



Group Results and Distribution

for the six month period ended 31 March 2016





OPERATIONAL REVIEW

**ANDRÉ MEYER
CEO**

Highlights

Group – Southern Africa

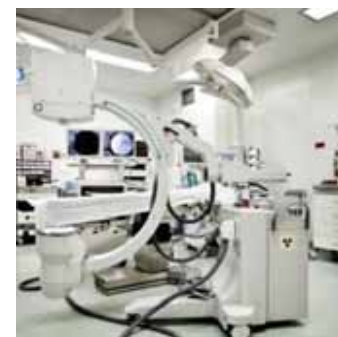
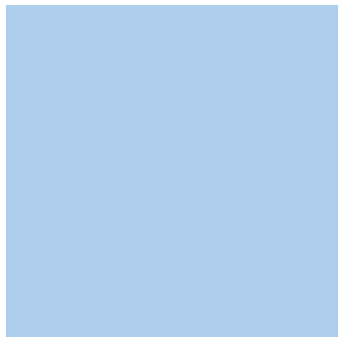
- Solid 6 month performance:
 - Good activity growth
 - Bed growth on target to meet 2016 goals
 - Strong management of cost of sales, salaries and overheads

• PPD growth 2.7%

• Additional beds 91

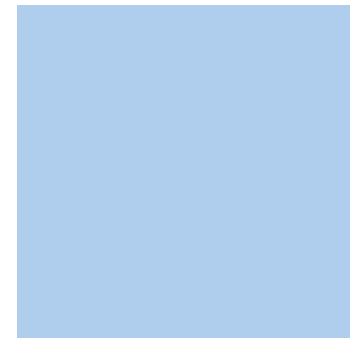
• Occupancy rate 69.9%

• Stable EBITDA margin 27.7%



Poland

- Good revenue and EBITDA growth
- Completed acquisition of Polska Grupa Medyczna (PGM) for R685 million
- PGM consists of:
 - 5 cardiac centres (131 beds)
 - 1 hospital (160 beds)
 - 291 beds



India

- Strong revenue and EBITDA growth
- Completed acquisition of Saket City Hospital (re-named Max Smart Super Speciality Hospital)
- Overall growth of 267 beds in last 6 months
- Total of 2 320 operational beds – 32% up on March 2015



Highlights

Group

- Revenue **+10.9%** to R7 860m
- Normalised EBITDA **+9.0%** to R2 099m
- Headline earnings per share **+15.8%** to 93.0 cents
- Normalised EPS **+8.6%** to 87.1 cents
- Interim dividend **+7.4%** to 73 cps

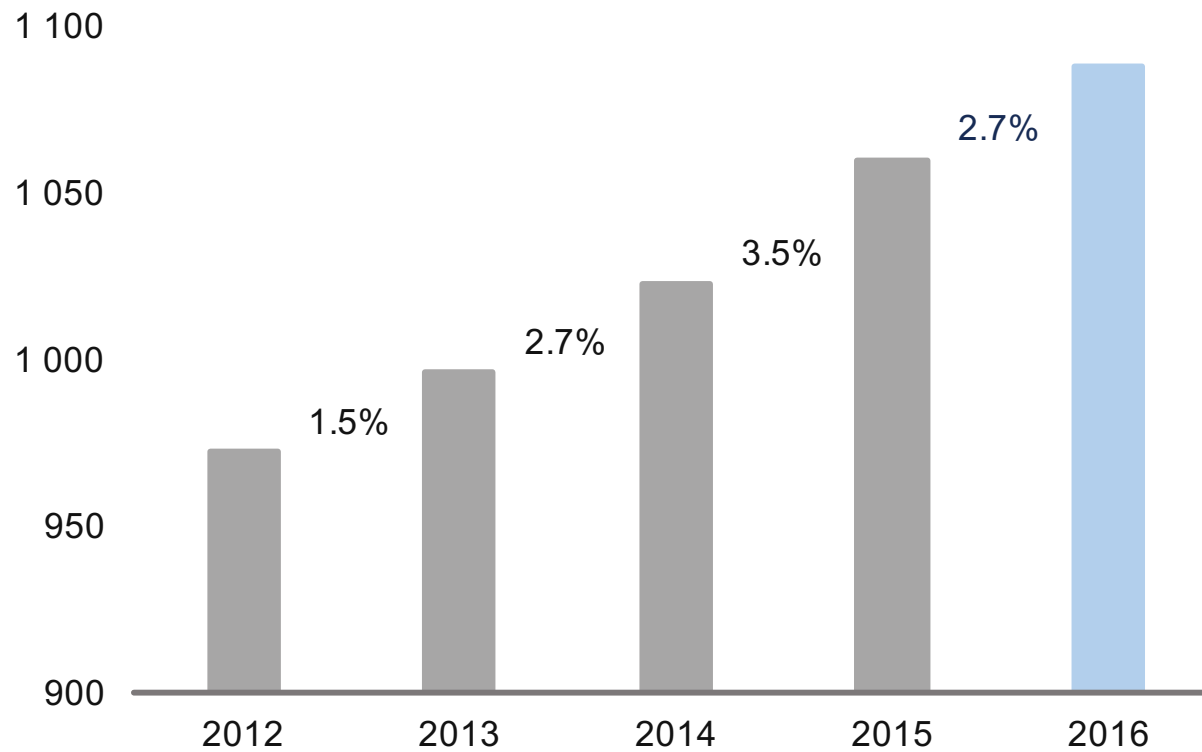




Southern Africa: Growth

H1 PPD Growth

PPDs (000)



- PPD growth to end April 2016:
- above 3.5%

H1 bed growth	154	80	142	90	91
FY bed growth	292	95	249	253	210 est



Southern Africa: Growth

Acute and Complementary Growth

Category	H1 2016	H2 2016	Total 2016
Capacity expansion at existing facilities	91	24	115
Mental Health	-	95	95
Total beds	91	119	210
Renal Dialysis stations	17	6	23
Oncology units	-	1	1

- Life Bayview
- Life Mercantile
- Life Mt Edgecombe
- Life Peglerae

- Life Flora
- Life Springs Parklands

- Life Vincent Pallotti
- Life Carstenhof



Life Carstenhof: Mental Health



Life Vincent Pallotti: Mental Health



Southern Africa: Growth

Acute and Complementary pipeline

Category	Total 2016	Approved beds*	Applications pending
Capacity expansion at existing acute facilities	115	464	382
New acute facilities	-	300	128
Mental Health / Acute Rehab – new facilities	95	125	535
Mental Health / Acute Rehabilitation – capacity expansion	-	203	142
Total	210	1 092	1 187

- Strong pipeline of beds
- Allows for a bed expansion program which primarily focuses on:
 - Capacity expansion at existing facilities
 - Mental Health growth

• *Approved: received Health department licence approval. In the process of obtaining municipal approvals before commencing building*

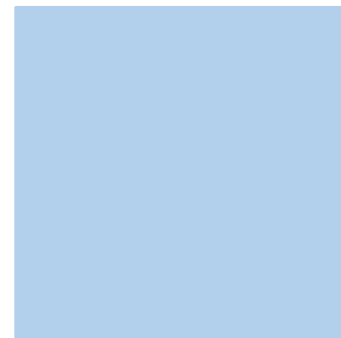
• *Applications pending: awaiting approval from the Health departments for bed applications made*

Life Esidimeni

- Gauteng province:
 - reduced beds by 200 from April 2015 – impacted revenue growth which was flat on H1 2015
 - Non-renewal of 1 570 mental health beds delayed to 30 June 2016

Occupational Health / Wellness Business

- Business closely aligned to the economy
- Good growth in lives covered – up 7.9%
- New growth at lower margins resulting in overall pressure on margins
- Good progress being made on integrating the Careways Wellness business into the Occupational Health business

