FY17 Full Year Results Presentation

31 August 2017
ASX: ZNT

01.

Highlights

Summary FY17 Highlights

FY17 Pro-forma Underlying EBITDA ahead of Prospectus Forecast by 6% and EBITDA margin improvement of 25% over FY16, with material funding capacity remaining in place for future growth initiatives

Pro forma FY17
Net Revenue

$43.0m

Pro forma Underlying
FY17 EBITDA

$7.0m

Underlying EBITDA
Margin

16.3%

Operating cashflow
conversion (2H17)

101%

Cash and Undrawn Debt
Facilities

$20m at 30 June 2017

> **$10m** post Acqusitions[1]

Net Debt/EBITDA

Net cash

at 30 June 2017

> **1.2x[2]** post Acquisitions
> Target: <2.0x

Notes: 1. "Acquisitions" means the acquisitions of Nextt Care and Dimple Group. Details of the Nextt Care and Dimple transactions can be found in Zenitas' Investor Presentations lodged with ASX dated 3 July 2017 and 27 July 2017 respectively. 2. Net Debt / EBITDA forecast to be 1.2 times following the completion of the Acquisitions.

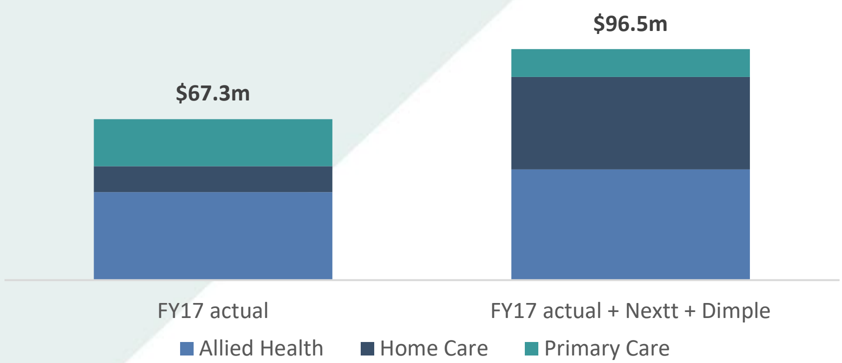
Zenitas Operational Highlights

Operational Highlights	
Relisting and Capital Raising	> Successfully completed $30.3m capital raising and relisted on the ASX in January 2017
Integration of initial portfolio	> Initial portfolio of five community-based businesses now fully integrated: – Lifecare/Health Networks Australia and Ontrac – Allied Health – Caring Choice – Home Care – St. Kilda Road and Dandenong Medical Centres – Primary Care > Consisted of 54 clinics and facilities with approximately 760 healthcare personnel
Acquisition of a number of complementary businesses	> Acquisition of Nextt Care, a nationwide, scalable home care platform in July 2017 > Acquisition of Dimple, Australia's largest aged care podiatry provider in late August 2017 > Completed a number of bolt-on acquisitions in late FY17
Implementation of initiatives	> Completed a number of commercial partnerships and new location roll outs > Progress made on organic growth strategy initiatives including cross referrals and new services rollout > Progress made on cost saving initiatives

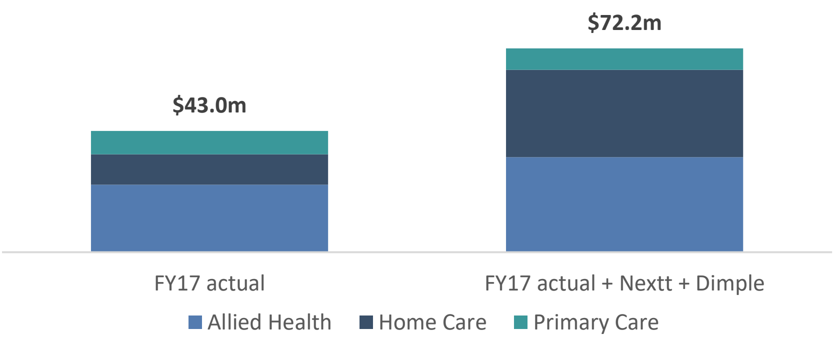
Current Business Profile

Post financial year end Zenitas announced two transactions – Nextt Care and Dimple Group, which materially increase the scale and operations of the business

