Mediclinic International plc
(Incorporated in England and Wales)
Company Number: 08338604
LSE Share Code: MDC
JSE Share Code: MEI
NSX Share Code: MEP
ISIN: GB00B8HX8Z88
LEI: 2138002S5BSBIZTD5I60
South African income tax number: 9432434182
('Mediclinic', or the 'Company', or the 'Group')

25 May 2022

MEDICLINIC INTERNATIONAL PLC 2022 FULL-YEAR RESULTS ANNOUNCEMENT

Mediclinic announces its results for the year ended 31 March 2022 (the 'period' or 'FY22'). For comparative purposes, the year ended 31 March 2021 ('FY21') is presented alongside the year ended 31 March 2020 ('FY20'), the latter representing a pre-pandemic period.

Strong financial performance with revenue exceeding pre-pandemic levels

- Group revenue up 8%, driven by increase in client activity; revenue up 5% on pre-pandemic levels
- Material improvement in Group adjusted EBITDA margin to 16.1% (FY21: 14.2%; FY20: 17.5%)
- Group adjusted earnings per share ('EPS') increased 65% to 22.6p (FY21: 13.7p; FY20: 24.0p)
- Reduced the leverage ratio to 3.9x (FY21: 5.1x), below pre-pandemic levels (FY20: 4.3x)
- Proposed dividend re-instatement at 3.00 pence per share (FY21: nil)

Continued delivery against key priorities

- Dealing with the pandemic effectively, caring for around 85 000 COVID-19 inpatients since its onset
- Progressing towards pre-pandemic profitability, with FY22 performance in line with improved outlook
- Executing on Group strategy, positioning the Company as an integrated healthcare partner
- Further improving value to all stakeholders

Positive FY23 outlook

- Expect increased client activity to drive further revenue growth, margin expansion and improved earnings
- Improving profitability and strong operating cash flows expected to support continued deleveraging
- Executing on opportunities to grow across the continuum of care
- Enhancing digital healthcare solutions for clients and healthcare professionals
- Investing in ESG initiatives to deliver on sustainable development strategy and achieve 2030 targets

Statutory results

- Operating profit up 34% to £280m (FY21: £209m)
- Earnings and EPS both up 122% to £151m (FY21: £68m) and 20.5 pence (FY21: 9.2 pence), respectively

Dr Ronnie van der Merwe, Group Chief Executive Officer of Mediclinic, said:

'The Group delivered a strong operational and financial performance this year, driven by increased client activity across our care settings. As disruption from the pandemic receded, the fundamental demand for our broad range of healthcare services drove inpatient and day case revenue up 7%, and outpatient revenue up 10% compared with the prior year. Encouragingly, revenue and earnings exceeded pre-pandemic FY20 levels in all three divisions. Importantly, we have delivered these results while fulfilling our critical role in helping communities to navigate the pandemic, caring for around 43 000 COVID-19 inpatients this year, in addition to the 42 000 in the prior year. The profound impact of this work and supporting vaccination programmes is truly humbling and is a testament to the tireless efforts of our exceptional teams.

'Mediclinic's success this year is due to the dedication and commitment of our people and the trust our clients have in the Group to meet their healthcare needs. We are also benefitting from the ongoing delivery of our clear strategy to position the Company as an integrated healthcare partner, harnessing data, technology and innovation as we grow across the continuum of care.

'In the year ahead, we expect to benefit from a continued increase in client activity which will drive further improvement in our profitability and earnings. Our sustainable development initiatives give me confidence in the

Group's ability to strengthen its leading market positions, delivering value and sustained success over the coming years.'

GROUP FINANCIAL SUMMARY

	FY22 £'m	FY21 £'m	Variance FY22 vs FY21[1]	FY20[2] £'m	Variance FY22 vs FY20[1]
Reported results					
Revenue	**3 233**	2 995	8%	3 083	5%
Operating profit	**280**	209	34%	(184)	253%
Earnings[3]	**151**	68	122%	(320)	147%
EPS (pence)	**20.5**	9.2	122%	(43.4)	147%
Total dividend per share (pence)	**3.00**	-	100%	3.20	(6)%
Adjusted results[4]					
Adjusted EBITDA	**522**	426	22%	541	(3)%
Adjusted operating profit	**311**	221	41%	327	(5)%
Adjusted earnings	**167**	101	65%	177	(6)%
Adjusted EPS (pence)	**22.6**	13.7	65%	24.0	(6)%
Net incurred debt[5]	**1 269**	1 483	(14)%	1 622	(22)%
Cash conversion[6]	**127%**	77%		109%	

1 *The percentage variances are calculated in unrounded sterling values and not in millions.*
2 *2020 Full-year Results Announcement was published on 2 June 2020.*
3 *Reported earnings refers to profit for the year attributable to equity holders.*
4 *The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and to provide consistent and comparable reporting. See the policy and 'Reconciliations' section on pages 13–20 of this announcement.*
5 *Net incurred debt reflects bank borrowings and excludes IFRS 16 lease liabilities.*
6 *See calculation on page 19 of this announcement.*

Details of the FY22 results webinar for investors and analysts are available at the end of this announcement and on the Group's website at www.mediclinic.com.

GROUP CHIEF EXECUTIVE OFFICER'S REPORT

Delivering against our priorities
Amid the ongoing challenges posed by COVID-19, the Group made good progress in the achievement of our financial, operational and strategic goals during the year under review, further strengthening our foundation for future growth.

To guide our actions during FY22, I set out four key priorities at the start of the year:

1. Deal with the pandemic effectively;
2. Progress towards pre-pandemic profitability;
3. Execute on the Mediclinic Group Strategy; and
4. Further improve our Group value.

Dealing with the pandemic effectively
Our international perspective and centrally coordinated Clinical Services function proved instrumental in navigating the pandemic effectively, leveraging insight and best practice from across the Group to improve our

response to each wave. Through multidisciplinary task forces at Group and divisional level, we continually evaluate our ongoing pandemic response, allowing for optimised treatment pathways. We also remain focused on the safety and wellbeing of every employee and partner doctor, adapting our support as the pandemic's impact evolves.

Since the onset of the pandemic, we have diligently cared for approximately 85 000 COVID-19 inpatients. Even though COVID-19 patient volumes were similar compared with the prior year, we experienced a significant increase in overall client activity, driven by demand for our broad range of healthcare services. In FY22, we treated around 750 000 inpatient and day case admissions, up 14% compared with FY21, with outpatient revenue increasing by 10%.

Collaborating with and supporting public and private stakeholders in all our geographies has proven vital in combatting the pandemic. In Switzerland, we administered over 1 million COVID-19 vaccine doses at our vaccination centres, and partnered with 12 cantons to manage repetitive polymerase chain reaction ('PCR') saliva testing on our digital platform, TOGETHER WE TEST. Our on-site vaccination centres in South Africa assisted with the delivery of a further 360 000 vaccines, while five of our facilities in the Middle East provide ongoing support to the world-class, government-led vaccination and testing programmes in the region.

Progressing towards pre-pandemic profitability
Our ability to provide our full breadth of services improved in FY22 compared with FY21. The Omicron variant proved less clinically severe than previous variants, resulting in fewer COVID-19 inpatient admissions compared with other waves; however, staffing and patient scheduling were severely disrupted at times by the variant's higher transmissibility. Encouragingly, we were able to exit the fourth quarter strongly across all three divisions as the wave receded.

The Group delivered a strong operational and financial performance this year, in line with the improved outlook we indicated at the half-year results. Group revenue in FY22 was up 8% at £3 233m (FY21: £2 995m), adjusted EBITDA was up 22% at £522m (FY21: £426m) and the adjusted EBITDA margin significantly improved by nearly 200 basis points to 16.1% (FY21: 14.2%), signalling our progress towards pre-pandemic profitability (FY20: 17.5%). Reported operating profit was up 34% at £280m (FY21: £209m); adjusted operating profit was up 41% at £311m (FY21: £221m). Reported earnings were up 122% at £151m (FY21: £68m). Reported and adjusted EPS were up 122% at 20.5 pence (FY21: 9.2 pence) and 65% at 22.6 pence (FY21: 13.7 pence), respectively.

Cash and cash equivalents increased during the year to £534m (FY21: £294m), with cash conversion at 127% (FY21: 77%). The leverage ratio reduced to 3.9x at year end (FY21: 5.1x), and return on invested capital ('ROIC') increased to 4.0% (FY21: 3.0%). The Board has proposed that the dividend be reinstated with a final dividend of 3.00 pence per share (FY21: nil).

Executing on our Group strategy
The Group strategy aims to position Mediclinic as an integrated healthcare partner, harnessing data, technology and innovation to facilitate our growth across the continuum of care while offering sustainable value to our clients. To facilitate this, from 1 April 2022, we appointed Koert Pretorius, former CEO of our Southern Africa division, as Group Chief Operating Officer and refined Magnus Oetiker's role to focus purely on strategy. I believe these changes will increase the speed of strategy execution while maintaining operational discipline in the business of today. It will also improve project alignment, resource allocation and operational excellence across the Group and divisions, and support our Group priority of returning to pre-COVID-19 levels of profitability.

Digital transformation
Traditionally, we have invested significantly in our global infrastructure, creating a valuable and market-leading portfolio of facilities. The pandemic, however, greatly increased the need for convenience and ease in accessing quality healthcare. We are growing our information and communications technology ('ICT'), electronic health records ('EHRs') and digital initiatives accordingly to enable seamless and coordinated client journeys across physical and virtual care settings.

Through our collaboration with Mehiläinen, we are broadening our capacity to provide innovative digital healthcare solutions for clients and healthcare professionals on the BeeHealthy platform. We have launched client-facing applications in all three geographies, and are piloting various digital patient pathways. This will allow us to foster stronger direct relationships with our clients, enhancing clinical outcomes, client experience and stakeholder value.

Our virtual care initiative digitalises existing services to create a real-time healthcare system which comprises telehealth services, remote patient monitoring (‘RPM’) and virtual critical care unit solutions. We are also well advanced in robotic process automation (‘RPA’), which drives productivity and efficiency gains, and allows our people to prioritise valued-added activities.

Innovation
We established our healthcare technology and innovation hub in Switzerland during the year under review, and our precision medicine services have launched in the Middle East and Switzerland, with Southern Africa to follow shortly. These services, led by specialist geneticists, enable disease treatment and prevention tailored to individual clients’ genetic, environmental and lifestyle variables.

Growth and expansion across the continuum of care
In Switzerland, our numerous public-private partnerships (‘PPPs’) support cantonal hospitals to expand care delivery, while Hirslanden, along with Medbase and the insurance partners Groupe Mutuel, Helsana and SWICA, launched a joint digital ecosystem called Compassana, which will allow Swiss clients to coordinate their care. We also recently opened OPERA Bern day case clinic, our fifth in Switzerland, and are piloting an innovative insurance product in the same region, in collaboration with Medbase and Helsana Insurance, which offers supplementary insured clients access to high-quality, integrated care.

In Southern Africa, we opened two new day case clinics during the period, taking the division’s total to 14. Following the opening of our first renal facility in South Africa in partnership with BGM Renal Care in February 2021, three further facilities were opened during the period. Co-locating these services at existing facilities ensures a comprehensive, vertically integrated approach to renal care in the acute and chronic environment. In July 2021, we also partnered with Icon Oncology to open a new flagship oncology service.

We grew our services in the Middle East through the 100-bed expansion and the new integrated oncology unit at Airport Road Hospital in Abu Dhabi. In November 2021, we acquired the remaining 70% shares in the Bourn Hall Fertility Centre to further enhance our *in vitro* fertilisation (‘IVF’) offering. In Dubai, we successfully launched a new Mediclinic Perform sports medicine and rehabilitation centre, and a cosmetic facility, Enhance, is due to open by the end of May. We entered into the first-ever healthcare PPPs awarded by the Dubai Health Authority to operate two dialysis centres.

RPM and home care services present new growth opportunities. The Group invested in DomoSafety, a Swiss at-home health monitoring business; acquired Ayadi Home Healthcare in the Middle East; and commenced an RPM pilot with the Abu Dhabi Government. Furthermore, we converted 35 licensed beds in the Middle East to provide long-term patient care as we look to these and other specialties like mental health for further expansion.

The Group’s entry into the Kingdom of Saudi Arabia together with the Al Murjan Group is progressing well. We expect to open the 236-bed private hospital in 2023.

Sustainable development
Sustainable development is one of our core strategic focus areas and is ingrained in how we do business. Our people, clients and the planet are our priority as we seek to build healthier and happier societies for a better future, which drives value for all stakeholders.

We have allocated around £8m of capital investment per annum over the next three years towards projects that drive environmental improvements as we seek to achieve our 2030 targets, reducing costs and diversifying our energy reliance. Excellent, cost-effective initiatives are already underway, including water usage minimisation, alternatives to traditional energy sources and packaging reduction. During the period, we completed our first sustainability-linked syndicated loan in South Africa and signed agreements to procure renewable energy at lower rates than traditional energy tariffs while transitioning to 100% renewable electricity supply in Switzerland.

Further improving our Group value
Our purpose, to enhance the quality of life, drives everything we do as an organisation, galvanising our teams across geographies to deliver care for our clients. To enhance the Group’s position as a market leader, we are not restricted by geography or function, but instead harness the skills, knowledge, best practice and innovation from each of the three continents where we operate. We have seen clinical collaboration in areas such as virtual critical care units, COVID-19 treatment pathways and RPM. Our Digital Transformation and Innovation functions collaborate with partners from around the globe. Procurement initiatives ensure the consistency and security of supply, as well as competitive pricing which supports our profitability. ESG projects enhance our position as a trusted healthcare partner. All of these are being managed centrally to ensure we benefit from economies of

scale, efficiencies and coordinated care, which will continue to set us apart from less diversified healthcare providers.

Spire Healthcare Group plc (‘Spire’) performance
Spire’s partnership with the National Health Service (‘NHS’) in the UK continued with a volume-based contract in the first quarter of 2021 – nine Spire hospitals became NHS cancer hubs. Similar agreements were established in the wake of the Omicron wave.

The group delivered a strong financial performance in the year ended 31 December 2021, with revenue growth of 20%. Spire also completed the sale and leaseback of its Cheshire hospital and refinancing of its borrowing facilities, paying down £100m of debt.

