NETCARE LIMITED

Unaudited Interim Group Results

for the six months ended
31 March 2021

Who we are

The Netcare Group is a leading provider of private healthcare services in South Africa. We provide acute services across our national network of hospitals and are the market leader in acute mental health services. We also provide emergency, cancer care, primary care and renal care services as well as occupational health and wellness services.

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Our Netcare promise

While you are in our care we promise you the following:
We promise to care for you, and about you, in a manner that places you and your family at the centre of everything we do. We recognise that you are an individual with unique needs and expectations. We recognise the importance of your family and loved ones in your healing process. We are here to ensure that we provide you with the best and safest care, when you need it and in a way that we would wish for our loved ones.

ONLINE: Available on our investor relations website at **www.netcare.co.za**

Commentary

To aid comparability, the commentary that follows excludes the impact of prior period exceptional items comprising net profit on disposal of investment in associate of R474 million and once-off non-cash share-based payment expense of R348 million on a Broad-based Black Economic Empowerment ("B-BBEE") transaction, unless otherwise indicated.

Salient features

- Strong revenue and earnings growth over the six months to 31 March 2021 ("H1 2021") compared to the six months ended 30 September 2020 ("H2 2020")
  - Group revenue increased by 24.0% to R10 081 million
  - EBITDA improved by 654.0% to R1 493 million
  - EBITDA margin improved from 2.4% to 14.8%
- Second wave of COVID-19 adversely impacted performance against the comparative period with Group revenue and EBITDA down on the six months to 31 March 2020 ("H1 2020")
- Adjusted HEPS of 27.3 cents
- Cash resources and committed undrawn facilities of R6.6 billion as at 31 March 2021
- Strong cash conversion ratio of 103.1%
- Vaccination of Netcare frontline healthcare workers near complete

Key financial results

	Unaudited six months ended				
Rm	31 March 2021 H1 2021	30 September 2020 H2 2020	31 March 2020 H1 2020	% change H1 2021 vs H2 2020	% change H1 2021 vs H1 2020
Revenue	**10 081**	8 130	10 713	24.0	(5.9)
EBITDA[1]	**1 493**	198	2 360	654.0	(36.7)
Operating profit/(loss)[1]	**915**	(394)	1 787	332.2	(48.8)
Profit/(loss) before taxation[1]	**542**	(831)	1 387	165.2	(60.9)
Taxation[1]	**(167)**	161	(404)		
Profit/(loss) after taxation[1]	**375**	(670)	983	156.0	(61.9)
Exceptional items – net of taxation:					
– Profit on disposal of investment in associate	**–**	474	–		
– Share-based payment expense on B-BBEE transaction	**–**	–	(348)		
Profit/(loss) for the period	**375**	(196)	635	291.3	(40.9)
Adjusted HEPS (cents)	**27.3**	(39.2)	71.7	169.6	(61.9)

1. *"Normalised" to exclude the impact of prior period exceptional items, comprising net profit on disposal of investment in associate and once-off non-cash share-based payment expense on B-BBEE transaction.*

Commentary continued

Note:
The accounting policies applied in preparing the unaudited Group interim financial statements are consistent in all material respects with those applied in the audited financial statements for the year ended 30 September 2020.

Overview

Trading for H1 2021 was impacted by the emergence of an even more contagious COVID-19 variant resulting in a second wave of infections. The intensity of the second wave was evidenced by the number of COVID-19 patient admissions in H1 2021 exceeding those of the entire 2020 financial year ("FY 2020") by 39%.

Netcare treated its first COVID-19 patient on 9 March 2020 and has since treated more than 73 000 COVID-19 patients, of which approximately 32 000 were admitted to our hospitals, with around 26% of those admitted being treated in high care or intensive care. We currently have 483 COVID-19 patients admitted within our facilities.

The period under review experienced the impact of the tightening and subsequent easing of lockdown regulations, the sporadic curtailment and re-commencement of elective surgeries and a considerable reduction in non-COVID-19 medical admissions. However, we were able to swiftly and effectively pivot our organisation to deal with the ongoing challenges in a rapidly changing market and strained economic environment.

Netcare was able to adopt a more nuanced approach to managing bed demand during the second wave, aided by learnings from the first wave, including the application of more effective treatment regimens which reduced the length of stay for COVID-19 patients, as well as the introduction of rapid COVID-19 antigen tests. During the peak of the second wave in January 2021, notwithstanding the substantial increase in admissions, approximately 60% of total beds were allocated to COVID-19 patients compared to approximately 80% during the peak of the first wave in July 2020. This resulted in improved financial and operational resilience in H1 2021 when benchmarked against H2 2020.

We continued to maintain a rigorous approach to ensure the safety of our staff and patients, carefully balancing hospital capacity during the surge in line with increasing demand for the admission of patients with severe COVID-19 symptoms. As a result, on 19 December 2020, we temporarily suspended elective surgery across our network, only allowing for medically necessary and time-sensitive surgeries. Following a decline in the national incidence of COVID-19 cases these constraints were subsequently lifted, allowing for the resumption of elective surgeries across our entire network in early February 2021 and the gradual return of non-COVID-19 patient admissions, which continue to improve.

The COVID-19 pandemic has heightened awareness and demand for access to clinical data across the globe, and the Group's well-timed strategic imperative to ensure a core focus on digital enablement and data analytics has been a critical enabler, despite the unpredictable operating environment. The Group's strong balance sheet has facilitated ongoing investment in our key strategic projects to enhance our ecosystem and support our goal of achieving a sustainable competitive advantage by providing person-centred health and care that is digitally enabled and data driven.

Group financial review

We continued to see a steady improvement in both patient days and occupancy levels in H1 2021 when measured against H2 2020, with both six-month periods being impacted throughout by the first and second waves of the COVID-19 pandemic. Group revenue increased by 24.0% to R10 081 million (H2 2020: R8 130 million), while EBITDA improved by a significant 654.0% to R1 493 million (H2 2020: R198 million), resulting in a considerably improved margin of 14.8% (H2 2020: 2.4%).

The comparative six-month period ended 31 March 2020 was largely free of the impact of COVID-19 other than for the last two weeks of March 2020. Group revenue for H1 2021 declined by 5.9% against H1 2020 due to lower occupancy levels related to

COVID-19. Group EBITDA decreased by 36.7% while EBITDA margin contracted to 14.8% from 22.0% for H1 2020, due largely to the loss of hospital admissions, the resultant negative operating leverage and additional costs related to the pandemic.

