



Acquisition of Alliance Medical Group



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Today's Presenters



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CEO Alliance Medical



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Life Healthcare



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Transaction Overview and Rationale



Acquisition of Alliance Medical Group Limited

Transaction Overview

- Life Healthcare acquired approximately 95% of Alliance Medical Group Limited (“AMG”) effective 21 November 2016
- Initial cash consideration of approximately GBP553m
- Deferred cash consideration of up to GBP40m dependent on AMG’s performance through to 31 March 2017
- Values AMG at an implied enterprise value of between GBP760m and GBP800m
- Purchase consideration funded through ZAR and GBP debt bridge facilities to be refinanced through a rights offer

✓ **AMG is one of the leading European diagnostics providers**

- Excellent market positions in core markets: UK, Italy and Ireland
- Established partner with national health systems such as the NHS in England
- LTM⁽¹⁾ revenue of £233.4 million and EBITDA⁽²⁾ of £64.5 million

✓ **Operating in high growth markets**

- Strong demand led growth: mid-high single digit growths⁽³⁾
- Most healthcare systems struggling to cope with demand creates additional opportunities for the private sector
- Out-of-hospital/community based model evolving with select consolidation opportunities

✓ **Strong, experienced and committed management team**

- Ongoing commitment to Life Healthcare evidenced by ongoing personal investment
- Proven track record and experience in the healthcare sector

The AMG acquisition establishes Life Healthcare as a truly international player and is a continuation of the strategy of growing complementary services

1. *Financial information relating to AMG for the 12 months ended 30 September 2016 has been derived from its financial information for the 12 months ended 31 March 2016 plus its financial information for the six months ended 30 September 2016 minus its financial information for the six months ended 30 September 2015. It is intended that the unaudited condensed consolidated interim financial statements of AMG for the six months ended 30 September 2016 and the unaudited consolidated financial statements of AMG for the financial year ended 31 March 2016 will be reviewed or audited, as applicable, in due course. The final reviewed or audited numbers, as applicable, may be subject to amendment and therefore so may any numbers derived therefrom*
2. *AMG historically defined EBITDA as profit before interest, tax, depreciation, amortisation of acquired intangibles, profit/(loss) on disposal of property, plant and equipment, and exceptional items*
3. *AMG Management analysis*



Life Healthcare's Strategic Acquisition Objectives

Life's Objectives	What AMG Offers
<ul style="list-style-type: none">• High growth markets	<ul style="list-style-type: none">• Strong underlying demand driven by demographics, disease burden and advances in medical technology
<ul style="list-style-type: none">• Complementary service lines/disciplines	<ul style="list-style-type: none">• MRI, CT, PET-CT; strong linkages into high growth therapeutic areas: oncology and neuro-disorders
<ul style="list-style-type: none">• Market leadership	<ul style="list-style-type: none">• 30-year track record; leading position in UK, Ireland and Italy; key partner with NHS England
<ul style="list-style-type: none">• Experienced and committed management team	<ul style="list-style-type: none">• Longstanding experience in the healthcare sector and ongoing commitment to Life evidenced through management investment
<ul style="list-style-type: none">• Geographic diversification	<ul style="list-style-type: none">• UK-based with operations in 10 countries provides pan EU reach• Diverse basket of currencies (including GBP and EUR)



Benefits of Combination

- ✓ **Accelerates Life's geographic diversification**
 - Revenue outside of South Africa increased from 7%⁽¹⁾ to 29%⁽²⁾⁽³⁾
 - AMG operates in 10 European countries
- ✓ **Positions Life firmly in diagnostics**
 - A strategically important high growth business
 - Further growth from underlying market demand and potential consolidation
 - Life continues to grow its complementary services proposition:
 - Mental health / Acute Rehabilitation / Renal Dialysis / Oncology
 - Diagnostics
- ✓ **Leveraging AMG's networked imaging services proposition**
 - Understanding of clinical pathways / processes to deliver high quality service
 - Proprietary technology to deliver networked services
 - An efficient operator in Europe
- ✓ **AMG has a strong highly complementary management team**
 - Team has broad healthcare experience to help support Life's international growth
- ✓ **Oncology presence enhanced through PET-CT services**
 - Vertically integrated with radiopharmaceutical manufacturing
 - Key component for cancer care, aids in skills transfer

1. Life Healthcare's International Division revenue contribution for the financial year ended 30 September 2016

2. AMG's revenue plus Life Healthcare's International Division revenue expressed as a percentage of the combined revenue of AMG and Life Healthcare for the 12 months ended 30 September 2016

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Alliance Medical Group Overview



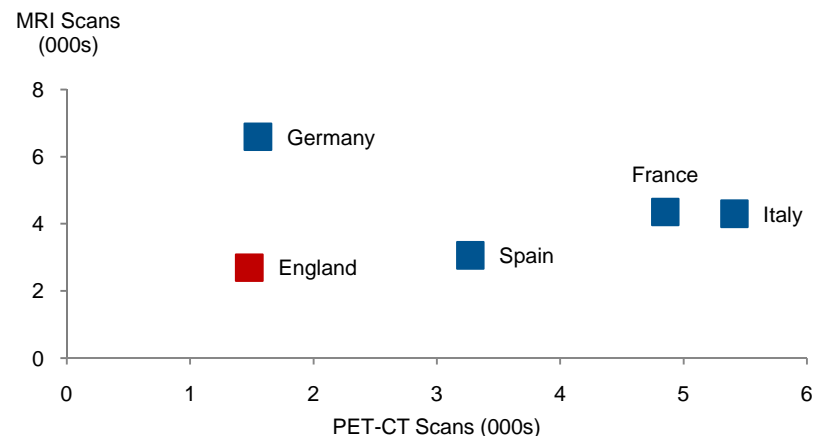
Western European Healthcare Markets

Key Themes

- **Demand growth**
 - Demographics
 - Increased focus on early diagnosis
 - Increasing incidence of cancer
 - Medical technology advancement
- **Capacity constraints in public facilities**
 - Shift towards out-of-hospital care due to limited space
 - Shortage of radiologists
 - Concern over waiting times in public systems
- **Limited public sector capex**

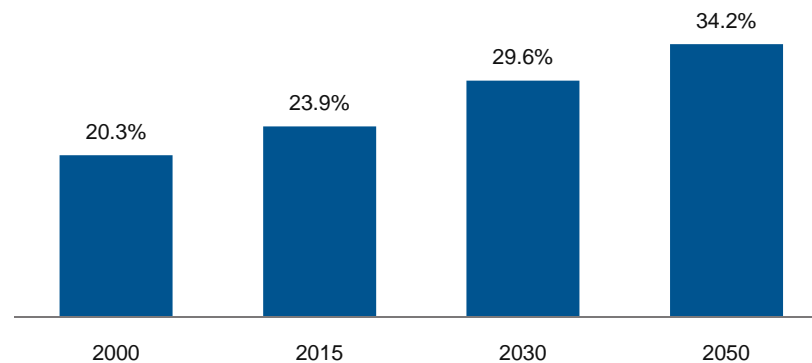
Scan Penetration Levels⁽¹⁾

Scans per Million Population (15E)



Demographics/growth⁽²⁾

(% aged over 60+ in Europe)



Source: 1. AMG Management Analysis, NHS cancer strategy 2015-2020. 2. United Nations (2015) World Population Prospects: The 2015 Revision

AMG's Geographic Split

	£233.4m / ~R4.9bn Revenue ⁽¹⁾⁽²⁾		£64.5m / ~ R1.36bn EBITDA ⁽¹⁾⁽²⁾	
	UK	Italy	Ireland	Other Geographies
Territorial Coverage	<ul style="list-style-type: none"> DI static sites: 37 PET-CT national contract sites: 31⁽³⁾ Mobiles: 45 	<ul style="list-style-type: none"> Owned clinics: 13 Static sites: 22 	<ul style="list-style-type: none"> Operating sites: 19 	<ul style="list-style-type: none"> Spain Netherlands Germany Finland Bulgaria France Norway
Revenues ⁽¹⁾⁽²⁾	<ul style="list-style-type: none"> £127m / R2.7bn 	<ul style="list-style-type: none"> £68m / R1.4bn 	<ul style="list-style-type: none"> £21m / R0.4bn 	Revenue Split By Geography⁽¹⁾
Service Offering	<ul style="list-style-type: none"> MRI CT PET-CT Radiopharmacy 	<ul style="list-style-type: none"> MRI CT PET-CT 	<ul style="list-style-type: none"> MRI CT PET-CT 	

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2. GBP amounts converted to ZAR at the 12 months to 30 September 2016 average exchange rate of R/£21.03

