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## MD MEDICAL GROUP

## INVESTOR PRESENTATION

Moscow  
2018





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# MDMG OVERVIEW

# 40 MODERN MEDICAL FACILITIES ACROSS RUSSIA

5

HOSPITALS

35

OUT-PATIENT CLINICS

25

CITIES

22

REGIONS

≈ 7,000

EMPLOYEES



### Highlights

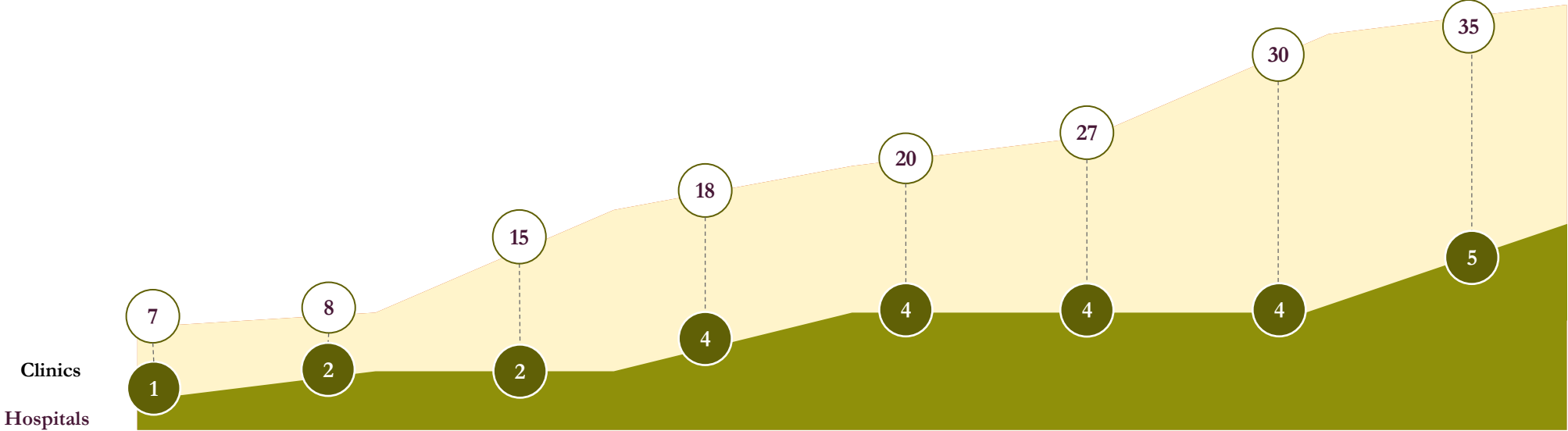
- Russia's leading private healthcare provider
- Network of modern and high-quality healthcare facilities across Russia
- Wide range of medical services including OBGYN, fertility and IVF treatment, paediatrics and other services (surgery, urology, traumatology, dental care, stem cell storage, laboratory testing and radiology diagnostics)
- Highly qualified medical personnel
- State-of-the-art equipment provided by leading international and domestic suppliers

# WIDE RANGE OF HEALTHCARE SERVICES



# STRATEGIC DEVELOPMENT AFTER IPO

2011 — 2012 — 2013 — 2014 — 2015 — 2016 — 2017 — 2018



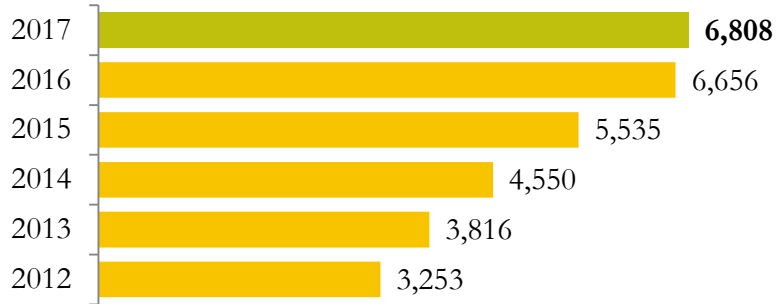
Key milestones	2012	2013	2014	2015	2016	2017	2018
<b>New hospitals</b>	Lapino		Ufa		Construct. Samara	Novosibirsk-2	Samara
<b>New clinics</b>	Perm	Yaroslavl		Ryazan	Kostroma Odintsovo Khodynское Pole	Tyumen, Voronezh	Nizhny Novgorod, Vladimir, Kostroma, Lefortovo (Moscow), Volgograd, Tula, Kazan, Expansion of Mother&Child Yugo- Zapad
<b>M&amp;A</b>		IDK (Samara) Clinic in Irkutsk	Avicenna (Novosibirsk)	Medica (Novokuznetsk)	AMG (Krasnoyarsk, Omsk, Barnaul & Novosibirsk)		

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OPERATIONAL RESULTS

# OPERATIONAL RESULTS

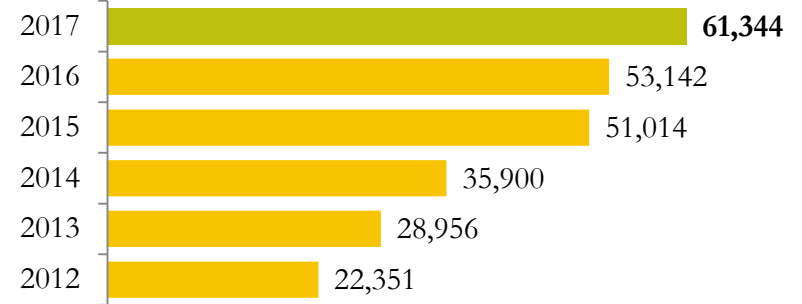
## Deliveries



CAGR 2012-2017

**+16%**

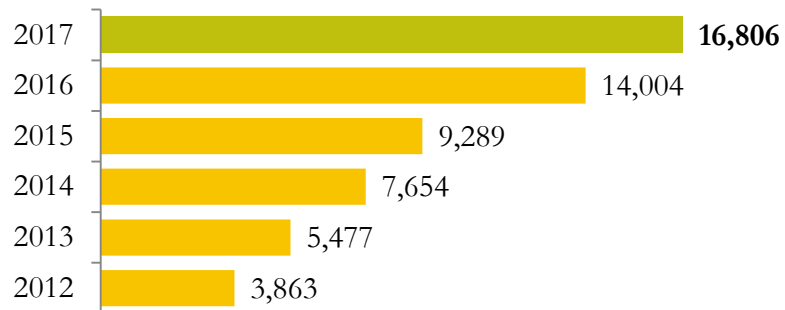
## In-patient treatments



CAGR 2012-2017

**+22%**

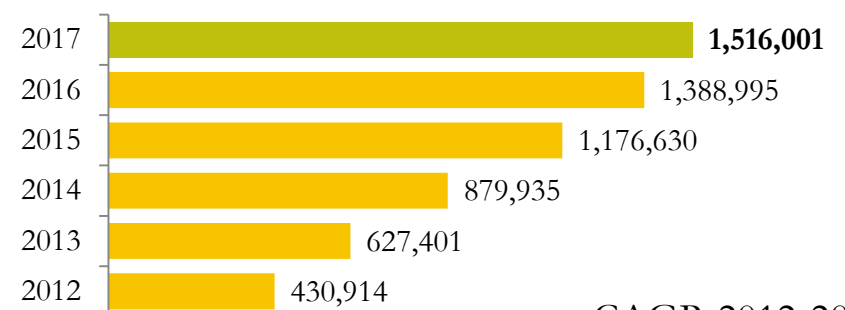
## IVF cycles



CAGR 2012-2017

**+34%**

## Out-patient treatments



CAGR 2012-2017

**+29%**



# OPERATIONAL RESULTS FOR 9M 2018



## OPERATIONAL RESULTS

5,439

DELIVERIES

+6% (9M 2018/9M 2017)

52,317

IN-PATIENT  
TREATMENTS

+17% (9M 2018/9M 2017)

11,885

IVF CYCLES

-2% (9M 2018/9M 2017)

1,179,166

OUT-PATIENT  
TREATMENTS

+6% (9M 2018/9M 2017)

