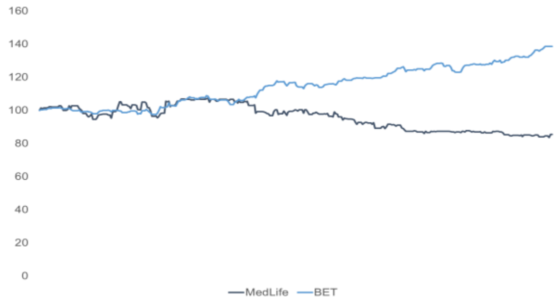
COMPANY REPORT

MedLife SA

from Accumulate to Hold

RON mn	2022	2023	2024e	2025e
Net sales	1,795.4	2,211.6	2,475.5	2,773.1
EBITDA	246.6	287.1	319.2	352.9
EBIT	94.2	93.9	118.7	130.5
Net result after min.	37.4	-5.7	22.5	30.1
EPS (RON)	0.07	-0.01	0.04	0.06
CEPS (RON)	0.35	0.32	0.36	0.51
BVPS (RON)	0.91	0.90	0.98	1.03
Div./share (RON)				
EV/EBITDA (x)	39.7	11.0	10.3	9.4
P/E (x)	nm	nm	92.5	69.1
P/CE (x)	48.7	12.6	10.8	7.7
Dividend Yield				



Price performance	1M	3M	6M	12M
in RON	0.3%	-0.6%	-14.6%	-15.7%

Share price (RON) close as of 02/04/2024	3.92	Reuters	ROM.BX	Free float	59.0%
Number of shares (mn)	531.5	Bloomberg	M RO	Shareholders	Marcu Mihail (15.8%)
Market capitalization (RON mn / EUR mn)	2,083 / 419	Div. Ex-date	11/04/24		Cristescu Mihaela Gabriela (14.04%)
Enterprise value (RON mn / EUR mn)	3,279 / 660	**Target price**	**4.19**	Homepage:	www.medlife.ro

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TP downgrade on recent results, conservative assumptions: still trusting, but still waiting

We had little choice but to downgrade our valuation estimated for MedLife, to **RON4.19/share**, and our recommendation to **HOLD**, considering the rather disappointing results at the end of the year. While pro-forma results look better indeed, pro-forma results have always looked better, while IFRS results show a declining trend in profitability, both on bottom line and operating margin. We do not dispute the basic tenets behind the growth model of the company:

- Romania has promising growth ahead, both in GDP and spending power, with quality healthcare still far from ubiquitous
- despite the emergence of a few large players, there is still space for consolidation
- in this stage of market development, M&A is probably the most appropriate manner to increasing footprint, and
- strategically – in the long-term – the high cost of financing may be a lower price to pay for expansion, than the strategic cost potential of losing the race for size vs current and future competition

Nevertheless, while we may agree with the strategy, we are also looking forward to a better-defined picture of the capacity of the group to integrate, streamline and make efficient the plethora of businesses it acquired. We would welcome a clearer understanding of the profitability evolution of consolidated entities. Until then, our admittedly conservative model forecasts reasonable organic unit growth and sensible average revenue increase, while not anticipating any major profitability gain, before any becomes apparent and quantifiable, at least as a succession of quarterly margin improvement.

Still trusting, but still waiting

2023 results – better y-o-y top line, higher costs MedLife 2023 results show a significant boost in top line, with consolidated sales increasing by 23%. At the same time, operating expensed grew by 24%, leading to a largely identical operating profit to that of 2022, but to an EBITDA was 16% higher while the net income showed a loss, due to the significantly higher cost of financing, along the trend present in the first nine months of the year. The operating margin declined from 5.25% in 2022 to 4.25% in 2023 and EBITDA margin retreated from 13.6% to 12.9%.

INCOME ST. (RON, mn.)	4Q23	4Q22	chng (%)	3Q23	chng (%)	4Q21	chng (%)	2023	2022	chng (%)	2021	chng (%)
Sales	584.2	471.5	24%	561.2	4%	384.9	52%	2,211.6	1,795.4	23%	1,427.2	55%
Other operating income	1.0	4.2	-76%	4.1	-75%	6.5	-84%	13.9	14.1	-2%	10.4	34%
Operating income	**585.2**	**475.7**	**23%**	**565.3**	**3.5%**	**391.4**	**50%**	**2,225.5**	**1,809.6**	**23%**	**1,437.6**	**55%**
Operating expenses	(568.1)	(476.9)	19%	(538.4)	5.5%	(365.7)	55%	(2,131.6)	(1,715.3)	24%	(1,265.7)	68%
Operating profit	**17.1**	**(1.2)**	**-1514%**	**26.9**	**-36%**	**25.8**	**-34%**	**93.9**	**94.2**	**0%**	**171.9**	**-45%**
EBITDA	**69.4**	**48.6**	**43%**	**75.8**	**-8%**	**62.2**	**12%**	**287.1**	**246.6**	**16%**	**287.5**	**0%**
Financial result	(25.0)	(16.8)	49%	(24.0)	4%	(8.4)	197%	(86.6)	(44.7)	94%	(36.4)	138%
Profit before taxes	**(7.9)**	**(18.0)**	**-56%**	**2.9**	**-371%**	**17.4**	**-145%**	**7.3**	**49.6**	**-85%**	**135.4**	**-95%**
Income tax	(1.6)	(1.4)	15%	(4.1)	-61%	(3.1)	-48%	(13.0)	(12.1)	7%	(22.5)	-42%
Net profit	**(9.5)**	**(19.4)**	**-51%**	**(1.2)**	**690%**	**14.3**	**-166%**	**(5.7)**	**37.4**	**-115%**	**112.9**	**-105%**
EBITDA margin	*11.9%*	*10.2%*		*13.4%*		*15.9%*		*12.9%*	*13.6%*		*20.0%*	
Net margin	*-1.6%*	*-4.1%*		*-0.2%*		*3.7%*		*-0.3%*	*2.1%*		*7.9%*	
Operating margin	**2.93%**	**-0.26%**		**4.79%**		**4%**		**4.25%**	**5.25%**		**12.04%**	

Source: Company data, Erste Group Research

Somewhat different story on a quarterly basis q-o-q. On a quarterly basis, the picture was mixed, with 4Q23 top line increasing y-o-y by 23%, while costs grew by 19%, however resulting in a positive operating profit vs the loss of 4Q22, and much lower negative net income. EBITDA though, grew considerably, by 43%. Profitability increased, with EBITDA margin up from 10.2% to 11.9%. However, on a quarterly basis, the profitability trend took again a downside turn, after the positive results of the third quarter of 2023. On a q-o-q top line growth of 3.5%, operating expenses increased by 5.5% leading to an operating income 36% lower, and an EBITDA 8% lower. This was marginally enhanced by the increase in the financial result net negative values, by 4% q-o-q, resulting in a higher bottom line loss of RON9.5mn, compared to the loss of RON1.2mn in 3Q23.

Proforma figures show better picture and future potential The company issued also a pro-forma abridged income statement, adjusted with the historical financial results of the companies acquired by during the year.

	Rev. (RON, mn)			Proforma		
Bussiness line	**2023**	**2022**	**chng (%)**	**Adjustm.**	**2023**	**chng (%)**
Clinics	831.1	616.7	**35%**	(38.3)	792.8	**29%**
Stomatology	121.8	119.1	**2%**	-	121.8	**2%**
Hospitals	480.5	378.0	**27%**	(68.8)	411.7	**9%**
Laboratories	230.7	199.9	**15%**	3.9	234.5	**17%**
Corporate	259.5	221.4	**17%**	0.6	260.1	**17%**
Pharmacies	60.7	80.9	**-25%**	-	60.7	**-25%**
Other	227.3	179.5	**27%**	0.016	227.4	**27%**
Total	**2,211.6**	**1,795.4**	**23%**	**(102.7)**	**2,108.9**	**17%**

Source: Company data, Erste Group Research

This statement transposes the acquisitions as if they happened at the beginning of the year by combining the financial results for the period of the acquired companies with those of the group and the elimination of certain expenses included in the consolidated I/S which the company considers to be non-operational and/or non-recurring by nature. The Consolidated Pro Forma PL provides a hypothetical illustration of the impact of the transactions on the Company's earnings. The company is trying to illustrate the effect of the acquisitions completed in 2023 and provide an estimate of recurring EBITDA. Furthermore, the consolidated figures (IFRS) include the full amount of debt incurred to finance the acquisitions completed as of the end of 2023, but only a portion of the annual earnings of the acquisitions.

