

Mediclinic International plc  
(Incorporated in England and Wales)  
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LEI: 2138002S5BSBIZTD5I60  
("Mediclinic", the "Company", or the "Group")

16 April 2021

## **FY21 Trading Update**

Mediclinic, the diversified international private healthcare services group, provides the following trading update ahead of the publication of the Group's results for the financial year ended 31 March 2021 ("FY21"), currently scheduled for 26 May 2021. The information on which this update is based represents the Group's latest financial estimates and has not been reviewed and reported on by Mediclinic's external auditors. All financial figures, unless explicitly stated, are adjusted<sup>1</sup> to eliminate volatility arising from defined one-off items of income and expense.

### **Summary**

- **Robust operating performance; FY21 revenue declined c.3.0%, reflecting significant impact of initial COVID-19-related lockdowns and restrictions**
- **2H21 year-on-year revenue growth of c.1.0% drove improvement in margins as the Group adapted to subsequent waves of the pandemic and restrictions relaxed**
- **Second half delivered improved liquidity and net debt, demonstrating the Group's financial resilience**
- **Expect to deliver year-on-year growth in revenue and EBITDA across all divisions in FY22**

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

*"Mediclinic has been unwavering in its support of and collaboration with relevant health authorities throughout COVID-19. We continue to effectively navigate the challenges and uncertainties of the pandemic through the tireless efforts of our medical professionals and employees, who we sincerely thank. We are proud to be supporting government-led vaccination programmes in all three divisions, and are pleased that priority is given to healthcare workers which critically protects our front-line colleagues and the quality of care Mediclinic's patients receive.*

*"Despite the more severe second wave of the pandemic placing even greater demand on our healthcare facilities and people, we have adapted well through agility and resilience to deliver a solid second half performance with revenue growth of around 1.0%.*

*"We are well positioned to deliver growth in revenue and EBITDA across all three divisions in FY22 despite further waves of the pandemic expected in the coming months, especially in Switzerland and Southern Africa. Throughout the pandemic we have continued to execute on our strategy, accelerating our innovation and digital transformation initiatives and launching numerous new partnerships and collaborations. These, alongside our focus on expanding Mediclinic's integrated services across the continuum of care, support long-term sustainable growth across the Group."*

### **COVID-19 update**

As previously reported, performance in the first half of the year was significantly impacted in April 2020 by the sudden onset of COVID-19-related lockdown measures and non-urgent elective procedure restrictions. From May 2020 onwards, the moderation of restrictions resulted in a strong rebound in operating performance in Switzerland and the United Arab Emirates (“**UAE**”). Southern Africa experienced a more gradual recovery during the second quarter of the financial year as it exited the first wave.

In the second half of the financial year, the Group adapted quickly and implemented lessons learnt from the first wave of the pandemic across all three divisions. Performance was further supported by less restrictive lockdown measures, greater operational flexibility to treat COVID-19 and non-COVID-19 patients, and counter-seasonal demand in Southern Africa and the UAE during December 2020.

In the fourth quarter, activity levels were again impacted by the second wave of the pandemic, restricting capacity available to treat non-COVID-19 patients. Having reached the peak of the second wave, the Group entered a transition period where COVID-19 patient volumes declined which gradually allowed normal operating practices to resume. Similar to the trend in the first half of the year, this resulted in encouraging momentum building in non-COVID-19 patient activity towards the end of the period.

### **Financial performance**

The Group delivered a robust operating performance during the year. While FY21 Group revenue was down around 3.0%, stronger demand in 2H21 delivered revenue growth of around 1.0%.

As previously reported, an escalation in personal protective equipment usage, consumables pricing and staffing requirements due to isolation and quarantine regulations gave rise to an increase in operating costs. This, together with a decline in revenues on a largely fixed employee cost base, offset by operating efficiencies as the Group adapted to the pandemic, delivered an EBITDA margin for the Group of around 14.0% (FY20: 17.5%). Stronger demand in the second half of the year supported an improved margin trend. Total capital expenditure for the period is expected to be around £150m (FY20: £192m), the majority of which was invested during the second half of the year. FY21 depreciation will be less than expected.

The Group’s FY21 cash conversion<sup>2</sup> of around 75% (FY20: 109%) increased during the second half of the year (1H21: 42%), driven by Hirslanden and Mediclinic Middle East. The Group’s cash conversion target remains at 90–100%.

