



## Press Release

### **GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES H1 2019 PRELIMINARY CONSOLIDATED RESULTS**

**STRONG PERFORMANCE CONTINUES IN THE FIRST HALF OF 2019  
WITH REVENUES OF €92.9 MILLION (+15.7%)**

**OPERATING EBITDA ADJUSTED<sup>(1)</sup> OF €19.3 MILLION (+19.9%) AND MARGIN OF 20.7%,  
IMPROVING ON H1 2018 (20.0%)**

**MARGIN OF THE ORGANIC PERIMETER<sup>(2)</sup> OF 20.4%, INCLUDING €1.0 MILLION OF INCREMENTAL  
HOLDING COSTS IN SUPPORT OF THE OPERATING COMPANIES**

**MARGIN OF THE M&A PERIMETER<sup>(3)</sup> OF 22.7%, AN IMPROVEMENT ON THE GROUP'S MARGIN  
THANKS TO EFFICIENCY MEASURES WHICH SIGNIFICANTLY IMPROVED PERFORMANCES OF  
TARGETS OVER FY2018**

- Revenues of Euro 92.9 million, improving 15.7% compared to Euro 80.3 million in H1 2018;
- Operating EBITDA Adjusted<sup>(1)</sup> of Euro 19.3 million, with a margin of 20.7% (20.0% in H1 2018) and up by 19.9% from Euro 16.1 million in H1 2018:
  - Organic perimeter contribution<sup>(2)</sup> of Euro 16.6 million, with a margin of 20.4%, up on H1 2018 (Euro 16.1 million), despite the Euro 1.0 million of increased Holding costs to ensure full support for the operating companies;
  - M&A perimeter contribution<sup>(3)</sup> of Euro 2.7 million, with a margin of 22.7%, already an improvement on the Group's margin;
- Positive Net Financial Position of Euro 42.4 million, with financial debt of Euro 79.6 million and liquidity of Euro 37.2 million at June 30, 2019.

**Rome, August 29, 2019** – The Board of Directors of Garofalo Health Care S.p.A. (“GHC”), listed on the MTA market of the Italian Stock Exchange, today approved the preliminary consolidated Revenues, Operating EBITDA Adjusted<sup>(1)</sup> and Net Financial Position at June 30, 2019, drawn up as per IAS/IFRS international accounting principles. The definitive consolidated figures at June 30, 2019 shall be approved by the Board of Directors on September 26, 2019, as per the corporate events calendar announced to the market on March 18, 2019.

**Maria Laura Garofalo, Chief Executive Officer of GHC**, commented: *“The GHC Group continued to report excellent results in the first half of the year, driven by ongoing organic growth and the rapid, effective integration of the new companies acquired. I am particularly satisfied with the results of the two facilities acquired, which have had an impact on the period. Poliambulatorio Dalla Rosa Prati of Parma, acquired at*

<sup>(1)</sup> Operating EBITDA Adjusted defined as EBIT + depreciation & amortisation + provisions and write-downs + one-off costs (approx. Euro 0.6 million) incurred and recognised during the half-year for the acquisition of Poliambulatorio Dalla Rosa Prati of Parma, Ospedali Privati Riuniti di Bologna and the additional minority holdings in Casa di Cura Prof. Nobili

<sup>(2)</sup> From 2019, the organic perimeter includes also the results of the two companies acquired by GHC in 2017 (Fides Medica Group, acquired in June 2017 and comprising Fides Medica S.r.l. and its direct and indirect subsidiaries, and Casa di Cura Prof. Nobili S.p.A., acquired in December 2017) on the basis of their full contribution for the 12 months of 2018

<sup>(3)</sup> From 2019, the M&A perimeter includes the results of Poliambulatorio Dalla Rosa Prati of Parma, acquired on February 5, 2019, and of Ospedali Privati Riuniti di Bologna, acquired on May 6, 2019



the beginning of February and Ospedali Privati Riuniti - Nigrisoli and Villa Regina of Bologna, acquired at the beginning of May, have respectively boosted their margins by 2 and 5 points. These performances outstrip the Group average. These figures are particularly significant as confirming the GHC's capacity to select targets in a disciplined manner and integrate them quickly, confirming the predetermined Group objectives. The additional two acquisitions of Centro Medico San Biagio and of Bimar, completed in July, and of the Centro Medico Università Castrense, which will close in November 2019, again confirm this ability. These are premiere facilities which reported total revenues of Euro 19.0 million in 2018 and pre-efficiencies normalized EBITDA of approximately Euro 5.2 million, improving in 2019."

### Consolidated Revenues Overview

GHC's H1 2019 consolidated revenues amounted to Euro 92.9 million, up from Euro 80.3 million for H1 2018, a 15.7% increase driven by organic growth<sup>(2)</sup> (+1.0%) and the M&A component (+14.7%, relating to the acquisitions of Poliambulatorio Dalla Rosa Prati of Parma, closed in February 2019, and of Ospedali Privati Riuniti of Bologna, closed in May 2019).

Revenues in Euro millions	H1 2019	H1 2018	% vs. H1 2018	of which organic vs. H1 2018	of which M&A vs. H1 2018
<b>Total</b>	<b>92.9</b>	<b>80.3</b>	<b>+15.7%</b>	<b>+1.0%</b>	<b>+14.7%</b>

### Consolidated Operating EBITDA Adjusted Overview

Margin growth, in terms of Operating EBITDA Adjusted, was 19.9%, with a significant contribution both from the organic component (+3.3%) and the M&A component (+16.6%), relating to the acquisitions of Poliambulatorio Dalla Rosa Prati, closed on February 5, 2019, and of Ospedali Privati Riuniti, closed on May 6, 2019.

