Feedback to shareholders at AGM

24 October 2016

We develop and manage day hospitals in
South Africa and Australia

October 2016
By Carl Grillenberger CEO
Welcome / Agenda

Overview of the past

Where we stand today

The future of Advanced
Overview of the past

Reasons behind the development of Advanced:

• The need for quality, cost-effective day surgery in S.A.

• South Africa was and still is lagging behind the rest of the world when it comes to the development and utilisation of day hospitals.
## Private Hospitals & Day Clinic

### International Comparison of Market Segmentation

<table>
<thead>
<tr>
<th></th>
<th>Population in millions</th>
<th>Insured % of population</th>
<th>No of Private Hospitals</th>
<th>No of Day Surgery Facilities</th>
<th>Total of all Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>324</td>
<td>85%</td>
<td>5700</td>
<td>5300</td>
<td>11000</td>
</tr>
<tr>
<td>Australia</td>
<td>24</td>
<td>45%</td>
<td>280</td>
<td>300</td>
<td>580</td>
</tr>
<tr>
<td>South Africa</td>
<td>55</td>
<td>17%</td>
<td>250</td>
<td>60</td>
<td>310</td>
</tr>
</tbody>
</table>

The above indicates that a substantial potential for day clinics exists in South Africa.
Overview of the past (continued)

- Advanced was established in 2013 and listed 2014.
- 2016 opened the largest day hospital in New South Wales, Australia.
- 2015 & 2016 Developed 8 new day hospitals in South Africa.
Results for the Year ended 30 June 2016

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>South Africa</th>
<th>Group Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (R'000)</td>
<td>200 740</td>
<td>40 452</td>
<td>241 192</td>
</tr>
<tr>
<td>PAT (R'000)</td>
<td>5 736</td>
<td>(21 465)</td>
<td>(15 729)</td>
</tr>
<tr>
<td>% Revenue of Total</td>
<td>83 %</td>
<td>17 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>
Today, key-hole surgery combined with the latest anaesthetic techniques enable us to deliver 75% of all surgical interventions in a modern day hospital.
Where we stand today

- The board believes in the growth potential of Advanced as provider of free-standing day hospitals.
- Young, but experienced and well-qualified management team.
- Strong support from Day Hospital Association and independent National Hospital Network.
- Support from SA medical schemes is growing.
- Larger private hospital groups started with the development of day hospitals in SA.
The problem which the SA medical scheme industry has to deal with
Competition Commission’s (CC’s) inquiry.

Advanced marketing strategy focussed on:
- Motivation of specialists to utilise day hospitals;
- Specialists to work in partnership with Advanced
- Enhance quality of care;
- Patient-focussed delivery of care;
- Increasing patient throughput;
- Involvement of GPs, dentists and optometrists; and
- Emphasis on quality and affordability.
Advanced focusses on quality services rendered from non-traumatic clinics.
The future of Advanced

Request coming from the CC’s Health Market Inquiry:

- Outcomes must be measured and published.
- Medical practitioners must inform patients about alternatives, quality and costs.
- Patients must be able to take decisions based on informed consent.

Proposals tabled by medical schemes for 2017:

- More procedures are to be done in day hospitals.
- Patients to be treated in appropriate facilities.
- Using co-payments to discourage patients from using acute hospitals instead of day surgery centres.
Medical schemes are planning to implement fixed and global fees as well as incentives which should be to the advantage of Advanced.

Advanced will consider raising additional capital should this be required to fund growth, in consultation with stakeholders.

Advanced plans to own and manage 20 day hospitals in SA and 6 in Australia by 2020.
Thank you for your attendance Questions?
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