



MD MEDICAL GROUP REPORTS GROWTH OF ALL KEY OPERATIONAL INDICATORS IN 9M 2019

5 November 2019, 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 the first nine months of 2019.

Key highlights for 9M 2019:

- Total **revenue** increased 10% year-on-year (y-o-y) to RUB 11,850 mln;
- Total **deliveries** increased 4% y-o-y to 5,644. **Revenue** from deliveries increased 6% y-o-y to RUB 1,749 mln;
- Total **IVF** cycles increased 14% y-o-y to 13,511. **Revenue** from IVF increased 15% y-o-y to RUB 2,816 mln;
- Total **in-patient treatments** increased 15% y-o-y to 58,115. **Revenue** from in-patient treatments increased 19% y-o-y to RUB 2,194 mln;
- Total **out-patient treatments** increased 9% y-o-y to 1,284,403. **Revenue** from out-patient treatments increased 8% y-o-y to RUB 3,704 mln.

Mark Kurtser, CEO of MD Medical Group, said:

“I am pleased to announce that in the first nine months of the year, we continued to demonstrate growth in both key operational indicators and revenue.”

“Over the reporting period, our revenue grew by 10% year-on-year to RUB 11,850 mln, thanks to stronger operating results and continued ramp-up of our hospitals and clinics. Among our key achievements, I want to highlight growth in in-patient days by 15% year-on-year, in large part due to the strong performance of the cardiology, surgery, traumatology and general medicine departments, as well as growth in IVF cycles by 14% year-on-year.”

“Sustainable growth in our operational and financial results reflects the stable performance of the company. We are focused on the continued development of our current operations, supported by completing new major projects such as the renovation of PMC in order to transform it into a multi-disciplinary hospital, and construction of the second building at the Lapino hospital, as well as opening out-patient clinics. Together, these efforts form the basis of the ongoing successful expansion of our business.”

Key operational highlights for 9M 2019:

Deliveries

- In 9M 2019, total deliveries increased 4% y-o-y to 5,644. Key growth drivers were regional hospitals in Novosibirsk and Samara:
 - Deliveries at the Novosibirsk clinical hospital grew 31% y-o-y;
 - Deliveries at the Mother&Child Samara hospital grew 51% y-o-y.
- Total like-for-like (LFL) deliveries increased 1% y-o-y;
- Revenue from deliveries grew 6% y-o-y to RUB 1,749 mln, or 15% of the Group’s total revenue;

- The average check for deliveries amounted to RUB 403 thsd (up 7% y-o-y) in Moscow and the Moscow Region, and RUB 149 thsd in the regions (up 3% y-o-y).

IVF

- In 9M 2019, total IVF cycles increased 14% y-o-y to 13,511. Cycles completed under the MHI programme accounted for 55% of the total number of cycles;
- Total LFL IVF cycles increased by 8% y-o-y to 12,881. Key growth drivers were the Group's out-patient clinics and the Novosibirsk clinical hospital;
- Revenue from IVF grew 15% y-o-y to RUB 2,816 mln, or 24% of the Group's total revenue;
- MHI services accounted for 36% of revenue from IVF, up 5 p.p. y-o-y;
- The average check for commercial IVF cycles increased by 4% y-o-y to RUB 298 thsd, while the average check for IVF cycles under MHI increased by 6% y-o-y to RUB 136 thsd.

In-patient treatments

- In 9M 2019, total in-patient treatments grew by 15% y-o-y to 58,115 on the back of:
 - A 10% increase in paediatric in-patient treatments;
 - A 36% increase in in-patient days using other medical services;
 Key growth drivers in the in-patient treatments segment were PMC and the hospital in Novosibirsk, as well as the continued ramp-up of the Samara hospital.
- Total LFL in-patient treatments grew by 8% y-o-y to 54,689;
- Revenue from in-patient treatments grew by 19% y-o-y to RUB 2,194 mln, or 19% of the Group's total revenue. The hospitals at Lapino and in the regions were key drivers behind this growth;
- The average check for in-patient treatments amounted to RUB 49 thsd (up 3% y-o-y) in Moscow and the Moscow Region, and RUB 28.9 thsd in other regions (up 4% y-o-y).

Out-patient treatments

- In 9M 2019, total out-patient treatments increased by 9% y-o-y to 1,284,403 on the back of:
 - A 7% increase in OBGYN out-patient treatments;
 - A 7% increase in paediatric out-patient treatments;
 - A 12% increase in out-patient days using other medical services.
- Total LFL out-patient treatments grew by 5% y-o-y to 1,227,886;
- Revenue from out-patient treatments grew by 8% y-o-y to RUB 3,704 mln, or 31% of the Group's total revenue. The hospitals and clinics in Moscow were key drivers of this growth;
- The average check for out-patient treatments amounted to RUB 2.9 thsd (flat y-o-y).

Revenue and average check

In 9M 2019, total revenue grew 10% y-o-y (up RUB 1,097 mln y-o-y) to RUB 11,850 mln on the back of:

- A 6% increase in revenue from deliveries.
- A 15% increase in revenue from IVF.

