Spire Healthcare Group plc

# Spire Healthcare reports interim results for the six months ended 30 June 2017

# and revised outlook for the financial year ending 31 December 2017

**London, UK, 14 September 2017,** Spire Healthcare Group plc (LSE: SPI), one of the UK's leading independent hospital groups, today announces its interim results for the six months ended 30 June 2017 which includes a revised outlook for the financial year ending 31 December 2017.

## SUMMARY GROUP RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

| | Six months ended 30 June (Unaudited) | | |
|---|---|---|---|
| (£ million) | **2017** | 2016 | Variance % |
| **Revenue** | **481.0** | **469.5** | **2.4%** |
| Operating profit before exceptional items | 53.9 | 58.9 | (8.5%) |
| Exceptional items | (32.1) | (2.8) | |
| Operating profit after exceptional items | 21.8 | 56.1 | (61.1%) |
| Profit after tax | 8.9 | 35.7 | (75.1%) |
| Adjusted profit after tax [2] | 34.7 | 38.2 | (9.2%) |
| **EBITDA [1]** | **83.2** | **84.5** | **(1.5%)** |
| **Adjusted, basic earnings per share, pence [3]** | **8.7** | **9.6** | **(9.4%)** |
| Interim dividend per share, pence | 1.3 | 1.3 | – |
| Operating cash flows | 75.7 | 88.9 | (14.8%) |
| Capital investments | 59.5 | 71.9 | (17.2%) |
| **Net debt [4]** | **436.1** | **422.6** | **3.2%** |

1. Operating profit, adjusted to add back depreciation, loss on disposal of PPE and exceptional items, referred to hereafter as 'EBITDA'.
2. Adjusted profit is calculated as earnings after tax adjusted for exceptional items and related tax.
3. Calculated as adjusted profit after tax divided by the weighted average number of ordinary shares in issue. Adjusted profit is calculated as earnings after tax adjusted for exceptional items and related tax.
4. Net debt is calculated as total debt (comprising obligations under finance leases and borrowings), less cash and cash equivalents.
5. Excludes the impact of Spire Manchester, Nottingham, St Anthony's hospitals and Lifescan (referred to as 'underlying' in this announcement further details are shown on page 12).

## GROUP FINANCIAL HIGHLIGHTS

- Underlying H1 2017 financial performance is positive and in line with expectations
- Revenue increased by 2.4% to £481.0m (H1 2016: £469.5m), while underlying revenue[5] increased by 3.8% to £456.6m (H1 2016: £439.9m)
- EBITDA [1] declined 1.5% to £83.2m (H1 2016: £84.5m), while underlying EBITDA[5] increased by 1.3% to £82.8m (H1 2016: £81.7m)
- Underlying EBITDA[5] margin of 18.1% (H1 2016: 18.6%), including an adverse margin impact of NHS tariff of 0.6% in the period
- Settlement agreement signed in respect of all civil litigation in relation to Ian Paterson, leading to £27.6m exceptional charge (pre-taxation) in the period (see separate announcement released on 13 September 2017)
- Strong cash flow performance with EBITDA conversion to cash flow of 97.6% (H1 2016: 112.3%)
- Invested £59.5m (H1 2016: £71.9m) in capital expenditure funded by operating cash flows, with net debt at 30 June 2017 of £436.1m (31 December 2016: £432.3m)
- Interim dividend maintained at 1.3p per share payable on 12 December 2017 (H1 2016: 1.3p)

## OPERATING HIGHLIGHTS

- 14% underlying growth in self-pay revenues

- Two new hospitals opened; Manchester in January 2017, Nottingham in April 2017, resulting in a net seven operating theatres opening in the period
- In-patient and daycase admissions down slightly at 139,400 patients (H1 2016: 139,800 patients), while underlying in-patient and daycase admissions up slightly at 133,500 patients (H1 2016: 133,100 patients)
- Launched Spire GP service in a number of hospitals with a view to adding digital Spire GP service in due course
- CQC inspections now complete – 22 hospitals and clinics rated "Good" and 2 hospitals rated "Outstanding"
- Announcement of a new hospital to be developed in Milton Keynes with planning permission to be submitted H2 2017

**REVISED OUTLOOK FOR FY 2017**

- Although trading performance for H1 2017 was in line with expectations, Spire has seen significantly lower than anticipated revenues in July and August 2017 - this recent trend in performance appears to be continuing into early September
- The primary driver of reduced revenue growth is a decline in NHS e-referral activity caused by recently introduced measures to reduce elective referrals
- Assuming this trend continues for the balance of the year, management expects H2 2017 revenues to be flat on H2 2016 numbers, and EBITDA margin for FY 2017 to be up to 0.7% lower than the previously guided margin of 16.8%

Simon Gordon, Interim Chief Executive Officer of Spire Healthcare, said:

*"We have had a satisfactory first half in line with our plan. Underlying revenues grew in two of our three payor groups, with our Self-pay business in particular showing very encouraging growth, and the group overall continuing to be strongly cash-generative. We also maintained our focus on improving our offering to patients and enhancing clinical outcomes.*

*In the period we completed and opened on budget and on schedule our two new hospitals in Manchester and Nottingham, and the ramp-up in both those hospitals is in accordance with our planning. We also announced our intention to develop a new £70m hospital in Milton Keynes, expected to open in early 2020. This will be a 4 theatre, 54 bed multi-specialty facility. The Milton Keynes announcement evidences our continuing belief in the medium to long term growth opportunities in UK private healthcare. At St Anthony's we have delivered performance in line with previous guidance and substantially curtailed the operating losses reported in Q4 2016. The restructuring of the cost base at the hospital is now complete, while the hospital is now focused on filling its expanded theatre capacity and is well placed to return to profitability in H2 2017.*

*Following the completion of criminal proceedings against Ian Paterson earlier this year, we are pleased to announce that we have reached a settlement agreement with all civil claimants in connection with his practice at Spire.*

*Although it is disappointing to report that growth in our NHS business appears to be slowing to some extent in H2 2017 and to accordingly have to revise our outlook for FY 2017, our correspondingly strong self-pay growth in H1 2017 (14.0% on an underlying basis) demonstrates that our core strategic proposition remains valid. NHS waiting lists are now at their highest since 2007 (when Choose & Book was introduced), and look set to continue to grow as patient choice and eligibility for treatment are actively restricted by CCG policies. With this in mind, we are increasingly focusing the business on the self-pay opportunity and on our existing robust healthcare insurer arrangements, while emphasising the need for a strong well-invested independent sector to meet the growing shortfall in elective care provision."*

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Registered number 09084066

## ABOUT SPIRE HEALTHCARE

Spire Healthcare is a leading independent hospital group in the United Kingdom, with 39 private hospitals, 10 clinics and two Specialist Cancer Care Centres across England, Wales and Scotland.

Spire delivered tailored, personalised care to approximately 139,000 in-patients and daycase patients in the six months ended 30 June 2017, and is the leading private provider, by volume, of knee and hip operations in the United Kingdom. Spire is uniquely positioned to capture a growing share of the rapidly expanding private healthcare market. The Group's well positioned and scalable hospitals have earned reputations as centres of excellence, delivering successful and award winning clinical outcomes, positioning the Group well with patients, consultants, the NHS, GPs and Private Medical Insurance ("PMI") providers. Spire treats patients through a variety of routes including PMI, Self-pay and the NHS, providing the Group with diversified access to the expected growth opportunities in the UK healthcare market, which faces significant supply challenges as a result of NHS budget constraints and increasing demand from a growing population with longer life expectancy.

## CAUTIONARY STATEMENT

This interim announcement contains certain forward-looking statements relating to the business of Spire Healthcare Group plc (the "Company") and its subsidiaries (collectively, the "Group"), including with respect to the progress, timing and completion of the Group's development, the Group's ability to treat, attract, and retain patients and customers, its ability to engage consultants and GPs and to operate its business and increase referrals, the integration of prior acquisitions, the Group's estimates for future performance and its estimates regarding anticipated operating results, future revenue, capital requirements, shareholder structure and financing. In addition, even if the Group's actual results or development are consistent with the forward-looking statements contained in this interim announcement, those results or developments may not be indicative of the Group's results or developments in the future. In some cases, you can identify forward-looking statements by words such as "could," "should," "may," "expects," "aims," "targets," "anticipates," "believes," "intends," "estimates," or similar words. These forward-looking statements are based largely on the Group's current expectations as of the date of this interim announcement and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the Group's expectations could be affected by, among other things, uncertainties involved in the integration of acquisitions or new developments, changes in legislation or the regulatory regime governing healthcare in the UK, poor performance by consultants who practice at our facilities, unexpected regulatory actions or suspensions, competition in general, the impact of global economic changes, and the Group's ability to obtain or maintain accreditation or approval for its facilities or service lines. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made in this preliminary announcement will in fact be realised and no representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in this interim announcement.

