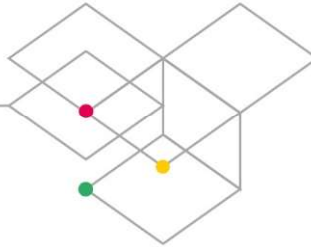




AfroCentric
GROUP

Investor Day
2018 INTERIM RESULTS



Unaudited Interim Results and Dividend Declaration

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

**Dr. Anna
Mokgokong**
Group Chairperson



**Antoine
van Buuren**
Group CEO





28,7%

Sanlam

100%

AfroCentric
HEALTHCARE ASSETS

26%

activo
health
caring for you

A member of AfroCentric Group

Pharmacy Direct
Caring, Reliable & Affordable

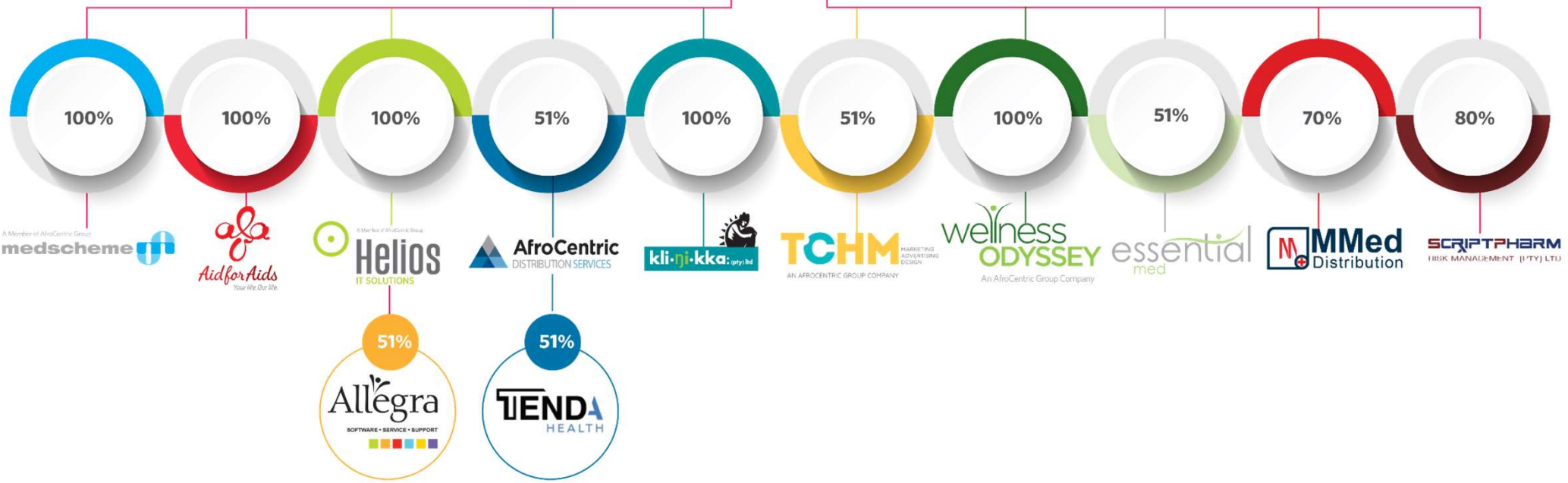
100%

100%

AfroCentric
HEALTH

100%

curasana wholesaler



Health-focused Revenue Streams

AfroCentric SA

A Member of AfroCentric Group

medscheme 

Africa



Retail

A member of AfroCentric group
Pharmacy Direct
Caring, Reliable & Affordable


curasana wholesaler


activo
health
caring for you

Value Chain Optimisation

 **AfroCentric**
DISTRIBUTION SERVICES

 **Aid for Aids**
Your life. Our life.

 **kli-ni-kka** (pty) Ltd

 **wellness**
ODYSSEY
An AfroCentric Group Company

