MD MEDICAL GROUP REPORTS 50% EBITDA GROWTH IN 1H 2014

08 September 2014, 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 six months ended 30 June 2014 under International Financial Reporting Standards (IFRS).

1H 2014 Key Highlights

- **Revenue** increased 29% to 3,330 mln RUB year-on-year (y-o-y) highlighting the continued ramp-up of Lapino hospital and positive effect of clinics acquired in 1H 2013
- **EBITDA** increased 50% y-o-y to 969 mln RUB, also benefitting from the positive contribution of Lapino revenues and newly integrated clinics
- **EBITDA margin** grew by 4 p. p. to 29% versus 1H 2013
- **Operating cash flow** increased by 35% y-o-y to 988 mln RUB
- **CAPEX** amounted to 1,644 mln RUB as investment in the construction of the Company's first regional hospital, in Ufa, continued
- **Working capital** decreased to (978) mln RUB, which represents 29% of revenue for the period, in line with 1H 2013
- **Debt** decreased by 9% to 2,733 mln RUB from 31 December 2013. Following intensive capital investments, the Company's cash position decreased 38% to 2,024 mln RUB, resulting in a net debt to annualized EBITDA multiple equaling 0.4x.

1H 2014 Financial Highlights (in RUB mln)

	1H 2014	1H 2013	Change y-o-y, %
Revenue	3,330	2,578	+29%
Gross profit	1,374	972	+41%
EBITDA	969	645	+50%
EBITDA margin, %	29%	25%	+4 p. p.
CAPEX	1,644	1,401	+17%
Working capital	(978)	(914)*	+7%
Debt	2,733	3,000*	-9%

* - Figures stated as of 31 December 2013

1H 2014 Business Highlights

- Continued successful ramp up at Lapino with capacity utilization reaching:
    - 58% in deliveries department
    - 57% in OBGYN out-patient and 45% in in-patient departments
    - 52% in paediatrics out-patient and 46% in in-patient departments
    - 45% in surgery & trauma out-patient and 182% in in-patient departments, with additional beds from the OBGYN department being used to meet high demand
- Opening of dedicated IVF department at Lapino with capacity of 1,000 IVF cycles per year in January 2014
- Construction of MDMG's first regional hospital in Ufa is largely complete. Hospital on track to open on 31 October 2014
- Launch of Long-Term Management Incentive Program in April 2014 to incentivise key members of staff

Commenting on the 1H2014 financial results, Vitaliy Ustimenko, CFO of MD Medical Group, said:

"We are pleased to post very strong financial and operational results for the first half of the year, including EBITDA and revenue growth of 50% and 29%, respectively. We have maintained momentum across the business as a growing, national multi-hospital group and are optimistic that this trend will continue in the second half of the year.

"We continue to make important investments in the growth and regional expansion of MDMG and are pleased to report the successful ramp-up of Lapino hospital and integration of the new clinics into our portfolio, demonstrating strong returns on our investments. We remain on track to open our third hospital, in Ufa, later this year and have a number of additional potential projects in the pipeline which should ensure our continued profitable growth for years to come."

Revenue Structure

Breakdown of revenue structure by services:

- OBGYN continues to account for the largest share of revenue, contributing 29%
- Deliveries amounted to 20% of revenue
- IVF contributed 16% of Group revenue
- Other Medical Services increased to 16% of total revenue

The strong growth in revenue across a number of service lines at Lapino was the largest driver of Group revenue growth during the period. IVF continues to be one of the fastest growing segments of the business, with revenue contributed by IVF increasing by 56% y-o-y, particularly on the back of strong performance at our clinics in Moscow, St. Petersburg and Samara. The 84% y-o-y growth in Other Medical Services was primarily due to growth in visits to diagnostic centres at Lapino, PMC and the Moscow Clinic of Health which was expanded in May 2013.

