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**МАТЬ И ДИТЯ**  
ОСОБОЕ ОТНОШЕНИЕ



## ACQUISITION OF AVICENNA MEDICAL CENTER (Novosibirsk, Russia)

20 AUGUST 2014



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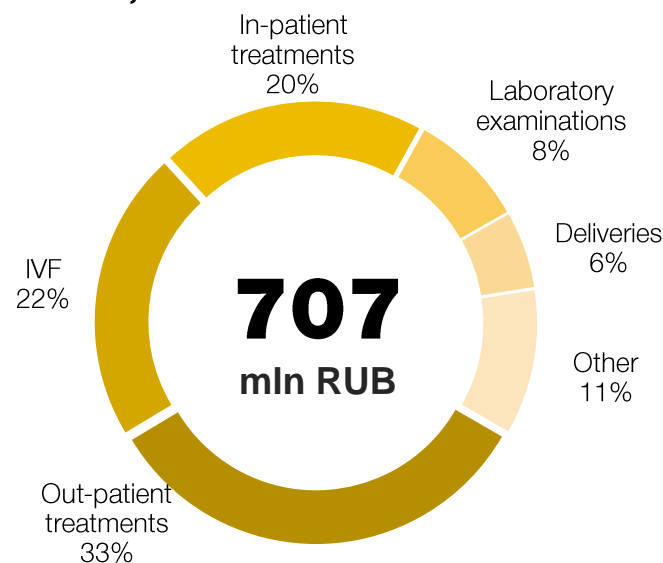
# MDMG'S STRATEGY IN ACTION: AVICENNA MEDICAL CENTER (Novosibirsk, Russia)

- Avicenna Medical Center (AMC) is the largest private healthcare company in Russia, excl. Moscow & St. Petersburg. It was opened in 1996 and operates on the market for 18 years
- Novosibirsk is the 3<sup>rd</sup> largest city in Russia and is the region with high level of leaving
- Every 10th citizen of Novosibirsk was Avicenna's patient
- Avicenna is operating on 6,000 sq m of facilities located in the center of Novosibirsk of which 69% is leased by the company
- Medical facilities include 4 operating medical facilities and a hospital under construction:
  - multi-disciplinary medical clinic with its own laboratory
  - diagnostic centre
  - cardiological clinic
  - hospital with maternity ward and general medicine departments
  - new hospital is under construction
- Provided services are:
  - obstetrics and gynecology
  - paediatrics
  - IVF
  - different types of diagnostics
  - oncology, cardiology, urology, dental care etc.
- Company's revenue accounted for 707 mln RUB for 2013 with CAGR'11-13 of 23%; 1H'14 revenue amounted to 399 mln RUB
- Avicenna is currently working at utilization levels close to maximum, so the company decided to open a new hospital, which will be launched in 2016-2017. The premises will be rented by Avicenna

