

Mediclinic International plc  
(Incorporated in England and Wales)  
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JSE Share Code: MEI  
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ISIN: GB00B8HX8Z88  
LEI: 2138002S5BSBIZTD5I60  
("Mediclinic", the "Company", or the "Group")

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

17 April 2020

### **2020 Full-Year Trading Update**

Mediclinic International plc, the diversified private healthcare services group, provides the following COVID-19 and trading update ahead of the publication of the Group's results for the year ended 31 March 2020 ("FY20"), currently scheduled for 21 May 2020, dependent on COVID-19 developments. The information on which this update is based, represents the Group's latest financial estimates and has not been reviewed and reported on by Mediclinic's external auditors. All financial figures, unless explicitly stated, are adjusted\*. The Group has adopted the new IFRS 16\*\* accounting standard from 1 April 2019, applying the simplified transition approach on which basis comparatives will not be restated. Pre-IFRS 16 margins have been provided for comparative purposes only.

#### **Summary:**

- Mediclinic is playing a vital role in combating the COVID-19 pandemic
- The Group is prepared for the crisis leveraging its expertise across operating divisions; focused on supporting its people, patients and local health authorities
- Group FY20 trading broadly in line with expectations despite the impact from mid-March 2020 from national lockdowns and associated actions suspending non-urgent elective surgery
- Strong financial position and liquidity entering the pandemic; taken prudent and appropriate decisions to preserve liquidity including suspending all non-essential capital expenditure and the Group dividend; debt covenant test waivers agreed in all divisions

*Details of a conference call for investors and analysts today at 09.15 BST/10.15 SAST are available at the end of this update.*

#### **Commenting today, Dr Ronnie van der Merwe, Group Chief Executive Officer, said:**

*"The rapid spread of the COVID-19 pandemic is having a dramatic impact on countries and the lives of people globally. Mediclinic is at the forefront of tackling this crisis, playing a vital role as a leading healthcare service provider. This would not be possible without our exceptional frontline doctors, nurses and staff who each make an invaluable contribution to the societies in which they operate. We are committed to safeguarding their welfare in order for them to focus on caring for patients.*

*"I have been encouraged by the Group's ability to adapt and innovate as our experts support government efforts in their policy formulation. Each division has well-defined infection prevention and communicable disease emergency preparedness programmes and is working collaboratively with their respective local health authorities in assessing and implementing*

*appropriate measures to deal with the pandemic. A key tenet of the Group's values is putting Patients First to which we remain committed during and after this crisis."*

### **Mediclinic's approach to COVID-19**

Mediclinic is working closely with governments and local regulators to combat the COVID-19 pandemic, supporting the different initiatives being implemented across geographies. Clearly defined infection prevention and communicable disease emergency preparedness programmes that govern admission, containment, triage and treatment of suspected or confirmed COVID-19 cases, are already well-established across the Group.

With the assistance of strong infection prevention and control teams, dedicated multi-disciplinary taskforces are constantly re-evaluating Mediclinic's responses to this dynamic and rapidly evolving situation. The Group taskforce, centrally co-ordinated by the Group Chief Clinical Officer with its global view of trends and policy, helps ensure medical protocols and best practices are shared across the Group and supports the divisions' establishment of contingency plans with particular consideration for any impact on supply chain, ICT, finance, risk and human resource capacity.

The Group benefits from having procurement teams on three continents, all taking co-ordinated and pro-active measures to secure the supply of critical personal protective equipment ("PPE"), drugs, consumables and Intensive Care Unit ("ICU") equipment. The Group's global sourcing capability strengthens its ability to respond to the current situation and evolving needs.

Across the Group, and in line with the global trend, most non-essential elective procedures and outpatient activities have been postponed. This is intended to safeguard, as far as possible, sufficient hospital capacity, frontline clinical staff and PPE as the pandemic peaks and related admissions increase. These cases are reimbursed through the established health insurance schemes in all divisions.

In addition to COVID-19 admissions, the Group continues to make available its wide range of acute care services for urgent healthcare requirements including emergency and trauma care, urgent medical care, cardiac and vascular surgery, obstetrics and gynaecology, paediatric and neonatology procedures and neurology, oncology and urology treatments.

