pulsehealth

Investor Presentation

September 2014

Presented by
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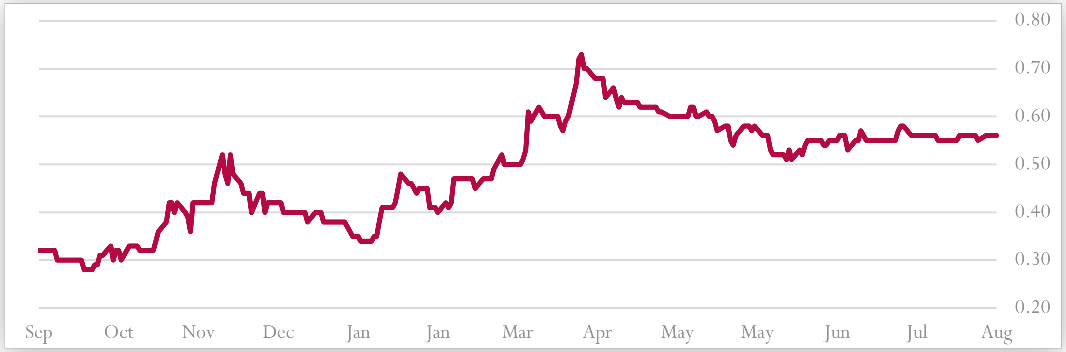
Highlights FY14+

- Strengthened balance sheet to support **intended acquisitions**
- Acquisition of **North Mackay Private Hospital**
- Two completed brownfield projects **17 additional beds**
- Maiden **fully franked dividend** 0.5cps
- FY14 Revenue **up 9% to $52.4m** and underlying EBITDA-R **up 9% to $8.7m**
- FY15 guidance - EBITDA growth from existing assets **in excess of 20%** above FY14

Pulse Corporate Overview

Share Price - 1yr



Overview

- Niche focus on specialist hospitals including rehabilitation hospitals and regional acute
- 7 private hospitals and a community care business
- Currently operating in QLD and NSW
- Listed on the Australian Stock Exchange (ASX:PHG)

Hospital Assets

- Westmead: Rehabilitation (NSW – 65 beds)
- Forster: Surgical & Rehabilitation (NSW – 74 beds)
- Eden: Rehabilitation (QLD – 48 Beds)
- Gympie: Surgical (QLD – 40 Beds)
- Mackay: Rehabilitation (QLD – 34 beds)
- South Burnett: Surgical (Qld -22 Beds)
- Bega: Surgical (NSW – Day Surgery)

Enterprise Value

EV Breakdown	Current
Share Price $	**0.56**
Shares on Issue (m)	163.9
Mkt Cap ($m)	91.8
Net Cash ($m)	(6.7)
EV $m	85.1

Share Register

	Ownership
Wyllie Group	**29.73%**
Tom Wenkart (Throvena)	6.69%
Invesco Australia	5.09%
Andrew Gregory (Former Director)	3.36%
Stuart James (Chairman)	1.67%
Craig Coleman (Director)	0.92%
Other	52.55%
Total	**100.00%**

NSW Hospital Assets

Westmead Rehabilitation Hospital

Specialist rehabilitation

65 beds, hydrotherapy pool, gymnasium

Attractive location 3km west of Parramatta. 5 bed brownfield expansion completed in April 2014. Operates near capacity.

Working on options for further brownfield expansion.

Forster Private Hospital

Acute surgical, medical and rehabilitation

74 beds, 2 theatres, hydrotherapy pool, gymnasium

Only hospital in the Great Lakes local government area. Scope for improvement in utilisation.

Site has brownfield potential as demand grows.

Bega Valley Private Hospital

Day surgery centre

Single theatre

Only private surgical facility in region. More complex procedures are currently referred to Canberra and elsewhere.

Local demand for development of a private inpatient surgical facility.