We continue to work with the company’s management and board to deliver on Spire’s strategy of being the first choice for private healthcare in the UK, and a key partner of the NHS, while progressing efficiency programmes and growth initiatives.

Positive Group outlook
It has been four years since my appointment as Group CEO, and three years since we introduced a comprehensive strategy for the entire organisation. During this time, there is no doubt we have matured in our approach to strategy execution and our ability to work cohesively towards enhancing our collective value. This gives me confidence in our future and the opportunities being created for the Group to deliver sustainable value.

In FY23, we expect a combination of volume growth and efficiency gains to continue to drive the Group towards pre-pandemic profitability, alongside a meaningful improvement in earnings.

We continually invest in our people, referral networks, innovative insurance products and digital initiatives as we expand across the continuum of care in an integrated and value-focused way. Our organisation’s resilience, the trust we have built with our clients and partners, and our ability to seize opportunities are only possible as a result of our people; it is impossible to feign the fortitude, positivity and commitment that our employees display every day, let alone the success that has resulted from their efforts. I wish to thank every employee and supporting doctor for their contribution in this.

Dr Ronnie van der Merwe
Group Chief Executive Officer
24 May 2022

GROUP CHIEF FINANCIAL OFFICER'S REPORT

Page 13 in the Financial review sets out the Group's use of adjusted non-IFRS financial measures. Other non-IFRS measures, which include constant currency, cash conversion, ROIC, net incurred debt and leverage ratio, are further discussed, with reconciliations from the most comparable IFRS measure provided, on pages 14–24.

FINANCIAL SUMMARY

- Group revenue increased by 8% compared with FY21 (up 10% in constant currency), driven by growth in client activity; revenue up 5% on pre-pandemic levels (up 9% in constant currency)
- Group adjusted EBITDA increased by 22% compared with FY21 (up 24% in constant currency), driven by revenue growth, and adjusted EBITDA margin improved to 16.1% (FY21: 14.2%); adjusted EBITDA up 1% in constant currency compared with pre-pandemic FY20
- Adjusted operating profit of £311m; up 41% on FY21 and down 5% on pre-pandemic FY20; in constant currency terms up 41% and flat compared with FY21 and FY20, respectively
- Operating profit up 34% to £280m (FY21: £209m)
- Adjusted earnings and adjusted EPS increased by 65% compared with prior year; local currency adjusted earnings ahead of pre-pandemic levels in all three divisions
- Reported earnings up 122% to £151m (FY21: £68m) and reported EPS up 122% to 20.5 pence (FY21: 9.2 pence)
- Operating performance and cash conversion of 127% (FY21: 77%) delivered increase in cash and cash equivalents to £534m (FY21: £294m)
- Recovery in profitability and reduction in net incurred debt reduced leverage ratio (including lease liabilities) to 3.9x (FY21: 5.1x)
- Proposed final dividend of 3.00 pence per share in line with dividend policy payout ratio

GROUP RESULTS

Adjusted results

The Group delivered a strong financial performance compared with FY21, driven by increased client activity. Compared with pre-pandemic levels, the volumes in Switzerland and the Middle East increased, while Southern Africa gradually recovered after a more severe impact from the pandemic. The improvement in FY22 was despite the disruption of further COVID-19 waves – with the Omicron wave proving particularly challenging from a staffing and patient scheduling perspective due to its high transmissibility and regulated self-isolation.

Group revenue was up 8% at £3 233m (FY21: £2 995m) and up 10% in constant currency terms. Compared with pre-pandemic FY20, Group revenue was up 5% (FY20: £3 083m) and up 9% in constant currency terms. Revenue increased in all three divisions compared with both the prior year and the pre-pandemic FY20 year.

Adjusted EBITDA was up 22% at £522m (FY21: £426m) and up 24% in constant currency terms. Across the Group, incremental COVID-19-related expenses totalled around £27m (FY21: £32m), reflecting the ongoing treatment of COVID-19 inpatients during various pandemic waves. The Group's adjusted EBITDA margin increased materially to 16.1% (FY21: 14.2%), driven by the revenue performance.

Compared with the pre-pandemic FY20 period, adjusted EBITDA was down 3% (up 1% in constant currency terms). The adjusted EBITDA margin is approaching pre-pandemic levels (FY20: 17.5%) while still reflecting increases in employee costs and in consumable and supply costs driven by COVID-19-related expenses and input costs associated with higher acuity revenue, the impact of which is expected to reduce over time.

Adjusted depreciation and amortisation were up 1% to £209m (FY21: £207m) and down 3% compared with the pre-pandemic period (FY20: £217m), reflecting prudent delays in capital expenditure and translation differences more than offsetting the IFRS 16 impact of the commissioning of Airport Road Hospital in Abu Dhabi.

Adjusted operating profit was up 41% at £311m (FY21: £221m; FY20: £327m), resulting in an improved ROIC of 4.0% compared with 3.0% in FY21. In constant currency terms, adjusted operating profit was up 41% and flat compared with FY21 and FY20, respectively.

Adjusted net finance cost was down 8% at £67m (FY21: £72m; FY20: £78m), mainly due to the effect of lower net borrowings more than offsetting the IFRS 16 impact of the Airport Road Hospital commissioning.

The adjusted tax charge was £45m (FY21: £27m; FY20: £56m) and the adjusted effective tax rate for the period was 19.5% (FY21: 19.3%; FY20: 22.3%).

Adjusted non-controlling interests were up 72% to £19m (FY21: £11m; FY20: £18m), reflecting higher contributions from Southern Africa hospitals with outside shareholdings. Adjusted net loss from equity-accounted investments increased from £10m in FY21 to £13m in FY22, reflecting the net loss reported by Spire for the 12 months ended 31 December 2021.

Both adjusted earnings and adjusted EPS were up 65% at £167m (FY21: £101m), and 22.6 pence (FY21: 13.7 pence; FY20: 24.0 pence), respectively. All three divisions' earnings in local currency were ahead of pre-pandemic levels with only translation differences resulting in Group adjusted earnings being down 6% compared with pre-pandemic levels (FY20: £177m).

The Group delivered cash conversion of 127% (FY21: 77%), with all three divisions above the Group target of 90–100%, through catch-up of the slower recovery in the prior year.

Ongoing investment across the Group to enhance the existing facilities and deliver future growth resulted in capital expenditure of £178m. As planned, this was up on the prior year (FY21: £126m), a period when capital expenditure was reduced in light of the initial uncertainty posed by the pandemic. FY22 spend was lower than planned due to the timing of projects with FY23 expected to reflect a catch-up, forecast to total around £251m in constant currency terms.

Given the recovery in profitability and cash conversion, the Group's leverage ratio (including lease liabilities) significantly reduced during the year to 3.9x (FY21: 5.1x). While the Swiss and Middle East divisions continued to pay down debt by around £91m, translation differences at year end resulted in reported incurred bank debt remaining broadly flat at £1 803m (FY21: £1 777m). Strong cash generation supported a reduction in net incurred debt by £214m to £1 269m (FY21: £1 483m).

At the end of FY20, the Board took the prudent and appropriate decision to suspend the dividend, as part of the Group's response to maintaining its liquidity position through the pandemic and maximising its support in combatting COVID-19. The Board believes the Group is in a stronger financial position and the outlook, though subject to macroeconomic factors, is more certain than at any time in the past two years. Therefore, the Board is proposing to reinstate the dividend in line with the dividend policy targeting a payout ratio of 25–35% of adjusted earnings, and has proposed a final dividend per share of 3.00 pence (FY21: nil), representing 25% of 2H22 adjusted EPS.

In arriving at FY22 adjusted operating profit, reported operating profit was adjusted for the following items:

- past service cost of £9m relating to Swiss pension benefit plan changes and £2m relating to Middle East end-of-service benefit obligation;
- insurance proceeds of £7m received for the damage of buildings and equipment at Klinik Hirslanden, Zurich;
- accelerated depreciation of £19m relating to the dismantling of two hospital wings as part of an expansion project at Klinik St. Anna, Lucerne;
- impairment charges of £7m relating to damaged buildings and equipment at Klinik Hirslanden; and
- fair value adjustment of £1m on the deemed disposal of the equity-accounted investment, Bourn Hall.

Prior period FY21 operating profit was adjusted for the following items:

- accelerated depreciation of £10m relating to the dismantling of two hospital wings as part of an expansion project at Klinik St. Anna;
- impairment charges of £4m relating to Southern Africa; and
- insurance proceeds of £2m received for the loss of equipment in Southern Africa.

Operating profit in FY20 was adjusted for the following items:

- recognition of an impairment charge of £481m to Middle East goodwill;
- recognition of an impairment charge of £33m to fixed assets in Switzerland;
- impairment reversal of £4m relating to properties in Switzerland;
- impairment charges of £2m relating to Southern Africa; and
- fair value adjustments on derivative contracts of £1m.

FY22 reported earnings were further adjusted for the following items:

- Mediclinic's share of the equity-accounted gain on sale and leaseback from Spire of £7m;
- Mediclinic's share of the equity-accounted tax credit in respect of Spire's sale and leaseback of £5m;

- increase in the redemption liability related to Clinique des Grangettes, Geneva, due to remeasurement of £1m; and
- related tax impact on adjusting items of £4m.

FY21 reported earnings were further adjusted for the following items:
- Mediclinic's share of the equity-accounted impairment loss from Spire of £60m;
- reversal of previously recorded impairment losses against the carrying value of the equity investment in Spire of £60m;
- increase in the redemption liability related to Clinique des Grangettes due to remeasurement of £23m; and
- related tax impact on adjusting items of £2m.

FY20 reported earnings were further adjusted for the following items:
- increase in the redemption liability related to Clinique des Grangettes due to remeasurement of £5m;
- recognition of an impairment charge on the equity investment in Spire of £10m;
- the reduction of Swiss property deferred tax liabilities of £29m resulting from corporate tax reforms in Switzerland; and
- related tax impact on adjusting items of £3m.

Reported results

Reported revenue was up 8% to £3 233m (FY21: £2 995m), driven by the recovery in client activity and reduced restrictions on elective and non-urgent care.

Depreciation and amortisation increased by 5% to £228m (FY21: £217m) and includes accelerated depreciation of £19m (FY21: £10m) relating to the expansion project at Klinik St. Anna. Operating profit was up by 34% to £280m (FY21: £209m).

Net finance cost decreased by 29% to £68m (FY21: £95m) with the prior year reflecting the remeasurement of the redemption liability related to Clinique des Grangettes of £23m.

The Group's effective tax rate for the period was 19.5% (FY21: 24.4%). The higher effective tax rate in the prior year was due to the remeasurement of the redemption liability, which is not deductible for tax purposes and had a tax effect of £4m.

Earnings and EPS were both up 122% at £151m (FY21: £68m) and at 20.5 pence (FY21: 9.2 pence), respectively.

DIVISIONAL RESULTS

	Group currency (millions)					Divisional currency (millions)[1]				
	FY22	FY21	FY20	Variance FY22 vs FY21	Variance FY22 vs FY20	FY22	FY21	FY20	Variance FY22 vs FY21	Variance FY22 vs FY20
Revenue	£3 233	£2 995	£3 083	8%	5%					
Switzerland	£1 503	£1 478	£1 438	2%	5%	1 885	1 784	1 804	6%	4%
Southern Africa	£909	£734	£907	24%	0%	18 416	15 573	17 031	18%	8%
Middle East	£820	£781	£737	5%	11%	4 111	3 760	3 445	9%	19%
Corporate	£1	£2	£1	(50)%	-	n/a	n/a	n/a		
Adjusted EBITDA	£522	£426	£541	22%	(3)%					
Switzerland	£236	£225	£245	5%	(4)%	297	272	306	9%	(3)%
Southern Africa	£170	£106	£188	60%	(10)%	3 430	2 209	3 536	55%	(3)%
Middle East	£123	£102	£110	21%	12%	614	492	521	25%	18%
Corporate	£(7)	£(7)	£(2)	-	250%	n/a	n/a	n/a		
Adjusted EBITDA margin[2]										
Group	16.1%	14.2%	17.5%							
Switzerland[3]	15.6%	15.1%	17.0%							
Southern Africa	18.6%	14.2%	20.8%							
Middle East	14.9%	13.1%	15.1%							
Adjusted operating profit	£311	£221	£327	41%	(5)%					
Switzerland	£121	£107	£119	13%	2%	151	128	149	18%	1%
Southern Africa	£131	£71	£151	85%	(13)%	2 656	1 477	2 838	80%	(6)%
Middle East	£68	£51	£57	33%	19%	338	248	273	36%	24%
Corporate	£(9)	£(8)	-	13%	100%	n/a	n/a	n/a		
Adjusted operating profit margin[2]										
Group	9.6%	7.4%	10.6%							
Switzerland[3]	7.9%	7.1%	8.2%							
Southern Africa	14.4%	9.5%	16.7%							
Middle East	8.2%	6.6%	7.9%							

Notes

1. *Divisional currency for Switzerland is shown in Swiss franc (CHF), Southern Africa in South African rand (ZAR) and Middle East in UAE dirham (AED).*
2. *Adjusted EBITDA and adjusted operating profit as a percentage of revenue.*
3. *The numerator used for calculating the adjusted EBITDA and adjusted operating profit margins of Switzerland includes government grants of £16m (CHF19m) (FY21: £10m [CHF13m]) disclosed as 'Other income'.*

The Group uses adjusted income statement reporting as non-IFRS measures in evaluating performance and to provide consistent and comparable reporting. See the policy and 'Reconciliations' section on pages 13–20 of this announcement.

SWITZERLAND

A robust performance in Switzerland was underpinned by the recovery in client activity, exceeding pre-pandemic levels. As Switzerland adapted its response to the pandemic, it enabled greater operational flexibility to healthcare providers to deliver care for non-COVID-19 patients while continuing to provide significant support to health authorities and caring for COVID-19 patients.

