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MOTHER & CHILD
GROUP OF COMPANIES



H1 2018 IFRS RESULTS

September 10, 2018
Moscow





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**KEY COMPANY RESULTS
FOR H1 2018**

FINANCIAL & OPERATING RESULTS FOR H1 2018

FINANCIAL RESULTS

7,130 mln RUB

REVENUE

+8%

- **Revenue** increased by 8% to RUB 7,130 mln (H1 2017 RUB 6,618 mln)
- **EBITDA** increased by 2% to RUB 1,922 mln (H1 2017 RUB 1,888 mln)
- **EBITDA margin** was 27% : -1.5 p.p. vs H1 2017
- **Net profit** for the period grew by +0.4% vs H1 2017 and amounted to RUB 1,230 mln
- **Net debt** amounted to RUB 2,986 mln

OPERATING RESULTS

3,482 DELIVERIES +5%

34,543 IN-PATIENT DAYS +14%

- Total number of deliveries increased by 5% to 3,482 vs 3,319 in H1 2017
- Total number of IVF cycles decreased by 3% to 7,844 cycles vs 8,078 in H1 2017
- Total number of in-patient treatments increased by 14% to 34,543 vs 30,311 in H1 2017
- Total number of out-patient treatments increased by 7% to 785,834 vs 737,271 in H1 2017

KEY EVENTS

- OPENING OF THE HOSPITAL IN SAMARA
- CONSTRUCTION OF HOSPITAL IN TYUMEN
- START OF CONSTRUCTION OF THE LAPINO-2 HOSPITAL
- OPENING OF THREE NEW OUT-PATIENT CLINICS

- **January:** Expansion of new clinic in Vladimir
- **March:** Opening of a new multi-disciplinary hospital in Samara (“IDK Hospital”) with total area 15,000 sqm
- **March:** Opening of a new clinic in Nizhny Novgorod with total area 600 sqm
- **April:** Expansion of Mother&Child Yugo-Zapad clinic in Moscow, total area increased from 541 sqm to 801 sqm
- **April:** The Company bought out minority shareholders in a number of its subsidiaries in Moscow, St Petersburg, Ufa and Perm. The transactions totalled RUB 768 million, and were paid for out of the Company’s own funds
- **May:** Expansion of Mother&Child Kostroma to 209 sqm
- **May:** Foundation-stone ceremony marking the start of construction of the second stage of the Lapino-2 hospital. The new seven-story surgery building with an area of 18,500 sqm has an annual capacity of 15,000 surgeries, more than 27,000 in-patient treatments, and more than 200,000 out-patient treatments
- **June:** Opening of Mother&Child Lefortovo clinic in Moscow, with total area 392 sqm

Events after the reporting date:

- **August:** Opening of Mother&Child Volgograd with total area 380 sqm
- **September:** Start of reconstruction of the Perinatal Medical Centre with the aim of diversifying the range of services offered
- **September:** Foundation stone ceremony marking the start of construction of multi-disciplinary hospital in St. Petersburg with total area 22,000 sqm

OPERATIONAL RESULTS FOR H1 2018



OPERATIONAL RESULTS

3,482

DELIVERIES

+5% (6M 2018/6M 2017)

34,543

IN-PATIENT
TREATMENTS

+14% (6M 2018/6M 2017)

7,844

IVF CYCLES

-3% (6M 2018/6M 2017)

785,834

OUT-PATIENT
TREATMENTS

+7% (6M 2018/6M 2017)

Deliveries: Despite decrease in number of deliveries in Moscow by 5%, Company managed to sustain the Group's revenue from deliveries at the levels of last year. It was achieved due to increase of average ticket in Moscow by 2% and growth of numbers of deliveries in Ufa, Novosibirsk and new hospital in Samara

IVF cycles: The main decrease in the number of IVF cycles occurred in Moscow and St. Petersburg as a result of increased competition in the market, while the average check increased by 7%

In-patient treatments: The Group's focus on diversification of medical services has produced successful results. Other medical services, in particular Surgery, recorded the fastest growth among all types of medical services

Out-patient treatments: Growth in out-patient treatments is the result of steady increase in capacity utilization of our multifunctional hospitals and clinics

Deliveries



IVF cycles



In-patient treatments



Out-patient treatments



FINANCIAL RESULTS FOR H1 2018



FINANCIAL RESULTS GROUP

7,130

MLN RUB
REVENUE

+ 8% (6M2018/6M2017)

1,922

MLN RUB
EBITDA

+ 2% (6M2018/6M2017)

27.0%

EBITDA
MARGIN

- 1.5 p.p. (6M2018/6M2017)

37

CLINICS/HOSPITALS

32 CLINICS
5 HOSPITALS
19 REGIONS

1,230

MLN RUB
NET PROFIT

+ 0.4% (6M2018/6M2017)

FINANCIAL RESULTS LIKE-FOR-LIKE

6,906

MLN RUB
REVENUE

+ 4% (6M2018/6M2017)

1,937

MLN RUB
EBITDA

+ 3% (6M2018/6M2017)

28.0%

EBITDA
MARGIN

- 0.5 p.p. (6M2018/6M2017)

