

# MedLife SA

Buy

**Analyst:** Caius Rapanu +4 0373 510 441 caiusroa.rapanu@bcr.ro

Share price (RON) close as of 20/05/2022	18.0	Reuters	ROM.BX	Free float	59.0%
Number of shares (mn)	132.9	Bloomberg	M RO	Shareholders	Marcu Mihail (15.8%)
Market capitalization (RON mn / EUR mn)	2,389 / 483	Div. Ex-date	11/04/22	Cristescu Mihaela Gabriela (14.04%)	
Enterprise value (RON mn / EUR mn)	2,656 / 537	<b>Target price</b>	<b>28.5</b>	Homepage:	www.medlife.ro

## Key figures Overview

RON mn	2020	2021	2022e	2023e
Net sales	1,078.3	1,432.0	1,701.0	1,946.0
EBITDA	212.6	287.5	296.7	392.2
EBIT	109.5	176.4	170.8	253.8
EBT	78.8	141.2	139.6	233.7
Net profit	62.2	117.6	117.3	196.3
EPS (RON)	0.47	0.88	0.88	1.48
CEPS (RON)	1.25	1.75	1.86	2.55
BVPS (RON)	2.02	2.91	3.67	5.07
Dividend/Share (RON)				
EV/EBITDA (x)	8.91	12.42	8.95	6.22
P/E (x)	23.93	27.01	20.37	12.17
P/CE (x)	8.99	13.69	9.65	7.05
Dividend yield (%)				
EBITDA margin (%)	19.71	20.08	17.44	20.15
Operating margin (%)	10.16	12.32	10.04	13.04
Net profit margin (%)	5.77	8.21	6.90	10.09

## Trading data & Statistics

Daily averages	5 days	30 days	last year
Volume	20,731	36,989	101,330
Trading value (RON mn)	0.4	0.7	2.1



Price performance:	1M	3M	6M	12M
in EUR	-17.4%	-17.9%	-14.4%	34.1%

## Financial Strength

	2020	2021	2022e	2023e
ROE (%)	26.07	35.91	26.84	33.81
ROCE (%)	10.88	16.04	14.93	22.73
Equity ratio (%)	22.72	27.15	32.85	44.99
Net debt (RON mn)	406.30	395.53	267.40	50.01
Gearing (%)	151.09	102.46	54.78	7.43

## 1Q22 results: on a positive trend

### Improving q-o-q margins

After the cost increases of late 2021, the company has seen its profitability diminish, however this trend has been reversed during 1Q22, with revenues growing faster than costs leading to solid top-line growth and margin consolidation that should continue throughout the remainder of the year.

The main drivers of the company remain unchanged, with pent-up demand complementing very strong pricing power and a successful organic and M&A growth strategy. Our conservative forecast assumptions remain unchanged and are validated by the financial results of the first quarter of 2022.

The upside of the stock is considerable, in view of the risk-off trend following the war in Ukraine, however the last several months have shown the impact of the conflict to be marginal at best. Domestic demand has increased in the post pandemic period and it is expected to continue solid over the medium term, with no discernible influence of the events in Ukraine.

## 1Q2022 results: on the right track after slight loss in profitability

### 1Q22 results – better y-o-y top line, higher costs

MedLife 1Q22 results show a significant boost in top line, with consolidated sales increasing by 24%. At the same time, operating expensed grew by 33%, leading to an operating profit that was 24% lower than that of 1Q21 and an EBITDA that was 2% lower compared to the same period of last year. Net income also declined compared to the first quarter of 2021, by 18%. Margins weakened as well, with EBITDA margin dropping from 23.5% to 18.6%, and net margin from 10.7% to 7.1%.

INCOME ST. (RON, mn.)	1Q22	1Q21	chng (%)	4Q21	chng (%)	1Q20	chng (%)
Sales	418.9	337.8	24%	389.7	7%	264.2	59%
Other operating income	2.0	1.0	96%	6.5	-69%	0.9	132%
<b>Operating income</b>	<b>420.9</b>	<b>338.8</b>	<b>24%</b>	<b>396.2</b>	<b>6%</b>	<b>265.0</b>	<b>59%</b>
Operating expenses	(380.1)	(285.2)	33%	(365.9)	4%	(246.7)	54%
<b>Operating profit</b>	<b>40.9</b>	<b>53.6</b>	<b>-24%</b>	<b>30.3</b>	<b>35%</b>	<b>18.3</b>	<b>123%</b>
<b>EBITDA</b>	<b>78.1</b>	<b>79.7</b>	<b>-2%</b>	<b>67.9</b>	<b>15%</b>	<b>44.6</b>	<b>75%</b>
Financial result	(7.3)	(10.6)	-31%	(7.2)	1%	(8.9)	-17%
<b>Profit before taxes</b>	<b>33.5</b>	<b>43.0</b>	<b>-22%</b>	<b>23.1</b>	<b>45%</b>	<b>9.5</b>	<b>255%</b>
Income tax	(4.0)	(6.9)	-42%	(4.2)	-5%	(3.0)	31%
<b>Net profit</b>	<b>29.6</b>	<b>36.1</b>	<b>-18%</b>	<b>18.9</b>	<b>57%</b>	<b>6.4</b>	<b>360%</b>
<i>EBITDA margin</i>	<i>18.6%</i>	<i>23.5%</i>		<i>17.1%</i>		<i>16.8%</i>	
<i>Net margin</i>	<i>7.1%</i>	<i>10.7%</i>		<i>4.8%</i>		<i>2.4%</i>	

Source: Company data, Erste Group Research

### Better picture on a quarterly basis

The second half of last year saw the impact of a combination of factors that had a negative impact on margins. Lower amounts PCR testing together with higher commodities and compensation costs led to an erosion of margins. The situation extended to 1Q22, however with a significant improvement compared to the previous quarter. Thus, compared to 4Q22, Top line increased by 6%, while operating costs grew by only 4%, leading to a q-o-q jump in operating profit of 35% and in EBITDA of 15%. Compared to the last quarter of 2021, net profit increased by close to 60%.

### Top line growth across the board, but in laboratories' segment

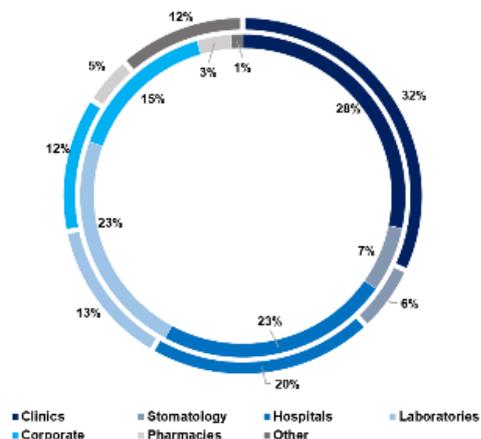
All business segments registered solid growth rates with the exception of laboratories. The main revenue contributor – clinics – saw a huge y-o-y revenue growth of 40%, while hospitals grew by 9%, stomatology by 16% and pharmacies by 66%. Corporate segment revenues stayed largely flat while “other revenues” increased significantly on the back of the consolidation of the pharma distribution business. The exception was the sharp decline in laboratories' revenues, due to the decline in PCR testing on the waning period of the pandemic.

### Results by segment

Business line	Rev. (RON, mn)			Units ('000)			Avg. fees (RON)		
	1Q22	1Q21	chng (%)	1Q22	1Q21	chng (%)	1Q22	1Q21	chng (%)
Clinics	133.5	95.3	40%	645.3	548.6	18%	206.9	173.8	19%
Stomatology	25.5	22.0	16%	44.2	33.5	32%	577.9	657.9	-12%
Hospitals	85.7	78.3	9%	25.8	25.4	2%	3,317.2	3,079.5	8%
Laboratories	56.0	76.1	-26%	1,851.5	1,992.2	-7%	30.2	38.2	-21%
Corporate	51.4	50.7	1%	763.2	719.0	6%	67	70.5	-4%
Pharmacies	18.7	11.3	66%	148.5	58.4	154%	126.1	193.3	-35%
Other	48.1	4.0	1092%						

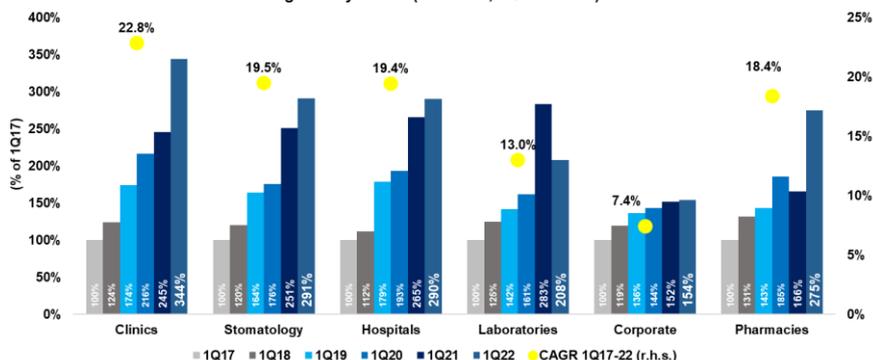
Source: Company data, Erste Group Research

**Business line revenues 1Q22 (ext.) vs. 1Q21 (int.)**



Source: Company data, Erste Group Research

**Segment dynamics (revenues, 1Q17 = 100%)**

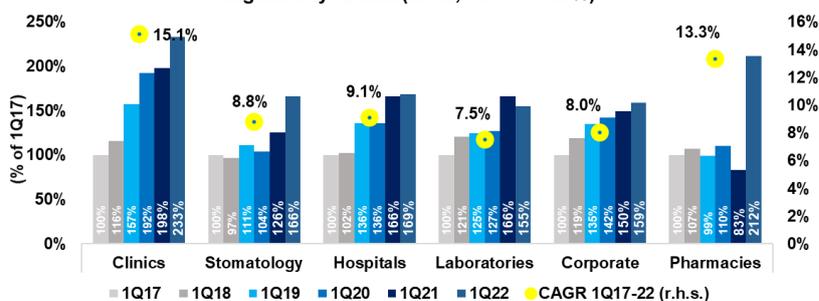


Source: Company data, Erste Group Research

**Revenue CAGR remains impressive**

On a yearly basis, the revenues of first quarter of each of the last six years has shown a significant growth. Thus, the lowest growth was posted by the corporate segment, at a very solid 7.4%, while the highest revenue contributor – the clinics segment – recorded a staggering CAGR of close to 23%. Hospitals, stomatology and pharmacies segments also recorded CAGRs of close to 20%, while the third largest revenue contributor – laboratories – grew at a CAGR of 13%.