Revenue for the period increased by 6% to CHF1 885m (FY21: CHF1 784m; FY20: CHF1 804m), exceeding pre-pandemic revenue by 4%. This was due to a good recovery in inpatient activity, up 2.1% compared with FY21, and 2.0% compared with the pre-pandemic period. The general insurance mix remained broadly flat at 51.3% (FY21: 51.0%), with supplementary insured volumes up 1.4% and general insured volumes up 2.7% as the division continued to support cantonal health authorities during the pandemic. Inpatient revenue per case increased by 1.1% due to higher acuity. As a result, inpatient revenue increased by 3%. Average length of stay increased by 0.4%, which in combination with the increase in inpatient activity delivered an occupancy rate of 62.6% (FY21: 61.1%).

Outpatient and day case revenue also recovered well during the period, up 6%, contributing some 20% (FY21: 20%) to total revenue in the period.

The division engaged extensively with Swiss cantonal authorities in planning for and navigating the pandemic, and, as part of this, provided hospital bed and staff capacity. In recognition and reimbursement of the support and capacity provided, several Swiss cantonal authorities introduced appropriate financial contributions for hospitals to offset certain costs and disruptions to operations. As a result, total government grants of CHF19m (FY21: CHF13m) were recognised as other income.

The increase in revenue supported a 9% increase in adjusted EBITDA to CHF297m (FY21: CHF272m), recovering towards pre-pandemic levels (FY20: CHF306m). The adjusted EBITDA margin increased to 15.6% (FY21: 15.1%; FY20: 17.0%) while the division continued to absorb COVID-19-related expenses of around CHF18m (FY21: CHF10m) and the direct and indirect impact on operational performance due to the pandemic.

Adjusted depreciation and amortisation increased by 2% to CHF146m (FY21: CHF143m; FY20: CHF157m). Adjusted operating profit increased by 18% to CHF151m (FY21: CHF128m; FY20: CHF149m). Adjusted net finance cost was flat at CHF58m (FY21: CHF58m; FY20: CHF58m).

Adjusted earnings increased by 44% to CHF67m (FY21: CHF47m), ahead of pre-pandemic levels (FY20: CHF57m).

Despite COVID-19, the division significantly improved its cash conversion to 126% (FY21: 66%) through improvement of its net working capital, enabling a CHF50m voluntary payment of senior debt.

Total capex spent during FY22 was broadly in line with expectations at CHF129m (FY21: CHF81m), comprising maintenance capex of CHF68m (FY21: CHF38m) and expansion capex of CHF61m (FY21: CHF43m).

The continued improvements in operating cash flow expected in Switzerland will enable the Group to proportionately increase the division's annual capital investment while continuing to generate appropriate free cash flow to equity holders (including the annual CHF50m debt repayment). FY23 total capex is forecast at around CHF155m. Expansion capex of around CHF60m includes investment in the projects at Klinik St. Anna and Klinik Aarau to strengthen the competitive position and growth opportunities of these key hospitals. Maintenance capex is forecast at around CHF95m (including around CHF4m for ESG projects that will enhance our long-term sustainability), in line with the medium-term maintenance capex spend, which is expected to average around 4–5% of revenue.

SOUTHERN AFRICA

Despite the significant demands and disruption caused by the pandemic, the division delivered an exceptional performance compared with the prior year. The Group has continued to treat the majority of its COVID-19 inpatients in its Southern Africa division, with over 40 000 cared for in FY22 (FY21: around 35 000). The division continued to adapt and effectively navigate multiple pandemic waves during the year, treating 18% more non-COVID-19 admissions compared with FY21.

The most severe and sustained wave to date impacted the division during 1H22, peaking in July 2021. In 2H22, the onset of the Omicron wave resulted in a rapid spike in COVID-19 admissions in December 2021. However, this remained below peak admissions compared with previous waves, before starting to recede quickly in January 2022. The greater challenge during the Omicron wave, as experienced in the other divisions, was the impact on staffing self-isolation and patient scheduling due to the variant's increased transmissibility.

Revenue for the period increased by 18% to ZAR18 416m (FY21: ZAR15 573m; FY20: ZAR17 031m), reflecting the recovery in client activity. Revenue was ahead of pre-pandemic levels by 8%. Compared with FY21, paid patient days ('PPDs') increased by 14% and remained marginally below pre-pandemic levels, down 3%. COVID-19-related PPDs were around 17% of total PPDs during the period, compared with around 18% in FY21. The lowest six-month level of COVID-19-related PPDs since the pandemic began was experienced in 2H22 at 7% of total PPDs, as non-COVID-19 inpatient activity increased.

Occupancy improved with the growth in PPDs to average 64.3% (FY21: 56.3%), approaching pre-pandemic levels (FY20: 67.9%). Encouragingly, February and March 2022 had the strongest occupancy levels experienced since the start of the pandemic at 69%. Average revenue per bed day was up 3.2% compared with FY21 and up 11.7% on pre-pandemic levels, continuing to reflect the elevated acuity of treatments. The average length of stay was down 2.5% compared with FY21, reflecting the increase in non-COVID-19 PPDs and their shorter average length of stay compared with COVID-19 inpatients.

Adjusted EBITDA increased by 55% to ZAR3 430m (FY21: ZAR2 209m), driven by the revenue performance, and recovering towards pre-pandemic levels (FY20: ZAR3 536m). The adjusted EBITDA margin materially increased in FY22 to 18.6% (FY21: 14.2%). The effects of COVID-19-related costs of around ZAR207m in FY22 (FY21: ZAR323m) and the change in case mix continued to impact the margin when compared with the pre-pandemic period (FY20: 20.8%).

Depreciation and amortisation were broadly flat at ZAR772m (FY21: ZAR763m; FY20: ZAR698m), mainly due to the prudent delay to investments in the prior period due to the pandemic. Adjusted operating profit increased by 80% to ZAR2 656m (FY21: ZAR1 477m; FY20: ZAR2 838m). Net finance cost decreased by 17% to ZAR465m (FY21: ZAR561m; FY20: ZAR554m) due to interest income on increased deposits and lower base interest rates.

Adjusted earnings increased to ZAR1 359m (FY21: ZAR519m), ahead of pre-pandemic levels (FY20: ZAR1 335m).

The division converted 108% (FY21: 111%) of adjusted EBITDA into cash generated from operations.

Total capex spent during the period increased to ZAR957m (FY21: ZAR702m), comprising maintenance capex of ZAR654m (FY21: ZAR302m) and expansion capex of ZAR303m (FY21: ZAR400m). Expansion projects during the year included Brits, Hoogland and Midstream hospitals, and Vergelegen and Winelands day case clinics.

FY23 total capex is forecast at around ZAR1 360m. Expansion capex is forecast at around ZAR635m, including projects at George, Legae, Vereeniging, Brits and Medforum hospitals and Pietermaritzburg day case clinic. In addition, further investment in ICT infrastructure projects will be made to support future growth initiatives including initial investment in an EHR. FY23 maintenance capex is forecast at around ZAR725m (including around ZAR60m for ESG projects that will enhance our long-term sustainability), broadly in line with the medium-term maintenance capex spend, which is expected to average around 3–4% of revenue.

THE MIDDLE EAST

In the Middle East, the Group delivered a strong performance driven by inpatient and outpatient volume growth. Volumes reached new highs exceeding the pre-pandemic period, underpinned by investment over recent years to expand and enhance facilities and services in the region. Similar to August 2020, counter-seasonal holiday trends due to global travel restrictions resulted in elevated client volumes compared with the pre-pandemic 1H20 period, a trend which is expected to normalise in FY23.

Revenue for the period increased by 9% to AED4 111m (FY21: AED3 760m; FY20: AED3 445m), which includes around AED315m (FY21: AED485m) in COVID-19-related and new revenue streams. Inpatient admissions and day cases were up 17% and outpatient cases up 16%. The volume increase was partly offset by a decrease in the average revenue per inpatient and day case admission, and in outpatient cases by 10% and 2%, respectively, reflecting a move towards pre-pandemic acuity levels and revenue mix.

Despite ongoing COVID-19-related costs of around AED10m (FY21: AED28m), adjusted EBITDA increased 25% to AED614m (FY21: AED492m; FY20: AED521m) due to the revenue performance. As a result, the adjusted EBITDA margin increased to around pre-pandemic levels at 14.9% (FY21: 13.1%; FY20: 15.1%).

Adjusted depreciation and amortisation increased by 10% to AED272m (FY21: AED248m; FY20: AED249m), largely reflecting the phased commissioning at Airport Road Hospital during the period, with an additional increase to be reflected in FY23. Adjusted operating profit increased by 36% to AED338m (FY21: AED248m; FY20: AED273m).

Net finance cost increased by 2% to AED79m (FY21: AED78m; FY20: AED91m), due to a reduction in gross debt and the base rate, and revised lease agreement rental savings, offset by the IFRS 16 interest associated with the Airport Road Hospital commissioning.

Adjusted earnings increased by 51% to AED257m (FY21: AED170m; FY20: AED181m).

The division significantly improved its cash conversion to 141% (FY21: 73%) through catch-up of under-recovery in the prior year.

Total capex spent during the period was lower than expected at AED141m (FY21: AED124m), mostly related to timing differences for expansion projects with the catch-up expected in FY23. FY22 investment comprised maintenance capex of AED41m (FY21: AED36m) and expansion capex of AED100m (FY21: AED88m), which mostly related to investment at Airport Road Hospital for the upgrade at the existing wing following the opening of the new facility and the EHR roll-out.

FY23 total capex is forecast at around AED275m. Expansion capex is forecast at AED190m, reflecting the catch-up from the lower than expected FY22 investment. Additional new projects are planned at Parkview and Al Jowhara hospitals, Me’aisem and Reem Mall clinics, and the opening of Mediclinic Enhance. Expansion capex is expected to materially reduce in FY24. FY23 maintenance capex is forecast at around AED85m (including around AED8m for ESG projects that will enhance our long-term sustainability), in line with the medium-term maintenance capex spend, which is expected to average around 2–3% of revenue.

OUTLOOK

Based on the most recent trends and expectations, COVID-19-related cases are expected to recede further, leading to an increase in more normalised client activity and fewer direct COVID-19-related costs. The underlying demand for Mediclinic’s broad range of services, its trusted and leading market positions, expansion across the continuum of care and new digital offerings are together expected to deliver sustained growth in revenue and profitability over the coming years. This – combined with targeted cash conversion, disciplined capital allocation, reduced leverage, improved returns and a clearly defined approach to sustainable development – is all expected to positively drive shareholder value. The Group is subject to macroeconomic factors, including inflationary and supply chain dynamics, and is proactively managing these through, among other levers, global procurement mobilisation, as well as productivity and efficiency gains.

FY23 guidance
The Group expects the positive momentum in revenue growth, margin improvement and earnings of FY22 to continue in FY23, driven by increased client activity supported by expected underlying economic growth in all three regions. Seasonal trends in patient activity levels, most notably in Switzerland and the Middle East, are expected to return, in the absence of any material new waves of COVID-19. Improving profitability and strong cash generation are expected to support continued deleveraging.

Switzerland expects to deliver modest FY23 revenue growth and EBITDA margin improvement to around 16%.

Southern Africa expects to deliver FY23 revenue growth in the mid-single digit percentage range and an EBITDA margin improvement, approaching 20%.

The Middle East expects to deliver FY23 revenue growth in the high-single digit percentage range and an EBITDA margin improvement approaching the mid-15% range.

FINANCIAL REVIEW

ADJUSTED NON-IFRS FINANCIAL MEASURES

Reported results represent the Group's overall performance and have been presented in accordance with IFRS.

Management also uses adjusted non-IFRS measures to assess the financial and operational performance of the Group. Adjusted results may be considered in addition to, but not as a substitute for, or superior to, information presented in accordance with IFRS. Such measures may not be comparable to similar measures presented by other companies.

Adjusted results provide investors and analysts with complementary information to better understand the financial performance and position of the Group from period to period. Adjusted results are used by management for budgeting and planning purposes, as well as by the directors for evaluating management's performance and in setting management incentives.

The main alternative performance measures used by the Group are explained and/or reconciled with our IFRS measures as presented in the financial statements.

The Group's policy is to adjust, among others, the following types of significant income and charges from the reported IFRS measures to present adjusted results:

- cost associated with major restructuring programmes;
- profit/loss on sale of assets and transaction costs incurred on corporate transactions;
- gains or losses[1] on the remeasurement of previously held equity interests in acquirees in terms of IFRS 3;
- remeasurement of right-of-use assets and lease liabilities as a result of lease modifications in terms of IFRS 16 Leases;
- past service cost charges/credits in relation to retirement benefit obligations;
- accelerated depreciation and amortisation charges;
- mark-to-market fair value gains/losses relating to derivative financial instruments including ineffective interest rate swaps;
- remeasurement of redemption liabilities due to changes in estimated underlying value;
- impairment charges and reversal of impairment charges;
- insurance proceeds for items of property, equipment and vehicles impaired;
- Prior-year tax adjustments and significant tax rate changes; and
- tax and non-controlling interest impact of the above items.

EBITDA is defined as operating profit before depreciation and amortisation and impairments of non-financial assets, excluding other gains and losses.

EBITDA and adjusted EBITDA are regarded as useful metrics to analyse the performance of the business from period to period. Measures like adjusted EBITDA are used by analysts and investors in assessing performance. EBITDA eliminates potential differences in performance caused by variances in capital structures and cost and age of capitalised assets

The Group has consistently applied this definition of adjusted measures in reporting on its financial performance in the past as the directors believe this additional information is important to allow shareholders to better understand the Group's trading performance for the reporting period. It is the Group's intention to continue to apply this definition consistently in the future.

Note

[1] The policy has been expanded in the current year to include gains or losses on the remeasurement of previously held equity interests in acquirees in terms of IFRS 3.