32

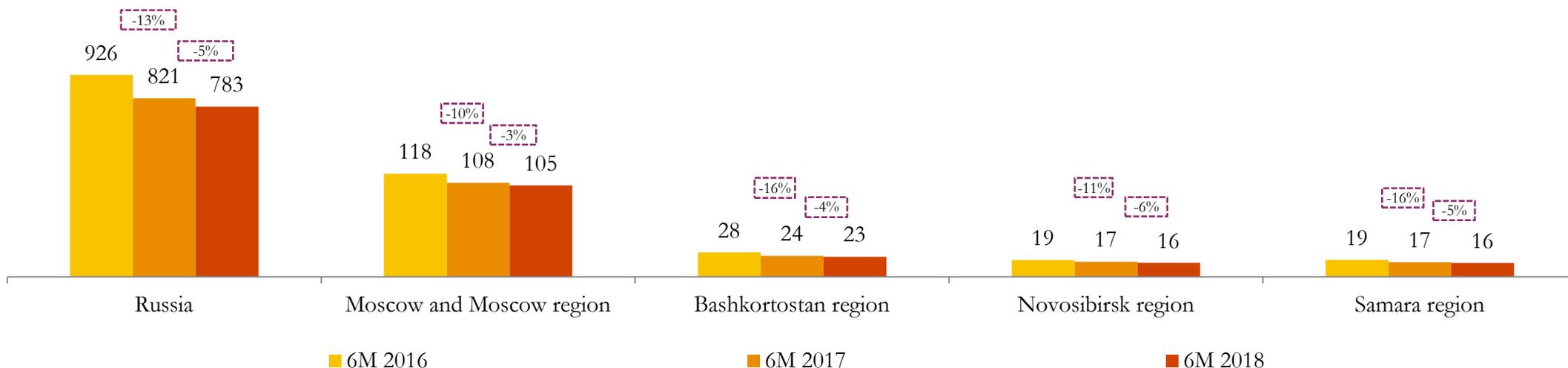
CLINICS/HOSPITALS

28 CLINICS
4 HOSPITALS
15 REGIONS

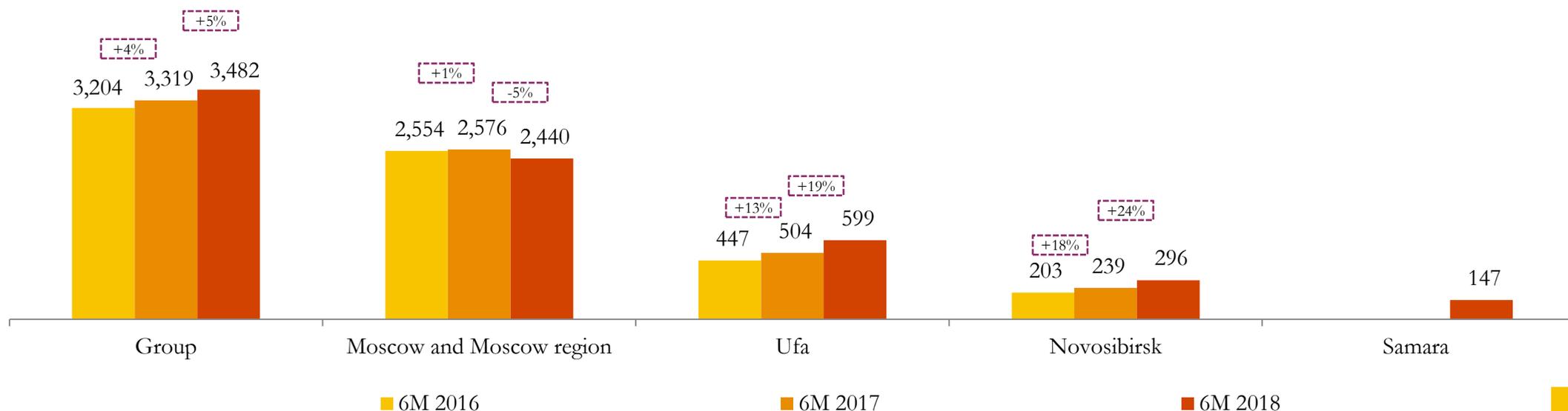
OPERATIONAL RESULTS FOR THE FIRST 6 MONTHS 2018