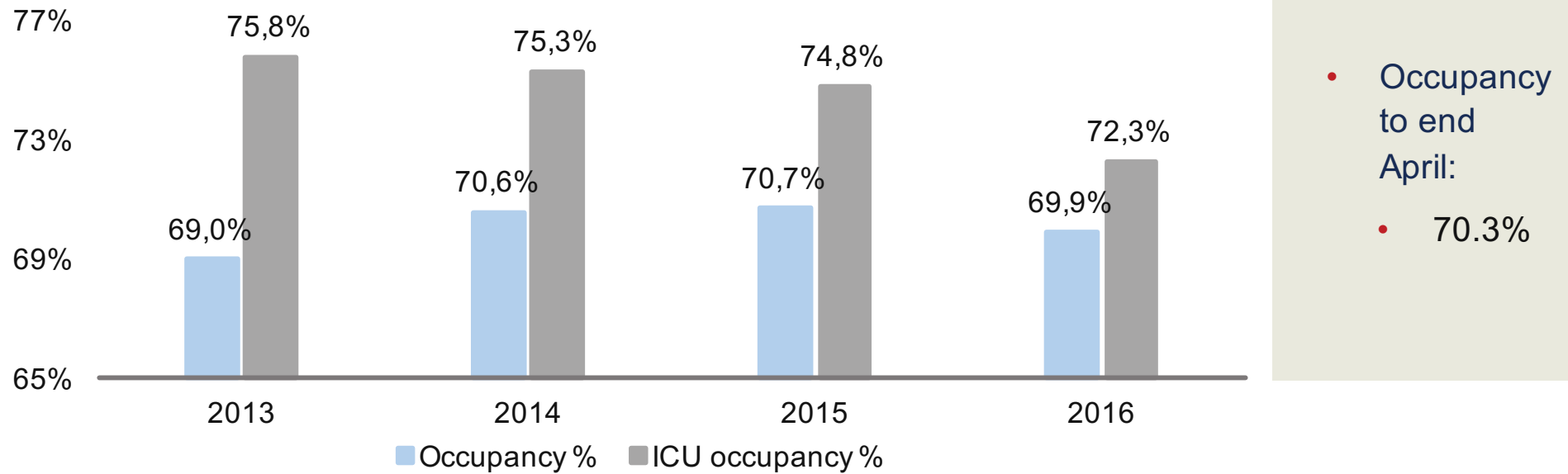




Southern Africa: Efficiency

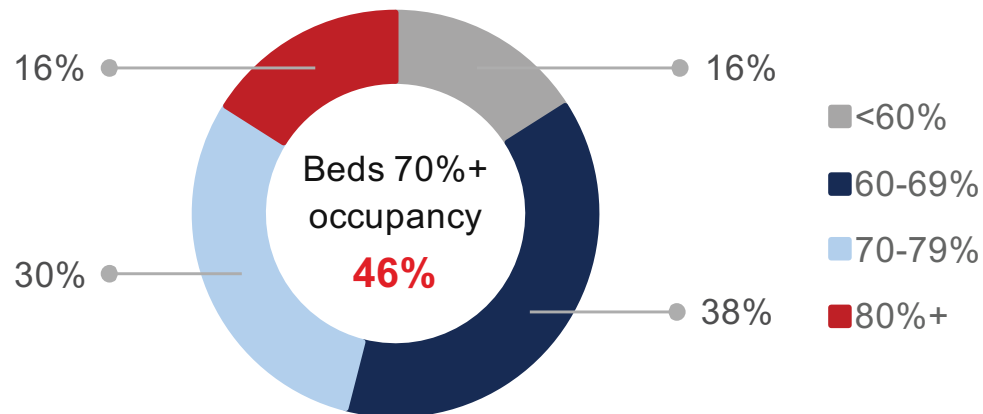
Effective use of assets

Occupancy %

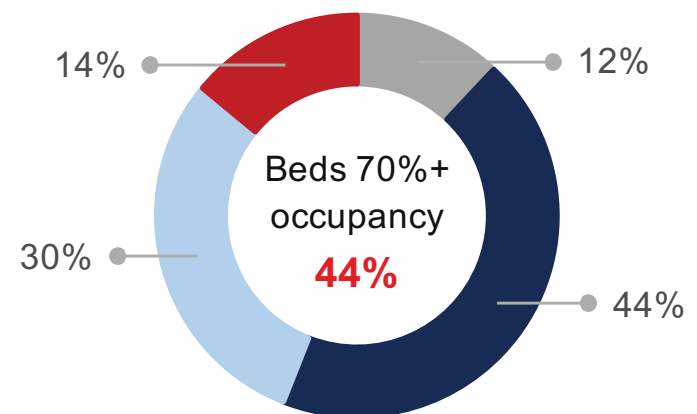


Bed growth: H2 2013 - H1 2016 → 608 beds
 ICU bed growth: H2 2013 - H1 2016 → 227 beds (23% increase)

2013: Bed occupancy split



2016: Bed occupancy split

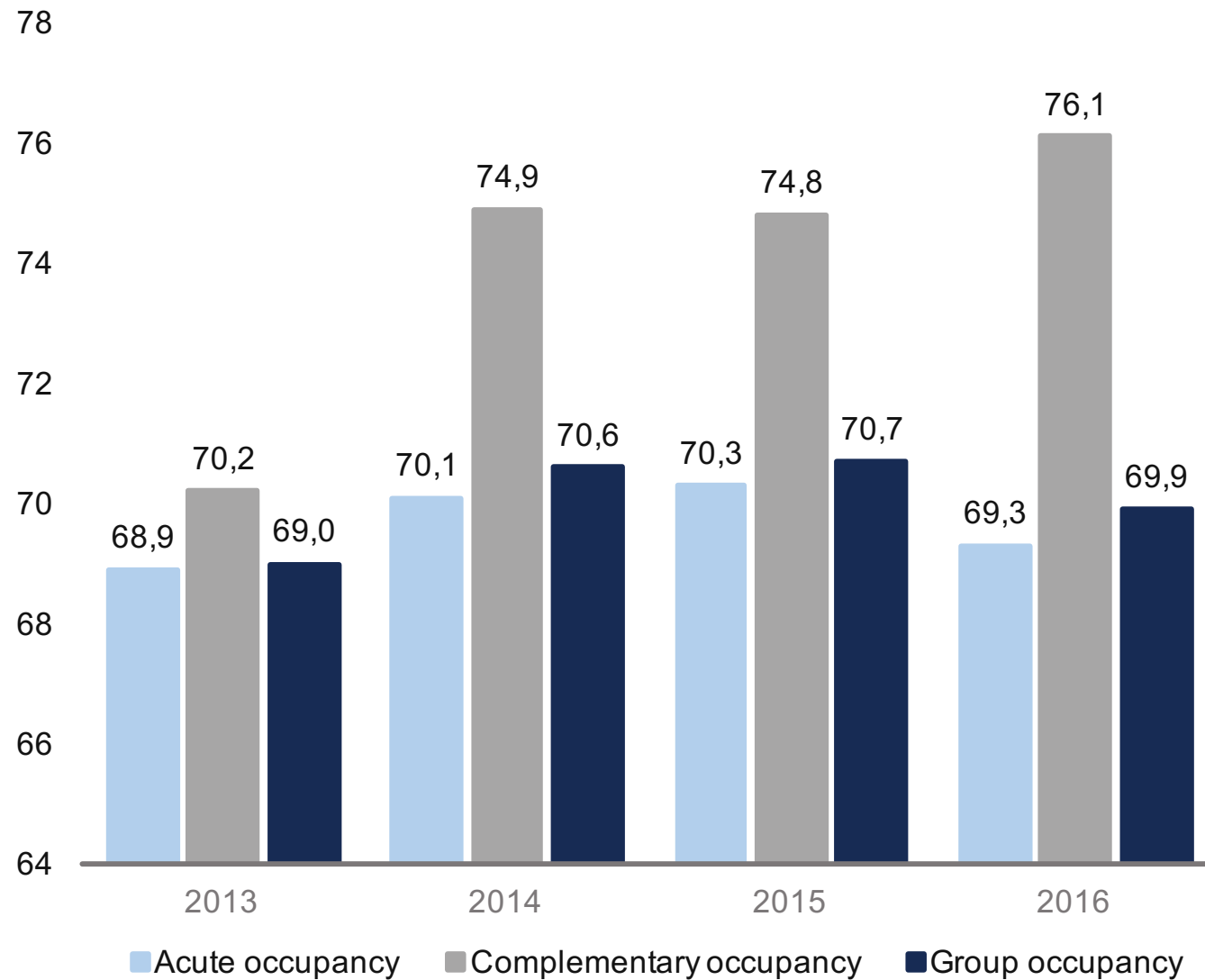




Southern Africa: Efficiency

Effective use of assets

Occupancy split between Acute and Complementary*



- 2013 was the last year in which Easter fell in March
- Consistent occupancy within the Acute business despite bed growth
- Strong demand for Mental Health continues
- Lower occupancies within the Acute Rehabilitation business

