MD MEDICAL GROUP POSTS 29% REVENUE GROWTH, 32% EBITDA GROWTH IN 1H 2016

5 September 2016, Moscow – MD Medical Group Investments Plc ("MD Medical Group", "MDMG" or the "Company" – LSE: MDMG), a leading Russian private healthcare provider, announces its audited consolidated financial statements for the six months ended 30 June 2016 under International Financial Reporting Standards ("IFRS").

1H 2016 Key Highlights

- **Revenue** increased 29% year-on-year (y-o-y) to RUB 5,814 mln vs. RUB 4,518 mln in 1H 2015, driven mainly by the continued ramp-up at Lapino, improved results at existing clinics and the new hospital in Ufa, and the results of new clinics in Siberia consolidated since Q1 2016.
- **EBITDA** grew by 32% y-o-y to RUB 1,657 mln. **Like-for-like EBITDA** grew 29% y-o-y. The **EBITDA margin** was 29%.
- **Net profit** grew by approximately 28% y-o-y to RUB 987 mln.
- **Operating cash flow** increased by 38% y-o-y to RUB 1,788 mln.
- **CAPEX** amounted to 1,009 mln, including M&A costs of RUB 475 mln. Key investments also included the construction of a new wing at the Novosibirsk hospital (RUB 241 mln) and maintenance of existing assets (RUB 138 mln).
- **Debt** decreased 10% vs. the end of 2015 to RUB 3,111 mln, while **net debt** increased 8% from the end of 2015 to RUB 1,836 mln as cash and equivalents reduced by 28% vs. the end of 2015 to RUB 1,275 mln. The net debt to EBITDA[1] ratio remained at 0.6x.
- **Working capital** remained negative at RUB (1,320) mln and represented 11% of revenue[2].

[1] Annualised EBITDA for 1H 2016
[2] Annualised revenue for 1H 2016

1H 2016 Financial Highlights (RUB mln)

	1H 2016	1H 2015	Changes y-o-y, %
Revenue	5,814	4,518	+ 29%
Gross profit	2,222	1,684	+ 32%
EBITDA	1,657	1,253	+ 32%
EBITDA margin, %	29%	28%	+ 1 p.p.
Net profit	987	768	+ 28%
CAPEX incl. M&A	1,009	343	+3x
Operating cash flow (net)	1,788	1,292	+ 38%
Working capital	(1,320)	(1,216)*	+ 9%
Net debt	1,836	1,680*	+9%

* - As of 31 December 2015

1H 2016 Business Highlights

- Continued ramp-up at Lapino. Capacity utilization rates were 78% at the deliveries department, 68% at the IVF department, 87% at the in-patient department and 65% at the out-patient department.
- The number of patients at Mother and Child Ufa hospital continued to grow in 1H 2016. Capacity utilization was 30% at the deliveries department, 73% at the IVF department, 28% at the in-patient department and 48% at the out-patient department.
- Ground-breaking ceremony for a new hospital in Samara. The Mother and Child Samara hospital will have a planned area of 15,000 sqm and 137 beds. The hospital will have annual capacity for up to 2,000 deliveries, 600 IVF cycles and 150,000 out-patient visits.
- Opening of a new clinic in Moscow, Mother and Child Khodynskoe Pole, in June 2016. The clinic offers a wide range of women's healthcare services, including IVF, consultations with geneticists and OBGYNs, as well as services in foetal medicine including foetal diagnostics and treatment. It has capacity for up to 1,000 IVF cycles and 39,600 consultations with doctors each year.
- Opening of a new clinic in Kostroma in April 2016, the first in the region to offer IVF. The new clinic also provides OBGYN consultations, pregnancy examinations, expert ultrasound examinations and ante-natal diagnostics. The new clinic will be able to cater for up to 10,000 physician visits per year.
- Opening of a new IVF department at Mother and Child Yugo-Zapad clinic in Moscow in March 2016, which can carry out 800 IFV cycles a year. The expanded Mother and Child Yugo-Zapad

clinic will offer new services including hysteroscopy and fertiloscopy, as well as chorion biopsy and amniocentesis for genetic research.

- Integration of clinics acquired in December 2015 and January 2016, which became a part of the Mother and Child Siberia group. MDMG management is focused on applying uniform medical protocols and quality standards at the Group's new facilities, integrating IT systems, consolidating procurement and increasing the efficiency of operational business processes.

Commenting on the 1H 2016 financial results, Mark Kurtser, CEO of MD Medical Group, said:

"We completed the first six months of 2016 with the strongest results in the Company's history. Thanks to the efforts of our team in 15 Russian regions we significantly improved all key financial indicators and thus strengthened our leadership in the private healthcare market in Russia.

"Revenue for 1H 2016 grew 29% y-o-y to RUB 5,814 mln, while like-for-like growth amounted to 22%. EBITDA improved by 32% to RUB 1,657 mln, with EBITDA margin growth of 1 p.p. to 29%. Net profit increased 28% to RUB 987 mln. These are unparalleled results in our market at the moment.

"The hospitals in Lapino and Ufa continue to ramp-up, and remain key factors for the improvements to revenue. I am also pleased to note that the newly acquired clinics in Siberia have already made a serious contribution to our results, accounting for 22% of growth of overall revenue as compared to 1H 2015. These strong results once again confirm the efficacy of our rigorous approach to asset selection and our consistent strategy focusing on regional development.

"In the first half of the year we also laid the foundation for further growth. Since the beginning of the year we have opened a new IVF department and two new clinics in Moscow and Kostroma, expanding our IVF capacities by 1,800 cycles a year. We continue construction of a new wing in Novosibirsk and remain on track to open it in January-February 2017. In June we held a ground-breaking ceremony for our first hospital in Samara, which we plan to open in Q1 2018. After the reporting period we signed a Memorandum of Understanding with the government of Tyumen region, where we plan to launch construction of a new hospital next year.

