MD MEDICAL GROUP REPORTS 27% REVENUE AND 73% NET PROFIT GROWTH IN 2014

23 March 2015, Moscow, Russia – MD Medical Group Investments Plc (“MDMG”, the “Company”, or the “Group”), Russia’s leading provider of private women’s and children’s healthcare, announces its audited consolidated financial statements for the full year ended 31 December 2014 under International Financial Reporting Standards (“IFRS”).

2014 Key Highlights

- **Revenue** increased 27% year-on-year (y-o-y) to 7,201 mln RUB vs. 5,673 mln RUB in 2013, on the back of the continued ramp up at Lapino, improving performance of existing clinics and the consolidation of newly acquired Avicenna Medical Center as of 4Q.
- The increase in **EBITDA** outstripped revenue growth by 4 p.p. for the year and grew by 31%, reaching 2,083 mln RUB and representing an **EBITDA margin** for the year of 29%.
- **Net profit** increased 73% year-on-year and amounted to 1,320.
- **CAPEX** amounted to 3,134 mln RUB as the Group finalised the construction of its hospital in Ufa, which opened 31 October 2014. In 2014, the Group also continued its regional development through M&A, acquiring the largest private healthcare provider outside Moscow and St Petersburg - Avicenna Medical Center for 1,797 mln RUB.
- **Operating cash flow** increased by 27% year-on-year to 2,107 mln RUB
- **Working capital** retained negative accounting for (1,086) mln RUB keeping the year-on-year comparable share of 15% of revenue
- **Debt** increased 37% year-on-year accounting for 4,120 mln RUB on the back of the largest M&A performed by the Company to date. Net Debt to EBITDA remained at a comfortable level of 1.6x.

2014 Financial Highlights (in RUB mln)

	2014	2013	Change y-o-y, %
Revenue	7,201	5,673	27%
Gross profit	2,971	2,283	30%
EBITDA	2,083	1,586	31%
EBITDA margin, %	29%	28%	+1 p. p.
Net profit	1,320	764	73%
CAPEX incl. M&A	4,932	3,080	60%
Operating cash flow (net)	2,106	1,662	27%
Working capital	(1,086)	(914)	19%
Debt	4,120	3,000	37%

2014 Business Highlights

- The successful ramp up at Lapino continued, with 1,836 deliveries representing 50% growth year-on-year vs 1,220 deliveries in 2013. Deliveries capacity utilization reached 61% in 2014.
- The Group opened its first self-constructed hospital in the regions, in Ufa in 4Q 2014. The hospital is the first multi-disciplinary in-patient facility of this scale in Russia's regions. With a total area of 33,000 m2, the facility is able to accommodate 192 beds. The hospital's annual capacity is 3,000 deliveries, 1,100 IVF cycles, as well as approximately 240,000 out-patient treatments and 31, 000 bed-days per year. The hospital includes the first private maternity ward in Bashkortostan. The hospital offers a number of services, which are unique to Bashkortstan, such as a stem and mesenchymal cell bank, as well as the first Centre of children's health with in-patient and out-patient departments, where children will be offered diagnostics and treatment in the same medical facility. And it is the first time the Company opened a plastic surgery of this scale in one of its medical facilities.
- The Group acquired Avicenna Medical Center, the largest private healthcare provider outside Moscow and St Petersburg, which has been operating in the market for 18 years. Avicenna comprises three multi-disciplinary medical and diagnostic clinics with its own laboratory and a hospital with a maternity ward which is now the fourth in-patient facility in the "Mother & child" network of clinics. With this acquisition, the Company expanded its regional presence by establishing a foothold in Russia's third largest city, while also strengthening its position on the IVF market as well as diversifying Group's service range. Avicenna was consolidated as of 4Q 2014.
- The Company expanded the area of its Mother & Child Clinic Yugo-Zapad in Moscow by 40% reaching a total of 335m2 in order to meet growing demand for services at the clinic.

Commenting on the 2014 financial results, Elena Mladova, CEO of MD Medical Group, said:

"We are very pleased to have posted such strong revenue growth, while also significantly increasing our net profit for the year. This is the result of us having successfully executed on our development strategy, through targeted acquisitions, delivering new projects on time and increasing utilization rates at existing facilities.

"More specifically, top-line revenue growth was driven in large part by the continued ramp-up at Lapino, improved performance of existing clinics and our acquisition of Avicenna, the largest private healthcare provider in Russia outside of Moscow and St Petersburg.

"We also maintained a strong focus on cost management and organisational efficiency across the Group, which was among the contributing factors to our 73% increase in net profit, once again demonstrating our ability to continue to grow profitably as we roll out our uniquely successful business model in new regions of Russia.

"We were particularly proud to have completed construction and successfully opened our new flagship hospital in Ufa at the end of the year, delivering the project on time and on budget. This was in line with the commitments we made to our shareholders, and another example of our regional strategy in action. We expect our Ufa hospital to be one of the key drivers of revenue growth in 2015.

"It's also worth noting that in addition to increasing the number of our clinics, we also expanded the range of healthcare services that we provide. Our aim is to develop high-margin and technologically advanced services, which are often unique to Moscow and the regions in which we operate.

