MOTHER & CHILD
GROUP OF COMPANIES

MD MEDICAL GROUP POSTS 24% NET PROFIT GROWTH IN 1H 2017

11 September 2017, Moscow – MD Medical Group Investments Plc ("MD Medical Group", "MDMG", the "Group" or the "Company" – LSE: MDMG), a leading Russian private healthcare provider, announces its audited consolidated financial statements for the six months ended 30 June 2017 under International Financial Reporting Standards ("IFRS").

1H 2017 Key Highlights

- **Revenue** increased by 14% year-on-year (y-o-y) to RUB 6,618 mln vs. RUB 5,814 mln in 1H 2016, driven mainly by the continued ramp-up at the Company's hospitals in Lapino and Ufa, as well as the opening of a hospital in Novosibirsk.
- **EBITDA** grew 14% y-o-y to RUB 1,888 mln. **Like-for-like EBITDA** grew 12% y-o-y. The **EBITDA margin** was 29%.
- **Net profit** grew 24% y-o-y to RUB 1,225 mln.
- **CAPEX** amounted to RUB 854 mln. Key investments included the construction of a new hospital in Samara (RUB 494 mln), a new wing at the Novosibirsk hospital (RUB 139 mln) and maintenance of existing assets (RUB 141 mln).
- **Debt** decreased by 4% from 31 December 2016 to RUB 3,140 mln, while **net debt** decreased 29% from the end of 2016 to RUB 1,162 mln as cash and equivalents increased by 20% from 31 December 2016 to RUB 1,978 mln. The net debt to EBITDA[1] ratio decreased to 0.3x.
- **Working capital** remained negative at RUB (1,481) mln and represented 11% of revenue[2].

[1] Annualised EBITDA for 1H 2017
[2] Annualised revenue for 1H 2017

1H 2017 Financial Highlights (RUB mln)

	1H 2017	1H 2016	Changes y-o-y, %
Revenue	6,618	5,814	+ 14%
Gross profit	2,478	2,222	+ 12%
EBITDA	1,888	1,657	+ 14%
EBITDA margin, %	29%	29%	+ 0 p.p.
Net profit	1,225	987	+ 24%
CAPEX incl. M&A	854	1,009	-15%
Operating cash flow (net)	1,994	1,788	+ 12%
Working capital	(1,481)	(1,376)*	+ 8%
Net debt	1,162	1,648*	- 29%

* As of 31 December 2016

1H 2017 Business Highlights

- *Continued ramp-up at Mother & Child Ufa*. Capacity utilisation rates continued to grow in 1H 2017 and amounted to 34% for deliveries, 77% for IVF, 47% at the in-patient department and 51% at the out-patient department.
- *Groundbreaking ceremony for a new hospital and the opening of a new clinic in Tyumen*. It is expected that the new multi-disciplinary hospital with an area of 15,000 sqm will comprise 164 beds. Its annual capacity will be up to 3,000 deliveries, 1,200 IVF cycles, and 397,000 out-patient visits. The Group also opened an out-patient clinic in Tyumen with an annual capacity of 1,500 out-patient visits, 500 IVF cycles, and 200 endoscopic procedures. It offers the Group's trademark services including OBGYN, prenatal care, infertility treatment and IVF.
- *Opening of a new hospital in Novosibirsk*. The merger with the existing Avicenna Mother & Child Novosibirsk hospital created the largest private healthcare facility in Siberia. The opening of a new building delivered a significant capacity increase, with the total floor area more than tripling to 10,260 sqm. The new building offers 93 beds, 27 offices, and three state-of-the-art operating theatres with high-tech equipment.

  As a result, the deliveries department is able to handle up to 1,000 deliveries per year; in-patient OBGYN and surgical departments' capacities have increased to 7,300 and 11,680 patient days, respectively, while the potential volume of out-patient treatments has increased to 228,900 per year.
- *Opening of a new IVF clinic in Vladimir - the first Group's clinic in the Vladimir Region*. The clinic works closely with MDMG's clinics in Moscow and Yaroslavl where the second stage

of IVF will take place. The new clinic is able to handle up to 500 IFV cycles, including as part of the national Mandatory Health Insurance (MHI) programme, and up to 15,000 doctor visits per year.

Commenting on the 1H 2017 financial results, Mark Kurtser, CEO of MD Medical Group, said:

"In 1H 2017, we continued to develop our business, improving our financial performance thanks to strong operational results for the period.

"Revenue for 1H 2017 grew 14% y-o-y to RUB 6,618 mln. Our EBITDA was up by 14% to RUB 1,888 mln, with our EBITDA margin at 29%. Net profit increased by 24% to RUB 1,225 mln. The company maintains a very strong financial position with net debt having been reduced by 29% from the end of 2016, resulting in the further decrease of Net debt to EBITDA ratio to 0.3x.

"Key drivers were continued capacity utilisation growth at our hospitals in Lapino, Ufa, and our new hospital in Novosibirsk which we opened in February 2017, as well as in our clinics in Siberia, which we acquired in 2016. IVF was our fastest growing segment, its revenue grew 30% y-o-y to RUB 1,524 mln, representing 23% of the Group's total revenue for the period. From the beginning of the year we expanded our IVF capacities by around 2,000 cycles per year by opening our first clinics in Vladimir and Tyumen, as well as expanding the St Petersburg clinic. And as the leader in IVF in Russia, we see significant potential for further growth.

