2017
Results Presentation

Executive summary

The contribution of our 2016 projects, Akay in particular, have started boosting our financials. The EBITDA margin is trending up and should improve further as we complete room upgrades at Akay and benefit from operating leverage across the Group.

After Akay and Demet, we turn our attention to Etlik and University projects. The construction work to add a second hospital building in Etlik commenced last year. The new capacity should become operational early 2019. As for the University, Sevgi Foundation is now set to establish Lokman Hekim Medical School following the parliamentary sign-off. We are excited about the prospects there. The University will help us rebrand Lokman as a premier research hospital. We will keep shareholders posted of progress on both.

Investment highlights

A massive and underserved market.

Comprehensive provider of medical services with extensive footprint in maternity and cardiology.

Leading hospital chain in Central and Eastern Turkey.

Execution on strategic priorities under a management focused on shareholders value.

Driving toward near-term profitability objectives with uplift in margins.

Lokman Hekim in numbers

5 Hospitals

2 Outpatient clinics

649 Beds

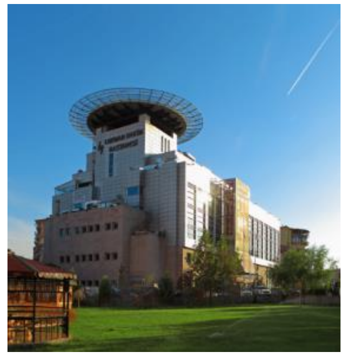
2 International referral offices

263 Physicians

791 Nurses and technicians

2,022 Employees

1 Helipad



Lokman Hekim in numbers

18 Operating theaters

93 General medicine ICUs

15 Cardiovascular ICUs

24 Coronary ICUs

103 Infant ICUs

Lokman Hekim locations

Ankara Etlik
1996

Facility – Hospital
Space: 2,900 SQM
Current capacity – 37 beds
Planned capacity – 100 beds

Ankara Sincan
2008

Facility – Hospital
Space: 17,500 SQM
Current capacity – 201 beds
Planned capacity – 220 beds

Ankara Akay
2016

Facility – Hospital
Space: 18,000 SQM
Current capacity – 126 beds
Planned capacity – 146 beds

Ankara Demet
2016

Facility – Policlinic
Space: 2,400 SQM

Van
2012

Facility – Hospital
Space: 12,500 SQM
Current capacity – 216 beds
Planned capacity – 216 beds

Van Hayat
2013

Facility – Hospital
Space: 4,500 SQM
Current capacity – 69 beds
Planned capacity – 75 beds

Erbil, Iraq
2011

Facility – Imaging Centre
Space: 2,000 SQM

Strategic priorities

- Gain efficiency with data and analytics
- Improve operating leverage
- Medical School
- Gain market share by selective acquisitions in Anatolia
- Grow into low-capital outsourcing business seizing opportunities at City Hospitals
- Maintain leadership in Ankara

2017 headlines

c1.1 million patient admissions

59.5 thousand inpatient treatments

TL246.1 million in revenues

TL65.1 million of which in 4Q17

TL28.4 million in EBITDA

TL9.4 million of which in 4Q17

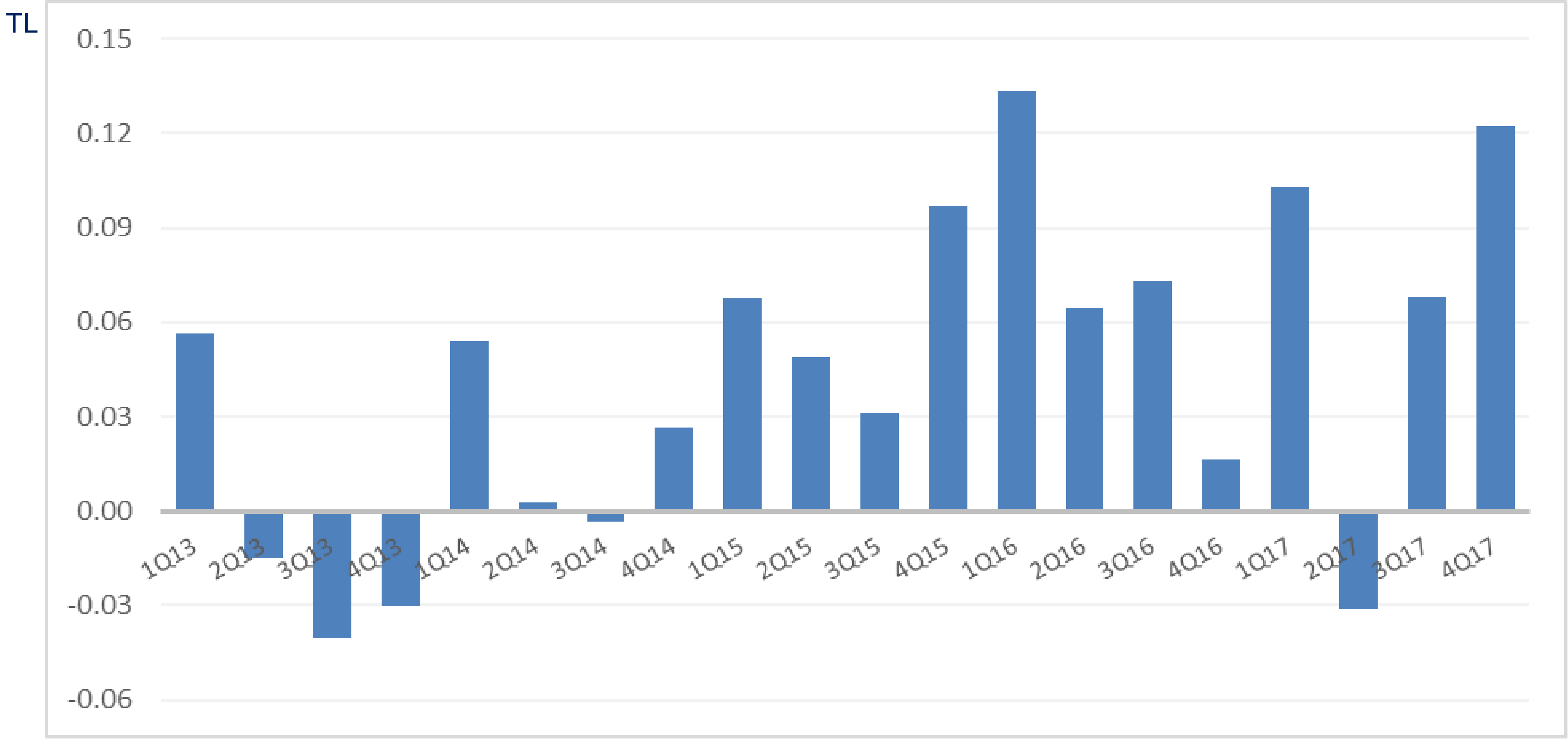
TL6.3 million in earnings

TL2.9 million of which in 4Q17

2017 headlines

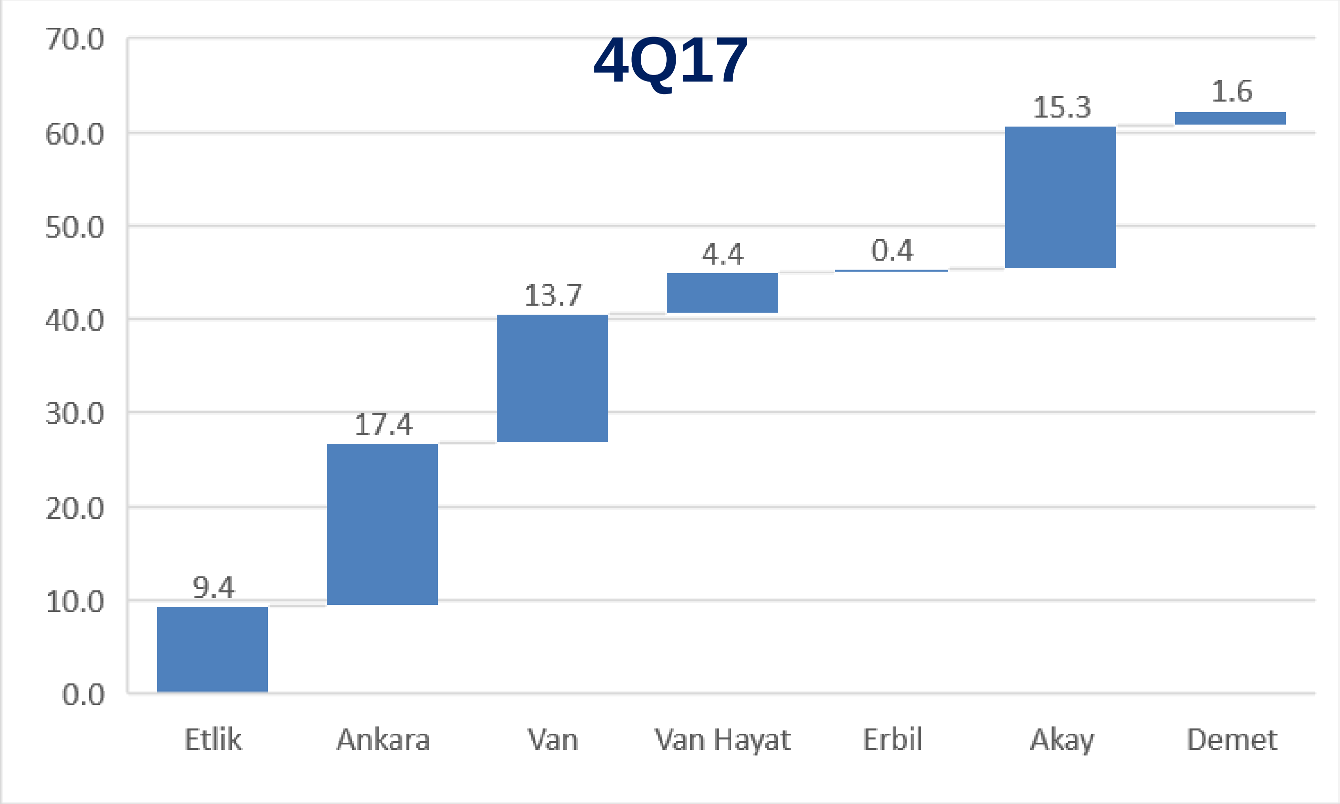
Sales	+27%
Inpatient sales	+25%
Outpatient sales	+27%
No of treatments	+6%
Inpatient count	+18%
Outpatient count	+5%

