



UNAUDITED GROUP RESULTS

FOR THE PERIOD ENDED 31 MARCH 2018, SCRIP
DISTRIBUTION WITH CASH DIVIDEND ALTERNATIVE,
FURTHER CAUTIONARY AND TRADING STATEMENT

2018 H1 : Group Overview

Good operational performance across the Group

LHC SA:

- ◆ Positive turnaround in SA acute business against a difficult 2017
- ◆ Strong year-on-year growth in complementary and healthcare services
- ◆ Good improvement in clinical quality outcomes

Alliance Medical:

- ◆ Stable performance driven by PET-CT growth
- ◆ CDC sign-up ahead of plan
- ◆ Business impacted by mobile pricing. Management interventions underway.
- ◆ Integration of business processes and systems is underway

Scanmed:

- ◆ Successful business turnaround driven by the management team
- ◆ Business restructured and well-positioned to execute future growth initiatives

Max Healthcare:

- ◆ Active operational involvement underway
- ◆ Discussions regarding sale of equity interest are progressing
- ◆ Short-term regulatory and market conditions may result in deferral if management's valuation range is not realised

Group Overview

Revenue

+17.5%

to R11.3 billion

Cash generated from operations

+37.3%

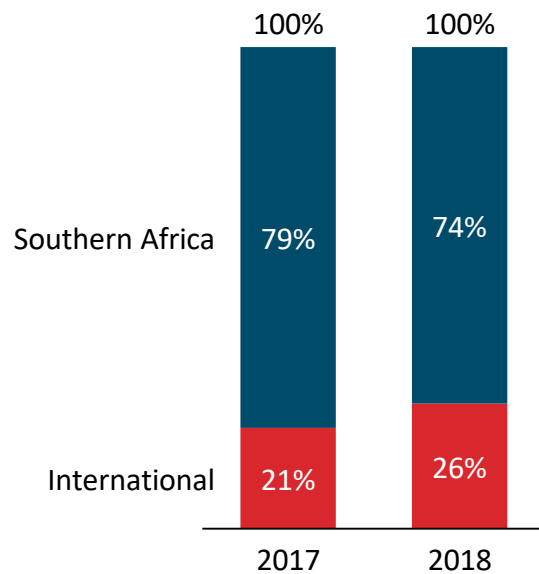
To R2.7 billion

Normalised EBITDA

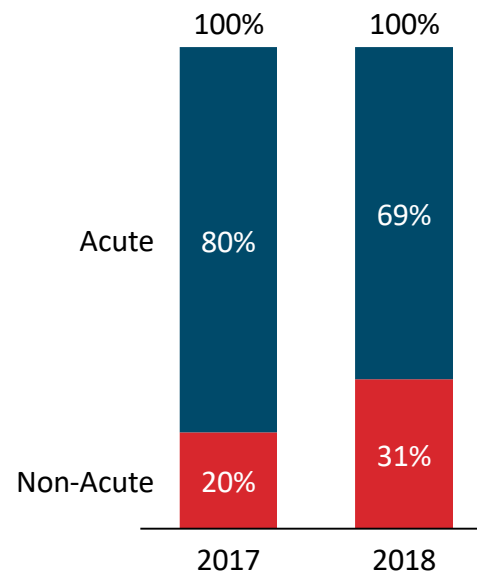
+10.5%

to R2.7 billion

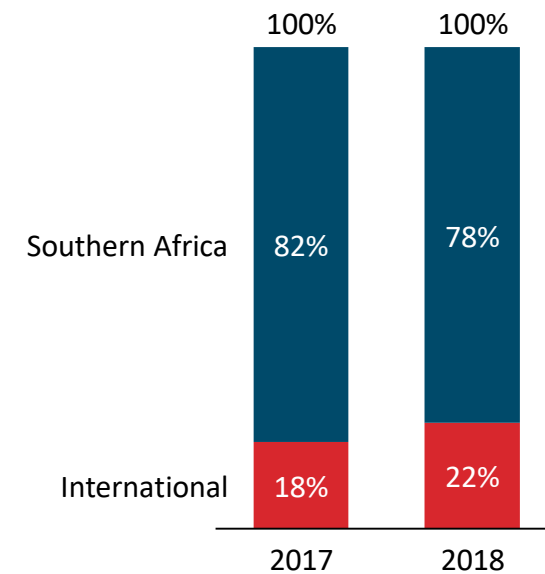
Revenue (%)



Acute vs non-acute revenue (%)



EBITDA (%)





Life Oncology
RADIO THERAPY UNIT

Operational Review

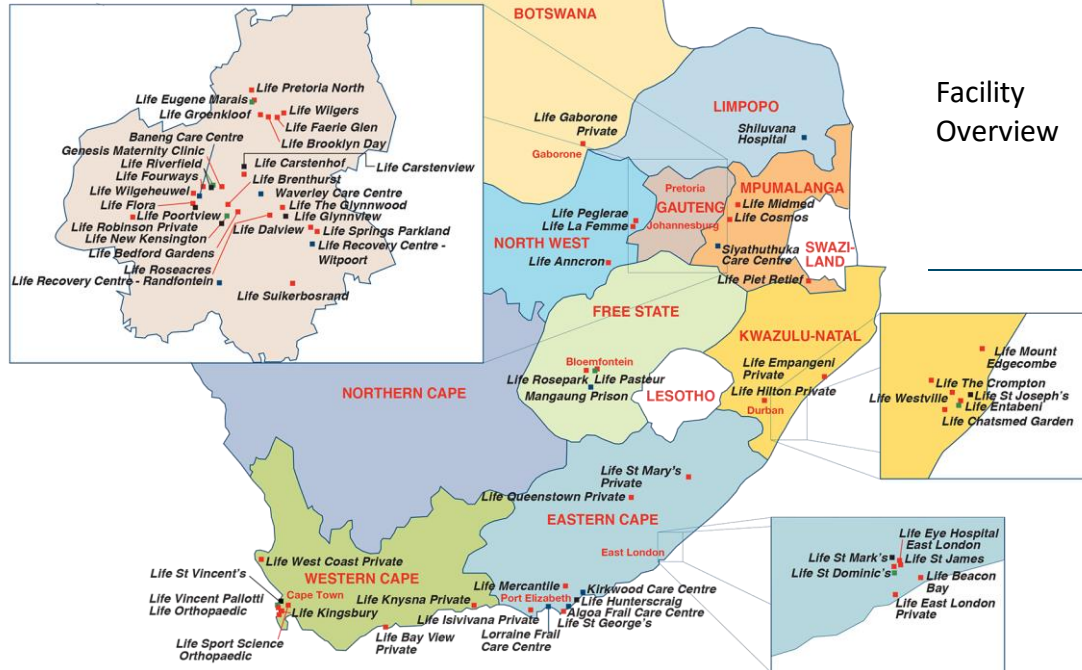
Dr Shrey Viranna | Group CEO

Southern Africa

Southern Africa

Business Review

- LIFE HOSPITALS AND SAMEDAY SURGICAL CENTRES
- LIFE REHABILITATION UNITS
- LIFE MENTAL HEALTH UNITS
- LIFE ESIDIMENI UNITS

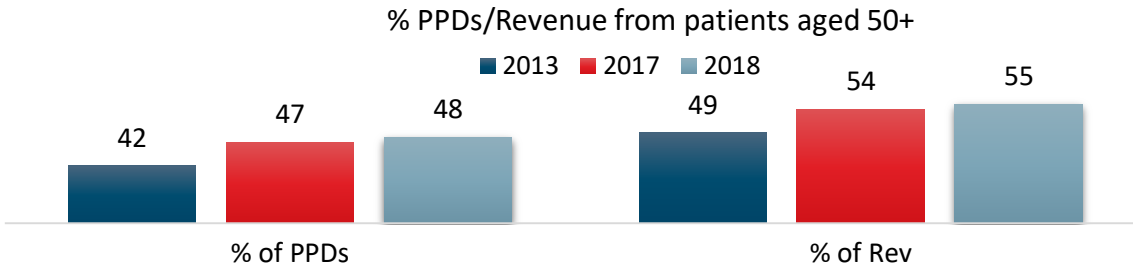


	Acute Hospitals	Healthcare Services	Complementary Services
Proportion of SA Revenue	87.6%	6.8%	5.6%
4 year revenue CAGR	7.4%	10.1%	16.7%
Facility Overview	50 acute hospitals: 8 218 beds 290 000 admissions 157 000 theatre cases 15 000 births 7 000 cathlab cases	10 PPP facilities: 2 919 beds 278 Occupational Health sites: 180 000 lives 74 Wellness sites: 309 000 lives	7 Acute rehabilitation units 319 beds 8 Mental health units: 512 beds 24 Renal dialysis units: 305 stations 5 Oncology units