As previously guided, COVID-19 costs have continued into FY 2021 amounting to R316 million in H1 2021. The majority of these costs relate to personal protective equipment ("PPE"), where stringent border controls and significant global demand during the first wave of the pandemic resulted in substantial price increases for several critical stock items. These increased costs, coupled with the large, fixed component of employee costs against a declining revenue base, weighed on operating profit which declined by 48.8% to R915 million (H1 2020: R1 787 million).

Net interest paid decreased to R395 million (H1 2020: R425 million), benefiting from a lower average cost of debt, despite higher average debt levels during the period.

Profit before taxation increased by 165.2% compared to H2 2020, although decreasing by 60.9% against the prior period to R542 million (H1 2020: R1 387 million). The taxation charge amounted to R167 million (H1 2020: R404 million), reflecting an effective tax rate of 30.8% (H1 2020: 29.1%). Profit after taxation decreased by 61.9% to R375 million (H1 2020: R983 million).

Adjusted headline earnings per share ("HEPS") declined 61.9% to 27.3 cents (H1 2020: 71.7 cents), although reflecting an improvement of 169.6% compared to H2 2020.

Capital expenditure and cash flow

Although capex and other capital allocation requirements have been tightly controlled during this period, critical strategic projects continued, with total capex of R473 million for H1 2021. Of this, R201 million related to expansionary projects, including the construction of the new Netcare Alberton Hospital. The CareOn hospital digitisation project utilised R18 million (H1 2020: R20 million) and a further R11 million was spent on digitisation initiatives across the entire ecosystem.

Working capital has been well managed during the period under review. Inventory balances remain at elevated levels due to PPE holdings, although they have reduced by R282 million since September 2020.

Cash generated from operations showed strong growth with the cash conversion ratio improving to 103.1% (H1 2020: 53.1%), aided by the reduction of inventory holdings and seasonally lower growth in accounts receivable.

As at 31 March 2021, the Group had cash resources and committed, undrawn facilities of R6.6 billion at its disposal.

Commentary continued

Financial position

Rm	31 March 2021	31 March 2020	30 September 2020
Assets			
Property, plant, equipment, goodwill and intangible assets	**14 532**	14 358	14 469
Right of use assets	**3 593**	3 780	3 755
Other non-current assets	**1 740**	1 472	1 670
Current assets	**4 758**	4 872	4 600
Cash and cash equivalents	**2 413**	1 964	1 450
Assets classified as held for sale		226	
Total assets	**27 036**	26 672	25 944
Equity and liabilities			
Total shareholders' equity	**10 207**	10 044	9 799
Borrowings	**8 485**	8 195	7 873
Lease liabilities – long and short term	**3 989**	3 957	4 045
Other liabilities	**4 355**	4 476	4 227
Total equity and liabilities	**27 036**	26 672	25 944

Total assets at 31 March 2021 increased to R27 036 million from R25 944 million at 30 September 2020, with the majority of the increase arising from higher cash and cash equivalents of R2 413 million (September 2020: R1 450 million) which included R1.0 billion raised in March 2021 from the issue of South Africa's first Green Bond. These proceeds will be used to refinance maturing debt.

Total shareholders' equity increased to R10 207 million at 31 March 2021 from R9 799 million at 30 September 2020, largely due to an improved operating performance in H1 2021 compared to H2 2020.

The Group's return on invested capital amounted to 7.1% at the end of March 2021, down from 14.6% at March 2020 due to the impact of COVID-19 throughout H1 2021.

Group net debt (exclusive of IFRS 16 lease liabilities) declined to R6.1 billion at 31 March 2021 from R6.4 billion at 30 September 2020. The decrease in net debt is due to higher operating profit, improved working capital and the temporary suspension of dividends to ordinary shareholders, partially offset by ongoing capital expenditure and lower tax payments.

In September 2020, the Group secured waivers of its banking covenants for the March 2021 period. The primary banking covenant metric requires the 'net debt to EBITDA' ratio to be below 2.75 times, where EBITDA is measured excluding the impacts of IFRS 16 on a 12-month backward-looking basis. The stronger performance in H1 2021 is reflected in the improvement in the net debt to annualised EBITDA metric to 2.0 times at 31 March 2021 (September 2020: 2.5 times), calculated on annualised EBITDA measured post IFRS 16.

Divisional review

Hospital and emergency services

Hospital and emergency services comprise acute and mental hospitals, as well as emergency and ancillary services.

	Unaudited six months ended				
Rm	**31 March 2021 H1 2021**	**30 September 2020 H2 2020**	**31 March 2020 H1 2020**	**% change H1 2021 vs H2 2020**	**% change H1 2021 vs H1 2020**
Revenue	**9 794**	7 870	10 380	24.4	(5.6)
EBITDA	**1 439**	180	2 285	699.4	(37.0)
Operating profit/(loss)	**905**	(362)	1 765	350.0	(48.7)
EBITDA margin (%)	**14.7**	2.3	22.0		
Operating profit margin (%)	**9.2**	(4.6)	17.0		
Occupancy (full week) – acute hospital (%)	**53.8**	42.8	62.3		
Occupancy (week day) – acute hospital (%)	**57.1**	45.1	67.5		
Occupancy (full week) – mental health (%)	**60.6**	41.0	68.9		
Percentage change in:					
Patient days – total				26.2	(13.6)
Patient days – acute hospital				24.4	(13.7)
Patient days – mental health				46.9	(12.6)
Theatre minutes				22.7	(20.9)

Commentary continued

Average acute hospital occupancy levels continued to improve during H1 2021 with full week acute occupancy averaging 53.8%, improving from 42.8% during H2 2020, and week day occupancies of 57.1% increasing from 45.1% in H2 2020. Notwithstanding the improvement, occupancy levels have not recovered to pre-pandemic levels.

Mental health occupancy levels increased sharply, improving from 41.0% in H2 2020 to 60.6% for H1 2021 (H1 2020: 68.9%). Despite the onset of the second wave, the easing of lockdown measures in H2 2020 allowed for the resumption of group therapy sessions resulting in higher admissions.

Total patient days for H1 2021 grew by 26.2% against H2 2020, although being 13.6% lower than H1 2020. Acute hospital patient days reflected growth of 24.4% against H2 2020, but fell by 13.7% against H1 2020 due to the temporary suspension of elective surgery from mid-December 2020 coupled with higher COVID-19 admissions. Mental health patient days improved by 46.9% against H2 2020, but remained 12.6% below H1 2020.

In line with the sector trends, the decline in non-COVID-19 medical cases since the onset of the pandemic in March 2020 was more pronounced than surgical cases across several medical disease categories. For the period under review, medical and surgical admissions declined by 42.3% and 28.5%, respectively. Surgical admissions comprised 59% of total admissions (H1 2020: 60%). Theatre minutes increased by 22.7% in H1 2021 against the previous six-month period, but were 20.9% lower than H1 2020.

