



MOTHER & CHILD
GROUP OF COMPANIES

MD MEDICAL GROUP POSTS 32% REVENUE AND 34% NET PROFIT GROWTH IN FY2015

21 March 2016, Moscow – MD Medical Group Investments Plc (“MD Medical Group”, “MDMG” or the “Company” – LSE: MDMG), a leading Russian private healthcare provider, announces its audited consolidated financial statements for the full year ended 31 December 2015 under International Financial Reporting Standards (“IFRS”).

FY 2015 Key Highlights

- **Revenue** increased 32% year-on-year (y-o-y) to RUB 9,507 mln vs. RUB 7,201 mln in FY 2014, driven principally by the continued ramp-up of the Group’s hospitals in Ufa and Lapino, as well as the first full year of Mother and Child Novosibirsk (formerly Avicenna) operating as part of the Group.
- **EBITDA** grew by 28% to RUB 2,675 mln. The **EBITDA margin** stood at 28%.
- **Net profit** grew by 34% y-o-y to RUB 1,770 mln.
- **Operating cash flow** increased by 34% y-o-y to RUB 2,818 mln.
- **CAPEX** amounted to 1,069 mln, and was mostly accounted for by the purchase of Medica clinic in Novokuznetsk, the construction of a new wing at the Novosibirsk hospital, current operations, as well as repayments of payables from previously concluded contracts.
- **Working capital** continued to be negative at RUB (1,216) mln, remaining at the year-on-year comparable share of approx. 13% of revenue.
- **Debt** decreased 16% y-o-y to RUB 3,454 mln, while net debt amounted to RUB 1,680 mln. The net debt to EBITDA ratio decreased to 0.6x.

FY 2015 Financial Highlights (RUB mln)

	FY 2015	FY 2014	Change y-o-y, %
Revenue	9,507	7,201	32%
Gross profit	3,589	2,971	21%
EBITDA	2,675	2,083	28%
EBITDA margin, %	28%	29%	-1 p.p.
Net profit	1,770	1,320	34%
CAPEX incl. M&A	1,069	4,932	-4.6x
Operating cash flow (net)	2,818	2,106	34%
Working capital	(1,216)	(1,086)	+12%
Debt	3,454	4,120	-16%

Elena Mladova, CEO of MD Medical Group, commented on the FY 2015:

“I am pleased to report that in 2015 we achieved record financial results. Revenue grew by 32% to RUB 9,507 mln. EBITDA improved by 28% to RUB 2,675 mln with an EBITDA margin of 28%. Net profit amounted to RUB 1,770 mln, up 34% year-on-year.

“These strong results were achieved thanks to the successful operational performance of our hospitals and clinics across Russia. Our regional expansion strategy, aimed at offering high-technology medical services to residents throughout Russia, has once again proven to be effective. In 2015, the share of regional facilities in our overall revenue structure grew significantly and reached 32%, against 22% in 2014.

“In particular, this was due to growth at the Mother and Child Ufa hospital and the results of Mother and Child Novosibirsk, which completed its first full year of operations as part of the Group. For the third year running, our Lapino hospital significantly contributed to overall results due to the increased inflow of patients who entrust their health to our Group’s doctors.

“Last year, we focused on expanding our network in the regional market to strengthen our leading position in the assisted reproductive technologies segment. In early 2015, we opened a clinic in Ryazan – the first to offer IVF in the Ryazan region. This saved hundreds of families from needing to visit Moscow or other major cities to receive this and other services. In Autumn, we started the construction of a new wing at our Novosibirsk hospital, which will enable us to significantly increase our capacity in this major Russian city. In late December, we completed our acquisition of Medica clinic – the undisputed leader for IVF in Novokuznetsk. At the start of 2016, we acquired ARTMedGroup, a chain of five clinics, further strengthening our leading position in the IVF market in Russia.

