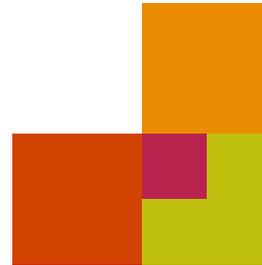


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MD MEDICAL GROUP

INVESTOR
PRESENTATION



2019





DISCLAIMER

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1

**KEY COMPANY RESULTS
FOR FY 2018**

FINANCIAL & OPERATING RESULTS FOR 2018

FINANCIAL RESULTS

14,937

mln RUB

REVENUE +9%

- **Revenue** increased by 9% to RUB 14,937 mln (2017: RUB 13,755 mln)
- **EBITDA** increased by 4% to RUB 4,314 mln (2017: RUB 4,165 mln)
- **EBITDA margin** was 29%: -1 p.p. vs 2017
- **Net profit** for the period grew by 5% vs 2017 and amounted to RUB 2,831 mln
- **Net debt** amounted to RUB 2,950 mln

OPERATING RESULTS

7,277 DELIVERIES +7%

72,371 IN-PATIENT DAYS +18%

- Total number of deliveries increased by 7% vs 2017 to 7,277
- Total number of IVF cycles decreased by 1% vs 2017 and amounted to 16,636 cycles
- Total number of in-patient treatments increased by 18% vs 2017 and amounted to 72,371 in-patient days
- Total number of out-patient treatments increased by 6% vs 2017 to 1,618,149

KEY EVENTS

- OPENING OF NEW HOSPITAL IN SAMARA
- CONSTRUCTION OF NEW HOSPITAL IN TYUMEN
- START OF CONSTRUCTION OF LAPINO-2 HOSPITAL
- START OF CONSTRUCTION OF ST PETERSBURG HOSPITAL
- OPENING OF 6 NEW OUT-PATIENT CLINICS

- **January:** Expansion of new clinic in Vladimir with total area of 354 sq m
- **March:** Opening of a new multidisciplinary hospital in Samara ("IDK Hospital") with total area of 15,000 sq m and 164 beds
- **March:** Opening of a new clinic in Nizhny Novgorod with total area of 600 sq m
- **April:** Expansion of Mother&Child Yugo-Zapad clinic in Moscow, total area increased from 541 sq m to 801 sq m
- **April:** The Company bought out minority shareholders in a number of its subsidiaries in Moscow, St Petersburg, Ufa and Perm. The transactions totalled RUB 768 million, and were paid for out of the Company's own funds
- **May:** Expansion of Mother&Child Kostroma to 209 sq m
- **May:** Foundation-stone ceremony marking the start of construction of the second stage of Lapino-2 hospital. The new seven-story surgery building with an area of 18,500 sq m will have an annual capacity of 15,000 surgeries, more than 27,000 in-patient treatments, and more than 200,000 out-patient treatments
- **June:** Opening of Mother&Child Lefortovo clinic in Moscow with total area of 392 sq m
- **August:** Opening of Mother&Child Volgograd with total area of 380 sq m
- **September:** Opening of Mother&Child Tula with total area of 401 sq m
- **September:** Start of reconstruction of the Perinatal Medical Centre with expansion of IVF and surgery departments
- **September:** Foundation stone ceremony marking the start of construction of multidisciplinary hospital in St. Petersburg with total area 22,000 sq m and 178 beds
- **November:** Opening of Mother&Child Kazan with total area of 677 sq m

Events after the reporting date:

- Opening of Mother&Child Vladivostok with total area of 358 sq m
- On 22 March 2019 The Board of Directors recommended dividends payment following the results of 2018 financial year in the amount of RUB 800 mln or RUB 10.65 per share

FINANCIAL RESULTS FOR 2018

FINANCIAL RESULTS GROUP

14,937

RUB MLN
REVENUE

+ 9% (2018/2017)

29%

EBITDA
MARGIN

- 1 p.p. (2018/2017)

2,831

RUB MLN
NET PROFIT

+ 5% (2018/2017)

4,314

RUB MLN
EBITDA

+ 4% (2018/2017)

40

CLINICS/HOSPITALS

35 CLINICS

5 HOSPITALS

22 REGIONS

FINANCIAL RESULTS LIKE-FOR-LIKE

14,307

RUB MLN
REVENUE

+ 4% (2018/2017)

30%

EBITDA
MARGIN

+ 0.04 p.p.(2018/2017)

4,336

RUB MLN
EBITDA

+ 4% (2018/2017)