## New region of MDMG presence



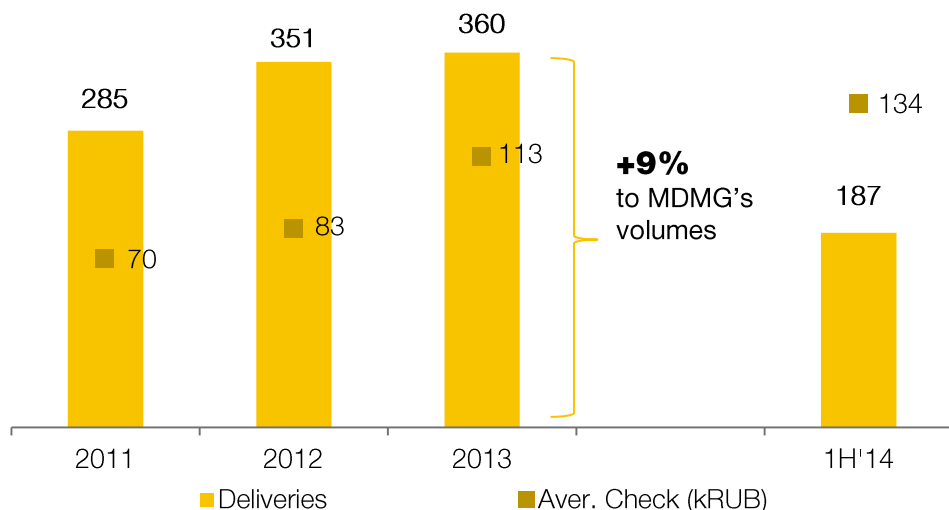
## Revenue structure, 2013



# 2013 OPERATING RESULTS – AN ATTRACTIVE PORTFOLIO

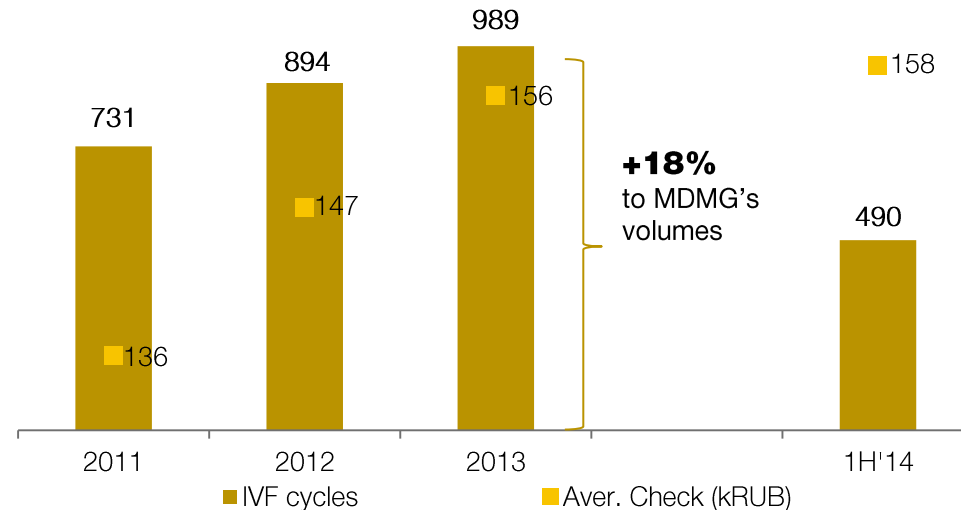
## Deliveries

CAGR'11-13 = +12%



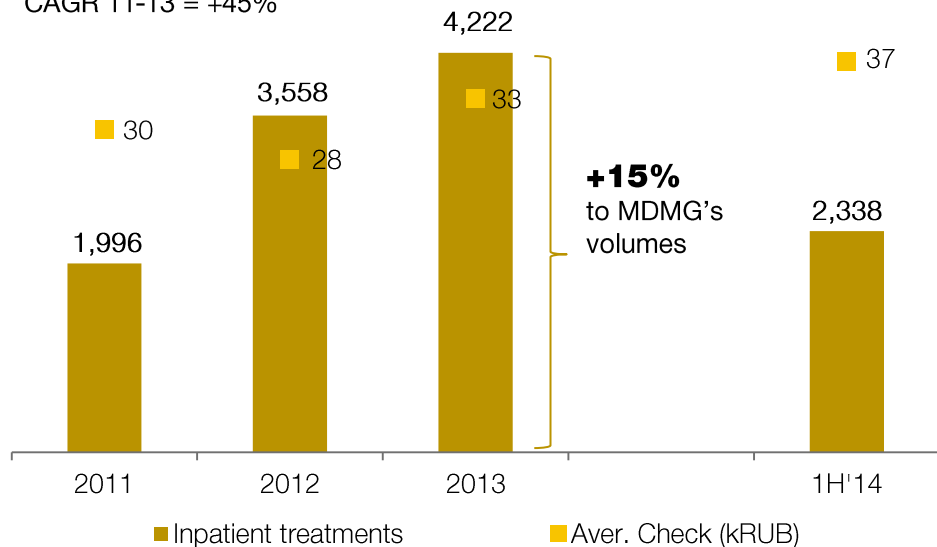
## IVF cycles

CAGR'11-13 = +16%



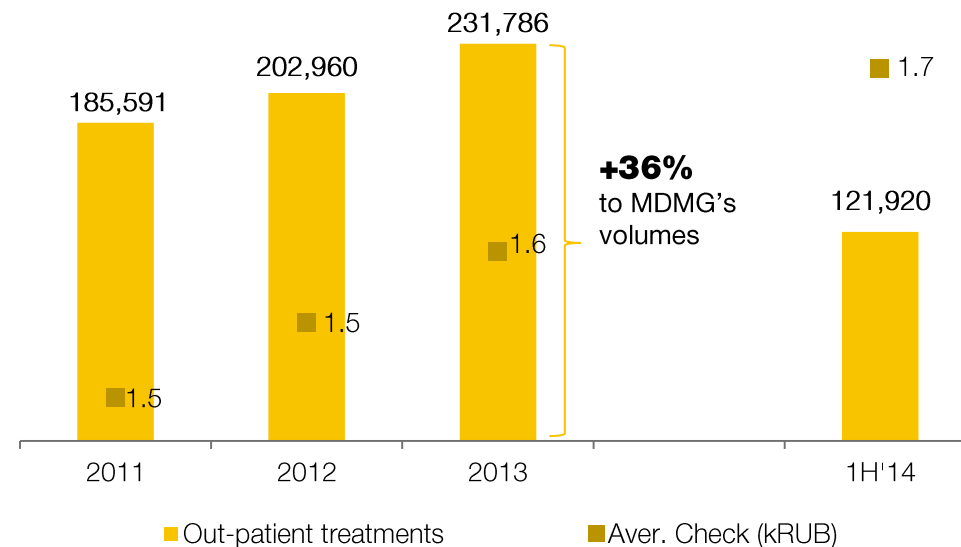
## In-patient days

CAGR'11-13 = +45%



## Out-patient treatments

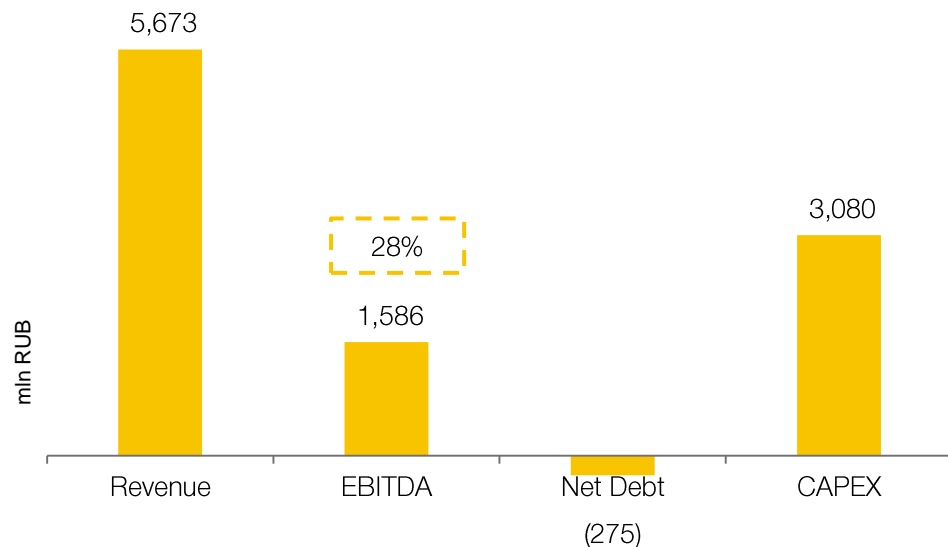
CAGR'11-13 = +12%



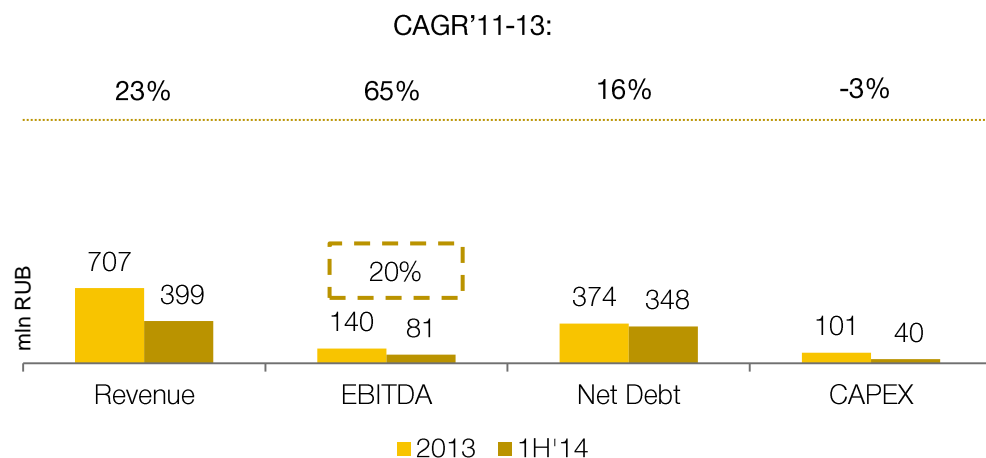
Source: Avicenna's data

# 2013 KEY FINANCIALS – EARNINGS ENHANCING DEAL

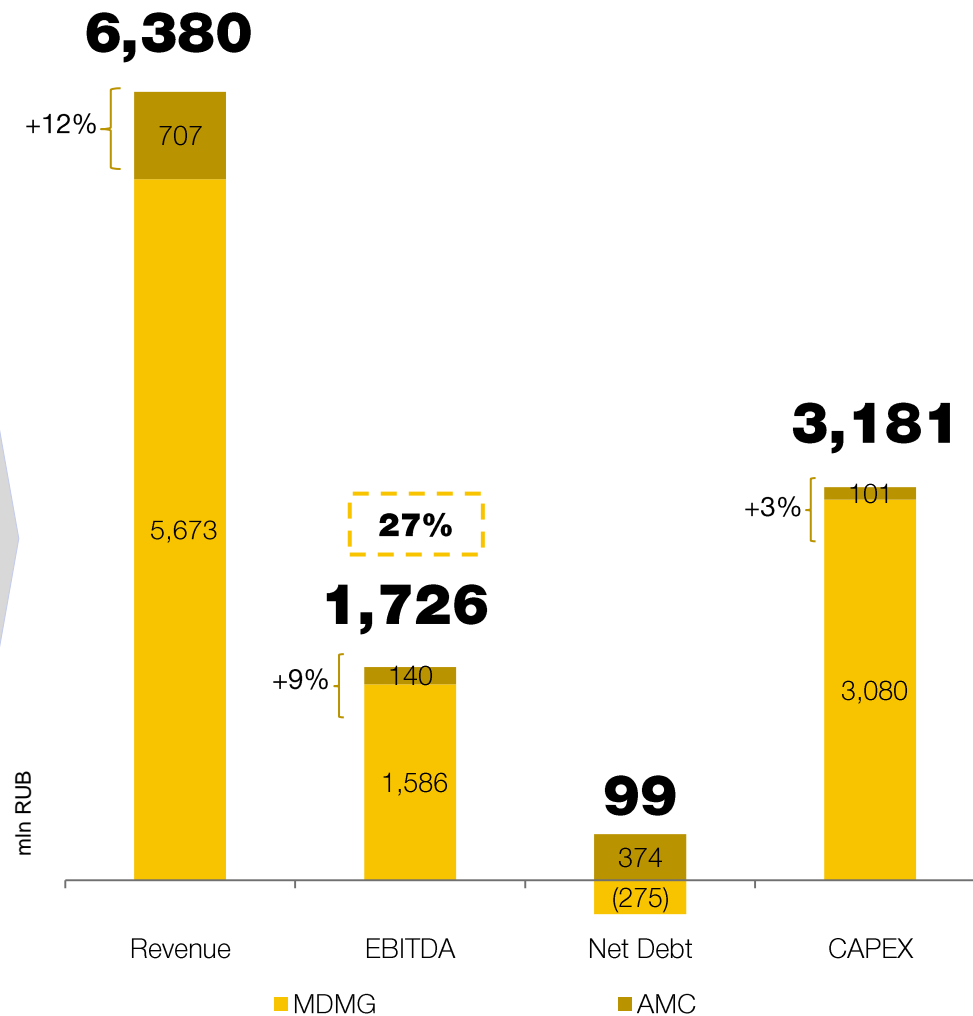
## MDMG



## Avicenna

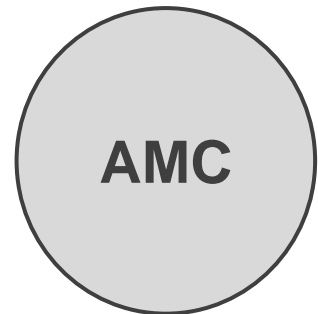


## Combined results



Source: Avicenna's unaudited management accounts; MDMG's FY 2013 audited IFRS results

# ATTRACTIVE ACQUISITION DUE TO VARIETY OF BENEFITS



	<u>MDMG benefit</u>	<u>Support</u>
