**MEDIA RELEASE**
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# LIFE HEALTCARE GROUP RESULTS STRONG DESPITE TOUGH GLOBAL ECONOMIC ENVIRONMENT

- Group revenue increased by 12.0% to R16 404 million
- Normalised EBITDA increased by 6.6% to R4314 million
- Headline earnings per share increased by 7% to R192.5 cents.

**Johannesburg, 11 November 2016:** Life Healthcare Group Holdings Limited (JSE: LHC), one of South Africa's largest private hospital operators, today released its Annual Financial Results for the financial year to 30 September 2016.

The Group demonstrated a strong financial position against the backdrop of a weak macroeconomic environment in South Africa, with an increase in revenue of 12.0%, normalised EBITDA of 6.6%, and headline earnings per share of 7.0%.

Speaking at the results announcement today Andre Meyer, Group CEO of Life Healthcare said: "In light of the weak economic environment, Life Healthcare delivered a solid result, largely driven by volume growth.
Poland produced a satisfactory operating performance amidst negative regulatory changes on tariffs that became effective 1 July 2016. India generated strong EBITDA growth of 29.3%, with margin improvements to 10.9%".

## Financial performance

- **Group revenue** increased by 12.0% to R16 404 million (2015: R14 647 million). With South African revenue increasing by 8.8% to R15 230 million (2015: R13 999 million) and the growth in revenue from Poland to R1 174 million (2015: 648 million).

  The southern African Hospital division revenue increased by 9.5% to R14 381 million (2015: R13 133 million) whilst the Healthcare Services revenue decreased by 2.0% to R849 million (2015: 866 million) as a result of the non-renewal of the Gauteng Department of Health contract of the Life Esidimeni business.

- **Normalised EBITDA** increased by 6.6% to R4 314 million (2015: R4 048 million).

## Growth in southern African market:

The southern Africa business added 176 beds, 36 renal dialysis stations and one oncology centre in the 2016 financial year.

The Group is focused on expanding the range of services it offers, and remains well positioned to serve the market. The 4.0% increase in PPDs came as a result of the investment in additional beds and good growth in complementary businesses. The underlying disease burden and ageing medical scheme population also continue to drive an increase in hospital utilisation as well as influencing the case mix. The Group continued to experience faster growth in medical PPDs than surgical PPDs.

Key performance indicators remain strong, with weighted occupancies higher at 72.5% (2015: 71.9%). Margins for the year declined to 27.5% (2015: 28.3%), as a result of a number of once off costs relating to the impact of retrenchment costs at the Life Esidimeni business and legal settlement of a malpractice lawsuit dating back to 1995 before Life Healthcare acquired the particular facility.

“We continue to provide high-quality clinical care as evidenced by the good clinical outcomes, and patient experience results in our facilities,” Meyer said.

**Growing our international footprint**

In Poland, Scanmed expanded its network of facilities through the acquisition of PGM for R629 million during the year. The Scanmed Group now compose of 624 beds, 12 inpatient cardiology centres and 40 medical facilities.

Max Healthcare added 331 beds during the period primarily through the acquisition of Saker Smart bringing the number of operational beds to 2 384. The Indian operations reported strong growth with revenue of 16.7% and EBIDTA growth of 29.3%.

**Outlook for 2017**

Southern Africa will take advantage of growth opportunities in 2017 through the addition of acute healthcare beds, mental health beds and through continued growth in renal dialysis and oncology.

In Poland the group will focus on improving margins through driving further efficiencies, the integration of newly acquired businesses and alignment to the Group’s best operating practices.

Max Healthcare will continue to focus on driving revenue through improving the mix of revenue and increasing the number of operational beds in existing facilities, bedding down the Vaishali and Saker Smart acquisitions and improving operational efficiencies.

Finally, Life Healthcare has made submissions on the subject matter to the Competition Commission Health Market Inquiry. Public hearings commenced in February 2016, and Life Healthcare has participated in those hearings. We expect the process to be completed in 2017.

-Ends-

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**About Life Healthcare Group**

Established in 1983, The Life Healthcare Group has more than 32 years' experience in the private healthcare and hospital industry. With headquarters in Johannesburg, South Africa, the Group is a listed company on the Johannesburg Stock Exchange. The company's primary business is private acute hospital care with 64 healthcare facilities in seven of South Africa's nine provinces and one hospital in Botswana, as well as providing services for acute physical rehabilitation, mental health, renal dialysis and oncology. Life Healthcare is the first and only South African hospital group to have achieved a multisite IS09001 certification. Acute and long term hospitalisation services to public sector patients is provided by Life Esidimeni, while Life Occupational Healthcare and Careways service both occupational health and employee wellness to private and public employers . The Group includes an international presence through Max Healthcare in India and Scanmed S.A. in Poland. The three cornerstones of the Life Healthcare Group business and its commitment to patients are, Life, Health and Care. For additional information about the Group, please visit www.lifehealthcare.co.za