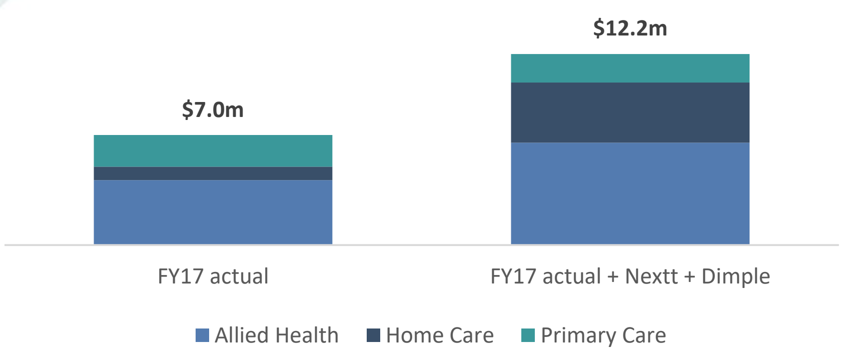
Pro Forma Gross Revenue



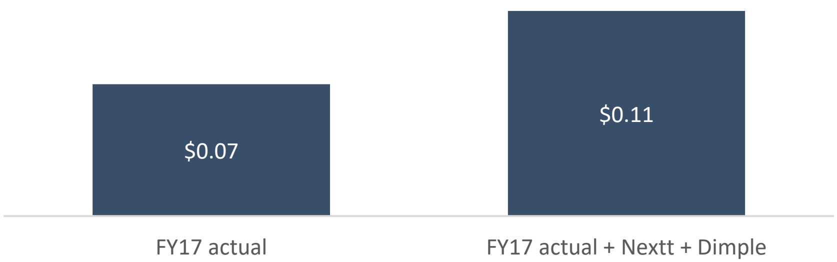
Pro Forma Net Revenue



Pro Forma EBITDA



Pro Forma Earnings Per Share[1]



1. Post minority interests.

02.

Financial Performance

Key Segment Results

Segment	Pro Forma Net Revenue			Pro Forma EBITDA			Comments
	FY17 Actual	*vs. FY16*	*vs. Prospectus FY17*	FY17 Actual	*vs. FY16*	*vs. Prospectus FY17*	
Allied Health	**$23.9m**	*-0.3%*	*-3.8%*	**$5.1m**	*+8.5%*	*-0.6%*	> Revenue up in WA and Vic, and down slightly in NSW > Rationalised some marginal / unprofitable services to enhance profitability and margins
Home Care	**$10.7m**	*-3.2%*	*-26.5%*	**$1.0m**	*+9.8%*	*+0.5%*	> Revenue decrease driven by focused reduction in low margin operations > Reduction offset by the rollout of profitable home care services in WA, SA and Vic
Primary Care	**$8.4m**	*+14.0%*	*+3.1%*	**$2.5m**	*+52.1%*	*+10.5%*	> Revenue growth driven by growth in patient numbers, capture of cross-referral benefits and a greater focus on corporate health income
Total	**$43.0m**	***+1.4%***	***-9.6%***	**$7.0m[1]**	***+27.3%***	***+6.1%***	> Overall EBITDA growth achieved through focus on profitable revenue streams, organic growth initiatives and cost savings/synergies implemented

