



NETCARE LIMITED

(Registration number 1996/008242/06)

JSE ordinary share code: NTC

ISIN: ZAE000011953

JSE preference share code: NTCP

ISIN: ZAE000081121

A2X share code: NTC

("Netcare" or the "company" or the "Group")

Voluntary update on H1 2025 trading

Netcare is pleased to provide a voluntary update on high-level operational performance indicators for the first half of its 2025 financial year ("H1 2025"). Further details on H1 2025 performance and the outlook for the second half of the 2025 financial year ("H2 2025") will be provided with the half-year results to be released on or about Monday, 19 May 2025.

Total paid patient days ("PPD") are expected to increase by approximately 1.1%¹ for H1 2025 against the first half of the 2024 financial year ("H1 2024").

Activity is influenced by the timing of Easter and school holidays. In the current financial year ("FY 2025"), the holidays will fall in April 2025 (H2 2025) as compared to March 2024 (H1 2024). As a result, activity is expected to slow down in April 2025.

PPD for the acute hospitals are expected to increase by approximately 1.5%¹ for H1 2025.

Increased activity levels resulted in an improvement of 120 basis points in acute occupancy to 63.2%¹ (H1 2024: 62.0%¹).

In line with sectoral trends, medical cases continue to grow at a faster pace than surgical cases, which remain impacted by trends of declining maternity cases and the outmigration of lower-margin surgical cases. Notwithstanding this trend, surgical cases still contribute more than 70% of revenue. The case mix remains more complex than before the COVID-19 pandemic. Additionally, the intensive care and high care patient days continue to outperform 2019 levels.

Acute hospital revenue per PPD for the five months to February 2025 increased by 4.5%.

Demand for mental health services remains robust. However, the temporary unavailability of beds at certain high occupancy sites for essential refurbishment work has constrained capacity. Consequently, PPD are expected to decline by approximately 1.9% in H1 2025, with occupancy levels decreasing from 69.3% to 67.8%.

Netcare continues to attract specialists, and a net 44 doctors were granted admission rights at acute and mental health facilities to date.

Capital allocation

In line with Netcare's capital allocation strategy of returning excess cash to shareholders, the Group continued with its share buyback program, whereby a total of 27.8 million ordinary shares were acquired in the market from 1 October 2024 up to 27 March 2025 at an average price of 1 321 cents per share. In addition, 26.2 million shares were cancelled during this period and the Group currently has 1 226.5 million shares in issue, net of treasury shares (FY 2024: 1 248.7 million shares). Since the commencement of the share buyback program in September 2023, Netcare has bought back 112.6 million shares (7.8% of total ordinary shares in issue at 30 September 2023) at an average price of 1 250 cents per share.

¹In early December 2024, a fire occurred at the 358-bed Netcare Pretoria East Hospital, affecting activity in multiple wards and seven theatres. As a result, certain disciplines have experienced temporary disruptions while restoration efforts are underway. Accordingly, metrics in this trading update have been normalised to exclude this facility.

Strategic update

The Group continues to make excellent progress across all strategic projects aligned to its strategy of delivering person centred health and care that is digitally enabled and data driven.

Guidance

While we are encouraged by the H1 2025 performance it is important to recognise the broader sector patterns that often see a deceleration in activity during Easter and school holidays, which fall in H2 2025 of this financial year. This influences comparative analysis since, in the preceding fiscal year (FY 2024), the Easter holidays fell in the first half (H1 2024). Notwithstanding these seasonal factors the Group remains on track to achieve the guidance as published in the FY 2024 results which are included below for reference.

- *For FY 2025, the Group expects revenue growth of between 5.0% and 6.0%. Total PPD are expected to grow by between 0.8% and 1.3%.*
- *The Group will continue to focus on operational efficiency and strategic innovation, streamlining processes to reduce costs, and investing in technology that enhances patient care and service delivery. Costs of R60 million will be incurred in FY 2025 for environmental sustainability and NetcarePlus, which are critical enablers of our strategy.*
- *The increased activity and operational efficiencies are expected to support further EBITDA margin expansion, improved earnings and higher ROIC.*
- *Total capital expenditure for FY 2025 is estimated at R1.5 billion.*
- *We will continue to maintain an optimal capital structure, and the strength of the statement of financial position and the ongoing improvement in operational performance of the underlying businesses will continue to support dividend payments in line with our dividend policy, where we seek to return between 50% - 70% of adjusted headline earnings to shareholders. Additionally, the Group will continue to consider share buybacks in our capital efficiency programme.*

The financial information above has not been reviewed or reported on by the company's external auditors.

Changes to the Board

As previously announced, following the retirement of Mr Mark Bower as Netcare's Chairperson effective from 30 September 2024, Netcare shareholders were advised that Mr Alex Maditse was appointed as Chairperson of Netcare with effect from 27 January 2025. Mr Maditse was appointed as an independent non-executive director of Netcare in June 2023 and was thereafter appointed as lead independent director with effect from 29 July 2024.

28 March 2025

Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited

