



Conference Call Presentation for
H1 2019 Financial Results

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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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MAIN EVENTS OF H1 2019 AND SUBSEQUENT EVENTS

ACQUISITIONS

- 51% of the shares in **RMC Group, Hungary** (*finalized in March 2019*)
- 65% of the shares in **Badea Medica Center of Excellence** in Cluj (*finalized in May 2019*)
- Increase from 55% to 90% shares in **Sama Group, Craiova**
- Increase from 80% to 83% shares in **PDR Group, Brasov**
- Increase from 55% to 58% shares in **Genesys Group, Arad**

ORGANIC GROWTH

- 2 **Dent Estet** clinics in Sibiu – one for adults, one for kids; and
- **Floreasca Hyperclinic** in Bucharest- brownfield project- to be inaugurated in Q3 2019

EXPANSION PLANS

- Additional investments in high margin imagistic services: 3 new **MRIs** that serve also under the contract with NHIH, reaching a total number of 18 **MRIs** nationwide

FINANCING FROM BANKS

- Board of Directors started the negotiations with the Banks of the terms and conditions for the increase of the credit limit granted up to 90m EUR

KEY CHANGES H1 2019 vs H1 2018

SALES

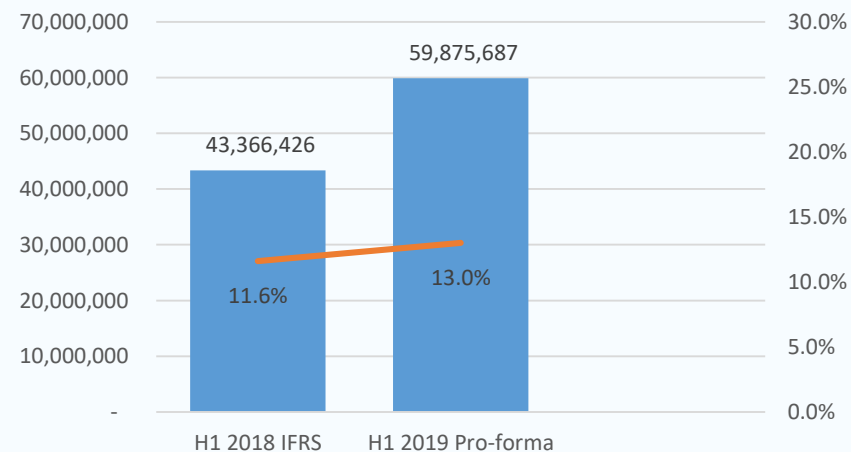
Sales increased by :
 + 23.4% Pro-forma H1 2019 vs. IFRS H1 2018
 + 25.4% IFRS H1 2019 vs. IFRS H1 2018
 + 15% like2like

EBITDA

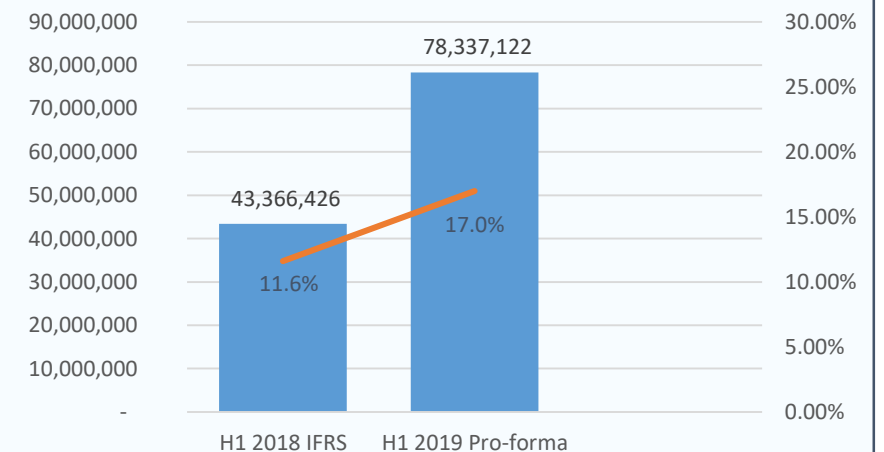
■ Improved margin: Before applying IFRS 16: 13% Pro-forma H1 2019 vs. 11.6% IFRS H1 2018 (fig_1 below)
After applying IFRS 16: 17% Pro-forma H1 2019 vs. 11.6% IFRS H1 2018 (fig_2 below)