Number of births by regions in Russia 6M 2018/6M 2017/6M 2016, thsd deliveries

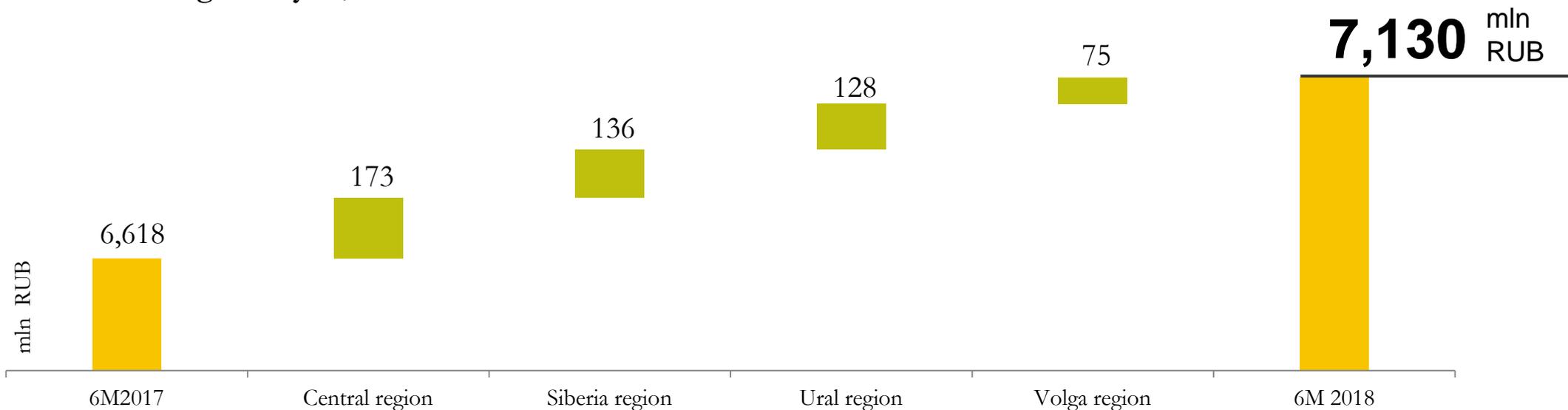


Number of deliveries by region 6M 2018/6M 2017/6M 2016, MD Medical Group

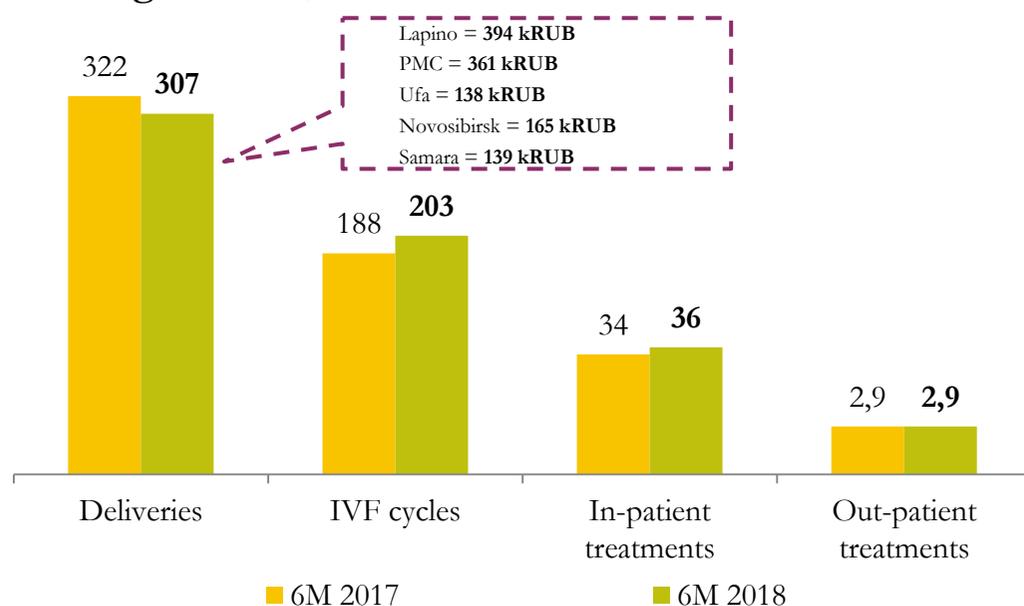


REVENUE STRUCTURE

Revenue bridge analysis, 6M2018/6M2017



Average tickets, ths RUB



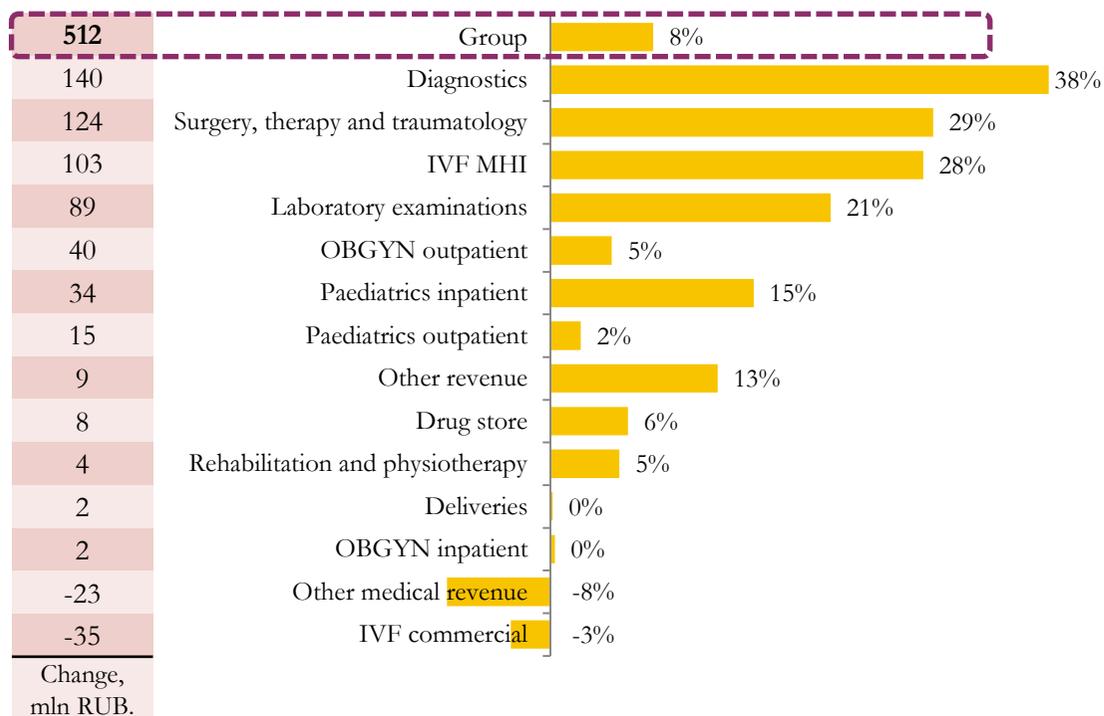
Revenue dynamics by type of revenue, mln RUB

Type of revenue	6M 2017	6M 2018	Changes, %
OBGYN (excl. deliveries)	1,352	1,394	+3%
Deliveries	1,069	1,071	0%
IVF	1,524	1,592	+4%
Paediatrics	859	907	+6%
Other medical services	1,602	1,942	+21%
Other revenue	212	224	+6%
Total	6,618	7,130	+8%

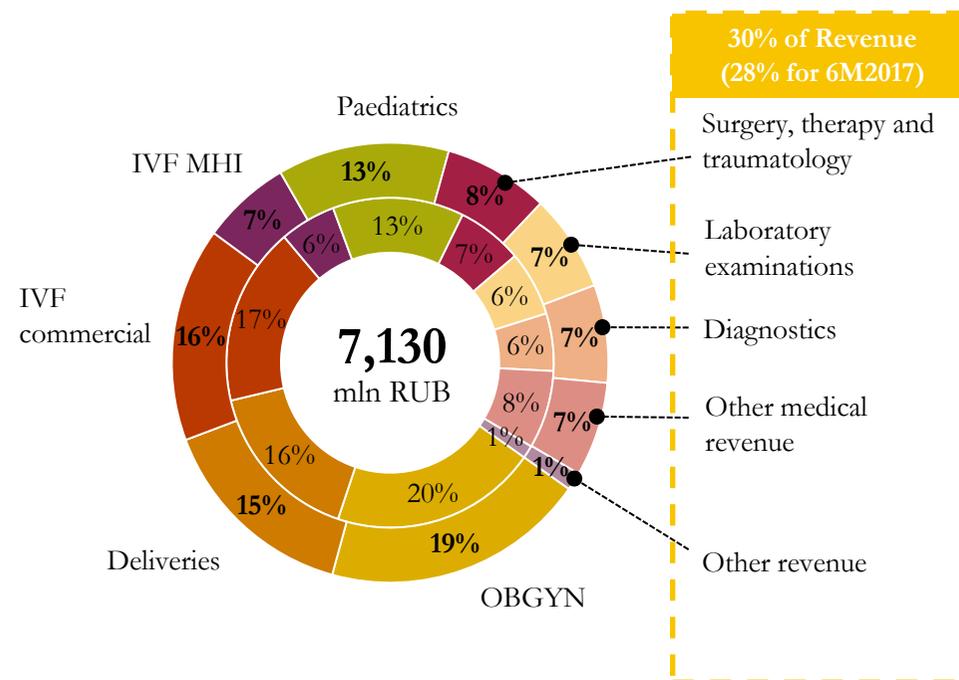
REVENUE CHANGE AND STRUCTURE BY TYPES OF REVENUE



Revenue change by type of services 6M 2018/ 6M 2017



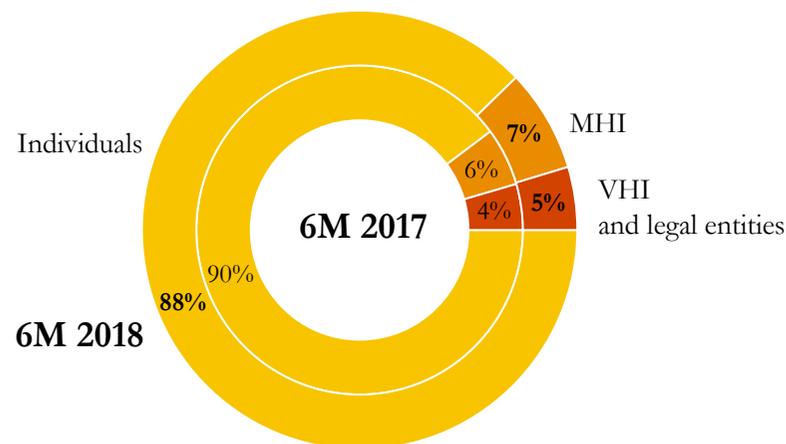
Revenue structure by type of revenue



Highlights

- Growth in surgery, trauma and therapy is the result of steady increase in capacity utilization of our multifunctional family hospitals
- Growth in Laboratory and Diagnostics is due to significant increase of operational statistics in Lapino and development of liquid cytology laboratory
- Growth of Paediatrics inpatient is due to ramp-up of Lapino capacities, growth of revenue in Ufa and opening of the Samara hospital