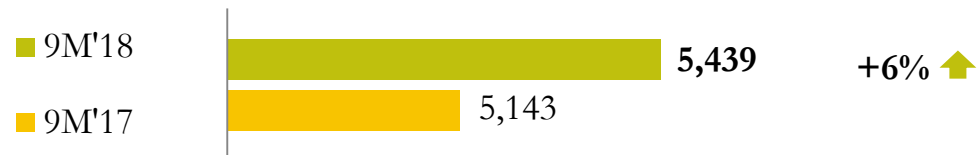
**Deliveries:** Despite decrease in number of deliveries in Moscow by 5%, Company managed to sustain the Group's revenue from deliveries at the levels of last year. It was achieved due to increase of average ticket in Moscow by 6% and growth of numbers of deliveries in Ufa, Novosibirsk and new hospital in Samara

**IVF cycles:** The main decrease in the number of IVF cycles occurred in Moscow and St. Petersburg as a result of increased competition in the market, while the average check increased by 7%

**In-patient treatments:** The Group's focus on diversification of medical services has produced successful results. Other medical services, in particular Surgery, recorded the fastest growth among all types of medical services

**Out-patient treatments:** Growth in out-patient treatments is the result of steady increase in capacity utilization of our multifunctional hospitals and clinics

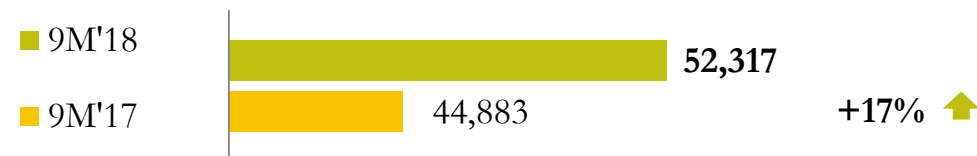
### Deliveries



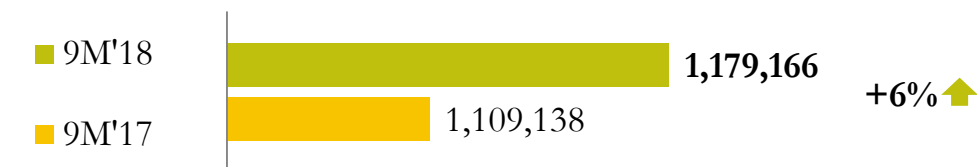
### IVF cycles



### In-patient treatments

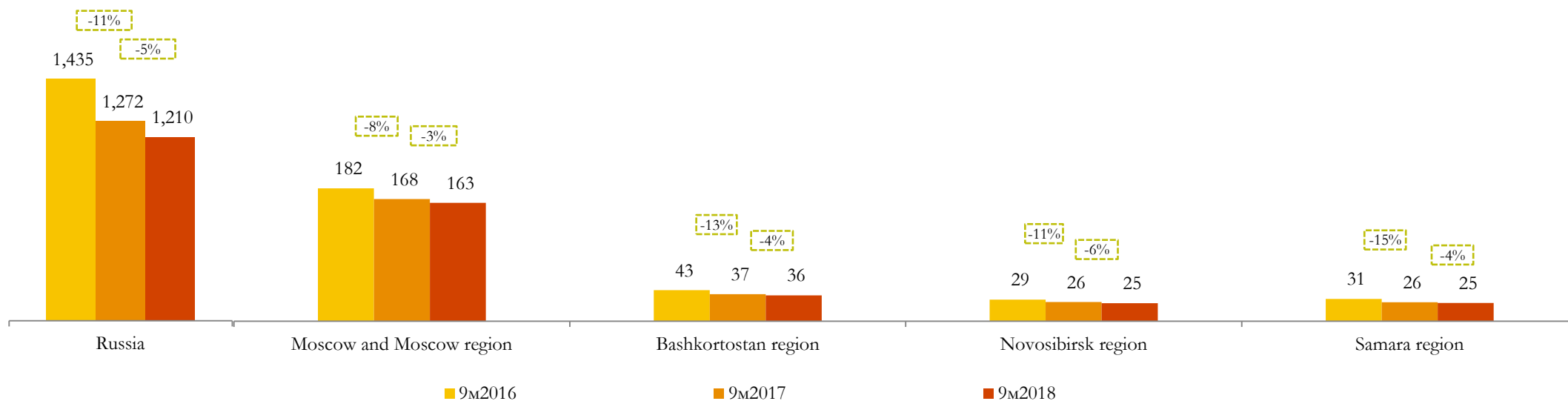


### Out-patient treatments

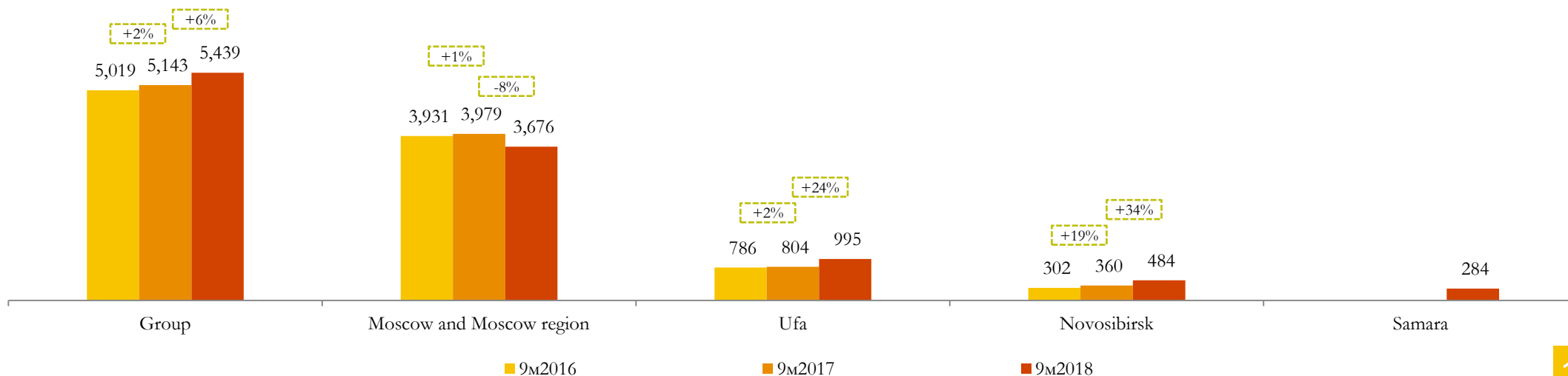


# OPERATIONAL RESULTS FOR 9 MONTHS 2018

Number of births by regions in Russia 9M 2018/9M 2017/9M 2016, thsd deliveries



Number of deliveries by region 9M 2018/9M 2017/9M 2016, MD Medical Group



# 3

H1 2018

FINANCIAL RESULTS ANALYSIS

# FINANCIAL RESULTS FOR H1 2018

## FINANCIAL RESULTS GROUP

**7,130**

MLN RUB  
REVENUE

+ 8% (6M 2018/6M 2017)

**1,922**

MLN RUB  
EBITDA

+ 2% (6M 2018/6M 2017)

**27.0%**

EBITDA  
MARGIN

- 1.5 p.p. (6M 2018/6M 2017)

**37**

CLINICS/HOSPITALS

32 CLINICS  
5 HOSPITALS  
19 REGIONS

**1,230**

MLN RUB  
NET PROFIT

+ 0.4% (6M 2018/6M 2017)

## FINANCIAL RESULTS LIKE-FOR-LIKE

**6,906**

MLN RUB  
REVENUE

+ 4% (6M 2018/6M 2017)

**1,937**

MLN RUB  
EBITDA

+ 3% (6M 2018/6M 2017)

**28.0%**

EBITDA  
MARGIN

- 0.5 p.p. (6M 2018/6M 2017)

