Mediclinic International plc
(Incorporated in England and Wales)
Company Number: 08338604
LSE Share Code: MDC
JSE Share Code: MEI
NSX Share Code: MEP
ISIN: GB00B8HX8Z88
LEI: 2138002S5BSBIZTD5I60
South African income tax number: 9432434182
("**Mediclinic**", or the "**Company**", or the "**Group**")

26 May 2021

MEDICLINIC INTERNATIONAL PLC 2021 FULL-YEAR RESULTS ANNOUNCEMENT

Mediclinic announces its results for the year ended 31 March 2021 (the "**period**" or "**FY21**"); comparative figures are drawn from the Group's results for the year ended 31 March 2020 ("**FY20**").

Robust operating performance

- Fulfilled an essential role in combatting the pandemic in collaboration with health authorities
- Adapted swiftly to the pandemic with strong rebound in patient activity as COVID-19 restrictions eased delivering solid second-half financial performance
- Revenue down 3% to £2 995m; adjusted EBITDA down 21% to £426m
- Financial and liquidity position remains strong; net incurred debt down 9%; cash and available facilities increased to £679m (FY20: £518m)

Ongoing strategic execution

- Benefited from the Group's scale, expertise and diverse service offering during the pandemic
- Continued to execute on Group strategy, accelerating innovation and digital transformation initiatives whilst launching a number of important partnerships and collaborations
- Accelerated development and deployment of virtual care initiatives to address changing client needs

Outlook

- Positioned for growth as restrictions ease and patient demand increases
- Remaining cautious given the ongoing pandemic, subsequent waves, varied pace of vaccine roll-outs and planning assumption of potential third waves causing continuing uncertainty on the recovery
- Expecting to deliver growth in revenue and EBITDA across all three divisions during FY22
- Continuing to pursue further opportunities to expand integrated services across the continuum of care supporting long-term sustainable growth across the Group

Dr Ronnie van der Merwe, Group Chief Executive Officer of Mediclinic, said:

"Mediclinic remains committed to supporting and collaborating with relevant health authorities in the response to the COVID-19 pandemic. We would like to reiterate our thanks to our medical professionals, nurses and employees whose tireless efforts helped us to effectively navigate the challenges and uncertainties of the pandemic. We strongly support the government-led vaccination programmes in all three divisions, and are pleased that priority is given to healthcare workers which helps to protect our front-line colleagues and the quality of care Mediclinic's patients receive.

"The Group adapted well to the pandemic and demonstrated ongoing operational and financial resilience throughout the year. The first-half performance was significantly impacted, particularly in April 2020, by COVID-19-related lockdown measures and restrictions on non-urgent elective procedures. We were quick to adapt and, despite the more severe second wave of the pandemic placing even greater demand on our healthcare facilities

and people, we delivered a solid second half performance with revenue growth of 1%, while full-year revenue was down 3%.

"Throughout the pandemic we continued to execute on our strategy, accelerated our innovation and digital transformation initiatives and launched a number of new and important partnerships and collaborations. These, alongside our focus on expanding Mediclinic's integrated services across the continuum of care, support long-term sustainable growth across the Group.

"Looking ahead, we are confident in our ability to continue executing on our strategy and we are well positioned to deliver revenue and EBITDA growth across all three divisions in FY22, despite our expectations that there are likely to be further waves of the pandemic in the coming months."

GROUP FINANCIAL SUMMARY

	2021 £'m	2020 £'m	% change[1]
Revenue	**2 995**	3 083	(3)%
EBITDA	**428**	541	(21)%
Adjusted EBITDA[2]	**426**	541	(21)%
Operating profit/(loss)	**209**	(184)	214%
Adjusted operating profit[2]	**221**	327	(32)%
Earnings/(loss)[3]	**68**	(320)	121%
Adjusted earnings[2]	**101**	177	(43)%
Earnings/(loss) per share (pence)	**9.2**	(43.4)	121%
Adjusted earnings per share (pence)[2]	**13.7**	24.0	(43)%
Total dividend per share (pence)	**-**	3.20	-
Net incurred debt[4]	**1 483**	1 622	(9)%
Cash conversion[5]	**77%**	109%	

1 *The percentage variances are calculated in unrounded sterling values and not in millions.*
2 *The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and to provide consistent and comparable reporting. Refer to the policy and "Reconciliations" section on pages 20–23 of this announcement.*
3 *Reported earnings/(loss) refers to loss attributable to equity holders.*
4 *Net incurred debt reflects bank borrowings and excludes IFRS 16 lease liabilities.*
5 *Refer to calculation on page 25 of this announcement.*

Details of the FY21 results webinar for investors and analysts are available at the end of this announcement and on the Group's website at www.mediclinic.com.

GROUP CHIEF EXECUTIVE OFFICER'S REPORT

For many countries, businesses and people, the past year has undoubtedly been one of the most challenging in living memory. It has been no different for Mediclinic, but in facing the pandemic we have been able to do what we do exceptionally well – work together to provide care to clients who are at their most vulnerable and demonstrate our ability to identify and seize opportunities to adapt, improve and innovate.

Despite the past year demanding much of the healthcare industry, Mediclinic and our employees, we have remained resilient throughout. Since treating our first COVID-19 patient in January 2020, our incredible doctors and nurses have not faltered in caring for more than 40 000 affected inpatients. Our critical care and emergency services continued undisturbed. Throughout, the health and wellbeing of our employees and our clients remained our highest priority.

Despite the pandemic and the intermittent restrictions placed on elective procedures to prioritise healthcare resources during critical periods, I am proud of how quickly and proactively we established new services and supporting infrastructure, supplementing our existing business. While some of these are short-term initiatives that provide benefits in the near term only, others will form the foundation for future growth.

Effectively navigating the pandemic

The Group's international perspective remains a key differentiating factor for Mediclinic. Led by the centrally coordinated Clinical Services function, the Group responded efficiently and effectively to the pandemic and expanded upon established infection prevention and control ("**IPC**") programmes by leveraging Group insight and best practices.

Multidisciplinary taskforces at Group and divisional level enable Mediclinic to constantly re-evaluate its ongoing response to the pandemic, allowing it to optimise treatment pathways for patients in order that demand for critical and intensive care beds can be managed appropriately.

The Group 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 coordinated procurement teams with global sourcing capabilities have played a pivotal role in ensuring uninterrupted delivery of critical care during the pandemic. Across three continents, the teams' proactive measures ensured the continued supply of critical personal protective equipment ("**PPE**"), medication, consumables and intensive care unit equipment.

The Group's approach to providing elective procedures and outpatient treatments has remained fluid, while its delivery of critical and urgent care has not wavered. Hospitals have adapted their services to reflect any local restrictions, the changing demands on individual and regional facilities, and the availability of clinical personnel.

As the peaks of COVID-19 recede, more normal operating practices have resumed, demonstrating the strong underlying demand for Mediclinic's specialist healthcare services. Patient activity is returning steadily, supported by the Group's ability to implement and accommodate protocols to ensure services are offered safely and conveniently.

Collaborating with public and private stakeholders, including governments and authorities, has been vital in helping to address the effects of the pandemic. Across the world, major advances have been made in the development, manufacture and distribution of COVID-19 vaccines. Mediclinic is working with health authorities to support government-led vaccination roll-out plans and prioritisation schedules. It is encouraging to witness that across the world, governments are prioritising healthcare workers in the vaccination roll-outs. Mediclinic supports this approach and is facilitating the process, ensuring eligible colleagues receive a vaccine, thereby protecting their wellbeing and, as a result, the quality of care Mediclinic patients receive.

In Switzerland, Hirslanden has opened four vaccination centres and partnered with six cantons to manage repetitive testing on its digital platform, Together we test. Mediclinic Southern Africa is supporting the vaccine roll-out strategy of the National Department of Health and is part of the private sector initiative to assist the government where required, including the management of vaccine centres at its facilities. The government-led vaccination programme in the United Arab Emirates ("**UAE**") is well underway and all Mediclinic Middle East facilities are supporting the roll-out.

Operating performance

The Group delivered a robust operating performance, despite revenue and profitability being significantly impacted in April 2020 by the implementation of COVID-19-related lockdown measures, the suspension of non-urgent elective surgical procedures and increased costs associated with managing the pandemic. From May 2020 onwards, government restrictions were moderated, enabling us to safely reintroduce our diverse service offering, while also caring for COVID-19 patients.

Performance in the second half of the year was impacted by the more severe second wave of the pandemic. However, due to the less restrictive measures introduced by governments and regulatory authorities, greater operational flexibility and the lessons learned during the first wave, the financial impact on the Group was less significant than during the first half, delivering a sequentially improved second half-performance.

Group revenue in FY21 was down 3% at £2 995m (FY20: £3 083m), adjusted EBITDA was down 21% at £426m (FY20: £541m) and the adjusted EBITDA margin was 14.2% (FY20: 17.5%). Both adjusted earnings and adjusted earnings per share ("**EPS**") were down 43% at £101m (FY20: £177m) and 13.7 pence (FY20: 24.0 pence), respectively.

Cash and available facilities increased during the year to £679m (FY20: £518m), net debt reduced to £2 159m at year-end (FY20: £2 325m) and FY21 cash conversion was 77% (FY20: 109%).

Strategy execution

Since my appointment as Group Chief Executive Officer three years ago, the Group has made significant strides in bolstering the value we offer collectively. Our international footprint, shared expertise and diversified service offering provide numerous opportunities to deliver value and growth as a Group.

We continue to see tangible benefits from this approach. Our Group bargaining power and coordination enable significant cost savings on a wide range of procured items – from low-cost high-volume consumables to low-volume cutting-edge capital equipment – and on contracting information communications technology ("**ICT**") services and software. The latter being of growing importance to our digital transformation and innovation initiatives.

There are few international healthcare providers that offer services across the continuum of care in such diverse doctor models and insurance environments as Mediclinic. Through a shift towards centrally leading overlapping areas of expertise, we are collating the best practices from each of our divisions across the clinical, procurement, finance, ICT, data science, digital, and business development disciplines. Not only does this enable continuous improvement, but it also equips us with a world-class toolkit to successfully expand into new geographies and services across the continuum of care should opportunities arise.

This year, with such rapid developments in healthcare and client behaviour, we have further refined our Mediclinic Group Strategy to ensure that it continuously provides the best foundation from which to address the challenges of our industry and strengthen our competitive advantage. While disruptions due to the pandemic have complicated progress in some areas, they have simultaneously illuminated further opportunities in others. I am more confident than ever that our goals are aligned with future healthcare needs and long-term trends.

In summary, I would like to highlight three key areas on strategy delivery:

Transforming our services and client engagement through innovation and digitalisation

The pandemic has highlighted and accelerated the global demand for accessible, convenient, quality care. In response, we have prioritised the execution of our innovation and digital transformation initiatives. To help facilitate this, we welcomed Dr Tyson Welzel to the Group Executive Committee as Group Chief Innovation Officer in October 2020. Under his leadership, centrally led Innovation and Digital Transformation functions are being established to pursue more opportunities in this rapidly growing segment.

During the pandemic, lockdowns necessitated deploying certain virtual care initiatives quickly to provide remote access to the Group's clinical experts and existing services. These overarching solutions will, in the longer term, form the foundation of a seamless service experience across both the virtual and physical care settings. Core to this is establishing a digital healthcare platform across the divisions. A client-facing application being piloted for a pregnancy and baby care pathway was launched at Hirslanden in April 2021. Mediclinic Southern Africa is due to launch its application in September 2021, piloting a new dialysis service, with Mediclinic Middle East set to implement remote patient monitoring in the same month.

We anticipate that our exciting precision medicine service at Hirslanden and Mediclinic Middle East, utilising established divisional laboratory facilities, will soon deliver new revenue streams. Led by specialist geneticists, the service will enable disease treatment and prevention tailored according to genetic, environmental and lifestyle variables of individual clients.

Recent robotic process automation projects focused on administrative processes have yielded significant improvements in speed and accuracy. Further trials and Group-wide roll-out are planned for the year ahead and a Group Hyper Automation Centre of Expertise is expected to be operational by June 2021. But our digital transformation focus extends beyond efficiencies to gaining competencies across the entire organisation to grow our client engagement and offer enhanced value in meeting their healthcare needs.

