



Healthcare Group

2014 fiscal year results

Investor presentation

March 2015

Lokman Hekim in 2014

SALES

- We generated TL125M in consolidated net sales, up 16.3% on the year

GROSS INCOME

- At TL18.0M, our cash gross income grew 65.3% year-on-year

EBITDA

- We generated cTL13M of EBITDA (+96.3% YoY) with 419bp improvement in margin

EBIT

- Our EBIT stands at cTL6M growing c2.6x year on year

NET

- Net income before minorities reads TL2.0M with income available for shareholders standing at TL1.7M

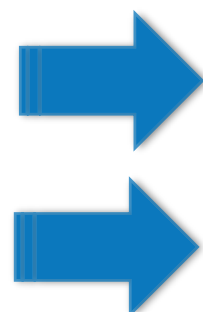
VAN

- There is strong turnaround in Van hospitals with CUR at Van Hayat picking up

2014 summary financials

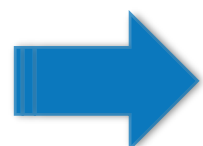
Marked improvement across the P&L

Gains in cash gross
and EBITDA
margins



TLm	2014	2013	Change(%)
Sales	125.0	107.4	16.3
Cash cost of sales	-107.0	-96.6	10.7
Cash gross income	18.0	10.80	65.8
OPEX	-5.1	-4.3	19.4
EBITDA	12.8	6.5	96.3
Depreciation other income	-6.9	-5.4	26.8
Net other income	-0.2	1.1	NM
EBIT	5.8	2.2	165.2
Net interest	-3.5	-2.9	22.7
EBT	2.3	-0.7	NM
Taxes and tax credits	-0.3	0.0	NM
Net income	2.0	-0.7	NM

Debt restructuring



Claims on company's assets TLm	2014	2013	Change(%)
ST debt holders	19.1	27.1	-29.6
LT debt holders	14.0	4.6	201.0
Pensioners	1.0	0.9	13.3
Min orities	1.10	0.40	175.2
Balance sheet cash	-2.4	-2.0	24.3
Market value of equity	60.0	60.0	0.0
Ent erprise value	92.7	91.1	1.8

2014 sales by hospital & customer traffic

Breakdown of sales

Lokman Hekim Engurusag Saglik Financials and forecasts

TLm	2010	2011	2012	2013	2014A
Sales	59.8	63.0	96.7	107.4	125
Health services	59.8	62.5	95.9	102.2	115.3
Etlik	21.0	20.1	22.3	22.8	24.1
Sincan	38.8	41.3	43.6	45	49.3
Van	0.0	1.1	29.9	32.6	36.4
Van Hayat	0.0	0.0	0.0	1.7	4.9
Arbil	0.0	0.0	0.0	0.2	0.7
Other sales	0.0	0.5	0.8	5.3	9.7
Sales by payer					
Social Security (SGK)	39.3	43.3	69.5	71.2	80.9
As percent of total	65.8	69.3	72.5	69.7	69.3
Other	20.5	19.2	26.4	31.0	34.4
Total	59.8	62.5	95.9	102.2	115.3
Sales by treatment					
Inpatient	29.2	30.5	52.6	45.6	64.2
As percent of total (%)	48.8	48.9	54.9	44.6	49.3
Out patient	30.6	32.0	43.3	56.6	51.1
Total	59.8	62.5	95.9	102.2	115.3

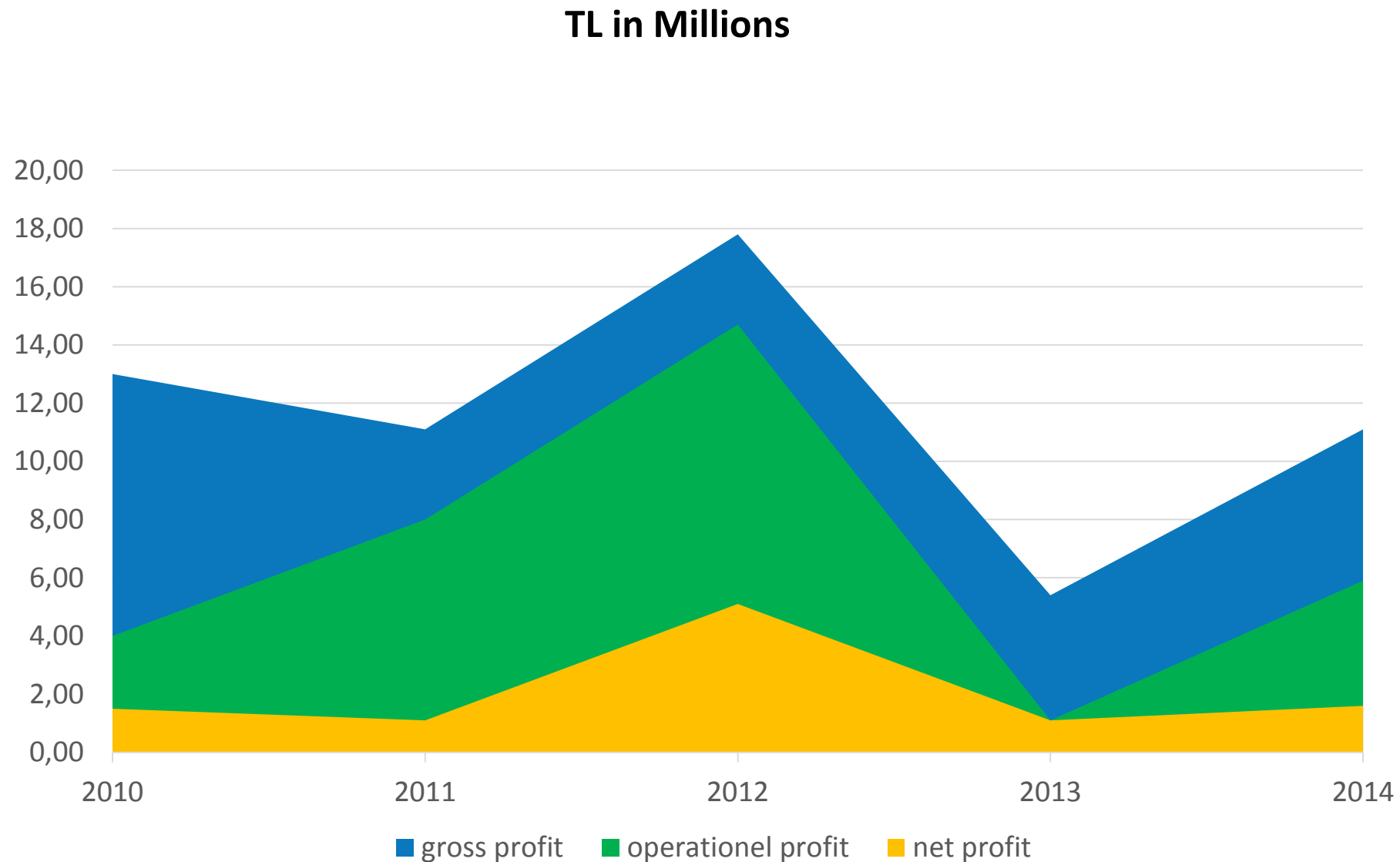
Strong growth at all income levels

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Cash COGS	-48.2	-49.8	-75.2	-96.6	-107.2
Gorss income	11.6	13.2	21.5	10.8	17.8
Cash Opex	-8.1	-9.3	-9.3	-5.2	-7.0
EBITDA	3.5	3.9	12.2	5.7	10.8
Depreciation	-2.4	-2.4	-3.4	-5.4	-6.9
EBIT	1.7	1.5	8.8	0.3	4.0
Net interest expense	-2.5	-3.4	-2.8	-2.9	-3.5
Other income	1.0	3.0	2.0	1.9	1.9
EBT	0.2	1.1	8.0	-0.7	2.4
Period tax	0.0	0.0	-0.1	0.0	-0.3
Deferred taxes	0.0	-0.1	-1.4	0.0	0.0
Net income	0.2	1.0	6.5	-0.7	2.1

