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MD MEDICAL GROUP

THE 11th ANNUAL VTB CAPITAL “RUSSIA CALLING!” INVESTMENT FORUM



Moscow
November, 2019





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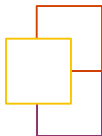
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1

MDMG OVERVIEW

MD Medical Group is a leading provider in the highly attractive Russian private healthcare service market

#1

IN THE IVF MARKET IN RUSSIA

BY THE NUMBER
OF PRIVATE MULTI-FUNCTIONAL HOSPITALS

IN TERMS OF NATIONWIDE PRESENCE, CURRENTLY OPERATING IN 23 REGIONS

75,125,010

the total number
of shares outstanding

Shareholder structure



- One of the TOP private medical companies in Russia by revenue
- Company's shares are listed on the London Stock Exchange (LSE ticker "MDMG") in the form of Global Depositary Receipts since October 12, 2012
- High ROIC 18% (average industry peer 11%)
- Unofficial dividend policy to pay out at least 25% of a year's net profit as dividends
- Share of Russia's IVF market is about 17%
- Track record since IPO demonstrates operational and financial sustainability
- Team of highly qualified doctors and competent managers for all projects
- Acquired substantial experience in building multi-functional hospitals from scratch
- Balanced strategy: combination of large greenfield hospital projects with a wide network of clinics providing core services benefiting from economy of scale
- Ready for use blueprint for further expansion based on competence and available resources
- Well established brand with strong national status
- Top position in various ratings among peers

39 MODERN MEDICAL FACILITIES ACROSS RUSSIA

6

HOSPITALS

33

OUT-PATIENT
CLINICS

26

CITIES

23

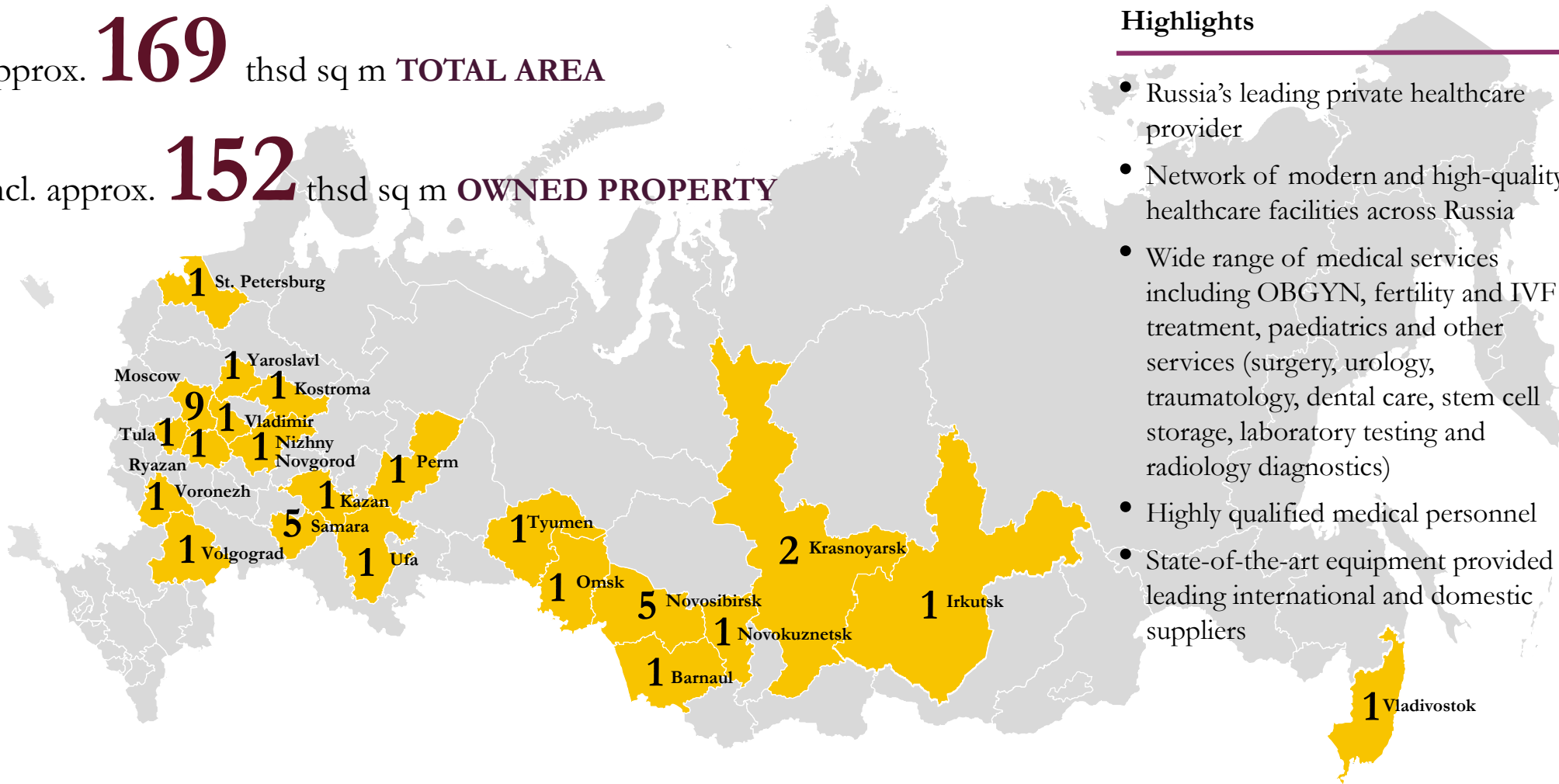
REGIONS

≈ 7,500

EMPLOYEES

approx. **169** thsd sq m **TOTAL AREA**

incl. approx. **152** thsd sq m **OWNED PROPERTY**



Highlights

- Russia's leading private healthcare provider
- Network of modern and high-quality healthcare facilities across Russia
- Wide range of medical services including OBGYN, fertility and IVF treatment, paediatrics and other services (surgery, urology, traumatology, dental care, stem cell storage, laboratory testing and radiology diagnostics)
- Highly qualified medical personnel
- State-of-the-art equipment provided by leading international and domestic suppliers

WIDE RANGE OF TECHNOLOGICALLY ADVANCED MEDICAL SERVICES

Paediatrics

Treatment of paediatric diseases
(in- and out-patient departments)
Immunisation shots
Home visits

IVF

Surgery for fertility-related problems
Reproductive technology
Preimplantation genetic diagnosis

OBGYN (incl. Deliveries)

Pregnancy care
Maternity services
Gynaecology
Deliveries
Miscarriage treatment

Delivering
high-quality
medical services
throughout
Russia

Other medical services

Laboratory services
Stem cell storage
Genetic diagnostics
Traumatology

Rehabilitation
Urology
Endocrinology
Surgery

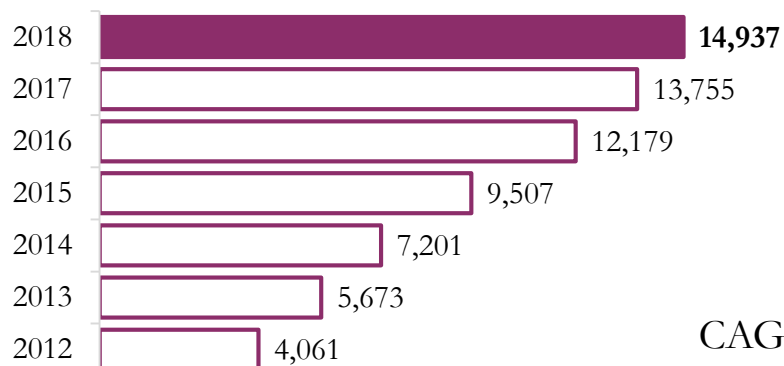
Plastic Surgery
Oncology
Therapy
Cardiology