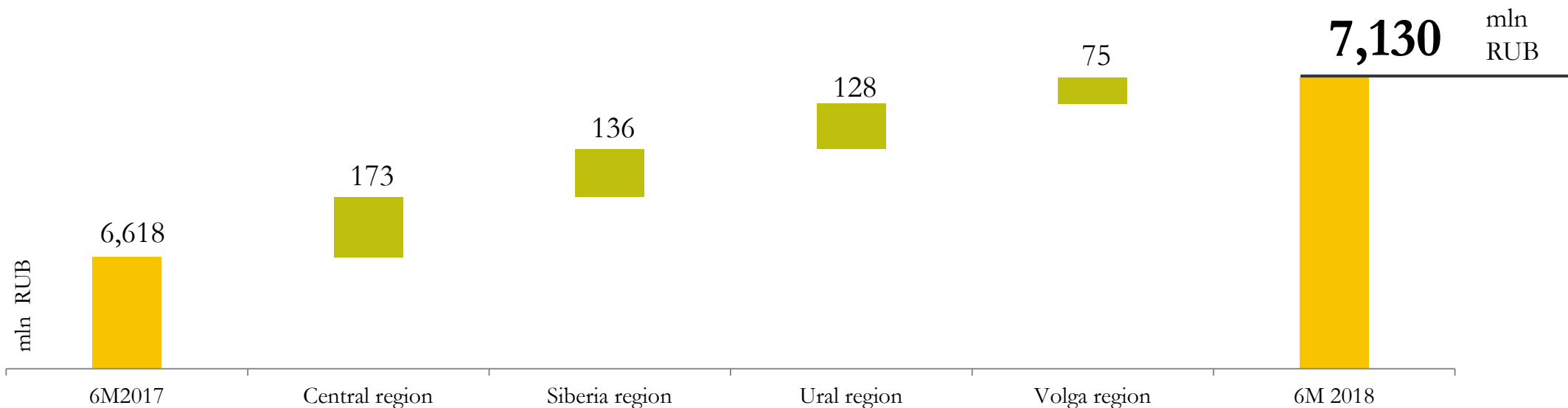
**32**

CLINICS/HOSPITALS

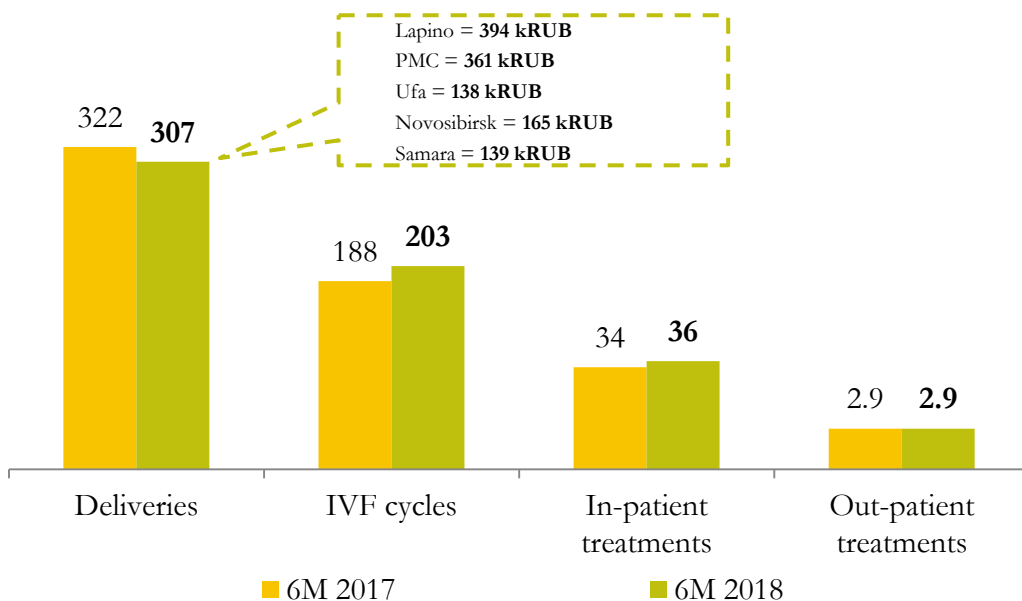
28 CLINICS  
4 HOSPITALS  
15 REGIONS

# REVENUE STRUCTURE

## Revenue bridge analysis, 6M 2018/6M 2017



## Average tickets, ths RUB

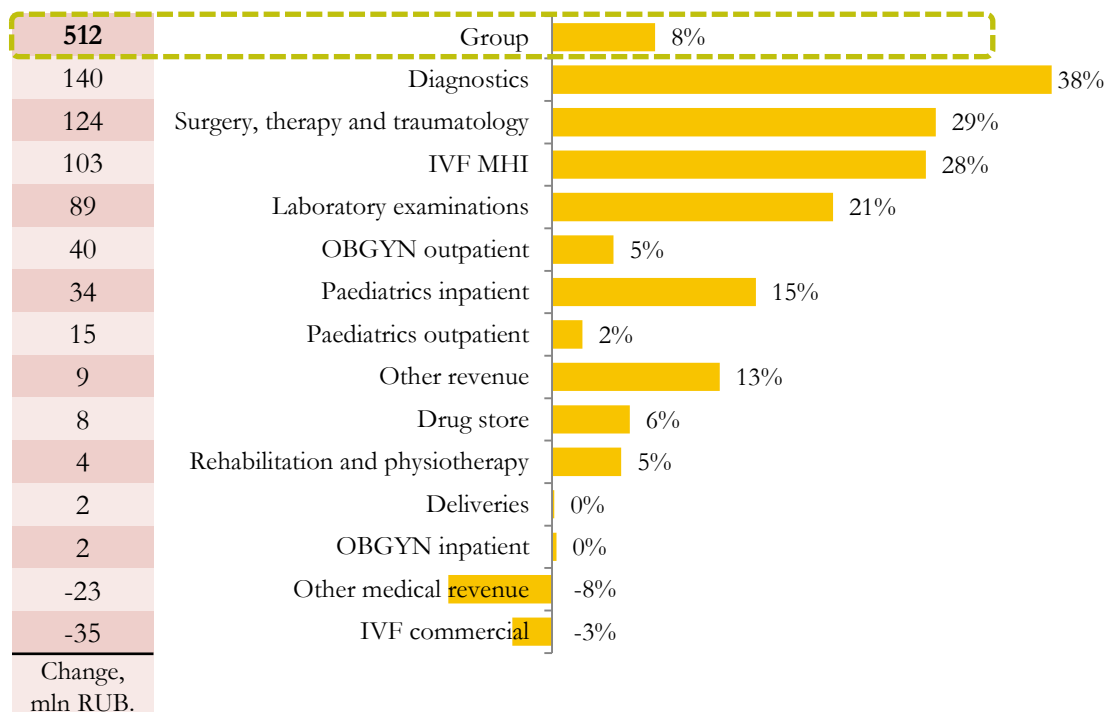


## Revenue dynamics by type of revenue, mln RUB

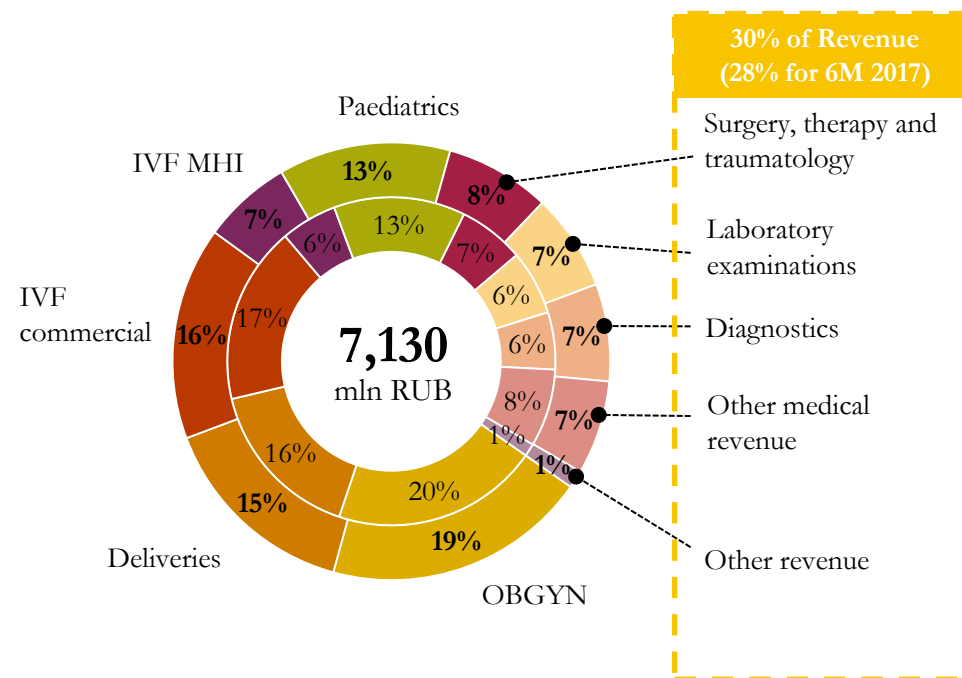
Type of revenue	6M 2017	6M 2018	Changes, %
OBGYN (excl. deliveries)	1,352	1,394	+3%
Deliveries	1,069	1,071	0%
IVF	1,524	1,592	+4%
Paediatrics	859	907	+6%
Other medical services	1,602	1,942	+21%
Other revenue	212	224	+6%
<b>Total</b>	<b>6,618</b>	<b>7,130</b>	<b>+8%</b>