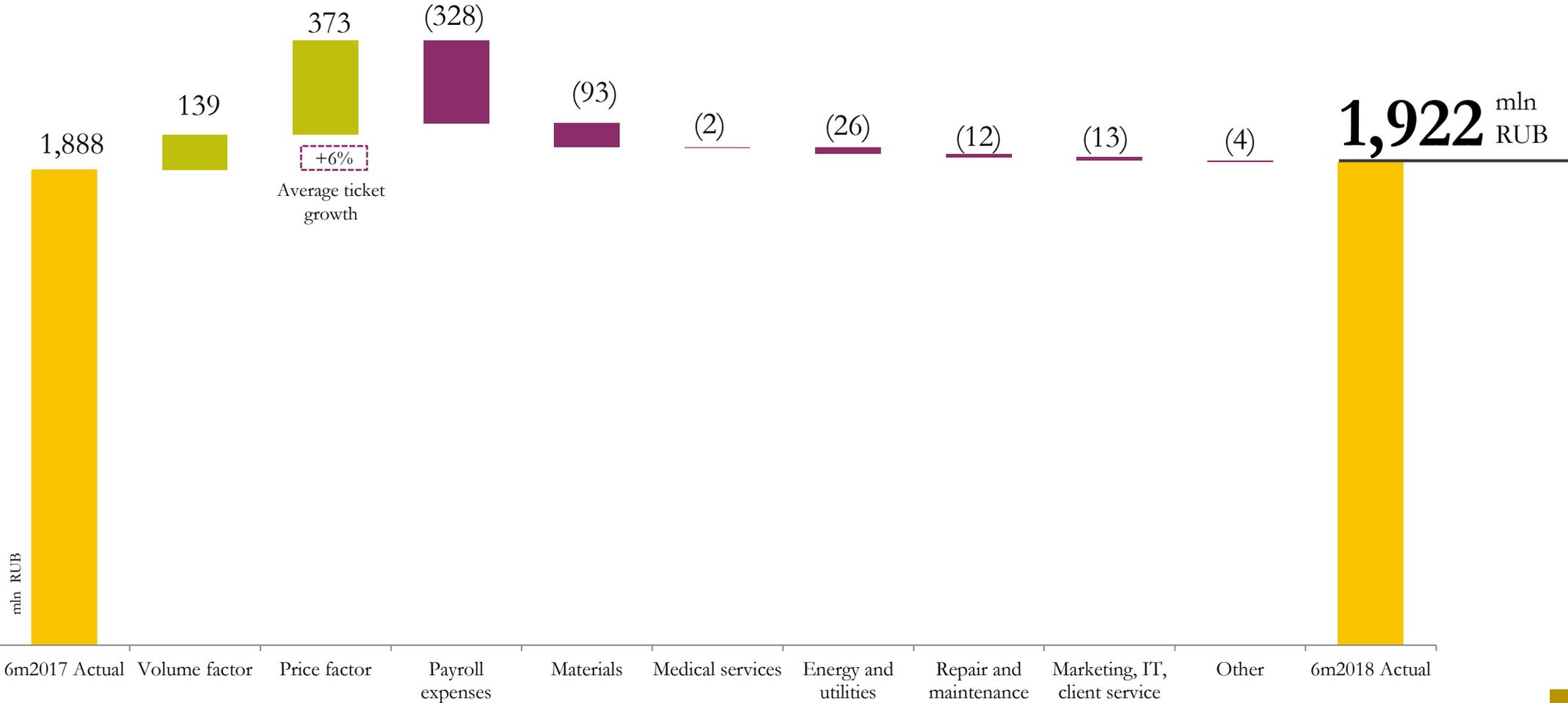
Revenue structure by payers



EBITDA DECOMPOSITION BRIDGE



EBITDA decomposition bridge

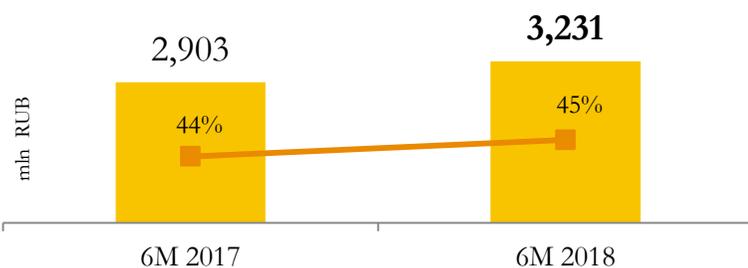


Source: IFRS reporting

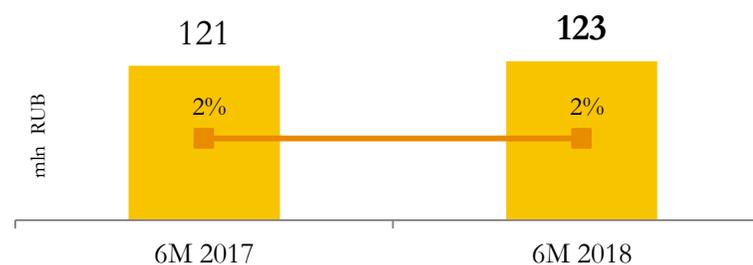
KEY EXPENSES DYNAMICS



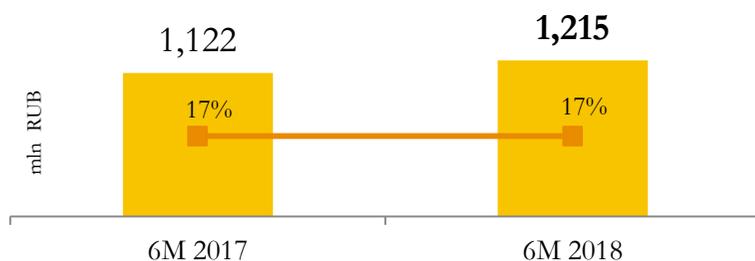
Payroll + Social contributions



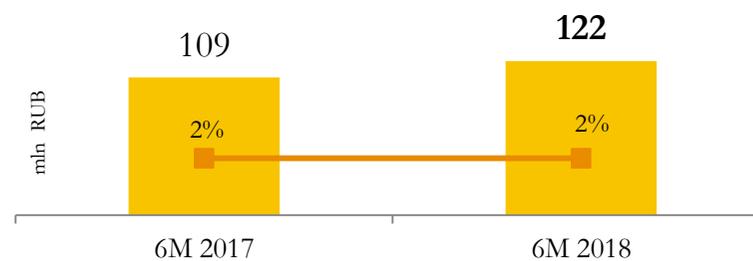
Medical services



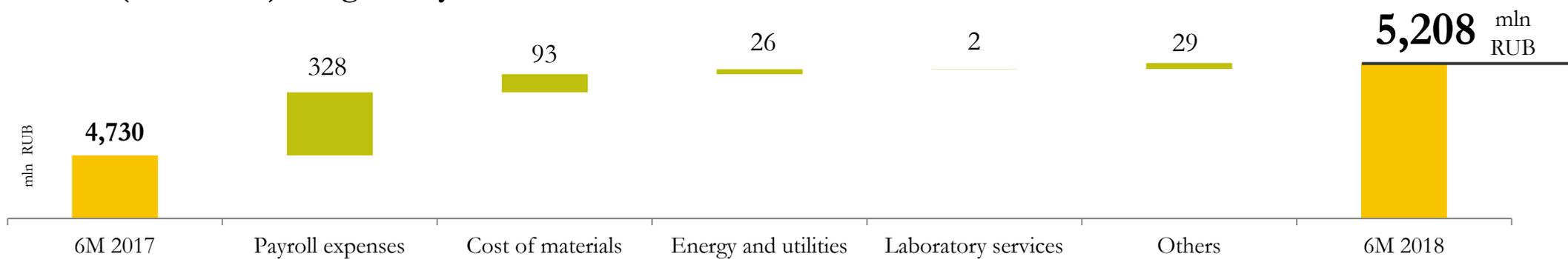
Material expenses



Functional expenses *

