



“GHC – Acquisition of the Aurelia 80 Group Conference Call”

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MODERATORS: Mrs. Maria Laura Garofalo, CEO
Mr. Alessandro Maria Rinaldi, Chairman of the Board of Directors
Mr. Luigi Celentano, Chief Financial Officer
Mr. Riccardo Rossetti, Head of Administration and Reporting
Mr. Giuseppe Laganga, General Manager of Aurelia 80 Group
Mr. Mimmo Nesi, Investor Relator & Chief Sustainability Officer



OPERATOR: Good morning, this is the Chorus Call operator. Welcome to the conference call to present the acquisition announced by Garofalo Health Care. After the initial presentation, there will be an opportunity to ask questions. Now I would like to give the floor to Mr. Mimmo Nesi, Investor Relator & Chief Sustainability Officer of Garofalo Health Care. Mr. Nesi, please.

MIMMO NESI: Good morning everyone and thank you very much for your availability. As you have seen, this morning at market opening, GHC Group announced a historic operation, which we will comment on today with the presence of the Chief Executive Officer. I remind you that the call will be made in Italian and the transcript will also be made available shortly in English on the company's website.

At this point I briefly introduce who is here in the room, and obviously the CEO of the GHC Group, Mrs. Maria Laura Garofalo; the Chairman of the Board of Directors, Mr. Alessandro Maria Rinaldi; the CFO of the GHC Group, Mr. Celentano; the Head of Administration and Reporting, Mr. Riccardo Rossetti; and today the General Manager of the Aurelia 80 Group, Mr. Laganga, is also with us.

At this point I leave the floor to the Chief Executive Officer of the Group for an initial introduction.

MARIA LAURA GAROFALO: Good morning everyone and thanks for your attention. Today it is with great pride that I announce this operation to the market, an operation that has kept us busy for a long period of time because we took over this asset from a compulsory liquidation which obviously derives from disagreements between the shareholders. A stalemate arose in the shareholding structure, therefore 50% against 50%, which no longer allowed the company to operate, therefore the company was put into liquidation and the President of the Court of Rome appointed a liquidator. After an initial attempt to find an agreement among the shareholders, we proceeded towards a liquidation process through an auction which ended, fortunately for us, last night with our victory.

Yesterday evening we were awarded the Aurelia 80 Group, which includes important facilities in the capital city, an award which took place through the signing of the offer which took place during the relaunch phase, and in the first days of next week a preliminary contract subject to a suspensive condition will be signed, i.e. the closing will take place once the authorization and accreditation of the Targets have been transferred to the new legal entity, in which they will be conferred.



It was a very important auction, because all the big names, national and international, took part. In the end, 13 expressions of interest had arrived, both from funds, including foreign ones, and from very important operators in the sector. To name a few, to give you a sense of the importance of the auction, I tell you that the IEO was present, obviously San Donato, Humanitas, all the large groups as well as, in fact, financial funds, one of which is foreign.

The procedure was a classic auction procedure, therefore with an expression of interest, a non-binding offer, by virtue of which the subjects were selected who could move on to the binding phase with access to the data room and, after four weeks of due diligence, there was the tender. We were selected among the best offers to access the relaunch phase, the relaunch phase was held last night and we won it for 47 million euros.

The sense of this operation is profound, important, because it is the operation that changes the face of GHC, because it is true that GHC, at the same time, reconquers its origins, but it is true that it reconquers the origins which until today, precisely because the difficulty that existed within the company, due to the difficult relations between the shareholders, they have never been able to express their value, a value that can be fully expressed from this moment on, also because this moment coincides with a series of situations and very favorable elements.

First of all, you know that when we described the "disciplinary" of our M&A procedure, we said that among the important requisites there was the choice of territories in which to grow. It's true, Lazio is certainly not an easy Region, I have experienced it and I can say it, but I can also say that Lazio has now left the Commissarial regime, it still remains in the "Piano di rientro" (development plan) but it has left the Commissarial regime, it has a new Regional Council very favorable towards the private sector, a Regional Council that is already moving in the direction of putting funds on the table for initiatives that can not only reduce waiting lists, but above all, for example, reduce the crowding of Emergency Rooms.

