"GHC Results FY2025 Conference Call"
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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
Mr. Marco Manili, Head of Finance, Planning and Control of Aurelia Hospital Group
Mr. Mimmo Nesi, Investor Relator & Chief Sustainability Officer

OPERATOR: Good morning, this is Chorus Call. Welcome to the GHC Group's FY2025 results presentation. Following the initial presentation, there will be an opportunity to ask questions. I would now like to hand over to Mr. Mimmo Nesi, Investor Relator and Chief Sustainability Officer. Mr. Nesi, please go ahead.

MIMMO NESI: Thank you very much, good afternoon everyone, and thank you as always for your time and attention. As you will have seen, we have published the press release regarding the 2025 results, which we will be discussing today. I would just like to remind you that the call is being conducted in Italian and the transcript will be made available shortly in English on the company's website. I will briefly introduce those here in the room from Rome: naturally, the Chief Executive Officer of the GHC Group, Mrs. Maria Laura Garofalo; the Chairman of the Board of Directors, Mr. Alessandro Maria Rinaldi; the Group CFO, Mr. Luigi Celentano; the Head of Administration and Reporting, as well as Chief Executive Officer of GHC Real Estate, Mr. Riccardo Rossetti; and Mr. Marco Manili, Head of Finance, Planning and Control at the Aurelia Hospital Group. At this point, I will hand over to the Chief Executive Officer for an initial overview, after which there will, of course, be time for your questions.

MARIA LAURA GAROFALO: Good evening, everyone. I'd like to begin by pointing out that I've noticed our share price has fallen following the announcement of our results, so I'd say that, despite the fact that all our performance figures and indicators have improved, the market hasn't taken kindly to them. More was expected. I feel sorry for those who haven't grasped the underlying story behind these figures, as they've missed out on a great opportunity. It is no coincidence that I intend to buy back this share, because this is a golden opportunity for those who understand the Group's strategic vision. Because, in fact, as soon as the results were announced, I believe there wasn't even time for investors or analysts to ask themselves why, compared to expectations or the consensus, there was this very modest decline in EBITDA? Essentially due to two factors, which are completely unrelated to management and are one-off events.

Firstly, 1.5 million relates to a 2017 claim against Aurelia Hospital, a case which the hospital lost at first instance; however, it is so confident of its chances of success on appeal that it has already lodged an appeal. This confidence stems from the fact that, at the same time as the civil case was brought, a criminal case was also filed against the doctors, in which the judge requested a court-appointed expert report. This report found in favour of the hospital and the doctors in particular, who were fully acquitted. This same expert report will therefore certainly play a role in the civil appeal, and we may even see a positive contingent asset in future years.

The remainder mainly concerns the management of the Friuli-Venezia Giulia thermal spas. As you know, when we purchased Sanatorio Triestino, it already held the management rights for the Friuli-Venezia Giulia thermal spas, namely the Arta Thermal Spa and the Monfalcone Thermal Spa. As there has been a significant increase in energy and district heating costs at the Arta Thermal spa, as well as in consumption – due to the construction of a large new swimming pool that requires heating – this has led to a substantial rise in costs, resulting in a loss of half a million euros. Fortunately, the nine-year contract expires in April and, naturally, this contract will not be renewed.

These are, therefore, two factors that have nothing to do with our operating performance; they are somewhat unique and could even lead to extraordinary improvements in the coming financial years. It goes without saying that a decline in EBITDA – fortunately accompanied by an increase in depreciation and amortisation – also has an impact on profit, but frankly, I have the confidence to invest, because all our companies already have very high profit margins; they are fundamentally sound and remain so, because I can say with confidence that, despite the increase in depreciation and amortisation, the Group's debt is very, very low and remains at a leverage ratio of 2.4x.

