

Mediclinic International plc
(Incorporated in England and Wales)
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(**“Mediclinic”**, the **“Company”** or the **“Group”**)

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

18 April 2018

2018 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 2018 (**“FY18”**) on 24 May 2018. The information on which this trading update is based represents the Group’s latest financial estimates and has not been reviewed or reported on by Mediclinic’s external auditors. All financial figures, unless explicitly stated, are presented on an adjusted* basis.

Mediclinic management will host an analyst and investor call today at 08:30 BST. Further details are provided at the end of this release.

Commenting today, Danie Meintjes, Mediclinic International CEO, said:

“The Group expects to deliver adjusted financial results for the year marginally ahead of expectations, with a significant second half improvement from the Middle East division.

“We are succeeding with the turnaround of the Abu Dhabi business and laying the foundation for long-term, sustainable performance. The Middle East division is now entering an expansionary phase that we expect will drive a strong increase in revenue and improvement in margins over time. In Abu Dhabi, the growth will be driven by an improved operating performance in the existing business and strategic expansion projects at the Mediclinic Airport Road, Mediclinic Al Noor and the new Mediclinic Western Region hospitals. In Dubai, we expect that the ongoing performance of the existing business will be supported by significant growth from the new 182-bed Mediclinic Parkview Hospital. This development project has progressed ahead of schedule and we now expect the hospital to open in October 2018, some six months earlier than previously communicated.

“The Southern Africa division delivered second half revenue growth ahead of expectations with a stable EBITDA margin for the year. In Switzerland, the Hirslanden division performed in line with expectations as it began to absorb the initial impact of regulatory changes. Both divisions benefited from cost saving programmes and productivity initiatives implemented during the year.

“The demand for the provision of quality healthcare services continues to increase driven by factors including an ageing population, growing disease burden and new technologies. Mediclinic, as the largest independent pan-EMEA private healthcare services group with market leading positions across all our operating divisions, is well positioned to benefit from these trends. Through our relentless focus on patient safety, excellent clinical performance, and sustainable and efficient operating practices, Mediclinic expects to continue to create long-term shareholder value.”

Hirslanden - Switzerland

As previously indicated, Hirslanden’s FY18 performance was impacted by the timing of the Easter period, a subdued summer market, the continued change in insurance mix and the evolving changes in the regulatory environment. On 1 January 2018, the TARMED outpatient tariff revisions became effective and four cantons, including Zurich, implemented a list of procedures now reimbursed at outpatient tariffs. Although the Federal Government is expected to implement a national framework from 1 January 2019, a number of insurance companies in Switzerland are already applying certain elements of the framework in some further cantons. As a result, Hirslanden expects to deliver FY18 revenue growth of around 1.8% to CHF1.7 billion (FY17: CHF1.7 billion). Inpatient revenue was broadly flat and outpatient revenue, which contributed around 19% of the division’s total revenue, increased by 8%. Bed days sold and inpatient admissions were up 2% and 3% respectively. Revenue per bed day was down around 1.5%.

As anticipated, the EBITDA margin for FY18 is expected to be around 18.3% (FY17: 20.0%). This reflects the impact on revenue of current trends in the market and regulatory environment as well as the continued investment costs relating to the Hirslanden 2020 strategic programme offset by the benefits from cost-management programmes and efficiency savings.

The acquisition of the Linde Private Hospital (“**Linde**”) in Biel was completed at the end of June 2017 and is delivering a good operating performance following its successful integration.

Hirslanden continues to adapt its business model to address the trends in inpatient and outpatient activity driven by the evolving regulatory environment in Switzerland and the ongoing insurance mix change whilst maintaining excellent clinical performance. The continued investment in the Hirslanden 2020 strategic programme is part of the long-term strategy to adapt to this changing environment, whilst also delivering cost savings and operational efficiencies for the division over time. The pace of regulatory change and its impact on the business continues to evolve and we are monitoring it closely to adapt accordingly.

In FY19, Hirslanden expects modest revenue growth supported by an increase in average bed capacity for the year, largely related to Linde. As a result of the regulatory and market trends more than offsetting the benefits of cost savings and efficiency initiatives, the FY19 EBITDA margin is expected to contract by around 100 basis points (“**bps**”) from the prior year. However, the EBITDA margin is targeted to improve from FY20 onwards.

Mediclinic Southern Africa

In Southern Africa, FY18 performance was ahead of expectations, with revenue anticipated to increase by around 5.0% to ZAR15.1 billion (FY17: ZAR14.4 billion), with inpatient bed days decreasing by around 1.5% and revenue per bed day increasing by around 6.7%. In FY19, the division expects there to be stable medical insurance membership and no forecast increase in bed capacity. FY19 revenue growth will be driven by an expected increase in bed days sold of 1-2%, largely as a result of an increase in productive days compared to the prior year, combined with tariff increases broadly in line with inflation.

EBITDA margin for FY18 is expected to be stable (FY17: 21.2%), resulting from the benefits of cost-management and efficiencies initiatives. The EBITDA margin for Southern Africa is also expected to remain broadly stable over the medium term.

Mediclinic Middle East

After reaching an inflection point, second half revenue in the Middle East is expected to grow by around 6% comparatively and around 12% sequentially. FY18 revenue is expected to increase by almost 1% to AED3.1 billion (FY17: AED3.1 billion). The division is expected to deliver an improved FY18 EBITDA margin at around 12.5% (FY17: 11.7%) following the strong second half operational performance.

