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MOTHER & CHILD
GROUP OF COMPANIES



MD MEDICAL GROUP

RENAISSANCE CAPITAL'S
22th ANNUAL RUSSIA
INVESTOR CONFERENCE

10-11 April, 2018
Moscow





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COMPANY'S RESULTS
FOR FY 2017

MD MEDICAL GROUP AT A GLANCE

5

HOSPITALS

31

OUT-PATIENT
CLINICS

22

CITIES

19

REGIONS

≈ 7,000

EMPLOYEES



KEY FIGURES FOR FY 2017

Financial results

13,755 mln RUB
(+13%)
REVENUE

- **13% revenue increase to RUB 13,755 mln** (FY 2016: RUB 12,179 mln)
- **EBITDA increased 13% to RUB 4,165 mln** vs RUB 3,670 mln y-o-y
- **EBITDA margin - 30.3%: +0.2 p.p.** vs 2016
- **Net profit for the period grew up by +19%** y-o-y and amounted to **RUB 2,704 mln**
- **Net debt amounted to RUB 2,065 mln**

Operational results

6,808 DELIVERIES (+2%)
16,806 IVF CYCLES (+20%)

- Total number of **deliveries increased** by **2%** to **6,808** vs FY2016
- Total number of **IVF cycles grew** by **20%** y-o-y to **16,806** cycles
- Total number of **in-patient treatments increased 15%** to **61,344** patient-days
- Total number of **out-patient treatments increased 9%** to **1,516,001**

Key events

- **OPENING OF NEW HOSPITAL IN NOVOSIBIRSK**
- **CONSTRUCTION OF HOSPITAL IN SAMARA**
- **START OF CONSTRUCTION OF HOSPITAL IN TYUMEN**
- **OPENING OF 3 NEW CLINICS**

- **January:** opening of new clinic in Vladimir
- **February:** expansion and modernisation of out-patient clinic in St Petersburg, extra 351 sq m added
- **February:** opening of a new wing at M&C hospital in Novosibirsk, with extra 7,000 sq m and 48 beds
- **June:** opening of the Miscarriage Treatment Centre at PMC in Moscow
- **June:** opening of a new out-patient clinic in Tyumen with total area 350 sq m
- **June:** groundbreaking ceremony for a new multi-disciplinary hospital in Tyumen with an area of 15,000 sq m
- **October:** opening of a new out-patient clinic in Voronezh with total area 343 sq m
- **Events after the reporting date:** Board of Directors made a recommendation for dividends payment of RUB 451mln. Total amount of dividends paid out for 2017 (incl. H1 2017 RUB 351 mln payment) equals to RUB 802 mln or 29.7% of net profit for the year. Payment will be in US dollars based on rate of the Central Bank of Russia as of 16 March 2018
- **January:** Opening of new clinic in Vladimir with total area 354 sq m. New clinic is now replacing the initial one
- **March:** Opening of a new multi-disciplinary hospital in Samara ("IDK Hospital"), with total area 15,000 sq m
- **March:** Opening of a new clinic in Nizhny Novgorod

FINANCIAL & OPERATIONAL RESULTS FOR FY 2017



OPERATIONAL RESULTS

6,808

DELIVERIES

+ 2% (2017/2016)

16,806

IVF
CYCLES

+ 20% (2017/2016)

61,344

IN-PATIENT DAYS

+ 15% (2017/2016)

1,516,001

OUT-PATIENT
ADMISSIONS

+ 9% (2017/2016)

FINANCIAL RESULTS

13,755

mIn RUB
REVENUE

+ 13% (2017/2016)

4,165

mIn RUB
EBITDA

+ 13% (2017/2016)

30.3%

EBITDA
MARGIN

+ 0.2 p.p. (2017/2016)

34

CLINICS & HOSPITALS
30 CLINICS
4 HOSPITALS
18 REGIONS

2,704

mIn RUB
NET PROFIT

+ 19% (2017/2016)

33.23

RUB
EPS

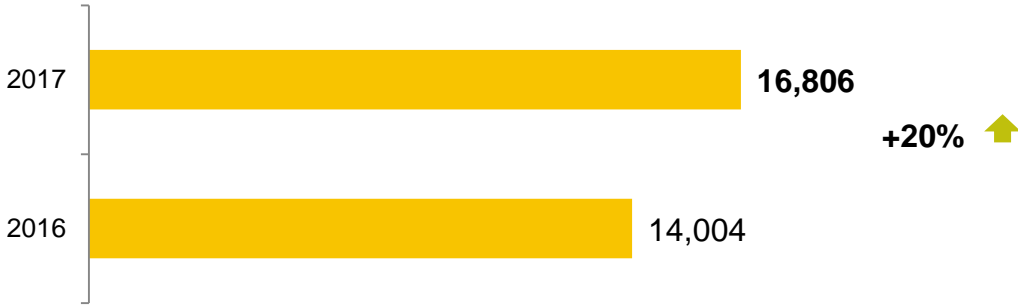
+ 20% (2017/2016)

OPERATING RESULTS FY 2017

Deliveries



IVF cycles



In-patient treatments



Out-patient treatments



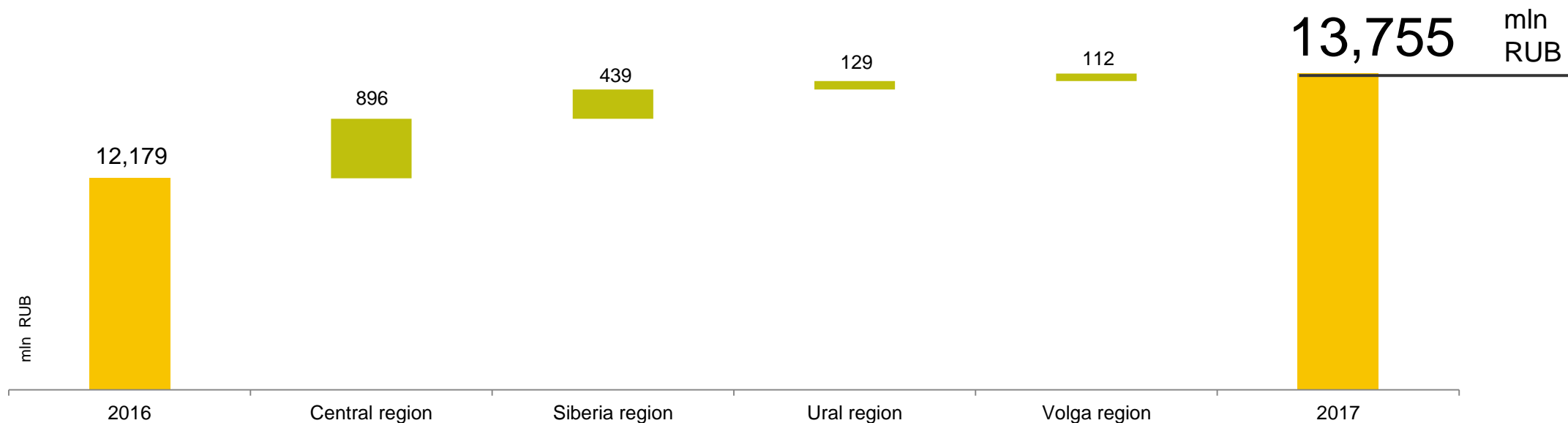
Deliveries: Number of births in Russia decreased by 10.7% in 2017, nevertheless deliveries in MDMG increased by 2% y-o-y

IVF: Increase of IVF cycles by 20% y-o-y was strongly supported by significant growth of IVF MHI (+86% y-o-y)

