

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)

CONDENSED UNAUDITED GROUP INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2024, CASH DIVIDEND DECLARATION, TRADING STATEMENT AND BOARD COMMITTEE CHANGES

Highlights:

- Good growth in Group revenue of 7.8%, driven by robust activity growth in southern Africa and strong growth in NeuraCeq[®] doses sold
- Paid patient days (PPD) in the acute hospital and complementary businesses growing by 2.3%
- Following the reimbursement approval of a disease modifying drug in the United States of America in October 2023, doses sold of NeuraCeq[®] grew 74.4%, contributing to revenue growth in Life Molecular Imaging (LMI) of 77.5%
- The Group concluded the disposal of Alliance Medical Group (AMG) on 31 January 2024 and received R10.2 billion in net cash proceeds after the settlement of all offshore debt and transaction costs. A special dividend of R8.8 billion was paid on 8 April 2024 from these proceeds
- The Board has declared an interim cash dividend of 19.0 cents per share, an increase of 11.8% over the prior period

In line with our strategy of growing the non-acute portion of our business the Group:

- completed a transaction to acquire the imaging equipment of an imaging practice in KwaZulu-Natal, effective 1 March 2024 for a cash consideration of R55 million; and
- received approval from the Competition Commission for the acquisition of 43 Fresenius Medical Care (FMC) renal dialysis clinics. As a result of the transaction, the Group has improved its countrywide footprint of renal dialysis clinics. The transaction is effective 1 April 2024. The consideration for the South African business amounts to R367 million. The Namibian and Eswatini transactions are expected to be concluded in H2-FY2024. The total transaction value will be approximately R705 million of which about R280 million will be funded through debt.

	H1-2024	H1-2023	% change
Group revenue from continuing operations (R'm)	11 741	10 887	7.8
Weighted average number of shares (million)	1 441	1 443	-0.1
From continuing and discontinued operations			
Earnings per share (EPS) (cents)	242.8	37.9	540.6
Headline earnings per share (HEPS) (cents)	65.2	40.0	63.0
From continuing operations			
EPS (cents)	47.1	36.2	30.1
HEPS (cents)	47.0	36.2	29.9
Normalised EPS (NEPS) (cents)	44.1	40.7	8.4
Interim dividend per share (DPS) (cents)	19.0	17.0	11.8

EPS, HEPS and NEPS

Total EPS (from continuing and discontinued operations) increased by 540.6% to 242.8 cents (H1-2023: 37.9 cents) mainly due to the R2.8 billion once-off gain recognised following the completion of the AMG disposal. Total HEPS increased by 63.0% to 65.2 cents (H1-2023: 40.0 cents). NEPS, which excludes non-trading-related items, increased by 8.4% to 44.1 cents (H1-2023: 40.7 cents). The presentation of normalised earnings metrics are non-IFRS measures.

Financial position and liquidity

The Group is in a net cash position as at 31 March 2024 due to the proceeds received from the sale of AMG. The Group remains in a strong financial position with net debt to normalised EBITDA (as per bank covenant definitions) of 0.8 times after the payment of the special dividend on 8 April 2024, well within our covenant of 3.5 times (2.0 times reported as at 30 September 2023).

Cash dividend

The Board approved an interim gross cash dividend of 19.0 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 15.20 cents per share.

The Company's total number of issued ordinary shares is 1 467 349 162 as at 22 May 2024.

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, 11 June 2024
Shares trade ex the dividend	Wednesday, 12 June 2024
Record date	Friday, 14 June 2024
Payment date	Tuesday, 18 June 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 June 2024 and Friday, 14 June 2024, both days inclusive.

2024 Outlook

For the twelve months to 30 September 2024 the Group expects continued activity growth in its southern African operations driven by growth in volumes from network deals and through the impact of acquisitions concluded in the last 12 months.

The Group anticipates annual southern African PPD growth of c. 2% for FY2024 which, coupled with CPI-related tariff increases and continued growth in the South African imaging business, could see FY2024 revenue growth of between 6% to 7%. Higher occupancy levels and the introduced operational efficiency measures are expected to see the Group's normalised EBITDA margin to improve from H1-2024.