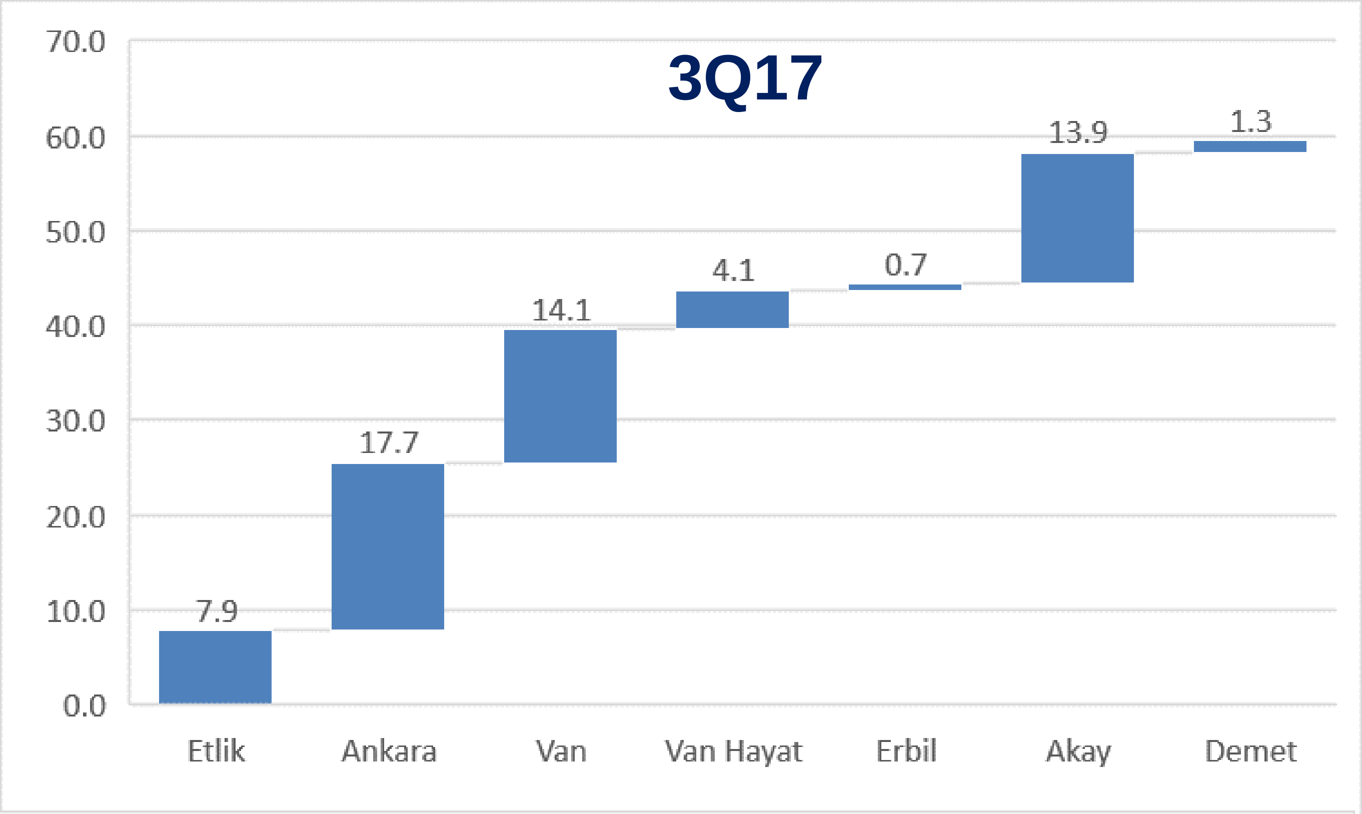
Earnings per share

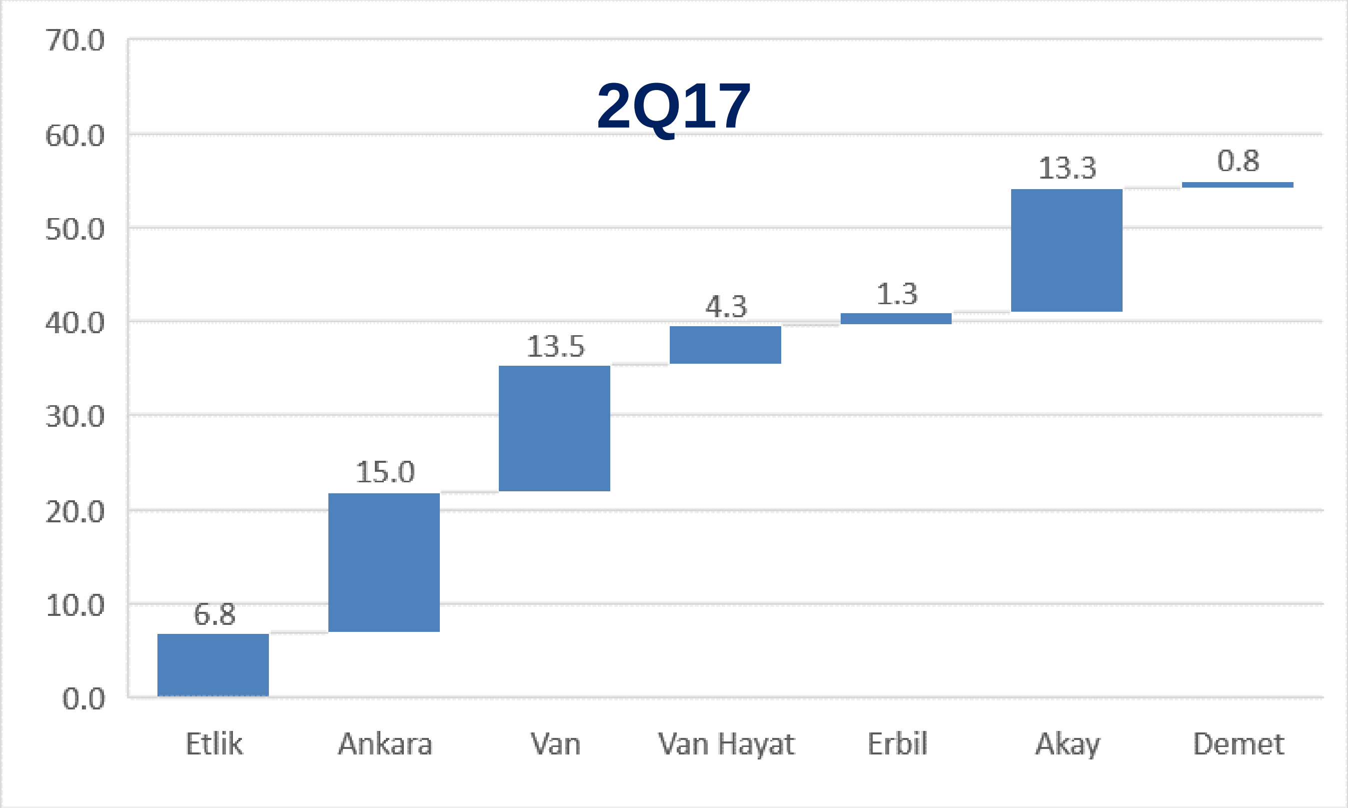


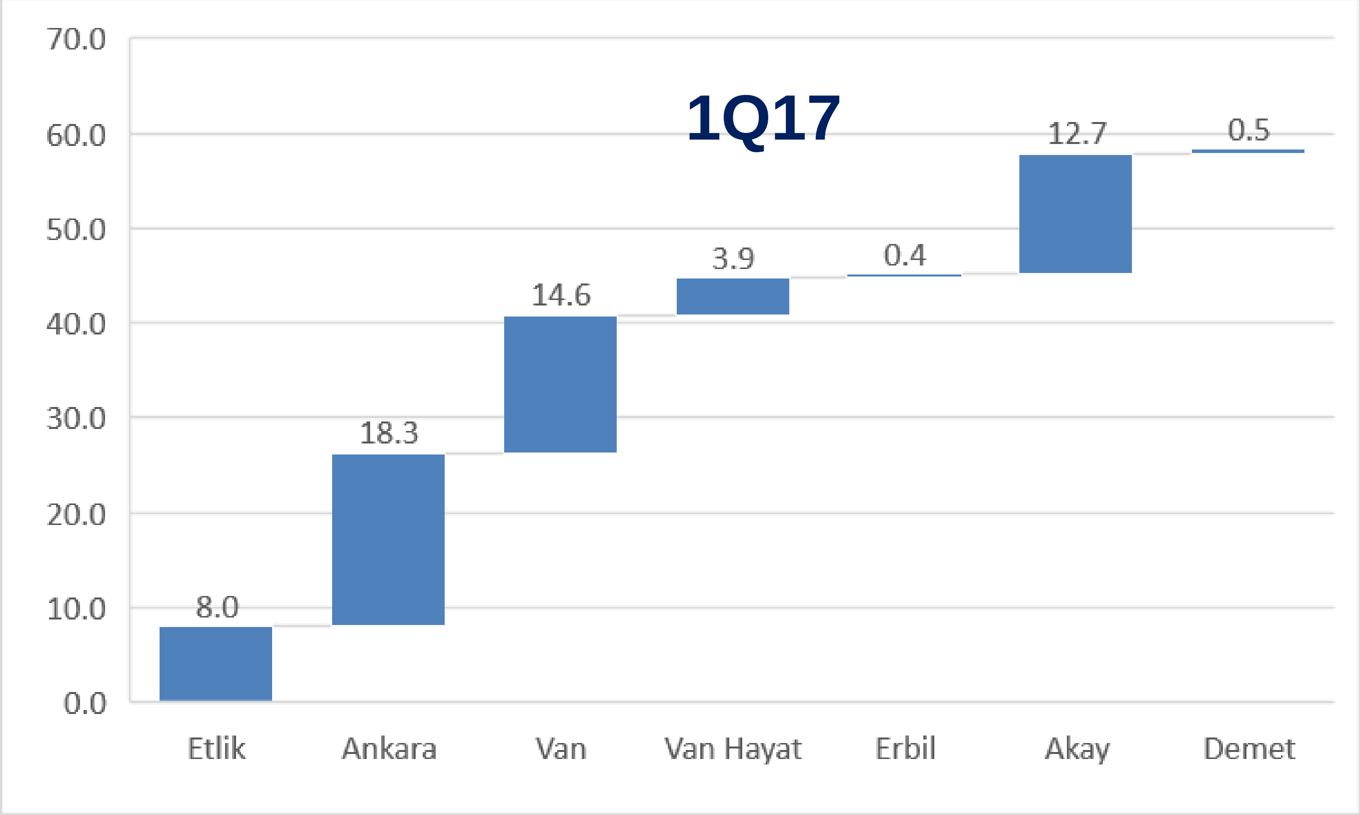
Revenue bridge

TLM



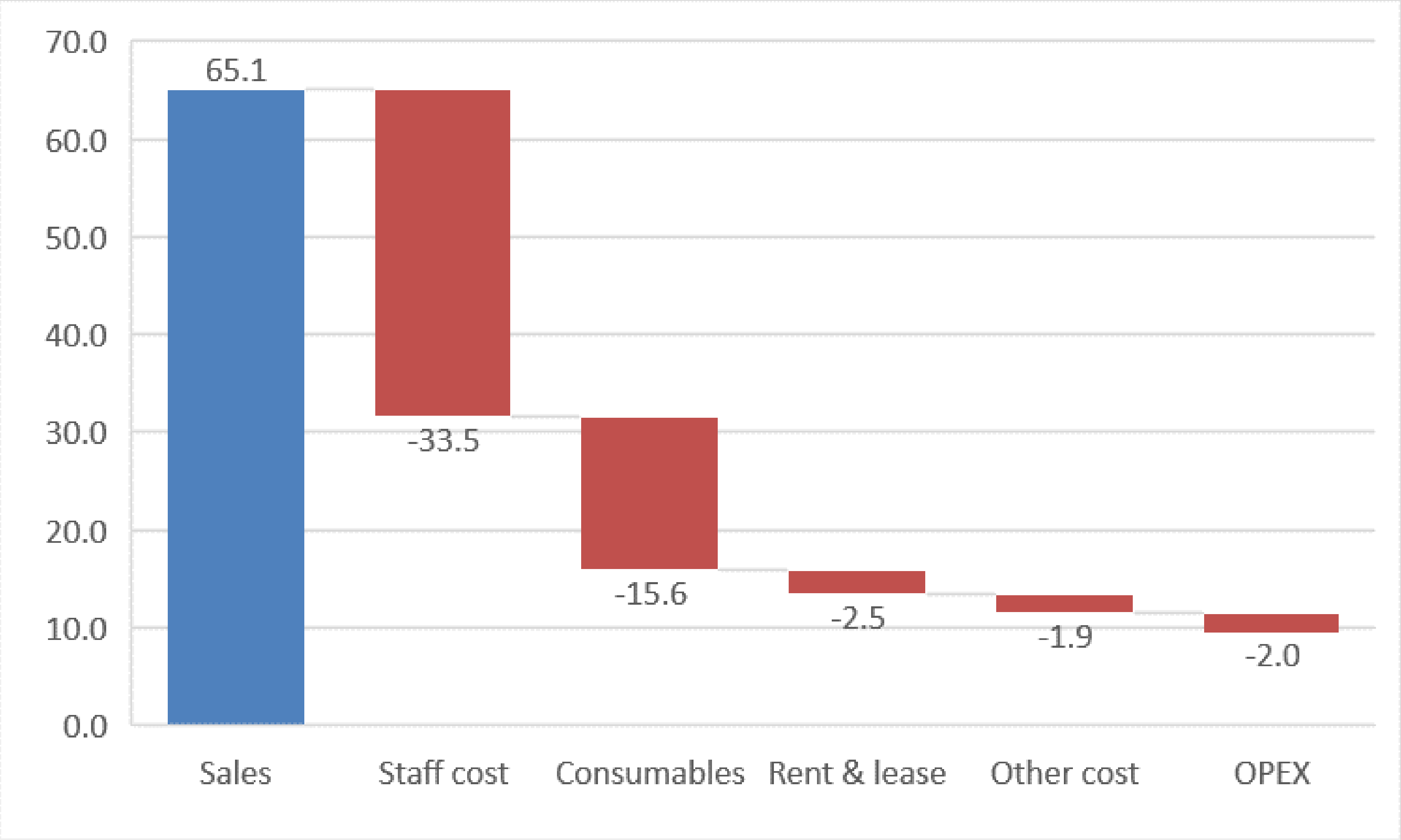




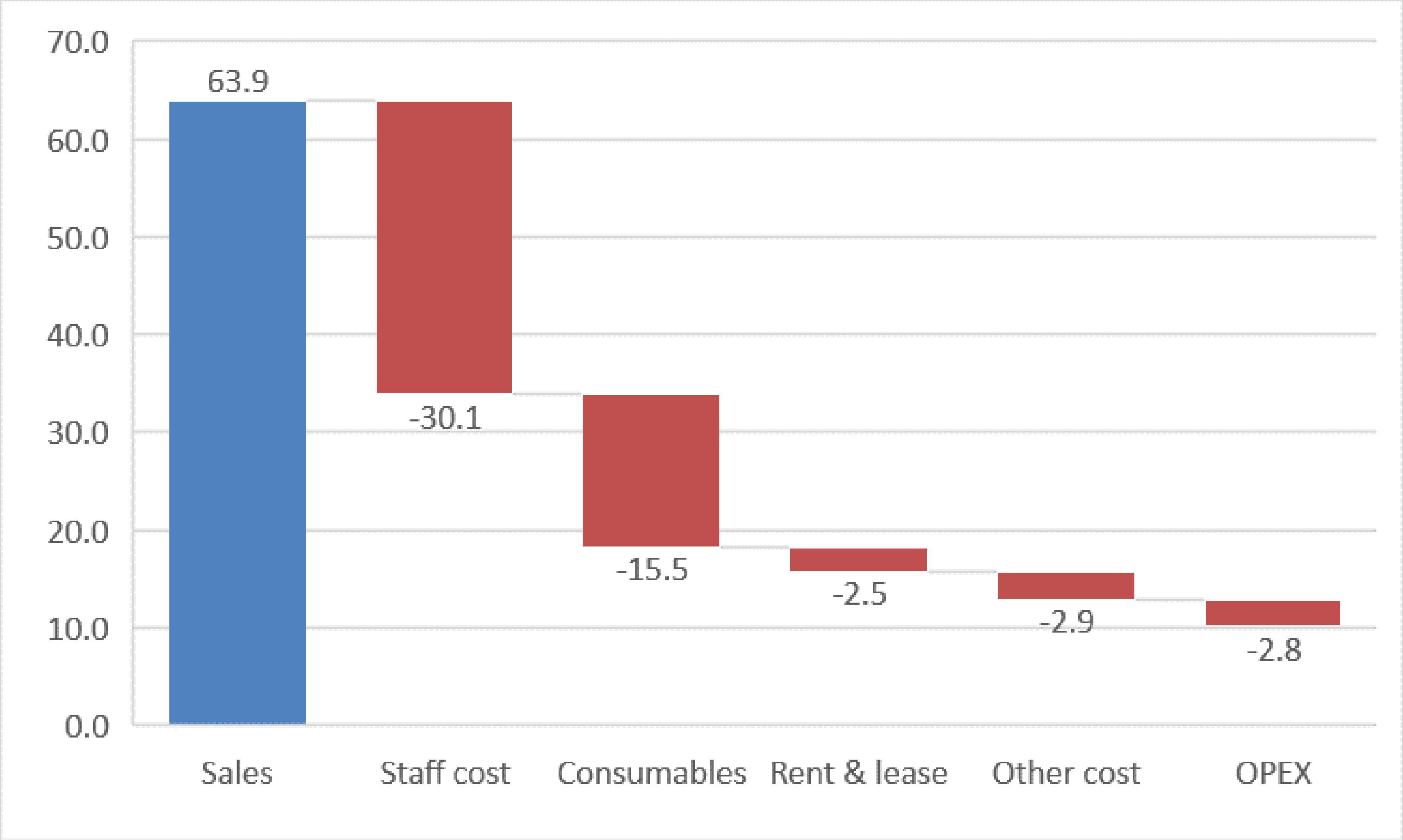


EBITDA bridge

TLM **4Q17**



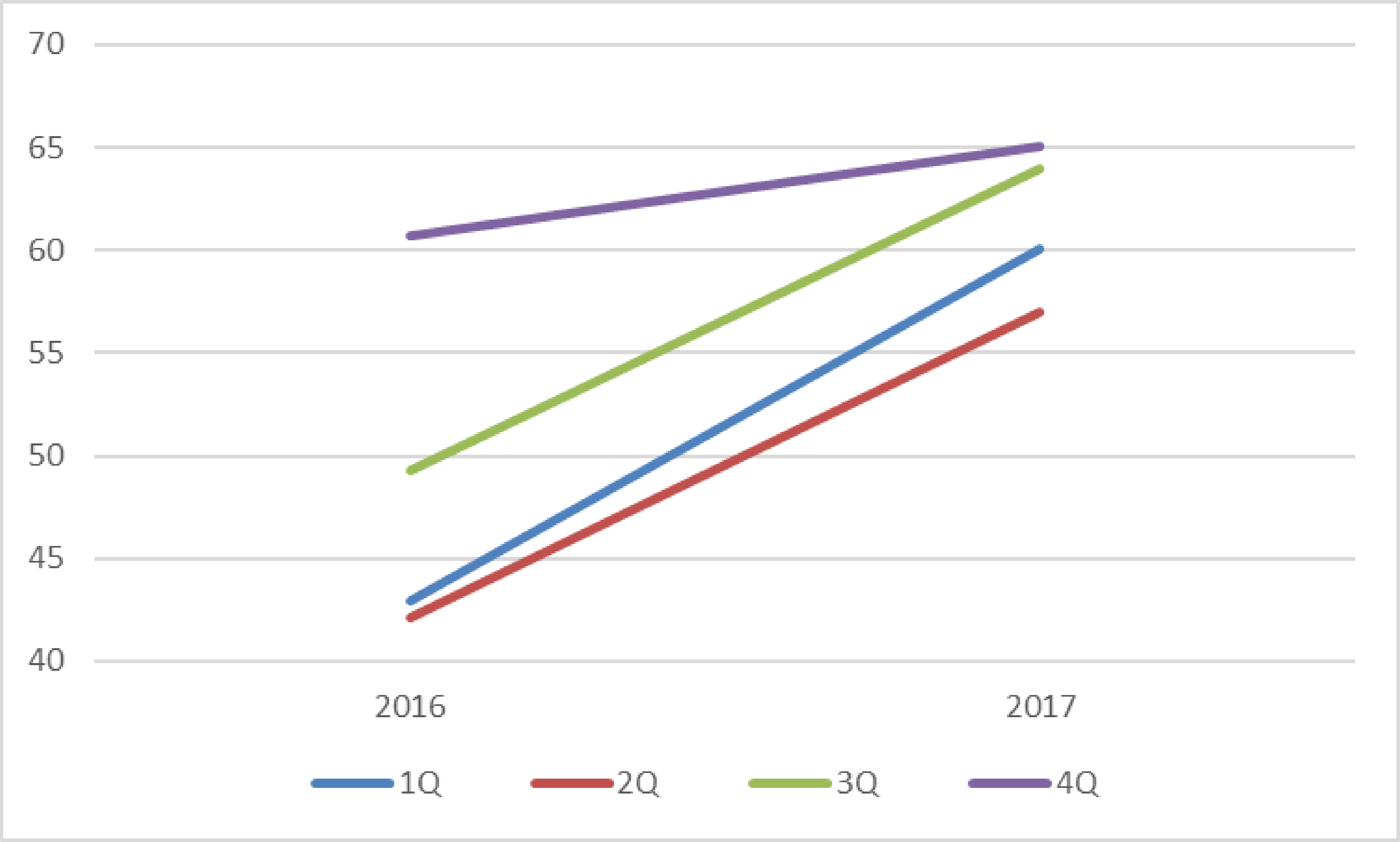
TLM **3Q17**



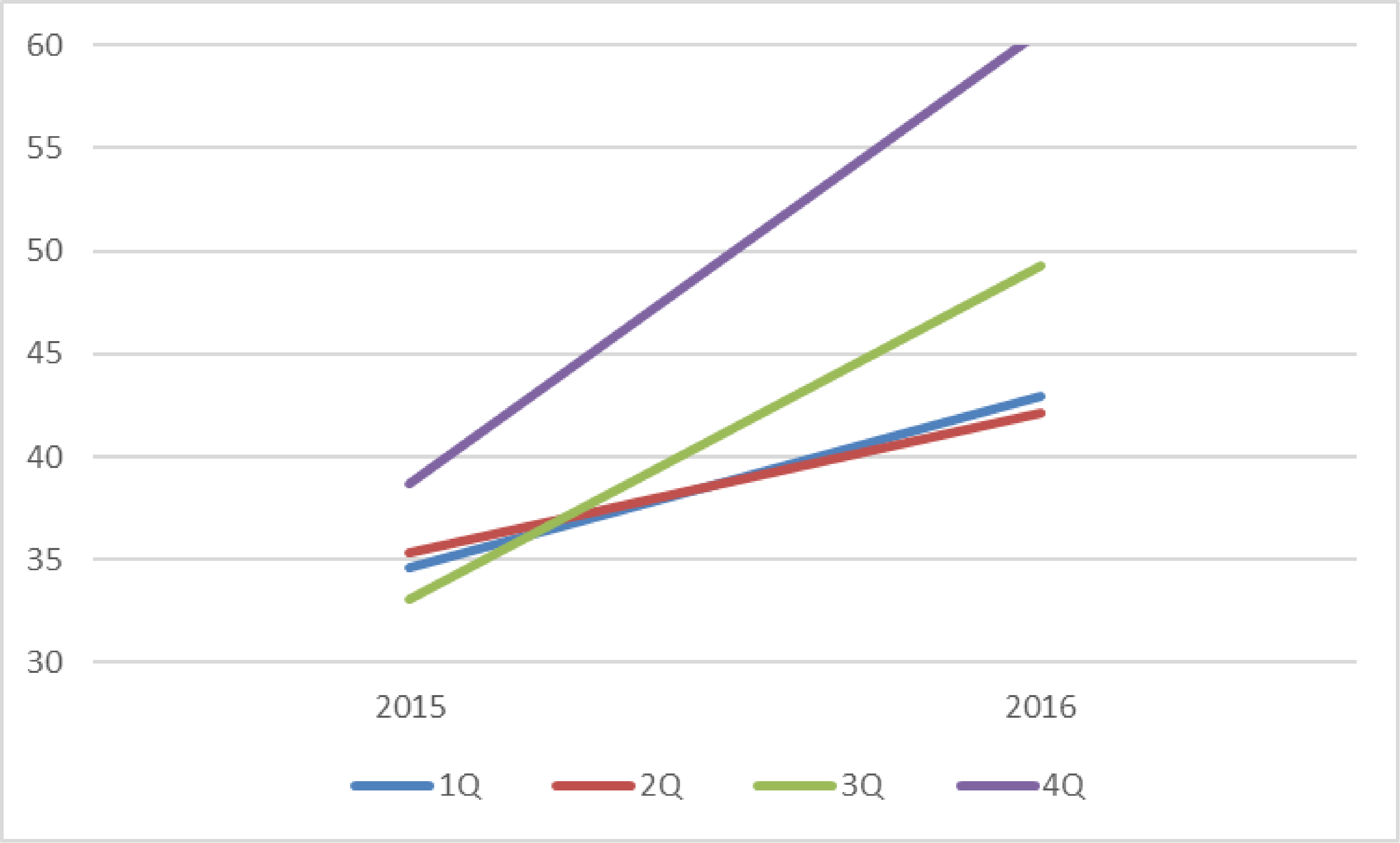
Seasonality

Revenues back-end loaded

TLM



TLM



Income statement summary

Lokman Hekim summary financials

	2017	4Q17	9M17	3Q17	1H17	2Q17	1Q17	2016	4Q16	9M16	3Q16	1H16	2Q16	1Q16	2015
Income statement summary (TLm)															
Sales	**246.1**	**65.1**	**181.0**	**63.9**	**117.1**	**57.0**	**60.1**	**194.5**	**60.2**	**134.3**	**49.2**	**85.0**	**42.1**	**43.0**	**141.6**
Cost of sales	*-207.1*	-52.9	-154.2	-53.2	-101.0	-50.8	-50.2	-156.9	-48.8	-108.1	-40.5	-67.6	-34.6	-33.0	-116.5
Cash gross income	**39.0**	**12.2**	**26.8**	**10.7**	**16.1**	**6.2**	**9.9**	**37.5**	**11.4**	**26.2**	**8.7**	**17.4**	**7.5**	**9.9**	**25.0**
OPEX	*-10.7*	-2.8	-7.9	-2.5	-5.4	-2.7	-2.6	-8.8	-2.0	-6.8	-2.9	-3.9	-2.2	-1.7	-8.4
EBITDA	**28.3**	**9.4**	**18.9**	**8.2**	**10.7**	**3.5**	**7.3**	**28.8**	**9.4**	**19.4**	**5.8**	**13.6**	**5.3**	**8.3**	**16.6**
