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9m 2020 Financial Results
Investors and Analysts presentation

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AGENDA

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Highlights 9m 2020

- Key messages 9m 2020

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Financial overview

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

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Q&A Session

Highlights 9m 2020

- Key messages 9m 2020



Key messages 9m 2020

MedLife Group focused on helping patients and state institutions during the pandemic and has shaped its business model to address the new business and economic environment, while still focusing on providing new medical services requested by patients during this period;

The top priority of MedLife Group throughout this pandemic period was to support the Departments of Public Health by contributing to the growing number of PCR tests performed, and relieving public hospitals by treating chronic patients;

The preventive measures taken from the beginning facilitated control over the situation and helped us to protect our patients and personnel, leading to both support for the population and financial performance;

We have also conducted several research studies on the evolution of COVID 19 in Romania, allocating own resources in this regard, and there are more to come;

Sales

Significant advance in Q3`20 vs Q2`20, with a 47% increase in consolidated Sales, fully recovering sales lost during the period of strict restrictions on preventive medical activities and traffic;

- **8.4%** increase YoY in Sales, to **770.8m RON** (IFRS) & **5.1%** increase YoY in Sales, to **747.2m RON** (Pro-forma)

Key messages 9m 2020

Quick adaptability to new services, repositioning on labs & the mix of medical activities in the area of hospitals, clinics, corporate, pharma and dentistry, helped to meet patients` demand and offer a solid perspective for the Group for the period post-COVID;

➤ Clinics

- 43 % increase in Sales in Q3`20 vs Q2`20, 4.7% YoY;
- **490k** visits in Q3`20 (**1.3m** visits 9m 2020);

➤ Stomatology

- 63 % increase in Sales in Q3`20 vs Q2`20, (5.2)% YoY;
- **23k** visits in Q3`20 (**66k** visits 9m 2020);

➤ Hospitals

- 64 % increase in Sales in Q3`20 vs Q2`20, 12.6% YoY;
- **24k** patients in Q3`20 (**60k** patients 9m 2020);

➤ Laboratories

- 85 % increase in Sales in Q3`20 vs Q2`20, 15.7% YoY;
- **1.3m** analysis in Q3`20 (**3.8m** analysis 9m 2020);

➤ Corporate

- 9 % increase in Sales in Q3`20 vs Q2`20, 5% YoY;
- **715k** subscriptions in Corporate segment;

➤ Pharmacies

- 6 % increase in Sales in Q3`20 vs Q2`20, 15.6% YoY;
- **45k** clients in Q3`20 (**151k** clients 9m 2020);

Key messages 9m 2020

The development of 4 COVID-19 laboratories, in record time, was one of the important achievements of the group in this period. Through these, the company was able to keep MedLife employees safe, to periodically test medical and auxiliary staff and patients and keep the units functional, as well as supporting the Departments of Public Health by conducting COVID tests;

In terms of hospitals, we contributed to relieving crowded state hospitals, by treating chronic patients;

We also provided Romanians an alternative for monitoring and treating existing pathologies in conditions of maximum safety. We managed to help hundreds of thousands of Romanians to evaluate their existing diseases and keep them under control, with over 1.9 million total visits in clinics and over 6.1 million lab analyzes performed.

A dynamic activity was also registered in the area of corporate segment. The company has developed new products to meet the needs in this epidemiological context, has designed special projects tailored to support employees of partner companies and increased the segments of medical services and investigations that were a priority.



Key messages 9m 2020

Operating profit and EBITDA

The Group tailored its services to meet new demands and optimized the business dynamics;

Managed to increase operating profit and EBITDA as a result of cost-cutting measures aimed at generating sustainable performance improvements in all business lines and leading to a long-term positive effect on Group's profitability;

On a like to like basis, if COVID related revenues are excluded, the margin is preserved and on an upward trend, despite decreased sales in Q2`20.