QLD Hospital Assets

Eden Rehabilitation Hospital (Cooroy)

Specialist rehabilitation

48 beds, extensive gymnasium

Located 20 minutes from Noosa and 45 minutes from Gympie. The area is under-serviced for rehab. Around 16% of QLD private inpatient rehab takes place at Eden. Operates at high capacity.

Extensive brownfield capacity for further expansion

Gympie Private Hospital

Acute surgical and medical

40 beds, 2 theatres

Surgical based hospital. Operates at low bed utilisation.

Scope to add further services (freehold held by Pulse).

South Burnett Private Hospital (Kingaroy)

Acute surgical and medical

22 beds, single theatre

Surgical hospital with bed utilisation fluctuating with seasonal demand.

North Mackay Private Hospital (Mackay Rehabilitation Hospital)

Specialist rehabilitation

34 beds, gymnasium

Only specialist rehabilitation hospital in greater region. Facility fully refurbished and commissioned in February 2014.

Site has substantial brownfield potential as demand grows.

Acquisition
North Mackay

Profile
- Specialist rehabilitation hospital
- 34 beds, large rehabilitation gymnasium
- Fully refurbished facility
- Commenced trading in February 2014
- Readily exploitable brownfield opportunities
- Captures immediate synergies

Demand Characteristics
- Local population approx. 130,000
- No other private specialist rehabilitation facility in greater region

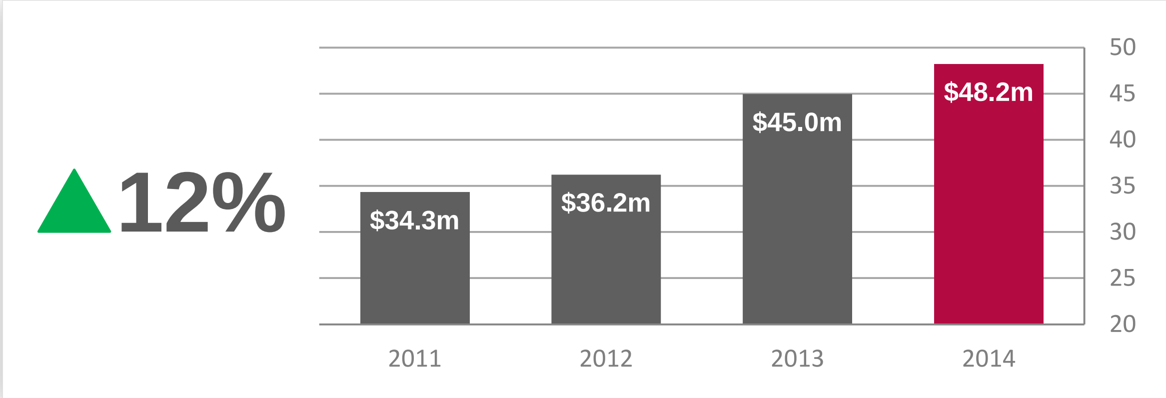
Purchase Rationale
- Purchase price $3.0m
- 24 month rent free period
- Long term lease up to 32 years

Financial Metrics
- Forecast to be profitable in FY15*
- Forecast break even occupancy of approx. 42% from September 2014.
- FY16* Forecast EBITDA at occupancy of 70% is $1.0m.
- Current utilisation exceeding forecast

