

REPORT PROFILE

SCOPE, BOUNDARY AND REPORTING CYCLE

This integrated annual report of Mediclinic International presents the economic, social and environmental performance, as well as the financial results of the Mediclinic Group for the financial year ended 31 March 2015, and covers all our operations in Southern Africa, Switzerland and the UAE. Cognisance should be taken of the fact that the largest component of the Group's operations is situated in Southern Africa (with 52 hospitals), compared to our operations in Switzerland (with 16 hospitals and 3 clinics) and in the UAE (with 2 hospitals and 10 clinics). There are therefore variances in the level of detail provided in this integrated annual report and the **Sustainable Development Report** published on the Company's website. Although the scale of the Group's operations in Switzerland is relatively small compared to Southern Africa, the Swiss operations contributed 46.1% to the Group's operating profit and is therefore considered to have a material impact on the Group's ability to create and sustain value.

This integrated annual report, including the notice of annual general meeting, is available on the Company's website at www.mediclinic.com and will be posted to our shareholders and stakeholders, who have requested to be added to our mailing list, no later than 24 June 2015. Printed copies are available on request from the Company Secretary.

SIGNIFICANT EVENTS DURING REPORTING PERIOD

No significant events occurred during the reporting period or after the end of the reporting period, which may have an impact on the Group's operations.

Noteworthy developments during the year include:

- the Company raised R3.1bn in June 2014 to fund growth opportunities through an accelerated bookbuild offering in terms whereof 41 000 000 new Mediclinic ordinary shares were placed with qualifying institutional investors, increasing the total number of issued shares of the Company to 867 957 325;
- Hirslanden acquired a 100% interest in the operating business of Hirslanden Clinique La Colline in Geneva in June 2014, and Hirslanden Klinik Meggen in August 2014;
- Mediclinic listed on the Namibian Stock Exchange, as a secondary listing, in December 2014; and
- the elective early refinancing of the Group's Swiss debt was concluded successfully in March 2015, which simplified the existing structure, reduced financing costs going forward and diversified the funding base and maturity dates.

REPORTING PRINCIPLES

The contents included in the integrated annual report are deemed to be useful and relevant to our stakeholders, with due regard to our stakeholders' expectations through continuous engagement, or that the Board believes may influence the perception or decision-making of our stakeholders. The information provided aims to provide our stakeholders with a good understanding of the financial, social, environmental and economic impacts of the Group to enable them to evaluate the ability of Mediclinic to create and sustain value for our stakeholders.

This integrated annual report was prepared in accordance with the International Financial Reporting Standards, the Listings Requirements of the JSE, as well as the Companies Act, 71 of 2008, as amended, where relevant. The Company has also considered and applied many of the recommendations contained in the International Integrated Reporting Framework issued by the International Integrated Reporting Committee in December 2013, as endorsed by the Integrated Reporting Committee of South Africa ("IRCSA"), as well as the guide on preparing an integrated report issued by the IRCSA in November 2014. This report aims to provide a succinct integrated annual report in line with the integrated reporting principles. The Company's reporting on sustainable development was done in accordance with the fourth revision guidelines of the Global Reporting Initiative ("GRI G4"). The Company has applied the majority of the principles contained in the King Report on Governance for South Africa 2009 ("King III"). All the King III principles which the Company did not apply are explained, where applicable, in the integrated annual report, also stating for what part of the year any non-compliance had occurred.

An index on the application of the **King III principles** is published on the Company's website at www.mediclinic.com. The **Sustainable Development Report** and the detailed **annual financial statements** in respect of the year under review are available on the Company's website at www.mediclinic.com.

EXTERNAL AUDIT AND ASSURANCE

The Group's consolidated annual financial statements, as well as the summarised consolidated annual financial statements, were audited by the Group's independent external auditors, PricewaterhouseCoopers Inc., in accordance with International Standards of Auditing. The report of the external auditors in respect of the summarised consolidated annual financial statements is included on page 135 of this integrated annual report.

Various other voluntary external accreditation, certification and assurance initiatives are followed in the Group, complementing the Group's combined assurance model, as covered throughout the integrated annual report. We believe that this adds to the transparency and reliability of information reported to our stakeholders. Please refer to Figure 4 of the **Sustainable Development Report** for further details.

PERFORMANCE HIGHLIGHTS

STRONG GROWTH IN PATIENT NUMBERS

SUCCESSFUL **R3.1BN** CAPITAL RAISE

ACQUIRED TWO SWISS HOSPITALS AND HOSPITAL SITE IN DUBAI

COMMISSIONED MEDICLINIC MIDSTREAM IN SOUTH AFRICA

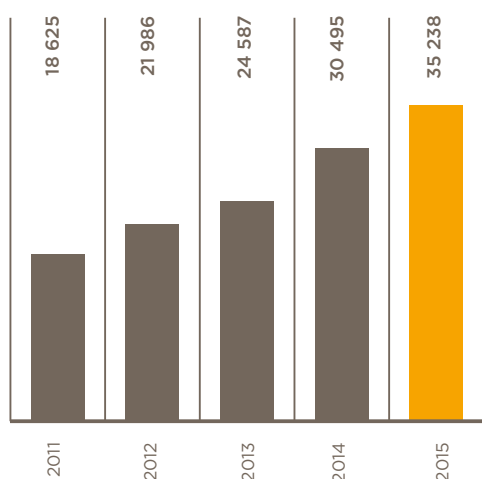
SWISS DEBT REFINANCED ON FAVOURABLE TERMS

POSITIVE IMPACT OF CURRENCY MOVEMENTS

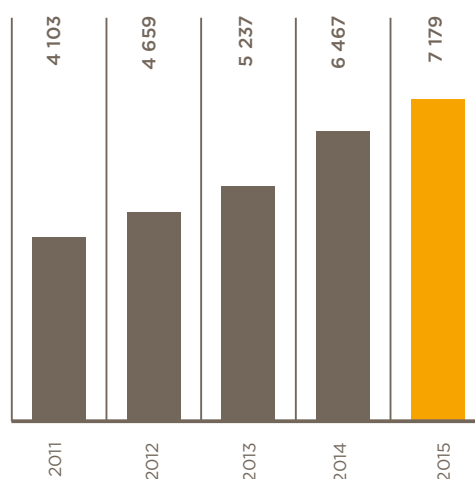
BASIC NORMALISED HEADLINE EARNINGS PER SHARE INCREASED BY **9%** TO **408.2** CENTS

