



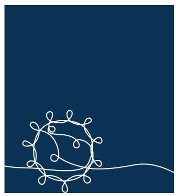


Unaudited Group interim results

for the six months ended **31 March 2021** and trading statement for the 12 months ending 30 September 2021

Life Healthcare

Our purpose

Making life better.

Our vision

To be a global, people-centred, diversified healthcare organisation.

We are able to realise this vision as we support it with our four strategic pillars:

Growth

Continue to grow our businesses, while diversifying our sources of revenue.

Efficiency

Deliver cost-effective care through our employees, clinicians, efficient processes, and the use of technology, research and innovation.

Quality

Deliver market-leading quality care and patient experience.

Sustainability

Effectively engage with our stakeholders to ensure our long-term sustainability.

Our mission

We improve the lives of people through the delivery of high-quality, cost-effective care.

Our core values

We aim to leave a lasting impression of understanding and meeting our patients' needs.
We achieve this by focusing on our core values.

Passion for people
those that are the life of our business

Qe
quality to the power of **e** (ethics, excellence, empowerment, empathy, energy)

Performance pride
we act for the right reasons, with quality in mind

Personal care
adding the human touch

Lifetime partnerships
with our patients at the very centre

Highlights

Revenue
from continuing operations
+4.0%
to R13.0 billion

Normalised EBITDA* from continuing operations of
R2.4 billion

Cash generated from operations of
R2.3 billion

Normalised earnings per share (NEPS)*
from continuing operations
-2.4%
to 52.8 cents

Completed disposal of **Scanmed** for a total cash consideration of
R733 million

Strong financial position with available undrawn facilities of
R6.4 billion

** Non-IFRS measures.*

Condensed consolidated statement of profit or loss

for the six months ended 31 March 2021

	Notes	2021 R'm	Change %	2020[1] R'm
Continuing operations				
Revenue		**13 004**	4.0	12 504
Operating expenses		**(11 655)**		(10 698)
Operating profit		**1 349**	(25.3)	1 806
Fair value gain/(loss) on derivative financial instruments		**38**		(10)
Gain on derecognition of lease asset and liability		**–**		75
Impairment of investment		**(9)**		–
Loss on disposal of property, plant and equipment		**(5)**		(2)
Transaction costs		**–**		(5)
Finance income		**23**		8
Finance cost		**(357)**		(435)
Share of associates' and joint ventures' net profit after tax		**17**		10
Profit before tax		**1 056**	(27.0)	1 447
Tax expense		**(297)**		(490)
Profit after tax from continuing operations		**759**	(20.7)	957
Discontinued operation				
Profit/(loss) from discontinued operation	1	**87**		(21)
Profit after tax		**846**	(9.6)	936
Profit after tax attributable to:				
Ordinary equity holders of the parent		**812**	4.0	781
Non-controlling interest		**34**		155
		846	(9.6)	936
Earnings per share (cents)				
From continuing operations				
Basic		**49.9**	(9.4)	55.1
Diluted		**49.7**	(9.5)	54.9
From continuing and discontinued operations				
Basic		**55.9**	4.1	53.7
Diluted		**55.7**	4.1	53.5

[1] *Prior period re-presented. Scanmed S.A. (Scanmed) was disposed of on 26 March 2021 and was included under discontinued operation. Refer note 1.*

Condensed consolidated statement of comprehensive income

for the six months ended 31 March 2021

	2021 R'm	Change %	2020 R'm
Profit after tax	**846**	(9.6)	936
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve of foreign operations	**(729)**		1 899
Movement in foreign currency translation reserve of discontinued operation, net of tax (refer note 1)	**(143)**		206
Items that will not be reclassified to profit or loss			
Retirement benefit asset and post-employment medical aid	**34**		(41)
Total comprehensive income for the period	**8**	(99.7)	3 000
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	**1**	(100.0)	2 818
Non-controlling interest	**7**		182
	8	(99.7)	3 000
Total comprehensive income attributable to ordinary equity holders of the parent arises from:			
Continuing operations	**57**	(97.8)	2 633
Discontinued operation	**(56)**		185
	1	(100.0)	2 818

Headline earnings per share

for the six months ended 31 March 2021

	2021	Change %	2020
Weighted average number of shares in issue (million)	**1 454**	(0.1)	1 455
From continuing and discontinued operations			
Headline earnings per share (cents)	**47.4**	(11.9)	53.8
Diluted headline earnings per share (cents)	**47.3**	(11.9)	53.7
Headline earnings (R'm)			
Profit attributable to ordinary equity holders	**812**		781
Adjustments (net of tax)			
Exchange gain reclassified to profit or loss on disposal of discontinued operation	**(147)**		–
Impairment of investment	**9**		–
Loss on disposal of property, plant and equipment	**3**		2
Loss on disposal of discontinued operation (after withholding tax)	**12**		–
Headline earnings	**689**	(12.0)	783

