

COMPANIES

Strategy ails Advanced Health

● Annual losses after tax almost triple as day-hospital group bumps into regulation in struggle to gain traction in SA

Michelle Gumede
Health and Education Writer

The growth strategy of day-hospital group Advanced Health has pushed up annual losses almost threefold, but it is confident it will reap rewards in the medium to long term.

The company, which listed on the JSE in 2014, has 10 operational day hospitals in SA and four in Australia. It recently raised R85m in a rights offer, which it said it would use to repay debt and fund new facilities planned for 2018.

On Wednesday the group's annual financial statements for the year ended June 2017 showed the loss at its South African operation widened to R22.5m, from R20.5m a year ago. The Australian operation made a R21m profit – almost

LONG-TERM GROWTH PLAN

ADVANCED HEALTH



Graphic: RUBY-GAY MARTIN Source: BLOOMBERG

four times the R57m profit of a year earlier.

The hospital group suffered a R48m after-tax loss compared with a loss of R15.7m in 2016. CEO Carl Grillenberger said the

group's presence in the Australian market was stronger than in SA because regulations there made it easier for private healthcare firms to operate. "They compete on price and on

quality of service, and people go for it," said Grillenberger. "In SA there are too many restrictive situations, especially coming from the larger hospital groups that don't want to lose that type

of work from their own theatres even though it's costing the patient more."

He said that while medical aid schemes such as Discovery had incentivised the use of day hospitals, patient levels were still relatively low.

Advanced Health group operations manager Bibi Goss-Ross said regulations were needed to allow surgeons to work at both acute and day hospitals without being penalised.

Portfolio manager at Gryphon Asset, Casparus Treurnicht, said Advanced Health's expansion drive and cash drain had caught investors off guard and the group still needed to prove that its business model would work in SA.

The hospital group is not paying a dividend.

Grillenberger said the group

would temper its expansion plan of having 20 hospitals by 2020. It planned on adding two more facilities in SA during 2018, bringing the number of day hospitals to 12 while it allowed its existing operations to recover and rev up profitability.

"It is no use developing more facilities and incurring bigger losses," said Grillenberger, adding that it could take up to three years to see rewards from existing facilities.

Treurnicht said the million-dollar question now was when Advanced Health would finally show a profit.

"It will eventually be a good share to own but greedy investors paid too much."

"Never overpay for a business that still needs to prove itself," he said.

gumede@businesslive.co.za

PERFORMANCE UPDATE

Aspen earnings return to health

Michelle Gumede

Aspen Pharmacare expects an improvement in earnings for the year to June following the devaluation of its Venezuelan business, among other factors.

On Wednesday, the company said the increase in earnings was lifted by the one-off negative effect in the same period a year earlier arising from the devaluation of Aspen's Venezuelan business.

There had also been higher intangible asset impairments, which were offset by capital profits realised from the disposal of noncore businesses and products.

The company said headline earnings per share were expected to increase between 43% and 48%, valued at between 1.2713c and 1.3157c a share compared with 889c previously "attributable to the devaluation of Aspen's Venezuelan business in the prior year".

Earnings per share would rise between 16% and 21% from 945.4c a share.

Casparus Treurnicht, portfolio manager at Gryphon Asset Management, said there were many issues in the business, including the economic difficulties and hyperinflation in Venezuela, that had caused it to cease trading since late 2015.

Strikes and supply-chain issues with its South African operations had also resulted in setbacks for the local segment. Treurnicht emphasized that

ASPEN PHARMACARE



Graphic: KAREN MOOLMAN Source: IRESS

excessive debt raised in the US and Australia placed stress on the balance sheet when the rand blew out in early 2016.

"I understand they've taken out some forward contracts to mitigate this issue."

Aspen's results for the year to end June are expected to be published on September 14.

The share price was down 0.64% to R289.64 at the JSE's close, having been in decline for two consecutive weeks.

Africa's largest pharmaceutical company has a market capitalisation of more than R132bn and has an expanding presence in Latin America, Asia, Europe and Russia.

Aspen has acquired the marketing rights to a portfolio of anaesthetic drugs from Astra-Zeneca and GlaxoSmith-Kline over the past 12 months to make it the largest anaesthetics seller outside the US.

gumede@businesslive.co.za

BRIEFING

Holding on to high-quality tenants a focal point for Redefine

Alistair Anderson
Property Writer

Retaining tenants has been Redefine Properties' priority in 2017, says the CEO of the large real estate investment trust, Andrew Konig.