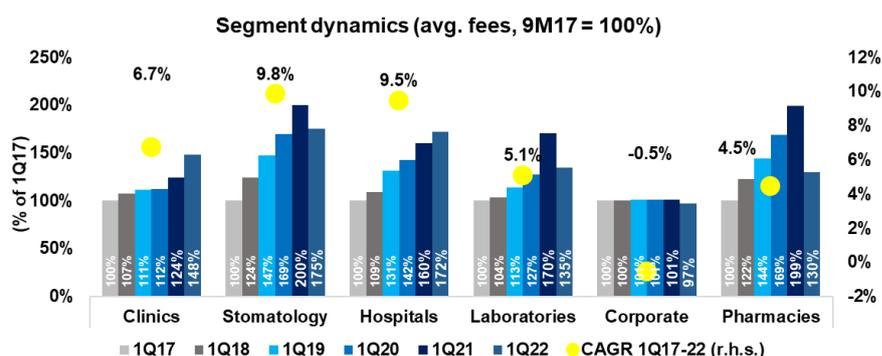
**Segment dynamics (units, 9M17 = 100%)**



Source: Company data, Erste Group Research

### Impressive unit growth

The main contributor to the growth in volumes was higher traffic, both in terms of organic growth, but also of acquisitions. Clinics number of visits increased at a CAGR of 15%, while the rest of the segments grew in high single digit numbers. On a yearly basis, compared to 1Q21, the number of clinic visits grew by 18%, hospital patients by 2%, of stomatology patients by a staggering 32% while corporate subscriptions increased by 6%. Following acquisitions, the pharmacies number of clients jumped by 154%.



Source: Company data, Erste Group Research

### Pricing power remains very solid

The top two revenue contributors – clinics and hospitals – continued to increase average fees at solid rates. The clinic segment saw in 1Q22 19% higher average fees compared to 1Q21, while hospital average fees grew by 8%. CAGR of the last 6 years remains considerable, especially in the stomatology, hospital and clinics segments. The laboratory segment saw the largest downward adjustment in average receipts, on the back of a drop in PCR testing, while pharmacies' average receipts were diminished by acquisitions that led to a change in customer mix.

### Costs by category

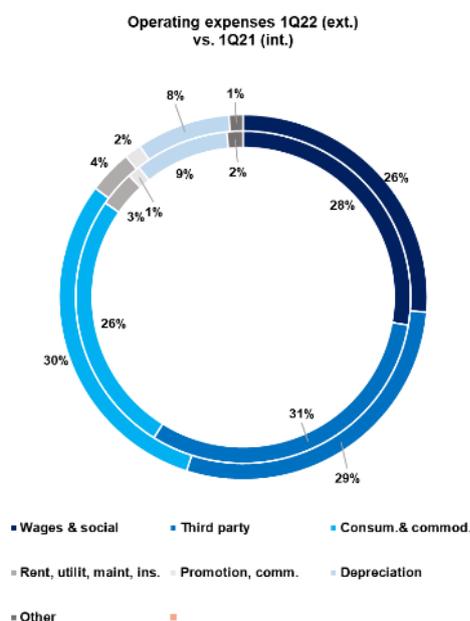
Op. exp. (RON.mn.)					% of total rev.						
	1Q22	1Q21	chng (%)	4Q21	chng (%)	1Q20	chng (%)	1Q22	1Q21	4Q21	1Q20
Wages & social	99.99	79.00	26.6%	93.10	7.4%	80.03	24.9%	23.8%	23.3%	23.5%	30.2%
Third party	108.93	89.13	22.2%	104.5	4.2%	74.07	47.1%	25.9%	26.3%	26.4%	27.9%
Consum. & commod.	114.77	73.18	56.8%	107.32	6.9%	51.52	122.8%	27.3%	21.6%	27.1%	19.4%
Rent, utilit, maint, ins.	14.63	9.94	47.3%	10.62	37.8%	9.41	55.5%	3.5%	2.9%	2.7%	3.6%
Promotion, comm.	5.68	3.42	66.1%	7.85	-27.6%	3.39	67.6%	1.3%	1.0%	2.0%	1.3%
Depreciation	31.34	26.08	20.2%	31.77	-1.4%	26.25	19.4%	7.4%	7.7%	8.0%	9.9%
Other	4.7	4.46	5.4%	10.5	-55.2%	2.11	122.7%	1.1%	1.3%	2.7%	0.8%
<b>Total</b>	<b>380.0</b>	<b>285.2</b>	<b>33.3%</b>	<b>365.7</b>	<b>3.9%</b>	<b>246.8</b>	<b>54.0%</b>	<b>90.3%</b>	<b>84.2%</b>	<b>92.3%</b>	<b>93.1%</b>

Source: Company data, Erste Group Research

### Overall costs grow more than revenues, but at lower pace in 1Q22

The cost increases of late last year were not reversed and that led to a y-o-y overall operating costs increase of 33%, on a 24% higher revenue compared to 1Q21. The largest cost increase was recorded in the consumables and commodities items, on the back of higher utilization mandated by the pandemic. This amounted to about 40% of the overall increase in costs. Personnel related costs i.e. wages and third parties also added another 40% of the overall cost increase, while the rest was evenly spread between the other major cost items.

Nevertheless, on a quarterly basis, the increase in costs, at 4% was lower than the increase in revenues, with a lower growth in the major cost items, compared to the growth of these items in late 2021 vs. the beginning of last year.



Source: Company data, Erste Group Research

### Balance sheet remains solid

Net debt increased, as expected in the wake of acquisitions. At the same time, the gearing is more than manageable, with a coverage of net debt compared to 2021 EBITDA of 2.4, a level significantly inferior than historical averages.

