Mediclinic International plc
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("**Mediclinic**", the "**Company**" or the "**Group**")

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

**MEDICLINIC INTERNATIONAL PLC – 2017 FULL YEAR RESULTS AND PROPOSED FINAL CASH DIVIDEND**

**Good performance in Switzerland, Southern Africa and Dubai**
**Middle East platform impacted by Abu Dhabi business**
**Strong operating cash flow generation**
**Robust balance sheet**
**Proposed final dividend of 4.70 pence; total dividend for the year 7.90 pence**

Mediclinic, an international private healthcare group, announces its results for the year ended 31 March 2017 (the "**reporting period**" or "**FY17**").

**GROUP FINANCIAL RESULTS**

- Revenue up 30% to £2 749m; up 15% compared to pro forma FY16 revenue including Al Noor (£2 391m)
- Underlying EBITDA up 17% to £501m; underlying EBITDA margin decreased to 18.2% from 20.4%
- Operating profit up 26% to £362m
- Underlying earnings per share down 19% to 29.8 pence
- In constant currency, revenue and underlying EBITDA increased by 15% and 3% respectively
- Cash flow conversion at 101% of underlying EBITDA
- Proposed final dividend of 4.70 pence per share; in line with dividend policy

**OPERATING PERFORMANCE**

- Hirslanden revenue up 3% to CHF1 704m; underlying EBITDA up 5% to CHF340m; underlying EBITDA margin of 20.0%
- Southern Africa revenue up 7% to ZAR14 367m; underlying EBITDA up 6% to ZAR3 049m; underlying EBITDA margin of 21.2%
- Middle East revenue up 72% to AED3 109m; revenue down 8% versus pro forma for the Al Noor combination; underlying EBITDA down 5% to AED364m; underlying EBITDA margin of 11.7%

***Danie Meintjes, CEO of Mediclinic, today commented:***
*"During the financial year, our two largest operating platforms, Switzerland and Southern Africa, and the Dubai business, performed well growing revenues and patient volumes. Our focus has been on steering the business in Abu Dhabi towards a more sustainable long-term growth path. We expect a gradual improvement in the Middle East platform as we progress through the 2018 financial year and beyond.*

*"This year, regulatory matters weighed on the Group more so than in the past and I'm pleased that in recent weeks we've made progress with some key issues in Switzerland and Abu Dhabi. We will continue to monitor the regulatory landscape and engage with authorities to offer quality and cost-efficient services towards the long-term sustainability of healthcare provision.*

*"We continue to see growing demand for quality healthcare services which is underpinned by an ageing population, growing disease burden and technological innovation. This is why we place such an emphasis on our Patients First strategy and continue to invest in our facilities and people. With this focus and our leading positions in core markets, Mediclinic is well-positioned to deliver sustainable long-term growth."*

**GROUP FINANCIAL SUMMARY**

| £m | **2017** | 2016 | Variance % |
|---|---|---|---|
| Revenue | **2 749** | 2 107 | 30% |
| EBITDA(1) | **509** | 382 | 33% |
| Underlying EBITDA(1) | **501** | 428 | 17% |
| Operating profit | **362** | 288 | 26% |
| Earnings(2) | **229** | 177 | 29% |
| Underlying earnings(1) | **220** | 219 | - |
| Earnings per share (pence) | **31.0** | 29.6 | 5% |
| Underlying earnings per share (pence)(1) | **29.8** | 36.7 | (19%) |
| Total dividend per share (pence) (3) | **7.90** | 7.90 | - |
| Net debt | **1 669** | 1 536 | 9% |

1 *The Group uses underlying income statement reporting as non-IFRS measures in evaluating performance and as a method to provide shareholders with clear and consistent reporting. The reconciliations between the statutory and the non-IFRS measures are in the 'Financial Review' section below.*
2 *Earnings refer to profit attributable to equity holders.*
3 *The total dividend per share for the year ended 31 March 2017 in British pound comprises the proposed final dividend of 4.70 pence per share (FY16: 5.24 pence) and the interim dividend of 3.20 pence per share, paid in December 2016 (FY16: 2.66 pence).*

The Group delivered financial results for FY17 in line with guidance. The Swiss and Southern African platforms generated good revenue and underlying EBITDA growth. Mediclinic's reported financial results for FY17 benefited from the addition of Al Noor's operations, however, the Middle East platform did not meet our expectations, impacted by the Abu Dhabi business. The combination of the Al Noor and Mediclinic businesses was completed on 15 February 2016 with only 46 days of consolidated reporting included in the twelve months ended 31 March 2016 (the "**prior year**" or "**FY16**"). The Group's FY17 financial results, reported in pounds ("**GBP**"), benefited from the translation impact of the weaker GBP compared to all three platform local currencies.

Group revenue grew by 30% and underlying EBITDA grew by 17%. When compared to pro forma FY16 revenue (including Al Noor for the twelve months ended 31 March 2016), revenue increased by 15%. On a constant currency basis, the Group's revenue and underlying EBITDA for the reporting period increased by 15% and 3% respectively. The Group's underlying EBITDA margin declined to 18.2% (FY16: 20.4%), impacted by the Middle East platform.

Depreciation and amortisation increased by 56% to £145m (FY16: £93m). The increase was mainly due to Al Noor operations being included for twelve months compared to 46 days in the prior year. Included in amortisation is an accelerated charge of £7m in relation to the Al Noor trade name.

Finance cost increased by 28% to £74m (FY16: £58m). The increase was mainly driven by the Mediclinic bridge facility, which was refinanced with new borrowing facilities in Southern Africa and the Middle East, announced in June 2016. Included in finance cost is a non-cash fair value gain on the ineffective Swiss interest rate swap of £13m (FY16: £8m).

The Group's effective tax rate decreased from 22.4% in the prior year to 20.8% for the period under review mainly due to one-off non-deductible expenses incurred in the prior year, offset by a reduced contribution from Middle East non-taxable earnings.

Underlying earnings of £220m were flat (FY16: £219m), with Spire Healthcare Group ("**Spire**") contributing £12m (FY16: £6m). Underlying earnings per share decreased by 19% to 29.8p (FY16: 36.7p), largely impacted by the shares issued to acquire and adverse operating performance of Al Noor. Earnings per share, which includes one-off and exceptional income and charges, increased by 5%. The proposed final dividend per share is 4.70p, representing a 27% pay-out ratio to underlying earnings, in line with the Groups dividend pay-out ratio target of 25% to 30%.

*Group results are subject to movements in foreign currency exchange rates. Refer to the 'Financial Review' section below for exchange rates used to convert the operating platforms' results and financial position to British pounds.*

*Details of the FY17 results analyst presentation in London in addition to the webcast and conference call registration information are available at the end of this report or visit the Group's website at www.mediclinic.com.*

## OPERATING REVIEW

### HIRSLANDEN

| | **2017** | 2016 | Variance % |
|---|---|---|---|
| Movement in bed days sold | **(0.7%)** | 3.4% | |
| Movement in revenue per bed day sold | **3.0%** | 1.9% | |
| Inpatients (000's) | **100** | 99 | 1.7% |
| | | | |
| Revenue (CHFm) | **1 704** | 1 657 | 3% |
| Underlying Revenue (CHFm) | **1 704** | 1 647 | 3% |
| Underlying EBITDA (CHFm) | **340** | 325 | 5% |
| Underlying EBITDA margin | **20.0%** | 19.7% | |
| Expansion capex (CHFm) | **74** | 68 | 9% |
| Maintenance capex (CHFm) | **89** | 76 | 17% |
| Underlying EBITDA converted to cash | **101%** | 88% | |
| Average GBP/CHF exchange rate | **1.29** | 1.47 | (12%) |
| | | | |
| Revenue (£m) | **1 321** | 1 130 | 17% |
| Underlying revenue (£m) | **1 321** | 1 123 | 18% |
| Underlying EBITDA (£m) | **264** | 221 | 19% |

Hirslanden accounted for 48% of the Group's revenues (FY16: 54%) and 53% of its underlying EBITDA (FY16: 52%).

As at the end of the reporting period, Hirslanden operated 16 hospitals and 4 clinics with a total of 1 677 inpatient beds and 9 402 employees (6 760 full-time equivalents). It is the largest private acute care hospital group in Switzerland servicing approximately one third of inpatients treated in Swiss private hospitals.

During the period under review, revenues increased by 3% to CHF1 704m (FY16: CHF1 657m). This was driven by a 1.7% growth in inpatient admissions. The reduction in both bed days sold (-0.7%) and the average length of stay (-2.3%) was offset by an increase of 3.0% in the average revenue per bed day sold. This is largely due to an increase in the average severity of cases, with an increasing number of doctors performing complex procedures at Hirslanden hospitals. Outpatient revenues increased by 9% and now contributes nearly 20% to overall Hirslanden revenues.

Underlying EBITDA increased by 5% to CHF340m (FY16: CHF325m) with the underlying EBITDA margin increasing to 20.0% from 19.7% due to several productivity measures and cost savings initiatives implemented during the year and an underlying tariff provision release of CHF8m. These were offset by continued investment in Hirslanden 2020 and the ongoing shift in patient mix from semi and private to basic insured. Operating profit increased by 7% to CHF259m (FY16: CHF243m). Hirslanden contributed £121m to the Group's underlying earnings compared to £101m in the prior year.

Hirslanden invested CHF74m in expansion capital projects and new equipment and CHF89m on the replacement of existing equipment and upgrade projects as well as investments in Hirslanden 2020 and relocation of the corporate head office. In April 2016, Hirslanden Clinique Cecil in Lausanne opened a new hybrid operating theatre and an outpatient surgery unit. In August 2016, Hirslanden Klinik Aarau opened its third cardiac catheterisation laboratory. At Hirslanden Klinik St. Anna and Hirslanden Klinik Stephanshorn, two new modular operating theatres were completed in October and December 2016, respectively. Further important development projects completed included new doctors' consulting rooms for Hirslanden Clinique La Colline, restructuring of radiology for Hirslanden Klinik Stephanshorn and restructuring of the sterilisation unit for Hirslanden Klinik Permanence. Hirslanden Klinik Im Park in Zurich opened its new outpatient surgery centre in April 2017, which includes a ward for procedures requiring short inpatient stays. Building work commenced on an expanded emergency department for Klinik Hirslanden in Zürich and there are plans for a range of other expansion projects to increase the business' capacity.

