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MD MEDICAL GROUP

H1 2020 IFRS RESULTS



September 7, 2020



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**KEY COMPANY RESULTS
FOR H1 2020**

KEY COMPANY RESULTS FOR H1 2020

FINANCIAL RESULTS

7,974 RUB mln
REVENUE +2%

- **Revenue** increased by 2% to RUB 7,974 mln (H1 2019: RUB 7,825 mln)
- **EBITDA** increased by 6% to RUB 2,270 mln (H1 2019: RUB 2,148 mln)
- **EBITDA margin is 28.5%: + 1 p.p.** vs H1 2019
- **Net profit** for the period grew by 19% vs H1 2019 and amounted to RUB 1,471 mln
- **Net debt** amounted to RUB 2,309 mln

OPERATIONAL HIGHLIGHTS

48,603 IN-PATIENT DAYS +23%

- **Total number of deliveries** remained flat year-on-year and amounted to 3,668
- **Total number of IVF cycles** decreased by 32% to 5,799 cycles vs H1 2019
- **Total number of in-patient days** increased by 23% to 48,603 vs H1 2019
- **Total number of out-patient treatments** decreased by 15% to 729,121 vs H1 2019

KEY EVENTS

- OPENING OF 2 NEW OUT-PATIENT CLINICS IN ROSTOV-ON-DON AND MOSCOW REGION
- RENOVATION AND REBRANDING OF PMC (INTO MD GROUP CLINICAL HOSPITAL)
- CONVERSION OF THE LAPINO HOSPITAL FOR TREATMENT OF PATIENTS WITH COVID-19

- **January:** Opening of Mother&Child Rostov-on-Don clinic with total area 442 sqm
- **January:** Completion of the renovation of the Perinatal Medical Center (PMC) and start of the rebranding of the Company's hospitals. After substantial renovation works the hospital acquired 5 new units: general surgery, urology, traumatology, cardiology and endovascular surgery departments as well as a new IVF department.
- **March:** Opening of a new clinic M&C Novaya Riga in Moscow region with total area of 117 sqm which provides paediatric care to patients beginning from birth and to 18 years of age
- **March-June:** Conversion of the Lapino hospital into an anti-covid centre
- **After reporting period events.** On 11 August 2020 the Board of Directors recommended the payment of RUB 1,389,813 thsd as final dividends for the year 2019 which corresponds to RUB 18.5 per share. The dividend distribution was approved by the Extraordinary General Meeting of the shareholders on 3 September 2020
- On 4 September 2020 the Board of Directors recommended the payment of RUB 736,225 thsd as interim dividends for the six-month period ended 30 June 2020 which corresponds to RUB 9.8 per share
- On 31 August 2020, the Group released its block of fixed assets from pledge

FINANCIAL RESULTS FOR H1 2020

FINANCIAL RESULTS GROUP

7,974

RUB MLN
REVENUE

+ 2% (6m2020/6m2019)

28.5%

EBITDA
MARGIN

+ 1 p.p. (6m2020/6m2019)

1,471

RUB MLN
NET PROFIT

+ 19% (6m2020/6m2019)

2,270

RUB MLN
EBITDA

+ 6% (6m2020/6m2019)

42

CLINICS/HOSPITALS
36 CLINICS
6 HOSPITALS
25 REGIONS

FINANCIAL RESULTS LIKE-FOR-LIKE

7,746

RUB MLN
REVENUE

+ 0% (6m2020/6m2019)

29.4%

EBITDA
MARGIN

+ 1.7 p.p. (6m2020/6m2019)

1,561

RUB MLN
NET PROFIT

+26% (6m2020/6m2019)

2,277

RUB MLN
EBITDA

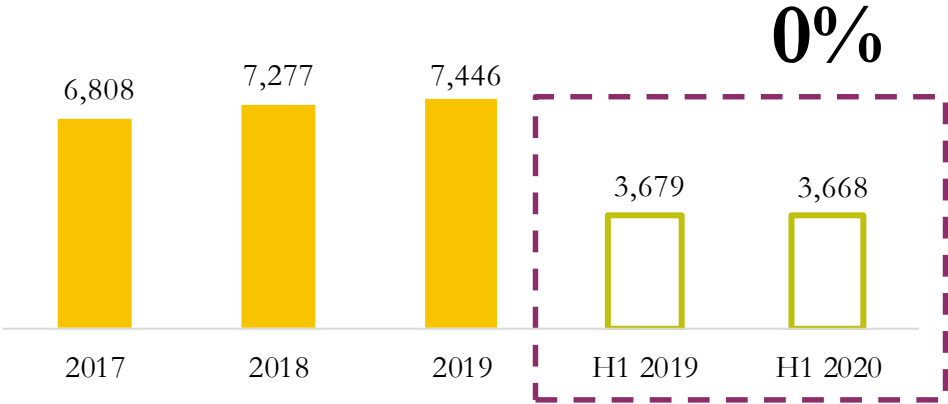
+6% (6m2020/6m2019)

39

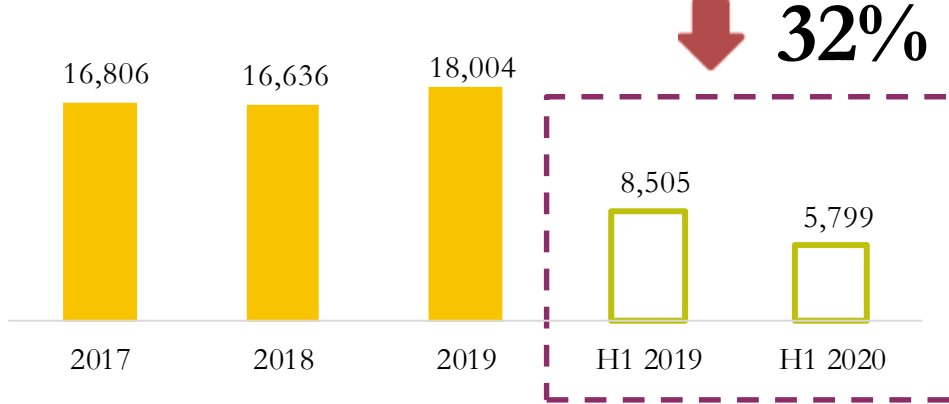
CLINICS/HOSPITALS
33 CLINICS
6 HOSPITALS
23 REGIONS