	Rev. (RON, mn)			Units ('000)			Avg. fees (RON)		
Bussiness line	**2023**	**2022**	**chng (%)**	**2023**	**2022**	**chng (%)**	**2023**	**2022**	**chng (%)**
Clinics	831.1	616.7	**34.8%**	3,834.1	3,205.6	**19.6%**	216.8	192.4	**12.7%**
Stomatology	121.8	119.1	**2.3%**	185.8	176.4	**5.3%**	655.3	674.8	**-2.9%**
Hospitals	480.5	378.0	**27.1%**	139.2	116.4	**19.6%**	3,450.7	3,246.0	**6.3%**
Laboratories	230.7	199.9	**15.4%**	7,424.3	6,278.1	**18.3%**	31.1	31.8	**-2.4%**
Corporate	259.5	221.4	**17.2%**	873.0	834.4	**4.6%**	297	265.3	**12.0%**
Pharmacies	60.7	80.9	**-25.0%**	468.9	575.3	**-18.5%**	129.5	140.7	**-8.0%**
Other	227.3	179.5	**26.7%**						
Total	**2,211.6**	**1,795.4**	**23.2%**						

Source: Company data, Erste Group Research

The financial results of acquired companies registered total sales of RON32mn, however when deducting the RON 135mn subsidies received at group level (clinics and hospitals) from the National Health Program for chemotherapy drugs the net impact is a sales decrease of RON103mn vs. 2022. The proforma expenses are also diminished by the costs related to the National Health Program for oncology (RON104mn) and RON26mn one-offs and non-recurrent costs, related to acquisitions, aborted project costs and early-stage investments, while the costs of acquired companies were about RON31.3mn. Under this representation, the profitability of the group was significantly better, with EBITDA reaching RON318mn and EBITDA margin at 15%, compared to 12.9% under IFRS while net margin increased marginally to 0.8%, compared to a negative 0.3% net margin under IFRS.

	IFRS			Proforma		
INCOME ST. (RON, mn.)	**2023**	**2022**	**chng (%)**	**Adjustm.**	**2023**	**chng (%)**
Sales	2,211.6	1,795.4	23%	(102.7)	2,108.9	17%
Other operating income	13.9	14.1	-2%	1.0	14.9	5%
Operating income	**2,225.5**	**1,809.6**	**23%**	**(101.7)**	**2,123.7**	**17%**
Operating expenses	(2,131.6)	(1,715.3)	24%	129.7	(2,001.8)	17%
Operating profit	**93.9**	**94.2**	**0%**	**28.0**	**121.9**	**29%**
EBITDA	**287.1**	**246.6**	**16%**	**30.8**	**317.9**	**29%**
Financial result	(86.6)	(44.7)	94%	(0.9)	(87.5)	96%
Profit before taxes	**7.3**	**49.6**	**-85%**	**27.1**	**34.4**	**-31%**
Income tax	(13.0)	(12.1)	7%	(4.3)	(17.2)	42%
Net profit	**(5.7)**	**37.4**	**-115%**	**22.9**	**17.2**	**-54%**
EBITDA margin	*12.9%*	*13.6%*			*15.0%*	
Net margin	*-0.3%*	*2.1%*			*0.8%*	
Operating margin	*4.2%*	*5.2%*			*5.7%*	

Source: Company data, Erste Group Research

Top line growth across the board Under IFRS and pro-forma, all business segments registered significant growth in revenues during the year with the exception of stomatology which only inched up, and pharmacies which registered a decline in revenues. The largest expansion was registered in clinics, on the back of increasing the number of clinics and sustained demand of outpatient medical services. Thus, clinics' revenues grew by more than 35% compared to 2022, while hospitals' revenues increased by 27%, stomatology by 2%, laboratories by 15% and corporates by 17% respectively. Pharmacies revenues declined by about 25%, while other revenues increased by 27%.

	Rev. (RON, mn)			Units ('000)			Avg. fees (RON)		
Bussiness line	**2023**	**2022**	**chng (%)**	**2023**	**2022**	**chng (%)**	**2023**	**2022**	**chng (%)**
Clinics	831.1	616.7	**34.8%**	3,834.1	3,205.6	**19.6%**	216.8	192.4	**12.7%**
Stomatology	121.8	119.1	**2.3%**	185.8	176.4	**5.3%**	655.3	674.8	**-2.9%**
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Laboratories	230.7	199.9	**15.4%**	7,424.3	6,278.1	**18.3%**	31.1	31.8	**-2.4%**
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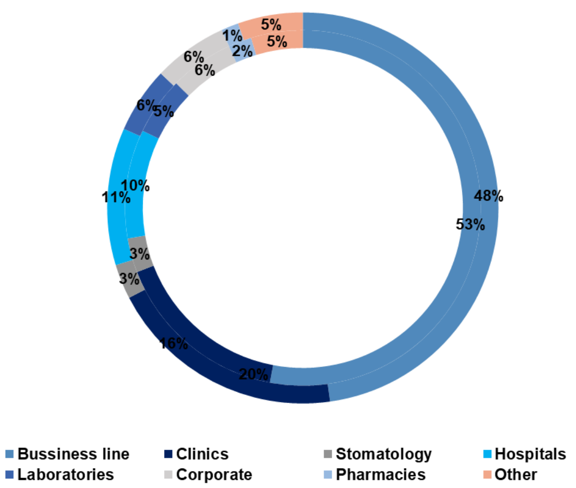
Pharmacies	60.7	80.9	**-25.0%**	468.9	575.3	**-18.5%**	129.5	140.7	**-8.0%**
Other	227.3	179.5	**26.7%**						
Total	**2,211.6**	**1,795.4**	**23.2%**						

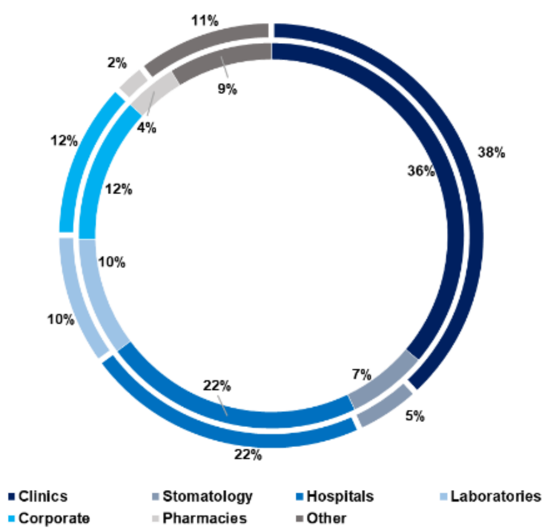
Source: Company data, Erste Group Research

Generally, the clinics remained the largest contributor of the group, with more than 37% share of total revenues, while hospitals remained at around 22%. Laboratories and corporate revenues accounted for more or less the same share of total revenues of about 10-12%.

Business line revenues 2023 (ext.) vs. 2022 (int.)



Business line revenues 4Q23 (ext.) vs.4Q22 (int.)



Source: Company data, Erste Group Research

Higher unit hikes in largest contributor segments… Over the the year the largest growth in number of client visits were recorded in the clinics segment, 20%, as a result of acquisitions and organic growth. In the hospitals segment, the increase was also 20%, under the consolidation of acquisitions. Stomatology visits increased by 5%, while corporate subscriptions grew by about 5%. Laboratories saw an increase in client numbers by 18%, while pharmacy visits actually declined – by 19%.

… while 2023 prices show some growth, but a mixed picture overall
On a yearly basis, the average fees showed a mixed picture across business segments. The lowest increase among main contributors, 6% was recorded in the hospital segment, where the market sees a harsher competition and it is shallower. In the clinics segment, the average fees increased by 12.7%. In the corporate segment the average fee growth was about 16%, while in other segments the average fees declined through the year: in the stomatology segment, the average fee dropped by 3% in laboratories by 2% and in pharmacies by 8%. According to the company, the pharmacy segment underwent a adjustment of drug portfolio, in order to increase operational efficiency.