Southern Africa

Market dynamics frame the opportunity for growth

Ageing

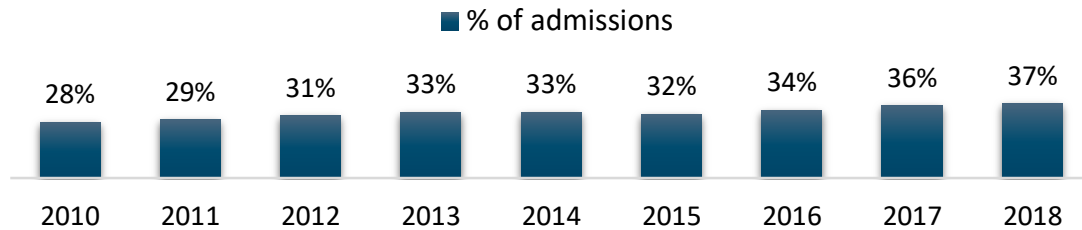


Implications

Increasing proportion of PPDs and revenue come from patients above 50 years of age

	% Difference
LOS >50 vs LOS <50	+34%
Rev / admission >50 vs < 50	+76%

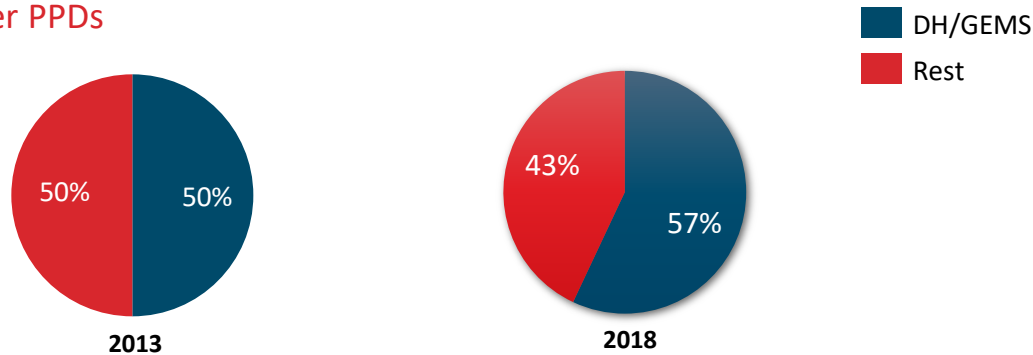
Chronic Disease



Increasing proportion of admissions and revenue come from patients with chronic disease

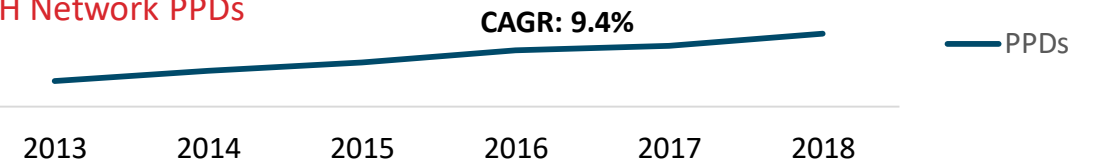
	2018	2017	2013
% of admissions: chronic	37%	36%	33%
% of revenue: chronic	51%	52%	47%

Funder PPDs






LHC continues to capture good growth from DH networks and GEMS partnership

DH Network PPDs



Southern Africa

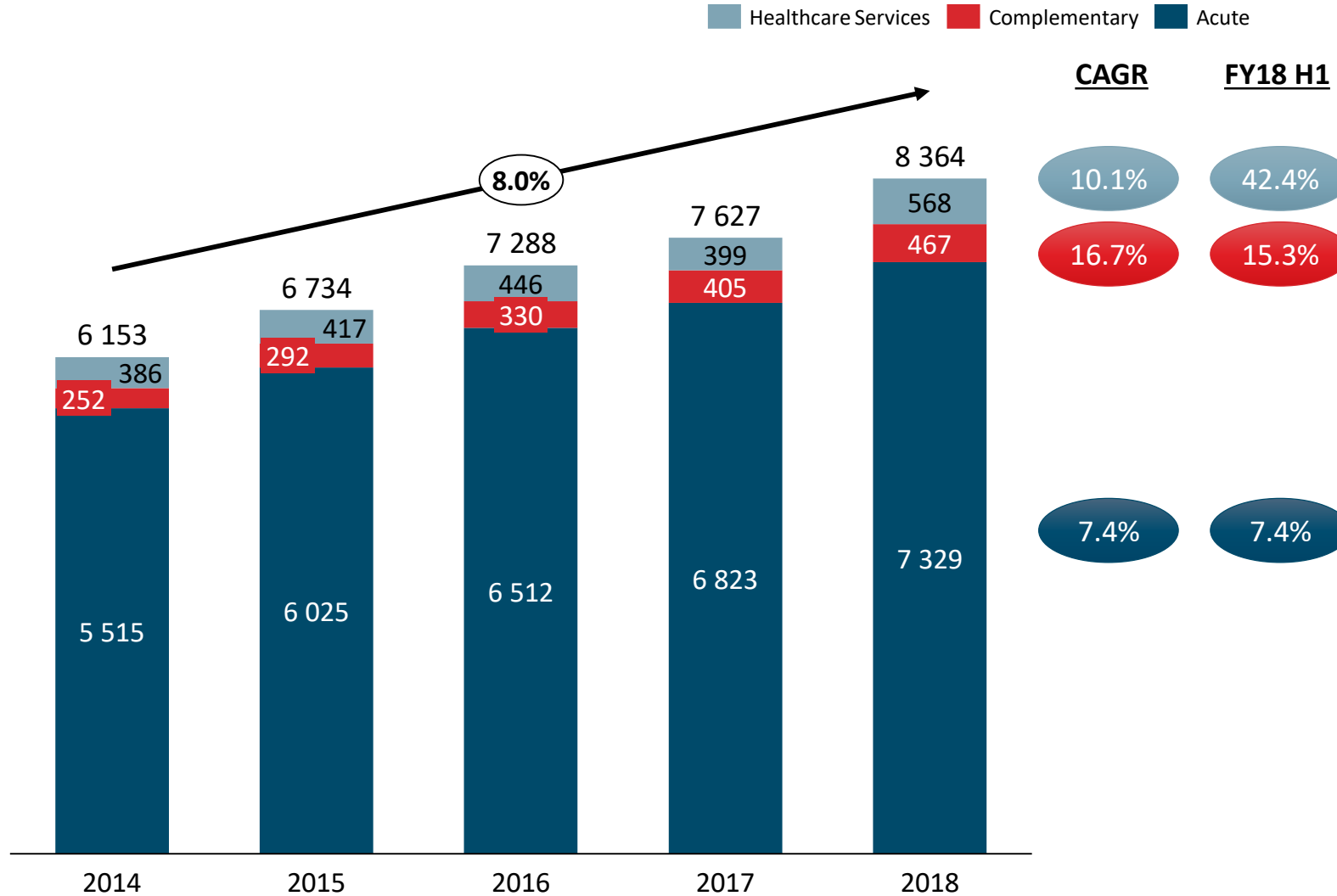
Business Review: Steady increases in PPDs, revenue and EBITDA

		31 March 2018	31 Mar 2017	Change %	
PPD GROWTH		2.0%	-1.0%		<ul style="list-style-type: none"> ▶ Good PPD growth across all business units
REVENUE		R 8 364m	R 7 627m	9.7%	<ul style="list-style-type: none"> ▶ Strong revenue growth enhanced by complementary and healthcare services
EBITDA		R 2 095m	R 1 981m	5.8%	<ul style="list-style-type: none"> ▶ Positive EBITDA growth which trailed revenue growth: <ul style="list-style-type: none"> • Faster growth in network schemes • Higher salaries & increased operating costs to drive growth and clinical excellence • Double-digit healthcare services growth at lower margins
EBITDA MARGIN		25.0%	26.0%		<ul style="list-style-type: none"> ▶ FY18 H1 EBITDA margin in line with FY17 H2

5 Year Revenue Split

Continued growth across key businesses

Revenue* (Rm)



FY18 H1 Commentary

Healthcare Services

42.4% growth in Healthcare Services due to the acquisition of an occupational health and wellness business in October 2017 as well as the return of the Gauteng mental health patients

Complementary

Growth driven by mental health and acute rehab PPDs, strong renal growth and oncology growth
 Complementary services revenue: **+ 15.3%**
 Complementary services PPD growth: **+ 6.4%**

Acute

Acute revenue growth: **+ 7.4%**
 Acute PPD growth: **+ 1.5%**
 Revenue/PPD: **+ 5.8%**

Quality

Acute quality outcomes continue to improve versus prior year

		31 March 2018	31 Mar 2017	Measure
ACUTE	Clinical Quality outcome			
	HAI (Healthcare associated infection)	0.39	0.49	Per 1 000 PPDs
	VAP (Ventilator associated pneumonia)	1.21	1.76	Per 1 000 ventilator days
	SSI (Surgical site infection)	0.90	1.09	Per 1 000 theatre cases
	CLABSI (Central line associated bloodstream infection)	0.89	1.02	Per 1 000 central lines
	CAUTI (Catheter-associated urinary tract infection)	0.26	0.49	Per 1000 catheter days on one line
COMP.	FIM™/FAM score	0.8	1.0	Standardised assessment of 18 metrics widely used in rehabilitation
	MHQ14 efficiency	2.2	2.6	Average gain/PPD
Patient Experience				
	Recommend	70.6%	69.4%	
	Patient experience	84%	83%	

- Improvement across the patient experience scores resulting from the Care programme that was rolled out in 2017
- Majority of clinical outcomes show improvement with increased compliance to the infection prevention bundles