Depreciation	-9.4	-3.5	-5.9	-1.9	-4.0	-2.5	-1.6	-7.2	-1.7	-5.6	-1.4	-4.1	-2.1	-2.0	-7.9
Net other income	-2.2	-1.2	-1.1	-0.3	-0.8	-0.4	-0.5	-2.3	-2.6	0.3	1.0	-0.7	-0.2	-0.5	0.6
EBIT	**16.7**	**4.7**	**11.9**	**6.0**	**5.9**	**0.6**	**5.3**	**19.3**	**5.1**	**14.2**	**5.4**	**8.8**	**3.1**	**5.7**	**9.3**
Net interest	-9.3	-3.0	-6.3	-3.0	-3.3	-2.1	-1.2	-4.1	-1.7	-2.4	-0.8	-1.6	-0.7	-0.9	-3.3
EBT	**7.4**	**1.7**	**5.6**	**3.1**	**2.6**	**-1.5**	**4.0**	**15.1**	**3.4**	**11.7**	**4.5**	**7.2**	**2.4**	**4.8**	**5.9**
Taxes	5.8	3.6	2.2	-0.1	2.3	2.2	0.2	1.2	0.9	0.4	0.7	-0.3	-0.3	-0.1	2.7
Net income	**13.2**	**5.3**	**7.8**	**2.9**	**4.9**	**0.7**	**4.2**	**16.4**	**4.3**	**12.1**	**5.2**	**6.9**	**2.1**	**4.7**	**8.6**
Minorities	-6.9	-2.4	-4.5	-1.3	-3.2	-1.4	-1.7	-9.5	-3.9	-5.6	-3.5	-2.1	-0.6	-1.5	-3.2
Income available for shareholders	**6.3**	**2.9**	**3.4**	**1.6**	**1.7**	**-0.8**	**2.5**	**6.9**	**0.4**	**6.5**	**1.7**	**4.8**	**1.5**	**3.2**	**5.4**

December quarter sales grew 8% year-on-year and 2% sequentially. Quarterly net income available for shareholders reads TL2.9M versus TL1.6M generated in the previous quarter. The quarterly growth in earnings is largely due to investment tax credit.

