MEDICLINIC GROUP LIMITED ("GROUP" OR "THE GROUP") ABRIDGED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 AND OUTLOOK FOR THE YEAR ENDING 31 MARCH 2024

GROUP RESULTS

	Reported results			Adjusted results[1]		
	1H24 $'m	1H23 $'m	**Variance[2]**	**1H24 $'m**	1H23 $'m	**Variance[2]**
Revenue	**2 199**	2 102	5%	**2 199**	2 102	5%
Adjusted EBITDA[3]				**285**	297	(4)%
Operating profit	**113**	143	(21)%	**150**	157	(5)%
Earnings[4]	**69**	98	(29)%	**81**	81	1%
Headline earnings	**44**	98	(55)%			
Net incurred debt[5]				**1 536**	1 432	7%
Cash conversion[6]				**63%**	72%	

1 *The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and to provide consistent and comparable reporting. Refer to the policy and "Reconciliations" section on pages 6-8.*
2 *The percentage variances are calculated in unrounded dollar values and not in millions.*
3 *Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA").*
4 *Earnings refers to earnings attributable to equity holders.*
5 *Net incurred debt reflects bank borrowings and excludes IFRS 16 lease liabilities.*
6 *Cash conversion is calculated as cash generated from operations as a percentage of adjusted EBITDA.*

Adjusted results

The Group performance for the six months to 30 September 2023 was impacted by a weak performance in Switzerland, partially offset by an outperformance in the Middle East. Group revenue was up 5% at $2 199m (1H23: $2 102m) and up 5% in constant currency terms. This result was driven by a 1.3% growth in inpatient admissions and a 3.9% growth in day case admissions, partly offset, however, by lower average revenue per case due to mix changes and below-inflation tariff increases. The strong growth in day case admissions confirms the ongoing outmigration of care trend which the Group is addressing through its strategy of expanding across the continuum of care, entering new care settings outside of the hospital environment.

Adjusted EBITDA was down 4% at $285m (1H23: $297m) and down 3% in constant currency terms. The Group's adjusted EBITDA margin was 13.0% (1H23: 14.2%). This decline reflected a softer revenue performance coupled with increased employee and contractor costs in Switzerland as well as additional employee and energy costs in Southern Africa, the latter due to increased loadshedding.

Adjusted depreciation and amortisation was down 2% to $137m (1H23: $140m), and down 4% in constant currency terms, as a result of impairments to property, equipment, vehicles and computer software in Switzerland in FY23.

Adjusted operating profit was down 5% at $150m (1H23: $157m) and flat in constant currency terms.

Adjusted net finance cost was up 14% at $48m (1H23: $42m) and up 12% in constant currency terms as higher underlying interest rates were partially offset by hedging, finance income on cash balances and a reduction in incurred debt.

The adjusted tax charge was $15m (1H23: $25m) and the adjusted effective tax rate for the period was 13.9% (1H23: 21.8%). The decrease reflects the higher contribution of non-taxable income from the Middle East as well as the effect of the non-recognition of deferred tax assets on tax losses in Switzerland in the prior period.

Adjusted non-controlling interests were up 7% at $11m (1H23: $10m).

Adjusted net profit from equity-accounted investments increased from $1m in 1H23 to $5m in 1H24, reflecting the net profit reported by Spire for the six months ended 30 June 2023.

Adjusted earnings were flat at $81m (1H23: $81m).

The Group delivered cash conversion of 63% (1H23: 72%), mainly due to a decrease in trade payables in Switzerland and lower collections in Switzerland and South Africa. The Group continues to target a 90-100% conversion rate at year end.

Total capital expenditure for the period was $130m (1H23: $89m), representing ongoing investment across the three divisions to enhance the existing business and deliver future growth opportunities.

Given the impact on profitability and lower cash conversion, the Group's leverage ratio (including lease liabilities) increased during the year to 3.9x at 1H24 from 3.7x at year-end FY23. In the Middle East, a final debt repayment was made in 1H24 of around $51m and in Switzerland a partial repayment of the Swiss bonds was made, resulting in reported incurred bank debt decreasing to $2 042m (FY23: $2 140m). Net incurred debt increased by $104m to $1 536m (FY23: $1 432m) due to lower cash balances.

