



Results 31 March 2009

Analyst Presentation

### Salient Features



- Strong defensive performance by the Group
- Southern African and Swiss operations exceeded expectations
- Successful commissioning of The City Hospital and overall solid performance in Dubai
- Increase in the total dividend per ordinary share by 12% to 68.6 cents

# Agenda



- Group financial results
- Regional overviews
- Prospects
- Questions



# **Group Financial Results**



## Southern Africa

## MCSA Financial Results



R million	31 Mar 09	31 Mar 08	% change
Revenue	6 792	6 056	12%
EBITDA	1 458	1 302	12%
Depreciation	177	159	11%
Operating profit	1 281	1 143	12%
Net finance charges	328	231	42%
Taxation	284	278	2%
Minorities	117	109	7%
Attributable income	553	527	5%
Total interest-bearing debt	3 867	3 699	5%
Total assets	5 261	4 733	11%
EBITDA margin	21.5%	21.5%	
EBITDA interest cover	3.8x	4.6x	

### Consistent Growth Profile

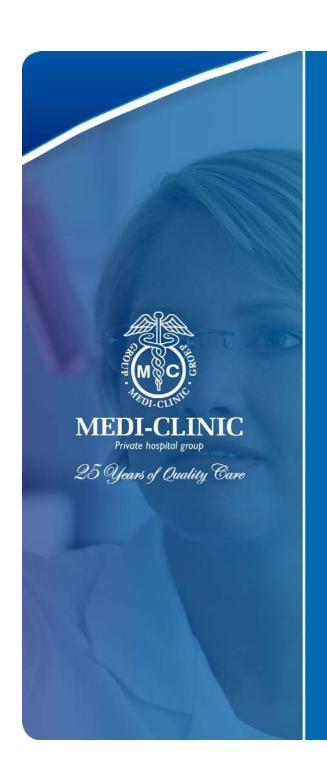


#### **MCSA Revenue Growth**



#### **MCSA EBITDA Growth**





Switzerland

# MCCH Financial Results (CHF)



CHF million	31 Mar 09	31 Mar 08	% change
Revenue	1 091	461	
EBITDA	245	107	
Depreciation	57	23	
Operating profit	188	84	
Net finance charges	146	59	
Taxation	27	13	
Attributable income	16	13	
Total interest-bearing debt	2 398	2 393	0%
Total assets	4 394	4 358	1%
EBITDA margin	22.5%	23.3%	
EBITDA interest cover	1.8x	1.9x	

# MCCH Financial Results (ZAR)



ZAR million	31 Mar 09	31 Mar 08	% change
Revenue	8 737	6 186 PF	41%
EBITDA	1 961	1 372 PF	43%
Depreciation	454		
Operating profit	1 507		
Net finance charges	1 166		
Taxation	218		
Attributable income	124		
Total interest-bearing debt	19 949	19 481	2%
Total assets	36 555	35 477	3%
EBITDA margin	22.5%	22.2%	

### Impressive Growth Profile



#### **MCCH Revenue Growth**



#### **MCCH EBITDA Growth**





## **United Arab Emirates**

# MCME Financial Results (AED)



AED million	31 Mar 09	31 Mar 08	% change
Revenue	341	249	37%
EBITDA	5	26	-81%
Depreciation	22	14	57%
Operating profit	- 17	12	>100%
Net finance charges	17	9	89%
Minorities	17	- 1	>100%
Attributable income	- 17	2	>100%
Total interest-bearing debt	300	98	>100%
Total assets	865	713	21%
EBITDA margin	1.5%	10.3%	
EBITDA interest cover	0.4x	7.3x	

# MCME Financial Results (ZAR)



ZAR million	31 Mar 09	31 Mar 08	% change
Revenue	822	482	71%
EBITDA	12	50	-76%
Depreciation	53	28	89%
Operating profit	- 41	22	>100%
Net finance charges	41	18	>100%
Minorities	41	- 2	>100%
Attributable income	- 41	2	>100%
Total interest-bearing debt	774	217	>100%
Total assets	2 230	1 573	42%
EBITDA margin	1.5%	10.3%	

# MCME excl. The City Hospital



ZAR million	31 Mar 09	31 Mar 08	% change
Revenue	751	482	56%
EBITDA	143	50	>100%
Depreciation	35	28	25%
Operating profit	108	22	>100%
Net finance charges	15	18	-17%
Minorities	- 47	- 2	>100%
Attributable income	47	2	>100%