TOTAL DIVIDEND PER ORDINARY SHARE INCREASED BY **11%** TO **106.5** CENTS (2014: 96.0 CENTS)

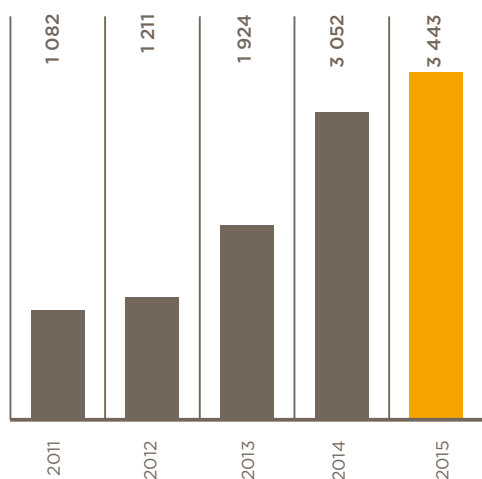
NORMALISED REVENUE (R'M)



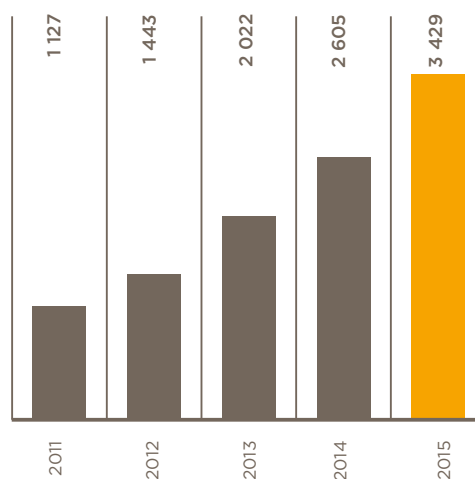
NORMALISED EBITDA (R'M)



NORMALISED HEADLINE EARNINGS (R'M)



**CAPITAL INVESTMENTS
(PROJECTS AND EQUIPMENT) (R'M)**



FINANCIAL		2015	2014	% change
Normalised revenue	R'm	35 238	30 495	16%
Normalised EBITDA	R'm	7 179	6 467	11%
Cash generated from operations	R'm	7 848	6 340	24%
Normalised headline earnings	R'm	3 443	3 052	13%
Total assets	R'm	79 179	70 534	12%
Shareholders' equity	R'm	32 064	24 468	31%
Return on shareholders' equity	%	10.7%	12.5%	(14%)
Normalised headline earnings per ordinary share - basic	cents	408.2	375.8	9%
Normalised headline earnings per ordinary share - diluted	cents	400.6	367.8	9%
Total distribution per ordinary share	cents	106.5	96.0	11%
Net asset value per ordinary share	cents	3 752.5	3 008.0	25%
Share performance				
- Closing price at year end	cents	12 200	7 483	63%
- Market capitalisation	R'm	105 891	61 881	71%
Capital expenditure on projects, new equipment and replacement of equipment				
- Southern Africa	R'm	3 429	2 605	32%
- Switzerland	R'm	1 437	885	62%
- United Arab Emirates	R'm	1 691	1 327	27%
	R'm	301	393	(23%)

OPERATIONAL		2015	2014
Number of hospitals in operation		70	68
- Southern Africa		52	52
- Switzerland		16	14
- United Arab Emirates		2	2
Number of clinics in operation		13	10
- Switzerland		3	2
- United Arab Emirates		10	8
Number of licensed/registered beds:		9 922	9 563
- Southern Africa		7 885	7 614
- Switzerland		1 655	1 567
- United Arab Emirates ¹		382	382
Number of licensed/registered theatres		367	346
- Southern Africa		269	258
- Switzerland		88	78
- United Arab Emirates		10	10

¹ Includes 27 day beds available at Mediclinic Middle East's clinics.

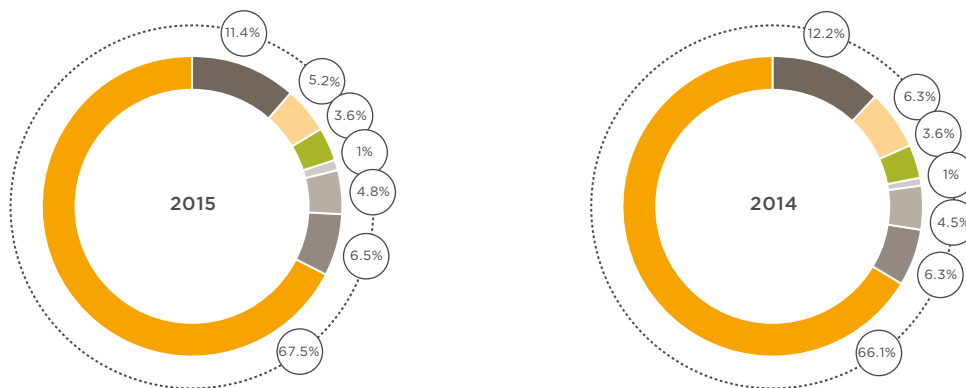
SOCIAL, ENVIRONMENTAL AND OTHER	2015	2014
Inclusion in JSE SRI Index	Yes	Yes
Number of employees	27 696	26 076
- Southern Africa	16 522	15 882
- Switzerland	8 749	7 950
- United Arab Emirates	2 425	2 244
Staff turnover rate		
- Southern Africa	7.2%	9.1%
- Switzerland	13.5%	13.9%
- United Arab Emirates	11.4%	10.1%
Training spend as approximate percentage of payroll		
- Southern Africa	3.0%	3.3%
- Switzerland	5.0%	5.0%
- United Arab Emirates	0.2%	0.4%
Spent on corporate social investment		
- Southern Africa	R'm 10.4	9.7
- Switzerland	CHF'm 2.1	2.1
- United Arab Emirates	AED'm 0.7	0.6
BBBEE (South Africa only)		
- BBBEE scorecard contributor level	4	4
- Percentage black employees	69.1%	67.2%
- Percentage black management employees	25.8%	23.5%
Ranking in CDP Climate Disclosure Leadership Index	joint 2nd	joint 2nd
Total energy usage (gigajoules/bed day)	1.754	1.734
- Southern Africa	0.331	0.336
- Switzerland (per 2012 and 2013 calendar years)	0.533	0.525
- United Arab Emirates (hospitals only)	0.890	0.873

VALUE ADDED STATEMENT

	2015		2014	
	R'm	%	R'm	%
VALUE CREATED				
Normalised revenue	35 238		30 495	
Cost of materials and services	(12 446)		(11 166)	
Finance income	103		73	
	22 895	100.0	19 402	100.0
DISTRIBUTION OF VALUE				
To employees as remuneration and other benefits	15 452	67.5	12 827	66.1
Tax and other state and local authority levies (excluding VAT)	1 099	4.8	876	4.5
To suppliers of capital:				
Non-controlling interests	238	1.0	201	1.0
Finance cost on borrowed funds	1 179	5.2	1 221	6.3
Distributions to shareholders	822	3.6	688	3.6
	18 790	82.1	15 813	81.5
VALUE RETAINED				
To maintain and replace assets	1 484	6.5	1 225	6.3
Income retained for future growth	2 621	11.4	2 364	12.2
	4 105	17.9	3 589	18.5

The value added statement has been prepared on a normalised basis, thus excluding one-off and exceptional items.