1. Includes corporate expenses

Summary Profit & Loss

Strong underlying profitability, with EBITDA margins improved in all segments

$m	Pro Forma FY16	Pro Forma FY17	Variance	Pro Forma Prospectus FY17	Variance
Revenue	42.4	43.0	1.4%	47.6	(9.6%)
Direct Costs	(1.6)	(1.9)	(19%)	(1.7)	(11.8%)
Wages and Salaries	(23.8)	(23.1)	0.1%	(27.3)	13.5%
Occupancy Expenses	(6.0)	(6.0)	-	(6.0)	-
Other expenses	(5.5)	(5.0)	9.3%	(5.9)	13.6%
Underlying EBITDA	**5.5**	**7.0**	**27%**	**6.6**	**6.1%**
Underlying EBITDA %	*13.0%*	*16.3%*	*25%*	*13.9%*	*17%*
EBITDA	5.5	4.4	(20%)	6.6	(33%)
Underlying EBIT	4.5	6.1	*31%*	5.7	7.0%
Underlying NPAT		4.8		4.4	9.1%
Underlying NPAT after Non-Controlling Interests		3.2		2.9	10.3%
Underlying EPS (cents)		7.2		6.5	10.8%

EBITDA Margin by Segment	Pro Forma FY16	Pro Forma FY17	Variance	Pro Forma Prospectus FY17	Variance
Allied Health	19.6%	21.2%	1.6%	20.5%	0.7%
Home Care	8.1%	9.6%	1.5%	6.8%	2.8%
Primary Care	21.9%	29.4%	7.5%	27.2%	2.2%

- Revenue up 1.4% to $43.0m vs FY16, down by 9.6% vs prospectus pro forma forecasts (see page 7 for commentary)
- Underlying EBITDA 27% to $7.0m vs FY16 and up by 6.1% vs prospectus forecasts
- Underlying EBITDA margin up 330bps vs FY16 and up 240bps vs FY17 pro forma prospectus
  - Focused the Home Care business on higher margin business
  - Benefit of cross-referral capture
  - Higher margin corporate health services
  - Cost synergies realised
- EBITDA includes acquisition related costs of $2.6m:
  - $1.4m related to acquisitions completed in December 2016
  - $0.4m earn-out component referable to Dr Todd Cameron[1]
  - $0.8m related to acquisitions completed in 2H17, and Nextt Care (3 July 2017) and Dimple (28 August 2017)

1. The component of the Modern Medical vendor earn-out payment referable to Dr Todd Cameron's interest in Modern Medical is required to be treated as remuneration expense

Summary Cash flow

Strong second half FY17 operating cashflows

$m	Statutory FY16	Statutory FY17
EBITDA (including IPO and acquisition costs)	(2.3)	0.8
Other non-cash items	0.3	0.1
Changes in working capital	1.5	0.1
Net finance charges	0.1	(0.1)
Net cash flow from operating activities	**(0.4)**	**0.9**
Capital expenditure	(0.1)	(0.4)
Business acquisitions	(2.1)	(19.6)
Other	(0.1)	-
Net cash flow from investing activities	**(2.3)**	**(20.0)**
Proceeds from shares, net of transaction costs	3.6	25.5
Borrowings (net)	(0.1)	(0.3)
Distributions to non-controlling interests	-	(0.4)
Net cash flow from financing activities	**3.5**	**24.8**
Net cash flow	**0.8**	**5.7**

- Underlying operating cashflows of $3.7m for 2H17
- Statutory operating cashflow of $0.9m includes $2.0m acquisition transaction costs, $0.2m cash component of the earn out to Modern Medical vendors and 1H17 net operating cash outflow of $0.5m
- Acquisition costs $19.6m includes:
  - $17.7m acquisition costs associated with the initial portfolio of companies (Dec 16)
  - $1.6m acquisition costs relating to four acquisitions completed in 2H17
  - $0.3m cash component of the earn out to Modern Medical vendors
- Capital expenditure broadly in line with prospectus forecast and includes PP&E, clinic improvements and set up costs
- Net IPO proceeds of $25.5m – variance to Prospectus offset by lower capital raising costs expensed to P&L

