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MDMG POSTS SUSTAINABLE RESULTS AND REVENUE GROWTH IN 9M 2020

9 November 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 9M 2020.

Key highlights for 9M 2020:

- Total **revenue** in 9M 2020 increased by 7% year-on-year (y-o-y) to RUB 12,710 mln;
- Total **deliveries** grew 2% y-o-y and amounted to 5,739. **Revenue** from deliveries increased by 3% y-o-y to RUB 1,796 mln;
- Total **IVF** cycles decreased by 24% y-o-y to 10,243. **Revenue** from IVF decreased by 17% y-o-y to RUB 2,324 mln;
- Total **in-patient treatments** increased by 31% y-o-y to 76,220. **Revenue** from in-patient treatments increased by 63% y-o-y to RUB 3,569 mln;
- Total **out-patient treatments** decreased by 10% y-o-y to 1,158,073. **Revenue** from out-patient treatments decreased by 5% y-o-y to RUB 3,512 mln.

Mark Kurtser, CEO of MD Medical Group, said:

“In the first 9 months of 2020, we demonstrated solid operational results by focusing on developing new service lines according to our plans while mitigating the effects of the challenging external conditions on our doctors’ work.”

“In the third quarter, we managed to improve the dynamics for our key services compared to the first two quarters of the year. In total in 9M 2020, even despite the headwinds caused by the COVID-19 pandemic, we grew our revenue by 7% year-on-year to RUB 12,710 mln. This was largely driven by growth in in-patient treatments by 31% year-on-year and the corresponding revenue growth by 63% year-on-year. The key drivers of growth in this area remain oncology, internal medicine and traumatology. Deliveries grew by 2% year-on-year, resulting in 3% growth in the corresponding revenue amid a higher average check. Due to the temporary ban of a number of elective medical services earlier in the year as well as a desire among patients to limit visits to public spaces, the number of IVF cycles and out-patient treatments declined by 24% and 10%, respectively. However, I want to highlight that revenue from these services declined at a slower pace, and in Q3 we already saw improved dynamics in terms of visits compared to H1, as well as a significant improvement in IVF performance.”

“In Q3 2020, we completed our largest investment project in recent years and commissioned the second stage of our multi-disciplinary Lapino hospital. We expect that the new facility will make a significant contribution to the continued diversification of our offering and our adoption of new medical services.”

“Overall, our continued growth in deliveries and in-patient treatments amid stabilising dynamics in IVF and out-patient treatments demonstrate that our business is sustainable, and the Group is capable of dealing successfully with even such major challenges as the pandemic.”

Key operational highlights for 9M 2020:

Deliveries

- In 9M 2020, total deliveries grew 2% y-o-y and amounted to 5,739. Key growth drivers were the Group's regional hospitals:
 - Deliveries at the Samara clinical hospital grew 10% y-o-y;
 - Deliveries at the Novosibirsk clinical hospital grew 11% y-o-y;
 - Ramp-up continues at the Tyumen hospital, which was opened in April 2019; in 9M 2020 the hospital saw 295 deliveries.
- Total like-for-like (LFL) deliveries remained flat y-o-y.
- Revenue from deliveries grew by 3% y-o-y and amounted to RUB 1,796 mln, or 14% of the Group's total revenue.
- The average check for deliveries amounted to RUB 429 thsd (up by 6% y-o-y) in Moscow and the Moscow Region, and RUB 154 thsd in the regions (up by 3% y-o-y).

IVF

- In 9M 2020, total IVF cycles decreased by 24% y-o-y to 10,243. This decline was mainly due to the temporary ban on IVF in a number of the regions where the Group operates amid the COVID-19 pandemic. At the same time, in Q3 2020 the number of cycles more than doubled compared to Q2 2020, which reflects a recovery in the dynamics of this service line. Cycles completed under the Mandatory Health Insurance (MHI) programme accounted for 52% of the total number of cycles for 9M 2020.
- Total LFL IVF cycles declined by 23% y-o-y and amounted to 9,911.
- Revenue from IVF declined by 17% y-o-y to RUB 2,324 mln, or 18% of the Group's total revenue.
- MHI services accounted for 33% of revenue from IVF (down by 3 p.p. from 9M 2019).
- The average check for commercial IVF cycles increased by 6% y-o-y to RUB 316 thsd, while the average check for IVF cycles under MHI increased by 6% y-o-y to RUB 145 thsd.

In-patient treatments

- In 9M 2020, total in-patient treatments grew by 31% y-o-y to 76,220 on the back of:
 - A 70% increase in traumatology in-patient treatments;
 - A 216% increase in internal medicine in-patient treatments, mainly due to the service adjustment at Lapino hospital to treat COVID-19 patients;
 - A 295% increase in oncology in-patient treatments.

Total in-patient treatments mainly grew thanks to the hospitals in Moscow and Ufa, as well as the continued ramp-up at the Tyumen hospital.
- Total LFL in-patient treatments increased by 27% y-o-y to 73,794.
- Revenue from in-patient treatments grew by 63% y-o-y to RUB 3,569 mln, or 28% of the Group's total revenue. This growth was mainly driven by the Lapino clinical hospital.
- The average check for in-patient treatments amounted to RUB 61.9 thsd (up by 26% y-o-y) in Moscow and the Moscow Region and RUB 32.3 thsd in other regions (up by 12% y-o-y). Growth in the average check was due to solid development of the oncology and surgery service offerings – both in Moscow and regional hospitals. The average check was also supported by treatment of COVID-19 patients.