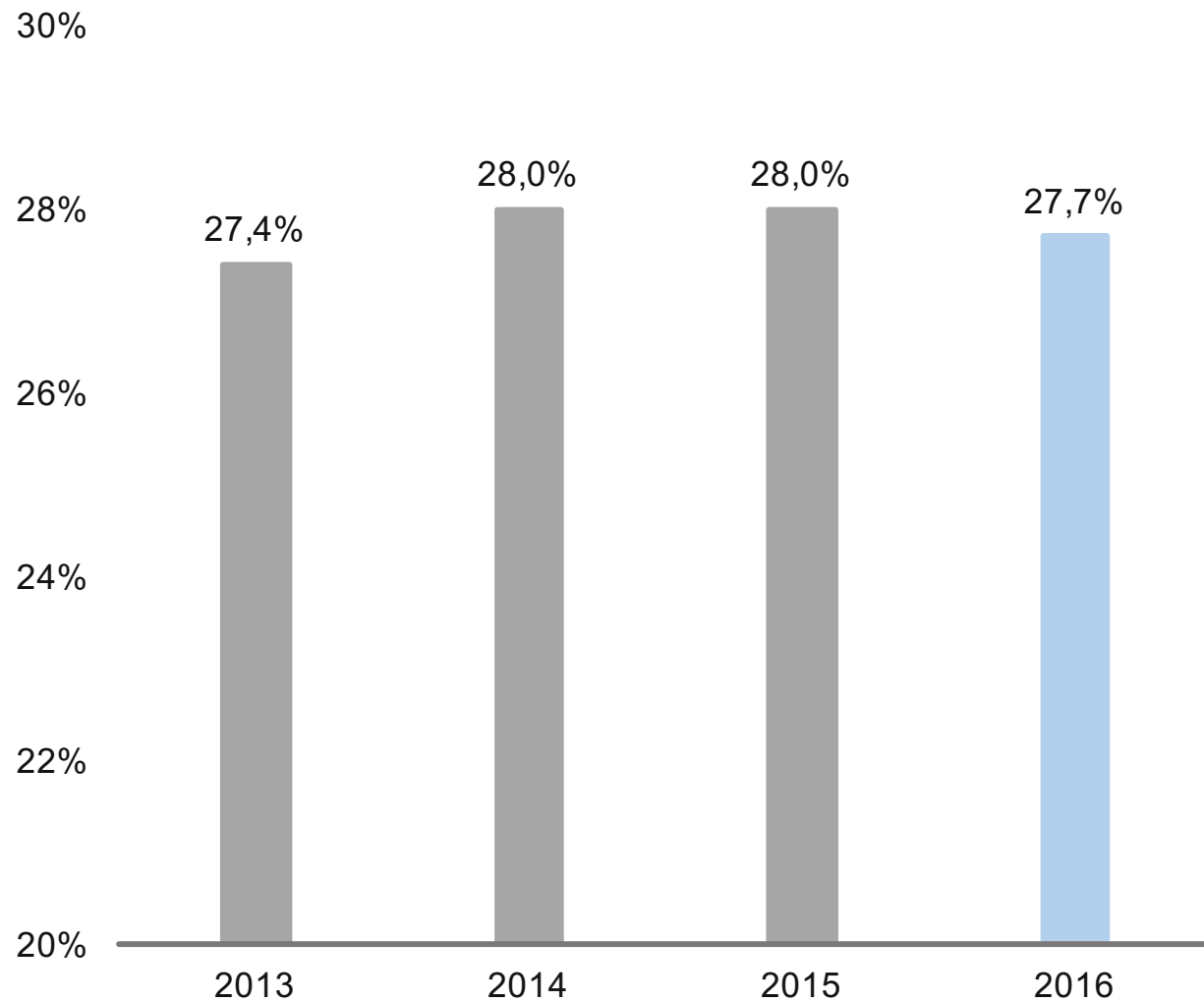
* Complementary business includes Mental Health and Acute Rehabilitation in the occupancy calculation



Southern Africa: Efficiency

H1 Normalised EBITDA margin

EBITDA Margin %



- Good management of costs in a difficult environment
- Pressure from the weakening Rand, salaries and overhead costs
- Continued focus on driving efficiencies to offset increased costs



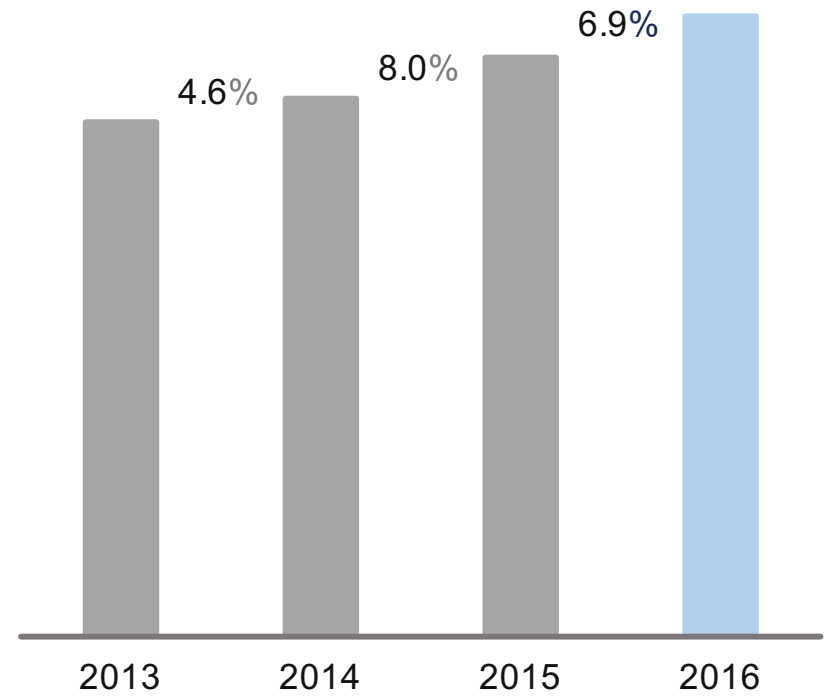
Southern Africa: Efficiency

Rand and Employee Cost pressures

Rand / \$



Employee cost/PPD



- Impact on surgicals / consumables - 17% of revenue with a 90% forex exposure
- Strong procurement in H1, but expect increased cost pressures in H2

- Employee costs = 29.5% of revenue
- Increases primarily driven by cost of nursing
- CAGR of 6.5% since 2013
- Good management of staff costs in H1

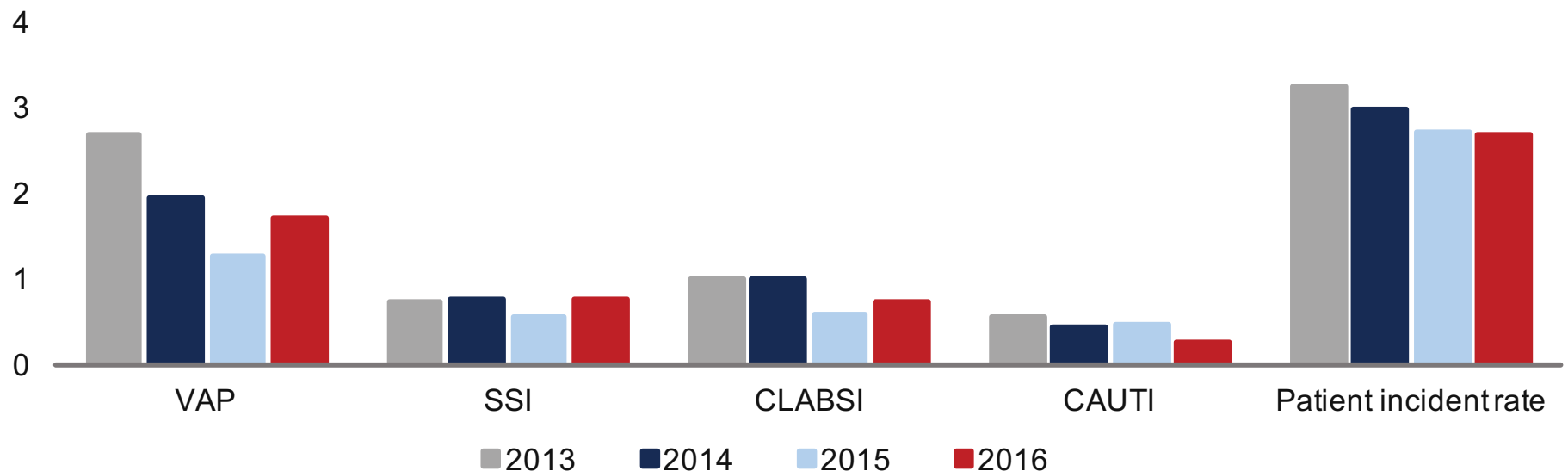


Southern Africa: Quality

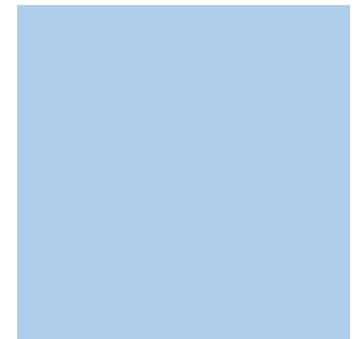
Measuring Clinical Outcomes

Outcome	31 Mar 2016	31 Mar 2015	Standard
Patient incident rate	2.69	2.72	Per 1 000 PPDs
HAI (Healthcare Associated Infection)	0.35	0.33	Per 1 000 PPDs
VAP (Ventilator Associated Pneumonias)	1.72	1.27	Per 1 000 VAP days
SSI (Surgical Site Infections)	0.78	0.55	Per 1 000 theatre cases
CLABSI (Central Line Associated Blood Stream Infections)	0.74	0.59	Per 1 000 central line days
CAUTI (Catheter-related Urinary Tract Infections)	0.28	0.46	Per 1 000 catheter days
FIM/FAM score	1.1	1.18	>0.9
MHQ14 efficiency (average gain/PPD)	2.7	2.48	>1.6

