



AfroCentric GROUP

UNAUDITED INTERIM RESULTS AND DIVIDEND DECLARATION FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

↑ 22.6% Group operating profit

↑ 14.6% Net profit

↑ 11.4% Basic Earnings

↑ 11% Net asset value 5.23 per share

SALIENT FEATURES

	% change	Unaudited six months ended 31 December 2019	Unaudited six months ended 31 December 2018	Audited year ended 30 June 2019
Total revenue (Rm)	34.8	3 111.3	2 307.4	5 296.8
Operating profit (Rm)	22.6	439.3	358.3	772.1
Profit before tax (Rm)	12.1	268.7	239.6	528.5
Basic earnings (Rm)	11.4	134.8	121.0	269.9
Headline earnings (Rm)	8.7	134.7	123.9	265.2
Normalised headline earnings (Rm)	15.8	139.9	120.8	275.5
Basic earnings (cents per share)	7.6	23.48	21.83	48.12
Headline earnings (cents per share)	5.0	23.47	22.35	47.29
Normalised headline earnings (cents per share)	11.8	24.36	21.78	49.13
Weighted average number of ordinary shares (m)	3.6	574.2	554.4	560.8

FINANCIAL PERFORMANCE

The financial performance for the six months period starts to present the benefits of the Group's deliberate diversification strategy, revealing the solid growth in the maturing trading cluster. The beneficial effect of the acquisition of the shares in Activo Health in 2019, the impressive growth in Scriptpharm, including the enduring volume activity in Pharmacy Direct, were the notable contributory factors, yielding growth in comparative operating profits in excess of 50%.

The Services Cluster, mainly supported by the medical scheme administration business, has also performed well during the period under review. Open scheme growth of a net 18 000 members during 2019, was offset by the loss of the Old Mutual Staff Medical Aid fund, but a growth in membership in GEMS, in excess of 22 000 members supported a consistent operating profit performance. The continued effort to improve service efficiencies through more economic platforms and IT systems has favourably resulted in a lower cost base. As a result of these stringent and more disciplined cost controls, the Services Cluster was able to achieve an 8.8% growth in operating profit.

Profit before tax increased by 12.1% for the period under review amounting to R268.7 million (2018: R239.6 million). Profit after tax (PAT) increased by 14.5% compared to prior financial period.

Given the nature of assets of the Group being mostly intangible, the cash generation ability of its various subsidiaries is imperative and is demonstrated in the cash inflow from operating activities increasing by 480% for the reporting period.

DIRECTORS

The following changes were made to the Board during the period under review:

- Ms HG Motau resigned as an Independent Non-Executive Director effective 07 November 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 an interim dividend of 17 cents per ordinary share (gross) has been declared for the six months ended 31 December 2019. Dividends are subject to Dividends Withholding Tax. The payment date for the dividend is Monday, 11 May 2020. For further details on the dividend declaration, refer to the full announcement on AfroCentric's website (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 March 2020 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

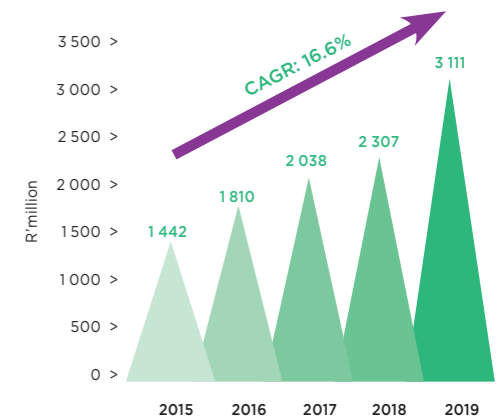
Dr ATM Mokgokong
Chairperson

Johannesburg
16 March 2020

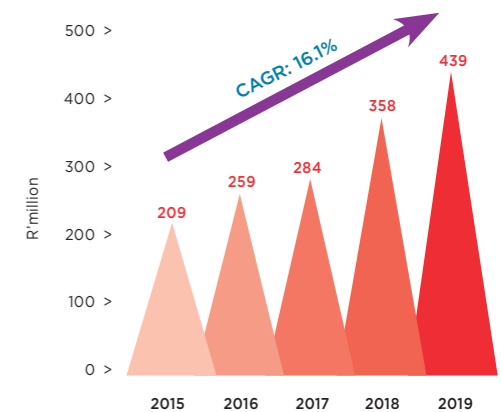
Mr A Banderker
Group Chief Executive Officer

FINANCIAL HIGHLIGHTS

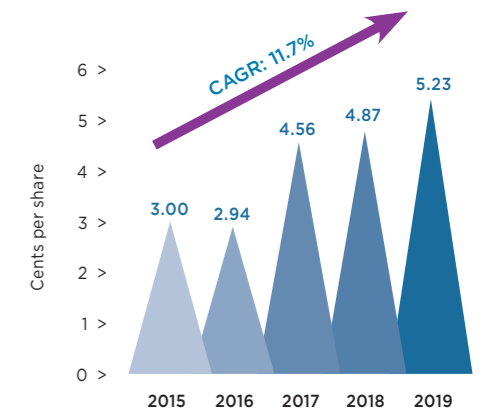
Total revenue



Operating profit



NAV per share



INTRODUCTION TO THE AFROCENTRIC GROUP

AfroCentric is a black-owned JSE listed investment holding company which operates in and provides specialised services to the public and private healthcare sectors, making quality healthcare more accessible and affordable to members and beneficiaries in both sectors. AfroCentric is doing this by broadening its presence in the healthcare industry by pursuing new opportunities and expanding its existing Group healthcare enterprises.

The Board is pleased to present a summarized commentary on AfroCentric's ("ACT") interim results for the six months ended 31 December 2019. The period under review has been characterised by further complementary investments and the expansion of existing contractual relationships. Entities more recently acquired, have been profitably integrated into Group operations and innovative digital applications are being applied, to drive greater efficiencies to improve the quality of services rendered to our customers, our clients and their medical scheme members.

Our prior investment in system development and increased IT capacity, continues to contribute favourably towards our operating results, achieving beneficial cost savings through greater scale and procedural efficiencies.

Apart from ACT's subsidiary, Medscheme, which provides healthcare administration and managed care services to its growing number of prominent institutional clients, the Group has invested in other healthcare businesses, servicing both the public and private healthcare markets. The Group continues to grow its wholesale pharmaceutical supply operations and its chronic medication distribution capability. Other compelling and effective services include, specialised disease management, information technology (IT) solutions, transactional switching, and healthcare fraud detection.

DEVELOPMENTS

AfroCentric has for some time focused on opportunities designed to establish a value chain of healthcare ventures in order to maximize the purchasing power of every healthcare Rand spent. Through models of integration and partnerships, the objectives are to improve the affordability of patient care, with viable patient outcomes for easier accessibility to a broader community.

During the period under review and prior to publishing these results:

- Two important contracts were secured by for efficient Chronic Medical and HIV management.
- Medscheme has secured the contract to administer the MEDiPOS Medical Scheme effective 1 April 2020.
- The Group is in the process of acquiring 100% of the DENIS Group which specialises in dental benefit management. The transaction enables the Group to focus specifically on cost reduction and innovation in the dental treatment offerings to all SA medical schemes and their members. The transaction is subject to Competition Commission approval.

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**, ND Munisi**, SA Zinn*

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

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