The Group has invested in a number of key initiatives to help its staff and patients deal more effectively with the crisis, including: acquiring additional ventilators and related consumable products; expanding ICU capacity where possible; establishing testing units; sourcing additional PPE for the treatment of COVID-19 cases; establishing additional laboratory facilities to support COVID-19 testing; launching telemedicine and prescription home delivery services for chronic medication; creating drive-through pharmacies; identifying separation areas in hospitals and ensuring these are sufficiently prepared for infection and prevention control and treatment; establishing alternative interim facilities to admit asymptomatic and low acuity cases; establishing 24/7 patient call centres and crisis control centres; updating websites and developing online risk assessment tools; software development to support various tracking and testing initiatives; and, developing communication tools and guidelines for staff and patients.

### **Our People**

The safety and wellbeing of all the Group's employees, supporting doctors and patients remain a key priority. Appropriate measures and programmes have been put in place to provide staff with COVID-19 training and all necessary precautions are being taken to limit the spread of COVID-19 in Mediclinic facilities.

Protocols on the safety of healthcare workers and the use of PPE are adhered to, including screening and self-isolation of employees based on official case-definitions. Vulnerable healthcare workers with, for instance, underlying health conditions, have been identified and redeployed to lower risk units.

The Group's focus currently is to create capacity in its front-line resources to help tackle the crisis. The suspension of non-urgent elective surgery has created some capacity and these team members have, where possible, been redeployed to support emergency areas within the hospitals. Staff members in teaching positions and clinically qualified staff working in non-clinical positions are available to be redeployed if needed.

### **Strong financial position and liquidity**

As with most industries and companies, the full impact of the COVID-19 pandemic on Mediclinic is currently uncertain. The Group has put in place the necessary structures and processes to monitor and mitigate existing and emerging risks to the business with the main focus areas being people, supply chain and liquidity.

The pandemic and its consequent national lockdowns and associated actions suspending non-urgent elective surgery is likely to have a significant impact on the Group financial performance for the year ending 31 March 2021. This will be offset by Mediclinic's response to the crisis in addition to the ongoing range of primary and acute care services offered across the Group.

At 31 March 2020, the Group had material headroom to covenants in its existing debt facilities and a strong liquidity position heading into the global pandemic. The cash and available facilities of the Group at the year-end were around £515m. To further support the Group's liquidity position, all non-urgent and non-committed capital programmes have been postponed.

As part of the Group's proactive measures, covenant test waivers have been agreed in respect of its material borrowings across all three divisions up to and including March 2021. This allows the Group to focus on the vital role it plays during the pandemic and to prepare for the anticipated increase in demand from postponed treatments once the peak of the pandemic subsides. The Group has no material near-term debt maturities with the next being at Hirslanden where a CHF145m Swiss bond is due in February 2021.

As part of the Group's broad response to maintaining its liquidity position through the crisis and to maximise its support tackling COVID-19, the Board has taken the prudent and appropriate decision to suspend the dividend. The Board recognises the importance of its dividend to shareholders and will keep this position under review. In line with this unprecedented decision, the Executive Directors' annual salary increases and short-term incentives have also been suspended.

### **Charitable donations**

In support of South Africa's establishment of a Solidarity Fund aimed at assisting the most vulnerable South Africans to deal with the impact of Covid-19, the Group Chief Executive Officer ("CEO") and Chief Financial Officer are voluntarily donating 30% of their salaries for the next three months to this essential national initiative. Similarly, the divisional CEO's and all non-executive directors of the Board are voluntarily donating 30% of their salaries or fees for the next three months to benefit charities with similar aims in the countries in which Mediclinic has a presence.

## Trading Update

### Group

Group FY20 trading was broadly in line with expectations. Performance of the Group was in line until mid-March 2020 when the impact materialised from national lockdowns and associated actions suspending non-urgent elective surgery.

In constant currency, FY20 revenue was up around 4.0% (FY19: GBP2 932m) and pre-IFRS16 EBITDA down around 3.5% (FY19 pre-IFRS16: GBP493m).

On a reported basis, FY20 revenue was up around 5.5% and pre-IFRS16 EBITDA was down around 2.5% (FY19 pre-IFRS16: GBP493m). The IFRS16 EBITDA margin was around 17.5%.

The pre-IFRS16 earnings per share is expected to be around 25 pence (FY19 pre-IFRS16: 26.9 pence).

The average foreign exchange rates for FY20 were GBP/CHF 1.25, GBP/ZAR 18.76 and GBP/AED 4.67 (FY19: 1.30, 18.01 and 4.82 respectively).

The Group will, as part of its usual period end reporting process, conduct impairment reviews across all divisions and investments. The process will be informed by the impact of challenging trading environments due to the competitive landscape and macro-economic weakness, exacerbated by the uncertainty created by the COVID-19 pandemic.

