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Medicover

Q1 2026



Speakers



Anand Patel
CFO | Medicover



Darius Saftoiu
Analyst | Jefferies



John Stubbington
CEO | Medicover



Kane Slutzkin
Analyst | Deutsche



Kristofer Liljeberg
Analyst | DNB Carnegie



Mattias Vadsten
Analyst | SEB



Operator



Philip Ekengren
Analyst | ABGSC

Prepared Remarks

**Operator**

Welcome to the Medicover Q1 2026 report presentation. For the first part of the conference call, the participants will be in listen-only mode. During the questions-and-answers session, participants are able to ask questions by dialing pound key five on their telephone keypad. Now I will hand the conference over to the speakers.CEO John Stubbington and CFO Anand Patel. Please go ahead.

**John Stubbington**

CEO | Medicover

Morning, everybody. Welcome to our Q1 presentation. I think we've had a good first quarter. It's been a consistent and solid sort of position. We've got good momentum going on in the business with strong organic growth at 10.3%. This is our fifth consecutive quarter of improved margins year-on-year which we're delighted with. There's been a few negative headwinds that have hit us. I don't think we need to talk about that too much. I think as a team we've sort of navigated that well, and it shows the strength of our model. It's pleasing to see the position that we've come out with despite all of that. India's shown some strong momentum. We expected that.

**John Stubbington**

CEO | Medicover

We talked about that a lot in previous quarters in terms of what we'd done to be able to get a bigger level of growth and more momentum as we go towards IPO. We're very positive with that particular result in the quarter, and we fully expect it to progress as we go through coming quarters. Very robust performance in Diagnostic Services. Very pleased for the team. Done a excellent job, and our Fee-for-service development is increasing in all markets which is exactly what we want to achieve. Leverage has come down to 2.9. We expected that. We talked again about that in previous quarters. It's good to see that going in the right direction.

**John Stubbington**

CEO | Medicover

As we move on to the right-hand side, you can see revenue EUR 624.2 million. Organic growth of 10.3%. You know, adjusted EBITDA EUR 104.6 million. A nice increase there of 15.4%. Adjusted EBITDA 16.8%, and again an increase from 15.7% previously. We're seeing strong momentum in terms of our operating model as we see the operational leverage drop through as we develop the business. Pretty good cash flow. I'll let Anand talk through the mix of that 'cause that's got a little bit of change, and as discussed before, leverage coming down.

**John Stubbington**

CEO | Medicover

As we move on to look at the growth metrics, you can see on the left-hand side here very consistent sort of a growth trajectory from us. Consistent quarter-on-quarter growth in line with the expectations that we have as a business. If we look at the mix, the mix is pretty consistent for us. We see that in the smaller part of our revenues we're affected by the Hungary impact as we exited there. Most of our business is showing solid growth, and in Germany it's the last quarter of the reform impact that is washing through. If you go to the revenue by payer, again, pretty consistent. We've got a bit of work still to do on the funded business.

**John Stubbington**

CEO | Medicover

We said that in history, that had been driven by the higher price increases that we'd put through, we fully expect there to be momentum coming through in coming quarters. What's really pleasing is that you see a very strong growth in our Fee-for-service element which is a reflection of how the business has changed over the years. We have a much higher exposure to this particular area of the market. We're growing well and growing strongly which puts us in a good place. If you look at it from a Healthcare Services perspective, again, pretty strong growth from an organic perspective, 11.8%.

**John Stubbington**

CEO | Medicover

India, 14.3%, in local currency 34.4%, which again shows the work that we've done in terms of recruiting doctors and working on our average revenue per occupied bed. Sport and wellness going very well, going very strong for us which is driving some of our operational metrics. Members, as I say, at the moment pretty subdued, we expect that to change. More importantly overall, due to the fact we've got a higher Fee-for-service mix, we're still making good momentum in terms of the relationships that we keep to be able to have a long-term repeating business in this area of our business. Revenue good. EBITDA margins are strong.

**John Stubbington**

CEO | Medicover

You can see good increases there, driven by operational leverage. The rest of our indicators are pretty stable from a Healthcare Services perspective. As we move to Diagnostic Services, very pleasing to see the level of growth. You know, 9.9%, driving the revenues over EUR 200 million, which is really good. The Fee-for-service revenue increased across all markets again. That's been a trend that's been developing for some time. Again, well done. Very impressive performance from Ukraine because they had a particularly difficult quarter in terms of some aspects of the war and the impact that had on the operating model just with things that, you know, we take for granted.

