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“Opportunities for Private Healthcare Providers in Africa”

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Agenda

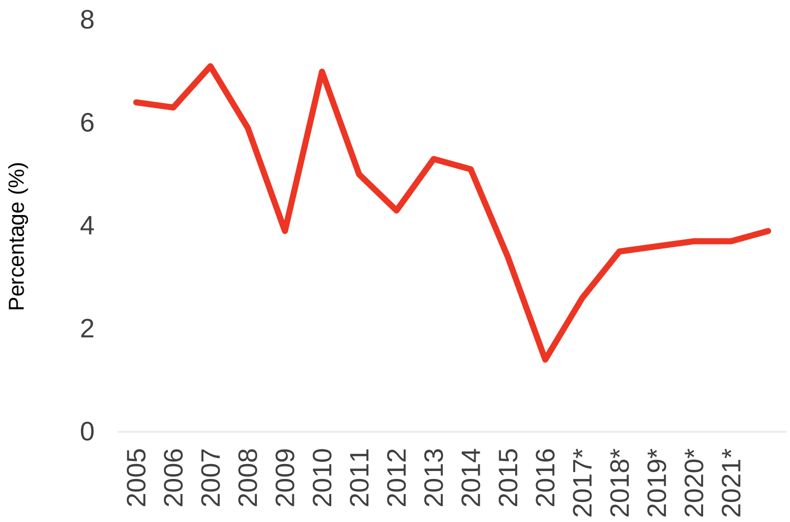
Overview of Market Potential

Navigating the Market

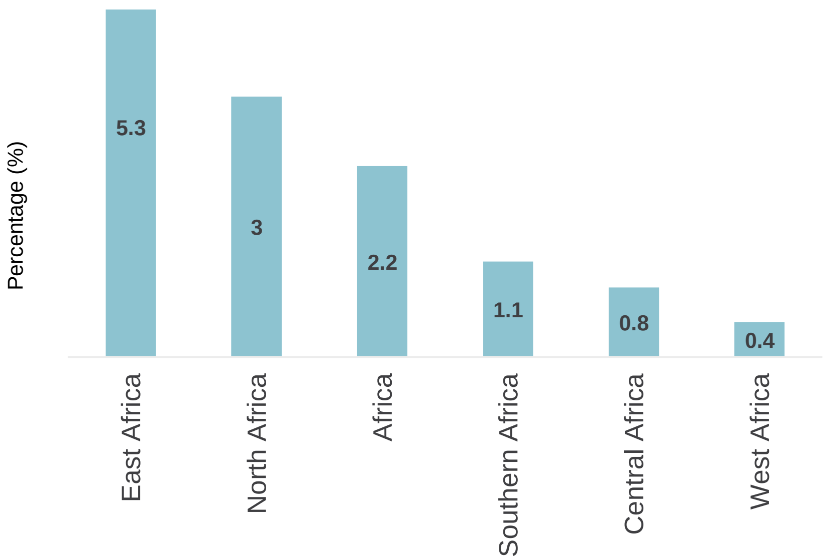
Centum’s Healthcare Play

Sub-Saharan economies are set to rebound, with East Africa leading in terms of regional growth

