



LifeHealthcare Group Limited

Company Update

UBS Australian Healthcare Conference

12 June 2014

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Introduction

Overview of LifeHealthcare

- LifeHealthcare is an ASX Listed *specialised distributor of high-end medical devices* to surgeons, hospitals and clinicians in Australia and New Zealand
 - Head office in Sydney with sales offices in Adelaide, Brisbane, Melbourne, Perth and Auckland
 - Focus on specialty clinical channels and products including Spine, Neurosurgery, Orthopaedics, Biologics, Cardiology, Capital and Neurophysiology

Value adding business model

- Combines the *flexibility to provide a comprehensive product portfolio* with the *scale and reach to invest in growth and customer education*
- Sustainable business model that *benefits for both suppliers and customers*
 - LifeHealthcare's leadership in clinical channels delivers market share for suppliers, reflected in long term exclusive agreements
 - Sales and support professionals with deep clinical expertise that is highly valued by surgeons

Strong financial track record

- Track record of consistent and resilient growth
- Strong cash flow to assist in funding growth

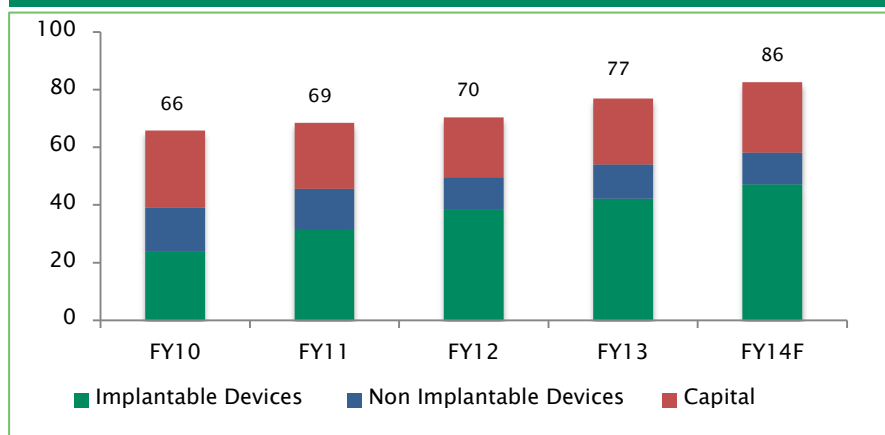
Multiple growth opportunities

- Strong market growth driven by ageing population, supportive funding and demographic trends
- Numerous organic opportunities for LifeHealthcare to grow above market as its customer base matures and from new products and customers

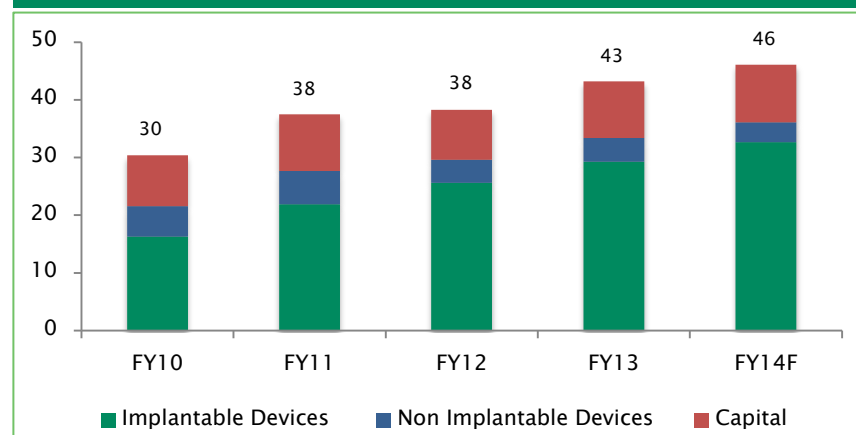
Key Metrics and Historical Performance

LifeHealthcare has a strong track record of organic growth driven by market share gain through the implementation of its business model in focussed markets