We are therefore dealing with a company which, first of all, operates in a a-cyclical sector – which, at times like these, is perhaps one of the few areas worth investing in. Secondly, it is a Group that is capable of making informed investments to create value; one that manages, despite substantial investments, to maintain a very low level of debt and, above all, to generate a return on capital. What exactly were we hoping for? Higher profits and not making those investments that will instead lead us to create, for example in Rome, something unique at a national, if not international, level? Because thanks to the investments we have made, are making, and which will be completed by the end of 2026 in Aurelia, this will become a 'war machine' that will surprise not so much you as us. Because every time I hold meetings with my team, and they remain cautious in their project assumptions, I keep telling them each time: "You don't realise that this forecast is too cautious." But why? Because I can already see, as we move forward and engage with the Region, tremendous growth opportunities that are not factored into my team's forecasts. Starting with a new 30-bed ward within the RSA, which the Region has already approved for us on the first floor of the Casa di Cura Città di Roma – a space that will remain vacant following the transfer of the medical department to the European Hospital; given that today the Lazio Region, no longer under "special administration" but still under a "recovery plan", does not reimburse non-regional patients beyond the regional ceiling. This is because, under a national regulation, regions under a "recovery plan" must also reimburse non-regional patients within the so-called regional budget. But the Region, which has already emerged from special administration and is already more or less breaking even, will soon declare itself out of the "recovery plan", and at that point a facility like the Aurelia Hospital, which will be unique in Italy, will benefit from incredible opportunities in terms of non-regional patients. Because ours is a state-of-the-art Heart Centre, which will make a difference and transform Aurelia Hospital not only because of the latest-generation equipment to be installed, which is equipped with highly advanced artificial intelligence, but also because of the logistics behind the design of this new wing, which will house the operating theatres—both for multi-specialist surgery, with an attached multi-specialist intensive care unit, and for cardiac surgery, with an attached multi-specialist resuscitation unit. In other words, there will be a seamless flow of care, as there will be a direct route to the operating theatre; once operated on, the patient will enter the recovery room directly through a door from the operating theatre, which is also equipped with state-of-the-art equipment, cutting-edge monitors and so on. Once the 24–48 hours in intensive care are over, the patient will be transferred directly to the ward; so the uniqueness lies precisely in how this Heart Centre has been designed. We are already being approached by surgeons, because the other operating block, which covers all other surgical specialities, is based on the same concept. So all surgeons, even those from the north, the best surgeons, are already asking to come to us, because it is now well known what will be done within the facility and this will create value.

I almost get emotional thinking about what Aurelia will become, knowing what it used to be and what a brilliant deal we struck in buying this Group – let me put it bluntly – for a song, because the purchase price also includes the value of the real estate assets.

Incidentally, I'd like to add that I'm also very pleased with our latest acquisition, namely Casa di Cura Città di Roma, which was finalised in January this year, because we've concluded the agreement with the Region and initiated the various authorisation and accreditation procedures for the reallocation of the various wards across the three facilities: Aurelia Hospital, European Hospital and Città di Roma. I won't bore you with the details as I don't want to confuse you, but essentially this project envisages that Città di Roma will become a post-acute care facility. It currently treats acute cases, which will be moved to European Hospital; it will therefore close its operating theatres and, in their place, build a large diagnostic centre, which will operate both under the public healthcare system, with an increased budget, and privately, so it will have 80 nursing home beds, plus the 30 I am requesting, which will allow us to reach 110 nursing home beds, plus 54 for inpatient rehabilitation, plus two large, modern haemodialysis units.

The European Hospital will become a medium-complexity surgical facility, both private and accredited, whilst the Aurelia Hospital will become the mega-hospital, the 'war machine' I was referring to.

I am therefore very pleased for the investors who have taken a long-term view and who have perhaps grasped the essence of the project, and that we do not disappoint when it comes to what we announce. If anything, for reasons beyond our control, the project may be delayed by a few months, and this is what has happened, because the Heart Centre, which was due to be completed by November 2026, experienced a delay in obtaining the building permit, as we were held up for several months at the Civil Engineering Department due to a procedure that could not be finalised. This project by the Città di Roma, which is completely transforming all three facilities, was also due to start on 1 April, but the finalisation of the project and the agreement we drew up with the Region, which has been approved by the Regional Council, only came through yesterday, because, as we know, in Italy things tend to slow down when it comes to bureaucracy. Applications will now be submitted, so the project will likely start in June, and this obviously means a delay in the results, but not a loss of results.

I am therefore very pleased for us and for myself, absolutely delighted for the loyal investors who believed in the project, and above all that we have always upheld, respected and met the expectations of those who believed in us; I feel sorry for those who spent a minute reading the figures without perhaps asking themselves why. Let us not forget, moreover, that all the figures show a marked improvement compared to those of 2024.

