

# Interim Results

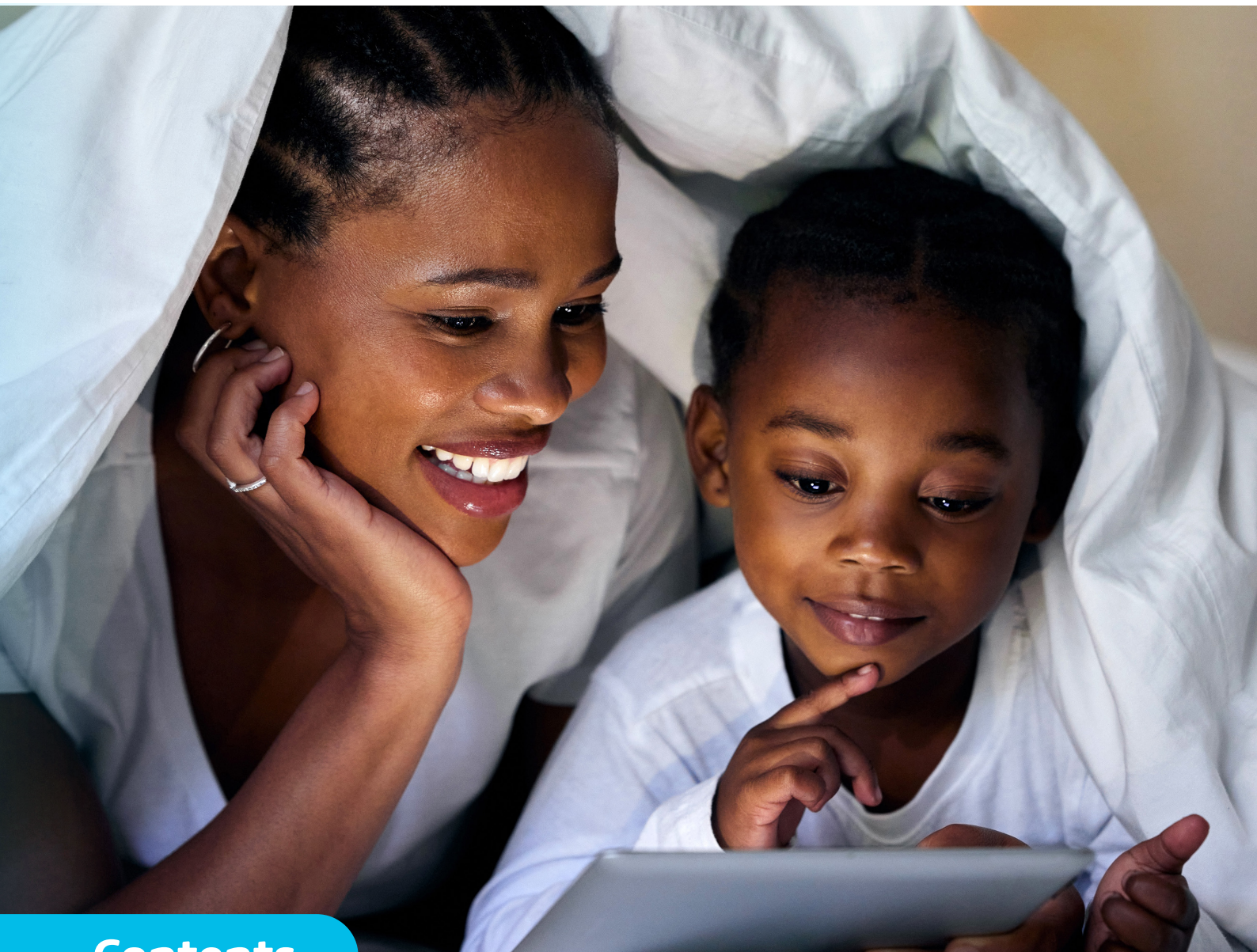
*for the six months ended*  
**31 August 2024**