DISTRIBUTION OF VALUE



- Employees
- Future growth
- Finance cost
- Distribution to shareholders
- Non-controlling interests
- Tax
- Maintain and replace assets

ORGANISATIONAL OVERVIEW

WHO WE ARE

Mediclinic International, founded in 1983, is an international private hospital group with operations in South Africa, Namibia, Switzerland and the United Arab Emirates, and listed on the JSE, the South African securities exchange, since 1986. The Company has a secondary listing on the Namibian Stock Exchange since December 2014. The Group's head office is based in Stellenbosch, South Africa.

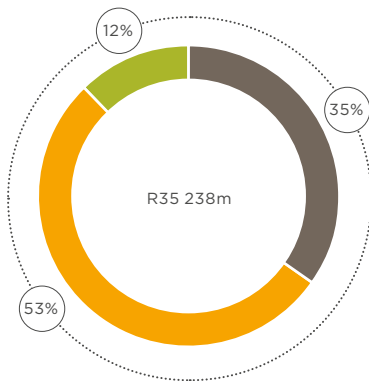
OUR VISION

To be respected internationally and preferred locally.

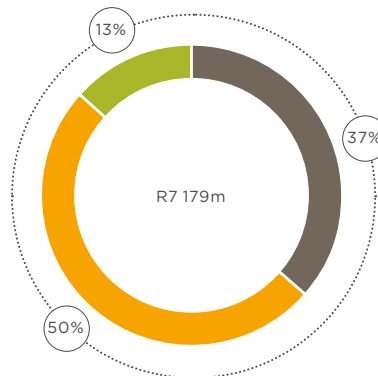
WHAT WE DO

Mediclinic is a private hospital group focused on providing acute care, specialist-orientated, multi-disciplinary healthcare services. We place science at the heart of our care process by providing evidence-based care of the highest standard. Our patients receive controlled and customised treatment, orchestrated by a team of world-class specialists devoted to delivering the best possible clinical outcomes in multi-disciplinary facilities that are of a world-class standard. Our core purpose is to enhance the quality of life of our patients by providing comprehensive, high-quality healthcare services in such a way that the Group will be regarded as the most respected and trusted provider of healthcare services by patients, doctors and funders of healthcare.

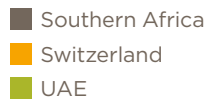
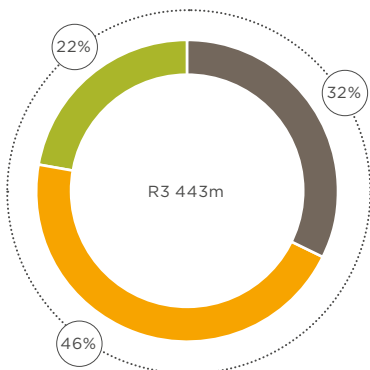
CONTRIBUTION TO GROUP NORMALISED REVENUE (R'M)



CONTRIBUTION TO GROUP NORMALISED EBITDA (R'M)



CONTRIBUTION TO GROUP NORMALISED HEADLINE EARNINGS (R'M)



HOLDING COMPANY: MEDICLINIC INTERNATIONAL LIMITED



OPERATING PLATFORMS		
MEDICLINIC SOUTHERN AFRICA	HIRSLANDEN	MEDICLINIC MIDDLE EAST
COUNTRY OF OPERATION		
South Africa and Namibia	Switzerland	United Arab Emirates
BRANDS		
BUSINESS WEBSITES		
www.mediclinic.co.za www.mhr.co.za www.medicalinnovations.co.za www.er24.co.za	www.hirslanden.ch	www.mediclinic.ae
HOSPITALS AND CLINICS IN OPERATION		
Operates 49 acute care private hospitals throughout South Africa and three in Namibia, with 7 885 beds in total. ER24 offers emergency transportation services from their 43 branches throughout South Africa.	Operates 16 acute care private hospitals with 1 655 beds and three primary care outpatient clinics in Switzerland.	Operates two acute care private hospitals and eight clinics in Dubai, UAE and two clinics in Abu Dhabi, UAE, with 382 beds in total.
NUMBER OF EMPLOYEES		
16 522 (20 105 full-time equivalents, which includes 3 583 agency staff) (16 178 permanent and 344 non-permanent)	8 749 (which includes full-time and part-time permanent employees)	2 425
NATURE OF OWNERSHIP		
Mediclinic Southern Africa (Pty) Ltd, a company registered in South Africa, is the holding company of the Company's operating platform in Southern Africa. It is 100% owned through a wholly-owned subsidiary (with most group operating companies partly owned and doctor shareholding in hospital investment companies).	Hirslanden AG, a company registered in Switzerland, is the holding company of the Company's operating platform in Switzerland. It is 100% owned through wholly-owned subsidiaries.	Emirates Healthcare Holdings Ltd, a company registered in the British Virgin Islands, is the holding company of the Company's operating platform in the UAE. It is 100% owned through wholly-owned subsidiaries.

OUR BUSINESS MODEL

Mediclinic offers multi-disciplinary, specialist-oriented private healthcare facilities. We have built our reputation and our brand by our proven commitment to ensure a high standard of discipline, independence, ethics, equity, social responsibility, accountability, cooperation and transparency.

We assume accountability for clinical outcomes as far as possible. We acknowledge that our success will not come from growth in volumes, but from the improved value of our services and best possible clinical outcomes. That is why significant focus is placed on our clinical governance framework (refer to the **Clinical Services Report** for more information) and patient satisfaction levels. Another vital element in our delivery of quality clinical outcomes is the quality of our nursing care. We therefore continue to invest in the training and development of our staff, offering competitive remuneration and generally looking after the well-being of our staff.