OPERATIONAL RESULTS

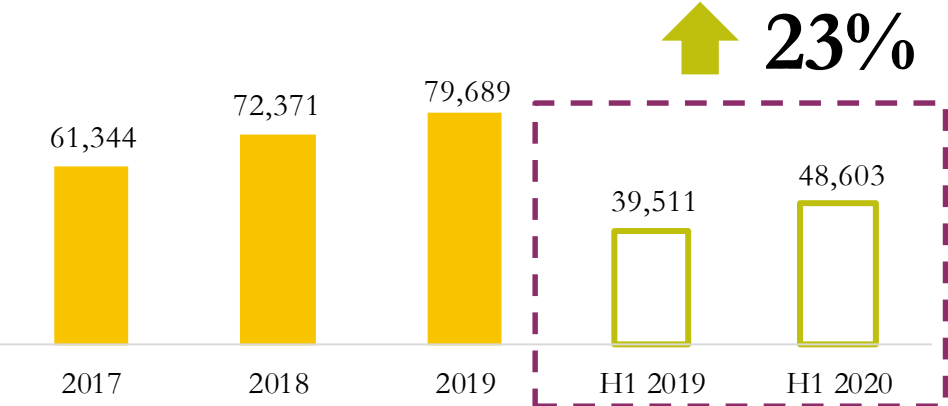
Deliveries



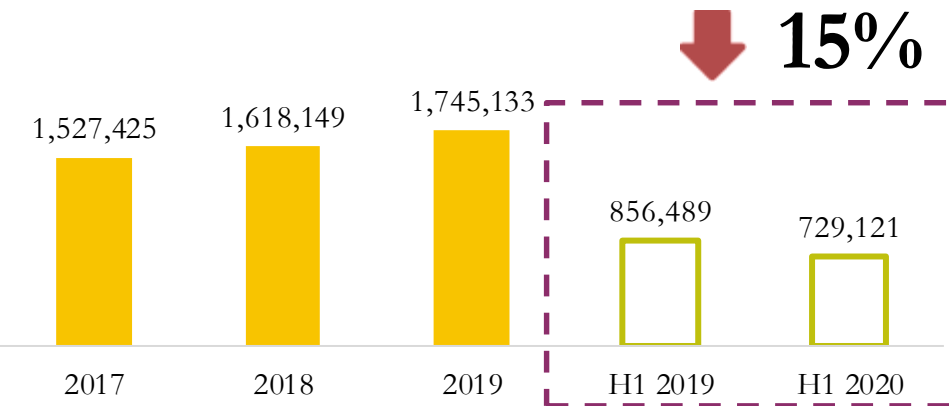
IVF cycles



In-patient days

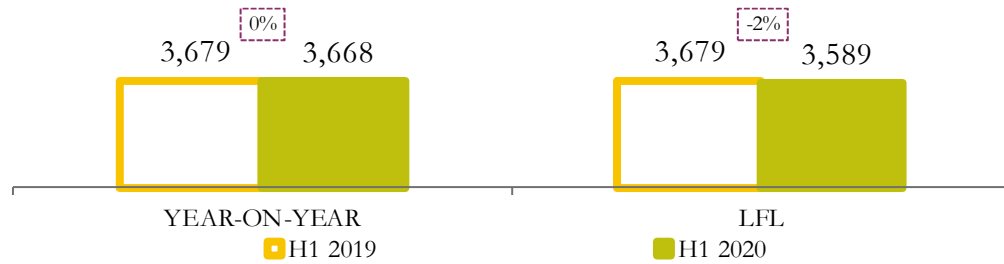


Out-patient treatments

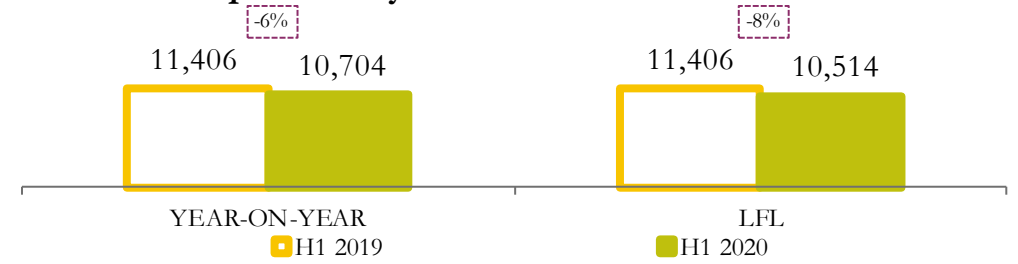


BREAKDOWN OF OPERATIONAL RESULTS FOR H1 2020

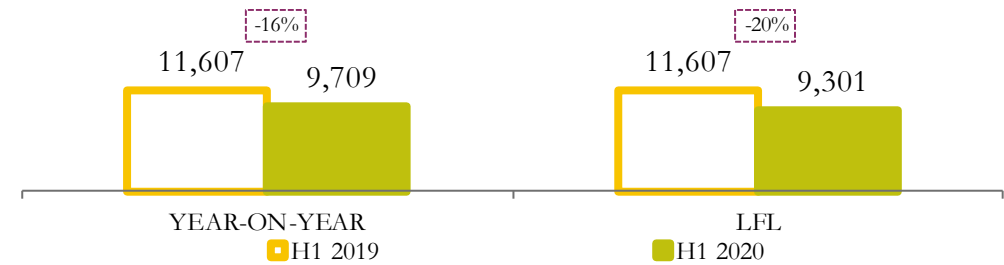
Deliveries



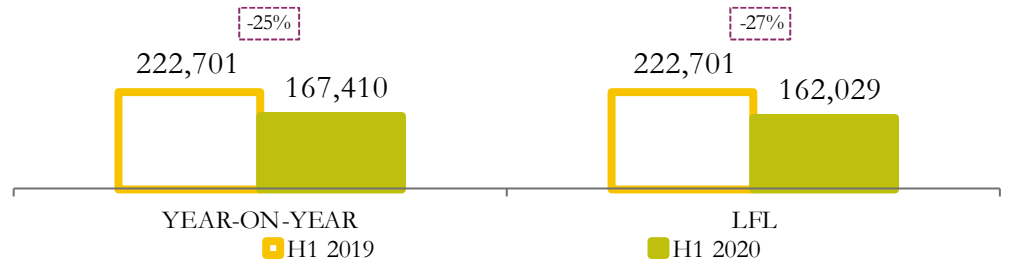
Paediatrics in-patient days



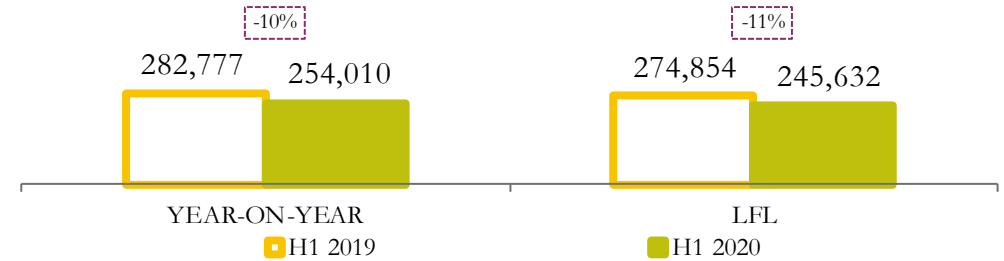
OBGYN in-patient days (except deliveries)