"In addition to opening new and modernising existing clinics, we continued to expand our chain of high-tech hospitals. In line with our strategy, we have already opened a hospital in Novosibirsk, and we are continuing with the construction of our next hospital – in Samara, and we have started building our first hospital in Tyumen – a new and highly promising region for us.

"All these efforts are ultimately aimed at increasing shareholder value. And I am pleased to announce that dividends for the first half of 2017 will amount to 29% of net profit attributable to shareholders.

"We are optimistic about our performance in the second half of the year – traditionally a key period in our business."

Revenue

Revenue grew by 14% y-o-y to RUB 6,618 mln thanks to higher patient numbers at Lapino, Ufa, and new hospital in Novosibirsk opened in February 2017, as well as the Siberian clinics, which the Company acquired in 2016. Existing clinics also contributed to the revenue growth.

Key areas of focus – OBGYN, deliveries, IVF and paediatrics – represent 73% of the Group's revenue. IVF had the largest share of the Group's revenue (23% of total revenue vs 20% in 1H 2017) and was the fastest-growing service line (up 30% y-o-y). The share of other medical services (surgery, urology, traumatology, etc.) grew from 22% to 24%. Deliveries and OBGYN contributed 16% and 20% to the total revenue, respectively.

Revenue structure in 1H 2017 (RUB mln)

1H 2016	1H 2017	Change, %	Type of revenue	LFL 1H 2017	LFL 1H 2016	Change, %
1,175	1,524	30%	IVF	1,433	1,175	22%
1,301	1,352	4%	OBGYN (excl. deliveries)	1,301	1,302	0%
1,086	1,069	-2%	Deliveries	1,069	1,086	-2%
763	859	13%	Paediatrics	859	763	13%
1,265	1,602	27%	Other medical services	1,592	1,265	26%
225	212	-6%	Other revenue	209	225	-7%
5,814	**6,618**	**14%**		**6,463**	**5,814**	**12%**

Operating expenses, excl. D&A

Cost of sales, including general and administrative expenses and excluding D&A, amounted to RUB 4,728 mln in 1H 2017 (up 14% y-o-y).

LFL expenses (+11%) grew at a slower pace than LFL revenue (+12%) and amounted to RUB 4,614 mln.

The increase in expenses was mainly due to the higher number of patient visits and cost inflation.

CAPEX and Balance Sheet

Total CAPEX amounted to RUB 854 mln (vs. RUB 1,009 mln in 1H 2016). Major investments included the construction of a new hospital in Samara (RUB 494 mln), building a new wing at Mother and Child Novosibirsk (RUB 139 mln) and maintenance of existing assets (RUB 141 mln).

As of 30 June 2017, the Group's debt increased by 4% as compared to 31 December 2016, while cash and equivalents increased by 20%. Net debt amounted to RUB 1,162 mln, down 29% compared to 31 December 2016.

The net debt to annualised EBITDA ratio declined to 0.3x.

The Company has historically maintained negative working capital as a source of additional financing. Working capital increased 8% y-o-y to RUB (1,481) mln and amounted to 11% of annualised revenue.

Events occurring after the reporting period

The Board of Directors at its meeting on 8 September 2017 approved a final dividend for 1H 2017 of RUB 350 mln, or RUB 4.67 per share, representing 29% of net profit attributable to the owners of the Company.

The dividend record date is set as 15 September 2017. The Group's Global Depositary Receipts will be marked as ex-dividend on 14 September 2017. The pay date for GDR holders is set for 24 October 2017.

Under the Russian Tax Code, dividends paid by Russian companies are subject to the following tax rates:

1) 15% as a general rule;
2) A reduced rate may be applied in the case of Russian tax residents and residents of foreign jurisdictions whose Governments have signed a double taxation treaty ("DTT") with the Government of Russia. Countries that have signed a DTT with Russia are listed in Appendix 2. Terms for applying a reduced tax rate for certain countries are set out in Appendix 3.

Detailed information regarding dividend taxation and applicable reduction 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 today at 5.00 pm Moscow time (3.00 pm London; 10.00 am New York).

MD Medical Group will be represented by:
- Dr Mark Kurtser, CEO and Member of Board of Directors
- Mr Andrey Khoperskiy, Deputy CEO for Finance and Economics
- Mrs Elena Romanova, Head of IR Department

The press release, presentation and financial statements will be available prior to the conference call on the Company's website: http://www.mcclinics.com

The dial-in and online viewing details are below:
Webcast-Link:
http://www.incommuk.com/customers/mdmedicalgroupweb
Pre-register at:
http://www.incommuk.com/customers/mdmedicalgrouph1
(Registering at this link will allow you to dial straight into the call without needing to speak to an operator)

Conference-call details:

- Russia, Moscow Toll-Free: +7 499 281 67 34

- UK: + 44 20 3059 8125
- US Toll-Free: +1 7249 289 460
- All other locations: + 44 20 3059 8125

Participants need to quote call ID: **19365179**
Please note that this call is only intended for investors and analysts.

This announcement contains inside information.

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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 33 modern healthcare facilities, including 4 hospitals and 29 outpatient clinics in Moscow and Moscow region, St. Petersburg, Ufa, Perm, Samara and Samara region, Irkutsk, Novosibirsk, Irkutsk, Yaroslavl, Ryazan, Kostroma, Novokuznetsk, Krasnoyarsk, Omsk, Barnaul, Vladimir, and Tyumen.

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.