

Interim Results and Distribution

for the six month period ended 31 March 2017



Life

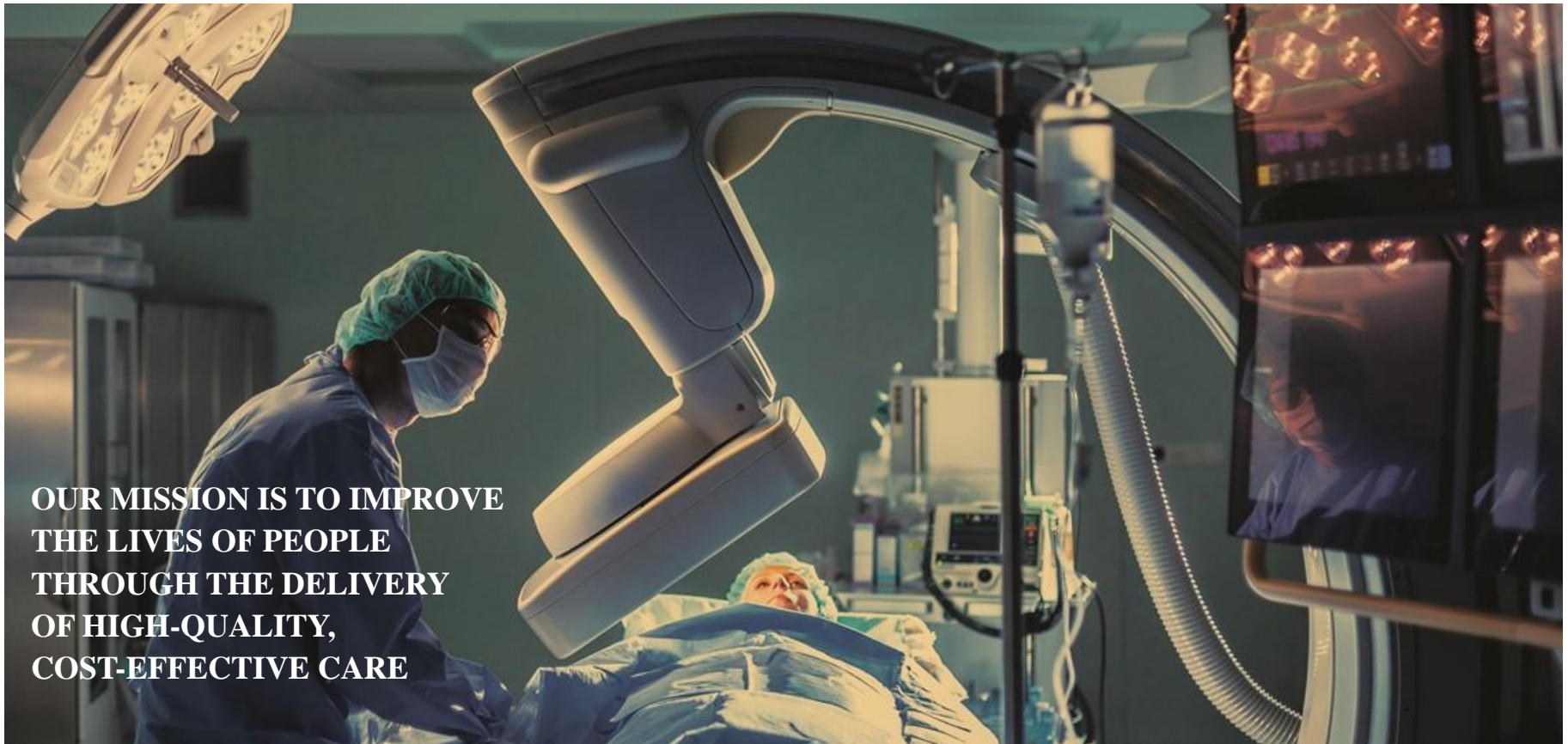
Well-being and quality of life

Health

Clinical excellence in world-class facilities

Care

Quality, service, respect and empathy for those entrusted to our care



**OUR MISSION IS TO IMPROVE
THE LIVES OF PEOPLE
THROUGH THE DELIVERY
OF HIGH-QUALITY,
COST-EFFECTIVE CARE**

INTRODUCTION



ANDRÉ MEYER
GROUP CEO

Our vision: To be a market-leading, international, diversified healthcare provider

	SA	UK	India	Europe
Acute hospitals	<ul style="list-style-type: none"> ✓ 50 facilities ✓ 8 067 beds 		<ul style="list-style-type: none"> ✓ 12 facilities ✓ 2 325 beds 	<ul style="list-style-type: none"> ✓ 12 cardiac units ✓ 624 beds
Complementary services	<ul style="list-style-type: none"> ✓ 7 acute rehab facilities (319 beds) ✓ 8 mental health facilities (491 beds) ✓ 292 renal dialysis stations ✓ 2 Oncology units 		<ul style="list-style-type: none"> ✓ Oncology ✓ Renal dialysis 	<ul style="list-style-type: none"> ✓ Primary care
Diagnostics		<ul style="list-style-type: none"> ✓ MRI / CT ✓ PET-CT ✓ Radiopharmacy 		<ul style="list-style-type: none"> ✓ MRI / CT ✓ PET-CT ✓ Radiopharmacy
Healthcare services	<ul style="list-style-type: none"> ✓ 420 000 employees cared for ✓ 2 424 beds 			

European countries										
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Transaction overview

- Life Healthcare acquired approximately 94% of Alliance Medical Group Limited (Alliance Medical) with management acquiring the balance of the shareholding
- Enterprise value of R14.3 billion (including full contingent consideration)
- Effective 21 November 2016
- Alliance Medical is a leading diagnostics group operating in the UK and Europe
- Purchase consideration initially funded through ZAR and GBP debt bridge facilities
- Bridge funding partially repaid through the successful completion of the rights offer

Life's objectives	What Alliance Medical offers
Enter markets and market segments with higher growth opportunities	Strong underlying demand driven by demographics, disease burden and advances in medical technology and an increasing focus on early diagnosis
Continued expansion of the complementary services disciplines	Diagnostic services, MRI, CT, PET-CT; strong linkages into high-growth therapeutic areas: oncology and neuro-disorders
Market leadership	30-year track record; leading position in UK, Ireland and Italy; and key partner with NHS England
Experienced and committed management team	Longstanding experience in the healthcare sector and ongoing commitment to Life evidenced through management investment
Geographic diversification	UK-based with operations in 10 countries provides pan-EU reach Diverse basket of currencies (including GBP and EUR)