Sub-Saharan Africa, GDP Growth Rate, 2016-2022E



Real GDP Growth by Region, Africa, 2016



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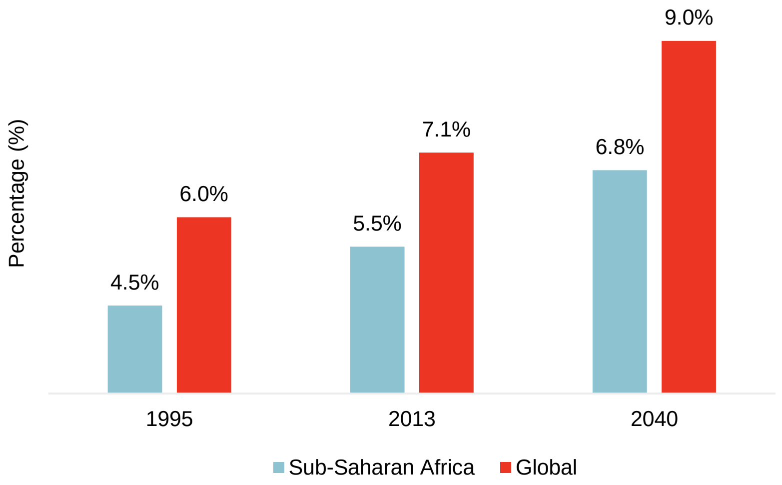
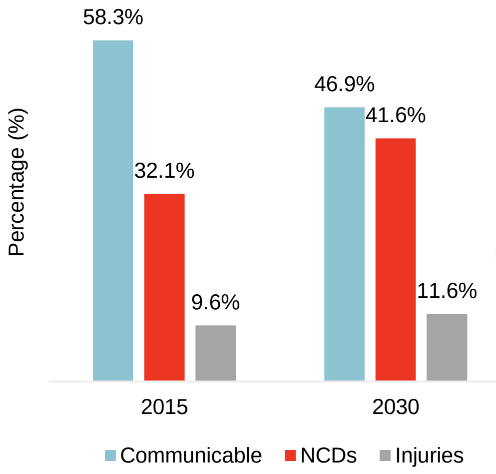
* Estimated
Source: African Economic Outlook 2017, African Development Bank Group, OECD Development Centre, UNDP; IMF World Economic Outlook Database April 2017

With NCD disease burden set to increase, healthcare spend and demand for services is forecast to grow

Total Healthcare Spend as a Percentage of GDP, Global vs SA,1995, 2013 and 2040 (Projected)



Distribution of burden of diseases as % of total DALYs – 2015 and 2040 (Projected)



Increasingly high rates of NCDs, driven by rapid urbanization, (i.e., given exposure to sedentary lifestyles and environmental contagions)

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Source: Global Health Estimateshttp://www.who.int/healthinfo/global_burden_disease/GHE_DthWBR_Proj_2015_2030.xls?ua=1
The Lancet (2016), World Bank Statistics (2015), International Medical Travel Journal (2016) https://www.imtj.com/news/africa-spends-1-billion-year-outbound-medical-tourism/

Multiple factors driving increased demand for quality healthcare in SSA markets

1990s

Young, low-income population, plagued by infectious diseases in rural areas

Limited healthcare delivery platform

Largely rural population

Low population

Active lifestyles and relatively lean diet

2017

Aging, low-to-middle-income population, increasingly affected by NCDs in urban areas

Relatively slow growth in healthcare infrastructure

Increased urbanization

Growing population

Higher incomes

Increased NCDs (lifestyle changes)

2030

Older middle-income population, plagued by NCDs in urban areas

Economic growth

Increased insurance penetration

Technological advances

NCD burden and older population driving need for chronic care

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Key:

- Demand
- Supply
- Enablers

Healthcare delivery platforms remain constrained with respect to both quality and capacity

Number of Available Beds

Per 10,000

Kenya	14
Ghana	9
Nigeria	8
South Africa	22

OECD countries average > 20 beds per 10,000

- **Healthcare infrastructure inadequate across the region**
  - Public sector facilities generally underfunded and unable to meet growing demand for healthcare services
  - Limited number of private sector facilities, with little corporatisation of healthcare services
- **Inconsistent quality of care across providers**
  - Limited accreditation
  - Variable quality of training of healthcare workforce
  - Limited systematic reporting of quality of care indicators even at provider level

