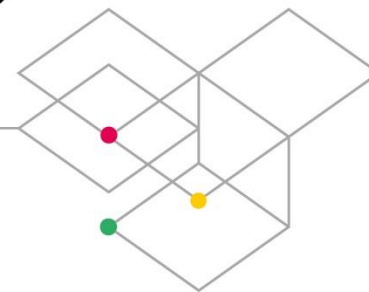




AfroCentric
GROUP



Investor Day

2019 ANNUAL RESULTS

Audited Final Results
and Dividend Declaration.

FOR THE YEAR ENDED 30 JUNE 2019



AfroCentric
GROUP

Dr Anna Mokgokong
GROUP CHAIRPERSON



AfroCentric
GROUP

Ahmed Banderker
GROUP CEO

AGENDA

Achievements
Who we are and what we do
Focus areas
Building blocks
NHI and where we want to be



ACHIEVEMENTS

ACQUISITIONS



Activo – 100% owned,
(acquired 74%)
Completing the pharmaceutical value chain



Sanlam Health – 100% owned
(acquired 100%)
Basis of new AfroCentric Integrated Corporate Solution



PHA – 82.8% (acquired 82.8%)
Key client Topmed (17 000 lives)
Merger with Fedhealth

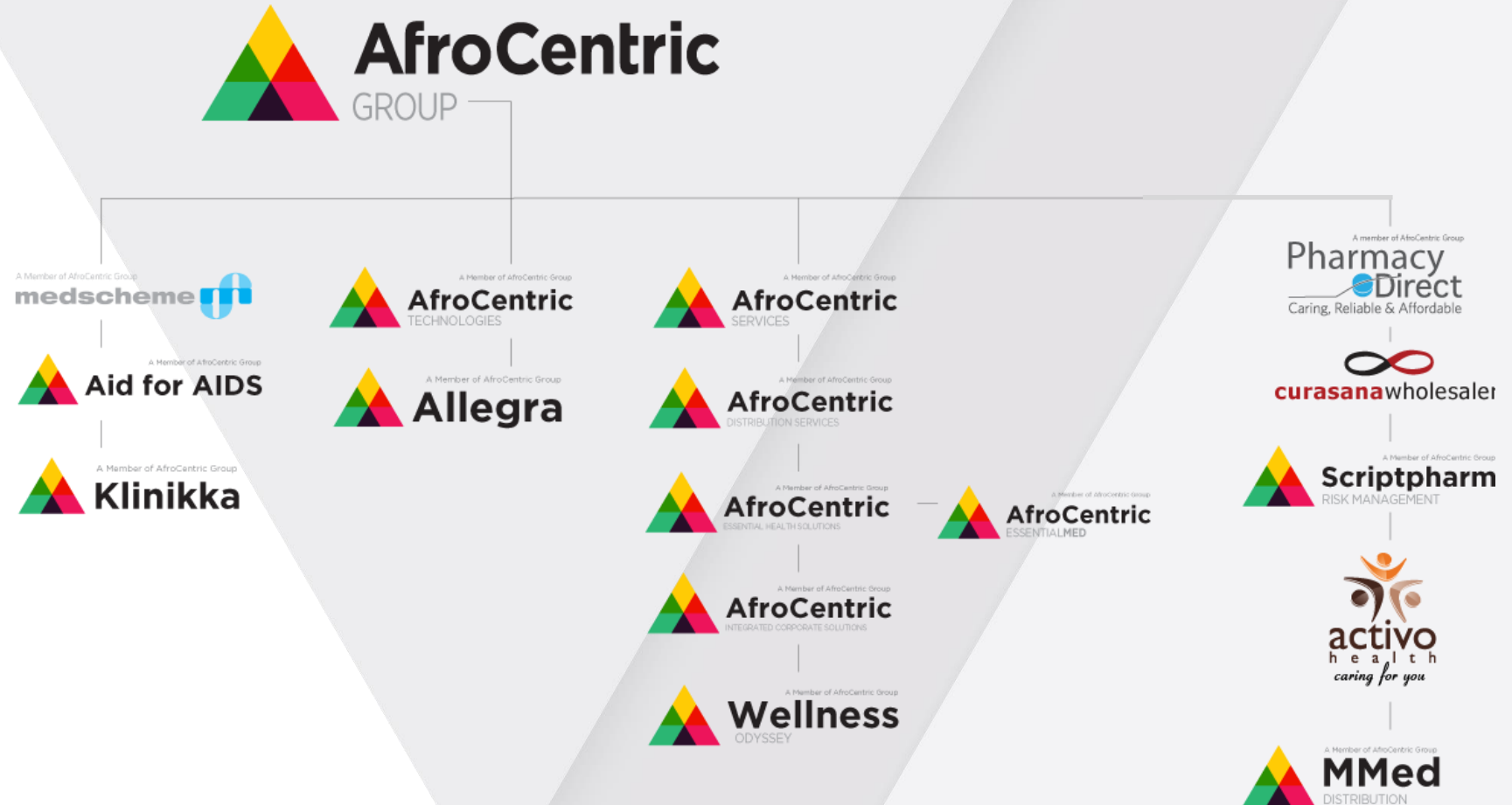


**Associated Fund
Administrators (Botswana)**
– 49% owned
(acquired additional 25%)

ACHIEVEMENTS

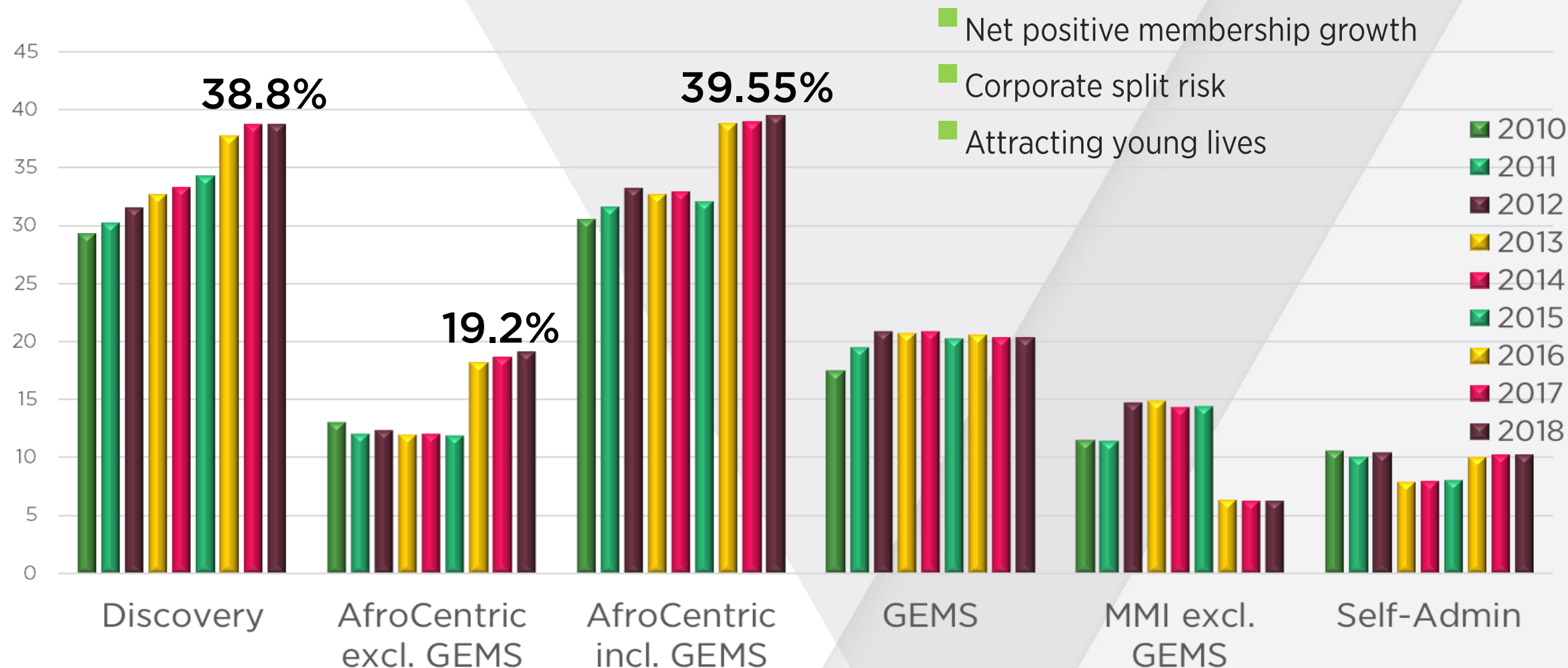


REBRANDING IN PROGRESS



ACHIEVEMENTS: MEDSCHEME

Market Share %



ACHIEVEMENTS: MEDSCHEME

Savings achieved

Healthcare savings

R2.3 billion* saved for the year, including



Hospital costs and tariffs – R1.4 billion



Pharmacy costs (incl. dispensing fees) –
R449.8 million

**An additional 3.6% contribution increase averted*

Fraud Waste and Abuse - 3-year savings



Quantified – R853 million

Claims reduction - R1.3 billion