Acute revenue per patient day increased by 9.8% compared to H1 2020, primarily due to a higher mix of more ill patients. Similarly, the average length of stay increased by 19.2% to 4.7 days (H1 2020: 3.9 days).

Revenue for H1 2021 increased 24.4% to R9 794 million (H2 2020: R7 870 million) but was lower than H1 2020 revenues by 5.6% (H1 2020: R10 380 million).

EBITDA increased to R1 439 million against the low base of R180 million in H2 2020, but remains 37.0% below H1 2020 due to the negative impact of COVID-19 on patient admissions. EBITDA margins have strengthened to 14.7% from 2.3% in H2 2020. The EBITDA margins remain below the largely pre-pandemic levels of 22.0% achieved in H1 2020.

Additional costs of R316 million for H1 2021 were incurred as a result of the pandemic. The impact of rental concessions granted in respect of doctor's rooms, imaging and diagnostics, coffee shops and retail pharmacies as well as lost parking revenues, amounted to R23 million (FY 2020: R78 million).

In addition, during the first six months of the year, R22 million (H1 2020: R9 million) was spent on the CareOn electronic patient record project, R10 million (H1 2020: R6 million) on the development of a data platform and analytics capabilities, while R64 million (H1 2020: R19 million) was invested in new business development initiatives. Excluding these central costs and aforementioned COVID-19 costs, normalised EBITDA margin in the Hospital and emergency services segment was 18.9% (H1 2020: 22.4%) and 19.1% (H1 2020: 22.5%) for hospital and pharmacy operations.

No new beds were commissioned during the period under review, and in line with Netcare's strategy of improving asset utilisation, the Group converted 342 beds to intensive care and high care beds during the height of the pandemic.

Primary care

Rm	*Unaudited six months ended* 31 March 2021 H1 2021	30 September 2020 H2 2020	31 March 2020 H1 2020	% change H1 2021 vs H2 2020	% change H1 2021 vs H1 2020
Revenue	**293**	269	342	8.9	(14.3)
EBITDA	**54**	18	75	200.0	(28.0)
Operating profit/(loss)	**10**	(32)	22	131.3	(54.5)
EBITDA margin (%)	**18.4**	6.7	21.9		
Operating profit margin (%)	**3.4**	(11.9)	6.4		

GP and dental consultations reflected a steady improvement, growing on a like-for-like basis in H1 2021 by 18.6% compared to H2 2020. However, patient visits remained 11.8% lower than H1 2020 due to the impact of COVID-19.

When compared to H1 2020, revenue reflected a decline of 14.3% to R293 million (H1 2020: R342 million) due to lower patient visits and reduced revenue from occupational health contracts, both attributable to COVID-19. As a result of these reduced levels, EBITDA declined to R54 million (H1 2020: R75 million), and the EBITDA margin decreased from 21.9% to 18.4%.

Revenue for H1 2021 increased by 8.9% from H2 2020, while EBITDA improved by 200.0% due to the recovery in patient visits and stringent cost management. As a result, the EBITDA margin for H1 2021 improved to 18.4% from 6.7% in H2 2020.

COVID-19 vaccine update

Netcare played a significant role in supporting the Sisonke J&J vaccine rollout to healthcare workers at several sites during Phase 1a. In total over 65 000 vaccines were administered at Netcare sites alone, excluding those given by Netcare personnel at several other sites.

The vaccination of all of our frontline healthcare workers remains a crucial priority, and the majority have been vaccinated. We expect the remaining healthcare workers to be vaccinated in the coming weeks once commercial stock is made available.

Netcare will continue to keep its vaccination sites open to support the Phase 2 vaccine rollout programme and will be making 30 Medicross Family Medical and Dental Clinics available for vaccinations. Netcare Occupational Health has also made a vaccination programme available to all its clients.

Strategic projects

Netcare's strategic initiatives are firmly back on track despite the changes brought about by the pandemic, and we have successfully resumed key capital projects that were postponed at the end of H1 2020.

The rollout of the CareOn digitisation project commenced at three hospitals in the Western Cape in November 2020. This was interrupted by the second wave of COVID-19 and was completed in May 2021. Following the reduction in COVID-19 cases, the implementation of CareOn at the Netcare Milpark and Netcare Rehabilitation hospitals resumed in May 2021 and will be completed in September 2021, following which the implementation will commence at a further three hospitals in October 2021. An additional nine hospitals are undergoing infrastructure preparation for CareOn implementation.

In order to promote healthcare access, affordability and inclusion, Netcare established an Innovative Products division, NetcarePlus last year. NetcarePlus is aimed at developing healthcare solutions focused on solving for the needs of households that are employed, but do not have adequate healthcare cover. In addition to the three prepaid GP vouchers launched in FY 2020, we launched NetcarePlus Accident and Trauma cover and NetcarePlus Prepaid Procedures in April 2021. While some of these new initiatives are still in the embryonic stages of development, we believe that these products will entrench our

Commentary continued

reach into this underpenetrated segment of the market while enhancing our core business and seamlessly integrating into our unique ecosystem.

Outlook

The tightening of lockdown measures over the Easter period successfully curbed the incidence of positive COVID-19 cases that have been reported since 31 March 2021. Despite several public holidays at the beginning of April 2021, patient admissions in the acute hospital division continued to increase for the first three weeks before slowing down ahead of the long weekend at the end of April 2021. Resultantly, total acute hospital patient days for April 2021 decreased by 7.5% against March 2021 but increased by 61.9% when measured against April 2020, with average occupancy levels for April 2021 of 52.6% (April 2020: 32.5%; April 2019: 65.0%).

Acute hospital occupancy is currently trending at 57.0% for the month of May 2021. Mental health patient days decreased by 6.4% for April 2021 against March 2021 and increased by 169.1% against April 2020, with an average occupancy of 69.6% for the month of April 2021 and current occupancy trending at 73.7% during May 2021. Similarly, within the Primary Care division, monthly GP and dental visits continue to improve.

Although we are encouraged by the improved sequential operational performance, the operating environment remains fluid. A return to normal levels of admissions will continue to be influenced by the trajectory of the pandemic and, more specifically, the risks and the timing of any possible third wave, the timing and efficiency of an uninterrupted vaccine rollout in South Africa, the efficacy of current vaccines against new variants of COVID-19 and the tightening or easing of lockdown levels.