### Hirslanden

Hirslanden continued to make excellent progress in adapting the business to the regulatory changes affecting the Swiss healthcare system. Until the impact of the COVID-19 pandemic in mid-March 2020, performance during the financial year was ahead of expectations and incorporated the impact of identified clinical treatments transferring from an inpatient to a lower outpatient tariff (“**outmigration**”). This process has gradually occurred across Swiss cantons over the past two years, with official national implementation effective from 1 January 2019 with no further changes currently scheduled. In response, Hirslanden has initiated a new day case clinic strategy which focuses on a lower cost and more efficient service delivery model; established a collaboration with Medbase (part of Migros); delivered ongoing cost management and efficiency savings; and adjusted the Hirslanden 2020 and other strategic projects.

Hirslanden delivered modest revenue growth in FY20 in line with expectations of around 1.5% (FY19: CHF1 778m) and inpatient admissions growth of around 0.5%, despite the impact of COVID-19 restrictions and preparedness planning, outmigration and the sale of Klink Belair on 1 October 2019. In the fourth quarter, until the impact of COVID-19 materialised, inpatient admissions were modestly up on the prior year period. The general insurance patient mix increased to 49.2% (FY19: 48.7%).

The EBITDA margin was, until mid-March 2020, ahead of expectations. However, including the impact of the swift decline in admissions as a result of COVID-19 restrictions and preparedness planning, on an IFRS16 accounting basis the EBITDA margin was around 16.5-17.0%. The pre-IFRS16 EBITDA margin for FY20 was around 14.5-15.0% (FY19: 16.0%).

### Mediclinic Southern Africa

At Mediclinic Southern Africa, FY20 revenue growth was in line with expectations up around 6.5% (FY19: ZAR15 960m). This was driven by an increase in inpatient bed days sold of around 2.5%, which largely reflects acquisitive growth across the continuum of care.

On an IFRS16 accounting basis, the EBITDA margin was in line with expectations at around 21.0%. The pre-IFRS16 EBITDA margin for FY20 was around 20.0% (FY19: 21.2%).

In February 2020, the Competition Appeal Court approved Mediclinic Southern Africa's proposed acquisition of a controlling share in Matlosana Medical Health Services (Pty) Ltd, based in Klerksdorp in the North-West Province of South Africa. However, the Competition Commission has filed with the Constitutional Court an application for leave to appeal the recent judgment by the Competition Appeal Court. Mediclinic Southern Africa has filed an answering affidavit opposing the application for leave to appeal and will participate accordingly should the matter be set down for a hearing.

### **Mediclinic Middle East**

At Mediclinic Middle East, revenue growth was driven by the continued ramp-up of Mediclinic Parkview Hospital in Dubai and a gradual improvement in the Abu Dhabi business with Mediclinic Airport Road Hospital delivering a strong performance. Mediclinic Parkview Hospital continues to outperform expectations since opening in September 2018.

Mediclinic Middle East FY20 revenue growth was around 5.5% (FY19: AED 3 262m). Inpatient and outpatient volumes in the division were up 5.5% and 3.0% respectively. The region continues to experience a weaker macroeconomic and oil price environment and a sustained competitive landscape which in combination have tempered patient volume growth. In the fourth quarter of the year, volumes were further impacted by significant flooding in the region during January and the COVID-19 pandemic when cases were first reported and restrictions imposed earlier than in the other divisions.

On an IFRS16 accounting basis, the EBITDA margin in FY20 was around 15.0%. The pre-IFRS16 EBITDA margin for FY20 was below expectations at around 12.0-12.5% (FY19: 13.0%), largely relating to lower than expected patient volumes.

### **Spire Healthcare Group**

Mediclinic holds a 29.9% investment in Spire Healthcare Group plc ("**Spire**"). Spire's reported performance for its full-year financial period ended 31 December 2019 was in line with expectations and guidance.

The investment in Spire is equity accounted, recognising the reported IFRS16 profit of £7.2m for Spire's financial year ended 31 December 2019 (twelve months ended 31 December 2018 pre-IFRS16: £11.3m). Mediclinic's FY20 equity accounted share of profit from Spire amounted to £2.2m (FY19 on pre-IFRS16 basis: £3.4m).

Please refer to separate announcements made on the London Stock Exchange by Spire in relation to the support provided by the independent healthcare sector to the UK's National Health Service in combatting COVID-19 and the framework agreed for compensating independent providers.