You know that President Rocca, the new President of the Council of the Lazio Region, is giving - he has given it throughout his electoral campaign, but he is also demonstrating it practically - great priority to health care, so much so that he has not nominated a Councilor for health but kept the powers to himself, being a man of experience and having already been General Manager of large Roman hospitals, including the Sant'Andrea. He has placed within the Region a series of officials that I know personally and who are also of great standing and has launched the premises for what for Lazio will have to be an important investment in the health sector, not only as regards the reduction of Emergency Room crowding, but also an important support to general medicine assistance. He is therefore also putting incremental budgets in the pipeline for this activity.



Why Lazio? Because, despite being difficult, Lazio is always Lazio. In Lazio there is the Capital city, in Lazio the most important events take place, there is politics, in two years there will be the Jubilee. Even “Roma Capitale” is dealing with the health emergency and, at a time when in any case the funds of the National Healthcare System in general are scarce, private activity will grow, as it is growing and will grow even more so in Lazio.

It will grow because it is growing physiologically, but it will also grow due to a series of important strategic contingencies that are taking place now and in the coming years.

Two years ago, the Lazio Region approved, within the context of a decree dictating the health planning of the Region, a transfer of beds and assistance offer from the European Hospital to the Aurelia Hospital in Rome, giving us the green light for the construction of a large development project. This too was probably one of the reasons that created the disagreement among the shareholders. Obviously everyone has its own vision, in prospective terms, our vision is the corporate one, therefore to create the greatest value for the company.

This project will create great added value for our facilities and I see it as an important opportunity, because the project will work in this way: today we have the Aurelia Hospital which in itself represents one of the largest accredited private facilities in the area, as you have read from our press release, it is fully included in the regional emergency network as a first level “DEA”, also equipped with an Emergency Room with attached helipad, operating 24 hours a day, it is a multi-specialist acute care facility, therefore it is accredited in almost all medical-surgical specialties, but it also has an important motor, neurological and respiratory rehabilitation department.

The European Hospital is a predominantly private facility, in fact to date the private activity of the Aurelia 80 Group is basically expressed by the European Hospital, which is an authorized multi-specialist structure for acute care, not accredited, accredited only for cardiology and cardiac surgery. It is a national center of excellence for cardiovascular diseases, with an important reality and with professionals recognized worldwide, both for their skills and for the high number of scientific publications carried out. The project is to exploit the building area of the Aurelia Hospital to create a new “surgical plate”, i.e. a large operating ward. Within this operating department, two operating rooms will be dedicated to cardiac surgery. Cardiac surgery, together with clinical and interventional cardiology, will be moved and concentrated entirely in Aurelia Hospital.

Only private activity will remain in the European Hospital and the rehabilitation department will be moved, therefore in accreditation, with a budget of over 4.3 million, and then it will further develop the private activity, which is already carrying out significantly.



What will the Aurelia Hospital become? In my opinion it will become unique in Italy, in the sense that it will become a large hospital. In this agreement made with the Region, moreover, it increases its beds, also receiving authorization and accreditation for vascular surgery beds, which were previously lacking and which are essential for creating the "Heart Center", because a cardiac surgery center must have an important vascular department annexed. In fact, to achieve high levels of quality, cardiac surgery goes hand in hand with vascular surgery. In this redevelopment of the Group's hospital care offer, therefore, we have also obtained an increase in the number of beds in Aurelia, which will allow us to ask for a budget increase. However, it is very important how we intend to create this hospital, this "Heart Center", which however also implies a review of all the critical wards, intensive care units, coronary units, sub-intensive units, etc..

A "surgical plate" will be created, which is a very cutting-edge conception of what an operating ward can be: the operating wards, generally divided by specialty, are spread over several floors, and it is clear that the spread over several floors of the operating departments generates a loss of efficiency, but also of quality. Instead, we will concentrate all the operating rooms in a single department, therefore we will create a mega operating block, not vertically but horizontally, where we will have seven operating rooms, two of which are dedicated to cardiac surgery and the other five to other surgical specialties.