34

CLINICS/HOSPITALS

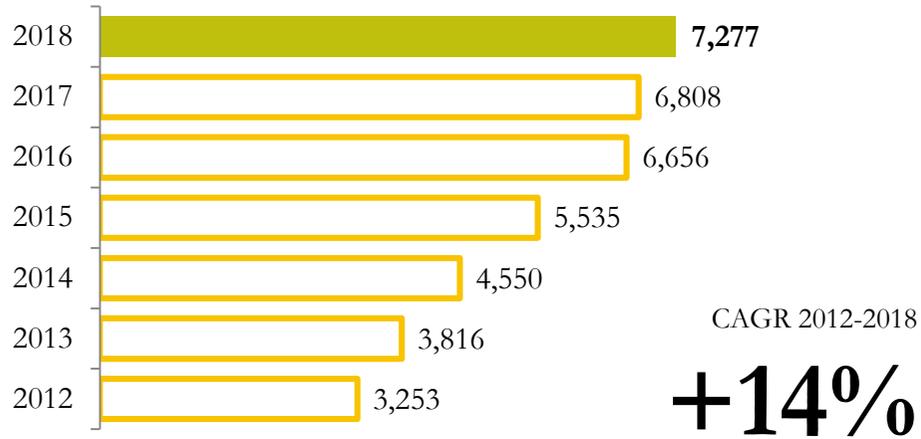
30 CLINICS

4 HOSPITALS

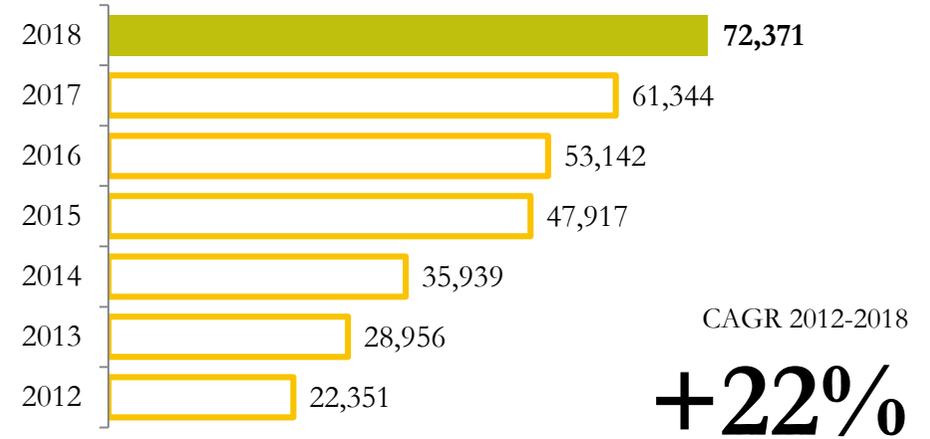
18 REGIONS

OPERATIONAL RESULTS FOR 2018

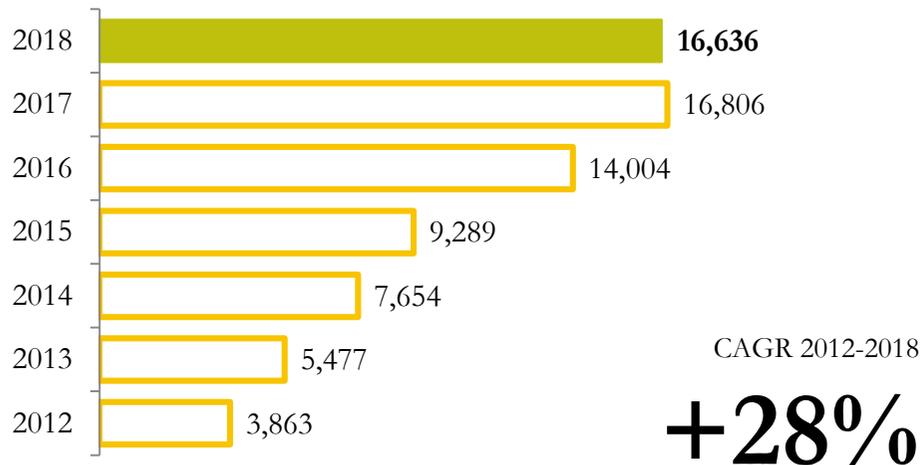
Deliveries



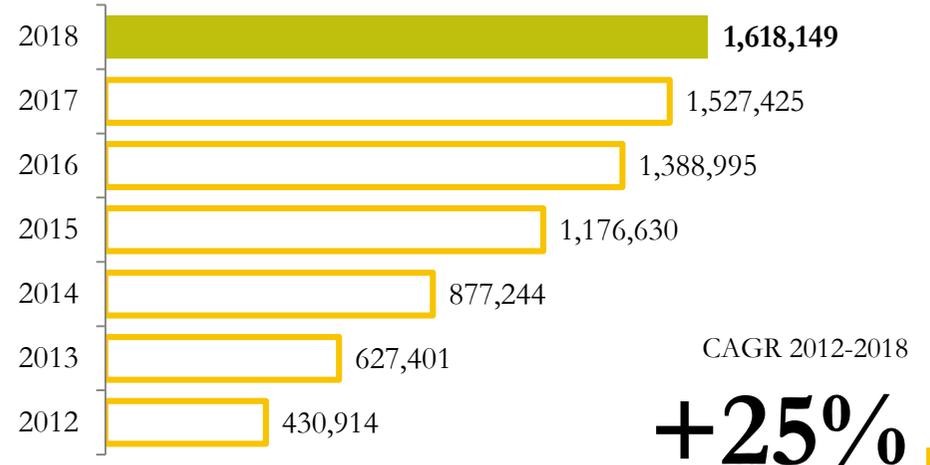
In-patient treatments



IVF cycles

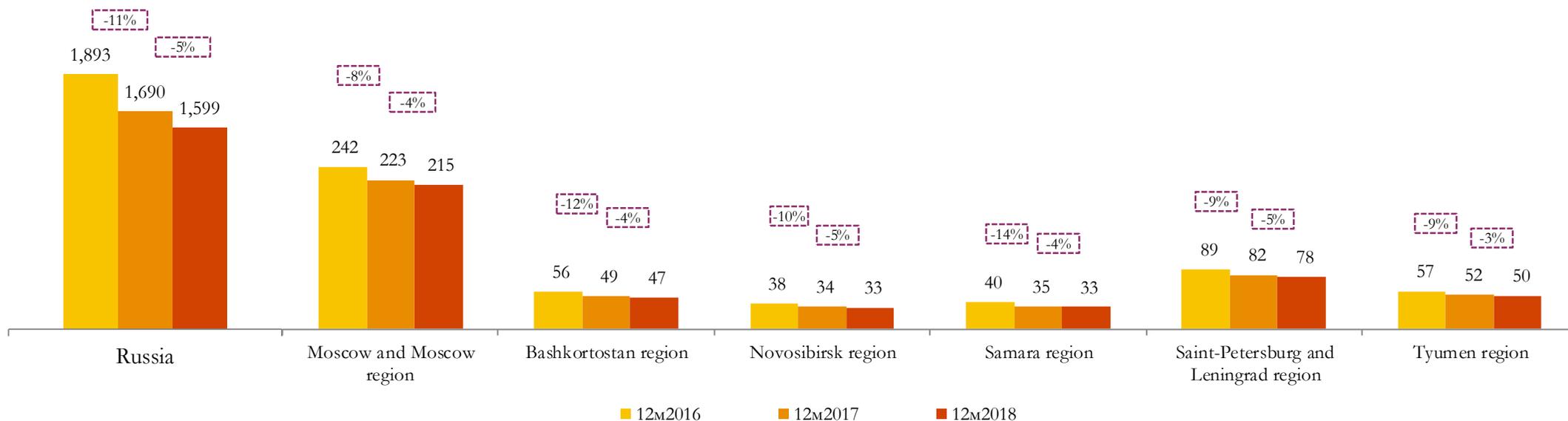


Out-patient treatments

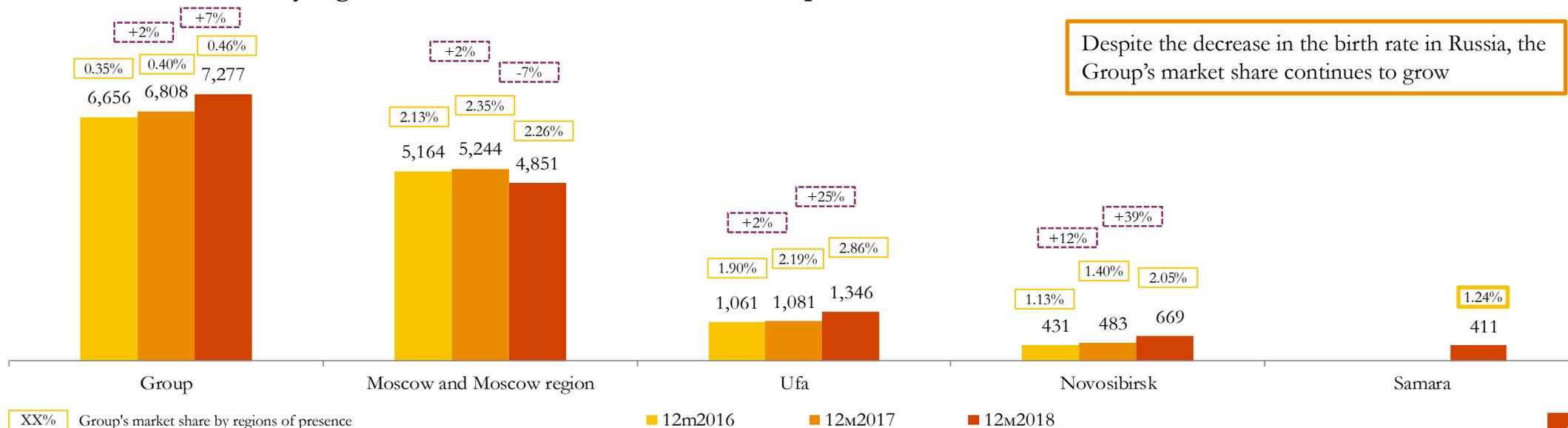


NUMBER OF BIRTHS BY REGIONS IN RUSSIA

Number of births by regions in Russia 2016/2017/2018, ths deliveries



Number of deliveries by region 2016/2017/2018, MD Medical Group



Despite the decrease in the birth rate in Russia, the Group's market share continues to grow

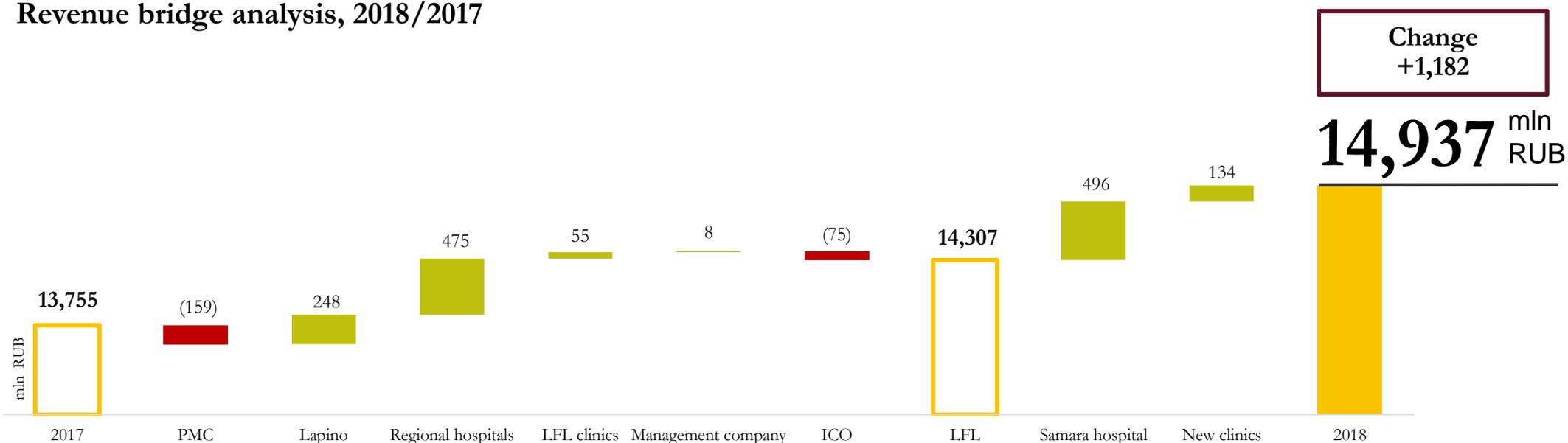
XX% Group's market share by regions of presence

