

LIFE HEALTHCARE GROUP HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2003/002733/06)
ISIN: ZAE000145892
Share Code: LHC
("Life Healthcare" or "the Group")

TRADING STATEMENT FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2021

Life Healthcare is currently finalising its financial results for the twelve months ended 30 September 2021 (current period or FY2021), which are expected to be released on the JSE Stock Exchange News Service (SENS) on or about Thursday, 18 November 2021.

In terms of paragraph 3.4 (b) of the JSE Listings Requirements, a listed company is required to publish a trading statement as soon as it is satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported upon will differ by at least 20% from those of the previous corresponding period.

This trading statement needs to be read in conjunction with the initial trading statement released on SENS on 27 May 2021 and the voluntary trading update released on SENS, dated 13 October 2021.

The Group delivered a pleasing trading performance in the current period. The key highlights were as follows:

- Strong recovery in overall performance across the Group in a continued COVID-19 environment.
- Strong volume growth within Alliance Medical Group (AMG) with volumes higher than pre-COVID-19 levels in all major geographies, due to a rebound in demand as COVID-19 restrictions were eased, as well as specific COVID-19-related contracts undertaken during the current period. Revenue growth for FY2021 was 20%-22% higher (in British pounds) than FY2020. The normalised EBITDA margin for AMG for the FY2021 was c.24% compared to 20.9% for the twelve months ended 30 September 2021 (prior period or FY2020).
- Continued sequential improvement across all the southern African operations notwithstanding a significantly larger third COVID-19 wave impacting operations within the current period. The southern African operations have delivered 9%-11% revenue growth year-on-year for FY2021 with a 25%-27% increase in revenue for the H2-2021 period compared to H2-2020. The normalised EBITDA margin for the H2-2021 period has improved to c.17% compared to 16.6% for the H1-2021 period and 8.5% for H2-2020. The normalised EBITDA margin for southern Africa for the full year was c.17% compared to 16.8% for FY2020.
- Group revenue has increased by 11-13% year-on-year for FY2021 while the Group normalised EBITDA margin was c.19% versus 17.1% in FY2020.
- Cash generation within the Group remains strong and net debt to normalised EBITDA has reduced to c.1.9x as at 30 September 2021 versus 2.96x at 30 September 2020.

EARNINGS PER SHARE (EPS), HEADLINE EARNINGS PER SHARE (HEPS) AND NORMALISED* EARNINGS PER SHARE (NEPS)

Life Healthcare's results for the current period are expected to show an increase of more than 100% in EPS from continuing and discontinued operations versus the loss of 6.4 cents reported for the prior period. This is primarily due to the improved operational performance across the Group, as well as the impact of the impairment of R793 million recognised in the prior period relating to Scanmed S.A. (Scanmed) which reduced FY2020 EPS by 54.5 cents.

Earnings from continuing operations (excluding the impact of Scanmed) is expected to improve by between 129% to 139% year-on-year.

Scanmed was disposed of during the current period, effective 26 March 2021, and was classified as a discontinued operation during the current period. The profit from Scanmed of R87 million (net of tax) positively impacted earnings during the current period (increasing EPS by 6.0 cents).

We summarise the impact these factors had on our expected earnings for the current period as follows:

Earnings per share (cents)	FY2021 (expected)	FY2020 (reported)	% Change
Weighted average number of shares (millions)	1 454	1 455	-0.1%
EPS from continuing operations	111 to 116	48.5	129% - 139%
EPS from continuing and discontinued [^] operations	118 to 122	-6.4	n/a
HEPS from continuing and discontinued [^] operations	108 to 112	48.7	121% - 130%
NEPS* from continuing operations	107 to 111	58.3	83% - 90%
NEPS* from continuing and discontinued [^] operations	109 to 114	61.0	79% - 87%

[^]Scanmed was classified as a discontinued operation during the current period

*Normalised earnings is a non-IFRS measure which excludes non-trading related costs and income

Review of results

This trading statement is the responsibility of the directors and is based on financial information which represents the Group's latest financial estimates and has not been reviewed or reported on by Life Healthcare's external auditors.

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Rosebank
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Sponsor
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