■ Absolute value of EBITDA increased by: Before applying IFRS 16: 38.1% Pro-forma H1 2019 vs. IFRS H1 2018
After applying IFRS 16: 80.6% Pro-forma H1 2019 vs. IFRS H1 2018

EBITDA AND EBITDA MARGIN BEFORE APPLYING IFRS 16 (fig_1)



EBITDA AND EBITDA MARGIN AFTER APPLYING IFRS 16 (fig_2)



KEY CHANGES H1 2019 vs H1 2018 (Cont.)

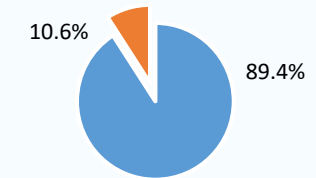
EBITDA

■ Split of **Pro-forma EBITDA** between Owners of the Group / NCI for H1 2019:

- **89.4%** to Group Owners
- **10.6%** to NCI

Vs.

- **88.3%** to Group Owners for IFRS H1 2018
- **11.7%** to NCI for IFRS H1 2018



■ Pro-forma EBITDA to Group Owners
 ■ Pro-forma EBITDA to NCI

EBIT

■ **Improved margin:** Before applying IFRS 16: 6.8% Pro-forma H1 2019 vs. 4.6% IFRS H1 2018

After applying IFRS 16: 7.0% Pro-forma H1 2019 vs. 4.6% IFRS H1 2018

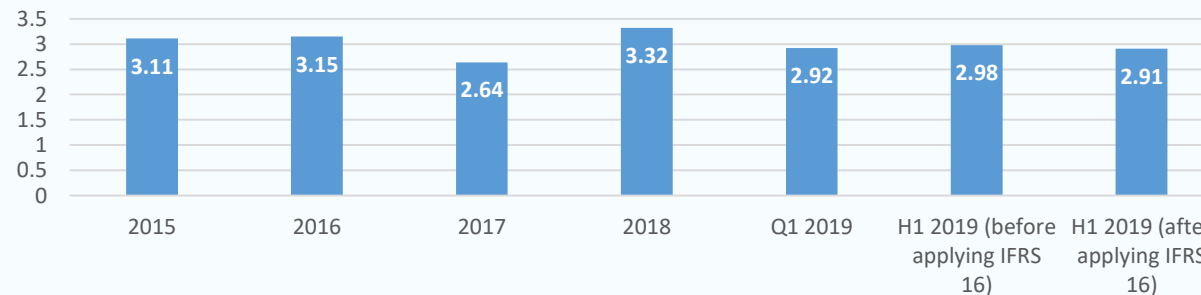
■ **Absolute value of EBIT increased by:** Before applying IFRS 16: 84% Pro-forma H1 2019 vs. IFRS H1 2018

After applying IFRS 16: 89.9% Pro-forma H1 2019 vs. IFRS H1 2018

■ **Positive evolution in EBIT and EBITDA** due to optimization efforts across all business lines and stability behavior in Depreciation.

NET DEBT to Pro-forma EBITDA Ratio

■ **Stable Net Debt to Pro-forma EBITDA Ratio** (*pro-forma EBITDA for 6m 2019 was annualized*)



KEY CHANGES H1 2019 vs H1 2018 (Cont.)

NET RESULT

- Absolute value of Net Result **increased** by: Before applying IFRS 16: 150.4% Pro-forma H1 2019 vs. IFRS H1 2018
After applying IFRS 16: 130.2% Pro-forma H1 2019 vs. IFRS H1 2018

NET RESULT attributable to Owners and NCI

- Split of Net Result IFRS H1 2019, before applying IFRS 16: 69% Owners / 31% NCI
- Split of Net Result IFRS H1 2019, after applying IFRS 16: 67% Owners / 33% NCI
- Split of Net Result IFRS Q1 2019: 40% Owners / 60% NCI
- Split of Net Result IFRS 2018: 80% Owners / 20% NCI
- Split of Net Result IFRS H1 2018: 66% Owners / 34% NCI

Net attributable profit to Owners has improved as compared to Q1 2019, nevertheless still being influenced by increased Financial Loss coming from:

1. Other financial expenses (i.e. loss from FX rate differences) in amount of **4.4m** RON in H1 2019 as compared to **315k** RON financial income in H1 2018; and
2. IFRS 16 Impact on Financial Result of **1.9m** RON in H1 2019.

