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("**Mediclinic**", or the "**Company**", or the "**Group**")

14 November 2019

MEDICLINIC INTERNATIONAL PLC – 2020 HALF-YEAR RESULTS AND DECLARATION OF INTERIM CASH DIVIDEND

Revenue growth across all three divisions
EBITDA margins in line with expectations
Improved cash flow generation
Continued focus on operational performance and execution
Interim dividend maintained at 3.20 pence per share
Reiterating full-year guidance

Mediclinic announces its results for the six months ended 30 September 2019 (the "**period**" or "**1H20**"). The Group adopted the new IFRS 16 leasing standard on 1 April 2019 and comparative information was not restated. For comparative purposes, the 1H20 results are also presented on a pre-IFRS 16 basis. The section on 'Earnings Reconciliations' in the Financial Review of this announcement provides a detailed reconciliation and comparison between IFRS 16 and pre-IFRS 16 financial results for the period under review.

Dr Ronnie van der Merwe, CEO of Mediclinic, today commented:
"The Group delivered a solid first-half financial performance with all three divisions growing revenue, EBITDA and patient volumes. The operating performance was complemented by strong cash conversion.

I am pleased with the progress we have made in adapting the business to current healthcare trends and changing regulatory environments, especially at Hirslanden in Switzerland.

At all three divisions, we continue to supplement our core acute care business through expansion across the healthcare continuum. The growth initiatives we are investing in as a Group, or collaborating on with partners, include day case clinics, primary care facilities, sub-acute hospitals, radiology, precision medicine, IVF and digital healthcare solutions.

In pursuit of our purpose to enhance the quality of life, we work relentlessly to ensure we deliver cost-effective, quality care and outstanding client experiences. We operate in an industry sustained by the continued global demand for healthcare services and I am confident in our ability, as a market leader, to deliver innovative solutions, growth and consequently value to all our stakeholders.

The Group is currently trading in line with expectations and we are reiterating our full-year guidance."

Details of the 1H20 results investor and analyst audio webcast and conference call are available at the end of this report or on the Group's website at www.mediclinic.com.

Group results are subject to movements in foreign currency exchange rates. Refer to the Financial Review section for exchange rates used to convert the divisions' results and financial position to pound sterling.

GROUP FINANCIAL RESULTS SUMMARY

	IFRS 16 1H20 £'m	Pre-IFRS 16 1H20 £'m	Pre-IFRS 16 1H19 £'m	Pre-IFRS 16 % variance[5]
Revenue[1]	**1 515**	**1 515**	1 390	9%
EBITDA[2]	**252**	**222**	213	4%
Adjusted EBITDA[2]	**252**	**222**	213	4%
Operating profit	**149**	**142**	39	264%
Adjusted operating profit[2]	**144**	**137**	137	0%
Earnings / (loss)[3]	**109**	**112**	(168)	167%
Adjusted earnings[2&3]	**73**	**76**	76	0%
Earnings / (loss) per share (pence)	**14.8**	**15.2**	(22.8)	167%
Adjusted earnings per share (pence)[2]	**9.9**	**10.3**	10.3	0%
Interim dividend per share (pence)	**3.20**	**3.20**	3.20	0%
Net debt[4]	**1 775**	**1 775**	1 717	3%
Cash conversion	**98%**	**98%**	69%	

1 *An income statement reclassification has increased Mediclinic Southern Africa 1H19 revenue and cost of sales by £3m. Refer to note 2 in the condensed consolidated financial statements.*
2 *The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and to provide consistent and comparable reporting. Refer to the section on 'Earnings Reconciliations' in the Financial Review of this announcement which includes a reconciliation between IFRS 16 and pre-IFRS 16 results.*
3 *Reported earnings refers to profit / (loss) attributable to equity holders.*
4 *Net debt reflects borrowings incurred and therefore excludes the IFRS 16 lease liabilities. The comparative for net debt reflects the balance at 31 March 2019.*
5 *The percentage variances are calculated in unrounded pound sterling values and not in millions.*

PRE-IFRS 16: GROUP FINANCIAL SUMMARY

- Revenue up 9% to £1 515m; up 6% in constant currency, reflecting growth across all three divisions
- Adjusted EBITDA up 4% at £222m; up 3% in constant currency terms, reflecting adjusted EBITDA margins in line with expectations for all three divisions
- Adjusted operating profit flat at £137m, reflecting increased depreciation charges associated with infrastructure and technology investments; reported operating profit up 264% to £142m, reflecting prior year period non-cash Hirslanden impairment charges of £98m
- Reported earnings of £112m (1H19: loss of £168m), reflecting prior year period non-cash impairment charges on the equity investment in Spire of £164m
- Net debt at £1 775m reflects borrowings incurred; leverage ratio flat on FY19 at 3.5x
- Adjusted earnings per share flat at 10.3 pence
- Improved cash conversion at 98% of adjusted EBITDA (1H19: 69%)

GROUP STRATEGIC OVERVIEW

The global demand for quality healthcare services remains unwavering. An ageing population, the growing disease burden and digitalisation of healthcare are creating further opportunities for expansion and evolution across the healthcare continuum.

In line with its purpose to enhance the quality of life, the Group's strategic focus is to provide cost-effective, quality care and outstanding client experiences across the healthcare continuum. By doing so, Mediclinic will deliver value across its operations and realise its vision to be the partner of choice who people trust for all their healthcare needs. The Group's depth of experience, increasingly diversified footprint, scale and unified focus enable it to extract synergies, cost-efficiencies and deliver value to all stakeholders.

The Group's corporate strategy provides a framework within which the Company is able to quickly adapt to market needs; sustain a diverse, performance-driven and collaborative culture that engages talent and leverages scale, knowledge and skills; and position itself to grow sustainably.

Mediclinic has a philosophy of taking long-term growth decisions that support its core business and future positioning. The Group is actively focused on building innovative care delivery models to ensure that appropriate and affordable care settings are developed in line with industry trends and regulatory requirements.

The Group maintains a strategy of responsible leverage, largely using its asset base to secure cost-efficient borrowings. While property ownership drives operational and financial benefits, the approach to this remains flexible, reflecting the business needs of the Group. Leverage at the end of the period was at 3.5x and the Group maintains sufficient financing flexibility to fund continued investment in the business and incremental growth. With the expected increase in free cash flow over the coming years, the Group will have further flexibility in its allocation of capital, delivering growth while maintaining its approach to responsible leverage.

GROUP FINANCIAL PERFORMANCE

The Group adopted the new IFRS 16 standard, which requires operating leases to be accounted for on balance sheet, from 1 April 2019, using the simplified approach. Consequently, comparative information was not restated. For comparative purposes, the 1H20 results are also presented on a pre-IFRS 16 basis. The section on 'Earnings Reconciliations' in the Financial Review of this announcement provides a detailed reconciliation and comparison between IFRS 16 and pre-IFRS 16 financial results for the period under review.

PRE-IFRS 16 BASIS

Adjusted results

The Group's 1H20 revenue was £1 515m (1H19: £1 390m) and adjusted EBITDA was £222m (1H19: £213m), up 9% and 4% respectively. In constant currency terms, 1H20 revenue was up 6% and adjusted EBITDA was up 3%. The Group's adjusted EBITDA margin was 14.7% (1H19: 15.3%), in line with expectations.

Adjusted depreciation and amortisation was up 12% to £85m (1H19: £76m) in line with the continued investment to support growth and to enhance patient experience and clinical quality.

Adjusted operating profit was flat at £137m (1H19: £137m).

Adjusted net finance costs increased by 7% to £29m (1H19: £27m) mainly due to the discontinued capitalisation of borrowing costs following the opening of Mediclinic Parkview Hospital. Adjusted taxation was £23m (1H19: £26m) with an adjusted effective tax rate for the period of 21.7% (1H19: 23.4%), which reduced due to lower statutory tax rates in Switzerland.

Adjusted non-controlling interests increased by 11% to £11m (1H19: £10m), reflecting the increased minority interest following the Clinique La Colline and Clinique des Grangettes combination on 1 October 2018, offset by the expansion of the new Mediclinic Stellenbosch.

Both adjusted earnings and adjusted earnings per share were flat at £76m (1H19: £76m) and 10.3 pence (1H19: 10.3 pence) respectively. The interim dividend per share is maintained at 3.20 pence (1H19: 3.20 pence), with the Group applying its full-year dividend policy of 25% to 35% of adjusted earnings per share.

Cash flow conversion at 98% (1H19: 69%) was driven by improved cash collections across all three divisions.

Reported results

Reported 1H20 revenue was up 9% to £1 515m (1H19: £1 390m) and EBITDA was up 4% to £222m (1H19: £213m), both up 6% and 3% respectively in constant currency terms.

Depreciation and amortisation increased by 12% to £85m (1H19: £76m).

Operating profit increased by 264% to £142m (1H19: £39m) mainly due to prior period impairment charges on Hirslanden properties of £43m and trade names of £55m. A reversal of an impairment of £5m was recognised on Swiss properties following the completion of the sale of the small 28-bed Klinik Belair hospital in October 2019.

Net finance costs increased by 7% to £29m (1H19: £27m).

The Group's effective tax rate for the period under review was (10%) (1H19: (6%)), mainly due to the reduction in Hirslanden's deferred tax liabilities of £35m resulting from lower statutory tax rates in Switzerland.

The reported earnings were £112m (1H19: loss of £168m). In the prior period, the equity accounted investment in Spire was impaired by £164m.

IFRS 16 BASIS

The effect of the adoption of IFRS 16 on the income statement is as follows:

- EBITDA increased by £30m;
- Depreciation charge increased by £23m;
- Operating profit increased by £7m;
- Finance costs increased by £11m; and
- Profit for the period decreased by £3m.

Adjusted results

The Group's 1H20 adjusted EBITDA was £252m; adjusted operating profit was £144m; adjusted earnings was £73m; and adjusted earnings per share was 9.9 pence.

Reported results

The Group's 1H20 EBITDA was £252m; operating profit was £149m; earnings was £109m; and earnings per share was 14.8 pence.

Mediclinic's 29.9% investment in Spire Healthcare Group plc ("**Spire**") is equity accounted. For the six months ended 30 June 2019, Spire reported a profit after tax of £7.1m (30 June 2018 pre-IFRS16: £8.2m). Mediclinic's 1H20 equity accounted income amounted to £2.1m (1H19: £1.8m).

OPERATIONAL RESULTS

Relevant financials in the following operational results section of the announcement are presented on a pre-IFRS 16 basis unless otherwise stated.

Hirslanden

- Revenue up 5% to CHF871m
- Adjusted pre-IFRS16 EBITDA up 3% to CHF121m
- Adjusted pre-IFRS16 EBITDA margin of 13.9% (1H19: 14.3%)
- First half performance in line with expectations, supported by contribution from Clinique des Grangettes
- Hirslanden has made good progress in growing across the healthcare continuum and adapting the business to the regulatory changes affecting the Swiss healthcare system
- Hirslanden has continued to implement its day case clinic strategy which focusses on a more efficient, lower cost service delivery model; attracted additional clinical professionals; delivered ongoing cost management and efficiency savings; and also advanced the Hirslanden 2020 strategic project
- Hirslanden announced important collaboration agreements with the cantonal hospitals in Geneva and Baselland and are in advanced discussions with Medbase, the Swiss primary healthcare specialist and part of the Migros Group, towards establishing a framework to develop across the healthcare continuum

Southern Africa

- Revenue up 7% to ZAR8 578m
- Adjusted pre-IFRS16 EBITDA up 2% to ZAR1 720m
- Adjusted pre-IFRS16 EBITDA margin of 20.1% (1H19: 21.0%)
- Mediclinic Southern Africa's EBITDA margin reflects decisions taken to invest in initiatives to enhance clinical standards and to expand across the healthcare continuum
- Successfully opened the new Mediclinic Stellenbosch day case clinic in June 2019; six additional day case clinics expected to open during FY20-22, taking the division's total day case clinics to 15
- Reflecting on outcomes from NHI and HMI, Mediclinic fully supports the principles of Universal Health Care and greater collaboration across the public and private sectors; the affordability of healthcare needs to be further addressed through a more efficient, transparent and sustainable delivery system
- Improving the value proposition and enhancing patient experience remain key focus areas

Middle East

- Revenue up 8% to AED1 616m
- Adjusted pre-IFRS16 EBITDA up 10% to AED155m
- Adjusted pre-IFRS16 EBITDA margin of 9.6% (1H19: 9.4%)
- Contributing to the division's growth was the continued ramp-up at the new Mediclinic Parkview Hospital in Dubai and the continued gradual improvement in the Abu Dhabi business where Mediclinic Airport Road Hospital delivered a strong performance
- Continued to make good operational progress – recently opening the newly renovated ground and mezzanine floors at Mediclinic Al Noor Hospital and on track to deliver the new Comprehensive Cancer Centre at Mediclinic Airport Road in mid-2020

HIRSLANDEN

	1H20	1H19	Variance %
Inpatient admissions (000s)	**52**	49	5.0%
Movement in inpatient revenue per admission	**(2.2%)**	(2.8%)	
Revenue (CHF'm)	**871**	826	5%
Adjusted EBITDA (CHF'm)	**141**	118	
Adjusted EBITDA margin	**16.2%**	14.3%	
Adjusted pre-IFRS 16 EBITDA (CHF'm)	**121**	118	3%
Adjusted pre-IFRS 16 EBITDA margin	**13.9%**	14.3%	
Expansion capex (CHF'm)	**10**	14	(29%)
Maintenance capex (CHF'm)	**15**	18	(17%)
Adjusted EBITDA converted to cash	**86%**	51%	
Average £/CHF exchange rate	**1.25**	1.31	(5%)
Revenue (£'m)	**696**	631	10%
Adjusted EBITDA (£'m)	**113**	90	
Adjusted pre-IFRS 16 EBITDA (£'m)	**97**	90	8%

Financial review

At the end of the reporting period, Hirslanden operated 18 hospitals, two day case clinics and three outpatient clinics with a total of 1 916 inpatient beds and 10 388 employees (8 262 full-time equivalents). It is the largest private acute care hospital group in Switzerland servicing approximately one third of inpatients treated in Swiss private hospitals. Hirslanden accounted for 46% of the Group's revenues (1H19: 45%) and 44% of its adjusted pre-IFRS 16 EBITDA (1H19: 42%).