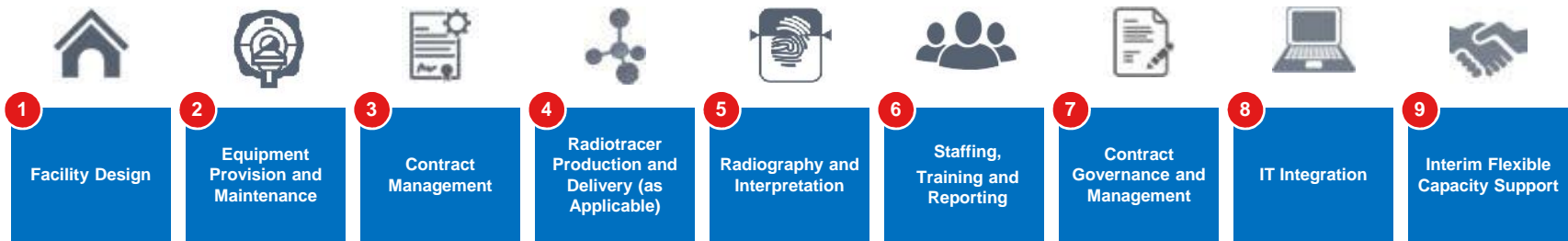
3. Including The Christie



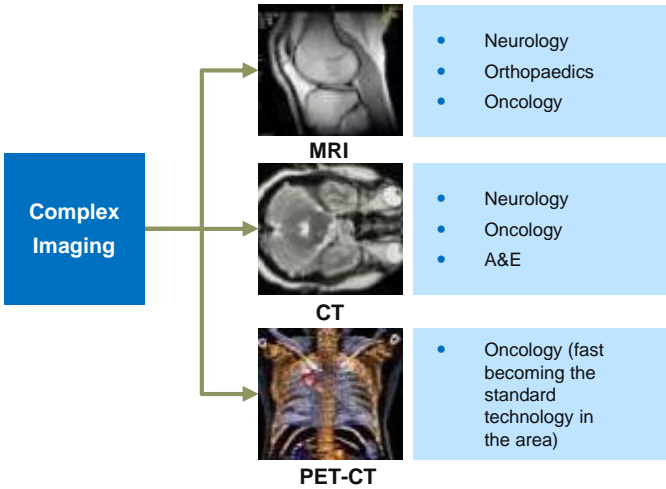
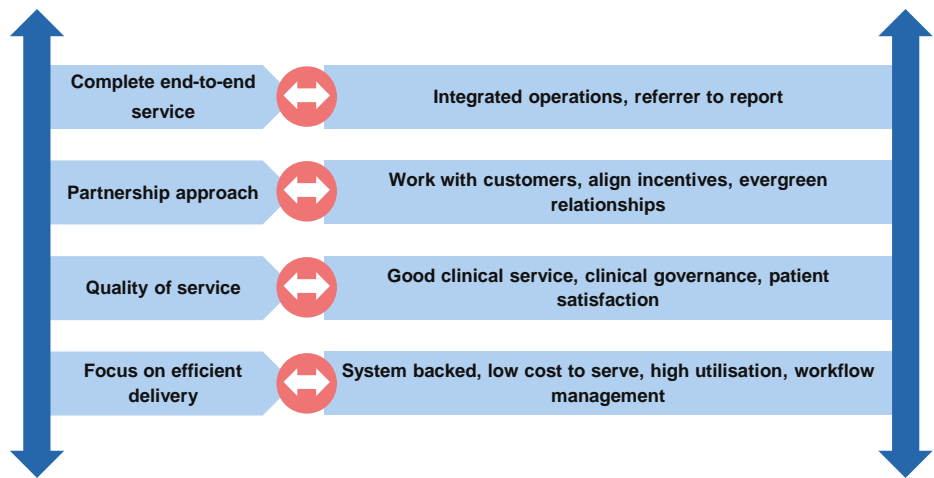
Fully Integrated Diagnostics Platform

Proven track record of partnering with national health services e.g. NHS England

Overview of End-to-End Service Provision



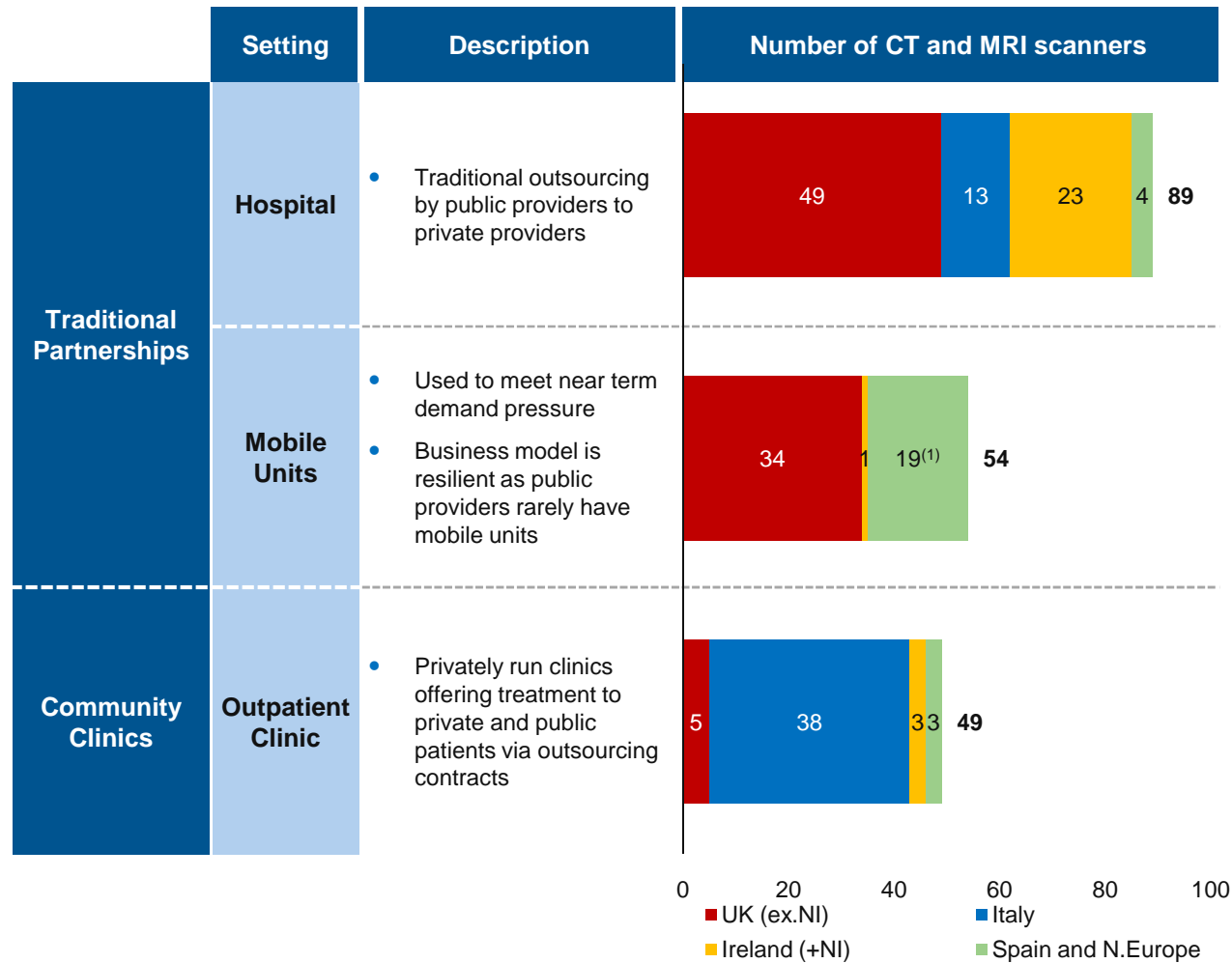
AMG Approach



Source: AMG Management

AMG's Diagnostic Imaging Business Models

In Diagnostic Imaging (“DI”), AMG has leveraged its international experience to develop a range of business models which provide operational flexibility and are aligned with local market dynamics

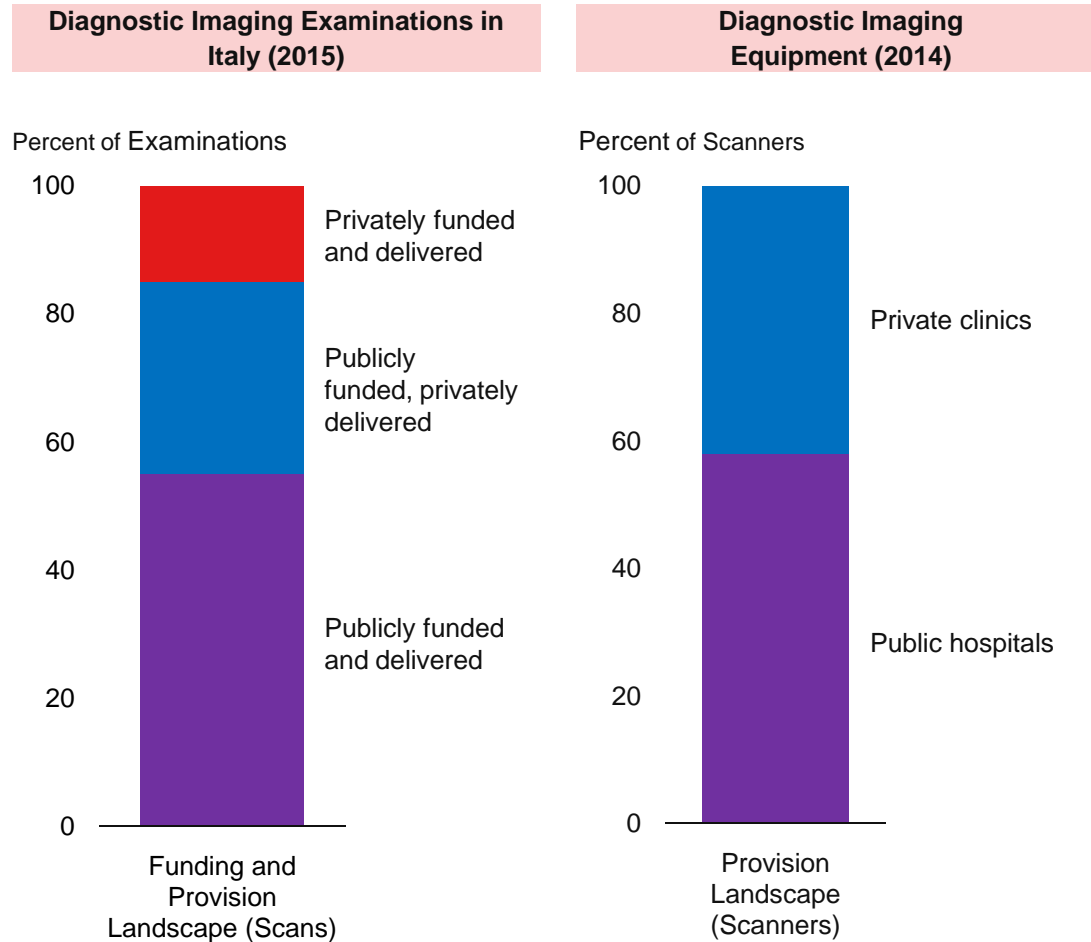


- AMG is able to transfer learnings between markets and modalities, based on its experience of:
 - Partnering with leading public organisations in England and Ireland
 - Working with leading private providers in Ireland
 - Managing a portfolio of private clinics in Italy
- AMG also has experience in managing public and private funding streams

Source: Third party consultant engaged by AMG for purposes of assessing the market
1. Mobile units in Northern Europe

AMG: Italy Market

Majority of Italian Diagnostic Imaging is publicly funded with a proportion privately delivered; public patients typically co-pay for their scans