Phlebology
Haematology
Dentistry
MRI, CT

Radiology
Ultrasound diagnostics
Other

STRONG FINANCIAL PERFORMANCE

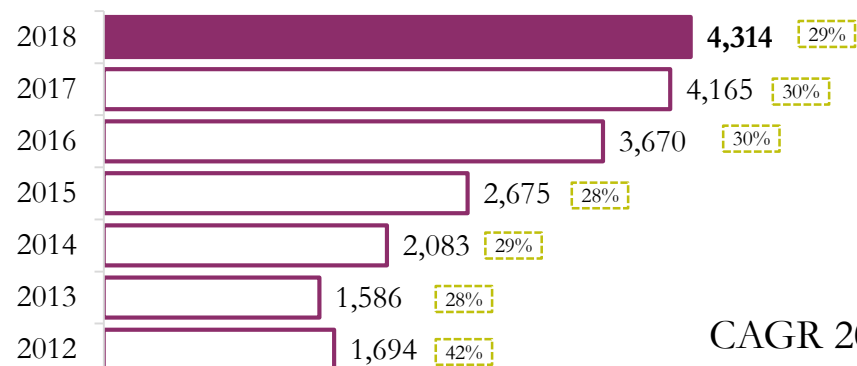
Revenue, RUB mln



CAGR 2012-2018

+24%

EBITDA, RUB mln

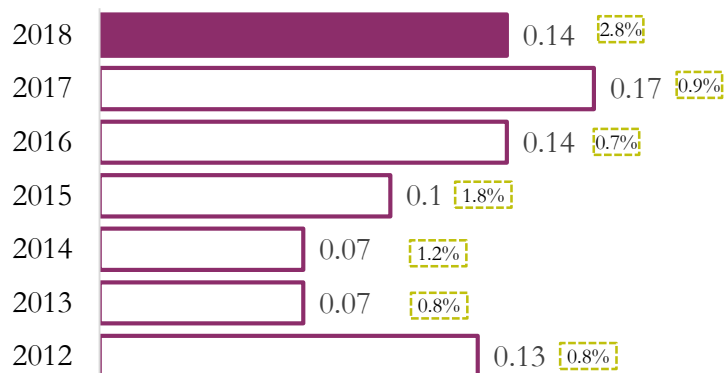


CAGR 2012-2018

+17%

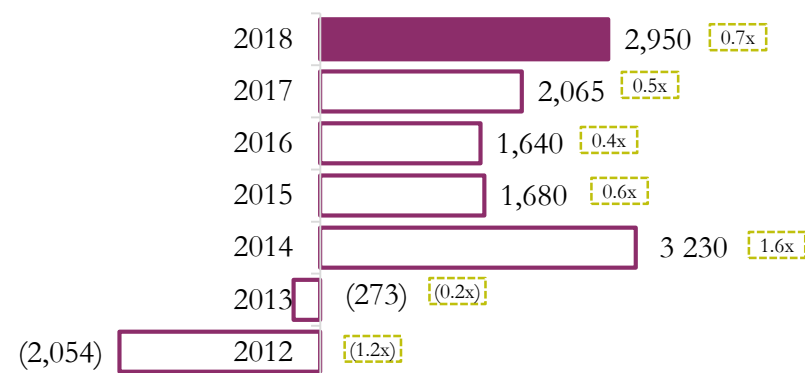
% EBITDA margin

Dividends per share, USD



% Dividend yield*

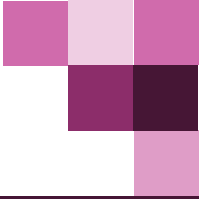
Net Debt, RUB mln



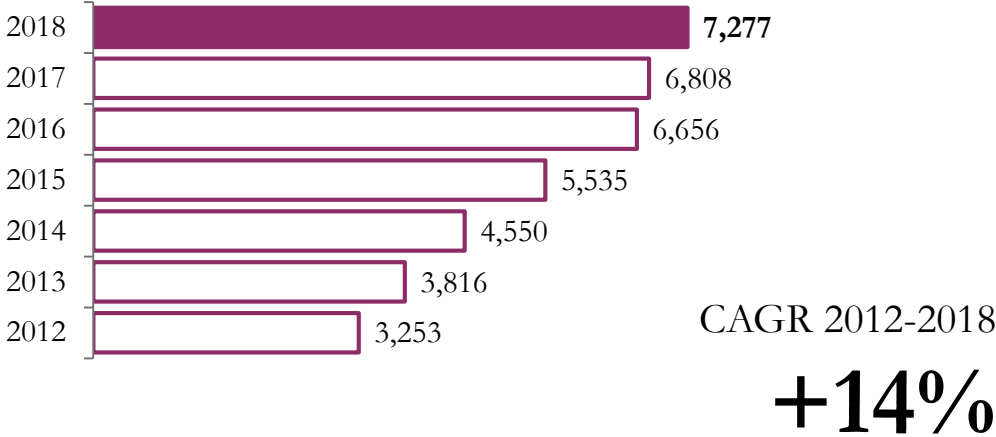
% Net debt / EBITDA ratio

* Dividend Yield = Dividends per Share (DPS) / Price (at the record date)