# REVENUE CHANGE AND STRUCTURE BY TYPES OF REVENUE

## Revenue change by type of services 6M 2018/ 6M 2017



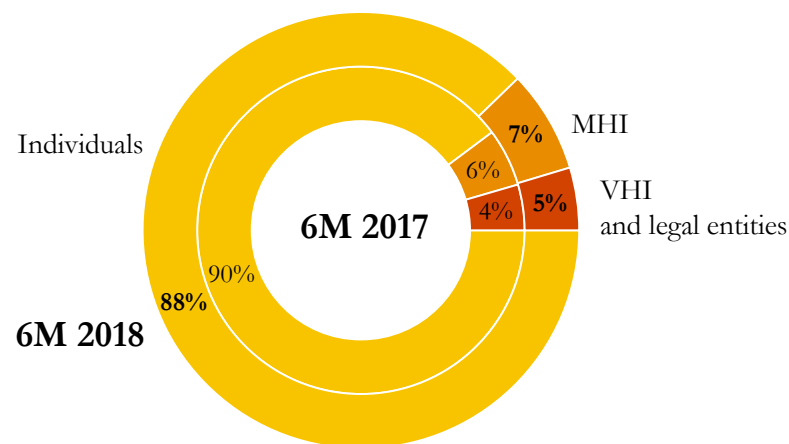
## Revenue structure by type of revenue



## Highlights

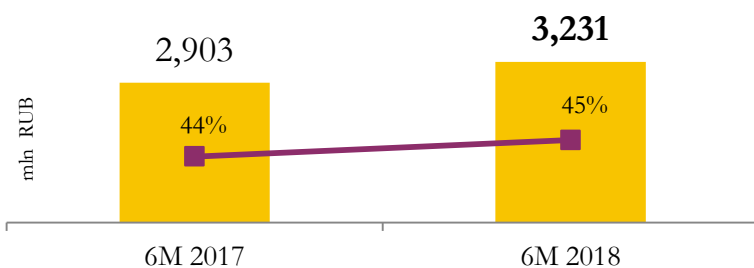
- Growth in surgery, trauma and therapy is the result of steady increase in capacity utilization of our multifunctional family hospitals
- Growth in Laboratory and Diagnostics is due to significant increase of operational statistics in Lapino and development of liquid cytology laboratory
- Growth of Paediatrics inpatient is due to ramp-up of Lapino capacities, growth of revenue in Ufa and opening of the Samara hospital
- The Group's average ticket grew by 6% vs 6M 2017