Recovered - R317 million

Contracts won



Medshield hospital, disease and fraud management



Hosmed medicine management

ACHIEVEMENTS: PHARMA

ACTIVO



Wholly owned - 1 March 2019



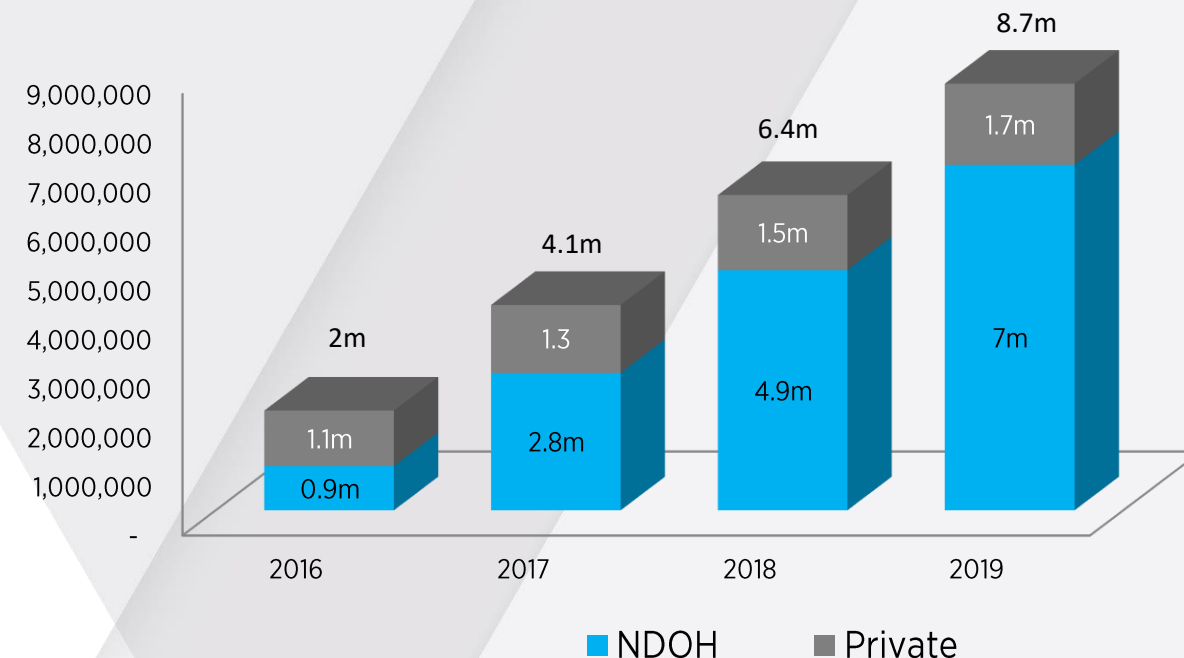
Strong organic growth

- Revenue +18.6% YoY
- Net Profit before Tax +20.5% YoY
- Organic growth - launch of 9 new products

PHARMACY DIRECT

- Commenced dispensing oncology medication
- Strong growth - private and public sectors

Number of Prescriptions Dispensed



ACHIEVEMENTS: OTHER



A Member of AfroCentric Group
AfroCentric
Integrated Corporate Solutions

Developed partnership with Sanlam Occupational health capability

Benefits for corporates

- Reduced absenteeism
- Increased productivity
- Lower cost of healthcare for employer
- Improved EVP
- Onsite Clinics

4 New Clients



A Member of AfroCentric Group
MMed
DISTRIBUTION

Surgical and medical product distribution

- Growing number of hospital contracts
- Specialised procurement for Polmed



A Member of AfroCentric Group
Scriptpharm
RISK MANAGEMENT

Medicine capitation solutions

- Now established contracts – 550 000 lives



A Member of AfroCentric Group
Klinikka

Back and neck rehabilitation

- Up to 6 900 treatment sessions per month
- 4 000 Operations averted (R550m saving)



