



Conference Call Presentation for 2018 Preliminary Results

SPITALUL DE PEDIATRIE  MedLife

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





# TOPICS OF DISCUSSION

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# Q4 2018 AT A GLANCE

## ORGANIC GROWTH

- **Bacau Clinic** – under Sfanta Maria, the second brand of MedLife
- **Oradea Hyperclinic**

## EXPANSION PLANS

- **Grivita Hospital** (additional **57 beds** and **2 surgery rooms**) – completed by December 2018

## CREDIT FACILITIES CONTRACTED BY THE GROUP

- MedLife **signed a new syndicated credit facility** with Banca Comercială Română, Raiffeisen Bank, BRD Groupe Société Générale and Banca Transilvania for refinancing its existing facilities, extending the maturity of the loans, rearranging the related terms and conditions and raising new funds up to a total amount of 66 million euros

## OWN SHARE BUY-BACK AND EXCHANGE OF SHARES WITH PROGRAM RECIPIENTS

- The **share buy-back program** of the Company was initiated on 9 of November 2018
- MedLife bought-back **224,046 own shares** at the total value of 6 mRON up to 31 December 2018

## & SUBSEQUENT EVENTS

### ACQUISITIONS

- MedLife crossed the country`s borders and announced the first international transaction through the acquisition of **51% stake** in Rózsakert Medical Center (RMC) Group of companies, one of top 10 medical services providers in Hungary. In 2017 RMC Group registered a turnover of 4.2 million euros.
- Increase from **55% to 90% stake** in Sama Group of companies in Craiova under the share buy-back and exchange of shares program; and
- Increase from **80% to 83% stake** in PDR Group of companies in Brasov under the share buy-back and exchange of shares program - focus on group alignment and compliance with the acquisition strategy, which recognizes and encourages the contribution of the founders of the subsidiaries to the integrated activity of MedLife Group.

### ORGANIC GROWTH

- 2 **Dent Estet** Clinics in Sibiu – one for adults, and one for kids;

### EXPANSION PLANS

- **Humanitas Hospital** (additional **21 beds** and **1 surgery room**)

# KEY CHANGES 2018 vs 2017

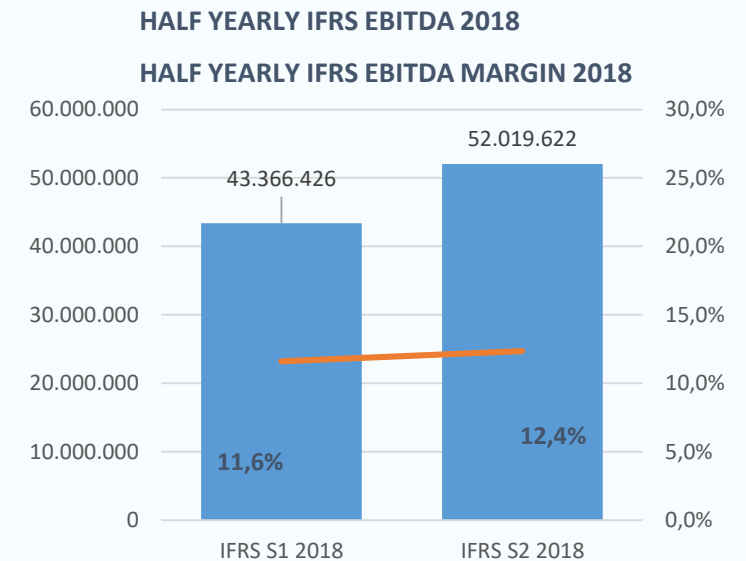
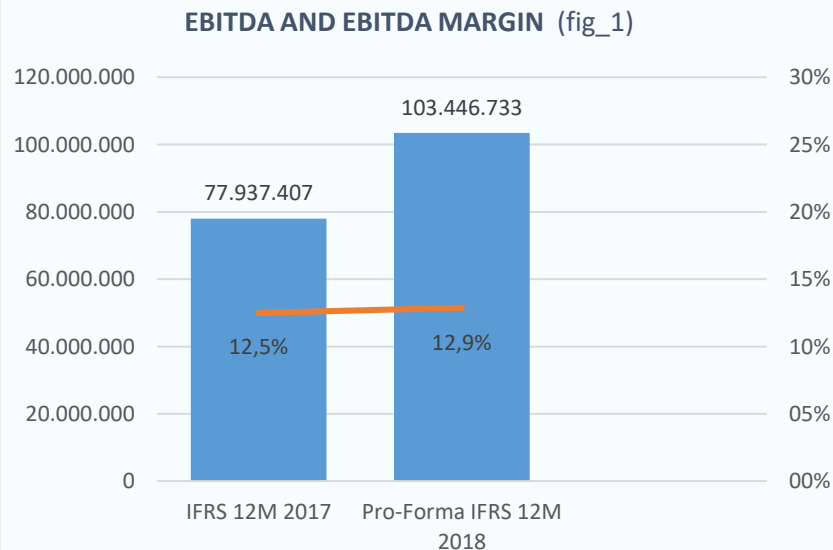
SALES

