

Life Healthcare reports strong recovery in a broad range of surgical and medical activities

Life Healthcare group has announced solid results for the period ended 30 September 2022.



Source: Supplied.

Group revenue climbed to R28.2bn, with operating profit increasing to R3.1bn, reflecting strong operational performance in both acute and non-acute businesses.

Group chief executive, Peter Wharton-Hood, says: “We demonstrated significant progress this year in executing on our long-term strategy, and we are well-positioned for sustainable growth in 2023 and beyond. The group maintains its momentum, and we continue to demonstrate our resilience with robust cash generation and a strong balance sheet.”

The southern African business saw better activity levels, with a strong recovery in a broad range of surgical and medical activities, resulting in a 9.1 % increase in paid patient days (PPDs), and increased occupancy of 64.5% in the second half of the year. Excellent progress has also been made in advancing strategic initiatives to grow non-acute areas of the business for the year under review.

Southern Africa chief executive, Adam Pyle says: “We are pleased to have seen excellent volume growth, post the pandemic, driven by the normalisation of our case mix. Complementary services continued to reflect good growth in revenue and normalised earnings before interest, taxes, depreciation and amortisation (EBITDA) across the different business lines”.

Demand for diagnostic imaging

The international business maintained delivery of underlying growth of c.10%, and the group expects demand for diagnostic imaging and radio pharmacy services to grow as the UK and Europe continue to promote healthcare policies that lead to earlier diagnosis of cancer and other diseases. There remains good growth in sales of radiopharmaceuticals within Northern Europe.

International chief executive, Mark Chapman adds: “Our business delivered a solid underlying performance against the prior year, with volume growth across key markets and modalities.

“We remain excited about the steady roll-out of our community diagnostic centres (CDCs) across the UK and Ireland. We await additional information, during late 2022 and early 2023, with regards to current Alzheimer’s disease drug trials, which may prove to be positive for LMI, an already half a billion rand revenue business.”

The group remains in a strong financial position, with net debt to normalised EBITDA below 2x, as at 30 September 2022. The group also launched its inaugural listed corporate bond programme during 2022, which was oversubscribed 4.8 times, indicative of the significant institutional and bank interest in the company.

Forward-thinking strategy

The group’s 2026 strategy is underpinned by an efficient and resilient acute hospital business in southern Africa that is highly cash generative, delivering high-quality healthcare through a remarkable complement of nurses, doctors and other healthcare professionals.

Growth in non-acute business lines continues to be a combination of organic and acquisitive growth to diversify service offerings, reflected through the acquisition of the non-clinical operations of the East Coast Radiology and the Eugene Marais Radiology businesses in South Africa.

2022 has been a significant year in building on this foundation and expanding the group’s revenue mix.



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The diversification strategy also allows the group to bring its global expertise of running a radio pharmacy business to South Africa through the joint venture with Axim to initially build two cyclotrons. This complements both the expansion of our oncology services as well as the provision of imaging services .

Further initiatives in this regard will support South Africa’s nuclear medicine community.

Wharton-Hood concludes: “Having weathered the storm, we are bullish about volume growth in H1 2023 and expect to see PPD volumes grow between 5% to 6% in southern Africa.

“We also anticipate growth of between 5% to 7% in our UK and European diagnostic imaging market. None of this can be achieved without the committed support of our people, who continue to demonstrate remarkable agility and resilience in the face of ongoing adversity globally. We thank them”.

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