Per 1 000 PPDs



- Made a detailed submission on the subject matter of the Inquiry
- Submitted a further response to the public submissions focusing on:
 - Market power / medical scheme bargaining power
 - Profitability
 - Pricing & Price regulation
 - Hospital formularies
 - Quality
 - Regulatory environment
- 1st set of public hearings are still underway and are due to be completed in May
- The timetable for the next series of public hearings is still to be released
- Process to date has been analytical, detail oriented and has provided an opportunity to discuss the key challenges facing the industry
- The costs involved in this inquiry (excluding management time) will be approximately R20m by the end of 2016





Southern Africa: Sustainability

Environmental Management System

Environmental certification

- On track to obtain an ISO 14001:2004 environmental certification in 2016

Energy-saving initiatives

- Solar
 - Next project will commence at Life Fourways Hospital:
 - › installation of 580 kWp
 - › 1 780 solar panels
 - › Complete by 30 September 2016
- Heat pumps - Phase 3
 - 13 sites have been identified for conversion in 2016
 - › 2 Sites complete
 - › 11 remaining sites will be complete by 30/9/2016
 - Estimated saving of 1 495 MWh projected per annum





Strategy to build an integrated countrywide network of healthcare facilities

- Focus on growth through M&A and increased NFZ business
- Good pipeline of potential M&A targets
- Driving efficiency through integration of assets and through improved case mix

Growth:

- NFZ Contracts – 13% increase in contracts with the NFZ
- M&A:
 - Acquired Polska Grupa Medyczna (PGM) for R685m, effective 1 November 2015
 - › 5 Cardiac centers - 131 beds
 - › 1 hospital - 160 beds
 - Acquired remaining 50.1% of Carint Scanmed effective 1 April 2016
 - › 1 Cardiac Center in Krakow
 - › 37 beds and 2 angiographic labs

Efficiency:

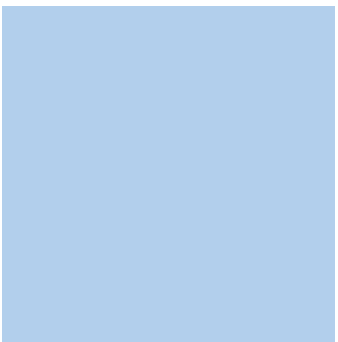
- EBITDA margins improved to 13.5% (2015:11.8%). Below the EBITDA margins of 16.1% H2 2015
- EBITDA margins were negatively impacted by:
 - slow down in revenue in December. Reduced over-quota work before the new year contracting cycle
 - the impact of the Easter holidays
 - initial integration costs of new businesses



International: Poland

Scanmed

	H1 2016	H2 2015	H1 2015
Beds	617	334	294
Cardiac units	12	7	6
Medical Centres	43	36	29
Primary care lives	130 000	130 000	130 000
Revenue	PLN 150m	PLN 103m	PLN93m
Normalised EBITDA	PLN 20.2m	PLN 16.6m	PLN11m
Normalised EBITDA margin	13.5%	16.1%	11.8%



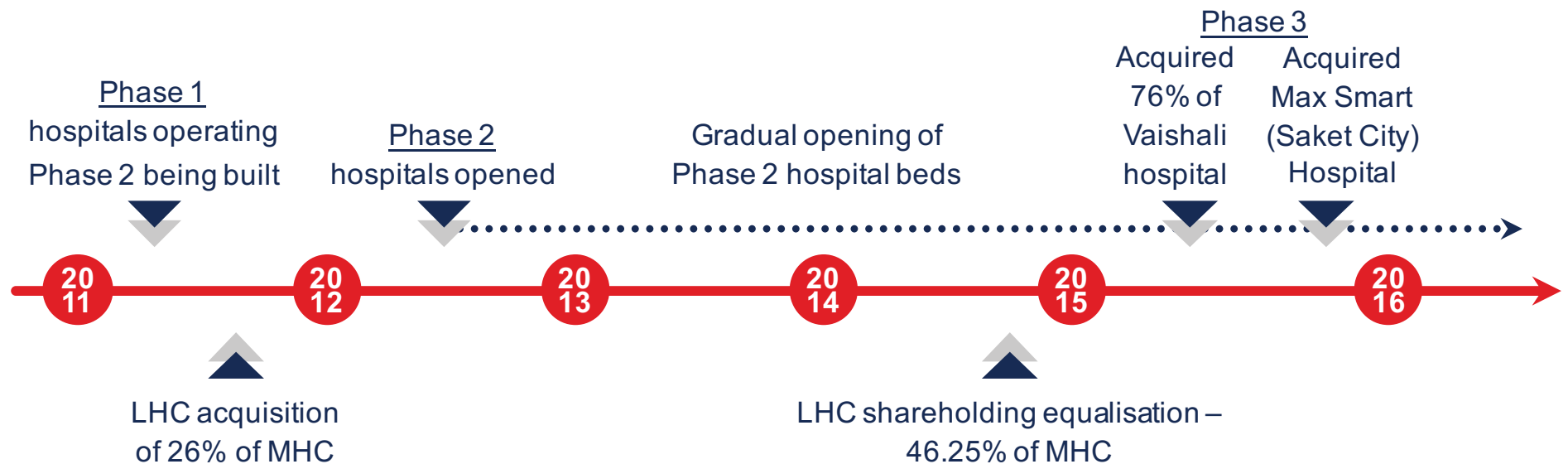


International: India

MHC

2016 H1 focus:

- Bedding down Vaishali Hospital and Max Smart (Saket City) acquisitions
- Continued good revenue growth
- Improving margins



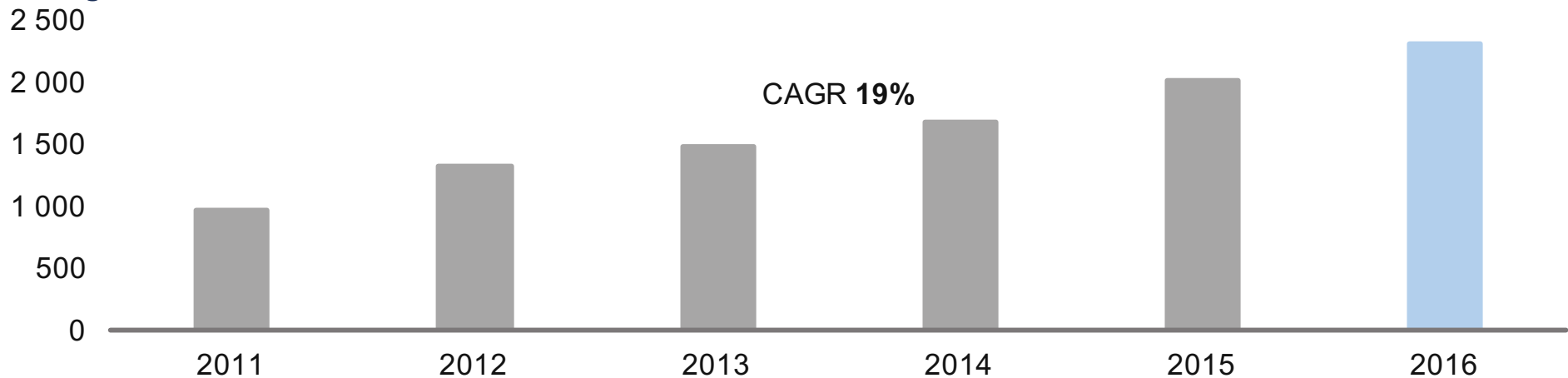


International: India

MHC Bed Growth

	Bed capacity	Operational beds 31 Mar 2016	Operational beds 30 Sep 2015	Operational beds 31 Mar 2015
Phase 1 Total: Phase 1	1 123	1 095	1 095	1 101
Phase 2 Total: Phase 2	859	729	698	654
Phase 3 Total: Phase 3	640	496	260	-
Total: Combined	2 622	2 320	2 053	1 755

Bed growth



- Phase 1: Saket ; Patpaganj ; Pitampura ; Gurgaon ; Noida ; Pansheel
- Phase 2: Shalimar Bagh ; Mohali ; Bathinda ; Dehradun
- Phase 3: Vaishali ; Smart