+XX% Growth YOY

Source: Rosstat and management accounts

REVENUE STRUCTURE FOR 2018

Revenue bridge analysis, 2018/2017



Average tickets, ths RUB

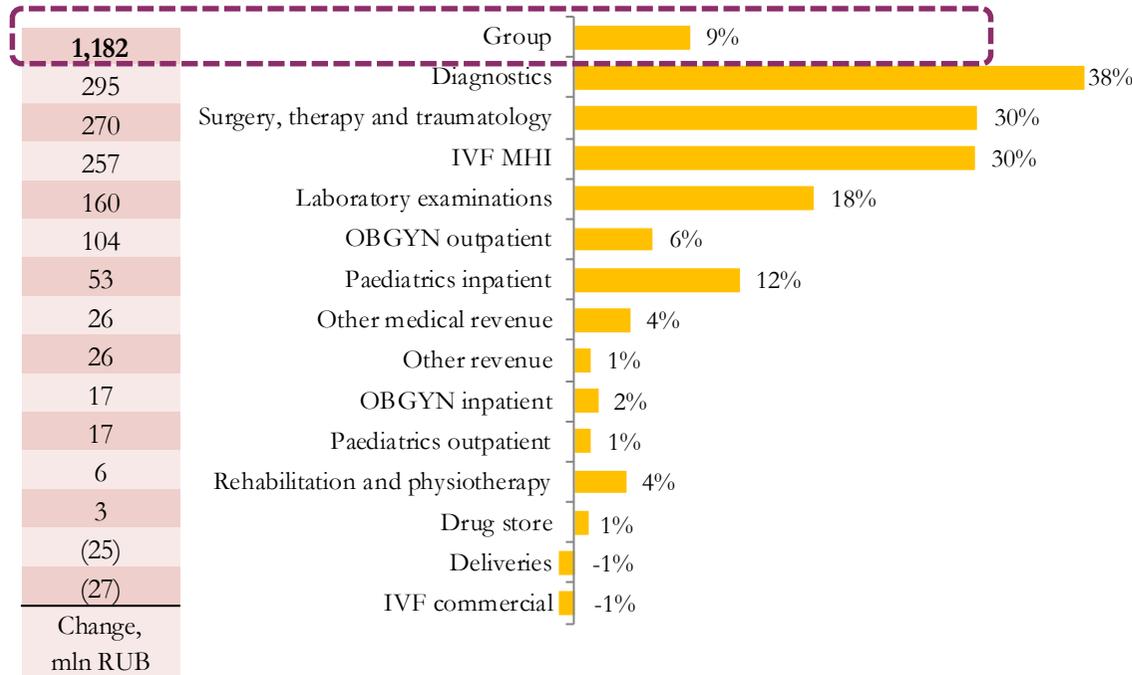
Indicator	2017	2018	Changes
Deliveries	328	304	-7%
Moscow	379	383	+1%
Regions	158	146	-8%
IVF	194	210	+8%
Commercial	252	287	+14%
MHI	118	134	+13%
In-patient	36	35	-2%
Moscow	39	48	+23%
Regions	26	25	-3%
Out-patient	2.8	2.9	+4%

Revenue dynamics by type of revenue, mln RUB

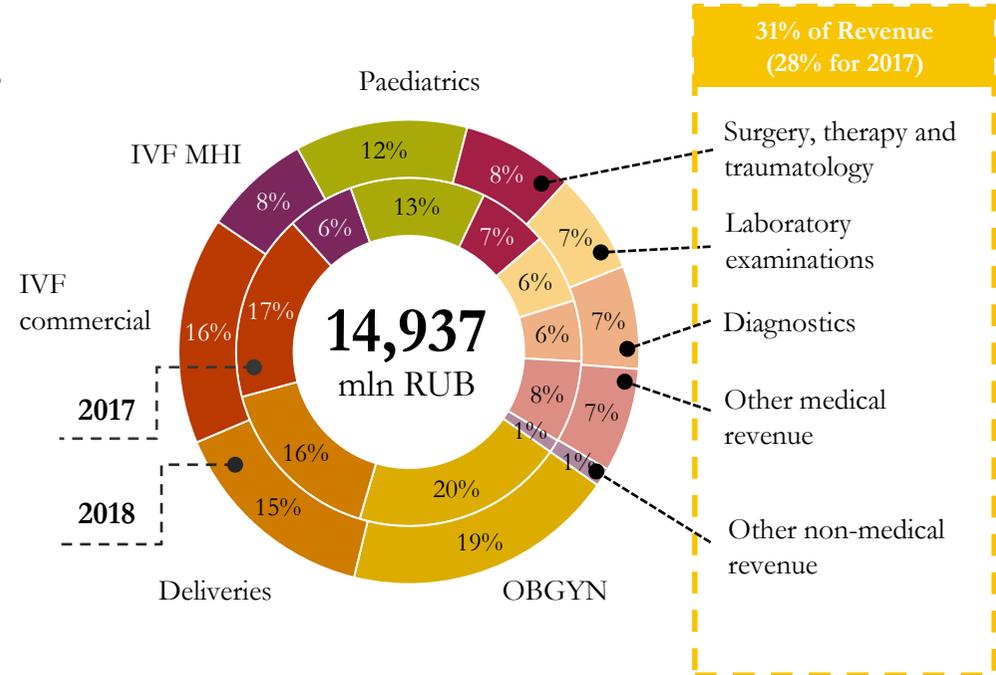
Type of revenue	2017	2018	Changes
OBGYN (excl. deliveries)	2,733	2,854	+4%
Deliveries	2,236	2,211	-1%
IVF	3,258	3,488	+7%
Paediatrics	1,738	1,808	+4%
Other medical services	3,352	4,105	+22%
Other revenue	438	471	+7%
Total	13,755	14,937	+9%