Operating EBITDA Adjusted, amounted to Euro 19.3 million compared with Euro 16.1 million in the previous year, reflects the Group's core operations and is obtained by adjusting the Operating EBITDA by the one-off costs incurred and recognised by the Company during the half-year for the acquisitions of Poliambulatorio Dalla Rosa Prati of Parma, Ospedali Privati Riuniti of Bologna and the additional minority holdings in Casa di Cura Prof. Nobili. These one-off costs totalled approximately Euro 0.6 million.

Operating EBITDA Adjusted reflects, in comparison with H1 2018, lower operating costs of Euro 1.1 million deriving from the introduction of the standard IFRS 16 and higher Holding costs of Euro 1.0 million.

Op. EBITDA Adj. in Euro millions	H1 2019	H1 2018	% vs. H1 2018	of which organic vs. H1 2018	of which M&A vs. H1 2018
<b>Total</b>	<b>19.3</b>	<b>16.1</b>	<b>+19.9%</b>	<b>+3.3%</b>	<b>+16.6%</b>

In the first half of 2019, the Operating EBITDA Adjusted Margin of the Group was 20.7%, also improving on 20.0% for the same period of the previous year: the margin on the M&A perimeter (22.7%) already marked an improvement on the Group's margin.

Op. EBITDA Adj. Margin (%)	H1 2019	H1 2018	% vs. H1 2018
<b>Margin (%)</b>	<b>20.7%</b>	<b>20.0%</b>	<b>+3.6%</b>
Organic margin (%)	20.4%	20.0%	+2.2%
M&A margin (%)	22.7%	-	-



### Consolidated Net Financial Position Overview

At June 30, 2019, GHC's Net Financial Position (NFP) amounted to a positive Euro 42.4 million, with financial debt of Euro 79.6 million (including incremental debt of approx. Euro 10.0 million due to the introduction of the standard IFRS 16) and liquidity of Euro 37.2 million.

This figure, which includes the effect of IFRS 16, was up by approx. Euro 49.0 million on March 31, 2019. This change was due to: i) non-recurring cash outflows in the second quarter totalling Euro 75.9 million, of which: Euro 75.0 million relating to M&A transactions<sup>(4)</sup> and Euro 0.9 million relating to the share buy-back programme and for the Fides Group extension project related to the so called "ex-School" in Genoa; ii) the change in the consolidation scope due to the inclusion in the GHC Group, with effect from May 2019, of Ospedali Privati Riuniti of Bologna, which had a negative NFP at closing of approx. Euro 16.4 million (net cash); iii) the reduction, in the comparison between the first and second quarters of the year, in financial debt due to the application of the standard IFRS 16 of approx. Euro 0.4 million; iv) the cash generated by the GHC Group in the second quarter, totalling Euro 10.1 million.

<b>Net Financial Position in Euro millions</b>	<b>30/06/2019</b>	<b>31/03/2019</b>	<b>Change vs. Q1 2019</b>
<b>Total</b>	<b>+42.4</b>	<b>-6.6</b>	<b>+49.0</b>

<sup>(4)</sup> Of which: Euro 66.7 million relating to the acquisition of Ospedali Privati Riuniti; Euro 3.2 million relating to the acquisition of the residual share of 16.67% of Villa Garda not yet held by GHC (total value of the transaction of approx. Euro 4.1 million: the remainder of Euro 0.8 million will be paid in the second half of 2019); Euro 5.0 million paid in June 2019 upon the signing of the preliminary contracts for the acquisition of Centro Medico S. Biagio, Centro Medico Università Castrense and Bimar; and Euro 0.1 million of one-off costs incurred and recognised in the second quarter on the execution of M&A transactions



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### **The GHC Group**

The GHC Group, listed on the Milan Stock Exchange, is an Italian accredited private healthcare leader operating through 22 healthcare clinics demonstrating excellence, located in Italy's strongest regions and offering a comprehensive range of services covering all areas of healthcare thanks to diversified specialties, the use of cutting-edge technologies and highly-qualified personnel. The Group in fact operates across six regions in Northern and Central Italy (Piedmont, Veneto, Emilia Romagna, Liguria, Tuscany and Lazio), covering in the hospital sector acute admissions, long hospitalization, post-acute rehabilitations and outpatient services (the "Hospital Sector"), and in the regional and social-care sector covering residential admissions and district outpatient services (the "Dependency Care Sector").

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### **FOR FURTHER DETAILS:**

Garofalo Health Care S.p.A.  
Mimmo Nesi - Investor Relator  
Tel. +39 06 68489231 - [ir@garofalohealthcare.com](mailto:ir@garofalohealthcare.com)  
Website: [www.garofalohealthcare.com](http://www.garofalohealthcare.com)

### **Press Office**

Close to Media  
Via Caradosso, 8 - Milan  
Tel.+39 02 7000 6237  
Luca Manzato - [luca.manzato@closetomedia.it](mailto:luca.manzato@closetomedia.it)  
Andrea Ravizza - [andrea.ravizza@closetomedia.it](mailto:andrea.ravizza@closetomedia.it)