



Conference Call Presentation for Q3 2017 Results

SPITALUL DE PEDIATRIE



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## I. CAPITAL RAISE PROCESS STATUS

### Current status

- Prospectus submitted for approval to the Financial Supervisory Authority of Romania.

### Subscription period and Subscription rights

- Shareholders registered in the Company's shareholder register as of 27<sup>th</sup> of October 2017 ("Record Date") have been granted preferential subscription rights. The rights will not be tradable.
- Shareholders receive 1 right for 1 share, 1 subscription right will give the right to subscribe 0.1294 new shares.
- Subscription period for preference rights estimated to commence in the second half of November (company estimation - period subjected to approval of Prospectus by the regulator).
- Existing Shareholders who do not use their Subscription Rights will experience a dilution of their shareholding in the Company.
- Subscription period shall run for one month for shareholders with preference rights.
- Subscription process expected to finish by the end of the year.

### Subscription price

- Investors will subscribe at the maximum price, which will be announced in the Prospectus.
- The final price for both subscription rights period and private placement period shall be determined and announced at the end of the subscription period.
- The price setting process will take place under market conditions.



## II. MAIN EVENTS OF THE FIRST 9 MONTHS OF 2017

### Polisano acquisition

MedLife signed in October the acquisition of 100% stake in Polisano medical services, one of the largest private medical operators in Romania. Founded in the 90's, Polisano is the first fully integrated medical group in Romania. It includes a series of four clinics with its own laboratories located in Bucharest and Sibiu, a private hospital – Polisano European Hospital in Sibiu – recognized as one of the most modern and performing hospital units in Romania, one in vitro fertilization centre and the biggest private maternity in Transylvania.

Polisano has served approximately 2,1 million patients focused on both retail segment and the corporate segment. The company currently has over 500 employees and registered a turnover of about 80 million lei in the year 2016.

Polisano acquisition was carried out in line with the commitment taken towards our investors in the IPO and all subsequent communications.

Polisano will bring important changes to MedLife's aggregate dynamics.

The transaction will be completed following the validation by the Competition Council and approval of the condition precedents.



Source: [www.polisano.ro](http://www.polisano.ro)

## II. MAIN EVENTS OF THE FIRST 9 MONTHS OF 2017

### Extraordinary General Shareholders Meeting decisions

Shareholders authorization for the Board of Directors to :

- increase the share capital of the Company and
- to opt for financing by carrying out one or several bond issues up to EUR 60 million

#### PROCESS UPDATE

##### **Share capital increase :**

In progress, end of 2017 expected completion date.

##### **Bonds issue :**

Considering that a relevant part of the intended growth was already captured through acquisitions made, and that other small acquisitions are undergoing, the probability increased to reach our targets faster than expected, with lower funds dedicated exclusively for acquisitions.

Thus, we will have a reduced appetite for big transactions in the following period, and in consequence a bonds issuance of EUR 60 mil will be less likely. Expected future financing plan : between EUR 20 and 30 million bonds and/or their partial conversion into long-term credits.

This does not mean that MedLife will step back from large acquisitions, but that MedLife will not sacrifice high costs with bonds in exchange of speed in potential transactions, as it is already in a very good strategic position and has a relevant national coverage.





## II. MAIN EVENTS OF THE FIRST 9 MONTHS OF 2017

### Other events

- Med Life SA signed the sales purchase agreement for the acquisition of shares/social parts of the share capital of the following companies:
  - 80% of share capital of Almina Trading SA – acquisition completed on the in March 2017
  - 100% of share capital in Anima Speciality Medical Services SRL – acquisition completed in May 2017.
  - 55% of share capital in Valdi Medica SRL (operator of Humanitas Hospital) - acquisition completed in September 2017
- Stake increase Stem Cells Bank and Genesys Medical Clinic :
  - 40% stake increase in Stem Cells Bank in Timișoara
  - 3% stake increase in Genesys Medical Clinic
- Amendment concluded for the Club Loan facility that will lead to lower interest costs.
- Refinancing of leasing contracts through a new loan agreement at lower financing costs.
- MedLife GIE (Economic Interest Group) process expected to finalize in first or second quarter of 2018.



