



Group Results and Distribution

for the 12 month period ended 30 September 2016





OPERATIONAL REVIEW
ANDRÉ MEYER
CEO

Summary

Group – Southern Africa

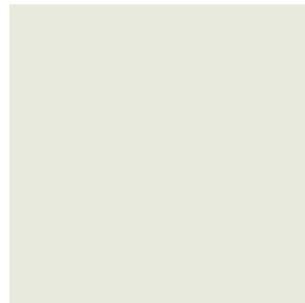
- Solid 12 month performance:
 - Good bed growth
 - Strong activity growth
 - Management of costs in a difficult environment
-

• PPD growth 4.0%

• Additional beds 176

• Occupancy rate 72.5%

• EBITDA margin 27.5%



Summary

Group – Poland

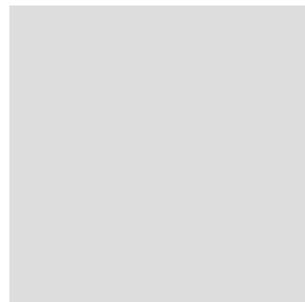
- Completed acquisition of Polska Grupa Medyczna (PGM) for R629 million
 - Difficult operating environment with regulatory / pricing uncertainty
 - Negative impact of new cardiac pricing on revenue and EBITDA
 - Changed senior management team and seconded SA management to Poland
 - Impairment of R370 million
-



Summary

Group – India

- Good growth in:
 - Revenue 16.7%
 - EBITDA 29.3%
 - Improvement in EBITDA margins 10.9%
 - Bed growth 331
 - Total operational beds 2 384
 - Good growth in occupancy rates 75%
 - Bedding down of Phase 3 acquisitions
-



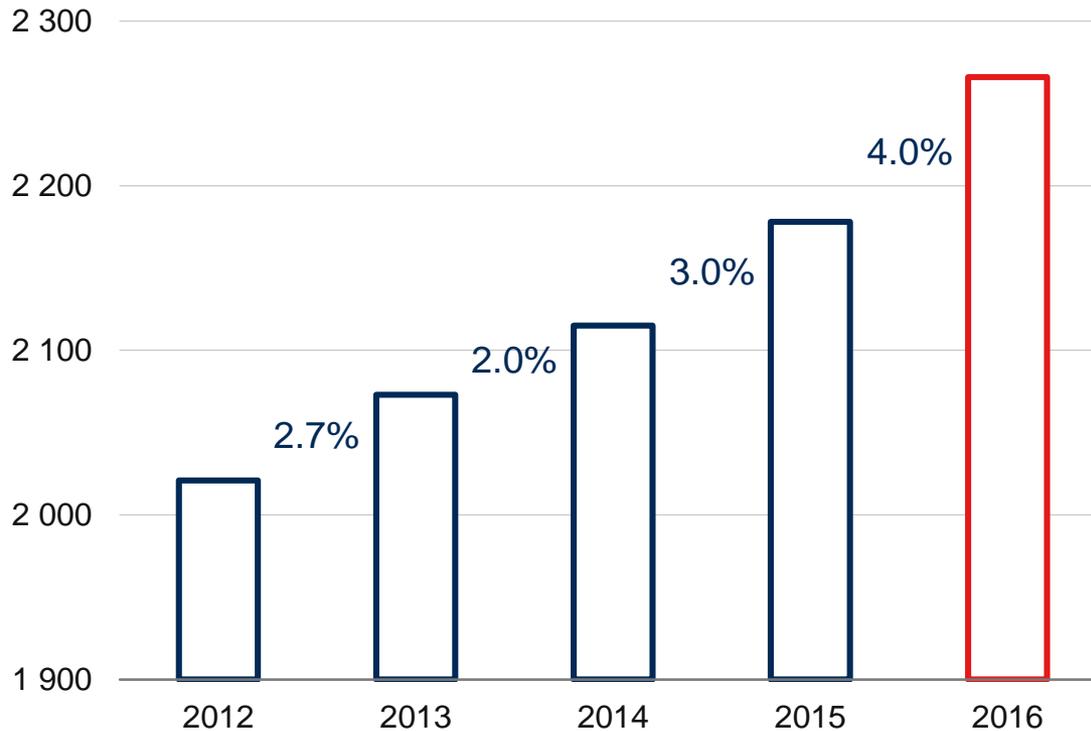
- Revenue **+12.0%** to R16 404m
 - Normalised EBITDA **+6.6%** to R4 314m
 - Headline earnings per share **+7.0%** to 192.5 cents
 - Normalised EPS **+2.6%** to 182.1 cents
 - Total dividend **+7.0%** Final dividend to 92 cps
+7.1% Total dividend to 165 cps
-



Southern Africa: Growth

PPD Growth

PPDs (000)



- Strong PPD growth across the acute care and complementary lines of business

| FY bed growth | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------|------|------|------|------|------------|
| | 292 | 95 | 249 | 253 | 176 |

Southern Africa: Growth

Acute and Complementary Growth

| Category | H1 2016 | H2 2016 | Total 2016 |
|-------------------------------------------|---------|---------|------------|
| Capacity expansion at existing facilities | 91 | 34 | 125 |
| Mental Health | - | 51 | 51 |
| Total beds | 91 | 85 | 176 |
| Renal Dialysis stations | 17 | 19 | 36 |
| Oncology units | - | 1 | 1 |

- Life Bay View Private
- Life Mercantile
- Life Mount Edgecombe
- Life Peglerae

- Life Bay View Private
- Life East London Private
- Life Springs Parkland

- Life St Mark's
- Life St Vincent's

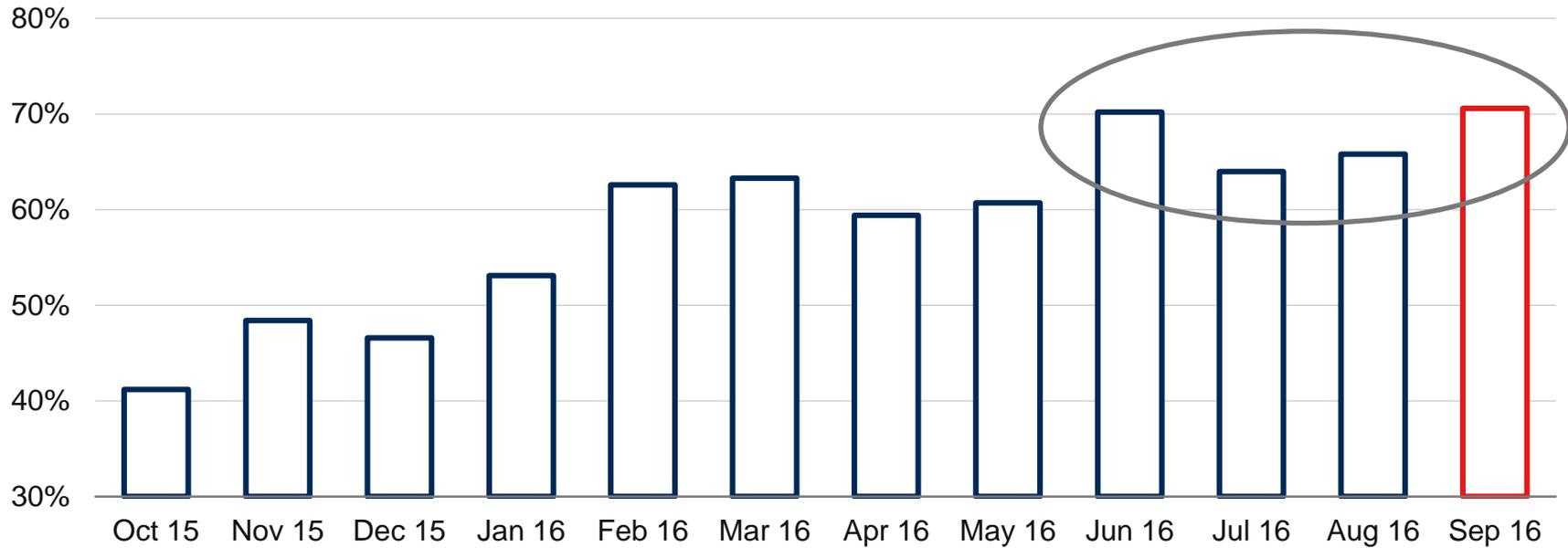


Life St Vincent's

Southern Africa: Growth

Life Hilton Private Hospital

Occupancy (%)



Phase 1

- Opened the 94 bed facility end September 2015
- Averaged 68% occupancy over the last 4 months of 2016
- Opened the Oncology unit in H2