The Group is providing the information in this interim announcement as of this date, and we disclaim any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## ANALYST AND INVESTOR MEETING

There will be an analyst and investor meeting today at 9.30am at Freshfields Bruckhaus Deringer LLP, 65 Fleet Street, London EC4Y 1HT.

A live audiocast of the presentation will be available at 9.30am from the Spire website at http://webcast.openbriefing.com/spire_healthcare_hy_2017/.

## Operating Review

### PERFORMANCE IN PERIOD

The Group has continued to increase revenue for the first six months of 2017. Revenue increased by 2.4% to £481.0 million (H1 2016: £469.5 million), while EBITDA declined 1.5% to £83.2 million (H1 2016: £84.5 million). In-patient and daycase admissions reduced by (0.3%) to 139,400 cases (H1 2016: 139,800 patients). Performance at a Group level was adversely impacted by start-up losses at our new hospital in Nottingham and the loss of a month of trading in Manchester as the business relocated to a new, purpose built, facility.

Group underlying [(1)] revenue performance in the first six months of 2017 increased by 3.8% to £456.6million (H1 2016: £439.9m). This has resulted in underlying EBITDA growth of 1.3% to £82.8 million (H1 2016: £81.7 million), with In-patient and daycase admissions increasing by 0.3% to 133,500 patients (H1 2016: 133,100 patients).

Underlying [(1)] self-pay revenue growth was very encouraging at 14.0% for the period. Despite an average 3.9% reduction in NHS tariff, NHS revenues grew 5.9% in the period, skewed in favour of Q1 2017 and in advance of the new NHS financial year commencing April 2017.

At St Anthony's the restructuring of the cost base is now complete and the hospital is well placed to return to profitability in H2 2017. During the period of cost base re-engineering the hospital experienced some revenue loss, particularly in NHS Local Contracts. Overall the hospital delivered an EBITDA loss of £0.1 million on Revenue of £13.9m during H1 2017 against performance in H2 2016 of EBITDA loss of £2.3m on Revenue of £13.2m.

Our robust operating cash flows enabled us to continue our capital expenditure program and maintain the interim dividend. During the period, we invested £59.5 million (H1 2016: £71.9 million) in various projects, including the conclusion of the developments of the new Spire Manchester and Spire Nottingham hospitals, and major upgrades of the facilities at Spire Hull, Spire Bushey and Spire Cambridge Lea Hospitals. Despite this, net debt grew only slightly to £436.1 million (31 December 2016: £432.3 million).

### SETTLEMENT OF IAN PATERSON CIVIL LITIGATION

Following the completion of the criminal proceedings against Ian Paterson (a consultant who previously had practicing privileges at Spire Healthcare) earlier in 2017, Spire has entered into an agreement in principle to settle all current and known claims against Spire relating to his practice at Spire. In this connection Spire has made a provision amounting to £27.6m for the potential cost of such settlement in the results for the period. This provision has been determined before account is taken of any potential further recoveries from insurers.

### MARKET TRENDS

The overall demand for healthcare services in the UK continues to rise (caused by a combination of a growing, ageing population and advancement in medical technology). In the absence of significant increased funding from the new Government after the June 2017 election, the NHS and healthcare market commentators have reaffirmed their view that the NHS is on track to experience a significant and growing funding gap over the next five years and beyond, which is likely to be at best only partly alleviated by productivity improvements and cost efficiencies.

The NHS is choosing to target available funding towards treatment of acute and chronic conditions and is relaxing management of performance within elective care, including waiting list performance. This has resulted in lengthening waiting lists and further rationing of (in particular) elective treatments. We therefore remain of the view that, in the medium to long term, Spire should benefit from its inherent 'payor hedge' as growing numbers of individuals - recognising the resulting increases in NHS waiting lists and/or rationing or restricting of certain procedures - are likely to elect to become either PMI or self-paying patients.

1. Excludes the impact of Spire Manchester, Nottingham, St Anthony's hospitals and Lifescan (referred to as 'underlying' in this announcement further details are shown on page 12).

Against this general healthcare sector background, in H1 2017:

- The Self-Pay market continues to grow (shown by its underlying revenue growth of 14.0%) as individuals requiring elective care increasingly choose a private alternative over the NHS.
- The PMI market has been relatively static with the insurers continuing to see downward pressure on the number of lives covered.
- For private providers, the impact in the NHS market has been localised but is characterised by reduced outsourcing of cases from NHS Trusts (NHS local contract revenue) offset by a continued increase in NHS e-referral business. The rate of NHS growth has been adversely impacted by more rigorous triage and claims management protocols applied by Clinical Commissioning Groups.

Although the Brexit referendum took place 15 months ago, it is too early to assess the medium to long term impact of the result on future NHS funding levels, the UK healthcare sector as a whole (including clinical staffing levels) and Spire's position within that sector.

## BUSINESS DEVELOPMENT

Our evolving strategy is based on five pillars, and aims to build value by offering a broad range of elective treatments, more efficiently, to an increasing number of patients:

- Customer Strategy – Our patients are at the heart of what we deliver every day, and we are investing in both the customer experience and the fabric of our hospitals. We will give more details about the key elements of this strategy during the course of 2018.
- Clinical Quality – We continuously drive the improvement in clinical quality across all our operations in order to deliver outstanding patient outcomes on an every day basis.
- Growth Engine – We continue to focus on our relationships with each of our three major payor groups – PMI, Self-pay and the NHS – and on developing new facilities and new services (for example, primary care) to reach new customers. We are increasingly prioritising investment designed to accelerate self-pay growth.
- Operational Excellence – We are focused on improving the processes within our hospitals to drive productivity improvement and cost management and to consistently deliver efficient services.
- Our People – Attracting and retaining the best people and business partners is a key priority for the business and therefore we continue to look at how we can improve our employee and consultant propositions.

### Investing in our businesses

- The new Spire Manchester hospital (six theatres, 76 beds, ITU) opened in January 2017.
- The new Spire Nottingham hospital (five theatres, 56 Beds, ITU) opened in April 2017.
- Development work continues at Spire Cambridge Lea Hospital, comprising the expansion and refurbishment of the daycase unit, a new JAG accredited endoscopy suite and the upgrade of the Level 1 Critical Care extended recovery area – completion is expected in H1 2018
- Development work continues on the medical centre based in Elstree, Hertfordshire, designed as a 'satellite centre' to Spire Bushey Hospital, and which will increase our capacity to see patients for diagnostic and outpatient appointments - completion is expected in H1 2018.
- Development work at Spire Methley Park (refurbishment of administration areas, bedrooms and theatres, and creation of a new day care suite and theatre) will complete in Q3 2017.
- At end June 2017, the Group has 133 operating theatres, including the 6 theatres opened at Spire Manchester in January 2017 following the closure of our original Manchester hospital at Whalley Range (4 theatres), 5 theatres at our new Spire Nottingham hospital and a new theatre at our Spire Hartswood hospital opened in late 2016.

### Developing our service offering for growth

- We continue to invest in updating and extending our diagnostic network with a number of new investments in MRI scanners.
- We have launched a Spire GP service in a number of hospitals with a view to rolling out across the entire network – we will also add (in due course) a digital Spire GP service to this physical GP service.
- Our new design and more responsive website – instrumental in attracting new patients to Spire - has been launched and is under continuous development.
- We have finalised and deployed our new central online marketing strategy.

### Developing operational excellence

- We are improving the utilisation of spare theatre capacity to provide the opportunity to improve the recovery of fixed and semi-variable costs in the business.
- We continue to focus on delivering economies of scale in procurement, distribution and logistics and other in-house support services such as pathology and sterilisation.
- We have renewed our focus on recruitment and retention - improving the employer proposition to make Spire Healthcare an employer of choice plus introducing development programmes to 'grow our own'.
- We have undertaken a review of our telephony capability, implementing quick wins and standardising the service offered, in order to improve our patients' experience.
- We have commenced a major programme to review and simplify end to end processes to deliver a better customer experience alongside ease of doing business and process efficiencies.

## BOARD CHANGES

On 26 May Peter Bamford joined the Board as the Company's Deputy Chairman and Senior Independent Director. He replaced John Gildersleeve who stood down from the Board having previously indicated his intention not to seek re-election at our 2017 annual general meeting. Peter brings considerable leadership experience and maintains a strong independent presence on our Board.

In early June we announced that Garry Watts would be stepping back from his executive role due to illness. As a consequence, while remaining active and engaged in the Company's activities, Garry resumed the role of Non-Executive Chairman on 1 July. At the same time Simon Gordon was appointed Chief Executive Officer on an interim basis which is expected to be for a minimum of six months. The post of Chief Financial Officer, also on an interim basis, was taken by Andrew Goldsmith, previously Spire's Head of Finance. The formal process to identify and appoint a permanent Chief Executive Officer continues.

