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

12 November 2020

MEDICLINIC INTERNATIONAL PLC – 2021 HALF-YEAR RESULTS

Robust operating performance

- Fulfilling an essential role in combatting the COVID-19 pandemic
- Significant financial impact in April 2020 due to COVID-19 restrictions
- Rebound in trading from May 2020 onwards particularly at Hirslanden and Mediclinic Middle East
- Strong financial position and liquidity

Ongoing strategic execution

- Remaining focused on future growth through operational delivery and strategy execution
- Accelerating virtual care initiatives to address changing client needs
- Pursuing opportunities across the continuum of care

Outlook

- Cautious on impact of the pandemic and its economic aftermath on near-term performance
- Well positioned for long-term industry trends

Mediclinic announces its results for the six months ended 30 September 2020 (the "**period**" or "**1H21**"); comparative figures are drawn from the Group's results for the six months ended 30 September 2019 ("**1H20**"). The Group adopted the new IFRS 16 *Leases* standard on 1 April 2019 with all reporting on this basis unless specified otherwise.

Details of the 1H21 results investor and analyst audio webcast and conference call are available at the end of this announcement and on the Group's website at www.mediclinic.com.

Dr Ronnie van der Merwe, Group Chief Executive Officer of Mediclinic, said:
Mediclinic continues to effectively navigate the COVID-19 pandemic, fulfilling an essential role to the communities we serve during a profoundly challenging period by putting patients first. The commitment and resilience of our employees and business partners during this extremely challenging period deserves our continued thanks.

As announced in our recent trading update, Mediclinic delivered a robust first-half operating performance with the Group's operational agility being a key contributor. We saw trading rebound from May 2020, particularly in Switzerland and the United Arab Emirates, as the initial peak of the pandemic passed. In Southern Africa, the recovery has been more gradual due to the timing of the initial peak and the larger volumes of COVID-19 patients Mediclinic has treated.

The pandemic has already taught us much about our business, our ability to respond in a crisis and the strong demand for our broad range of healthcare services. Furthermore, it has allowed us to accelerate certain elements of our Group strategy, such as digital transformation, that give us opportunities for additional expansion across the continuum of care and therefore driving long-term performance. In the short-term, we remain well-prepared, but suitably cautious on our second-half performance in the midst of uncertainty as to the severity, duration and full impact of the continuing pandemic, as well as its economic aftermath."

GROUP FINANCIAL RESULTS SUMMARY

	1H21 £'m	1H20 £'m	% variance[4]
Revenue	**1 411**	1 515	(7)%
EBITDA	**171**	252	(32)%
Adjusted EBITDA[1]	**171**	252	(32)%
Operating profit	**64**	149	(57)%
Adjusted operating profit[1]	**66**	144	(54)%
Earnings[2]	**15**	109	(86)%
Adjusted earnings[1]	**17**	73	(77)%
Earnings per share (pence)	**2.0**	14.8	(86)%
Adjusted earnings per share (pence)[1]	**2.3**	9.9	(77)%
Interim dividend per share (pence)	**-**	3.20	(100)%
Net incurred debt[3]	**1 695**	1 775	(5)%
Cash conversion[5]	**42%**	98%	

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 section on "Earnings Reconciliations" in the Financial Review of this announcement.*
2 *Reported earnings refers to profit / (loss) attributable to equity holders.*
3 *Net debt reflects bank borrowings and excludes IFRS 16 lease liabilities.*
4 *The percentage variances are calculated in unrounded pound sterling values and not in millions.*
5 *Refer to calculation in the Finance Review.*

GROUP FINANCIAL SUMMARY

- Robust first-half operating performance under challenging circumstances
- Revenue down 7% to £1 411m; down 5% in constant currency; significantly impacted by April 2020 due to sudden onset of COVID-19 restrictions
- Adjusted EBITDA at £171m down 32% in both reported and constant currency terms reflecting a mostly fixed employee cost base
- Adjusted operating profit down 54% at £66m; reported operating profit down 57% to £64m
- Reported earnings of £15m (1H20: £109m), including equity accounted loss of Spire
- Adjusted earnings per share ("**EPS**") down 77% at 2.3 pence
- Cash conversion at 42% of adjusted EBITDA (1H20: 98%) largely due to increased debtor balances caused by lower collections compared with earlier in the period
- Cash and available facilities of £661m (FY20: £518m)
- Previously announced covenant test waivers in place
- Dividend remains suspended as part of the Group's broad response to maintaining its liquidity position (1H20: 3.20 pence)

GROUP OVERVIEW

INTRODUCTION

The Group's robust first-half operating performance was supported by demand and supplemented by an expanded service offering aimed at meeting clients' changing behaviour.

As previously disclosed, revenue and profitability were significantly impacted in April 2020 by the sudden onset of COVID-19-related lockdown measures. From May 2020 onwards, the moderation of restrictions resulted in a strong rebound in operating performance in Switzerland and the United Arab Emirates ("**UAE**"). During the summer months, Mediclinic Middle East, and, to a lesser extent, Hirslanden benefited from counter-seasonal trends from imposed travel restrictions and delayed procedures during the lockdown period. Southern Africa experienced a more gradual recovery through the initial peak of the COVID-19 pandemic (the "**pandemic**").

The Group remains cautious on second-half performance in the midst of uncertainty as to the full impact of the continuing pandemic and its economic aftermath. Mediclinic's leading market positions, relentless focus on operational delivery and strategy execution is, as always, aimed at capitalising on structural growth drivers in the healthcare sector, underpinning the long-term performance of the Group.

EFFECTIVELY NAVIGATING THE PANDEMIC

The Group continues to fulfil an essential role in combatting the pandemic. As an international healthcare services provider, Mediclinic prioritises the safety of its employees and patients; the continuity of its operations; and its support of and collaboration with the relevant health authorities – all while delivering on its Group strategy. The Group has admitted over 19 000 COVID-19 patients of which around 3 000 required intensive care and over 2 000 were ventilated.

From the outset of the pandemic, the Group responded efficiently and effectively to the rapidly changing environment through its centrally coordinated clinical services function. Mediclinic implemented infection prevention and control programmes leveraging its Group insight and best practices. The Group's international perspective remains a key differentiating factor for Mediclinic. Multi-disciplinary taskforces at Group and divisional level enable Mediclinic to constantly re-evaluate its ongoing response to the pandemic, allowing it to optimise treatment and care pathways for patients, in order that demand for critical and intensive care beds is managed appropriately.

The Group also invested in a number of initiatives to support employees, affiliated doctors and communities during this time, including establishing 24/7 client call centres and crisis control centres.

The Group's centrally co-ordinated procurement teams with global sourcing capabilities have played a pivotal role in ensuring unabated delivery of critical care. Across three continents, the team's pro-active measures ensured the continued supply of critical personal protective equipment ("**PPE**"), drugs, consumables and intensive care unit equipment. In line with the global trend during the initial peak of the pandemic, the cost of many supplies increased. The Group continues to actively manage its stock to provide contingencies in the event of future peaks.

In support of pandemic-related solidarity funds, non-executive directors of the Board, executive directors, senior managers and many employees have made significant financial donations to national initiatives in their respective countries.

ADVANCING THE GROUP STRATEGY

The Group strategy enables operational agility and sustains a diverse, performance-driven and collaborative culture – two key aspects to leveraging scale, knowledge and skills for sustainable growth. While disruptions caused by the pandemic have inevitably tested this strategy, it has also shown that the strategy is the right one and Mediclinic remains confident that it is well positioned for the long-term industry trends.

During the period, the Group has moved nimbly and proactively to the changing demand and opportunities presented by the pandemic and established new services and supporting infrastructure, including:

- advancing the use of virtual care;
- establishing testing units and additional laboratory facilities;
- launching pharmacy home delivery and drive-through pharmacies; and
- establishing alternative interim facilities to admit asymptomatic and low-acuity cases.

While some of these provide one-off benefits, others will offer the Group new growth and efficiency opportunities in the future such as accelerating initiatives in laboratories, virtual care and pharmacy services.

Innovation and digital transformation

The pandemic has highlighted and accelerated the global demand for accessible, convenient, quality care. To ensure Mediclinic is well-positioned for the future of healthcare provision, the Group is accelerating the execution of its innovation and digital transformation initiatives. In pursuit of creating a seamless service offering, the organisation is investing in solutions that will enable and support clients across the continuum of care.

During the pandemic, lockdowns necessitated the rapid deployment of certain telemedicine services to provide remote access to the Group's clinical experts and its existing services. As a result of the pandemic, Mediclinic accelerated the development of overarching solutions that will solidify its ability to render virtual care to its clients for the longer-term.

Core to Mediclinic's virtual care initiative is the development and deployment of a digital healthcare backbone across the divisions. This will allow for the launch of a seamless client experience across all service offerings, both virtual and physical. The client facing application is already in an advanced planning phase and will be launched in Switzerland, during the first quarter of calendar year 2021. In time, expanded and enhanced services will be available across Mediclinic to all its clients. On the digital platform, Hirslanden will pilot a pregnancy and baby pathway, Mediclinic Southern Africa will pilot a new dialysis service and Mediclinic Middle East will implement remote patient monitoring.

In the UAE, Mediclinic Middle East recently became the first private healthcare provider to integrate its Electronic Health Records ("**EHR**") successfully with the Health Information Exchanges in both Dubai and Abu Dhabi. During the pandemic, these integrated systems enabled automatic COVID-19 test result notifications via client applications on mobile devices.

As reported in the 2020 Annual Report, the Group is preparing to launch a precision medicine service, initially at Mediclinic Middle East, and shortly thereafter at Hirslanden. Delivering new revenue streams, the service will utilise the established laboratory facilities in the divisions led by specialist geneticists, offering the ability to tailor disease treatment and prevention according to variability in the genes, environment and lifestyles of individual clients.

In October 2020, the Group Executive Committee welcomed Dr Tyson Welzel to the team as Group Chief Innovation Officer tasked with establishing a centrally led Innovation and Digital Transformation function that will pursue opportunities in this rapidly growing segment.

Investing across the Continuum of care

Mediclinic is uniquely positioned given its scale, geographic diversification and well-invested asset base in an industry with high barriers to entry. For more than 35 years, it has established a market leading position and unparalleled trust through its specialist-orientated, multi-disciplinary medical facilities housing exceptional clinical expertise. The distinct combination of these facilities and Mediclinic's experienced professionals form the cornerstone of the Group, but importantly provide a platform to expand and deliver new services. Mediclinic has prioritised adapting its service offering through investing across the continuum of care as clients seek solutions that are modern, convenient, effective and affordable.

The Group continues to invest in day case clinics to support regional care models with 17 now opened. During the period, Mediclinic acquired Opera Zumikon in Zurich and opened a co-located day case clinic at Mediclinic Cape Gate in South Africa and Opera St Gallen located close to the Klinik Stephanshorn in Switzerland. In addition, Hirslanden is collaborating with the Geneva University Hospital to create the largest day case clinic in Switzerland with the opening of the facility scheduled for 2024.

Hirslanden has advanced its significant cooperation agreement with Medbase, the leading Swiss specialist in family healthcare and part of the Migros Group, through the sale of three Hirslanden outpatient clinics to Medbase. The two partners have established a radiology joint venture, which will be managed by Hirslanden. These broader primary care networks support patients in efficiently addressing their healthcare needs by offering integrated care and referral networks. In South Africa, Mediclinic Southern Africa has a similar partnership through its investment in the Intercare Group and in the UAE, the division has an established network of 18 wholly owned outpatient clinics.

Clinical excellence

Across the Group, Mediclinic continues to invest in its clinical service offering, receiving recognition for its highly specialised medicine and leading clinical practitioners. This continues to elevate the clinical standing of the Group amongst healthcare professionals and authorities, key stakeholders that support the Group's purpose and vision. As an employer of choice, throughout the period, the Group has continued to welcome leading professionals from various medical fields with some establishing training and research facilities with Mediclinic.

The Group benefits greatly from its investments in establishing Centres of Excellence ("**CoEs**"), public private partnership ("**PPP**") agreements, university affiliations and student medical training programmes. Hirslanden continues to build on the two PPPs it announced last year. During the period, a urology and a cardiology collaboration agreement was concluded between the Centre for Urology Zurich and the heart clinic at Klinik Hirslanden and the cantonal hospital Spitäler Schaffhausen. In addition, Hirslanden Klinik Im Park and Spital Lachen have announced that a similar agreement in cardiology will be established in January 2021. In the UAE, the Surgical Review Corporation accredited the Metabolic and Bariatric Surgery CoE at Mediclinic Airport Road Hospital in Abu Dhabi. In January 2021, this flagship tertiary care hospital will also benefit from the opening of a Comprehensive Cancer Centre ("**CCC**"), the second to be established by the division in collaboration with Hirslanden oncology specialists. The division's other CCC at Mediclinic City Hospital (North Wing) was also recently awarded the Dubai Health Care City Excellence Innovation Award and in September 2020, the first ever robotic liver resection surgery in Dubai was performed at the hospital using the recently acquired da Vinci robot.

