

MLP Sağlık Hizmetleri A.Ş. ("MLP Care")

MLP Sağlık Hizmetleri A.Ş. (BIST: MPARK), the leading private healthcare service provider in Turkey, today announces its financial results for the full year ended December 31, 2023.

(All figures in this summary include the impact of TAS 29 (inflation accounting) unless otherwise stated.)

Summary Financials

(TL million)	Audited – TAS 29			Unaudited – w/o TAS 29		
	2023	2022	Change	2023	2022	Change
Revenues	22,449	18,903	18.8%	18,201	9,837	85.0%
EBITDA¹	5,784	4,280	35.1%	4,890	2,346	108.5%
EBITDA margin (%) ¹	25.8%	22.6%	312bps	26.9%	23.8%	302bps
Net Profit/(Loss) Before Tax	5,825	4,781	21.8%	3,070	1,304	44.0%
Net Profit/(Loss)	4,748	4,891	(2.9%)	2,955	1,675	76.4%
Net Profit/(Loss) equity holders of the parent	4,530	4,742	(4.5%)	2,784	1,619	71.9%
Free Cash Flow	4,227	2,723	55.2%	2,074	608	241.0%
Capital Expenditure	1,372	1,796	(23.6%)	783	871	(10.1%)
Net Debt	3,243	3,382	(4.1%)	3,243	2,053	58.0%
Net Debt / EBITDA	0.6x	0.8x		0.7x	0.9x	

¹ EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

Financial Highlights

- ✓ In accordance with the announcement made by the Public Oversight Authority on November 23, 2023, the consolidated financial statements as of and for the year ended December 31, 2023 have been prepared by applying TAS 29 "Financial Reporting in Hyperinflationary Economies".
- ✓ Revenue, EBITDA and profit before tax reported in accordance with TAS 29 showed growth in real terms. On the other hand, net profit for 2023 decreased by 3% compared to last year due to one-off expenses such as earthquake tax and deferred tax expense related to inflation accounting. Thus, net profit attributable to equity holders of the parent decreased by 4% to TL 4,530 million in 2023 (2022: TL 4,742 million).
- ✓ In 2023, total revenues increased by 19% to TL 22,449 million (2022: TL 18,903 million). Private medical insurance segment posted the highest growth among all segments.
- ✓ In 2023, EBITDA rose by 35 % to TL 5,784 million, with the EBITDA margin increasing by 312 bps to 25.8%. This enhancement in EBITDA primarily resulted from operational leverage, aided by the ramp-up of large hospitals and efficient inventory management practices.
- ✓ Net debt/EBITDA ratio came in at 0.6x in 2023, while net debt excluding IFRS 16 decreased by TL 315 million to TL 982 million.

Operating Highlights

- ✓ Turkish Medical Association (TMA) price tariff was increased by %41 in December 26, 2022 which has been effective from January, 2023. Additionally, there was another 31% price hike in the TMA price tariff on June 22, 2023. The price increase resulting from the revision in June has been effective from July 1, 2023.
- ✓ The Social Security Insurance (SSI) price tariff saw a 31% increase on March 24, 2023. Furthermore, there was an additional 51% price hike to the SSI price tariff on August 24, 2023. The price adjustment made in August became effective as of September 1, 2023.
- ✓ A management service contract was signed with Duna Medical Center Kft. in Budapest, Hungary. All operating rights of Liv Hospital Duna Medical Center, which has a total closed area of 22,000 m2 and 154-bed capacity, were transferred to MLP Care.

Dr. Muharrem Usta, Chairman and Chief Executive Officer of MLP Care, commented:

"We are delighted to announce that our financial performance for 2023 has surpassed expectations, thanks to the successful enhancement of operations across all our hospitals and the ramp-up of our large hospital facilities. In 2023, we expanded our footprint by acquiring a 154-bed hospital in Hungary. Moving forward, our expansion strategy focuses on adding new hospitals in metropolitan areas of Turkey."

"Our commitment to pioneering sustainable practices in Turkey's healthcare sector remains strong. Through our Solar Power Plant projects, we aim to meet our hospitals' energy needs using clean sources, thereby reducing carbon emissions. These initiatives reflect our dedication to environmental sustainability, positioning us as a leader in the healthcare sector in Turkey."

