



## Press Release

**GAROFALO HEALTH CARE S.P.A. TODAY SIGNS BINDING AGREEMENTS FOR THE ACQUISITION OF CLINICA SAN FRANCESCO OF VERONA, A TOP INTERNATIONAL CLINIC AND A LEADING EUROPEAN ROBOTIC ORTHOPAEDIC SURGERY CENTRE, ACCREDITED WITH NHS**

**THE CLINIC, HIGHLY SYNERGIC WITH THE OTHER FACILITIES OF THE GROUP, STRENGTHENS THE MAJOR TECHNOLOGICAL EVOLUTION PATH UNDERTAKEN BY GHC**

**THE ACQUISITION INCLUDES A DIAGNOSTIC CENTRE WITH LATEST GENERATION EQUIPMENT AND ALL THE INSTRUMENTAL REAL ESTATE ASSETS**

**IN 2019 THE FACILITY REPORTED REVENUES OF €32M AND PRE-SYNERGIES NORMALIZED EBITDA OF APPROXIMATELY €7M, WITH MARGIN OF 22% - HIGHER THAN GROUP AVERAGE**

**THE ENTERPRISE VALUE OF THE TRANSACTION IS EQUAL TO €59.5M, WITH AN EQUITY VALUE OF €46.6M**

**THE TRANSACTION VALIDATES GROUP'S ACQUISITION-LED GROWTH STRATEGY, REAFFIRMED IN RECENT ABB (ACCELERATED BOOK BUILDING) AND WHICH IN JUST OVER 2 YEARS FROM IPO HAS SEEN ACQUISITIONS FOR OVER €105M OF REVENUES AND €25M OF EBITDA, WITH AN AVERAGE MARGIN OF APPROXIMATELY 24%**

**Rome, February 24, 2021** - Garofalo Health Care S.p.A. ("**GHC**"), listed on the MTA segment of the Italian Stock Exchange, announces the signing today of binding contracts to acquire 100% of Clinica S. Francesco S.p.A. ("**Clinica S. Francesco**") and of all the instrumental real estate assets from the company Epifarm S.r.l., entirely held by the Perazzini family. Mr. Piergiuseppe Perazzini, owner of the facility through the control of the holding company Epifarm and European pioneer of the robotic orthopaedic surgery technique, shall continue his medical-surgical activities and coordination of all the healthcare activities of the facility, in line with the GHC Group's consolidated practice to ensure full entrepreneurial, operating and healthcare continuity of the acquired entities.

### **Profile of Clinica S. Francesco**

Clinica San Francesco, a leading international robotic orthopaedic surgery facility, was decreed a European Robotic Orthopaedic Centre ("C.O.R.E.") in 2013 and in this role also provides intensive training, hosting surgeons from all over Europe.

Mr. Piergiuseppe Perazzini, a European pioneer of the robotic technique for hip and knee prosthesis, works at the facility alongside many expert surgeons; this methodology, which involves using one of the most advanced surgical robots in the world, was introduced by himself in Europe in January 2011. The Clinic also has both orthopaedic and surgical accredited Day Surgery departments and a functional rehabilitation department.

Given its unique nature, the facility is also highly attractive for out-of-Region patients. The facility is also highly renowned for plastic and reconstructive surgery, becoming a breast surgery hub of excellence thanks to the work of Prof. Gino Rigotti, who introduced to the world the breast reconstruction technique of autografting adipose tissue. Clinica San Francesco, in addition to providing outpatient diagnostic services, both under accreditation and privately, has a Diagnostic Centre located in Verona, in a separate area from the Clinic. This Diagnostic Centre provides specialist outpatient services, diagnostic imaging and physiotherapy services using latest generation equipment.

These services are also provided both under accreditation and privately.

The facility is highly synergic with the other facilities of the Group and therefore strengthens the major technological evolution path undertaken by GHC.



**Ms. Maria Laura Garofalo, Chief Executive Officer of the GHC Group,** stated: *"I am particularly proud of the fact that such a top facility as Clinica San Francesco - which I consider as an "unicum in Europe" - is joining our Group. An acquisition that will not only significantly boost our performance levels, but also boosts our presence in the Veneto Region, considered one of the most virtuous Regions in Italy, and enriches the clinical-surgical and scientific excellence of our Group. I am also pleased that this acquisition was made just one month after the accelerated share capital increase, which also strengthened our financial structure in view of the upcoming transactions already in pipeline."*

**Mr. Piergiuseppe Perazzini, owner and leading clinician at Clinica S. Francesco,** stated: *"Joining the GHC Group represents for me and for Clinica San Francesco a significant achievement and the crowning event of the growth and technological development that the clinic embarked upon 10 years ago, with the first robotic-assisted surgery in the orthopaedic field performed outside the United States. The tenth anniversary of this courageous and pioneering step falls in the year in which Clinica San Francesco and the Group led by Ms. Maria Laura Garofalo have decided to join forces and begin a journey focused on technological innovation in the field of orthopaedics, opening up the achievement of major synergies within the GHC Group."*

### **Performance of Clinica S. Francesco**

At December 31, 2019, reference year as not impacted by the Covid-19 health emergency, the Clinic reported revenues of €32.0M, of which €18.3M related to high and low complexity hospital assistance services and approx. €13.7M related to outpatient services. The pre-synergies normalized EBITDA of the Clinic was approx. €7.0M, with a margin of 22% - higher than the Group average (20% in FY 2019 Pro-Forma<sup>(1)</sup>).