(RON, mn.) EOP	2016	2017	2018	2019	2020	2021	1Q22*
Cash and equivalents	20.7	79.2	34.2	38.9	82.0	136.0	145.7
Current port. of debt**	27.4	41.8	63.0	103.2	114.7	136.6	148.6
LT debt**	213.1	252.9	313.5	478.6	561.8	590.5	680.5
<b>Net debt</b>	<b>219.9</b>	<b>215.5</b>	<b>342.4</b>	<b>542.9</b>	<b>594.6</b>	<b>591.1</b>	<b>683.4</b>
<b>Net debt/EBITDA* (x)</b>	<b>3.95</b>	<b>2.77</b>	<b>3.59</b>	<b>3.67</b>	<b>2.80</b>	<b>2.06</b>	<b>2.38</b>

\* - 2021 Actual reported EBITDA \*\* - includes leasing and overdraft

Source: Company data, Erste Group Research

### M&A activity continues along successful development strategy

#### Oncology expansion

MedLife management has continued its successful acquisition strategy. The company finalized the acquisition of 50% of Neolife, in the oncology segment, where it was not represented. Approved by the Competition Council in February, this acquisition expands the company's offering in this hi-tech segment in the large population centers of Bucharest, Brasov and Iasi and enable expansion in Bulgaria and Moldova, together with other neighboring countries. 2021 turnover of Neolife reached RON110mn, posting a 20% growth y-o-y.

In the same field, after approval from the Competition Council, the company finalized recently the acquisition of 100% of the OncoCard Hospital in Brasov, with a 2021 turnover of RON64mn.

#### Expansion in segment under contract with NHIH

The company continued to expand in the area of health services provided under contract with the national health insurance system. Recently, it has announced the acquisition of 100% of the share capital of Life Med, one of the largest private providers of outpatient medical services under contract with NHIH. The company operates in Bucharest and had a 2021 turnover of RON9mn. It will become part of Sfanta Maria network.

## Erste Group Research – Company Update

MedLife SA | Medical Equipment | Romania

24 May 2022

Also, during 1Q22, MedLife increased shareholding in two subsidiaries, Almina – from 80% to 90% and Genesys – from 73% to 83%.

**Acquisition spree to continue.** According to management, MedLife has a strong pipeline of acquisitions with discussions being held with 2 large and medium-size companies and 5 smaller companies, most of these transactions expected to be finalized during 2022.

**Strategy to continue beyond 2022.** The state-of-the-art Hyperclinic, connected to the long term development plans of MedLife Park in undergoing its second stage of development. The development will continue in 2023 with the expansion of hospitalization capacity by 150 beds, opening new surgery rooms and extended in the medium and long term with similar projects in major population centers in the country such as Brasov, Sibiu, Cluj, Timisoara, Arad.

**Accelerated expansion of secondary brand.** MedLife plans to accelerate the expansion of its second brand Sfanta Maria, focusing on patients that use NHIH backed medical services. This expansion, in smaller and medium population centers will be undergone through organic growth and further acquisitions.

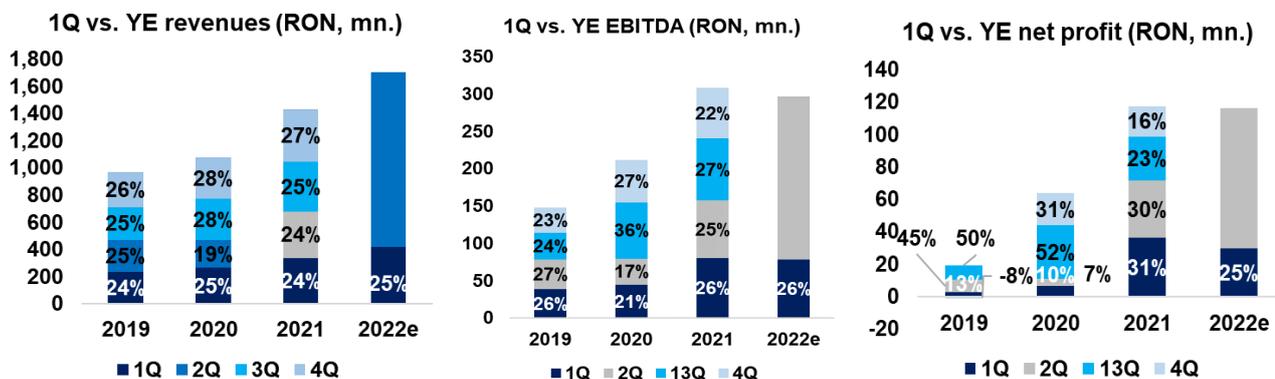
### Underlying investment rationale unchanged since our previous update

The attractiveness of MedLife as an investment vehicle encompasses the combined exposure to desirable geography, sector and product. Our main investment tenets remain unchanged, as detailed in previous reports:

- Underserved market with ample upside potential for Government and private spending, with ongoing consolidation activity.
- Pent-up demand, that remained unsatisfied during pandemic.
- Company superior pricing power, resulting from lack of adequate alternatives.
- Effective cost management.
- Superior management of expansion via acquisitions.