Quality

The majority of quality outcomes continue to improve versus prior year

Quality outcome	31 March 2018	31 Mar 2017	Measure
Patient incident rate	2.66	2.83	Per 1,000 PPDs
Medication errors	1.11	1.15	
Falls	0.69	0.76	
Pressure ulcers	0.11	0.14	
Procedure related	0.54	0.53	

Quality Commentary

♦ Hand hygiene:

- Implementing WHO's multi-modal approach to improving hand hygiene. Internal targets are set above the National Core Standards as well as intensive systems audits

♦ AMS programme:

- Due to the rapid increase in antimicrobial resistance globally, the focus of our AMS programme is to ensure the responsible use of antimicrobials in our hospitals through a multi-disciplinary approach
- Bundle compliance was maintained above the group target of 90%, at 93%
- Surgical prophylaxis project: SSI rate decreased by 17% since the launch of our surgical prophylaxis guideline

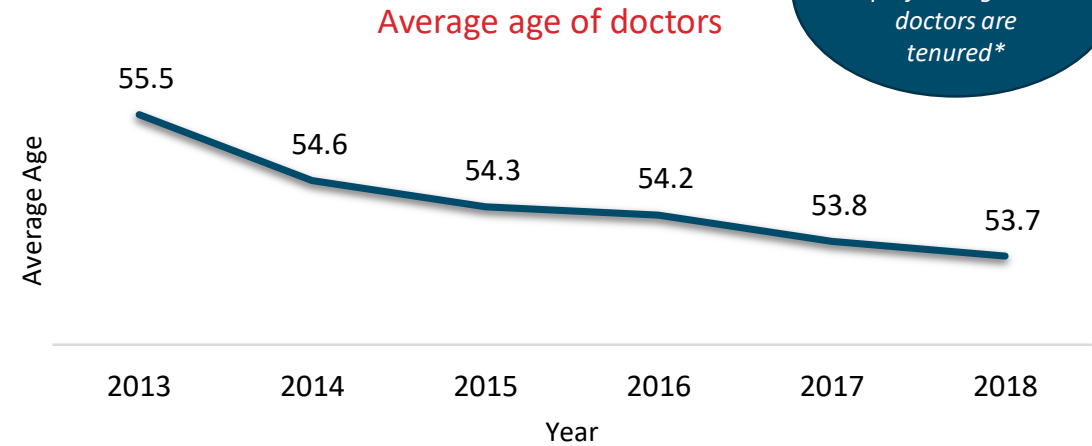
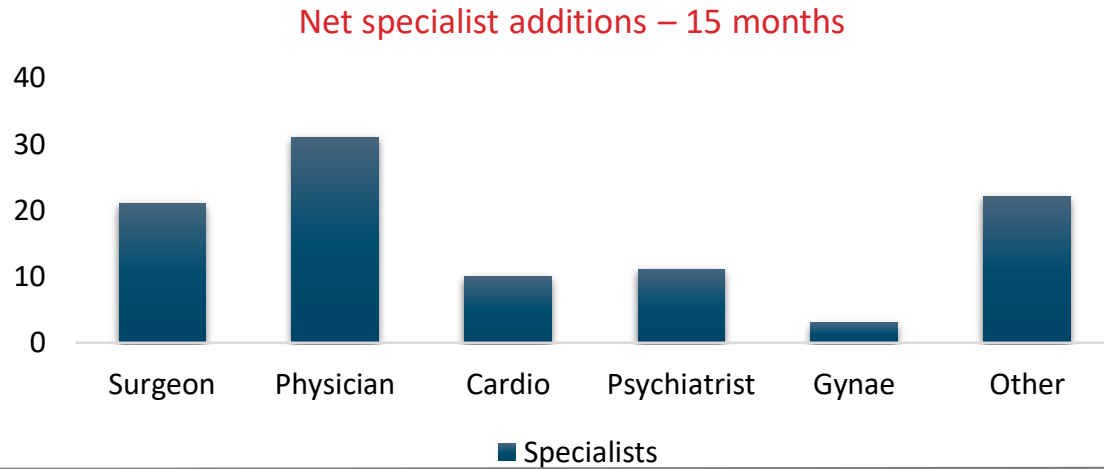
Human Capital

Stable doctor base and increase in training more specialised nurses

Doctor Recruitment

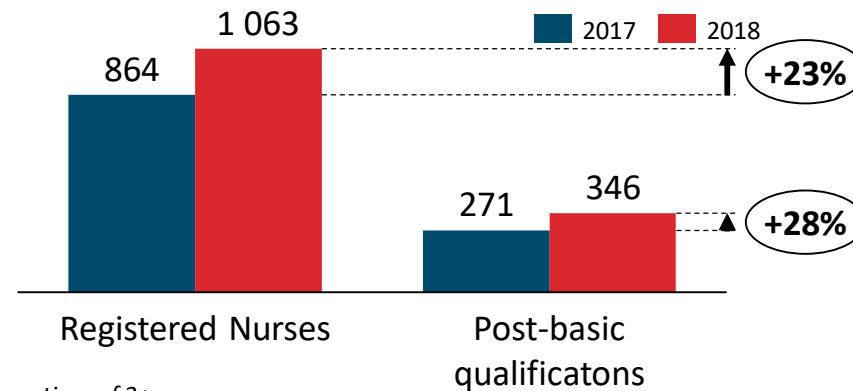
♦ Good specialist recruitment with stable doctor base with a progressively younger base, allowing for future growth

Approximately 90% of highest performing LHC doctors are tenured*



Nurse Training

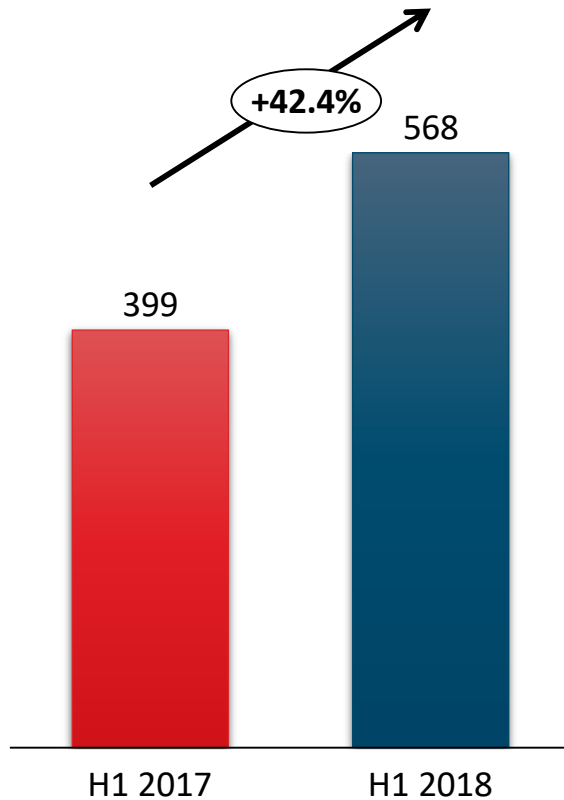
♦ Increased emphasis on the training of nurses and with a particular focus on specialised nursing



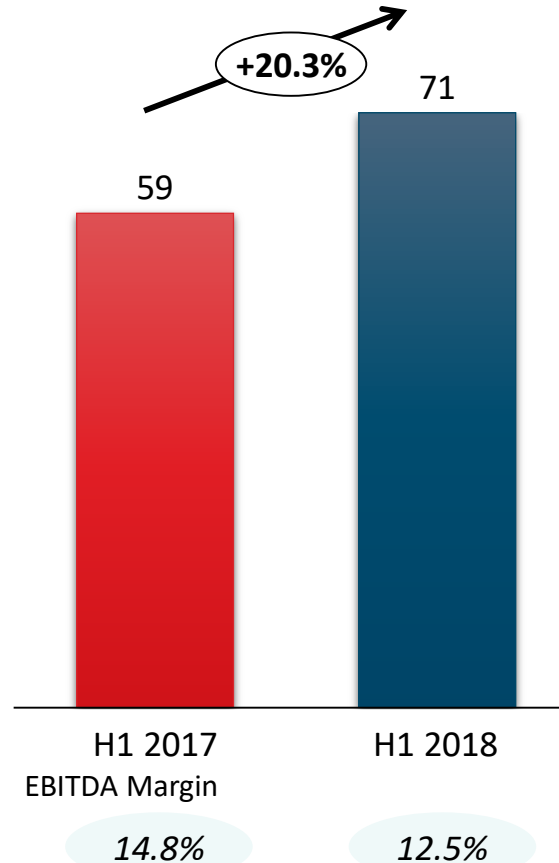
Healthcare services

Strong growth in revenue and EBITDA

Revenue (R'm)



EBITDA (R'm)



Life Esidimeni:

- Positive engagement with Department of Health resulting in re-admission of 700 Gauteng mental health patients:
 - H2 2017: 460
 - H1 2018: 240

Life Employee Health Solutions:

- Newly acquired occupational health and wellness business resulted in inherited contracts obtained at lower margins than traditional business
- Integration into the business is advanced in order to enable accelerated revenue and margin growth



▶ Life Vincent Pallotti Hospital / Life Kingsbury Hospital:

- Water consumption:  **40%**
- First private hospital group to install water filtration plants aligned to the City of Cape Town's regulations

▶ Going Forward:

- Reduce water consumption across all facilities
- Roll out water filtration plants:
 - **+ 10** hospitals in 2018/2019



Operational Review

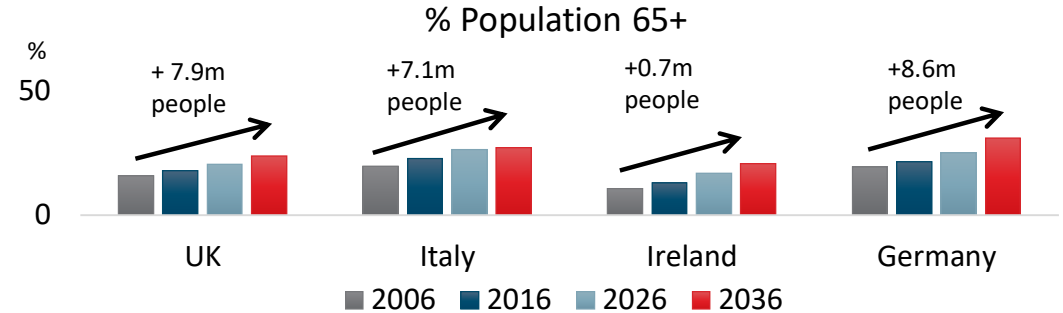
Dr Shrey Viranna | Group CEO

International



Ageing population

36% of MRIs and 60% of CTs performed on people over 60



Growth in relevant condition requiring complex diagnostic imaging

Urgent GP referrals for suspected cancer have increased by 60% in the UK over the last 5 years

c.50% CTs, 10% MRIs & 98% PET-CTs linked to cancer



Emphasis on early diagnosis

Reduced downstream costs and improved clinical outcomes and survival rates



Technology improvements

Leading to better scan quality & new applications for scans



Increased A&E admissions

Increased use of scanning within A&Es.

In the UK major A&E visits up by 7.2% over last 5 years

Alliance Medical

UK diagnostic volumes are predicted to continue to grow strongly

Market CAGRs



UK MRI Scans (million)

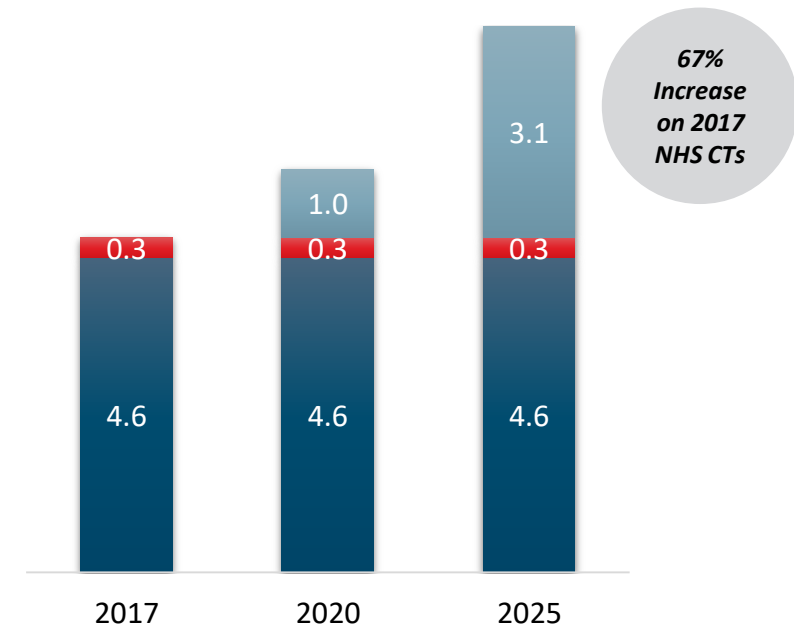
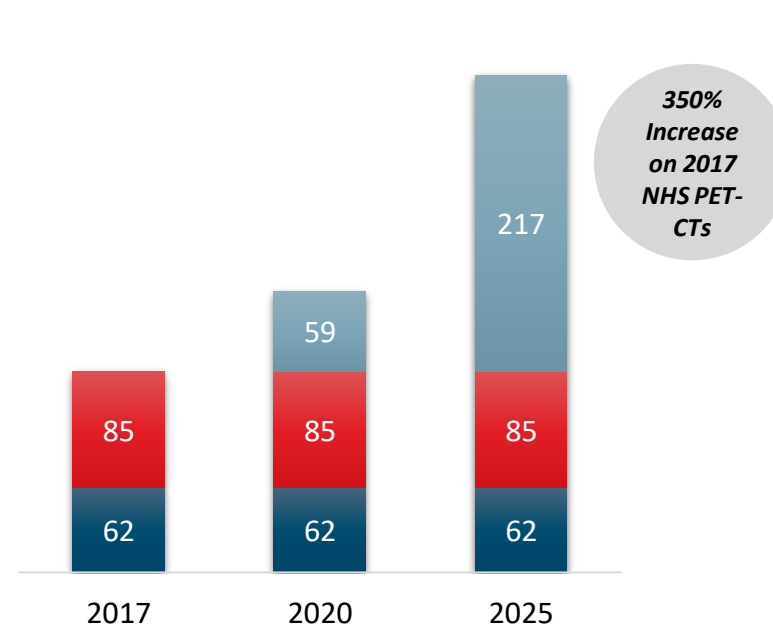
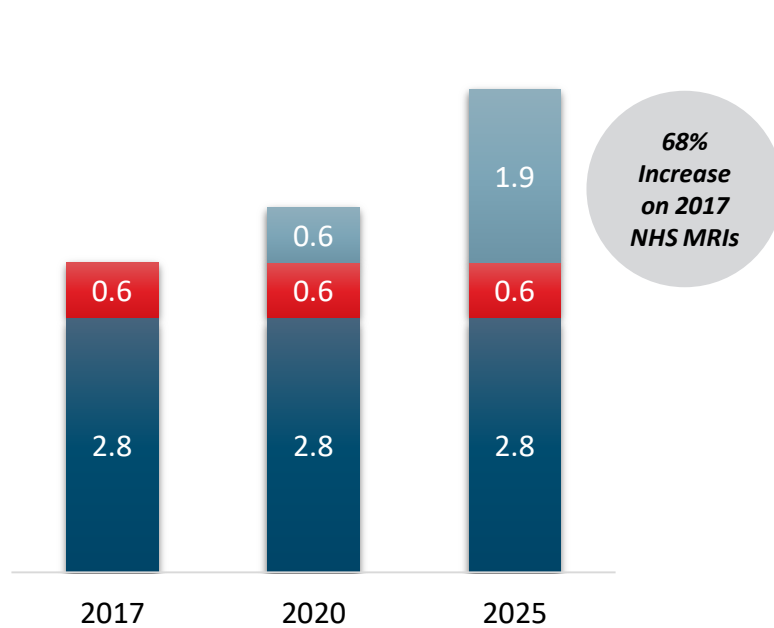
UK PET-CT (000)

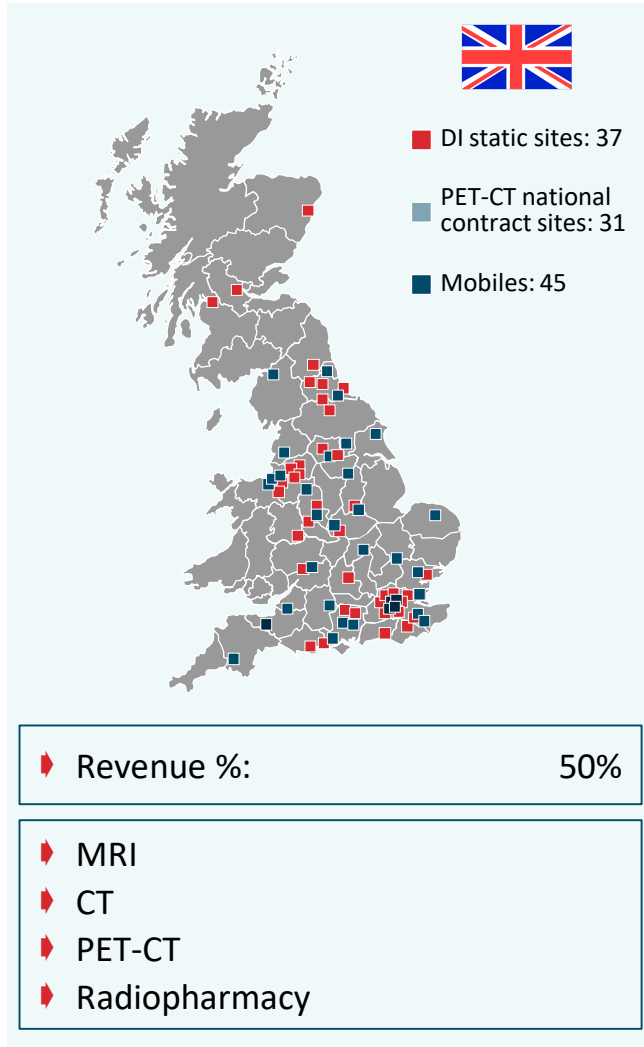
UK CT Scans (million)

