



“GHC Results 1Q2025 Conference Call”

Thursday, 15 May, 2025, 1:00PM CET

MODERATORS: Mrs. Maria Laura Garofalo, CEO
Mr. Alessandro Maria Rinaldi, Chairman of the BoD
Mr. Luigi Celentano, Chief Financial Officer
Mr. Riccardo Rossetti, Head of Administration and Reporting and
CEO of GHC Real Estate
Mrs. Claudia Garofalo, Head of Finance
Mr. Mimmo Nesi, Investor Relator & Chief Sustainability Officer



OPERATOR: Good morning, this is Chorus Call operator. Welcome to the presentation of the first quarter 2025 results of the GHC Group. After the initial presentation there will be an opportunity to ask questions. I would now like to hand over the floor to Mr. Mimmo Nesi, Investor Relator and Chief Sustainability Officer of the GHC Group. Mr. Nesi, please.

MIMMO NESI: Good afternoon everyone, thank you very much as usual for the time and opportunity. As you have seen, the company has published the press release regarding the results for the first quarter of 2025. I remind you that the call will be in Italian and the transcript will also be published in English shortly. I will briefly introduce who is here from Rome, so obviously the CEO of the GHC Group, Mrs. Maria Laura Garofalo; the Chairman of the Board of Directors, Mr. Alessandro Maria Rinaldi; the CFO, Mr. Luigi Celentano; Mr. Riccardo Rossetti, CEO of GHC Real Estate and Head of Administration and Financial Statements of the Holding; Mrs. Claudia Garofalo, Head of Finance. At this point I will hand over the floor to the Group CEO for an initial introductory comment on the results, and then of course there will be room for your questions. Please.

MARIA LAURA GAROFALO: Good morning, everyone. We are pleased with these results, which show a significant increase in turnover compared to the previous year. As far as EBITDA is concerned, we have a slight decrease compared to the previous year, but this is solely the result of strategic choices that we consciously opted for with respect to the definition of the performance case mix, which will benefit us above all in the course of the year and thus in the following quarters. Let me give a practical example to understand what we are talking about. We have, for example, increased robotic prosthetic orthopaedic surgery services in some of the Group's facilities, which obviously cost more than the traditional method, but this has allowed us to bring in teams of important professionals, who have a good number of non-regional and private patients. We have therefore consciously made strategic choices of this kind, and moreover turnover, which showed quite significant growth during the quarter, did not even express its full potential for some facilities. Let me give you an example with respect to the Rome Group, where, moreover, private business has increased significantly compared to the previous year, but we have slowed down our activity in accreditation. You know very well that we present the quarter, so each quarter is a reporting in itself, but in fact the output that we provide in accreditation, therefore within the budget, is produced very easily over the year. Generally speaking, facilities start off with their foot on the accelerator in the first half of the year, because



they have a waiting list that is blocked at the end of the year due to the exhaustion of the budget, so they push in the first half of the year.

This was not the case for either European Hospital or Aurelia Hospital. Keep in mind that Aurelia generally always closes the year with a small extra budget, so it also has a budget that is currently underestimated compared to its capacity.

Why this slowdown? The slowdown has affected outpatient diagnostic activities, for example, because we, also in anticipation of the Heart Centre that we are building, as you know, have changed the MRI. We have replaced the old MRI with a new MRI of the very latest generation, which also allows us to perform examinations more quickly and, above all, will be very efficient for cardiac MRIs.

But what did this entail? With the disposal of the old MRI and the installation of the new one, two months of downtime.

Obviously it goes without saying that the counters are now 'bursting at the seams' for bookings, we are in fact also considering whether to open a new counter, but we have to assess the costs well. However, we have also put in place an automatic response systems that allow us not to lose the patient who does not have an immediate response.

Then we also had this decrease in trauma. The traumas all arrive via Emergency Room, then via 118. There has been a slight decrease, of course we realised this, we talked to 118 and the flow of traumas is now also overabundant.

So we will have these recoveries that will add up to what you can see, which is the increase in turnover that we have achieved and which will then allow us to cover our fixed costs in a super abundant manner.

