



LIFE HEALTHCARE GROUP MEDIA STATEMENT

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LIFE HEALTHCARE INTERIM RESULTS SOLID

Life Healthcare Group remains stable investment opportunity despite trying economic environment

Johannesburg, South Africa: [Life Healthcare Group Holdings Limited](#) (JSE: LHC), one of South Africa's largest private hospital operators, today released its Interim Financial Results for the six month period ending 31 March 2016.

Highlights of the Group's performance thus far include:

- Paid patient days (PPDs) increased by 2.7%
- Group revenue increased to R7 860 million (+10.9%)
- Normalised earnings per share increased to 87.1 cents (+8.6%)
- Normalised EBITDA increased to R2 099 million (+9.0%)
- Interim dividend of 73 cents per share (+7.4%)
- An additional 91 beds (2015: 90) and 17 renal dialysis stations were added to the business, with a further 100 beds expected to be added during the second half of 2016

Overall the Group performed well for this period with revenue up 10.9%, normalised EBITDA up 9.0% and headline earnings up 15.8%. The headline earnings increase of 15.8% above the 8.6% level is impacted by the contingent consideration released in respect of Polish acquisitions which will no longer be payable.

"Our solid financial performance of the first six months of this financial year is pleasing and a direct result of our continued focus on our business development in southern Africa and internationally. Bed growth is on target to meet 2016 goals and we remain focused on cost efficiencies and growth objectives," André Meyer, CEO of Life Healthcare said at the announcement today.

The Group continued to provide high-quality clinical care as evidenced by the positive clinical outcomes, hospital-associated infection rates and patient incident rates in our facilities.

International growth:

Executing on the strategy of establishing a comprehensive countrywide network of facilities in Poland has resulted in the purchase of PGM for R685 million, bringing the total investment in Poland to R2.1 billion (30 September 2015: R1.4 billion) and bringing the Scanmed Group to a position now

consisting of 619 beds, 12 inpatient cardiology centres and 43 medical centres. The Polish operation's performance is pleasing with EBITDA margins improving to 13.5% (2015: 11.8%).

In India, the business plan continues to drive the growth of Max Healthcare, which for the period, grew net revenue by 27.7%, with EBITDA increasing by 38.7%. The overall EBITDA margin improved to 10.6%. The total investment from South Africa into Max Healthcare is R2.5 billion (30 September 2015: R2.2 billion), including the additional R320 million invested in this period to fund the Max Smart acquisition. Max Healthcare added 263 operational beds, of which 236 beds were from the acquisition of Max Smart. Max Healthcare has 2 320 operational beds as at 31 March 2016.

South African growth:

In southern Africa, paid patient days (PPDs) have increased by 2.7% (2015: 3.5%). An additional 91 beds (2015: 90) and 17 renal dialysis stations have been added to the business. The increase in PPDs in the acute business has been driven largely by the increase in capacity due to additional beds and an increase in the length of stay resulting from higher acuity cases.

Competition Commission Market Inquiry:

Life Healthcare has made detailed submissions on the subject matter of the Market Inquiry. Public hearings commenced on February 2016 and the Group participated in these hearings. We are yet to receive a revised timetable of the subsequent sets of hearings. This is a large and complex inquiry and Life Healthcare remains committed to participating in the Healthcare Market Inquiry.

Outlook for second half of 2016:

The Group's growth objectives remain a priority in southern Africa, including the aim to add over 20 acute hospital brownfield beds in the next six months. The addition of 95 mental health beds, six renal stations and the addition of an oncology unit will see the complementary services business grow, with the expectation of being operational towards the end of the financial year. A further oncology unit is under construction and will become operational in the 2017 financial year.

Measures have been implemented place to mitigate the impact of increased pressure in southern Africa specifically, expected from the historical weaker exchange rate, wage expectations and other overhead costs.

In Poland, the Group continues to execute on its strategy, while focusing on improving margins through driving further efficiencies, the integration of newly acquired businesses and the alignment to the Group's best operating practices.

The Max Healthcare business will continue to focus on driving revenue through increasing the number of operational beds, bedding down the Vaishali and Max Smart acquisitions and will continue to focus on improving operational efficiencies.

Investment in staff skills will continue through the CARE programme's extensive training of 24 000 employees, management, doctors, students and service providers. The CARE programme's patient-centric approach is expected to improve the quality, care and compassion of healthcare services to our patients.

"The impact of our doctors, nurses and employees on the quality of our performance is significant. We thank them for their continued commitment and contributions." concludes Meyer.

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