Redefine had spent resources on improving its portfolio to keep high-quality tenants which had many choices of landlord,

Konig said at a pre-close briefing. The South African economy and political landscape were unpredictable. Lots of attention had to be given to tenants in a market where growth opportunities were scarce, he said.

Redefine's 9.4% forward yield was expensive and punitive, he said. This was especially because the R186 government 10-year bond was sitting at 8.6%

and Redefine had, up to mid-May, tracked the R186 very closely, Konig said.

On Redefine's retail assets, he said its shopping centres were experiencing the addition of more food retailers at the expense of apparel stores.

Shoppers were visiting less, but trading densities were up. Large high-price items were being replaced by a spend on

what people needed, Konig said. Redefine wanted to hold on to its stakes in Redefine International, which invests in western Europe, and Cromwell, which invests in Australia. These investments made sense for Redefine and were in good hands, he said.

Redefine had also maintained its 40% ownership of Echo Polska Properties, a company

that owns retail centres and offices in Poland.

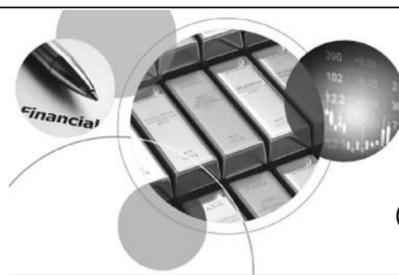
Business and consumer confidence were low in SA, Konig said. Redefine had adapted its strategy in the prolonged uncertain operating environment.

Redefine was on track to deliver its market guidance of 7%-8% for its 2017 financial year. It has about R4bn of facilities for further acquisitions

locally or abroad. The company will present its annual results for the financial year to August on November 6.

The Redefine pre-close presentation had emphasised the sentiment of weak domestic growth, said Jay Padayatchi of Meago Asset Managers. Various listed property groups were facing difficult conditions, he said.

anderson@businesslive.co.za



Sibanye-Stillwater

Operating and financial results

For the six months ended 30 June 2017

Sibanye Gold Limited trading as Sibanye-Stillwater (Sibanye-Stillwater or the Group) (JSE: SGL and NYSE: SBGL) is pleased to report operating results and reviewed condensed consolidated interim financial statements for the six months ended 30 June 2017.

SALIENT FEATURES FOR THE SIX MONTHS ENDED 30 JUNE 2017

- Group operating profit of R3,233 million (US\$245 million) impacted by lower average gold price and gold production for the period
- Gold production of 21,418kg (688,600oz) resulting in an operating profit of R2,353 million (US\$178 million)
- Operating profit of R506 million (US\$38 million) from SA PGM operations. Operational turnaround exceeding expectations
 - R550 million per annum operational synergies realised, well ahead of schedule, at SA PGM operations, with annualised synergies forecast at R1,000 million
- Successful integration of US PGM operations and higher palladium price resulting in an attributable operating profit of US\$28 million for first two months since acquisition
 - Blitz project to be commissioned ahead of schedule in the December 2017 quarter
- Refinancing of the US\$2,650 million Stillwater Bridge Facility was well supported, with \$2,050 million refinanced through capital raised during the June 2017 quarter. The residual portion will be refinanced before year-end
- A capitalisation issue of 2 (two) new shares for every 100 (one hundred) held, maintaining our commitment to deliver industry leading returns to shareholders

US dollar			SA rand		
Six months ended			Six months ended		
Jun 2016	Dec 2016	Jun 2017	Jun 2017	Dec 2016	Jun 2016
21.7	230.5	(363.8)	US\$m		
72.4	97.0	(165.2)	US\$m		
139.9	109.2	(75.8)	US\$m		

KEY STATISTICS - GROUP		
Basic earnings	Rm	(4,803.7)
Headline earnings	Rm	(2,181.8)
Normalised earnings	Rm	(1,001.8)

Capitalisation issue

The Board has resolved to issue and allot fully paid ordinary shares of no par value (ordinary shares) as a capitalisation issue to Sibanye-Stillwater shareholders and American Depository Receipt (ADR) holders *pro rata* to their current holding at a ratio of 2 (two) ordinary shares for every 100 (one hundred) ordinary shares held, including ordinary shares underlying ADRs (the Capitalisation Issue). Where a shareholder's entitlement to the Capitalisation Issue gives rise to a fraction of a share, in respect of fractional entitlements that arise, all allocations of securities will be rounded down to the nearest whole number resulting in allocations of whole securities and a cash payment for the fraction. The weighted average traded price for Wednesday, 4 October 2017, less 10% will be used to determine the cash value. An announcement will be released on Thursday, 5 October 2017 advising shareholders of the cash value determined with regards to transactional entitlements. The bank of New York Mellon, the depository of the Company's ADR programme will publish an announcement containing information and dates relevant to the Company's ADR holders.