Becoming an integrated healthcare provider across the continuum of care

In meeting the evolving and modern needs of our clients, we are positioned ideally to use our existing facilities and trusted clinical expertise as a foundation for expansion.

In support of regional care models, we continued to invest in our day case clinics, which now total 18. Here less complex cases can be treated more efficiently at high volume in a lower-cost setting without compromising on the quality of care our clients have come to expect at our existing acute care hospitals. These investments are generating good returns due to increased demand and volume growth. At the same time, we can increase our focus on delivering more complex and specialised medical and surgical care in the resulting capacity at acute care facilities.

Through its cooperation agreement with Medbase (the leading Swiss specialist in family healthcare and part of the Migros Group), Hirslanden has concluded the sale of its three outpatient clinics. The two partners have also established a radiology joint venture, which will be managed by Hirslanden. In addition, Helsana Insurance recently announced an innovative continuum of care insurance product, in collaboration with Hirslanden and Medbase, which offers supplementary insured clients access to high-quality, integrated care at Hirslanden and Medbase facilities. In South Africa, Mediclinic Southern Africa's investment in the Intercare Group affords it a similar partnership, and in the UAE, Mediclinic Middle East owns an established network of 18 outpatient clinics.

Demand for care in specialised fields, such as mental health, rehabilitation, oncology and dialysis, remains high. In March 2021, Mediclinic Southern Africa announced a partnership with Icon Oncology to deliver seamless one-stop oncology services at a new flagship treatment facility based at Mediclinic Constantiaberg in Cape Town. In February 2021, the Southern Africa division opened its first renal facility at Mediclinic Bloemfontein in partnership with BGM Renal Care, with a further four centres planned for FY22. Co-locating these services at existing facilities will ensure a comprehensive vertically integrated approach to renal care in the acute and chronic environment. In April 2021, Mediclinic Middle East and the Dubai Health Authority entered into a public-private partnership ("**PPP"**) which will see Mediclinic operate the Dubai Health Authority's Al Barsha Dialysis Centre from mid-May to provide patients with the highest quality specialised patient-centred care.

As our services expand, our extensive experience in these specialised fields can be replicated in existing and new markets. Soon, we will also be able to incorporate our virtual care offering to provide our clients with access to physical and virtual services focused on prevention, care, recovery and enhancement.

Improving our value proposition significantly

Our clinical processes are designed to protect the safety of our clients and our employees, and to improve the effectiveness of care. To further enhance these processes, we have started the implementation of a single electronic safety event reporting system in every facility across the Group.

Determining appropriate care plans for complex clinical cases directly impacts outcomes and affordability. At Mediclinic, these complex care decisions are made by panels of experts, i.e. indication boards. During the year, we added oncology, complex visceral and cardiac surgery, and bariatric surgery to the disciplines they cover.

We have also improved our feedback channels by expanding the Press Ganey® patient experience survey tool to cover all care settings, including virtual care. A classification system for underlying concerns in patient complaints was also implemented to identify further improvement areas.

By establishing Centres of Excellence ("**CoEs**"), PPPs, university affiliations and student medical training programmes, we are not only investing in our current knowledge base, but also in the future healthcare workforce.

This year, Hirslanden added a further two PPPs to the two announced last year. In the UAE, the Surgical Review Corporation accredited the Metabolic and Bariatric Surgery CoE at Mediclinic Airport Road Hospital in Abu Dhabi. In May 2021, as part of a multi-year upgrade and expansion project, this same flagship tertiary care hospital commenced with the phased opening of a comprehensive cancer centre ("**CCC**"), the second to be established by the division in collaboration with Hirslanden oncology specialists. The newly built wing of the hospital also began delivering additional specialist inpatient and outpatient services in May 2021 and will be further complemented by the upgrade of the existing hospital by the end of FY22. The first CCC, situated at Mediclinic City Hospital (North Wing), was recently awarded the Dubai Healthcare City Excellence Innovation Award.

Spire Healthcare PLC

In the United Kingdom ("**UK**"), Spire partnered with the National Health Service ("**NHS**") to play a considerable part in the broader national response to the pandemic. The group maintained solid levels of liquidity throughout the year by closely managing capital investment outflows and through its participation in the agreement with the NHS.

As a shareholder and fellow healthcare provider, Mediclinic supported the Board and senior management in their vital work. Initially on standby for overflow of patients, Spire rapidly shifted from a business offering elective care during regular working hours to a 24-hour operation. All the while, Spire simultaneously maintained a long-term view to enable a seamless transition to resuming private work when it was practical to do so.

Outlook

The Group is well positioned to deliver our services as restrictions ease and patient demand increases, benefiting from the postponement of non-urgent patient treatment. Encouraging momentum in non-COVID-19 patient activity was building towards the end of the period as we transitioned out of the second wave of the pandemic. This is expected to deliver revenue and EBITDA growth across all three divisions in FY22.

Given the Group's focus on operational and cost efficiencies, we do not anticipate long-term structural impediments to returning EBITDA margins at Hirslanden and Mediclinic Southern Africa to pre-pandemic levels. At Mediclinic Middle East, we expect margins to continue gradually increasing as we grow our presence across the region, supported by recent expansion and upgrade projects in Dubai and Abu Dhabi.

A team-orientated approach

Our perseverance would not be possible without our employees, nurses, affiliated doctors and allied health professionals. Across our geographies and guided by our Company purpose, they have proven their strength, competence and compassion. They are Mediclinic and they are the reason we are able to provide excellent care, together.

An invaluable contributor to our accomplishments this year has been the steadfast support of the Board, especially our new Chair, Dame Inga Beale. I am also proud of the Group's Executive Committee members, who have successfully balanced an increase in daily demands with a focus on our long-term goals and on motivating employees to remain positive and productive in extraordinary circumstances.

During this year, I've often reflected on my years working in theatre at night as a practising anaesthesiologist. It is inspiring how each healthcare worker, regardless of diverse background or experience, shares the same professional and personal concerns and desires, and an undeniable dedication to caring for clients, no matter how difficult the circumstances may be. I can vouch that these frontline employees, together with all the healthcare workers across the world, deserve our unqualified respect and gratitude for their conviction and resilience. We fully endorse the vaccination programmes which have commenced worldwide and are supporting the health authorities and communities we serve such that the vaccines can be delivered in haste.

We have learned many lessons in the past 12 months, through our unwavering commitment to patients during this trying time, and we have applied these as a collective to benefit the entire Group. I believe we will strengthen this foundation in the year to come and make good progress on the execution of our Mediclinic Group Strategy. We look to FY22 with hope and eagerness to pursue the opportunities it is sure to bring.

Dr Ronnie van der Merwe
Group Chief Executive Officer
25 May 2021

GROUP CHIEF FINANCIAL OFFICER'S REPORT

FINANCIAL SUMMARY

- FY21 revenue down 3% to £2 995m; down 1% in constant currency; significantly impacted in April 2020 by COVID-19-related lockdown measures and non-urgent elective procedure restrictions
- FY21 adjusted EBITDA down 21% at £426m; down 20% in constant currency; reflecting revenue impact, largely fixed employee cost base and escalation in PPE costs and staffing requirements due to isolation and quarantine regulations
- As restrictions eased elective procedures recovered driving 2H21 year-on-year revenue growth of 1%; EBITDA down 12% in 2H21 as the Group adapted to the pandemic
- Adjusted operating profit down 32% at £221m; reported operating profit up 214% to £209m
- Reported earnings of £68m (FY20: loss of £320m)
- Adjusted earnings per share down 43% at 13.7 pence
- Cash conversion 77% of adjusted EBITDA (FY20: 109%) improved in 2H21 compared with 42% at 1H21
- FY21 capital investment down 34% to £126m due to COVID-19-related operational constraints and priority to maintain liquidity
- Cash and available facilities increased to £679m at 31 March 2021, compared with £661m at 30 September 2020
- Net incurred debt reduced to £1 483m at year-end (FY20: £1 622m)
- Compliant with all waived and effective debt covenants at year-end
- Dividend remains suspended as part of the Group's broad response to maintaining its liquidity position (FY20: 3.20 pence)

GROUP RESULTS

Adjusted results

The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and as a method to provide clear and consistent reporting.

Performance in the first half of the year was significantly impacted in April 2020 by COVID-19-related lockdown measures and non-urgent elective procedure restrictions. In April 2020, Group revenue was down 33% and adjusted EBITDA was down around £60m compared with the prior period. From May 2020 onwards, the moderation of restrictions resulted in a strong rebound in operating performance in Switzerland and the UAE. Southern Africa experienced a more gradual recovery during the second quarter of the financial year as it exited the first wave.

Despite a subsequent and more severe wave of the pandemic in the second half of the financial year, the Group delivered an improved financial performance supported by less restrictive lockdown measures, greater operational flexibility and counter-seasonal demand in Southern Africa and the UAE during December 2020.

Having reached the peak of the second wave early in the fourth quarter, the Group entered a transition period during which COVID-19 patient volumes began to decline, allowing more normal operating practices to resume gradually. Similar to the trend in the first half of the year, this resulted in a strong rebound in non-COVID-19 patient activity towards the end of the period.

The Group's revenue was down 3% at £2 995m (FY20: £3 083m) and down 1% in constant currency terms for the year. Stronger demand in the second half of the year delivered revenue growth of 1%.

Adjusted EBITDA was down 21% at £426m (FY20: £541m) and down 20% in constant currency terms. This was a result of the revenue decline exacerbated by the largely fixed employee cost base, an escalation in PPE usage, consumables pricing and staffing requirements due to isolation and quarantine regulations. Across the Group, incremental COVID-19-related expenses totalled around £32m. The Group's adjusted EBITDA margin was 14.2% (FY20: 17.5%). Driven by stronger demand, the EBITDA margin improved sequentially in the second half of the year to 16.1%, with adjusted EBITDA down 12% in 2H21 compared with the prior year period.

Adjusted depreciation and amortisation was down 5% to £207m (FY20: £217m) reflecting lower capital investment during the period due to COVID-19-related operational constraints and liquidity preservation measures.

Adjusted operating profit was down 32% at £221m (FY20: £327m) which resulted in a lower return on invested capital ("**ROIC**") of 3.0% compared with 4.4% in FY20.

Adjusted net finance cost was down 8% at £72m (FY20: £78m), 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 charge of £27m (FY20: tax charge of £56m) and adjusted effective tax rate for the period of 19.3% (FY20: 22.3%) reflects the higher contribution of non-taxable income from Mediclinic Middle East. This was 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, as well as the non-recognition of deferred tax assets on current year tax losses at Hirslanden.

Adjusted non-controlling interests were down 41% to £11m (FY20: £18m), mainly due to lower contributions from Mediclinic Southern Africa hospitals with larger outside shareholdings. Adjusted share of net profit of equity-accounted investments was down from a profit of £2m in FY20 to a loss of £10m in FY21, reflecting the net loss reported by Spire for the 12 months ended 31 December 2020.

Both adjusted earnings and adjusted EPS were down 43% at £101m (FY20: £177m) and 13.7 pence (FY20: 24.0 pence), respectively.

At the end of FY20, the Board took the prudent and appropriate decision to suspend the dividend as part of the Group's response to maintain its liquidity position through the pandemic and maximise its support in combatting COVID-19. The Board recognises the importance of its dividend to shareholders and will keep this position under review in light of the continued uncertainties posed by the pandemic.

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

- accelerated depreciation of £10m relating to the dismantling of two hospital wings as part of an expansion project at Hirslanden's Klinik St. Anna;
- impairment charges of £4m relating to Mediclinic Southern Africa; and
- insurance proceeds of £2m received for the loss of equipment at Mediclinic Southern Africa.

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

- recognition of an impairment charge of £481m to Mediclinic Middle East goodwill;
- recognition of an impairment charge of £33m to Hirslanden fixed assets;
- impairment reversal of £4m relating to Hirslanden properties;
- impairment charges of £2m relating to Mediclinic Southern Africa; and
- fair value adjustments on derivative contracts of £1m.

