

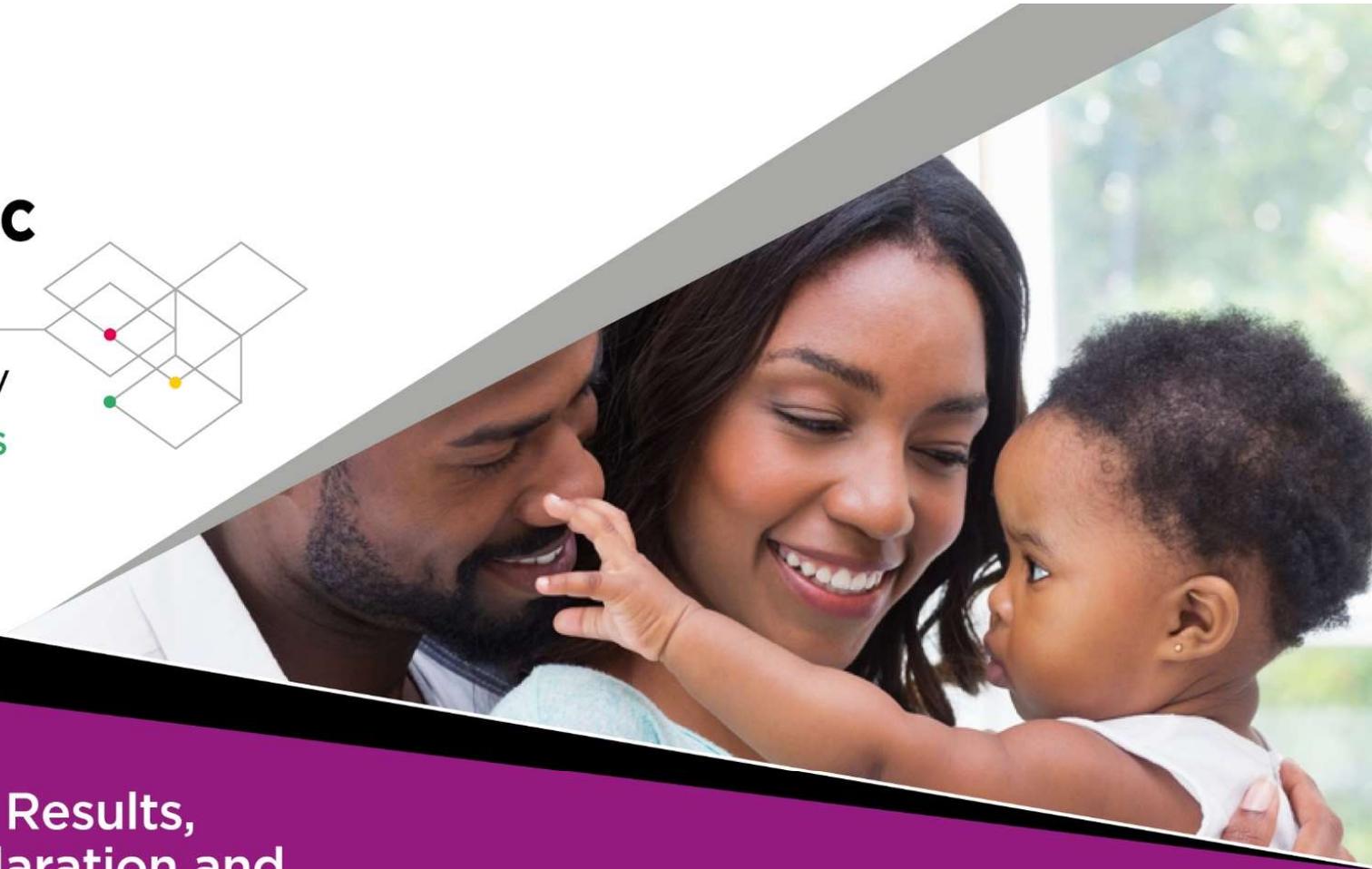
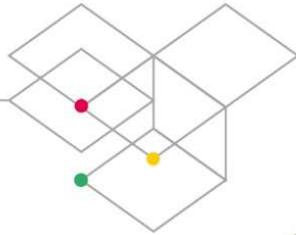


AfroCentric

GROUP

Investor Day

2018 ANNUAL RESULTS



**Audited Final Results,
Dividend Declaration and
Cautionary Statement.**

FOR THE YEAR ENDED 30 JUNE 2018



**Dr. Anna
Mokgokong**
Group Chairperson



Our purpose

We believe that every person, regardless of their circumstances, should have the opportunity to improve and protect their health.