Hirslanden continued to make good progress in growing across the healthcare continuum and adapting the business to the regulatory changes affecting the Swiss healthcare system. Performance during the first six months of the financial year, which incorporates the impact of identified clinical treatments transferring from an inpatient to a lower outpatient tariff ("**outmigration**"), was in line with expectations. The outmigration process has gradually occurred across Swiss cantons over the past two years, with official national implementation effective from 1 January 2019. In line with the Group's strategic intent, Hirslanden has continued to implement a day case clinic strategy which focusses on moving towards a more efficient, lower cost service delivery model. The division furthermore has continued to attract additional clinical professionals; delivered ongoing cost management and efficiency savings; and advanced the Hirslanden 2020 strategic project.

Including the contribution from the Clinique des Grangettes acquisition in October 2018, first-half revenue increased 5% to CHF871m (1H19: CHF826m). Inpatient revenue was up 3% and admissions up 5.0%. Outpatient and day case revenue, which contributed some 21% (1H19: 19%) to total revenue in the period, was up 16% reflecting the relatively high proportion of outpatient and day case activity conducted by Clinique des Grangettes in addition to cases gained through outmigration. The general insurance mix was broadly stable at 49.2% (1H19: 49.4%) supported by the supplementary insurance contribution from Clinique des Grangettes. Inpatient revenue per case was down 2.2% as a result of a

lower insurance and acuity mix at certain hospitals. Average occupancy was down in the period to 65.0% (1H19: 68.1%) due to a decline in the average length of stay from 4.6 to 4.4 days.

The revenue contribution in 1H20 from Clinique des Grangettes (consolidated from 1 October 2018) was CHF55m (1H19: nil) and the hospital contributed 5.5% growth in Hirslanden inpatient admissions during the period.

Despite the significant effect of outmigration, adjusted EBITDA was up 3% to CHF121m (1H19: CHF118m) and the adjusted EBITDA margin was broadly stable at 13.9% (1H19: 14.3%), supported by the acquisition of Clinique des Grangettes, a strong focus on operational performance and ongoing cost management initiatives.

Adjusted depreciation and amortisation decreased marginally by 2% to CHF60m (1H19: CHF61m). Adjusted operating profit increased by 5% to CHF61m (1H19: CHF58m).

Adjusted net finance costs increased by 2% to CHF26m (1H19: CHF25m).

In May 2019, the Swiss public voted to adopt the Federal Act on Tax Reform and AHV Financing ("**TRAF**"), confirming the reform of corporate taxation in Switzerland. Due to this reform, several cantons decreased their tax rates. For the current financial year ("**FY20**"), Hirslanden's forecast weighted statutory tax rate has been reduced to 16.8% (1H19: 18.5%).

Hirslanden contributed £30m to the Group's adjusted earnings (representing 39%) compared to £27m (representing 35%) in the prior year period.

Hirslanden converted 86% (1H19: 51%) of adjusted IFRS 16 EBITDA into cash generated from operations. The prior year period reflected an increase in trade receivables largely caused by the new HIT2020 billing system implementation in Zurich.

During the period, Hirslanden reduced its secured debt facilities by a total of CHF86m. Of the payments, CHF50m was the annual repayment and CHF36m was an optional repayment. Hirslanden expects to make an additional optional repayment in the second half of the year, further reducing the division's gross debt.

In October 2019, Hirslanden completed the sale of the small 28-bed Klinik Belair hospital for a total consideration of CHF14m. As a result, in 1H20, Hirslanden recognised a reversal of the impairment charge in relation to the Klinik Belair property of £5m which is excluded from adjusted earnings.

Adapting and growing across the healthcare continuum

Hirslanden continues to make good progress in adapting its business model to address the current healthcare trends and regulatory changes in the inpatient and outpatient environments in Switzerland. Through ongoing constructive engagement with insurers, regulators and other major healthcare providers in Switzerland, Hirslanden continues to demonstrate the benefit of its strategic focus on delivering improved value through integrated healthcare provision, offering care and services through the most appropriate settings and delivery models, while maintaining excellent clinical standards and patient experience.

The execution of Hirslanden's day case clinic strategy is progressing well. This strategy, which focusses on a conveniently located, more efficient, lower cost service delivery model, is fully operational at two Hirslanden locations – Bellaria in Zurich and St. Anna im Bahnhof at the train station in Lucerne. The division is confident in the strategy to establish further day case clinics over the coming years in order to attain a leading market position in this growing area of healthcare delivery and recently appointed an experienced day case clinic manager to the business. Hirslanden expects to add an additional standalone day case clinic around the end of the current financial year and plans another two in FY21. Where a standalone day case clinic is not currently planned, the hospitals have already initiated in-house day case solutions which seek to achieve more efficient, lower cost delivery models compared to the normal inpatient process.

In line with the Group's vision of being the partner of choice that people trust for all their healthcare needs, Hirslanden has recently announced two important collaborations with public healthcare providers in Switzerland. In Geneva, the university hospital ("**HUG**") and Hirslanden have agreed to create the largest public-private partnership day case clinic for outpatient surgery in Switzerland. The partnership reflects the desire to respond in a coordinated and efficient manner to the increasing demand in the area of outpatient surgery. Hirslanden was specifically chosen by HUG due to its knowledge and expertise in delivering cost-efficient, high-quality care in the day case clinic environment. In the canton of Baselland, Hirslanden and the Kantonspital Baselland ("**KSBL**") have agreed to form a joint venture to establish a centre of excellence and research and teaching facility for musculoskeletal patient care. This will provide excellent medical care for inpatients and outpatients across the northwestern region of Switzerland.

Further to the public initiatives announced, the division is in advanced discussions with Medbase, the Swiss primary healthcare specialist and part of the Migros Group (Switzerland's largest retail company), to create a framework from which to develop across the healthcare continuum. This is aimed at leveraging Hirslanden's acute care and day surgery expertise with Medbase's primary care representation per region across Switzerland.

To support Hirslanden's drive for improved medium-term operational efficiencies and cost management, the division is advancing the Hirslanden 2020 strategic project. In FY20, this project is in the final year of peak operating and capital investment spend. The division is already benefiting from the initial HIT2020 phased information communication technology rollout element of the project, with the introduction of mass invoicing, automated recording and processing of doctors' invoices; and enhanced capacity planning to increase hospital utilisation and staff efficiencies. The division is furthermore benefiting from Group procurement and cost management initiatives. The strategic collaboration with German healthcare provider Sana is enabling Hirslanden to leverage Sana's scale and purchasing power to secure lower product pricing. In addition, to benefit further from this collaboration, Hirslanden is refining its product portfolio management to leverage volume discount arrangements.

Disciplined investment sustaining a leading market position

In 1H20, Hirslanden invested CHF10m (down 29% on 1H19) in expansion capital projects and new equipment and CHF15m (down 17% on 1H19) on the replacement of existing equipment and upgrade projects. During the period, Hirslanden continued to invest in the HIT2020 project to standardise IT and systems across the division, completing the rollout at Klinik Stephanshorn and preparing for project delivery at Andreas Klinik.

Capital discipline remains a key focus of the Group and there will be an ongoing review of maintenance and expansion capital expenditure at Hirslanden during this period of regulatory change, while ensuring clinical standards and the quality of patient care remain appropriate. In FY20, Hirslanden's capex guidance remains unchanged at CHF92m. The division expects to invest CHF43m and CHF49m on expansion and maintenance capex respectively which includes ongoing investment in the Hirslanden 2020 strategic project and growth initiatives across the healthcare continuum.

MEDICLINIC SOUTHERN AFRICA

	1H20	1H19 *	Variance %
Movement in bed days sold	**2.7%**	0.5%	
Movement in revenue per bed day sold	**4.2%**	4.4%	
Revenue (ZAR'm)	**8 578**	8 013	7%
Adjusted EBITDA (ZAR'm)	**1 785**	1 684	
Adjusted EBITDA margin	**20.8%**	21.0%	
Adjusted pre-IFRS 16 EBITDA (ZAR'm)	**1 720**	1 684	2%
Adjusted pre-IFRS 16 EBITDA margin	**20.1%**	21.0%	
Expansion capex (ZAR'm)	**256**	176	45%
Maintenance capex (ZAR'm)	**354**	348	2%
Adjusted EBITDA converted to cash	**106%**	79%	
Average £/ZAR exchange rate	**18.28**	17.71	3%
Revenue (£'m)	**469**	452	4%
Adjusted EBITDA (£'m)	**97**	95	
Adjusted pre-IFRS 16 EBITDA (£'m)	**94**	95	(1%)

** An income statement reclassification has increased 1H19 revenue and cost of sales by R55m. Refer to note 2 in the condensed consolidated financial statements.*

Financial review

At the end of the period, Mediclinic Southern Africa (including South Africa and Namibia) operated 53 hospitals, five sub-acute hospitals and nine day case clinics with a total of 8 597 beds and 15 884 employees (19 658 full-time equivalents). Mediclinic Southern Africa is the third largest private healthcare provider in Southern Africa by number of licenced beds. Mediclinic Southern Africa accounted for 31% of the Group's revenues (1H19: 33%) and 42% of its adjusted pre-IFRS16 EBITDA (1H19: 45%).

Revenue in Southern Africa increased by 7% to ZAR8 578m (1H19: ZAR8 013m). Bed days sold increased by 2.7% in line with expectations, and average revenue per bed day increased by 4.2%. The average length of stay was flat while the occupancy rate was 69.8% (1H19: 71.2%), reflecting the ramp-up stage of the Intercare Group ("**Intercare**").

The revenue contribution in 1H20 from the majority investment in Intercare, consisting of four day case clinics, four sub-acute hospitals and one specialist hospital, effective since 1 December 2018, was around ZAR105m (1H19: nil). As expected, Intercare accounted for the majority of growth in the division's inpatient bed days sold during the period at 2.4%.

Adjusted EBITDA increased by 2% to ZAR1 720m (1H19: ZAR1 684m) with the adjusted EBITDA margin in line with expectations at 20.1% (1H19: 21.0%). The margin reflects decisions to further enhance clinical standards and to expand across the healthcare continuum with the Intercare acquisition and new Mediclinic Stellenbosch hospital and day case clinic both incorporating lease hold properties and rental charges.

Depreciation and amortisation increased by 15% to ZAR302m (1H19: ZAR263m) mainly due to increased spend on hospital infrastructure upgrades and medical equipment. Operating profit decreased by 1% to ZAR1 418m (1H19: ZAR1 436m).

Net finance costs decreased by 4% to ZAR241m (1H19: ZAR252m) due to increased capitalisation on the cost of qualifying assets as well as interest received on cash balances. Mediclinic Southern Africa contributed £36m to the Group's adjusted earnings (representing 47%), compared to £37m (representing 49%) in the comparative period.

The division converted 106% (1H19: 79%) of adjusted IFRS 16 EBITDA into cash generated from operations, mainly due to improved collections.

Investing to support continued long-term growth

Mediclinic Southern Africa invested ZAR256m (up 45% on 1H19) on expansion capital projects and new equipment and ZAR354m (up 2% on 1H19) on the replacement of existing equipment and upgrade projects. The total number of licenced beds increased marginally to 8 597 (FY19: 8 517). This comprised existing hospital expansion work completed in 1H20 at Mediclinic Vergelegen and the Wits Donald Gordon Medical Centre, in addition to the re-location at Mediclinic Stellenbosch of the existing business and a new day case clinic. In conjunction with the opening of Mediclinic Stellenbosch, Mediclinic Winelands Orthopaedic Hospital opened in August 2019. The hospital is situated at the previous Mediclinic Stellenbosch site and will focus on delivering specialist medical care in the disciplines of orthopaedic surgery and rheumatology. The hospital has entered into a partnership with the Institute of Orthopaedics and Rheumatology to deliver exceptional outcomes to the Winelands and greater Cape Town community.

In FY20, Mediclinic Southern Africa capex guidance remains broadly unchanged at around ZAR1 250m, investing around ZAR550m and ZAR700m on expansion and maintenance capex respectively. Major hospital upgrades are ongoing at Mediclinic Constantiaberg, Mediclinic Legae, Mediclinic Medforum, Mediclinic Paarl, Mediclinic Vereeniging and Mediclinic Vergelegen. In the second half of the year, one additional day case clinic is due to be opened at Mediclinic Nelspruit.

