

MD MEDICAL GROUP INCREASES REVENUE BY 7% IN Q1 2020

30 April 2020, Moscow – MD Medical Group Investments Plc (“MD Medical Group”, “MDMG” or the “Company” – LSE: MDMG), a leading Russian private healthcare provider, today announces its operating and unaudited financial results for Q1 2020.

Key highlights for Q1 2020:

- Total **revenue** increased 7% year-on-year (y-o-y) to RUB 4,113 mln;
- Total **deliveries** decreased 3% y-o-y to 1,748. **Revenue** from deliveries increased 1% y-o-y to RUB 543 mln;
- Total **IVF** cycles increased 2% y-o-y to 3,948. **Revenue** from IVF increased 6% y-o-y to RUB 874 mln;
- Total **in-patient treatments** increased 9% y-o-y to 22,413. **Revenue** from in-patient treatments increased 19% y-o-y to RUB 904 mln;
- Total **out-patient treatments** increased 1% y-o-y to 431,832. **Revenue** from out-patient treatments increased 3% y-o-y to RUB 1,280 mln.

Mark Kurtser, CEO of MD Medical Group, said:

“In the first quarter of the year we increased revenue across all areas of our business, while demonstrating growth in most of our operating indicators.

“In Q1 2020, the Group’s total revenue increased by 7% year-on-year to RUB 4,113 mln, driven by a number of stronger operating metrics. In-patient treatments were the fastest-growing segment and increased by 9%, mainly thanks to the further development of oncology, traumatology and cardiology services. IVF cycles and out-patient treatments grew by 2% and 1%, respectively. OBGYN performance slightly declined following general trends in the country, which also led to a decline in deliveries by 3% y-o-y. At the same time, revenue from deliveries grew 1% y-o-y due to an increase in the average check.

“I would like to highlight the sustainable operations at the new multi-disciplinary hospital in Tyumen, which we opened a year ago. This hospital has reached a monthly revenue of RUB 75-80 mln. Key contributors to revenue were IVF, surgery and cardiology services. All these areas demonstrated our target level of capacity utilisation for the first year of operations, exceeding 30%.

“From the end of Q1 2020, the Company has been operating under unprecedented conditions due to the COVID-19 pandemic. As a result, we began to see lower attendance at our hospitals and clinics of patients coming for planned consultations and surgeries, as well as for IVF procedures. Due to the increased number of patients with potential COVID-19 and pneumonia, we decided to fully convert the Lapino hospital to the exclusive treatment of these patients, including pregnant women. Doctors from the Company’s other hospitals and clinics joined their colleagues at Lapino in order to ensure 24/7 treatment and care, including in the ER.

“At the same time, all deliveries from Lapino were transferred to MD Group Clinical Hospital (formerly PMC) in Moscow. This hospital is also carrying out additional medical services that have been temporarily suspended at Lapino.

“As a result, despite significant changes in our operational environment, the Company continues to provide our patients essential medical services across a wide range of areas. We have also been taking additional measures to prevent the spread of the infection at all our facilities.

“I am confident that our highly-skilled team of doctors and nurses, as well as our efficient management team and sustainable financial position strengthened by our performance over the previous years, will enable MDMG to weather this storm and successfully resume business as usual once the pandemic situation improves.

“In this regard, I also want to note the recent decision taken by the AGM, which considered the payment of 2019 dividends to be unreasonable at this time. I am confident that once the situation stabilizes and we complete the current tasks before us, the Company will be able to come back to considering dividend payments to meet the interests of its shareholders.”

Key operational highlights for Q1 2020:

Deliveries

- In Q1 2020, total deliveries decreased 3% y-o-y to 1,748;
- Total like-for-like (LFL) deliveries decreased 8% y-o-y to 1,669;
- Revenue from deliveries grew 1% y-o-y to RUB 543 mln, or 13% of the Group’s total revenue;
- The average check for deliveries amounted to RUB 410 thsd (up 6% y-o-y) in Moscow and the Moscow Region, and RUB 152 thsd in the regions (up 4% y-o-y).

IVF

- In Q1 2020, total IVF cycles increased 2% y-o-y to 3,948. Cycles completed under the Mandatory Health Insurance (MHI) programme accounted for 52% of the total number of cycles for Q1 2020 (51% for Q1 2019);
- Total LFL IVF cycles were flat y-o-y and amounted to 3,665;
- Revenue from IVF grew 6% y-o-y to RUB 874 mln, or 21% of the Group’s total revenue;
- MHI services accounted for 34% of revenue from IVF (31% in Q1 2019);
- The average check for commercial IVF cycles increased by 1% y-o-y to RUB 306 thsd, while the average check for IVF cycles under MHI increased by 11% y-o-y to RUB 143 thsd.

In-patient treatments

- In Q1 2020, total in-patient treatments grew by 9% y-o-y to 22,413 on the back of:
 - A 76% increase in oncology in-patient treatments;
 - A 41% increase in traumatology in-patient treatments;
 - A 21% increase in cardiology in-patient treatments;

- A 14% increase in surgery in-patient treatments;
- A 7% increase in paediatric in-patient treatments;
- Total LFL in-patient treatments declined 3% y-o-y to 19,987;
- Revenue from in-patient treatments grew by 19% y-o-y to RUB 904 mln, or 22% of the Group's total revenue. This growth was mainly driven by the new multi-disciplinary hospital in Tyumen;
- The average check for in-patient treatments amounted to RUB 49.8 thsd (up 1% y-o-y) in Moscow and the Moscow Region, and RUB 33.4 thsd in other regions (up 24% y-o-y). Growth in the average check in the regions was due to an increased share of surgery and oncology treatments among the total number of in-patient treatments.