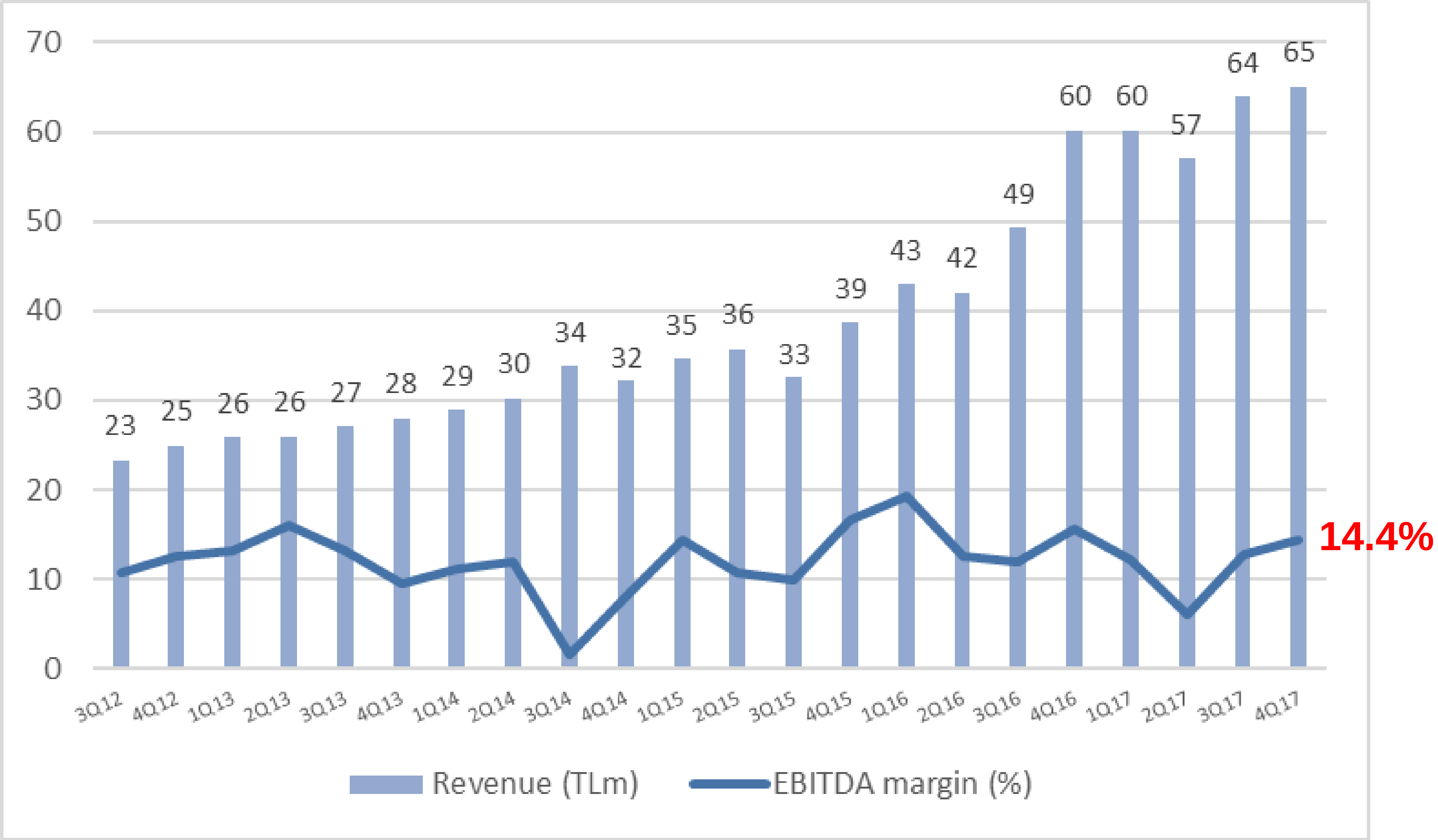
Margin analysis

Profit and cost margins

	2017	4Q17	9M17	3Q17	1H17	2Q17	1Q17	2016	4Q16	9M16	3Q16	1H16	2Q16	1Q16	2015
Margins (%)															
Cash gross	15.9	18.7	14.8	16.7	13.8	10.9	16.5	19.3	18.9	19.5	17.7	20.5	17.8	23.2	17.7
Staff cost	53.6	53.9	53.5	51.7	54.4	50.0	48.3	51.2	51.3	51.7	54.4	50.0	52.7	47.5	51.2
Consumables	24.6	25.1	24.5	22.7	21.0	23.7	25.5	23.4	26.3	22.7	21.0	23.7	25.8	21.7	23.1
Rent	4.0	4.1	4.0	3.4	3.9	3.1	3.1	3.4	3.8	3.4	3.9	3.1	3.2	3.0	3.3
EBITDAR	15.5	18.5	14.4	16.2	13.1	9.2	15.2	18.2	19.3	17.9	15.8	19.0	15.7	22.3	15.1
EBITDA	11.5	14.4	10.5	12.8	9.2	6.1	12.1	14.8	15.6	14.4	11.9	15.9	12.6	19.2	11.7
OPEX	4.3	4.3	4.4	3.9	4.6	4.8	4.4	4.5	3.3	5.0	5.9	4.5	5.2	3.9	5.9
EBIT	6.8	7.3	6.6	9.5	5.0	1.1	8.7	9.9	8.5	10.5	10.9	10.3	7.2	13.3	6.6
EBT	3.0	2.6	3.1	4.8	2.2	-2.6	6.7	7.8	5.7	8.7	9.2	8.4	5.7	11.2	4.2
Net	2.6	4.5	1.9	2.6	1.5	-1.3	4.1	3.5	0.7	4.8	3.5	5.6	3.7	7.5	3.8

At 14.4%, the EBITDA margin has widened 160bp sequentially. The margin is 90bp below what we reported for the same period of 2016 because of the idle capacity caused by the roll-out we have implemented at Akay

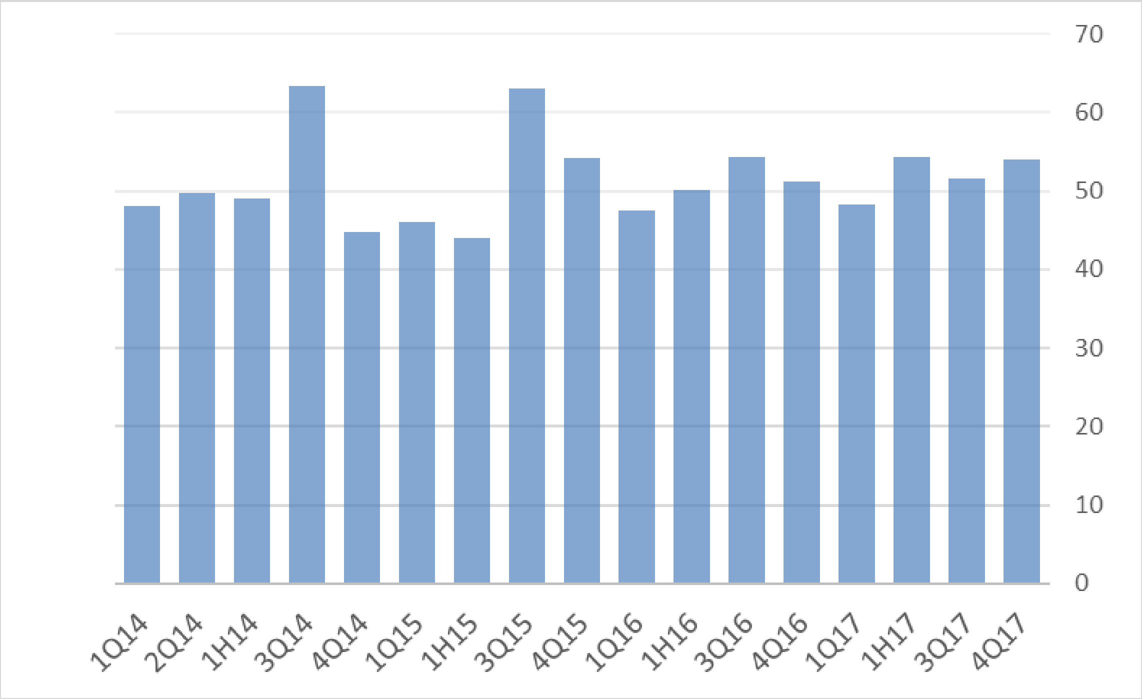
Sales and EBITDA margin



December quarter EBITDA margin reads 14.4%, up from 12.8% in September; we expect the margin to trend up thru 2018 as we complete the roll-out at Akay and upgraded rooms become operational

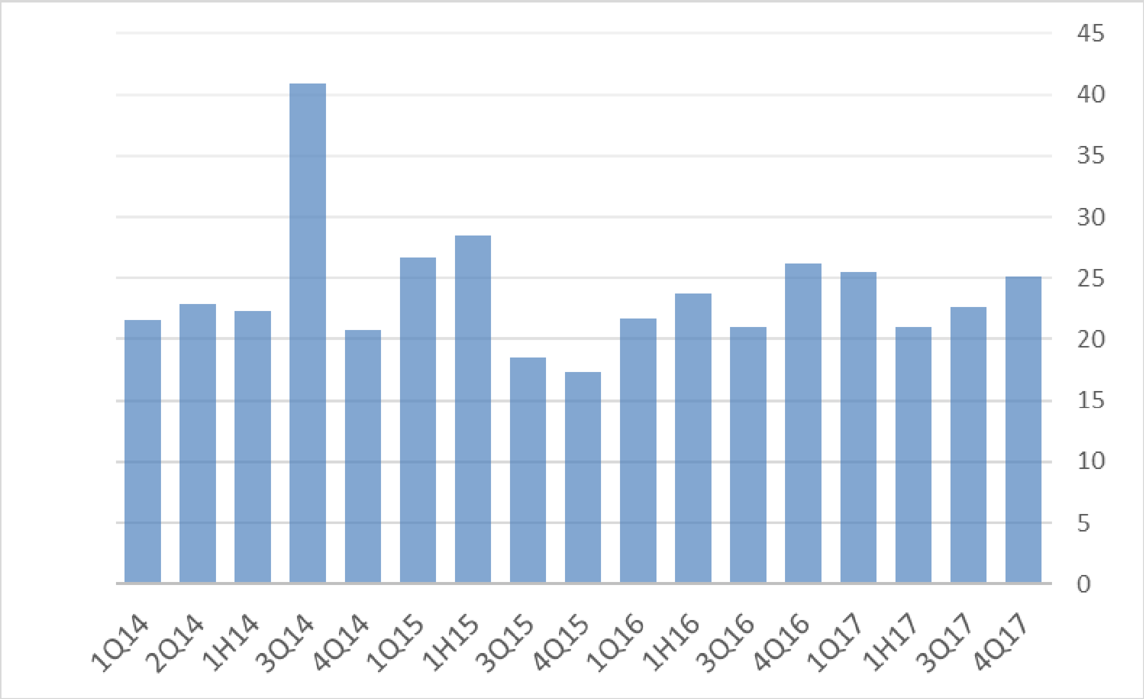
Cost margins

Staff cost



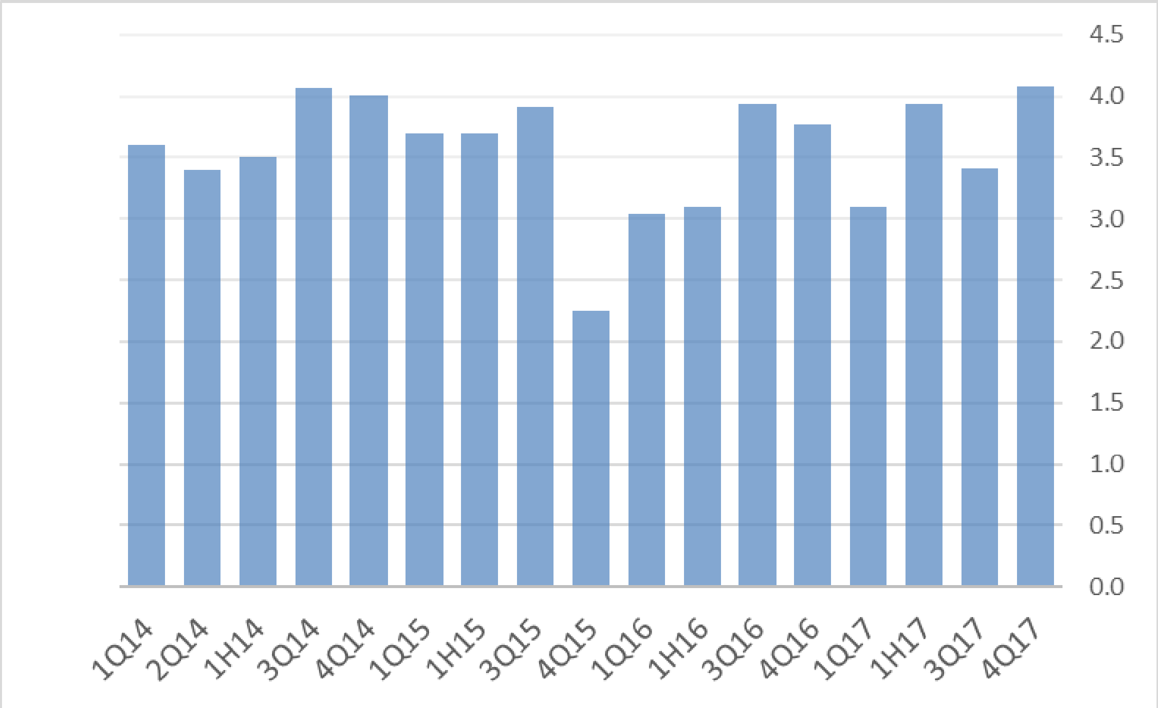
We aim below 50% margin in 2018 and 2019