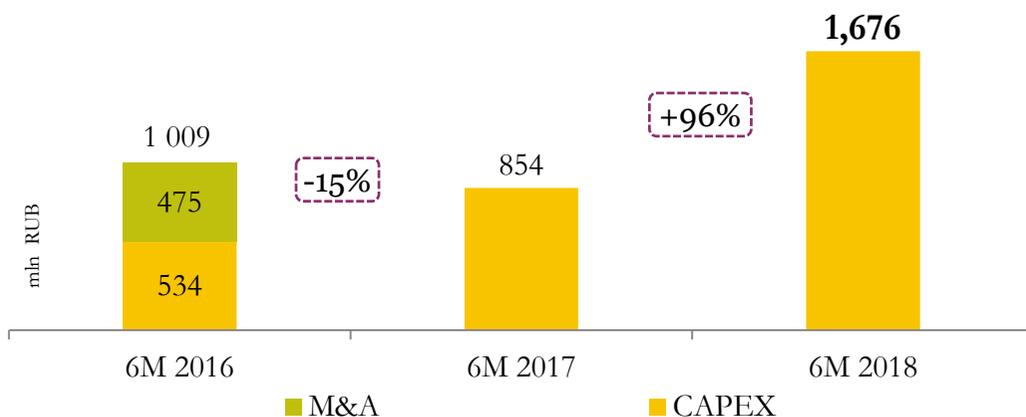


OPEX (excl. D&A) bridge analysis



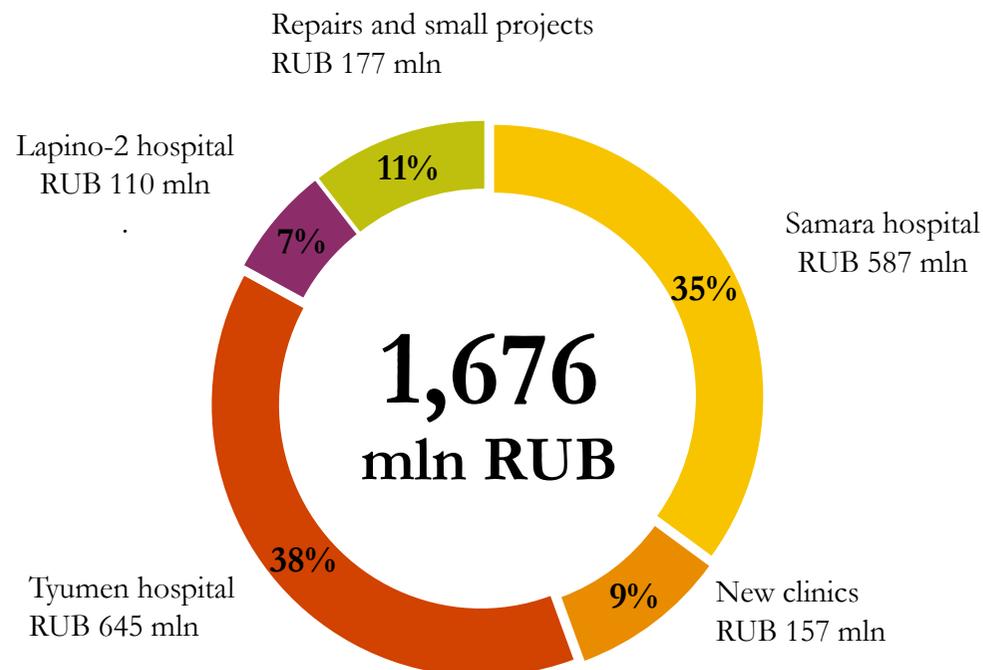
CAPEX HIGHLIGHTS AND CASH FLOW

CAPEX dynamics

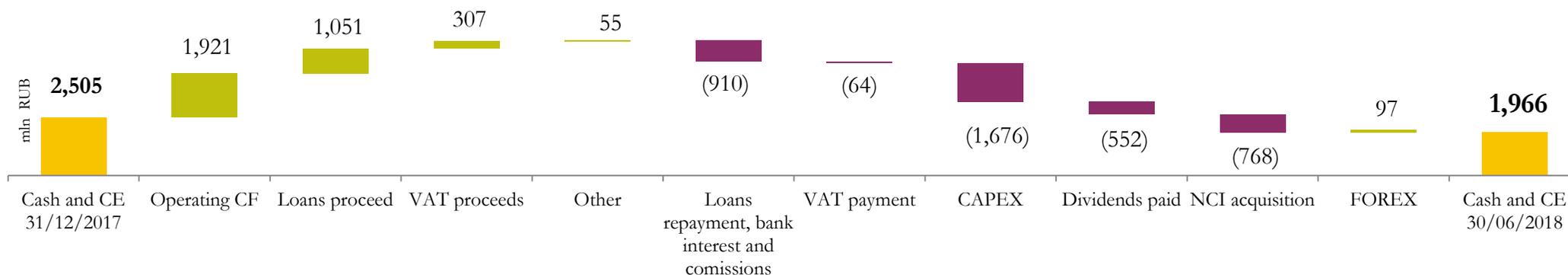


Capital expenditure for 6M 2018 comprised RUB 1,676 mln (RUB 854 for 6M 2017), mainly related to completion of construction of the Samara hospital, construction of hospitals in Tyumen, clinics in Nizhny Novgorod, Lefortovo, Volgograd and expenses for the construction of Lapino-2.