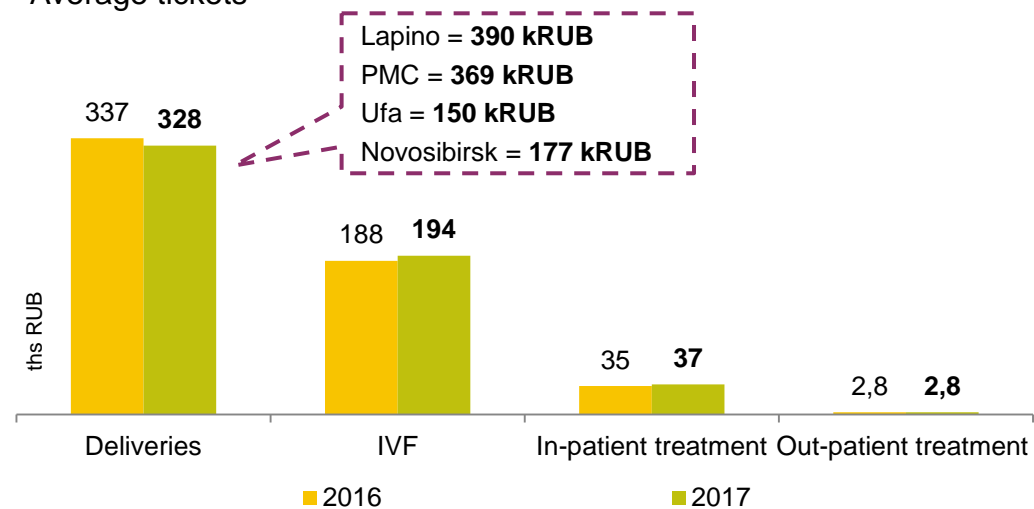
In-patient treatments: The share of other medical services increased as a result of general surgery growth (+ 89% y-o-y)

REVENUE STRUCTURE

Revenue bridge analysis



Average tickets

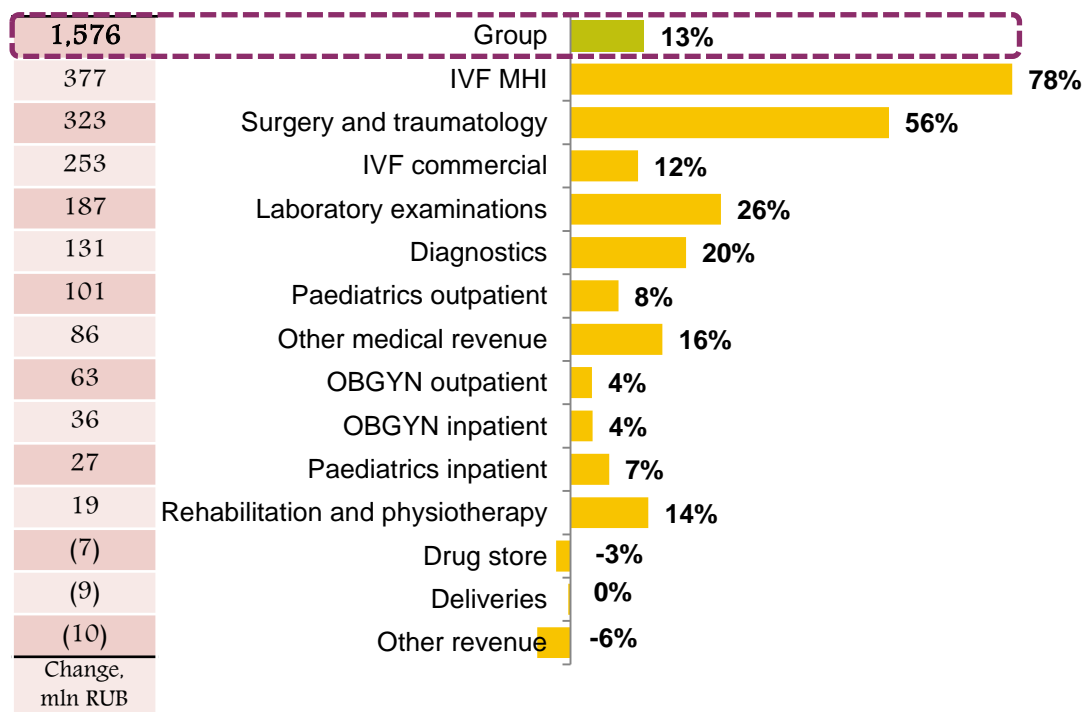


Revenue dynamics by type of revenue, RUB mln

Type of revenue	2016	2017	Changes, %
OBGYN (excl. deliveries)	2,634	2,733	+4%
Deliveries	2,245	2,236	0%
IVF	2,628	3,258	+24%
Paediatrics	1,610	1,738	+8%
Other medical services	3,062	3,790	+24%
Total	12,179	13,755	+13%

REVENUE DYNAMICS STRUCTURE BY TYPES

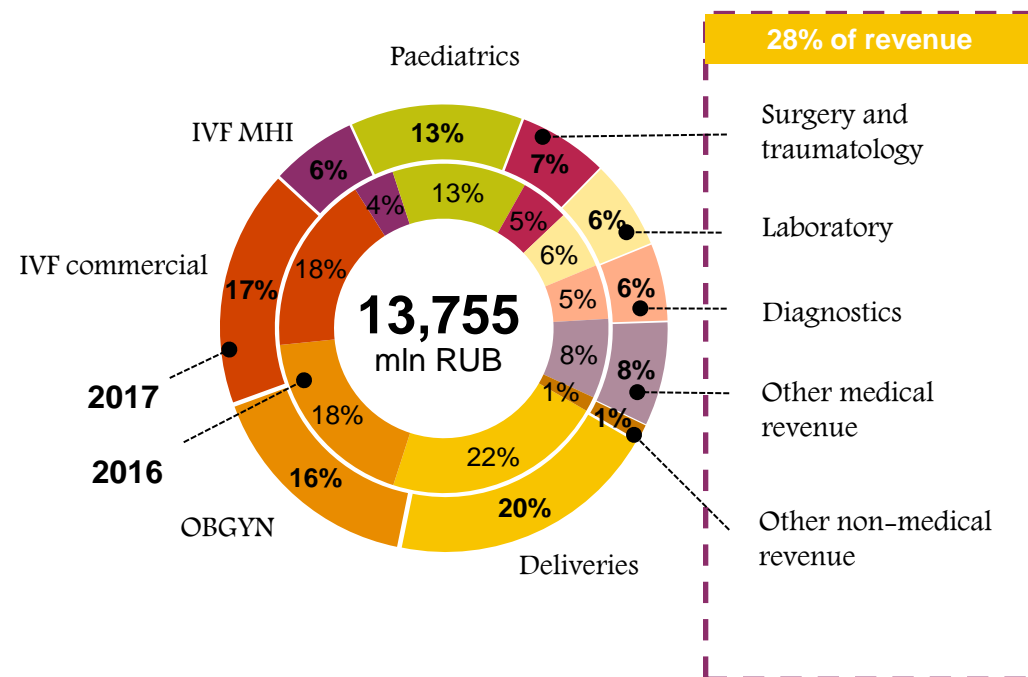
Revenue change by type of services 2017/2016



