LIFE HEALTHCARE GROUP HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 2003/002733/06
Income tax number: 9387/307/15/1
ISIN: ZAE000145892
Share code: LHC
("Life Healthcare" or "the Company" or "the Group")

CONDENSED UNAUDITED GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2020 AND TRADING STATEMENT

Highlights:
- Revenue: +6.8% to R13.2 billion
- Normalised EBITDA pre-IFRS 16: +2.7% to R2.8 billion
- Normalised earnings per share: +12.0% to 55.0 cents
- Strong financial position with available undrawn facilities of R3.8 billion

	2020	%	2019
Revenue (R'm)	13 244	6.8	12 399
Normalised EBITDA-pre IFRS 16 (R'm)	2 806	2.7	2 733
Weighted average number of shares (million)	1 455	(0.1)	1 456
Earnings per share (EPS) (cents)	53.7	119.2	24.5
Headline earnings per share (HEPS) (cents)	53.8	100.0	26.9
Normalised earnings per share (NEPS) (cents)	55.0	12.0	49.1
Distribution per share (DPS) (cents)	-	(100)	40

Life Healthcare had a strong trading performance for the period ended 31 March 2020. The underlying business performance, excluding the estimated negative impact of the COVID-19 pandemic (the pandemic) and the implementation of the new leases accounting standard (IFRS16), reflected Group revenue growth of 8.9% and normalised EBITDA growth of 8.7% against the corresponding prior period (six months ended 31 March 2019). The results have, however, been impacted by the pandemic from February 2020 and this resulted in Group revenue growing by 6.8% while normalised EBITDA pre-IFRS 16 increased by 2.7% and normalised earnings per share grew by 12.0%.

The Group's normalised EBITDA margin pre-IFRS 16 (21.2%) has been impacted by increased operational costs due to the pandemic, loss of operational leverage due to lower activity volumes from March 2020 in all the markets in which we operate and continued operational challenges in isotope delivery due to the maintenance programme of cyclotrons in the UK. The margin has been positively impacted by the successful efficiency programmes the Group launched in the last quarter of FY2019.

The Group has successfully refinanced its term debt in the international operations during March 2020 and this extended the debt maturities that were due in November 2020 out to 2023 and 2025. In addition, banking facilities have been increased and the committed undrawn facilities as at 31 March 2020 are R3.8 billion. The Group is also in the process of increasing these facilities by a further R3.9 billion.

COVID-19
The impact of COVID-19 has varied across the Group's geographic regions and business lines due to the timing of the spread of the disease and the responses of the various governments. Stakeholders are referred to the Group's detailed COVID-19 narrative contained in the trading statement released on 20 April 2020. Refer to the full announcement which contains the Group's response to the impact of the pandemic and details on its levels of preparedness.

The estimated impact of the pandemic for the period to 31 March 2020 is lower revenue of R264 million, a decrease in normalised EBITDA of R166 million and earnings have been negatively impacted by R132 million.

SOUTHERN AFRICA
Revenue from southern Africa increased by 6.3% to R9.4 billion (2019: R8.8 billion). Revenue from hospitals and complementary services grew by 6.2% mainly due to a 5.8% increase in revenue per paid patient day (PPD) and a 0.2% increase

in PPDs (2019: -0.3%). The increase in revenue per PPD is made up of a 4.5% tariff increase and a 1.3% positive case mix change. The Group experienced lower activity volumes in March 2020 due to the impact of the pandemic. The overall weighted occupancy for the period decreased to 67.1% (2019: 67.7%).

Normalised EBITDA pre-IFRS 16 increased by 4.7% with a normalised EBITDA margin pre-IFRS 16 of 23.4% for the period (2019: 23.8%). The normalised EBITDA margin was affected by the impact of lower activity in March 2020 due to the pandemic and the additional costs incurred. Normalised EBITDA margin excluding the estimated COVID-19 impact was 23.8%.

INTERNATIONAL

Revenue in diagnostic services increased by 7.4% to R2.9 billion (2019: R2.7 billion). This increase was driven by the strong growth of the volumes within our PET-CT centres (13.9%) in the UK, the acquisition of scanning facilities in December 2018 within the UK (contributing R16 million) and the weakening of the rand against the pound sterling and the euro. Revenue in diagnostic services has been negatively impacted by the pandemic from February 2020 but more acutely in the month of March 2020.

Normalised EBITDA pre-IFRS 16 was R566 million (2019: R628 million). The normalised EBITDA margin pre-IFRS 16 for Alliance Medical of 19.2% (2019: 22.9%) was impacted by the pandemic and increased costs related to the continued supply challenges with our radiopharmacy production during the planned refurbishment program. These two items impacted the normalised EBITDA margin by 3.0%, of which an estimated 2.0% is attributed to the impact of the pandemic.

Healthcare services' revenue for the period increased by 11.4% to R740 million (2019: 664 million).
The normalised EBITDA margin pre-IFRS 16 increased to 10.7% (2019: 6.3%), on the back of operational efficiencies and backdated NFZ pricing increases. The pandemic had a minimal impact on Scanmed for the period under review.

The Group has decided to suspend the process of potentially disposing of Scanmed due to the uncertainty and market volatility brought on by the pandemic. The process is expected to restart towards the latter part of 2020, dependent on market conditions at that point in time.