 **M Med**
Distribution

SCRIPTPHARM
RISK MANAGEMENT (PTY) LTD

TENDA
HEALTH

IT

 **Helios**
IT SOLUTIONS
Allëgra
SOFTWARE - SERVICE - SUPPORT

SA's Largest Managed Care Provider - 3.7 million lives managed

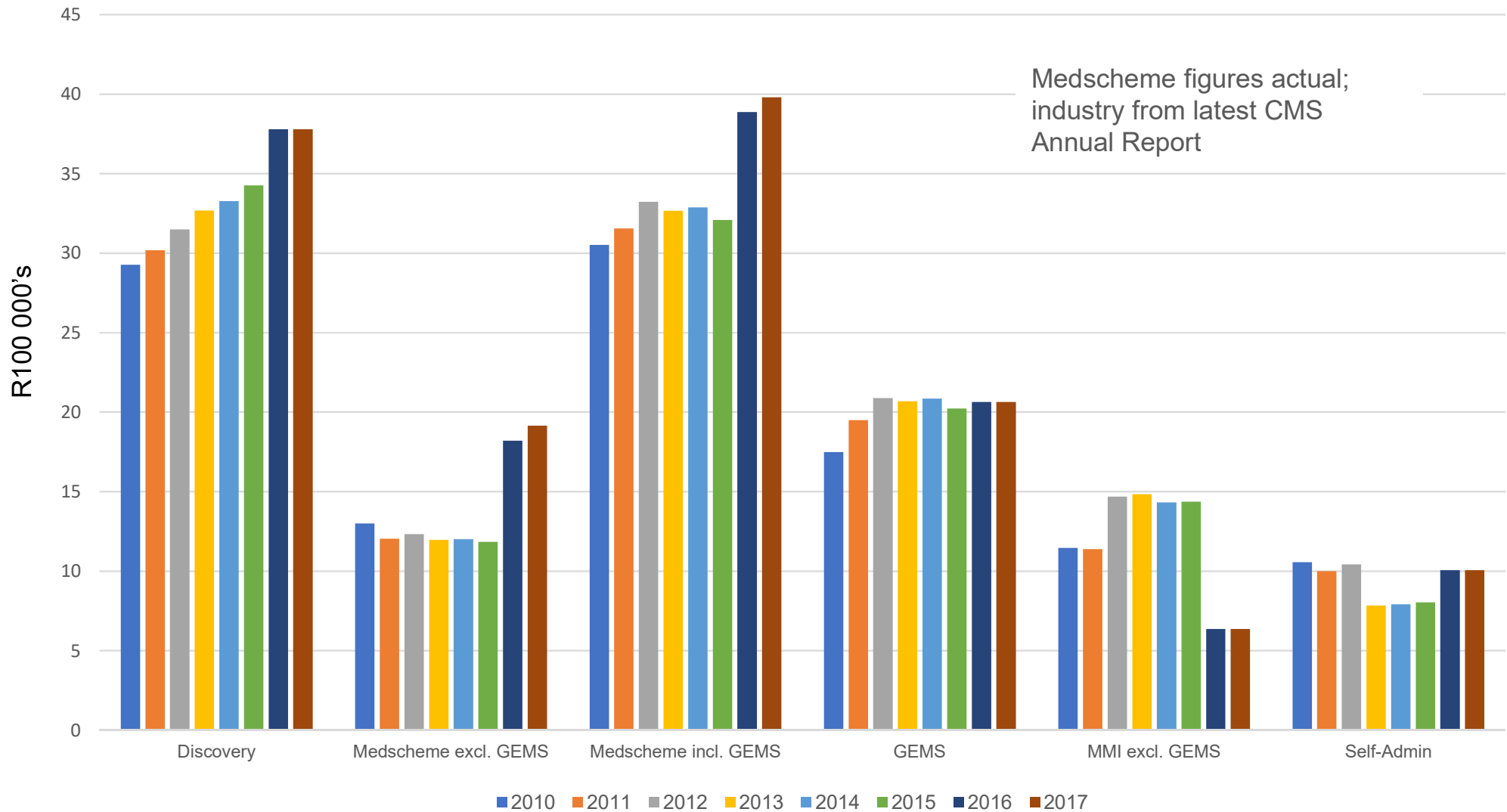
A Member of AfroCentric Group

medscheme 

Medscheme Clients



Largest Administrator Market Share



Largest source of group revenue

**Third party
administration
of medical
schemes**

A Member of AfroCentric Group

medscheme 

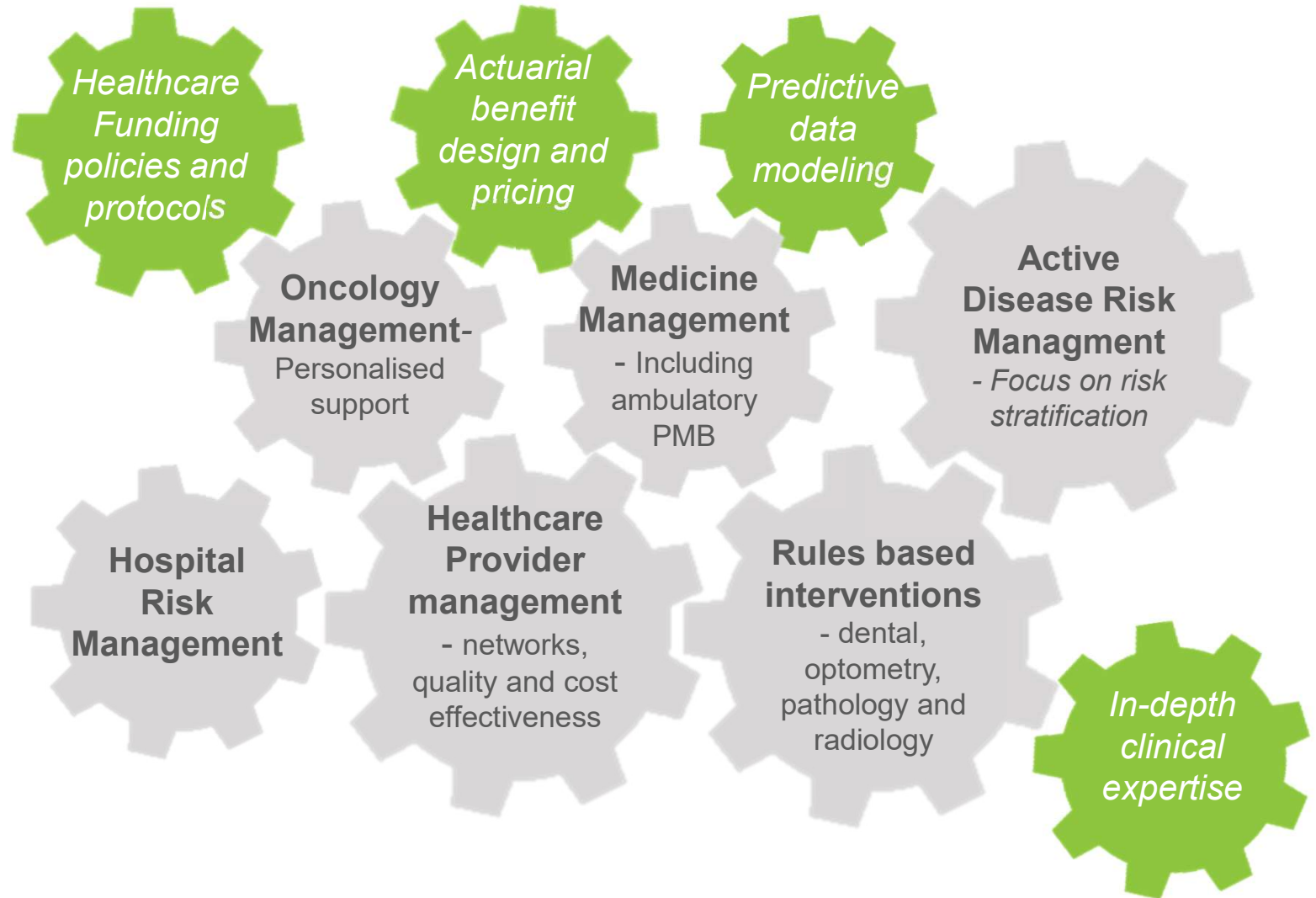
**Managed
healthcare
organisation**

Anthony Pederson
Executive Director:
Medscheme CEO



Lungi Nyathi
Executive Director:
Healthcare Management

Largest Managed Healthcare Organisation

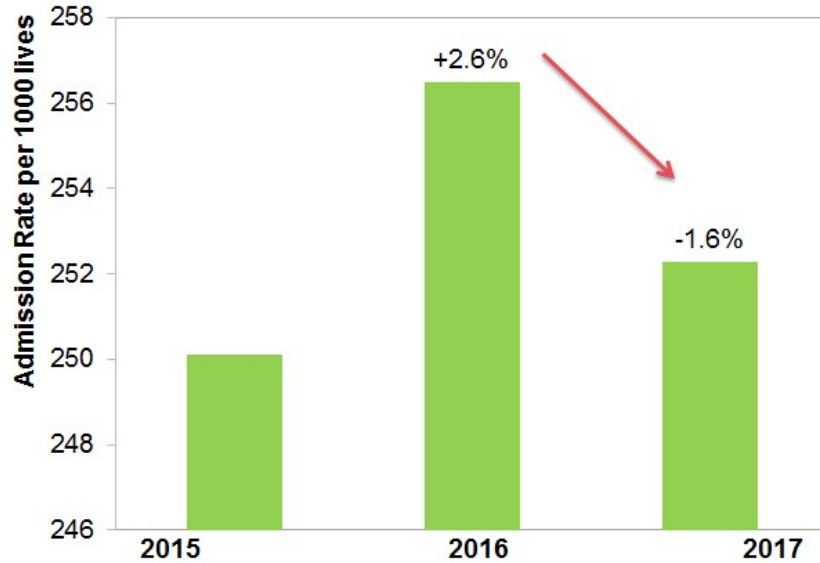


A Member of AfroCentric Group
medscheme

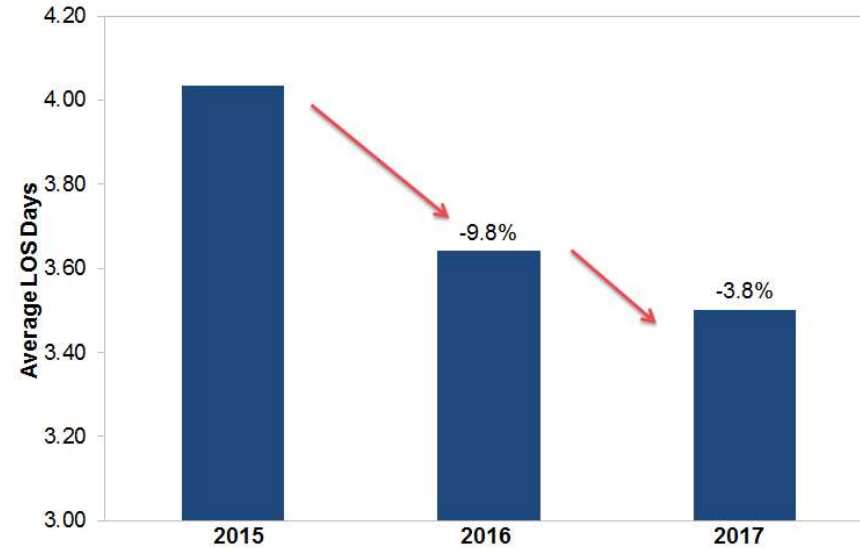
Managed care success

Turning the tide on hospital inflation

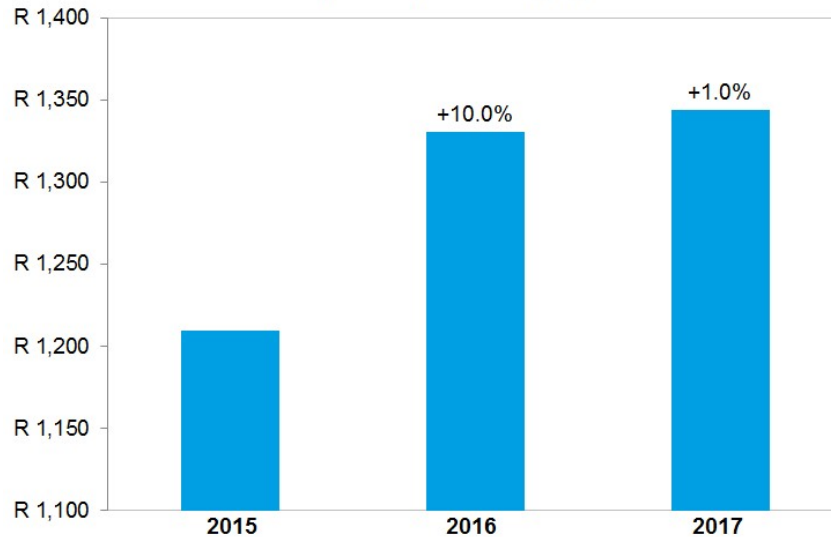
Admissions per 1 000 lives 2015-2017: All Schemes



