

Q1 2022 Financial Results presentation

13 May 2022



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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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Highlights 3m 2022

- Snapshot
- Key messages
- Outlook

Snapshot

- Pro-forma consolidated Sales of **RON 431m** in Q1 2022, increased by **28%** compared to Q1 2021;
- IFRS consolidated Sales of **RON 419m** in Q1 2022, increased by **24%** compared to Q1 2021 (5% like to like increase on one-off COVID demand in Q1 2021);
- Sales growth sustained equally by traffic increase in all business lines, organic development projects and acquisitions;
- **18.1% pro-forma EBITDA margin** (vs. 23.6% IFRS EBITDA margin in Q1 2021);
- Pro-forma EBITDA margin reflects full effect of Neolife (transaction completed in February & consolidated starting with 1st of March 2022) and the acquisitions completed post reporting date: OncoCard, ProLife Clinics and LifeMed;
- **7.5% pro-forma Net Result margin** (vs. 10.7% IFRS Net Result margin in Q1 2021);
- Solid EBITDA and net result margins despite organic development projects & and a period of inflation, energy and supply chain crises, pandemic and geopolitical risks;
- Investments for consolidation at national level of **RON 79m**, 4 x higher YoY: **RON 9m** in organic capital investment and **RON 70m** in acquisitions;
- Consolidated the most powerful oncology and radiotherapy services platform in Romania in line with the strategy communicated to shareholders and investors, crises-resilient segment and strong growth driver for 2022 and years to come
- Balanced revenue structure and highly synergic business model

Key messages 3m 2022

- In 2022, MedLife Group continued its dynamic strategy of expansion through acquisitions and finalized the acquisition of Neolife and OncoCard, consolidating the most powerful oncology and radiotherapy services platform in Romania;
- The Group followed through its strategy of repositioning the business on crisis resilient medical drivers aimed at strengthening the performance response in case of interference of external threats
- Despite uncertainty since the beginning of the year, all business lines followed an upward trend in Q1 2022, with notable performances for the division of clinics, hospitals, but also for pharmacies:
 - Intense activity was recorded in the outpatient line of business related to routine check-ups and monitoring of chronic pathologies;
 - Focused on strengthening the hospital units, facilitating quick access to medical interventions for chronic and acute patients;
- Two years of pandemic along with the war in Ukraine, proved that demand for medical services cannot be put on hold. Moreover, our business confirmed that we were able to adapt and align to market needs, thus proving to be a reliable partner for our patients;
- MedLife Group invested heavily in digitization, in research and innovation, upgraded in terms of equipment and consolidated leading position in terms of oncology;
- Completed acquisition of LifeMed and ProLife Clinics that will be integrated under Sfanta Maria network with a focus on patients accessing NHIH medical services;

Outlook for 2022 and years to come

- Pursue a balanced approach, both from a medical and business perspective, with further consolidation of inpatient services for acute diseases & oncological diagnostic and treatment services; these are conditions that cannot be postponed to the next economic cycle due to pandemics or the geopolitical situation;
- Ongoing discussions with 2 large and medium-sized companies, but also with 5 other small companies to join the group and aims that most of these discussions will materialize this year;
- The Group will accelerate the growth of its second brand, with a focus on patients who adhere to NHIH backed medical services. Sfanta Maria will further expand its presence in several small and medium-sized cities, both organically and through acquisitions;
- 2022 goals are also linked to MedLife Park, which entered its second phase of development. We plan on launching a new state of the art Hyperclinic and expanding the laboratory of molecular biology and pathological anatomy. The company aims for a much larger unit to accommodate the research division that will expand its activity in the oncology area;

Outlook for 2022 and years to come

- The next stage of development of this medical hub is planned for 2023 when MedLife intends to put into operation new surgery rooms and expand the hospitalization capacity of the largest hospital in the group with another 150 beds;
- MedLife Park pilot project will be replicated in the medium and long term in several large cities in the country such as Brasov, Sibiu, Cluj, Timisoara or Arad;
- In addition to M&A and organic development projects, MedLife will continue to focus on digitization and innovation, with important projects related to robotization that will further increase the level of complexity of the surgical procedures;