GROUP FINANCIAL PERFORMANCE

Adjusted results

The Group delivered a robust first-half operating performance, despite revenue and profitability being significantly impacted in April 2020 by the sudden onset of COVID-19-related lockdown measures and the suspension of non-urgent elective surgical procedures. As previously announced, April 2020 Group revenue was down 33% and adjusted EBITDA was down around £60m compared with the prior period. From May 2020 onwards the restrictions moderated, enabling the gradual safe reintroduction of the Group's diverse service offering.

The Group's 1H21 revenue was down 7% at £1 411m (1H20: £1 515m) and down 5% in constant currency terms.

Group adjusted EBITDA at £171m was down 32% (1H20: £252m) in both reported and constant currency terms. This was caused by the sudden revenue decline exacerbated by the mostly fixed employee cost base, salary increases to nursing employees, staffing requirements due to isolation and quarantine regulations as well as an increase in demand for critical care employees. Within consumable and supply costs, the use and cost of PPE surged during the initial peak of the pandemic before stabilising. Across the Group, incremental COVID-19-related expenses totalled around £17m. The Group's adjusted EBITDA margin was 12.1% (1H20: 16.6%).

Adjusted depreciation and amortisation was down 2% to £106m (1H20: £108m) reflecting lower capital investment during the period due to the liquidity preservation measures and translation differences caused by the depreciation of the Rand.

Adjusted operating profit was down 54% at £66m (1H20: £144m).

Net finance cost was down 8% at £37m (1H20: £40m) mainly due to the reduction of base rates in South Africa and the UAE as well as translation differences caused by the depreciation of the Rand, which is also the highest interest rate environment.

The adjusted tax credit of £1m (1H20: tax charge of £23m) and adjusted effective tax rate for the period of (2.1)% (1H20: 21.7%) reflects the Swiss tax charge offset by a tax credit in Southern Africa. In addition, the rate decreased due to a higher contribution of non-taxable income from Mediclinic Middle East compared with 1H20, partly offset with an increase in the effective tax rate due to the recognition of non-deductible equity accounted losses from the investment in Spire Healthcare Group ("**Spire**").

Adjusted non-controlling interests were down 75% to £3m (1H20: £11m) mainly due to lower contributions from Mediclinic Southern Africa hospitals with large outside shareholdings.

Adjusted share of net profit of equity accounted investments was down from a profit of £2m in 1H20 to a loss of £10m in 1H21, reflecting the net loss reported by Spire for the six months ended 30 June 2020.

Both adjusted earnings and adjusted EPS were down 77% at £17m (1H20: £73m) and 2.3 pence (1H20: 9.9 pence) respectively. In June 2020, the Board took the prudent and appropriate decision to suspend the dividend. The Board recognises the importance of its dividend to shareholders and will keep this position under review in light of the uncertainties posed by the pandemic.

Cash flow conversion at 42% (1H20: 98%) was primarily impacted by lower receivables collections in Mediclinic Middle East compared with earlier in the period, exacerbated by the strong counter-seasonal performance in the second quarter period, increased debtors balances in Hirslanden and a normalisation in Hirslanden's trade payables balance post the initial peak's stringent liquidity preservation measures. The Group continues to target 90-100% cash conversion. Cash and available facilities at the end of September 2020 remained strong at £449m on a comparable basis to £518m at 31 March 2020. A further unutilised bank facility in Switzerland of CHF250m was re-activated after year-end as part of the proactive measures taken with lenders. Therefore, total cash and available facilities at 30 September 2020 was £661m.

In response to the crisis, the Group's capex programmes were significantly reduced and as performance stabilised, investment projects recommenced. In total during the first-half, the Group invested £43m, of which £28m was on expansion projects, mainly the Mediclinic Airport Road Hospital expansion and EHR projects in the UAE. Currently the Group expects to invest around £173m in FY21 in constant currency terms. The Group continues to make ongoing investments in its asset base and during the period approved major multi-year upgrade and expansion projects in Switzerland at Hirslanden Klinik St Anna and Klinik Aarau.

The Group maintains a strategy of responsible leverage, largely using its asset base to secure cost-efficient ring-fenced borrowings. While property ownership drives operational and financial benefits, the approach is not fixed, reflecting the business needs of the Group as it expands across the continuum of care.

Debt is ring-fenced within each division, with no cross guarantees or cross defaults. Borrowings are denominated in the same currency as the divisions' underlying revenue and therefore not exposed to foreign exchange rate risk. All three divisions have recently refinanced their debt and, therefore, maturities are relatively long dated. The nearest term material maturity is a Swiss bond for CHF145m due in February 2021. The unutilised bank facility of CHF250m is available to fully repay the bond.

As a matter of prudence, the divisions proactively engaged with lenders to obtain certain covenant test waivers where the financial impact from the disruption caused by the pandemic may have resulted in covenants being exceeded before coming back into compliance as operations normalise. This approach is evidence of the long-term, supportive and constructive relationships with the Group's lenders aimed at addressing matters as they arise. Mediclinic Middle East reverts back to the original covenant compliance tests at the end of June 2021, whereas for Hirslanden and Mediclinic Southern Africa this will be performed at the end of September 2021.

Reported results

Reported 1H21 revenue was down 7% to £1 411m (1H20: £1 515m) and EBITDA was down 32% to £171m (1H20: £252m), down 5% and down 32% respectively in constant currency terms.

Depreciation and amortisation decreased by 2% to £106m (1H20: £108m). Operating profit of £64m (1H20: £149m) decreased due to the significant impact in April 2020 by the sudden onset of COVID-19-related lockdown measures and the suspension of non-urgent elective surgical procedures.

Net finance cost decreased by 8% to £37m (1H20: £40m).

The Group's effective tax rate for the period was a credit of (3.2)% (1H20: (10)%).

The reported earnings show a profit of £15m (1H20: £109m). The EPS was 2.0 pence (1H20: 14.8 pence).

Mediclinic's 29.9% investment in Spire is equity accounted. For the six months ended 30 June 2020, Spire reported a loss after taxation of £233m (30 June 2019: profit of £7m), which included a goodwill impairment charge of £200m. Mediclinic's 1H21 equity accounted loss amounted to £70m (1H20: income of £2m). Mediclinic has therefore recognised an impairment reversal of £60m, which resulted in a net loss of £10m included in reported earnings.

DIVISIONAL SUMMARY

Hirslanden

- Strong rebound in activity since April 2020 lockdown measures and restrictions
- Revenue down 2% to CHF853m
- Adjusted EBITDA down 17% to CHF116m
- Adjusted EBITDA margin of 13.7% (1H20: 16.2%)
- Adjusted EBITDA converted to cash of 44% (1H20: 86%)
- Maintenance and expansion capex down 32% to CHF17m
- Adapted the business over recent years to the regulatory changes affecting the Swiss healthcare system; excluding the pandemic, delivering evidence of greater stability in patient activity

At the end of the reporting period, Hirslanden operated 17 hospitals and four day case clinics with 1 921 beds and 10 995 employees (7 631 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. Hirslanden accounted for 51% of the Group's revenues (1H20: 46%) and 58% of its adjusted EBITDA (1H20: 45%).

Mediclinic Southern Africa

- Financial performance impacted by COVID-19 lockdown measures and restrictions followed by significant rise in COVID-19 patient volumes
- Revenue down 19% to ZAR6 972m
- Adjusted EBITDA down 68% to ZAR573m
- Adjusted EBITDA margin of 8.2% (1H20: 20.8%)
- Adjusted EBITDA converted to cash of 110% (1H20: 106%)
- Maintenance and expansion capex down 47% to ZAR323m

In Southern Africa (including South Africa and Namibia), at the end of the reporting period, Mediclinic operated 52 hospitals, eight sub-acute and specialised hospitals and 11 day case clinics (four of which operated by Intercare) with 8 738 licensed beds and 15 858 employees (17 794 full-time equivalents including agency employees). Mediclinic Southern Africa is the third largest private healthcare provider in Southern Africa by number of licensed beds. Mediclinic Southern Africa accounted for 22% of the Group's revenue (1H20: 31%) and 16% of its adjusted EBITDA (1H20: 38%).

Mediclinic Middle East

- Strong rebound in activity since April 2020 lockdown measures and restrictions
- Recovery supported by counter-seasonal trends resulting from imposed travel restrictions and from rapidly deploying supplementary services aimed at meeting patients' needs and changing behaviour
- Revenue up 9% to AED1 760m
- Adjusted EBITDA up 9% to AED223m
- Adjusted EBITDA margin of 12.7% (1H20: 12.6%)
- Adjusted EBITDA converted to cash of 9% (1H20: 109%)
- Maintenance and expansion capex down 6% to AED62m

Mediclinic Middle East, as at the end of the period, operated seven hospitals, two day case clinics and 18 outpatient clinics with 927 licensed beds and 6 866 employees (6 866 full-time equivalents). In addition, under management contracts Mediclinic Middle East recently took over the operation of one hospital in Abu Dhabi and will open a 200-bed hospital in the Kingdom of Saudi Arabia in mid-2022, in partnership with the Al Murjan Group. Mediclinic Middle East accounted for 27% of the Group's revenue (1H20: 23%) and 27% of its adjusted EBITDA (1H20: 17%).

HIRSLANDEN

	1H21	1H20	Variance %
Inpatient admissions ('000s)	**51**	52	(1.0)%
Movement in inpatient revenue per admission	**(0.2)%**	(2.2)%	
Revenue (CHF'm)	**853**	871	(2)%
Adjusted EBITDA (CHF'm)	**116**	141	(17)%
Adjusted EBITDA margin	**13.7%**	16.2%	
Adjusted operating profit (CHF'm)	**43**	63	(32)%
Adjusted operating profit margin	**5.1%**	7.3%	
Expansion capex (CHF'm)	**10**	10	0%
Maintenance capex (CHF'm)	**7**	15	(53)%
Adjusted EBITDA converted to cash	**44%**	86%	
Average £/CHF exchange rate	**1.19**	1.25	(5)%
Revenue (£'m)	**716**	696	3%
Adjusted EBITDA (£'m)	**98**	113	(13)%
Adjusted operating profit (£'m)	**36**	51	(29)%

Overview

Switzerland introduced COVID-19 lockdown measures on 16 March 2020, which included the suspension of elective procedures for all hospitals. Hirslanden has been extensively engaged with the cantonal authorities and involved in their pandemic response planning. Since lockdown measures were relaxed on 27 April 2020, including the resumption of elective procedures, inpatient admissions immediately recovered in May 2020 and through June 2020, stabilising thereafter.

Revenue in 1H21 decreased by 2% to CHF853m (1H20: CHF871m). Inpatient revenue and admissions were down 1%, recovering from the significant impact of COVID-19 lockdown measures and restrictions in April 2020.

The general insurance mix increased ahead of expectation to 50.7% (1H20: 49.2%), largely as a result of Hirslanden supporting cantonal hospitals during the initial peak of the pandemic. Despite this shift in insurance mix, inpatient revenue per case was stable due to an increase in the case mix index directly and indirectly due to COVID-19. Average occupancy was at 58.2% (1H20: 58.8%) due to a decline in the average length of stay from 4.4 to 4.3 days and the lower inpatient admissions during the peak of the pandemic.

Outpatient and day case revenue, which contributed some 21% (1H20: 21%) to total revenue in the period, was down 4%. This is in line with outpatient activity trends observed in other markets during the pandemic where the recovery has been slower than in the inpatient environment, likely as a result of more cautious patient behaviour, especially for those with less severe medical indications.

An increase in supply costs and additional staffing requirements during the pandemic gave rise to the 17% decline in adjusted EBITDA at CHF116m (1H20: CHF141m) with an adjusted EBITDA margin of 13.7% (1H20: 16.2%). COVID-19-related expenses were around CHF5m.

Adjusted depreciation and amortisation decreased by 6% to CHF73m (1H20: CHF78m). Adjusted operating profit decreased by 32% to CHF43m (1H20: CHF63m).

Net finance cost was flat at CHF29m (1H20: CHF29m).

Hirslanden contributed £17m to the Group’s adjusted earnings compared with £29m in the prior period.

Hirslanden converted 44% (1H20: 86%) of adjusted EBITDA into cash generated from operations, reflecting increased trade debtors and a decrease in trade payables balance that had accumulated at year end due to the preservation of liquidity at the time. The division continues to target cash conversion in line with the historic average of 90–100% over time.

As previously announced, in line with the covenant test waivers obtained, the next covenant tests at Hirslanden will be at the end of September 2021, using the adjusted EBITDA for the 12 months to that date. This notwithstanding, Hirslanden was fully compliant with its covenants at 30 September 2020, despite the challenging first-half period.