### Our forecast remains unchanged for the remainder of 2022

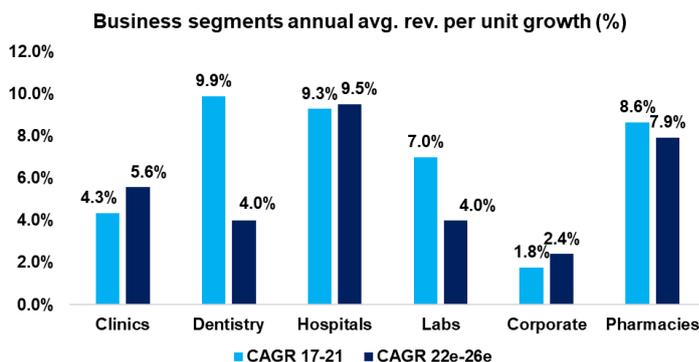
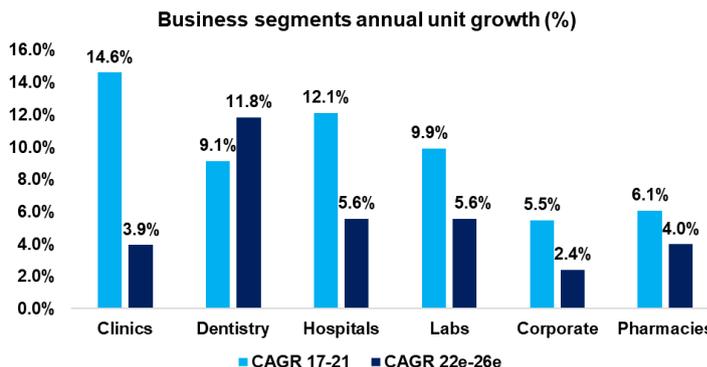
We had no compelling reason to alter significantly our latest forecasts for the company. The 1Q22 results, both in terms of top line growth and profitability are consistent with our YE projections. We forecast a slight decline in profitability compared to last year, on the back of the cost increases that influenced especially the last quarter of 2021, however our assumptions may prove to be on the conservative side.



Source: Company data, Erste Group Research

**5 yr. CAGR forecasts conservative compared to historical averages**

Our forecasts of unit sales and average sales per unit remain largely unchanged from our previous review of the company. We continue to forecast a conservative rate of growth going forward overall, both in term of organic growth and in terms of realized sales per unit. Nevertheless, under these conservative assumptions, the upside of the company remains considerable, as the stock price was unduly punished on the back of the risk-off mood caused by the war in Ukraine.



Source: Company data, Erste Group Research

# Erste Group Research – Company Update

## MedLife SA | Medical Equipment | Romania

### 24 May 2022

## Contacts

### Group Research

**Head of Group Research**  
Friedrich Mostböck, CEFA® CESGA® +43 (0)5 0100 11902

**CEE Macro/Fixed Income Research**  
Head: Juraj Kotian (Macro/FI) +43 (0)5 0100 17357  
Katarzyna Rzentarzewska (Fixed income) +43 (0)5 0100 17356  
Katarina Gumanova +43 (0)5 0100 17336

**Croatia/Serbia**  
Alen Kovac (Head) +385 72 37 1383  
Mate Jelić +385 72 37 1443  
Ivana Rogic +385 72 37 2419

**Czech Republic**  
David Navratil (Head) +420 956 765 439  
Jiri Polansky +420 956 765 192  
Michal Skorepa +420 956 765 172

**Hungary**  
Orsolya Nyeste +361 268 4428  
János Nagy +361 272 5115

**Romania**  
Ciprian Dascalu (Head) +40 3735 10108  
Eugen Sinca +40 3735 10435  
Dorina Ilasco +40 3735 10436  
Vlad Nicolae Ionita +40 7867 15618

**Slovakia**  
Maria Valachyova (Head) +421 2 4862 4185  
Matej Hornak +421 902 213 591

**Major Markets & Credit Research**  
Head: Gudrun Egger, CEFA® +43 (0)5 0100 11909  
Ralf Burchert, CEFA® (Sub-Sovereigns & Agencies) +43 (0)5 0100 16314  
Hans Engel (Global Equities) +43 (0)5 0100 19835  
Margarita Grushanina (Austria, Quant Analyst) +43 (0)5 0100 11957  
Peter Kaufmann, CFA® (Corporate Bonds) +43 (0)5 0100 11183  
Heiko Langer (Financials & Covered Bonds) +43 (0)5 0100 85509  
Stephan Lingnau (Global Equities) +43 (0)5 0100 16574  
Carmen Riefler-Kowarsch (Financials & Covered Bonds) +43 (0)5 0100 19632  
Rainer Singer (Euro, US) +43 (0)5 0100 17331  
Bernadett Povazsai-Römhild, CEFA® (Corporate Bonds) +43 (0)5 0100 17203  
Elena Statelov, CIIA® (Corporate Bonds) +43 (0)5 0100 19641  
Gerald Walek, CFA® (Euro, CHF) +43 (0)5 0100 16360

**CEE Equity Research**  
Head: Henning Eßkuchen +43 (0)5 0100 19634  
Daniel Lion, CIIA® (Technology, Ind. Goods&Services) +43 (0)5 0100 17420  
Michael Marschallinger, CFA® +43 (0)5 0100 17906  
Nora Nagy (Telecom) +43 (0)5 0100 17416  
Christoph Schultes, MBA, CIIA® (Real Estate) +43 (0)5 0100 11523  
Thomas Unger, CFA® (Banks, Insurance) +43 (0)5 0100 17344  
Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 17343  
Martina Valenta, MBA +43 (0)5 0100 11913

**Croatia/Serbia**  
Mladen Dodig (Head) +381 11 22 09178  
Anto Augustinovic +385 72 37 2833  
Magdalena Basic +385 72 37 1407  
Davor Spoljar, CFA® +385 72 37 2825

**Czech Republic**  
Petr Bartek (Head) +420 956 765 227  
Jan Safranek +420 956 765 218

**Hungary**  
József Miró (Head) +361 235 5131  
András Nagy +361 235 5132  
Tamás Pletser, CFA® +361 235 5135

**Poland**  
Cezary Bernatek (Head) +48 22 257 5751  
Piotr Bogusz +48 22 257 5755  
Łukasz Jańczyk +48 22 257 5754  
Krzysztof Kawa +48 22 257 5752  
Jakub Szkopek +48 22 257 5753

