



## Press Release

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

#### EXCELLENT RESULTS CONFIRMED IN H1 REVENUES OF €92.9M (+15.6%) AND OPERATING EBITDA ADJUSTED OF €19.3M (+19.9%)

- Revenues of Euro 92.9m, up Euro 12.6m vs. Euro 80.3m in H1 2018 (+15.6%) of which Euro 0.8m (+0.9%) attributable to the organic perimeter<sup>(1)</sup> and Euro 11.8m to the M&A perimeter<sup>(2)</sup> (+14.7%);
- Operating EBITDA Adjusted<sup>(3)</sup> of Euro 19.3m, with a margin of 20.7% (20.0% in H1 2018) and up by 19.9% from Euro 16.1m in H1 2018:
  - Organic perimeter contribution of Euro 16.6m, up 3.3% on H1 2018, with a margin of 20.5%, despite the Euro 1.0m of increased Holding costs to ensure full support for the operating companies;
  - M&A perimeter contribution of Euro 2.7m, with a margin of 22.6%, already an improvement on the Group's margin;
- Group net profit of Euro 8.9m, up 1.6% over Euro 8.8m in H1 2018;
- Net Financial Position of Euro 42.4m, with financial debt of Euro 79.6m and liquidity of Euro 37.2m at June 30, 2019:
  - Excluding M&A's, non-recurring cash outflows and the IFRS 16 effects, the NFP would be a negative Euro 55.4m (cash excess), improving Euro 8.1m vs. FY2018;
- Functions of the Control and Risks Committee on ESG issues supplemented, taking the name Control, Risks and Sustainability Committee.

**Rome, September 26, 2019** – 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 Consolidated Half-Year Report at June 30, 2019, drawn up as per IAS/IFRS international accounting principles. The key results are outlined below.

<i>Main economic and financial figures (Euro m)</i>	<b>1H2019</b>	<b>1H2018</b>	<i>Δ €m</i>	<i>Δ %</i>
Revenues	92.9	80.3	12.6	15.6%
Operating EBITDA Adjusted	19.3	16.1	3.2	19.9%
EBIT Adjusted	13.7	12.8	0.9	7.4%
Profit before taxes	12.4	12.3	0.1	0.7%
Profit before taxes Adjusted	13.0	12.3	0.7	5.9%
Group net result	8.9	8.8	0.1	1.6%
<i>Main balance sheet figures (Euro m)</i>	<b>1H2019</b>	<b>FY2018</b>	<i>Δ €m</i>	<i>Δ %</i>
Net Financial Position	42.4	(47.3)	89.7	-

<sup>(1)</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>(2)</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 of Bologna, acquired on May 6, 2019

<sup>(3)</sup> Operating EBITDA Adjusted defined as EBIT + depreciation & amortisation + provisions and write-downs + one-off costs (approx. Euro 0.6m) incurred and recognised during the half-year for the acquisition of Poliambulatorio Dalla Rosa Prati of Parma, Ospedali Privati Riuniti of Bologna and the additional minority holdings in Casa di Cura Prof. Nobili



## GHC Group H1 2019 consolidated key operating highlights

### Consolidated Revenues Overview

GHC's H1 2019 consolidated revenues amounted to Euro 92.9m, up from Euro 80.3m in H1 2018, a 15.6% increase driven by organic growth<sup>(2)</sup> (+0.9%) and the M&A component (+14.7%, relating to the acquisitions of Poliambulatorio Dalla Rosa Prati of Parma, contributing for 5 months, and of Ospedali Privati Riuniti di Bologna, contributing for 2 months).

Revenues 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>+15.6%</b>	<b>+0.9%</b>	<b>+14.7%</b>

### Consolidated Adjusted Operating EBITDA and Consolidated Operating Results 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 of Parma, closed on February 5, 2019, and of Ospedali Privati Riuniti, closed on May 6, 2019.