During the year, Hirslanden increased efficiency in various areas of the business. Supply costs and labour costs were successfully reduced, while more focused management led to increased utilisation of our infrastructure. Hirslanden is focused on achieving further efficiency gains and optimisation, leveraging off the broader Group's economies of scale to manage cost pressures.

There were a number of regulatory developments in Switzerland during the year. In April 2017, the Zurich Cantonal Parliament voted not to approve the proposed VVG levy. As part of a Cantonal budget review and cost savings initiative, the Canton had proposed a levy to be introduced based on the proportion of privately insured patients treated in listed hospitals. This complex matter went through an extended legislative process and Hirslanden engaged with the relevant public authorities to raise concerns regarding the process, equality and the impact the proposed levy would have had on the business. Hirslanden will continue to monitor developments in the canton whilst maintaining its dialogue and engagement with the relevant public authorities to ensure that it can, on a sustainable basis, deliver high-quality, cost-efficient, healthcare to patients.

The national outpatient tariff ("**TARMED**") is still in revision and the current tariff structure is valid until the end of the 2017 calendar year. The Swiss Federal Government has released proposed adjustments to TARMED as a transitional solution whilst healthcare providers and funders continue to negotiate and agree a revised tariff structure. The government proposal is targeting annual savings of around CHF700m across the public and private outpatient sectors. Outpatient services contributed approximately 20% of Hirslanden revenues, at around CHF300m in FY17. Based on initial analyses of the complex proposal, the expected annualised impact on Hirslanden outpatient revenues is around CHF30m before any mitigating actions are considered. These mitigations could include improved utilisation and increased efficiencies that would help to reduce the impact of the transitional solutions proposed by the Federal Government on the underlying EBITDA and margins of the business. Due to its implementation date on 1 January 2018, the impact on Hirslanden is expected to be limited in the FY18 financial year.

There continues to be a significant focus on the shift of basic medical treatments from the inpatient to the outpatient sector ("outmigration"). The Federal Government is preparing a framework for the outmigration of services, likely to be ready for implementation from 1 January 2018, across Switzerland. The Zurich Cantonal Parliament, in April 2017, approved an amendment to the cantonal hospital law, providing a legal basis for the cantonal government to create a list of interventions that in future should generally be treated as outpatient rather than inpatient services. The final list of interventions will be agreed following a working group review. In the Canton of Lucerne similar measures are expected to be implemented from 1 July 2017.

Hirslanden is responding to the trend of outmigration with the opening of new outpatient facilities and the creation of an integrated medical network that facilitates the access to healthcare for patients. This is also important because outpatient clinics are a well-established route for the subsequent allocation of patients to hospitals and specialists. The establishment of outpatient facilities is part of the Hirslanden 2020 strategic programme. This programme has two main goals: to increase the efficiency of the existing business by implementing standardised systems and processes; and to develop new areas of business, such as outpatient facilities. Having opened the new outpatient surgery centre at Klinik Im Park, Hirslanden will also open two new medical centres in Zurich (Seefeldstrasse) and Cham (canton of Zug) in spring 2018 and a further one at Schuppis (canton of St. Gallen) in 2019.

**MEDICLINIC SOUTHERN AFRICA**

| | **2017** | 2016 | Variance % |
|---|---|---|---|
| Movement in bed days sold | **0.8%** | 2.9% | |
| Movement in revenue per bed day sold | **5.8%** | 6.3% | |
| Admissions (‘000s) | **579** | 575 | 0.6% |
| | | | |
| Revenue (ZARm) | **14 367** | 13 450 | 7% |
| Underlying EBITDA (ZARm) | **3 049** | 2 877 | 6% |
| Underlying EBITDA margin | **21.2%** | 21.4% | |
| Expansion capex (ZARm) | **790** | 758 | 4% |
| Maintenance capex (ZARm) | **515** | 317 | 62% |
| Underlying EBITDA converted to cash | **104%** | 109% | |
| Average GBP/ZAR exchange rate | **18.41** | 20.73 | (11%) |
| | | | |
| Revenue (£m) | **780** | 649 | 20% |
| Underlying EBITDA (£m) | **165** | 139 | 19% |

Mediclinic Southern Africa accounted for 28% of the Group’s revenues (FY16: 31%) and 33% of its underlying EBITDA (FY16: 32%).

In Southern Africa (including South Africa and Namibia), as at the end of the reporting period, Mediclinic operated 52 hospitals and 2 day clinics with a total of 8 095 beds and 16 848 employees. The platform is the third largest private hospital provider in Southern Africa.

During the period under review, revenue increased by 7% to ZAR14 367m (FY16: ZAR13 450m). Bed days sold and average revenue per bed day increased by 0.8% and 5.8%, respectively. Admissions increased by 0.6% with growth in medical cases partially offset by a decrease in surgical day cases as the outmigration trend continues. The average length of stay increased by 0.2%.

Underlying EBITDA increased by 6% to ZAR3 049m (FY16: ZAR2 877m) resulting in the underlying EBITDA margin decreasing to 21.2% from 21.4% due to the ongoing shift in mix towards medical versus surgical cases, wage and cost inflation, including higher price increases on pharmaceuticals (sold at zero margin) and investment in additional clinical personnel. Operating profit increased by 15% to ZAR2 584m (FY16: ZAR2 252m). Mediclinic Southern Africa contributed £67m to the Group’s underlying earnings compared to £63m in the prior year, impacted by an additional ZAR182m (£10m) interest charge on additional debt following the refinance of the Group’s bridge loan.

Mediclinic Southern Africa invested ZAR790m on expansion capital projects and new equipment and ZAR515m on the replacement of existing equipment and upgrade projects. The number of beds increased by 78 taking the total number of beds to 8 095. Key projects completed during the year were at Mediclinic Upington, Mediclinic Worcester, Mediclinic Emfuleni and Mediclinic Windhoek. The building projects in progress are expected to add some 54 additional beds by the end of FY18, taking the total number of licensed beds across the operating platform to 8 149. Several additional building projects are due for completion in FY19 and FY20, which are expected to add some 350 additional beds in both existing facilities and new day clinics.

During FY16, Mediclinic Southern Africa announced the proposed acquisition of a controlling share in Matlosana Medical Health Services Proprietary Limited ("**MMHS**"), based in Klerksdorp in the North-West Province of South Africa. MMHS owns two multi-disciplinary hospitals, Wilmed Park Hospital (144 licensed beds) and Sunningdale Hospital (62 licensed beds), as well as a 51% share in Parkmed Neuro Clinic, a psychiatric hospital (50 licensed beds). This proposed acquisition supports Mediclinic's core focus of providing acute care, multi-disciplinary specialist hospital services. Although substantially completed, the transaction remains subject to approval by the competition authorities. In January 2017, Mediclinic Southern Africa also announced the proposed acquisition of a 50% + 1 share interest in Life Path Health, which operates seven mental health facilities and is in the process of establishing three further facilities, with applications approved by Department of Health for further facilities. This transaction is subject to a number of conditions precedent.

The Competition Commission is currently undertaking a market inquiry into the private healthcare sector in South Africa to understand both whether there are features of the sector that prevent, distort or restrict competition and how competition in the sector can be promoted. The inquiry was due to publish its recommendations in December 2016, but has advised of further delays with the HMI now guiding that the final publication is expected at the end of the 2017 calendar year. Mediclinic has submitted documentation to the inquiry and will continue to engage with all stakeholders as draft documents are published through the year to achieve an agreeable outcome.

The South African Government is seeking to address the shortcomings of the public health system through the phased introduction of a National Health Insurance system over a 14-year period. A draft White Paper outlining the financing and design of the envisaged system has been released for consultation and Mediclinic has submitted comprehensive comments. However, there remain a large number of obstacles that still need to be addressed before greater clarity about the outcomes can be communicated.

The results above were delivered against a continued weak macro-economic environment, stagnant medical scheme membership and increased competition in the private hospital sector. However, some incremental growth opportunities remain in Southern Africa as a result of the ageing population, new technology and services and an increase in the proportion of cases with chronic disease codes. These include the expansion of Mediclinic Southern Africa's existing hospitals, the establishment of new day clinics and investment in related business opportunities such as mental health.

**MEDICLINIC MIDDLE EAST**

| | 2017 | 2016 | Variance % |
|---|---|---|---|
| Inpatients ('000s) [1] | **69** | 73 | (4.8%) |
| Outpatients ('000s) [1] | **3 173** | 3 514 | (9.7%) |
| Movement in bed days sold[1] | **(6.2%)** | n/a | |
| | | | |
| Revenue (AEDm) | **3 109** | 1 802 | 72% |
| Underlying EBITDA (AEDm) | **364** | 384 | (5%) |
| Underlying EBITDA margin | **11.7%** | 21.3% | |
| Expansion capex (AEDm) | **188** | 171 | 10% |
| Maintenance capex (AEDm) | **57** | 32 | 78% |
| Underlying EBITDA converted to cash | **120%** | 99% | |
| Average GBP/AED exchange rate | **4.80** | 5.54 | (13%) |
| | | | |
| Revenue (£m) | **648** | 328 | 98% |
| Underlying EBITDA (£m) | **76** | 70 | 9% |

1. *Operational metrics are reported on a pro forma basis combining Al Noor and Mediclinic for FY16.*

Mediclinic Middle East accounted for 24% of the Group's revenues (FY16: 16%) and 15% of its underlying EBITDA (FY16: 16%).

In the Middle East, as at the end of the reporting period, the combined business operated 6 hospitals and 31 clinics with a total of 714 beds and 6 375 employees. The platform is one of the largest private healthcare providers in the UAE with the majority of its operations in Dubai and Abu Dhabi (including Al Ain).

The Mediclinic Middle East financial results represent the combined business for FY17. In FY16, Al Noor's results were only consolidated from 15 February 2016.

During the period under review, revenue increased by 72% to AED3 109m (FY16: AED1 802m). The existing Dubai business increased revenue by 5% including the related ramp up benefit from the new City Hospital North Wing. However, the Abu Dhabi business underperformed, down 19% compared to the prior year pro forma revenue. On a pro forma basis, inpatient admissions and day cases declined by 4.8% and outpatient attendance decreased by 9.7%. Bed days sold decreased by 6.2%. Abu Dhabi inpatient and outpatient volumes were down 12% and 14% respectively versus the prior year due to the unforeseen changes in the regulatory environment with the introduction of a co-payment on local "Thiqa" insurance card holders, a need to align Al Noor with the sustainable business and operational practices of the Group, doctor vacancies, increased competition and the sale of several non-core assets. Thiqa patient volume declines were greater than other insurance categories in Abu Dhabi with inpatients down 33% and outpatients down 31%.