In this way, not only will we have an efficiency in terms of management, and therefore costs, but also the quality will rise significantly, because it is clear that, with respect to the complications that can physiologically occur during surgery, the professionals will have at their disposal, on the same plate, the colleagues who will be able to intervene on the specific complication. This will also lower the number of claims, raising the quality of the assistance provided.

Another important improvement in efficiency will also come from the concentration of cardiology, now divided between the European Hospital and Aurelia Hospital, in a single department, still at the Aurelia Hospital. To date we have clinical and interventional cardiology which is in Aurelia Hospital and in European Hospital, while at the end of the plan we will no longer have two centres, necessarily with dispersion of resources at an economic and therefore financial level, but we will also concentrate all cardiology in Aurelia Hospital. We will only have a hemodynamics division, because cardiology is interventional cardiology and therefore the procedure is not carried out in the operating room but in the hemodynamics rooms, where all the interventional cardiology activity will be concentrated, with obvious improvements in efficiency.

At the end of this plan, which I expect to implement within 24 months from the day we take possession of the facilities, even if already tomorrow we will start informally with the liquidator on the first steps to take, for example to obtain the building permit, which we had already obtained but which, after the time,



obviously expired and now we have to recover the authorisation; in the meantime we already have a project, but we will transform it into an executive project.

Today in the healthcare world there are ways to create a very safe, very modern and very advanced hospital but in a very short time, pass me the term, with prefabricated but of the highest level, which however allow not to interrupt, which is fundamental, the business continuity, in the sense that we had already studied, but will finalize it, a construction project that will allow the facility to work up to the last annexation of the operating department, which will be built with this methodology, therefore outside the structure and, once ready, it will simply be attached.

We therefore also have a plan for the implementation of interventions inside the hospital, always aimed at allowing business continuity. Obviously, the cardiac surgery inpatient ward will end up in the ward where rehabilitation used to be, which will instead be transferred to the European Hospital.

I would like to add that we are also confident due to the fact that we already have a General Manager, a great manager, with great experience, who is here next to me, who despite everything had the courage to enter, therefore to assume the position a year ago, despite the fact that the structure was already in liquidation. I'm referring to Mr. Giuseppe Laganga who, after graduating in Economics, completed a master's degree at Bocconi, specialized in the management and organization of healthcare companies, was the Administrative Finance Director and General Manager in public healthcare companies for more than 13 years. In particular, for five years he was General Manager of the University Hospital of Messina, restoring the balance of numbers and economics which previously, before his entry, were in bad shape. He was General Manager of IRCCS Maugeri in Pavia from 2020 to 2022, in 2022 he strongly believed in this project, he took a risk and today he sits here next to me and will be an important professional in this recovery plan. I would add that he is also a university professor, at the University of Messina, in Health Economics and is a tenured professor for the training of General Managers.

Obviously these facilities, with the help of Mr. Laganga, will have to be completely reorganized, because I won't hide from you that they have remained a little behind and certainly the tension of recent years and the liquidation of the last year have not helped the reorganization.

The integration process will be very demanding for us but we are ready to face this challenge in order to win it, as we have always won in the latest initiatives.



I hope that investors, who have always believed in GHC, know how to read this operation carefully, which will surely change GHC's look. I would now leave room for questions, because the operation is complex and I imagine that you will have many clarifications to submit to us.

OPERATOR: This is the Chorus Call operator. We will now begin the Q&A session. The first question is from Isacco Brambilla, of Mediobanca. Please.

ISACCO BRAMBILLA: Good morning everyone. I start with a couple of questions then eventually leave room for the others.

The first is on synergies, the efficiencies you expect to achieve through this integration. At a qualitative level it is very clear what the plan is, I would like to understand if in the medium term it can be thought that these structures can align themselves, in terms of marginality, with that of GHC. I'm referring to the EBITDA margin or other metrics.