COVID-19 and the subsequent response measures have exposed the interconnectedness of South Africa's healthcare sector, public policy and its economy. While the impact of the pandemic on the economy has resulted in increased levels of unemployment, medical aid membership has remained relatively resilient. In addition, the initial data from international studies indicates that vaccine rollouts are successfully reducing the number of COVID-19 cases and admissions to hospital.

With the onset of winter, a vaccination programme that has yet to gain momentum and the ever present threat of new variants of COVID-19, a third wave cannot be ruled out. The severity and geographic distribution is unknown and outbreaks limited to specific regions or provinces are also a possibility. However, given the experience and lessons learned in dealing with the first two waves, we believe we are in a better position to manage the consequences of a third wave in a more efficient and effective manner. In addition, the vaccination of most of our front line workers will also contribute further to a safer operating environment and enhanced patient sentiment.

In the absence of a third wave, a stabilisation of the macro economic environment and an effective vaccine rollout will contribute to further improvement in patient admission levels and the stabilisation of volumes in H2 2021. In line with increasing occupancies, we anticipate EBITDA margins would continue to improve.

Similarly, a further improvement in parking revenues and revenue-based rentals from pharmacies and coffee shops could be expected. However, certain COVID-19 related costs are expected to continue in H2 2021 and FY 2022, although this is likely to be a significantly lower percentage of revenue than H1 2021.

Our established long-term capital management policies remain firmly in place. We will continue to maintain an optimal capital structure with a disciplined approach to allocating and measuring capital returns. We have therefore continued with our philosophy of an asset-light strategy, only investing in strategic projects which will drive revenue growth and ensure operational excellence and cost-efficiency. In FY 2021 we expect to spend R1.2 billion on capital projects. This includes R400 million on the new Netcare Alberton Hospital, R70 million to upgrade our hospital Wi-Fi connectivity and firewall systems, as well as R30 million on the new 36-bed Akeso facility in Richards Bay due to open towards the end of FY 2021. In addition, an estimated R40 million will be invested during FY 2021 in the new 72-bed Akeso facility in Gqeberha, which will be completed in September 2022.

We will continue to focus on maintaining a strong working capital cycle with a particular emphasis on effective inventory management and the utilisation of higher priced PPE acquired during the global supply crisis.

The waivers of the Group's banking covenants were valid until the end of March 2021. Given the current trajectory of trading we do not foresee the need to extend these waivers for H2 2021.

Dividend

In light of the ongoing uncertainty around a possible third wave , the Board has decided not to declare an interim dividend (H1 2020: nil). Dividend payments are expected to resume once the operating environment has normalised.

Acknowledgement and thanks

Netcare's ongoing support to its stakeholders, and to the nation, will continue unabated.

Our frontline workers and doctors continue to demonstrate their steadfast dedication and resilience in delivering world-class health and care under unprecedented circumstances and we express our thanks and appreciation for their unwavering commitment.

On 21 January 2021, Netcare 1, Netcare 911's emergency rescue helicopter crashed on route to KwaZulu-Natal. The ECMO team from Netcare Milpark Hospital, a Netcare 911 paramedic and the pilot tragically lost their lives in this accident. The outcome of the investigation by the relevant authorities and aircraft manufacturers is still awaited.

We express our heartfelt and sincere condolences to the families of our doctors and staff who have lost loved ones throughout the pandemic and in the tragic helicopter accident.

On behalf of the Board

Thevendrie Brewer
Chairperson

Richard Friedland
Chief Executive Officer

Keith Gibson
Chief Financial Officer

Sandton

20 May 2021

Disclaimer

Certain statements in this document constitute 'forward-looking statements'. Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or the healthcare sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Any forward-looking information contained in this announcement/presentation has not been reviewed or reported on by the company's external auditors.

Forward-looking statements apply only as of the date on which they are made, and Netcare does not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise.

The normalised information has been prepared for illustrative purposes only, is the responsibility of the directors, has not been reviewed or reported on by the auditors and, because of its nature, may not fairly represent Netcare's financial position.

Condensed Group statement of profit or loss

Rm	Notes	*Unaudited six months ended* 31 March 2021	*Unaudited six months ended* 31 March 2020	Year ended 30 September 2020
Revenue		**10 081**	10 713	18 843
Cost of sales		**(5 078)**	(5 306)	(9 810)
Gross profit		**5 003**	5 407	9 033
Other income		**143**	213	386
Administrative and other expenses		**(4 181)**	(3 778)	(7 752)
Impairment of financial assets[1]		**(50)**	(55)	(274)
Operating profit before items below		**915**	1 787	1 393
Share-based payment expense on B-BBEE transaction		**—**	(348)	(348)
Profit on disposal of investment in associate		**—**	—	522
Operating profit	2	**915**	1 439	1 567
Investment income		**52**	93	156
Finance costs	3	**(447)**	(518)	(1 031)
Other financial gains/(losses) – net		**3**	(1)	(18)
Attributable earnings of associates		**6**	7	20
Attributable earnings of joint ventures		**13**	19	36
Profit before taxation		**542**	1 039	730
Taxation	4	**(167)**	(404)	(291)
Profit for the period		**375**	635	439
Attributable to:				
Owners of the parent		**351**	597	392
Preference shareholders		**20**	27	54
Profit attributable to shareholders		**371**	624	446
Non-controlling interest		**4**	11	(7)
		375	635	439
Cents				
Basic earnings per share		**26.3**	43.6	28.3
Diluted earnings per share		**26.1**	43.1	28.1

1. *Impairment of financial assets is re-presented on the face of the statement of profit or loss. This is for disclosure comparability and enhancement purposes. The value disclosed in administrative and other expenses in the prior year was reduced as a result.*

Condensed Group statement of comprehensive income

Rm	*Unaudited six months ended* 31 March 2021	31 March 2020	Year ended 30 September 2020
Profit for the period	**375**	635	439
Items that will not subsequently be reclassified to profit or loss	**—**	—	(14)
Remeasurement of defined benefit obligation	**—**	—	50
Fair value adjustment on equity investments	**—**	—	(50)
Taxation on items that will not subsequently be reclassified to profit or loss	**—**	—	(14)
Items that may subsequently be reclassified to profit or loss	**51**	(39)	(55)
Effect of cash flow hedge accounting	**70**	(54)	(82)
Amortisation of cash flow hedge accounting reserve	**62**	9	86
Change in fair value of cash flow hedges	**8**	(63)	(168)
Realisation of foreign currency translation reserve	**—**	—	4
Taxation on items that may subsequently be reclassified to profit or loss	**(19)**	15	23
Other comprehensive income for the period	**51**	(39)	(69)
Total comprehensive income for the period	**426**	596	370
Attributable to:			
Owners of the parent	**402**	558	323
Preference shareholders	**20**	27	54
Non-controlling interest	**4**	11	(7)
	426	596	370