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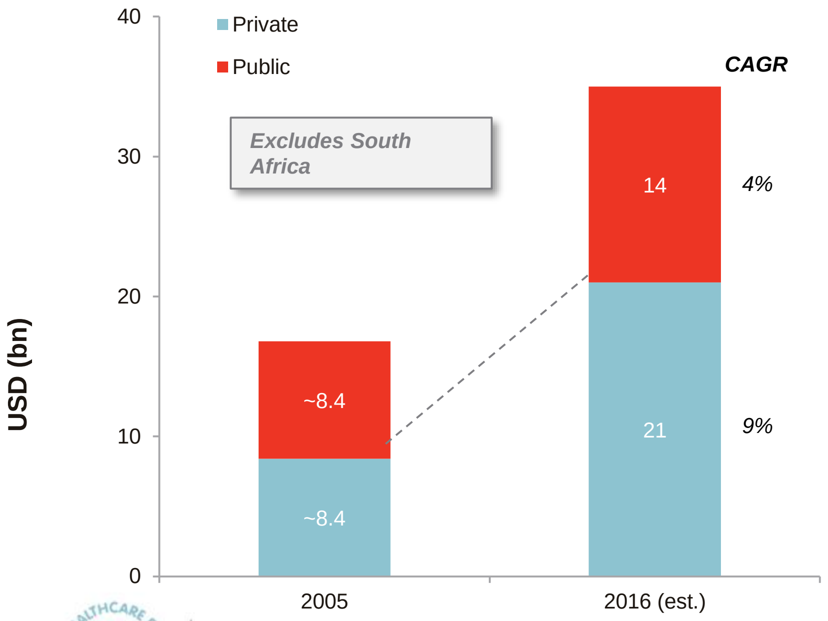
Private sector is an increasingly significant provider of care across all segments of society

Percentage of Population Receiving Care from Private, For-Profit Providers of Modern Medicine[1]



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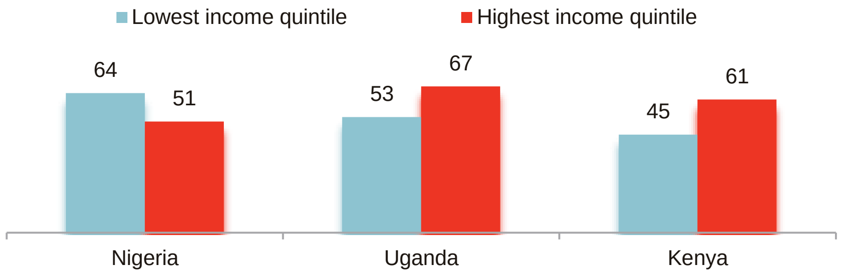

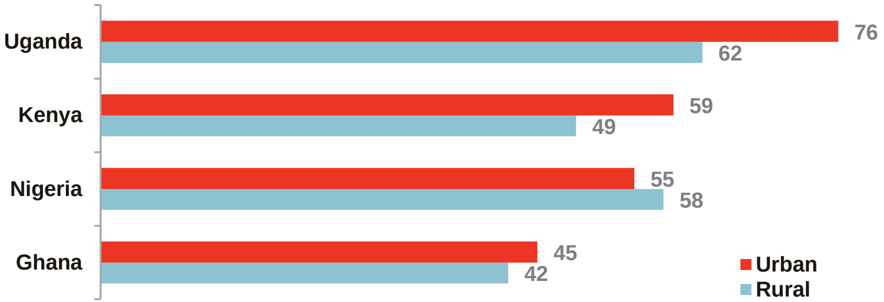

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1 Data based on usage, not expenditure (most recent survey year available between 1995 – 2006)
Source: "The Business of Health in Africa" International Finance Corporation, World Bank Group

