

ASX Release

7 December 2016

LifeHealthcare Group Limited Presents at Evans and Partners Healthcare Day

LifeHealthcare Group Limited (ASX: LHC) will today be presenting at the Evans and Partners Healthcare Day, a copy of the presentation is attached.

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> Not your typical multinational

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Evans & Partners Healthcare Day

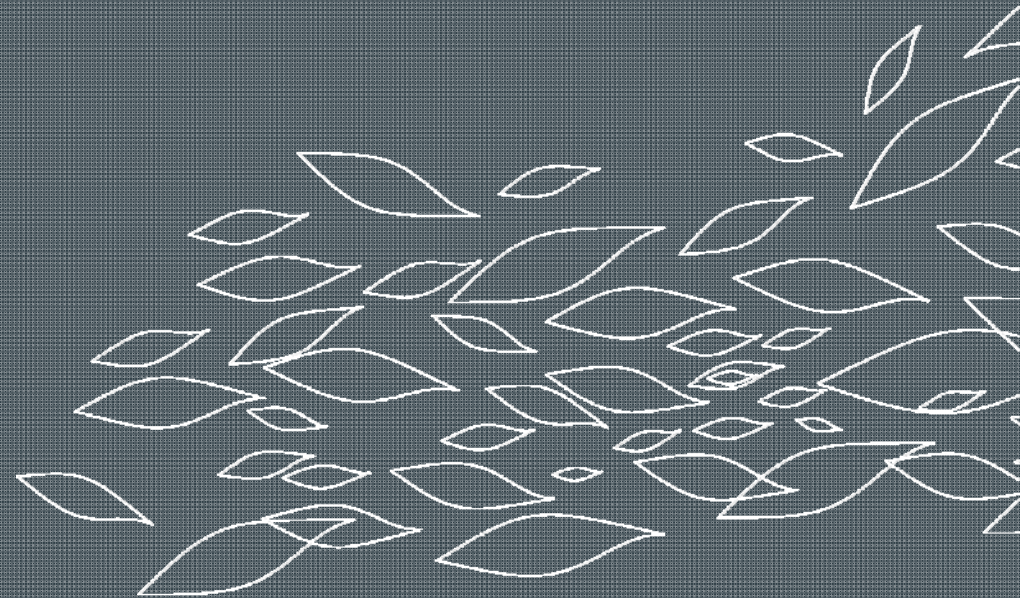
7 December 2016

Matt Muscio
Chief Executive Officer



Agenda

1. Overview of LifeHealthcare
2. Financial Performance
3. Focus on Driving Growth
4. Outlook



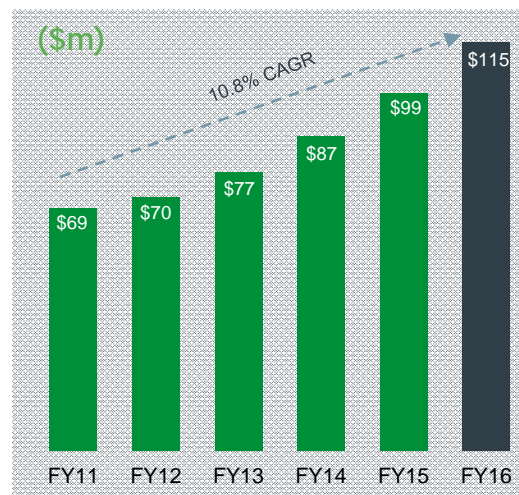
➤ LifeHealthcare Overview



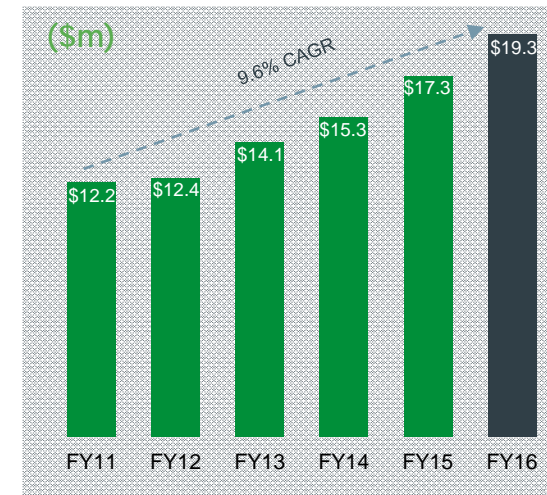
LifeHealthcare is a leading independent provider of healthcare solutions in Australia and New Zealand across clinically specialised therapeutic channels