Condensed consolidated statement of financial position

as at 31 March 2021

	Notes	**31 March 2021 R'm**	30 September 2020 R'm
ASSETS			
Non-current assets		**31 581**	35 328
Property, plant and equipment		**13 643**	15 361
Intangible assets[1]		**16 505**	18 238
Deferred tax assets		**863**	1 162
Other non-current assets		**570**	567
Current assets		**6 979**	7 377
Cash and cash equivalents		**2 366**	2 279
Other current assets		**4 613**	5 098
Total assets		**38 560**	42 705
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital		**13 529**	13 531
Reserves		**3 580**	3 527
Non-controlling interest		**1 116**	1 220
Total equity		**18 225**	18 278
LIABILITIES			
Non-current liabilities		**11 237**	14 535
Interest-bearing borrowings	2	**9 463**	12 034
Deferred tax liabilities		**1 007**	1 450
Other non-current liabilities	3	**767**	1 051
Current liabilities		**9 098**	9 892
Bank overdrafts		**1 854**	2 181
Interest-bearing borrowings	2	**2 286**	2 180
Other current liabilities	3	**4 958**	5 531
Total liabilities		**20 335**	24 427
Total equity and liabilities		**38 560**	42 705
GBP:ZAR		**20.42**	21.81

[1] *Intangible assets decreased mainly as a result of a R1.2 billion foreign currency movement and the disposal of Scanmed (refer to note 1).*

Condensed consolidated statement of changes in equity

for the six months ended 31 March 2021

	Total capital and reserves R'm	Non-controlling interest R'm	Total equity R'm
Balance at 1 October 2020	**17 058**	**1 220**	**18 278**
Total comprehensive income for the period	**1**	**7**	**8**
Profit for the period	**812**	**34**	**846**
Other comprehensive loss	**(811)**	**(27)**	**(838)**
Transactions with non-controlling interests	**(4)**	**(21)**	**(25)**
Purchase of treasury shares for staff benefit schemes	**(9)**	**–**	**(9)**
Distributions to shareholders	**–**	**(90)**	**(90)**
Share-based payment charge for staff benefit schemes	**63**	**–**	**63**
Balance at 31 March 2021	**17 109**	**1 116**	**18 225**
Balance at 1 October 2019[1]	16 188	1 303	17 491
Total comprehensive income for the period	2 818	182	3 000
Profit for the period	781	155	936
Other comprehensive income	2 037	27	2 064
Transactions with non-controlling interests	(58)	(24)	(82)
Purchase of treasury shares for staff benefit schemes	(3)	–	(3)
Distributions to shareholders	(778)	(144)	(922)
Share-based payment charge for staff benefit schemes	41	–	41
Balance at 31 March 2020	18 208	1 317	19 525

[1] *There was no net impact on retained earnings on 1 October 2019 as a result of adopting IFRS 16.*

Condensed consolidated statement of cash flows

for the six months ended 31 March 2021

	Notes	2021 R'm	Change %	2020 R'm
Cash generated from operations		**2 309**	(2.8)	2 376
Transaction costs paid		**(2)**		(5)
Finance income received		**23**		8
Tax paid		**(246)**		(382)
Net cash generated from operating activities		**2 084**	4.4	1 997
Capital expenditure		**(631)**		(1 145)
Business combinations (net of cash acquired)	1	**(98)**		(1)
Proceeds from disposal of discontinued operation (net of cash disposed)	1	**573**		–
Other		**13**		(81)
Net cash utilised in investing activities		**(143)**		(1 227)
Proceeds from interest-bearing borrowings		**1 440**		7 631
Repayment of interest-bearing borrowings		**(2 370)**		(8 009)
Dividends paid to Company's shareholders		**–**		(778)
Finance cost paid		**(275)**		(340)
Other		**(153)**		(158)
Net cash utilised in financing activities		**(1 358)**		(1 654)
Net increase/(decrease) in cash and cash equivalents		**583**		(884)
Cash and cash equivalents – beginning of the period		**98**		677
Effect of foreign currency rate movements		**(169)**		139
Cash and cash equivalents at the end of the period[1]		**512**		(68)

[1] *Cash and cash equivalents at the end of the period are net of bank overdrafts.*

For cash flows of discontinued operation refer to note 1.

Segmental information

for the six months ended 31 March 2021

The Group's segments are aligned to those business units that are evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance.

In southern Africa, the hospitals and complementary services segment comprises all the acute hospitals and complementary services which include mental health, acute rehabilitation, renal dialysis and oncology. The healthcare services segment comprises Life Esidimeni and Life Employee Health Solutions.

International comprises diagnostic services (Alliance Medical Group (AMG)) across Europe and the United Kingdom (UK). The international healthcare services (Scanmed) segment was sold effective from 26 March 2021. The segment information that follows does not include any amounts for Scanmed, which is treated as a discontinued operation. Information about this discontinued segment is provided in note 1.

Growth initiatives include the new outpatient business model, developing the imaging opportunity, and investing in data analytics and clinical quality products within South Africa and product development internationally.

The corporate segment is a non-operating segment.

The operating businesses have been aggregated into different segments based on the similar nature of products and services, similar economic characteristics, similar types of customers and operating in a similar regulatory environment.

Inter-segment revenue of R3 million (2020: R3 million) is eliminated and relates to revenue between Life Employee Health Solutions and the southern Africa business.

