



2Q18

**Investor
Presentation**



Executive summary



We post 20% growth in revenues year on year and strong double-digit growth across all operating revenue and income lines on year-on-year comparisons: June quarter cash gross income and EBITDA are up 70% and 117% year-on-year, respectively. EBITDA margin on a 12-month rolling basis stands at 13.2% versus 11.7% as at June 2017. We have reported TL0.08 in June quarter EPS versus a net loss posted for the same period last year. We are not changing our full year guidance.



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 as at June 2018

5 Hospitals



270 Physicians

2 Outpatient clinics

815 Nurses and technicians



650 Beds



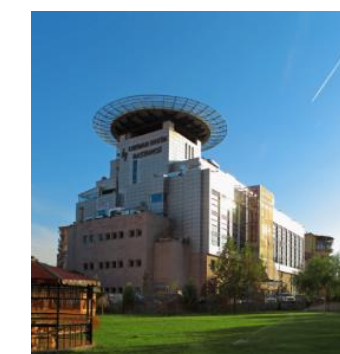
2,146 Employees



2 International referral offices



1 Helipad



Lokman as at June 2018

18 Operating theaters

93 General medicine ICUs

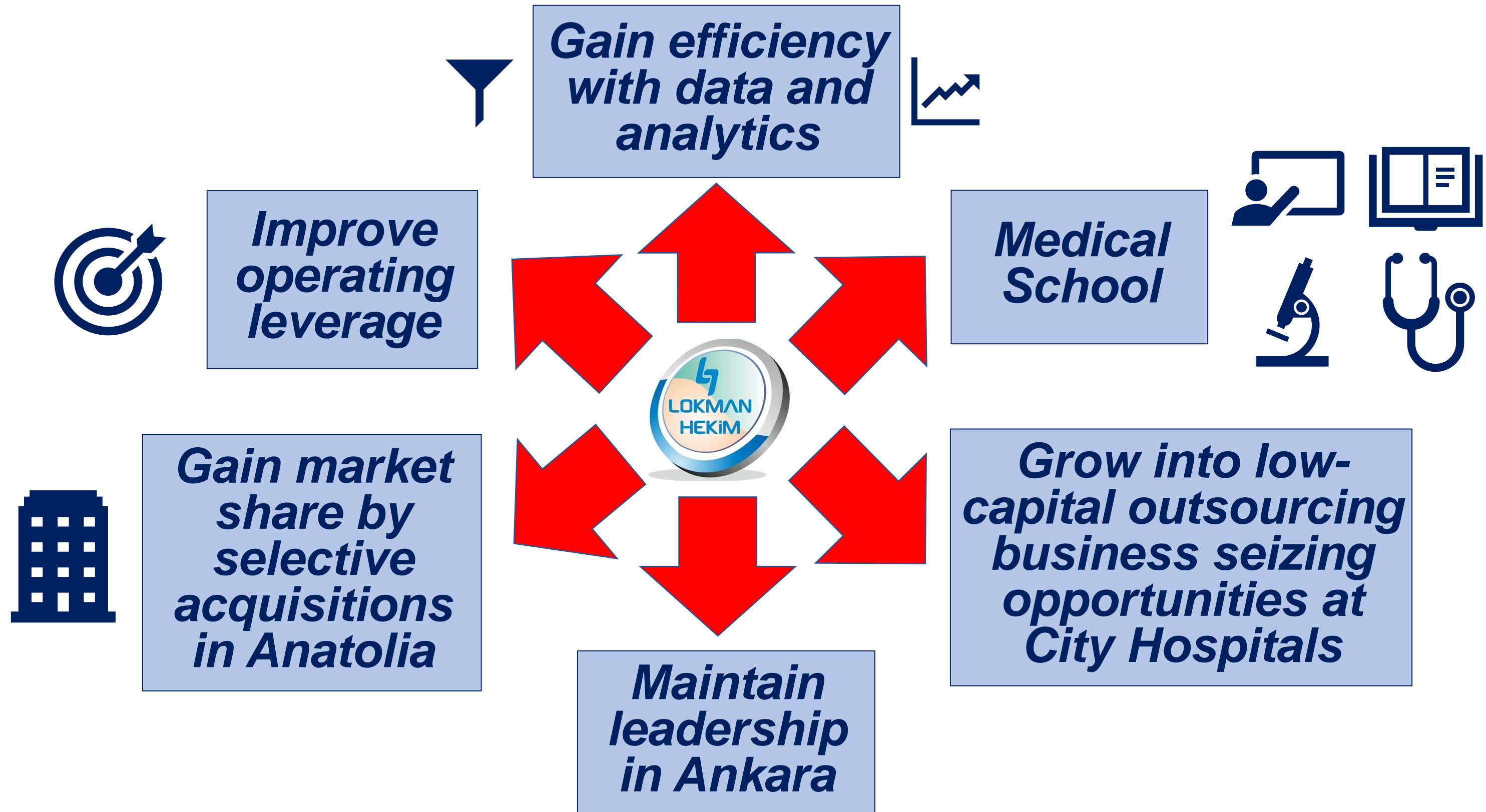
15 Cardiovascular ICUs