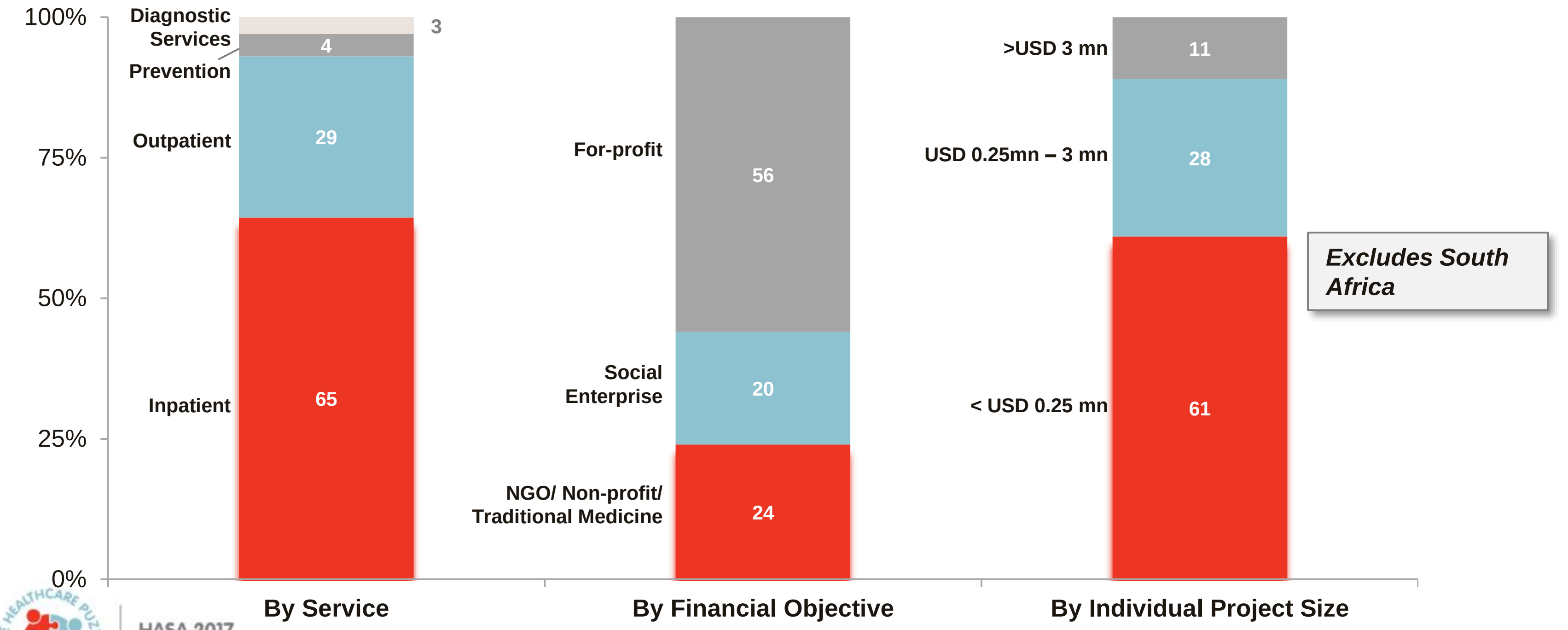
Insufficient supply affordable, quality care is driving significant volumes of medical tourism

Estimated Impact of Medical Tourism ex. Africa	
> $1 Billion	**Revenue lost annually due to medical tourism**
Passenger loads on major airlines travelling for healthcare services	**25%**

- ~ **100k patients from East Africa travel abroad per annum**, accounting for **~USD 500mn**
- Key drivers for seeking care externally include **access, quality and affordability**
- Specialised services sought include **Oncology, Cardiology, Nephrology and General Surgery**
- Common destinations include **India (~60% of patients), South Africa (~15%) and USA (~7%)**

Forecasted investment opportunities over the last decade were largely small scale in nature

Breakdown of Private Health Services Provision Investment Opportunities in Sub-Saharan Africa, 2007-2016



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Source: "The Business of Health in Africa" International Finance Corporation, World Bank Group

There has been significant investment activity in the region, led by financial investors

Disclosed Healthcare Investments in Sub-Saharan Africa, 2008-2016 (Not Exhaustive)

Company	Investor(s)	Country	Investment Amount (US$m)
Hygeia Nigeria Limited	IFHA, Swiss Re, CIEL and IFC	Nigeria	66.8
Luanda Medical Center	Vital Capital Investments	Angola	17
AAR	African Health Systems Management	East Africa	10
Nairobi Women's Hospital	The Abraaj Group	Kenya	7
Luanda Medical Center	Vital Capital Investments	Angola	5
Therapia Health	The Abraaj Group	Nigeria	5
Alminko	AfricInvest	Senegal	5
C&J Medicare	The Abraaj Group	Ghana	5
Nairobi Women's Hospital	The Abraaj Group	Kenya	3
Medpharm Holdings Africa	Ascent	Ethiopia	3
Avenue Group	The Abraaj Group	Kenya	3
Clinique Biasa	The Abraaj Group	Togo	2