Summary Balance Sheet

Strong balance sheet leaves Zenitas well-positioned for future growth

Financial Position extract $m	Statutory 31 Dec 2016	Statutory 30 Jun 2017
Cash	13.4	7.7
Receivables	0.8	3.9
Other assets	0.5	0.8
Total Current Assets	**14.7**	**12.5**
PP&E	3.2	3.4
Intangibles	26.4	32.3
Other assets	0.4	0.6
Total Non-Current Assets	**30.0**	**36.4**
TOTAL ASSETS	**44.7**	**48.9**
Payables	7.6	6.3
Provisions	4.3	8.4
Interest bearing liabilities	0.2	0.2
Total Current Liabilities	**12.0**	**14.9**
Provisions	0.6	0.6
Interest bearing liabilities	0.3	0.2
Total Non-Current Liabilities	**0.9**	**0.8**
TOTAL LIABILITIES	**12.9**	**15.7**
NET ASSETS	**31.6**	**33.2**

- Strong balance sheet:
  - Conservative gearing allows the Company to pursue further acquisitions
- At 30 June 2017:
  - Cash and undrawn debt facilities of $20m
- Post Nextt Care and Dimple acquisitions:
  - Cash and undrawn debt facilities of $10m
  - Net Debt/EBITDA 1.2x, significantly below Company's stated policy of <2.0 times
- Receivables and payables movement reflects change in working capital from December acquisitions
- Intangibles movement represent changes to goodwill:
  - $4m vendor earn out consideration
  - $2m for 2H17 acquisitions
- Provisions movement represents vendor consideration payables $4m and employee entitlements

03.

Growth and Outlook

FY18 Priorities and Initiatives

Growth and Operational Initiatives	
Integration of Nextt Care and Dimple	> Integration plans established and documented > Revenue and cost synergies identified > Operating platforms in place
Driving organic growth initiatives	> Continued focus on cross referral capture and additional services at sites > Marketing strategy developed and implemented > Additional resources recruited focused on winning market share (e.g. marketing manager)
Pipeline of potential acquisitions	> Strong pipeline of potential clinics to acquire secure growth > Sector remains highly fragmented > Emerging 'inhouse' M&A capability driving lower transactional costs
Continuous improvement of corporate and IT systems	> Centralised financial systems and practice management in place to enable scalability > Development of an operational performance dashboard
Supplier Agreements	> Procurement plan to ensure Zenitas receives favourable purchasing terms

FY18 Outlook

Stable platform of quality businesses to support FY18 organic growth, and further acquisitions as appropriate

- Based on the initiatives and businesses currently in place, Zenitas is well positioned for growth into FY18
  - Organic growth of between 7.5% and 10% is expected
  - This equates to an EBITDA of between $13m to $13.5m
  - Further guidance will be provided at the Company's AGM
- Formal dividend policy to be adopted by the board in 1H2018. Expect to pay first dividend in respect of 1HFY18

