

MD MEDICAL GROUP ANNOUNCES OPERATING RESULTS FOR Q2 2022

1 August 2022 – MD Medical Group Investments Plc (“MD Medical Group”, “MDMG”, “Group” or the “Company”; LSE and MOEX: MDMG), a leading Russian private healthcare provider, today announces its operating and unaudited financial results for the second quarter of 2022.

Key financial highlights for H1 2022:

- **Total revenue** increased by **1.3%** year-on-year (y-o-y) to **RUB 12,159 million**.
- **Like-for-like (LFL) revenue** was flat y-o-y.
- Revenue of the Group’s **hospitals in Moscow** decreased by **4.3%** y-o-y to **RUB 6,355 million** due to a lower utilisation rate at the Lapino-4 COVID treatment facility as the pandemic subsided.
- Revenue of the Group’s **hospitals in regions** grew by **12.4%** y-o-y to **RUB 3,087 million** thanks to the strong operational performance of the medical cluster in Tyumen¹, target utilisation rates achieved at IDK hospital in Samara, as well as the MD Lakhta hospital shifting its focus to the core business of women’s and children’s healthcare.
- Revenue of the Group’s **out-patient clinics in Moscow and the Moscow region** surged by **13.5%** to **RUB 1,281 million** thanks to the recovery in demand for IVF following the pandemic.
- Revenue of the Group’s **out-patient clinics in other regions** dropped by **3.7%** y-o-y to **RUB 1,430 million** due to the late allocation of IVF quotas covered by the Mandatory Health Insurance (MHI) programme in some regions of the Russian Federation. The allocated quotas will be used in the upcoming quarters of 2022.

Key operational highlights for H1 2022:

- Total **out-patient treatments** decreased slightly, by **2.1%** y-o-y, to **878,458**, with a **11.7%** increase in the average ticket to **RUB 5.4 thousand** in Moscow/Moscow region and a **10.9%** increase y-o-y to **RUB 2.3 thousand** in other regions.
- Total **in-patient treatments** decreased by **7.4%** y-o-y to **70,937** due to the easing of the COVID-19 pandemic; at the same time, the average ticket increased by **22.2%** y-o-y to **RUB 91.5 thousand** in Moscow and by **1.6%** y-o-y to **RUB 34.7 thousand** in other regions.
- Total **IVF cycles** increased by **0.8%** y-o-y to **8,223**, with a **4.9%** increase in the average ticket to **RUB 264.4 thousand** in Moscow/Moscow region and a **4.9%** increase y-o-y to **RUB 235.2 thousand** in other regions.
- Total **deliveries** increased by **2.0%** y-o-y to **4,109**, while the average ticket rose by **4.6%** y-o-y to **RUB 490.0 thousand** in Moscow and by **6.0%** y-o-y to **RUB 173.6 thousand** in other regions.

Key events in Q2 2022:

- **Novosibirsk Centre for Reproductive Medicine renovated.** On 16 June 2022, MD Medical Group completed the renovation of its medical centre in Novosibirsk, increasing its capacity to 1,000 IVF cycles per year and investing around RUB 23 million.
- **Medical centre opened in Moscow.** On 23 June 2022, MD Medical Group opened a new outpatient medical centre, Mother&Child Butovo, with a capacity of 30,000 visits per year and some RUB 16 million invested in the project.

¹ The Tyumen medical cluster includes the Tyumen-1 multifunctional hospital and the Tyumen-2 COVID treatment facility.



Mark Kurtser, CEO at MDMG, said:

“In H1 2022, despite macroeconomic woes, we delivered strong results while working hard to improve our services and operational efficiency and maintain a solid financial position.

“We are happy with the Company’s H1 performance, as a decline in the utilisation rate expected at the Lapino-4 COVID treatment facility amid the fading pandemic was offset by robust demand for women’s healthcare, with its revenue for the period up by 7%. I am also pleased to note that we have been successfully diversifying our services. In particular, we see stable demand in non-core segments, such as trauma care, oncology and cardiology, with their share in the Group’s H1 revenue at 49%.

“Our new projects are also performing strongly and are on track to reach their respective design capacities. In the first three months after MD Lakhta was converted back into a clinical hospital, we performed about 90 deliveries, and we continue to increase patient flows. Meanwhile, our Tyumen medical cluster, which includes the Tyumen-1 multidisciplinary hospital and Tyumen-2 COVID treatment facility (launched in February 2022), achieved a 25% revenue growth and a 35% utilisation rate in H1 2022, still having a significant potential to support the Group’s future growth.

“We see a gradual recovery of patient flows and deferred demand for IVF after the COVID-19 pandemic. In H1 2022, the number of IVF cycles was up by 18% in Moscow hospitals and 22% in outpatient clinics in Moscow and the Moscow Region.