CAPEX structure 6M 2018



Cashflow bridge analysis

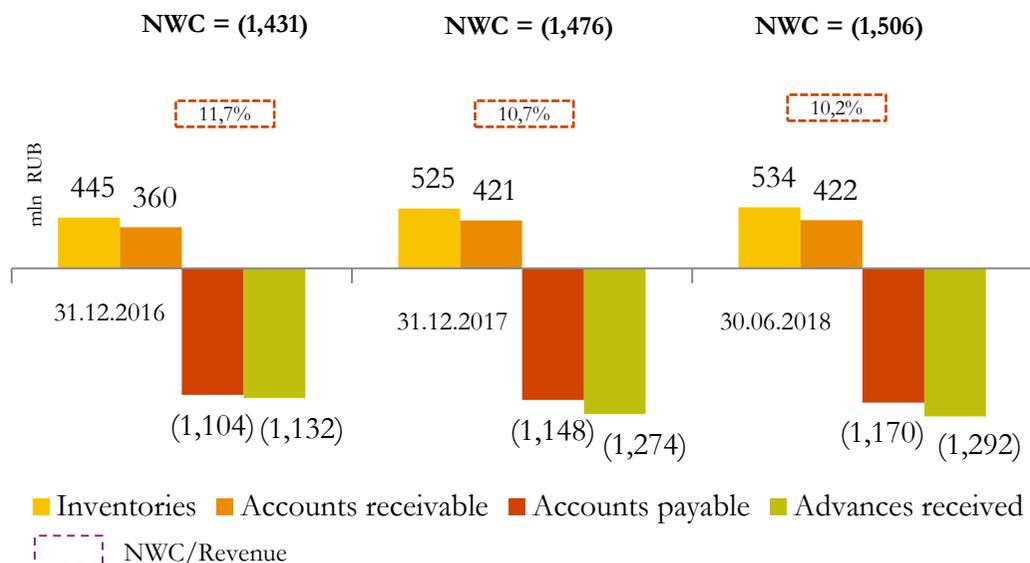


The Company bought out minority shareholders in a number of its subsidiaries in Moscow, St Petersburg, Ufa and Perm. The transactions totalled RUB 768 million, and were paid for out of the Company's own funds.

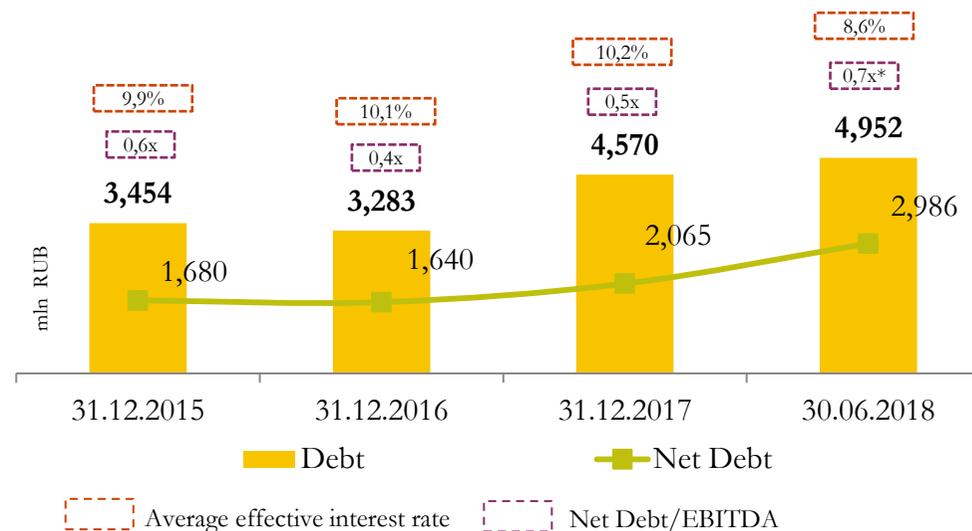
DEBT & NET WORKING CAPITAL (NWC)

- The Group's debt increased by 8% year-to-date to RUB 4,952 mln
- The Company's cash & cash equivalents decreased by 22% mainly due to purchase of NCI
- The net debt position as of June 30, 2018 was RUB 2,986 mln, with net debt to EBITDA ratio of 0.7x*
- The company works with negative working capital as a source of additional financing. Working capital increased by 2% to RUB (1,506) mln from the beginning of the year and amounted to 10.2% of revenue for 6M 2018

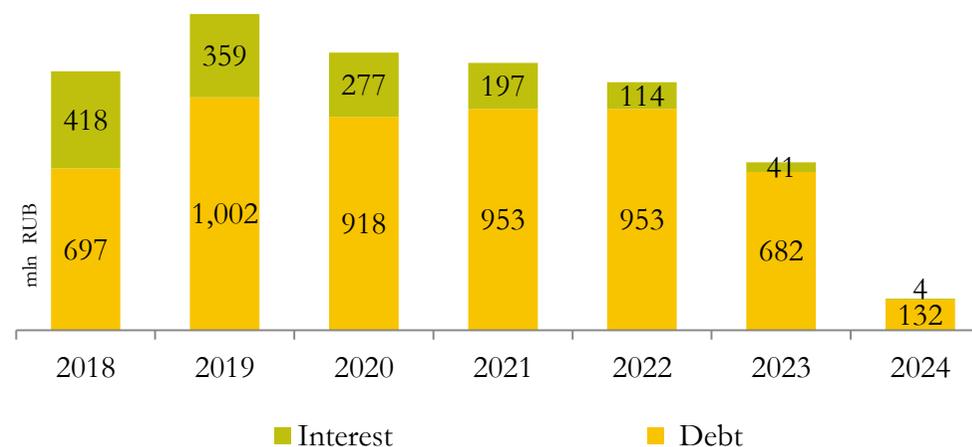
Net working capital (NWC)



Debt and net debt dynamics



Debt repayment schedule



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STRATEGIC OUTLOOK

STATUS OF HOSPITAL PROJECTS

	CURRENT		
	Tyumen	Lapino-2	St Petersburg
Obtaining land for construction	Done	Done	Done
Building permits	Done	Done	Done
Preparation of the designing documentation	Done	Done	Done
Construction	In progress	In progress	In progress
Equipment	In progress		
Launch	Q2 2019	Q2 2020	Summer 2020

