

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

JSE and A2X share code: LHC

(Life Healthcare, the Group or the Company)

LIFE HEALTHCARE FUNDING LIMITED

(Incorporated in the Republic of South Africa with limited liability)

(Registration number 2016/273566/06)

Bond company code: LHFI

(Life Healthcare Funding)

SUMMARISED AUDITED GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023 AND CASH DIVIDEND DECLARATION

Group results overview

Highlights:

- Group revenue from continuing operations grew 10.3% and normalised EBITDA¹ from continuing operations grew 4.4%
- Southern Africa (SA) revenue grew 10.1% driven by strong paid patient day (PPD) growth of 9.5%
- Life Molecular Imaging (LMI) revenue grew by 18.2% driven by good NeuraCeq[®] sales
- Normalised earnings per share² (NEPS) from continuing operations grew 11.4% to 89.1 cents
- Final dividend of 27.0 cents per share declared, 8.0% higher year-on-year, bringing the total dividend for the year to 44.0 cents per share, 10.0% higher year-on-year

	2023	2022	% change
Group revenue from continuing operations (R'm)	22 641	20 526	10.3%
Group normalised EBITDA from continuing operations (R'm)	3 594	3 443	4.4%
Weighted average number of shares (million)	1 442	1 447	-0.3%
Earnings per share (EPS) from continuing and discontinued operations (cents)	18.3	105.8	-82.7%
Headline earnings per share (HEPS) from continuing and discontinued operations (cents)	88.2	106.1	-16.9%
Normalised earnings per share (NEPS) from continuing and discontinued operations (cents)	94.6	96.4	-1.9%
NEPS from continuing operations (cents)	89.1	80.0	11.4%
Total dividend per share (DPS) (cents)	44.0	40.0	10.0%

On 5 October 2023, the Group announced the proposed disposal of its investment in Alliance Medical Group (AMG)³. The proposed transaction is subject to certain conditions precedent, including a shareholder vote on 8 December 2023. The proposed transaction is expected to close during the second quarter of the 2024 financial year. As a result of the proposed transaction, AMG has been disclosed as a discontinued operation and is not included in the results of the continuing operations for the twelve months to September 2023 (FY2023, or the current year) nor those of the twelve months to September 2022 (FY2022, or the prior year).

Life Healthcare has delivered a strong operating performance in FY2023. Group revenue from continuing operations grew by 10.3% to R22.6 billion (FY2022: R20.5 billion). Group normalised EBITDA from continuing operations increased by 4.4% to R3.6 billion (FY2022: R3.4 billion).

The Group's SA operations experienced strong demand for their services in the current year driven by the Group being the preferred network provider for medical aids. This led to higher utilisation of the Group's hospitals and complementary services which delivered PPD growth of 9.5%. Revenue for SA grew by 10.1% to R22.0 billion (FY2022: R20.0 billion). Normalised EBITDA (including corporate costs and growth initiatives) grew 6.6% to R3.7 billion (FY2022: R3.5 billion), resulting in a normalised EBITDA margin of 16.9% compared to 17.4% for FY2022. This result is reflective of inflationary pressures on salaries, the impact of loadshedding on costs, mix change in admissions, including lower revenue per PPD, and increased corporate overheads, largely due to increased IT costs and investment in product development teams.

LMI's FY2023 revenue grew 18.2% year-on-year to R 656 million (FY2022: R555 million) driven by continued demand for its pipeline of radioisotopes in ongoing clinical trials, as well as a greater contribution from commercial sales of NeuraCeq[®]. LMI's normalised EBITDA loss increased to R113 million, from a loss of R35 million in FY2022. This is due to increased expenditure on sales and marketing headcount and setting up manufacturing arrangements during the year.

EPS, HEPS and NEPS

The Group's overall earnings from continuing and discontinued operations have been impacted by higher interest costs, given the significant interest rate increases experienced in both SA and internationally, and by a number of non-trading items including: a R971 million loss (impairment and transaction costs) relating to the proposed disposal of AMG; a R152 million net positive impact compared to last year due to the settlement of the SARS VAT matter, as disclosed in FY2022 and our results for the six months to 31 March 2023 (H1-2023); a R34 million impairment in the UK (as disclosed in our H1-2023 results); and the prior year was positively impacted by the release of the LMI contingent consideration of R437 million (as disclosed in our FY2022 results).

Basic EPS from continuing and discontinued operations decreased by 82.7% to 18.3 cents (FY2022: 105.8 cents) while HEPS from continuing and discontinued operations decreased by 16.9% to 88.2 cents (FY2022: 106.1 cents). NEPS from continuing and discontinued operations, which excludes non-trading related items, decreased by 1.9% to 94.6 cents (FY2022: 96.4 cents). NEPS from continuing operations, which excludes the non-trading-related items from AMG, grew by 11.4% to 89.1 cents (FY2022: 80.0 cents). The presentation of normalised earnings metrics are non-IFRS measures.

Capital expenditure

The Group invested R1.5 billion (FY2022: R1.4 billion) in capital expenditure (capex) on continuing operations, comprised of maintenance capex for the year of R1.2 billion (FY2022: R1.1 billion) and growth capex of R366 million (FY2022: R354 million).