- Founded in 2006 from an integration of a number of long standing businesses, LifeHealthcare has grown to be one of the leading independent medical device companies in Australia and New Zealand with over 180 employees
- Business model focussed on global sourcing and provision of local solutions in focus specialty channels of Spine, Neurosurgery, Orthopaedics, Cardiology and General Surgery
- Full service offering providing tailored solutions for customers including a global sourcing network, dedicated regulatory capability, tailored professional education programs and clinician training, product development and specialised clinical services including after sales care
- Strong market presence, top three market share position in core therapeutic channels in which LifeHealthcare is present

Revenue



EBITDA¹



Note:

1. Underlying EBITDA excludes acquisition transaction costs in FY15 and FY16

➤ Market Orientation

Competitive advantage generated through a high degree of market orientation and a compelling value proposition



Value Proposition

- Focused on the needs of Australian and New Zealand customers only
- Scale of a multinational without being constrained by a single foreign parent company
- Rapid access to innovation
- Global reach, local tailored solutions, best in class products
- Local ownership ensures decision makers are readily accessible
- We act with speed and conviction

➤ Broad Therapeutic Offering

LifeHealthcare has an established presence in select therapeutic channels providing implants, capital and consumable technologies



Spine



Orthopaedics



Cardiology



Endovascular
& Respiratory



Neurosurgery



General Surgery



Neurophysiology



Ultrasound



Theatre
Capital



Surgical
Instruments &
Consumables

Supported by regulatory and compliance, dedicated service teams and operations



Marketing,
Regulatory Affairs
& Product
Management



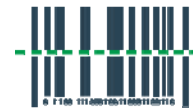
Customer
Service



Capital Parts
& Service



Kit &
Consignment



Inventory &
Logistics

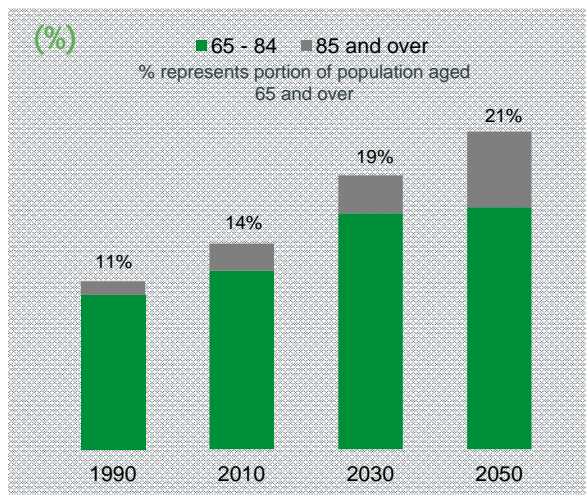


Warehouse
& Distribution

➤ Growing Healthcare Sector

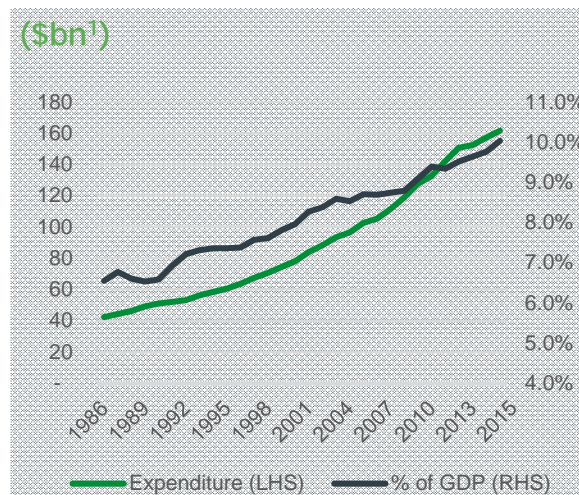
Ageing population and rising rates of chronic disease driving healthcare expenditure and increased surgical volumes

