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

17 October 2018

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

2018/19 Interim Trading Update

Mediclinic International plc, the international private healthcare group, provides the following trading update ahead of the publication of its results for the half year ended 30 September 2018 ("**1H19**") on 15 November 2018. 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*.

Mediclinic management will host an analyst and investor call today at 08:00 BST. Further details are provided at the end of this release.

Commenting today, Dr Ronnie van der Merwe, CEO, said:
"The Group has delivered on a number of key operational initiatives during the first half of the financial year. In the Middle East, the 182-bed Mediclinic Parkview Hospital in Dubai opened in September on time and in budget. We look forward to the hospital being a key contributor to the growth of this division as it ramps up over the coming years. In Southern Africa, in-line with our strategy to expand Mediclinic's primary care and day clinic presence, we have completed the investment in the Intercare day clinic business and Welkom Medical Centre. In addition, we recently completed the build of our fourth day clinic at Mediclinic Newcastle which is expected to open shortly. In Switzerland, we announced the combination of Hirslanden Clinique La Colline and Clinique des Grangettes, strengthening the leading market position of Hirslanden in the attractive Geneva market. We continue to progress with the Hirslanden 2020 strategic programme.

"Trading in the first half of the year experienced the customary seasonality in Switzerland and the Middle East. In the Middle East, we delivered a gradual improvement in revenue and margin expansion ahead of the anticipated stronger growth in the second half of the year. In Switzerland, the business continues to adapt to recent regulatory changes in the outpatient environment, which in the period had a greater than expected impact on admissions and the insurance mix. In Southern Africa, margins were maintained on lower volumes due to weakness in the second quarter from fewer pneumonia and bronchitis related cases during the winter.

"For the full year, our performance in Southern Africa remains in line with guidance. In the Middle East, full year EBITDA delivery remains on track with revenue growth lower than previously expected. In Switzerland, we now expect to deliver modest revenue growth in the full year including contribution from Clinique des Grangettes, with an adjusted EBITDA margin of around 16%.

"Since being appointed Chief Executive Officer, I've spent time with all the Executive teams across the Group which has reinforced my confidence in our focused approach to grow and improve our business. As we highlighted at the Capital Markets Day in June, we are adapting the business to the changing healthcare landscape. Leveraging our core skills in efficiently operating world-class acute care hospitals and providing quality clinical care, we are expanding our presence across the continuum of care to increase the value proposition to our patients and all stakeholders. I am very positive about the opportunities ahead, successfully leveraging our international reputation and brand."

Hirslanden - Switzerland

In Switzerland, 1H19 revenue was up around 1% (1H18: CHF0.82bn) with weaker than expected growth in inpatient admissions of 3.6% and revenue per bed day down 2.8%, reflecting the outmigration of care and higher proportion of Generally insured inpatients (49.4% compared to 46.9% in 1H18). Hirslanden's outpatient revenues, which represent 19% of the overall division's revenue, continued to grow during the first half of the year, up 1.7%. This growth in outpatient revenue reflects the outmigration of identified clinical treatments transferring from an inpatient to an outpatient tariff across several cantons. This volume growth was offset by the national outpatient tariff (TARMED) reductions effective from 1 January 2018.

Excluding the contribution from Linde which was acquired in July 2017, Hirslanden revenue was down around 1.5%, inpatient admissions were up 0.3% and the percentage of Generally insured patients was 48.3% (1H18: 46.3%). The combination of the Hirslanden Clinique La Colline and Clinique des Grangettes in Geneva was announced in September 2018 and will be effective from 1 October 2018. The combination strengthens Hirslanden's leading market position in Geneva and will deliver enhanced services for patients in addition to being earnings accretive.

The adjusted EBITDA margin for 1H19 is around 14.3% (1H18: 17.4%) impacted by recent outmigration and TARMED regulatory changes, as referenced, partly offset by ongoing cost-management programmes and efficiency savings.

During the period, Hirslanden announced several managerial appointments including Dr Daniel Liedtke to become Chief Executive Officer as of 1 January 2019 and Pierre-Antoine Binard becoming Chief Financial Officer. The team are implementing a series of plans to improve performance and enhance future returns. Leveraging Hirslanden's leading market position, a key focus remains to attract an increasing number of admitting doctors, supporting long-term growth in patient volumes. The division is focused on several cost and efficiency initiatives that are already realising benefits and will look to deliver further savings in areas including supply costs, staff utilisation and service differentiation. Capital expenditure for the year is now expected to be lower than originally budgeted, down around 15% on the prior year. As part of the Hirslanden 2020 strategic programme, each hospital will have a specific plan to appropriately adapt infrastructure to sustainably provide outpatient and low acuity day surgery procedures. The project has already been rolled out to the two Zurich hospitals and will be delivered across Hirslanden, driving expected long-term efficiency savings and improved productivity.

Including the contribution from Clinique des Grangettes, Hirslanden expects to deliver modest growth in revenue for the full year. The adjusted EBITDA margin in the second half of the year is expected to reflect the seasonal benefits of the winter period and cost savings initiatives with a full year margin now expected of around 16%.

Mediclinic Southern Africa

In Southern Africa, 1H19 revenue was up around 5% to ZAR8.0bn (1H18: ZAR7.6bn) with inpatient bed days increasing by 0.5% and revenue per bed day increasing by 4.5%. The division saw fewer pneumonia and bronchitis related cases during the winter, largely offsetting the strong bed day growth in the first half of the period.

The adjusted EBITDA margin for 1H19 was around 21.2% (1H18: 21.0%), as a result of a continued focus on cost-management and efficiencies. Overall performance for the full year remains on track.

