



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES ADDITIONAL PERIODIC FINANCIAL DISCLOSURE AT SEPTEMBER 30, 2020

REVENUES OF €146.1M, UP €8.8M (+6.4%) THANKS TO THE CONTRIBUTION OF THE NEW COMPANIES ACQUIRED THROUGH M&A

Q3 RESULTS SIGNIFICANTLY AHEAD OF Q3 2019 - BOTH IN TERMS OF REVENUES (+€11.8M, +26.6%) AND OP. EBITDA ADJUSTED (+€3.2M, +46.9%), CONFIRMING FACILITIES' SIGNIFICANT CAPACITY FOR RECOVERY

M&A PERIMETER MARGIN OF 19.8% IN 9M 2020 AND OF 23.1% IN Q3 2020, AHEAD OF GROUP AVERAGE

- Revenues of Euro 146.1m, up Euro 8.8m vs. 9M 2019⁽¹⁾ (+6.4%):
 - Q3 2020 revenues of Euro 56.2m, up Euro 11.8m vs. Q3 2019⁽²⁾ (+26.6%) and Euro 8.7m vs. Q3 2019 Pro-Forma (+18.3%), that includes the full contribution of the acquisitions made throughout 2019⁽³⁾;
- Operating EBITDA Adjusted⁽⁴⁾ of Euro 21.1m, with a margin of 14.5% and decreasing Euro 4.9m vs. 9M 2019 (-18.7%), exclusively due to the regulatory restrictions imposed to fight the Covid-19 pandemic. M&A perimeter⁽⁵⁾ contribution to 9M 2020 of Euro 8.9m, with a margin of 19.8% above Group average:
 - Q3 2020 Op. EBITDA Adjusted of Euro 9.9m, up Euro 3.2m vs. Q3 2019 (+46.9%) and up Euro 2.1m vs. Q3 2019 Pro-Forma (+27.8%);
 - In Q3 2020, the M&A perimeter contribution in terms of Op. EBITDA Adjusted was Euro 4.1m, with a margin of 23.1% (vs. 21.9% in Q3 2019 Pro-Forma);
- Net Financial Position of Euro 96.4m vs. Euro 85.1m in H1 2019, with debt of Euro 125.1m and liquidity of Euro 28.7m:
 - Excluding non-recurring cash outflows, NFP would be Euro 82.4m, improving Euro 12.3m in the nine months and Euro 2.7m in the quarter.

Rome, November 16, 2020 – The Board of Directors of Garofalo Health Care S.p.A. (“GHC”), listed on the MTA segment of the Italian Stock Exchange, today approved the additional periodic financial disclosure at September 30, 2020, drawn up as per IAS/IFRS international accounting principles.

⁽¹⁾ 9M 2019 figures include only the contribution of Poliambulatorio Dalla Rosa Prati (for 8 months), of Ospedali Privati Riuniti (for 5 months), of Centro Medico S. Biagio and of Bimar (for 2 months). 9M 2020 figures include, in addition to the full 9 months contribution of Poliambulatorio Dalla Rosa Prati, of Ospedali Privati Riuniti, of Centro Medico S. Biagio and of Bimar, also the full contribution of Centro Medico Università Castrense and of Aesculapio, in addition to the contribution of XRay One for the months of August and September

⁽²⁾ Q3 2019 figures include only the contribution of Poliambulatorio Dalla Rosa Prati (for 3 months), of Ospedali Privati Riuniti (for 3 months), of Centro Medico S. Biagio and of Bimar (for 2 months). The Q3 2020 figures include, in addition to the full 3 months contribution of Poliambulatorio Dalla Rosa Prati, of Ospedali Privati Riuniti, of Centro Medico S. Biagio and of Bimar, also the full contribution of Centro Medico Università Castrense and of Aesculapio, in addition to the contribution of XRay One for the months of August and September

⁽³⁾ Q3 2019 Pro-Forma figures include the full contribution of all acquisitions made in 2019. The contribution of XRay One, acquired in July 2020, is however not included

⁽⁴⁾ Operating EBITDA Adjusted defined as EBIT + amortisation and depreciation + provisions and write-downs + non-core costs (these latter in 9M 2020 totaling Euro 2.8m, of which approx. Euro 2.4m due to “extra-Covid costs” and approx. Euro 0.4m due to M&A costs. Non-core costs in 9M 2019 of Euro 2.1m exclusively concerned the M&A costs incurred for the acquisitions made in the previous year). The “extra-Covid costs” refer to one-off costs incurred by the Group to tackle the health emergency and concerning expenses for Personnel Protective Equipment (“PPE”), swabs / serological tests, the preparation and management of triage areas and the dedicated distancing pathways

