



MOTHER & CHILD
GROUP OF COMPANIES

MDMG REPORTS 51% GROWTH IN REVENUE IN H1 2021

29 July 2021 – 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 H1 2021.¹

Key highlights for H1 2021:

- Total **revenue** increased by 51% year-on-year (y-o-y) to RUB 12,009 mln;
- Total **deliveries** grew 10% y-o-y and amounted to 4,027. **Revenue** from deliveries increased by 17% y-o-y to RUB 1,340 mln;
- Total **IVF** cycles increased by 41% y-o-y to 8,154. **Revenue** from IVF increased by 42% y-o-y to RUB 1,908 mln;
- Total **in-patient treatments** increased by 49% y-o-y to 76,196. **Revenue** from in-patient treatments increased by 83% y-o-y to RUB 4,397 mln;
- Total **out-patient treatments** increased by 23% y-o-y to 897,396. **Revenue** from out-patient treatments increased by 31% y-o-y to RUB 2,853 mln.

Mark Kurtser, CEO of MD Medical Group, said:

“In the first half of the year, we demonstrated growth across all key business lines as expected, resulting in revenue growth by 51% year-on-year. Moreover, the majority of our performance indicators not only grew compared to H1 2020 but also exceeded our performance in the pre-pandemic H1 2019.

“Our growth was mainly driven by the strong performance in our traditional areas of expertise, such as women’s health and paediatrics, where we saw further recovery in demand. More importantly, our investments in such areas as oncology, trauma and cardiology proved to be efficient, with each of these service lines demonstrating solid dynamics.

“In the first six months of the year, our deliveries and IVF cycles grew 10% and 41%, respectively. In-patient days increased by 49%, mainly thanks to our performance in oncology, internal medicine, trauma and orthopaedics, while the respective revenue grew at an even faster pace – by 83%. Out-patient visits also demonstrated solid growth of 23%.

“Among the drivers of this growth were the increase in capacity utilisation and further ramp-up at our new hospitals Lapino-2 and Lapino-4.

“Capacity utilisation at the surgery building Lapino-2, which we opened last year, has continued to grow, and we expect it to reach 40% by year end. Capacity utilisation at our new Lapino-4 building is expected to reach 80% by year end. At the latter, our doctors are focusing all of their efforts on assisting COVID-19 patients with both in-patient and out-patient treatment including via telemedicine. I would also like to highlight the successful launch of the post-COVID check-up and rehabilitation programmes at all our hospitals, which enable us to provide a full cycle of medical services in this area.

¹ Data is based on management accounts.

“We have also seen a growing number of patients coming to Lapino for oncology treatments. Recently, we carried out our first open-heart surgery at the hospital, which now allows us to provide a full cycle of cardiac and cardiac surgery care to patients with cardiovascular diseases.

“As a result, Lapino has developed into a true multifunctional hospital complex, and we are currently planning its further expansion. Our solid operational performance was also supported by our regional hospitals, particularly in Tyumen and Samara, as well as clinics across our network.

“The Group continues to work on a number of new projects at the moment. These primarily relate to the expansion of Lapino. We are currently considering the construction of Lapino-3 with a 12,000 sqm area, which would provide a full cycle of oncology treatments, as well as the construction of 100-bed Lapino-5 with a 10,000 sqm area. As part of our expansion in the Moscow Region, we are also preparing to launch the construction of a multifunctional hospital in Domodedovo with a 15,000 sqm area, which would be built in line with our standard regional hospital project. We have also started to prepare the new hospital project at our site in St Petersburg. At the same time, we continue expanding our out-patient network and are preparing the launch of a new format for our Group – a chain of test collection laboratories in Moscow and the Moscow Region under the MD LAB brand. Capital expenditure for these three facilities should amount to RUB 12 billion, and we plan to complete them within three years. Our strong operational and financial results allow us to implement our CAPEX programme using our own funds while continuing to pay dividends amounting to 50% of our net profit twice a year”.