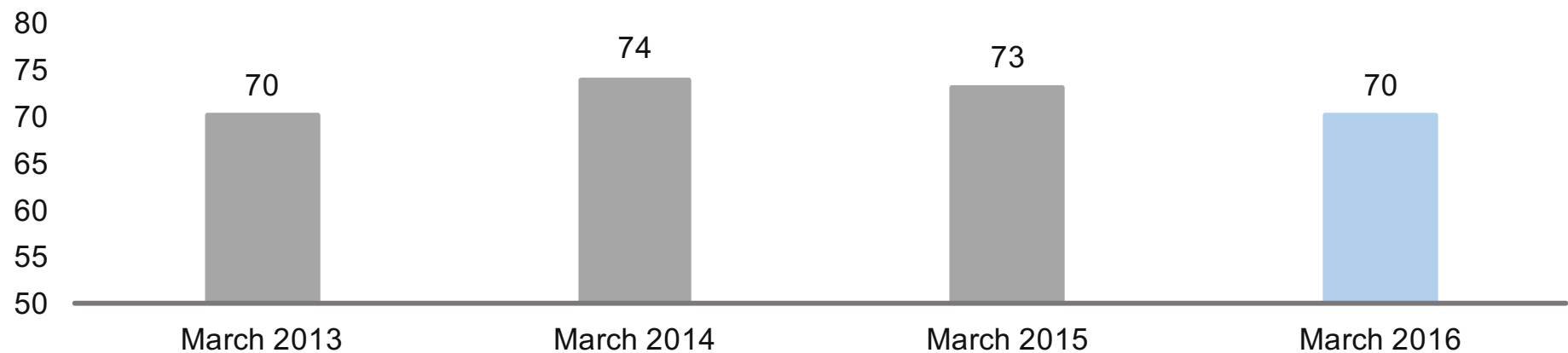


International: India

MHC Occupancy

	Operational beds 31 Mar 2016	Occupancy 31 Mar 2016	Operational beds 31 Mar 2015	Occupancy 31 Mar 2015
Phase 1 Total: Phase 1	1 095	74%	1 101	76%
Phase 2 Total: Phase 2	729	65%	654	69%
Phase 3 Total: Phase 3	496	65%	-	-
Total: Combined	2 320	70%	1 755	73%

Occupancy %



Operational beds 31 March	1 379	1 571	1 755	2 320
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FINANCIAL REVIEW

**PIETER
VAN DER WESTHUIZEN
CFO**



Highlights

Paid patient days **+2.7%**

Revenue **+10.9%** to R7 860m

Normalised EBITDA **+9.0%** to R2 099m



Normalised EPS **+8.6%** to 87.1 cents

Dividend **+7.4%** to 73 cents

Increase in **investments** in India and Poland **R989 million**

Funding raised in Poland **PLN240 million** at 3.7%



Financial results

Group

	31 Mar 2016 Rm	31 Mar 2015 Rm	Change %
Revenue	7 860	7 089	10.9
Southern Africa	7 288	6 734	8.2
Poland	572	355	61.1
Normalised EBITDA	2 099	1 926	9.0
Southern Africa	2 022	1 884	7.3
Poland	77	42	83.3
Normalised EBITDA margin	26.7%	27.2%	
Southern Africa	27.7%	28.0%	
Poland	13.5%	11.8%	

1PLN = ZAR3.96 (31 March 2016)

1PLN = ZAR3.80 (31 March 2015)



Financial results

Group

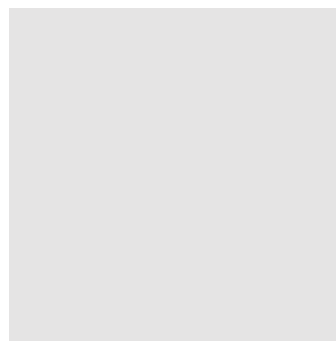
	31 Mar 2016 Rm	31 Mar 2015 Rm	Change %
Revenue	7 860	7 089	10.9
Normalised EBITDA	2 099	1 926	9.0
Normalised EBITDA margin	26.7%	27.2%	
Operating profit:	1 826	1 645	11.0
Southern Africa	1 720	1 628	5.7
Poland	37	18	>100
Transaction costs on international acquisitions	(11)	(11)	
Once-off	14	10	
Reversal of earn-out	66	-	



Financial results

Group

	31 Mar 2016 Rm	31 Mar 2015 Rm	Change %
Revenue	7 860	7 089	10.9
Normalised EBITDA	2 099	1 926	9.0
Normalised EBITDA margin	26.7%	27.2%	
Operating profit	1 826	1 645	11.0
Associates and joint ventures:	(1)	2	
Max Healthcare	(7)	(1)	
Poland	2	-	
Other	4	3	





Financial results

Group

	31 Mar 2016 Rm	31 Mar 2015 Rm	Change %
Revenue	7 860	7 089	10.9
Normalised EBITDA	2 099	1 926	9.0
Normalised EBITDA margin	26.7%	27.2%	
Operating profit	1 826	1 645	11.0
Associates and joint ventures	(1)	2	
Attributable profit:	965	832	16.0
Southern Africa	1 000	946	5.7
Poland and India	14	(3)	
Transaction costs on international acquisitions	(11)	(11)	
Funding costs for international acquisitions	(119)	(90)	
Other	81	(10)	



Financial results

Southern Africa: segmental revenue

	31 Mar 2016 Rm	31 Mar 2015 Rm	Change %
Revenue	7 860	7 089	10.9
Southern Africa Hospital division	6 842	6 317	8.3
Healthcare services	446	417	7.0

Hospital division:

- PPD growth: + 2.7%
- Revenue/ppd: + 5.6%
 - Tariff impact: + 5.9%
 - Case mix: - 0.3%
- Complementary revenue growth: + 12.4%



Financial results

Group segmental review

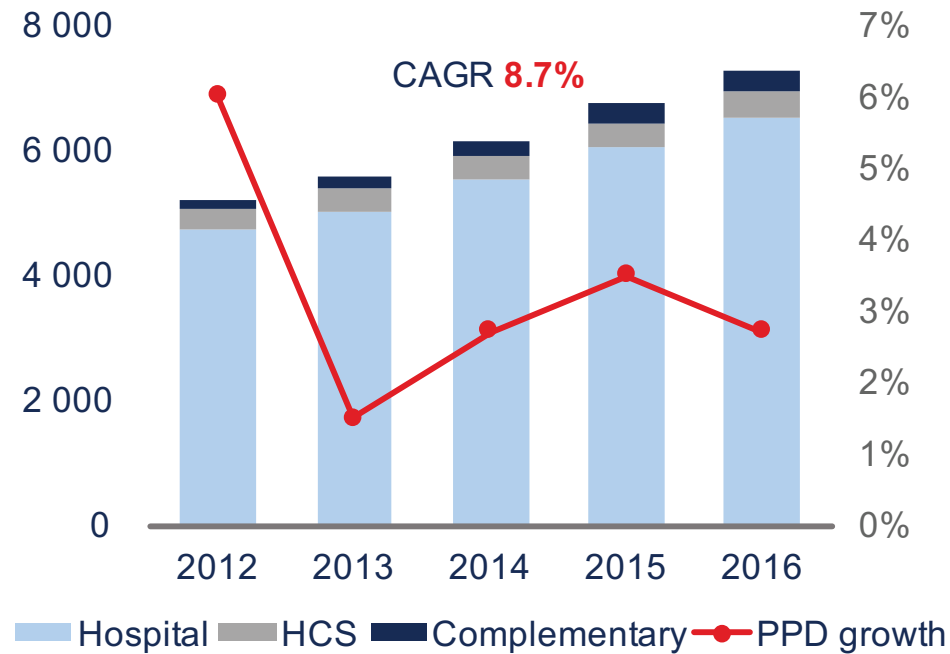
		31 Mar 2016 Rm	31 Mar 2015 Rm	Change %
Revenue		7 860	7 089	10.9
Southern Africa	Hospital division	6 842	6 317	8.3
	Healthcare services	446	417	7.0
Poland	Hospitals	572	355	61.1
Operating profit before amortisation, profit/loss on disposals, impairment of intangible assets, transaction costs and surpluses on retirement benefits		1 829	1 703	7.4
Southern Africa	Hospital division	1 635	1 542	6.0
	Healthcare services	70	76	(7.9)
	Other	77	67	14.9
Poland	Hospitals	47	18	161.1



