

LIFE HEALTHCARE GROUP HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2003/002733/06

Income tax number: 9387/307/15/1

ISIN: ZAE000145892

JSE and A2X share code: LHC

("Life Healthcare" or "the Company" or "the Group")

LIFE HEALTHCARE FUNDING LIMITED

(Incorporated in the Republic of South Africa with limited liability)

(Registration number 2016/273566/06)

Bond company code: LHF1

("Life Healthcare Funding")

CONDENSED UNAUDITED GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2023 AND CASH DIVIDEND DECLARATION

Group overview

Highlights:

- Group revenue grew 12.9% and normalised EBITDA* grew 13.5%
- Southern Africa (SA) revenue grew 11.6% driven by strong paid patient day (PPD) growth of 12.5%
- Alliance Medical Group (AMG) grew revenue 15.5% with good volumes in Ireland and northern Europe
- Acquisitions of TheraMed Nuclear (TheraMed) and Fresenius Medical Care's southern African renal business announced
- Normalised earnings per share* (NEPS) grew 1.1% to 44.6 cents

	2023	2022	% change
Group revenue (R'm)	15 290	13 544	12.9%
Group normalised EBITDA* (R'm)	2 690	2 371	13.5%
Weighted average number of shares (million)	1 443	1 452	-0.6%
Earnings per share (EPS) (cents)	37.9	41.5	-8.7%
Headline earnings per share (HEPS) (cents)	40.0	41.4	-3.4%
Normalised earnings per share* (NEPS) (cents)	44.6	44.1	1.1%
Dividend per share (DPS) (cents)	17.0	15.0	13.3%

Life Healthcare has delivered an excellent operating performance and achieved good traction in the execution of our growth strategy for the six-month period to 31 March 2023 (H1-2023, or the current period).

Group revenue increased by 12.9% to R15.3 billion (H1-2022: R13.5 billion) consisting of an 11.6% increase in SA revenue to R10.6 billion (H1-2022: R9.5 billion) driven by strong hospital and complementary services

PPD growth of 12.5%, and a 15.5% increase in AMG revenue to R4.4 billion (H1-2022: R3.8 billion) driven by strong growth in Ireland and northern Europe along with continued growth in the United Kingdom (UK) and Italy. The Group's growth initiatives delivered revenue growth of 24.6% to R289 million (H1-2022: R232 million).

Group normalised EBITDA increased by 13.5% to R2.7 billion (H1-2022: R2.4 billion). The higher demand for the Group's hospitals and complementary services led to improved occupancy of our facilities and increased operating leverage which drove normalised EBITDA growth of 13.5% to R1.8 billion (H1-2022: R1.6 billion). AMG delivered normalised EBITDA growth of 10.8% which is commendable given the higher headcount, salary inflation and increased energy and transport costs experienced across all of AMG's territories.

We are advancing our molecular imaging capability in southern Africa (SA) with the announcement on 17 March 2023 of the acquisition of the non-clinical imaging operations of TheraMed, a Gauteng-based nuclear imaging business with three outpatient clinics, adding PET-CT and SPECT-CT capabilities to our SA imaging business. This is in addition to the two cyclotrons the business is developing under a joint venture with AXIM.

On 19 May 2023 we announced the acquisition of the assets and operations of 51 renal dialysis clinics in southern Africa from Fresenius Medical Care. This transaction supplements the 34 renal dialysis clinics within our complementary services business and significantly enhances our countrywide renal dialysis footprint. This transaction is subject to approval by the Competition Commission.

EPS, HEPS and NEPS

EPS decreased by 8.7% to 37.9 cents (H1-2022: 41.5 cents) while HEPS decreased by 3.4% to 40.0 cents (H1-2022: 41.4 cents). NEPS, which excludes non-trading related items, increased by 1.1% to 44.6 cents (H1-2022: 44.1 cents). The presentation of normalised earnings metrics are non-IFRS measures.

Our EPS and HEPS metrics have been impacted by a number of non-trading items, including: an impairment to goodwill of R33 million within AMG and an interest charge of R47 million following the settlement of a VAT dispute with the tax authorities in South Africa.

Financial position and liquidity

The Group remains in a strong financial position with net debt to normalised EBITDA as at 31 March 2023 of 2.17 times compared to the 1.89 times reported at 30 September 2022. The available undrawn bank facilities as at 31 March 2023 amounted to R3.8 billion.

Cash generated from operations was impacted by an IT hardware failure during March 2023 at a service provider which hosts the Group's billing administration system. This issue has been resolved and should lead to an improvement in cash generation for the remainder of the year.