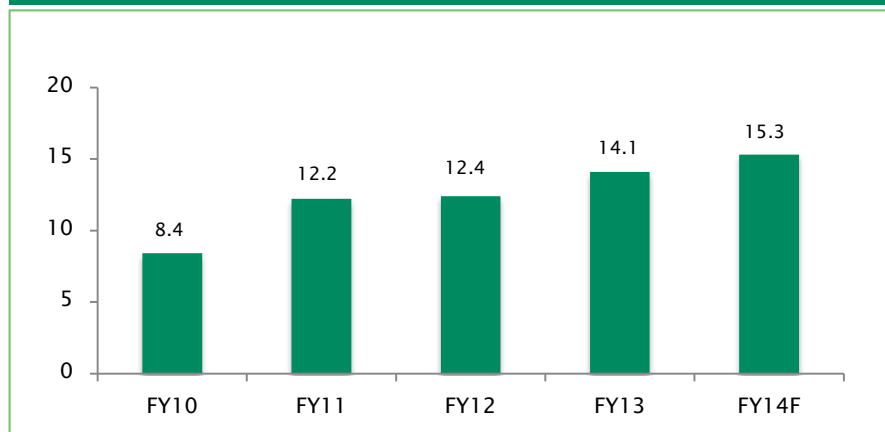
Revenue Growth (\$'m)



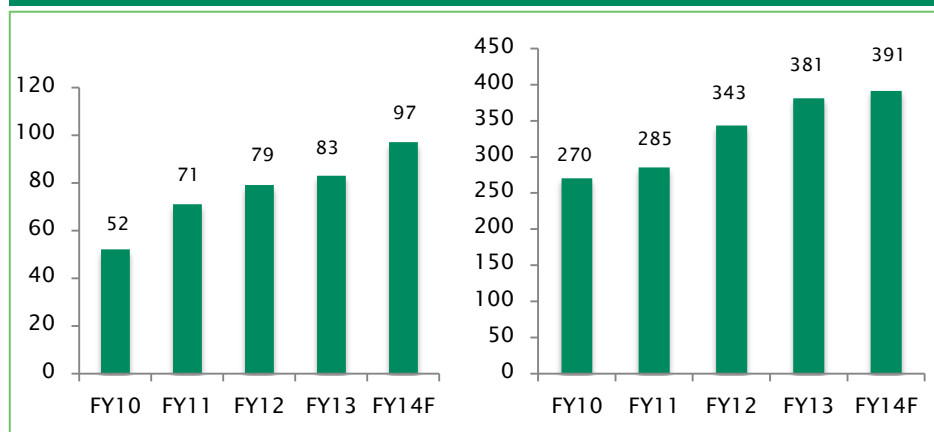
Gross Profit Growth (\$'m)



EBITDA Growth (\$'m)



Total Number of Active Surgeons and Average Revenue (\$'000)


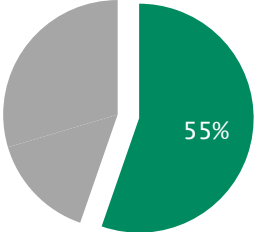
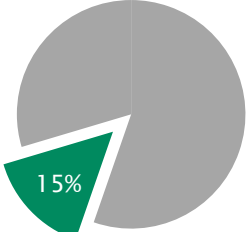
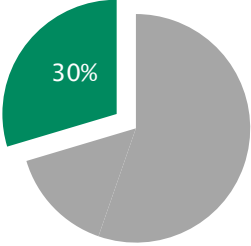


Note: FY14F is the forecast in the IPO Prospectus

Active Surgeons are surgeons that generate \$50,000 or more revenue in that year for LifeHealthcare