⁽⁵⁾ The 9M 2020 (and the Q3 2020) M&A perimeter includes the results of Poliambulatorio Dalla Rosa Prati, acquired on February 5, 2019, of Ospedali Privati Riuniti, acquired on May 6, 2019, of Centro Medico S. Biagio e Bimar, acquired on July 25, 2019, of Centro Medico Università Castrense, acquired on September 17, 2019, of Aesculapio, acquired on September 19, 2019 and of XRay One, acquired on July 23, 2020. The XRay One contribution is however not included in the figures related to the 2019 M&A perimeter

Maria Laura Garofalo, Chief Executive Officer of GHC, stated: *“I can only be pleased with the great result achieved by all the GHC Group facilities in a particularly difficult and challenging environment. Once the suspension of scheduled activities was lifted, the facilities in fact, against the same period of the previous year, saw both revenues and EBITDA significantly increase, demonstrating their ability to react quickly and their major development potential. I am also particularly proud of the opening in Genoa of Villa Fernanda, a long-term care and maintenance facility. Despite the enormous difficulties linked to the pandemic that has hit the dependency care sector (RSA) particularly hard, we have in fact managed to conclude the investment, creating a residence of excellence which for me has a special significance since it is named after my mother Fernanda.”*

Consolidated 9M 2020 results overview

Consolidated Revenues

GHC consolidated revenues in 9M 2020 totalled Euro 146.1m, up 6.4% on Euro 137.3m in 9M 2019, mainly due to the change in the perimeter following the M&A's executed in 2019 and 2020.

9M 2020 revenues, which were affected by the mandatory suspension of all activities, except for urgent and non-deferrable interventions, imposed by national and local authorities from March to tackle the Covid-19 emergency, include: (i) the contribution of XRay One, acquired in July 2020, for the months of August and September (equal to Euro 1.1m) and (ii) the estimate of the Regional Health System's contribution to be set within the renewal of the National Collective Labour Contract (“NCLC”) for non-medical employees of private accredited healthcare facilities (equal to Euro 0.6m)⁽⁶⁾.

| Revenues in Euro millions | 9M 2020 | 9M 2019 | vs. 9M '19 (€m) | vs. 9M '19 (%) |
|------------------------------|---------|---------|-----------------|----------------|
| Total | 146.1 | 137.3 | +8.8 | +6.4% |

Compared with 9M 2019 Pro-Forma, which includes the full contribution over the period of the acquisitions made last year⁽⁷⁾, consolidated 9M 2020 revenues would reduce 10.5%, exclusively due to the mandatory suspension of activities outlined above.

| Revenues in Euro millions | 9M 2020 | 9M 2019 Pro-Forma | vs. 9M '19PF (€m) | vs. 9M '19PF (%) |
|------------------------------|---------|----------------------|-------------------|------------------|
| Total | 146.1 | 163.2 | -17.1 | -10.5% |

Consolidated Operating EBITDA Adjusted

Consolidated Operating EBITDA Adjusted was Euro 21.1m, decreasing Euro 4.9m on Euro 26.0m in 9M 2019 (-18.7%), exclusively due to the suspension of the activities from March as outlined above and to the only progressive resumption from May, which did not permit the full absorption of fixed costs. Operating EBITDA Adjusted for 9M 2020, in comparison with the previous year, includes: (i) the contribution of XRay One for the months of August and September (totalling Euro 0.2m) and (ii) increased costs of Euro 1.1m incurred due to the renewal of the NCLC for non-medical employees of private accredited healthcare facilities, as outlined above.

| Op. EBITDA Adj. in Euro millions | 9M 2020 | 9M 2019 | vs. 9M '19 (€m) | vs. 9M '19 (%) |
|-------------------------------------|---------|---------|-----------------|----------------|
| Total | 21.1 | 26.0 | -4.9 | -18.7% |

⁽⁶⁾ This renewal of the NCLC, finalised on October 2020, was effective retrospectively from July 2020

⁽⁷⁾ 9M 2019 Pro-Forma figures include the full contribution of all acquisitions made in 2019. The contribution of XRay One, acquired in July 2020, is however not included

In 9M 2020, the Group Operating EBITDA Adjusted margin was 14.5% (vs. 19.0% in the previous period): the M&A perimeter, although impacted by the Covid-19 related suspension of activities, reported a margin of 19.8%, ahead of the Group average.

| Op. EBITDA Adj. Margin (%) | 9M 2020 | 9M 2019 |
|----------------------------|---------|---------|
| Margin (%) | 14.5% | 19.0% |
| M&A margin (%) | 19.8% | 20.4% |