The division's day case clinic rollout is premised on co-locating the facilities with the main hospitals to adapt to the outmigration of care trend. While admissions had previously been impacted by declining day cases, a reversal of this trend in 1H20, excluding Intercare, gives the division further confidence in its strategy to invest across the healthcare continuum. Mediclinic plans to open a further five day case clinics through to FY22 at Mediclinic Winelands, Mediclinic Cape Gate, Mediclinic Pietermaritzburg, Mediclinic Bloemfontein and Mediclinic Panorama, which will add an additional 11 operating theatres to the Southern African operations.

The proposed acquisition of a controlling shareholding in Matlosana Medical Health Services (Pty) Ltd, based in Klerksdorp in the North West Province of South Africa, was prohibited by the Competition Tribunal in January 2019. Mediclinic appealed against this decision and the case was heard by the Competition Appeal Court in October 2019. A final decision is expected in the coming months.

Regulatory update

The Competition Commission concluded its inquiry into the private healthcare sector in South Africa on 30 September 2019. The report has now been handed over to be tabled in parliament for discussion. The report contains various findings and recommendations. It remains to be seen to what extent these will translate into future healthcare policy and legislative actions. With respect to hospitals, Mediclinic welcomes the inquiry's final stance that divestiture of hospitals and/or moratoria on new licences for the three leading hospital groups are not warranted. Mediclinic is also pleased with the recommendation that facilities continue with their current tariff negotiation framework. These proposals are largely aligned with the analyses submitted to the inquiry by Mediclinic and its legal and economic experts. Although Mediclinic disagreed with certain key findings, many of the inquiry's proposals will enable greater efficiency, transparency and sustainability of the private healthcare sector. Mediclinic will continue to monitor the debate concerning the report, as well as its implications for future healthcare policy and regulation.

The South African Government continues to explore the introduction of a National Health Insurance system. On 8 August 2019, a revised National Health Insurance Bill (“**NHI Bill**”) was published for comment by interested stakeholders. The NHI Bill will now be discussed and debated within the various forums of the legislative process before it is enacted. The current NHI Bill follows the release of an earlier version of the document in June 2018. Mediclinic submitted comprehensive comments on the aforementioned version and will provide a further submission on the current NHI Bill. The NHI Bill incorporates amendments to the Medical Schemes Act, No. 131 of 1998, which are aimed at amending the functioning of the medical schemes and member benefits. Mediclinic will also submit comments detailed thereon. Mediclinic continues to seek counsel from legal, economic and actuarial experts to understand the potential impact of the NHI Bill and the extent to which the proposals are legally sound. Mediclinic has also requested the opportunity to make an oral presentation to the legislature regarding its views on the NHI Bill. Mediclinic fully supports the principle of Universal Health Care (“**UHC**”) and improving access and affordability of healthcare to all South Africans. The NHI Bill is the first of numerous pieces of legislation which will be required to introduce the NHI system and Mediclinic will continue to contribute constructively toward achieving the UHC principle. Mediclinic believes that an enhanced healthcare system can be achieved through greater collaboration across the public and private sectors to find common solutions that leverage existing expertise and capacity.

MEDICLINIC MIDDLE EAST

	1H20	1H19	Variance %
Movement in inpatient admissions	**9.2%**	3.1%	
Outpatient cases (000s)	**1 421**	1 347	5.5%
Revenue (AED'm)[1]	**1 616**	1 495	8%
Adjusted EBITDA (AED'm)	**204**	141	
Adjusted EBITDA margin	**12.6%**	9.4%	
Adjusted pre-IFRS 16 EBITDA (AED'm)	**155**	141	10%
Adjusted pre-IFRS 16 EBITDA margin	**9.6%**	9.4%	
Expansion capex (AED'm)	**44**	256	(83%)
Maintenance capex (AED'm)	**22**	26	(15%)
Adjusted EBITDA converted to cash	**109%**	78%	
Average £/AED exchange rate	**4.62**	4.89	(5%)
Revenue (£'m)	**350**	307	14%
Adjusted EBITDA (£'m)	**44**	29	
Adjusted pre-IFRS 16 EBITDA (£'m)	**33**	29	14%

[1] *The Group adopted the new IFRS 15 accounting standard (Revenue from Contracts with Customers) from 1 April 2018. IFRS 15 has implications for Mediclinic Middle East where disallowances are classified to revenue. In the current period, AED47m was recognised as part of revenue (decreasing the revenue recognised) (1H19: AED40m). The increase largely relates to growth at the new Mediclinic Parkview Hospital.*

Financial review

Mediclinic Middle East, at the end of the reporting period, operated seven hospitals, two day case clinics and 19 outpatient clinics with a total of 926 beds and 6 570 employees (6 570 full-time equivalents). Mediclinic Middle East is one of the leading private healthcare providers in the United Arab Emirates (“**UAE**”) with the majority of its operations in Dubai and Abu Dhabi (including Al Ain). Mediclinic Middle East accounted for 23% of the Group’s revenues (1H19: 22%) and 15% of its adjusted pre-IFRS16 EBITDA (1H19: 14%).

The UAE remains a long-term growth market for the provision of high-quality private healthcare services, driven by an ageing local population facing an increased prevalence of lifestyle-related medical conditions and an expatriate market. The regulatory environment is maturing with an increasing focus on quality and clinical outcome measures and the introduction of Diagnostic Related Groups (“**DRG**”) in Dubai and Health Information Exchanges (“**HIE**”) and Centres of Excellence (“**CoE**”) in both Dubai and Abu Dhabi. Despite the weaker macroeconomic environment and sustained competitive landscape, Mediclinic has confidence in its Middle East growth strategy. This strategy builds on Mediclinic Middle East’s leading market position, strong brand reputation, sustainable delivery of internationally recognised healthcare services and its employer of choice status. It also includes the ramp-up of new hospitals; the integration of new investments and clinical service offerings; expansion and upgrades to existing facilities; and further regional growth opportunities across the healthcare continuum.

1H20 revenue was up 8% to AED1 616m (1H19: 1 495m). In Dubai, revenue growth of 11% was supported by the continued strong ramp-up of the new Mediclinic Parkview Hospital. In Abu Dhabi, revenue growth of 4% was supported by the excellent performance at Mediclinic Airport Road Hospital. Across the division, inpatient admissions were up 9.2%, while outpatient cases were up 5.5%.

During the seasonally quieter first half of the year, adjusted EBITDA increased by 10% to AED155m (1H19: AED141m) with the adjusted EBITDA margin increasing to 9.6% (1H19: 9.4%).

Adjusted depreciation and amortisation increased by 25% to AED91m (1H19: AED73m), as expected, mainly due to the commissioning of Mediclinic Parkview Hospital. Operating profit decreased by 3% to AED64m (1H19: AED66m).

Net finance costs increased by 133% to AED21m (1H19: AED9m), as expected, mainly due to the discontinued capitalisation of borrowing costs following the opening of Mediclinic Parkview Hospital. The division contributed £9m to the Group's adjusted earnings (representing 12%) compared to £12m (representing 16%) in the prior period.

The division converted 109% (1H19: 78%) of adjusted IFRS 16 EBITDA into cash generated from operations, mainly due to improved collections.

Investing for sustainable long-term growth

Supported by continued business and operational improvements in Abu Dhabi and the ramp-up benefits from investments into new facilities, expansions and upgrades, Mediclinic Middle East is expected over time to sustainably deliver an increase in revenue and gradual improvement in EBITDA margins, towards a 20% target. However, the current macro environment in the UAE and below-inflation regulated tariff increases in 2018, 2019 and likely again in 2020, are impacting the pace of revenue growth and margin expansion.

In Dubai, the new Mediclinic Parkview Hospital is rapidly growing its market share, performing very strongly in the first half of the year. The hospital, the Group's largest ever greenfield construction project by value, was completed in two and a half years, ahead of schedule, and within the AED680m original budget. Since opening in September 2018, the ramp-up of the hospital's patient volumes has exceeded expectations. The current success of the hospital is attributed to Mediclinic's strong brand and reputation in Dubai; the detailed planning and preparation for its opening, including the recruitment of doctors and medical staff; and, the hospital's strategic location serving the population expansion that has occurred to the south of Dubai. The hospital furthermore established services and specialities in high demand from the surrounding population, such as a comprehensive maternity unit, Level III neonatal intensive care, 24/7 paediatrics, and accident and emergency care. Mediclinic has signed a Memorandum of Understanding with the Dubai Health Authority ("**DHA**") to provide healthcare services to visitors and exhibitors during the Dubai Expo 2020 event, which is in close proximity to Mediclinic Parkview Hospital.

At the division's flagship Mediclinic City Hospital, renowned across the region for its complex tertiary care, Comprehensive Cancer Centre and highly specialised medicine, performance has been impacted by the opening of the new Mediclinic Parkview Hospital. This is largely as a result of additional independent doctors that set up practices at the new hospital. Mediclinic City Hospital has already initiated several plans to address the impact, including the on-boarding of new doctors.

In Abu Dhabi, revenue growth in the first half of the year benefited from the investments made to enhance the business and operational performance over recent years. The main contributor to the growth was Mediclinic Airport Road Hospital where inpatient and outpatient volumes were up 15% and 10% respectively during the first half of the year. In addition, the hospital benefited from the introduction of medical oncology, improved dialysis services, a growing reputation among clinical professionals, and the recruitment of some leading Emirati doctors. Construction of the new Comprehensive Cancer Centre and expansion plans remain on track and are expected to be completed mid-2020.

The Mediclinic Al Noor Hospital project furthermore supports the continued growth in Abu Dhabi. In November 2019, the major renovation of the ground and mezzanine floor at the hospital was completed, significantly enhancing one of Mediclinic's busiest hospitals with a new main entrance, lobby, reception,

accident and emergency unit, pharmacy, outpatient clinic, treatment rooms, paediatrics department and internal medicine department.

In 1H20, Mediclinic Middle East invested AED44m (down 83% on 1H19, which included capex associated with the new Mediclinic Parkview Hospital) on expansion and AED22m (down 15% on 1H19) on maintenance capex. Expansion capex in the period largely related to the projects at Mediclinic Airport Road Hospital and Mediclinic Al Noor Hospital and the Electronic Health Record ("**EHR**"). The EHR is being systematically rolled out across Mediclinic Middle East during FY20 and FY21 and successfully went live during FY19 at Mediclinic Parkview Hospital and Mediclinic Ibn Battuta, with a further three clinics having gone live in Dubai in 1H20. Rollout in Abu Dhabi began in August 2019 and it is anticipated that the project will be completed across the division in early 2021. The EHR is expected to deliver seamless care and improved service quality for patients, as well as improved administration efficiency for the division. Also during the first half of the year, Mediclinic Springs was opened in Dubai. This is Mediclinic Middle East's first dedicated paediatric clinic, strategically located in Dubai's Springs community, providing in-demand, dedicated paediatric services to families in the surrounding communities and serves as an extension to the well-established Mediclinic Meadows clinic.

For FY20, Mediclinic Middle East capex guidance is around AED290m, comprising AED70m of maintenance and AED220m of expansion capex. In addition, during 1H20, the division acquired properties relating to existing clinics for a total of around AED50m.

Regulatory update

The division continues to maintain an active dialogue with government authorities on regulatory changes within the UAE healthcare sector. Preparations are ongoing for the implementation of DRGs for inpatient procedures in Dubai which are now expected in early 2020. Mediclinic continues to test the systems through a shadow billing process which has been operating since July 2018. The Dubai Health Authority DHA is following a collaborative approach in the design and implementation of the DRGs and, in addition to sharing and discussing the test version of the DRG methodology with the market, it also shared hospital- level results and impact studies. Currently, it is expected that the DRGs will have a neutral impact on the division's inpatient revenue, as prescribed by the DHA. Additional qualified medical practitioners have been appointed as case managers to ensure an effective change-over. Training has been carried out in the division's Abu Dhabi facilities where DRGs have been in operation since 2011.

The Abu Dhabi Department of Health ("**DoH**"), through industry engagement, has recently introduced the concept of CoE to improve the quality of care in the Emirate. Mediclinic Middle East was able to demonstrate its readiness for the initiative through its successful programmes already established in Dubai which include the Comprehensive Cancer Centre and Comprehensive Stroke and Neuroscience Centre at Mediclinic City Hospital. Mediclinic Middle East will establish CoEs at its two largest hospitals in Abu Dhabi. At Mediclinic Airport Road, a Comprehensive Cancer Centre and paediatric CoE will be established. A paediatric CoE will also be established at Mediclinic Al Noor Hospital. The Abu Dhabi DoH is also preparing for the implementation of the next phase of the Jawda initiative, being the introduction of a hospital star-rating system based on an extensive list of quality and experience measures with the first reports anticipated to be published at the end of the calendar year.

HIEs are expected to be established in Dubai and Abu Dhabi. Testing of the integration between Mediclinic's EHR system and the Abu Dhabi HIE has been successfully conducted and the division remains on track to go live with the initial integration before the end of 2019. The Dubai HIE initiative has also been launched with further testing and integration expected in 2020.

