



Life Healthcare's growth strategy has focused on expanding its complementary services within the South African market.

PHOTO: SUPPLIED

# Life Healthcare growth strategy starting to pay

# Group's revenue up 26.8 percent to R20.8 billion

**Sandile Mchunu**

LIFE Healthcare's share price jumped 8.83 percent on the JSE after the group reported an increase in earnings for the year to end September.

As a result, the share price gained R2.15 to R26.50 a share, up from Monday's closing price of R24.35. However, by the end of the day it closed 6.78 percent higher at R26 on the JSE.

In the results, the group's revenue was up 26.8 percent to R20.8 billion and normalised earnings before interest, tax, depreciation and amortisation increased 15.9 percent to R5.01bn, boosted by the UK acquisition of the Alliance Medical Group. Normalised earnings per share decreased 44.6 percent to 93.9 cents.

Life Healthcare acquired Alliance Medical Group for £800m (R14.85bn) last year. The acquisition has led to high finance costs which came in at R1.3bn and resulted in the group posting a decline of 43 percent in profits to R1.1bn.

The group said earnings in

## Life Healthcare

Share price, rand Aug 21 - Nov 21



were further impacted by impairment of the investment in Poland.

Acting chief executive Pieter van der Westhuizen said one of Life Healthcare's strategic objectives was to diversify the group along its lines of business as well as its geographic presence.

"Life Healthcare's growth strategy has been focused on expanding its complementary services within the South African market while increasing its international exposure. In

line with this strategy, Life Healthcare completed the acquisition of Alliance Medical in November 2016," Van der Westhuizen said.

In its Southern African region, revenue increased 4.3 percent to R16bn, while its paid patient days at its hospitals declined 1.7 percent.

Life Healthcare's southern African subsidiaries include Life Esidimeni, the private psychiatric hospital group from which we recently saw a number of patients being transferred by the Gauteng government to unlicensed non-governmental organisations. The transfer led to more than 143 deaths and the commission is under way to investigate the deaths.

The group said the region would have an additional 133 beds, 22 renal dialysis stations and a new oncology centre. The increase in beds was primarily driven by the adding of 60 mental health beds at Life Carstenview in Gauteng. An additional oncology unit at Life Eugene Marais Hospital in

Pretoria was completed.

In Poland, revenue from its subsidiary Scanned declined 7 percent to R1.1bn.

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The group said operations in Italy and Ireland performed according to expectations and northern Europe showed good growth on the back of the acquisition of the Life Radiopharma Group for R189m in May "This acquisition extends Alliance Medical's molecular imaging presence in northern Europe and supplements its PET-CT scanning services."

Max Healthcare in India reported revenue growth of 8 percent and Ebitda growth of 7 percent during the period.

The group declared a final dividend of 45c a share.