**John Stubbington**

CEO | Medicover

They navigated that reasonably well, and exceptionally well when you consider those circumstances. you know, big thank you to them. The German team continue to sort of develop solid momentum, navigating the reform, building the platform for the future. All of the reform now has washed through. It'll be interesting to see our development as we go through for further quarters. A number of tests have increased quite nicely. Again, you know, weather has actually impacted some of those volumes from an organic perspective. We don't expect that to, you know, it certainly won't impact us in coming quarters. Again, I think we as a team navigated that particularly well.

**John Stubbington**

CEO | Medicover

On the right-hand side, you know, if you look towards the revenue by country, you can see all markets have done well. All markets are seeing growth, some of them seeing extreme growth. If you move down to the EBITDA margin, we're progressing it. We're going from good to very good, and we intend to keep pushing on with our developments as we move forward. Lab tests look quite nicely and a very stable mix from us. I'll hand over to Anand, who will talk you through more of the details related to the lower down in the P&L.

**Anand Patel**

CFO | Medicover

Thank you, John. Morning, everyone. As John said, despite some headwinds we had, we delivered a strong set of results in Q1. Consistently, we've now for a number of quarters now delivered double-digit organic growth and margin accretion. John said five quarters of margin accretion, and we expect that to continue in the future, which is good for us. In terms of revenues of EUR 624 million, 8% up in total, but over 10% at organic level. We said we'd be laser-focused on EBIT growth as well as EBITDA growth, and you can see a good expansion in our EBIT numbers, so EUR 46.7 million in the quarter at a margin rate of 7.5%, which is up 130 basis points.

**Anand Patel**

CFO | Medicover

If you look at the kind of cash EBITDA or EBITDA, as we call it, strong performance there as well. EUR 67.4 million, up 20%, at a margin rate of 10.8%, which is up 110 basis points year-on-year. Even in challenging circumstances, our model continues to work. We also delivered a good performance in the EPS numbers as well. In terms of, before we move on to the next slide, I think, just one thing to note. The margin accretion year-on-year is particularly strong in Q1. That won't be the same for the rest of the year, although there will be margin rate accretion.

**Anand Patel**

CFO | Medicover

In Q1, what we have is we're anniversarying the acquisitions we made in Q2 last year, which are not in the base in Q1. Previously we said they would be sales accretive and margin rate accretive, that kind of laps onto a base without it in Q1. As we bought it in Q2 last year, it will kind of mitigate that fact going forward. We still expect growth, as we said. In terms of healthcare, before we go into that, strong performance across both business units as well, I would say. Healthcare up 11.8%. Price up 6.8% with healthy growth in volumes too, and margin accretion across all profit metrics. At EBITDA level, EUR 48.9 million.

**Anand Patel**
CFO | Medicover

John mentioned the margin rate at 11.3%, which is up 140 basis points year-on-year. In terms of the loss on the hospital, that's in line with expectations. It grew from EUR 2.2 million to EUR 3.8 million in the quarter. That's largely because we opened a new hospital, financial district in Hyderabad. That's kind of expected, and we expect that to improve as the year goes on. I guess just to stress the point on India there. You know, I think, as John said, you know, 34% growth year-on-year in local currency, 14% in euros. Again, against soft comps, needless to say, we're pleased with that result in terms of the performance of the business.

**Anand Patel**
CFO | Medicover

In diagnostics, organic revenue growth of 7.2%, roughly 50/50 between price and volume growth. Even in a challenging quarter for the business, I think they, as John said, I think they did a super job. In terms of the EBITDA numbers, EUR 33.4 million. Margin rate at 16.7%, which is up 100 basis points. EBIT grew as well. In terms of the BDPs, they're a lot higher year-on-year, so 121 higher year-on-year. That's predominantly due to the fact that we did the Synlab acquisition. The lion's share of the increase on that is as a consequence of that. In other metrics, leverage pleasingly trends down from 3.1 to 2.9.

**Anand Patel**
CFO | Medicover

Our tax rate is in line with expectations and guidance at 28%. From a cash flow perspective, a bit of a timing challenge here. We had a little bit of a benefit in Q4, and we expect to see a benefit in Q2. It's not a structural change, it's just timing related. We'll get back to normalized levels from Q2 onwards. That's the same with net cash flow from operating activities and free recurring cash flow. The other thing I'd say on this slide is obviously is that ROIC continues to grow, 13.9% versus 13% at year-end and 8.3% a year ago. In terms of CapEx spend, we spent EUR 26 million in the quarter, roughly 4% of spend.