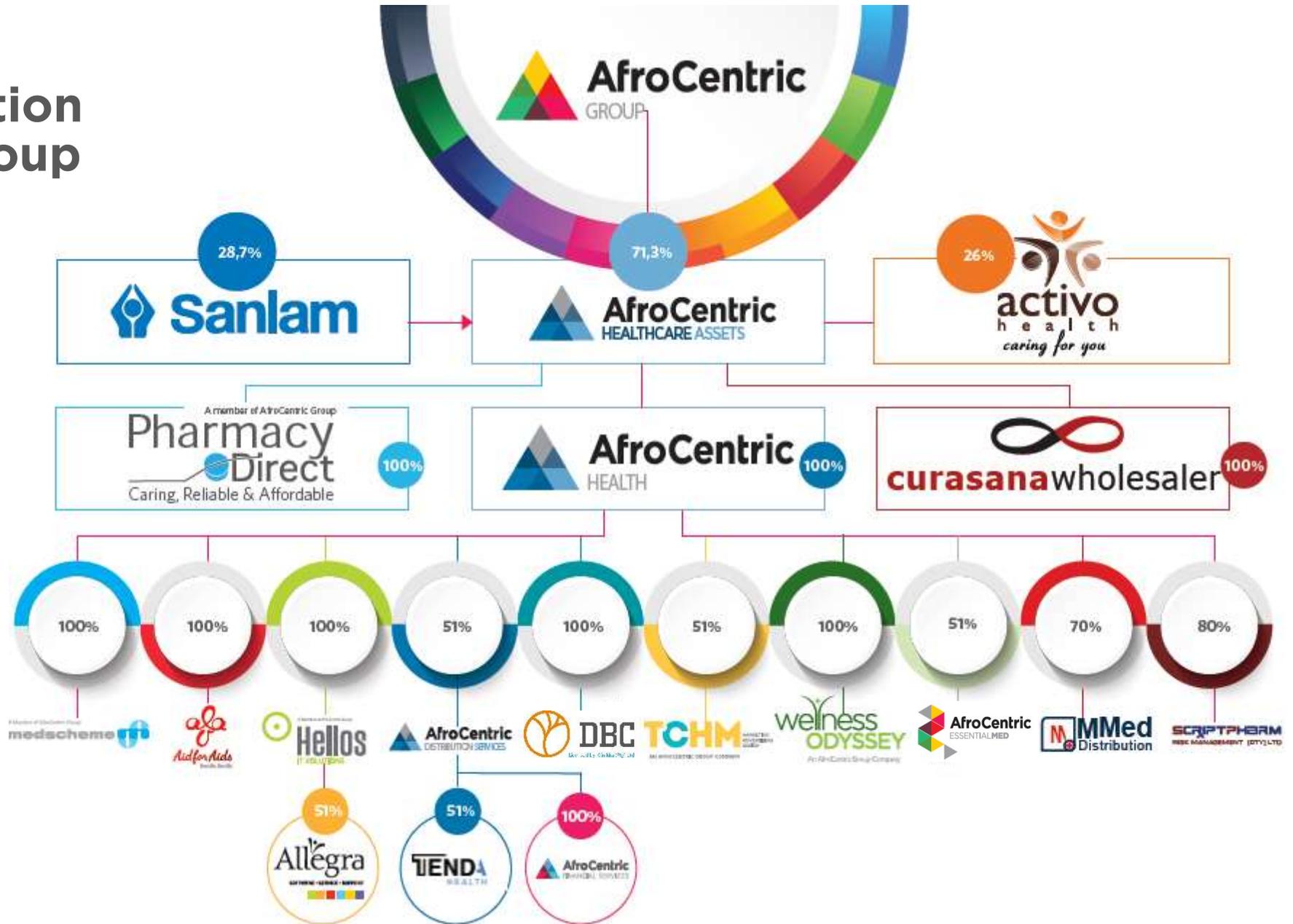




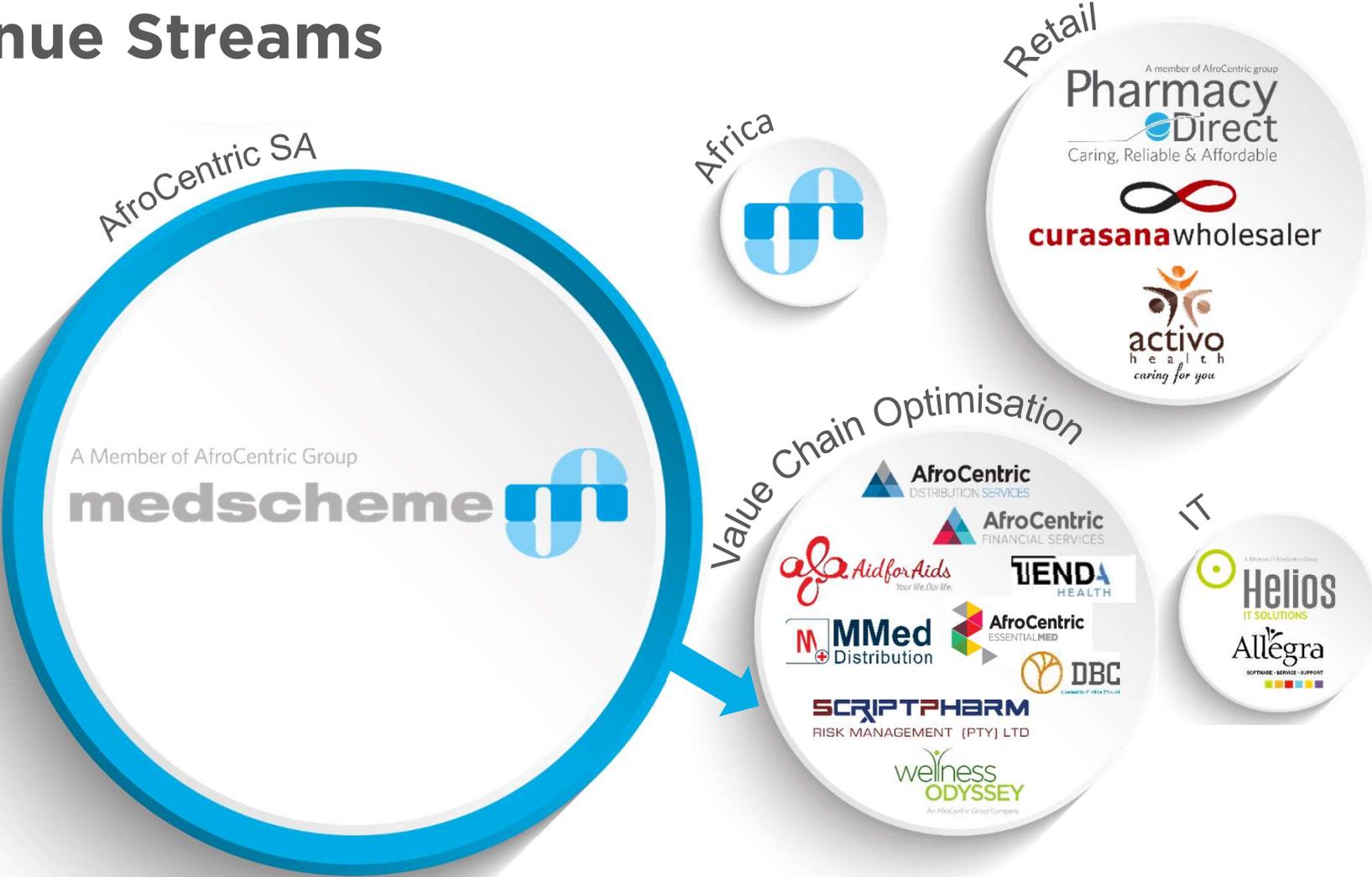
**Antoine
van Buuren**
Group CEO



Introduction to the group



Health-focused Revenue Streams



OUR CLIENTS



A Member of AfroCentric Group

medscheme 

SA's Largest
Managed Care Provider
3.7 million lives managed

Largest source of group revenue

A Member of AfroCentric Group



Anthony Pederson
Executive Director:
Medscheme CEO



Dr. Lungi Nyathi
Executive Director:
Health Management



Retail



Reducing
healthcare costs
Increasing access to care



35 000

medicine parcels
completed every

8 hours

That means
a patient's prescription
parcel is completed
every second!



Doreen Nchabeleng
Principal Pharmacist:
CCMDD programme

Kagiso Kekane
National Coordinator:
CCMDD programme

Ansie van der Merwe
Principal Pharmacist:
Private sector

Debbie Parker
Executive
Pharmaceutical
Affairs and Supply
Chain

Information Technology



Comprehensive ICT-related services supporting healthcare businesses

Offers innovative technology solutions, integrated medical scheme administration and health risk management systems, healthcare management systems for those affected by specialised diseases, network connectivity, outsourced technology solutions and data warehousing.

Largest client: Medscheme



Significant progress on enhancements to the Nexus system for flexibility, efficiency and scalability in four focused parallel projects



IT platforms

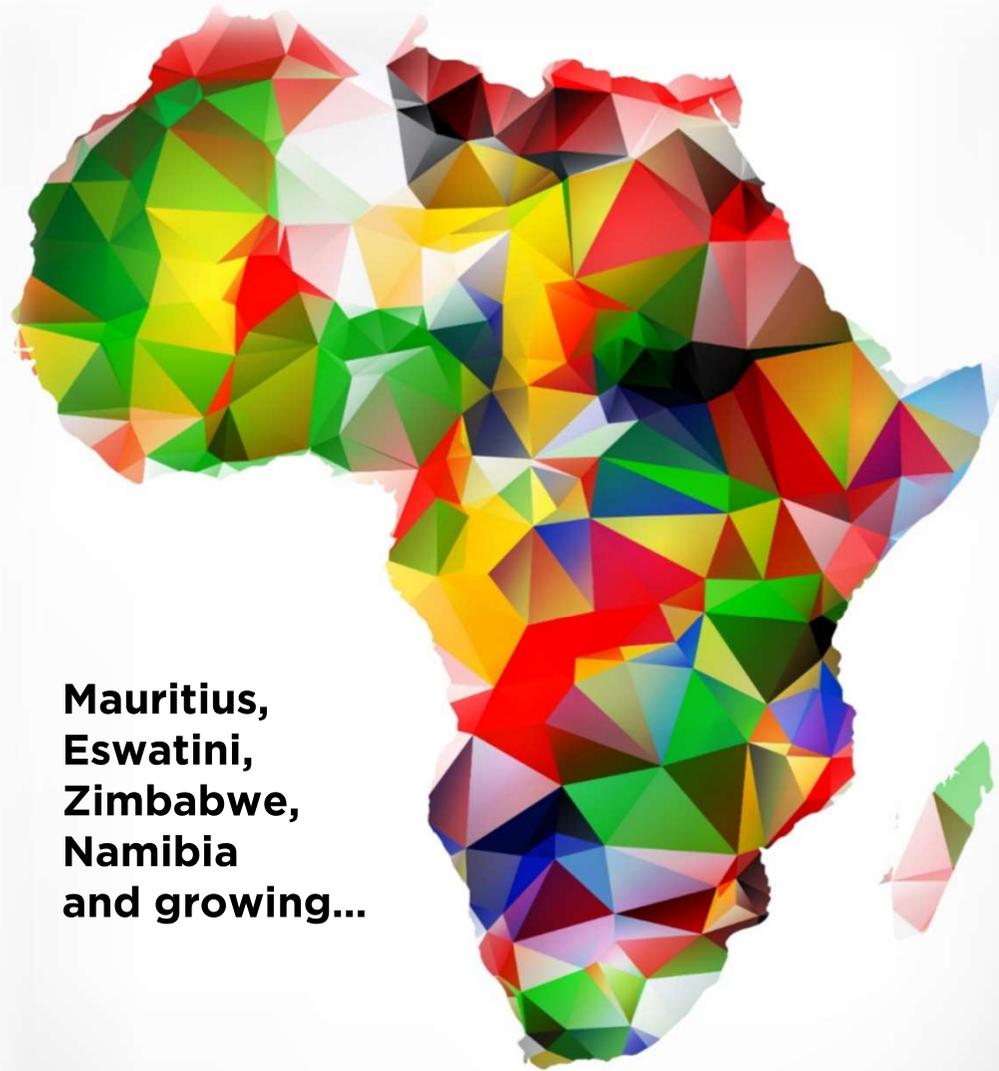
Clinical information management, pharmaceutical care management, integration of dispensing, primary care and practice management as well as wellness modules, integration (including switching) between healthcare stakeholders and healthcare providers

Clients throughout the healthcare industry



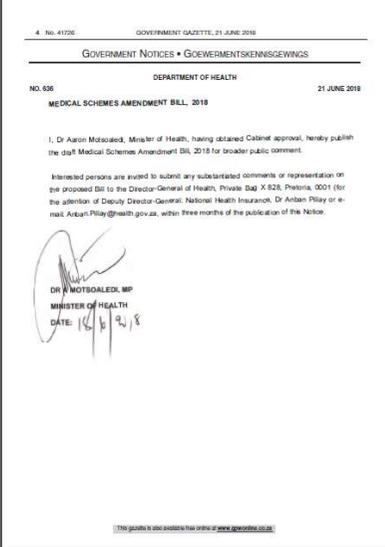
AfroCentric, an African Group

Providing IT, managed care
and administration solutions
to **local and international**
clients from countries on the
continent



**Mauritius,
Eswatini,
Zimbabwe,
Namibia
and growing...**

Changing Legislative Environment



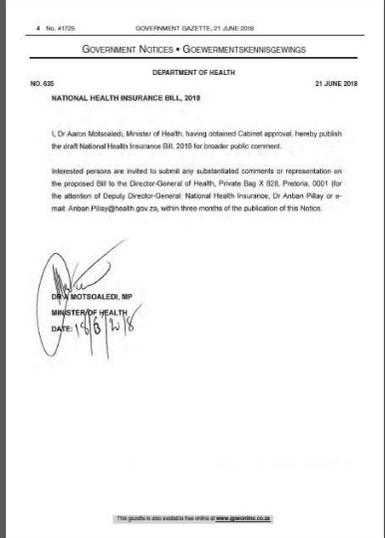
Medical Schemes Amendment Bill

Seeks to improve and align regulation



HMI Provisional Report

Recommends seeking healthcare value to counter medical inflation



National Health Insurance Bill

Proposed reduction in tax credits for medical scheme members

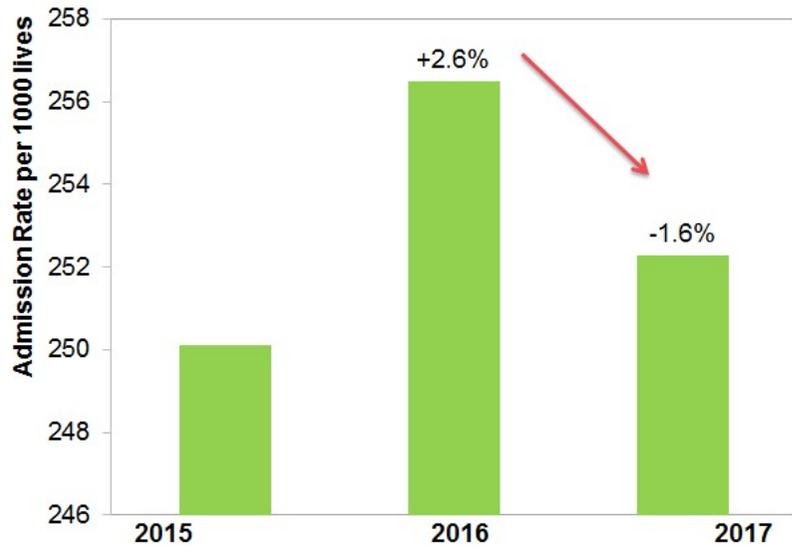
We are already in alignment...