Benefits	What Alliance Medical offers
Accelerates Life’s geographic diversification	<ul style="list-style-type: none"> • Increase in revenue and EBITDA outside of southern Africa • Alliance Medical operates in 10 European countries
Positions Life firmly in diagnostics	<ul style="list-style-type: none"> • A strategically important market with higher-growth characteristics
Continues expansion of complementary services	<ul style="list-style-type: none"> • Mental health / acute rehabilitation / renal dialysis / oncology / diagnostics
Leveraging Alliance Medical’s networked imaging services proposition	<ul style="list-style-type: none"> • Understanding of clinical pathways/processes to deliver high-quality service • Proprietary technology to deliver networked services • An efficient operator in Europe
Alliance Medical has a strong, highly complementary management team	<ul style="list-style-type: none"> • Team has broad healthcare experience to help support Life’s international, diagnostics and oncology growth
Oncology presence enhanced through PET-CT services	<ul style="list-style-type: none"> • Vertically integrated with radiopharmaceutical manufacturing • Key component for cancer care, aids in skills transfer

Revenue

- +22.6%
- R9.6 billion

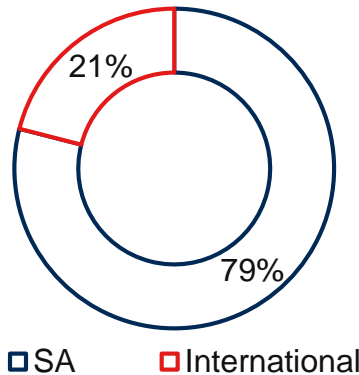
EBITDA

- +15.2%
- R2.4 billion

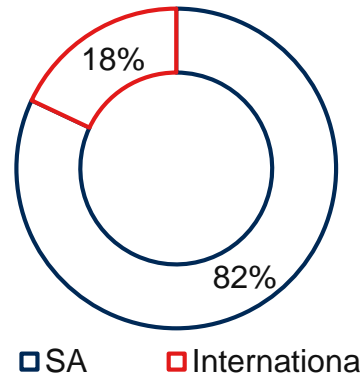
Normalised EPS

- -35.7%
- 56 cents

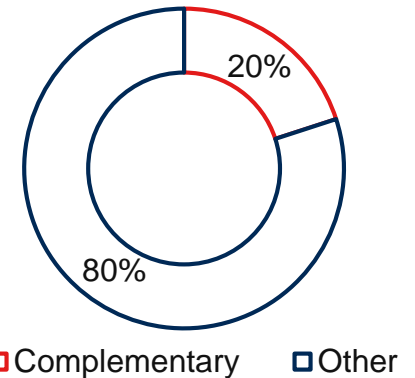
Revenue



EBITDA



Complementary revenue vs acute/other



September 2016 split

- Southern Africa: 93%
- International: 7%

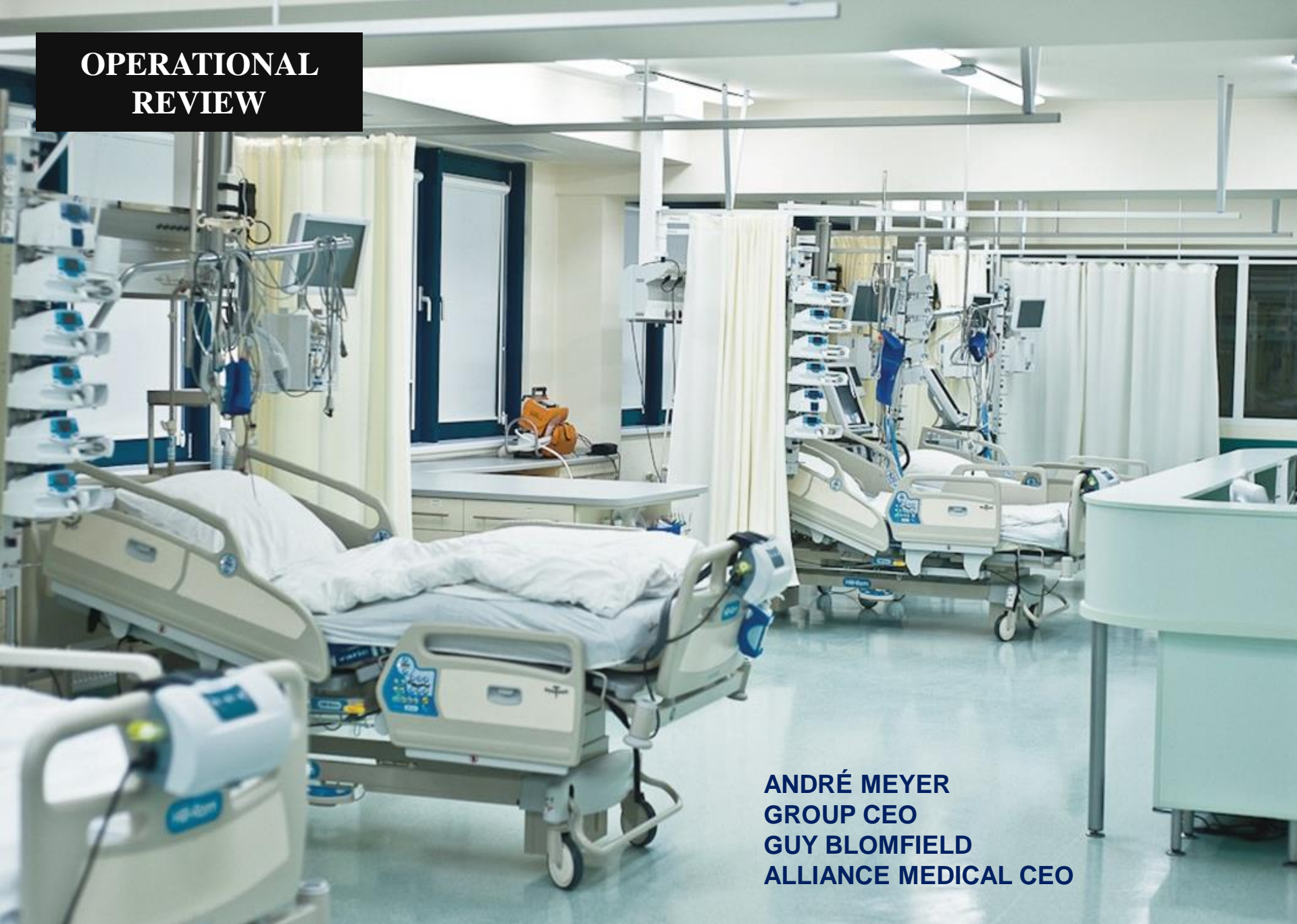
30 September 2016 split

- Southern Africa: 97%
- International: 3%

30 September 2016 split

- Acute/other: 96%
- Complementary: 4%