Operating EBITDA Adjusted amounted to Euro 19.3m, compared with Euro 16.1m in the previous year, reflecting 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 0.6m.

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

Op. EBITDA Adj. 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 component (22.6%) 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>+3.7%</b>
Organic margin (%)	20.5%	20.0%	+2.4%
M&A margin (%)	22.6%	-	-

The operating result adjusted for one-off M&A costs (EBIT Adjusted)<sup>(4)</sup> was Euro 13.7m, up 7.4% over Euro 12.8m in H1 2018. This reflects: (i) higher amortisation, depreciation and write-downs for approx. Euro 1.4m, of which Euro 0.9m concerning higher amortisation and depreciation from the introduction of IFRS 16 and approx. Euro 0.4m from higher amortisation and depreciation relating to the change in the consolidation scope following the acquisitions of Poliambulatorio Dalla Rosa Prati of Parma and of Ospedali Privati Riuniti

<sup>(4)</sup> EBIT Adjusted for IPO costs defined as EBIT + one-off costs (approx. Euro 0.6m) incurred and recognised during the half-year for the acquisition of Poliambulatorio Dalla Rosa Prati of Parma, Ospedali Privati Riuniti of Bologna and the additional minority holdings in Casa di Cura Prof. Nobili



of Bologna<sup>(5)</sup>; (ii) increased impairments and other provisions for approx. Euro 0.9m.

Financial management in H1 2019 resulted in net financial charges of approx. Euro 0.6m, increasing on Euro 0.4m for H1 2018, also due to the introduction of IFRS 16 which resulted in higher financial charges for approx. Euro 0.2m.

The Profit before taxes Adjusted for one-off M&A costs was Euro 13.0m, up 5.9% over Euro 12.3m in H1 2018.

### Consolidated Group Earnings Overview

The Group consolidated net profit for H1 2019 was Euro 8.9m, increasing 1.6% over Euro 8.8m in H1 2018.

This result was impacted by one-off costs of Euro 0.6m incurred and recognised during the half-year for the acquisition of Poliambulatorio Dalla Rosa Prati of Parma, Ospedali Privati Riuniti of Bologna and the additional minority holdings in Casa di Cura Prof. Nobili.

### GHC Group H1 2019 consolidated key balance sheet highlights

#### Consolidated Net Financial Position Overview

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

This figure, which includes the effect of IFRS 16, increased by Euro 89.7m on December 31, 2018.

The principal reasons for the changes to the NFP over December 31, 2018 were: i) non-recurring cash outflows of Euro 97.4m, of which: Euro 95.8m for M&A transactions<sup>(6)</sup>, Euro 0.6m for the treasury share buy-back programme, Euro 1.0m for the "ex-School" project in Genoa and for the Gravellona Toce project; ii) the change in the consolidation scope with the entry to the GHC Group, in February 2019, of the Poliambulatorio Dalla Rosa Prati of Parma (whose NFP at June 30, 2019 was positive for Euro 8.5m) and, in May 2019, of Ospedali Privati Riuniti of Bologna (whose NFP at June 30, 2019 was negative for approx. Euro 18.2m – net cash), iii) the increase in the financial debt from the application of IFRS 16 (for approx. Euro 10.0m). Against these changes, the Group in the period generated overall cash of approx. Euro 8.1 m.

Net Financial Position Euro millions	30/06/2019	31/12/2018	Change vs. FY2018
<b>Total</b>	<b>+42.4</b>	<b>-47.3</b>	<b>+89.7</b>

<sup>(5)</sup> This amount is net of the effect from application of IFRS 16, as this effect is already included in the previously indicated amount of Euro 0.9m