Consumables



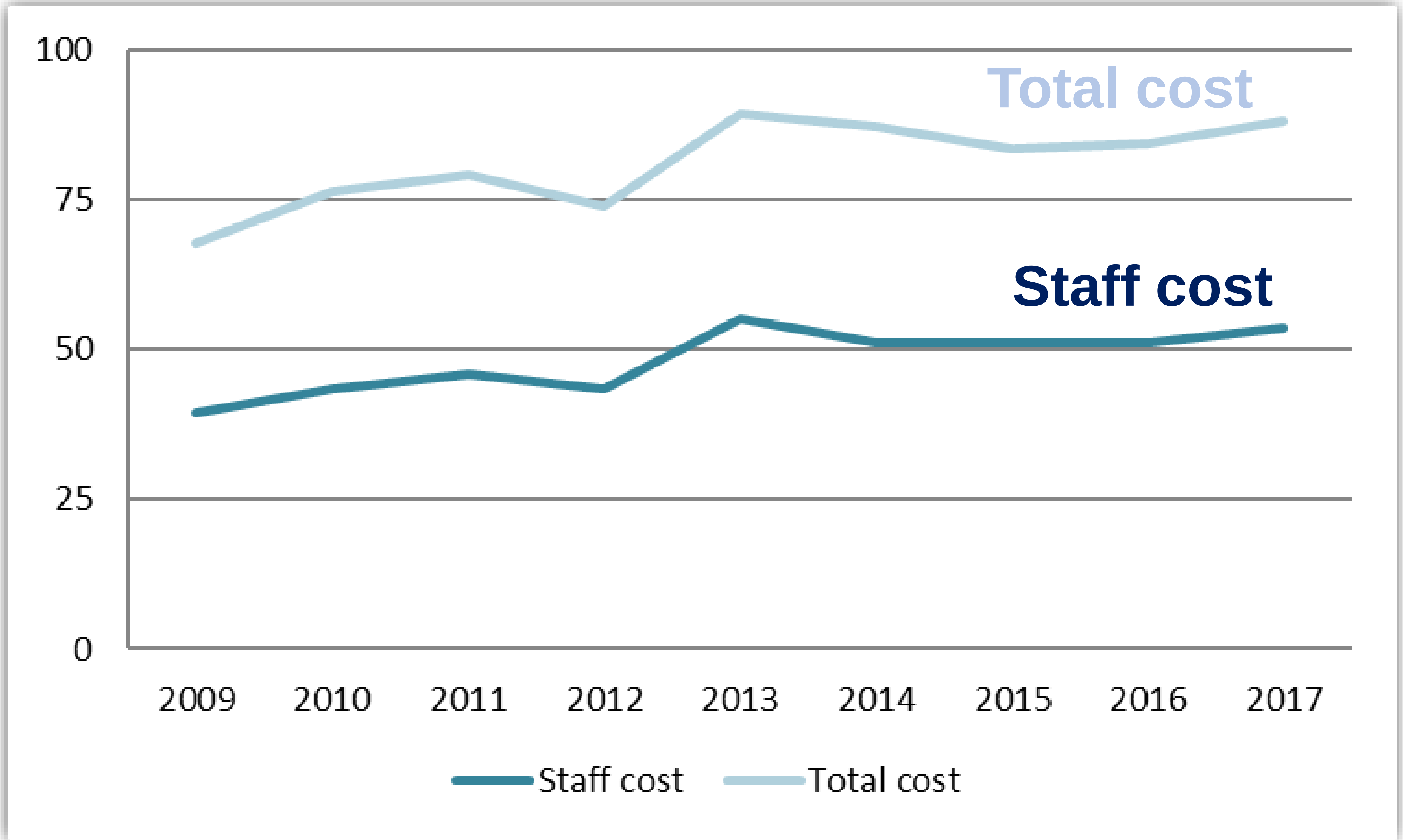
We aim below 25% margin in 2018 and 2019

Rent/lease

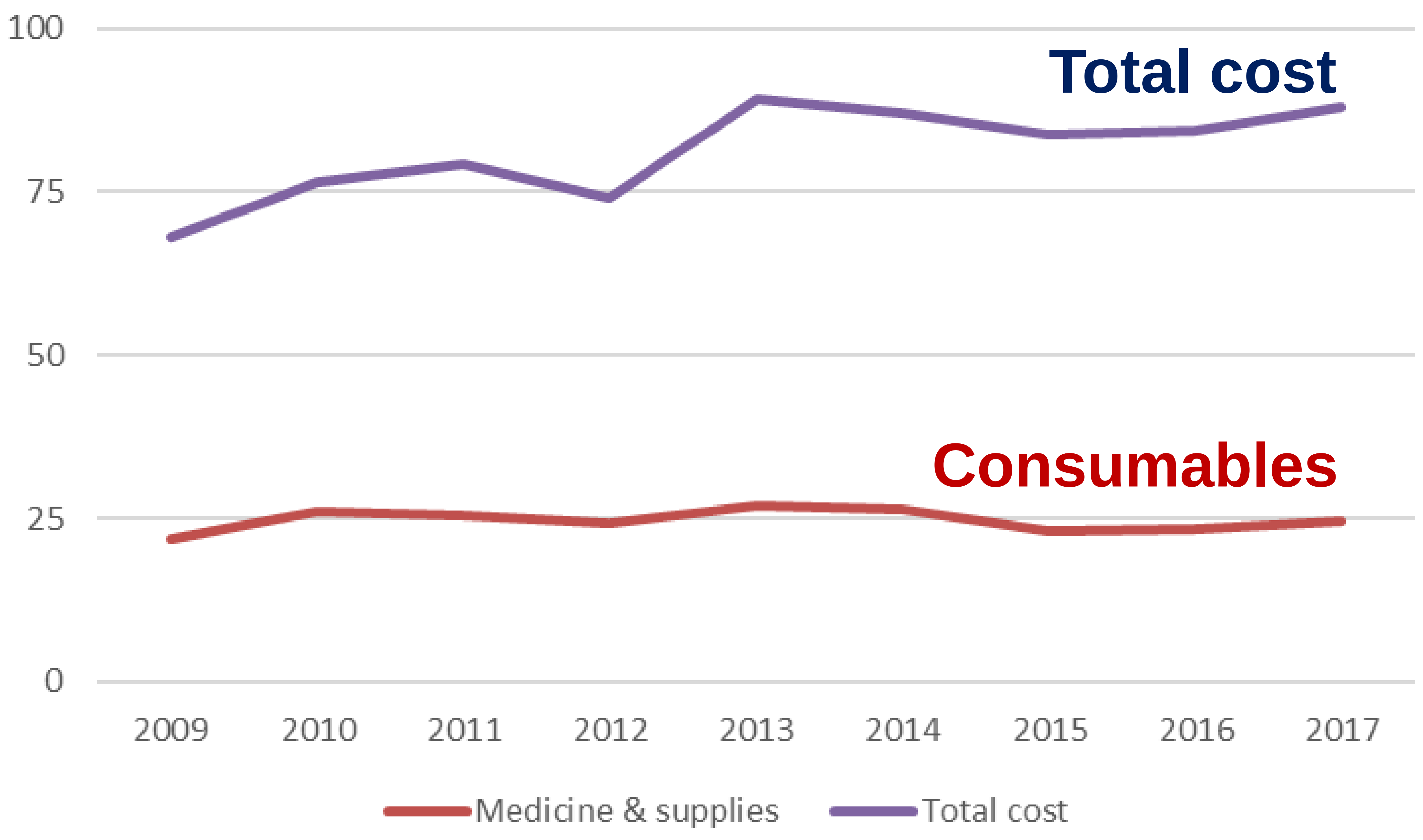


Rental & lease cost to remain at around 3.5%

Cost margin trends



Cost margin trends



Balance sheet summary

Book and market equity, capital metrics and leverage

	2017	4Q17	9M17	3Q17	1H17	2Q17	1Q17	2016	4Q16	9M16	3Q16	1H16	2Q16	1Q16	2015
Book and market equity (TLm)															
Book value of equity	60.5	60.5	59.6	59.6	63.7	63.7	65.1	62.3	62.3	64.1	64.1	63.2	63.2	64.9	62.5
Net debt	71.5	71.5	66.5	66.5	55.2	55.2	49.9	45.4	45.4	42.0	42.0	28.2	28.2	22.5	27.8
Market value of equity	151.4	151.4	151.4	151.4	151.4	151.4	151.4	151.4	151.4	151.4	151.4	151.4	151.4	151.4	151.4
Treasury stock	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7	-9.7
Minorities	13.2	13.2	15.3	15.3	14.0	14.0	12.5	13.2	13.2	9.9	9.9	6.5	5.9	5.9	4.3
Enterprise value	226.5	226.5	223.6	223.6	211.0	211.0	204.2	200.4	200.4	193.7	193.7	176.4	175.8	170.1	173.9
Leverage and capital															
Net debt to sales (x)	0.29	0.27	0.28	0.26	0.24	0.24	0.21	0.23	0.19	0.23	0.21	0.17	0.17	0.13	0.20
Net debt to EBITDA (x)	2.53	1.90	2.64	2.03	2.57	3.98	1.71	1.58	1.21	1.20	1.80	1.04	1.33	0.68	1.67
Net debt to equity (x)	1.18	1.18	1.12	1.12	0.87	0.87	0.77	0.73	0.73	0.66	0.66	0.45	0.45	0.35	0.44
EV to sales (x)	0.92	0.87	0.93	0.87	0.90	0.93	0.85	1.03	0.83	1.08	0.98	1.04	1.04	0.99	1.23
EV to EBITDA (x)	8.00	6.03	8.86	6.83	9.82	15.20	7.02	6.97	5.35	7.49	8.28	6.51	8.31	5.14	10.46

Net debt to EBITDA is 2.5x using 2017 full year EBITDA or 1.9x on 4Q EBITDA annualized. The leverage ratios are somewhat above Lokman norms but remain within budget and well below those at peers.

Investments update

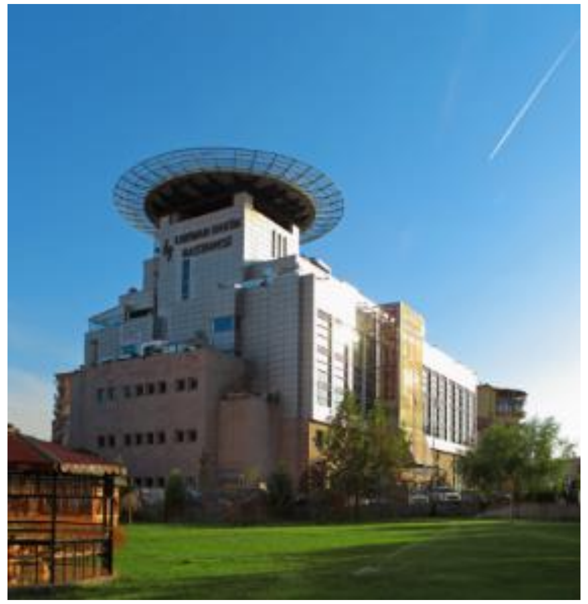
Ankara Akay – Room, technology infrastructure upgrades near completion.

Ankara Demet – The roll-out nearing end with a new dental clinic now in operation.

Ankara Etlik – The work which commenced in 2017 will construct a second hospital building adjacent to our existing facility, which should nearly treble the capacity at the location.

Lokman Hekim Medical School – With the land acquisition completed and the regulatory approvals obtained, the project is progressing as planned.