■ NHS ■ 3rd Party ■ Forecast

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▶ Diagnostic Imaging:

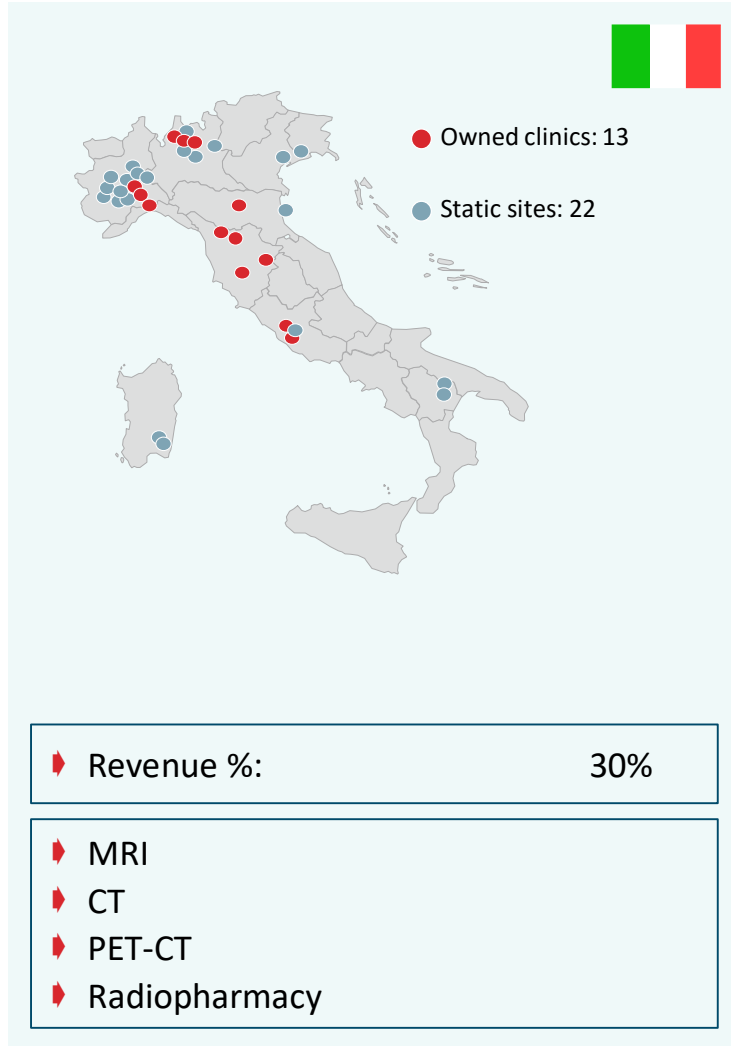
- Increased competition in the mobile business with additional capacity being added to the market
- Strategic focus continues to be partnership solutions with hospital trusts - moving away from mobile infrastructure / short term or spot contracts to static long term facilities and contracts
- 10 long term contracts signed ➡ diagnostic treatment centres
- Opened the first UK Community Diagnostic Centre in March 2018



- ▶ Based in Colchester
- ▶ 21,000 sq feet
- ▶ 1 PET-CT
- ▶ 2 MRIs
- ▶ Trust Nuclear Medicine centre

▶ Molecular Imaging:

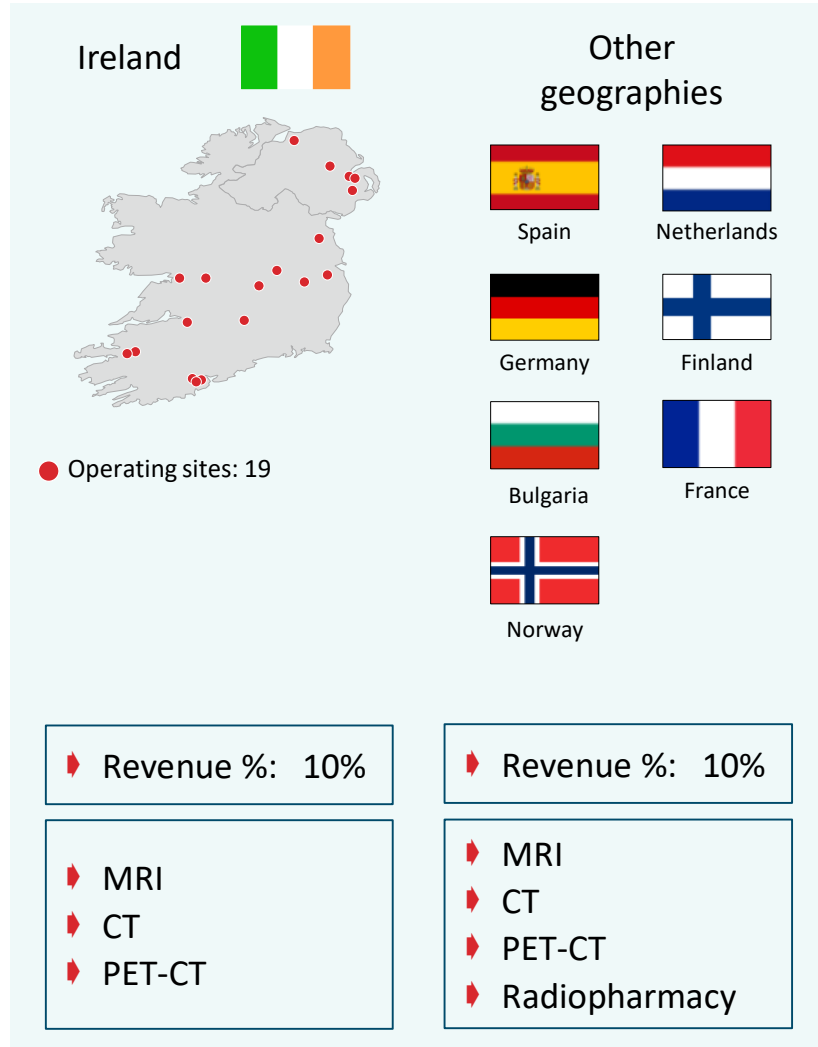
- Roll-out of the PET-CT static programme continued during H1
- Strong PET-CT volume growth: 14% ↑



▶ Good underlying performance

▶ Focus on growing the Clinic component of the business

- The Clinic model is well established in Italy, with a resilient and established pathway for private revenues
- A growth model based on a market consolidation through the acquisition of clinics:
 1. Smaller clinics located near to existing Alliance Medical sites to absorb activity into a common building:
 - Albaro Clinic which was acquired in 2017 performing ahead of business plan
 2. Clinic groups to provide complementary scale in specific regions. Clinic transaction in progress and is expected to be completed by the end of the financial year to the value of €30 million



▶ Ireland:

- Continues to show solid growth
- Opportunity to leverage off Italy and UK delivery models and grow into the outpatient clinic model

▶ Northern Europe:

- Has shown good revenue growth on the back of the Eckert & Ziegler acquisition (Re-branded Life Radiopharmacy)
- Acquisition created the largest European integrated radiotracer supply and imaging organisation, extending Alliance Medical’s molecular imaging presence in northern Europe
- This growth is within the context of a lower EBITDA margin

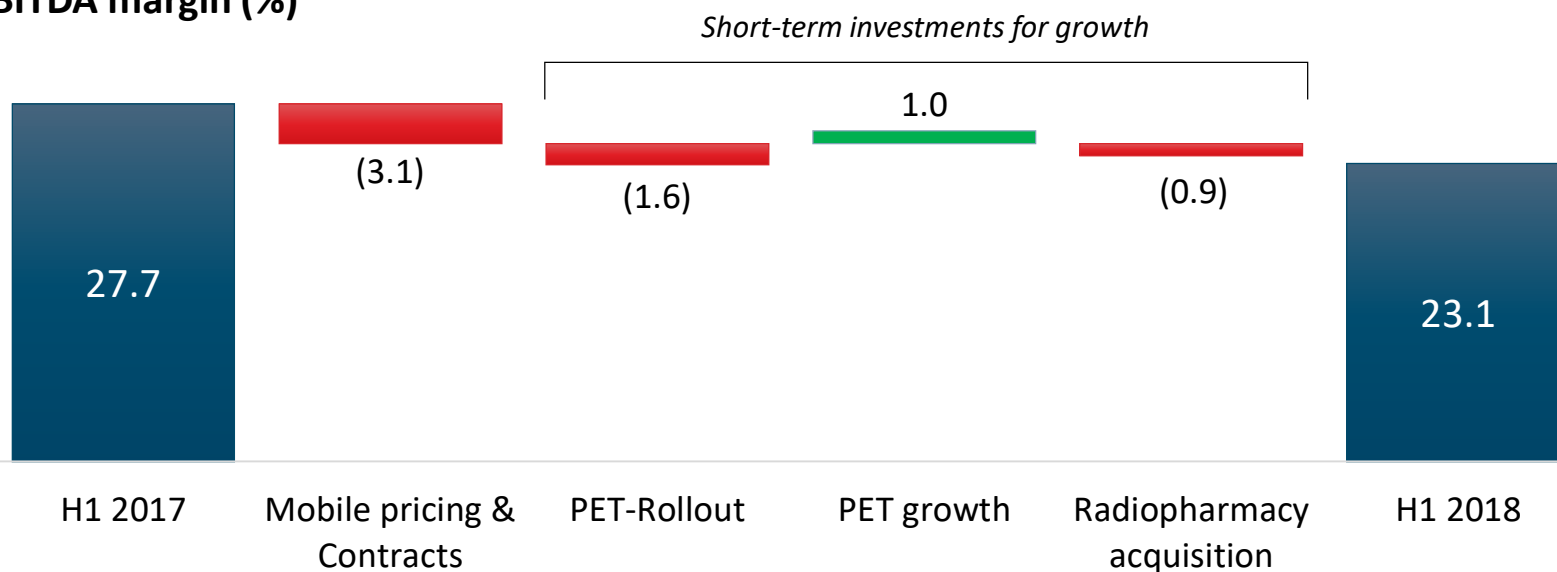
Alliance Medical

Stable overall performance with short-term investment in future growth

For 6 months	31 March 2018	31 Mar 2017	Change %
Revenue (£'m)	132.9	124.0	7.2
EBITDA (£'m)	30,7	34.3	(10,5)
EBITDA margin	23.1%	27.7%	