I will leave the room perhaps for questions, so that we can be more specific in the information we give you.

OPERATOR: We will now begin the question and answer session. The first question is from Isacco Brambilla, of Mediobanca.

ISACCO BRAMBILLA: Good morning everyone. I have two questions, on my side.
The first one is on the Capex plan. In the first quarter there was not a very strong acceleration: if you can give us a comment on how you expect the development during the rest of 2025.
The second question is also on the cash flow side: if you can give us some more details on the working capital dynamics, what happened in Q1 and how you expect the situation to normalise from April onwards.
Thank you.

LUIGI CELENTANO: Good morning. On the subject of Capex, actually if we compare the investments with what we did in the quarter last year, we see an increase of about 20 per cent. It has to be said that in our Capex plan for this year there were two



important investment tranches, related to expansion projects, most notably the Heart Centre project. It is clear that the most important component of these Capex will materialise in the second half of the year.

From this point of view, our Capex plan remains unchanged from what we indicated at the beginning of the year and the dynamics of this first quarter are also substantially in line with our initial forecasts.

As for the dynamics of cash flow, hence of NFP, in this first quarter it is affected by a slowdown in Net Working Capital, mainly driven by trade receivables, which grew.

This does not surprise us, in the sense that if you went and analysed our quarterly reports, even from previous years, you would see more or less the same working capital dynamics. In part, this is due to a physiological issue of collections versus production, i.e. in the first quarter of the year our facilities provide services, and thus realise production, significantly higher than in the last quarter of the previous year. This production is then collected later, during the second quarter, while in the first quarter the lower production realised in the last quarter of the year is collected. This is a physiological phenomenon, related somewhat to the seasonality of the activity that characterises our facilities.

In addition to this, there is also another phenomenon, which concerns out-of-region activity disbursed beyond the financial threshold. You know that the regions set a limit for facilities at the beginning of the year, exclusively financial. Anything produced in excess of this financial limit, which is then paid regularly, is regulated later.

It is usually settled when the interregional mobility balances are defined, and this happens about a year and a half after the end of the financial year.

Since we produce significant out-of-region activity, we have this somewhat rolling effect on this out-of-region activity.

In this quarter then there were some slowdowns in collections, due to technical issues, invoice approvals and activities, but these have already returned in April.

It is an absolutely regular trend from our point of view, in the sense that it does not present us with any particular surprises and is basically in line with our expectations and our cash flow and NFP target that we have on 2025.

ISACCO BRAMBILLA: Thank you very much. If I may, an additional question, more on the CEO side perhaps: in the press release you mention some further potential budget increases under discussion in Lazio, in general if you can give us a picture of how discussions on these issues are evolving with the regional authorities.

MARIA LAURA GAROFALO: As far as budget increases are concerned, in Lazio we have had them, as you know, on outpatient specialisation, on general medicine, and on rehabilitation.



I am trying to get another small increase of about half a million euro on general medicine.

What is happening in Lazio, which we are negotiating at the association level, is that we are planning an increase in tariffs, the Region should have made itself available as of 1 June, on territorial activities, by which we mean hospices, RSAs, and psychiatric activities.

The tariffs, which had stood still for many years, were to be revised. The Region thought it would revise them from next year, but it found itself, within the availability to be disposed of in this area, the territorial area, some extra resources, so it communicated to the association that it would increase these tariffs by 10 per cent from 1 June.

We are still discussing this, because on one particular module, acute psychiatry, we are debating an increase that should be higher.

Certainly, if it goes through as it looks like it will, we should have a significant increase from 1 June, which of course all goes to EBITDA.

As far as budget increases are concerned, we expect increases on Friuli-Venezia Giulia. Basically, they have allocated EUR 20 million to private to reduce waiting lists and to reduce the movements of patients from Friuli to other regions.

For sure, therefore, there will be an increase in the budget for both the Sanatorio Triestino and the Centro Medico Università Castrense. The allocation criteria have not yet been established, that is, how this 20 million euro fund will be distributed among the various facilities. In part the criteria will refer to history and in part to other requirements and criteria, which may be the presence in an area where there is a greater outflow of patients, or the facility's production capacity.