Our strategy
Reducing the costs
of healthcare through
value chain optimisation

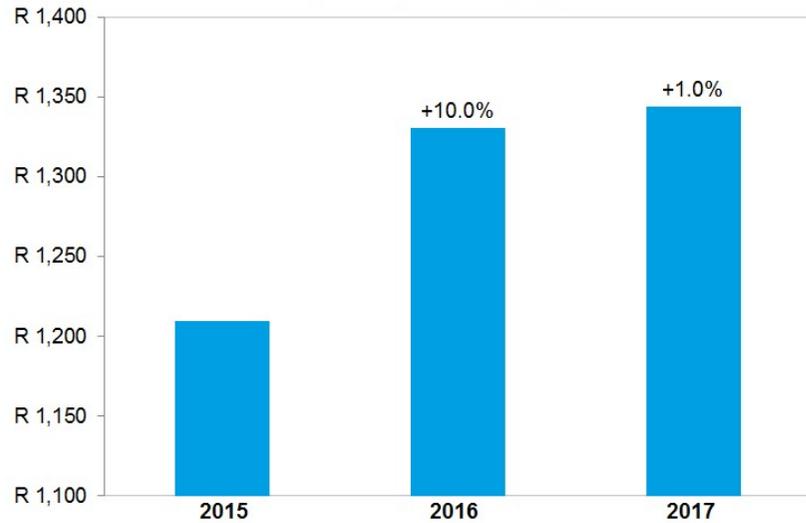
How each part of the business lives
the VCO strategy...



Admissions per 1 000 lives 2015-2017: All Schemes



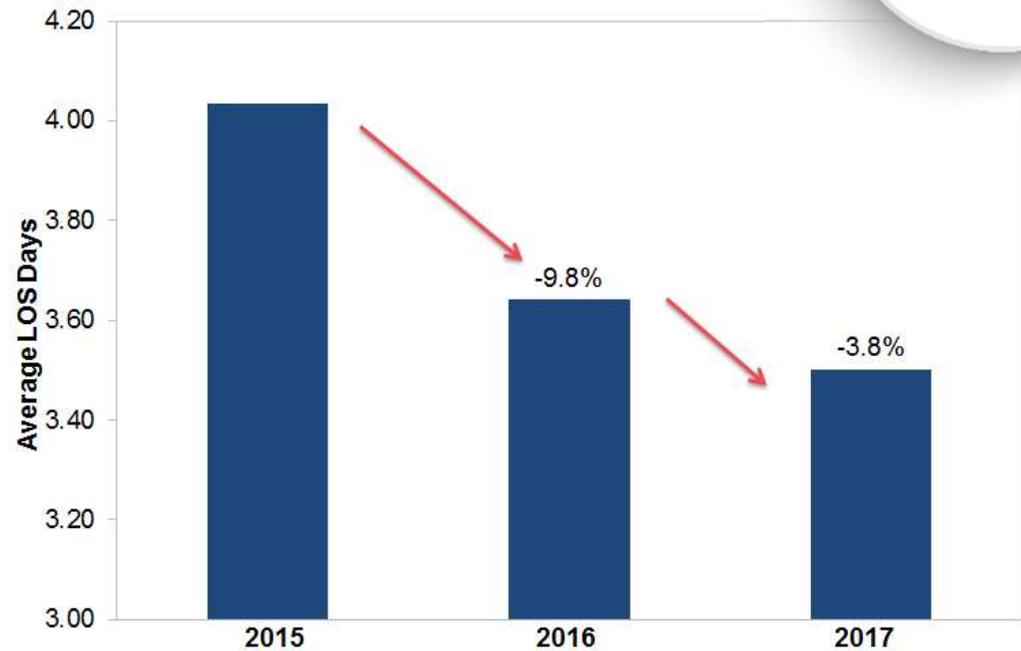
Average Hospital Cost pmpm



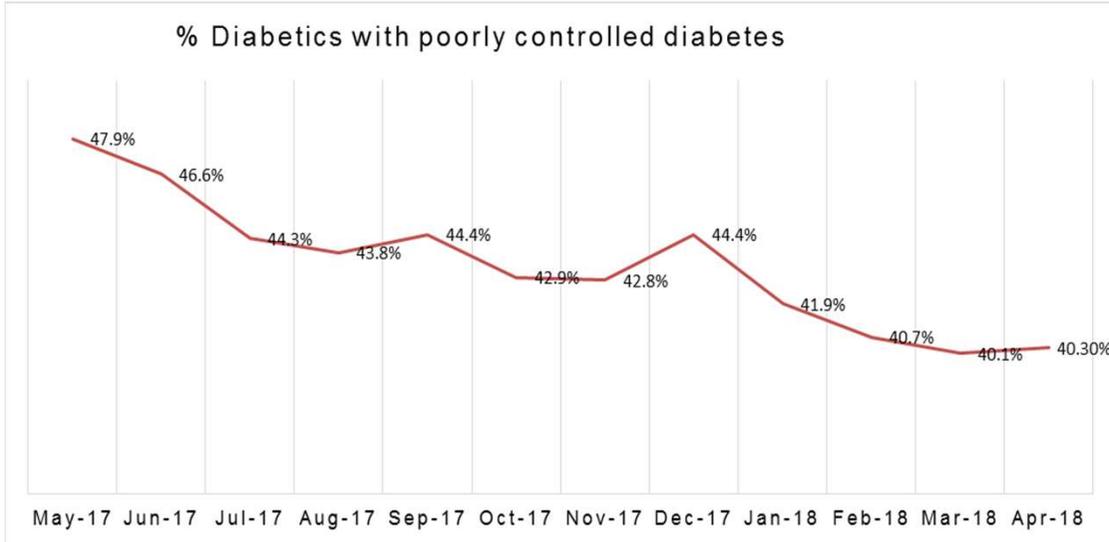
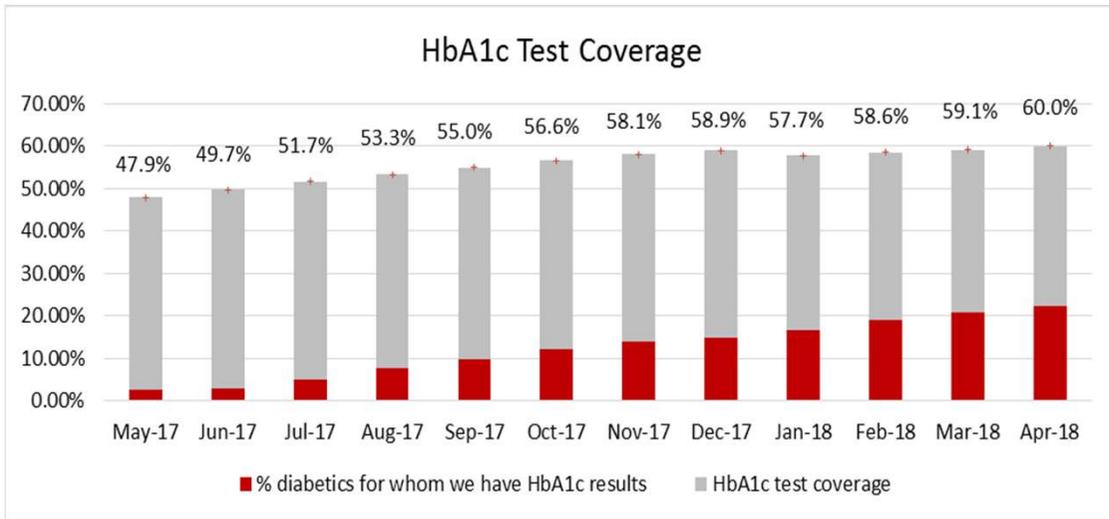
Managed Care success Turning the tide on hospital inflation



Average LOS 2015-2017: All Schemes



Year on year
hospital inflation
contained to +1%!