MEDLIFE GROUP H1 2019 FINANCIAL SNAPSHOT

Consolidated Statement of Financial Position

Description	December 31, 2018	June 30, 2019	%VAR	Impact from	June 30, 2019	%VAR
	IFRS	IFRS (before applying IFRS 16)		IFRS 16	IFRS	
Non-current assets	590,174,447	601,757,252	2.0%	97,680,895	699,438,147	18.5%
Current assets	163,919,759	184,253,799	12.4%	-	184,253,799	12.4%
TOTAL ASSETS	754,094,206	786,011,051	4.2%	97,680,895	883,691,946	17.2%
Current liabilities	245,246,366	261,589,974	6.7%	36,678,022	298,267,996	21.6%
Long term liabilities	313,538,596	320,223,945	2.1%	61,925,086	382,149,031	21.9%
Deferred tax liability	16,436,342	16,457,838	0.1%	308,182	16,766,020	2.0%
TOTAL LIABILITIES	575,221,304	598,271,757	4.0%	98,911,290	697,183,047	21.2%
Equity attributable to owners of the Group	159,350,814	165,180,726	3.7%	(1,130,765)	164,049,961	2.9%
Non-controlling interests	19,522,088	22,558,568	15.6%	(99,631)	22,458,937	15.0%
EQUITY	178,872,902	187,739,294	5.0%	(1,230,395)	186,508,899	4.3%

IFRS 16 adjustments:

1. Right-of-use asset : 97,680,895 RON;
2. Lease liability (current and long term): 98,603,108 RON;
3. Deferred tax liability: 308,182 RON; and
4. Impact in net result: (1,230,395) RON.

MEDLIFE GROUP H1 2019 FINANCIAL SNAPSHOT(Cont.)

Consolidated Statement of Profit and Loss

Description	H1 2019			Impact from IFRS 16	H1 2019			H1 2019			H1 2019	
	H1 2018 IFRS	IFRS (before applying IFRS 16)	%VAR		H1 2019 IFRS	%VAR	H1 2018 IFRS	Pro-forma (before applying IFRS 16)	%VAR	H1 2019 Pro-forma	%VAR	
Sales	373,549,456	468,294,294	25.4%	-	468,294,294	25.4%	373,549,456	460,796,701	23.4%	460,796,701	23.4%	
Other operating income	1,975,206	3,893,238	97.1%	-	3,893,238	97.1%	1,975,206	3,922,882	98.6%	3,922,882	98.6%	
OPERATING INCOME	375,524,662	472,187,532	25.7%	-	472,187,532	25.7%	375,524,662	464,719,583	23.8%	464,719,583	23.8%	
OPERATING EXPENSES	(358,464,646)	(445,070,467)	24.2%	1,003,926	(444,066,541)	23.9%	(358,464,646)	(433,334,408)	20.9%	(432,330,483)	20.6%	
OPERATING PROFIT	17,060,016	27,117,065	59.0%	1,003,926	28,120,991	64.8%	17,060,016	31,385,176	84.0%	32,389,100	89.9%	
EBITDA	43,366,426	55,497,547	28.0%	18,461,436	73,958,983	70.5%	43,366,426	59,875,687	38.1%	78,337,122	80.6%	
FINANCIAL RESULT	(7,468,780)	(12,432,349)	66.5%	(1,926,139)	(14,358,488)	92.2%	(7,468,780)	(12,508,512)	67.5%	(14,434,651)	93.3%	
RESULT BEFORE TAXES	9,591,236	14,684,716	53.1 %	(922,213)	13,762,503	43.5 %	9,591,236	18,876,664	96.8 %	17,954,450	87.2%	
Income tax expense	(3,517,089)	(2,980,408)	(15.3)%	(308,182)	(3,288,590)	(6.5)%	(3,517,089)	(3,665,479)	4.2 %	(3,973,661)	13.0%	
NET RESULT	6,074,147	11,704,308	92.7%	(1,230,395)	10,473,913	72.4%	6,074,147	15,211,185	150.4%	13,980,789	130.2%	