“Thanks to effective steps taken to ensure sufficient liquidity, our financial standing remained stable. It was for the first time in the Company’s history that we posted negative net debt.

“MD Medical Group keeps up the momentum, increasing the availability of its services in Moscow and beyond. In June 2022, we opened a new clinic in Butovo and renovated our medical centre in Novosibirsk. We are also about to launch outpatient clinics in Yekaterinburg and Moscow and working to build a Lapino-3 nuclear medicine centre.

“I am also very happy to say that MGIMO Med, a medical university created jointly with MGIMO, has started accepting applications, with the first intake scheduled for September.

“Despite the H1 turmoils, we were able to maintain a strong financial position and deliver robust operational results, so we do not rule out the possibility of paying dividends before the end of the year.

“We proceed with our strategy of diversifying the Group’s services and growing both organically and through acquisitions.”



Key Highlights for Q2 and H1 2022

	2Q 2022	2Q 2021	change, %	6M 2022	6M 2021	change, %
Operating indicators						
Hospitals in Moscow						
Out-patient visits	130,859	141,240	(7.3%)	265,508	272,417	(2.5%)
In-patient days	14,824	19,236	(22.9%)	31,601	43,853	(27.9%)
IVF cycles	748	642	16.5%	1,326	1,123	18.1%
Deliveries	1,081	1,182	(8.5%)	2,145	2,232	(3.9%)
Hospitals in regions						
Out-patient visits	169,268	171,477	(1.3%)	328,885	336,598	(2.3%)
In-patient days	20,956	16,623	26.1%	38,162	31,760	20.2%
IVF cycles	862	762	13.1%	1,431	1,442	(0.8%)
Deliveries	1,020	899	13.5%	1,964	1,795	9.4%
Out-patient clinics in Moscow and Moscow region						
Out patient visits	43,168	43,925	(1.7%)	84,652	85,996	(1.6%)
IVF cycles	1,196	1,082	10.5%	2,100	1,722	22.0%
Out-patient clinics in Regions						
Out patient visits	101,917	101,871	0.0%	199,413	202,306	(1.4%)
In-patient days	659	525	25.5%	1,174	974	20.5%
IVF cycles	1,814	2,083	(12.9%)	3,366	3,868	(13.0%)
Total out-patient visits	445,212	458,513	(2.9%)	878,458	897,317	(2.1%)
Total in-patient days	36,439	36,384	0.2%	70,937	76,587	(7.4%)
Total IVF cycles	4,620	4,569	1.1%	8,223	8,155	0.8%
Total deliveries	2,101	2,081	1.0%	4,109	4,027	2.0%

Revenue, RUB mln						
Hospitals in Moscow						
Out-patient visits	666	617	7.9%	1,302	1,162	12.0%
In-patient days	1,160	1,608	(27.9%)	2,891	3,282	(11.9%)
IVF cycles	210	157	33.8%	361	285	26.7%
Deliveries	531	573	(7.3%)	1,051	1,046	0.5%
Other revenue	320	456	(29.8%)	750	866	(13.4%)
Hospitals in regions						
Out-patient visits	378	345	9.6%	736	680	8.2%
In-patient days	700	575	21.7%	1,335	1,091	22.4%
IVF cycles	211	175	20.4%	351	339	3.4%
Deliveries	179	149	20.1%	341	294	16.0%
Other revenue	160	170	(6.0%)	324	342	(5.2%)
Out-patient clinics in Moscow and Moscow region						
Out-patient visits	296	306	(3.3%)	594	575	3.3%
IVF cycles	308	256	20.3%	545	432	26.2%
Other revenue	67	63	6.0%	142	122	16.3%
Out-patient clinics in regions						
Out-patient visits	249	223	11.7%	476	435	9.4%
In-patient days	16	15	6.7%	28	25	12.0%
IVF cycles	422	463	(8.7%)	777	852	(8.7%)
Other revenue	74	87	(14.6%)	149	174	(14.2%)
Managing company and other	3	4	(25.0%)	6	7	(14.3%)
Hospitals in Moscow	2,888	3,411	(15.4%)	6,355	6,641	(4.3%)
Hospitals in regions	1,628	1,414	15.1%	3,087	2,746	12.4%
Clinics in Moscow and MR	671	625	7.3%	1,281	1,129	13.5%
Clinics in regions	761	787	(3.3%)	1,430	1,485	(3.7%)
Total Revenue	5,951	6,242	(4.7%)	12,159	12,009	1.3%