Elazig business – we have signed an agreement with Elazig City Hospital to operate a physiotherapy and rehab center.



Etlik project recap

Ankara Etlik 1996

37 beds now

2017 Sales = TL32.1M

+

Ankara Etlik 2nd hospital building 2018

63 beds additional

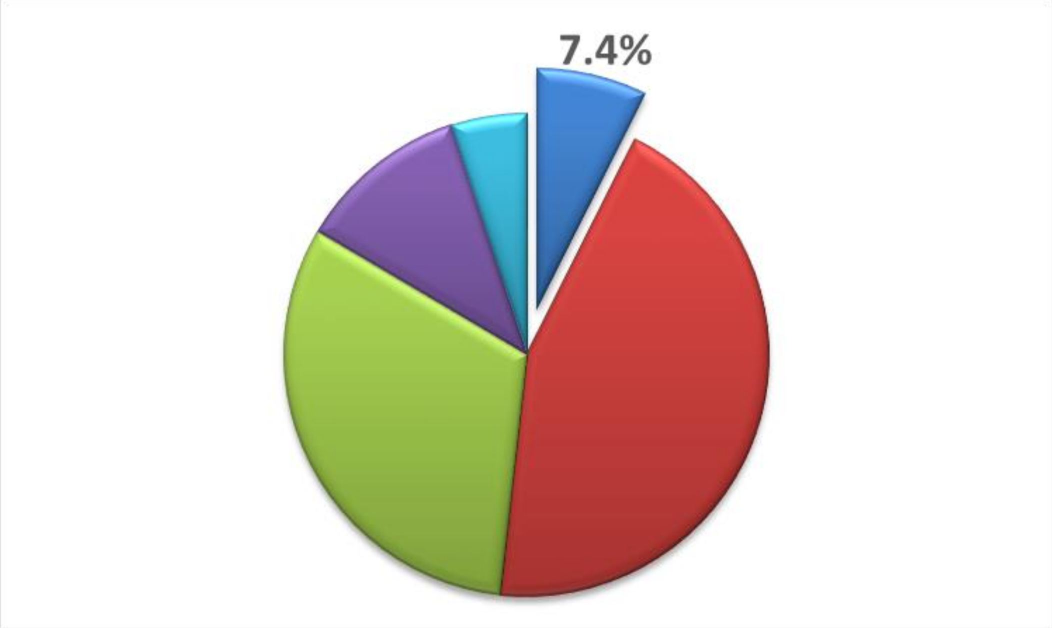
CAPEX 2017 thru 2019 TL25M

=

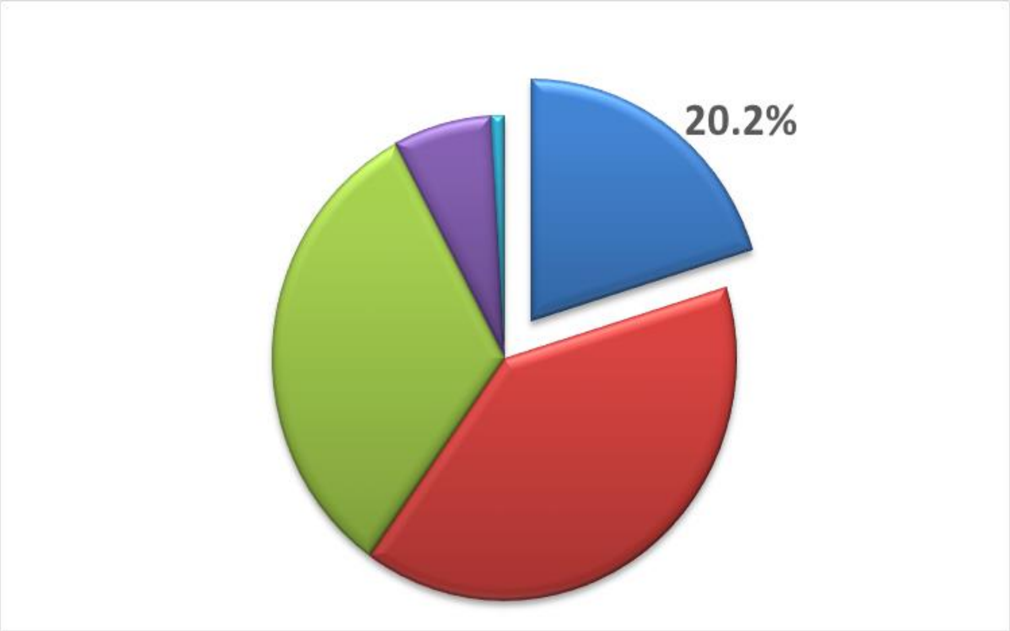
New Etlik 2019

100 beds

Etlik project – why upgrade



Etlik's share in floor space



Etlik's share in revenues

Etlik commands the highest sales per square meter of floor space in the Network

Space at Etlik is scarce. If you visited the location, the first thing you would notice is a crowded hospital lobby. You would see patients trying to register with the reception or locate the very physician they are looking for. You cannot find a single Lokman employee idle. The rooms are always occupied.

Here is what these mean in terms of numbers. Etlik operates on 2,900 sqm of floor space (7.4% of the group as a whole) or 35 beds (7% of the group's total bed capacity). On these, Etlik generated 20% of group sales in 2015, which makes the location 3x more profitable than the group average. We are using full year 2015 numbers to exclude Akay and Demet, which became operational late 2016.

Medical School Project

The project is moving ahead. Lokman Hekim and Sevgi Foundation have secured regulatory approvals to start the work to establish Lokman Hekim University in Ankara. The University will offer range of graduate degrees in medical sciences and related disciplines. The programs should start admitting students in 2018.

Two Ankara hospitals to become research hospitals. Sincan and Akay, two of Lokman's Ankara locations will be affiliate hospitals to house research and practical training activities of the Medical School, which will be the source of much needed talent and top quality medical staff supplying Lokman group of hospitals.

A major milestone in Lokman’s history. The School will help Lokman grow its footprint in the sector, improve brand recognition, and above all, raise the quality of product and services to become a key provider in Turkish healthcare industry. The work is underway to form the academic units.

Medical School Project

The School to have its own P&L. The Medical School will have its own balance sheet and revenue sources – tuition and fees, donations and rental income – The School is non-profit.

The academic staff will not be in Lokman's payroll. The academic personnel will be in School's payroll irrespective of their involvement in patient-care at Lokman Hekim hospitals. Any revenue generated by doctors with academic titles *net of* doctors' shares will go through Lokman Hekim's P&L.

We expect the project to become earnings accretive by 2020.

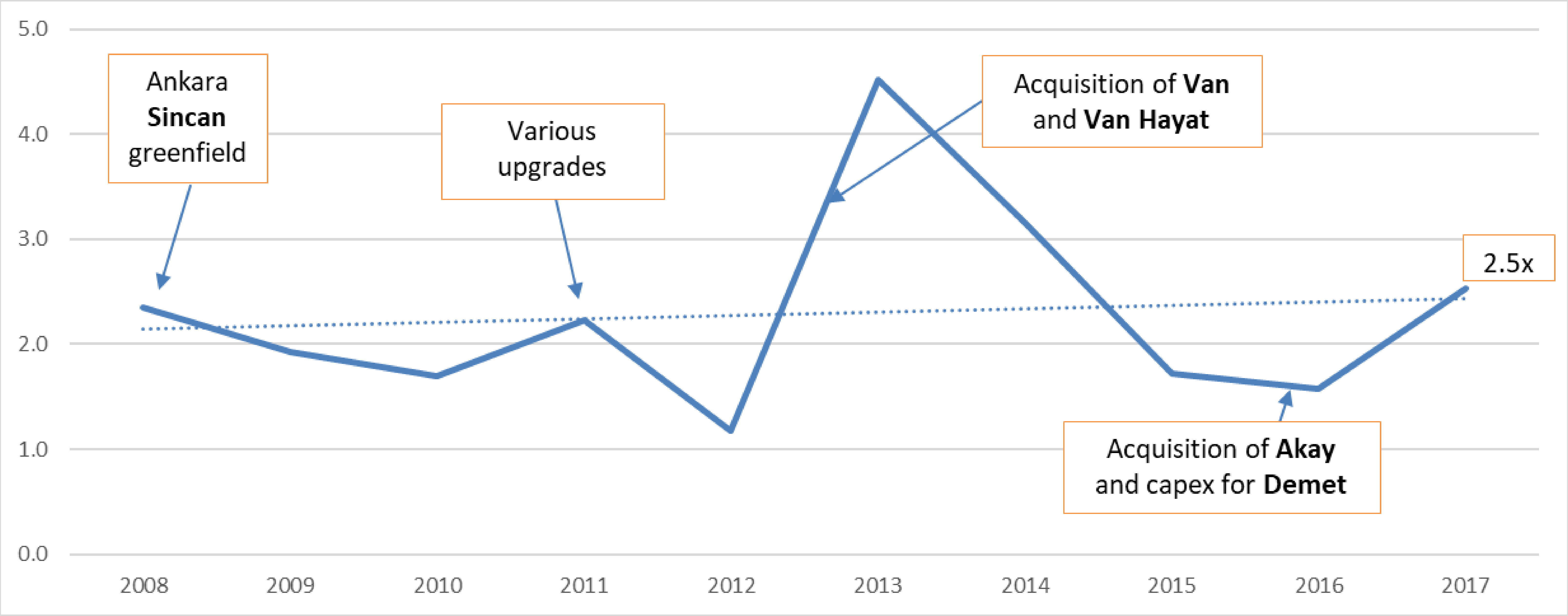
Elazig Project

Elazig City Hospital mandate. We have obtained a service outsourcing mandate from Ronesans Holding, the company managing Elazig City Hospital PPP. We will be the sole provider of all physiotherapy and rehabilitation services to be offered at Elazig for a 5-year period.

Elazig to operate 1,038 beds. Ronesans, through its sister company ELZ Saglik, has a 28-year concession from the Turkish Health Ministry to design, build, finance, equip and maintain a 1,038-bed hospital campus in Elazig. The hospital is expected to start operations in 4Q18.

Our third location in Eastern Turkey. Elazig project effectively adds a third location to our growing presence in Eastern Turkey, an under-served region in the country. We plan to generate TL2.5-3M in annual revenues with an estimated EBITDA margin of 25%.

Investments and leverage



Dividends per share

Background

We are headquartered in Ankara, where we are also the leading private care provider

We are members of External Quality Control Programs of BIO-RAD Labs (U.S.A.) and RANDOX Labs (U.K.)

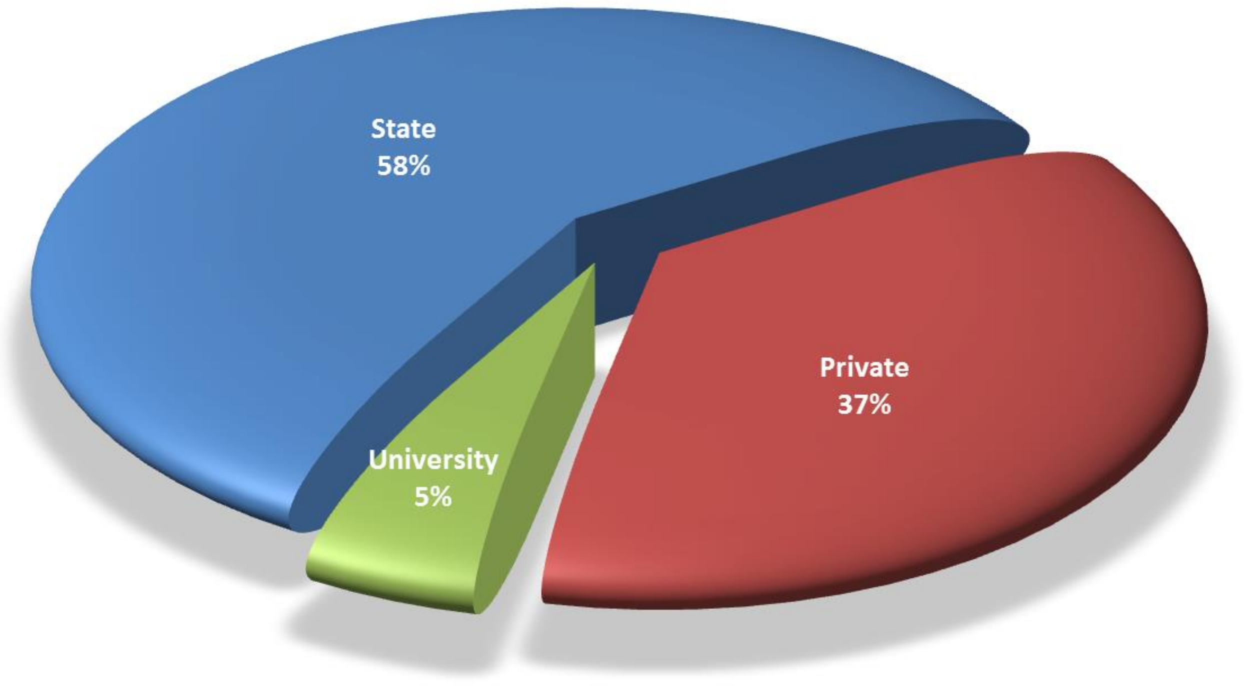
Longer term objectives

Our long term EBITDA margin objective is 15%. We intend to accomplish this target without compromising on service quality and brand name by