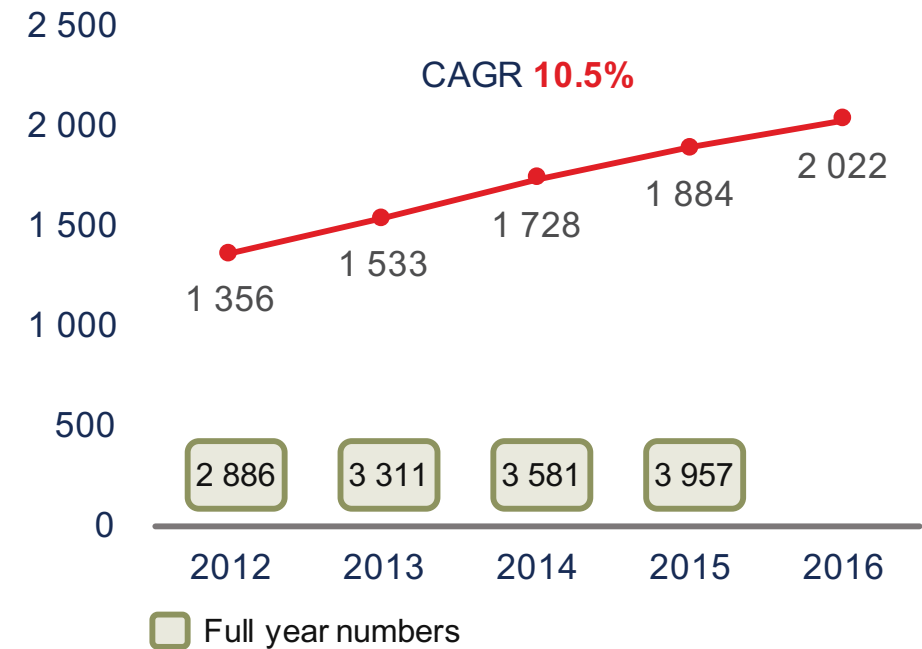
Five year review

Southern Africa

Revenue* (Rm)



Normalised EBITDA (Rm)



- Consistent growth in hospital revenue:
 - Addition of 178 beds in H2 2015
 - Addition of 91 beds, including 14 ICU beds in H1 2016
- Continued rapid growth of complementary services
- Continued improvement in efficiencies assisted growth in normalised EBITDA
- Stable margins in a difficult environment
- Benefited from mix change and good cost of sales management

* Hospital revenue includes other revenue

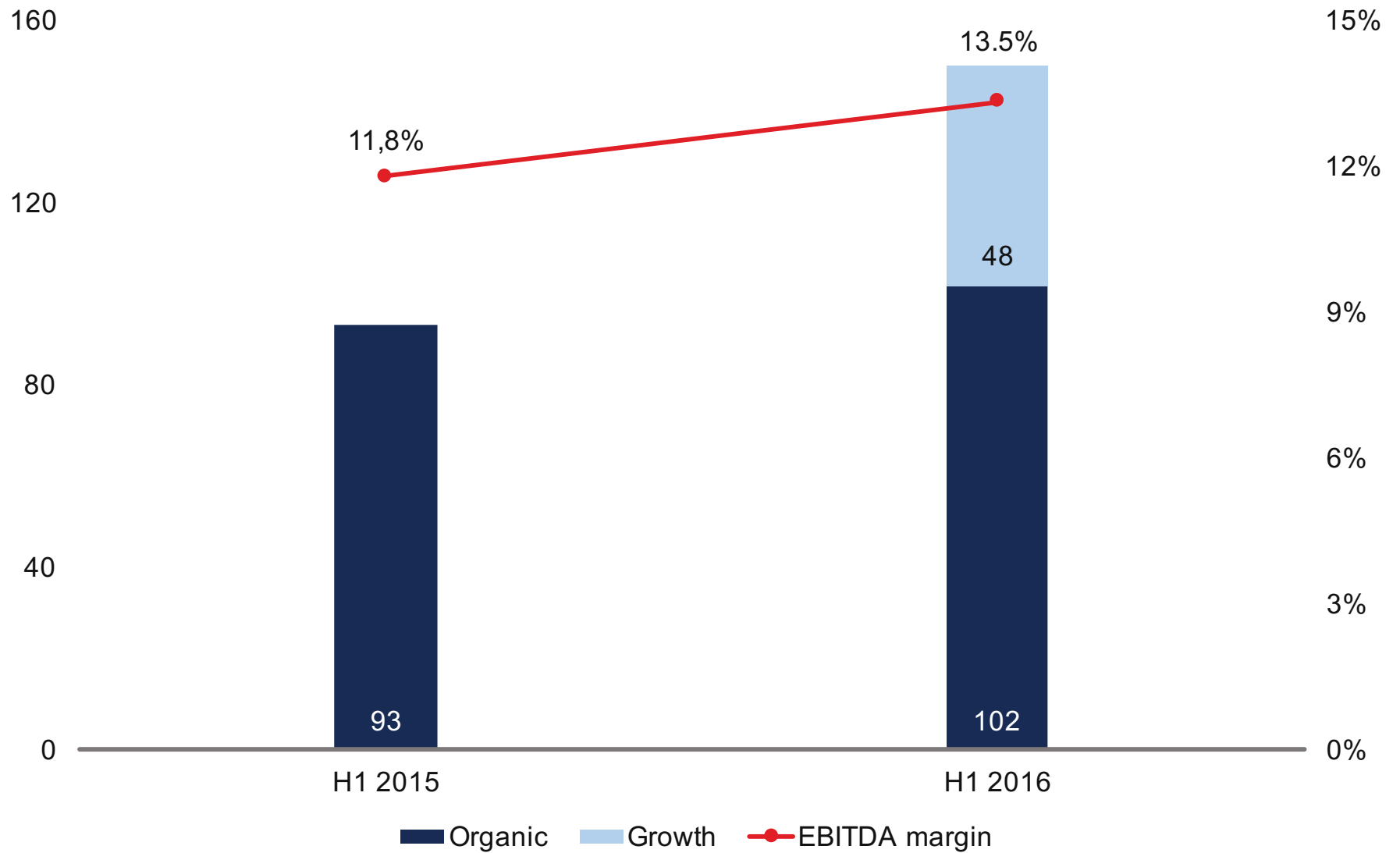


Financial results

Poland revenue and margin

PLN million

EBITDA margin %



1PLN = ZAR3.96

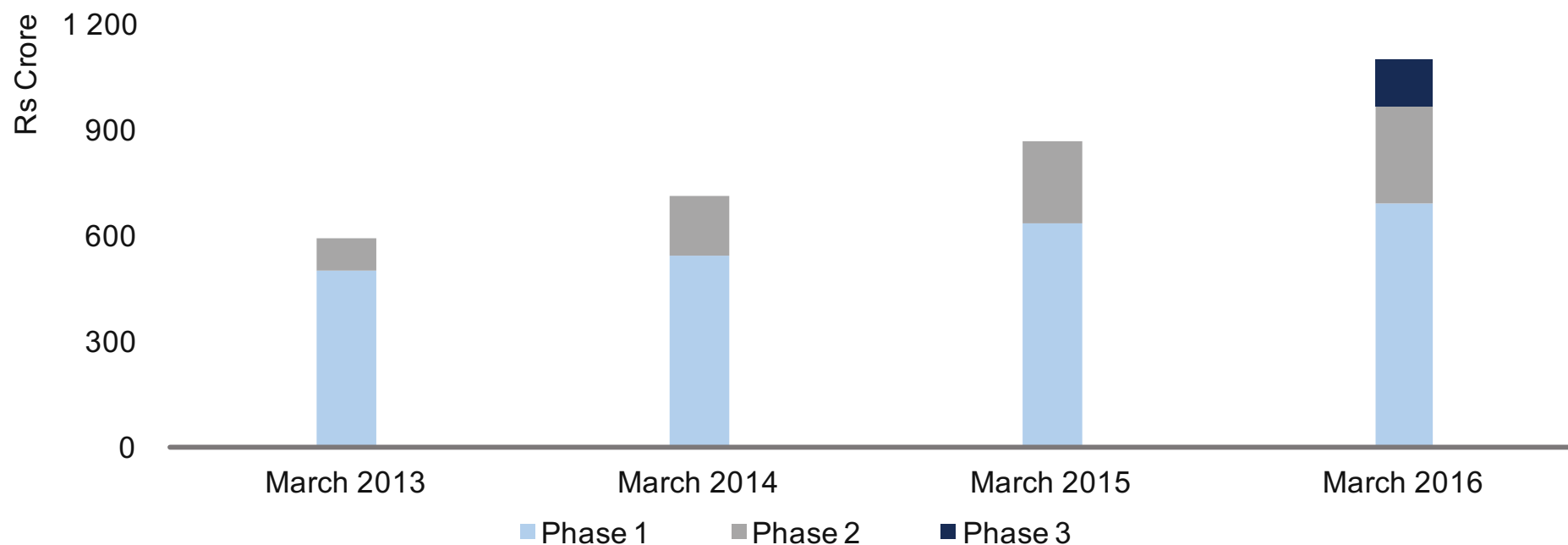


Financial results

India: Max Healthcare – revenue growth: 6 months to March

Net revenue	MHC 2016 Rs Crore	MHC 2015 Rs Crore	Change %
Net revenue – Phase 1 hospitals	689	635	8.5
Net revenue – Phase 2 hospitals	274	230	19.3
Net revenue – Phase 3 hospitals (Vaishali & Smart)	142	-	100.0
Total net revenue	1 105	865	27.7