In November 2019, the Joint Commission International ("**JCI**") re-accreditation process for all Middle East's hospitals and clinics was completed. This is the first division-wide JCI process that Mediclinic Middle East has carried out and underlines its focus to provide high-quality healthcare services in the UAE.

SPIRE HEALTHCARE GROUP

Mediclinic has a 29.9% investment in Spire.

For the six months to 30 June 2019, Spire delivered a 3% increase in revenue and 2% decrease in EBITDA. Inpatient and day case admissions declined by 1.3% while average revenue per case increased by 4.6%. Outpatient revenue grew by 4.5%. The IFRS 16 earnings per share decreased by 10% to 1.8 pence (30 June 2018 pre-IFRS 16: 2.0 pence).

Mediclinic's investment in Spire is equity accounted. Spire's IFRS 16 reported profit after tax was £7.1m for the six months ended 30 June 2019 (30 June 2018 pre-IFRS 16: £8.2m). The 1H20 income from associate was £2.1m (1H19 pre-IFRS 16: £1.8m).

OUTLOOK

The Group reiterates the following unchanged pre-IFRS 16 FY20 guidance on an adjusted basis:

- Hirslanden: In FY20, Hirslanden expects modest revenue growth from an increase in average bed capacity for the year, reflecting the continued integration of Clinique des Grangettes. Under the current regulatory environment, Hirslanden will be impacted by a further nine months' comparative effect in FY20 from the national outmigration care programme that was implemented from 1 January 2019. The anticipated cost management and efficiency savings are likely to be more than offset by reductions in tariffs and the operational effects of outmigration, with the FY20 EBITDA margin expected to be around 15%. Over the medium-term, assuming no further regulatory changes are implemented, the operating performance is expected to be supported by benefits from the Hirslanden 2020 strategic project and structural efficiencies being implemented in the division.

- Mediclinic Southern Africa: In FY20, Mediclinic Southern Africa expects volume growth of around 1% reflecting the additional capacity from the Intercare day case clinics that were consolidated from December 2018. In line with the Group's strategic objectives and a continued focus on improving clinical quality and patient experience, further investment will be made in employees and information communication technology during FY20. This, together with the expected lower margin contribution from Intercare and the ramp-up of the new Mediclinic Stellenbosch facility, is anticipated to result in an EBITDA margin of around 20%.

- Mediclinic Middle East: In FY20, Mediclinic Middle East is expected to deliver revenue growth of around 10% supported by the continued ramp-up of the new Mediclinic Parkview Hospital. A gradual improvement in the EBITDA margin is expected in FY20 to around 14% incorporating the ramp-up of the Mediclinic Parkview Hospital and investment in the hospital expansion and new Comprehensive Cancer Centre at Mediclinic Airport Road Hospital, which is scheduled to open mid-2020. The division continues to target an EBITDA margin of around 20%.

- The Group’s capital expenditure budget, in constant currency, for FY20 is expected to decrease by 14% to GBP200m (FY19: GBP232m). This comprises GBP70m in Hirslanden (FY19: GBP72m), GBP70m in Mediclinic Southern Africa (FY19: GBP65m), GBP60m in Mediclinic Middle East (FY19: GBP94m) and GBPnil (FY19: GBP1m) in Corporate. The decrease largely results from the conclusion in FY19 of the major new Mediclinic Parkview Hospital project in the UAE and continued focus on capital allocation in Switzerland to reflect the current regulatory environment. Average FY19 exchange rates used: CHF 1.30; ZAR 18.01; and AED 4.82.

The Group adopted the new IFRS 16 accounting standard (addressing the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors) from 1 April 2019 and comparatives have not been restated. The EBITDA margin guidance for FY20 under IFRS 16 is set out below, which remains unchanged since the May 2019 Full-Year Results:

- Hirslanden: around 17%
- Mediclinic Southern Africa: around 21%
- Mediclinic Middle East: around 16.5%

BOARD CHANGES

The following changes to the Board and its Committees have occurred and been announced since the financial year-end:

Mr Desmond Smith retired as an independent non-executive Director and Senior Independent Director at the conclusion of the 2019 Annual General Meeting ("**AGM**") on 24 July 2019, as planned. Mr Smith was succeeded as Senior Independent Director, Chairperson of the Audit and Risk Committee and member of the Nomination Committee from that date by Mr Alan Grieve.

Mr Tom Singer was appointed as an independent non-executive Director and member of the Audit and Risk Committee with effect from 24 July 2019.

Dr Edwin Hertzog indicated his intention to retire as Chairman with effect from the conclusion of the 2020 AGM. A search for Dr Hertzog's successor as Chairman has been initiated and the Board will provide an update as appropriate.

The Company would furthermore like to announce the appointment of Mr Singer as an additional member of the Remuneration Committee with effect from 13 November 2019.

FINANCIAL REVIEW

ADJUSTED NON-IFRS FINANCIAL MEASURES

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 adjusted measures are intended to remove volatility associated with certain types of exceptional income and charges from reported earnings. Historically, EBITDA and adjusted EBITDA were disclosed as supplemental non-IFRS financial performance measures because they are regarded as useful metrics to analyse the performance of the business from period to period. Measures like adjusted EBITDA are also used by analysts and investors in assessing performance.

The rationale for using non-IFRS measures:

- it tracks the adjusted operational performance of the Group and its operating segments by separating out exceptional items;
- it is used by management for budgeting, planning and monthly financial reporting;
- it is used by management in presentations and discussions with investment analysts; and
- it is used by the Directors in evaluating management's performance and in setting management incentives.

The Group's policy is to adjust, *inter alia*, the following types of significant income and charges from the reported IFRS measures to present adjusted results:

- cost associated with major restructuring programmes;
- profit/loss on sale of assets and transaction costs incurred during acquisitions;
- past service cost charges / credits in relation to pension fund conversion rate changes;
- accelerated amortisation charges;
- mark-to-market fair value gains / losses, relating to ineffective interest rate swaps;
- impairment charges and reversal of impairment charges;
- insurance proceeds; and
- tax impact of the above items, prior year period tax adjustments and significant tax rate changes.

EBITDA is defined as operating profit before depreciation and amortisation and impairments of non-financial assets, excluding other gains and losses.

Non-IFRS financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. The adjusted measures used by the Group are not necessarily comparable with those used by other entities.

The Group has consistently applied this definition of adjusted measures as it has reported on its financial performance in the past as the Directors believe this additional information is important to allow shareholders to better understand the Group's trading performance for the reporting period. It is the Group's intention to continue to consistently apply this definition in the future.

The Group adopted the new leasing standard IFRS 16 on 1 April 2019 using the simplified approach. Consequently, comparative information was not restated. On an IFRS 16 basis, the Group's 1H20 revenue was £1 515m, adjusted EBITDA £252m, adjusted operating profit £144m, adjusted earnings £73m and adjusted earnings per share 9.9 pence.

Pre-IFRS 16

On a pre-IFRS 16 basis, the Group's revenue increased by 9% to £1 515m (1H19: £1 390m) and EBITDA was up 4% to £222m (1H19: £213m). The adjusted EBITDA margin declined from 15.3% to 14.7%.

Depreciation and amortisation was up 12% to £85m (1H19: £76m) in line with expectations and due to the continued investment to support growth and to enhance patient experience and clinical quality.

The Group recorded an operating profit of £142m in 1H20 (1H19: £39m). Adjusted operating profit was flat at £137m (1H19: £137m).

Operating profit included an exceptional impairment reversal of £5m relating to Swiss properties.

Prior period operating profit was adjusted for the following exceptional items:

- recognition of an impairment charge to Hirslanden properties of £43m; and
- recognition of an impairment charge to the Hirslanden trade name and Linde trade name of £55m.

Net finance costs are up by 7% at £29m (1H19: £27m) mainly due to the discontinued capitalisation of borrowing costs following the opening of Mediclinic Parkview Hospital.

The Group's reported effective tax rate of (10%) (1H19: (6%)) is significantly skewed by the reduction of Swiss property deferred tax liabilities of £35m resulting from corporate tax reforms in Switzerland. Adjusted taxation was £23m (1H19: £26m) with an adjusted effective tax rate for the period of 21.7% (1H19: 23.4%).

The Group recorded earnings attributable to equity holders of £112m in 1H20 (1H19: loss of £168m). Adjusted earnings were flat at £76m (1H19: £76m). Adjusted earnings per share was flat at 10.3 pence (1H19: 10.3 pence). The prior period reported loss was adjusted for an exceptional impairment charge on the equity investment in Spire of £164m (in addition to the Hirslanden impairment charges).

The tables on the next pages show the reconciliation from reported to adjusted results on an IFRS 16 and on a pre-IFRS 16 basis and the table thereafter shows the adjustments required to reconcile between these two bases.

IFRS 16 1H20 EARNINGS RECONCILIATION

30 SEPTEMBER 2019	Total £'m	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Revenue	**1 515**	696	469	350	-	-
Operating profit/(loss)	**149**	56	78	17	-	(2)
Profit/(loss) attributable to equity holders*	**109**	65	36	7	2	(1)
Reconciliations						
Operating profit/(loss)	**149**	56	78	17	-	(2)
Add back:						
- Other gains and losses	-	-	-	-	-	-
- Depreciation and amortisation	**108**	62	19	27	-	-
- Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
EBITDA	**252**	113	97	44	-	(2)
No adjustments	-	-	-	-	-	-
Adjusted EBITDA	**252**	113	97	44	-	(2)
Operating profit/(loss)	**149**	56	78	17	-	(2)
- Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
Adjusted operating profit/(loss)	**144**	51	78	17	-	(2)
Profit/(loss) attributable to equity holders*	**109**	65	36	7	2	(1)
Exceptional items						
- Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
- Tax rate changes **	**(32)**	(32)	-	-	-	-
- Tax on exceptional items	**1**	1	-	-	-	-
Adjusted earnings	**73**	29	36	7	2	(1)
Weighted average number of shares (millions)	**737.2**					
Adjusted earnings per share (pence)	**9.9**					

* *Profit attributable to equity holders in Hirslanden and Corporate is shown after the elimination of intercompany loan interest of £8m.*

** *Tax rates changes of £35m is shown after taking non-controlling interest of £3m into consideration.*

EARNINGS RECONCILIATIONS (continued)

PRE-IFRS 16 1H20 EARNINGS RECONCILIATION

30 SEPTEMBER 2019	Total £'m	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Revenue	**1 515**	696	469	350	-	-
Operating profit/(loss)	**142**	54	77	13	-	(2)
Profit/(loss) attributable to equity holders*	**112**	66	36	9	2	(1)
Reconciliations						
Operating profit/(loss)	**142**	54	77	13	-	(2)
Add back:						
Other gains and losses	**-**	-	-	-	-	-
Depreciation and amortisation	**85**	48	17	20	-	-
Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
EBITDA	**222**	97	94	33	-	(2)
No adjustments	**-**	-	-	-	-	-
Adjusted EBITDA	**222**	97	94	33	-	(2)
Operating profit/(loss)	**142**	54	77	13	-	(2)
- Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
Adjusted operating profit/(loss)	**137**	49	77	13	-	(2)
Profit/(loss) attributable to equity holders*	**112**	66	36	9	2	(1)
Exceptional items						
- Reversal of impairment of properties	**(5)**	(5)	-	-	-	-
- Tax rate changes **	**(32)**	(32)	-	-	-	-
- Tax on exceptional items	**1**	1	-	-	-	-
Adjusted earnings	**76**	30	36	9	2	(1)
Weighted average number of shares (millions)	**737.2**					
Adjusted earnings per share (pence)	**10.3**					

* *Profit attributable to equity holders in Hirslanden and Corporate is shown after the elimination of intercompany loan interest of £8m.*

** *Tax rates changes of £35m is shown after taking non-controlling interest of £3m into consideration.*

IFRS 16 / PRE-IFRS 16 ADJUSTMENTS

30 SEPTEMBER 2019	Total £'m	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Revenue	-	-	-	-	-	-
Operating profit/(loss)	**(7)**	(2)	(1)	(4)	-	-
Profit/(loss) attributable to equity holders*	**3**	1	-	2	-	-
Reconciliations						
Operating profit/(loss)	**(7)**	(2)	(1)	(4)	-	-
Add back:						
Other gains and losses	-	-	-	-	-	-
Depreciation and amortisation	**(23)**	(14)	(2)	(7)	-	-
Reversal of impairment of properties	-	-	-	-	-	-
EBITDA	**(30)**	(16)	(3)	(11)	-	-
No adjustments						
Adjusted EBITDA	**(30)**	(16)	(3)	(11)	-	-
Operating profit/(loss)	**(7)**	(2)	(1)	(4)	-	-
- Reversal of impairment of properties	-					
- Impairment of intangible assets	-					
Adjusted operating profit/(loss)	**(7)**	(2)	(1)	(4)	-	-
Profit/(loss) attributable to equity holders*	**3**	1	-	2	-	-
Exceptional items						
- Reversal of impairment of properties	-	-				
- Impairment of intangible assets	-					
- Impairment of associate	-					
- Tax rate changes	-					
- Tax on exceptional items	-					
Adjusted earnings	**3**	1	-	2	-	-
Adjusted earnings per share (pence)	**0.4**					

EARNINGS RECONCILIATIONS (continued)