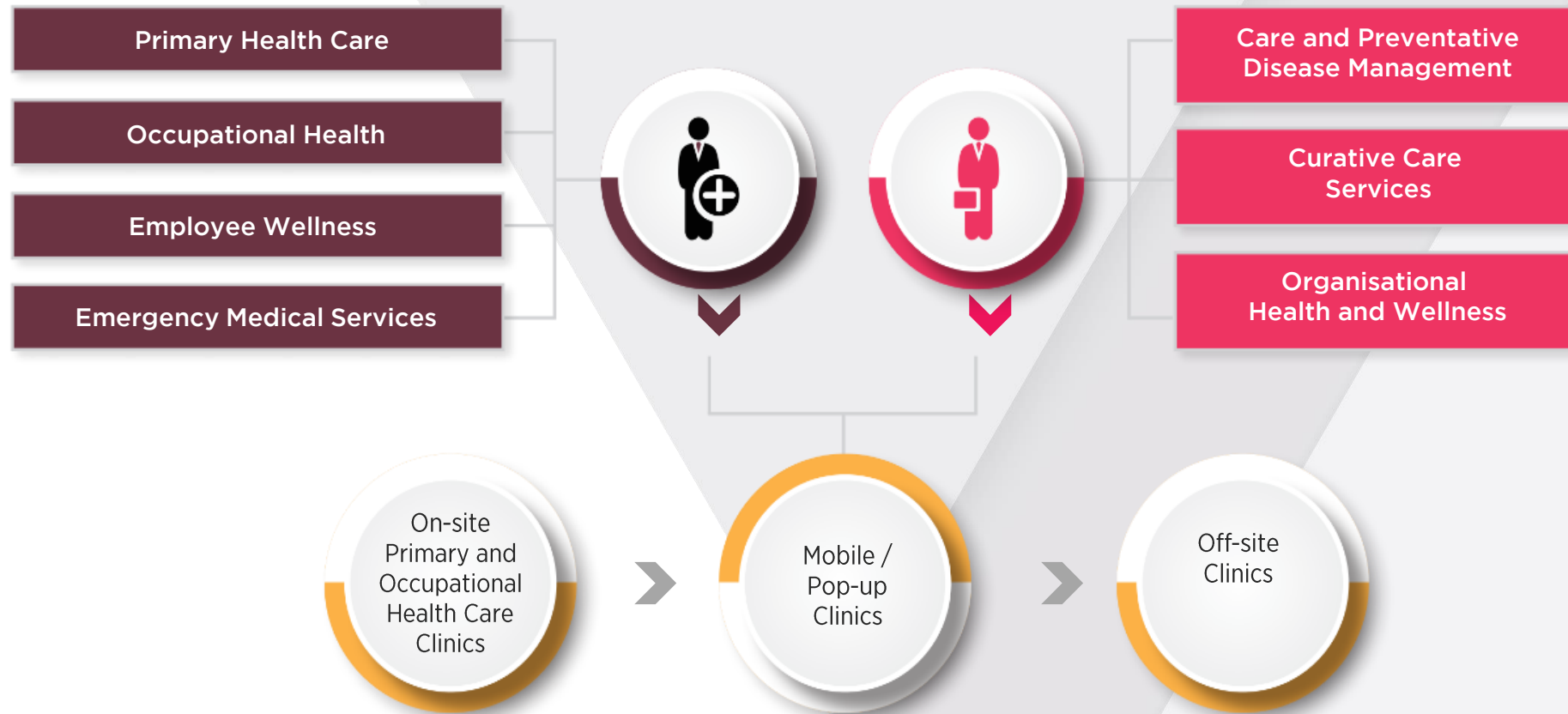
A Member of AfroCentric Group
Allegra

Software, transaction switching

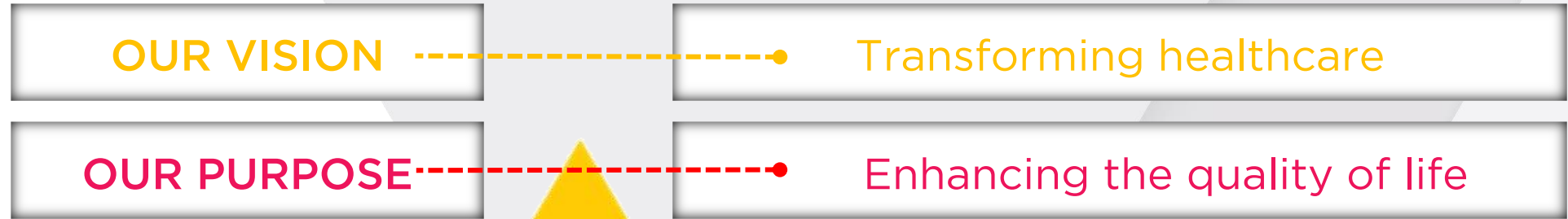
- Transaction switching - 1.7 million unique consultations, R176 million in value, 741 115 patients annually
- Telemedicine and e-scripting software
- Primary care clinic software in 500 pharmacies, 100 independent nurse-run clinics.

ACHIEVEMENTS: OTHER

Part of the INTEGRATED CORPORATE SOLUTIONS offering Primary and Occupational Health Services to corporations and schemes.



Most focused and diversified group in healthcare



No competitors on a holistic basis

FOCUS AREAS

CULTURE & LEADERSHIP



Transformative Thinking



Compete differently in market

BE THE BEST



Operational excellence



Bringing down the cost of healthcare

FOCUS AREAS

DIGITAL & IT



Medscheme with Helios



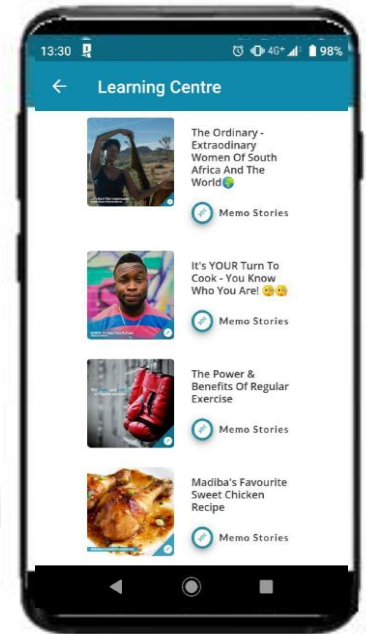
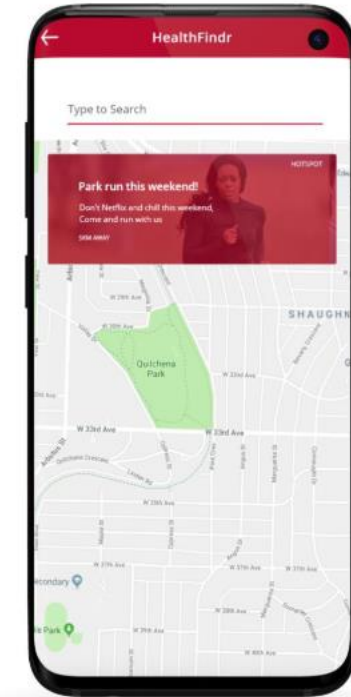
Drivers ensuring value

- Reduce the cost of healthcare
- Simplify the platform
- Enhance member experience
- Improve operational efficiencies

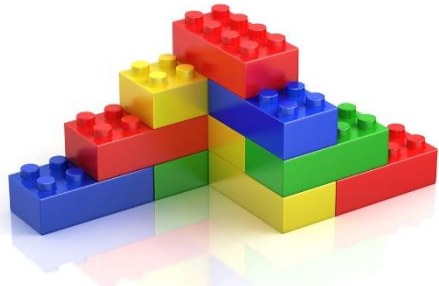


Digital priorities

- Customer journeys and process automation
- White label mobile app
- Member, broker and corporate portals
- BI and analytics



