LifeHealthcare Group Limited

Financial Results Briefing

Year Ended 30 June 2014

LifeHealthcare

Agenda

Operational and Financial Highlights

Full Year Results Detail

Growth Strategy Update & Outlook

Questions

Performance Scorecard

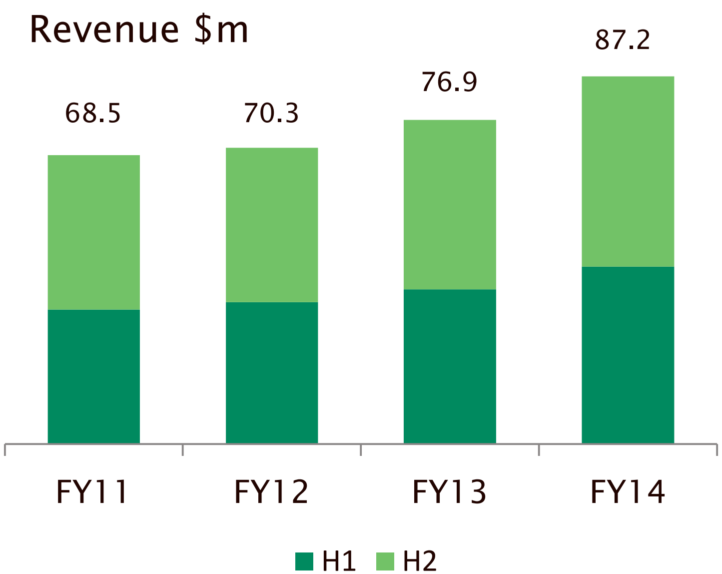
Achieved prospectus forecast and continuing to expand the platform for growth in FY15 and beyond through organic and "step out" opportunities

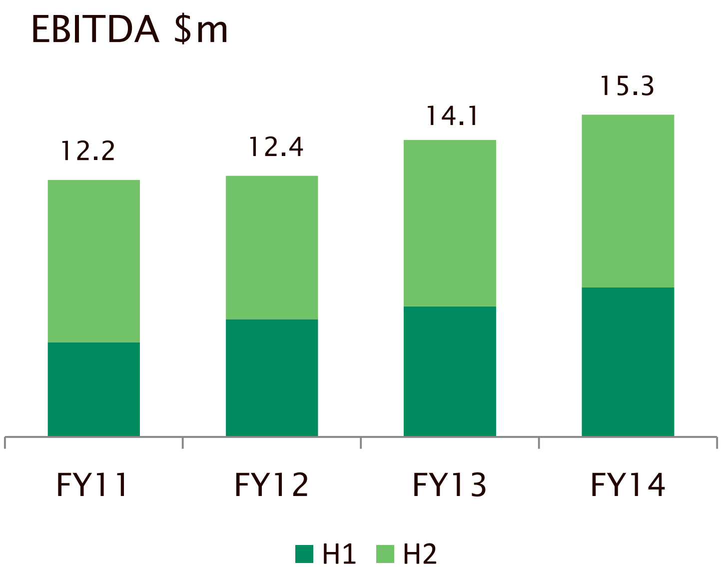
- ✓ Achieved the full year prospectus forecast with strong top line performance across key growth segments
- ✓ Investment in human resources in existing and new growth segments ahead of revenue without sacrificing near term results
- ✓ Execution of the Interventional Cardiology expansion strategy with the establishment of the Biosensors distribution agreement in late FY14
- ✓ New products launched in FY14 across Spine, Neuro, Cardiology, Ultrasound and Operating Room Capital channels with additional products lined up for launch in FY15
- ✓ Declaration of a fully franked dividend of 7.5 cents per share in respect of the period from 1 January to 30 June 2014 payable on 26 September 2014 (prospectus forecast 6.7 cps)