The Capitalisation Issue is not a dividend as defined by the Income Tax Act and therefore will not attract Dividends Withholding Tax. The Capitalisation Issue may have tax implications on shareholders, both South African and non-resident and shareholders are advised to obtain appropriate advice from their professional advisors in this regard.

- In terms of the Exchange Control Regulations of the Republic of South Africa:
- Any share certificates that might be issued to non-resident shareholders will be endorsed "Non-Resident";
 - Any new share certificates controlled in terms of the Exchange Control Regulations will be forwarded to the Authorised Dealer in foreign exchange controlling their blocked assets. Such share certificates will be endorsed "Non-Resident"; and
 - Dividend and residual cash payments due to non-residents are freely transferable from the Republic.

Accordingly shareholders are advised that the Capitalisation Issue in jurisdictions other than South Africa may be restricted by law and accordingly, shareholders in those jurisdictions will not be entitled to receive capitalisation shares (ineligible shareholders). Ineligible shareholders are required to contact their broker, Central Securities Depository Participants (CSDP) or the transfer secretary and inform them that they are unable to participate in the Capitalisation Issue prior to the record date in order to participate in the Capitalisation Issue, being Friday, 22 September 2017. The CSDP shall be responsible for informing the transfer secretaries of all dematerialised shares held by them on behalf of such ineligible foreign shareholders.

The Company's Corporate Secretary will facilitate the sale of the capitalisation shares for cash in South Africa, and distribute the cash proceeds therefrom (net of applicable fees, expenses, taxes and charges) to the ineligible shareholders in proportion to such ineligible shareholders' entitlement to the capitalisation shares.

In accordance with paragraphs 11.17(b) of the JSE Listings Requirements the following additional information is disclosed:

- The Capitalisation Issue will be made from Sibanye-Stillwater's revenue reserves
- Sibanye-Stillwater currently has 2,125,844,078 ordinary shares in issue
- Sibanye-Stillwater's income tax reference number is 9431292151
- Sibanye-Stillwater's Auditors are KPMG Inc. and the individual auditor is Henning Opperman

Shareholders are advised of the following dates in respect of the Capitalisation Issue of 2 (two) ordinary shares for every 100 (one hundred) shares held:

- Last date to trade: Tuesday, 3 October 2017
- Capitalisation shares listed: Wednesday, 4 October 2017
- Shares commence trading ex-entitlement: Wednesday, 4 October 2017
- Record date: Friday, 6 October 2017
- Accounts with CSDP or broker credited or issuing of new share certificates is expected to be effected: Monday, 9 October 2017

Please note that share certificates may not be dematerialised or rematerialised between Wednesday, 4 October 2017, and Friday, 6 October 2017, both dates inclusive.

This short-form announcement is the responsibility of the Directors of the Company

The information disclosed is only a summary and does not contain full or complete details. Any investment decision should be based on the considerations of the full results announcement. Sibanye-Stillwater's full results announcement has been released on SENS and is available on the company's website at www.sibanyestillwater.com. The full results announcement is available for inspection at the company's registered office and the office of our sponsors during normal business hours and is available at no charge. Alternatively, copies of the full announcement may be requested from the company's Investor relations department.

Westonaria
30 August 2017

<p>SIBANYE GOLD LIMITED Trading as SIBANYE-STILLWATER Incorporated in the Republic of South Africa Registration number 2002/031431/06 Share code: SGL. Issuer code: SGL ISIN: ZAE E000173851</p>	<p>REGISTERED OFFICE Libanon Business Park 1 Hospital Street (Off Cedar Ave) Libanon Westonaria 1780 South Africa</p>	<p>INVESTOR ENQUIRIES James Wellsted Senior Vice President: Investor Relations Tel: +27 83 453 4014 +27 11 278 9656 Email: james.wellsted@sibanyestillwater.com</p>	<p>JSE SPONSOR J.P.Morgan</p>
---	--	--	---

WEBSITE www.sibanyestillwater.com



Joburg is working towards a cleaner city

Do you want a cleaner city? Do you want a litter-free neighbourhood? Then roll up your sleeves and join the City of Johannesburg's volunteer clean-up campaign: **A Re Sebetseng – together let's make Joburg work!**

City of Johannesburg Executive Mayor Herman Mashaba calls on all Joburg residents to partner with the City to clean up their neighbourhoods on the **last Saturday of each month, starting from the 30th September.**

www.joburg.org.za
@CityofJoburgZA
CityofJohannesburg
CityofJoburg