At the end of July we regretfully announced that Andrew White, an Executive Director and the former Chief Operating Officer, had passed away following a period of illness.

## REGULATION AND GOVERNANCE

We welcome the increase in scrutiny that the CQC's new inspections regime has brought to hospitals in both the public and the private sectors. We have revised the format of our own internal peer reviews, which are conducted on a continuous basis, to mirror the CQC's inspection methodology and to act promptly to address any areas identified for improvement.

Every Spire hospital and two Spire clinics in England have now been inspected by the CQC. Of the 34 Spire hospitals and two Spire clinics for which we have so far received the final published CQC reports, two hospitals, Spire Sussex and Spire Cheshire, received a rating of 'Outstanding' (out of a total of only nine private hospitals which have to date received the rating of 'Outstanding'), 22 hospitals and clinics received a rating of 'Good' and 12 hospitals received a rating of 'Requires Improvement'. The CQC have recommended actions to be taken for the hospitals which require improvement, these are reviewed by senior management and plans have been put in place to action the recommendations.

As a result of the Competitions and Markets Authority Private Healthcare Investigation Order, this year has seen the Private Healthcare Information Network ("PHIN") publish quality measures about private hospitals online for the first time. We fully support PHIN's objectives of improving transparency around private healthcare quality and cost. The next sections of the Order come into force in December 2017 and February 2018 respectively, and concern the fee letters required to be sent by consultants to patients in respect of their consultation and subsequent treatment. We are working jointly with our consultant community to ensure a smooth transition for clinicians, patients and staff.

## OUTLOOK

Whilst trading performance for the first 6 months of the year was in line with management's expectations, the Group has seen lower than anticipated (seasonally adjusted) activity over July and August 2017. Based on management's latest predictions for admissions activity by payor, this recent trend in performance appears to be continuing into early September.

On an underlying basis, revenues for the two months ended 31 August 2017 were 0.1% down on the prior year, representing a significant reduction from the 3.8% underlying revenue growth rate reported for the six months ended 30 June 2017.

The primary driver of reduced growth in underlying revenues is a decline in NHS activity, where underlying revenues for the two months ended 31 August are down 5.1% on the prior year, versus a positive growth rate for the first half of 2017 of 5.9%.

Underlying Self-pay revenue growth remains strong, with the revenue growth rate improving to 15.1% over the prior year for the two months ended 31 August 2017, versus a growth rate for the first half of 2017 of 14.0%.

Management believes that secondary elective care referral management protocols recently deployed by NHS Commissioners, which are designed to reduce the volume of elective referrals to secondary care, are having a further adverse impact on the rate of growth of NHS e-Referral business across the Group. This is compounding a reduction in NHS local contract revenues driven, in part, by a softening of waiting list performance targets for NHS elective procedures.

Assuming this trend continues for the balance of the year, management believes revenue performance for the Group as a whole for the second half of 2017 may be flat on 2016 second half performance. On this basis, and as a further consequence of NHS tariff reductions and post opening trading losses at Spire Nottingham, management would expect EBITDA margins for the Group as a whole to be up to 0.7% lower than the previously guided margin of 16.8%.

Despite the above, management believes that the medium term outlook for Spire remains positive:

- The overall demand for healthcare services in the UK continues to rise ahead of the ability of the NHS to service it, given its current funding constraints.
- The NHS is choosing to prioritise available funding towards treatment of acute and chronic conditions and as a consequence we expect the demand and supply gap within NHS secondary elective care services to continue to expand rapidly.
- For the medium term, Spire should continue to benefit from the growing numbers of individuals that are likely to elect to fund their own care, as borne out by our strong and accelerating growth in Self-pay revenues over the last five years.

# Financial Review

## SELECTED FINANCIAL INFORMATION

| | Six months ended 30 June (Unaudited) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | | | 2016 | | | | |
| (£ million) | **Total before exceptional and other items** | **Exceptional and other items (note 7)** | **Total** | Total before exceptional and other items | Exceptional and other items (note 7) | Total | Variance (on total after exceptional and other items)% | Underlying % (1) |
| **Revenue** | **481.0** | **-** | **481.0** | **469.5** | **-** | **469.5** | **2.4%** | **3.8%** |
| Cost of sales | (249.5) | - | (249.5) | (244.0) | - | (244.0) | 2.3% | |
| **Gross profit** | **231.5** | **-** | **231.5** | **225.5** | **-** | **225.5** | **2.7%** | |
| Other operating costs | (177.6) | (32.1) | (209.7) | (166.6) | (2.8) | (169.4) | 23.8% | |
| **Operating profit** | **53.9** | **(32.1)** | **21.8** | **58.9** | **(2.8)** | **56.1** | **(61.1%)** | |
| Net finance costs | (9.7) | - | (9.7) | (10.1) | - | (10.1) | (4.0%) | |
| **Profit before taxation** | **44.2** | **(32.1)** | **12.1** | **48.8** | **(2.8)** | **46.0** | **(73.7%)** | |
| Taxation | (9.5) | 6.3 | (3.2) | (10.6) | 0.3 | (10.3) | (68.9%) | |
| **Profit for the period** | **34.7** | **(25.8)** | **8.9** | **38.2** | **(2.5)** | **35.7** | **(75.1%)** | |
| | | | | | | | | |
| **EBITDA (2)** | | | **83.2** | | | **84.5** | **(1.5%)** | **1.3%** |
| **Adjusted, basic earnings per share, pence (3)** | | | **8.7** | | | **9.6** | **(9.4%)** | |
| Interim dividend per share, pence | | | 1.3 | | | 1.3 | - | |
| Operating cash flows | | | 75.7 | | | 88.9 | (14.8%) | |
| Capital investments | | | 59.5 | | | 71.9 | (17.2%) | |
| **Net debt (4)** | | | **436.1** | | | **422.6** | **3.2%** | |

1. Excludes the impact of Spire Manchester, Nottingham, St Anthony's hospitals and Lifescan (referred to as 'underlying' in this announcement further details are shown on page 12).
2. Operating profit, adjusted to add back depreciation, loss on disposal of PPE and exceptional items, referred to hereafter as 'EBITDA'.
3. Calculated as adjusted profit after tax divided by the weighted average number of ordinary shares in issue. Adjusted profit is calculated as earnings after tax adjusted for exceptional items and related tax.
4. Net debt is calculated as total debt (comprising obligations under finance leases and borrowings), less cash and cash equivalents.

| (£ million) | 2017 | 2016 | Variance % | Underlying % (1) |
|---|---|---|---|---|
| | Six months ended 30 June (Unaudited) | | | |
| **Total revenue** | **481.0** | **469.5** | **2.4%** | **3.8%** |
| Of which: | | | | |
| PMI | 219.3 | 220.7 | (0.6%) | (0.6%) |
| NHS | 151.7 | 146.6 | 3.5% | 5.9% |
| Self-pay | 94.4 | 85.3 | 10.7% | 14.0% |
| Other (2) | 15.6 | 16.9 | (7.7%) | (8.0%) |
| | **481.0** | **469.5** | **2.4%** | **3.8%** |
| Of which: | | | | |
| In-patient/daycase | 330.8 | 318.9 | 3.7% | 5.1% |
| Out-patient | 134.6 | 133.7 | 0.7% | (0.8%) |
| Other | 15.6 | 16.9 | (7.7%) | (8.0%) |
| | **481.0** | **469.5** | **2.4%** | **3.8%** |
| | | | | |
| **Number ('000s)** | | | | |
| **Total in-patient/daycase admissions** | **139.4** | **139.8** | **(0.3%)** | **0.3%** |
| Of which: | | | | |
| PMI volumes | 61.2 | 63.5 | (3.6%) | (3.8%) |
| NHS volumes | 53.0 | 53.1 | (0.2%) | 1.4% |
| Self-pay volumes | 25.2 | 23.2 | 8.6% | 9.0% |
| **Theatres** | | | | |
| Number of theatres (3) | **133** | **123** | **8.1%** | **(5.6%)** |
| Theatre utilisation (4) | **62%** | **65%** | **(4.6%)** | **3.2%** |

1. Excludes the impact of Spire Manchester, Nottingham, St Anthony's hospitals and Lifescan (referred to as 'underlying' in this announcement further details are shown on page 12).
2. Other revenue includes consultant revenue, third-party revenue streams (e.g. pathology services), secretarial services and commissioning for quality and innovation payments (earned for meeting quality targets on NHS work) ('CQUIN').
3. Represents the number of theatres in use at period end.
4. Theatre utilisation is calculated by dividing utilised theatre hours by maximum theatre hours (maximum theatre hours is defined as 10 hours per weekday and 7 hours per Saturday for 50 weeks per year).