### III. MEDLIFE GROUP 9M 2017 FINANCIAL SNAPSHOT

- Group sales increased with RON 97.69 mil, or 27%, in the 9M 2017 as compared to 9M 2016, amounting to RON 459.18 mil.
- Operating profit recorded a 154.4% increase YoY, from RON 11.44 mil in 9M 2016 to RON 29.1 mil in 9M 2017.
- Financial loss increased in 9M 2017 by RON 4.53 mil from a loss of RON 10.01 mil in 9M 2016 to a loss of RON 14.54 mil in 9M 2017 due to net foreign exchange losses recorded in 9M 2017.
- Net profit of RON 9.56 mil recorded in 9M 2017, as compared to RON 43 th for 9M 2016.
- On a pro-forma basis, sales amount to RON 471.98 mil and Adjusted EBITDA to RON 60.44 mil for 9M 2017.
- Long term assets amount to RON 428.12 mil as of 30 September 2017. Increase of 14.1% as compared to 31 December 2016. Increase mainly linked to financial assets recorded in relation to Anima and Almina Trading acquisition.
- Interest bearing debt increased by RON 65.28 mil, from RON 240.57 mil as of 31 December 2016 to RON 305.85 mil as of 30 September 2017. Increase linked to Banu Manta finance lease, Anima & Almina Trading acquisition financing and refinancing of leasing contracts.
- Slight erosion in margins due to acquisitions of companies with lower margins than MedLife and a higher increase in salaries than initial estimated. On a consolidated Pro-Forma basis no relevant deviations from the nominal profit targets.



### III. MEDLIFE GROUP 9M 2017 FINANCIAL SNAPSHOT

#### Consolidated Statement of Financial Position

Description	31-Dec-16	30-Sep-17	% VAR
Non-current assets	375,364,713	428,121,614	14.1%
Current assets	90,754,747	110,770,485	22.1%
<b>TOTAL ASSETS</b>	<b>466,119,460</b>	<b>538,892,099</b>	<b>15.6%</b>
Current liabilities	145,300,339	158,439,303	9.0%
Long term liabilities	213,144,255	265,129,607	24.4%
Deferred tax liability	14,655,982	15,178,504	3.6%
<b>TOTAL LIABILITIES</b>	<b>373,100,576</b>	<b>438,747,414</b>	<b>17.6%</b>
Equity attributable to owners of the Group	81,546,473	85,801,461	5.2%
Non-controlling interests	11,472,411	14,343,224	25.0%
<b>EQUITY</b>	<b>93,018,884</b>	<b>100,144,685</b>	<b>7.7%</b>

#### Consolidated Statement of Profit and Loss

Description	The 9 month period ended September 30,		% VAR
	2016 (IFRS)	2017 (IFRS)	
Sales	361,489,209	459,182,988	27.0%
Other operating income	628,470	4,454,435	608.8%
<b>OPERATING INCOME</b>	<b>362,117,679</b>	<b>463,637,423</b>	<b>28.0%</b>
<b>OPERATING EXPENSES</b>	<b>(350,679,676)</b>	<b>(434,536,793)</b>	<b>23.9%</b>
<b>OPERATING PROFIT</b>	<b>11,438,003</b>	<b>29,100,630</b>	<b>154.4%</b>
<b>EBITDA</b>	<b>38,858,608</b>	<b>58,297,386</b>	<b>50.0%</b>
<b>FINANCIAL RESULT</b>	<b>(10,011,919)</b>	<b>(14,537,952)</b>	<b>45.2%</b>
<b>RESULT BEFORE TAXES</b>	<b>1,426,084</b>	<b>14,562,678</b>	<b>921.2%</b>
Income tax expense	(1,382,946)	(5,002,865)	261.8%
<b>NET RESULT</b>	<b>43,138</b>	<b>9,559,813</b>	<b>22061.0%</b>

#### Consolidated Statement of Cash Flow

Description	30-Sep-16	30-Sep-17
Operating cash flow before working capital changes	55,465,088	47,927,970
Cash generated from WC changes	(16,407,405)	(9,010,564)
Cash generated from operations	39,057,683	38,917,406
<b>Net cash from operating activities</b>	<b>27,063,911</b>	<b>27,825,982</b>
<b>Net cash used in investing activities</b>	<b>(68,669,095)</b>	<b>(44,169,364)</b>
<b>Net cash from financing activities</b>	<b>43,277,505</b>	<b>21,524,888</b>
<b>Net change in cash and cash equivalents</b>	<b>1,672,321</b>	<b>5,181,506</b>
Cash and cash equivalents beginning of the period	20,701,850	5,881,496
<b>Cash and cash equivalents end of the period</b>	<b>22,374,171</b>	<b>11,063,002</b>