In comparison with the 9M 2019 Pro-Forma figures, Operating EBITDA Adjusted would reduce Euro 11.0m (-34.2%), exclusively due to the suspension of activities outlined above.

| Op. EBITDA Adj. in Euro millions | 9M 2020 | 9M 2019 Pro-Forma | vs. 9M '19PF (€m) | vs. 9M '19PF (%) |
|----------------------------------|---------|-------------------|-------------------|------------------|
| Total | 21.1 | 32.1 | -11.0 | -34.2% |

Consolidated Q3 2020 results overview

Consolidated Revenues

In order to highlight the excellent Group performances registered in the third quarter of the year, partially impacted by the restrictions imposed to tackle the pandemic, revenues compared with 2019 are presented below and indicate an increase of Euro 11.8m in the period (+26.6%), of which Euro 7.6m concerning the M&A perimeter (+74.1%).

| Revenues in Euro millions | Q3 2020 | Q3 2019 | vs. Q3 '19 (€m) | vs. Q3 '19 (%) |
|---------------------------|---------|---------|-----------------|----------------|
| Total ⁽⁸⁾ | 56.2 | 44.4 | +11.8 | +26.6% |
| of which M&A | 17.8 | 10.2 | +7.6 | +74.1% |

Compared with the 2019 Pro-Forma figures, which consider the full contribution in the period of the acquisitions made last year, revenues saw an equally significant increase of Euro 8.7m (+18.3%), of which Euro 4.4m concerning the M&A perimeter (+33.6%).

| Revenues in Euro millions | Q3 2020 | Q3 2019 Pro-Forma | vs. Q3 '19PF (€m) | vs. Q3 '19PF (%) |
|---------------------------|---------|-------------------|-------------------|------------------|
| Total | 56.2 | 47.5 | +8.7 | +18.3% |
| of which M&A | 17.8 | 13.4 | +4.4 | +33.6% |

Consolidated Operating EBITDA Adjusted

In Q3 2020 the company also delivered strong performances in terms of Op. EBITDA Adjusted, up Euro 3.2m on 2019 (+46.9%), of which Euro 2.3m concerning the M&A perimeter (+124.2%).

| Op. EBITDA Adj. in Euro millions | Q3 2020 | Q3 2019 | vs. Q3 '19 (€m) | vs. Q3 '19 (%) |
|----------------------------------|---------|---------|-----------------|----------------|
| Total ⁽⁹⁾ | 9.9 | 6.8 | +3.2 | +46.9% |
| of which M&A | 4.1 | 1.8 | +2.3 | +124.2% |

⁽⁸⁾ Q3 2020, compared to 2019, includes: (i) the contribution of XRay One for the months of August and September (Euro 1.1m) and (ii) the estimate of the Regional Health System's contribution to be set within the renewal of the NCLC for non-medical employees of private accredited healthcare facilities (Euro 0.6m)

⁽⁹⁾ Q3 2020, compared to 2019, includes: (i) the contribution of XRay One for the months of August and September (Euro 0.2m) and (ii) increased costs of Euro 1.1m incurred due to the renewal of the NCLC for non-medical employees of private accredited healthcare facilities

The Group's margin in Q3 2020 was 17.7%, already increasing on Q3 2019 (15.2%): the M&A perimeter margin was 23.1%, ahead of the Group average.

| Op. EBITDA Adj. Margin (%) | Q3 2020 | Q3 2019 |
|----------------------------|---------|---------|
| Margin (%) | 17.7% | 15.2% |
| M&A margin (%) | 23.1% | 17.9% |

Compared with the 2019 Pro-Forma figures, which consider the full contribution in the period of the acquisitions made last year, Op. EBITDA Adjusted saw an equally significant increase of Euro 2.1m (+27.8%), of which Euro 1.2m concerning the M&A perimeter (+41.1%).

| Op. EBITDA Adj. in Euro millions | Q3 2020 | Q3 2019 Pro-Forma | vs. Q3 '19PF (€m) | vs. Q3 '19PF (%) |
|----------------------------------|---------|-------------------|-------------------|------------------|
| Total ⁽¹⁰⁾ | 9.9 | 7.8 | +2.1 | +27.8% |
| of which M&A | 4.1 | 2.9 | +1.2 | +41.1% |

The Group margin for Q3 increased also on the Q3 2019 Pro-Forma figure (16.3%): the M&A perimeter margin (23.1%), already ahead of the Group average, was up also on the M&A perimeter margin for the previous period.

| Op. EBITDA Adj. Margin (%) | Q3 2020 | Q3 2019 Pro-Forma |
|----------------------------|---------|-------------------|
| Margin (%) | 17.7% | 16.3% |
| M&A margin (%) | 23.1% | 21.9% |

