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Year-end 2019 Preliminary Results
Conference call presentation

21 February, 2020

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

AGENDA

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- Key financial data

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- Consolidated Statement of Profit and Loss
- Consolidated Statement of Cash Flow
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Q&A Session

Highlights 2019

- Main events Q4 / 2019
- Key financial data

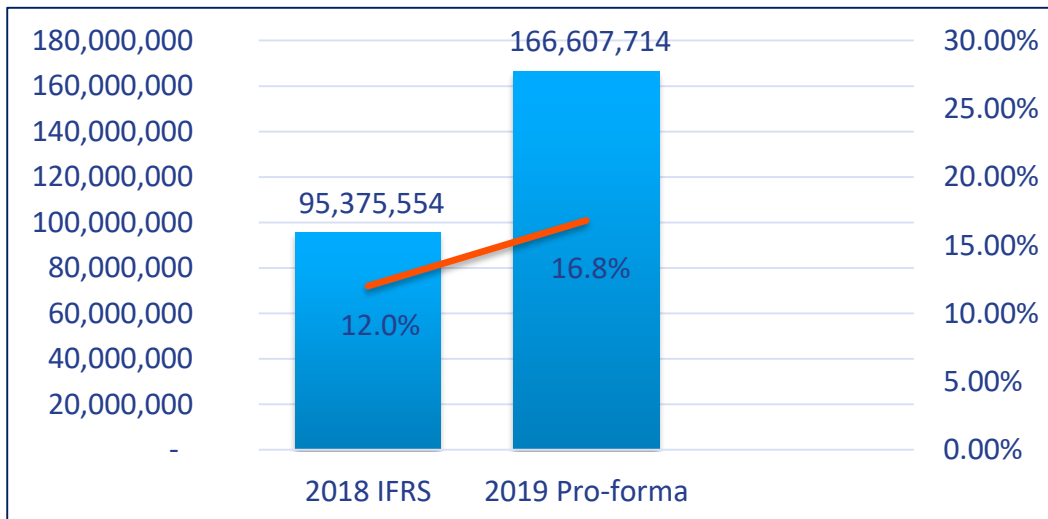
Main events Q4 / 2019

- Completion of Lotus Hospital acquisition (100% shareholding package; December 2019)
- Completion of Micromedica Group acquisition (100% shareholding package; December 2019)
- Acquisition of Onco Card Hospital in Brasov (100% shareholding package; December 2019). Company recorded a turnover of RON 41.8m in 2018; transaction subject to Competition Council approval
- Development of the largest private medical project in Romania: MedLife Medical Park (2 stages of development: 1st Stage involves the development of a new hyperclinic, state-of-the-art imaging and radiotherapy center, R&D center, extension of MedLife Memorial Hospital and IVF center, 2 restaurants, pharmacy and bio food store in a timeframe of 18-24 months; 2nd Stage involves the development of MedLife Oncological Institute: 30,000 square meters in a timeframe of 3-5 years;
- Organic growth: second Hyperclinic in Galati (November 2019)
- Implementation of the Issuer`s Market Maker program to improve liquidity