As previously reported, for the 12 months ended 31 December 2020, Spire reflected a goodwill impairment charge of £200m which gave rise to a reported loss of £234m. Since the Group had already impaired its equity investment in Spire, previously 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;
- reversal of previously recorded impairment losses against the carrying value of the equity investment in Spire of £60m; and
- remeasurement of the redemption liability related to Clinique des Grangettes of £23m.

The prior period reported loss was adjusted for the following exceptional items:

- remeasurement of the redemption liability related to Clinique des Grangettes of £5m;
- recognition of an impairment charge on the equity investment in Spire of £10m; and
- the reduction of Swiss property deferred tax liabilities of £29m resulting from corporate tax reforms in Switzerland.

Reported results
Reported revenue was down 3% to £2 995m (FY20: £3 083m) and EBITDA was down 21% to £428m (FY20: £541m), down 1% and down 20%, respectively, in constant currency terms.

Depreciation and amortisation remained flat at £217m (FY20: £217m). Operating profit increased to £209m (FY20: loss of £184m).

Net finance cost increased by 14% to £95m (FY20: £83m).

The Group's effective tax rate for the period was 24.4% (FY20: (8.6)%). The prior period effective tax rate was impacted by exceptional non-deductible goodwill impairment charges, the impairment of the equity investment and a reduction in deferred tax liabilities that resulted from corporate tax reforms in Switzerland.

The reported earnings show a profit of £68m (FY20: loss of £320m). The EPS was 9.2 pence (FY20: loss per share of 43.4 pence).

Cash conversion
Cash flow conversion of 77% (FY20: 109%) improved during the second half of the year (1H21: 42%).

The first half was primarily impacted by lower receivables collections at Mediclinic Middle East compared with earlier in the period, exacerbated by the strong counter-seasonal performance in the second quarter period, increased debtors balances at Hirslanden and a normalisation in Hirslanden's trade payables balance post the initial peak's stringent liquidity preservation measures.

The second-half improvement was driven by Hirslanden and Mediclinic Middle East, despite both divisions' strong performances at the end of the period, which curtailed the overall recovery, and strong collections continuing in April 2021 at Mediclinic Middle East. The Group continues to target 90-100% cash conversion.

Liquidity
Cash and available facilities remained strong in the second half, increasing to £679m at 31 March 2021, compared with £661m at 30 September 2020 and £518m at 31 March 2020.

The Group prioritised the preservation of its liquidity position from the onset of the pandemic while optimising its operational response. Restrictions on operations caused by the pandemic, in addition to decisions to postpone certain projects, reduced year-on-year capex across all three divisions.

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

	2021	2020
Average rates		
Swiss franc	**1.21**	1.25
South African rand	**21.30**	18.76
UAE dirham	**4.80**	4.67
Year-end rates		
Swiss franc	**1.30**	1.20
South African rand	**20.37**	22.08
UAE dirham	**5.07**	4.56

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 £235m (FY20: increase of £175m) and was debited (FY20: credited) to the statement of comprehensive income. The main reason for the decrease was the weakening of the year-end Swiss franc and UAE dirham rates against sterling.

Foreign exchange rate sensitivity:

- The impact of a 10% change in the £/CHF exchange rate for a sustained period of one year is that adjusted profit for the period would increase/decrease by £4m (FY20: increase/decrease by £7m) due to exposure to the £/CHF exchange rate.
- The impact of a 10% change in the £/ZAR exchange rate for a sustained period of one year is that adjusted profit for the period would increase/decrease by £3m (FY20: increase/decrease by £9m) due to exposure to the £/ZAR exchange rate.
- The impact of a 10% change in the £/AED exchange rate for a sustained period of one year is that adjusted profit for the period would increase/decrease by £4m (FY20: increase/decrease by £4m) due to exposure to the £/AED exchange rate.

DIVISIONAL RESULTS

	Group currency (millions)			Divisional currency (millions)[1]		
	2021	2020	%	2021	2020	%
Revenue	£2 995	£3 083	(3)%			
Hirslanden	£1 478	£1 438	3%	1 784	1 804	(1)%
Mediclinic Southern Africa	£734	£907	(19)%	15 573	17 031	(9)%
Mediclinic Middle East	£781	£737	6%	3 760	3 445	9%
Corporate	£2	£1	100%	n/a	n/a	
Adjusted EBITDA	£426	£541	(21)%			
Hirslanden	£225	£245	(8)%	272	306	(11)%
Mediclinic Southern Africa	£106	£188	(44)%	2 209	3 536	(38)%
Mediclinic Middle East	£102	£110	(8)%	492	521	(6)%
Corporate	£(7)	£(2)	250%	n/a	n/a	
Adjusted EBITDA %						
Group	14.2%	17.5%				
Hirslanden[2]	15.1%	17.0%		15.1%	17.0%	
Mediclinic Southern Africa	14.2%	20.8%		14.2%	20.8%	
Mediclinic Middle East	13.1%	15.1%		13.1%	15.1%	
Adjusted operating profit	£221	£327	(32)%			
Hirslanden	£107	£119	(10)%	128	149	(14)%
Mediclinic Southern Africa	£71	£151	(53)%	1 477	2 838	(48)%
Mediclinic Middle East	£51	£57	(11)%	248	273	(9)%
Corporate	£(8)	-	100%	n/a	n/a	
Adjusted operating profit %						
Group	7.4%	10.6%				
Hirslanden	7.1%	8.2%		7.1%	8.2%	
Mediclinic Southern Africa	9.5%	16.7%		9.5%	16.7%	
Mediclinic Middle East	6.6%	7.9%		6.6%	7.9%	

Notes

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

[2] The EBITDA margin includes government grants of £10m (CHF13m) (FY20: nil) disclosed as 'Other income'.

The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and to provide consistent and comparable reporting. Refer to the policy and "Reconciliations" section on pages 20–23 of this announcement.

HIRSLANDEN

Switzerland introduced COVID-19 lockdown measures on 16 March 2020, which included the suspension of elective procedures for all hospitals. Lockdown measures were relaxed on 27 April 2020 and the resumption of elective procedures saw a strong recovery in inpatient admissions in May and June 2020. A similar trend was witnessed as the division passed through the second wave of the pandemic during the fourth quarter of the financial year. Hirslanden has engaged extensively with the cantonal authorities throughout the pandemic, and been involved in their COVID-19 response planning, testing and vaccination roll-outs.

FY21 revenue decreased by 1% to CHF1 784m (FY20: CHF1 804m), broadly recovering from the significant impact experienced in April 2020. Inpatient revenue was flat at CHF1 329m (FY20: CHF1 331m) and inpatient admissions decreased by 0.1%. In the second half of the year, revenue was flat and inpatient admissions were up 0.8%.

The general insurance mix increased to 51.0% (FY20: 49.2%), largely due to Hirslanden supporting the public health system during peaks of the pandemic. Despite the shift in insurance mix, inpatient revenue per case declined by only 0.1% due to a COVID-19-related increase in the case mix index. Average occupancy was flat at 61.1% (2020: 61.1%).

Outpatient and day case revenue, which contributed some 20% (FY20: 21%) to total revenue in the period, was down 3%, mainly due to the sale of three outpatient clinics to Medbase as part of the broader cooperation agreement.

An increase in supply costs and additional staffing requirements during the pandemic further impacted adjusted EBITDA which declined 11% to CHF272m (FY20: CHF306m) with an adjusted EBITDA margin of 15.1% (FY20: 17.0%). COVID-19-related expenses were around CHF10m. In line with the revenue performance, Hirslanden delivered a strong sequential improvement in adjusted EBITDA margin from 13.7% in 1H21 (1H20: 16.2%) to 16.7% in 2H21 (2H20: 17.7%).

Adjusted depreciation and amortisation decreased by 9% to CHF143m (FY20: CHF157m) due to lower capital investment during the year and impairments in the prior year period. Adjusted operating profit decreased by 14% to CHF128m (FY20: CHF149m).

Adjusted net finance cost was flat at CHF58m (FY20: CHF58m).

Adjusted earnings decreased by 19% to CHF47m (FY20: CHF57m).

The division converted 66% (FY20: 116%) of adjusted EBITDA into cash generated from operations, with an improvement in the second half of the year (1H21: 44%).

Total capex spent during the year decreased by 14% to CHF81m (FY20: CHF94m) comprising maintenance capex of CHF38m (FY20: CHF43m) and expansion capex of CHF43m (FY20: CHF51m). In line with the 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 to equity holders (including the annual debt repayments). FY22 forecast expansion capex of around CHF55m includes the first of seven years of investment in the projects at Klinik St. Anna and Hirslanden Klinik Aarau to strengthen the competitive position of these key hospitals. FY22 maintenance capex is forecast at around CHF70m. Medium-term maintenance capex is expected to be around 4-5% of revenue.

MEDICLINIC SOUTHERN AFRICA

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. With the initial peak of the pandemic being passed in early August 2020, non-COVID-19 surgical case volumes subsequently improved, driven by a return in demand for elective procedures. The peak of the second COVID-19 wave in January 2021 gave rise to a counter-seasonal performance in December 2020, when larger patient numbers than normal were experienced as we approached the second peak. Non-COVID-19 admissions again improved in March 2021 as more normal operating practices resumed.

Mediclinic Southern Africa's revenue was down 9% to ZAR15 573m (FY20: ZAR17 031m), reflecting the significant impact experienced in April 2020. Paid Patient Days ("**PPDs**") decreased by 15.3% and the occupancy rate was down at 56.3% (FY20: 67.9%). Despite a gradual recovery from May 2020 onwards, 1H21 revenue and PPDs declined 19% and 25.0%, respectively. Adapting to the pandemic, performance in the second half of the year was much improved with revenue up 2% and PPDs down 5.2%. Average revenue per bed day increased by 8.2% reflecting the increase in acuity. The average length of stay was up 16.6% reflecting the longer than average stay for COVID-19 patients and a disproportionate decline in day case admissions.

The effects of supply costs and additional staffing requirements during the pandemic further impacted adjusted EBITDA, which declined 38% to ZAR2 209m (FY20: ZAR3 536m) with the adjusted EBITDA margin at 14.2% (FY20: 20.8%). In line with the revenue performance, Mediclinic Southern Africa delivered a strong sequential improvement in adjusted EBITDA margin from 8.2% in 1H21 (1H20: 20.8%) to 19.0% in 2H21 (2H20: 20.7%). COVID-19-related expenses were around ZAR323m.

Depreciation and amortisation increased by 9% to ZAR763m (FY20: ZAR698m), 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 48% to ZAR1 477m (FY20: ZAR2 838m).

Net finance cost increased by 1% to ZAR561m (FY20: ZAR554m) due to lower finance income given lower cash on deposit and lower interest rates, with around half the division's interest rate exposure hedged.

Adjusted earnings decreased by 61% to ZAR519m (FY20: ZAR1 335m).

The division converted 111% (FY20: 104%) of adjusted EBITDA into cash generated from operations.

Total capex spent during the year decreased by 47% to ZAR702m (FY20: ZAR1 312m) comprising maintenance capex of ZAR302m (FY20: ZAR730m) and expansion capex of ZAR400m (FY20: ZAR582m). Key projects included the new Mediclinic Bloemfontein and Mediclinic Cape Gate day case clinics and the expansion at Mediclinic Brits and Mediclinic Legae hospitals. FY22 expansion capex is forecast to be around ZAR520m including expansion projects at Mediclinic Cape Town and Mediclinic Midstream hospitals and Mediclinic Vergelegen and Mediclinic Winelands day case clinics, in addition to further investment in IT infrastructure projects to support future growth initiatives. FY22 maintenance capex is forecast at around ZAR610m. Medium-term maintenance capex is expected to average around 3% of revenue.

MEDICLINIC MIDDLE EAST

Dubai and Abu Dhabi gradually implemented national lockdowns and curfews from March 2020 due to the pandemic. In Dubai, elective procedures were suspended and reintroduced only in May 2020. In Abu Dhabi such restrictions were not implemented, although inpatient admissions and outpatient cases were significantly impacted as a result of lockdown measures. With the lifting of restrictions from May 2020, volumes rebounded. In August 2020, counter-seasonal holiday trends caused a significant increase in volumes compared with the prior year period. During the second wave of the pandemic, a further restriction on elective surgery was imposed in Dubai from 21 January to 21 March 2021. Throughout the pandemic, outpatient cases were interrupted, improving towards the end of the period.