**Anand Patel**
CFO | Medicover

We have said before that we'd spend between 6% and 7% this year, we'll stand by that. Obviously expansion that happens later in the year with regards to investment in gyms, et cetera. That will flow through. In terms of the splitter CapEx, broadly speaking, it's roughly 2/3 on healthcare and 1/3 on diagnostics, with 58% on growth and the balance on maintenance. As we expand into new sites, it will get back to a normalized split of about 2/3 on growth and 1/3 on maintenance. The final thing I'd say on this slide is actually from a medical space perspective. We grew to over 1 million square meters now. At the end of year-end, we were just under 1 million.

**Anand Patel**
CFO | Medicover

We added on 110,000 sq m, and now we're over 1 million. Finally from me, a reminder of the midterm targets that we gave in February. We said that our organic revenue would exceed EUR 3.25 billion. We said our adjusted organic EBITDAL would exceed EUR 600 million. Our leverage would be below three, and our adjusted EBITDAL in excess of EUR 430 million and EBIT in excess of EUR 290 million in 2028. You can see, you know, one quarter in, we're pleased with our progress, and we're in line to achieve those targets. Back to you, John.

**John Stubbington**
CEO | Medicover

Thank you, Anand. You know, in summary, we've had a solid performance with good double-digit growth, margin expansion following it. Yeah, there's been a few challenges in the quarter, but we've kind of navigated those particularly well, and they're not the kind of things that tend to repeat, so that'd be good for us. Really good progress from a Fee-for-service perspective. You know, we're developing the business well in both divisions in terms of the relationships we have with our customers. Very important for us to be able to form those relationships and even more important for us to be able to get those relationships to come back and keep repeating their business with us. That's contributing to our growth and our improved results.

**John Stubbington**
CEO | Medicover

It's good to see. India's always a good subject for us to talk about. People have been expecting us to accelerate the growth. We've been saying that we need to do that in terms to keep on track from an IPO perspective. It's pleasing to see some of those numbers coming through in local currency, which is great. We will continue to focus on, you know, building the business, looking for growth, but at the same time ensuring that we're efficient, improving our capacity and making sure that we balance our positions when it comes to price, cost, and particularly value for customers. You know, Q1 has been good for us.

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John Stubbington

CEO | Medicover

It has had its challenges, but I think we're excited and energized by the model because it's weathered the storm to have a pun, and we've got other opportunities ahead, which I think is really, really good. We're looking forward to taking your questions.

Q&A

**Operator**

If you wish to ask a question please dial pound key five on your telephone keypad, to enter the queue. If you wish to withdraw your question please dial pound six on your telephone keypad. The next question comes from Philip Ekengren from ABGSC. Please go ahead.

**Philip Ekengren**

Analyst | ABGSC

Yes, good morning. First, and I'm sorry if I've missed this during the call. The line has been lagging a bit, but the two first months were affected by severe weather across key regions, that is in Central Eastern Europe, before normalizing in March, at least on my sort of numbers. Can you give us a sense of the magnitude of the weather drag here? Thanks.

**John Stubbington**

CEO | Medicover

It was a few percent on our revenue growth, the lag impact. You know, as you point out, January was affected. February was particularly affected. As we got to the back end of February, the sun came out again and things kind of stabilized and consumer behavior stabilized. As you can see from the figures that we're presenting today, that's flowed through into our March position and therefore overall quarter looks good. I think that's an indication of the strength of our model. At the same time, you know, when you look at these numbers, just bear in mind, as Anand said, that the acquisitions that we made last year, this is the final quarter for them, flowing through.

**John Stubbington**

CEO | Medicover

They were particularly strong for us. They have improved our margins as well. I make one more comment just to help people with modeling, et cetera, that, you know, as we go forward in future quarters, we've got a little bit more expansion in terms of number of facilities that will that will pop through. It doesn't mean to say that we won't make progress from an operating model perspective. We still think we will, but there'll be more of that kind of like new space going on so that we not only grow in 2026, but we continue to grow in 2027 and beyond.

**Philip Ekengren**

Analyst | ABGSC

Got it. Thanks. That's helpful. And then on India, I think we're all happy to see that it performs well. You're talking 34% growth in local currency. Could you elaborate a bit on the operational progress you're making down in India and a bit more color on how recruitment is going and how, you know, everything around it, please?

**John Stubbington**

CEO | Medicover

Yeah, I mean, we know India is a really fierce market. We know it's fierce from a recruitment perspective. You know, we've focused very much on getting our recruitment right and getting our replacement recruitment right if we have to adapt to anything that's happened to us. We're expanding at a fast rate. You know, we've opened the final hospital in this round, but that still means we've not only, you know, got not only opened hospitals, but we've still got space in the existing facilities as well that we can expand into. You know, our focus is very much on making sure that we've got the right doctors. That drives up the utilization. Also at the same time, we needed to impact the revenue per occupied bed.