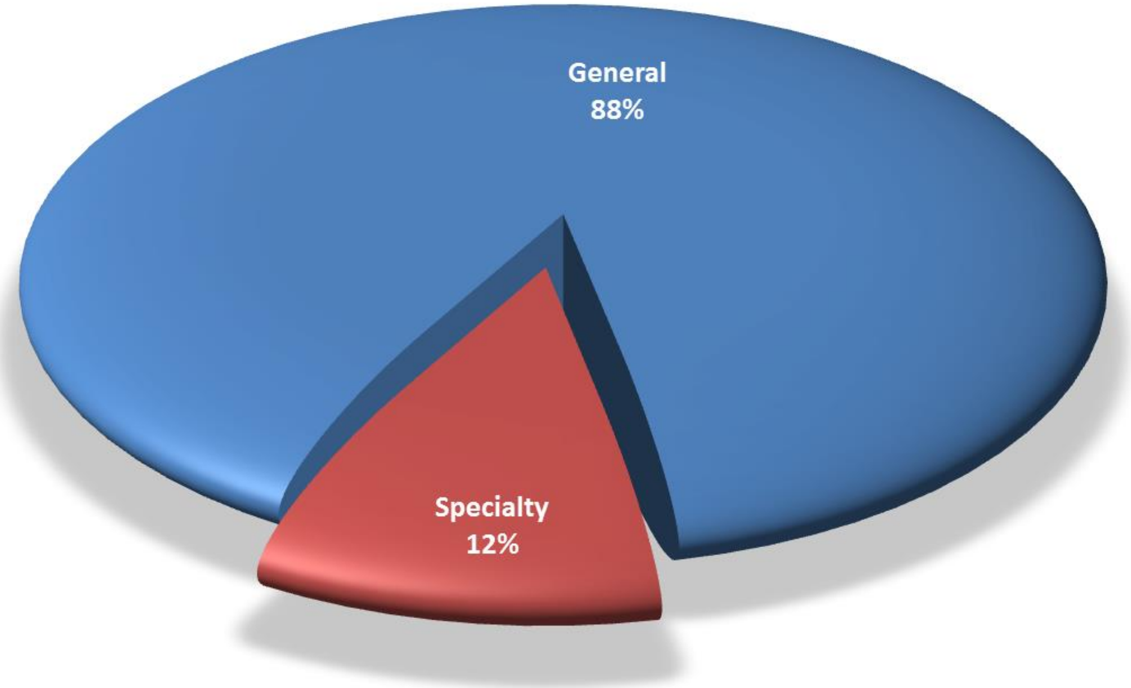
1. Turning **regional cost differentials** to our advantage
2. Raising gradually the **contribution of higher margin PMI** business to our sales
3. Improving **pricing power** with suppliers by taking advantage of **economies of scale** as we acquire and grow business
4. Using our **experience gathered in underpenetrated regions** of the country to position in Central and Eastern Anatolia

Turkish healthcare supply

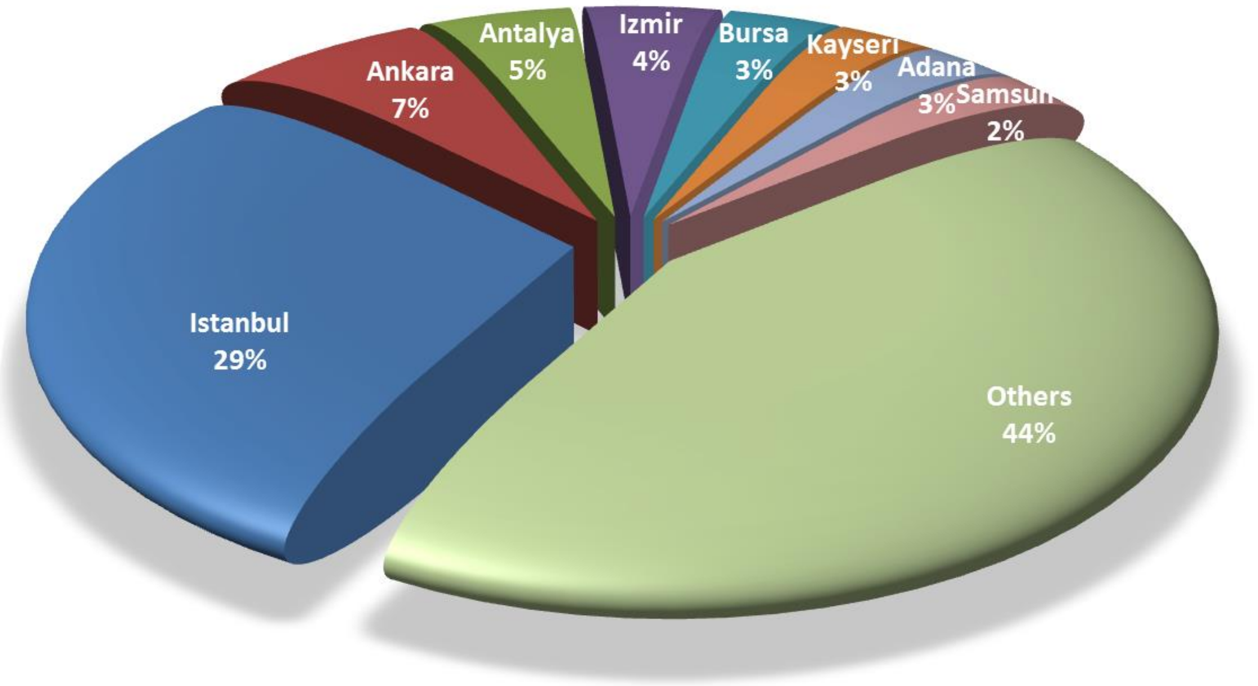
Breakdown by ownership



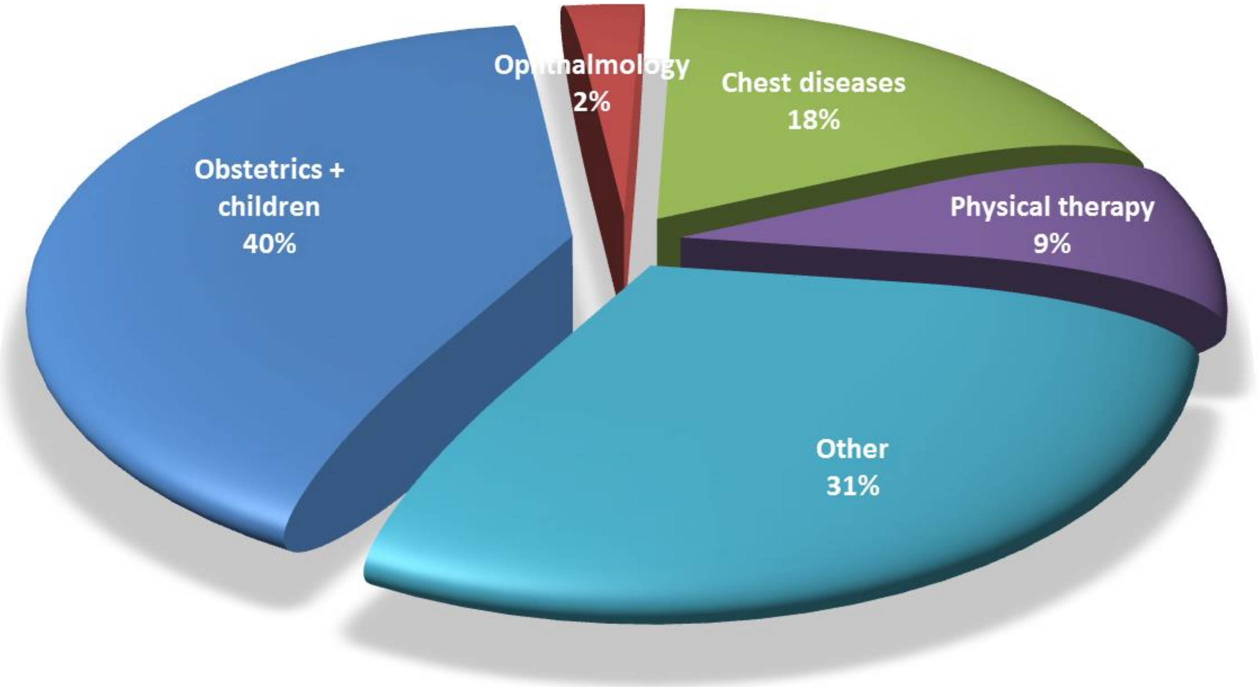
General v speciality



Breakdown by province



Breakdown of speciality



Lokman's target cities

Underserved by private sector providers

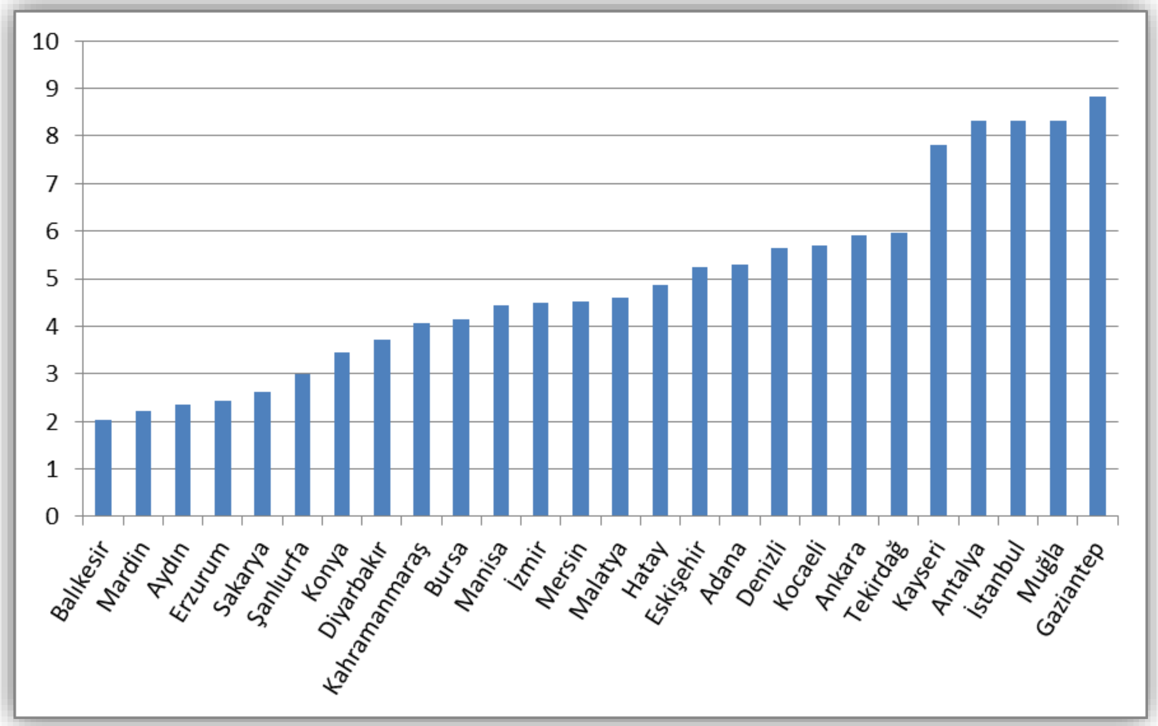
Lowest 10 by private healthcare

Balıkesir	Şanlıurfa
Mardin	Konya
Aydin	Diyarbakir
Erzurum	Kahramanmaraş
Sakarya	Bursa

