

MD Medical Group announces operating results for Q3 2022

31 October 2022 – 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 third quarter of 2022.

Key financial highlights for Q3 2022:

- **Total revenue** increased by **3.3%** year-on-year (y-o-y) to **RUB 6,444 million**.
- **Like-for-like (LFL) revenue** gained **1.6%** y-o-y.
- Revenue of the Group’s **hospitals in Moscow** decreased by **2.8%** y-o-y to **RUB 3,375 million** due to fewer deliveries in Moscow amid overall downward trend in Russia’s birth rate.
- Revenue of the Group’s **regional hospitals** grew by **16.1%** y-o-y to **RUB 1,660 million** thanks to the strong operational performance of the medical cluster in Tyumen¹, target utilisation rates achieved at IDK hospital in Samara and Avicenna hospital in Novosibirsk, as well as the solid results of MD Group Lakhta hospital.
- Revenue from out-patient **clinics in Moscow and the Moscow Region** rose by **6.0%** y-o-y to **RUB 642 million**.
- Revenue of the Group’s **clinics in other regions** dropped by **5.7%** y-o-y to **RUB 764 million** due to the gradual utilisation of IVF quotas covered by the Mandatory Health Insurance (MHI) programme in some regions of the Russian Federation, along with the growing numbers of in-patient days.

Key operational highlights for Q3 2022:

- Total **out-patient treatments** increased by **0.5%** y-o-y to **463,651**, with the **average ticket** up **14.3%** to **RUB 5.4 thousand** in Moscow and up **3.8%** y-o-y to **RUB 2.2 thousand** in other regions.
- Total **in-patient treatments** went up by **12.4%** y-o-y to **38,755**, with the **average ticket** up **5.8%** to **RUB 98.4 thousand** in Moscow and down **7.6%** y-o-y to **RUB 31.7 thousand** in other regions.
- Total **IVF cycles** remained flat at **4,213**, with the **average ticket** increasing by **8.6%** to **RUB 280.0 thousand** in Moscow and by **5.9%** y-o-y to **RUB 241.4 thousand** in other regions.
- Total **deliveries** increased by **7.8%** y-o-y to **2,413**, with the **average ticket** rising by **0.5%** y-o-y to **RUB 474.5 thousand** in Moscow and by **13.4%** y-o-y to **RUB 184.6 thousand** in other regions.

Key events during Q3 2022 and after the reporting period:

- **Opening of MGIMO Med University.** On 1 September 2022, MD Medical Group jointly with the Moscow State Institute of International Relations (MGIMO) opened MGIMO Med, a medical university.
- **Bank loan repaid early.** Between July and October 2022, MD Medical Group completed early repayment of outstanding liabilities under a loan of RUB 2,729 million raised to build hospitals in Samara and Moscow.
- **Dividends for H1 2022.** On 26 October 2022, the Board of Directors approved an interim dividend of RUB 642,318,835.50 or RUB 8.55 per ordinary share / GDR for 6M 2022.

¹ The Tyumen medical cluster includes the Tyumen-1 multifunctional hospital and the Tyumen-2 COVID treatment facility.

**Key financial highlights for 9M 2022:**

- **Total revenue** increased by **2.0%** y-o-y to **RUB 18,603 million**.
- Revenue of the Group's **Moscow hospitals** decreased by **3.8%** y-o-y to **RUB 9,730 million** due to a lower utilisation rate at the Lapino-4 COVID treatment facility.
- Revenue of the Group's **regional hospitals** grew by **13.7%** y-o-y to **RUB 4,747 million**.
- Revenue from out-patient **clinics in Moscow and the Moscow Region** rose by **10.8%** y-o-y to **RUB 1,923 million**.
- Revenue of the Group's **clinics in other regions** dropped by **0.6%** y-o-y to **RUB 2,194 million** due to the late allocation of IVF quotas covered by the Mandatory Health Insurance (MHI) programme in some regions of the Russian Federation in H1 2022. This effect was partly offset by an increase in MHI revenue in Q3 2022. The remaining quotas will be used in Q4 2022.

Key operational highlights for 9M 2022:

- Total **out-patient treatments** decreased slightly, by **1.2%** y-o-y to **1,342,109**.
- Total **in-patient treatments** decreased by **1.5%** y-o-y to **109,692**.
- Total **IVF cycles** increased by **0.5%** y-o-y to **12,436**.
- Total **deliveries** increased by **4.1%** y-o-y to **6,522**.