REVENUE CHANGE AND STRUCTURE BY TYPES OF REVENUE

Revenue change by type of services 2018/ 2017



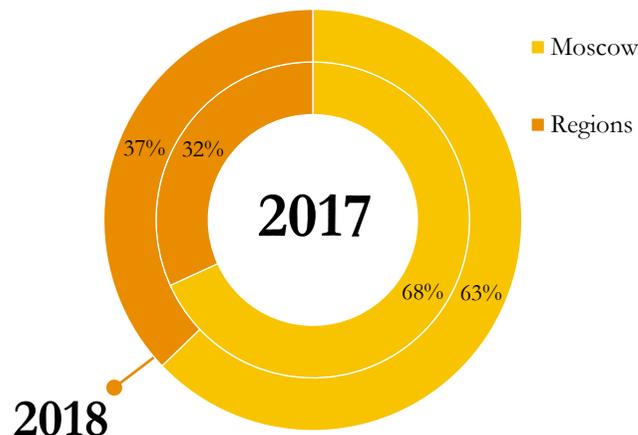
Revenue structure by type of revenue



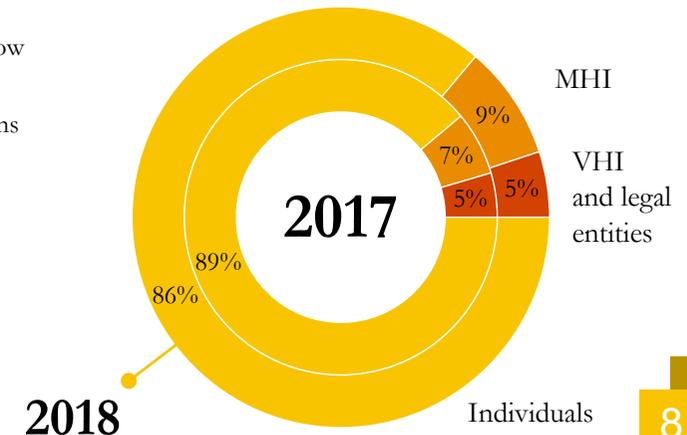
Highlights

- Growth in Laboratory and Diagnostics is due to significant increase of operational performance in Lapino and Ufa and development of liquid cytology laboratory
- Growth in Surgery, Therapy and Traumatology is due to the growth of operational indicators on these services in Ufa and Novosibirsk hospitals, and opening of hospital in Samara
- Growth of Paediatrics inpatient is due to ramp-up of Lapino capacities, growth of revenue in Ufa and opening of Samara hospital

Revenue structure, Moscow and regions

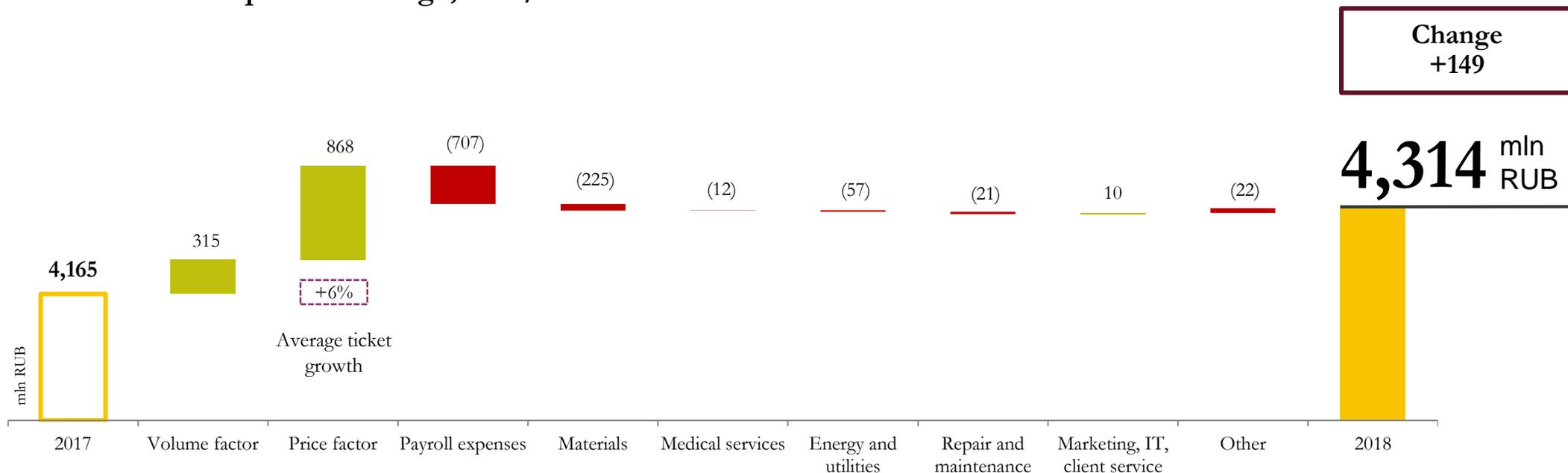


Revenue structure by payers

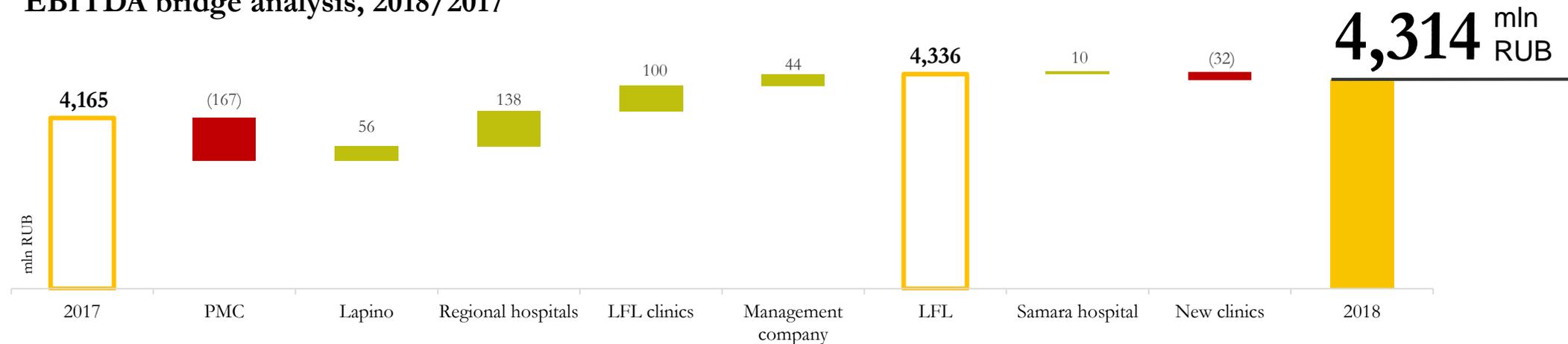


EBITDA STRUCTURE

EBITDA decomposition bridge, 2018/2017

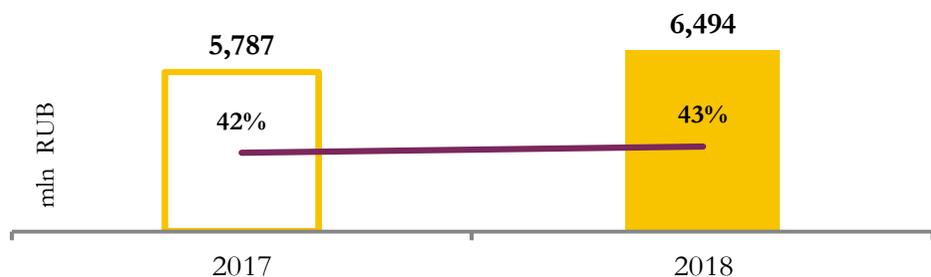


EBITDA bridge analysis, 2018/2017

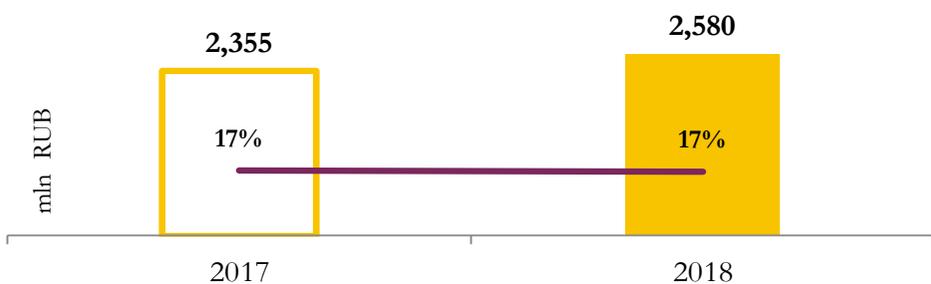


KEY EXPENSES DYNAMICS

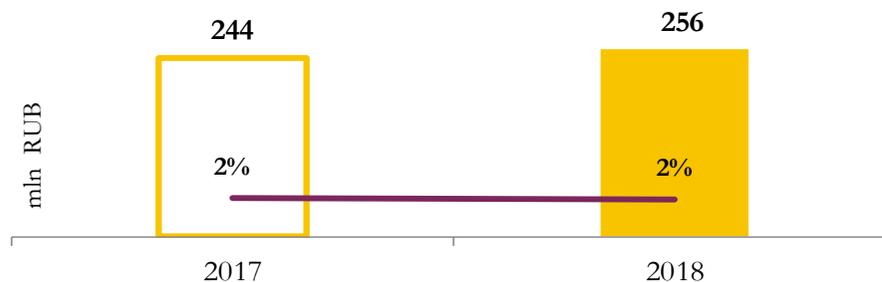
Dynamics of the major expenses, % of revenue Payroll + Social contributions