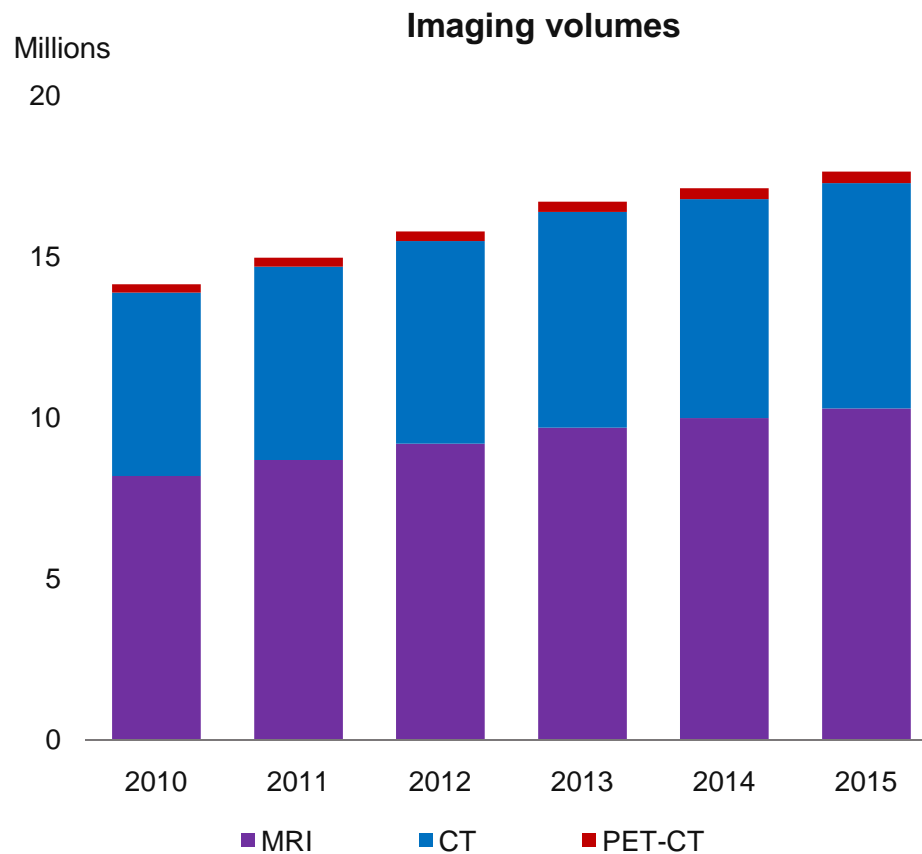


- Under the Italian delivery model, a proportion of publicly funded scans are allocated to contracted, accredited private clinics
- The privately funded and delivered market is estimated to have grown from c.10% to 15% of the total DI market over the last 5 years
- Co-pay rates have increased leading, patients to switch to pure private

Source: Third party consultant engaged by AMG for purposes of assessing the market

AMG: Italy Market

Consistent growth rate in total imaging volumes between 2010 and 2015

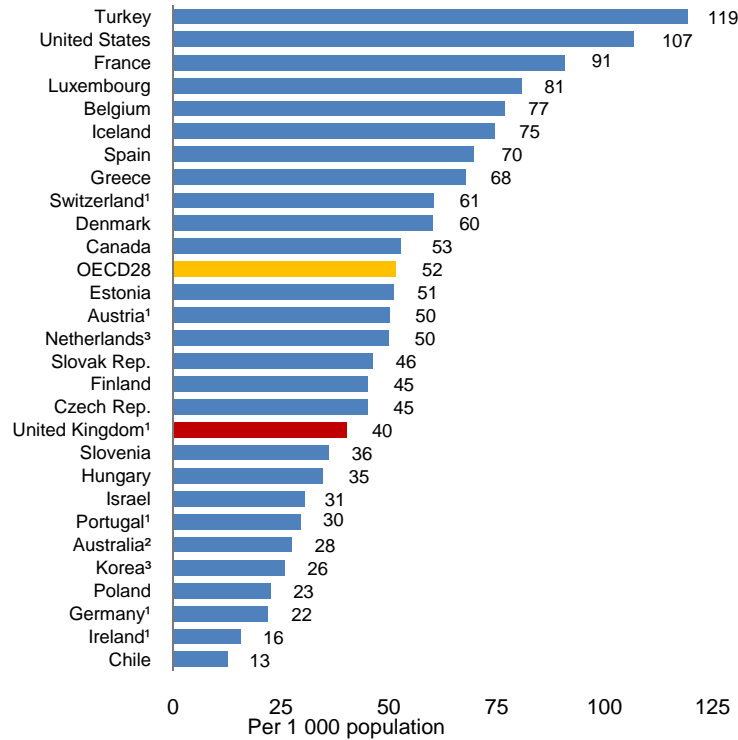


- c.50% of outpatient diagnostics are delivered by privately owned outpatient clinics
- Italian market is a fragmented market with over 1,200 providers
- Many of these are 'owner/manager' single site clinics
- Growth in DI is expected to be in the 3-5% range per year to 2020
- Opportunity to grow through
 - Continued growth of volumes
 - Market consolidation
 - Acquiring and absorbing standalone clinics
 - Generate scale and drive efficiencies

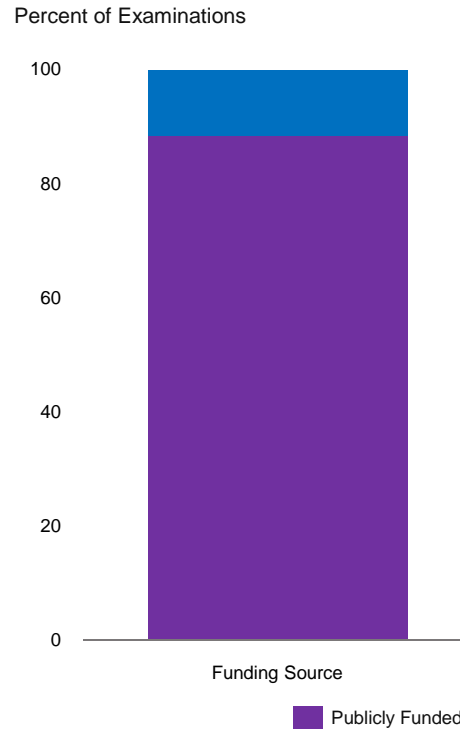
Source: Third party consultant engaged by AMG for purposes of assessing the market

AMG: UK Diagnostic Imaging Market – Scan Rates

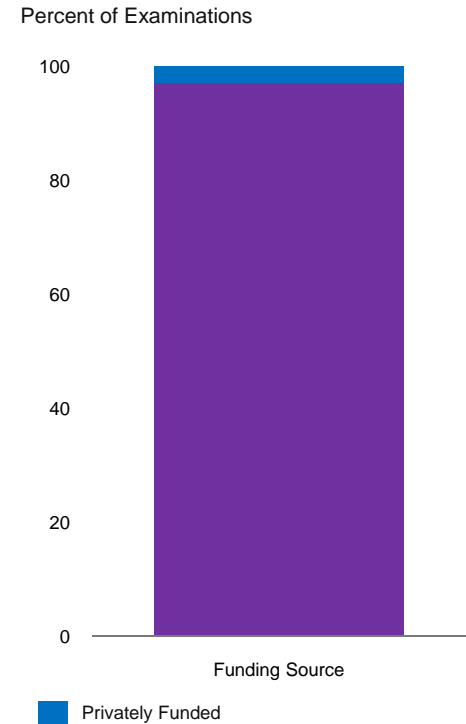
MRI Procedures/1,000 (2013)⁽¹⁾



MRI Procedures in England (2016)⁽²⁾



CT Procedures in England (2016)⁽²⁾



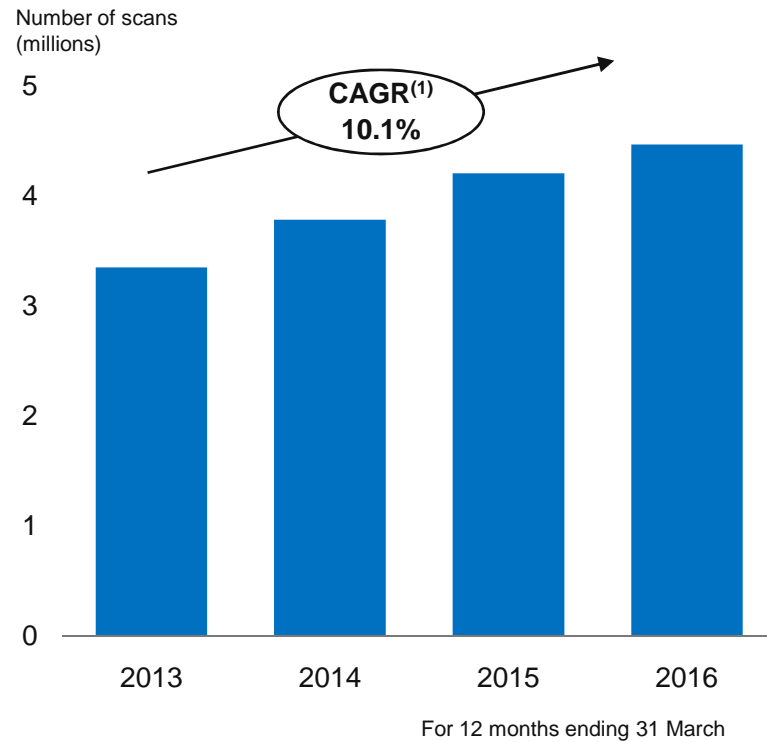
- Despite historical growth rates of c.10%, the UK still lags the OECD countries in MRI and CT scans per 1,000
- c.88% of MRIs and c.97% of CT scans were publicly funded in 2016

Source: 1. OECD iLibrary. 2. Third party consultant engaged by AMG for purposes of assessing the market

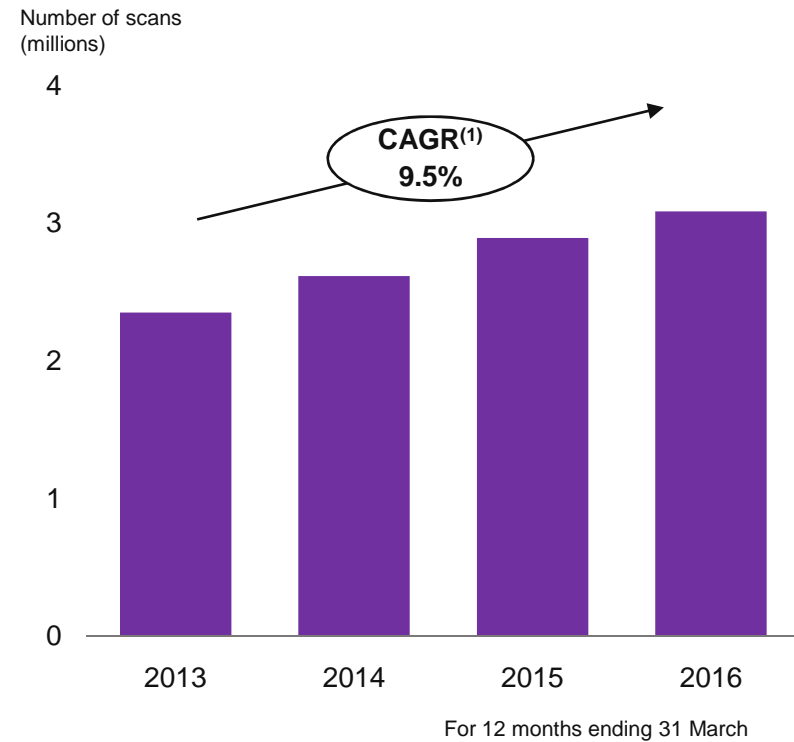


AMG: UK Diagnostic Imaging Market – Growth

NHS CT Activity in England



NHS MRI Activity in England



Source: NHS England (www.england.nhs.uk)