The second question relates to Capex, and therefore to the investments associated with this integration and relaunch plan. I understand that there is still a good number of initiatives to be done, if you can give us an indication of the additional, extraordinary Capex that will be associated with these projects.

MARIA LAURA GAROFALO: As regards the first question, I can tell you with absolute certainty that at the end of the implementation of the reorganization plan, the facilities, in terms of margins, will align perfectly with the margins of the Group's complex hospital structures. From this point of view we can feel at ease. As far as investments and Capex are concerned, I would pass the floor to the General Manager of the Aurelia 80 Group, who can give you a more analytical explanation on the matter.

GIUSEPPE LAGANGA: With regards to the investment, we had already started studying the feasibility study that had already been ready for some years, to go and improve it with respect to some aspects which, as the Chief Executive Officer said, allow us to go to work in a continuity regime, without the need to interrupt lines of activity or the surgical activity.

The realization of the work, which is already foreseen in a feasibility study according to a modern technology of modules that can be assembled and then finally connected with the entire structure, and the restructuring, always with the so-called "accordion method", therefore with the opening and closing of wards in continuity of care, which also provides for the construction and restructuring of existing wards, but also of intensive care units, which increase the number of beds with the aggregation of the two structures, European Hospital and Aurelia Hospital, provides for an investment that is around 14 million euros. This is foreseen in the feasibility study and we will ground it in the



executive project, for which we have already started discussions. As the Chief Executive Officer said, starting tomorrow we need to start formalizing the authorizations and all that is necessary and entrusting the planning, but what we have mainly studied in recent months is an innovative implementation method that is used in the public sector, by now often with optimal results, which is a kind of “PPP”, a partnership, which in the case of the public is called public-private partnership, while in this case we will call *private-private* partnership. So thanks to the collaboration of very important partners in the sector, we have already had many positive expressions of interest for the project, because we are developing this project in which most of the investment will be financed by these industrial subjects, to whom we will then assign the task to provide non-core services of the structure - imagine the cleaning service or the food service - but I am also referring to what concerns all the infrastructural and plant maintenance, as well as an important part relating to the in-service management of the operating blocks, in terms of equipment but also in terms of supply of operating room material. This will allow the Aurelia Hospital structure not to have an additional cost, if not in efficiency, in terms of economies of scale, on the costs for these services, but will allow the partner who wants to make the investment together with Aurelia to recover it in a period of quite a long time, because we will be going to provide services over a long period, from 15 to 20 years, and thanks to this operation on an exclusive basis, with a Global Service logic, where more services will be included in a single contract, the partners will provide the service, will have the margin on the single service and will be able to recover the investment in a rapid period of time.

The study has to be defined, simulations have already been carried out to break even on the investment to be made and the services to be assigned. This is what we hope for. We will formally come out in the coming weeks with a request for proposals, open to all market players, of which there are many and they are moving towards this type of activity – we have names, we are talking about concrete facts – and we plan to make the investment with a total or partial financing with respect to third parties.

ISACCO BRAMBILLA: Just a clarification on this point, if I may. Are the 14 million mentioned the total investment by GHC and by the partners, or is the part mentioned the one that will remain within the Group?

GIUSEPPE LAGANGA: It is the total investment.

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



EMANUELE GALLAZZI: Good morning everyone. I too start with the first questions. The first is a follow-up on what Isacco asked about the efficiency part.

If I have understood correctly, you have the objective of reaching the margins of complex hospital facilities therefore, if I understand correctly, we are talking about a 15% margin, correct me if I am wrong. What I was wondering is if we have to imagine a progression of the margin, i.e. already an improvement at zero time, with costs, activities or initiatives that can be implemented immediately, or if we will see the most significant part of this type of improvement in two years, at the end of the project.

The second point, however, is on positioning in Lazio. I was wondering if from the point of view of synergies with the other facilities of the Group there are some considerations that can be made, both in terms of turnover and cost.

