

SPECIAL REPORT: 2015 SOUTH AFRICA BUSINESS REPORT

AfroCentric Health – creating a world of sustainable health care

AfroCentric Health is a leader in health care and is driven by a commitment to innovation, sustainability and transformation of the sector. Our vision is to “create a world of sustainable health care”.

Health care and technology are robust and exciting sectors in which to do business and we continue to thrive in these sectors. With a solid footprint in South Africa, Namibia, Swaziland, Zimbabwe, Botswana and Kenya – the AfroCentric group is on a firm and steady growth path across the African continent.

Our cutting-edge technologies and systems are also enablers for the group to enter new markets and explore non-traditional opportunities for the group. Our health business continues to be the preferred provider of services to a number of prominent South African government entities including the Government Employees Medical Schemes (GEMS) and the Road Accident Fund (RAF). While these contracts are not without challenges, our success in rendering services to governments provides a solid platform for future business growth.

We believe that our offering adds value – particularly in the areas of cost effectiveness and efficiency. While our core competencies remain administration and managed care services, we believe that there will be growth in non-traditional markets especially those in need of proven and efficient technological platforms.



While there is anticompetitive behaviour prevalent in our markets, our health care business is making its systems and competencies more available to the market through competitive pricing strategies while explicitly demonstrating the costs savings they generate.

The group continues to track, assess and adapt to legislative developments – particularly with regard to the National Health Insurance (NHI) which will be introduced in South Africa – and possibly neighbouring countries in the future. While these impact how we do business, our focus remains cost containment and the efficient provision of health care services to GEMS and other stakeholders.

We are proud of our success with government contracts and we will continue to focus on retaining and expanding this business. Our dedicated operations around government business will also collaborate and leverage their collective expertise in the areas of cost containment and volume.

The increasing volumes in the

private sector are expected to generate greater margins and, through improved efficiency, reduce costs, albeit across a limited customer base. In this context, our strategies will focus on working more closely with government while playing a positive role in the cost effective delivery of health care services.

AfroCentric Health acquired its largest health entity, Medscheme Holdings, in 2006 with a view of improving the structural inefficiencies which existed and in anticipation of a levelling of the playing fields in the industry, especially in the South African health care market.

The real value of the Medscheme business lies in the consolidation of the market and the potential expanding within the continent.

Historically, AfroCentric Health has delivered consistent, solid growth and this will not change. Despite the many challenges within our sector, our businesses remain robust and successful. We continue to make substantial progress in laying the foundation for long-term growth and positive shareholder returns.

“We have a business that delivers to our customers, associates, clients, suppliers, shareholders and communities. Recent and future transactions will result in significantly stronger balance sheets as well as stronger executive management team with extensive experience and a proven track record as business developers and entrepreneurs,” says Dr Anna Mokgokong, AfroCentric Health chairman. The group will continue to exploit the synergies of greater business leadership driven by its well-developed commercial and industry minds.

“AfroCentric Health’s success has been possible due to dedicated, knowledgeable and insightful partners and clients that willingly offer their time and expertise. The core competencies, skills and experience of the executive directors have been gained within the health care environment. For this reason we remain convinced that we have the means to unlock further value,” she concludes.

www.afrocentrichealth.com



Dr Anna Mokgokong, chairman



Cape Town is South Africa’s spectacular mother city.

Since 1998, when South Africa established diplomatic ties with China – two years ahead of the launch of Forum on China-Africa Cooperation in 2000 – the country has been well-served commercially through its relationship with China. This came first through the trade channel, given higher global commodity prices driven largely by Chinese demand, which earned South Africa export revenues, created employment opportunities and made it an attractive investment destination. South Africa remains China’s largest trading partner in Africa, and China became South Africa’s top trade partner in 2009. However, attempts to diversify South Africa’s narrow export profile with China are continuing.



Hannah Edinger, director

A second channel is that of investment. South Africa has been among the top recipients of Chinese FDI in Africa, with companies such as Sinosteel, Hisense, Huawei and the

Industrial and Commercial Bank of China are just some of the players that have invested in a diverse range of sectors. Investments range from financial services, mining, electronics and technology to autos, wine, property development and renewable energy. South Africa has also often been seen as a front desk or springboard for Chinese companies looking to venture into the region. Similarly South African firms have taken advantage of opportunities in China.

A third channel has been that of greater people-to-people exchanges and tourism activity, and South Africa has benefitted by being sub-Saharan Africa’s largest tourism destination for Chinese tourists.

www.frontieradvisory.com



Herman Steyn, CEO

“Africa and China’s economic ties are being strengthened by South Africa’s role as the ‘African outreach’ to key economies across sub-Saharan Africa,” says Herman Steyn, CEO of leading investment management company Prescient.

“Africa is in a strong position to work with China, and cooperation continues to increase across the financial services, resources and trading sectors.

“As we continue to work more closely together, we expect new opportunities for collaboration to present themselves in order for China and Africa to build on the economic partnership already in place.”

www.prescient.co.za



Janine Myburgh, president

as we concentrate on the essence of the problem and not the technicalities.

