



MOTHER & CHILD
GROUP OF COMPANIES

MDMG DEMONSTRATES SUSTAINABLE RESULTS IN CHALLENGING ENVIRONMENT

31 July 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 H1 2020.¹

Key highlights for H1 2020:

- Total **revenue** increased by 2% year-on-year (y-o-y) to RUB 7,974 mln;
- Total **deliveries** were nearly flat y-o-y and amounted to 3,668. **Revenue** from deliveries increased by 2% y-o-y to RUB 1,148 mln;
- Total **IVF** cycles decreased by 32% y-o-y to 5,799. **Revenue** from IVF decreased by 25% y-o-y to RUB 1,346 mln;
- Total **in-patient treatments** increased by 23% y-o-y to 48,603. **Revenue** from in-patient treatments increased by 61% y-o-y to RUB 2,405 mln;
- Total **out-patient treatments** decreased by 15% y-o-y to 729,121. **Revenue** from out-patient treatments decreased by 12% y-o-y to RUB 2,172 mln.

Mark Kurtser, CEO of MD Medical Group, said:

“We completed the first six months of 2020 with a solid operating performance despite the unprecedented and challenging environment due to the pandemic.

“Starting from mid-March, MD Medical Group was on the frontline of the fight with COVID-19. We managed to quickly convert our Lapino hospital for the treatment of patients with coronavirus, while transferring all other patients to the MD Group hospital in Moscow. The Company has gained valuable experience in the efficient admission and treatment of a large inflow of patients of all ages, including pregnant women, and has further expanded its competences. We have achieved strong medical results helping our patients to recover and emerged out of this period more prepared to face similar extraordinary situations, including a potential second wave of COVID-19. By demonstrating our ability to quickly adapt and offer new in-demand medical services of a high level, we further strengthened customer loyalty. Amid the decreased inflow of patients with coronavirus, from 8 June, the Lapino hospital has returned to its normal format.

“All the Company’s other medical centres have continued business as usual. As a result, in H1 2020, we increased our revenue by 2% year-on-year to RUB 7,974 mln. In-patient treatments grew by 23% year-on-year, mainly due to the planned growth in Oncology, Trauma and Surgery treatments. This indicator was also supported by treatment of COVID-19 patients at Lapino. Deliveries remained nearly flat year-on-year, while the corresponding revenue grew 2% thanks to a higher average check. At the same time, in Q2 2020, deliveries demonstrated a 3% year-on-year growth. The number of IVF cycles and out-patient treatments declined by 32% and 15%, respectively. This was due to the temporary ban of IVF and a number of other elective medical services introduced by local authorities in order to prevent the spread of COVID-19 in the majority of regions where the Group operates. This decline was also due to the changes in consumer behaviour amid self-isolation

¹ Data is based on management accounts.

measures. As a result, our patients did not have an opportunity to get IVF or other planned medical procedures and were forced to temporarily postpone treatment. However, we expect that these patients will return to us for such medical services which in turn will positively impact our performance in H2 2020. We are already seeing signs of recovery in demand.

“Amid strong results in H1 2020, the Company has maintained a solid financial position. As of the end of the reporting period, net debt declined by 35% from the beginning of 2020.

“I want to once again thank our doctors, medical staff and management for their dedicated and efficient performance in such a challenging period which we successfully got through together.”

Key operational highlights for H1 2020:

Deliveries

- In H1 2020, total deliveries were nearly flat y-o-y and amounted to 3,668;
- Total like-for-like (LFL) deliveries decreased by 2% y-o-y;
- Revenue from deliveries grew by 2% y-o-y and amounted to RUB 1,148 mln, or 14% of the Group's total revenue;
- The average check for deliveries amounted to RUB 425 thsd (up by 7% y-o-y) in Moscow and the Moscow Region, and RUB 151 thsd in the regions (up by 2% y-o-y).

IVF

- In H1 2020, total IVF cycles decreased by 32% y-o-y to 5,799. 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. Cycles completed under the Mandatory Health Insurance (MHI) programme accounted for 49% of the total number of cycles for H1 2020;
- Total LFL IVF cycles declined by 32% y-o-y and amounted to 5,524;
- Revenue from IVF declined by 25% y-o-y to RUB 1,346 mln, or 17% of the Group's total revenue;
- MHI services accounted for 31% of revenue from IVF (down by 3 p.p. from H1 2019);
- The average check for commercial IVF cycles increased by 5% y-o-y to RUB 313 thsd, while the average check for IVF cycles under MHI increased by 9% y-o-y to RUB 146 thsd.

In-patient treatments

- In H1 2020, total in-patient treatments grew by 23% y-o-y to 48,603 on the back of:
 - A 341% increase in internal medicine in-patient treatments due to performance at Lapino hospital amid the COVID-19 pandemic;
 - A 100% increase in oncology in-patient treatments, mainly due to performance at hospitals in Novosibirsk, Ufa and Lapino;
 - A 32% increase in traumatology in-patient treatments, mainly due to performance at hospitals in Tyumen and Lapino;
- Total LFL in-patient treatments increased by 17% y-o-y to 46,177;
- Revenue from in-patient treatments grew by 61% y-o-y to RUB 2,405 mln, or 30% of the Group's total revenue. This growth was mainly driven by the clinical hospital Lapino;
- The average check for in-patient treatments amounted to RUB 60.5 thsd (up by 22% y-o-y) in Moscow and the Moscow Region and RUB 36.3 thsd in other regions (up by 28% y-o-y). Growth in the average check was due to solid development of oncology and surgery service offering – both in Moscow and regional hospitals. The average check was also supported by treatment of COVID-19 patients.