PRE-IFRS 16 1H19 EARNINGS RECONCILIATION

30 SEPTEMBER 2018	Total £'m	Hirslanden £'m	Mediclinic Southern Africa £'m	Mediclinic Middle East £'m	Spire £'m	Corporate £'m
Revenue	**1 390**	631	452	307	-	-
Operating profit/(loss)	**39**	(54)	81	14	-	(2)
(Loss)/profit attributable to equity holders*	**(168)**	(53)	37	12	(162)	(2)
Reconciliations						
Operating profit/(loss)	**39**	(54)	81	14	-	(2)
Add back:						
- Other gains and losses	**-**	-	(1)	-	-	1
- Depreciation and amortisation	**76**	46	15	15	-	-
- Impairment of properties	**43**	43	-	-	-	-
- Impairment of intangible assets	**55**	55	-	-	-	-
EBITDA	**213**	90	95	29	-	(1)
No adjustments	**-**	-	-	-	-	-
Adjusted EBITDA	**213**	90	95	29	-	(1)
Operating profit/(loss)	**39**	(54)	81	14	-	(2)
- Impairment of properties	**43**	43	-	-	-	-
- Impairment of intangible assets	**55**	55	-	-	-	-
Adjusted operating profit/(loss)	**137**	44	81	14	-	(2)
(Loss)/profit attributable to equity holders*	**(168)**	(53)	37	12	(162)	(2)
Exceptional items						
- Impairment of properties	**43**	43	-	-	-	-
- Impairment of intangible assets	**55**	55	-	-	-	-
- Impairment of associate	**164**	-	-	-	164	-
- Tax on exceptional items	**(18)**	(18)	-	-	-	-
Adjusted earnings	**76**	27	37	12	2	(2)
Weighted average number of shares (millions)	**737.2**					
Adjusted earnings per share (pence)	**10.3**					

* *Profit attributable to equity holders in Hirslanden and Corporate is shown after the elimination of intercompany loan interest of £8m.*

IFRS 16 LEASES

The Group adopted the new IFRS 16 Leases standard effective on 1 April 2019. Since the Group has applied the simplified approach on adoption, comparative figures were not restated.

The effect of the adoption of IFRS 16 on the income statement is as follows:

- EBITDA increased by £30m;
- Depreciation charge increased by £23m;
- Operating profit increased by £7m;
- Finance costs increased by £11m; and
- Profit for the period decreased by £3m.

The effect of the adoption of IFRS 16 on the statement of financial position:

- Opening retained earnings decreased by £37m;
- Right of use asset of £640m booked on 1 April 2019; and
- Lease liability of £665m booked on 1 April 2019.

Reconciliation of adjusted IFRS 16 and pre-IFRS 16 numbers per division.

IFRS 16 TABLE	**IFRS 16 £m**	**Hirslanden £m**	**Mediclinic Southern Africa £m**	**Mediclinic Middle East £m**	**Pre-IFRS 16 £m**
Adjusted EBITDA	252	(16)	(3)	(11)	222
Adjusted depreciation and amortisation	108	(14)	(2)	(7)	85
Adjusted operating profit	144	(2)	(1)	(4)	137
Adjusted finance cost	45	(3)	(2)	(6)	34
Adjusted earnings	73	1	-	2	76

Refer to notes 8 and 15 in the condensed consolidated financial statements for more information.

FOREIGN EXCHANGE RATES

Although the Group reports its results in pound sterling, the divisional profits are generated in Swiss franc, South African rand and UAE dirham. Consequently, movements in exchange rates affected the reported earnings and reported balances in the statement of financial position. The resulting currency translation difference, which is the amount by which the Group's interest in the equity of the divisions increased because of spot rate movements, amounted to £176m (1H19: increase of £169m) and was credited (1H19: credited) to the statement of other comprehensive income. The main reason for the increase was the strengthening of the period-end Swiss franc and UAE dirham rates in particular against pound sterling.

Foreign exchange rate sensitivity:

- The impact of a 10% change in the £/CHF exchange rate for a sustained period of six months is that reported profit for the period would increase/decrease by £3m (1H19: increase/decrease by £3m) due to exposure to the £/CHF exchange rate.
- The impact of a 10% change in the £/ZAR exchange rate for a sustained period of six months is that reported profit for the period would increase/decrease by £4m (1H19: increase/decrease by £4m) due to exposure to the £/ZAR exchange rate.
- The impact of a 10% change in the £/AED exchange rate for a sustained period of six months is that reported profit for the period would increase/decrease by £1m (1H19: increase/decrease by £1m) due to exposure to the £/AED exchange rate.

During the reporting period, the average and closing exchange rates were as follows:

	1H20	1H19	Variance%
Average rates			
Swiss franc	**1.25**	1.31	(5%)
South African rand	**18.28**	17.71	3%
UAE dirham	**4.62**	4.89	(5%)

	1H20	FY19	Variance%
Period end rates			
Swiss franc	**1.23**	1.30	(5%)
South African rand	**18.64**	18.90	(1%)
UAE dirham	**4.51**	4.79	(6%)

CASH FLOW

The Group converted 98% (1H19 pre-IFRS16: 69%) of adjusted IFRS 16 EBITDA into cash generated from operations.

	1H20 £'m	1H19 £'m
Cash from operations (a)	**248**	146
Adjusted EBITDA (b)	**252**	213
Cash conversion ((a)/(b) x 100)	**98%**	69%

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings increased from £1 982m at 31 March 2019 to £2 006m at 30 September 2019 mainly due to the weakening of the pound sterling exchange rate against the Swiss franc and the UAE dirham, offset by Swiss bank loan amortisation.

	1H20 £'m	FY19 £'m
Borrowings	**2 006**	1 982
Less: cash and cash equivalents	**(231)**	(265)
Net debt	**1 775**	1 717
Total equity	**3 449**	3 266
Debt-to-equity capital ratio	**51.5%**	52.6%

ASSETS

Property, equipment and vehicles increased from £3 524m as at 31 March 2019 to £4 386m at 30 September 2019, mainly due to the inclusion of right of use assets of £681m at 30 September 2019 since the adoption of IFRS 16 Leases standard. Intangible assets increased from £1 586m to £1 652m at 30 September 2019. Due to the continued investment to support growth and to enhance patient experience and clinical quality, the abovementioned non-current assets included an increase of £79m on capital projects and fixed asset additions. Furthermore, the change in the closing exchange rate increased the closing balances of property, equipment and vehicles and intangible assets.

	1H20 £'m	1H19 £'m
Pre-IFRS 16 depreciation and amortisation	**85**	76
Depreciation on right of use assets	**23**	n/a
IFRS 16 depreciation and amortisation	**108**	76

In line with the continued investment to support growth and to enhance patient experience and clinical quality, the pre-IFRS 16 depreciation and amortisation charge increased by 12% to £85m.

HIRSLANDEN PENSION PLAN

Hirslanden provides defined contribution pension plans in terms of Swiss legislation to employees, the assets of which are held in separate trustee-administered funds. These plans are funded by payments from employees and Hirslanden, taking into account the recommendations of independent qualified actuaries. Because of the strict definition of defined contribution plans in IAS 19 these plans are classified as defined benefit plans since the funds are obliged to take some investment and longevity risk in terms of Swiss legislation.

The IAS 19 pension liability was valued by the actuaries at the end of the period and amounted to a liability of £88m (31 March 2019: a liability of £52m), included under “Retirement benefit obligations” in the Group’s statement of financial position. The increase in the pension liability was largely due to the decrease of the discount rate from 0.45% to -0.05% due to the reduction in Swiss benchmark rates as well as changes in actuarial assumptions.

FINANCE COSTS

Pre-IFRS 16 net finance costs are up by 7% at £29m (1H19: £27m) mainly due to the discontinued capitalisation of borrowing costs following the opening of Mediclinic Parkview Hospital.

	1H20 £'m	1H19 £'m
Pre-IFRS 16 net finance costs	**29**	27
Interest on lease liabilities	**11**	n/a
IFRS 16 net finance costs	**40**	27

INCOME TAX

The Group's effective tax rate for the period under review was (10%) (1H19: (6%)), mainly due to the reduction in Hirslanden's deferred tax liabilities resulting from corporate tax reforms in Switzerland. Hirslanden's expected weighted statutory tax rate for FY20 reduced by 1.7% to 16.8% mainly due to the reduction in Swiss statutory tax rates.

Excluding the one-off Swiss tax rate changes and exceptional non-deductible expenses in the prior period, the adjusted effective tax rate would be 21.7% (1H19: 23.4%) for the period ended 30 September 2019.

Adjusted income tax was calculated as follows:

	1H20 £'m	1H19 £'m
Income tax (credit) / expense	**(11)**	8
Swiss tax rate changes	**35**	-
Tax impact of exceptional items	**(1)**	18
- (Reversal of impairment) / impairment of properties	**(1)**	7
- Impairment of trade names	**-**	11
Adjusted income tax expense	**23**	26

DIVIDEND POLICY AND DIVIDEND DECLARATION

The Group's dividend policy is to target a pay-out ratio of between 25% and 35% of full-year adjusted earnings. The Board may revise the policy at its discretion.

The Board declared an interim dividend from retained earnings of 3.20 pence per ordinary share for the six months ended 30 September 2019. Shareholders on the South African register will be paid the ZAR cash equivalent of 60.83200 cents (48.6656 cents net of dividend withholding tax) per share. A dividend withholding tax of 20% will be applicable to all shareholders on the South African register who are not exempt therefrom. The ZAR cash equivalent has been calculated using the following exchange rate: £1: ZAR19.01, being the 5-day average £/ZAR exchange rate (Bloomberg) on Friday, 8 November 2019 at 3:00pm GMT.

The interim dividend will be paid on Tuesday, 17 December 2019 to all ordinary shareholders who are on the register of members at the close of business on the record date of Friday, 6 December 2019.

The salient dates for the dividend will be as follows:

Dividend announcement date	Thursday, 14 November 2019
Last date to trade cum dividend (SA register)	Tuesday, 3 December 2019
First date of trading ex-dividend (SA register)	Wednesday, 4 December 2019
First date of trading ex-dividend (UK register)	Thursday, 5 December 2019
Record date	Friday, 6 December 2019
Payment date	Tuesday, 17 December 2019

Share certificates may not be dematerialised or rematerialised within Strate from Wednesday, 4 December 2019 to Friday, 6 December 2019, both dates inclusive. No transfers between the UK and SA registers may take place from Thursday, 14 November 2019 to Friday, 6 December 2019, both days inclusive.

Tax treatment for shareholders on the South African register

South African tax resident shareholders on the South African register:
In terms of the Company's Dividend Access Trust structure, the following South African tax resident shareholders on the South African register will receive a component of the dividend from the Dividend Access Trust and therefore regarded as a local South African dividend, with the remaining component being received from the Company and therefore regarded as a foreign non-South African dividend. For purposes of South African dividend withholding tax, the entire dividend of 60.83200 cents per share is taxable at a rate of 20%, unless an applicable exemption applies:

1. in the case of shares held in certificated form, who are registered on the South African register with an address in South Africa (other than PLC Nominees Proprietary Limited (or any successor entity through which shares held in dematerialised form are held)); and
2. in the case of shares held in dematerialised form, in respect of whom the South African transfer secretaries of the Company have determined, in good faith and by reference to the information provided to them by the eligible shareholders and/or their brokers and/or central securities depository participants, that such eligible shareholders are either (i) tax resident in South Africa or (ii) have an address in South Africa and have not expressly indicated that they are not tax resident in South Africa as at the dividend record date.

The component of the dividend payable by the Dividend Access Trust and by the Company will be announced on the JSE's Stock Exchange News Service and on the LSE's Regulatory News Service as soon as possible after the record date, 6 December 2019, of the dividend.

Non-South African tax resident shareholders on the South African register:
Non-South African tax resident shareholders on the South African register will be paid the dividend by the Company in the usual way and not through the Dividend Access Trust. The entire dividend of 60.83200 cents per share payable to such shareholders will therefore be regarded as a foreign dividend and exempt from South African dividend withholding tax, provided that the relevant exemption forms have been completed and submitted as prescribed.

PRINCIPAL RISKS

The Board is ultimately accountable for the Group's risk management process and system of internal control. The executive management and the Board have reviewed the principal risks and mitigating factors, and consider that they remain the same as described on pages 55 to 59 of the Group's Annual Report and Financial Statements for the year ended 31 March 2019 (a copy of which is available on the Group's website at www.mediclinic.com), and are appropriate for the remaining six months period to 31 March 2020.