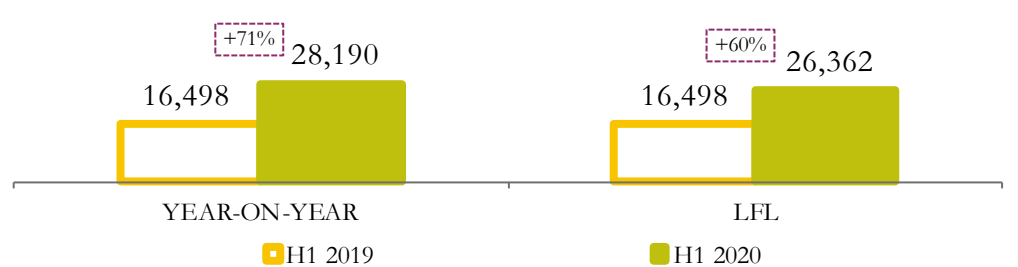
Paediatrics out-patient treatments



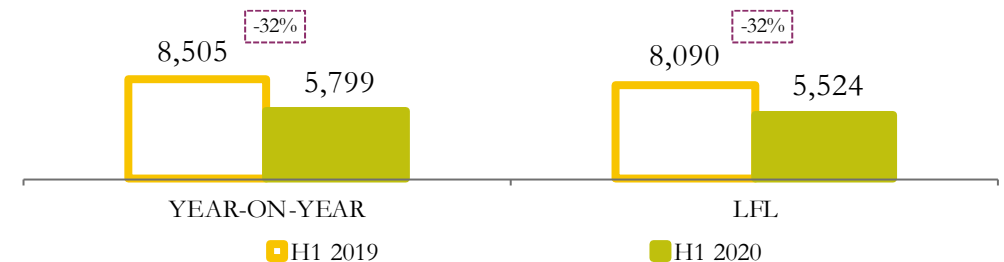
OBGYN out-patient treatments



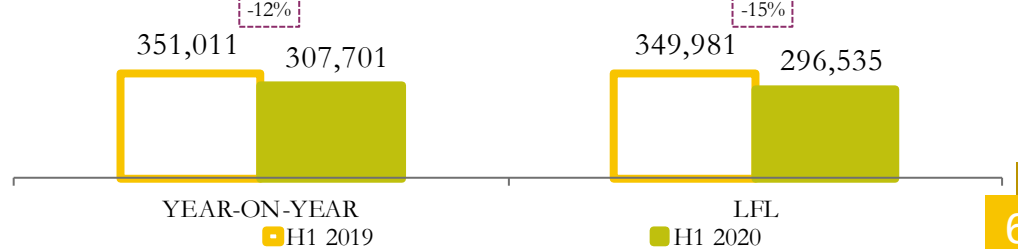
Other medical services in-patient days



IVF cycles

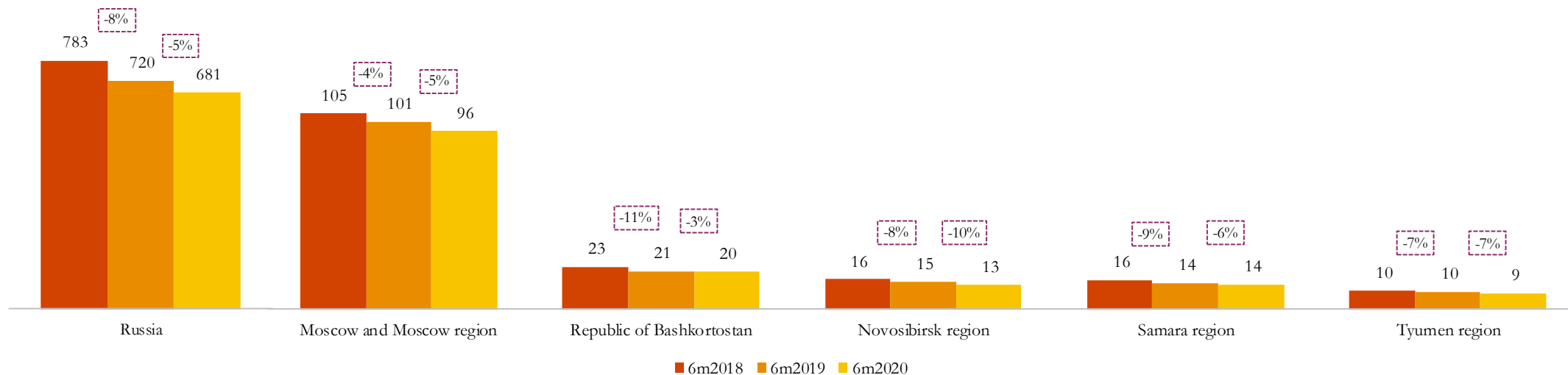


Other medical services out-patient treatments

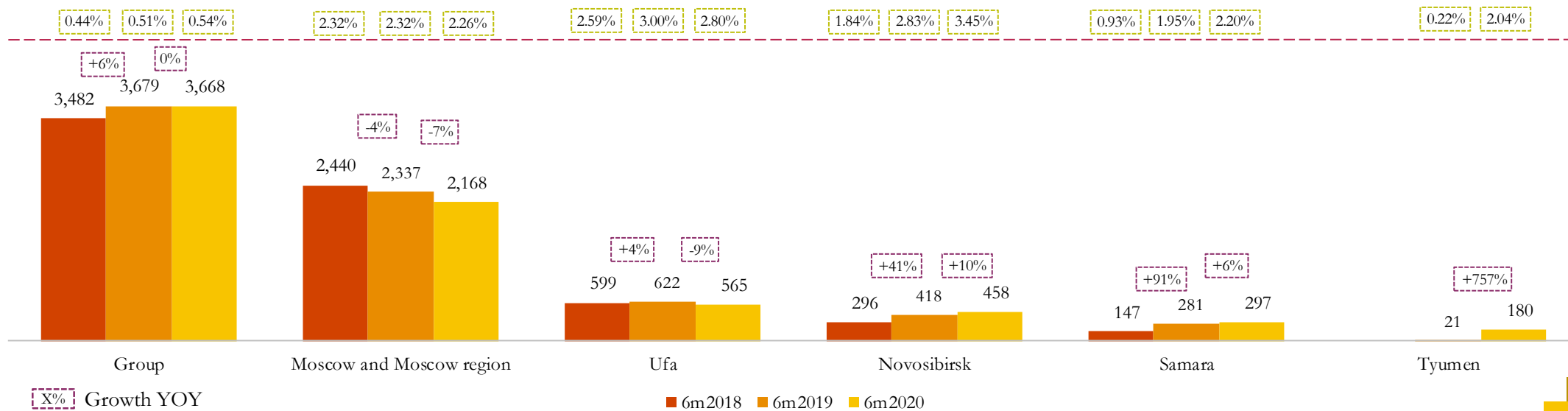


NUMBER OF BIRTHS BY REGIONS IN RUSSIA AND MDMG RESULTS

Number of births by regions in Russia 6m2018/6m2019/6m2020, thsd deliveries



Number of deliveries by region 6m2018/6m2019/6m2020, MD Medical Group



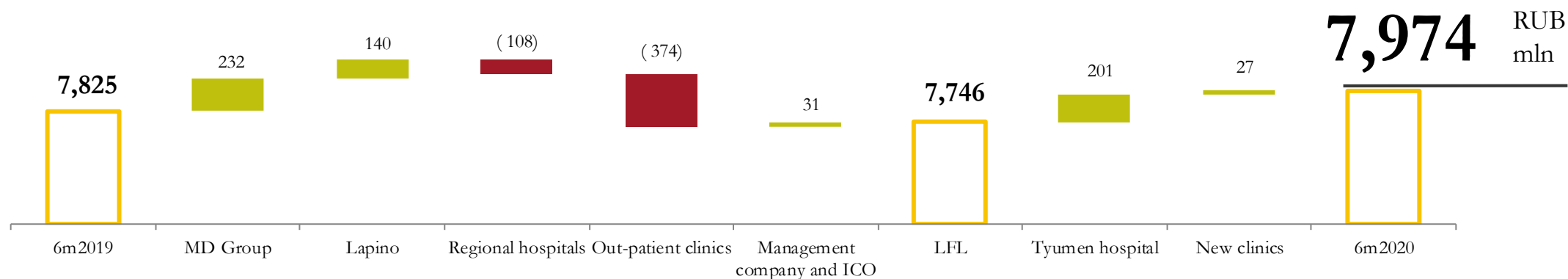
X% Growth YOY

X% Group's market share by regions of presence

6m2018 6m2019 6m2020

REVENUE STRUCTURE FOR H1 2020

Revenue bridge analysis 6m2020/6m2019, RUB mln



Average tickets, RUB thsd

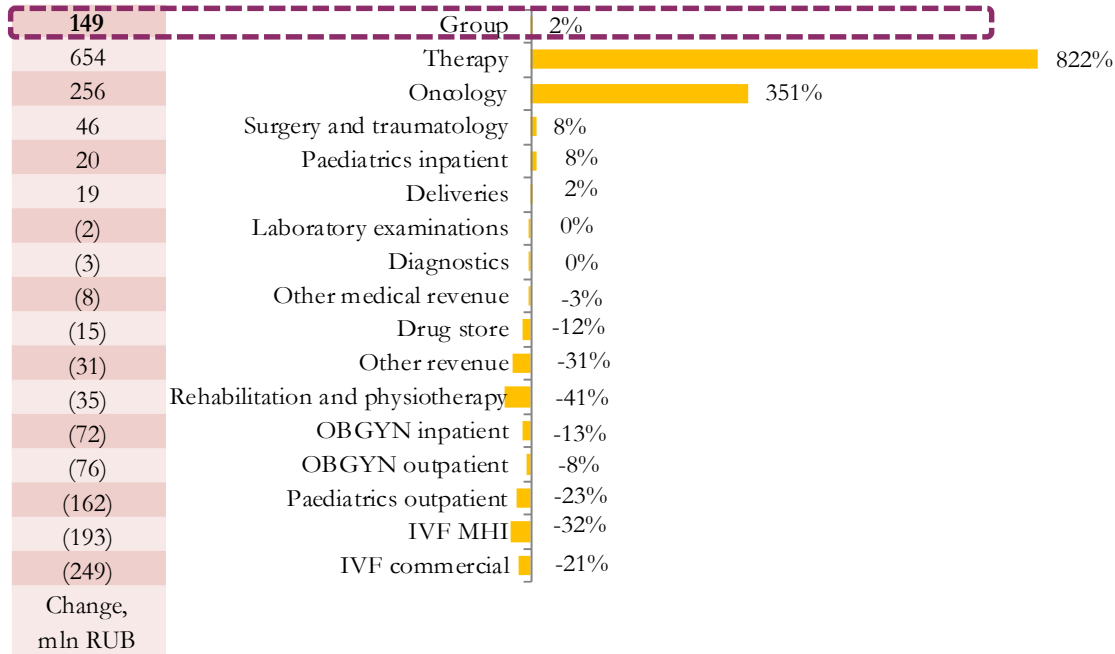
Indicator	6m2020	6m2019	Changes
Deliveries	313	307	+2%
Moscow	425	398	+7%
Regions	151	147	+2%
IVF	232	210	+10%
Commercial	313	298	+5%
MHI	146	134	+9%
In-patient	49.5	37.8	+31%
Moscow	60.5	49.8	+22%
Regions	36.3	28.4	+28%
Out-patient	3.0	2.9	+3%

Revenue dynamics by type of revenue, RUB mln

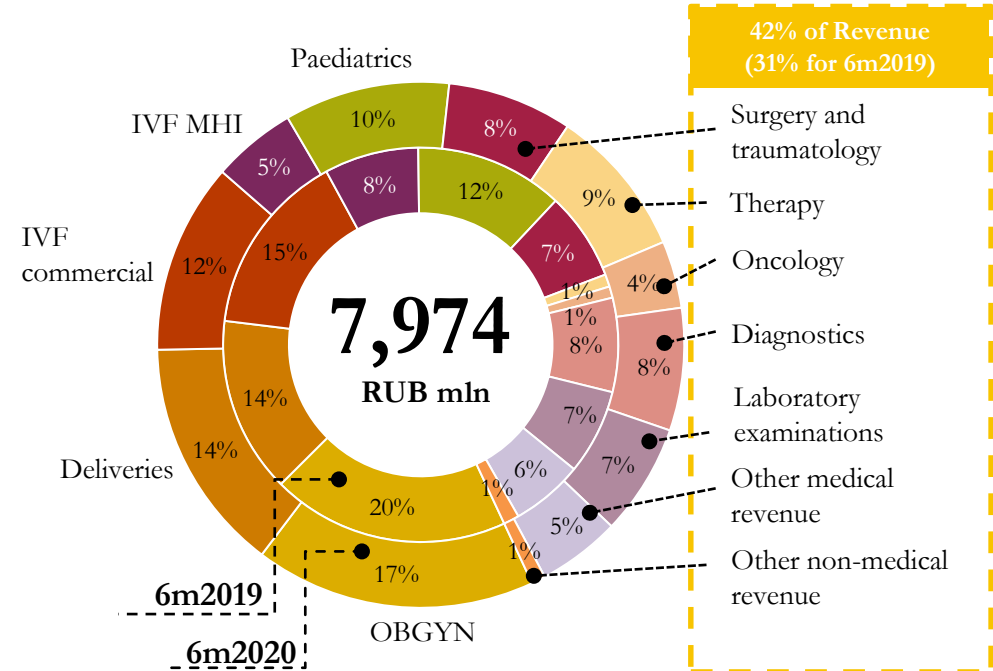
Type of revenue	6m2020	6m2019	Changes
Therapy, surgery and other in-patient medical services	1,645	683	+141%
Other medical services	1,476	1,530	-4%
OBGYN (excl. deliveries)	1,376	1,523	-10%
IVF	1,346	1,789	-25%
Deliveries	1,148	1,129	+2%
Paediatrics	810	952	-15%
Other revenue	173	219	-21%
Total	7,974	7,825	+2%

REVENUE CHANGE AND STRUCTURE BY TYPES

Revenue change by types of services 6m2020/6m2019



Revenue structure by types and payers

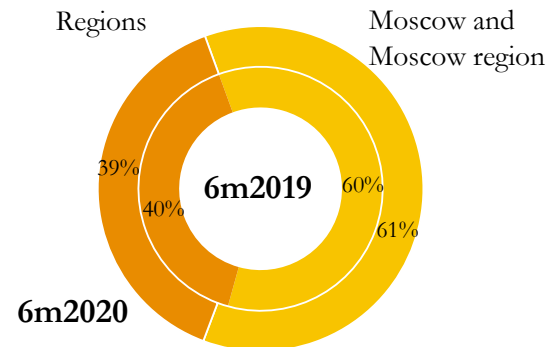


Highlights

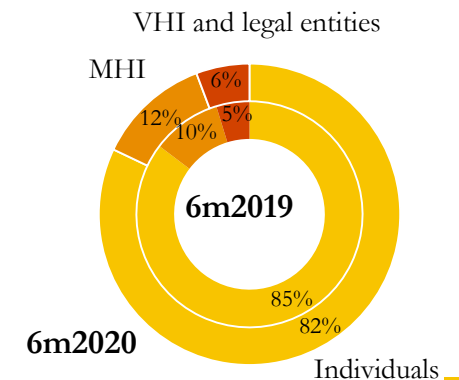
- ✓ Revenue in oncology amounted to RUB 329 mln or RUB +256 mln or 351% y/y. The share of MHI was 78% (12% for 6m2019)
- ✓ Surgery (incl. plastic surgery and cardiology) revenue amounted to RUB 444 mln or RUB +8 mln or 2% y/y. The share of MHI was 29% (22% for 6m2019)
- ✓ Traumatology revenue amounted to RUB 168 mln or RUB +38 mln or 29% y/y. The share of MHI was 28% (5% for 6m2019)
- ✓ Therapy revenue amounted to RUB 734 mln or RUB +654 mln or 822% y/y due to treatment of patients with COVID-19 in the Lapino hospital from March to June 2020. The share of MHI was 4% (0% for 6m2019)

The growth of the average in-patient ticket was due to the dynamic expansion of oncology and surgery services – both in Moscow and regional hospitals. This increase was also affected by the treatment of patients with COVID-19

Revenue structure, Moscow and regions



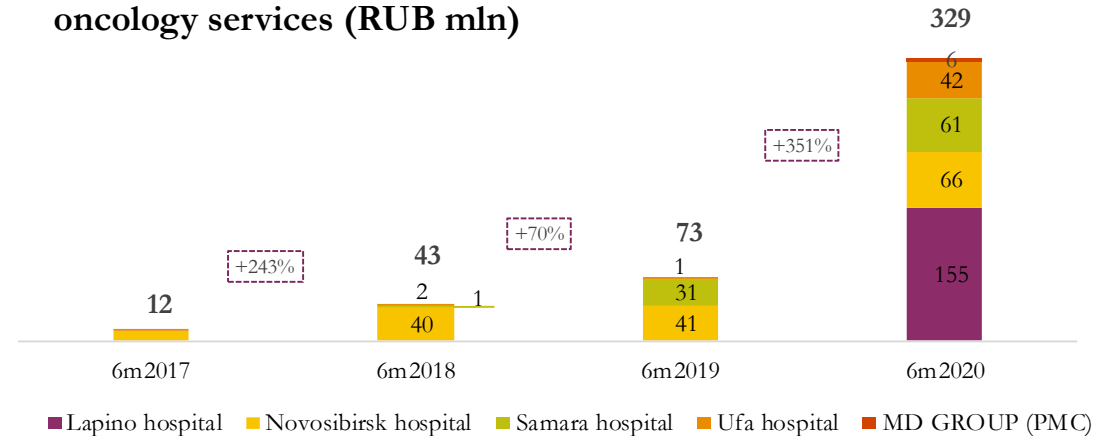
Revenue structure by payers



ONCOLOGY SERVICE: NEW STAGE OF DEVELOPMENT

- In response to the growing demand of oncological care (a global trend), decision was made to expand considerably the oncological service of the Company
- A full cycle of medical care of the highest quality will be provided - from screening and diagnosis verification to high-tech oncosurgical care, chemoradiotherapy and oncological rehabilitation
- A team of leading Russian oncologists joined the Company
- Feature of the new oncological service - adherence to modern world protocols for diagnosis and treatment of patients, obligatory use of modern molecular biological methods for verifying the diagnosis and the use of this data while prescribing innovative anticancer therapy
- The Company already conducts oncogynaecological screening (up to 120,000 liquid cytologies per year). A modern centralized pathomorphological service with the possibility of molecular biological studies, as well as the departments for anticancer drug therapy, are in place
- More than 750 cycles of anticancer therapy are performed at the Company's hospitals every month
- Majority of patients receive anticancer therapy in the format of MHI

Dynamics of revenue change for the Company's oncology services (RUB mln)



- In 2018 growth of oncology services constituted 243%
- In 2019 growth of oncology services was due to the opening of the Samara hospital
- Strong increase achieved due to the opening of the oncology department in the Lapino hospital at the beginning of 2020

Geography of oncology services in MD Group



EFFECTIVE PERFORMANCE DURING PANDEMIC

March-June 2020: more than **1,100** patients with Covid-19 symptoms received medical treatment in Lapino hospital



- Lapino hospital quickly converted into an anti-covid centre while other patients were transferred to the MD Group hospital in Moscow
- Company achieved strong results in recovery for infected patients demonstrating advantages of a competent team of doctors, nurses and personnel
- Gained valuable experience in treating a large inflow of patients of all ages, including pregnant women, further expanding its medical competences
- Strengthened customer loyalty and brand reputation by offering in-demand medical services on a high level
- Prepared to face similar extraordinary situations, including a potential second wave of COVID-19

Three months of fight during coronavirus

NUMBER OF
ADMITTED PATIENTS

1,100

NUMBER OF
RECOVERIES

1,075

NUMBER OF PREGNANT PATIENTS
WITH COVID-19 TREATED

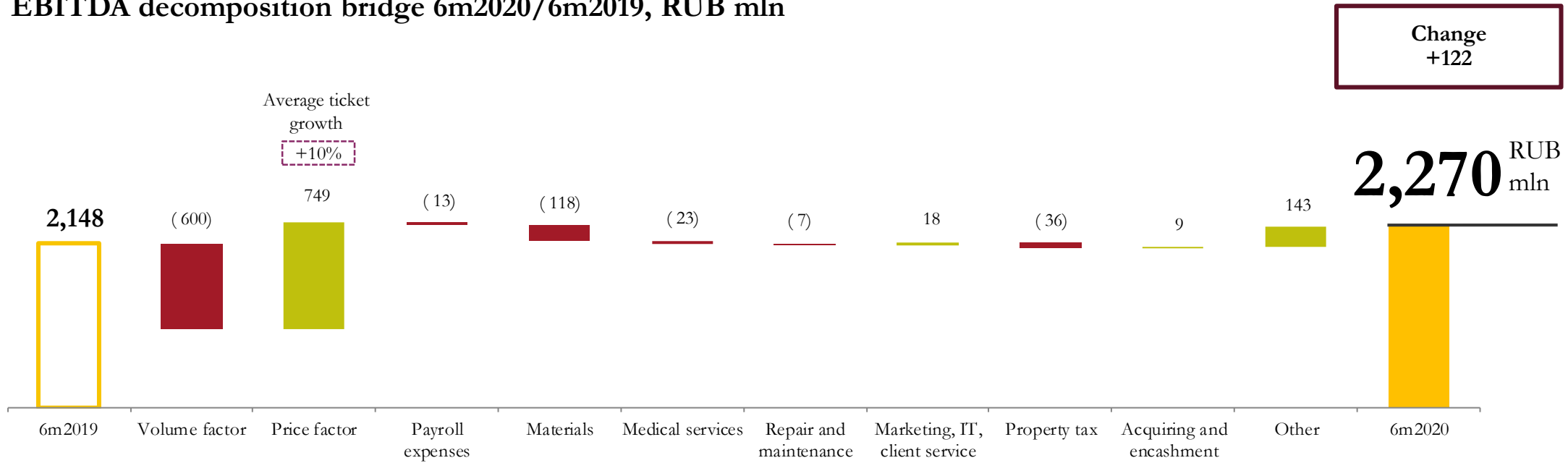
80

NUMBER
OF NEWBORNS

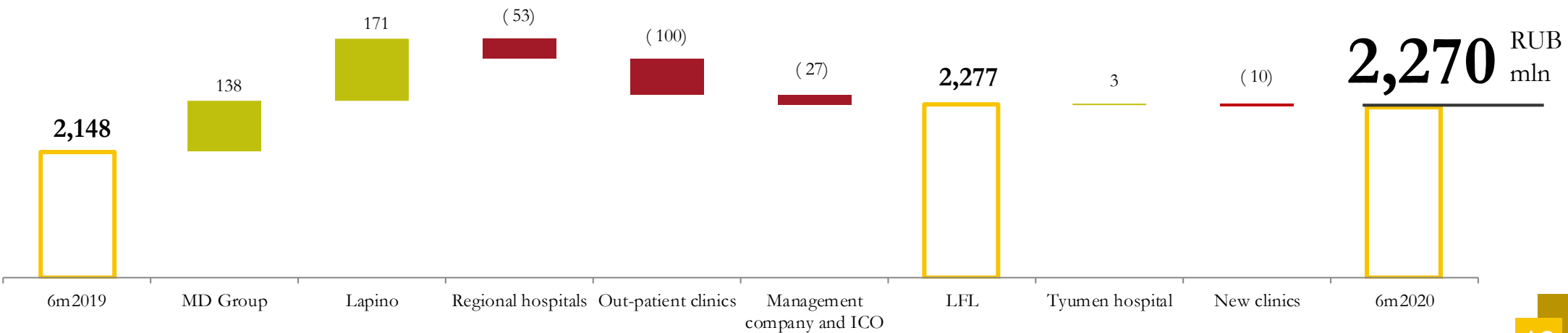
25

EBITDA STRUCTURE

EBITDA decomposition bridge 6m2020/6m2019, RUB mln



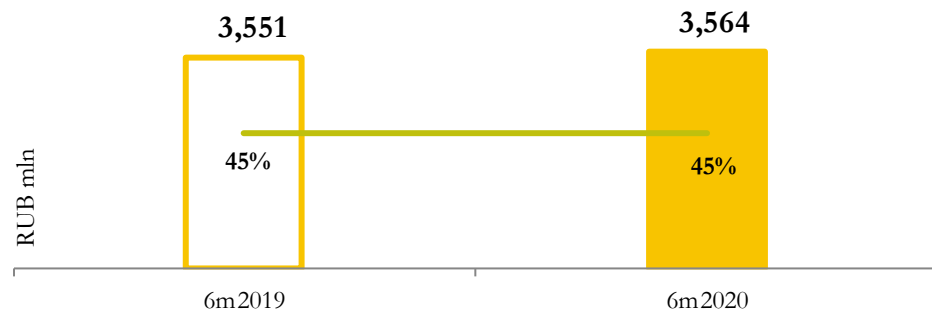
EBITDA structure 6m2020/6m2019, RUB mln



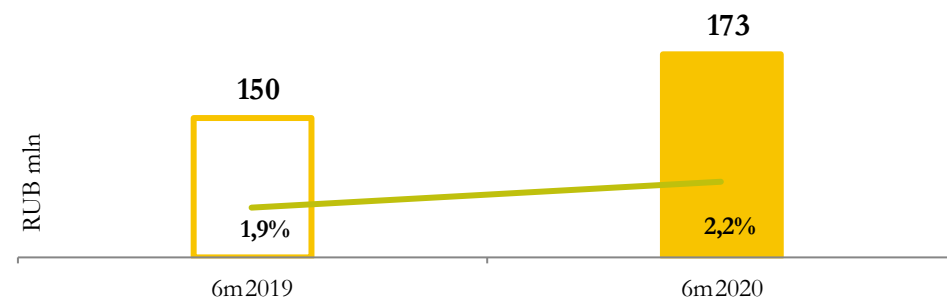
KEY EXPENSES DYNAMICS

Dynamics of the major expenses, % of revenue

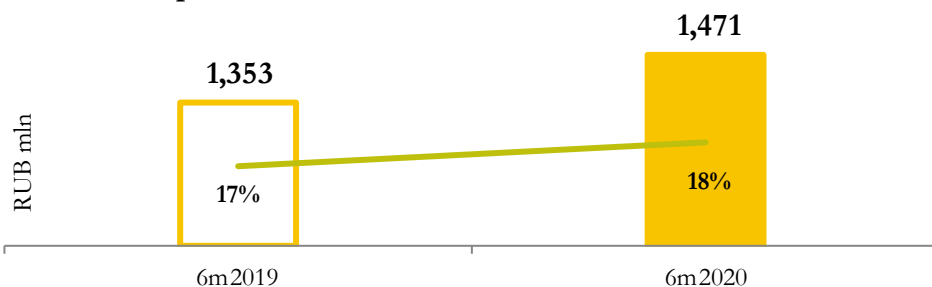
Payroll + Social contributions



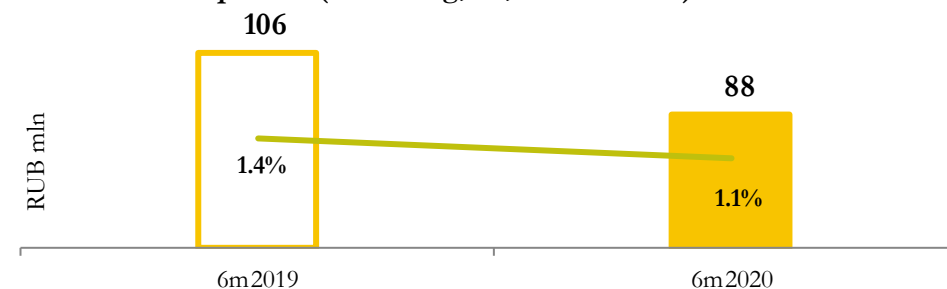
Medical services



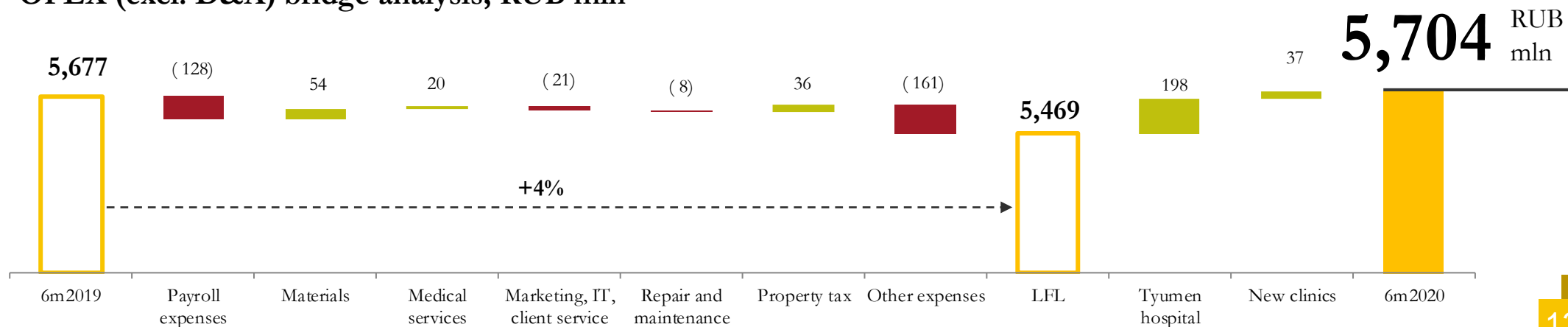
Material expenses



Functional expenses (Marketing, IT, client service)

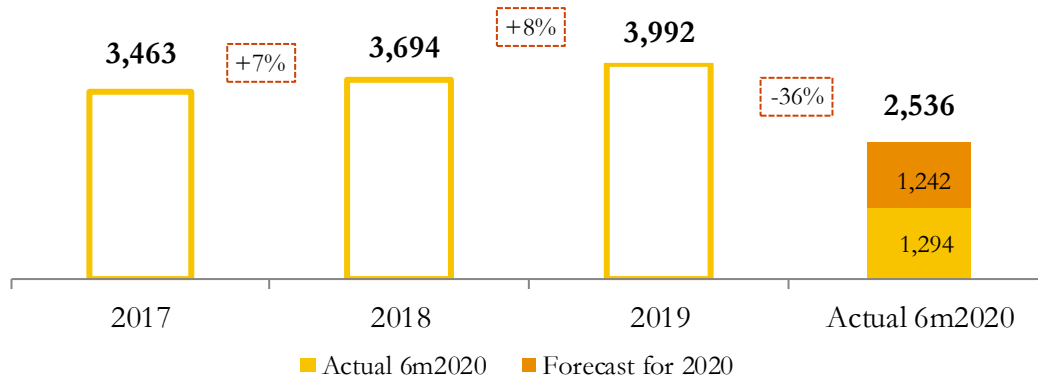