Out-patient treatments

- In H1 2020, total out-patient treatments decreased by 15% y-o-y to 729,121, on the back of:
 - A 25% decrease in paediatrics out-patient treatments;
 - A 10% decrease in OBGYN out-patient treatments;
 - An 12% decrease in other medical services out-patient treatments.
- Total LFL out-patient treatments declined by 17% y-o-y to 704,196;
- Revenue from out-patient treatments declined by 12% y-o-y to RUB 2,172 mln, or 27% of the Group's total revenue.
- The average check for out-patient treatments amounted to RUB 3.0 thsd (up by 3% y-o-y).

Revenue and average check

In H1 2020, total revenue grew by 2% y-o-y (up by RUB 149 mln y-o-y) to RUB 7,974 mln. Growth in revenue and average check for in-patient treatments was driven by Internal Medicine services, as well as by Oncology, Trauma and Surgery services, which the Group has continued to systematically roll out in the recent years and which are comparable in terms of margins to our medical services for women and children on which the Company was originally focused.

The average check for key services in H1 2020 amounted to:

- RUB 313 thsd for deliveries, up by 2% y-o-y;
 - Moscow and the Moscow Region – RUB 425 thsd;
 - Other regions – RUB 151 thsd;
- RUB 232 thsd for IVF, up by 10% y-o-y;
- RUB 49.5 thsd for in-patient treatments, up by 31% y-o-y;
- RUB 3.0 thsd for out-patient treatments, up by 3% y-o-y.

Net debt

As of 30 June 2020, net debt decreased by RUB 1,221 mln, or by 35%, compared to 31 December 2019, to RUB 2,309 mln.

CAPEX

Total CAPEX in H1 2020 decreased by 40% y-o-y to RUB 1,338 mln. Major investments included the construction of Lapino-2.

Operating results for Q2 and H1 2020

	Consolidated data						Like-for-like		
	H1 2020	H1 2019	y-o-y, %	Q2 2020	Q2 2019	y-o-y, %	H1 2020	H1 2019	y-o-y, %
OBSTETRICS AND GYNAECOLOGY									
Deliveries	3,668	3,679	0%	1,920	1,868	+3%	3,589	3,679	-2%
In-patient treatments (except deliveries)	9,709	11,607	-16%	4,247	5,708	-26%	9,301	11,607	-20%
Out-patient treatments	254,010	282,777	-10%	112,372	142,007	-21%	245,632	274,854	-11%
IVF									
IVF	5,799	8,505	-32%	1,851	4,650	-60%	5,524	8,090	-32%
PAEDIATRICS									
In-patient treatments	10,704	11,406	-6%	4,023	5,161	-22%	10,514	11,406	-8%
Out-patient treatments	167,410	222,701	-25%	59,663	110,876	-46%	162,029	222,701	-27%
OTHER MEDICAL SERVICES									
In-patient treatments	28,190	16,498	+71%	17,920	8,008	+124%	26,362	16,498	+60%
Out-patient treatments	307,701	351,011	-12%	124,649	174,514	-29%	296,535	349,981	-15%
TOTAL									
Total deliveries	3,668	3,679	0%	1,920	1,868	+3%	3,589	3,679	-2%
Total IVF	5,799	8,505	-32%	1,851	4,650	-60%	5,524	8,090	-32%
Total in-patient treatments	48,603	39,511	+23%	26,190	18,877	+39%	46,177	39,511	+17%
Total out-patient treatments	729,121	856,489	-15%	296,684	427,397	-31%	704,196	847,536	-17%

Revenue for H1 2020, RUB mln¹

	Consolidated data			Like-for-like		
	H1 2020	H1 2019	y-o-y, %	H1 2020	H1 2019	y-o-y, %
Deliveries	1,148	1,129	+2%	1,137	1,129	+1%
IVF	1,346	1,789	-25%	1,293	1,712	-24%
In-patient treatments	2,405	1,494	+61%	2,319	1,494	+55%
Out-patient treatments	2,172	2,481	-12%	2,127	2,451	-13%
Other revenue	904	932	-3%	870	932	-7%
Total revenue	7,974	7,825	+2%	7,746	7,718	0%

Average check for H1 2020, RUB thsd¹

	Consolidated data			Like-for-like		
	H1 2020	H1 2019	y-o-y, %	H1 2020	H1 2019	y-o-y, %
Deliveries	313	307	+2%	317	307	+3%
Moscow and the Moscow Region	425	398	+7%	425	398	+7%
Other regions	151	147	+2%	151	147	+3%
IVF	232	210	+10%	234	212	+11%
Commercial cycles	313	298	+5%	311	296	+5%
MHI	146	134	+9%	147	134	+10%
In-patient treatments	49.5	37.8	+31%	50.2	37.8	+33%
Moscow and the Moscow Region	60.5	49.8	+22%	60.5	49.8	+22%
Other regions	36.3	28.4	+28%	36.4	28.4	+28%
Out-patient treatments	3.0	2.9	+3%	3.0	2.9	+4%

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.