EBITDA margin	19.0%	10.3%

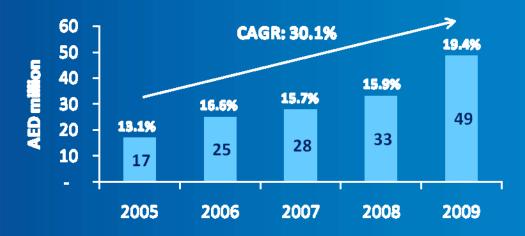
### Welcare: Exceptional Growth

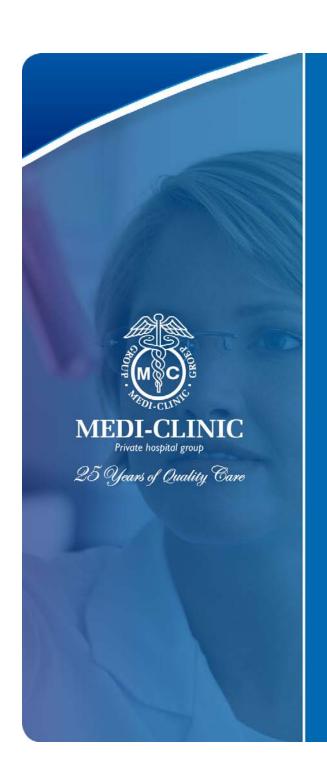


#### **Welcare Revenue Growth**



#### **Welcare EBITDA Growth**





# Group Results

### Summarised Financial Results



R million	31 Mar 09	31 Mar 08	% change
Revenue	16 351	9 579	71%
EBITDA	3 431	2 062	66%
Operating profit	2 747	1 721	60%
Finance cost	1 602	685	>100%
Headline earnings	624	608	3%
Headline earnings per share (cents)	111.5	144.5	-23%
Total interest-bearing debt	24 590	23 397	5%
Total assets	43 829	41 599	5%
Total equity	7 944	9 367	-15%

EBITDA margin	21.0%	21.5%
Normalised debt to EBITDA <sup>1,2</sup>	7.0x	7.4x
Normalised EV / EBITDA <sup>1,2</sup>	11.6x	11.6x
EBITDA interest cover	2.3x	3.1x

- 1. For 2008 calculated using LTM Pro Forma EBITDA.
- 2. EBITDA converted at the closing exchange rate.

### Normalised EBITDA Margin



	MCSA	MCCH	MCME	Group
EBITDA margin	21.5%	22.5%	1.5%	21.0%
The City Hospital losses	-	-	17.6%	0.8%
Normalised EBITDA margin*	21.5%	22.5%	19.0%	21.8%

<sup>\*</sup> Calculated by using the Group Revenue and EBITDA both excluding The City Hospital

- Revenue for The City Hospital amounts to R71 million
- Start-up losses of The City Hospital are R131 million at EBITDA level

### Revenue Analysis

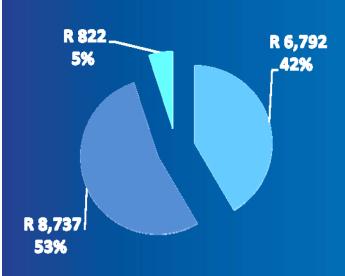
■ Southern Africa

**■ Switzerland** 

**UAE** 

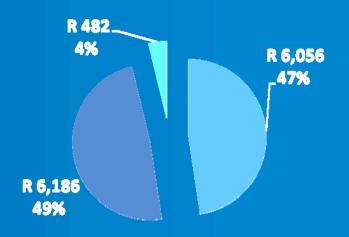


### Revenue 2009 (R'm)



**Total: R16.4 billion** 

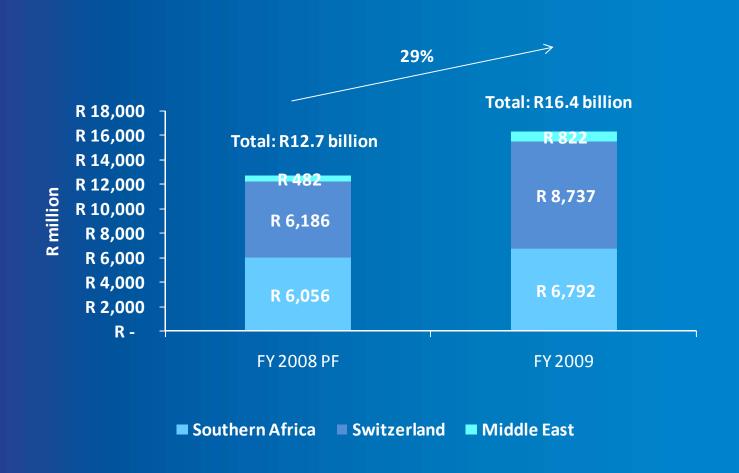
### Revenue 2008 PF (R'm)