**lenmed**  
Embrace every day







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# Group Performance review



*The Group has produced strong results for the first half of the year. Overall, the Group achieved pleasing activity growth, further bolstered by the addition of Mooimed Private Hospital in October 2023.*

Our organic growth initiatives continue to drive both Paid Patient Days (PPDs) volumes and Revenue per Patient Day (RPPD) uplift, with further opportunity for positive profit contributions anticipated moving forward. Group revenue rose by 13.1% to R2 695.6 million, up from R2 382.9 million in the same period last year. This increase stemmed from a 7% rise in PPDs and a 6% increase in RPPD, as a result of an inflationary tariff adjustment and a strategic shift towards higher acuity work. Length of stay remained consistent with the previous period. Our targeted approach to higher acuity work led to higher margin surgical case growth outpacing overall admissions.

Operating leverage and cost control efforts limited operating expense growth to 10.6%, well below the revenue growth of 13.1%. Although the costs related to load shedding decreased significantly compared to the prior period, this was countered by double-digit increases in insurance premiums, property rates, and utility tariffs. Consequently, Group earnings before interest, tax, depreciation, and amortisation (EBITDA) improved by 17.3%, rising to R445.2 million from R380.0 million in 2023. It is also worth noting that this is 34.9% higher than EBITDA achieved for H1FY23.

Net interest expense increased by 13.7% to R98.3 million (from R86.5 million in 2023) primarily due to funding for the Mooimed acquisition and our continued investment in the expansion and upkeep of our facilities.

As a result, profit before tax grew by 17.1% to R243.9 million, up from R208.2 million.

In March 2024, the Group successfully refinanced its debt facilities, extending the tenure and increasing the total debt quantum to support our growth strategy. The revised package offers reduced pricing and lower capital repayment terms, allowing for better allocation of cash generated by the Group towards growth opportunities. As of 31 August 2024, the Group's gearing level (Net Debt to EBITDA for the last 12 months) stood at 2.11 times, consistent with the previous period. We continue to ensure sufficient funding headroom in our banking facilities.

Cash generated from operating activities as a percentage of EBITDA remained stable at 78%, although still short of our 90% target. Despite increased revenues and a growing receivables book, trade receivable days showed slight improvement and remained within target. We expect collection trends to align with previous periods.

In keeping with our commitment to shareholders, the Group declared a dividend of 8.45 cents per share in July 2024, being a 100% increase from the prior period. The Board is optimistic about maintaining this dividend level, contingent upon meeting solvency and liquidity tests as per the Companies Act.



## Segmental Analysis

### South African Operations

Revenue from South African operations rose by 16.5% to R2 051.6 million compared to R1 762.1 million last year. On a like for like basis, excluding Mooimed, revenue increased by 11.7%. Mooimed contributed for a full six months this year with no contribution in the prior period, having been acquired on 1 October 2023. Revenue growth was fuelled by a 7.8% rise in PPDs and an 8.1% increase in RPPD, with length of stay consistent with the prior period.

Mooimed, primarily a surgical facility, generated approximately 80% of admissions from surgical cases, positively impacting RPPD. Expansions at Ahmed Kathrada Private Hospital, aimed at higher acuity beds, also contributed to growth. The execution of comprehensive business strategies have led to double-digit revenue growth at Shifa, Howick, and Zamokuhle Private Hospitals. Although not reflected in the comparative figures, Mooimed has also achieved double-digit growth in both revenue and PPDs. We are pleased with the performance of this acquisition to date and are confident in the future growth prospects at this facility.

EBITDA for South African operations increased by 21.5% to R365.4 million (up from R300.7 million in 2023), with an improved margin of 17.8%. Operating leverage and optimisation measures enabled EBITDA growth to outpace revenue growth during this period.

### Operations Outside of South Africa

Revenue for operations outside of South Africa increased by 3.7% to R644.0 million, compared to R620.8 million in the prior period. At constant exchange rates, the increase would have been 5.9%. This growth resulted from a 6.8% rise in RPPD, negatively offset by a 2.9% decline in overall PPDs as a result of the difficult environment in Botswana.