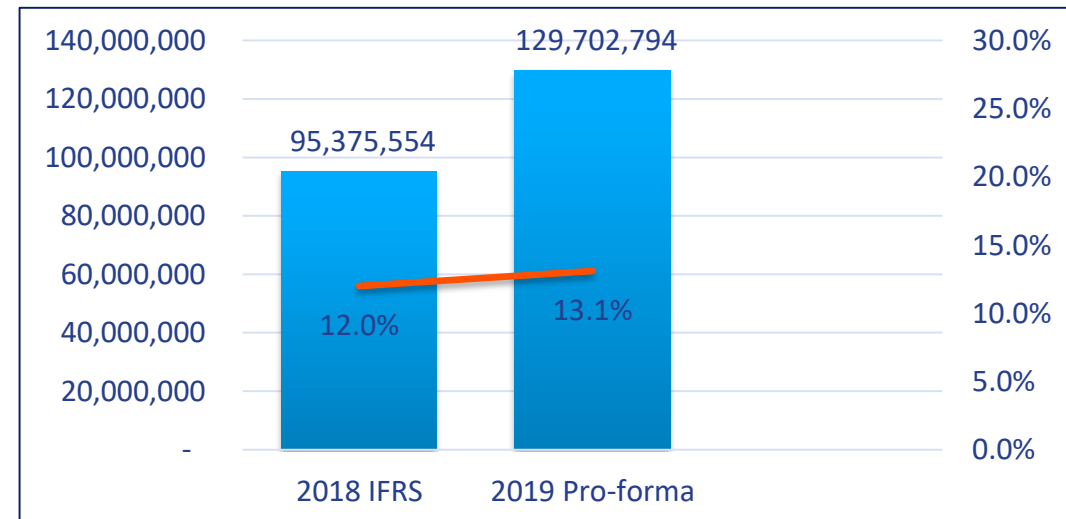
Key financial data

- Historic strong revenue growth of approx. 25% Y-on-Y for the past 3 years
- In 2019 Pro-forma Sales increased by 24.5%, to 989.5m RON, organic growth of 14.9%
- Pro-forma EBITDA increased by 74.7% to 166.6mRON, a margin expansion of 4.8pp to 16.8% (from 12.0%) (fig.1) or – before IFRS 16 - by 36% to 129.7m RON, a margin expansion of 1.1pp to 13.1% (from 12.0%) (fig.2)

EBITDA & EBITDA margin (fig.1)

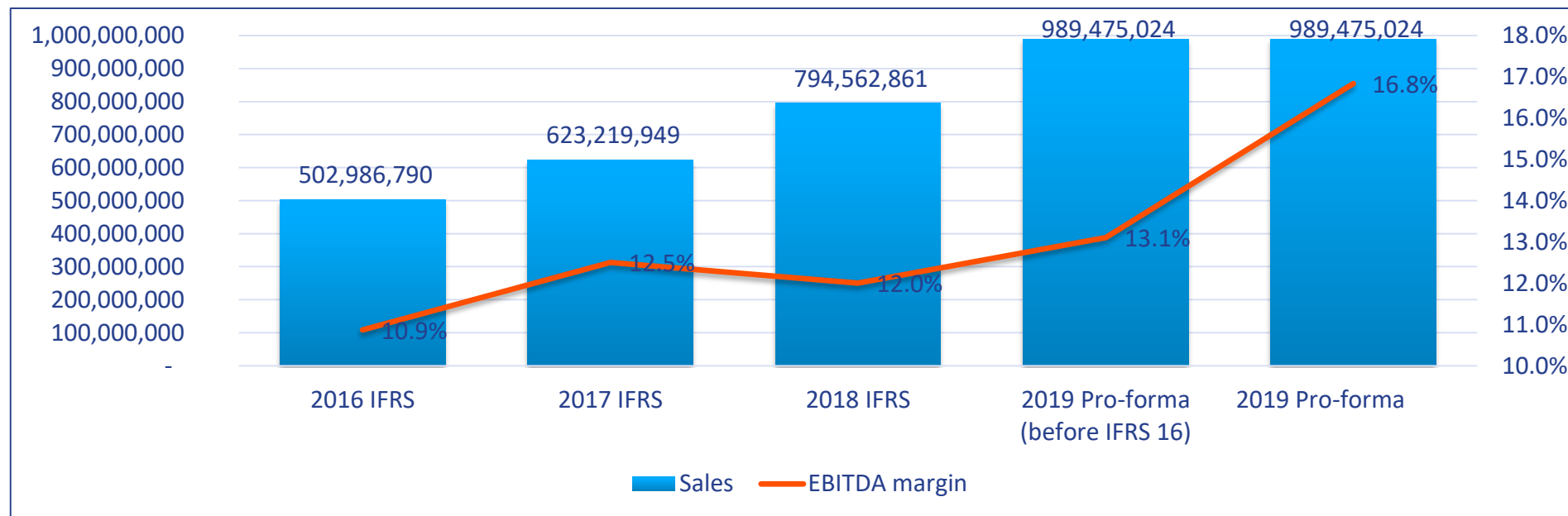


EBITDA & EBITDA margin before IFRS 16 (fig.2)



Key financial data contd.

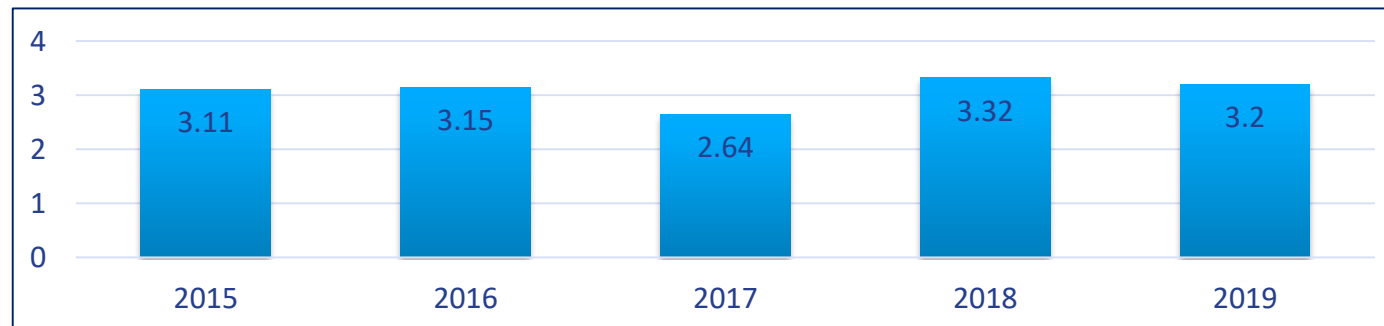
Sales and EBITDA margin development (fig.3)



