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

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

17 April 2019

2019 Full Year Trading Update

Mediclinic International plc, the international private healthcare services group, provides the following trading update ahead of the publication of the Group's results for the year ended 31 March 2019 ("**FY19**") on 23 May 2019. The information on which this trading update is based represents the Group's latest financial estimates and has not been reviewed and reported on by Mediclinic's external auditors. All financial figures, unless explicitly stated, are adjusted*, reported under the IAS 17 accounting standard and compared with the Group's results for the year ended 31 March 2018 ("**FY18**").

Commenting today, Dr Ronnie van der Merwe, Group Chief Executive Officer, said:
"Our Group results for the 2019 financial year were in line with market expectations in a challenging healthcare environment. In Switzerland, Hirslanden's performance in the second half of the year was as guided, resulting in a full year EBITDA margin of around 16%.

"I am encouraged by our operational progress this year, delivering on our strategic objectives. We executed against our growth strategy with investments across the continuum of care in all regions. We opened Mediclinic Parkview Hospital in Dubai and several day case clinics in Switzerland and Southern Africa, and successfully integrated new investments across the Group.

"I am optimistic about our future and confident that we will make further progress against our strategic objectives in the next 12 months. Adapting our business to the changing global healthcare environment is a priority and to this end further selective expansion and upgrade investments will be made across the Group. We will also seek to make further improvements to our clinical performance and value-based care capabilities, which includes the appointment of additional clinical directors at hospitals in Southern Africa, the roll out of an Electronic Health Record system in the Middle East and execution of the Hirslanden 2020 strategic programme in Switzerland."

Hirslanden

Hirslanden delivered on its revised full year guidance with revenue up around 2.5% (FY18: CHF1 735m). Inpatient admissions increased by 3.8% whereas revenue per admission was down 2.2%, reflecting the outmigration of care and higher proportion of general insured patients (48.7% compared to 47.9% in FY18). Hirslanden's outpatient revenue, which is 19% of the division's total revenue, was up around 7.0%.

Hirslanden's financial performance during the year reflects the impact of the outmigration of identified clinical treatments transferring from an inpatient to an outpatient tariff. This process has gradually occurred in Cantons across Switzerland for the past 18–24 months, despite official national implementation from 1 January 2019. In addition, the growth in outpatient volumes was offset by the significant national outpatient tariff ("**TARMED**") reductions effective from 1 January 2018.

The revenue contribution in FY19 from Klinik Linde (consolidated 1 July 2017) and Clinique des Grangettes (consolidated 1 October 2018) was around CHF127m (FY18: CHF52m).

As anticipated, the EBITDA margin for FY19 was around 16.0% (FY18: 18.3%). This reflects the impact on revenue from outmigration and TARMED regulatory changes, partly offset by ongoing cost management and efficiency savings.

In the financial year ending 31 March 2020 ("**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' 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, and assuming no further regulatory changes are implemented, the operating performance is expected to be supported by benefits from the Hirslanden 2020 strategic programme and structural efficiencies being implemented in the division.

Mediclinic Southern Africa

In Mediclinic Southern Africa, FY19 revenue was up around 5.0% (FY18: ZAR15 106m) with a 0.6% increase in inpatient bed days and revenue per bed day increasing by 4.3%.

The revenue contribution in FY19 from the majority investment in the Intercare group of four day case clinics, four sub-acute hospitals and one specialist hospital since the 1 December 2018 was around ZAR60m (FY18: nil).

The EBITDA margin for FY19 was around 21.0% (FY18: 21.5%) with a continued focus on cost-management and efficiencies during a period of low volume growth.

In FY20, Mediclinic Southern Africa expects volume growth of around 1% supported by 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 staff 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 Mediclinic Middle East, FY19 revenue was up around 7.0% (FY18: AED3 050m**). Inpatient and outpatient volumes were up 5.2% and 2.0% respectively. In Abu Dhabi, Thiqa and Enhanced insurance volumes increased during the year by 14% and 10% for inpatients and outpatients respectively, while Basic insurance volumes continued to reduce.