During the first half of the year, Mediclinic Southern Africa received Competition Commission approvals for the proposed majority investment in Intercare's four day clinics and three rehabilitation and sub-acute facilities, as the group continues to look for opportunities to expand across the continuum of care. Intercare is expected to be integrated from November 2018 and follows the successful minority investment Mediclinic made in Intercare's primary care business during the prior year. In September 2018, Mediclinic acquired a majority stake in the Welkom Medical Centre, the division's third day clinic. The centre consists of a day clinic with 20 beds, a sub-acute unit of 20 beds and a mental health unit with a further 20 beds. The division has successfully completed the building of its fourth day clinic in South Africa at Mediclinic Newcastle which is expected to open shortly. Five further day clinics are expected to open in the following financial year with Mediclinic Southern Africa committed to investing in day clinics and the provision of sub-acute care which forms an important role in broadening access to healthcare and maximising value for patients.

Mediclinic Middle East

In Mediclinic Middle East, the characteristically quieter first half saw revenue growth of around 5% to AED1.5bn (1H18: AED1.4bn**). Inpatient admissions were up 3.1% whilst outpatient volumes were down 0.8%, reflecting the divestment of non-core facilities and the successful insurance mix strategy in Abu Dhabi. This strategy resulted in Thiqa and Enhanced volumes increasing by 20% and 11% for inpatients and outpatients respectively whilst lower tariff Basic insurance volumes for inpatients and outpatients declined by 35% and 32% respectively.

The adjusted EBITDA margin for 1H19 is in line with expectations at around 9.4% (1H18: 8.5%), including the start-up costs associated with the new Mediclinic Parkview Hospital that opened in September 2018. Seasonal benefits of the second half of the year in the Middle East, combined with the continued gradual improvement in the Abu Dhabi patient mix are expected to deliver a strong second half performance. For the full year, overall EBITDA performance remains on track with revenue growth now expected to be in the high single-digits with a resulting improvement in the expected EBITDA margin.

Ongoing investment across existing and new facilities is supporting the long-term growth of the Middle East division and enhancing Mediclinic's leading market position in the region. The new build 182-bed Mediclinic Parkview Hospital in Dubai opened at the end of September and is expected to gradually ramp up over the coming years. In Dubai, the Group completed the acquisition of two Majid Al Futtaim clinics in May 2018. The clinics serve strategic locations, referring higher acuity inpatient cases to existing Mediclinic Middle East hospitals including Mediclinic Parkview Hospital. The investment projects at the two main Abu Dhabi hospitals, Mediclinic Airport Road Hospital and Mediclinic Al Noor Hospital (previously Khalifa Street Hospital), are underway and will enhance the clinical service offering and patient experience at both facilities. They also support the investment in previously announced business and operational alignment initiatives. The Western Region Hospital project has also been initiated and the project planning is currently underway for the 40-bed facility.

Spire Healthcare Group
Mediclinic has a 29.9% investment in Spire Healthcare Group plc ("**Spire**"). Spire reported a disappointing first half performance to 30 June 2018 reflecting significantly declining NHS admissions, lower than anticipated growth in Private admissions and planned investment in Clinical quality and Consumer engagement.

The investment in Spire is accounted for on an equity basis recognising the reported profit of £8.2m for Spire's financial half year ended 30 June 2018 (6 months ended 30 June 2017: £8.9m). Mediclinic's 1H19 equity accounted share of profit from Spire was £1.8m (1H18: £1.1m) after adjusting for the amortisation of intangible assets recognised in the notional purchase price allocation of the equity investment.

The carrying value of the Group's investment in Spire will be considered as part of the interim review process and reported with the results for 1H19 on 15 November 2018.

Group
At the Group level, in constant currency, 1H19 revenue was up 2% and adjusted EBITDA was down around 4%. On a reported basis, 1H19 revenue was down around 1% at GBP1.4bn (1H18: GBP1.4bn) and adjusted EBITDA was down around 8% at GBP0.21bn (1H18: GBP0.23bn). Adjusted earnings per share is expected to be around 10p pence (1H18: 11.3 pence). The average foreign exchange rates for 1H19 were GBP/CHF 1.31, GBP/ZAR 17.71 and GBP/AED 4.89 (1H18: 1.26, 17.08 and 4.75 respectively).

During the first six months of the year, Mediclinic completed the refinance of its Southern African and Middle East borrowing facilities, initially extending both terms by up to 5 years.

** 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.*

*** AED1.4bn reflects adjusted 1H18 reported revenue following the adopting 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 the Middle East division where certain operating expenses will be reclassified to revenue. Based on current estimates, the Group expects a reclassification from operating expenses (bad debts) to revenue of approximately GBP17m to account for the difference in treatment between the existing standard (IAS 18) and IFRS 15 in FY18. Whilst reported revenue in FY18 will not be re-stated, revenue growth guidance does reflect net revenue in FY18.*

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 group with operating platforms 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.

As at 30 September 2018, Mediclinic comprises 75 hospitals and 29 clinics. Hirslanden operates 17 private hospitals and 4 clinics in Switzerland with more than 1 800 inpatient beds; Mediclinic Southern Africa operates 48 hospitals and 3 day clinics throughout South Africa and 3 hospitals in Namibia with more than 8 100 inpatient beds in total; and Mediclinic Middle East operates 7 hospitals and 22 clinics with more than 900 inpatient beds in the United Arab Emirates.

The divisions' contributions to Group revenue for the financial year ended 31 March 2018 were 47% by Hirslanden, 31% by Mediclinic Southern Africa and 22% by Mediclinic Middle East.

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 08:00 BST this morning hosted by Dr Ronnie van der Merwe, CEO, and Jurgens Myburgh, CFO.

Participant dial in details:
Passcode: 2714622
United Kingdom +44 (0)330 336 9127
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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.

For further information, please contact:

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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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