**Romania**  
Caius Rapanu +40 3735 10441

### Group Institutional & Retail Sales

**Group Institutional Equity Sales**  
Head: Brigitte Zeitberger-Schmid +43 (0)5 0100 83123

**Cash Equity Sales**  
Werner Fuerst +43 (0)5 0100 83121  
Josef Kerekes +43 (0)5 0100 83125

**Institutional Equity Sales Croatia**  
Matija Tkalicanac +385 72 37 21 14

### Institutional Equity Sales Czech Republic

Head: Michal Rizek +420 224 995 537  
Pavel Krabicka +420 224 995 411  
Martin Havlan +420 224 995 551  
Jiri Feres +420 224 995 554

### Institutional Equity Sales Hungary

Levente Nándori +361 235 5141  
Balázs Zánkay +361 235 5156  
Krisztián Kandik +361 235 5140

### Institutional Equity Sales Poland

Jacek Jakub Langer (Head) +48 22 257 5711  
Tomasz Galanciak +48 22 257 5715  
Wojciech Wysocki +48 22 257 5714  
Przemyslaw Nowosad +48 22 257 5712  
Grzegorz Stepień +48 22 257 5713

### Institutional Equity Sales Romania

Liviu George Avram +40 3735 16569

### Group Markets Retail and Agency Business

Head: Christian Reiss +43 (0)5 0100 84012

### Markets Retail Sales AT

Head: Markus Kaller +43 (0)5 0100 84239

### Group Markets Execution

Head: Kurt Gerhold +43 (0)5 0100 84232

### Retail & Sparkassen Sales

Head: Uwe Kolar +43 (0)5 0100 83214

### Corporate Treasury Prod. Distribution

Head: Christian Skopek +43 (0)5 0100 84146

### Group Securities Markets

Head: Thomas Einramhof +43 (0)50100 84432

### Institutional Distribution Core

Head: Jürgen Niemeier +49 (0)30 8105800 5503

### Institutional Distribution DACH+

Head: Marc Friebertshäuser +49 (0)711 810400 5540  
Bernd Bollhof +49 (0)30 8105800 5525  
Andreas Goll +49 (0)711 810400 5561  
Mathias Gindele +49 (0)711 810400 5562  
Ulrich Inhofner +43 (0)5 0100 85544  
Sven Kienzle +49 (0)711 810400 5541  
Rene Klasek +49 (0)30 8105800 5521  
Christopher Lampe-Traupe +49 (0)30 8105800 5523  
Karin Rattay +43 (0)5 0100 84118  
Michael Schmotz +43 (0)5 0100 85542  
Klaus Vosseler +49 (0)711 810400 5560

### Slovakia

Šarlota Šipulová +421 2 4862 5619  
Monika Směliková +421 2 4862 5629

### Institutional Distribution CEE & Insti AM CZ

Head: Antun Burić +385 (0)7237 2439  
Jaromir Malak +43 (0)5 0100 84254

### Czech Republic

Head: Ondrej Čech +420 2 2499 5577  
Milan Bartoš +420 2 2499 5562  
Jan Porvich +420 2 2499 5566

### Croatia

Head: Antun Burić +385 (0)7237 2439  
Zvonimir Tukač +385 (0)7237 1787  
Natalija Zujic +385 (0)7237 1638

### Hungary

Head: Peter Csizmadia +36 1 237 8211  
Gábor Bálint +36 1 237 8205  
Ádám Szönyi +36 1 237 8213

### Romania and Bulgaria

Head: Octavian Florin Munteanu +40 746128914

### Institutional Asset Management Czech Republic

Head: Petr Holeček +420 956 765 453  
Petra Maděrová +420 956 765 178  
Martin Peřina +420 956 765 106  
David Petráček +420 956 765 809  
Blanca Weinerová +420 956 765 317  
Petr Valenta +420 956 765 140

### Group Fixed Income Securities Markets

Head: Goran Hobljaj +43 (0)50100 84403

### FISM Flow

Head: Aleksandar Doric +43 (0)5 0100 87487  
Margit Hraschek +43 (0)5 0100 84117  
Bernd Thaler +43 (0)5 0100 84119  
Ciprian Mitu +43 (0)5 0100 85612  
Christian Kienesberger +43 (0)5 0100 84323  
Zsuzsanna Toth +36-1-237 8209

### Poland:

Pawel Kielek +48 22 538 6223  
Michal Jarmakowicz +43 50100 85611

## **Erste Group Research – Company Update**

MedLife SA | Medical Equipment | Romania

24 May 2022

### **Company description**

Medlife is the leading private healthcare provider in Romania, operating the widest network of clinics, medical laboratories, mono and multidisciplinary hospitals and largest HPP client database in the country. The company operates 22 hyperclinics, 53 clinics, 10 hospitals, 13 stomatology centers, 5 maternities, a stem cell bank, 33 laboratories and more than 180 sampling points. It owns 20 pharmacies and services more than 705k HPP corporate clients.