Our Mozambican operations showed significant growth, with revenue up 20% and EBITDA growing by 24.3%. Beira Private Hospital achieved a 98% revenue increase due to a 72.6% rise in PPDs, consistently reaching monthly profitability.

Conversely, the challenging trading conditions in Botswana persisted, leading to an 11.0% decrease in revenue, resulting in a 28.5% decline in EBITDA despite cost controls implemented, achieving a 12.3% reduction in operating expenditure. We expect the volatility in this business to continue into the second half of the year. We remain agile to the opportunities and challenges in this market and are actively driving the repositioning of the facility and engagement with key stakeholders, including the newly formed government, through various initiatives together with our strategic local partners.

Overall, EBITDA for foreign operations remained stable at R79.8 million compared to R79.3 million previously.

## Prospects

We are encouraged by the first half's performance, particularly in South Africa and Mozambique, and remain cautiously optimistic for the remainder of the financial year.

Our focus continues to be on delivering superior care, driving revenue growth and diversification, achieving cost efficiencies and executing projects that enhance our case mix.

The renewed economic optimism following the May 2024 elections in South Africa may present short- to medium-term opportunities. We are experienced in identifying and assessing these opportunities and remain ideally positioned to take advantage of well-considered attractive growth initiatives.

We are committed to continuing implementing our growth and value-unlock strategy in a responsible and sustainable manner, actively seeking to increase market share, acquire promising businesses and diversifying our revenue streams, while strengthening our core operations. We thank all stakeholders for their ongoing support to the Group.



## Condensed Statement of Comprehensive Income

	GROUP		
	Unaudited six months ended 31 August 2024	Unaudited six months ended 31 August 2023	Audited year ended 29 February 2024
Figures in R'000			
<b>Profit and Loss</b>			
Revenue	2 695 591	2 382 865	4 669 628
Cost of sales	(850 316)	(736 134)	(1 458 762)
<b>GROSS PROFIT</b>	<b>1 845 275</b>	1 646 731	3 210 866
Other income	93 093	93 640	218 326
Operating costs	(1 596 168)	(1 445 984)	(2 948 615)
<b>PROFIT BEFORE INTEREST AND TAXATION</b>	<b>342 200</b>	294 387	480 577
Share of profit from associates	–	290	169
Investment income	6 308	4 010	13 220
Finance costs	(104 631)	(90 505)	(196 714)
<b>PROFIT BEFORE TAXATION</b>	<b>243 877</b>	208 182	297 252
Taxation	(65 057)	(50 832)	(73 342)
<b>PROFIT FOR THE PERIOD</b>	<b>178 820</b>	157 350	223 910
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Foreign currency translation reserve	(63 105)	45 024	29 214
<b>Total other comprehensive income for the period</b>	<b>(63 105)</b>	45 024	29 214
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>115 715</b>	202 374	253 124
<b>Profit for the period attributable to:</b>			
Non-controlling interests	21 235	21 191	34 781
Lenmed Investments Ltd equity holders	157 585	136 159	189 129
	<b>178 820</b>	157 350	223 910
<b>Total comprehensive income for the period attributable to:</b>			
Non-controlling interests	17 803	23 808	40 030
Lenmed Investments Ltd equity holders	97 912	178 566	213 094
	<b>115 715</b>	202 374	253 124
Earnings per share (cents)	22.21	19.19	26.66

## Headline Earnings

	GROUP		
	Unaudited six months ended 31 August 2024	Unaudited six months ended 31 August 2023	Audited year ended 29 February 2024
Figures in R'000			
Profit for the period attributable to Lenmed	157 585	136 159	189 129
Add/Less: (Profit)/loss on disposal of assets	–	(205)	(864)
Add/Less: Currencies (gains) and losses	(3)	(85)	–
Less: Bargain purchase	–	–	(12 543)
Total tax effects of adjustments	–	–	233
	157 582	135 869	175 955
<b>HEADLINE EARNINGS/ (LOSS) PER SHARE (CENTS)</b>	<b>22.21</b>	19.15	24.80