Key operational highlights for H1 2021:

Deliveries

- In H1 2021, total deliveries and total like-for-like (LFL) deliveries increased by 10% y-o-y and amounted to 4,027. Key growth drivers were the regional Group’s hospitals:
 - Deliveries at Mother&Child IDK Samara clinical hospital grew by 53% y-o-y;
 - Deliveries at Mother&Child Tyumen clinical hospital grew by 47% y-o-y;
 - Deliveries at Lapino and MD Group hospitals in Moscow grew by 3% y-o-y.
- Revenue from deliveries grew by 17% y-o-y and amounted to RUB 1,340 mln, or 11% of the Group’s total revenue;
- The average check for deliveries amounted to RUB 469 thsd (up by 10% y-o-y) in Moscow and the Moscow Region, and RUB 164 thsd in the regions (up by 9% y-o-y).

IVF

- In H1 2021, total IVF cycles and total LFL IVF cycles increased by 41% y-o-y to 8,154. Cycles completed under the Mandatory Health Insurance (MHI) programme accounted for 52% of the total number of cycles for H1 2021;
- Revenue from IVF increased by 42% y-o-y to RUB 1,908 mln, or 16% of the Group’s total revenue;
- MHI services accounted for 36% of revenue from IVF;
- The average check for commercial IVF cycles was flat y-o-y and amounted to RUB 314 thsd, while the average check for IVF cycles under MHI increased by 10% y-o-y to RUB 160 thsd.

In-patient treatments

- In H1 2021, total in-patient treatments and total LFL in-patient treatments grew by 49% y-o-y to 76,196 on the back of:
 - A 228% increase in oncology in-patient treatments, mainly due to performance at the hospital in Lapino where key patient flows in this area took place at the medical antitumor therapy and oncohaematology departments, the surgery departments – in particular related to head and neck tumours – as well as coloproctology.
 - A 24% increase in internal medicine in-patient treatments due to performance at the hospital in Lapino;
 - A 75% increase in traumatology and orthopaedics in-patient treatments, mainly due to performance at hospitals in Lapino, Samara and Tyumen. In this area, we expanded the range of surgery procedures to include hand, foot and spine surgery in addition to endoprosthetics of major joints.
- Revenue from in-patient treatments grew by 83% y-o-y to RUB 4,397 mln, or 37% of the Group's total revenue. This growth was mainly driven by the clinical hospital Lapino;
- The average check for in-patient treatments continued to grow in H1 2021 and amounted to RUB 74.2 thsd (up by 23% y-o-y) in Moscow and the Moscow Region and RUB 34.8 thsd in other regions (up by 7% y-o-y). Growth in the average check was driven by the development of such areas as oncology, internal medicine, trauma and orthopaedics, as well as surgery.

Out-patient treatments

- In H1 2021, total out-patient treatments increased by 23% y-o-y to 897,396;
- Total LFL out-patient treatments increased by 23% y-o-y to 897,129, partly due to the recovery in demand for elective medical services;
- Revenue from out-patient treatments increased by 31% y-o-y to RUB 2,853 mln, or 24% of the Group's total revenue, mainly due to performance at the hospital in Lapino in such services as gynaecology and paediatrics, as well as at the diagnostic and treatment centre.
- The average check for out-patient treatments amounted to RUB 3.2 thsd (up by 7% y-o-y).

Revenue and average check

In H1 2021, total revenue grew by 51% y-o-y (up by RUB 4,035 mln y-o-y) to RUB 12,009 mln on the back of revenue growth for the following service lines:

- A 17% increase in revenue from deliveries;
- A 42% increase in revenue from IVF;
- A 83% increase in revenue from in-patient treatments;
- A 31% increase in revenue from out-patient treatments;
- A 67% increase in other revenue.

The average check for key services in H1 2021 amounted to:

- RUB 333 thsd for deliveries, up by 6% y-o-y;
 - Moscow and the Moscow Region – RUB 469 thsd;
 - Other regions – RUB 164 thsd;
- RUB 234 thsd for IVF, up by 1% y-o-y;
- RUB 57.7 thsd for in-patient treatments, up by 23% y-o-y;

- RUB 3.2 thsd for out-patient treatments, up by 7% y-o-y.

Net debt

As of 30 June 2021, net debt decreased by 38% (by RUB 1,112 mln) to RUB 1,831 mln, compared to 31 December 2020.