*\* The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and as a method to provide shareholders with clear and consistent reporting. The Group's non-IFRS measures are intended to remove from reported earnings volatility associated with defined one-off incomes and charges which were previously referred to as underlying.*

*\*\* IFRS 16 accounting standard: addressing the definition of a lease, recognising and measuring leases and establishing principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors.*

### **Cautionary Statement**

This announcement contains certain forward-looking statements relating to the business of the Company and its subsidiaries, including with respect to the progress, timing and completion of the Group's development; the Group's ability to treat, attract and retain patients and clients; its ability to engage consultants and general practitioners and to operate its business and increase referrals; the integration of prior acquisitions; the Group's estimates for future performance and its estimates regarding anticipated operating results; future revenue; capital requirements; shareholder structure; and financing. In addition, even if the Group's actual results or development are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of the Group's results or developments in the future. In some cases, forward-looking statements can be identified by words such as "could", "should", "may", "expects", "aims", "targets", "anticipates", "believes", "intends", "estimates", or similar. These forward-looking statements are based largely on the Group's current expectations as of the date of this announcement and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the Group's expectations could be affected by, among other things, uncertainties involved in the integration of acquisitions or new developments; changes in legislation or the regulatory regime governing healthcare in Switzerland, South Africa, Namibia and the United Arab Emirates; poor performance by healthcare practitioners who practise at its facilities; unexpected regulatory actions or suspensions; competition in general; the impact of global economic changes; and the Group's ability to obtain or maintain accreditation or approval for its facilities or service lines. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made in this announcement will in fact be realised and no representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in this announcement.

The Group is providing the information in this announcement as of this date, and disclaims any intention to, and make no undertaking to, publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **About Mediclinic International plc**

Mediclinic is a diversified international private healthcare services group, established in South Africa in 1983, with current operating divisions in Switzerland, Southern Africa (South Africa and Namibia) and the United Arab Emirates. Its core purpose is to enhance the quality of life of patients by providing acute care, specialist-orientated, multi-disciplinary healthcare services. Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, an LSE-listed and UK-based private healthcare group.

Its vision is to be the partner of choice that people trust for all their healthcare needs.

The Group is focused on providing specialist-orientated, multi-disciplinary services across the continuum of care in such a way that the Group will be regarded as the most respected and trusted provider of healthcare services by patients, medical practitioners, funders and regulators of healthcare in each of its markets.

As at 31 March 2020, Mediclinic comprised 77 hospitals, six sub-acute hospitals, 14 day case clinics and 21 outpatient clinics. Hirslanden operated 17 hospitals, two day case clinics and three outpatient clinics in Switzerland with more than 1 800 inpatient beds; Mediclinic Southern Africa operations included 53 hospitals (three of which in Namibia), six sub-acute hospitals and 10 day case clinics (four of which operated by Intercare) across South Africa, and more than 8

500 inpatient beds; and Mediclinic Middle East operated seven hospitals, two day case clinics and 18 outpatient clinics with more than 900 inpatient beds in the United Arab Emirates.

The divisions' contributions to Group revenue for the financial year ended 31 March 2019 were 47% by Hirslanden, 30% by Mediclinic Southern Africa and 23% by Mediclinic Middle East.

The Company's primary listing is on the London Stock Exchange in the United Kingdom, with secondary listings on the JSE Ltd in South Africa and the Namibian Stock Exchange in Namibia.

#### **Conference call details**

Management will host an investor and analyst conference call today at 09.15 BST/10.15 SAST.

To access the call, please dial the appropriate number below 15 minutes before the start of the event:

UK Free Call Dial: 0800 2796619  
Local UK: 08444 819752  
International Dial-In: +44 (0) 20 7192 8338  
Local South Africa: 0105002178  
Local Switzerland: 0445807145

Conference ID: 2179633

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#### **Inside information**

The information contained in this announcement is inside information. If you have any queries on this, then please contact Caroline Emmet at Link Company Matters Ltd, the Company Secretary for Mediclinic and the person responsible for arranging the release of this announcement, at 6th Floor, 65 Gresham Street, London EC2V 7NQ or +44 (0)20 7954 9527.

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**Corporate broker:** Morgan Stanley & Co International plc and UBS Investment Bank

**JSE sponsor (South Africa):** Rand Merchant Bank (A division of FirstRand Bank Ltd)

**NSX sponsor (Namibia):** Simonis Storm Securities (Pty) Ltd