Cost of Service and Expenses (Including Hospitals and Ancillary Business)

	2023	2022	Change (bps)
(% of Revenues)	74.2%	77.4%	(312)
Material	13.8%	17.9%	(411)
Doctor	23.5%	21.3%	225
Personnel	19.5%	16.4%	316
Rent	0.8%	1.2%	(44)
Outsourced services purchases	6.0%	7.1%	(110)
All other expenses	10.7%	13.6%	(288)

Material expenses consist of expenses such as pharmaceuticals, consumables and laboratory supplies. Material expenses as a percentage of revenue declined by 411 bps to 13.8% in 2023. This was driven by the delayed impact of higher costs on expenses thanks to effective inventory management.

Doctor costs as a percentage of total revenue increased by 225 bps to 23.5% in 2023.

Personnel expenses as a percentage of total revenue increased by 316 bps to 19.5% in 2023 due to salary adjustments of the personnel in line with the minimum wage increase.

Outsourced services purchases that consists of laboratory, imaging, cleaning, catering, security expenses as a percentage of the total revenue decreased by 110 bps to 6.0% in 2023. This decline was a result of the reduced volume of expenses associated with outsourced PCR test services.

All other expenses (energy, foreign and domestic marketing expenses, etc.) as a percentage of total revenue decreased by 288 bps to 10.7% in 2023 due to the increase in energy expenses occurring below the inflation rate.

Cash Flow

The operating cash flow increased by 23.5% to TL 5,644 million in 2023 due to the robust EBITDA growth. Therefore, the operating cash flow/EBITDA ratio come in at 97.6% in 2023.

Free cash flow increased by 55.2% to TL 4,227 million in 2023 on the back of strong operating cash flow growth, lower working capital requirement and capex. Therefore, free cash flow/EBITDA ratio come in at 73.1% in 2023.

Total capital expenditures as a percentage of revenues declined to 6.1% in 2023 from 9.5% a year ago.

Borrowings and Indebtedness

Net debt by currency (TL million)	2023	Vertical %	2022	Vertical %	Change
TL	1,924	59%	2,096	62%	(8.2%)
USD + Euro (*)	(942)	(29%)	(799)	(24%)	17.9%
Total loan, financial leasing	982	30%	1,297	38%	(24.3%)
TL (IFRS 16)	2,138	66%	1,927	57%	10.9%
USD + Euro (IFRS 16)	123	4%	157	5%	(21.8%)
Total lease liabilities (IFRS16)	2,261	70%	2,085	62%	8.5%
Total net debt	3,243	100%	3,382	100%	(4.1%)

(*)There is a net long position of USD 32.1 million in foreign currency.

The net debt/EBITDA ratio was decreased to 0.6x in 2023 on the back of strong operating performance from 0.8x.

In 2023, net debt excluding obligations under operational leases related to TFRS 16 decreased by TL 315 million to TL 982 million.

The net debt/EBITDA ratio without IFRS 16 lease liability decreased to 0.2x in 2023 from 0.3x.

Total net debt including obligations under operational leases related to TFRS 16 decreased to TL 3,243 million.

Share Buy-Back Program

MLP Care Board of Directors have decided at their May 25, 2022 meeting to start a share buyback program to acquire up to 10% Company's issued capital. The rationale of this transaction is to support healthy share price formation. The fund of TL 1,400,000,000, which was previously allocated for the share buyback, was increased by TL 750,000,000 and determined as TL 2,150,000,000 and its duration was extended until May 25, 2024. As of December 31, 2023, total nominal value of purchased shares have become TL 17,819,000 which represents 8.5655% of the share capital. As of March 19, 2024 total nominal value of repurchased shares have become TL 19,686,000 which represents 9.4627% of the share capital.

Capital Reduction

We made an application to the Capital Markets Board on December 29, 2023 to reduce the issued capital of TL 208,037,202 to TL 191,012,202 by redeeming our 17,025,000 shares with a nominal value of TL 17,025,000, corresponding to 8.18% of our Company's capital.