“We are committed to expanding further in regions where we continue to see sizeable growth opportunities. I believe that MD Medical Group is well-positioned to maintain strong momentum in 2016 thanks to the recent reinforcement of our chain with high-level facilities and significant growth potential of our existing hospitals and clinics.”

FY 2015 Business Highlights

- Significant growth at Mother and Child Ufa:
 - 751 deliveries; deliveries department utilization reached 25%.
 - 375 IVF cycles; infertility treatment and IVF department utilization amounted to 34%.
 - 101,720 out-patient visits; out-patient department utilization amounted to 42%.
 - 8,443 in-patient days; out-patient department utilization amounted to 22%.
- The number of patients at Lapino continued to grow in 2015. The average capacity utilization rate in 2015 amounted to 66% at the deliveries department, 56% at the infertility treatment and IVF department (opened in January 2014), 71% at the in-patient department, and 69% at the out-patient department.
- Launch of construction of a new in-patient wing attached to the existing Mother and Child hospital in Novosibirsk. The new 7,000 sq m wing will include 48 beds, 20 offices, as well as three state-of-the-art operating rooms with high-tech equipment, significantly increasing the hospital's capacity. In particular, the deliveries department will be able to cater for up to 800 deliveries per year (+48%); the capacities of the OBGYN and surgical departments will increase by 83% and 310% to 8,030 and 14,965 in-patient treatments, respectively, while the potential number of out-patient treatments will rise 33% to 538,560 per year. Once opened, the new wing will enable the hospital to offer a range of new services, including those not currently available in the city or the region.
- The acquisition of Medica, a clinic focused on women's and reproductive health located in Novokuznetsk, Kemerovo region. Medica is a leader in fertility services in Novokuznetsk, accounting for 63% of IVF cycles in the city in 2014. As well as expanding MD Medical Group's geographical footprint into a region with high birth rates, the acquisition additionally strengthens the Company's status as the leading IVF provider in Russia's private healthcare market.
- Opening of a clinic in Ryazan, which was the first to offer IVF in the Ryazan region, along with a number of unique OBGYN services. The clinic also provides numerous diagnostic and therapeutic services in paediatrics.

Revenue

Revenue grew by 32% y-o-y to RUB 9,507 mln thanks to the increased number of patients at Lapino and Ufa, the first full year of operations at Mother and Child Novosibirsk as a member of the Group, as well as improved performance of the Group's existing clinics.

The share of regional clinics and hospitals in the overall structure of the Group's revenue grew significantly y-o-y to 32% versus 22% in 2014. This growth rate was due to the opening of the hospital in Ufa and its increased capacity utilization, as well as the first full year of Novosibirsk hospital operating as part of the Group.

Core medical services – OBGYN, deliveries, IVF and paediatrics – accounted for 73% of the Group's revenue. Other medical services accounted for 22% and grew at the fastest rate (+70% y-o-y).

Revenue structure in FY 2015 (RUB mln)

FY 2014	FY 2015	Change, %	Type of revenue	LFL FY 2014	LFL FY 2015	Change, %
1,960	2,326	19%	OBGYN (excl. deliveries)	1,960	2,189	12%
1,444	1,750	21%	Deliveries	1,444	1,643	14%
1,187	1,615	36%	IVF	1,187	1,421	20%
1,058	1,288	22%	Paediatrics	1,058	1,225	16%
1,249	2,120	70%	Other medical services	1,249	1,574	26%
303	407	35%	Other revenue	303	401	33%
7,201	9,507	32%		7,201	8,453	17%

Operating expenses, excl. D&A

Cost of sales including general and administrative expenses and excluding D&A amounted to RUB 6,830 mln in FY 2015 (up 34% y-o-y). LFL expenses increased by 14% to RUB 5,854 mln, while LFL revenue grew 17%.

The increase in expenses in 2015 was mainly linked to a higher number of patient visits, price inflation of materials, as well as the increased number of the Group's clinics.