Financial overview

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

Consolidated Statement of Profit and Loss

Description	3m 2021 IFRS	3m 2022 IFRS	%VAR	Pro-forma adj.	3m 2022 Pro-forma	%VAR
Sales	337,763,672	418,861,038	24.0 %	12,065,480	430,926,519	27.6 %
Other operating income	1,045,041	2,047,789	96.0 %	1,198,645	3,246,434	210.7 %
OPERATING INCOME	338,808,713	420,908,827	24.2 %	13,264,125	434,172,952	28.1 %
OPERATING EXPENSES	(285,199,614)	(380,052,942)	33.3 %	(9,442,243)	(389,495,186)	36.6 %
OPERATING PROFIT	53,609,099	40,855,885	(23.8)%	3,821,882	44,677,767	(16.7)%
EBITDA	79,689,694	72,193,166	(9.4)%	5,915,273	78,108,440	(2.0)%
Net finance cost	(5,909,581)	(7,052,599)	19.3 %	(848,230)	(7,900,829)	33.7 %
Other financial expenses	(4,696,904)	(273,056)	(94.2)%	(6,347)	(279,403)	(94.1)%
FINANCIAL RESULT	(10,606,485)	(7,325,655)	(30.9)%	(854,577)	(8,180,232)	(22.9)%
RESULT BEFORE TAXES	43,002,614	33,530,229	(22.0)%	2,967,305	36,497,534	(15.1)%
Income tax expense	(6,899,724)	(3,976,198)	(42.4)%	(329,044)	(4,305,242)	(37.6)%
NET RESULT	36,102,890	29,554,031	(18.1)%	2,638,261	32,192,292	(10.8)%
Margins						
EBIT %	15.9%	9.8%			10.4%	
EBITDA %	23.6%	17.2%			18.1%	
Net Result %	10.7%	7.1%			7.5%	

3m 2022 Pro-forma vs. 3m 2021 IFRS

- ❑ Sales increased by **27.6%**, to **RON 431m**;
- ❑ **OPEX** increased by **36.6%**, to **RON 389m**;
- ❑ **16.7%** decrease in **EBIT**, to **44.7m RON**, leading to **10.4%** pro-forma margin (15.9% in the same period last year) mainly following decrease in PCR testing and increase in assets base and corresponding depreciation: from RON 26m in Q1 2021 to **RON 33.4m RON** in Q1 2022;
- ❑ **EBITDA** conservation in absolute values at **RON 78.1m**, leading to **18.1%** pro-forma margin (23.6% in the same period last year), following decrease in PCR testing off-set by robust demand levels in all business lines and expanded service offering and market coverage;
- ❑ **Net Result** of **RON 32.2m**, leading to **7.5%** pro-forma margin (10.7% in the same period last year);
- ❑ Split of **Net Result**: 92% to Group Owners, 8% to NCI following additional acquisition of NCI : 10% in Arad Group of companies and 10% in Almina;
- ❑ **Pro-forma adj.** include financial results of the Acquired Companies (Neolife for 2 months; OncoCard, ProLife Clinics and LifeMed for 3 months less subsidies received at Group level from NHIH in relation to the National Health Program for chemotherapy drugs;