Regional market leader	<ul style="list-style-type: none"> <li>MDMG confirms its #1 position on private healthcare market of maternity and paediatrics</li> <li>New highly attractive region for Company presence</li> </ul>	<ul style="list-style-type: none"> <li>AMC is the largest private healthcare provider in Russia, excl. Moscow &amp; St. Petersburg</li> <li>Every 10<sup>th</sup> Novosibirsk citizen was a patient of Avicenna at least once</li> <li>Avicenna is a well known and reputable company in Russia both among patients and medical professionals</li> </ul>
Focus on gynaecology and paediatrics	<ul style="list-style-type: none"> <li>MDMG strengthens its position on the market of its core business</li> </ul>	<ul style="list-style-type: none"> <li>OBGYN, IVF and paediatrics make a big contribution (38%) to Avicenna's revenue</li> <li>Avicenna has a lot of awards as best medical center for IVF and deliveries</li> </ul>
Wide range of medical services	<ul style="list-style-type: none"> <li>MDMG is able to diversify its business without any major risks owing to the professional team of best-in-class regional doctors</li> </ul>	<ul style="list-style-type: none"> <li>Diversifying in neurosurgery, traumatology, orthopedics, plastic surgery etc</li> <li>Most of the doctors are first or highest category board certified professionals</li> <li>Many of them hold medical degrees of PhD or Doctors of medical science</li> </ul>
18 years of successful operations	<ul style="list-style-type: none"> <li>MDMG aims to work with the leaders of medical business</li> </ul>	<ul style="list-style-type: none"> <li>Avicenna's doctors implement advanced medical technologies and use modern equipment</li> <li>Avicenna works in collaboration with local leading medical high schools attracting the best students to its clinics</li> <li>Company has highly competent physicians and strong management team who will remain with the business after acquisition</li> </ul>
Potential for further growth	<ul style="list-style-type: none"> <li>MDMG will further boost its operations</li> </ul>	<ul style="list-style-type: none"> <li>A new hospital is constructed in the city</li> </ul>

# KEY TRANSACTION PARAMETRES

- The acquisition is expected to be earnings enhancing to MDMG since 2014
- There have been positive indicators across all operations with CAGR for 2011-2013 of:
  - in-patient days + 45% to 4,222
  - out-patient treatments + 12% to 231,786
  - IVF cycles +16% to 989
  - deliveries +12% up to 360
- New hospital (6,096 sq m; 48 beds) will be launched in 2016-2017 and will be joint to existing hospital. Company will sign a separate lease agreement on a new hospital