<sup>(6)</sup> Of which: Euro 2.6m for the acquisition of a further share of 42.80% in the share capital of Casa di Cura Prof. Nobili; Euro 17.6m relating to the acquisition of Poliambulatorio Dalla Rosa Prati; Euro 66.7m relating to the acquisition of Ospedali Privati Riuniti; Euro 3.2m relating to the residual share of 16.67% of Villa Garda not yet held by GHC (total value of the transaction of approx. Euro 4.1m: the remainder of Euro 0.8m will be paid in the second half of 2019); Euro 5.0m 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 0.6m of one-off costs incurred and recognised in the period on the execution of M&A transactions



### **Other Board of Directors' motions**

The Board of Directors today approved the supplementation of the Control and Risks Committee's functions with additional proposal and consultative duties regarding sustainability and ESG issues. The Committee took the name of Control, Risks and Sustainability Committee and currently comprises 3 Independent Directors.

### **Subsequent events**

#### **(i) Co-option of a new Director**

On July 3, 2019, the Board of Directors co-opted the Director Ms. Grazia Bonante, having verified her independence and therefore returning the number of directors to 11, in compliance with that decided by the Shareholders' Meeting. Director Grazia Bonante shall remain in office until the next Shareholders' Meeting, as per Article 2386 of the Civil Code.

At the same meeting of July 3, 2019, the Board also appointed the Directors Franca Brusco, Federico Ferroluzzi and Grazia Bonante as members of the Control and Risks Committee (also acting as the Related Party Transactions Committee) and of the Appointments and Remuneration Committee.

#### **(ii) Closing of the acquisitions of Centro Medico San Biagio S.p.A. and Bimar S.r.l.**

On July 25, 2019, following the signing of the preliminary purchase contract on June 26, 2019, the Company closed the acquisitions of Centro Medico San Biagio S.p.A. and of Bimar S.r.l.. The acquisition of Centro Medico San Biagio was executed through a vehicle company called GHC Project 3 S.r.l., entirely held by GHC, while the Bimar acquisition was executed directly by GHC S.p.A..

#### **(iii) Closing of the acquisition of Centro Medico Università Castrense S.r.l.**

On September 17, 2019, following the signing of the preliminary purchase contract on June 26, 2019, the Company closed the acquisition of Centro Medico Università Castrense S.r.l., acquiring on this occasion also the remaining 20% previously held by the Municipality of S. Giorgio di Nogaro. GHC therefore holds, following the closing, through GHC Project 3 S.r.l., 100% of the clinic.

#### **(iv) Closing of the acquisition of Aesculapio S.r.l.**

On September 19, 2019, following the signing of the preliminary purchase contract on July 17, 2019, the purchase by the subsidiary Hesperia Hospital of 100% of Aesculapio S.r.l., an accredited clinic based in San Felice sul Panaro, was closed. Aesculapio S.r.l., the largest clinic in northern Modena province and also a regional healthcare centre, operates both under the Emilia-Romagna Region accredited and private healthcare system providing services in some of the main outpatient specialties, including: radiology, urology, senology, paediatrics, pneumology, gynaecology, orthopaedics, ophthalmology, gastroenterology, endocrinology, ultrasound, dietetics, dermatology, magnetic resonance, surgery, angiology, cardiology and laboratory diagnostics.



## Outlook

For 2019, the Group shall continue to roll out its strategy focusing on the following objectives:

- continue to deliver high quality standards, representing the benchmark for covered patients and the private-private sector (out of pocket), thanks to a “patient centered” organisational model supported by top level medical staff and investment in cutting-edge infrastructure and technologies;
- achieve the full benefits from the synergies between the Group clinics;
- leverage the current Group “platform” to continue to pursue its Buy & Build strategy.

\* \* \*

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 GHC Group**

The GHC Group, listed on the Milan Stock Exchange, is an Italian accredited private healthcare leader operating through 24 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 seven regions in Northern and Central Italy (Piedmont, 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”).