Operational KPIs –business lines evolution and bridge to pro-forma figures

Business line	Info	3m 2021 IFRS	3m 2022 IFRS	%VAR	Share of total IFRS Sales	Pro-forma adj.	3m 2022 Pro-forma	%VAR	Share of total Pro-forma Sales
Clinics	Revenue	95,325,290	133,513,421	40.1%	31.9%	17,158,946	150,672,368	58.1%	35.0%
Clinics	Visits	548,587	645,337	17.6%					
Clinics	Avg fee	173.8	206.9	19.1 %					
Stomatology	Revenue	22,015,560	25,530,365	16.0%	6.1%	-	25,530,365	16.0%	5.9%
Stomatology	Visits	33,468	44,176	32.0%					
Stomatology	Avg fee	657.8	577.9	(12.1)%					
Hospitals	Revenue	78,277,792	85,649,611	9.4%	20.4%	(6,249,740)	79,399,871	1.4%	18.4%
Hospitals	Patients	25,417	25,824	1.6%					
Hospitals	Avg fee	3,079.7	3,316.7	7.7 %					
Laboratories	Revenue	76,135,269	55,972,427	(26.5)%	13.4%	1,090,518	57,062,945	(25.1)%	13.2%
Laboratories	Analyses	1,922,244	1,851,466	(3.7)%					
Laboratories	Avg fee	39.6	30.2	(23.7)%					
Corporate	Revenue	50,687,977	51,416,746	1.4%	12.3%	65,756	51,482,502	1.6%	11.9%
Corporate	Subscriptions	718,978	763,175	6.1%					
Corporate	Avg fee	70.5	67.4	(4.4)%					
Pharmacies	Revenue	11,292,107	18,726,740	65.8%	4.5%	-	18,726,740	65.8%	4.3%
Pharmacies	Clients	58,419	148,478	154.2%					
Pharmacies	Sales per	232.0	126.1	(45.6)%					
Others	Revenue	4,029,677	48,051,728	1092.4%	11.5%	-	48,051,728	1092.4%	11.2%
Total		337,763,672	418,861,038	24.0%	100.0%	12,065,480	430,926,519	27.6%	100.0%

- ❑ On a pro-forma basis, Clinics remain the main sales unit of the group, with 35% share in total Sales: growth sustained mainly by increased traffic in all outpatient units and new acquisitions performed;
- ❑ Hospitals with 18.4% share in total Sales; pro-forma negative adj. on Hospitals is the result of OncoCard consolidation less reclass of subsidies received at Group level from NHIH in relation to the National Health Program for chemotherapy drugs. In Hospitals growth has been sustained by increase in the number of patients despite the highest peak of COVID cases in Romania in February 2022 & increase in average fee;
- ❑ Laboratories with 13.2% share in total Sales: decrease by 25% YoY due to significant decrease in PCR testing off-set by an increase in the number of common lab tests;
- ❑ Corporate with 12% share in total Sales: subscriptions growth of 6.1% to 763k HPPs.

OPEX evolution

Description				% of OPERATING EXPENSES			% of SALES		
	3m 2021	3m 2022	%VAR	3m 2021	3m 2022	Change	3m 2021	3m 2022	Change
	IFRS	IFRS		IFRS	IFRS		IFRS		
Consumable materials and repair materials	64,628,057	64,210,728	-0.6%	22.7%	16.9%	-5.8 p.p	19.1%	15.3%	-3.8 p.p
Commodities	8,552,747	50,564,976	491.2%	3.0%	13.3%	10.3 p.p	2.5%	12.1%	9.5 p.p
Utilities	3,617,837	6,308,705	74.4%	1.3%	1.7%	0.4 p.p	1.1%	1.5%	0.4 p.p
Repairs maintenance	3,580,206	4,380,262	22.3%	1.3%	1.2%	-0.1 p.p	1.1%	1.0%	0 p.p
Rent	1,874,600	3,011,825	60.7%	0.7%	0.8%	0.1 p.p	0.6%	0.7%	0.2 p.p
Insurance premiums	863,065	927,356	7.4%	0.3%	0.2%	-0.1 p.p	0.3%	0.2%	0 p.p
Promotion expense	2,285,005	4,444,961	94.5%	0.8%	1.2%	0.4 p.p	0.7%	1.1%	0.4 p.p
Communications	1,133,271	1,238,001	9.2%	0.4%	0.3%	-0.1 p.p	0.3%	0.3%	0 p.p
Third party expenses & Salaries expenses, out of which:	168,124,736	208,922,963	24.3%	58.9%	55.0%	-4 p.p	49.8%	49.9%	0.1 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>89,128,860</i>	<i>108,927,667</i>	<i>22.2%</i>	<i>31.3%</i>	<i>28.7%</i>	<i>-2.6 p.p</i>	<i>26.4%</i>	<i>26.0%</i>	<i>-0.4 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>78,995,876</i>	<i>99,995,296</i>	<i>26.6%</i>	<i>27.7%</i>	<i>26.3%</i>	<i>-1.4 p.p</i>	<i>23.4%</i>	<i>23.9%</i>	<i>0.5 p.p</i>
Depreciation	26,080,595	31,337,281	20.2%	9.1%	8.2%	-0.9 p.p	7.7%	7.5%	-0.2 p.p
Impairment / Release under IFRS 9 provision on TR	1,769,038	-	-100.0%	0.6%	0.0%	-0.6 p.p	0.5%	0.0%	-0.5 p.p
Other administration and operating expenses	2,690,457	4,705,884	74.9%	0.9%	1.2%	0.3 p.p	0.8%	1.1%	0.3 p.p
OPERATING EXPENSES	285,199,614	380,052,942	33.3%	100%	100%	0 p.p	84.4%	90.7%	6.3 p.p