	PROJECTS IN DEVELOPMENT					
	Kazan	Nizhny Novgorod	Ekaterinburg	Moscow - 3	Krasnoyarsk	Irkutsk
Obtaining land for construction	Done	Done	Done			
Building permits	In progress					
Preparation of the designing documentation	In progress					
Construction						
Equipment						
Launch						

- Done
- In progress

PROVEN MODEL FOR DEVELOPMENT OF REGIONAL HOSPITALS

Well designed prototype

- Target size well suited to cover local demand and effectively reach target utilization rates
- Comprehensive service offering for the entire family
- Adaptable layout and departments structure allowing multidisciplinary utilization of beds
- Ufa/Avicenna expertise serves to establish demand and hire required personnel

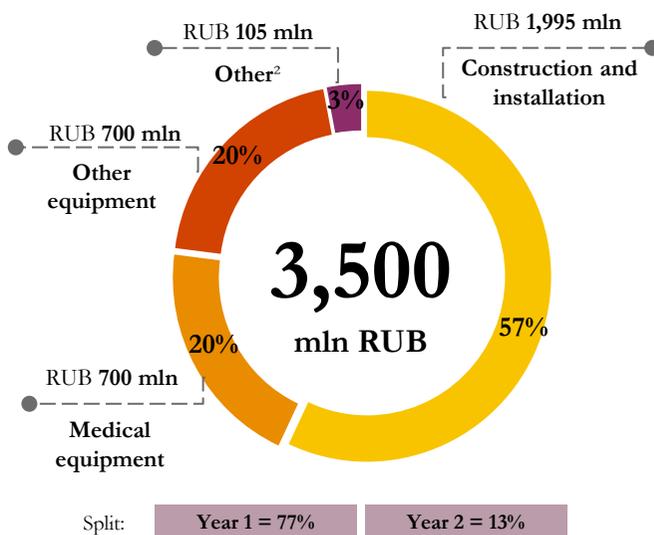
Key parameters

Construction timetable	c. 18-20 months
Building area	15,000 sq m
Beds	164
Headcount	c. 450 employees

Estimated capacity¹

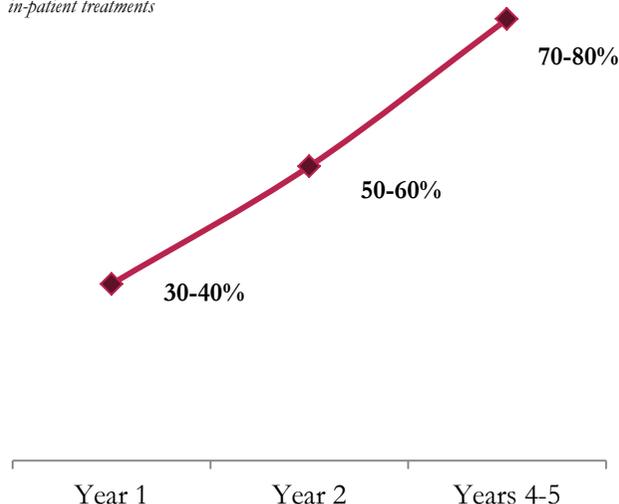
2,500 deliveries	1,200 IVF cycles
220k out-patient treatments	30k in-patient days

Estimated capex split



Targeted utilization ramp-up

Applicable to deliveries, IVF and in-patient treatments



Estimated pricing policy²

Product	Pricing benchmark
Deliveries	Novosibirsk hospital c. RUB 160-180k
IVF	Novosibirsk hospital c. RUB 180k
In-patient treatments	Novosibirsk hospital c. RUB 40-50k
Out-patient treatments	Novosibirsk hospital c. RUB 2-3k

Note: ¹ Rounded numbers according to design project ; ² Project documentation in the amount of RUB 35 mln and connection to utilities network in the amount of RUB 70 mln
Source: management accounts

REGIONAL DEVELOPMENT

Multi-disciplinary hospital in Samara (“IDK Hospital”)

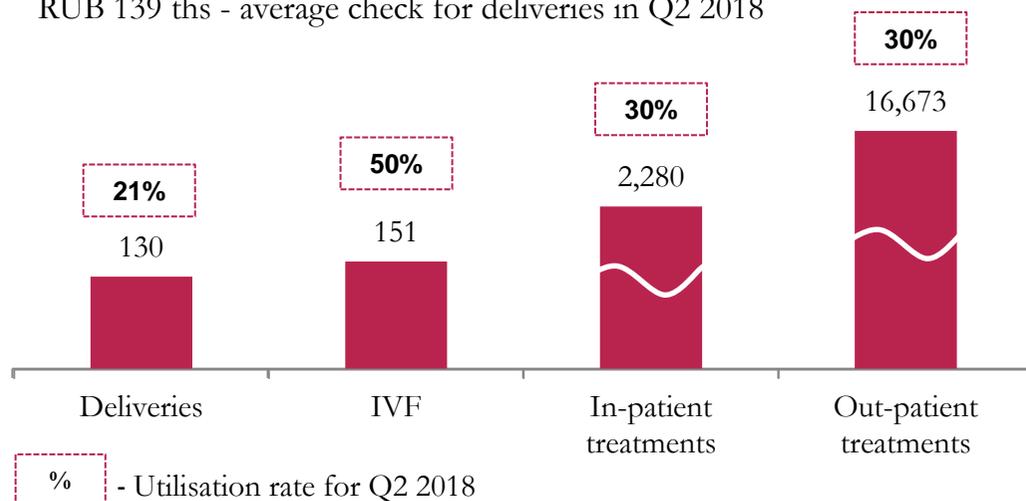
In March the Company opened a new multi-disciplinary hospital in Samara (“IDK Hospital”), the largest facility of its kind in the Volga region

Main indicators

- **Area:** 15,000 sq m
- **Capacity:**
 - 164 beds
 - 2,500 deliveries
 - 1,200 IVF cycles
 - 8,000 surgical operations
 - 220,000 out-patient treatments
- **Services:** Deliveries, OBGYN, IVF, Paediatrics, Surgery, Diagnostics, Laboratory