### **Terms and structure of the transaction**

The Enterprise Value of the transaction is €59.5M and the Equity Value, calculated based on the provisional Net Financial Position at December 31, 2020, is equal to €46.6M.

The acquisition also includes the real estate assets previously held by Epifarm S.r.l. and instrumental for the clinical activities, for a total area of approx. 10,000 square metres.

With respect to the settlement, GHC shall draw on both cash reserves and the resources raised from the recent reserved share capital increase through ABB of January 21, 2021 (equal to approx. €41M).

The closing of the transaction will occur by the end of April 2021 through a vehicle company wholly owned by GHC.

The contracts signed today are subject to the usual conditions established to protect the purchaser and therefore renounceable only by the latter.

### **Profile of GHC Group post-transaction**

To highlight the size of the GHC Group post-acquisition, the aggregate Pro-Forma Group figures for 2019, a year not impacted by the Covid-19 health emergency, are provided below. These figures were based on GHC's Pro-Forma figures<sup>(2)</sup> and including the 12-months contribution of XRay One (acquired in July 2020) and of Clinica S. Francesco.

<sup>1)</sup> The 2019 Pro-Forma figures retrospectively reflect at January 1, 2019 the acquisitions made by GHC during that year. These Pro-Forma statements are drawn up on a voluntary basis and according to procedures agreed with the independent audit firm as per the International Standard of Related Services ("ISRS") 4400 issued by the IAASB

<sup>2)</sup> GHC Group figures announced to the market on March 23, 2020



Based on this elaboration, the GHC Group post-transaction would report aggregate Pro-Forma 2019 revenues equal to approx. €262.1M, with aggregate Pro-Forma 2019 EBITDA of €53.2M and an overall margin in excess of 20%.

Post-transaction highlights (€M)	GHC '19 Pro-Forma figures <sup>(3)</sup> (a)	XRay One '19 figures <sup>(4)</sup> (b)	S. Francesco '19 figures (c)	GHC Full Potential '19 aggregate figures (a+b+c)
Revenues	222.5	7.6	32.0	262.1
EBITDA	44.4	1.8	7.0	53.2
Margin	20.0%	23.7%	22.0%	20.3%

### Delivery of the M&A strategy post-IPO

The Clinica S. Francesco transaction is part of the acquisition-led growth strategy announced to the market since the IPO, which in a little over 2 years allowed the Group to acquire 7 top-level facilities which closely fit its clear and consistent M&A discipline.

Overall, including the contribution of Clinica S. Francesco, the facilities acquired by GHC post-IPO report revenues of €105.9M, with a normalized EBITDA of €25.3M and a margin of 23.9% (aggregate figures of the facilities acquired refer to 2019, a year not impacted by Covid-19).

M&A Highlights – '19 figures (€M)	Acquisition date	Revenues <sup>(5)</sup> (a)	Norm. EBITDA <sup>(6)</sup> (b)	Margin (%) (b/a)
+ Poliamb. Dalla Rosa Prati	February 2019	15.5	3.9	25.4%
+ Ospedali Privati Riuniti	May 2019	26.5	5.1	19.4%
+ Centro Medico S. Biagio <sup>(7)</sup>	July 2019	18.0	6.2	34.3%
+ Centro Med. Uni. Castrense	September 2019	4.0	0.9	23.7%
+ Aesculapio	September 2019	2.3	0.3	12.9%
+ XRay One	July 2020	7.6	1.8	23.7%
+ Clinica S. Francesco	February 2021	32.0	7.0	22.0%
<b>= M&amp;A post-IPO</b>		<b>105.9</b>	<b>25.3</b>	<b>23.9%</b>

\* \* \*

GHC received legal support from Ms. Patrizia Crudetti and tax and finance support from Crowe Bompani. The sellers received legal support from Studio Legale Gianni & Origoni and tax and finance support from Studio Del Bue and Studio Baso.

<sup>3)</sup> Reported EBITDA refers to the Op. EBITDA Adjusted figure, defined as EBIT + depreciation & amortisation + provisions and write-downs + non-core costs (approx. €3.5M in 2019 for M&A's incurred for the acquisitions and for the Stock Grant plan)

<sup>4)</sup> XRay One figures announced to the market on July 23, 2020. The EBITDA figure is pre-synergies and normalized, excluding the one-off and non-recurring components and the Holding costs

<sup>5)</sup> Pro-Forma figures, i.e. considering the contribution of the facilities on a 12-months basis

<sup>6)</sup> The EBITDA figures are Pro-Forma and normalized - excluding the one-off and non-recurring components and the Holding costs. Figures for XRay One and Clinica S. Francesco are pre-synergies

<sup>7)</sup> Centro Medico S. Biagio also includes the contribution of Bimar S.r.l.



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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:**

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