

# BUSINESS MODEL

Mediclinic's business model has resulted in quality service delivery, manageable risks, and generally a business that sustains growth and creates value for its stakeholders. The business model varies slightly in the three operating platforms. In Mediclinic Southern Africa, 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 emergency units. In Hirslanden and Mediclinic Middle East, some doctors are employed, while other doctors are 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.

## BUSINESS INPUTS/RESOURCES

### FINANCIAL<sup>1</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 74 high-quality hospitals and 37 clinics, providing over 10 400 beds across three regions, utilising technology of an international standard.

### HUMAN

The Group employs over 32 600 employees across its three platforms. During the year, the Group invested 3.2% of Mediclinic Southern Africa's payroll, 4.8% of Hirslanden's payroll, and 0.1% of Mediclinic Middle East's payroll in training across all platforms, including extensive formal nurse training in Southern Africa.

### INTELLECTUAL

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 the Group's clinical staff is a critical element of its business, allowing it to provide quality healthcare services<sup>2</sup>.

### SOCIAL AND RELATIONSHIPS<sup>3</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>3</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 the ISO 14001 standard.

<sup>1</sup> Please see the **Financial Review** from page 14.

<sup>2</sup> Please see the **Clinical Services Overview** from page 37 and the **Clinical Services Report** available on the Company's website at [www.mediclinic.com](http://www.mediclinic.com).

<sup>3</sup> Please see the **Sustainable Development Highlights** from page 54 and the **Sustainable Development Report** available on the Company's website at [www.mediclinic.com](http://www.mediclinic.com).



## 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 it delivers cost-efficient services.

### 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 superior clinical performance in a safe clinical environment and through providing the best possible patient experience in an increasingly integrated and coordinated manner.



### 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 total dividend to shareholders of 7.90 pence per share (refer to the **Directors' Report** on page 128 for a record of dividends for the year).

### QUALITY HEALTHCARE SERVICES

All three platforms have seen an increase in inpatient admissions, benefiting from superior clinical performance through the skill of Mediclinic's staff and supporting doctors and the standard of its facilities, as well as high levels of patient experience. During the year, £303m (2016: £264m) was retained for future growth and to maintain and replace assets.

### HIGHLY SKILLED WORKFORCE

During the year, £1 231m (2016: £934m) 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 £75m (2016: £63m) 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 ZAR12.3m (2016: ZAR11.8m) by Mediclinic Southern Africa, CHF2.5m (2016: CHF2.5m) by Hirslanden and AED1.0m (2016: AED0.8m) by Mediclinic Middle East during the year.

### ENVIRONMENT

The Company was included in the CDP's global 2016 Climate A List recognising companies for their actions in mitigating climate change, focusing mainly on Mediclinic Southern Africa's environmental management.