	2021 R'm	2020 R'm
Revenue[1]		
Southern Africa		
Hospitals and complementary services	**8 351**	8 745
Healthcare services	**736**	657
International		
Diagnostic services	**3 747**	2 945
Growth initiatives	**170**	157
	13 004	12 504

[1] *Revenue of approximately 33% (2020: 32%) is derived from two (2020: two) external customers. The revenue is attributable to the southern Africa segment.*

Segmental information continued

for the six months ended 31 March 2021

	2021 R'm	2020 R'm
Normalised EBITDA[1]		
Southern Africa		
Hospitals and complementary services	**1 260**	2 010
Healthcare services	**122**	71
International		
Diagnostic services	**930**	625
Growth initiatives	**(22)**	(39)
Corporate		
Recoveries	**637**	623
Corporate costs	**(509)**	(468)
	2 418	2 822
Depreciation		
Southern Africa		
Hospitals and complementary services	**(332)**	(317)
Healthcare services	**(11)**	(10)
International		
Diagnostic services	**(405)**	(344)
Growth initiatives	**(8)**	(8)
Corporate	**(47)**	(35)
	(803)	(714)
EBITA[2]		
Southern Africa		
Hospitals and complementary services	**928**	1 693
Healthcare services	**111**	61
International		
Diagnostic services	**525**	281
Growth initiatives	**(30)**	(47)
Corporate	**81**	120
	1 615	2 108

[1] *Life Healthcare defines normalised EBITDA as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading-related costs or income. Normalised EBITDA of the discontinued operation was excluded. Refer to note 1.*

[2] *EBITA is defined as normalised EBITDA less depreciation.*

The presentation of normalised EBITDA and EBITA is not an IFRS requirement, nor a JSE Listings Requirement and is a measurement used by the CODM. Investors should not consider normalised EBITDA and EBITA in isolation or as an alternative to operating profit, profit after tax or any other measure of financial performance presented. Normalised EBITDA and EBITA as disclosed above may not be comparable to other similarly titled measures of performance of other companies.

	2021 R'm	2020 R'm
Amortisation of intangible assets		
Southern Africa		
Hospitals and complementary services	**(10)**	(55)
International		
Diagnostic services	**(226)**	(220)
Growth initiatives	**(11)**	(9)
Corporate	**(19)**	(18)
	(266)	(302)
Operating profit before items detailed below		
Southern Africa		
Hospitals and complementary services	**918**	1 638
Healthcare services	**111**	61
International		
Diagnostic services	**299**	61
Growth initiatives	**(41)**	(56)
Corporate	**62**	102
	1 349	1 806
Fair value gain/(loss) on derivative financial instruments	**38**	(10)
Gain on derecognition of lease asset and liability	**–**	75
Impairment of investment	**(9)**	–
Loss on disposal of property, plant and equipment	**(5)**	(2)
Transaction costs	**–**	(5)
Finance income	**23**	8
Finance cost	**(357)**	(435)
Share of associates' and joint ventures' net profit after tax	**17**	10
Profit before tax	**1 056**	1 447

Operating profit before items detailed includes the segment's share of shared services and rental costs. These costs are all at market-related rates.

Segmental information continued

for the six months ended 31 March 2021

	31 March 2021 R'm	30 September 2020 R'm
Total assets before items below		
Southern Africa	**15 275**	14 659
International	**22 014**	24 265
Discontinued operation	**–**	2 067
	37 289	40 991
Employee benefit assets	**393**	379
Deferred tax assets	**863**	1 162
Derivative financial assets	**15**	–
Income tax receivable	**–**	173
Total assets per the balance sheet	**38 560**	42 705
Net debt		
Southern Africa	**4 090**	5 366
International	**7 147**	7 975
Discontinued operation	**–**	775
	11 237	14 116
Cash and cash equivalents (net)		
Southern Africa	**(471)**	(1 463)
International	**983**	1 398
Discontinued operation	**–**	163
	512	98

Net debt is a key measure for the Group, which comprises all interest-bearing borrowings, overdraft balances and cash on hand. Net debt is not an IFRS requirement, nor a JSE Listings Requirement.

Notes

1. ACQUISITIONS AND DISPOSALS

Transactions with non-controlling interests

Increases and decreases in ownership interest in subsidiaries

The Group had marginal increases and decreases in its percentage shareholdings in some of its southern Africa subsidiary companies due to transactions with minority shareholders. The individual transactions are immaterial.

Business combinations

1. North West Dialysis Centre

The Group acquired 100% of North West Dialysis Centre, incorporated in South Africa, on 1 November 2020 for a total consideration of R14 million. Goodwill of R11 million was recognised. No significant contingent liabilities existed at the acquisition date.

2. ZAG Zyklotron AG (ZAG)

The Group, through AMG, acquired 100% of ZAG, incorporated in Germany, on 1 January 2021 for a total consideration of EUR 5 million (R90 million). Goodwill of R56 million was recognised. No significant contingent liabilities existed at the acquisition date.