- 36.7% increase YoY in EBITDA, reaching 155.4m RON on IFRS;
- 38% increase YoY in EBITDA, reaching 156.9m RON on Pro-forma;

Key messages 9m 2020

Outlook for end of year and 2021

The strategy is to be prepared for post-COVID period when we expect an increase in traffic in all medical units, and a closer relation between general practitioners, small clinics and pharmacies;

We will continue development and expansion plans, having already assured financing from creditors along with significant liquidities generated by the business cashflows;

Current Net Debt to Pro-forma EBITDA ratio of 2.5, historically around an average of 3 – comfortable level given that a high demand for medical services is expected;

We continue to support acute and chronic patients through post-COVID recovery projects and the expansion of radiotherapy and oncology services;

Additional projects related to the area of prevention, research and digitalization;

We will also continue, gradually, the development of MedLife Medical Park project, which has the potential to become the most complex medical project in Romania in the last 30 years.



Key messages 9m 2020

Outlook for end of year and 2021

On M&A side, interest in several opportunities in the market, including pharma segment, expected to have an important contribution to economic recovery and maintaining the health of the population in the years to come. In this respect, the Group is focusing on relevant add-ons to its business lines to further capture value and providing closure for medical experience of our patients;

The new investments and acquisitions will be carefully calibrated according to the evolution of the pandemic;

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	9m 2019 IFRS	9m 2020 IFRS	%VAR	Pro-forma adj.	9m 2020 Pro-forma	%VAR
Sales	711,042,507	770,809,040	8.4%	(23,570,042)	747,238,998	5.1%
Other operating income	4,813,817	3,408,489	-29.2%	-	3,408,489	-29.2%
OPERATING INCOME	715,856,324	774,217,529	8.2%	(23,570,042)	750,647,487	4.9%
OPERATING EXPENSES	(672,037,078)	(697,711,654)	3.8%	25,067,733	(672,643,922)	0.1%
OPERATING PROFIT	43,819,246	76,505,875	74.6%	1,497,691	78,003,565	78.0%
EBITDA	113,729,889	155,485,897	36.7%	1,504,695	156,990,593	38.0%
EBITDA before IFRS 16	85,923,727	125,152,700	45.7%	1,504,695	126,657,395	47.4%
Net finance cost	(14,325,352)	(15,309,602)	6.9%	(921)	(15,310,523)	6.9%
Other financial expenses	(4,970,859)	(7,260,628)	46.1%	8	(7,260,620)	46.1%
FINANCIAL RESULT	(19,296,211)	(22,570,230)	17.0%	(913)	(22,571,143)	17.0%
RESULT BEFORE TAXES	24,523,035	53,935,644	119.9 %	1,496,778	55,432,422	126.0 %
Income tax expense	(5,126,883)	(9,943,302)	93.9 %	(246,357)	(10,189,659)	98.7 %
NET RESULT	19,396,152	43,992,343	126.8%	1,250,421	45,242,763	133.3%
Other comprehensive income	-	25,682	0.0%	-	25,682	0.0%
Total comprehensive income	19,396,152	44,018,024	126.9%	1,250,421	45,268,445	133.4%

9m 2020 Pro-forma vs. 9m 2019 IFRS

- ❑ Sales increased by **5.1%**, to 747.2m RON
- ❑ OPEX remained flat, at 672.6m RON
- ❑ EBIT increased by **78%** to 78m RON, **10.4%** margin (6.2%)
- ❑ EBITDA increased by **38%** to 156.9m RON, **21%** margin (16%)
- ❑ EBITDA *before IFRS 16* increased by **47.4%** to 126.6m RON, **17%** margin (12.1%)
- ❑ **17%** increase in financial result mainly due to increased FX losses as compared to prior period
- ❑ Net Result increased by **133.3%**, to 45.2m RON
- ❑ Split of Net Result: 88% to Group Owners, 12% to NCI
- ❑ Pro-forma adj. include:
 1. Reclass of subsidies in amount of 23.6m RON in relation to the National Health Program
 2. Financial Results of the Acquired Company (Labor Maricor) for the period January – March 2020
 2. 1.5m RON one-off expenses

