



SISTEMUL
MEDICAL  **MedLife**



2020 Preliminary Financial Results
Conference call presentation

26 February, 2021

Legal Disclaimer

This presentation is not, and nothing in it should be construed as, an offer, invitation or recommendation in respect of Med Life SA's securities, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy Med Life SA's securities.

Neither this presentation nor anything in it shall form the basis of any contract or commitment. This presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any investor.

All investors should consider such factors in consultation with a professional advisor of their choosing when deciding if an investment is appropriate.

Med Life SA has prepared this presentation based on information available to it, including information derived from public sources that have not been independently verified. No representation or warranty, express or implied, is provided in relation to the fairness, accuracy, correctness, completeness or reliability of the information, opinions or conclusions expressed herein.

These projections should not be considered a comprehensive representation of Med Life SA's cash generation performance.

This report may contain forward-looking statements. These statements reflect Med Life SA's current knowledge and its expectations and projections about future events and may be identified by the context of such statements or words such as "anticipate," "believe", "estimate", "expect", "intend", "plan", "project", "target", "may", "will", "would", "could" or "should" or similar terminology.

These financial projections are preliminary and subject to change; Med Life SA undertakes no obligation to update or revise these forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. Inevitably, some assumptions may not materialize, and unanticipated events and circumstances may affect the ultimate financial results. Projections are inherently subject to substantial and numerous uncertainties and to a wide variety of significant business, economic and competitive risks.

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

AGENDA

1

Highlights 12m 2020

- Key messages 12m 2020

2

Financial overview

- Consolidated Statement of Profit and Loss
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flow

3

Q&A Session

Highlights 12m 2020

- Key messages 12m 2020

Key messages 12m 2020

2020 was characterized by rapid switch to the new social and economic context & calibration of the operational structure that helped the company to keep up with the needs of the patients in a pandemic context.

- Despite traffic decline in March and April, the group managed to reach Pro-forma Sales exceeding 250m EUR, translated in 25.5% increase in pro-forma sales compared to PY;
- Pro-forma figures include also the acquisitions announced in Q4 2020, but which were not finalized as at 31 December 2020 (Veridia, Krondent, Pharmachem and CED Pharm)
- The ecosystem created will facilitate to capture demand for medical services in the post-pandemic recovery period;
- In addition, the Group has seen a gradual improvement in profitability, in line with the strategy of recent years:

224.6m RON Pro-forma EBITDA 2020 vs. 147.8m RON EBITDA 2019 : 51.9% increase YoY, with increase in EBITDA margin from 15.3% to 18.5%;

69.9m RON Pro-forma Net Result 2020 vs. 18.5m RON Net Result 2019: 3.8 X increase YoY, with increase in net profit margin from 1.9% to 5.8%.

Key messages 12m 2020

- Beyond financial performance, MedLife managed to play a key role in society and gain detached leadership in pandemic monitoring through active involvement in medical research activities; we plan to intensify these efforts for the longer period and expand the Sars COV 2 virus sequencing program, but also to launch new studies to further support the authorities;
- With a solid basis of historical results, MedLife has launched a new program for corporate business line which focuses on anticipating certain trends in health in an industry / company and customizing medical services so as to reduce the risks of various pathologies among employees. In essence, the new program will help companies to protect their employees and customers and thus reduce costs and increase productivity.
- The Group will continue to strengthen its position nationwide through M&A and the development of projects aimed at recovering the post-COVID patient
- Development plans for this year also include the gradual development of MedPark project, which has the potential to become in the next period the most complex medical project in Romania & comparable with other large medical entities in Europe.
- The new investments and acquisitions will be carefully calibrated according to the evolution of the pandemic

Key messages 12m 2020

- **Reassessment of IFRS 16 standard adoption / change in accounting policy:**

Management continues to be preoccupied how to adapt to current economic context its contracts under leasing. Given the complexity of IFRS 16, management is constantly looking to improve how to deal with the implications resulted, especially adding on top business restrictions generated by COVID. In 2020 management secured the Group's strategic locations and renegotiated better commercial terms on the long run.

This reassessment led to 2.1m RON impact in Net Result of the period for 2019, from 20.1m RON to 17.9m RON in terms of PnL, and to 36.3m RON increase in lease liability and 34.3m RON increase in Right-of-use assets.

