

## MedLife (M)

**Hold**

### Interim Update – 2024 preliminary results

**Target price: 6.72 RON (+13.2%)**

#### Company key elements

- MedLife reported higher year-on-year financial results for 2024, exceeding our estimates. Revenue increased by 23% y/y (+3% vs. estimates), while EBIT grew by 56% y/y, coming in 4% above our estimates, with a margin of 5.2%, in line with expectations. The company's profitability improved, posting a net profit of RON 18.4 million compared to a loss of RON 4 million in 2023, though below our estimates, due to a doubling of corporate income tax vs. 2023.
- The net debt-to-EBITDA ratio improved to 4x in 2024, slightly better than our estimated 4.2x. For 2025, the company's management expects a gradual increase in margins, although the 2025 budget has not yet been published. As a result, we expect the pace of operating margin growth in 2025 to be below previous estimates, anticipating an EBIT margin of 5.7% and an average of 8.2% for the period 2025-2030, as we expect the share of operating expenses in revenue to decline at a slightly slower pace.
- Regarding the business line trends, five of the six segments recorded double-digit growth in 2024. Clinics remained MedLife's primary revenue driver, accounting for 37.6% of total sales, followed by hospitals (24.4%), laboratories (10.9%), corporate (10.9%), dentistry (4.6%), and pharmacies (2.5%). Growth across all segments was supported by sustained demand, new acquisitions, and rising average tariffs.
- For the upcoming period, the company aims to: complete the second phase of development at MedLife Craiova Hospital, expand its hyperclinic network by opening a new unit in the central-southern region of Romania, inaugurate a radiotherapy center in the northeast of the country, and develop facilities dedicated to mental health and fitness in Bucharest and other cities. Additionally, the company plans to strengthen its corporate business by launching new products.
- We value the company at a target price of RON 6.72 per share, with a potential upside of 13.2% from the closing price on March 13, 2025.
- Potential risks to our recommendation include economic instability, shortages of medical staff, intensified competition, tax levels, and the impact of potential health crises.

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#### Sector: Medical

#### Shares information

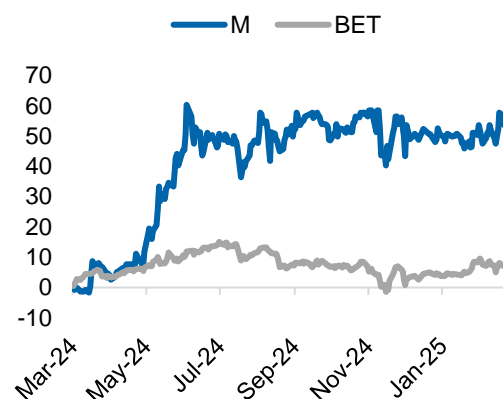
Min/max price, 52 weeks.	3.83 – 6.25
Total shares (mil.)	531.5
Market cap. (mil. RON)	3,157
52 weeks liquidity (mil. RON)	271

#### Shareholders

	%
Marcu Mihail	14.38
Cristescu Mihaela Gabriela	14.04
NN Pension Fund	13.24
Marcu Nicolae	10.28
Others	48.06

#### 1-year performance

	%
M	52.31
vs. BET Index	6.63



source: Bloomberg

## 2024 preliminary financial results

In 2024, MedLife recorded a 23% increase in revenue compared to 2023 (+3% vs. our estimates), with 16.7% driven by organic growth and higher demand for medical services in preventive care and complex interventions. All business lines experienced revenue growth.

At the operational level, the EBIT margin improved to 5.2% (in line with our forecast), up from 4.1% in 2023, with an operating result of RON 142.4 million (+55.6% vs. 2023). The EBITDA margin increased to 14.4%, compared to 13.1% in 2023. Third-party expenses and salaries declined slightly as a share of revenue, reaching 52.9% from 53.7%, respectively up 21% y/y. The net result turned positive at RON 18.4 million, compared to a loss of RON 4 million in 2023.