\* \* \*

## **FOR FURTHER DETAILS:**

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**Consolidated Balance Sheet of the GHC Group at June 30, 2019 <sup>(7)</sup>**

<b>ASSETS</b> <i>Euro thousands</i>	<b>30/06/2019</b>	<b>31/12/2018</b>
Goodwill	52,181	38,815
Other intangible assets	63,191	14,053
Property, plant and equipment	139,285	93,145
Investment property	1,007	1,027
Equity investments	831	878
Other non-current financial assets	5,126	1,542
Other non-current assets	1,000	1,002
Deferred tax assets	4,276	3,250
<b>Total non-current assets</b>	<b>266,896</b>	<b>153,712</b>
Inventories	2,839	2,218
Trade receivables	53,475	35,239
Tax receivables	2,474	3,084
Other receivables and current assets	3,740	2,507
Other current financial assets	150	135
Cash and cash equivalents	34,150	92,287
Assets held-for-sale	3,051	-
<b>Total Current Assets</b>	<b>99,878</b>	<b>135,471</b>
<b>Total Assets</b>	<b>366,773</b>	<b>289,183</b>

<sup>(7)</sup> At June 30, 2019, the process of assessing the assets and liabilities of Poliambulatorio Dalla Rosa Prati and of Ospedali Privati Riuniti, acquired in the period, was still in the preliminary phase and therefore the calculated goodwill is still provisional



### Consolidated Balance Sheet of the GHC Group at June 30, 2019

<b>LIABILITIES</b> <i>Euro thousands</i>	<b>30/06/2019</b>	<b>31/12/2018</b>
Share capital	28,700	28,700
Legal reserve	310	60
Other reserves	149,013	136,507
Group result for the period	8,894	13,583
<b>Total Group Shareholders' Equity</b>	<b>186,917</b>	<b>178,849</b>
Minority interest capital and reserves	82	6,519
Minority interest result	8	486
<b>Total Shareholders' Equity</b>	<b>187,007</b>	<b>185,854</b>
Employee benefits	10,345	8,769
Provisions for risks and charges	8,970	6,150
Non-current financial payables	59,268	22,928
Other non-current liabilities	-	-
Deferred tax liabilities	28,535	8,385
Derivative financial instrument liabilities - non-current	13	11
<b>Total Non-Current Liabilities</b>	<b>107,131</b>	<b>46,244</b>
Trade payables	32,478	20,751
Current financial payables	20,438	22,142
Tax payables	2,452	394
Other current liabilities	17,267	13,798
<b>Total Current Liabilities</b>	<b>72,635</b>	<b>57,085</b>
<b>Total Liabilities</b>	<b>179,766</b>	<b>103,328</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>366,773</b>	<b>289,183</b>

### Consolidated Income Statement of the GHC Group for H1 2019

<i>Euro thousands</i>	H1 2019	H1 2018
Revenues from services	92,286	79,535
Other revenues	573	786
<b>Total Revenues</b>	<b>92,859</b>	<b>80,321</b>
Raw materials and consumables	12,802	11,600
Service costs	35,637	29,338
Personnel costs	21,651	19,815
Other operating costs	4,144	3,503
Amortisation, depreciation, and write-downs	4,569	3,188
Impairments and other provisions	1,003	121
<b>Total Operating Costs</b>	<b>79,806</b>	<b>67,565</b>
<b>EBIT</b>	<b>13,053</b>	<b>12,756</b>
Financial income	50	1
Financial charges	(795)	(583)
Results of investments at equity	100	154
<b>Total Financial Income and Charges</b>	<b>(645)</b>	<b>(428)</b>
<b>Profit before taxes</b>	<b>12,408</b>	<b>12,328</b>
Income taxes	3,506	3,343
<b>Net Profit for the period</b>	<b>8,902</b>	<b>8,985</b>
Attributable to:		
<b>Group Result</b>	<b>8,894</b>	<b>8,755</b>
Minority interests	8	230
<b>Basic and diluted earnings per share</b>	<b>0.11</b>	<b>0.15</b>