OPERATIONAL REVIEW



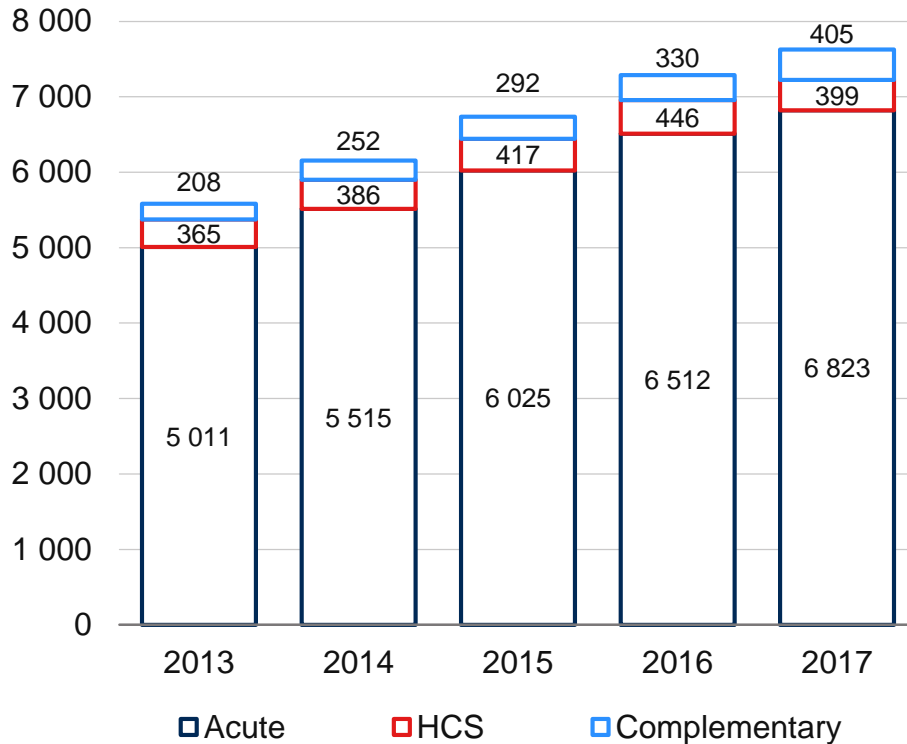
ANDRÉ MEYER
GROUP CEO
GUY BLOMFIELD
ALLIANCE MEDICAL CEO

	31 Mar 2017	31 Mar 2016	Change %
PPD growth	-1.0%	+2.7%	
Revenue	R7 627m	R7 288m	4.7
Normalised EBITDA	R1 981m	R2 022m	(2.0)
Normalised EBITDA margin	26.0%	27.7%	

- Revenue per PPD: + 6.3%
 - Tariff increase: + 6.1%
 - Case mix impact: + 0.2%
- Pressure on acute hospital growth:
 - Economy under pressure and no growth in privately insured lives
 - Increase in active case management by medical aids
- Continued good growth of complementary services:
 - Addition of 60 mental health beds
- Normalised EBITDA margins impacted by:
 - Decrease in acute PPDs and lower occupancies
 - Change in mix of procedures and level of care
 - Increased network discounts for volumes and cost pressures
 - Non-renewal of mental health contract by Gauteng Department of Health

Revenue* (Rm)

Total CAGR: 8.1%
Complementary CAGR: 18.1%

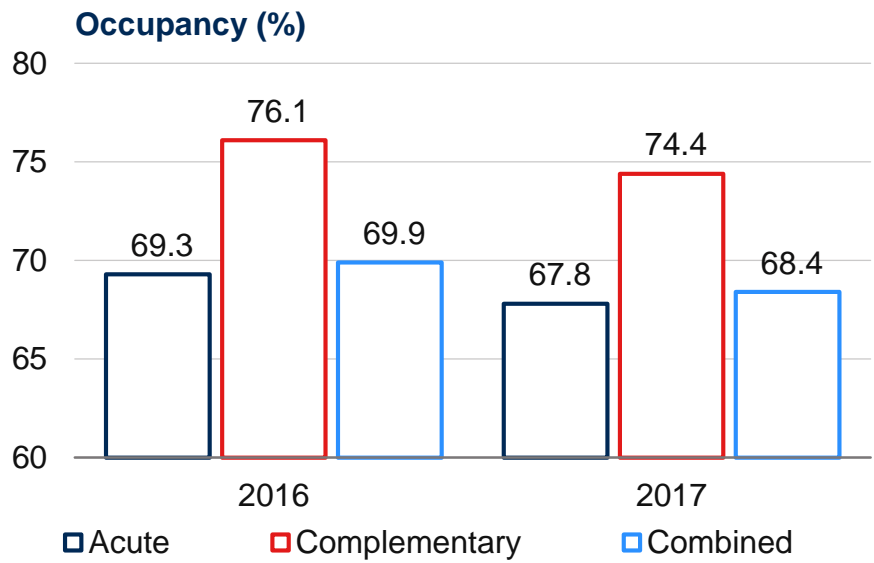


- Strong growth in complementary services revenue (+22.7%)
- Driven by additional mental health beds and strong demand in acute rehabilitation, renal dialysis and oncology
- Revenue negatively impacted by the non-renewal of the mental health contract by the Gauteng Department of Health as of 30 June 2016
- Revenue growth of 4.8%
- Impacted by the decline in PPDs
- 22 beds added during H1

* From continuing operations

	H1 2017
Bed growth	
Capacity expansion at existing facilities	22
Mental health	60
Total beds	82
Renal dialysis stations	11

- Life Flora
- Life Kingsbury
- Life Claremont Ophthalmology
- Life Carstenview



	H1 2017 %	H1 2016 %
Acute medical PPD	50.2	50.2
Acute surgical PPD	49.8	49.8
Total medical PPD	54.1	53.8
Total surgical PPD	45.9	46.2