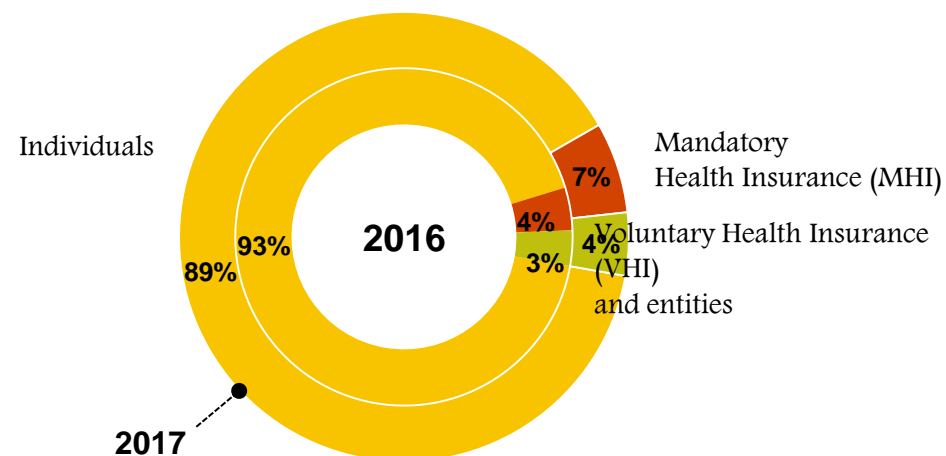
Highlights

- Significant increase in IVF occurred due to growth of operating results in the Volga region, at new Siberian clinics and the opening of IVF departments in M&C Yugo-Zapad, M&C Khodynskoe pole
- Surgery and traumatology: the opening of a new hospital building in Novosibirsk and a cardiology department in Lapino became the main factors of growth
- Laboratory admissions increased mainly due to the opening of the liquid cytology department in the Lapino hospital and increase of the share of genetic tests in overall laboratory examinations
- Deliveries: decrease in average ticket in the Moscow region

Revenue structure by type of revenue



Revenue structure by type of payers

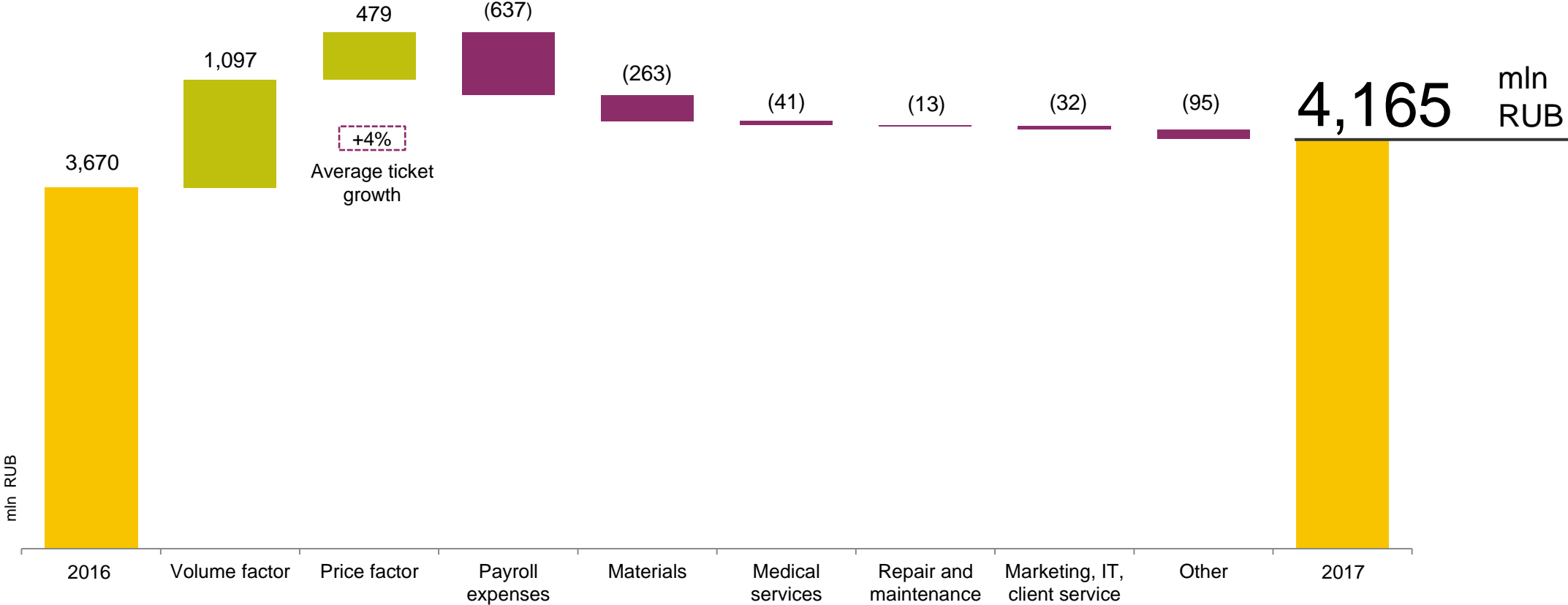


EBITDA DECOMPOSITION BRIDGE



Sustainable and attractive EBITDA margin of more than **30%**

EBITDA decomposition bridge



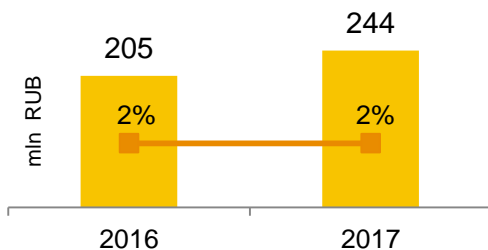
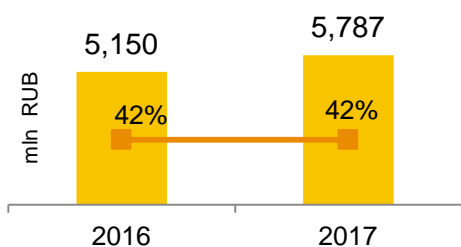
Source: FY2017 audited financial statements under IFRS

KEY EXPENSES DYNAMICS

Dynamics of major expenses, % of revenue

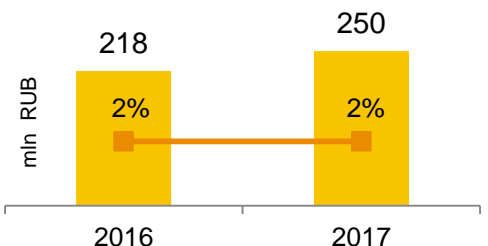
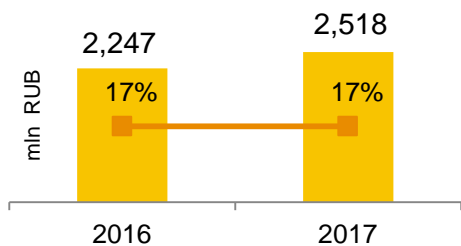
Payroll + Social contributions

Medical services



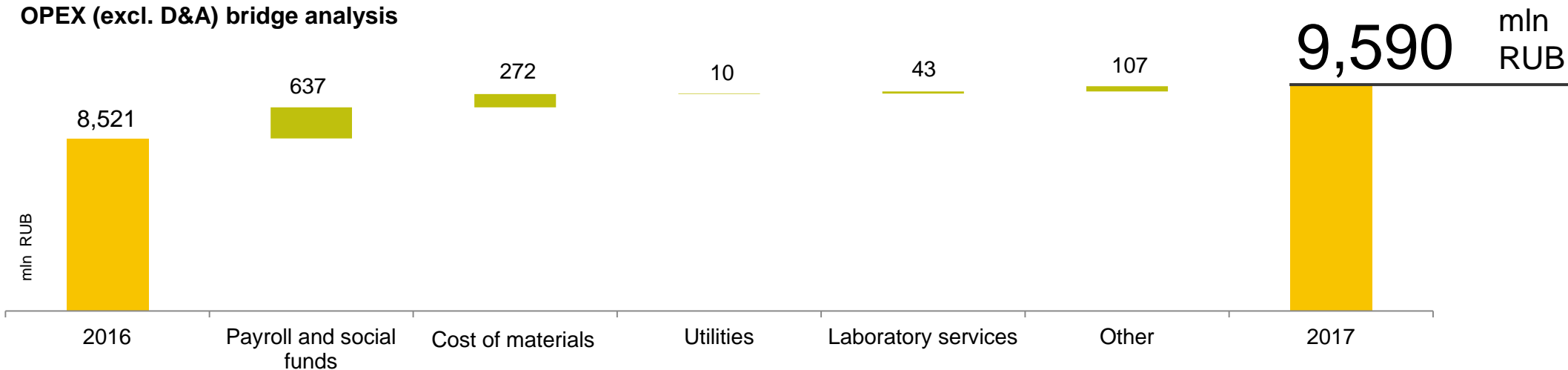
Material expenses

Functional expenses*



- Share of payroll expenses didn't change compared to 2016. Salaries indexations were in line with increase of selling prices
- Effective purchasing procedures and finding competitive alternatives in timely manner helped to sustain share of material costs on the same level as in 2016
- Other types of expenses also remained at the same level as in 2016

