

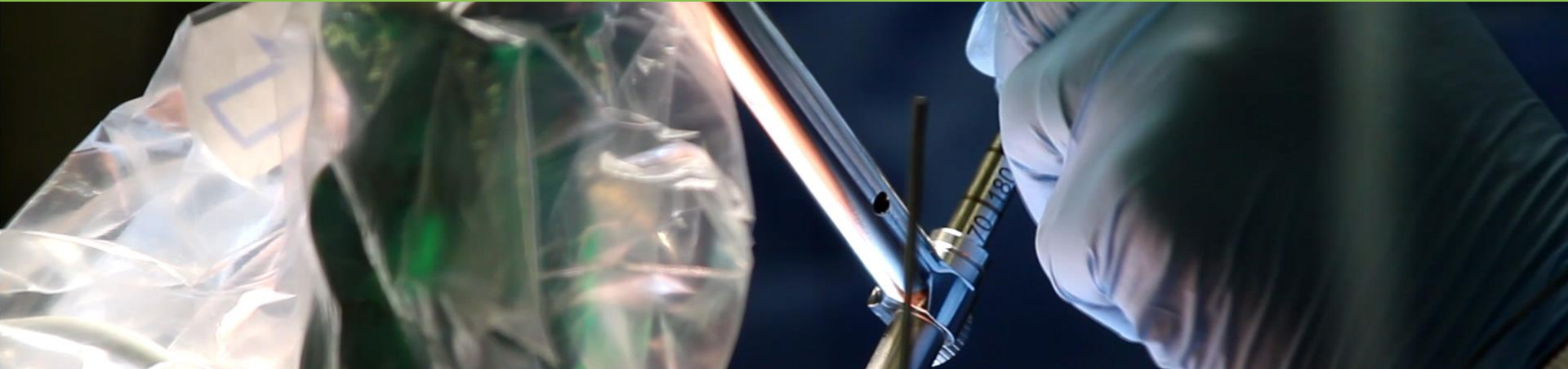
# LifeHealthcare



➤ Not your typical multinational

## Acquisition of Oceania Orthopaedics Pty Limited

31 July 2017



LifeHealthcare has acquired Oceania for \$9.6m<sup>1</sup> extending its presence in Orthopaedics

## Transaction Highlights

- The acquisition extends LifeHealthcare's presence in Orthopaedics increasing its share position in the \$45 million per annum complex lower limb orthopaedics market to number two
- 10 year supply agreement with implantcast GmbH, an innovative and market responsive supply partner with primary, complex and tumour arthroplasty solutions including the only TGA approved silver coated tumour arthroplasty portfolio in Australia
- Doubles the number of active surgeons LifeHealthcare serves in orthopaedics and provides leverage for existing LifeHealthcare complex lower limb product ranges with offerings now in the four sub segments of internal limb lengthening, paediatric, tumour & limb salvage and complex revision
- Strengthens the platform for further organic and inorganic expansion into other sub segments of the orthopaedics market including primary arthroplasty, upper limb and foot & ankle
- Low integration risk due to similar nature of business model and products to existing business

## Impact on LifeHealthcare

- The acquisition is marginally EPS accretive on an underlying NPATA basis in FY18 due to timing of product transition for existing customers and realisation of synergies, increasing to mid to high single digit accretion thereafter
- Upfront base payment 75% debt funded with ANZ and 25% vendor scrip funded. Potential earn-out for incremental growth over an annualised 18 month period debt funded with ANZ
- Net debt leverage will be maintained at a conservative level, below 1.70x post completion

Note: \$9.6m excludes potential earn-out

## Grow Orthopaedics Therapeutic Channel

- Acceleration of scale in Orthopaedics with retained focus on attractive complex lower limb market segment
- Strengthens platform for further organic and inorganic opportunities in other Orthopaedic sub-segments including primary arthroplasty, upper limb and foot & ankle

## Strong Supply Partner

- implantcast GmbH is an innovative and market responsive supply partner with primary, complex and tumour arthroplasty solutions
- New 10 year supply agreement provides platform for long term investment

## Superior Product Offering

- Superior product offering in complex and tumour arthroplasty with Mutars portfolio
- Only TGA registered silver coated tumour arthroplasty solution in Australia (silver coating provides anti microbial properties reducing morbidity events such as infection in complex tumour surgeries)

## Additional Market Segment Leverage

- Acquisition of Oceania establishes a primary knee presence in Australia
- Next generation primary knee platform involving lead Australian design surgeons under development with implantcast GmbH

## Customer Leverage

- Access to additional 55 surgeons, 22 of which are active surgeons per LifeHealthcare classification
- Ability to leverage **LifeHealthcare's** complimentary orthopaedic portfolio, including Biologics, to these additional surgeons

# ➤ Combined Offering

The combined offering of LifeHealthcare's existing orthopaedics portfolio and Oceania results in a competitive offering within the complex lower limb orthopaedics market

## Oceania Portfolio



Primary Arthroplasty

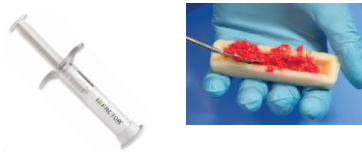


Revision & Custom Arthroplasty



Tumour & Complex Arthroplasty

## LifeHealthcare Portfolio



Biologics



Limb Lengthening



Patient Specific Implants

- The complex lower limb orthopaedics market in Australia is estimated at \$45 million per annum and growing above the overall orthopaedics market
- Post acquisition, the combined businesses have a number two market share position in complex lower limb with an overall estimated market share of 16%
- Focus on driving to number one market share position in complex lower limb whilst expanding into other market segments such as complex upper limb
- **Oceania's portfolio is primarily focused in tumour & limb salvage and complex revision which is complimented well with LifeHealthcare's existing portfolio primarily focused in limb lengthening and paediatrics as well as tumour & limb salvage and complex revision**

# ➤ Key Benefits of the Acquisition

The acquisition of Oceania provides a strategic acceleration of scale in the Orthopaedics therapeutic channel with further opportunities for market share growth

- ✓ Acquisition is consistent with the growth strategy communicated to shareholders where LifeHealthcare has a focus for inorganic growth in Orthopaedics and Interventional Cardiology
- ✓ Provides accelerated scale in Orthopaedics with further opportunity for market share growth in complex lower limb, primary knee and other Orthopaedic market segments
- ✓ Long term 10 year supply partnership with implantcast GmbH, an innovative and market responsive manufacturer
- ✓ Low integration risk with management team, business model and product segment well known to LifeHealthcare
- ✓ Immediately EPS accretive on an underlying NPATA basis with solid growth thereafter

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