Phase 2

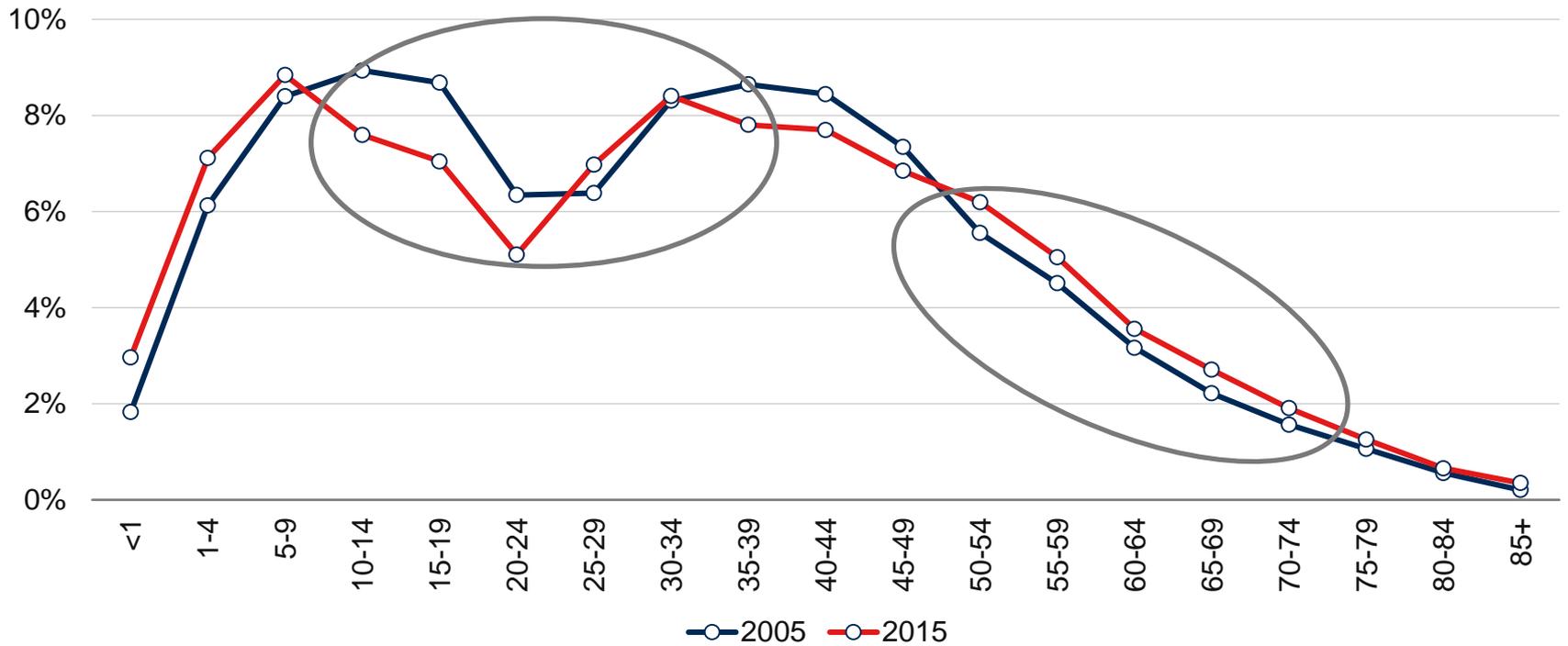
- ±100 acute beds (license approved)

Phase 3

- ±70 mental health beds (license pending)
- ±50 rehabilitation beds (license pending)
- ±10 sub-acute beds (license pending)

South Africa: Growth

Impact of Ageing



Council for Medical Schemes (CMS) 2015 annual report shows a shift in the age profile in the medical scheme population

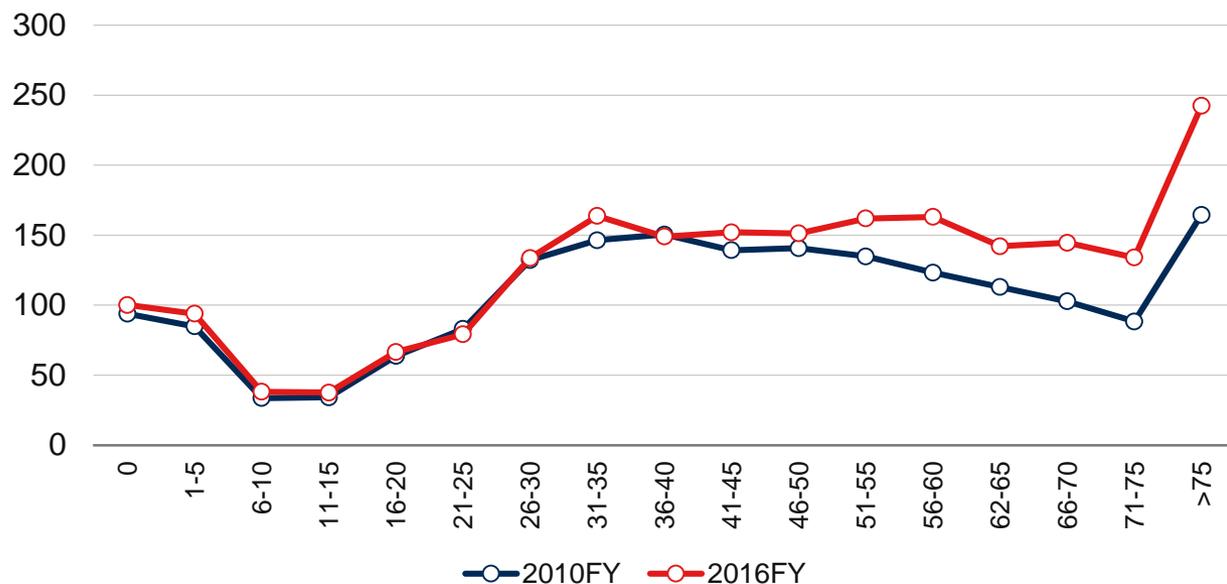
- Less members as a % up to the age of 50
- More members as a % above the age of 50

Source: CMS Annual Report 2015

South Africa: Growth

Impact of Ageing

PPDs (000)



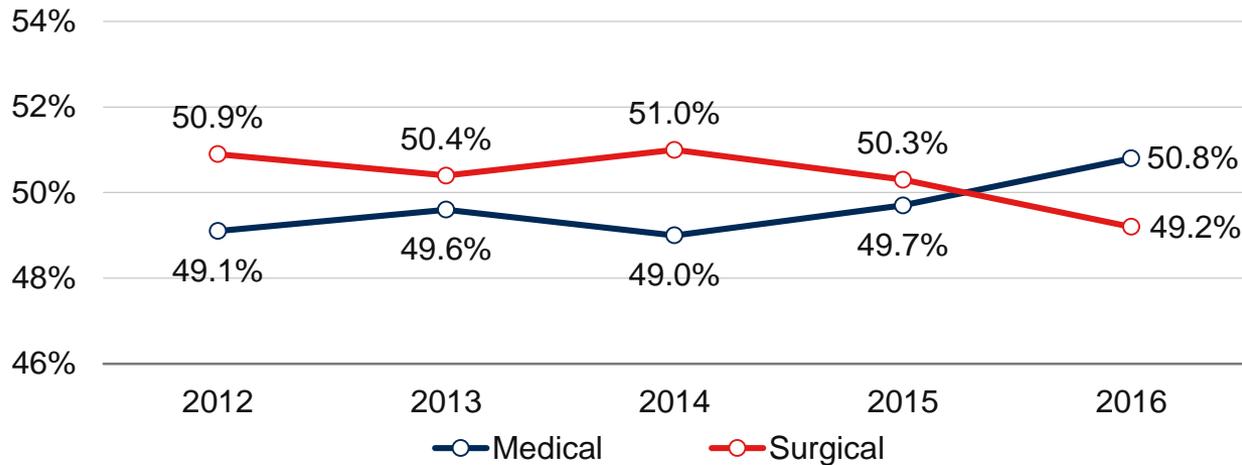
- The shift in ageing as evidenced by the CMS report is reflected in our PPD experience
- Ageing impacts LOS, ICU occupancy and changing case mix

| Category | 2016 | 2010 |
|---------------------------|-------|-------|
| PPD %: patient > 50 years | 45.9% | 39.8% |
| Rev %: patient > 50 years | 52.7% | 46.2% |

Southern Africa: Growth

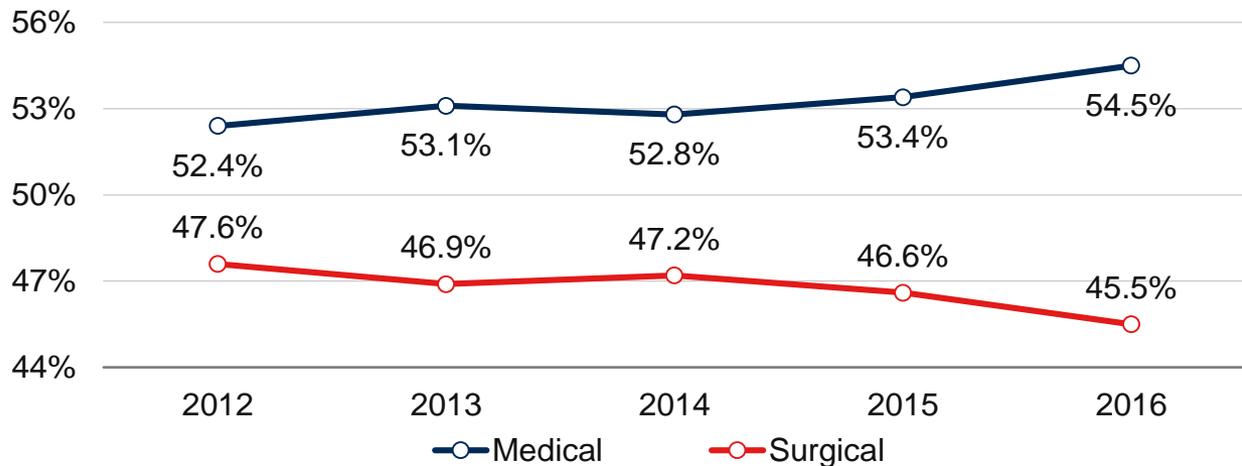
Medical / Surgical split

Acute Medical / Surgical split as a % of PPDs



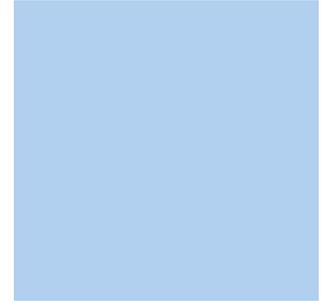
- Continued growth of medical cases
- Negatively impacts revenue
 - Medical revenue per PPD is 40.9% of surgical revenue per PPD

Total Medical / Surgical split (incl. Complementary services) as a % of PPDs



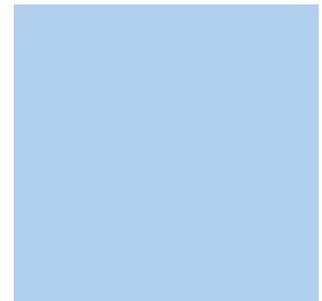
Life Employee Health Solutions

- Life Occupational Health and Careways (employee wellness) is in the process of being integrated and will be re-branded as Life Employee Health Solutions
- Combined entity consists of:
 - Contracted occupational and primary healthcare services to large employer groups in the commercial, industrial, mining and state owned entities through on-site, off-site and mobile clinics throughout the country
 - › 297 occupational health clinics
 - › 160 000 occupational health lives
 - Employee wellness services to corporate customers focusing on supporting healthy and balanced living
 - › 74 on-site clinics
 - › 260 000 employees:
 - » Gained 65 000 lives in 2016