Forgive me for the emphasis, but as I experience this first-hand, I experience these companies right on my own skin, and this project, which I have very clearly in mind, I experience first-hand and I am dedicating myself to it body and soul, and I am happy and enthusiastic because every day I see this reality taking shape, because with these modern construction techniques every day I see this building site taking shape; I am very personally involved. But this is also the positive side of the situation, because when the entrepreneur is so deeply involved and has such clear ideas, then in the end they press ahead with courage in what they believe is right for the company and for those who believe in the company.

The share price has fallen, but I hope there will be a shake-up in the shareholder base, with investors who will be able to appreciate and interpret this company's figures more effectively. The company is in excellent financial health, as it is growing through substantial investment whilst keeping its debt levels very low and delivering a return on capital; so I'm pleased to see other investors coming on board who can then benefit from this value creation. I'll stop there and perhaps hand over to the analysts for any relevant questions.

OPERATOR: We will now begin the question-and-answer session. The first question is from Emanuele Gallazzi of Equita.

EMANUELE GALLAZZI: Good afternoon everyone, thank you very much for the introduction. I'd like to start with three questions. The first concerns 2026: could you provide us with guidance on Revenue, EBITDA and Net Financial Position, particularly in light of what you said about the delays regarding the Roman perimeter?

The second point, however, relates specifically to the Rome project. I was wondering whether it is reasonable at this stage to expect 2026 to be essentially flat and then to envisage an acceleration, particularly in terms of margins, from 2027 onwards with the new Heart Center fully operational; and specifically on this: is it correct that, if I have understood correctly, there is a delay of around six months; you were expecting it in November 2026, so is it more reasonable to expect it between the first and second quarters of 2027?

The final question concerns the Capex plan. For 2025, you have posted investments of 33.5 million. I was wondering if you could give us an indication for 2026 and whether 2027 will be a “normalized” year, in which we can expect only maintenance Capex of around 20 million, or if there are further investments within the organic perimeter that you have budgeted for in 2027. Thank you.

LUIGI CELENTANO: Good afternoon, I’m Luigi Celentano. First of all, thank you for your questions; I’ll try to go through the points and provide answers that are as clear as possible.

With regard to 2026, overall we expect Revenue growth of around 3% compared to 2025. This contribution essentially stems from the inclusion of Città di Roma within our perimeter. Although, as the Chief Executive Officer mentioned, 2026 will be a year of transition for Città di Roma, marking the full shift from an acute care facility to a rehabilitation facility – i.e. post-acute care – with the launch of the nursing home wards as well. In terms of margins, we essentially expect 2026 to be in line with the 2025 EBITDA margin. The other point concerned Net Financial Position. Regarding NFP, we essentially expect an EBITDA-to-debt ratio of around 2.5 times, which is slightly higher than this year’s 2.4x.

EMANUELE GALLAZZI: If I may, just to clarify: so you’re projecting organic Revenue that is broadly flat, excluding the addition of Città di Roma, and in terms of EBITDA, that amounts to around 83–84 million?

LUIGI CELENTANO: Correct. As regards Net Financial Position, I mentioned a leverage ratio of around 2.5 times, so it is easy to translate this into specific figures. Bear in mind that the 2026 NFP also reflects the acquisition and completion of the deal for Città di Roma, which took place in January, so its impact on the NFP is reflected in the 2026 figures.

In terms of investment, 2026 will see the completion of construction work on the Heart Center and the continuation of other investments in organisational restructuring, as well as the two major investments we are pursuing at Hesperia

Hospital and Domus Nova in Ravenna. These are two investments that are also very important to us because they will enable us to create the conditions for these facilities to increase their production capacity, and their service capacity, both with a view to securing larger budgets and to developing out-of-pocket business. In terms of total Capex, we estimate around 40 million for 2026 – also to help you understand the dynamics of the Net Financial Position – of which 20 million relates to the completion of the Heart Centre and the remaining 20 million to maintenance investments and the other investments I have just mentioned.

MARIA LAURA GAROFALO: Excuse me for interrupting, but what Mr. Celentano said is very important – namely, that these are vital investments in development, enabling us to increase our production capacity.