WE ARE GROWING

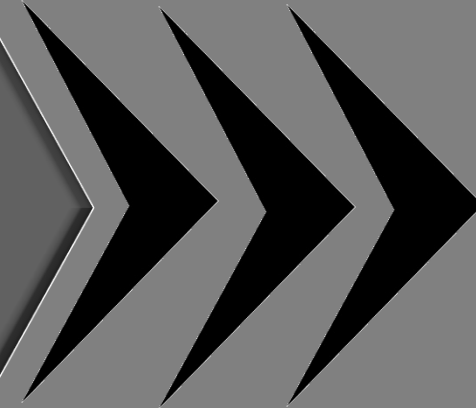


**Acquisition of
building blocks**

Phase 1

Operational Excellence 
Unlocking Synergies for growth
Disruptive Model

Phase 2



TRANSFORMING HEALTHCARE

SCRIPTPHARM: EXAMPLE

NETWORK OF RETAIL PHARMACIES

Region	Pharmacies
Eastern Cape	150
Free State	103
Gauteng	609
KwaZulu-Natal	299
Limpopo	61
Mpumalanga	107
North West	108
Northern Cape	37
Western Cape	316
TOTAL	1 790

Member of AfroCentric Group
Pharmacy Direct
Caring, Reliable & Affordable

CLICKS+

Dis-Chem
PHARMACIES

Pick n Pay
Pharmacy

MEDI+RITE
PHARMACY

Pharmacy
at SPAR

Medipost
Pharmacy

Large
Independent
Groups

Over 800
Community
Pharmacies

Generic focused formulary
(Incl. Activo products)
Pharmacy Compliance
Supply Chain Management

Savings

R49m Acute medication

R15m Chronic medication

R64m TOTAL

Profit

R14m AfroCentric profit

AFROCENTRIC SUPPORTS

Affordable, accessible and sustainable healthcare for all
A health system that achieves universal coverage
Parliamentary public consultation process for input
Transformation of the health sector

AFROCENTRIC RECOMMENDS

A calm, cogent, phased introduction of NHI
Clarification of benefits package, implementation details and funding for planning purposes
An inclusive process tapping into skills and expertise

Private healthcare will continue to play a significant role for many years to come
Minister and DDG have confirmed the existence of medical aids
Opportunity in PPP
Low Cost Solutions

REPUBLIC OF SOUTH AFRICA

NATIONAL HEALTH INSURANCE BILL

(As introduced in the National Assembly (proposed section 76); explanatory summary of Bill and prior notice of its introduction published in Government Gazette No. 42598 of 26 July 2019)
(The English text is the official text of the Bill)

(MINISTER OF HEALTH)

[B 11—2019]

ISBN 978-1-4850-0609-1

No. of copies printed 800



AfroCentric
GROUP

Hannes Boonzaaier
GROUP CFO

Annual Results Presentation

Summarised Statement of Comprehensive Income

2018 **2019**

R'million

R'million

Change %

Healthcare Services

Revenue

2 910

3 528

12%

Operating Costs

(2 355)

(2 710)

15%

Operating Profit

555

548

(1.2%)

Healthcare Retail

Revenue

1 302

2 038

57%

Total Costs

(1 234)

(1 908)

55%

Operating Profit

68

130

91%

Group Operating Profit

623

678

9%

Net gains (and impairments)

-14

10

Net Investment Income

53

17

(68%)

Associates / Share Expenses

17

13

Depreciation / Amortisation

(141)

(167)

(18%)

IFRS 16

-

(21)

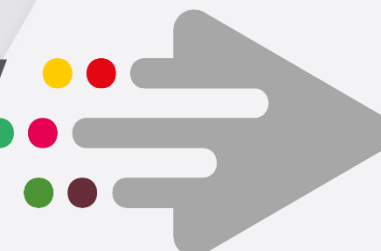
Profit before Tax

538

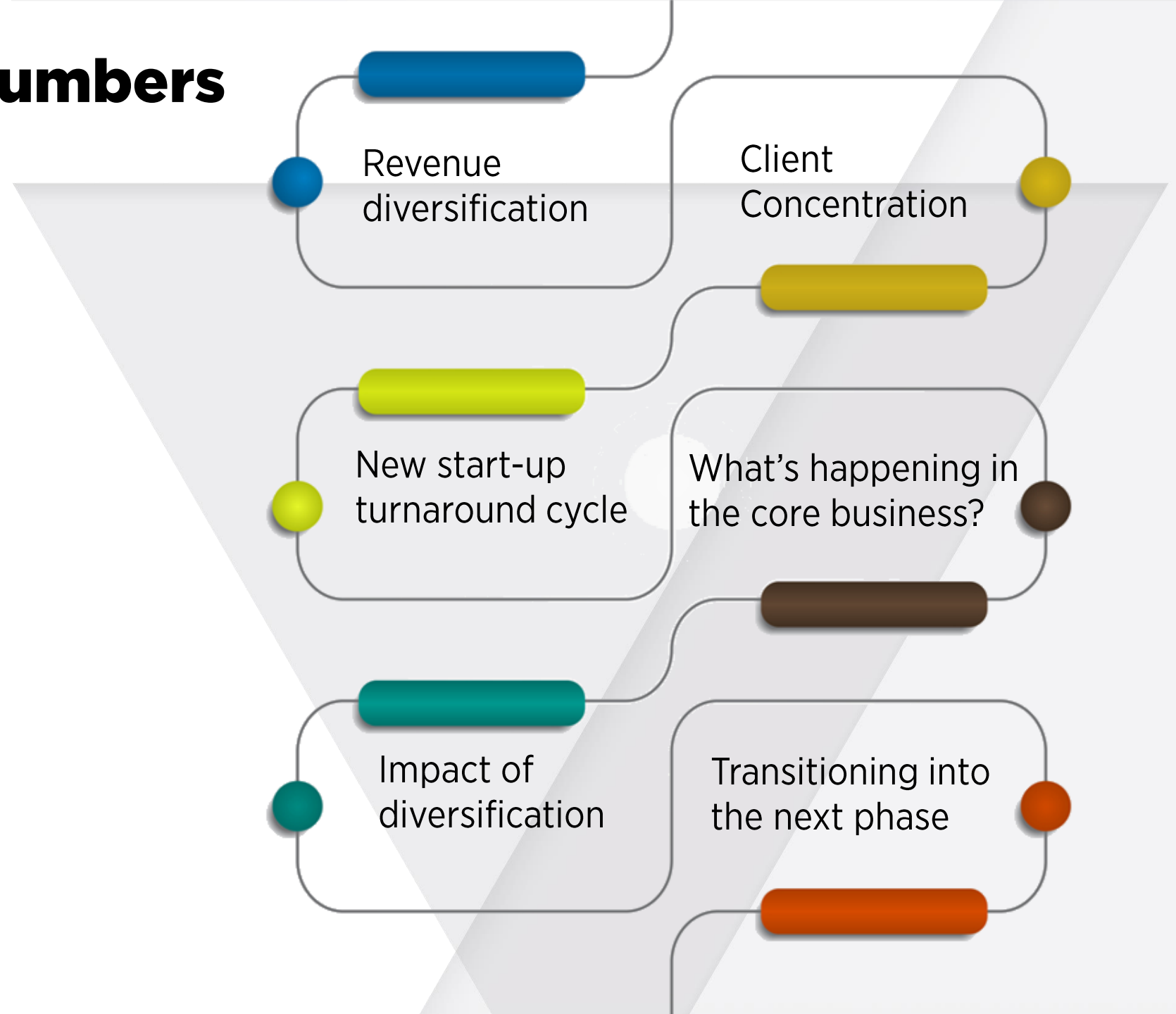
528

(2%)