Consolidated Statement of Profit and Loss (2/3)

Operational KPIs

Business line	Info	9m 2019 IFRS	9m 2020 IFRS	%VAR	% in Total
Clinics	Revenue	215,147,139	225,341,482	4.7%	29.2%
Clinics	Visits	1,374,303	1,356,597	-1.3%	
Clinics	Avg fee	156.6	166.1	6.1%	
Stomatology	Revenue	44,140,328	41,829,791	-5.2%	5.4%
Stomatology	Visits	91,538	66,108	-27.8%	
Stomatology	Avg fee	482.2	632.7	31.2%	
Hospitals	Revenue	161,867,305	182,194,030	12.6%	23.6%
Hospitals	Patients	61,971	60,622	-2.2%	
Hospitals	Avg fee	2,612.0	3,005.4	15.1%	
Laboratories	Revenue	113,933,178	131,790,323	15.7%	17.1%
Laboratories	Analyses	4,446,584	3,847,035	-13.5%	
Laboratories	Avg fee	25.6	34.3	33.8%	
Corporate	Revenue	136,776,660	143,634,692	5.0%	18.6%
Corporate	Subscriptions	691,605	715,669	3.5%	
Corporate	Avg fee	197.8	200.7	1.5%	
Pharmacies	Revenue	28,725,215	33,210,924	15.6%	4.3%
Pharmacies	Clients	192,319	151,846	-21.0%	
Pharmacies	Sales per client	149.4	218.7	46.4%	
Others	Revenue	10,452,681	12,807,798	22.5%	1.7%
Total		711,042,507	770,809,040	8.4%	100.0%

Sales for **9m 2020** increased by 8.4% vs **9m 2019** (on IFRS), and by **5.1%** vs **9m 2019** (Pro-forma) as an effect of:

- Acquisitions made subsequent to 9m2019
- strong operating performance in January and February
- drop in sales starting with March amid COVID-19 pandemic & Military Ordinances restructuring the healthcare system during the state of emergency, leading to a 22.3% drop in Sales in Q2`20 vs Q1`20
- Rebound of sales in Q3`20, higher by 47% as compared to Q2`20 and by 24% as compared to Q3`19, mainly due to increased traffic in all business lines and COVID 19 PCR testing

Consolidated Statement of Profit and Loss (3/3)

OPEX Evolution

Description	9m 2019 IFRS	9m 2020 IFRS	%VAR	% of OPERATING EXPENSES			% of SALES		
				9m 2019 IFRS	9m 2020 IFRS	Change	9m 2019 IFRS	9m 2020 IFRS	Change
Consumable materials and repair materials	115,070,551	130,261,305	13.2%	17.1%	18.7%	1.5 p.p	16.2%	16.9%	0.7 p.p
Commodities	22,272,585	26,721,190	20.0%	3.3%	3.8%	0.5 p.p	3.1%	3.5%	0.3 p.p
Utilities	8,705,259	9,279,888	6.6%	1.3%	1.3%	0 p.p	1.2%	1.2%	0 p.p
Repairs maintenance	8,776,201	8,215,069	-6.4%	1.3%	1.2%	-0.1 p.p	1.2%	1.1%	-0.2 p.p
Rent	6,174,667	1,548,438	-74.9%	0.9%	0.2%	-0.7 p.p	0.9%	0.2%	-0.7 p.p
Insurance premiums	2,319,884	2,338,734	0.8%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p
Promotion expense	9,407,637	8,859,631	-5.8%	1.4%	1.3%	-0.1 p.p	1.3%	1.1%	-0.2 p.p
Communications	2,975,159	3,215,839	8.1%	0.4%	0.5%	0 p.p	0.4%	0.4%	0 p.p
Third party expenses & Salaries expenses, <i>out of which:</i>	415,210,162	421,259,167	1.5%	61.8%	60.4%	-1.4 p.p	58.4%	54.7%	-3.7 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>192,401,265</i>	<i>209,427,285</i>	<i>8.8%</i>	<i>28.6%</i>	<i>30.0%</i>	<i>1.4 p.p</i>	<i>27.1%</i>	<i>27.2%</i>	<i>0.1 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>222,808,897</i>	<i>211,831,882</i>	<i>-4.9%</i>	<i>33.2%</i>	<i>30.4%</i>	<i>-2.8 p.p</i>	<i>31.3%</i>	<i>27.5%</i>	<i>-3.9 p.p</i>
Depreciation	69,910,643	78,980,023	13.0%	10.4%	11.3%	0.9 p.p	9.8%	10.2%	0.4 p.p
Other administration and operating expenses	11,214,330	7,032,371	-37.3%	1.7%	1.0%	-0.7 p.p	1.6%	0.9%	-0.7 p.p
OPERATING EXPENSES	672,037,078	697,711,654	3.8%	100%	100%	0 p.p	94.5%	90.5%	-4 p.p