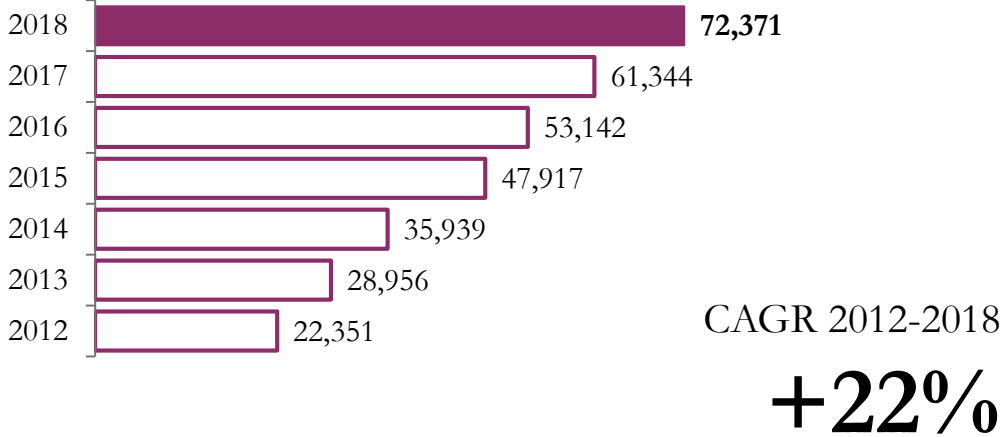
SUCCESSFUL OPERATIONAL SCALE-UP



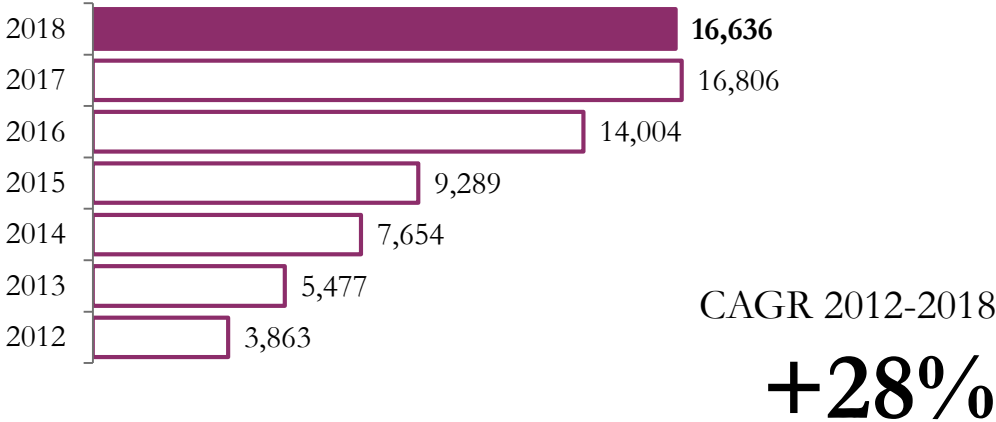
Deliveries



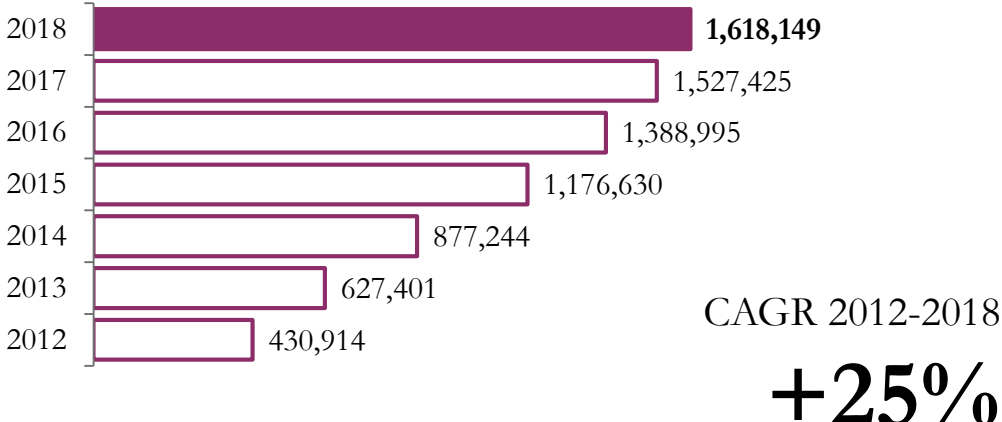
In-patient days



IVF cycles



Out-patient treatments

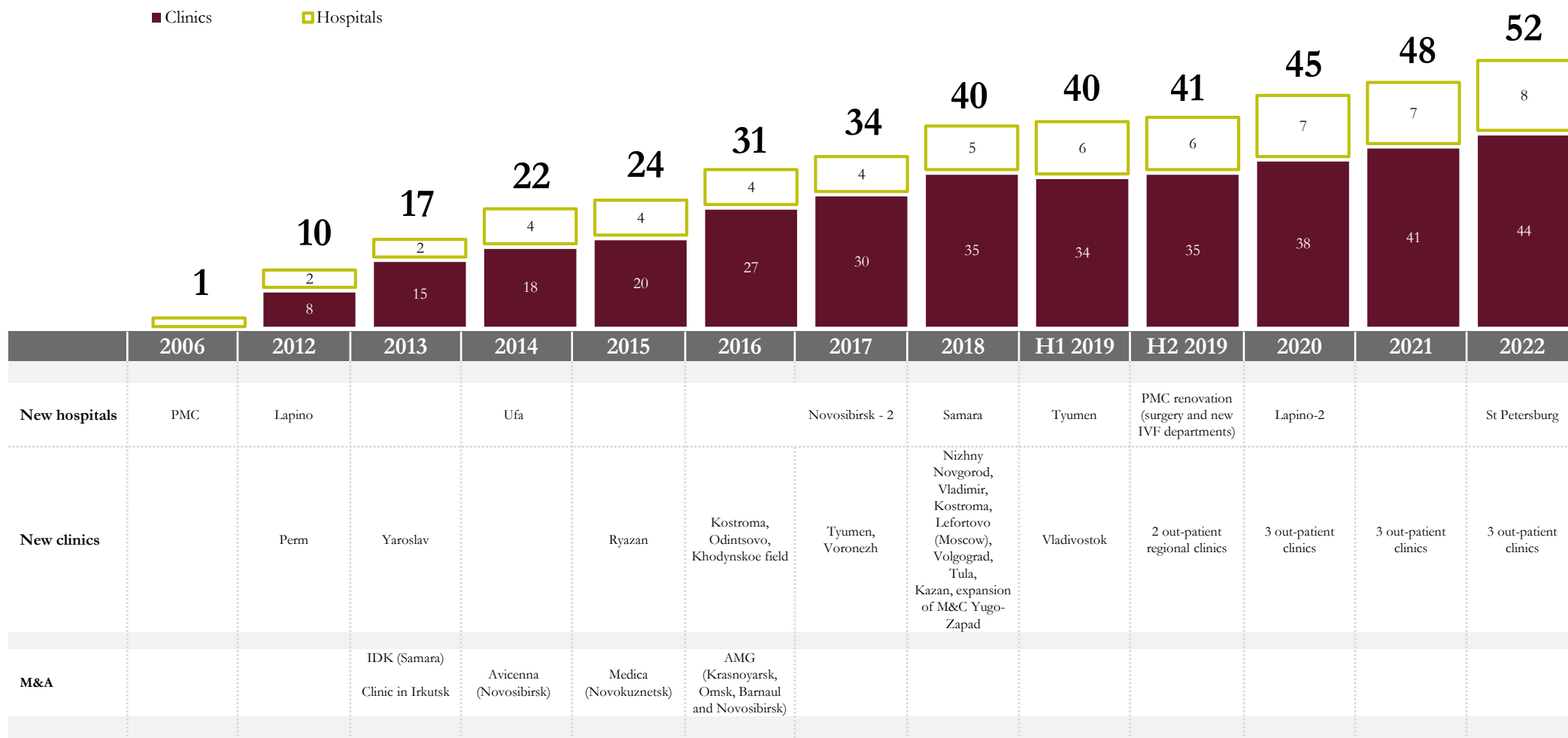


2

EXECUTION STRATEGY

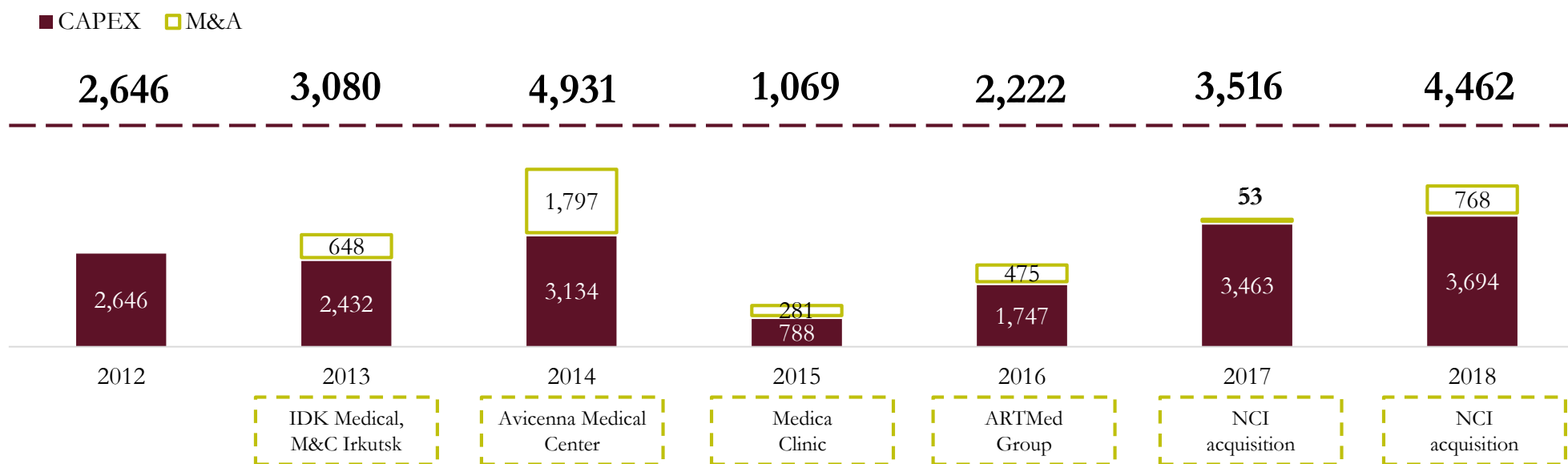
KEY MILESTONES

With hospitals and clinics in 23 regions of Russia, we operate the most widespread private network of healthcare facilities across the country.

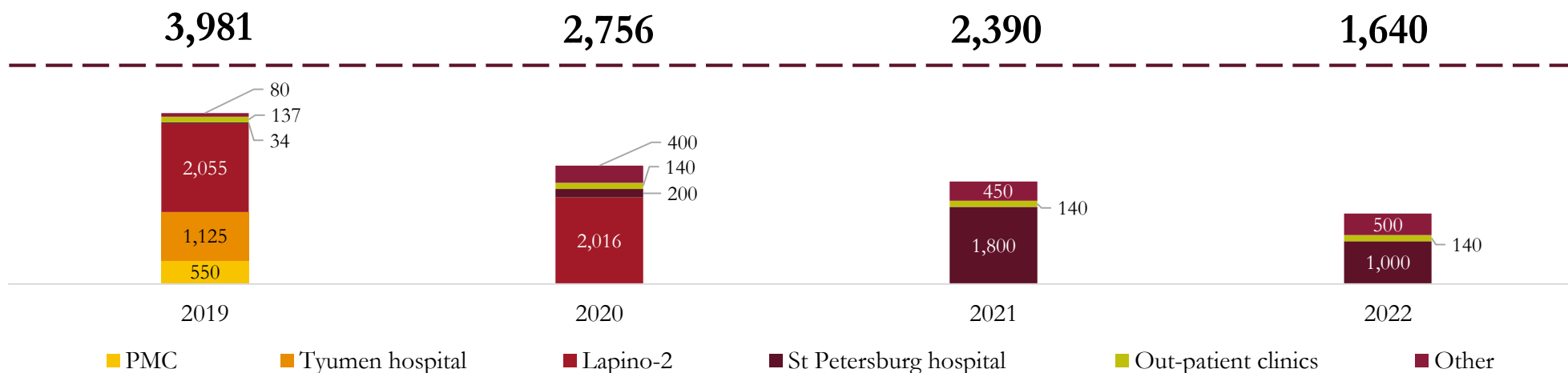


CAPEX INCL. M&A AND NCI ACQUISITION

CAPEX dynamics 2012-2018, mln RUB



CAPEX Forecast, mln RUB



3

PROJECTS COMPLETED

PERINATAL MEDICAL CENTRE (PMC)



The first private maternity hospital in Russia

Since its launch in 2006, PMC has expanded its range of services, implemented innovative technologies, installed new equipment, and delivered over 32,000 babies.

In addition to a wide range of in-patient and out-patient services for mothers and children, PMC offers laboratory research, diagnostics and assistance, a stem cell bank and other services.

This 256-bed hospital has cutting-edge equipment including the latest MRI and CT technology.

In August 2018, renovation works were launched at PMC. Following their completion, the hospital will offer expanded services: surgery, urology, traumatology and orthopaedics, x-ray endovascular diagnostics and treatment, and cardiology.

ANNUAL CAPACITY OF PMC

AREA SQ M

27,600

BEDS

256

FTE

897

DELIVERIES

3,500

IVF CYCLES

2,000

IN-PATIENT DAYS

32,120

OUT-PATIENT TREATMENTS

283,000



Lapino - largest MDMG's hospital

Lapino hospital is located near Moscow.

It provides patients with great comfort and high-quality services.

MDMG has invested RUB 5.2 billion in the Lapino hospital, which is one of the largest private investments in healthcare in Russia.

The 42,000 square-metre hospital offers a wide range of services in the areas of obstetrics and gynaecology, IVF, paediatrics, as well as diagnostics, urology, surgery, trauma and rehabilitation for members of whole family.

In 2018, a new ophthalmic surgery department opened in Lapino.