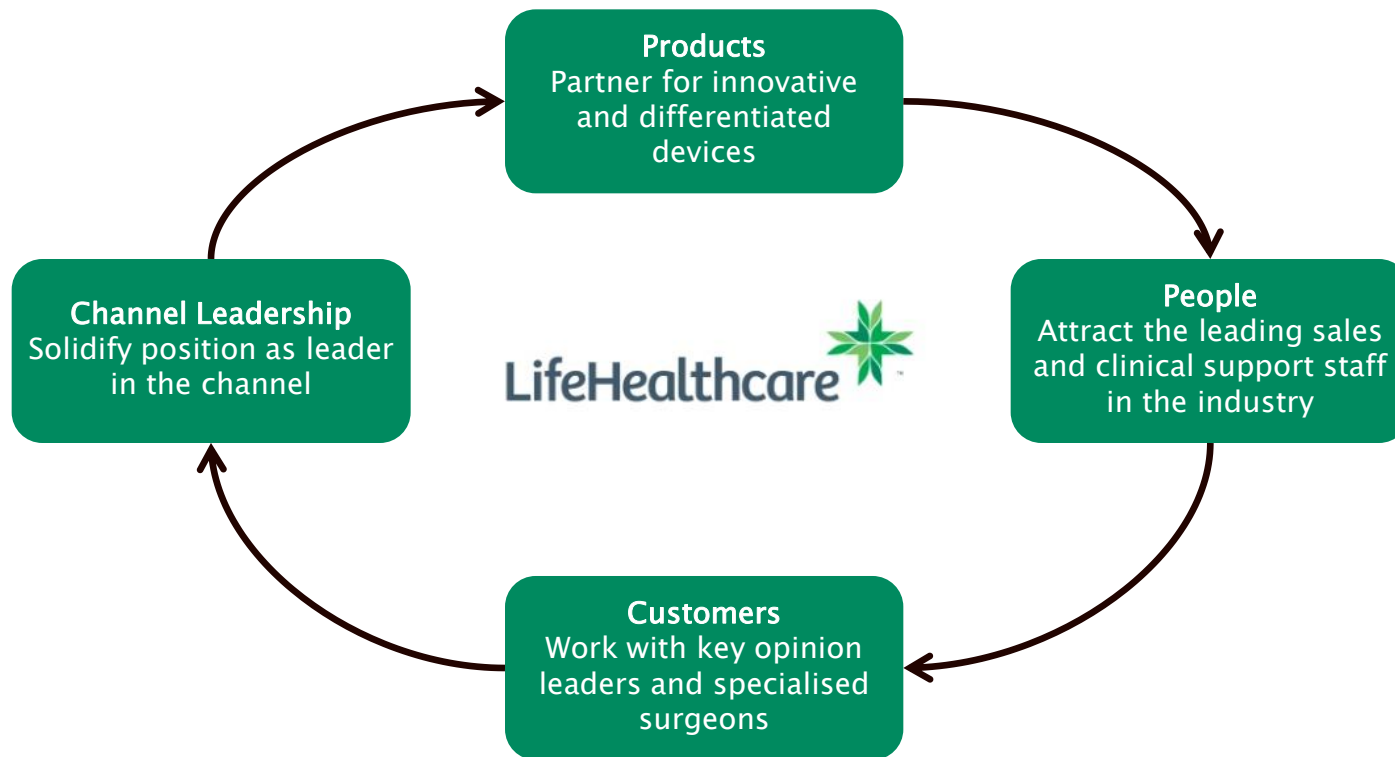
Overview of LifeHealthcare

LifeHealthcare operates in high value segments of the Australasian medical devices market, specialising across a number of clinical channels

<div>LifeHealthcare </div>			
	Implantable Devices	Non-implantable Devices	Capital Equipment
Description	<ul style="list-style-type: none"> Devices surgically implanted to replace, support or enhance the existing biological structure of the body Examples include spine and joint prosthesis 	<ul style="list-style-type: none"> Devices used or consumed during surgical procedures Examples include surgical instruments, suction liners and bags 	<ul style="list-style-type: none"> Equipment that have an enduring nature and are used in either hospital operating theatre or outpatient clinical setting Examples include cardiac ultrasound machines, specialist spine tables and associated consumables
Clinical channels	<ul style="list-style-type: none"> Spine surgery Neurosurgery Bariatrics Interventional Cardiology 	<ul style="list-style-type: none"> Spine surgery General surgery Neurosurgery Surgical instruments 	<ul style="list-style-type: none"> Cardiology Spine surgery Orthopaedic surgery Neurology
% of FY2013 revenue (\$76.9 m)			