	2Q 2022	2Q 2021	change, %	6M 2022	6M 2021	change, %
Average ticket						
Hospitals in Moscow						
Out-patient visits	5.1	4.4	16.5%	4.9	4.3	15.0%
In-patient days	78.3	83.6	(6.4%)	91.5	74.8	22.2%
IVF cycles	280.7	244.5	14.8%	272.2	253.8	7.3%
Deliveries	491.2	484.8	1.3%	490.0	468.6	4.6%
Hospitals in regions						
Out-patient visits	2.2	2.0	11.0%	2.2	2.0	10.8%
In-patient days	33.4	34.6	(3.4%)	35.0	34.4	1.8%
IVF cycles	244.8	230.0	6.4%	245.3	235.4	4.2%
Deliveries	175.5	165.7	5.9%	173.6	163.8	6.0%
Out-patient clinics in Moscow and Moscow region						
Out patient visits	6.9	7.0	(1.6%)	7.0	6.7	4.9%
IVF cycles	257.5	236.6	8.8%	259.5	250.9	3.4%
Out-patient clinics in regions						
Out patient visits	2.4	2.2	11.6%	2.4	2.2	11.0%
In-patient days	24.3	28.6	(15.0%)	23.9	25.7	(7.1%)
IVF cycles	232.9	222.1	4.8%	231.0	220.1	4.9%

LFL performance for Q2 and H1 2022, % y-o-y

	2Q 2022			6M 2022		
	Revenue	Actual capacity	Average ticket	Revenue	Actual capacity	Average ticket
Hospitals in Moscow						
Out-patient visits	7.9%	(7.3%)	16.5%	12.0%	(2.5%)	15.0%
In-patient days	(27.9%)	(22.9%)	(6.4%)	(11.9%)	(27.9%)	22.2%
IVF cycles	33.8%	16.5%	14.8%	26.7%	18.1%	7.3%
Deliveries	(7.3%)	(8.5%)	1.3%	0.5%	(3.9%)	4.6%
Other revenue	(29.8%)	-	-	(13.4%)	-	-
Hospitals in regions						
Out-patient visits	8.5%	(3.2%)	12.0%	7.3%	(3.9%)	11.7%
In-patient days	14.7%	11.2%	3.1%	11.8%	8.0%	3.6%
IVF cycles	20.4%	13.1%	6.4%	3.4%	(0.8%)	4.2%
Deliveries	10.1%	4.1%	5.7%	10.2%	4.5%	5.4%
Other revenue	(7.2%)	-	-	(7.6%)	-	-
Out-patient clinics in Moscow and Moscow region						
Out patient visits	(3.3%)	(1.7%)	(1.6%)	3.3%	(1.6%)	4.9%
IVF cycles	20.3%	10.5%	8.8%	26.2%	22.0%	3.4%
Other revenue	6.0%	-	-	16.3%	-	-
Out-patient clinics in regions						
Out patient visits	11.7%	0.0%	11.6%	9.4%	(1.4%)	11.0%
In-patient days	6.7%	25.5%	(15.0%)	12.0%	20.5%	(7.1%)
IVF cycles	(8.7%)	(12.9%)	4.8%	(8.7%)	(13.0%)	4.9%
Other revenue	(14.6%)	-	-	(14.2%)	-	-
Managing company and other	(25.0%)	-	-	(14.3%)	-	-
Total Revenue	(5.7%)			0.0%		



Hospitals in Moscow

In Q2 2022, Moscow hospitals' revenue fell by 15.4% y-o-y to RUB 2,888 million, mainly due to dwindling patient flows at the Lapino-4 COVID treatment facility amid the pandemic slowdown (a 22.9% decrease in the number of in-patient days). A 6.4% drop in the average ticket for in-patient treatments also resulted from the scaling down of COVID-19 diagnostic and treatment services. In addition, revenue was negatively affected by fewer deliveries in Moscow (-8.5%) due to the overall downward trend in Russia's birth rate.

A decrease in revenues from in-patient facilities and delivery services was offset by a 33.8% spike in revenue from IVF thanks to the post-pandemic recovery of demand (+16.5% IVF cycles y-o-y), as well as higher demand for treatment unrelated to women's and children's healthcare. The number of in-patient days in traumatology, cardiology and oncology was up by 95.3%, 33.2% and 12.2% y-o-y, respectively.

Hospitals in regions

In Q2 2022, regional hospitals' revenue grew by 15.1% y-o-y to RUB 1,628 million, driven by better results in women's and children's healthcare services (+20.1% y-o-y in revenue from deliveries; +20.4% in revenue from IVF). The increase in deliveries (+13.5% y-o-y) came on the back of Tyumen-1 gradually progressing towards its design capacity (current utilisation rate is 25.9%), as well as MD Lakhta shifting to its core business of women's and children's healthcare, with a focus on childbirth and gynaecological surgery. The number of deliveries performed at MD Lakhta during the reporting period was 84, with the average ticket standing at RUB 178.2 thousand.