### Disclaimer

This investment research (the "Document") has been prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") independently and objectively for the purpose of providing additional economical information about the analyzed company or companies. The Document is based on reasonable knowledge of Erste Group's analyst in charge of producing the Document as of the date thereof and may be amended from time to time without further notice. It only serves for the purpose of providing non-binding information and does not constitute investment advice or investment recommendations. This Document does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any securities, and neither this Document nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a security or financial product in a trading strategy. All information, analysis and conclusions provided herein are of general nature. This Document does not purport to provide a comprehensive overview about any investment, the potential risks and results nor does this Document take into account any individual needs of an investor (the "Investor") in relation to proceeds, tax aspects, risk awareness and appropriateness of the security or financial product. Therefore, this Document does not replace any investor- and investment-related evaluation nor any comprehensive risk disclosure; any security or financial product has a different risk level. Performance charts and example calculations do not provide any indication for future performance of the security or the financial product. Information about past performance does not necessarily guarantee a positive development in the future and investments in securities or financial products can be of risk and speculative nature. The weaker the Company's credit-worthiness is, the higher the risk of an investment will be. Not every investment is suitable for every investor. Therefore, Investors shall consult their advisors (in particular legal and tax advisors) prior to taking any investment decision to ensure that – irrespective of information provided herein – the intended purchase of the security or financial product is appropriate for the Investor's needs and intention, that the Investor has understood all risks and that, after due examination, the Investor has concluded to make the investment and is in a position to bear the economical outcome of such investment. Investors are advised to mind the client information pursuant to the Austrian Securities Supervision Act 2018. Investment research is produced by Erste Group's division for investment research within the framework provided by applicable laws. The opinions featured in the equity and credit research reports may vary. Investors in equities may pursue different interests compared to those of investors on the credit side, related to the same issuer. The analyst has no authority whatsoever to make any representation or warranty on behalf of the analyzed Company, Erste Group, or any other person. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this Document. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers or other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this Document. Erste Group, associated companies as well as representatives and employees may, to the extent permitted by law, have a position in the securities of (or options, warrants or rights with respect to, or interest in the financial instruments or other securities of) the Company. Further, Erste Group, associated companies as well as representatives and employees may offer investment services to the Company or may take over management function in the Company. This Document has been produced in line with Austrian law and for the territory of Austria. Forwarding this Document as well as marketing of financial products described herein are restricted or interdicted in certain jurisdictions. This, in particular, applies to the United States, Canada, Switzerland, Australia, Korea and Japan. In particular, neither this Document nor any copy hereof may be taken or transmitted or distributed, directly or indirectly, into the United States or to US Persons (as defined in the U.S. Securities Act of 1933, as amended) unless applicable laws of the United States or certain federal states of the United States provide for applicable exemptions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction. Persons receiving possession of this Document are obliged to inform themselves about any such restrictions and to adhere to them. By accepting this Document, the recipient agrees to be bound by the foregoing limitations and to adhere to applicable regulations. Further information may be provided by Erste Group upon request. This Document and information, analysis, comments and conclusions provided herein are copyrighted material. **Erste Group reserves the right to amend any opinion and information provided herein at any time and without prior notice. Erste Group further reserves the right not to update any information provided herein or to cease updates at all.** All information provided in this Document is non-binding. Misprints and printing errors reserved. This document is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document.

If one of the clauses provided for in this disclaimer is found to be illicit, inapplicable or not enforceable, the clause has to be treated separately from other clauses provided for in this disclaimer to the largest extent possible. In any case, the illicit, inapplicable or not enforceable clause shall not affect the licitness, applicability or enforceability of any other clauses.

## Important Disclosures

THIS DOCUMENT MAY NOT BE TAKEN, TRANSMITTED OR DISTRIBUTED INTO THE UNITED STATES, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN OR TO ANY U.S. PERSON OR TO ANY INDIVIDUAL OUTSIDE CANADA, AUSTRALIA, SWITZERLAND, KOREA OR JAPAN WHO IS A RESIDENT OF THE UNITED STATES, CANADA, SWITZERLAND, AUSTRALIA, KOREA OR JAPAN OR TO THE PRESS IN THESE COUNTRIES.

### General disclosures

---

All recommendations given by Erste Group Research are independent, objective and are based on the latest company, industry and other general information publicly available which Erste Group Research considers being reliable; however, we do not represent or assume any liability for the completeness of accuracy of such information or our recommendation. The best possible care and integrity is used to avoid errors and/or misstatements. No influence on the rating and/or target price is being exerted by either the covered company or other internal departments of Erste Group. Each research drawn up by an analyst is reviewed by a senior research executive or agreed with a senior analyst/deputy (4-eyes-principle). Erste Group has implemented extensive Compliance Rules on personal account dealings of analysts (please see “Conflicts of Interest”). Analysts are not allowed to involve themselves in any paid activities with the covered companies except as disclosed otherwise. No part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. Erste Group may engage in transactions with financial instruments, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Erste Group, including strategists and sales staff, may take a view that is inconsistent with that taken in this research report.

---

### **Conflicts of interest**

Disclosures of potential conflicts of interest relating to Erste Group Bank AG, its affiliates or branches and its relevant representatives and employees with respect to the issuers, financial instruments and/or securities forming the subject of this document are updated daily.

An overview of conflicts of interest for all analysed companies by Erste Group in Research is provided under the following link:

[Disclosure \(erstegroup.com\)](https://produkte.erstegroup.com).

Erste Group Bank AG ensures with internal policies that conflicts of interest are managed in a fair and reasonable manner. The overview on policies regarding „Managing Conflicts of Interest in Connection with Investment Research“ is provided under the following link:

[https://produkte.erstegroup.com/Retail/de/PDF/Umgang\\_mit\\_Interessenskonflikten/index.phtml](https://produkte.erstegroup.com/Retail/de/PDF/Umgang_mit_Interessenskonflikten/index.phtml).