## GROWING REVENUE

| **(£ million)** | 30 June 2016 | In-patient/ daycase volume | In-patient/ daycase rate | Out-patient | Other | **30 June 2017** | **Growth** |
|---|---|---|---|---|---|---|---|
| Underlying total revenue | 439.9 | 1.7 | 13.6 | 2.7 | (1.3) | **456.6** | **3.8%** |
| Non underlying revenue | 29.6 | (2.1) | (1.1) | (2.0) | – | **24.4** | **(17.6%)** |
| Total revenue | 469.5 | (0.4) | 12.5 | 0.7 | (1.3) | **481.0** | **2.4%** |

Group revenue for the six months ended 30 June 2017 increased by £11.5 million, or 2.4%, to £481.0 million (H1 2016: £469.5 million). The rate of growth in total revenues was impacted adversely by the net impact of new hospital openings in the period, notably the closure and relocation of Spire Manchester to its new facilities in Q1 2017. Revenues were also adversely impacted by the application of NHS tariff reductions in Q2 2017 which reduced prices for the basket of services offered to the NHS by Spire by approximately (3.9%).

Notwithstanding this decline in NHS reimbursement rates the Group reported an overall improvement in in-patient and daycase rate per case.

- increase in in-patients and daycase admissions of 5.1% drove a 0.4% increase in total revenues;
- average revenue per case improved in the period, accounting for a 3.1% increase in total revenues; and
- Improved outpatient revenue performance contributed 0.6% to the increase in total revenues in the period.

### PMI

| (£ million) | 30 June 2016 | In-patient/ daycase volume | In-patient/ daycase rate | Out-patient | **30 June 2017** | **Growth** |
|---|---|---|---|---|---|---|
| Underlying PMI revenue [1] | 205.4 | (5.2) | 4.6 | (0.7) | **204.1** | **(0.6%)** |
| Non underlying revenue | 15.3 | (0.3) | – | 0.2 | **15.2** | **(0.7%)** |
| Total PMI revenue | 220.7 | (5.5) | 4.6 | (0.5) | **219.3** | **(0.6%)** |

Group PMI revenue for the six months ended 30 June 2017 decreased by £1.4 million, or 0.6%, to £219.3 million (H1 2016: £220.7 million). Underlying PMI revenue decreased by £1.3million, or 0.6%, to £204.1 million (H1 2016: £205.4 million).

Of the underlying decline in PMI revenue of 0.6%:

- a decline of 3.8% in in-patient and daycase admissions reduced PMI revenues by 2.5%;
- average revenue per case improved in the period, (notwithstanding an increase in the proportion of daycase patients treated), which increased PMI revenues by 2.2% over the prior period; and
- declining outpatient revenue performance contributed a reduction in PMI revenues of 0.3% over the six months ended 30 June 2017.

### NHS

| (£ million) | 30 June 2016 | In-patient/ daycase volume | In-patient/ daycase rate | Out-patient | **30 June 2017** | **Growth** |
|---|---|---|---|---|---|---|
| Underlying NHS revenue [1] | 140.5 | 1.7 | 5.1 | 1.5 | **148.8** | **5.9%** |
| Non underlying revenue | 6.1 | (1.9) | (1.1) | (0.2) | **2.9** | **(52.5%)** |
| Total NHS revenue | 146.6 | (0.2) | 4.0 | 1.3 | **151.7** | **3.5%** |

Group NHS revenue for the six months ended 30 June 2017 increased by £5.1 million, or 3.5%, to £151.7 million (H1 2016: £146.6 million). Non underlying NHS revenues declined by 52.5% in the period as a result of the closure and relocation of Spire Manchester, a reduction in applicable NHS tariffs and the loss of NHS local contract work at St Anthony's

Underlying NHS revenue increased by £8.3million, or 5.9%, to £148.8 million (H1 2016: £140.5 million).

Of the underlying growth in NHS revenue of 5.9%:

- an increase of 1.4% in in-patient and daycase admissions increased NHS revenues by 1.2%;
- average revenue per case improved in the period, with higher case mix complexity offsetting the impact of new national tariff and contributing an improvement to NHS revenues of 3.6%: and
- growth in outpatient revenues contributed 1.1% to revenue growth in the period;

The underlying revenue growth in NHS revenues is split as follows:

- 11.7% decline in local contract NHS revenue compared to prior period; and
- 10.2% increase in NHS revenues arising from e-referral compared to prior period(previously known as 'choose and book').

### Self-pay

| (£ million) | 30 June 2016 | In-patient/ daycase volume | In-patient/ daycase rate | Out-patient | **30 June 2017** | **Growth** |
|---|---|---|---|---|---|---|
| Underlying Self-pay revenue [1] | 77.8 | 5.2 | 4.0 | 1.7 | **88.7** | **14.0%** |
| Non underlying revenue | 7.5 | 0.1 | (0.1) | (1.8) | **5.7** | **(24.0%)** |
| Total Self-pay revenue | 85.3 | 5.3 | 3.9 | (0.1) | **94.4** | **10.7%** |

Self-pay revenue for the six months ended 30 June 2017 increased by £9.1 million, or 10.7%, to £94.4 million (H1 2016: £85.3 million). Non underlying self-pay revenues declined by 24% in the period as a result of the removal of the Lifescan product in H2 2016, along with the closure and relocation of Spire Manchester.

Underlying Self-pay revenue increased by £10.9 million, or 14.0%, to £88.7 million (H1 2016: £77.8 million).

Of the underlying growth in Self-pay revenue of 14.0%:

- an increase of 9.0% of in-patient and daycase admissions increased Self-pay revenues by 6.7%;
- average revenue per case improved in the period which increased Self-pay revenues by 5.1%; and
- increase in outpatient revenues contributed 2.2% to Self-pay revenue growth in the period.

### Other revenue

Other revenue, which includes fees paid to the Group by consultants (e.g. for the use of Group facilities and services) and third-party revenues (e.g. pathology services to third-parties), decreased by £1.3 million, or 7.7%, in the period, to £15.6 million (H1 2016: £16.9 million).

### COST OF SALES AND GROSS PROFIT

Cost of sales increased in the period by £5.5 million, or 2.3%, to £249.5 million (H1 2016: £244.0 million). Underlying cost of sales (excluding Spire Manchester, Nottingham, St Anthony's hospitals and Lifescan) increased in the period by £8.3 million or 3.7%.

Underlying gross margin for the six months ended 30 June 2017 was 49.0%, compared to 48.9% for the six months ended 30 June 2016 and 48.7% for the twelve months ended 31 December 2016.

On an underlying basis, and as a percentage of relevant revenue:

| | Six months ended 30 June | | Full year |
|---|---|---|---|
| | **2017** | 2016 | 2016 |
| Clinical staff | **18.0%** | 17.7% | 18.1% |
| Direct costs | **21.9%** | 22.0% | 21.8% |
| Medical fees | **11.2%** | 11.4% | 11.4% |
| Cost of sales | **51.0%** | 51.1% | 51.3% |

Underlying gross profit margin has remained consistent against prior year inspite of the April 2017 NHS Tariff declines which have had a 0.6% margin impact on the business

Supply-side constraints of nursing resource continue to exist, clinical staff costs as a percentage of revenues have increased in the first half of 2017 relative to the prior year, but remain consistent with the full year for 2016. Management is focused on continuous improvement of recruitment and training and development process in the business as well as rostering and productivity improvements designed to limit use of agency staff. Case mix changes have generated medical fee savings which allied with savings in direct costs of drugs, prostheses and consumables have offset the clinical staff cost pressures.

### OTHER OPERATING COSTS

Other operating costs for the six months ended 30 June 2017 increased by £40.3 million, or 23.8%, to £209.7 million (H1 2016: £169.4 million). Excluding exceptional items, other operating costs for the period increased by £11.0 million, or 6.6%, to £177.6 million.

Underlying other operating costs increased in the period by £12.1 million, or 7.6%, to £171.0 million (H1 2016: £158.9 million). Excluding exceptional items, underlying other operating costs for the period increased by £10.4 million, or 6.7%, to £166.5 million. Underlying operating costs were driven by increases in business rates, insurance and maintenance contracts as a result of our increased capital investment programme; increasing regulation, which requires investment in resource to comply; and investment in strategic initiatives that will deliver cost savings in the medium term.

### EBITDA

EBITDA for the Group declined by 1.5% in the period from £84.5 million in H1 2016 to £83.2 million for H1 2017. The result includes post opening trading losses in Nottingham and the loss of a month of earnings in Manchester as the business relocated to a new, purpose built facility. The performance was also adversely impacted by NHS tariff reductions from Q2 2017.

Underlying EBITDA increased by 1.3% to £82.8 million (H1 2016: £81.7 million) and underlying margin partially mitigated the 0.6% adverse impact of NHS tariff reductions in the period, declining by 0.5% from 18.6% in H1 2016 to 18.1% in H1 2017.

### Depreciation

Group depreciation charge for the six months ended 30 June 2017 increased by £3.8 million, or 15.3%, to £28.6 million (H1 2016: £24.8 million).