Diabetes Management

Active Disease Risk Management



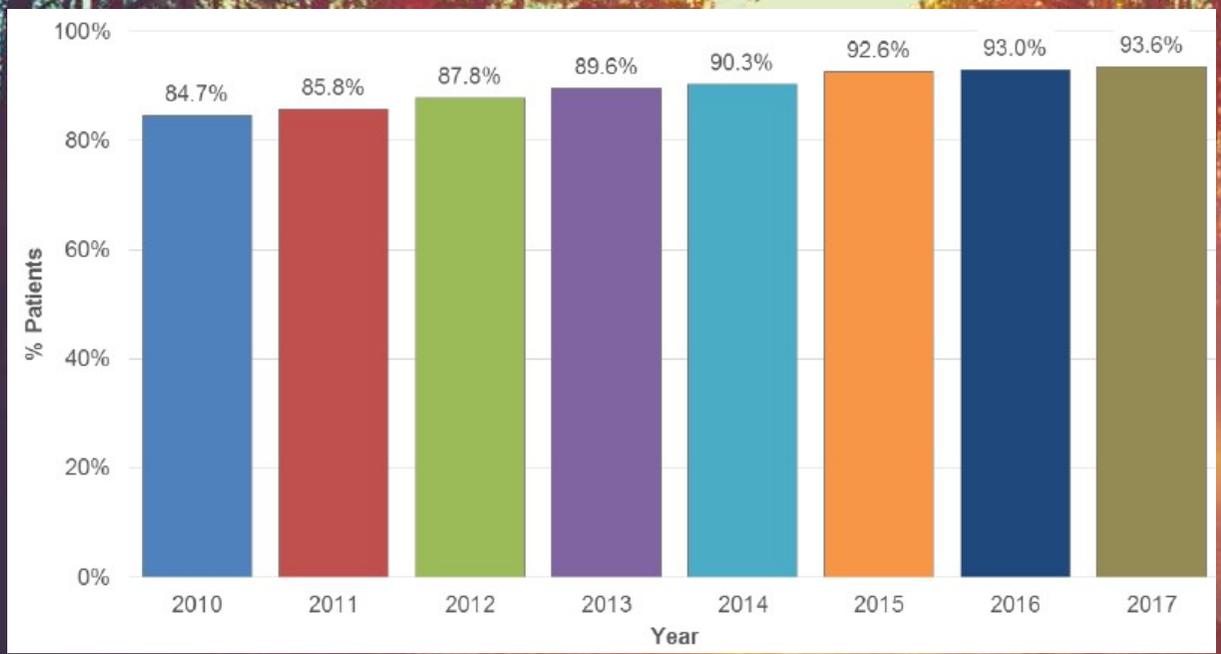
Diabetes Related Hospital Admissions (May – April)

	16/17	17/18	Change
Large Scheme A			
Admits/1000 lives	1.80	1.40	-22.1%
Cost plpm	3.28	2.79	-14.8%

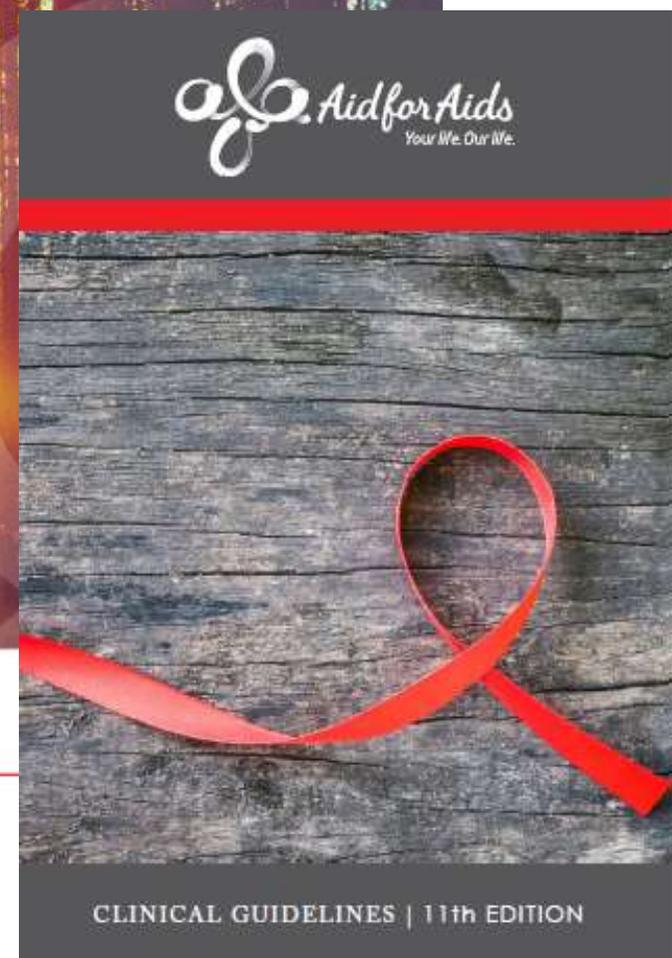
Improving diabetes care
Reducing hospitalisation

Aid for AIDS

Still setting the industry standard



Percentage viral load suppression per year for patients on ART



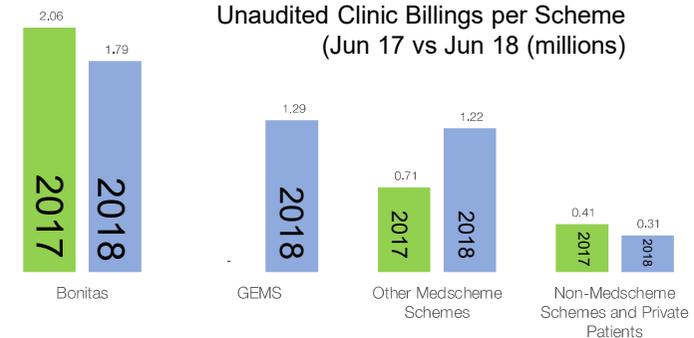
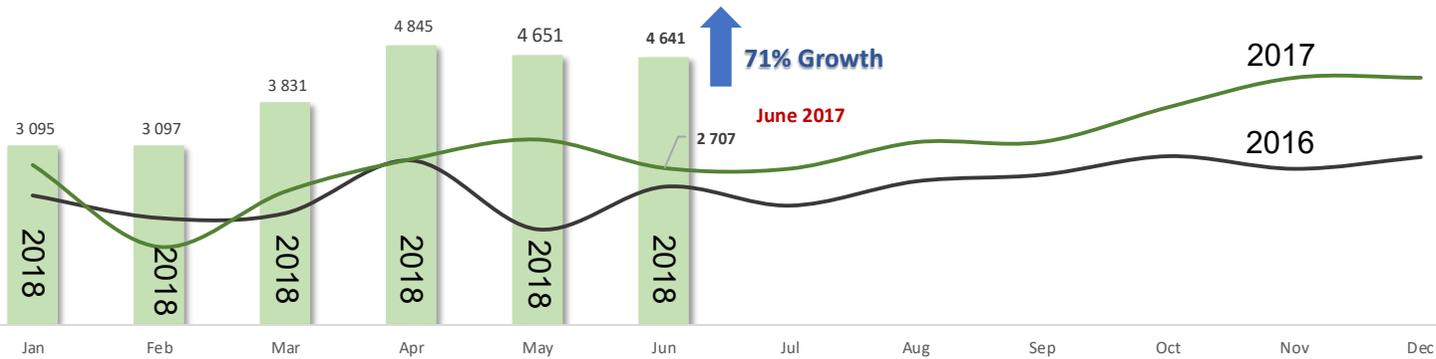
DBC

Back and neck rehabilitation

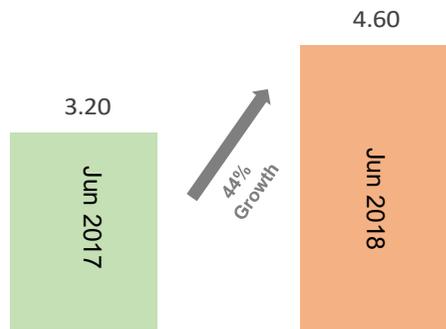
Reducing the need for back and neck surgery



Patient Sessions over time



Estimated Clinical Billing (millions)