Estimated investments* (2016-2021)	**USD Mn**
Abraaj	*300-400*
Leapfrog	*150-250*
IFC	*100-200*
Falck	*100*
Other bi-lateral (e.g., UK, Sweden)	*200+*
	At least USD 850 – 1,150 million

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*List not exhaustive
Source: EMPEA. Data as of 30 June 2016

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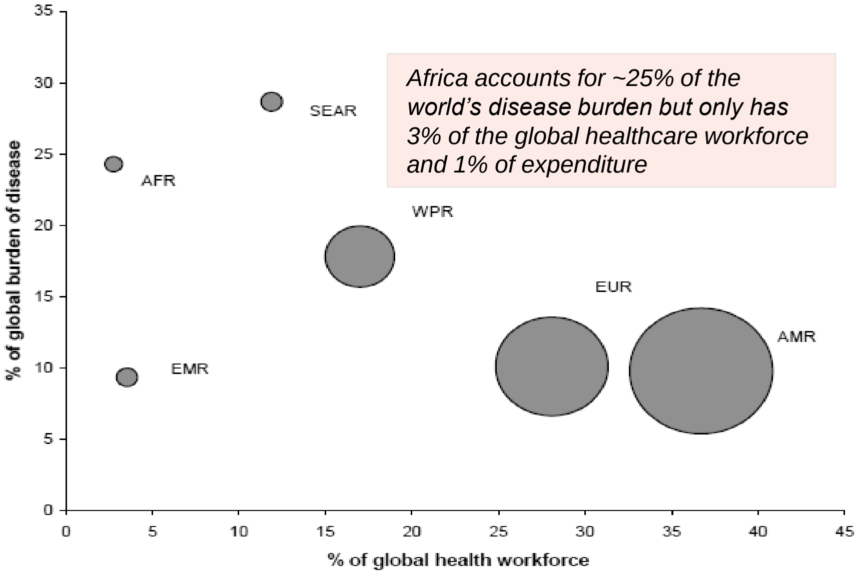
Centum’s Healthcare Play

Skilled healthcare workers are in short supply, with a deliberate strategy being essential to achieve scale

Health Worker Distribution by Level of Health Expenditure and Burden of Disease



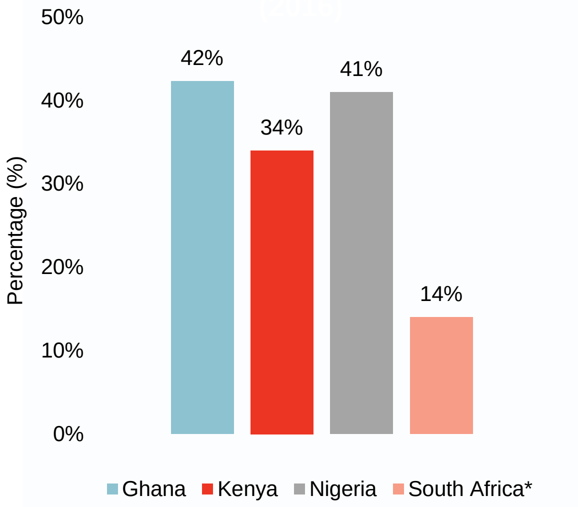
Selection of Specialists in Kenya, 2015

Specialty	# of Doctors	Ratio (per 1,000)
Cardiologists	50	0.0012
Nephrologists	12	0.0003
Urologists	27	0.0006
Neurologists	26	0.0006
Orthopaedics	66	0.0015
Oncologists	8	0.0002

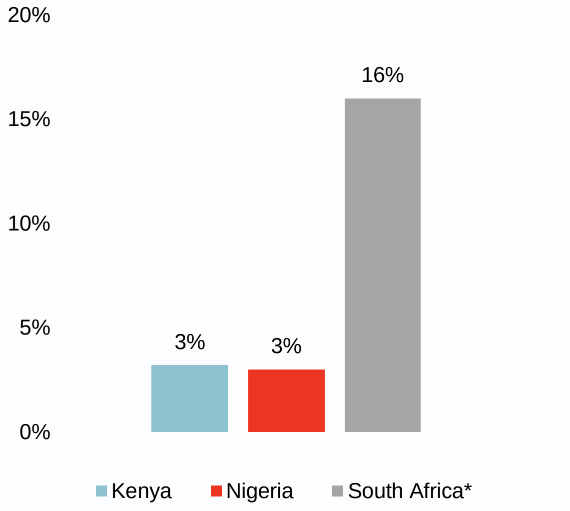
AFR- Africa; EUR- Europe; AMR- America; EMR- Eastern Mediterranean Region; SEAR- South East Asia Region; WPR- Western Pacific Region
Source: Counting Health Workers: Definitions, Data, Methods and Global (2007) resultshttp://www.who.int/hrh/documents/counting_health_workers.pdf; Kenya Medical and Dental Practitioners Board