"The overall market environment in Russia has been and continues to be a challenging one. But specifically in the context of our business, as we have seen in the past and are seeing today, effective demand for the types of high-quality healthcare that we provide has always remained strong. This is evident from our 2014 results, and while we of course continue to monitor the situation very carefully, we are confident that we will be able to maintain this positive growth dynamic into 2015."

Revenue Structure

Below is a breakdown of the Group's revenue structure by services.

OBGYN and deliveries contribute 47% of the Group's revenue. The IVF segment increased by 2% year-on-year reaching 16% of the Company's revenue structure. Paediatrics remained stable year-on-year and accounted for 15% of total income. The "other medical services" segment showed the fastest growth and reached 17% of revenue vs 13% in 2013.

Revenue growth was supported by a continued increase in the number of patients at Lapino, as well as the improved performance of existing clinics of the Group and the consolidation of Avicenna as of 4Q 2014.

Revenue structure in 2014, mln RUB

2013	2014	Change, %	Type of revenue	LFL 2013	LFL 2014	Change, %
1,757	1,960	12%	**OBGYN (excl. deliveries)**	1,757	1,859	6%
1,261	1,444	14%	**Deliveries**	1,261	1,424	13%
800	1,187	48%	**IVF**	800	1,053	32%
892	1,058	19%	**Paediatrics**	892	1,028	15%
721	1,249	73%	**Other medical services**	721	1,036	44%
241	303	25%	**Other revenue**	241	291	20%
5,673	**7,201**	**27%**		**5,673**	**6,691**	**18%**

Operating expenses, excl. D&A

Cost of sales with general and administrative expenses, excl. D&A, grew slower than revenue during the year. Revenue growth outstripped growth of OPEX ex. D&A by 2 p.p. Total cash costs increased 25% year-on-year and amounted to 5,116 mln RUB, or on a like-for-like basis they increased by only 13% year-on-year. Growth of expenses in 2014 was mostly due to the following factors:

1) Lapino Hospital, where capacity utilization grew significantly year-on-year
2) Increased operating volumes at other clinics within the Group
3) The effect from a full year of consolidation of clinics acquired and opened in 2013 specifically clinics in Samara, Irkutsk and Yaroslavl
4) Consolidation of our newly acquired Avicenna Medical Center as of 4Q 2014
5) Opening of our hospital «Mother & child Ufa» in Bashkortostan

CAPEX and Balance Sheet

Total CAPEX was flat year-on-year and amounted to 3,134 mln RUB vs. 3,080 mln RUB. 84% of capital expenditures were spent on the Ufa hospital construction, with the remainder going primarily to the maintenance, refurbishment and equipment purchases in Ryazan, and the expansion of the Mother & Child Clinic Yugo-Zapad. 1,797 mln RUB Company invested in acquisition of Avicenna Medical center.

As of 31 December 2014, the Company’s debt amounted to 4,120 mln RUB representing growth of 37% year-on-year due to new debt raised for the Avicenna M&A.

The Group’s net debt to EBITDA ratio remains at a comfortable 1.6x.

The company maintains negative working capital as a source of additional financing. Working capital increased 19% year-on-year to (1,086) mln RUB staying at the consistent level of 15% of revenue.

Subsequent Events

The Group opened a new Mother& Child clinic in Ryazan with a total area of more than 1,000 sq m and annual capacity for 480 IVF cycles and over 20,000 out-patient treatments. Mother&Child Ryazan is the first clinic in the region to provide IVF services.

The composition of the Group's Board of Directors changed as of 19 February 2015. The Board announced that Mr Apollon Athanasiades, Ms Elia Nicolaou, Mr Marios Tofaros, Mr Angelos Paphitis, Mr Andreas Petrides confirmed their intention to resign from their posts of non-executive directors with effect from 18 February 2015. The new elected Board members are: Vitaly Ustimenko - executive director; Vladimir Mekler - non-executive director, member of Nomination Committee; Liubov Malyarevskaya - independent non-executive director, chairman of Audit Committee.

The Board of Directors recommended the payment of 300 mln RUB as final dividend for the year 2014 which corresponds to 4.01 RUB per share, representing 25% of net profit attributable to owners of the Company. The record date and payment date for the aforementioned dividend will be determined on a special meeting of the Board of Directors that will be held not later than 10 May, 2015.

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 March 23, 2014 at 4.30 pm Moscow time (1.30 pm London; 09.30 am New York).

The call will be hosted by:

- Mark Kurtser, Chairman of the Board of Directors
- Elena Mladova, Chief Executive Officer
- 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: https://engage.vevent.com/rt/deutschebank/index.jsp?seid=74

Conference-call details:

- Russian Federation, Moscow Toll-Free: 8 499 677 10 36
- UK Toll Free: 0 800 694 02 57
- US Toll-Free Number: 1 866 966 94 39
- International: 44 145 255 55 66

Access Code: 9648375

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

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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 23 modern healthcare facilities, including 4 hospitals and 19 outpatient clinics in Moscow, St. Petersburg, Ufa, Perm, Samara and Samara region, Novosibirsk, Irkutsk, Yaroslavl and Ryazan. In addition, 3 franchised outpatient clinics operate in Kyiv, Ukraine.

In 2014, there were 4,550 deliveries; IVF cycles amounted to 7,654. Number of outpatient treatments totalled 818,636 and number of in-patient days reached 35,900.

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.