



Press Release

GAROFALO HEALTH CARE S.P.A.: BOARD OF DIRECTORS APPROVES 9M 2019 CONSOLIDATED RESULTS

SOLID RESULTS IN FIRST NINE MONTHS: REVENUES OF €137.3M (+19.1%) AND OPERATING EBITDA ADJUSTED OF €26.0M (+17.3%)

MARGIN OF THE M&A PERIMETER AGAIN HIGHER THAN MARGIN OF THE ORGANIC PERIMETER

- Revenues of Euro 137.3m, up 19.1% over Euro 115.3m for 9M 2018, thanks to M&A perimeter contribution⁽¹⁾. Organic perimeter revenues⁽²⁾ of Euro 115.3m, in line with the same period of the previous year (Euro 115.3m);
- Operating EBITDA Adjusted⁽³⁾ of Euro 26.0m, up by 17.3% from Euro 22.2m in 9M 2018, with a margin of 19.0% (19.2% in 9M 2018):
 - Organic perimeter contribution of Euro 21.5m, slightly reducing on 9M 2018, with a margin of 18.7% and including Euro 1.4m of increased Holding costs to ensure full support for the operating companies and provide the Group with new process optimisation and monitoring tools;
 - M&A perimeter contribution of Euro 4.5m, with a margin of 20.4% (revenues from M&A perimeter of Euro 22.0m) - higher than the Group margin;
- Net Financial Position of Euro 93.1m, with financial debt of Euro 121.8m and liquidity of Euro 28.7m at September 30, 2019:
 - Excluding M&A's, non-recurring cash outflows and the IFRS 16 effects, the NFP would be a negative Euro 59.9m (cash excess), improving Euro 12.6m vs. 31.12.2018.

Rome, November 15, 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 9M 2019 results at September 30, 2019, drawn up as per IAS/IFRS international accounting principles.

Consolidated Revenues Overview

GHC's 9M 2019 consolidated revenues amounted to Euro 137.3m, increasing on Euro 115.3m for 9M 2018, with growth of 19.1% stemming from the M&A perimeter⁽¹⁾ (concerning the acquisitions of Poliambulatorio Dalla Rosa Prati, contributing for 8 months, of Ospedali Privati Riuniti, contributing for 5 months, and of Centro Medico S. Biagio and Bimar, contributing for 2 months), against an organic perimeter contribution in line with the previous year.

Revenues Euro millions	9M 2019	9M 2018	% vs. 9M2018	of which organic vs. 9M2018	of which M&A vs. 9M2018
Total	137.3	115.3	+19.1%	-	+19.1%

⁽¹⁾ From 2019, the M&A perimeter includes the results of Poliambulatorio Dalla Rosa Prati of Parma, acquired on February 5, 2019, of Ospedali Privati Riuniti of Bologna, acquired on May 6, 2019 and of Centro Medico S. Biagio and Bimar of Portogruaro, acquired on July 25, 2019. The 9M 2019 figures do not include the contribution of Centro Medico Università Castrense, acquired on September 17, 2019, and of Aesculapio, acquired on September 19, 2019, as deemed not relevant for the period considered

⁽²⁾ 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

⁽³⁾ Operating EBITDA Adjusted defined as EBIT + depreciation & amortisation + provisions and write-downs + one-off costs (approx. Euro 2.1m) incurred and recognised during the first nine months for the acquisition of Poliambulatorio Dalla Rosa Prati, Ospedali Privati Riuniti, the additional minority holdings in Casa di Cura Prof. Nobili and the acquisitions of Centro Medico S. Biagio, Bimar, Centro Medico Università Castrense and Aesculapio, between July and September 2019

Consolidated Operating EBITDA Adjusted Overview

Margin growth, in terms of Operating EBITDA Adjusted, was 17.3%, on the basis of the contribution of the new companies acquired in 2019 (+20.3%) and the reduced organic component contribution (-3.0%).

Operating EBITDA Adjusted amounted to Euro 26.0m, compared with Euro 22.2m 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 in the nine months by GHC in support of the acquisitions of the new companies and of the additional minority holdings in Casa di Cura Prof. Nobili. These one-off costs totalled approx. Euro 2.1m.

Operating EBITDA Adjusted reflects, in comparison with 9M 2018, lower operating costs of Euro 1.7m deriving from the introduction of the standard IFRS 16 and higher Holding costs of Euro 1.4m.

Op. EBITDA Adj. Euro millions	9M 2019	9M 2018	% vs. 9M2018	of which organic vs. 9M2018	of which M&A vs. 9M2018
Total	26.0	22.2	+17.3%	-3.0%	+20.3%

In 9M 2019, the Operating EBITDA Adjusted Margin of the Group was 19.0% (19.2% in 9M 2018): the margin on the M&A component (20.4%) was again higher than the Group margin.

Op. EBITDA Adj. Margin (%)	9M 2019	9M 2018	% vs. 9M2018
Margin (%)	19.0%	19.2%	-1.5%
Organic margin (%)	18.7%	19.2%	-2.9%
M&A margin (%)	20.4%	-	-

Consolidated Net Financial Position Overview

At September 30, 2019, GHC's Net Financial Position amounted to a positive Euro 93.1m, with financial debt of Euro 121.8m (including incremental debt of approx. Euro 16.3m due to the introduction of the standard IFRS 16) and liquidity of Euro 28.7m.

This figure, which includes the effect of IFRS 16, increased by Euro 50.7m on June 30, 2019.

The principal reasons for the changes to the NFP over H1 2019 were: i) non-recurring cash outflows of Euro 55.9m, of which: Euro 51.7m for M&A transactions⁽⁴⁾, Euro 0.3m for the treasury share buy-back programme, Euro 3.9m for expansion projects, including the "ex-School" project in Genoa and the Gravellona Toce project; ii) the change in the consolidation scope with the entry to the GHC Group from August 2019 of Centro Medico S. Biagio and Bimar (whose NFP at closing was negative for Euro 3.1m – net cash), iii) the increase in the financial debt from the application of IFRS 16 (for approx. Euro 6.3m, which includes additional Euro 6.7m from the acquisition of Centro Medico S. Biagio). Against these changes, the Group in the period generated overall cash of approx. Euro 8.4m.

Net Financial Position Euro millions	9M 2019	1H 2019	Change vs. 1H2019
Total	+93.1	+42.4	+50.7

⁽⁴⁾ Mainly due to: the acquisitions of Centro Medico S. Biagio, Bimar and Centro Medico Università Castrense between July and September 2019 (Euro 47.4m); the acquisition of Aesculapio, concluded on September 19, 2019 (Euro 2.35m); the residual component of the acquisition price for the 16.67% stake in Villa Garda not yet held by GHC (Euro 0.8m)



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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 data in this press release has 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 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").

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FOR FURTHER DETAILS:

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