CAPEX and Balance Sheet

Total CAPEX including M&A amounted to RUB 1,069 mln vs. RUB 4,932 mln in FY 2014. 26% of investment, or RUB 281 mln, was spent on M&A. 24%, or RUB 252 mln, was spent on current operations. RUB 223 mln represented repayment of payables on concluded contracts relating to the hospitals at Lapino and Ufa; RUB 212 mln was spent on the construction of a new wing at Mother and Child Novosibirsk. Other expenses related to additional projects within the Group.

As of 31 December 2015, the Group's debt decreased by 16% y-o-y to RUB 3,454 mln. Net debt amounted to RUB 1,680 mln, down 48% compared to the end of 2014. The net debt to EBITDA ratio decreased to 0.6x.

The Company maintains negative working capital as a source of additional financing. Working capital increased 12% y-o-y to RUB (1,216) mln and amounted to 13% of revenue.

Subsequent Events

The Group completed its acquisition of the ARTMedGroup (AMG), a chain of reproductive technology centres, and one of Russia's five largest healthcare companies and the Siberian market leader in completed IVF cycles.

The AMG chain comprises of five centres in some of Siberia's largest cities: Krasnoyarsk (two clinics), Omsk, Novosibirsk and Barnaul. AMG's primary area of focus is IVF, as well as women's and children's healthcare services, which are fully complementary to MDMG's core specialisms.

The Board of Directors recommended a final dividend for the year of RUB 500 mln, or RUB 6.66 per share, representing 31% of net profit attributable to the owners of the Company.

Approval of dividends will be discussed at the Annual General Meeting of shareholders (AGM) scheduled for 15 April 2016. The record date for participation in the AGM is 18 March 2016. The deadline for GDR holders to vote is 12 April 2016.

Subject to shareholders' approval of the dividend at the AGM, the dividend record date is set as 22 April 2016. The Group's Global Depositary Receipts will be marked as ex-dividend on 21 April 2016. The pay date for GDR holders is set for 20 May 2016. Information regarding dividend taxation according to the Russian Tax Code is listed in Appendix 1.

Consolidated financial statements are available on the Company's web site:
<http://www.mcclinics.com/investors/financialreports/>

Conference call:

The Company will host a conference call and webcast for investors and analysts on 21 March 2016 at 3.30 pm Moscow time (12.30 pm London; 08.30 am New York).

The call will be hosted by:

- Mark Kurtser, Chairman of the Board of Directors
- Elena Mladova, Chief Executive Officer
- Vitaly Ustimenko, Deputy CEO for Finance and Economics
- Elena Romanova, Head of Investor Relations

The dial-in and online viewing details are below:

Webcast link:

<http://wcc.webeventservices.com/r.htm?e=1158047&s=1&k=36039E69D2D5D30009D985AA3301E495>

Conference-call details:

- Russian Federation, Moscow Toll-Free: 8 108 002 806 30 11
- UK: +44 207 162 00 77
- US Toll-Free Number: +1 334 323 62 01

Access Code: 958039

Other countries need to register using this link to receive the dial-in details:

<http://wcc.webeventservices.com/r.htm?e=1158047&s=1&k=36039E69D2D5D30009D985AA3301E495>

Please note that this call is only intended for investors and analysts.

For further information please contact:

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About MD Medical Group

MD Medical Group operates in the highly attractive Russian private healthcare service market and has a leading position in high-quality women's health and paediatrics. The company manages 29 modern healthcare facilities, including 4 hospitals and 25 outpatient clinics in Moscow, St. Petersburg, Ufa, Perm, Samara and Samara region, Irkutsk, Novosibirsk, Irkutsk, Yaroslavl, Ryazan, Novokuznetsk, Krasnoyarsk, Omsk, and Barnaul.

The Company's shares have been listed on the London Stock Exchange (LSE ticker "MDMG") in the form of Global Depository 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.