Life Esidimeni

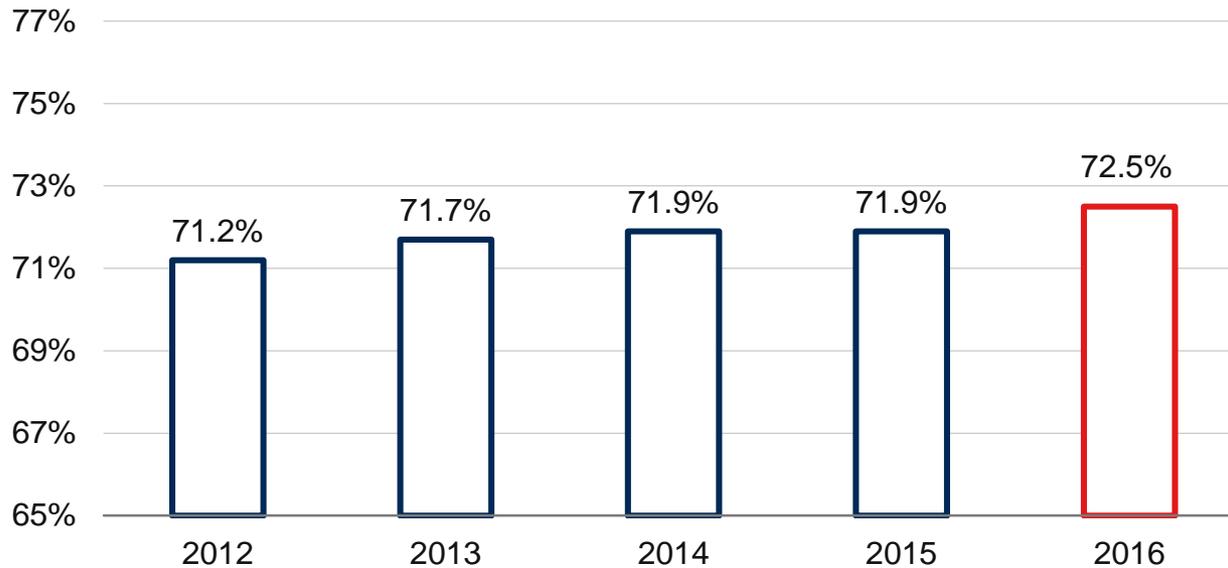
- Non-renewal of 1 570 mental health beds as of 30 June 2016 by the Gauteng Department of Health
- As a consequence of the non-renewal of the contract, the Gauteng Department of Health transferred approximately 1 500 mental health patients to non-governmental organisations. Since the transfer, 37 patients have subsequently died. These deaths are currently being investigated by the Office of the Health Ombudsman
- Currently Life Esidimeni consists of:
 - 9 facilities
 - 2 424 beds
- 2 new Life Recovery Centres opened in partnership with the Department of Social Development



Southern Africa: Efficiency

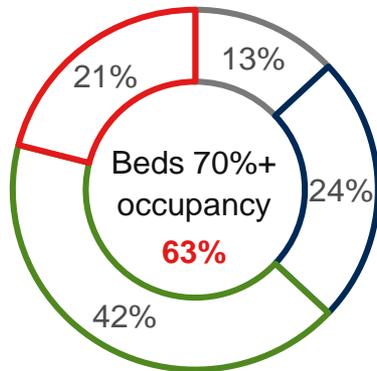
Effective Use of Assets

Occupancy (%)

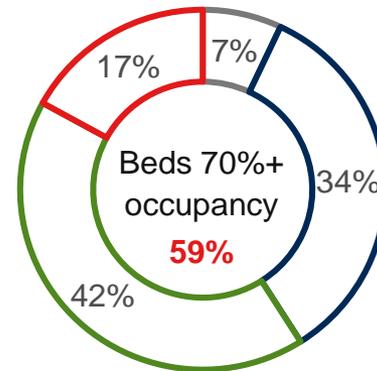


- ICU occupancy 75.8%
- H2 Occupancy of 73.9%
- Growth in occupancy despite the addition of 1 065 beds since 2012

2012: Bed occupancy split (%)



2016: Bed occupancy split (%)

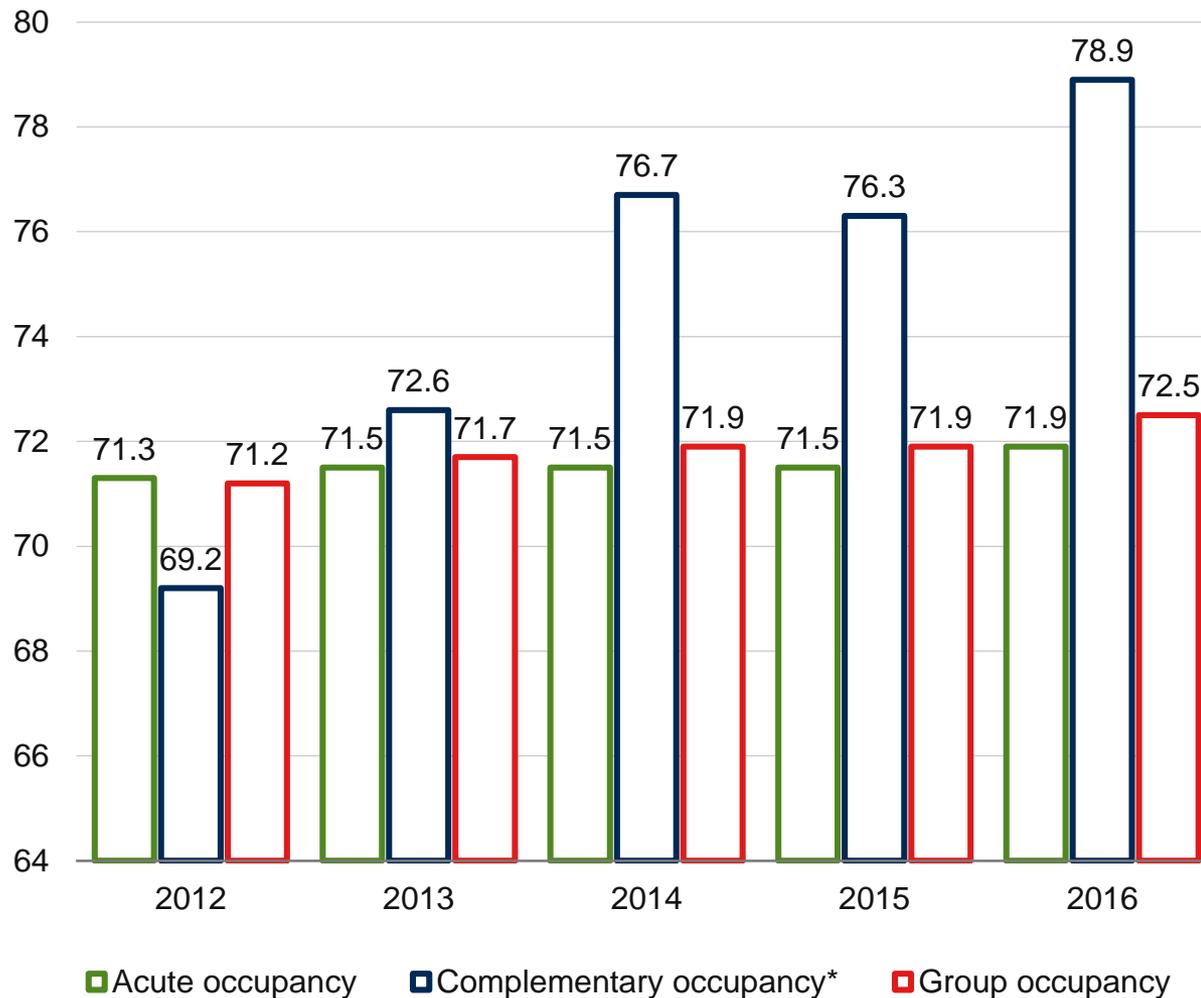


- 15% of beds at 69% occupancy

Southern Africa: Efficiency

Effective Use of Assets

Occupancy split between Acute and Complementary*



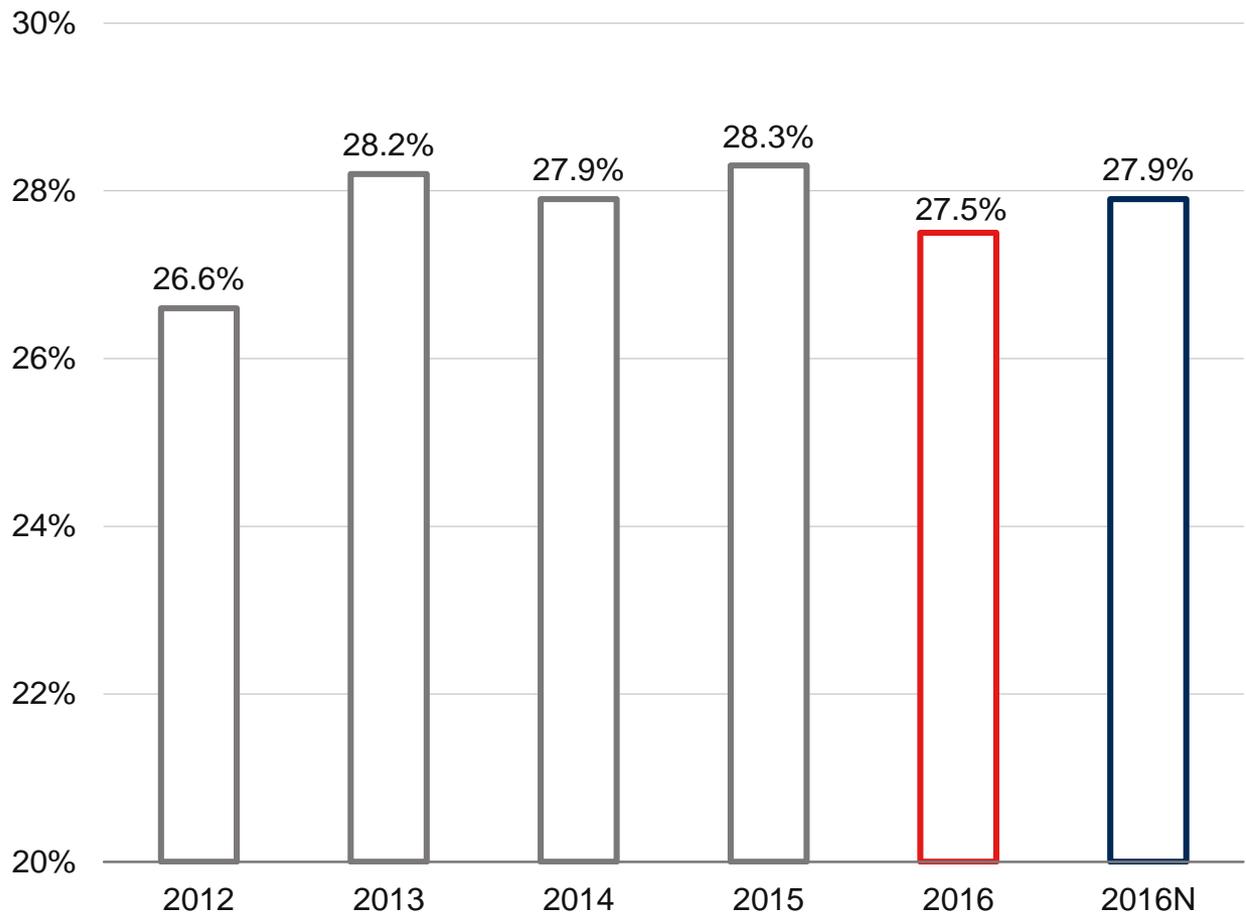
- Consistent occupancy within the acute business - 860 acute beds added since 2012
- 205 complementary beds added since 2012
- Strong demand for mental health with occupancies over 80%
- Improvement in acute rehabilitation occupancies to 74%

