LifeHealthcare Group Limited

Financial Results Briefing

Half Year Ended 31 December 2014

Agenda

- **Operational and Financial Highlights**
- Half Year Results Detail
- Growth Strategy Update & Outlook
- Questions

Performance Scorecard

Strong performance in the half reflecting growth across both implantable devices and capital equipment with improved margins

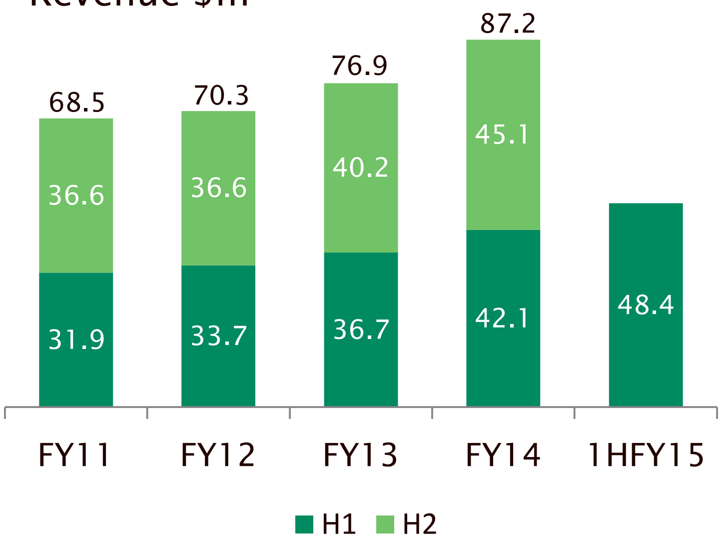
- ✓ 1HFY15 exceeded prior corresponding period in revenue and EBITDA by 15.0% and 19.6% respectively. Gross margin and EBITDA margin improvement.
- ✓ Strong growth in implantable devices achieved through an increase in the number of surgeons using LifeHealthcare's implants and increasing penetration of its products amongst both new and existing surgeons.
- ✓ Capital equipment also experienced strong growth across the product portfolio. This was achieved from both existing and new products introduced in late FY14 and 1HFY15.
- ✓ Investment for growth continues with inventory and fixed asset investment, recruitment of additional sales and business development resources in Spine, Interventional Cardiology and Vascular Ultrasound.
- ✓ $2.3 million of debt was repaid in the period as well as the payment of a $3.2 million dividend in September 2014.
- ✓ Declaration of a dividend of 7.5 cents per share (74% franked to 5.7 cents) in respect of the period from 1 July to 31 December 2014 payable on 20 March 2015.

Half Year Results

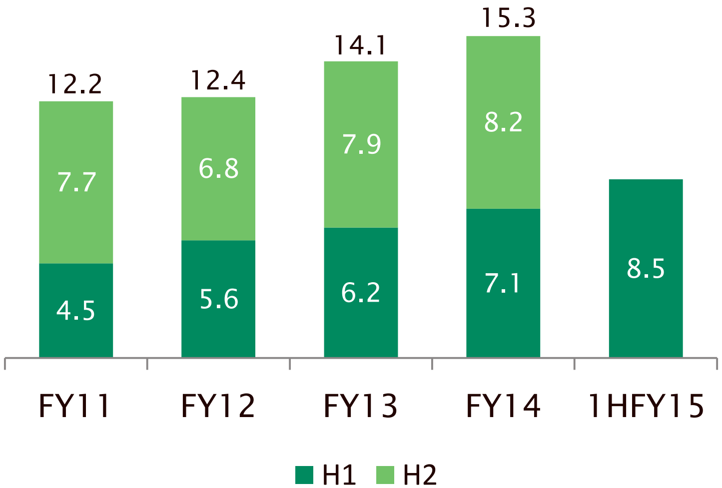
$m	1HFY15	Pro forma Prospectus 1HFY15	Pro forma 1HFY14[1]	Difference to 1HFY14
Revenue	48.4	44.0	42.1	6.3
Gross Margin	26.8	24.0	22.5	4.3
EBITDA	8.5	7.4	7.1	1.4
NPATA	4.3	3.6	3.4	1.1
EPS (cps)	10.2	8.5	8.0	2.2
Interim Div (¢)	7.5	4.3-6.0	Nil	7.5

