

Sanlam to acquire controlling shareholding in AfroCentric Group

Sanlam has submitted an offer letter to the board of AfroCentric Investment Corporation Limited (AfroCentric), expressing Sanlam's firm intention to acquire AfroCentric shares that would result in Sanlam acquiring a controlling shareholding in AfroCentric.



Source: Twitter.

Sanlam (through Sanlam Life Insurance) currently holds 28.7% in ACT Healthcare Assets, which in turn holds AfroCentric's businesses, including the Medscheme medical scheme administration business and AfroCentric's pharmacy businesses.

As part of the transaction, Sanlam will transfer its shareholding in ACT Healthcare Assets to AfroCentric in exchange for an equal (28.7%) shareholding in AfroCentric.

Should the transaction proceed, Sanlam will hold a majority of AfroCentric shares, with the final shareholding dependent on the percentage of AfroCentric shareholders that accept Sanlam's offer.

Sanlam has offered a purchase consideration of R6.00 per AfroCentric share, and AfroCentric shareholders have the option to receive the purchase consideration in cash or in Sanlam shares.

Sanlam's rationale for the transaction

Affordable and reliable healthcare is an important need for consumers. Sanlam intends to expand its client proposition to provide a more holistic product offering, including medical aid and health insurance.

Through this transaction, Sanlam will be able to integrate AfroCentric's product offering into its ecosystem, while AfroCentric will gain increased access to the wide Sanlam distribution network.

AfroCentric's client base will also benefit from access to the overall Sanlam product offering and vice versa.

AfroCentric is focused on delivering affordable medical aid and health-insurance products which complements Sanlam's purpose of enabling its clients to be financially secure and prosperous.

Sanlam has an excellent offering in the employee benefits market and by offering medical aid and health insurance alongside its other benefits, Sanlam will be able to create a simpler and more convenient solution for employers.



Abel Sakhau is Sanlam's new chief sustainability officer

1 Sep 2022



Sanlam believes in the long-term growth potential of AfroCentric and the businesses' combined abilities to deliver a differentiated proposition in the healthcare sector. This will be done through developing bespoke healthcare solutions and enhanced commercial visibility through increased marketing, and Sanlam co-branding at the administrator level.

Said Sanlam Group chief executive officer, Paul Hanratty: "Sanlam is delighted to welcome AfroCentric shareholders, management and key stakeholders into the Sanlam group if this offer to shareholders is accepted.

"AfroCentric is a leading diversified and integrated healthcare provider that provides services to 3.8 million members. They have an unwavering focus on providing excellent service at affordable price points to South African consumers, which makes them an attractive addition to Sanlam's stable of offerings."

The offer is subject to conditions customary to a transaction of this nature, including approvals from the Competition Tribunal and Takeover Regulation Panel.

For more, visit: <https://www.bizcommunity.com>