NETCARE LIMITED
(Registration number 1996/008242/06)
JSE ordinary share code: NTC
ISIN: ZAE000011953
JSE preference share code: NTCP
ISIN: ZAE000081121
("Netcare")

SUPPLEMENTARY TRADING STATEMENT

Investors are advised to read this extended trading statement in conjunction with the trading statement published on the Stock Exchange News Service on 14 November 2017. Netcare hereby provides further information with regard to its audited results for the year ended 30 September 2017 ("FY2017 Results") with specific reference to adjusted headline earnings per share ("HEPS").

In terms of paragraph 3.4 (b) of the JSE Listings Requirements, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported upon next will differ by at least 20% from that of the previous corresponding period.

Netcare issued a pre-close trading update to the market on 28 September 2017. The performance of Netcare's South African operations remains in line with this feedback.

In the United Kingdom, trading conditions were challenging during 2017, particularly in the second half of the financial year, where the acceleration of demand management initiatives implemented by both the National Health Services ("NHS") and private medical insurers affected patient activity, in combination with lower tariffs for NHS work effective from 1 April 2017 and further change in case mix in favour of more day cases.

The combination of the weaker trading results and contractual rental commitments resulted in a review of the carrying value of property, plant and equipment and goodwill, as well as a consideration of onerous lease obligations. The assessment of these factors required the application of judgment in the context of the difficult trading environment and a conservative approach was adopted. Consequently, non-cash accounting adjustments in the aggregate of R5 563 million (£316.3 million) have been recognised in the FY2017 Results, allocated to the impairment of property, plant and equipment, onerous lease provisions and the impairment of goodwill.

The FY2017 Results also include a large non-cash fair value accounting profit of R937 million (£57.2 million) arising from the mark-to-market valuation of BMI Healthcare's Retail Price Index ("RPI") swap instruments related to existing long-term leases.

The non-cash accounting adjustments included in the FY2017 Results are set out in the table below.

Description	**Rm***
Impairment of property, plant and equipment	(1 540)
Onerous lease provision	(1 669)
Impairment of goodwill	(2 354)
Sub-total	(5 563)
Mark-to-market valuation of RPI swap instruments	937
Total	(4 626)

*Gross before taxation and minority interests

Shareholders are reminded that the above accounting entries, which are required in terms of International Financial Reporting Standards, have no commercial effect on the financial status of Netcare as they are non-cash in nature.

All of the items in the table above are included in earnings and earnings per share ("EPS"). Impairments are specifically excluded from the definition of headline earnings and HEPS. Therefore headline earnings and HEPS only include the onerous lease provision and mark-to-market valuation of the RPI swap instruments. In addition to the mandatory EPS and HEPS metrics, Netcare also publishes an "adjusted HEPS" figure, which it believes to be a more appropriate indicator of sustainable performance. Given their non-cash and non-recurring nature, Netcare has excluded all of the above items from its adjusted headline earnings and adjusted HEPS.

As a result of the weaker trading performance of the UK operations and the non-cash accounting impacts of the impairment of property, plant and equipment and goodwill, and the recognition of onerous lease provisions, partially offset by an unrealised mark-to-market profit on the RPI swap instruments, Netcare's EPS in the FY2017 Results will fall below those of the prior corresponding period by at least 20%.

Accordingly, Netcare advises that its earnings are anticipated to be between 130.0% and 135% lower (R2 158 million and R2 241 million) and EPS between 130.0% and 135.0% lower (159.4 cents and 165.5 cents) than those for the previous financial year of R1 660 million and 122.6 cents, respectively.

Headline earnings are anticipated to be between 5.0% and 10.0% lower (R81 million and R161 million) and HEPS between 5.0% and 10.0% lower (5.9 cents and 11.9 cents) than those for the previous financial year of R1 611 million and 119.0 cents, respectively.

Adjusted headline earnings are anticipated to be between 22.5% and 27.5% lower (R608 million and R743 million) and adjusted HEPS between 22.5% and 27.5% lower (44.9 cents and 54.9 cents) than those for the previous financial year of R2 701 million and 199.5 cents, respectively. SA adjusted HEPS from continuing operations (which excludes the discontinued Emergency Services business in Mozambique with an after tax loss of R46 million) reflects a year-on-year decline of between 8.0% and 9.0%, similar to that reported for H1 2017. However, the weaker performance by the UK operations, particularly in the second half of the financial year, has resulted in a negative contribution to adjusted HEPS from this division.

Investors are advised that comprehensive details and analysis of the FY2017 Results will be made available within the audited Group results and related commentary and presentations that will be released to the market on Monday, 20 November 2017.

The information provided in this trading statement has not been reviewed or reported on by Netcare's external auditors.

Johannesburg
15 November 2017
Sponsor
Deutsche Securities (SA) Proprietary Limited