

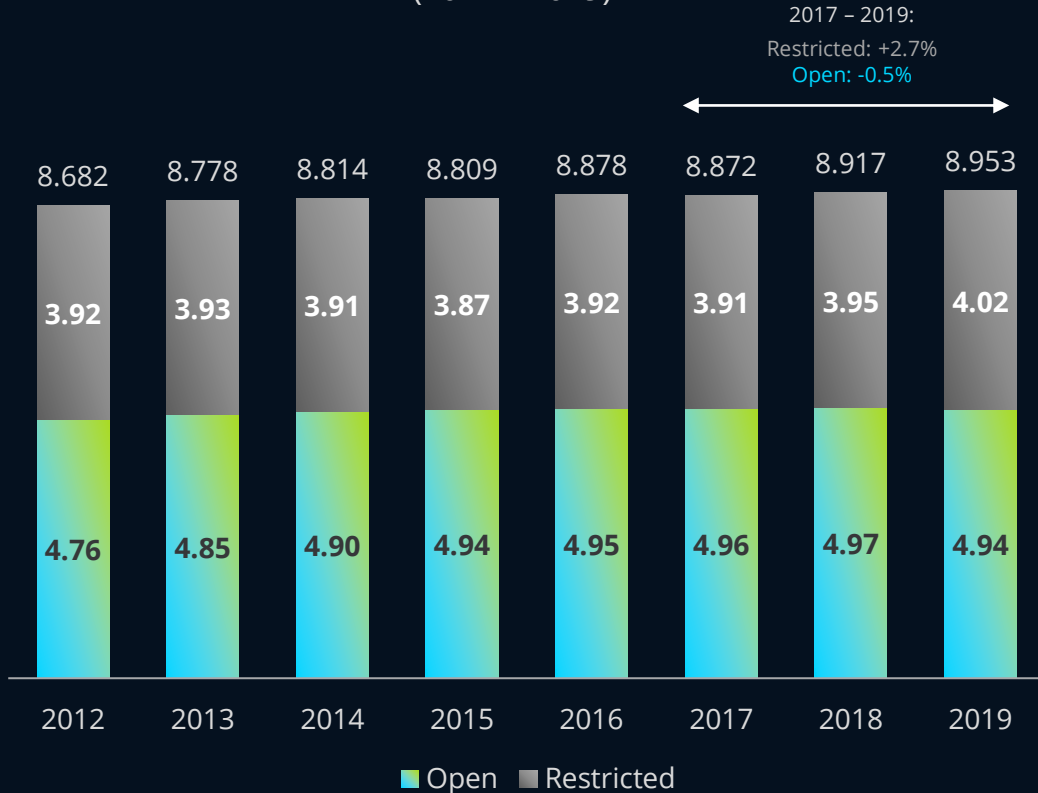
HEALTH UPDATE



CONTINUED PRESSURE ON OPEN MEDICAL SCHEMES DURING 2019

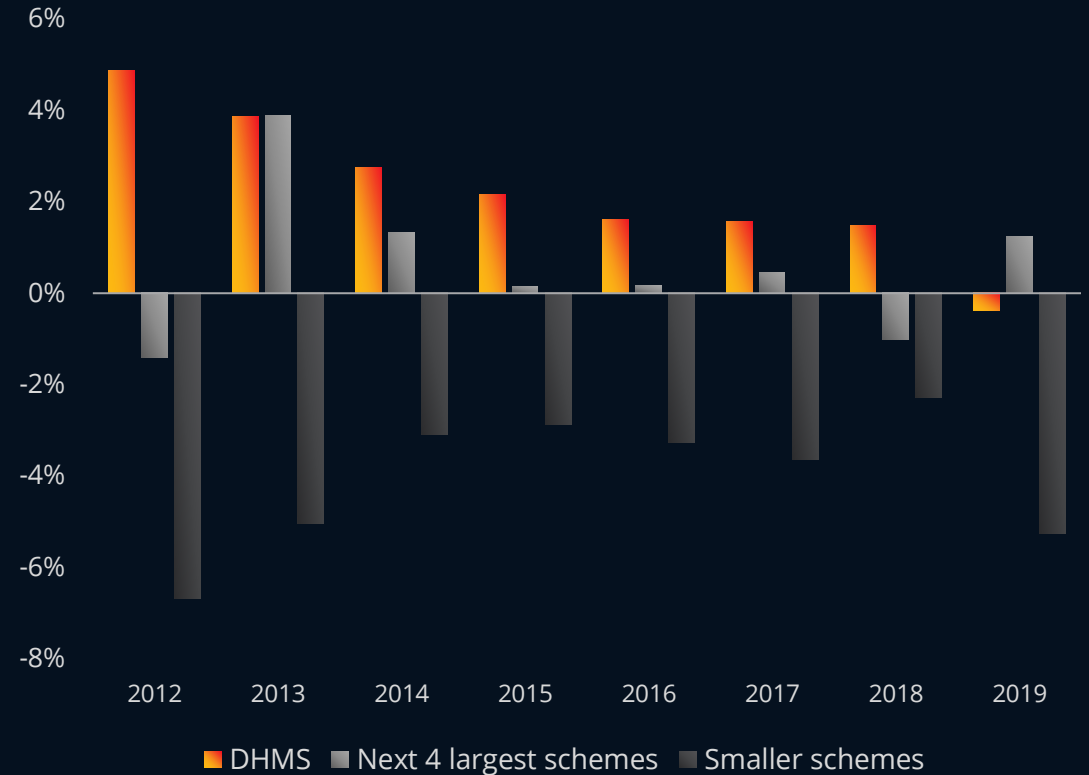
Declining membership in a xxx industry

Medical scheme beneficiaries (million)
(2012 – 2019)