- Revenue over the six months grew by 7.2% on the back of strong PET-CT growth in the UK, good northern Europe growth and a solid performance from Italy and Ireland

EBITDA margin (%)

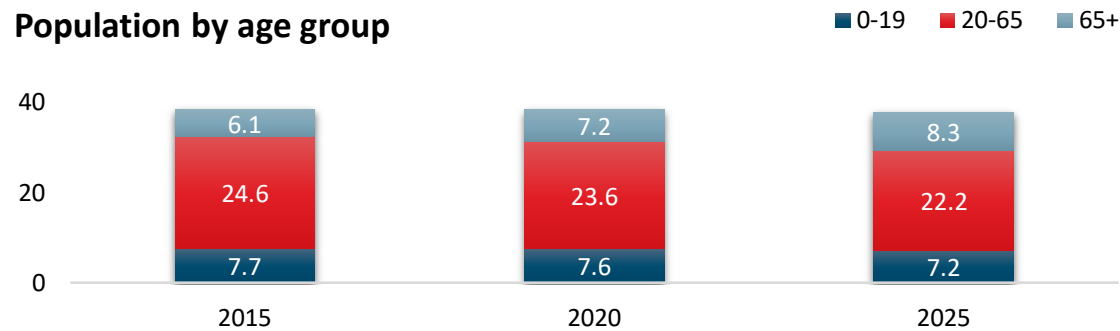


- EBITDA margins impacted by
 - Mobile pricing pressure
 - Upfront costs on the PET-CT contract as the final static sites are rolled out
- Good growth in northern Europe
- Strong growth in the PET-CT volumes

Poland

Market dynamics frame the opportunity for growth

Population by age group



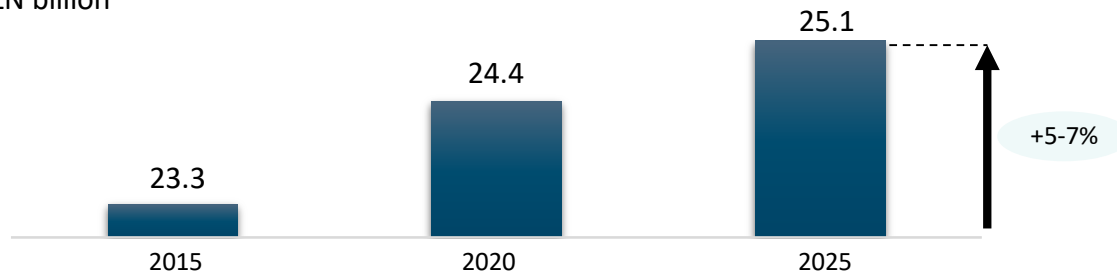
Absolute healthcare spend per capita

US\$ 000 per capita, PPP



Estimated inpatient cost growth due to demographics change

PLN billion

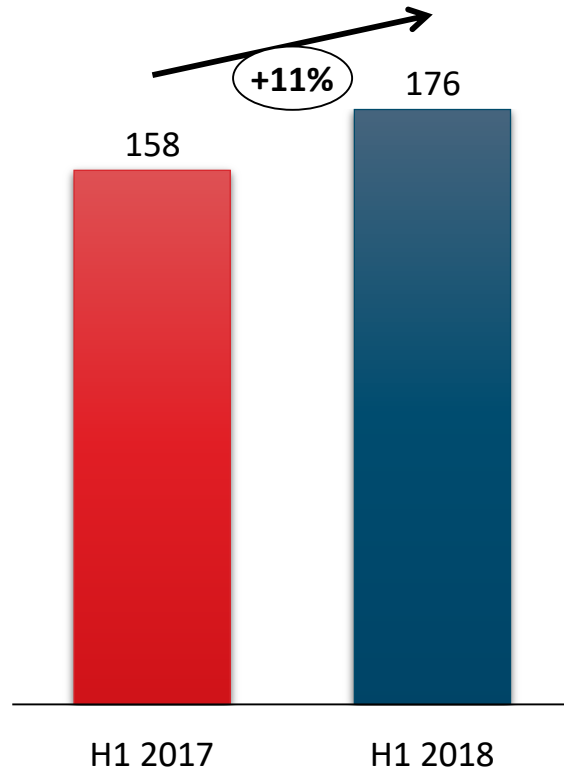


- Population over 65 expected to grow by 35% by 2025
- Increase in demand for funding expected to grow by 5-7%
- Poland lags central and western Europe in healthcare spend per capita
- Spend currently growing at between 7-8%
- Economy growing at 4%+
- Public funding environment is expected to remain neutral to more positive

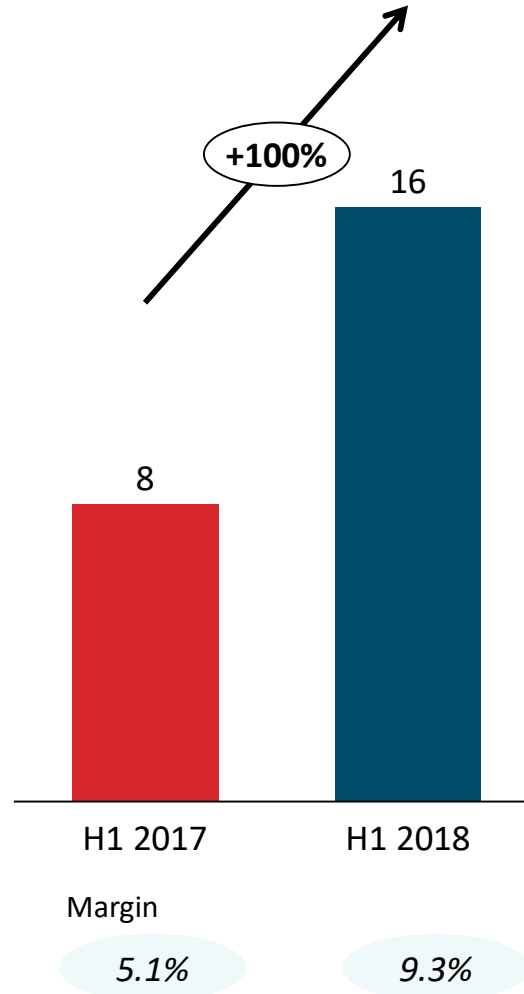
Poland

Scanmed's operational turnaround is evident in excellent revenue and EBITDA results

Revenue (PLN'm)



EBITDA (PLN'm)



- ▶ Strong business turnaround driven by the new management team:
- ▶ Continued focus on operational efficiency and costs optimisation
- ▶ Launch of key business and IT restructuring processes - IT systems integration, process automation and standardisation
- ▶ New four-year NFZ contracts covering 95% of the Scanmed business concluded at improved average pricing
- ▶ Prior year EBITDA includes once-off adjustment

India: Max Healthcare

Strong momentum across key levers in last 5 years, but 2018 seeing a tough regulatory environment