Our focus is on providing the best possible facilities, with technology of an international standard. We therefore continue to invest capital in our facilities for state-of-the-art equipment, expansions, upgrades and maintenance.

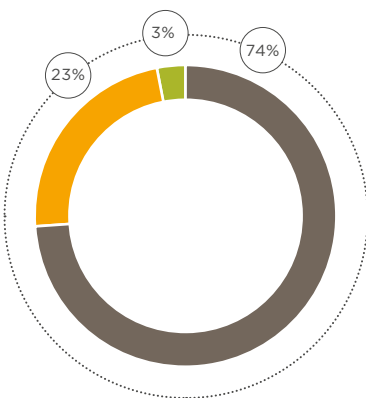
Our business model varies slightly in the three jurisdictions within which we operate. In Southern Africa our operations are supported by specialists who are not employed by the Group, but operate independently. This is a regulatory limitation in terms of the Health Professions Council of South Africa, 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 Dubai the majority of the supporting doctors are employed.

We listen to our stakeholders. Building sound long-term business relationships is one of the foundations of the continued success of our business.

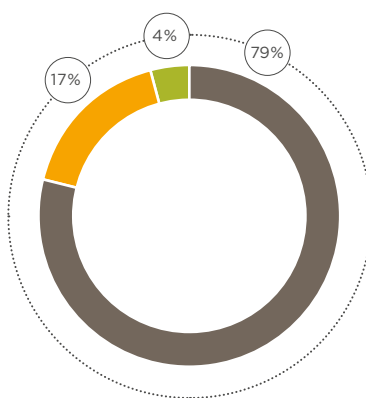
Our business model has resulted in consistent earnings growth, quality service delivery, manageable risks, and generally a business that sustains growth and value to all our stakeholders.



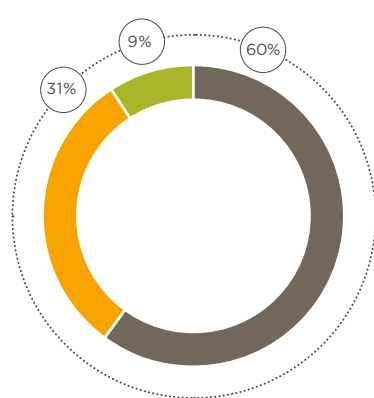
DISTRIBUTION OF THE GROUP'S
70 HOSPITALS



DISTRIBUTION OF THE GROUP'S
9 922 BEDS



DISTRIBUTION OF THE GROUP'S
27 696 EMPLOYEES



■ Southern Africa ■ Switzerland ■ UAE



SWITZERLAND

FIND OUT MORE ABOUT OUR SWISS OPERATIONS ON PAGE 44



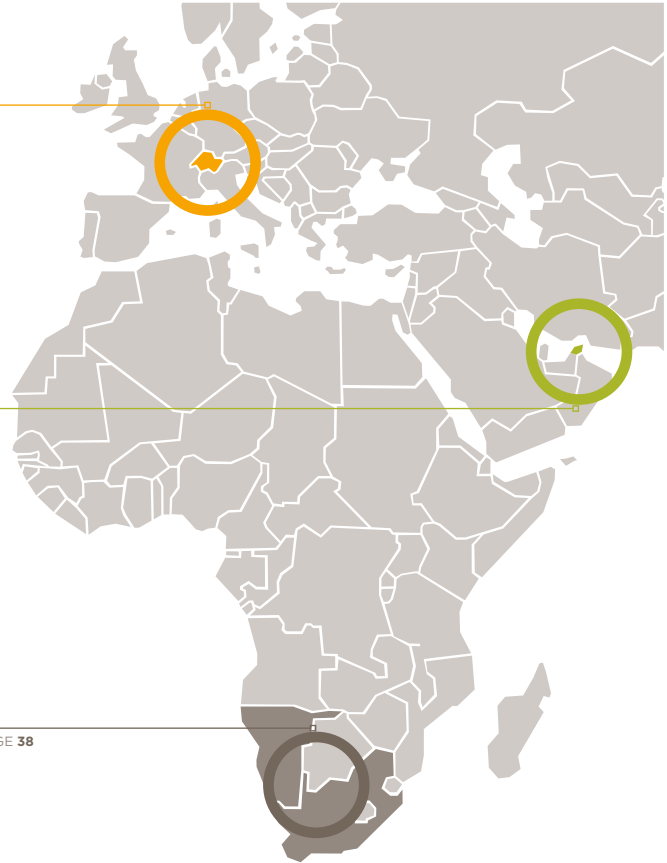
UNITED ARAB EMIRATES

FIND OUT MORE ABOUT OUR UAE OPERATIONS ON PAGE 50



SOUTHERN AFRICA

FIND OUT MORE ABOUT OUR SOUTHERN AFRICAN OPERATIONS ON PAGE 38



HOW WE GOVERN OUR BUSINESS

Our governance structures are focused on maintaining and building a sustainable business and support our commitment to be a responsible corporate citizen in every country and community in which the Group does business.

The key elements of our governance structures include:



- ensuring good clinical outcomes and quality healthcare (see the **Clinical Services Report** for more information);
- maintaining strict principles of corporate governance, integrity and ethics (see the **Corporate Governance Report** for more information);
- effective risk management and internal controls (see the **Risk Management Report** for more information);



- engaging with our stakeholders and responding to their legitimate expectations (see the stakeholder engagement section in the **Sustainable Development Report** published on our website);
- managing our business in a sustainable manner (see the **Sustainability Performance Highlights**, as well as the **Sustainable Development Report** published on our website); and
- offering our employees competitive remuneration packages based on the principles of fairness and affordability (see the **Remuneration Report** for more information).