Company
In
Transition

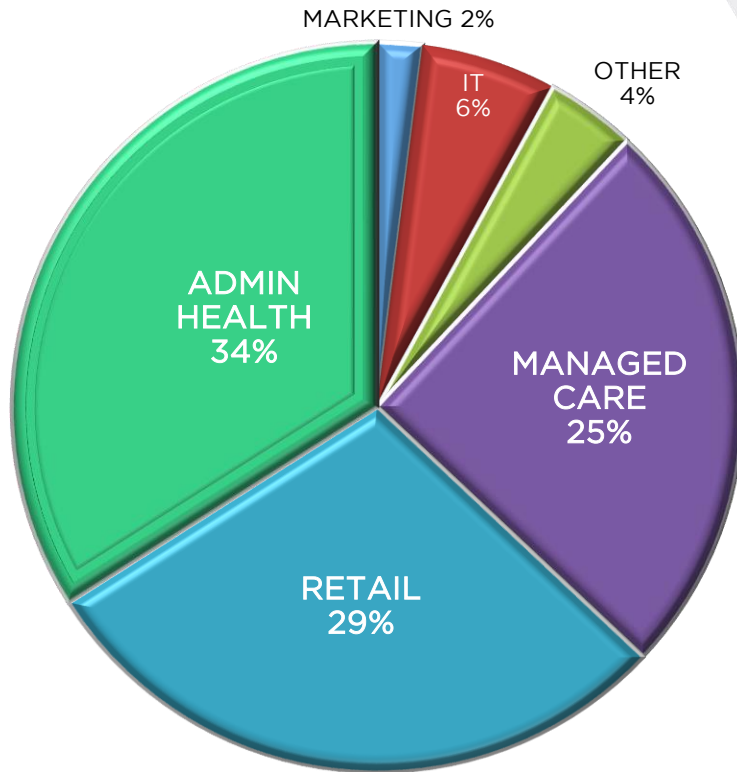


How do the numbers support the strategy?