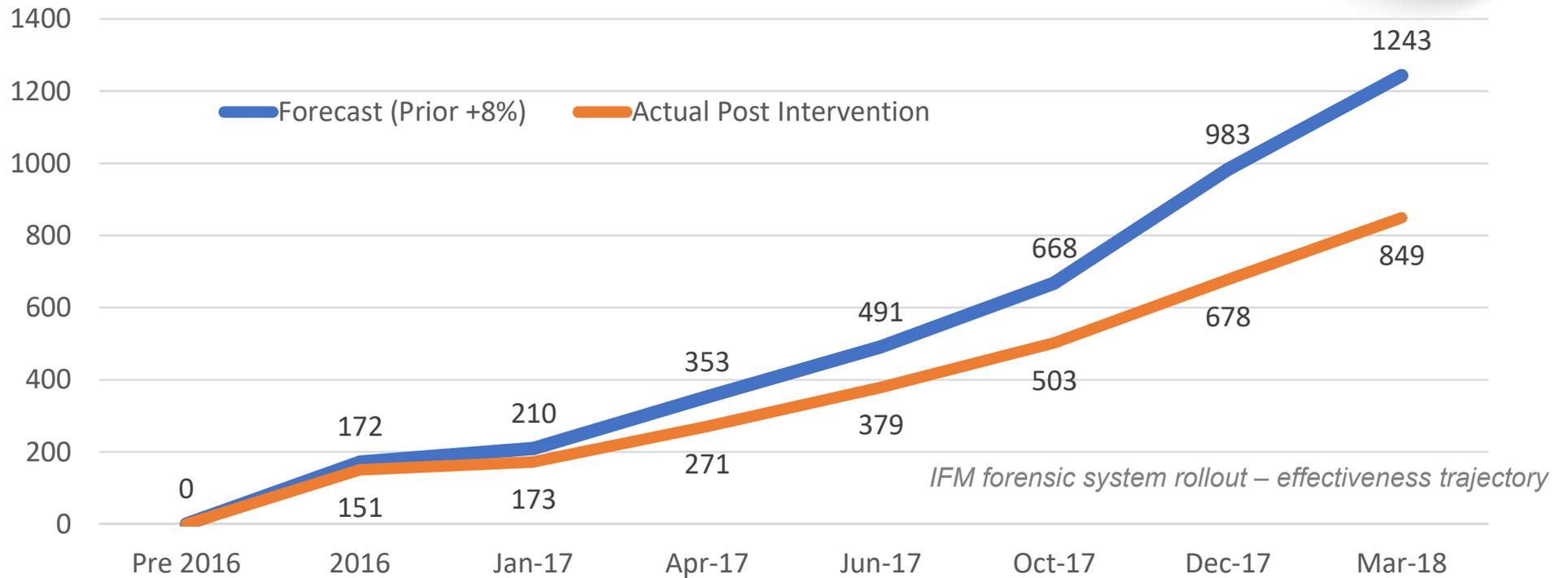
Medscheme – Forensic Services

Forensic system and analytics rolled out
Combating Fraud, Waste and Abuse



Drop in Billing Behaviour

Billing
Rm



Forensic Services

Forensic system and analytics rolled out
Combating Fraud, Waste and Abuse



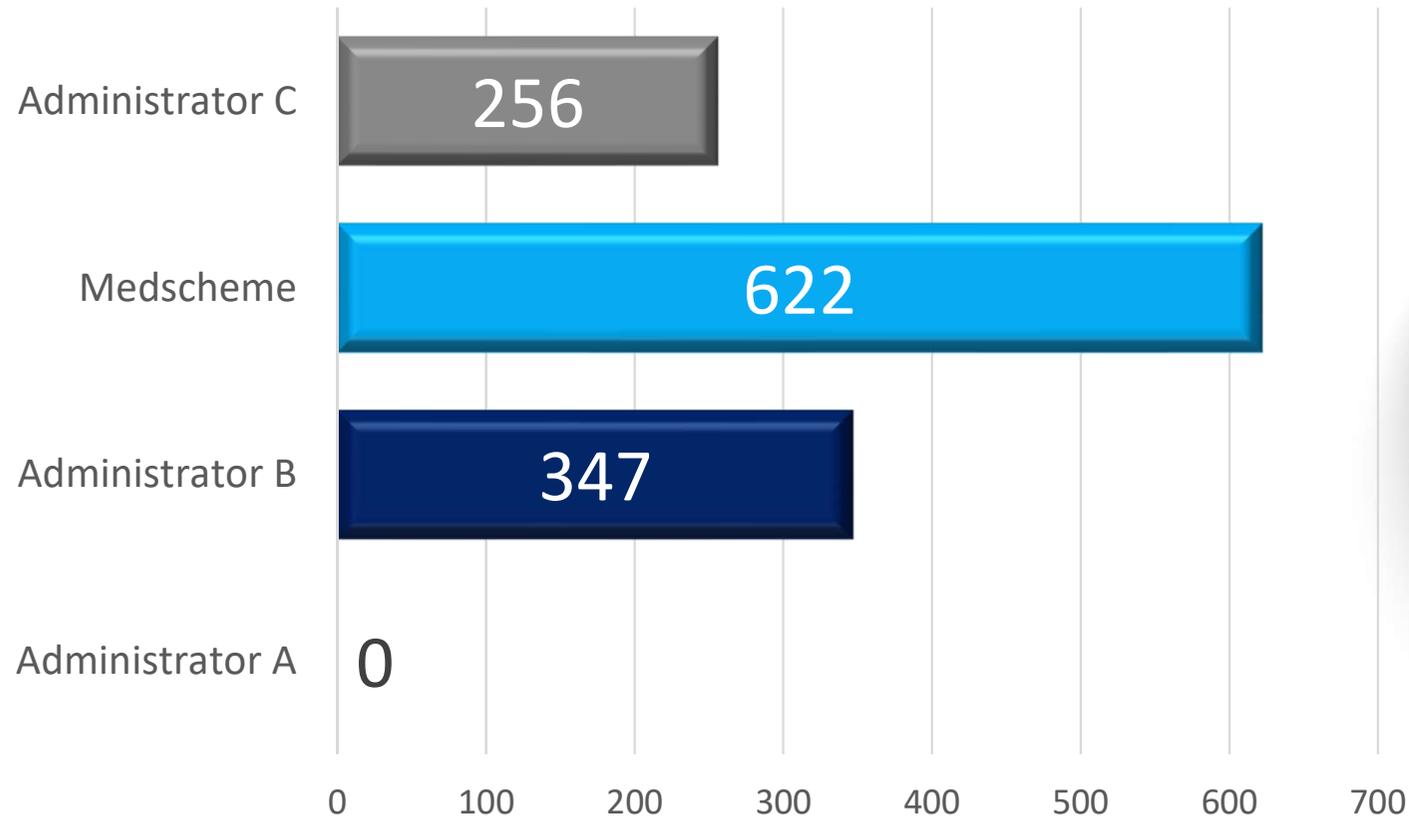
	Recoveries	Change in behaviour <i>(Accumulative)</i>
2016	R35million	R21million
2017	R108million	R82million
2018	R89million (as at 27 Aug 18)	R394million (as at 31 Mar 18)
Total Recoveries & Savings	R232million + R394million = R626million	

Forensic Services

Unequaled results in the medical schemes industry



Per Member per year recoveries & savings



Medscheme 2017
R108 million physically recovered R305 million saving in direct change of behaviour
R413 million
in recoveries and recoveries

The Pharmacy Direct Story

Dispensing chronic medication

80% Government business

NEW TENDER WON

National Department of Health - 70% CCMDD volumes



NEW
Dedicated building

CCMDD
*Central Chronic Medicines
Dispensing and Distribution*

The Pharmacy Direct Story



Inside Pharmacy Direct's new CCMD Centre in Loulardia

Adding value in distribution

Sanlam Indie and Value Added Products



Medgap
cover policy

Guard yourself against medical expense shortfalls during hospitalisation

ELECTRONICLINE™

end to end e-vouchering solution



- 1 | Go to the store where you can use your voucher
- 2 | Do your shopping
- 3 | Go to the till and ring up your basket
- 4 | Present your voucher to the cashier who will redeem the voucher against your basket value
- 5 | Get your receipt

API call against voucher. If successful, voucher will be marked as redeemed (only if it is a ELS voucher)

 <p>Indie Assist Death Income Protection</p> <p>If you die, we pay your dependants an income.</p>	 <p>Indie Restart Disability Cover</p> <p>If you become disabled, we help you start over with a single lump-sum payout.</p>
 <p>Indie Shield Life Insurance Cover</p> <p>If you die, we help to settle your debts, with a single lump-sum payout.</p>	 <p>Indie Finale Funeral Cover</p> <p>If you die, we give you a proper send-off.</p>
 <p>Indie Preserve Disability Income Protection</p> <p>If you become disabled and can't work, we pay you an income.</p>	 <p>Indie Overcome Critical Illness Cover</p> <p>If you get Cancer or another serious condition, we help you conquer it.</p>