Average LOS 2015-2017: All Schemes

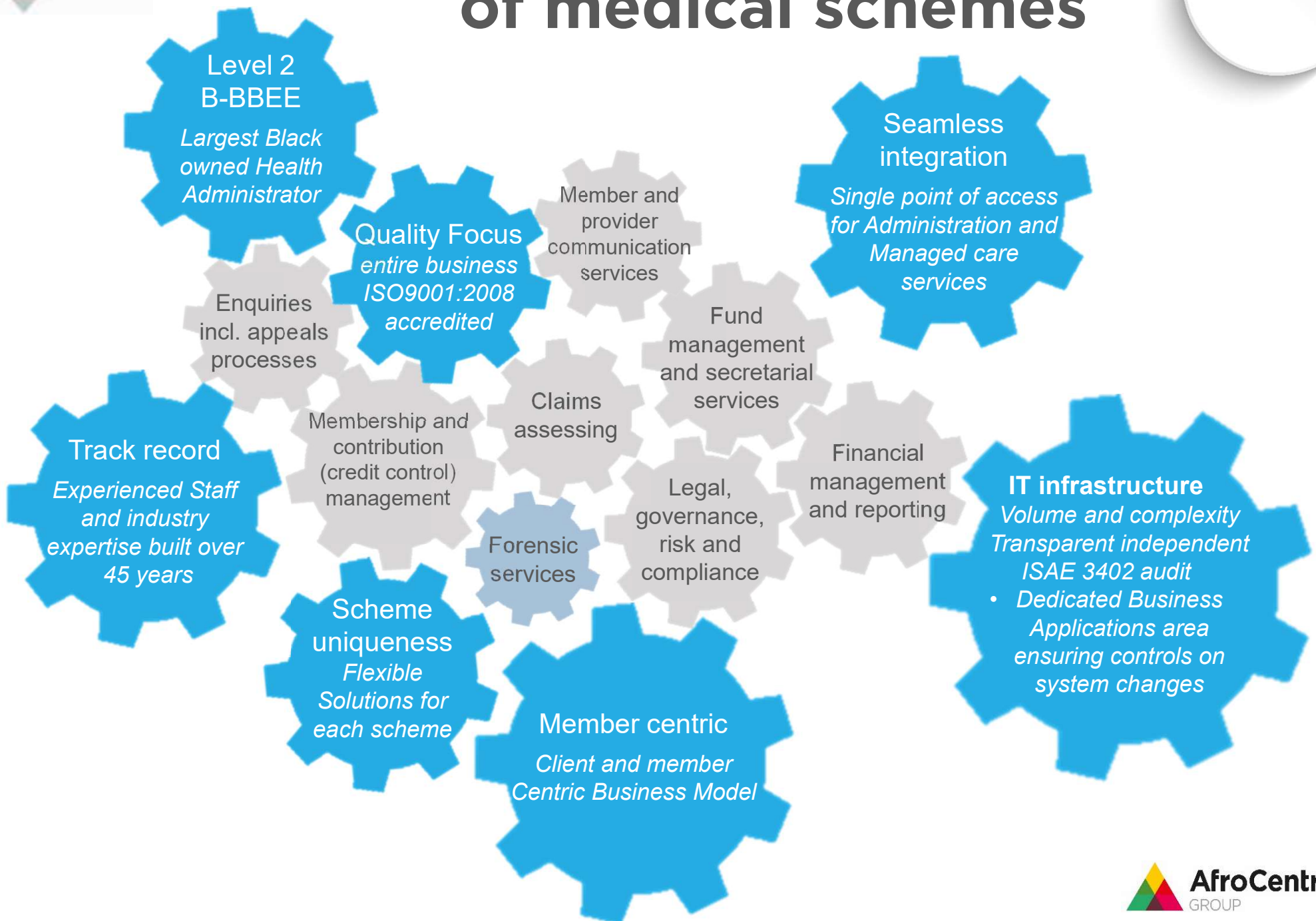


Average Hospital Cost pmpm



Year on year hospital inflation contained to +1%!

Third party administrator of medical schemes



Spotlight on forensic services

Cracking down on fraud, waste and abuse. just getting started...



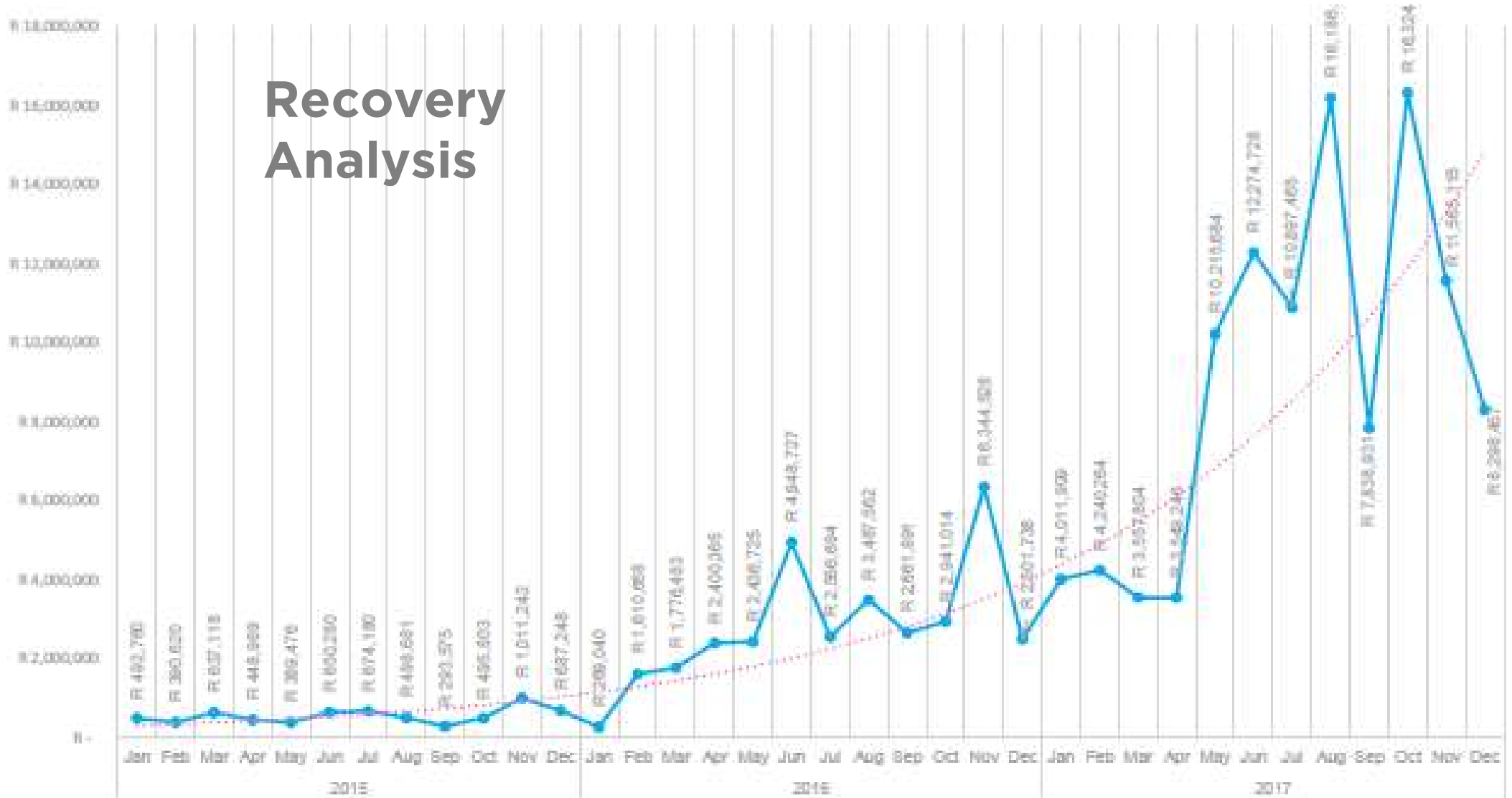
	2016	2017	Change
Recoveries	R 35.1 million	R 108.9 million	↑ 209%
Drop in claiming behaviour	R 20.8 million (as at Sept 2016)	R 164.6 million (as at Sept 2017)	↑ 691%
TOTAL	R 56 million	R 273.5 million	↑ 388%
Interventions against providers, pharmacies or facilities	540	654	↑ 21%
HPCSA cases lodged	33	48	↑ 45%
Confirmed Fraud, Waste or Abuse	R 134.8 million	R 311.4 million	↑ 131%

Spotlight on forensic services

Cracking down on fraud, waste and abuse. just getting started...



Recovery Analysis

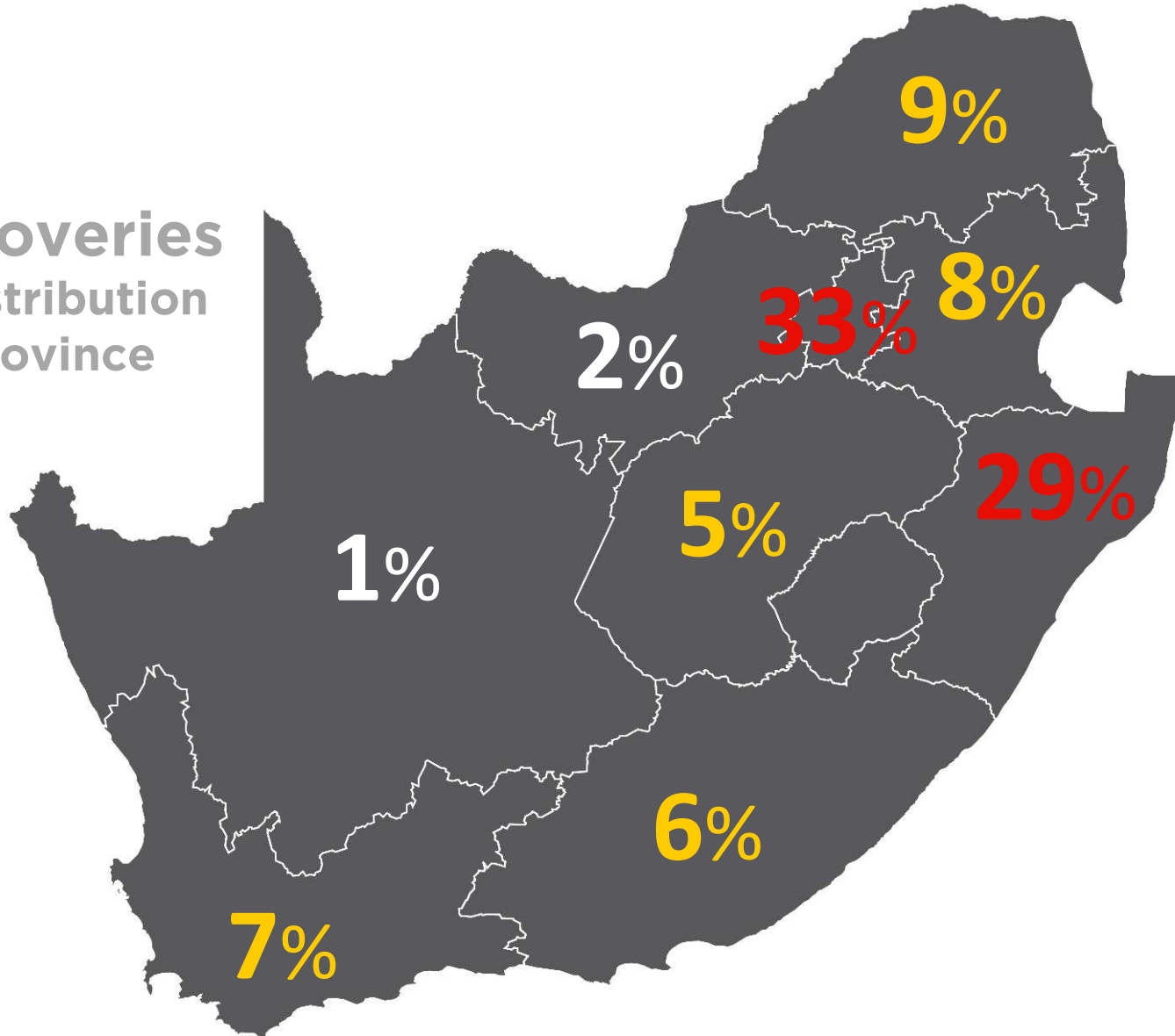


Spotlight on forensic services

Cracking down on fraud, waste and abuse.
just getting started...