While the pandemic materially impacted non-COVID-19 activity levels, Mediclinic Middle East launched virtual care and pharmacy home delivery services so patients could be diagnosed and supplied with prescription medication without the need for face-to-face consultations. In addition, the division is involved in various projects supporting the health authorities including the establishment of two new laboratories for COVID-19 testing and administering vaccinations.

Mediclinic Middle East's revenue increased 9% to AED3 760m (FY20: AED3 445m), which includes around AED485m in COVID-19-related revenues. Inpatient admissions and day cases were down 2.1% and outpatient cases down 9.3%. The impact on volumes was less significant in the second half of the year, with inpatient admissions and day cases down 1.1% and outpatient cases down 4.7% compared with 2H20. The volume impact was partly offset by an increase in the average revenue per inpatient and day case admission and outpatient cases up 17.3% and 15.1%, respectively, reflecting an increase in acuity directly and indirectly due to COVID-19.

The diagnostic-related grouping ("**DRG**") 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.

Adjusted EBITDA decreased 6% to AED492m (FY20: AED521m) due to the sustained impact of COVID-19 on outpatient volumes in particular, lower contribution margin of COVID-19-related and new revenues exacerbated by COVID-19-related expenses that totalled around AED28m. The adjusted EBITDA margin of 13.1% (FY20: 15.1%) improved from 12.7% in 1H21 (1H20: 12.6%) to 13.5% in 2H21 (17.3%). The second half also included start-up costs associated with the commissioning of the Mediclinic Airport Road Hospital expansion and the new CCC.

Adjusted depreciation and amortisation was flat at AED248m (FY20: AED249m). Adjusted operating profit decreased by 9% to AED248m (FY20: AED273m).

Net finance cost decreased by 15% to AED78m (FY20: AED91m), mainly due to a decrease in the base rate. One third of the borrowings are hedged.

Adjusted earnings decreased by 6% to AED170m (FY20: AED181m).

The division converted 73% (FY20: 98%) of adjusted EBITDA into cash generated from operations, due to slow collections, exacerbated by the strong revenue performance in March 2021. Significant collections received in early April 2021 that were expected before year-end would have resulted in the division achieving its target of 90–100% cash conversion.

Total capex spent during the year decreased by 49% to AED124m (FY20: AED220m) comprising maintenance capex of AED36m (FY20: AED46m) and expansion capex of AED88m (FY20: AED174m). Key projects included the Mediclinic Airport Road Hospital expansion and CCC, ongoing EHR roll-out and investment in new robotics equipment. FY22 expansion capex is forecast to be the final year of major investment as the division positions for sustainable long-term growth. FY22 forecast expansion capex of around AED230m includes delayed capex investment at Mediclinic Airport Road Hospital and the EHR roll-out, in addition to key projects involving Precision Medicine, sports medicine, remote patient monitoring, IT infrastructure investment, critical care unit upgrades at Mediclinic Al Ain Hospital and the installation of smart lifts at the Mediclinic Al Noor Hospital. FY22 maintenance capex is forecast at around AED85m. Medium-term maintenance capex is expected to be around 2–3% of revenue with expansion capex from FY23 onwards at half the level in FY21.

FY22 GUIDANCE

Given the strong underlying demand for Mediclinic's broad range of services, the Group expects to deliver growth in revenue and EBITDA across all three divisions in FY22. With the ongoing pandemic, varied pace of vaccine rollouts and our planning assumption of potential third waves causing continuing uncertainty on the shape of the recovery, Mediclinic remains cautious as to the impact of COVID-19 on near-term operating performance.

In Switzerland, given the potential impact of a third wave on admissions, insurance mix and operating costs, Hirslanden expects to deliver modest revenue growth and a stable year-on-year EBITDA margin. In Southern Africa, with the ongoing impact of the pandemic on admissions and operating costs, Mediclinic Southern Africa currently expects revenue to recover to around FY20 levels and a year-on-year improvement in EBITDA margin approaching the 2H21 outturn. Mediclinic Middle East is expected to deliver mid-single digit revenue growth supported by recent expansion and upgrade projects and an improved EBITDA margin, approaching FY20 levels.

FINANCIAL POSITION

PROPERTY, EQUIPMENT AND VEHICLES, AND INTANGIBLE ASSETS

Property, equipment and vehicles decreased to £4 052m at 31 March 2021 (FY20: £4 358m), mainly due to the weakening of the year-end Swiss franc and UAE dirham rates against sterling. The depreciation charge of £196m was partly offset by ongoing investment to expand the asset base in support of growth across the continuum of care and to enhance patient experience and clinical quality.

In response to the crisis and the initial uncertainty it created, the Group delayed, postponed or reduced certain capital projects as part of a broad range of initiatives to preserve liquidity. Total capital expenditure for the period was £126m (FY20: £192m), the majority of which was invested during the second half of the year. Maintenance and expansion capex amounted to £54m (FY20: £84m) and £72m (FY20 £108m), respectively.

Mediclinic is one of the largest private healthcare providers across Europe, Middle East and Africa, with unique clinical expertise and scale. Aligned with the Group's strategic goals and balanced approach to capital allocation, Mediclinic will seek to execute on opportunities to grow within its existing business across the continuum of care, invest in various innovation and digital transformation initiatives and pursue opportunities for regional expansion through bolt-on investments at the appropriate time.

Intangible assets decreased to £1 061m at 31 March 2021 (FY20: £1 171m), mainly due to the impact of the weakening year-end UAE dirham rate against sterling on the Mediclinic Middle East goodwill.

INVESTMENT IN ASSOCIATES

Spire

Mediclinic holds a 29.9% investment in Spire which is equity accounted. Spire reported its full-year financial results for the period ended 31 December 2020 on 4 March 2021.

For the 12 months ended 31 December 2020, Spire reported a loss after taxation of £234m (31 December 2019: profit of £7m), which included a goodwill impairment charge of £200m. The equity-accounted portion of this impairment amounts to £60m. Following Spire's goodwill impairment charge, the Group's interest in the net asset value of Spire was higher than its carrying value of the equity investment at 30 September 2020. As a result an impairment reversal equal to the Group's share of the goodwill impairment of £60m was recognised and reported in the Group's interim financial statements. Excluding the equity-accounted goodwill impairment charge, Mediclinic's equity-accounted loss amounted to £10m (FY20: income of £2m).

NET DEBT

	2021 **£'m**	2020 £'m
Borrowings	**1 777**	1 951
Lease liabilities	**676**	703
Less: cash and cash equivalents	**(294)**	(329)
Net debt	**2 159**	2 325
Total equity	**2 967**	3 003
Debt-to-equity capital ratio	**72.8%**	77.4%

Net debt reduced to £2 159m at year-end (FY20: £2 325m), after an optional CHF50m debt repayment at Hirslanden in November 2020 and an AED120m scheduled repayment at Mediclinic Middle East. The leverage ratio of 5.1x at year-end (FY20: 4.3x), which reflects the impact of the pandemic on the Group's profitability, remained stable in the second half of the year (1H21: 5.2x).

The Group maintains a strategy of responsible leverage, largely using its extensive asset base to secure cost-efficient 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, which includes less asset-intensive investments and partnerships.

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. In February 2021, Hirslanden successfully refinanced a CHF145m bond, reducing the coupon rate from 1.63% to 1.25%.

The debt-to-equity ratio improved to 72.8% at year-end (FY20: 77.4%).

In FY22, debt repayments are expected at Hirslanden and Mediclinic Middle East of CHF50m and AED249m, respectively. Mediclinic Middle East currently expects to continue repaying debt it incurred during the multiyear expansion period which supports the division's future growth aspirations.

Covenants
The Group had headroom over all covenants, waived or effective, at year-end.

At the start of the pandemic, the Group obtained covenant tests waivers, mostly for leverage ratios, where the forecast financial impact from the disruption caused by COVID-19 on the operations may have resulted in covenants being exceeded before coming back into compliance as revenues normalised. For Mediclinic Middle East and Mediclinic Southern Africa, the first of such waived covenant compliance tests will be performed at the end of June 2021 and September 2021, respectively. Hirslanden has prudently engaged with its lending banks to further extend the leverage covenant test waiver by 12 months, with the first test now to be performed at the end of September 2022.

The following table illustrates the headroom to the covenant tests:

	Status	Headroom variable	FY21 Headroom[1]	1H21 Headroom[1]	FY20 Headroom[1]	Compliant
Hirslanden						
Leverage ratio	Waived[2]	EBITDA	5%	9%	17%	n/a
Economic capital ratio	Effective	Equity	30%	30%	27%	Yes
Loan to value ratio	Effective	Property value	17%	14%	17%	Yes
Mediclinic Southern Africa						
Leverage ratio	Waived[2]	EBITDA	6%	(4)%	37%	n/a
Net interest cover ratio	Waived[2]	EBITDA	18%	18%	47%	n/a
Mediclinic Middle East						
Leverage ratio	Waived[2]	EBITDA	48%	37%	41%	n/a
Debt service coverage ratio	Effective	Cash flow	21%	41%	80%	Yes
Minimum net worth	Effective	n/a	>AED700m	>AED630m	>AED750m	Yes
Minimum monthly receivables	Effective	n/a	>AED240m[3]	>AED190m[3]	>AED195m[3]	Yes

[1] Headroom is calculated with reference to the indicated headroom variable, keeping other inputs constant.
[2]Waived covenant compliance tests are to be performed at the end of June 2021 for Mediclinic Middle East, at the end of September 2021 for Mediclinic Southern Africa and at the end of September 2022 for Hirslanden.
[3] Average of last three months.

SWISS PENSION BENEFIT OBLIGATION

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 in 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 law. The IAS 19 net pension asset was valued by the actuaries at the end of the year and amounted to £83m (FY20: liability of £71m), consisting of a net pension asset of £110m relating to one of the plans and a net pension liability of £27m relating to four of the plans. The net pension asset is included under "Retirement benefit assets" in the Group's statement of financial position, whereas the net pension liabilities are included under "Retirement benefit obligations". The increase that resulted in a net pension asset was largely due to an increase in the plan assets. In constant currency, the pension liability increased by £48m whereas the plan assets increased by £208m.

DERIVATIVE FINANCIAL INSTRUMENTS

Through the acquisition of Clinique des Grangettes, the Group entered into a put/call agreement over the remaining 40% interest of Clinique des Grangettes and Clinique La Colline. At the end of the year, the value of the redemption liability related to the written put option amounted to £115m (FY20: £101m) after adjusting the liability for changes in the estimated performance. The remeasurement of the redemption liability recognised within finance cost was £23m (FY20: £5m).

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 global vaccine roll-outs and the robust operating performance for the year ended 31 March 2021, there remains a degree of risk and uncertainty as to the Group's financial performance for at least the next 12-18 month period to 30 September 2022.

The Group's financial performance for the year ended 31 March 2021 across all three divisions was well ahead of the COVID-19-adjusted base case scenarios modelled at the beginning of the pandemic in March 2020. As evidenced in the year under review, the key impact to revenue and profitability during the pandemic was the national lockdown measures and restrictions imposed on non-urgent elective procedures. Notwithstanding the continued uncertainty due to the ongoing pandemic, it is considered reasonably unlikely that the severe restrictions previously imposed on non-urgent elective procedures will be reintroduced given the advance in COVID-19 operating protocols since March 2020.

For the purposes of assessing liquidity specifically and going concern broadly at 31 March 2021, the Group modelled a combination of severe but plausible downside scenarios on a month-by-month basis and also applied appropriate mitigation actions which would be within the Group's control. These scenarios had specific reference to:

- reduction in volumes due to the ongoing effects of the COVID-19 pandemic or a deterioration in the business environment;
- reduction in tariffs due caused by possible regulatory changes; and
- working capital and capital expenditure requirements.