Full Year Results

$m	Pro forma FY14	Pro forma Prospectus FY14	Pro forma FY13	Difference to FY13
Revenue	87.2	82.6	76.9	13.4%
Gross Margin	46.7	46.1	43.2	8.0%
EBITDA	15.3	15.3	14.1	8.4%
NPATA	7.5	7.5	7.0	7.2%
EPS (cps)	17.6	17.7	16.4	7.2%
Final Div (¢)	7.5	6.7	–	0.8¢

- Prospectus earnings forecast achieved while also investing in FY15 growth
- Continued favourable market conditions and outlook
- Strong top line performance through new product introduction and new customer growth in both implants and capital
- Fully franked dividend of 7.5 cents per share





Notes:
1. Detailed financial section includes reconciliation of pro forma to statutory results adjusting for IPO related items

Operational Highlights

Continued Growth in Spine

- New product introductions such as Everest and Aleutian Lordotic
- Greater surgeon engagement resulting in a net increase of 6 new active surgeons throughout the year

Expansion into Interventional Cardiology

- Leveraging leading position in cardiac ultrasound to enter Interventional Cardiology market
- Establishment of distribution agreement with Biosensors for their drug eluting stent

Successful Launch of New Capital Equipment

- Rollout of new ProAxis specialist orthopaedic operating theatre table
- Launch of EPIQ cardiac ultrasound platform

Introduction of Leading Technology in Spine & Neurosurgery

- 1st Mazor Renaissance Robotic System installed with over 20 cases performed to date
- Extensive media coverage with over 1 million viewers

Acquisition of Spine/Neuro assets

- Acquisition of three products that have been integrated into the existing spine and neurosurgery channels

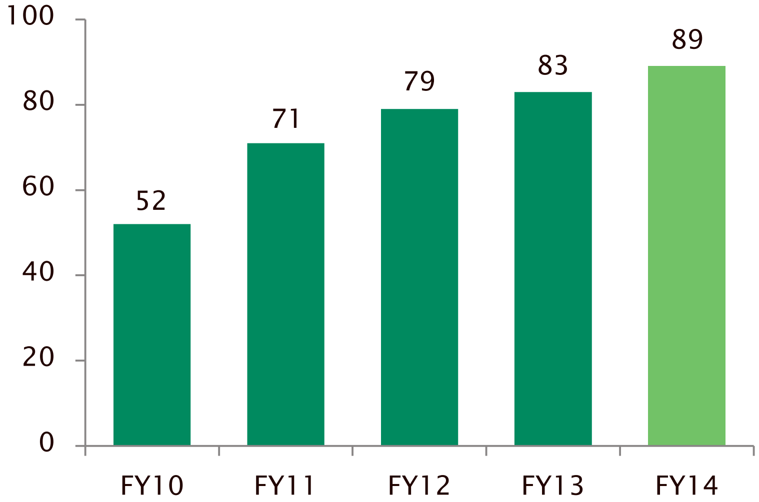
Expansion into Imaging

- Providing a range of innovative products to the market including the BodyTom portable intraoperative CT scanner

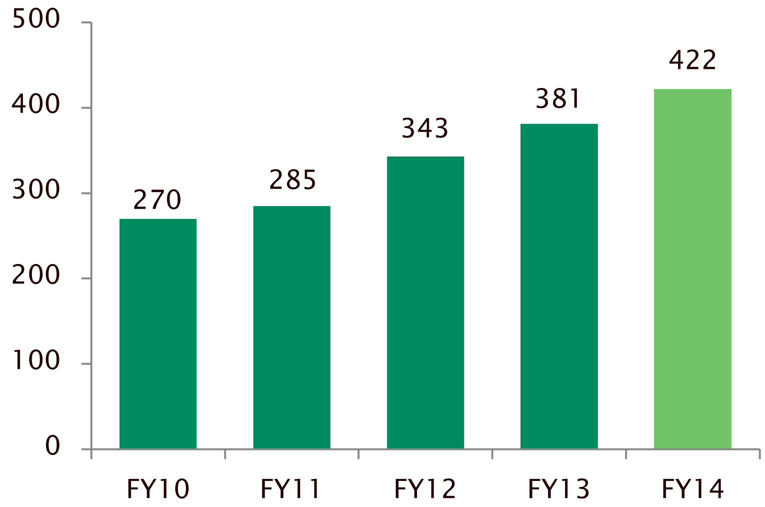
Strong Underlying Operational Performance