BOARD OF DIRECTORS

AS AT 31 MARCH 2015

CONDUCTING BUSINESS IN AN HONEST,
FAIR AND LEGAL MANNER IS A
FUNDAMENTAL GUIDING PRINCIPLE
ENDORSED BY THE BOARD

CA (Ronnie)
van der
Merwe

KHS (Koert)
Pretorius

MK (Kabs)
Makaba

AA (Anton)
Raath

DP (Danie)
Meintjes

TO (Ole)
Wiesinger

JJ (Jannie)
Durand

PJ (Pieter)
Uys

TD (Trevor)
Petersen



CI (Craig)
Tingle

RE (Robert)
Leu

DK
(Desmond)
Smith

E de la H
(Edwin)
Hertzog

N (Nandi)
Mandela

GC (Gert)
Hattingh

JA (Alan)
Grieve

E de la H (Edwin) Hertzog (65)

Chairman (Non-executive)

Qualifications: M.B.Ch.B., M.Med., F.F.A. (SA), Ph.D. (honoris causa)

Experience: Appointed in 1983 as Managing Director, in 1990 as executive Vice-chairman and in 1992 as executive Chairman of the Company. Retired in August 2012 from his executive role, but remained on the Board as non-executive Chairman. Other directorships include Distell and Remgro.

Committee membership(s): Investment Sub-committee (chairperson); Remuneration and Nominations Committee'

EXECUTIVE DIRECTORS

DP (Danie) Meintjes (58)

Chief Executive Officer

Qualifications: B.PI (Hons)

Experience: Joined the Group in 1985 and appointed in 1996 as a director of the Company. Seconded to Dubai in 2006 and appointed as the Chief Executive Officer of Emirates Healthcare in 2007. Appointed as the Company's Chief Executive Officer since April 2010.

Committee membership(s): Investment Sub-committee; Social and Ethics Committee

CI (Craig) Tingle (56)

Chief Financial Officer

Qualifications: B.Sc. (For), B.Compt. (Hons), CA(SA)

Experience: Appointed in 1992 as the Financial Director of the Company. After his resignation as the Financial Director in 1999, he stayed on as a non-executive director until 2005, when he was appointed as the Chief Financial Officer of the Company's operations in Dubai. Appointed as the Company's Chief Financial Officer since September 2010.

Committee membership(s): Investment Sub-committee

CA (Ronnie) van der Merwe (52)

Chief Clinical Officer

Qualifications: M.B.Ch.B., D.A. (SA), F.C.A. (SA)

Experience: Joined the Group in 1999 as head of the Clinical Information Department. Currently the Chief Clinical Officer of the Company. Appointed as an executive director of the Company in 2010.

Committee membership(s): Social and Ethics Committee

KHS (Koert) Pretorius (52)

Chief Executive Officer: Mediclinic Southern Africa

Qualifications: B.Compt, MBL

Experience: Joined the Group in 1998 and appointed as a director of the Company in 2006. Appointed as the Chief Executive Officer of Mediclinic Southern Africa in 2008.

Committee membership(s): None

TO (Ole) Wiesinger (German) (52)

Chief Executive Officer: Hirslanden

Qualifications: Ph.D., Postgraduate Studies in Health Economics

Experience: Joined the Hirslanden group in 2004. Appointed as the Chief Executive Officer of Hirslanden and a director of the Company in 2008.

Committee membership(s): None

**INDEPENDENT NON-EXECUTIVE
DIRECTORS**

DK (Desmond) Smith² (67)

Lead Independent Director

Qualifications: B.Sc., FASSA

Experience: Chairman of the Reinsurance Group of America (RGA) and Sanlam. Appointed as a director of the Company in 2008. Also appointed as the Lead Independent Director of the Company in 2010.

Committee membership(s): Audit and Risk Committee (chairperson); Chairperson of the nominations functions of the Remuneration and Nominations Committee'

JA (Alan) Grieve (British) (62)

Qualifications: B.A. (Hons), CA

Experience: Director of Corporate Affairs of Richemont, as well as non-executive director of Reinet Investments Manager SA. Appointed as a director of the Company in 2012.

Committee membership(s): Audit and Risk Committee; Investment Sub-committee

RE (Robert) Leu² (Swiss) (68)

Qualifications: Master in Economics, Ph.D.

Experience: Executive director of the Department of Economics at the University of Bern in Switzerland. Appointed as a director of the Company in 2010.

Committee membership(s): Remuneration and Nominations Committee'

N (Nandi) Mandela (46)

Qualifications: B.Soc.Sc., Associate in Management (AIM)

Experience: Director of Linda Masinga & Associates, a town planning and consultancy firm. Appointed as a director of the Company in 2012.

Committee membership(s): Social and Ethics Committee (chairperson)

TD (Trevor) Petersen (59)

Qualifications: B.Comm (Hons), CA(SA)

Experience: Former managing partner of the Cape Town office of PricewaterhouseCoopers Inc. and former chairman of PwC Western Cape and the South African Institute of Chartered Accountants. He currently serves on the University of Cape Town Council and is also a director of Petmin Limited. Appointed as a director of the Company in 2012.

Committee membership(s): Audit and Risk Committee; Remuneration and Nominations Committee' (chairperson)

AA (Anton) Raath (59)

Qualifications: B.Comm, CA(SA)

Experience: Chief Executive Officer of Glacier, a subsidiary of Sanlam. Appointed as a director of the Company in 1996.

Committee membership(s): Audit and Risk Committee; Investment Sub-committee; Remuneration and Nominations Committee'

NON-EXECUTIVE DIRECTORS²

JJ (Jannie) Durand (48)

Qualifications: B.Acc. (Hons), M.Phil. (Management Studies), CA(SA)

Experience: Chief Executive Officer of Remgro. Appointed as a director of the Company in June 2012. Other directorships include Discovery Holdings, Distell, FirstRand Bank, Grindrod and RCL Foods.

Committee membership(s): Investment Sub-committee; Remuneration and Nominations Committee'

MK (Kabs) Makaba (61)

Qualifications: M.B.Ch.B., Intermediate Diploma in Personnel Management and Training, Certificate in Small Business Management

Experience: Chief Executive Officer of Faranani Health Solutions and director of Phodiso Holdings. Appointed as a director of the Company in 2008.

Committee membership(s): None

PJ (Pieter) Uys² (52)

Qualifications: B.Sc. (Engin), M.Sc. (Engin), MBA

Experience: Investment Manager at Remgro and previous Chief Executive Officer of Vodacom. Appointed as a director of the Company with effect from 1 April 2013.

Committee membership(s): Social and Ethics Committee; Investment Sub-committee (alternate to Jannie Durand); Remuneration and Nominations Committee' (alternate to Jannie Durand)

COMPANY SECRETARY

GC (Gert) Hattingh (50)

Qualifications: B.Acc. (Hons), CA(SA)

Experience: Joined Mediclinic in 1991 as group accountant. Various managerial positions held throughout the Group. Appointed as Company Secretary since 2000 and Group Services Executive since 2011.

