



MDMG POSTS 18% REVENUE GROWTH IN FY 2020

8 February 2021, 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 Q4 and FY 2020¹.

Key highlights for FY 2020:

- Total **revenue** in FY 2020 increased by 18% year-on-year (y-o-y) to RUB 19,133 mln;
- Total **deliveries** grew 4% y-o-y and amounted to 7,759. **Revenue** from deliveries increased by 6% y-o-y to RUB 2,434 mln;
- Total **IVF cycles** decreased by 15% y-o-y to 15,264. **Revenue** from IVF decreased by 10% y-o-y to RUB 3,452 mln;
- Total **in-patient treatments** increased by 46% y-o-y to 116,417. **Revenue** from in-patient treatments increased by 97% y-o-y to RUB 6,012 mln;
- Total **out-patient treatments** decreased by 8% y-o-y to 1,613,630. **Revenue** from out-patient treatments decreased by 2% y-o-y to RUB 4,967 mln.

Mark Kurtser, CEO of MD Medical Group, said:

“We closed 2020 on a high note, demonstrating growth in nearly all key operational indicators in Q4.

“For the full year 2020, we significantly increased our revenue by 18% year-on-year, mainly thanks to the development of our in-patient treatment offering. In particular, in-patient days grew 46% year-on-year, primarily in oncology, internal medicine and traumatology, which helped us to nearly double revenue for this business line in 2020. Despite the continued challenging demographic situation in Russia, the Group saw its deliveries increase by 4% year-on-year in FY 2020 and by 12% year-on-year in Q4, which, along with growth in the average check, enabled us to increase the corresponding revenue by 6% year-on-year for 2020. While IVF and out-patient treatments declined during the year due to the pandemic, in Q4 2020 we saw an increase in IVF cycles and nearly flat out-patient performance compared to Q4 2019.

“One of the key drivers for our growth was the Lapino complex, which we significantly expanded to include now three multi-disciplinary buildings. At the same time, our other hospitals and clinics across Russia also demonstrated sustainable results in 2020.

“We are pleased with our performance and achievements. In 2020, we improved and expanded our network by opening two clinics in the Russian regions and the new “Lapino-2” surgery centre, as well as launching the construction of the “Lapino-4” hospital, focused primarily on treating patients with coronavirus. We also continued to deliver on our strategic diversification initiative by significantly strengthening our positions in oncology, surgery and infectious disease treatment. On the back of these developments, MD Medical Group has created a solid foundation for further growth.”

¹ Data is based on management accounts

Key operational highlights for FY 2020:

Deliveries

- In FY 2020, total deliveries grew 4% y-o-y and amounted to 7,759. Key growth drivers were the Group's regional hospitals:
 - Deliveries at Mother&Child Avicenna Novosibirsk clinical hospital grew 21% y-o-y;
 - Deliveries at Mother&Child IDK Samara clinical hospital grew 16% y-o-y.
- Total like-for-like (LFL) deliveries grew 3% y-o-y.
- Revenue from deliveries grew by 6% y-o-y and amounted to RUB 2,434 mln, or 13% of the Group's total revenue.
- The average check for deliveries amounted to RUB 430 thsd (up by 6% y-o-y) in Moscow and the Moscow Region, and RUB 154 thsd in the regions (up by 4% y-o-y).

IVF

- In FY 2020, total IVF cycles decreased by 15% y-o-y to 15,264. This decline was mainly due to the temporary ban on IVF in a number of the regions where the Group operates amid the COVID-19 pandemic. At the same time, in Q4 2020 the number of cycles grew by 12% compared to Q4 2019 and by 13% compared to Q3 2020, which reflects a recovery in the dynamics of this service line. Cycles completed under the Mandatory Health Insurance (MHI) programme accounted for 54% of the total number of cycles for FY 2020.
- Total LFL IVF cycles declined by 15% y-o-y and amounted to 14,860.
- Revenue from IVF declined by 10% y-o-y to RUB 3,452 mln, or 18% of the Group's total revenue.
- MHI services accounted for 36% of revenue from IVF (flat y-o-y).
- The average check for commercial IVF cycles increased by 5% y-o-y to RUB 316 thsd, while the average check for IVF cycles under MHI increased by 6% y-o-y to RUB 149 thsd.

In-patient treatments

- In FY 2020, total in-patient treatments grew by 46% y-o-y to 116,417 on the back of:
 - A 77% increase in traumatology in-patient treatments;
 - A 327% increase in internal medicine in-patient treatments, mainly due to the service adjustment at Lapino hospital to treat COVID-19 patients;
 - A 405% increase in oncology in-patient treatments, mainly due to the Lapino clinical hospital, as well as Mother&Child hospitals in Tyumen and Ufa.
- Total LFL in-patient treatments increased by 43% y-o-y to 113,991.
- Revenue from in-patient treatments grew by 97% y-o-y to RUB 6,012 mln, or 31% of the Group's total revenue. This growth was mainly driven by the Lapino clinical hospital.
- The average check for in-patient treatments amounted to RUB 67.3 thsd (up by 37% y-o-y) in Moscow and the Moscow Region and RUB 33.0 thsd in other regions (up by 10% y-o-y). Growth in the average check was due to introduction of new services in oncology and surgery – both in Moscow and regional hospitals. The average check was also supported by treatment of COVID-19 patients.