Underlying depreciation charge for the six months ended 30 June 2017 increased by £3.0 million, or 13.1%, to £25.9 million (H1 2016: £22.9 million).

### Rent

Rent of land and buildings for the period increased by £0.9 million, or 2.9%, to £31.9 million (H1 2016: £31.0 million).

### Share-based payments

During the period, grants were made to executive directors and members of the executive management team under the Company's deferred bonus plan and long term incentive plan. For the six months ended 30 June 2017, the charge to the income statement was £0.6 million (H1 2016: £0.3 million), or £0.7 million inclusive of NI (H1 2016: £0.3 million). Further details are contained in note 14 of this announcement.

### Exceptional items included in other operating costs

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| Provision for medical malpractice claims | **27.6** | – |
| Business reorganisation | **1.3** | 1.0 |
| Hospitals set up costs | **2.6** | 0.1 |
| Hospital closure | **0.6** | – |
| Corporate restructuring | **–** | 1.5 |
| Other | **–** | 0.2 |
| | **32.1** | 2.8 |

Following the completion of the criminal proceedings against Ian Paterson (a consultant who previously had practicing privileges at Spire Healthcare) earlier in 2017, Spire has entered into an agreement in principle to settle all current and known claims against Spire relating to his practice at Spire. In this connection Spire has made a provision amounting to £27.6m for the potential cost of such settlement in the results for the period. This provision has been determined before account is taken of any potential further recoveries from insurers.

Further details of exceptional items are disclosed in note 7 of this interim announcement.

### OPERATING PROFIT BEFORE AND AFTER EXCEPTIONAL ITEMS

Operating profit after exceptional costs decreased by 61.1% in the period to £21.8 million. Before exceptional costs, operating profit decreased by 8.5%, to £53.9 million for the six months ended 30 June 2017 (H1 2016: £58.9 million). Excluding the results of Spire Manchester, Nottingham, St Anthony's hospitals and Lifescan in H1 2017, underlying operating profit before exceptional costs decreased by 3.3%, from £58.2 million to £56.3 million.

### NET FINANCE COSTS

Net finance costs decreased by 4.0% to £9.7 million (H1 2016: £10.1 million) as a result of applicable interest rates on borrowings in the period.

## TAXATION

The taxation charge for the six months ended 30 June 2017 consisted of a £0.6 million charge for corporation tax and a charge of £2.6 million for deferred tax. The effective tax rate for the six months ended 30 June 2017 was 26.4% (before exceptional costs 21.5%).

The taxation charge for the six months ended 30 June 2016 consisted of a £0.9 million charge for corporation tax and a charge of £9.4 million for deferred tax. The effective tax rate for the six months ended 30 June 2016 was 22.4% (before exceptional costs 21.7%).

## PROFIT FOR THE PERIOD

The profit after taxation for the six months ended 30 June 2017 was £8.9 million (H1 2016: £35.7 million).

## ADJUSTED FINANCIAL INFORMATION

This statement was prepared for illustrative purposes only and did not represent the Group's actual earnings. The information was prepared as described in the notes set out below.

### Non-GAAP financial measures

We have provided in this release financial information that has not been prepared in accordance with IFRS. We use these non-GAAP financial measures internally in analysing our financial results and believe they are useful to investors, as a supplement to IFRS measures, in evaluating our ongoing operational performance. We believe that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends in comparing our financial results with other companies in our industry, many of which present similar non-GAAP financial measures to investors.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with IFRS. Investors are encouraged to review the reconciliation to these non-GAAP financial to their most directly comparable IFRS financial measures provided in the financial statement tables included in this press release.

Adjustments have been made to exclude the trading results of any new hospital development, closure or disposal in both current and prior periods for Spire Manchester, Nottingham and St Anthony hospitals and Lifescan which is referred to as 'underlying' in this announcement on the basis of; the removal of the Lifescan product in H2 2016, Manchester hospital being transitioned to a new site during January 2017 which resulted in a period of operational closure, the new hospital in Nottingham which was operational in late April and St Anthony's being materially redeveloped, including the construction of a new 6 surgical theatre complex .

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| **Revenue** | **481.0** | **469.5** |
| *Adjustments:* | | |
| New hospital openings (Nottingham and Manchester) | (10.5) | (11.1) |
| Hospital redevelopment (St Anthony's) | (13.9) | (16.9) |
| Lifescan closure | – | (1.6) |
| **Underlying revenue** | **456.6** | **439.9** |
| | | |
| **Operating profit before exceptional items** | **53.9** | **58.9** |
| *Adjustments:* | | |
| New hospital openings (Nottingham and Manchester) | 1.2 | (0.7) |
| Hospital redevelopment (St Anthony's) | 1.2 | 0.4 |
| Lifescan closure | – | (0.4) |
| **Underlying operating profit before exceptional items** | **56.3** | **58.2** |

| | | |
|---|---|---|
| **EBITDA** | **83.2** | **84.5** |
| *Adjustments:* | | |
| New hospital openings (Nottingham and Manchester) | (0.5) | (2.1) |
| Hospital redevelopment (St Anthony's) | 0.1 | (0.3) |
| Lifescan closure | – | (0.4) |
| **Underlying EBITDA** | **82.8** | **81.7** |

### Adjusted profit after tax and earnings per share

Adjustments have been made to remove the impact of a number of significant non-recurring items.

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| Profit before taxation | **12.1** | 46.0 |
| Adjustment for: | | |
| Exceptional items | **32.1** | 2.8 |
| Adjusted profit before tax | **44.2** | 48.8 |
| Taxation [1a] | **(9.5)** | (10.6) |
| Adjusted profit after tax | **34.7** | 38.2 |
| Weighted average number of ordinary shares in issue (No.) | **400,542,797** | 399,833,138 |
| **Adjusted basic earnings per share (pence)** | **8.7** | 9.6 |

1a. Reported tax charge for the period adjusted for the tax effect of exceptional items.

### CASH FLOWS ANALYSIS FOR THE PERIOD

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| **Opening cash balance** | **67.9** | **78.9** |
| **Operating cash flows before exceptional items and income tax paid** | **81.2** | **94.9** |
| Exceptional items [1b] | (4.9) | (2.8) |
| Income tax paid | (0.6) | (3.2) |
| Operating cash flows after exceptional items and income tax paid | 75.7 | 88.9 |
| Net cash used in investing activities | (59.1) | (71.5) |
| Net cash used in financing activities | (19.6) | (19.6) |
| **Closing cash balance** | **64.9** | **76.7** |
| **Closing net indebtedness** | **436.1** | **422.6** |

1b. Comprising exceptional costs paid of £4.9 million (H1 2016: £1.6 million) and exceptional credit included within movements in working capital of £0.4 million (H1 2016: £1.2 million charge).

### Operating cash flows before exceptional items and income tax paid

The cash inflow from operating activities before exceptional items and income tax paid for the six months ended 30 June 2017 was £81.2 million, which constitutes a cash conversion rate from EBITDA for the period of 97.6% (H1 2016: £94.9 million or 112.3%). The net cash outflow from movements in working capital in the period was £23.9 million (H1 2016: inflow £6.9 million) mainly due to the increase in provisions which relates to the settlement of Ian Peterson civil litigation.

### Investing and financing cash flows

Net cash used in investing activities for the six months ended 30 June 2017 was £59.1 million. Capital expenditure for the purchase of property, plant and equipment in the period totalled £59.5 million, which included the completion of the new Spire Manchester and Spire Nottingham hospitals and ongoing upgrades of facilities notably at Spire Hull, Spire Bushey and Spire Cambridge Lea Hospitals.

Net cash used in investing activities for the six months ended 30 June 2016 was £71.5 million. Capital expenditure for the purchase of property, plant and equipment in the period totalled £71.9 million, which included the development of the new Spire Manchester and Spire Nottingham hospitals, and theatre development at Spire St Anthony's Hospital.

Net cash used in financing activities for the six months ended 30 June 2017 was £19.6 million (H1 2016: £19.6 million), including interest paid of £9.6 million (H1 2016: £9.8 million) and final 2016 dividend paid to shareholders of £10.0 million (H1 2016: £9.6 million).

### DIVIDEND

The Board has approved a 2017 interim dividend of 1.3 pence per share (H1 2016: 1.3 pence) payable on 12 December 2017.

### RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the period under review.

## Principal risks

The Board has overall responsibility for the Group's risk management and internal control systems.

The principal risks and mitigating factors are described in more detail on pages 50 to 53 of the Group's Annual Report and Accounts for the year ended 31 December 2016 (a copy of which is available on the Group's website at www.spirehealthcare.com). The Board have reconsidered the Group's key risks and believe that there have been no changes and that they remain appropriate for the remaining six months period to 31 December 2017.