¹ Refer to note 3 to Figure 1 in the **Corporate Governance Report** (page 92) regarding the restructuring of the Remuneration and Nominations Committee.

² Mr Desmond Smith, Prof Robert Leu, Ms Nandi Mandela and Mr Pieter Uys retire in terms of the Company's Memorandum of Incorporation and who, being eligible, have offered themselves for re-election as directors of the Company at the annual general meeting of the Company to be held on 23 July 2015. The Notice of the Annual General Meeting is included in this integrated annual report. The Board considers these directors as suitable and recommend their re-election as directors.

³ Refer to note 2 to Figure 1 in the **Corporate Governance Report** (page 92) for an explanation why these directors are not regarded as independent.



OUR VISION

TO BE RESPECTED INTERNATIONALLY AND PREFERRED LOCALLY

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

Our relentless focus on patient needs will create long-term shareholder value and establish Mediclinic International as a leader in the global healthcare industry.

EXPERTISE YOU CAN TRUST.

OUR VALUES

THE MEDICLINIC GROUP AND ITS EMPLOYEES SUPPORT THE FOLLOWING CORE VALUES:

CLIENT ORIENTATION

In our behaviour we:

- reflect the image of the company
 - deliver the right service in the right place at the right time
 - regard everyone who is dependent on our outputs as our client
 - determine and meet the expectations of our clients
 - measure our clients' satisfaction regularly
 - respect our clients' right to confidentiality
 - personally accept responsibility for client service
-

TEAM APPROACH

In our behaviour we:

- promote positive team behaviour
 - ensure the participation of all role players in problem solving
 - set common goals
 - exhibit responsible, fair, honest and effective leadership and followership
-

MUTUAL TRUST AND RESPECT

In our behaviour we:

- share information to the benefit of the company
 - listen with empathy
 - communicate openly and honestly
 - exhibit respect for the individual and his or her dignity
 - respect personal and company property
 - solve problems on a win-win basis
 - greet and acknowledge one another
 - maintain an ethical standard
-

PERFORMANCE DRIVEN

In our behaviour we:

- set objectives and give regular performance feedback
 - ensure that each individual knows what the standards are and what is expected
 - give recognition to whom it is due
 - offer each employee the opportunity to develop to his or her full potential
 - eliminate activities that do not add value
 - promote continuous improvement in productivity
 - base all appointments and promotions on competence and performance
 - accept mentorship as a management task
-

STRATEGIC OBJECTIVES

CREATING SHAREHOLDER VALUE

- We will continue to optimise operations by growing the business of our existing hospitals and extracting efficiencies in key business processes.
- We will continue to invest in incremental growth opportunities based on sound investment principles and to demonstrate efficiency and diligence in the planning and execution of such opportunities.

DEVELOPING AN INTERNATIONAL HOSPITAL GROUP

- We will continue to develop core competencies across the various platforms to ensure that international healthcare best practice is followed.
- We will continue to develop in-house capabilities that drive cost savings and synergies across existing and future platforms.
- We will continuously investigate further growth opportunities.

MANAGING RISK AND REGULATORY CHANGE PROACTIVELY

- We will continue to meticulously manage our risks supported by our enterprise-wide risk management processes.
- We will continue to focus on proactive health policy research and active engagement to influence regulatory and legislative bodies when needed.

INTEGRATED HEALTHCARE PROVIDER

- We will continue to strive towards a better coordinated healthcare system with the aim to ensure consistently better clinical outcomes and the better utilisation of resources.
- We will continue to focus on improving our partnership relationship with our doctor community with a vision to ensure an aligned delivery process in the best interest of our patients.

BUILDING A CULTURE THAT PROVIDES GROWTH AND DEVELOPMENT OPPORTUNITIES FOR STAFF AND ENCOURAGES TEAM WORK

- We will continue to maintain a corporate culture that provides a good working environment, training opportunities and skills development that assist to attract and retain a talented workforce.
- We will continue to aim to be the employer of choice, recognising that market competition for talent is increasing.

CONTINUOUSLY IMPROVING QUALITY CARE

- We will continue to strive to be trusted and respected by patients, doctors, nurses and funders.
- We will continue to focus on firmly embedding our clinical quality processes that ensure patient safety.
- We will continue to improve our clinical outcome statistics and to incrementally reduce adverse events.
- We will continue to meet the independent accreditation standards of our hospitals.
- We will continue with initiatives to improve our independently monitored patient satisfaction levels.

LEADING AS A RESPONSIBLE CORPORATE CITIZEN

- We will continue to manage our business in a sustainable manner, upholding the highest ethical and professional standards, with continuous engagement with our stakeholders.
 - We maintain focused on managing our social and environmental impacts, in particular with regard to the quality and safety of our patients; addressing the nursing and general skills shortage; BBBEE of our South African operations; our corporate social investment and community involvement; and the effective management of our environmental impact.
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INVESTMENT CASE

DEFENSIVE LONG-TERM INDUSTRY

- The healthcare sector provides a strongly defensive investment as demand is relatively unaffected by economic cycles.
- The demand for private healthcare is likely to continue to grow due to population growth, ageing population, consumerism, technological advancement, the burden of disease and pressure on governments' resources to provide healthcare services on demand.

PURE HOSPITAL AND RELATED HEALTHCARE SERVICES PLAYER

- Mediclinic is a long-term investor in and manager of mostly acute care, specialist-orientated, multi-disciplinary hospitals and related outpatient facilities.
- Mediclinic has an extensive property portfolio in prime real estate areas that provides valuable operational flexibility and a strong asset underpin to its business.

STRONG TRACK RECORD

- Mediclinic has consistently delivered stable and strong operational growth for almost three decades.
- Mediclinic has a track record of investing sensibly in capital projects that delivers satisfactory returns and has demonstrated the ability to integrate and extract value from acquisitions.
- Mediclinic is led by an experienced and proven management team with an average tenure of 20 years at corporate level.
- Remgro, Mediclinic's largest shareholder, has maintained a long-term commitment over Mediclinic's entire history.

QUALITY CARE

- Mediclinic's sustainable competitive advantage lies in the continuous focus on patient safety, excellence in clinical governance and delivering measurable, cost-effective quality care.

OPERATIONAL EFFICIENCY

- Mediclinic has consistently maintained stable operating margins through its focus on cost-effective quality care.
- Mediclinic has always sustained the high quality and highly cash generative nature of its earnings.
- Mediclinic constantly pursues the implementation of best practice to enhance the overall performance of the group.
- Mediclinic has historically delivered growing revenue and stable margins despite changes in healthcare regulations.