* Complementary business includes mental health and acute rehabilitation in the occupancy calculation

Southern Africa: Efficiency

Normalised EBITDA Margin – Continuing Basis

EBITDA margin (%)



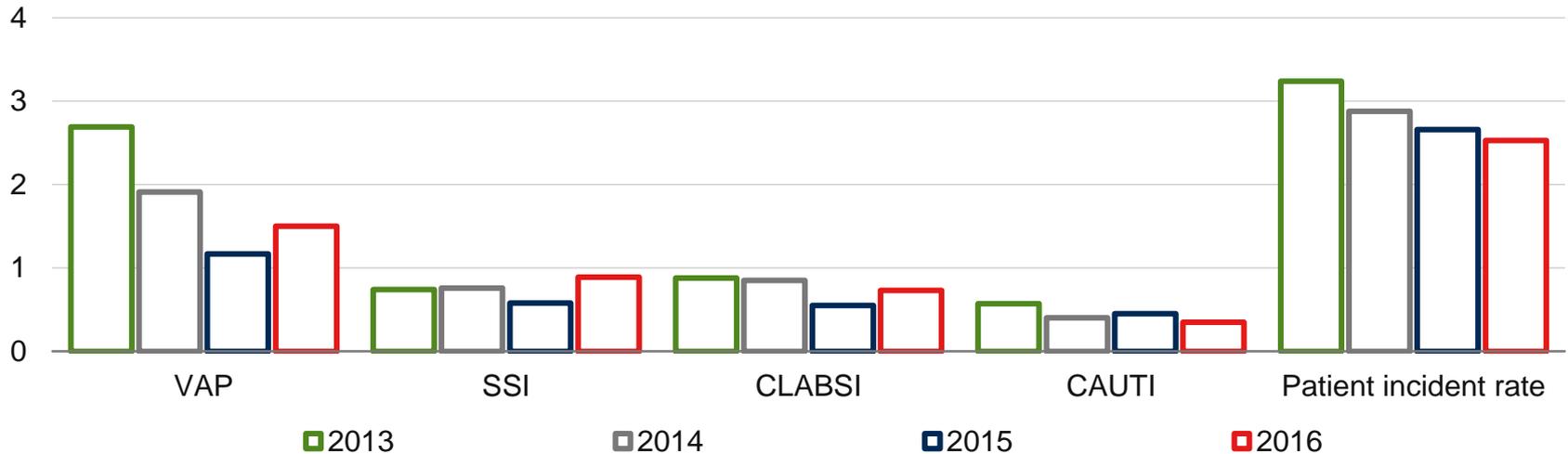
- Margins on a normalised basis excluding the once-off cost below – 27.9%
- Additional legal costs resulting from increased malpractice insurance and a legal settlement. The legal settlement dated back to 1995, before LHC acquired the particular facility
- Pressure from the weakening rand, salaries, overhead costs, and Life Esidimeni retrenchment costs

Southern Africa: Quality

Measuring Clinical Outcomes

| Outcome | 30 Sept 2016 | 30 Sept 2015 | Standard |
|----------------------------------------------------------|--------------|--------------|---------------------------|
| Patient incident rate | 2.53 | 2.66 | Per 1 000 PPDs |
| HAI (Healthcare Associated Infection) | 0.37 | 0.32 | Per 1 000 PPDs |
| VAP (Ventilator Associated Pneumonia) | 1.50 | 1.17 | Per 1 000 ventilator days |
| SSI (Surgical Site Infections) | 0.89 | 0.58 | Per 1 000 theatre cases |
| CLABSI (Central Line Associated Blood Stream Infections) | 0.73 | 0.55 | Per 1 000 central lines |
| CAUTI (Catheter-related Urinary Tract Infections) | 0.35 | 0.45 | Per 1 000 catheter days |
| FIM/FAM score | 1.13 | 1.18 | >0.9 |

Per 1000 days or cases



- Submitted further responses to the panel focusing on
 - The nature of Life Healthcare’s relationships with doctors
 - Profitability
 - OECD report
- We are unsure as to the timing of the next set of public hearings
- Commentary to be submitted on the market definition methodology paper
- Uncertain as to whether the draft HMI report will be issued in 2016
- This process will continue into 2017
- The costs involved in this inquiry (excluding management time) are approximately R20 million for FY2016



Environmental certification

- 12 Hospitals achieved ISO 14001:2004 environmental certification in 2015
- 4 Hospitals were audited in 2016 – awaiting results
- 10 Hospitals targeted for certification 2017

Energy-saving initiatives

- Solar PV projects:
 - Life Anncron Hospital:
 - › 1 711 x 260 W solar PV panels installed
 - › Produces an average of 1.80 MWh per day
 - Life Fourways Hospital (completed September 2016):
 - › 3 400 x 315 W solar PV panels installed
 - › Produces an average of 2.75 MWh per day



Energy-saving initiatives

- Heat pumps:
 - All sites now complete
 - Estimated saving of 1 495 MWh projected per annum
- Power Factor Correction:
 - 5 Sites completed in 2016
 - Combined KVA reduction of 500 KVA per month

Water initiatives

- Water Utilisation:
 - Water consumption reduced by 21.1% to 0.56 kl/PPD (2015: 0.71 kl/PPD)
- Water Back-up:
 - Increased water storage capacity in line with international trends to 24-hour back-ups at all sites



New Cardiac pricing came into effect 1 July

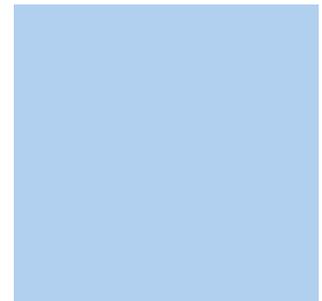
- Approximately a 17.4% decrease in pricing
- Cardiology represents 45% of the Scanmed business
- These price changes will have a significant impact in 2017

Management Team:

- Change in senior management – new CEO in place since July
- Senior SA management seconded to Scanmed

Our focus going forward:

- Drive efficiencies in the business and mitigate the impact of the new cardiac prices
- M&A on hold until we have further clarity regarding pricing in the market



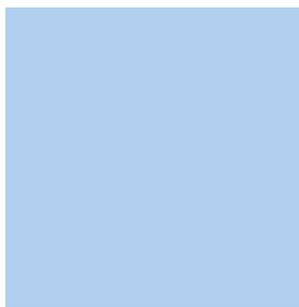
International: Poland

Scanmed

| | 2016 | 2015 | 2014 |
|--------------------------|---------|-------|--------|
| Beds | 624 | 334 | 163 |
| Cardiac units | 12 | 7 | 0 |
| Medical facilities | 40 | 36 | 28 |
| Revenue | R1 174m | R648m | R175m* |
| Normalised EBITDA | R120m | R91m | R16m |
| Normalised EBITDA margin | 10.2% | 14.0% | 9.1% |



* 5 months



International: India

Max Healthcare (MHC)

2016 update:

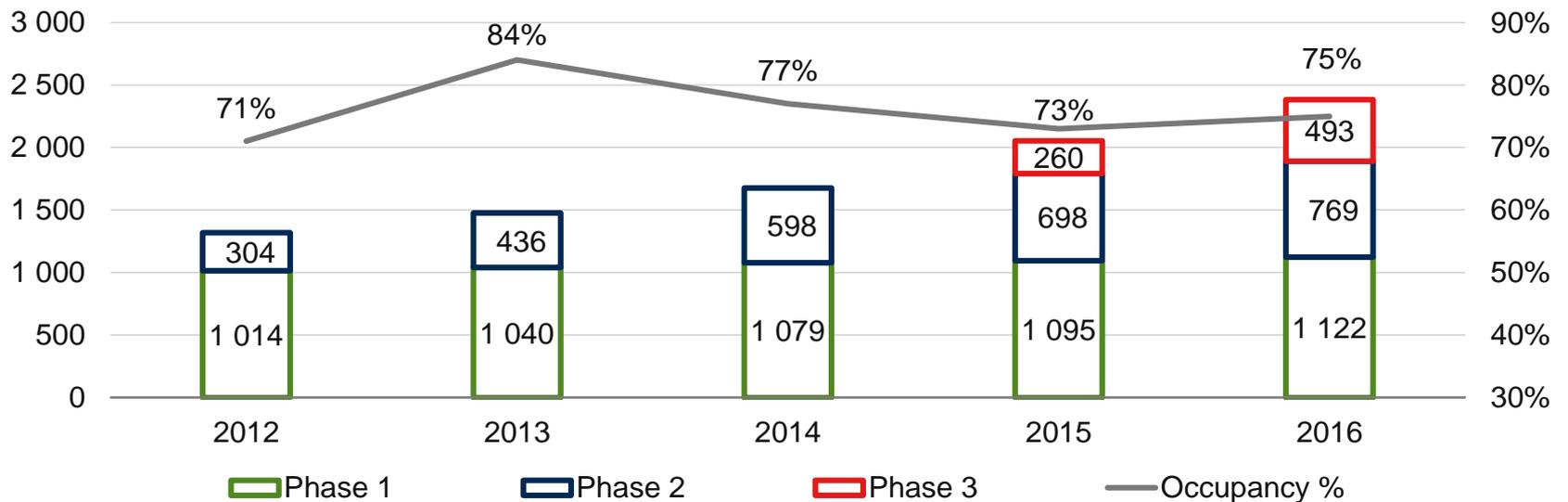
- Bedding down the Phase 3 acquisitions (Vaishali Hospital and Max Smart):
 - Increased the number of operational beds from 260 to 493
 - Improved occupancies from 67% to 72%
- Continued good revenue growth and improving margins:
 - Max Healthcare presented strong EBITDA growth numbers for their H1 2017, with margins improving to 11.2%
- Max India listed in July 2016. Share price at 30 September gives an approximate value of R5.3bn to Life Healthcare shareholding in Max Healthcare



International: India

Max Healthcare Occupancy

| | Operational beds 30 Sep 2016 | Occupancy 30 Sept 2016 | Operational beds 30 Sep 2015 | Occupancy 30 Sep 2015 | Operational beds 30 Sep 2012 | Occupancy 30 Sep 2012 |
|-----------------|---------------------------------------|------------------------------|---------------------------------------|-----------------------------|---------------------------------------|-----------------------------|
| Total: Phase 1 | 1 122 | 78% | 1 095 | 76% | 1 014 | 71% |
| Total: Phase 2 | 769 | 72% | 698 | 69% | 304 | - |
| Total: Phase 3 | 493 | 72% | 260 | 67% | - | - |
| Total: Combined | 2 384 | 75% | 2 053 | 73% | 1 318 | 71% |





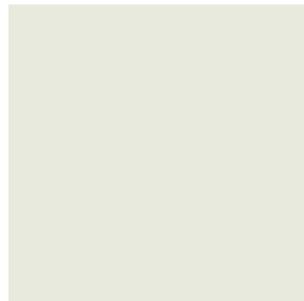
FINANCIAL REVIEW

**PIETER
VAN DER WESTHUIZEN
GROUP CFO**

Summary

Southern Africa:

- Strong southern African operational performance, particularly PPD growth of 4.0%
- Revenue per PPD negatively impacted by the continuing growth of medical cases
- H2 experienced more pressure on cost of sales due to exchange rate weakness in H1
- Experienced increased costs relating to malpractice insurance, professional fees for HMI, growth in licencing fees for IM systems due to exchange rate
- Loss of Gauteng contract and resulting EBITDA impact of (R25m)

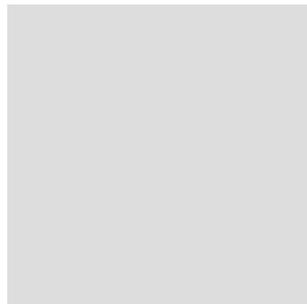


Summary

International:

- Poland
 - Experienced a satisfactory operating performance
 - Behind on the business integration
 - Seconded SA management to Poland
 - Regulatory impact on the cardiology business from 1 July of (PLN9m)
- India
 - EBITDA growth of 29.3% and improved margins
 - Funding cost for two acquisitions resulting in small net loss

Group results impacted by impairment of Poland investment due to regulatory changes and the funding cost for the Polish and Indian investments.



Highlights

Revenue **+12.0%** to R16 404m

Normalised EBITDA **+6.6%** to R4 314m



Headline EPS **+7.0%** to 192.5 cents

Normalised EPS **+2.6%** to 182.1 cents

Dividend **+7.0%** to 92 cents

Increase in **investments** in India and Poland **R1 083 million**



Financial results

Group

| | 30 Sep 2016 R'm | 30 Sep 2015 R'm | Change % |
|---------------------------------|--------------------|--------------------|-------------|
| Revenue | 16 404 | 14 647 | 12.0 |
| Southern Africa | 15 230 | 13 999 | 8.8 |
| Poland | 1 174 | 648 | 81.2 |
| Normalised EBITDA | 4 314 | 4 048 | 6.6 |
| Southern Africa | 4 194 | 3 957 | 6.0 |
| Poland | 120 | 91 | 31.9 |
| Normalised EBITDA margin | 26.3% | 27.6% | |
| Southern Africa | 27.5% | 28.3% | |
| Poland | 10.2% | 14.0% | |

1PLN = ZAR3.78 (30 September 2016)
1PLN = ZAR3.60 (30 September 2015)

Financial results

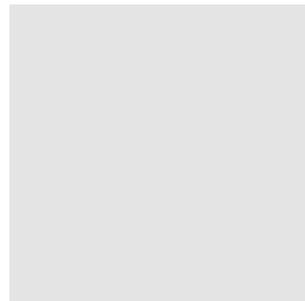
Group

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|--------------------------|--------------------|--------------------|-------------|
| Revenue | 16 404 | 14 647 | 12.0 |
| Normalised EBITDA | 4 314 | 4 048 | 6.6 |
| Normalised EBITDA margin | 26.3% | 27.6% | |
| Operating profit: | 3 660 | 3 496 | 4.7 |
| Southern Africa | 3 602 | 3 432 | 5.0 |
| Poland | 35 | 44 | (20.5) |
| Once-off | 23 | 20 | |

Financial results

Group

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|--------------------------------|--------------------|--------------------|-------------|
| Revenue | 16 404 | 14 647 | 12.0 |
| Normalised EBITDA | 4 314 | 4 048 | 6.6 |
| Normalised EBITDA margin | 26.3% | 27.6% | |
| Operating profit | 3 660 | 3 496 | 4.7 |
| Associates and joint ventures: | 8 | 14 | (42.9) |
| Max Healthcare | (4) | 5 | |
| Poland | 3 | 2 | |
| Other | 9 | 7 | |



Financial results

Group

| | 30 Sep 2016 R'm | 30 Sep 2015 R'm | Change % |
|-------------------------------------------------|--------------------|--------------------|-------------|
| Revenue | 16 404 | 14 647 | 12.0 |
| Normalised EBITDA | 4 314 | 4 048 | 6.6 |
| Normalised EBITDA margin | 26.3% | 27.6% | (4.9) |
| Operating profit | 3 660 | 3 496 | 4.7 |
| Associates and joint ventures | 8 | 14 | (42.9) |
| Attributable profit: | 1 616 | 1 866 | (13.4) |
| Southern Africa | 2 166 | 2 013 | 7.6 |
| Poland and India | (10) | 19 | |
| Transaction costs on international acquisitions | (12) | (15) | |
| Funding costs for international acquisitions | (261) | (192) | 35.9 |
| Other | (267) | 41 | |



Financial results

Group Segmental Review

| | | 30 Sep 2016 R'm | 30 Sep 2015 R'm | Change % |
|-----------------|---------------------|--------------------|--------------------|-------------|
| Revenue | | 16 404 | 14 647 | 12.0 |
| Southern Africa | Hospital division | 14 381 | 13 133 | 9.5 |
| | Healthcare services | 849 | 866 | (2.0) |
| International | Hospitals | 1 174 | 648 | 81.2 |
| EBITDA | | 4 314 | 4 048 | 6.6 |
| Southern Africa | Hospital division | 3 819 | 3 575 | 6.8 |
| | Healthcare services | 120 | 168 | (28.6) |
| | Other | 255 | 214 | 19.2 |
| International | Hospitals | 120 | 91 | 31.9 |

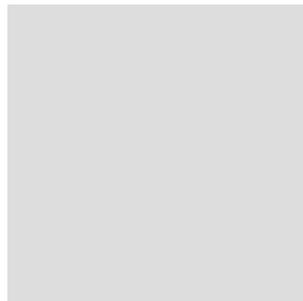
Financial results

Southern Africa – Segmental Revenue

| | | 30 Sep 2016 R'm | 30 Sep 2015 R'm | Change % |
|-----------------|---------------------|--------------------|--------------------|-------------|
| Revenue | | 15 230 | 13 999 | 8.8 |
| Southern Africa | Hospital division | 14 381 | 13 133 | 9.5 |
| | Healthcare services | 849 | 866 | (2.0) |

Hospital division:

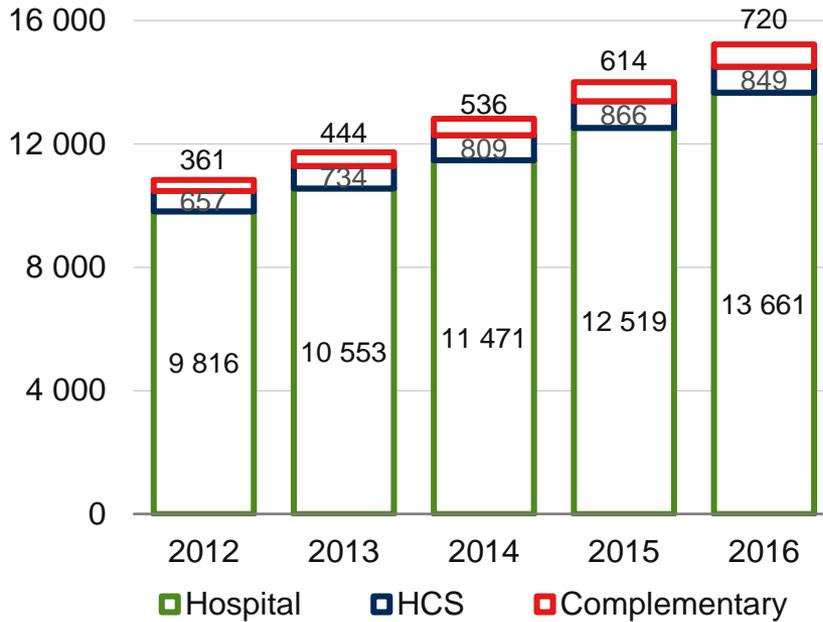
- PPD growth: + 4.0%
- Revenue/ppd: + 5.2%
 - Tariff impact: + 5.9%
 - Case mix: - 0.7%
- Complementary revenue growth: + 17.3%