Quality outcome	31 Mar 2017	31 Mar 2016	Standard
Recommend	69.4%	68.7%	
Patient experience	83.0%	80.6%	
Patient incident rate	2.83	2.69	Per 1 000 PPDs
HAI (Healthcare associated infection)	0.49	0.35	Per 1 000 PPDs
VAP (Ventilator associated pneumonia)	1.76	1.72	Per 1 000 ventilator days
SSI (Surgical site infection)	1.09	0.78	Per 1 000 theatre cases
CLABSI (Central line associated bloodstream infection)	1.02	0.74	Per 1 000 central lines
CAUTI (Catheter-associated urinary tract infection)	0.49	0.28	Per 1 000 catheter days on one line
FIM/FAM score	1.0	1.1	>0.9
MHQ14 efficiency (average gain/PPD)	2.6	2.7	>2.25

- Patient experience:
 - Based on HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems)
 - Continued roll-out of the Care programme, focusing on improving the patient experience
 - Saw an improvement across the business in the overall patient experience
- Clinical outcomes:
 - Continued focus on compliance with clinical protocols and hospital reporting

	31 Mar 2017	31 Mar 2016	Change %
Healthcare services			
Revenue	399	446	(10.5)
EBITDA	59	75	(21.3)
EBITDA margin	14.8%	16.8%	

- Life Esidimeni:
 - Business impacted by the non-renewal of 1 570 mental health beds as of 30 June 2016 by the Gauteng Department of Health
 - Awarded part of a tender for the return of approximately 700 Gauteng mental health patients – these patients should return in H2 2017
- Life Employee Health Solutions:
 - Difficult economic operating environment
 - Revenue growth based on increased lives but at lower prices impacting margins

- Continued extensive engagement with the HMI
 - Ongoing engagement and input regarding:
 - › the HMI profitability analysis
 - › the nature of our relationships with our supporting specialists
 - Various third-party providers appointed to engage on data that will be made accessible for review and analysis
- Revised schedule published on 1 December 2016 covering:
 - Consumer survey
 - Analysis of medical scheme data
 - Prescribed Minimum Benefits (PMB) analysis
 - Report on brokers in healthcare financing
 - Profitability analysis of healthcare funders and hospitals
 - Analysis into supplier induced demand
 - Facilities analysis
 - Funder analysis
 - Practitioner analysis
 - Public hearings
 - Provisional report due in September 2017
 - Final report due in December 2017

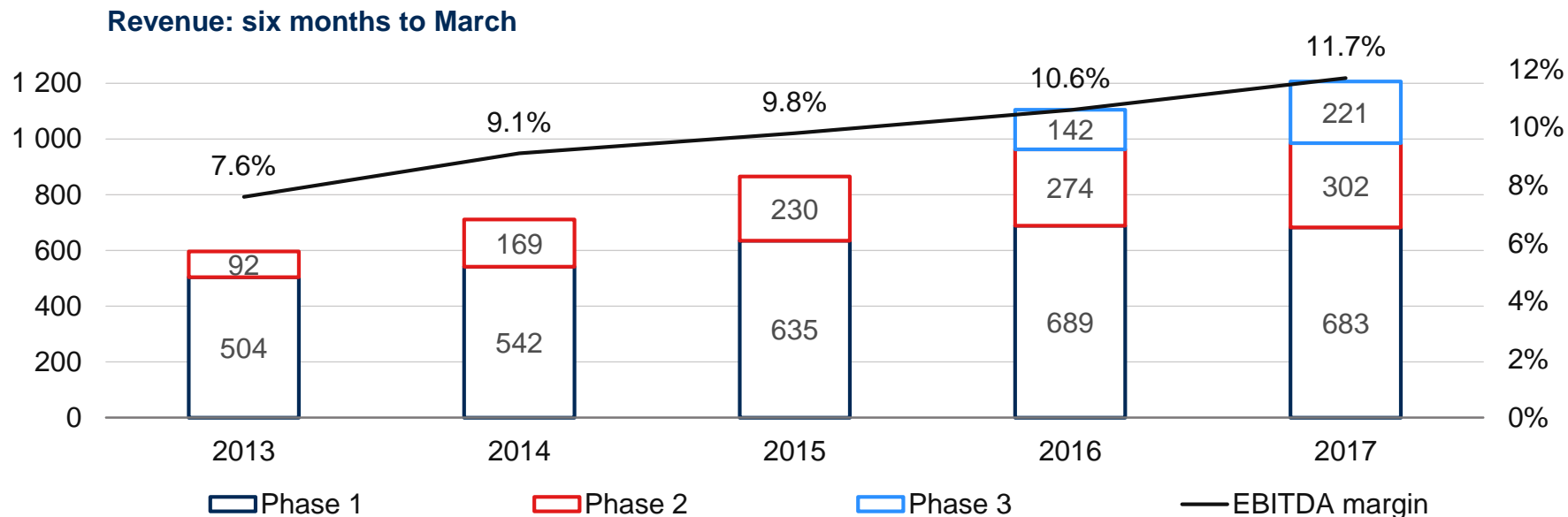
	31 Mar 2017	31 Mar 2016	Change %
Beds	624	617	
Cardiac units	12	12	
Medical facilities	40	43	
Revenue	R530m	R572m	(7.3)
Normalised EBITDA	R27m	R77m	(64.9)
Normalised EBITDA margin	5.1%	13.5%	

- Decline in revenue due to the reduction in cardiology tariffs which made up 45% of the business:
 - 17% reduction from July 2016
 - 11% reduction from January 2017
- EBITDA impacted by the reduction in margin in the cardiology business
- Management continues to focus on driving efficiencies, cutting costs and growing non-government funded business
- Adjustment of R23m related to prior year over-quota underprovision, excluding this adjustment the normalised EBITDA margin is 9.2%


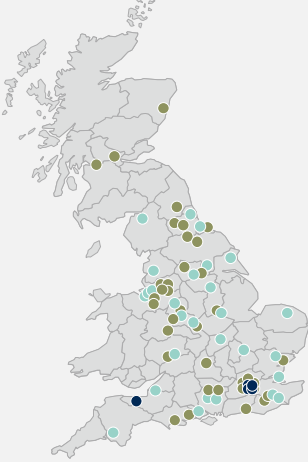











	31 Mar 2017	31 Mar 2016	Change %
Beds	2 325	2 220	
Occupancy	69.4%	69.6%	
Revenue (Rs Crore)	1 206	1 105	9.1
Normalised EBITDA (Rs Crore)	141	117	20.5
Normalised EBITDA margin	11.7%	10.6%	

- Good revenue growth driven by growth in the phase 2 & 3 hospitals
- EBITDA margin increased to 11.7%:
 - Improved management of costs
 - Focus on driving efficiencies
- Business negatively impacted by:
 - Demonetisation of the currency in November/December
- Introduction of regulations governing:
 - Pricing of stents from February 2017
 - Maternity benefits from March 2017

