

ADVANCED HEALTH LIMITED

POSITIVE TRACTION IN CASE NUMBERS AND REVENUE

Solid increases in case numbers and revenue at Advanced Health Limited were the highlights of its financial results for the year ended 30 June 2019.

CEO Gerhard van Emmenis says these increases reflect encouraging signs that the company has made progress towards a break-even point. The Australian business again increased its contribution to company profit. The South African business, which has been hampered by longer-than-expected settling-in periods at various day hospitals, showed a marked improvement, notably in the last quarter of the financial year.

Salient features of the results are:

| | Presmed Australia | Advanced Health South Africa | Advanced Health Limited |
|---|----------------------|---------------------------------|------------------------------------|
| Number of cases | +9% | +32% | +21% |
| Revenue | +9% | +38% | +18% |
| Improvement in headline profit/loss per share | >100% | -2% | +23% |
| Increase/decline in profit/loss after tax | +31% | -5% | -5% |
| Cash generated from operating activities | +10% | +24% | +117% |

“The loss of R37,99 million (2018: R36,25 million) does not reflect the encouraging signs that we are making good progress towards profitability, in a year when the private healthcare industry battled significant challenges,” says Gerhard.

Presmed Australia reported an improvement in net profit to R9,9 million (2018: R7,5 million).

Advanced Health South Africa showed a net loss of R45,9 million (2018: R42,8 million), but final-quarter growth reflects greater traction towards day hospitals as a cost-effective option for surgical procedures as medical schemes increasingly align their benefit structures to favour day hospitals.

The net loss for the company of R37,99 million includes a R13,45 million loss as a result of closing a loss-making day hospital in Australia.

The progress made in South Africa is the result of, amongst others, working with medical schemes to channel day procedures to day hospitals and analysing utilisation trends to optimally equip, gear and market the facilities. A new day hospital will open in Simon’s Town, Cape Town, the expansion of

well-utilised facilities is being considered and complementary, cost-effective services are being investigated.

“For 2020, our core focus remains on marketing. We have refined our marketing strategy to target theatre optimisation, a more diversified surgery base, a wider referral base and public-private partnership opportunities. Our efforts are supported by our excellent nursing component, which forms the core of our business, the resultantly high patient satisfaction levels and corporate social activities, which include community outreaches,” says Gerhard.

Commenting on industry developments, Gerhard says the envisaged national health insurance will afford Advanced Health an opportunity to work with the public sector, offering centres of excellence where there is a need for day surgery facilities. The outcome of the Competition Commission’s health market inquiry has been postponed to end-September. The envisaged price reference list will contribute to improved transparency and competitiveness in the private healthcare chain, to the benefit of the smaller market players such as Advanced Health.

“Changes in private healthcare are imminent, but we are well positioned at the cutting edge of medical technology and ready to embrace changes in the industry,” says Gerhard.

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