### III. MEDLIFE GROUP 9M 2017 FINANCIAL SNAPSHOT

#### OPEX EVOLUTION

Description	9M 2016 IFRS	9M 2017 IFRS	% VAR	% of OPERATING EXPENSES			% of SALES		
				9M 2016	9M 2017	% change	9M 2016	9M 2017	% change
Consumable materials and repair materials	60,878,765	73,407,079	20.6%	17.4%	16.9%	-0.5 p.p	16.8%	16.0%	-0.9 p.p
Commodities	13,587,212	17,199,602	26.6%	3.9%	4.0%	0.1 p.p	3.8%	3.7%	-0.1 p.p
Utilities	3,538,043	4,607,136	30.2%	1.0%	1.1%	0.1 p.p	1.0%	1.0%	0 p.p
Repairs maintenance	3,507,447	4,671,966	33.2%	1.0%	1.1%	0.1 p.p	1.0%	1.0%	0 p.p
Rent	19,598,060	28,697,973	46.4%	5.6%	6.6%	1 p.p	5.4%	6.2%	0.8 p.p
Insurance premiums	1,370,825	1,527,901	11.5%	0.4%	0.4%	0 p.p	0.4%	0.3%	0 p.p
Promotion expense	7,800,010	7,347,015	-5.8%	2.2%	1.7%	-0.5 p.p	2.2%	1.6%	-0.6 p.p
Communications	2,354,850	2,432,293	3.3%	0.7%	0.6%	-0.1 p.p	0.7%	0.5%	-0.1 p.p
Third party expenses & Salaries expenses, <i>out of which:</i>	191,297,848	257,640,214	34.7%	54.6%	59.3%	4.7 p.p	52.9%	56.1%	3.2 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>91,391,189</i>	<i>120,705,606</i>	<i>32.1%</i>	<i>26.1%</i>	<i>27.8%</i>	<i>1.7 p.p</i>	<i>25.3%</i>	<i>26.3%</i>	<i>1 p.p</i>
<i>Salaries and related expenses (incl. social contributions)</i>	<i>99,906,659</i>	<i>136,934,608</i>	<i>37.1%</i>	<i>28.5%</i>	<i>31.5%</i>	<i>3 p.p</i>	<i>27.6%</i>	<i>29.8%</i>	<i>2.2 p.p</i>
<i>Salary and related expenses</i>	<i>81,479,174</i>	<i>111,789,716</i>	<i>37.2%</i>	<i>23.2%</i>	<i>25.7%</i>	<i>2.5 p.p</i>	<i>22.5%</i>	<i>24.3%</i>	<i>1.8 p.p</i>
<i>Social contributions</i>	<i>18,427,485</i>	<i>25,144,892</i>	<i>36.5%</i>	<i>5.3%</i>	<i>5.8%</i>	<i>0.5 p.p</i>	<i>5.1%</i>	<i>5.5%</i>	<i>0.4 p.p</i>
Depreciation	27,420,605	29,196,756	6.5%	7.8%	6.7%	-1.1 p.p	7.6%	6.4%	-1.2 p.p
Other administration and operating expenses	19,326,011	7,808,858	-59.6%	5.5%	1.8%	-3.7 p.p	5.3%	1.7%	-3.6 p.p
<b>OPERATING EXPENSES</b>	<b>350,679,676</b>	<b>434,536,793</b>	<b>23.9%</b>	<b>-</b>	<b>-</b>		<b>97.0%</b>	<b>94.6%</b>	<b>-2.4 p.p</b>

The Group recorded a 2.4 p.p. decrease of operating expenses as % of sales in 9M 2017 as compared to 9M 2016, mainly as a result of a 3.6 p.p decrease of “Other administration and operating exepenses” and “Consumable and repair materials” decrease by 0.9 p.p.. The improvements are slightly offset by a 2.2 p.p. increase for salaries expenses, a 1 p.p. increase in “Third party expenses (incl. doctors agreements”) and in 0.8 p.p. increase of “Rent” expense, as a % of Sales.

There were no significant changes recorded on Group OPEX structure, except for salaries expenses share increase in total OPEX of 3 p.p and “Third parties expenses” share increase in total OPEX of 1.7 p.p in 9M 2017 compared to 9M 2016.

#### IV. KEY OPERATIONAL METRICS FOR 9M 2017

Business Line	FY 2016	9M 2017
Clinics sales	130,109,363	123,033,421
Visits	909,132	853,854
Average charge	143.1	144.1
Stomatology sales	18,504,217	28,062,823
Visits	69,111	76,259
Average charge	267.7	368.0
Hospitals sales	104,977,229	88,249,720
Hospitals	56,283	45,273
Average charge	1,865.2	1,949.3
Laboratories sales*	93,161,917	85,912,393
Analyses	4,223,840	3,976,394
Average charge	22.1	21.6
Corporate sales	127,988,835	105,590,728
HPP	420,933	570,226
Average charge	304.1	185.2
Pharmacies sales	23,597,580	21,176,009
Tickets	264,604	200,080
Average charge	89.2	105.8
Other sales*	4,647,649	7,157,894

\* Sales obtained for stem cells bank services are classified for the first nine months of 2017 on Other Sales business line. Stem cells bank services sales were previously classified in Laboratories business line. In order to ensure comparison between periods, we have reclassified stem cell banks services sales for 2016 FY from Laboratories business line to Other Sales business line.







# V. Q&A SESSION

Thank you!