indie

Members gets **10% extra** invested each month into their bounty investment

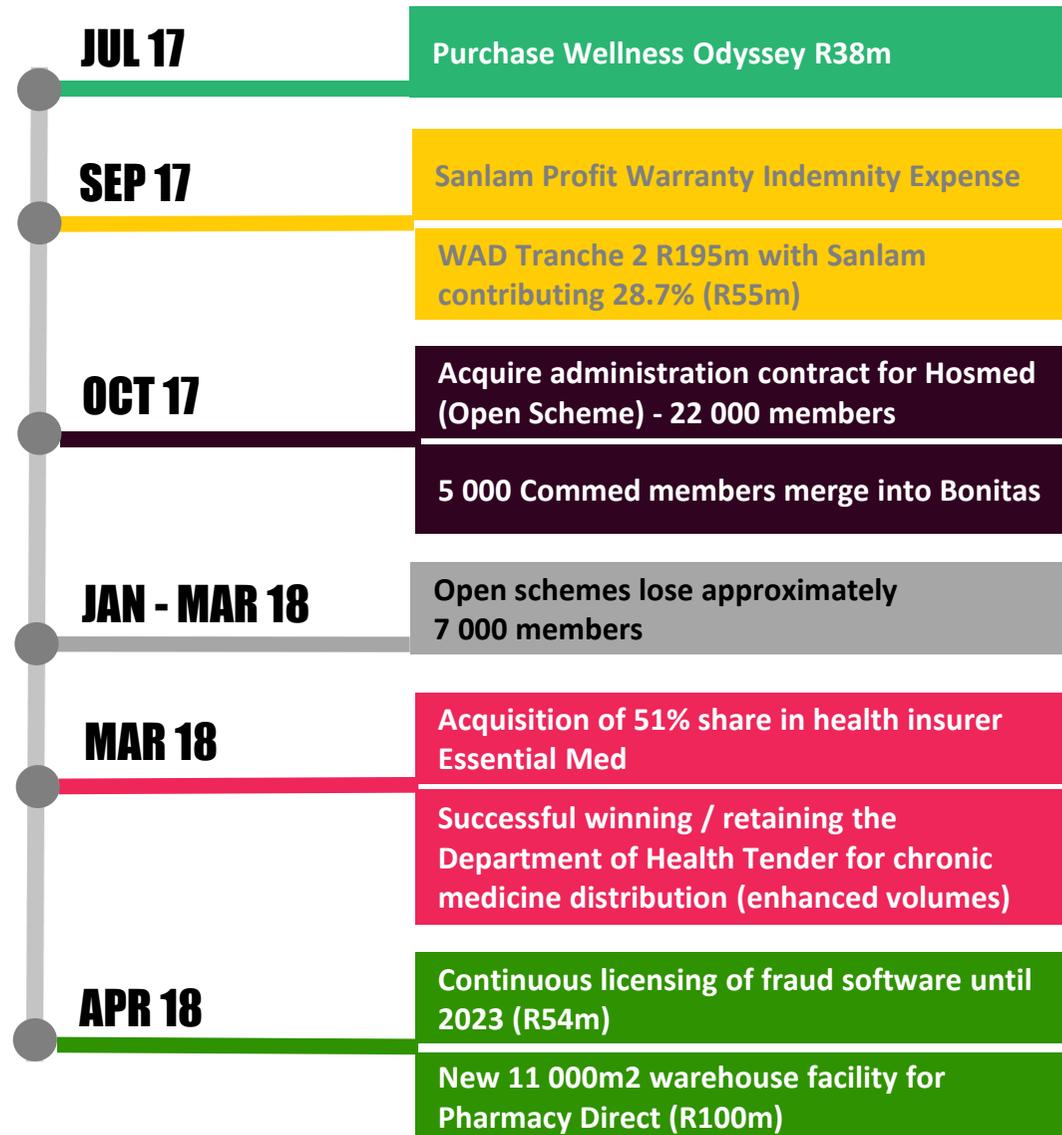


Hannes
Boonzaaier
Group CFO

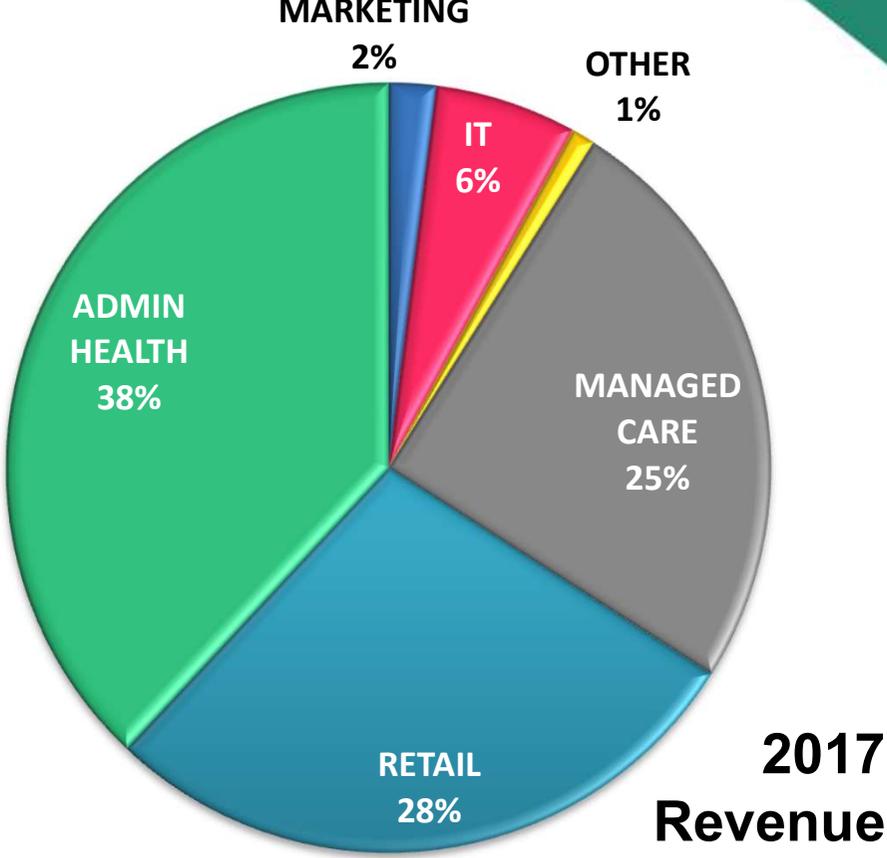
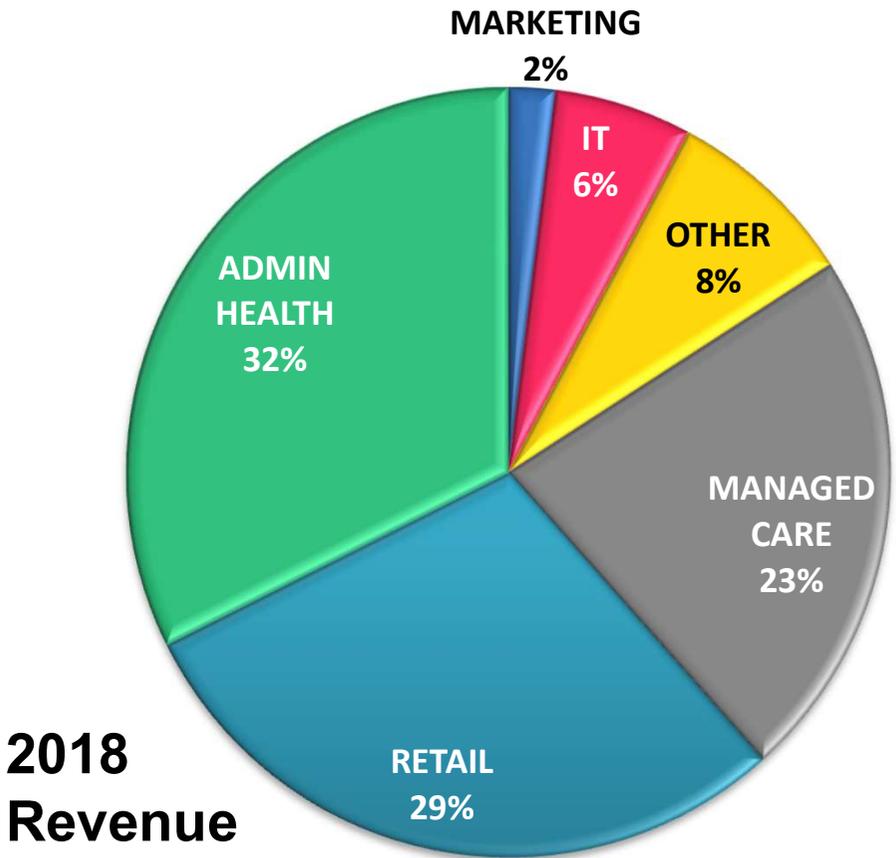