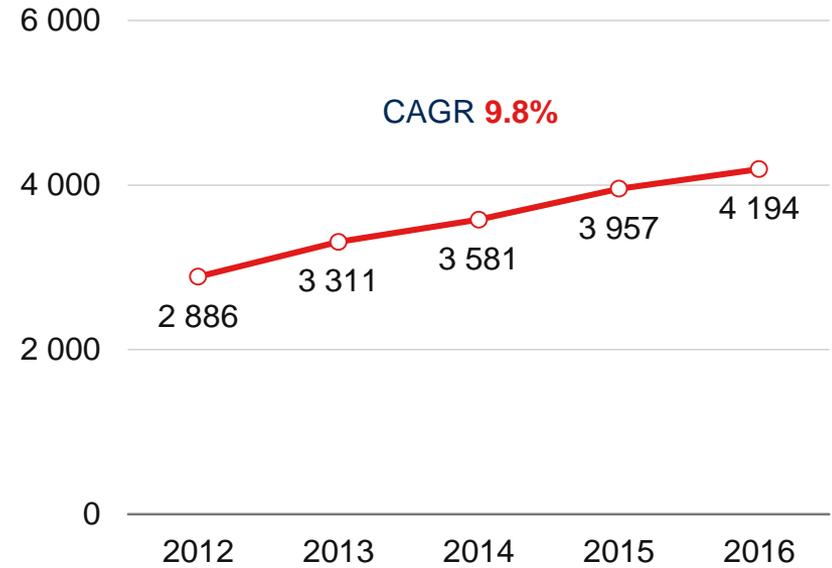
Five year review

Southern Africa – Continuing Basis

Revenue (R'm)



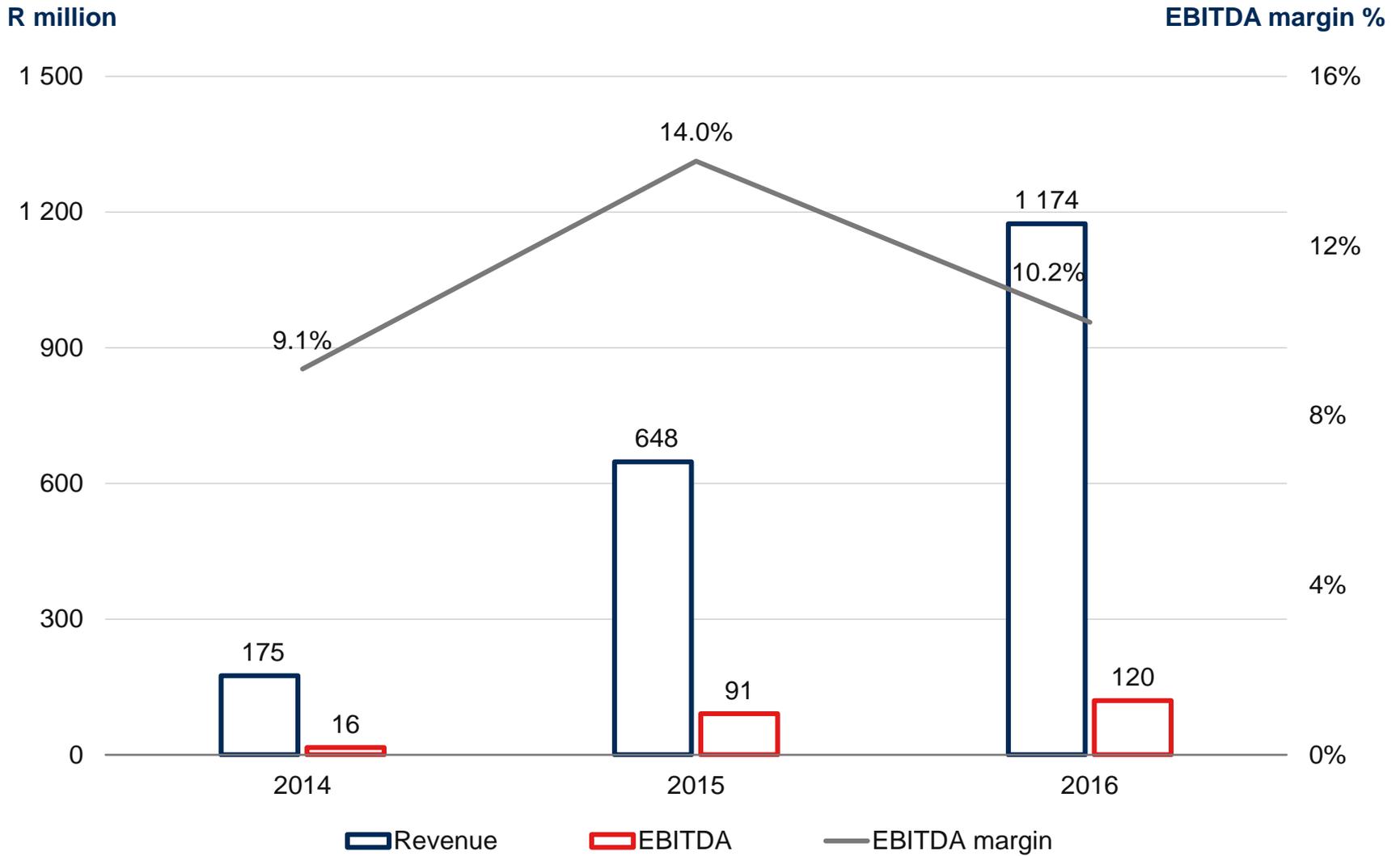
Normalised EBITDA (R'm)



- Consistent growth in hospital revenue:
 - Addition of 176 beds
 - Strong PPD growth of 4.0%
 - Top line growth impacted by continued increase in medical cases
- Continued good growth of complementary services

Financial results

Poland Revenue and Margin



Financial results

India: Max Healthcare

| Net revenue | MHC 2016 Rs Crore | MHC 2015 Rs Crore | Change % |
|----------------------------------------------------|------------------------------|----------------------|-------------|
| Net revenue – Phase 1 hospitals | 1 426 | 1 416 | 0.7 |
| Net revenue – Phase 2 hospitals | 581 | 559 | 3.9 |
| Net revenue – Phase 3 hospitals (Vaishali & Smart) | 333 | 30 | >100 |
| Total net revenue | 2 340 | 2 005 | 16.7 |

Financial results

India: Max Healthcare

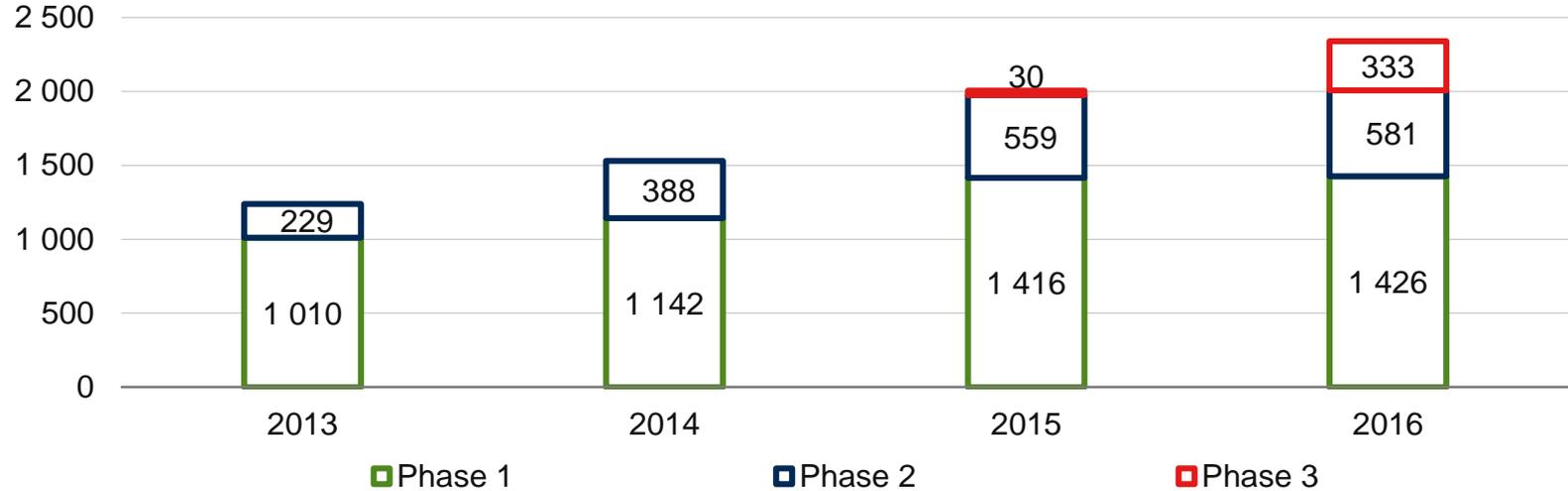
| Net revenue | MHC 2016 Rs Crore | MHC 2015 Rs Crore | Change % |
|----------------------------------------------------|------------------------------|----------------------|-------------|
| Net revenue – Phase 1 hospitals | 1 426 | 1 416 | 0.7 |
| Net revenue – Phase 2 hospitals | 581 | 559 | 3.9 |
| Net revenue – Phase 3 hospitals (Vaishali & Smart) | 333 | 30 | >100 |
| Total net revenue | 2 340 | 2 005 | 16.7 |

| EBITDA | MHC 2016 EBITDA % | MHC 2016 Rs Crore | MHC 2015 Rs Crore | Change % |
|----------------------------|------------------------------|------------------------------|----------------------|-------------|
| EBITDA – Phase 1 hospitals | 13.5% | 192 | 191 | 0.5 |
| EBITDA – Phase 2 hospitals | 6.9% | 40 | 7 | >100 |
| EBITDA – Phase 3 hospitals | 7.1% | 24 | - | >100 |
| Total EBITDA | 10.9% | 256 | 198 | 29.3 |