Revenue: 6 months to March



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

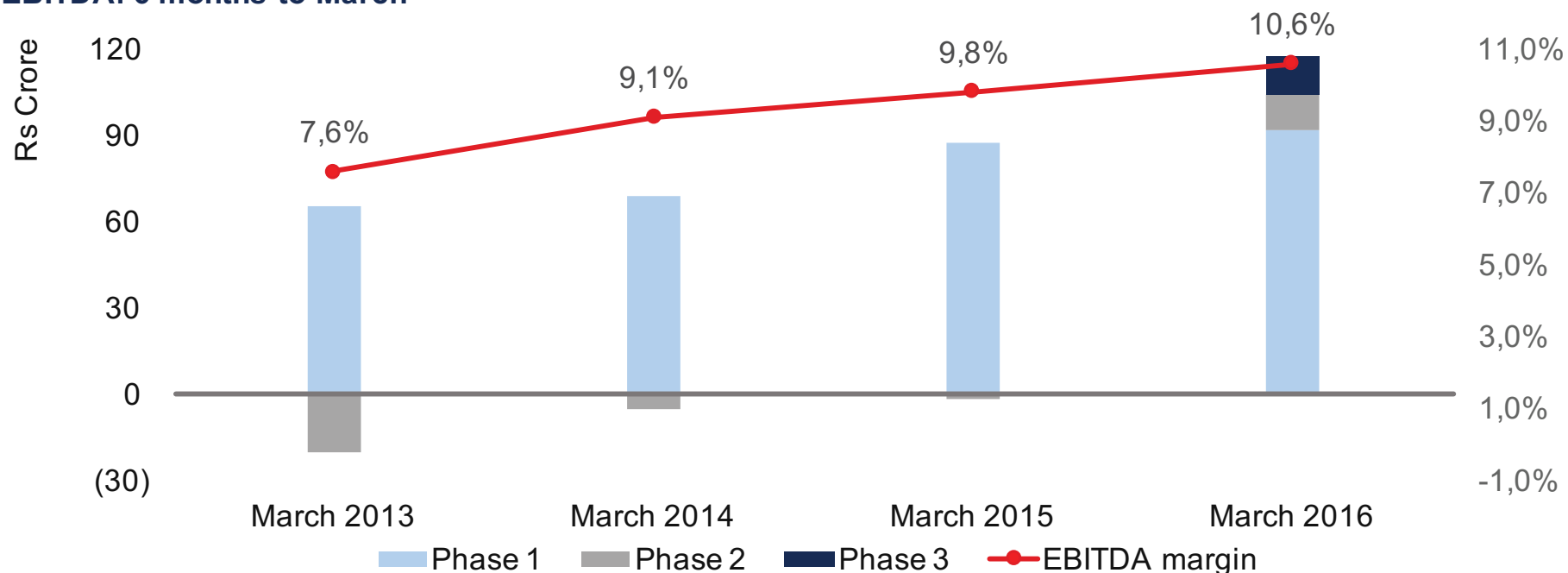


Financial results

India: Max Healthcare – EBITDA growth: 6 months to March

EBITDA	MHC 2016 Rs Crore	MHC 2015 Rs Crore	Change %
EBITDA – Phase 1 hospitals	92	87	
EBITDA – Phase 2 hospitals	12	(2)	
EBITDA – Phase 3 hospitals	13	-	
Total EBITDA	117	85	37.6

EBITDA: 6 months to March



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



Financial results

Group

	31 Mar 2016 cents	31 Mar 2015 cents	Change %
EPS	93.0	80.2	16.0
Loss on disposal of property, plant and equipment and disposal of businesses	-	0.1	
HEPS	93.0	80.3	15.8
Reversal of earn-out	(6.4)	-	
Other	0.5	(0.1)	
Normalised EPS	87.1	80.2	8.6



Financial results

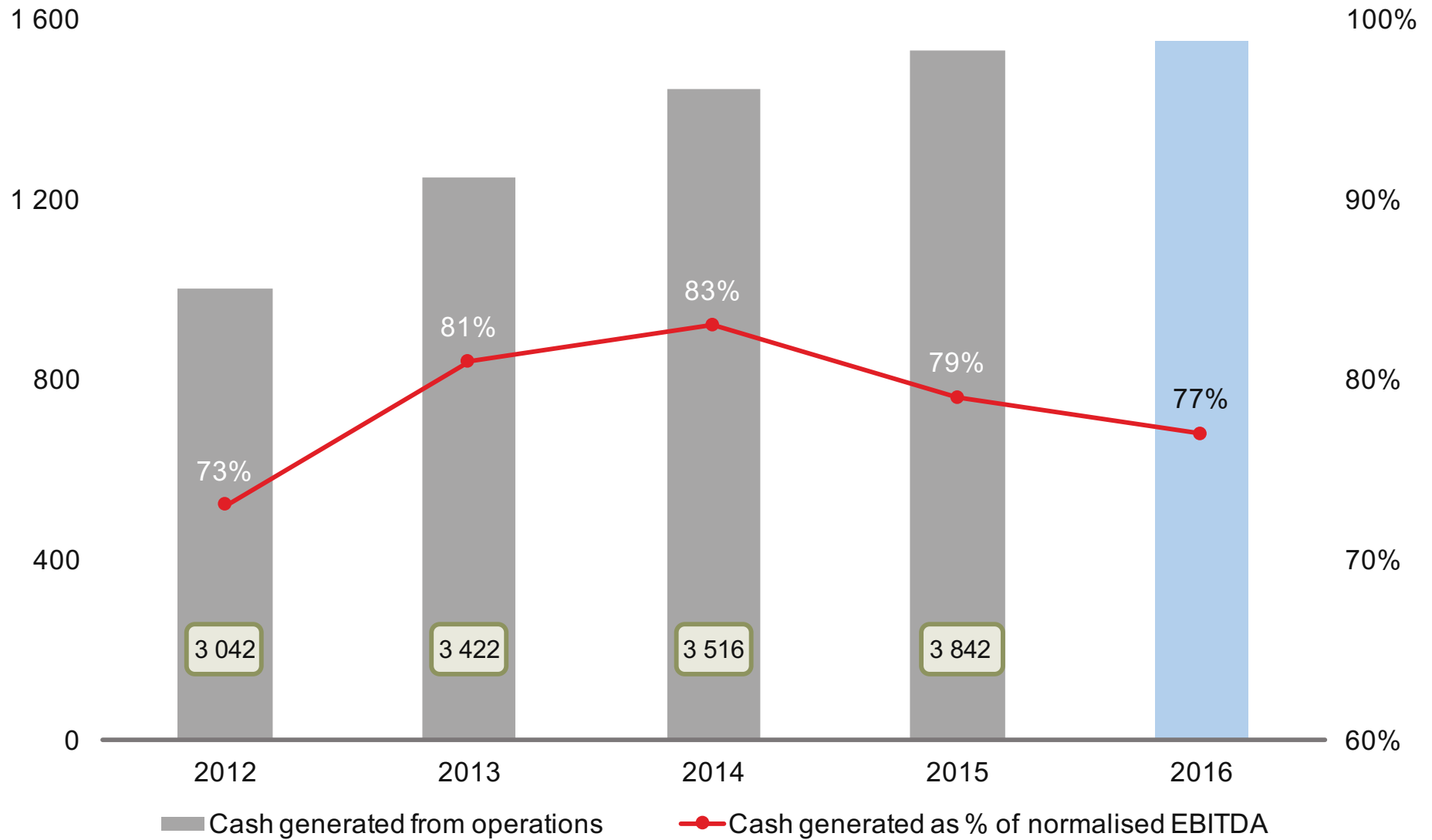
Group

	31 Mar 2016 Rm	31 Mar 2015 Rm	Change %
Normalised EPS	87.1	80.2	8.6
Southern Africa	97.3	89.2	9.1
Poland & Max Healthcare	1.3	(0.3)	
Funding costs for international acquisitions	(11.5)	(8.7)	32.2



Cash generated vs normalised EBITDA – Southern Africa

R000m



□ Full year numbers

Consolidated condensed statement of financial position

	31 Mar 2016 Rm	30 Sep 2015 Rm
Non-current assets	14 571	13 164
PPE	7 350	7 101
Goodwill	2 684	2 089
Intangibles	989	875
Investment in Max Healthcare	2 543	2 230
Other	1 005	869
Current assets (excl cash)	2 441	1 959
Cash	613	812
Total assets	17 625	15 935
Total shareholders' equity	6 799	6 448
Non-current liabilities	6 708	5 873
Interest-bearing borrowings	5 962	5 263
Other non-current liabilities	746	610
Current liabilities	4 118	3 614
Total equity and liabilities	17 625	15 935
Net debt	7 305	5 932
Net debt to normalised EBITDA (covenant 2.75x)	1.73	1.49