**Total: R12.7 billion** 

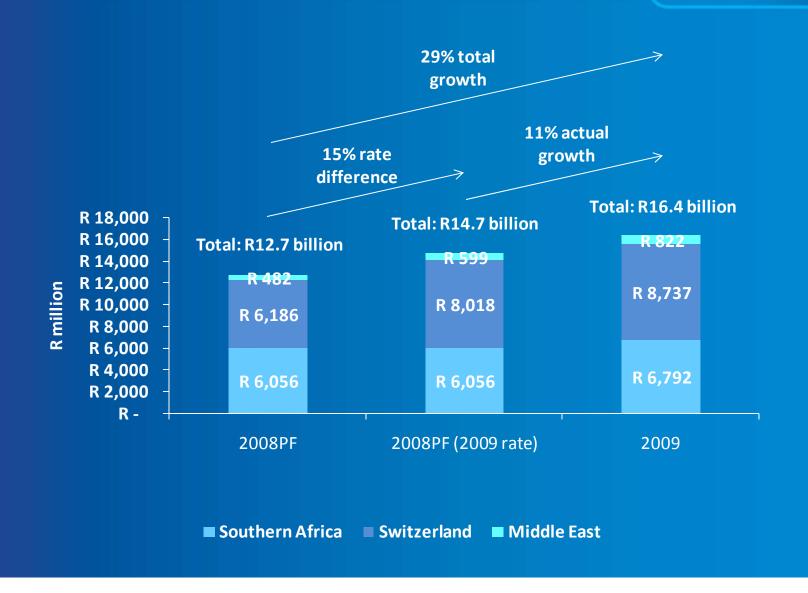
# Revenue Growth (Actual Rates)