24 Coronary ICUs

103 Infant ICUs



Strategic priorities





2Q18 headlines

267 thousand patient admissions

14.6 thousand inpatient treatments

2Q18

Revenues **TL68.3M**

EBITDA **TL7.2M**

Earnings **TL1.9M**

2Q17

Revenues **TL57.1M**

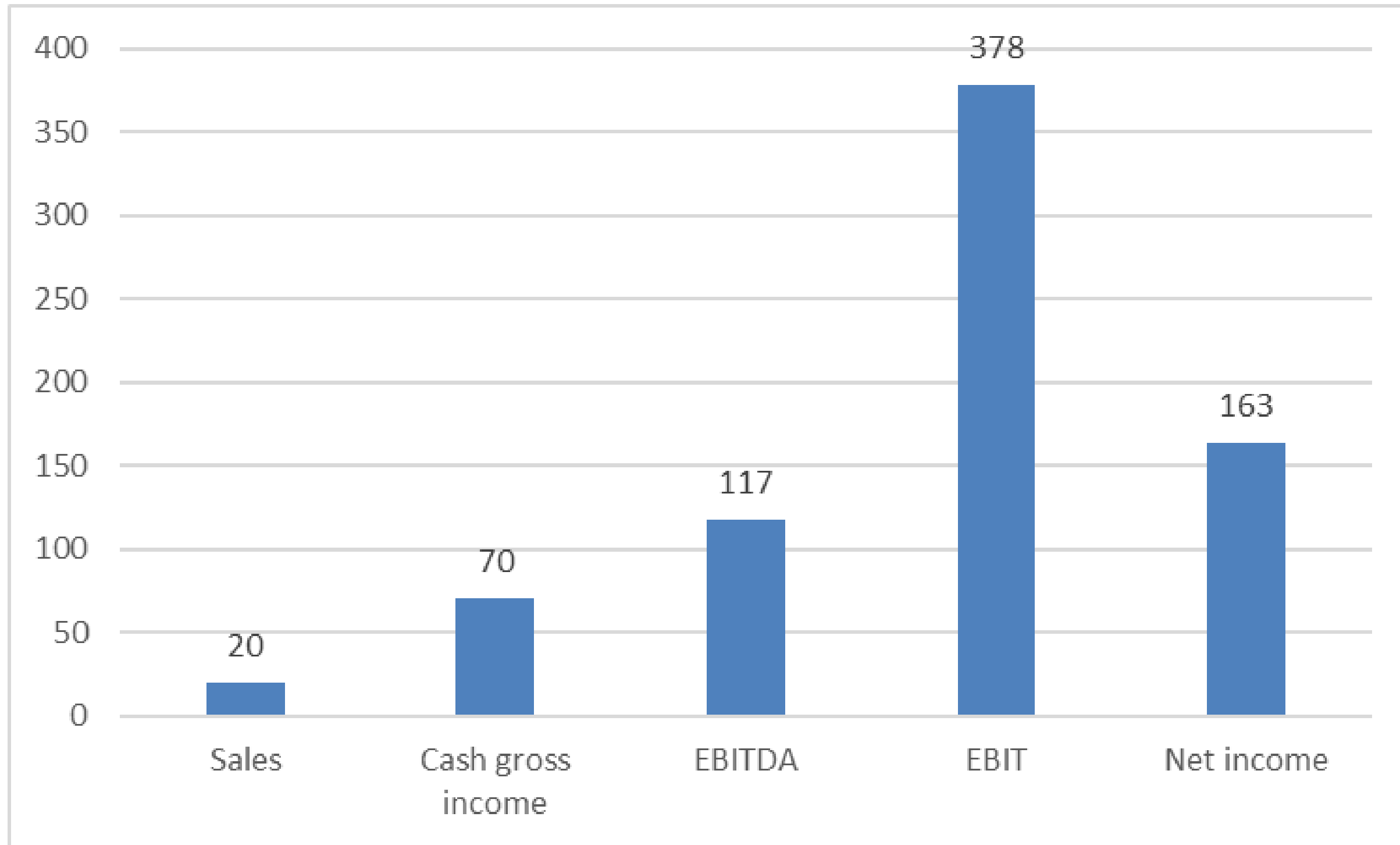
EBITDA **TL3.3M**

