

UNAUDITED INTERIM RESULTS

for the six months ended 31 December 2020 and Dividend declaration



SALIENT FEATURES

	% change	Unaudited six months ended 31 December 2020	Unaudited six months ended 31 December 2019	Audited year ended 30 June 2020
Total revenue (R'million)	25.3	3 898.2	3 111.3	6 441.0
Operating profit (R'million)	16.5	511.8	439.3	960.7
Operating profit (excluding lease reversals) (R'million)	17.9	469.1	398.0	874.6
Healthcare Services operating profit (R'million)	16.4	313.5	269.4	620.8
Healthcare Retail operating profit (R'million)	20.9	155.6	128.7	253.8
Profit before tax (R'million)	19.1	320.1	268.7	613.6
Profit after tax (R'million)	13.0	226.5	200.5	458.7
Basic earnings (R'million)	8.3	146.0	134.8	303.6
Headline earnings (R'million)	10.9	149.5	134.7	306.8
Normalised headline earnings (R'million)	8.7	152.1	139.9	313.7
Basic earnings (cents per share)	8.3	25.43	23.48	52.87
Headline earnings (cents per share)	10.9	26.03	23.47	53.42
Normalised headline earnings (cents per share)	8.7	26.48	24.36	54.63
Weighted average number of ordinary shares (million)	0.0	574.3	574.2	574.2

Our positive operating results for the six months are in some measure, due to the effective cost savings arising through our early investment in systems development and increased IT capacity, now being applied to greater scale and through improved procedural efficiencies.

INTRODUCTION AND REVIEW

AfroCentric is a Level 1 black-owned JSE listed investment holding company, which owns and operates a diverse range of healthcare related enterprises, which include, specialised medical scheme administration, the supply of pharmaceuticals, including a range of healthcare products and services, to both the public and private healthcare sectors. AfroCentric has been able to successfully broaden its interests in the industry, by continuing to pursue new opportunities, to expand and rationalise its presence in the healthcare sector.

The Board takes pleasure in presenting commentary on AfroCentric's ("ACT") operating performance for the six months ended 31 December 2020. These results have been achieved in a tough economic environment that is plagued by the Covid-19 pandemic. Despite the context in which we find ourselves, the Group has made great strides towards achieving our targets.

The Group has continued to work tirelessly on developing and implementing innovative ways to ensure that our scheme members are not materially impacted by this pandemic.

- Medscheme concluded the development of a new Hospital Benefit Management (HBM) system that enables digital engagement with providers and members seeking hospital authorisations. This system leverages the latest technology in decisioning and, when integrated with the claims decision engine, will make the hospital admission and claims process almost immediate at first submission.
- The VirtualCare™ application development was concluded and rolled out – this application will enable medical scheme members to consult with healthcare providers using a telehealth platform.
- A WhatsApp solution was rolled out to medical scheme members as an additional communication and self-help platform to educate members and update them on the current status of the Covid-19 situation.
- A full robotic automation of the dispensing of medication is in the process of implementation at Pharmacy Direct for the benefit of our scheme members, with a go live date planned for June 2021.
- As the South African healthcare system strives to fast-track Covid-19 vaccinations before the end of the year, the Group is well placed to play a pivotal role in the distribution of the vaccines. The Group has a national network of over 3 000 nurses who will be mobilised to vaccinate frontline and essential workers who are AfroCentric scheme members across South Africa at Medscheme's member centres, occupational health and primary health clinics nationwide, and will follow-up with members afterwards to monitor their response to the vaccine. Furthermore, the Group's outreach work-based vaccination programmes will incorporate the use of mobile vehicles or 'roving' teams of nurses to deliver vaccines at their point of work, which will also incorporate scheme-sponsored pop-up sites.

DEVELOPMENTS

AfroCentric has for some time focused on growth initiatives designed to create a value chain of healthcare enterprises to maximise the purchasing power of citizen's healthcare spend.

In keeping with that principal philosophy, during the period under review and prior to publishing these results:

- ACT Healthcare Assets acquired the remaining 20% of the shares in Scriptpharm Risk Management, effective 1 August 2020.
- AfroCentric Health acquired 100% of the shares in the DENIS group, which specialises in dental benefits management. The transaction will enable the Group to focus on innovation and efficiency management in dental treatment offerings to all South African medical schemes and their members. The transaction became unconditional on 26 August 2020, the effective date was 1 October 2020.
- Medscheme was awarded the GEMS Managed Care Contract which includes additional services previously not part of the main managed care contract with regards to HIV management, Maternity management and expanded services relating to Medicine management, effective 1 January 2021.

FINANCIAL PERFORMANCE

The interim results, confirm the satisfactory results of the Group's deliberate diversification strategy, particularly evident when measuring the impact of the Retail Segment, now productively integrated into Group operations.