- Strong top line growth across both implantable devices and capital equipment
- Result materially higher than prospectus earnings forecast while also investing in FY15 growth
- Interim dividend of 7.5 cents per share (74% franked to 5.7 cents)
- Continued favourable market conditions and outlook

Revenue $m



EBITDA $m



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

LifeHealthcare

Operational Highlights

Continued Growth in Implants

- Net increase of 3 new active surgeons in the half year and 5.4% growth in average revenue per surgeon resulting in 18.0% annual (LTM) growth in revenue from implantable devices

Ultrasound New Product and Sector Development

- Launched new Affiniti ultrasound system enabling greater penetration into the mid range private Cardiac ultrasound sector

Minimally Invasive Surgery (MIS) Product

- Co-developing MIS product with key supplier
- On track for launch late FY15 which will enable LHC to enter growing MIS Spine market segment ~$25mill per annum

Expanding Presence of Mazor Renaissance Robotic System

- 2nd Mazor Renaissance Robotic System installed in Australia with strong pipeline of further opportunities
- Further strengthens LifeHealthcare's leading technology position in Spine and Neurosurgery

Launch of 3D Printed Implantable Devices

- LHC partnering to launch 3D printed technology in the Orthopaedics field
- Titanium implant technology provides attractive biomechanical and biocompatiability properties

Margin Management

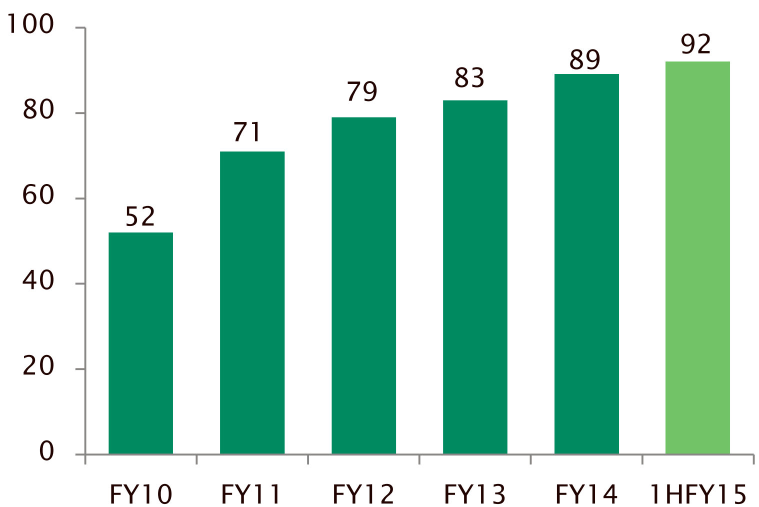
- During half a number of strategies implemented to offset weaker AUD:USD including price increases in Q2, improved trading terms and proactive management of reimbursed products. Full benefit of initiatives will be reflected beyond 1HFY15 period.

LifeHealthcare

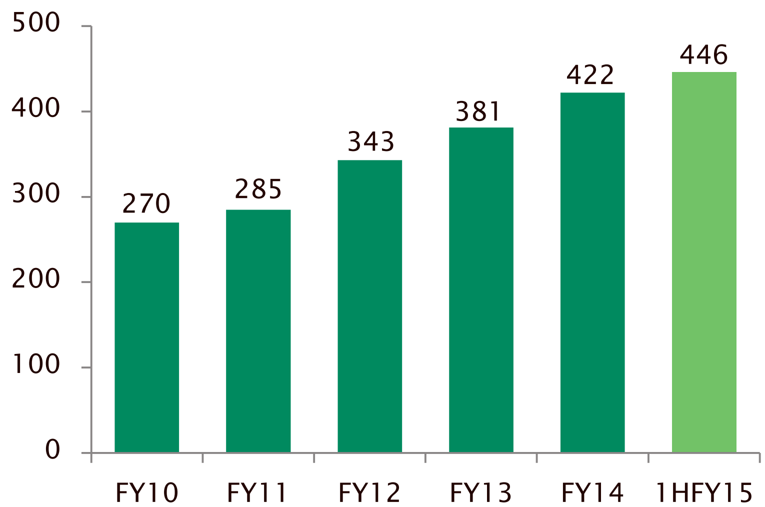
Strong Underlying Operational Performance

Increase in active surgeons and strong growth in average revenue per active surgeon resulting in 18% annual growth in revenue from implantable devices

Total Number of Active Surgeon Customers



Average Revenue per Active Surgeon ($'000)



- Total revenue from implantable devices grew 8.8% in the half year with an increase in active surgeons of 3.4% and strong growth in revenue per active surgeon at 5.4%, building on the previous 6 months performance resulting in annual (LTM) growth in revenue from active surgeons of 18.0%.