- Strengthened market position through completed acquisitions; continued expectation of robust organic and through acquisitions revenue growth

Key financial data contd.

- Split of Pro-forma EBITDA before IFRS 16: 90.8% Group Owners and 9.2% NCI
- Pro-forma Net Result increased by 84.6% to 30.9mRON (from 16.7m RON), while Pro-forma Total Comprehensive Income (TCI) by 87.9% to 31.5m RON (from 16.7m RON)
or – *before IFRS 16* - by 98.3% to 33.2m RON for Net Result and by 101.6% yo 33.8m RON for TCI
- Split of TCI: 83% to Group Owners and 17% to NCI (vs. 80% to Group Owners and 20% to NCI in 2018)
- Historically Stable Net Debt to Pro-forma EBITDA ratio (*fig.4*)



Financial overview

- Consolidated Statement of Financial Position
- Consolidated Statement of Profit and Loss
- Consolidated Statement of Cash Flow
- OPEX Evolution
- Operational KPIs

Consolidated Statement of Financial Position

Description	December 31, 2018	December 31, 2019	%VAR	Impact from	December 31, 2019	%VAR
	IFRS	IFRS (before applying IFRS 16)		IFRS 16	IFRS	
Non-current assets	590,174,447	701,892,238	18.9%	98,825,453	800,717,691	35.7%
Current assets	163,919,759	211,394,168	29.0%	-	211,394,168	29.0%
TOTAL ASSETS	754,094,206	913,286,406	21.1%	98,825,453	1,012,111,859	34.2%
Current liabilities	245,246,366	305,420,408	24.5%	37,110,537	342,530,945	39.7%
Long term liabilities	313,538,596	385,617,583	23.0%	63,429,037	449,046,620	43.2%
Deferred tax liability	16,436,342	17,763,399	8.1%	593,675	18,357,074	11.7%
TOTAL LIABILITIES	575,221,304	708,801,390	23.2%	101,133,250	809,934,640	40.8%
Equity attributable to owners of the Group	159,350,814	180,975,027	13.6%	(2,093,973)	178,881,054	12.3%
Non-controlling interests	19,522,088	23,509,989	20.4%	(213,824)	23,296,165	19.3%
EQUITY	178,872,902	204,485,016	14.3%	(2,307,797)	202,177,219	13.0%