**Driven by
continued
improvement in
capacity usage**

Profitability



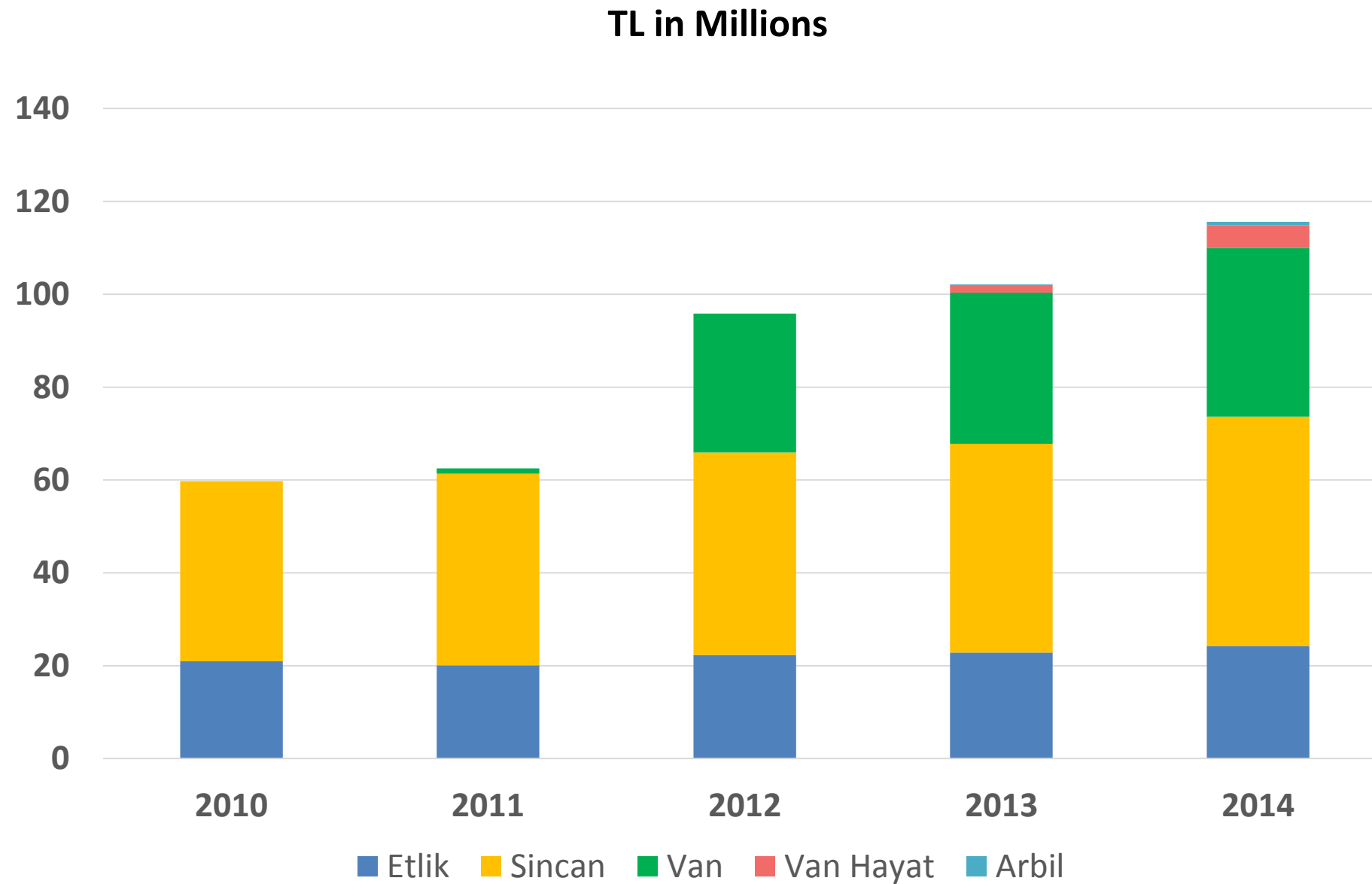
Our company has performed 32.5 million fixed asset investment in 2013 and 2014.(With respect to 2012, it's fixed asset increased by 61%)

Distributed dividends

Dividend Date	Gross Cash Dividend Rate (%)	Cash Dividend TL	Net Cash Dividend Rate (%)	Net Profit (TL)	Dividend Yield (%)	Cash Dividend Distribution Rate (%)
30.06.2014	6,06	969.600	5,15	1.151.848	1,4	84,2
30.05.2013	12,5	2.000.000	10,63	5.367.300	1,9	37,3

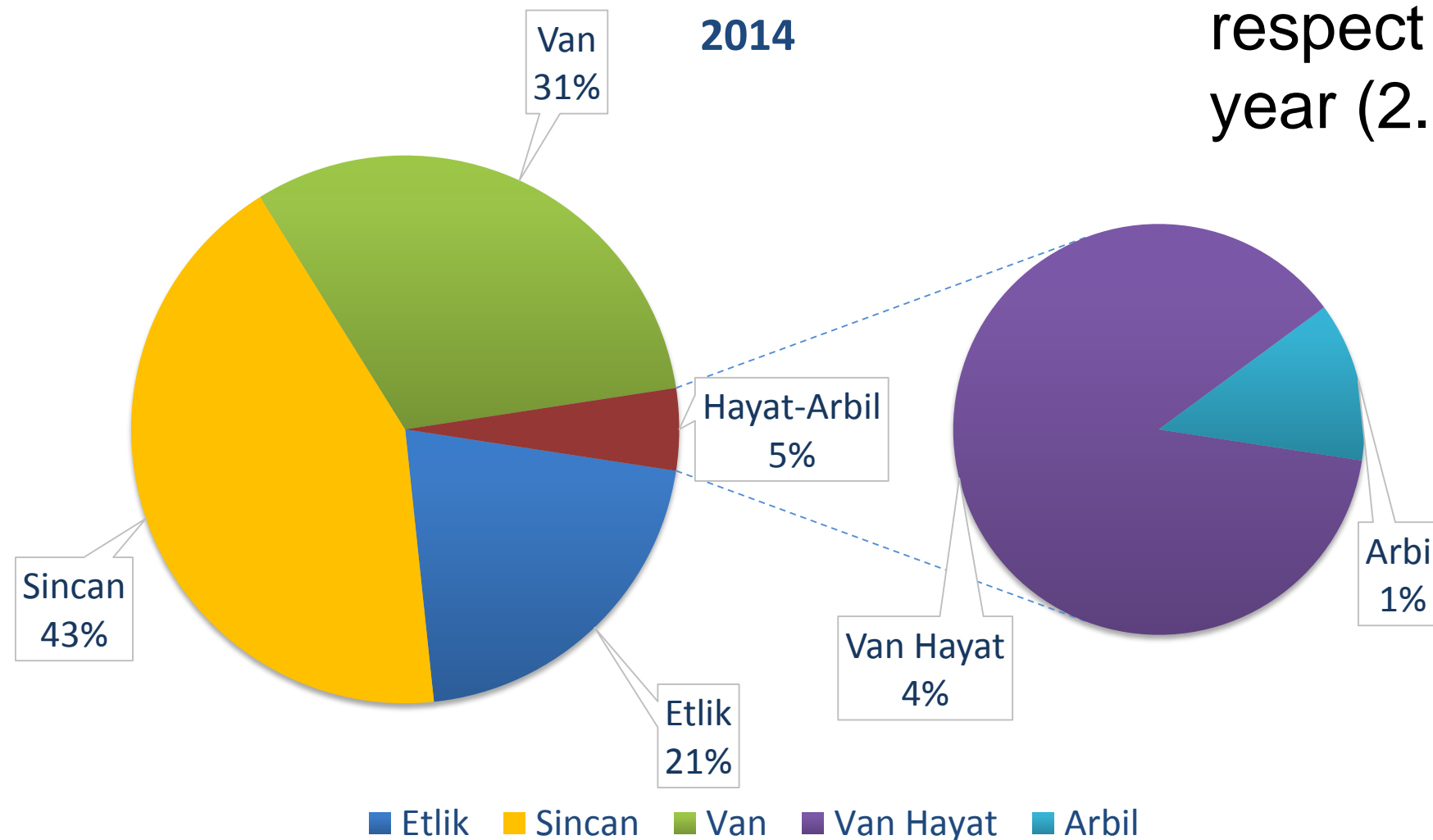
Our company is planning to distribute dividend every year. This year The General Assembly will be proposed dividend of 1.2 million ₺.