Leading market position sustained through disciplined investments

In 1H21, Hirslanden invested CHF10m (1H20: CHF10m) in expansion capital projects and new equipment and CHF7m (down 53% on 1H20) in maintenance and the replacement of existing equipment and upgrade projects. Maintenance projects were impacted by lockdown restrictions during the pandemic and the active decision taken to postpone or reduce all non-urgent and non-committed capital programmes.

The Group maintains a disciplined approach to capital allocation while ensuring clinical standards and the quality of patient care remain appropriate. Annual maintenance and expansion capex reduced from CHF163m in FY17 to CHF94m in FY20. While remaining highly vigilant of the impact and uncertainty created by the pandemic, the division currently expects to increase its investment compared with the first-half in line with its anticipated seasonally stronger second-half operating performance and cash flows. Hirslanden expects its FY21 capital budget total to be around CHF90m (FY20: CHF94m).

Hirslanden has maintained its excellent clinical standards with all hospitals at or above the clinical Initiative on Quality Medicine benchmark for all Swiss and German hospitals. As part of the longer-term investment strategy, supporting its market-leading position and future growth, approval was given during the period for seven-year CHF200m upgrade and maintenance projects at Hirslanden Klinik St Anna and Klinik Aarau, Hirslanden’s second and third largest hospitals. These strategically important projects will include new infrastructure and expand the range of specialised inpatient and outpatient medical services. This is in line with the Group’s integrated hub-and-spoke model across care regions and will continue to support the attraction of highly skilled, leading professionals to Hirslanden as it seeks to expand its market share and improve returns. Construction work is expected to begin in Spring 2021 at Klinik St Anna and at the end of 2021 at Klink Aarau.

In line with expected improvements in operating cash flows, the Group currently plans to proportionately increase the annual capex investment at Hirslanden while continuing to generate appropriate free cash flow to equity holders (including the continued annual debt amortisation). Over the medium-term, maintenance capex is expected to be between 4.5-5.5% of revenue while expansion capex will incorporate the seven-year investment at Klinik St Anna and Klink Aarau mentioned above.

In September 2020, Mediclinic through its subsidiary, Hirslanden Venture Capital AG, invested in hystrix medical AG (“hystrix”), a leading medical goods e-commerce marketplace in Switzerland. Combined with the continued partnership with Sana, it is expected that this will support Hirslanden’s ongoing focus on efficiencies and procurement savings.

MEDICLINIC SOUTHERN AFRICA

	1H21	1H20	Variance %
Movement in bed days sold	**(25.0)%**	2.7%	
Movement in revenue per bed day sold	**8.9%**	4.2%	
Revenue (ZAR'm)	**6 972**	8 578	(19)%
Adjusted EBITDA (ZAR'm)	**573**	1 785	(68)%
Adjusted EBITDA margin	**8.2%**	20.8%	
Adjusted operating profit (ZAR'm)	**191**	1 444	(87)%
Adjusted operating profit margin	**2.7%**	16.8%	
Expansion capex (ZAR'm)	**219**	256	(14)%
Maintenance capex (ZAR'm)	**104**	354	(71)%
Adjusted EBITDA converted to cash	**110%**	106%	
Average £/ZAR exchange rate	**22.04**	18.28	21%
Revenue (£'m)	**317**	469	(32)%
Adjusted EBITDA (£'m)	**27**	97	(72)%
Adjusted operating profit (£'m)	**9**	78	(88)%

Overview

Mediclinic Southern Africa has cared for a significant number of COVID-19 patients since the start of the pandemic, fulfilling a vital role in South Africa and Namibia's responses to the crisis. However, the division's operating performance was significantly impacted by the pandemic during 1H21.

South Africa implemented lockdown measures on 27 March 2020 to help contain the spread of the pandemic. In line with this decision, Mediclinic Southern Africa suspended elective procedures and closed standalone day case clinics in order to focus all available resources on the pandemic. As a result, revenue was down 40% in April 2020 compared with the prior year period with relatively low COVID-19 patient volumes as the initial peak of the pandemic arrived later in Southern Africa versus the Group's other divisions.

The COVID-19 related restrictions were relaxed on 1 May 2020 resulting in a strong initial recovery in surgical patient volumes and occupancy through to June 2020. From June 2020 onwards, COVID-19 patient volumes rapidly increased across the region in line with the initial wave of the pandemic. This curtailed the division's ability to return to offering its full range of services despite the easing of lockdown measures and restrictions. With the initial peak of the pandemic passing in early August 2020, surgical case volumes subsequently improved, driven by a return in demand for elective procedures. This improving trend continued towards the end of September with Paid Patient Days ("**PPDs**") at that time recovering to around 90% of prior year levels and stabilising with revenue for September 2020 down around 6% compared with the prior year period.

As a result, Mediclinic Southern Africa's revenue was down 19% to ZAR6 972m (1H20: ZAR8 578m). PPDs decreased by 25.0% and the occupancy rate was 51.1% (1H20: 69.8%). This reflected the significant decline in volumes in April 2020 with a gradual recovery in overall PPDs from May 2020 onwards. Average revenue per bed day increased by 8.9% reflecting the increase in acuity of patients and longer theatre utilisation. The average length of stay was up 17.9% reflecting the longer than average stay for COVID-19 patients and a disproportionately larger decline in day case admissions.

The effects of supply costs and additional staffing requirements during the pandemic further impacted adjusted EBITDA which declined 68% to ZAR573m (1H20: ZAR1 785m) with the adjusted EBITDA margin at 8.2% (1H20: 20.8%). COVID-19-related expenses were around ZAR157m.

Depreciation and amortisation increased by 12% to ZAR382m (1H20: ZAR340m) mainly due to increased spend on hospital infrastructure upgrades and medical equipment in the prior period in line with the division's current upgrade and maintenance cycle. Adjusted operating profit decreased by 87% to ZAR191m (1H20: ZAR1 444m).

Net finance cost increased by 4% to ZAR291m (1H20: ZAR279m) due to lower finance income given lower cash on deposit and lower interest rates, with around half the division's debt hedged.

Mediclinic Southern Africa contributed a loss of £1m to the Group's adjusted earnings, compared with a profit of £36m in the prior period.

The division converted 110% (1H20: 106%) of adjusted EBITDA into cash generated from operations.

Investing to support continued long-term growth

In 1H21, Mediclinic Southern Africa invested ZAR219m (down 14% on 1H20) in expansion capital projects and new equipment and ZAR104m (down 71% on 1H20) in maintenance and the replacement of existing equipment and upgrade projects. Maintenance projects were impacted by lockdown restrictions during the pandemic and the active decision taken to postpone or reduce all non-urgent and non-committed capital programmes. Half the expansion projects related to building projects with the largest being the new day case clinic at Mediclinic Bloemfontein that will open earlier than scheduled in 2H21 at the same time as the new Mediclinic Winelands day case clinic. The other half relates to equipment which includes around ZAR50m invested in COVID-19 equipment.

Having moderated its capital budget to preserve liquidity during the initial peak of the pandemic, Mediclinic Southern Africa now expects to invest around ZAR810m in FY21 (FY20: ZAR1 312m). The Group will continue to monitor operating cash flow generation and consequent liquidity to revisit this important investment decision.

The division continues with its multi-year maintenance and upgrade cycle, with medium-term expectations from FY22 onwards for the ratio of maintenance capex to revenue averaging around 3% which combined with reductions over time of expansion projects will result in annual capex of around ZAR1bn.

MEDICLINIC MIDDLE EAST

	1H21	1H20	Variance %
Movement in inpatient admissions and day cases	**(3.3)%**	9.2%	
Outpatient cases ('000s)	**1 217**	1 421	(14.4)%
Revenue (AED'm)	**1 760**	1 616	9%
Adjusted EBITDA (AED'm)	**223**	204	9%
Adjusted EBITDA margin	**12.7%**	12.6%	
Adjusted operating profit (AED'm)	**104**	80	29%
Adjusted operating profit margin	**5.9%**	4.9%	
Expansion capex (AED'm)	**43**	44	(2)%
Maintenance capex (AED'm)	**19**	22	(11)%
Adjusted EBITDA converted to cash	**9%**	109%	
Average £/AED exchange rate	**4.65**	4.62	1%
Revenue (£'m)	**377**	350	8%
Adjusted EBITDA (£'m)	**47**	44	7%
Adjusted operating profit (£'m)	**22**	17	29%

Overview

Dubai and Abu Dhabi gradually implemented national lockdowns and curfews from March 2020. In Dubai, elective procedures were suspended until 8 May 2020, when certain day procedures were permitted. On 27 May, remaining procedures were re-introduced. In Abu Dhabi such restrictions were not implemented, although inpatient admissions and outpatient cases were significantly impacted as a result of lockdown measures. Since restrictions started to lift in May 2020 across the UAE, volumes gradually increased and by July 2020, non-COVID-19 inpatient admissions had surpassed the prior year volumes. This trend continued through the second quarter period, supported by counter-seasonal holiday trends resulting from imposed travel restrictions, which caused a significant increase in August 2020 volumes compared with the prior year period. However, outpatient cases, as seen in other markets globally, were slower to recover and by September 2020 still remained marginally lower than the prior year period.

While the pandemic materially impacted non-COVID-19 activity levels, Mediclinic rapidly adapted to the pandemic and with the support of the health authorities in Dubai and Abu Dhabi launched several initiatives. In addition to treating COVID-19 patients in its hospitals, Mediclinic also operated several alternative interim facilities that cared for and monitored asymptomatic and low-acuity patients. Mediclinic launched virtual care and pharmacy home delivery services so patients could be diagnosed and supplied with prescribed medication without the need for face-to-face consultations. In addition, the division is involved in various projects supporting communities including large-scale screening and the establishment of two new laboratories for COVID-19 and antibody testing.

As a result, Mediclinic Middle East 1H21 revenue increased 9% to AED1 760m (1H20: AED1 616m). This includes COVID-19 related and other initiatives that delivered around AED270m of revenue during the period. The average revenue per admission was up 25.1% reflecting an increase in acuity directly and indirectly due to COVID-19.

The diagnostic-related grouping reimbursement model for inpatient procedures was implemented in Dubai on 1 September 2020. Initial results indicate that, as previously guided, the change is expected to be revenue neutral for Mediclinic.

The division delivered an increase in 1H21 adjusted EBITDA of 9% to AED223m (1H20: AED204m) with revenue growth from new services offsetting additional COVID-19 related expenses that totalled around AED17m. The adjusted EBITDA margin was in line with the prior year at 12.7% (1H20: 12.6%).

Adjusted depreciation and amortisation decreased by 1% to AED122m (1H20: AED123m). Adjusted operating profit increased by 29% to AED104m (1H20: AED80m).

Net finance cost decreased by 14% to AED40m (1H20: AED47m), mainly due to a decrease in the base rate. One third of the borrowings are hedged.

The division contributed £13m to the Group's adjusted earnings compared with £7m in the prior period.

The division converted 9% (1H20: 109%) of adjusted EBITDA into cash generated from operations, due to slow collections, exacerbated by the strong counter-seasonal performance in the second quarter period.

Leading market position sustained through disciplined investments

In 1H21, Mediclinic Middle East made planned investments totalling AED43m (down 2% on 1H20) in expansion, largely associated with the new CCC at Mediclinic Airport Road Hospital, a DaVinci Robot surgical system and the EHR. Maintenance capex was AED19m (down 11% on 1H20) as projects were delayed during the pandemic.

FY21 capex budget of around AED270m (FY20: AED220m) is weighted towards the second-half of the year as the Mediclinic Airport Road Hospital projects prepares to open in January 2021 and the EHR rollout continues. The EHR is expected to deliver seamless care and improved service quality for patients, as well as improved administration efficiency for the division. Since going live in FY19 at Mediclinic Parkview Hospital, the system has been systematically rolled out across the division, with Mediclinic Airport Road Hospital and Mediclinic Al Jowhara Hospital the latest major go-live projects. The two remaining Abu Dhabi and Al Ain facilities will be live before the end of 2020 with the remaining Dubai facilities live by the end of 2021.

Major expansion projects at Mediclinic Middle East are nearing completion and following FY21, capex will decline over the following two years, stabilising at around 50% of the FY21 budget from FY23.

GROUP OUTLOOK

2H21

Demand for the Mediclinic's broad range of healthcare services remains strong and the Group is confident that this, together with its strategy execution and operational delivery, will drive long-term performance. In the short-term, the Group remains suitably cautious on its 2H21 performance in the midst of uncertainty as to the severity, duration and full impact of the continuing pandemic, as well as its economic aftermath.

The divisional outlooks below do not reflect the impact on the business of severe restrictions such as those imposed by authorities in April 2020, which suspended the provision of non-urgent elective procedures.

Hirslanden

Europe is now experiencing a second wave of the pandemic and while the severe restrictions on elective procedures implemented in March and April 2020 have not yet been implemented, the second wave is expected to impact on hospital and outpatient revenues. When combined with a similar cost profile to 1H21, the division expects 2H21 revenue and EBITDA to be broadly in line with 2H20.

