9. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the CODM in order to allocate resources to the segments and to assess their performance.

The Group's segments are aligned to those business units that are evaluated regularly by the CODM in deciding how to allocate resources and in assessing performance.

In southern Africa, the hospitals and complementary services segment comprises all the acute hospitals and complementary services which include mental health, acute rehabilitation, renal dialysis and oncology. The healthcare services segment comprises Life Esidimeni and Life Employee Health Solutions.

International comprises diagnostic services and healthcare services (Scanmed) across Europe and the United Kingdom.

Growth initiatives comprise the new outpatient business model, developing the imaging opportunity, investing in data analytics and clinical quality products within South Africa and product development internationally.

Corporate is an additional non-operating segment.

The comparative information has been restated to adjust for the change in the composition of the reportable segments. Growth initiatives were included as part of the diagnostic services segment in the prior year. In the current year, growth initiatives are disclosed as a separate segment and the comparative information has therefore been adjusted.

The operating businesses have been aggregated into different segments based on the similar nature of products and services, similar economic characteristics, similar type of customers and operating in a similar regulatory environment.

Inter-segment revenue of R5 million (2018: R4 million) is eliminated and relates to revenue between Life Employee Health Solutions and the southern Africa business.

Refer note 2 for a split of the major revenue streams.

	2019 R'm	2018 R'm
Revenue[1]		
Southern Africa		
Hospitals and complementary services	**17 213**	16 118
Healthcare services	**1 259**	1 122
International		
Diagnostic services	**5 582**	4 922
Healthcare services	**1 349**	1 260
Growth initiatives	**269**	66
	25 672	23 488
Normalised EBITDA[2]		
Southern Africa		
Hospitals and complementary services	**3 933**	3 703
Healthcare services	**148**	131
International		
Diagnostic services	**1 253**	1 206
Healthcare services	**97**	85
Growth initiatives	**(25)**	(45)
Corporate		
Recoveries	**1 292**	1 218
Corporate costs	**(971)**	(763)
	5 727	5 535

[1] Revenue of approximately 33% (2018: 23%) is derived from two (2018: one) external customers. The revenues are attributed to the southern Africa segment.

[2] Life Healthcare defines normalised EBITDA as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading-related costs or income. The presentation of normalised EBITDA is not an IFRS requirement and is a measurement used by the CODM. Investors should not consider normalised EBITDA in isolation or as an alternative to operating profit, profit after tax or any other measure of financial performance presented in the consolidated financial statements. Normalised EBITDA as disclosed above may not be comparable to other similarly titled measures of performance of other companies.

9. SEGMENT INFORMATION continued

	2019 R'm	2018 R'm
Depreciation		
Southern Africa		
Hospitals and complementary services	**(576)**	(531)
Healthcare services	**(18)**	(17)
International		
Diagnostic services	**(521)**	(478)
Healthcare services	**(62)**	(59)
Growth initiatives	**(10)**	(2)
Corporate	**(49)**	(46)
	(1 236)	(1 133)
EBITA[1]		
Southern Africa		
Hospitals and complementary services	**3 357**	3 172
Healthcare services	**130**	114
International		
Diagnostic services	**732**	728
Healthcare services	**35**	26
Growth initiatives	**(35)**	(47)
Corporate	**272**	409
	4 491	4 402
Amortisation of intangible assets		
Southern Africa		
Hospitals and complementary services	**(110)**	(110)
International		
Diagnostic services	**(411)**	(368)
Healthcare services	**(17)**	(19)
Growth initiatives	**(18)**	(19)
Corporate	**(30)**	(21)
	(586)	(537)

[1] EBITA is defined as normalised EBITDA less depreciation.

9. SEGMENT INFORMATION continued

	2019 R'm	2018 R'm
Operating profit before items detailed below		
Southern Africa		
Hospitals and complementary services	**3 247**	3 062
Healthcare services	**130**	114
International		
Diagnostic services	**321**	360
Healthcare services	**18**	7
Growth initiatives	**(53)**	(66)
Corporate	**242**	388
	3 905	3 865
Retirement benefit asset and post-employment medical aid income	**39**	34
Severance payments	**–**	(51)
Operating profit	**3 944**	3 848
Fair value adjustment to contingent consideration	**2**	(18)
Fair value (loss)/gain on derivative financial instruments	**(438)**	127
Gain on derecognition of lease assets and liabilities	**–**	79
Impairment of assets and investments (refer notes 10 and 11)	**(164)**	(34)
Profit on disposal of investment in joint venture	**1 501**	–
Profit on disposal of investment in subsidiary	**11**	–
Profit on disposal of property, plant and equipment	**–**	35
Transaction costs relating to acquisitions and disposals	**(148)**	(38)
Other	**(22)**	(95)
Finance income	**60**	40
Finance cost	**(1 058)**	(1 002)
Share of associates' and joint ventures' net profit/(loss) after tax	**18**	(105)
Profit before tax	**3 706**	2 837
Operating profit before items detailed includes the segment's share of shared services and rental costs. These costs are all at market-related rates.		
Total assets before items detailed below		
Southern Africa	**13 550**	12 998
International	**22 342**	22 078
	35 892	35 076
Asset classified as held for sale (Max)	**–**	2 841
Employee benefit assets	**448**	401
Deferred tax assets	**1 102**	700
Derivative financial assets (included in other assets)	**–**	100
Income tax receivable	**124**	24
Total assets per the balance sheet	**37 566**	39 142

9. SEGMENT INFORMATION continued

	2019 R'm	2018 R'm
Net debt		
Southern Africa	**4 481**	8 018
International	**6 837**	6 932
	11 318	14 950
Cash and cash equivalents (net of bank overdrafts)		
Southern Africa	**(141)**	(82)
International	**818**	1 088
	677	1 006

Net debt is a key measure for the Group, which comprises all interest-bearing borrowings, overdraft balances and cash on hand.