Due to the mostly fixed employee cost base across the business, lower revenue due to either a reduction in tariffs or volumes has the most pronounced impact on EBITDA. Compared with the business plan, the combined adverse effect of reduction of tariffs and volumes after mitigation modelled amounts to a decline of 24% of EBITDA over the 18-month period to 30 September 2022, which is more severe than the decline in adjusted Group EBITDA of 21% during FY21. In the worst affected month, the Group EBITDA is affected by approximately 35% in the downside case when compared with the base case. In the downside case, the Group EBITDA includes an adverse impact of at least 12% per month compared with base case.

Depending on the circumstances, further mitigating actions would be available to the Group that have not been modelled. These include:

- further reductions in capital expenditure, e.g. ceasing ongoing projects;
- reductions in staff and other operating costs;
- a freeze on recruitment;
- a restriction on salary increases;
- rental relief from landlords; and
- utilising surplus cash at a corporate level.

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. The nearest term material maturity is a bank loan of ZAR2 575m and redeemable preference shares of ZAR1 800m that are due in September 2022. Mediclinic Southern Africa is proactively engaging with the banks on either an extension of the facility as provided for in the original loan agreement or a refinance of the entire facility. Mediclinic Southern Africa's leverage ratio is at a level where refinancing should be possible considering the current market conditions.

In addition to successfully refinancing its CHF145m bond on more favourable terms, Hirslanden has prudently engaged with its lending banks to further extend a covenant test waiver by 12 months, with the first tests now to be performed at the end of September 2022. By the time of the reinstated test, all covenants will have sufficient headroom based on the range of modelled scenarios.

Due to the proactive response to maintain the Group's liquidity position, cash and available facilities have remained strong at £679m at year-end, compared to £518m at 31 March 2020 and £661m at 30 September 2020.

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 for a period of at least 12 months from the date of approving the financial statements.

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 on corporate transactions;
- remeasurement of right-of-use assets and lease liabilities as a result of lease modifications in terms of IFRS 16 *Leases*;*
- past service cost charges/credits in relation to pension fund conversion rate changes;
- accelerated depreciation and amortisation charges;
- mark-to-market fair value gains/losses relating to derivative financial instruments including ineffective interest rate swaps;
- remeasurement of redemption liabilities due to changes in estimated underlying value;
- impairment charges and reversal of impairment charges;
- insurance proceeds for items of property, equipment and vehicles impaired;
- prior year tax adjustments and significant tax rate changes; and
- tax and non-controlling interest impact of the above items.

**Exceptional item has been added because of the adoption of IFRS 16 in the prior year.*

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

RECONCILIATIONS

EARNINGS

2021 Statutory results	**Total £'m**	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Revenue	**2 995**	1 478	734	781	-	2
Operating profit/(loss)	**209**	97	69	51	-	(8)
Profit/(loss) attributable to equity holders*	**68**	26	24	35	(10)	(7)
Reconciliations						
Operating profit/(loss)	**209**	97	69	51	-	(8)
Other gains and losses	**(2)**	-	(1)	(1)	-	-
Depreciation and amortisation	**217**	128	36	52	-	1
Impairment of property, equipment and vehicles	**3**	-	3	-	-	-
Impairment of intangible assets	**1**	-	1	-	-	-
EBITDA	**428**	225	108	102	-	(7)
- Insurance proceeds	**(2)**	-	(2)	-	-	-
Adjusted EBITDA	**426**	225	106	102	-	(7)
Operating profit/(loss)	**209**	97	69	51	-	(8)
- Insurance proceeds	**(2)**	-	(2)	-	-	-
- Impairment of property, equipment and vehicles	**3**	-	3	-	-	-
- Impairment of intangible assets	**1**	-	1	-	-	-
- Accelerated depreciation and amortisation	**10**	10	-	-	-	-
Adjusted operating profit/(loss)	**221**	107	71	51	-	(8)

* *Profit attributable to equity holders in Hirslanden is shown after the elimination of intercompany loan interest of £18m.*

RECONCILIATIONS (continued)

EARNINGS (continued)

2021 Statutory results (continued)	Total £'m	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Profit/(loss) attributable to equity holders*	**68**	26	24	35	(10)	(7)
- Insurance proceeds	**(2)**	-	(2)	-	-	-
- Impairment of property, equipment and vehicles	**3**	-	3	-	-	-
- Impairment of intangible assets	**1**	-	1	-	-	-
- Accelerated depreciation and amortisation	**10**	10	-	-	-	-
- Remeasurement of redemption liability (written put option)	**23**	23	-	-	-	-
- Equity accounted portion of impairment of intangible assets	**60**	-	-	-	60	-
- Reversal of impairment of associate	**(60)**	-	-	-	(60)	-
- Tax on exceptional items	**(2)**	(2)	-	-	-	-
Adjusted earnings/(loss)	**101**	57	26	35	(10)	(7)
Weighted average number of shares (millions)	**737**					
Adjusted earnings per share (pence)	**13.7**					

* *Profit attributable to equity holders in Hirslanden is shown after the elimination of intercompany loan interest of £18m.*

RECONCILIATIONS (continued)

EARNINGS (continued)

2020 Statutory results	Total £'m	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Revenue	**3 083**	1 438	907	737	-	1
Operating (loss)/profit	**(184)**	90	149	(423)	-	-
(Loss)/profit attributable to equity holders*	**(320)**	60	71	(442)	(8)	(1)
Reconciliations						
Operating (loss)/profit	**(184)**	90	149	(423)	-	-
Add back:						
Other gains and losses	**(4)**	-	-	(1)	-	(3)
Depreciation and amortisation	**217**	126	37	53	-	1
Reversal of impairment of property	**(4)**	(4)	-	-	-	-
Impairment of property, equipment and vehicles	**34**	33	1	-	-	-
Impairment of intangible assets	**482**	-	1	481	-	-
EBITDA	**541**	245	188	110	-	(2)
No adjustments						
Adjusted EBITDA	**541**	245	188	110	-	(2)
Operating (loss)/profit	**(184)**	90	149	(423)	-	-
- Reversal of impairment of property	**(4)**	(4)	-	-	-	-
- Impairment of property, equipment and vehicles	**34**	33	1	-	-	-
- Impairment of intangible assets	**482**	-	1	481	-	-
- Fair value adjustments on derivative contracts	**(1)**	-	-	(1)	-	-
Adjusted operating profit	**327**	119	151	57	-	-
(Loss)/profit attributable to equity holders*	**(320)**	60	71	(442)	(8)	(1)
- Reversal of impairment of property	**(4)**	(4)	-	-	-	-
- Impairment of property, equipment and vehicles	**34**	33	1	-	-	-
- Impairment of intangible assets	**482**	-	1	481	-	-
- Fair value adjustments on derivative contracts	**(1)**	-	-	(1)	-	-
- Remeasurement of redemption liability (written put option)	**5**	5	-	-	-	-
- Impairment of associate	**10**	-	-	-	10	-
- Tax rate changes**	**(26)**	(26)	-	-	-	-
- Tax on exceptional items	**(3)**	(3)	-	-	-	-
Adjusted earnings	**177**	65	73	38	2	(1)
Weighted average number of shares (millions)	**737.2**					
Adjusted earnings per share (pence)	**24.0**					

* *Profit attributable to equity holders in Hirslanden is shown after the elimination of intercompany loan interest of £17m.*
** *Tax rate changes of £26m are shown after taking non-controlling interest of £3m into consideration.*

DEPRECIATION AND AMORTISATION

Adjusted and reported depreciation and amortisation was calculated as follows:

	2021 £'m	2020 £'m
Depreciation and amortisation	**217**	217
Accelerated depreciation and amortisation	**(10)**	-
Adjusted depreciation and amortisation	**207**	217

NET FINANCE COST

Adjusted and reported net finance cost was calculated as follows:

	2021 £'m	2020 £'m
Finance cost	**99**	92
Finance income	**(4)**	(9)
Net finance cost	**95**	83
Remeasurement of redemption liability (written put option)	**(23)**	(5)
Adjusted net finance cost	**72**	78

SHARE OF NET PROFIT OF EQUITY-ACCOUNTED INVESTMENTS

Adjusted share of net (loss)/profit of equity-accounted investments was calculated as follows:

	2021 £'m	2020 £'m
Share of net (loss)/profit of equity-accounted investments	**(70)**	2
Equity-accounted portion of impairment of intangible assets	**60**	-
Adjusted share of net (loss)/profit of equity-accounted investments	**(10)**	2

INCOME TAX

Adjusted income tax was calculated as follows:

	2021 £'m	2020 £'m
Income tax expense	**25**	24
Tax on exceptional items	**2**	32
- Accelerated depreciation	**2**	-
- Reversal of impairment of properties	**-**	(1)
- Impairment of properties	**-**	4
- Swiss tax rate changes	**-**	29
Adjusted income tax expense	**27**	56

NON-CONTROLLING INTERESTS

Adjusted non-controlling interests was calculated as follows:

	2021 £'m	2020 £'m
Non-controlling interests	**11**	21
Exceptional items attributable to non-controlling interests		
- Swiss tax rate changes	**-**	(3)
Adjusted non-controlling interests	**11**	18

CASH CONVERSION

Cash conversion was calculated as follows:

	2021 £'m	2020 £'m
Cash from operations (a)	**330**	589
Adjusted EBITDA (b)	**426**	541
Cash conversion ([a]/[b] x 100)*	**77%**	109%

**Hirslanden 66% (2020: 116%), Mediclinic Southern Africa 111% (2020: 104%), Mediclinic Middle East 73% (2020: 98%)*

Mr Jurgens Myburgh
Group Chief Financial Officer
25 May 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors confirm that, to the best of their knowledge the preliminary condensed financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that this announcement includes a fair summary of the development and performance of the business and the position of the Group.

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

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

By order of the Board.

Dr Ronnie van der Merwe	Mr Jurgens Myburgh
Group Chief Executive Officer	Group Chief Financial Officer

25 May 2021

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 United Arab Emirates; 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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 March 2021

	Notes	2021 £'m	2020 £'m
ASSETS			
Non-current assets		**5 440**	5 741
Property, equipment and vehicles	4	**4 052**	4 358
Intangible assets	5	**1 061**	1 171
Equity-accounted investments	6	**171**	181
Retirement benefit asset		**110**	-
Other investments and loans		**12**	9
Deferred income tax assets		**34**	22
Current assets		**1 232**	1 213
Inventories		**109**	104
Trade and other receivables		**826**	766
Other investments and loans		**2**	2
Current income tax assets		**1**	2
Derivative financial instruments		**-**	2
Cash and cash equivalents		**294**	329
Assets classified as held-for-sale		**-**	8
Total assets		**6 672**	6 954
EQUITY			
Capital and reserves			
Share capital		**74**	74
Share premium reserve		**690**	690
Retained earnings		**4 523**	4 327
Other reserves		**(2 438)**	(2 201)
Attributable to equity holders of the Company		**2 849**	2 890
Non-controlling interests		**118**	113
Total equity		**2 967**	3 003
LIABILITIES			
Non-current liabilities		**3 021**	3 182
Borrowings	7	**1 686**	1 787
Lease liabilities	8	**621**	654
Deferred income tax liabilities		**425**	427
Retirement benefit obligations		**127**	168
Provisions		**37**	36
Derivative financial instruments		**124**	109
Cash-settled share-based payment liabilities		**1**	1
Current liabilities		**684**	769
Trade and other payables		**498**	515
Borrowings	7	**91**	164
Lease liabilities	8	**55**	49
Provisions		**19**	17
Retirement benefit obligations		**14**	14
Derivative financial instruments		**2**	2
Current income tax liabilities		**5**	4
Liabilities classified as held-for-sale		**-**	4
Total liabilities		**3 705**	3 951
Total equity and liabilities		**6 672**	6 954