Mediclinic Southern Africa

The initial peak of the pandemic only recently passed across the region with Mediclinic currently still caring for sizable numbers of COVID-19 patients. As such, Mediclinic Southern Africa has not yet experienced the same rebound witnessed in the other two divisions. Considering this in combination with the potential macroeconomic impact and consequent effect on medical scheme membership, the division currently expects the recent revenue trend, as reported for the month of September 2020, to broadly continue through 2H21. With improved cost efficiencies, the EBITDA margin is expected to improve from that experienced in 1H21.

Mediclinic Middle East

The encouraging underlying 1H21 improvement in volumes was supported by counter-seasonal holiday trends resulting from imposed travel restrictions and COVID-19-related and alternative initiatives. With the region now experiencing a second wave of the pandemic, non-COVID-19-related patient activity could be impacted while less than 50% of COVID-19-related initiatives in 1H21 are expected in 2H21. The counter-seasonal benefit in 1H21 is expected to unwind during the December and January holiday period, impacting patient activity. Coupled with macroeconomic uncertainty and the consequent impact on the expatriate population, the division expects to deliver modest revenue growth in 2H21 compared with the prior year period. The EBITDA margin is expected to be temporarily impacted in 2H21 compared with 2H20 due to the described revenue impact and start-up costs associated with opening the CCC and expansion at Mediclinic Airport Road Hospital.

Year ending 31 March 2022 ("FY22")
The Group recognises significant uncertainty and volatility is expected to remain for at least the following 18 months due to the pandemic. However, the current expectation is for Group revenue and EBITDA in FY22 to be broadly in line with FY20. Growth will be most notable at Mediclinic Middle East given prior year investments continuing to ramp up, while the recovery at Mediclinic Southern Africa is likely to be the most gradual over time, given the macroeconomic outlook.

SPIRE HEALTHCARE GROUP

Mediclinic holds a 29.9% investment in Spire which is equity accounted. Spire reported its half-year financial results for the period ended 30 June 2020 on 17 September 2020.

The outbreak of COVID-19 in the United Kingdom ("**UK**") presents uncertainty for Spire. During the COVID-19 crisis, Spire has shown its unwavering support to the National Health Service ("**NHS**"), agreeing to make nearly all 39 of its UK hospitals available to the NHS and its patients.

Under the NHS arrangements Spire is entitled to cash cost recovery for its services. Spire subsequently agreed Heads of Terms to vary the NHS England contract to protect minimum private capacity in all sites, driving positive momentum in admissions and providing firm end date of 31 December 2020 at latest.

For the six months ended 30 June 2020, Spire reported a loss after taxation of £233m (30 June 2019: profit of £7m) including a goodwill impairment charge of £200m. Since the Group has previously impaired its equity investment in Spire, the amount of £60m was reversed in the period to reflect the recoverable amount of the Group's investment in Spire. Mediclinic's 1H20 equity accounted loss amounted to £10m (1H20: income £2m).

In addition, its lenders have agreed to amend the June 2021 covenant test, with the next test in December 2021, and maturity of the Senior Loan Facility was extended by one year to July 2023. Given the economic uncertainty of the COVID-19 pandemic, Spire has considered forecasts and projections, including modelling for various scenarios, covering both the risk of a national or extensive regional lockdown in late 2020 and early 2021, and concluded that it is appropriate to prepare their half-yearly financial report on a going concern basis.

BOARD UPDATES

The following changes to the Board and its committees have occurred and been announced since the financial year-end:

As announced on 24 July 2019 and 22 July 2020, Dr Edwin Hertzog retired as a non-executive director and Chair of Mediclinic at the conclusion of the Company's 2020 Annual General Meeting on 22 July 2020. Dr Hertzog also stepped down as Chair of the Nomination Committee, as Chair of the Investment Committee, and as a member of the Clinical Performance and Sustainability Committee from that date.

Dr Hertzog was succeeded as Chair of Mediclinic by Dame Inga Beale on 22 July 2020, following her appointment on 26 March 2020 as an independent non-executive director and Chair Designate. As announced on 22 July 2020, Dame Inga also succeeded Dr Hertzog as Chair of the Nomination Committee with effect from that date.

As further announced on 22 July 2020, Mr Steve Weiner was appointed as an independent non-executive director and as a member of both the Audit and Risk Committee and the Clinical Performance and Sustainability Committee with effect from 22 July 2020.

The Board has also agreed to certain additional changes to the membership of its committees as part of ongoing succession planning, as set out below:

Investment Committee

Mr Jannie Durand was appointed as Chair of the Investment Committee and Dame Inga was appointed as a member of the Investment Committee with effect from 1 September 2020.

Remuneration Committee:

Mr Weiner was appointed as a member of the Remuneration Committee with effect from 11 November 2020.

The Remuneration Committee continues to debate the targets for the FY21 long-term incentive plan award and will, as communicated in the FY20 Directors' Remuneration Report, consult with shareholders as appropriate in due course. Details of the awards, including the targets, will be disclosed at the time of grant and in the FY21 Directors' Remuneration Report. Further to the disclosure in the FY20 Directors' Remuneration Report regarding the suspension of a final decision on the FY20 short-term incentive pay-out for executive directors, the Remuneration Committee continues to review this position in light of the robust first-half operating performance and strong financial position and liquidity of the Group.

FINANCIAL REVIEW

ADJUSTED NON-IFRS FINANCIAL MEASURES

The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and as a method to provide shareholders with clear and consistent reporting. The adjusted measures are intended to remove volatility associated with certain types of exceptional income and charges from reported earnings. Historically, EBITDA and adjusted 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 adjusted EBITDA are used by analysts and investors in assessing performance.

The rationale for using non-IFRS measures:

- they track the adjusted operational performance of the Group and its operating segments by separating out exceptional items;
- they are used by management for budgeting, planning and monthly financial reporting;
- they are used by management in presentations and discussions with investment analysts; and
- they are used by the directors in evaluating management's performance and in setting management incentives.

The Group's policy is to adjust, *inter alia*, 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 during acquisitions;
- past service cost charges/credits in relation to pension fund conversion rate changes;
- accelerated amortisation charges;
- remeasurement of redemption liability (written put option) due to changes in estimated performance;
- mark-to-market fair value gains/losses relating to derivative financial instruments including ineffective interest rate swaps;
- impairment charges and reversal of impairment charges;
- insurance proceeds; and
- tax impact of the above items, prior year period tax adjustments and significant tax rate changes.

EBITDA is defined as operating profit before depreciation and amortisation and impairments of non-financial assets, 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 adjusted measures used by the Group are not necessarily comparable with those used by other entities.

The Group has consistently applied this definition of adjusted measures 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.

GROUP FINANCIAL PERFORMANCE

During the period under review, revenue and profitability were significantly impacted by the sudden onset of COVID-19-related lockdown measures and restrictions on non-urgent elective procedures. The Group's revenue decreased by 7% to £1 411m (1H20: £1 515m) and adjusted EBITDA was down 32% to £171m (1H20: £252m). The adjusted EBITDA margin declined from 16.6% to 12.1%.

Depreciation and amortisation were down 2% to £106m (1H20: £108m) reflecting lower capital investment during the period due to the liquidity preservation measures and translation differences caused by the depreciation of the Rand.

Group operating profit was £64m in 1H21 (1H20: £149m) including impairment charges of £3m relating to Southern Africa properties and intangible assets. Adjusted operating profit was down 54% at £66m (1H20: £144m). Prior period operating profit was adjusted for an exceptional impairment reversal of £5m relating to Swiss properties.

Net finance cost reduced by 8% to £37m (1H20: £40m) mainly due to the reduction of base rates in South African and the UAE as well as the depreciation of the South African rand which is also the highest interest rate environment.

The Group's reported effective tax rate of (3.2)% (1H20: (10%)) reflects the Swiss tax charge offset by a tax credit in Southern Africa. In addition, the rate decreased due to a higher contribution of non-taxable income from Mediclinic Middle East compared to 1H20, partly offset with an increase in the effective tax rate due to the recognition of non-deductible equity accounted losses from the investment in Spire. The adjusted tax credit was £1m (1H20: tax charge of £23m) with an adjusted effective tax rate for the period of (2.1)% (1H20: 21.7%).

Attributable earnings to equity holders was £15m in 1H21 (1H20: profit of £109m). Adjusted earnings were down 77% at £17m (1H20: £73m). Adjusted EPS was down 77% at 2.3pence (1H20: 9.9 pence).

For the six months ended 30 June 2020, Spire reflected a goodwill impairment charge of £200m which gave rise to a reported loss of £233m. Since the Group has previously impaired its equity investment in Spire, recognised impairment losses in the amount of £60m were reversed. In this context, earnings were further adjusted for the following exceptional items:

- Mediclinic's share of the equity accounted impairment loss from Spire of £60m; and
- reversal of previously recorded impairment losses against the carrying value of the equity investment in Spire of £60m.

GOING CONCERN

The severity, duration and full impact of the COVID-19 pandemic and its economic aftermath on the Group's businesses remains uncertain. Despite the robust operating performance for the six months ended 30 September 2020, there remains a degree of risk and uncertainty as to the Group's financial performance for at least the next 12–18 months.

The Group's financial performance to date in FY21 across all three divisions has been well ahead of the base case scenarios modelled at year-end. In addition, due to the proactive response to maintain its liquidity position, cash and available facilities has remained strong at £449m (31 March 2020: £518m). A further unutilised bank facility in Switzerland of CHF250m was re-activated in April 2020 and, therefore, the total liquidity balance at 30 September 2020 was £661m.

For the purposes of assessing liquidity specifically and going concern broadly at 30 September 2020, the Group modelled new scenarios reflecting suitable assumptions on revenue, profitability and liquidity over the next 12–18-month period informed by key business drivers. The scenarios were informed by specific reference to:

- business and economic environments in the geographies in which the divisions operate;
- epidemiological forecasts (incorporating the recent resurgence in COVID-19 infections) and the impact of further possible lockdowns;

- the Group's financial performance during the pandemic and the effect of government lockdowns during 1H21;
- plans in growing revenue, including the roll-out of digital initiatives like virtual care; and
- working capital and capital expenditure requirements.

As evidenced in the period under review, the key impact to revenue and profitability during the first wave of the pandemic was the national lockdown measures and restrictions imposed on non-urgent elective procedures. Despite the recent rise in COVID-19 cases in certain regions, it is considered reasonably unlikely that in Mediclinic's markets the severe restrictions previously imposed on non-urgent elective procedures will be reintroduced especially given how COVID-19 operating protocols have advanced since March 2020. There does, however, remain this risk together with the availability of employees and a disruption in the supply chain. To this end, a downside case, which includes the effects of lockdown measures and restrictions, was incorporated in the scenario analyses. The downside case was informed by the severe impact of the government lockdown restrictions during April and May 2020 with EBITDA in constant currency over the next 12-month period down around 23% compared to FY20. The impact of these measures is modelled over multiple months across all three divisions based on epidemiological forecasts in each geography. The downside case at individual divisions all include an adverse impact to EBITDA of at least 45% in the most affected month compared to base case, with the timing varying across the forecast period.

Depending on the circumstances, further mitigating actions could be available to the Group that have not been modelled. These include reductions in capital expenditure, ceasing ongoing projects, reductions in employee and other operating costs, freeze on recruitment, freeze on salary increases and rental relief from landlords.

Based on the assumptions applied and the effect of mitigating actions set out above, most within the control of the Group, the analyses demonstrate that the divisions will continue to be able to meet their obligations for the periods modelled.

Debt is ring-fenced within each division, with no cross guarantees or cross defaults. Borrowings are denominated in the same currency as the divisions' underlying revenue and therefore not exposed to foreign exchange rate risk. All three divisions have refinanced their debt at least during the last three years and, therefore, maturities are relatively long dated. The nearest term material maturity is a Swiss bond for CHF145m due in February 2021. An unutilised CHF250m bank facility is in place to fully repay the bond. During the next 12-month period, debt repayments are due of CHF50m in Switzerland and AED200m in the Middle East.

At the start of the pandemic, the Group obtained covenant tests waivers where the forecast financial impact from the disruption caused by COVID-19 on the operation may have resulted in covenants being exceeded before coming back into compliance as operations normalise. For Mediclinic Middle East, the first of such waived covenant compliance tests are to be performed at the end of June 2021 and for Mediclinic Southern Africa and Hirslanden this will be performed at the end of September 2021. By the time of the reinstated tests, all covenants have sufficient headroom based on the range of modelled scenarios and the Group will continue to be able to meet its obligations for the periods modelled.

