

MD MEDICAL GROUP ANNOUNCES OPERATING RESULTS FOR Q1 2023

28 April 2023 – 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 first quarter of 2023.

Key financial highlights for Q1 2023:

- **Total revenue** remained flat year-on-year (y-o-y) at **RUB 6,221 million**.
- Revenue of the Group’s **regional hospitals** grew by **14.4%** y-o-y to **RUB 1,669 million** thanks to the strong operational performance of the medical cluster in Tyumen, the target utilisation rate achieved at IDK hospital in Samara, as well as the solid results of MD Group Lakhta hospital in St Petersburg.
- Revenue from out-patient **clinics in other regions** rose by **23.0%** y-o-y to **RUB 823 million** as elective care and IVF recovered following the pandemic.
- Revenue of the Group’s **hospitals in Moscow** decreased by **11.0%** y-o-y to **RUB 3,084 million** due to the strong base effect in Q1 2022 associated with a high utilisation rate at the Lapino-4 COVID treatment facility amid the pandemic.
- Revenue from out-patient **clinics in Moscow and the Moscow Region** rose by **5.1%** y-o-y to **RUB 641 million** on the back of stronger demand for IVF following the pandemic.

Key operational highlights for Q1 2023:

- Total **out-patient treatments** increased by **7.8%** y-o-y to **485,959**, with the **average ticket** up **4.4%** to **RUB 5.4 thousand** in Moscow and down **0.2%** y-o-y to **RUB 2.1 thousand** in other regions.
- Total **in-patient treatments** went up by **1.6%** y-o-y to **35,395**, with the **average ticket** down **11.1%** to **RUB 90.3 thousand** in Moscow and up **0.2%** y-o-y to **RUB 36.4 thousand** in other regions.
- Total **IVF cycles** increased by **14.9%** y-o-y to **4,140**, with the **average ticket** increasing by **9.7%** to **RUB 287.1 thousand** in Moscow and by **14.0%** y-o-y to **RUB 266.1 thousand** in other regions.
- Total **deliveries** increased by **9.9%** y-o-y to **2,207**, with the **average ticket** decreasing by **6.6%** y-o-y to **RUB 456.2 thousand** in Moscow and rising by **12.1%** y-o-y to **RUB 192.4 thousand** in other regions.

Key events during Q1 2023 and after the reporting period:

- **Medical centre opened in the Moscow Region.** On 13 January 2023, MD Medical Group opened a new out-patient medical centre, Mother & Child Mytishchi, with a capacity of up to 24,000 appointments per year. Total investments in the project stood at around RUB 23 million.
- **Launching the procedure for changing the GDR programme depositary.** On 10 April 2023, MD Medical Group launched the procedure for changing the depositary bank that administers the Company’s Global Depositary Receipts (GDR) programme. RCS Issuer Services S.A.R.L. was appointed as the new depositary bank. This process will take about 120 days¹.

¹ As of the date of the press release published on [10 April 2023](#)

Mark Kurtser, CEO at MDMG, said:

“We made a head start in 2023, demonstrating the Company’s ability to adjust to the changing market environment and delivering strong operating performance.

“In Q1 2023, we continued building up capabilities in our traditional areas. In particular, we ran 15% more IVF cycles y-o-y, with revenue growing by 29%.

“Despite a certain demographic decline nationwide, our growth in deliveries amounted to 10% in the first quarter, mainly driven by regional hospitals. As an example, MD Group Lakhta hospital in St Petersburg has already achieved a 30% utilisation rate in the first year of its core operations and is up for further growth. In Q1 2023, the regional growth of revenue in deliveries was 41%.

“It is also worthy of note that children’s healthcare keeps growing, with its revenue for the period up by 15%.

“Despite the expected decrease in COVID-19 diagnostic and treatment services, we see stable demand in non-core multidisciplinary segments, such as oncology, trauma care, and therapy. In Q1 2023, the Group’s Revenue growth, excluding the impact of COVID-19, was 11%.

“We keep developing our business and solidifying our positions in the existing markets. We have already started the construction of a nuclear medical centre at the Lapino medical cluster and a clinical hospital in Domodedovo, as well as multidisciplinary clinic in Moscow.

“Capitalising on the solid results of the reporting period, we continue increasing the utilisation rate at our existing hospitals and building new assets to support sustainable growth going forward.”