IMPACT ON NUMBERS

2018 Financial Year

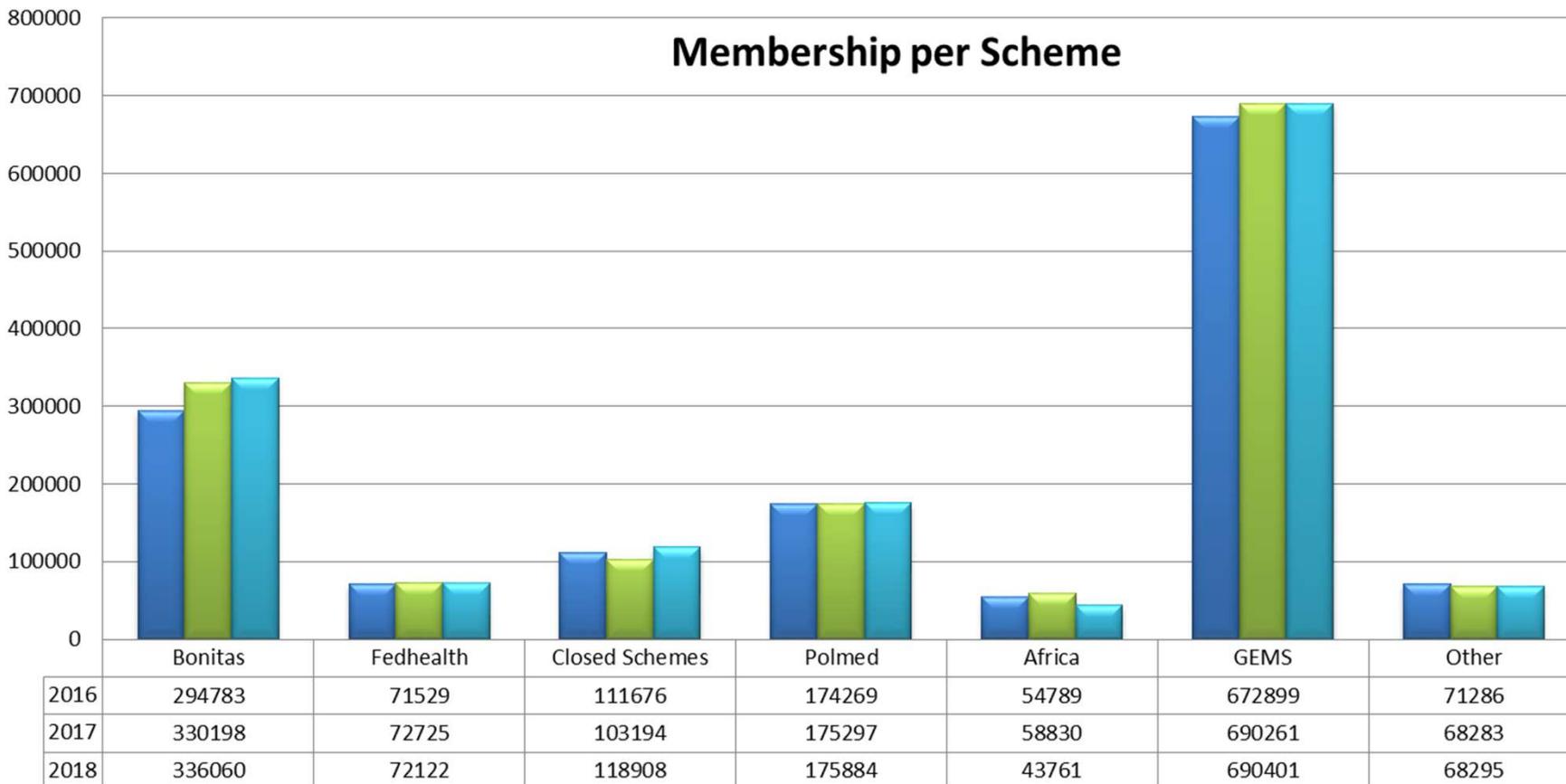


Revenue Diversification – Strategic Driver

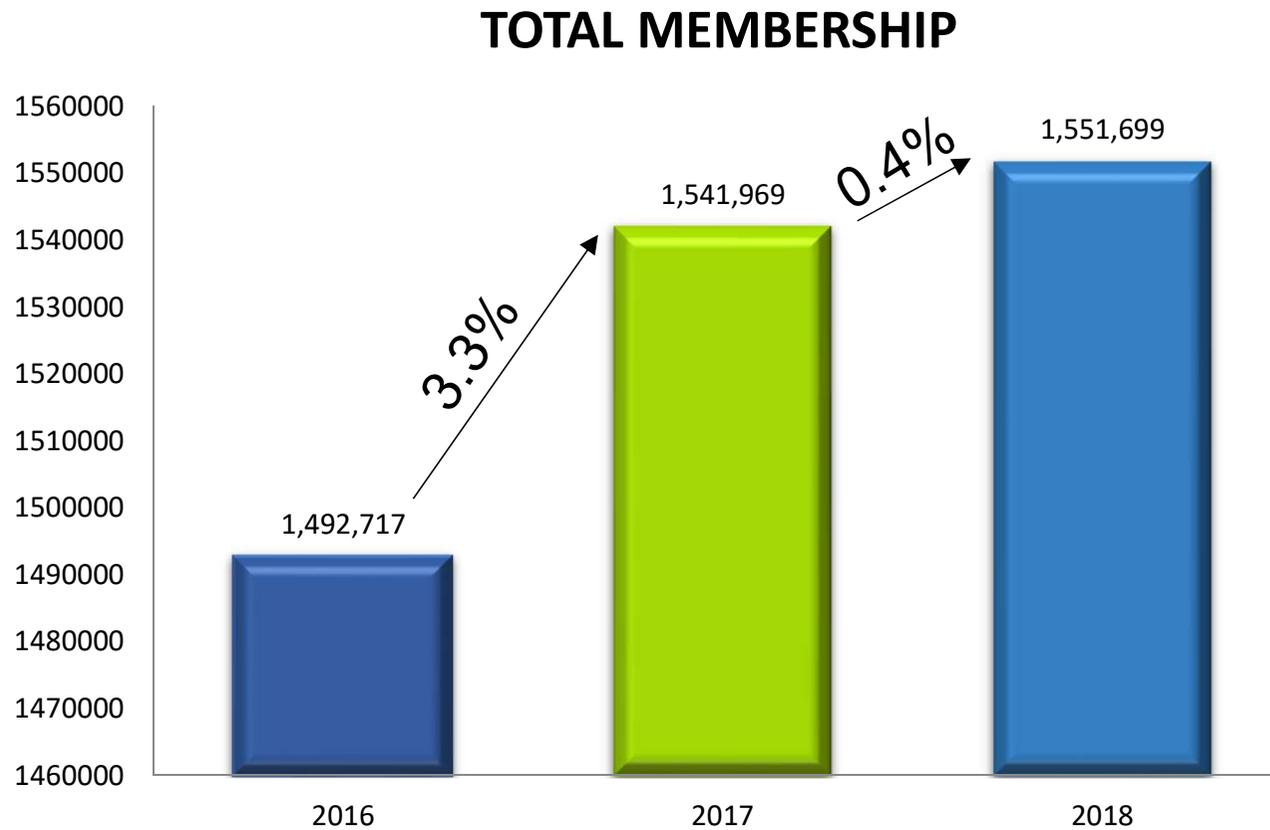


Revenue Drivers

Membership per Scheme



Revenue Drivers

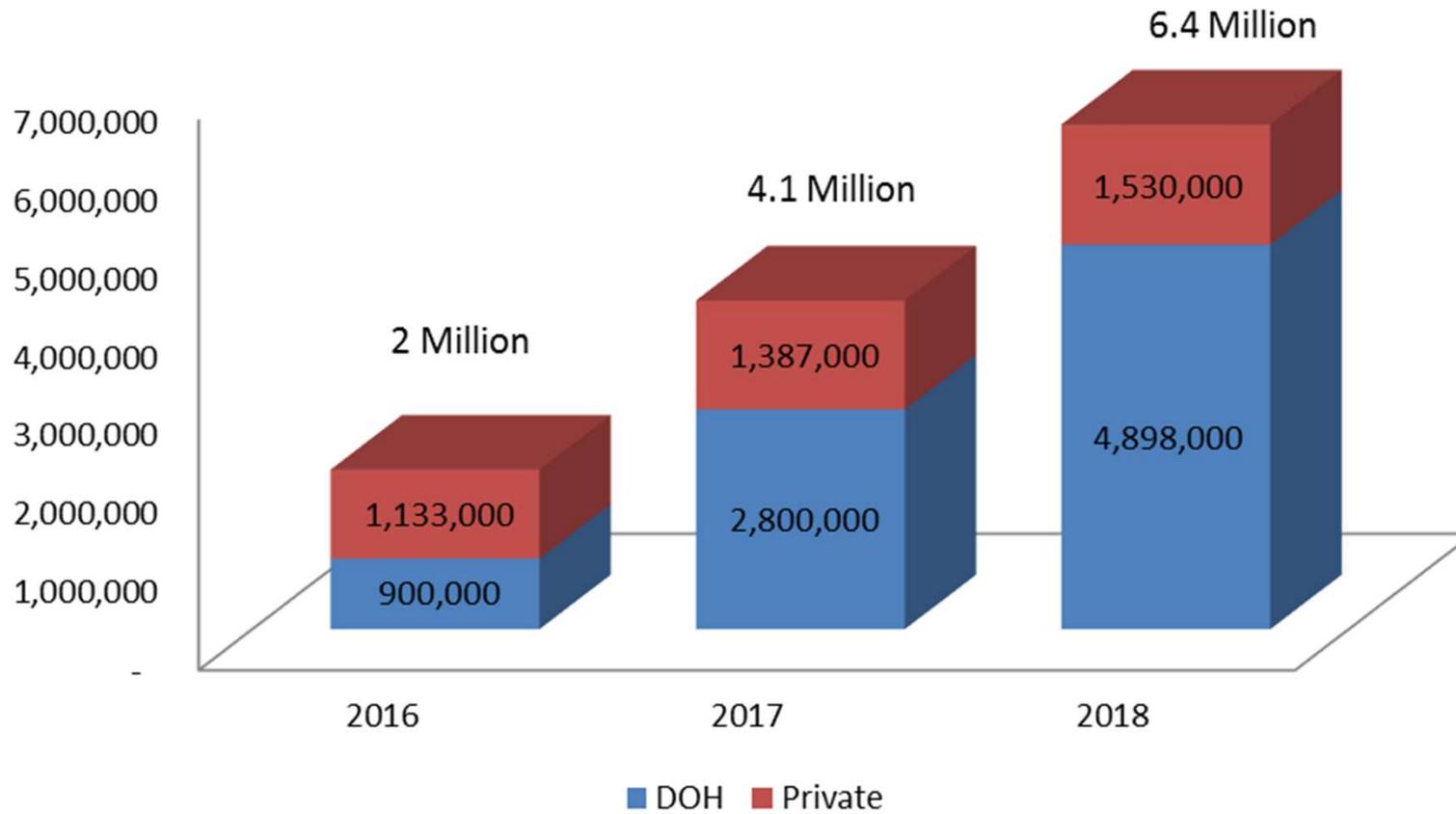


Total lives managed: 3.7 million



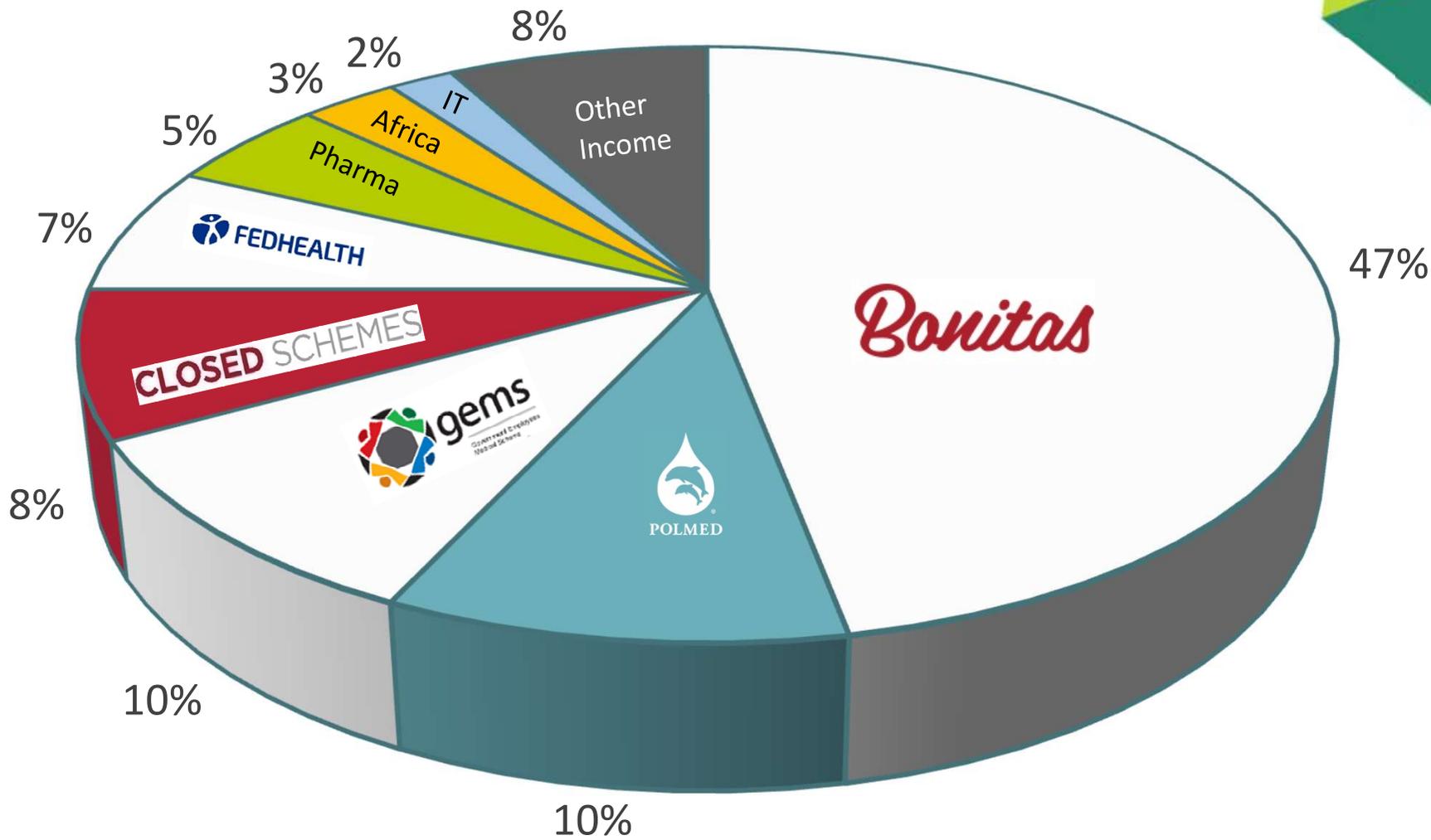
Revenue Drivers

Number of Scripts



Client Concentration

Client revenue mix across all services



Operating Profit Trend

	2018 R'm		2017 R'm		2016 R'm
Healthcare Service Revenue	2 982	10%	2 715	13%	2 399
Healthcare Services Operating Costs*	2 470	10%	2 251	8%	2 080
Healthcare Service Operating Profit	512	10%	464	45%	319
Healthcare Retail Revenue	1 267	15%	1 100	42%	773
Total Operating Costs	(1 156)	16%	(1 001)	40%	(716)
TOTAL OPERATING PROFIT	111	12%	99	74%	57
Total Healthcare Operating Profit	623	11%	563	50%	376
Deemed after tax @ 28%	449		405		270
Corporate Transactions	(3)		(121)		(25)
Conditional Put Option Interest			(46)		(25)
Fair Value 2 nd Tranche			(60)		
Sanlam Indemnity	(3)		(15)		

* Intercompany adjusted

3 Year Net Margin

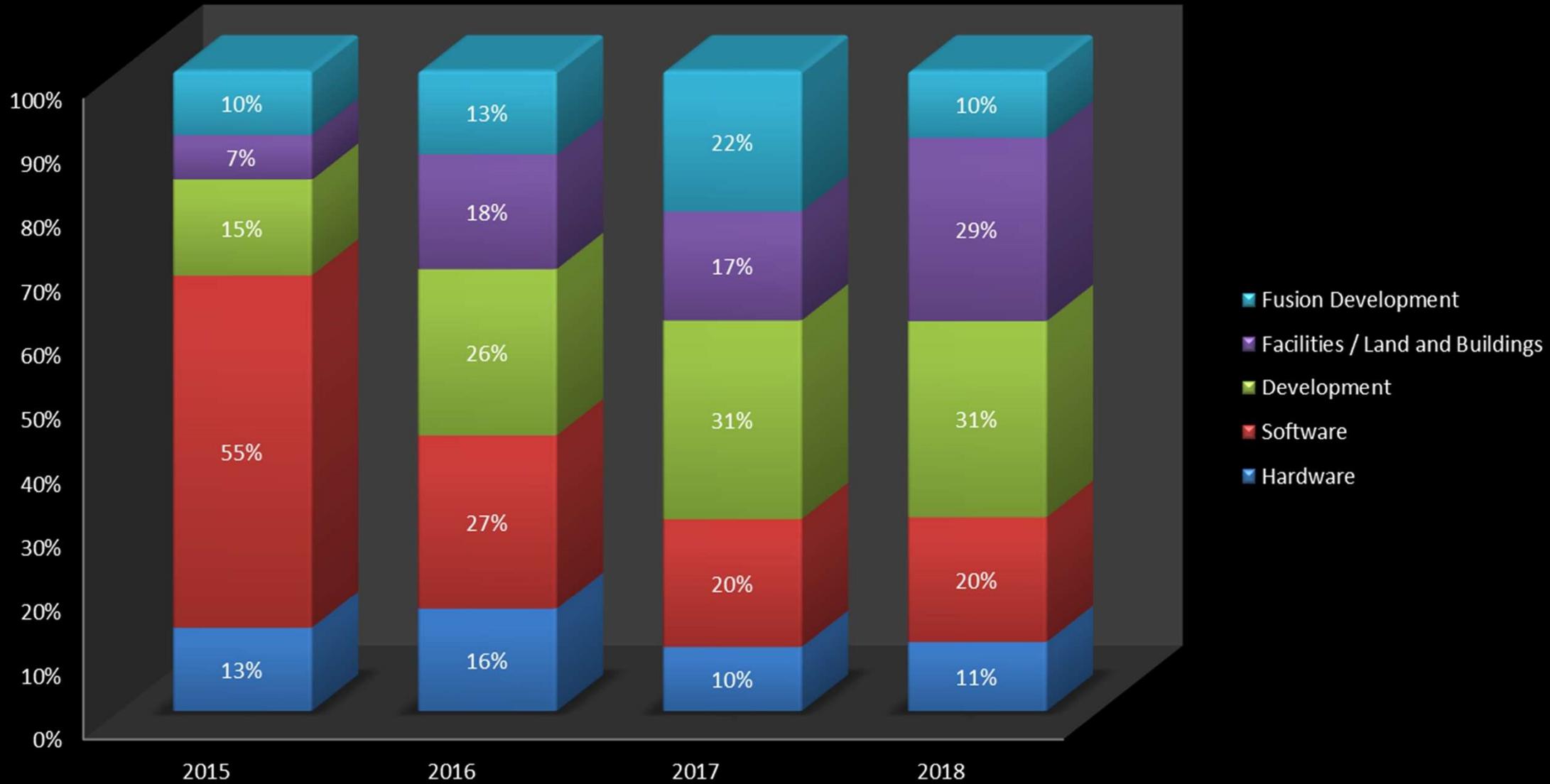
	2018 R'm	2017 R'm	2016 R'm
Total Revenue	4 212	3 784	3 147
Adjusted Profit After Tax	541	487	296
Profit Before Tax	538	366	271
Conditioned PUT Option		46	25
Fair Value Tranche 2		60	
Indemnity Expense	3	15	
Margin	12.84%	12.87%	9.41%

Group margins being maintained whilst Retail/Pharma business continues to expand at lower margins.

With the full inclusion of Activo (pharmaceutical profits), margins could grow.

Significant movements in Statement of Financial Position

	2018 R'million	2017 R'million	
Property & Equipment	255	179	<ul style="list-style-type: none"> • R40m New PD warehouse fit out/pharmacy • R15m own disaster recovery site/IT at PD warehouse • General growth in IT hardware assets
Land & Building	121	32	<ul style="list-style-type: none"> • R60m New PD warehouse for DOH contract • R35m new Namibia office