**Sales** increased by : + 29% Pro-forma 2018 vs. IFRS 2017  
 + 27.5% IFRS 2018 vs. IFRS 2017 vs. market increase by approx. 10%\*  
 + 12.9% like2like

EBITDA

Absolute value of EBITDA **increased** by 32.7% Pro-forma 2018 vs. IFRS 2017

**improved** EBITDA margin : 12.9% Pro-Forma IFRS 2018 vs. 12.5% IFRS 2017, despite 1.2 p.p. increase in Salaries as a percentage of Sales (fig\_1 below)



\*10% market growth rate is based on MedLife internal research; 9.6% Compound annual growth rate for development of private healthcare markets in Romania according to PMR 2018 Report

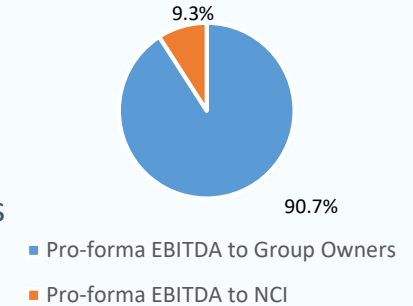
# KEY CHANGES 2018 vs 2017 (Cont.)

## EBITDA

■ IFRS EBITDA is **consistent** with CF before WC and other monetary changes, as IFRS EBITDA was 95.4m RON, while CF before WC and other monetary changes was 92m RON.

■ Split of Pro-forma EBITDA between Owners of the Group / NCI for 2018:

- **90.7%** to Group Owners before additional stakes in Sama and PDR Groups and acquisition of 51% stake in RMC Group in Hungary



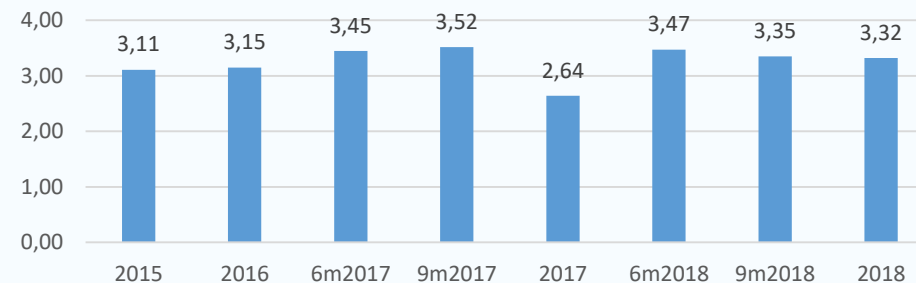
## NET RESULT

■ Net result **increased** by 88.1% in 2018 as compared to 2017, from 8.7mRON to 16.4mRON, on IFRS figures, and by 125.6%, from 8.7mRON to 19.7mRON, on Pro-forma IFRS figures. Part of the increase was also due to a 3.5m RON haircut from acquisitions as reported at Q3 2018.

■ Split of IFRS Net result between Owners of the Group/ NCI has **improved** from **50%** to Group Owners and **50%** to NCI in 2017 to **79%** to Group Owners and **21%** to NCI in 2018