- **Regulatory and compliance risks** — These risks relate to adverse changes in legislation and regulations impacting on the Group or the failure to comply with legislation and regulations which may result in losses, fines, penalties or damage to reputation. The risks include healthcare reform by regulators aimed at reducing the cost of healthcare, broadening the access to quality healthcare and increasing the monitoring of quality standards by regulators.
- **Information systems security and cyber risk** — Information systems security risk and cyber risk relate to the unauthorised access to information systems through external or internal attack or unauthorised breach resulting in the unavailability of systems, failure of data integrity and data confidentiality breaches.
- **Business investment and acquisition risks** — These risks relate to increased financial exposure relating to major strategic business investments and acquisitions. The risk includes the sensitivity of the assumptions made when capital is allocated and the effective implementation of major investment decisions.
- **Business project risks** — The Group plans to adapt to the evolving regulatory, industry and market environment. These risks refer to issues or occurrences that may potentially interfere with successful completion of projects, including timeliness, cost and quality.
- **Economic and business environment risks** — These risks relate to the downturn in the general economic and business environments impacting on the affordability of healthcare for funders and self-paying patients. The business environment risks include the potential negative impact on tariffs and fees resulting from the shift of the relative positioning away from healthcare service providers toward funders. Changes in the political, economic and business environment in the United Kingdom could have an indirect impact on the carrying value of the Group's equity accounted investment in Spire.
- **Competition risks** — These risks relate to the uncertainty created by the existence of competitors or the emergence of new competitors with their own strategies. The risk includes the outmigration of care, partly driven by further technological developments, and the development of alternative care models.
- **Clinical risks** — These risks relate to all clinical risks associated with the provision of clinical care resulting in undesirable clinical outcomes. Clinical risks at the Group's facilities are managed daily. High-priority clinical risk areas include patient safety culture, adverse obstetric outcomes, medication errors, surgical and procedural adverse events and multidrug resistant organisms. Such risks may also result in damage to Mediclinic's reputation and impact on brand equity. Brand equity refers to the commercial value derived from the consumer perception of the Group's brand names rather than the services provided under those brand names.
- **Disruptive innovation and digitalisation risks** — Disruptive innovation and digitalisation risks include the disintermediation and erosion of the Mediclinic business model due to the impact of technological development. It refers to the extent and speed that new technologies (and combinations thereof) change and transform industries and to what extent an organisation is able to exploit these opportunities and also being able to respond and innovate, while managing associated risks.
- **Availability, recruitment and retention of skilled resources and medical practitioners** — The availability and support of admitting medical practitioners, whether independent or employed, are critical to the Group's services. There is a shortage of skilled labour, particularly a shortage of qualified and experienced nursing staff in Southern Africa.

• Availability and cost of capital risks (Including financing and liquidity risks)	These risks relate to the cost, terms and availability of capital to finance strategic expansion opportunities and/or the refinancing or restructuring of existing debt affected by prevailing capital market conditions.
• Operational and credit risks	Operational risk refers to diverse types of operational events with a potential for financial loss, operational interruptions or reputational damage. Credit risk is the risk of loss due to a funder's inability to pay the outstanding balance owing, default by banks and/or other deposit-taking institutions, or the inability to recover outstanding amounts due from patients.
• Quality and stability of operational services risks	These risks refer to the quality of service and the stability of the operations. It includes: • incidents of poor service or where operational management fail to respond effectively to complaints; • operational interruptions which refer to any disruption of the facility and may include the threat of disrupted electricity or water supply; and • fire and allied perils causing damage or business interruption.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that these condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated financial information and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the Mediclinic International plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the condensed consolidated financial information since they were initially presented on the website.

The names and functions of the Company's Directors are listed on the Company's website.

By order of the Board.

13 November 2019

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.

INDEPENDENT REVIEW REPORT TO MEDICLINIC INTERNATIONAL PLC

Report on the condensed consolidated financial information

Our conclusion

We have reviewed Mediclinic International plc's condensed consolidated financial information (the "**interim financial statements**") in the interim results announcement of Mediclinic International plc for the six month period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated statement of financial position at 30 September 2019;
- the condensed consolidated income statement and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed consolidated financial information.

The interim financial statements included in the interim results announcement have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results announcement, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results announcement in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results announcement based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim results announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
13 November 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2019

	Notes	30 Sep 2019 (Unaudited) £'m	31 Mar 2019* (Audited) £'m
ASSETS			
Non-current assets		**6 272**	5 336
Property, equipment and vehicles	4	**4 386**	3 524
Intangible assets	5	**1 652**	1 586
Equity-accounted investments	6	**193**	193
Other investments and loans		**10**	10
Deferred income tax assets		**31**	23
Current assets		**1 075**	1 091
Inventories		**93**	88
Trade and other receivables		**729**	732
Other investments and loans		**1**	1
Current income tax assets		**5**	1
Cash and cash equivalents		**231**	265
Assets classified as held-for-sale	14	**16**	4
Total assets		**7 347**	6 427
EQUITY			
Capital and reserves			
Share capital		**74**	74
Share premium reserve		**690**	690
Retained earnings		**4 778**	4 769
Other reserves		**(2 211)**	(2 382)
Attributable to equity holders of the Company		**3 331**	3 151
Non-controlling interests		**118**	115
Total equity		**3 449**	3 266
LIABILITIES			
Non-current liabilities		**3 312**	2 577
Borrowings	7	**1 925**	1 895
Lease liabilities	8	**661**	-
Deferred income tax liabilities		**411**	424
Retirement benefit obligations	9	**182**	138
Provisions		**33**	29
Derivative financial instruments		**99**	91
Cash-settled share-based payment liabilities		**1**	-
Current liabilities		**586**	584
Trade and other payables		**428**	462
Borrowings	7	**81**	87
Lease liabilities	8	**45**	-
Provisions		**14**	15
Retirement benefit obligations	9	**13**	11
Derivative financial instruments		**1**	-
Current income tax liabilities		**1**	8
Liabilities classified as held-for-sale	14	**3**	1
Total liabilities		**3 898**	3 161
Total equity and liabilities		**7 347**	6 427

** Refer to note 2 for explanation of purchase price allocation adjustment.*

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 September 2019

	Notes	**30 Sep 2019 (Unaudited) £'m**	(Re-presented)* 30 Sep 2018 (Unaudited) £'m
Revenue		**1 515**	1 390
Cost of sales		**(975)**	(875)
Administration and other operating expenses		**(391)**	(476)
Reversal of impairment / (impairment) of properties	4	**5**	(43)
Impairment of intangible assets	5	**-**	(55)
Other administration and operating expenses		**(396)**	(378)
Other gains and losses **		**-**	-
Operating profit		**149**	39
Finance income		**5**	4
Finance cost	10	**(45)**	(31)
Share of net profit of equity accounted investments		**2**	2
Impairment of equity accounted investment		**-**	(164)
Profit/(loss) before tax		**111**	(150)
Income tax credit / (expense)	11	**11**	(8)
Profit/(loss) for the period		**122**	(158)
Attributable to:			
Equity holders of the Company		**109**	(168)
Non-controlling interests		**13**	10
		122	(158)
Profit/(loss) per ordinary share attributable to the equity holders of the Company - pence			
Basic	12	**14.8**	(22.8)
Diluted	12	**14.8**	(22.8)

** Refer to note 2*
*** Less than £0.5 million*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2019

	30 Sep 2019 (Unaudited) £'m	(Re-presented)* 30 Sep 2018 (Unaudited) £'m
Profit/(loss) for the period	**122**	(158)
Other comprehensive income/(loss)		
Items that may be reclassified to the income statement	**174**	171
Currency translation differences	**176**	169
Fair value adjustment - cash flow hedges	**(2)**	2
Items that may not be reclassified to the income statement	**(25)**	20
Remeasurements of retirement benefit obligations	**(25)**	20
Other comprehensive income, net of tax	**149**	191
Total comprehensive income for the period	**271**	33
Attributable to:		
Equity holders of the Company	**255**	32
Non-controlling interests	**16**	1
	271	33

** Refer to note 2*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2019

	Share capital £'m	Capital redemption reserve £'m	Share premium reserve £'m	Reverse acquisition reserve £'m	Treasury shares £'m	Share-based payment reserve £'m	Foreign currency translation reserve £'m	Hedging reserve £'m	Retained earnings £'m	Attributable to equity holders of the Company £'m	Non-controlling interests £'m	Total equity £'m
Balance at 1 April 2019 (audited)	74	6	690	(3 014)	-	-	628	(2)	4 769	3 151	115	3 266
IFRS 16 transition adjustment	-	-	-	-	-	-	-	-	(37)	(37)	-	(37)
Restated at 1 April 2019 (unaudited)	**74**	**6**	**690**	**(3 014)**	**-**	**-**	**628**	**(2)**	**4 732**	**3 114**	**115**	**3 229**
(Loss)/profit for the period	-	-	-	-	-	-	-	-	109	109	13	122
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	173	(2)	(25)	146	3	149
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	173	(2)	84	255	16	271
Non-controlling shareholders acquired	-	-	-	-	-	-	-	-	(3)	(3)	2	(1)
Dividends paid	-	-	-	-	-	-	-	-	(35)	(35)	(15)	(50)
Balance at 30 September 2019 (unaudited)	**74**	**6**	**690**	**(3 014)**	**-**	**-**	**801**	**(4)**	**4 778**	**3 331**	**118**	**3 449**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2018

	Share capital £'m	Capital redemption reserve £'m	Share premium reserve £'m	Reverse acquisition reserve £'m	Treasury shares £'m	Share-based payment reserve £'m	Foreign currency translation reserve £'m	Hedging reserve £'m	Retained earnings £'m	Attributable to equity holders of the Company £'m	Non-controlling interests £'m	Total equity £'m
Balance at 1 April 2018 (audited)	74	6	690	(3 014)	(1)	1	468	5	5 057	3 286	87	3 373
IFRS 9 transition adjustment	-	-	-	-	-	-	-	-	(2)	(2)	-	(2)
Restated at 1 April 2018 (unaudited)	**74**	**6**	**690**	**(3 014)**	**(1)**	**1**	**468**	**5**	**5 055**	**3 284**	**87**	**3 371**
(Loss)/profit for the period	-	-	-	-	-	-	-	-	(168)	(168)	10	(158)
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	178	2	20	200	(9)	191
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	178	2	(148)	32	1	33
Transfer to other reserves	-	-	-	-	-	-	7	(7)	-	-	-	-
Non-controlling shareholders acquired	-	-	-	-	-	-	-	-	-	-	2	2
Settlement of Forfeitable Share Plan	-	-	-	-	1	(1)	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(35)	(35)	(7)	(42)
Balance at 30 September 2018 (unaudited)	**74**	**6**	**690**	**(3 014)**	**-**	**-**	**653**	**-**	**4 872**	**3 281**	**83**	**3 364**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2019

	Notes	**30 Sep 2019 (Unaudited) £'m Inflow/(outflow)**	30 Sep 2018 (Unaudited) £'m Inflow/(outflow)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations		**248**	146
Interest received		**5**	4
Interest paid		**(38)**	(39)
Tax paid		**(35)**	(30)
Net cash generated from operating activities		**180**	81
CASH FLOW FROM INVESTMENT ACTIVITIES		**(73)**	(131)
Investment to maintain operations		**(34)**	(47)
Investment to expand operations		**(42)**	(72)
Acquisition of subsidiaries	13	**-**	(13)
Dividends received from equity-accounted investment		**3**	3
Acquisition of other investments and loans		**-**	(2)
Net cash generated / (utilised) before financing activities		**107**	(50)
CASH FLOW FROM FINANCING ACTIVITIES		**(148)**	36
Distributions to non-controlling interests		**(15)**	(7)
Distributions to shareholders	17	**(35)**	(35)
Transaction with non-controlling interest		**(1)**	2
Proceeds from borrowings		**-**	110
Repayment of borrowings		**(72)**	(31)
Refinancing transaction costs		**(1)**	(3)
Repayment of lease liabilities		**(24)**	-
Net decrease in cash and cash equivalents		**(41)**	(14)
Opening balance of cash and cash equivalents		**265**	261
Exchange rate fluctuations on foreign cash		**9**	(5)
Closing balance of cash and cash equivalents		**233**	242
Cash and cash equivalents		**231**	242
Cash and cash equivalents classified as assets held for sale		**2**	-
		233	242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Mediclinic is an international private hospital group with operations in Switzerland, Southern Africa (South Africa and Namibia) and the United Arab Emirates. Its core purpose is to enhance the quality of life. Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, a LSE-listed and UK-based private hospital group.

The Company is a public limited company, with a primary listing on the LSE and secondary listings on the JSE and the NSX and incorporated and domiciled in the UK (registered number: 08338604). The address of its registered office is 6th Floor, 65 Gresham Street, London, EC2V 7NQ, United Kingdom.

The condensed consolidated financial information for the six months ended 30 September 2019 was approved by the Board on 13 November 2019.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information is prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), the Companies Act 2006 and Article 4 of the EU IAS Regulations.

The results announcement has been prepared applying consistent accounting policies to those applied by the Group in the 31 March 2019 financial year, except for the estimation of income tax in accordance with IAS 34 at 30 September 2019 and subject to the adoption of IFRS 16 at 1 April 2019. The Group has prepared the condensed consolidated interim financial information on a going concern basis. The condensed consolidated financial statements has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting, as adopted by the EU. They do not include all the information required for full annual financial statements and should be read in conjunction with information contained in the Group's Annual Report and Financial Statements for the year ended 31 March 2019. The condensed consolidated interim financial information has been reviewed, not audited.

This results announcement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. Statutory accounts for the year ended 31 March 2019 were approved by the Board of Directors on 22 May 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under sections 498(2) or (3) of the Companies Act 2006.

