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Upbeat AfroCentric lifts dividend

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Disappointing results from company's investment in Jasco Electronics offset by positive performance in healthcare business

BLACK-owned investment holding company AfroCentric on Friday raised its dividend for the year ended June by 43%, to 15c.

The results statement said normalised headline earnings per share rose 22% to 37.42c, but diluted headline earnings per share fell 40% to 28.62c.

AfroCentric said diluted headline earnings had been calculated as if preference shares had been converted to ordinary shares and shares awarded to AfroCentric Health executives had been issued.

AfroCentric owns 94.07% of AfroCentric Health, which in turn owns 100% of Medscheme Holdings, described as South Africa's largest health risk management services provider and third-largest medical scheme administrator. AfroCentric also owns 27.3% of JSE-listed technology group Jasco Electronics.

"AfroCentric's investment in Jasco was once again disappointing," the company said.

Jasco's losses were primarily incurred because of the substantial impairment of its investment in M-Tech.

Given the nature of the associated losses, the amount is adjusted in headline earnings and not expected to recur. Jasco has forecast a return to profitability in the 2014 financial year, AfroCentric said.

Its core healthcare business, on the other hand, has continued its rate of compound growth in earnings of 35% for the past four years.

The group said Medscheme's contract from the Government Employees Medical Scheme helped lift overall revenue 22% to R1.77bn. Apart from Medscheme's organic growth, notable positive features during the year were the amalgamation and inclusion of the Pro-Sano Medical Scheme's 26,000 members into the Bonitas Medical Fund and the sale of Medscheme's investment in TradeBridge yielding a R51m profit.

In addition, as part of AfroCentric Health's overall services, certain relationships were restructured and consolidated to provide improved stimulus for protection and sustainability, in the interests of Medscheme's client base and that of its existing and potential membership.

"We are also proud to highlight that in a recent national 'index of satisfaction' survey of medical scheme membership in South Africa, members of Medscheme client Bonitas Medical Fund were found to be the most satisfied medical scheme members in so far as value for money and administration attention and services are concerned," AfroCentric said.

Further efficiency improvements in healthcare via greater economies of scale contributed to an even higher increase in operating profit of 29% from 16%, it said.

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