

Existing & After IPO Shareholding structure:

- ✓ Following offering, Marcu family will hold an interest of 51%, no sale
- ✓ IFC will hold a stake of minimum 5%, partial exit
- ✓ V4C will sell its entire stake of 36.25%, full exit

- ✓ Subscription period during 06 December to 15 December
- ✓ Offering 8,840,480 existing shares, representing up to 44% of the total number of existing shares of Medlife
- ✓ Maximum price of RON 35/share for a maximum amount to be raised of RON 309,416,800
- ✓ Admission to trading estimated for 21 December with final allocation at 15 December
- ✓ 15% offered to retail and retail assimilates and 85% to institutional side
- ✓ Special provisions: existing greenshoe option (over-allotment option) of 9% (803,680 shares) to provide additional price stability

Majority shareholders, Marcu family and IFC, in respect of its residual ownership interest in Medlife have agreed to provide customary lock-up arrangements of 6 months

The company will not raise new capital about the public offering and will not receive any of the proceeds

Business Highlights:

Medlife is the leading private provider of healthcare services in Romania and operates the most extensive nationwide network of clinics, a large medical laboratory network, general and specialist hospitals and has the largest base of healthcare prevention packages in Romania. Medlife is also one of the large private healthcare companies in Central and Eastern Europe (CEE) by sales.

Core activities are represented by six business lines, providing a well-balanced business portfolio that covers all key segments of the private medical services market:

- i) Corporate – occupational and corporate health care plans, including HPP (Health Prevention Packages)
- ii) Clinics – providing ambulatory/outpatient, diagnostic and imaging services
- iii) Hospitals – providing generalist and specialist inpatient services
- iv) Laboratories – providing a wide range of biological medical tests
- v) Pharmacies – located in certain Group facilities, providing prescription and over the counter drugs as well as related products
- vi) Stomatology – providing the entire range of stomatological services

As of 30 September 2016, the Group operated 36 clinics, 8 general and specialist hospitals, 24 laboratories with more than 143 sampling points, 9 pharmacies, 8 dental offices and served over a half million HPP clients throughout Romania – this makes the group the largest operator of private medical facilities in Romania.

Over 88% of revenues came from free-for-service and the sale of HPPs, generally to corporate customers, in 2015. Public funding sources represented only 12% of the Group's total revenue stream in 2015. For 2015, Group total sales reached RON 391m (EUR 88m) and EBITDA was at RON 55.7m (EUR 12.5m). During 9M'16, sales were at RON 361.5m (EUR 80.8m) and EBITDA was at RON 38.9m (EUR 8.7m).

Medlife has a track record of both organic growth and acquisitions – since 2009 has opened or acquired 83 facilities.

Sector data:

- ✓ Romania's population is 2nd in CEE after Poland and is forecast to have the highest GDP growth of all EU countries for 2016 – 4.96% based on IMF and October 2016 World Economic Outlook; convergence of economy to that of the rest of EU is expected to increase disposable income and consumption, including for private healthcare.
- ✓ Healthcare per capita remains underfunded compared to other European countries, with lowest absolute and per capital level of GDP dedicated to healthcare, as per market intelligence company specialized in the sector (PMR), 2016-2021 average compound annual growth rate for development of private healthcare in Romania should be above CEE countries like Poland, Czech Republic and Hungary.

Our view upon IPO price offering:

RON	2013	2014	2015	9m 2016	2016 annualiz.	Y/Y grwt
Operating revenues	305,780,220	337,225,813	288,262,151	362,117,679	482,823,572	67%
EBITDA	45,995,193	52,092,016	55,739,617	38,858,608	51,811,477	-7%
EBIT	20,077,585	26,311,756	28,991,476	11,438,003	15,250,671	-47%
Profit net	-4,322,320	7,655,952	9,575,155	43,138	57,517	-99%

Active	335,742,091	354,223,203	384,732,965	438,047,490
Capitaluri	66,747,893	76,817,879	87,196,492	91,257,608
Debt total	268,994,198	277,405,324	297,536,473	346,789,882
Debt-to-asset ratio (%)	80%	78%	77%	79%

	Peers Avg.	IPO price	Pr/Disc (%)
EV/Revenues	1.70x	1.46x	17%
EV/EBITDA	9.60x	13.57x	-29%
P/BV	5.68x	7.71x	-26%
P/EPS	28.00x	n/m	n/a

No of shares	20,092,000
IPO stake 44%	8,840,480
IPO price RON	35
IPO value RON m	309,416,800
Company fair value RON m	703,220,000
Shares	20,092,000
Nominal Value RON	0.25
Share capital RON m	5,023,000

IPO price resulting multiples

EV/ Revenues	2.30x	2.09x	2.44x	1.94x	1.46x
EV/EBITDA	15.29x	13.50x	12.62x	18.10x	13.57x
P/BV	10.54x	9.15x	8.06x	7.71x	
P/EPS	n/m	91.85x	73.44x	n/m	

EV estimated	530,097,816	Pr/Disc (%)
Fair price estimated		26 -25%
EV/Revenues	574,560,051	29
EV/EBITDA	497,390,182	25
P/BV	518,343,213	26
P/EPS	n/a	n/a

Considering some minor calculus and comparison of the multiples resulted from IPO price and multiples of pharmaceutical/healthcare companies listed internationally, we consider the stock price overvalued by some 25%-to-30%, which would imply that a fair price would around RON 26/share. We motivate our rationale based on following assumptions:

- International pharmaceutical/healthcare companies trade at average EV/revenues of 1.7x, EV/EBITDA of 9.6x and P/BV of 5.68x;
- Resulting multiples from IPO price are around 30% above those of international peers; EV/revenues (based on 2016 annualized figure) looks at a premium of 17% above peers' similar multiple in unadjusted terms. We find irrelevant this premium due to business volumes lines and volumes as well as country risk dissimilarities, disregarding the growth potential and gap to be recovered between emerging and developed countries, which pinpoints to a discount to the 1.7x peers' multiple of at least 30% - by comparison, one of largest peer activating in pure healthcare business has revenues of at least 4.6x higher;
- We find irrelevant also the P/EPS multiple due to high leverage of the subject company;
- Subject company carries a debt-to-asset ratio of 80% on average, which would imply also some discounts based on EV/EBITDA multiple, which instead we applied none.

Hence, our average price estimate with only a 30% discount applied bulk, without further digging among various business model dissimilates, risks and growth opportunities, would reach to a fair price of RON 26/share, a discount of 25% compared to the current IPO price. At the lowest end, a share price of RON 15/share could also be easily grounded. At first glance, we view the stock overvalued.

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