## NET DEBT to Pro-forma EBITDA Ratio

■ **Consistency** in Net Debt to Pro-forma EBITDA Ratio



# MISSION STATEMENT & EVOLUTION

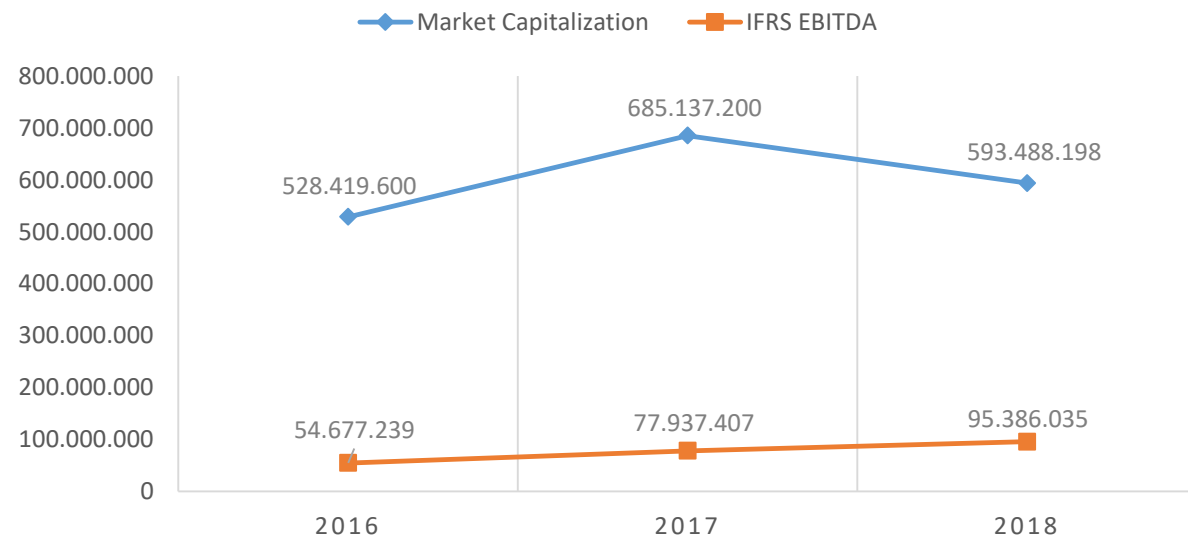
	2016 IFRS	2017 IFRS	2018 Pro-forma IFRS
Consistent track record of strong growth of Sales	502.9 mRON	623.2 mRON, increased by 24%	804 mRON, increased by 29%
through acquisitions and organic growth	<p><b>MedLife</b> units as at 31 December 2016:</p> <ul style="list-style-type: none"> <li>- 18 hyperclinics;</li> <li>- 21 clinics;</li> <li>- 8 hospitals;</li> <li>- 26 labs;</li> <li>- 8 dental offices; <i>and</i></li> <li>- 9 pharmacies</li> </ul>	<p><b>MedLife</b> units as at 31 December 2017:</p> <ul style="list-style-type: none"> <li>- 19 hyperclinics;</li> <li>- 34 clinics;</li> <li>- 9 hospitals;</li> <li>- 29 labs;</li> <li>- 9 dental offices; <i>and</i></li> <li>- 10 pharmacies</li> </ul>	<p><b>MedLife</b> units as at 31 December 2018:</p> <ul style="list-style-type: none"> <li>- 20 hyperclinics;</li> <li>- 47 clinics;</li> <li>- 10 hospitals;</li> <li>- 33 labs;</li> <li>- 9 dental offices; <i>and</i></li> <li>- 10 pharmacies</li> </ul>
Complex medical system with national coverage	<ul style="list-style-type: none"> <li>- Leading the private medical services market in Romania;</li> <li>- Continued the business plan announced to shareholders and investors regarding consolidation of position at national level: completed 20 acquisitions and numerous organic growth projects;</li> <li>- Presences in all cities with more than 150k inhabitants;</li> <li>- Through RMC acquisition in Hungary, MedLife strengthens its position, being one of the largest healthcare providers in Central and Eastern Europe</li> </ul>		



# MISSION STATEMENT & EVOLUTION (Cont.)

	2016 IFRS	2017 IFRS	2018 Pro-forma IFRS
EBITDA evolution in absolute figures	54.6 mRON	77.9 mRON, increased by 43%	103.4 mRON, increased by 33%
Sustainable and improved EBITDA margin	10.9% EBITDA margin	12.5% EBITDA margin	12.9% EBITDA margin

Market capitalisation\* vs EBITDA



\*Market capitalization according to BSE Monthly Bulletins

# MEDLIFE GROUP 2018 FINANCIAL SNAPSHOT – preliminary results

## Consolidated Statement of Financial Position

Description	December 31, 2018 IFRS	January 1, 2018 IFRS	%VAR
Non-current assets	590,126,265	432,342,667	36.5%
Current assets	163,145,420	171,002,820	-4.6%
<b>TOTAL ASSETS</b>	<b>753,271,685</b>	<b>603,345,487</b>	<b>24.8%</b>
Current liabilities	244,779,527	167,577,743	46.1%
Long term liabilities	313,538,596	252,909,151	24.0%
Deferred tax liability	16,436,342	15,196,634	8.2%
<b>TOTAL LIABILITIES</b>	<b>574,754,465</b>	<b>435,683,528</b>	<b>31.9%</b>
Equity attributable to owners of the Group	158,975,128	152,036,571	4.6%
Non-controlling interests	19,542,092	15,625,388	25.1%
<b>EQUITY</b>	<b>178,517,220</b>	<b>167,661,959</b>	<b>6.5%</b>