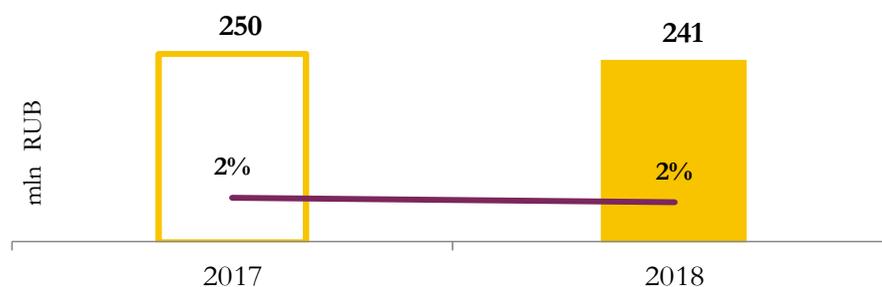
Material expenses



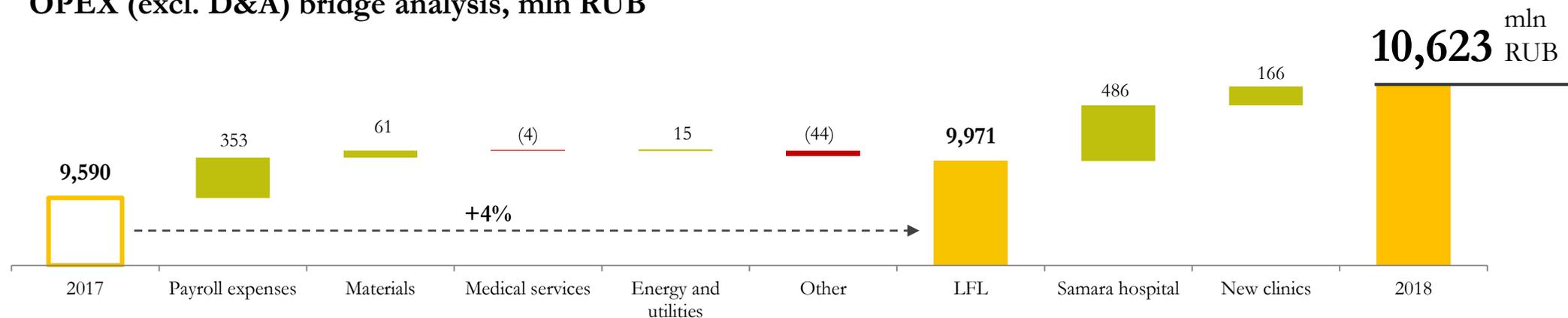
Medical services



Functional expenses (Marketing, IT, client service)

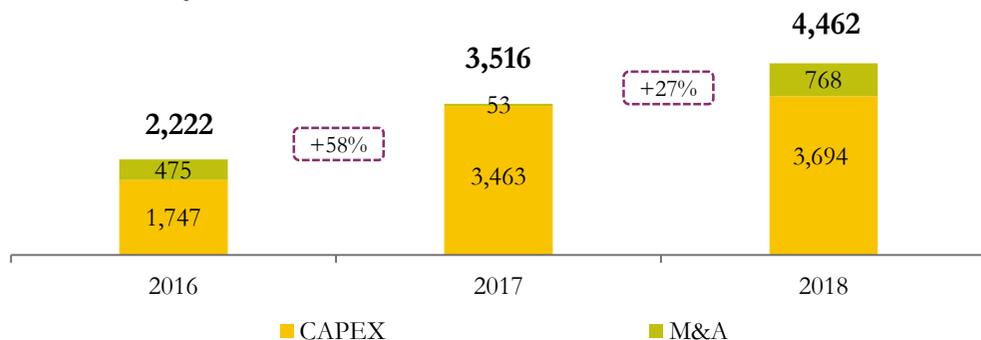


OPEX (excl. D&A) bridge analysis, mln RUB



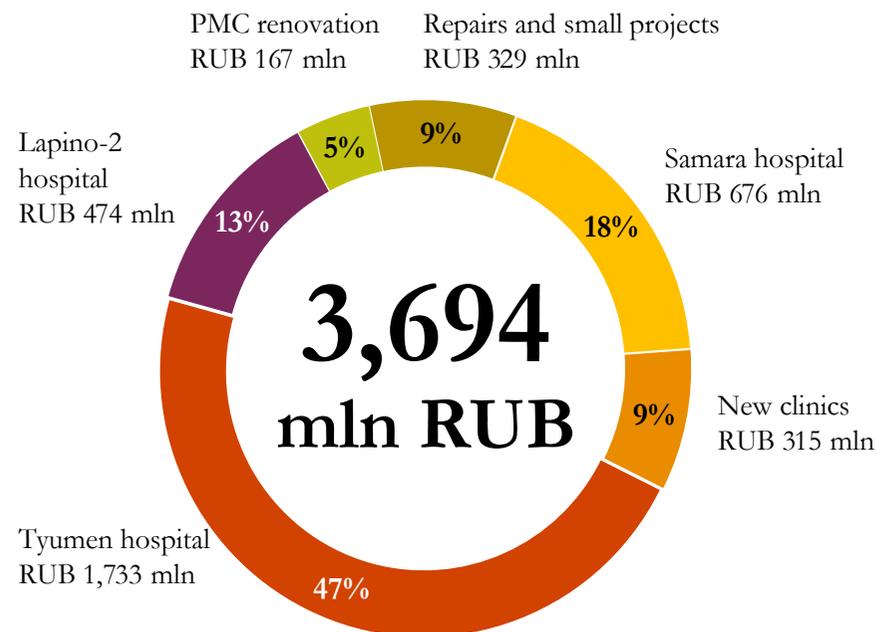
CAPEX HIGHLIGHTS AND CASH FLOW

CAPEX dynamics, mln RUB

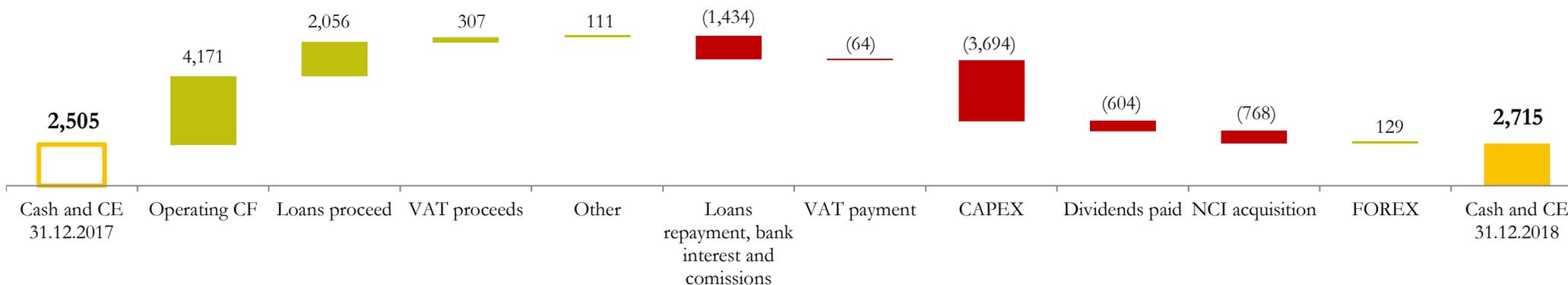


Capital expenditure comprised RUB 3,694 mln (RUB 3,463 mln for 2017) and mainly related to completion of construction of Samara hospital, construction of hospitals in Tyumen, clinics in Nizhny Novgorod, Lefortovo, Volgograd, Kazan, Tula, Vadiostok, expenses for the construction of Lapino-2 hospital and PMC renovation.