# Revenue Growth (Constant Rates)





## **EBITDA Analysis**

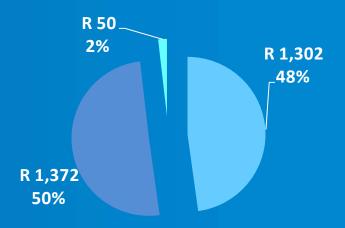


#### **EBITDA 2009 (R'm)**





#### EBITDA 2008 PF (R'm)

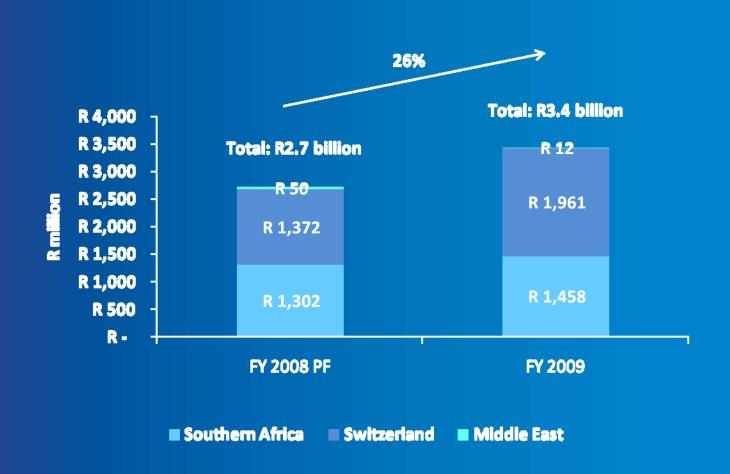


**Total: R3.4 billion** 

**Total: R2.7 billion** 

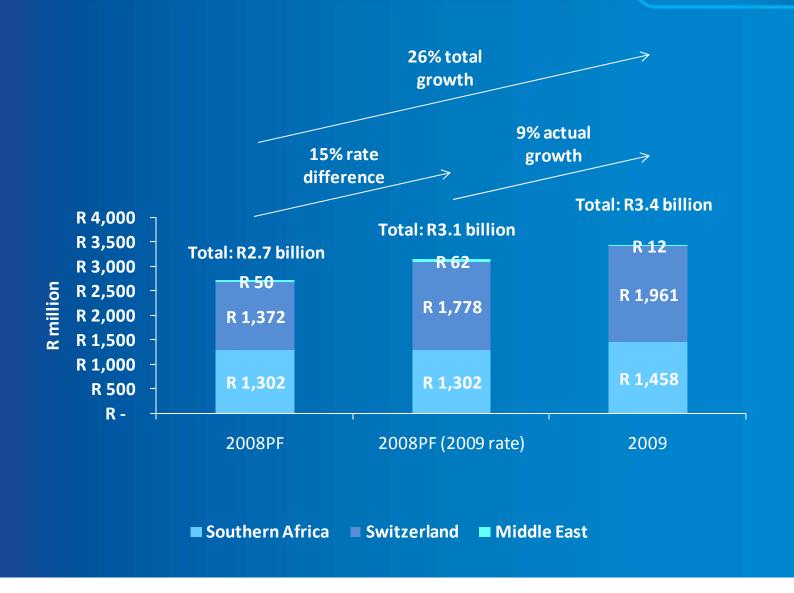
### EBITDA Growth (Actual Rates)





### EBITDA Growth (Constant Rates)

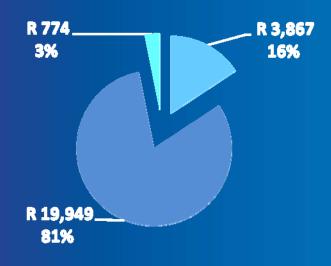




### **Debt and Finance Cost**

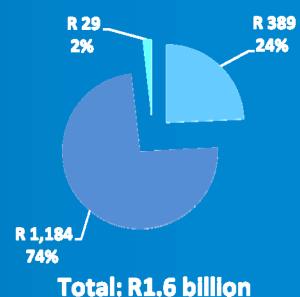


#### Debt (R'm) - 31 Mar 2009



**Total: R24.6 billion** 

# Finance Cost (R'm)



- Barclays Capital margin finalised
- Finance cost includes amortisation of raising fees of R81 million
- Interest of R12.8 million capitalised against The City Hospital project cost

■ Southern Africa

■ Switzerland

**■ Middle East** 

### Attributable Income Contribution

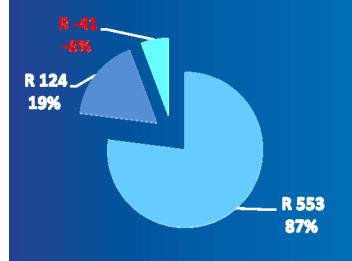
■ Southern Africa

**■ Switzerland** 

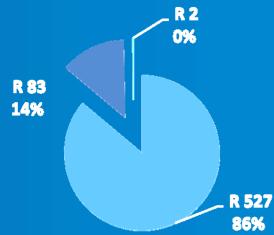
**UAE** 



#### **Attributable Income 2009 (R'm)**



**Total: R636 million** 

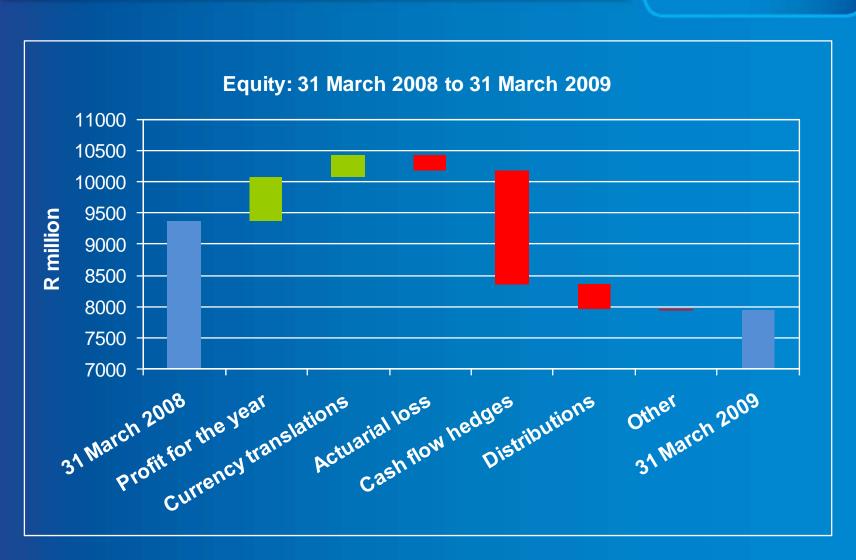


Attributable Income 2008 (R'm)