Net Debt to EBITDA ratio reassessed for 2019 increased from 3.1 to 3.3, which is well accommodated in Bank covenants and financial ratios

Key messages 12m 2020

- **Additional 10.3m RON recognized in Q4 2020 as allowance for receivables**

Management changed and stressed estimates under IFRS 9 provisioning model to be protected in case of increased probability of default of corporate clients post COVID, anticipating a delay on economical behavior of its clients as a result of the restrictions enforced by the pandemic

- **Additional 5.1m RON recognized in Q4 2020 as provision for untaken holiday**

Long lock down period and state of alert, characterized by work from home & few options to travel led to fewer vacations requests from employees. On top, large number of personnel were enrolled in technical unemployment, as a measure to accommodate financial effects of the pandemic.

Both are non-cash elements

Financial overview

- Consolidated Statement of Profit and Loss
- Consolidated Statement of Financial Position
- Consolidated Statement of Cash Flow

Consolidated Statement of Profit and Loss (1/3)

Description	12m 2019	12m 2019	12m 2020	%VAR	Pro-forma	12m 2020	%VAR
	IFRS	IFRS Restated	IFRS		adj.	Pro-forma	
Sales	967,380,307	967,380,307	1,078,273,545	11.5 %	136,046,535	1,214,320,080	25.5 %
Other operating income	7,648,949	7,648,949	9,274,762	21.3 %	534,843	9,809,605	28.2 %
OPERATING INCOME	975,029,256	975,029,256	1,087,548,307	11.5 %	136,581,378	1,224,129,685	25.5 %
OPERATING EXPENSES	(918,594,743)	(918,104,283)	(978,035,183)	6.5 %	(126,278,273)	(1,104,313,456)	20.3 %
OPERATING PROFIT	56,434,513	56,924,973	109,513,124	92.4 %	10,303,105	119,816,229	110.5 %
EBITDA	149,738,299	147,853,301	212,572,677	43.8 %	12,038,724	224,611,401	51.9 %
EBITDA before IFRS 16	112,833,378	112,833,378	175,031,115	55.1 %	12,038,724	187,069,839	65.8 %
Net finance cost	(19,186,950)	(20,649,295)	(23,263,623)	12.7 %	(582,449)	(23,846,072)	15.5 %
Other financial expenses	(8,164,408)	(9,130,774)	(7,436,402)	(18.6)%	(535,277)	(7,971,679)	(12.7)%
FINANCIAL RESULT	(27,351,358)	(29,780,069)	(30,700,024)	3.1 %	(1,117,726)	(31,817,750)	6.8 %
RESULT BEFORE TAXES	29,083,155	27,144,904	78,813,099	190.3 %	9,185,379	87,998,479	224.2 %
Income tax expense	(8,930,702)	(9,164,677)	(16,629,731)	81.5 %	(1,396,055)	(18,025,786)	96.7 %
NET RESULT	20,152,452	17,980,227	62,183,369	245.8 %	7,789,324	69,972,693	289.2 %
Other comprehensive income	550,567	550,567	-	(100.0)%	-	-	(100.0)%
Total comprehensive income	20,703,020	18,530,794	62,183,369	235.6 %	7,789,324	69,972,693	277.6 %
Margins							
EBIT %	5.8%	5.9%	10.2%			9.9%	
EBITDA %	15.5%	15.3%	19.7%			18.5%	
EBITDA before IFRS 16 %	11.7%	11.7%	16.2%			15.4%	
Net Result %	2.1%	1.9%	5.8%			5.8%	

Consolidated Statement of Profit and Loss (1/3)

explained

1) 12m 2020 Pro-forma vs. 12m 2019 IFRS

- ❑ **Sales** increased by **25.5%**, to 1,214m RON
- ❑ **OPEX** increased by **20.3%**, to 1,104m RON
- ❑ **EBIT** more than doubled, to 119.8m RON, leading to **9.9%** margin (5.9% in PY), due to improved financial performance and cost cutting measures
- ❑ **EBITDA** increased by **51.9%** to 224.6m RON, leading to **18.5%** margin (15.3% in PY)
- ❑ **EBITDA before IFRS 16** increased by **65.8%** to 187m RON, leading to **15.4%** margin (11.7% in PY)
- ❑ 3.8 X increase in **Net Result**, to 69.9m RON
- ❑ Split of **Net Result**: 88% to Group Owners, 12% to NCI
- ❑ **Pro-forma adj.** include:
 1. Financial Results of the Acquired Companies in amount of 136m RON (Lab. Maricor, Veridia, KronDent, Pharmachem and CED Pharma group) for the period January – December 2020
 3. 5.2m RON one-off expenses

Consolidated Statement of Profit and Loss (2/3)