LifeHealthcare's Business Model

Targeting channel leadership through leading products, represented by high quality sales team



LifeHealthcare's Sales People

LifeHealthcare employs 66 sales and clinical support professionals with deep clinical expertise in target practice areas and strong relationships with customers

Employee Profile

Role	# of people
Senior management	7
Sales and clinical support	66
Customer support	23
Marketing	8
Other	33
Total	137

Source: company data

- Due to the clinical nature of LifeHealthcare's products, sales representatives require deep knowledge and expertise in their clinical channels
- The educational background of many of LifeHealthcare's sales representatives is in Bachelor of Science or Nursing
- LifeHealthcare's remuneration structures are geared towards rewarding growth and performance against forecast

Case Study: Implantable Devices Sales Representative



- A LifeHealthcare sales representative typically attends the surgical procedure where a LifeHealthcare implant is used
- The sales representative or clinical support professional will:
 - ensure correct instruments and implants are ready for the case;
 - assist the nursing staff in the set up for the case;
 - help guide the scrub nurse through the procedure to ensure the smooth flow of the case for the surgeon;
 - provide technical advice on the products and related instruments to the surgeon during the procedure.
- Surgeons see this support as an integral part of the value proposition and is often, alongside patient outcomes, a key determining factor in product selection

Growth Strategy

Within 5 years, grow the business to circa \$200m in revenue through the three existing growth channels of Spine/Neuro, Orthopaedics and Cardiology and by developing a 4th or 5th new channel

	Spine/Neuro	Orthopaedics	Cardiology	New Channel(s)
Strategic Objective	<ul style="list-style-type: none"> Leverage our strong existing market position. Continue to penetrate the market through new customers and new product introductions. Move from the current #3 position into #2 aiming for #1. 	<ul style="list-style-type: none"> Extend our presence in revision surgery into Primary Hip, Primary Knee and Sport Medicine, Extremities and Trauma (SET) markets. Implement the same business model adopted in Spine to grow market share. 	<ul style="list-style-type: none"> Leverage #1 position in Cardiac Ultrasound to enter the Interventional Cardiology space. Enter the Interventional Cardiology space first with Stents and the extend into other related products. 	<ul style="list-style-type: none"> To add a 4th or 5th growth channel to the LifeHealthcare business. Target segments with similar characteristics to the existing three growth channels.
Market Size	<ul style="list-style-type: none"> ~ \$230m (Total) ~ \$60m (Deformity) ~ \$170m (Degenerative) 	<ul style="list-style-type: none"> ~ \$1.0bn (Total) ~ \$650m (Hip & Knee) ~ \$350m (SET) 	<ul style="list-style-type: none"> ~ \$[500m] (Total) ~ \$100m (Interventional Cardiology) 	<ul style="list-style-type: none"> Dental ~\$250m IVD ~ \$1.0bn Ophthalmology ~\$450m Imaging ~\$720m
Key Growth Strategy	<ul style="list-style-type: none"> Predominately organic growth strategy. Consolidate strong position in the Deformity market. Create leadership in motion preservation. Accelerate growth in Degenerative Spine through new product releases and investment in sales force. 	<ul style="list-style-type: none"> Initial focus on organic strategy in Primary Hips. Recruit 1st class sales team to implement new strategy. Identify acquisition opportunities in Hip/Knee and SET 	<ul style="list-style-type: none"> Enter Interventional Cardiology space through agreement with Biosensors. Build a high calibre sales team. Extend the product range into related products. Identify acquisitions for bolt-on opportunities. 	<ul style="list-style-type: none"> Identify acquisition targets with good existing product range and sales team Implement the LifeHealthcare business model to enhance and grow the business. Execute specific growth opportunities.

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