**Total: R610 million** 

# **Equity Bridge**

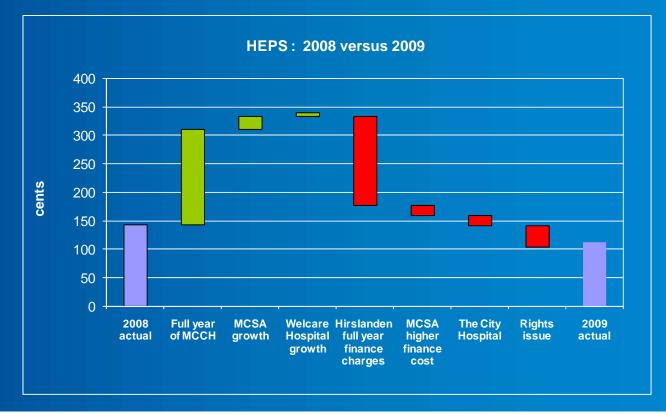




# Headline Earnings Per Share



Description	31 Mar 09	31 Mar 08	% change
Headline earnings (R million)	624	608	3%
Weighted number of shares in issue (mil)	559.3	421.4	33%
Headline earnings per share (cents)	111.5	144.5	-23%



### **Cash Conversion**



 The Group converted 98% of EBITDA into cash generated from operations

### **Dividend Policy**



- Dividend per share currently derived from performance of Southern African operations
- Ability to pay dictated by cash flow of Southern African operations
- Indicative future target dividend cover of three times
   Groups headline earnings over time



Global Economic Outlook

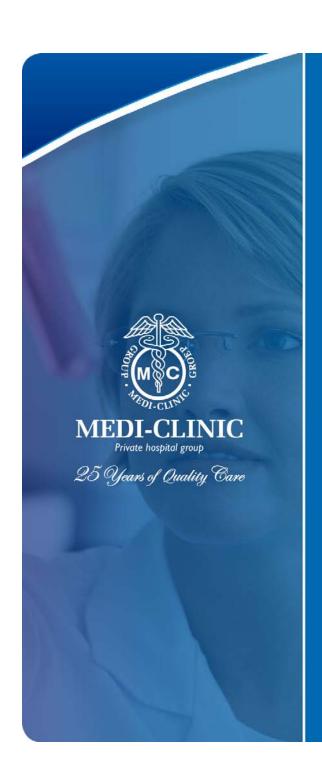
### Global Economic Outlook



- First global recession since World War II
- IMF predicts that recovery will be slow
- Obligations and covenants of facility agreements evaluated and stress tested
- To date, volumes unaffected and strong patient attendance towards end of financial year and beyond at all three platforms
- Early warning systems in place
- If required, immediate action will be taken



Regional Overview



Medi-Clinic Southern Africa

# Established Leader in Quality Care



At 31 March 2009	
Hospitals	51
Beds	6 855
Admitting specialists	1 675
Employees (FTEs)	13 000



### Commentary



- EBITDA margin maintained at 21.5%
- 12% revenue growth comprises
  - 3.3% increase in bed days sold
  - 8.6% increase in average income per bed day
- Inflationary pressures, especially towards the latter half of 2008, well managed
- Strong cash flow converted 104% of EBITDA into cash generated from operations

### Major Projects



- Projects recently completed
  - Morningside Medi-Clinic: Major upgrade; consulting block; R170m
  - Sandton Medi-Clinic: Major upgrade; R130m
  - Pietermaritzburg Medi-Clinic: Major upgrade; 20 beds, 2 theatres; R70m
  - Newcastle Private Hospital: 40 beds, R45m
  - Brits Medi-Clinic: 20 beds, R7m

### Major Projects (continued)



- Projects in progress
  - Cape Gate Medi-Clinic: 140 beds; R290m
  - Hermanus Medi-Clinic: Major upgrade; 31 beds, R90m
  - Panorama Medi-Clinic: Major upgrade; R67m
  - Constantiaberg Medi-Clinic: Upgrade; parking; consulting rooms; R36m
  - Bloemfontein Medi-Clinic: Emergency unit; R12m
- New projects
  - Limpopo Medi-Clinic: Major upgrade; 57 beds; R194m
  - Nelspruit Medi-Clinic: 74 beds; R77m