OPEX (excl. D&A) bridge analysis, RUB mln



CAPEX HIGHLIGHTS AND CASH FLOW

CAPEX dynamics, RUB mln



CAPEX amounted to RUB 1,294 mln, including compounded interest. Key investment included the construction of Lapino-2.

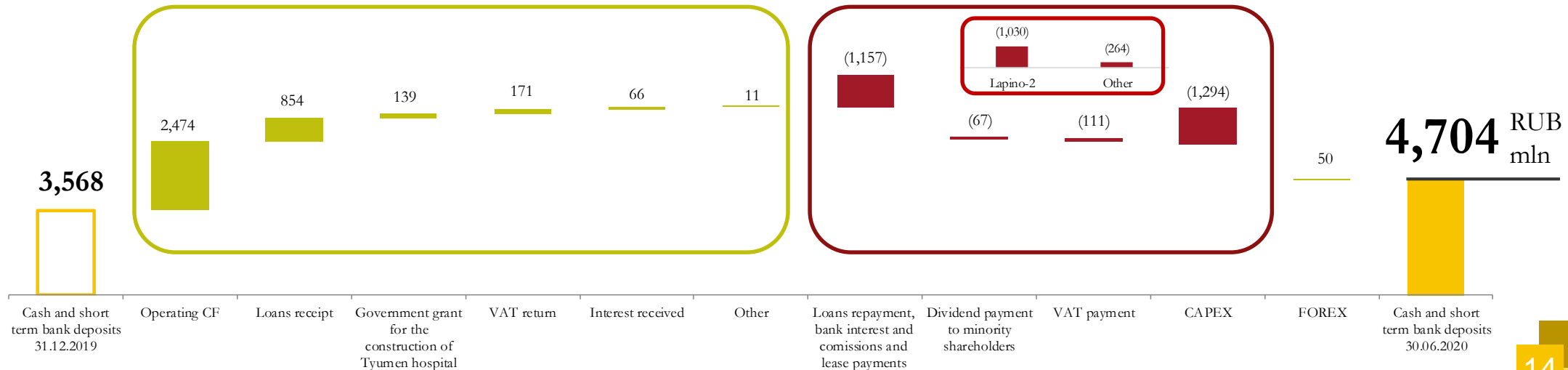
CAPEX structure 6m2020*



Cashflow bridge analysis, RUB mln

+3,715

(2,629)

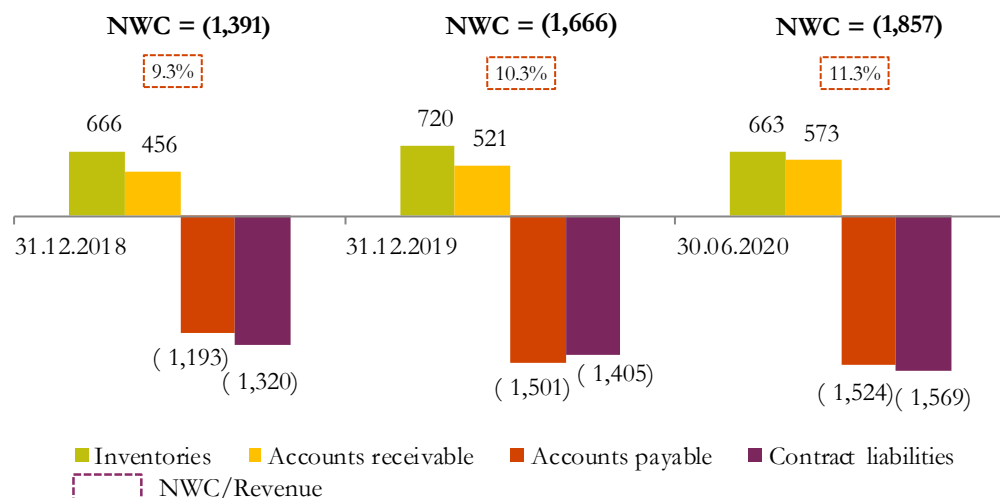


Source: IFRS reporting
* Including capitalised interest expenses

DEBT & NET WORKING CAPITAL (NWC)

- At 30 June 2020 the Group's debt decreased by 1% in comparison as of 31 December 2019 and amounted to RUB 7,013 mln
- The Company's cash & cash equivalents increased by 32%
- The net debt position as of June 30, 2020 was RUB 2,309 mln which is 35% less than the amount at December 31, 2019. Net debt to EBITDA ratio is 0.5x*. The net debt is calculated taking into account short-term bank deposits amounting to RUB 1,294 mln
- The company works with negative working capital as a source of additional financing. Net working capital decreased by 11.5% vs December 31, 2019 to RUB (1,857) mln and amounted to 11.3% of revenue H1 2020
- New projects are financed by the optimal structure of borrowed funds and equity. Borrowed funds are raised at an attractive rate for a comfortable long-term period. An effective capital structure guarantees a balanced business development
- The company has a stable financial position due to a strong cash balance