## Design project of a new hospital



## M&A structure

Object	100% of Ivicend Holding Ltd – owner of Avicenna Medical Center
Consideration	\$45.5 mln
Closing	The transaction is expected to be completed in 4Q 2014 after regulatory approvals and other conditions
Funds	80% debt / 20% own funds
Special terms	5% of payment will be on escrow account until the new hospital will be put into operation and adjoined to Avicenna (expected in 2016-2017)

# ATTRACTIVE NEW REGION FOR MDMG PRESENCE

## Novosibirsk & Novosibirsk region

- Novosibirsk is an administrative center of the Siberian Federal District
- As at 01/01/2013 Novosibirsk was the 3rd largest city in Russian Federation with population of 1.5 million people
- Total population of Novosibirsk region equals to 2.7 million
- 78% out of the total population of the region is urban population
- Around 38 thousand deliveries per annum in Novosibirsk region and high birth rate per thousand of population in Novosibirsk and Siberian Federal District 14.2 and 14.9 respectively comparing to 13.2 average in Russia and 11.2 in Moscow

## AMC's 3 clinics and hospital are located in the center of Novosibirsk



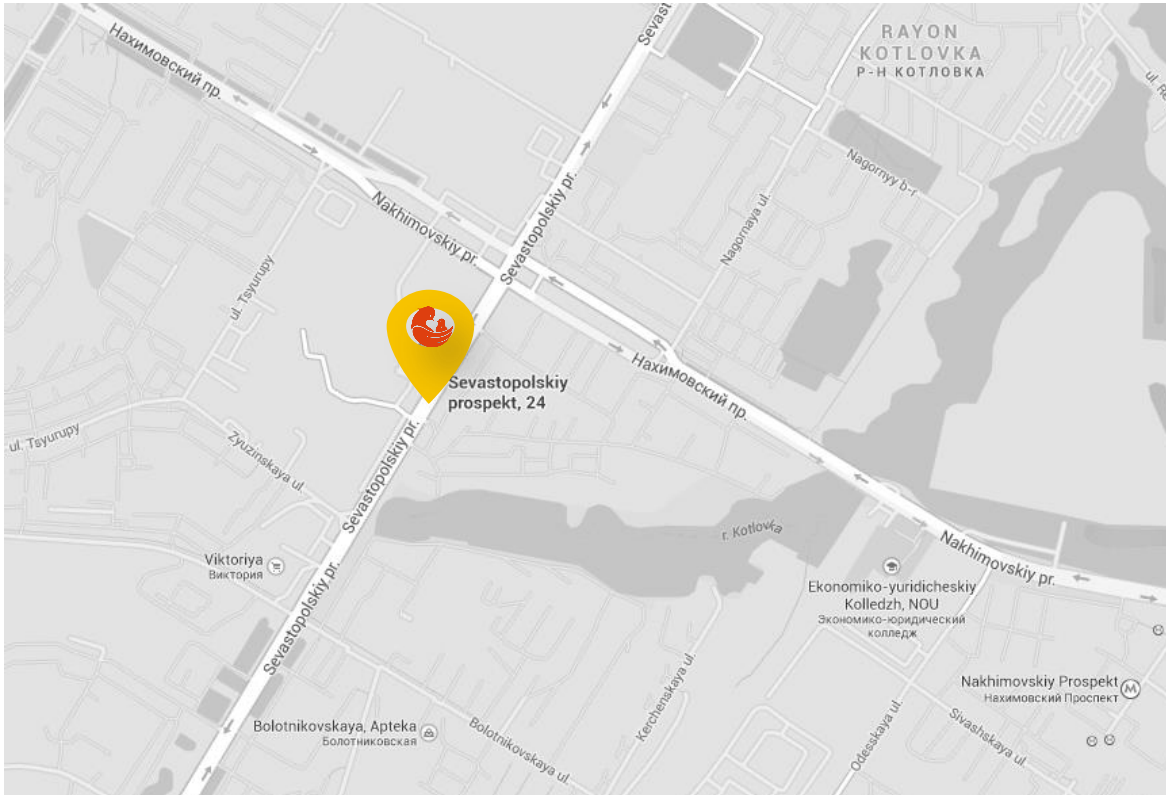


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