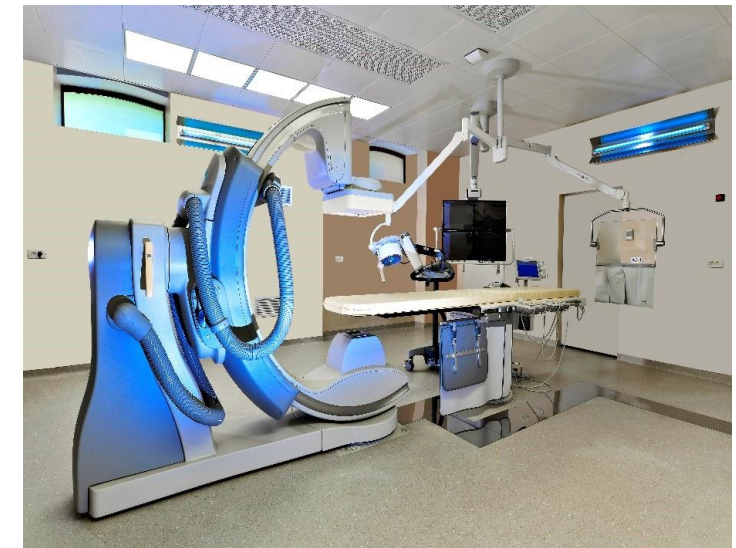
IFRS 16 adjustments:

1. Rent: release of 18,461,436 RON from Rent expense;
2. Depreciation: additional 17,457,510 RON in Depreciation expense;
3. EBITDA: increase of 18,461,436 RON;
4. Financial result: additional 1,926,139 RON in Finance Cost; and
5. Income tax expense: additional 308,182 RON in Income tax expense.

MEDLIFE GROUP H1 2019 FINANCIAL SNAPSHOT(Cont.)

Consolidated Statement of Cash Flow

Description	June 30, 2019	June 30, 2018
Net income before taxes	13,762,503	9,591,236
Adjustments for non-monetary items	57,698,787	33,649,077
Operating cash flow before working capital and other monetary changes	71,461,290	43,240,313
Cash generated from working capital changes	(19,395,945)	(10,935,438)
Other monetary changes (income tax and net interest paid)	(10,824,451)	(10,068,311)
Net cash from operating activities	41,240,894	22,236,564
Net cash used in investing activities	(27,777,898)	(38,114,520)
Net cash from/ (used in) financing activities	(4,599,538)	(30,276,447)
Net change in cash and cash equivalents	8,863,458	(46,154,403)
Cash and cash equivalents beginning of the period	34,206,159	79,227,766
Cash and cash equivalents end of the period	43,069,617	33,073,363



MEDLIFE GROUP H1 2019 FINANCIAL SNAPSHOT(Cont.)