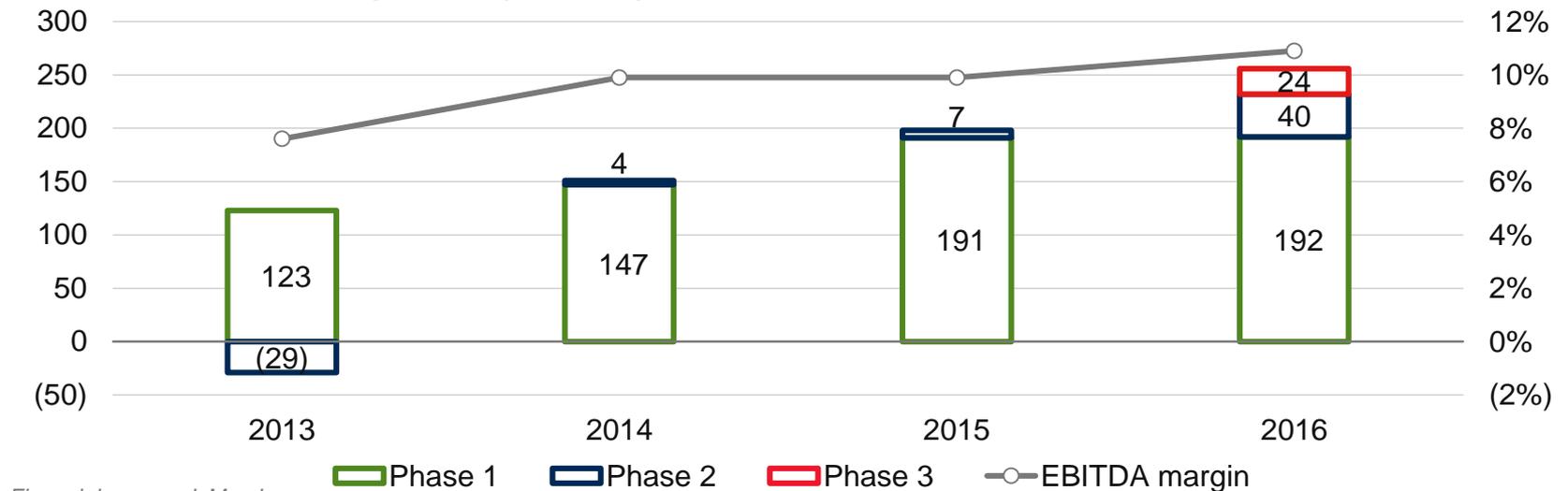
Financial results

India: Max Healthcare – Four Year Growth

Revenue: 12 months to September (Rs Crore)



EBITDA: 12 months to September (Rs Crore)



Financial year-end: March
1 Rs. Crore = R2.2 million

Financial results

Group

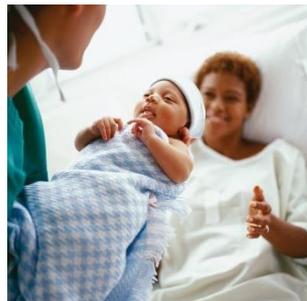
| | 30 Sep 2016 cents | 30 Sep 2015 cents | Change % |
|-------------------------------------------------------------------------|----------------------|----------------------|-------------|
| EPS | 154.9 | 179.9 | (13.9) |
| Impairment of investment | 35.5 | - | |
| Loss on remeasuring previously held interest in associate to fair value | 2.2 | - | |
| Other | (0.1) | - | |
| HEPS | 192.5 | 179.9 | 7.0 |
| Contingent consideration released | (10.4) | (2.1) | |
| Other | - | (0.4) | |
| Normalised EPS | 182.1 | 177.4 | 2.6 |



Financial results

Group

| | 30 Sep 2016 R'm | 30 Sep 2015 R'm | Change % |
|----------------------------------------------|--------------------|--------------------|-------------|
| Normalised EPS | 182.1 | 177.4 | 2.6 |
| Southern Africa | 208.1 | 194.1 | 7.2 |
| Poland & India | (1.0) | 1.8 | |
| Funding costs for international acquisitions | (25.0) | (18.5) | |



Consolidated Condensed Statement of Financial Position

| | 30 Sep 2016 R'm | 30 Sep 2015 R'm |
|-------------------------------------------------------|--------------------|--------------------|
| Non-current assets | 14 395 | 13 152 |
| PPE | 7 752 | 7 101 |
| Goodwill | 2 288 | 2 089 |
| Intangibles | 908 | 875 |
| Investment in Max Healthcare | 2 546 | 2 230 |
| Other | 901 | 857 |
| Current assets (excl cash) | 2 498 | 1 959 |
| Cash | 604 | 812 |
| Total assets | 17 497 | 15 923 |
| Total shareholders' equity | 6 798 | 6 448 |
| Non-current liabilities | 6 111 | 5 852 |
| Interest-bearing borrowings | 5 469 | 5 263 |
| Other non-current liabilities | 642 | 589 |
| Current liabilities | 4 588 | 3 623 |
| Total equity and liabilities | 17 497 | 15 923 |
| Net debt | 7 207 | 5 932 |
| Net debt to normalised EBITDA (covenant 2.75x) | 1.67 | 1.49 |

Net Debt

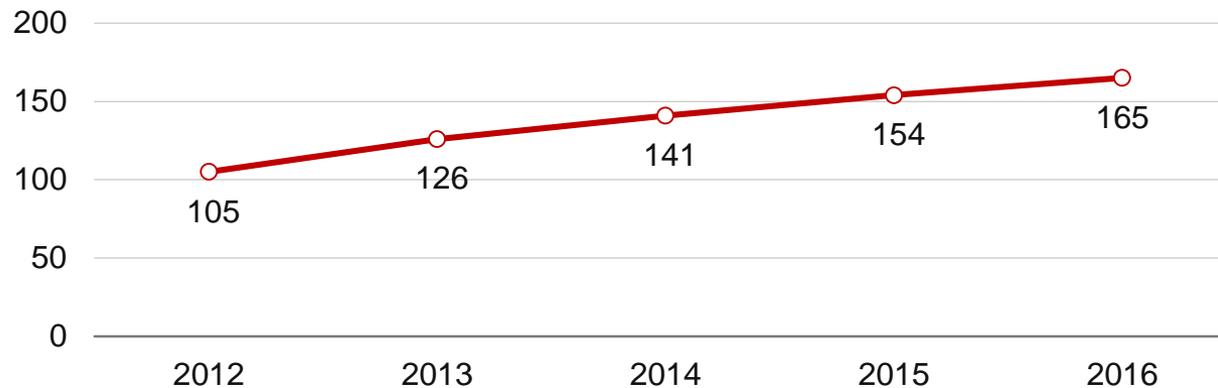
| Funding | 30 Sept 2016 Rm | Weighted average cost of debt | 30 Sep 2015 Rm | Weighted average cost of debt |
|--------------------------------|--------------------|-------------------------------------|-------------------|-------------------------------------|
| | | (post-tax) | | (post-tax) |
| Acquisition funding | | | | |
| ZAR | 2 951 | 6.67 | 3 271 | 6.46 |
| PLN | 773 | 3.76 | - | - |
| Capex funding | 1 925 | 6.06 | 1 864 | 5.47 |
| Poland | 181 | 3.05 | 72 | 4.67 |
| Property finance leases (IFRS) | 951 | 7.91 | 980 | 7.88 |
| Working capital | 1 030 | 6.26 | 557 | 5.23 |
| | 7 811 | 6.50 | 6 744 | 5.76 |
| | | (pre-tax) | | (pre-tax) |
| 3M JIBAR rate | | 7.36 | | 6.19 |
| Prime overdraft rate | | 10.50 | | 9.50 |

Dividend

| Distributions | Cents/share | Rm |
|-------------------|-------------|-------|
| Interim 2015 | 68 | 709 |
| Final 2015 | 86 | 896 |
| Total 2015 | 154 | 1 605 |
| Interim 2016 | 73 | 765 |
| Final 2016 | 92 | 973 |
| Total 2016 | 165 | 1 739 |

- Declared a final dividend of 92 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

Dividend (cps)



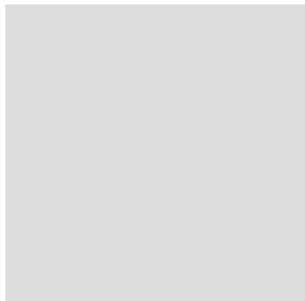
A high-angle photograph of four surgeons in an operating room, wearing masks and caps, looking down at a patient. The scene is illuminated by bright surgical lights. The image is overlaid with several semi-transparent colored rectangles: a green one in the top left, a blue one in the top right, a red one on the left side, and a light blue one in the bottom right.