ANNUAL CAPACITY OF LAPINO HOSPITAL

AREA SQ M

42,000

BEDS

191

FTE

1,052

DELIVERIES

3,000

IVF CYCLES

1,000

IN-PATIENT DAYS

28,470

OUT-PATIENT TREATMENTS

639,540



Mother&Child Ufa – MDMG’s first regional hospital

This 33,000 square-metre hospital was funded mainly by the proceeds of our successful IPO in 2012, the project was completed on time in late 2014 and with an investment of RUB 4.4 billion.

Mother&Child Ufa offers services for the whole family, from deliveries, IVF, gynaecology and obstetrics, paediatrics and neonatology to surgery, urology, plastic surgery and diagnostic services. It includes Bashkortostan’s first private maternity and stem-cell bank.

ANNUAL CAPACITY OF MOTHER&CHILD UFA

AREA SQ M

33,000

BEDS

185

FTE

734

DELIVERIES

2,000

IVF CYCLES

1,100

IN-PATIENT DAYS

30,295

OUT-PATIENT TREATMENTS

290,800

ANNUAL CAPACITY OF AVICENNA



The largest private healthcare facility in Russia outside Moscow and St Petersburg

As the existing facility reached maximum capacity, MDMG commissioned a new state-of-the-art wing in February 2017, creating the largest private healthcare facility in Siberia. Core services offered at Mother&Child Novosibirsk are obstetrics and gynaecology, surgery, urology and ophthalmology. The hospital also offers out-patient and diagnostics services in nearly all therapeutic areas. As a result of the expansion, the hospital offers a range of new services, including those which previously were not available in the city or the region.

The Group's total investment in the project amounted to RUB 1.2 billion.

AREA SQ M

10,260

BEDS

93

FTE

822

DELIVERIES

1,000

IVF CYCLES

1,800

IN-PATIENT DAYS

22,630

OUT-PATIENT TREATMENTS

228,900

MOTHER&CHILD SAMARA (IDK HOSPITAL)

ANNUAL CAPACITY OF MOTHER&CHILD IDK



Mother&Child Samara – proven model for development of regional hospitals

The launch of the major Mother&Child Samara hospital demonstrates our ability to execute strategically important projects on time and on budget.

The Company invested RUB 3.2 billion. The hospital was built in 18 months.

Mother&Child Samara opened in March 2018.

This hospital is the largest facility of its kind in the Volga region – an important and growing market. The new hospital provides both our core services for women and children and diverse medical services for all family members.

In the 9 months of 2019 the Samara hospital showed high utilisation rates:

For deliveries – 23%, for IVF cycles – 52%, for in-patient days – 50%, for out-patient treatments – 56%

AREA SQ M

15,000

BEDS

164

FTE

536

DELIVERIES

2,500

IVF CYCLES

1,200

IN-PATIENT DAYS

30,000

OUT-PATIENT TREATMENTS

220,000

ANNUAL CAPACITY OF TYUMEN HOSPITAL



One of the largest healthcare projects in the Tyumen Region

By opening our sixth hospital in Tyumen, MDMG expanded its footprint in one of Russia's most developed regions.

The hospital's construction began at the end of Q2 2017 and was completed according to schedule. The Group's total investment in the project amounted to RUB 3.2 billion.

The hospital offers both the Group's core services as well as a wide range of other medical services for all family members. It provides services in more than 20 medical areas, such as OBGYN, IVF (including under the Mandatory Health Insurance programme), urology, surgery, orthopaedics, cardiology, endovascular surgery, plastic surgery, laboratory diagnostics, and more.

AREA SQ M

15,000

BEDS

164

FTE

357

DELIVERIES

2,500

IVF CYCLES

1,200

IN-PATIENT DAYS

30,000

OUT-PATIENT TREATMENTS

220,000

4

**PROJECTS
UNDER DEVELOPMENT**

STATUS OF HOSPITAL PROJECTS

CURRENT

	Renovation of PMC	Lapino-2	St Petersburg
Obtaining land for construction	In progress	Done	Done
Building permits	In progress	Done	Done
Preparation of the designing documentation	Done	Done	Done
Construction	Done	In progress	In progress
Equipment	In progress	In progress	In progress
Launch	Q4 2019	2020	2022

PROJECTS IN DEVELOPMENT

Lapino-3	Kazan	Nizhny Novgorod	Ekaterinburg
Done	Done	Done	Done
In progress	In progress	In progress	In progress
In progress	In progress	In progress	In progress
In progress	In progress	In progress	In progress
In progress	In progress	In progress	In progress
In progress	In progress	In progress	In progress
In progress	In progress	In progress	In progress

- Done
- In progress

RENOVATION OF PMC

OFFICIAL OPENING IS PLANNED IN H2 2019

New services

Launch of 4 new surgical units:

- General surgery
- Urology
- Traumatology
- Cardiology

3,250 operations – total capacity of the surgical department

12 – total number of beds in new units

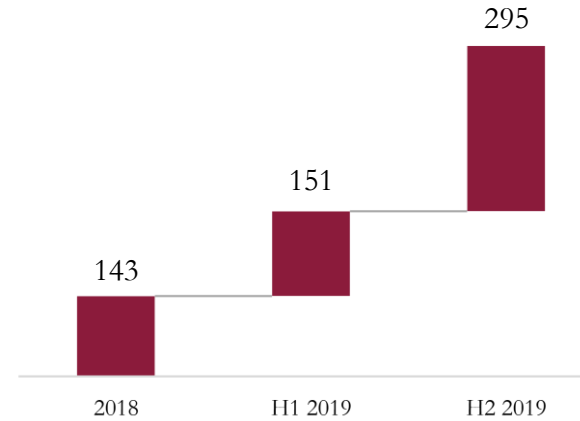
- 7 beds were redetected from the pregnancy pathology unit
- 5 new beds

The surgical department will perform operations including under the MHI system

New IVF department:

- Best-in-class department on Russian market
- Featuring state-of-the art equipment
- The department will provide IVF cycles only on commercial basis

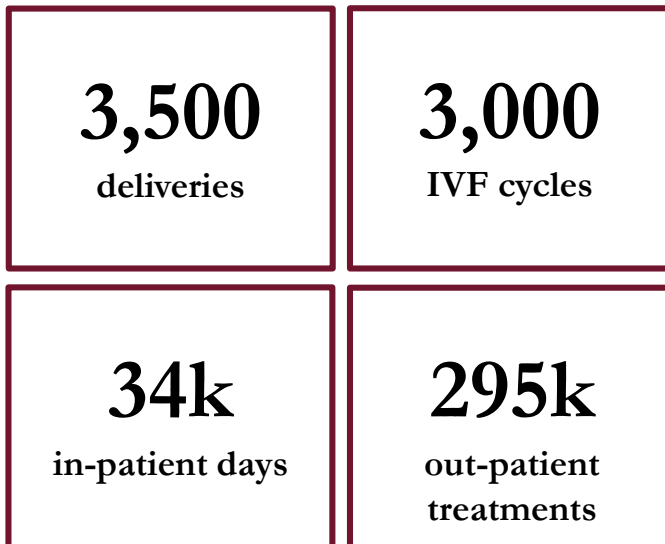
CAPEX, RUB mln



Total CAPEX

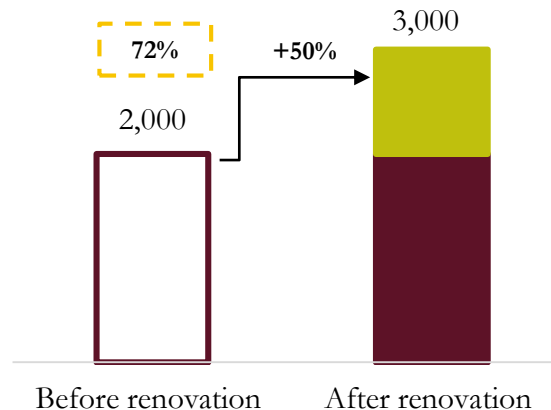
589 RUB mln

Capacity of PMC (after renovation)*



Change of IVF cycles capacity

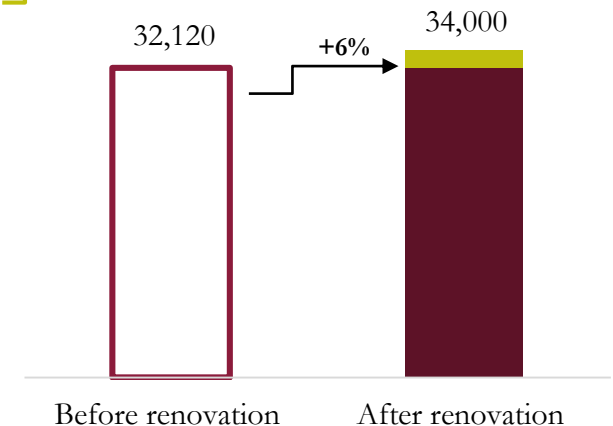
Commercial IVF cycles in PMC:
 Currently average check - RUB 273 thsd
 Expected average check in the new department - RUB 320 thsd



xx% - % Utilisation rate for H1 2019

Change of in-patient days capacity

Expected average check per operation
 (on commercial basis) in new units - RUB 200 thsd