The aggregated fair values of the assets and liabilities arising from the acquisitions of North West Dialysis Centre and ZAG are as follows:

	2021 R'm
Total purchase consideration	**104**
Cash portion	**104**
Fair value of net assets acquired	**37**
Property, plant and equipment	**31**
Cash and cash equivalents	**6**
Trade and other receivables	**8**
Inventories	**13**
Interest-bearing borrowings	**(5)**
Trade and other payables	**(15)**
Income tax payable	**(1)**
Goodwill[1]	**67**

[1] *The acquisitions have been provisionally accounted for in terms of IFRS 3 "Business combinations". Goodwill recognised on the business combinations is in respect of expected synergies from combining the acquired operations within the existing southern Africa and international operations.*

Primary reasons for business combinations

This is in line with Life Healthcare's strategy to establish a sizeable international business, and complements the Group's existing renal dialysis and diagnostic services businesses.

Notes continued

1. ACQUISITIONS AND DISPOSALS continued

Business combinations continued

	2021 R'm
Aggregated cash outflow to acquire businesses, net of cash acquired	
Initial cash considerations	**104**
Less: cash at acquisitions	**(6)**
	98
Aggregated impact on consolidated information from date of acquisitions	
Revenue	**24**
Net profit	**–**
Aggregated impact on consolidated information if the business combinations took place on 1 October 2020	
Revenue	**41**
Net profit	**1**

Discontinued operation and sale of Scanmed

Description

On 16 November 2020 the Group received an offer to dispose of its Polish operation, Scanmed. The related agreements were signed on 24 November 2020 and the transaction was subject to regulatory approvals. The sale proceeds per the agreements were lower than the carrying value of Scanmed at 30 September 2020. With the receipt of the offer, the Group considered it prudent and appropriate to impair the carrying value at 30 September 2020 to reflect the fair value less costs to sell. The impairment recognised in FY2020 amounted to R793 million.

The sale of Scanmed was concluded on 26 March 2021 and was reported as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out on the following page.

1. ACQUISITIONS AND DISPOSALS continued

Discontinued operation and sale of Scanmed continued

Financial performance and cash flow information

The results of the discontinued operation, which have been included in the profit for the period, were as follows:

	2021 R'm	2020 R'm
Revenue	**847**	740
Normalised EBITDA	**85**	101
Depreciation, amortisation, interest and other expense	**(34)**	(80)
Fair value adjustments to contingent consideration	**(9)**	(34)
Profit/(loss) before tax	**42**	(13)
Tax expense	**(9)**	(8)
Profit/(loss) after tax from discontinued operation	**33**	(21)
Profit on disposal of Scanmed after income tax (refer page 14)	**54**	–
Profit/(loss) from discontinued operation	**87**	(21)
Basic earnings per share from discontinued operation	**6.0**	(1.4)
Diluted earnings per share from discontinued operation	**6.0**	(1.4)
Other comprehensive income		
Foreign currency differences on translation before disposal	**(129)**	206
Exchange gain reclassified to profit or loss on disposal	**(188)**	–
Tax on exchange gain reclassified to profit or loss on disposal	**41**	–
Reversal of previously recognised deferred tax	**133**	–
	(143)	206
The impact on the statement of cash flows		
Net cash generated from operating activities	**77**	19
Net cash utilised in investing activities	**(20)**	(38)
Net cash utilised in financing activities	**(21)**	(11)
Net increase/(decrease) in cash and cash equivalents	**36**	(30)

Notes continued

1. ACQUISITIONS AND DISPOSALS continued

Discontinued operation and sale of Scanmed continued

Details of the sale

	2021 R'm
Total consideration received	**733**
Cash	733
Carrying value of net assets sold	**(725)**
Property, plant and equipment	(1 021)
Intangible assets	(377)
Cash and cash equivalents	(160)
Trade and other receivables	(199)
Inventories	(37)
Deferred tax liabilities	3
Interest-bearing borrowings	797
Trade and other payables	260
Contingent consideration liabilities	9
Profit on disposal before tax, transaction costs and reclassification of foreign currency translation reserve	8
Withholding tax	(20)
Transaction costs	(32)
Exchange gain reclassified to profit or loss on disposal	188
Tax on exchange gain reclassified to profit or loss on disposal	(41)
Tax recognised as a result of assessed losses	(49)
Profit on disposal after income tax	**54**
Net cash inflow on disposal	
Cash consideration received	733
Less: cash and cash equivalents disposed of	(160)
	573

2. INTEREST-BEARING BORROWINGS

	R'm
Total borrowings at 30 September 2020	14 214
Proceeds from interest-bearing borrowings	1 440
Repayment of interest-bearing borrowings	(2 370)
Additional lease liabilities recognised	255
Arising on acquisition of subsidiaries	5
Disposal of discontinued operation	(797)
Exchange differences	(998)
Total borrowings at 31 March 2021	**11 749**

3. FINANCIAL INSTRUMENTS

Fair value

Other non-current assets, as presented in the statement of financial position, include derivative financial instrument assets of R15 million (September 2020: Rnil) at fair value (through profit or loss).

Other non-current liabilities and other current liabilities, as presented in the statement of financial position, include contingent consideration liabilities of R583 million (September 2020: R642 million) and derivative financial instrument liabilities of R14 million (September 2020: R53 million) at fair value (through profit or loss).