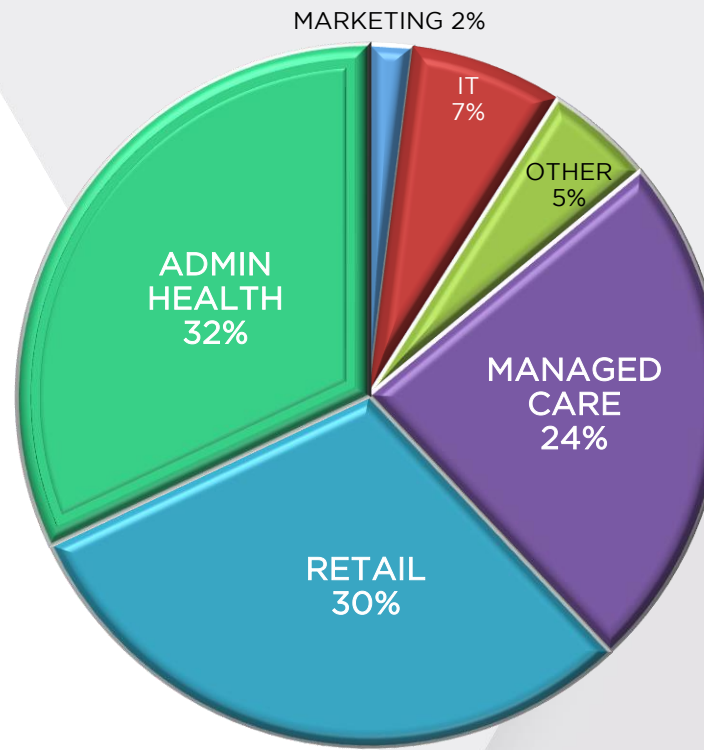


Revenue Diversification

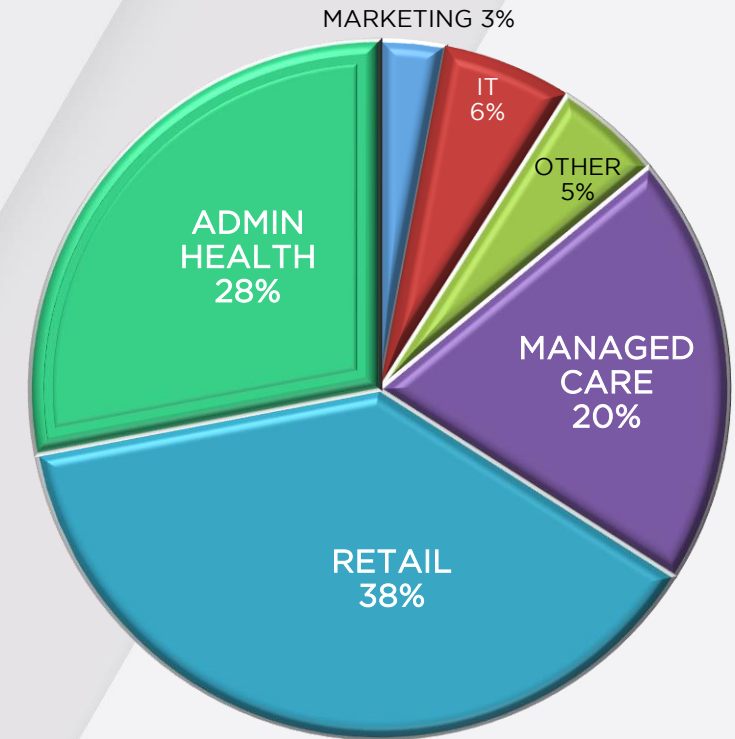
AFROCENTRIC
REVENUE 2017



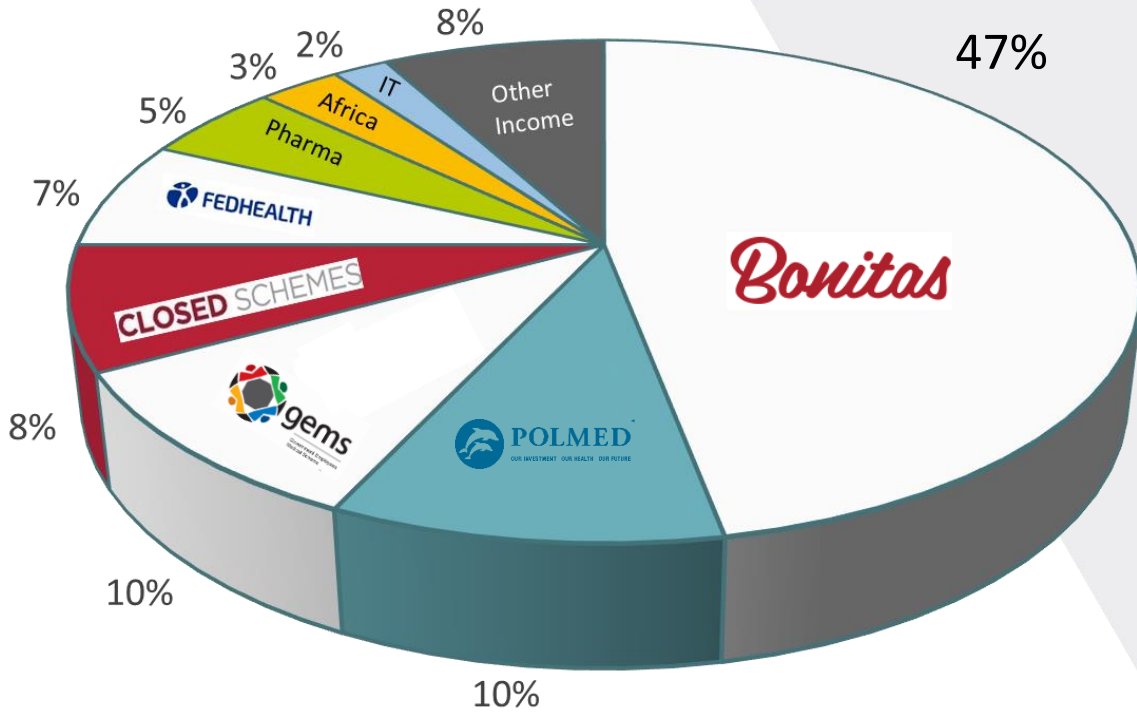
AFROCENTRIC
REVENUE 2018



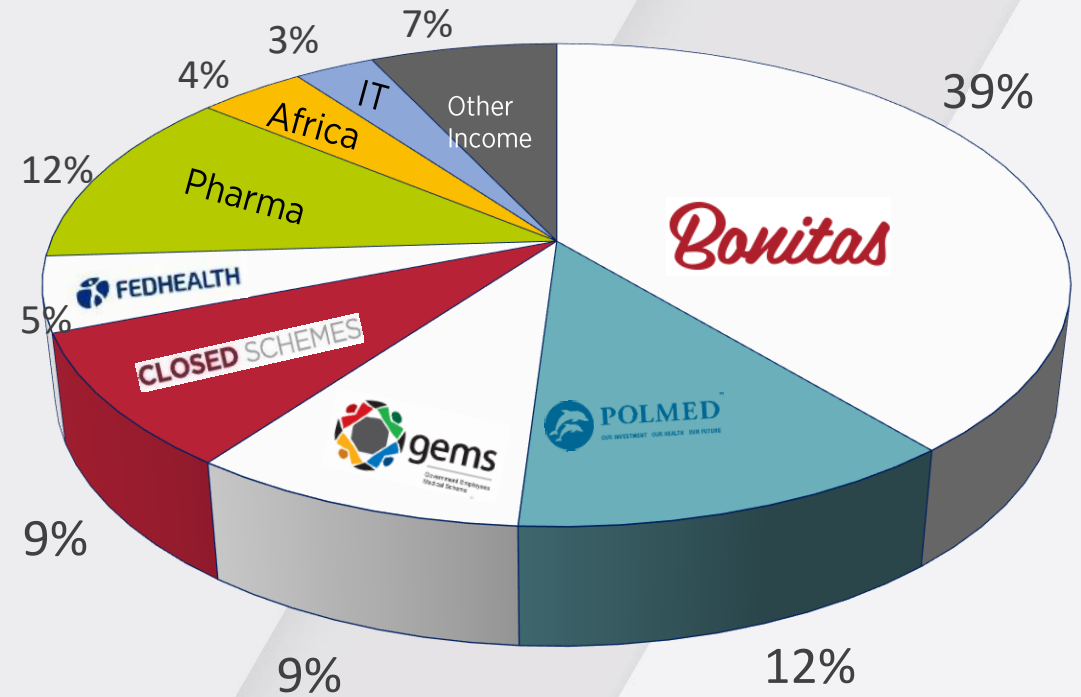
AFROCENTRIC
REVENUE 2019



Client Concentration



2018



2019

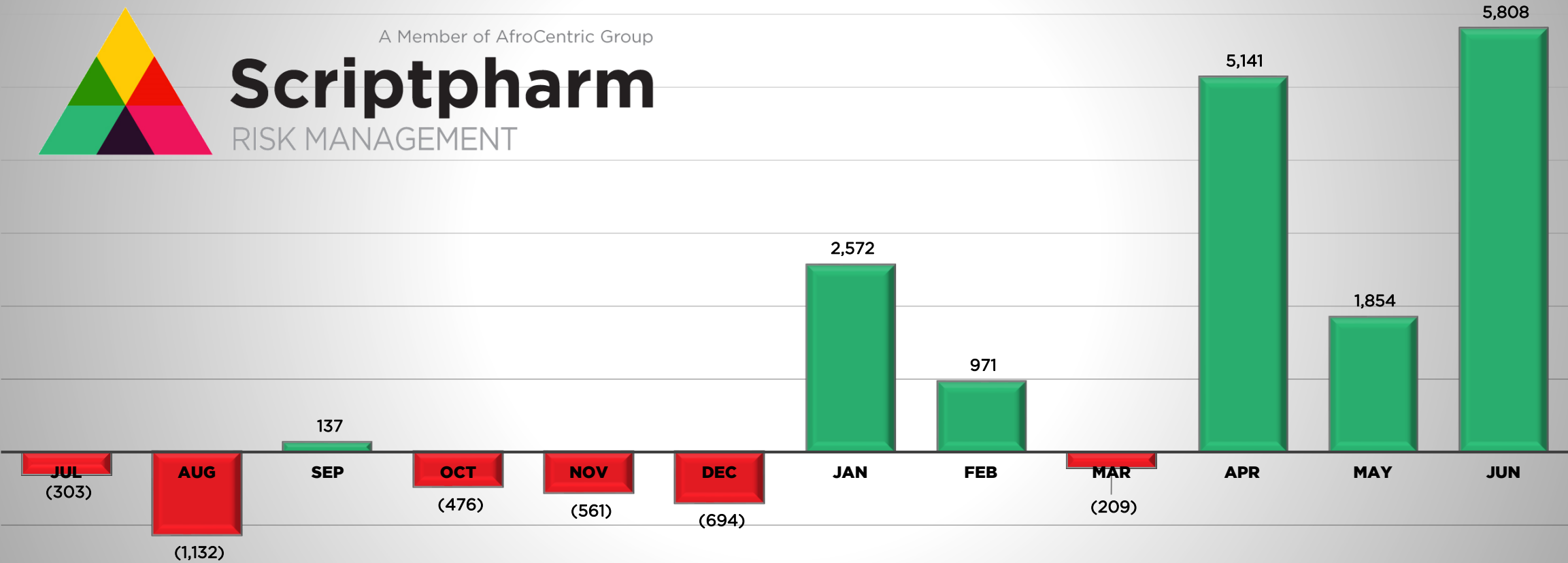
New Startup Turnaround Cycles

NET OPERATING PROFIT - 2019 (R'000)