('000 RON)	2023	2024P	var	('000 RON)	Q4 2023	Q4 2024	var
Revenue	2.210.435	2.715.456	22,8%	Revenue	583.020	736.788	26,4%
COGS	-389.887	-499.215	28,0%	COGS	-102.930	-140.834	36,8%
<b>Gross Profit</b>	<b>1.820.548</b>	<b>2.216.241</b>	<b>21,7%</b>	<b>Gross Profit</b>	<b>480.090</b>	<b>595.953</b>	<b>24,1%</b>
Salary expenses	-543.024	-645.773	18,9%	Salary expenses	-140.100	-178.999	27,8%
General & admin. Expenses	-997.227	-1.178.573	18,2%	General & admin. Expenses	-265.535	-314.026	18,3%
Amortization and depreciation	-197.391	-249.298	26,3%	Amortization and depreciation	-56.492	-72.289	28,0%
Other income / (expenditure)	8.612	-196	-102,3%	Other income / (expenditure)	-3.252	-1.165	-64,2%
<b>EBIT</b>	<b>91.517</b>	<b>142.401</b>	<b>55,6%</b>	<b>EBIT</b>	<b>14.712</b>	<b>29.474</b>	<b>100,3%</b>
Financial expenses	-82.171	-101.171	23,1%	Financial expenses	-24.776	-22.568	-8,9%
Other financial income / (expenses)	-8.470	3.087	136,4%	Other financial income / (expenses)	-4.228	3.639	186,1%
<b>Gross Profit</b>	<b>4.299</b>	<b>44.317</b>	<b>930,7%</b>	<b>Gross Profit</b>	<b>-10.870</b>	<b>6.438</b>	<b>159,2%</b>
Income tax	-8.464	-25.960	206,7%	Income tax	2.902	-8.910	-407,1%
<b>Net profit</b>	<b>-4.165</b>	<b>18.357</b>	<b>540,8%</b>	<b>Net profit</b>	<b>-7.968</b>	<b>-2.471</b>	<b>-69,0%</b>
Net result before minorities	-4.165	18.357	540,8%	Net result before minorities	-7.968	-2.471	-69,0%
Minorities	-7.849	-7.189	-8,4%	Minorities	-4.526	-2.867	-36,6%
<b>Net result</b>	<b>3.684</b>	<b>25.546</b>	<b>593,4%</b>	<b>Net result</b>	<b>-3.442</b>	<b>396</b>	<b>111,5%</b>

source: MedLife, own calculations

In terms of business line trends, in 2024, the clinics remained the group's main revenue driver, accounting for 37.6% of total sales, with revenues increasing by 23% y/y. This positive performance was driven by a 13% increase in the number of visits and an 8.8% y/y rise in the average tariff.

The hospitals is the second-largest business line by revenue share (24.4%), recording a 38% increase in revenue (the highest growth rate among all segments). This growth was driven by an 18.5% rise in the number of patients and a 16% increase in the average tariff, reflecting a combination of price adjustments and a higher complexity of interventions, supported by investments in medical technology.

The laboratories segment represented 11% of total sales, recording the second-highest annual growth rate at 28%. This growth was driven by an 18% increase in the number of lab tests and an 8.3% rise in average prices.

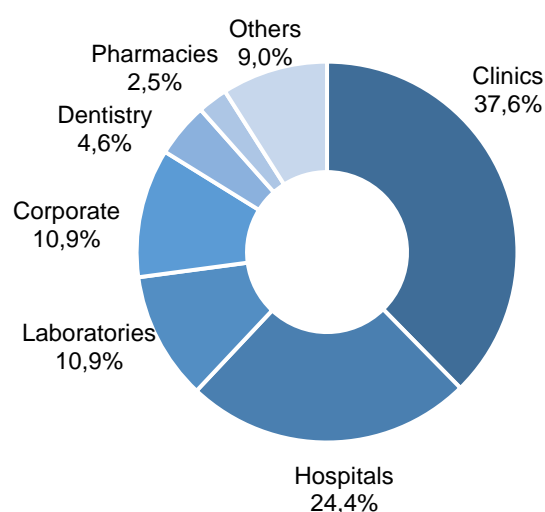
The corporate segment, which also represented 11% of total sales, recorded a 14.4% increase in revenue. This growth was driven by a 14.6% increase in prices, which offset a slight decline in the number of medical prevention packages.

The pharmacies segment, accounting for 2.5% of total revenue, saw a 14% increase in sales, driven by a 12% y/y rise in the average value paid by customers. The dentistry segment also maintained a positive trend, though with a more modest growth rate of 3% y/y. This was primarily due to a 3.2% increase in the average tariff, while the number of visits saw a slight decline.