Australian Population 65 & Over



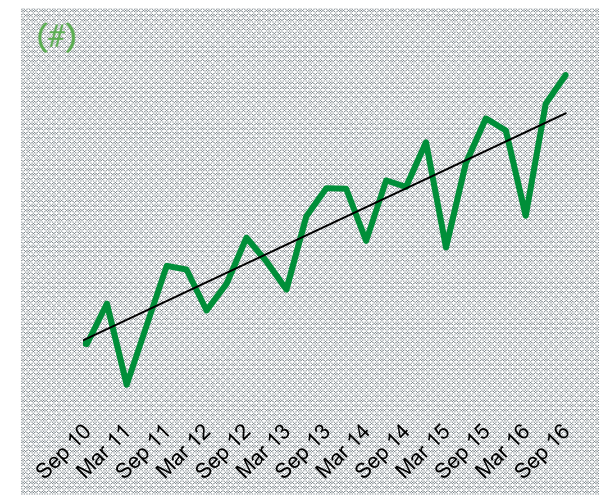
Source: Australian Bureau of Statistics (latest projection date as at 2012)

Australian Healthcare Expenditure



Source: Australian Institute of Health and Wellbeing
 Note: ¹ Constant prices

Surgical Procedure Volumes



Source: APRA – total surgical procedures in private healthcare

➤ Solid Performance for FY16



A solid performance for FY16 with 15.6% revenue growth on prior year



111
Active Surgeons
17% growth on FY15



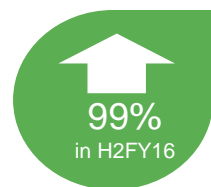
\$114.8m
Revenue



55.7%
Gross Margin



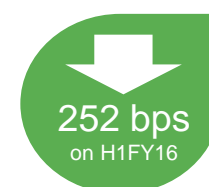
\$19.3m¹
EBITDA



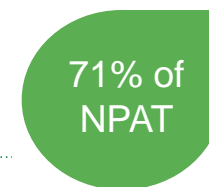
52%
Cash Conversion



31%
Working Capital
% to LTM sales



1.69x
Leverage
Net Debt to EBITDA



12.5c
FY16 Dividend
7.5c Final Dividend²

Notes:

1. Underlying EBITDA excludes acquisition transaction costs
2. Final dividend of 7.5 cents 100% unfranked

➤ Strategic Priorities

Strategic priorities aligned with LifeHealthcare's vision of connecting Australian and New Zealand healthcare professionals with innovative and tailored health solutions to make a real difference to people's lives

Organisational Efficiency & Effectiveness



Driving automation and improvements to systems and processes to support the business

Channel Optimisation



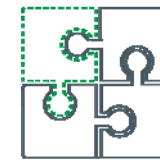
Increasing market share and providing greater breadth of offering in therapeutic divisions

Biologics Growth



Three phased approach to expand into emerging Biologics technology

Develop Solutions to Address Changing Needs of Healthcare



Addressing healthcare needs including healthcare economics, connectivity, pre and post operative care etc.

Delivering strong sustainable shareholder value over time

➤ New Product Launches Driving Growth

14 major products launched in FY16 generating revenue in excess of \$5.5 million, with a number of additional product launches underway in FY17

➤ Trios Specialist Operating Table



➤ 3D Printed & Patient Specific Implants



➤ OxiPlex AP Adhesive Gel



➤ Mindray TE7



➤ Barricaid Lumbar Disc Repair Technology




➤ Everest XT



➤ Precice Limb Lengthening Nail



➤ Procedural Synergies Driving Growth

LifeHealthcare focuses on growth through procedural synergies whilst leveraging existing infrastructure 