## Normalised EBITDA

	GROUP		
	Unaudited six months ended 31 August 2024	Unaudited six months ended 31 August 2023	Audited year ended 29 February 2024
Figures in R'000			
EBITDA	445 213	379 952	677 164
Add/Less: (Profit)/loss on disposal of assets	–	(280)	–
Add/Less: Currencies gains and (losses)	(3)	(117)	–
	445 210	379 555	677 164

## Condensed Statement of Financial Position

		GROUP		
		Unaudited six months ended 31 August 2024	Unaudited six months ended 31 August 2023	Audited year ended 28 February 2024
Figures in R'000	Notes			
<b>Assets</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment and investment property		3 607 287	3 400 691	3 635 557
Right-of-use assets		220 312	178 752	239 043
Goodwill	3	547 124	559 056	547 126
Intangible assets		43 231	51 131	42 803
Investment in associates		13 162	12 864	12 742
Deferred tax		90 753	70 160	96 482
		4 521 869	4 272 654	4 573 753
<b>CURRENT ASSETS</b>				
Inventory		112 295	113 002	119 064
Trade and other receivables		1 249 751	1 216 396	1 165 964
Taxation assets		-	-	4 392
Cash and cash equivalents		337 772	307 692	283 546
		1 699 818	1 637 090	1 572 966
<b>TOTAL ASSETS</b>		<b>6 221 687</b>	<b>5 909 744</b>	<b>6 146 719</b>
<b>Equity and Liabilities</b>				
<b>Equity and Reserves</b>				
Stated capital		426 006	426 006	426 006
Other Reserves		231 143	309 258	290 816
Accumulated profits		2 041 137	1 890 538	1 943 507
Non-controlling interests		392 055	362 107	382 692
		3 090 341	2 987 909	3 043 021
<b>NON-CURRENT LIABILITIES</b>				
Long term liabilities		1 728 333	1 401 936	1 094 918
Loans from non-controlling interests		35 798	25 959	25 421
Lease liabilities		251 977	210 486	272 482
Deferred taxation		246 303	242 018	251 063
		2 262 411	1 880 399	1 643 884
<b>Current Liabilities</b>				
Trade and other payables		601 759	630 722	613 417
Provisions		136 923	111 283	128 537
Current portion of long term liabilities		25 697	136 000	606 228
Current portion of loans from non-controlling interests		-	-	9 242
Current portion of lease liabilities		18 047	17 766	16 767
Taxation liabilities		26 277	41 527	-
Bank overdraft		60 232	104 138	85 623
		868 935	1 041 436	1 459 814
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6 221 687</b>	<b>5 909 744</b>	<b>6 146 719</b>

## Condensed Statements of Changes in Equity

### GROUP

Figures in R'000	Stated capital	Foreign currency translation reserve	Accumulated profits	Equity attributable to Group	Non- controlling interest	Total
<b>BALANCE AT 31 AUGUST 2023</b>	426 006	309 258	1 890 537	2 625 801	362 107	<b>2 987 908</b>
Profit for the period	-	-	52 970	52 970	13 590	<b>66 560</b>
Other comprehensive income	-	(18 442)	-	(18 442)	6 995	<b>(11 447)</b>
<b>BALANCE AT 28 FEBRUARY 2024</b>	426 006	290 816	1 943 507	2 660 329	382 692	<b>3 043 021</b>
Profit for the period	-	-	157 585	157 585	21 235	<b>178 820</b>
Other comprehensive income	-	(59 673)	-	(59 673)	(3 432)	<b>(63 105)</b>
Dividends	-	-	(59 955)	(59 955)	(8 440)	<b>(68 395)</b>
<b>BALANCE AT 31 AUGUST 2024</b>	426 006	231 143	2 041 137	2 698 286	392 055	<b>3 090 341</b>