In fact, at Hesperia Hospital, the investment involves the construction of a new operating theatre, and at Domus Nova, the investment involves relocating the dialysis unit at San Francesco, also in Ravenna, to a currently vacant area, so that Domus Nova can free up those premises and build a new 20-bed ward. These are therefore all investments that will subsequently lead to an increase in revenue and, consequently, in EBITDA.

LUIGI CELENTANO: As for the other question, regarding the Aurelia Group, we actually expect growth in 2026 in terms of Revenue, as we mentioned earlier, but also in terms of margins. What we believe will be more or less in line with 2025 concerns the rest of the Group's perimeter, although I would point out that this already has a margin of 19%. This area could be further improved should additional resources be allocated in the form of extra-budgetary funds; furthermore, during 2026 – albeit in the latter part of the year – we expect a revision of the tariff schedule, which, as I recall, came into force at the start of 2025 with significantly reduced rates. This ministerial decree, which led to the introduction of the new reduced tariffs, has essentially been revoked, albeit with one caveat: namely, that the tariffs remain in force, with the Ministry having 12 months to issue new ones, and those 12 months expire in September. We naturally expect a review that will lead to a significant improvement in these tariffs, which will automatically have an impact on the resources that will need to be reallocated to tackle waiting lists, as well as on demand in the private sector. For it is clear that the reduction in these tariffs has led to a greater supply within the accredited component, substantially affecting private-sector demand, which this year has seen somewhat more modest growth compared to the past, but also – and I would say perhaps above all – as a result of this dynamic.

MARIA LAURA GAROFALO: Because the budgets for specialist outpatient care have essentially remained the same, we had to provide more services to meet the budget following the reduction in tariffs. In terms of costs, this has had an impact on EBITDA, but more importantly, we – like all other accredited private operators – have had to offer more accredited services on the market, and this naturally has an impact on the private healthcare provision.

LUIGI CELENTANO: Turning to the subject of the Heart Centre, if I have noted the various points correctly regarding the delay in the project's completion, I would say that, in essence, we are talking about a delay of around six months. The works should be completed by the end of the year, by 15 November. The process for obtaining the necessary authorisations will then begin, followed by the Centre's commissioning and the transfer of activities from the European Hospital, including cardiac surgery and cardiology services; therefore, according to our plans, this transition will take place in the first part of the year, in the first quarter.

MARIA LAURA GAROFALO: Sorry to interrupt, but we've been keeping a very close eye on things with the regional authorities, because when it comes to administrative procedures, we all know that things can sometimes take a while. However, we've been closely monitoring this operation and will continue to do so when we move the cardiac surgery department to Aurelia Hospital.

LUIGI CELENTANO: Turning to the final point, which, if I have understood correctly, concerns the 2026–2027 Capex plan, I outlined 2026 earlier when discussing the evolution of the Net Financial Position and the scale of the investments we estimate.

In 2027, with this major expansion project certainly nearing completion, and the other expansion and reorganisation projects I mentioned also nearing completion, we should return to a level of investment broadly in line with the past, so we are looking at around 20–25 million, with some projects due for completion in the first half of 2027. Obviously, these figures do not include another very important project we have been working on for some time, namely the construction of a hospital in Verona, on which we will be able to provide you with further details regarding the timeline, scale and return on investment, perhaps when we have slightly more precise information to share with you.

MARIA LAURA GAROFALO: This, too, represents a significant investment in development – and I emphasise "development" ten times over – because today the San Francesco Clinic in Verona, which is a major international centre of excellence for prosthetic and robotic orthopaedic surgery, has reached the limits of its capacity. As a highly attractive facility, it could take on many more private patients, but it no longer has the capacity to do so. The operating theatres are at full capacity, the beds are fully occupied, so we are going to build this new hospital which will allow us to vastly expand our services, and therefore our revenue, including private revenue; however, as we are building this hospital in an area of Verona completely lacking in healthcare facilities – eastern Verona – the Local Health Authority has already told us that if construction takes place there, they will provide us with additional funding. A large part of this project will be financed by the sale of the properties currently occupied by San Francesco, as well as the property in Corso Venezia – in the centre of Verona – which houses the San Francesco Clinic's diagnostic centre, which will be merged with the hospital at the new site. These are highly prized properties, much sought-after on the market, which will therefore finance a large part of the project to build the hospital.