**John Stubbington**

CEO | Medicover

Obviously, that's done by the types of doctors that you recruit and the mix of their specialisms and what the types of things that they perform. You know, at a micro level, by each hospital, we're dealing with all of those issues and that's why we believe we've got good momentum at the moment. We all know that for us to continue with the ambitions that we have, that momentum has to continue for IPO to be on track. You know, people are gonna ask me today, where are we with the IPO? The answer's gonna be, we're still on plan A. There's nobody in our business talking about plan B.

**John Stubbington**

CEO | Medicover

We're fully aware that the external world around us has changed a bit, but from our perspective in terms of the preparations, it makes sense for us to continue with A, and that's currently the position.



Philip Ekengren
Analyst | ABGSC

Perfect. Thank you very much, John. I think you answered my follow-up there with the IPO process. Perhaps the final one for me before I get back into the queue. It's been just over a year since the German pricing reform. Can you draw any conclusions from it now? Have you started to see any consolidation on the market or any change in sort of the behavior of competitors, please?



John Stubbington
CEO | Medicover

Yeah, it's, you know, the reform impact on us was quite tough. I think the team have done an incredible job to be able to manage that and for us to come through in the way that we've come through. The market is seeing, you know, early signs of changes in behavior, you know, both some of the smaller suppliers, you know, smaller suppliers not being able to adjust and consumers adjusting. You know, you'll note in some of the commentary that we're seeing a trend of more Fee-for-service starting to appear in Germany. You know, as I said before, I don't expect that to be a waterfall and to change the market dynamics overnight.



John Stubbington
CEO | Medicover

You know, because of the reforms that are coming, it looks like that kind of paying trend is gonna continue. You know, we've still got to watch in brief. We've got strong pipelines when it comes to M&A in many different areas, and Germany will be no different. We've got to watch in brief.



Philip Ekengren
Analyst | ABGSC

Thank you very much. That was all for me. I'll give it back to the queue.



John Stubbington
CEO | Medicover

Thanks.



Operator

The next question comes from Mattias Vadsten from SEB. Please go ahead.



Mattias Vadsten
Analyst | SEB

Good morning. I have a couple of questions. First one, just to be clear, when you say consumer behavior was affected, can you elaborate little bit on what services that are referred to in such a comment? What services are affected?



John Stubbington
CEO | Medicover

I think it was a general trend that occurred. You know, it's been 10 years since we've had the weather conditions that we had in Poland, which lasted, you know, a number of weeks. You know, I don't think the public were quite as used to it as they had been in history. It wouldn't have affected them 10 years ago. It'd have just been normal. You know, people kind of work from home, stayed away. You could see if we looked at our Telemedicine mix in our funded business that started to kick up, which was an indication of people, you know, not wanting to really go out and travel around. It just subdued overall kind of volumes for a period of time.



John Stubbington
CEO | Medicover

You had a few days in Romania with severe snow, and when you get that, doctors can't get into work on time. Therefore, they can't perform their procedures. You had big black ice and some blackouts in Berlin, which didn't particularly help, and all the problems in Ukraine. All of those things were just very unusual. You know, we're not sitting here and saying that that's an excuse for us. What you've seen really for through the quarter and what we take, you know, as very positive news is these things hit us, but we recovered as we went through the quarter. I think that's just a sign of our model being strong, our relationships being strong, and our ability to bounce back when these things hit us.



John Stubbington
CEO | Medicover

You know, January, February were tougher months than normal for this time of year.



Mattias Vadsten
Analyst | SEB

Good. I agree. You know, next question relates to Poland. Of course, it's been a major driver beating expectations for long in this company. I think it's a little lower growth rate, and you allude to many of the drivers. Aside from that, would you say that your sort of business momentum in Poland is intact, so to speak, and that we can climb back to higher growth rates already from Q2 there?



John Stubbington
CEO | Medicover

Yeah, I think that's.



Mattias Vadsten
Analyst | SEB

Yeah



John Stubbington
CEO | Medicover

I think it's a good observation that you make that, you know, we did point out a couple of quarters ago that even before the things we just talked about, that there was an underlying trend that we needed to sort out. Kind of like, Q1 doesn't help us understand whether we've sorted it or not because of the other factors that came into play. You know that, you can see from the funded business in terms of memberships that, you know, we need to drive that higher. We're not particularly worried about it.