CONDENSED CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2021

	Notes	2021 £'m	(Re-presented)* 2020 £'m
Revenue		**2 995**	3 083
Other income		**13**	-
Employee benefit and contractor costs		**(1 448)**	(1 446)
Consumables and supplies		**(719)**	(691)
Care related costs		**(145)**	(136)
Infrastructure related costs		**(110)**	(113)
Service costs		**(147)**	(147)
Provision for expected credit losses		**(11)**	(9)
Depreciation and amortisation		**(217)**	(217)
Impairment of property, equipment and vehicles	4	**(3)**	(30)
Impairment of intangible assets	5	**(1)**	(482)
Other gains and losses		**2**	4
Operating profit/(loss)		**209**	(184)
Finance income		**4**	9
Finance cost	9	**(99)**	(92)
Share of net (loss)/profit of equity-accounted investments	6	**(70)**	2
Reversal of impairment/(impairment) of equity-accounted investment	6	**60**	(10)
Profit/(loss) before tax		**104**	(275)
Income tax expense	10	**(25)**	(24)
Profit/(loss) for the period		**79**	(299)
Attributable to:			
Equity holders of the Company		**68**	(320)
Non-controlling interests		**11**	21
		79	(299)
Profit/(loss) per ordinary share attributable to the equity holders of the Company – pence			
Basic	11	**9.2**	(43.4)
Diluted	11	**9.2**	(43.4)

Note
**Refer to note 2.*

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2021

	Notes	2021 £'m	2020 £'m
Profit/(loss) for the year		**79**	(299)
Other comprehensive (loss)/income			
Items that may be reclassified to the income statement		**(235)**	169
Currency translation differences		**(235)**	175
Realised fair value hedge adjustments transferred to income statement		**2**	-
Fair value adjustment – cash flow hedges		**(2)**	(6)
Items that may not be reclassified to the income statement		**127**	(21)
Remeasurements of retirement benefit obligations		**127**	(17)
Effect of changes in income tax rates		**-**	(4)
Other comprehensive (loss)/income, net of tax		**(108)**	148
Total comprehensive loss for the year		**(29)**	(151)
Attributable to:			
Equity holders of the Company		**(45)**	(161)
Non-controlling interests		**16**	10
		(29)	(151)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2021

	Share capital £'m	Capital redemption reserve £'m	Share premium reserve £'m	Reverse acquisition 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 31 March 2019	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	**74**	**6**	**690**	**(3 014)**	**628**	**(2)**	**4 732**	**3 114**	**115**	**3 229**
(Loss)/profit for the year	-	-	-	-	-	-	(320)	(320)	21	(299)
Other comprehensive income/(loss) for the year	-	-	-	-	187	(6)	(22)	159	(11)	148
Total comprehensive income/(loss) for the year	-	-	-	-	187	(6)	(342)	(161)	10	(151)
Transactions with non-controlling shareholders	-	-	-	-	-	-	(4)	(4)	3	(1)
Dividends paid	-	-	-	-	-	-	(59)	(59)	(15)	(74)
Balance at 31 March 2020	**74**	**6**	**690**	**(3 014)**	**815**	**(8)**	**4 327**	**2 890**	**113**	**3 003**
Profit for the year	-	-	-	-	-	-	68	68	11	79
Other comprehensive (loss)/income for the year	-	-	-	-	(237)	-	124	(113)	5	(108)
Total comprehensive (loss)/income for the year	-	-	-	-	(237)	-	192	(45)	16	(29)
Equity-settled share-based payment[1]	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling shareholders	-	-	-	-	-	-	4	4	(3)	1
Dividends paid	-	-	-	-	-	-	-	-	(8)	(8)
Balance at 31 March 2021	**74**	**6**	**690**	**(3 014)**	**578**	**(8)**	**4 523**	**2 849**	**118**	**2 967**

Note
[1]*Less than £0.5m*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2021

	Notes	**2021 £'m Inflow/(outflow)**	2020 £'m Inflow/(outflow)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations		**330**	589
Interest received		**4**	9
Interest paid		**(70)**	(83)
Tax paid		**(29)**	(59)
Net cash generated from operating activities		**235**	456
CASH FLOW FROM INVESTMENT ACTIVITIES		**(137)**	(182)
Investment to maintain operations		**(56)**	(81)
Investment to expand operations		**(80)**	(102)
Acquisition of subsidiaries	12	**(2)**	(12)
Disposal of subsidiaries		**4**	9
Acquisition of investment in associate	6	**(1)**	(1)
Dividends received from equity accounted investment		**-**	5
Proceeds from other investments and loans		**1**	-
Increase in other investments and loans		**(4)**	(2)
Proceeds from insurance claim		**1**	-
Proceeds on disposal of property, equipment and vehicles		**-**	2
Net cash generated before financing activities		**98**	274
CASH FLOW FROM FINANCING ACTIVITIES		**(130)**	(207)
Distributions to non-controlling interests		**(8)**	(15)
Distributions to shareholders	14	**-**	(59)
Transaction with non-controlling interest		**1**	(1)
Proceeds from borrowings		**115**	15
Repayment of borrowings		**(196)**	(101)
Refinancing transaction costs		**(3)**	(1)
Repayment of lease liabilities		**(39)**	(45)
Net increase in cash and cash equivalents		**(32)**	67
Opening balance of cash and cash equivalents		**329**	265
Exchange rate fluctuations on foreign cash		**(3)**	(3)
Closing balance of cash and cash equivalents		**294**	329

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 by providing value-based healthcare services. 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 London Stock Exchange and secondary listings on the JSE Ltd and the Namibian Stock Exchange 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 statements for the year ended 31 March 2021 was approved by the Board on 25 May 2021.

2. BASIS OF PREPARATION

The condensed consolidated financial statements included in this results announcement have been extracted from the full consolidated financial statements for the year ended 31 March 2021 included in the Annual Report which was approved by the Board of Directors on 25 May 2021. The condensed consolidated financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. In addition to complying with international accounting standards in conformity with the requirements of the Companies Act 2006, the consolidated financial statements also comply with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The auditor's report on those full consolidated financial statements was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. This results announcement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. The Annual Report for the year ended 31 March 2020 has been delivered to the Registrar of Companies and the Annual Report for 31 March 2021 will be delivered following the Company's annual general meeting to be held on Tuesday, 27 July 2021.

The Group has prepared the condensed consolidated financial statements on a going concern basis. The condensed consolidated financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. 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 2021.

This results announcement has been prepared applying consistent accounting policies to those applied by the Group in the comparative period. The condensed consolidated financial statements included in this results announcement do not itself contain sufficient information to comply with IFRS. The Company will publish full financial statements that comply with IFRS in June 2021.

Functional and presentation currency
The condensed consolidated financial statements are presented in pounds sterling, rounded to the nearest million. The functional currencies 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 reclassification
During the period under review, the Group changed the presentation of its operating expenses in the 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 a more robust disaggregation of the Group's activities that better reflects the nature of the business. The Group believes that the change in presentation of expenses results in more relevant information for the users and enhanced disclosure on the face of the income statement. The prior period expenses of £3 271m for the year ended 31 March 2020 previously classified as 'Cost of sales' (£1 960m) and 'Administration and other operating expenses' (£1 311m) have been reclassified by nature of expense as set out in the table below.

Income statement reclassification (continued)

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, 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 property, equipment, vehicles and right-of-use assets, as well as amortisation of intangible assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. SEGMENTAL REPORT

The reportable operating 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	
Year ended 31 March 2021	**Total £'m**	**Switzerland £'m**	**Southern Africa £'m**	**Middle East £'m**	**United Kingdom £'m**	**Corporate £'m**
Revenue	**2 995**	**1 478**	**734**	**781**	**-**	**2**
EBITDA	**428**	**225**	**108**	**102**	**-**	**(7)**
EBITDA before management fee	**428**	**231**	**114**	**105**	**-**	**(22)**
Group Services fees included in EBITDA**	**-**	**(6)**	**(6)**	**(3)**	**-**	**15**
Other gains and losses	**2**	**-**	**1**	**1**	**-**	**-**
Depreciation and amortisation	**(217)**	**(128)**	**(36)**	**(52)**	**-**	**(1)**
Impairment of property, equipment and vehicles	**(3)**	**-**	**(3)**	**-**	**-**	**-**
Impairment of intangible assets	**(1)**	**-**	**(1)**	**-**	**-**	**-**
Operating profit/(loss)	**209**	**97**	**69**	**51**	**-**	**(8)**
Loss from associate	**(70)**	**-**	**-**	**-**	**(70)**	**-**
Reversal of impairment of associate	**60**	**-**	**-**	**-**	**60**	**-**
Finance income	**4**	**-**	**3**	**-**	**-**	**1**
Finance cost (excluding intersegment loan interest)	**(99)**	**(54)**	**(29)**	**(16)**	**-**	**-**
Total finance cost	**(99)**	**(72)**	**(29)**	**(16)**	**-**	**18**
Elimination of intersegment loan interest**	**-**	**18**	**-**	**-**	**-**	**(18)**
Taxation	**(25)**	**(11)**	**(14)**	**-**	**-**	**-**
Segment result	**79**	**32**	**29**	**35**	**(10)**	**(7)**
At 31 March 2021						
Investments in associates	**167**	**3**	**2**	**5**	**157**	**-**
Investments in joint ventures	**4**	**-**	**4**	**-**	**-**	**-**
Capital expenditure for the year*	**126**	**67**	**33**	**26**	**-**	**-**
Total segment assets	**6 672**	**3 972**	**740**	**1 701**	**157**	**102**
Total segment liabilities (excluding intersegment loan)	**3 705**	**2 470**	**602**	**624**	**-**	**9**
Total liabilities from reportable segment	**4 635**	**3 400**	**602**	**624**	**-**	**9**
Elimination of intersegment loan	**(930)**	**(930)**	**-**	**-**	**-**	**-**

Notes

**Relates to additions to non-current assets other than financial instruments, deferred tax assets and net defined benefit assets.*

***Pricing of intersegment transactions is determined at an arm's length basis.*

3. SEGMENTAL REPORT (continued)

		Reportable operating segments			Other	
Year ended 31 March 2020	**Total £'m**	**Switzerland £'m**	**Southern Africa £'m**	**Middle East £'m**	**United Kingdom £'m**	**Corporate £'m**
Revenue	3 083	1 438	907	737	-	1
EBITDA	541	245	188	110	-	(2)
EBITDA before management fee	541	251	194	113	-	(17)
Group Services fees included in EBITDA**	-	(6)	(6)	(3)	-	15
Other gains and losses	4	-	-	1	-	3
Depreciation and amortisation	(217)	(126)	(37)	(53)	-	(1)
Reversal of impairment of property	4	4	-	-	-	-
Impairment of property, equipment and vehicles	(34)	(33)	(1)	-	-	-
Impairment of intangible assets	(482)	-	(1)	(481)	-	-
Operating profit/(loss)	(184)	90	149	(423)	-	-
Income from associate	2	-	-	-	2	-
Impairment of associate	(10)	-	-	-	(10)	-
Finance income	9	-	8	1	-	-
Finance cost (excluding intersegment loan interest)	(92)	(35)	(37)	(20)	-	-
Total finance cost	(92)	(52)	(37)	(20)	-	17
Elimination of intersegment loan interest**	-	17	-	-	-	(17)
Taxation	(24)	13	(36)	-	-	(1)
Segment result	(299)	68	84	(442)	(8)	(1)
At 31 March 2020						
Investments in associates	177	2	2	5	168	-
Investments in joint ventures	4	-	4	-	-	-
Capital expenditure for the year*	192	75	69	47	-	1
Total segment assets	6 954	4 192	680	1 846	169	67
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)	-	-	-	-

Notes
**Relates to additions to non-current assets other than financial instruments, deferred tax assets and net defined benefit assets.*
***Pricing of intersegment transactions is determined at an arm's length basis.*

4. PROPERTY, EQUIPMENT AND VEHICLES

	Land and buildings £'m	Capital expenditure in progress £'m	Right-of-use assets £'m	Equipment £'m	Furniture and vehicles £'m	Total £'m
Net book value at 1 April 2019	3 088	90	-	299	47	3 524
IFRS 16 transition adjustment	-	-	641	(1)	-	640
Additions	34	62	52	57	16	221
Disposals	(1)	-	(5)	-	-	(6)
Depreciation	(51)	-	(46)	(82)	(18)	(197)
Business combinations	8	-	-	-	-	8
Transfer between asset classes	17	(25)	-	7	1	-
Prior year capital expenditure completed	41	(44)	-	3	-	-
Disposal of subsidiaries	(9)	-	(1)	-	-	(10)
Impairment	(13)	-	-	(19)	(2)	(34)
Reversal of impairment	4	-	-	-	-	4
Transfer to assets held for sale	(4)	-	(3)	-	-	(7)
Borrowing cost capitalised	-	3	-	-	-	3
Exchange differences	181	(5)	37	-	(1)	212
Net book value at 31 March 2020	3 295	81	675	264	43	4 358
Additions	13	49	59	35	8	164
Disposals	-	-	(1)	-	-	(1)
Depreciation	(60)	-	(49)	(72)	(15)	(196)
Transfer between asset classes	4	-	(12)	7	1	-
Prior year capital expenditure completed	34	(44)	-	9	1	-
Impairment	(3)	-	-	-	-	(3)
Borrowing cost capitalised	1	-	-	-	-	1
Lease remeasurements	-	-	8	-	-	8
Exchange differences	(217)	(1)	(55)	(6)	-	(279)
Net book value at 31 March 2021	**3 067**	**85**	**625**	**237**	**38**	**4 052**

The right-of-use assets were recognised during the prior year with the adoption of IFRS 16 *Leases*. Refer to note 8 for further information on leases.