Underlying EBITDA decreased by 5% to AED364m (FY16: AED384m) and the underlying EBITDA margin decreased to 11.7% from 21.3%. Despite good progress made in respect of the integration benefits from the combination, this was more than offset by the revenue shortfall. Operating profit decreased by 58% to AED134m (FY16: AED321m). Mediclinic Middle East contributed £33m to the Group's underlying earnings compared to £57m in the comparative period.

In early June 2016, the platform amended and increased the existing debt facilities to AED1 079bn (of which AED220m remains undrawn) from AED282m in the prior year, to refinance the Group bridge loan facility, as well as to continue to fund existing expansion projects across the UAE.

The provision for impairment of receivables increased by AED113m (AED89m relating to Abu Dhabi receivables) and was charged to the income statement. In FY16, AED25m (AED9m relating to Abu Dhabi receivables) was charged to the income statement. Furthermore, an opening balance sheet adjustment of AED73m was made to the Al Noor receivables to finalise the Al Noor purchase price allocation.

Mediclinic Middle East invested AED188m on expansion capital projects and new equipment and AED57m on the replacement of existing equipment and upgrade projects. The major components of the expansion capital expenditure were the Mediclinic City Hospital North Wing and Mediclinic Parkview Hospital projects in Dubai. The former was successfully opened in September 2016 and houses, amongst other disciplines, the Comprehensive Cancer Centre, Dubai's most advanced facility for the diagnosis and treatment of cancer, built in association with Hirslanden in Switzerland. Patient volumes since opening the North Wing have been encouraging. Construction of the Parkview Hospital, the seventh hospital of the platform, is progressing well and is on track to be completed in the fourth quarter of the financial year ending 31 March 2019.

As part of the ongoing investment in the region, a partner was selected for an Electronic Health Record system which will be implemented over the coming years. By creating unified records for patients, regardless of which facility they receive treatment at, the system will enable the business to deliver improved service quality and seamless care for patients.

The regulatory environment in the Middle East had a significant impact on the platform's performance this year. On 30 June 2016, the Health Authority Abu Dhabi ("**HAAD**") announced a number of amendments to Abu Dhabi's health insurance programmes with immediate effect as of 1 July 2016. Changes to the Thiqa plan (health insurance for UAE Nationals or others of similar status in Abu Dhabi) stipulated that patients receive 80% coverage of the fees for outpatient and inpatient services provided by private healthcare facilities in Abu Dhabi (previously 100% for most services). It was mandatory for private healthcare providers to collect the full co-payment from patients, which Mediclinic adhered to with immediate effect. A further change saw the Thiqa plan cover only 50% of the cost if patients sought medical services outside Abu Dhabi (including Dubai and the Northern Emirates). In Dubai, UAE nationals are covered under the ENAYA and SAADA health insurance programme, under the supervision of the Dubai Health Authority, with a 10% co-payment for inpatient and outpatient services in public and private sector. As mentioned, these changes had a significant impact on the Thiqa patient volumes in the Abu Dhabi business. However, on 26 April 2017, following a period of engagement with various authorities and stakeholders, His Highness Sheikh Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces, ordered the waiving of the 20% Thiqa co-payment when receiving treatment at private healthcare facilities in Abu Dhabi, with immediate effect. It was also confirmed that the co-payment for services provided to Thiqa patients outside of Abu Dhabi would be reduced from 50% to 10%. Preparations are ongoing for the introduction of Diagnosis Related Groups in Dubai expected to be implemented in April 2018. The platform continues to maintain an active dialogue with government authorities on regulatory changes within the UAE healthcare sector.

A key focus during the year has been integrating the Abu Dhabi-based Al Noor Hospitals Group with the established Mediclinic Middle East business in Dubai. The regional management team successfully addressed a number of key issues including the establishment of a clear operational and clinical strategy in Abu Dhabi, doctor vacancies, integrating the functional departments of the two businesses, conforming revenue cycle management with the Middle East business, identifying synergies in procurement and headcount and consolidating the two corporate offices and executive management teams. The Group remains on track to generate annualised synergies of AED75m from the combined Middle East business. Some 136 new doctor appointments were made in the Middle East during FY17 and a further 52 doctors are currently in the process of recruitment helping to fill the vacant positions that resulted from the departure of doctors in the twelve months leading up to the Al Noor combination and at the start of FY17.

As part of an extensive review of the Abu Dhabi business, certain units, non-core to the central strategy of the platform, were identified for divestment. The Group has classified AED42m assets and AED9m liabilities as held for sale in relation to these units. The platform completed the sale of Rochester Wellness, consisting of two clinics in Dubai and Oman, to Emirates Health during the year. In November 2016, the platform completed the sale of Gulf International Cancer Centre to Proton Partners International. The construction of a new hospital in the Western Region was postponed.

Several new facilities were opened in Abu Dhabi during the year. These included the Mediclinic Al Jowhara Hospital (formerly Al Noor Hospital – Al Jowhara), a 51-bed multi-disciplinary hospital in Al Ain that was delayed by several months, clinics in Ghayati (Western Region) and Al Yahar (Al Ain), as well as the Aspetar Clinic (Al Ain). The Khalifa City A clinic was opened in April 2017. Areas of opportunity were identified in Abu Dhabi, including the expansion and redevelopment of Mediclinic Al Noor Hospital (formerly Al Noor Hospital – Khalifa Street) and the creation of a new Comprehensive Cancer Centre at Mediclinic Airport Road Hospital (formerly Al Noor Hospital – Airport Road). In September 2016, the platform completed the purchase of the remaining 25% interest in the Al Madar group of clinics, based in Abu Dhabi. The important strategic decision to re-brand Al-Noor facilities to Mediclinic was taken in February 2017 reflecting the ongoing and future investment in the Abu Dhabi business. The project commenced in April 2017 and due to regulatory requirements, is expected to take approximately one year to complete. As a result of the re-branding decision, an accelerated amortisation charge of AED36m in connection with the acquired Al Noor trade name asset has been recognised in FY17. The remaining balance of the trade name will be fully amortised in FY18. The accelerated amortisation charge has been excluded in determining underlying earnings.

Although the region faces a low oil price environment and softening of consumer sentiment, the Middle East remains a growth market, where the combination of Mediclinic and Al Noor has created one of the leading private healthcare providers in the region. Recent regulatory changes provide support for the gradual recovery in performance of the Abu Dhabi business and future investment decisions. Opportunities include the provision of services for a growing and ageing population, which is facing an increased incidence of lifestyle-related medical conditions, in a region where governments are seeking to diversify their economies away from dependence on oil revenues. Mediclinic has confidence in its long-term Middle East growth strategy and continues to focus on building a high quality, multi-disciplinary clinical service offering in Abu Dhabi that emulates the Group’s market leading Dubai operation.

**SPIRE HEALTHCARE GROUP**

Mediclinic has a 29.9% investment in Spire. The investment in Spire is accounted for on an equity basis recognising the reported profit of £53.6m for the twelve months to 31 December 2016 (“**Spire’s FY16**”). The equity accounted share of profit from Spire recognised by Mediclinic in FY17 was £12m (FY16: £6m) after adjusting for the amortisation of intangible assets recognised in the notional purchase price allocation for the Group’s acquisition of its equity investment.

Spire’s FY16 saw solid growth with adjusted revenue up 5.8%, adjusted EBITDA up 5.4% and comparable EPS (excluding exceptionals and tax one-offs) up 4.9%. Total patient admissions grew 2.3% driven by self-pay and NHS volume growth. After adjusting for St Anthony's and prior year disposals, Spire’s adjusted EBITDA margin remained stable at 18.2%, while EBITDA conversion to operating cash flow increased to 115% before exceptional items and tax.

**OUTLOOK**

The Group's main strategic focus remains to ensure high-quality care and optimal patient experience. To this end, Mediclinic continues to invest in its people, patient facilities and the technology within the facilities. The Group's growing international scale also enables it to unlock further value through promoting collaboration and best practice between its operating platforms and to extract further synergies and cost-efficiencies. The Group is well-positioned to deliver long-term value to its shareholders with a well-balanced portfolio of global operations, a leading position across all four attractive healthcare markets and a platform for future growth.

Demand for Mediclinic's services across its platforms remains robust, underpinned by an ageing population, growing disease burden and technological innovation. However, the increase in demand across the platforms is impacted by lower economic growth and greater competition. In addition, there is an increased focus on the affordability of delivering healthcare which is resulting in changing care delivery models and greater regulatory oversight.

The Group provides the following guidance for the financial year ending 31 March 2018 ("**FY18**"):

- Hirslanden: Given the already high occupancy rates and stable bed numbers the Group anticipates modest revenue growth. The underlying EBITDA margin is expected to be lower. This is due to the tariff and regulatory environment including the impact from the proposed national TARMED adjustment and outmigration framework coming in the fourth quarter FY18, increasing costs relating to several major projects including Hirslanden 2020 and assumes no further tariff provision releases that benefited FY17. The impacts of these will partially be offset by ongoing efficiency gains.

- Mediclinic Southern Africa: The Group expects revenue growth in line with inflation despite the challenging macro-economic environment, greater competition and funder constraints. Despite cost inflation running above tariff increases, the underlying EBITDA margin is expected to remain broadly stable through increased efficiencies.

- Mediclinic Southern Africa and Hirslanden business days will be impacted by two Easter holiday periods in the current year.

- Mediclinic Middle East: The Dubai operating performance is expected to remain stable despite the competitive landscape. A gradual improvement is expected in the Abu Dhabi business over the next couple of years. As a result, the Group expects only a marginal improvement in Middle East revenues for the full year and a gradual improvement in underlying EBITDA margins over time, including the impact associated with the opening of new facilities. First half FY18 Middle East performance versus the prior year comparator is expected to be lower largely due to the higher patient volumes and revenues in Abu Dhabi prior to the regulatory changes, asset sales and business and operational alignment initiatives during FY17.