Recoveries
% Distribution
by province



Retail



Chronic medication clients

Medical schemes

- Designated Service Provider for 9 large schemes

National Department of Health

- CCMDD* programme
- 7 out of 8 provinces

Compensation Fund

**Central Chronic Medicines Dispensing and Distribution*



**Reducing pharma costs
Increasing access
to care**



Kagiso Kekane
National Coordinator:
CCMDD programme



**Ansie van
der Merwe**
Principal
Pharmacist



Debbie Parker
Executive
Pharmaceutical Affairs
and Supply Chain

Retail

Reducing pharma costs Increasing access to care



National courier pharmacy with a vast delivery network in both urban and rural areas offering affordable, convenient, reliable and safe delivery of prescribed chronic medication



Procurement of pharmaceutical stock through its system integration which allows for robust planning, execution and measurement of the complete supply chain cycle



Providing quality and affordable broad product range of pharmaceutical medicines across all therapeutic classes, as well as complementary products. It offers health products that are listed with all leading corporate and independent pharmacies and hospital where applicable

Value chain optimisation in the pharmaceutical sector



30 000 medicine
parcels completed
every **8** hours

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

Information Technology



Vijay Pillay
Executive Director:
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



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,
Swaziland,
Zimbabwe,
Namibia
and growing...**

Value chain optimisation



Broker management, growth and mergers, distribution of products



HIV/AIDS managed care programme for medical schemes and corporates



Reducing pain, increasing mobility
Reducing back and neck surgery



Lifestyle interventions for non-communicable diseases



Chronic medication capitation



Surgical, device and medical consumables distributor



An FSP offering integrated health and insurance solutions



Expanding suite of products for clients



Hannes Boonzaaier Group CFO







Administration & Managed Care Services



Nature of business	Medical Scheme administrator and managed care provider
Revenue % Contribution	57%
Fee Structure	Fee Structure: per member/ per month
Services Rendered	Medical Aids pay for the healthcare administration and managed care services

Managed Care & Wellness



Management of Musculoskeletal Disorders	Management of HIV/AIDS protocol/ diagnosis	Health Risk Assessments/ Screenings
0.12%	2%	1%
Rental fee per machine License fees per DBC clinic	Per enrolled member per month fee	Per member per month fee Per wellness event fee
DBC Clinic pay for the rental of the DBC equipment and the license fees for the DBC programme	Medical schemes and external corporate companies	Medical Aids and Corporates pay for the wellness days that are run



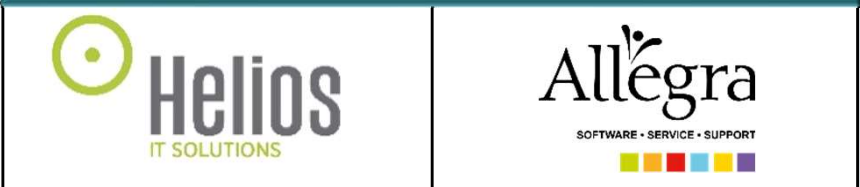
Pharmaceutical



Nature of business	Courier Pharmacy	Wholesale Pharmaceuticals	Pharmaceutical Manufacturer	Management of chronic medication through a capitation arrangement	Medical and surgical distribution
Revenue % Contribution	29%	Internal Revenue contribution	Approx. R20m Pre Tax Profits (26% Associate)	1%	NEW
Fee Structure	Dispensing fee per script delivered	Marketing and logistics fees per item sold Gross profit on cost of sales	Sales of medicine to various pharmaceutical wholesalers incl. Curasana	Per enrolled member per month fee Capitation profit	Fee per item sold
Services Rendered	The DOH and private clients pay for the distribution of chronic medication	Majority of the sale of the chronic medication is made to Pharmacy Direct	Multiple products in chronic and acute medicine	Management of the 2 large medical corporate schemes	Hospital groups and clinics






IT Solutions



<p>Nature of business</p>	<p>ICT Solutions and Services Administration systems</p>	<p>Pharmacy & Clinic Software Medicine claims switching</p>
<p>Revenue % Contribution</p>	<p>6.88%</p>	<p>1%</p>
<p>Fee Structure</p>	<p>Per member per month fees Fixed fees</p>	<p>Fee per transactional switch Monthly software fees</p>
<p>Services Rendered</p>	<p>IT services: Hosting, Network Connectivity mainly to Medscheme Holdings and external AfroCentric clients</p>	<p>IT Services: mainly pharmacy transactional switching services</p>



Brokerage & Health Insurance

			
Nature of business	Sales / Broker Management	FSP offering healthcare brokerage service	Health insurance provider services
Revenue % Contribution	2%	New	New
Fee Structure	Per member per month fee	Commission on its products	Fixed fee per month
Services Rendered	Marketing and broker services for the Bonitas Medical Aid	Brokerage services to be expanded	Medical insurance cover to the public



Other Healthcare

Networks &
Technology
?

Hospitals
?

Optometry
?

Pathology
?

Key Performance Indicators

Enhance shareholder value

HEPS (cents): 21.67 (2016: 18.21)
 Dividend yield annualised (%): 4.38 (2016: 3.94)
 Share price (cents): 640 (2016: 609)

Promote transformation (Annual)

B-BBEE level: 2 (2016: 2)
 Enterprise & supplier development (R'm): 14 (2016: 10.9)
Enterprise development spend (R'm): 3.5 (2016: 3.4)
Socioeconomic development spend (R'm) 3.5 (2016: 2.1)
Supplier development spend (R'm) 7 (2016: 4)

Improve efficiencies through cost consciousness

Growth in operating profit (%): 9.62% (2016: 24.06%)
 Operating profit margin (%): 13.92% (2016: 14.30%)

Diversify revenue sources

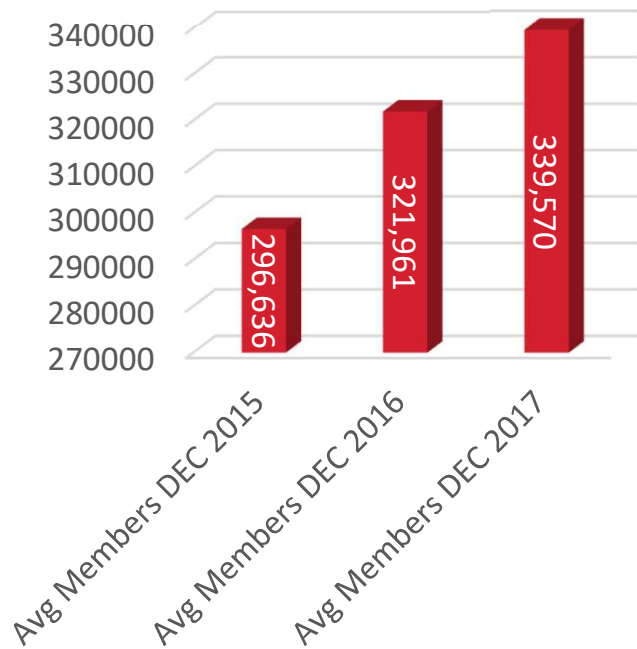
Health administration and health risk management-related revenue (%): 60% (2016: 61%)
 Pharmaceutical revenue (%): 29% (2016: 28%)
 External IT revenue (%): 6% (2016: 6%)
 Africa revenue (%): 5% (2016: 4%)

Maximise growth opportunities

Revenue growth (%): 12.59% (2016: 25.51%)
 Business acquisitions¹ (number): 3 (2016: 0)

Membership Trends per Scheme for six months ending December

Bonitas



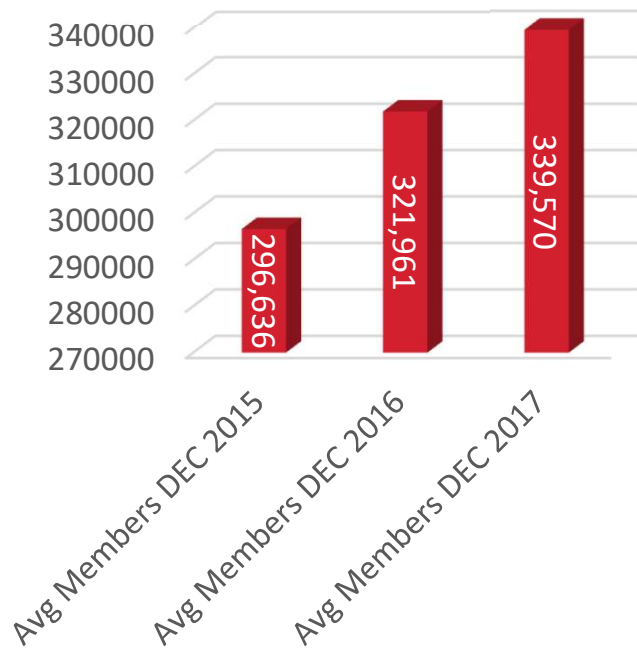
+ Growth in 2016 attributed to the amalgamation with the LMS Medical Fund in October 2016

+ Increase in members from 2016 - annual impact of the amalgamation with the LMS Medical Fund.