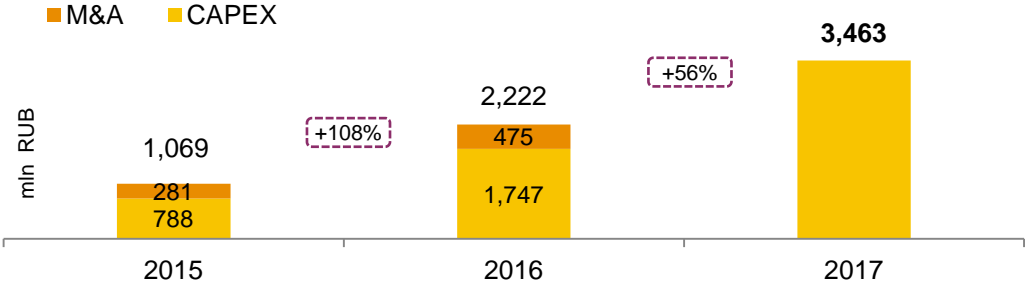
OPEX (excl. D&A) bridge analysis



CAPEX HIGHLIGHTS AND CASH FLOW

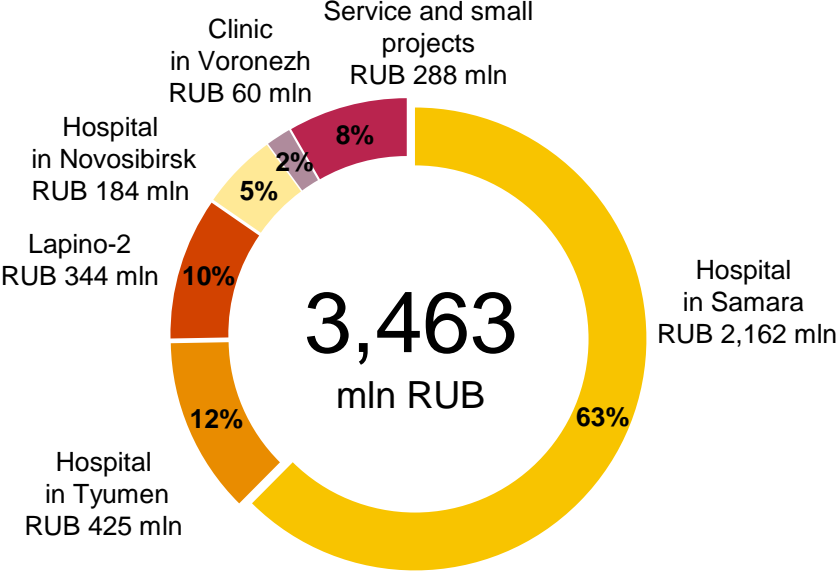


CAPEX dynamics

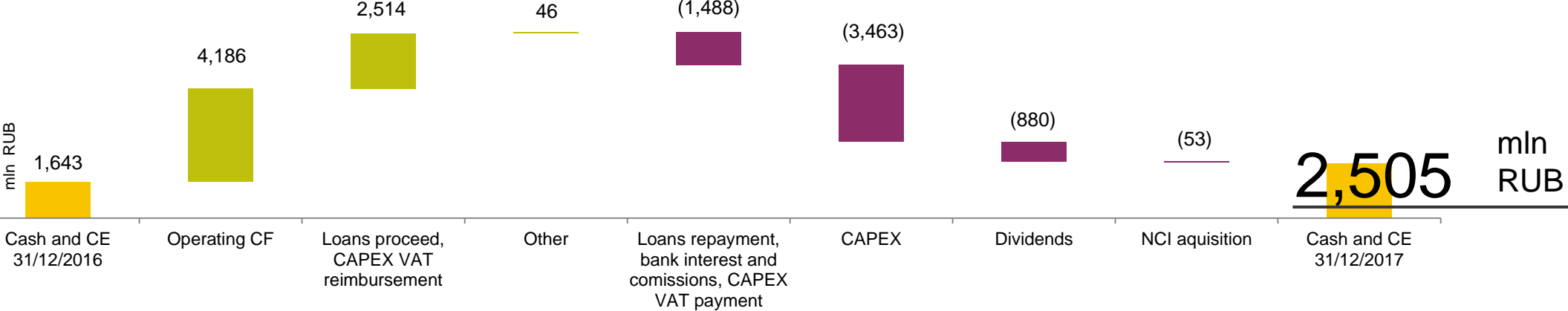


Capital expenditures for 2017 amounted to 3,463 mln RUB and were mainly related to construction of hospitals in Samara, Tyumen, Novosibirsk

CAPEX structure



Cashflow bridge analysis

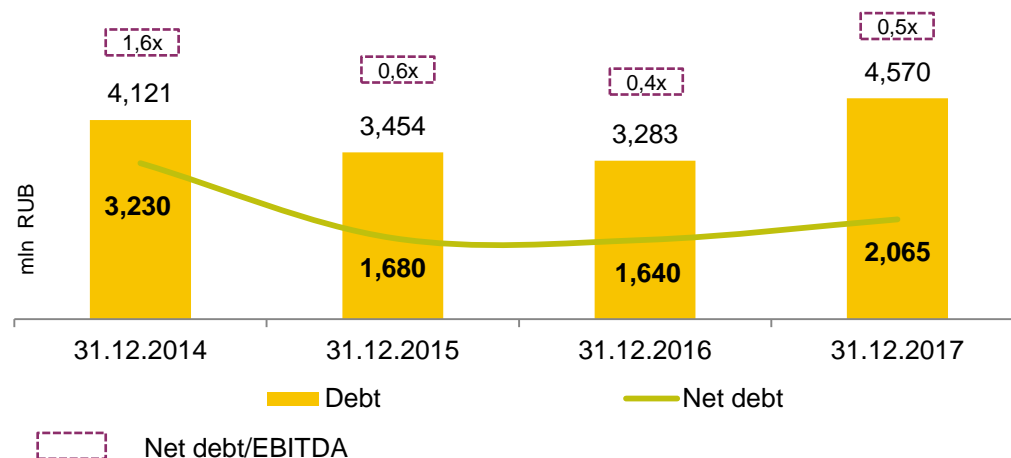


and % received

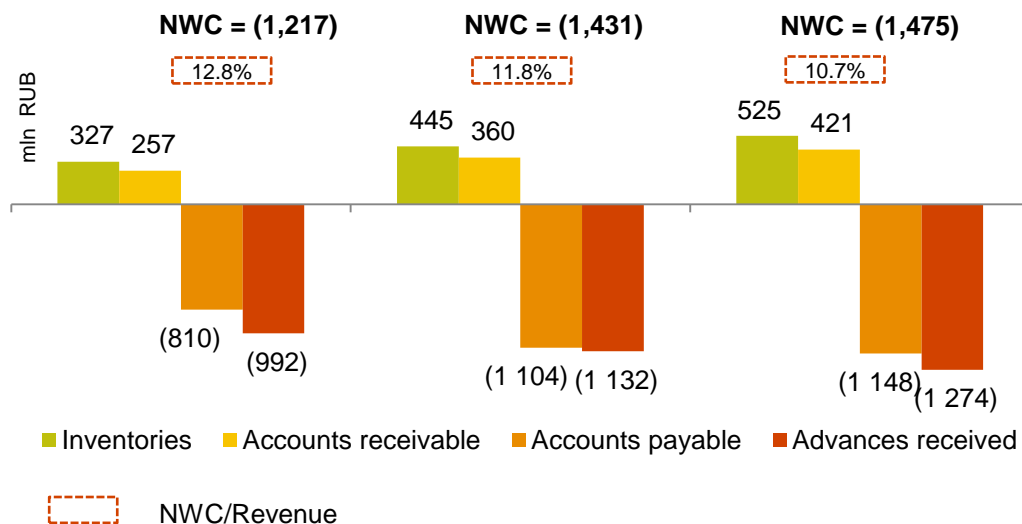
DEBT & NET WORKING CAPITAL (NWC)