The Group has adopted IFRS 16 from 1 April 2019. Refer to note 15 for a description of the changes in accounting policies.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results might differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2019, with the exception of the following new critical judgement in determining lease terms under IFRS 16:

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows have not been included in the lease liability for certain lease contracts, because it is not reasonably certain that the leases will be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Functional and presentation currency
The condensed consolidated financial statements are presented in pounds sterling, rounded to the nearest million. The functional currency of the majority of the Group's entities, and the currencies of the primary economic environments in which they operate, is the Swiss franc, South African rand and United Arab Emirates dirham. The United Arab Emirates dirham is pegged against the United States dollar at a rate of 3.6725 per US dollar.

Income statement reclassification
The income statement for the period ended 30 September 2018 has been re-presented to reclassify certain costs of the Southern African segment that were previously shown as a reduction of revenue. The impact of the reclassification was an increase in revenue and cost of sales of £3m. The reclassification had no impact on reported cash, profits or net assets.

Finalisation of purchase price allocation (PPA)
In accordance with IFRS 3, the statement of financial position at 31 March 2019 has been adjusted as a result of the finalisation of Intercare Hospital Group's PPA.

	Previously 31 Mar 2019 £'m	Adjustment £'m	Restated 31 Mar 2019 £'m
Trade and other payables	464	(2)	462
Intangible assets	1 587	(1)	1 586
Deferred income tax liabilities	423	1	424

3. SEGMENTAL REPORT

The reportable segments are identified as follows: Switzerland, Southern Africa, Middle East and additional segments are shown for the United Kingdom and Corporate.

Period ended 30 September 2019	Total £'m	Reportable operating segments: Switzerland £'m	Reportable operating segments: Southern Africa £'m	Reportable operating segments: Middle East £'m	Other: United Kingdom £'m	Other: Corporate £'m
Revenue	1 515	696	469	350	-	-
EBITDA	252	113	97	44	-	(2)
EBITDA before management fee	252	116	100	46	-	(10)
Management fees included in EBITDA	-	(3)	(3)	(2)	-	8
Depreciation and amortisation	(108)	(62)	(19)	(27)	-	-
Reversal of impairment of properties	5	5	-	-	-	-
Operating profit/(loss)	149	56	78	17	-	(2)
Income from associate	2	-	-	-	2	-
Finance income	5	-	4	-	-	1
Finance cost (excluding intersegment loan interest)	(45)	(15)	(20)	(10)	-	-
Total finance cost	(45)	(24)	(20)	(10)	-	9
Elimination of intersegment loan interest	-	9	-	-	-	(9)
Taxation	11	30	(19)	-	-	-
Segment result	122	71	43	7	2	(1)
At 30 September 2019						
Investments in associates	189	2	3	4	180	-
Investments in joint ventures	4	-	4	-	-	-
Capital expenditure	79	20	33	26	-	-
Total segment assets	7 347	4 039	766	2 300	180	62
Total segment liabilities (excluding intersegment loan)	3 898	2 649	642	688	-	(81)
Total liabilities from reportable segment	4 801	3 552	642	688	-	(81)
Elimination of intersegment loan	(903)	(903)	-	-	-	-

3. SEGMENTAL REPORT (continued)

		Reportable operating segments			Other	
Period ended 30 September 2018	**Total £'m**	**Switzerland £'m**	**Southern Africa* £'m**	**Middle East £'m**	**United Kingdom £'m**	**Corporate £'m**
Revenue	1 390	631	452	307	-	-
EBITDA	213	90	95	29	-	(1)
EBITDA before management fee	213	93	98	30	-	(8)
Management fees included in EBITDA	-	(3)	(3)	(1)	-	7
Other gains and losses	-	-	1	-	-	(1)
Depreciation and amortisation	(76)	(46)	(15)	(15)	-	-
Impairment of properties	(43)	(43)	-	-	-	-
Impairment of intangible assets	(55)	(55)	-	-	-	-
Operating profit/(loss)	39	(54)	81	14	-	(2)
Income from associate	2	-	-	-	2	-
Impairment of associate	(164)	-	-	-	(164)	-
Finance income	4	-	4	-	-	-
Finance cost (excluding intersegment loan interest)	(31)	(11)	(18)	(2)	-	-
Total finance cost	(31)	(19)	(18)	(2)	-	8
Elimination of intersegment loan interest	-	8	-	-	-	(8)
Taxation	(8)	12	(20)	-	-	-
Segment result	(158)	(53)	47	12	(162)	(2)
At 31 March 2019						
Investments in associates	189	2	3	4	180	-
Investments in joint ventures	4	-	4	-	-	-
Capital expenditure	232	72	65	94	-	1
Total segment assets	6 427	3 532	708	1 965	182	40
Total segment liabilities (excluding intersegment loan)	3 161	2 182	592	385	-	2
Total liabilities from reportable segment	4 059	3 080	592	385	-	2
Elimination of intersegment loan	(898)	(898)	-	-	-	-

** Refer to note 2*

4. PROPERTY, EQUIPMENT AND VEHICLES

	30 Sep 2019 £'m	31 Mar 2019 £'m
Land - cost	**941**	889
Buildings	**2 311**	2 200
Capital expenditure in progress	**111**	81
Right-of-use assets (see note 8)	**681**	-
Equipment	**296**	311
Furniture and vehicles	**46**	43
	4 386	3 524

Cash generating unit (CGU) impairment indicators

Property, equipment and vehicles are considered for impairment if impairment indicators are identified at an individual CGU level. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group defines CGUs as combined inter-dependent hospitals and/or clinics or as individual hospitals depending on the geographical location or the degree of integration. The impairment assessment is performed at CGU level and any impairment charge that arises would be allocated to the CGU's goodwill first, followed by other assets (such as property, equipment and vehicles and other intangible assets).

Impairment assessment

At 30 September 2019, the Group performed a review of impairment indicators of all the CGUs and concluded that no impairment was required. At 30 September 2018 and 31 March 2019, Swiss property, equipment and vehicles were impaired by £43m and £143m respectively.

Reversal of impairment

During the period, Klinik Belair was classified as a disposal group held for sale and a reversal of previously recognised impairment charges in respect of properties of £5m was recognised given that the expected disposal proceeds exceeded the carrying value after impairment charges booked in the prior period. Refer to note 14.

Swiss CGUs

After accounting for impairments in the prior period, some CGUs within Hirslanden have limited head room and remain sensitive to reasonably possible changes in key assumptions in the fair value less cost to sell calculations. As a result, any increase in the discount rate or decreases in the short-term cash flow projections or long-term growth rates could give rise to further material impairment charges in future periods.

Any impairment determined at a CGU level under IAS 36 will include an assessment of the recoverable amount of Hirslanden's owned properties, which are subject to a third party valuation at least annually. This valuation applies a consistent methodology across key assumptions to determine the rental charges based on appropriate and market-related metrics, which is discounted using a market-related discount rate to determine the value of the properties. Therefore, there is a risk that this valuation could materially change in future periods.

5. INTANGIBLE ASSETS

	30 Sep 2019 £'m	31 Mar 2019 £'m
Goodwill	**1 538**	1 450
Trade names	**45**	53
Computer software	**69**	60
Favourable lease contracts*	**-**	23
	1 652	1 586

** Relates to favourable lease contracts on buildings. The leases are characterised by fixed annual rent with no annual rent escalations for majority of the contract. This was reclassified on 1 April 2019 on adoption of IFRS16 to right of use assets within property, equipment and vehicles.*

Impairment testing of goodwill and trade names

Although no impairment indicators were identified at 30 September 2019 in respect of the Middle East goodwill, the balance remains sensitive to any increase in the discount rate or decreases in the short-term cash flow projections or long-term growth rate which could give rise to material impairment charges in future periods due to the reduced headroom to the current carrying value.

At 30 September 2018, the Hirslanden and Linde trade names were fully impaired by £55m.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION (continued)

6. EQUITY ACCOUNTED INVESTMENTS

	30 Sep 2019 £'m	31 Mar 2019 £'m
Investment in associates	**189**	189
Investment in joint venture	**4**	4
	193	193

	30 Sep 2019 £'m	31 Mar 2019 £'m
Listed investment	**180**	180
Unlisted investments	**9**	9
	189	189
Reconciliation of carrying value at the beginning and end of the period		
Opening balance	**189**	352
IFRS 9 transition adjustment	**-**	(2)
IFRS 16 transition adjustment *	**-**	-
Additional investment in unlisted associate	**-**	4
Share of net profit of associated companies	**2**	3
Impairment of listed associate	**-**	(164)
Dividends received from associated companies	**(3)**	(4)
Exchange rate differences	**1**	-
	189	189

** As a result of prior period impairment charges, no adjustment was required to the carrying value of the investment in Spire on adoption of IFRS 16. The transition adjustment resulted in a decrease of the Group's share of Spire's net assets on adoption of IFRS 16 by £22m together with a consequential transitional adjustment to reduce the group's impairment provision in Spire by the same amount. Accordingly, the Group's carrying amount of its investment in associates was not impacted on the transition to IFRS 16.*

Set out below are details of the associate which is material to the Group:

	Country of incorporation and place of business	% ownership
Spire Healthcare Group plc (Spire)	**United Kingdom**	**29.9%**

Spire is listed on the London Stock Exchange. It does not publish quarterly financial information and has a December year-end. The investment in associate was equity accounted for the 6 months to 30 June 2019 (31 March 2019: 12 months to 31 December 2018).

At 30 September 2019, the market value of the investment in Spire was £134m, which was below the carrying value. Consequently, the Group performed an impairment test by updating the inputs applied in the value in use calculation performed at 31 March 2019. The impairment test was prepared based on the Group's expectations of Spire's future trading performance and considered external sources of information, including recent investor analyst valuations and target prices published since the half year results announcement by Spire in September 2019.

Expectations of cash flows in the short- and medium-term were broadly in line with those at 31 March 2019. There was no material change in inputs related to the discount rate or the long-term growth rate from 31 March 2019. The carrying value of the investment of £180m remains sensitive to any reasonable changes in key assumptions which could result in material impairment charges in future periods.

7. BORROWINGS

	30 Sep 2019 £'m	31 Mar 2019 £'m
Bank loans	**1 713**	1 703
Preference shares	**98**	96
Listed bonds	**192**	181
Other liabilities	**3**	2
	2 006	1 982
Non-current borrowings	**1 925**	1 895
Current borrowings	**81**	87
Total borrowings	**2 006**	1 982

		30 Sep 2019 £'m Non-current	30 Sep 2019 £'m Current	31 Mar 2019 £'m Non-current	31 Mar 2019 £'m Current
	Swiss operations (denominated in Swiss franc)				
Secured bank loan one	These loans bear interest at variable rates linked to the 3M LIBOR plus 1.25%. The remaining balances are repayable by 30 September 2025.	**1 083**	**66**	1 066	77
Secured bank loan two	These loans were acquired as part of the Linde acquisition and bear interest at a fixed rate of 1.12%. CHF0.5m is repayable on 30 June and 31 December every year. The remaining balances are repayable during May 2023.	**16**	**1**	14	1
Secured bank loan three	This fixed interest mortgage loan was acquired as part of the Linde acquisition and bears interest at 0.9% compounded quarterly. The loan is repayable by December 2023.	**8**	**-**	8	-
Secured bank loan four	These loans did bear interest at rates linked to the 3M LIBOR plus 1.4%.	**-**	**-**	12	-
Listed bonds	The listed bonds consist of CHF145m 1.625% and CHF90m 2% Swiss franc bonds. The bonds are repayable on 25 February 2021 and 25 February 2025 respectively.	**192**	**-**	181	-
Secured long term finance	These liabilities bear interest at variable rates ranging between 1% and 12% and are repayable in equal monthly payments in periods ranging from 1-7 years.	**2**	**1**	1	1
	Balance carried forward	**1 301**	**68**	1 282	79

7. BORROWINGS (continued)

		30 Sep 2019 £'m Non-current	30 Sep 2019 £'m Current	31 Mar 2019 £'m Non-current	31 Mar 2019 £'m Current
	Balance carried forward	**1 301**	**68**	1 282	79
	Southern African operations (denominated in South African rand)				
Secured bank loan one	The loan bears interest at the 3M JIBAR variable rate plus a margin of 1.49% compounded quarterly and is repayable on 26 September 2022.	**138**	**1**	136	1
Secured bank loan two	The loan bears interest at the 3M JIBAR variable rate plus a margin of 1.59% compounded quarterly and is repayable on 26 September 2023.	**192**	**1**	189	1
Secured bank loan five	These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and twelve years.	**3**	**2**	6	1
Preference shares	Dividends are payable monthly at a rate of 72% of 3M JIBAR plus a margin of 1.65%. The outstanding balance will be redeemed on 26 September 2022.	**97**	**1**	95	1
	Middle East operations (denominated in UAE dirham)				
Secured bank loan one	The loan bears interest at variable rates linked to the 3M LIBOR and a margin of 1.85% with five-year amortising terms, expiring in August 2023.	**194**	**8**	187	4
		1 925	**81**	1 895	87

8. LEASES

This note provides information for leases where the Group is the lessee. Refer to note 15 for a detailed explanation of the impact of the adoption of IFRS 16 *Leases* on the Group's financial statements.