Earnings **(TL0.3M)**

2Q18 growth year-on-year

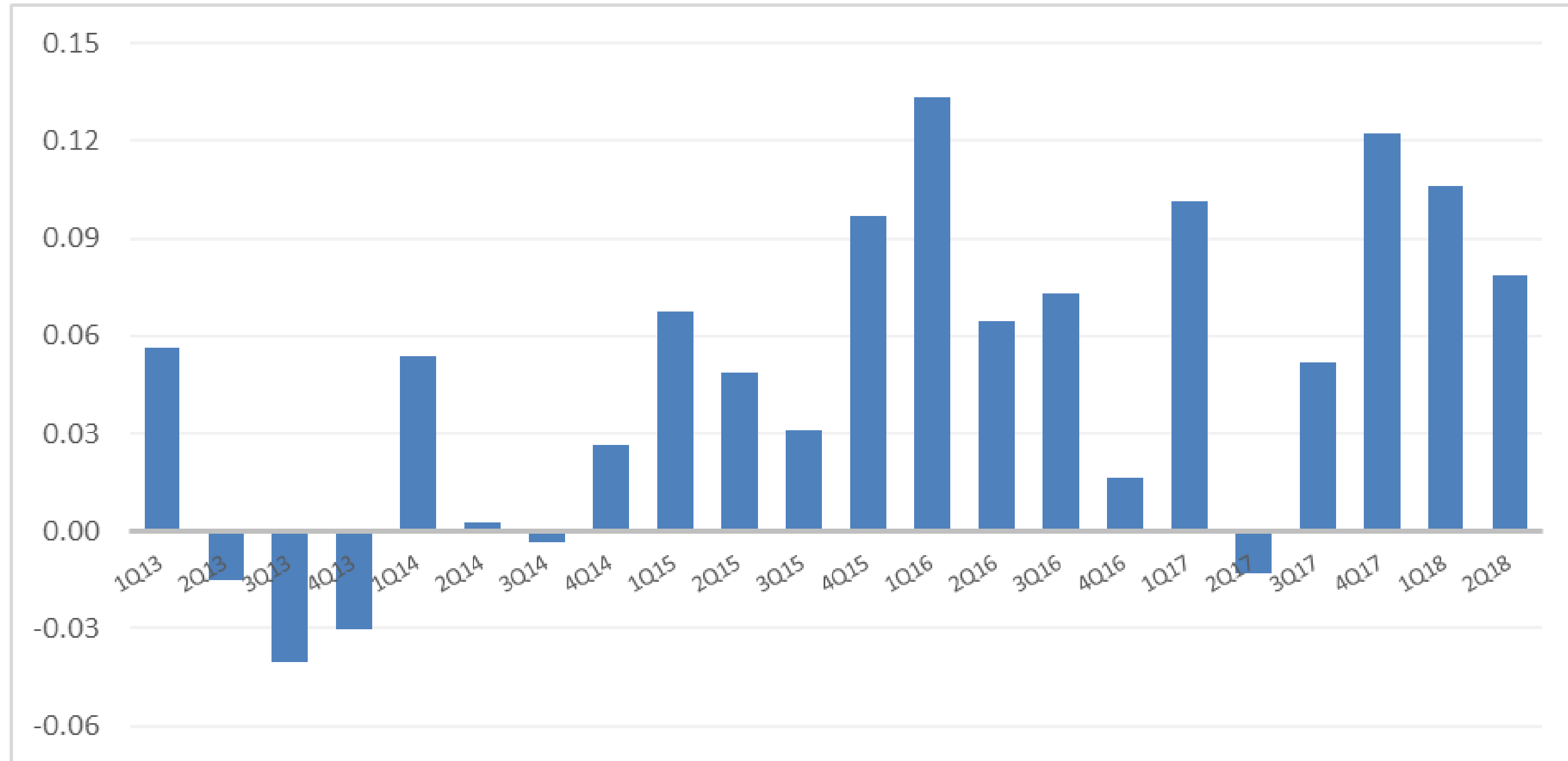


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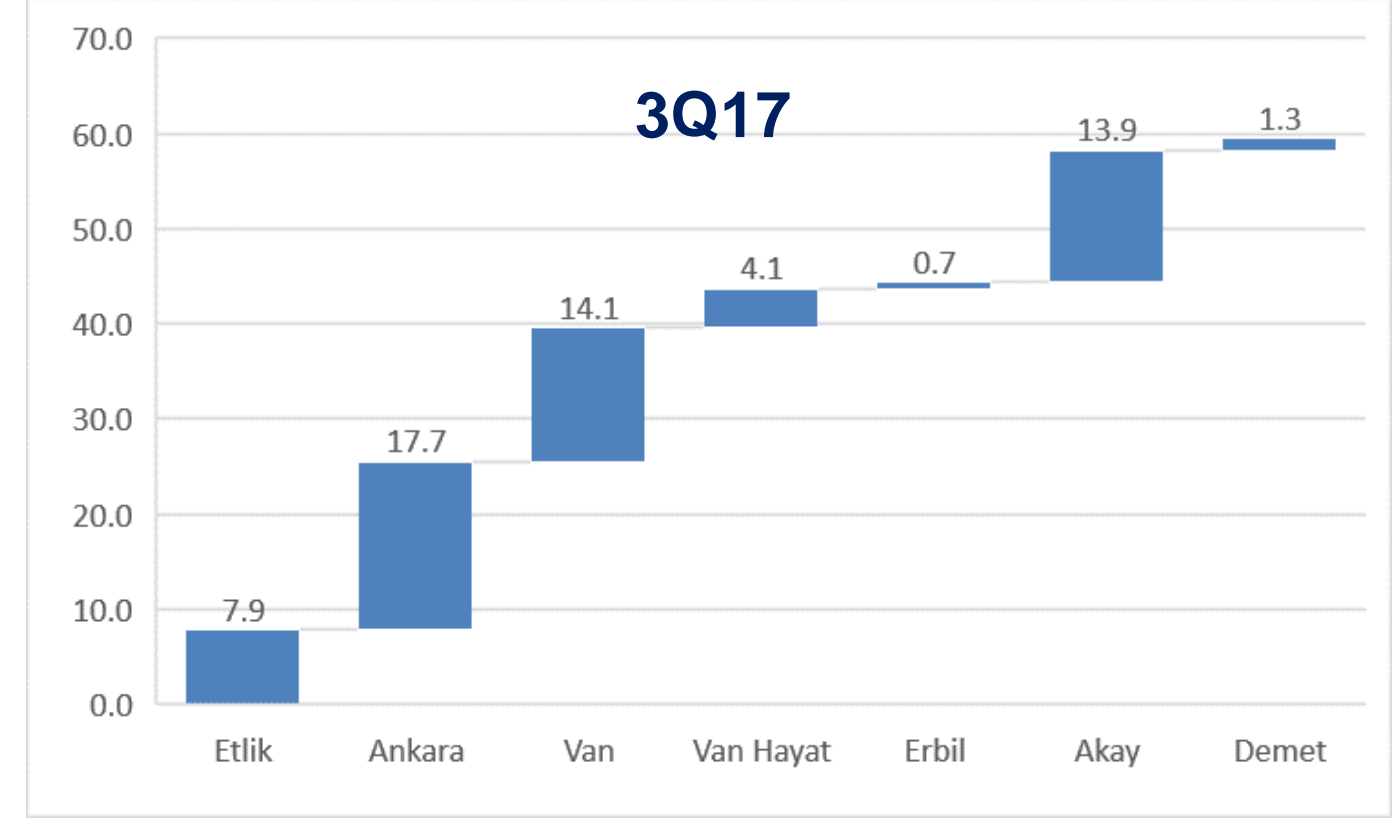
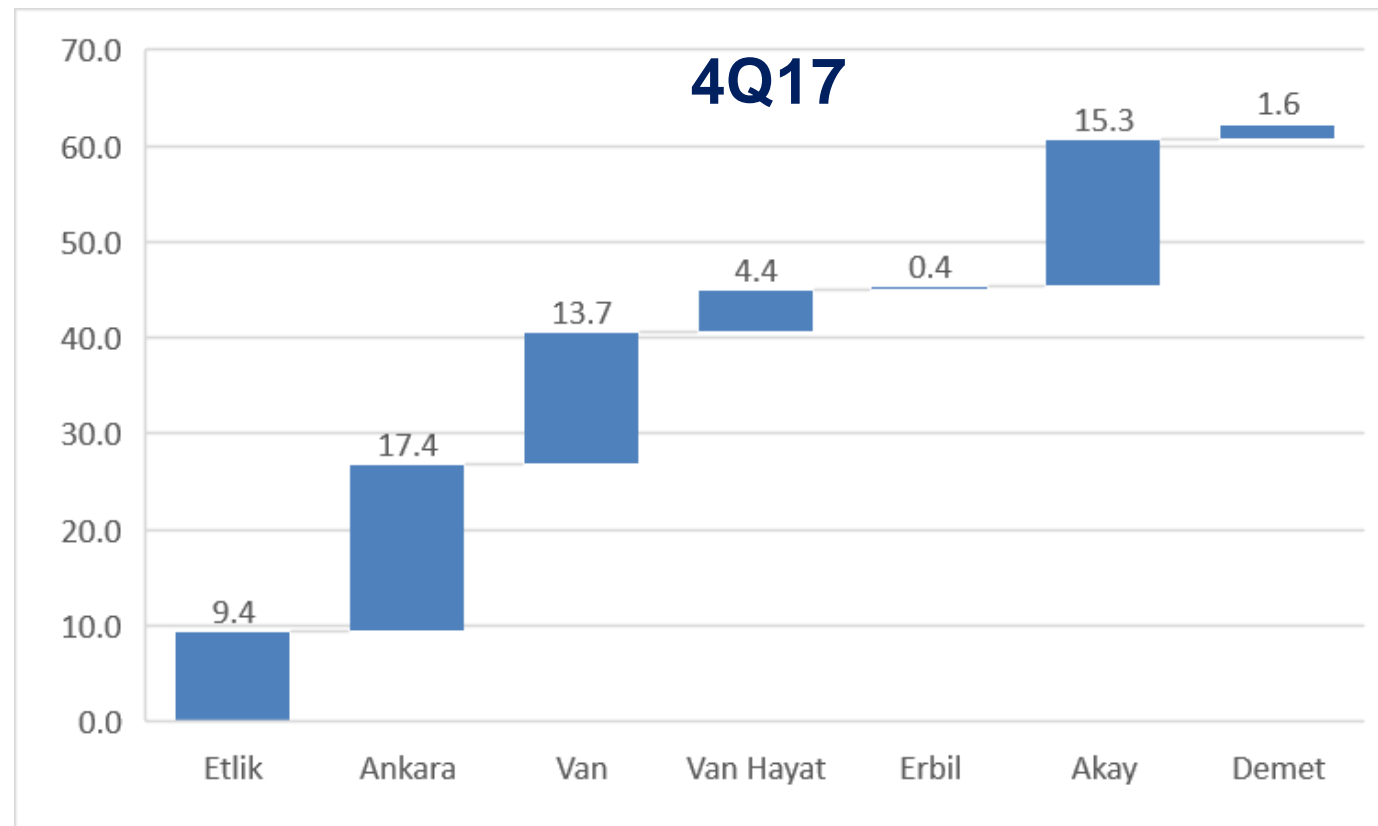
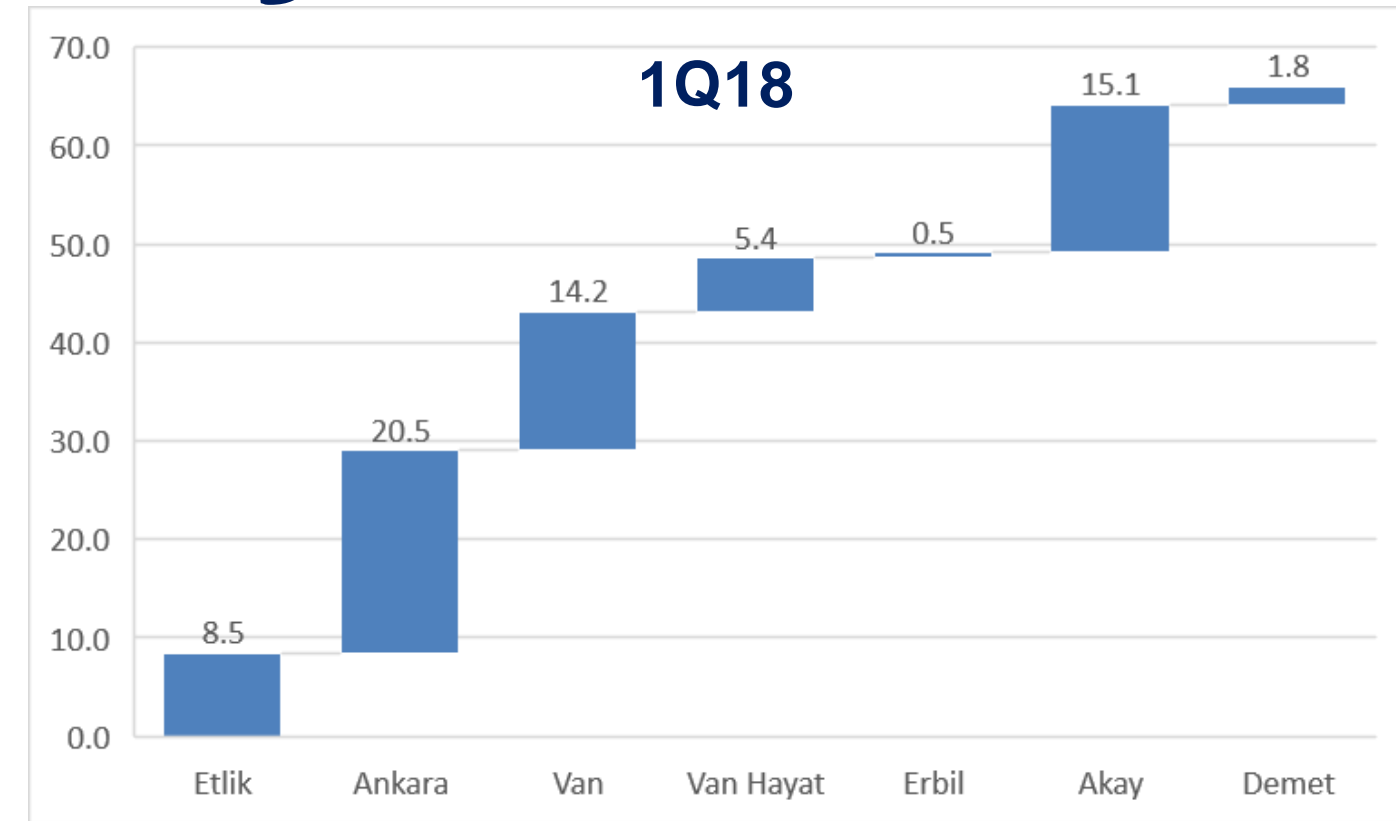
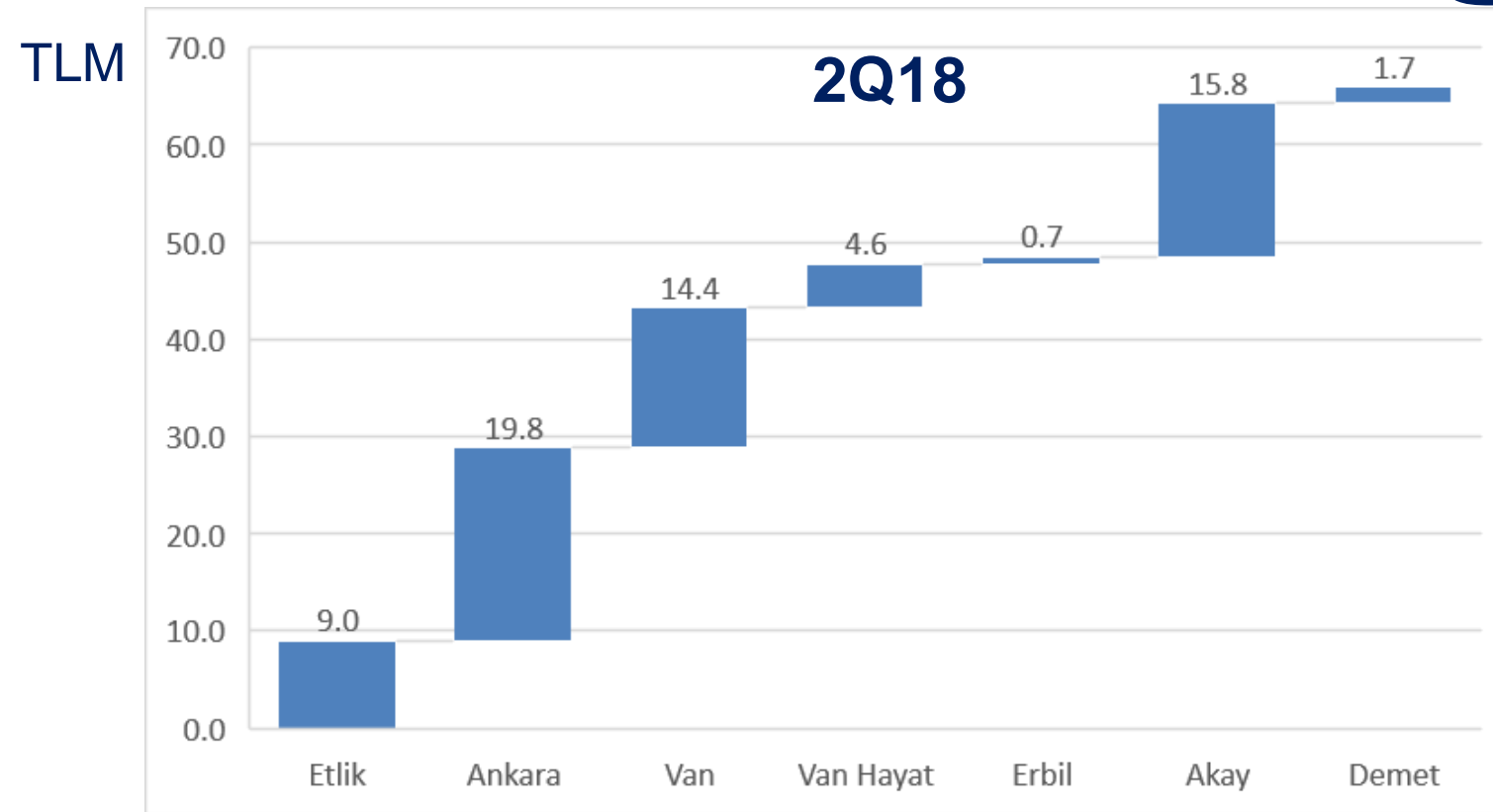


