MOTHER & CHILD
GROUP OF COMPANIES

MD MEDICAL GROUP REPORTS 36% REVENUE GROWTH IN 1H 2015

7 September 2015, **Moscow**. MD Medical Group Investments Plc ("MDMG", the "Company", or the "Group"), Russia's leading provider of private women's and children's healthcare, announces its audited consolidated financial statements for the six months ended 30 June 2015 under International Financial Reporting Standards ("IFRS").

1H 2015 Key Highlights

- **Revenue** increased 36% year-on-year (y-o-y) to RUB 4,518 mln vs. RUB 3,330 mln in 1H 2014, on the back of the continued ramp up at Lapino, improving performance at existing clinics and the new hospital Mother and Child Ufa, as well as the results of the Avicenna Medical Centre ("Mother and Child Novosibirsk"), acquired in 4Q 2014.
- **EBITDA** grew 29% y-o-y to RUB 1,253 mln while **like-for-like (LFL) EBITDA** for the period increased by 25%. **LFL EBITDA margin** amounted to 32% while the Group's EBITDA margin was 28%.
- **Net profit** increased 23% y-o-y and amounted to RUB 768 mln.
- **Operating cash flow** increased 31% y-o-y to RUB 1,292 mln.
- **CAPEX** amounted to RUB 343 mln and mostly represented repayments of payables to contractors under the Group's investment projects.
- **Net debt** decreased 35% y-o-y to RUB 2,096 mln thanks to an increase in cash and cash equivalents during the period by 72% y-o-y to RUB 1,531 mln. The net debt to annualised EBITDA ratio decreased to 0.8x.
- **Working capital** retained negative accounting for RUB (1,128) mln and amounted to 12% of annualised revenue.

1H 2015 Financial Highlights (in RUB mln)

	1H 2015	1H 2014	Change y-o-y, %
Revenue	4,518	3,330	+ 36%
Gross profit	1,684	1,374	+ 23%
EBITDA	1,253	969	+ 29%
EBITDA margin, %	28%	29%	- 1 p.p.

Net profit	768	625	+ 23%
CAPEX incl. M&A	343	1,644	- 5x
Operating cash flow (net)	1,292	988	+ 31%
Working capital	1,128	1,086*	+ 4%
Net debt	2,096	3,230*	- 35%

* As of 31 December 2014

1H 2015 Business Highlights

- Continued ramp-up at Lapino. Utilisation in the deliveries department reached 63%, in the in-patient department – 63%, and 70% in the out-patient department.
- Hospital Mother and Child Ufa, which opened in October 2014 and became the first multi-disciplinary in-patient facility of such scale in the Russian regions, continued operating successfully. As of the end of 1H 2015 utilisation rates amounted to 27% for the deliveries department, 23% for the in-patient department, and 31% for the out-patient department.
- Clinic Mother and Child Ryazan opened in February 2015 and is the only facility to offer certain services in the region: IVF and a number of unique OBGYN services were launched for the first time in the Ryazan region. Unlike the Group's other medical facilities in Russia's regions, the clinic provides numerous diagnostic and therapeutic services in paediatrics.
- The integration of clinics and hospital in Novosibirsk which were acquired in October 2014 and have operated for 20 years in the Novosibirsk region. MDMG management pays particular attention to applying uniform medical protocols and quality standards at the Group's new facilities, integrating IT systems and consolidating procurement.

Commenting on the 1H 2015 financial results, Vitaly Ustimenko, Deputy CEO for Economics and Finance of MD Medical Group, said:

"In the first half of 2015 we further strengthened our leading position on the Russian private healthcare market with increased financial indicators on the back of solid operational performance, despite continued macroeconomic challenges.

"Key factors in our 36% year-on-year revenue growth include the continued ramp-up at Lapino, successful development of other medical facilities including our new hospital in Ufa, as well as the results of Mother and Child Novosibirsk.

"Services for women and children, the key focus of the Group, continue to dominate our revenue structure. At the same time, I would like to highlight the significant growth in the 'other medical services' segment as a result of Group efforts to develop high-tech, high-margin medical services.

"I am also glad to report a growth in the Group's EBITDA and LFL EBITDA by 29% and 25%, respectively. LFL EBITDA margin amounted to 32%. Launch of a new hospital in Ufa and a clinic in Ryazan put pressure on the Group's margins, in line with expectations, however the effect was just -2p.p., and the overall EBITDA margin totalled 28%.

"We improved our financial position with a decrease in net debt by 35% versus the end of 2014. Net debt to EBITDA ratio decreased to a conservative level of 0.8x.

"On the back of our current success, we aim to achieve strong results in 2H 2015."

