

# BUSINESS MODEL

Our business model has resulted in consistent earnings growth, quality service delivery, manageable risks, and generally a business that sustains growth and value to all our stakeholders.

Our business model varies slightly in the three operating platforms. In Southern Africa our operations are supported by specialists who are not employed by the Group, but operate independently. This is a regulatory limitation in terms of the Health Professions Council of South Africa, which prohibits the employment of doctors by private hospitals, although permission has been obtained to appoint doctors in our emergency units. In Switzerland some of the supporting doctors are employed, while in the UAE the majority of the supporting doctors are employed.

## OUR VISION

In line with our vision to be respected internationally and preferred locally, we are focused on creating long-term value for our stakeholders and establishing Mediclinic as a leader in the international healthcare industry.

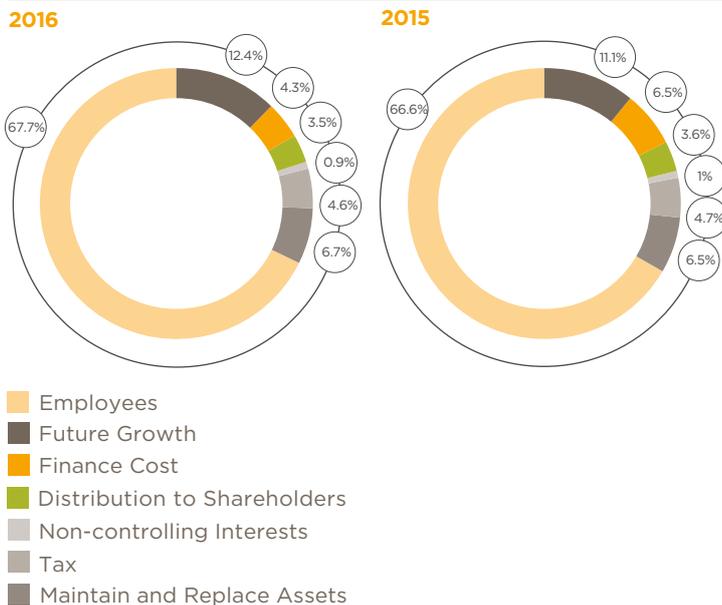
We will be respected internationally for:

- delivering measurable quality clinical outcomes
- continuing to grow as a successful international healthcare Group
- enforcing good corporate governance
- acting as a responsible corporate citizen

We will be preferred locally for:

- delivering excellent patient care
- ensuring aligned relationships with doctor communities
- being an employer of choice, appointing and retaining competent staff
- building constructive relationships with all stakeholders
- being a valued member of the community

## DISTRIBUTION OF VALUE



## BUSINESS INPUTS/RESOURCES



### Financial<sup>5</sup>

Mediclinic has a strong financial profile, underpinned by an extensive property portfolio. The Group has good access to capital and invests for growth, generating positive cash flow and a track record of good returns on its capital investments.

### Manufactured<sup>2</sup>

Mediclinic has a leading position in the key markets in which it operates. The Group owns, develops and operates 73 high-quality hospitals and 45 clinics, providing over 10 400 beds across three regions, utilising technology of an international standard.

### Human<sup>1</sup>

The Group employs over 32 800 permanent staff across its three platforms. During the year, the Group invested 3.6% of Mediclinic Southern Africa's payroll, 5.0% of Hirslanden's payroll and 0.3% of Mediclinic Middle East's payroll in training across all platforms, including extensive formal nurse training in Southern Africa.

### Intellectual<sup>2</sup>

Mediclinic has an experienced Board and management team with deep industry knowledge. The continued growth of Mediclinic is testament to the strong management team and their ability to execute the Group's strategy. The expertise of our clinical staff is a critical element of our business, allowing us to provide quality healthcare services.

### Social and relationships<sup>1</sup>

Mediclinic has excellent relationships with key stakeholders, regularly engaging with employees, funders, patients, supporting doctors, suppliers, governments and communities. It has a proven commitment to ensure a high standard of ethics, social responsibility, accountability, cooperation and transparency.

### Natural<sup>1</sup>

The Group is committed to efficient energy use in all its hospitals and continuously strives to reduce its water consumption and carbon emissions, with an increasing number of its hospitals certified to ISO 14001 standard.

<sup>1</sup> Please see the **Sustainable Development Report** available on the Company's website for further information.

<sup>2</sup> Please see the **Clinical Services Overview** on pages 30 to 33 and the **Clinical Services Report** available on the Company's website for further information.

<sup>3</sup> Please see the **Financial Review** on pages 55 to 59 of the Annual Report for further information.



## HOW WE GENERATE VALUE

### INVESTING IN



#### Growth and expansion of the Group's world class facilities

The Group has a track record of investing in carefully selected capital projects that deliver satisfactory returns and has demonstrated the ability to integrate and extract value from acquisitions and expansions. Mediclinic builds and continuously improves its facilities across its platforms, investing in medical technology of an international standard to offer the best care possible.



#### Highly qualified staff

Continuous investment in the training and development of staff creates a highly trained workforce and talent pipeline. Our Global Reward Centre of Excellence ensures optimal remuneration practices across the Group. Integrated talent strategies are deployed to ensure proactive attraction and retention of scarce skills.



#### Improving efficiencies

A relentless focus on extracting efficiencies from key business processes, using resources as effectively as possible and driving cost savings and synergies across the Group, are critical to ensure that we deliver value for money.

### PROVIDING



#### Care

The Group's main business activity is caring for patients. Deep operational expertise delivers a seamless patient experience, underpinned by high-quality nursing care.

### DELIVERING VALUE TO



#### Patients

Through high-quality clinical outcomes, patient safety and integrated services.



#### Shareholders

Through growth in capitalisation and shareholders returns, with the balance of funds retained for investment in expansion.

## BUSINESS OUTCOMES

#### Shareholder value

A focus on disciplined cost management and improving efficiencies has delivered a strong track record of growth in revenue and EBITDA with a final dividend to shareholders of 5.24 pence per share (refer to the Directors' Report on page 121 for a record of dividends for the year by the Company and Mediclinic International Limited prior to the Combination).

#### Quality healthcare services

All three platforms have seen an increase in inpatient admissions, benefiting from high quality clinical outcomes through the skill of Mediclinic's staff and supporting doctors and the standard of its facilities, generating high levels of patient satisfaction.

During the year, £264m (2015: £230m) was retained for future growth and to maintain and replace assets.

#### Highly skilled workforce

Over £934m (2015: £870m) was paid to employees as remuneration and other benefits, alongside investment in the training and well-being of staff, creating a motivated and engaged workforce, both in clinical and business services.

#### Government

The Mediclinic Group contributed over £63m (2015: £61m) in taxes and other state and local authority levies to the economies where it operates during the year.

#### Society

Mediclinic makes an economic and social contribution to the communities where it operates with a corporate social investment of R11.8m by Mediclinic Southern Africa, CHF2.5m by Hirslanden and AED0.8m by Mediclinic Middle East during the year. The Company was ranked joint first position in the 2015 Climate Performance Leadership Index, focusing mainly on Mediclinic Southern Africa's environmental management.