## Consolidated Statement of Profit and Loss

Description	12 months 2018	12 months 2017	%VAR	12 months 2018	12 months 2017	%VAR
	IFRS	IFRS	2018/2017	Pro-Forma	IFRS	2018/2017
Sales	794,559,077	623,219,949	27.5%	804,068,936	623,219,949	29.0%
Other operating income	9,844,865	7,496,681	31.3%	13,617,439	7,496,681	81.6%
<b>OPERATING INCOME</b>	<b>804,403,942</b>	<b>630,716,630</b>	<b>27.5%</b>	<b>817,686,375</b>	<b>630,716,630</b>	<b>29.6%</b>
<b>OPERATING EXPENSES</b>	<b>(766,570,787)</b>	<b>(595,857,844)</b>	<b>28.6%</b>	<b>(775,102,973)</b>	<b>(595,857,844)</b>	<b>30.1%</b>
<b>OPERATING PROFIT</b>	<b>37,833,155</b>	<b>34,858,786</b>	<b>8.5%</b>	<b>42,583,402</b>	<b>34,858,786</b>	<b>22.2%</b>
<b>EBITDA</b>	<b>95,386,048</b>	<b>77,937,407</b>	<b>22.4%</b>	<b>103,446,746</b>	<b>77,937,407</b>	<b>32.7%</b>
FINANCIAL RESULT	(14,558,629)	(20,582,241)	-29.3%	(15,512,421)	(20,582,241)	-24.6%
<b>RESULT BEFORE TAXES</b>	<b>23,274,526</b>	<b>14,276,545</b>	<b>63.0 %</b>	<b>27,070,981</b>	<b>14,276,545</b>	<b>89.6 %</b>
Income tax expense	(6,847,570)	(5,544,920)	23.5 %	(7,372,513)	(5,544,920)	33.0 %
<b>NET RESULT</b>	<b>16,426,956</b>	<b>8,731,625</b>	<b>88.1%</b>	<b>19,698,468</b>	<b>8,731,625</b>	<b>125.6%</b>

# MEDLIFE GROUP 2018 FINANCIAL SNAPSHOT – preliminary results

## Consolidated Statement of Cash Flow

Description	December 31, 2018	December 31, 2017
<b>Net income before taxes</b>	<b>23,274,526</b>	<b>14,276,545</b>
Adjustments for non-monetary items	68,734,473	57,992,829
<b>Operating cash flow before working capital and other monetary changes</b>	<b>92,008,999</b>	<b>72,269,374</b>
Cash generated from working capital changes	(17,041,217)	(18,522,098)
Other monetary changes (income tax and net interest paid)	(23,545,301)	(17,900,480)
<b>Net cash from operating activities</b>	<b>51,422,481</b>	<b>35,846,796</b>
<b>Net cash used in investing activities</b>	<b>(69,830,837)</b>	<b>(73,951,320)</b>
<b>Net cash from/ (used in) financing activities</b>	<b>(27,481,873)</b>	<b>96,630,441</b>
<b>Net change in cash and cash equivalents</b>	<b>(45,890,229)</b>	<b>58,525,917</b>
Cash and cash equivalents beginning of the period	79,227,766	20,701,849
Cash and cash equivalents end of the period	33,337,537	79,227,766

IFRS EBITDA is consistent with operating CF before WC and other monetary changes

Description	December 31, 2018	December 31, 2017
Operating cash flow before working capital and other monetary changes	92,008,999	72,269,374
EBITDA	95,386,048	77,937,407