Consolidated Net Financial Position at September 30, 2020 overview

At September 30, 2020, the Net Financial Position (NFP) of GHC was Euro 96.4m (Euro 85.1m in H1 2020) and comprises debt of approx. Euro 125.1m and liquidity of Euro 28.7m.

| Net Financial Position in Euro millions | 30/09/2020 | 30/06/2020 | Change vs. 1H2020 |
|---|----------------------|------------|-------------------|
| Total | 96.4 | 85.1 | +11.3 |
| Financial leverage (x) | 3.0x ⁽¹¹⁾ | 2.7x | 0.3x |

Excluding non-recurring items, the NFP would be Euro 82.4m, improving Euro 2.7m vs. 1H2020. The non-recurring items are related to: (i) the acquisition of XRay One (for Euro 16.1m⁽¹²⁾), (ii) expansion Capex, costs for M&A's and the treasury share buy-back programme (for a total of Euro 4.1m) and (iii) the benefit from the advances disbursed by the main regions in which the Group operates⁽¹³⁾ (for a total of Euro 6.2m).

⁽¹⁰⁾ Q3 2020, compared to 2019, includes: (i) the contribution of XRay One for the months of August and September (Euro 0.2m) and (ii) increased costs of Euro 1.1m incurred due to the renewal of the NCLC for non-medical employees of private accredited healthcare facilities

⁽¹¹⁾ Calculated as the ratio between NFP and Operating EBITDA Adj. over the last 12 months according to the Pro-Forma figures (including the "extra-Covid costs" and Xray One contribution)

⁽¹²⁾ Of which Euro 12.8m paid as Equity Value and Euro 3.3m concerning the application of IFRS 16 accounting principle

⁽¹³⁾ In view of the Covid-19 emergency, as previously announced to the market, the Regions granted GHC's facilities a monthly advance of between 80% and 100%, according to each individual case, of the agreed regional and extra-regional production for the previous year or that of the budget agreement



Subsequent events to September 30, 2020

From October, in view of the deteriorating Covid-19 outbreak in Italy, it is highlighted that all GHC Group facilities closely collaborated in the period with the public healthcare system to again tackle the pandemic, while managing at the same time to not limit their activities. Specifically:

- the Casa di Cura Prof. Nobili, Rugani Hospital and Eremo di Miazzina, in collaboration with the local healthcare authorities, re-opened wards dedicated to Covid-19 patients emerging from the acute phase, but still testing positive for the virus. These were equipped with 30, 10, and 32 beds, respectively;
- Ospedali Privati Riuniti di Bologna continued to support the public healthcare system, also providing a 20-bed ward dedicated to Covid patients. In addition to this, it should be noted that in November OPR won a public tender with the Rizzoli Orthopaedic Institute to carry out orthopaedic surgery at its facility in Villa Regina;
- Hesperia Hospital continued its support activities for the public healthcare system over preceding months also in October.

The company also indicates that on October 21, 2020 the Municipality of Genoa, by order No. 498, authorised the transfer of the “Santa Marta” protected residence to the new “Villa Fernanda” facility, which has now been completed. The Villa Fernanda facility, as part of the organic growth project announced since the IPO aiming to improve both the production capacity and the marginality of the two facilities, has 70 beds and allows the current Santa Marta facility, once the necessary modernisation works have been completed, to offer exclusively private care (i.e. with costs incurred by patients).

Outlook

The excellent results delivered by the Group facilities following the easing of the restrictions - confirmed by significantly improved results in terms of Revenues and Op. EBITDA adjusted registered in July, August and September against the previous year - highlight the Group’s capacity to react quickly, through efficient management and the full use of the facilities’ production capacity, which generally is only partly expressed in view of the budget limits.

The company in October reported improved performances on the same month of 2019, despite the still uncertain operating environment. The outlook for November and December will depend on which restrictions may be introduced by government authorities in the fight against the pandemic, which are currently uncertain in terms of extension and duration.

Looking beyond 2020 however, the company is even more positive on its growth outlook both for revenues and margins and on the success of its Buy & Build strategy in view of the unchanged sector fundamentals, the growing demand for hospital and dependency care services, in addition to its strong market positioning and demonstrated capacity for execution - both within growth cycles and in more challenging environments, as is currently the case.

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The Executive Officer for Financial Reporting, Fabio Tomassini, states in accordance with paragraph 2, Article 154-bis of the Consolidated Finance Act that the accounting information in this press release corresponds to the underlying accounting documents, records and entries. The figures in this press release have not been audited.



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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 26 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 eight regions in Northern and Central Italy (Piedmont, Lombardy, Veneto, Friuli-Venezia Giulia, 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
Website: www.garofalohealthcare.com

Press Office

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