Lowest 10 by healthcare in total

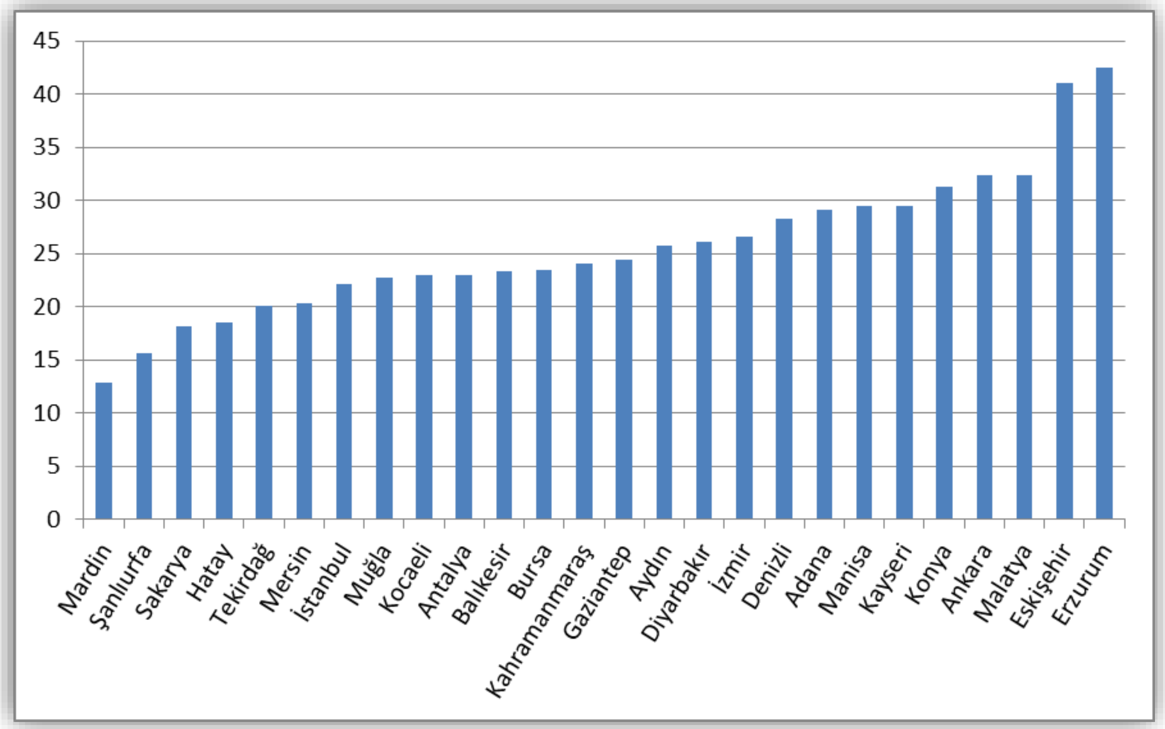
Mardin	Mersin
Şanlıurfa	Istanbul
Sakarya	Muğla
Hatay	Kocaeli
Tekirdağ	Antalya

Number of private hospital beds per 10,000



Sources: Turkish Ministry of Health, Industry reports, and Lokman Hekim

Number of total hospital beds per 10,000



Sources: Turkish Ministry of Health, Industry reports, and Lokman Hekim

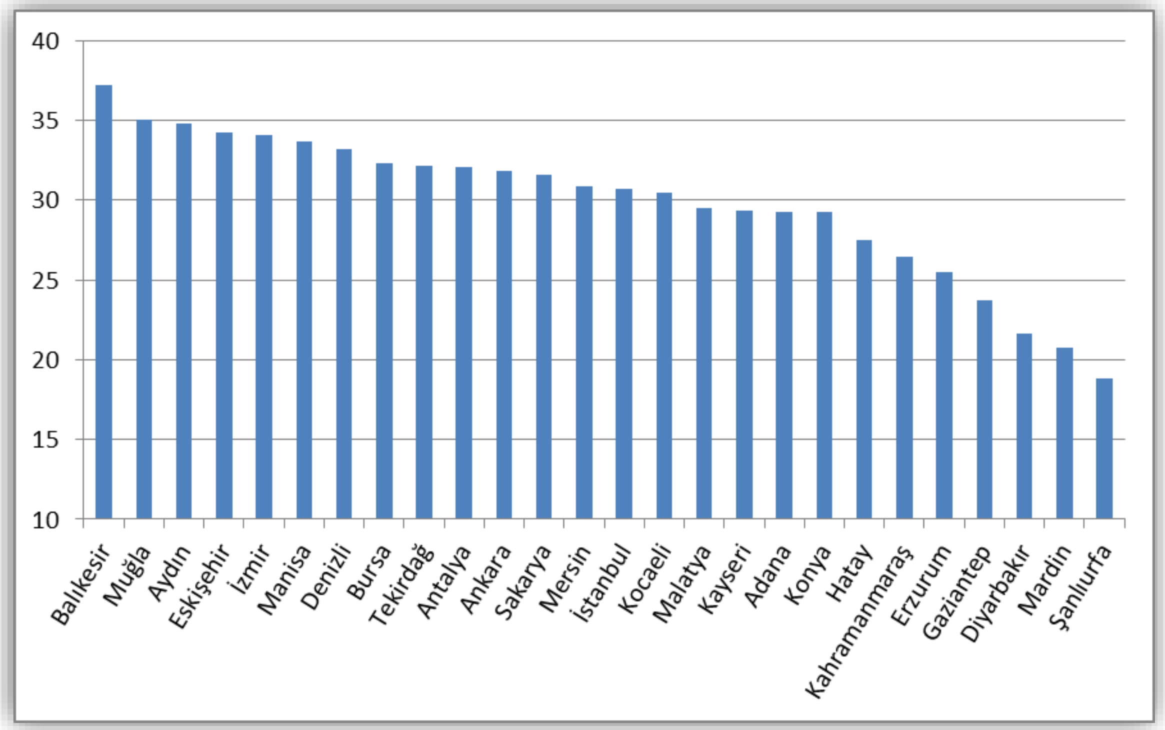
Sources: Turkish Ministry of Health, Industry reports, and Lokman Hekim

Cities with right demographics

Young, old and fast

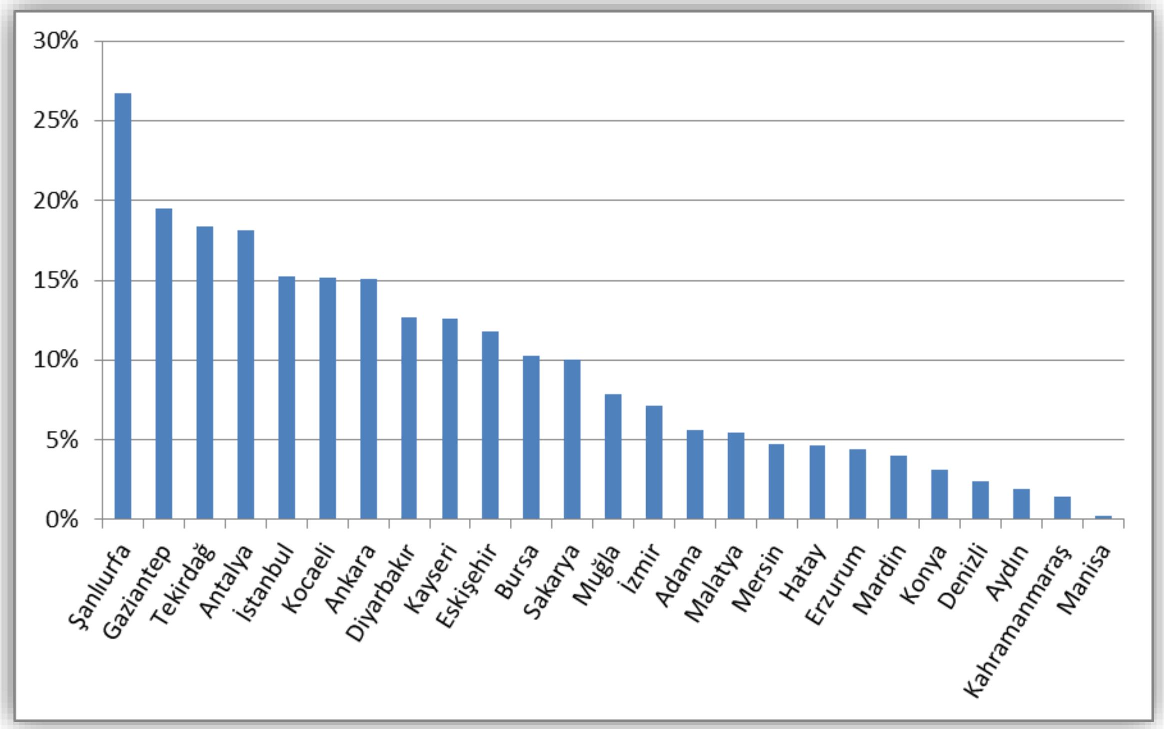
The youngest 10		The oldest 10		Fastest growing	
Şanlıurfa	Kahramanmaraş	Balikesir	Manisa	Şanlıurfa	Ankara
Mardin	Hatay	Muğla	Denizli	Gaziantep	Diyarbakir
Diyarbakir	Konya	Aydin	Bursa	Tekirdağ	Kayseri
Gaziantep	Adana	Eskişehir	Tekirdağ	Istanbul	Eskişehir
Erzurum	Kayseri	Izmir	Antalya	Kocaeli	Bursa

Average age by major city as at 2015*



(*) Turkish Statistics Institute

Population growth from 2015 to 2023*

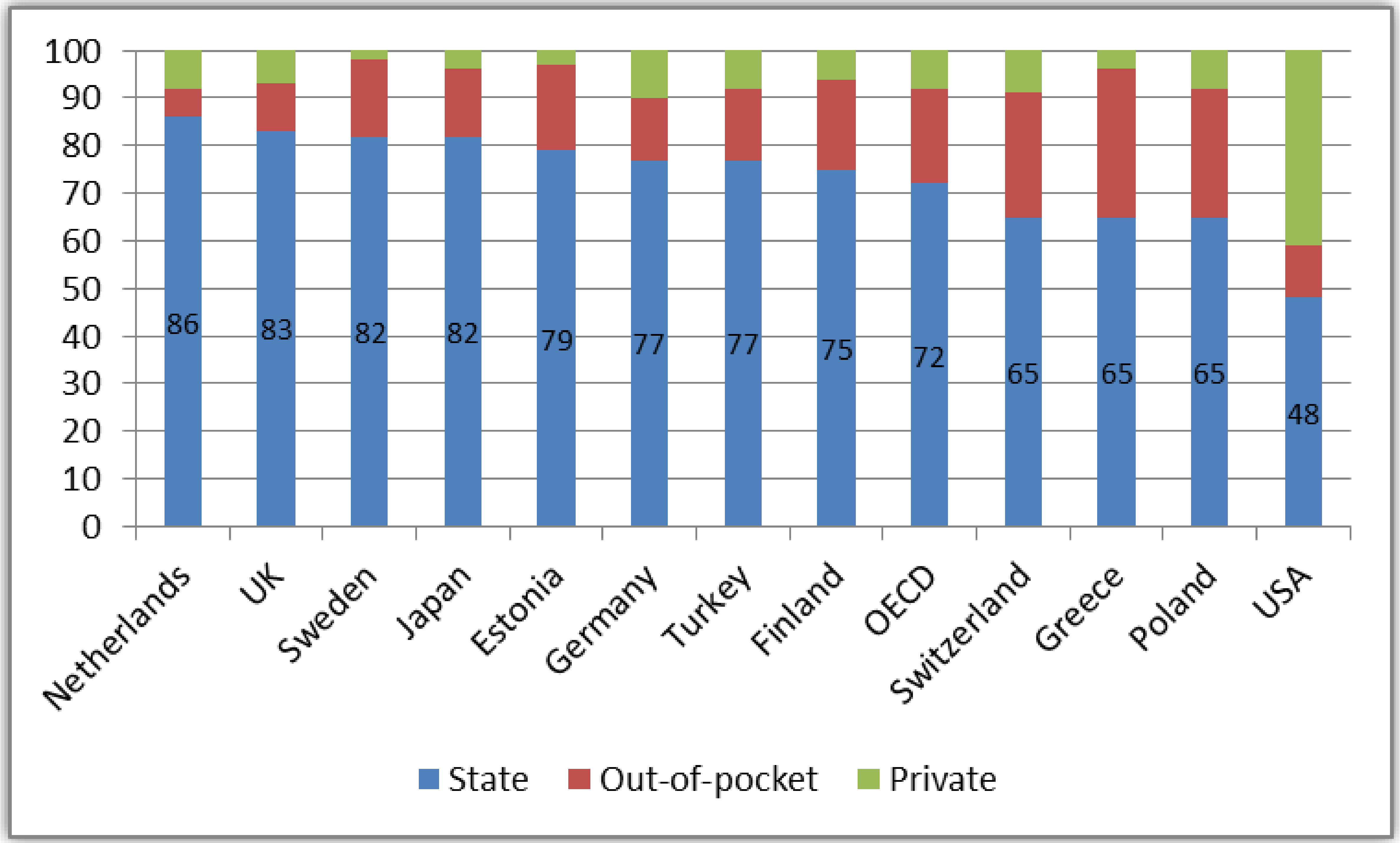


(*) Official projections

Sources: Turkish Ministry of Health, Industry reports, and Lokman Hekim

The last slide

Who pays for healthcare across OECD (%)



Sources: WHO, Industry reports, and Lokman Hekim estimates

Thank you

Disclaimer

This document contains " prospective statements". Except for retroactive information, all statements including but not limited to the statements about group’s operations, financial position and business strategies may contain prospective statements. In addition, prospective statements may be specified with prospective terms like "possibly", "inevitable", "expecting", "aim", "plan", "foresee", "estimate", "believe" ve "continue" in general.

Though the company believes that the expectations specified in prospective statements are reasonable as of today’s expectations, it does not guarantee that these expectations will be realized. Due to this uncertainty, our readers should not take action based on the prospective statements in question. These cautionary explanations will be applied as a whole for all written or oral statements that may be stated by us from now on.

Lokman Hekim Group Consolidated Financial Statements can be reached from the following website http://lokmanhekim.com.tr/tr/yatirimci-iliskileri/yatirim-bilgileri/faaliyet-raporlari.