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).

4. PROPERTY, EQUIPMENT AND VEHICLES (continued)

Impairment assessment

Due to the significant impact the COVID-19 pandemic had on the Southern Africa segment, CGUs were assessed for impairment at 31 March 2021. The recoverable amounts of the CGUs tested for impairment were based on fair-value-less-cost-to-sell calculations. The determination of fair-value-less-cost-to-sell calculations uses level 3 valuation techniques. In determining the fair-value-less-cost-to-sell for the CGUs, the cash flows were discounted at a rate of 12.7%. Beyond five years a growth rate of 4.5% was used. The recoverable amount of three CGUs (£5m in total) were determined to be lower than their individual carrying values and as a result an impairment charge of £3m (2020: £nil) was recognised in the income statement relating to property, equipment and vehicles. The recoverable amount of 43 CGUs were higher than their carrying values and had sufficient headroom. After recognition of the impairment charges, the carrying amounts of the CGUs are not sensitive to reasonably possible changes in the discount rate and the terminal growth rate.

No impairment indicators were identified for the Swiss and Middle East CGUs at 31 March 2021. In the prior year, the carrying value of one Swiss CGU was determined to be higher than its recoverable amount and as a result an impairment charge of £33m was recognised in the income statement relating to property, equipment and vehicles.

Some CGUs within Hirslanden remain sensitive to reasonably possible changes in key assumptions in the fair-value-less-cost-to-sell calculations. As a result, any increase in the discount rate or decreases in the short-term cash flow projections or long-term growth rates could give rise to further material impairment charges in future periods. In determining the fair-value-less-cost-to-sell for the CGUs, the cash flows were discounted at rates between 4.9% and 5.2% (2020: 4.8% and 5.1%). An increase in the discount rate of 0.7% would lead to an impairment charge of approximately £19m and a decrease of 7% in the cash flow projections would result in an impairment charge of approximately £1m. A decrease of the terminal year growth rate to 0% would not result in impairment.

Any impairment determined at a CGU level under IAS 36 will include an assessment of the recoverable amount of Hirslanden's owned properties, which are subject to a third-party valuation at least annually. This valuation applies a consistent methodology across key assumptions to determine the rental charges based on appropriate and market-related metrics, which are discounted using a market-related discount rate to determine the value of the properties. Therefore, there is a risk that this valuation could materially change in future periods.

Reversal of impairment

During the year ending 31 March 2020, Klinik Belair was sold and a reversal of previously recognised impairment charges in respect of properties of £4m was recognised.

Change in accounting estimate

During the year, an expansion project, which will include the construction of new hospital wings at a hospital in Hirslanden, was approved. The existing hospital wings will be dismantled at the end of the financial year ending 31 March 2023 and will be replaced by a new construction as part of the expansion project. As a result, the estimated useful life of the existing hospital wings has been reduced and the depreciation of these assets' carrying value accelerated. For the year ended 31 March 2021, the accelerated depreciation included in the depreciation charge amounts to £10m. The accelerated depreciation in FY2022 and FY2023 will amount to £19m each year.

5. INTANGIBLE ASSETS

	Goodwill £'m	Trade names £'m	Computer software £'m	Leases* £'m	Total £'m
Net book value at 1 April 2019	1 450	53	60	23	1 586
IFRS 16 transition adjustment	-	-	-	(23)	(23)
Additions	-	-	23	-	23
Amortisation	-	(4)	(16)	-	(20)
Business combinations	4	-	-	-	4
Impairment	(482)	-	-	-	(482)
Exchange differences	75	5	3	-	83
Net book value at 31 March 2020	**1 047**	**54**	**70**	**-**	**1 171**
Additions	-	-	21	-	21
Amortisation	-	(4)	(17)	-	(21)
Business combinations	3	-	-	-	3
Impairment	(1)	-	-	-	(1)
Exchange differences	(103)	(5)	(4)	-	(112)
Net book value at 31 March 2021	**946**	**45**	**70**	**-**	**1 061**

Note
** Relates to favourable lease contracts on buildings. The leases are characterised by fixed annual rent with no annual rent escalations for majority of the contract. This was reclassified on 1 April 2019 on adoption of IFRS 16 to right-of-use assets within property, equipment and vehicles.*

Impairment testing of significant goodwill balances

The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that these assets may be impaired. The annual impairment assessment is performed at year-end when the annual financial planning process is finalised. The Group's impairment assessment compares the carrying value of the group of CGUs with its recoverable amount.

The recoverable amount of a group of CGUs is determined by its fair-value-less-cost-to-sell, regarded as the more appropriate reflection of the value of the business, which is derived from discounted cash flow calculations. The key inputs to its calculations are described below.

Forecasts
As part of the annual financial planning process, the Group's divisions are required to submit budgets for the next financial year and forecasts for the following four years, which are approved by the Board. Future earnings in the fair-value-less-cost-to-sell calculation are based on these budgets and forecasts that are calculated on a per hospital basis and consider both internal and external market information. These budgets and forecasts represent management's best view of future revenues and cash flows and encompass a best estimate of the short- and long-term impact of the COVID-19 pandemic. The cash flow forecast includes the purchase of environmentally friendly equipment.

5. INTANGIBLE ASSETS (continued)

Impairment testing of significant goodwill balances (continued)

Growth rates
Growth rates are determined from budgeted and forecast revenue. Terminal year growth rates are country specific and determined based on the forecast market growth rates, and considering long-term medical inflation. The regulatory environment and impact on tariffs are considered. Growth rates have been benchmarked against external data for the relevant markets.

Discount rates
The weighted average cost of capital ('**WACC**') was determined by considering the respective debt and equity costs and ratios. The discount rate is based on the risk-free rate for government bonds adjusted for a risk premium to reflect the increased risk of investing in equities. Discount rates are lower for the divisions which operate in more mature markets with low inflation and higher for those operating in markets with a higher inflation. Discount rates reflect the time value and the risks associated with the segmental or divisional cash flows. The assumptions used in the calculation of the discount rate are benchmarked to externally available data.

Impairment testing of Mediclinic Middle East goodwill

The Mediclinic Middle East goodwill with a carrying amount of £834m (2020: £928m) originated mainly from the Al Noor business combination, with a portion originating from other UAE business combinations. Key assumptions used for the fair-value-less-cost-to-sell calculations for the annual impairment testing were as follows:

- *Discount rates* – The discount rate applied to cash flow projections is 8.7% (2020: 8.8%).
- *Growth rates* – The terminal growth rate beyond five years is 3.0% (2020: 3.0%).
- *Forecasts* – Represents management's best view of future revenues and cash flows over a five-year period and is comparable with the forecast used in the prior year.

The recoverable amount was determined to be higher than the carrying value and consequently no impairment was recognised against goodwill during the year under review. In the prior year, an impairment of £481m was recognised against goodwill.

Sensitivity analysis
An increase in the discount rate by 0.6% combined with a decrease in the terminal growth rate by 0.5% would reduce the headroom to £nil. A decrease in forecast cash flows by 9% would also reduce headroom to £nil. These changes are not considered reasonably possible to occur within the next 12 months.

Impairment testing of Hirslanden goodwill

Hirslanden goodwill with a carrying amount of £100m that originated from the business combination of Hirslanden OPERA Zumikon AG in the current year and Clinique des Grangettes in previous years has been tested for impairment.

The recoverable amount has been determined based on fair-value-less-cost-to-sell discounted cash flow calculations.
- *Discount rates* – The discount rate applied to cash flow projections was 5.1% (2020: 5.0%).
- *Growth rates* – The terminal growth rate beyond five years was 1.6% (2020: 1.6%) growth rate.
- *Forecasts* – Represents management's best view of future revenues and cash flows over a five-year period and is comparable with the forecast used in the prior year.

Sensitivity analysis
An increase in the discount rate by 2.7% (2020: 1.2%) combined with a decrease in the terminal growth rate by 1.6% (2020:1.2%) would reduce the headroom to £nil.

These changes are not considered reasonably possible to occur within the next 12 months.

5. INTANGIBLE ASSETS (continued)

Impairment testing of Southern Africa goodwill

Southern Africa goodwill with a carrying amount of £14m has been tested for impairment. The recoverable amount has been determined based on fair-value-less-cost-to-sell discounted cash flow calculations by applying a discount rate of 12.7% and a terminal year growth rate beyond five years of 4.5%. As a result, the carrying amount of the goodwill of five CGUs was determined to be higher than its recoverable amount and an impairment of £1m was recognised against goodwill.

6. EQUITY-ACCOUNTED INVESTMENTS

	2021 £'m	2020 £'m
Investment in associates	**167**	177
Investment in joint venture	**4**	4
	171	181

6.1 Investment in associates

	2021 £'m	2020 £'m
Listed investment	**157**	168
Unlisted investments	**10**	9
	167	177
Reconciliation of carrying value at the beginning and end of the year		
Opening balance	**177**	189
Additional investment in unlisted associate	**1**	1
Share of net profit of associated companies	**(70)**	2
Reversal of impairment/(impairment) of listed associate	**60**	(10)
Dividends received from associated companies	**-**	(5)
Exchange differences	**(1)**	-
	167	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 LSE. It does not issue publicly available quarterly financial information at a detailed level and has a December year-end. The investment in associate was equity accounted for the 12 months to 31 December 2020 (2020: 31 December 2019). No significant events occurred between 1 January 2021 and the reporting date.

6. EQUITY-ACCOUNTED INVESTMENTS (continued)

The Group assesses whether equity-accounted investments have suffered any impairment when indicators of impairment are identified, in this case the significant and prolonged decline in the market value of the investment below its carrying value.

Spire's loss for the period under review included a goodwill impairment charge of £200m. The equity-accounted portion of this impairment amounts to £60m. Accumulated impairment charges recognised by the Group in prior periods amount to £283m. Following Spire's goodwill impairment charge, the Group's interest in the net asset value of Spire was higher than its carrying value of the equity investment at 30 September 2020. As a result an impairment reversal equal to the Group's share of the goodwill impairment of £60m was recognised and reported in the Group's interim financial statements.

At 31 March 2021, the market value of the investment in Spire was £201m, which was higher than the carrying value of £157m. The Group considers the assessment of impairment reversal in the context of the financial performance of Spire, volatility of the share price during the period and the ongoing impact of the COVID-19 pandemic, amongst other factors. No further impairment reversal has been recorded.

