

MedLife Group Consolidated Budget for FY 2022



MedLife Group | Budget FY 2022 – Consolidated Statement of Profit and Loss

	Financial Year		Variance
	2021	2022	
(RON, unless otherwise stated)	IFRS, audited	Budget*	
TURNOVER	1,427,218,373	1,622,764,381	13.7%
Other operating revenues	10,362,989	-	
OPERATING INCOME	1,437,581,362	1,622,764,381	12.9%
OPERATING EXPENSES (without depreciation and amortization)	1,151,969,260	1,325,179,052	15.0%
EBITDA	285,612,102	297,585,330	4.2%
EBITDA margin (%)	19.9%	18.3%	
OPERATIONAL PROFIT	171,851,903	169,993,247	-1.1%
OPERATIONAL PROFIT margin (%)	12.0%	10.5%	
FINANCIAL RESULT	(36,432,342)	(34,368,014)	-5.7%
NET RESULT	112,913,209	114,154,629	1.1%
NET RESULT margin (%)	7.9%	7.0%	

*Doesn't include NeoLife and Centrul Medical Irina

*Pro-forma EBITDA margin (%) for 2021 of 18.7%

Pro-Forma 2021 transposes (i) the acquisition of the Acquired Companies in 2021 as if the acquisition had occurred on 1 January 2021 by combining the financial results for the period of the Acquired Companies with those of the Group and (ii) the elimination of certain expenses included in the Consolidated PL of the Group which the Group considers to be non-operational and/or non-recurring by nature.

Substantiation of the 2022 Budget

The Group's financial performance is affected, was affected in the past and is expected to be affected in the future by a number of factors, such as:

- National and global pandemic evolution and its side effects within the regional economy as a whole;
- Geopolitical context that places pressure on overall demand to a certain extent;
- Evolution of the macroeconomic environment and the general health condition of the targeted population which both determine the consumption of private healthcare services;
- The reduced level of the State's investments in public healthcare orientates the population's reach towards private medical services;
- Most of the Group's turnover relies on private spending and not on State funded medical insurances;
- Medlife Group has a strong balanced business model which facilitates recurrent revenue capture;
- The Group's focus is centralized on expansion by both greenfield investments and acquisitions which provides basis for sustainable growth;
- Labor costs and scale efficiencies will impact profitability;
- Changes in fiscal legislation directly impact the cost structure of the Group and thus affect profitability.

The estimations and assumptions used are based on historical experience and on other factors which are considered to be reasonable under the current conditions, and their results set the base for judgement with regards to future performance which is not easily outlined from other sources.

The management expects the Group's performance to improve over time and its financial results to grow, based on the proven increase in demand for the medical services rendered in the Group's facilities.

Moreover, an upside effect will translate from the increased performance of the newly acquired entities which are headed to align performance to the Group's threshold.

The Group estimates that:

- it will continue to capitalize on the medical units of the acquired companies in order to organically develop their operations and to align the acquired companies to a profitability level (EBITDA margin) similar to that of the Group;
- it will continue to analyze the potential acquisition of certain medical companies which will determine the expansion of its services in areas where it already has local presence or will allow the Group to expand in new geographical areas;
- it will generate organic growth opportunities through both launching of greenfield units and capitalizing on growth opportunities for the existing units by building up additional business on the same, already existing, fixed costs structure, especially in case of hospitals;
- it will continue to optimize the mix of services rendered in its units based on specific market conditions, thus aiming to increase the revenue and improve the profit margin of each medical unit;
- it will profit from market consolidation, which is particularly favorable to the leaders of the private medical services market, allowing for an accelerated growth of sales and a more intense presence on the regional market and on niche specialties, and facilitating to reach economies of scale.

The actual results may differ from the estimations.