Financial position and liquidity

The Group remains in a strong financial position with net debt to normalised EBITDA from continuing and discontinued operations (as per bank covenant definitions) as at 30 September 2023 of 2.0 times, compared to the 1.89 times reported at 30 September 2022.

Cash generated from continuing operations was R3.7 billion and represented 101.6% of normalised EBITDA from continuing operations (FY2022: 97.0%). The available undrawn bank facilities as at 30 September 2023 amounted to R4.1 billion. After the conclusion of the proposed transaction, available bank facilities are likely to decline to R2.7 billion.

Cash dividend

The board approved a final gross cash dividend of 27.0 cents per ordinary share. The dividend has been declared from income reserves and 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 21.60000 cents per ordinary share. This dividend declaration brings the total dividend declared for FY2023 to 44.0 cents per share (FY2022: 40.0 cents per share).

The Company's total number of issued ordinary shares is 1 467 349 162 as at 16 November 2023.

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	Monday, 11 December 2023
Shares trade ex the dividend	Tuesday, 12 December 2023
Record date	Thursday, 14 December 2023
Payment date	Monday, 18 December 2023

Share certificates may not be dematerialised or rematerialised between Tuesday, 12 December 2023 and Thursday, 14 December 2023, both days inclusive.

Changes to the Terms of Reference for the Nominations and Governance Committee and the Company's Board Charter

Shareholders and noteholders are advised that the Nominations and Governance Committee's terms of reference and the Company's Board Charter have been updated. These updates will be available through a secure electronic manner at the election of the person requesting inspection and through our website at www.lifehealthcare.co.za/investor-relations/circulars-and-notices

Outlook

The Group plans to conclude the disposal of AMG and distribute the surplus net proceeds to shareholders. The amount anticipated for distribution to shareholders is GBP360 million.

For the 12 months to 30 September 2024 (FY2024), the Group expects continued activity growth in its southern African operations driven by growth in admissions from network deals and doctors recruited. The expected southern African PPD growth is c.3%. Changes in case mix, impact of discounted network lives, inflationary pressures on operational costs are likely to result in normalised EBITDA margins remaining flat in the southern Africa business in FY2024.

For LMI, we expect commercial sale volumes of NeuraCeq® to grow strongly in FY2024, driven by patients undergoing diagnostic PET-CT scans prior to potentially starting DMD treatment. LMI is, however, expected to continue to make a loss at normalised EBITDA level due to the investments in headcount and manufacturing capability required to drive the sales growth. This loss is expected to reduce after FY2024.

In FY2024 we plan to spend c.R2.1 billion on capital expenditure in SA, including R350 million on the purchase of a hospital property currently leased. We also plan to spend c.R200 million on capex for LMI, largely earmarked for investment into LMI's product pipeline development.

Thanks

The Company's ability to effectively respond to operational challenges, while continuing to provide quality care to its patients, is largely due to the resilience, dedication and unwavering support of its employees, doctors and other healthcare professionals. Life Healthcare would like to thank them for their tireless work and for the care they deliver.

The Group would also like to thank AMG's employees who have not only continued to deliver excellent services for AMG's many clients across the UK and Europe, but also spent considerable time and effort working with the Group and its advisors on the proposed disposal of AMG.

Audit opinion

The Company has issued its audited annual financial statements for the year ended 30 September 2023. Deloitte & Touche, the Group's independent auditor, has audited the consolidated and separate annual financial statements and has expressed an unmodified audit opinion thereon.

Results announcement

This results announcement is a summary of the information contained in the results and the detailed audited consolidated annual financial statements published on 16 November 2023 and does not contain full or complete details.

The results and the detailed audited consolidated annual financial statements are available on Life Healthcare's website (www.lifehealthcare.co.za) and are available through the JSE cloudlink at <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/LHC/FY23.pdf>

Any investment decisions by shareholders, noteholders and/or investors should be based on a consideration of the audited annual financial statements as a whole and shareholders, noteholders and/or investors are encouraged to review the audited annual financial statements, which is available for viewing on the links as set out above.

The contents of this results announcement are the responsibility of Life Healthcare's board of directors.

Date: 16 November 2023

Executive directors: Mr PG Wharton-Hood (Group Chief Executive), Mr PP van der Westhuizen (Group Chief Financial Officer)

Non-executive directors: Dr VL Litlhakanyane (Chairman), Dr JE Bolger, Mr PJ Golesworthy, Ms CM Henry, Mr LE Holmqvist, Prof ME Jacobs, Mr TP Moeketsi, Ms AM Mothupi, Mr JK Netshitenzhe, Adv M Sello, Mr GC Solomon and Mr F Tonelli

Company Secretary: Ms J Ranchhod

Registered Office: Building 2, Oxford Parks, 203 Oxford Road (cnr Eastwood and Oxford Roads), Dunkeld, 2196. Private Bag X13, Northlands, 2116

Equity and Debt Sponsor: Rand Merchant Bank, a division of FirstRand Bank Limited

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, are the responsibility of the directors and have not been reviewed or reported on by the Group's external auditors.

¹ 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.

² Normalised earnings is a non-IFRS measure which excludes non-trading-related costs and income.

³ Announced via SENS on 5 October 2023.