



Delivering on our strategy

Description

Our journey over the past months has been characterised by change and transition but also by resilience and a relentless pursuit for excellence and to transform healthcare.

Our annual results for the year ending June 2024 were released on 4 September, with some parts of our business having done well to manage the challenges we faced and return sustained performance, while others have not performed to plan and more will need to be done.

It is clear the healthcare landscape continues to evolve rapidly, with technological advancements, AI diagnostics and data analytics transforming how we deliver healthcare. Our response has been hyper-automation in terms of claims and pre-authorisations, the launch of our innovative Healthcare Professional Portal (HPC) and modernisation of our contact centre to include a pioneering speech analytics tool. We've also adopted a values-based care framework.

During the past financial year, we've faced a tough operating environment, with muted economic growth and employment levels constraining affordability for medical aid, high medical inflation, overuse of care and a drop in Gross Domestic Product (GDP). Despite this, we've surpassed the 4-million lives under management mark.

Our 2024 Results

Our Servicing business delivered sustained performance with a revenue growth of just under 6%, but from a retail perspective (especially our pharmacy business) we've unfortunately underperformed against expectation because of lower over-the-counter sales and adherence to chronic medication as well as a continued downward pressure in terms of regulated medicines pricing.

We had marginal growth from an operating perspective, but this was intentional as we invested quite heavily in strengthening our clinical servicing and product development capabilities while also

accelerating our technological advancements.

Summary view of results

	SERVICE (R'm)	RETAIL
Total revenue	4 639	4 252
<i>Change to prior period</i>	5.9%	(4.8%)
Operating profit	679	211
<i>Change to prior period</i>	(1.0%)	7.3%
Profit margin FY24	14.7%	5.0%
Profit margin FY23	15.7%	4.4%

[You can watch the full Annual Results presentation here.](#)

Vision 2030

Following the Board's approval of our refreshed strategy, we have begun easing into our Vision 2030 – our new, multi-year strategy that will ensure our company remains agile, innovative and aligned with the dynamic needs of our industry and clients.

Working together, we will develop a Sanlam supported open scheme, anchored by Fedhealth as our initial key partner. We plan to add many more like-minded partners over time who share our vision for an innovative healthcare solution that will close health as an entry point to Sanlam's clients and provide our members with a holistic financial services and wellness offering.

The second component of growth for Vision 2030 over the coming years is to strengthen our Managed Care leadership position through clinically-driven innovation which will increasingly become a key differentiator for our business.

We want to be at the forefront of transforming traditional care delivery programmes that enables us to be more value-based by focusing on quality clinical outcomes, expanding access to care in a cost-effective way and consistently delivering exceptional member and service provider experiences. Using our Managed Care expertise, combined with Sanlam's risk capabilities will enable us to unlock new opportunities to grow the business.

Our growth will be enabled by data, digital and technology innovation with continued and accelerated investment in this area to drive high value use cases enabling us to be a truly digital-first client-focused healthcare organisation. We will be adopting new technologies and employing data-driven insights to improve client experience and empowerment through these seamless digital capabilities.

How we structure ourselves going forward will play a vital role in successfully delivering on Vision 2030. As I mentioned previously, we are evolving our operating model to be more cohesive and integrated as we believe this will help us to optimise AfroCentric's diversified healthcare proposition as our differentiator and something that our competitors cannot copy.

This is going to require a fundamental shift in our culture, driven by our values, innovation and collaborative business environment to adopt a culture-first and culture-led approach. It will require patience, dedication and a willingness to embrace change, but the payoff will be a more resilient, agile and successful AfroCentric Group that unlocks the full potential of all of us and our business.

Welcome aboard

We continuously elevate the way we welcome new colleagues by creating alignment with our company culture from day one as we all work towards a shared purpose and enhanced productivity.

These changes are aimed at reducing the learning curve by spending more time equipping new employees with the tools, information and resources to understand their roles, navigate internal processes, establish networks and become more familiar with all the companies across the AfroCentric Group before they are absorbed into day-to-day operations.

To AfroCitizens who joined us this quarter, a welcome to you!

Our voices matter

In our continued recognition that your voice matters, I'd like to encourage you to take part in our next Pulse Survey which takes place from 7-11 October. We'd love to hear from you about various aspects of your work experience, such as organisational culture, impact of leadership in your daily routine and

how you experience our brand and reputation. Your honest input contributes directly to our ongoing efforts to enhance your employee experience and helps us understand what is working well and where we need to improve.

Look out for the link from Pure Survey in your email inbox and remember, all feedback is completely anonymous.

Our proud AfroCentric heritage

In honour of Heritage Day (24 September), we've highlighted some of our company milestones, from listing on the Johannesburg Stock Exchange in 2008 to becoming the most diversified healthcare company in Southern Africa today. Be sure to look at the timeline of our company's history in our article **A Proud AfroCentric Heritage**.

Until next time,

Gerald

Category

1. Our CEO

default watermark