Large schemes are growing at the expense of smaller schemes

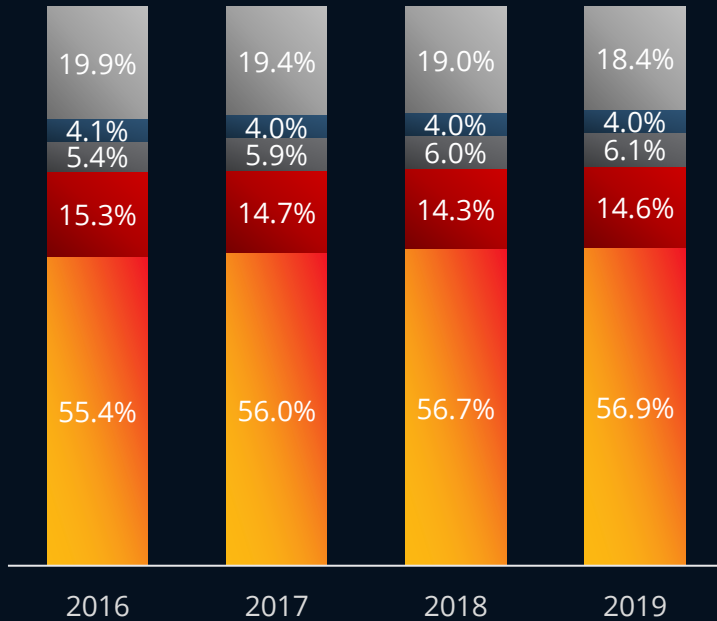
Consistent contraction of smaller medical schemes
Percentage growth in beneficiaries (%)



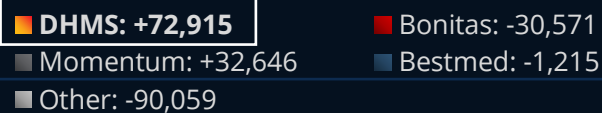
COMPETITOR SCHEMES CONTINUE TO TRADE OFF SUSTAINABILITY AND UNDERPRICING FOR GROWTH

Only 4 Schemes in the open medical schemes industry experienced growth in 2019

Beneficiaries by Open Medical Scheme (2016 – 2019)

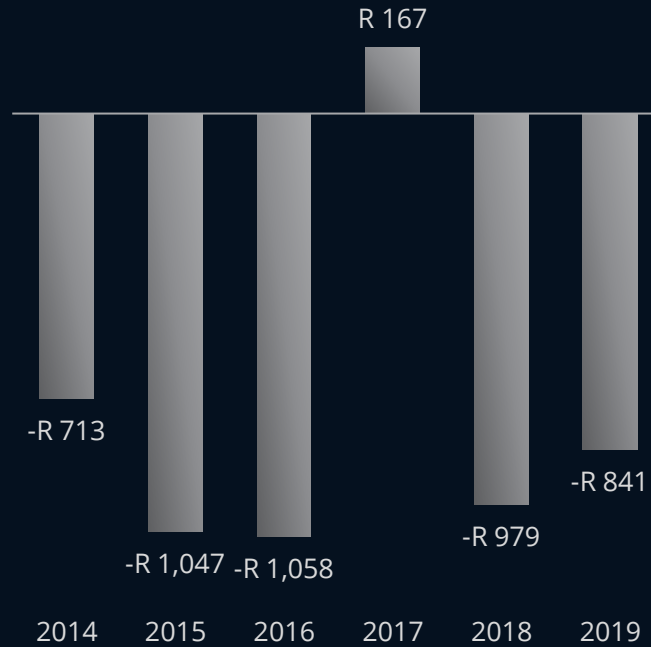


Net new lives (2016 – 2019)



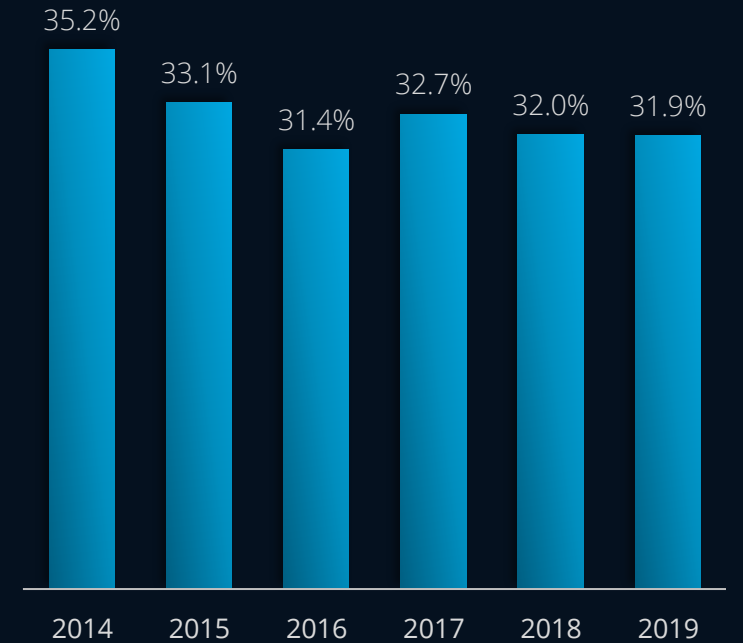
Declining operating results due to underpricing for growth

Open schemes excl DHMS net healthcare result (2014 – 2019)



Declining solvency due to sustained operating losses

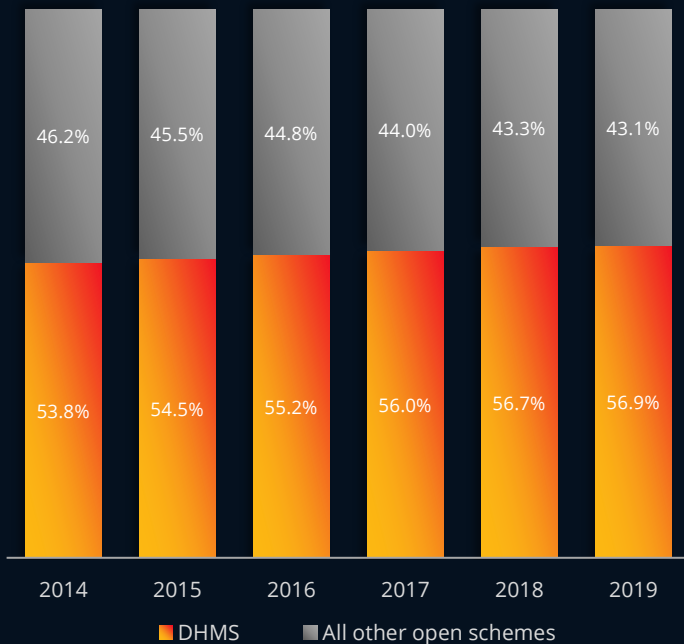
Open schemes excl DHMS solvency (2014 – 2019)