Ex-SA economies are significantly more informal, with a higher proportion of out of pocket spend

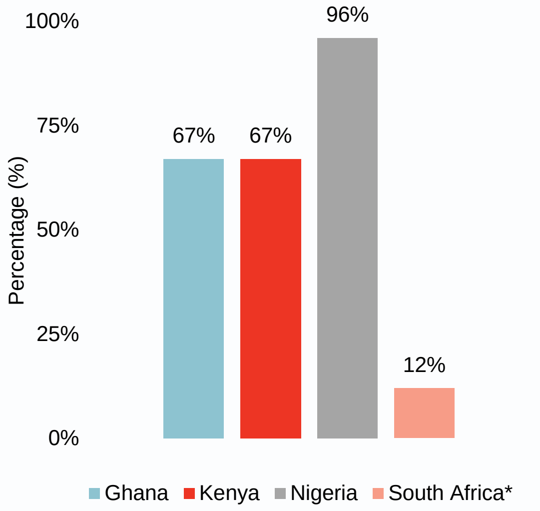
GDP Contribution by Informal Sector



Estimated Private Health Insurance Penetration (2015)



Out-of-pocket as a % of Private Healthcare (2015)



Private healthcare systems are less advanced, with less robust private healthcare insurance sectors, relatively simple reimbursement methods and a higher degree of patient choice

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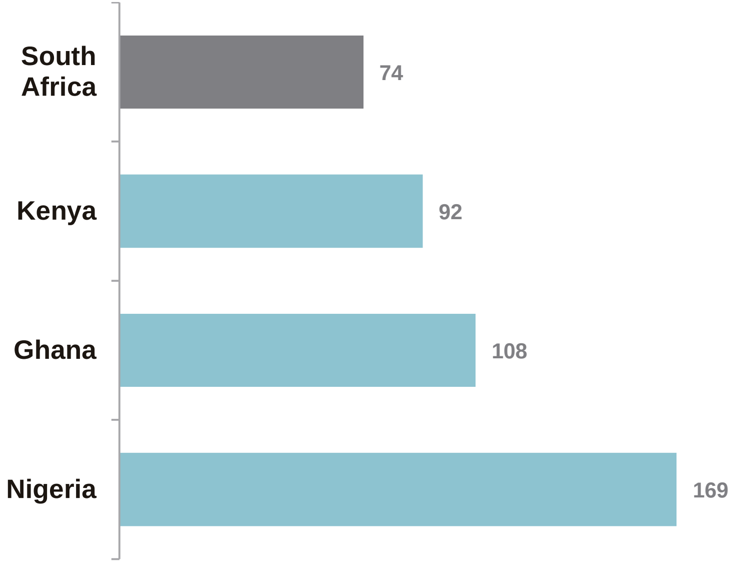
*Estimated contribution - key literature sources state contribution is between 8%-15%

Sources: Informal Sector Employment: Policy Reflections, Economic Survey (2016), Formal and Informal Sector Split of Gross Domestic Product (2016), B&FT Online (2016), World Bank Statistics; Council for Medical Schemes Annual Report 2015-2016; Expert Interviews

Operating environments are more challenging than South Africa, making local partners advantageous

Ease of Doing Business Ranking, 2017



- While operating environment is more challenging than SA, markets such as Ghana and Kenya are improving in their ranking
- Regulation of private healthcare space less evolved than in SA in other SSA markets
  - Represents a challenge but also an opportunity for market leaders to shape policy
- Strong local partner with significant networks is crucial to successfully navigate the regulatory and business environments
- Private healthcare ecosystems less developed