Earnings per share

TL

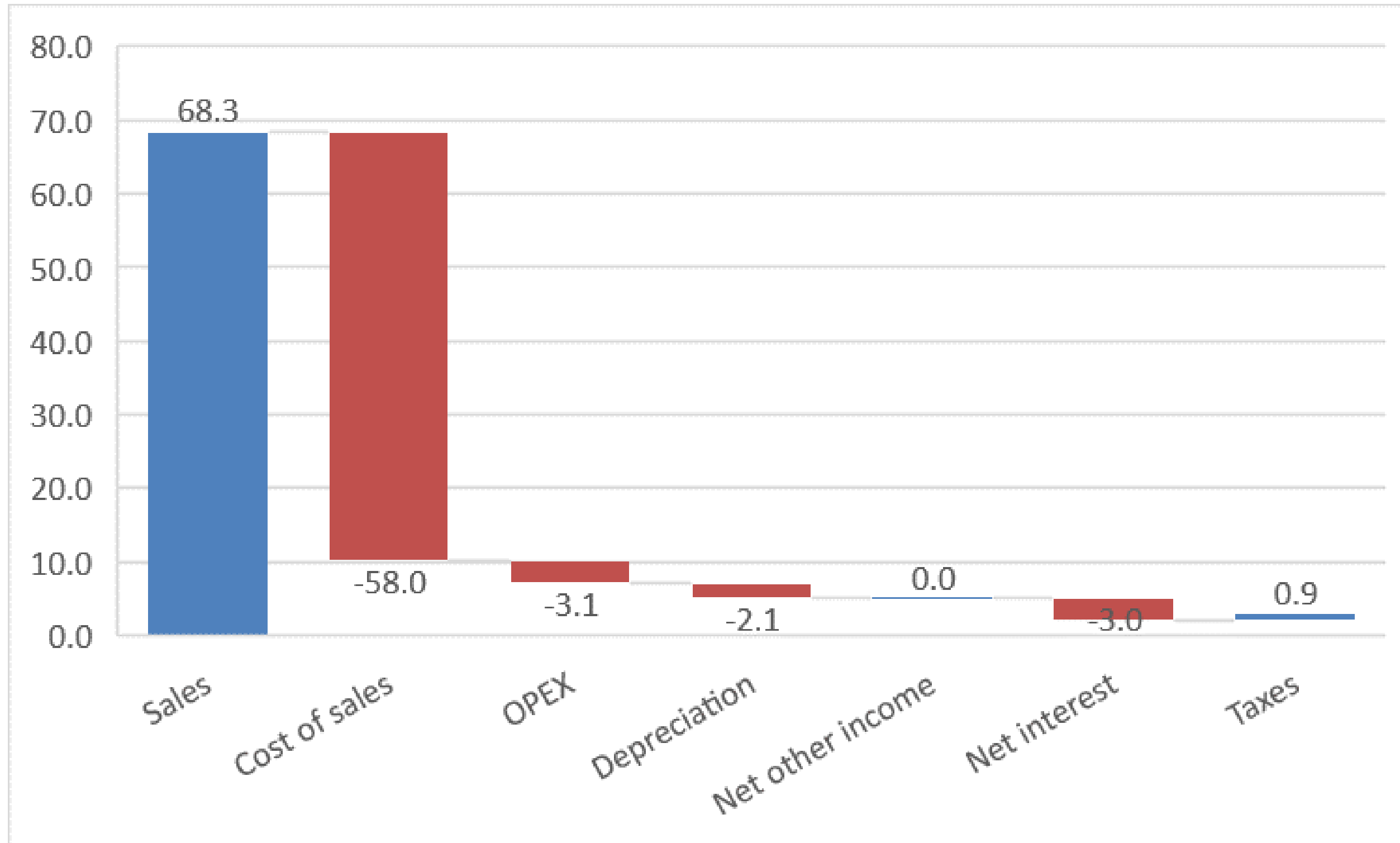


Revenue bridge by location



Earnings bridge – 2Q18

TLM



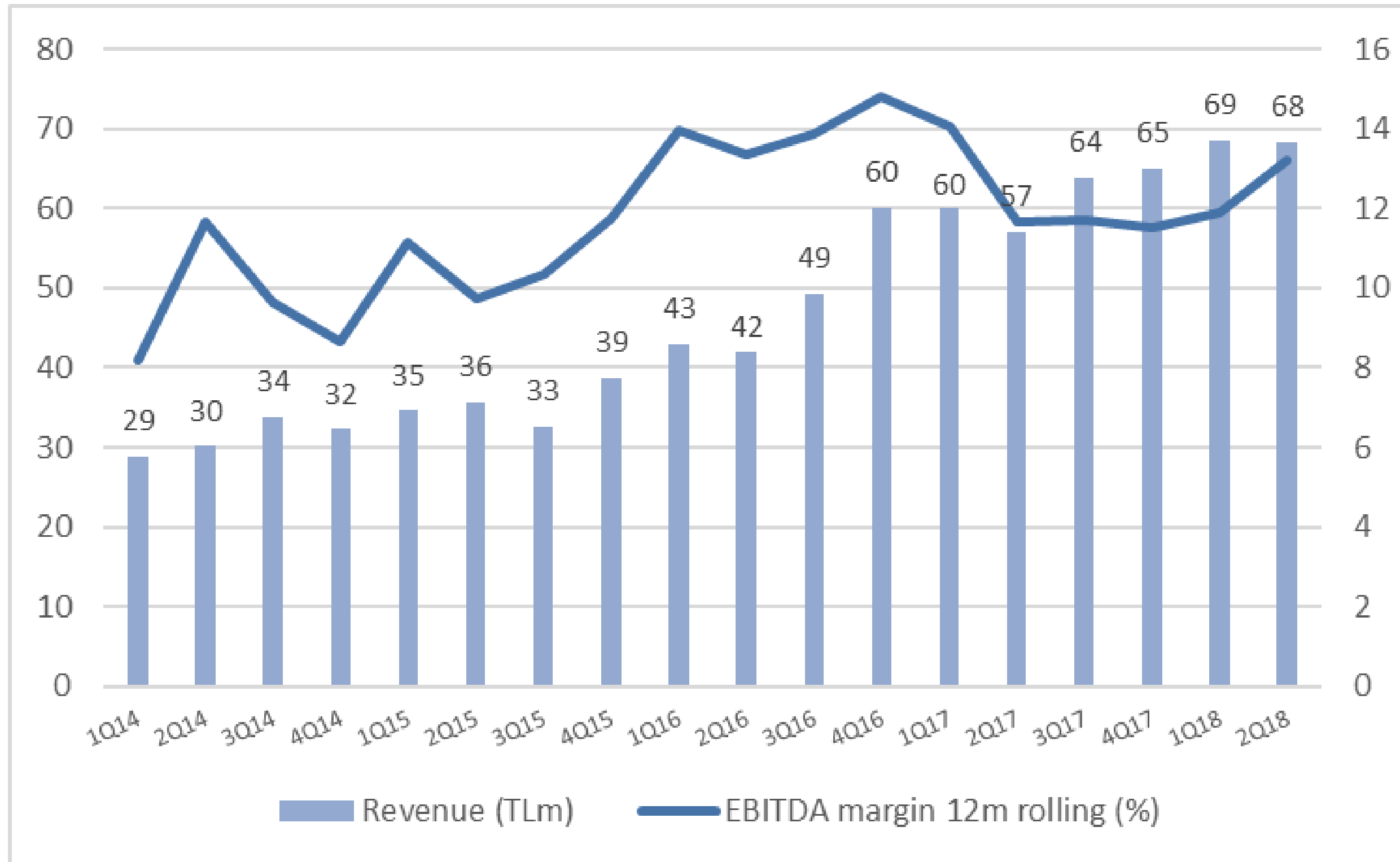


Income statement summary

	1H18	2Q18	1Q18	2017	4Q17	9M17	3Q17	1H17	2Q17	1Q17	2016	4Q16	9M16	3Q16	1H16
Income statement summary (TLm)															
Sales	136.9	68.3	68.6	246.1	65.1	181.0	63.9	117.1	57.1	60.0	194.5	60.2	134.3	49.2	85.0
Of which healthcare	132.0	66.0	66.0	235.1	62.2	172.8	59.5	113.3	55.1	58.2	187.4	58.2	129.2	47.9	81.3
Cost of sales	-112.9	-58.0	-54.9	-207.1	-52.9	-154.2	-53.7	-100.5	-51.0	-49.4	-156.9	-48.8	-108.1	-40.5	-67.6
Of which healthcare	-110.6	-56.3	-54.3	-199.5	-51.0	-148.5	-50.8	-97.7	-49.4	-48.3	-151.9	-47.3	-104.5	-39.5	-65.1
Cash gross income	24.0	10.3	13.7	39.0	12.2	26.8	10.2	16.6	6.1	10.6	37.5	11.4	26.2	8.7	17.4
Of which healthcare	21.5	9.7	11.8	35.5	11.2	24.3	8.7	15.6	5.7	9.9	35.5	10.9	24.6	8.4	16.2