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	30 Sep 2019 £'m
Right-of-use assets	
Buildings	680
Equipment	1
	681
Right-of-use assets by operating segment	
Switzerland	402
Southern Africa	36
Middle East	243
	681

	30 Sep 2019 £'m
Lease liabilities	
Switzerland	405
Southern Africa	46
Middle East	255
	706
- Non-current lease liabilities	661
- Current lease liabilities	45
	706

8. LEASES (continued)

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	30 Sep 2019 £'m
Depreciation charge of right-of-use assets	
Buildings	23
	23
Interest expense on lease liabilities (refer to note 10)	11
Expense relating to short-term leases and leases of low-value assets	4
Expense relating to variable lease payments not included in lease liabilities	-

The total cash outflow for leases was £31m.

9. RETIREMENT BENEFIT OBLIGATIONS

The assumptions underlying the valuation of the Swiss pension benefit obligation were reassessed during the period and the discount rate was adjusted to -0.05% (FY19: 0.45%) due to the reduction in Swiss benchmark rates. Consequently, the net Swiss pension benefit obligation increased from £52m at 31 March 2019 to £88m at 30 September 2019.

10. FINANCE COSTS

	30 Sep 2019 £'m	30 Sep 2018 £'m
Interest expenses	**31**	24
Interest on lease liabilities	**11**	-
Amortisation of capitalised financing costs	**1**	4
Preference share dividend	**3**	7
Less: amounts included in cost of qualifying assets	**(1)**	(4)
	45	31

11. INCOME TAX EXPENSE

	30 Sep 2019 £'m	30 Sep 2018 £'m
Current tax		
Current year	**23**	24
Previous year	**-**	-
Deferred tax	**(34)**	(16)
Taxation (credit) / expense	**(11)**	8
Composition		
UK tax	**-**	-
Foreign tax	**(11)**	8
	(11)	8

The tax charge for the period has been calculated using an estimate of the effective annual rate of tax for the full year by operating division. This rate has been applied to the pre-tax profits for the six months ended 30 September 2019, with adjustments made for non-recurring items in the period. The effective tax rate on the profit before tax was (10%) (1H19: (6%)).

The following significant item affecting the effective tax rate for the current period was identified:

- Corporate tax reforms in Switzerland led to the reduction in deferred tax liabilities amounting to £35m and a corresponding reduction to the tax charge.

The following significant items affecting the effective tax rate for the prior period were identified:

- Impairment of the listed associate of £164m was not deductible for tax purposes. The tax effect amounted to £31m (decrease of 21% in effective tax rate); and
- The impairment of the properties (£43m) and the impairment of trade names (£55m) in Switzerland led to the release of deferred tax liabilities of £7m and £11m respectively. The impact on the effective tax rate was minimal.

If the abovementioned significant items were excluded from the effective tax rate calculation, the adjusted effective tax rate would be 21.7% (1H19: 23.4%).

12. EARNINGS PER ORDINARY SHARE

	30 Sep 2019 £'m	30 Sep 2018 £'m
Profit/(loss) per ordinary share (pence)		
Basic (pence)	**14.8**	(22.8)
Diluted (pence)	**14.8**	(22.8)
Earnings reconciliation		
Profit/(loss) attributable to equity holders of the Company	**109**	(168)
Adjusted for:		
No adjustments	**-**	-
Profit/(loss) for basic and diluted earnings per share	**109**	(168)
Number of shares reconciliation		
Weighted average number of ordinary shares in issue for basic earnings per share		
Number of ordinary shares in issue at the beginning of the year	**737 243 810**	737 243 810
Weighted average number of treasury shares	**(32 330)**	(66 664)
Mpilo Trusts	**(32 330)**	(32 330)
Forfeitable Share Plan	**-**	(34 334)
	737 211 480	737 177 146
Weighted average number of ordinary shares in issue for diluted earnings per share		
Weighted average number of ordinary shares in issue	**737 211 480**	737 177 146
Weighted average number of treasury shares held not yet released from treasury stock	**32 330**	66 664
Mpilo Trusts	**32 330**	32 330
Forfeitable Share Plan	-	34 334
	737 243 810	737 243 810

12. EARNINGS PER ORDINARY SHARE (continued)

Headline earnings per ordinary share

The Group is required to calculate headline earnings per share (HEPS) in accordance with the JSE Ltd (JSE) Listings Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 04/2018 (Revised) *Headline Earnings*. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa. The table below reconciles the profit for the financial year attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

	30 Sep 2019 £'m	30 Sep 2018 £'m
Headline earnings per share		
Profit/(loss) for basic and diluted earnings per share	**109**	(168)
Adjustments		
Impairment of equity accounted investment	**-**	164
(Reversal of impairment) / impairment of properties and intangible assets	**(4)**	80
(Profit) / loss on disposal of subsidiaries	-	(1)
Associate's impairment of property, plant and equipment	-	4
Headline earnings	**105**	79
HEPS (pence)	**14.2**	10.7
Diluted HEPS (pence)	**14.2**	10.7

13. BUSINESS COMBINATIONS

The following business combinations occurred during the period:

	30 Sep 2019 £'m	30 Sep 2018 £'m
Cash flow on acquisition:		
City Centre Clinics Deira and Me'aisem	-	(7)
Welkom Medical Centre	-	(6)
	-	(13)

14. DISPOSAL GROUPS HELD FOR SALE

During the 2020 financial year, management decided to sell Klinik Belair Hospital within the Switzerland segment. In the prior year, management decided to sell Al Musafah Speciality Clinics within the Mediclinic Middle East segment.

	30 Sep 2019 £'m	31 Mar 2019 £'m
Analysis of assets and liabilities held-for-sale		
Assets		
Property, equipment and vehicles	**9**	1
Inventories	**1**	-
Trade and other receivables	**4**	3
Cash and cash equivalents	**2**	-
Total assets	**16**	4
Liabilities		
Retirement benefit obligations	**1**	1
Deferred income tax liabilities	**1**	-
Trade and other payables	**1**	-
Total liabilities	**3**	1

15 CHANGES IN ACCOUNTING POLICIES

The Group adopted IFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2019 reporting period as permitted under the specific transition provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 April 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 April 2019. The weighted average incremental borrowing rates applied to the lease liabilities on 1 April 2019 were as follows for each division:

- Switzerland: 0.8% to 2.0%
- Southern Africa: 8.7% to 9.8%
- Middle East: 4.2% to 4.5%

A number of transition options are available to lessees under IFRS 16. The Group applied the modified retrospective approach where two options are available on a lease-by-lease basis:

- The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate measured at 1 April 2019. The right-of-use asset is measured retrospectively as if IFRS 16 had always been applied with an adjustment to retained earnings.
- The lease liability is measured at the present value of the remaining lease payments over the period of the lease at the incremental borrowing rate measured at 1 April 2019. The right-of-use asset is measured at an amount equal to the lease liability with no adjustment to retained earnings.

As allowed under IFRS 16, the two options above were applied on a lease-by-lease basis. For the larger leases of the Group, the right-of-use assets were measured retrospectively with an adjustment to retained earnings. For other leases, a more simplistic approach was taken where the right-of-use assets were determined to be equal to their respective lease liabilities.

In applying IFRS 16 for the first time, the Group has used the following practical expedients as permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Accounting for operating leases with a remaining lease term of less than 12 months at 1 April 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

15. CHANGES IN ACCOUNTING POLICIES (continued)

Measurement of lease liabilities

	1 Apr 2019 £'m
Operating lease commitments disclosed at 31 March 2019	754
Operating lease commitment for contracts commencing after date of initial application	(45)
	709
Discounted using the lessee's incremental borrowing rate on 1 April 2019	515
Short-term and low value leases not recognised as a liability	(7)
Adjustments as a result of different treatment of extension and termination options	154
Lease liability for contracts commencing on 1 April 2019	3
Lease liability recognised as at 1 April 2019	**665**
Non-current lease liabilities	618
Current lease liabilities	47
	665
Lease liability by segment:	
Switzerland	394
Southern Africa	26
Middle East	245
	665

Measurement of right-of-use assets

For certain identified leases, the associated right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at an amount equal to the lease liability.

Adjustments recognised in the statement of financial position on 1 April 2019

	1 Apr 2019 £'m
Right-of-use assets (under property, equipment and vehicles)	640
Less: Favourable lease contract reclassification	(23)
Right-of-use assets (under property, equipment and vehicles)	617
Deferred tax assets	2
Prepayments (under trade and other receivables)	(2)
Other payables (under trade and other payables)	8
Borrowings	3
Lease liabilities	(665)
Impact on retained earnings	**(37)**

16. COMMITMENTS

	30 Sep 2019 £'m	31 Mar 2019 £'m
Capital commitments		
Switzerland	**48**	31
Southern Africa	**219**	199
Middle East	**73**	35
	340	265

These commitments will be financed from Group operating cash flows and borrowings.

17. DIVIDENDS

	Date paid/payable	Dividend per share (pence)	**30 Sept 2019 £'m**	30 Sept 2018 £'m
Dividends declared				
Period ended 30 September 2019				
Interim dividend	17 December 2019	3.20	24	
Period ended 30 September 2018				
Interim dividend	18 December 2018	3.20		24
Dividends paid				
Dividends paid during the period			**35**	35

Under IFRS, dividends are only recognised in the financial statements when authorised by the Board of Directors (for interim dividends) or when authorised by the shareholders (for final dividends). The aggregate amount of the proposed dividend expected to be paid on 17 December 2019 from retained earnings has not been recognised as a liability at 30 September 2019.

18. FINANCIAL INSTRUMENTS

Financial instruments that are measured at fair value in the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in the valuation. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – Input (other than quoted prices included within Level 1) that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – Input for the asset or liability that is not based on observable market data (unobservable input).

Derivative financial instruments comprise interest rate swaps, put/call agreements and forward contracts. These financial instruments are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Based on the degree to which the fair values are observable, the interest rate swaps are grouped as Level 2.

The fair value for equity instruments at fair value through profit or loss (part of other investments and loans) is based on appropriate valuation methodologies being discounted cash flow or actual net asset value of the investment. These assets are grouped as Level 2.

The Group has a put agreement (grouped as Level 3) to acquire the remaining 40% interest in the combined company of Clinique des Grangettes and Clinique La Colline. The options are exercisable from September 2022 and the consideration on exercise will be determined based on the profitability of Clinique des Grangettes and Clinique La Colline at that time. The exercise price is formula based.

The liability is adjusted at each period for changes in the estimated performance and increased through finance charges up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity. The changes in the fair value of the liability will impact the income statement.

Redemption liability (written put option)	**30 Sep 2019 £'m**	31 Mar 2019 £'m
Opening balance	**94**	-
Derivative entered into as part of business combination	**-**	88
Fair value adjustment	**-**	-
Exchange differences	**6**	6
	100	94

19. RELATED PARTIES

There are no significant changes to the related party transactions for the six months ended 30 September 2019 compared to those disclosed in the Group's annual financial statements for the year ended 31 March 2019.

20. SHARE-BASED PAYMENTS

During the six months ended 30 September 2019, the Group made further grants under its existing long-term incentive plan awards ("**LTIP**") as follows:

On 19 June 2019, the Group granted Ronnie van der Merwe and Jurgens Myburgh 373 437 and 206 456 phantom shares respectively. On the same date, 1 530 012 phantom shares were granted to other senior management. The vesting of these shares is subject to continued employment and is conditional upon achievement of performance targets, measured over a three-year period. The performance conditions for the year under review constitute a combination of: absolute total shareholder return ("TSR") (40% weighting) and adjusted earnings per share (60% weighting). For awards to vest, the Remuneration Committee must be satisfied that appropriate return on invested capital (ROIC) have been achieved in order to allow the full vesting of LTIP Awards

For the six months ended 30 September 2019, the total cost recognised in the income statement for the LTIP awards was £0.6m (1H19: £0.6m).

21. EVENTS AFTER THE REPORTING DATE

Klinik Belair in Schaffhausen was sold with effect from 1 October 2019 for a purchase consideration of £12m.

Except for the disposal of Klinik Belair, the Directors are not aware of any other matter or circumstance arising since the end of the financial period that would significantly affect the operations of the Group or the results of its operations.

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. Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, an LSE-listed and UK-based private healthcare group.

The Group's core purpose is to enhance the quality of life. 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.

At 30 September 2019, Mediclinic comprised 78 hospitals, five sub-acute hospitals, 13 day case clinics and 22 outpatient clinics. Hirslanden operated 18 hospitals, two day case clinics and three outpatient clinics in Switzerland with more than 1 900 inpatient beds; Mediclinic Southern Africa operations included 53 hospitals (three of which in Namibia), five sub-acute hospitals and nine 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 19 outpatient clinics with more than 900 inpatient beds in the United Arab Emirates.

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

AUDIO WEBCAST AND CONFERENCE CALL DETAILS

In conjunction with these results, Mediclinic is hosting an audio webcast and conference call. A replay facility will be available on the website shortly after the presentation.

09:00 GMT/11:00 SAST

Audio webcast: https://edge.media-server.com/mmc/p/zyeen9bn

To access the call, please dial the appropriate number below 5-10 minutes before the start of the event using the conference confirmation code below.

UK: +44 (0)20 7192 8000
SA: +27 (0)10 500 7996
CH: +41 (0)315 800 059
UAE toll-free: 8000 3570 3493
US: +1 631 5107 495

Confirmation code: 3697226

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