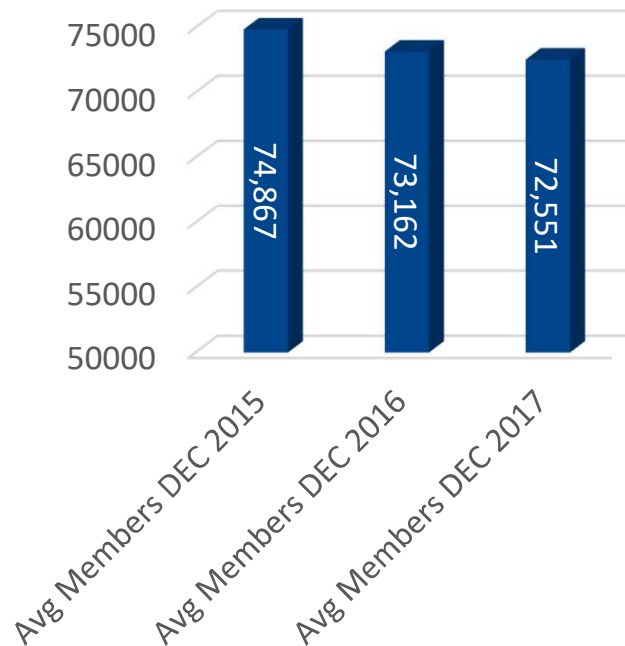
+ Effective August 2017, the Commed Medical Aid was amalgamated with Bonitas, resulting in increased membership

Membership Trends per Scheme for six months ending December

Bonitas



 **FEDHEALTH**

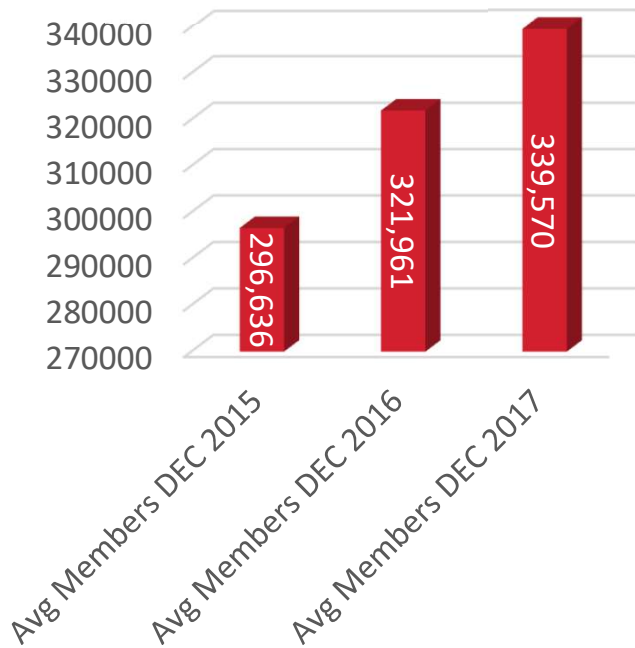


+ Fedhealth has seen a decline in the members over the past 3 years - reflective of the economic climate

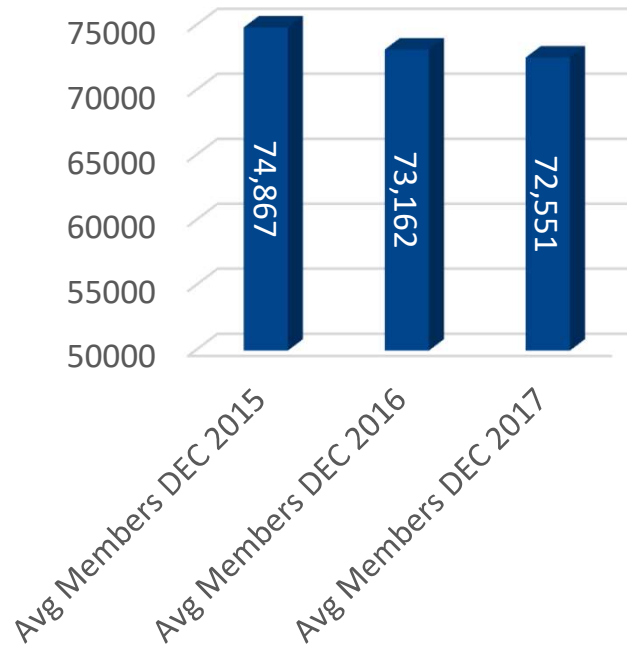
Membership Trends per Scheme for six months ending December

+ Polmed contract commenced in January 2016
 + Slight growth in members from 2016

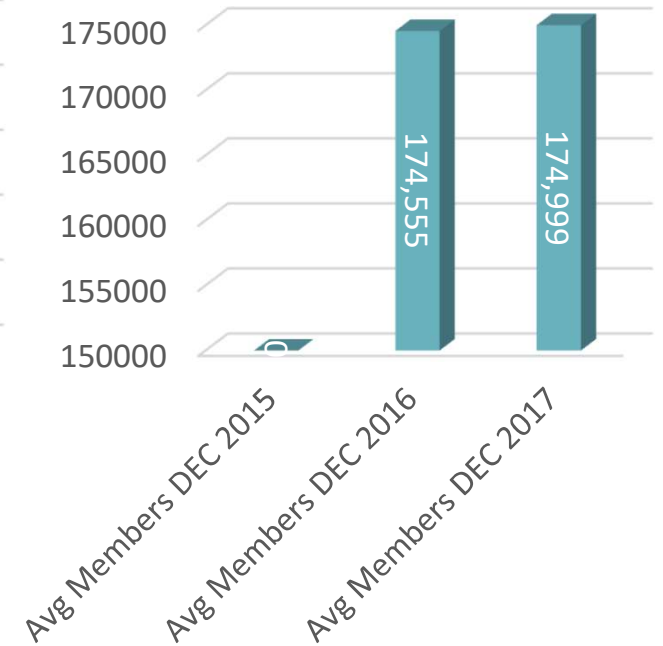
Bonitas



FEDHEALTH

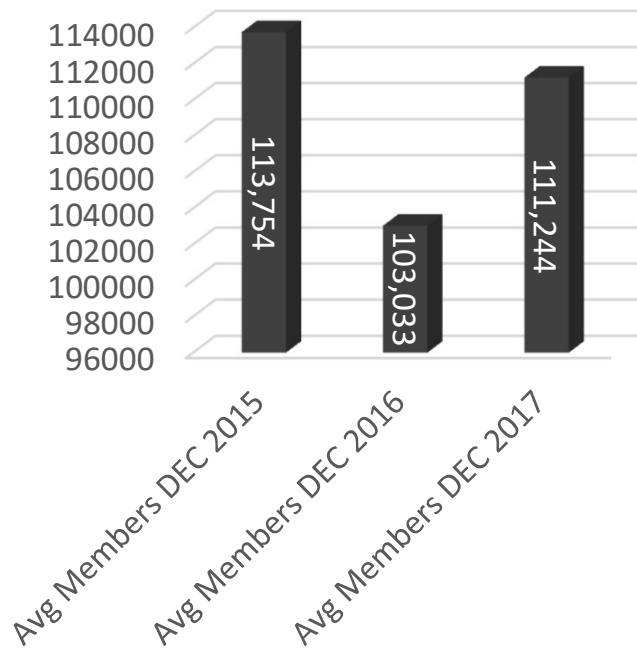


POLMED



Membership Trends per Scheme for six months ending December

Corporate Schemes

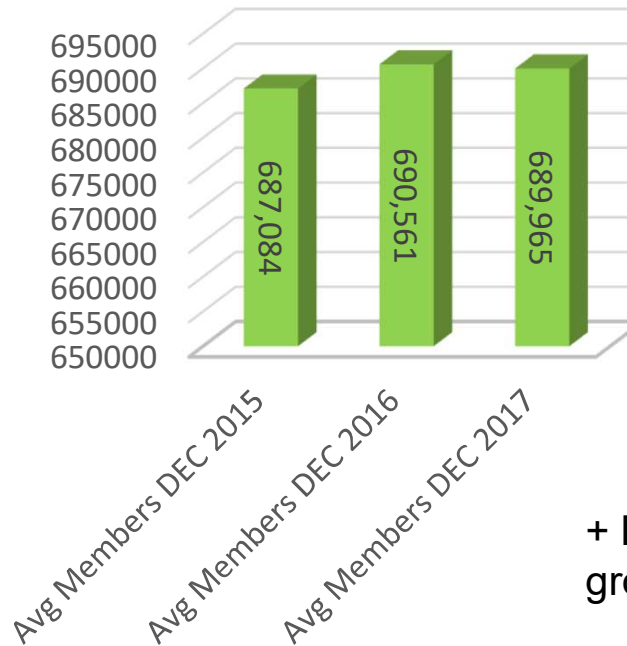
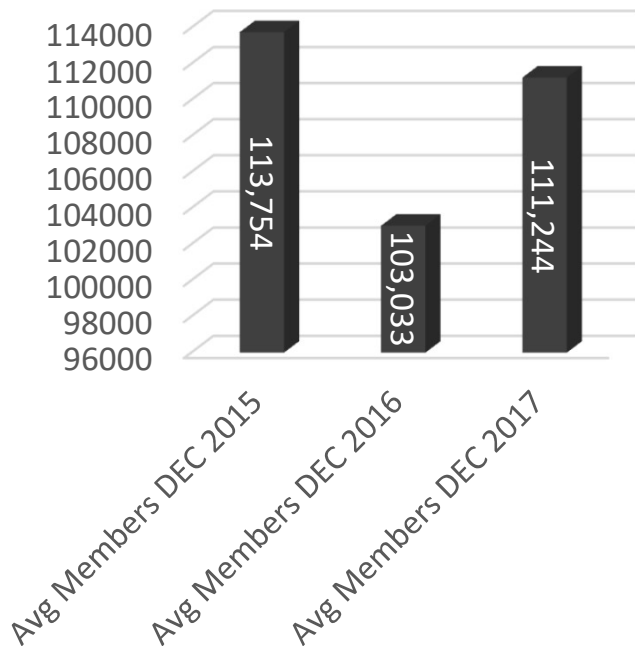