1. This includes 10 months of Dimple EBITDA, reflecting completion on 28 August 2017.

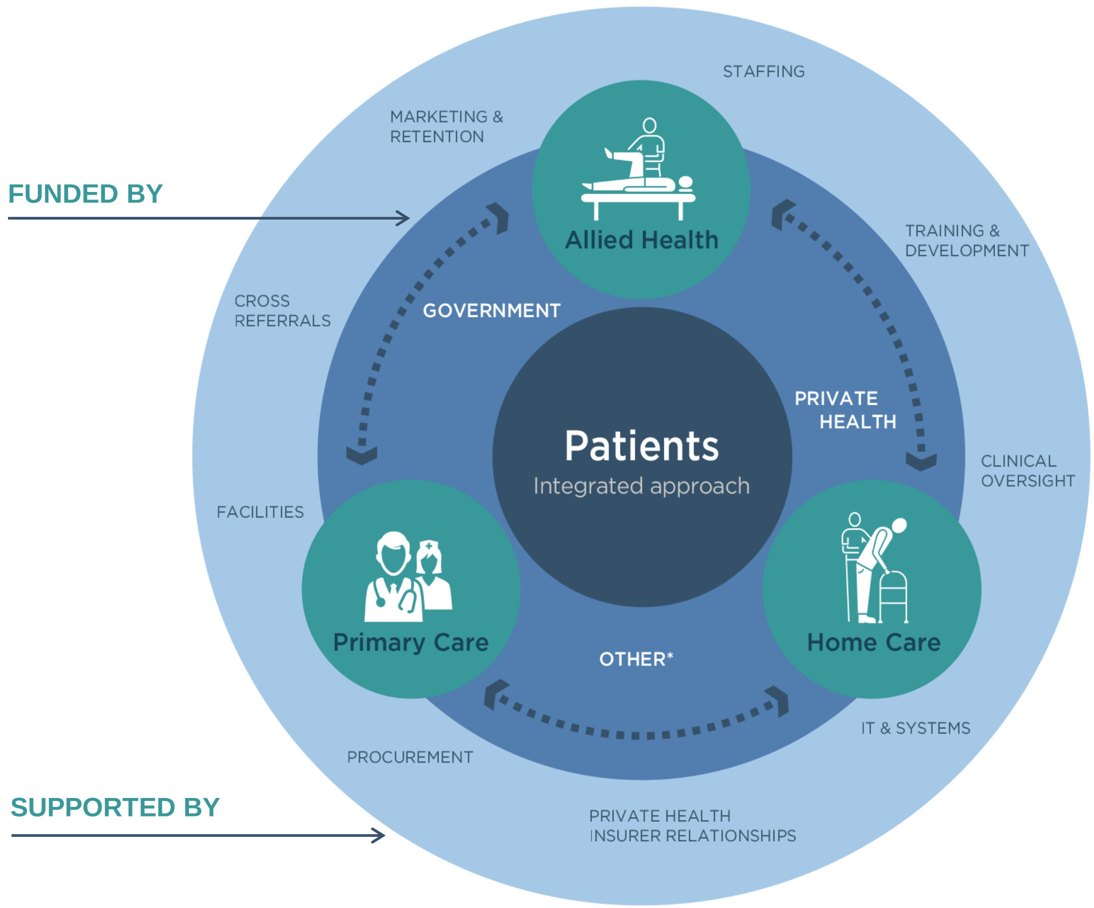
04.

Business Overview

Zenitas Vision - To be the leading provider of Community Based Healthcare in Australia

> Through our allied health, primary care and home care services, we offer patients a unique integrated care solution.

> Our healthcare professionals provide outstanding service to patients by consolidating the key components of community based healthcare.



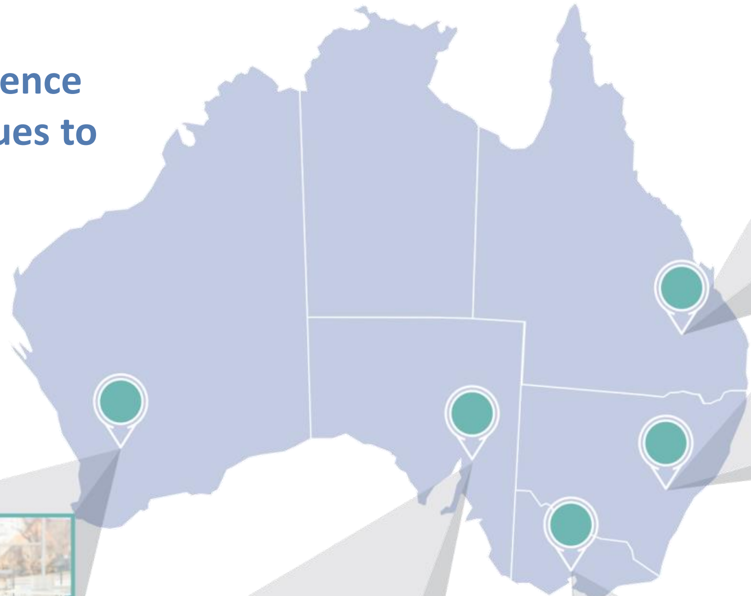
Zenitas National Footprint

Zenitas has rapidly built a community healthcare presence across Australia and continues to grow.