A Member of AfroCentric Group

Scriptpharm
RISK MANAGEMENT



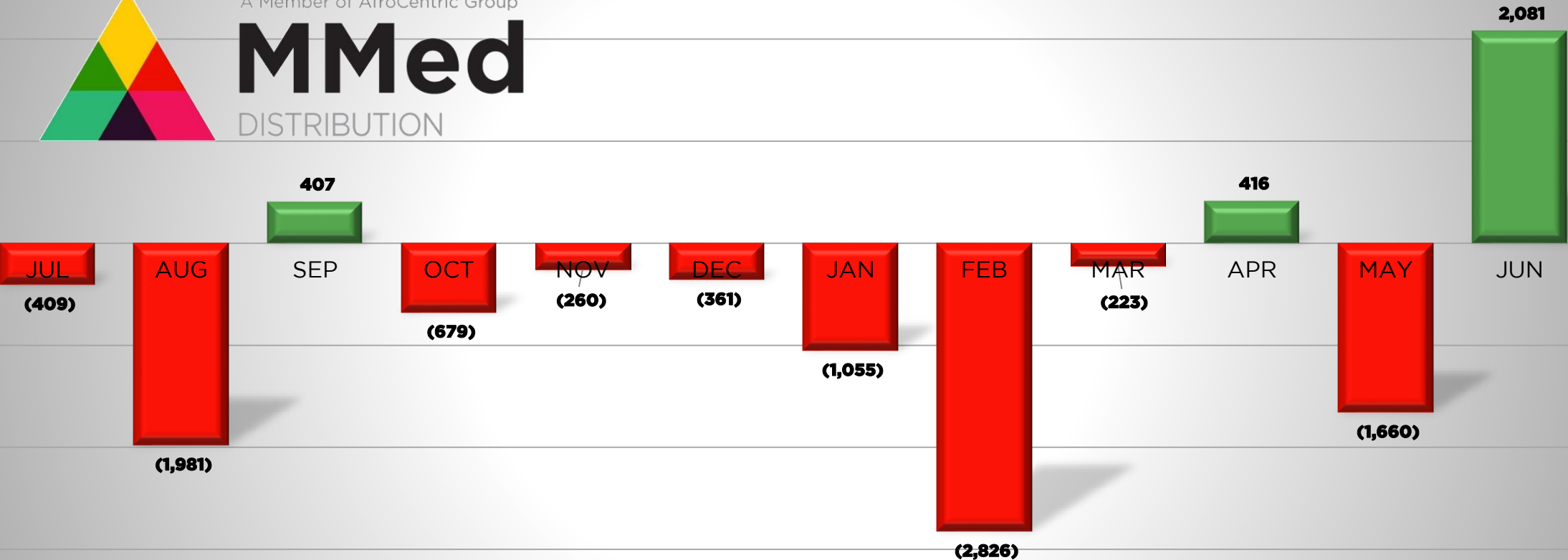
New Startup Turnaround Cycles

NET OPERATING PROFIT - 2019 (R'000)



A Member of AfroCentric Group

MMed
DISTRIBUTION



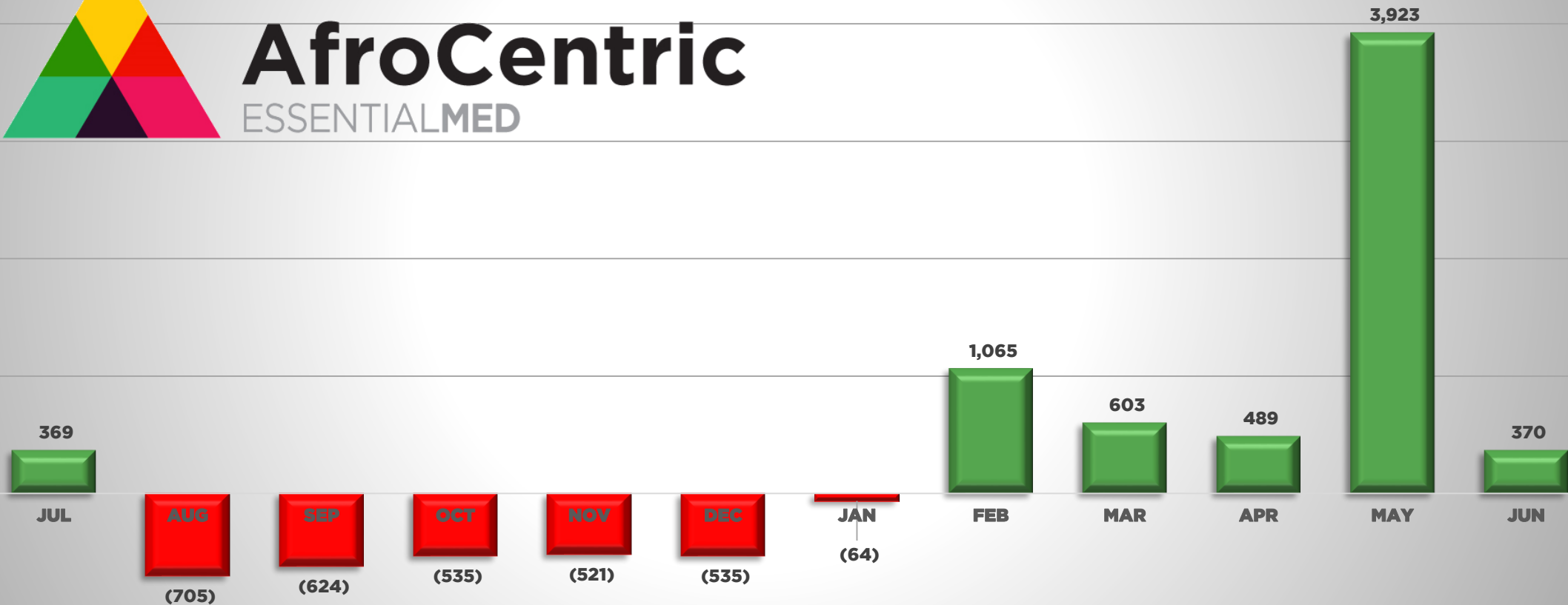
New Startup Turnaround Cycles

NET OPERATING PROFIT - 2019 (R'000)



A Member of AfroCentric Group

AfroCentric
ESSENTIALMED



Pharma Cluster



	2017	2018	2019
	R'million	R'million	R'million
July – December	A 27.8	40.4	B 34.3
January – June	40.3	B 33.9	48.4
Final Operating Profit	68.1	74.3	82.8
Growth per annum		9.1%	11%
Growth mid-year	45%	(16%)	41%

- A** Additional 3 provinces take on from previous provider
- B** New DOH contract with KZN volumes

	2017	2018	2019
SCRIPTS DISPENSED	'000	'000	'000
Private (Average/Month)	116	128	138
DOH (Average/Month)	233	408	587
Total Average Scripts	349	536	745
Growth per annum		54%	35%

**When you're
growing,
you're
spending!**

What's happening in the core business?