Condensed Group statement of financial position

Rm	Notes	*Unaudited* 31 March 2021	*Unaudited* 31 March 2020	30 September 2020
ASSETS				
Non-current assets				
Property, plant and equipment		**12 719**	12 582	12 665
Right of use assets		**3 593**	3 780	3 755
Goodwill		**1 606**	1 606	1 606
Intangible assets		**207**	170	198
Equity-accounted investments, loans and receivables	5	**777**	930	749
Financial assets	6	**50**	10	77
Deferred lease assets		**18**	23	32
Deferred taxation		**895**	509	812
Total non-current assets		**19 865**	19 610	19 894
Current assets				
Loans and receivables	5	**154**	183	154
Financial assets	6	**1**	—	—
Inventories[1]		**924**	781	1 206
Trade and other receivables		**3 343**	3 844	3 102
Taxation receivable		**336**	64	138
Cash and cash equivalents		**2 413**	1 964	1 450
		7 171	6 836	6 050
Assets classified as held for sale		**—**	226	—
Total current assets		**7 171**	7 062	6 050
Total assets		**27 036**	26 672	25 944
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital		**4 297**	4 297	4 297
Treasury shares		**(3 851)**	(3 852)	(3 851)
Other reserves		**847**	779	783
Retained earnings		**8 242**	8 120	7 894
Equity attributable to owners of the parent		**9 535**	9 344	9 123
Preference share capital and premium		**644**	644	644
Non-controlling interest		**28**	56	32
Total shareholders' equity		**10 207**	10 044	9 799
Non-current liabilities				
Long-term debt	7	**6 437**	5 727	6 761
Long-term lease liabilities		**3 530**	3 470	3 546
Financial liabilities	6	**56**	105	64
Post-employment benefit obligations		**485**	504	469
Provisions		**38**	—	—
Deferred lease liabilities		**—**	1	—
Deferred taxation		**317**	229	288
Total non-current liabilities		**10 863**	10 036	11 128
Current liabilities				
Trade and other payables		**3 202**	3 530	3 230
Short-term debt	7	**2 040**	2 468	1 108
Short-term lease liabilities		**459**	487	499
Financial liabilities	6	**62**	26	115
Taxation payable		**195**	81	61
Bank overdrafts		**8**	—	4
Total current liabilities		**5 966**	6 592	5 017
Total equity and liabilities		**27 036**	26 672	25 944

1. *Inventories include R470 million relating to personal protective equipment (September 2020: R610 million) of which R188 million (September 2020: Rnil) is expected to be recovered more than 12 months after the reporting period.*

Condensed Group statement of cash flows

Rm	*Unaudited six months ended* 31 March 2021	*Unaudited six months ended* 31 March 2020	Year ended 30 September 2020
Cash flows from operating activities			
Cash received from customers	**9 809**	9 651	18 409
Cash paid to suppliers and employees	**(8 269)**	(8 398)	(16 917)
Cash generated from operations	**1 540**	1 253	1 492
Interest paid on debt	**(215)**	(309)	(580)
Interest paid on lease liabilities	**(184)**	(183)	(367)
Taxation paid	**(305)**	(358)	(601)
Ordinary dividends paid by subsidiaries	**(12)**	(8)	(11)
Ordinary dividends paid	**—**	(860)	(860)
Preference dividends paid	**(20)**	(27)	(54)
Distribution to beneficiaries of the HPFL B-BBEE[1] trusts	**(1)**	(8)	(11)
Net cash from operating activities	**803**	(500)	(992)
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	**(466)**	(451)	(961)
Payments for additions to intangible assets	**(7)**	—	(38)
Proceeds on disposal of property, plant and equipment and intangible assets	**18**	2	38
Proceeds on disposal of investment in associate	**—**	—	778
Proceeds from/(payments for) investments and loans	**9**	(40)	(4)
Interest received	**52**	93	156
Dividends received	**21**	87	89
Net cash flow from investing activities	**(373)**	(309)	58
Cash flows from financing activities			
Proceeds on disposal of treasury shares	**—**	1	2
Purchase of ordinary shares	**—**	(251)	(251)
Debt raised	**1 000**	1 871	3 621
Debt repaid	**(392)**	(500)	(2 575)
Acquisition of non-controlling interests	**—**	(2)	(2)
Payment of principal elements of lease liabilities	**(79)**	(73)	(142)
Net cash from financing activities	**529**	1 046	653
Net increase/(decrease) in cash and cash equivalents	**959**	237	(281)
Cash and cash equivalents at the beginning of the period	**1 446**	1 727	1 727
Cash and cash equivalents at the end of the period	**2 405**	1 964	1 446
Consisting of			
Cash on hand and balances with banks	**2 413**	1 964	1 450
Bank overdrafts	**(8)**	—	(4)
	2 405	1 964	1 446

1. *Health Partners for Life Broad-based Black Economic Empowerment.*

Condensed Group statement of changes in equity

Rm	Ordinary share capital	Treasury shares	Cash flow hedge accounting reserve
Balance at 1 October 2019	4 334	(3 853)	(47)
Shares purchased and cancelled during the period	(37)	—	—
Sale of treasury shares	—	1	—
Share-based payment reserve movements	—	—	—
Tax recognised in equity	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE trusts[1]	—	—	—
Changes in equity interest in subsidiaries	—	—	—
Total comprehensive income for the period	—	—	(39)
Profit for the period	—	—	—
Other comprehensive income	—	—	(39)
Balance at 31 March 2020	4 297	(3 852)	(86)
Sale of treasury shares	—	1	—
Share-based payment reserve movements	—	—	—
Tax recognised in equity	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE trusts[1]	—	—	—
Changes in equity interest in subsidiaries	—	—	—
Total comprehensive income for the period	—	—	(20)
Loss for the period	—	—	—
Other comprehensive income	—	—	(20)
Balance at 30 September 2020	4 297	(3 851)	(106)
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE trusts[1]	—	—	—
Reclassification of reserves	—	—	—
Total comprehensive income for the period	—	—	51
Profit for the period	—	—	—
Other comprehensive income	—	—	51
Balance at 31 March 2021	**4 297**	**(3 851)**	**(55)**