Notes:
1. 1HFY15 data is based on rolling 12 month revenue from 1 January 2014 through to 31 December 2014
2. Active Surgeons are surgeons who generate $50,000 or more of revenue in that period for LifeHealthcare

LifeHealthcare

Agenda

Operational and Financial Highlights

Half Year Results Detail

Growth Strategy Update & Outlook

Questions

Summary Income Statement

$m	Pro forma 1HFY15	Pro forma Prospectus 1HFY15	Pro forma 1HFY14 (1)(2)	Difference to 1HFY14
Revenue	48.4	44.0	42.1	15.0%
Gross Profit	26.8	24.0	22.5	19.2%
Gross Profit Margin	55.3%	54.5%	53.4%	1.9%
EBITDA	**8.5**	**7.4**	**7.1**	**19.6%**
Depreciation	(1.5)	(1.2)	(1.2)	14.5%
Amortisation	(0.3)	(0.4)	(0.3)	0.0%
EBIT	**6.7**	**5.8**	**5.5**	**21.9%**
Net Interest Expense	(0.8)	(0.9)	(0.9)	(9.9)%
Profit before tax	**5.9**	**4.9**	**4.6**	**27.9%**
Income Tax Expense	(1.7)	(1.5)	(1.4)	26.2%
NPAT	**4.2**	**3.4**	**3.3**	**28.6%**
NPATA	**4.3**	**3.6**	**3.4**	**27.5%**

Commentary

- Revenue growth of 15.0% from 1HFY14 across both implantable devices and capital equipment.
- Growth in implantable revenue (18.0% YOY) achieved in Spine and Orthopaedics through increase in number of surgeons and increasing penetration of products to new and existing surgeons.
- Strong performance in capital products achieved through existing products as well as the introduction of the Affiniti Cardiac Ultrasound system.
- Gross profit margin and EBITDA margin improvement relative to pcp reflects the strong growth in the higher margin implant business and a higher margin capital product mix.
- Investment in human resources and marketing in existing and new growth segments ahead of revenue to drive FY15 growth. Reflected in strong results in 1HFY15.
- Amortisation includes $0.2 million of amortisation of separately identifiable intangibles and balance is amortisation of software development costs. These items will be fully amortised in Q1 FY16.

Notes:
1. Refer to reconciliation of pro forma to statutory results for details of pro forma adjustments
2. NPATA excludes amortisation of specifically identifiable intangibles of $0.13 million (net of tax)

Summary Balance Sheet

$m	Dec 2014	Dec 2013
Cash	0.8	2.8
Trade and Other Receivables	13.0	14.3
Inventories	28.4	27.5
Derivative Financial Assets	1.7	–
Investment in Joint Venture	0.4	0.4
PP&E	9.5	8.4
Deferred Tax Assets	15.0	17.2
Intangible Assets	12.7	13.1
Total Assets	**81.5**	**83.6**
Trade and Other Payables	11.8	13.9
Borrowings	20.8	23.1
Provisions	1.9	1.8
Current Tax Liabilities	0.1	0.1
Derivatives Financial Liabilities	0.7	1.1
Total Liabilities	**35.3**	**39.9**
Net assets	**46.2**	**43.7**

Commentary

- Decrease in trade and other receivables reflects seasonality 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 implant kits for Spine and Orthopaedics.
- Derivative financial assets of $1.7 million relates to market valuation on foreign exchange hedge contracts.
- Capital expenditure of $2.5 million relates to investment in implant instrument kits in Spine and Orthopaedics to support new product introductions and volume growth.
- 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	1HFY15	Pro Forma 1HFY14	Difference
Pro Forma EBITDA	**8.5**	**7.4**	
Non Cash Items	0.1	0.1	
Change in Working Capital	(1.6)	(3.2)	
Operating Cash Flow Before Investing Activities	**7.0**	**4.3**	**64.6%**
Investing Activities			
Capital Expenditure	(2.5)	(1.5)	
Operating Cash Flow After Investing Activities	**4.5**	**2.8**	**62.0%**

Commentary

- Operating cash flow of $7.0 million in 1HFY15 increased from $4.3 million in 1HFY14.
- Movement in working capital driven by improved trading performance and the positive impact of cash receipts in July 2014 relating to several large capital sales in June 2014.
- Capital expenditure of $2.5 million relates to investment in implant instrument kits in Spine and Orthopaedics to support new product introductions and volume growth.
- $2.3 million of debt was repaid in the period as well as payment of a $3.2 million dividend.
- As at December 2014 the leverage ratio was 1.26x and LifeHealthcare has significant capacity to fund future growth opportunities.