- The Group's debt increased by 39% year-to-date to RUB 4,570 mln
- The Company's cash & cash equivalents grew up by 52% and amounted to RUB 2,505 mln
- The net debt position as of Dec 31/12/2017 was RUB 2,065 mln higher by 26% y-o-y with net debt / EBITDA ratio of 0.5x (increased from 0.4x)
- The company has negative working capital as a source of additional financing. Working capital decreased 3% to RUB 1,475 mln at 31 December 2017

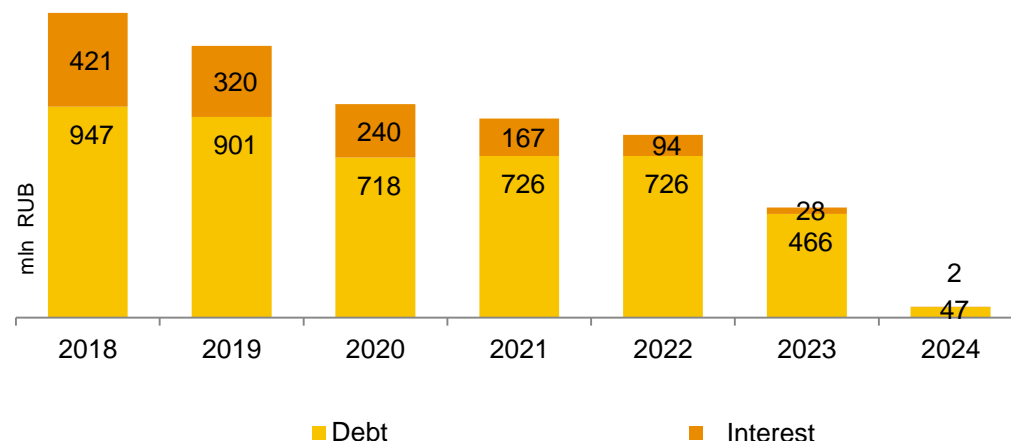
Debt and net debt dynamics



Net working capital (NWC)



Debt repayment schedule



2

STRATEGIC OUTLOOK

REGIONAL DEVELOPMENT

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

In March the Company opened a new multi-disciplinary hospital in Samara (“IDK Hospital”), the largest facility of its kind in the Volga region

Main indicators

- **Area:** 15 000 sq m
- **Capacity:**
 - **164** beds
 - **2,500** deliveries
 - **1,200** IVF cycles
 - **8,000** surgical operations
 - **220,000** out-patient visits
- **Services:** Deliveries, OBGYN, IVF, Paediatrics, Surgery, Diagnostics, Laboratory



Out-patient clinics in Voronezh, Vladimir, Nizhny Novgorod

	Mother&Child Voronezh	Mother&Child Vladimir	Mother&Child Nizhny Novgorod
Opening date	19 October 2017	30 January 2018	14 March 2018
Area, sq m	343	354	600
IVF cycles	1,000	500	1,000
Small operations	1,000	400	1,000
Out-patient visits	26,000	15,000	26,000
CAPEX, RUB mln	60	30	60

Regional clinics

- **Expansion in the medium term:** opening of 10-15 out-patient clinics
- **Regions of expansion:** Central Russia, the Volga region, the Far East
- **CAPEX:** RUB 45-75 mln
- **Area:** 400 - 700 sq m

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 expertise serves to establish demand and hire required personnel

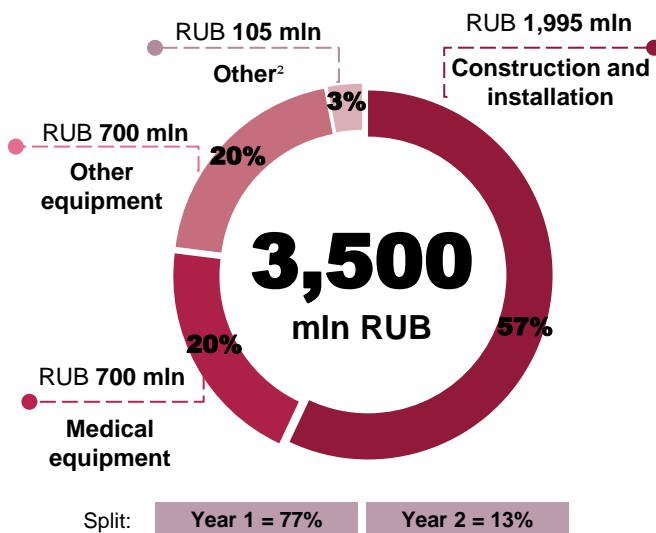
Key parameters

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

Estimated capacity¹

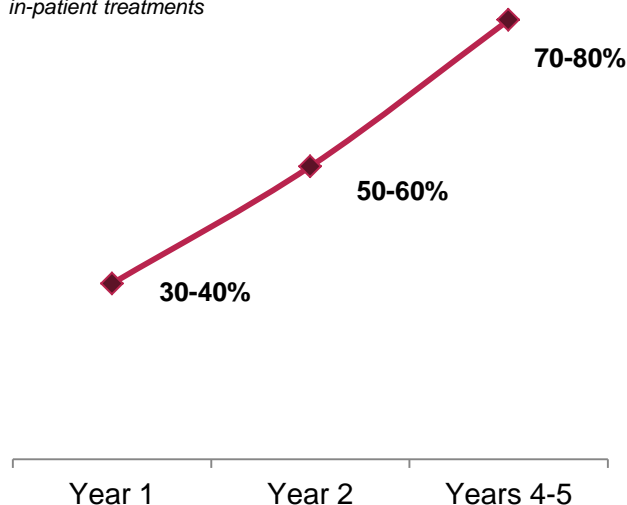
2,500 deliveries	1,200 IVF cycles
220k out-patient treatments	30k in-patient days