1H 2013	1H 2014	Change, %	Type of revenue	LFL 1H 2013	LFL 1H 2014	Change, %
800	951	19%	OBGYN (excl. deliveries)	800	884	11%
597	661	11%	Deliveries	597	661	11%
342	534	56%	IVF	342	460	35%
441	504	14%	Pediatrics	441	489	11%
288	531	84%	Other medical services	288	466	62%
111	150	36%	Other revenue	111	140	26%
2,578	**3,330**	**29%**		**2,578**	**3,100**	**20%**

Operating expenses, excl. D&A

Cost of sales with general and administrative expenses, excl. D&A, grew by 22% while revenue for the corresponding period increased by 29%. OPEX (excl. D&A) amounted to 2,361 mln RUB. In parallel, LFL operating expenses increased by 13% to 2,175 mln RUB.

An increase in LFL operating expenses was due to an increase in the volume of services provided, and in particular:

- Continued successful ramp-up at Lapino and increase in number of patients and clients
- An increases in the number of treatments provided in the Group's clinics

The increase in the Company's expenses overall was mostly due to acquired clinics in Samara and Irkutsk.

CAPEX and Balance Sheet

Total CAPEX amounted to 1,644 mln RUB, the majority of which was spent on the construction of Ufa hospital which is on track to open on 31 October 2014.

During 1H 2014, MDMG organically decreased its debt through the repayment of Lapino and IDK loans. As at 30 June 2014, the Company's debt position was 2,733 mln RUB, reflecting a 9% decrease from the end of 2013.

The Group finished first half of the year with a strong liquidity position of 2,024 mln RUB in cash, cash equivalents and investments.

The Company's net debt to 1H 2014 annualised EBITDA multiple equalled 0.4x.

Subsequent Events

On 13 August 2014 the Company announced its intention to open a new outpatient clinic in Russian city of Ryazan. The new clinic is expected to open in the first quarter of 2015. The Company has already concluded the preliminary rent agreement.

On 18 August 2014, MDMG announced the signing of a Memorandum of Understanding with the Samara Regional Government to evaluate the potential to build a new multi-disciplinary hospital in the region.

On 20 August 2014, MDMG announced the proposed acquisition of Ivicend Holding limited from unrelated third parties. Ivicend Holding limited, registered under the laws of Cyprus, is an operator of the Medical Center Avicenna located in the Russian region of Novosibirsk. The acquisition is for a cash consideration of USD 45.5 mln, for 100% of the outstanding share capital of Ivicend Holding limited, which owns 100% of Medical Center Avicenna. The transaction is expected to be completed in the second half of 2014 after regulatory approvals.

During July and August the Company continued to purchase global depositary receipts from open market, in accordance with the Long-Term Management Incentive Plan announced on 24 April 2014. As at 5 September 2014, the Company had acquired a total of 159,455 global depositary receipts, and the total costs amounted to 51.2 mln RUB. The Company expects to purchase up to 230,000 global depositary receipts, representing under 1% of the Company's issued share capital.

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 September 08, 2014 at 5.00 pm Moscow time (2.00 pm London; 10.00 am New York).

The call will be hosted by:

- Mark Kurtser, Chairman of the Board of Directors
- Elena Mladova, Chief Executive Officer
- Vitaly Ustimenko, Chief Financial Officer
- Elena Romanova, Head of Investor Relations

The dial-in and online viewing details are below:

Webcast-Link:
http://wcc.webeventservices.com/r.htm?e=844923&s=1&k=99741F19232265E4B0FFFF2F07C2105F

Conference-call details:
- Russia Toll Free: 8 10 800 2806 3011
- UK Access Number: 44 20 7162 0077
- UK Toll Free: 0 800 3681 800
- US Access Number: 1 334 323 6201
- US Toll-Free Number: 1 877 491 0064

Access Code: 947583

A replay of the call will be available on the Company's web-site.

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 17 modern healthcare facilities, including 2 hospitals in Moscow (Perinatal Medical Center (PMC) and Lapino hospital) and 15 outpatient clinics in Moscow, St. Petersburg, Ufa, Perm, Samara and Samara region, Irkutsk and Yaroslavl. In addition, the company operates 3 franchised outpatient clinics operate in Kyiv, Ukraine, and its third hospital, in Ufa, is scheduled to open on 31 October 2014. A new outpatient clinic, in Ryazan, is expected to open in Q1 2015.

In 1H 2014, there were 2,118 deliveries in PMC and Lapino. The number of outpatient treatments for 1H 2014 in the Company's clinics totalled 385,908.

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.