# MEDLIFE GROUP 2018 FINANCIAL SNAPSHOT – preliminary results

## OPEX EVOLUTION

Description				% of OPERATING EXPENSES			% of SALES			
	12 months	12 months	% VAR	12 months	12 months	Change	12 months	12 months	Change	Note
	2018	2017	2018/2017	2018	2017		2018	2017		
	IFRS	IFRS		IFRS	IFRS		IFRS	IFRS		
Consumable materials and repair materials	126,042,260	97,974,250	28.6%	16.4%	16.4%	0 p.p	15.9%	15.7%	0.1 p.p	
Commodities	29,367,048	24,115,025	21.8%	3.8%	4.0%	-0.2 p.p	3.7%	3.9%	-0.2 p.p	
Utilities	9,055,571	6,573,637	37.8%	1.2%	1.1%	0.1 p.p	1.1%	1.1%	0.1 p.p	
Repairs maintenance	8,984,186	6,435,809	39.6%	1.2%	1.1%	0.1 p.p	1.1%	1.0%	0.1 p.p	
Rent	41,986,204	38,281,750	9.7%	5.5%	6.4%	-0.9 p.p	5.3%	6.1%	-0.9 p.p	A
Insurance premiums	2,538,221	2,103,123	20.7%	0.3%	0.4%	0 p.p	0.3%	0.3%	0 p.p	
Promotion expense	15,009,240	10,976,803	36.7%	2.0%	1.8%	0.1 p.p	1.9%	1.8%	0.1 p.p	
Communications	3,748,038	3,326,050	12.7%	0.5%	0.6%	-0.1 p.p	0.5%	0.5%	-0.1 p.p	
Third party expenses & Salaries expenses, out of which:	459,347,560	352,649,550	30.3%	59.9%	59.2%	0.7 p.p	57.8%	56.6%	1.2 p.p	B
<i>Third party expenses (including doctor's agreements)</i>	<i>206,073,087</i>	<i>165,638,063</i>	<i>24.4%</i>	<i>26.9%</i>	<i>27.8%</i>	<i>-0.9 p.p</i>	<i>25.9%</i>	<i>26.6%</i>	<i>-0.6 p.p</i>	
<i>Salary and related expenses (including social contributions)</i>	<i>253,274,473</i>	<i>187,011,487</i>	<i>35.4%</i>	<i>33.0%</i>	<i>31.4%</i>	<i>1.7 p.p</i>	<i>31.9%</i>	<i>30.0%</i>	<i>1.9 p.p</i>	
Depreciation	57,552,894	43,078,621	33.6%	7.5%	7.2%	0.3 p.p	7.2%	6.9%	0.3 p.p	
Other administration and operating expenses	12,939,566	10,343,226	25.1%	1.7%	1.7%	0 p.p	1.6%	1.7%	0 p.p	
<b>OPERATING EXPENSES</b>	<b>766,570,787</b>	<b>595,857,844</b>	<b>28.6%</b>	<b>100%</b>	<b>100%</b>	<b>0 p.p</b>	<b>96.5%</b>	<b>95.6%</b>	<b>0.9 p.p</b>	

### Note:

The Group recorded a 0.9 p.p. increase of operating expenses as % of sales in 2018 as compared to 2017.

A. 0.9 p.p. decrease of "Rent" as % of Sales; and

B. 1.2 p.p. increase of "Third parties and salaries expenses" as % of Sales as an effect of increased competition on work force from the public medical sector.



## KEY OPERATIONAL METRICS FOR 2018 – preliminary results

Business line	Info	12 months 2018 IFRS	12 months 2017 IFRS
Clinics	<b>Revenue</b>	<b>233,339,171</b>	<b>166,650,648</b>
Clinics	Visits	1,478,211	1,153,218
Clinics	Avg fee	157.9	144.5
Stomatology	<b>Revenue</b>	<b>44,733,559</b>	<b>37,565,681</b>
Stomatology	Visits	102,714	99,682
Stomatology	Avg fee	435.5	376.9
Hospitals	<b>Revenue</b>	<b>167,320,772</b>	<b>119,106,274</b>
Hospitals	Patients	75,031	58,610
Hospitals	Avg fee	2,230.0	2,032.2
Laboratories	<b>Revenue</b>	<b>134,680,878</b>	<b>115,259,329</b>
Laboratories	Analyses	5,666,665	5,320,695
Laboratories	Avg fee	23.8	21.7
Corporate	<b>Revenue</b>	<b>169,171,271</b>	<b>144,621,716</b>
Corporate	Subscriptions	649,292	568,593
Corporate	Avg fee	260.5	254.4
Pharmacies	<b>Revenue</b>	<b>36,111,885</b>	<b>29,526,655</b>
Pharmacies	Clients	269,737	269,104
Pharmacies	Sales per client	133.9	109.7
Others	<b>Revenue</b>	<b>9,201,541</b>	<b>10,489,646</b>







## IV. Q&A SESSION

THANK YOU!