- A 19% increase in revenue from in-patient treatments.
- An 8% increase in revenue from out-patient treatments.

The average check for key services in 9M 2019 amounted to:

- RUB 310 thsd for deliveries, up 2% y-o-y.
 - Moscow and the Moscow Region – RUB 403 thsd.
 - Other regions – RUB 149 thsd.
- RUB 208 thsd for IVF, up 1% y-o-y.
- RUB 37.8 thsd for in-patient treatments, up 1% y-o-y.
- RUB 2.9 thsd for out-patient treatments, flat y-o-y.

Net debt

As of 30 September 2019, net debt increased by RUB 945 mln, or by 32%, compared to 31 December 2018, to RUB 3,895 mln on the back of raising funds for the construction of the Tyumen hospital, construction of Lapino-2 and renovation at PMC. The increase in net debt was also due to the payout of dividends for FY 2018 and the impact from the implementation of the IFRS 16 Standard for the first time with regards to leases.

CAPEX

Total CAPEX in 9M 2019 increased by 17% y-o-y to RUB 3,085 mln. Major investments included the construction of the Tyumen hospital, construction of Lapino-2 and renovation at PMC.

Changes in the network of clinics

To optimise costs and consolidate patients at multi-disciplinary hospitals, the Group has ceased operations at its out-patient clinic in Tyumen. As a result, the Group currently comprises 39 medical institutions.

Operating results for Q3 and 9M 2019

GROUP'S OPERATING RESULTS							LIKE-FOR-LIKE		
	9M 2019	9M 2018	y-o-y, %	Q3 2019	Q3 2018	y-o-y, %	9M 2019	9M 2018	y-o-y, %
OBSTETRICS AND GYNAECOLOGY									
Deliveries	5,644	5,439	+4%	1,965	1,957	+0%	5,484	5,439	+1%
In-patient treatments (except deliveries)	17,280	17,650	-2%	5,673	6,210	-9%	16,140	17,650	-9%
Out-patient treatments	434,274	405,920	+7%	146,846	140,026	+5%	407,668	398,541	+2%
IVF									
IVF cycles	13,511	11,884	+14%	5,006	4,043	+24%	12,881	11,884	+8%
PAEDIATRICS									
In-patient treatments	16,890	15,290	+10%	5,484	4,871	+13%	16,413	15,290	+7%
Out-patient treatments	334,106	313,136	+7%	111,091	103,755	+7%	326,777	313,136	+4%
OTHER MEDICAL SERVICES									
In-patient treatments	23,945	17,569	+36%	7,446	6,176	+21%	22,136	17,569	+26%
Out-patient treatments	516,023	460,229	+12%	170,030	149,421	+14%	493,441	460,229	+7%
TOTAL									
Total deliveries	5,644	5,439	+4%	1,965	1,957	+0%	5,484	5,439	+1%
Total IVF	13,511	11,884	+14%	5,006	4,043	+24%	12,881	11,884	+8%
Total in-patient treatments	58,115	50,509	+15%	18,603	17,257	+8%	54,689	50,509	+8%
Total out-patient treatments	1,284,403	1,179,285	+9%	427,967	393,202	+9%	1,227,886	1,171,906	+5%

Revenue for 9M 2019, RUB mln¹

	Consolidated data			Like-for-like		
	9M 2019	9M 2018	y-o-y, %	9M 2019	9M 2018	y-o-y, %
Deliveries	1,749	1,647	+6%	1,725	1,647	+5%
IVF	2,816	2,452	+15%	2,687	2,452	+10%
In-patient treatments	2,194	1,844	+19%	2,125	1,844	+15%
Out-patient treatments	3,704	3,429	+8%	3,622	3,411	+6%
Other revenue	1,387	1,381	+0%	1,352	1,381	-2%
Total revenue	11,850	10,753	+10%	11,511	10,735	+7%

Average check for 9M 2019, RUB thsd¹

	Consolidated data			Like-for-like		
	9M 2019	9M 2018	y-o-y, %	9M 2019	9M 2018	y-o-y, %
Deliveries	310	303	+2%	315	303	+4%
Moscow and the Moscow Region	403	379	+7%	403	379	+7%
Other regions	149	144	+3%	149	144	+3%
IVF	208	206	+1%	209	206	+1%
Commercial cycles	298	285	+4%	295	285	+3%
MHI	136	128	+6%	139	128	+9%
In-patient treatments	37,8	37,3	+1%	38,9	37,3	+4%
Moscow and the Moscow Region	49,0	47,4	+3%	49,0	47,4	+3%
Other regions	28,9	27,7	+4%	30,0	27,7	+8%
Out-patient treatments	2,9	2,9	+0%	3,0	2,9	+2%

¹ Minor discrepancies in the calculation of percentage values and totals in this and other tables of the press release are due to rounding.
Data is based on management accounts.

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 39 modern healthcare facilities, including 6 hospitals and 33 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, and Vladivostok.

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.