RECONCILIATIONS

Non-IFRS financial measures

FY22 results	Total £'m	Switzerland £'m	Southern Africa £'m	Middle East £'m	Spire £'m	Corporate £'m
Operating profit/(loss)	**280**	93	131	65	-	(9)
Add back:						
- Other gains and losses	**3**	-	-	2	-	1
- Depreciation and amortisation	**228**	134	39	54	-	1
- Impairment of property, equipment and vehicles	**7**	7	-	-	-	-
EBITDA	**518**	234	170	121	-	(7)
- Past service cost	**11**	9	-	2	-	-
- Insurance proceeds	**(7)**	(7)	-	-	-	-
Adjusted EBITDA	**522**	236	170	123	-	(7)
Operating profit/(loss)	**280**	93	131	65	-	(9)
- Past service cost	**11**	9	-	2	-	-
- Insurance proceeds	**(7)**	(7)	-	-	-	-
- Impairment of properties, equipment and vehicles	**7**	7	-	-	-	-
- Accelerated depreciation and amortisation	**19**	19	-	-	-	-
- Fair value adjustments on remeasurement of investment in associate	**1**	-	-	1	-	-
Adjusted operating profit/(loss)	**311**	121	131	68	-	(9)
Profit/(loss) for the year[1]	**170**	54	79	48	(3)	(8)
Non-controlling interests	**(19)**	(8)	(11)	-	-	-
- Past service cost	**11**	9	-	2	-	-
- Insurance proceeds	**(7)**	(7)	-	-	-	-
- Impairment of properties, equipment and vehicles	**7**	7	-	-	-	-
- Accelerated depreciation and amortisation	**19**	19	-	-	-	-
- Fair value adjustments on remeasurement of investment in associate	**1**	-	-	1	-	-
- Remeasurement of redemption liability (written put option)	**1**	1	-	-	-	-
- Equity-accounted portion of gain on sale and leaseback	**(7)**	-	-	-	(7)	-
- Equity-accounted portion of tax impact of sale and leaseback	**(5)**	-	-	-	(5)	-
- Tax on adjusting items	**(4)**	(4)	-	-	-	-
Adjusted earnings	**167**	71	68	51	(15)	(8)
Weighted average number of shares (millions)	**737.2**					
Adjusted EPS (pence)	**22.6**					

Note

1 *Profit for the year in Switzerland is shown after the elimination of intercompany loan interest of £18m.*

RECONCILIATIONS (continued)

Non-IFRS financial measures (continued)

FY21 results	Total £'m	Switzerland £'m	Southern Africa £'m	Middle East £'m	Spire £'m	Corporate £'m
Operating profit/(loss)	**209**	97	69	51	-	(8)
Add back:						
- Other gains and losses	**(2)**	-	(1)	(1)	-	-
- Depreciation and amortisation	**217**	128	36	52	-	1
- Impairment of properties, equipment and vehicles, and intangible assets	**3**	-	3	-	-	-
- Impairment of intangible assets	**1**	-	1	-	-	-
EBITDA	**428**	225	108	102	-	(7)
- Insurance proceeds	**(2)**	-	(2)	-	-	-
Adjusted EBITDA	**426**	225	106	102	-	(7)
Operating profit/(loss)	**209**	97	69	51	-	(8)
- Insurance proceeds	**(2)**	-	(2)	-	-	-
- Impairment of properties, equipment and vehicles, and intangible assets	**3**	-	3	-	-	-
- Impairment of intangible assets	**1**	-	1	-	-	-
- Accelerated depreciation and amortisation	**10**	10	-	-	-	-
Adjusted operating profit/(loss)	**221**	107	71	51	-	(8)
Profit/(loss) for the year[1]	**79**	32	29	35	(10)	(7)
Non-controlling interests	**(11)**	(6)	(5)	-	-	-
- Insurance proceeds	**(2)**	-	(2)	-	-	-
- Impairment of properties, equipment and vehicles, and intangible assets	**3**	-	3	-	-	-
- Impairment of intangible assets	**1**	-	1	-	-	-
- Accelerated depreciation and amortisation	**10**	10	-	-	-	-
- Remeasurement of redemption liability (written put option)	**23**	23	-	-	-	-
- Equity-accounted portion of impairment of intangible assets	**60**	-	-	-	60	-
- Reversal of impairment of associate	**(60)**	-	-	-	(60)	-
- Tax on adjusting items	**(2)**	(2)	-	-	-	-
Adjusted earnings	**101**	57	26	35	(10)	(7)
Weighted average number of shares (millions)	**737.2**					
Adjusted EPS (pence)	**13.7**					

Note

[1] *Profit for the year in Switzerland is shown after the elimination of intercompany loan interest of £18m.*

RECONCILIATIONS (continued)

Non-IFRS financial measures (continued)

FY20 results	Total £'m	Switzerland £'m	Southern Africa £'m	Middle East £'m	Spire £'m	Corporate £'m
Operating (loss)/profit	**(184)**	90	149	(423)	-	-
Add back:						
Other gains and losses	**(4)**	-	-	(1)	-	(3)
Depreciation and amortisation	**217**	126	37	53	-	1
Reversal of impairment of properties	**(4)**	(4)	-	-	-	-
Impairment of properties, equipment and vehicles, and intangible assets	**34**	33	1	-	-	-
Impairment of intangible assets	**482**	-	1	481	-	-
EBITDA	**541**	245	188	110	-	(2)
No adjustments	**-**	-	-	-	-	-
Adjusted EBITDA	**541**	245	188	110	-	(2)
Operating (loss)/profit	**(184)**	90	149	(423)	-	-
- Reversal of impairment of properties	**(4)**	(4)	-	-	-	-
- Impairment of properties, equipment and vehicles, and intangible assets	**34**	33	1	-	-	-
- Impairment of intangible assets	**482**	-	1	481	-	-
- Fair value adjustments on derivative contracts	**(1)**	-	-	(1)	-	-
Adjusted operating profit	**327**	119	151	57	-	-
(Loss)/profit for the year[1]	**(299)**	68	84	(442)	(8)	(1)
Non-controlling interests	**(21)**	(8)	(13)	-	-	-
- Reversal of impairment of properties	**(4)**	(4)	-	-	-	-
- Impairment of properties, equipment and vehicles, and intangible assets	**34**	33	1	-	-	-
- Impairment of intangible assets	**482**	-	1	481	-	-
- Fair value adjustments on derivative contracts	**(1)**	-	-	(1)	-	-
- Remeasurement of redemption liability (written put option)	**5**	5	-	-	-	-
- Impairment of associate	**10**	-	-	-	10	-
- Tax rate changes[2]	**(26)**	(26)	-	-	-	-
- Tax on adjusting items	**(3)**	(3)	-	-	-	-
Adjusted earnings	**177**	65	73	38	2	(1)
Weighted average number of shares (millions)	**737.2**					
Adjusted EPS (pence)	**24.0**					

Notes

1 *Profit for the year in Switzerland is shown after the elimination of intercompany loan interest of £17m.*

2 *Tax rate changes of £26m are shown after taking non-controlling interests of £3m into consideration.*

RECONCILIATIONS (continued)

Non-IFRS financial measures (continued)

DEPRECIATION AND AMORTISATION

Adjusted and reported depreciation and amortisation were calculated as follows:

	FY22 £'m	FY21 £'m	FY20 £'m
Depreciation and amortisation	**228**	217	217
Accelerated depreciation and amortisation	**(19)**	(10)	-
Adjusted depreciation and amortisation	**209**	207	217

NET FINANCE COST

Adjusted and reported net finance cost was calculated as follows:

	FY22 £'m	FY21 £'m	FY20 £'m
Finance cost	**74**	99	92
Finance income	**(6)**	(4)	(9)
Net finance cost	**68**	95	83
Remeasurement of redemption liability (written put option)	**(1)**	(23)	(5)
Adjusted finance cost	**67**	72	78

SHARE OF NET PROFIT OF EQUITY-ACCOUNTED INVESTMENTS

Adjusted share of net (loss)/profit of equity-accounted investments was calculated as follows:

	FY22 £'m	FY21 £'m	FY20 £'m
Share of net (loss)/profit of equity-accounted investments	**(1)**	(70)	2
Equity-accounted portion of impairment of intangible assets	**-**	60	-
Equity-accounted portion of gain on sale and leaseback	**(7)**	-	-
Equity-accounted portion of tax impact of sale and leaseback transaction	**(5)**	-	-
Adjusted share of net (loss)/profit of equity-accounted investments	**(13)**	(10)	2

RECONCILIATIONS (continued)

Non-IFRS financial measures (continued)

INCOME TAX

Adjusted income tax was calculated as follows:

	FY22 £'m	FY21 £'m	FY20 £'m
Income tax expense	**41**	25	24
Swiss tax rate changes	**-**	-	29
Tax impact of adjusting items	**4**	2	3
- Past service cost	**2**	-	-
- Accelerated depreciation	**2**	2	-
- Reversal of impairment of properties	**-**	-	(1)
- Impairment of properties	**-**	-	4
Adjusted income tax expense	**45**	27	56
Adjusted effective tax rate[1]	**19.5%**	19.3%	22.3%

Note

1 *The effective tax rate percentages are calculated in unrounded sterling values and not in millions.*

NON-CONTROLLING INTERESTS

Adjusted non-controlling interests were calculated as follows:

	FY22 £'m	FY21 £'m	FY20 £'m
Non-controlling interests	**19**	11	21
Adjusting items attributable to non-controlling interests	**-**	-	(3)
Adjusted non-controlling interests	**19**	11	18

RECONCILIATIONS (continued)

Non-IFRS financial measures (continued)

CASH CONVERSION

Cash conversion, calculated as cash generated from operations as a percentage of adjusted EBITDA, is shown as a non-IFRS measure as this is used by management and investors to measure cash generation by the Group.

Cash conversion was calculated as follows:

	FY22 £'m	FY21 £'m
Cash from operations (a)	**663**	330
Adjusted EBITDA (b)	**522**	426
Cash conversion ([a]/[b] x 100)[1]	**127%**	77%

Note

1 *Switzerland 126% (FY21: 66%), Southern Africa 108% (FY21: 111%), the Middle East 141% (FY21: 73%).*

RETURN ON INVESTED CAPITAL

ROIC is included as a non-IFRS measure as it is used by management to help inform and reflect capital allocation decisions within the business. ROIC is calculated as adjusted operating profit after tax paid expressed as a percentage of average invested capital. Average values for total invested capital are calculated as the average monthly balance for the year.

ROIC was calculated as follows:

	FY22 £'m	FY21 £'m
Adjusted operating profit	**311**	221
Tax on adjusted operating profit[1]	**(58)**	(38)
Adjusted operating profit after tax (a)	**253**	183
Total assets	**7 207**	6 672
Less: equity-accounted investments	**(165)**	(171)
Less: current liabilities	**(823)**	(684)
Add back: short-term portion of interest-bearing borrowings and lease liabilities	**171**	146
Invested capital	**6 390**	5 963
Average invested capital (b)	**6 254**	6 120
Return on average invested capital ([a]/[b] x 100)[2]	**4.0%**	3.0%

Notes

1 *Tax on adjusted operating profit is calculated as adjusted operating profit before tax multiplied by underlying statutory tax rates of each entity in the country where it operates.*

2 *The return on average invested capital percentages are calculated in unrounded sterling values and not in millions.*

RECONCILIATIONS (continued)

Non-IFRS financial measures (continued)

CONSTANT CURRENCY

The Group uses constant currency measures primarily for comparable performance analysis. Constant currency measures are presented using prior-year exchange rates, which exclude the impact of fluctuations in foreign currency exchange rates. Constant currency values are calculated by translating both the current and the prior-period local currency amounts into sterling using the prior-year average exchange rates.

Constant currency measures using FY21 average exchange rates were calculated as follows:

	FY22	FY21	Variance
Revenue	**3 233**	2 995	
Retranslation at prior-year rates	**52**	-	
Revenue in constant currency at prior-year rates	**3 285**	2 995	10%
Adjusted EBITDA	**522**	426	
Retranslation at prior-year rates	**6**	-	
Adjusted EBITDA in constant currency at prior-year rates	**528**	426	24%
Adjusted operating profit	**311**	221	
Retranslation at prior-year rates	**1**	-	
Adjusted operating profit in constant currency at prior-year rates	**312**	221	41%

Constant currency measures using FY20 average exchange rates were calculated as follows:

	FY22	FY20	Variance
Revenue	**3 233**	3 083	
Retranslation at FY20 rates	**133**	-	
Revenue in constant currency at FY20 rates	**3 366**	3 083	9%
Adjusted EBITDA	**522**	541	
Retranslation at FY20 rates	**23**	-	
Adjusted EBITDA in constant currency at FY20 rates	**545**	541	1%
Adjusted operating profit	**311**	327	
Retranslation at FY20 rates	**15**	-	
Adjusted operating profit in constant currency at FY20 rates	**326**	327	(0)%

STATEMENT OF FINANCIAL POSITION

PROPERTY, EQUIPMENT AND VEHICLES, AND INTANGIBLE ASSETS

Property, equipment and vehicles increased to £4 385m at 31 March 2022 (FY21: £4 052m), mainly due to the recognition of a right-of-use asset to the value of £102m in respect of the expansion at Airport Road Hospital, as well as the strengthening of the period-end Swiss franc, South African rand and UAE dirham rates against sterling.

Total capital expenditure for the period was £178m (FY21: £126m). Maintenance and expansion capex amounted to £94m (FY21: £54m) and £84m (FY21: £72m), respectively. The underspend compared with expectations was due to timing differences, which are expected to be reflected in FY23.

Mediclinic is one of the largest private healthcare providers across Europe, Middle East and Africa, with unique clinical expertise and scale. Aligned with the Group's strategic goals and balanced approach to capital allocation, we will seek to execute on opportunities to grow within our existing business across the continuum of care, invest in various innovation and digital transformation initiatives, and pursue opportunities for regional expansion through bolt-on investments at the appropriate time.

Intangible assets increased to £1 126m at 31 March 2022 (FY21: £1 061m), mainly due to the impact of the strengthening period-end UAE dirham rate against sterling on the Middle East goodwill.

INVESTMENT IN ASSOCIATES

Spire
Mediclinic holds a 29.9% investment in Spire which is equity accounted. Spire reported its full-year financial results for the period ended 31 December 2021 on 3 March 2022.

For the 12 months ended 31 December 2021, Spire reported a loss after taxation of £9m, which included a gain on sale and leaseback of £23m and a related tax credit of £16m (31 December 2020: loss of £234m, which included a goodwill impairment charge of £200m). Mediclinic's equity-accounted loss amounted to £3m (FY21: £70m loss). The adjusted equity-accounted loss amounted to £15m (2021: £10m loss).