	2017 Rev Rs Cr	2016 Rev Rs Cr	Change %	2017 EBITDA Rs Cr	2016 EBITDA Rs Cr	Change %
Phase 1 hospitals	683	689	(0.9)	94	92	2.2
Phase 2 hospitals	302	274	10.2	21	12	75
Phase 3 hospitals (Vaishali and Smart)	221	142	55.6	26	13	100
Total net revenue	1 206	1 105	9.1	141	117	20.5



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

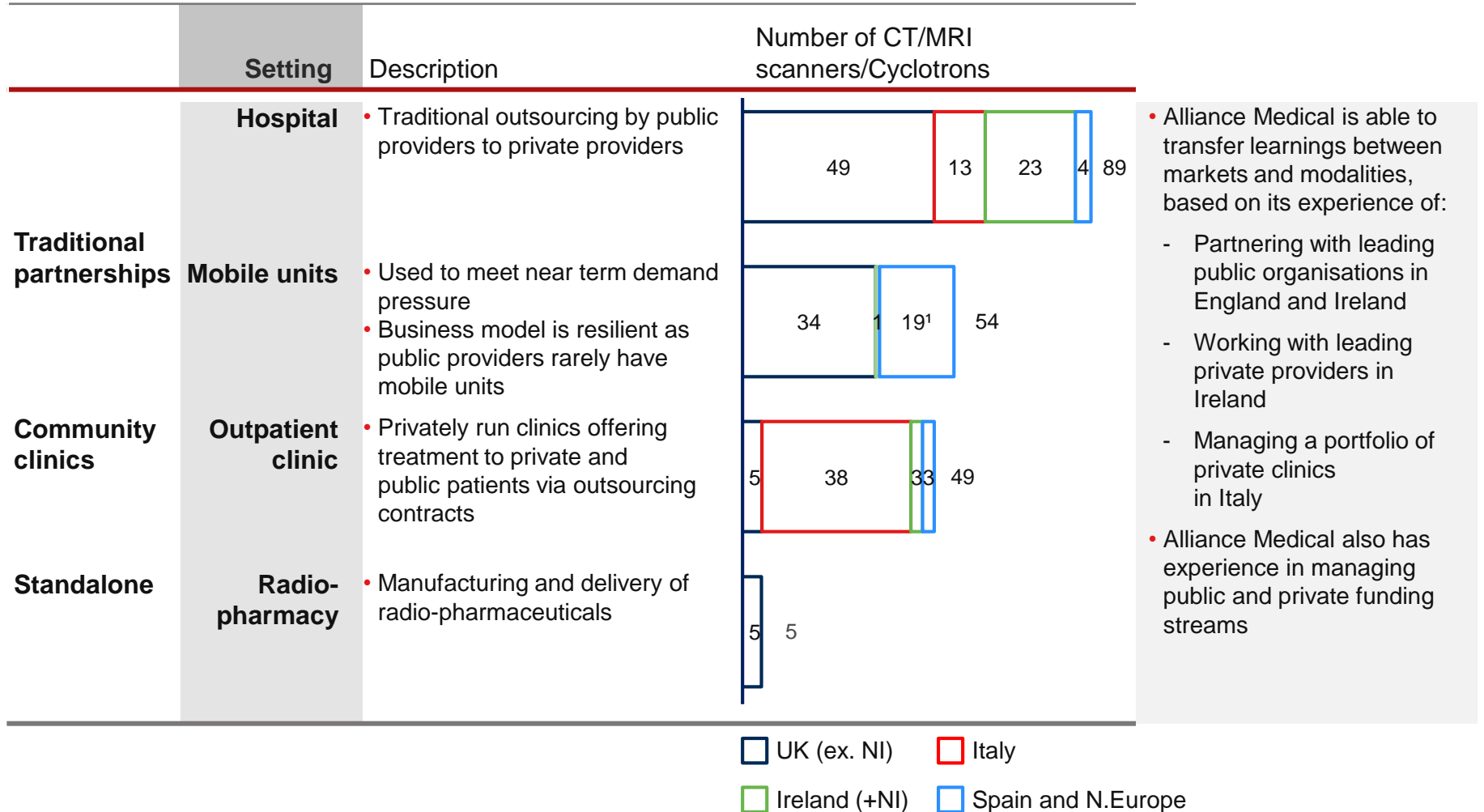
Territorial coverage	<p>UK </p>  <ul style="list-style-type: none"> ● DI static sites: 37 ● PET-CT national contract sites: 31 ● Mobiles: 45 	<p>Italy </p>  <ul style="list-style-type: none"> ● Owned clinics: 13 ● Static sites: 22 	<p>Ireland </p>  <ul style="list-style-type: none"> ● Operating sites: 19 	<p>Other geographies</p> <ul style="list-style-type: none">  Spain  Netherlands  Germany  Finland  Bulgaria  France  Norway
Service offering	<ul style="list-style-type: none"> • MRI • CT • PET-CT • Radiopharmacy 	<ul style="list-style-type: none"> • MRI • CT • PET-CT • Radiopharmacy 	<ul style="list-style-type: none"> • MRI • CT • PET-CT 	

Business review

Alliance Medical: Diagnostic imaging business models



In diagnostic imaging (DI), Alliance Medical has leveraged its international experience to develop a range of business models which provide operational flexibility and are aligned with local market dynamics

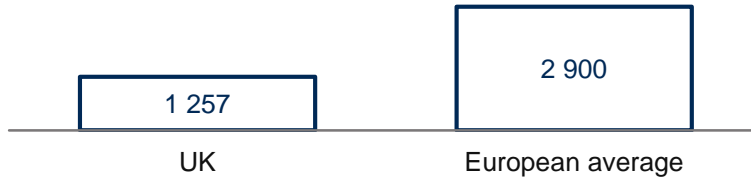


Source: Third-party consultant engaged by Alliance Medical for purposes of assessing the market
 1. Mobile units in Northern Europe

PET-CT scans

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

PET-CT scans per million population (2014)



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%)

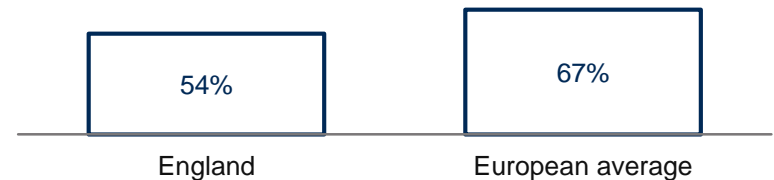
Five-year survival is markedly lower

- UK is targeting the European five-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 to 14% p.a. expected over the next four to five years**

