

### *Litha Healthcare forges ahead to tap into new markets*

IN AN ENVIRONMENT where the government would be seeking to grow the base of public hospitals and service providers, Litha Healthcare envisages a number of opportunities to grow its market share in public healthcare. The diversified healthcare company has already been working with the Department of Health through its Biovac Institute, which is now run as a joint venture by the two parties. In its latest annual report for the 2011 financial year, Litha said because the National Health Insurance (NHI) would have a positive effect on long-term growth prospects for the medical devices market, the group's focus would now be on increasing sales to public hospitals and exploring export opportunities for its different divisions. Chief executive Selwyn Kahanovitz said once more money was put into the hospital revitalisation programme, Litha saw a pipeline of opportunities, and for its generic medicines as well. However, Kahanovitz said that the NHI was more of a medium-term opportunity than a short-term target. In the short-term, Litha was looking to expand its current packaging and assembly operations, particularly in the commodity device market, in order to take advantage of the increasing trend towards local manufacturing. Kahanovitz said although cheaper competitor products from India and China provided stiff competition to those manufactured locally, the firm would focus on niche products as opposed to high-volume commodity devices. Kahanovitz said Litha now had a facility to expand its packaging and assembly operations and wanted to equip it with more machinery. The company has also appointed an export manager to expedite its export drive. Although Kahanovitz said its strategy was still centred on South Africa, the company felt that exports were another way Litha could expand. He added that the person the company had chosen for the group's export drive managed a distribution network in 20 African countries. Some of Litha's medical business units, particularly Manta Forensic, were very dependent on public tender business. A focus on growing export opportunities within Africa was one way in which Litha would reduce this dependence. Initially the company's focus would be on Southern African Development Community countries, with countries like Botswana, Mozambique, Namibia, Swaziland and Zambia on Kahanovitz's list of potential markets. Litha is already selling vaccines and consumable medical products to these markets. He said African operations made up a small percentage of business but Litha would have a better view of where it was going in the next six to 18 months after putting more resources into the export business.

