

CHIEF EXECUTIVE OFFICER'S REVIEW

The period under review was one of the most significant in Mediclinic's three-decade history. Through the Combination of the businesses of Mediclinic International Limited and Al Noor Hospitals Group plc, we boosted our presence internationally, doubled the size of our UAE business in a fast-growing market, and secured a listing as a FTSE 100 company on the London Stock Exchange. With the investment in Spire Healthcare, we also established a footprint in the dynamic UK private healthcare markets. At the same time, we continued to grow volumes and revenues across all our operating platforms, while maintaining stable margins.

We now enter the 2016/17 financial year in a strong position and eager to take full advantage of our newfound scale. Despite the uncertain economic environment, the healthcare market fundamentals remain sound and we anticipate continued growth across all of our operating platforms.

This is indeed an exciting time for the Group, which promises to bring long-term value to our shareholders – with a well-balanced portfolio of operations, a leading position across a mix of attractive healthcare markets, and a strong management team at the helm.

IT ALL STARTS WITH THE PATIENTS

The very bedrock of our business is our “patients first” ethos.

Across all our operating platforms, we seek to be the first choice for patient experience, and to provide superior clinical outcomes. Importantly, we also seek to deliver a single, standardised quality of service wherever we operate.

To this end, we continued to invest heavily in our people, their training, the facilities in which they work, and the technology they use.

A particular emphasis at Mediclinic is to really understand and benchmark our performance. We therefore extended our investment in data collection and analytics using Press Ganey, an internationally renowned external research group, to measure patient experience. This has brought new levels of insight into the performance of our South African and Middle Eastern operations, and we are now ready to start a pilot in our Swiss operations.

We continued to pursue a number of projects which enable us to move towards a better integrated healthcare delivery model, with improved collaboration between the various clinical disciplines. For example, using the clinical expertise of the well-established and renowned oncology team at Hirslanden to assist with the establishment of the new oncology centre at the Mediclinic City Hospital's North Wing in Dubai that will open in the second half of 2016.

Our relentless focus on patient care helps us to build productive relationships with all stakeholder groups – where we have built high levels of trust in the quality of our service and our ethical principles over the years.

**Danie Meintjes***Chief Executive Officer*

BUILDING A LARGE, COHESIVE INTERNATIONAL GROUP

Our growing international scale enables us to unlock further value.

It certainly helps us to share skills and best practice across the Group, thereby contributing to our focus on patients. Scale also brings valuable synergies and cost-efficiencies. For example, since the implementation of a central buying department for the Group, we have already achieved double-digit cost savings on several of our surgical supplies and on the purchase of healthcare equipment for our clinics and hospitals.

Our clear aim is to operate as a well-integrated, networked group. Following the Combination with Al Noor, the smooth alignment of operations has been a priority. By March 2016, we confirmed the new senior management team for the Middle East, and appointed workstream leaders to map-out the detailed changes. As expected, we now face some tough integration challenges, specifically related to Information and Communications Technology and Human Resources. However, I am confident that we have a strong leadership team in our Middle Eastern operations who has a realistic understanding of the related complexities and the expertise to overcome them. We further have a wealth of experience in the broader Group that can assist where and when required.

During the period under review, we further extended our international footprint and geographical diversification with the acquisition of a 29.9% stake of Spire Healthcare, a leading private healthcare provider in the UK. Like others in the industry, we are attracted by the long-term prospects for the UK private healthcare market. We were also impressed by Spire's patient focus, as well as the

quality of its people and infrastructure. By stepping in as a minority investor, with a seat on the Board, we gain valuable first-hand experience of the UK market, building relationships with a strong, stable organisation.

ACCELERATED PROGRESS TOWARDS OUR STRATEGIC GOALS

Overall, the developments during the period under review enabled us to accelerate progress against our six strategic priorities, as set out in greater detail on pages 18 to 21, in all our key markets.



In our South African operations, we increased our capacity by opening two new day clinics, together adding 52 beds, and added 80 beds to our existing hospitals. Despite the volatility of the economy and the uncertainty of the political environment, we see continued opportunity for growth, albeit at a slightly lower rate.

For our Swiss operations, the 2015/16 financial year was very satisfactory. We added several new facilities to our existing portfolio, including more than 20 new inpatient beds, outpatient facilities and consulting rooms, plus a host of technology investments. With a stable economy, a strong currency, highly trained medical staff and an aging population, Switzerland looks set to deliver stable growth and to remain a source of clinical excellence.

The acquisition of Al Noor, with operations primarily in Abu Dhabi, has accelerated our progress in this attractive Middle Eastern market. We are rapidly extending capability and capacity, with 120 new beds due to be added in 2016/17 and a further 290 beds set to follow by 2018/19.

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

A STRONG FINANCIAL PERFORMANCE

The Group experienced strong patient growth across all the operating platforms leading to revenue growth of 7%, reported in pound sterling, with a stable underlying EBITDA margin at 20.4%.

I should add that our listing on the London Stock Exchange, where we entered the FTSE 100 Index in March 2016, should further strengthen our future financial position. As well as providing a new source of lower cost capital, it leaves us less exposed to the volatility of the South African rand should we raise new capital for international expansion.

KEY OPPORTUNITIES AND CHALLENGES

Currently we view the fundamentals as remaining positive across all of our markets. With, amongst other factors, an aging population, a growing middle class, and the ongoing emergence of new, quality-of-life-enhancing medical procedures, we continue to anticipate long-term growth.

Nonetheless, we do face a number of pressure points:

- The affordability of healthcare is a matter of pressing public policy concern. This is one reason why it is so important for us to grow our scale, optimise our cost base and ensure that we offer cost-effective quality care to our patients.
- Another challenge is regulatory uncertainty. During our three-decade history, this is something we have learnt to manage. We understand the need to adapt to an ever-changing political climate; building an internationally diverse portfolio strengthens our position.
- The availability of high-quality clinical staff is an issue for the healthcare industry worldwide. We work hard to be an employer of choice and to ensure that our hospitals are regarded as the best facility for independent medical practitioners to treat their patients. We continue to invest in the training and development of our people to ensure that we attract and retain the necessary talent.
- We are aware of a growing move towards consumerism in the healthcare market, with the advent of more demanding, better-informed patients. Our "patients first" ethos is critical to creating the confidence in our patients to believe in our Company slogan of Expertise You Can Trust.

We do not underestimate these challenges, and we work hard in order to ensure that we have the necessary plans and strategies in place to mitigate them.

OUR PRIORITIES FOR 2016/17 AND BEYOND

The 2016/17 financial year is set to be another exciting year for Mediclinic.

Our number one priority is our continued focus on our patients and to remain their demonstrable first choice. Alongside this, the smooth integration of our Middle Eastern operations is a priority that will continue to receive significant management attention and support. We will furthermore seek new ways to unlock the benefits of an integrated, international healthcare Group, focused around the seamless delivery of services with the patient firmly at the centre.

I would like to thank all of our doctors, nurses, support staff and management for their dedication and commitment during the year. This underpins everything we do and, with this in mind, I am confident that we will continue to build on the significant progress made in 2015/16.



Danie Meintjes
Chief Executive Officer