NET DEBT AND LIQUIDITY

	FY22 £'m	FY21 £'m
Borrowings	**1 803**	1 777
Less: cash and cash equivalents	**(534)**	(294)
Net incurred debt	**1 269**	1 483
Lease liabilities	**786**	676
Net debt	**2 055**	2 159

The Group's leverage ratio[1] reduced to 3.9x at 31 March 2022 from 5.1x at FY21 year end. Incurred bank debt marginally increased to £1 803m (FY21: £1 777m) due to translation differences, while lease liabilities increased to £786m (FY21: £676m) mainly due to additional lease liabilities associated with the commissioning of the hospital expansion and new integrated oncology unit at Airport Road Hospital, Abu Dhabi.

Note
[1] *Non-IFRS measure reflecting net debt as a percentage of adjusted EBITDA.*

STATEMENT OF FINANCIAL POSITION (continued)

NET DEBT AND LIQUIDITY (continued)

The Group maintains a strategy of responsible leverage, largely using its extensive asset base to secure cost-efficient borrowings. The Group's fixed charge cover ratio[1] improved to 4.3x (FY21: 3.6x). While property ownership drives operational and financial benefits, the approach is not fixed, reflecting the business needs of the Group as it expands across the continuum of care, which includes less asset-intensive investments and partnerships.

Debt is ring-fenced within each division, with no cross guarantees or cross defaults. Borrowings are denominated in the same currency as the divisions' underlying revenue and therefore not exposed to foreign exchange rate risk. In August 2021 in Southern Africa, we successfully completed the refinancing of existing debt through a new sustainability-linked banking facility. The new facility comprises ZAR7 950m senior secured debt and a ZAR500m revolving credit facility ('RCF'), replacing the previous facilities. The new five-year agreement is priced initially at three-month JIBAR plus 1.54% and 1.60% on the senior secured debt and RCF, respectively.

In FY22, debt repayments in Switzerland and the Middle East totalled around CHF51m and AED250m, respectively. The Middle East division currently expects to continue repaying all incurred debt, which funded the multiyear expansion period that supports the division's future growth aspirations, by August 2023.

Cash and cash equivalents increased to £534m at 31 March 2022 compared with £294m at 31 March 2021. All three divisions' cash and cash equivalents increased during the period supported by the improved operating performance and strong cash conversion.

Interest rate sensitivity

After taking the interest rate swaps into account, the Group's net debt is exposed to movements in variable interest rates. The sensitivity of interest rates can be summarised as follows:

- Switzerland: At 31 March 2022, the SARON was -0.70% (FY21: -0.75%). Interest rates would have to increase by 70 basis points to have an impact on post-tax profit for the period with all other variables held constant. An increase in the interest rate of 25 basis points would have no impact on post-tax profit for the period (FY21: no impact).
- Southern Africa: Post-tax profit for the period would decrease/increase by £0.4m (FY21: decrease/increase by £0.7m) if the interest rates had been 100 basis points higher/lower in Southern Africa with all other variables held constant; and
- The Middle East: Post-tax profit for the period would decrease/increase by £0.1m (FY21: decrease/increase by £0.4m) if the interest rates had been 50 basis points higher/lower in the Middle East with all other variables held constant.

Note

[1] *Non-IFRS measure reflecting adjusted EBITDA less expenses related to short-term leases as a percentage of total rent and interest paid.*

STATEMENT OF FINANCIAL POSITION (continued)

NET DEBT AND LIQUIDITY (continued)

Covenants

The Group had headroom over all covenants, waived or effective, at the end of FY22, with the headroom on all three leverage ratios improving in line with improved operating performance.

In Switzerland, we have a covenant waiver in place and the first test will be performed at the end of September 2022.

The following table illustrates the headroom to the covenant tests:

	Status	Headroom variable	FY22 Headroom[1]	FY21 Headroom[1]	Compliant
Switzerland					
Leverage ratio	Waived[2]	EBITDA	13%	5%	n/a
Economic capital ratio	Effective	Equity	27%	30%	Yes
Loan-to-value ratio	Effective	Property value	17%	17%	Yes
Southern Africa					
Leverage ratio	Effective	EBITDA	52%	6%	Yes
Net interest cover ratio	Effective	EBITDA	56%	18%	Yes
Middle East					
Leverage ratio	Effective	EBITDA	95%	48%	Yes
Debt service coverage ratio	Effective	Cash flow	54%	21%	Yes
Minimum net worth	Effective	n/a	> AED700m	> AED700m	Yes
Minimum monthly receivables	Effective	n/a	> AED100m[3]	> AED240m[3]	Yes

Notes

[1] *Headroom is calculated with reference to the indicated headroom variable, keeping other inputs constant.*
[2] *Waived covenant compliance tests are to be performed at the end of September 2022 for Switzerland.*
[3] *Average of last three months.*

SWISS PENSION BENEFIT OBLIGATION

In Switzerland, we provide defined contribution pension plans in terms of Swiss legislation to employees, the assets of which are held in separate trustee-administered funds. These plans are funded from employee and company contributions, taking into account the recommendations of independent qualified actuaries. Because of the strict definition of defined contribution plans in IAS 19, these plans are classified as defined benefit plans, since the funds are obliged to take some investment and longevity risk in terms of Swiss law. The IAS 19 net pension liability was valued by the actuaries at the end of the year and amounted to £6m (FY21: net asset of £83m), consisting of a net pension asset of £1m (FY21: £110m) relating to one of the plans and a net pension liability of £7m (FY21: £27m) relating to three of the plans. An asset ceiling restriction was applied to one of the plans and resulted in a net liability of £nil. The net pension asset is included under ‘Retirement benefit assets’ in the Group’s statement of financial position, whereas the net pension liabilities are included under ‘Retirement benefit obligations’. The decrease in the net pension asset was largely due to the recognition of an asset ceiling of £194m on one of the pension plans and an increase in the liability due to plan amendments that resulted in the recognition of past service cost of £9m, partly offset by an increase in the plan assets.

STATEMENT OF FINANCIAL POSITION (continued)

DERIVATIVE FINANCIAL INSTRUMENTS

Through the acquisition of Clinique des Grangettes, Geneva, the Group entered into a put/call agreement over the remaining 40% interest of Clinique des Grangettes and Clinique La Colline. At 31 March 2022, the value of the redemption liability related to the written put option amounted to £126m (FY21: £115m).

FOREIGN EXCHANGE RATES

Although the Group reports its results in sterling, the divisional profits are generated in Swiss franc, South African rand and UAE dirham. During the reporting period, the average and closing exchange rates were as follows:

Average rates with reference to sterling	**FY22**	FY21	Variance FY22 vs FY21	FY20	Variance FY22 vs FY20
Swiss franc	**1.25**	1.21	4%	1.25	0%
South African rand	**20.27**	21.30	(5)%	18.76	8%
UAE dirham	**5.02**	4.80	5%	4.67	7%

Year-end rates with reference to sterling	**FY22**	FY21	Variance
Swiss franc	**1.21**	1.30	(7)%
South African rand	**19.23**	20.37	(6)%
UAE dirham	**4.82**	5.07	(5)%

Movements in exchange rates affected the reported earnings and reported balances in the statement of financial position. The resulting currency translation difference, which is the amount by which the Group’s interest in the equity of the divisions increased because of spot rate movements, amounted to £182m (FY21: decrease of £235m) and was credited (FY21: debited) to the statement of comprehensive income. The increase was the result of the strengthening of the period-end rates against the sterling.

Foreign exchange rate sensitivity:

- The impact of a 10% change in the £/CHF exchange rate for a sustained period of one year is that profit after tax would increase/decrease by £4m (FY21: increase/decrease by £1m) due to exposure to the £/CHF exchange rate.
- The impact of a 10% change in the £/ZAR exchange rate for a sustained period of one year is that profit after tax would increase/decrease by £8m (FY21: increase/decrease by £3m) due to exposure to the £/ZAR exchange rate.
- The impact of a 10% change in the £/AED exchange rate for a sustained period of one year is that profit after tax would increase/decrease by £5m (FY21: increase/decrease by £4m) due to exposure to the £/AED exchange rate.

GOING CONCERN

For the purposes of assessing liquidity specifically and going concern broadly at 31 March 2022, the Group modelled a combination of severe but plausible downside scenarios on a month-by-month basis and also applied appropriate mitigation actions which would be within the Group's control. The effect of the downside scenarios was informed by knowledge and insight gained during the COVID-19 pandemic.

Due to the mostly fixed employee cost base across the business, lower revenue due to either a reduction in tariffs or volumes will most likely have the most pronounced impact on EBITDA. Compared with the business plan, in modelling the severe but plausible scenarios, the combined adverse effect of reduction of tariffs and volumes after mitigation amounts to an aggregate decline of 18% of EBITDA over the 18-month period to 30 September 2023 compared with the base case. On a monthly basis, the EBITDA effect ranges from 12% to 29% compared with the base case.

Based on the assumptions applied and the effect of mitigating actions, most within the control of the Group, the analyses demonstrate that the divisions will continue to be able to meet their obligations for the 18-month period to 30 September 2023.

While recognising that there remains risk to the Group's financial performance for at least the next 12 months, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for a period of at least 12 months from the date of approving the financial statements.

Jurgens Myburgh
Group Chief Financial Officer
24 May 2022

DIVIDEND POLICY AND PROPOSED DIVIDEND

The Group's existing dividend policy is to target a payout ratio of between 25% to 35% of adjusted earnings. The Board may revise the policy at its discretion.

The Board proposes a final dividend from retained earnings of 3.00 pence per ordinary share for the year ended 31 March 2022 for approval by the Company's shareholders at the annual general meeting on Thursday, 28 July 2022.

Shareholders on the South African register will be paid the South African rand cash equivalent of 59.53230 cents (47.62584 cents net of dividend withholding tax) per share. A dividend withholding tax of 20% will be applicable to all shareholders on the South African register who are not exempt therefrom. The South African rand cash equivalent has been calculated using the following exchange rate: GBP1: ZAR19.8441, being the 5-day average ZAR/GBP exchange rate (Bloomberg) on Friday, 20 May 2022 at 3:00pm GMT.

The final dividend will be paid on Friday, 26 August 2022 to all ordinary shareholders who are on the register of members at the close of business on the record date of Friday, 5 August 2022.

The salient dates for the dividend will be as follows:

Dividend announcement date Wednesday, 25 May 2022
Last date to trade cum dividend (SA register) Tuesday, 2 August 2022
First date of trading ex-dividend (SA register) Wednesday, 3 August 2022
First date of trading ex-dividend (UK register) Thursday, 4 August 2022
Record date Friday, 5 August 2022
Payment date Friday, 26 August 2022

Share certificates may not be dematerialised or rematerialised within Strate from Wednesday, 3 August 2022 to Friday, 5 August 2022, both dates inclusive. No transfers between the United Kingdom and South African registers may take place from Wednesday, 25 May 2022 to Friday, 5 August 2022, both days inclusive.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors confirm that, to the best of their knowledge the preliminary condensed financial statements have been prepared in accordance with UK-adopted international accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and that this announcement includes a fair summary of the development and performance of the business and the position of the Group.

After making enquiries, the directors considered it appropriate to adopt the going concern basis in preparing the financial statements.

The names and functions of the Company's directors are listed on the Company's website.

By order of the Board.

Dr Ronnie van der Merwe	**Jurgens Myburgh**
Group Chief Executive Officer	Group Chief Financial Officer

24 May 2022

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 Middle East; 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; the impact of military conflicts, including the current events in the Ukraine; 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.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2022

	Notes	2022 £'m	2021 £'m
Revenue		**3 233**	2 995
Other income		**25**	13
Employee benefit and contractor costs		**(1 522)**	(1 448)
Consumables and supplies		**(770)**	(719)
Care-related costs		**(146)**	(145)
Infrastructure-related costs		**(121)**	(110)
Service costs		**(169)**	(147)
Provision for expected credit losses		**(12)**	(11)
Depreciation and amortisation		**(228)**	(217)
Impairment of property, equipment and vehicles	8	**(7)**	(3)
Impairment of intangible assets	9	**-**	(1)
Other gains and losses		**(3)**	2
Operating profit		**280**	209
Finance income		**6**	4
Finance cost	4	**(74)**	(99)
Share of net loss of equity-accounted investments	10	**(1)**	(70)
Reversal of impairment of equity-accounted investments	10	**-**	60
Profit before tax		**211**	104
Income tax expense	5	**(41)**	(25)
Profit for the year		**170**	79
Attributable to:			
Equity holders of the Company		**151**	68
Non-controlling interests		**19**	11
		170	79
Profit/(loss) per ordinary share attributable to the equity holders of the Company – pence			
Basic	6	**20.5**	9.2
Diluted	6	**20.5**	9.2

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Notes	2022 £'m	(Re-presented)[1] 2021 £'m
Profit for the year		**170**	79
Other comprehensive income/(loss)			
Items that may be reclassified to the income statement in future periods		**188**	(235)
Currency translation differences		**182**	(235)
Fair value adjustment on cash flow hedges – gross		**1**	(2)
Cash flow hedges reclassified to profit or loss – gross		**6**	2
Tax on items relating to cash flow hedges		**(2)**	-
Share of other comprehensive income of equity-accounted investments		**1**	-
Items that may not be reclassified to the income statement in future periods		**(70)**	127
Remeasurements of retirement benefit obligations – gross		**(90)**	153
Tax on remeasurement of retirement benefit obligations		**16**	(26)
Changes in the fair value of equity investments at fair value through other comprehensive income – gross		**4**	-
Other comprehensive income/(loss), net of tax		**118**	(108)
Total comprehensive income/(loss) for the year		**288**	(29)
Attributable to:			
Equity holders of the Company		**258**	(45)
Non-controlling interests		**30**	16
		288	(29)

Note

[1] *Comparatives have been re-presented to present other comprehensive income on a gross basis, with the tax impact presented separately. In the previously reported financial statements for the year ended 31 March 2021, this information was presented in a separate note.*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2022