The largest contingent consideration payable (R582 million) relates to a potential amount payable to the previous owners of Life Molecular Imaging (LMI), acquired during June 2018. The decrease in the contingent consideration relating to LMI from 30 September 2020 (R629 million) relates to the movement in foreign currency rates (-R78 million), set off by the unwinding of the contingent consideration (+R31 million). The contingent consideration will become payable when the acquired business is generating a positive cash contribution, measured on a cumulative basis from the date of acquisition. The contingent consideration is a 50% share of pre-tax cash generated for a period of 10 years post-acquisition or a maximum amount payable of USD200 million. The amount included is the calculated payment, based on long-term forecasts adjusted for probabilities associated with the success of the product developed, discounted to present value using a discount rate of 13.25%.

The fair value of interest rate swaps is calculated as the mark-to-market valuation, which represents the mid-market value of the instrument as determined by the financial institution at 31 March 2021.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active and for unlisted securities, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Notes continued

3. FINANCIAL INSTRUMENTS continued

Fair value continued

The Group's financial instruments held at fair value are measured subsequent to their initial recognition and are grouped into levels 1 to 3 based on the significance of the inputs used in the valuation. All of the resulting fair value estimates for the derivative financial instruments used for hedging are included in level 2. The contingent considerations are included in level 3.

There were no transfers between levels 1, 2 and 3 during the period.

Basis of presentation and accounting policies

The condensed consolidated interim financial statements contained in the interim report are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements for preliminary reports, and the requirements of the South Africa Companies Act, 71 of 2008 (as amended) applicable to summary financial statements. The accounting policies are consistent with those applied in the previous consolidated annual financial statements. The interim financial statements are prepared in accordance with and contain the information required by IAS 34 *Interim Financial Reporting*, as well as the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by the Financial Reporting Standards Council.

The condensed consolidated interim financial statements are prepared on a going concern basis. The Board is satisfied that the liquidity and solvency of the Company is sufficient to support the current operations for the next 12 months.

These interim financial results have been prepared under the supervision of PP van der Westhuizen (CA(SA)), the Group Chief Financial Officer.

Unaudited results

The results for the six months ended 31 March 2021 have not been reviewed or audited by the Group's auditors.

The directors take full responsibility for the preparation of the interim report.

Non-IFRS measures and *pro forma* information

To provide a more meaningful assessment of the Group's performance for the period, non-IFRS measures (normalised EBITDA, EBITA, normalised earnings and net debt) and *pro forma* information have been included. *Pro forma* information includes H2-2020 results. The non-IFRS measures and *pro forma* information are the responsibility of the Group's directors. *Pro forma* financial information is presented for illustrative purposes only. Due to its nature, the non-IFRS measures and *pro forma* information may not fairly present the Group's financial position, results of operations, changes in equity or cash flows for the six months ended 31 March 2021.

The non-IFRS measures are not an IFRS requirement.

Commentary

OVERVIEW

Life Healthcare had a positive trading performance for the period ended 31 March 2021 (H1-2021, or the current period), particularly given the continuing impact of the COVID-19 pandemic (COVID-19, or the pandemic).

During the current period, the Group experienced the full impact of the second COVID-19 wave, whereas the effect of the first COVID-19 wave in the six months ended 31 March 2020 (H1-2020, or the prior period) was felt primarily in the international business with the southern African business impacted for only a two week period in March 2020.

As the effects of the pandemic have now persisted for a full 12-month period, the Group has provided comparative information relating to the prior period and *pro forma* information for the six months ended September 2020 (H2-2020) to illustrate the sequential improvement in the financial results.

The Group announced the sale of Scanmed in Poland in November 2020 and this process was finally concluded on 26 March 2021. Scanmed has been presented as a discontinued operation in the current and prior period results. As a result, the prior period results have been re-presented.

In summary, the results for the Group are as follows:

- Revenue from continuing operations grew by 4.0% to R13.0 billion
- Normalised EBITDA from continuing operations declined by 14.3% and the normalised EBITDA margin declined to 18.6% (H1-2020: 22.6%), although the margin has increased from 11.7% in H2-2020
- A strong performance by AMG with overall activities broadly returning to pre-COVID-19 levels and revenue growing by 27.2% to R3.7 billion
- An improved performance in southern Africa despite the increased severity of the second COVID-19 wave between December 2020 and February 2021
- Completed the sale of Scanmed with R681 million in net proceeds

H1-2021, H1-2020 and *pro forma* H2-2020[1] comparison	**H1-2021 R'm**	H1-2020 R'm	H2-2020[1] (*pro forma*) R'm	FY2020 R'm	% change H1-2021 vs H1-2020	% change H1-2021 vs H2-2020
Revenue from continuing operations	**13 004**	12 504	11 347	23 851	4.0	14.6
Normalised EBITDA from continuing operations	**2 418**	2 822	1 333	4 155	(14.3)	81.4
Normalised EBITDA margin (%)	**18.6**	22.6	11.7	17,4%		
Attributable profit/(loss)	**812**	781	(874)	(93)	4.0	n/a

[1] *The pro forma H2-2020 numbers presented here are unaudited and derived from deducting H1-2020 unaudited results from the full year audited results to 30 September 2020 (FY2020).*

The Group adopted IFRS 16 on 1 October 2019 and elected the modified retrospective approach, with no restatement to comparative information. All the numbers presented in these results are inclusive of IFRS 16.