OUTLOOK

ANDRÉ MEYER
CEO

Southern Africa:

- Bed growth:
 - Addition of 196 beds:
 - › 115 acute hospital beds
 - › 81 mental health beds
- PPD growth:
 - Between 2.0% - 3.0%
- EBITDA margins:
 - Between 27.5% - 28.5%
- Continued focus on improving clinical quality outcomes
- Expect the HMI process to be completed in 2017



Southern Africa: Growth

Acute and Complementary Pipeline

| Category | Total 2016 | Total 2017 | Approved beds* | Applications pending |
|-----------------------------------------------------------|------------|-------------------|----------------|----------------------|
| Capacity expansion at existing acute facilities | 125 | 115 | 622 | 224 |
| New acute facilities | - | - | 300 | 138 |
| Mental Health / Acute Rehab – new facilities | 35 | 60 | 140 | 465 |
| Mental Health / Acute Rehabilitation – capacity expansion | 16 | 21 | 301 | 55 |
| Total | 176 | 196 | 1 363 | 882 |
| Renal Dialysis stations | 36 | 19 | | |
| Oncology units | 1 unit | 1 unit | | |

Good pipeline of beds with blend of:

- Capacity expansion at existing facilities
- Mental Health growth
- Continued growth in Renal Dialysis and Oncology

• *Approved: received Health department licence approval. In the process of obtaining municipal approvals before commencing building*
 • *Applications pending: awaiting approval from the Health departments for bed applications made*

Poland:

- Focus on completing integration of acquired businesses to drive efficiencies
 - Secondment of Life Healthcare staff
- M&A on hold until we receive clarity on pricing
- Government has proposed further potential pricing changes. These price changes are currently being reviewed. The impact is uncertain at this stage

India:

- Focus on:
 - Adding beds – brownfield expansions
 - Optimising the current network through:
 - › Improved occupancies
 - › improvements in specialty/channel mix
 - › Improvements in cost structures
 - Growing the pathology and oncology feeder centre lines of business



APPENDICES

Max India Limited

Investor Release

Quarter and Half Year ended September 30, 2016

Disclaimer

This release is a compilation of financial and other information all of which has not been subjected to audit and is not a statutory release. This may also contain statements that are forward looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could differ materially from our expectations and assumptions. We do not undertake any responsibility to update any forward looking statements nor should this be constituted as a guidance of future performance.



Max India – Key Highlights

- 1 Max India get shareholders' nod for composite merger scheme. The application filed with all relevant regulatory authorities. Approvals currently expected in Nov 16
- 2 Max Healthcare : Robust revenue growth of 26% to Rs. 1,300 Cr in H1FY17
- 3 Max Healthcare : EBITDA grows at a strong 44% to Rs. 140 Cr. in H1FY17; margins improved by ~ 240 bps to 11.2%
- 4 Max Bupa : Gross Written Premium grows 23% to Rs 260 Cr. in H1FY17. Bank of Baroda sales commenced and systems integrated with bank's core system
- 5 Max Bupa : Losses (excluding one-off items) reduce significantly to Rs. 16 Cr in H1FY17 from Rs. 40 Cr in H1FY16
- 6 Antara : Dehradun community receives occupancy certificate and first set of possession letters have been issued

MHC Network* (Financial Snapshot – Q2 & H1 FY17)

Revenue

- Q2FY17 revenue at Rs 667 Cr grows a strong 24% y-o-y
- Oncology continues to be the highest revenue contributor ~ 13% to revenue
- Pathology- B2B launched in May'16 (200+ tie ups); B2C to launch by Q3FY17 end
- Avg. Occupancy across network in Q2FY17 improves to 77.9% with 18% increase in Occupied Beds in Q2 FY17 y-o-y

Profitability

- Q2FY17 EBITDA at Rs. 80 Cr, grows 52%, driven by 90 bps improvement in margins from mature hospitals (to 14.7% in Q2FY17) and 742 bps improvement in margins from new hospitals (to 10.2% in Q2FY17)
- Q2FY17 EBITDA Margin improved by 238 bps to 12.4% (Q2FY16 10%)
- Q2FY17 PBT grows 7x to Rs 15 Cr vs Rs 2 Cr in Q2FY16
- H1FY17 EBITDA at Rs. 140 Cr, grows 44% y-o-y. H1FY17 EBITDA margin improved by 238 bps to 11.2% (H1FY16 9.8%)
- H1FY17 PBT at Rs 11 Cr vs Rs 12 Cr in H1FY16 due to increase in interest cost by Rs 33 Cr on borrowing to part finance two acquisitions

MHC Network* – Performance Dashboard (Q2 & H1FY17)

Rs Cr

| Key Business Drivers | Quarter Ended | | Y-o-Y Growth | Half Year Ended | | Y-o-Y Growth |
|----------------------------------------|---------------|------------|--------------|-----------------|--------------|--------------|
| | Sep-16 | Sep-15 | | Sep-16 | Sep-15 | |
| a) Financial Performance | | | | | | |
| Revenue (Gross) | 667 | 539 | 24% | 1,300 | 1,032 | 26% |
| Revenue (Net) | 640 | 522 | 23% | 1,248 | 994 | 26% |
| Direct Costs | | | | | | |
| Material Cost | 159 | 140 | 14% | 319 | 272 | 17% |
| Clinician Payout | 54 | 44 | 22% | 102 | 83 | 24% |
| Contribution | 427 | 338 | 26% | 827 | 639 | 29% |
| <i>Contribution Margin[^]</i> | 66.7% | 64.8% | 196 bps | 66.3% | 64.3% | 193 bps |
| Indirect Costs | | | | | | |
| Personnel Cost | 204 | 167 | 22% | 404 | 319 | 27% |
| Other Indirect overheads | 113 | 93 | 21% | 222 | 173 | 28% |
| HO Costs | 31 | 25 | 24% | 60 | 50 | 21% |
| EBITDA | 80 | 52 | 52% | 140 | 97 | 44% |
| <i>EBITDA Margin[^]</i> | 12.4% | 10.0% | 238 bps | 11.2% | 9.8% | 143 bps |
| Finance Cost | 35 | 24 | 45% | 70 | 37 | 88% |
| Cash Profit | 44 | 28 | 57% | 71 | 60 | 17% |
| Depreciation | 30 | 26 | 14% | 60 | 48 | 24% |
| PBT | 15 | 2 | 7x | 11 | 12 | -12% |
| b) Financial Position | | | | | | |
| Net Worth | | | | 1,108 | 780 | 42% |
| Net Debt | | | | 1,078 | 732 | 47% |
| Tangible Fixed Assets - Gross Block | | | | 1,985 | 1,257 | 58% |

*The above results are for MHC Network of hospitals and includes results for Max Super Speciality Hospital, Saket, unit of Devki Devi Foundation, Max Super Speciality Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre & Saket City Hospital unit of Gujarmal Modi Hospital & Research Centre; ^ on the basis of net revenue

MHC Network* – Performance Dashboard (Q2 & H1FY17)

| Key Business Drivers | Quarter Ended | | Y-o-Y Growth | Half Year Ended | | Y-o-Y Growth |
|------------------------------------------|---------------|--------------|--------------|-----------------|--------------|--------------|
| | Sep-16 | Sep-15 | | Sep-16 | Sep-15 | |
| a) Patient Transactions (Nos in lacs) | | | | | | |
| Inpatient Discharges | 0.51 | 0.43 | 19% | 0.99 | 0.78 | 26% |
| Day care Procedures | 0.13 | 0.07 | 76% | 0.25 | 0.14 | 79% |
| Outpatient Footfalls | 17.63 | 14.17 | 24% | 33.49 | 26.76 | 25% |
| Total | 18.26 | 14.67 | 24% | 34.73 | 27.68 | 25% |
| b) Average Inpatient Operational Beds | 2,354 | 2,000 | 18% | 2,337 | 1,878 | 24% |
| c) Average Inpatient Occupancy | 77.9% | 74.5% | 340 bps | 74.7% | 73.3% | 137 bps |
| d) Average Length of Stay (days) | 3.32 | 3.21 | -3% | 3.24 | 3.02 | -7% |
| e) Average Revenue/Occupied Bed Day (Rs) | 39,522 | 39,320 | 1% | 40,696 | 43,557 | -7% |
| f) Other Operational Data | | | | | | |
| Physicians | | | | 2,571 | 2,283 | 13% |
| Employees | | | | 8,436 | 6,517 | 29% |
| Customer Base (in lacs) | | | | 32.9 | 27.0 | 22% |

MHC Network* – Performance Dashboard (Q2 & H1FY17)

| Key Business Drivers | Unit | Quarter Ended | | Y-o-Y | Half Year Ended | | Y-o-Y |
|--------------------------------------------|--------|---------------|--------|---------|-----------------|--------|---------|
| | | Sep-16 | Sep-15 | Growth | Sep-16 | Sep-15 | Growth |
| Mature Hospitals* | | | | | | | |
| a) Financial Performance | | | | | | | |
| Revenue(Net) | Rs. Cr | 370 | 344 | 8% | 728 | 675 | 8% |
| EBITDA | Rs. Cr | 54 | 47 | 15% | 102 | 89 | 14% |
| EBITDA Margin | % | 14.7% | 13.8% | 90 bps | 14.0% | 13.2% | 72 bps |
| b) Average Inpatient Operational Beds | No. | 1,116 | 1,094 | 2% | 1,111 | 1,095 | 2% |
| c) Average Inpatient Occupancy | % | 80.4% | 78.3% | 206 bps | 77.7% | 75.6% | 212 bps |
| d) Average Revenue/Occupied Bed Day | Rs. | 46,539 | 45,035 | 3% | 47,763 | 46,194 | 3% |
| e) Return on Capital Employed (Annualised) | % | 22.9% | 18.1% | 473 bps | 21.0% | 16.8% | 423 bps |
| New Hospitals^ | | | | | | | |
| a) Financial Performance | | | | | | | |
| Revenue(Net) | | 264 | 174 | 51% | 511 | 312 | 64% |
| EBITDA | Rs. Cr | 27 | 5 | 5x | 40 | 8 | 5x |
| EBITDA Margin | % | 10.2% | 2.8% | 742 bps | 7.9% | 2.6% | 530 bps |
| b) Average Inpatient Operational Beds | No. | 1,238 | 906 | 37% | 1,226 | 784 | 56% |
| c) Average Inpatient Occupancy | % | 75.7% | 69.9% | 577 bps | 71.9% | 69.2% | 270 bps |
| d) Avg. Revenue/Occupied Bed Day | Rs. | 32,116 | 30,955 | 4% | 33,169 | 32,778 | 1% |
| e) Return on Capital Employed (Annualised) | % | 3.2% | -3.0% | 623 bps | 1.4% | -2.7% | 416 bps |

*The above results are for MHC Network (Saket West, Panchsheel, Gurgaon, Noida, Pitampura) and includes results for Max Super Specialty Hospital, Saket, unit of Devki Devi Foundation and Max Super Specialty Hospital, Patparganj, unit of Balaji Medical and Diagnostic Research Centre

^ The above results are for Shalimar Bagh, Mohali, Dehradun, Bathinda, Vaishali & Saket City hospital unit of Gujarmal Modi Hospital & Research Centre




THANK YOU