Estimated capex split



Targeted utilization ramp-up

Applicable to deliveries, IVF and in-patient treatments

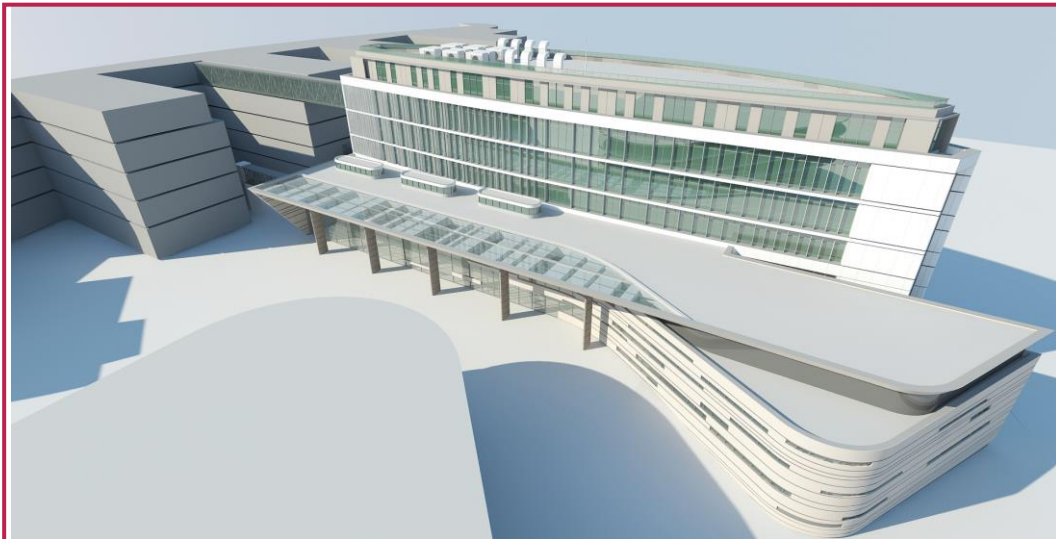
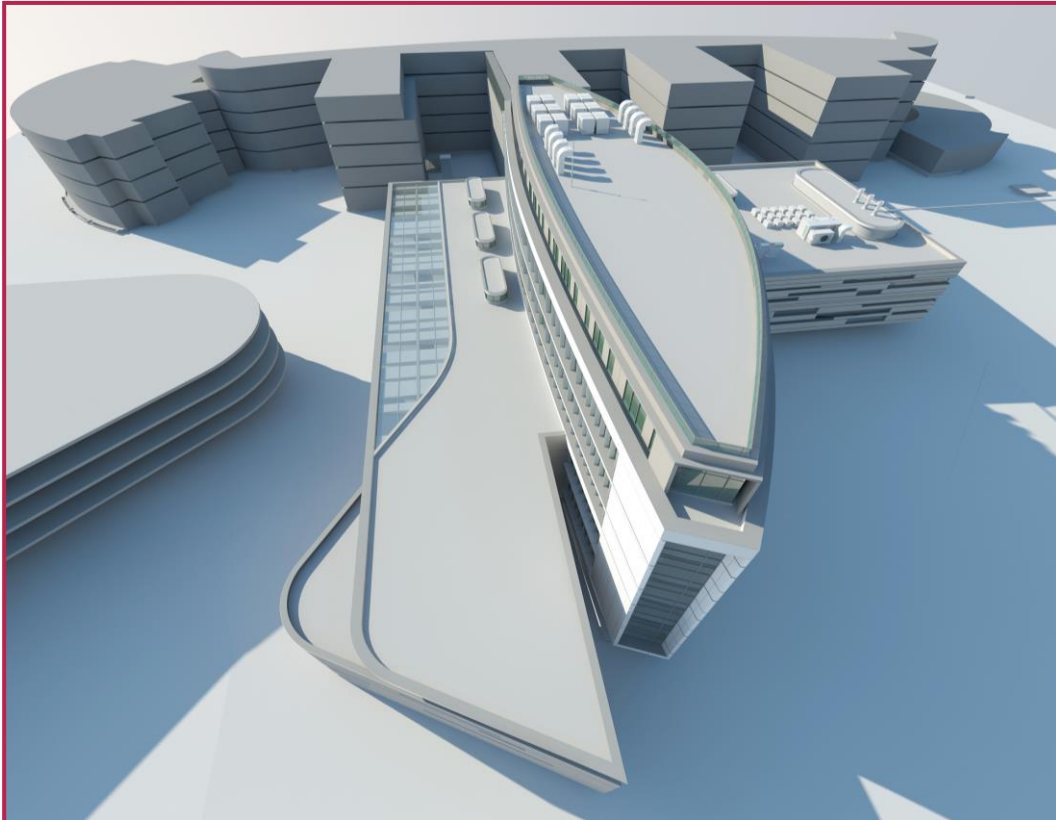


Estimated pricing policy²

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: ¹ Rounded numbers according to design project ; ² Project documentation in the amount of RUB 35 mln and connection to utilities network in the amount of RUB 70 mln; ³ In 2016 terms

PLAN OF LAPINO EXPANSION



LAPINO-2



- **Construction of 5 level surgical building with total area of 17,500 sq m**
- **Surgical building will include:**
 - Out-patient department with annual capacity of 216,000 – 288,000 visits
 - Diagnostic department with MRI and x-ray equipment
 - In-patient department with 75 beds
 - 4 scheduled operating theatres
 - 2 urgent operating theatres
 - ICU with 13 beds

LAPINO-3

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

STATUS OF HOSPITAL PROJECTS

	CURRENT		PROJECTS IN DEVELOPMENT							
	Samara	Tyumen	Lapino-2	Kazan	Nizhny Novgorod	Ekaterinburg	St Petersburg	Moscow - 3	Krasnoyarsk	Irkutsk
Obtaining land for construction	Done	Done	Done	Done	Done	Done	In progress	In progress	In progress	N/A
Building permits	Done	Done	In progress	In progress	In progress	In progress	In progress	In progress	In progress	N/A
Preparation of the designing documentation	Done	Done	In progress	In progress	In progress	In progress	In progress	In progress	In progress	In progress
Construction	Done	In progress	In progress	In progress	In progress	In progress	In progress	In progress	In progress	In progress
Equipment	In progress	In progress	In progress	In progress	In progress	In progress	In progress	In progress	In progress	In progress
Launch	Q1'18	Q2'19	In progress	In progress	In progress	In progress	In progress	In progress	In progress	In progress