## Condensed Statement of Cash Flows

	<b>GROUP</b>		
	<b>Unaudited six months ended 31 August 2024</b>	Unaudited six months ended 31 August 2023	Audited year ended 29 February 2024
Figures in R'000			
<b>Cash flows from operating activities</b>			
<b>OPERATING CASH FLOW BEFORE WORKING CAPITAL CHANGES</b>	<b>445 854</b>	379 953	663 809
<i>Working capital changes</i>			
(Increase) in trade and other receivables	<b>(133 775)</b>	(168 894)	(58 318)
Decrease/(Increase) in inventory	<b>4 664</b>	(15 254)	(10 045)
Increase in trade and other payables	<b>31 377</b>	116 470	41 223
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>348 120</b>	312 274	636 669
Investment income	<b>5 969</b>	4 010	13 222
Finance costs	<b>(99 717)</b>	(90 505)	(191 609)
Income tax paid	<b>(33 917)</b>	(28 705)	(89 636)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>220 455</b>	197 074	368 646
<b>Cash flows from investing activities</b>			
Property, plant and equipment acquired	<b>(113 786)</b>	(145 143)	(329 021)
Proceeds on disposal of Property, plant and equipment	<b>2 998</b>	-	20 905
Intangible assets acquired	<b>(4 827)</b>	-	(20 568)
Investment in subsidiary	<b>-</b>	(59 460)	(163 639)
<b>NET CASH UTILISED IN INVESTING ACTIVITIES</b>	<b>(115 615)</b>	(204 603)	(492 323)
<b>Cash flows from financing activities</b>			
Net loans (repaid)/raised	<b>56 433</b>	(40 123)	77 677
Lease liability paid	<b>(8 705)</b>	(5 608)	(16 394)
Dividends paid	<b>(68 398)</b>	(34 244)	(36 110)
<b>NET CASH GENERATED BY FINANCING ACTIVITIES</b>	<b>(20 670)</b>	(79 975)	25 173
Increase/(Decrease) in cash and cash equivalents	<b>84 170</b>	(87 504)	(98 504)
Effect of exchange rate changes on cash and cash equivalents	<b>(4 552)</b>	2 026	7 394
Cash and cash equivalents at beginning of the period/ year	<b>197 922</b>	289 032	289 032
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/ YEAR</b>	<b>277 540</b>	203 554	197 922

## Accounting policies

### 1. Basis of preparation

These condensed unaudited consolidated interim financial statements for the six months ended 31 August 2024 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), IAS 34 Interim Financial Reporting Standard, comply with SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Announcements issued by the Financial Reporting Standards Council and the Companies Act of South Africa. These policies have been consistently applied to all periods presented, unless otherwise stated. They have been prepared on the historical cost basis, unless otherwise stated. This report was compiled under the supervision of Fredre Meiring CA (SA). The Board takes full responsibility for the preparation of these financial results. The accounting policies used in the preparation of these results are in accordance with IFRS and consistent in all material respect with those of the previous annual financial statements. The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods. The interim results have not been reviewed or audited by the Group's external independent auditors, PKF Durban.

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### 2. Condensed Segment Information

Consistent with the Group's internal reporting, the chief operating decision maker, being the EXCO, views the Group's operating results as a single segment and makes the decisions about resources to be allocated and assesses performance accordingly. The IFRS 8 required information about the group as a single segment for profit or loss, including specified revenues and expenses, and assets and liabilities have already been discussed elsewhere in these interim results.

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## Notes to interim financial statements

Figures in R'000	Unaudited six months ended 31 August 2024	Unaudited six months ended 31 August 2023	Audited year ended 29 February 2024
<b>3. Revenue</b>			
An analysis of revenue is as follows:			
Non-tariff	<b>831 749</b>	691 461	1 778 796
Tariff	<b>1 863 842</b>	1 691 404	2 890 832
Total revenue	<b>2 695 591</b>	2 382 865	4 669 628

There were no outstanding performance obligations at year end.