## Revenue structure by payers

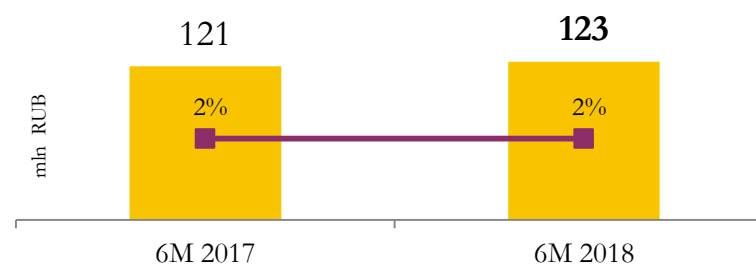


# KEY EXPENSES DYNAMICS

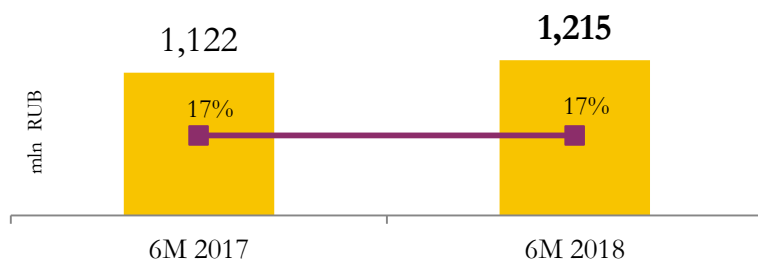
## Payroll + Social contributions



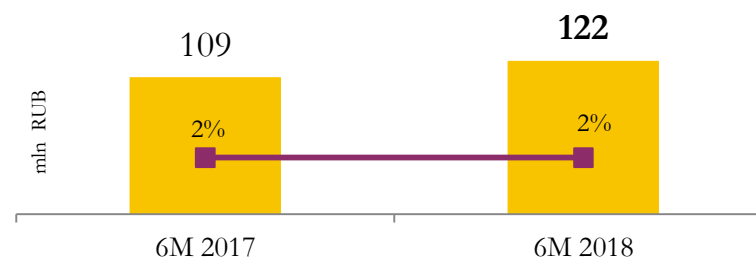
## Medical services



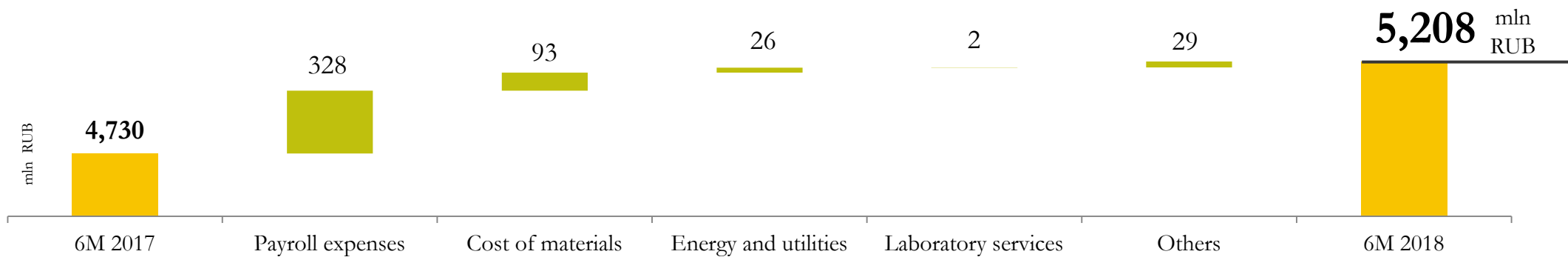
## Material expenses



## Functional expenses \*

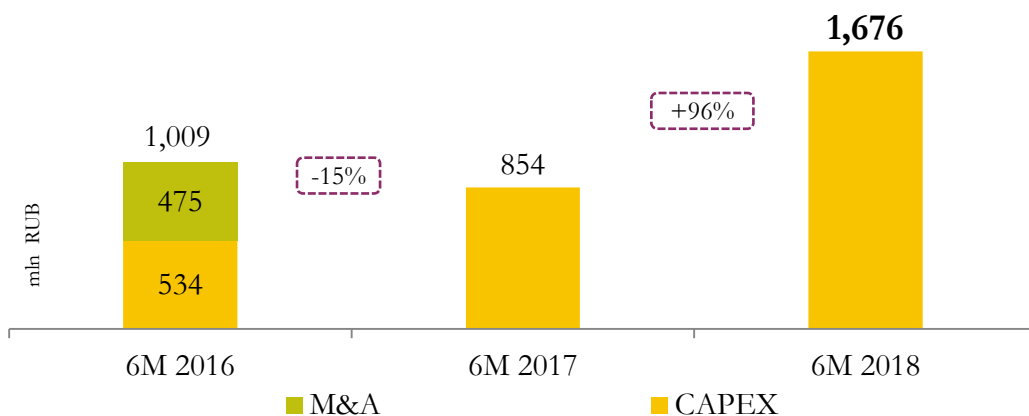


## OPEX (excl. D&A) bridge analysis



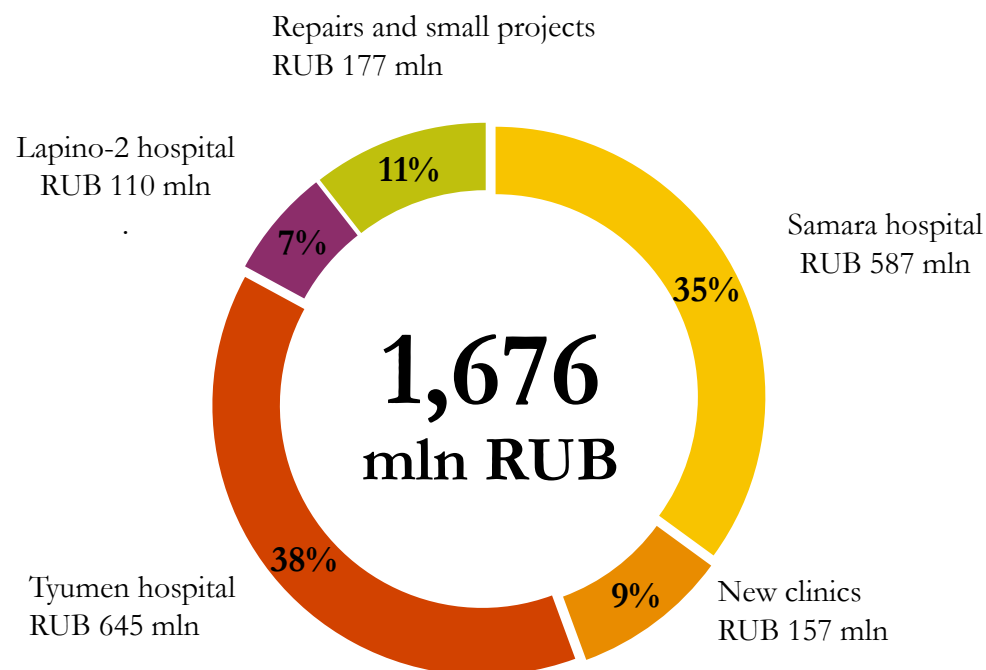
# CAPEX HIGHLIGHTS AND CASH FLOW

## CAPEX dynamics

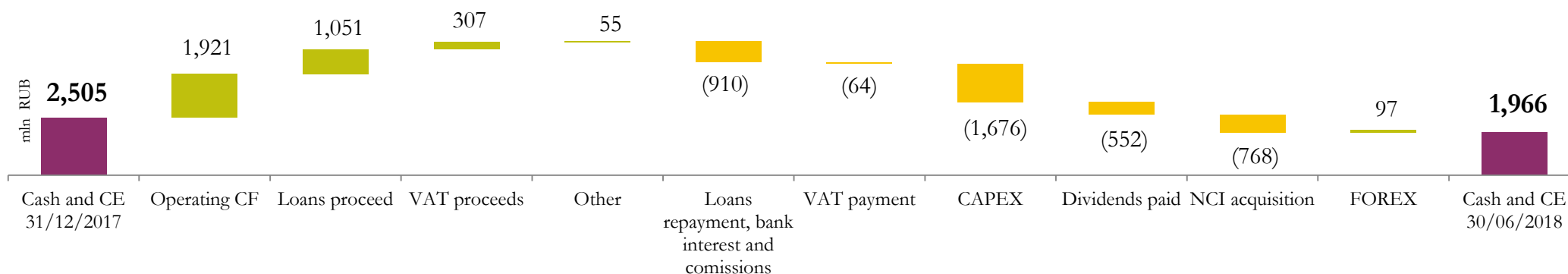


Capital expenditure for 6M 2018 comprised RUB 1,676 mln (RUB 854 for 6M 2017), mainly related to completion of construction of the Samara hospital, construction of hospitals in Tyumen, clinics in Nizhny Novgorod, Lefortovo, Volgograd and expenses for the construction of Lapino-2.

## CAPEX structure 6M 2018



## Cashflow bridge analysis



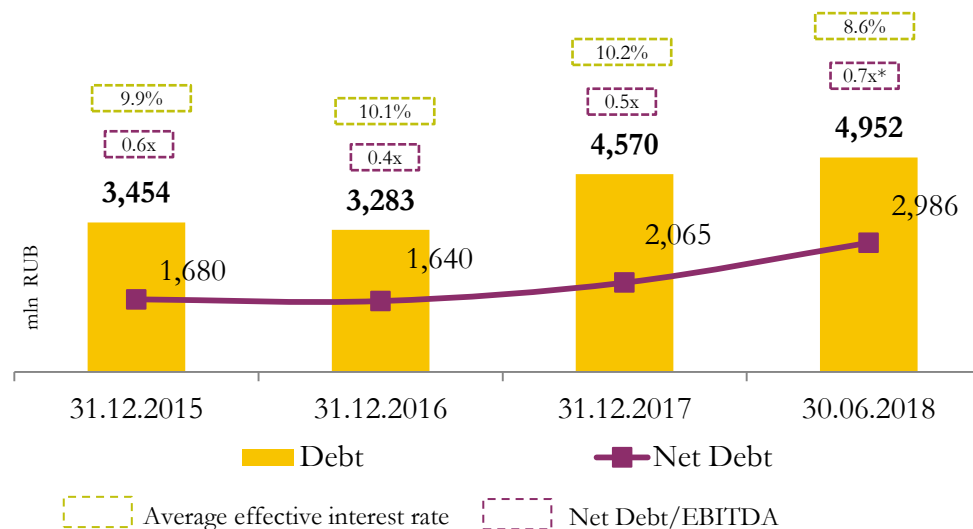
The Company bought out minority shareholders in a number of its subsidiaries in Moscow, St Petersburg, Ufa and Perm. The transactions totalled RUB 768 million, and were paid for out of the Company's own funds.



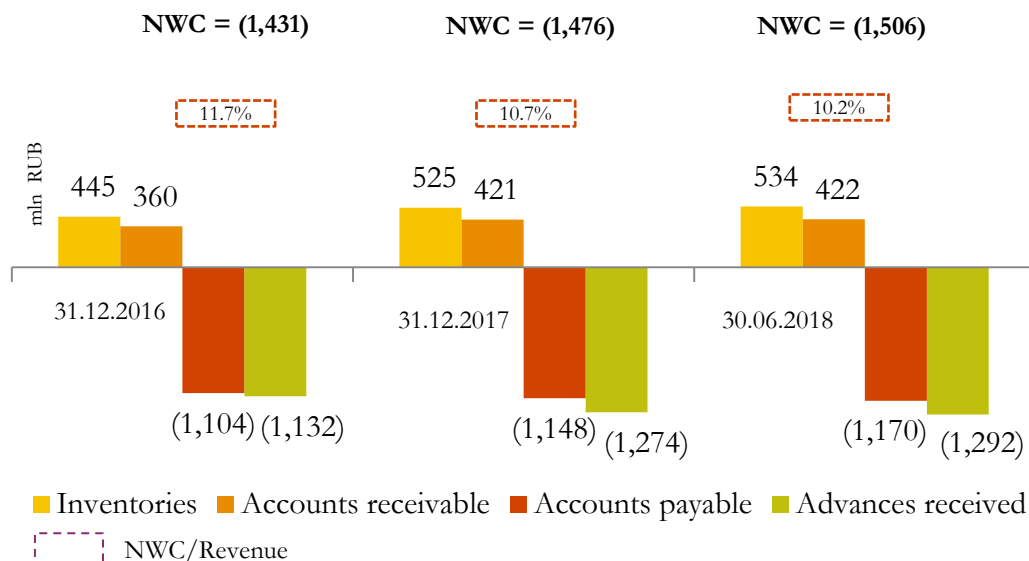
# DEBT & NET WORKING CAPITAL (NWC)