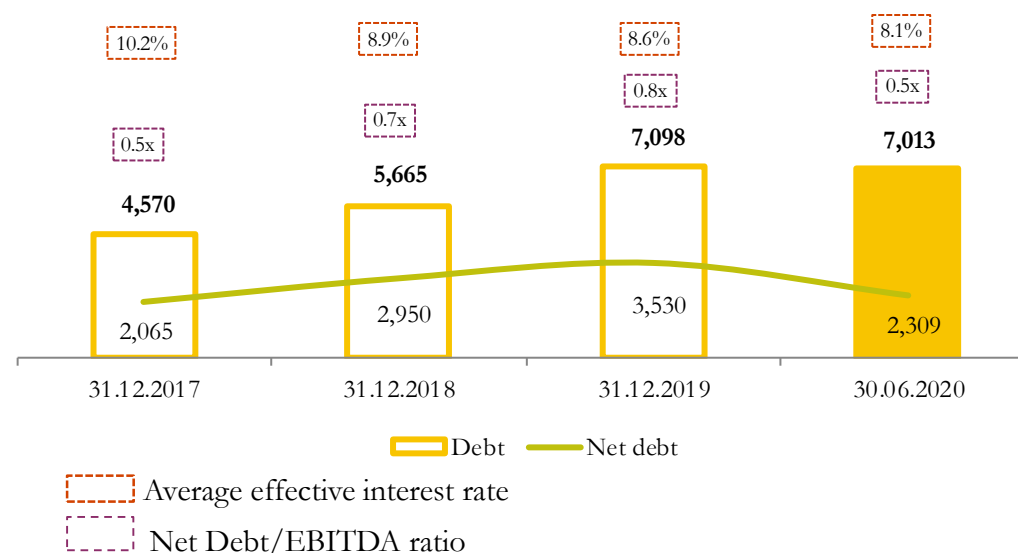
Net working capital (NWC), RUB mln



Source: IFRS reporting

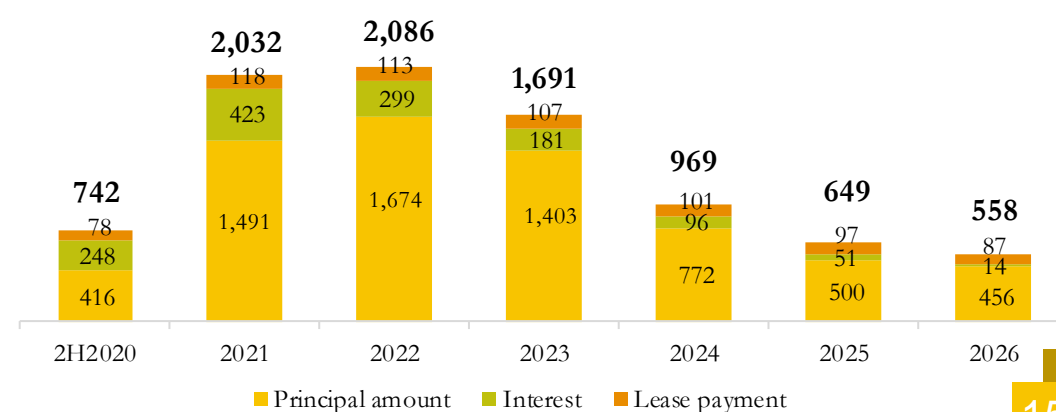
*Extrapolated (estimated) EBITDA for 2020

Debt and net debt dynamics, RUB mln



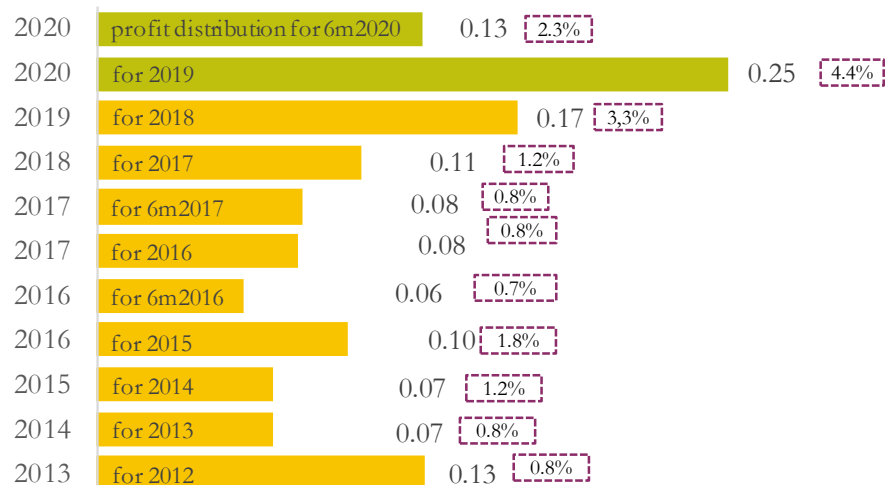
* The amount of Debt includes the leasing obligations in 2019 and 2020 in accordance with the requirements of IFRS 16 (30.06.2020: RUB 623 mln; 31.12.2019: RUB 650 mln)

Bank loans repayment schedule, RUB mln



DYNAMICS OF DIVIDEND PAYMENTS AND REVENUE NET PROFIT GROWTH

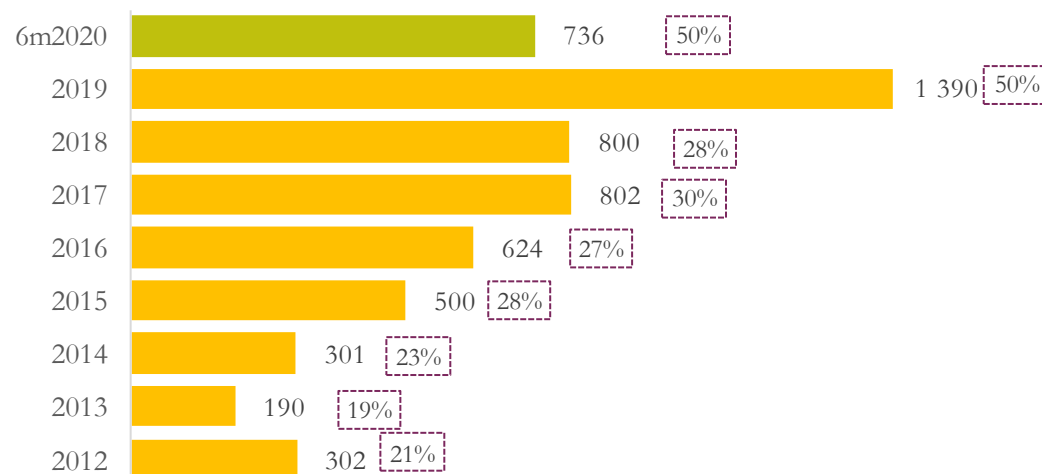
Payment of dividends per share, USD



Year of dividend payment

xx% Dividend yield

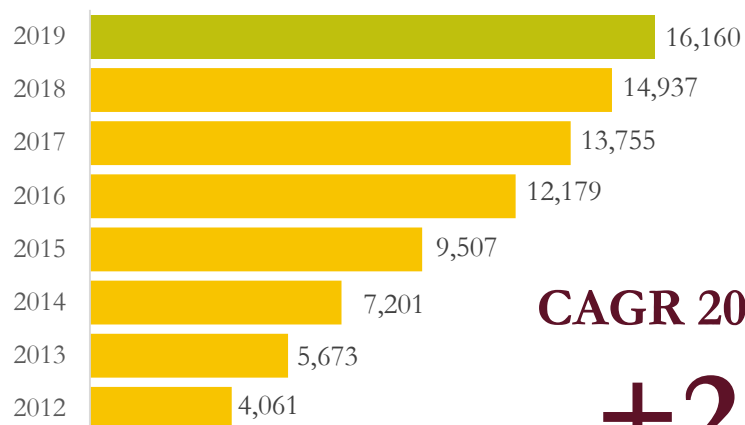
Dividends as a percentage of net profit of the year, mln RUB