While recognising that there remains significant risk to the Group's financial performance for at least the next 12 months, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due, in the ordinary course of business. Therefore, the directors considered it appropriate to adopt the going concern basis in preparing the financial statements

EARNINGS RECONCILIATIONS

30 SEPTEMBER 2020	**Total £'m**	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Revenue	**1 411**	716	317	377	-	1
Operating profit/(loss)	**64**	36	6	23	-	(1)
Profit/(loss) attributable to equity holders*	**15**	17	(4)	14	(10)	(2)
Reconciliations						
Operating profit/(loss)	**64**	36	6	23	-	(1)
Add back:						
- Other gains and losses	**(2)**	-	-	(2)	-	-
- Depreciation and amortisation	**106**	62	18	26	-	-
- Impairment of properties, equipment and vehicles and intangible assets	**3**	-	3	-	-	-
EBITDA	**171**	98	27	47	-	(1)
No adjustments	**-**	-	-	-	-	-
Adjusted EBITDA	**171**	98	27	47	-	(1)
Operating profit/(loss)	**64**	36	6	23	-	(1)
- Impairment of properties, equipment and vehicles and intangible assets	**3**	-	3	-	-	-
- Fair value adjustments on derivative contracts	**(1)**	-	-	(1)	-	-
Adjusted operating profit/(loss)	**66**	36	9	22	-	(1)
Profit/(loss) attributable to equity holders*	**15**	17	(4)	14	(10)	(2)
- Impairment of properties, equipment and vehicles and intangible assets	**3**	-	3	-	-	-
- Fair value adjustments on derivative contracts	**(1)**	-	-	(1)	-	-
- Equity accounted portion of impairment of intangible assets	**60**	-	-	-	60	-
- Reversal of impairment of associate	**(60)**	-	-	-	(60)	-
- Tax on exceptional items**	**-**	-	-	-	-	-
Adjusted earnings	**17**	17	(1)	13	(10)	(2)
Weighted average number of shares (millions)	**737.2**					
Adjusted earnings per share (pence)	**2.3**					

** Profit attributable to equity holders in Hirslanden and Corporate is shown after the elimination of intercompany loan interest of £9m.*
*** Less than £0.5m.*

EARNINGS RECONCILIATIONS (continued)

30 SEPTEMBER 2019	**Total £'m**	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Revenue	**1 515**	696	469	350	-	-
Operating profit/(loss)	**149**	56	78	17	-	(2)
Profit/(loss) attributable to equity holders*	**109**	65	36	7	2	(1)
Reconciliations						
Operating profit/(loss)	**149**	56	78	17	-	(2)
Add back:						
- Other gains and losses	**-**	-	-	-	-	-
- Depreciation and amortisation	**108**	62	19	27	-	-
- Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
EBITDA	**252**	113	97	44	-	(2)
No adjustments	**-**	-	-	-	-	-
Adjusted EBITDA	**252**	113	97	44	-	(2)
Operating profit/(loss)	**149**	56	78	17	-	(2)
- Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
Adjusted operating profit/(loss)	**144**	51	78	17	-	(2)
Profit/(loss) attributable to equity holders*	**109**	65	36	7	2	(1)
- Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
- Tax rate changes **	**(32)**	(32)	-	-	-	-
- Tax on exceptional items	**1**	1	-	-	-	-
Adjusted earnings	**73**	29	36	7	2	(1)
Weighted average number of shares (millions)	**737.2**					
Adjusted earnings per share (pence)	**9.9**					

* *Profit attributable to equity holders in Hirslanden and Corporate is shown after the elimination of intercompany loan interest of £9m.*

** *Tax rates changes of £35m is shown after taking non-controlling interest of £3m into consideration.*

INCOME STATEMENT PRESENTATION

During the period under review, the Group changed the presentation of its operating expenses in the Condensed Consolidated Income Statement from an analysis by function to an analysis by nature. Comparatives have been changed to conform to the new presentation. The rationale for the change is to align the presentation of expenses with that of the internal management reports and to provide more relevant information and enhanced disclosure on the face of the income statement. The prior period expenses of £1 366m for the six months ended 30 September 2019 previously classified as Cost of sales (£975m) and Administration and other operating expenses (£391m) have been reclassified by nature of expense as set out in the table below.

Category	**Description**
Employee benefit and contractor costs	Includes employee benefit expenses for all staff, contractor costs and other employee related costs.
Consumables and supplies	Includes the cost of all inventories, including obsolete stock, which have been expensed during the year.
Care related costs	Includes costs closely linked to providing a service or care to patients and enhancing patient experience and includes catering, laundry, cleaning, security services and other patient related costs.
Infrastructure related costs	Includes repairs and maintenance, rates and taxes, utilities and rent expensed in terms of IFRS 16 and other infrastructure related costs.
Service costs	Includes all other administrative and operating expenses and non-specific service costs rendered, including but not limited to consulting, marketing, travel, and audits.
Provision for expected credit losses	Consists of the movement in the allowance for expected credit losses recognised in terms of IFRS 9.
Depreciation and amortisation	Includes depreciation on right-of-use assets and other property, equipment and vehicles, as well as amortisation of intangible assets.

FOREIGN EXCHANGE RATES

Although the Group reports its results in sterling, the divisional profits are generated in Swiss franc, South African rand and UAE dirham. Consequently, movements in exchange rates affected the reported earnings and reported balances in the statement of financial position. The resulting currency translation difference, which is the amount by which the Group's interest in the equity of the divisions decreased because of spot rate movements, amounted to £33m (1H20: increase of £176m) and was debited (1H20: credited) to the statement of other comprehensive income. The main reason for the decrease was the weakening of the period-end UAE dirham rate against the sterling.

Foreign exchange rate sensitivity:

- The impact of a 10% change in the £/CHF exchange rate for a sustained period of six months is that reported profit for the period would increase/decrease by £1m (1H20: increase/decrease by £3m) due to exposure to the £/CHF exchange rate.
- The impact of a 10% change in the £/ZAR exchange rate for a sustained period of six months is that reported profit for the period would increase/decrease by £0m (1H20: increase/decrease by £4m) due to exposure to the £/ZAR exchange rate.
- The impact of a 10% change in the £/AED exchange rate for a sustained period of six months is that reported profit for the period would increase/decrease by £1m (1H20: increase/decrease by £1m) due to exposure to the £/AED exchange rate.

During the reporting period, the average and closing exchange rates were as follows:

	1H21	1H20	Variance%
Average rates			
Swiss franc	**1.19**	1.25	5%
South African rand	**22.04**	18.28	(21)%
UAE dirham	**4.65**	4.62	(1)%

	1H21	FY20	Variance%
Period end rates			
Swiss franc	**1.19**	1.20	1%
South African rand	**21.55**	22.08	2%
UAE dirham	**4.74**	4.56	(4)%

CASH FLOW

The Group converted 42% (1H20: 98%) of adjusted EBITDA into cash generated from operations.

	1H21 £'m	1H20 £'m
Cash from operations (a)	**72**	248
Adjusted EBITDA (b)	**171**	252
Cash conversion ((a)/(b) x 100)	**42%**	98%

The cash conversion was weighed down by slow collections at Mediclinic Middle East compared with earlier in the period, increased debtors balances in Hirslanden and a normalisation in Hirslanden's trade payables balance post the initial peaks' stringent liquidity preservation measures.

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings remained consistent at £1 950m at 30 September 2020 (£1 951m at 31 March 2020). The weakening of the UAE dirham against pound sterling was offset by the South African rand strengthening against the sterling.

	1H21 £'m	FY20 £'m
Borrowings	**1 950**	1 951
Lease liabilities	**696**	703
Less: cash and cash equivalents	**(255)**	(329)
Net debt	**2 391**	2 325
Total equity	**3 013**	3 003
Debt-to-equity capital ratio	**79.4%**	77.4%

COVENANTS

	Status	**Headroom variable**	**1H21 Headroom[1]**	**FY20 Headroom[1]**	**Compliant**
Hirslanden					
Leverage ratio	Waived[2]	EBITDA	9%	17%	n/a
Economic capital ratio	Effective	Equity	30%	27%	Yes
Loan to value ratio	Effective	Property value	14%	17%	Yes
MCSA					
Leverage ratio	Waived[2]	EBITDA	(4)%	37%	n/a
Net interest cover ratio	Waived[2]	EBITDA	18%	47%	n/a
MCME					
Leverage ratio	Waived[2]	EBITDA	37%	41%	n/a
Debt service coverage ratio	Waived[2]	Cash flow	41%	80%	n/a
Minimum net worth	Effective	n/a	>AED630m	>AED750m	Yes
Minimum monthly receivables	Effective	n/a	>AED190m[3]	>AED195m[3]	Yes

[1] Headroom is calculated with reference to the indicated headroom variable, keeping other inputs steady
[2] Waived covenant compliance tests are to be performed at the end of June 2021 for Mediclinic Middle East and at the end of September 2021 for Mediclinic Southern Africa and Hirslanden
[3] Average of last 3 months

ASSETS

Property, equipment and vehicles decreased from £4 358m as at 31 March 2020 to £4 328m at 30 September 2020, mainly due to depreciation charges. Intangible assets decreased from £1 171m to £1 130m at 30 September 2020 due to the depreciation of the UAE dirham, offset by capitalisation of ongoing project costs. Non-current assets included an increase of £43m on capital projects and fixed asset additions.

Depreciation and amortisation, including depreciation on right of use assets, decreased by 2% from £108m to £106m. Depreciation on right-of-use assets for 1H21 was £24m (1H20: £23m).

RETIREMENT BENEFIT OBLIGATIONS

The retirement benefit obligations comprised the following:

	1H21 £'m	FY20 £'m
Hirslanden pension benefit obligation	**28**	71
Mediclinic Southern Africa post-retirement medical benefit obligation	**31**	28
Mediclinic Middle East end-of-service benefit obligation	**83**	83
	142	182

Hirslanden provides defined contribution pension plans in terms of Swiss legislation to employees, the assets of which are held in separate trustee-administered funds. These plans are funded by payments from employees and Hirslanden, taking into account the recommendations of independent qualified actuaries. Because of the strict definition of defined contribution plans under IAS 19, these plans are classified as defined benefit plans since the funds are obliged to take some investment and longevity risk in terms of Swiss legislation.

The IAS 19 pension liability was reassessed by the actuaries at the end of the period. The decrease in the pension liability was largely due to an increase in the plan assets, partly offset by an increase in the liability due to a change in the discount rate from 0.45% at 31 March 2020 to 0.05% at 30 September 2020.

NET FINANCE COST

Net finance cost is down by 8% at £37m (1H20: £40m) mainly due to the reduction of base rates in Southern Africa and the UAE, as well as the depreciation of the South African rand which is also the highest interest rate environment.

	1H21 £'m	1H20 £'m
Finance cost	**39**	45
Finance income	**(2)**	(5)
Net finance cost	**37**	40

INCOME TAX

The Group's effective tax rate for the period under review was (3.2)% (1H20: (10%)). The net tax credit of £0.6m comprise of a tax charge of £1.8m from Switzerland and a tax credit of £2.4m from Southern Africa. In addition, the rate decreased due to a higher contribution of non-taxable income from Mediclinic Middle East compared to 1H20, partly offset with an increase in the effective tax rate due to the recognition of non-deductible equity accounted losses from the investment in Spire.

Excluding exceptional non-deductible expenses, the adjusted effective tax rate would be (2.1)% (1H20: 21.7%) for the period ended 30 September 2020.

Adjusted income tax was calculated as follows:

	1H21 £'m	1H20 £'m
Income tax credit	**1**	11
Swiss tax rate changes	**-**	(35)
Tax impact of exceptional items[1]	**-**	1
Adjusted income tax credit/(expense)	**1**	(23)
Adjusted effective tax rate[2]	**(2.1)%**	21.7%

[1] *Less than £0.5m in 1H21*
[2] *The effective tax rate percentages are calculated in unrounded sterling values and not in millions*

DIVIDEND POLICY AND DIVIDEND DECLARATION

The Group's dividend policy is to target a pay-out ratio of between 25% and 35% of adjusted earnings. The Board may revise the policy at its discretion. As part of the Group's response to maintaining its liquidity position through the COVID-19 crisis and to maximise its support in combatting the COVID-19 pandemic, the Board has taken the prudent and appropriate decision to suspend the dividend.

PRINCIPAL RISKS

The Board is ultimately accountable for the Group's risk management process and system of internal control. The principal risks and mitigating factors are described in more detail on pages 119 to 125 of the Group's Annual Report and Financial Statements for the year ended 31 March 2020 (a copy of which is available on the Group's website at www.mediclinic.com) and remain appropriate for the remaining six months period to 31 March 2021.

- **Pandemics and infectious diseases**

  An epidemic occurs when an infectious disease infects many people rapidly; a pandemic occurs when it spreads to multiple countries and continents.

  These risks refer to the Group's ability to respond effectively to the potential adverse clinical, operational and business effects caused by a pandemic or infectious disease.

- **Economic and business environment**

  These risks relate to the downturn in the general economic and business environments impacting on the affordability of healthcare for funders and self-paying patients.