The medicine management contracts won by Scriptpharm during the previous year have positively bolstered the profits of the Retail Segment. The increasing volume of activity in Pharmacy Direct and Activo Health's growth that is continuously boosted by vitamins and chronic medication sales, were the notable contributory factors generating growth in comparative segmental operating profits in excess of 20%.

The Services Segment, substantially comprising the medical scheme administration business, has also performed extremely well during the period under review. The Group's continued focus on cost efficiencies and process improvement has yielded satisfactory results. For the six months under review, operating costs increased by 1.6% compared to industry related inflationary costs of approximately 4.4%. The segment has been able to leverage our Group wide capabilities through our integrated model resulting in innovative solutions that meet critical needs while increasing healthcare savings. The segment has escalated the use of automation solutions as well as machine learning and Artificial Intelligence (AI) to refine our operational business model. The stable and consistent fee structures in this business unit, and the new measures and more effective cost controls described above, resulted in an increase in its operating profit by a satisfactory 16.4%.

Group profits before tax, increased by 19.1% amounting to R320.1 million (2019: R268.7 million). Group profits after tax (PAT) increased by 13.0% amounting to R226.5 million (2019: R200.5 million).

DIVIDENDS

The Board has pleasure in announcing that an interim gross dividend per ordinary share of 17 cents has been declared for the six months ended 31 December 2020. Dividends are subject to Dividends Withholding Tax. The payment date for the dividend is Monday, 17 May 2021.

- Dividends have been declared out of profits available for distribution.
- South African Dividends Withholding Tax rate is 20%.
- The gross dividend amount is 17 cents per ordinary share.
- The net cash dividend amount is therefore 13.60000 cents per ordinary share.
- The Company has 574 951 251 ordinary shares in issue as at the declaration date.
- The Company's income tax reference number is 9600/148/71/3.

The salient dates relating to the dividend are as follows:

Last day to trade cum dividend	Tuesday, 11 May 2021
Shares commence trading ex-dividend	Wednesday, 12 May 2021
Dividend record date	Friday, 14 May 2021
Dividend payment date	Monday, 17 May 2021

Share certificates for ordinary shares may not be dematerialised or rematerialized between Wednesday, 12 May 2021 and Friday, 14 May 2021, both days inclusive.

FULL ANNOUNCEMENT

This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement which was released on SENS on 9 March 2021 and can be found on the Company website (<http://www.afrocentric.za.com/inv-reporting.php>). The information in this press announcement has been extracted from the unaudited unreviewed information, which has been prepared under the supervision of the Group CFO. Copies of the full announcement may also be requested at the Company's registered office, at no charge, during office hours. Investment decisions should be based on the full announcement and audited results published on SENS and the Company's website.

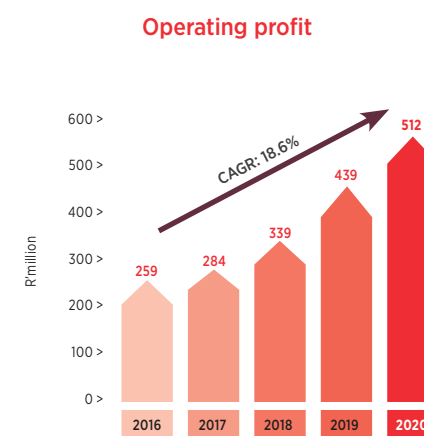
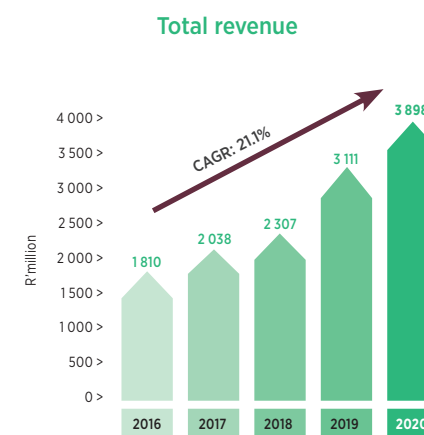
On behalf of the Board

Dr ATM Mokgokong
Chairman

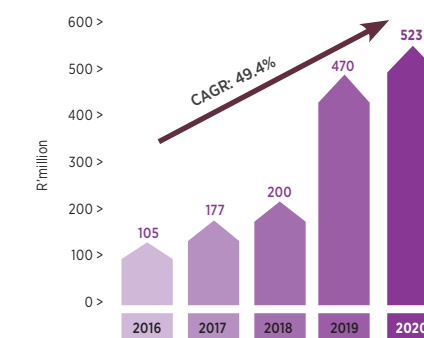
Johannesburg
10 March 2021

Mr A Banderker
Group Chief Executive Officer

FINANCIAL HIGHLIGHTS



Cash generated from operations



NAV per share