Sales by hospital



Van Hayat's contribution to group sales grows

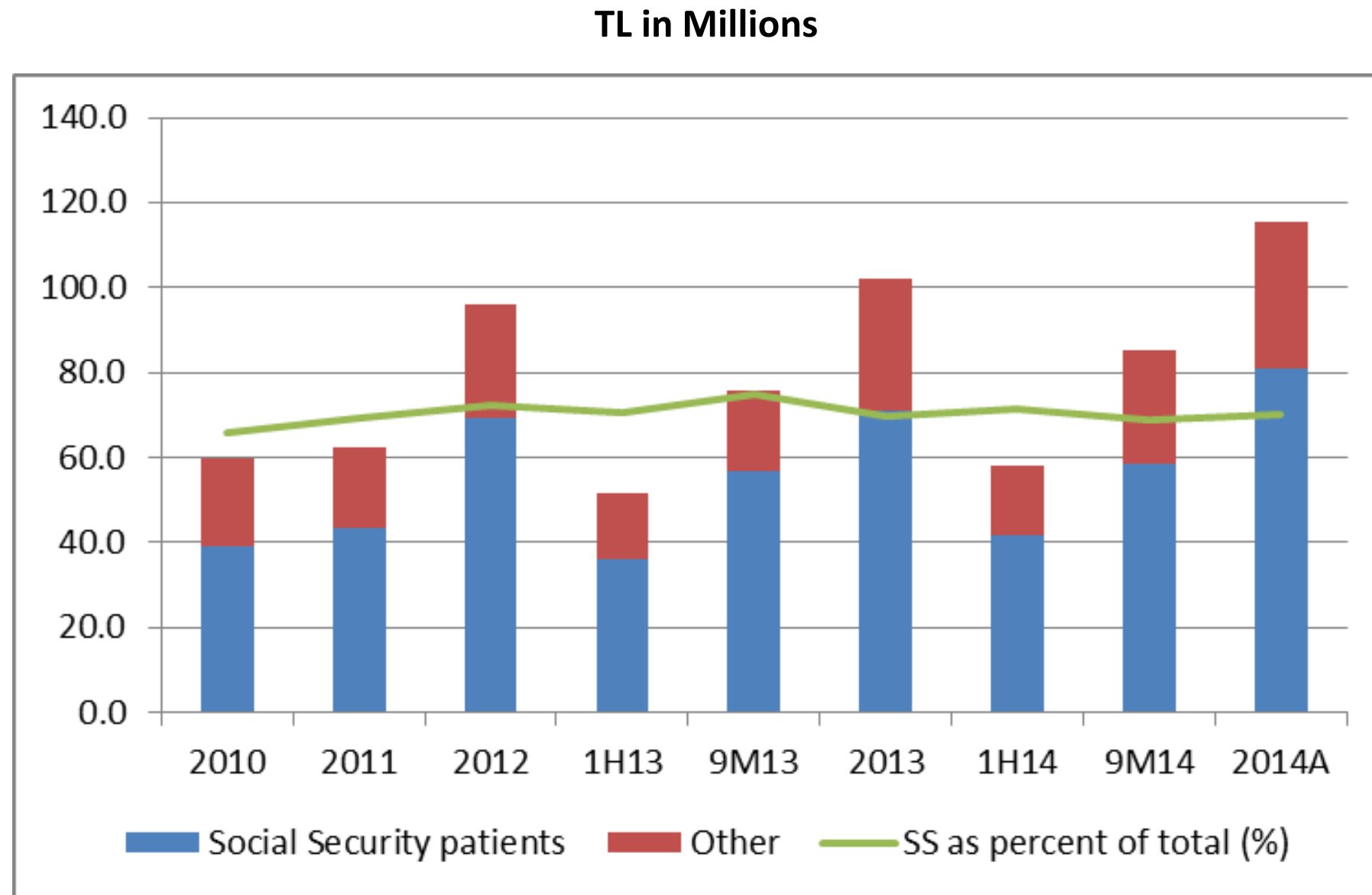
The distribution of the sales in 2014



The sales of Arbil nearly tripled with respect to previous year (2.8 times)

The sales of van hayat hospital nearly doubled with respect to previous year. (1.9 times)