- Availability of key medical staff
- Clinical care
- Macroeconomic conditions
- Government policy; including the commissioning of NHS services
- Compliance with laws, regulations and other applicable requirements
- Competitor challenge
- Brexit impact
- Insurance
- Cybersecurity
- Concentration of the PMI market
- Investment plans and execution
- Liquidity and covenant risk

For the Brexit impact risk, the Group will actively monitor the progress of Britain's exit from the EU in order to develop projections to anticipate its impact and mitigate the risk, where possible.

## Directors' responsibilities statement

We confirm that to the best of our knowledge:

- This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with International Accounting Standard 34 ('IAS 34') as adopted by the EU.
- The interim management report, which is incorporated into the Executive Chairman's message, Operating Review and Financial Review, includes a fair review of the information as required by:
    - DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of the important events that have occurred during the six months of the current financial year and their impact on the condensed consolidated interim financial information and a description of the principal risks for the remaining six months of the year; and
    - DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially impacted the financial position or performance of the Group during the period and any material changes in the related party transactions described in the Group's Annual Report and Accounts for the year ended 31 December 2016.

By order of the Board

| | |
|---|---|
| **Simon Gordon** | **Andrew Goldsmith** |
| Interim Chief Executive Officer | Interim Chief Financial Officer |

13 September 2017

# Independent review report to the members of Spire Healthcare Group plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the Consolidated interim income statement, Consolidated interim statement of comprehensive income, Consolidated interim statement of changes in equity, Consolidated interim balance sheet, Consolidated interim statement of cash flows and related explanatory notes 1 to 16 that have been reviewed. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

## Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 3, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

## Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
13 September 2017

# Condensed financial statements

# Consolidated interim income statement

For the six months ended 30 June 2017

| (£ million) | Notes | 2017 Total before exceptional and other items | 2017 Exceptional and other items (note 7) | 2017 Total | 2016 Total before exceptional and other items | 2016 Exceptional and other items (note 7) | 2016 Total |
|---|---|---|---|---|---|---|---|
| | | Six months ended 30 June (Unaudited) | | | | | |
| **Revenue** | 6 | **481.0** | **-** | **481.0** | 469.5 | - | 469.5 |
| Cost of sales | | (249.5) | - | (249.5) | (244.0) | - | (244.0) |
| **Gross profit** | | **231.5** | **-** | **231.5** | 225.5 | - | 225.5 |
| Other operating costs | | (177.6) | (32.1) | (209.7) | (166.6) | (2.8) | (169.4) |
| **Operating profit** | 5 | **53.9** | **(32.1)** | **21.8** | 58.9 | (2.8) | 56.1 |
| Interest income | | - | - | - | 0.2 | - | 0.2 |
| Finance costs | 8 | (9.7) | - | (9.7) | (10.3) | - | (10.3) |
| **Profit before taxation** | | **44.2** | **(32.1)** | **12.1** | 48.8 | (2.8) | 46.0 |
| Taxation | 9 | (9.5) | 6.3 | (3.2) | (10.6) | 0.3 | (10.3) |
| **Profit for the period** | | 34.7 | (25.8) | **8.9** | 38.2 | (2.5) | 35.7 |
| **Profit for the period attributable to owners of the Parent** | | 34.7 | (25.8) | **8.9** | 38.2 | (2.5) | 35.7 |
| **Earnings per share – basic (in pence per share)** | 11 | **8.7** | (6.5) | **2.2** | 9.6 | (0.7) | 8.9 |
| **Earnings per share –diluted (in pence per share)** | 11 | **8.6** | (6.4) | **2.2** | 9.5 | (0.6) | 8.9 |

# Consolidated interim statement of comprehensive income

For the six months ended 30 June 2017

| (£ million) | Six months ended 30 June (Unaudited) 2017 | 2016 |
|---|---|---|
| Profit for the period | **8.9** | 35.7 |
| | | |
| Other comprehensive income for the period | **–** | – |
| | | |
| **Total comprehensive income for the period attributable to owners of the Parent** | **8.9** | 35.7 |

# Consolidated interim statement of changes in equity

For the six months ended 30 June 2017 (Unaudited)

| (£ million) | Notes | Share capital | Share premium | Capital reserves | EBT share reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|
| As at 1 January 2016 | | 4.0 | 826.9 | 376.1 | (5.6) | (203.8) | 997.6 |
| Profit for the period | | – | – | – | – | 35.7 | 35.7 |
| Other comprehensive income for the period | | – | – | – | – | – | – |
| Share-based payments | 15 | – | – | – | – | 0.3 | 0.3 |
| Deferred tax on share-based payments | | – | – | – | – | (0.3) | (0.3) |
| Utilisation of EBT shares for Directors' Share Bonus Award | | – | – | – | 2.6 | (2.6) | – |
| Dividend paid | 10 | – | – | – | – | (9.6) | (9.6) |
| Balance at 30 June 2016 | | 4.0 | 826.9 | 376.1 | (3.0) | (180.3) | 1,023.7 |
| | | | | | | | |
| **As at 1 January 2017** | | **4.0** | **826.9** | **376.1** | **(2.2)** | **(169.5)** | **1,035.3** |
| Profit for the period | | – | – | – | – | 8.9 | 8.9 |
| Other comprehensive income for the period | | – | – | – | – | – | – |
| Share-based payments | 15 | – | – | – | – | 0.7 | 0.7 |
| Deferred tax on share-based payments | | – | – | – | – | 0.1 | 0.1 |
| Utilisation of EBT shares for Directors' Share Bonus Award | | – | – | – | 0.8 | (0.8) | – |
| Dividend paid | 10 | – | – | – | – | (10.0) | (10.0) |
| **Balance at 30 June 2017** | | **4.0** | **826.9** | **376.1** | **(1.4)** | **(170.6)** | **1,035.0** |

# Consolidated interim balance sheet

| (£ million) | Notes | As at<br>**30 June 2017 (Unaudited)** | <br>31 December 2016 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | | 517.8 | 517.8 |
| Property, plant and equipment | 12 | 1,022.1 | 991.5 |
| | | 1,539.9 | 1,509.3 |
| **Current assets** | | | |
| Inventories | | 28.5 | 28.1 |
| Trade and other receivables | | 116.8 | 119.1 |
| Cash and cash equivalents | | 64.9 | 67.9 |
| | | 210.2 | 215.1 |
| **Total assets** | | **1,750.1** | **1,724.4** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | | 4.0 | 4.0 |
| Share premium | | 826.9 | 826.9 |
| Capital reserves | | 376.1 | 376.1 |
| EBT share reserves | | (1.4) | (2.2) |
| Retained earnings | | (170.6) | (169.5) |
| Equity attributable to owners of the Parent | | 1,035.0 | 1,035.3 |
| Non-controlling interests | | – | – |
| **Total equity** | | **1,035.0** | **1,035.3** |
| **Non-current liabilities** | | | |
| Borrowings | 13 | 496.7 | 495.7 |
| Deferred tax liability | | 73.8 | 71.2 |
| | | 570.5 | 566.9 |
| **Current liabilities** | | | |
| Provisions | 14 | 44.1 | 16.7 |
| Borrowings | 13 | 4.3 | 4.5 |
| Trade and other payables | | 95.5 | 100.3 |
| Income tax payable | | 0.7 | 0.7 |
| | | 144.6 | 122.2 |
| **Total liabilities** | | **715.1** | **689.1** |
| **Total equity and liabilities** | | **1,750.1** | **1,724.4** |

## Consolidated interim statement of cash flows

For the six months ended 30 June 2017

| (£ million) | Notes | Six months ended 30 June (Unaudited) 2017 | 2016 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | 12.1 | 46.0 |
| Adjustments for: | | | |
| Depreciation | 5 | 28.6 | 24.8 |
| Share-based payments | | 0.7 | 0.3 |
| Loss on disposal of property, plant and equipment | | 0.7 | 0.8 |
| Interest income | | – | (0.2) |
| Finance costs | 8 | 9.7 | 10.3 |
| | | **51.8** | **82.0** |
| Movements in working capital: | | | |
| Decrease/(Increase) in trade and other receivables | | 2.3 | (1.4) |
| Increase in inventories | | (0.4) | (0.1) |
| (Decrease) / increase in trade and other payables | | (4.8) | 11.9 |
| Increase / (decrease) in provisions | | 27.4 | (0.3) |
| Income tax paid | | (0.6) | (3.2) |
| **Net cash from operating activities** | | **75.7** | **88.9** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (59.5) | (71.9) |
| Proceeds from disposal of property, plant and equipment | | 0.4 | 0.2 |
| Interest received | | – | 0.2 |
| **Net cash used in investing activities** | | **(59.1)** | **(71.5)** |
| **Cash flows from financing activities** | | | |
| Interest paid | | (9.6) | (9.8) |
| Repayment of borrowings | | – | (0.2) |
| Dividend paid to equity holders of the Parent | | (10.0) | (9.6) |
| **Net cash used in financing activities** | | **(19.6)** | **(19.6)** |
| **Net decrease in cash and cash equivalents** | | **(3.0)** | **(2.2)** |
| Cash and cash equivalents at beginning of period | | 67.9 | 78.9 |
| **Cash and cash equivalents at end of period** | | **64.9** | **76.7** |
| | | | |
| **Exceptional costs** | | | |
| Exceptional costs paid included in the cash flow from operating activities | | (4.9) | (1.6) |
| Total exceptional costs | 7 | (32.1) | (2.8) |

# Notes to the consolidated interim financial statements

## 1. GENERAL INFORMATION

Spire Healthcare Group plc (the 'Company') and its subsidiaries (collectively, the 'Group') owns and operates private hospitals and clinics in the UK and provides a range of private healthcare services.