Achieving higher average revenue per Active Surgeon than prospectus forecast and overall revenue in line with forecast

Total Number of Active Surgeon Customers



Average Revenue per Active Surgeon ($'000)



- Total revenue from implantable devices grew 18.8% with an increase in active surgeons (7.2%) and strong growth in revenue per active surgeon (10.8%) driving the performance.
- There were 7 surgeons marginally (less than one case per year) below the $50K active surgeon threshold that remain prospects for growth in FY15.

Notes:
1. FY14 data is based on revenue for the 12 months to 30 June 2014
2. Active Surgeons are surgeons who generate $50,000 or more of revenue in that year for LifeHealthcare

Agenda

Operational and Financial Highlights

Full Year Results Detail

Growth Strategy Update & Outlook

Questions

LifeHealthcare

Summary Income Statement

$m	Pro forma FY14[1]	Pro forma Prospectus FY14	Pro forma FY13 [1]	Difference to FY13
Revenue	87.2	82.6	76.9	13.4%
Gross Profit	46.7	46.1	43.2	8.0%
EBITDA	**15.3**	**15.3**	**14.1**	**8.4%**
Depreciation	(2.5)	(2.4)	(2.1)	19.5%
Amortisation	(0.7)	(0.8)	(0.8)	NM
EBIT	**12.1**	**12.1**	**11.2**	**8.2%**
Net Interest Expense	(1.7)	(1.6)	(1.4)	26.6%
Profit before tax	**10.4**	**10.5**	**9.8**	**5.7%**
Income Tax Expense	(3.2)	(3.1)	(3.1)	1.8%
NPAT	**7.2**	**7.3**	**6.7**	**7.5%**
NPATA	**7.5**	**7.5**	**7.0**	**7.2%**

Notes:
1. Refer to reconciliation of pro forma to statutory results for details of pro forma adjustments

Commentary

- Revenue growth of 13.4% from FY13 driven by stronger performance (relative to FY13 and prospectus) in capital products with release of new products (EPIQ cardiac ultrasound and ProAxis operating table) and also continued growth in Spine.
- Gross profit reflects increased mix of capital sales and (once off) lower margin on cardiac ultrasound and Mazor robot during product introduction.
- Gross profit margin on implants, excluding some product mix impacts, was in line with forecast levels with no un-forecast impact from the lower AUD, due to hedging in place.
- Investment in human resources and marketing in existing and new growth segments ahead of revenue to drive FY15 growth. Reflected in strong start to FY15.
- Interest expense $0.08 million above prospectus forecast due to timing of cash flows, with strong cash flow in July leading to pay down of debt.
- Effective tax rate of 30.5% (pro forma prospectus rate of 30.1%) reflects non-deductible permanent difference for additional options expense for key staff.
- Amortisation includes $0.4 million of amortisation of separately identifiable intangibles and balance is amortisation of software development costs. These items will be fully amortised in Q1 FY16.

LifeHealthcare

Reconciliation of Pro Forma to Statutory Results

$m	FY14	FY13
Pro Forma EBITDA	**15.3**	**14.1**
IPO Offer Costs	(4.5)	–
Public Company Costs	–	(0.1)
Statutory EBITDA	**10.8**	**14.0**
Depreciation and Amortisation	(3.2)	(2.9)
Net Interest Expense	(1.7)	(1.9)
Statutory Profit Before Tax	**5.9**	**9.2**
Income Tax Credit (IPO Related)	17.8	–
Income Tax Expense (Credit)	(3.2)	(2.9)
Statutory NPAT	**20.5**	**6.3**

Commentary

- IPO offer costs of $4.5 million were funded from the proceeds of the IPO.
- Income tax credit for FY14 includes $16.5 million relating to tax cost base reset and $1.3 million relating to IPO offer costs.
- Depreciation and amortisation includes $0.4 million of amortisation of separately identifiable intangibles in each period.
- Income tax expense for FY14 of $3.2 million reflects the tax expense applicable to the pro forma earnings.