Commentary continued

GROUP FINANCIAL PERFORMANCE

Group revenue increased by 4.0% to R13.0 billion (H1-2020: R12.5 billion), consisting of a 3.4% decline in southern African revenue to R9.1 billion (H1-2020: R9.4 billion), a 27.2% increase in international revenue to R3.7 billion (H1-2020: R2.9 billion) and a R170 million revenue contribution from growth initiatives (H1-2020: R157 million).

Normalised EBITDA decreased by 14.3% to R2.4 billion (H1-2020: R2.8 billion). This decrease in normalised EBITDA was driven largely by southern Africa, which saw normalised EBITDA decline by 32.5% to R1.5 billion (H1-2020: R2.2 billion) due to negative operating leverage resulting from both lower activity levels and higher COVID-19-related operating costs.

	2021 R'm	% change	2020 R'm
Normalised EBITDA			
From continuing operations			
Operating profit	**1 349**	(25.3)	1 806
Depreciation on property, plant and equipment	**803**	12.5	714
Amortisation of intangible assets	**266**	(11.9)	302
Normalised EBITDA as reported	**2 418**	(14.3)	2 822
Southern Africa	**1 510**	(32.5)	2 236
International	**930**	48.8	625
Growth initiatives	**(22)**	43.6	(39)

OPERATIONAL REVIEW

International

International revenue only includes revenue from AMG's diagnostic services across Europe and the UK.

H1-2021, H1-2020 and *pro forma* H2-2020[1] comparison	**H1-2021 R'm**	H1-2020 R'm	H2-2020[1] (*pro forma*) R'm	FY2020 R'm	% change H1-2021 vs H1-2020	% change H1-2021 vs H2-2020
Revenue						
Diagnostic services	**3 747**	2 945	3 341	6 286	27.2	12.2
Normalised EBITDA						
Diagnostic services	**930**	625	686	1 311	48.8	35.6

[1] *The pro forma H2-2020 numbers presented here are unaudited and derived from deducting H1-2020 unaudited results from the full year audited results to 30 September 2020 (FY2020).*

AMG performed strongly during the current period despite the second COVID-19 wave experienced across Europe. Revenue increased by 27.2% to R3.7 billion (prior period R2.9 billion). Revenue, in pound sterling, grew by 18.9% to £181.4 million (H1-2020: £152.6 million). This increase was driven by a number of factors, including the impact of additional COVID-19 solutions for the National Health Service (NHS), COVID-19 blood testing in Italy and a strong performance in Ireland. AMG saw strong growth in volumes within our PET-CT centres in the UK towards the end of the current period.

AMG reported growth in normalised EBITDA of 48.8% to R930 million (H1-2020: R625 million) and 38.9% growth in pound sterling to £45.0 million (H1-2020: £32.4 million). The normalised EBITDA margin was 24.8% (H1-2020: 21.2%). The margin uplift was driven by the higher volumes described above, as well as the resolution of radiopharmacy supply issues following the opening of the fifth cyclotron site in Dinnington in January 2021.

AMG has worked closely with governments across the UK and Europe to provide high quality radiology services throughout the pandemic, often at short notice. AMG's proven ability to quickly mobilise scanning equipment and staff across multiple locations places AMG in a good position to continue securing public sector contracts.

Pleasingly, 72% of AMG employees across the UK and Europe have received their first COVID-19 vaccine.

Southern Africa

In southern Africa, hospitals and complementary services comprise all the acute hospitals and complementary services, which include mental health, acute rehabilitation, renal dialysis and oncology. Healthcare services comprise Life Esidimeni and Life Employee Health Solutions. Corporate is also included within southern Africa.

H1-2021, H1-2020 and *pro forma* H2-2020[1] comparison	**H1-2021 R'm**	H1-2020 R'm	H2-2020[1] (*pro forma*) R'm	FY2020 R'm	% change H1-2021 vs H1-2020	% change H1-2021 vs H2-2020
Revenue						
Hospitals and complementary services	**8 351**	8 745	7 154	15 899	(4.5)	16.7
Healthcare services	**736**	657	689	1 346	12.0	6.8
	9 087	9 402	7 843	17 245	(3.4)	15.9
Normalised EBITDA						
Hospitals and complementary services	**1 260**	2 010	573	2 583	(37.3)	>100.0
Healthcare services	**122**	71	64	135	71.8	90.6
Corporate						
Recoveries	**637**	623	582	1 205	2.2	9.5
Corporate costs	**(509)**	(468)	(551)	(1 019)	8.8	(7.6)
	1 510	2 236	668	2 904	(32.5)	>100.0

[1] *The pro forma H2-2020 numbers presented here are unaudited and derived from deducting H1-2020 unaudited results from the full year audited results to 30 September 2020 (FY2020).*

Commentary continued

Southern Africa experienced a severe second COVID-19 wave during H1-2021 impacting activities and resulting in increased underlying costs. The southern African business had initially experienced a good return of activities in October and November 2020 prior to the second COVID-19 wave which impacted the business over December 2020, January and February 2021. Since then, the southern African business has experienced a return of non-COVID-19 activities with the business performing strongly in March 2021, a trend that has continued into April and the early part of May 2021.