In any case, we expect a significant budget increase on both the Sanatorio and the Castrense.

Similarly, we are negotiating on GVDR in Veneto further budget increases, again for waiting lists.



OPERATOR: The next question is from Emanuele Gallazzi, Equita. Please.

EMANUELE GALLAZZI: Good afternoon everyone. I have four questions.

The first one is on the growth in the first quarter. We saw this +1.9%, on a challenging comparison basis, as you indicated at the beginning of the speech. I was wondering if you could give us more details on what were the dynamics of growth between out-of-region, which I saw you indicated was growing strongly, the private share and the National Healthcare Service share.

LUIGI CELENTANO: In the 2% growth recorded quarter-on-quarter, the out-of-region business, which for us, like the private business, represents an important growth lever, is certainly the main driver. The out-of-region business quarter-on-quarter grew by 6.5%.

Private is basically in line with last year's quarter in this first quarter. I remember that last year the private sector had a higher space, with an important growth just then, quarter on quarter in 2023.

This is an issue, therefore, that basically does not worry us at all, also in view of what the CEO said earlier, i.e. the choice of favouring a certain type of activity over others, which evidently committed production capacity and space, not allowing that growth in the private sector that we expected to see this year as well, at least in the first quarter.

Already in April I can tell you that we recorded a growth in the private sector, as well as greater activity and higher revenues overall than in the same month last year.

This is a dynamic mainly related to time phasing and operational planning choices.

EMANUELE GALLAZZI: The second question was partly related to what was said about Friuli-Venezia Giulia. We have read a lot over the last few months on the subject of waiting lists, and I was wondering if you could give us a little bit of your point of view on what is happening, at least in the regions where you are present, from the point of view of waiting lists, and if, in addition to what you have indicated about Friuli-Venezia Giulia, there are other measures put in place by the regions to reduce this issue.

MARIA LAURA GAROFALO: This is an issue that concerns all the regions a little, but, as you know, apart from the increases I mentioned, the others are defined during the course of the year. There have been years in which they were communicated to us at the end of September.

I certainly expect budget increases anyway, possibly also in other regions. The topic is also being discussed at tables where, in parallel, the application of the new nomenclator for outpatient specialisation is also being discussed.



The initial attempt by the government, but the regions failed, had been to increase outpatient services by decreasing the tariff. Obviously, by decreasing the tariff, you have to do more services to reach that budget.

You know that as far as we are concerned, the nomenclator has had and is having a very marginal effect on the group overall. An important discussion table is being held in the Veneto Region, which instead has the problem of having to reduce waiting lists.

Let's say that we are on the tables with a strong bargaining power with regard to the nomenclator, but some regions, in order not to lose their bargaining power, have not allocated the extra-budgets immediately, to discuss them in parallel with the application of the nomenclator.

The trade associations, however, are fortunately very focused on this aspect, so I notice, especially on the table that interests us most, which is the Veneto one, at each meeting a step forward on our part.

This is somewhat the overall situation.

EMANUELE GALLAZZI: The third question, however, is on the guidance for the year, of the approximately EUR 480 million turnover, approximately EUR 84 million EBITDA and EUR 190 million net debt: whether these are fully confirmed or whether you see any variation on these targets.

LUIGI CELENTANO: We have also tried to reflect this view of ours in the press release, in the sense that these results are consistent and in line with our growth targets for the year, and therefore with partials that would allow us to achieve that growth in the guidance during the year.

In summary, at the moment we fully confirm the guidance on all the main economic and financial parameters.

EMANUELE GALLAZZI: Last question, the usual one: is there any update on the M&A front, or at least on the pipeline of potential targets?

MARIA LAURA GAROFALO: Yes, we are “on the ball”. I don't know what you can say and what you can't say, but we are strongly “on the ball”.

OPERATOR: Mr. Nesi, currently there are no questions.

MIMMO NESI: Perfect. At this point we remain at your complete disposal as the IR office and hope to hear from you or meet you in person in the coming weeks. Thank you very much for your time and see you soon.