



## **MD MEDICAL GROUP POSTS 30% EBITDA AND 56% NET PROFIT GROWTH IN FY 2020**

**22 March 2021, Moscow.** MD Medical Group Investments Plc (“MD Medical Group,” “MDMG,” the “Group” or the “Company” – LSE and MOEX: MDMG), a leading Russian private healthcare provider, announces its audited consolidated financial statements for the 12 months ended 31 December 2020 under International Financial Reporting Standards (“IFRS”).

### **FY 2020 Financial Highlights**

- **Revenue increased by 18%** year-on-year (y-o-y) to RUB 19,133 mln vs. RUB 16,160 mln in FY 2019, mainly driven by in-patient treatments and such segments as surgery, oncology, therapy and trauma.
- **EBITDA increased by 30%** y-o-y to RUB 6,008 mln with **EBITDA margin** of 31.4%, up 2.7 p.p. y-o-y. This growth was partly driven by a higher share of Moscow hospitals in the Group’s overall revenue.
- **Net profit grew by 56%** y-o-y to RUB 4,333 mln.
- **Operational cash flow grew by 32%** y-o-y to RUB 6,515 mln.
- **Capex** amounted to RUB 3,904 mln. Among the key investments was the development of the Lapino complex. This included completing the construction and equipment purchase for Lapino-2 along with various infrastructure works and land plot purchases for area expansion, as well as construction and equipment purchase for Lapino-4.
- **Debt** decreased by 4% to RUB 6,818 mln at the end of FY 2020 from 31 December 2019, while **net debt** decreased 17% from the end of 2019 to RUB 2,943 mln. The net debt to EBITDA ratio amounted to 0.5x.
- **Net working capital** remained negative at RUB (2,203) mln and represented 11.5% of revenue.

**Commenting on the FY 2020 financial results, Mark Kurtser, CEO of MD Medical Group, said:**

“We demonstrated strong financial results in 2020. Our revenue grew 18% year-on-year to RUB 19,133 million, as a result of our continued portfolio diversification. Medical services not related to women’s and children’s healthcare accounted for 45% of revenue – a significant increase from 31% in 2019.

“EBITDA grew by 30% year-on-year, with the EBITDA margin up 2.7 p.p. year-on-year up to 31.4%. Net profit increased by 56% up to RUB 4,333 mln.

“Throughout the reporting year, we not only successfully adapted to the radically changing environment but also laid a solid foundation for the Group’s future sustainable growth. In particular, we significantly expanded our flagship medical cluster in Lapino. In September 2020, we opened the new surgery building Lapino-2, which will also focus on oncology. We continued to diversify by commissioning the new Lapino-4 building with its focus on treating infectious diseases. This project was completed with an impressive turnaround time. We plan to further develop Lapino, which already comprises three multifunctional buildings and is the largest private medical complex in Russia, and believe that thanks to our initiatives, this cluster will continue to be a driving force behind the Group’s growth in years to come.

“We had a successful end to 2020 thanks to the efforts of the MDMG team and despite the challenging external situation. We gained new experience and competencies that will enable us to further unlock the potential of our business on the promising Russian market.”

## **FY 2020 Highlights**

### *Operational results*

MD Medical Group continued to develop its business and demonstrated the following operational results for FY 2020:

- Total deliveries grew 4% y-o-y to **7,759**.
- Total IVF cycles declined 15% y-o-y to **15,264**.
- Total in-patient treatments grew 46% y-o-y to **116,417**.
- Total out-patient treatments declined 8% y-o-y to **1,613,630**.

### *Expansion of our hospital network*

- *Opening of Lapino-2.* The new six-storey surgery building with 18,500 sq m of space has an annual capacity of 12,000 surgical procedures, more than 40,000 in-patient days, and more than 180,000 out-patient visits. Lapino-2 houses a state-of-the-art oncology centre that offers full-cycle medical service on a high level in accordance with modern world protocols. It also includes a department for stomatology, including maxillofacial surgery, and a state-of-the-art microbiological laboratory offering a full range of diagnostic testing.
- *Opening of a new multifunctional medical centre Lapino-4* with 100 beds and an area of 4,200 sq m. The construction of the new two-storey multifunctional medical centre intended to treat patients with infections, primarily coronavirus patients, was achieved within a short period of time using rapid construction technology.

### *Opening and expansion of clinics*

- *Opening of a new Mother&Child clinic in Rostov-on-Don with an area of 442 sq m.* The clinic offers a wide range of medical services for women, including IVF, ultrasound, gynaecological treatments and prenatal care. Patients are offered medical consultations with highly qualified obstetricians/gynaecologists, reproductologists, endocrinologists, urologists, andrologists and other specialists. The clinic has annual capacities of up to 400 minor gynaecological operations;

around 1,000 IVF cycles, including under the Mandatory Health Insurance (MHI) programme; and more than 26,000 out-patient treatments per year.

- *Opening of a new Mother&Child Novaya Riga clinic in the Moscow Region with an area of 117 sq m.* The clinic focuses on providing high-quality paediatric care to patients ranging from birth to 18 years of age. The new clinic has a capacity of more than 20,000 out-patient visits per year.