The distribution of all recommendations and the distribution of recommendations in relation to which investment services have been provided is available under the following link:

[https://produkte.erstegroup.com/Retail/de/PDF/Recommendations\\_Distribution/index.phtml](https://produkte.erstegroup.com/Retail/de/PDF/Recommendations_Distribution/index.phtml).

### **Erste Group rating definitions**

---

<b>Buy</b>	> +20% from target price
<b>Accumulate</b>	+10% < target price < +20%
<b>Hold</b>	0% < target price < +10%
<b>Reduce</b>	-10% < target price < 0%
<b>Sell</b>	< -10% from target price

Our target prices are established by determining the fair value of stocks, taking into account additional fundamental factors and news of relevance for the stock price (such as M&A activities, major forthcoming share deals, positive/negative share/sector sentiment, news) and refer to 12 months from now. All recommendations are to be understood relative to our current fundamental valuation of the stock. The recommendation does not indicate any relative performance of the stock vs. a regional or sector benchmark.

A history of all recommendations within the last 12 months is provided under the following link:  
<https://www.erstegroup.com/en/research/research-legal>.

### **Explanation of valuation parameters and risk assessment**

Unless otherwise stated in the text of the financial investment research, target prices in the publication are based on a discounted cash flow valuation and/or comparison of valuation ratios with companies seen by the analyst as comparable or a combination of the two methods. The result of this fundamental valuation is adjusted to reflect the analyst's views on the likely course of investor sentiment. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe. Risk factors include unforeseen changes in competitive pressures or in the level of demand for the company's products. Such demand variations may result from changes in technology, in the overall level of economic activity or, in some cases, from changes in social values. Valuations may also be affected by changes in taxation, in exchange rates, in the capital market sentiment and in regulatory provisions. Investment in overseas markets and instruments such as ADRs can result in increased risk from factors such as exchange rates, exchange controls, taxation, political, economic and social conditions.

All market prices within this publication are closing prices of the previous trading day (unless otherwise mentioned within the publication).

Detailed information about the valuation and methodology of investment research by the Erste Group Bank AG is provided under the following link:  
[Bewertungsmethoden \(erstegroup.com\)](https://www.erstegroup.com/Bewertungsmethoden)

### **Planned frequency of updates for recommendations**

Target prices for individual stocks are meant to be 12 month target prices, starting from the date of the publication. Target prices and recommendations are reviewed usually upon release of quarterly reports, or whenever circumstances require.

Periodical publications are identified by their respective product name and indicate update frequency as such (e.g. Quarterly). Recommendations mentioned within these publications are updated in an according frequency, unless otherwise mentioned (e.g. a 12M TP is not updated on a monthly base, even when mentioned in summarizing monthly/quarterly product).

## Erste Group Research – Company Update

MedLife SA | Medical Equipment | Romania

24 May 2022

### Links

Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Erste Group does not accept responsibility whatsoever for any such material, including in particular the completeness and accuracy, nor for any consequences of its use.

### Additional notes to readers in the following countries:

**Austria:** Erste Group Bank AG is registered in the Commercial Register at Commercial Court Vienna under the number FN 33209m. Erste Group Bank AG is authorized and regulated by the European Central Bank (ECB) (Sonnenmannstraße 20, D-60314 Frankfurt am Main, Germany) and by the Austrian "Finanzmarktaufsichtsbehörde" (FMA) (Otto-Wagner Platz 5, A-1090, Vienna, Austria).

**Germany:** Erste Group Bank AG is authorised for the conduct of investment business in Germany by the Austrian Financial Market Authority (FMA) and subject to limited regulation by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

**United Kingdom:** Erste Group Bank AG will provide its cross-border service to its UK clients under the Overseas Persons Exemption (OPE) model. This research is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this research.

**Czech Republic:** Česká spořitelna, a.s. is regulated for the conduct of investment activities in Czech Republic by the "Česká Národní Banka" (CNB).

**Croatia:** Erste Bank Croatia is regulated for the conduct of investment activities in Croatia by the "Hrvatska Agencija za Nadzor Financijskih Usluga" (HANFA).

**Hungary:** Erste Bank Hungary ZRT. and Erste Investment Befektetési Zrt. are regulated for the conduct of investment activities in Hungary by the Magyar Nemzeti Bank" (MNB).

**Serbia:** Erste Group Bank AG is regulated for the conduct of investment activities in Serbia by the Komisija za hartije od vrednosti Republike Srbije (SCRS).

**Romania:** Banka Comerciala Romana is regulated for the conduct of investment activities in Romania by the "Autoritatea de Supraveghere Financiară" (ASF).

**Poland:** Erste Securities Polska S.A. is regulated for the conduct of investment activities in Poland by the "Komisja Nadzoru Finansowego" (KNF).

**Slovakia:** Slovenská sporiteľňa, a.s. is regulated for the conduct of investment activities in Slovakia by the "Národná banka Slovenska" (NBS).

**Switzerland:** This research report does not constitute a prospectus or similar communication in connection with an offering or listing of securities as defined in Articles 652a, 752 and 1156 of the Swiss Code of Obligation and the listing rules of the SIX Swiss Exchange.

**Hong Kong:** This document may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

**Great Britain:** This document is only made to or directed at investment professionals (as that term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial promotion) Order 2005 ("FPO")) or to persons for whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document.

© Erste Group Bank AG 2022. All rights reserved.

### **Published by:**

**Erste Group Bank AG**  
**Group Research**  
**1100 Vienna, Austria, Am Belvedere 1**  
**Head Office: Wien**  
**Commercial Register No: FN 33209m**  
**Commercial Court of Vienna**  
**Erste Group Homepage: [www.erstegroup.com](http://www.erstegroup.com)**