

**PRESS RELEASE
30 NOVEMBER 2010**

LIFE HEALTHCARE UPBEAT AFTER ROBUST MAIDEN RESULTS

Life Healthcare Group Holdings Limited (“Life Healthcare” or the “Group”), a leading provider of private healthcare services in southern Africa, today released its maiden set of annual financial results for the year ended 30 September 2010 since listing on the JSE on 10 June.

Highlights of the results include:

- 10.8% increase in revenue to R8 786 million
- 20.1% increase in operating profit to R1 867 million
- 26.1% increase in normalised earnings per share to 92.7 cents
- 17.8% increase in cash generated from operations to R2 233 million
- Final dividend of 29 cents per share

Commenting on the results, Michael Flemming, managing director of Life Healthcare, said: *“It has been a successful year with our Listing on the JSE, the commissioning of two new hospitals and the acquisition of a third. The continued strong operating performance of the Group reflects the success of our strategy of focusing on growth, quality, efficiency and sustainability. The Group is in a healthy financial position to deliver on its strategic objectives.”*

Initial public offer (IPO), listing on the Johannesburg Stock Exchange (JSE) and earnings

Life Healthcare completed its IPO on 10 June 2010 with new investors taking up 387 million shares. Upon listing, 321 million new shares were issued raising R4 341 million and simultaneously an equal number of shares were repurchased out of share premium (R803 million) and distributable reserves (R3 216 million), which attracted an STC charge of R322 million. Shareholders sold the remaining 66 million shares to new investors. These transactions had the effect of reducing earnings per share and headline earnings per share by 12.5% to 64.5 cents (2009: 73.7 cents) and by 14.8% to 63.5 cents (2009: 74.5 cents) respectively. This was due primarily to the once-off STC charge of R322 million in respect of the share repurchase. Michael Flemming added that the group did not raise any cash as a result of the listing as it has sufficient facilities and capacity to meet expected operating requirements

Michael Flemming said that a pleasing aspect of the Listing was the participation of permanent South African employees in the group’s success through the employee trust. In a fair and equitable distribution, based on employees’ length of service within the Group, the employee trust will pay R470 million to qualifying employees. 70% of the R470 million was paid in June with the balance being paid in December.

Financial performance

The hospital division revenue increased by 11.6% to R8 140 million, as a result of higher revenue per paid patient day and increased patient stays. Revenue in the healthcare services division increased by 3.6% to R636 million. This was mainly as a result of inflation linked price increases offset by reduced volumes following the completion of two contracts with the Eastern Cape Department of Health.

A key management measure of business performance is normalised EBITDA which increased by 14.8% to R2 173 million. Life Healthcare defines normalised EBITDA as operating profit plus depreciation, amortisation of intangibles, impairment of goodwill as well as excluding profit/loss on disposal of businesses, surpluses/deficits on retirement benefits and the accelerated employee trust charge.

The business generated healthy cash flows during the period. Streamlined administrative processes contributed to tight working capital management resulting in cash generated from operations before interest and taxes of R2 233 million (2009 R1 895 million). The Group is financially robust with low gearing and a net debt to EBITDA ratio of 0.92

Capital expenditure

During 2010, Life Healthcare invested R813 million (2009: R603 million) comprising capital projects of R516 million (2009: R551 million) and acquisitions R297 million (2009: R52 million). In a vote of confidence in the future, Michael Flemming announced a further R600 million for capital projects in the 2011 financial year, saying that investment in the Group's facilities ensures that the demand for services is met and the group remains abreast of global technology and standards.

Growth

During the year, the Group commissioned the Life Beacon Bay Hospital in East London and the Life Orthopaedic Hospital in Cape Town, and acquired the Life Bay View Private Hospital in Mossel Bay. These hospitals, together with a new cardiac unit at Life St George's Hospital in Port Elizabeth and many other facility and service expansions, increased registered hospital beds which now number 8 322. This includes beds of associate hospitals.

Flemming stated that increased hospital admissions have encouraged the Group to expand its acute care hospital sector by selected acquisitions, the expansion of existing facilities, construction of new facilities and by extending its services in niche markets. Life Healthcare is already the market leader in acute mental healthcare, acute rehabilitation and occupational healthcare in the private market.

International quality certification

In 2007, Life Healthcare was the only South African healthcare company to achieve ISO 9001:2000 multi-site certification. In January 2010, the Group was awarded ISO 9001:2008 multi-site certification becoming the first, and to date the only, South African healthcare company to achieve this.