OPEX Evolution

Description	H1 2019			Impact from			% of OPERATING EXPENSES			% of SALES			
	H1 2018 IFRS	IFRS (before applying IFRS 16)	%VAR	IFRS 16	H1 2019 IFRS	%VAR	H1 2018 IFRS	H1 2019 IFRS	Change	H1 2018 IFRS	H1 2019 IFRS	Change	Note
Consumable materials and repair materials	58,076,149	76,031,057	30.9%	-	76,031,057	30.9%	16.2%	17.1%	0.9 p.p	15.5%	16.2%	0.7 p.p	
Commodities	14,382,449	15,366,400	6.8%	-	15,366,400	6.8%	4.0%	3.5%	-0.6 p.p	3.9%	3.3%	-0.6 p.p	
Utilities	4,460,621	5,958,792	33.6%	-	5,958,792	33.6%	1.2%	1.3%	0.1 p.p	1.2%	1.3%	0.1 p.p	
Repairs maintenance	3,876,102	5,688,967	46.8%	-	5,688,967	46.8%	1.1%	1.3%	0.2 p.p	1.0%	1.2%	0.2 p.p	
Rent	21,217,514	22,288,083	5.0%	(18,461,436)	3,826,647	-82.0%	5.9%	0.9%	-5.1 p.p	5.7%	0.8%	-4.9 p.p	A
Insurance premiums	1,212,528	1,530,405	26.2%	-	1,530,405	26.2%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p	
Promotion expense	7,184,824	6,148,989	-14.4%	-	6,148,989	-14.4%	2.0%	1.4%	-0.6 p.p	1.9%	1.3%	-0.6 p.p	
Communications	1,842,591	2,016,807	9.5%	-	2,016,807	9.5%	0.5%	0.5%	-0.1 p.p	0.5%	0.4%	-0.1 p.p	
Third party expenses & Salaries expenses, out of which:	213,500,727	272,985,203	27.9%	-	272,985,203	27.9%	59.6%	61.5%	1.9 p.p	57.2%	58.3%	1.1 p.p	B
<i>Third party expenses (including doctor's agreements)</i>	<i>98,284,039</i>	<i>125,927,709</i>	<i>28.1%</i>	-	<i>125,927,709</i>	<i>28.1%</i>	<i>27.4%</i>	<i>28.4%</i>	<i>0.9 p.p</i>	<i>26.3%</i>	<i>26.9%</i>	<i>0.6 p.p</i>	
<i>Salary and related expenses (including social contrib.)</i>	<i>115,216,688</i>	<i>147,057,494</i>	<i>27.6%</i>	-	<i>147,057,494</i>	<i>27.6%</i>	<i>32.1%</i>	<i>33.1%</i>	<i>1 p.p</i>	<i>30.8%</i>	<i>31.4%</i>	<i>0.6 p.p</i>	
Depreciation	26,306,410	28,380,482	7.9%	17,457,510	45,837,992	74.2%	7.3%	10.3%	3 p.p	7.0%	9.8%	2.7 p.p	C
Other administration and operating expenses	6,404,731	8,675,283	35.5%	-	8,675,283	35.5%	1.8%	2.0%	0.2 p.p	1.7%	1.9%	0.1 p.p	
OPERATING EXPENSES	358,464,646	445,070,467	24.2%	(1,003,926)	444,066,541	23.9%	100%	100%	0 p.p	96.0%	94.8%	-1.1 p.p	

Note:

The Group recorded a 1.1 p.p. decrease of Operating Expenses as % of Sales in H1 2019 as compared to H1 2018:

- A. 4.9 p.p. decrease of "Rent" as % of Sales, generated by first time adoption of IFRS 16;
- B. 1.1 p.p. increase of "Third parties and salaries expenses" as % of Sales as an effect of increased salaries in the public sector; and
- C. 2.7 p.p. increase of "Depreciation" as % of Sales, mainly due to first time adoption of IFRS 16.

KEY OPERATIONAL METRICS FOR H1 2019

Business line	Info	H1 2019 IFRS	H1 2018 IFRS
Clinics	Revenue	139,893,313	107,489,756
Clinics	Visits	899,257	702,745
Clinics	Avg fee	155.6	153.0
Stomatology	Revenue	28,815,355	21,432,948
Stomatology	Visits	59,871	52,334
Stomatology	Avg fee	481.3	409.5
Hospitals	Revenue	107,025,708	74,386,210
Hospitals	Patients	41,638	33,998
Hospitals	Avg fee	2,570.4	2,188.0
Laboratories	Revenue	75,561,558	66,939,058
Laboratories	Analyses	2,969,079	2,898,322
Laboratories	Avg fee	25.4	23.1
Corporate	Revenue	91,004,382	82,077,433
Corporate	Subscriptions	676,276	614,756
Corporate	Avg fee	134.6	133.5
Pharmacies	Revenue	19,586,689	17,346,771
Pharmacies	Clients	132,080	138,632
Pharmacies	Sales per client	148.3	125.1
Others	Revenue	6,407,290	3,877,280





IV. Q&A SESSION

THANK YOU!