OPEX	-6.0	-3.1	-2.9	-10.7	-2.8	-7.9	-2.5	-5.4	-2.7	-2.6	-8.8	-2.0	-6.8	-2.9	-3.9
EBITDA	18.0	7.2	10.8	28.3	9.4	18.9	7.7	11.2	3.3	7.9	28.8	9.4	19.4	5.8	13.6
Depreciation	-4.5	-2.1	-2.4	-9.4	-3.5	-5.9	-1.8	-4.1	-1.9	-2.2	-7.2	-1.7	-5.6	-1.4	-4.1
Net other income	-0.1	0.0	-0.1	-2.2	-1.2	-1.1	-0.3	-0.8	-0.4	-0.5	-2.3	-2.6	0.3	1.0	-0.7
EBIT	13.4	5.1	8.3	16.7	4.7	11.9	5.7	6.3	1.1	5.2	19.3	5.1	14.2	5.4	8.8
Net interest	-5.3	-3.0	-2.4	-9.3	-3.0	-6.3	-3.0	-3.3	-2.1	-1.2	-4.1	-1.7	-2.4	-0.8	-1.6
EBT	8.1	2.1	6.0	7.4	1.7	5.6	2.7	3.0	-1.0	4.0	15.1	3.4	11.7	4.5	7.2
Taxes	-0.7	0.9	-1.6	5.8	3.6	2.2	-0.1	2.3	2.2	0.2	1.2	0.9	0.4	0.7	-0.3
Net income	7.4	3.0	4.4	13.2	5.3	7.8	2.5	5.3	1.1	4.2	16.4	4.3	12.1	5.2	6.9
Minorities	-2.9	-1.1	-1.8	-6.9	-2.4	-4.5	-1.3	-3.2	-1.4	-1.7	-9.5	-3.9	-5.6	-3.5	-2.1
Income available for shareholders	4.4	1.9	2.5	6.3	2.9	3.4	1.2	2.1	-0.3	2.4	6.9	0.4	6.5	1.7	4.8