EMANUELE GALLAZZI: If I may, one final question from me: given all the guidance you have provided and the focus on the investment plan and organic growth, is it fair to say that, at this stage, you see greater opportunities in organic growth and in development investments in the facilities you already own and have acquired in recent years, rather than in M&A?

MARIA LAURA GAROFALO: No, I wouldn't say so. I'd say that today, at organic level, we are certainly carrying out "M&A" transactions – in inverted commas – because these are such transformative operations; in other words, they transform those businesses so radically that it is as if we were acquiring another company. That doesn't mean, of course, that we aren't also engaged in M&A. Certainly, these recent transactions have given us great opportunities for transformation, and therefore for creating significant value, but that doesn't mean we aren't also engaged in M&A and external growth.

OPERATOR: The next question is from Isacco Brambilla of Mediobanca. Please go ahead.

ISACCO BRAMBILLA: Good afternoon, everyone. I'd like to take this opportunity to ask three questions as well.

The first question concerns a couple of items under EBITDA: could you help us understand the depreciation and amortisation side, given everything that has been said about the Capex plan, and whether we should expect a figure in excess of 30 million for 2026; and also, regarding financial expenses, whether it is correct to expect a figure similar to that of 2025, i.e. in the region of 11 million. Just to understand where we're heading in terms of profits.

The second question is again regarding the Rome operations. In the medium term, during past calls, there was talk of a margin that would eventually be similar to that of the GHC Group; I just wanted to check whether, in your view, it is still correct to maintain this target for the medium term, despite the slight delays we've seen in the short term.

The final question is simply whether you could remind us what your maximum leverage level is, in terms of M&A. If I recall correctly, the maximum level at which you continue to feel confident is in the 3x–3.5x range.

MARIA LAURA GAROFALO: Before handing over to the CFO, I will answer the second question, which concerns the Rome-based Group. Perhaps I did not explain myself clearly earlier: we have not encountered any difficulties or unforeseen events; there has simply been a delay in the timetable. Therefore, not only do I confirm that the Roman Group's performance is in line with that of GHC, but I would also add that this is a conservative assessment, because it does not take into account a number of opportunities that have arisen in the meantime, but which, for the sake of prudence, we have not yet included in our estimates, such as the ward I mentioned earlier, on the first floor of the Casa di Cura Città di Roma, which will not remain empty but will likely accommodate a further 30 nursing home beds; such as the accreditation of the European Hospital's specialist outpatient services, which are currently not accredited – that is, neither consultations nor diagnostic services are accredited – whereas in 2026 they will be accredited and a budget allocated, so they will also provide accredited services and not just private ones; the increase in the budget for the specialist outpatient services at the Città di Roma is also not included. I say this because I have already spoken to the Local Healthcare Authority; that Local Healthcare Authority has an incredible need for certain specialist outpatient services, so not only will the budgets for facilities that are already accredited be increased, but we will also secure accreditation for the European Hospital, which is a giant step forward.

The assessment also does not take into account a number of initiatives relating, for example, to the social care sector, specifically the creation of a number of new wards for which we have already submitted applications.

The assessment does not, for instance, take into account the provision of services to patients from outside the region, beyond the facility's capacity limits, which I expect to see once the Lazio Region exits its "recovery plan".

Please note, therefore, that nothing has happened to worsen the situation; if anything, along the way we have identified, negotiated and secured a series of new opportunities – we simply need to finalise them, which is why we have not yet made them official. But regardless of these opportunities, nothing has happened to call the projects into question or undermine them; there has merely been a delay. This must be made very clear. For reasons beyond our control, but down to bureaucracy, because we all live in Italy and know that when we have to deal with administrative procedures, whether at council or regional level, things can take a long time.

Here we are simply talking about a delay – that is, a postponement of the timeline – and not only do I confirm this by putting my signature to it, but I would also say that this assessment does not take into account a number of new opportunities that you will see: those who remain loyal, or those who wish to invest in our company, will see this as an opportunity today given the fall in the share price. You will see that, just as we have never failed to keep our word, we have always had a clear vision and have consistently exceeded our targets; we will not disappoint this time either.