  The business environment risks include the market dynamics and ongoing negotiations between healthcare service providers and funders.

- **Regulatory and compliance**

  These risks relate to adverse changes in legislation and regulations impacting on the Group or where the failure to comply with legislation and regulations may result in losses, fines, penalties or damage to reputation. The Group is also exposed to an increasing compliance monitoring cost.

  The risks include healthcare reform by regulators aimed at reducing the cost of healthcare; broadening the access to quality healthcare; and increasing quality standards monitoring by regulators.

- **Competition**

  These risks relate to the uncertainty created by existing and/or emerging competitors.

  The risks include the outmigration of care (partly driven by further technological developments) and the development of alternative care models.

- **Information systems security and cyberattacks**

  Information systems security risk and cyberattack risks relate to the unauthorised access to information systems through external or internal attack or unauthorised breaches resulting in the unavailability of systems, failure of data integrity and loss of confidential data.

- **Disruptive innovation and digitalisation**

  Disruptive innovation and digitalisation risks include the disintermediation and erosion of the Mediclinic business model due to the impact of technological development. It refers to the extent and speed at which new technologies (and combinations thereof) change and transform industries, and to what extent an organisation can exploit these opportunities by being responsive and innovative, while managing associated risks.

- **Availability, recruitment and retention of skilled resources and medical practitioners**

  There is a shortage of skilled labour, particularly a shortage of qualified and experienced nursing employees in Southern Africa.

  The availability and support of admitting medical practitioners, whether independent or employed, are critical to the Group's services.

- **Business projects**

  The Group plans to adapt to the evolving operational and regulatory environment and healthcare market. These risks refer to issues or occurrences that could interfere with successful completion of projects, including timelines, cost and quality.

- **Clinical risks**

  These risks relate to all clinical risks associated with the provision of clinical care resulting in undesirable clinical outcomes.

  Clinical risks are managed daily at all facilities. High-priority clinical risk areas include patient safety culture, adverse obstetric outcomes, medication errors, surgical and procedural adverse events and multidrug-resistant organisms.

  Such risks may also result in damage to Mediclinic's reputation and impact on brand equity[1].

• Availability and cost of capital (Including financing and liquidity risks)	These risks relate to the cost, terms and availability of capital to finance strategic expansion opportunities and/or the refinancing or restructuring of existing debt affected by prevailing capital market conditions. All three divisions have refinanced their debt at least during the last three years and therefore maturities are relatively long dated. The nearest term material maturity is a Swiss bond due in February 2021. An unutilised bank facility is in place to fully repay the bond.
• Operational and credit risks	Operational risks refer to diverse types of operational events with a potential for financial loss, operational interruptions or reputational damage. Credit risks relate to possible loss due to a funder's inability to pay the outstanding balance owing; the inability to recover outstanding amounts due from patients; or default by banks and/or other deposit-taking institutions. Credit risk with respect to trade receivables consists mainly of medical schemes and insurance companies which are required to maintain minimum reserve levels. In Switzerland and the UAE, a large part of trade receivables are owed by cantonal or government-funded programmes that support healthcare providers with early release of payments due by them during COVID-19 business disruptions.
• Quality of service and operational stability	These risks refer to the quality of service and the stability of the operations. It includes: • incidents of poor service or where operational management fails to respond effectively to complaints; • operational interruptions which refer to any disruption of the facility and may include the threat of disrupted electricity or water supply; and • fire and allied perils causing damage or business interruption.
• Business investment and acquisition	These risks relate to increased financial exposure due to major strategic business investments and acquisitions. They include the sensitivity of the assumptions made when capital is allocated and the effective implementation of major investment decisions.

Note

[1] Brand equity refers to the commercial value derived from the consumer perception of the Group's brand names rather than the services provided under those brand names.

BREXIT

The UK left the European Union ('EU') at the end of January 2020 and entered into a withdrawal agreement with the EU. The agreement introduced a transition period until 31 December 2020 during which the UK and EU trading relationship remains in place. The UK Government is currently negotiating a future trading agreement with the EU. The Group does not expect that a new trade agreement between the UK and the EU will have a material impact on any of its divisions in Switzerland, South Africa, Namibia or the UAE. While not a principal risk to Mediclinic, Mediclinic may be impacted through its investment in Spire if the UK Government is unable to conclude a trade agreement with the EU. The board of Spire has reported Brexit as one of its principal risks and has communicated to the market its position and assessment thereof in its annual report. The areas considered to have the biggest potential impacts to Spire relate to:

- supply chain risks where around 80% of the goods that Spire uses to operate its hospitals come into the UK from or via the EU;
- the impact on employees where Spire reported that less than 6% of its employees are EU citizens; and
- the risk of increased costs which may occur due to EU imports being subject to customs charges and tariffs.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors confirm to the best of their knowledge that these condensed consolidated financial information, which have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union, give a fair and true view of the assets, liabilities, financial position and profit and loss of the Group and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions that have taken place in the first six months of the current financial year and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the Mediclinic International plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the condensed consolidated financial information since they were initially presented on the website.

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

By order of the Board.

Ronnie van der Merwe
Group Chief Executive Officer

Jurgens Myburgh
Group Chief Financial Officer

11 November 2020

CAUTIONARY STATEMENT

This announcement contains certain forward-looking statements relating to the business of the Company and its subsidiaries, 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 clients; 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 announcement, those results or developments may not be indicative of the Group's results or developments in the future. In some cases, forward-looking statements can be identified by words such as "could", "should", "may", "expects", "aims", "targets", "anticipates", "believes", "intends", "estimates", or similar. These forward-looking statements are based largely on the Group's current expectations as of the date of this 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; poor performance by healthcare practitioners who practise at its 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 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 announcement.

The Group is providing the information in this announcement as of this date, and disclaims any intention to, and make no undertaking to, publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

INDEPENDENT REVIEW REPORT TO MEDICLINIC INTERNATIONAL PLC

REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Our conclusion

We have reviewed Mediclinic International plc's condensed consolidated financial information (the "**interim financial statements**") in the interim results announcement of Mediclinic International plc for the six month period ended 30 September 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position as at 30 September 2020;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results announcement have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (**IFRSs**) as adopted by the European Union.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the directors

The interim results announcement, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results announcement in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results announcement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
11 November 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2020

	Notes	**30 Sep 2020 (Unaudited) £'m**	31 Mar 2020 (Audited) £'m
ASSETS			
Non-current assets		**5 671**	5 741
Property, equipment and vehicles	4	**4 328**	4 358
Intangible assets	5	**1 130**	1 171
Equity-accounted investments	6	**171**	181
Other investments and loans		**10**	9
Deferred income tax assets		**32**	22
Current assets		**1 211**	1 213
Inventories		**125**	104
Trade and other receivables		**826**	766
Other investments and loans		**3**	2
Current income tax assets		**2**	2
Derivative financial instruments		**-**	2
Cash and cash equivalents		**255**	329
Assets classified as held-for-sale		**-**	8
Total assets		**6 882**	6 954
EQUITY			
Capital and reserves			
Share capital		**74**	74
Share premium reserve		**690**	690
Retained earnings		**4 377**	4 327
Other reserves		**(2 239)**	(2 201)
Attributable to equity holders of the Company		**2 902**	2 890
Non-controlling interests		**111**	113
Total equity		**3 013**	3 003
LIABILITIES			
Non-current liabilities		**3 102**	3 182
Borrowings	7	**1 735**	1 787
Lease liabilities	8	**644**	654
Deferred income tax liabilities		**438**	427
Retirement benefit obligations	9	**128**	168
Provisions		**41**	36
Derivative financial instruments		**116**	109
Cash-settled share-based payment liabilities		**-**	1
Current liabilities		**767**	769
Trade and other payables		**462**	515
Borrowings	7	**215**	164
Lease liabilities	8	**52**	49
Provisions		**20**	17
Retirement benefit obligations	9	**14**	14
Derivative financial instruments		**2**	2
Current income tax liabilities		**2**	4
Liabilities classified as held-for-sale		**-**	4
Total liabilities		**3 869**	3 951
Total equity and liabilities		**6 882**	6 954

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 September 2020

	Notes	**30 Sep 2020 (Unaudited) £'m**	(Re-presented)* 30 Sep 2019 (Unaudited) £'m
Revenue		**1 411**	1 515
Employee benefit and contractor costs		**(702)**	(723)
Consumables and supplies		**(336)**	(338)
Care related costs		**(71)**	(69)
Infrastructure related costs		**(54)**	(56)
Service costs		**(73)**	(73)
Provision for expected credit losses		**(4)**	(4)
Depreciation and amortisation		**(106)**	(108)
(Impairment)/reversal of impairment of properties, equipment and vehicles and intangible assets		**(3)**	5
Other gains and losses		**2**	-
Operating profit		**64**	149
Finance income		**2**	5
Finance cost	10	**(39)**	(45)
Share of net (loss)/profit of equity accounted investments		**(10)**	2
Profit before tax		**17**	111
Income tax credit	11	**1**	11
Profit for the period		**18**	122
Attributable to:			
Equity holders of the Company		**15**	109
Non-controlling interests		**3**	13
		18	122
Profit per ordinary share attributable to the equity holders of the Company - pence			
Basic	12	**2.0**	14.8
Diluted	12	**2.0**	14.8

**Refer to note 2*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2020

	30 Sep 2020 (Unaudited) £'m	(Re-presented)* 30 Sep 2019 (Unaudited) £'m
Profit for the period	**18**	122
Other comprehensive income/(loss)		
Items that may be reclassified to the income statement	**(37)**	174
Currency translation differences	**(33)**	176
Fair value adjustment - cash flow hedges	**(4)**	(2)
Items that may not be reclassified to the income statement	**35**	(25)
Remeasurements of retirement benefit obligations	**35**	(25)
Other comprehensive income/(loss), net of tax	**(2)**	149
Total comprehensive income for the period	**16**	271
Attributable to:		
Equity holders of the Company	**10**	255
Non-controlling interests	**6**	16
	16	271

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2020

	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	Attributable to equity holders of the Company £'m	Non-controlling interests £'m	Total equity £'m
Balance at 1 April 2020 (audited)	74	6	690	(3 014)	-	-	815	(8)	4 327	2 890	113	3 003
Profit for the period	-	-	-	-	-	-	-	-	15	15	3	18
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	(34)	(4)	33	(5)	3	(2)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(34)	(4)	48	10	6	16
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	2	2	-	2
Dividends paid	-	-	-	-	-	-	-	-	-	-	(8)	(8)
Balance at 30 September 2020 (unaudited)	**74**	**6**	**690**	**(3 014)**	**-**	**-**	**781**	**(12)**	**4 377**	**2 902**	**111**	**3 013**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2019

	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	Attributable to equity holders of the Company £'m	Non-controlling interests £'m	Total equity £'m
Balance at 1 April 2019 (audited)	74	6	690	(3 014)	-	-	628	(2)	4 769	3 151	115	3 266
IFRS 16 transition adjustment	-	-	-	-	-	-	-	-	(37)	(37)	-	(37)
Restated at 1 April 2019 (unaudited)	**74**	**6**	**690**	**(3 014)**	**-**	**-**	**628**	**(2)**	**4 732**	**3 114**	**115**	**3 229**
Profit for the period	-	-	-	-	-	-	-	-	109	109	13	122
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	173	(2)	(25)	146	3	149
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	173	(2)	84	255	16	271
Non-controlling shareholders acquired	-	-	-	-	-	-	-	-	(3)	(3)	2	(1)
Dividends paid	-	-	-	-	-	-	-	-	(35)	(35)	(15)	(50)
Balance at 30 September 2019 (unaudited)	**74**	**6**	**690**	**(3 014)**	**-**	**-**	**801**	**(4)**	**4 778**	**3 331**	**118**	**3 449**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2020

	Notes	**30 Sep 2020 (Unaudited) £'m Inflow/(outflow)**	30 Sep 2019 (Unaudited) £'m Inflow/(outflow)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations		**72**	248
Interest received		**2**	5
Interest paid		**(35)**	(38)
Tax paid		**(9)**	(35)
Net cash generated from operating activities		**30**	180
CASH FLOW FROM INVESTMENT ACTIVITIES		**(67)**	(73)
Investment to maintain operations		**(23)**	(34)
Investment to expand operations		**(43)**	(42)
Acquisition of subsidiaries	13	**(2)**	-
Disposal of subsidiaries	14	**4**	-
Acquisition of investment in associate		**(1)**	-
Dividends received from equity-accounted investment		**-**	3
Acquisition of other investments and loans		**(2)**	-
Net cash (utilised)/generated before financing activities		**(37)**	107
CASH FLOW FROM FINANCING ACTIVITIES		**(38)**	(148)
Distributions to non-controlling interests		**(8)**	(15)
Distributions to shareholders	16	**-**	(35)
Transaction with non-controlling interest		**2**	(1)
Proceeds from borrowings		**7**	-
Repayment of borrowings		**(19)**	(72)
Refinancing transaction costs		**(1)**	(1)
Repayment of lease liabilities		**(19)**	(24)
Net decrease in cash and cash equivalents		**(75)**	(41)
Opening balance of cash and cash equivalents		**329**	265
Exchange rate fluctuations on foreign cash		**1**	9
Closing balance of cash and cash equivalents		**255**	233
Cash and cash equivalents		**255**	231
Cash and cash equivalents classified as assets held for sale		**-**	2
		255	233

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Mediclinic is an international private hospital group with operations in Switzerland, Southern Africa (South Africa and Namibia) and the United Arab Emirates. Its core purpose is to enhance the quality of life. Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, a LSE-listed and UK-based private hospital group.