2019 | DISCOVERY HEALTH MEDICAL SCHEME IS AN OUTLIER IN THE OPEN MEDICAL SCHEME INDUSTRY

Membership

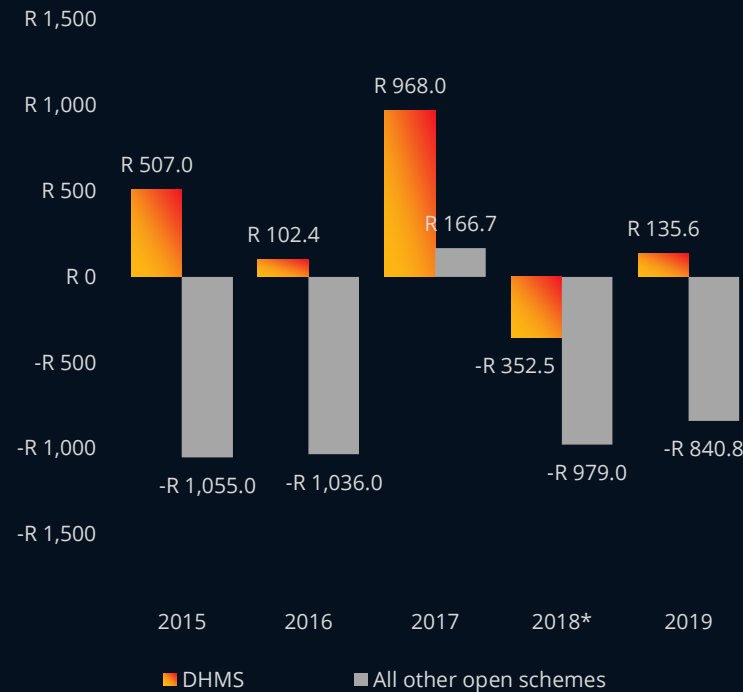
↑ **56.9%** Market share
+ **866** Net new members
- **11 033** Net new lives



Operating Results

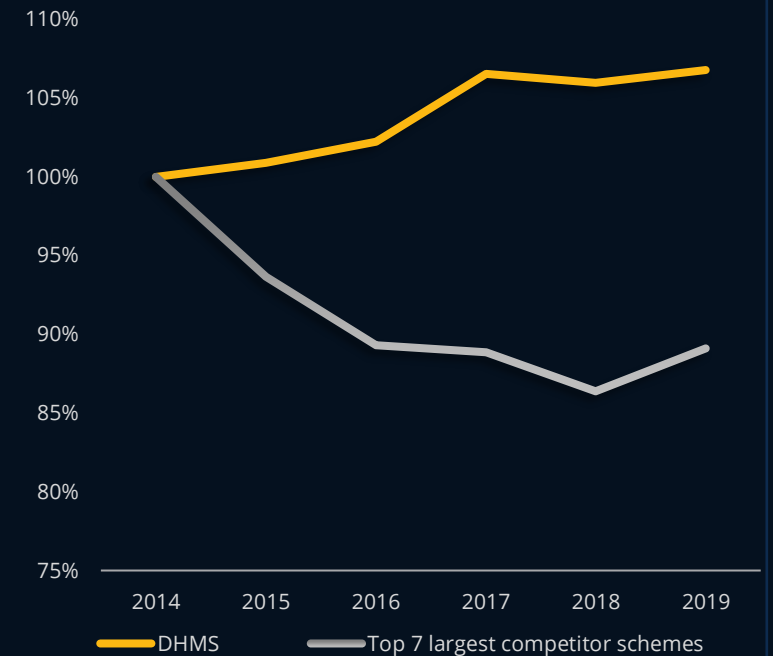
+R136m

Net healthcare result (2019)



Solvency

↑ **27.5%** Solvency
↑ **R19.2bn** Reserves



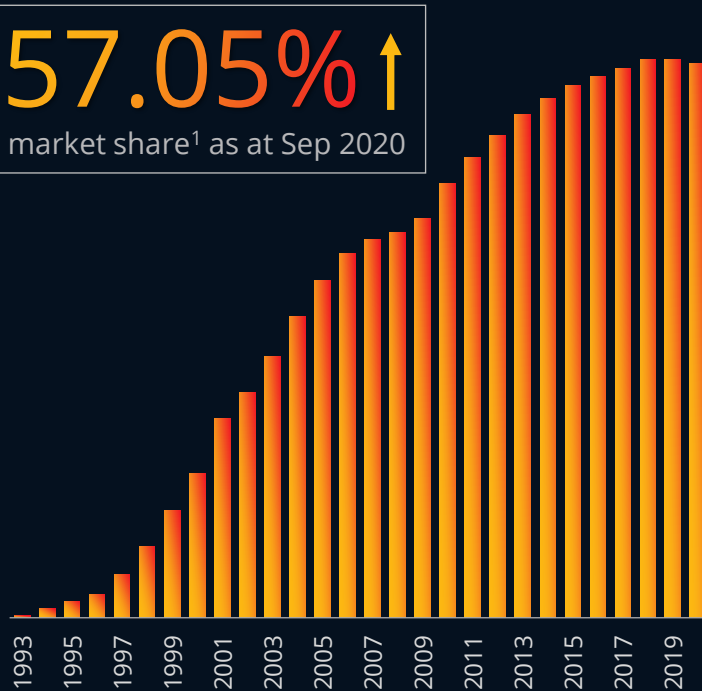
*2018 VAT change

2020 | CONTINUED MARKET SHARE GROWTH DESPITE A VOLATILE ENVIRONMENT

Membership & Growth

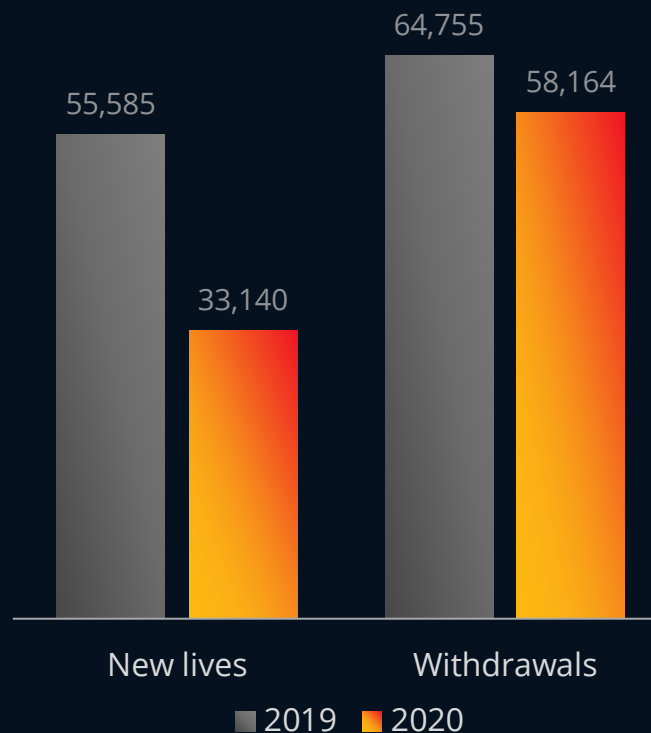
>2.7m
lives

57.05% ↑
market share¹ as at Sep 2020



Lower levels of new growth offset by lower levels of withdrawals

Total new lives and withdrawals
(2019 - 2020)