FINANCIAL POSITION AND LIQUIDITY

The Group is in a strong financial position with net debt to normalised EBITDA as at 31 March 2020 at 2.24 times (30 September 2019: 1.96 times). The banks' covenant for net debt to EBITDA is 3.50 times. The refinance of the term debt in the international operations has increased the committed facilities by approximately GBP55 million. In the southern Africa operations the Group increased its banking facilities by R750 million and is in the process of increasing these facilities by a further R3.9 billion. The available undrawn facilities as at 31 March 2020 amounted to R3.8 billion.

To ensure the Group has sufficient cash reserves, in addition to securing additional bank facilities, management has implemented a number of mitigating actions and cash preservation levers across the Group's operations.

EPS, HEPS, NEPS

EPS, HEPS and NEPS for the period 31 March 2020 includes the impact of IFRS 16 (2019: no impact).

Earnings have been positively impacted (+24.0 cps) by the reduction of post-tax interest cost of R94 million as a result of the repayment of debt in Q4 FY2019, following the disposal of our investment in Max Healthcare (Max disposal) and the inclusion of an option contract hedge loss (R256 million, net of tax) relating to the Max disposal in the corresponding prior period, that is non-recurring.

Earnings were negatively impacted by an estimated R132 million (-9.1 cps) due to the pandemic.

DISTRIBUTION POLICY

The board has decided, considering the current trading conditions and in order to preserve cash, not to pay an interim dividend. This position will be reviewed for the full year.

OUTLOOK

We expect tough trading conditions for at least the next six months due to the continued impact of the pandemic on business operations as well as a general slowdown in the economies we are trading in. Management teams have taken steps to protect revenue streams, reduce costs and preserve cash in all the countries we operate in and will focus on bringing operations to full capacity as quickly as possible once lockdown conditions in the various countries are lifted.

The Group is evaluating the applicability of the growth initiatives in the current trading environment and its view of the trading conditions post-COVID-19. All investments will be evaluated based on cash availability and the impact on the business model post-COVID-19.

COVID-19 introduces high degree of uncertainty surrounding the impact on activity levels and the timing of the return to previous trading environments, therefore it is not possible to provide guidance for the full year results.

TRADING STATEMENT FOR THE 12 MONTHS ENDING 30 SEPTEMBER 2020
Life Healthcare's results for the 12 months ending 30 September 2020 are expected to show a decrease of more than 20% in EPS (minimum decrease of 35.3 cps to at least 141.1 cps) from those reported for the financial year ended 30 September 2019 (EPS: 176.4 cps). This expected decrease is mainly due to the impact of the disposal of Life Healthcare's equity investment in Max Healthcare during Q4 FY2019 (a non-recurring net profit on disposal in FY2019 of 68.5 cps) and the resultant benefit in FY2020 of reduced finance cost as a result of the repayment of debt with the net proceeds. The pandemic will further impact the results for the full year but the extent thereof is uncertain.

A detailed trading statement will be released in early November 2020. The forecast financial information on which this trading statement is based has not been reviewed or reported on by the Group's external auditors.

New accounting standards
The Group adopted IFRS 16 from 1 October 2019, and changed its accounting policies accordingly. The Group has elected the modified retrospective approach, with no restatement to comparative periods. There was no net impact on retained earnings on 1 October 2019.

Our ability to effectively respond to the pandemic and provide quality care to our patients in this time of crisis is largely due to the dedication and unwavering support of all our front-line employees, including our doctors. The Company takes this opportunity to acknowledge your invaluable contribution and to thank you sincerely.

Worldwide 12 May 2020 is International Nurses Day. This carries additional significance as 2020 is also the World Health Organization's year of the nurse. Nurses across the world has been at the forefront of looking after patients during the COVID-19 pandemic and we would like to thank them for their valuable role and sacrifices in these times. Their contribution to society is immense and we thank them for it.

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

Executive directors: PP van der Westhuizen (Acting Group Chief Executive Officer and Group Chief Financial Officer)
Non-executive directors: MA Brey (Chairman), PJ Golesworthy, ME Jacobs, VL Litlhakanyane, AM Mothupi, JK Netshitenzhe, MP Ngatane, M Sello, GC Solomon, RT Vice

Group Company secretary: A Parboosing

Registered office: Oxford Manor, 21 Chaplin Road, Illovo. Private Bag X13, Northlands 2116

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

Date: 11 May 2020

SHORT FORM ANNOUNCEMENT
Shareholders are advised that this short form announcement represents a summary of the information contained in the full announcement. The full announcement is available for viewing at https://senspdf.jse.co.za/documents/2020/JSE/ISSE/LHC/Interim20.pdf and on Life Healthcare's website (www.lifehealthcare.co.za). This short form announcement does not contain full or complete details. Any investment decision should be based on consideration

of the full announcement and shareholders and/or investors are encouraged to review the full announcement. The full announcement is also available, at no charge, for inspection at the registered office of Life Healthcare and at the offices of the Company's sponsor, during office hours.

Copies of the full announcement may also be requested directly from the Group Company Secretary, Avanthi Parboosing (avanthip@life.co.za).

The contents of this short form announcement are the responsibility of the board of Life Healthcare.