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Sources: Ease of Doing Business Report 2017, World Bank Group

Implications for SA Hospital Providers

- Growing demand for quality care together with increasing capacity to pay against a backdrop of limited supply represents an **opportunity for experienced players**
- Relatively nascent private healthcare sectors outside SA provide little opportunity to enter markets and scale through brownfield investments
- Large scale "Africa" play is necessarily greenfield, which is inherently more risky given market dynamics, and implies slower ramp
  - Difficult for opportunities to meet the short-term growth objectives and align with risk appetite of large healthcare groups
- **Opportunities for SA groups to leverage their domain expertise in "asset light" expansion into Africa as operating partners** in projects funded by financial investors
- **SA strategic investors are also natural buyers of scaled up, de-risked platforms** from early stage investors

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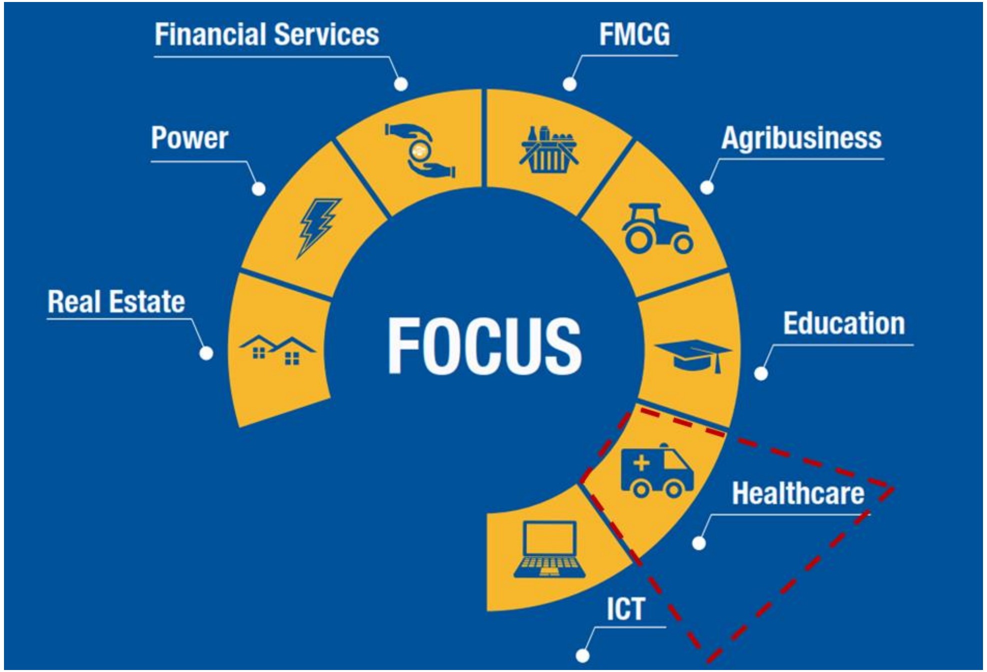
Navigating the Sub-Saharan Market

Centum's Healthcare Play

Healthcare is a central component of Centum's current strategy



Our Mission: To create real tangible wealth by providing the channel through which investors access and build extraordinary enterprises in Africa"

Our Strategy: "To develop investment grade opportunities of scale across 8 key sectors"

Centum seeks to establish a market-leading healthcare delivery platform in East Africa

Overview of Proposed Business Model for Centum's Play

Tertiary Hospital

- *Multi-specialty facility*
- *Highly specialized staff and high tech equipment*
- *Network hub*
- *Telemedicine*

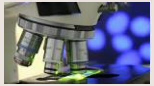
Medical Centres

- *General clinical specialties*
- *CT/MRI*
- *Telemedicine*

Outpatient Facilities

- *Primary outpatient care*
- *Specialist consultations*
- *Telemedicine*

Radiology Platform



Pathology Services

Key Enablers

- **Education** — Ensure adequate clinical skills pipeline
- **Technology** — Leverage to drive quality and efficiency
- Key volume channel
- **Regulators** — Influence policy and regulatory regime

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THANK YOU!