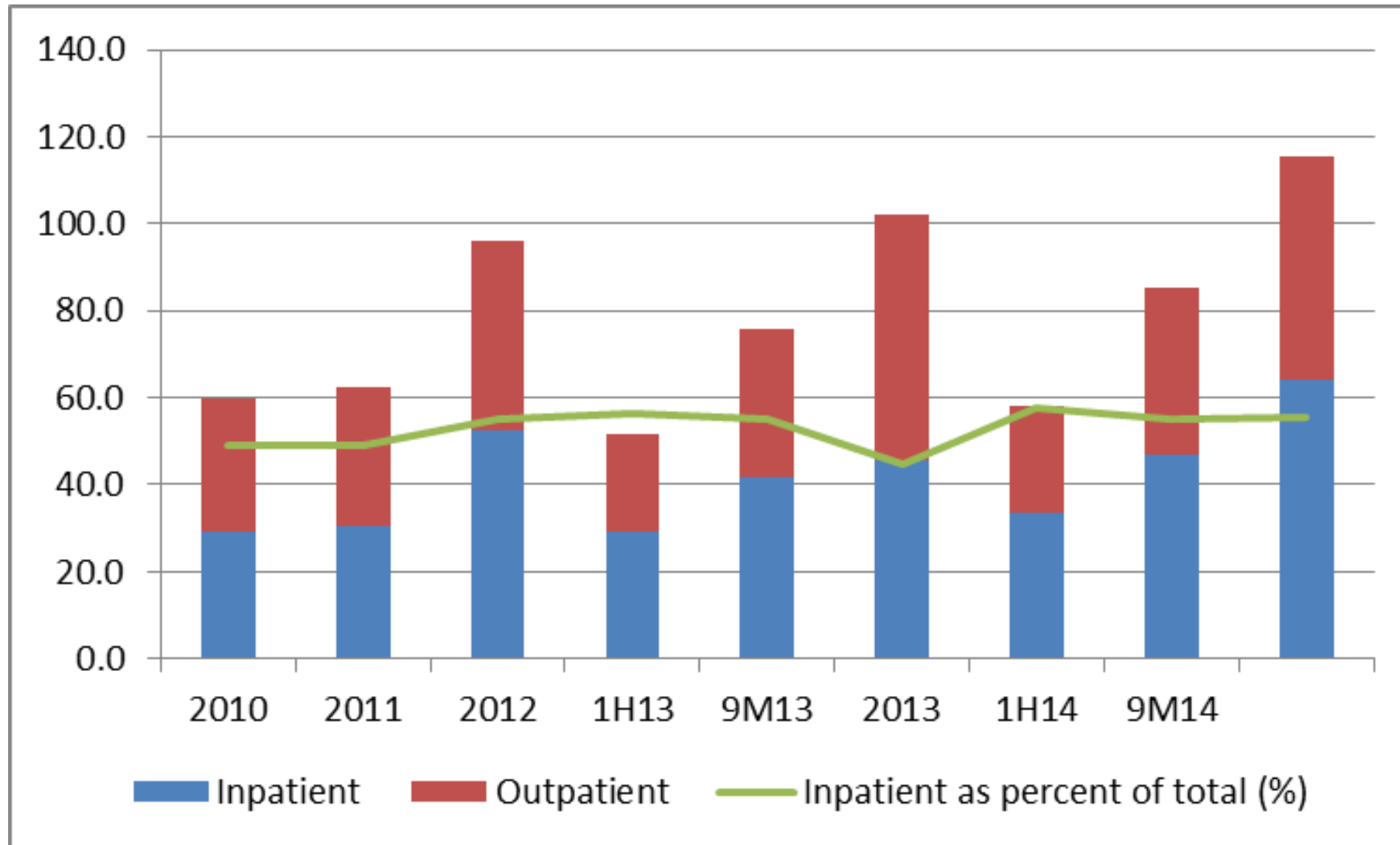
Sales by payer



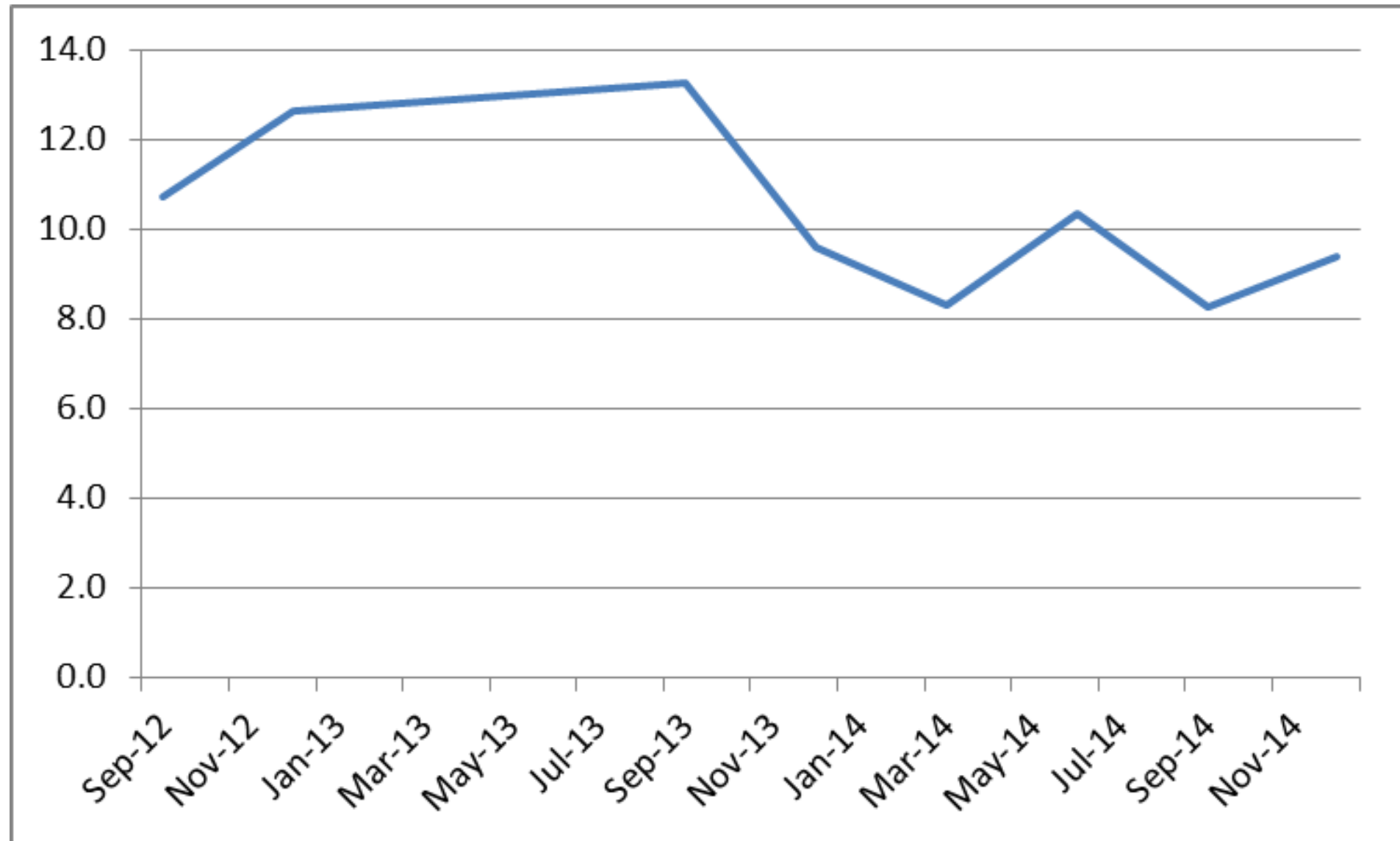
Patients on national insurance are the largest contributors to sales