	Notes	**2022 £'m**	2021 £'m
ASSETS			
Non-current assets		**5 733**	5 440
Property, equipment and vehicles	8	**4 385**	4 052
Intangible assets	9	**1 126**	1 061
Equity-accounted investments	10	**165**	171
Retirement benefit asset		**1**	110
Other investments and loans		**24**	12
Deferred income tax assets		**32**	34
Current assets		**1 474**	1 232
Inventories		**97**	109
Trade and other receivables		**834**	826
Other investments and loans		**6**	2
Current income tax assets		**3**	1
Cash and cash equivalents		**534**	294
Total assets		**7 207**	6 672
EQUITY			
Capital and reserves			
Share capital		**74**	74
Share premium reserve		**690**	690
Retained earnings		**4 597**	4 523
Other reserves		**(2 254)**	(2 438)
Attributable to equity holders of the Company		**3 107**	2 849
Non-controlling interests		**139**	118
Total equity		**3 246**	2 967
LIABILITIES			
Non-current liabilities		**3 138**	3 021
Borrowings	11	**1 688**	1 686
Lease liabilities	12	**730**	621
Deferred income tax liabilities		**432**	425
Retirement benefit obligations		**119**	127
Provisions		**37**	37
Derivative financial instruments		**128**	124
Cash-settled share-based payment liabilities		**4**	1
Current liabilities		**823**	684
Trade and other payables		**586**	498
Borrowings	11	**115**	91
Lease liabilities	12	**56**	55
Provisions		**38**	19
Retirement benefit obligations		**20**	14
Derivative financial instruments		**1**	2
Current income tax liabilities		**7**	5
Total liabilities		**3 961**	3 705
Total equity and liabilities		**7 207**	6 672

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Share capital £'m	Capital redemption reserve £'m	Share premium reserve £'m	Reverse acquisition reserve £'m	Financial assets at FVOCI[1] reserve £'m	Foreign currency translation reserve £'m	Hedging reserve £'m	Retained earnings £'m	Attributable to equity holders of the Company £'m	Non-controlling interests £'m	Total equity £'m
Balance at 1 April 2021	74	6	690	(3 014)	-	578	(8)	4 523	2 849	118	2 967
Profit for the year	-	-	-	-	-	-	-	151	151	19	170
Other comprehensive income/(loss) for the year	-	-	-	-	4	174	6	(77)	107	11	118
Total comprehensive income/(loss) for the year	-	-	-	-	4	174	6	74	258	30	288
Equity-settled share-based payment	-	-	-	-	-	-	-	1	1	-	1
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	(1)	(1)	3	2
Dividends paid	-	-	-	-	-	-	-	-	-	(12)	(12)
Balance at 31 March 2022	**74**	**6**	**690**	**(3 014)**	**4**	**752**	**(2)**	**4 597**	**3 107**	**139**	**3 246**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the year ended 31 March 2022

	Share capital £'m	Capital redemption reserve £'m	Share premium reserve £'m	Reverse acquisition reserve £'m	Financial assets at FVOCI reserve £'m	Foreign currency translation reserve £'m	Hedging reserve £'m	Retained earnings £'m	Attributable to equity holders of the Company £'m	Non-controlling interests £'m	Total equity £'m
Balance at 1 April 2020	74	6	690	(3 014)	-	815	(8)	4 327	2 890	113	3 003
Profit for the year	-	-	-	-	-	-	-	68	68	11	79
Other comprehensive income/(loss) for the year	-	-	-	-	-	(237)	-	124	(113)	5	(108)
Total comprehensive income/(loss) for the year	-	-	-	-	-	(237)	-	192	(45)	16	(29)
Equity-settled share-based payment[2]	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	4	4	(3)	1
Dividends paid	-	-	-	-	-	-	-	-	-	(8)	(8)
Balance at 31 March 2021	**74**	**6**	**690**	**(3 014)**	**-**	**578**	**(8)**	**4 523**	**2 849**	**118**	**2 967**

Notes

1 *Fair value through other comprehensive income.*

2 *Less than £0.5m for the year ended 31 March 2021.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2022

	Notes	**2022 £'m Inflow/(outflow)**	2021 £'m Inflow/(outflow)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations		**663**	330
Interest received		**6**	4
Interest paid		**(69)**	(70)
Tax paid		**(46)**	(29)
Net cash generated from operating activities		**554**	235
CASH FLOW FROM INVESTMENT ACTIVITIES		**(189)**	(137)
Capital expenditure to maintain operations		**(96)**	(56)
Capital expenditure to expand operations		**(83)**	(80)
Acquisition of subsidiaries	15	**(7)**	(2)
Disposal of subsidiaries		**-**	4
Acquisition of investment in associate	10	**-**	(1)
Dividends received from equity accounted investment	10	**2**	-
Proceeds from other investments and loans		**3**	1
Increase in other investments and loans		**(12)**	(4)
Loans granted		**(3)**	-
Proceeds from insurance claim		**6**	1
Proceeds on disposal of property, equipment and vehicles		**1**	-
Net cash generated before financing activities		**365**	98
CASH FLOW FROM FINANCING ACTIVITIES		**(149)**	(130)
Distributions to non-controlling interests		**(12)**	(8)
Distributions to shareholders	7	**-**	-
Transaction with non-controlling interest		**2**	1
Proceeds from borrowings		**89**	115
Repayment of borrowings		**(183)**	(196)
Refinancing transaction costs		**(3)**	(3)
Repayment of lease liabilities		**(42)**	(39)
Net increase/(decrease) in cash and cash equivalents		**216**	(32)
Opening balance of cash and cash equivalents		**294**	329
Exchange rate movements on foreign cash		**24**	(3)
Closing balance of cash and cash equivalents		**534**	294

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mediclinic is an international private hospital group with operations in Switzerland, Southern Africa (South Africa and Namibia) and the United Arab Emirates. Its core purpose is to enhance the quality of life by providing value-based healthcare services. Mediclinic also holds a 29.9% interest in Spire, a private hospital group based in the United Kingdom ('UK') and listed on the London Stock Exchange ('LSE').

The Company is a public limited company, incorporated and domiciled in England and Wales (registered number: 08338604) with a primary listing on the LSE and secondary listings on the JSE and the Namibian Stock Exchange. The address of its registered office is 6th Floor, 65 Gresham Street, London, EC2V 7NQ, United Kingdom.

The condensed Group financial statements for the year ended 31 March 2022 was approved by the Board on 24 May 2022.

2. BASIS OF PREPARATION

The condensed consolidated financial statements included in this results announcement have been extracted from the full consolidated financial statements for the year ended 31 March 2022 included in the Annual Report which was approved by the Board of Directors on 24 May 2022. The condensed consolidated financial statements are prepared in accordance UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

For the year ending 31 March 2022, the annual financial statements have been prepared in accordance with IFRS as adopted by the UK Endorsement Board, as required by UK company law for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020. This change does not constitute a change in accounting policy but rather a change in framework which is required to ground the use of IFRS in company law. There is no impact on recognition, measurement or disclosure between the two frameworks for the year ending 31 March 2022.

The auditors' report on those full Group annual financial statements was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain statements under Section 498(2) or 498(3) of the Companies Act 2006. This results announcement does not constitute statutory accounts of the Group within the meaning of Sections 434(3) and 435(3) of the Companies Act 2006. The Annual Report for the year ended 31 March 2021 has been delivered to the Registrar of Companies and the Annual Report for 31 March 2022 will be delivered following the Company's annual general meeting to be held on Thursday, 28 July 2022.

The Group has prepared the condensed Group financial statements on a going concern basis. The condensed Group financial statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. They do not include all the information required for full annual financial statements and should be read in conjunction with information contained in the Group's Annual Report and Financial Statements for the year ended 31 March 2022.

This results announcement has been prepared applying consistent accounting policies to those applied by the Group in the comparative period. The condensed Group financial statements included in this results announcement do not itself contain sufficient information to comply with IFRS. The Company will publish full financial statements that comply with IFRS in June 2022.

Functional and presentation currency
The condensed Group financial statements are presented in sterling, rounded to the nearest million. The functional currencies of the majority of the Group's entities, and the currencies of the primary economic environments in which they operate, is the Swiss franc, South African rand and United Arab Emirates dirham. The United Arab Emirates dirham is pegged against the United States dollar at a rate of 3.6725 per US Dollar.

3. SEGMENTAL REPORT

The reportable operating segments are identified as follows: Switzerland, Southern Africa, Middle East and additional segments are shown for the United Kingdom and Corporate.

		Reportable operating segments			Other	
Year ended 31 March 2022	**Total £'m**	**Switzerland £'m**	**Southern Africa £'m**	**Middle East[1] £'m**	**United Kingdom £'m**	**Corporate £'m**
Revenue	3 233	1 503	909	820	-	1
Inpatient	2 037	1 094	747	196	-	-
Day cases	250	82	71	97	-	-
Outpatient	804	225	62	517	-	-
Rental income	34	22	12	-	-	-
Other	108	80	17	10	-	1
EBITDA	518	234	170	121	-	(7)
EBITDA before management fee	518	241	177	125	-	(25)
Group Services fees included in EBITDA[2]	-	(7)	(7)	(4)	-	18
Other gains and losses	(3)	-	-	(2)	-	(1)
Depreciation and amortisation	(228)	(134)	(39)	(54)	-	(1)
Impairment of property, equipment and vehicles	(7)	(7)	-	-	-	-
Operating profit/(loss)	280	93	131	65	-	(9)
Loss from associate	(1)	2	-	-	(3)	-
Finance income	6	-	5	-	-	1
Finance cost (excluding intersegment loan interest)	(74)	(30)	(27)	(17)	-	-
Total finance cost	(74)	(47)	(27)	(17)	-	17
Elimination of intersegment loan interest[2]	-	17	-	-	-	(17)
Taxation	(41)	(11)	(30)	-	-	-
Segment result	170	54	79	48	(3)	(8)

Notes

1 *The Middle East segment refers to our UAE operations.*

2 *Pricing of intersegment transactions is determined at an arm's length basis.*

3. SEGMENTAL REPORT (continued)

		Reportable operating segments			Other	
At 31 March 2022	**Total £'m**	**Switzerland £'m**	**Southern Africa £'m**	**Middle East £'m**	**United Kingdom £'m**	**Corporate £'m**
Investments in associates	**161**	**2**	**3**	**-**	**156**	**-**
Investments in joint ventures	**4**	**-**	**4**	**-**	**-**	**-**
Capital expenditure for the year[1]	**178**	**103**	**47**	**28**	**-**	**-**
Total segment assets	**7 207**	**4 164**	**860**	**1 896**	**156**	**131**
Total segment liabilities (excluding intersegment loan)	**3 961**	**2 586**	**640**	**718**	**-**	**17**
Total liabilities from reportable segment	**4 976**	**3 601**	**640**	**718**	**-**	**17**
Elimination of intersegment loan	**(1 015)**	**(1 015)**	**-**	**-**	**-**	**-**

Note

[1] *Relates to additions to non-current assets other than financial instruments, deferred tax assets and net defined benefit assets.*

3. SEGMENTAL REPORT (continued)

		Reportable operating segments			Other	
Year ended 31 March 2021	**Total £'m**	**Switzerland £'m**	**Southern Africa £'m**	**Middle East £'m**	**United Kingdom £'m**	**Corporate £'m**
Revenue	2 995	1 478	734	781	-	2
Inpatient	1 926	1 102	618	206	-	-
Day cases	220	85	50	85	-	-
Outpatient	732	216	43	473	-	-
Rental income	31	21	9	1	-	-
Other	86	54	14	16	-	2
EBITDA	428	225	108	102	-	(7)
EBITDA before management fee	428	231	114	105	-	(22)
Group Services fees included in EBITDA[1]	-	(6)	(6)	(3)	-	15
Other gains and losses	2	-	1	1	-	-
Depreciation and amortisation	(217)	(128)	(36)	(52)	-	(1)
Impairment of property, equipment and vehicles	(3)	-	(3)	-	-	-
Impairment of intangible assets	(1)	-	(1)	-	-	-
Operating profit/(loss)	209	97	69	51	-	(8)
Loss from associate	(70)	-	-	-	(70)	-
Reversal of impairment of associate	60	-	-	-	60	-
Finance income	4	-	3	-	-	1
Finance cost (excluding intersegment loan interest)	(99)	(54)	(29)	(16)	-	-
Total finance cost	(99)	(72)	(29)	(16)	-	18
Elimination of intersegment loan interest[1]	-	18	-	-	-	(18)
Taxation	(25)	(11)	(14)	-	-	-
Segment result	79	32	29	35	(10)	(7)
At 31 March 2021						
Investments in associates	167	3	2	5	157	-
Investments in joint ventures	4	-	4	-	-	-
Capital expenditure for the year[2]	126	67	33	26	-	-
Total segment assets	6 672	3 972	740	1 701	157	102
Total segment liabilities (excluding intersegment loan)	3 705	2 470	602	624	-	9
Total liabilities from reportable segment	4 635	3 400	602	624	-	9
Elimination of intersegment loan	(930)	(930)	-	-	-	-

Notes

[1] *Pricing of intersegment transactions is determined at an arm's length basis.*

[2] *Relates to additions to non-current assets other than financial instruments, deferred tax assets and net defined benefit assets.*

4. FINANCE COST

	2022 £'m	2021 £'m
Interest expense on financial liabilities not at FVPL	**41**	42
Interest on lease liabilities	**21**	20
Interest rate swaps	**6**	7
Amortisation of capitalised financing costs	**3**	3
Remeasurement of redemption liability (written put option)	**1**	23
Unwinding of discount on redemption liability	**1**	1
Preference share dividend	**2**	4
Less: amounts included in cost of qualifying assets	**(1)**	(1)
	74	99

5. INCOME TAX EXPENSE

	2022 £'m	2021 £'m
Current tax		
Current year	**46**	31
Deferred tax credit	**(5)**	(6)
Taxation per income statement	**41**	25
Composition		
UK tax	**-**	-
Foreign tax	**41**	25
	41	25

5. INCOME TAX EXPENSE (continued)

	2022 £'m	(Re-presented)[1] 2021 £'m
Expected tax expense at weighted average applicable tax rate[2]	**37**	13
Adjusted for:		
Non-taxable income	**(1)**	(1)
Share of net profit of equity-accounted investments[3]	**-**	1
Non-deductible expenses[4]	**4**	9
Non-controlling interests' share of profit before tax[3]	**-**	(1)
Effect of different tax rates[5]	**(4)**	(2)
Income tax rate changes	**1**	(1)
Non-recognition of tax losses in current year	**6**	7
Recognition of tax losses relating to prior years	**(1)**	(1)
Previous year adjustment	**(1)**	1
Income tax expense	**41**	25
Effective tax rate[6]	**19.5%**	24.4%