	Rev. (RON, mn)			Units ('000)			Avg. fees (RON)		
Bussiness line	**4Q23**	**4Q22**	**chng (%)**	**4Q23**	**4Q22**	**chng (%)**	**4Q23**	**4Q22**	**chng (%)**
Clinics	222.9	170.5	**30.7%**	996.8	1,002.2	**-0.5%**	223.7	170.1	**31.5%**
Stomatology	29.3	31.6	**-7.5%**	47.7	38.2	**24.8%**	613.9	828.4	**-25.9%**
Hospitals	127.3	103.3	**23.3%**	36.3	29.6	**22.7%**	3,509.8	3,492.1	**0.5%**
Laboratories	58.9	46.7	**26.1%**	1,960.4	1,373.9	**42.7%**	30.1	34.0	**-11.6%**
Corporate	70.1	57.7	**21.6%**	873.0	834.4	**4.6%**	80	69.1	**16.2%**
Pharmacies	14.4	20.7	**-30.2%**	122.4	109.9	**11.4%**	117.8	188.1	**-37.4%**
Other	61.2	41.0	**49.2%**						
Total	**584.2**	**471.5**	**23.9%**						

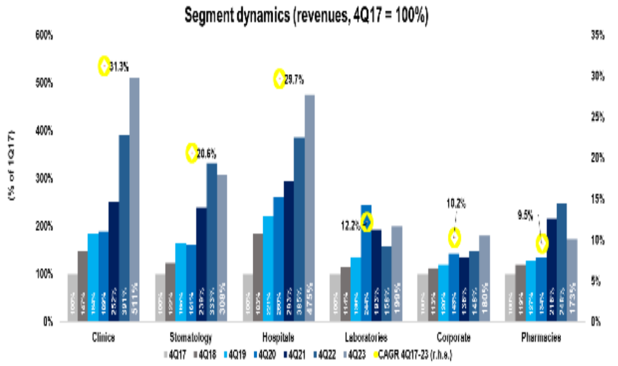
Source: Company data, Erste Group Research

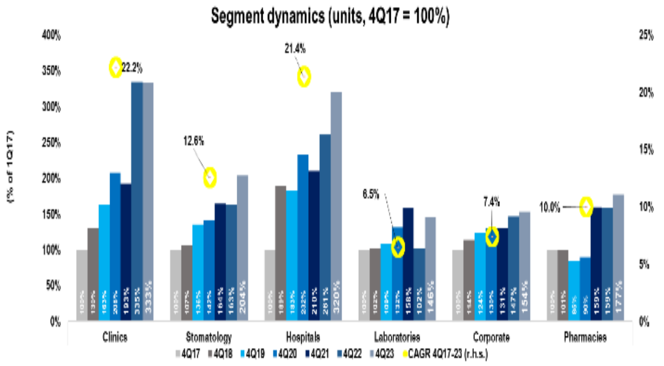
Quarterly dynamics: a less promising pricing trend, especially q-o-q
On a quarterly basis, the 4Q results show mixed pictures as well. Y-o-y, the two main revenue generators of the company have registered divergent trends. In the clinic segment, the number of visits during 4Q23 and 4Q22 were virtually identical, while average prices have increased about 32% y-o-y. In hospitals, the number of visits has increased by 23% while average fees remained static. Overall, on a y-o-y basis, the largest increases in number of visits correspond to the lowest increase in fees (or fee decline) and the other way around.

	Rev. (RON, mn)			Units ('000)			Avg. fees (RON)		
Bussiness line	**4Q23**	**3Q23**	**chng (%)**	**4Q23**	**3Q23**	**chng (%)**	**4Q23**	**3Q23**	**chng (%)**
Clinics	222.9	210.9	**5.7%**	996.8	989.3	**0.8%**	223.7	213.2	**4.9%**
Stomatology	29.3	30.3	**-3.4%**	47.7	47.1	**1.3%**	613.9	644.1	**-4.7%**
Hospitals	127.3	123.0	**3.5%**	36.3	35.5	**2.3%**	3,509.8	3,469.8	**1.2%**
Laboratories	58.9	58.5	**0.6%**	1,960.4	1,898.6	**3.3%**	30.1	30.8	**-2.5%**
Corporate	70.1	68.4	**2.6%**	873.0	867.3	**0.7%**	80.3	78.8	**1.9%**
Pharmacies	14.4	14.0	**3.1%**	122.4	114.2	**7.1%**	117.8	122.5	**-3.8%**
Other	61.2	56.2	**9.0%**						
Total	**584.2**	**561.3**	**4.1%**						

Source: Company data, Erste Group Research

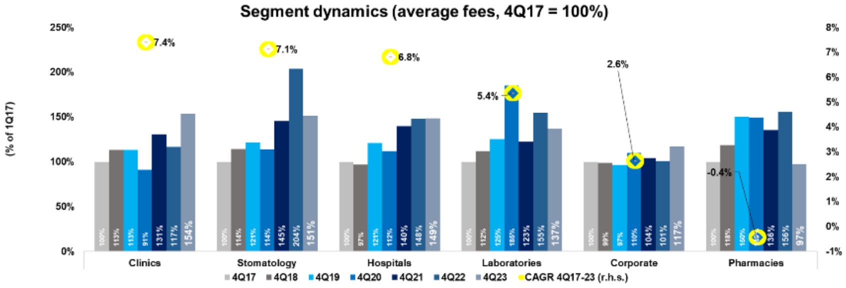
On a q-o-q basis, the trend is subdued, with clinic visits showing marginal growth and 5% average fees, while in hospitals the growth in number of patients was higher q-o-q vs the growth in average fees.





Source: Company data, Erste Group Research

Revenues and units CAGRs remain solid… On a quarterly basis, revenue wise, the largest contributors to top line remained top growth performers, mainly on the back of acquisitions, and somewhat on organic growth. Thus, the clinics segment is showing an impressive 31% 6-year revenue CAGR, on the back of a 22% unit CAGR. At the same time, the hospitals segment also registered a 30% 6-yr revenue CAGR, fueled by a 21% unit growth. Stomatology, came in third with a 21% 7-year revenue CAGR, on the back of 13% unit growth.



Source: Company data, Erste Group Research

… while prices are showing mostly solid growth in main earning contributors Price-wise, the clinics segment has shown solid growth, especially during the last two quarters of the year, with a 7.4% 6-year CAGR, while hospitals, fuelled by higher complexity treatments grew by almost 7% over the same period. Stomatology CAGR was in line with the first two segments, while labs average fees increased by more than 5%, corporate fees by about 3% over the same period, while pharmacies' fees decline, on the back of the trend of redesigning the drug portfolio during the 2023.

Higher y-o-y operating costs… On a yearly basis, operating costs grew by 24%, on a 23% increase in total revenues. Large increases were recorded in personnel related expenses, with wages and social costs growing 23% and third party costs increasing by 34%, on the back of acquisitions and the inflationary upward pressure on wages and benefits. Consumables and commodities grew overall at 15%, a tapering of the trend observed during the second part of the year, with higher increases in chemotherapy drugs consumables, balanced by a slight decrease in commodities. Marketing expenses also registered a hike, in line with the strategy of consolidate and increase brand value. Depreciation also grew, as a result of the consolidation of the new companies and the increase in own developed projects. Out of the total y-o-y growth, third party expenses accounted for 38% of the increase in total operating costs, with wages and social costs accounting for a quarter and consumables and commodities around 18% of the total increase in operating costs.

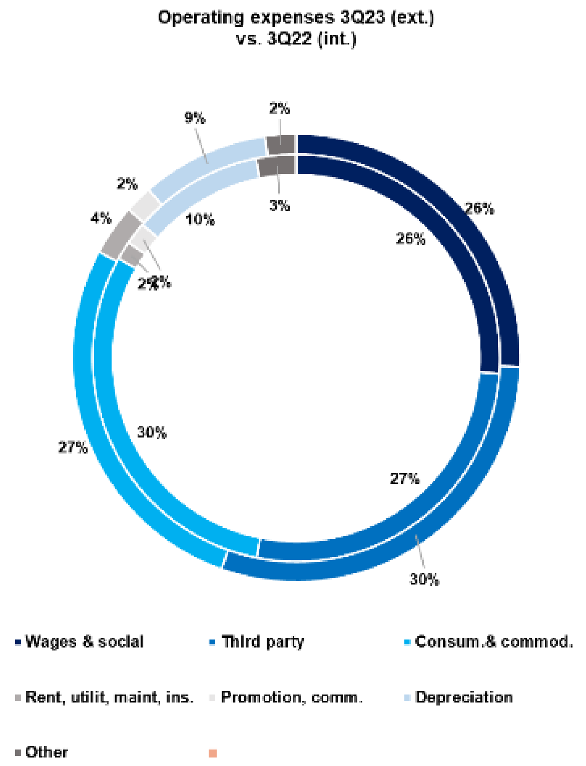
						% of total rev.			2023 % of y-o-y cost
Opex breakdown (RON,mn.)	**2023**	**2022**	**chng (%)**	**2021**	**chng (%)**	**2023**	**2022**	**2021**	**incr**
Wages & social	562.60	458.80	**22.6%**	346.0	**62.6%**	**25.3%**	**25.4%**	**24.1%**	**25%**
Third party	625.7	468.1	**33.7%**	383.2	**63.3%**	**28.1%**	**25.9%**	**26.7%**	**38%**
Consum.& commod.	598.16	521.20	**14.8%**	340.9	**75.5%**	**26.9%**	**28.8%**	**23.7%**	**18%**
Rent, utilit, maint, ins.	73.80	52.40	**40.8%**	42.1	**75.3%**	**3.3%**	**2.9%**	**2.9%**	**5%**
Promotion, comm.	43.1	31.8	**35.5%**	20.0	**115.5%**	**1.9%**	**1.8%**	**1.4%**	**3%**
Depreciation	193.2	152.4	**26.8%**	111.0	**74.1%**	**8.7%**	**8.4%**	**7.7%**	**10%**
Other	35.0	30.5	**14.8%**	22.5	**55.6%**	**1.6%**	**1.7%**	**1.6%**	**1%**
Total	**2131.6**	**1715.2**	**24.3%**	**1265.7**	**68.4%**	**95.8%**	**94.8%**	**88.0%**	**100.0%**
Labor costs	1,188.3	926.9	**28.2%**	729.2	**63.0%**	53.4%	51.2%	50.7%	