#### **FY 2020 Financial Highlights (RUB mln)**

	2020	2019	Change y-o-y
Revenue	19,133	16,160	+18%
Gross profit	7,127	5,784	+23%
EBITDA	6,008	4,635	+30%
EBITDA margin, %	31.4%	28.7%	+2.7 p.p.
Net profit	4,333	2,787	+56%
CAPEX	3,904	3,992	-2%
Net operating cash flow	6,515	4,946	+32%
Net working capital	(2,203)	(1,666)	-32%
Net debt	2,943	3,530	-17%

#### **Revenue structure**

The Group's revenue in FY 2020 amounted to RUB 19,133 mln, up 18% y-o-y. This growth was mainly driven by the Group's hospitals in the Moscow region – Lapino and MD Group Clinical Hospital.

Revenue from medical services not related to women's and children's health accounted for 45% of total revenue, up from 31% in 2019. Surgery, orthopaedics, oncology and therapy were the fastest-growing service lines in 2020, primarily driven by the Lapino hospital.

#### **Revenue structure in FY 2020 (RUB mln)**

	2020	2019	Change y-o-y
<b>OBGYN (excl. deliveries)</b>	2,930	3,075	-5%
Deliveries	2,434	2,305	+6%
IVF	3,452	3,843	-10%
Paediatrics	1,780	1,937	-8%
Internal medicine, surgery and other in-patient medical services	3,262	1,269	+157%
Oncology	1,272	170	+648%
Other medical services	3,630	3,124	+16%
Other revenue	373	437	-15%
<b>TOTAL</b>	<b>19,133</b>	<b>16,160</b>	<b>+18%</b>

#### **Operating expenses, excl. D&A**

Operating expenses (excl. D&A) in FY 2020 grew 14% y-o-y and amounted to RUB 13,125 mln.

#### **Capex and financial position**

**Total Capex** amounted to RUB 3,904 mln compared to RUB 3,992 mln in FY 2019. Key investments in H1 2020 included the completed construction and purchase of equipment for Lapino-2 (RUB 1,030 mln). Key investments included the development of the Lapino complex: completing the construction and equipment purchase for Lapino-2 along with various infrastructure works and land plot purchases for area expansion, as well as construction and equipment purchase for Lapino-4.

**Debt** decreased by 4% from 31 December 2019 to RUB 6,818 mln as of 31 December 2020, while **net debt** decreased 17% from the end of 2019 to RUB 2,943 mln. The net debt to EBITDA ratio amounted to 0.5x.

The Company has historically maintained negative working capital as a source of additional financing. Working capital remained negative at RUB (2,203) mln and amounted to 11.5% of revenue for 2020.

#### **Events occurring after the reporting period**

The Board of Directors recommended a final dividend of RUB 1,427 mln for 2020, which corresponds to RUB 19 per share (in addition to RUB 9.8 per share interim dividends for 1H 2020).

Approval of dividends will be discussed at the Annual General Meeting of shareholders (AGM) scheduled for 22 April 2021. The record date for participation in the AGM is 19 March 2021. The last date to accept the results of voting from GDR holders shall be 20 April 2021.

Subject to shareholder approval of the dividend at the AGM, the preliminary dividend record date is set as 5 May 2021. The Group's Global Depositary Receipts will be marked as ex-dividend on 4 May 2021. The pay date for GDR holders is set for 25 May 2021 in US dollars based on the Central Bank of Russia rate as of 19 March 2021.

Starting from 1 January 2015, the Company has been a Russian tax resident according to part 8 of article 246.2 of the Russian Tax Code (the "Code"). According to part 5 of article 246 of the Code, foreign organisations which are considered Russian tax residents in line with article 246.2 of the Code are treated as Russian organisations for the purposes of Section 25 of the Code. When paying dividends, according to Section 25 of the Code, Russian organisations which are the source of income are usually (but not limited to) acting as tax agents and withhold taxes at a rate of 15% rate in order to transfer it to Russian tax authorities. Potential holders should consult with their tax advisors if they need to receive the Russian taxes withheld for any payments received in relation to GDRs.

**Consolidated financial statements are available on the Company's web site:**  
<http://www.mcclinics.com/reports/financialreports/>.

#### **Conference call:**

On 22 March 2021, the Group's management will host a conference call and webcast for investors and analysts at 5:00 pm Moscow time (2:00 pm London; 10:00 am New York).

MD Medical Group will be represented by:

- **Dr Mark Kurtser**, CEO and Member of the Board of Directors

- **Mr Andrey Khoperskiy**, Deputy CEO for Finance and Economics
- **Mr Dmitry Yakushkin**, Head of IR

The press release, presentation and financial statements will be available prior to the conference call on the Company's website: <http://www.mcclinics.com/reports/financialreports/>.

Zoom link:

<https://zoom.us/j/95393282491?pwd=OXFpRnB4alUvV0VWNGpsWWJjbFBKUT09>

The call recording will be available on the Company's website.

Please note that this call is only intended for investors and analysts.

**This announcement contains inside information.**

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#### **About MD Medical Group**

MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market. The company manages 42 modern healthcare facilities, including 6 hospitals and 36 out-patient clinics in Moscow and the Moscow Region, St. Petersburg, Ufa, Perm, Samara and the Samara Region, Novosibirsk, Irkutsk, Yaroslavl, Ryazan, Kostroma, Novokuznetsk, Krasnoyarsk, Omsk, Barnaul, Vladimir, Tyumen, Voronezh, Nizhny Novgorod, Volgograd, Tula, Kazan, Vladivostok, Krasnodar and Rostov-on-Don.

The Company's shares have been listed on the London Stock Exchange (LSE ticker "MDMG") in the form of Global Depositary Receipts (GDRs) since 12 October 2012.

Since 9 November 2020, the Company's GDRs are also traded in RUB on Moscow Exchange.

#### **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.