LifeHealthcare

Summary Balance Sheet

$m	FY14	FY13
Cash	2.8	–
Trade and Other Receivables	14.3	11.2
Inventories	27.5	24.2
Derivative Financial Assets	–	1.0
Investment in Joint Venture	0.4	0.2
PP&E	8.4	8.5
Deferred Tax Assets	17.2	0.9
Intangible Assets	13.1	13.7
Total Assets	**83.6**	**59.7**
Trade and Other Payables	13.9	13.0
Borrowings	23.1	24.0
Provisions	1.8	1.6
Current Tax Liabilities	0.1	1.7
Derivatives Financial Liabilities	1.1	0.2
Total Liabilities	**39.9**	**40.5**
Net assets	**43.7**	**19.2**

Commentary

- Increase in trade and other receivables reflects growth in revenue and timing of capital sales in the month of June where cash received in first week of July ($1.4 million impact).
- Investment in inventory relates to demo items for cardiac ultrasound ($0.3 million) and implant (spine and neurosurgery) kits ($2.6 million). Includes $0.4 million in capital items received in late June to fulfil July customer orders.
- Borrowings are in respect of the new 4 year term debt and working facility. $2.4 million in current borrowings were repaid in early August.
- Current tax liability is the current year tax payable in respect of NZ earnings. No cash tax is expected be payable in Australia for a number of years due to the tax cost base reset on IPO.

Summary Cash Flow Statement

$m	Pro forma FY14[1]	Pro forma Prospectus FY14	Difference
Pro Forma EBITDA	**15.3**	**15.3**	**–**
Non Cash Items	0.3	0.2	
Change in Working Capital	(4.4)	(2.5)	
Operating Cash Flow Before Investing Activities	**11.2**	**12.9**	**(13.2%)**
Investing Activities			
Capital Expenditure	(2.3)	(1.7)	
Investment in Joint Venture	(0.3)	(0.3)	
Acquisition of Business Assets	(0.5)	–	
Operating Cash Flow After Investing Activities	**8.1**	**10.9**	**(25.7%)**

Commentary

- Non-cash items in 1HFY14 relate to make good costs expense and share based payments expense ($0.27 million).
- Movement in working capital driven by investment in inventory relating to new product introductions, growth in spine kits and one-off timing issue with receipts.
- Due to timing of large capital sales in late June, there was a timing impact with expected June cash receipts falling in first week of July ($1.4 million out of first week receipts of $3.5 million). This was reflected in average cash balance in July of $4.6 million against $2.8 million cash balance at 30 June 2014.
- Operating cash flow in second half was $7.1 million against first half of $4.1 million.
- Capital expenditure primarily relates to implant instruments kits to support growth in spine and includes some additional investments in Q4 to support growth in Q1 FY15.
- Investment in joint venture is in respect of Electrocore joint venture

Notes:
1. Refer to reconciliation to pro forma results for details of pro forma adjustments

Foreign Exchange and Hedging Update

Hedging policy is assisting in Fx management in the medium to long term

Average FX rate in COGS						
	FY10	FY11	FY12	FY13	FY14	CY14F
USD	0.726	0.839	0.908	0.995	0.950	0.924
Euro	0.530	0.627	0.644	0.761	0.732	0.700
Average spot rate						
	FY10	FY11	FY12	FY13	FY14	
USD	0.882	0.988	1.032	1.027	0.934	
Euro	0.636	0.725	0.771	0.795	0.684	

- Average hedge rate for USD for FY15 of 0.904 and Q1 FY16 of 0.91.