Sales by treatment

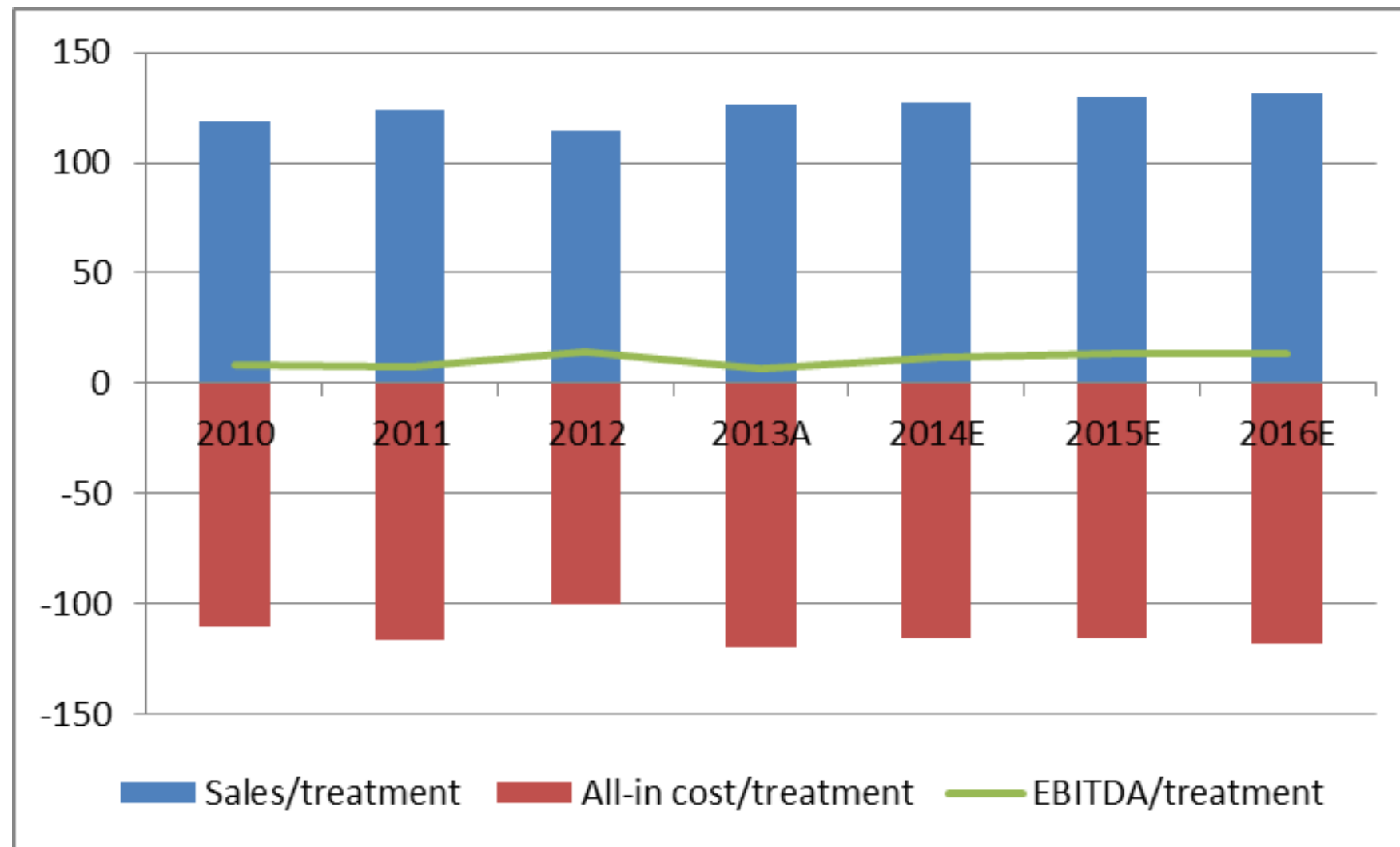
TL in Millions



Core EBITDA margin – %, rolling 12-month



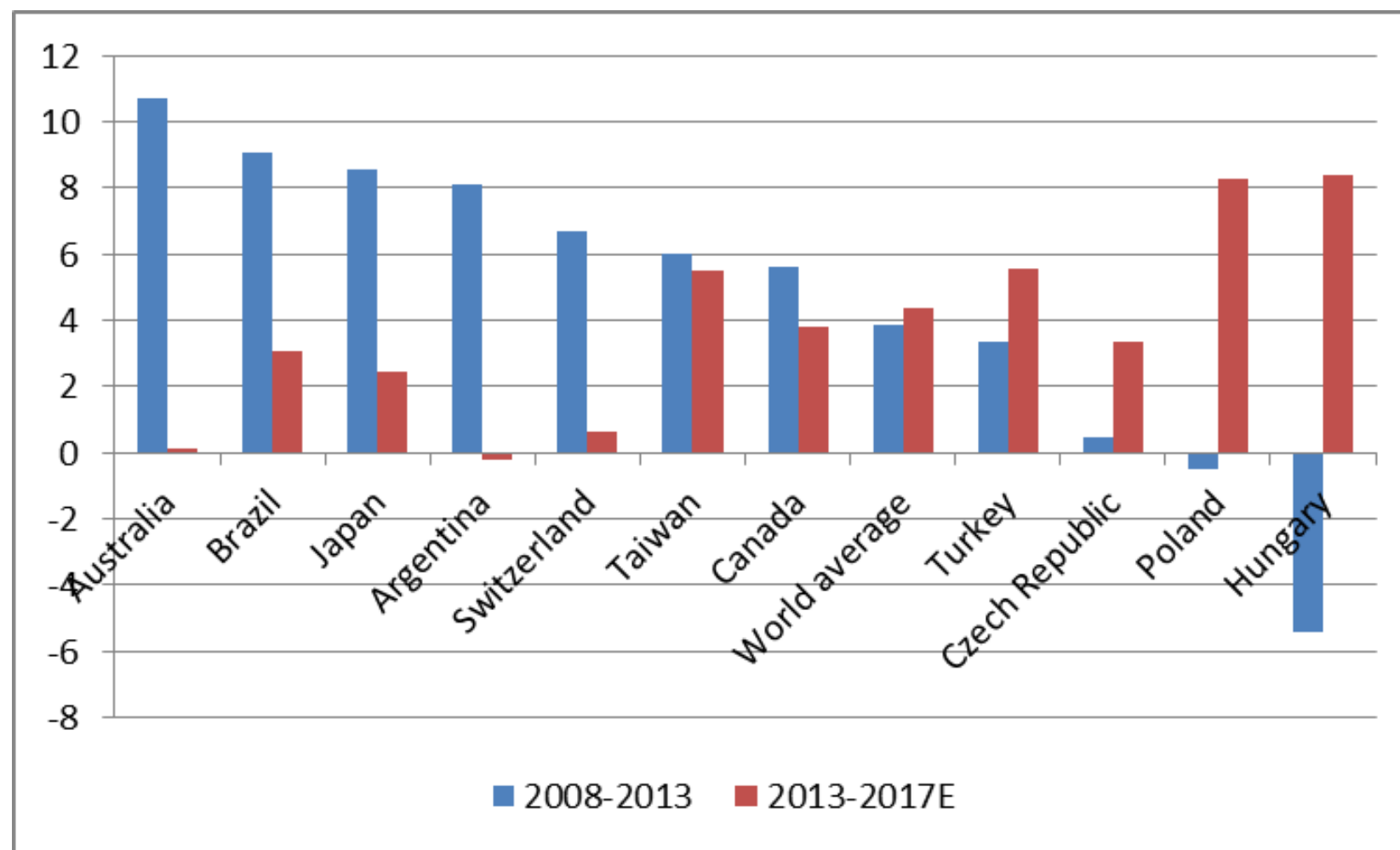
Sales & EBITDA by treatment (TL)



Why invest in Turkish healthcare

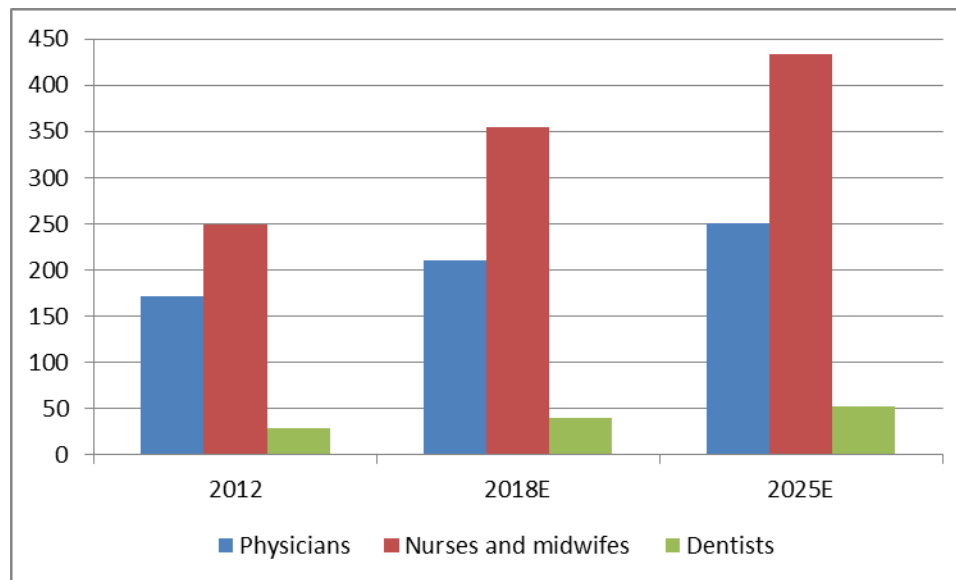
Healthcare CAGR in context (%)

CEE spending expected to shoot up off low base while Turkey offers sustainable and steady growth