John Stubbington
CEO | Medicover

You know, we, you know, the growth rate in Poland's been a strong base for us, and we fully expect for us to see momentum sort of build in Poland as we go throughout the year. You know, we're looking forward to sharing that with you. Let's see how it develops. It's not, you know, it's not something that is causing us undue worry at this stage.



Mattias Vadsten
Analyst | SEB

Good. Last one is firstly, sort of on Germany, what is the likely price impact on growth from here onwards? Is it neutral or?



Anand Patel
CFO | Medicover

Yeah. I think, look, we're expecting muted growth from a price perspective, obviously. There have been price cuts on the KV. As John says, what we have done is focus on our Fee-for-service business in Germany. In there, in terms of absolute percentages and absolute numbers, we've been focusing on that. Overall it will be muted growth from a pricing perspective.



Mattias Vadsten
Analyst | SEB

Good. Last one. You said you're on plan A with the IPO in India, what does that mean in terms of timing?



John Stubbington
CEO | Medicover

Well, you know, we've always set out the timetable that we announced in December 2024, that it was 24 months. You know, that's getting tight. Of course, people are gonna, you know, ask questions around that. You know, I think in terms of our preparations, we're on track. Yeah. We'll push ahead exactly as we are. We've always said that we're not 100% time bound. We're in a lucky position that if circumstances from a trading perspective meant that we delayed a quarter or so, or from an external world perspective, we delayed a quarter or so, you know, that is still possibilities. We are fully focused currently plan A, plan A, plan A. We've been open all the way through.



Mattias Vadsten
Analyst | SEB

Okay, good.



John Stubbington
CEO | Medicover

It stays the same.

**Mattias Vadsten**

Analyst | SEB

Good. Thank you so much.

**John Stubbington**

CEO | Medicover

No problem. Thank you.

**Operator**

The next question comes from Kristofer Liljeberg from DNB Carnegie. Please go ahead.

**Kristofer Liljeberg**

Analyst | DNB Carnegie

Yeah, thank you, and good morning. I have a few questions, maybe take them one by one. The first one, if you could explain a little bit more the margin improvement we saw here in Q1 versus Q4. I know Q4 was a bit weaker than previous quarter, but how much of this is just seasonality versus underlying improvements, would you say?

**Anand Patel**

CFO | Medicover

Yeah. I'll take that one. I think I'll talk less about Q4, talk more about Q1 and what it means going forward. I think, look, you've seen in Q1 that actually I've mentioned a bit about the acquisitions versus last year when we didn't have them in our base. That accounts for, you could argue, let's say just over 50% of the growth that we've seen year-on-year in terms of margin rate. That's part one. Part two is what we have seen is fundamental improvements in volumes through all of our infrastructure. You look at if India volumes are up 34% at local currency level and 10% in euros, you can imagine that there's margin expansion in India. In Romanian hospitals, the numbers are up year-on-year.

**Anand Patel**

CFO | Medicover

We're filling those capacities, and the margin rate is up there as well. In terms of seasonality, yes, but it's hard to say again, as John says, because we were impacted in the first two months of the year by weather. Needless to say, that the theme going forward is we're still filling our infrastructure, not just in anniversarying a period where we didn't have acquisitions, but it got numbers and countries like India and Romania flowing through to the numbers as well. We still expect to see healthy margin accretion for the balance of the year.

**Kristofer Liljeberg**

Analyst | DNB Carnegie

Okay. Based on previous comments, it sounds a little bit that we shouldn't expect any huge sequential margin improvements here in the next few quarters versus what you delivered in Q1. Is that correct?

**Anand Patel**

CFO | Medicover

Correct. Yes. Yeah. We won't get 140 basis points growth in Q2. Yes. Correct.

**Kristofer Liljeberg**

Analyst | DNB Carnegie

Oh, okay. Could you maybe comment what the margin is in India right now and how much it has improved?

**John Stubbington**

CEO | Medicover

No, we don't divulge that information. We've got to be really careful at the moment. As we build towards our IPO, the Indian authorities don't like us to say too much, you know, which doesn't help you and doesn't help our relationship with you. We just got to be careful. That's not something that we divulge and we wouldn't divulge at this stage due to the process.

**Kristofer Liljeberg**

Analyst | DNB Carnegie

Okay. Yeah, I don't know if you could comment on this one, but the minority loss that you still have, I guess more or less all of that relates to India and the fact that you have, that they have financial costs in that operation as it runs right now.



Anand Patel
CFO | Medicover

Yeah.



Kristofer Liljeberg
Analyst | DNB Carnegie

Okay. On the German Diagnostic margin, is it possible to comment how that has developed since the reform started versus what you have now in Q1?