Phase 1

Rapid organic expansion and profitability through operating leverage

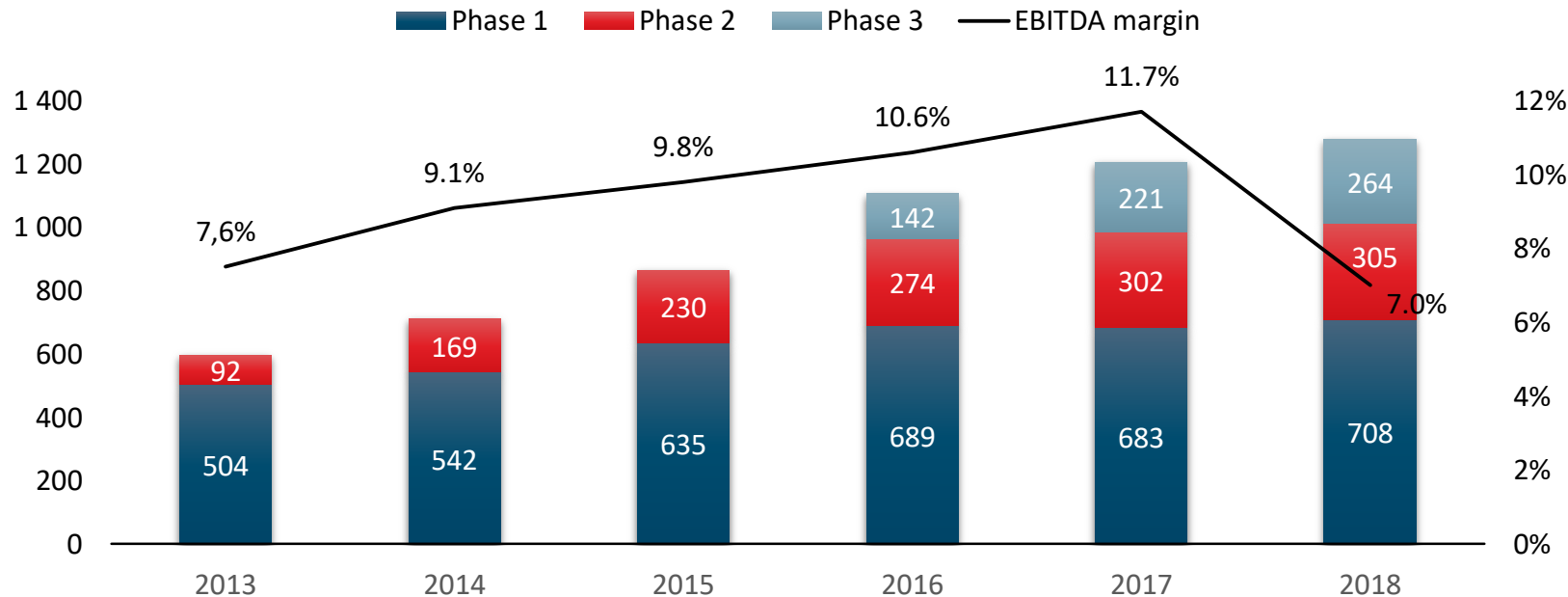
Phase 2

Large inorganic acceleration, but with some margin dilution

Phase 3

Recalibration driven by regulatory interventions

Revenue: 6 months to March



Financial year-end: March
1 Rs. Crore = R2.0 million

- ♦ Strong top line growth
- ♦ Short-term business performance impacted by:
 - The Shalimar Bagh hospital closure in December for 12 days and knock-on brand impact
 - Increase in regulations:
 - Drug price controls
 - Consumables and implants price controls
 - Minimum wage revision, Delhi State
 - GST: Increase in service tax rate from 15% to 18%
- ♦ Business restructuring in progress to adapt to change in market and regulatory headwinds



Financial Review

Pieter van der Westhuizen | Group CFO

Normalised EBITDA

+10.5%

to R2.7 billion

Cash generated from operations

+37.3%

to R2.7 billion

HEPS

+116.5%

53.7 cents

Interim dividend

38 cents

(R556 million)

Financial results

Group

	31 Mar 2018 R'm	31 Mar 2017 R'm	Change %
Revenue	11 323	9 638	17.5
Normalised EBITDA	2 673	2 418	10.5
Normalised EBITDA margin	23.6%	25.1%	
EBITA	2 125	1 977	7.5
Amortisation	(255)	(187)	36.4
Operating profit	1 870	1 790	4.5
Non-operating income/(expenses) ¹	14	(446)	>100
Net finance costs	(464)	(701)	(33.8)
Associates and joint ventures	(64)	(9)	(>100)
Profit before tax	1 356	634	>100
Tax	(419)	(331)	26.6
Non-controlling interest	(160)	(159)	0.6
Attributable profit	777	144	>100

¹ Includes impairment, transaction costs, profit on disposal of PPE and other non-recurring expenses

Financial results

Group

	31 Mar 2018 R'm	31 Mar 2017 R'm	Change %
Revenue	11 323	9 638	17.5
Southern Africa	8 364	7 627	9.7
Alliance Medical	2 315	1 481	56.3
Poland	644	530	21.5
Normalised EBITDA	2 673	2 418	10.5
Southern Africa	2 095	1 981	5.8
Alliance Medical	518	410	26.3
Poland	60	27	122.2
Normalised EBITDA margin (%)	23.6%	25.1%	
Southern Africa	25.0%	26.0%	
Alliance Medical	22.4%	27.7%	
Poland	9.3%	5.1%	

1PLN = ZAR3.66 (31 March 2018)

1GBP = ZAR17.42 (31 March 2018)

1PLN = ZAR3.35 (31 March 2017)

1GBP = ZAR16.72 (31 March 2017)

Financial results

Group

28

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Normalised EBITDA	2 673	2 418	10.5
Normalised EBITDA margin	23.6%	25.1%	
EBITA	2 125	1 977	7.5
Southern Africa	1 802	1 728	4.3
Alliance Medical	292	252	15.9
Poland	31	(3)	>100
Operating profit	1 870	1 790	4.5
Southern Africa	1 737	1 663	4.4
Alliance Medical	112	141	(20.6)
Poland	21	(14)	>100

Financial results

Group

	31 Mar 2018 R'm	31 Mar 2017 R'm	Change %
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Normalised EBITDA	2 673	2 418	10.5
Normalised EBITDA margin	23.6%	25.1%	
Operating profit	1 870	1 790	4.5
Associates and joint ventures	(64)	(9)	(>100)
Max Healthcare	(67)	(12)	
Other	3	3	

Financial results

Group

	31 Mar 2018	Adjusted 31 Mar 2017	Adjustment	Previously reported 31 Mar 2017	Change %
Weighted average number of shares (million)*	1 423	1 133	79	1 054	25.6
EPS (cents)	54.6	12.7	(1.0)	13.7	329.9
Impairment of investments	1.2	12.6		13.5	
Profit on disposal of PPE	(2.1)	(0.5)		(0.5)	
HEPS (cents)	53.7	24.8	(1.9)	26.7	116.5
Transaction costs	0.5	22.4		24.1	
Other	-	4.9		5.2	
Normalised EPS (cents)	54.2	52.1	(3.9)	56.0	4.0
Normalised EPS excluding amortisation (cents)	67.9	64.3			5.6

* 367 346 939 new shares issued in April 2017 as a result of the rights offer

Consolidated condensed statement of financial position

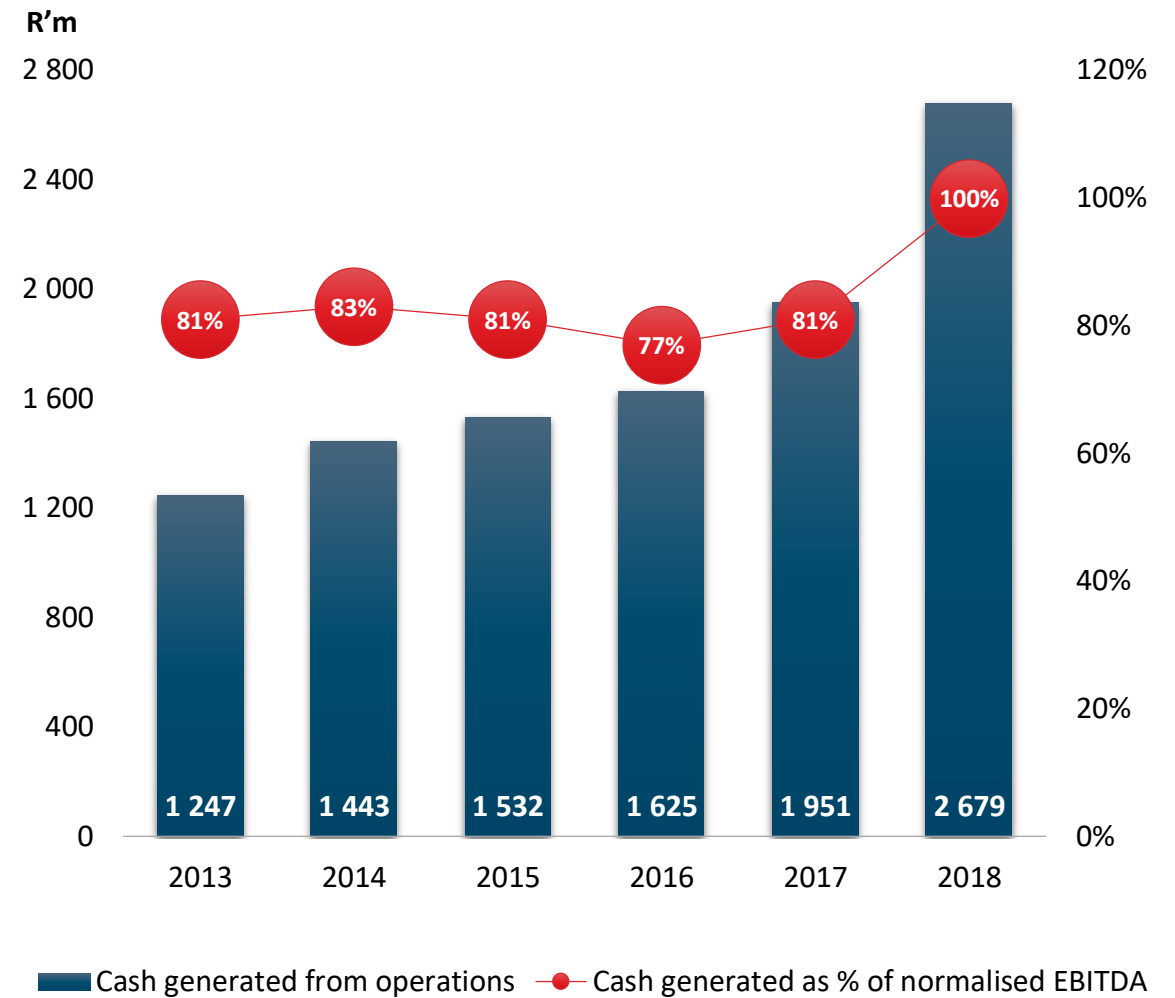
	31 Mar 2018 R'm	30 Sept 2017 R'm
Non-current assets	29 873	31 459
PPE	10 888	11 131
Goodwill	11 264	12 170
Intangibles	3 578	4 111
Investment in Max Healthcare	2 893	2 960
Other	1 250	1 087
Current assets (excluding cash)	3 789	4 004
Cash	1 722	1 176
Total assets	35 384	36 639
Total shareholders' equity	15 091	15 551
Non-current liabilities	13 094	9 991
Interest-bearing borrowings	10 995	7 786
Other non-current liabilities	2 099	2 205
Current liabilities (excluding interest-bearing borrowings)	4 995	4 796
Interest bearing borrowings	2 204	6 301
Total equity and liabilities	35 384	36 639
Net debt	12 691	13 361
Net debt to normalised EBITDA (covenant 3.5x)	2.40	2.55