Mark Kurtser, CEO at MDMG, said:

"We are pleased with the Company's strong performance in Q3 2022. Despite the volatile macroeconomic environment, we continue to streamline business efficiency to deliver solid operational results in the reporting period.

"I am particularly happy about the robust performance of the regional hospitals, which saw their revenue grow by 16%. Among other things, our results in women's and children's healthcare continue to improve, with a strong increase of 50% in the revenue from deliveries in Q3 2022. This outstanding performance in deliveries was partly driven by the successful launch of core operations at our MD Group Lakhta hospital in St Petersburg, and impressive results of the Tyumen-1 multidisciplinary hospital with a 30% growth in terms of deliveries.

"Our clinical hospitals in Samara and Novosibirsk are on track to reach their respective design capacities as expected. For example, at the end of Q3, the IDK multidisciplinary hospital in Samara reached a utilisation rate of 73%, while Avicenna hospital in Novosibirsk hit a 71% utilisation rate.

"We continue to stick to our key priorities – improving the quality and range of services we offer, boosting operational efficiency, and achieving growth in Russian regions. For example, in November we are launching an out-patient clinic in Yekaterinburg with a focus on IVF cycles. This will enable us to provide residents of the Sverdlovsk Region with access to our hi-tech medical care.

"To sum it up, I would like to emphasise that our financial performance remains stable as a result of effective liquidity management and the Net Cash position we have built up. In line with our previous statements, we continue to share our success with shareholders, as the Board of Directors has approved an interim dividend payment of RUB 642 million for 6M 2022."



Key Highlights for Q3 and 9M 2022

	3Q 2022	3Q 2021	change, %	9M 2022	9M 2021	change, %
Operating indicators						
Hospitals in Moscow						
Out-patient visits	140,673	149,990	(6.2%)	406,181	422,407	(3.8%)
In-patient days	16,202	17,446	(7.1%)	47,803	61,299	(22.0%)
IVF cycles	685	638	7.4%	2,011	1,761	14.2%
Deliveries	1,178	1,305	(9.7%)	3,323	3,537	(6.1%)
Hospitals in regions						
Out-patient visits	175,120	166,789	5.0%	504,005	503,387	0.1%
In-patient days	21,948	16,646	31.9%	60,110	48,741	23.3%
IVF cycles	757	772	(1.9%)	2,188	2,214	(1.2%)
Deliveries	1,235	934	32.2%	3,199	2,729	17.2%
Out-patient clinics in Moscow and Moscow region						
Out patient visits	43,843	43,827	0.0%	128,495	129,823	(1.0%)
IVF cycles	947	1,025	(7.6%)	3,047	2,747	10.9%
Out-patient clinics in Regions						
Out patient visits	104,015	100,587	3.4%	303,428	302,893	0.2%
In-patient days	605	375	61.3%	1,779	1,349	31.9%
IVF cycles	1,824	1,778	2.6%	5,190	5,646	(8.1%)
Total out-patient visits	463,651	461,193	0.5%	1,342,109	1,358,510	(1.2%)
Total in-patient days	38,755	34,467	12.4%	109,692	111,389	(1.5%)
Total IVF cycles	4,213	4,213	-	12,436	12,368	0.5%
Total deliveries	2,413	2,239	7.8%	6,522	6,266	4.1%
Revenue, RUB mln						
Hospitals in Moscow						
Out-patient visits	698	629	11.0%	2,000	1,791	11.7%
In-patient days	1,594	1,622	(1.7%)	4,485	4,904	(8.5%)
IVF cycles	191	183	4.4%	552	468	17.9%
Deliveries	559	616	(9.3%)	1,610	1,662	(3.1%)
Other revenue	333	424	(21.4%)	1,083	1,290	(16.0%)
Hospitals in regions						
Out-patient visits	386	356	8.4%	1,122	1,036	8.3%
In-patient days	697	574	21.4%	2,032	1,665	22.0%
IVF cycles	193	178	8.7%	544	517	5.2%
Deliveries	228	152	50.0%	569	446	27.6%
Other revenue	156	170	(8.3%)	480	512	(6.3%)
Out-patient clinics in Moscow and Moscow region						
Out-patient visits	306	294	4.1%	900	869	3.6%
IVF cycles	266	246	8.1%	811	678	19.6%
Other revenue	70	66	6.3%	212	188	12.8%
Out-patient clinics in regions						
Out-patient visits	239	221	8.1%	715	656	9.0%
In-patient days	19	11	72.7%	47	36	30.6%
IVF cycles	430	403	6.6%	1,207	1,255	(3.8%)
Other revenue	76	87	(12.9%)	225	261	(13.8%)
Managing company and other	3	4	(25.0%)	9	11	(18.2%)
Hospitals in Moscow	3,375	3,474	(2.8%)	9,730	10,115	(3.8%)
Hospitals in regions	1,660	1,430	16.1%	4,747	4,176	13.7%
Clinics in Moscow and MR	642	606	6.0%	1,923	1,735	10.8%
Clinics in regions	764	723	5.7%	2,194	2,208	(0.6%)
Total Revenue	6,444	6,236	3.3%	18,603	18,245	2.0%