The upward trend in revenue was also firmly supported by a growing number of in-patient days (+26.1% y-o-y) – revenue from this segment for the period up by 21.7%. Clinical hospitals in Novosibirsk and Samara were the top contributors to utilisation rates, gaining 25.8% and 37.7% y-o-y, respectively. A 3.4% drop in the average ticket for in-patient treatments resulted from the scaling down of COVID-19 diagnostic and treatment services.

Out-patient clinics in Moscow and Moscow region

In Q2 2022, revenues from out-patient clinics in Moscow and the Moscow Region rose by 7.3% y-o-y to RUB 671 million. The key driver behind revenue pickup was a 10.5% increase in IVF cycles thanks to the post-pandemic recovery of demand. The average IVF ticket increased by 8.8%, primarily on the back of indexed prices.

A slight 1.6% drop in the average ticket for visits was caused by tough comparatives from Q2 2021 as regards COVID-19 diagnostics and treatment.

Out-patient clinics in regions

In Q2 2022, revenues from regional out-patient clinics shed a mere 3.3% y-o-y to come in at RUB 761 million. This was associated with a 12.9% drop in IVF cycles mainly due to the suspension of the Novosibirsk Centre for Reproductive Medicine, which was closed for renovation. The renovated centre with an annual capacity of 1,000 IVF cycles opened its doors on 16 June 2022.

Fewer IVF cycles also resulted from the late distribution of quotas under the MHI programme in some Russian regions. The allocated quotas will be used in the upcoming quarters of 2022. The average IVF ticket increased by 4.8%, primarily on the back of indexed prices.

Out-patient visits

The second quarter saw a 2.9% fall in the number of out-patient visits at the Group's medical facilities in Moscow and other regions due to a reduction in COVID-19 diagnostic and treatment services.

This was offset by an increase in the average ticket in Moscow and other regions (+10.9% and +11.3% y-o-y, respectively) thanks to a wider service offering, including traumatology and cardiology, as well as inflation.



Net cash position

As of 30 June 2022, the Group's debt decreased by RUB 496 million to RUB 4,619 million compared to 31 March 2022, bringing the Company's net cash position to RUB 85 million at the end of Q2 2022.

CAPEX

Total CAPEX in Q2 2022 decreased by 34.6% y-o-y to RUB 211 million. The hospital segment accounted for the bulk of CAPEX (60.9%), while 39.1% was allocated for the construction of new clinics and maintenance costs.

An out-patient clinic in Yekaterinburg with a focus on IVF cycles is expected to be ready for operations in Q3 2022. The CAPEX for the construction of the clinic is expected to amount to RUB 50 million.

In H2 2022, the Group is also expecting to launch out-patient clinic in the Moscow region as well as one lab specimen collection site under the MD LAB brand.

The nuclear medicine centre Lapino-3 is currently at the design stage and is expected to be ready for operations in 2024. Total CAPEX for construction of the facility is expected to amount to RUB 1.5 billion.

Notes:

1. This announcement contains inside information
2. Data is based on management accounts
3. Minor variations in calculation of totals, subtotals and/or percentage change are due to rounding of decimals

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MD Medical

ГРУППА КОМПАНИЙ

About MD Medical Group

MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market. Today, the Company manages 50 state-of-the-art healthcare facilities, including 10 multidisciplinary hospitals and 40 out-patient clinics in 25 regions of the Russian Federation. In 2021, MD Medical Group's revenue amounted to RUB 25.2 bln, with EBITDA of RUB 8.3 bln. The Company's global depositary receipts are traded on the London Stock Exchange (LSE: MDMG) and Moscow Exchange (MOEX: MDMG).

Forward-Looking Statements

This press release contains forward-looking statements, which are based on the Company's current expectations and assumptions and may involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. The forward-looking statements contained in this press release are based on past trends or activities and should not be taken that such trends or activities will continue in the future. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially, including, but not limited to: conditions in the market, market position of the Company, earnings, financial position, cash flows, return on capital and operating margins, anticipated investments and economic conditions; the Company's ability to obtain capital/additional finance; a reduction in demand by customers; an increase in competition; an unexpected decline in revenue or profitability; legislative, fiscal and regulatory developments, including, but not limited to, changes in environmental and health and safety regulations; exchange rate fluctuations; retention of senior management; the maintenance of labour relations; fluctuations in the cost of input costs; and operating and financial restrictions as a result of financing arrangements. No statement in this press release is intended to constitute a profit forecast, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the Company. Each forward-looking statement relates only as of the date of the particular statement.