Operational KPIs

Business line	Info	12m 2019 IFRS	12m 2020 IFRS	%VAR	Share of total IFRS Sales
Clinics	Revenue	295,465,223	307,919,487	4.2%	28.6%
Clinics	Visits	1,861,491	1,792,656	-3.7%	
Clinics	Avg fee	158.7	171.8	8.2%	
Stomatology	Revenue	59,817,358	57,177,077	-4.4%	5.3%
Stomatology	Visits	123,349	89,172	-27.7%	
Stomatology	Avg fee	484.9	641.2	32.2%	
Hospitals	Revenue	221,198,932	251,943,388	13.9%	23.4%
Hospitals	Patients	82,683	81,115	-1.9%	
Hospitals	Avg fee	2,675.3	3,106.0	16.1%	
Laboratories	Revenue	154,135,274	203,814,880	32.2%	18.9%
Laboratories	Analyses	5,905,490	5,959,680	0.9%	
Laboratories	Avg fee	26.1	39.5	51.5%	
Corporate	Revenue	183,514,802	198,530,858	8.2%	18.4%
Corporate	Subscriptions	705,380	738,582	4.7%	
Corporate	Avg fee	260.5	268.8	3.2%	
Pharmacies	Revenue	39,341,136	44,405,803	12.9%	4.1%
Pharmacies	Clients	250,717	194,838	-22.3%	
Pharmacies	Sales per client	156.9	230.4	46.8%	
Others	Revenue	13,907,582	14,482,051	4.1%	1.3%
Total		967,380,307	1,078,273,545	11.5%	100.0%

Sales for **12m 2020** increased by 11.5% vs **12m 2019** (on IFRS) as an effect of:

- Acquisitions made and consolidated starting with 1st January 2020 (Micromedica and Lotus);
- strong operating performance despite decrease in traffic in March and April, due to quick adaptability to new services, repositioning on labs & the mix of medical activities in the area of hospitals, clinics, corporate, pharma and dentistry, helped to meet patients` demand which offer a solid perspective for the Group for the period post-COVID;

Consolidated Statement of Profit and Loss (3/3)

OPEX Evolution

Description				% of OPERATING EXPENSES			% of SALES		
	12m 2019	12m 2020	%VAR	12m 2019	12m 2020	Change	12m 2019	12m 2020	Change
	IFRS Restated	IFRS		IFRS Restated	IFRS		IFRS Restated	IFRS	
Consumable materials and repair materials	158,167,211	189,974,607	20.1%	17.2%	19.4%	2.2 p.p	16.4%	17.6%	1.3 p.p
Commodities	30,649,995	35,655,721	16.3%	3.3%	3.6%	0.3 p.p	3.2%	3.3%	0.1 p.p
Utilities	11,854,596	12,634,324	6.6%	1.3%	1.3%	0 p.p	1.2%	1.2%	-0.1 p.p
Repairs maintenance	11,895,850	11,549,395	-2.9%	1.3%	1.2%	-0.1 p.p	1.2%	1.1%	-0.2 p.p
Rent	10,540,615	6,421,973	-39.1%	1.1%	0.7%	-0.5 p.p	1.1%	0.6%	-0.5 p.p
Insurance premiums	3,122,303	3,006,908	-3.7%	0.3%	0.3%	0 p.p	0.3%	0.3%	0 p.p
Promotion expense	14,207,313	13,415,385	-5.6%	1.5%	1.4%	-0.2 p.p	1.5%	1.2%	-0.2 p.p
Communications	3,962,770	4,236,791	6.9%	0.4%	0.4%	0 p.p	0.4%	0.4%	0 p.p
Third party expenses & Salaries expenses, out of which:	566,485,673	570,475,606	0.7%	61.7%	58.3%	-3.4 p.p	58.6%	52.9%	-5.7 p.p
<i>Third party expenses (including doctor's agreements)</i>	<i>264,544,662</i>	<i>282,652,226</i>	<i>6.8%</i>	<i>28.8%</i>	<i>28.9%</i>	<i>0.1 p.p</i>	<i>27.3%</i>	<i>26.2%</i>	<i>-1.1 p.p</i>
<i>Salary and related expenses (including social contrib.)</i>	<i>301,941,011</i>	<i>287,823,380</i>	<i>-4.7%</i>	<i>32.9%</i>	<i>29.4%</i>	<i>-3.5 p.p</i>	<i>31.2%</i>	<i>26.7%</i>	<i>-4.5 p.p</i>
Depreciation	90,928,328	103,059,554	13.3%	9.9%	10.5%	0.6 p.p	9.4%	9.6%	0.2 p.p
Other administration and operating expenses	16,289,629	27,604,919	69.5%	1.8%	2.8%	1 p.p	1.7%	2.6%	0.9 p.p
OPERATING EXPENSES	918,104,283	978,035,182	6.5%	100%	100%	0 p.p	94.9%	90.7%	-4.2 p.p