Notes

1. *The basis for calculating the applicable tax rate has been changed from using the UK statutory rate of taxation to the weighted average tax rate (see note 2 below) as this provides the most meaningful information. As a result, the comparatives have been re-presented.*
2. *The weighted average applicable tax rate is the result from applying the domestic statutory tax rates to profits before taxes of each entity in the country where it operates. For the Group, the weighted average applicable tax rate varies from one year to the next depending on the relative weight of the profit of each individual entity in the Group's profit as well as the changes in the statutory tax rates. The weighted average applicable tax rate for the year ended 31 March 2022 was 17.3% (2021: 12.9%).*
3. *Less than £0.5m for the year ended 31 March 2022.*
4. *Non-deductible expenses reflect the tax effect of items which, in management's judgement, are potentially disallowable for the purposes of determining local taxable profits. This includes the tax effect of non-tax deductible remeasurement of the redemption liability of £1m (2021: £4m).*
5. *The effect of different tax rates arises because of the effect of profits of the Group being subject to tax at rates different from the weighted average applicable rate.*
6. *If adjusting items and their related tax effect, as explained in the* Group Chief Financial Officer's Report*, are excluded from the effective tax rate calculation, the adjusted effective tax rate would be 19.5% (2021: 19.3%).*

6. EARNINGS PER ORDINARY SHARE

	2022	2021
Earnings per share (in pence) for year ended 31 March 2022 were as follows:		
Basic earnings per share	**20.5**	9.2
Diluted earnings per share	**20.5**	9.2
Headline earnings per share	**19.0**	9.6
Diluted headline earnings per share	**19.0**	9.6

Earnings reconciliation	**2022 £'m**	2021 £'m
Profit attributable to equity holders of the Company	**151**	68
Earnings for basic and diluted EPS	**151**	68
Adjusted for:		
Insurance proceeds, net of tax	**(6)**	(1)
Impairment of property, equipment and vehicles, net of tax	**6**	3
Impairment of intangible assets, net of tax	**-**	1
Fair value adjustment on remeasurement of investment in associate	**1**	-
Associate's impairment of goodwill	**-**	60
Reversal of impairment of equity-accounted investment	**-**	(60)
Associate's gain on sale and leaseback transaction	**(7)**	-
Associate's tax impact of gain on sale and leaseback transaction	**(5)**	-
Headline earnings used for headline EPS[1]	**140**	71

Note

[1] *Headline earnings and the related adjustments are presented net of related tax and non-controlling interest.*

7. DIVIDENDS

As part of the Group's response to maintain its liquidity position through the COVID-19 pandemic, the Board took the decision to suspend dividend payments and, as a result, no dividends were declared during the years ended 31 March 2021 and 2022.

On 24 May 2022, after the balance sheet date, a final dividend of 3.00 pence per share was proposed by the directors in respect of the year ended 31 March 2022. This results in a total final proposed dividend of £22m. Subject to shareholders' approval at the annual general meeting, the dividend will be paid on 26 August 2022 to the shareholders on the register at 2 August 2022. The proposed final dividend has not been included as a liability at 31 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 . PROPERTY, EQUIPMENT AND VEHICLES

	Land and buildings £'m	Capital expenditure in progress £'m	Right-of-use assets £'m	Equipment £'m	Furniture and vehicles £'m	Total £'m
Net book value at 1 April 2021	**3 067**	**85**	**625**	**237**	**38**	**4 052**
Additions	**22**	**63**	**119**	**61**	**11**	**276**
Disposals	**(1)**	**-**	**(5)**	**-**	**(1)**	**(7)**
Depreciation	**(69)**	**-**	**(49)**	**(71)**	**(14)**	**(203)**
Business combinations	**1**	**-**	**-**	**1**	**-**	**2**
Prior-year capital expenditure completed	**45**	**(68)**	**-**	**20**	**3**	**-**
Impairment	**(7)**	**-**	**-**	**-**	**-**	**(7)**
Borrowing cost capitalised	**1**	**-**	**-**	**-**	**-**	**1**
Lease remeasurements	**-**	**-**	**(9)**	**-**	**-**	**(9)**
Exchange differences	**214**	**5**	**43**	**15**	**3**	**280**
Net book value at 31 March 2022	**3 273**	**85**	**724**	**263**	**40**	**4 385**
Cost	**4 066**	**85**	**885**	**1 059**	**236**	**6 331**
Accumulated depreciation and impairment	**(793)**	**-**	**(161)**	**(796)**	**(196)**	**(1 946)**

	Land and buildings £'m	Capital expenditure in progress £'m	Right-of-use assets £'m	Equipment £'m	Furniture and vehicles £'m	Total £'m
Net book value at 1 April 2020	3 295	81	675	264	43	4 358
Additions	13	49	59	35	8	164
Disposals	-	-	(1)	-	-	(1)
Depreciation	(60)	-	(49)	(72)	(15)	(196)
Transfer between asset classes	4	-	(12)	7	1	-
Prior-year capital expenditure completed	34	(44)	-	9	1	-
Impairment	(3)	-	-	-	-	(3)
Borrowing cost capitalised	1	-	-	-	-	1
Lease remeasurements	-	-	8	-	-	8
Exchange differences	(217)	(1)	(55)	(6)	-	(279)
Net book value at 31 March 2021	3 067	85	625	237	38	4 052
Cost	3 731	85	739	931	213	5 699
Accumulated depreciation and impairment	(664)	-	(114)	(694)	(175)	(1 647)

On 10 May 2021, a fire broke out at Klinik Hirslanden, Zurich and caused significant damage to one of the building wings. The property damage covered by the insurance was impaired accordingly (£7m).

8 . PROPERTY, EQUIPMENT AND VEHICLES (continued)

Determination of CGUs for impairment testing

Property, equipment and vehicles are considered for impairment if impairment indicators are identified at an individual CGU level. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group defines CGUs as combined inter-dependent hospitals and/or clinics or as individual hospitals depending on the geographical location or the degree of integration. In Switzerland, inter-dependent hospitals are considered to have centralised organisational structures and operations and are divided into different geographical care regions, each of which forms a network of central hospitals, basic care hospitals, specialist hospitals and outpatient centres. In Southern Africa, CGUs are defined as individual hospitals, except where a group of hospitals are located within close proximity of each other, they have the same management teams and similar shareholders. In the Middle East, each city in which the division operates hospitals, day care centres and clinics across the emirates of Dubai and Abu Dhabi has been identified as a CGU.

The impairment assessment is performed at CGU level and any impairment charge that arises would be allocated to the CGU's goodwill first, followed by other assets (such as property, equipment and vehicles, and other intangible assets).

Impairment assessment

The Group performed an analysis to determine if impairment indicators exist at individual CGU level.

Impairment indicators were identified at two CGUs in Switzerland. The recoverable amounts of these CGUs were based on FVLCOD calculations. In determining the FVLCOD, the cash flows were discounted at rates between 4.9% and 5.2% (2021: 4.9% and 5.2%). Beyond five years a growth rate of 1.6% (2021: 1.6%) was used. The carrying value of CGUs where indicators were identified was determined to be lower than its recoverable amount of £1 767m and, as a result, no impairment charge was recognised in the income statement relating to property, equipment and vehicles.

Two CGUs have limited headroom and remain sensitive to reasonably possible changes in the discount rate and the terminal growth rate in the FVLCOD calculations, which could give rise to material impairment charges in future periods. For the first CGU, an increase in the discount rate by 0.2% would reduce the headroom to £nil. A decrease in the terminal growth rate by 0.4% would reduce the headroom to £nil. A decrease in forecast cash flows by 2.1% would also reduce headroom to £nil. For the other CGU, an increase in the discount rate by 0.7% would reduce the headroom to £nil. A decrease in the terminal growth rate by 2.1% would reduce the headroom to £nil. A decrease in forecast cash flows by 7.2% would also reduce headroom to £nil.

Impairment indicators were identified at two CGUs in Southern Africa. The recoverable amounts of these CGUs were based on FVLCOD calculations. In determining the FVLCOD, the cash flows were discounted at a rate of 12.8% (2021: 12.7%). Beyond five years a growth rate of 4.5% (2021: 4.5%) was used. The carrying value of CGUs where indicators were identified was determined to be lower than its recoverable amount of £9m and, as a result, no impairment charge was recognised in the income statement relating to property, equipment and vehicles.

In the prior year, the recoverable amounts of three CGUs in the Southern Africa segment were determined to be lower than their individual carrying values and, as a result, an impairment charge of £3m was recognised in the income statement relating to property, equipment and vehicles.

No impairment indicators were identified for the Middle East CGUs on 31 March 2022.

Change in accounting estimate

During the prior year, an expansion project, which includes the construction of new hospital wings at a hospital in Switzerland, was approved. The existing hospital wings will be dismantled at the end of the financial year ending 31 March 2023 and will be replaced by a new construction as part of the expansion project. As a result, the estimated useful life of the existing hospital wings has been reduced and the depreciation of these assets' carrying value accelerated. For the year ended 31 March 2022, the accelerated depreciation included in the depreciation charge amounts to £19m. The accelerated depreciation for the financial year ending 31 March 2023 will amount to £19m.

9 . INTANGIBLE ASSETS

	Goodwill £'m	Trade names £'m	Computer software £'m	Total £'m
Net book value at 1 April 2021	946	45	70	1 061
Additions	-	-	21	21
Amortisation	-	(4)	(21)	(25)
Business combinations	10	1	-	11
Exchange differences	51	3	4	58
Net book value at 31 March 2022	**1 007**	**45**	**74**	**1 126**
Cost	1 794	453	193	2 440
Accumulated amortisation and impairment	(787)	(408)	(119)	(1 314)

	Goodwill £'m	Trade names £'m	Computer software £'m	Total £'m
Net book value at 1 April 2020	1 047	54	70	1 171
Additions	-	-	21	21
Amortisation	-	(4)	(17)	(21)
Business combinations	3	-	-	3
Impairment	(1)	-	-	(1)
Exchange differences	(103)	(5)	(4)	(112)
Net book value at 31 March 2021	**946**	**45**	**70**	**1 061**
Cost	1 689	424	162	2 275
Accumulated amortisation and impairment	(743)	(379)	(92)	(1 214)

Impairment testing of significant goodwill balances
The Group tests goodwill for impairment on an annual basis or more frequently if there are indications that these assets may be impaired. The annual impairment assessment is performed at year end when the annual financial planning process is finalised. The Group's impairment assessment compares the carrying value of the group of CGUs with its recoverable amount.

The recoverable amount of a group of CGUs is determined by its FVLCOD, regarded as the more appropriate reflection of the value of the business, which is derived from discounted cash flow calculations.

9 . INTANGIBLE ASSETS (continued)

Impairment testing of significant goodwill balances (continued)

The key inputs to its calculations are described below:

Forecasts	As part of the annual financial planning process, the Group's divisions are required to submit budgets for the next financial year and forecasts for the following four years, which are approved by the Board. Future earnings in the FVLCOD calculation are based on these budgets and forecasts that are calculated on a per hospital basis and consider both internal and external market information. These budgets and forecasts represent management's best view of future revenues and cash flows and encompass a best estimate of the short- and long-term impact of the COVID-19 pandemic. The cashflow forecast includes the purchase of environmentally friendly equipment.
Growth rates	Growth rates are determined from budgeted and forecast revenue. Terminal year growth rates are country specific and determined based on the forecast market growth rates and considering long-term medical inflation. The regulatory environment and impact on tariffs are considered. Growth rates have been benchmarked against external data for the relevant markets.
Discount rates	The weighted average cost of capital ('**WACC**') was determined by considering the respective debt and equity costs and ratios. The discount rate is based on the risk-free rate for government bonds adjusted for a risk premium to reflect the increased risk of investing in equities. Discount rates are lower for the divisions which operate in more mature markets with low inflation and higher for those operating in markets with a higher inflation. Discount rates reflect the time value and the risks associated with the segmental or divisional cash flows. The long-term data inputs used in the calculation of the discount rate are benchmarked to externally available data.

Impairment testing of Middle East goodwill

The Middle East goodwill with a carrying amount of £887m (2021: £834m) originated mainly from the Al Noor business combination, with a portion originating from other UAE business combinations. Key assumptions used for the FVLCOD calculations for the annual impairment testing were as follows:

Discount rates	The discount rate applied to cash flow projections is 8.5% for the first year and thereafter 8.1% (2021: 8.7%).
Growth rates	The terminal growth rate beyond five years is 3.0% (2021: 3.0%).
Forecasts	Represents management's best view of future revenues and cash flows over a five-year period and is comparable with the forecast used in the prior year. Due to international tax reform and expected amendments to tax legislation (note 11), income tax has been included from April 2023 at a rate of 15%. Cash flows after the discrete period (five years) were adjusted to reflect increased direct cost (utility costs) caused by climate change which may not be compensated by funders.

The recoverable amount was determined to be higher than the carrying value, and consequently, no impairment was recognised against goodwill during the year under review.

Sensitivity analysis

An increase in the discount rate by 1% combined with a decrease in the terminal growth rate by 0.9% would reduce the headroom to £nil. A decrease in forecast cash flows by 16% would also reduce headroom to £nil.

These changes are not considered reasonably possible to occur within the next 12 months. However, these key assumptions have the potential to vary over time.

Impairment testing of goodwill and trade names in Switzerland

Switzerland goodwill with a carrying amount of £107m (2021: £100m) that originated from the business combinations of OPERA Zumikon AG and Clinique des Grangettes in previous years has been tested for impairment.

The recoverable amount has been determined based on FVLCOD discounted cash flow calculations.

Discount rates	The discount rate applied to cash flow projections is 5.1% (2021: 5.1%).
Growth rates	The terminal growth rate beyond five years is 1.6% (2021: 1.6%).
Forecasts	Represents management's best view of future revenues and cash flows over a five-year period and is comparable with the forecast used in the prior year.

The recoverable amount was determined to be higher than the carrying value and, as a result, no impairment charge was recognised. The recoverable amount is not sensitive to reasonably possible changes in the discount rate and the terminal growth rate.