EBITDA RECONCILIATION (TAS 29)

TL million	2023	2022	Change (%)
Revenue	22,449	18,903	18.8%
Cost of service (-)	(16,019)	(14,016)	14.3%
Gross profit	6,430	4,887	31.6%
General administrative expenses (-)	(2,189)	(1,869)	17.1%
Depreciation and amortization expenses (Cost of service)	1,405	1,130	24.3%
Depreciation and amortization expenses (General administrative expenses)	138	132	4.7%
EBITDA¹	5,784	4,280	35.1%
EBITDA margin (%)¹	25.8%	22.6%	312bps

¹ EBITDA and EBITDA margin calculated by deducting general administrative expenses from gross profit and adding depreciation and amortization expenses

SUMMARY CONSOLIDATED INCOME STATEMENT (TAS 29)

TL million	Audited 2023	Audited 2022	Change (%)
Revenue	22,449	18,903	%18.8
Cost of service (-)	(16,019)	(14,016)	%14.3
Gross profit	6,430	4,887	%31.6
General administration expenses (-)	(2,189)	(1,869)	%17.1
Other income from operations	953	898	%6.2
Other expenses from operations (-)	(823)	(941)	(%12.5)
Operating profit/(loss)	4,372	2,975	%46.9
Income from investing activities	78	1,000	(%92.2)
Expense from investing activities (-)	(11)	(177)	(%93.9)
EBIT	4,439	3,798	%16.9
<i>EBIT margin</i>	<i>19.8%</i>	<i>20.1%</i>	<i>(32p)</i>
Interest (expenses) / income, net (-)	(1,623)	(1,127)	%44.1
Net foreign exchange profit / (loss) (including hedging cost)	(90)	(115)	(%21.6)
Monetary gain / (loss)	3,099	2,224	%39.4
Net profit / (loss) before tax	5,825	4,781	%21.8
Tax income / (expense) from operations	(1,077)	111	n.m.
Net profit / (loss)	4,748	4,891	(%2.9)
Net profit / (loss) non-controlling interest	218	150	%45.7
Net profit / (loss) equity holders of the parent	4,530	4,742	(%4.5)

SUMMARY CONSOLIDATED BALANCE SHEET (TAS 29)

TL million	Audited December 31, 2023	Audited December 31, 2022
Cash and cash equivalents	2,812	1,262
Financial investments	--	353
Trade receivables	3,657	3,010
Inventory	1,077	1,174
Short term other assets	913	1,166
Current assets	8,460	6,965
Tangible and intangible fixed assets	8,358	7,968
Right of use assets	7,241	4,486
Deferred tax assets	1,809	1,373
Long term other assets	2,546	1,824
Non-current assets	19,956	15,652
Total assets	28,415	22,616
Trade payables	4,082	3,951
Short term other liabilities	1,742	1,304
Short term financial liabilities (incl, financial and operational leases)	3,062	2,713
Current liabilities	8,887	7,968
Long term other liabilities	419	699
Deferred tax liabilities	3,224	1,768
Long term financial liabilities (incl, financial and operational leases)	2,993	2,284
Non-current liabilities	6,636	4,751
Shareholders' equity	12,675	9,892
Non-controlling interest	217	5
Equity	12,892	9,897
Total liabilities & equity	28,415	22,616

ABOUT MLP CARE

We are the leading hospital group in Turkey with 29 Hospitals and around 5,700 beds, located in 13 cities across Turkey and Baku, Azerbaijan, Budapest, Hungary. We provide a full range of healthcare services from gynecology, cardiology, oncology, orthopedics, intensive care to complex treatments such as organ and bone marrow transplants. We have more than 20 thousand personnel, including over 2,800 physicians, managed by a head office team, which integrates field operations, sets strategy and monitors real-time performance across all hospitals.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document may contain certain forward-looking statements concerning our future performance and should be considered as good faith estimates made by the Company. These forward-looking statements reflect management expectations and are based upon currently available data. Actual results are subject to future events and uncertainties, which could materially impact the Company's actual performance.

ENQUIRIES

For financial reports and further information regarding MLP Care, please visit our website at <http://investor.mlpcare.com/en/> or you may contact:

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