Operational results & average ticket for Q2 2018 in IDK hospital

RUB 139 ths - average check for deliveries in Q2 2018



Source: management accounts

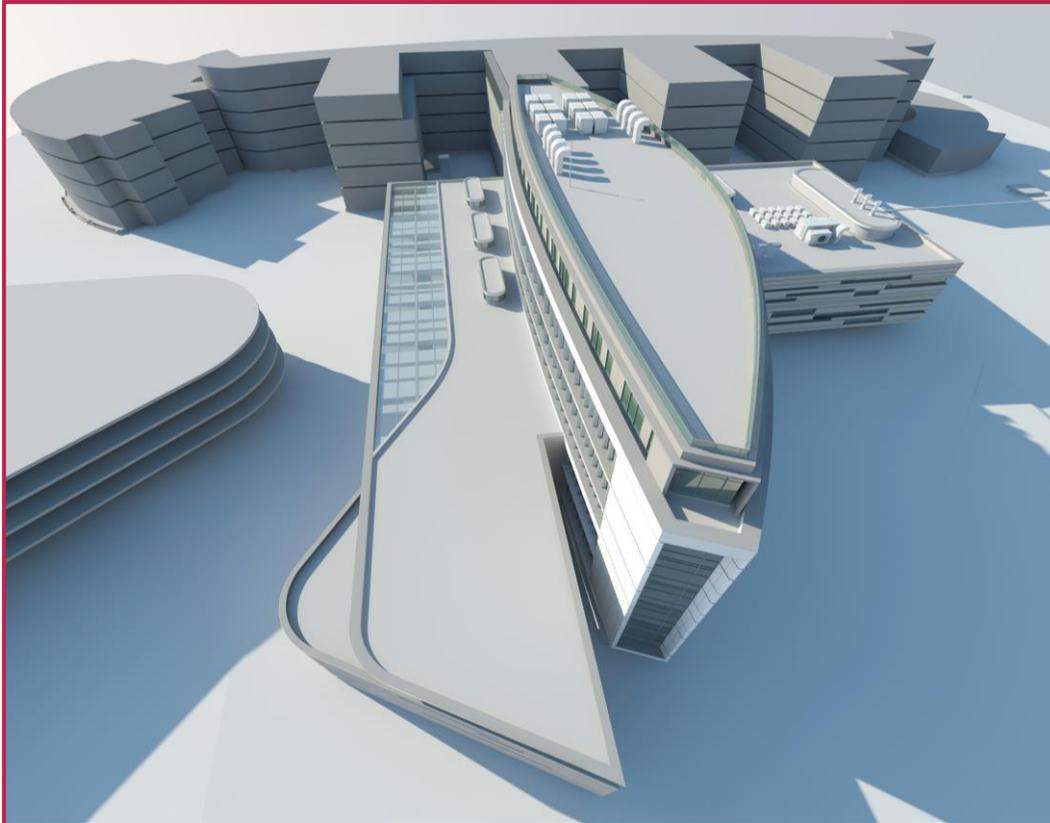
Out-patient clinics in Voronezh, Vladimir, Nizhny Novgorod

	Mother&Child Voronezh	Mother&Child Vladimir	Mother&Child Nizhny Novgorod
Opening date	19 October 2017	30 January 2018	14 March 2018
Area, sq m	343	354	600
IVF cycles	1,000	500	1,000
Small operations	1,000	400	1,000
Out-patient visits	26,000	15,000	26,000
CAPEX, RUB mln	60	30	60

Regional clinics

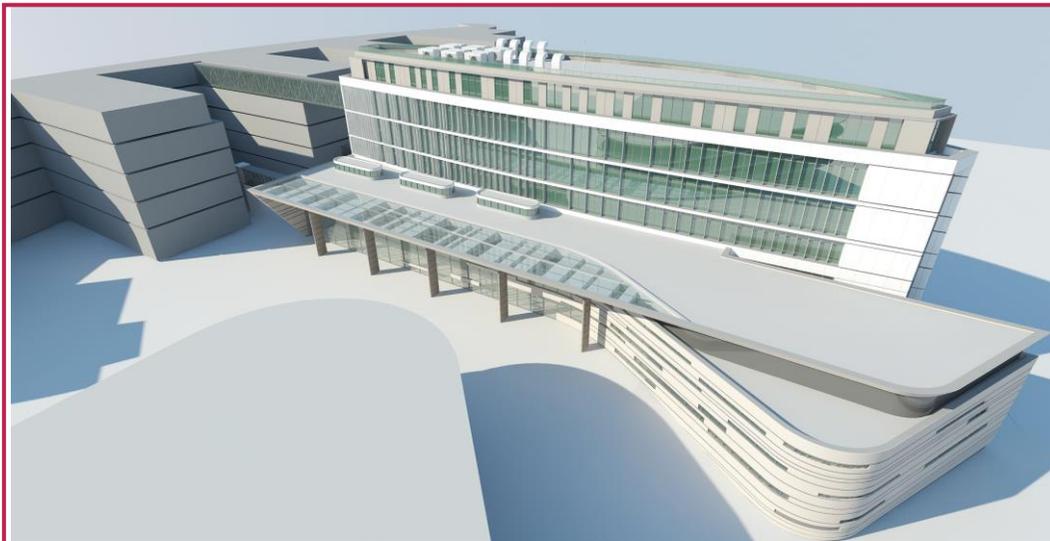
- **Expansion in the medium term:** opening of 10-15 out-patient clinics
- **Regions of expansion:** Central Russia, Volga region, Far East
- **CAPEX:** RUB 45-75 mln
- **Area:** 400-700 sq m

PLAN OF LAPINO EXPANSION



LAPINO-2

- **Construction of seven-level surgical building with total area of 18,500 sqm**
- **Surgical building will include:**
 - Out-patient department with annual capacity over 220,000 treatments
 - Diagnostic department with MRI and X-ray equipment
 - In-patient department with 75 beds
 - Four scheduled operating theatres
 - Two emergency operating theatres
 - ICU with 13 beds



LAPINO-3

- **Oncology centre for radiology diagnostics and treatment**
- **To be equipped with linear accelerators and SPECT**

HOSPITAL IN ST PETERSBURG



Hospital in St Petersburg

The hospital will have a total area of **22,000 sqm** and include **178 beds**.

Company plans to open the state-of-the-art healthcare facility in summer 2020.

The new hospital in St Petersburg is expected to have annual capacities of approximately:

- 2,500 deliveries
- 1,200 IVF cycles
- more than 35,000 in-patient treatments
- over 350,000 out-patient treatments
- 12,000 surgeries

The multi-disciplinary hospital consists of an in-patient facility with an area of over 18,500 sqm and out-patient centre with an area more than 3,500 sqm

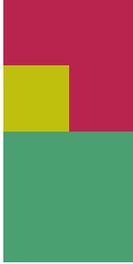
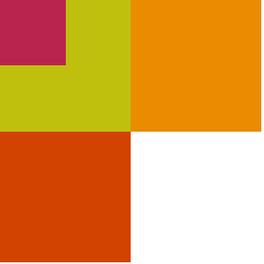
In-patient facilities will offer services including:

- OBGYN
- Urology
- Surgery for children and adults
- Traumatology
- Emergency cardiology for patients with acute coronary syndrome

The hospital will include a number of integrated hybrid operating rooms capable of offering highly complex and high-tech surgical services.

Out-patient facilities will offer services including:

- Children's polyclinic with an immunological prophylaxis centre
- Maternity welfare centre
- Clinical-diagnostic centre for adults



Q&A