- The Group's debt increased by 8% year-to-date to RUB 4,952 mln
- The Company's cash & cash equivalents decreased by 22% mainly due to purchase of NCI
- The net debt position as of June 30, 2018 was RUB 2,986 mln, with net debt to EBITDA ratio of 0.7x\*
- The company works with negative working capital as a source of additional financing. Working capital increased by 2% to RUB (1,506) mln from the beginning of the year and amounted to 10.2% of revenue for 6M 2018

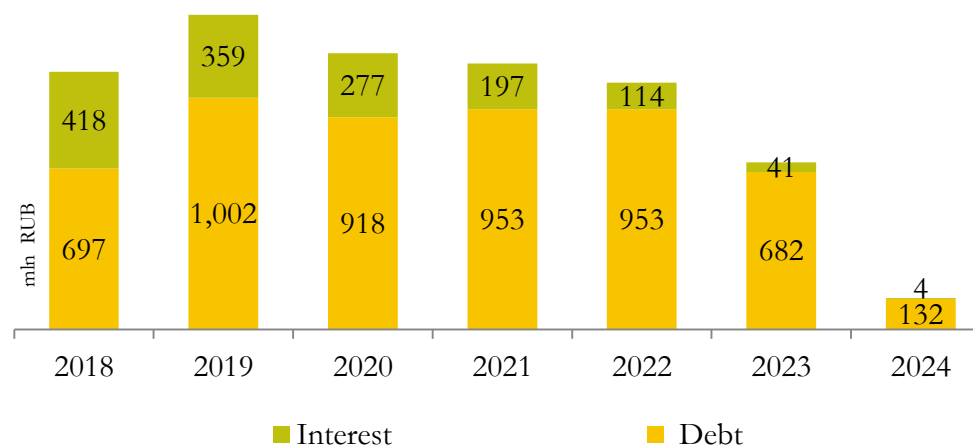
## Debt and net debt dynamics



## Net working capital (NWC)



## Debt repayment schedule



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## STRATEGIC OUTLOOK

# MAJOR 2018 EVENT: LAUNCH OF SAMARA IDK HOSPITAL

## Overview



## Key figures and capacity

**March 2018**

LAUNCH

**RUB 3.2bn**

CAPEX

**2,500**

DELIVERIES

**1,200**

IVF CYCLES

**30k**

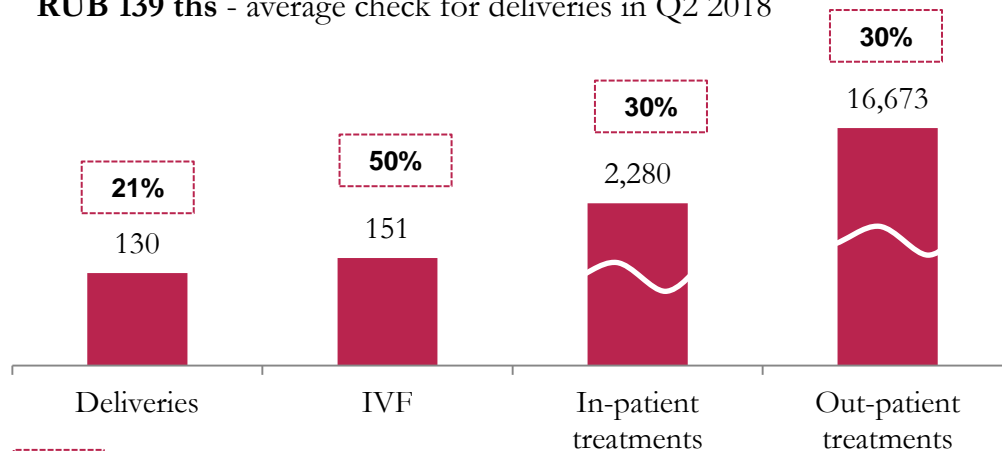
IN-PATIENT DAYS

**220k**

OUT-PATIENT TREATMENTS

## Operational results & average ticket for Q2 2018 in IDK hospital

RUB 139 ths - average check for deliveries in Q2 2018



% - Utilisation rate for Q2 2018

## Multi-disciplinary hospital in Samara (“IDK Hospital”)

### Services:

- Deliveries
- OBGYN
- IVF
- Paediatrics
- Surgery
- Diagnostics
- Laboratory

# STATUS OF HOSPITAL PROJECTS

	CURRENT		
	Tyumen	Lapino-2	St Petersburg
Obtaining land for construction	Done	Done	Done
Building permits	Done	Done	Done
Preparation of the designing documentation	Done	Done	Done
Construction	In progress	In progress	In progress
Equipment	In progress		
Launch	Q2 2019	Q2 2020	Summer 2020

	PROJECTS IN DEVELOPMENT					
	Kazan	Nizhny Novgorod	Ekaterinburg	Moscow - 3	Krasnoyarsk	Irkutsk
Obtaining land for construction	Done	Done	Done			
Building permits	Done					
Preparation of the designing documentation	Done					
Construction						
Equipment						
Launch						

- Done
- In progress

# PROVEN MODEL FOR DEVELOPMENT OF REGIONAL HOSPITALS

## Well designed prototype

- Target size well suited to cover local demand and effectively reach target utilization rates
- Comprehensive service offering for the entire family
- Adaptable layout and departments structure allowing multidisciplinary utilization of beds
- Ufa/Avicenna expertise serves to establish demand and hire required personnel

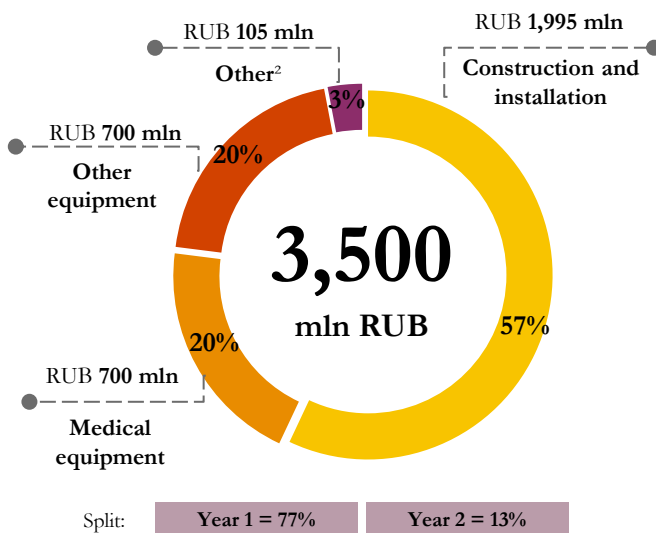
## Key parameters

Construction timetable	c. 18-20 months
Building area	15,000 sq m
Beds	164
Headcount	c. 450 employees

## Estimated capacity<sup>1</sup>

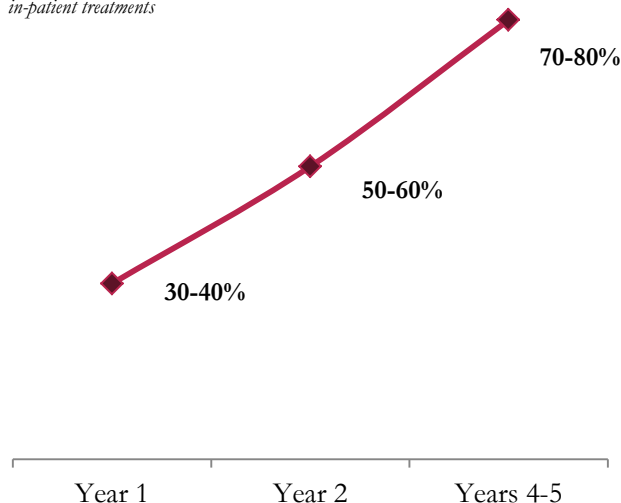
<b>2,500</b> DELIVERIES	<b>1,200</b> IVF CYCLES
<b>30k</b> IN-PATIENT DAYS	<b>220k</b> OUT-PATIENT TREATMENTS