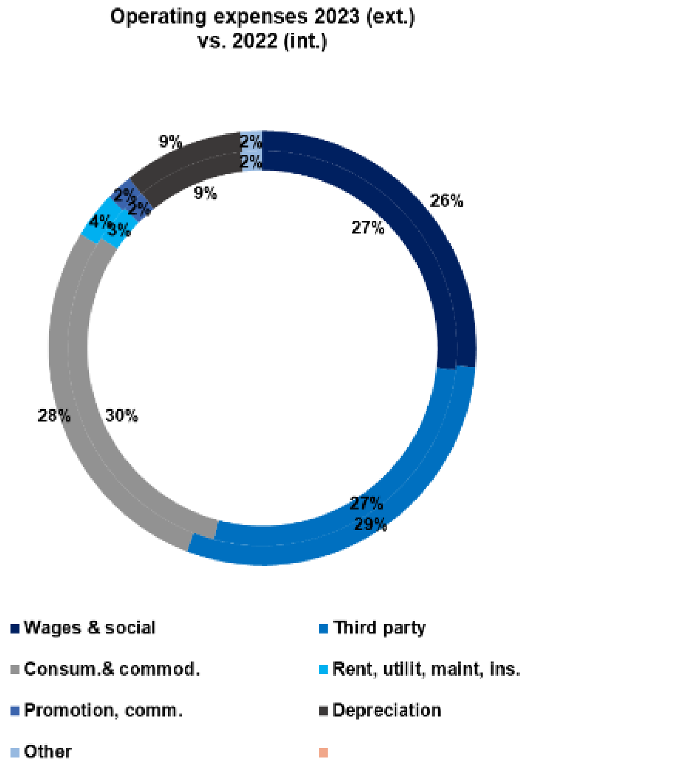
Source: Company data, Erste Group Research

… but a tapering q-o-q While on a y-o-y basis, the 4Q23 expenses paint a largely similar picture compared to the whole year, on a q-o-q basis, the company has registered a tapering of the rate of cost growth. Thus, the main cost items appreciated less than in previous quarter, with personnel related costs remaining flat, third party costs by only 6.5% and consumables and commodities costs increasing by about 2.5%. This development is indicative of the efforts of management to streamline operations and create a solid operational base for margin consolidation going forward.

Opex breakdown (RON,mn.)	4Q23	4Q22	chng (%)	3Q23	chng (%)	4Q21	chng (%)	% of total rev. 4Q23	4Q22	3Q23	4Q21	4Q23 % of y-o-y cost incr
Wages & social	145.62	125.07	**16.4%**	145.68	**0.0%**	93.1	**56.4%**	**24.9%**	**26.3%**	**25.8%**	**23.8%**	**23%**
Third party	169.24	128.24	**32.0%**	158.86	**6.5%**	104.5	**62.0%**	**28.9%**	**27.0%**	**28.1%**	**26.7%**	**45%**
Consum.& commod.	155.83	142.99	**9.0%**	152.03	**2.5%**	107.32	**45.2%**	**26.6%**	**30.1%**	**26.9%**	**27.4%**	**14%**
Rent, utilit, maint, ins.	20.91	7.06	**196.2%**	17.29	**20.9%**	10.62	**96.9%**	**3.6%**	**1.5%**	**3.1%**	**2.7%**	**15%**
Promotion, comm.	11.36	8.5	**33.6%**	10.14	**12.0%**	7.85	**44.7%**	**1.9%**	**1.8%**	**1.8%**	**2.0%**	**3%**
Depreciation	52.3	49.75	**5.1%**	48.9	**7.0%**	31.77	**64.6%**	**8.9%**	**10.5%**	**8.7%**	**8.1%**	**3%**
Other	12.76	15.16	**-15.8%**	5.55	**129.9%**	10.5	**21.5%**	**2.2%**	**3.2%**	**1.0%**	**2.7%**	**-3%**
Total	**568.0**	**476.8**	**19.1%**	**538.5**	**5.5%**	**365.7**	**55.3%**	**97.1%**	**100.2%**	**95.2%**	**93.4%**	**100.0%**
Labor costs	314.9	253.3	**24.3%**	304.5	**3.4%**	197.6	**59.3%**	53.8%	53.3%	53.9%	50.5%	

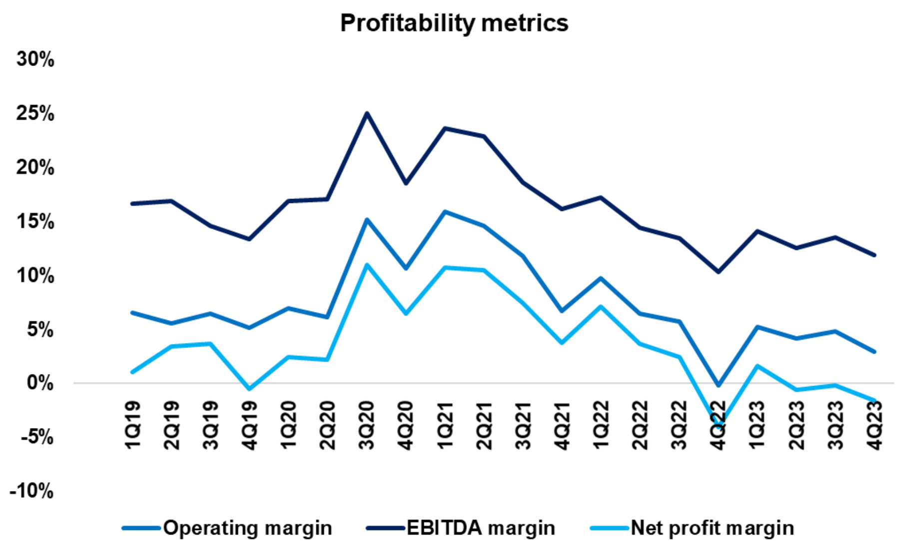
Source: Company data, Erste Group Research





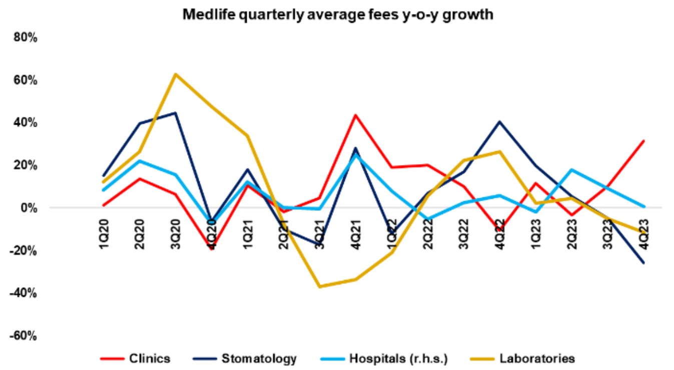
Source: Company data, Erste Group Research

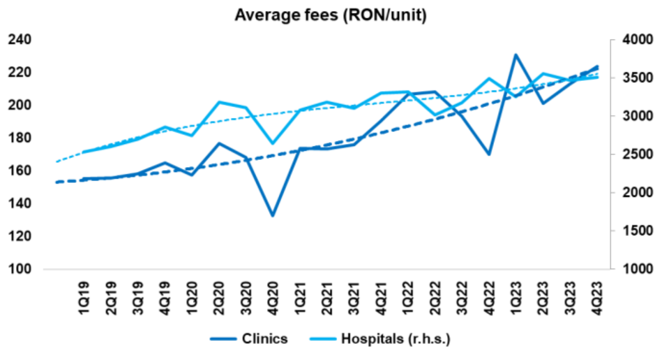
Margins continue downward trend Despite our repeated hopes for a turnaround, it appears that the downward profitability trend of the last three years continues unabated. During 4Q23, the net margin sunk again in red. Most probably, on a pro-forma basis, the picture looks somewhat better, however the IFRS figures show a loss for the quarter, together with a profitability erosion compared to 3Q23.



Source: Company data, Erste Group Research

… but there is some reason for hope. The dip in profitability came not solely on the back of 36% lower operating income, but also due to the growth in financing cots that increased by 49% y-o-y and 4% q-o-q. Nevertheless, the dynamics of average fees growth shows what could be the beginning of a positive trend in respect to quarterly y-o-y growth of average fees for clinics, the largest revenue generator for the company. The company doesn't release like-for-like data, and – as the acquisition targets are part of a diverse universe, it is difficult to assess if the variation in average fees are an intrinsic organic development, or the effect of acquisition of businesses with different characteristics and fee structure. The fact remains nevertheless, that regardless of the better pro-forma better aspect presented every reporting period, the general overall profitability remains on a downward trend.





