

ASX Announcement

25 February 2015

LIFEHEALTHCARE ANNOUNCES HALF YEAR RESULTS

LifeHealthcare Group Limited (ASX: LHC), one of Australia's leading independent distributors of high end medical devices today announced its half year results to 31 December 2014 consistent with the trading update it provided on 12 January 2015.

The result is materially ahead of 1H FY15 prospectus forecast, the summary of the trading results are as follows:

- Revenue up 15.0% to \$48.4million
- EBITDA up 19.6% to \$8.5million
- NPATA up 27.5% to \$4.3 million

(Growth is relative to half year to 31 December 2013)

Key Highlights

- 1H FY2015 EBITDA of \$8.5 million and NPATA of \$4.3 million – represent growth of 19.6% and 27.5% respectively on 1H FY2014 and exceed prospectus forecasts by 14.0% and 20.7% respectively.
- Gross margin and EBITDA margin have improved on last half and prospectus forecast, due to strong growth in the higher margin implant business and a higher margin capital product mix.
- Ongoing strategies to mitigate the impact of the weaker AUD:USD exchange rate have been successfully implemented during the half and will continue to be implemented in forward periods to maintain underlying product margin.
- Full year revenue growth is expected to be in the low double digit range, with EBITDA margins maintained relative to historical performance.

Interim Financial Statements and a Financial Results Briefing Presentation are available on the ASX Announcements Platform.

Interim Dividend

The Directors are pleased to announce a dividend of 7.5c per share, 76% franked to 5.7c per share. This represents a pay-out ratio of 74% of NPATA for the period from 1 July 2014 to 31 December 2014.

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As previously indicated, the company has now used all of its franking credits. Due to the tax asset generated at the time of IPO, it is not expected that the company will be paying tax or generating franking credits in the near term. As a result, further dividends paid are not expected to be franked prior to 30 June 2016.

Resignation of Director – Michael Alscher

Mr Michael Alscher has resigned as a director effective from 25 February 2015.

At the time of the IPO in December 2013, Crescent Capital Partners exited 100% of its shareholding in LifeHealthcare. Mr Alscher however made a commitment prior to IPO to continue as a director through to the end of the prospectus forecast period to provide continuity and to give the Board the benefit of his knowledge and experience with LifeHealthcare since its formation in 2006. Now that this period has completed, Mr Alscher has advised of his resignation to focus on his private equity commitments.

Mr Bill Best, Chairman of LHC, thanked Mr Alscher for his significant contribution to the growth and development of LHC and noted that the Board had benefited greatly from his knowledge and experience.

The Board will consider alternatives for a replacement director, however, is comfortable with the current composition of the Board.

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