Key Highlights for Q1 2023

	1Q 2023	1Q 2022	change, %
Operating indicators²			
Moscow hospitals			
Out-patient visits	128,560	130,520	(1.5%)
In-patient days	16,209	17,038	(4.9%)
IVF cycles	663	578	14.7%
Deliveries	1,017	1,064	(4.4%)
Hospitals in regions			
Out-patient visits	175,154	159,890	9.5%
In-patient days	18,604	17,272	7.7%
IVF cycles	625	569	9.8%
Deliveries	1,190	944	26.1%
Out-patient clinics in Moscow and Moscow region			
Out patient visits	51,804	49,017	5.7%
IVF cycles	974	904	7.7%
Out-patient clinics in regions			
Out patient visits	130,441	111,547	16.9%
In-patient days	582	515	13.0%
IVF cycles	1,878	1,552	21.0%
Total out-patient visits	485,959	450,974	7.8%
Total in-patient days	35,395	34,825	1.6%
Total IVF cycles	4,140	3,603	14.9%
Total deliveries	2,207	2,008	9.9%
Revenue, RUB mln			
Hospitals in Moscow			
Out-patient visits	675	636	6.1%
In-patient days	1,464	1,731	(15.4%)
IVF cycles	206	151	36.4%
Deliveries	464	520	(10.8%)
Other revenue	275	429	(35.9%)
Hospitals in regions			
Out-patient visits	406	358	13.4%
In-patient days	685	635	7.9%
IVF cycles	179	140	27.9%
Deliveries	229	162	41.4%
Other revenue	170	164	3.7%
Out-patient clinics in Moscow and Moscow region			
Out-patient visits	305	298	2.3%
IVF cycles	264	237	11.4%
Other revenue	72	75	(4.0%)
Out-patient clinics in regions			
Out-patient visits	251	227	10.6%
In-patient days	14	12	16.7%
IVF cycles	487	355	37.2%
Other revenue	71	75	(5.3%)
Hospitals in Moscow	3,084	3,467	(11.0%)
Hospitals in regions	1,669	1,459	14.4%
Clinics in Moscow and MR	641	610	5.1%
Clinics in regions	823	669	23.0%
Managing company and other	4	3	33.3%
Total Revenue	6,221	6,208	0.2%

² Adjustments in 2022 are associated with a change in the accounting methodology in 2023 of the Group's operating indicators



	1Q 2023	1Q 2022	change, %
Average ticket, RUB ths			
Moscow hospitals			
Out-patient visits	5.3	4.9	7.8%
In-patient days	90.3	101.6	(11.1%)
IVF cycles	310.7	261.2	18.9%
Deliveries	456.2	488.7	(6.6%)
Hospitals in regions			
Out-patient visits	2.3	2.2	3.5%
In-patient days	36.8	36.8	0.2%
IVF cycles	286.4	246.0	16.4%
Deliveries	192.4	171.6	12.1%
Out-patient clinics in Moscow and Moscow region			
Out patient visits	5.9	6.1	(3.2%)
IVF cycles	271.0	262.2	3.4%
Out-patient clinics in regions			
Out patient visits	1.9	2.0	(5.4%)
In-patient days	24.1	23.3	3.2%
IVF cycles	259.3	228.7	13.4%

LFL performance for Q1 2023, % y-o-y

1Q 2023			
	Revenue	Actual capacity	Average ticket
Moscow hospitals			
Out-patient visits	6.1%	(1.5%)	7.8%
In-patient days	(15.4%)	(4.9%)	(11.1%)
IVF cycles	36.4%	14.7%	18.9%
Deliveries	(10.8%)	(4.4%)	(6.6%)
Other revenue	(35.9%)	-	-
Hospitals in regions			
Out-patient visits	11.8%	7.7%	3.8%
In-patient days	4.5%	3.2%	1.2%
IVF cycles	27.9%	9.8%	16.4%
Deliveries	32.7%	18.5%	12.0%
Other revenue	(1.0%)	-	-
Out-patient clinics in Moscow and Moscow region			
Out patient visits	0.3%	2.5%	(2.1%)
IVF cycles	11.4%	7.7%	3.4%
Other revenue	(9.9%)	-	-
Out-patient clinics in regions			
Out patient visits	10.1%	16.4%	(5.4%)
In-patient days	14.5%	13.0%	1.4%
IVF cycles	34.3%	17.5%	14.3%
Other revenue	(8.1%)	-	-
Managing company and other	33.3%	-	-
Total Revenue	(1.0%)		

Hospitals in Moscow

In Q1 2023, revenue, including other revenue³, from Moscow hospitals declined by 11.0% y-o-y to RUB 3,084 million, mainly driven by a decrease in COVID-19 diagnostic and treatment services amid the pandemic slowdown, with a y-o-y drop in the number of in-patient days and out-patient visits by 4.9% and 1.5%, respectively. In addition, revenue was negatively affected by fewer deliveries in Moscow (down 4.4% y-o-y) due to the overall downward trend in Russia's birth rate.