Source: Company data, Erste Group Research

Growing net debt, increasing on the back of acquisitions Net debt increased quite substantially, with gearing the highest to date, on the back of the acquisitions of last year. The increase compared to the previous is significant, generating financial costs that contributed to the decline in profitability, however it is still manageable for a company with the cash generating power of MedLife and its growth prospects. (Note: in our net debt calculations, we have included leasing obligations and overdraft.) According to company statements, on a pro-forma basis, the Net Debt to EBITDA ratio is about 4.6x, out of which about 0.7x has been added by the companies that joined the group during 2023.

(RON, mn.) EOP	2016	2017	2018	2019	2020	2021	2022	2023
Cash and equivalents	20.7	79.2	34.2	38.9	82.0	136.0	89.1	100.3
Current port. of debt*	27.4	41.8	63.0	103.2	114.7	136.6	160.6	211.2
LT debt*	213.1	252.9	313.5	478.6	561.8	590.5	1,028.5	1,345.5
Net debt	**219.9**	**215.5**	**342.4**	**542.9**	**594.6**	**591.1**	**1,100.0**	**1,456.4**
Net debt/EBITDA (x)**	**3.95**	**2.77**	**3.59**	**3.67**	**2.80**	**2.07**	**4.46**	**5.07**

** - includes leasing and overdraft **- yearly EBITDA *** 2023e EBITDA*
Source: Company data, Erste Group Research

Actual results compared to our estimates – marginally better top line, higher costs, decreased profitability. Compared to our estimates, the revenues for the year were higher by 1.4%, while operating expenses registered at 2.3% higher, leading to a 16% lower operating profit.

INCOME ST. (RON, mn.)	2023	2023e	*chng (%)*
Sales	2211.6	2178.4	*1.5%*
Other operating income	13.9	17.1	*-18.7%*
Operating income	2225.5	2195.5	*1.4%*
Operating expenses	-2131.6	-2083.6	*2.3%*
Operating profit	93.9	111.9	*-16.1%*
EBITDA	**287.1**	**292.7**	***-1.9%***
Financial result	-86.6	-96.6	*-10.3%*
Profit before taxes	7.3	15.2	*-52.0%*
Income tax	-13.0	-2.4	*440.5%*
Net profit	**-5.7**	**12.8**	***n.m.***
EBITDA margin	12.9%	13.4%	
Net margin	-0.3%	0.6%	
Operating margin	4.2%	5.1%	

Source: Company data, Erste Group Research

Albeit we forecasted higher financing costs the difference in operating profit and a much higher effective tax rate than 16% led to a substantial net income difference between our estimates and actual figures, between the actual loss of RON5.7mn and our expectations of a RON12.8mn net profit.

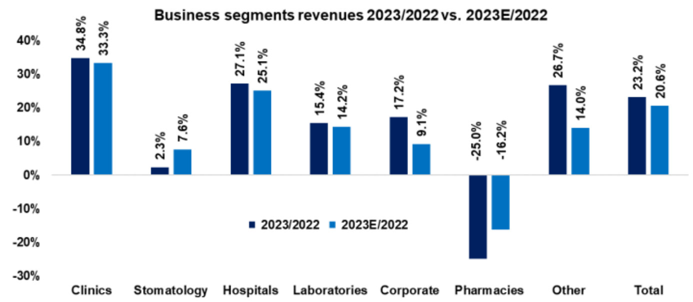
	Rev. (RON, mn)			Units ('000)			Avg. fees (RON)		
Bussiness line	**2023**	**2023e**	**2023/2023e**	**2023**	**2023e**	**2023/2023e**	**2023**	**2023e**	**2023/2023e**
Clinics	831.1	822.6	**1%**	3,834.1	3,782.7	**1%**	216.8	217	**0%**
Stomatology	121.8	128.1	**-5%**	185.8	186.1	**0%**	655.3	688	**-5%**
Hospitals	480.5	473.3	**2%**	139.2	137.4	**1%**	3,450.7	3,445	**0%**
Laboratories	230.7	228.4	**1%**	7,424.3	7,031.5	**6%**	31.1	32	**-4%**
Corporate	259.5	241.6	**7%**	873.0	851.1	**3%**	297.2	284	**5%**
Pharmacies	60.7	67.9	**-11%**	468.9	477.5	**-2%**	129.5	142	**-9%**
Other	227.3	216.5	**5%**						
	2,211.6	2,178.4	**2%**						

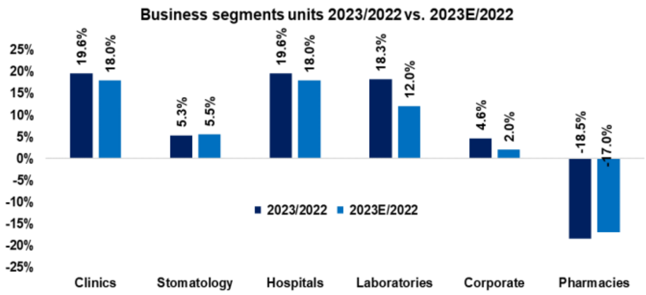
Source: Company data, Erste Group Research

Bussiness line	**Rev growth (%)**		**Units growth (%)**		**Avg fees growth (%)**	
	2023/2022	**2023E/2022**	**2023/2022**	**2023E/2022**	**2023/2022**	**2023E/2022**
Clinics	34.8%	33.3%	19.6%	18.0%	12.7%	13.0%
Stomatology	2.3%	7.6%	5.3%	5.5%	-2.9%	2.0%
Hospitals	27.1%	25.1%	19.6%	18.0%	6.3%	6.0%
Laboratories	15.4%	14.2%	18.3%	12.0%	-2.4%	2.0%
Corporate	17.2%	9.1%	4.6%	2.0%	12.0%	7.0%
Pharmacies	-25.0%	-16.2%	-18.5%	-17.0%	-8.0%	1.0%
Other	26.7%	14.0%				
Total	23.2%	20.6%				

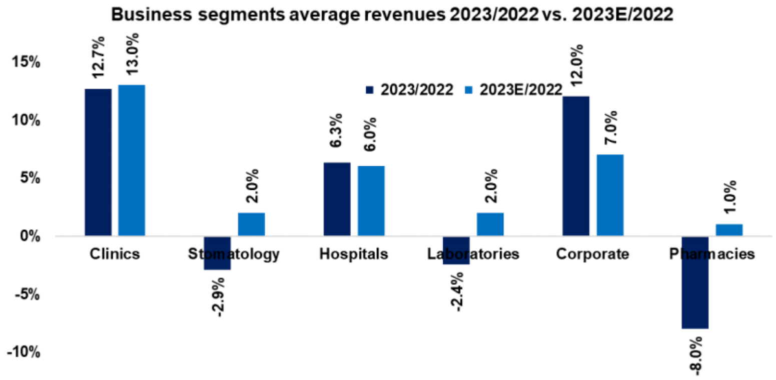
Source: Company data, Erste Group Research

Actual results compared to our estimates – mixed picture. Compared to our estimates, overall clinics' revenues were about 1% higher and hospitals' revenues about 2% higher on the back of higher units and average fees according to our expectations.





Source: Company data, Erste Group Research



Source: Company data, Erste Group Research

In the Stomatology segment, the revenues were lower due lower than estimate average fees. In the corporate segment, the company grew more, both in terms of units and average prices, while in the pharmacies' segment, the company has underperformed both in terms of units and average prices. In the laboratories segment, we have anticipated marginally higher average fees, but lower tests than the actual numbers.

Opex breakdown (RON,mn.	**2023**	**2023e**	***chng (%)***
Wages & social	562.6	542.0	*3.8%*
Third party	625.7	603.4	*3.7%*
Consum.& commod.	598.2	609.9	*-1.9%*
Maint/Utilities/Comm	60.5	54.5	*11.1%*
Ins/Advertising	43.0	39.2	*9.6%*
Rents	13.4	10.2	*31.9%*
Depreciation	193.2	180.9	*6.8%*
Other	35.0	43.6	*-19.6%*
Total	**2131.6**	**2083.6**	*2.3%*
Labor costs	1188.3	1145.4	*3.7%*

Source: Company data, Erste Group Research

Overall costs marginally higher than our anticipation. Overall, operating costs were about 2.3% higher than our forecasts with the largest majority of the difference coming from labor costs, which overall have amounted to about 90% of the difference. We have overestimated slightly consumables and commodities costs, and other costs.

