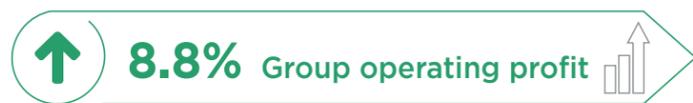
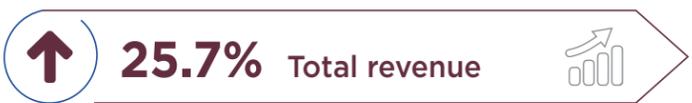




# AfroCentric GROUP

## Summary of annual results and dividend declaration for the year ended 30 June 2019



### FINANCIAL HIGHLIGHTS

#### SALIENT FEATURES

	% change	Year ended 30 June 2019	Year ended 30 June 2018
Total revenue	25.7	<b>5 296.8 million</b>	4 212.7 million
Operating profit	23.9	<b>772.1 million</b>	623.1 million
Operating profit (excluding lease reversals)	8.8	<b>677.7 million</b>	623.1 million
Healthcare Services Operating profit	(1.2)	<b>548.4 million</b>	555.3 million
Healthcare Retail Operating profit	90.6	<b>129.2 million</b>	67.8 million
Profit before tax	(1.8)	<b>528.5 million</b>	538.4 million
Basic earnings (rands)	5.2	<b>269.9 million</b>	256.6 million
Headline earnings (rands)	1.6	<b>265.2 million</b>	260.9 million
Normalised headline earnings (rands)	4.3	<b>275.5 million</b>	264.1 million
Basic earnings (cents per share)	4.0	<b>48.12</b>	46.29
Headline earnings (cents per share)	0.5	<b>47.29</b>	47.06
Normalised headline earnings (cents per share)	3.1	<b>49.13</b>	47.63
Weighted average number of ordinary shares		<b>560.8 million</b>	554.4 million

#### DEVELOPMENTS (continued)

The Group has continued to invest in Pharmacy Direct, to support it as it implemented the DOH CCMD contract in KwaZulu-Natal (KZN) - this programme has substantially alleviated the congestion at public hospitals and clinics. Through this KZN contract, the number of scripts that are dispensed per month is now in excess of 0.8 million.

AfroCentric's Insurance Fraud Manager ("IFM") continues as a great developmental success, with direct savings and recoveries to our clients in excess of R1.6 billion over the past 3 years. Through the success of our existing clients, this has created an opportunity for other Medical Schemes to procure the services of our forensics team.

The Fusion project in our IT business unit, AfroCentric Technologies, was successfully completed in various phases in 2019. The project entailed the replacement of certain modules in our core administration system which are being rolled out to various schemes over a 12 month period ending April 2020. The enhanced system will drive efficiencies in administration costs that will start materialising in the last quarter of the 2020 financial year.

#### FINANCIAL PERFORMANCE

Profit before tax decreased by 1.8% for the period under review amounting to R528.5 million (2018: R538.4 million). Profit after tax (PAT) decreased by 0.1% compared to prior financial period.

The earnings results depict a picture of transition as the group is transforming its healthcare offerings and composition of earnings.

The Healthcare services business experienced increased membership and additional managed care contracts but operating profit was depressed by take on costs for the initial uptake. Our open schemes under administration have seen combined growth in total membership but the composition of members has changed. The affordability of healthcare in the economy has had an effect on revenue earned by Medscheme as members select lower options upon which the group earns lower fees.

The Retail Cluster has expanded with the addition of the 74% interest in Activo, Scriptpharm and MMed. Pharmacy Direct grew its operating profit by 11% year-on-year on the back of no growth at interim results stage due to the take on costs of the additional volumes from the DOH contract.

The two startup companies, Scriptpharm and MMed have also turned profitable in the last 6 months as the uptake on their contracts got traction and efficiencies started being realised.

The relatively flat headline earnings is therefore mainly attributable to increased gearing (interest paid and less interest received) and higher amortisation costs of the intangible assets.