The following key assumptions were used in the calculation in the prior year:

- *Discount rates* – a discount rate of 6.9% was applied to cash flow projections
- *Growth rates* – a terminal growth rate of 2.0% was applied in the calculation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. BORROWINGS

	2021 £'m	2020 £'m
Bank loans	**1 507**	1 673
Preference shares	**89**	82
Listed bonds	**181**	196
	1 777	1 951
Non-current borrowings	**1 686**	1 787
Current borrowings	**91**	164
Total borrowings	**1 777**	1 951

		2021 £'m Non-current	**2021 £'m Current**	2020 £'m Non-current	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%. With reference to the Facility agreement, there will be a change in the calculation of the variable interest rate from LIBOR to SARON. CHF50m is redeemable annually on 30 September with the final outstanding balance redeemable on 30 September 2026. The repayment on 30 September 2020 was suspended, but management decided to make a voluntary repayment in November 2020. The non-current portion includes capitalised financing costs of £13m (2020: £13m).	**986**	**38**	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 is repayable on 30 June and 31 December every year. The remaining balances are repayable during May 2023.	**13**	**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 CHF90m at 2.00% and CHF145m at 1.25% Swiss franc bonds. The bonds are repayable on 25 February 2025 and 25 February 2026 respectively. In February 2021, one of the existing bonds was repaid (CHF145m at 1.63%) and a new bond of CHF145m at 1.25% was issued.	**181**	**-**	75	121
	Balance carried forward	**1 188**	**39**	1 254	122

7. BORROWINGS (continued)

		2021 £'m Non-current	2021 £'m Current	2020 £'m Non-current	2020 £'m Current
	Balance carried forward	**1 188**	**39**	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 1.71% (2020: 1.49%) compounded quarterly and is repayable on 26 September 2022. £20m (2020: £18m) of the loan has been hedged.	**126**	**1**	116	1
Secured bank loan two	The loan bears interest at the 3M JIBAR variable rate plus a margin of 1.81% (2020: 1.59%) compounded quarterly and is repayable on 26 September 2023. £175m (2020: £162m) of the loan has been hedged.	**176**	**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 monthly at a rate of 72% of 3M JIBAR plus a margin of 1.77% (2020: 1.65%). The outstanding balance will be redeemed on 26 September 2022.	**89**	**-**	82	-
Bank overdraft		**-**	**-**	-	13
	Middle East operations (denominated in US dollar)				
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. £51m (2020: £65m) of the loan has been hedged.	**104**	**49**	170	26
		1 686	**91**	1 787	164

8. LEASES

Amounts recognised in the statement of financial position

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

	2021 £'m	2020 £'m
Right-of-use assets		
Buildings	**621**	672
Equipment	**4**	3
	625	675
Right-of-use assets per geographical market		
Switzerland	**390**	414
Southern Africa	**27**	29
The United Arab Emirates	**208**	232
	625	675

	2021 £'m	2020 £'m
Lease liabilities		
Switzerland	**408**	416
Southern Africa	**38**	38
The United Arab Emirates	**230**	249
	676	703
Of which are:		
- Non-current lease liabilities	**621**	654
- Current lease liabilities	**55**	49
	676	703

8. LEASES (continued)

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2021 £'m	2020 £'m
Depreciation charge of right-of-use assets		
Buildings	**48**	45
Equipment	**1**	1
	49	46
Interest expense (included in finance cost)	**20**	21
Expense relating to short-term leases and leases of low-value assets	**8**	12
COVID-19-related rent concessions	**(1)**	-

The total cash outflow for leases was £56m (2020: £63m).

The Group negotiated rent concessions with its landlords at a number of buildings in the Middle East as a result of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions. The amount recognised in profit or loss of £1m (2020: £nil) reflects changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions.

9. FINANCE COSTS

	2021 £'m	2020 £'m
Interest expense on financial liabilities not at FVPL	**42**	57
Interest on lease liabilities	**20**	21
Interest rate swaps	**7**	1
Amortisation of capitalised financing costs	**3**	3
Remeasurement of redemption liability (written put option)	**23**	5
Unwinding of discount on redemption liability	**1**	1
Preference share dividend	**4**	7
Less: amounts included in cost of qualifying assets	**(1)**	(3)
	99	92

10. INCOME TAX EXPENSE

	2021 £'m	2020 £'m
Current tax		
Current year	**31**	54
Deferred tax credit	**(6)**	(30)
Taxation per income statement	**25**	24
Composition		
UK tax	**-**	-
Foreign tax	**25**	24
	25	24

10. INCOME TAX EXPENSE (continued)

	2021 %	2020 %
Reconciliation of rate of taxation:		
UK statutory rate of taxation	**19.0%**	19.0%
Adjusted for:		
Benefit of tax incentives	**(0.8)%**	0.2%
Share of net profit of equity-accounted investments	**2.0%**	0.2%
Non-deductible expenses[1]	**9.0%**	(35.9)%
Non-controlling interests' share of profit before tax	**(0.9)%**	0.4%
Effect of different tax rates[2]	**(9.0)%**	(0.1)%
Income tax rate changes[3]	**(1.5)%**	10.2%
Non-recognition of tax losses in current year	**6.6%**	(1.1)%
Derecognition of tax losses relating to prior years	**-**	(0.7)%
Recognition of tax losses relating to prior years	**(1.1)%**	-
Utilisation of previously unrecognised tax losses	**(0.1)%**	(0.1)%
Withholding taxes	**0.1%**	(0.1)%
Prior year adjustment	**1.1%**	(0.6)%
Effective tax rate[4]	**24.4%**	(8.6)%

Notes

1 *The remeasurement of the redemption liability of £23m is not deductible for tax purposes. The tax effect amounted to £4m (impact of 4.2% in effective tax rate). In the prior year, the impairment of the listed associate of £10m and the impairment of goodwill of £482m were not deductible for tax purposes. The tax effect amounted to £93m (impact of 34.0% in effective tax rate).*

2 *Since the tax reconciliation is based on a UK statutory tax rate of 19.0%, a reconciling item results due to profit from Southern Africa which is subject to an income tax rate of 28.0%, reduced by profit from the UAE which is not subject to income tax and profit from Hirslanden which is subject to an expected income tax rate of 16.5% (2020: 17.9%).*

3 *In the prior year, corporate tax reforms in Switzerland led to the reduction in deferred tax liabilities amounting to £29m and a corresponding reduction to the tax rate charge.*

4 *If adjusting items and their related tax effect, as explained in the Group Chief Financial Officer's Report, are excluded from the effective tax rate calculation, the adjusted effective tax rate would be 19.3% (2020: 22.3%). Comparing the adjusted effective tax rate with the prior year, the decrease is mainly due to a higher contribution of non-taxable income from Mediclinic Middle East compared to the prior year. This was 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, as well as the non-recognition of deferred tax assets on current year tax losses in the Switzerland segment.*

11. EARNINGS PER ORDINARY SHARE

	2021 £'m	2020 £'m
Earnings/(loss) per ordinary share (pence)		
Basic (pence)	**9.2**	(43.4)
Diluted (pence)	**9.2**	(43.4)
Earnings reconciliation		
Earnings/(loss) attributable to equity holders of the Company	**68**	(320)
Adjusted for:		
No adjustments	**-**	-
Earnings/(loss) for basic and diluted EPS	**68**	(320)

	2021 £'m	2020 £'m
Headline earnings per share		
Earnings/(loss) for basic and diluted EPS	**68**	(320)
Adjustments		
(Reversal of impairment)/impairment of equity-accounted investment	**(60)**	10
Impairment of properties, equipment and intangible assets, net of tax	**4**	509
Insurance proceeds for impaired equipment, net of tax	**(1)**	-
Associate's impairment of goodwill	**60**	-
Associate's reversal of impairment of property, plant and equipment	**-**	(1)
Headline earnings	**71**	198
HEPS (pence)	**9.6**	26.9
Diluted HEPS (pence)	**9.6**	26.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. BUSINESS COMBINATIONS

The following business combinations occurred during the year:

	2021 £'m	2020 £'m
Cash flow on acquisition:		
OPERA Zumikon	**(2)**	-
Denmar Specialist Psychiatric Hospital	**-**	(12)
	(2)	(12)

OPERA Zumikon

Effective on 1 April 2020, Hirslanden AG acquired 100% of the shares of the day case clinic, OPERA 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 specialises 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. COMMITMENTS

	2021 £'m	2020 £'m
Capital commitments		
Incomplete capital expenditure contracts	**190**	114
Switzerland	**125**	30
Southern Africa	**55**	70
Middle East	**10**	14
Capital expenses authorised by the Board of Directors but not yet contracted	**77**	123
Switzerland	**12**	2
Southern Africa	**39**	96
Middle East	**26**	25
	267	237

These commitments will be financed from Group cash flow and borrowed funds.

14. DIVIDENDS

	Date paid/payable	Dividend per share (pence)	2021 £'m	2020 £'m
Dividends declared				
Year ended 31 March 2021				
Interim dividend	n/a	-	-	
Final dividend	n/a	-	**-**	
		-		
Year ended 31 March 2020				
Interim dividend	17 December 2019	3.20		24
Final dividend	n/a	-		-
		3.20	**-**	24
Dividends paid				
Dividends paid during the year			-	59

As part of the Group’s broad response to maintaining its liquidity position through the COVID-19 pandemic, the Board has taken the decision to suspend the interim and final dividend.

15. 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).

Investments in money market funds and listed equity instruments classified as financial assets at FVPL (part of other investments and loans): The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Unlisted equity instruments at FVPL and FVOCI (part of other investments and loans): The fair value of these financial instruments are not based on observable market data. These assets are grouped as level 3.

Derivative financial instruments: These financial instruments consist of interest rate swaps, put/call agreements and forward contracts and are measured at the present value of estimated future cash flows and discounted based on the applicable yield curves derived from quoted interest rates. Based on the degree to which the fair value is observable, the interest rate swaps are grouped as level 2. Put/call agreements and forward contracts are grouped as level 3.

16. RELATED PARTIES

There are no significant changes to the related party transactions compared to those disclosed in note 35 of the Group's annual financial statements for the year ended 31 March 2020.

17. SHARE-BASED PAYMENTS

During the year ended 31 March 2021, the Group made further grants under its existing long-term incentive plan awards ("**LTIP**") as follows:
On 14 December 2020, the Group granted Ronnie van der Merwe and Jurgens Myburgh 390 661 and 216 411 phantom shares respectively. On the same date, 1 852 340 phantom shares were granted to other senior management. The vesting of these shares is subject to continued employment and is conditional upon achievement of performance targets, measured over a three-year period. The performance conditions for the year under review constitute a combination of absolute total shareholder return ("**TSR**") (25% weighting), adjusted earnings per share ('**EPS**') (40% weighting), return on invested capital ('**ROIC**') (25% weighting) and patient experience index (10% weighting).

For the year ended 31 March 2021, the total cost recognised in the income statement for the LTIP awards was a debit of £0.6m (2020: debit of £0.2m).

18. EVENTS AFTER THE REPORTING DATE

On 10 May 2021, a fire broke out at Klinik Hirslanden and caused significant damage to one of the building wings. Since the EC, ICU and operating theatres were not damaged by the fire, the hospital remains operational. Although the amount of damage caused by the fire has not been determined, insurance cover for the damage to the property, equipment and supplies are in place, including cover for the losses incurred due to business interruption.

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

ABOUT MEDICLINIC INTERNATIONAL PLC

Mediclinic is 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 31 March 2021, Mediclinic comprised 74 hospitals, five sub-acute hospitals, two mental health facilities, 18 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 50 hospitals (three of which in Namibia), five sub-acute hospitals, two mental health facilities and 12 day case clinics (four of which operated by Intercare) across South Africa, and around 8 600 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 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 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.

ZOOM WEBINAR AND CONFERENCE CALL DETAILS

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

09:00 BST/10:00 SAST

Register here: https://www.mediclinic.com/en/live-stream/results-webinar.html

Join via Zoom
Participants connecting via Zoom will be able to participate in the 'Questions and Answers' segment that follows the presentation of results.

- Click on the registration link above which will direct you to the registration page.
- Once registered, you will receive a confirmation email containing more detail and the link needed to join the webinar.

Join via telephone
Participants connecting via telephone will not be able to participate in the 'Questions and Answers' segment that follows the presentation of results.

- Click on the registration link above which will direct you to the registration page.
- Once registered, you will receive a confirmation email containing the dial-in details.
- Upon dialling-in, enter the webinar ID as well as the passcode as contained in the confirmation email.

Q&A
In Zoom, you will be able to ask your question via audio only; your video will be disabled.

- Click on 'Raise Hand' in your Zoom toolbar.
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Presentation
The presentation will become available in the Results Centre of the Mediclinic Investor Relations website a few minutes prior to the webinar: https://investor.mediclinic.com/results-centre/results-and-reports

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