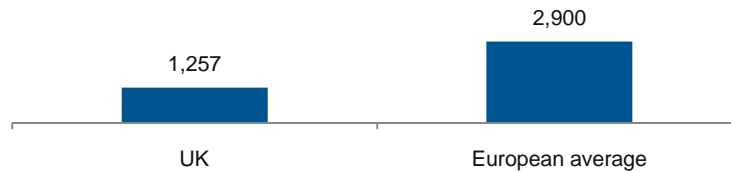
1. Compound annual growth rate calculated from 2013 to 2016



AMG: UK Molecular Imaging Market – Landmark Contract to Collaborate with NHS England on PET-CT at a National Level

PET-CT Scans

PET-CT scans per million population (2014)



- UK per capita scan rates significantly below other major European countries
- Creation of new local capacity will stimulate demand

PET-CT Contract

- 10 Year contract, won via public tender with NHS England for the provision of PET-CT scanning services
- Covers 31 sites with no volume caps at a fixed price
- Partnership with The Christie (major cancer centre in Europe)
- Development partner for the NHS

98%
of people within a one-hour drive of a static scanner

...with a reduction in cost per scan

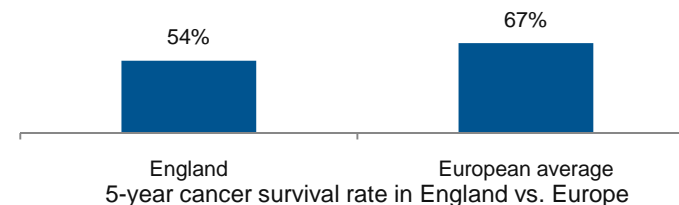
(18%)

5-year Survival is Markedly Lower

- UK is targeting the European 5 year cancer survivorship rate of 67% by 2020
- Demand for PET-CT is expected to grow quickly as awareness of its functionality improves
- If scan volumes continue to increase in line with historical growth it will take c.12 years for the UK to reach the same per capita number of scans as other European countries
- **Market growth rate of 12-14% p.a. expected over the next 4-5 years**

Molecular Imaging Collaborative Network

- The Molecular Imaging Collaborative Network (MICN) will deliver via the PET-CT National Contract
 - ✓ Coverage to 60% of England
 - ✓ More static scanners to improve local access
 - ✓ Reduced turnaround times
 - ✓ Standardised evidence-based pathways of care
 - ✓ Up to seven days per week access to scanners
 - ✓ Capacity for collaborative research
 - ✓ Increased value for money to the NHS
 - ✓ Vertically integrated radiopharmacy



Source: AMG Management, <http://www.alliancemedical.co.uk/news/nhs-england-chooses-collaborative-network-bid-to-provide-pet-ct-scanning-services-across>, Cancer Strategy for England 2015-2020

AMG is a Market Leading Player with Strong Growth Potential



Source: AMG Management

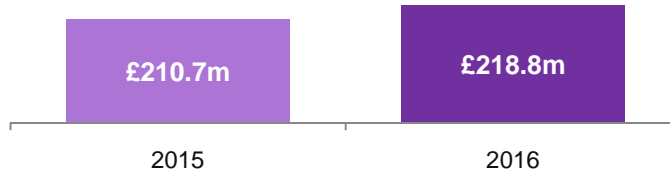


Financial Information and Effects

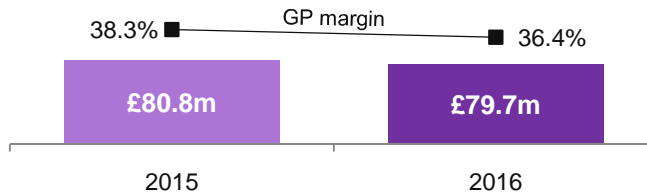
Summary Financial Performance of AMG

Financial year ended 31 March⁽¹⁾

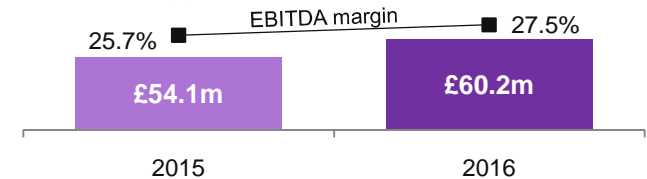
↑ Revenue up 3.8%



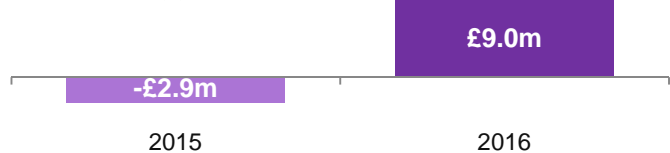
↓ Gross profit down 1.4%



↑ EBITDA⁽³⁾ up 11.3%

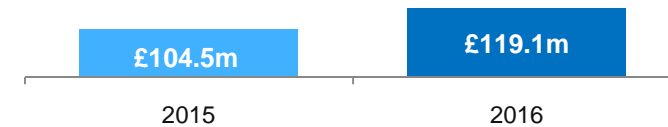


↑ Net profit

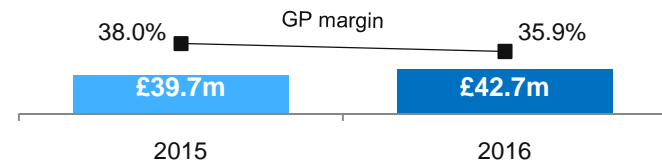


Six months ended 30 September⁽²⁾

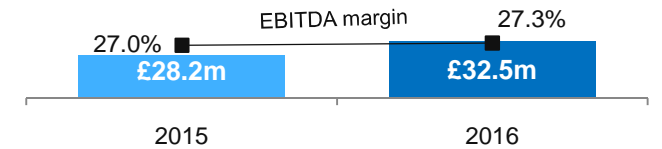
↑ Revenue up 14.0%



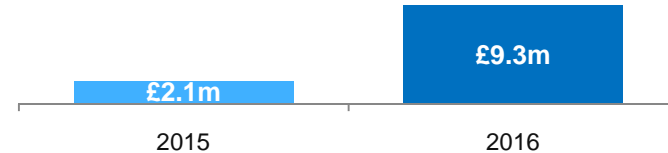
↑ Gross profit up 7.6%



↑ EBITDA⁽³⁾ up 15.2%



↑ Net profit up 342.9%



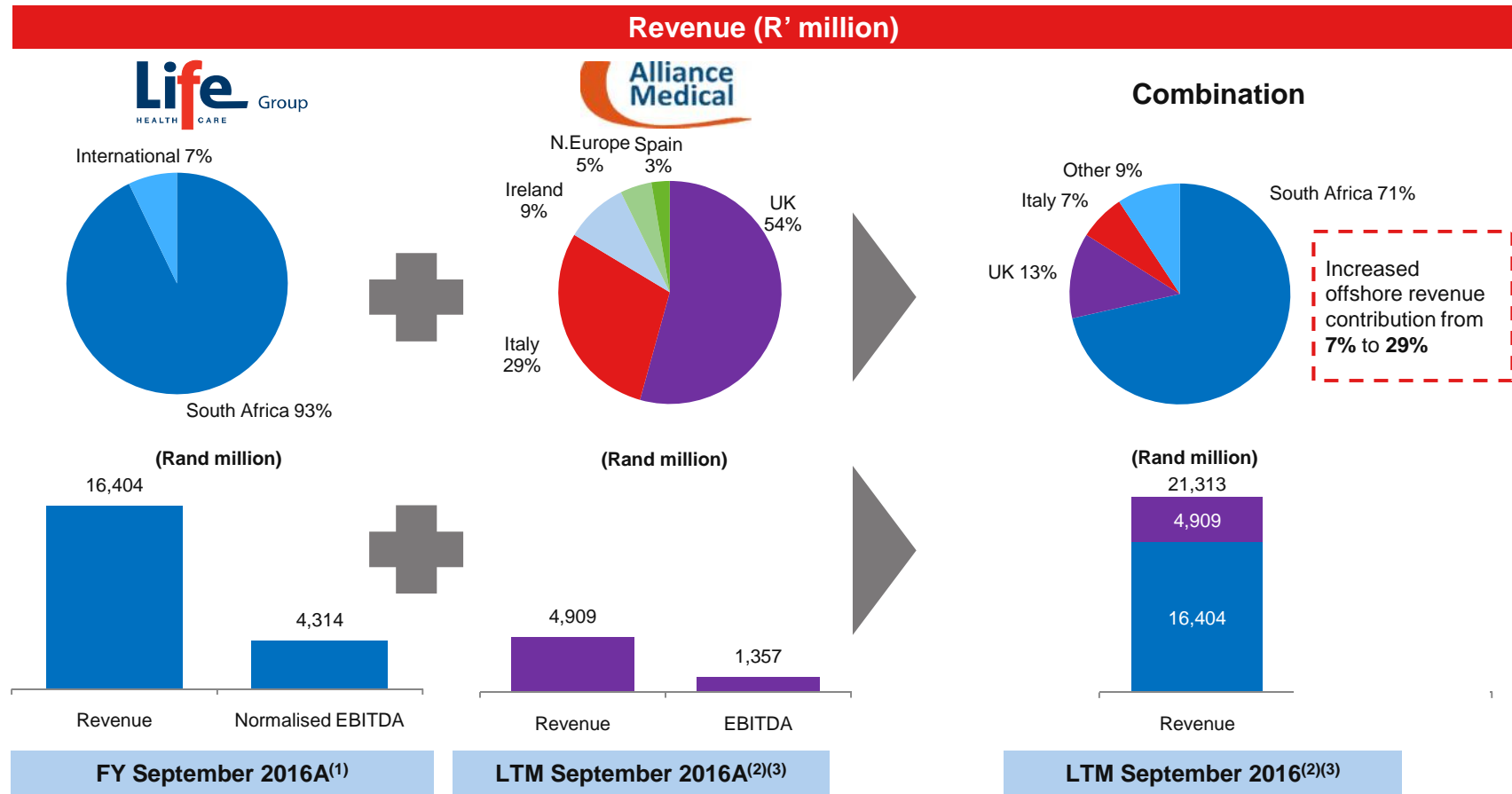
Notes:

1. Extracted from AMG consolidated financial statements for the financial year ended 31 March 2016. It is intended that the consolidated unaudited financial statements will be audited in due course and may be subject to amendment. The final audited numbers may differ from those set out herein
2. Extracted from AMG unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016. It is intended that the consolidated interim financial statements will be reviewed in due course and may be subject to amendment. The final reviewed numbers may differ from those set out herein
3. AMG historically defined EBITDA as profit before interest, tax, depreciation, amortisation of acquired intangibles, profit/(loss) on disposal of property, plant and equipment, and exceptional items



Impact of the Combination

Accelerates Internationalisation of Life Healthcare's Revenue Streams



Notes:

1. Extracted from Life Healthcare's 2016 audited annual financial statements
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3. GBP amounts converted to ZAR at the 12 months to 30 September 2016 average exchange rate of R/£21.03

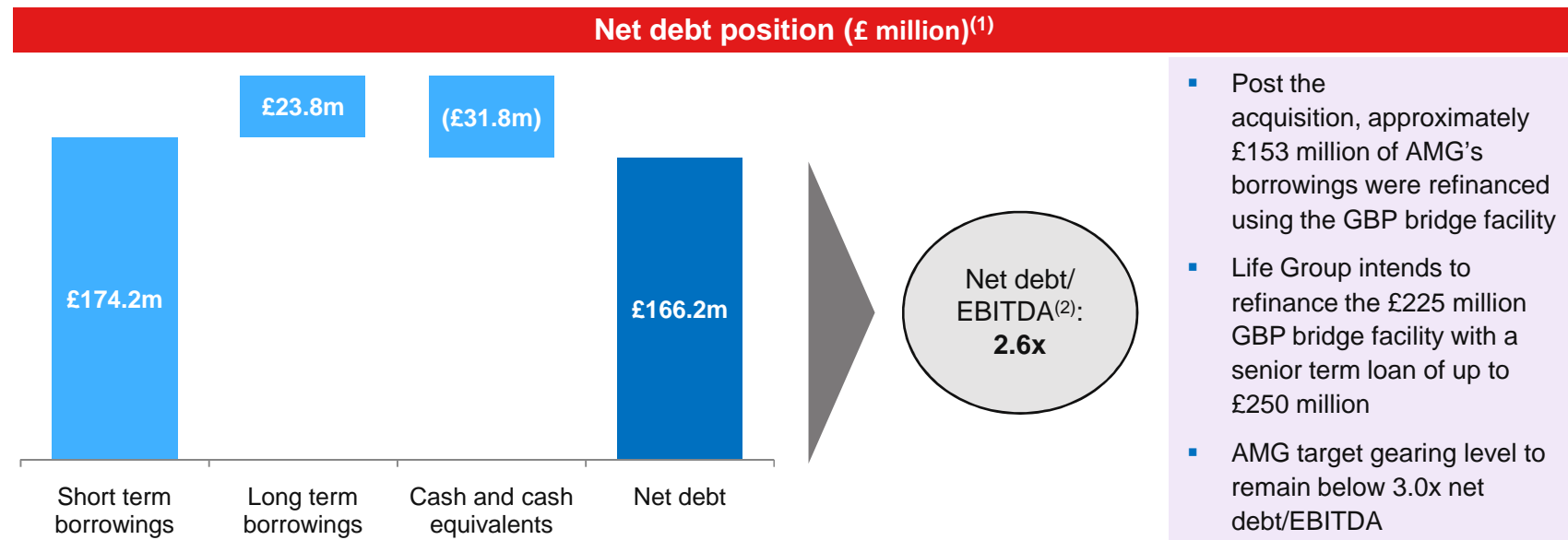
Summary Balance Sheet of AMG (as at 30 September 2016)

Total Assets: £281.8 million

- Property, plant and equipment: £122.9 million
- Goodwill and other intangibles: £63.4 million
- Trade and other receivables: £60.3 million
- Cash and cash equivalents: £31.8 million

Total Liabilities: £266.4 million

- Total borrowings: £198.0 million
- Trade and other payables: £58.3 million



Notes:

1. Extracted from AMG unaudited condensed consolidated interim financial statements for the six months ended 30 September 2016. It is intended that the consolidated interim financial statements will be reviewed in due course and may be subject to amendment. The final reviewed numbers may differ from those set out herein
2. Calculated using EBITDA of £64.5 million for the 12 months ending 30 September 2016



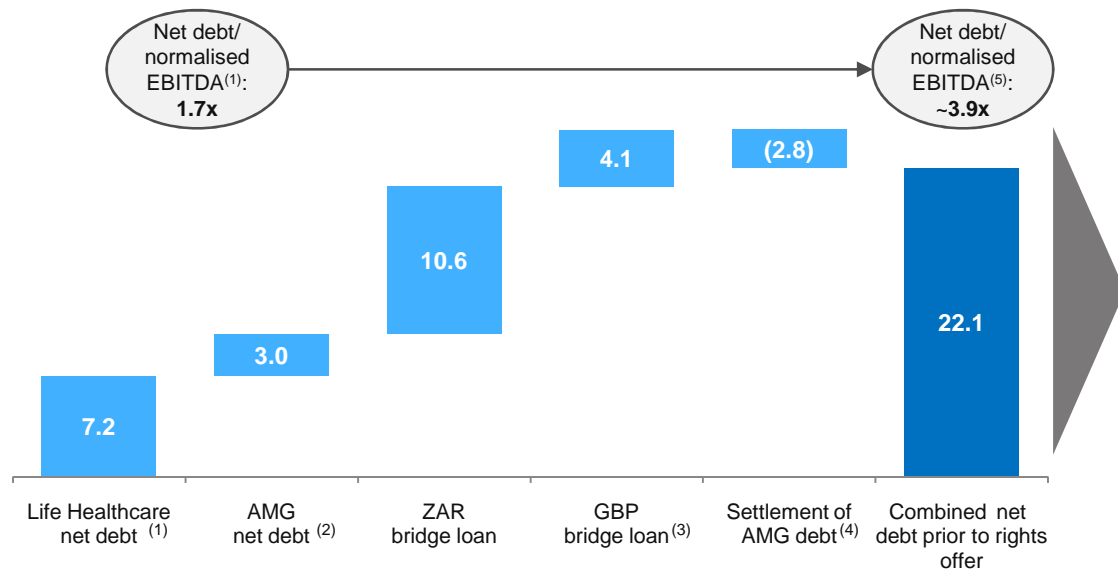
Proposed Rights Offer



Proposed Rights Offer

Offer size	Up to R10.7 billion
Use of proceeds	Repay a portion of the ZAR bridge facility together with associated financing costs
Distribution	Offered to shareholders outside the United States in compliance with Regulation S Offered to Qualified Institutional Buyers (“QIBs”) in the United States in compliance with Rule 144A

Net debt position (R' billion)



The net proceeds of the rights offer are expected to be used to reduce debt to the appropriate level of gearing in order to:

- Restore Life Healthcare’s investment grade credit rating
- Maintain sufficient financial flexibility to pursue planned capital investment program
- Continue paying dividends

Notes:

1. Extracted from Life Healthcare’s 2016 annual financial statements
2. Extracted from AMG unaudited consolidated interim financial statements for the six months ended 30 September 2016, converted to ZAR at year-end exchange rate of R/£18.03. It is intended that the consolidated interim financial statements will be reviewed in due course and may be subject to amendment. The final reviewed numbers may differ from those set out herein
3. GBP225 million drawn bridge facility, converted to ZAR at year-end exchange rate of R/£18.03
4. Approximately GBP153 million of AMG indebtedness settled on acquisition, converted to ZAR at year-end exchange rate of R/£18.03
5. Calculated using Life Healthcare normalised EBITDA for the year ended 30 September 2016 plus AMG EBITDA for the 12 months ended 30 September 2016, converted to ZAR at the 12 months to 30 September 2016 average exchange rate of R/£21.03



Timing and Next Steps

Annual General Meeting (“AGM”)	25 January 2017
Shareholder approvals	<p>In order to proceed with the rights offer, Life Healthcare requires the following shareholder approvals to be passed at the AGM:</p> <ul style="list-style-type: none">• Ordinary resolution to place the authorised but unissued shares in the Company under the control of the directors of the Company for purposes of the rights offer• To the extent necessary, special resolution to approve the issue of 30% or more of the Company’s ordinary shares pursuant to the rights offer
Shareholder commitments	<p>Life Healthcare is seeking the following undertakings from its major shareholders:</p> <ul style="list-style-type: none">• Commitments to vote in favour of the required shareholder resolutions• Commitments to follow rights in terms of the rights offer
Final terms and timetable	<p>Expected to be announced as soon as practicable after AGM, subject to:</p> <ul style="list-style-type: none">• Shareholder approval of required resolutions• JSE approval of rights offer circular• Finalisation of underwriting agreement
Rights offer close	Expected to be concluded before 31 March 2017