CAPEX structure 2018



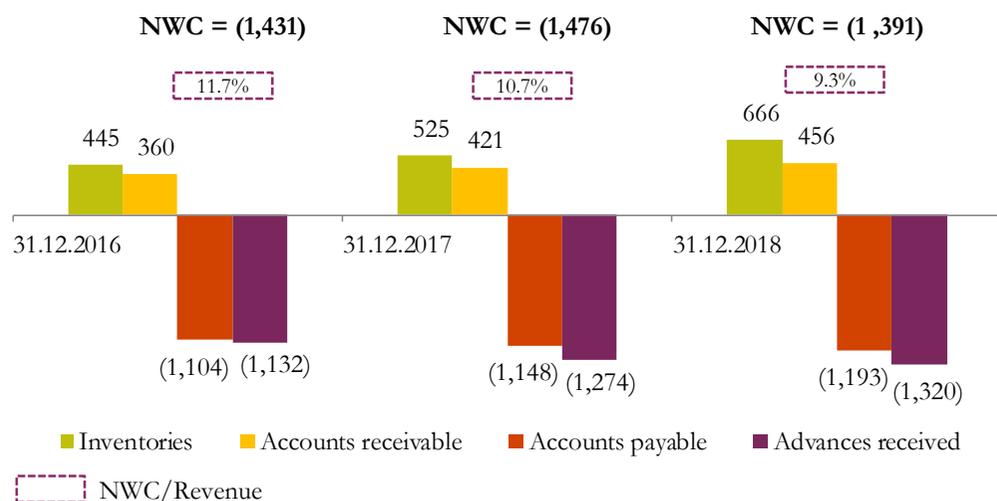
Cashflow bridge analysis, mln RUB



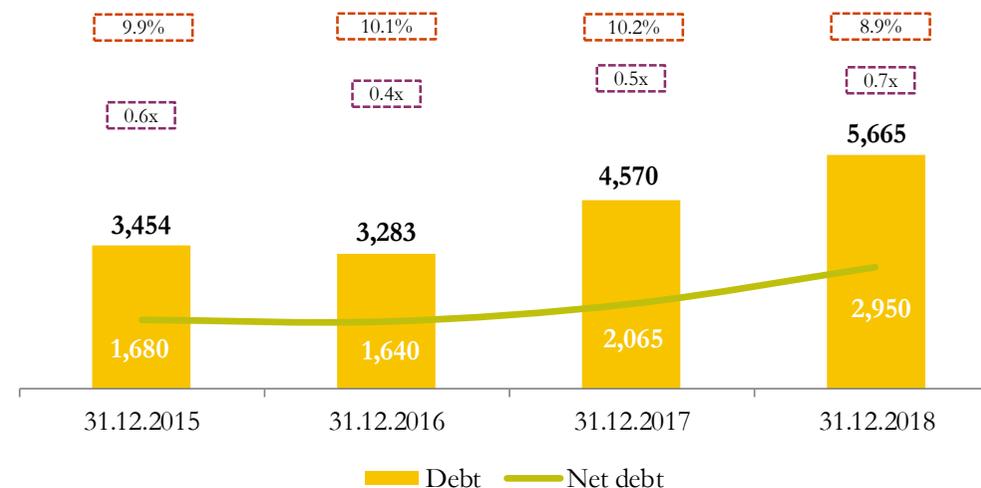
DEBT & NET WORKING CAPITAL (NWC)

- As at 31 December 2018 the Group's debt increased by 24% in comparison with amount as at 31 December 2017 and amounted to RUB 5,665 mln
- The Company's cash & cash equivalents increased by 8%
- The net debt position as at 31 December 2018 was RUB 2,950 mln which was 43% higher than the amount as at 31 December 2017. Net debt to EBITDA ratio was 0.7x
- The company works with negative working capital as a source of additional financing. Net working capital increased by 6% vs 2017 to RUB (1,391) mln and amounted to 9,3% of revenue 2018. The increase in net working capital to revenue ratio is explained by the launch of new big projects, mainly, Samara hospital
- New projects are financed by the optimal structure of borrowed funds and equity. Borrowed funds are raised at attractive rate on comfortable long-term period. Effective capital structure guarantees balanced business development
- The company has stable financial position due to strong cash balance