- LifeHealthcare's policy is to hedge at least 90% of its next 12 months expected future US$ and € exposure on a rolling quarterly basis.
- In combination with its average stock holding of ~7 months, at any point in time, this hedging policy means LifeHealthcare has minimal exposure to movements in US$ and € FX rates for a period of ~18 months.
- This results in a smoothing of the impact of FX movements over time, providing LifeHealthcare with the ability to manage the potential impact of any adverse exchange rate movements with suppliers and customers
- LifeHealthcare will mitigate the impact of the lower USD average hedge rate in FY15 (0.904 against 0.95 in FY14) through a combination of price increases implemented from 1 September, selective supplier buy price reductions and PLAC price adjustments. The PLAC price adjustments are a result of LifeHealthcare's proactive management of product groupings on the Prostheses List.

Agenda

Operational and Financial Highlights

Full Year Results Detail

Growth Strategy Update & Outlook

Questions

Growth Strategy

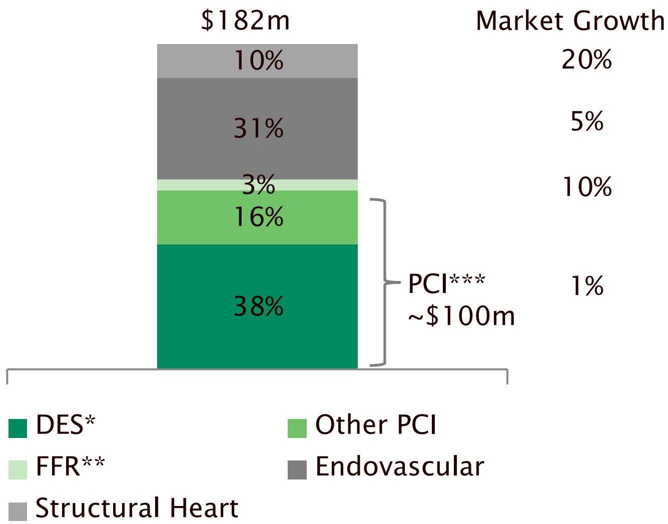
Within 5 years, grow the business to circa $200m in revenue through the three existing growth channels of Spine/Neuro, Orthopaedics and Cardiology and by developing new channels

	Spine/Neuro	Orthopedics	Cardiology	New Channel(s)
Strategic Objective	• 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	• 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	• Leverage #1 position in Cardiac Ultrasound to enter the Coronary Intervention space • Enter the Interventional Cardiology space first with Stents and the extend into other related products	• 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	• ~ $230m (Total) • ~ $60m (Deformity) • ~ $170m (Degenerative)	• ~ $1.1bn (Total) • ~ $650m (Hip & Knee) • ~ $350m (SET) • ~$130m (Other)	• ~ $500m (Total) • ~ $200m (Interventional Cardiology)	• Dental ~$250m • IVD ~ $1.0bn • Ophthalmology ~$450m • Imaging ~$720m
Key Growth Strategy	• Predominately organic growth strategy • Consolidate strong position in the Deformity market • Create leadership in motion preservation • Accelerate growth in Degenerative Spine through new product introductions and investment in sales force	• 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	• 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	• 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

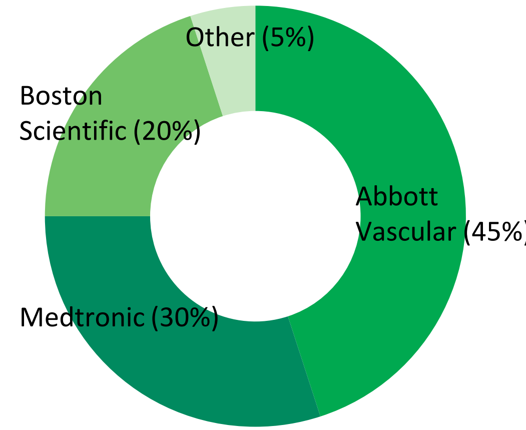
LifeHealthcare
Leading through partnerships in health