Allied Health
419 Health professionals
50 Locations

Home Care
1,100+ Health professionals

Primary Care
83 Health professionals
5 Locations



WESTERN AUSTRALIA
Location: **17**

Allied Health: **165**
Home Care: **38**
(Health professionals excludes support staff)

SOUTH AUSTRALIA

Home Care: **300+**
(Health professionals excludes support staff)

VICTORIA
Location: **20**

Allied Health: **158**
Home Care: **300**
Primary Care: **83**
(Health professionals excludes support staff)

QUEENSLAND
Location: **1**

Allied Health: **19**
Home Care: **200**

NEW SOUTH WALES + ACT
Location: **12**

Allied Health: **77**
Home Care: **300**
(Health professionals excludes support staff)

Growth Strategy

Zenitas strategy is to provide a range of community-based health services that provide integrated care solutions which are primarily aimed at reducing the high cost of acute hospital care

Stable organic growth via patient focus

Increase revenue at existing locations through targeting additional clinicians and new services

Preference for *in situ* care by funders and patients

Disciplined acquisitions and new location roll-out

Execute on accretive acquisitions

Pursue further consolidation of the fragmented market

Low capex roll-out of new home care facilities

Inter disciplinary service offering

Intends to roll-out co-located businesses at existing locations

For example, providing allied health services in all primary care facilities

Develop cross referral network

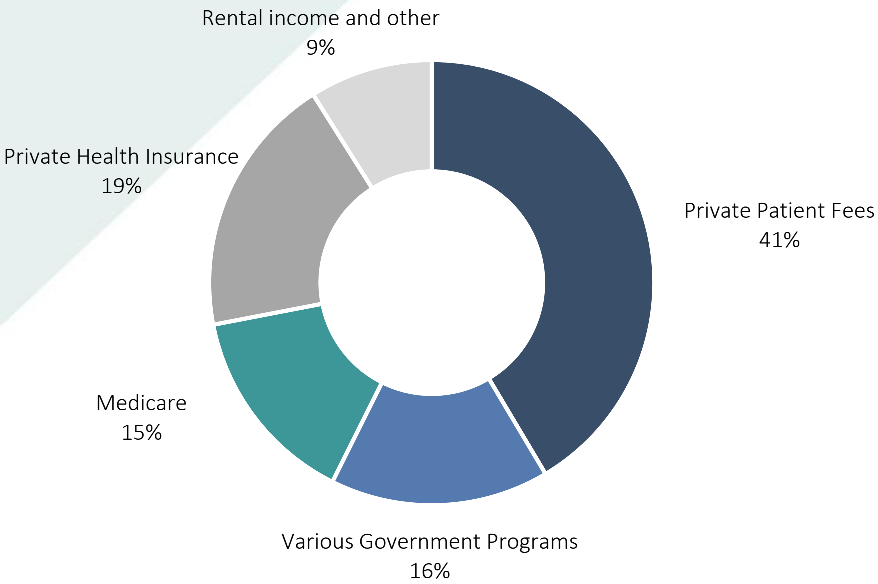
Management of internally generated referrals for the creation of incremental new organic business

Zenitas will be a leading listed player in community-based healthcare providing services across allied health, home care and primary care