- The Group's budgeted capital expenditure is £281m in constant currency. This comprises of £118m in Hirslanden, £71m in Mediclinic Southern Africa and £92m in Mediclinic Middle East.

## FINANCIAL REVIEW

### Underlying non-IFRS financial measures

The Group uses underlying income statement reporting as non-IFRS measures in evaluating performance and as a method to provide shareholders with clear and consistent reporting. The underlying measures are intended to remove volatility associated with certain types of one-off income and charges from reported earnings. Historically EBITDA and underlying EBITDA were disclosed as supplemental non-IFRS financial performance measures because they are regarded as useful metrics to analyse the performance of the business from period to period. Measures like underlying EBITDA are used by analysts and investors in assessing performance.

The rationale for using non-IFRS measures:

- it tracks the underlying operational performance of the Group and its operating segments by separating out one-off and exceptional items;
- non-IFRS measures are used by management for budgeting, planning and monthly financial reporting; and
- non-IFRS measures are used by management in presentations and discussions with investment analysts.

The Group's policy is to adjust, *inter alia*, the following types of income and charges from the reported IFRS measures to present underlying results:

- restructuring costs;
- profit/loss on sale of significant assets;
- past service cost charges / credits in relation to pension fund conversion rate changes;
- significant prior year tax and deferred tax adjustments;
- accelerated IFRS 2 charges;
- accelerated amortisation charges;
- mark-to-market fair value gains / losses, relating to ineffective interest rate swaps;
- significant impairment charges;
- significant insurance proceeds; and
- significant transaction costs incurred during acquisitions.

EBITDA is defined as operating profit before depreciation and amortisation, excluding other gains and losses.

Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. The underlying measures used by the Group are not necessarily comparable with those used by other entities.

The Group has consistently applied this definition of underlying measures as it has reported 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 consistently apply this definition in the future.

**Earnings reconciliations**

| 2017 STATUTORY RESULTS | Total £m | Switzerland £m | Southern Africa £m | Middle East £m | United Kingdom £m | Corporate £m |
|---|---|---|---|---|---|---|
| Revenue | **2 749** | 1 321 | 780 | 648 | - | - |
| Operating profit | **362** | 201 | 140 | 28 | - | (7) |
| Profit attributable to equity holders* | **229** | 141 | 67 | 22 | 12 | (13) |
| **RECONCILIATIONS** | | | | | | |
| Operating profit | **362** | 201 | 140 | 28 | - | (7) |
| Add back: | | | | | | |
| - Other gains and losses | **2** | - | - | (1) | - | 3 |
| - Depreciation and amortisation | **145** | 76 | 25 | 44 | - | - |
| **EBITDA** | **509** | 277 | 165 | 71 | - | (4) |
| ***One-off and exceptional items:*** | | | | | | |
| Past service cost credit | **(13)** | (13) | - | - | - | - |
| Restructuring costs | **5** | - | - | 5 | - | - |
| **Underlying EBITDA** | **501** | 264 | 165 | 76 | - | (4) |
| Profit attributable to equity holders* | **229** | 141 | 67 | 22 | 12 | (13) |
| ***One-off and exceptional items:*** | | | | | | |
| Past service cost credit | **(13)** | (13) | - | - | - | - |
| Restructuring costs | **5** | - | - | 5 | - | - |
| Fair value gains on ineffective cash flow hedges | **(13)** | (13) | - | - | - | - |
| Other gains and losses | **(1)** | - | - | (1) | - | - |
| Accelerated amortisation | **7** | - | - | 7 | - | - |
| Tax on one-off and exceptional items | **6** | 6 | - | - | - | - |
| **Underlying earnings** | **220** | 121 | 67 | 33 | 12 | (13) |
| Weighted average number of shares (millions) | 736.9 | | | | | |
| **Underlying earnings per share (pence)** | **29.8** | | | | | |

**Profit attributable to equity holders in Switzerland is shown after the elimination of intercompany loan interest of £16m.*

| 2016 STATUTORY RESULTS | Total £m | Switzerland £m | Southern Africa £m | Middle East £m | United Kingdom £m | Corporate £m |
|---|---|---|---|---|---|---|
| Revenue | **2 107** | 1 130 | 649 | 328 | - | - |
| Operating profit | **288** | 165 | 109 | 58 | - | (44) |
| Profit attributable to equity holders* | **177** | 113 | 53 | 55 | 6 | (50) |
| | | | | | | |
| **RECONCILIATIONS** | | | | | | |
| Revenue | **2 107** | 1 130 | 649 | 328 | - | - |
| Pre-acquisition Swiss tariff provision release | **(7)** | (7) | - | - | - | - |
| Underlying revenue | **2 100** | 1 123 | 649 | 328 | - | - |
| | | | | | | |
| Operating profit | **288** | 165 | 109 | 58 | - | (44) |
| Add back: | | | | | | |
| - Other gains and losses | **1** | - | - | - | - | 1 |
| - Depreciation and amortisation | **93** | 63 | 20 | 10 | - | - |
| **EBITDA** | **382** | 228 | 129 | 68 | - | (43) |
| | | | | | | |
| ***One-off and exceptional items:*** | | | | | | |
| Transaction cost (Al Noor acquisition) | **41** | - | - | - | - | 41 |
| Accelerated share-based payment charges | **10** | - | 10 | - | - | - |
| Pre-acquisition Swiss tariff provision release | **(7)** | (7) | - | - | - | - |
| Restructuring costs | **2** | - | - | 2 | - | - |
| **Underlying EBITDA** | **428** | 221 | 139 | 70 | - | (2) |
| | | | | | | |
| Profit attributable to equity holders* | **177** | 113 | 53 | 55 | 6 | (50) |
| ***One-off and exceptional items:*** | | | | | | |
| Transaction cost (Al Noor acquisition) | **41** | - | - | - | - | 41 |
| Accelerated share-based payment charges | **10** | - | 10 | - | - | - |
| Pre-acquisition Swiss tariff provision release | **(7)** | (7) | - | - | - | - |
| Restructuring costs | **2** | - | - | 2 | - | - |
| Fair value gains on ineffective cash flow hedges | **(8)** | (8) | - | - | - | - |
| Other gains and losses | **1** | - | - | - | - | 1 |
| Tax on one-off and exceptional items | **3** | 3 | - | - | - | - |
| **Underlying earnings** | **219** | 101 | 63 | 57 | 6 | (8) |
| Weighted average number of shares (millions) | 598.4 | | | | | |
| **Underlying earnings per share (pence)** | **36.7** | | | | | |

**Profit attributable to equity holders in Switzerland is shown after the elimination of intercompany loan interest of £17m.*

**Group financial performance**
Group revenue increased by 30% to £2 749m (2016: £2 107m) for the reporting period.

Underlying operating profit before interest, tax, depreciation and amortisation ("underlying EBITDA") was 17% higher at £501m (2016: £428m), underlying margins declined from 20.4% to 18.2%, and basic underlying earnings per share were 19% lower at 29.8 pence (2016: 36.7 pence).

During the reporting period, the following exceptional and one-off items were adjusted for in determining underlying earnings:

- £13m (£10m after tax) mark-to-market fair value gain, relating to the ineffective Swiss interest rate swaps. The Group uses floating-to-fixed interest rate swaps on certain loan agreements to hedge against interest movements which have the economic effect of converting floating rate borrowings to fixed rate borrowings. The Group applies hedge accounting and therefore fair value adjustments are booked to the consolidated statement of comprehensive income.

  With the removal of the Swiss franc/Euro peg during January 2015 and the advent of negative interest rates in Switzerland, the Swiss interest rate hedges became ineffective once Libor moved below zero as bank funding at Libor plus relevant margins is subject to a zero rate Libor floor. Effective from 1 October 2014, the mark-to-market movements are charged to the income statement. As these are non-cash flow items and to provide balanced operational reporting, the Group excluded the charge in the measurement of underlying performance in the 2015 financial year and consistently excludes the gain arising this year. The swaps expire in 2017 and 2018.

- A past-service cost credit of £13m (£10m after tax) arising in the main Hirslanden pension fund. This relates to a change in the pension fund conversion rate advised by an independent professional. The underlying income statement has been adjusted as the credit is not related to the current year underlying performance of the Swiss hospital operations.

- Accelerated amortisation of £7m relating to the Al Noor trade name.

- Restructuring costs of £5m relating to the integration of the Al Noor operations. Consistent with last year's treatment, the underlying income statement has been adjusted for these costs following the combination in 2016. Currently, no further restructuring costs associated with this transaction are expected to be adjusted beyond 31 March 2017.

- £1m gain on the mark-to-market of a put option.

**Foreign exchange rates**
Although the Group reports its results in British pound, the operating segments profits are generated in Swiss franc, UAE dirham and the South African rand. Consequently, movement in exchange rates affected the reported earnings and reported balances in the statement of financial position.

Foreign exchange rate sensitivity:
- The impact of a 10% change in the GBP/CHF exchange rate for a sustained period of one year is that profit for the year would increase/decrease by £14m (2016: increase/decrease by £11m) due to exposure to the GBP/CHF exchange rate.

- The impact of a 10% change in the GBP/ZAR exchange rate for a sustained period of one year is that profit for the year would increase/decrease by £8m (2016: increase/decrease by £7m) due to exposure to the GBP/ZAR exchange rate.

- The impact of a 10% change in the GBP/AED exchange rate for a sustained period of one year is that profit for the year would increase/decrease by £2m (2016: increase/decrease by £6m) due to exposure to the GBP/AED exchange rate.

During the period under review, the average and closing exchange rates were the following:

| | 2017 | Variance % | 2016 |
|---|---|---|---|
| **Average rates:** | | | |
| GBP/CHF | 1.29 | (12%) | 1.47 |
| GBP/AED | 4.80 | (13%) | 5.54 |
| GBP/ZAR | 18.41 | (11%) | 20.73 |
| | | | |
| **Period end rates:** | | | |
| GBP/CHF | 1.25 | (9%) | 1.38 |
| GBP/AED | 4.59 | (13%) | 5.28 |
| GBP/ZAR | 16.74 | (21%) | 21.21 |

**Cash flow**

The Group continued to deliver strong cash flow converting 101% (2016: 96%) of underlying EBITDA into cash generated from operations. Cash and cash equivalents increased from £305m to £361m.

**Interest-bearing borrowings**

Interest-bearing borrowings increased from £1 841m at 31 March 2016 to £2 030m at 31 March 2017. This increase is mainly as a result of the change in the closing exchange rates, offset by a loan amortisation payment. During the reporting period, the bridge facility was repaid using additional financing facilities in South Africa and the Middle East.

| | 2017 £m | 2016 £m |
|---|---|---|
| Interest-bearing | 2 030 | 1 841 |
| Less: cash and cash equivalents | (361) | (305) |
| Net debt | 1 669 | 1 536 |
| Total equity | 4 164 | 3 570 |
| Debt-to-equity capital ratio | 0.4 | 0.4 |

**Assets**

Property, equipment and vehicles increased from £3 199m at 31 March 2016 to £3 703m at 31 March 2017. This increase is mainly as a result of additions as well as the change in closing exchange rates.

Intangible assets increased from £1 941m at 31 March 2016 to £2 156m mainly because of the change in closing exchange rates.

**Income tax**

The Group's effective tax rate decreased from 22.4% in the prior year to 20.8% for period under review predominantly due to the following:

- The tax rate decreased by 4.2% in respect of prior year one-off non-deductible expenses which were not incurred in the period under review. This was related to Al Noor transaction costs as well as an accelerated IFRS2 charge; and
- The tax rate increased by 3.0% due to a reduced contribution by Middle East to earnings.

**Tax strategy**

The Group is committed to conduct its tax affairs consistent with the following objectives:

- comply with relevant laws, rules, regulations, and reporting and disclosure requirements in whichever jurisdiction it operate; and
- maintain mutual trust and respect in dealings with all tax authorities in the jurisdictions the Group do business.

Whilst the Group aims to maximise the tax efficiency of its business transactions, it does not use structures in its tax planning that are contrary to the intentions of the relevant legislature. The Group interprets relevant tax laws in a reasonable way and ensures that transactions are structured in a way that is consistent with a relationship of co-operative compliance with tax authorities. It also actively considers the implications of any planning for the Group's wider corporate reputation.

In order to meet these objectives, various procedures are implemented. The Audit and Risk Committee has reviewed the Group's tax strategy and related corporate tax matters.

**DIVIDEND POLICY AND PROPOSED DIVIDEND**

The Group's dividend policy is to target a pay-out ratio of between 25% and 30% of underlying earnings. The Board may revise the policy at its discretion.

The Board proposes a final dividend of 4.70 pence per ordinary share for the year ended 31 March 2017 for approval by the Company's shareholders at the annual general meeting on Tuesday, 25 July 2017. Together with the interim dividend of 3.20 pence per ordinary share for the six months ended 30 September 2016 (paid on 12 December 2016), the total final proposed dividend reflects a 27% distribution of underlying Group earnings attributable to ordinary shareholders.

Shareholders on the South African register will be paid the ZAR cash equivalent of 80.60500 cents (64.48400 cents net of dividend withholding tax) per share. A dividend withholding tax of 20% will be applicable to all shareholders on the South African register who are not exempt therefrom. The ZAR cash equivalent has been calculated using the following exchange rate: £1: ZAR17.15, being the 5-day average ZAR/GBP exchange rate on Friday, 19 May 2017 at 3:00pm GMT Bloomberg.

The final dividend will be paid on Monday, 31 July 2017 to all ordinary shareholders who are on the register of members at the close of business on the record date of Friday, 23 June 2017.

The salient dates for the dividend will be as follows:

| | |
|---|---|
| Dividend announcement date | Wednesday, 24 May 2017 |
| Last date to trade cum dividend (SA register) | Tuesday, 20 June 2017 |
| First date of trading ex-dividend (SA register) | Wednesday, 21 June 2017 |
| First date of trading ex-dividend (UK register) | Thursday, 22 June 2017 |
| Record date | Friday, 23 June 2017 |
| Shareholder approval at AGM | Tuesday, 25 July 2017 |
| Payment date | Monday, 31 July 2017 |

Share certificates may not be dematerialised or rematerialised within Strate from Wednesday, 21 June 2017 to Friday, 23 June 2017, both dates inclusive. No transfers between the UK and SA registers may take place from Wednesday, 24 May 2017 to Friday, 23 June 2017, both days inclusive.

**Tax treatment for shareholders on the South African register**

*South African tax resident shareholders on the South African register:*
In terms of the Company's Dividend Access Trust structure, the following South African tax resident shareholders on the South African register will receive a component of the dividend from the Dividend Access Trust and therefore regarded as a local South African dividend, with the remaining component from the Company and therefore regarded as a foreign non-South African dividend. For purposes of South African dividend withholding tax, the entire dividend of 80.60500 cents per share is taxable at a rate of 20%, unless an applicable exemption applies:

1. in the case of shares held in certificated form, who are registered on the South African register with an address in South Africa (other than PLC Nominees Proprietary Limited (or any successor entity through which shares held in dematerialised form are held)); and

2. in the case of shares held in dematerialised form, in respect of whom the South African transfer secretaries of the Company have determined, in good faith and by reference to the information provided to them by the eligible shareholders and/or their brokers and/or central securities depository participants, that such eligible shareholders are either (i) tax resident in South Africa or (ii) have an address in South Africa and have not expressly indicated that they are not tax resident in South Africa as at the dividend record date.

The component of the dividend payable by the Dividend Access Trust and by the Company will be announced on the JSE's Stock Exchange News Service and on the LSE's Regulatory News Service as soon as possible after the record date, 23 June 2017, of the dividend.

*Non-South African tax resident shareholders on the South African register:*
Non-South African tax resident shareholders on the South African register will be paid the dividend by the Company in the usual way and not through the Dividend Access Trust. The entire dividend of 80.60500 cents per share payable to such shareholders will therefore be regarded as a foreign dividend and exempt from South African dividend withholding tax, provided that the relevant exemption forms have been completed and submitted as prescribed.

## BOARD CHANGES

The following Board changes occurred during the reporting period, as announced on 11 May 2016 and 22 February 2017 respectively:

- Jurgens Myburgh was appointed as an executive director and Chief Financial Officer of the Company on 1 August 2016, following the resignation of Craig Tingle as the Chief Financial Officer on 15 June 2016.

- Desmond Smith, being an independent non-executive director of the Company, was appointed as the Senior Independent Director in the place of Ian Tyler who resigned as a director of the Company on 21 February 2017.

## DIRECTORS' RESPONSIBILITIES STATEMENT

Each of the Directors confirms that, to the best of their knowledge:

• the preliminary financial information, which has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

• the preliminary announcement includes a fair summary of the development and performance of the business and the position of the Group.

After making enquiries, the Directors considered it appropriate to adopt the going concern basis in preparing the financial statements.

The names and functions of the Company's directors are listed on the Company's website.

By order of the Board.

| | |
|---|---|
| **Danie Meintjes**<br>Chief Executive Officer | **Jurgens Myburgh**<br>Chief Financial Officer |

23 May 2017

## CAUTIONARY STATEMENT

*This announcement contains certain forward-looking statements relating to the business of the Company and its subsidiaries (collectively, the "**Group**"), including with respect to the progress, timing and completion of the Group's development, the Group's ability to treat, attract, and retain patients and customers, its ability to engage consultants and general practitioners and to operate its business and increase referrals, the integration of prior acquisitions, the Group's estimates for future performance and its estimates regarding anticipated operating results, future revenue, capital requirements, shareholder structure and financing. In addition, even if the Group's actual results or development are consistent with the forward-looking statements contained in this preliminary announcement, those results or developments may not be indicative of the Group's results or developments in the future. In some cases, you can identify forward-looking statements by words such as "could," "should," "may," "expects," "aims," "targets," "anticipates," "believes," "intends," "estimates," or similar words. These forward-looking statements are based largely on the Group's current expectations as of the date of this preliminary announcement and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the Group's* *expectations could be affected by, among other things, uncertainties involved in the integration of acquisitions or new developments, changes in legislation or the regulatory regime governing healthcare in Switzerland, South Africa, Namibia and the UAE and poor performance by healthcare practitioners who practice at our facilities, unexpected regulatory actions or suspensions, competition in general, the impact of global economic changes, and the Group's ability to obtain or maintain accreditation or approval for its facilities or service lines. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made in this preliminary announcement will in fact be realised and no representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in this preliminary announcement.*

*The Group is providing the information in this announcement as of this date, and we disclaim any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2017

| | Notes | **2017 £m** | 2016 £m |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | **6 353** | 5 618 |
| Property, equipment and vehicles | | **3 703** | 3 199 |
| Intangible assets | | **2 156** | 1 941 |
| Equity accounted investments | 4 | **465** | 455 |
| Other investments and loans | | **8** | 6 |
| Derivative financial instruments | | **-** | 1 |
| Deferred income tax assets | | **21** | 16 |
| **Current assets** | | **1 069** | 931 |
| Inventories | | **90** | 75 |
| Trade and other receivables | | **591** | 547 |
| Other investments and loans | | **16** | - |
| Current income tax assets | | **2** | 2 |
| Derivative financial instruments | | **-** | 2 |
| Cash and cash equivalents | | **361** | 305 |
| Assets classified as held for sale | 6 | **9** | - |
| **Total assets** | | **7 422** | 6 549 |
| **EQUITY** | | | |
| Share capital | | **74** | 74 |
| Share premium reserve | | **690** | 690 |
| Treasury shares | | **(2)** | (2) |
| Retained earnings | | **5 525** | 5 320 |
| Other reserves | | **(2 201)** | (2 573) |
| **Attributable to equity holders of the Company** | | **4 086** | 3 509 |
| Non-controlling interests | | **78** | 61 |
| **Total equity** | | **4 164** | 3 570 |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | **2 668** | 2 192 |
| Borrowings | 5 | **1 961** | 1 524 |
| Deferred income tax liabilities | | **527** | 446 |
| Retirement benefit obligations | | **154** | 179 |
| Provisions | | **23** | 24 |
| Derivative financial instruments | | **2** | 19 |
| Cash-settled share-based payment liability | | **1** | - |
| **Current liabilities** | | **590** | 787 |
| Trade and other payables | | **472** | 431 |
| Borrowings | 5 | **69** | 317 |
| Provisions | | **22** | 19 |
| Retirement benefit obligations | | **10** | 9 |
| Derivative financial instruments | | **7** | 1 |
| Current income tax liabilities | | **8** | 10 |
| Liabilities classified as held for sale | 6 | **2** | - |
| **Total liabilities** | | **3 258** | 2 979 |
| **Total equity and liabilities** | | **7 422** | 6 549 |