Out-patient treatments

- In 9M 2020, total out-patient treatments decreased by 10% y-o-y to 1,158,073. The decline in the number of visits to medical facilities was mainly tied to temporary restrictions amid the COVID-19 pandemic and concerns among some patients about visiting public spaces.
- Total LFL out-patient treatments declined by 11% y-o-y to 1,130,729.
- Revenue from out-patient treatments declined by 5% y-o-y to RUB 3,512 mln, or 28% of the Group's total revenue.
- The average check for out-patient treatments amounted to RUB 3.0 thsd (up by 5% y-o-y).

Revenue and average check

In 9M 2020, total revenue grew by 7% y-o-y (up by RUB 860 mln y-o-y) to RUB 12,710 mln on the back of revenue growth for the following service lines:

- A 3% increase in revenue from deliveries;
- A 63% increase in revenue from in-patient treatments;
- A 9% increase in revenue from other services.

Growth in revenue and the average check for in-patient treatments was driven by Internal Medicine services, as well as by Oncology and Trauma services.

The average check for key services in 9M 2020 amounted to:

- RUB 313 thsd for deliveries, up by 1% y-o-y;
 - Moscow and the Moscow Region – RUB 429 thsd;
 - Other regions – RUB 154 thsd.
- RUB 227 thsd for IVF, up by 9% y-o-y;
- RUB 46.8 thsd for in-patient treatments, up by 24% y-o-y;
- RUB 3.0 thsd for out-patient treatments, up by 5% y-o-y.

Net debt

As of 30 September 2020, net debt decreased by RUB 2,343 mln, or by 66%, compared to 31 December 2019, to RUB 1,187 mln.

CAPEX

Total CAPEX in 9M 2020 decreased by 37% y-o-y to RUB 1,949 mln. Major investments included the construction of Lapino-2.

Operating results for Q3 and 9M 2020

	Consolidated data						Like-for-like		
	9M 2020	9M 2019	y-o-y, %	Q3 2020	Q3 2019	y-o-y, %	9M 2020	9M 2019	y-o-y, %
OBSTETRICS AND GYNAECOLOGY									
Deliveries	5,739	5,644	+2%	2,071	1,965	+5%	5,660	5,644	
In-patient treatments (except deliveries)	15,020	17,280	-13%	5,311	5,673	-6%	14,612	17,280	
Out-patient treatments	394,557	426,884	-8%	140,564	144,107	-2%	384,045	418,961	
IVF									
IVF	10,243	13,511	-24%	4,444	5,006	-11%	9,911	12,908	
PAEDIATRICS									
In-patient treatments	14,669	16,890	-13%	3,923	5,484	-28%	14,479	16,890	
Out-patient treatments	278,959	333,683	-16%	111,935	110,982	+1%	273,168	333,683	
OTHER MEDICAL SERVICES									
In-patient treatments	46,531	23,945	+94%	15,583	7,446	+109%	44,703	23,945	
Out-patient treatments	484,557	523,792	-7%	176,493	172,781	+2%	473,516	522,249	
TOTAL									
Total deliveries	5,739	5,644	+2%	2,071	1,965	+5%	5,660	5,644	
Total IVF	10,243	13,511	-24%	4,444	5,006	-11%	9,911	12,908	
Total in-patient treatments	76,220	58,115	+31%	24,817	18,604	+33%	73,794	58,115	
Total out-patient treatments	1,158,073	1,284,359	-10%	428,992	427,870	0%	1,130,729	1,274,893	

Revenue for 9M 2020, RUB mln¹

	Consolidated data			Like-for-like		
	9M 2020	9M 2019	y-o-y, %	9M 2020	9M 2019	y-o-y, %
Deliveries	1,796	1,749	+3%	1,785	1,749	+2%
IVF	2,324	2,816	-17%	2,260	2,704	-16%
In-patient treatments	3,569	2,194	+63%	3,483	2,194	+59%
Out-patient treatments	3,512	3,704	-5%	3,459	3,669	-6%
Other revenue	1,508	1,387	+9%	1,474	1,387	+6%
Total	12,710	11,850	+7%	12,461	11,702	+6%

Average check for 9M 2020, RUB thsd¹

	Consolidated data			Like-for-like		
	9M 2020	9M 2019	y-o-y, %	9M 2020	9M 2019	y-o-y, %
Deliveries	313	310	+1%	315	310	+2%
Moscow and the Moscow Region	429	403	+6%	429	403	+6%
Other regions	154	149	+3%	154	149	+3%
IVF	227	208	+9%	228	209	+9%
Commercial cycles	316	298	+6%	314	297	+6%
MHI	145	136	+6%	145	137	+7%
In-patient treatments	46.8	37.8	+24%	47.2	37.8	+25%
Moscow and the Moscow Region	61.9	49.0	+26%	61.9	49.0	+26%
Other regions	32.3	28.9	+12%	32.1	28.9	+11%
Out-patient treatments	3.0	2.9	+5%	3.1	2.9	+6%

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.

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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 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.

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.