LAUNCH OF MULTIFUNCTIONAL HOSPITAL LAPINO-2 IS PLANNED IN 2020

CAPEX LAPINO - 2

4.5 RUB bln

Surgical building Lapino-2 includes:

- Diagnostical department
- In-patient department
- Hemodialysis department
- 4 operating theatres for planned surgeries
- 2 operating theatres for emergency surgeries
- Intensive care unit with 13 beds
- Multi-level parking facility for 277 cars (CAPEX RUB 300 mln)

Lapino-3 (developing project)

- Construction of radiology center that will include radiation therapy, radionuclide diagnostics and therapy
- Center will be equipped with 2 linear accelerators, PET/CT scanner including synthesis of radiopharmaceuticals and active beds for radionuclide therapy

**OPENING
SUMMER 2020**

18,500
sq m

88
beds

380
FTE in 2021

27,000
in-patient days

15,000
surgeries

200,000
out-patient treatments



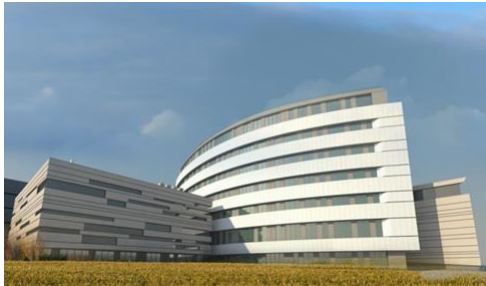
TIMELINE OF LAPINO-2 CONSTRUCTION

Opening
Summer 2020



TOTAL CAPEX **4.5** RUB bln

2020
CAPEX **2.0** RUB bln



2019
CAPEX **2.1** RUB bln



2017-2018
CAPEX **0.4** RUB bln



LAUNCH OF MULTIFUNCTIONAL HOSPITAL IN ST PETERSBURG IS PLANNED IN 2022

CAPEX

3.0 RUB bln

Wide range of services

Hospital will offer services including :

- Deliveries
- OBGYN
- IVF
- Surgery for children and adults
- Children's polyclinic
- Maternity welfare centre
- Clinical-diagnostic centre for adults
- Ambulance

**OPENING
2022**



13,000
sq m

138
beds

2,500
deliveries

1,500
IVF cycles

15,000
in-patient days

220,000
out-patient treatments

* Project is currently at the engineering stage. Capacity and Capex are Company's estimates as of November 2019.

5

FINANCIAL RESULTS ANALYSIS

CONTINUED STRONG PERFORMANCE IN 9M 2019

OPERATIONAL RESULTS

5,644

DELIVERIES

+4% (9m2019/9m2018)

13,511

IVF CYCLES

+14% (9m2019/9m2018)

58,115

IN-PATIENT
DAYS

+15% (9m2019/9m2018)

1,284,403

OUT-PATIENT
TREATMENTS

+9% (9m2019/9m2018)

Deliveries:

In 9M 2019, total deliveries increased 4% y-o-y to 5,644. Key growth drivers were regional hospitals in Novosibirsk and Samara. The average check for deliveries amounted to RUB 403 thsd (up 7% y-o-y) in Moscow and the Moscow Region, and RUB 149 thsd in other regions (up 3% y-o-y).

IVF cycles:

In 9M 2019, total IVF cycles increased 14% y-o-y to 13,511. Cycles completed under the MHI programme accounted for 55% of the total number of cycles. The average check for commercial IVF cycles increased by 4% y-o-y to RUB 298 thsd, while the average check for IVF cycles under MHI increased by 6% y-o-y to RUB 136 thsd.

In-patient days:

In 9M 2019, total in-patient treatments grew by 15% y-o-y to 58,115. Key growth drivers in the in-patient treatments segment were PMC and the hospital in Novosibirsk, as well as the continued ramp-up of the Samara hospital. The average check for in-patient treatments amounted to RUB 49 thsd (up 3% y-o-y) in Moscow and the Moscow Region, and RUB 28.9 thsd in other regions (up 4% y-o-y).

Out-patient treatments:

In 9M 2019, total out-patient treatments increased by 9% y-o-y to 1,284,403. The average check for out-patient treatments amounted to RUB 2.9 thsd (flat y-o-y).

FINANCIAL RESULTS

11,850

RUB MLN

TOTAL
REVENUE

+ 10% (9m2019/9m2018)

1,749

RUB MLN

REVENUE FROM
DELIVERIES

+ 6% (9m2019/9m2018)

2,816

RUB MLN

REVENUE FROM
IVF CYCLES

+ 15% (9m2019/9m2018)

2,194

RUB MLN

REVENUE FROM
IN-PATIENT DAYS

+ 19% (9m2019/9m2018)

3,704

RUB MLN

REVENUE FROM
OUT-PATIENT
TREATMENTS

+ 8% (9m2019/9m2018)

3,085

RUB MLN

CAPEX

+ 17% (9m2019/9m2018)

3,895

RUB MLN

NET DEBT

+ 32% (30 Sept2019/31 Dec2018)

FINANCIAL RESULTS FOR H1 2019

FINANCIAL RESULTS GROUP

7,825

RUB MLN
REVENUE

+ 10% (6m2019/6m2018)

27.5%

EBITDA
MARGIN

+ 1,3 p.p. (6m2019/6m2018)

1,238

RUB MLN
NET PROFIT

+ 1% (6m2019/6m2018)

2,148

RUB MLN
EBITDA

+ 15% (6m2019/6m2018)

40

CLINICS/HOSPITALS

34 CLINICS

6 HOSPITALS

23 REGIONS

FINANCIAL RESULTS LIKE-FOR-LIKE

7,560

RUB MLN
REVENUE

+ 6% (6m2019/6m2018)

28.8%

EBITDA
MARGIN

+ 2,6 p.p. (6m2019/6m2018)

1,375

RUB MLN
NET PROFIT

+12% (6m2019/6m2018)

2,176

RUB MLN
EBITDA

+17% (6m2019/6m2018)