Interventional Cardiology Market Overview

LifeHealthcare entered the Interventional Cardiology market in April 2014 through its agreement with Biosensors



Drug Eluting Stent (DES*) Top Three Players Market Share (LHC Est)



Attractive market dynamics

- ✓ 17% of the Australian population (3.4 mill people) have some form of heart, artery or vascular disease
- ✓ Increasing with ageing population
- ✓ High growth rates in emerging technologies

Why enter the market

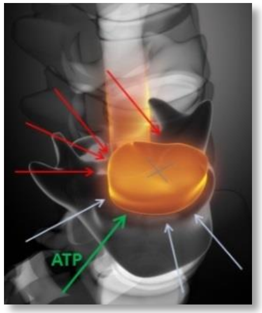
- ✓ Similar market dynamics and approach as our initial entry into Spine market – large multinationals defending a position
- ✓ LifeHealthcare represents a disruptive entrant with new technology and approach to market
- ✓ Entry into DES (and wider PCI) segment provides platform to expand into emerging technologies

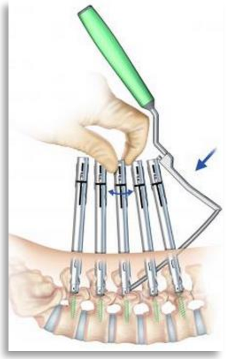
Notes:
* Drug Eluting Stent, ** Fractional Flow Reserve, *** Percutaneous Coronary Intervention

Key New Products Launches for FY15

ATP

- Developed the ATP (Anterior to Psoas) procedure in FY14 through JV partnership with leading surgeon
- Rollout in FY15 with strong uptake expected





Minimal Invasive Surgery (MIS)

- Co-developing MIS product with key supplier under existing distribution agreement
- Rollout late FY15 will enable LifeHealthcare to enter MIS Spine market segment, ~$25million per annum

Mid Range Cardiac Ultrasound

- New ultrasound product range launch Q1 FY15 will enable LifeHealthcare to compete in the mid range private market
- New product range has market leading technology

Outlook

Strong start to Q1 FY15 provides a solid basis for re-confirmation of 1HFY15 prospectus forecast, with EPS (on a pro forma basis) up 7.1% on 1HFY14

1. Investment in new products and people in FY14 driving strong start to FY15 (with solid growth over FY14).
2. Accelerate top line growth in Interventional Cardiology as we build the sales team and key opinion leader network
3. Continued organic growth in Spine through new product introductions in FY15 targeting further market share gain
4. Execution of Orthopaedic growth strategy to build momentum by 2HFY15
5. Pro forma earnings on track to achieve IPO forecast for and achieving full year earnings growth in the high single digit to low double digit percent range

Agenda

Operational and Financial Highlights

Full Year Results Detail

Growth Strategy Update & Outlook

Questions

Disclaimer

The material in this presentation has been prepared by LifeHealthcare Group Limited ABN 72 166 525 186 ("LifeHealthcare") and is general background information about LifeHealthcare's activities current at the date of this presentation. The information is given in summary form and does not purport to be complete. Information in this presentation, including forecast financial information should not be considered as advice or a recommendation to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate. Persons needing advice should consult their stockbroker, solicitor, accountant or other independent financial advisor.

The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions. This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law. Certain statements made in this presentation are forward-looking statements. These forward-looking statements are not historical facts but rather are based on LifeHealthcare Group Limited's current expectations, estimates and projections about the industry in which LifeHealthcare operates, and beliefs and assumptions. Words such as "anticipates", "expects", "intends,", "plans", "believes", "seeks", "estimates", and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of LifeHealthcare, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward looking statements. LifeHealthcare cautions investors and potential investors not to place undue reliance on these forward-looking statements, which reflect the view of LifeHealthcare only as of the date of this presentation. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. LifeHealthcare will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory
authority.

LifeHealthcare™

Well-being through innovation