

# MD MEDICAL GROUP



Acquisition of Mother &  
Child clinic in Irkutsk



15 May 2013  
Moscow



## Disclaimer

### Important Notice:

The information, statements and opinions contained in this presentation do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of any offer to buy any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

### Forward-Looking Statements:

This presentation 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 presentation are based on past trends or activities and should not be taken as a representation 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 presentation 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. Except as required by the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules, the London Stock Exchange or otherwise by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.



# Transaction overview

## Background and rationale

- Mother & Child Irkutsk (OOO “Center reproductivnoi meditsiny”) – medical company in the Irkutsk region of Russia
- M&C Irkutsk is focused on IVF and gynecology
- M&C Irkutsk currently works under Mother and Child franchise agreement
- M&C Irkutsk provides similar services and operates a similar model to existing Mother and Child clinics and can easily be integrated into Mother and Child network
- Acquisition of M&C Irkutsk will enhance MDMG’s market position in terms of number of IVF and other out-patient treatments:
  - Number of IVF treatments in M&C Irkutsk in 2012 was 452, which represents 12% of MDMG’s 3,863 cycles
  - Number of gynecology treatments at M&C Irkutsk in 2012 was 15,718 representing 4% of the total number of gynecology treatments at MDMG (446,407)
- The acquisition is consistent with MDMG’s regional expansion strategy and development of a high quality network of out-patient clinics (along with construction of large hospitals)

## Mother and Child network across Russia



- Regions with existing Mother and Child clinics and hospitals, including IDK (Samara)
- Franchised Mother and Child clinics
- Construction of new Mother and Child clinics

## Consideration

- Deal consideration is 4.8 mln USD for 80% equity paid in cash
- One-digit implied EV/EBITDA2012 multiple

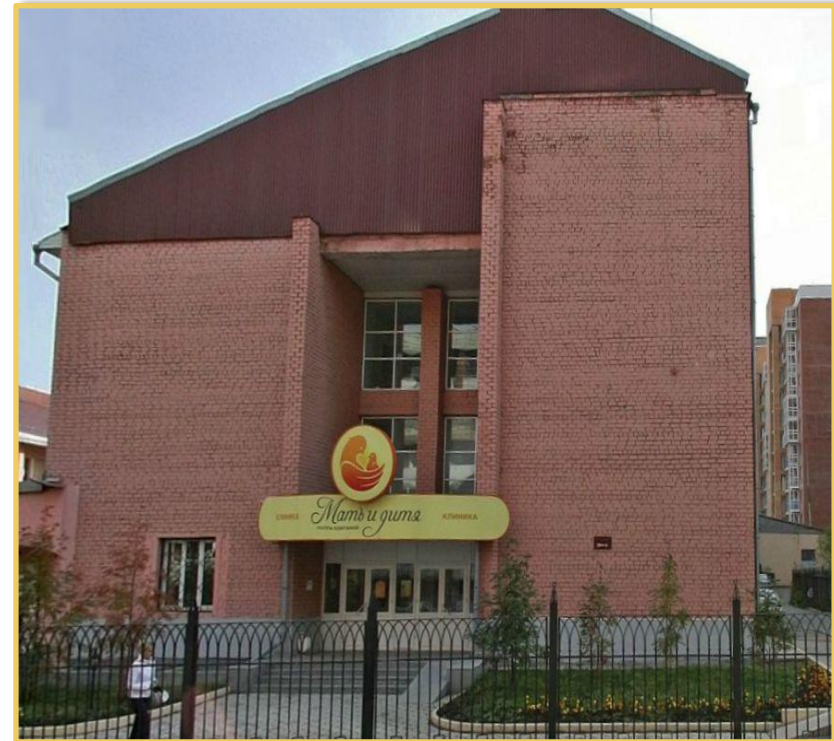


## M&C Irkutsk highlights

### M&C Irkutsk overview

- The only private reproduction center in the Irkutsk region and nearby regions
- Strong local brand
- Total area is 535 sq. meters, leased for 10 years from local clinic owned by Russian railroads
- Lease rate is about 6.8 thousand RUB per sq. meter per year
- 37 employees in 2012