The Mediclinic Parkview Hospital in Dubai was successfully opened in September 2018 and has performed well. Despite the hospital being in the early ramp-up stage, Parkview Hospital's revenue contribution in FY19 was around AED85m.

The EBITDA margin for FY19 was around 13.0% (FY18: 13.0%**), including the start-up costs associated with the Parkview Hospital. Excluding the EBITDA impact of the Parkview Hospital, the EBITDA margin increased to around 14.0%.

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

Spire Healthcare Group

Mediclinic has a 29.9% investment in Spire Healthcare Group plc ("**Spire**"). Spire reported a challenging full year financial performance to 31 December 2018, reflecting an unprecedented decline in NHS revenue and planned cost increases in clinical staff and other costs associated with Spire's drive to enhance clinical quality and patient safety.

The investment in Spire is accounted for on an equity basis recognising the reported profit of £11.3m for Spire's financial year ended 31 December 2018 (year ended 31 December 2017: £16.8m). Mediclinic's FY19 equity accounted share of profit from Spire was £2.7m (FY18: £2.8m) after adjusting for the amortisation of intangible assets recognised in the notional purchase price allocation of the equity investment.

Group

At the Group level, in constant currency, FY19 revenue was up around 3.5% and EBITDA was down around 1.5%. On a reported basis, FY19 revenue was up around 2.0% (FY18: GBP2 870m) and EBITDA was down around 3.5% (FY18: GBP515m). Adjusted earnings per share is expected to be around 27p pence (FY18: 30.0 pence). The average foreign exchange rates for FY19 were GBP/CHF 1.30, GBP/ZAR 18.01 and GBP/AED 4.82 (FY18: 1.29, 17.22 and 4.87 respectively).

Mediclinic maintains sufficient financing flexibility across the entire Group to fund continued investment in the business and incremental growth. In Switzerland, an amendment to the financing agreement was entered into in March 2019 re-calibrating the covenants to reflect the impact of regulatory changes on the profitability of the business.

In line with the requirements of IFRS, the Group performs an annual review of the carrying value for tangible and intangible assets. This will be reported with the results for the year ended 31 March 2019. Any potential impairment charge will be non-cash and excluded from the adjusted earnings metrics.

The Group will adopt the new IFRS 16 accounting standard (addresses 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. Further disclosure will be provided with the Group's FY19 preliminary results on 23 May 2019.

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

*** AED3 050m and 13.0% reflect the adjusted proforma FY18 revenue and EBITDA margin following the adoption of IFRS 15. As previously reported, the Group adopted IFRS 15 "Revenue from Contracts with Customers", from 1 April 2018. IFRS 15 has implications for Mediclinic Middle East where certain operating expenses will be reclassified to revenue. While reported revenue in FY18 will not be re-stated, revenue growth guidance reflected the proforma net revenue in FY18.*

Cautionary Statement

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

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

About Mediclinic International plc

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

As at 31 March 2019, Mediclinic comprised 77 hospitals, five sub-acute hospitals, 12 day case clinics and 21 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 operated 49 hospitals, five sub-acute hospitals and eight day case clinics across South Africa and three hospitals in Namibia with more than 8 500 inpatient beds; and Mediclinic Middle East operated seven hospitals, two day case clinics and 18 outpatient clinics with more than 900 inpatient beds in the United Arab Emirates.

Mediclinic has a primary listing on the Main Market of the LSE in the United Kingdom, with secondary listings on the JSE in South Africa and the NSX in Namibia.

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Inside information
The information contained in this announcement is inside information. If you have any queries on this, then please contact Jayne Meacham at Link Company Matters Ltd, the Company Secretary for Mediclinic and the person responsible for arranging the release of this announcement, at 6th Floor, 65 Gresham Street, London EC2V 7NQ or +44 (0)20 7954 9600.

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