216,249,259	8.3%
Financial Debt	676,523,965	677,553,335	0.2%
Other long term debt	18,119,743	13,902,583	-23.3%
Deferred tax liability	20,345,799	20,568,013	1.1%
<b>TOTAL LIABILITIES</b>	<b>914,587,319</b>	<b>928,273,190</b>	<b>1.5%</b>
Equity attributable to owners of the Group	241,273,524	304,264,479	26.1%
Non-controlling interests	27,633,021	34,334,133	24.3%
<b>EQUITY</b>	<b>268,906,545</b>	<b>338,598,612</b>	<b>25.9%</b>



# Consolidated Statement of Financial Position (2/2)

## Debt position

### Leasing liabilities

Description	December 31, 2020 IFRS	June 30, 2021 IFRS	%VAR
Current portion – Leasing	41,166,069	39,383,702	-4.3%
Long term portion – Leasing	147,097,180	131,770,055	-10.4%
<b>Total</b>	<b>188,263,249</b>	<b>171,153,757</b>	<b>-9.1%</b>

### Financial debt

Description	December 31, 2020 IFRS	June 30, 2021 IFRS	%VAR
Overdraft	27,127,907	24,198,621	-10.8%
Current portion of long-term debt	46,436,217	75,333,848	62.2%
Long-term debt	414,696,592	406,867,109	-1.9%
<b>Total</b>	<b>488,260,716</b>	<b>506,399,578</b>	<b>3.7%</b>
<b>Net Debt</b>	<b>594,553,568</b>	<b>547,460,873</b>	<b>-7.9%</b>
Net debt to EBITDA ratio	<b>2.8</b>	<b>1.9</b>	



# Consolidated Statement of Cash Flow

Description	June 30, 2020 IFRS	June 30, 2021 IFRS
<b>Net income before taxes</b>	<b>15,810,848</b>	<b>85,250,746</b>
Adjustments for non-monetary items	63,993,535	70,843,226
<b>Operating cash flow before working capital and other monetary changes</b>	<b>79,804,383</b>	<b>156,093,972</b>
Cash generated from working capital changes	(4,448,040)	(20,011,558)
Other monetary changes (income tax and net interest paid)	(7,852,209)	(25,484,806)
<b>Net cash from operating activities</b>	<b>67,504,134</b>	<b>110,597,608</b>
<b>Net cash used in investing activities</b>	<b>(21,291,603)</b>	<b>(54,423,537)</b>
<b>Net cash from/ (used in) financing activities</b>	<b>(8,653,054)</b>	<b>(8,052,006)</b>
<b>Net change in cash and cash equivalents</b>	<b>37,559,477</b>	<b>48,122,065</b>
Cash and cash equivalents beginning of the period	38,886,218	81,970,397
<b>Cash and cash equivalents end of the period</b>	<b>76,445,695</b>	<b>130,092,462</b>



## Investing activities

Description	June 30, 2020 IFRS	June 30, 2021 IFRS
Investment in business combination	(1,369,102)	(18,508,479)
Additional participation interest acquired	0	(630,592)
Purchase of intangible assets	(1,352,916)	(1,644,395)
Purchase of property, plant and equipment	(18,569,585)	(33,640,071)
<b>Net cash used in investing activities</b>	<b>(21,291,603)</b>	<b>(54,423,537)</b>

Cash flow for the period characterized by good operating performance:

1. two folded increase in net cash from operating activities;
2. 156% increase in cash used in investing activities;
3. Cash used in financing activities of 8m RON

# Q&A Session

Thank you!