Looking forward

Yet another busy investment year. During the year, the company has continued to strive to position itself at the forefront of technology for the country and the region, investing in top equipment for oncology and DaVinci surgical robots, and drone service for transport of biological samples among others and sustained capital investments:

- EUR30mn Nord Pipera Hospital (20,000 square meters hospital, with 8 operating theatres and 110 beds) - state-of-the-art cardiac surgery, interventional procedures, cardiology, and oncology.
- 2 radiotherapy Neolife centers in Braila and Valcea and finalizing 2 investments in radiotherapy units in Brasov and Sibiu.
- Hyperclinics in Deva and Bacau;
- BetterMe Lifestyle Medicine Centers in Cluj-Napoca and Timisoara
- Center of Excellence in Maternal-Fetal Medicine in Timisoara
- 3 M&A transactions (Muntenia Hospital in Pitesti, Nord Group / Provita Medical Group with presence in Bucharest and Suceava and Brol Medical Center in Timisoara)
- 2 small M&A transactions, completed by Sfanta Maria Group
- 3 technical mergers inside the group

Assumed strategical targets – consolidation, measured expansion… Just as in previous years, the stated company strategy calls for leveraging economies of scales, and expertise, in order to increase synergies in terms of the medical act and the economic side of the business. Management assumes a careful approach to M&A but an extensive investment program in technology and digitization, and adoption of innovation as a business policy. Among the main strategic priorities, are singled out the development of the Medical Park project, the completion of the Medici Hospital in Timisoara and opening of new medical units across the country.

… and lower gearing The company's plans includes a gradual reduction of the gearing of the company, via capitalizing on the basis for strong, above the market growth, of investments concentrating especially in Bucharest where it aims to become the main provider of hospital services. At the same time, it will focus on specialties that cover chronic illnesses, oncology, surgery, where the demand and patient choice are price inelastic. Management hopes the easing of interest rates to contribute to a lowering of financial costs and margin consolidation.

Margin consolidation – the ultimate measure of validation of strategy... We are generally very appreciative of the business model of the company. The development via a combination of acquisitions and organic growth transformed Medlife in a premier force in the universe of Romanian health providers. Our main investment tenets remain largely unchanged, as detailed in previous reports:

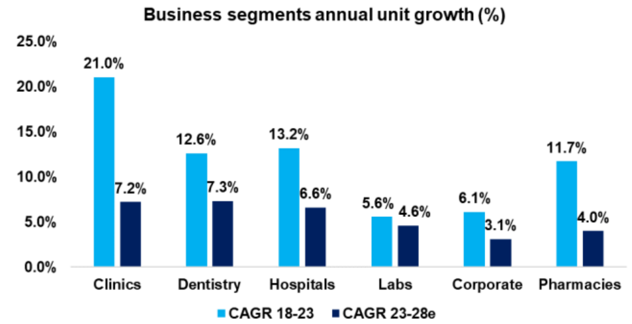
- Underserviced, growing market, with ample upside potential for Government and private spending, with ongoing consolidation activity.
- Solid demand, on the back of a general health state of the population and growing spending power
- Company superior pricing power, resulting from lack of adequate alternatives.
- Superior management of expansion via acquisitions.

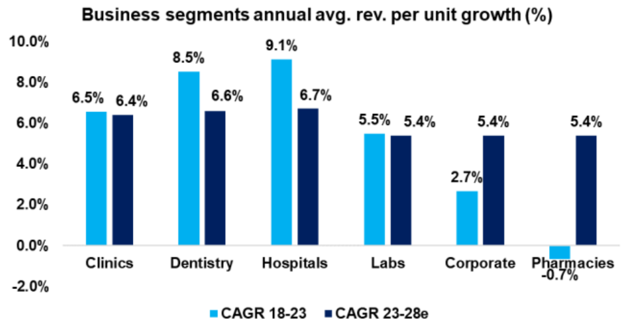
… that entailed leverage increase, and integration issues. The drivers above remain valid, however the market became increasingly concerned with the deteriorating profitability and especially the cost of financing. Increasing debt was indeed a prerequisite for fast expansion via M&A, and additional debt came with the acquired entities. However, as we showed in the chart above, the operating and EBITDA margins were declining on a similar trend with net margin, pointing to a situation that doesn't concern only financing, but also operating costs. The company has indeed undergone a period of high inflationary pressures on consumables and commodities, together with high personnel costs. Nevertheless, we would expect to see a turning around of the trend, at least in the operating margins, in order to be able to be fully confident in the long term validity of the expansion strategy.

Management points to an easing of acquisitions, again – but increases debt. According to company's management plans, MedLife will enter a period of less M&A activity and a consolidation stage focused on margins and better integration of the company's various assets. This is a stage that the company undergone in the past after successful sprees of acquisitions. The expansion overall strategic goals of MedLife remain intact and it should act in an opportunistic manner in the future, however immediate concentration of efforts lays in the direction of increased profitability for the existing assets and organic growth. Very recently, the company raised the credit limits by Eur50mn in order to fund further M&A activity. This creates concerns that the stated focus on streamlining existing operations and margin appreciation may be diluted by a continuation of the acquisition sprees of the last years. We acknowledge the potential attractiveness of possible acquisition targets, however – while the expansion policy of the company is demonstrated – we would welcome a clearer evidence of profitability increase and margin appreciation.

Adjustments to the model, and to target price We incorporated in our valuation model the new base for growth arising from the latest year-end results. We had been expecting a potential margin rebound in the last quarter, however it has not materialized. We are expecting another revision of our forecasts and view on the company on confirmation of the management's indication of a pending profitability turnaround. Most probably though, a clearer indication of the impact of streamlining recent acquisitions, and better gearing should come in the second half of the year or in 2025.

Note: in our model we only forecast existing businesses, we only account for minimal M&A Capex going forward, and do not account for major acquisitions needing additional debt. These are performed on an opportunistic basis and are not part of our financial forecasts. Thus, along the company's M&A path, it may incur additional debt and financing costs, while immediate margin impact may be negative, during the initial stages of integrating acquisitions within the group.

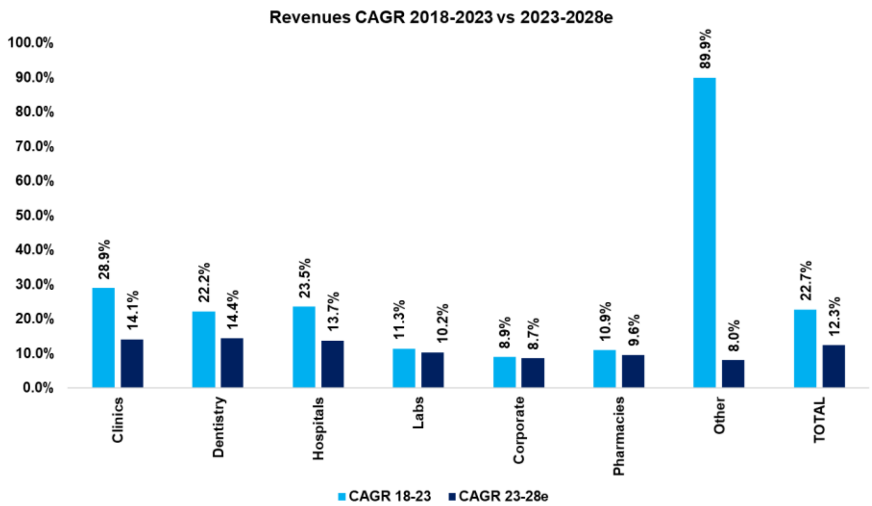




Source: Company data, Erste Group Research

Conservative outlook, both from units' growth and average fee growth. Forecasting units i.e. number of patients, visits, prescriptions, etc… is always a difficult task especially long-term. The company doesn't release like-for-like units data, consequently it is difficult to ascertain what is the contribution of the newly acquired businesses. Furthermore, it is difficult to ascertain a capacity utilization rate, in the past, or going forward. However, on short and medium term, our forecasts have been very much in line with actual numbers, which allows us a degree of confidence. Thus, we are forecasting conservatively, especially in terms of growth for the main revenue generators:

- In the lines of business where the acquisition spree was more fruitful, such as clinics, hospitals and dentistry we are looking at 5yr CAGRs significantly lower than those of the previous period.
- In the lines of business of corporates, we also forecast a lower unit growth than in the past due to our perception of the market to be more limited than in other segments, with growth due more to substitution than to a high growing customer base
- In pharmacies, we are also looking at a lower unit growth rate, on the back of the company's lack of emphasis on this relatively lower margin business
- In terms of average revenues growth we are generally forecasting with inflation, with higher-than-inflation average revenues in areas where the degree of complexity of the treatment grows overall, such as hospitals (oncology, etc) clinics, and dentistry. Nevertheless, we are continuing to account for lower than historical growth, compared to previous periods, even in these business segments.



