

Mediclinic International plc
(Incorporated in England and Wales)
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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

9 September 2016

TRADING UPDATE AND MEDICLINIC MIDDLE EAST INTEGRATION

Mediclinic International plc, the international private healthcare group (“Mediclinic” or the “Group”), provides the following general update and further information in respect of the integration of the Al Noor operations (“Al Noor”) and trading conditions for Mediclinic Middle East. Details of a conference call with management at 8am BST are contained at the end of the release.

Since the beginning of the 2016/2017 financial year, Mediclinic has experienced trading conditions in line with management’s expectations for its operations in Southern Africa, Switzerland and Dubai.

Significant progress has been made on integrating the businesses of Mediclinic International Limited and Al Noor Hospitals Group plc (now renamed to Mediclinic International plc) since the combination in February 2016, which created a leading private healthcare provider in the Middle East. A new combined Mediclinic Middle East management team was established in March 2016 and a strategic and operational review of the business was completed in early June 2016.

Work streams were established at the time of the combination to drive the integration process and unlock synergies. These work streams are all progressing well and further synergies have been identified resulting in a revised estimate of AED75m annualised cost synergies, ahead of the AED50m previously communicated. The material benefit of the synergies will be realised in the second half of the current financial year and more fully in the following financial years. A one-off cost of AED20m associated with realising the cost synergies, to be excluded from underlying EBITDA, will be borne in the current financial year with the majority in the first half.

Despite the good progress on integration, management believes that revenue growth in the Abu Dhabi operations for the current financial year will be lower than previously expected principally for the following reasons:

- The competition for quality clinical personnel in the region remains high, leading to inevitable vacancies. The loss of doctors before completion of the combination has stabilised during the period of integration. Management has aligned business practices and implemented a recruitment process, in line with the Dubai operations.
- Daman, the leading health insurer, has instituted a 20% co-payment for Thiqa members using private healthcare facilities from 1 July 2016 which is likely to have an impact on patient mix and volumes. Mediclinic continues to engage with the relevant stakeholders in this regard.
- The delayed ramp up of new units including Al Jowhara is expected to impact 2016/17 revenues by AED75m. The 40 bed Al Jowhara Hospital in Al Ain will be commissioned in October 2016, a delay of approximately six months.

As part of its review following the acquisition of Al Noor, management identified facilities that were considered non-core to the business. Two units are in the process of being sold with further small non-core disposals envisaged. The estimated revenue impact of the two units being sold is AED50m in the 2016/2017 financial year.

In Dubai, the Mediclinic City Hospital North Wing expansion, creating an integrated oncology centre as well as additional outpatient services and an additional 27 beds, is now operational. Despite the delay in commissioning, trading in Dubai remains in line with management's expectations.

Whilst expectations for the business in the medium term remain unchanged, and the process of business integration continues, Mediclinic Middle East is now expected to deliver for the current financial year ending 31 March 2017 low to mid-single digit revenue growth and underlying EBITDA margins of mid to high teens with performance being materially second half weighted.

Danie Meintjes, CEO of Mediclinic International, commented:

"The combination of Mediclinic Middle East and Al Noor has created a leading private healthcare platform with exposure to a region with highly attractive long-term sustainable growth opportunities. Despite the short term challenges we are currently facing in Abu Dhabi, Mediclinic is well acquainted with the process of business integration along with operational and business alignment. We remain confident in the successful integration and growth of the business."

Trading in Mediclinic Southern Africa and Hirslanden remains in line with management's expectations."

Pre-close trading update

The pre-close trading update for the five months ended 31 August 2016 will be provided in the last week of September 2016, ahead of the publication of Mediclinic's results on 10 November 2016 for the six months ending 30 September 2016.

Analyst and investor conference call details

A conference call will be held at 8am BST this morning hosted by Danie Meintjes CEO and Jurgens Myburgh CFO.

Participant dial in numbers are below:

United Kingdom	020 3059 8125
South Africa	0800 999 282
United Arab Emirates	8000 3570 2413
All other locations	+44 20 3059 8125

Participants should state they wish to join the Mediclinic International conference call. Please dial in 5-10 minutes prior to the call. A recording to the call will be made and will be accessible from Mediclinic's website www.mediclinic.com.

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