35

CLINICS/HOSPITALS

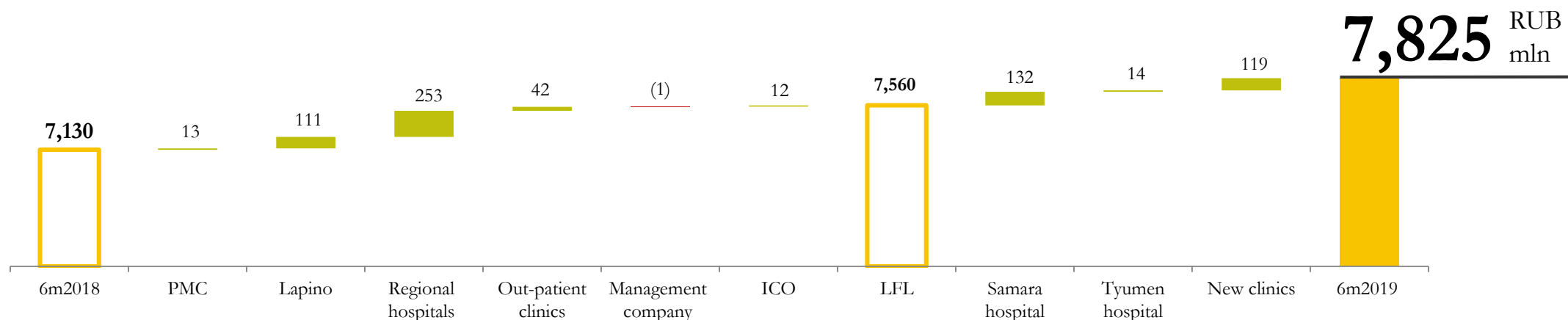
30 CLINICS

5 HOSPITALS

19 REGIONS

REVENUE STRUCTURE FOR H1 2019

Revenue bridge analysis 6m2019/6m2018, RUB mln



Average tickets, RUB thsd

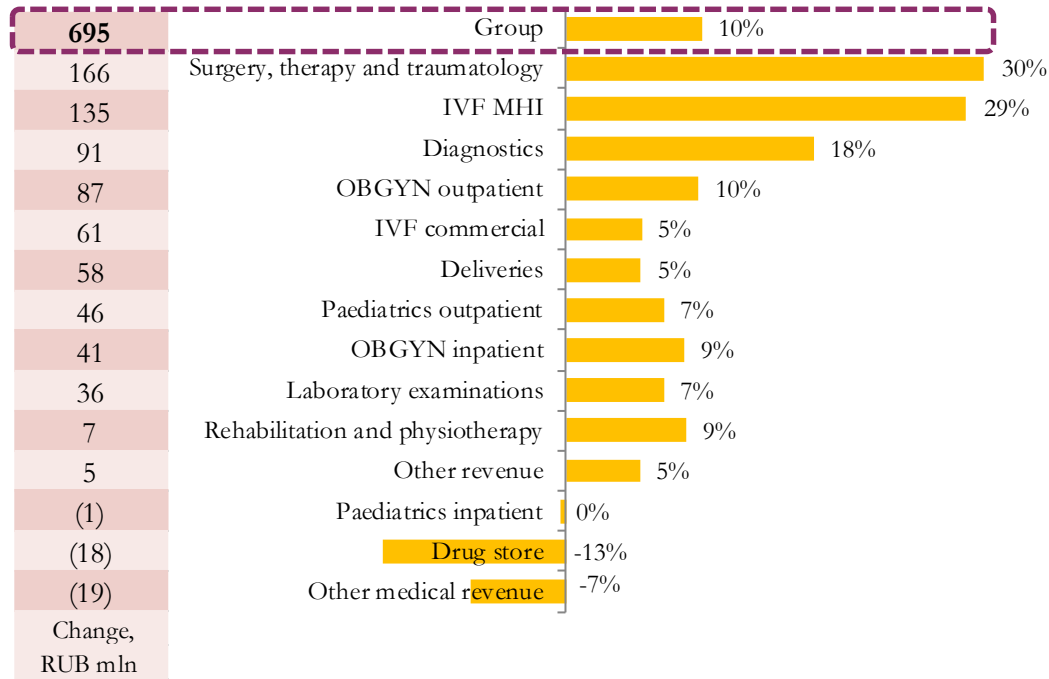
Indicator	6m2019	6m2018	Changes
Deliveries	307	307	+0%
Moscow	398	377	+6%
Regions	147	145	+1%
IVF	210	203	+3%
Commercial	297	285	+4%
MHI	134	122	+10%
In-patient	37.7	37.2	+1%
Moscow	49.1	46.7	+5%
Regions	28.6	28.9	-1%
Out-patient	2.9	2.9	+0%

Revenue dynamics by type of revenue, RUB mln

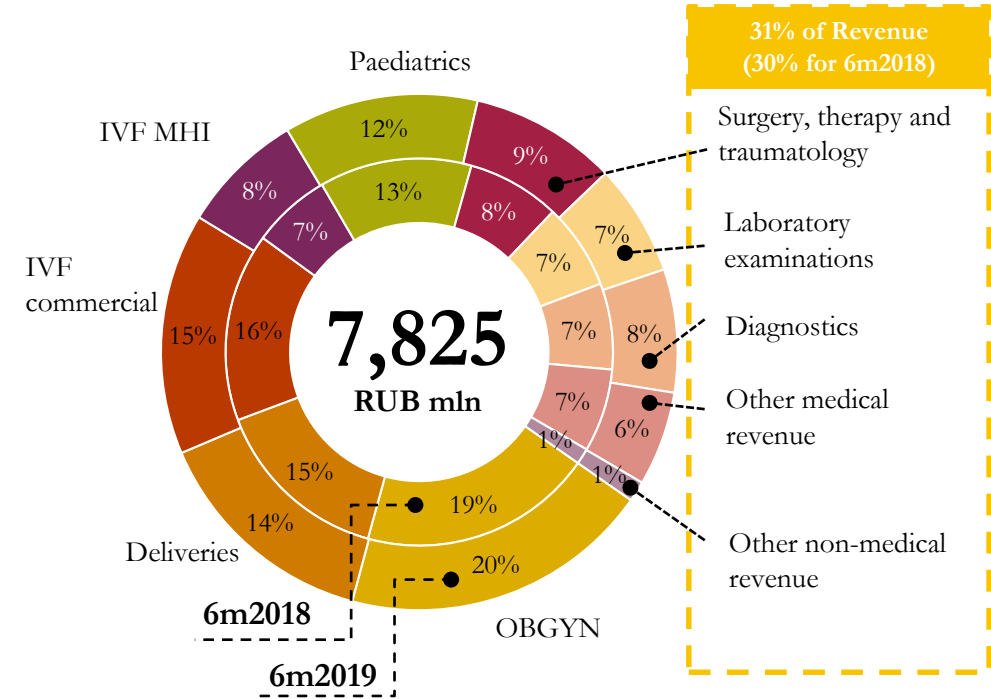
Type of revenue	6m2019	6m2018	Changes
OBGYN (excl. deliveries)	1,523	1,394	+9%
Deliveries	1,129	1,071	+5%
IVF	1,789	1,592	+12%
Paediatrics	952	907	+5%
Other medical services	2,213	1,942	+14%
Other revenue	219	224	-2%
Total	7,825	7,130	+10%

REVENUE CHANGE AND STRUCTURE BY TYPES H1 2019

Revenue change by types of services 6m2019/6m2018



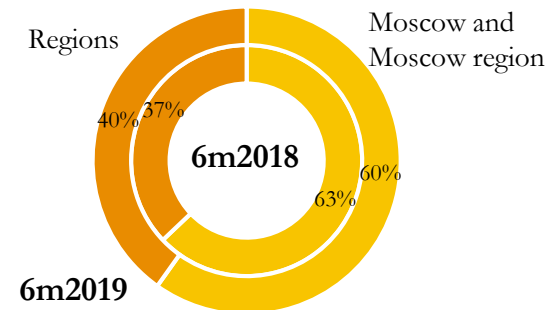
Revenue structure by types and payers



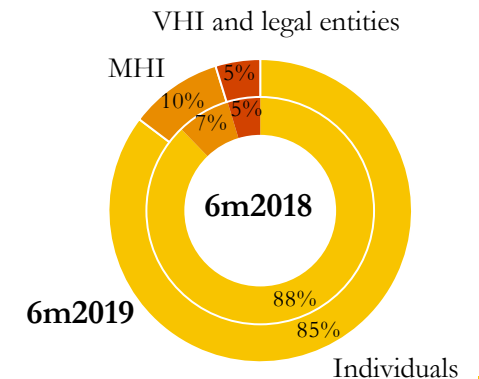
Highlights

- Growth in Surgery, Therapy and Traumatology is due to the growth of operational indicators of these services in the Lapino and Novosibirsk hospitals, and continuing ramp-up of capacities in the Samara hospital
- Growth of MHI IVF cycles is due to the increase of this service in all clinics and hospitals of the Group, especially in the Samara hospital, the Khodynka clinic and in Avicenna hospital
- Growth in Laboratory and Diagnostics is due to the increase of operational indicators in the Lapino and Samara hospitals and the development of the liquid cytology laboratory
- The OBGYN out-patient's growth is due to the opening of the new clinics in Tula and Kazan, as well as the continuing ramp-up of capacities of the clinic in Nizhny Novgorod and the hospital in Samara