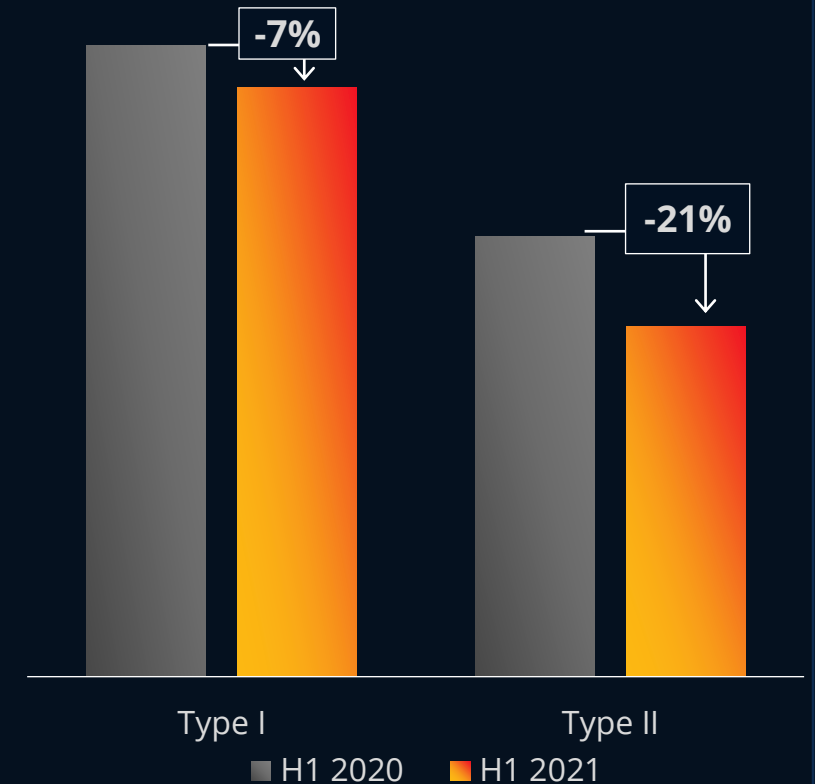


Growth impacted by contraction in employment

DHMS new business API by business type

Type I: new employer groups

Type II: new employees on existing groups



Net gain of **13k** lives in Jan-21

FLIGHT TO QUALITY | HEALTHY MEMBERSHIP DYNAMICS IN 2020

New joiners maintain healthy scheme profile

Existing lives

35.9

Average age

28.8%

Chronic ratio

New lives

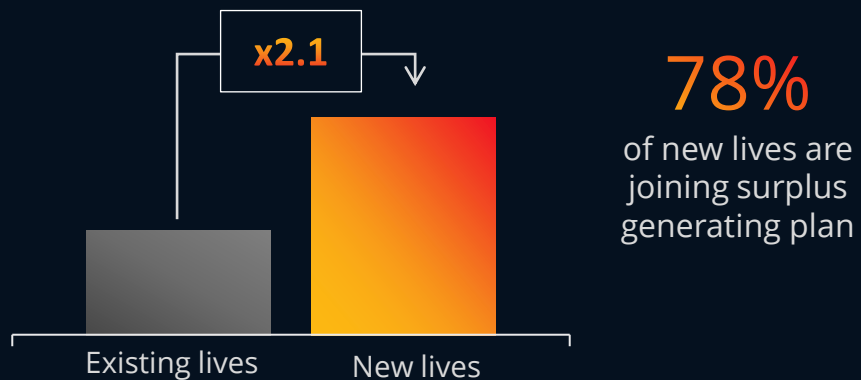
25.9

Average age

8.9%

Chronic ratio

Net surplus per beneficiary in 2020



Improved plan stability over 2020

Plan movements stability

2020 plan movements



Debit order rejections



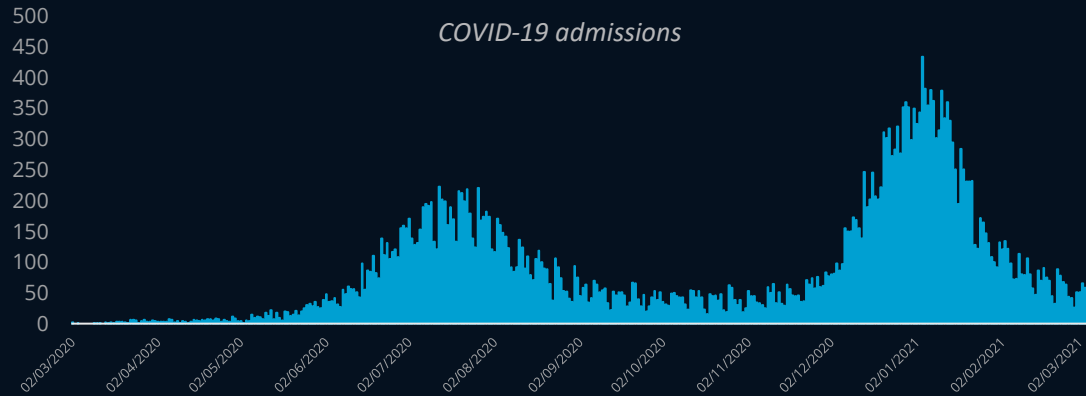
HEALTH UPDATE



MARKED CHANGE IN HEALTH SEEKING BEHAVIOR

Increased demand for healthcare to manage COVID-19 pandemic

New demand for COVID-19 healthcare