June quarter sales grew 20% year-on-year. Quarterly net income available for shareholders reads TL1.9M versus a net loss of TL0.3M reported in the June quarter of 2017.

Sales and EBITDA margin





Margins in context

Profit and cost margins – %

	1H18	2Q18	1Q18	2017	4Q17	9M17	3Q17	1H17	2Q17	1Q17	2016	4Q16	9M16	3Q16	1H16	2Q16
Cash gross	17.5	15.1	20.0	15.9	18.7	14.8	16.0	14.2	10.6	17.6	19.3	18.9	19.5	17.7	20.5	17.8
Staff cost	51.7	63.1	52.6	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
Consumables	22.7	18.5	21.4	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
Rent	3.4	3.9	4.1	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
EBITDAR	16.6	14.4	19.9	15.5	18.5	14.4	15.4	13.5	8.9	16.3	18.2	19.3	17.9	15.8	19.0	15.7
EBITDA	13.2	10.5	15.8	11.5	14.4	10.5	12.0	9.6	5.8	13.2	14.8	15.6	14.4	11.9	15.9	12.6
EBITDA 12m rolling	13.2	13.2	11.9	11.5	11.5	11.7	11.7	11.7	11.7	14.1	14.8	14.8	13.8	13.8	13.4	13.4
OPEX	4.4	4.5	4.2	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
EBIT	9.8	7.4	12.1	6.8	7.3	6.6	8.8	5.4	1.9	8.7	9.9	8.5	10.5	10.9	10.3	7.2
EBT	5.9	3.1	8.7	3.0	2.6	3.1	4.2	2.5	-1.8	6.7	7.8	5.7	8.7	9.2	8.4	5.7
Net	3.2	2.8	3.7	2.6	4.5	1.9	1.9	1.8	-0.6	4.1	3.5	0.7	4.8	3.5	5.6	3.7

Margins, which have started trending up from 2Q17, margins are still normalizing and we have more to gain from operating leverage in the latter part of 2018.



Balance sheet summary

Book and market equity, capital metrics and leverage

TLM	1H18	2Q18	1Q18	2017	4Q17	9M17	3Q17	1H17	2Q17	1Q17	2016	4Q16	9M16	3Q16	1H16	2Q16
Book value of equity	61.9	61.9	61.8	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
Net debt GAAP	93.0	93.0	75.9	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
Medical School	-10.6	-10.6	-2.0	-1.3	-1.3	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury stock	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1	-9.1
Net debt	73.2	73.2	64.8	61.1	61.1	56.4	57.4	46.1	46.1	40.7	36.3	36.3	32.9	32.9	19.1	19.1
Market value of equity	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9	115.9
Minorities	18.1	18.1	19.5	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
Enterprise value	207.3	207.3	200.2	190.3	190.3	187.6	188.6	176.0	176.0	169.2	165.4	165.4	158.7	158.7	141.4	140.8
Leverage and capital																
Net debt to sales (x)	0.27	0.27	0.24	0.25	0.23	0.23	0.22	0.20	0.20	0.17	0.19	0.15	0.18	0.17	0.11	0.11
Net debt to EBITDA (x)	2.03	2.54	1.49	2.16	1.63	2.24	1.87	2.05	3.48	1.29	1.26	0.97	1.27	1.41	0.70	0.90
Net debt to equity (x)	1.18	1.18	1.05	1.01	1.01	0.95	0.96	0.72	0.72	0.63	0.58	0.58	0.51	0.51	0.30	0.30
EV to sales (x)	0.76	0.76	0.73	0.77	0.73	0.78	0.74	0.75	0.77	0.71	0.85	0.69	0.89	0.81	0.83	0.84
EV to EBITDA (x)	5.75	7.20	4.62	6.72	5.06	7.44	6.13	7.84	13.28	5.34	5.75	4.42	6.13	6.79	5.22	6.65

Net debt adjusted for the Treasury stock (TL9.1M) and the University project (TL10.6M) stands at TL73.1M versus TL93.0M GAAP-reported. The June quarter net debt to EBITDA is 2.5x.

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