SUSTAINABILITY

- Mediclinic is committed to managing its business in a sustainable way, upholding the highest standard of ethics and corporate governance practices. Through our business integrity, we maintain and improve the confidence, trust and respect of our stakeholders.
- Mediclinic values its employees by following fair labour practices, offering competitive remuneration and investing in training and development of its employees; it respects the communities within which the Group operates and contributes to the well-being of society; and it manages the Group's impact on the environment.

INTERNATIONAL PRESENCE

- Mediclinic is well positioned as a trusted provider of hospital services in the developing and developed markets in which it operates (Southern Africa, Europe and the United Arab Emirates).
 - Mediclinic has a leading position in all the markets in which it operates.
 - Mediclinic's presence in diverse geographies mitigates country-specific risk.
-

SEVEN-YEAR REVIEW

	CAGR*	2015 R'm	2014 R'm	2013 (restated) R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm
INCOME STATEMENTS								
Revenue	13.7%	35 238	30 495	24 436	21 986	18 625	17 141	16 351
Normalised EBITDA	13.1%	7 179	6 467	5 237	4 659	4 103	3 736	3 431
Past-service cost		-	241	35	14	33	97	-
Impairment of property and equipment		(31)	(8)	-	(4)	(34)	-	-
Insurance proceeds		-	40	-	-	84	-	-
Profit on sale of property, equipment and vehicles		87	4	6	-	-	-	-
Pre-acquisition tariff provision		-	-	(151)	-	-	-	-
EBITDA		7 235	6 744	5 127	4 669	4 186	3 833	3 431
Depreciation		(1 403)	(1 195)	(975)	(890)	(726)	(705)	(672)
Amortisation/impairment of goodwill		(109)	(44)	(19)	(20)	(12)	(13)	(12)
Operating profit	13.0%	5 723	5 505	4 133	3 759	3 448	3 115	2 747
Other gains and losses		93	2	531	(26)	13	28	-
Income from associates		2	3	2	1	4	7	2
Income from joint venture		(1)	-	3	-	-	-	-
Finance income		103	73	69	85	61	41	67
Finance cost		(1 179)	(1 221)	(5 166)	(1 642)	(1 491)	(1 524)	(1 602)
Finance cost excluding one-off charges		(1 179)	(1 221)	(1 472)	(1 642)	(1 491)	(1 524)	(1 602)
Derecognition of Swiss interest rate swap		-	-	(3 531)	-	-	-	-
Accelerated recognition of capitalised financing fees		-	-	(163)	-	-	-	-
Profit/(loss) before tax		4 741	4 362	(428)	2 177	2 035	1 667	1 214
Income tax expense		(206)	(776)	(418)	(693)	(654)	(481)	(502)
Profit/(loss) for the year		4 535	3 586	(846)	1 484	1 381	1 186	712
Attributable to:								
Equity holders of the Company		4 297	3 385	(1 105)	1 221	1 177	1 058	636
Non-controlling interests		238	201	259	263	204	128	76
		4 535	3 586	(846)	1 484	1 381	1 186	712
Headline earnings/(loss)		4 081	3 355	(1 110)	1 222	1 110	1 028	624
Normalised headline earnings	32.9%	3 443	3 052	1 924	1 211	1 082	852	624

* compounded annual growth rate

	2015 R'm	2014 R'm	2013 (restated) R'm	2012 (restated) R'm	2011 R'm	2010 R'm	2009 R'm
STATEMENTS OF FINANCIAL POSITION							
ASSETS							
Property, equipment and vehicles	53 776	49 597	40 137	34 726	30 409	28 046	32 479
Intangible assets	11 565	9 210	7 279	6 350	5 565	5 243	6 293
Other investments and loans	93	68	63	708	708	15	24
Investment in associate	2	4	2	1	4	11	8
Investment in joint venture	65	67	65	53	-	-	-
Deferred income tax assets	302	302	239	210	210	220	178
Derivative financial instruments	10	60	100	-	33	-	-
Current assets	13 366	11 226	8 857	8 121	6 608	4 829	4 892
Total assets	79 179	70 534	56 742	50 169	43 537	38 364	43 874
EQUITY							
Equity attributable to owners of parent	32 064	24 468	17 206	10 199	9 489	6 650	7 091
Non-controlling interests	1 098	923	796	1 288	1 071	966	898
LIABILITIES							
Long-term interest-bearing borrowings	27 927	28 704	25 351	22 859	20 414	20 667	24 349
Deferred income tax liability	7 729	7 251	6 182	5 325	4 773	4 399	5 162
Retirement benefit obligations	1 292	414	709	709	383	346	997
Derivative financial instruments	465	38	85	3 739	2 170	2 331	2 512
Provisions	1 094	868	687	361	271	185	229
Current liabilities	7 510	7 868	5 726	5 689	4 966	2 820	2 636
Total equity and liabilities	79 179	70 534	56 742	50 169	43 537	38 364	43 874

	CAGR*	2015 R'm	2014 R'm	2013 (restated) R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm
STATEMENTS OF CASH FLOWS								
Cash generated from operating activities	15.3%	7 848	6 340	5 571	4 266	4 179	3 800	3 346
Net finance cost		(916)	(982)	(1 508)	(1 525)	(1 368)	(1 396)	(1 438)
Tax paid		(924)	(743)	(514)	(525)	(495)	(444)	(522)
Cash flow from operating activities		6 008	4 615	3 549	2 216	2 316	1 960	1 386
Cash flow from investment activities		(4 594)	(2 539)	(527)	(1 055)	(2 563)	(1 271)	(1 380)
Cash flow from financing activities		(361)	(1 605)	(2 837)	(735)	688	(542)	125
Cash distributions to minorities		(123)	(99)	(206)	(111)	(59)	(55)	(54)
Distributions to shareholders		(822)	(688)	(488)	(436)	(398)	(374)	(339)
Proceeds from issuance of ordinary shares		3 114	-	4 896	-	1 331	-	-
Movement in borrowings		(2 461)	(851)	(2 943)	(214)	(208)	(155)	547
Refinancing transaction costs		(125)	-	(615)	-	-	-	-
Settlement of interest rate swap		-	-	(1 633)	-	-	-	-
Acquisition of non-controlling interest		-	-	(1 971)	-	-	-	-
Other		56	33	123	26	22	42	(29)
Net movement in cash and bank overdrafts		1 053	471	185	426	441	147	131
Opening balance of cash and bank overdrafts		3 485	2 705	1 979	1 447	967	941	787
Exchange rate fluctuations on foreign cash		241	309	541	108	39	(121)	23
Closing balance of cash and bank overdrafts		4 779	3 485	2 705	1 981	1 447	967	941

Note: The financial performance, position and cash flows, as well as reported earnings per share numbers, have not been restated for comparative numbers prior to the adoption date of new and revised IFRS standards in terms of IAS 1 and IAS 8.