MARIA LAURA GAROFALO: As far as margins are concerned, the efficiency improvement process will start as early as 2024. I imagine the closing will take place in the autumn, so we can certainly already talk about an improvement in margins within the next year. An increase in margins which will derive not only from a recovery of costs, but also from an increase in production, because the General Manager is already developing mechanisms which, from a technical point of view, are now a bit difficult to explain, but here in Lazio there is a particular regulation, by virtue of which the funding for the function increases in relation to the occupation of the critical areas. There is a limit, which is the point of maximum well-being, which he is already fine-tuning, which he is already reaching in recent days, as well as an increase in emergency room visits not followed by hospitalisation. Each emergency room access not followed by hospitalization is remunerated with a separate rate and accesses are already increasing. Obviously they will increase a lot after cardiac surgery and cardiology are moved within the structure, but the General Manager is already moving to increase these accesses. In addition, he has already applied to the Region, at the request of the Region, to have the possibility of an incremental budget on general medicine, precisely to support hospitals. Do you want to explain it?

GIUSEPPE LAGANGA: I take the liberty of inserting myself because they are two strategies that I consider absolutely fundamental also for getting to know the Health System of the Lazio Region better, especially as regards accredited private structures. The Aurelia Hospital is a first-level DEA, a structure in the network for urgent emergencies, and as such, in addition to having the budget for the production of acute care, it has an important part of its funding which is the funding by functions, i.e. that part of functions thus defined as non-tariffed, which do not concern the individual service provided but the urgent emergency system that is maintained so that the need of the Region can be satisfied. Especially in the position where Aurelia Hospital is located, which is absolutely strategic, it is



fundamental for the Lazio Region.

Within the mechanism for determining the quota per function, it is necessary to know how to structure a strategy because it is necessary to define the point of maximum benefit, in terms of accesses, beyond which there are no more efficiency gains, therefore services are provided but there is no return of economic nature. That point must be reached and this point concerns access to intensive care and access to the emergency room. Obviously, for intensive care, the strategy is to place yourself in a strategic positioning and therefore respond to the emergency system of the Lazio Region, but the return that the regional system wants is a return of a qualitative nature, therefore having within all those disciplines that they allow us to immediately take care of the patient and we are measured in terms of care outcome. We are doing it and we will do it starting from next year because, even on investments that up to now it has not been possible to make, in terms of professionalism, in terms of paths, in terms of "PDTA" ("Diagnostic Therapeutic Assistance Pathways"), which give clarity to a path, make us absolutely more attractive than the regional system.

As far as the question of the Emergency Room is concerned, the study done this year on the Lazio regional system, and especially Rome, is particular because it highlights an oddity, as I define it, compared to the rest of the National System: 70% of accesses to the Emergency Room, regardless of the "color code", therefore the degree of urgency, is managed in what is defined as "self-presentation", i.e. people go alone to the emergency room, while 30% is conveyed by the emergency system. In the rest of Italy the percentage is reversed, i.e. 70% managed by the regional emergency system and 30%, instead, in self-presentation. This denotes the fact that the choice of the Emergency Department for the population of Rome, mainly of Rome, is a choice of appeal, i.e. people must trust that Emergency Room because they go there voluntarily. We have worked a lot on this and even in this somewhat particular year we have increased by almost 10,000 accesses compared to the previous year because people find a high level of quality. The increase in the number of accesses brings us an important benefit in terms of function quota, as for the so-called waiting times, but also of those accesses not followed by hospitalization (the service I provide within the Emergency Department with subsequent discharge of the patient), which also gives us an additional fee. This has already made us grow in 2023, we assume an even more significant growth in 2024. It's all about margins, it's all about EBITDA, because the support costs are costs that you already bear because the organization must already be calibrated with respect to that maximum number of accesses that you are required to have.

In the immediate term, these are two important actions that concern the growth of the structure's reputation and therefore the improvement of quality. On the other hand, on the question of overcrowding, we had the opportunity to



speak with the Lazio Region in relation to an important project where the Lazio Region has already financed 20 million euros with approval decrees to reduce overcrowding in the Emergency Departments. The reduction of overcrowding in the Emergency Departments has touched the rehabilitation areas where they have increased the rehabilitation budget to move patients from medicine to rehabilitation, and we, with an innovative proposal, have proposed making available the beds that are currently already accredited but not active because not covered by the budget to accommodate medical patients from the emergency departments of public hospitals. Project welcomed because it solves a serious problem and a real problem, also because with respect to rehabilitation we are in a one-to-one relationship of appropriateness, and with this it is possible to obtain additional funding. We are waiting for the formalization but there is financial coverage at the regional level, because the overcrowding project is already financed.