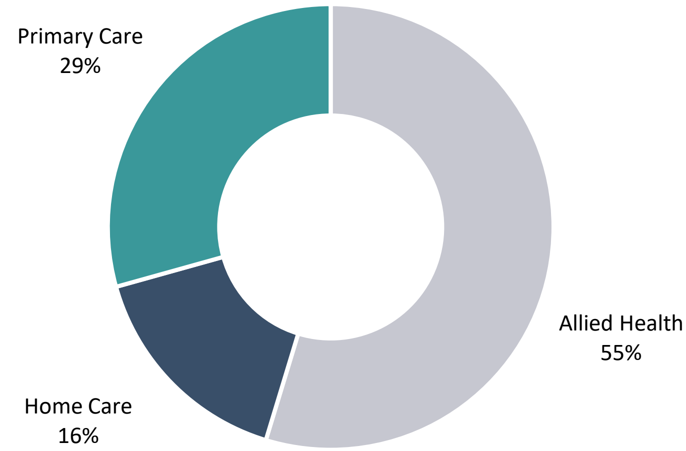
Diversified Funding Sources and Sales Mix

Zenitas revenue is predominantly funded from non-Government sources and is diversified across its healthcare businesses

Pro forma FY17 gross revenue by funding source[1,2]



Pro forma FY17 gross revenue by business segment[2]



1. Based on management estimates. 2. Based on FY17 actual gross revenue, excluding adjustments for Dimple and Nextt Care acquisitions.

Growing Industry Dynamics

Zenitas operates in the allied health, home care and primary care markets which have demonstrated stable growth over a 10 year period

Allied Health

comprises a diverse range of healthcare professions, including physiotherapists, exercise physiologists, occupational therapy, podiatrists and other health practitioners

Industry revenue FY2014 - $5.4bn

Home Care

comprises home and respite community-based care covering disability, aged and 24-hour care services

Industry revenue FY2014 - $7.8bn

Primary Care

comprises general practitioner services and other low acuity type procedures

Industry revenue FY2014 - $10.6bn

Sources: Australian Institute of Health and Welfare 2015, Health expenditure Australia 2013–14: analysis by sector.

Appendix

Statutory – Pro Forma Results Reconciliation

Statutory – Pro Forma Results Reconciliation

$m	Statutory FY17	Pro Forma Adjustments FY17		Pro Forma	Prospectus Pro Forma
Revenue	22.4	20.6		43.0	47.6
Direct Costs	(1.2)	(0.7)	**A**	(1.9)	(1.7)
Wages and Salaries	(12.2)	(10.9)	**B**	(23.1)	(27.3)
Occupancy Expenses	(3.5)	(2.5)		(6.0)	(6.0)
Other expenses	(2.1)	(2.9)	**C**	(5.0)	(5.9)
Underlying EBITDA	**3.4**	**3.6**		**7.0**	**6.6**
IPO and acquisition transaction costs expensed	(2.6)	2.6	**D**	-	-
EBITDA	**0.8**	**6.2**		**7.0**	**6.6**
Depreciation and amortisation	(0.8)	(0.1)		(0.9)	(1.0)
EBIT	**(0.0)**	**6.1**		**6.1**	**5.7**
Net finance costs	(0.1)	0.1		(0.0)	(0.0)
Profit before tax	**(0.1)**	**6.2**		**6.1**	**5.7**
Income tax expense	0.0	(1.4)		(1.4)	(1.3)
NPAT	**(0.1)**	**4.9**		**4.8**	**4.4**
Non-Controlling Interests	(0.8)	(0.8)		(1.6)	(1.5)
NPAT after Non-Controlling Interests	**(0.9)**	**4.1**		**3.2**	**2.9**

Pro forma adjustments presented on a consistent basis with the Prospectus pro forma adjustments:

A Add direct costs for 1H17 and additional consumables costs incurred in 2H17

B Add wage and salary costs for 1H17 offset by lower 2H17 wage costs in home care segment in line with lower revenue

C Incremental property costs for 1H17

D FY18 acquisition transaction costs expected to be 2-3% of acquisition enterprise value

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