The Company is a public limited company, with a primary listing on the LSE and secondary listings on the JSE and the NSX and incorporated and domiciled in the UK (registered number: 08338604). The address of its registered office is 6th Floor, 65 Gresham Street, London, EC2V 7NQ, United Kingdom.

The condensed consolidated financial information for the six months ended 30 September 2020 was approved by the Board on 11 November 2020.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information is 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 results announcement has been prepared applying consistent accounting policies to those applied by the Group in the 31 March 2020 financial year, except for the estimation of income tax in accordance with IAS 34 at 30 September 2020. The Group has prepared the condensed consolidated interim financial information on a going concern basis (refer to the Finance Review). The condensed consolidated financial statements have 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 2020. The condensed consolidated interim financial information has been reviewed, not audited.

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. Statutory accounts for the year ended 31 March 2020 were approved by the Board of Directors on 1 June 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2020.

Functional and presentation currency
The condensed consolidated financial statements are presented in pounds sterling, 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 Swiss franc, South African rand 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.

Income statement presentation
During the period under review, the Group changed its presentation of expenses in the Condensed consolidated income statement from an analysis by function to an analysis by nature. Comparatives have been changed to conform to the new presentation. The reason for the change is to align the presentation of expenses with that of the internal management reports and to provide more relevant information. The prior period expenses of £1 366m for the six months ended 30 September 2019 previously classified as Cost of sales (£975m) and Administration and other operating expenses (£391m) have been reclassified by nature of expense.

3. SEGMENTAL REPORT

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

		Reportable operating segments			Other	
Period ended 30 September 2020	**Total £'m**	**Switzerland £'m**	**Southern Africa £'m**	**Middle East £'m**	**United Kingdom £'m**	**Corporate £'m**
Revenue	**1 411**	**716**	**317**	**377**	**-**	**1**
EBITDA	**171**	**98**	**27**	**47**	**-**	**(1)**
EBITDA before management fee	**171**	**101**	**30**	**49**	**-**	**(9)**
Management fees included in EBITDA	**-**	**(3)**	**(3)**	**(2)**	**-**	**8**
Other gains and losses	**2**	**-**	**-**	**2**	**-**	**-**
Depreciation and amortisation	**(106)**	**(62)**	**(18)**	**(26)**	**-**	**-**
Impairment of properties, equipment and vehicles and intangible assets	**(3)**	**-**	**(3)**	**-**	**-**	**-**
Operating profit/(loss)	**64**	**36**	**6**	**23**	**-**	**(1)**
Income from associate	**(10)**	**-**	**-**	**-**	**(10)**	**-**
Finance income	**2**	**1**	**1**	**-**	**-**	**-**
Finance cost (excluding intersegment loan interest)	**(39)**	**(16)**	**(14)**	**(9)**	**-**	**-**
Total finance cost	**(39)**	**(25)**	**(14)**	**(9)**	**-**	**9**
Elimination of intersegment loan interest	**-**	**9**	**-**	**-**	**-**	**(9)**
Taxation	**1**	**(2)**	**3**	**-**	**-**	**-**
Segment result	**18**	**19**	**(4)**	**14**	**(10)**	**(1)**
At 30 September 2020						
Investments in associates	**168**	**3**	**2**	**5**	**158**	**-**
Investments in joint ventures	**3**	**-**	**3**	**-**	**-**	**-**
Capital expenditure	**43**	**15**	**15**	**13**	**-**	**-**
Total segment assets	**6 882**	**4 192**	**661**	**1 789**	**158**	**82**
Total segment liabilities (excluding intersegment loan)	**3 869**	**2 639**	**562**	**664**	**-**	**4**
Total liabilities from reportable segment	**4 876**	**3 646**	**562**	**664**	**-**	**4**
Elimination of intersegment loan	**(1 007)**	**(1 007)**	**-**	**-**	**-**	**-**

3. SEGMENTAL REPORT (continued)

		Reportable operating segments			Other	
Period ended 30 September 2019	**Total £'m**	**Switzerland £'m**	**Southern Africa £'m**	**Middle East £'m**	**United Kingdom £'m**	**Corporate £'m**
Revenue	1 515	696	469	350	-	-
EBITDA	252	113	97	44	-	(2)
EBITDA before management fee	252	116	100	46	-	(10)
Management fees included in EBITDA	-	(3)	(3)	(2)	-	8
Other gains and losses	-	-	-	-	-	-
Depreciation and amortisation	(108)	(62)	(19)	(27)	-	-
Reversal of impairment of properties	5	5	-	-	-	-
Operating profit/(loss)	149	56	78	17	-	(2)
Income from associate	2	-	-	-	2	-
Impairment of associate	-	-	-	-	-	-
Finance income	5	-	4	-	-	1
Finance cost (excluding intersegment loan interest)	(45)	(15)	(20)	(10)	-	-
Total finance cost	(45)	(24)	(20)	(10)	-	9
Elimination of intersegment loan interest	-	9	-	-	-	(9)
Taxation	11	30	(19)	-	-	-
Segment result	122	71	43	7	2	(1)
At 31 March 2020						
Investments in associates	177	2	2	5	168	-
Investments in joint ventures	4	-	4	-	-	-
Capital expenditure	192	75	69	47	-	1
Total segment assets	6 954	4 192	680	1 838	169	75
Total segment liabilities (excluding intersegment loan)	3 951	2 701	564	683	-	3
Total liabilities from reportable segment	4 942	3 692	564	683	-	3
Elimination of intersegment loan	(991)	(991)	-	-	-	-

4. PROPERTY, EQUIPMENT AND VEHICLES

	30 Sep 2020 £'m	31 Mar 2020 £'m
Land - cost	**965**	959
Buildings	**2 327**	2 336
Capital expenditure in progress	**96**	81
Right-of-use assets (see note 8)	**647**	675
Equipment	**253**	264
Furniture and vehicles	**40**	43
	4 328	4 358

Cash generating unit (CGU) impairment indicators

Property, equipment and vehicles are considered for impairment if impairment indicators are identified at an individual CGU level. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group defines CGUs as combined inter-dependent hospitals and/or clinics or as individual hospitals depending on the geographical location or the degree of integration. The impairment assessment is performed at CGU level and any impairment charge that arises would be allocated to the CGU's goodwill first, followed by other assets (such as property, equipment and vehicles and other intangible assets).

Impairment assessment

At 30 September 2020, the Group performed a review of impairment indicators of all the CGUs. Impairment indicators have not been identified in Mediclinic Middle East and Hirslanden, but have been identified in Southern Africa. The recoverable amounts of the Southern African CGUs were tested for impairment based on fair-value-less-cost-to-sell ('FVLCTS') calculations. In determining the FVLCTS calculations for the CGUs, the cash flows were discounted at 12.7% and a growth rate of 5.5% beyond five years was used. The carrying values of two CGUs were determined to be higher than the recoverable amounts and as a result an impairment charge of £2m was recognised in the income statement relating to property, equipment and vehicles.

At 31 March 2020, Swiss property, equipment and vehicles were impaired by £33m. At that date, some CGUs within Hirslanden were sensitive to changes in key assumptions in the fair value less cost to sell calculations. Increases in the discount rate or decreases in the cash flow projections or long-term growth rates could give rise to further impairment charges in future periods with sensitivity analysis included in the Group Financial Statements.

Reversal of impairment

During the prior period ended 30 September 2019, Klinik Belair was classified as a disposal group held for sale and a reversal of previously recognised impairment charges in respect of properties of £5m was recognised given that the expected disposal proceeds exceeded the carrying value after impairment charges booked in the prior period.

5. INTANGIBLE ASSETS

	30 Sep 2020 £'m	31 Mar 2020 £'m
Goodwill	**1 013**	1 047
Trade names	**51**	54
Computer software	**66**	70
	1 130	1 171
Goodwill by operating segment		
Switzerland	**109**	106
Southern Africa	**12**	13
Middle East	**892**	928
	1 013	1 047

Impairment testing of goodwill and trade names

At 30 September 2020, the Group assessed whether any goodwill impairment indicators exist and consequently an impairment loss of £1m was recognised in the income statement relating to the South African division.

At 31 March 2020, the carrying amount of the Mediclinic Middle East goodwill was determined to be higher than its recoverable amount and an impairment of £481m was recognised against goodwill. At that date, any increase in the discount rate or decreases in the short-term cash flow projections or long-term growth rate could give rise to impairment charges in future periods with sensitivity analysis included in the Group Financial Statements. At 30 September 2020 no indicators of impairment in respect of the Middle East goodwill were identified.

6. EQUITY ACCOUNTED INVESTMENTS

	30 Sep 2020 £'m	31 Mar 2020 £'m
Investment in associates	**168**	177
Investment in joint venture	**3**	4
	171	181

	30 Sep 2020 £'m	31 Mar 2020 £'m
Listed investment	**158**	168
Unlisted investments	**10**	9
	168	177
Reconciliation of carrying value at the beginning and end of the period		
Opening balance	**177**	189
Additional investment in unlisted associate	**1**	1
Share of net (loss)/profit of associated companies	**(70)**	2
Reversal of impairment / (impairment) of listed associate	**60**	(10)
Dividends received from associated companies	**-**	(5)
	168	177

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

	Country of incorporation and place of business	% ownership
Spire Healthcare Group plc (Spire)	**United Kingdom**	**29.9%**

Spire is listed on the London Stock Exchange. It does not publish quarterly financial information and has a December year-end. The investment in associate was equity accounted for the 6 months to 30 June 2020 (31 March 2020: 12 months to 31 December 2019).

At 30 September 2020, the market value of the investment in Spire was £114m, which was below the carrying value. Consequently, the Group performed an impairment test by updating the inputs applied in the value in use calculation. The impairment test was prepared based on the Group's expectations of Spire's future trading performance and considered external sources of information, including recent investor analyst valuations and target prices published since the half year results announcement by Spire in September 2020.

Included in the equity accounted loss for the period under review, is a goodwill impairment charge recorded by Spire in the amount of £200m. The equity accounted portion of this impairment amounts to £60m. During prior periods, the Group impaired its equity accounted investment in Spire. Following Spire's goodwill impairment charge, the Group's interest in the net asset value of Spire (£211m) was significantly higher than its carrying value of the equity accounted investment (£98m). As a result an impairment reversal of £60m was recognised.

Expectations of cash flows in the short- and medium-term were broadly in line with those at 31 March 2020. There was no material change in inputs related to the discount rate or the long-term growth rate from 31 March 2020.

The following key assumptions were used in the calculation:

Discount rates – a discount rate of 6.9% was applied to cash flow projections (31 March 2020: 6.9%).

Growth rates – a terminal growth rate of 1.9% (2020: 2.0%) was applied in the calculation.

Sensitivity analysis – reasonably possible changes in key assumptions that could give rise to a material adjustment to the carrying value are set out below:
- A fall in the terminal growth rate to 1.5% would result in an additional impairment of £3m; or
- A rise in discount rate to 7.25% would result in an additional impairment of £16m; or
- A fall in the forecast cash flows of 5% each year would result in an additional impairment of £14m.

At 31 March 2020, the carrying amount of the investment was determined to be higher than its recoverable amount and an impairment of £10m was recognised against equity-accounted investments.