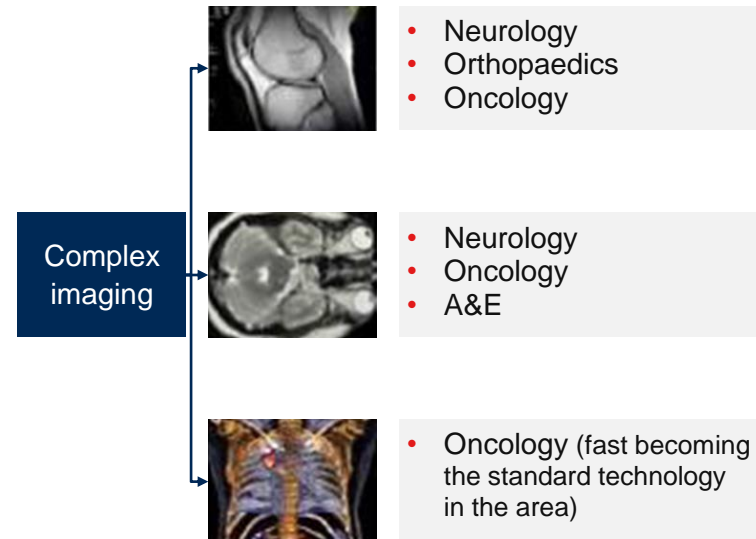
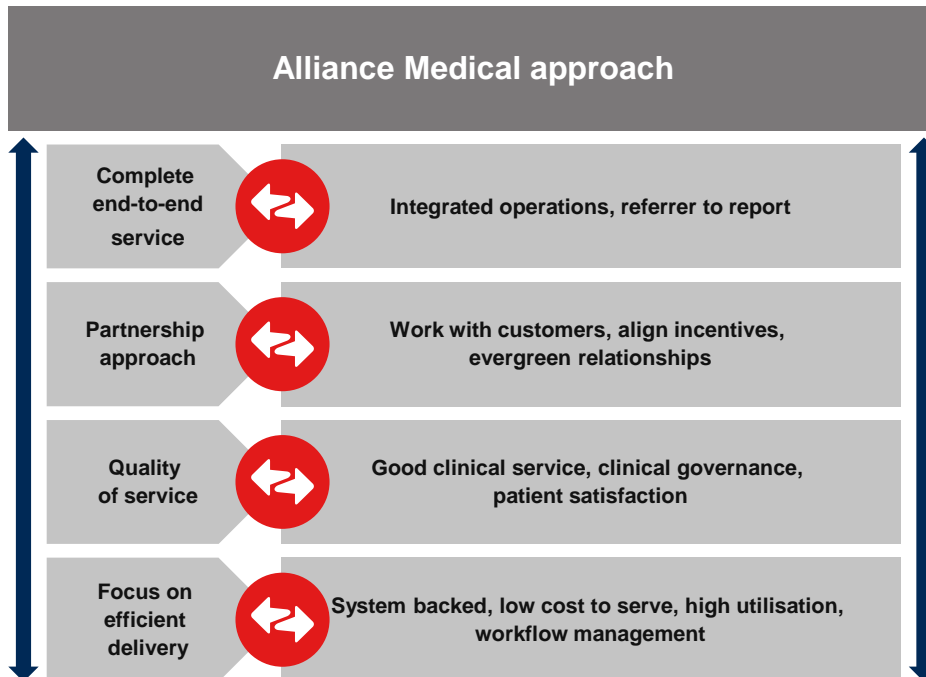
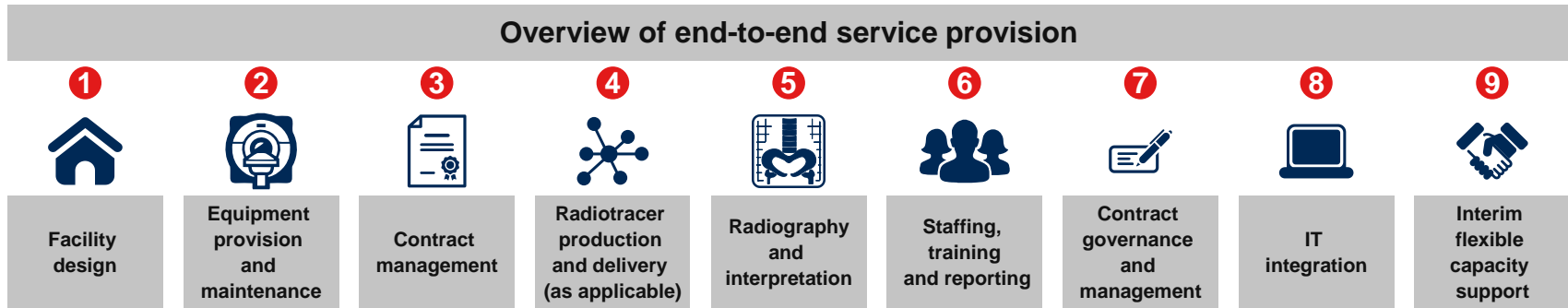
Molecular imaging collaborative network

- 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

Five-year cancer survival rate in England vs. Europe



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





For 6 months	31 Mar 2017	31 Mar 2016	Change %
Revenue (£'m)	124.0	118.1	5.0
EBITDA (£'m)	34.3	31.9	7.5
EBITDA margin	27.7%	27.0%	
EBIT (excluding amortisation) (£'m)	21.4	21.1	1.4
EBIT margin (excluding amortisation)	17.3%	17.9%	

- Revenue over the six months grew by 5.0% and EBITDA by 7.5%
- On a regional basis:
 - There were strong performances from the UK, on the back of increased PET-CT volumes, and Northern Europe
 - Ireland performed in line with expectations
 - Revenue in Italy was relatively flat due to negative impact of the Appropriateness decree on MRI demand but is starting to benefit from the Albaro acquisition

FINANCIAL REVIEW



PIETER
VAN DER WESTHUIZEN
GROUP CFO

REVENUE
+22.6%
to R9.6 billion

NORMALISED EBITDA
+15.2%
to R2.4 billion

NORMALISED
EPS
-35.7%
56.0 cents

ACQUISITION OF
ALLIANCE MEDICAL

ENTERPRISE VALUE
R14.3 billion

(including contingent consideration payable)

INTERIM DIVIDEND

35 cents

(R504 million)