➤ 3D Printed Implants



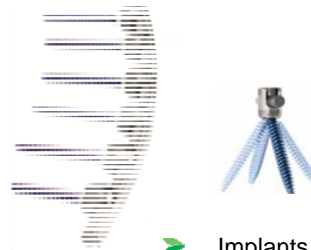
➤ Biologic Adhesion Gel



➤ Biologic Bone Chip



➤ Spinal Robotics

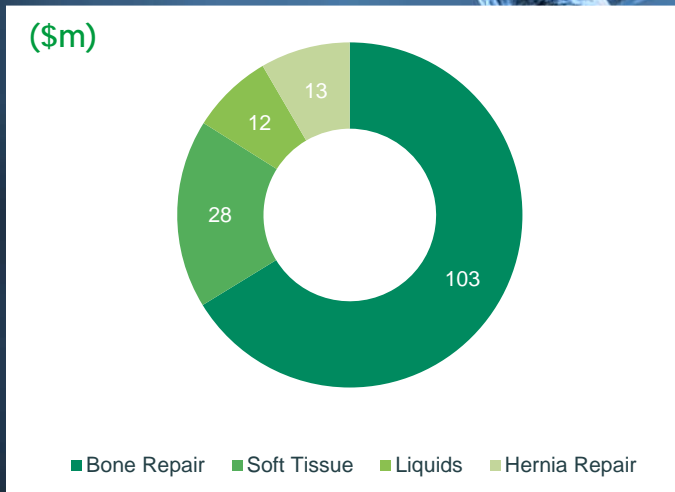


➤ Implants

➤ Innovation Driving Growth

LifeHealthcare focuses on growth in therapeutic channels and procedures with high levels of innovation

ANZ Biologics Market in Excess of \$150m



Source: LifeHealthcare estimates

Biologics the next frontier in medicine

LifeHealthcare establishing a foundation biologics business in bone, tendon repair, soft tissue reconstruction, burns and wound healing

Provides strong procedural alignment with existing channels and a pathway to future innovations in bio fabrication and stem cell technologies

➤ Health Economics Driving Growth

LifeHealthcare focuses on growth in therapeutic channels and procedures with high levels of efficacy

Mazor Renaissance Spinal Robot



- Improving patient outcomes through less invasive surgery, lower revision rates, faster recovery times, reduced post operative pain and lower infection rates
- Provides surgeons with highly reproducible accuracy, reduced levels of intraoperative radiation and gains in workflow efficiency
- Value proposition of increased patient demand and reduction in revision surgery, screw explant costs and patient length of stay in hospital

CereTom Mobile Stroke Unit in Ambulances



- Stroke is a leading cause of death and disability with significant ongoing costs associated with patient care and rehabilitation
- Ischemic stroke patients can be successfully treated with medication provided a correct and time critical diagnosis is obtained
- Mobile CT used to rule out haemorrhagic stroke and facilitate immediate treatment



Guidance of mid to high single digit revenue growth and low to mid single digit EBITDA growth reaffirmed

Macro Environment

- Demand for healthcare continues to be strong, driven by an ageing population, emerging technology and rising rates of chronic disease
- Return to growth in surgical procedural volumes in June quarter after softer volumes in Q2 and Q3 of FY16 ¹
- Price cuts to Prostheses List announced as part of PHI review with no material impact to LifeHealthcare, reaffirming public/private price variation of 3% on a weighted average basis at 30 June 2016

Company Strength

- Consistent above market growth with top three market share in core therapeutic channels
- Continued focus on prudent balance sheet management in working capital, positive cash conversion and further debt repayment
- Consistent approach to dividend distribution with 50% - 70% payout of NPATA

FY17 Trading Update

- Pleasing results from Medical Vision Australia business since acquisition with anticipated earn out in FY17
- Further spinal robotics penetration with the placement of an additional Mazor Renaissance unit to date in FY17
- Surgeon engagement and new product introductions driving continued implant revenue growth

Source:

1. APRA - total surgical procedures in private healthcare

Disclaimer



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