1. *Health Partners For Life Broad-based Black Economic Empowerment.*

Foreign currency translation reserve	Share-based payment reserve	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non-controlling interest	Total shareholders' equity
(4)	498	8 611	9 539	644	52	10 235
—	—	(214)	(251)	—	—	(251)
—	—	—	1	—	—	1
—	371	—	371	—	—	371
—	—	(4)	(4)	—	—	(4)
—	—	—	—	(27)	—	(27)
—	—	(860)	(860)	—	(8)	(868)
—	—	(8)	(8)	—	—	(8)
—	—	(2)	(2)	—	1	(1)
—	—	597	558	27	11	596
—	—	597	597	27	11	635
—	—	—	(39)	—	—	(39)
(4)	869	8 120	9 344	644	56	10 044
—	—	—	1	—	—	1
—	20	—	20	—	—	20
—	—	(7)	(7)	—	—	(7)
—	—	—	—	(27)	—	(27)
—	—	—	—	—	(3)	(3)
—	—	(3)	(3)	—	—	(3)
—	—	3	3	—	(3)	—
4	—	(219)	(235)	27	(18)	(226)
—	—	(205)	(205)	27	(18)	(196)
4	—	(14)	(30)	—	—	(30)
—	889	7 894	9 123	644	32	**9 799**
—	12	—	12	—	—	**12**
—	—	—	—	(20)	—	**(20)**
—	—	—	—	—	(12)	**(12)**
—	—	(1)	(1)	—	—	**(1)**
—	1	(2)	(1)	—	4	**3**
—	—	351	402	20	4	**426**
—	—	351	351	20	4	**375**
—	—	—	51	—	—	**51**
—	**902**	**8 242**	**9 535**	**644**	**28**	**10 207**

Headline earnings

Rm	*Unaudited six months ended* 31 March 2021	*Unaudited six months ended* 31 March 2020	Year ended 30 September 2020
Reconciliation of headline earnings			
Profit for the period	**375**	635	439
Adjusted for:			
Dividends paid on shares attributable to the Forfeitable Share Plan and HPFL B-BBEE[1] trust units	**—**	(14)	(14)
Preference shareholders	**(20)**	(27)	(54)
Non-controlling interest	**(4)**	(11)	7
Profit for the purposes of basic and diluted earnings per share	**351**	583	378
Adjusted for:			
Profit on disposal of investment in associate	**—**	—	(522)
Net loss on disposal of property, plant and equipment and intangibles	**2**	7	8
Recognition of impairment of right of use assets	**—**	—	1
Realisation of foreign currency translation reserve	**—**	—	4
Recognition of impairment of investment in associate	**—**	—	35
Recognition of impairment of property, plant and equipment	**2**	—	3
Recognition of impairment of intangible assets	**1**	—	—
Tax effect of headline adjusting items	**(1)**	(2)	45
Headline earnings/(loss)	**355**	588	(48)

1. Health Partners for Life Broad-based Black Economic Empowerment.

Headline earnings continued

Rm	*Unaudited six months ended* 31 March 2021	31 March 2020	Year ended 30 September 2020
Adjusted headline earnings			
Headline earnings/(loss)	**355**	588	(48)
Adjusted for:			
De-designation of a portion of a hedging instrument	**—**	—	16
Ineffectiveness losses on cash flow hedges	**—**	1	2
Fair value gain on derivative financial instruments	**(3)**	—	—
Amortisation of cash flow hedge accounting reserve	**7**	9	17
Reversal of loan impairment	**(11)**	—	—
Recognition of loan impairment	**18**	12	105
Share-based payment expense on B-BBEE transaction	**—**	348	348
Restructure costs incurred by Netcare in respect of BMI Healthcare	**—**	1	1
Associate restructure costs	**—**	3	4
Tax effect of adjusting items	**(1)**	(4)	(11)
Adjusted headline earnings	**365**	958	434
Cents			
Headline earnings/(loss) per share	**26.6**	44.0	(3.6)
Diluted headline earnings/(loss) per share	**26.4**	43.5	(3.6)
Adjusted headline earnings per share	**27.3**	71.7	32.5
Diluted adjusted headline earnings per share	**27.2**	70.8	32.3

Adjusted headline earnings per share is a measurement used by the chief operating decision maker (the Executive Committee) as a key measure of sustainable earnings from trading operations. The calculation of adjusted headline earnings per share excludes non-trading and/or non-recurring items, and is based on the adjusted profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The presentation of adjusted headline earnings is neither an IFRS requirement, nor a JSE Listings Requirement.

Condensed segment report

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination[1]	Total
31 March 2021						
Statement of profit or loss						
Revenue	9 259	535	9 794	293	(6)	**10 081**
EBITDA[2]	1 356	83	1 439	54	—	**1 493**
Operating profit	906	(1)	905	10	—	**915**

1. *Relates to revenue earned in the Hospital and emergency services segment.*
2. *Earnings before interest, tax, depreciation and amortisation.*

Hospital and emergency services

This segment is further disaggregated into Hospital and pharmacy operations, covering our private acute hospital network, and non-acute services. The non-acute services include emergency medical services, the operation of private mental health clinics, as well as cancer care services.

Primary Care

This segment offers comprehensive primary healthcare services, employee health and wellness services and administrative services to medical and dental practices.

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination[1]	Total
31 March 2020						
Statement of profit or loss						
Revenue	9 810	570	10 380	342	(9)	10 713
EBITDA[2] before item below	2 172	113	2 285	75	—	2 360
Operating profit before item below	1 735	30	1 765	22	—	1 787
Share-based payment expense on B-BBEE transaction	(348)	—	(348)	—	—	(348)
Operating profit	1 387	30	1 417	22	—	1 439

1. *Relates to revenue earned in the Hospital and emergency services segment.*
2. *Earnings before interest, tax, depreciation and amortisation.*

Condensed segment report continued

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination[1]	Total
30 September 2020						
Statement of profit or loss						
Revenue	17 239	1 011	18 250	611	(18)	18 843
EBITDA[2] before items below	2 362	103	2 465	93	—	2 558
Operating profit before items below	1 477	(74)	1 403	(10)	—	1 393
Share-based payment expense on B-BBEE transaction	(348)	—	(348)	—	—	(348)
Profit on disposal of investment in associate	522	—	522	—	—	522
Operating profit	1 651	(74)	1 577	(10)	—	1 567
Additional segment information						
Impairment of property, plant and equipment	—	(3)	(3)	—	—	(3)

1. *Relates to revenue earned in the Hospital and emergency services segment.*
2. *Earnings before interest, tax, depreciation and amortisation.*

Notes to the condensed unaudited interim Group financial statements

1. Basis of preparation and accounting policies

The condensed unaudited interim Group financial statements for the six months ended 31 March 2021 have been prepared in compliance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the minimum requirements of International Accounting Standards (IAS) 34: *Interim Financial Reporting*, the South African Institute of Chartered Accountants Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008.