MARIA LAURA GAROFALO: Allow me to add, to also give an overall picture of the maneuvers aimed at improving the margins of the structure, that currently there is also a RSA R1 ward in Aurelia Hospital, a ward that does not marginalize. This ward will be moved to the Città di Roma nursing home, still owned by the family but which is not part of the Aurelia 80 Group. This is because a department will be created in that facility, which is for acute patients but with a limited budget of 8 million social assistance of 80 beds, therefore the 20 beds of R1 will be moved to this other structure. The department freed up in this way will be available for private activity, because today Aurelia is basically not doing private activity since it has no spaces. In reality it is an activity that it can develop in an exceptional way without competing with the European Hospital, that is, on another type of activity, because Aurelia has robots, the da Vinci robot and the Mako robot from Stryker for the orthopedics, that is, the one we have in San Francesco. The insurance companies with which we have agreements have been asking the structure for a long time now to be able to agree on these robotic services, but obviously the structure at this moment has not been able to do so due to lack of space. A private department will therefore be created which, in the initial phase, only with the robotic activity we consider will be able to produce revenues of around 5 million euros, but it is clear that this private activity will then inevitably attract other private activities, because when it starts at the highest level a private robotic department, it is clear that it will lead to an economic impact. Furthermore, we also have a project on the Samadi psychiatric structure, a structure, albeit small, of great reference for psychiatry in Rome, which currently has 68 authorized and accredited beds and another 14 unauthorized beds. At present, the General Manager has already managed to obtain authorization for 4 of these 14 beds, after which, in the final phase of the liquidation, our interlocutors suspended the recognition procedures for a



moment, waiting to see how this liquidation ended, all hoping that it ended up as it did, that is, that GHC took over the Group.

The project therefore is to immediately authorize the other 10 beds and create a totally private ward already with 90% coverage insurance, by making an agreement with the Gemelli. Gemelli has a "SPDC", i.e. a psychiatry ward without beds, therefore it can only carry out the activity on an outpatient or day hospital basis and has a strong need for beds. We are therefore agreeing on an agreement by virtue of which Gemelli will occupy our beds, 4 for a general general psychiatric activity and with the other 10 they intend to make a ward for postpartum depression.

On the cost side, I am sure that from the reorganization of the Group we will have great cost efficiency improvements because I was the President and Chief Executive Officer of that structure until 2017 and I was struggling to manage it because obviously I didn't have control. I was struggling because all those that could have been strategic initiatives of a slightly more extraordinary nature, whatever I proposed, did not get passed due to taking a contrary position.

Despite this, I managed it in the best possible way, in the conditions it was in, and today that we will be able to truly manage it in full freedom, there are some inefficiencies at an organizational level that will obviously all have to be recovered, including a series of savings on consultancy that the General Manager has identified, since failure to manage a facility inevitably leads to dispersions. To give an example, there were important numbers of nurses' overtime that didn't make sense to exist, because when the ward is covered with a shift of proportionate nurses, there can be overtime, but physiological overtime, not massive. I think the General Manager has already intervened on this. Efficiencies will therefore come above all from a deep management of the structure at this point.

GIUSEPPE LAGANGA: In terms of efficiency improvements, we have also thought about initiatives on the part relating to purchases, in which we are also formalizing important agreements with suppliers and therefore we are eliminating the parcelling out of purchases with an "x" number of suppliers which led solely and exclusively to not obtaining a better price, on the one hand because the supplier did not have the guarantee of long-term reliability and a sort of exclusivity, and on the other hand because the structure was not aware of the actual needs. This too is bringing us an important benefit in terms of cost reduction for the same amount of consumption, so this too is an efficiency operation which will then improve further when the project is completed.