Out-patient treatments

- In Q1 2020, total out-patient treatments increased by 1% y-o-y to 431,832;
- Total LFL out-patient treatments declined by 3% y-o-y to 409,278;
- Revenue from out-patient treatments grew by 3% y-o-y to RUB 1,280 mln, or 31% of the Group's total revenue.
- The average check for out-patient treatments amounted to RUB 3.0 thsd (up 3% y-o-y).

Revenue and average check

In Q1 2020, total revenue grew 7% y-o-y (up RUB 280 mln y-o-y) to RUB 4,113 mln on the back of:

- A 1% increase in revenue from deliveries.
- A 6% increase in revenue from IVF.
- A 19% increase in revenue from in-patient treatments.
- A 3% increase in revenue from out-patient treatments.

The average check for key services in Q1 2020 amounted to:

- RUB 311 thsd for deliveries, up 5% y-o-y.
 - Moscow and the Moscow Region – RUB 410 thsd.
 - Other regions – RUB 152 thsd.
- RUB 221 thsd for IVF, up 3% y-o-y.
 - Commercial IVF cycles – RUB 306 thsd.
 - IVF cycles under the MHI programme – RUB 143 thsd.
- RUB 40.3 thsd for in-patient treatments, up 10% y-o-y.
 - Moscow and the Moscow Region – RUB 49.8 thsd.
 - Other regions – RUB 33.4 thsd.
- RUB 3.0 thsd for out-patient treatments, up 3% y-o-y.

Net debt

As of 31 March 2020, net debt decreased by RUB 518 mln, or by 15%, compared to 31 December 2019, to RUB 3,012 mln. The decrease in net debt was mainly due to the repayment of a loan by the Tyumen hospital ahead of schedule, using funds from a state subsidy of RUB 386 mln.

CAPEX

Total CAPEX in Q1 2020 decreased by 40% y-o-y to RUB 694 mln. Major investments included the construction of Lapino-2.

Operating results for Q1 2020

	Consolidated data			Like-for-like		
	Q1 2020	Q1 2019	y-o-y, %	Q1 2020	Q1 2019	y-o-y, %
OBSTETRICS AND GYNAECOLOGY						
Deliveries	1,748	1,811	-3%	1,669	1,811	-8%
In-patient treatments (except deliveries)	5,462	5,898	-7%	5,054	5,898	-14%
Out-patient treatments	141,638	140,770	+1%	134,736	134,787	0%
IVF						
IVF cycles	3,948	3,857	+2%	3,665	3,675	0%
PAEDIATRICS						
In-patient treatments	6,681	6,246	+7%	6,491	6,246	+4%
Out-patient treatments	107,747	111,825	-4%	103,406	111,825	-8%
OTHER MEDICAL SERVICES						
In-patient treatments	10,270	8,490	+21%	8,442	8,490	-1%
Out-patient treatments	182,447	176,497	+3%	171,136	176,059	-3%
TOTAL						
Total deliveries	1,748	1,811	-3%	1,669	1,811	-8%
Total IVF	3,948	3,857	+2%	3,665	3,675	0%
Total in-patient treatments	22,413	20,634	+9%	19,987	20,634	-3%
Total out-patient treatments	431,832	429,092	+1%	409,278	422,671	-3%

Revenue for Q1 2020, RUB mln

	Consolidated data			Like-for-like		
	Q1 2020	Q1 2019	y-o-y, %	Q1 2020	Q1 2019	y-o-y, %
Deliveries	543	538	+1%	532	538	-1%
IVF	874	826	+6%	820	793	+3%
In-patient treatments	904	759	+19%	818	759	+8%
Out-patient treatments	1,280	1,240	+3%	1,246	1,220	+2%
Other revenue	512	470	+9%	479	470	+2%
Total revenue	4,113	3,833	+7%	3,895	3,780	+3%

Average check for Q1 2020, RUB thsd

	Consolidated data			Like-for-like		
	Q1 2020	Q1 2019	y-o-y, %	Q1 2020	Q1 2019	y-o-y, %
Deliveries	311	297	+5%	319	297	+7%
Moscow and the Moscow Region	410	388	+6%	410	388	+6%
Other regions	152	146	+4%	154	146	+6%
IVF	221	214	+3%	224	216	+4%
Commercial cycles	306	302	+1%	303	300	+1%
MHI	143	129	+11%	145	130	+11%
In-patient treatments	40.3	36.8	+10%	40.9	36.8	+11%
Moscow and the Moscow Region	49.8	49.1	+1%	49.8	49.1	+1%
Other regions	33.4	27.0	+24%	32.9	27.0	+22%
Out-patient treatments	3.0	2.9	+3%	3.0	2.9	+3%

This announcement contains inside information.

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About MD Medical Group

MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market. The company manages 42 modern healthcare facilities, including 6 hospitals and 36 out-patient clinics in Moscow and the Moscow Region, St. Petersburg, Ufa, Perm, Samara and the Samara Region, Irkutsk, Novosibirsk, Irkutsk, Yaroslavl, Ryazan, Kostroma, Novokuznetsk, Krasnoyarsk, Omsk, Barnaul, Vladimir, Tyumen, Voronezh, Nizhny Novgorod, Volgograd, Tula, Kazan, Vladivostok, Krasnodar and Rostov.

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

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.