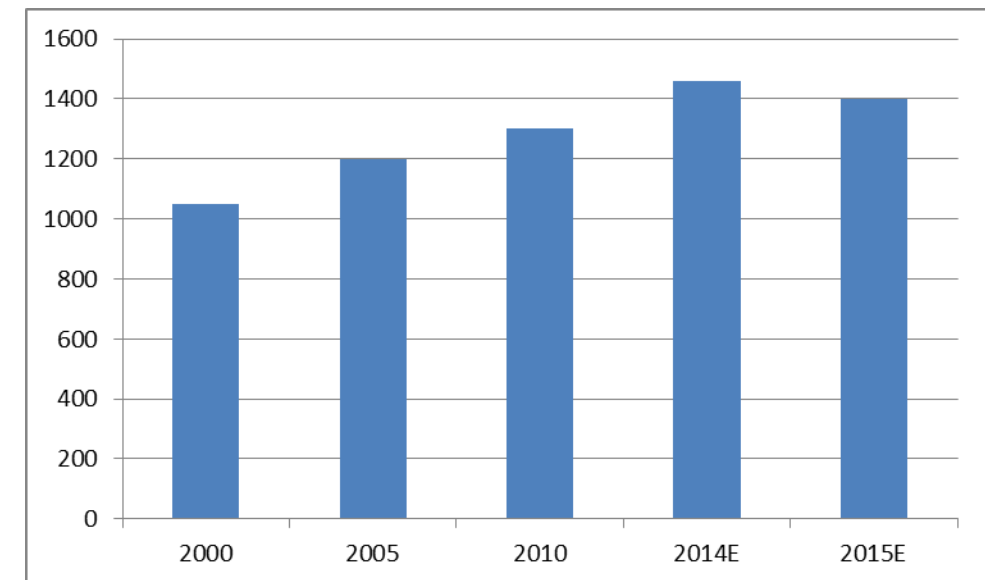


Turkish healthcare industry selected data

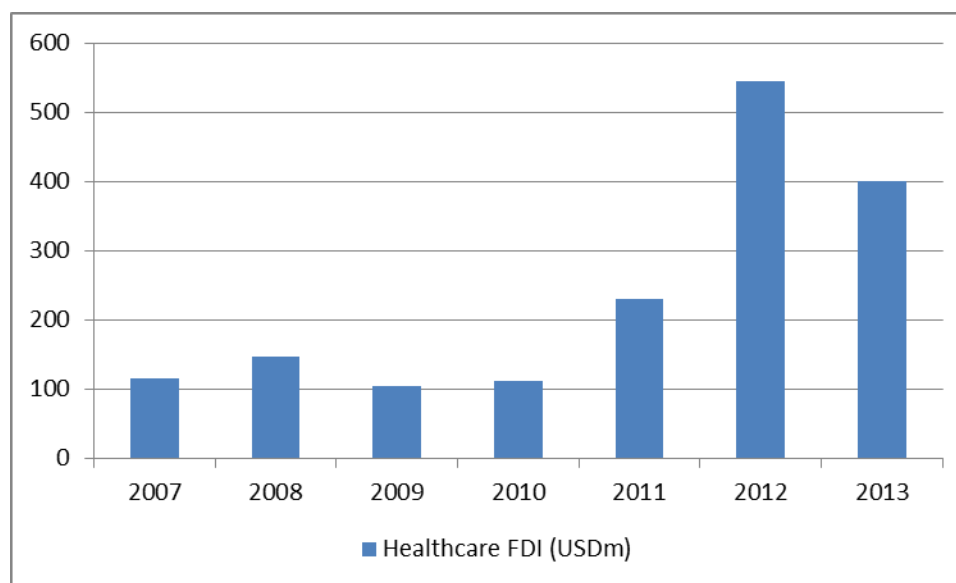
Doctors, dentists and nurses per 100K population



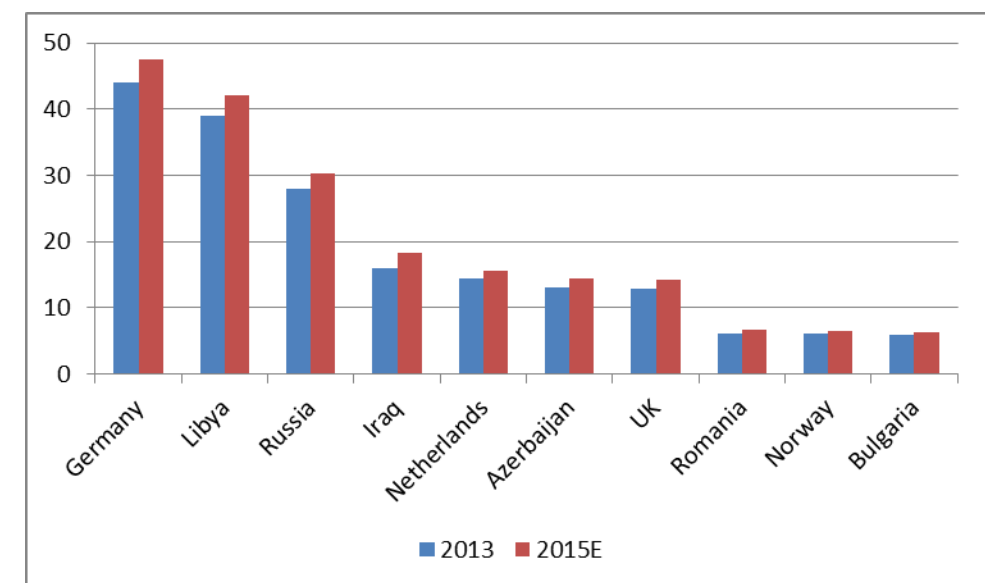
Number of hospitals – consolidation ahead?



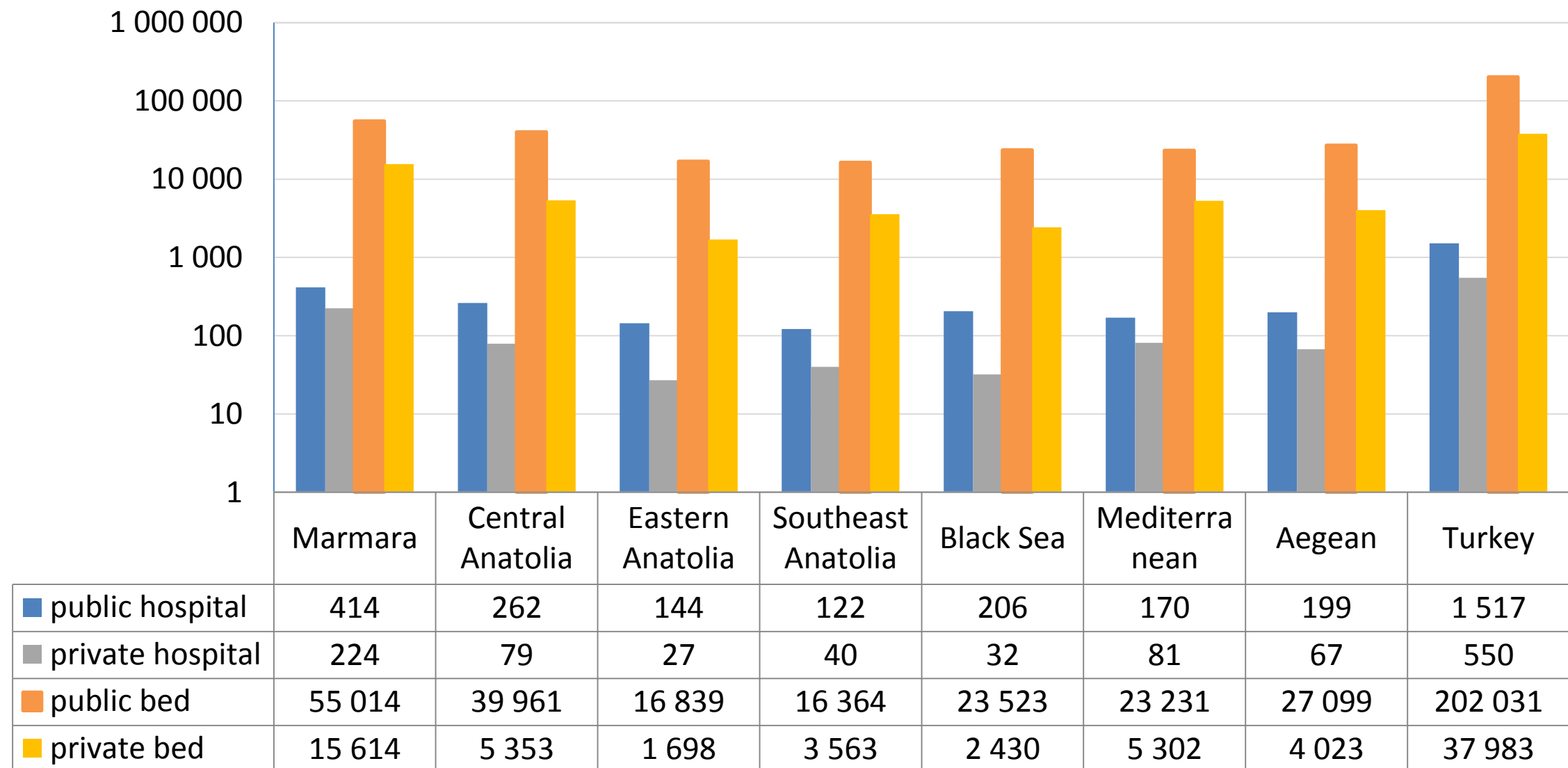
FDI to Turkish healthcare sector (US\$m)