The Company is a public limited company, which is listed on the London Stock Exchange, incorporated, registered and domiciled in England (registered number: 09084066). The address of its registered office is 3 Dorset Rise, London EC4Y 8EN.

The condensed consolidated interim financial information for the six months ended 30 June 2017 was approved by the Board on 13 September 2017.

## 2. BASIS OF PREPARATION

### Basis of preparation of interim statements

The condensed consolidated interim financial information has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting, as adopted by the EU. They do not include all the information required for full annual financial statements and should be read in conjunction with information contained in the Group's Annual Report and Accounts for the year ended 31 December 2016. The condensed consolidated interim financial information has been reviewed, not audited.

The financial information for the year ended 31 December 2016 does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006 for that year, but it is derived from those accounts. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 1 March 2017 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section s498 (2) or (3) of the Companies Act 2006.

### Going concern

The Group is financed by a bank loan facility that matures in 2019. The directors have considered the Group's forecasts and projections, and the risks associated with their delivery, and are satisfied that the Group will be able to operate within the covenants imposed by the bank loan facility for the foreseeable future. In relation to available cash resources, the directors have had regard to both cash at bank and a £100.0 million committed undrawn revolving credit facility. Accordingly, they have adopted the going concern basis in preparing this condensed consolidated interim financial information.

## 3. ACCOUNTING POLICIES

In preparing the condensed consolidated interim financial information, the same accounting policies, methods of computation and presentation have been applied as set out in the Group's Annual Report and Accounts for the year ended 31 December 2016. There have been no new standards or amendments to existing standards effective from 1 January 2017 that are applicable to the Group or that have any material impact on the financial statements and related notes as at 30 June 2017.

The financial statements of the Group are prepared in accordance with International Financial Reporting standards ('IFRS') as adopted by the EU.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

### IFRS 15 *REVENUE FROM CONTRACTS WITH CUSTOMERS*

IFRS 15 will be effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. During 2017, the Group has not fully quantified the impact of the standard since the preliminary assessment completed in 2016. However, the Directors do not expect the adoption of this standard to have a material impact on the consolidated results.

## 3. ACCOUNTING POLICIES - CONTINUED

### IFRS 9 *FINANCIAL INSTRUMENTS*

IFRS 9 will be effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. During 2017, the Group has not performed a preliminary assessment however the Directors do not expect the adoption of this standard to have any impact on the consolidated results.

## 4. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements and estimates used in the application of the Group's accounting policies are the same as those described in the Group's Annual Report and Accounts for the year ended 31 December 2016.

## 5. OPERATING PROFIT

Operating profit for the period has been arrived at after charging:

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| Rent of land and buildings under operating leases | **31.9** | 31.0 |
| Depreciation of property, plant and equipment | **28.6** | 24.8 |
| Loss on disposal of property, plant and equipment | **0.7** | 0.8 |
| Staff costs | **137.6** | 134.6 |

## 6. SEGMENTAL REPORTING

In determining the Group's operating segment, management has primarily considered the financial information in the internal reports that are reviewed and used by the executive management team and the Board of Directors (in aggregate the chief operating decision maker) in assessing performance and in determining the allocation of resources. The financial information in those internal reports in respect of revenue and expenses has led management to conclude that the Group has a single operating segment, being the provision of healthcare services.

All revenue is attributable to and all non-current assets are located in the United Kingdom.

Revenue by wider customer (payor) group is shown below:

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| Insured | **219.3** | 220.7 |
| NHS | **151.7** | 146.6 |
| Self-pay | **94.4** | 85.3 |
| Other | **15.6** | 16.9 |
| Total | **481.0** | 469.5 |

The Group's financial results have not historically been subject to significant seasonal trends.

## 7. EXCEPTIONAL ITEMS

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| Provision for medical malpractice claims | **27.6** | – |
| Business reorganisation | **1.3** | 1.0 |
| Hospitals set up costs | **2.6** | 0.1 |
| Hospital closure | **0.6** | – |
| Corporate restructuring | **–** | 1.5 |
| Other [(1)] | **–** | 0.2 |
| Total exceptional costs | **32.1** | 2.8 |
| Income tax credit on exceptional items | **(6.3)** | (0.3) |
| Net total | **25.8** | 2.5 |

## 7. EXCEPTIONAL ITEMS - CONTINUED

1. Other exceptional items primarily relate to NI on Directors' Share Bonus Award granted at the time of the IPO.

Following the completion of the criminal proceedings against Ian Paterson (a consultant who previously had practicing privileges at Spire Healthcare) earlier in 2017, Spire has entered into an agreement in principle to settle all current and known claims against Spire relating to his practice at Spire. In this connection Spire has made a provision amounting to £27.6m for the potential cost of such settlement in the results for the period. This provision has been determined before account is taken of any potential further recoveries from insurers.

In the six months ended 30 June 2017, business reorganisation mainly comprised staff restructuring costs. Hospitals set up costs refer to pre-opening costs for the new Manchester and Nottingham hospitals. Hospital closure costs relate to decommissioning costs for the old Manchester site. Except for the disposal costs, which were capital in nature, all other exceptional costs are expected to be tax deductible.

In the six months ended 30 June 2016, business reorganisation mainly comprised staff restructuring costs. Hospitals set up costs refer to pre-opening costs for the new Manchester and Nottingham hospitals. Corporate restructuring related to an internal group reorganisation and transaction costs relating to a hospital swap, subject to lease (refer to note 16 of the Annual Report 2016 for further details). Except for the corporate restructuring costs, which were capital in nature, all other exceptional costs are expected to be tax deductible.

## 8. FINANCE COSTS

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| Interest on bank facilities | **5.8** | 6.4 |
| Finance charges payable under finance leases | **4.6** | 4.5 |
| | **10.4** | 10.9 |
| Finance costs capitalised in the period | **(0.7)** | (0.6) |
| Total finance costs | **9.7** | 10.3 |

Finance costs capitalised during the period were calculated based on a weighted cost of borrowing of 2.5% (H1 2016: 2.7%).

## 9. TAXATION

| | Six months ended 30 June (Unaudited) | |
|---|---|---|
| (£ million) | **2017** | 2016 |
| Current tax | | |
| UK Corporation tax arising in the period | **0.6** | 0.9 |
| Total current tax | **0.6** | 0.9 |
| | | |
| Deferred tax | | |
| Origination and reversal of temporary differences | **2.6** | 9.4 |
| Total deferred tax charge | **2.6** | 9.4 |
| | | |
| Taxation in the period | **3.2** | 10.3 |

The tax charge for the period has been calculated using an estimate of the effective annual rate of tax for the full year. This rate has been applied to the pre-tax profits for the six months ended 30 June 2017. The Group has separately calculated the tax rates applicable to exceptional items for the period. Tax rate changes that were substantively enacted at the balance sheet date have been factored into the calculation of the effective tax rates.

## 10. DIVIDENDS

| (£ million) | Six months ended 30 June (Unaudited) 2017 | 2016 |
|---|---|---|
| Amounts recognised as distributions to equity holders in the period: | | |
| - final dividend for the year ended 31 December 2016 of 2.5 pence per share | **10.0** | – |
| - final dividend for the year ended 31 December 2015 of 2.4 pence per share | **–** | 9.6 |
| | **10.0** | 9.6 |

An interim dividend of 1.3 pence per share (H1 2016: 1.3 pence), amounting to a total interim dividend of approximately £5.2 million (H1 2016: £5.2 million), was proposed by the Board on 13 September 2017. The interim dividend is payable on 12 December 2017 to shareholders who are on the register at 17 November 2017. In accordance with IAS 10 *'Events after the balance sheet date'*, dividends declared after the balance sheet date are not recognised as a liability in this condensed consolidated interim financial information.