Net profit allocated for dividend distribution

xx% Dividends as a percentage of net profit of the year

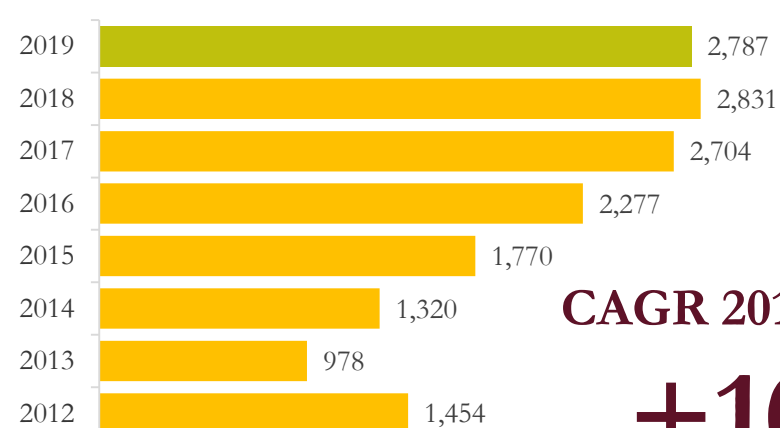
Revenue, RUB mln



CAGR 2012-2019

+22%

Net profit, RUB mln



CAGR 2012-2019

+10%

2

STRATEGIC OUTLOOK

MDMG: LARGEST REGIONAL NETWORK OF MEDICAL FACILITIES IN RUSSIA

42

MODERN HEALTHCARE
FACILITIES*

6

HOSPITALS

36

OUT-PATIENT CLINICS

27

CITIES

≈ 7,700

EMPLOYEES

approx. **169** ths sq m **TOTAL AREA**

incl. approx. **152** ths sq m **OWNED PROPERTY**



* As of publication date

WIDE RANGE OF TECHNOLOGICALLY ADVANCED MEDICAL SERVICES

DIAGNOSTICS

Radiation diagnostics
Ultrasound diagnostics
Laboratory diagnostics

SURGERY

Cardiology
Traumatology and orthopedics
General surgery
Urology
Neurosurgery
Plastic surgery

ONCOLOGY

Full cycle of cancer treatment:
chemotherapy
oncohematology
general oncology
thoracoabdominal oncology
coloproctology
oncogynaecology
oncurology
head and neck tumors

Delivering
high-quality
health care
throughout
Russia

OTHER MEDICAL SERVICES

Deliveries
IVF
Pregnancy management
Operative gynaecology

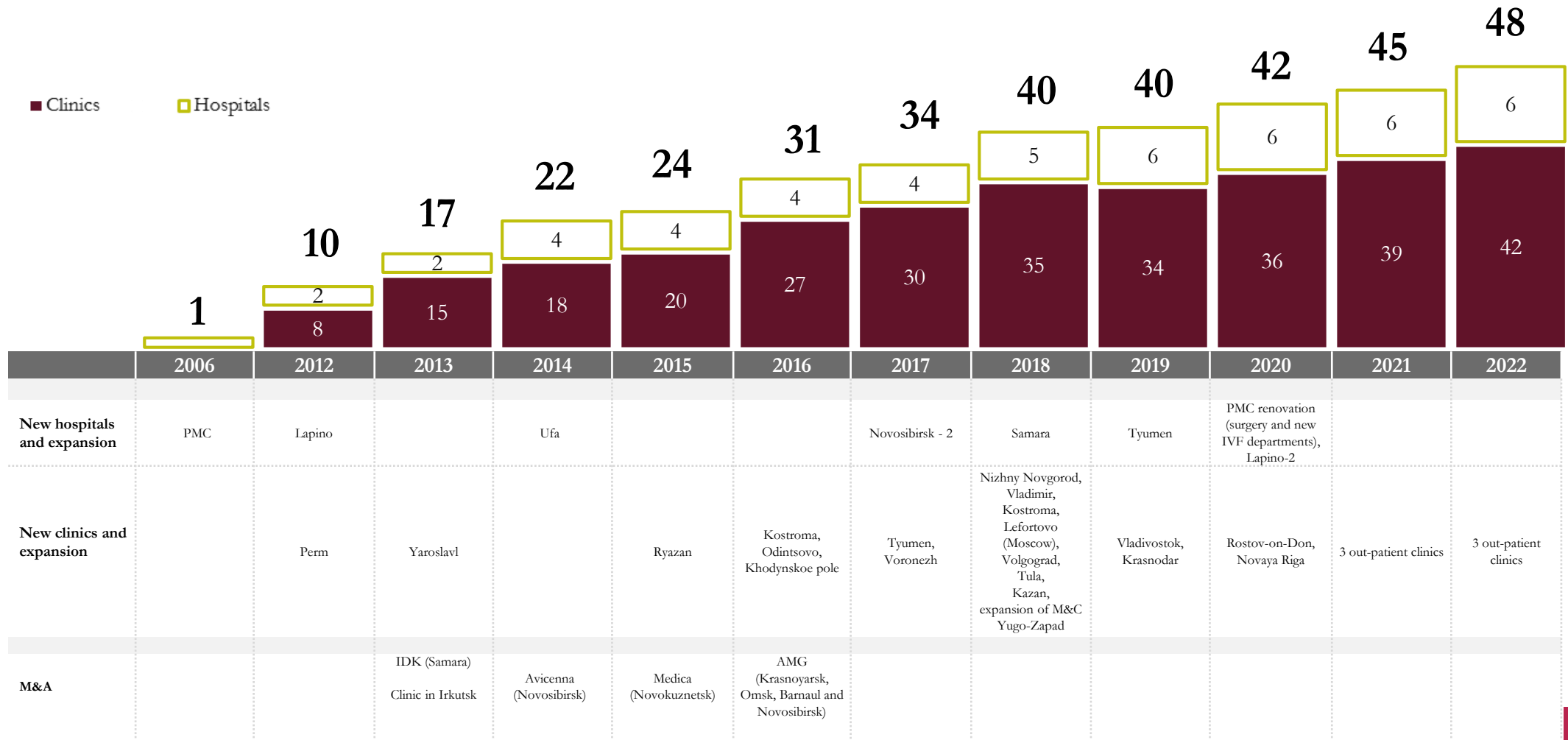
Miscarriage treatment
Adult Clinic
Surgical treatment of
infertility

Preimplantation genetic
diagnosis
Paediatric's clinic
Children's intensive care

Department of Older
Children
Ambulance at home

KEY MILESTONES

With hospitals and clinics in **25** regions of Russia, we operate the most widespread private network of healthcare facilities across the country



MULTIFUNCTIONAL HOSPITAL LAPINO-2 TO BE INAGURATED IN SEPTEMBER 2020

CAPEX LAPINO - 2

3.9 RUB bln

Surgical building Lapino-2 includes:

- State of the art oncology center which includes:
 - Full cycle medical service, including chemotherapy, oncohematology, general oncology, thoracoabdominal oncology, coloproctology, oncogeneacology, oncurology, head and neck tumors;
 - 250 admissions per shift;
 - 18,000 cycles of chemotherapy per year
 - Patients will be treated on a commercial basis and under the MHI program
- Diagnostical and in-patient departments
- Hemodialysis department
- Intensive care unit with 13 beds
- 6 operating theatres for planned surgeries
- 2 operating theatres for emergency surgeries
- Stomatology , incl. oral and maxillofacial surgery
- A state-of-the-art microbiological laboratory offering a full range of diagnostic testing

TARGETED
REVENUE

3

RUB BLN

TARGETED
EBITDA MARGIN

33%

YEARS TILL OPERATIONS
AT FULL CAPACITY

6

TARGETED
ROIC

25%

18,500
sq m

120
beds

40,000
in-patient days

12,000
surgeries

180,000
out-patient treatments

LAPINO-2 CONSTRUCTION SCHEDULE SUCCESSFULLY COMPLETED

OPENED IN



TOTAL CAPEX* **3.9** bln RUB

2020

CAPEX **1.7** bln RUB



2019

CAPEX **1.8** bln RUB



2017-2018

CAPEX **0.4** bln RUB



* Multi-level parking facility in a separate building for 277 cars (CAPEX 300 mln RUB)



Q&A



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