The quality management programme that was introduced into the Group's operations a number of years ago has developed into a comprehensive, consistently applied and measured endeavour for which the Group has received international recognition. *"It is important that our quality programme focuses on our patients' experience of the service we provide them, on health and safety issues affecting them, as well as the clinical excellence we demonstrate in caring for them,"* Flemming added.

Efficiency

Life Healthcare has invested significantly in the latest information technology and systems to enable analysis of complex utilisation data. Michael Flemming said: *"We have changed our business model to offer a variety of preferred provider network products which enhance affordability and increase access to a broader spectrum of the population. In addition a focus on working in the most efficient and effective manner throughout the organisation, has enabled us to contain costs and improve efficiencies across areas such as information management, financial process restructuring, operating theatre management, appropriate medication, drug regimens and usage and, product cost management."*

Healthcare regulatory environment

Flemming believes that affordability of healthcare provision has become a global phenomenon and South Africa's situation is exacerbated by the severity of its disease burden. Life Healthcare supports the government's 10 point plan to broaden access to healthcare to all South Africans.

In September this year, the ANC unveiled their plans to phase in national health insurance (NHI) over 14 years with 2012 as the starting point. After approval by the Cabinet, a Green Paper will be issued for public comment. Flemming said, *"We hope for an inclusive process which will enable us to engage with the state and other stakeholders to work towards constructive solutions in ensuring an NHI that is appropriate to South African needs and conditions."*

Dividends

The Board of Directors has reviewed the dividend policy and timing of dividend payments and has approved a dividend cover of between 1.75 and 2.75 times. The directors have declared a final cash dividend of 29 cents per ordinary share payable to shareholders.

Outlook

"Looking ahead, Life Healthcare is well placed within the attractive South African marketplace to benefit from the robust fundamentals of the sector, and our strong balance sheet gives us the flexibility to capitalise on expansion opportunities as they arise. I am confident that the historical growth rates we have delivered will be maintained in the current year."

Enquiries:

Life Healthcare

Michael Flemming, Managing Director
Adam Pyle, General Manager Marketing
011 219 9000
adam.pyle@lifehealthcare.co.za

M Communications

| | |
|---|---------------------|
| Nic Bennett (South Africa) | +27 766 877429 |
| Mary-Jane Elliott/Emma Thompson (International) | +44 (0)20 7920 2345 |

NOTES TO EDITORS

Life Healthcare Group Holdings Limited is a leading private hospital operator in South Africa that primarily serves the market for privately insured individuals, representing more than eight million people.

The group has more than 27 years' experience operating private hospitals in South Africa. Established in 1983, Life has grown through acquisitions, capacity expansion within existing facilities, the addition of new lines of business, and development and construction of hospitals.

Five years after the group (then known as Afrox Healthcare) was taken private and delisted from the JSE, on 10 June 2010, it again listed on the JSE and became a public company, Life Healthcare Group Holdings Limited.

Life Healthcare is primarily a provider of acute care, high technology private hospital services and its business is organised into two divisions:

- hospitals division, which represents 93% of Life Healthcare's revenues for the 2010 financial year, and includes Life Healthcare's core acute care hospital business, as well as specialised facilities that provide services in the areas of acute rehabilitation, chronic renal dialysis, mental healthcare services, radiation and chemotherapy oncology
- healthcare services division, which represents 7% of Life Healthcare's revenues for the 2010 financial year, and includes the provision of acute and long-term chronic hospitalisation services to state patients through Life Esidimeni, as well as primary and occupational healthcare through Life Occupational Health.

Life Healthcare has an extensive geographic network of diverse facilities, including hospitals across seven of South Africa's nine provinces and in the country's most populous metropolitan areas. The group enjoys the support of approximately 2 700 specialists and other healthcare professionals. In conjunction with these healthcare professionals our hospitals and sameday surgical centres offer access to:

7 665 registered beds excluding associate hospitals*
308 operating theatres
664 ICU beds
316 high care beds
40 emergency units
35 maternity units
12 cardiac units
6 acute rehabilitation units
6 dedicated acute mental health facilities
4 dedicated renal dialysis units
43 radiology units
7 fertility units

* 8 322 beds including associates

Life Healthcare's vision is to be a world class provider of quality care for all. Its core values are a passion for people, Qe – quality to the power of e (ethics, excellence, empowerment, empathy and energy), performance pride, personal care and lifetime partnerships.