MARIA LAURA GAROFALO: To answer your last question, i.e. what the synergies might be between the Roman Group and the other structures, they could be very important synergies especially in terms of sending patients and professionals between one



structure and another. Let us not forget that the Lazio Region is difficult but Rome is always the capital city, therefore it is necessarily and physiologically attractive in itself also from a health point of view, and it is clear that there could be a strong exchange of professionals and extra-regional patients both from the capital towards the other structures of the GHC Group, and vice versa.

EMANUELE GALLAZZI: If I may, just two follow-up questions. The first is whether the Aurelia 80 Group is already generating profits on the current pre-synergies level. The second, if you can give us more details on the financing part of the operation. Since you have indicated that you will use some cash and some debt, how much of the debt facility do you expect to remain post-operation.

LUIGI CELENTANO: I start with this last question and then return to the topic of profit. As regards the operation, today we have a line with residual availability of 57 million and we believe we will finance part of the price with approximately 30-35 million at the closing. What will remain of the financing line will consequently be between 20 and 25 million euros. It is essentially a mix of equity, line of credit, debt and leverage that we usually use in acquisition transactions, around 70/30, this is the mix.

As regards the ability of these structures to generate pre-synergies, pre-efficiency profits, described by the Chief Executive Officer and by Mr. Laganga, let's say that 2023 is expected to be the breakeven year from this point of view in terms of net income, to then return to generating an interesting net income from next year.

Let's say that also in terms of EBITDA next year, consistently with what has already been represented, will be an important year because these efficiency improvements and these improvement actions on the top line will allow us to immediately narrow the gap between our goal in terms of post-project margins of the facility and the marginality that the structures express today, which as Mr. Laganga and the CEO also recalled, has been strongly conditioned in recent years first by Covid and now, in the last year and a half, by the state of liquidation in which the Group found itself, which in fact made it somewhat inert with respect to interesting initiatives.

OPERATOR: We have a follow-up from Isacco Brambilla, from Mediobanca. Please.

ISACCO BRAMBILLA: I have three further, fairly quick questions.

The first is still on the reorganization project between Aurelia Hospital and European Hospital. The press release mentions an additional 22 million in budget, I just wanted a clarification on your side: is it correct to see this additional budget as an annual budget to add to the 85 million in turnover that you estimate for this year from the acquired perimeter?



The second question is on the firepower that you estimate you may still have available next year, at this point, for further consolidation operations.

The last question is a little more qualitative. Since it is a deal seen from the outside that seems a little more complex than the last operations which had far fewer important aspects at a business level such as integration, what are the main risks you see and which could perhaps lead to more diluted synergies and efficiency gains over time compared to the target you gave today.

LUIGI CELENTANO: With regard to firepower, given that, as the CEO said, the closing of this operation should take place in the autumn and therefore we are now taking the first steps on a whole series of initiatives to find ourselves already ready, especially on the organizational restructuring project, the first part will therefore see us busy until 2023-24 especially on the integration phase of the Aurelia 80 Group, which we are about to acquire.

As far as firepower is concerned, in the short term, as we usually distinguish, we see firepower in terms of M&A of around 50 million euros, which is then supported by the portion of the financing line that will remain at the end of the operation, at the closing of the transaction.

Obviously, in the medium-long term, I remind you that we have the real estate project which should be finalized for the most important component by the end of the year, except for some properties which will then be transferred to the NewCo Real Estate during 2024.

During 2024, therefore, we will also be ready on that front to be able to use this tool for the purpose of serving future M&A operations.

I pass the word to Mr. Laganga.

GIUSEPPE LAGANGA: With regard to the question on the post-reorganization additional budget, it is not an additional budget but it concerns the transfer of the budget currently credited by European to Aurelia. We assume a budget increase in relation to the fact that five cardiac surgery beds are envisaged within the rearrangement, still accredited, more than those currently existing in European, therefore it is a budget increase on Aurelia, but it is an increase given by the transfer of the same budget from European.