## 4. Events after the reporting date

The directors are not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the Group other than described above.



# Company information

## Country of incorporation

South Africa

## Nature of business

The provision of private patient healthcare, through management and ownership of hospitals and other related health services.

## Executive directors

Mr Prakash Devchand  
Mr Amil Devchand  
Mr Fredré Meiring

## Non-executive Directors

Ms Nomahlubi Simamane (lead independent)  
Ms Bharti Harie (independent)  
Mr Vaughan Firman (independent)  
Prof Bhaskar Goolab  
Dr Guvant Goolab (independent)

## Registered address

2nd Floor Fountain View House,  
Constantia Office Park,  
Corner 14th Avenue and  
Hendrik Potgieter Road, Constantia Kloof,  
**Johannesburg, 1709**

## Postal address

PO Box 855, Lenasia,  
**Johannesburg, 1820**

## Auditors

PKF Durban, Chartered Accountants (SA)

## Registered Auditors

Practice number – 906352E  
2nd Floor, 12 on Palm Boulevard  
Gateway, **KwaZulu-Natal, 4319**

## Company secretary

Mr W Somerville  
Bryanston Gate, Block 4, 1st Floor,  
Homestead Avenue, Bryanston,  
**Johannesburg, 2191**

## Registration number

1980/003108/06

## Bankers

Rand Merchant Bank  
ABSA

## Transfer secretary

Singular Systems (Pty) Ltd t/a  
Equity Express, 25 Scott Street,  
Waverley, **Johannesburg, 2090**

## Our hospitals

### Ahmed Kathrada Private Hospital

K43 Highway, Extension 8, Lenasia,  
**Gauteng**

### Beira Private Hospital

Estrada Carlos Pereira, Estoril,  
**Beira**

### Bokamoso Private Hospital

Plot 2435, Block 1, Mmopane,  
Along the Molepolole Road, Gaborone,  
**Botswana**

### Daleside Day Hospital

12 Van Ryneveld Street, Wilkoppies,  
**Klerksdorp**

### Daxina Private Hospital

1682 Impala Street, Lenasia South,  
**Gauteng**

### Ethekwini Hospital and Heart Centre

11 Riverhorse Drive, Riverhorse Valley  
Business Estate, Queen Nandi Drive,  
Durban,  
**KwaZulu-Natal**

### Howick Private Hospital

107 Main Street,  
**Howick, 3290**

### Kathu Private Hospital

Frikkie Meyer Street,  
**Kathu**

### La Verna Private Hospital

1 Convent Road, Ladysmith,  
**KwaZulu-Natal**

### Maputo Private Hospital

Rua do Rio Inhamiara,  
Sommerschield II, Maputo,  
**Mozambique**

### Mooimed Private Hospital

1 Chief Albert Luthuli Drive,  
**Potchefstroom, 2531**

### Parkmed Neuro Clinic

94 Bishop Desmond Tutu St, Naserhof,  
**Klerksdorp, 2571**

### Randfontein Private Hospital

Lister Road, Lower Ward Street Extension,  
**Randfontein**

### Royal Hospital and Heart Centre

Corner Welgevonden and  
Jacobus Smit Street, Royleidene,  
**Kimberley**

### Shifa Private Hospital

482 Randles Road, Sydenham, Durban,  
**KwaZulu-Natal**

### Sunningdale Private Hospital

12 Van Ryneveld Street, Wilkoppies,  
**Klerksdorp**

### The Bank Hospital

Block F6, Shippi Road,  
Cantonments,  
**Accra**

### Wilmed Park Private Hospital

Cnr Ametis & Marmer Street,  
**Wilkoppies, 2571**

### Zamokuhle Private Hospital

128 Flint Mazibuko Street,  
Hospital View, Tembisa,  
**Gauteng**