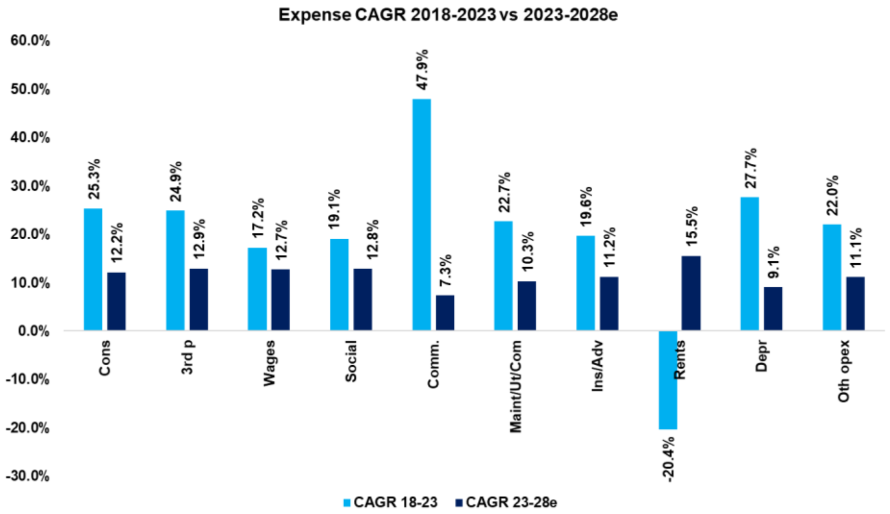
Source: Company data, Erste Group Research

Growing share of clinics' revenues in total revenues. We are looking at a higher share of total revenues being earned in clinics and hospitals, and marginally lower in labs, pharmacies and corporate (as we mention, due to our perception of the growth in this last segment being more substitution than customer pool appreciation).

% of total rev.	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Clinics	26%	27%	29%	31%	29%	28%	34%	38%	38%	39%	39%	40%	41%
Dentistry	4%	6%	6%	6%	5%	7%	7%	6%	6%	6%	6%	6%	6%
Hospitals	21%	19%	21%	23%	23%	22%	21%	22%	22%	23%	23%	23%	23%
Labs	19%	19%	17%	16%	19%	18%	11%	10%	10%	10%	10%	10%	9%
Corporate	25%	23%	21%	19%	18%	14%	12%	12%	11%	11%	10%	10%	10%
Pharmacies	5%	5%	5%	4%	4%	4%	4%	3%	3%	2%	2%	2%	2%
Other	1%	2%	1%	1%	1%	6%	11%	10%	10%	10%	9%	9%	8%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company data, Erste Group Research

Conservative forecast of expenses, above inflation. We are maintaining our conservative forecasting stance, in terms of expenses. Indeed, it would appear that our aggregate forecasts fall below the expense growth of the last five years, however the past period has included the COVID crisis and a highly inflationary period in inputs and wages. Again, looking back, it is difficult to ascertain like-for-like cost increases, since the company doesn't provide such data. Nevertheless, we consider our approach to be conservative, especially considering that the difference between past and future rates of growth is – in our model – significantly higher in terms of unit growth than in that of cost growth, forecasting essentially a higher relative cost growth ahead than in the past period.



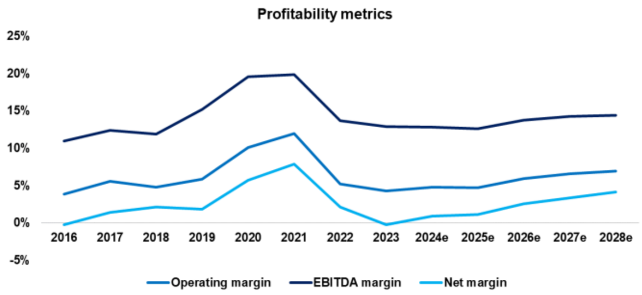
Source: Company data, Erste Group Research

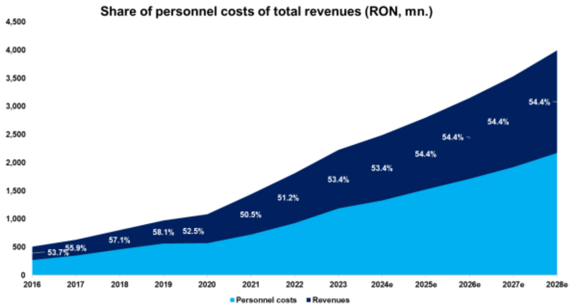
Personnel and consumables remain main cost items. Personnel related costs: third parties, wages, and social contribution made up about 55% of total costs in 2023, while consumables and commodities made up another 28% of the costs. These are costs that are largely outside of the scope of the management to control. State wage policies in the healthcare sector are influencing wages and benefits in the private healthcare sector, while qualified personnel is sought after in other EU, more affluent countries. Thus, as a business which is build on a reputation for excellence, Medlife has to spend in order to maintain personnel. Commodities and consumables costs are dictated by the market and economies of scale are limited in scope.

% of op. exp.	2016	2017	2018	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Consumables	17%	16%	16%	17%	19%	19%	18%	18%	18%	18%	18%	19%	19%
Third parties	27%	28%	27%	29%	29%	30%	27%	29%	30%	30%	31%	31%	31%
Wages	23%	26%	32%	32%	28%	26%	26%	25%	26%	26%	26%	26%	27%
Social contributi	5%	6%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Commodities	4%	4%	4%	3%	4%	8%	12%	10%	10%	9%	8%	8%	8%
Maint/Utilities/Cc	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Ins/Advertising	3%	2%	2%	2%	2%	1%	2%	2%	2%	2%	2%	2%	2%
Rents	6%	6%	5%	1%	1%	1%	0%	1%	1%	1%	1%	1%	1%
Depreciation	7%	7%	7%	10%	11%	9%	9%	9%	8%	8%	8%	8%	8%
Other op exp.	5%	2%	2%	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%
Total op. expenses	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Company data, Erste Group Research

Minimal margin appreciation underscores our conservative approach The combined result of our assumptions going forward make up for a modest profitability appreciation forecast. Our model shows a conservative EBITDA and operating margin appreciation, to levels congruent with the pre-COVID period. Our net margin shows an improvement, since – as we mention above – we do not forecast major acquisitions going forward, thus cash generation should contribute to decreasing debt and faster appreciation of net margin compared to operational indicators.

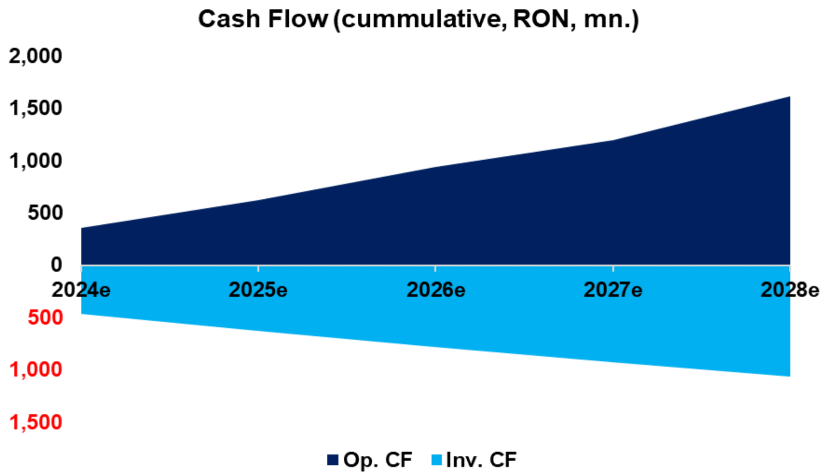




Source: Company data, Erste Group Research

Minor changes to our DCF parameters. The valuation change, and the target price downgrade come on the back of the re-basing of our model to reflect recent results and our conservative approach to drivers' growth. Overall, general macro assumptions have changed little compared to the previous model and reflect current data:

- Our estimate risk free rate for the forecasting period has declined from 7% to 6.7%, while in perpetuity it has remained 5%.
- Cost of debt has declined from 8% to 7.7% for the forecasting period and remained 6% in perpetuity.
- EBIT margin in perpetuity has declined from 7.5% to 7%
- The rest of the parameters have remained unchanged.