 Done
 In progress

4

MDMG INVESTMENT CASE

MARKET REVIEW

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

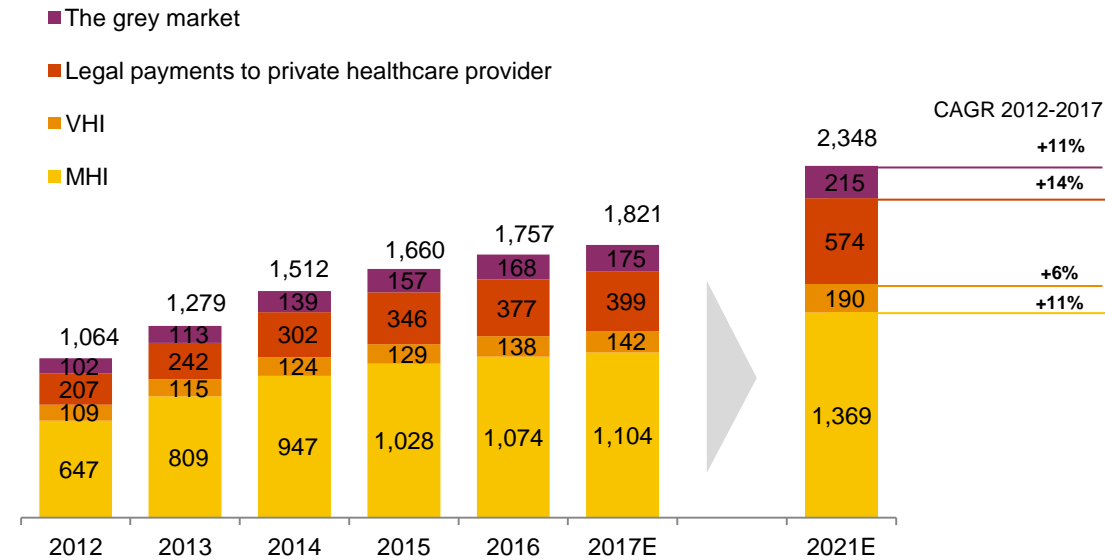
#1

In the IVF market in Russia

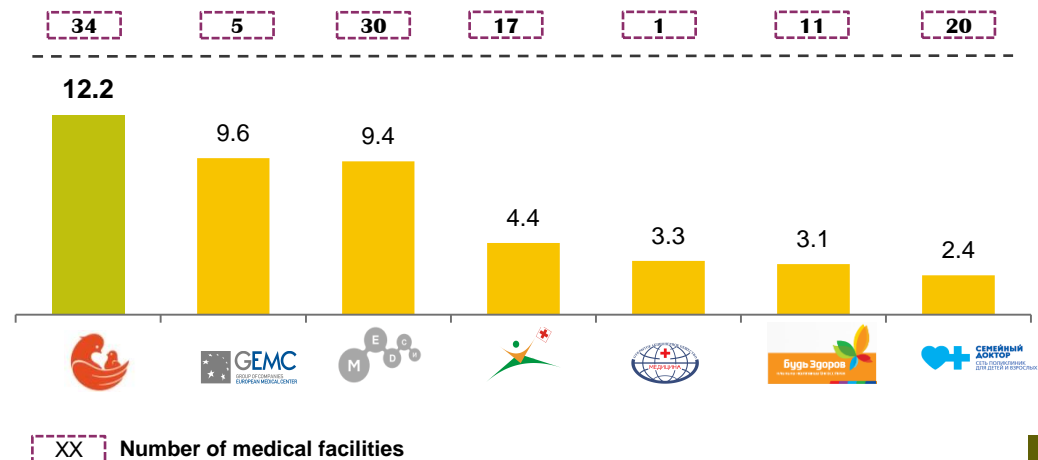
In revenue among Russian private medical companies

In terms of nationwide presence, currently operating in 19 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



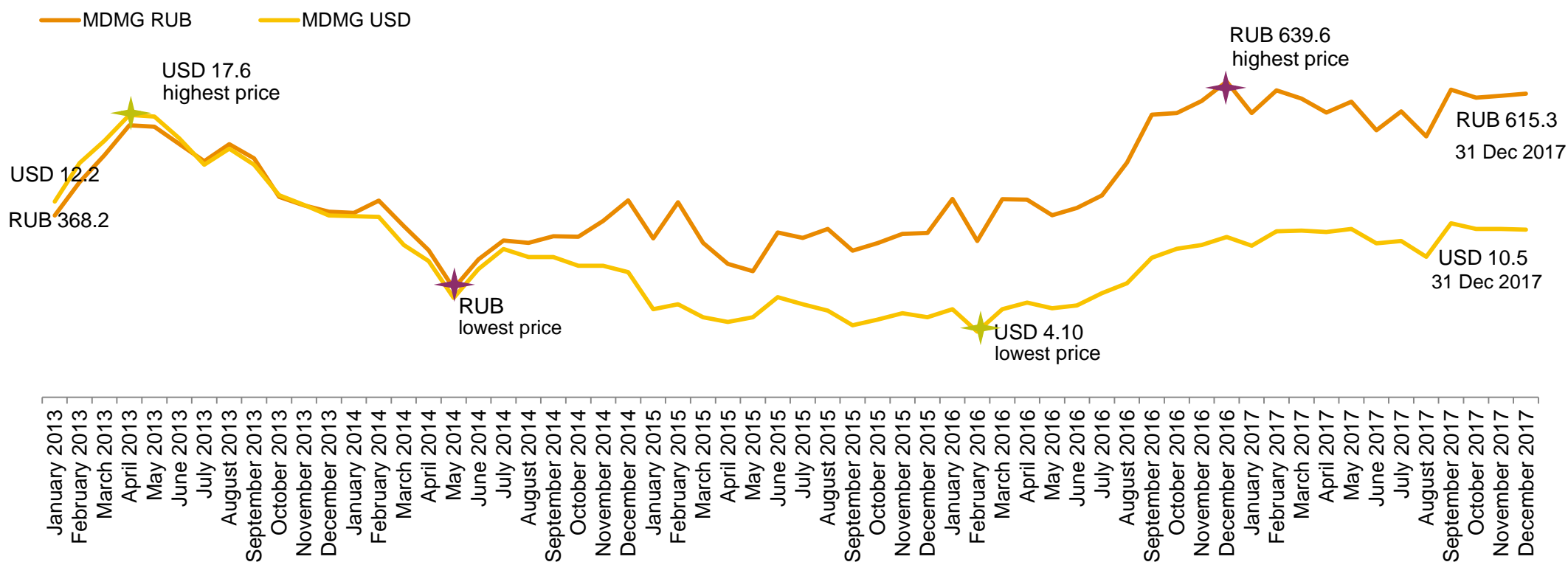
Revenue of key players in the market, 2016



SHARE PRICE

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

Since the Company's IPO, the value of the share price in rubles has almost DOUBLED

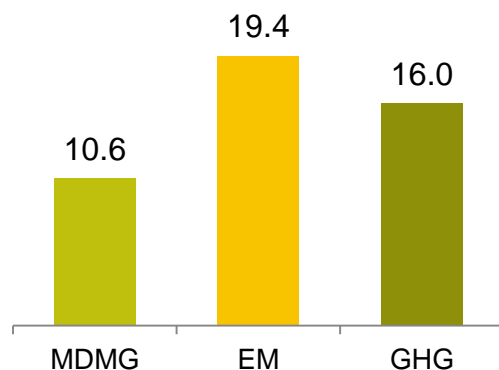


Analysis Consensus: Target Price \$13.10

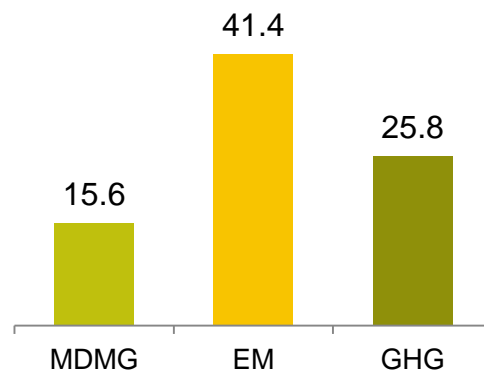
- JP Morgan: Target Price **\$12.20 (March, 2018)**
- Renaissance Capital: Target Price **\$12.50 (March, 2018)**
- VTB: Target Price **\$14.00 (March, 2018)**
- Deutsche Bank: Target Price **\$13.80 (March, 2018)**
- Bank of America Merrill Lynch: Target Price **\$12.50 (March, 2018)**
- HSBC: Target Price **\$13.70 (March, 2018)**

COMPARABLE VALUATION

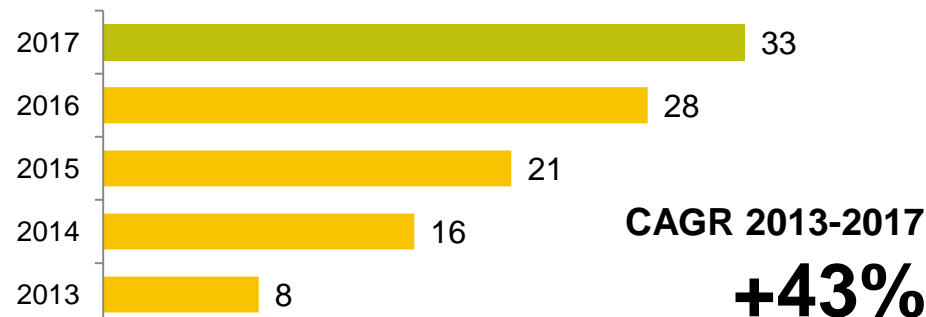
EV/EBITDA multiples, 2017



P/E multiples, 2017



EPS (RUB/GDR)