Consolidated Statement of Financial Position (1/2)

Description	December 31, 2019 IFRS	September 30, 2020 IFRS	%VAR
Non-current assets	811,596,971	830,517,040	2.3%
Current assets, excluding Cash and cash equivalents	172,090,253	194,709,664	13.1%
Cash and cash equivalents	38,886,218	86,472,188	122.4%
TOTAL ASSETS	1,022,573,442	1,111,698,892	8.7%
Current liabilities	340,941,966	358,940,355	5.3%
Long term liabilities	451,609,561	479,127,126	6.1%
Deferred tax liability	19,756,346	21,327,325	8.0%
TOTAL LIABILITIES	812,307,874	859,394,806	5.8%
Equity attributable to owners of the Group	187,085,058	225,302,842	20.4%
Non-controlling interests	23,180,511	27,001,244	16.5%
EQUITY	210,265,569	252,304,086	20.0%



Consolidated Statement of Financial Position (2/2)

Debt position

Leasing liabilities

Description	December 31, 2019 IFRS	September 30, 2020 IFRS	%VAR
Current portion – Leasing	46,742,639	45,682,132	-2.3%
Long term portion – Leasing	99,007,320	73,198,360	-26.1%
Total	145,749,960	118,880,491	-18.4%

Financial debt

Description	December 31, 2019 IFRS	September 30, 2020 IFRS	%VAR
Overdraft	29,011,944	24,606,887	-15.2%
Current portion of long-term debt	24,802,015	50,907,107	105.3%
Long-term debt	345,952,241	402,603,766	16.4%
Total	399,766,200	478,117,760	19.6%

Net Debt	506,629,942	510,526,063	0.8%
Net debt to Pro-forma EBITDA ratio	3.1	2.5	

Consolidated Statement of Cash Flow

Description	September, 30	September, 30
	2019	2020
	IFRS	IFRS
Net income before taxes	24,523,035	53,935,644
Adjustments for non-monetary items	84,442,898	100,278,057
Operating cash flow before working capital and other monetary changes	108,965,933	154,213,701
Cash generated from working capital changes	(31,550,882)	(39,249,527)
Other monetary changes (income tax and net interest paid)	(15,277,791)	(14,853,490)
Net cash from operating activities	62,137,260	100,110,684
Net cash used in investing activities	(42,061,002)	(75,520,548)
Net cash from/ (used in) financing activities	(3,124,590)	22,995,833
Net change in cash and cash equivalents	16,951,668	47,585,970
Cash and cash equivalents beginning of the period	34,206,159	38,886,218
Cash and cash equivalents end of the period	51,157,827	86,472,188

Cash flow for the period characterized by good operating performance, reinforced by controls and saving measures:

1. 61% increase in net cash from operating activities;
2. 80% increase in cash used in investing activities;
3. Increase in cash with 22.9m RON from financing activities



Q&A Session

Thank you!