All accounting policies applied in the preparation of these results are in accordance with IFRS. All policies are consistent in all material respects with those applied in the audited financial statements for the year ended 30 September 2020.

The interim results have not been reviewed or audited by the Group's independent external auditors, Deloitte and Touche.

These condensed unaudited interim financial statements were compiled under the supervision of Mr KN Gibson (CA)SA, Group Chief Financial Officer.

	Unaudited six months ended		
Rm	**31 March 2021**	**31 March 2020**	**Year ended 30 September 2020**
2. Operating profit	**915**	1 439	1 567
After including:			
Depreciation and amortisation	**(578)**	(573)	(1 165)
Depreciation and amortisation of property, plant and equipment and intangibles	**(389)**	(389)	(785)
Depreciation of right of use assets	**(184)**	(177)	(367)
Amortisation of cash flow hedge accounting reserve	**(5)**	(7)	(13)
Impairment of property, plant and equipment	**—**	—	(3)
Impairment of financial assets	**(50)**	(55)	(274)
Movements in expected credit losses and bad debts related to trade and other receivables	**(43)**	(43)	(169)
Impairment of loans	**(18)**	(12)	(105)
Reversal of impairment of loans	**11**	—	—
Operating lease charges	**(92)**	(89)	(170)
Net loss on disposal of property, plant and equipment	**(2)**	(7)	(8)
Share-based payment expense on B-BBEE transaction	**—**	(348)	(348)
Profit on disposal of investment in associate	**—**	—	522

Rm	*Unaudited six months ended* 31 March 2021	31 March 2020	Year ended 30 September 2020
3. Finance costs			
Interest on bank loans and other	**(102)**	(96)	(208)
Interest on promissory notes	**(134)**	(213)	(404)
Interest on lease liabilities	**(184)**	(183)	(367)
Total funding finance costs	**(420)**	(492)	(979)
Amortisation of cash flow hedge accounting reserve	**(2)**	(2)	(4)
Post-employment benefit plan finance costs	**(25)**	(24)	(48)
	(447)	(518)	(1 031)
4. Taxation			
South African normal and deferred taxation			
Current year	**(165)**	(402)	(293)
Prior years	**—**	—	7
	(165)	(402)	(286)
Foreign normal and deferred taxation			
Current year	**(2)**	(2)	(5)
Total taxation per the statement of profit or loss	**(167)**	(404)	(291)

Rm	*Unaudited* 31 March 2021	*Unaudited* 31 March 2020	30 September 2020
5. Equity-accounted investments, loans and receivables			
Non-current			
Associates	**394**	467	378
Joint ventures	**207**	196	213
Loans and receivables	**176**	267	158
	777	930	749
Current			
Loans and receivables	**154**	183	154
	931	1 113	903

Notes to the condensed unaudited interim Group financial statements

Rm	Level	*Unaudited* 31 March 2021	31 March 2020	30 September 2020
6. Financial assets/liabilities				
Non-derivative financial assets				
Investment in Cell Captive	2	**—**	10	37
Investment in equity instruments[1]	3	**43**	—	40
Derivative financial assets				
Interest rate swaps	2	**8**	—	—
		51	10	77
Included in:				
Non-current assets		**50**	10	77
Current assets		**1**	—	—
		51	10	77
Non-derivative financial liability				
Investment in Cell Captive	2	**3**	—	—
Derivative financial liabilities				
Interest rate swaps	2	**69**	90	140
Inflation rate swaps	2	**24**	31	29
Written put option over non-controlling interest	3	**10**	10	10
Contingent purchase consideration[2]	3	**12**	—	—
		118	131	179
Included in:				
Non-current liabilities		**56**	105	64
Current liabilities		**62**	26	115
		118	131	179

1. *The Group designates investments in equity instruments held at fair value through other comprehensive income.*
2. *This amount relating to ICAS Employee and Organisation Enhancement Services Southern Africa Proprietary Limited has been agreed and will be settled in May 2021.*

Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

Level 1: Fair value is derived from quoted prices (unadjusted) in active markets for identical instruments.

Level 2: Fair value is derived through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3: Fair value is derived through the use of valuation techniques using inputs not based on observable market data.

The Group has no financial instruments measured at fair value categorised as Level 1. There were no transfers between categories in the current period.

6. Financial assets/liabilities continued

Valuation techniques used for level 2 and level 3 instruments

Investment in equity instruments

The Group designates investments in equity instruments held at fair value through other comprehensive income at inception. The valuations are based on the estimated liquidation values determined for the net assets on the balance sheet of each entity. The main objective of these entities is the investment in start-up businesses. Given the difficulty in obtaining reliable forward-looking cash flow forecasts for these types of new businesses, it is challenging to determine a reliable fair value for the underlying investments, and accordingly a liquidation basis approach to the valuation has been applied.

Investment in Cell Captive

The Cell Captive is mandatorily recognised at fair value through profit and loss. The fair value is derived from the net assets of the cell which mainly comprise financial assets and liabilities accounted for at fair value through profit or loss.

Interest and inflation rate swap instruments

The analysis of the values applicable to financial instruments measured at fair value is performed by qualified independent experts. The effectiveness test and valuations were performed as at 31 March 2021. Ratio offset and regression analysis methods were used and modelled the hedged items as interest rate or inflation-linked swap instruments, with the notional terms based on the terms of the underlying hedged item provided.

Written put option over non-controlling interest

The fair value is driven by the annual rent of the entity in which shares will be purchased when the option is exercised, divided by an appropriate yield. The fair value of the put option is therefore directly impacted by fluctuations in the annual rent of the entity.

Contingent purchase consideration

The fair value is driven by the actual EBITDA for the adjustment period as defined in the sales agreement, at Netcare's percentage shareholding, utilising an earnings multiple and subject to a valuation cap.