For LMI, we expect sales of NeuraCeq® to continue to grow strongly. LMI is, however, expected to continue to make a small 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.

National health insurance (NHI) Act

Life Healthcare have over the years engaged constructively on NHI and we have made our position clear: we unequivocally support the outcomes visualised by the Act, quality healthcare services for all. The focus of our engagement to date and in future will be to enable the sensible introduction of NHI, and to ensure that expanding access to healthcare is achieved sustainably, without compromising the essential healthcare delivery platform or harming the entire healthcare system - this remains unchanged.

However, the approval of the Bill without addressing concerns raised during the parliamentary process, is a regrettable missed opportunity to expand sustainable access to healthcare. We, therefore, expect a lengthy implementation journey of NHI due to operational and legislative changes required, as well as the current fiscal constraints.

The proposed healthcare reform decisions within the NHI Act will profoundly impact the sustainability of South Africa's health system for generations to come. On that basis, as a significant healthcare provider, who delivers the highest standards of private healthcare, we will continue to contribute meaningfully to the envisaged extensive legislative reforms of the NHI Act.

We are monitoring the developments on the NHI Act as well as related legislation and will explore all avenues to ensure the sustainability of the healthcare industry. Life Healthcare's commitment lies in acting in the best interests of our doctors, nurses and our patients, both current and future.

Changes to board committees

Risk, Compliance and IT Governance Committee

The Board, upon recommendation by the Nominations and Governance Committee, has taken a decision to dissolve the Risk, Compliance, and IT Governance Committee (the Risk Committee) in its current form, with effect from 21 May 2024. Upon dissolution, the responsibility for, and oversight of the various areas of risk will be delegated to the Board's various existing subcommittees, with the majority of risk matters being considered within the ambit of the Audit Committee. Therefore, going forward, the Audit Committee will be known as the Audit and Risk Committee.

Consequently, Audrey Mothupi, will serve as a member of the newly constituted Audit and Risk Committee with effect from 1 July 2024. The Chairman of the Risk Committee, Joel Netshitenzhe, will also join the Audit and Risk committee as a member with effect from 1 July 2024 to ensure smooth transition. The other members namely Marian Jacobs, Mahlape Sello, Paul Moeketsi, Fulvio Tonelli, Pieter van der Westhuizen and Peter Wharton-Hood, are thanked for their valued contribution over the years.

Nominations and Governance Committee

Joel Netshitenzhe is hereby appointed to the Nominations and Governance Committee, with effect from 1 July 2024.

Trading statement

Life Healthcare's results for the 12 months ending 30 September 2024 are expected to show an increase of more than 20% (more than 3.66 cps) in EPS from those reported for the financial year ended 30 September 2023 (EPS: 18.3 cps). The Group is currently not in a position to provide, with certainty, an indicative earnings range for the current year. However, the Group did recognise an impairment loss of R822 million relating to AMG in FY2023, which will not reoccur. The Group also recognised a once-off gain of R2.8 billion on the disposal of AMG in the current period. These two movements do have a significant impact on the comparability of earnings. A further trading statement will be released in October 2024.

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 UK and Europe, but also spent considerable time and effort working with the Group and its advisors on the AMG disposal transaction.

Results announcement

This results announcement is a summary of the information in the detailed interim results published on 22 May 2024 and does not contain full or complete details. The full results are available on Life Healthcare's website (<https://www.lifehealthcare.co.za/investor-relations/results-and-reports/>) and through the JSE cloudlink at <https://senspdf.jse.co.za/documents/2024/JSE/ISSE/LHC/Interim24.pdf>

Any investment decisions by shareholders, noteholders and/or investors should be based on a consideration of the condensed interim financial statements as a whole and shareholders, noteholders and/or investors are encouraged to review the condensed interim 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: 22 May 2024

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

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

Company Secretary: Ms J Ranchhod

Registered Office: Oxford Parks, 203 Oxford Road (cnr Eastwood and Oxford Roads), Dunkeld, 2196

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

Note regarding forward-looking statements: Any forward-looking statements or projections made by the Company 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.