**CONDENSED CONSOLIDATED INCOME STATEMENT**
for the year ended 31 March 2017

| | Notes | **2017 £m** | 2016 £m |
|---|---|---|---|
| **Revenue** | | **2 749** | 2 107 |
| Cost of sales | | **(1 696)** | (1 264) |
| Administration and other operating expenses | | **(689)** | (554) |
| Other gains and losses | | **(2)** | (1) |
| **Operating profit** | | **362** | 288 |
| Finance income | | **7** | 9 |
| Finance cost | 7 | **(74)** | (58) |
| Share of net profit of equity accounted investments | | **12** | 6 |
| **Profit before tax** | | **307** | 245 |
| Income tax expense | 8 | **(64)** | (55) |
| **Profit for the period** | | **243** | 190 |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the Company | | **229** | 177 |
| Non-controlling interests | | **14** | 13 |
| | | **243** | 190 |
| | | | |
| **Earnings per ordinary share attributable to the equity holders of the Company – pence** | | | |
| Basic | 9 | **31.0** | 29.6 |
| Diluted | 9 | **31.0** | 29.5 |

**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**
for the year ended 31 March 2017

| | 2017 £m | 2016 £m |
|---|---|---|
| **Profit for the year** | **243** | 190 |
| | | |
| **Other comprehensive income** | | |
| **Items that may be reclassified to the income statement** | | |
| Currency translation differences | **388** | 92 |
| Fair value adjustment – cash flow hedges | **-** | 2 |
| | **388** | 94 |
| **Items that may not be reclassified to the income statement** | | |
| Remeasurements of retirement benefit obligations | **34** | (56) |
| **Other comprehensive income, net of tax** | **422** | 38 |
| | | |
| **Total comprehensive income for the year** | **665** | 228 |
| | | |
| **Attributable to:** | | |
| Equity holders of the Company | **635** | 224 |
| Non-controlling interests | **30** | 4 |
| | **665** | 228 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
for the year ended 31 March 2017

| | Share capital £m | Capital redemption reserve £m | Share premium reserve £m | Reverse acquisition reserve £m | Treasury shares £m | Share-based payment reserve £m | Foreign currency translation reserve £m | Hedging reserve £m | Retained earnings £m | Shareholders' equity £m | Non-controlling interests £m | Total equity £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 April 2015 | 994 | - | - | - | (22) | 14 | 306 | 2 | 485 | 1 779 | 61 | 1 840 |
| Profit for the year | - | - | - | - | - | - | - | - | 177 | 177 | 13 | 190 |
| Other comprehensive income/(loss) for the year | - | - | - | - | - | - | 101 | 2 | (56) | 47 | (9) | 38 |
| Total comprehensive income for the year | - | - | - | - | - | - | 101 | 2 | 121 | 224 | 4 | 228 |
| Shares issued (August 2015) | 479 | - | - | - | - | - | - | - | - | 479 | - | 479 |
| Share issue costs (August 2015) | (4) | - | - | - | - | - | - | - | - | (4) | - | (4) |
| Reverse acquisition | (1 402) | 6 | 4 862 | (3 014) | - | - | - | - | (6) | 446 | - | 446 |
| Share subscription (February 2016) | 7 | - | 593 | - | - | - | - | - | - | 600 | - | 600 |
| Reduction of share premium | - | - | (4 765) | - | - | - | - | - | 4 765 | - | - | - |
| Utilised by Mpilo Trusts | - | - | - | - | 21 | - | - | - | - | 21 | - | 21 |
| Treasury shares purchased (Forfeitable Share Plan) | - | - | - | - | (1) | - | - | - | - | (1) | - | (1) |
| Share-based payment expense | - | - | - | - | - | 10 | - | - | - | 10 | - | 10 |
| Transactions with non-controlling shareholders | - | - | - | - | - | - | - | - | 3 | 3 | 3 | 6 |
| Dividends paid | - | - | - | - | - | - | - | - | (48) | (48) | (7) | (55) |
| Balance at 31 March 2016 | 74 | 6 | 690 | (3 014) | (2) | 24 | 407 | 4 | 5 320 | 3 509 | 61 | 3 570 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** (continued)
for the year ended 31 March 2017

| | Share capital £m | Capital redemption reserve £m | Share premium reserve £m | Reverse acquisition reserve £m | Treasury shares £m | Share-based payment reserve £m | Foreign currency translation reserve £m | Hedging reserve £m | Retained earnings £m | Shareholders' equity £m | Non-controlling interests £m | Total equity £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 April 2016 | **74** | **6** | **690** | **(3 014)** | **(2)** | **24** | **407** | **4** | **5 320** | **3 509** | **61** | **3 570** |
| Profit for the year | - | - | - | - | - | - | - | - | **229** | **229** | **14** | **243** |
| Other comprehensive income for the year | - | - | - | - | - | - | **372** | - | **34** | **406** | **16** | **422** |
| Total comprehensive income for the year | - | - | - | - | - | - | **372** | - | **263** | **635** | **30** | **665** |
| Transactions with non-controlling shareholders | - | - | - | - | - | - | - | - | **4** | **4** | **(4)** | - |
| Dividends paid | - | - | - | - | - | - | - | - | **(62)** | **(62)** | **(9)** | **(71)** |
| **Balance at 31 March 2017** | **74** | **6** | **690** | **(3 014)** | **(2)** | **24** | **779** | **4** | **5 525** | **4 086** | **78** | **4 164** |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
for the year ended 31 March 2017

| | Notes | **2017** **£m** Inflow/(Outflow) | 2016 £m Inflow/(Outflow) |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash received from customers | | **2 735** | 2 078 |
| Cash paid to suppliers and employees | | **(2 226)** | (1 667) |
| Cash generated from operations | | **509** | 411 |
| Interest received | | **7** | 9 |
| Interest paid | | **(77)** | (55) |
| Tax paid | | **(45)** | (45) |
| Net cash generated from operating activities | | **394** | 320 |
| | | | |
| **Cash flow from investment activities** | | **(218)** | (1 549) |
| Investment to maintain operations | | **(109)** | (72) |
| Investment to expand operations | | **(140)** | (114) |
| Business combinations – Al Noor acquisition | | **-** | (17) |
| Al Noor Hospitals Group plc shares repurchased | | **-** | (530) |
| Special dividend to existing Al Noor Hospitals Group plc shareholders | | **-** | (383) |
| Proceeds on disposal of property, equipment and vehicles | | **-** | 1 |
| Disposal of subsidiaries | 10 | **44** | - |
| Acquisition of investment in associate | | **(1)** | (446) |
| Dividends received from equity accounted investment | | **4** | 2 |
| Proceeds from money market fund | | **-** | 10 |
| Acquisition of other investment and loans | | **(16)** | - |
| Net cash generated / (utilised) before financing activities | | **176** | (1 229) |
| | | | |
| **Cash flow from financing activities** | | **(169)** | 1 242 |
| Proceeds of shares issued | | **-** | 479 |
| Share issue costs | | **-** | (4) |
| Share subscription | | **-** | 600 |
| Distributions to non-controlling interests | | **(9)** | (7) |
| Distributions to shareholders | | **(62)** | (48) |
| Proceeds from borrowings | | **247** | 302 |
| Repayment of borrowings | | **(327)** | (85) |
| Refinancing transaction costs | | **(3)** | (6) |
| Settlement of Al Noor Hospitals Group plc share options scheme | | **-** | (2) |
| Shares purchased (Forfeitable Share Plan) | | **-** | (1) |
| Proceeds from disposal of treasury shares | | **-** | 12 |
| Acquisition of non-controlling interest | | **(15)** | (2) |
| Proceeds on disposal of non-controlling interest | | **-** | 4 |
| | | | |
| Net increase in cash and cash equivalents | | **7** | 13 |
| Opening balance of cash and cash equivalents | | **305** | 265 |
| Exchange rate fluctuations on foreign cash | | **49** | 27 |
| Closing balance of cash and cash equivalents | | **361** | 305 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

## 1. GENERAL INFORMATION

Mediclinic International plc is a private hospital group with operating platforms in Southern Africa (South Africa and Namibia), Switzerland and the United Arab Emirates with an equity investment in the UK. Its core purpose is to enhance the quality of life of patients by providing cost-effective acute care specialised hospital services.

The Company is a public limited company, with a primary listing on the London Stock Exchange and secondary listings on the Johannesburg Stock Exchange and the Namibian Stock Exchange and incorporated and domiciled in the UK (registered number: 08338604). The address of its registered office is 40 Dukes Place, London, EC3A 7NH, United Kingdom.

The condensed consolidated financial statements for the year ended 31 March 2017 was approved by the Board on 23 May 2017.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements included in the results announcement for the year ended 31 March 2017 have been extracted from the full Annual Report which was approved by the Board of Directors on 23 May 2017. The condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), the Companies Act 2006 and Article 4 of the EU IAS Regulations.

The auditor's report on those consolidated financial statements was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. This results announcement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The Annual Report for the year ended 31 March 2017 will be delivered to the Registrar of Companies following the Company's annual general meeting to be held on 25 July 2017.

The Group has prepared the condensed consolidated financial statements on a going concern basis. The condensed consolidated financial information has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting, as adopted by the EU. They do not include all the information required for full annual financial statements and should be read in conjunction with information contained in the Group's Annual Report and Financial Statements for the year ended 31 March 2017.

The condensed consolidated financial statements included in this preliminary announcement do not itself contain sufficient information to comply with IFRS. The Company will publish full financial statements that comply with IFRS in June 2017.

This preliminary results announcement has been prepared applying consistent accounting policies to those applied by the Group in the comparative period. The Group has prepared the consolidated financial statements on a going concern basis.

### Functional and presentation currency

The condensed consolidated financial statements are presented in pound, rounded to the nearest million. The functional currency of the majority of the Group's entities, and the currencies of the primary economic environments in which they operate, is the South African rand, Swiss franc and United Arab Emirates dirham. The United Arab Emirates dirham is pegged against the United States dollar at a rate of 3.6725 per US Dollar.