Healthcare “tourists” in Turkey (‘000)



According to regions in Turkey, the number of hospitals and beds



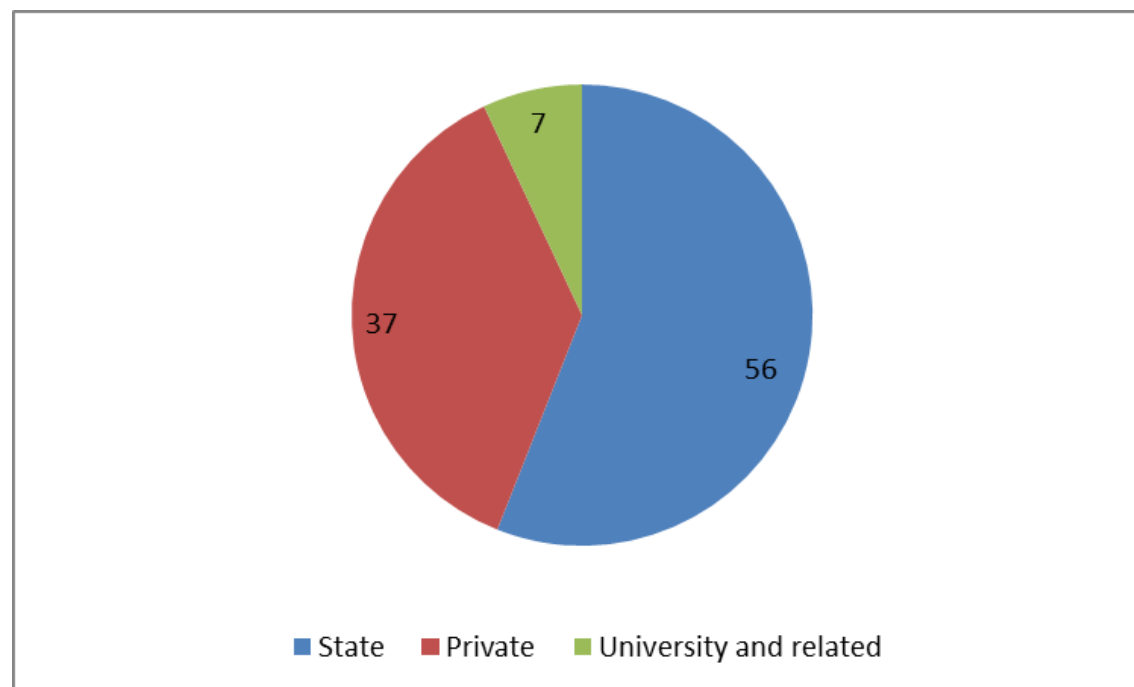
(TÜİK 2013)

*The bed capacity of our firm is 497.

*In our country, the proportion in private health sector is %1.3 from the point of bed capacity

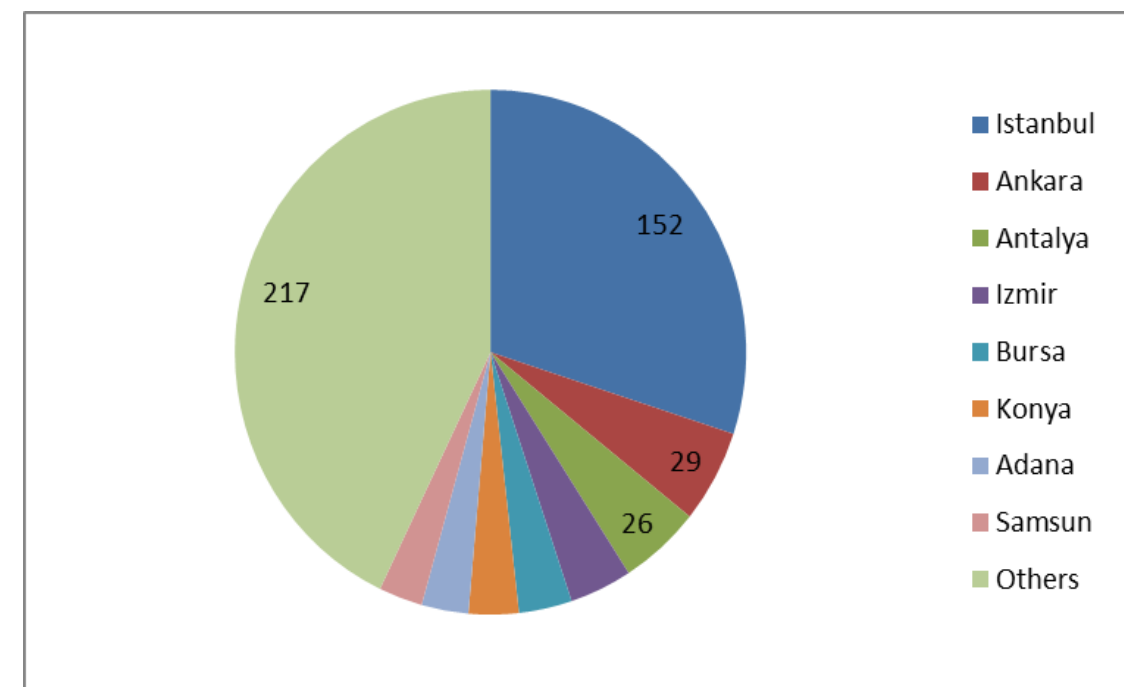
Turkish healthcare – state v private

State v private (%)