Peer companies

	Country	EV/EBITDA, x		P/E, x		RoE, %		EBITDA, margin	
		2018E	2019E	2018E	2019E	2018E	2019E	2018E	2019E
MD Medical Group	Russia	10.9	9.4	15.9	14.5	18%	18%	29.3%	29.7%
GHG	Georgia	14.4	12.8	25.9	20.0	12%	13%	15.6%	15.8%
Lokman Hekim Engurusag Saglik Turizm Egitim Hizmetleri ve Inaat Taahhut A.S.	Turkey	5.3	3.7	8.5	3.8	na	na	14%	17%
Apollo Hospitals Enterprise Ltd	India	16.9	13.9	39.8	28.5	9%	12%	11%	12%
China Resources Phoenix Healthcare Holding Co Ltd	China	12.9	11.2	22.2	19.3	8%	8%	36%	37%
Siloam International Hospital Tbk PT	Indonesia	12.2	9.9	93.7	67.2	3%	3%	13%	13%
Dian Diagnostics Group Co Ltd	China	22.6	17.2	27.5	20.9	16%	17%	11%	11%
Dr Lal PathLabs Ltd	India	23.0	19.5	36.1	30.0	23%	23%	25%	26%
Aier Eye Hospital Group Co Ltd	China	39.2	31.0	61.8	47.0	22%	23%	22%	21%
Mitra Keluarga Karyasehat Tbk PT	Indonesia	29.4	25.8	42.2	38.3	20%	20%	33%	33%
Topchoice Medical Investment Corp	China	33.8	26.4	52.3	40.0	21%	22%	27%	27%
IHH Healthcare Bhd	Malaysia	16.6	14.2	40.3	30.8	5%	7%	23%	23%
Dallah Healthcare Co	Saudi Arabia	14.3	nm	18.2	nm	17%	nm	31%	nm
Mouwasat Medical Services Co	Saudi Arabia	16.4	nm	21.5	19.0	22%	18%	32%	nm
Al Hammadi Development and Investment Co	Saudi Arabia	16.4	11.0	22.6	13.8	13%	20%	28%	35%
NMC Health PLC	UAE	20.8	17.8	27.0	22.3	23%	23%	24%	25%
Netcare Ltd	South Africa	8.2	7.6	14.2	12.9	nm	nm	14%	14%
Mediclinic International PLC	South Africa	11.9	11.3	18.7	17.2	6%	6%	18%	18%
Average		19.6	16.7	35.9	29.1	14.9%	15.6%	23%	22.1%

- Currently MDMG's GDRs trade on 2017 EV/EBITDA and P/E of 10.6x and 15.6x, respectively
- This valuation represents discounts of 45% and 62% to EM peers
- For instance, MDMG's comparable valuation demonstrates discount to Georgia Healthcare Group (GHG) of 34% and 40% on EV/EBITDA and P/E respectively
- Attractive dividend yield across sector (1.2%-1.6% since IPO)



APPENDIX



REVENUE ANALYSIS



	2017	2016
Obstetrics and Gynaecology	2,733	2,634
<u>In-patient treatments</u>		
RUB mln	965	929
patient days	25,375	23,796
kRUB per day	38.0	39.0
% of total*	35%	35%
<u>Out-patient treatments</u>		
RUB mln	1,768	1,705
Admissions	534,187	506,756
kRUB per admission	3.3	3.4
% of total*	65%	65%
Deliveries	2,236	2,245
RUB mln	2,236	2,245
Deliveries	6,808	6,656
kRUB per delivery	328.4	337.3
IVF	3,258	2,628
RUB mln	3,258	2,628
Cycles	16,806	14,004
kRUB per cycles	193.9	187.7
Paediatrics	1,738	1,610
<u>In-patient treatments</u>		
RUB mln	432	404
Patient-days	18,580	18,946
kRUB per patient day	23.3	21.3
% of total*	25%	25%
<u>Out-patient treatments</u>		
RUB mln	1,306	1,205
Admissions	431,256	396,608
kRUB per admissions	3.0	3.0
% of total*	75%	75%

	2017	2016
Other medical services	3,352	2,607
<u>In-patient treatments</u>		
RUB mln	819	519
Patient days	17,389	10,400
kRUB per patient day	47.1	49.9
% of total*	24%	20%
<u>Out-patient treatments</u>		
RUB mln	1,195	1,020
Admissions	550,558	485,631
kRUB per admission	2.2	2.1
% of total*	36%	39%
<u>Other medical services</u>		
RUB mln	1,339	1,067
% of total*	40%	51%

EXTRACT FROM MDMG'S PROFIT AND LOSS STATEMENT



(RUB mln)	2017	2016	2015
Revenue	13,755	12,179	9,507
Cost of sales	(8,358)	(7,400)	(5,918)
Gross Profit	5,397	4,779	3,589
% of revenue	39%	39%	38%
Other income	105	30	18
Administrative expenses	(2,254)	(2,067)	(1,793)
Other expenses	(21)	(18)	(38)
EBITDA	4,165	3,670	2,675
% of revenue	30%	30%	28%
Operating profit	3,226	2,724	1,775
Net finance expenses	(445)	(485)	30
Profit before tax	2,781	2,239	1,805
Tax	(77)	38	(34)
Profit for the period	2,704	2,277	1,770
% of revenue	20%	19%	19%
Minority interest	215	212	167
Profit for the year attributable to: shareholders	2,489	2,066	1,604

Source: audited financial statements of MDMG for 2015 - 2017

EXTRACT FROM MDMG'S BALANCE SHEET



(RUB mln)	2017	2016	2015
Cash and cash equivalents	2,505	1,643	1,774
Current trade, other receivables and deferred expenses	421	360	258
Inventories	525	445	327
Other current assets	29	55	53
Property, plant and equipment	15,324	13,410	12,364
Intangible assets	2,335	2,442	2,145
Non-current trade and other receivables and deferred expenses	890	185	184
Other non-current assets	243	176	99
TOTAL ASSETS	22,272	18,716	17,208
Current trade and other payables	1,332	1,174	895
Short term loans and borrowings	985	1,084	1,161
Other current liabilities	1,129	1,002	886
Long term loans and borrowings	3,585	2,200	2,293
Other non-current liabilities	673	487	464
Equity	14,568	12,770	11,509
TOTAL EQUITY AND LIABILITIES	22,272	18,716	17,208
Net Debt	2,065	1,648	1,680

Source: audited financial statements of MDMG for 2015 - 2017

EXTRACT FROM MDMG'S CASH FLOW STATEMENT



(RUB mln)	2017	2016	2015
Cash flow from operating activities			
Profit for the period	2,704	2,277	1,770
Adjustments for:			
<i>D&A</i>	1,036	946	881
<i>Taxation</i>	77	(38)	34
<i>Other adjustments</i>	389	510	18
Cash flow from operations before working capital changes	4,206	3,696	2,703
<i>(Increase) / decrease in inventories</i>	(80)	(73)	(57)
<i>Increase in trade and other receivables</i>	(118)	(86)	(13)
<i>Increase in trade and other payables</i>	40	216	79
<i>Increase in deferred income</i>	142	128	115
Cash flow from operations	4,190	3,880	2,828
Tax paid	(4)	(20)	(10)
Net cash flow from operating activities	4,186	3,861	2,818
Cash flow from investing activities			
Payment for acquisition of PP&E	(3,445)	(1,716)	(780)
Acquisition of subsidiaries	-	(475)	(281)
Other proceeds and payments	138	36	40
Net cash flow used in investing activities	(3,307)	(2,155)	(1,020)
Cash flow from financing activities			
Proceeds from borrowings	2,333	987	215
Repayment of borrowings	(1,079)	(1,173)	(949)
Finance expenses paid	(353)	(449)	(458)
Other payments	18	(116)	466
Dividends paid to the owners of the Company	(681)	(786)	(300)
Dividends paid to non-controlling interests	(199)	(199)	(135)
Net cash flow from financing activities	38	(1,737)	(1,162)
Net increase in cash and cash equivalents	917	(31)	636
Cash and cash equivalents at the beginning of the period	1,643	1,774	891
Effect due to exchange rate changes	(56)	(101)	248
Cash and cash equivalents at the end of the period	2,505	1,643	1,774