John Stubbington
CEO | Medicover

Yeah, we again, we don't divulge that in terms of information. You know, as a soundbite, that, you know, from our perspective, the team have handled it really, really well, and we're pleased with how they've navigated that. I think it's a positive for us.



Kristofer Liljeberg
Analyst | DNB Carnegie

Have you been able to keep it at least flat or is it down? Is that possible to quantify?



John Stubbington
CEO | Medicover

I think, you know, we don't divulge it, Kristofer, but you know, from my comments here that I'm saying that it's positive for us. I think you can read between the lines.



Kristofer Liljeberg
Analyst | DNB Carnegie

Okay, thanks.



John Stubbington
CEO | Medicover

Thanks.



Kristofer Liljeberg
Analyst | DNB Carnegie

Sorry, a lot of questions here.



John Stubbington
CEO | Medicover

No problem.



Kristofer Liljeberg
Analyst | DNB Carnegie

When it comes to the number of healthcare members in Poland.



Kristofer Liljeberg
Analyst | DNB Carnegie

What will you do more precisely to increase the growth rate again? Is it just about being out selling or something else?



John Stubbington
CEO | Medicover

I think that, you know, there's a few things in there if you want a bit of flavor. One is that, you know, we made that decision about price. When you make those decisions about price, at times you've got a bit of a lag in terms of some of the people that don't like the price. Our new business volumes are very good. Organic growth in the market isn't particularly strong at this moment in time. Therefore we have to go to a different level of sophistication in terms of the different types of products that we offer to the different types of customers to stimulate more growth. We're in a good position because we've got, you know, our proposition is quite wide.

**John Stubbington**

CEO | Medicover

We can, you know, we can blend in terms of the way we do our pricing, and the way that we make it more attractive for customers to cover more of their employee base, and we'll be, you know, offering different solutions in coming quarters related to that. We've already started. It's getting the beginnings of some traction. That's why we're quite confident as we go forward that we should see that line start to improve again. The organic growth in the market is causing a bit of issue. That usually adjusts itself over time.

**Kristofer Liljeberg**

Analyst | DNB Carnegie

Okay. Great. Thank you very much.

**John Stubbington**

CEO | Medicover

No problem. Thank you.

**Operator**

The next question comes from Kane Slutzkin from Deutsche. Please go ahead.

**Kane Slutzkin**

Analyst | Deutsche

Morning, guys. Just a quick . Just on the Middle East situation, you obviously referred to the sort of external headwinds, I guess. I'm just wondering, is there any hedging in place to mitigate some of the sort of potential cost inflation you might see? How exposed are you? I would imagine, there's some energy exposure, but maybe not too material. Yeah, just any comments on sort of any hedging in place to mitigate potential cost increases. Secondly, are you guys sort of comfortable with where consensus is sitting? Just trying to kind of gauge sort of given sort of some of the commentary this morning around sort of Q1 being a bit higher and maybe there's a bit of phasing in the U.S.

**Kane Slutzkin**

Analyst | Deutsche

Yeah, just wondering if you're sort of comfortable with where the consensus numbers sit for the full year? Thanks.

**John Stubbington**

CEO | Medicover

Sure. I'll answer the first one, and I'll pass the second one over to Anand. From obviously a war perspective, and the Middle East perspective, we have conducted exercises inside the business to understand what would the impact of that be based on what we know. You know, we're putting in more monitoring positions in terms of some of the relationship with customers that could be more exposed. We're looking at our supply chain in terms of is there any delays. We're looking at our building program to understand if there's impacts on that. And, you know, obviously the one that you highlighted, energy, is an important factor for us. It's particularly important in sport because there's quite a lot of property exposure there.

**John Stubbington**

CEO | Medicover

Quite a few of our contracts from a Polish perspective on an energy basis are on a slightly longer term basis or fixed basis. Currently, of course, you'll see that the governments in many countries from an energy perspective are putting some kind of shield or mitigating circumstances in place. Currently, there's no major impact on us, but we are taking countermeasures, and we've got plans from a group perspective that should things turn, what are the levers that we would need to look at? At the moment, as it stands today, you know, on the 29th of April, we haven't pressed a button on those things. It's very much that we've got the watching brief with our indicators.

**Anand Patel**

CFO | Medicover

From me on the consensus question. We give three-year targets. I'm not gonna comment on entry numbers for you today. I guess the common themes of what we've said though are, you know, double-digit organic growth, and you can imply that from our three-year targets, and margin accretion.