In arriving at 1H24 adjusted operating profit, reported operating profit was adjusted for the following exceptional items:

- corporate transaction costs of $35m incurred in the Manta Bidco Acquisition; and
- accelerated depreciation of $2m relating to the dismantling of two hospital wings as part of an expansion project at Klinik Aarau.

Prior period 1H23 operating profit was adjusted for the following exceptional items:

- corporate transaction costs of $2m incurred in the Manta Bidco Acquisition; and
- accelerated depreciation of $12m relating to the dismantling of two hospital wings as part of an expansion project at Klinik St. Anna.

1H24 reported earnings were further adjusted for the reversal of impairment on Spire Healthcare Group plc of $25m.

1H23 reported earnings were further adjusted for the following exceptional items:

- a decrease in the redemption liability related to Clinique des Grangettes, Geneva, due to remeasurement of $11m;
- tax rate changes and prior period adjustments of $19m related to Switzerland (mainly a Swiss cantonal tax rate change which resulted in the reduction in deferred tax liabilities on properties); and
- related tax impact on adjusting items of $1m.

Reported results

Reported revenue was up 5% to $2 199m (1H23: $2 102m), driven by the continued recovery in client activity.

Depreciation and amortisation, which includes accelerated depreciation of $2m (1H23: $12m) relating to the upgrade and expansion project at Klinik Aarau (1H23: Klinik St Anna), decreased by 9% to $139m (1H23: $152m), principally as a result of:

- Bern CGU impairment charges of property, equipment, vehicles and computer software at Hirslanden at year end that reduced depreciation by $9.1m (CHF8.1m); and
- The accelerated depreciation of $12m (CHF11.7m) at Klinik St. Anna which was fully recognised in FY23 and did not re-occur in 1H24.

Operating profit was down 21% to $113m (1H23: $143m).

Net finance cost increased by 56% to $48m (1H23: $31m) due to higher underlying interest rates and prior year remeasurement of redemption liability of $11m, which were partially offset by hedging, finance income on cash balances and a reduction in incurred debt.

The effective tax rate for the period was 15.4% (1H23: 4.3%). The prior period effective tax rate included Swiss tax rate changes and an adjustment that resulted in a reduction in deferred tax liabilities of $20m.

Earnings were down 29% at $69m (1H23: $98m).

DIVISIONAL RESULTS

	Group currency (millions)			Divisional currency (millions)[1]		
	1H24	1H23	Variance	1H24	1H23	Variance
Revenue	**$2 199**	**$2 102**	**5%**			
Switzerland	$1 010	$937	8%	901	905	(0)%
Southern Africa	$557	$597	(7)%	10 394	9 724	7%
Middle East	$632	$568	11%	2 321	2 087	11%
Corporate	-	-	-	n/a	n/a	
Adjusted EBITDA	**$285**	**$297**	**(4)%**			
Switzerland	$117	$121	(4)%	104	118	(11)%
Southern Africa	$97	$111	(13)%	1 817	1 811	0%
Middle East	$75	$65	16%	277	238	16%
Corporate	$(4)	-	100%	n/a	n/a	
Adjusted EBITDA margin[2]						
Group	13.0%	14.2%				
Switzerland	11.6%	13.0%				
Southern Africa	17.5%	18.6%				
Middle East	11.9%	11.4%				
Adjusted operating profit	**$150**	**$157**	**(5)%**			
Switzerland	$40	$43	(7)%	36	42	(14)%
Southern Africa	$75	$87	(13)%	1 408	1 412	(0)%
Middle East	$38	$27	38%	139	100	38%
Corporate	$(3)	-	100%	n/a	n/a	
Adjusted operating profit margin[2]						
Group	6.8%	7.6%				
Switzerland	4.0%	4.6%				
Southern Africa	13.5%	14.5%				
Middle East	6.0%	4.8%				

Notes

[1] *Divisional currency for Switzerland is shown in Swiss franc (CHF), Southern Africa in South African rand (ZAR) and Middle East in UAE dirham (AED).*

[2] *Adjusted EBITDA and adjusted operating profit as a percentage of revenue.*

SWITZERLAND

Revenue and inpatient admissions for the period were broadly stable with revenue of CHF901m (1H23: CHF905m), and inpatient admissions down 0.1% compared with 1H23. The general insurance mix increased to 52.7% (1H23: 51.7%). Average length of stay decreased by 5.7%, resulting in an occupancy rate of 55.2% (1H23: 58.8%).