Revenue structure, Moscow and regions

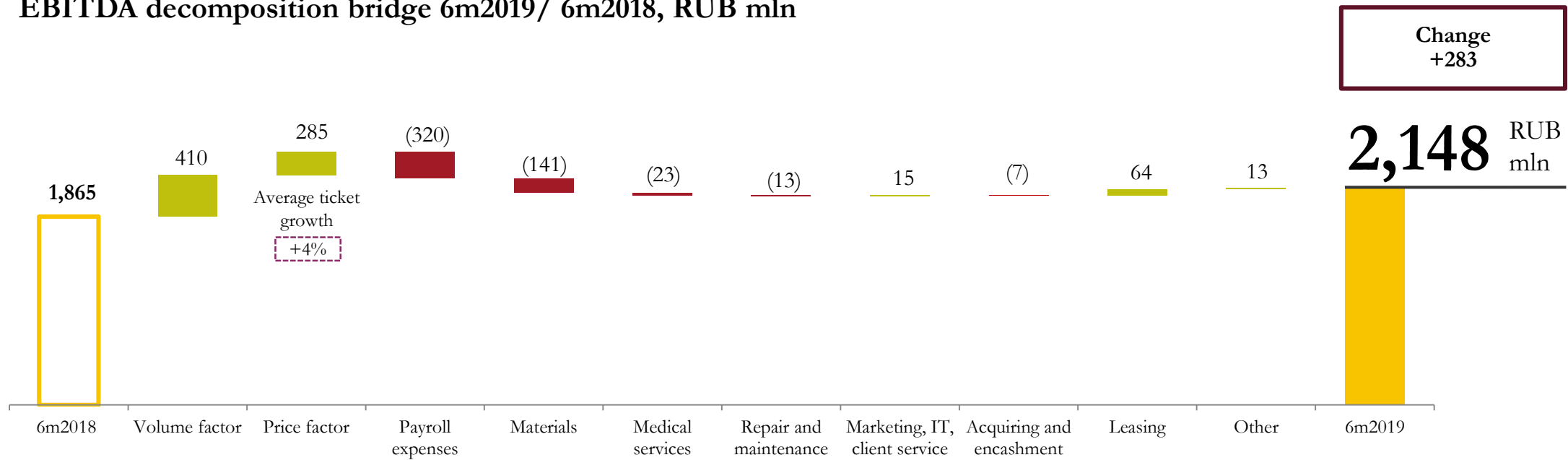


Revenue structure by payers

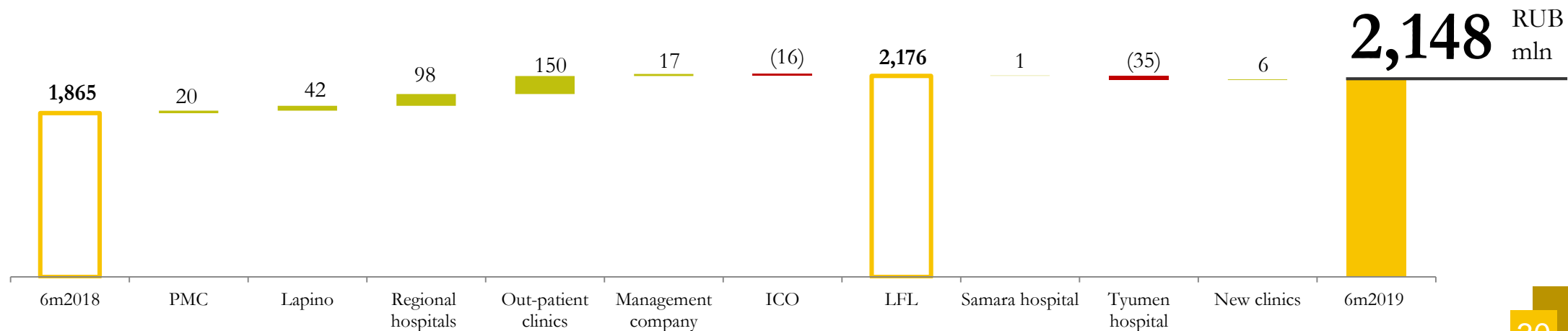


EBITDA STRUCTURE H1 2019

EBITDA decomposition bridge 6m2019/ 6m2018, RUB mln

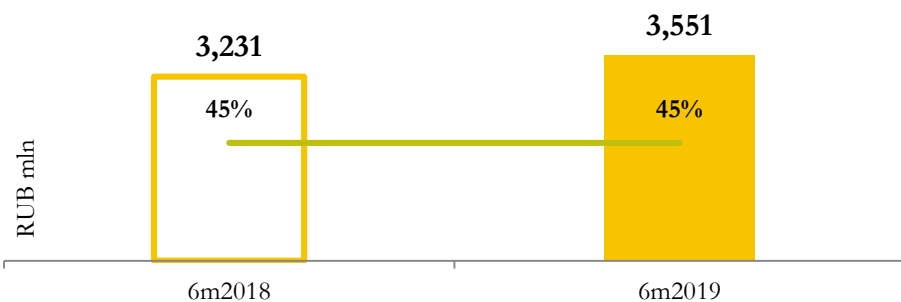


EBITDA structure 6m2019/6m2018, RUB mln

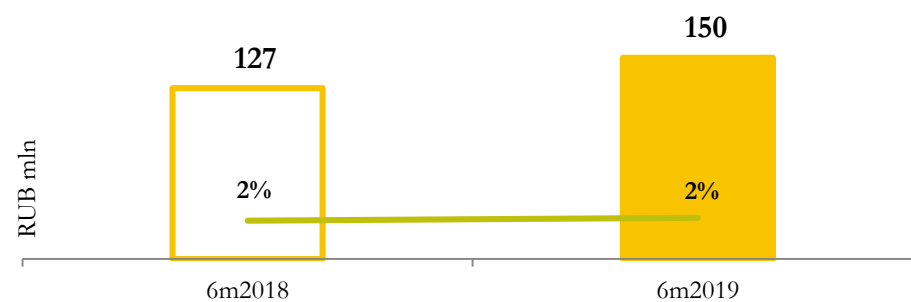


KEY EXPENSES DYNAMICS H1 2019

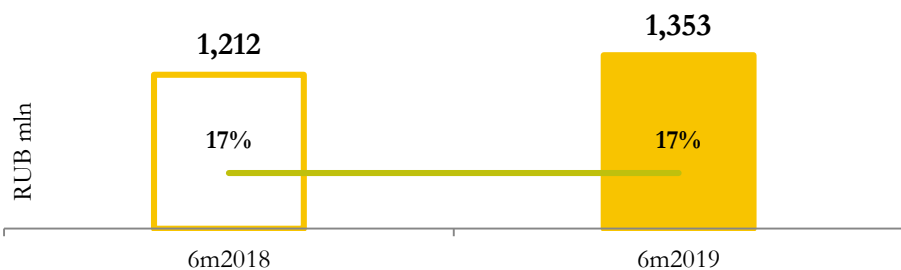
Dynamics of the major expenses, % of revenue Payroll + Social contributions



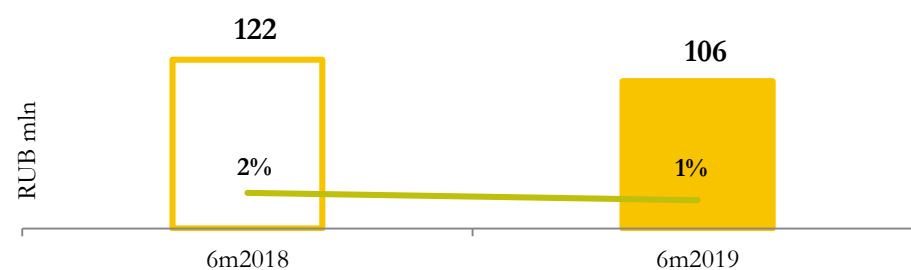
Medical services



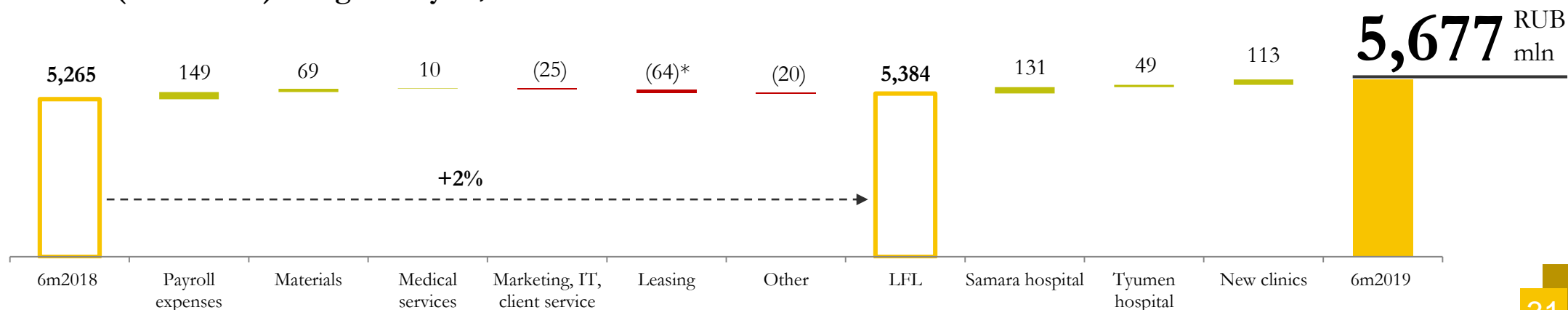
Material expenses



Functional expenses (Marketing, IT, client service)