Cash dividend

The board approved an interim gross cash dividend of 17.0 cents per ordinary share for the six months ended 31 March 2023. The dividend has been declared from income reserves and is subject to South African dividend withholding tax of 20%, which will be applicable to all shareholders not exempt therefrom, after deduction of which the net cash dividend is 13.60000 cents per ordinary share.

The Company's total number of issued ordinary shares is 1 467 349 162 as at 25 May 2023.

The Company's income tax reference number is 9387/307/15/1.

In compliance with the requirements of the JSE, the following salient dates are applicable:

Last date to trade cum dividend	Monday, 12 June 2023
Shares trade ex the dividend	Tuesday, 13 June 2023
Record date	Thursday, 15 June 2023
Payment date	Monday, 19 June 2023

Share certificates may not be dematerialised or rematerialised between Tuesday, 13 June 2023 and Thursday, 15 June 2023, both days inclusive.

Outlook

For the twelve months to 30 September 2023 (FY2023), the Group expects continued activity growth in all the markets it operates.

For our SA operations, we currently anticipate continued volume growth in our core acute hospital business, driven by the normalisation of admission rates and case mix, as well as introduction of new funder network deals. For our hospitals and complementary services, we anticipate seeing c.10% PPD growth for the full year, inclusive of the volumes from the new network deals. With the improved activity levels we expect better operational leverage but we remain cautious of the impact of the energy crisis and inflation pressures. We will conclude and integrate the acquisition of TheraMed during the remainder of FY2023.

For AMG we expect to see continued good growth in demand for our scanning services in the UK and Ireland and we remain excited about the CDC rollout. We look forward to the outcome of Eisai/Biogen's full FDA drug filing for Leqembi™ in the USA in July 2023, following which we hope to hear late in 2023 whether the drug will be reimbursed within the USA.

Receipt of unsolicited proposals to acquire the Group's interest in AMG

With reference to the cautionary announcement last renewed on 26 April 2023 on SENS, the board of directors of Life Healthcare (Board), through its advisers, continues to formally engage with the third parties regarding their unsolicited proposals to acquire the Group's interest in AMG (Proposals). The engagement is centred around ascertaining the viability of the Proposals and as a consequence whether a sale of AMG, if implemented, would be in the interests of all stakeholders. The Company will remain under cautionary until further announcements are made.

Thanks

The Company's ability to effectively respond to operational challenges, while continuing to provide quality care to its patients, is largely due to the resilience, dedication and unwavering support of its employees, doctors and other healthcare professionals. Life Healthcare would like to thank them for their tireless work and for the care they deliver.

* Life Healthcare defines normalised EBITDA as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading related costs and income. Normalised EBITDA and NEPS are non-IFRS measures.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is a summary of the information in the detailed interim results announcement published on 25 May 2023 and does not contain full or complete details. The full announcement is available on Life Healthcare's website (www.lifehealthcare.co.za) or can be downloaded from <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/LHC/Interim23.pdf>. Any investment decision should be based on consideration of the full announcement and shareholders and/or investors are encouraged to review the full announcement.

The full announcement is also available, at no charge, for inspection at the registered office of Life Healthcare and at the office of the sponsor, during office hours. Copies of the full announcement may also be requested directly from the Company Secretary, Joshila Ranchhod (joshilar@life.co.za).

The contents of this short-form announcement are the responsibility of Life Healthcare's board of directors.

Date: 25 May 2023

Executive directors: Mr PG Wharton-Hood (Group Chief Executive), Mr PP van der Westhuizen (Group Chief Financial Officer)

Non-executive directors: Dr VL Litlhakanyane (Chairman), Dr JE Bolger, Mr PJ Golesworthy, Ms CM Henry, Mr LE Holmqvist, Prof ME Jacobs, Mr TP Moeketsi, Ms AM Mothupi, Mr JK Netshitenzhe, Adv M Sello, Mr GC Solomon and Mr F Tonelli

Company Secretary: Ms J Ranchhod

Registered Office: Building 2, Oxford Parks, 203 Oxford Road (cnr Eastwood and Oxford Roads), Dunkeld, 2196. Private Bag X13, Northlands, 2116

Equity and Debt Sponsor: Rand Merchant Bank, a division of FirstRand Bank Limited. 1 Merchant Place, cnr Fredman Drive and Rivonia Road, Sandton

Note regarding forward-looking statements: Any forward-looking statements or projections made by the Company, including those made in this announcement, are subject to risk and uncertainties that may cause actual results to differ materially from those projected, and have not been reviewed or reported on by the Group's external auditors.