Funding	31 Mar 2018 R'm	Weighted avg. cost of debt (post-tax)	30 Sep 2017 R'm	Weighted avg. cost of debt (post-tax)
Acquisition funding				
ZAR	3 925	7.46	4 851	7.32
PLN	742	3.77	801	3.77
GBP	962	2.55	992	2.26
Capex funding - ZAR	2 623	6.49	2 498	6.67
Poland	134	3.05	148	3.05
Alliance Medical	3 269	2.10	3 157	1.96
Capitalised finance leases				
ZAR	647	9.25	670	9.22
PLN	234	4.45	253	4.45
GBP	663	3.65	717	3.65
Working capital - ZAR	1 214	5.83	450	6.12
	14 413	5.23	14 537	5.28

Cash flow

Group

	31 Mar 2018 R'm	31 Mar 2017 R'm	Change %
Cash generated from operations	2 679	1 951	37.3
Transaction costs paid	(8)	(87)	
Net interest paid	(493)	(643)	
Tax paid	(548)	(513)	
Maintenance capex	(309)	(327)	
Minority distributions	(161)	(172)	
Staff schemes	-	(11)	
Free cash flow	1 160	198	>100
Growth capex	(573)	(276)	
Investments	(24)	(10 041)	
Net cash flow after capex and investments	563	(10 119)	>100
Free cash flow excluding non-recurring acquisition interest and transaction costs	1 168	576	>100



Distributions	Cents/ share	R'm
Interim 2017	35	504
Final 2017	45	652
Total 2017	80	1 156
Interim 2018	38	556

- ▶ Declared an interim scrip dividend of 38 cps
- ▶ Cash dividend alternative
- ▶ Shareholders entitled to receive all or part of their distribution in cash or in shares
- ▶ Scrip distribution done at a 2.5% discount to the 15-day VWAP

- ▶ The Group's dividend policy is to pay a progressive dividend that takes into account the underlying earnings and available funding of the Group both in southern Africa and internationally, while retaining sufficient capital to fund ongoing operations and growth projects as well as manage gearing to acceptable levels.



2018 H2 Outlook

Dr Shrey Viranna | Group CEO

LHC SA:

- ♦ PPD growth: c. 2% with conservative brownfield expansion beds (c.20)
- ♦ Continued good complementary and healthcare services growth
- ♦ Focus on increased operational leverage
- ♦ Testing and piloting new business/customer segment offerings

Alliance Medical:

- ♦ UK:
 - PET-CT growth: c. 12%
 - Focus on signing additional CDC contracts
 - Continue to shift the business to longer term sustainable contracts
- ♦ Italy:
 - Clinic acquisition in progress on back of continued underlying growth to provide complementary scale in specific regions
- ♦ Ireland / northern Europe:
 - Growth in line with H1

Scanmed:

- ♦ Revenue growth and EBITDA margins: in line with H1
- ♦ Explore clinical trials opportunity (with global potential)

Max Healthcare:

- ♦ Discussions regarding sale of equity interest are in progress
- ♦ Short-term regulatory and market conditions may result in deferral if management's valuation range is not realised

Operational Excellence:

- Group has a history and culture of driving operational excellence
- Expand through:
 - Review of operating model to adapt to evolving consumer segments
 - Group wide best in class initiatives – initial focus on procurement
 - Data driven and analytical approach

Quality:

- Clinical quality of paramount importance
- The Group has made significant progress in measuring and reporting on its clinical outcomes and patient experience
- Expand the clinical quality initiatives - implement clinical protocols and pathways (collaboration with doctors, funders, institutions of excellence essential)
- Benchmark to world class standards

Group-wide Integration:

- Philosophy of decentralised leadership with centralised processes
- Group wide synergies in operations and clinical quality
- Integration, process automation and standardisation

Growth:

- Grow the Group to an international healthcare provider, while still focussing heavily on SA growth and implementation of new initiatives
- Expansion of the complementary business range with a focus on diagnostic growth globally
- Reposition existing assets in line with future growth of insured/payor markets
- Drive growth strategies across all businesses

Evolve Group's Operating Model:

- Goal of between 40%-50% of revenue from non-acute sources
- Continue with the complementary services growth strategies – Mental Health, Acute Rehabilitation, Oncology & Renal Dialysis
- Grow our global diagnostic presence
- Broaden our service offering outside of the acute spectrum – reviewing our current A&E primary care model globally

Revenue

+17.5%

to R11.3 billion

Cash generated from operations

+37.3%

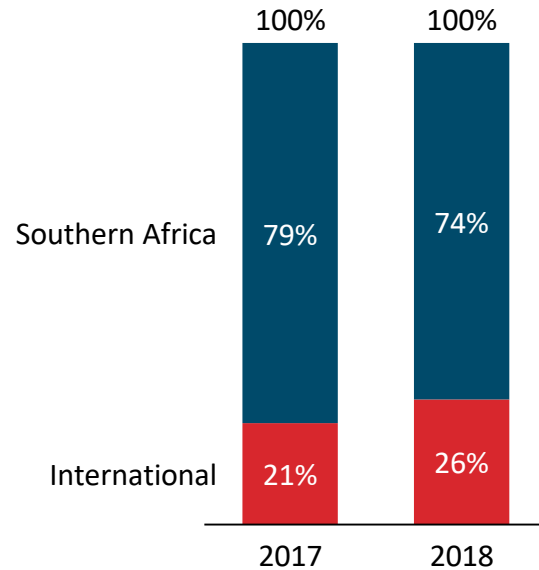
To R2.7 billion

Normalised EBITDA

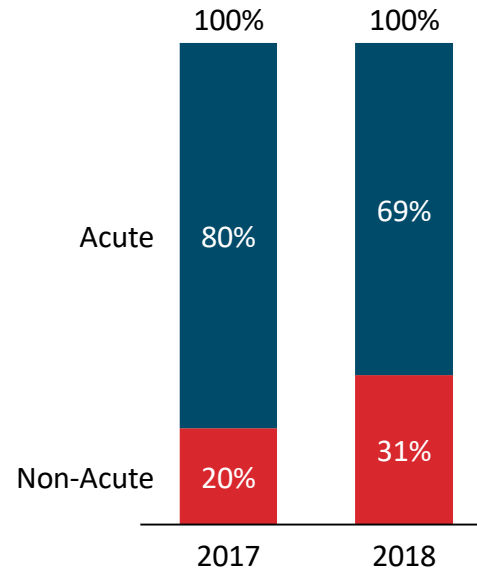
+10.5%

to R2.7 billion

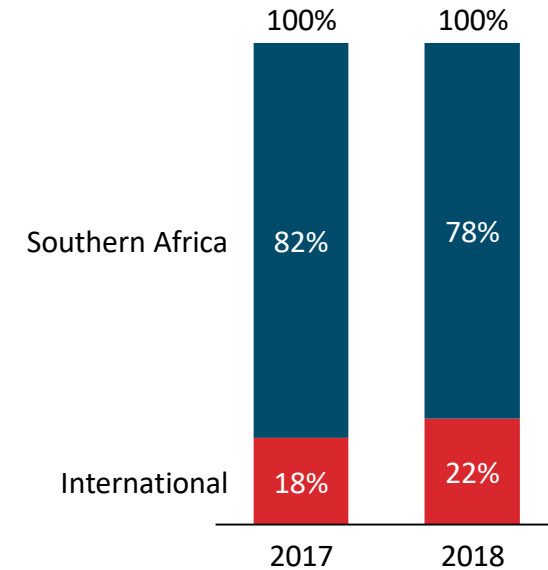
Revenue (%)



Acute vs non-acute revenue (%)



EBITDA (%)



Questions?