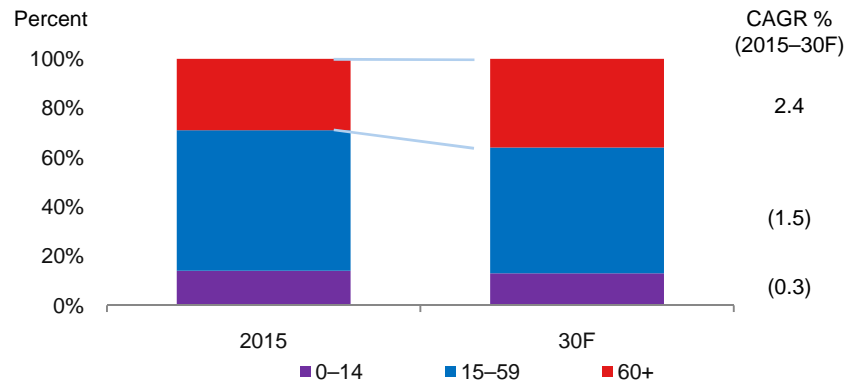
Supplementary Information

Italy

Italian Market Dynamics

Italian Population is Ageing Increasing the Need for Imaging

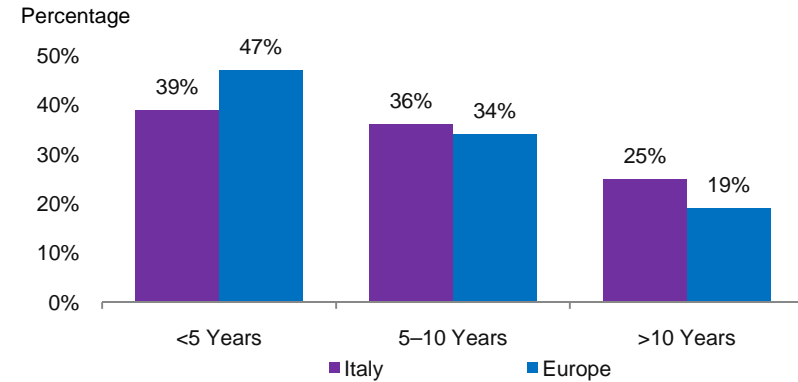
Population of Italy by Age Group (2015–30F)



- Ageing population is the core underlying demand driver for ‘complex’ diagnostics
- The incidence of cancer above the age of 35 is 100/100,000 people. Above the age of 60 the incidence increases 10 fold to 1,000/100,000
- Health policy emphasis on early diagnosis with significant improvements in patient outcomes through early detection

Public Sector Capacity is Constrained by Old Equipment

Distribution of all MRI Equipment by age in Italy vs. Europe (2014)



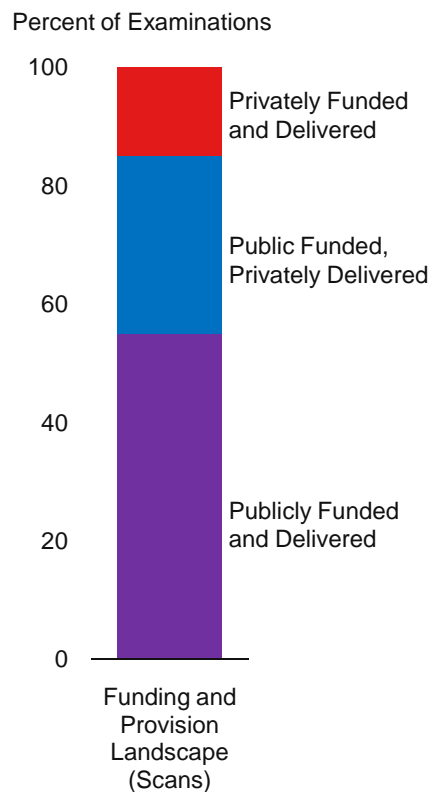
- Equipment in Italy is older than European averages, and is often not replaced when it exceeds its recommended life span
- Utilisation is low in public hospitals because of working time constraints and hospital budget shortages

Source: Third party consultant engaged by AMG for purposes of assessing the market

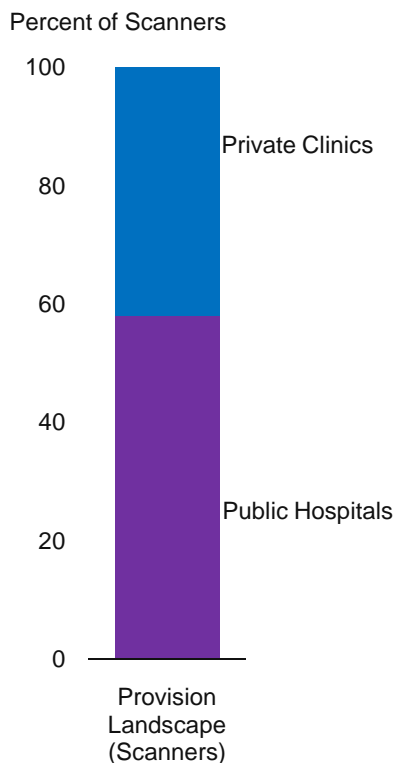
Italian Market Structure

Majority of Italian Diagnostic Imaging is publicly funded with a proportion privately delivered; public patients typically co-pay for their scans

Diagnostic Imaging Examinations in Italy (2015)

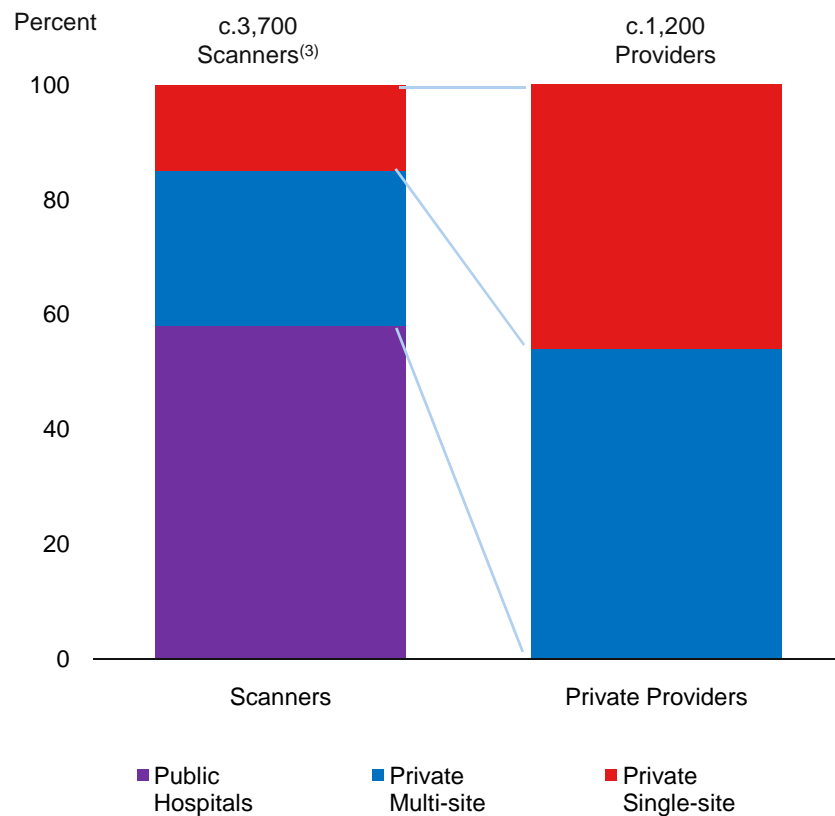


Diagnostic Imaging Equipment (2014)



Complex Imaging Scanners are Split Fairly Evenly Between the Public and Private Sector, with a High Level of Fragmentation Within the Private Sector

Complex Imaging Scanners and Providers (2015)

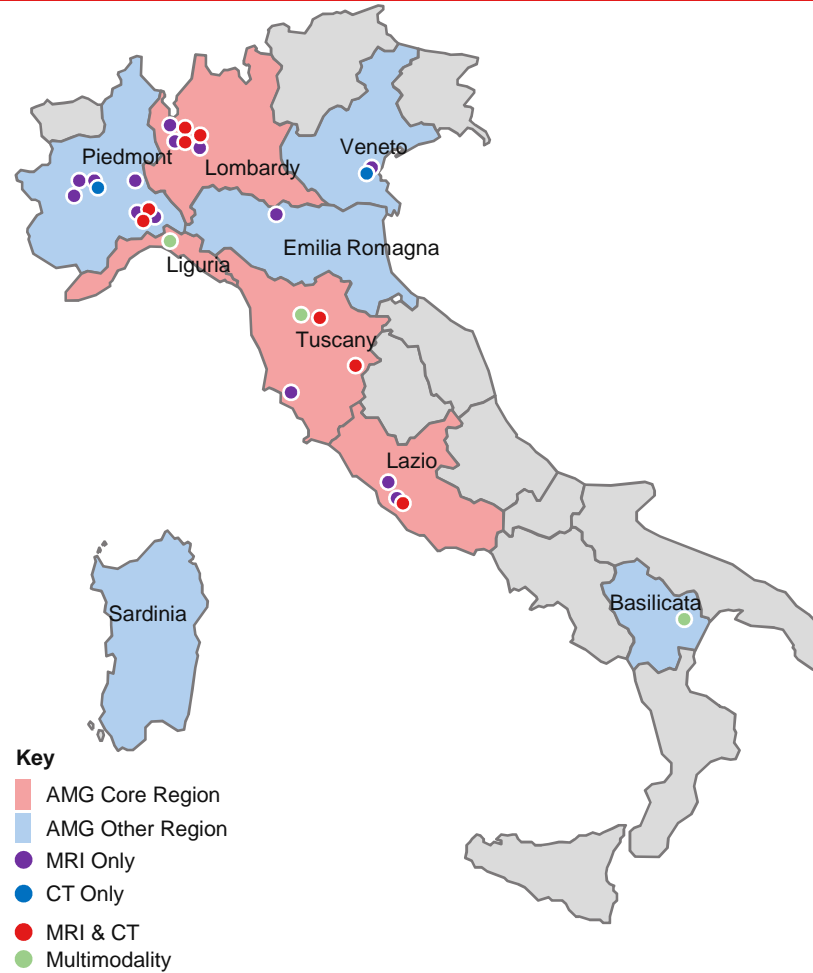


Source: Third party consultant engaged by AMG for purposes of assessing the market

AMG Presence Spread Across Italy

..With a skew towards northern regions

AMG DI Sites



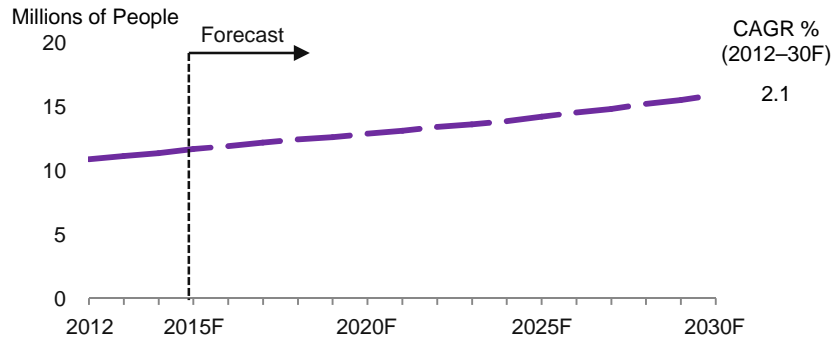
Source: Third party consultant engaged by AMG for purposes of assessing the market

