

Netcare earnings up in 'challenging' healthcare market — News24

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Private healthcare group Netcare reported on Monday that its adjusted headline earnings per share improved 3% to 171.2c for the year ended September 30, 2019.

The group described its financial performance as "resilient" in a "challenging market".

"The broader South African economy continues to struggle and the healthcare environment faces a number of growth challenges," it said in an update to shareholders.

Medical scheme membership remained stagnant and funders focused on initiatives to reduce healthcare costs. In this environment, Netcare said it managed its cost base well.

According to its report, revenue from continuing operations improved by 4.2% to R21.6bn, compared to R20.7bn reported in 2018. Normalised operating profit increased 4.4% to R3.6bn while normalised profit after taxation increased by 0.9% to R2.35bn, compared to R2.33bn reported in 2018.

Its dividend increased 6.7% from the previous year to 111c.

The group's net financial expenses increased to R486m, compared to R327m reported in 2018. This was mainly impacted by higher finance costs due to debt levels which were higher than expected and lower interest income due to the disposal of its stake in UK business BMI Healthcare.

"The increase in finance costs results from higher average debt levels as the business seeks to continue optimising its capital structure.

"The reduction in interest income is due to Netcare earning R104m in the prior year on its contractual economic interest in the debt of BMI Healthcare, which is no longer earned following the disposal of this investment," the group said.

The group also commented on the draft National Health Insurance Bill, which is currently going through Parliamentary processes. NHI is a government plan to provide universal healthcare access to all South Africans and is expected to be rolled out by 2026.

"Certain elements of the Bill remain unclear, and Netcare is actively participating in engagements with policy makers on the detail of the Bill and will participate in the parliamentary process.

"Netcare fully embraces the principles of Universal Healthcare and, given the inequality of access to quality healthcare and the scarcity of resources, Netcare strongly supports an inclusive approach to improving accessibility and quality of care," the group said.

Netcare said that it is working to develop "affordable" solutions and services and to improve healthcare access to those which are uninsured.

In a statement issued on the JSE Stock Exchange News Service later on Monday, Netcare said it had appointed ex Clicks CEO David Kneale to the board of directors. Kneale will be an independent non-executive director and will also join the remuneration and audit committees as chair and member respectively.