Financial results

Group



	31 Mar 2017 R'm	31 Mar 2016 R'm	Change %
Revenue	9 638	7 860	22.6
Southern Africa	7 627	7 288	4.7
Alliance Medical	1 481	-	
Poland	530	572	(7.3)
Normalised EBITDA	2 418	2 099	15.2
Southern Africa	1 981	2 022	(2.0)
Alliance Medical	410	-	
Poland	27	77	(64.9)
Normalised EBITDA margin	25.1%	26.7%	
Southern Africa	26.0%	27.7%	
Alliance Medical	27.7%	-	
Poland	5.1%	13.5%	

1PLN = ZAR3.35 (31 March 2017)
1PLN = ZAR3.81 (31 March 2016)

1GBP = ZAR16.72 (31 March 2017)

Financial results

Group



	31 Mar 2017 R'm	31 Mar 2016 R'm	Change %
Revenue	9 638	7 860	22.6
Normalised EBITDA	2 418	2 099	15.2
Normalised EBITDA margin	25.1%	26.7%	
Operating profit:	1 790	1 779	0.6
Southern Africa	1 663	1 742	(4.5)
Alliance Medical	141	-	
Poland	(14)	37	>(100)
EBIT before amortisation:	1 977	1 829	8.2
Southern Africa	1 728	1 783	(3.1)
Alliance Medical	252	-	
Poland	(3)	46	>(100)

Financial results

Group



	31 Mar 2017 R'm	31 Mar 2016 R'm	Change %
Revenue	9 638	7 860	22.6
Normalised EBITDA	2 418	2 099	15.2
Normalised EBITDA margin	25.1%	26.7%	
Operating profit	1 790	1 779	0.6
Associates and joint ventures:	(9)	(1)	>(100)
Max Healthcare	(12)	(7)	(71.4)
Poland	-	2	(100.0)
Other	3	4	(25.0)

Financial results

Group



	31 Mar 2017 R'm	31 Mar 2016 R'm	Change %
Revenue	9 638	7 860	22.6
Normalised EBITDA	2 418	2 099	15.2
Normalised EBITDA margin	25.1%	26.7%	
Operating profit	1 790	1 779	0.6
Associates and joint ventures	(9)	(1)	>100
Attributable profit:	144	965	(85.1)
Southern Africa	1 020	1 000	2.0
Alliance Medical	114	-	
Poland and India	(31)	14	>(100)
Transaction costs on acquisitions	(309)	(11)	>(100)
Funding costs for acquisitions	(513)	(119)	>(100)
Impairment Poland	(142)	-	
Other	5	81	

Financial results

Group: Segmental review



		31 Mar 2017 R'm	31 Mar 2016 R'm	Change %
Revenue		9 638	7 860	22.6
Southern Africa	Hospitals and complementary services	7 228	6 842	5.6
	Healthcare services	399	446	(10.5)
Poland	Healthcare services	530	572	(7.3)
Alliance Medical	Diagnostic services	1 481	-	
EBITDA		2 418	2 099	15.2
Southern Africa	Hospital division	1 661	1 695	(2.0)
	Healthcare services	59	75	(21.3)
Poland	Healthcare services	27	77	(64.9)
Alliance Medical	Diagnostic services	410	-	
Corporate		261	252	3.6

Transaction overview

- Life Healthcare acquired approximately 94% of Alliance Medical effective 21 November 2016
 - Initial cash consideration: £553 million
 - Estimated deferred cash consideration: £21 million
 - Assumed debt: £167 million
 - Management equity: £33 million
- Purchase consideration initially funded through ZAR and GBP debt bridge facilities
- Bridge funding partially repaid through the successful completion of the rights offer
 - An offer of 367 346 939 new Life Healthcare ordinary shares at a subscription price of R24.50 per Rights Offer Share
- Adjustments to the management equity are accounted through profit or loss

Financial results

Group



	31 Mar 2017 cents	31 Mar 2016 cents	Change %
EPS	13.7	93.0	(85.3)
Impairment of investment	13.5	-	
Profit on disposal of PPE	(0.5)	-	
HEPS	26.7	93.0	(71.3)
Contingent consideration released	-	(6.4)	
Transaction costs	24.1	-	
Other	5.2	0.5	
Normalised EPS	56.0	87.1	(35.7)

	31 Mar 2017 cents	31 Mar 2016 cents	Change %
Normalised EPS	56.0	87.1	(35.7)
Southern Africa	96.7	97.3	(0.6)
Poland and India	(2.9)	1.3	>(100)
Alliance Medical	10.8	-	
Funding costs for international acquisitions	(48.6)	(11.5)	>100