UK – Diagnostic Imaging

UK Market Dynamics

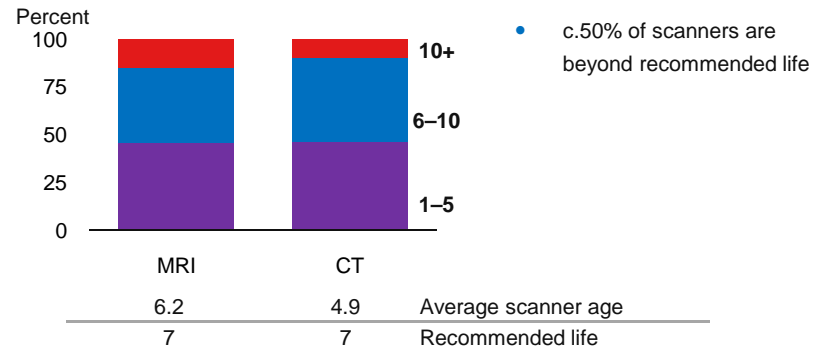
Ageing Population⁽¹⁾

UK Population Aged Over 65⁽¹⁾ (2012–30F)



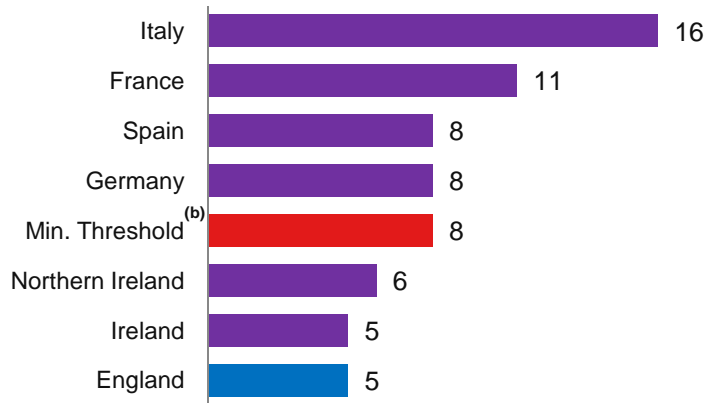
Barriers to NHS Investment in Scanning Equipment Present Opportunities for the Independent Sector to Partner with the NHS⁽¹⁾

Age of NHS Scanner Asset Base (2014)



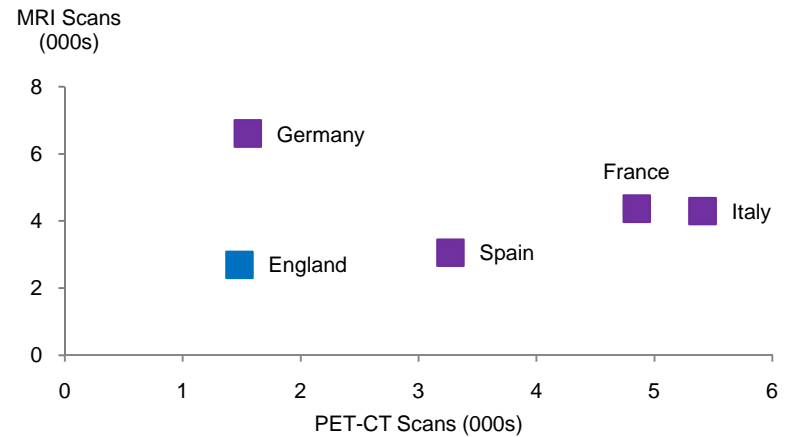
Shortage of Trained Personnel Limits the NHS' Ability to Increase Equipment Utilisation⁽¹⁾

Clinical Radiologists per 100,000 Population^(a) (2015)



Scan Penetration Levels⁽²⁾

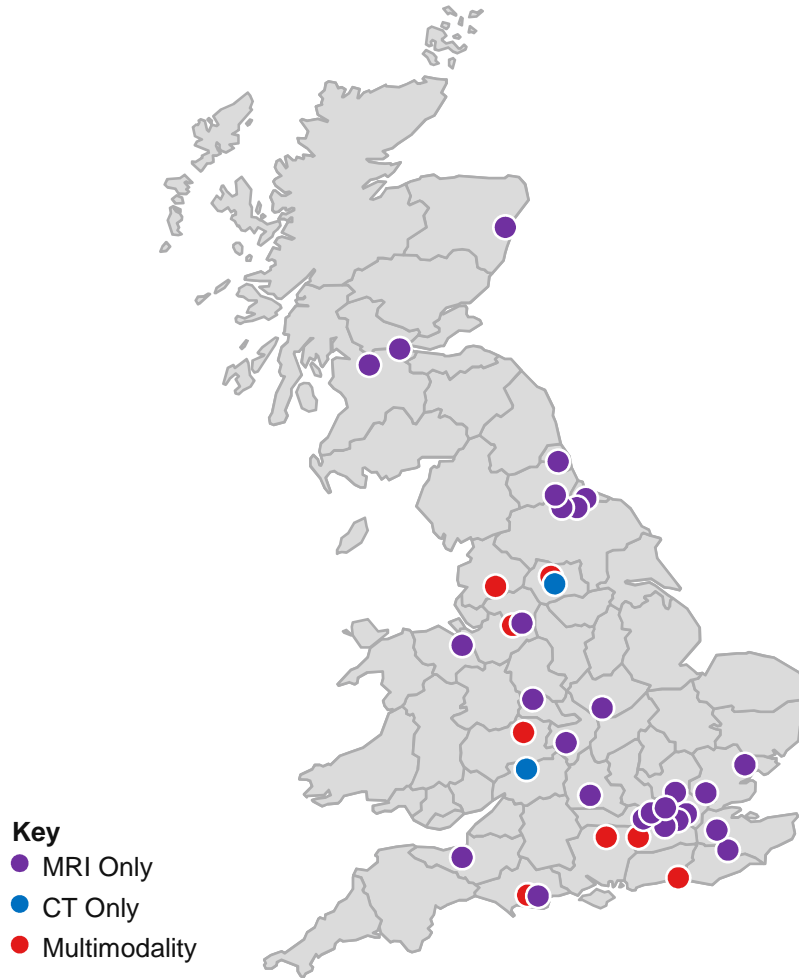
Scans per Million Population (2015E)



Source: 1. Third party consultant engaged by AMG for purposes of assessing the market. 2. AMG Management Analysis, NHS cancer strategy 2015–2020
 Note: (a) Excluding trainees. (b) Recommended by Royal College of Radiologists Department of Health

AMG Service Offering

AMG Sites



AMG Coverage Overview

- AMG offers MRI and CT at 43 sites across England and Scotland
- There are three types of location for these sites:
 - NHS sites (c.21 sites)
 - Private hospitals/clinics (c.18 sites)
 - Standalone clinics (c.4 sites)
- Services are offered through AMG's existing model types in either static or mobile settings, in partnership with public and private providers
 - AMG's private partners for MRI and CT services are Nuffield (10 sites) and BMI (9 sites)
- Scanner breakdown by modality and type (sites may have multiple scanners):
 - MRI: 40 static, 27 mobile, 4 clinic
 - CT: 9 static, 5 mobile, 1 clinic

Sources: AMG Management

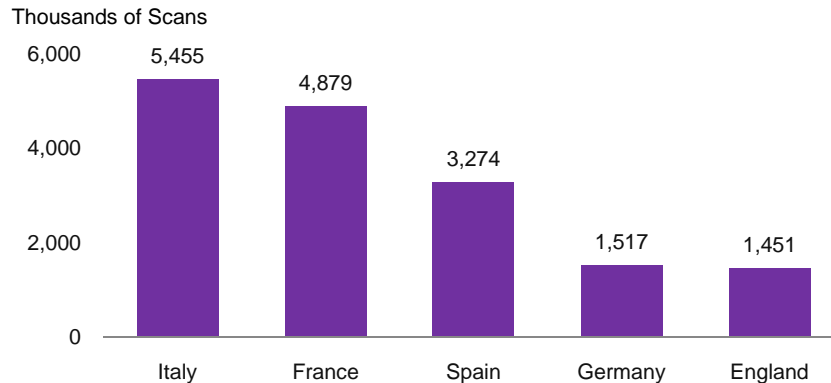
UK – Molecular Imaging

UK Molecular Imaging Overview

PET-CT in England is Underprovided Compared to Other European Countries

- England is behind other developed countries for PET-CT scanning and this has been identified as a contributing factor to relatively low cancer survival rates

Number of PET and PET-CT Scans per Million Population (2013)



And 5-Year Survival is Markedly Lower

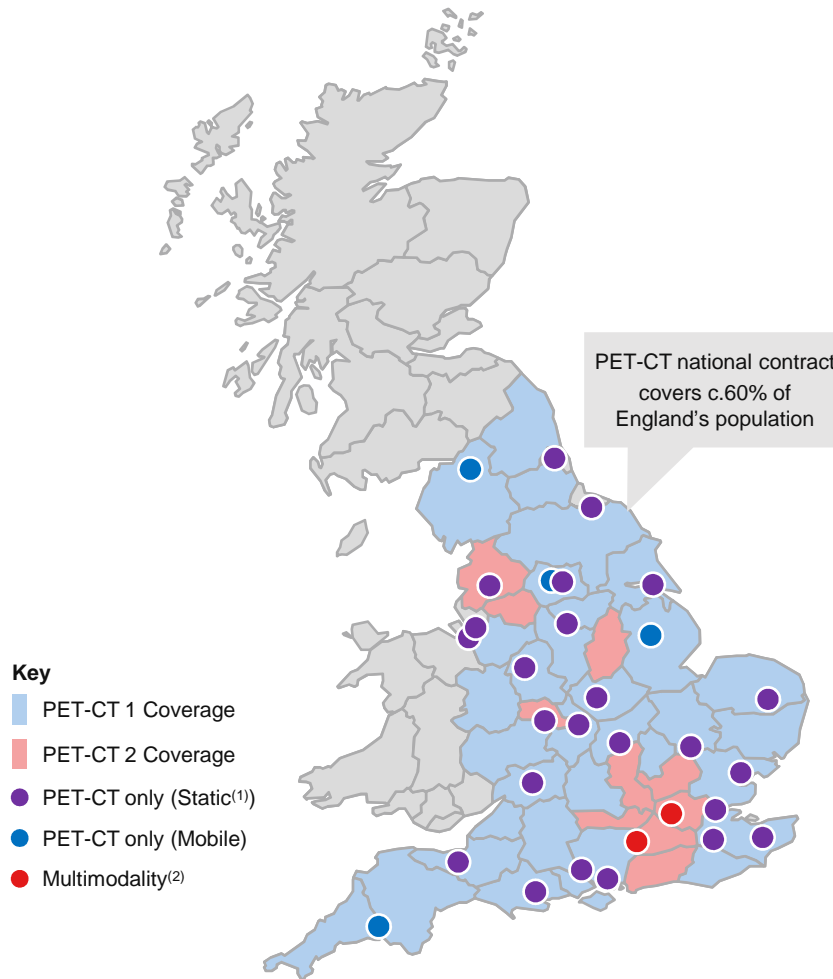
- UK is targeting the European 5 year cancer survivorship of 67% by 2020
- Demand for PET-CT is expected to grow quickly as awareness of its functionally improves
- If scan volumes continue to increase in line with historical growth it will take c.12 years for the UK to reach the same per capita number of scans as other European countries
- **Market growth rate of 12–14% p.a. expected over the next 4–5 years**