Outpatient and day case revenue was up 6% to CHF198m (1H23: CHF187m), contributing some 22% (1H23: 21%) to total revenue during the period.

The constrained revenue performance in the period, combined with elevated spend on employee and contractor costs resulted in a 11% decrease in adjusted EBITDA to CHF104m (1H23: CHF118m). The adjusted EBITDA margin was 11.6% (1H23: 13.0%).

Adjusted depreciation and amortisation decreased by 9% to CHF68m (1H23: CHF76m) as a result of impairments to property, equipment, vehicles and computer software taken in FY23. Adjusted operating profit decreased by 14% to CHF36m (1H23: CHF42m). Adjusted net finance cost increased by 56% to CHF43m (1H23: CHF28m).

Adjusted earnings decreased by 189% to a loss of CHF7m (1H23: a profit of CHF8m).

Cash conversion of 52% (1H23: 46%) reflects a decrease in trade payables and lower collections during the period. The division continues to target cash conversion in line with the historic average of 90–100% over time.

Total capex spent during 1H23 was CHF61m (1H23: CHF34m), comprising maintenance capex of CHF18m (1H23: CHF15m) and expansion capex of CHF43m (1H23: CHF19m).

SOUTHERN AFRICA

Revenue for the period increased by 7% to ZAR10 394m (1H23: ZAR9 724m), reflecting the continued recovery in client activity. Compared with 1H23, paid patient days (‘PPDs’) increased by 2%, with day case growth exceeding inpatient growth. Occupancy improved to average 68.7% (1H23: 69.1%). Average revenue per bed day was up 5.0% compared with 1H23, below the average annual tariff increase due mainly to the effect of network formations. The average length of stay was up 0.5% compared with 1H23 mainly driven by an increase in medical inpatient admissions.

Adjusted EBITDA was stable at ZAR1 817m (1H23: ZAR1 811m), resulting in an adjusted EBITDA margin of 17.5% in 1H24 (1H23: 18.6%). This performance was driven by higher employee costs, in addition to rising energy costs due to increased loadshedding.

Depreciation and amortisation increased by 4% to ZAR409m (1H23: ZAR395m). Adjusted operating profit was stable at ZAR1 408m (1H23: ZAR1 412m).

Net finance cost increased by 16% to ZAR270m (1H23: ZAR232m) as the approximately 50% of unhedged debt incurred higher interest charges due to rising interest rates, partly offset by higher interest on cash balances.

Adjusted earnings decreased by 10% to ZAR660m (1H23: ZAR736m).

The division converted 74% (1H23: 94%) of adjusted EBITDA into cash generated from operations, reflecting slower collections in trade receivables.

Total capex spent during the period increased to ZAR580m (1H23: ZAR520m), comprising maintenance capex of ZAR341m (1H23: ZAR327m) and expansion capex of ZAR239m (1H23: ZAR193m).

THE MIDDLE EAST

Revenue for the period increased by 11% to AED2 321m (1H23: AED2 087m), driven by strong growth in client activity. Inpatient admissions and day cases were up 10% and 19%, respectively. Outpatient cases were also up 10%. The volume increase was partly offset by a decrease in the average revenue per case driven by mix changes.

Adjusted EBITDA increased by 16% to AED277m (1H23: AED238m), driven by the strong revenue performance which was partly offset by an increase in consumables and supplies due to speciality mix. The adjusted EBITDA margin increased to 11.9% (1H23: 11.4%).

Adjusted depreciation and amortisation increased by 1% to AED139m (1H23: AED138m). Adjusted operating profit increased by 38% to AED139m (1H23: AED100m).

Net finance cost decreased by 33% to AED27m (1H23: AED40m), due to the repayment of debt.

Adjusted earnings increased by 87% to AED112m (1H23: AED60m).

The division’s cash conversion was 119% (1H23: 102%).

Total capex spent during the period increased to AED110m (1H23: AED83m), comprising maintenance capex of AED48m (1H23: AED23m) and expansion capex of AED62m (62: AED1H23m).