	3Q 2022	3Q 2021	change, %	9M 2022	9M 2021	change, %
Average ticket, RUB ths						
Hospitals in Moscow						
Out-patient visits	5.0	4.2	18.3%	4.9	4.2	16.1%
In-patient days	98.4	93.0	5.8%	93.8	80.0	17.3%
IVF cycles	278.8	286.8	(2.8%)	274.5	265.8	3.3%
Deliveries	474.5	472.0	0.5%	484.5	469.9	3.1%
Hospitals in regions						
Out-patient visits	2.2	2.1	3.3%	2.2	2.1	8.2%
In-patient days	31.8	34.5	(7.9%)	33.8	34.2	(1.0%)
IVF cycles	255.0	229.9	10.9%	248.6	233.5	6.5%
Deliveries	184.6	162.7	13.4%	177.9	163.4	8.8%
Out-patient clinics in Moscow and Moscow region						
Out patient visits	7.0	6.7	4.0%	7.0	6.7	4.6%
IVF cycles	280.9	240.0	17.0%	266.2	246.8	7.8%
Out-patient clinics in regions						
Out patient visits	2.3	2.2	4.6%	2.4	2.2	8.8%
In-patient days	31.4	29.3	7.1%	26.4	26.7	(1.0%)
IVF cycles	235.7	226.9	3.9%	232.7	222.3	4.7%

LFL performance for Q3 and 9M 2022, % y-o-y

	3Q 2022			9M 2022		
	Revenue	Actual capacity	Average ticket	Revenue	Actual capacity	Average ticket
Hospitals in Moscow						
Out-patient visits	11.0%	(6.2%)	18.3%	11.7%	(3.8%)	16.1%
In-patient days	(1.7%)	(7.1%)	5.8%	(8.5%)	(22.0%)	17.3%
IVF cycles	4.4%	7.4%	(2.8%)	17.9%	14.2%	3.3%
Deliveries	(9.3%)	(9.7%)	0.5%	(3.1%)	(6.1%)	3.1%
Other revenue	(21.4%)	-	-	(16.0%)	-	-
Hospitals in regions						
Out-patient visits	6.2%	0.4%	5.7%	6.9%	(2.5%)	9.6%
In-patient days	12.5%	13.7%	(1.1%)	12.0%	9.2%	2.6%
IVF cycles	8.7%	(1.9%)	10.9%	5.2%	(1.2%)	6.5%
Deliveries	23.0%	7.3%	14.2%	14.6%	5.2%	8.5%
Other revenue	(9.5%)	-	-	(8.2%)	-	-
Out-patient clinics in Moscow and Moscow region						
Out patient visits	3.4%	(0.9%)	4.3%	3.3%	(1.3%)	4.7%
IVF cycles	8.1%	(7.6%)	17.0%	19.6%	10.9%	7.8%
Other revenue	4.7%	-	-	12.2%	-	-
Out-patient clinics in regions						
Out patient visits	8.1%	3.4%	4.6%	9.0%	0.2%	8.8%
In-patient days	72.7%	61.3%	7.1%	30.6%	31.9%	(1.0%)
IVF cycles	6.6%	2.6%	3.9%	(3.8%)	(8.1%)	4.7%
Other revenue	(12.9%)	-	-	(13.8%)	-	-
Managing company and other	(25.0%)	-	-	(18.2%)	-	-
Total Revenue	1.6%			0.6%		

Hospitals in Moscow

In Q3 2022, revenue from Moscow hospitals declined slightly by 2.8% y-o-y to RUB 3,375 million. This was mainly caused by a 9.7% y-o-y drop in the number of deliveries in Moscow due to the overall downward trend in Russia's birth rate. In addition, the revenue was adversely affected by dwindling patient flows at the Lapino-4 COVID treatment facility amid the pandemic slowdown – a 7.1% decline in the number of in-patient days.