Total hospital count as at 2013: 1,469

Geographical breakdown of private hospitals

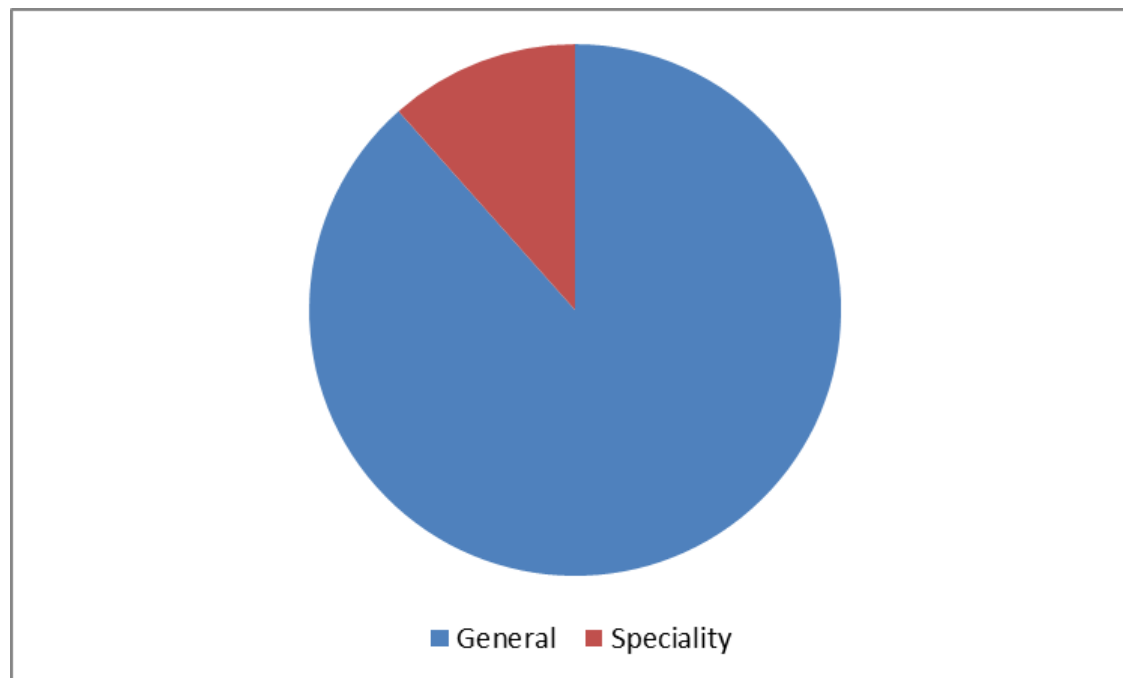


Private hospital count as at 2013: 506

Turkish healthcare – general v speciality

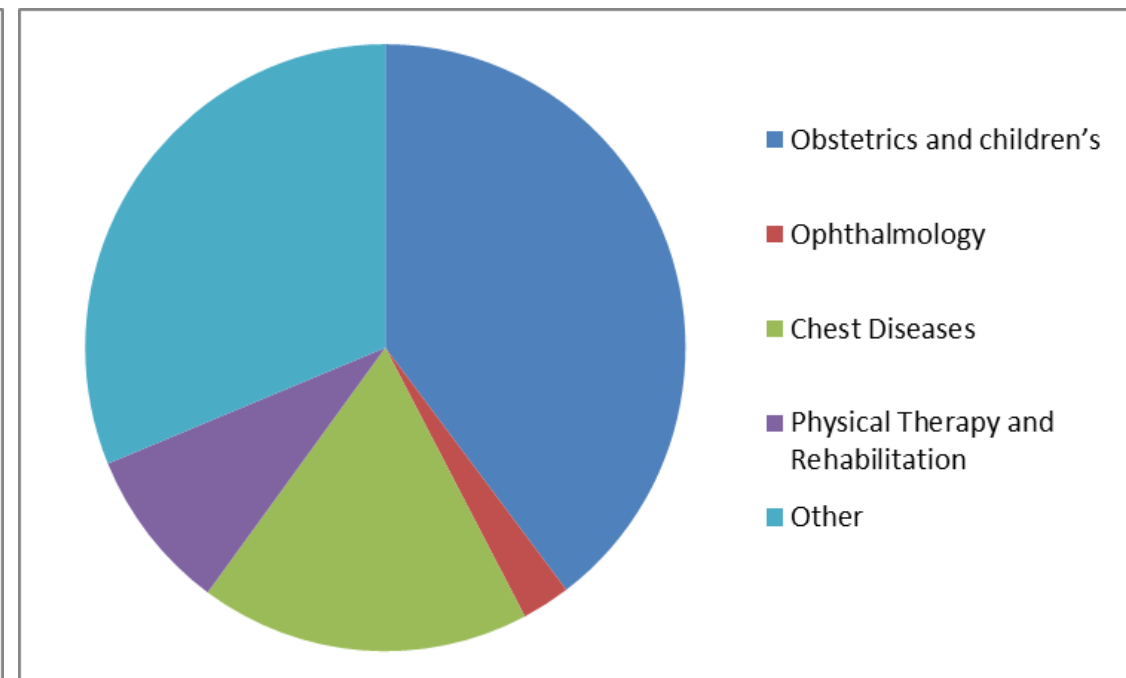
Breakdown of hospital beds by speciality

General v speciality (%)



Total bed count as at 2014: 200.0K

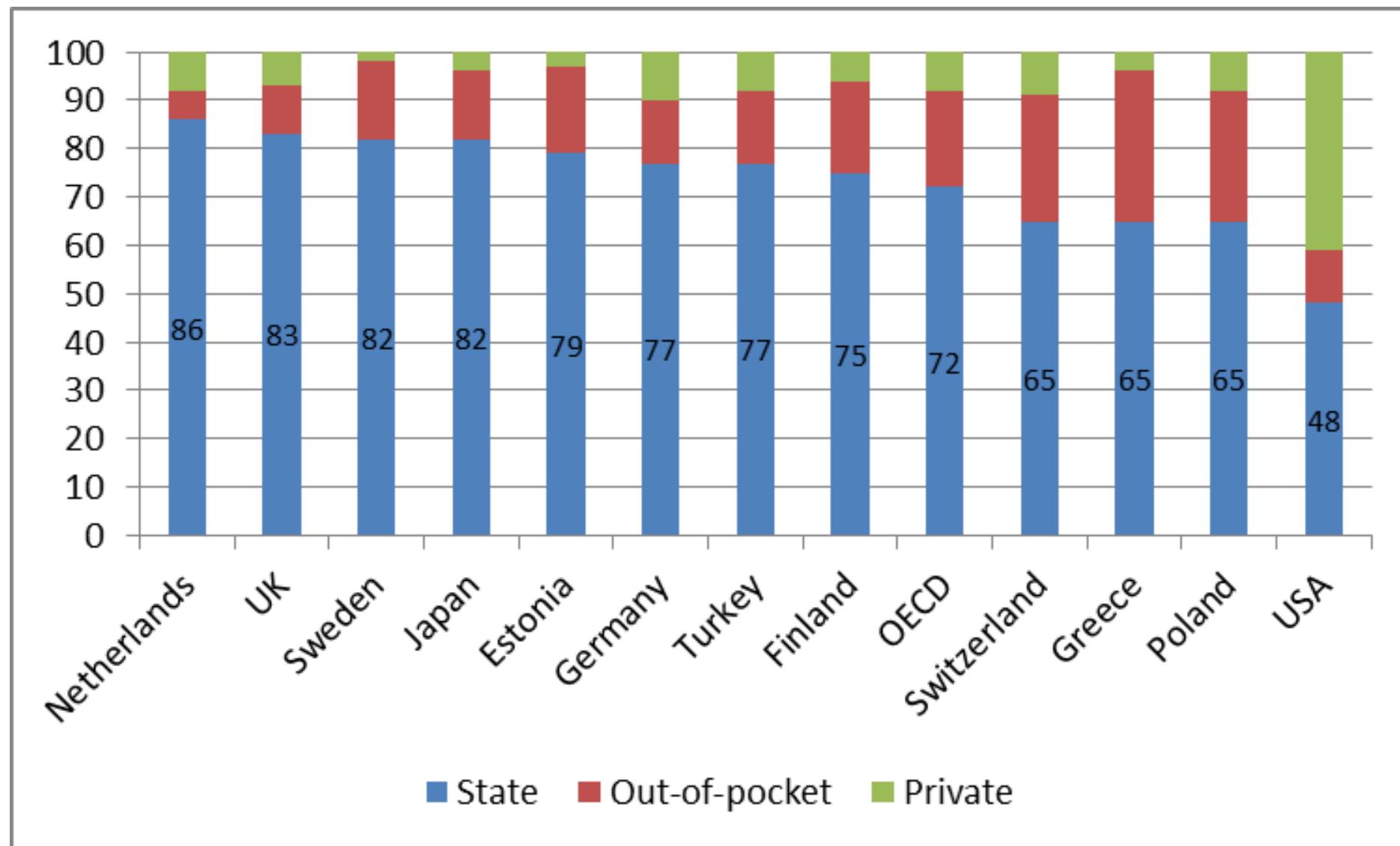
Breakdown of speciality (%)



Speciality bed count as at 2014: 23.1K

Who pays for healthcare?

Healthcare spending by payer across OECD (%)



Universal health coverage in Turkey

- In 2003, Turkey has started implementing its Health Transformation Program (HTP) with the primary objective establishing universal health coverage (UHC). Some 16 health insurance schemes have been consolidated to create what is now called General Health Insurance (GHI) program. The Social Security Institution administers the UHC.
- The GHI reimburses designated preventative, diagnostic and curative services (inpatient and outpatient). With recent modifications, these health care services are offered for no fee to citizens earning less than TL279 a month. Earners contribute to the pool progressively.

Lokman Hekim's edge

1

- Focused/dedicated management team and business model targeting Anatolia

2

- Rigorous search to grow in underpenetrated regions of Turkey

3

- Steady organic growth with a strong mid-income client base

4

- Operating leverage favourable with significant upside in CUR; earnings to improve

Lokman Hekim milestones

1996

- Lokman Hekim is established

2002

- Etlik Hospital becomes operational

2008

- Sincan Hospital becomes operational

2011

- IPO on Istanbul Stock Exchange, investments in first Van hospital

2013

- Van Hayat, 2nd hospital in Van becomes operational

2013

- Erbil investments: Erbil Imaging Centre joins the network

Legal Notice

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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>.