OPEX (excl. D&A) bridge analysis, RUB mln

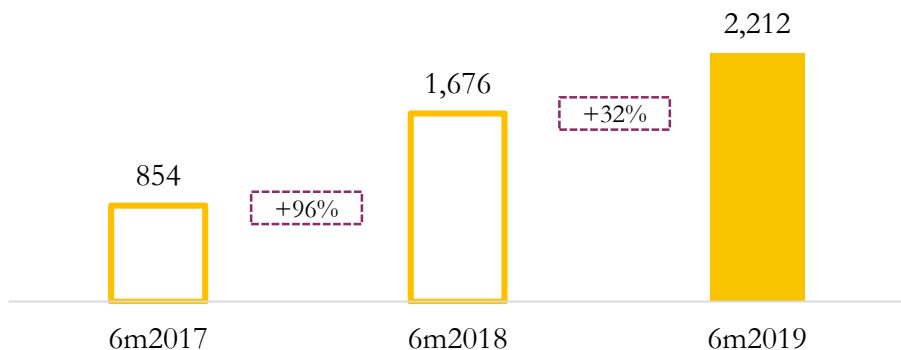


Source: IFRS reporting

*First application of IFRS 16 Leases starting 1 January 2019

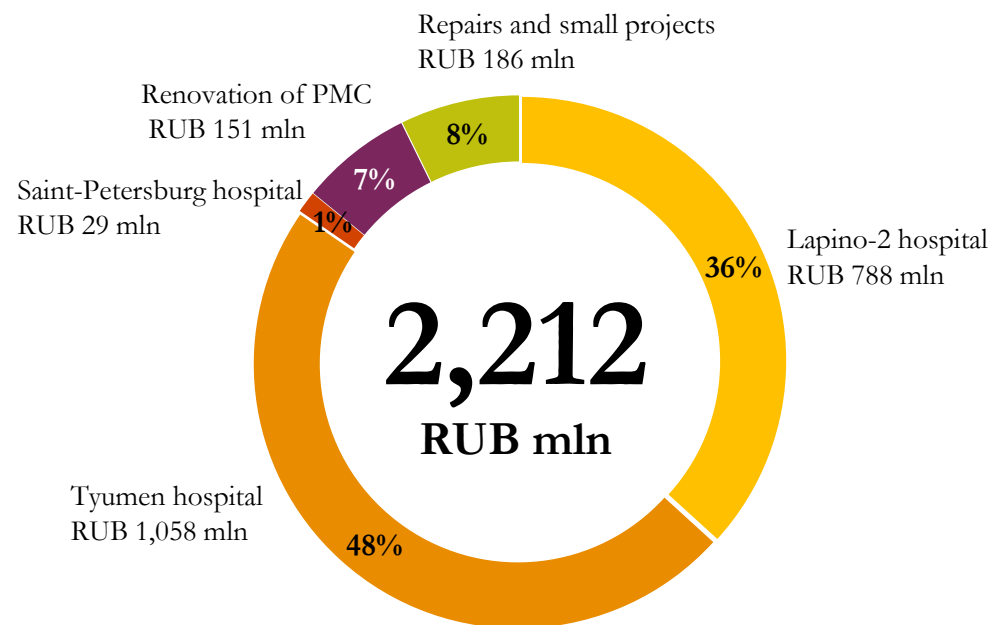
CAPEX HIGHLIGHTS AND CASH FLOW H1 2019

CAPEX dynamics, RUB mln

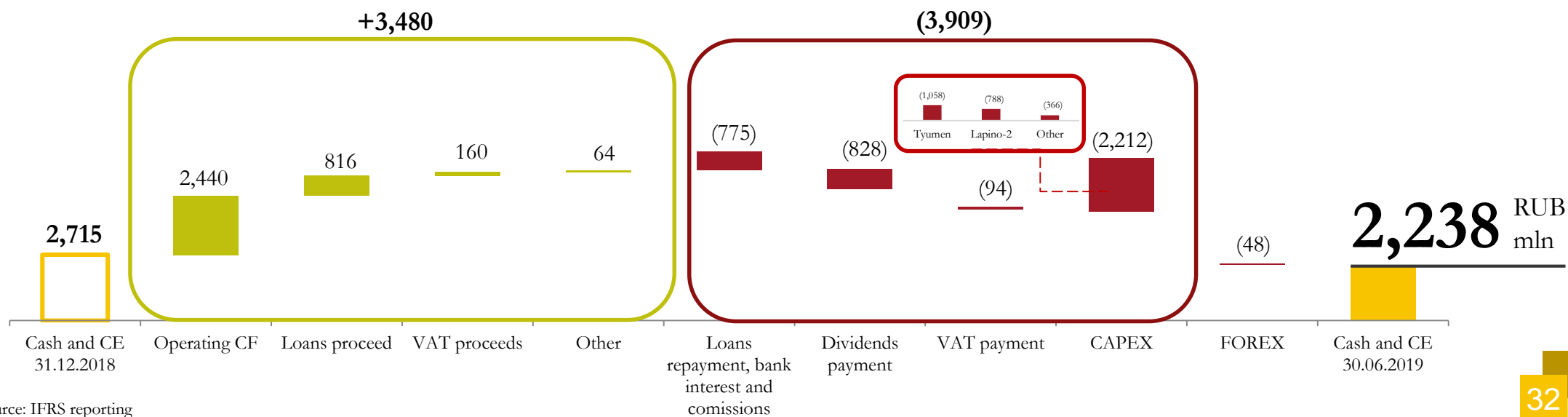


CAPEX amounted to RUB 2,212 mln, including compounded interest. Key investments included the completion of construction and purchase of equipment for Tyumen hospital, construction of Lapino-2, as well as renovation of the Perinatal Medical Center (PMC) aimed at expanding the range of services offered.

CAPEX structure 6m2019*



Cashflow bridge analysis, RUB mln

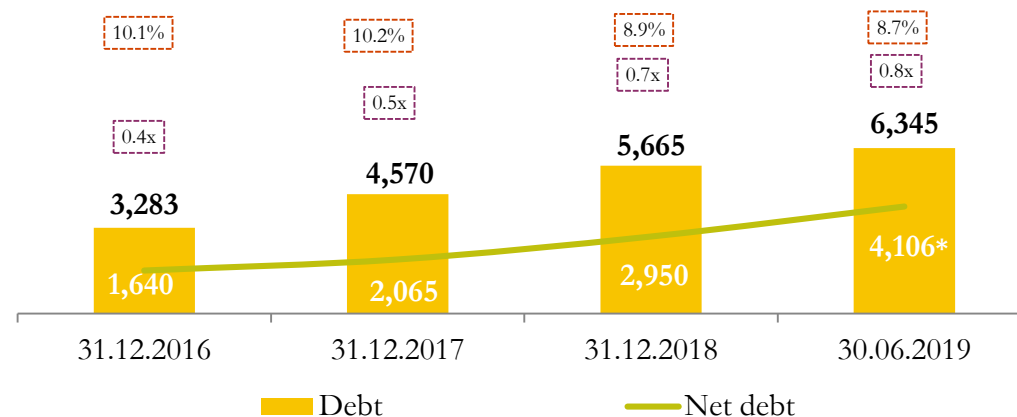


Source: IFRS reporting
* Including capitalised interest expenses

CAPEX DEBT & NET WORKING CAPITAL (NWC)

- At 30 June 2019 the Group's debt increased by 12% in comparison as off 31 December 2018 and amounted to RUB 6,345 mln
- The Company's cash & cash equivalents decreased by 18%
- The net debt position as of June 30, 2019 was RUB 4,106 mln which is 39% higher than the amount at December 31, 2018. Net debt to EBITDA ratio is 0.8x*
- The company works with negative working capital as a source of additional financing. Net working capital decreased by 27% vs December 31, 2018 to RUB (1,761) mln and amounted to 10.8% of revenue H1 2019. The decrease in net working capital to revenue ratio is explained by the launch of new big projects, mainly the Tyumen hospital
- New projects are financed by the optimal structure of borrowed funds and equity. Borrowed funds are raised at an attractive rate for a comfortable long-term period. An effective capital structure guarantees a balanced business development

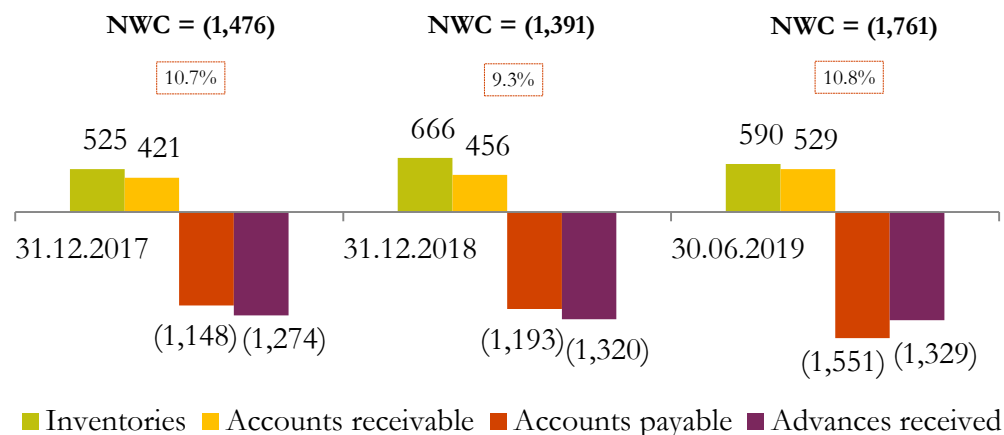
Debt and net debt dynamics, RUB mln



 Average effective interest rate
 Net Debt/EBITDA ratio

*Significant factor in Debt growth was the first application of IFRS 16 Leases amounted RUB 357 mln

Net working capital (NWC), RUB mln

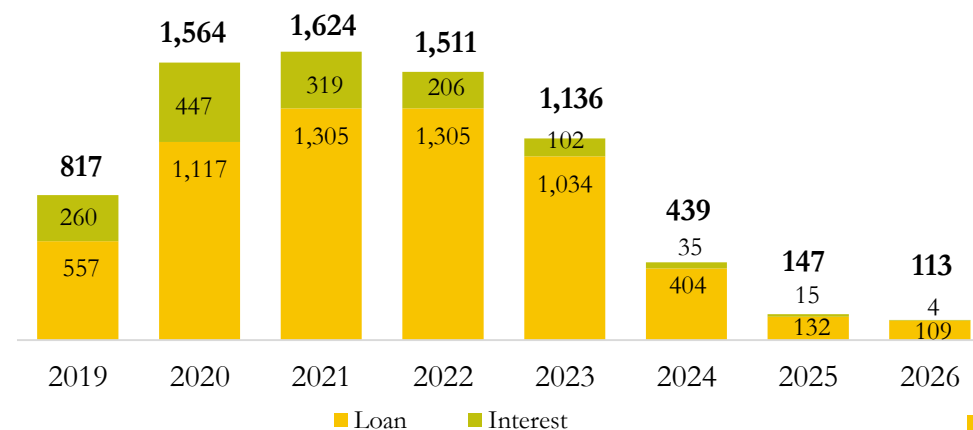


 NWC/Revenue

Source: IFRS reporting

*Extrapolated (estimated) EBITDA for 2019

Bank loans repayment schedule, RUB mln



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