OUTLOOK

Mediclinic continues to navigate the post-pandemic environment, which has introduced both macro-economic and sector-specific challenges. With its diversified portfolio and expanding footprint across the continuum of care, Mediclinic remains highly focussed on revenue growth and delivering operational and cost-efficiencies.

FY24 guidance
For the year to date, Mediclinic has seen a marginal improvement in group-wide performance in the second half of the financial year ending 31 March 2024.

In Switzerland, Hirslanden expects to deliver FY24 revenue broadly in line with FY23 and an EBITDA margin around 13% (FY23: 14.7%).

Mediclinic Southern Africa expects to deliver FY24 revenue growth of around 6% and an EBITDA margin of around 18% (FY23: 19.4%).

Mediclinic Middle East expects to deliver FY24 revenue growth of around 9% and an EBITDA margin of around 14% (FY23: 14.4%).

FOREIGN EXCHANGE RATES

The Group's reporting currency changed to United States dollar at the start of the reporting period. Although the Group reports its results in dollars, the divisional profits are generated in Swiss franc, South African rand, and UAE dirham. During the reporting period, the average and closing exchange rates were as follows:

Average rates	**1H24**	1H23	Variance
Swiss franc	**0.89**	0.97	8%
South African rand	**18.65**	16.27	(15)%
UAE dirham	**3.67**	3.67	0%

Period end rates	**1H24**	FY23	Variance
Swiss franc	**0.92**	0.91	(0)%
South African rand	**18.92**	17.73	(7)%
UAE dirham	**3.67**	3.67	0%

MANTA BIDCO ACQUISITION

The Manta Bidco Acquisition is the scheme whereby Manta Bidco Limited ("Manta Bidco") (a consortium made up of (i) Remgro Limited (through the relevant Remgro subsidiaries); and (ii) SAS Shipping Agencies Services S.à r.l. ("SAS"), a wholly-owned subsidiary of MSC Mediterranean Shipping Company SA ("MSC"), acquired the entire issued and to be issued share capital of Mediclinic Group Limited (formerly Mediclinic International plc) during June 2023.

Due to the Manta Bidco Acquisition, Manta Bidco performed a purchase price allocation ("PPA") of the Mediclinic Group in accordance with *IFRS* 3. Apart from these PPA adjustments and transaction costs, Manta Bidco's results will mainly consist of the Mediclinic Group's results.

Although revenue and EBITDA are not affected by the PPA adjustments, Manta Bidco's profit before tax will be impacted by the depreciation and amortisation of asset values recognised or increased because of the PPA.

ADJUSTED NON-IFRS FINANCIAL MEASURES

Reported results represent the Group's overall performance and have been presented in accordance with *IFRS*.

Management also uses adjusted non-*IFRS* measures to assess the financial and operational performance of the Group. Adjusted results may be considered in addition to, but not as a substitute for, or superior to, information presented in accordance with *IFRS*. Such measures may not be comparable to similar measures presented by other companies.

Adjusted results provide investors and analysts with complementary information to better understand the financial performance and position of the Group from period to period. Adjusted results are used by management for budgeting and planning purposes, as well as by the directors for evaluating management's performance and in setting management incentives.

The main alternative performance measures used by the Group are explained and/or reconciled with our *IFRS* measures as presented in the financial statements.

The Group's policy is to adjust, among others, the following types of significant income and charges from the reported *IFRS* measures to present adjusted results:

- cost associated with major restructuring programmes;
- profit/loss on sale of assets and transaction costs incurred on corporate transactions;
- gains or losses on the remeasurement of previously held equity interests in acquirees in terms of *IFRS 3*;
- remeasurement of right-of-use assets and lease liabilities as a result of lease modifications in terms of *IFRS 16* Leases;
- past service cost charges/credits in relation to retirement benefit obligations;
- accelerated depreciation and amortisation charges;
- mark-to-market fair value gains/losses relating to derivative financial instruments including ineffective interest rate swaps;
- remeasurement of redemption liabilities due to changes in estimated underlying value;
- impairment charges and reversal of impairment charges;
- insurance proceeds for items of property, equipment and vehicles impaired;
- prior-year tax adjustments and significant tax rate changes; and
- tax and non-controlling interest impact of the above items.

EBITDA is defined as operating profit before depreciation and amortisation and impairments of non-financial assets, excluding other gains and losses.