LUIGI CELENTANO: With regard to that guidance on the ratios for depreciation and amortisation and net financial expenses: in 2026, in terms of the ratio of depreciation and amortisation to turnover, we are looking at just over 6%. In terms of financial expenses, we estimate these will be slightly higher than this year, but this is also because we will finance these investments largely, of course, with cash generated by the Group and, for a residual portion, with the Capex line which, in addition to being useful to us for M&A purposes, we requested and obtained specifically to fund investment and expansion projects.

In summary, in terms of net profit, we expect to be in the region of 5% of revenues in 2026, based on what we have told you about how we view the current year.

Regarding leverage, we fully confirm that 3.5x level, which was the threshold we have always stated, since the IPO, that we intended to maintain in relation to M&A, but we have never exceeded 3 times. I believe we went around 2.7x–2.8x on one occasion, but that was in the run-up to acquisitions, so I fully confirm the level you indicated earlier.

OPERATOR: The next question is a follow-up from Isacco Brambilla of Mediobanca.

ISACCO BRAMBILLA: If there are no further questions, I'll take this opportunity to ask one final follow-up. I noticed from your income statement that the provisioning figure for 2025 was similar to last year's. These 5 million, which, if I am not mistaken, saw an acceleration in the final quarter of the year, are linked to the Gelli Law we discussed in previous calls, or to prudential measures relating to the Aurelia claim, or to other factors, if there are any?

RICCARDO ROSSETTI: I'll take this. Good afternoon, I'm Riccardo Rossetti. As you've seen, the provisions are actually slightly lower than last year – by around 1.4 million – but this is because they benefited in particular from the release of a provision for a receivable held by a company right here in Rome, which had been fully written down but was instead collected in full, amounting to 1 million euros.

Net of this item, they would actually have been in line with last year, despite the fact that, as you mentioned, there are provisions of around 1 million euros for the implementation of the decree implementing the Gelli Law, which advised us to set aside amounts for potential risks even in the absence of claims for damages, because the Gelli Law, as you know, essentially required the creation of two types of provisions in the financial statements: a claims provision, for those potential risks relating to claims for damages already received; and a risk provision, on the other hand, for any adverse events for which the organisation nevertheless assesses a potential risk of losing the case.

We have therefore also complied with this regulation, and I believe we are the first in Italy to do so as a listed company; nevertheless, the impact of the "value adjustments on revenue" item is approximately 1%.

OPERATOR: The next question is from Emanuele Gallazzi of Equita.

EMANUELE GALLAZZI: I'd like to ask you one final question, however, regarding the Real Estate assets. Could you give us an idea of the Book Value at the end of 2025 – or, better still, including the Città di Roma division – where we currently stand? And are there any updates you can share regarding the real estate side?

RICCARDO ROSSETTI: I'll address the Book Value again: the 2025 figures do not yet include Città di Roma, because, as you know, we acquired it in January; therefore, the figures under the "Land and Buildings" heading in the consolidated financial statements do not yet include the property in Rome; and the book value for the entire Group stands at around 215 million euros.

Città di Roma owns a property, so we have acquired that too, and I can tell you that we are carrying out the so-called Purchase Price Allocation, which requires the allocation of this price to the fair value of the acquired assets, and the Città di Roma property has a significant value, almost equivalent to the price paid for the acquisition of the company, to give you an idea of the scale.

On the operational front, as we have always said, this portfolio of top-quality properties is an additional asset for us to support M&A and expansion. Significant M&A opportunities have arisen, which ultimately did not go ahead, but we were ready to "press the button" to utilise part of these assets to support M&A, always ensuring we did not exceed that 3.5x leverage ratio that Mr. Celentano mentioned earlier, as a guideline for M&A.

OPERATOR: Dr Nesi, there are no further questions scheduled at the moment.

MIMMO NESI: Perfect. If there are no further questions, we would like to remind you that tomorrow the management team will be flying to Paris, and on Wednesday we will be guests of Virgilio IR at the Small & Mid Cap conference to present our strategies to institutional investors. We will, of course, be attending the Star Conference in Milan at the end of March, so we hope to see many of you there to discuss the Group's bright prospects. Thank you very much, and see you soon.