## Estimated capex split



## Targeted utilization ramp-up

Applicable to deliveries, IVF and in-patient treatments



## Estimated pricing policy<sup>2</sup>

Product	Pricing benchmark
Deliveries	Novosibirsk hospital c. RUB 160-180k
IVF	Novosibirsk hospital c. RUB 180k
In-patient treatments	Novosibirsk hospital c. RUB 40-50k
Out-patient treatments	Novosibirsk hospital c. RUB 2-3k

Note: <sup>1</sup> Rounded numbers according to design project ; <sup>2</sup> Project documentation in the amount of RUB 35 mln and connection to utilities network in the amount of RUB 70 mln  
Source: management accounts

## NEXT IN LINE: HOSPITAL IN TYUMEN



This new hospital will provide the Group's core high-quality medical services for the whole family including:

- Deliveries
- OBGYN
- IVF
- Paediatrics
- Diagnostics
- Laboratory
- Surgery

### Major features

**21 June 2017** - groundbreaking ceremony for a new multi-disciplinary hospital in Tyumen

The hospital will have a total area of **15,000 sqm** and include **164 beds**

Investment in the project is estimated at **RUB 3.5 billion**

The Company plans to complete construction in **Q2 2019**

### Estimated capacity

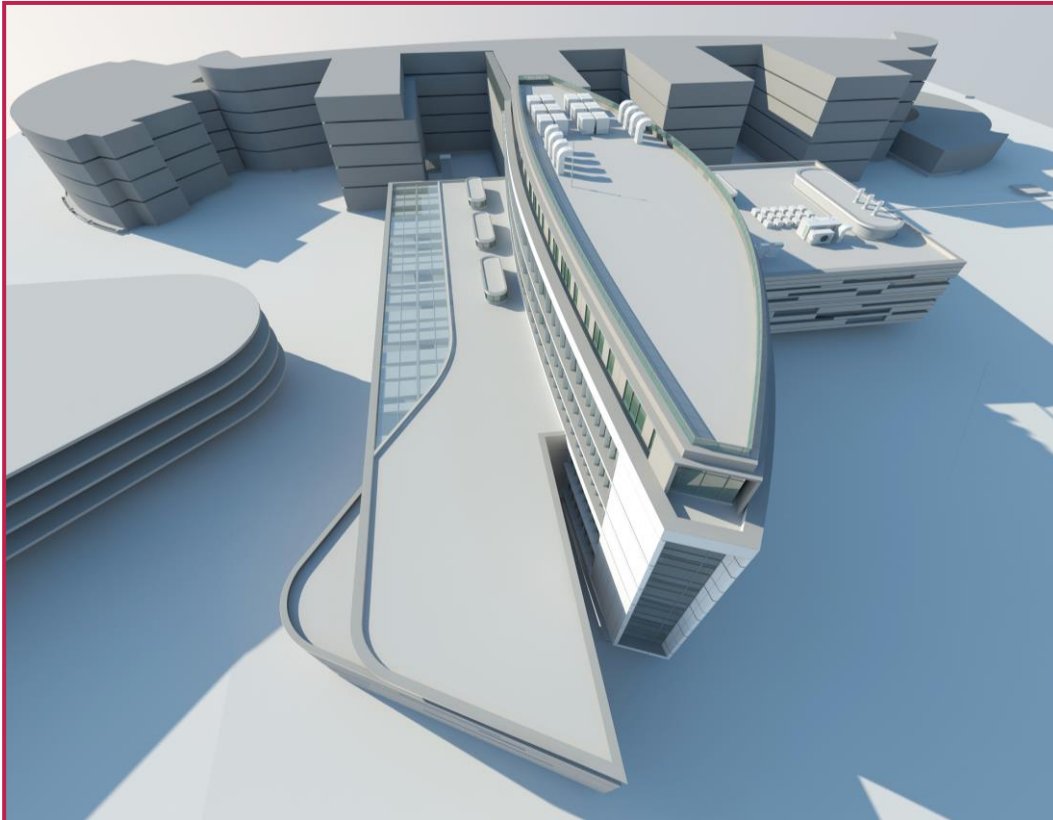
**2,500**  
DELIVERIES

**1,200**  
IVF CYCLES

**30k**  
IN-PATIENT DAYS

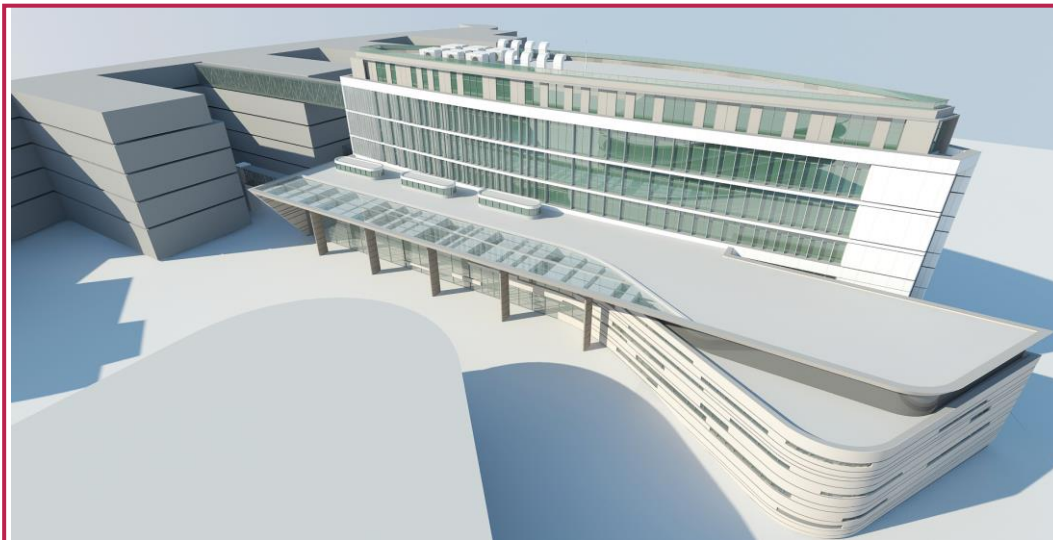
**220k**  
OUT-PATIENT TREATMENTS

# LAPINO EXPANSION TO BE COMPLETED IN 2020



## LAPINO-2

- Construction of seven-level surgical building with total area of 18,500 sqm
- Surgical building will include:
  - Out-patient department with annual capacity over 220,000 treatments
  - Diagnostic department with MRI and X-ray equipment
  - In-patient department with 75 beds
  - Four scheduled operating theatres
  - Two emergency operating theatres
  - ICU with 13 beds



## LAPINO-3

- Oncology centre for radiology diagnostics and treatment
- To be equipped with linear accelerators and SPECT

# LAUNCH OF HOSPITAL IN ST PETERSBURG IN 2020



## Major features

The hospital will have a total area of **22,000 sqm** and include **178 beds**.

Company plans to open the state-of-the-art healthcare facility in summer 2020.

**The new hospital in St Petersburg is expected to have annual capacities of approximately:**

- 2,500 deliveries
- 1,200 IVF cycles
- more than 35,000 in-patient treatments
- over 350,000 out-patient treatments
- 12,000 surgeries

The multi-disciplinary hospital consists of an in-patient facility with an area of over 18,500 sqm and out-patient centre with an area more than 3,500 sqm

**In-patient facilities will offer services including:**

- OBGYN
- Urology
- Surgery for children and adults
- Traumatology
- Emergency cardiology for patients with acute coronary syndrome

The hospital will include a number of integrated hybrid operating rooms capable of offering highly complex and high-tech surgical services.

