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# Life plans for 1,000 more hospital beds

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## South Africa's 'disease profile' sets listed group up for robust growth

SOUTH Africa's second-biggest private hospital group, Life Healthcare, was planning to open 1,000 more beds within the next four years, anticipating growing demand from an increasingly sick population, the company said on Friday.

Life Healthcare is one of three private hospital groups listed on the JSE. About 90% of its patients are covered by medical aid.

"We've been talking about the South African growth story for some time," said CEO Michael Flemming in an interview as the company released its annual results for the year to September 30. "The demand is in the nature of (SA's) disease profile.

"There is a lot more happening on the HIV front now, but we still have a lot of very sick people in this country. The demand for care and the length of stay (in hospital) has increased."

Operating profit rose 17% to R2.54bn, up from R2.17bn in the previous financial year.

Avior Research analyst Mathew Menezes said the performance was solid. "Their share has come under pressure because they have previously beaten every set of market expectations.

"There were slight disappointments in two or three areas, but that wouldn't change any investment decisions."

Aeon Investment Management analyst Dean Marks said the company had done reasonably well in a difficult environment.

Jean Pierre Verster from 36One Asset Management said the long-term prospects for the company were "very good". "There is a high disease burden, the company has plans to open 1,000 beds and Max Healthcare is gaining traction," he said.

Max Healthcare is Life Healthcare's Indian venture.

Mr Flemming said the departure of the company's chief financial officer Roger Hogarth next June, announced on Friday, had been anticipated and plans to groom his successor Pieter van der Westhuizen had been put in place five years ago. "He has been with the company for 13 years as group financial controller and has managed the operational aspects of the company.

"I am very comfortable with the succession of the CFO (chief financial officer)."

Mr Flemming said the takeoff of Max Healthcare had been slower than expected, as the company built 1,000 beds in the period under review, but only 390 of them had been opened.

Further, Life Healthcare reported it was discontinuing operations at Birchmed Day Clinic and Grey Monument.

Life Healthcare announced a final dividend of 60c, up slightly on last year's 54c.

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