## 3. SEGMENTAL REPORT

The reportable operating segments are identified as follows: Mediclinic Switzerland, Mediclinic Southern Africa, Mediclinic Middle East and additional reporting segments are shown for the United Kingdom and Corporate.

| Year ended 31 March 2017 | Switzerland £m | Southern Africa £m | Middle East £m | United Kingdom £m | Corporate £m | Total £m |
|---|---|---|---|---|---|---|
| Revenue | **1 321** | **780** | **648** | **-** | **-** | **2 749** |
| EBITDA | **277** | **165** | **71** | **-** | **(4)** | **509** |
| | | | | | | |
| EBITDA before management fee | **279** | **170** | **74** | **-** | **(14)** | **509** |
| Management fees included in EBITDA | **(2)** | **(5)** | **(3)** | **-** | **10** | **-** |
| Other gains and losses | **-** | **-** | **1** | **-** | **(3)** | **(2)** |
| Depreciation and amortisation | **(76)** | **(25)** | **(44)** | **-** | **-** | **(145)** |
| Operating profit | **201** | **140** | **28** | **-** | **(7)** | **362** |
| Income from associate | **-** | **-** | **-** | **12** | **-** | **12** |
| Finance income | **-** | **7** | **-** | **-** | **-** | **7** |
| Finance cost (excluding intersegment loan interest) | **(28)** | **(33)** | **(7)** | **-** | **(6)** | **(74)** |
| Total finance cost | **(44)** | **(33)** | **(7)** | **-** | **10** | **(74)** |
| Elimination of intersegment loan interest | **16** | **-** | **-** | **-** | **(16)** | **-** |
| Taxation | **(32)** | **(32)** | **-** | **-** | **-** | **(64)** |
| **Segment result** | **141** | **82** | **21** | **12** | **(13)** | **243** |
| | | | | | | |
| **At 31 March 2017** | | | | | | |
| Investments in associates | **2** | **-** | **-** | **459** | **-** | **461** |
| Investments in joint venture | **-** | **4** | **-** | **-** | **-** | **4** |
| Capital expenditure | **128** | **70** | **51** | **-** | **-** | **249** |
| **Total segment assets** | **4 258** | **676** | **1 987** | **459** | **42** | **7 422** |
| **Total segment liabilities (excluding intersegment loan)** | **2 235** | **650** | **372** | **-** | **1** | **3 258** |
| Total liabilities from reportable segment | **3 140** | **650** | **372** | **-** | **1** | **4 163** |
| Elimination of intersegment loan | **(905)** | **-** | **-** | **-** | **-** | **(905)** |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

**3. SEGMENTAL REPORT** (continued)

| Year ended 31 March 2016 | Switzerland £m | Southern Africa £m | Middle East £m | United Kingdom £m | Corporate £m | Total £m |
|---|---|---|---|---|---|---|
| Revenue | 1 130 | 649 | 328 | - | - | 2 107 |
| EBITDA | 229 | 129 | 68 | - | (44) | 382 |
| EBITDA before management fee | 230 | 133 | 70 | - | (51) | 382 |
| Management fees included in EBITDA | (1) | (4) | (2) | - | 7 | - |
| Other gains and losses | - | - | - | - | (1) | (1) |
| Depreciation and amortisation | (63) | (20) | (10) | - | - | (93) |
| Operating profit | 166 | 109 | 58 | - | (45) | 288 |
| Income from associate | - | - | - | 6 | - | 6 |
| Finance income | 1 | 8 | - | - | - | 9 |
| Finance cost (excluding intersegment loan interest) | (29) | (21) | (2) | - | (6) | (58) |
| Total finance cost | (46) | (21) | (2) | - | 11 | (58) |
| Elimination of intersegment loan interest | 17 | - | - | - | (17) | - |
| Taxation | (24) | (31) | - | - | - | (55) |
| **Segment result** | 114 | 65 | 56 | 6 | (51) | 190 |
| **At 31 March 2016** | | | | | | |
| Investments in associates | 1 | - | - | 451 | - | 452 |
| Investments in joint venture | - | 3 | - | - | - | 3 |
| Capital expenditure | 98 | 52 | 36 | - | - | 186 |
| **Total segment assets** | 3 809 | 485 | 1 800 | 451 | 4 | 6 549 |
| **Total segment liabilities (excluding intersegment loan)** | 2 094 | 370 | 243 | - | 272 | 2 979 |
| Total liabilities from reportable segment | 2 940 | 370 | 243 | - | 272 | 3 825 |
| Elimination of intersegment loan | (846) | - | - | - | - | (846) |

## 4. EQUITY ACCOUNTED INVESTMENTS

| | 2017 £m | 2016 £m |
|---|---|---|
| Investment in associates | **461** | 452 |
| Investment in joint venture | **4** | 3 |
| | **465** | 455 |
| **Investment in associates:** | | |
| Listed investments | **459** | 451 |
| Unlisted investments | **2** | 1 |
| | **461** | 452 |
| **Reconciliation of carrying value at the beginning and end of the period** | | |
| Opening balance | **452** | 1 |
| Total cost of equity investment | **-** | 447 |
| Additional investment in unlisted associate | **1** | - |
| Share of net profit of associated companies | **12** | 6 |
| Dividends received from associated companies | **(4)** | (2) |
| | **461** | 452 |

Set out below are details of the associate which is material to the Group:

| Name of entity | Country of incorporation and place of business | % ownership |
|---|---|---|
| Spire Healthcare Group plc | United Kingdom | 29.9% |

Spire Healthcare Group plc is listed on the London Stock Exchange. It does not issue publicly available quarterly financial information and has a December year-end. The associate was acquired on 24 August 2015. The investment in associate was equity accounted for the 12 months to 31 December 2016 (2016: 4 months to 31 December 2015). No significant events occurred since 1 January 2017 to the reporting date.

During the current year the notional purchase price allocation was finalised and non-contractual relationships with consultants (NCRC) was identified as the only significant intangible asset. The fair value of the NCRC was determined as £225m and the remaining useful life was assessed as 22 years. The Group's 29.9% portion therefore amounts to £68m. The NCRC intangible asset will be amortised over its useful life and the carrying value is included within the purchase adjustment figure. The amortisation charge for the current period is £4m (2016: £nil).

## 5. BORROWINGS

| | 2017 £m | 2016 £m |
|---|---|---|
| Bank loans | **1 642** | 1 581 |
| Preference shares | **199** | 90 |
| Listed bonds | **189** | 170 |
| | **2 030** | 1 841 |
| | | |
| Non-current borrowings | **1 961** | 1 524 |
| Current borrowings | **69** | 317 |
| **Total borrowings** | **2 030** | 1 841 |

| | | 2017 Non current £m | 2017 Current £m | 2016 Non current £m | 2016 Current £m |
|---|---|---|---|---|---|
| **Southern Africa operations (denominated in South African Rand)** | | | | | |
| Secured bank loan one | The loan bears interest at the 3 month JIBAR variable rate plus a margin of 1.51% (2016: 1.51%) compounded quarterly, and is repayable on 3 June 2019. | **176** | **1** | 139 | 1 |
| Secured bank loan two* | The loan bears interest at the 3 month JIBAR variable rate plus a margin of 1.69% and is repayable on 3 June 2019. | **72** | **-** | - | - |
| Secured bank loan three | The loan bears interest at the 3 month JIBAR variable rate plus a margin of 1.06% (2016: 1.06%) compounded quarterly. £7m was repaid on 1 September 2016 and the remaining amount will be repaid on 9 October 2017. | **-** | **7** | 5 | 5 |
| Secured bank loan four | The loan bears interest at the 3 month JIBAR variable rate plus a margin of 1.51% (2016: 1.51%) compounded quarterly, and is repayable on 3 June 2019. | **30** | **-** | 9 | - |
| Secured bank loan five | These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and twelve years. | **4** | **1** | 4 | 1 |
| Preference shares | Dividends are payable monthly at a rate of 69% of prime interest rate (10.5%) (2016: 10.5%). £6m shares was redeemed on 1 September 2016 and the balance will be redeemed on 3 June 2019. | **108** | **1** | 85 | 5 |
| Preference shares* | Dividends are payable semi-annually at a rate of 73% of the prime interest rate (10.5%) (2016: 10.5%). The amount is repayable on 29 June 2020. | **90** | **-** | - | - |

| | | | | | |
|---|---|---|---|---|---|
| **Middle East operations (denominated in UAE dirham)** | | | | | |
| Secured bank loan one* | The loan bears interest at variable rates linked to the 3M LIBOR and a margin of 2.75% (2016: 2%) with respective 4-year and 5-year amortising terms, expiring in June 2020 and May 2021. | **154** | **19** | 50 | 3 |
| **Swiss operations (denominated in Swiss franc)** | | | | | |
| Secured bank loan one | These loans bear interest at variable rates linked to the 3M LIBOR plus 1.5% and 2.85% (2016: 3M LIBOR plus 1.5% and 2.85%) and is repayable by 31 July 2020. The non-current portion includes capitalised financing costs of £22m (2016: £26m). | **1 138** | **40** | 1 062 | 36 |
| Listed bonds | The listed bonds consist of CHF145m 1.625% and CHF90m 2% Swiss franc bonds. The bonds are repayable on 25 February 2021 and 25 February 2025 respectively. | **189** | **-** | 170 | - |
| **United Kingdom operations (denominated in pound)** | | | | | |
| Secured bank loan one* | The loan bears interest at variable rates linked to LIBOR with a minimum base rate of 1% plus 3.75%. | **-** | **-** | - | 266 |
| | | **1 961** | **69** | 1 524 | 317 |

* During the period, the bridge facility of £266m in the United Kingdom was repaid. In South Africa, the Group entered a new long term bank loan of £71m (ZAR1.2 billion) and issued redeemable preference shares of £90m (ZAR1.5 billion) which are classified as a financial liability. In the Middle East, the Group entered a new long term bank loan of £181m (AED831m). Other than these transactions and foreign currency movements on translation of local currency borrowings to pound, there is no significant change in the Group's borrowings.