SCHEMES	2018 Membership	2019 Membership	Movement
Bonitas	331 663	336 063	4 400
Fedhealth	72 040	69 193	(2 847)
Polmed	178 552	178 423	(129)
Corporate Schemes	102 939	102 255	(684)
Hosmed	23 092	21 446	(1 646)
GEMS	693 467	710 211	16 744
Medshield	81 339	79 529	(1 810)
Samwumed	33 684	33 405	(279)
Total Membership	1 516 776	1 530 525	13 749



Healthcare Revenue South Africa

	2018	2019	
	R'million	R'million	Change %
Medscheme SA	2 262.6	2 384.0	5%
- Current Business	2 262.6	2 363.0	4%
- New Business	-	21.0	
Aid for Aids Management	81.6	87.9	8%
AfroCentric Distribution Services	83.0	87.4	5%
Private Health Administrators	-	59.0	
Wellness Odyssey	30.5	34.1	12%
Essential Group	13.1	42.9	227%
Other	317.5	307.1	-3%
TOTAL REVENUE	2 788.4	3 002.3	7.7%

**Administration
business must extract
efficiencies through
new systems,
processes and digital
enhancements.**

What is the impact of diversification?

	2017	2018	2019	Change 2017→ 2019
	R'million	R'million	R'million	R'million
WORKING CAPITAL				
Cash	769.3	430.2	265.3	(504.0)
Receivables	269.8	314.7	400.3	130.5
Prepayments	63.9	39.5	131.1	67.2
Current Tax	25.2	7.0	5.1	(20.1)
Inventory	73.4	83.5	283.7	210.3
Payables	(359.6)	(342.6)	(504.5)	(144.9)
TOTAL	842.0	532.5	581.1	(260.9)

Inventory

	Pharmacy Direct / Curasana R'million	Activo R'million	MMed R'million	Other R'million	Total R'million
2018	74.3	-	6.3	3.0	83.5
2019	98.4	139.1	46.2	-	283.7
Movement	24.1	139.1	40.0	(3.0)	200.2
% Change	32%	<i>n/a</i>	639%	-100%	240%
Inventory Days	28.8	110.0	48.2		

Receivables

Most significant contributors

	Medscheme SA R'million	AfroCentric Technologies R'million	Pharmacy Direct / Curasana R'million	Activo R'million	MMed R'million	Total R'million
2018	132	89	98	-	8	315
2019	158	77	105	72	39	400
Movement	26	(11)	7	72	30	86
% Change	20%	-13%	7%	n/a	362%	27%
Receivable Days	17.1	28.7	16.2	42.2	32.1	

Payables

Most significant contributors

	Medscheme SA R'million	Pharmacy Direct / Curasana R'million	Activo R'million	Scriptpharm R'million	MMed R'million	Total R'million
2018	190	135	-	9	11	343
2019	187	138	96	44	21	505
Movement	(3)	3.4	95.9	35.1	10.6	161.9
% Change	-2%	3%	n/a	405%	96%	47%
Payable Days	11.0	38.1	56.5	26.8	26.5	

CASH

Most significant contributors

	AHL Treasury R'million	Medscheme South Africa R'million	AfroCentric Technologies R'million	Pharmacy Direct / Curasana R'million	Activo R'million	Scriptpharm R'million	MMed R'million	Total R'million
2018	387.9	24.6	4.4	3.3	-	7.1	2.8	430.2
Cash	387.9	24.6	4.4	3.3	-	7.1	2.8	430.2
2019	142.1	21.7	2.7	48.6	49.6	54.4	(53.8)	265.3
Cash	155.7	21.7	2.7	28.4	32.1	13.4	11.3	265.3
On Loan AHL	(13.6)	-	-	20.2	17.6	41.0	(65.1)	-
Movement	(245.8)	(2.9)	(1.7)	45.2	49.6	47.3	(56.6)	(164.9)
% Change	-63%	-12%	-39%	1351%	n/a	670%	-2012%	-38%

INTEREST EARNED & PAID

	2018 R'million	2019 R'million	Difference
--	--------------------------	--------------------------	------------

Credit Facilities

Interest Income	55.1	37.5	(17.6)
Interest Expense	(1.9)	(20.6)	(18.7)
Net Interest	53.2	16.9	(36.3)

Drawings	R550m
Repaid	R59m
Balance at 30 Jun 19	R491m

Cash on Hand	R265m
--------------	-------

Intangible Assets

	Carrying Value 2018 R'million	Carrying Value 2019 R'million	Amortisation Value 2018 R'million	Amortisation Value 2019 R'million
Goodwill	883	1 354	-	-
Goodwill – AfroCentric Health	410	470	-	-
Goodwill – Retail Cluster	474	884	-	-
Intangible Assets	856	1 202	90	111
TOTAL	1 739	2 556	90	111

Refer Note 1 of 30 Jun 2019 long form announcement

Group Performance - Investor Dashboard

Health Administration and Managed Care

Providing complimentary supply side services and products



	2015	2016	2017	2018	2019	5 Year CAGR#
Total Revenue	2 098	3 148	3 785	4 213	5 297	26%
Operating Profit (R'million)	372	376	564	613	677	16%
Operating Profit Margin (%)	18%	12%	15%	15%	13%	
Non-Controlling Interest (R'million)	25	53	102	128	115	48%
Normalised Headline Earnings (R'million)	180	177	244	264	275	11%
Comprehensive Headline Earnings (R'million)	205	230	346	382	390	18%
Normalised HEPS (cents)	38.26	30.84	44.03	47.63	49.13	17% (2016-2018)
Membership (lives managed)	3 098	3 589	3 634	3 674	3 714	4.6%
Scripts dispensed		2 033	4 187	6 428	8 697	X 4
Dividends (cents)	20	24	28	32	34	14%
Share price – 30 June (Rand)	5.15	5.25	6.20	5.70	4.95	
Dividend Yield (%)	3.9%	4.6%	4.5%	5.6%	6.9%	
ROE (%)	15.4%	12.7%	13.7%	14.6%	13.3%	

*Sanlam subscription December 2015

#Compound Annual Growth Rate over period

Conclusion: Transitioning to the next phase...

1

Most diversified healthcare company in South Africa

2

Medical Schemes in Group are significant in South African landscape and will make an impact with complementary services/products

3

Complementary services/products can grow exponentially with volumes/clients in the group

4

Financial – cash generative, low gearing, consistency of earnings

5

Share price currently trading below NAV (R2.8bn NAV vs R2.0bn market cap) Price earnings ratio: 7

6

Acquisition synergies and returns → enhanced growth in pharma/retail cluster

**We've only
just begun!**

THANK YOU



AfroCentric
GROUP

Investor Day
2019 ANNUAL RESULTS