EBITDA and adjusted EBITDA are regarded as useful metrics to analyse the performance of the business from period to period. Measures like adjusted EBITDA are used by analysts and investors in assessing performance. EBITDA eliminates potential differences in performance caused by variances in capital structures and cost and age of capitalised assets.

The Group has consistently applied this definition of adjusted measures in reporting on its financial performance in the past as the directors believe this additional information is important to allow shareholders to better understand the Group's trading performance for the reporting period. It is the Group's intention to continue to apply this definition consistently in the future.

RECONCILIATIONS

Non-IFRS financial measures

30 SEPTEMBER 2023	**Total $'m**	Switzerland $'m	Southern Africa $'m	Middle East $'m	Spire $'m	Corporate $'m
Revenue	**2 199**	1 010	557	632	-	-
Operating profit/(loss)	**113**	38	75	38	-	(38)
Profit/(loss) for the period[1]	**80**	11	45	30	30	(36)
Reconciliations						
Operating profit/(loss)	**113**	38	75	38	-	(38)
Add back:						
- Other gains and losses	**(2)**	-	-	(1)	-	(1)
- Depreciation and amortisation	**139**	79	22	38	-	-
EBITDA	**250**	117	97	75	-	(39)
- Corporate transaction costs	**35**	-	-	-	-	35
Adjusted EBITDA	**285**	117	97	75	-	(4)
Operating profit/(loss)	**113**	38	75	38	-	(38)
- Corporate transaction costs	**35**	-	-	-	-	35
- Accelerated depreciation	**2**	2	-	-	-	-
Adjusted operating profit	**150**	40	75	38	-	(3)
Profit/(loss) for the period[1]	**80**	11	45	30	30	(36)
Non-controlling interest	**(11)**	(2)	(9)	-	-	-
- Corporate transaction costs	**35**	-	-	-	-	35
- Accelerated depreciation	**2**	2	-	-	-	-
- Reversal of impairment of associate	**(25)**	-	-	-	(25)	-
- Tax on exceptional items[2]	**-**	-	-	-	-	-
Adjusted earnings	**81**	11	36	30	5	(1)

Note

[1] *Profit for the period in Switzerland is shown after the elimination of intercompany loan interest of $19m.*
[2] *Tax on exceptional items is less than $0.5m.*

RECONCILIATIONS (continued)

Non-IFRS financial measures (continued)

30 SEPTEMBER 2022	**Total $'m**	Switzerland $'m	Southern Africa $'m	Middle East $'m	Spire $'m	Corporate $'m
Revenue	**2 102**	937	597	568	-	-
Operating profit/(loss)	**143**	31	87	27	-	(2)
Profit/(loss) for the period[1]	**108**	40	54	16	-	(2)
Reconciliations						
Operating profit/(loss)	**143**	31	87	27	-	(2)
Add back:						
- Depreciation and amortisation	**152**	90	24	38	-	-
EBITDA	**295**	121	111	65	-	(2)
- Corporate transaction costs	**2**	-	-	-	-	2
Adjusted EBITDA	**297**	121	111	65	-	-
Operating profit/(loss)	**143**	31	87	27	-	(2)
- Corporate transaction costs	**2**	-	-	-	-	2
- Accelerated depreciation	**12**	12	-	-	-	-
Adjusted operating profit	**157**	43	87	27	-	-
Profit/(loss) for the period[1]	**108**	40	54	16	-	(2)
Non-controlling interest	**(10)**	(1)	(9)	-	-	-
- Corporate transaction costs	**2**	-	-	-	-	2
- Accelerated depreciation	**12**	12	-	-	-	-
- Remeasurement of redemption liability	**(11)**	(11)	-	-	-	-
- Tax rate changes and prior period adjustment	**(19)**	(19)	-	-	-	-
- Tax on exceptional items	**(1)**	(1)	-	-	-	-
Adjusted earnings	**81**	20	45	16	-	-

Note

[1] *Profit for the period in Switzerland is shown after the elimination of intercompany loan interest of $11m.*

Headline earnings

	30 Sep 2023 $'m	30 Sep 2022 $'m
Earnings reconciliation		
Profit attributable to equity holders of the Company	**69**	98
Adjusted for:		
Reversal of impairment of equity-accounted investment	**(25)**	-
Headline earnings	**44**	98