## 6. DISPOSAL GROUP HELD FOR SALE

Before the end of the financial year, management decided to sell the following clinics within the Mediclinic Middle East segment: Mediclinic Beach Road Clinic, Mediclinic Corniche Medical Centre, Lookwow Oneday Surgery and Pharmacy, Al Noor Sanaiya Clinic and Pharmacy, Al Noor ICAD Clinic and Pharmacy, Al Noor International Medical Centre (Sharjah), Al Noor Hamdan Street Pharmacy, Al Madar Ajman Clinic and Pharmacy and Al Madar Diagnostic Centre-Al Ain. Accordingly, assets and liabilities of these are disclosed as held for sale, as the classification requirements of IFRS5 have been met at 31 March 2017.

| | |
|---|---|
| Property, equipment and vehicles | **8** |
| Inventories | **1** |
| **Assets** | **9** |
| | |
| Trade and other payables | **(1)** |
| Retirement benefit obligations | **(1)** |
| **Liabilities** | **(2)** |

## 7. FINANCE COST

| | 2017 £m | 2016 £m |
|---|---|---|
| Interest expense | **58** | 44 |
| Interest rate swaps | **11** | 11 |
| Amortisation of capitalised financing costs | **7** | 5 |
| Fair value gains on ineffective cash flow hedges | **(13)** | (8) |
| Preference share dividend | **12** | 6 |
| Less: amounts included in the cost of qualifying assets | **(1)** | - |
| | **74** | 58 |

## 8. INCOME TAX EXPENSE

| | 2017 £m | 2016 £m |
|---|---|---|
| Current tax | | |
| Current year | **46** | 41 |
| Previous year | **(3)** | 1 |
| Deferred tax | **21** | 13 |
| Taxation per income statement | **64** | 55 |
| *Composition* | | |
| UK tax | **-** | - |
| Foreign tax | **64** | 55 |
| | **64** | 55 |
| Reconciliation of rate of taxation: | | |
| UK statutory rate of taxation | **20%** | 20% |
| Adjusted for: | | |
| Capital gains taxed at different rates | **-** | 0.1% |
| Benefits of tax incentives | **(0.2)%** | (0.2%) |
| Share of net profit of equity accounted investments | **(0.8)%** | (0.5%) |
| Non-deductible expenses* | **1.8%** | 5.6% |
| Non-controlling interests' share of profit before tax | **(0.3)%** | (0.3)% |
| Effect of different tax rates** | **0.7%** | (3.9)% |
| Income tax rate changes | **-** | (0.2)% |
| Non-recognition of tax losses in current year | **0.9%** | 1.8% |
| Recognition of tax losses relating to prior years*** | **(0.5)%** | (0.4)% |
| Prior year adjustment | **(0.8)%** | 0.4% |
| Effective tax rate | **20.8%** | 22.4% |

*The impact of the following non-deductible expenses on the tax rate in the prior year was an increase of 4.2% (£10m):
- Transaction costs in relation to the Al Noor transaction were not deductible for tax purposes as these costs were capital in nature. The tax effect of this amounted £8m which resulted in an increase in the effective tax rate.
- Non-deductible accelerated IFRS 2 charges increased the tax charge by £2m.

**The effect of different tax rates is mainly because of profit earned from South Africa which is subject to an income tax rate of 28%, reduced by profit earned from the UAE which is not subject to income tax. Compared to the comparative period, the effect of different tax rates increased mainly due the proportional higher contribution by the Southern Africa operating segment and lower proportional contribution from the UAE.

***A deferred tax asset of approximately £3m was recognised in respect of previously unrecognised assessed tax losses in South Africa due to improvements in local profitability.

The income tax liability includes an amount of approximately £3m (2016: £8m) relating to unresolved tax matters. The range of possible outcomes relating to this liability is not considered to be material.

## 9. EARNINGS PER ORDINARY SHARE

| | **2017 £m** | 2016 £m |
|---|---|---|
| Earnings per ordinary share (pence) | | |
| Basic (pence) | **31.0** | 29.6 |
| Diluted (pence) | **31.0** | 29.5 |

| | **2017 Number** | 2016 Number |
|---|---|---|
| **Weighted average number of ordinary shares in issue for basic earnings per share** | | |
| Number of ordinary shares in issue at the beginning of the year | **737 243 810** | 542 473 328 |
| Al Noor Hospitals Group plc shares prior to reverse acquisition | **-** | 14 688 077 |
| Al Noor Hospitals Group plc shares repurchased | **-** | (8 000 842) |
| Weighted average number of ordinary shares issued during the year (August 2015) | **-** | 41 742 562 |
| Weighted average number of ordinary shares issued during the year (February 2016) | **-** | 9 063 634 |
| Adjustment for equity raising – Rights Offer (August 2015) (IAS 33 para 26) | **-** | 5 239 773 |
| Weighted average number of treasury shares | **(303 656)** | (6 764 447) |
| BEE shareholder | **(31 238)** | (521 142) |
| Mpilo Trusts | **(33 128)** | (5 995 653) |
| Forfeitable Share Plan | **(239 290)** | (247 652) |
| | **736 940 154** | 598 442 085 |

| | **2017 Number** | 2016 Number |
|---|---|---|
| **Weighted average number of ordinary shares in issue for diluted earnings per share** | | |
| Weighted average number of ordinary shares in issue | **736 940 154** | 598 442 085 |
| Weighted average number of treasury shares not yet released from treasury stock | **303 656** | 768 793 |
| BEE shareholder | **31 238** | 521 141 |
| Mpilo Trusts | **33 128** | - |
| Forfeitable Share Plan | **239 290** | 247 652 |
| | **737 243 810** | 599 210 878 |

## 9. EARNINGS PER ORDINARY SHARE (continued)

**Headline earnings per ordinary share**

The Group is required to calculate headline earnings per share (HEPS) in accordance with the JSE Limited (JSE) Listing Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 2/2015 (Revised) 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa. The table below reconciles the profit for the financial year attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

| | **2017 £m** | 2016 £m |
|---|---|---|
| Profit for the financial period attributable to equity holders of the parent | **229** | 177 |
| Adjustments* | **-** | - |
| Headline earnings | **229** | 177 |

*Adjustments to headline earnings are less than £1m.

| | | |
|---|---|---|
| Headline earnings per share (pence) | **31.0** | 29.6 |
| Diluted headline earnings per share (pence) | **31.0** | 29.5 |

## 10. CASH FLOW ON DISPOSAL OF SUBSIDIARY

The Group disposed of the following companies that were part of the Middle East segment: Rochester Wellness LLC, Emirates American Company for Medical Services LLC, Abu Dhabi Medical Services LLC and National Medical Services LLC.

| | **2017 £m** |
|---|---|
| | Cash flow on disposal |
| **Analysis of assets and liabilities over which control was lost:** | |
| Property, equipment and vehicles | **10** |
| Goodwill | **33** |
| Trade and other receivables | **10** |
| Cash and cash equivalents | **3** |
| Retirement benefit obligations | **(1)** |
| Trade and other payables | **(4)** |
| **Net assets and liabilities** | **51** |
| Consideration received in cash | **47** |
| Consideration receivable | **1** |
| Other non-cash items | **3** |
| **Total consideration** | **51** |
| **Net gain / (loss)** | **-** |
| **Net cash inflow** | **44** |

**11. FINANCIAL INSTRUMENTS**

Financial instruments that are measured at fair value in the statement of financial position, are classified using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – Input (other than quoted prices included within Level 1) that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – Input for the asset or liability that is not based on observable market data (unobservable input).

Derivative financial instruments comprise interest rate swaps and are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Based on the degree to which the fair values are observable, the interest rate swaps are grouped as Level 2.

The fair value for available-for-sale assets (part of other investments and loans) is based on appropriate valuation methodologies being discounted cash flow or actual net asset value of the investment. These assets are grouped as Level 2.

**12. RELATED PARTIES**

There are no significant changes to the related party transactions other than those disclosed in note 33 of the Group's annual financial statements for the year ended 31 March 2017.

**13. EVENTS AFTER THE REPORTING DATE**

The directors are not aware of any matter or circumstance arising since the end of the financial year that would significantly affect the operations of the Group or the results of its operations.

**ABOUT MEDICLINIC INTERNATIONAL PLC**

Mediclinic is an international private healthcare group with operating platforms in Southern Africa (South Africa and Namibia), Switzerland and the United Arab Emirates. Its core purpose is to enhance the quality of life of patients by providing acute care, specialist-orientated, multi-disciplinary healthcare services. Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, a LSE listed and UK-based private healthcare group.

Mediclinic comprises 74 hospitals and 37 clinics. Mediclinic Southern Africa operates 49 hospitals and 2 day clinics throughout South Africa and 3 hospitals in Namibia with more than 8 000 inpatient beds in total; Hirslanden operates 16 private acute care facilities and 4 clinics in Switzerland with more than 1 600 inpatient beds; and Mediclinic Middle East operates 6 hospitals and 31 clinics with more than 700 inpatient beds in the United Arab Emirates.

The platforms' contributions to Group revenue for the financial year ended 31 March 2017 were 48% by Hirslanden, 28% by Mediclinic Southern Africa and 24% by Mediclinic Middle East.

During February 2016, the combination of the Company (previously named Al Noor Hospitals Group plc), with operations mainly in Abu Dhabi in the United Arab Emirates, and Mediclinic International Limited was completed. Mediclinic International Limited was a South African based international private healthcare group founded in 1983 and listed on the JSE, the South African stock exchange, since 1986, with operations in South Africa, Namibia, Switzerland and the United Arab Emirates (mainly in Dubai). The combination resulted in the renaming of the enlarged group to Mediclinic International plc.

Mediclinic has a primary listing on the Main Market of the LSE, with secondary listings on the JSE in South Africa and the NSX in Namibia.

**PRESENTATION WEBCAST AND CONFERENCE CALL DETAILS**

In conjunction with these results Mediclinic is conducting a London investor and analyst presentation at The Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED.

09:00 BST /10:00 SAST – Webcast and conference call

To join the live video webcast, or view the replay, please use the following link:
https://secure.emincote.com/client/mediclinic/mediclinic009/

To access the call please dial the appropriate number below shortly before the start of the event and ask for the Mediclinic International plc conference call. A replay facility will be available on the website shortly after the presentation. The telephone numbers are:

UK: 020 305 98125
SA: 031 819 7008
UAE toll-free: 800 035 702413
Other: +44 20 3059 8125

For further information, please contact:

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**Website:** www.mediclinic.com
**Corporate broker:** Morgan Stanley & Co International plc
**JSE sponsor (South Africa):** Rand Merchant Bank (A division of FirstRand Bank Limited)
**NSX sponsor (Namibia):** Simonis Storm Securities (Pty) Ltd