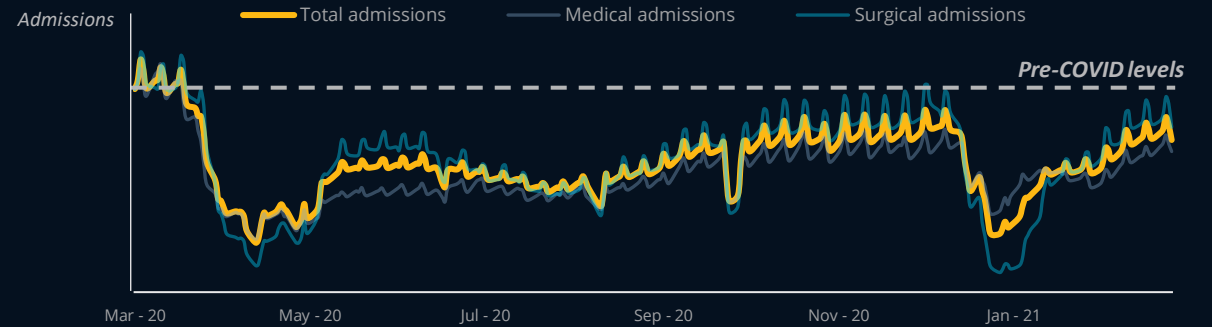
Higher cost of COVID-19 related healthcare

1.8X

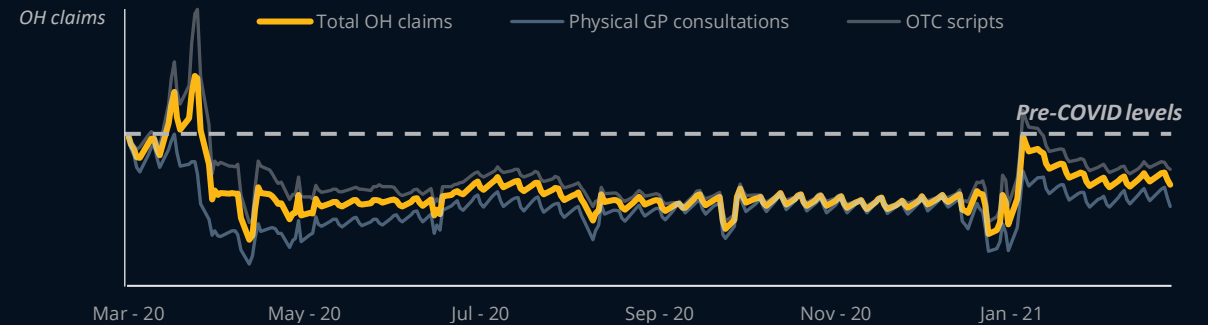
cost of a non-COVID-19 admission

Offset by a lower non-COVID-19 health-seeking behaviour

Lower in-hospital admissions



Fewer out-of-hospital claims



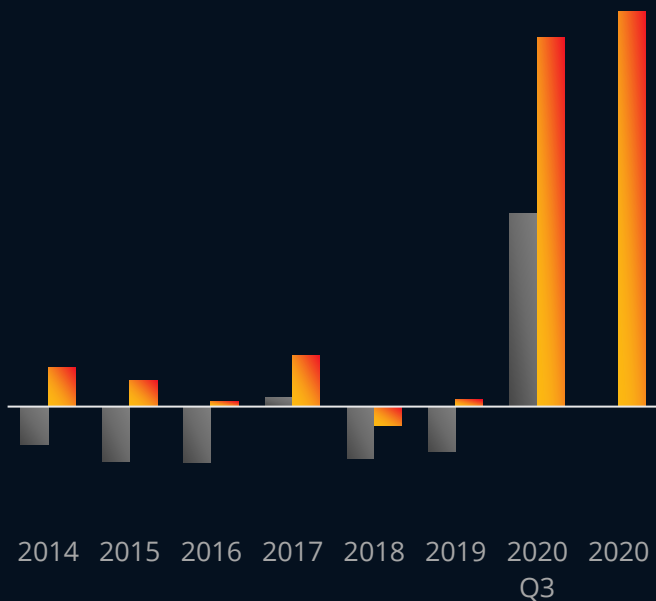
*Total OH claims includes physical GP consultations and OTC scripts

IN 2021 DHMS IS WELL-PLACED TO MANAGE THE SUSTAINED IMPACT OF COVID-19 COSTS GOING FORWARD

Net healthcare result

R7.5bn

DHMS unaudited net healthcare result 2020



■ Open schemes ex DHMS ■ DHMS

Security and surplus

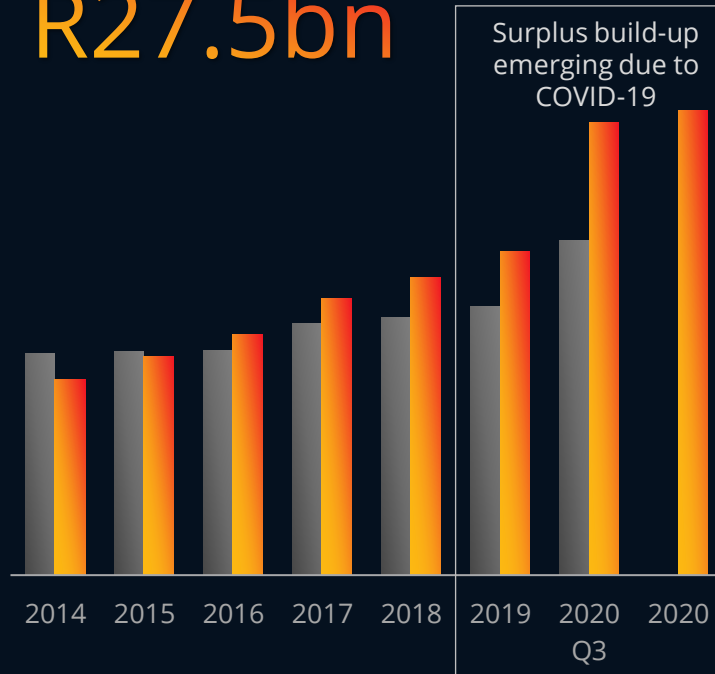
AAA

credit rating

36.8%

unaudited solvency

R27.5bn



■ Open schemes ex DHMS ■ DHMS

Long-term expected costs of COVID-19

Higher ongoing healthcare funding demand due to:



COVID-19 vaccine availability



Potential resurgence



Deferred care during pandemic

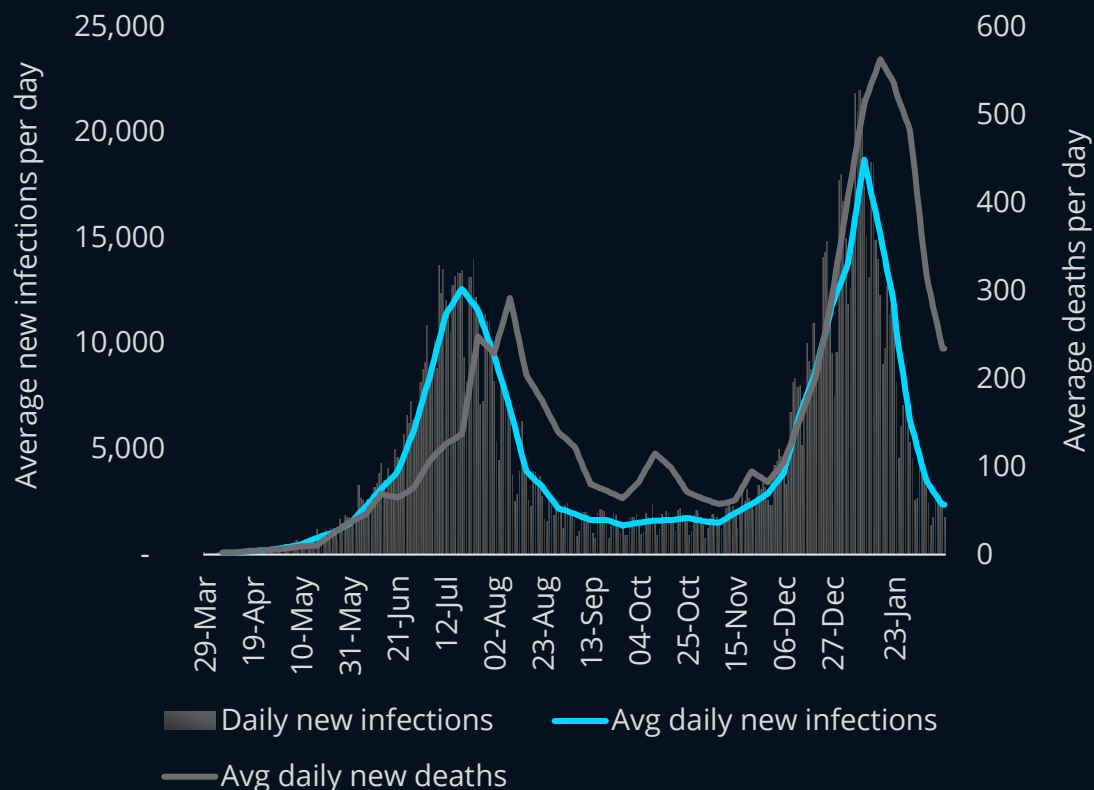
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SA SECOND WAVE MORE SEVERE THAN THE FIRST WAVE - FORTUNATELY RAPIDLY DECREASING

SA's second wave more serious than first, and started in holiday season

South Africa daily new infection trends



Comparison between waves using Discovery data

More infections

Average daily new infections

+86%

Similar mortality

Mortality rates (risk-adjusted)

0%

Higher morbidity

Proportion admitted (risk-adjusted)

+10%

Shorter average length of stay

For members discharged with oxygen

-37%

Younger ages hit harder

Mortality rates (risk-adjusted) for ages 20-69

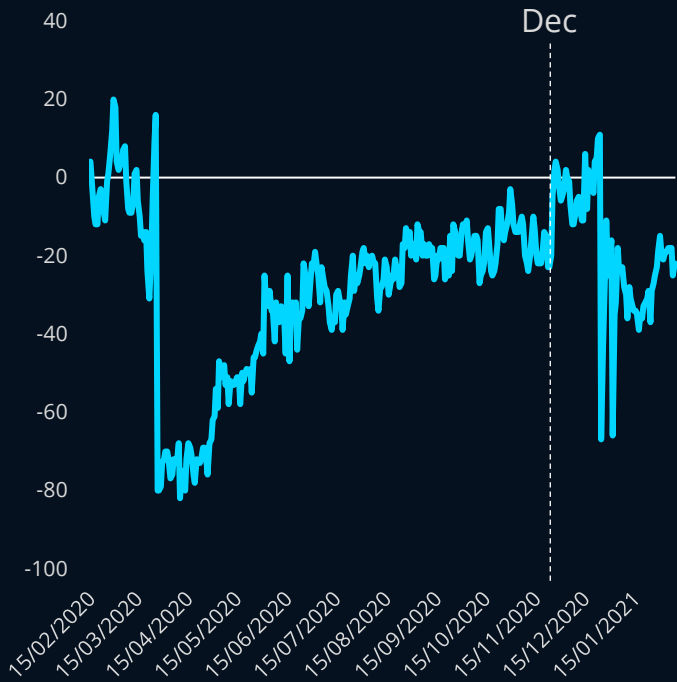
+27%

Source: Discovery Health data up until 1 February 2021

INCREASED MOBILITY, SUPER-SPREADER EVENTS AND NEW VARIANT MAIN CONTRIBUTORS TO THE SECOND WAVE

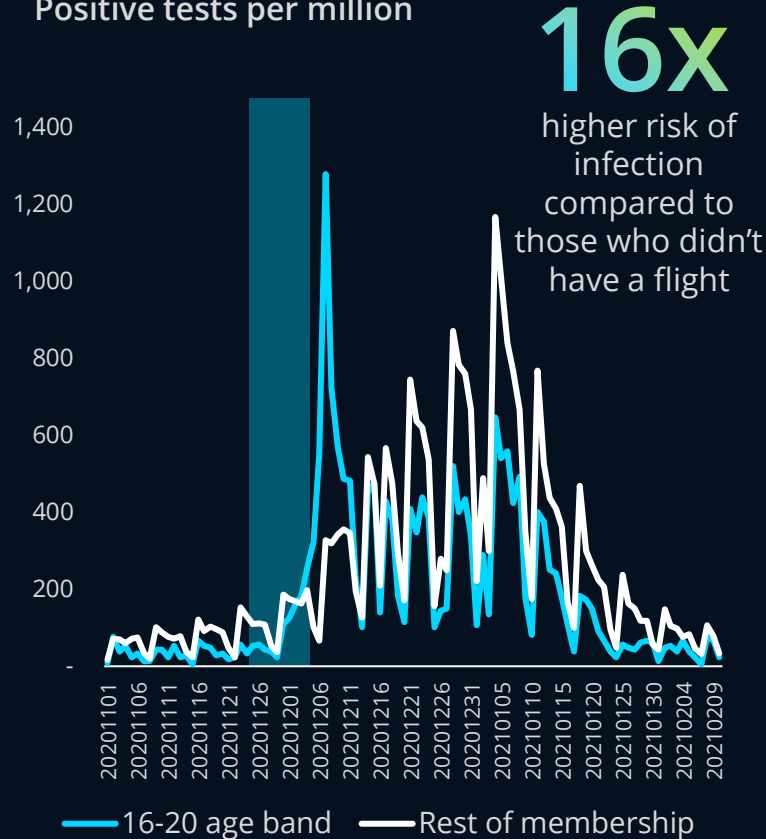
Mobility increased early December as SA entered holiday season