Condensed statement of financial position – Southern Africa & Poland

	Southern Africa	Poland	Total	
	31 Mar 2016 Rm		31 March 2016	30 Sep 2015
Non-current assets	11 701	2 870	14 571	13 164
PPE	6 366	984	7 350	7 101
Intangibles	1 910	1 763	3 673	2 964
Other	3 425	123	3 548	3 099
Current assets (excl cash)	2 097	344	2 441	1 959
Cash	300	313	613	812
Total assets	14 098	3 527	17 625	15 935
Total shareholders' equity	5 219	1 580	6 799	6 448
Non-current liabilities	5 293	1 415	6 708	5 873
Interest-bearing borrowings	4 657	1 305	5 962	5 263
Other non-current liabilities	636	110	746	610
Current liabilities	3 586	532	4 118	3 614
Total equity and liabilities	14 098	3 527	17 625	15 935

Net debt

Funding	31 Mar 2016 Rm	Weighted average cost of debt	30 Sep 2015 Rm	Weighted average cost of debt
		(post-tax)		(post-tax)
Acquisition funding				
ZAR	3 490	7.00	3 271	6.46
PLN	841	3.76	-	-
Capex funding	1 697	5.66	1 864	5.47
Poland	220	3.77	346	4.67
IFRS debt	1 000	7.78	706	9.22
Working capital	679	4.90	557	5.23
	7 927	6.21	6 744	5.76
		(pre-tax)		(pre-tax)
3M JIBAR rate		6.68		6.19
Prime overdraft rate		10.50		9.50

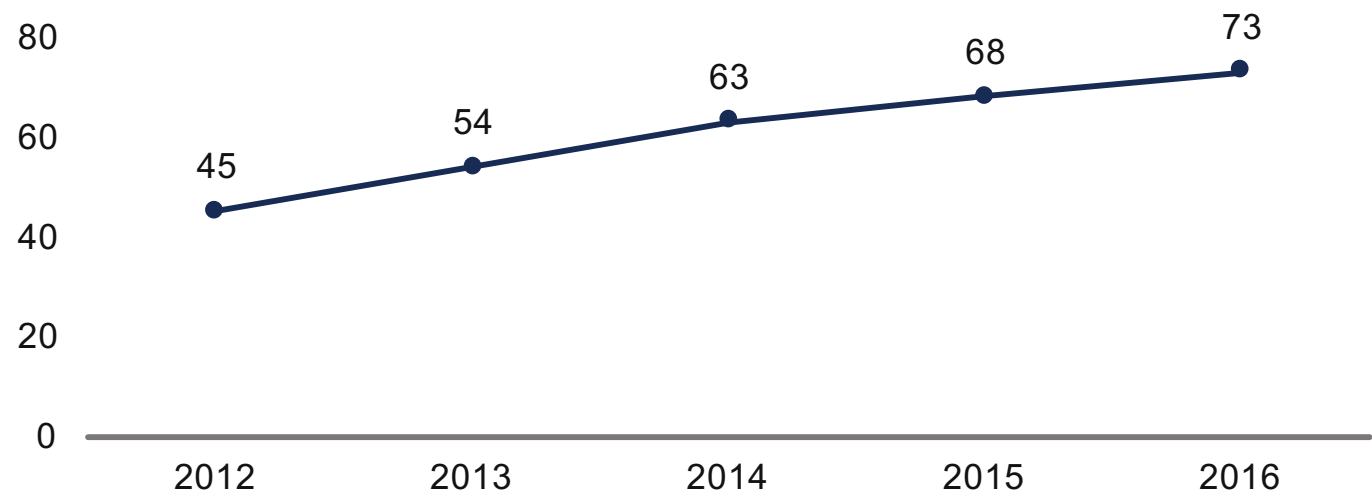


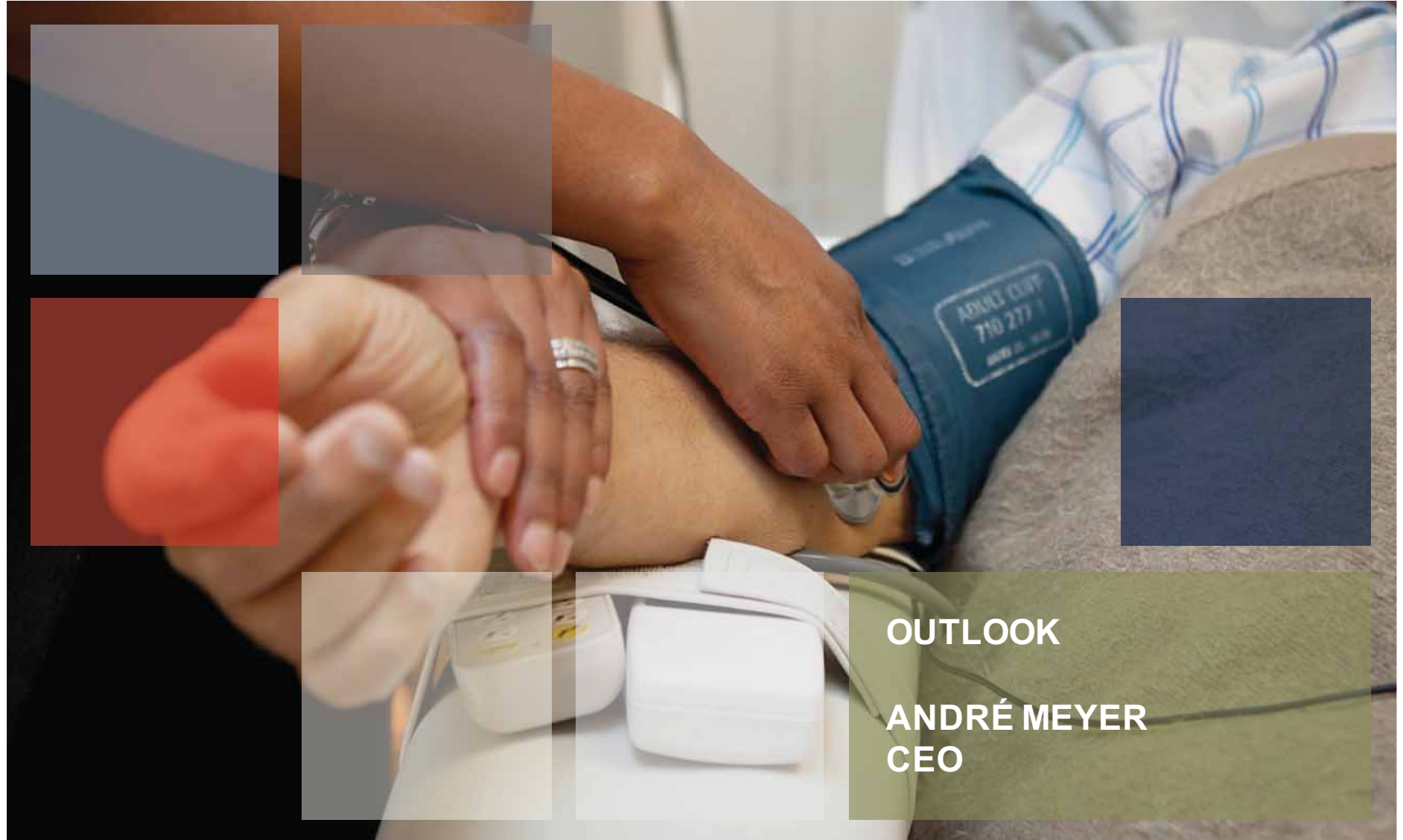
Dividend

Distributions	Cents/share	Rm
Interim 2015	68	709
Final 2015	86	896
Total 2015	154	1 605
Interim 2016	73	765

- Declared an interim dividend of 73 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)



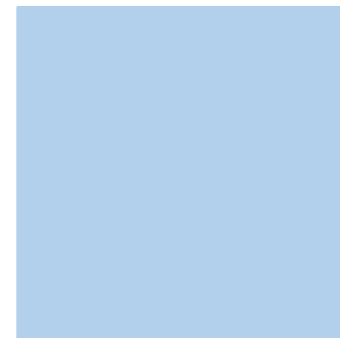


OUTLOOK

ANDRÉ MEYER
CEO

SA:

- Bed growth:
 - Addition of 119 beds in H2
- PPD growth:
 - Between 2.5% - 3.5%
- EBITDA margins:
 - Margins may come under pressure due to Rand weakness
 - Between 27.5% - 28.5%
- Continued focus on improving clinical quality outcomes





H2 Outlook International

Poland:

- Continued revenue and EBITDA growth
- Focus on completing integration of acquired businesses to drive efficiencies
 - Secondment of LHC staff
- Continue M & A activity

India:

- Continued focus on bedding down Vaishali Hospital and Max Smart Hospital acquisitions
- Continued good revenue growth
- Improving margins