Notes to the condensed unaudited interim Group financial statements

6. Financial assets/liabilities continued

Analysis of movements in swap instruments

Rm	31 March 2021 Interest rate swaps	 Inflation rate swaps	 Total
Recognised in profit or loss			
Reclassification to profit or loss[1]	(55)	(7)	**(62)**
	(55)	(7)	**(62)**
Recognised in other comprehensive income			
Fair value movements	(8)	—	**(8)**
Reclassification to profit or loss[1]	(55)	(7)	**(62)**
	(63)	(7)	**(70)**
Cash flow hedge reserve			
Gross	59	17	**76**
Deferred tax	(16)	(5)	**(21)**
Net	43	12	**55**

1. *Amounts included in interest and depreciation.*

Rm	31 March 2020 Interest rate swaps	 Inflation rate swaps	 Total
Recognised in profit or loss			
Hedge ineffectiveness	(1)	—	(1)
Reclassification to profit or loss[1]	(10)	(9)	(19)
	(11)	(9)	(20)
Recognised in other comprehensive income			
Fair value movements	57	6	63
Reclassification to profit or loss[1]	—	(9)	(9)
	57	(3)	54
Cash flow hedge reserve			
Gross	88	32	120
Deferred tax	(25)	(9)	(34)
Net	63	23	86

1. *Amounts included in interest and depreciation.*

6. Financial assets/liabilities continued

Analysis of movements in swap instruments continued

	30 September 2020		
Rm	**Interest rate swaps**	**Inflation rate swaps**	**Total**
Recognised in profit or loss			
De-designation of a portion of a hedging instrument	(16)	—	(16)
Hedge ineffectiveness	(2)	—	(2)
Reclassification to profit or loss[1]	(53)	(17)	(70)
	(71)	(17)	(88)
Recognised in other comprehensive income			
Fair value movements	160	8	168
Reclassification to profit or loss[1]	(69)	(17)	(86)
	91	(9)	82
Cash flow hedge reserve			
Gross	122	25	147
Deferred tax	(34)	(7)	(41)
Net	88	18	106

1. *Amounts included in interest and depreciation.*

Notes to the condensed unaudited interim Group financial statements

	Rm	*Unaudited* 31 March 2021	31 March 2020	30 September 2020
7.	**Debt**			
	Long-term debt	**6 437**	5 727	6 761
	Short-term debt	**2 040**	2 468	1 108
	Total debt	**8 477**	8 195	7 869
	Comprising:			
	Unsecured liabilities			
	Bank loans	**2 627**	1 750	2 628
	Promissory notes and commercial paper in issue	**5 845**	5 861	5 236
	Other	**5**	584	5
		8 477	8 195	7 869

Maturity profile[1]

Rm	Total	<1 year	1 – 2 years	2 – 3 years	3 – 4 years	>4 years
31 March 2021	**9 350**	**2 453**	**3 594**	**2 027**	**1 276**	**—**
31 March 2020	9 553	2 991	2 172	2 082	1 007	1 301
30 September 2020	8 736	1 481	3 106	2 251	651	1 247

1. *This maturity analysis includes the contractual undiscounted cash flows, represented by gross commitments, including finance charges. These amounts are different to those reflected in the statement of financial position, which are based on discounted cash flows.*

	Rm	*Unaudited* 31 March 2021	31 March 2020*	30 September 2020
8.	**Commitments**			
	Capital expenditure commitments	**1 356**	1 386	1 402
	Authorised and contracted for			
	Property, plant and equipment	**582**	615	423
	Intangible assets	**5**	2	7
	Equity investments	**122**	177	130
	Authorised but not yet contracted for			
	Property, plant and equipment	**640**	548	813
	Intangible assets	**7**	44	29
	Operating lease commitments	**7**	18	4

* *Restated as equity investment commitment erroneously excluded.*

	Rm	*Unaudited* 31 March 2021	*Unaudited* 31 March 2020	30 September 2020
9.	**Contingent liabilities**	**11**	16	11

10. Going concern

Since the emergence of COVID-19 in South Africa in early March 2020, trading conditions have changed dramatically, resulting in increased levels of uncertainty prevalent in the global and domestic economies, the healthcare sector and Netcare specifically. This heightened uncertainty has predicated a need to consider, in line with remodelled existing forecasts, the going concern assertion applicable to the Group.

Trading for the six months ended 31 March 2021 was impacted by the emergence of an even more severe COVID-19 variant, which resulted in a second wave of infections. However, Netcare remains in a healthy financial position with acceptable levels of gearing. In September 2020, the Group secured waivers of its banking covenants for the March 2021 period. The primary banking covenant metric requires the 'net debt to EBITDA' ratio to be below 2.75 times, where EBITDA is measured excluding the impacts of IFRS 16 on a 12-month backward-looking basis. The stronger sequential performance in H1 2021 is reflected in the improvement in the net debt to annualised EBITDA metric to 2.0 times at 31 March 2021 (September 2020: 2.5 times), calculated on annualised EBITDA measured post IFRS 16. Available committed undrawn facilities and cash reserves amount to R6.6 billion, which will ensure the availability of liquidity for the foreseeable future. The forecasts prepared for the 2021 and 2022 years indicate a recovery from the impact of COVID-19 during the second half of 2021, and no indicators of a covenant breach at September 2021 and 31 March 2022. On this basis the Board is confident in the Group's ability to continue as a going concern for the foreseeable future.

11. Events after the reporting period

The directors are not aware of matters or circumstances arising since the end of the reporting period, not otherwise dealt with in the Group's unaudited interim financial statements, which significantly affect the financial position at 31 March 2021 or the results of its operations or cash flows for the period then ended.

Salient features

	Unaudited		
	31 March 2021	**31 March 2020**	**30 September 2020**
Share statistics			
Ordinary shares			
Shares in issue (million)	**1 439**	1 439	1 439
Shares in issue net of treasury shares (million)	**1 336**	1 333	1 335
Weighted average number of shares (million)	**1 336**	1 337	1 336
Diluted weighted average number of shares (million)	**1 343**	1 353	1 343
Market price per share (cents)	**1 425**	1 500	1 292

Corporate information

Netcare Limited
Registration number: 1996/008242/06
(Incorporated in the Republic of South Africa)
JSE ordinary share code: NTC
ISIN: ZAE000011953
JSE preference share code: NTCP
ISIN: ZAE000081121
(Netcare or the Company)

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KN Gibson (Chief Financial Officer)

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L Human, D Kneale, MJ Kuscus, KD Moroka

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Charles Vikisi

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Disclaimer

Certain statements in this document constitute ‘forward-looking statements’. Forward-looking statements may be identified by words such as ‘believe’, ‘anticipate’, ‘expect’, ‘plan’, ‘estimate’, ‘intend’, ‘project’, ‘target’, ‘predict’ and ‘hope’. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or the healthcare sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group’s present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Any forward-looking information contained in this announcement/presentation has not been reviewed or reported on by the company’s external auditors.

Forward-looking statements apply only as of the date on which they are made, and Netcare does not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise.

The normalised information has been prepared for illustrative purposes only, is the responsibility of the directors, has not been reviewed or reported on by the auditors and, because of its nature, may not fairly represent Netcare’s financial position.

Bastion

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