A decrease in revenue from COVID-19 diagnostic and treatment services and revenue from delivery services was partly offset by a 36.4% y-o-y spike in revenue from IVF thanks to the post-pandemic demand recovery (+14.7% IVF cycles y-o-y), as well as stronger demand for treatment unrelated to women's and children's healthcare (the number of in-patient days in traumatology, oncology, and therapy was up +64.1%, +18.7% and +22.1% y-o-y, respectively).

Significant growth of the average IVF ticket by 18.9% y-o-y came from an increase in the number of IVF services provided using new treatment standards (EmbryoScope), as well as higher reliance on donor materials.

The average ticket for in-patient treatments fell by 11.1% y-o-y, mainly driven by a drop in the number of COVID-19 intensive care beds amid the pandemic slowdown.

Hospitals in regions

In Q1 2023, regional hospitals' revenue grew by 14.4% y-o-y to RUB 1,669 million, driven mainly by a 26.1% y-o-y surge in deliveries, with revenue from this business line up 41.4% y-o-y.

A considerable increase in the number of deliveries came on the back of Tyumen-1 and Samara-based IDK hospital gradually progressing towards design capacity (with utilisation rates going up 2.4 p.p. y-o-y to 28.0% and 2.9 p.p. y-o-y to 45.0%, respectively), as well as strong results of the new MD Group Lakhta hospital in St Petersburg, which achieved a 30.5% utilisation rate in the reporting period.

The 12.1% y-o-y increase in the average ticket for deliveries in regional hospitals was mainly driven by indexed prices.

Revenue growth was also significantly fuelled by an increase in the number of IVF cycles (up 9.8% y-o-y) amid the post-pandemic demand recovery, with revenue rising by 27.9% y-o-y in this segment. The growth of the average IVF ticket by 16.4% was supported by an increase in the number of IVF services provided using new treatment standards (EmbryoScope).

Out-patient clinics in Moscow and Moscow Region

In Q1 2023, revenue from clinics in Moscow and the Moscow Region rose by 5.1% y-o-y to RUB 641 million. Revenue growth in the reporting period was mainly attributable to a 7.7% y-o-y increase in the number of IVF cycles amid the post-pandemic demand recovery.

Out-patient clinics in regions

In Q1 2023, revenue from regional out-patient clinics rose by 23.0% y-o-y to RUB 823 million. Revenue growth was attributable to the recovering demand, with IVF cycles up 21.0% y-o-y. On a positive note, we opened the Novosibirsk Centre for Reproductive Medicine renovated in 1H 2022 in addition to strong results of the clinic with a focus on IVF launched in Yekaterinburg in November 2022.

The growth of the average IVF ticket by 13.4% y-o-y was supported by an increase in the number of IVF services provided using new treatment standards (EmbryoScope).

The reporting period saw a spike in attendance (up 16.9% y-o-y) along with a 5.4% drop in the average ticket on the back of the growing share of telemedicine in total visits.

³ Other revenue includes other medical revenue (incl. laboratory tests) and other non-medical revenue



Net cash position

As at 31 March 2023, the Group's debt represented entirely by lease liabilities increased from the 31 December 2022 level by RUB 27 million to RUB 623 million. As a result, as at 31 March 2023, the Company's net cash position amounted to RUB 5,539 million.

Capex

Total Capex declined by 72.9% y-o-y to RUB 149 million in Q1 2023. The hospital segment accounts for the bulk of Capex (69.8%), while the construction of new clinics and ongoing maintenance make up 30.2% of total Capex.

In the reporting period, the Group opened the Mother & Child Mytishchi medical centre with a focus on antenatal care.

The Lapino-3 nuclear medical centre (part of the Lapino medical cluster) and the Domodedovo multi-functional hospital are in their designing cycle, both expected to be launched in 2025. Their estimated Capex amounts to approximately RUB 8.5 billion.

In Q4 2023, multidisciplinary clinic is expected to be launched in ZILART residential complex in Moscow. Its estimated Capex amounts to approximately RUB 78 million.

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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About MD Medical Group

MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market. Today, the Company manages 53 state-of-the-art healthcare facilities, including 10 multidisciplinary hospitals and 43 out-patient clinics in 26 regions of the Russian Federation. In 2022, MD Medical Group's revenue amounted to RUB 25.2 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.