9 . INTANGIBLE ASSETS (continued)

Impairment testing of Southern Africa goodwill
Southern Africa goodwill with a carrying amount of £13m (2021: £12m) has been tested for impairment. The recoverable amount has been determined based on FVLCOD discounted cash flow calculations by applying a discount rate of 12.8% (2021: 12.7%) and a terminal year growth rate beyond five years of 4.5% (2021: 4.5%).

The recoverable amount was determined to be higher than the carrying value and, as a result, no impairment charge was recognised. The recoverable amount is not sensitive to reasonably possible changes in the discount rate and the terminal growth rate.

In the prior year, the carrying amount of the goodwill of five CGUs was determined to be higher than its recoverable amount, resulting in the recognition of an impairment charge of £1m against goodwill.

10 . EQUITY-ACCOUNTED INVESTMENTS

	2022 £'m	2021 £'m
Investment in associates	**161**	167
Investment in joint venture	**4**	4
	165	171

10 .1 INVESTMENT IN ASSOCIATES

	2022 £'m	2021 £'m
Listed investment	**156**	157
Unlisted investments	**5**	10
	161	167
Reconciliation of carrying value at the beginning and end of the year		
Opening balance	**167**	177
Additional investment in unlisted associate	**-**	1
Share of net loss of associated companies	**(1)**	(70)
Reversal of impairment of listed associate	**-**	60
Share of other comprehensive income of associated companies	**1**	-
Dividends received from associated companies	**(2)**	-
Remeasurement of investment at fair value[1]	**(1)**	-
Derecognition on undertaking of business combination[1]	**(3)**	-
Exchange differences	**-**	(1)
	161	167

Note

[1] *During the year, the Group acquired a controlling interest in Bourn Hall International MENA Limited ('**Bourn Hall**'), which was previously accounted for as an investment in an associate. The investment in Bourn Hall was accounted for using the equity-accounting basis until the acquisition date of the transaction, being 11 November 2021. From that date onwards, it is treated as an investment in subsidiary and is subject to consolidation. The acquisition of the controlling interest resulted in the recognition of a loss on the remeasurement of the existing interest in the associate of £1m, which has been included in* Other gains and losses*, and the recognition of an investment in subsidiary of £3m, being the fair value of the investment at that date. The details of the acquisition are disclosed in note 15 .*

10 . EQUITY-ACCOUNTED INVESTMENTS (continued)

Set out below are details of the associate material to the Group:

	Country of incorporation and place of business	% ownership
Spire Healthcare Group plc (Spire)	United Kingdom	29.9

Spire is listed on the LSE. It does not issue publicly available quarterly financial information at a detailed level and has a December year end. The investment in associate was equity accounted for the 12 months to 31 December 2021 (2021: 31 December 2020). No significant events occurred between 1 January 2022 and the reporting date.

Impairment/(reversal of impairment) of equity-accounted investments
The Group assesses whether any indicators of impairment reversals are identified. At 31 March 2022, an indicator of impairment reversal was identified as the market value of the investment in Spire was £293m, which exceeded the carrying value of £156m.

Management updated the internal value-in-use projections, which resulted in a recoverable amount that is broadly in line with the value determined at 31 March 2020 when the last impairment charge against the investment was recognised. The internal value-in-use projections are supported by the fact that Spire's actual results were in line with the estimates used in the 31 March 2020 value-in-use calculation and that Spire was still making a loss during 2021. Consequently, no impairment reversal has been recognised.

A key driver of the valuation would be the realisation of significant and sustained revenue growth and cost savings after the COVID-19 pandemic.

If Spire's share price at 31 March 2022 was used as the equity investment's fair value, then the impairment reversal would amount to £137m. If the average closing share price for the period between 16 to 20 May 2022 was used, the impairment reversal would amount to £96m.

In the prior year, Spire's loss included a goodwill impairment charge of £200m. The equity-accounted portion of this impairment amounts to £60m. Accumulated impairment charges recognised by the Group in prior periods amount to £283m. Following Spire's goodwill impairment charge, the Group's interest in the net asset value of Spire was higher than the carrying value of the equity investment at 30 September 2020. As a result, an impairment reversal equal to the Group's share of the goodwill impairment of £60m was recognised.

11. BORROWINGS

		2022 £'m Non-current	**2022 £'m Current**	2021 £'m Non-current	2021 £'m Current
	Swiss operations (denominated in Swiss franc)				
Secured bank loan one	This loan bears interest at variable rates linked to the SARON plus 1.25%. CHF50m is redeemable annually on 30 September with the final outstanding balance redeemable on 30 September 2027. The repayment in September 2021 was suspended, to be resumed in September 2022, but management decided to make a voluntary repayment in November 2021. The non-current portion includes capitalised financing costs of £14m (2021: £13m).	**1 018**	**41**	986	38
Secured bank loan two	These loans bear interest at a fixed rate of 1.12%. CHF0.5m is repayable on 30 June and 31 December every year. The remaining balances are repayable during May 2023.	**13**	**1**	13	1
Secured bank loan three	This fixed interest mortgage loan bears interest at 0.90% compounded quarterly. The loan is repayable by December 2023.	**8**	**-**	8	-
Listed bonds	The listed bonds consist of CHF90m at 2.00% and CHF145m at 1.25% Swiss franc bonds. The bonds are repayable on 25 February 2025 and 25 February 2026, respectively.	**194**	**-**	181	-
	Balance carried forward	**1 233**	**42**	1 188	39

11. BORROWINGS (continued)

		2022 £'m Non-current	**2022 £'m Current**	2021 £'m Non-current	2021 £'m Current
	Balance carried forward	**1 233**	**42**	1 188	39
	Southern African operations (denominated in South African rand)				
Secured bank loan one	The loan bore interest at the 3M JIBAR variable rate plus a margin of 1.49% (2021: 1.71%) compounded quarterly. The loan was extinguished on 17 September 2021 as part of the refinancing arrangement.	**-**	**-**	126	1
Secured bank loan two	The loan bore interest at the 3M JIBAR variable rate plus a margin of 1.59% (2021: 1.81%) compounded quarterly. The loan was extinguished on 17 September 2021 as part of the refinancing arrangement.	**-**	**-**	176	1
Secured bank loan three	The loans bear interest at the 3M JIBAR variable rate plus a variable margin that is linked to predefined sustainability measures. The sustainability measures are assessed in calendar years, starting in January 2022. At 31 March 2022, a margin of 1.54% was applied. The loans are repayable on 17 September 2026. £207m of the loan has been hedged.	**414**	**2**	-	-
Other secured bank loans	These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and 12 years.	**2**	**1**	3	1
Preference shares	Dividends were payable quarterly at a rate of 72% of 3M JIBAR plus a margin of 1.65% (2021: 1.77%). The outstanding balance was redeemed on 1 September 2021.	**-**	**-**	89	-
	Middle East operations (denominated in US dollar)				
Secured bank loan one	The loan bears interest at variable rates linked to the 3M LIBOR and a margin of 1.85% with five-year amortising terms, expiring in August 2023. £36m (2021: £51m) of the loan has been hedged.	**39**	**70**	104	49
		1 688	**115**	1 686	91

12. LEASES

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2022 £'m	2021 £'m
Right-of-use assets		
Buildings	**721**	621
Equipment	**3**	4
	724	625
Right-of-use assets per geographical market		
Switzerland	**397**	390
Southern Africa	**26**	27
Middle East	**301**	208
	724	625

	2022 £'m	2021 £'m
Lease liabilities		
Switzerland	**417**	408
Southern Africa	**37**	38
Middle East	**332**	230
	786	676
Of which are:		
- Non-current lease liabilities	**730**	621
- Current lease liabilities	**56**	55
	786	676

12. LEASES (continued)

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2022 £'m	2021 £'m
Depreciation charge of right-of-use assets		
Buildings	**48**	48
Equipment	**1**	1
	49	49
Interest expense (included in finance cost)	**21**	20
Expense relating to short-term leases and leases of low-value assets (included in infrastructure-related costs)	**9**	8
COVID-19-related rent concessions (included in other gains and losses)	**-**	(1)

The total cash outflow for leases, excluding short-term leases and leases of low-value assets, was £62m (2021: £56m).

13. SHARE-BASED PAYMENTS

During the year ended 31 March 2022, the Group made further grants under its existing long-term incentive ('LTI') plan awards as follows:

On 4 June 2021, the Group granted Dr Ronnie van der Merwe and Jurgens Myburgh 356 181 and 190 569 phantom shares respectively. On the same date, 1 591 269 phantom shares were granted to other senior management. The vesting of these shares is subject to continued employment and is conditional upon achievement of performance targets, measured over a three-year period. The performance conditions for the year under review constitute a combination of absolute total shareholder return ('TSR') (25% weighting), adjusted earnings per share ('EPS') (40% weighting), ROIC (25% weighting) and patient experience index (10% weighting).

For the year ended 31 March 2022, the total cost recognised in the income statement for the LTI awards was £4m (2021: less than £0.5m).

14. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value in the statement of financial position are classified using a fair-value hierarchy that reflects the significance of the inputs used in the valuation. The fair-value hierarchy has the following levels:

Level 1 – The fair value of financial instruments traded in active markets (such as publicly traded equity securities and investments in money market funds) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2 – The fair value of financial instruments that are not traded in an active market (e.g. interest rate swaps) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, put/call agreements and forward contracts.

15. BUSINESS COMBINATIONS

The following business combinations occurred during the year:

	2022 £'m	2021 £'m
Cash flow on acquisition:		
OPERA Zumikon	**-**	(2)
Bourn Hall International MENA Limited	**(3)**	-
Ayadi Home Health Care LLC	**(4)**	-
	(7)	(2)

Bourn Hall International MENA Limited

Effective on 11 November 2021, Emirates Healthcare Limited, which forms part of the Middle East segment, acquired the remaining 70% shares in Bourn Hall for £4m. Bourn Hall specialises in IVF. The goodwill of £7m arising from the acquisition is attributable to the acquired workforce and future cash flow from operations.

Ayadi Home Health Care LLC

Effective on 27 December 2021, Mediclinic Hospitals LLC, which forms part of the Middle East segment, acquired 100% of the shares in the accredited Al Ain-based home healthcare services business, Ayadi Home Health Care LLC ('Ayadi Home Healthcare'), for £4m. The goodwill of £3m arising from the acquisition is attributable to the acquired workforce and future cash flow from operations.

15. BUSINESS COMBINATIONS (continued)

The following table summarises the provisional fair value of assets acquired and liabilities assumed at the respective acquisition dates:

	2022 £'m	2022 £'m	2022 £'m
	Bourn Hall	**Ayadi Home Healthcare**	**Total**
Recognised amounts of identifiable assets acquired and liabilities assumed			
Total assets	5	1	6
Total liabilities	5	-	5
Total identifiable net assets at fair value	**-**	**1**	**1**
Goodwill	7	3	10
Consideration transferred for the business	**7**	**4**	**11**
Fair value of the Group's existing portion	(3)	-	(3)
Cash flow on acquisition	**4**	**4**	**8**
Cash flow on acquisition			
Net cash acquired with subsidiary	1	-	1
Cash paid	(4)	(4)	(8)
Net cash flow upon acquisition	**(3)**	**(4)**	**(7)**

16. COMMITMENTS

	2022 £'m	2021 £'m
Capital commitments		
Switzerland	**127**	137
Southern Africa	**105**	94
Middle East	**38**	36
	270	267

These commitments will be financed from Group cash flow and borrowed funds.

17. RELATED PARTIES

There are no significant changes to the related party transactions compared to those disclosed in note 35 of the Group's annual financial statements for the year ended 31 March 2021.

18. EVENTS AFTER THE REPORTING DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year that would significantly affect the operations of the Group or the results of its operations.

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 2022, Mediclinic comprised 74 hospitals, five subacute hospitals, two mental health facilities, 20 day case clinics and 20 outpatient clinics. The Swiss operations included 17 hospitals and four day case clinics with around 1 900 inpatient beds; Southern Africa operations included 50 hospitals (three of which in Namibia), five subacute hospitals, two mental health facilities and 14 day case clinics (four of which operated by Intercare) across South Africa, and around 8 650 inpatient beds; and the UAE operated seven hospitals, two day case clinics and 20 outpatient clinics with around 1 000 inpatient beds in the UAE. In addition, under management contract the UAE will open a 200-bed hospital in the Kingdom of Saudi Arabia in 2023.

The Company's primary listing is on the LSE in the UK, 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 UK and listed on the LSE.

ZOOM WEBINAR AND CONFERENCE CALL DETAILS

In conjunction with these results, Mediclinic is hosting a Zoom webinar and conference call. A replay facility will be available on the website shortly after the presentation.

09:00 BST/10:00 SAST

Register here: https://investor.mediclinic.com/events/event-details/2022-full-year-results

Join via Zoom
Participants connecting via Zoom will be able to participate in the 'Questions and Answers' segment that follows the presentation of results.

- Click on the registration link above which will direct you to the registration page.
- Once registered, you will receive a confirmation email containing more detail and the link needed to join the webinar.

Join via telephone
Participants connecting via telephone will not be able to participate in the 'Questions and Answers' segment that follows the presentation of results.

- Click on the registration link above which will direct you to the registration page.
- Once registered, you will receive a confirmation email containing the dial-in details.
- Upon dialling-in, enter the webinar ID as well as the passcode as contained in the confirmation email.

Q&A
In Zoom, you will be able to ask your question via audio only; your video will be disabled.

- Click on 'Raise Hand' in your Zoom toolbar.
- The webinar facilitators will prompt you to unmute your microphone when the panel is ready to receive your question. Please unmute your microphone as requested, ask your question when prompted, and stay connected.
- Once your question has been answered, the webinar facilitators will mute your microphone and move on to the next question.

Presentation
The presentation will become available in the Results Centre of the Mediclinic Investor Relations website a few minutes prior to the webinar: https://investor.mediclinic.com/results-centre/results-and-reports

Investor queries
James Arnold, Head of Investor Relations, Mediclinic International plc
+44 (0)20 3786 8181

ir@mediclinic.com

Media queries
FTI Consulting
Ben Atwell/Ciara Martin – United Kingdom
+44 (0)20 3727 1000
Sherryn Schooling – South Africa
+27 (0)21 487 9000

Registered address: 6th Floor, 65 Gresham Street, London, EC2V 7NQ, United Kingdom
Website: www.mediclinic.com
Joint corporate brokers: 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