+ Decrease in members in 2016 attributed to the loss of the Wits and Glencore schemes in December 2015

+ Growth in 2017 attributed to the Hosmed contract, effective November 2017

Membership Trends per Scheme for six months ending December

Corporate Schemes



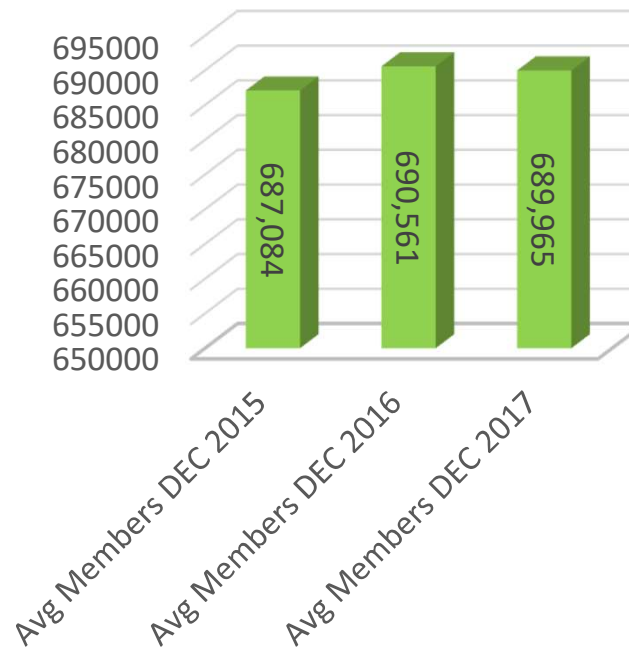
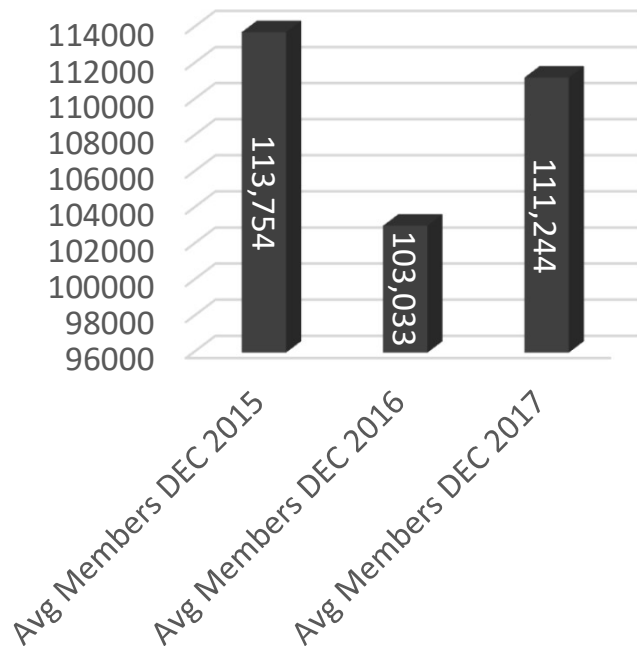
+ Disappointingly, there has been no growth in the GEMS membership

Membership Trends per Scheme for six months ending December

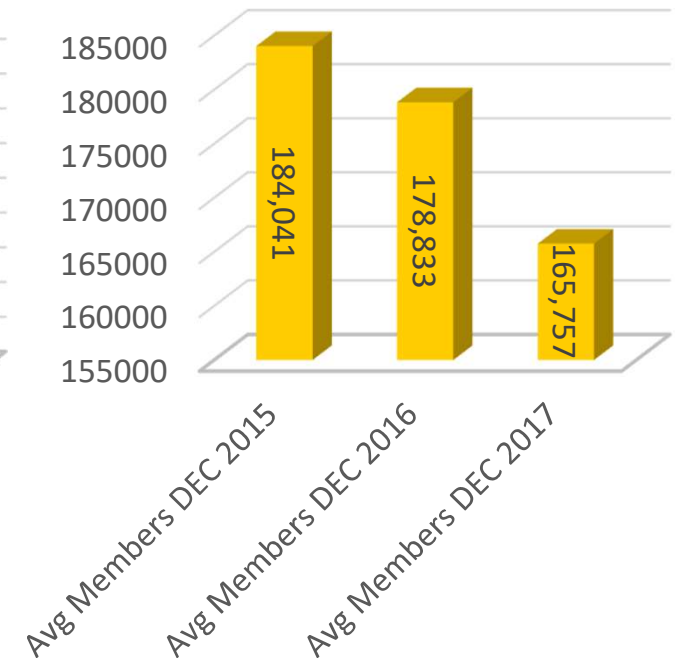
- + Decrease in 2016 attributed to the reduction in Mauritius members
- + Decrease in 2017 members attributed to the loss of the Swazimed scheme