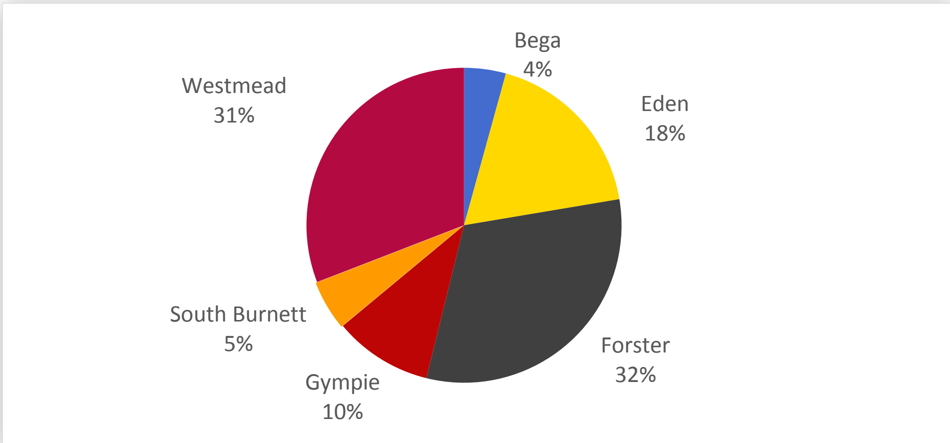
* Forecast results for FY15 and FY16 include rental incentives (non IFRS reporting)

Hospital Performance FY14

Hospital Revenue Growth (4YR CAGR)



Hospital Revenue Contribution



Growth
Strategy

Niche Specialist Operator

Growth as a niche operator of specialist private hospitals. Acquisition and/or development of:

- Specialist surgical hospitals
- Specialist rehabilitation hospitals
- Specialist mental health hospitals,

in collaboration with specialist doctors, in locations where they want to live and work.

Smaller single service-line centres of excellence, rather than large multi service-line hospitals with large bed numbers, enabling:

- individualised service provision to patients and doctors, adapting in accordance with their needs to ensure high quality patient care
- efficient, effective models of care, enhanced by technology.

Our pipeline includes acquisition and development opportunities in each of these specialist areas.

Positioning for Growth

Key initiatives for future year benefits

Scalable shared services platform

Current	Future
• separate site based payroll systems and processes	• centralised payroll function and system with automated time and attendance
• site-based accountants	• centralised finance team
• site-based quality, compliance and Human resource functions	• centralised functions and corporate systems

Senior management team

- New senior management team with extensive hospital management experience.
- New hospital management model providing single point accountability

Brownfield expansion

- Executed two readily available brownfield projects
- Actively developing further brownfield opportunities to meet growth in demand

FY15+ Outlook

Defined growth outlook

Operating Environment

- Industry fundamentals remain strong – policy settings support continued growth in private health insurance, and also support increased private sector provision of public services
- Aging population driving strong demand growth

FY15 Growth

- Organic growth via improved utilisation
- Full year effect from brownfields – 17 beds
- Aiming for one or more strongly EBITDA positive acquisitions
- Benefits from: Shared Services platform, group procurement contracts, and improved staff rostering and skill mix – supported by new Time & Attendance system

FY15 Guidance - EBITDA growth from existing assets in excess of 20% above FY14

Financial Overview FY14

- Debt repaid, **strengthened balance sheet**
- Revenue **$52.4m up 9%**
- Underlying EBITDA **maintained $4.7m**
- Underlying EBITDA-R **$8.7 up 9%**
- Operating cash flow **$2.3m up 53%**
- Maiden fully franked **dividend** 0.5cps

MD & Executive

Phillipa Blakey (Managing Director & CEO)

Phillipa is an experienced healthcare executive with a track record in strategy and performance improvement. She has held COO roles in NSW Health (10 hospitals across North Sydney and Central Coast) and the Amity Group (48 for-profit nursing homes, CVC owned and then sold to BUPA). Most recently Phillipa was CEO of Think Education, the higher education provider then owned by the Seek Group.

Mark Hays (CFO)

Mark has held senior finance positions in privately held companies across the hospitality, property and finance sectors. Prior to joining Pulse Health, Mark held a dual CFO/Investment Director role working with investments of Viburnum Funds in Perth, Western Australia. Mark is a chartered accountant and started his professional career at Ernst & Young providing taxation, accounting and business advisory services to large privately owned Western Australian companies.