**Out-patient facilities will offer services including:**

- Children's polyclinic with an immunological prophylaxis centre
- Maternity welfare centre
- Clinical-diagnostic centre for adults



# MARKET REVIEW

**MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market**

# #1

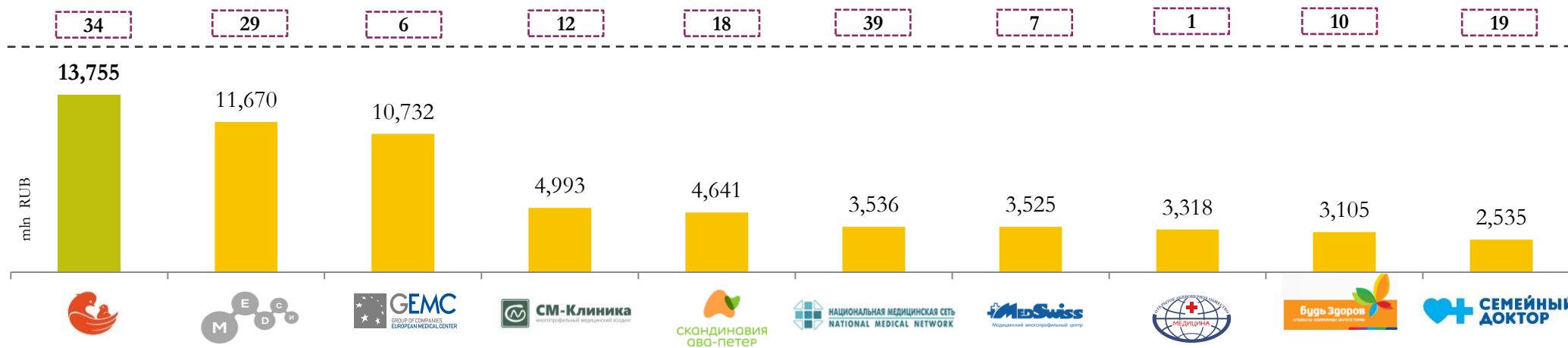
IN THE IVF MARKET IN RUSSIA

BY THE AMOUNT OF PRIVATE MULTI-FUNCTIONAL HOSPITALS

IN TERMS OF NATIONWIDE PRESENCE, CURRENTLY OPERATING IN 22 REGIONS

- Track record since IPO demonstrates operational and financial sustainability
- Team of highly qualified doctors and competent managers for all projects
- Acquired substantial experience in building multi-functional hospitals from scratch
- Balanced strategy: combination of large greenfield hospital projects with a wide network of clinics providing core services benefiting from economy of scale
- Ready for use blueprint for further expansion based on competence and available resources
- Well established brand with strong national status
- Top position in various ratings among peers

**Revenue of key players in the market, 2017**



XX Number of medical facilities

Source: Vademecum



# APPENDIX



# REVENUE ANALYSIS



	H1 2018	H1 2017
<b>Obstetrics and Gynaecology</b>	<b>1,394</b>	<b>1,352</b>
<u>In-patient treatments</u>		
RUB mln	502	481
patient days	12,459	12,749
kRUB per day	40.3	37.7
% of total*	36%	36%
<u>Out-patient treatments</u>		
RUB mln	892	872
Admissions	271,708	264,378
kRUB per admission	3.3	3.3
% of total*	64%	64%
<b>Deliveries</b>	<b>1,071</b>	<b>1,069</b>
RUB mln	1,071	1,069
Deliveries	3,482	3,319
kRUB per delivery	307	322
<b>IVF</b>	<b>1,592</b>	<b>1,524</b>
RUB mln	1,592	1,524
Cycles	7,844	8,078
kRUB per cycles	203	189
<b>Paediatrics</b>	<b>907</b>	<b>859</b>
<u>In-patient treatments</u>		
RUB mln	254	220
Patient-days	10,573	9,375
kRUB per patient day	24.0	23.5
% of total*	28%	26%
<u>Out-patient treatments</u>		
RUB mln	654	639
Admissions	209,450	208,318
kRUB per admissions	3.1	3.1
% of total*	72%	74%

	H1 2018	H1 2017
<b>Other medical services</b>	<b>1,942</b>	<b>1,602</b>
<u>In-patient treatments</u>		
RUB mln	498	401
Patient days	11,511	8,187
kRUB per patient day	43.3	49.0
% of total*	26%	25%
<u>Out-patient treatments</u>		
RUB mln	742	575
Admissions	304,676	264,575
kRUB per admission	2.4	2.2
% of total*	38%	36%
<u>Other medical services</u>		
RUB mln	702	626
% of total*	36%	39%

# EXTRACT FROM MDMG'S PROFIT AND LOSS STATEMENT



RUB mln	H1 2018	H1 2017	H1 2016
Revenue	7,130	6,618	5,814
Cost of sales	(4,608)	(4,139)	(3,592)
Gross Profit	2,522	2,478	2,222
% of revenue	35%	37%	38%
Other income	12	106	3
Administrative expenses	(1,154)	(1,091)	(1,017)
Other expenses	(23)	(10)	(7)
EBITDA	1,922	1,888	1,657
% of revenue	27%	28.5%	29%
Operating profit	1,357	1,483	1,200
Net finance expenses	(73)	(269)	(268)
Profit before tax	1,284	1,214	932
Tax	(54)	11	55
Profit for the period	1,230	1,225	987
% of revenue	17%	19%	17%
Minority interest	90	98	90
Profit for the year attributable to: shareholders	1,140	1,127	897

# EXTRACT FROM MDMG'S BALANCE SHEET



RUB mln	H1 2018	2017	2016
Cash and cash equivalents	1,966	2,505	1,643
Current trade, other receivables and deferred expenses	422	421	360
Inventories	534	525	445
Other current assets	11	29	55
Property, plant and equipment	16,756	15,324	13,410
Intangible assets	2,300	2,335	2,442
Non-current trade and other receivables and deferred expenses	582	890	185
Other non-current assets	234	243	176
<b>TOTAL ASSETS</b>	<b>22,806</b>	<b>22,272</b>	<b>18,716</b>
Current trade and other payables	1,387	1,332	1,174
Short-term loans and borrowings	817	985	1,084
Other current liabilities	1,170	1,129	1,002
Long-term loans and borrowings	4,135	3,585	2,200
Other non-current liabilities	847	673	487
Equity	14,450	14,568	12,770
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>22,806</b>	<b>22,272</b>	<b>18,716</b>
Net Debt	2,986	2,065	1,640

# EXTRACT FROM MDMG'S CASH FLOW STATEMENT



RUB mln	H1 2018	H1 2017	H1 2016
Cash flow from operating activities			
Profit for the period	1,230	1,225	987
Adjustments for:			
D&A	564	502	457
Taxation	54	(11)	(55)
Other adjustments	71	187	281
Cash flow from operations before working capital changes	1,919	1,903	1,670
(Increase) / decrease in inventories	(9)	29	6
Increase in trade and other receivables	(34)	(76)	(38)
Increase in trade and other payables	28	69	106
Increase in deferred income	18	71	51
Cash flow from operations	1,924	1,997	1,795
Tax paid	(2)	(3)	(7)
<b>Net cash flow from operating activities</b>	<b>1,921</b>	<b>1,994</b>	<b>1,788</b>
Cash flow from investing activities			
Payment for acquisition of PP&E	(1,660)	(851)	(527)
Withdrawal / (deposit) of investments	-	-	-
Acquisition of subsidiaries	-	-	(475)
Other proceeds and payments	40	127	13
<b>Net cash flow used in investing activities</b>	<b>(1,620)</b>	<b>(723)</b>	<b>(988)</b>
Cash flow from financing activities			
Proceeds from borrowings	1,051	400	237
Repayment of borrowings	(654)	(544)	(614)
Finance expenses paid	(256)	(232)	(217)
Other payments	(526)	(106)	(60)
Dividends paid to the owners of the Company	(494)	(328)	(500)
Dividends paid to non-controlling interests	(58)	(99)	(88)
<b>Net cash flow from financing activities</b>	<b>(937)</b>	<b>(909)</b>	<b>(1,244)</b>
Net (decrease) / increase in cash and cash equivalents	(636)	363	(444)
Cash and cash equivalents at the beginning of the period	2,505	1,643	1,774
Effect due to exchange rate changes	97	(28)	(55)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,966</b>	<b>1,978</b>	<b>1,275</b>

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