## Cape Gate Medi-Clinic





## Hermanus Medi-Clinic





## Panorama Medi-Clinic





## Regulatory Environment



- National Health Insurance
- Reference Price List



Medi-Clinic Switzerland

# Largest Group in Switzerland



At 31 March 2009	
Hospitals	13
Beds	1 337
Admitting specialists	1 350
Employed specialists	130
Employees (FTEs)	4 160



### Commentary



- Margin improvement from 22.2% 22.5%
- Inpatient admissions increased by 5% and day surgery admissions by 8%
- Regulatory environment
- Implementation of new organisational structure

### **Major Projects**



- Projects recently completed
  - Klinik Hirslanden: Cyberknife; 2<sup>nd</sup> LINAC; interventional operating theatre; finalisation HI07
  - Klinik Am Rosenberg: Säntispark
  - Klinik Aarau: Additional MRI
  - Klinik St. Anna: Additional private inpatient beds
- Projects in progress
  - Klinik Aarau: 28 bed building extension
  - Klinik St. Anna: 7 VIP rooms
  - Klinik Hirslanden: Urology centre
  - Klinik Im Park: 2 ICU beds; 4 IMC beds; 1 theatre; 1 MRI

### New Infrastructure: HI07





- Care unit including 36 beds with first class comfort
- Modern Maternity Department with 3 delivery rooms
- 9 up-to-date, multifunction operating theaters
- 4 intracardiac catheter laboratories (rhythmology / cardiology)
- Intensive care unit and anaesthetic recovery room
- Radiotherapy centre with state-of-the-art linear accelerator (LINAC)
- Enlargement of medical centres and outpatient facilities
- Central sterilization Unit



## New Equipment: CyberKnife



- First CyberKnife in Switzerland (120 world wide, 14 in Europe)
- Hirslanden offers now whole spectrum of radio therapy
- Cooperation with University of Nizza
- Usually outpatient treatment -> no private insurance necessary!
- Compared to public competitors shorter waiting time and faster accomplishment of treatment









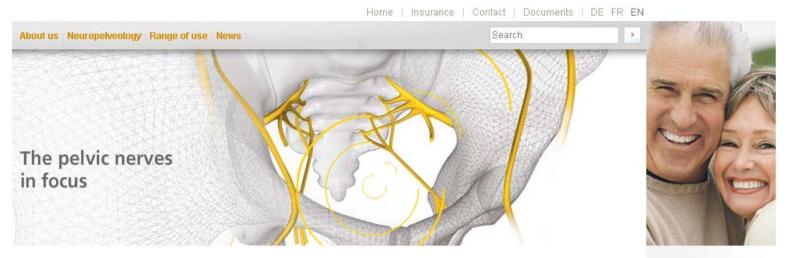
## New Treatment: Neuropelveology





#### **NEUROPELVEOLOGY** CENTRE





#### WELCOME

#### WELCOME TO THE NEUROPELVEOLOGY CENTRE

The Neuropelveology Centre is a department of the Hirslanden Clinic. It is home to a team of doctors who focus on diseases and dysfunctions of neurological origin in the pelvis. These doctors specialise in the integral diagnostics and treatment of pain, functional disturbances and disorders in this area.

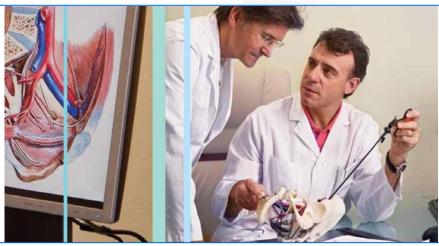
Details I

#### PHILOSOPHY

### YOU ARE THE FOCUS OF OUR ATTENTION

At the Neuropelveology
Centre we offer holistic,
personal and
interdisciplinary care which
puts the patient at the
centre of attention.