Google mobility trends report



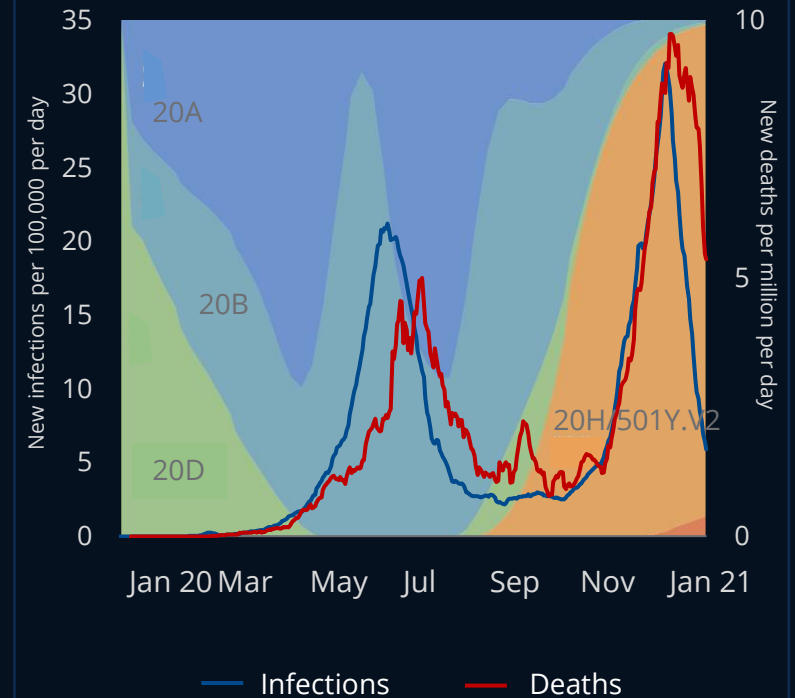
Spike in young infections post-matric celebratory events and spread to other members

Positive tests per million



COVID-19 variant 40-50% more transmissible

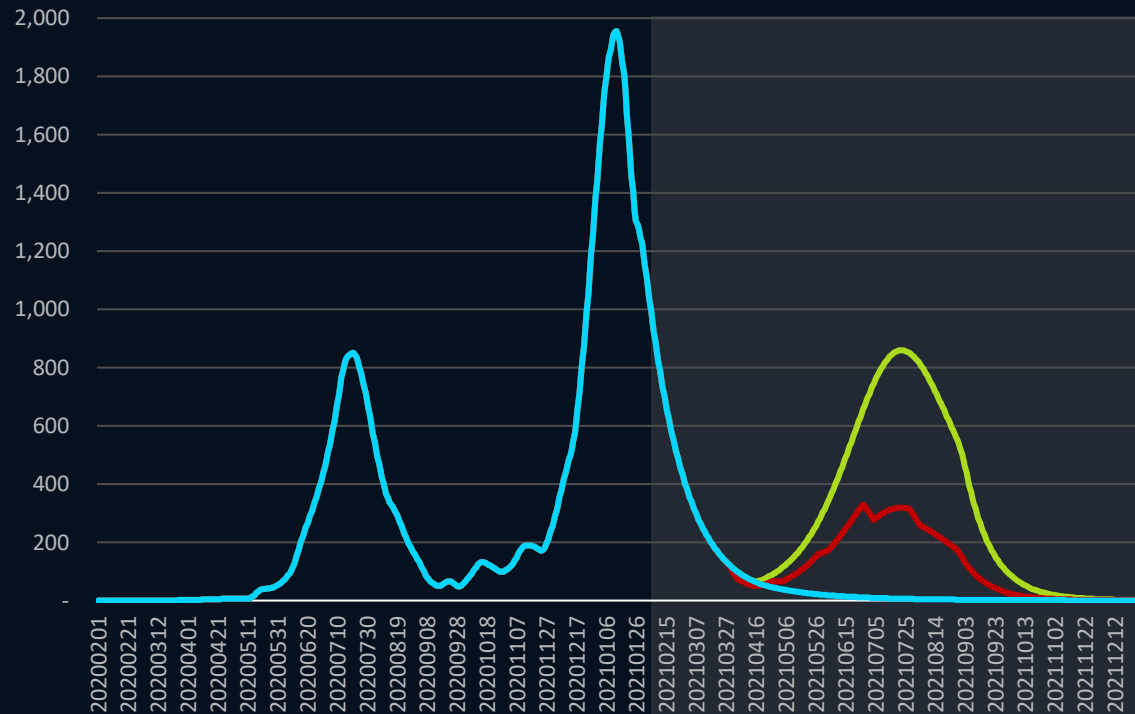
South Africa distribution of strains, superimposed infection and death rates



THIRD WAVE LIKELY – EXTENT AND IMPACT DEPENDS ON A NUMBER OF FACTORS

Incremental deaths under the medium scenario

Scenarios assume IFR = 0.39% and 1/3 reinfection



	Projected deaths vs second wave deaths		Total expected deaths
	Feb-Jun	Jul-Dec	
Second wave run-off	0.2x	0x	16.6k
Super spreader at Easter, with reinfections	0.4x	0.6x	92.5k
Super spreader at Easter, with reinfections, but with vaccine rollout	0.3x	0.2x	44.4k

Critical to avoid gatherings during Easter holidays
 Critical to vaccinate high-risk groups by winter