Net working capital (NWC), mln RUB

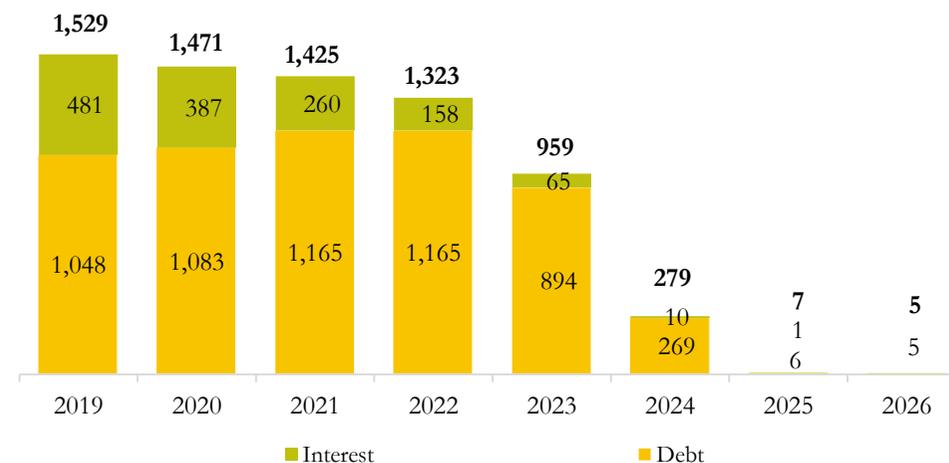


Debt and net debt dynamics, mln RUB



 Average effective interest rate
 Net Debt/EBITDA

Debt repayment schedule, mln RUB



2

STRATEGIC OUTLOOK

42 MODERN MEDICAL FACILITIES ACROSS RUSSIA

42

MEDICAL CENTRES

6

HOSPITALS

36

CLINICS

26

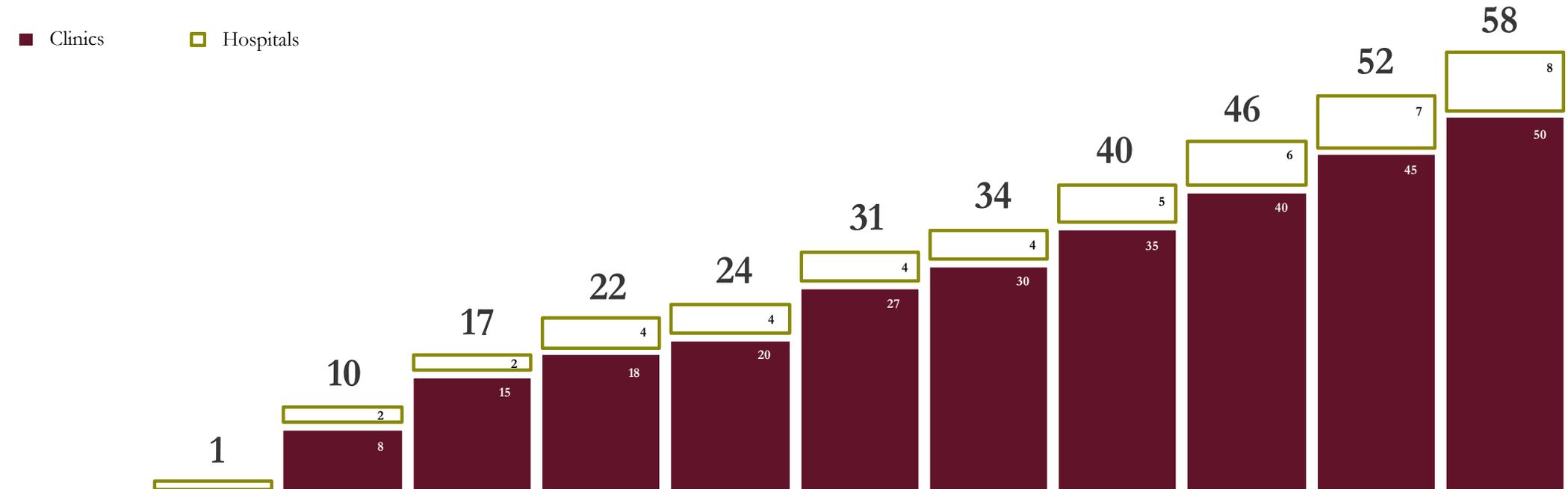
CITIES

≈ 7,350

EMPLOYEES



EXPANSION STRATEGY



	2006	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
New hospitals	PMC	Lapino		Ufa			Novosibirsk - 2	Samara	Tyumen, PMC renovation (surgery department)	Lapino-2	St Petersburg
New clinics		Perm	Yaroslav		Ryazan	Kostroma, Odintsovo, Khodynskoe field	Tyumen, Voronezh	Nizhny Novgorod, Vladimir, Kostroma, Lefortovo (Moscow), Volgograd, Tula, Kazan, expansion of M&C Yugo-Zapad	5 out-patient regional clinics	5 out-patient regional clinics	5 out-patient regional clinics
M&A			IDK (Samara) Clinic in Irkutsk	Avicenna (Novosibirsk)	Medica (Novokuznetsk)	AMG (Krasnoyarsk, Omsk, Barnaul and Novosibirsk)					

STATUS OF HOSPITAL PROJECTS

	CURRENT		
	Tyumen	Lapino-2	St Petersburg
Obtaining land for construction	Done	Done	Done
Building permits	Done	Done	Done
Preparation of the designing documentation	Done	Done	Done
Construction	Done	In progress	In progress
Equipment	Done	Not started	Not started
Launch	5 April 2019	2020	2021

	PROJECTS IN DEVELOPMENT					
	Kazan	Nizhny Novgorod	Ekaterinburg	Moscow - 3	Krasnoyarsk	Irkutsk
Obtaining land for construction	Done	Done	Done	Not started	Not started	Not started
Building permits	In progress	Not started	Not started	Not started	Not started	Not started
Preparation of the designing documentation	In progress	Not started	Not started	Not started	Not started	Not started
Construction	Not started	Not started	Not started	Not started	Not started	Not started
Equipment	Not started	Not started	Not started	Not started	Not started	Not started
Launch	Not started	Not started	Not started	Not started	Not started	Not started

- Done
- In progress

PROVEN MODEL FOR DEVELOPMENT OF REGIONAL HOSPITALS

Well designed prototype

- Target size well suited to cover local demand and effectively reach target utilization rates
- Comprehensive service offering for the entire family
- Adaptable layout and departments structure allowing \ utilization of beds
- Samara expertise serves to establish demand and hire required personnel

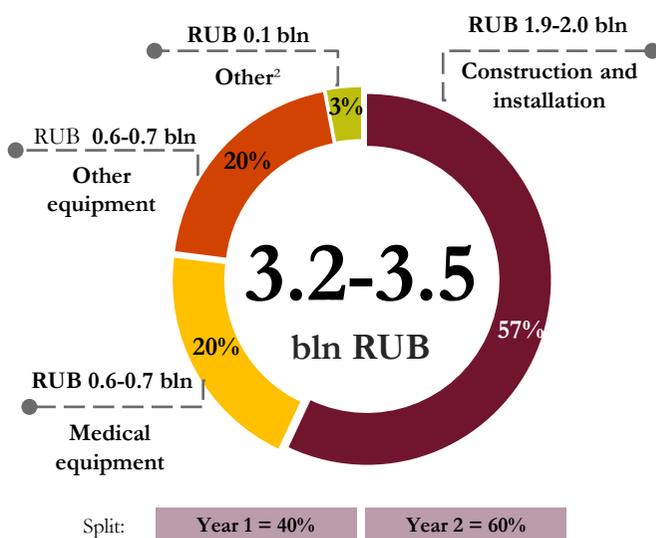
Key parameters

Construction timetable	c. 18-20 months
Building area	15,000 sq m
Beds	164
Headcount	c. 450 employees

Estimated capacity¹

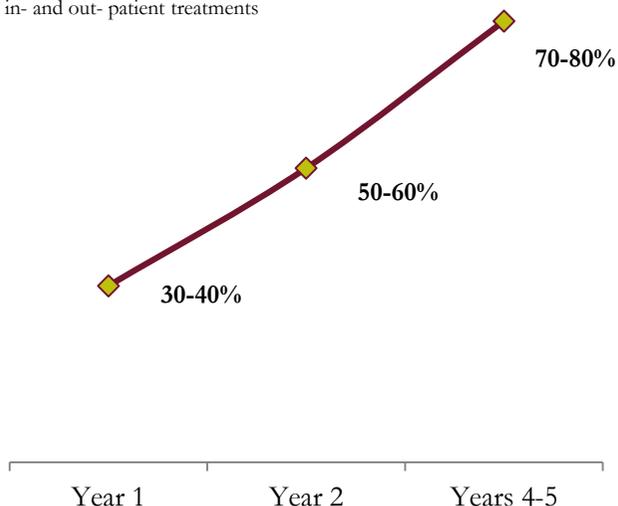
2,500 deliveries	1,200 IVF cycles
220k out-patient treatments	30k in-patient days

Estimated capex split



Targeted utilisation ramp-up

Applicable to deliveries, IVF and in- and out- patient treatments



Estimated pricing policy

Product	Pricing benchmark
Deliveries	Samara hospital c. RUB 160-180 ths
IVF	Samara hospital c. RUB 220-240 ths
In-patient treatments	Samara hospital c. RUB 40-50 ths
Out-patient treatments	Samara hospital c. RUB 2-3 ths

KEY EVENTS OF 2018 YEAR: LAUNCH OF MULTIFUNCTIONAL HOSPITAL IN SAMARA

CAPEX

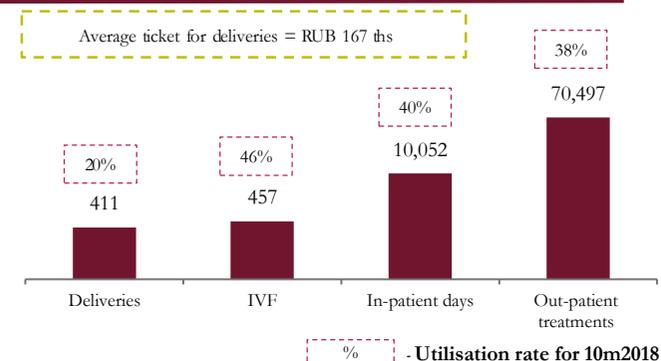
3.2 bln RUB

Multifunctional hospital

Offered services:

- Obstetrics
- Gynecology
- IVF
- Paediatrics
- Surgery
- Diagnostics
- Laboratory
- Other services

Operational results for 10m2018



15,000
sq m

164
beds

2,500
deliveries

1,200
IVF cycles

8,000
surgeries

220,000
out-patient treatments

LAUNCH OF MULTIFUNCTIONAL HOSPITAL IN TYUMEN

CAPEX

3.2 bln RUB

Multifunctional hospital

New hospital will render services for the whole family in different types of medical services:

- Obstetrics
- Paediatrics
- Surgery
- Gynecology
- Diagnostics
- Other medical services
- IVF
- Laboratory

Project schedule

21 June 2017

The ceremony of the laying of the first stone in the construction of new multifunctional clinical hospital in Tyumen

05 April 2019

Solemn ceremony of hospital opening



15,000
sq m

164
beds

2,500
deliveries

1,200
IVF cycles

8,500
surgeries

220,000
out-patient treatments

LAUNCH OF MULTIFUNCTIONAL HOSPITAL LAPINO-2 IS PLANNED IN 2020

CAPEX

4.2 bln RUB

Surgical building Lapino-2 includes:

- Diagnostical department
- In-patient 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 diagnostic and therapy.
- Center will be equipped with 2 linear accelerators, PET/CT scanner including synthesis of radiopharmaceuticals and active beds for radionuclide therapy.