Agenda

Operational and Financial Highlights

Half 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

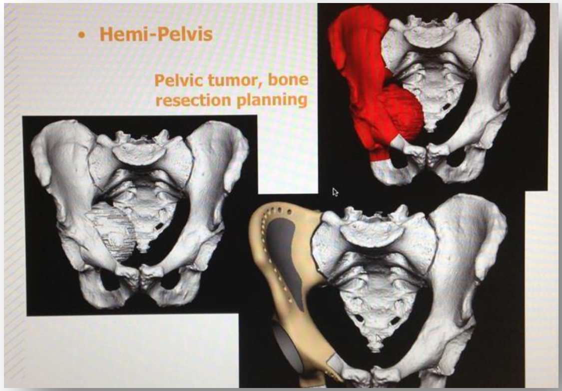
LifeHealthcare
Leading through partnerships in health

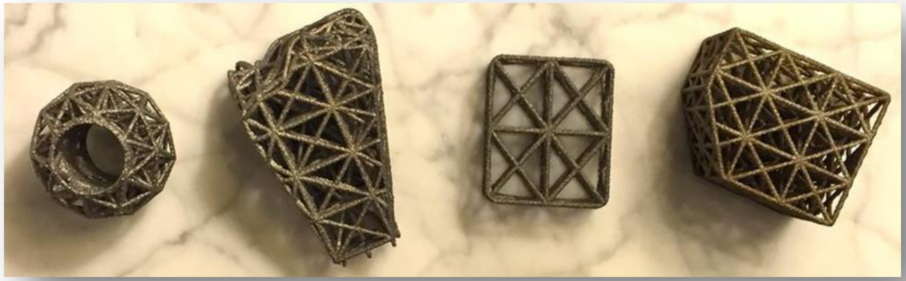
Launch of Market Leading 3D Printed Implantable Devices

LHC partnering to launch 3D printed implant technology in the Orthopaedic fields in Australia to continue growth through innovation

Why enter the market

- ✓ Titanium implant technology provides attractive biomechanical and biocompatibility properties to address the A$75 million segment
- ✓ Provides innovative opportunity to enter the Orthopaedics foot and ankle and shoulder arthroplasty market and leverage other products
- ✓ Additive manufacturing technology enables specialised patient specific implants (customs) to address complex pathologies





Note: Some products shown require TGA approval prior to launch in Q1FY16

Outlook

LifeHealthcare anticipates that revenue growth for the full year will be in the low double digit range, with EBITDA margins consistent with historical performance

1. Experiencing strong sales momentum as result of initiatives taken over the last 18 months, including new product launches and recruitment of experienced sales personnel.
2. Pipeline of new product introductions across a number of channels to support continued organic growth.
3. The business continues to invest in people and inventory ahead of existing revenue line to fuel forward organic growth potential. Investments made in 1H FY15 to drive growth in 2H FY15.
4. Q3 FY15 has started in-line with expectations with strong opportunities for further grow into Q4 FY15 through new product launch and growth in new surgeons.

Appendix – Reconciliation of Pro Forma to Statutory Results

$m	1HFY14
Pro Forma EBITDA	**7.1**
IPO Offer Costs	(4.4)
Statutory EBITDA	**2.7**
Depreciation and Amortisation	(1.5)
Net Interest Expense	(0.9)
Statutory Profit Before Tax	**0.3**
Income Tax Credit	16.5
Income Tax Expense	(0.1)
Statutory NPAT	**16.7**

Commentary

- IPO offer costs of $4.4 million were funded from the proceeds of the IPO.
- Income tax credit for 1HFY14 includes $16.5 million relating to tax cost base reset.

Agenda

Operational and Financial Highlights

Half 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.