CAPEX

Total CAPEX in H1 2021 decreased by 45% y-o-y to RUB 712 mln. Major investments included expansion of the service range at Lapino-2 (such as dentistry and oncosurgery), the completion of construction of Lapino-4, design of the new Lapino-3 building, launch of three out-patient clinics and two test collection laboratories in Moscow and the Moscow Region, and three clinics in other Russian regions.

Operating results for Q2 and H1 2021

	Consolidated data						Like-for-like		
	H1 2021	H1 2020	y-o-y, %	Q2 2021	Q2 2020	y-o-y, %	H1 2021	H1 2020	y-o-y, %
OBSTETRICS AND GYNAECOLOGY									
Deliveries	4,027	3,669	+10%	2,081	1,921	+8%	4,027	3,669	+10%
In-patient treatments (except deliveries)	9,921	9,709	+2%	5,063	4,247	+19%	9,921	9,709	+2%
Out-patient treatments	280,383	253,993	+10%	142,415	112,355	+27%	280,383	253,993	+10%
IVF									
IVF	8,154	5,797	+41%	4,568	1,851	+147%	8,154	5,797	+41%
PAEDIATRICS									
In-patient treatments	10,588	10,575	0%	5,202	3,963	+31%	10,588	10,575	0%
Out-patient treatments	213,492	167,019	+28%	110,753	59,506	+86%	213,228	167,019	+28%
OTHER MEDICAL SERVICES									
In-patient treatments	55,687	30,958	+80%	25,087	19,680	+27%	55,687	30,958	+80%
Out-patient treatments	403,521	308,069	+31%	205,344	125,148	+64%	403,518	308,069	+31%
TOTAL									
Total deliveries	4,027	3,669	+10%	2,081	1,921	+8%	4,027	3,669	+10%
Total IVF	8,154	5,797	+41%	4,568	1,851	+147%	8,154	5,797	+41%
Total in-patient treatments	76,196	51,242	+49%	35,352	27,890	+27%	76,196	51,242	+49%
Total out-patient treatments	897,396	729,081	+23%	458,512	297,009	+54%	897,129	729,081	+23%

Revenue for H1 2021, RUB mln¹

	Consolidated data			Like-for-like		
	H1 2021	H1 2020	y-o-y, %	H1 2021	H1 2020	y-o-y, %
Deliveries	1,340	1,148	+17%	1,340	1,148	+17%
IVF	1,908	1,346	+42%	1,908	1,346	+42%
In-patient treatments	4,397	2,405	+83%	4,397	2,405	+83%
Out-patient treatments	2,853	2,172	+31%	2,851	2,172	+31%
Other revenue	1,510	904	+67%	1,510	904	+67%
Total revenue	12,009	7,974	+51%	12,006	7,974	+51%

Average check for H1 2021, RUB thsd¹

	Consolidated data			Like-for-like		
	H1 2021	H1 2020	y-o-y, %	H1 2021	H1 2020	y-o-y, %
Deliveries	333	313	+6%	333	313	+6%
Moscow and the Moscow Region	469	425	+10%	469	425	+10%
Other regions	164	151	+9%	164	151	+9%
IVF	234	232	+1%	234	232	+1%
Commercial cycles	314	314	0%	314	314	0%
MHI	160	146	+10%	160	146	+10%
In-patient treatments	57,7	46,9	+23%	57,7	46,9	+23%
Moscow and the Moscow Region	74,2	60,3	+23%	74,2	60,3	+23%
Other regions	34,8	32,5	+7%	34,8	32,5	+7%
Out-patient treatments	3,2	3,0	+7%	3,2	3,0	+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.

For further information please contact:

Investors

Dmitry Yakushkin
MD Medical Group Investments Plc

Tel: +7 (495) 139-87-40, ext. 16329
d.yakushkin@mcclinics.ru

Media

EM

Tom Blackwell: +7 919 102 9064

Sergii Pershyn: +1 929 855 8188

MDMG@em-comms.com

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 Depositary Receipts (GDRs) since 12 October 2012.

Since 9 November 2020, the Company's GDRs are traded also on the Moscow Exchange. Quotation is done in Russian Rubles.

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.