Consolidated Statement of Profit and Loss

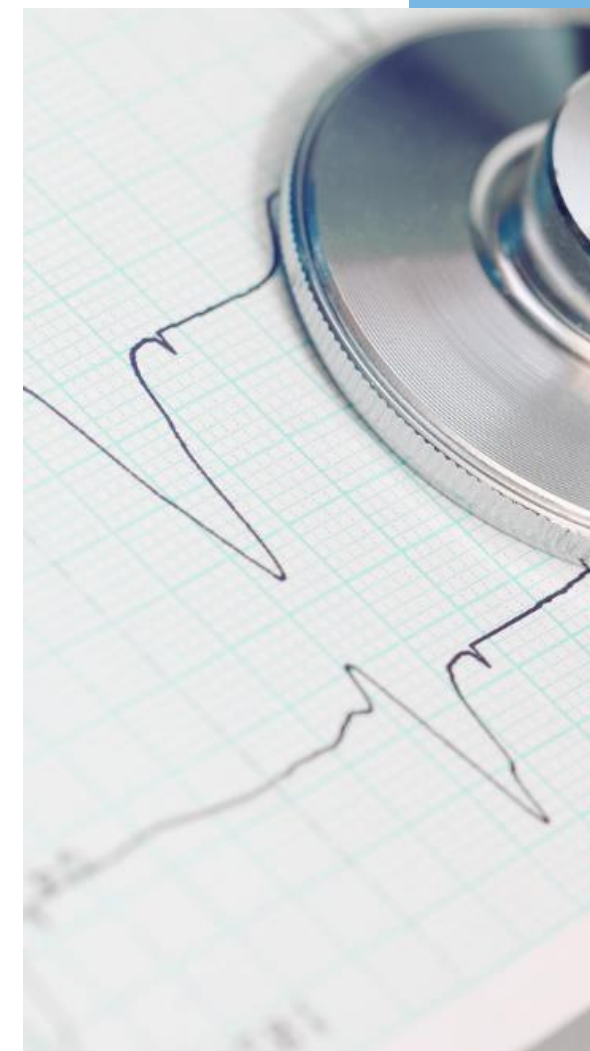


Description	FY 2018 IFRS	FY 2019		%VAR with 2018	Impact from IFRS 16	FY 2019 IFRS	%VAR with 2018	FY 2019 Pro-forma	%VAR with 2018	
		IFRS (before applying IFRS 16)	Pro-forma adj. FY 2019							Pro-forma (before applying IFRS 16)
Sales	794,562,861	967,380,197	22,094,827	989,475,024	24.5%	-	967,380,197	21.7%	989,475,024	24.5%
Other operating income	9,844,865	7,616,873	2,123,544	9,740,417	-1.1%	-	7,616,873	-22.6%	9,740,417	-1.1%
OPERATING INCOME	804,407,726	974,997,070	24,218,371	999,215,441	24.2%	-	974,997,070	21.2%	999,215,441	24.2%
OPERATING EXPENSES	(766,014,417)	(920,622,110)	(11,974,238)	(932,596,349)	21.7%	1,996,347	(918,625,763)	19.9%	(930,600,002)	21.5%
OPERATING PROFIT	38,393,309	54,374,960	12,244,133	66,619,092	73.5%	1,996,347	56,371,307	46.8%	68,615,439	78.7%
EBITDA	95,375,554	112,770,172	16,932,623	129,702,794	36.0%	36,904,921	149,675,093	56.9%	166,607,714	74.7%
Net finance cost	(17,567,816)	(15,476,481)	(484,772)	(15,961,253)	-9.1%	(3,710,469)	(19,186,950)	9.2%	(19,671,722)	12.0%
Other financial expenses	3,008,389	(8,164,408)	64,658	(8,099,751)	-369.2%	-	(8,164,408)	-371.4%	(8,099,751)	-369.2%
FINANCIAL RESULT	(14,559,427)	(23,640,889)	(420,114)	(24,061,004)	65.3%	(3,710,469)	(27,351,358)	87.9%	(27,771,473)	90.7%
RESULT BEFORE TAXES	23,833,882	30,734,071	11,824,019	42,558,088	78.6 %	(1,714,122)	29,019,949	21.8 %	40,843,966	71.4 %
Income tax expense	(7,051,245)	(7,607,015)	(1,665,573)	(9,272,588)	31.5 %	(593,675)	(8,200,690)	16.3 %	(9,866,263)	39.9 %
NET RESULT	16,782,637	23,127,056	10,158,445	33,285,500	98.3%	(2,307,797)	20,819,258	24.1%	30,977,703	84.6%
Other comprehensive income	-	550,567	-	550,567	0.0%	-	550,567	0.0%	550,567	0.0%
Total comprehensive income	16,782,637	23,677,623	10,158,445	33,836,067	101.6%	(2,307,797)	21,369,826	27.3%	31,528,270	87.9 %



Consolidated Statement of Cash Flow

Description	December 31, 2018	December 31, 2019
Net income before taxes	23,833,883	29,675,386
Adjustments for non-monetary items	68,164,622	112,294,773
Operating cash flow before working capital and other monetary changes	91,998,505	141,970,159
Cash generated from working capital changes	(16,686,673)	(8,636,780)
Other monetary changes (income tax and net interest paid)	(23,546,101)	(22,803,623)
Net cash from operating activities	51,765,731	110,529,756
Net cash used in investing activities	(69,305,465)	(108,987,399)
Net cash from/ (used in) financing activities	(27,481,873)	2,972,281
Net change in cash and cash equivalents	(45,021,607)	4,514,637
Cash and cash equivalents beginning of the period	79,227,766	34,206,159
Cash and cash equivalents end of the period	34,206,159	38,720,796



