



MOTHER & CHILD
GROUP OF COMPANIES

MD MEDICAL GROUP REPORTS GROWTH OF ALL KEY OPERATIONAL RESULTS AND REVENUE IN FY 2019

5 February 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 Q4 and FY 2019¹.

Key highlights for FY 2019:

- Total **revenue** increased 8% year-on-year (y-o-y) to RUB 16,160 mln;
- Total **deliveries** increased 2% y-o-y to 7,446. **Revenue** from deliveries increased 4% y-o-y to RUB 2,305 mln;
- Total **IVF** cycles increased 8% y-o-y to 18,004. **Revenue** from IVF increased 10% y-o-y to RUB 3,843 mln;
- Total **in-patient treatments** increased 14% y-o-y to 79,689. **Revenue** from in-patient treatments increased 19% y-o-y to RUB 3,046 mln;
- Total **out-patient treatments** increased 8% y-o-y to 1,745,133. **Revenue** from out-patient treatments increased 8% y-o-y to RUB 5,069 mln.

Mark Kurtser, CEO of MD Medical Group, said:

“Thanks to the hard work across the Group, we successfully completed 2019 by further boosting key operational results and revenue.”

“In 2019, revenue grew by 8% year-on-year to RUB 16,160 mln, supported by continued growth of all the key operational indicators. The fastest growth – by 14% year-on-year – was demonstrated in the in-patient category, in large part due to the strong performance of the other medical services and paediatrics business lines. The number of IVF cycles and out-patient visits also demonstrated solid growth of 8% year-on-year.”

“Our improved performance highlights the efficiency of our consistently implemented strategy and reflects the sustainable growth of the Company. In order to secure further growth, in the reporting year we completed the large-scale renovation of PMC, transforming it into a multi-disciplinary hospital. We also opened the Tyumen hospital along with a number of clinics, as well as continued the construction of the second building at the Lapino hospital, which is due to open in 2020.”

“I am confident that our successful performance over the past year will serve as a foundation for our future growth.”

¹ Data is based on management accounts.

Key operational highlights for FY 2019:

Deliveries

- In FY 2019, total deliveries increased 2% y-o-y to 7,446. Key growth drivers were regional hospitals in Novosibirsk and Samara:
 - Deliveries at the Novosibirsk clinical hospital grew 24% y-o-y;
 - Deliveries at the Mother&Child Samara hospital grew 37% y-o-y.
- Total like-for-like (LFL) deliveries slightly decreased 1% y-o-y;
- Revenue from deliveries grew 4% y-o-y to RUB 2,305 mln, or 14% of the Group's total revenue;
- The average check for deliveries amounted to RUB 405 thsd (up 6% y-o-y) in Moscow and the Moscow Region, and RUB 149 thsd in the regions (up 2% y-o-y).

IVF

- In FY 2019, total IVF cycles increased 8% y-o-y to 18,004. The slower growth rate in Q4 2019 was due to allocated MHI quotas being used up during the first nine months of the year. Cycles completed under the MHI programme accounted for 54% of the total number of cycles for FY 2019;
- Total LFL IVF cycles increased by 3% y-o-y to 17,073;
- Revenue from IVF grew 10% y-o-y to RUB 3,843 mln, or 24% of the Group's total revenue;
- MHI services accounted for 36% of revenue from IVF, up 4 p.p. y-o-y;
- The average check for commercial IVF cycles increased by 5% y-o-y to RUB 300 thsd, while the average check for IVF cycles under MHI increased by 5% y-o-y to RUB 140 thsd.

In-patient treatments

- In FY 2019, total in-patient treatments grew by 14% y-o-y to 79,689 on the back of:
 - A 12% increase in paediatric in-patient treatments;
 - A 30% increase in in-patient days using other medical services;Key growth drivers in the in-patient treatments segment were PMC (rebranded as MD Group Clinical Hospital) and the hospitals in Samara and Tyumen.
- Total LFL in-patient treatments grew by 5% y-o-y to 73,662;
- Revenue from in-patient treatments grew by 19% y-o-y to RUB 3,046 mln, or 19% of the Group's total revenue;
- The average check for in-patient treatments amounted to RUB 49.0 thsd (up 1% y-o-y) in Moscow and the Moscow Region, and RUB 30.1 thsd in other regions (up 15% y-o-y).

Out-patient treatments

- In FY 2019, total out-patient treatments increased by 8% y-o-y to 1,745,133 on the back of:
 - A 5% increase in OBGYN out-patient treatments;
 - A 6% increase in paediatric out-patient treatments;

- A 11% increase in out-patient days using other medical services.
- Total LFL out-patient treatments grew by 4% y-o-y to 1,663,091;
- Revenue from out-patient treatments grew by 8% y-o-y to RUB 5,069 mln, or 31% of the Group's total revenue. The hospitals and the Moscow clinics 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 FY 2019, total revenue grew 8% y-o-y (up RUB 1,223 mln y-o-y) to RUB 16,160 mln on the back of:

- A 4% increase in revenue from deliveries.
- A 10% 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 FY 2019 amounted to:

- RUB 310 thsd for deliveries, up 2% y-o-y.
 - Moscow and the Moscow Region – RUB 405 thsd.
 - Other regions – RUB 149 thsd.
- RUB 213 thsd for IVF, up 2% y-o-y.
- RUB 38.2 thsd for in-patient treatments, up 5% y-o-y.
- RUB 2.9 thsd for out-patient treatments, flat y-o-y.

