

**LIFE HEALTHCARE GROUP MEDIA STATEMENT**

**1 June 2018**

**LIFE HEALTHCARE DELIVERS GOOD RESULTS**

**Johannesburg, South Africa:** [Life Healthcare Group Holdings Limited](http://www.lifehealthcare.co.za) (JSE: LHC), one of South Africa’s largest private healthcare providers, today released its Interim Financial Results for the period ending 31 March 2018.

**Financial highlights of the Group’s performance include:**

* Group revenue increased from R9. 6 billion to R 11.3 billion (+17.5%)
* Normalised EBITDA increased from R2.4 billion to R2.7 billion (+10.5%)
* Cash generated by operations increased to R 2.7 billion (+ 37.3%)
* Headline earnings per share increased from 24.8 cps to 53.7 cps (+116.5%)

The Group’s results for the six months ended 31 March 2018 reflect a good overall performance with Group revenue increasing by 17.5% to R11.3 billion (2017: R9.6 billion). Headline earnings per share increased by 116.5% to 53.7 cps (2017: 24.8 cps) while Earnings per share increased by 329.9% to 54.6 cps (2017: 12.7 cps). In addition, the weighted average number of shares in issue in the current year increased by 25.6% due to the rights offer shares issued in April 2017.

Earnings have been positively impacted by the improved overall performance of the businesses, the inclusion of Alliance Medical for six months (2017: 4.3 months) and the non-recurring impact of a number of once-off costs during the comparable period. An interim scrip dividend of 38 cps has been declared (2017: 35 cps).

**Life Healthcare - Southern Africa**

Southern African revenue increased by 9.7% to R8.4 billion (2017: R7.6 billion) with the southern African hospitals’ and complementary services’ revenue increasing by 7.9% to R7.8 billion (2017: R7.2 billion). Healthcare services’ revenue increased by 42.4% to R568 million (2017: R399 million) due to the return of 700 Gauteng mental health patients and the acquisition of an occupational health and wellness business. Normalised EBITDA in southern Africa increased by 5.8% to R2.1 billion.

**Alliance Medical Group**

Alliance Medical Group (Alliance Medical) delivered a solid financial performance with revenue increasing by 56.3% to R2.3 billion (2017: R1.5 billion) and normalised EBITDA growing by 26.3% to R518 million (2017:R410 million) as a result of strong growth in PET-CT volumes, the acquisition of Life Radiopharma Group in northern Europe in H2 2017, solid underlying performances in Italy and Ireland and the inclusion of six months results in H1 2018 (H1 2017: 4.3 months). EBITDA margins were impacted by the pricing pressure in the mobile business in the UK and the faster growth in northern Europe which comes at a lower margin.

**Scanmed S.A.**

Scanmed revenue increased by 21.5% to R644 million (2017: R530 million) and normalised EBITDA increased by more than 100% to R60 million (2017: R27 million). These strong results are primarily due to the business turnaround driven by the management team, new four year NFZ contracts covering 95% of the business and the continued integration and efficiency initiatives.

**Max Healthcare**

Discussions regarding the potential sale of the Life Healthcare equity stake in Max Healthcare are progressing.

“Life Healthcare is an exceptionally strong business which is underpinned by efficient operations, patient-centric care and quality health outcomes. Going forward we will continue to expand into complementary businesses and diversify from being predominantly a hospital business to an internationally diversified healthcare provider that offers a compelling range of services,” says Shrey Viranna, Life Healthcare’s Group CEO.

**Group Management**

The Group is currently in the process of strengthening its Group executive structure. Dr Shrey Viranna was appointed Group CEO from 1 February 2018 while Tanya Little and Brett Mill were recently appointed Group People and Integration Executive and Group Strategy Executive respectively to focus on Group integration, business development and analytics.

**Outlook**

In southern Africa, the Group expects PPDs to continue to grow in line with H1 2018 with continued good growth in complementary and healthcare services.

Alliance Medical will continue to execute on its growth strategies in both existing territories and new potential markets. In the UK focus will be on continuing to move the business to longer-term sustainable contracts and community diagnostic centre (CDC) opportunities. The good growth in PET-CT volumes is expected to continue in the second half with the competitive environment in the mobile business expected to remain. Italy will continue to focus on growing its clinic business.

In Poland, Scanmed will continue to focus on driving further efficiencies and aligning the business to the Group’s best operating practices.

Viranna says the Group will focus on five strategic areas going forward. These include:

* Driving operational excellence through adapting the operating model and driving best-in-class initiatives across the Group through a data-driven and analytical approach;
* accelerating growth by repositioning existing assets in line with future growth, expansion of the complementary business range and a global focus on diagnostic growth;
* driving quality by improving existing quality outcomes, expanding quality initiatives and benchmarking against world-class standards;
* evolving the Group’s operating model
* adopting a Group-wide integration approach, driving efficiencies, standardisation and synergies.

“Life Healthcare delivered a pleasing performance during the period and I would like to thank our doctors, nurses and employees for their considerable contribution to these results,” he concludes.

**-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 68 healthcare facilities in seven of South Africa’s nine provinces and one hospital in Botswana, as well as providing services for acute rehabilitation, mental healthcare, 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 Employee Health Solutions offers both occupational health and employee wellness products to private and public employers. The Group includes an international presence through Alliance Medical in Western Europe, Scanmed SA in Poland and Max Healthcare in India. 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](http://www.lifehealthcare.co.za)