HEALTH UPDATE



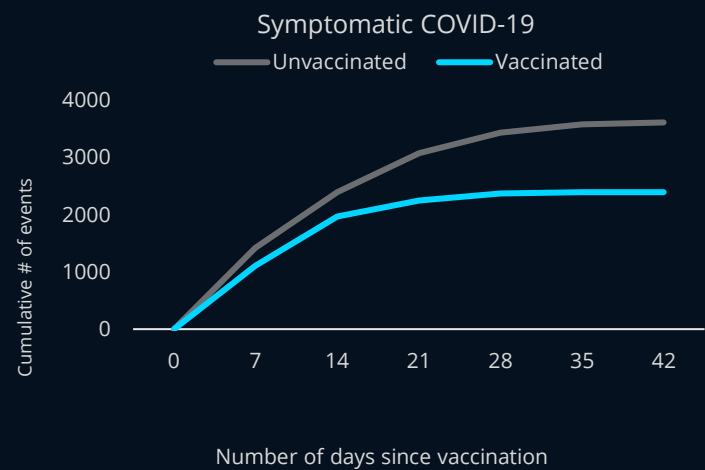
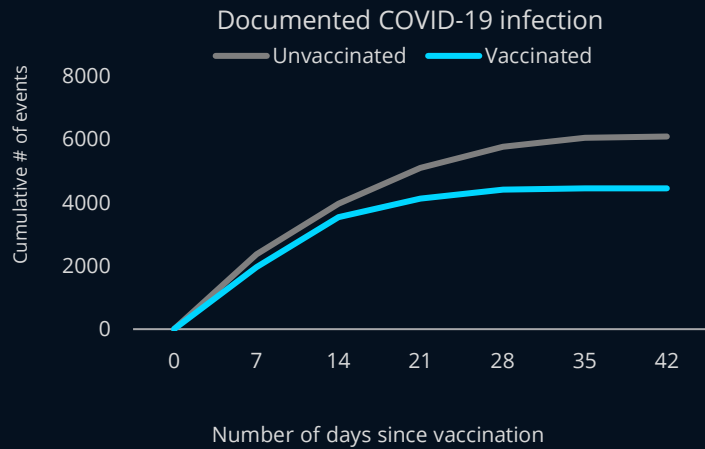
40-50M DOSES OF VACCINE REQUIRED FOR SA; 18-20M DOSES TO COMPLETE PHASE 1 AND PHASE 2



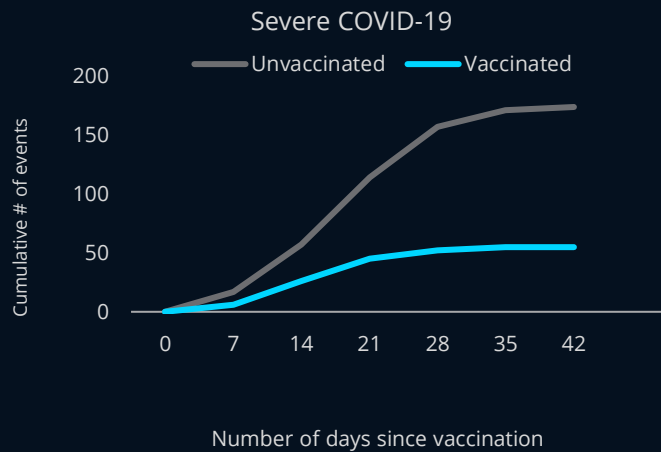
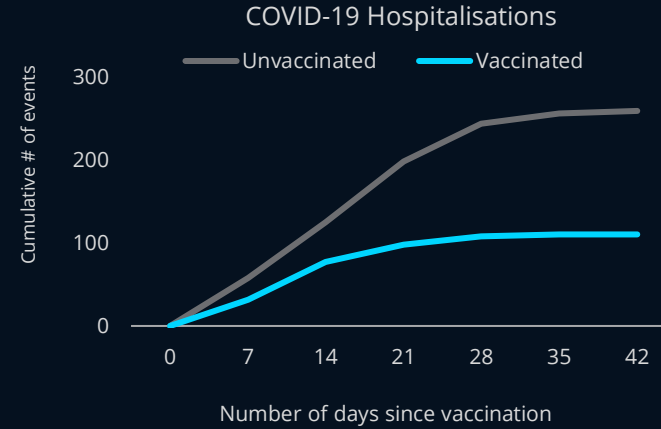
UNDERSTANDING IMMUNITY | STRONG DATA INDICATING EFFICACY OF VACCINES ON ALL DIMENSIONS | ISRAEL CASE STUDY



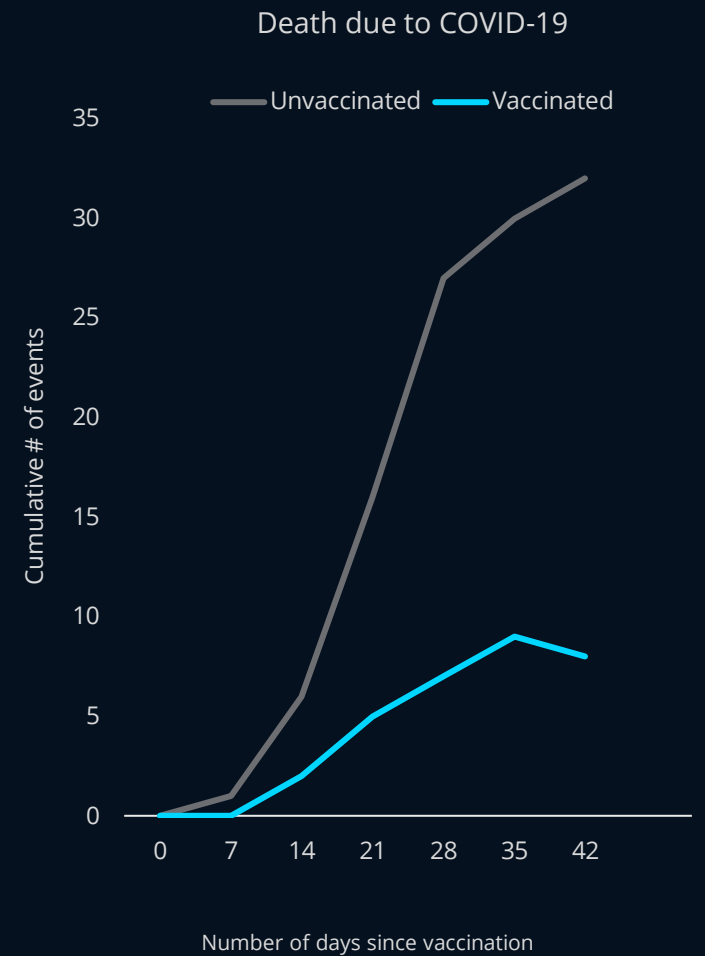
Reduction in infection and symptomatic COVID cases



Reduction in morbidity



Reduction in mortality



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