	CAGR*	2015 R'm	2014 R'm	2013 <i>Restated</i> R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm
STATISTICS AND PERFORMANCE PER PLATFORM								
Mediclinic Southern Africa								
Number of hospitals		52	52	52	52	52	52	51
Licensed beds		7 885	7 614	7 436	7 378	7 103	7 035	6 855
Licensed theatres		269	258	254	254	253	252	248
Normalised revenue (R'm)	10.4%	12 323	11 205	10 059	9 423	8 632	7 680	6 792
Normalised EBITDA (R'm)	10.3%	2 625	2 418	2 158	1 957	1 837	1 651	1 458
Normalised EBIT (R'm)	9.7%	2 231	2 153	1 882	1 701	1 608	1 445	1 281
Normalised EBITDA margin (%)		21.3%	21.6%	21.5%	20.8%	21.3%	21.5%	21.5%
Hirslanden								
Number of hospitals		16	14	14	14	14	13	13
Licensed beds		1 655	1 567	1 487	1 479	1 457	1 365	1 334
Licensed theatres		88	78	76	76	76	71	71
Normalised revenue (R'm)	13.4%	18 610	15 874	12 043	10 732	8 659	8 335	8 737
Normalised EBITDA (R'm)	10.7%	3 614	3 297	2 584	2 350	2 026	1 953	1 961
Normalised EBIT (R'm)	9.7%	2 631	2 494	1 980	1 794	1 593	1 516	1 507
Normalised revenue (CHF'm)	6.2%	1 563	1 436	1 330	1 270	1 218	1 134	1 091
Normalised EBITDA (CHF'm)	3.6%	303	298	286	278	285	266	245
Normalised EBIT (CHF'm)	2.7%	221	227	219	212	224	206	188
Normalised EBITDA margin (%)		19.4%	20.8%	21.5%	21.9%	23.4%	23.4%	22.5%
Mediclinic Middle East								
Number of hospitals		2	2	2	2	2	2	2
Licensed beds		382	382	382	334	336	336	321
Licensed theatres		10	10	10	10	10	10	10
Normalised revenue (R'm)	31.8%	4 305	3 416	2 485	1 831	1 334	1 126	822
Normalised EBITDA (R'm)*	48.1%	940	752	495	352	240	132	(7)
Normalised EBIT (R'm)*	69.8%	805	616	382	254	164	57	(60)
Normalised revenue (AED'm)	26.4%	1 430	1 238	1 072	902	681	529	351
Normalised EBITDA (AED'm)*	38.2%	312	272	214	171	122	62	(3)
Normalised EBIT (AED'm)*	58.1%	267	223	165	125	84	27	(25)
Normalised EBITDA margin (%)		21.8%	22.0%	19.9%	19.2%	18.0%	11.8 %	(0.9%)

* The compounded annual growth rate calculated from 2010.

	CAGR*	2015 R'm	2014 R'm	2013 <i>Restated</i> R'm	2012 R'm	2011 R'm	2010 R'm	2009 R'm
Share ratios								
Headline earnings per ordinary share (cents)								
Basic	27.7%	483.9	413.1	(149.5)	179.9	184.2	180.8	111.5
Diluted	28.5%	474.9	404.4	(145.4)	173.7	176.3	171.7	105.6
Normalised headline earnings per ordinary share (cents)								
Basic	24.1%	408.2	375.8	259.3	178.3	179.6	149.9	111.5
Diluted	24.9%	400.6	367.8	252.2	172.1	171.9	142.4	105.6
Distribution per ordinary share (cents)	7.6%	106.5	96.0	85.8	78.0	73.0	73.0	68.6
Net asset value per ordinary share (cents)**	19.9%	3 752.5	3 020.3	2 129.8	1 609.4	1 516.7	1 181.4	1 265.5
JSE								
Market capitalisation (R'bn)		105.9	61.9	53.1	24.5	18.9	16.0	12.7
Price (cents per share)								
31 March		12 200	7 483	6 420	3 750	2 900	2 700	2 150
Highest		13 000	7 839	6 548	4 199	3 150	2 765	2 575
Lowest		7 085	6 037	3 601	2 810	2 325	1 865	1 535
Number of shares traded (000)		309 829	311 802	125 013	118 734	98 979	101 801	116 798
Price-earnings ratio		25.2	18.0	(42.9)	19.2	15.7	14.7	19.3
Normalised price-earnings ratio		29.9	19.8	24.8	19.4	16.1	17.8	19.3
Number of shares								
Ordinary shares issued (000)		867 957	826 957	826 957	652 315	652 315	593 014	593 014
Weighted average for basic earnings per share (000)		843 385	812 084	741 858	679 152	602 467	568 721	559 336
Weighted average for diluted earnings per share (000)		859 318	829 720	762 862	703 651	629 488	598 656	590 999
Exchange rates								
Swiss franc								
Average rate	ZAR/ CHF	11.91	11.05	9.05	8.45	7.11	7.35	8.01
Closing rate	ZAR/ CHF	12.55	11.96	9.69	8.50	7.42	6.93	8.32
UAE dirham								
Average rate	ZAR/ AED	3.01	2.76	2.32	2.03	1.96	2.13	2.41
Closing rate	ZAR/ AED	3.32	2.88	2.52	2.09	1.85	2.00	2.58

CHAIRMAN'S REPORT



Edwin Hertzog
Non-executive Chairman

OUR RELENTLESS FOCUS ON PATIENT NEEDS SHOULD CONTINUE TO CREATE LONG-TERM SHAREHOLDER VALUE AND ENTRENCH MEDICLINIC INTERNATIONAL AS A LEADER IN THE GLOBAL HEALTHCARE INDUSTRY

HIGHLIGHTS

24.3%

CAGR OF GROUP'S
REVENUE
SINCE 1987

28.3%

CAGR OF GROUP'S
EBITDA SINCE 1987

119.1%

CAGR OF GROUP'S
HEADLINE EARNINGS
SINCE 1987