The southern African business continues to learn, adapt and change to accommodate the COVID-19 environment. Thus, while the performance in the current period has declined compared to the prior period, the business has demonstrated an improved performance compared to H2-2020 despite the more severe second COVID-19 wave.

Revenue from southern Africa decreased by 3.4% to R9.1 billion (H1-2020: R9.4 billion) but increased by 15.9% compared to H2-2020 (R7.8 billion). Normalised EBITDA decreased by 32.5% to R1.5 billion (H1-2020: R2.2 billion) but increased significantly compared to R0.7 billion at H2-2020. The normalised EBITDA margin for the period declined to 16.6% (H1-2020: 23.8%) but saw an improvement compared to 8.5% at H2-2020. The margin was affected by the impact of lower elective surgery and other non-COVID-19-related activities due to the second COVID-19 wave and the additional costs of providing services while adhering to COVID-19 protocols.

Revenue from hospitals and complementary services declined by 4.5% with a 12.1% increase in revenue per paid patient day (PPD) offset by a 14.9% decline in PPDs. The increase in revenue per PPD is made up of a 4.1% tariff increase and an 8.0% positive case mix change.

The overall weighted occupancy for the period decreased to 57.4% (H1-2020: 67.1%), but increased from the 50% weighted occupancy during H2-2020.

Revenue from healthcare services increased by 12.0% to R736 million (H1-2020: R657 million). This positive result was due to additional services and benefits offered through both wellness and occupational health channels, driving higher revenue per life covered as well as a good performance from Life Esidimeni.

The Group is supporting the vaccination programme and is pleased with the progress made in vaccinating healthcare workers. The Group will continue to play a supporting role in the subsequent vaccination phases as the government looks to vaccinate the South African population. As part of this support, 22 Life Healthcare and 20 Life Employee Health Service facilities across the country have been registered as potential vaccination sites. The majority of Life Healthcare employees and doctors have been vaccinated.

Growth initiatives

The growth initiatives are aimed at broadening the Company's exposure across the healthcare continuum, and include, in southern Africa, developing the imaging services opportunity, a new outpatient business model, investing in data analytics and clinical quality products. Progress continues to be made across each of these areas.

LMI performed in-line with expectations during the current period, with continued sales volumes despite the onset of the pandemic. Neuraceq sales would benefit from the approval of an Alzheimer's disease modifying drug (DMD) and, while we are cautiously optimistic that news of a successful DMD candidate will emerge within the next few months, it is difficult to predict exactly when this might occur. Biogen's Alzheimer's drug, aducanumab, has been submitted to the U.S. Food and Drug Administration (FDA) for approval and we expect a decision from the FDA by mid-June 2021.

Revenue from growth initiatives, largely from LMI, grew 8.3% to R170 million (H1-2020: R157 million). The normalised EBITDA loss narrowed to R22 million (H1-2020: R39 million).

EARNINGS PER SHARE (EPS), HEADLINE EARNINGS PER SHARE (HEPS) AND NORMALISED EARNINGS PER SHARE (NEPS)

EPS from continuing operations decreased by 9.4% to 49.9 cents (H1-2020: 55.1 cents), while EPS from continuing and discontinued operations increased by 4.1% to 55.9 cents (H1-2020: 53.7 cents).

HEPS from continuing and discontinued operations decreased by 11.9% to 47.4 cents (H1-2020: 53.8 cents).

NEPS from continuing operations, which excludes non-trading-related items listed below, decreased by 2.4% to 52.8 cents (H1-2020: 54.1 cents). NEPS from continuing and discontinued operations increased by 1.3% to 55.7 cents (H1-2020: 55.0 cents). The presentation of normalised earnings is a non-IFRS measure.

Earnings have been positively impacted (+6.0 cents) by the profit from the discontinued operation of R87 million, net of tax. Refer to note 1 on page 11.

Commentary continued

	2021 R'm	% change	2020 R'm
Weighted average number of shares in issue (million)	**1 454**	(0.1)	1 455
Normalised earnings			
Profit attributable to ordinary equity holders	**812**		781
(Profit)/loss from discontinued operation attributable to ordinary equity holders	**(87)**		21
Profit from continued operations attributable to ordinary equity holders	**725**	(9.6)	802
Adjustments (net of tax)			
Gain on derecognition of lease asset and liability	**–**		(54)
Impairment of investment	**9**		–
Loss on disposal of property, plant and equipment	**3**		2
Transaction costs	**–**		5
Unwinding of contingent consideration	**31**		32
Normalised earnings from continuing operations	**768**	(2.4)	787
Normalised earnings from discontinued operation[1]	**42**		13
Normalised earnings from continuing and discontinued operations	**810**	1.3	800
NEPS from continuing and discontinued operations (cents)	**55.7**	1.3	55.0
NEPS from continuing operations (cents)	**52.8**	(2.4)	54.1

[1] *Profit/(loss) after tax from discontinued operation adjusted for fair value adjustments to contingent consideration.*

CAPITAL EXPENDITURE

The Group continues to manage liquidity during the pandemic and has curtailed some capital expenditure. It has invested approximately R729 million (H1-2020: R1 146 million), comprised mainly of capital projects of R631 million (H1-2020: R1 145 million) and new acquisitions (net of cash acquired) of R98 million. The maintenance capex for the period was R466 million (H1-2020: R598 million).