Out-patient treatments

- In FY 2020, total out-patient treatments decreased by 8% y-o-y to 1,613,630. The decline in the number of visits to medical facilities was mainly tied to temporary restrictions amid the COVID-19 pandemic and concerns among some patients about visiting public spaces.
- Total LFL out-patient treatments declined by 9% y-o-y to 1,583,631.
- Revenue from out-patient treatments declined by 2% y-o-y to RUB 4,967 mln, or 26% of the Group's total revenue.
- The average check for out-patient treatments amounted to RUB 3.1 thsd (up by 6% y-o-y).

Revenue and average check

In FY 2020, total revenue grew by 18% y-o-y (up by RUB 2,973 mln y-o-y) to RUB 19,133 mln on the back of revenue growth for the following service lines:

- A 6% increase in revenue from deliveries;
- A 97% increase in revenue from in-patient treatments;
- A 20% increase in revenue from other services.

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

- RUB 314 thsd for deliveries, up by 1% y-o-y;
 - Moscow and the Moscow Region – RUB 430 thsd;
 - Other regions – RUB 154 thsd.
- RUB 226 thsd for IVF, up by 6% y-o-y;
- RUB 51.6 thsd for in-patient treatments, up by 35% y-o-y;
- RUB 3.1 thsd for out-patient treatments, up by 6% y-o-y.

Growth in revenue and in the average check for in-patient treatments was mainly due to strong performance in internal medicine, oncology and traumatology.

Net debt

As of 31 December 2020, net debt decreased by RUB 587 mln, or by 17%, compared to 31 December 2019, to RUB 2,943 mln.

CAPEX

Total CAPEX in FY 2020 decreased by 2% y-o-y to RUB 3,904 mln. Key investments included the significant expansion of the Lapino hospital complex, including the purchase of land plots and various infrastructure works, as well as the completion of the “Lapino-2” hospital and preparations to launch “Lapino-4”.

Operating results for Q4 and FY 2020

	Consolidated data						Like-for-like		
	FY 2020	FY 2019	y-o-y, %	Q4 2020	Q4 2019	y-o-y, %	FY 2020	FY 2019	y-o-y, %
OBSTETRICS AND GYNAECOLOGY									
Deliveries	7,759	7,446	+4%	2,020	1,802	+12%	7,680	7,446	+3%
In-patient treatments (except deliveries)	21,001	22,945	-8%	5,981	5,665	+6%	20,593	22,945	-10%
Out-patient treatments	540,104	575,146	-6%	145,547	148,262	-2%	527,495	567,223	-7%
IVF									
IVF	15,264	18,004	-15%	5,023	4,496	+12%	14,860	17,405	-15%
PAEDIATRICS									
In-patient treatments	18,659	23,038	-19%	4,244	6,148	-31%	18,469	23,038	-20%
Out-patient treatments	381,247	455,264	-16%	103,463	121,581	-15%	374,904	455,264	-18%
OTHER MEDICAL SERVICES									
In-patient treatments	76,757	33,706	+128%	29,979	9,761	+207%	74,929	33,706	+122%
Out-patient treatments	692,279	714,723	-3%	207,200	190,931	+9%	681,232	713,036	-4%
TOTAL									
Total deliveries	7,759	7,446	+4%	2,020	1,802	+12%	7,680	7,446	+3%
Total IVF	15,264	18,004	-15%	5,023	4,496	+12%	14,860	17,405	-15%
Total in-patient treatments	116,417	79,689	+46%	40,204	21,574	+86%	113,991	79,689	+43%
Total out-patient treatments	1,613,630	1,745,133	-8%	456,210	460,774	-1%	1,583,631	1,735,523	-9%

Revenue for FY 2020, RUB mln¹

	Consolidated data			Like-for-like		
	FY 2020	FY 2019	y-o-y, %	FY 2020	FY 2019	y-o-y, %
Deliveries	2,434	2,305	+6%	2,423	2,305	+5%
IVF	3,452	3,843	-10%	3,378	3,731	-9%
In-patient treatments	6,012	3,046	+97%	5,926	3,046	+95%
Out-patient treatments	4,967	5,069	-2%	4,903	5,033	-3%
Other revenue	2,268	1,897	+20%	2,234	1,897	+18%
Total	19,133	16,160	+18%	18,864	16,012	+18%

Average check for FY 2020, RUB thsd¹

	Consolidated data			Like-for-like		
	FY 2020	FY 2019	y-o-y, %	FY 2020	FY 2019	y-o-y, %
Deliveries	314	310	+1%	315	310	+2%
Moscow and the Moscow Region	430	405	+6%	430	405	+6%
Other regions	154	149	+4%	155	149	+4%
IVF	226	213	+6%	227	214	+6%
Commercial cycles	316	300	+5%	315	299	+6%
MHI	149	140	+6%	150	141	+7%
In-patient treatments	51.6	38.2	+35%	52.0	38.2	+36%
Moscow and the Moscow Region	67.3	49.0	+37%	67.3	49.0	+37%
Other regions	33.0	30.1	+10%	32.9	30.1	+10%
Out-patient treatments	3.1	2.9	+6%	3.1	2.9	+7%

¹ Minor discrepancies in calculating percentage changes and totals in this and other tables of this 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 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, Novosibirsk, Irkutsk, Yaroslavl, Ryazan, Kostroma, Novokuznetsk, Krasnoyarsk, Omsk, Barnaul, Vladimir, Tyumen, Voronezh, Nizhny Novgorod, Volgograd, Tula, Kazan, Vladivostok, Krasnodar and Rostov-on-Don.

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

Since 9 November 2020, the Company's GDRs have also been traded on Moscow Exchange (in RUB).

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.