Release of **4.2 p.p.** in margin due to:

- Increase in Consumable & repair materials with **1.3 p.p.** of Sales due to reagents and materials related to PCR testing;
- Decrease in Rent expenses with **0.5 p.p.** of Sales due to renegotiations of rent contracts;
- Decrease in Third party expenses & Salaries expenses with **5.7 p.p.** of Sales due to personnel related cost cutting measures, technical unemployment and migration to public hospitals;
- Increase in Other administration & operating expenses with **0.9 p.p.** of Sales due to 10.3m RON additional allowance for receivables and 5.1m RON provision for untaken holiday)

Consolidated Statement of Financial Position (1/2)

Description	December 31,	December 31,	December 31,	%VAR
	2019	2019	2020	
	IFRS	IFRS Restated	IFRS	
Non-current assets	811,596,971	845,978,290	899,234,070	6.3%
Current assets, excluding Cash and cash equivalents	172,090,253	172,090,253	201,352,904	17.0%
Cash and cash equivalents	38,886,218	38,886,218	82,999,742	113.4%
TOTAL ASSETS	1,022,573,442	1,056,954,761	1,183,586,716	12.0%
Current liabilities	340,941,966	343,634,518	339,030,068	-1.3%
Long term liabilities	451,609,561	485,236,579	554,217,519	14.2%
Deferred tax liability	19,756,346	19,990,321	22,078,797	10.4%
TOTAL LIABILITIES	812,307,874	848,861,418	915,326,384	7.8%
Equity attributable to owners of the Group	187,085,058	185,223,860	241,395,742	30.3%
Non-controlling interests	23,180,511	22,869,483	26,864,591	17.5%
EQUITY	210,265,569	208,093,343	268,260,333	28.9%

- Restatement of 2019 IFRS Financial Results due to change in policy in IFRS 16 lead to additional 34.3m RON in Right-of-use asset and 36.3m RON in lease liability for 2019



Consolidated Statement of Financial Position (2/2)

Debt position

Leasing liabilities

Description	December 31, 2019 IFRS	Bridge	December 31, 2019 IFRS Restated	December 31, 2020 IFRS	%VAR
Current portion – Leasing	46,742,639	2,692,552	49,435,191	46,135,009	-6.7%
Long term portion – Leasing	99,007,320	33,627,017	132,634,338	139,538,281	5.2%
Total	145,749,960	36,319,570	182,069,529	185,673,290	2.0%

Financial debt

Description	December 31, 2019 IFRS	Bridge	December 31, 2019 IFRS Restated	December 31, 2020 IFRS	%VAR
Overdraft	29,011,944	-	29,011,944	27,127,907	-6.5%
Current portion of long-term debt	24,802,015	-	24,802,015	51,209,903	106.5%
Long-term debt	345,952,241	-	345,952,241	411,354,238	18.9%
Total	399,766,200	-	399,766,200	489,692,048	22.5%
Net Debt	506,629,942		542,949,511	592,365,596	9.1%
Net debt to EBITDA ratio	3.1		3.3	2.8	

Consolidated Statement of Cash Flow

Description	December 31,	December 31,	December 31,
	2019	2019	2020
	IFRS	IFRS Restated	IFRS
Net income before taxes	29,083,155	27,144,904	78,813,099
Adjustments for non-monetary items	113,237,413	114,038,423	143,030,748
Operating cash flow before working capital and other monetary changes	142,320,568	141,183,327	221,843,847
Cash generated from working capital changes	(9,274,874)	(8,308,509)	(64,197,774)
Other monetary changes (income tax and net interest paid)	(22,405,325)	(25,581,792)	(31,871,209)
Net cash from operating activities	110,640,369	107,293,026	125,774,864
Net cash used in investing activities	(108,417,087)	(108,417,087)	(110,096,351)
Net cash from/ (used in) financing activities	2,456,778	5,804,120	28,435,011
Net change in cash and cash equivalents	4,680,059	4,680,059	44,113,524
Cash and cash equivalents beginning of the period	34,206,159	34,206,159	38,886,218
Cash and cash equivalents end of the period	38,886,218	38,886,218	82,999,742

Cash flow for the period characterized by good operating performance:

1. 17% increase in net cash from operating activities;
2. 2% increase in cash used in investing activities;
3. Increase in cash with 22.6m RON from financing activities



Q&A Session

Thank you!