2024P vs. 2023			
	Revenue trend	Number of visits	Average tariffs
Clinics	23,0%	13,0%	8,8%
Dentistry	3,1%	-0,1%	3,2%
Hospitals	37,7%	18,5%	16,2%
Laboratories	28,0%	18,2%	8,3%
Corporate	14,4%	-0,1%	14,6%
Pharmacies	14,0%	2,0%	11,9%

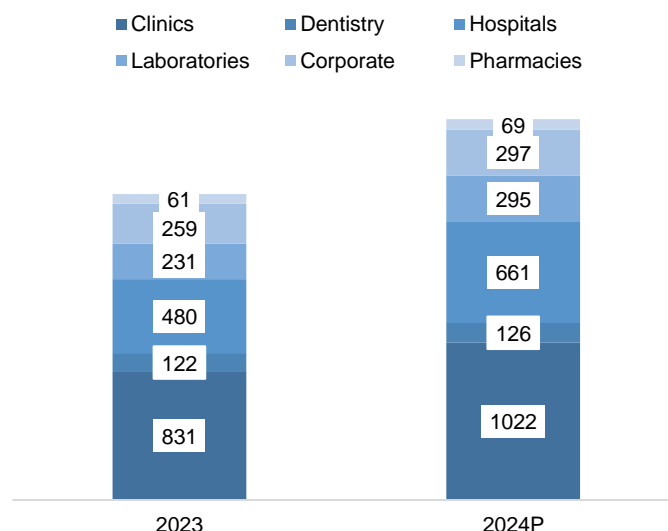
source: MedLife, own calculations

### Clinics remain Medlife Group's main sales unit in 2024



source: MedLife, own calculations

### 2024 marks the fifth consecutive year in which the Group has achieved revenue growth of over 20%



## DCF Valuation

We value the company at RON 6.72 per share, implying a potential upside of 13.2% from the current market price. We use a weighted average cost of capital of 10.6%, where we estimate the cost of equity at 16% and the cost of debt at 7%.

Other assumptions in our model include:

- BETA of 1.08, estimates as linear regression against the BET index;
- Market risk premium of 8.4%, estimated using the long-term yield of the BET index and the yield on a 10-year Romanian government bond yield;
- Terminal value estimated using a 3% growth rate and the weighted cost of capital.

<i>RON '000</i>	Estimated 31-Dec-25	Estimated 31-Dec-26	Estimated 31-Dec-27	Estimated 31-Dec-28	Estimated 31-Dec-29	Estimated 31-Dec-30
Revenues	3.131.909	3.596.309	4.113.721	4.430.861	4.699.326	4.940.353
% growth	18,7%	14,8%	14,4%	7,7%	6,1%	5,1%
<b>EBITDA adj.</b>	<b>460.433</b>	<b>559.819</b>	<b>680.800</b>	<b>742.579</b>	<b>760.561</b>	<b>752.780</b>
EBITDA M	14,7%	15,6%	16,5%	16,8%	16,2%	15,2%
<b>EBIT</b>	<b>176.995</b>	<b>270.316</b>	<b>349.646</b>	<b>403.619</b>	<b>401.063</b>	<b>374.843</b>
EBIT M	5,7%	7,5%	8,5%	9,1%	8,5%	7,6%
<b>EBIT*(1- Tax Rate)</b>	<b>148.676</b>	<b>227.066</b>	<b>293.703</b>	<b>339.040</b>	<b>336.893</b>	<b>314.868</b>
D&A	281.872	287.705	329.098	336.745	357.149	375.467
WCC	-12.528	-14.385	-16.455	-17.723	-18.797	-19.761
CAPEX	-219.234	-197.797	-226.255	-221.543	-187.973	-172.912
<b>FCFF</b>	<b>198.787</b>	<b>302.588</b>	<b>380.091</b>	<b>436.519</b>	<b>487.271</b>	<b>497.661</b>
<i>discount factor</i>	<i>0,90</i>	<i>0,82</i>	<i>0,74</i>	<i>0,67</i>	<i>0,60</i>	<i>0,55</i>
<i>NPV FCFF</i>	<i>179.664</i>	<i>247.171</i>	<i>280.612</i>	<i>291.270</i>	<i>293.857</i>	<i>271.252</i>