Details #



### New Organisational Structure



...to

Public Affairs Urs Brogli Corporate Communications Dr. Sandra Kobelt CHIEF EXECUTIVE OFFICER
Dr Ole Wiesinger MD

Board

Executive Assistant Michaela Seikel Company Secretary Peter Obrist

**EXECUTIVE COMMITEE** 

CHIEF OPERATING OFFICER
WESTERN REGION
J. Adrian Dennler

**Salem-Spital**Dr. Andreas Kohli
Director

Klinik Beau-Site J. Adrian Dennler Director

Clinic Cecil Pierre-Frédéric Guex Director

Clinique Bois-Cerf Jean-Marc Zumwald Director

Klinik Permanence Dr. Andreas Kohli Director CHIEF OPERATING OFFICER CENTRAL REGION

Nicolaus Fontana

Klinik Im Park Nicolaus Fontana Director

Klinik St. Anna Dr. Dominik Utiger MD Director

**Hirslanden Klinik Aarau** Philipp Keller Director

**AndreasKlinik Cham Zug** Martin Rauber Director

Klinik Birshof Simone Schwinger Director CHIEF OPERATING OFFICER EASTERN REGION

André Steiner

Klinik Hirslanden Daniel Liedtke Director

Klinik Am Rosenberg Alexander Rohner Director

Klinik Belair Stephan Eckhart

Sinomed Maja Eckold

Director

**Marketing**Julien Buro
Marketing Manager

Real Estate / Technical Services M. Arezza

Supply Chain Management Fritz Schiesser CHIEF HOSPITAL SERVICES OFFICER

Magnus Oetiker

ICT-Services
Christian Studer

**HR** Marta Omlin

Funder Relations Lukas Eichenberger

Quality Management Ulrike Sollmann

Admin. Functions Bargaining Law Int.Relation Healthline CHIEF FINANCIAL OFFICER

Andreas Kappeler

Accounting Miriam Del Fabro

Controlling Pascal Aregger

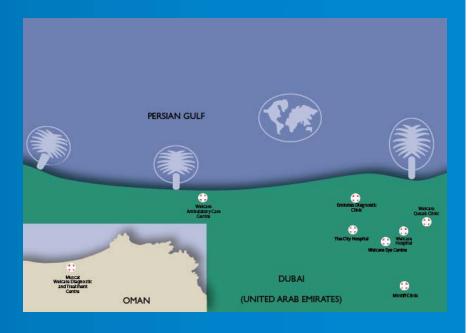


Medi-Clinic Middle East

# Leading in Dubai



At 31 March 2009	
Hospitals	2
Beds	330
Ambulatory surgery centre and clinics	4
Doctors	175
Employees	1 300



### Commentary



- The City Hospital commissioned on 15 October 2008
  - Passed rigorous international accreditation
  - Start-up operating losses of R131 million (EBITDA level) as anticipated
  - Start-up losses will continue, with EBITDA level break even about November 2009
  - Month-on-month increases in admissions continue to exceed expectations since January 2009
- Welcare Hospital and three clinics in full operation exceeded expectations

## The City Hospital

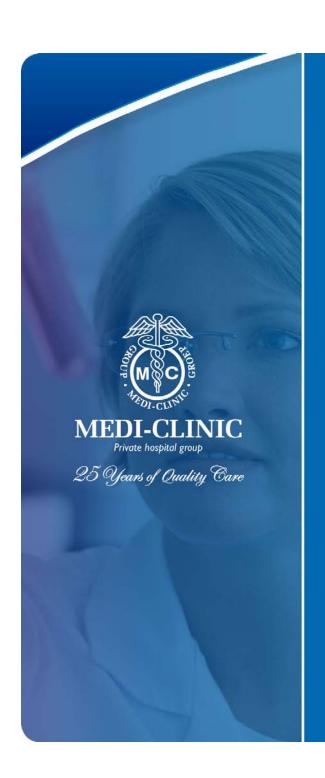




# The City Hospital







Prospects

### **Prospects**



- Three well-defined platforms for growth established within the group
- The City Hospital commissioned and admissions increasing steadily
- Continued investment across all three platforms
- Regulatory issues part and parcel of healthcare environment
- Optimistic about operational prospects
- Dilutionary effect of rights-issue will not recur
- Dividend cover target of 3 times Group headline earnings over time



Q & A Opportunity

### Disclaimer



All statements other than those of historical facts included in this presentation are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, currency fluctuations, increased operational and capital costs, political and operational risks, governmental regulation and judicial outcomes. The Company gives no guarantees or warranties that any of the future events, expectations or results referred to in the forward-looking statements will happen or materialize. The Company also does not undertake any obligation to release publicly any revisions to any "forward-looking statement" to reflect events and circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.