

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" or "the Company")

TRADING STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2022

Life Healthcare is currently finalising its financial results for the six months ended 31 March 2022 (current period or H1-2022), which are expected to be released on the Stock Exchange News Service (SENS) on or about 26 May 2022.

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.

Life Healthcare's financial results for the six months ended 31 March 2022 are expected to show a decrease of more than 20% in EPS from continuing and discontinued operations versus the 55.9 cents reported for the prior period. We provide additional detail on the reasons for this decline in the commentary below.

As announced in the voluntary trading update released on 11 April 2022, the Group delivered a good trading performance in the current period. The key highlights were as follows:

- The southern African operations delivered 3-5% revenue growth year-on-year for H1-2022 while the normalised EBITDA* margin for H1-2022 has improved to c.17% compared to 16.6% for the six months to 31 March 2021 (H1-2021 or the prior period)
- Continued volume growth across all Alliance Medical Group (AMG) regions has led to revenue growth of 1-3% year-on-year for H1-2022 (in Rand). The expiry of COVID-19-related contracts for the UK's National Health Service (NHS) has resulted in slower revenue growth as well as a reduction of AMG's normalised EBITDA margin to c.21% (from 24.8% in H1-2021)
- Group revenue has increased by 3-5% year-on-year for H1-2022 while the Group normalised EBITDA margin is c.17% versus 18.6% in H1-2021. The lower Group margin is due to the reduced AMG margin following the expiry of the COVID-19-related NHS UK contracts in particular
- Cash generation within the Group remains strong and net debt to normalised EBITDA is c.2.0x, compared to the 1.82x reported at 30 September 2021 and 2.78x reported at 31 March 2021.

**Life 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. Normalised EBITDA is a non-IFRS measure*

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

Life Healthcare's financial results for the six months ended 31 March 2022 are expected to show a decrease of more than 20% in EPS from continuing and discontinued operations versus the 55.9 cents reported for the prior period.

This decline in EPS can be attributed to two positive contributors during H1-2021 which have not recurred in the current period, namely the disposal of Scanmed S.A. (Scanmed) and the COVID-19-related contracts AMG provided to the NHS. In addition, our operational

investments into both AMG and Life Molecular Imaging during the current period have negatively impacted the margins for these businesses.

As previously disclosed, Scanmed was disposed of during the prior period, effective 26 March 2021, and was classified as a discontinued operation during the prior period. The profit from Scanmed of R87 million (net of tax) positively impacted earnings during the prior period, increasing EPS by 6.0 cents. This positive impact is reflected in the differences between the various measures of EPS from continued operations and the EPS from continued and discontinued operations, as summarised in the table below.

EPS (cents)	2022 (expected)	2021 (reported)	% Change year-on-year
Weighted average number of shares (millions)	1 452	1 454	(0.1%)
EPS from continuing operations	40.3 to 41.9	49.9	(19%) to (16%)
EPS from continuing and discontinued [^] operations	40.3 to 41.9	55.9	(28%) to (25%)
HEPS from continuing and discontinued [^] operations	40.2 to 41.8	47.4	(15%) to (12%)
NEPS* from continuing operations	42.8 to 44.5	52.8	(19%) to (16%)
NEPS* from continuing and discontinued [^] operations	42.8 to 44.5	55.7	(23%) to (20%)

[^]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

If we were to exclude the Scanmed proceeds and the positive contribution to AMG's results from the COVID-19-related contracts, the good underlying operational performance in both AMG and southern Africa would have delivered positive earnings growth for H1-2022 (of c.10%).

Review of financial 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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Dunkeld
16 May 2022

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