PV FCFF	1.563.826
PV Terminal Value	3.655.132
Terminal growth rate	3,0%
Company value	5.218.958
Net Debt	1.571.660
Minorities	74.159
<b>Company value</b>	<b>3.573.140</b>
No. Shares	531.482
<b>Price/share (RON)</b>	<b>6,72</b>
Market price (RON)	5,94
Upside/Downside	<b>13,2%</b>

source: BRK estimates

		Terminal Growth Rate				
		1,00%	2,00%	3,00%	4,00%	5,00%
Weighted Average Cost of Capital	9,50%	6,42	7,35	8,57	10,23	12,64
	10,64%	5,19	5,87	6,72	7,83	9,34
	11,50%	4,45	5,00	5,67	6,52	7,64
	12,50%	3,73	4,16	4,68	5,32	6,14

## Financial statements and estimates

('000 RON)	2024P	2025e	2026e	2027e	2028e	2029e	2030e
Revenue	2.715.456	3.131.909	3.596.309	4.113.721	4.430.861	4.699.326	4.940.353
COGS	-499.215	-569.513	-646.768	-731.593	-779.132	-812.241	-844.800
<b>Gross Profit</b>	<b>2.216.241</b>	<b>2.562.396</b>	<b>2.949.541</b>	<b>3.382.128</b>	<b>3.651.729</b>	<b>3.887.085</b>	<b>4.095.553</b>
Salary expenses	-645.773	-742.639	-839.182	-948.276	-1.043.103	-1.147.414	-1.262.155
General & admin. Expenses	-1.178.573	-1.359.324	-1.550.540	-1.753.052	-1.866.046	-1.979.110	-2.080.618
<b>EBITDA adj.</b>	<b>391.895</b>	<b>460.433</b>	<b>559.819</b>	<b>680.800</b>	<b>742.579</b>	<b>760.561</b>	<b>752.780</b>
Amortization and depreciation	-249.298	-281.872	-287.705	-329.098	-336.745	-357.149	-375.467
Other income / (expenditure)	-196	-1.566	-1.798	-2.057	-2.215	-2.350	-2.470
<b>EBIT</b>	<b>142.401</b>	<b>176.995</b>	<b>270.316</b>	<b>349.646</b>	<b>403.619</b>	<b>401.063</b>	<b>374.843</b>
Financial expenses	-101.171	-116.687	-107.889	-123.412	-132.926	-140.980	-148.211
Other financial income / (expenses)	3.087	3.560	4.088	4.676	5.036	5.341	5.615
<b>Gross Profit</b>	<b>44.317</b>	<b>63.868</b>	<b>166.515</b>	<b>230.910</b>	<b>275.729</b>	<b>265.425</b>	<b>232.248</b>
Income tax	-25.960	-25.878	-44.624	-57.514	-66.271	-65.965	-61.861
<b>Net profit</b>	<b>18.357</b>	<b>37.990</b>	<b>121.891</b>	<b>173.396</b>	<b>209.458</b>	<b>199.460</b>	<b>170.386</b>
Net result before minorities	18.357	37.990	121.891	173.396	209.458	199.460	170.386
Minorities	-7.189	3.799	12.189	17.340	20.946	19.946	17.039
<b>Net result</b>	<b>25.546</b>	<b>34.191</b>	<b>109.702</b>	<b>156.056</b>	<b>188.512</b>	<b>179.514</b>	<b>153.348</b>

source: MedLife, BRK estimates

Ratios	2024P	2025e	2026e	2027e	2028e	2029e	2030e
GPM	81,6%	81,8%	82,0%	82,2%	82,4%	82,7%	82,9%
EBITDA M adj.	14,4%	14,7%	15,6%	16,5%	16,8%	16,2%	15,2%
EBIT M	5,2%	5,7%	7,5%	8,5%	9,1%	8,5%	7,6%
NPM	0,9%	1,1%	3,1%	3,8%	4,3%	3,8%	3,1%

source: MedLife, BRK estimates

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This report was prepared by:

**Analyst**  
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Company	Symbol	Explanatory note No.
MedLife	M	5, 7, 10, 11

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