Matthew Mackay (COO)

Matthew Mackay has held senior management positions in public, private and military health facilities / hospitals over the past 17 years. Prior to joining Pulse Health Matthew's most recent executive role was as General Manager / Director of Clinical Services for Surgery Centres of Australia. Matthew has previously held senior management positions within Macquarie Health Services, Healthscope, NSW DOH, and The Sydney Private Hospital. Matthew was also a Captain in the Australian Army and has had multiple operational deployments in command positions to both Afghanistan and Timor.

Non-Executive Directors

Stuart James (Chairman)

An experienced executive within the financial and healthcare sectors. Stuart's past roles included Managing Director of Australian Financial Services for Colonial and Managing Director of Colonial State Bank (formerly State Bank of N.S.W). His most recent executive role was as CEO of the Mayne Group from January 2002 to November 2005 and prior to that, from July 2000, he was Mayne Group's Chief Operating Officer. Stuart is the Chairman of Prime Financial Group Limited and Greencross Ltd,and a non-executive director of Affinity Education Group Ltd. Stuart is also a Member of the Supervisory Board of Wolters Kluwer NV. In the past three years Stuart was also a director of Coneco Limited and Phosphagenics Ltd.

Craig Coleman (Non Executive)

A Non-Executive Director of investment company Wyllie Group Pty Ltd and Executive Chairman of associated fund manager, Viburnum Funds Pty Ltd. Craig's current public company directorships include Bell Financial Ltd, Amcom Telecommunications Ltd, Keybridge Capital Ltd and is he is Chairman of Rubik Financial Ltd. He is a former Managing Director of Home Building Society and prior to this Craig held a number of senior executive positions with ANZ Banking Group Ltd and was a Non-Executive Director of E*Trade Ltd and Lonestar Resources Ltd.

Appendix – FY14 Financial Performance

Profit & Loss (underlying)

($'000)	FY14	FY13	Comments
Revenue	52,350	47,894	
…Growth	9%	23%	FY13 comparative includes Eden acquisition
EBITDA-R	8,651	7,970	EBITDA-R margin maintained at c.17%
. . .Improvement	9%	15%	
EBITDA	4,679	4,709	FY14 distorted by Westmead acquisition Underlying EBITDA improved by 11% when taking acquisition into account
…Margin	9%	10%	EBITDA margin c.10%, after removing impact of Westmead acquisition
Depreciation/ Amortisation	760	754	
EBIT	3,919	3,955	
Finance Costs	(1,533)	(2,408)	FY13 includes finance lease interest prior to Westmead acquisition
Profit before tax (underlying)	2,386	1,547	
Tax	(531)	(1,183)	
NPAT (underlying)	1,855	364	

Appendix – FY14 Financial Performance

Cash flow

($'000)	FY14	FY13	
Operating Cash flow	**2,321**	**1,522**	▲
Investing cash flows:			
Acquisitions	(2,964)	(5,766)	
Capex - brownfields	(2,441)	(176)	
Capex - stay in business	(1,083)	(1,070)	
Interest received	98	47	
Total investing cash flow:	**(6,390)**	**(6,965)**	▲
Financing cash flow:			
Equity	28,552	(142)	
Debt	(19,496)	(1,684)	
Total financing cash flow	**9,056**	**(1,826)**	▲
Change in cash & cash equivalents	4,987	(7,270)	
Opening cash balance	2,020	9,290	
Closing cash balance	**7,007**	**2,020**	▲

Appendix – FY14 Financial Performance

Balance Sheet

$ 000	FY14	FY 13	
Cash	7,007	2,020	▲
Other current assets	7,921	8,049	
PP&E	13,441	10,320	
Intangibles	34,388	31,606	
Total Assets	62,757	51,995	▲
Borrowings	333	19,652	
Payables, provisions and other	10,350	10,057	
Total Liabilities	10,683	29,710	
Net Assets	**52,074**	**22,285**	▲
Total Equity	**52,074**	**22,285**	
NTA	20,439	-	
NTA per share (cents)	**12.5**	**-**	▲

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