## 11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

| | Six months ended 30 June (Unaudited) 2017 | 2016 |
|---|---|---|
| Profit for the period attributable to owners of the Parent (£ million) | 8.9 | 35.7 |
| Weighted average number of ordinary shares | 401,081,391 | 401,081,391 |
| Adjustment for weighted average number of shares held in the EBT | (538,594) | (1,292,428) |
| Weighted average number of ordinary shares in issue (No.) | 400,542,797 | 399,788,963 |
| **Basic earnings per share (in pence per share)** | **2.2** | **8.9** |

For dilutive earnings per share, the weighted average number of ordinary shares in issue is adjusted to include all dilutive potential ordinary shares arising from share options.

| | Six months ended 30 June (Unaudited) 2017 | 2016 |
|---|---|---|
| Profit for the period attributable to owners of the Parent (£ million) | 8.9 | 35.7 |
| Weighted average number of ordinary shares in issue | 400,542,797 | 399,788,963 |
| Adjustment for weighted average number of contingently issuable shares | 1,296,410 | 2,047,366 |
| Diluted weighted average number of ordinary shares in issue (No.) | 401,839,207 | 401,836,329 |
| **Diluted earnings per share (in pence per share)** | **2.2** | **8.9** |

## 12. PROPERTY, PLANT AND EQUIPMENT

| (£ million) | Freehold property | Long leasehold property | Equipment | Assets in the course of construction | Total |
|---|---|---|---|---|---|
| **Net book value** | | | | | |
| At 1 January 2017 | 583.0 | 133.0 | 160.7 | 114.8 | 991.5 |
| Additions | – | 6.9 | 21.5 | 31.8 | 60.2 |
| Disposals | (0.3) | (0.4) | (0.3) | – | (1.0) |
| Reversal of impairment | – | 0.1 | 0.2 | – | 0.3 |
| Depreciation | (5.2) | (4.6) | (19.1) | – | (28.9) |
| Transfers | 108.4 | 2.8 | 21.8 | (133.0) | – |
| **At 30 June 2017** | **685.9** | **137.8** | **184.8** | **13.6** | **1,022.1** |

During the period, additions included the development of the new Spire Manchester and Spire Nottingham hospitals, and upgrade of facilities at Spire Hull and Cambridge Hospitals.

### Capital expenditure commitments

Capital commitments authorised and contracted for, but not provided in the accounts as at 30 June 2017 amounted to £39.7 million (31 December 2016: £63.8 million).

## 13. BORROWINGS AND FINANCIAL INSTRUMENTS

| (£ million) | As at 30 June 2017 (Unaudited) | As at 31 December 2016 (Audited) |
|---|---|---|
| **Secured borrowings** | | |
| Bank loans | **424.5** | 424.1 |
| Obligations under finance leases | **76.5** | 76.1 |
| | **501.0** | 500.2 |

The bank loans and finance leases are secured on fixed and floating charges over both the present and future assets of material subsidiaries of the Group.

### Total borrowings (measured at amortised cost)

| (£ million) | As at 30 June 2017 (Unaudited) | As at 31 December 2016 (Audited) |
|---|---|---|
| Amount due for settlement within 12 months | **4.3** | 4.5 |
| Amount due for settlement after 12 months | **496.7** | 495.7 |
| | **501.0** | 500.2 |

### Financial instruments

The Group's financial assets and liabilities, other than trade and other receivables and cash and short-term deposits, held by the Group at the balance sheet date were as set out below:

| At 30 June 2017 (Unaudited) (£ million) | Carrying amount | Contractual cash flows | 1 year or less | 1–2 years | More than 2 years |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Secured bank facilities | 424.5 | 451.0 | 10.9 | 12.1 | 428.0 |
| Obligations under finance leases | 76.5 | 269.1 | 11.0 | 8.9 | 249.2 |
| Trade and other payables | 57.7 | 57.7 | 57.7 | – | – |
| | **558.7** | **777.8** | **79.6** | **21.0** | **677.2** |

| At 31 December 2016 (Audited) (£ million) | Carrying amount | Contractual cash flows | 1 year or less | 1–2 years | More than 2 years |
|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | |
| Secured bank facilities | 424.1 | 456.0 | 10.9 | 11.3 | 433.8 |
| Obligations under finance leases | 76.1 | 270.4 | 8.5 | 8.5 | 253.4 |
| Trade and other payables | 55.9 | 55.9 | 55.9 | – | – |
| | 556.1 | 782.3 | 75.3 | 19.8 | 687.2 |

### Bases of valuation

At 30 June 2017, the Group did not hold financial instruments measured at fair value (31 December 2016: nil).

Management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The carrying value of the other financial instruments, being finance leases and debt, is approximately equal to their fair value, based on a review of current terms against market and expected short term settlements. The debt is presented after the deduction of £2.3 million (31 December 2016: £2.9 million) of issue costs.

## 14. PROVISIONS

The movement for the period in the provisions is as follows:

| (£ million) | Medical malpractice | Business reorganisation and other | Total |
|---|---|---|---|
| At 1 January 2016 | 14.5 | 1.1 | 15.6 |
| Utilised | (0.7) | (0.1) | (0.8) |
| Additions | 0.5 | – | 0.5 |
| At 30 June 2016 | 14.3 | 1.0 | 15.3 |
| Utilised | (1.6) | (0.1) | (1.7) |
| Additions | 1.6 | 1.5 | 3.1 |
| As at 31 December 2016 | 14.3 | 2.4 | 16.7 |
| Utilised | **(0.6)** | **(1.0)** | **(1.6)** |
| Additions | **29.0** | **–** | **29.0** |
| **At 30 June 2017** | **42.7** | **1.4** | **44.1** |

Medical malpractice relates to commitments to patients in respect of the removal or replacement of the PIP brand of breast implants, and estimated liabilities arising from claims for damages in respect of services previously supplied to patients. Amounts are shown gross of insured liabilities. Any such insurance recoveries are recognised in other receivables. Following the completion of the criminal proceedings against I Paterson, a consultant who previously had practicing privileges at Spire Healthcare, Spire has entered into an agreement in principle to settle all current and known claims against Spire relating to his practice at Spire. In this connection Spire has made a provision amounting to £27.6m for the potential cost of such settlement in the results for the period. This provision has been determined before account is taken of any potential further recoveries from insurers.

Business reorganisation and other includes staff restructuring costs and the closure costs relating to an onerous contract.

The provisions are shown gross of any expected reimbursement from insurers of the related risks. The reimbursement is recognised as a separate receivable when receipt of it is judged sufficiently probable. The amount in receivables in that respect was £7.4 million (31 December 2016: £6.7 million).

Provisions as at 30 June 2017 are expected to be utilised within three years.

## 15. SHARE-BASED PAYMENTS

During the six months ended 30 June 2017, the Group made further grants under its existing share-based payment schemes, as follows:

### Long term incentive plan ('LTIP')

On 30 March 2017, the Company granted Simon Gordon and Andrew White 223,146 and 221,628 share options, respectively, and 650,192 share options to other senior managers. The options will vest based on earnings per share ('EPS') (35%) targets for the financial year ending 31 December 2019, relative total shareholder return ('TSR') (35%) targets on performance over the three-year period to 31 December 2019 and operational excellence ('OE')(30%) targets based on net promotor scores and regulatory ratings for the current portfolio of hospitals, subject to continued employment. Upon vesting, the options will remain exercisable until 30 March 2027.

For the six months ended 30 June 2017, the total cost recognised in the income statement was £0.6 million (H1 2016: £0.3 million). Employer's NI is being accrued, where applicable, at the rate of 14.3%, which management expects to be the prevailing rate at the time the options are exercised, based on the share price at the reporting date. For the six months ended 30 June 2017, the total NI charge was £0.1 million (H1 2016: £0.1 million).

## 16. EVENTS AFTER THE REPORTING PERIOD

### 2017 interim dividend

The Board has approved a 2017 interim dividend of 1.3 pence per share, amounting to approximately £5.2 million, to be paid on 12 December 2017 to shareholders on the register at the close of business on 17 November 2017.

### Medical malpractice provision

Following the completion of the criminal proceedings against Ian Paterson (a consultant who previously had practicing privileges at Spire Healthcare) earlier in 2017, Spire has entered into an agreement in principle to settle all current and known claims against Spire relating to his practice at Spire. In this connection Spire has made a provision amounting to £27.6m for the potential cost of such settlement in the results for the period. This provision has been determined before account is taken of any potential further recoveries from insurers.

# Shareholders' information

### REGISTERED OFFICE AND HEAD OFFICE:

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Fax +44 (0)20 7427 9001

(Registered in England & Wales No. 09084066)

### CORPORATE WEBSITE

Shareholder and other information about the Company can be accessed on the Company's website:
www.spirehealthcare.com

### FINANCIAL CALENDAR

| | |
|---|---|
| Ex-div date for 2017 interim dividend | 16 November 2017 |
| Record date for 2017 interim dividend | 17 November 2017 |
| Payment date for 2017 interim dividend | 12 December 2017 |
| Announcement of 2017 preliminary results | March 2018 |