In relation to the risks, I separate the aspects into two, I don't see any risk on the private side, therefore on the development of the private sector. On the accredited budget side, therefore the hypothesis of growth of the accredited budget, the only risk element can be of the system, i.e. that the system at a certain point is unable to finance or bear the investment anymore, but it is valid in general terms as market. However, we do not see any of this on the horizon, because in any case the fact that the Region is no longer in a Commissarial regime and that it is in an exit phase of the "Piano di rientro", but also the actions of the new Government which they go in an important direction at least,



I want to say it, of clarity with respect to the role of the private sector within the regional health system. Not only clarity, not only a perfect balance, dare I say, between the public and private sectors in an excellent synergy between the two realities in a conception that this Government has today that the accredited private sector is part of the public system of our public health, but also in relation to the fact that they are applying a ministerial decree to the letter and punctually, the D.M. 70, on the reorganization of the National Health System.

This benefits us because we finally hope that some distortions of the system will be eliminated, with the awareness that we obviously have an advantage because the structure already was and is even more so even with this reorganization and investment plan compared to the potential competitors that they are on the market.

ISACCO BRAMBILLA: Very clear, thank you. I have one more question, the last one. Can you give us an idea of the division of the 85 million turnover between the four structures? Even in broad terms such as weight, if for some reason you cannot disclose the precise number.

LUIGI CELENTANO: Yes, absolutely. If we take the 2023 data as a reference, it should be considered that about half of this turnover, of these revenues, concerns the Aurelia Hospital, about another 35% the European Hospital, and the other 15% of the production value of the revenues it concerns the other two structures, Samadi and Sant'Antonio.

OPERATOR: The next question is from Alberto Mazzi of Finprog Italia. Please.

ALBERTO MAZZI: Good morning and congratulations on the operation. A quick question: given the size of the Real Estate that has been acquired, I wanted to ask about the model, in the sense of what type of valuation was given to the acquired properties.

MARIA LAURA GAROFALO: We are talking about very important properties, over 32,000 square meters. Obviously these are instrumental assets, but I can tell you that a prudent valuation of 2,000 euros per square meter brings us to around 65 million euros and it is certainly a very very prudent valuation because the properties are of great value and also located in strategic areas of the city. Moreover, in addition to the instrumental property, the psychiatric facility also has an important building area, which I have not included in these 32,000 square meters but which is also very attractive for players who want to create something different from health services.

We are therefore talking about a valuation that we have not separated, so it is a reasoning that I am very prudential in, in my opinion we are traveling between



65 and 70 million euros, perhaps even a little more. As you know, however, towards the end of the year or the beginning of next we will conclude the process of demerging the Real Estate assets, concentrating them all in the Real Estate vehicle, thus another very interesting and important chapter in our history will open. Certainly, these properties will also have an important value in this operation, because the real estate value is very substantial.

OPERATOR: Ladies and gentlemen, there are currently no more questions booked.

MARIA LAURA GAROFALO: If there are no other questions, I would like to conclude by recalling that among the various initiatives we are carrying out, many important ones include that of launching the future of the Group's health care, I am referring to home care, where we are already organizing structures in the north but at this point in history, with this operation, we will certainly be able to do it even more easily in the capital city, in the Lazio Region, also considering the fact that the Hospice Sant'Antonio da Padova, although dedicated to the care and care of terminally ill patients, has 100 home beds. Here in Rome we therefore already have the know-how to be able to expand this activity, which we still consider important for the future.

MIMMO NESI: We thank you for your time and availability. As an IR function we are and will always be available for any further information. I make an appointment for the next call we will have with the market, which will be on 12 September, concerning the publication of half-yearly data. Perhaps the Chief Executive Officer wants to make a last quick closing on this.

MARIA LAURA GAROFALO: I'm forbidden to give advances, but I can only say that I am absolutely and profoundly enthusiastic, and you will be too, with the results of the half-year, which follow a growing trend compared to the quarterly you have already seen. Great, great satisfaction on our part and, I hope, also on your part when you will be able to see them in detail.