OPEX Evolution

Description	FY 2018 IFRS	FY 2019 IFRS (before applying IFRS 16)	%VAR	Impact from IFRS 16	FY 2019 IFRS	%VAR	% of OPERATING EXPENSES			% of SALES			
							2018 IFRS	2019 IFRS	Change	2018 IFRS	2019 IFRS	Change	Note
Consumable materials and repair materials	126,048,830	157,895,114	25.3%	-	157,895,114	25.3%	16.5%	17.2%	0.7 p.p	15.9%	16.3%	0.5 p.p	
Commodities	29,367,048	30,649,995	4.4%	-	30,649,995	4.4%	3.8%	3.3%	-0.5 p.p	3.7%	3.2%	-0.5 p.p	
Utilities	9,056,380	11,854,596	30.9%	-	11,854,596	30.9%	1.2%	1.3%	0.1 p.p	1.1%	1.2%	0.1 p.p	
Repairs maintenance	8,984,186	11,895,850	32.4%	-	11,895,850	32.4%	1.2%	1.3%	0.1 p.p	1.1%	1.2%	0.1 p.p	
Rent	41,986,204	45,562,918	8.5%	(36,904,921)	8,657,997	-79.4%	5.5%	0.9%	-4.5 p.p	5.3%	0.9%	-4.4 p.p	A
Insurance premiums	2,538,221	3,122,303	23.0%	-	3,122,303	23.0%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p	
Promotion expense	15,011,240	14,357,348	-4.4%	-	14,357,348	-4.4%	2.0%	1.6%	-0.4 p.p	1.9%	1.5%	-0.4 p.p	
Communications	3,748,038	3,963,343	5.7%	-	3,963,343	5.7%	0.5%	0.4%	-0.1 p.p	0.5%	0.4%	-0.1 p.p	
Third party expenses & Salaries expenses, out of which:	459,352,373	566,299,643	23.3%	-	566,299,643	23.3%	60.0%	61.6%	1.7 p.p	57.8%	58.5%	0.7 p.p	B
<i>Third party expenses (including doctor's agreements)</i>	<i>206,077,081</i>	<i>264,358,632</i>	<i>28.3%</i>	-	<i>264,358,632</i>	<i>28.3%</i>	<i>26.9%</i>	<i>28.8%</i>	<i>1.9 p.p</i>	<i>25.9%</i>	<i>27.3%</i>	<i>1.4 p.p</i>	
<i>Salary and related expenses (including social contrib.)</i>	<i>253,275,292</i>	<i>301,941,011</i>	<i>19.2%</i>	-	<i>301,941,011</i>	<i>19.2%</i>	<i>33.1%</i>	<i>32.9%</i>	<i>-0.2 p.p</i>	<i>31.9%</i>	<i>31.2%</i>	<i>-0.7 p.p</i>	
Depreciation	56,982,245	58,395,212	2.5%	34,908,574	93,303,786	63.7%	7.4%	10.2%	2.7 p.p	7.2%	9.6%	2.5 p.p	C
Other administration and operating expenses	12,939,652	16,625,789	28.5%	-	16,625,789	28.5%	1.7%	1.8%	0.1 p.p	1.6%	1.7%	0.1 p.p	
OPERATING EXPENSES	766,014,417	920,622,111	20.2%	(1,996,347)	918,625,764	19.9%	100%	100%	0 p.p	96.4%	95.0%	-1.4 p.p	

Note:

The Group recorded a 1.4 p.p. decrease of Operating Expenses as % of Sales in FY 2019 as compared to FY 2018:

- A. 4.4 p.p. decrease of "Rent" as % of Sales, generated by first time adoption of IFRS 16;
- B. 0.7 p.p. increase of "Third parties and salaries expenses" as % of Sales as an effect of increased salaries in the public sector + one-offs with the acquisitions performed; and
- C. 2.5 p.p. increase of "Depreciation" as % of Sales, mainly due to first time adoption of IFRS 16.

Operational KPIs

Business line	Info	FY 2018	FY 2019
		IFRS	IFRS
Clinics	Revenue	233,339,171	295,465,223
Clinics	Visits	1,478,211	1,861,419
Clinics	Avg fee	157.9	158.7
Stomatology	Revenue	44,733,559	59,817,358
Stomatology	Visits	102,714	123,349
Stomatology	Avg fee	435.5	484.9
Hospitals	Revenue	167,320,772	221,198,932
Hospitals	Patients	75,031	82,683
Hospitals	Avg fee	2,230.0	2,675.3
Laboratories	Revenue	134,680,878	154,135,274
Laboratories	Analyses	5,666,665	5,905,490
Laboratories	Avg fee	23.8	26.1
Corporate	Revenue	169,171,271	183,514,802
Corporate	Subscriptions	649,292	705,380
Corporate	Avg fee	260.5	260.2
Pharmacies	Revenue	36,111,885	39,341,136
Pharmacies	Clients	269,737	250,717
Pharmacies	Sales per client	133.9	156.9
Others	Revenue	9,205,325	13,907,472



Q&A Session

Thank you!