18,500

sq m

88

beds

380

FTE in 2021

27,000

in-patient days

15,000

surgeries

200,000

out-patient treatments

LAUNCH OF MULTIFUNCTIONAL HOSPITAL IN ST PETERSBURG IS PLANNED IN 2021

CAPEX

5.0 bln RUB

Multifunctional hospital

Hospital will consist of 2 buildings:

- Multifunctional high-technological inpatient facility with total area of more than **18,500** sq m
- Out-patient centre with area of more than **3,500** sq m

Wide range of services

In-patient facilities will offer services including :

- OBGYN
- Urology
- Surgery for children and adults
- Emergency cardiology for patients with acute coronary syndrome

Out-patient facilities will offer services including:

- Children's polyclinic
- Maternity welfare centre
- Clinical-diagnostic centre for adults



22,000
sq m

178
beds

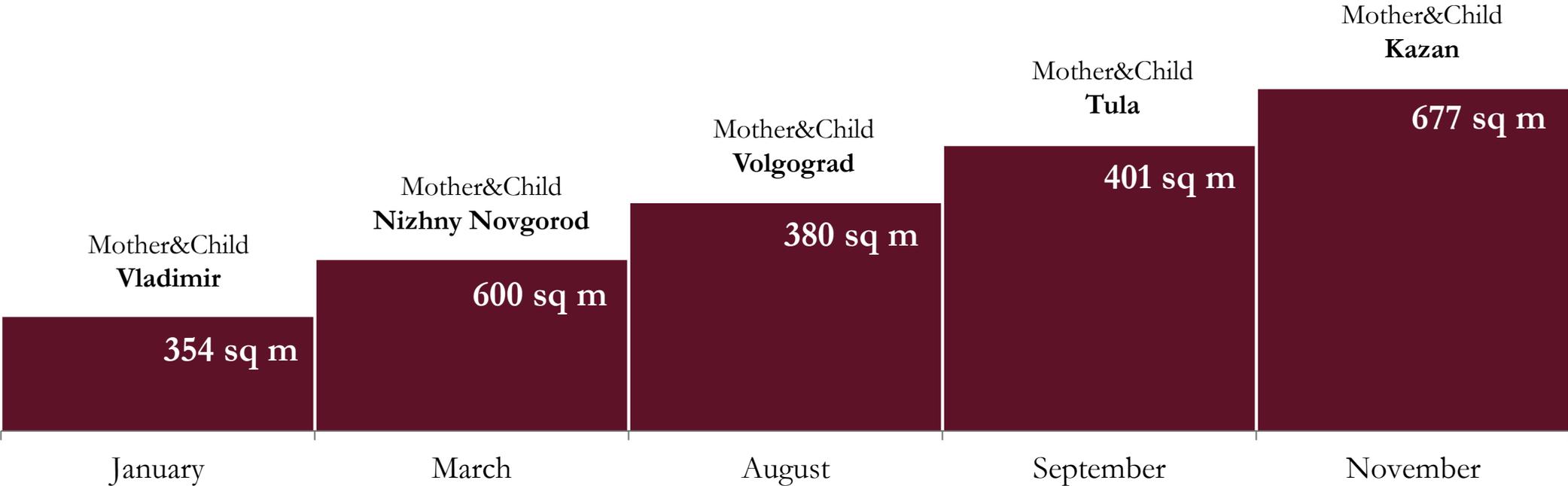
2,500
deliveries

1,200
IVF cycles

35,000
in-patient days

350,000
out-patient treatments

31 regional medical centres* at the end of 2018



Expansion in mid-term: opening of 10-15 out-patient clinics

Regions of expansion: Central Russia, Volga region, Far East

CAPEX: RUB 45-75 mln

Area: 400 – 700 sq m

* excluding Moscow and Moscow region

STANDARDISED MODEL OF REGIONAL DEVELOPMENT OF WOMEN'S HEALTH CLINIC

Market review

- Current market volume of IVF cycles in Russia is estimated in 120 ths cycles or 700 cycles per 1 mln people
- Average number of IVF cycles in developed countries is about 1,5-2 ths cycles per 1 mln people
- Therefore, potential market of IVF cycles in Russia has ability to be 2-3 times higher with 200-300 ths IVF cycles per year

Capacity of regional IVF clinic

500

IVF cycles per year

45-75*

mln RUB
CAPEX

120

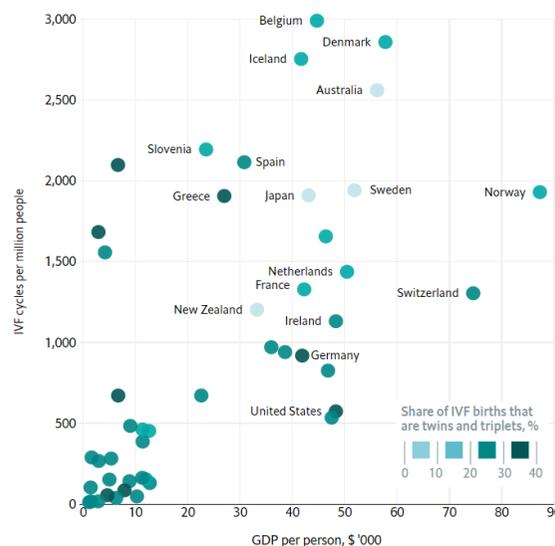
mln RUB
maximum revenue in
current prices

25%

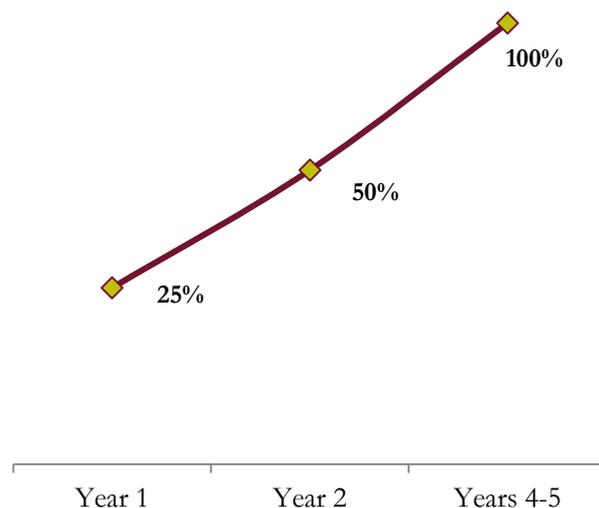
Target EDITDA margin

*rented premises

IVF statistics, global data



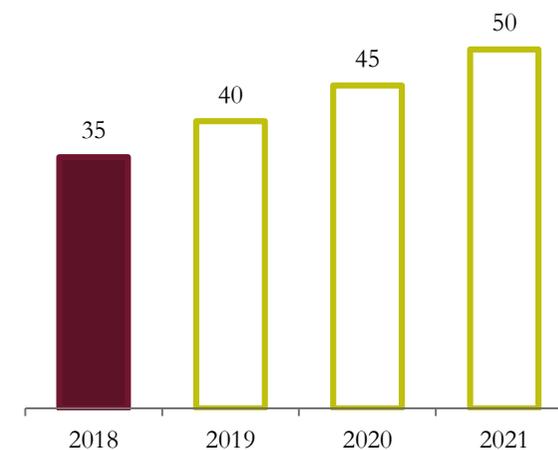
Utilisation forecast



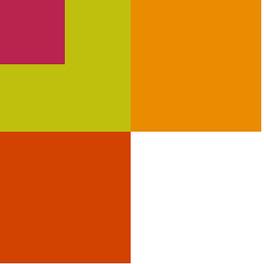
Forecast of Mother and Child results

- The share of Mother and Child on IVF market is about 17%
- Opening of new IVF clinics will increase capacities of Mother and Child to 40 ths IVF cycles per year which is about 25-30% of market share with a forecast of market growth by 10-15% in the following 3 years

Number of clinics at the year end



expansion strategy of clinics



Q&A