### M&C Irkutsk premises

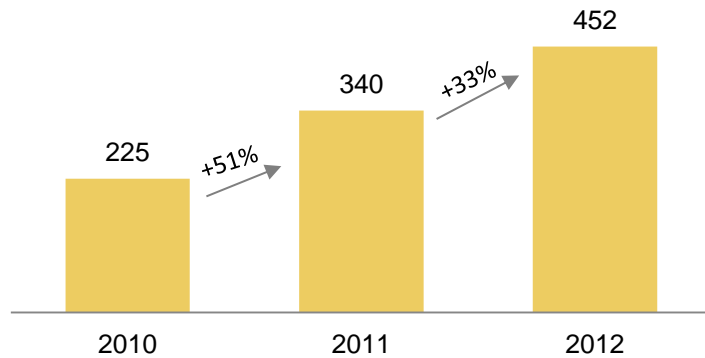


Irkutsk, Pushkin street, 8A

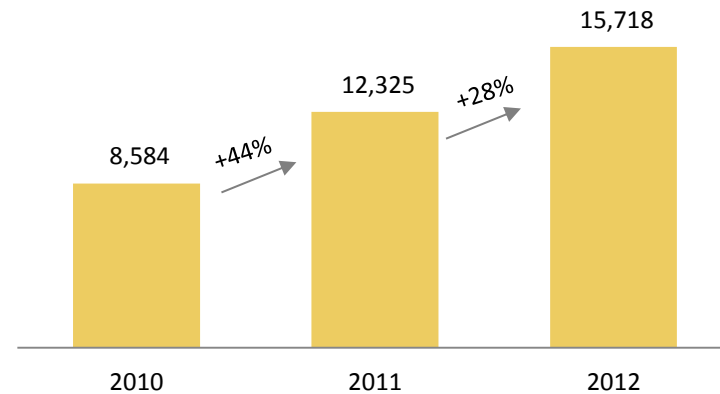


## M&C Irkutsk key performance indicators

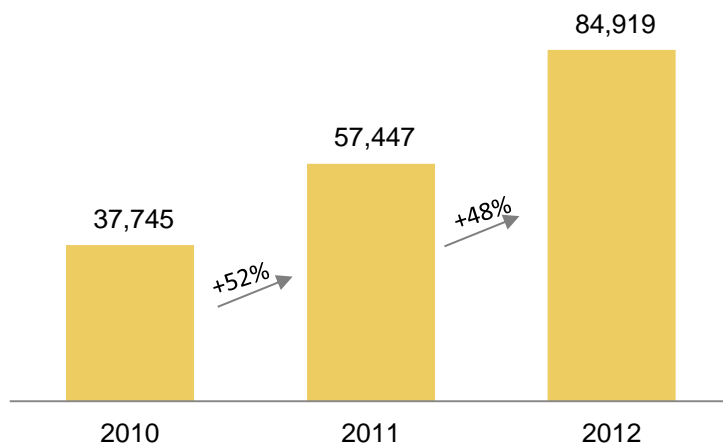
### IVF, cycles



### Out-patient treatments, number



### Revenue, RUB mln<sup>1</sup>



- Continuous double-digit growth of operating indicators on the back of service range expansion led to strong revenue increase
- As a result of solid operating cash flow M&C Irkutsk net debt remains marginally negative

Notes: <sup>1</sup> Based on M&C Irkutsk unaudited management accounts



## Irkutsk represents a new region for MDMG expansion

### Key statistics

- Total estimated figure for population of Irkutsk region is 2.4<sup>1</sup> million for 2013
- Around 30% of region's urban population lives in Irkutsk – largest city of the region
- Irkutsk region is 20<sup>th</sup> in Russia by GDP and 21<sup>st</sup> by income per-capita
- Irkutsk region is 15<sup>th</sup> in Russian Federation by birth rate, 19,5% higher than the Russian Federation average rate (15.9 and 13.3 births per thousand people, respectively)<sup>2</sup>
- Around 36,000 baby deliveries per annum in Irkutsk region
- Number of newborns in Irkutsk region increased by 5.3% y-o-y in 2012

### Location in region



Notes: <sup>1,2</sup> According to Federal State Statistics Service



# MDMG competitive strengths

1

Highly attractive Russian private healthcare services market

2

Leading position in high-quality women's health and paediatrics

6

Track record of strong operational and financial performance



3

Highest-quality clinical care with a full-cycle service offering

5

Highly qualified medical professionals led by renowned clinicians

4

Growing network of healthcare facilities in attractive regions of Russia



## Contacts

### **Maxim Novikov**

Head of Investor Relations

---

24/1 Sevastopolsky prospect,  
Moscow, Russia, 117209  
+7 (495) 331-16-50  
[www.mcclinics.com](http://www.mcclinics.com)  
[ir@mospmc.ru](mailto:ir@mospmc.ru)