A decrease in revenues from in-patient hospitals and delivery services was partly offset by a 4.4% y-o-y spike in revenue from IVF thanks to the post-pandemic demand recovery (+7.4% IVF cycles y-o-y), as well

as higher demand for treatment unrelated to women's and children's healthcare. The number of in-patient days in traumatology and oncology was up by 73.2% and 27.4% y-o-y, respectively.

The average ticket for out-patient treatment increased by 18.3% y-o-y mainly thanks to the development of dentistry and commercial oncology services at the Lapino medical cluster.

Hospitals in regions

In Q3 2022, regional hospitals' revenue was up by 16.1% y-o-y to RUB 1,660 million driven mainly by a 32.2% y-o-y surge in deliveries: revenue from this business line added 50.0% y-o-y.

A significant increase in the number of deliveries came on the back of Tyumen-1 gradually progressing towards its design capacity (current utilisation rate is 29.6% vs 25.9% in Q2 2022), as well as the strong results of the new MD Group Lakhta hospital. The number of deliveries at MD Group Lakhta in the reporting period was 229 (+172.6% vs Q2 2022), with the average ticket standing at RUB 177.4 thousand.

The 13.4% 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 in-patient days (up 31.9% y-o-y), with revenue rising by 21.4% y-o-y in this segment. Clinical hospitals in Tyumen (Tyumen-1 and Tyumen-2) and Samara were the top contributors to utilisation rates, gaining 76.9% and 40.6% y-o-y, respectively. A 7.9% y-o-y drop in the average ticket for in-patient treatments resulted from the scaling down of COVID-19 diagnostic and treatment services.

In the reporting period, a slight drop of 1.9% y-o-y in the number of IVF cycles came about as a result of exceeded quota target under the MHI programme in H1 2022. The decline in the number of IVF cycles was offset by a 10.9% y-o-y hike in the average ticket mainly due to indexed prices. Thus, revenue growth in this segment amounted to 8.7% y-o-y.

Out-patient clinics in Moscow and Moscow region

In Q3 2022, revenues from clinics in Moscow and the Moscow Region rose by 6.0% y-o-y to RUB 642 million.

The number of IVF cycles went down by 7.6% y-o-y due to the exceeded quota target under the MHI programme in H1 2022. A higher number of IVF cycles is expected in Q4 following the allocation of additional quotas under the MHI programme.

Significant growth of the average IVF ticket by 17.0% y-o-y came from the product mix structure (correlation of transvaginal oocyte retrieval and frozen embryo transfers) in Q3 2022, an increase in the number of IVF services provided using new treatment standards (EmbryoScope), and indexed prices for services.

Out-patient clinics in regions

In Q3 2022, revenues from regional out-patient clinics went up by 5.7% y-o-y to RUB 764 million. Revenue growth in the reporting period was mainly attributable to a 2.6% y-o-y increase in the number of IVF cycles driven by the gradual utilisation of quotas under the MHI programme in some Russian regions.

The average IVF ticket grew by 3.9% y-o-y, primarily on the back of indexed prices.

On top of that, revenue (up 72.7% y-o-y) was positively influenced by a 61.3% y-o-y hike in the number of in-patient days due to the allocation of quotas under the MHI programme.



Net Cash position

As of 30 September 2022, the Group's debt declined from the 30 June 2022 level by RUB 2,557 million to RUB 2,061 million. The bulk of the repaid amount is represented by partial repayments of bank loans: the Group repaid RUB 2,166 million of liabilities ahead of schedule in the reporting period. As a result, as at 30 September 2022, the Company's Net Cash position amounted to RUB 2,362 million.

Capex

Total Capex declined by 56.1% y-o-y to RUB 999 million in Q3 2022. The hospital segment accounts for the bulk of Capex (54.7%), while the construction of new clinics and ongoing maintenance make up 45.3% of total Capex.

The launch of an out-patient clinic in Yekaterinburg with a focus on IVF and the launch of an MD LAB test collection point in Moscow are slated for Q4 2022.

The launch of an out-patient clinic in the Moscow Region is expected in Q1 2023.

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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MD Medical

GROUP OF COMPANIES

About MD Medical Group

MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market. Today, the Company manages 50 state-of-the-art healthcare facilities, including 10 multidisciplinary hospitals and 40 out-patient clinics in 25 regions of the Russian Federation. In 2021, MD Medical Group's revenue amounted to RUB 25.2 bln, with EBITDA of RUB 8.3 bln. The Company's global depository 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.