Consolidated condensed statement of financial position



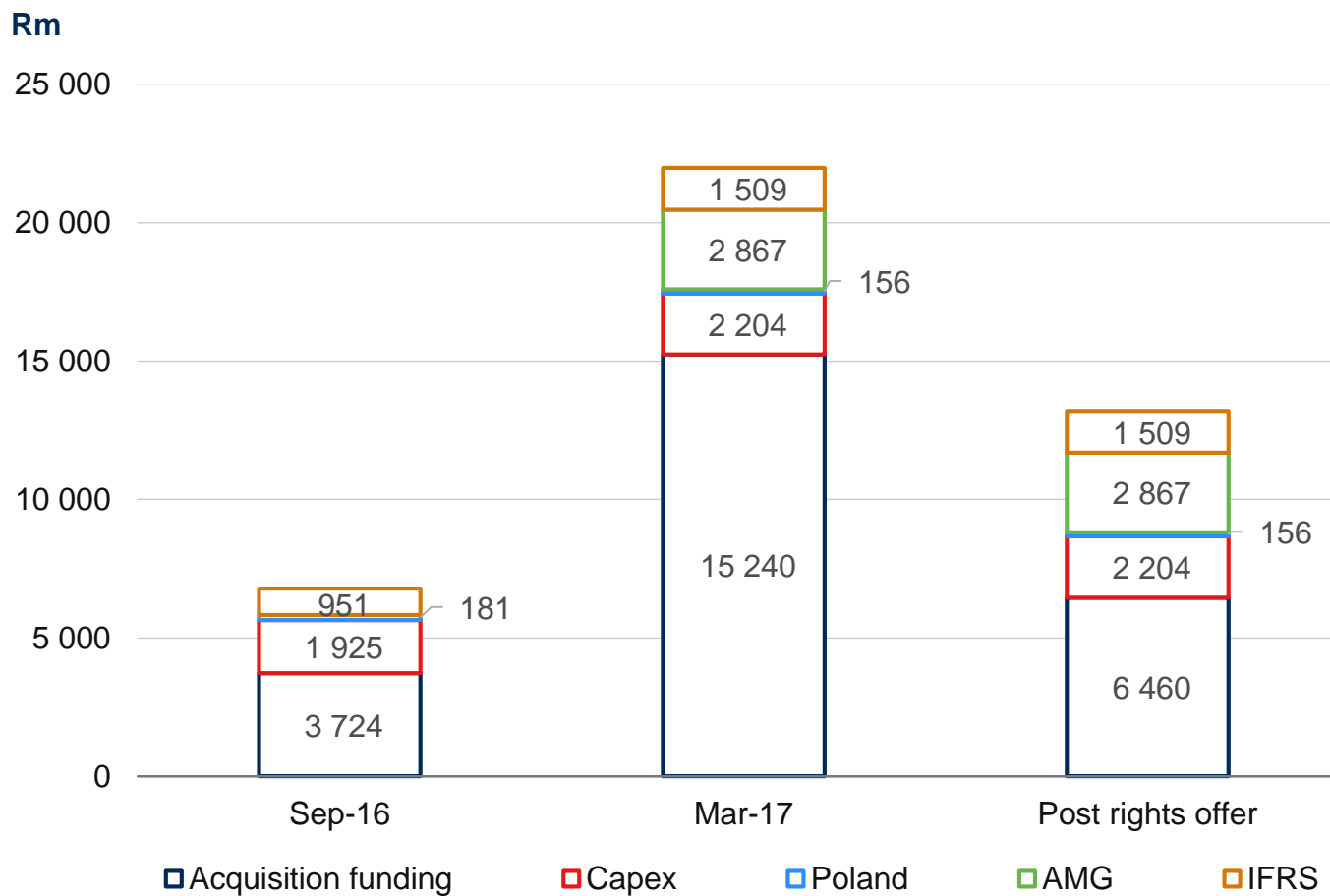
	31 Mar 2017 R'm	30 Sept 2016 R'm
Non-current assets	28 912	14 395
PPE	10 002	7 752
Goodwill	11 326	2 288
Intangibles	3 986	908
Investment in Max Healthcare	2 535	2 546
Other	1 063	901
Current assets (excluding cash)	4 411	2 498
Cash	1 430	604
Total assets	34 753	17 497
Total shareholders' equity	5 676	6 798
Non-current liabilities	9 067	6 111
Interest-bearing borrowings	7 331	5 469
Other non-current liabilities	1 736	642
Current liabilities (excluding interest-bearing borrowings)	5 365	3 276
Interest bearing borrowings	14 645	1 312
Total equity and liabilities	34 753	17 497
Net debt	21 364	7 207
Net debt to normalised EBITDA (covenant 2.75x and 3.0x)	3.99*	1.67

*Decreased to approximately 2.35 following the repayment of a portion of the debt raised with the net proceeds received in April 2017 from the rights offer.

Debt

Funding	31 Mar 2017 R'm	Weighted avg. cost of debt	30 Sep 2016 R'm	Weighted avg. cost of debt
		(post-tax)		(post-tax)
Acquisition funding				
ZAR	13 524	8.13	2 951	6.67
PLN	735	3.77	773	3.76
GBP	981	1.61	-	-
Capex funding - ZAR	2 204	6.66	1 925	6.06
Poland	156	3.06	181	3.05
Alliance Medical	2 867	1.35	-	-
Capitalised finance leases				
ZAR	678	9.22	692	9.22
PLN	240	4.45	259	4.43
GBP	591	3.65	-	-
Working capital - ZAR	818	6.18	1 030	6.26
	22 794	6.49	7 811	6.50
		(pre-tax)		(pre-tax)
1M JIBAR rate (R10.6bn acquisition funding)		7.09		-
3M JIBAR rate		7.36		7.36
Prime overdraft rate		10.50		10.50
3M LIBOR		0.34		-
3M WIBOR		1.73		1.71

Debt position post rights offer



Net debt to EBITDA

1.67x

3.99x

≈ 2.35x

Distributions	Cents/ share	R'm
Interim 2016	73	765
Final 2016	92	973
Total 2016	165	1 738
Interim 2017	35	504

- Declared an interim dividend of 35 cps
- Scrip distribution 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

In considering the dividend, the board has considered the impact of the rights offer, the once-off acquisition costs and the higher debt levels.

The Group's dividend policy is to pay a dividend that takes into account the underlying earnings and future growth needs of the Group both in southern Africa and internationally, while retaining sufficient capital to fund ongoing operations and to manage gearing to acceptable levels.

OUTLOOK



ANDRÉ MEYER
GROUP CEO

Category	Total H1	Total H2	Total 2017
Acute facility: Capacity expansion at existing facilities	22	100	122
Mental health/acute rehabilitation: New facilities	60	-	60
Mental health/acute rehabilitation: Capacity expansion	-	22	22
Total	82	122	204
Renal dialysis stations	11	10	21
Oncology units		1 unit	1 unit

- Capex spend of approximately R900 million
- Continued good growth of complementary services
- Expect continued pressure on PPDs in the acute business
- Focus on managing costs, driving efficiencies, lowering the cost of care and improving clinical quality
- Expect completion of the Health Market Inquiry in 2017

Alliance Medical:

- UK:
 - Continued growth of underlying diagnostic demand
 - Roll-out of the PET-CT programme
 - Investment in expanding radio-pharmaceutical production at two UK sites will result in the doubling of capacity within +/- 30 months
 - Start rolling out the Community Diagnostic Centres (CDCs) with an initial focus on six sites
- Italy:
 - Continued focus on executing selected acquisitions
- Northern Europe:
 - Acquisition of Eckert & Zieglers cyclotron division for €13 million in Germany in May 2017
 - Extends Alliance Medical's molecular imaging presence in Northern Europe and supplements PET-CT scanning services across the region as well as the radiopharmacy facilities in the UK and Italy
 - Creates the largest European integrated radiotracer supply and Imaging organisation

Poland (Scanmed):

- Focus on improving efficiencies and cutting costs
- Position the business to benefit from the new NFZ contracts and tenders
- Increasing the percentage of business from non-government work

India (Max Healthcare):

- Optimising the current network through:
 - Improved occupancies
 - Improvements in specialty/channel mix
- Growing the pathology and oncology feeder centre lines of business
- Continued focus on managing costs
- Regulation: full year impact of:
 - Stent price controls
 - Minimum wages
 - Extended maternity leave
- IFC
 - The IFC is currently in the process of disposing of its stake
 - Life Healthcare and Max India to acquire an equal share from the IFC at Rs 105 per share
 - Allows Life Healthcare to protect its existing shareholding rights and continue the partnership with Max Healthcare

THANK YOU