#### DIRECTORS

The following changes were made to the Board post the interim results in March:

- Mr A Banderker was appointed as the Group CEO effective 1 April 2019, and thus resigned as a Non-Executive Director.
- Mr AV van Buuren retired as the Group CEO effective 31 March 2019.
- Mr T Alsworth-Elvey was appointed as a Non-Executive Director effective 1 July 2019.
- Mr I Kirk retired as a Non-Executive Director effective 12 September 2019, he was replaced by Mr G Allen on the same date (a Sanlam representative with Healthcare experience).

#### DIVIDENDS

The Board has pleasure in announcing that in addition to the interim dividend already declared and paid for the year, a final dividend of 17 cents per ordinary share (gross) has been declared for the year ended 30 June 2019. Dividends are subject to Dividends Withholding Tax. The payment date for the dividend is Monday, 4 November 2019. For further details on the dividend declaration, refer to the full announcement on AfroCentric's website ([www.afrocentric.za.com](http://www.afrocentric.za.com)).

#### FULL ANNOUNCEMENT

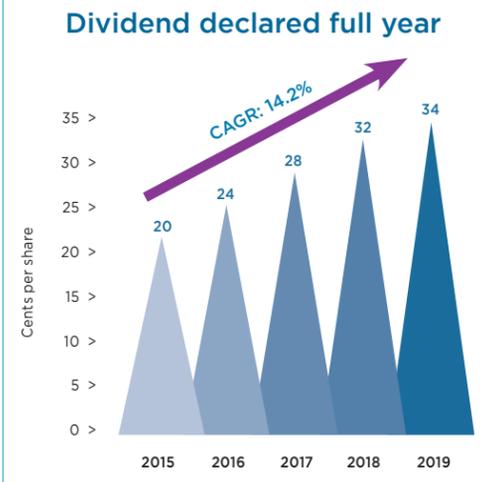
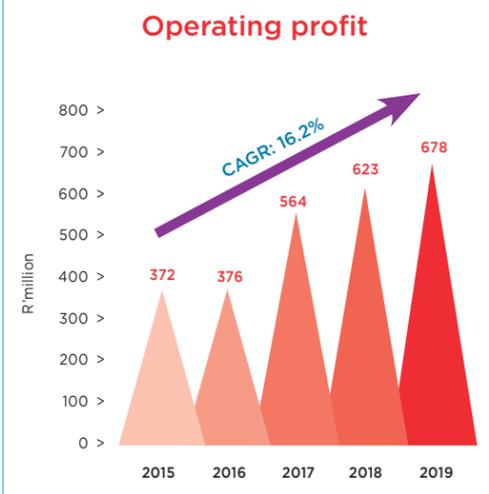
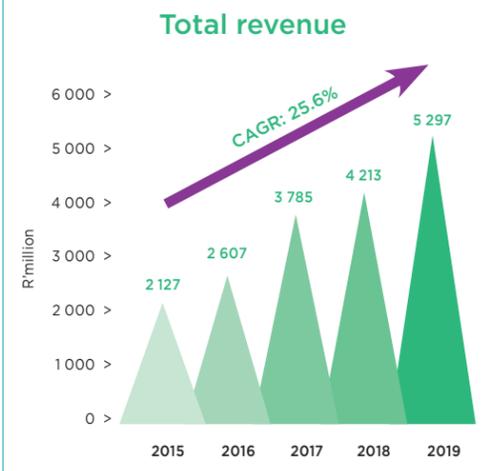
This short-form announcement is the responsibility of the directors and is only a summary of the information contained in the full announcement which was released on SENS on 13 September 2019 and can be found on the Company website (<http://www.afrocentric.za.com/inv-reporting.php>). The information in this press announcement has been extracted from the audited information, but the announcement is not itself audited. Copies of the full announcement may also be requested at the Company's registered office, at no charge, during office hours. Any investment decision should be based on the full announcement and audited Group results published on SENS and the Company's website.