Decrease of **6.5 p.p.** in EBITDA margin due to:

- Decrease in Consumable materials and repair materials with **3.8 p.p.** of Sales due to significant decrease in PCR testing and Pharmachem consolidation;
- Increase in Commodities with **9.5 p.p.** of Sales due to consolidation of CED Pharma Group and Pharmachem Distributie;
- Increase in Utilities with **0.4 p.p.** of Sales;
- Increase in Promotion expenses with **0.4 p.p.** of Sales due to increase in marketing campaigns and projects;

Consolidated Statement of Financial Position

Description	December 31, 2021 IFRS	March 31, 2022 IFRS	%VAR
Non-current assets	1,034,769,069	1,170,565,987	13.1%
Current assets, excluding Cash and cash equivalents	246,974,271	290,953,395	17.8%
Cash and cash equivalents	135,858,888	145,737,043	7.3%
TOTAL ASSETS	1,417,602,228	1,607,256,425	13.4%
Current liabilities (excluding interest bearing liabilities)	278,030,456	329,338,401	18.5%
Financial Debt	727,061,202	829,669,520	14.1%
Other long term debt	7,546,394	7,177,885	(4.9)%
Deferred tax liability	23,559,617	23,559,617	0.0%
TOTAL LIABILITIES	1,036,197,669	1,189,745,423	14.8%
Equity attributable to owners of the Group	338,109,409	366,289,471	8.3%
Non-controlling interests	43,295,149	51,221,531	18.3%
EQUITY	381,404,558	417,511,002	9.5%



Debt position

Leasing liabilities

	December 31, 2021 IFRS	March 31, 2022 IFRS	%VAR
current portion - leasing	52,586,827	57,311,664	9.0%
long term portion - leasing	149,685,246	154,252,955	3.1%
Total	202,272,073	211,564,619	4.6%

Financial debt

	December 31, 2021 IFRS	March 31, 2022 IFRS	%VAR
Overdraft	25,493,223	22,981,826	(9.9)%
Current portion of long-term debt	58,455,422	68,560,838	17.3%
Long-term debt	440,840,484	526,562,237	19.4%
Total	524,789,129	618,104,901	17.8%
Datorii nete de numerar	591,202,314	683,932,477	15.7%
Net debt to EBITDA ratio	2.1	2.4	



Consolidated Statement of Cash Flow

Description	March 31, 2021 IFRS	March 31, 2022 IFRS
Net income before taxes	43,002,613	33,530,229
Adjustments for non-monetary items	37,294,674	37,369,579
Operating cash flow before working capital and other monetary changes	80,297,287	70,899,808
Cash used in working capital changes	(11,873,808)	(27,792,776)
Other monetary changes (income tax and net interest paid)	(10,347,715)	(3,814,612)
Net cash from operating activities	58,075,764	39,292,420
Net cash used in investing activities	(19,300,161)	(78,907,998)
Net cash from/ (used in) financing activities	(8,200,146)	49,493,733
Net change in cash and cash equivalents	30,575,457	9,878,155
Cash and cash equivalents beginning of the period	81,970,397	135,858,888
Cash and cash equivalents end of the period	112,545,854	145,737,043

- ❑ Strong cash flow from operations before working capital changes at RON 71m;
- ❑ 4 X increase in investments YoY, to RON 78.9m mainly due to investment in business combination;
- ❑ Net cash from financing activities of RON 49.5m RON.



Q&A Session

Thank you!