The Middle East division is entering a growth phase underpinned by continued strong performance in the established Dubai business, significant improvement in the Abu Dhabi business and the opening of several new facilities over the coming years. In Dubai, the new build 182-bed Mediclinic Parkview Hospital is progressing ahead of schedule and is now expected to be commissioned in October 2018, some 6 months ahead of schedule, as part of a multi-year ramp up programme. In Abu Dhabi, the extension of Mediclinic Airport Road Hospital has been further re-configured to include a comprehensive cancer centre and is now expected to open in FY20/21.

In FY19, the Middle East division is expected to deliver revenue growth in the low double-digit percentage range reflecting the underlying operating performance of the business and additional bed capacity coming online in the second half of the year. The EBITDA margin of the existing operations is expected to increase by around 250bps and to continue improving year-on-year to around 20% in FY22. As a result of the early opening of Mediclinic's Parkview Hospital and the updated schedule for the planned upgrade and expansion projects in Abu Dhabi, the ramp up costs associated with these projects are expected to offset the margin of the existing business by around 250bps per annum between FY19-FY21, reducing thereafter.

Spire Healthcare Group

Mediclinic has a 29.9% investment in Spire Healthcare Group plc ("**Spire**"). The investment in Spire is accounted for on an equity basis recognising the reported profit after tax of £16.8m for Spire's financial year ended 31 December 2017 (31 December 2016: £53.6m). Spire's adjusted profit after tax for the year was £57.9m (31 December 2016: £76.6m). The principle differences related to a £28.7m provision for the potential cost of a settlement relating to civil litigation against a consultant who previously had practicing privileges at Spire and a charge

relating to a decision to cease the provision of radiotherapy services at the Spire Specialist Cancer Care Centre in Baddow (Essex). The exceptional items materially impacted Mediclinic's FY18 equity accounted share of reported profit after tax from Spire. After adjusting for the amortisation of intangible assets recognised in the notional purchase price allocation of the equity investment, the FY18 income from associate was £2.6m (FY17: £12.4m).

Group

The Group expects to deliver adjusted financial results for the year marginally ahead of expectations, with a significant second half improvement from the Middle East division. In constant currency, FY18 revenue is expected to be up around 2% and adjusted EBITDA flat on the prior year. However, after the translation effect of foreign currency movements, FY18 revenue is expected to be up around 4% at GBP2.9bn (1H17: GBP2.7bn) and adjusted EBITDA up around 3% at GBP0.5bn (FY17: GBP0.5bn). Adjusted earnings per share, impacted by the equity accounted share of reported profit after tax from Spire, is expected to be broadly flat on the prior year (FY17: 29.8 pence). The average foreign exchange rates for FY18 were GBP/CHF 1.29, GBP/ZAR 17.22 and GBP/AED 4.87 (FY17: 1.29, 18.41 and 4.80 respectively).

In line with the requirements of IFRS, the Group performs an annual review of the carrying value for goodwill and other intangible assets. In Switzerland, the changes in the market and regulatory environment have affected key inputs to the ongoing year-end review that could potentially give rise to an impairment charge against intangible assets of GBP400m to GBP600m. Hirslanden goodwill and indefinite life trade names were carried at £307m and £341m, respectively, at the previous year end balance sheet date of 31 March 2017. Any potential impairment charge will be non-cash and excluded from the adjusted earnings metrics.

The Group will adopt the new IFRS 15 accounting standard (Revenue from Contracts with Customers) from 1 April 2018. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new accounting standard has implications for the Middle East division where we expect certain operating expenses to be reclassified and set off against revenue. This will not have an impact on EBITDA for the Middle East division and the Group will provide further details at the FY18 results on 24 May 2018.

The Group will host a Capital Markets Day on 28 June 2018 in Zurich, Switzerland. Presenters from the Mediclinic International Executive Committee will include Dr Ronnie van der Merwe (appointed Group CEO from 1 June 2018), Jurgens Myburgh (Group CFO), Dr Ole Wiesinger (Hirslanden CEO), Koert Pretorius (Mediclinic Southern Africa CEO) and David Hadley (Mediclinic Middle East CEO). The event will be webcast live via the Mediclinic corporate website where further details will be available ahead of the day. For those attending, site visits will take place on 29 June 2018.

** 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.

Cautionary Statement

This announcement contains certain forward-looking statements relating to the business of the Company and its subsidiaries (collectively, the “Group”), 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 customers, 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, you can identify forward-looking statements by words such as “could,” “should,” “may,” “expects,” “aims,” “targets,” “anticipates,” “believes,” “intends,” “estimates,” or similar words. 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 and poor performance by healthcare practitioners who practice at our 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 we disclaim 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 Southern Africa (South Africa and Namibia), Switzerland 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, a LSE listed and UK-based private healthcare group.

Mediclinic comprises 75 hospitals and 33 clinics. Mediclinic Southern Africa operates 49 hospitals and 2 day clinics throughout South Africa and 3 hospitals in Namibia with more than 8 000 inpatient beds in total; Hirslanden operates 17 hospitals and 4 clinics in Switzerland with more than 1 700 inpatient beds; and Mediclinic Middle East operates 6 hospitals and 27 clinics with more than 700 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.

Analyst and investor conference call details

A conference call will be held at 08:30 BST this morning hosted by Danie Meintjes, CEO, and Jurgens Myburgh, CFO.

Participant dial in details:

Passcode: 8635027

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Participants should state they wish to join the Mediclinic International conference call. Please dial in 5-10 minutes prior to the call.

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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 Victoria Dalby 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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