

Russian Private Health Group MDMG Continues Expansion With Avicenna Purchase

By [The Moscow Times](#)

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Russian private health care company MD Medical Group plans to expand into the country's third-largest city Novosibirsk via a \$45.5 million acquisition, its biggest so far.

MDMG, which specializes in women's health care, said its target Avicenna owns three clinics and a hospital with a maternity ward and is the largest private health care company in Russia outside Moscow and St. Petersburg.

MDMG already operates 17 medical centers, including two hospitals and 15 out-patient clinics in Moscow, St. Petersburg, Perm, Ufa, Irkutsk, Samara and Yaroslavl.

It is the only Russian company in the sector to have floated its shares, having raised more than \$300 million in a London share sale in 2012 to expand its clinics chain, benefiting from a growing middle class and private medical insurance.

The company had said it hoped to lead a consolidation of the burgeoning and highly fragmented sector, which has emerged as a competitor to the ailing system of public hospitals and clinics that often fail to meet demand for quality services.

The Avicenna acquisition is expected to lift MDMG's earnings in the current financial year, it said in a statement. Avicenna generated 707 million rubles (\$19.5 million) in revenue in 2013, compared with MDMG's revenue of 5.7 billion rubles (\$158 million).

MDMG will use a bank loan to fund 80 percent of the acquisition cost, with the rest covered by its own cash. The deal is scheduled to be completed in the fourth quarter, subject to regulatory approvals and other conditions. million.

The company will use a bank loan to fund 80 percent of the acquisition cost, with 20 percent covered by its own cash assets, it said in a statement.

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