### Consolidated Cash Flow Statement of the GHC Group at June 30, 2019

<i>Euro thousands</i>	<b>30/06/2019</b>	<b>30/06/2018</b>
<b>Profit for the period</b>	<b>8,902</b>	<b>8,985</b>
<i>Adjustments for:</i>		
- <i>Amortisation and depreciation</i>	4,323	3,004
- <i>Provisions for employee benefit liabilities</i>	808	1,019
- <i>Provisions for risks and charges</i>	1,003	121
- <i>Doubtful debt provision</i>	246	185
- <i>Change in investments in associates valued under the equity method</i>	(100)	(154)
- <i>Change in other non-current assets and liabilities</i>	46	84
- <i>Net change in deferred tax assets and liabilities</i>	288	482
- <i>Change in fair value of derivative instruments</i>	2	-
- <i>Payments for employee benefits</i>	(1,089)	(1,125)
- <i>Payments for provisions for risks and charges</i>	(328)	(917)
<i>Changes in operating assets and liabilities:</i>		
<i>(Increase) decrease in trade and other receivables</i>	(9,911)	(3,933)
<i>(Increase) decrease in inventories</i>	(50)	190
<i>Increase (decrease) in trade and other payables</i>	4,001	3,257
<i>Other current assets and liabilities</i>	1,885	1,062
<b>NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)</b>	<b>10,026</b>	<b>12,259</b>
<i>Investments in intangible assets</i>	(69)	(58)
<i>Investments in tangible assets</i>	(1,514)	(1,055)
<i>(Investments)/Disposal of financial assets</i>	(5,000)	(7)
<i>Dividends</i>	100	-
<i>Acquisition of the Dalla Rosa Prati Group and Ospedali Privati Riuniti, net of cash acquired</i>	(70,228)	-
<b>CASH FLOW ABSORBED BY INVESTING ACTIVITIES (B)</b>	<b>(76,711)</b>	<b>(1,120)</b>
<i>Issue of medium-long-term loans</i>	20,000	-
<i>Repayment of medium-long-term loans</i>	(2,640)	(2,968)
<i>Issue/(repayment) of short-term loans</i>	(2,388)	(1,467)
<i>Purchase minority interest</i>	(5,866)	-
<i>Acquisition of treasury shares</i>	(558)	-
<b>NET CASH FLOW GENERATED/(ABSORBED) FROM FINANCING ACTIVITIES (C)</b>	<b>8,548</b>	<b>(4,435)</b>
<b>TOTAL CASH FLOWS (D=A+B+C)</b>	<b>(58,137)</b>	<b>6,703</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD (E)</b>	<b>92,287</b>	<b>22,635</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD (F=D+E)</b>	<b>34,150</b>	<b>29,338</b>
<b>Additional information:</b>		
Interest paid	<b>496</b>	<b>354</b>
Income taxes paid	<b>86</b>	<b>39</b>



### Consolidated Net Financial Position of the GHC Group at June 30, 2019

<i>Euro thousands</i>	<b>30/06/2019</b>	<b>31/12/2018</b>
A Cash	222	123
B Cash and cash equivalents	33,928	92,164
C Securities held-for-trading	3,051	0
<b>D Liquidity (A) + (B) + (C)</b>	<b>37,200</b>	<b>92,287</b>
E Current financial receivables	150	135
F Current bank payables	11,953	10,954
G Current portion of non-current debt	6,408	5,070
H Other current financial payables	2,091	6,129
<b>I Current debt (F)+(G)+(H)</b>	<b>20,451</b>	<b>22,153</b>
<b>J Net current financial debt (I) - (E) - (D)</b>	<b>(16,899)</b>	<b>(70,269)</b>
K Non-current bank payables	41,876	22,700
L Bonds issued	-	-
M Other non-current payables	17,392	228
<b>N Non-current financial debt (K) + (L) + (M)</b>	<b>59,268</b>	<b>22,928</b>
<b>O Net financial debt (J)+(N)</b>	<b>42,369</b>	<b>(47,341)</b>