On behalf of the Board

**Dr ATM Mokgokong**  
Chairperson

Johannesburg  
16 September 2019

**Mr A Banderker**  
Group Chief Executive Officer



#### INTRODUCTION TO THE AFROCENTRIC GROUP

AfroCentric is a majority black-owned JSE listed investment holding company which operates in and provides specialised services to the public and private healthcare sectors. AfroCentric has and continues to maintain its deliberate objective of being the leading exemplar of transformation and empowerment in the South African healthcare sector.

The Board is pleased to present comments on AfroCentric's ("ACT") summary results for the twelve months ended 30 June 2019. The period under review has been characterised by investment in new and growing contracts/entities, certain complementary acquisitions, consolidation and rationalisation of several processes within Group enterprises. The earnings are stable, and majority of the Group enterprises have contributed to the Group's growing operations and earnings. AfroCentric's vision of being the most diversified healthcare group in South Africa is being realised through its earnings diversification and continuous acquisition strategies.

Apart from ACT's principal subsidiary Medscheme providing healthcare administration and managed care services to the membership of a growing number of prominent institutional clients, (having memberships of 3.7 million lives), the Group is also heavily invested in other essential segments of the public and private healthcare markets in South Africa, with rapidly expanding activity and application in its pharmaceutical wholesale supply, its chronic medication distribution networks, specialised disease management, information technology (IT) solutions, transactional switching, fraud detection and not least, the development and marketing of tailored health and insurance solutions and products, in partnership with Sanlam.

#### DEVELOPMENTS

AfroCentric has for some time been focused on opportunities which will serve to create a platform, designed to establish affordable healthcare services, to optimise the purchasing power of every Rand through models of integration, mergers, partnerships and economic incentives devised to improve the effectiveness of patient care and viable treatment outcomes, within the broader healthcare delivery system.

- During the period under review and prior to the publishing of these results, the following projects have been concluded:
- Acquisition of a further 74% interest in Activo Health, which now has become 100% held, effective 1 March 2019.
  - Acquisition of the iThrive Business Solutions Group, main subsidiary PHA, effective 1 October 2018 (a smaller administration company).
  - Scriptpharm has secured the Polmed Chronic Medicine Management contract valued at R500 million, effective 1 January 2019.
  - Medscheme has secured the Medshield Hospital Benefit Management contract valued at R30 million, effective October 2018.
  - Medscheme Forensic Services secured the Medshield Fraud Prevention and Recovery contract, effective 1 January 2019.
  - Medscheme has secured the Hosmed Hospital Benefit Management contract effective 1 July 2019.
  - Acquisition of an additional 25% stake in AFA Botswana pending regulatory approvals in Botswana. This effectively increases Medscheme's shareholding to 49%.
  - Acquisition of Sanlam Health, which represents an administrator with specialized skills in combined corporate health offerings and an administration system.

**Directors**  
ATM Mokgokong\*\* (Chairperson), MJM Madungandaba\*\* (Deputy Chairperson), A Banderker\*\*\* (CEO), JW Boonzaaier\*\*\* (CFO), SE Mmakau\*\*\* (CIO), G Allen\*\*, T Alsworth-Elvey\*\*, WH Britz\*\*, LL Dhlamini\* (lead), JB Fernandes\*, IM Kirk\*\*, HG Motau\*, ND Munisi\*\*, SA Zinn\*

\*independent non-executive \*\*non-executive \*\*\*executive

**Registered Office**  
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**Sponsor**  
Sasfin Capital (A member of the Sasfin Group)

[www.afrocentric.za.com](http://www.afrocentric.za.com)

**Company Secretary**  
B Mokale

**Group Investor Relations**  
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**AfroCentric Investment Corporation Limited**  
Incorporated in the Republic of South Africa  
Registration number 1988/000570/06  
JSE Code: ACT  
ISIN: ZAE 000078416  
("AfroCentric" or "the Company" or "the Group")