Source: Company data, Erste Group Research

MedLife DCF valuation

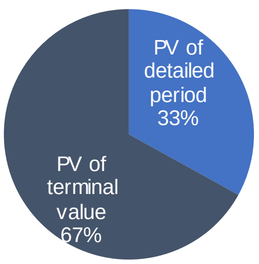
WACC calculation

	2024e	2025e	2026e	2027e	2028e	2029e TV
Risk free rate	6.7%	6.7%	6.7%	6.7%	6.7%	5.0%
Equity risk premium	7.5%	7.5%	7.5%	7.5%	7.5%	7.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0
Cost of equity	**14.2%**	**14.2%**	**14.2%**	**14.2%**	**14.2%**	**12.0%**
Cost of debt	7.7%	7.7%	7.7%	7.7%	7.7%	6.0%
Effective tax rate	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
After-tax cost of debt	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**6.5%**	**5.0%**
Equity w eight	70%	70%	70%	70%	70%	65%
WACC	**11.8%**	**11.8%**	**11.85%**	**11.85%**	**11.85%**	**9.56%**

DCF valuation

(RON mn)	2024e	2025e	2026e	2027e	2028e	2029e TV
Sales growth	*11.9%*	*12.0%*	*12.5%*	*12.3%*	*12.9%*	*4.0%*
EBIT	119	130	187	232	277	255
EBIT margin	*4.8%*	*4.7%*	*6.0%*	*6.6%*	*7.0%*	*7.0%*
Tax rate	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*
Taxes on EBIT	-19.0	-20.9	-29.9	-37.2	-44.2	-40.8
NOPLAT	**99.7**	**109.6**	**156.9**	**195.2**	**232.3**	**214.3**
+ Depreciation	200	222	246	271	299	329
Capital expenditures / Depreciation	*37.4%*	*33.7%*	*30.5%*	*27.6%*	*25.1%*	*100.0%*
+/- Change in w orking capital	32	-33	-24	85	-16	-6
Chg. working capital / chg. Sales	*12.0%*	*-11.0%*	*-6.9%*	*22.1%*	*-3.5%*	*-4.0%*
- Capital expenditures	-75.0	-75.0	-75.0	-75.0	-75.0	-328.9
Free cash flow to the firm	**256.8**	**224.3**	**303.9**	**476.5**	**440.5**	**208.7**
Terminal value growth						*4.0%*
Terminal value						3,901.2
Discounted free cash flow - December 31	229.6	179.3	217.2	304.5	251.7	2,397.1
Enterprise value - December 31 2023	**3,579**					
Minorities	79					
Non-operating assets	0					
Net debt (incl. lease liabilities)	1,456					
Other adjustments	0					
Equity value - (RON bn) December 31 2	**2,044.1**					
Cost of equity	12.0%					
Fair value, RON mn	**2,225.4**					
Number of shares outstanding (mn)	531.5					
Fair value per share, RON	**4.19**					
Share price	3.87					
Upside/downside Official NAV (%)	*8.20%*					

Enterprise value breakdown



Sensitivity (Equity value - RON mn)

	Terminal value EBIT margin				
WACC	6.0%	6.5%	7.0%	7.5%	8.0%
8.6%	4.38	4.82	5.26	5.70	6.14
9.1%	3.88	4.28	4.67	5.07	5.46
9.6%	3.47	3.83	**4.19**	4.55	4.91
10.1%	3.12	3.45	3.78	4.11	4.44
10.6%	2.83	3.13	3.44	3.74	4.05

	Terminal value growth				
WACC	3.0%	3.5%	4.0%	4.5%	5.0%
8.6%	4.19	4.67	5.26	6.00	6.94
9.1%	3.78	4.19	4.67	5.26	6.00
9.6%	3.44	3.78	**4.19**	4.67	5.26
10.1%	3.14	3.44	3.78	4.19	4.67
10.6%	2.89	3.14	3.44	3.78	4.19

Source: Erste Group Research

Income Statement	2020	2021	2022	2023	2024e	2025e
(IFRS, RON mn, 31/12)	31/12/2020	31/12/2021	31/12/2022	31/12/2023	31/12/2024	31/12/2025
Net sales	**1,078.27**	**1,427.22**	**1,795.43**	**2,211.58**	**2,475.53**	**2,773.06**
Invent. changes + capitalized costs	0.00	0.00	0.00	0.00	0.00	0.00
Total revenues	**1,078.27**	**1,427.22**	**1,795.43**	**2,211.58**	**2,475.53**	**2,773.06**
Other operating revenues	9.28	10.36	14.12	13.90	15.56	27.73
Material costs	-254.05	-375.71	-565.73	-658.72	-739.50	-810.78
Personnel costs	-570.48	-726.45	-926.90	-1,188.21	-1,330.02	-1,522.41
Other operating expenses	-50.45	-49.86	-70.30	-91.45	-102.36	-114.67
EBITDA	**212.57**	**285.56**	**246.62**	**287.10**	**319.20**	**352.93**
Depreciation/amortization	-103.06	-113.76	-152.41	-193.19	-200.49	-222.46
EBIT	**109.51**	**171.80**	**94.21**	**93.91**	**118.71**	**130.47**
Financial result	-30.70	-36.43	-44.70	-86.62	-91.90	-94.59
Extraordinary result	0.00	0.00	0.00	0.00	0.00	0.00
EBT	**78.81**	**135.37**	**49.51**	**7.30**	**26.80**	**35.89**
Income taxes	-16.63	-22.50	-12.12	-12.97	-4.29	-5.74
Result from discontinued operations	0.00	0.00	0.00	0.00	0.00	0.00
Minorities and cost of hybrid capital	0.00	0.00	0.00	0.00	0.00	0.00
Net result after minorities	**62.18**	**112.87**	**37.39**	**-5.67**	**22.51**	**30.15**

Balance Sheet	2020	2021	2022	2023	2024e	2025e
(IFRS, RON mn, 31/12)						
Intangible assets	340.83	450.94	775.30	961.92	1,044.68	1,105.38
Tangible assets	535.67	552.20	828.50	1,101.72	1,130.78	1,147.62
Financial assets	27.94	31.60	82.80	49.45	49.45	49.45
Total fixed assets	**904.45**	**1,034.74**	**1,686.60**	**2,113.09**	**2,224.90**	**2,302.44**
Inventories	53.06	74.20	98.80	109.53	122.61	137.34
Receivables and other current assets	144.02	172.70	277.60	297.82	333.36	373.43
Other assets	0.00	0.00	0.00	0.00	0.00	0.00
Cash and cash equivalents	81.97	136.00	89.10	100.30	123.78	138.65
Total current assets	**279.05**	**382.90**	**465.50**	**507.65**	**579.75**	**649.42**
TOTAL ASSETS	**1,183.50**	**1,417.64**	**2,152.10**	**2,620.74**	**2,804.65**	**2,951.87**
Shareholders'equity	**268.91**	**381.81**	**482.10**	**476.75**	**518.81**	**547.22**
Minorities	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Hybrid capital and other reserves	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Pension and other LT personnel accruals	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
LT provisions	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Interest-bearing LT debts	414.70	440.84	803.30	1,042.40	1,179.01	1,200.05
Other LT liabilities	185.57	180.81	291.15	379.04	388.10	398.32
Total long-term liabilities	**600.27**	**621.65**	**1,094.45**	**1,421.43**	**1,567.11**	**1,598.36**
Interest-bearing ST debts	73.57	83.96	83.50	112.25	140.34	158.37
Other ST liabilities	240.77	330.67	492.15	589.47	578.39	647.90
Total short-term liabilities	**314.33**	**414.63**	**575.65**	**701.72**	**718.73**	**806.28**
TOTAL LIAB. , EQUITY	**1,183.51**	**1,418.09**	**2,152.20**	**2,599.91**	**2,804.65**	**2,951.87**

Cash Flow Statement	2020	2021	2022	2023	2024e	2025e
(IFRS,RON mn, 31/12)						
Cash flow from operating activities	125.78	227.40	184.62	168.20	193.21	269.19
Cash flow from investing activities	-111.13	-149.41	-485.92	-280.99	-179.05	-163.69
Cash flow from financing activities	28.44	-24.09	254.49	124.02	9.32	-90.63
CHANGE IN CASH , CASH EQU.	**43.08**	**54.03**	**-46.90**	**11.20**	**23.48**	**14.88**

Margins & Ratios	2020	2021	2022	2023	2024e	2025e
Sales growth	11.5%	32.4%	25.8%	23.2%	11.9%	12.0%
EBITDA margin	19.7%	20.0%	13.7%	13.0%	12.9%	12.7%
EBIT margin	10.2%	12.0%	5.2%	4.2%	4.8%	4.7%
Net profit margin	5.8%	7.9%	2.1%	-0.3%	0.9%	1.1%
ROE	26.1%	34.7%	8.7%	-1.2%	4.5%	5.7%
ROCE	10.9%	15.8%	5.6%	-4.2%	5.0%	5.1%
Equity ratio	22.7%	26.9%	22.4%	18.3%	18.5%	18.5%
Net debt	406.3	388.8	797.7	1,054.3	1,195.6	1,219.8
Working capital	-35.3	-31.7	-110.2	-194.1	-139.0	-156.9
Capital employed	860.8	951.4	1,571.0	1,910.1	2,102.5	2,165.3
Inventory turnover	3.9	3.7	3.6	3.7	3.8	3.7

Source: Company data, Erste Group estimates

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Company description

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