

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")

SUMMARISED GROUP RESULTS FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2021 AND CASH DIVIDEND DECLARATION

Group overview

Life Healthcare had a strong trading performance for the twelve month period ended 30 September 2021 (FY2021, or the current period) driven by an exceptional performance in our international business, Alliance Medical (AMG), and a good performance in southern African (SA).

Highlights:

- Revenue from continuing operations grew by 12.7% to R26.9 billion
- Normalised EBITDA from continuing operations increased by 21.6% and the normalised EBITDA margin improved to 18.8% (FY2020: 17.4%)
- An exceptional performance by AMG with overall imaging activities above pre-COVID-19 levels and revenue growing by 18.9% to R7.5 billion
- Southern African operations grew revenue by 10.3% to R19.0 billion and the normalised EBITDA margin grew to 17.1%
- Final cash dividend declaration of 25.0 cents per ordinary share
- Completed the sale of Scanmed with R681 million in net proceeds (after tax and costs)

Summarised Financials	2021	2020	% change
Revenue from continuing operations (R'm)	26 885	23 851	12.7%
Normalised EBITDA(1) from continuing operations (R'm)	5 051	4 155	21.6%
Weighted average number of shares (million)	1 454	1 455	-0.1%
Earnings per share (EPS) (cents)	120.6	(6.4)	n/a
Headline earnings per share (HEPS) (cents)	111.1	48.7	128.1%
Normalised earnings per share(2) (NEPS) (cents)	112.7	61.0	84.8%
NEPS from continuing operations(3) (cents)	109.8	58.3	88.3%
Dividend per share (cents)	25.0	0	n/a

¹Life Healthcare defines normalised EBITDA as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading related costs and income.

²NEPS excludes non-trading related items and is a non-IFRS measure.

³Reflects NEPS excluding Scanmed.

During the current period, the Group experienced the full impact of two COVID-19 waves, whereas in the twelve months ended 30 September 2020 (FY2020, or the prior period) the Group experienced only one COVID-19 wave although the associated lockdowns were more severe in the prior period.

While the effects of the pandemic having now persisted for a full twelve month period, the Group has seen a pleasing improvement in its financial results for each successive six month period since 31 March 2020.

The Group announced the sale of Scanmed in Poland in November 2020 and this process was finally concluded on 26 March 2021. Scanmed has been presented as a discontinued operation in the current and prior period results. As a result, the prior period results have been re-presented.

EPS, HEPS and NEPS

EPS from continuing operations increased by 136.3% to 114.6 cents (FY2020: 48.5 cents) while EPS from continuing and discontinued operations increased to 120.6 cents (FY2020: loss of 6.4 cents). The growth in earnings was largely driven by the strong trading performance across the whole Group. In addition, 2021 earnings were positively impacted (+6.0 cents) by the profit from discontinued operations (net of tax) of R87 million, whereas the 2020 results were negatively impacted by COVID-19 during the six months to 30 September 2020 (H2-2020) and the impairment of Scanmed, which reduced earnings by 54.5 cents.

HEPS from continuing and discontinued operations increased by 128.1% to 111.1 cents (FY2020: 48.7 cents). NEPS from continuing operations, which excludes non-trading related items, increased by 88.3% to 109.8 cents (FY2020: 58.3 cents). NEPS from continuing and discontinued operations increased by 84.8% to 112.7 cents (FY2020: 61.0 cents). The presentation of normalised earnings is a non-IFRS measure.

Financial position, liquidity and capital expenditure

The Group is in a strong financial position with net debt to normalised EBITDA as at 30 September 2021 at 1.82 times (FY2020: 2.96). The net debt to normalised EBITDA position has improved due to the Scanmed disposal, improved trading across the Group, curtailed capital expenditure and good working capital management in the current period (driven by debt collection in southern Africa).

Given the ongoing uncertainty around COVID-19 and the future impact that this may have on the Group, Life Healthcare has kept in place additional banking facilities that were created during 2020. The available undrawn facilities as at 30 September 2021 amounted to R6.6 billion.

During the financial year under review, the Group invested approximately R1.9 billion (2020: R2.0 billion), comprised mainly of maintenance capital expenditure of R1.5 billion (2020: R1.2 billion) and growth capital expenditure of R357 million (2020: R759 million).

Distribution

The Board approved a final gross cash dividend of 25.00000 cents per ordinary share for the year ended 30 September 2021. The dividend has been declared from income reserves. The dividend is subject to South African dividend withholding tax of 20%, which will be applicable to all shareholders not exempt therefrom, after deduction of which the net cash dividend is 20.00000 cents per share.

The Company's total number of issued ordinary shares is 1 467 349 162 as at Wednesday 17 November 2021. The Company's income tax reference number is 9387/307/15/1.

In compliance with the requirements of the JSE, the following salient dates are applicable:

Last date to trade cum dividend	Tuesday, 7 December 2021
Shares trade ex the dividend	Wednesday, 8 December 2021
Record date	Friday, 10 December 2021
Payment date	Monday, 13 December 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 December 2021 and Friday, 10 December 2021, both days inclusive.

Outlook

Life Healthcare continues to adopt a cautious approach due to the ongoing impact of COVID-19, particularly with regards to the southern African business and the uncertain impact that potential future COVID-19 waves may have on the business.

For our southern African operations, we are cautiously confident that we can deliver continued paid patient day growth, improved occupancy and normalised EBITDA margin expansion during 2022 whilst also anticipating ongoing negative impacts from potential fourth and fifth COVID-19 waves.

For AMG we expect to see continued good growth in demand for our scanning services in the UK and Ireland, although the ending of some COVID-19-related contracts will provide a headwind for AMG. We expect that reimbursement arrangements for Aduhelm® will be confirmed during early 2022, which should be positive for NeuraCeq® sales in the US, with similar approvals likely in Europe towards the end of 2022.

Audit opinion

Deloitte & Touche, the Group's independent auditor, has audited the Group annual financial statements from which this announcement has been derived, and has expressed an unmodified audit opinion on these financial statements. The auditor's report, containing the key audit matters issued on the Group annual financial statements, and the accompanying Group annual financial statements can be accessed on Life Healthcare's website (www.lifehealthcare.co.za).

Short-form announcement

This short-form announcement is a summary of the information in the detailed audited results announcement published on 18 November 2021 and does not contain full or complete details. The contents of this short-form announcement are the responsibility of Life Healthcare's board of directors, and have not been audited or reviewed by the Company's auditors.

The full announcement is available on Life Healthcare's website (www.lifehealthcare.co.za) or can be downloaded from <https://senspdf.jse.co.za/documents/2021/JSE/ISSE/LHC/FY21.pdf>

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 office of the sponsor, during office hours. Copies of the full announcement may also be requested directly from the Company Secretary, Joshila Ranchhod (joshilar@life.co.za).

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 and/or reported on by the Group's external auditors.

For further information, please contact:
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Rosebank
18 November 2021

Sponsor
RAND MERCHANT BANK (A division of FirstRand Bank Limited)