Tangible Assets	849	608	<ul style="list-style-type: none"> • R52m Fusion development • R90m Nexus development continuous • R55m Fraud software • IT software (databases, voice, interconnectivity etc)
Total Group Cash Resources	430	769	<ul style="list-style-type: none"> • R140m WAD tranche 2 net • R135m PD Warehouse/Namibia office • R52m Fusion • R55m Fraud software



Investor Dashboard

Sanlam acquisition
15 Dec 15

	2018 R'm	2017 R'm	2016 R'm	2015 R'm	2014 R'm	5 Year CAGR
Total Revenue (R'million)	4 213	3 785	3 148	2 098	1 958	21.1%
Operating Profit (R'million)	623	564	376	372	356	15.0%
Comprehensive Headline Earnings (R'million)	392	346	230	205	201	18.2%
Normalised Headline Earnings (R'million)	264	244	177	180	184	9.4%
Non-Controlling Interest (R'million)	128	102	53	25	17	
Normalised HEPS (cents)	47.63	44.03	30.84	38.26	47.81	24.2% (2016-2018)
Membership (Lives Managed) ('000)	3 674	3 634	3 589	3 098	3 143	4%
Scripts dispensed ('000)	6 428	4 187	2 033			78% (2016-2018)

Investor Dashboard

Sanlam acquisition
15 Dec 15



	2018 R'm	2017 R'm	2016 R'm	2015 R'm	2014 R'm	5 Year CAGR*
Dividends (cents)	32	28	24	20	18	15.5%
Share Price (30 Jun 18)	5.70	6.20	5.25	5.15	4.45	6.5%
Dividend Yield (5)	5.6%	4.5%	4.6%	3.9%	4.0%	
Return on Equity	14.59%	13.7%*	12.7%	15.38%	15.2%	

* Adjusted for 2017 corporate transactions

In a year...

7.4 million
Phone Calls



719 000
Customer Surveys



65.6 million
Member/Provider
emails sent
64.8m in 2017



51.2 million
SMS's sent
43.5m in 2017



100 million
Claims Processed
61.9m in 2017



R40.9 billion
Value of claims
processed
30.8 million in
2017



R70.2 billion
Contributions
Collected
R56.9m in 2017



5 million
Mobi Statements
sent out
2.3m in 2017

3.7 million
Lives
Managed
(same as 2017)



577 000
Member Cards
Distributed
590 000 in 2017
252 000 e-Cards in 2018



925 000
Hospital
Authorisations

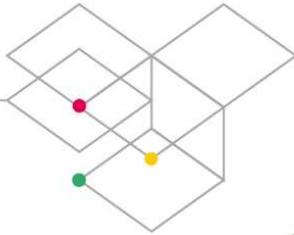


6.4 million
Chronic Scripts
processed and
delivered



AfroCentric
GROUP

Investor Day
2018 ANNUAL RESULTS



Thank you