"We are pleased to share our record-breaking results for the first half of the year with our shareholders. The Board of Directors has approved payment of the first interim dividends in the Group's history of RUB 3.8 per share or RUB 285 mln, representing nearly 29% of net profit for the period.

"We are satisfied with our half-year results, and are continuing the successful implementation of our strategy. We look forward to sharing further good news with you when we announce our full-year results."

Revenue

Revenue grew by 29% y-o-y to RUB 5,814 mln thanks to higher patient numbers at Lapino, PMC and Ufa, as well as the Group's existing clinics. The Siberian clinics acquired in December 2015 and January 2016 also made a significant contribution to the Group's results.

In 1H 2016, the share of regional clinics and hospitals in overall revenue continued to grow y-o-y and amounted to 34%, mainly thanks to increased revenue from the Ufa hospital and the acquisition of the Siberian clinics.

Key areas of focus – OBGYN, deliveries, IVF and paediatrics – represent 74% of the Group's revenue. IVF was the fastest-growing service line in 1H 2016 (up 65% y-o-y). The largest contribution to IVF growth was made by the newly acquired clinics in Siberia, as well as Lapino, PMC and Moscow clinics.

Revenue structure in 1H 2016 (RUB mln)

1H 2015	1H 2016	Change, %	Type of revenue	LFL 1H 2015	LFL 1H 2016	Change, %
1,094	1,301	19%	OBGYN (excl. deliveries)	1,094	1,279	17%
849	1,086	28%	Deliveries	849	1,086	28%
711	1,175	65%	IVF	711	966	36%
642	763	19%	Paediatrics	642	763	19%
1,036	1,265	22%	Other medical services	1,036	1,209	17%
187	225	21%	Other revenue	187	225	21%
4,518	**5,814**	**29%**		**4,518**	**5,527**	**22%**

Operating expenses, excl. D&A

Cost of sales, including general and administrative expenses and excluding D&A, amounted to RUB 4,159 mln in 1H 2016 (up 27% y-o-y).

LFL expenses increased by 20% to RUB 3,915 mln, while LFL revenue grew 22%.

The increase in expenses in 1H 2016 was mainly due to a higher number of patient visits and cost inflation.

CAPEX and Balance Sheet

Total CAPEX including M&A amounted to RUB 1,009 mln (vs. RUB 344 mln in 1H 2015), RUB 475 mln of which was spent on M&A. Other major investments included the construction of a new wing at Mother and Child Novosibirsk (RUB 241 mln) and maintenance of existing assets (RUB 138 mln).

As of 30 June 2016, the Group's debt decreased by 10% as compared to 31 December 2015, while cash and equivalents decreased by 28%, or RUB 499 mln. Net debt amounted to RUB 1,836 mln, up 9% compared to the end of 2015.

The net debt to annualised EBITDA ratio remained at 0.6x.

The Company has historically maintained negative working capital as a source of additional financing. Working capital increased 9% y-o-y to RUB (1,320) mln and amounted to 11% of annualised revenue.

Events occurring after the reporting period

The Board of Directors on 2 September 2016 approved payment of an interim dividend for 1H 2016 of RUB 3.8 per share or RUB 285 mln, representing 29% of net profit attributable to the owners of the Company.

The dividend record date is 9 September 2016. The Group's Global Depositary Receipts will be marked as ex-dividend on 8 September 2016. The payment date for GDR holders will be 18 October 2016.

Under the Russian Tax Code, dividends paid by Russian companies are subject to the following tax rates:

1) 15% as a general rule;
2) A reduced rate may be applied in the case of Russian tax residents and residents of foreign jurisdictions whose Governments have signed a double taxation treaty ("DTT") with the Government of Russia. Countries that have signed a DTT with Russia are listed in Appendix 2. Terms for applying a reduced tax rate for certain countries are set out in Appendix 3.

Detailed information regarding dividend taxation and applicable reduction according to the Russian Tax Code is listed in Appendix 1.

Consolidated financial statements are available on the Company's web site:
http://www.mcclinics.com/investors/financialreports/

Conference call:
The Company will host a conference call and webcast for investors and analysts on 5 September 2016 at 5.00 pm Moscow time (3.00 pm London; 10.00 am New York).
The call will be hosted by:

- Dr Mark Kurtser, CEO and a member of the Board of Directors
- Vitaly Ustimenko, Deputy CEO for Finance and Economics
- Elena Romanova, Head of Investor Relations

The dial-in and online viewing details are below:

Webcast link: www.incommuk.com/customers/mdmedicalweb
Password: 14015020

Conference-call details:

- Russia (toll-free): 8 800 100 96 35
- United Kingdom (toll-free): 44 2030 598 125
- United States (toll-free): 163 198 331 03
- Other countries: 44 2030 598 125

Access Code: 14015020

You can also pre-register at the following link:
www.incommuk.com/customers/mdmedical

The recording of the conference call will be available on the Company's website.

Please note that this call is only intended for investors and analysts.

For further information please contact:

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About MD Medical Group

MD Medical Group operates in the highly attractive Russian private healthcare service market and has a leading position in high-quality women's health and paediatrics. The company manages 30 modern healthcare facilities, including 4 hospitals and 26 outpatient clinics in Moscow, St. Petersburg, Ufa, Perm, Samara and Samara region, Irkutsk, Novosibirsk, Irkutsk, Yaroslavl, Ryazan, Kostroma, Novokuznetsk, Krasnoyarsk, Omsk, and Barnaul.

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.