John Stubbington
CEO | Medicover

Yeah



Anand Patel
CFO | Medicover

... to implied rates that you can calculate for yourself in 2028. We expect to see progress towards that and, you know, we've said, you know, there'll be a little bit slower potentially in 2026 versus, you know, an uptick in 2027, 2028 towards those targets. For me, for us, you know, we've said on our call that we will achieve our targets in 2028 and, after that, the entry years will be different.



Kane Slutzkin
Analyst | Deutsche

All right. Thank you. I guess just the reason I ask is, you know, clearly you're reporting quarterly, which is pretty regularly, so might help just to have a little bit more on the, on the sort of near term. Yeah, take the point. Thanks.



John Stubbington
CEO | Medicover

Yeah. All right. Thank you.



Operator

As a reminder, if you wish to ask a question please press pound key five on your telephone keypad. The next question comes from Darius Saftoiu from Jefferies. Please go ahead.



Darius Saftoiu
Analyst | Jefferies

Hi, thank you for taking my questions too, if I may. First on the diagnostic volumes. Test volumes were up to a 9.5% in Q1 with 8.7% on the acquisition. I was wondering if you could update us on the underlying growth tested in Q1 and SBS in the Q1.



John Stubbington
CEO | Medicover

Yeah. Can you repeat that? I heard that you were talking about diagnostic volumes and underlying trends.



Darius Saftoiu
Analyst | Jefferies

Yeah, sorry. Test volumes in Diagnostic Services were up to a 9.5% and 8.7% on the acquisitions, prior acquisitions.



Darius Saftoiu
Analyst | Jefferies

I was wondering if you could update us on the underlying organic demand and volume growth in diagnostics in Q1 as we execute Q1?



John Stubbington
CEO | Medicover

We're struggling to, apologies, but we're struggling to get the clarity of the question. Can I make a suggestion? Can you type it into the feed? We do wanna answer your question, but we just can't pick it up exactly. We don't wanna mislead you.



Darius Saftoiu
Analyst | Jefferies

Yeah.



John Stubbington
CEO | Medicover

Sorry about that. I just couldn't hear it through.



John Stubbington
CEO | Medicover

Yeah.



Operator

First in Diagnostic volumes, test volumes were up 9.3%.



Darius Saftoiu

Analyst | Jefferies

Yeah. Right.



Operator

With around 8.7 percentage points coming from prior year acquisition. Could you update us on how underlying-



John Stubbington

CEO | Medicover

Yeah. Sorry. We've now got the question. You know, the test volumes were up 9.5% year-on year, and around 8.7 percentage points coming from the prior year acquisitions, et cetera. Yeah, I think this is just one of the areas where we were affected by some of those headwinds. It's not something that we fundamentally believe that we're suppressed on this particular line. You can see from the development of the diagnostics team that all our Fee-for-service markets are growing quite strongly. You know, there is a different focus in terms of the businesses there looking at the higher margin test volumes, et cetera.



John Stubbington

CEO | Medicover

That's, that shouldn't affect our overall volumes as we go through. I wouldn't pay too much attention to that at this moment in time. You know, Q1, just an unusual quarter for us. We'll move past it, get to Q2, I think that our dialogue will be slightly different than it is today.



Darius Saftoiu

Analyst | Jefferies

Yeah. Thank you. I'm sorry if I, if you don't hear me properly. I've sent the question, second question in the chat as well. My second question is on the regulation in Germany.



John Stubbington

CEO | Medicover

Yeah.



Darius Saftoiu

Analyst | Jefferies

I understand that the impact from last year public reform is fully in the base now. I was wondering if you could update us on how do you assess the proposals for the private medical fees schedule reform?



John Stubbington

CEO | Medicover

Yeah



Darius Saftoiu

Analyst | Jefferies

... in Germany. Do you see any risks or potential opportunities for Medicover? If the outcomes were to have, like, less favorable impacts in certain pockets, what are the mitigation levers within your control? Thank you.



John Stubbington

CEO | Medicover

Yeah. I think it's a really good question. You know, put it into a broader context, it's not just Germany. I think it's a lot of markets that the national funds are looking at ways that they can drive efficiency. This is nothing new, you know. This is something that every Healthcare organization, whether it's public or private, has to do to be able to serve their customers well. In Germany, currently, there's lots of talk about the next reform that's gonna come, which is the GOÄ reform that you refer to. It isn't clarified 100% yet that the date of the reform will come in from X.