Corporate Schemes

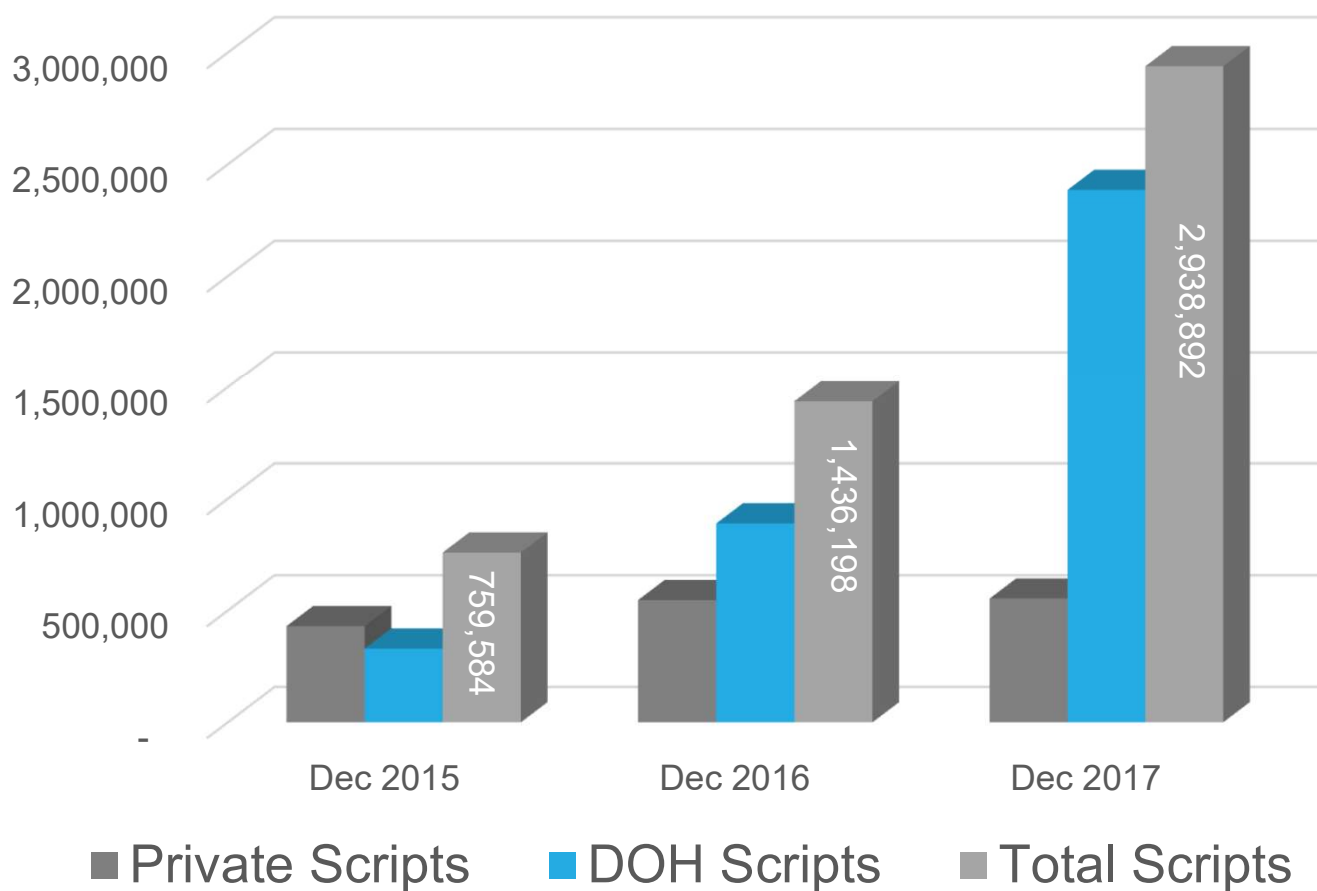


Africa



Pharmacy Direct Scripts

Six months ended 31 December, 2015 - 2017

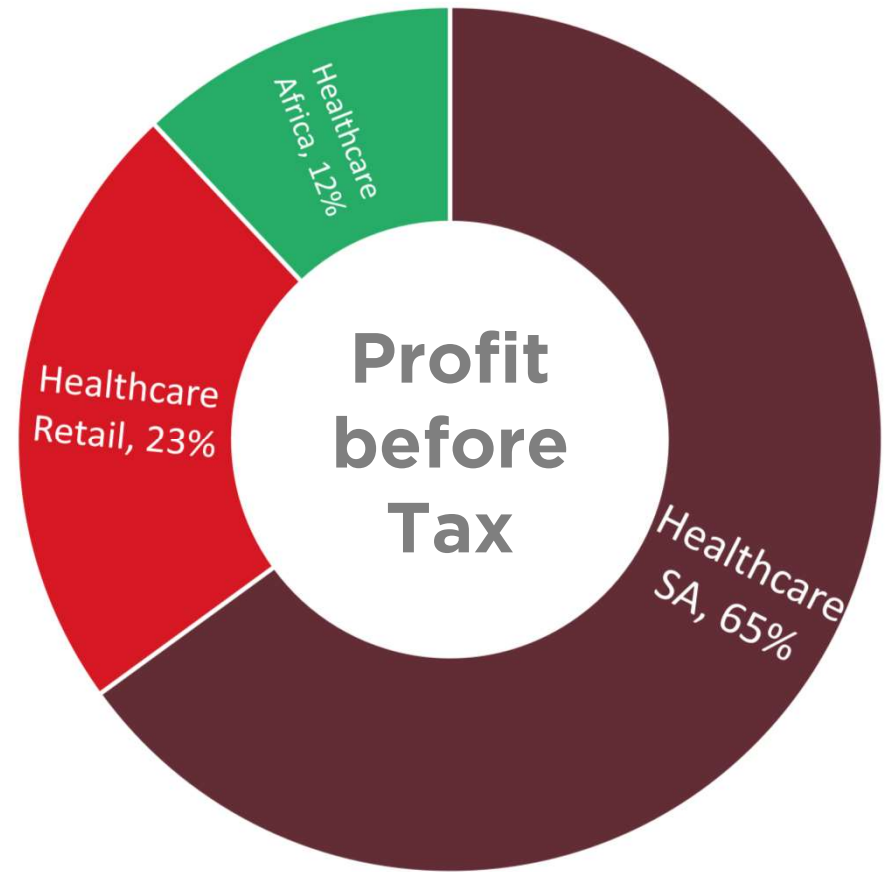
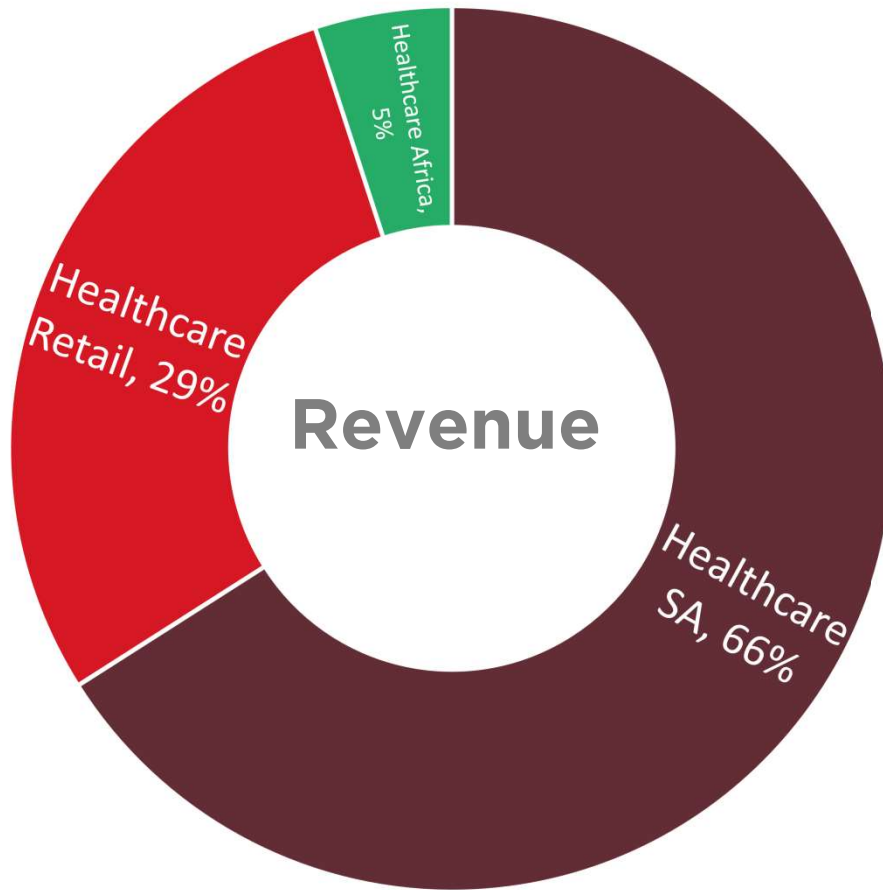


A member of AfroCentric group
Pharmacy Direct
Caring, Reliable & Affordable

+ Growth in the private sales scripts

+ Growth in the DOH scripts - mainly attributed to the 2 additional provinces won by Pharmacy Direct for the dispensing of chronic medicines in 2016 (total 7 provinces covered in the contract)

Financial Overview



↑ **12.59%**
Revenue

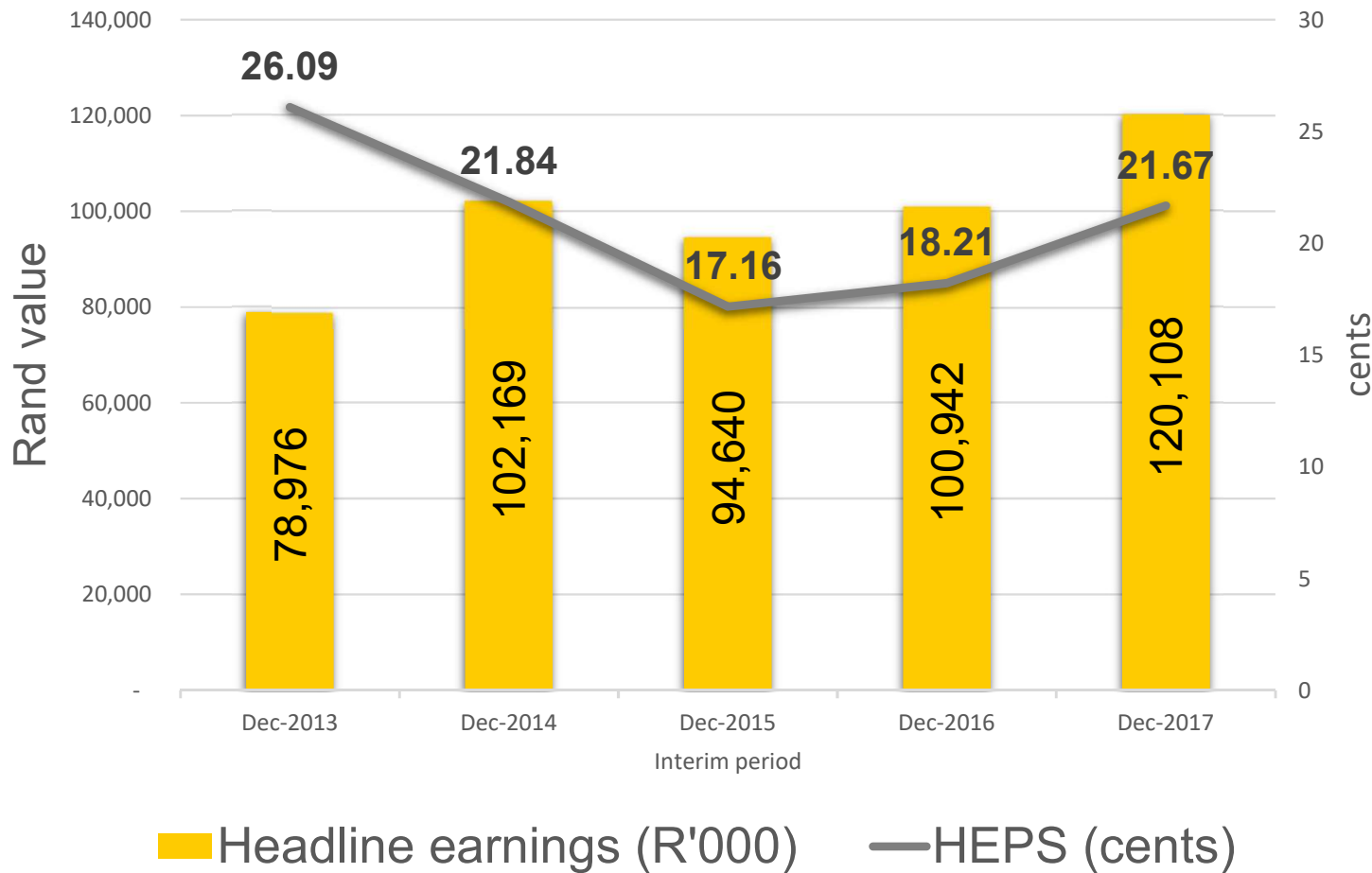
↑ **13.10%**
Profit before tax

↑ **19.00%**
Headline EPS

↑ **14.29%**
Dividends

↑ **24.61%**
Diluted Headline
EPS

Interim Headline Earnings & Interim Headline EPS



Shares in issues		
	Issue	Balance
2013		467,797,446
2014	87,655	467,885,101
2015	86,492,227	554,377,328
2016	-	554,377,328
2017	-	554,377,328

During **2015**, AfroCentric issued 86 million shares to the WAD vendors resulting in a decrease in the HEPS.