“Business conditions and the laws affecting business vary from country to country, so it is important to make local connections and meet people working in the same field, as this is the quickest way to spot problems and see opportunities. The chamber is the leading business organisation in the western Cape and is in a good position to make key introductions.”

www.capetownchamber.com

The law firm of choice in South Africa

Strategic, long-term investments from China are continuing to help fuel growth across African economies. South Africa’s highly-regarded judiciary system and world-class law firms are successfully facilitating business between China, South Africa and the rest of the African continent.

With 115 directors/partners and 200 qualified lawyers, Cliffe Dekker Hofmeyr is one of the largest business law firms in South Africa. The firm covers the full range of business legal services including corporate and commercial, competition, dispute resolution, finance and banking, projects and infrastructure, tax, media and telecommunications, trusts and estates.

“There are both challenges and opportunities within the South African economy,” says Brent Williams, CEO of Cliffe Dekker Hofmeyr. “Our dedicated sector-led teams and strong public sector practice have enabled us to position ourselves as the first point of call for clients doing business within South Africa. We are active across the country’s key industries, including capital markets, banking and financial services, mining,



Brent Williams, CEO

manufacturing and fast-moving consumer goods.”

With a credible judiciary system, a strong legal services sector and a well-regulated financial market, South Africa is a key growth-driver for the African continent.

As the South African member firm of DLA Piper Africa, an alliance of international legal practices, Cliffe Dekker Hofmeyr is unrivalled in terms of the firm’s pan-African legal

services, geographical coverage and experience.

For six consecutive years, Cliffe Dekker Hofmeyr has advised on more mergers and acquisitions (M&A) deals than any other law firm in South Africa and recently took top honours at the DealMakers Awards for M&A deal flow.

As China and Africa continue to strengthen their ties, Cliffe Dekker Hofmeyr is well-positioned to meet the needs of Chinese clients.

“China and Africa’s relationship is moving in the right direction and South Africa has established a strong partnership approach towards working with China,” Williams says.

“We enjoy working alongside our Chinese friends and our direct approach to building relationships and doing business is very much appreciated. As Chinese companies consider opportunities in South Africa and the rest of the continent, we intend to play an increased role in facilitating business and transactions. We will continue to focus on corporates, remain competitive and build on our outstanding reputation to position Cliffe Dekker Hofmeyr as the law firm of choice in South Africa and the rest of the continent.”

www.cliffedekkerhofmeyr.com

A South African partner beyond expectations

South Africa’s banking and financial services sectors continue to contribute to and strengthen the country’s economy. With the largest exchange on the African continent – Johannesburg Stock Exchange, ranked the 19th largest stock exchange in the world by market capitalisation – and continuing developments in the country’s banking industry, South Africa is building on its reputation as a global financial centre.

This stable and well-regulated business environment has enabled large and medium size financial players to establish themselves across the country.

In Johannesburg, Sasfin Holdings, a bank controlling company and notably its subsidiary, Sasfin Bank have become a leading South African financial institution.

“As a bank, we are on a good wicket,” says Roland Sassoon, CEO. “We have successfully launched our transactional banking services and we intend to continue to grow our business and strengthen our reputation as a trusted and committed South African financial institution.”

Sassoon’s father established the business in 1951 and the company evolved from a textile importer to a small-scale trade and equipment



Roland Sassoon, CEO

financing company which went on to list on the Johannesburg Stock Exchange in 1987.

Today, Sasfin Bank focuses on the needs of corporate, commercial and individual clients. Services include trade and equipment finance, corporate finance and private equity investment, securitisation, international and domestic treasury, freight, growth incentive consulting, asset management, stockbroking, portfolio management and wealth and financial planning.

The vision of Sasfin Bank is to partner with investors, entrepreneurs and corporates and the bank’s ties to China continue to create opportunities.

Sassoon’s first trip to China in 1963 laid the foundations for strong partnerships and friendships across the region with companies such as Heenry Group, a leading international freight forwarding group, headquartered in Hong Kong.

Recognising Hong Kong’s reputation as a strategic financial centre, Sasfin established a presence there. Today, Gary Patterson, managing director of Sasfin Asia, heads up the bank’s Hong Kong office.

“BRICS” offers China and South Africa the opportunity to work more closely together on both governmental and business levels,” says Sassoon. “We want to emphasise that South Africa is a reliable place in which to do business, despite the challenges within the country. We are confident that South Africa will continue to create opportunities for international business exchange and we will work closely with our partners and clients as we play an increasingly active role within South Africa’s dynamic financial sector.”

www.sasfin.com



AfroCentric Health’s vision – ‘Creating a World of Sustainable Healthcare’ – is in response to the challenge of improving access to quality, affordable healthcare.

The AfroCentric group already touches the lives of over 3.2 million people through our network of branches located throughout South Africa, Africa (Botswana, Namibia, Swaziland, Zimbabwe) and Mauritius.

This makes us Africa’s largest health risk management service provider and medical scheme administrator- a status achieved through innovation aimed at careful management of healthcare costs and operational efficiency, as well as a focus on transformation.

For us, sustainability is about more than our bottom line, it is about how we contribute to our communities; in doing so we leave a positive, sustainable legacy.

www.afrocentrichealth.co.za