Net debt

As of 31 December 2019, net debt increased by RUB 580 mln, or by 20%, compared to 31 December 2018, to RUB 3,530 mln. The increase in net debt was due to the impact the of the implementation of the IFRS 16 Standard for the first time with regards to leases which amounted to RUB 650 mln.

CAPEX

Total CAPEX in FY 2019 increased by 8% y-o-y to RUB 3,984 mln. Major investments included the construction of the Tyumen hospital, construction of Lapino-2 and renovation at PMC.

Operating results for Q4 and FY 2019

| GROUP'S OPERATING RESULTS | | | | | | | LIKE-FOR-LIKE | | |
|---|------------------|------------------|-------------|----------------|----------------|-------------|------------------|------------------|------------|
| | 2019 | 2018 | y-o-y, % | Q4 2019 | Q4 2018 | y-o-y, % | 2019 | 2018 | y-o-y, % |
| OBSTETRICS AND GYNAECOLOGY | | | | | | | | | |
| Deliveries | 7,446 | 7,277 | +2% | 1,802 | 1,838 | -2% | 7,197 | 7,277 | -1% |
| In-patient treatments (except deliveries) | 22,945 | 23,572 | -3% | 5,665 | 5,922 | -4% | 21,233 | 23,572 | -10% |
| Out-patient treatments | 585,557 | 555,479 | +5% | 151,283 | 149,559 | +1% | 552,193 | 541,740 | +2% |
| IVF | | | | | | | | | |
| IVF cycles | 18,004 | 16,636 | +8% | 4,496 | 4,752 | -5% | 17,073 | 16,506 | +3% |
| PAEDIATRICS | | | | | | | | | |
| In-patient treatments | 23,038 | 20,636 | +12% | 6,148 | 5,346 | +15% | 22,295 | 20,636 | +8% |
| Out-patient treatments | 455,835 | 430,086 | +6% | 121,734 | 116,950 | +4% | 445,215 | 430,086 | +4% |
| OTHER MEDICAL SERVICES | | | | | | | | | |
| In-patient treatments | 33,706 | 25,905 | +30% | 9,761 | 8,336 | +17% | 30,134 | 25,905 | +16% |
| Out-patient treatments | 703,741 | 632,712 | +11% | 187,757 | 172,483 | +9% | 665,683 | 632,712 | +5% |
| TOTAL | | | | | | | | | |
| Total deliveries | 7,446 | 7,277 | +2% | 1,802 | 1,838 | -2% | 7,197 | 7,277 | -1% |
| Total IVF | 18,004 | 16,636 | +8% | 4,496 | 4,752 | -5% | 17,073 | 16,506 | +3% |
| Total in-patient treatments | 79,689 | 70,113 | +14% | 21,574 | 19,604 | +10% | 73,662 | 70,113 | +5% |
| Total out-patient treatments | 1,745,133 | 1,618,277 | +8% | 460,774 | 438,992 | +5% | 1,663,091 | 1,604,538 | +4% |

Revenue for FY 2019, RUB mln ²

| | CONSOLIDATED DATA | | | LIKE-FOR-LIKE | | |
|------------------------|-------------------|---------------|------------|---------------|---------------|------------|
| | 2019 | 2018 | y-o-y, % | 2019 | 2018 | y-o-y, % |
| Deliveries | 2,305 | 2,211 | +4% | 2,270 | 2,211 | +3% |
| IVF | 3,843 | 3,488 | +10% | 3,649 | 3,459 | +5% |
| In-patient treatments | 3,046 | 2,560 | +19% | 2,888 | 2,560 | +13% |
| Out-patient treatments | 5,069 | 4,703 | +8% | 4,956 | 4,668 | +6% |
| Other revenue | 1,897 | 1,975 | -4% | 1,832 | 1,975 | -7% |
| Total revenue | 16,160 | 14,937 | +8% | 15,595 | 14,873 | +5% |

Average check for FY 2019, RUB thsd

| | CONSOLIDATED DATA | | | LIKE-FOR-LIKE | | |
|-------------------------------|-------------------|-------------|------------|---------------|-------------|------------|
| | 2019 | 2018 | y-o-y, % | 2019 | 2018 | y-o-y, % |
| Deliveries | 310 | 304 | +2% | 315 | 304 | +4% |
| Moscow and the Moscow Region | 405 | 383 | +6% | 405 | 383 | +6% |
| Other regions | 149 | 146 | +2% | 149 | 146 | +3% |
| IVF | 213 | 210 | +2% | 214 | 210 | +2% |
| Commercial cycles | 300 | 287 | +5% | 297 | 286 | +4% |
| MHI | 140 | 134 | +5% | 142 | 134 | +6% |
| In-patient treatments | 38.2 | 36.5 | +5% | 39.2 | 36.5 | +7% |
| Moscow and the Moscow Region | 49.0 | 48.6 | +1% | 49.0 | 48.6 | +1% |
| Other regions | 30.1 | 26.1 | +15% | 30.7 | 26.1 | +18% |
| Out-patient treatments | 2.9 | 2.9 | 0% | 3.0 | 2.9 | +2% |

² 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 41 modern healthcare facilities, including 6 hospitals and 35 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-on-Don.

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.