The Group continued to demonstrate ongoing operational and financial resilience. Cash and available facilities increased during the second half of the year, to around £670m at the end of March 2021 (1H21: £661m). Net debt reduced to around £2 200m at year end (FY20: £2 325m), after an optional CHF50m debt repayment at Hirslanden in November 2020. The initial covenant test waivers remain in place at Mediclinic Southern Africa and Mediclinic Middle East. In addition to successfully refinancing its CHF145m bond on more favourable terms, Hirslanden has prudently engaged with its lending banks to further extend the covenants test waivers by 12 months, with the first tests now to be performed at the end of September 2022.

### **Outlook**

With the ongoing pandemic and the differing pace of global vaccine roll-outs causing continuing uncertainty, Mediclinic remains cautious as to the full impact of COVID-19 on near-term operating performance. The divisions were expected to return the Group to pre-pandemic levels

in FY22 at varied speeds of recovery. However, with parts of Europe likely to experience a third wave of the pandemic, the pace of recovery at Hirslanden will potentially be more moderate than previously anticipated. This notwithstanding, the Group expects to deliver growth in revenue and EBITDA across all three divisions during FY22.

Further details on FY21 performance, current trading and outlook will be provided with the full-year results.

### Financial performance

*Note: All movements are approximate and relative to the prior year period. These represent the latest financial estimates and have not been reviewed and reported on by Mediclinic's external auditors.*

	1H21	2H21	FY21
<b>Group (GBP)</b>			
Revenue movement	(6.9%)	1.0%	(3.0%)
EBITDA margin	12.1% (1H20: 16.6%)	16.0% (2H20: 18.4%)	14.0% (FY20: 17.5%)
<b>Hirslanden (CHF)</b>			
Revenue movement	(2.0%)	0.0%	(1.0%)
EBITDA margin	13.7% (1H20: 16.2%)	16.0% (2H20: 17.7%)	15.0% (FY20: 17.0%)
Movement in inpatient admissions	(1.0%)	0.8%	(0.1%)
GBP/CHF average FX rate	1.19	1.22	1.21 (FY20: 1.25)
<b>Mediclinic Southern Africa (ZAR)</b>			
Revenue movement	(18.7%)	1.0%	(9.0%)
EBITDA margin	8.2% (1H20: 20.8%)	19.0% (2H20: 20.7%)	14.0% (FY20: 20.8%)
Movement in paid patient days	(25.0%)	(5.2%)	(15.3%)
GBP/ZAR average FX rate	22.04	20.61	21.30 (FY20: 18.76)
<b>Mediclinic Middle East (AED)</b>			
Revenue movement	8.9%	9.0%	9.0%
EBITDA margin	12.7% (1H20: 12.6%)	13.0% (2H20: 17.3%)	13.0% (FY20: 15.1%)
Movement in inpatient admissions and day cases	(3.3%)	(1.1%)	(2.1%)
Movement in outpatient cases	(14.4%)	(4.7%)	(9.3%)
GBP/AED average FX rate	4.65	4.95	4.80 (FY20: 4.67)

<sup>1</sup> 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.

<sup>2</sup> Measures conversion of adjusted EBITDA into cash generated from operations.

### **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 healthcare 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 UAE; poor performance by healthcare practitioners who practise at its facilities; unexpected regulatory actions or suspensions; competition in general; the impact of global economic changes; the impact of pandemics, including COVID-19; 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 makes no undertaking to, publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **About Mediclinic International plc**

Mediclinic is a diversified international private healthcare services group, established in South Africa in 1983, with divisions in Switzerland, Southern Africa (South Africa and Namibia) and the UAE.

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.

Mediclinic 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 31 March 2021, Mediclinic comprised 72 hospitals, eight sub-acute and specialised hospitals, 18 day case clinics and 18 outpatient clinics. Hirslanden operated 17 hospitals and four day case clinics in Switzerland with more than 1 900 inpatient beds; Mediclinic Southern

Africa operations included 48 hospitals (three of which in Namibia), eight sub-acute and specialised hospitals and 12 day case clinics (four of which operated by Intercare) across South Africa, and around 8 600 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 UAE. In addition, under management contracts, Mediclinic Middle East operates one hospital in Abu Dhabi and will open a 200-bed hospital in the Kingdom of Saudi Arabia in mid-2022.

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

Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc, a leading private healthcare group based in the United Kingdom and listed on the LSE.

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

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

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