Revenue Structure

Below is a breakdown of the Group's revenue structure by services.

- OBGYN (excluding deliveries) maintained the largest share in the Group's revenues structure with a contribution of 24%;
- Deliveries accounted for 19% of the Group's revenues;
- The IVF segment contributed 16% of the total revenues;
- Paediatrics accounted for 14% of total income;
- The Other medical services segment increased its share to 23% of revenue.

Other medical services demonstrated the highest growth in revenue, which was up 95% or RUB 505 mln. This was due to an increase in the following indicators:

a) laboratory tests, accounting for 29% of the segment;
b) medical investigations carried out at the Group's diagnostics centres, including MRI and CT diagnostics, X-ray, non-OBGYN and non-paediatrics appointments, etc. These services accounted for 22% of the Other medical services segment;
c) general surgery, surgery in the urology, oncology and cardiology departments following the consolidation of Mother and Child Novosibirsk.

The Group's total revenue increased due to growth in patient volume at Lapino, improved performance of the existing clinics and results of clinics and hospital in Novosibirsk.

Revenue structure in 1H 2015 (RUB mln)

1H 2014	1H 2015	Change, %	Type of revenue	LFL 1H 2014	LFL 1H 2015	Change, %
951	1,094	15%	**OBGYN (excl. deliveries)**	951	1,013	7%
661	849	29%	**Deliveries**	661	783	19%
534	711	33%	**IVF**	534	606	14%
504	642	27%	**Paediatrics**	504	601	19%
531	1,036	95%	**Other medical services**	531	670	26%
150	187	24%	**Other revenue**	150	183	22%
3,330	**4,518**	**36%**		**3,330**	**3,857**	**16%**

Operating expenses, excl. D&A

Cost of sales including general and administrative expenses and excluding D&A amounted to RUB 3,265 mln in 1H 2015 (up 38% y-o-y). This growth in expenses was mainly linked to results of the new hospital in Ufa and the consolidation of Mother and Child Novosibirsk. LFL expenses increased by just 12% to RUB 2,641 mln amid growth in LFL revenue by 16%. LFL expenses were affected by growth in operating indicators at Lapino and other Group facilities, as well as price inflation in the reporting period.

CAPEX and Balance Sheet

Total CAPEX amounted to RUB 343 mln vs. RUB 1,644 mln in 1H 2014. A significant decline in the investment was due to the completion of construction of Mother and Child Ufa hospital in 2014. In 1H 2015, CAPEX was mainly represented by repayments of payables to the suppliers of products and services under the investment projects (56%). Approximately 30% of CAPEX, or RUB 113 mln, was spent on current business operations.

As of 30 June 2015, the Group's net debt amounted to RUB 2,096 mln, down 35% from the end of 2014. This decrease in net debt was due to repayments of part of the debt, growth in the Group's operating cash flow and the redemption of VAT paid during the Ufa hospital construction.

The net debt to annualised EBITDA ratio decreased to a conservative level of 0.8x.

The Company maintains negative working capital as a source of additional financing. Working capital increased 4% y-o-y to RUB (1,128) mln and amounted to 12% of annualised revenue.

Subsequent Events

In July 2015, MDMG paid RUB 300 mln as final dividend for 2014, which represents 25% of net profit attributable to shareholders for 2014.

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

Conference call:

The Company will host a conference call and webcast for investors and analysts on 7 September 2015 at 5.00 pm Moscow time (3.00 pm London; 10.00 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: https://engage.vevent.com/rt/deutschebank/index.jsp?seid=83

Conference-call details:

- Russian Federation Free Call: 8 800 775 68 18
- United Kingdom Free Call: 0800 694 02 57
- United States Free Call: 163 151 07 498
- Participant Std International Dial-In: 44 (0) 1452 555566

Access Code: 28736810

A replay of the call will be available on the Company's web-site.

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

For further information, please contact:

Investors

Elena Romanova
MD Medical Group Investments Plc
Tel: +7 495 331 4120
e.romanova@mcclinics.ru

Media

EM
Tom Blackwell / Sergii Pershyn
Tel: +7 495 363 2849
MDMG@em-comms.com

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 23 modern healthcare facilities, including 4 hospitals and 19 outpatient clinics in Moscow, St. Petersburg, Ufa, Perm, Samara and Samara region, Novosibirsk, Irkutsk, Yaroslavl and Ryazan. In addition, 3 franchised outpatient clinics operate in Kyiv, Ukraine.

In 1H 2015, there were 2,651 deliveries; IVF cycles amounted to 4,211. The number of outpatient treatments totalled 575,770 and number of in-patient days reached 25,063.

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.