7. BORROWINGS

	30 Sep 2020 £'m	31 Mar 2020 £'m
Bank loans	**1 668**	1 673
Preference shares	**84**	82
Listed bonds	**198**	196
	1 950	1 951
Non-current borrowings	**1 735**	1 787
Current borrowings	**215**	164
Total borrowings	**1 950**	1 951

		30 Sep 2020 £'m Non-current	**30 Sep 2020 £'m Current**	31 Mar 2020 £'m Non-current	31 Mar 2020 £'m Current
	Swiss operations (denominated in Swiss franc)				
Secured bank loan one	This loan bears interest at variable rates linked to the 3M LIBOR plus 1.25%. CHF50m is redeemable annually on 30 September with the final outstanding balance redeemable on 30 September 2025. The repayment in September 2020 has been suspended. The non-current portion includes capitalised financing costs of £13m (2020: £13m).	**1 122**	**42**	1 156	-
Secured bank loan two	These loans were acquired as part of the Linde acquisition and bear interest at a fixed rate of 1.12%. CHF0.5m are repayable on 30 June and 31 December every year. The remaining balances are repayable during May 2023.	**14**	**1**	15	1
Secured bank loan three	This fixed interest mortgage loan was acquired as part of the Linde acquisition and bears interest at 0.90% compounded quarterly. The loan is repayable by December 2023.	**8**	**-**	8	-
Listed bonds	The listed bonds consist of CHF145m 1.63% and CHF90m 2.00% Swiss franc bonds. The bonds are repayable on 25 February 2021 and 25 February 2025 respectively.	**76**	**122**	75	121
	Balance carried forward	**1 220**	**165**	1 254	122

7. BORROWINGS (continued)

		30 Sep 2020 £'m Non-current	**30 Sep 2020 £'m Current**	31 Mar 2020 £'m Non-current	31 Mar 2020 £'m Current
	Balance carried forward	**1 220**	**165**	1 254	122
	Southern African operations (denominated in South African rand)				
Secured bank loan one	The loan bears interest at the 3M JIBAR variable rate plus a margin of 1.49% compounded quarterly and is repayable on 26 September 2022.	**120**	**-**	116	1
Secured bank loan two	The loan bears interest at the 3M JIBAR variable rate plus a margin of 1.59% compounded quarterly and is repayable on 26 September 2023.	**166**	**1**	162	1
Secured bank loan three	These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and 12 years.	**3**	**1**	3	1
Preference shares	Dividends are payable quarterly at a rate of 72% of 3M JIBAR plus a margin of 1.65%. The outstanding balance will be redeemed on 26 September 2022.	**84**	**-**	82	-
Bank overdraft		**-**	**-**	-	13
	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 1.85% with five-year amortising terms, expiring in August 2023.	**142**	**48**	170	26
		1 735	**215**	1 787	164

8. LEASES

This note provides information for leases where the Group is the lessee.

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	30 Sep 2020 £'m	31 Mar 2020 £'m
Right-of-use assets		
Buildings	**644**	672
Equipment	**3**	3
	647	675
Right-of-use assets by operating segment		
Switzerland	**403**	414
Southern Africa	**28**	29
Middle East	**216**	232
	647	675

	30 Sep 2020 £'m	31 Mar 2020 £'m
Lease liabilities		
Switzerland	**421**	416
Southern Africa	**38**	38
Middle East	**237**	249
	696	703
- Non-current lease liabilities	**644**	654
- Current lease liabilities	**52**	49
	696	703

8. LEASES (continued)

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	30 Sep 2020 £'m	30 Sep 2019 £'m
Depreciation charge of right-of-use assets		
Buildings	**24**	23
	24	23
Interest expense on lease liabilities (refer to note 10)	**10**	11
Expense relating to short-term leases and leases of low-value assets	**3**	4
Rent concessions (included in other gains and losses)	**1**	-

The total cash outflow for leases, excluding short-term leases and leases of low-value assets, was £27m (1H20: £31m).

9. RETIREMENT BENEFIT OBLIGATIONS

The Swiss pension liability was reassessed by the actuaries at the end of the period and amounted to a liability of £28m (31 March 2020: a liability of £71m), included under “Retirement benefit obligations” in the Group’s statement of financial position. The decrease in the pension liability was largely due to an increase in the plan assets, partly offset by an increase in the liability due to a change in the discount rate from 0.45% at 31 March 2020 to 0.05% at 30 September 2020.

10. FINANCE COSTS

	30 Sep 2020 £'m	30 Sep 2019 £'m
Interest expenses	**23**	31
Interest on lease liabilities	**10**	11
Interest rate swaps	**3**	-
Amortisation of capitalised financing costs	**2**	1
Preference share dividend	**2**	3
Less: amounts included in cost of qualifying assets	**(1)**	(1)
	39	45

11. INCOME TAX EXPENSE

	30 Sep 2020 £'m	30 Sep 2019 £'m
Current tax		
Current year	**6**	23
Deferred tax	**(7)**	(34)
Taxation credit	**(1)**	(11)
Composition		
UK tax	**-**	-
Foreign tax	**(1)**	(11)
	(1)	(11)

The tax credit for the period has been calculated using an estimate of the effective annual rate of tax for the full year by operating division. This rate has been applied to the pre-tax profits for the six months ended 30 September 2020, with adjustments made for non-recurring items in the period. The effective tax rate on the profit before tax was (3.2)%[1] (1H20: (10%)). The net tax credit of £0.6m comprise of a tax charge of £1.8m from Switzerland and a tax credit of £2.4m from Southern Africa. In addition, the rate decreased due to a higher contribution of non-taxable income from Mediclinic Middle East compared to 1H20, partly offset with an increase in the effective tax rate due to the recognition of non-deductible equity accounted losses from the investment in Spire.

The increase in deferred tax assets of £10m is mainly as a result of tax losses in the Southern African division. The deferred tax assets on tax losses were recognised in full as the Group expects there to be sufficient taxable income in future against which the deferred tax assets will be utilised.

The following significant item affecting the effective tax rate for the prior period was identified:

- Corporate tax reforms in Switzerland led to the reduction in deferred tax liabilities amounting to £35m and a corresponding reduction to the tax charge.

After adjusting for exceptional items, the adjusted effective tax rate would be (2.1)%[1] (1H20: 21.7%).

[1] The effective tax rate percentages are calculated in unrounded pound sterling values and not in millions.

12. EARNINGS PER ORDINARY SHARE

	30 Sep 2020 £'m	30 Sep 2019 £'m
Profit per ordinary share (pence)		
Basic (pence)	**2.0**	14.8
Diluted (pence)	**2.0**	14.8
Earnings reconciliation		
Profit attributable to equity holders of the Company	**15**	109
Adjusted for:		
No adjustments	**-**	-
Profit for basic and diluted earnings per share	**15**	109

Numbers of ordinary shares

At 30 September 2020, the weighted average number of ordinary shares in issue were 737 243 810 (1H20: 737 211 480). There were no dilutive treasury shares in issue at 30 September 2020 (1H20: 32 330 shares issued to Mpilo Trusts). The treasury shares previously issued to the Mpilo Trusts were sold during March 2020.

Headline earnings per ordinary share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the JSE Ltd (JSE) Listings Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 01/2019 (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:

	30 Sep 2020 £'m	30 Sep 2019 £'m
Headline earnings per share		
Profit for basic and diluted earnings per share	**15**	109
Adjustments		
Reversal of impairment of equity accounted investment	**(60)**	-
Impairment / (reversal of impairment) of properties and intangible assets	**3**	(4)
Associate's impairment of goodwill	**60**	-
Headline earnings	**18**	105
HEPS (pence)	**2.4**	14.2
Diluted HEPS (pence)	**2.4**	14.2

13. BUSINESS COMBINATIONS

The following business combinations occurred during the period:

OPERAtionszentrum Zumikon

Effective on 1 April 2020, Hirslanden AG acquired 100% of the shares of the day case clinic, OPERAtionszentrum Zumikon for £3m. The total identifiable net assets acquired of £0m comprised cash and cash equivalents of £1m and retirement benefit obligations of £1m. Considering the cash and cash equivalents acquired of £1m, the net cash flow on acquisition was £2m.

OPERA specializes in outpatient surgery. The goodwill of £3m arising from the acquisition is attributable to the acquired workforce and economies of scale expected from the business combination. None of the goodwill recognised is expected to be deductible for income tax purposes.

14. DISPOSAL OF SUBSIDIARIES AND BUSINESSES

With effect from 1 June 2020, the Group disposed of the outpatient clinics at Hirslanden Praxiszentrum am Bahnhof, Schaffhausen AG, Hirslanden Bern AG and Hirslanden Freiburg AG, Düdingen to Medbase for total consideration of £4m.

The net assets disposed of amounted to £4m and included property, equipment and vehicles of £7m, other assets of £1m, lease liabilities of £3m and other liabilities of £1m. The net loss on disposal was £0.3m.

15. COMMITMENTS

	30 Sep 2020 £'m	31 Mar 2020 £'m
Capital commitments		
Switzerland	**48**	32
Southern Africa	**91**	166
Middle East	**30**	39
	169	237

These commitments will be financed from Group operating cash flows and borrowings.

16. DIVIDENDS

	Date paid/payable	Dividend per share (pence)	30 Sep 2020 £'m	30 Sep 2019 £'m
Dividends declared				
Period ended 30 September 2020				
Interim dividend		-	-	
Period ended 30 September 2019				
Interim dividend	17 December 2019	3.20		24
Dividends paid				
Dividends paid during the period			-	35

Under IFRS, dividends are only recognised in the financial statements when authorised by the Board of Directors (for interim dividends) or when authorised by the shareholders (for final dividends). As part of the Group's response to maintaining its liquidity position through the crisis and to maximise its support in tackling COVID-19, the Board has taken the prudent and appropriate decision to suspend the interim dividend.

17. 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, put/call agreements and forward contracts. These financial instruments 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. Forward contracts are grouped as level 3.

The Group has a put agreement (grouped as Level 3) to acquire the remaining 40% interest in the combined company of Clinique des Grangettes and Clinique La Colline. The options are exercisable from September 2022 and the consideration on exercise will be determined based on the profitability of Clinique des Grangettes and Clinique La Colline at that time. The exercise price is formula based.

The liability is adjusted at each period for changes in the estimated performance and increased through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity. The changes in the fair value of the liability will impact the income statement and will be reflected in finance cost. A 10% change in the projected earnings will change the liability and profit before tax by £10m (31 March 2020: £10m).

Redemption liability (written put option)	30 Sep 2020 £'m	31 Mar 2020 £'m
Opening balance	**101**	88
Charged to the income statement		
Remeasurement of redemption liability	**-**	5
Unwinding of discount	**-**	1
Exchange differences	**1**	7
	102	101

18. RELATED PARTIES

There are no significant changes to the related party transactions for the six months ended 30 September 2020 compared to those disclosed in the Group's annual financial statements for the year ended 31 March 2020.

19. SHARE-BASED PAYMENTS

During the six months ended 30 September 2020, no grants were made under the Group's existing long-term incentive plan ("**LTIP**").

For the six months ended 30 September 2020, the total cost recognised in the income statement for the LTIP awards was £0.2m (1H20: £0.6m).

20. EVENTS AFTER THE REPORTING DATE

The impact of COVID-19 pandemic continues to evolve subsequent to 30 September 2020, including stricter social distance measures and hospital capacity planning in Switzerland announced in October 2020. These matters were considered by the Group in the going concern assessment as disclosed in the Finance Review. The Directors are not aware of any other matter or circumstance arising since the end of the financial period that would significantly affect the operations of the Group or the results of its operations.

ABOUT MEDICLINIC INTERNATIONAL PLC

Mediclinic is a diversified international private healthcare services group, established in South Africa in 1983, with divisions in Switzerland, Southern Africa (South Africa and Namibia) and the UAE.

The Group's core purpose is to enhance the quality of life.

Its vision is to be the partner of choice that people trust for all their healthcare needs.

Mediclinic is focused on providing specialist-orientated, multi-disciplinary services across the continuum of care in such a way that the Group will be regarded as the most respected and trusted provider of healthcare services by patients, medical practitioners, funders and regulators of healthcare in each of its markets.

At 30 September 2020, Mediclinic comprised 76 hospitals, eight sub-acute and specialised hospitals, 17 day case clinics and 18 outpatient clinics. Hirslanden operated 17 hospitals and four day case clinics in Switzerland with more than 1 900 inpatient beds; Mediclinic Southern Africa operations included 52 hospitals (three of which in Namibia), eight sub-acute and specialised hospitals and 11 day case clinics (four of which operated by Intercare) across South Africa, and more than 8 700 inpatient beds; and Mediclinic Middle East operated seven hospitals, two day case clinics and 18 outpatient clinics with more than 900 inpatient beds in the UAE. In addition, under a management contracts Mediclinic Middle East operates one hospital in Abu Dhabi and will open a 200-bed hospital in the Kingdom of Saudi Arabia in mid-2022.

The Company's primary listing is on the London Stock Exchange ("**LSE**") in the United Kingdom, with secondary listings on the JSE Ltd in South Africa and the Namibian Stock Exchange in Namibia.

Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, a leading private healthcare group based in the United Kingdom and listed on the LSE.

AUDIO WEBCAST AND CONFERENCE CALL DETAILS

In conjunction with these results, Mediclinic is hosting an audio webcast and conference call. A replay facility will be available on the website shortly after the presentation.

09:00 GMT/11:00 SAST

Audio webcast: https://edge.media-server.com/mmc/p/kxpv85fu

To access the call, please dial the appropriate number below 5-10 minutes before the start of the event using the conference confirmation code below.

UK (free call): 0800 279 6619
South Africa (free call): 0800 014 552
Switzerland (free call): 0800 000 367
International: +44 (0) 2071 928338

Confirmation code: 3249607

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