AMG National PET-CT Contract

- Improving cancer care has been identified as a government and NHS priority
- NHS England commissioned four lots for provision of PET-CT in order to facilitate better access to Diagnostic Imaging for cancer patients
- In 2015 AMG won all four lots and this was merged into the PET-CT national contract with:
 - **10 year duration**
 - **Fixed price**
 - **Unlimited volumes**
- Less than 5% of volume is privately funded, taking place at private centres or at clinics catering specifically to medical tourists

AMG Service Offering & PET-CT Coverage

PET-CT Coverage & Sites



AMG Sites Overview

- AMG offers PET-CT services at 30 sites across England
- Majority (28 of 30) of these sites are co-located on NHS sites, with a further one private hospital/clinic location and one standalone clinic
- Services are offered through AMG's existing models in either static or mobile settings, in partnership with public and private providers
 - 4 of these sites are served by mobile scanners while the rest are statics

PET-CT Coverage

- The PET-CT national contract has transformed AMG's UK market position allowing AMG to:
 - Establish close relationships with 29 NHS Trusts (as of September 2016) under the terms of the contract (often using mobile capacity as an additional means to manage capacity constraints)
 - Deliver services to c.60% of the population in England
 - Extend PET-CT functionality into TA/DAs beyond cancer (e.g. Alzheimer's) and provides a strong reference point for AMG to cross-sell other modalities across the NHS and internationally

Sources: NHS Strategic Projects; NHS England; AMG Management

1. Most of these are currently mobile sites but will transition during the contract period. 2. Multimodality including PET-CT



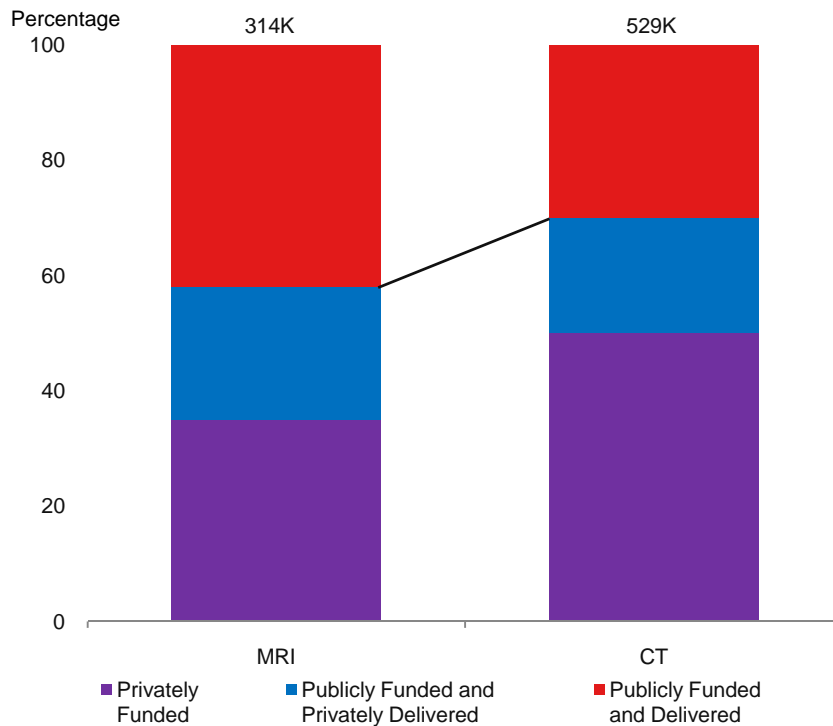
Ireland

Ireland Market Structure

60% of MRI and 70% of CT scans in Ireland in 2015 were publicly funded, with the remainder funded through private medical insurance

Funding Sources (Public vs. Private)

DI Scan Provision (2015E)



- Publicly funded and privately delivered diagnostic scans are becoming more prevalent in Ireland
- Total healthcare expenditure in Ireland is approximately 66% publicly funded

Drivers of Demand

Ageing Population

- An ageing population is a key contributor to DI demand, with the population over 65 in Ireland expected to grow at c.3–4% p.a. over the next 20 years

Early Diagnosis

- Cancer incidence levels are expected to grow as early diagnosis is prioritised by healthcare authorities

Government Initiatives

- The Health Service Executive (HSE) is prioritising the installation of diagnostic scanning capabilities at GP practices, to reduce the waiting times in public hospitals

Clinical Applications

- MRI in particular is increasingly utilised in multiple specialities as functionality and technology improve

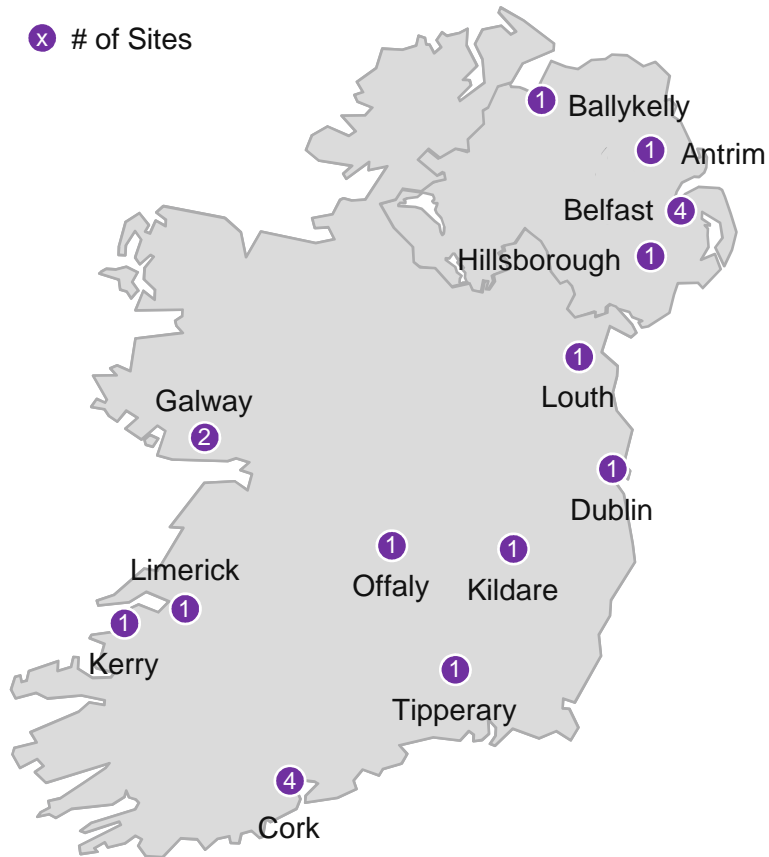
Sources: Third party consultant engaged by AMG for purposes of assessing the market



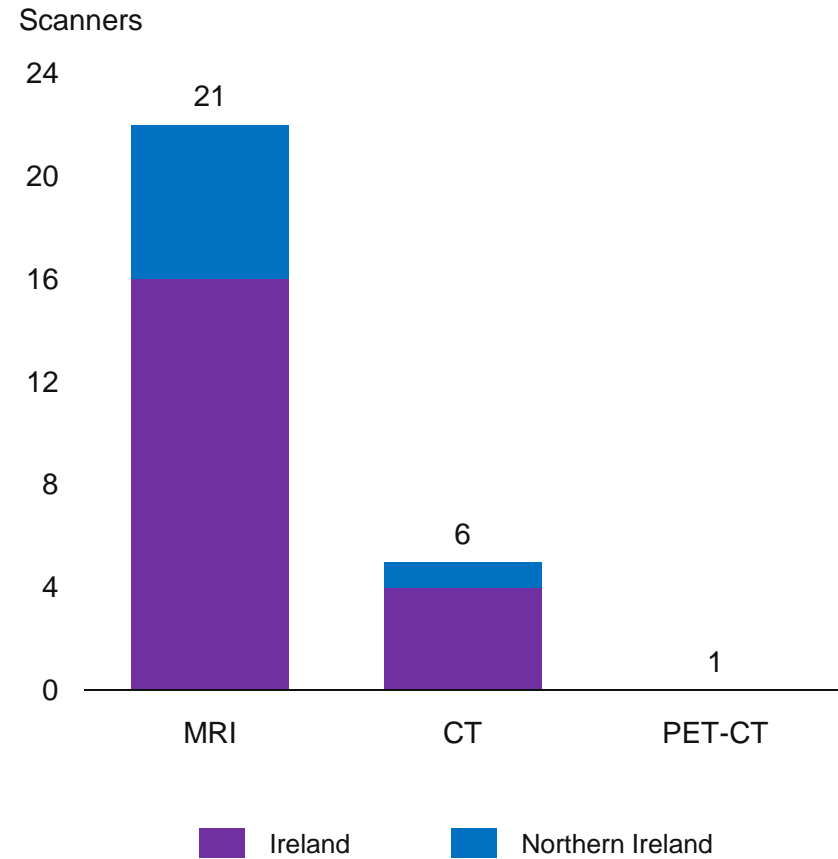
AMG Service Offering

In Ireland and Northern Ireland, AMG operates 21 MRI scanners, 6 CT scanners and 1 PET-CT scanner under a single management team

AMG Presence in Ireland (2016)



AMG Complex Imaging Scanners by Modality in Ireland and Northern Ireland (2016)



Source: AMG management



Share Information

Share Key Facts

Number of shares⁽¹⁾ 1,073,592,935

WKN/ISIN A1CZC2/ZAE000145892

Ticker Symbol LHC

Bloomberg Symbol LHC SJ

Reuters Symbol LHCJ.J

1. As of 10 January 2017



Financial Contact

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