During **2016**, the full effect of the Sanlam dilution was taken into account in the headline earnings.

Summarised Consolidated Statement of Comprehensive Income

R '000	31 Dec '15	31 Dec '16	31 Dec '17
Revenue	1,442,067	1,809,933	2,037,800
Operating Profit	208,562	258,750	283,649
Net Finance & Investment Income	11,230	13,150	20,882
Earnings from Associates	2,469	9,907	11,772
Profit Before Tax	150,680	219,819	248,626
Taxation	(41,121)	(66,600)	(71,398)
Profit for period	114,725	150,212	173,264

2016 to 2017 change

- + Inflationary increase in healthcare service revenue (R91m)
- + Increase in retail private sales & DOH contract dispensing fees (R79m)
- + Take-on of new medical aid schemes (Hosmed) (R6m)
- + Acquisition of new entities (Wellness Odyssey, Scriptpharm Risk Management) (R42m)
- + Diluted by loss of RAF contract (R47m) and Polmed contract rate being fixed for 2 years (R8m)

- + Inflationary increase in costs (R74m)
- + Costs relating to new acquisitions (R39m)
- + New projects undertaken (e.g. Digital strategy) (R13m)

- + No finance cost recognised in 2017, attributed to the reversal of the Conditional put obligation in June 2017 (achievement of the Sanlam profit warranty) - R22m recognised in June 2016.
- + Fair value loss on listed investment (depreciation of Jasco's share price) (R14m)

Summarised Statement of Financial Position

2016 to 2017 change

R '000	31 Dec '15	31 Dec '16	31 Dec '17
Assets			
Intangible assets	1,417,866	1,440,173	1,571,435
Other non-current assets	739,949	681,122	569,734
Current assets	838,104	867,714	871,245
Total assets	2,995,919	2,989,009	3,012,414
R '000	31 Dec '15	31 Dec '16	31 Dec '17
Equity and liabilities			
Total shareholders' equity	1,665,648	1,631,100	2,527,258
Non current liabilities	1,031,986	1,004,497	153,963
Current liabilities	298,285	353,412	331,193
Total equity and liabilities	2,995,919	2,989,009	3,012,414

+ Capitalisation of the Nexus/Gexus systems (R47m) / (amortisation: R9.1m)
 + Fusion programme costs (R29.3m)
 + Goodwill and PPA (R46.9m) attributed to the acquisition of Wellness Odyssey in July 2017 / (amortisation R7.1m)
 + Computer software (R25.1m) / (amortisation: R23.5m)

+ Decrease in managed funds and deposits - WAD tranche 2 settlement (R194m)
 + Acquisition of warehouse for Curasana wholesalers (R58.7m) to accommodate the expanding needs of the healthcare retail business
 + Acquisition of office building for Namibia (R31.8m)

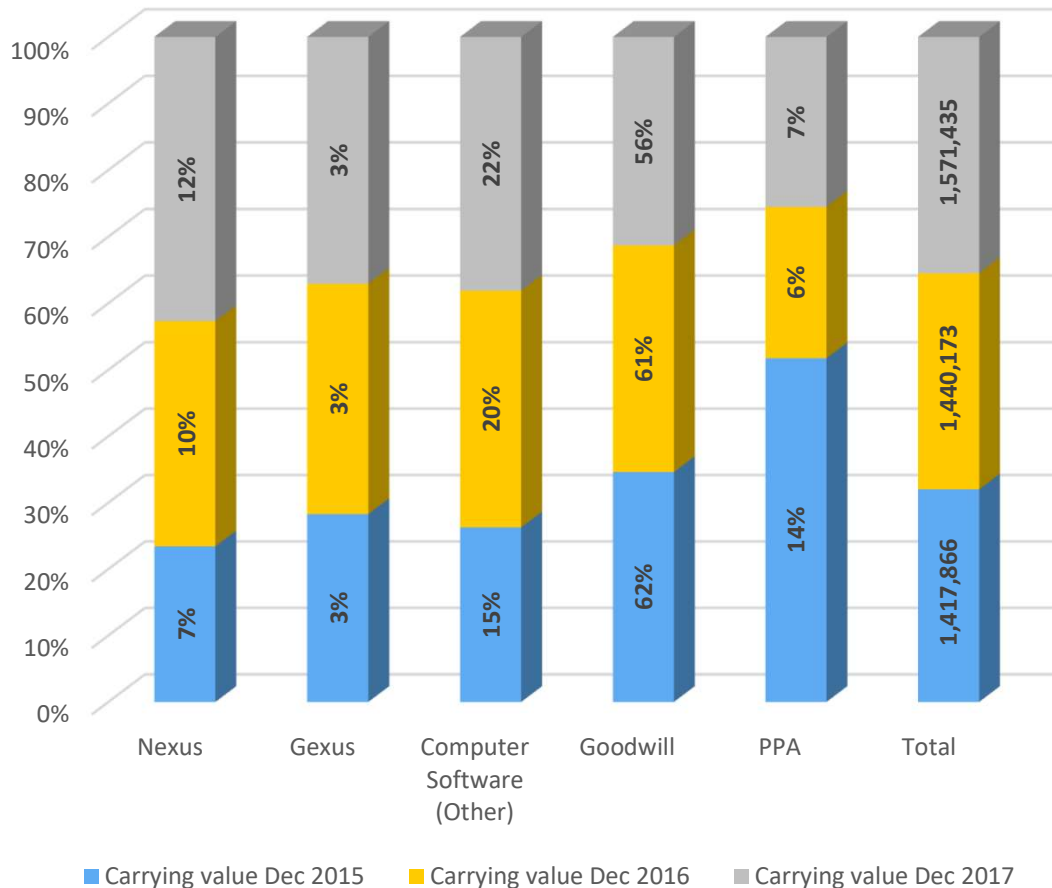
+ Second tranche payment was settled in cash in September 2017 (R194m)
 + Derecognition of the Conditional put option obligation - achievement of the Sanlam profit warranty (R750m)

+ Decrease in trade and payable (R41m)
 + Diluted by temporary borrowings relating to the loan procured for the acquisition of the Namibia office building (R23m), to be paid off by June

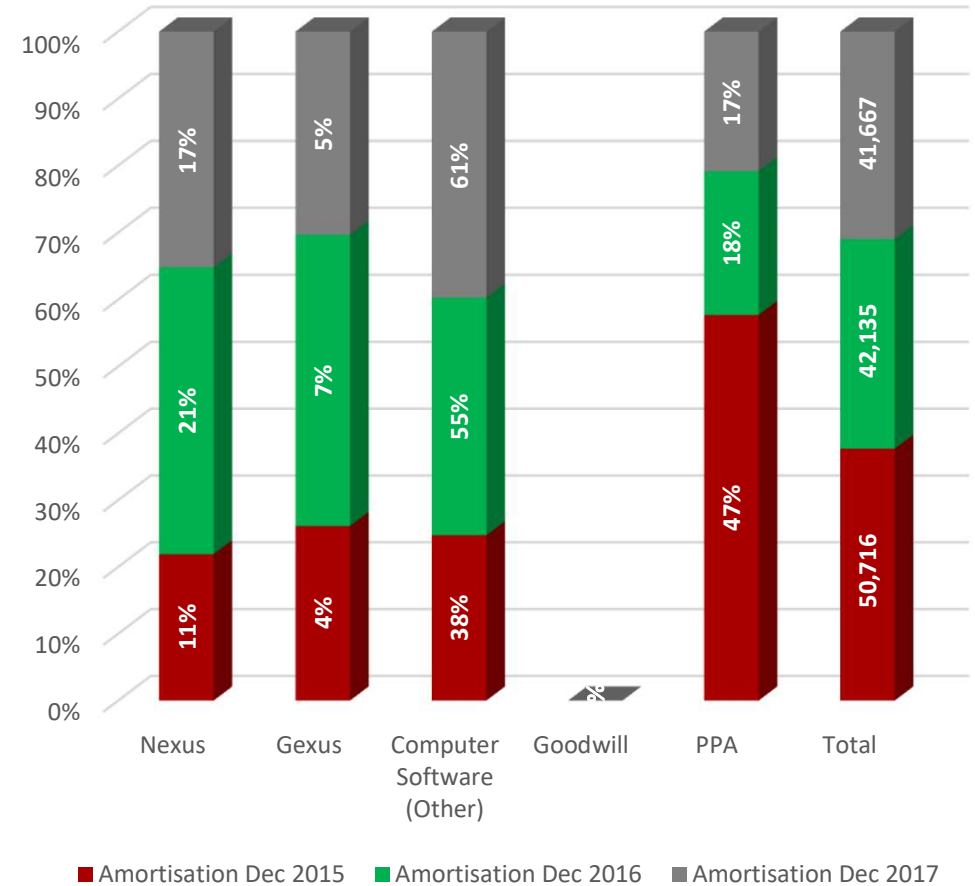
+ Decrease in trade and payable (R41m)
 + Diluted by temporary borrowings relating to the loan procured for the acquisition of the Namibia office building (R23m), to be paid off by June

Intangible Assets

Carrying value



Amortisation



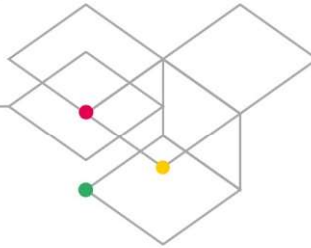
83% of the amortisation is linked to the computer software

Growth in the intangible assets value is attributed to the Fusion project costs that will be capitalised



AfroCentric
GROUP

Investor Day
2018 INTERIM RESULTS



**Thank you
for your time**