FINANCIAL POSITION AND LIQUIDITY

The Group is in a strong financial position with net debt to normalised EBITDA[1] as at 31 March 2021 at 2.78 times (H1-2020: 2.24 times and 2.96 times at 30 September 2020). The net debt to normalised EBITDA position has improved due to the Scanmed disposal, improved trading across the Group, curtailed capital expenditure and good working capital management in the current period (driven by focused debt collection in southern Africa).

During 2020, the Group engaged with its lenders and received temporary relaxation on the measurement of covenants. These came to an end on 31 March 2021 and the Group reverted to its prior covenants (the main one being 3.5x net debt to normalised EBITDA). The Group continues to have headroom on its bank covenants and is expected to remain within these covenants for the next reporting period based upon current forecasts.

The Group refinanced its term debt in the international operations during March 2020 and this extended the international debt maturities that were due in November 2020 to 2023 and 2025. Given the ongoing uncertainty around COVID-19 and the future impact that this may have on the Group, Life Healthcare has kept in place additional banking facilities that were put in place during 2020. The available undrawn facilities as at 31 March 2021 amounted to R6.4 billion.

The Group will continue its cash preservation drive across its operations.

DISTRIBUTION POLICY

The board of directors has decided, considering the current trading conditions and the uncertainty around the timing and magnitude of a potential third COVID-19 wave, to continue to preserve cash and not to pay an interim dividend for the current period. This position will be reviewed for the full year.

OUTLOOK

Life Healthcare continues to adopt a cautious approach due to the ongoing impact of COVID-19, particularly with regard to the southern African business and the uncertain impact a potential third COVID-19 wave may have on the business. Despite this, Life Healthcare expects a continued positive performance for the six months ending 30 September 2021 (H2-2021) from AMG given the continuing demand for scans across the business. In southern Africa, we anticipate continued growth in revenue and normalised EBITDA in H2-2021 if the recent activity trends continue, but this would be subject to the timing and magnitude of a potential third COVID-19 wave in the H2-2021 period.

Capex for FY2021 is expected to amount to R1.2 billion in southern Africa (down from prior guidance of R1.5 billion) and R0.9 billion in AMG. The reduction in capex follows a review of certain projects in light of the Group's continued focus on cash preservation.

[1] *Net debt to normalised EBITDA covenant calculated in terms of lender agreements.*

Commentary continued

CHANGES TO THE BOARD OF DIRECTORS AND COMPANY SECRETARY

Mr MA Brey retired from the board as director and Chairman with effect from 27 January 2021. Dr VL Litlhakanyane was appointed as the non-executive Chairman of the board from this date.

Ms A Parboosing stepped down as the Group Company Secretary as at 28 February 2021 to assume the role of Chief People Officer within the Company. Ms J Ranchhod was appointed in the role with effect from 1 March 2021.

TRADING STATEMENT FOR THE 12 MONTHS ENDING 30 SEPTEMBER 2021

Life Healthcare's results for the 12 months ending 30 September 2021 are expected to show an increase of more than 100% in EPS from those reported for the financial year ended 30 September 2020 (EPS: -6.4 cents) to at least a positive EPS. This is primarily due to the impairment of R793 million (reducing EPS by 54.5 cents) recognised in FY2020 relating to Scanmed.

A detailed trading statement will be released in early November 2021. The forecast financial information on which this trading statement is based has not been reviewed and reported on by the Group's external auditors.

INVESTOR PRESENTATION

Shareholders are advised that the investor presentation for the six months ended 31 March 2021 has been published on Life Healthcare's website (www.lifehealthcare.co.za).

THANKS

The Company's ability to respond effectively to the pandemic and provide quality care to its patients in this time of crisis is largely due to the dedication and unwavering support of its employees and doctors. Life Healthcare would like to thank them for their unwavering support and courage, for their tireless work, and for the care they delivered under difficult circumstances. The Company extends its sincere condolences to those who have lost family, friends and loved ones to the pandemic.

Approved by the board of directors on 26 May 2021 and signed on its behalf:

Dr Victor Litlhakanyane
Chairman

Mr Peter Wharton-Hood
Group Chief Executive

Date: 27 May 2021

Administration

Executive directors	Non-executive directors	Company Secretary	Registered office	Sponsors
Mr PG Wharton-Hood (Group Chief Executive), Mr PP van der Westhuizen (Group Chief Financial Officer)	Dr VL Litlhakanyane (Chairman), Mr PJ Golesworthy, Prof ME Jacobs, Ms AM Mothupi, Mr JK Netshitenzhe, Dr MP Ngatane, Adv M Sello, Mr GC Solomon, Mr RT Vice	Ms J Ranchhod	Building 2, Oxford Parks, 203 Oxford Road (cnr Eastwood and Oxford Roads), Dunkeld, 2196. Private Bag X13, Northlands, 2116	Rand Merchant Bank, a division of FirstRand Bank Limited

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Any forward-looking statements or projections made by the Company, including those made in this announcement, are subject to risk and uncertainties that may cause actual results to differ materially from those projected, and have not been reviewed or reported on by the Group's external auditors.

LIFE HEALTHCARE GROUP HOLDINGS LIMITED

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