John Stubbington

CEO | Medicover

You know, we've been planning and scenario planning and scaling the impact of this reform for some time. You know, when it comes in and when it happens, it's not gonna affect our operations in terms of what we do simply because we're preparing for it in advance. We know that from the first reform that we needed to implement change in our business. I think I've said in previous calls that that change will last longer than any reform. We'll continue looking for, you know, to strengthen our operations to counterbalance any of the headwinds that come. That GOÄ reform, you know, as it stands today, is quite substantial. The last reform was, and we weathered that well. You know, we're talking theory. That theory's there.



John Stubbington

CEO | Medicover

We're doing what any good business would do. We're planning for it. As you also say, it drives opportunity. It does drive opportunity, which is, you can see in the German market already from what we've talked about today, there's a slight movement, you know, from people from a community that's been very used for things being paid for, to paying for the paying for themselves. You know, I think that trend will start to continue. There's a general trend in the wherever you go that people are much more interested in wellness nowadays, and longevity and things along those lines. Those kind of things don't tend to be covered by the funds. You know, wherever there's a challenge, there's an opportunity, and that's what Medicover's always been good at.



Darius Saftoiu

Analyst | Jefferies

Yeah. Just a follow-up on that. The proposals from the medical associations show an impact on certain diagnostic tests that could be substantial in terms of pricing. I was wondering how do you see the mitigation factors on those that will have, like, a higher pricing impact?



John Stubbington

CEO | Medicover

Literally, again, we can't pick up the question, I don't wanna mislead. If you can type it again, we'll come back to it. I'm sorry about that. The phone line is affecting the communication. I'm sorry. Doesn't appear to be more questions coming through. You know, there's one more question online that we will answer. You know, when I talked about alternative products, people said, are you considering health insurance? We have health insurance solutions, so that will always be part of the mix. We're prepared for that from a Polish perspective. There's also a question about the slowdown in Diagnostic revenues in Poland and Ukraine.



John Stubbington

CEO | Medicover

From a Poland perspective, there was a B2B contract change that happened which would have affected our underlying numbers. We are confident that we will be able to outgrow that as we go through the year. Ukraine was impacted by, you know, obviously the weather, 'cause it, that time of year down there is quite tough. The war impacted at a higher rate in Q1. As a consequence of that, it affected the numbers. You know, that seems to have recovered as we've gone through the quarter. Again, we expect that to be stronger.



Anand Patel

CFO | Medicover

Yeah, please.



John Stubbington

CEO | Medicover

There's a question also about the revenues we generate on CT, MRI scanners with the funds in Poland above the contract limit. You know, that's not something that we would disclose. You know, it's too much operational detail and sensitive. What I would say is that, you know, we have limited exposure to the NFZ. They are making changes in their contract limits in this particular area, but it's not a big part of our business volumes. You know, it will impact us, but at the same time, it's gonna impact the speed of delivery for the consumer.



John Stubbington

CEO | Medicover

There'll probably be a change in mix that happens here from some people that historically have gone to NFZ, and over time they'll switch back to being out of pocket.



Operator

Can we go back to the queue?



John Stubbington

CEO | Medicover

Happy to do so.



Operator

The next question comes from Mattias Vadsten from SEB. Please go ahead.



Mattias Vadsten

Analyst | SEB

Yes. Thank you. Just a clarification. I just wanted to make sure I caught your comments, Anand, correctly. The EBITDA margin improved by 90 bits year-over-year in Q1. Did I catch it correctly that you say basically the year-on-year margin improvement coming quarters will be much more modest? We obviously don't know exactly how it should be per quarter here. I just wanted to understand the profile sort of Q2 through Q4 based on the comments.



Anand Patel

CFO | Medicover

Obviously it's difficult for me to say without telling you the number, which I don't want to do. I think if you look at more than 50% of the growth in Q1, on the margin rate of, you know, roughly 120 basis points is due to the acquisition. That disappears in Q2 'cause it's in our base. Hopefully from that you can figure out what I'm saying with regards to the number for the rest of the year.



Mattias Vadsten

Analyst | SEB

Yeah, no, absolutely. Thank you so much.



Operator

There are no more phone questions at this time, so I hand the conference back to the speakers for any closing comments.



John Stubbington

CEO | Medicover

Yeah. Just, thank you to everybody for attending. There was quite a lot of varied questions today and quite a lot of detail that we went into. Fully expected that with the, you know, difficult first quarter sort of headwinds. They're gone now, so we're looking forward to progressing for the rest of the year. You know, as I said before, we're pleased with the progress we've made on Q1. We're very pleased with the strength of our model considering those unusual circumstances. And that's energized us for the future. We're very much looking forward to how we develop this year. You know, and finally, a big thank you to everybody in Medicover for making these results happen.



John Stubbington

CEO | Medicover

They've done a fantastic job. Thank you.