



LifeHealthcare Group Limited
Medical Vision Australia
Cardiology & Thoracic Pty Limited
Acquisition Briefing
26 August 2015

LifeHealthcare 
> Not your typical multinational



Agenda

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Transaction Highlights and Overview

LifeHealthcare Distribution Pty Limited, has entered into an agreement, subject to certain conditions (refer below), to acquire all of the issued share capital of Medical Vision Australia Cardiology & Thoracic Pty Limited (“MVA”), a distributor in the Interventional Cardiology market

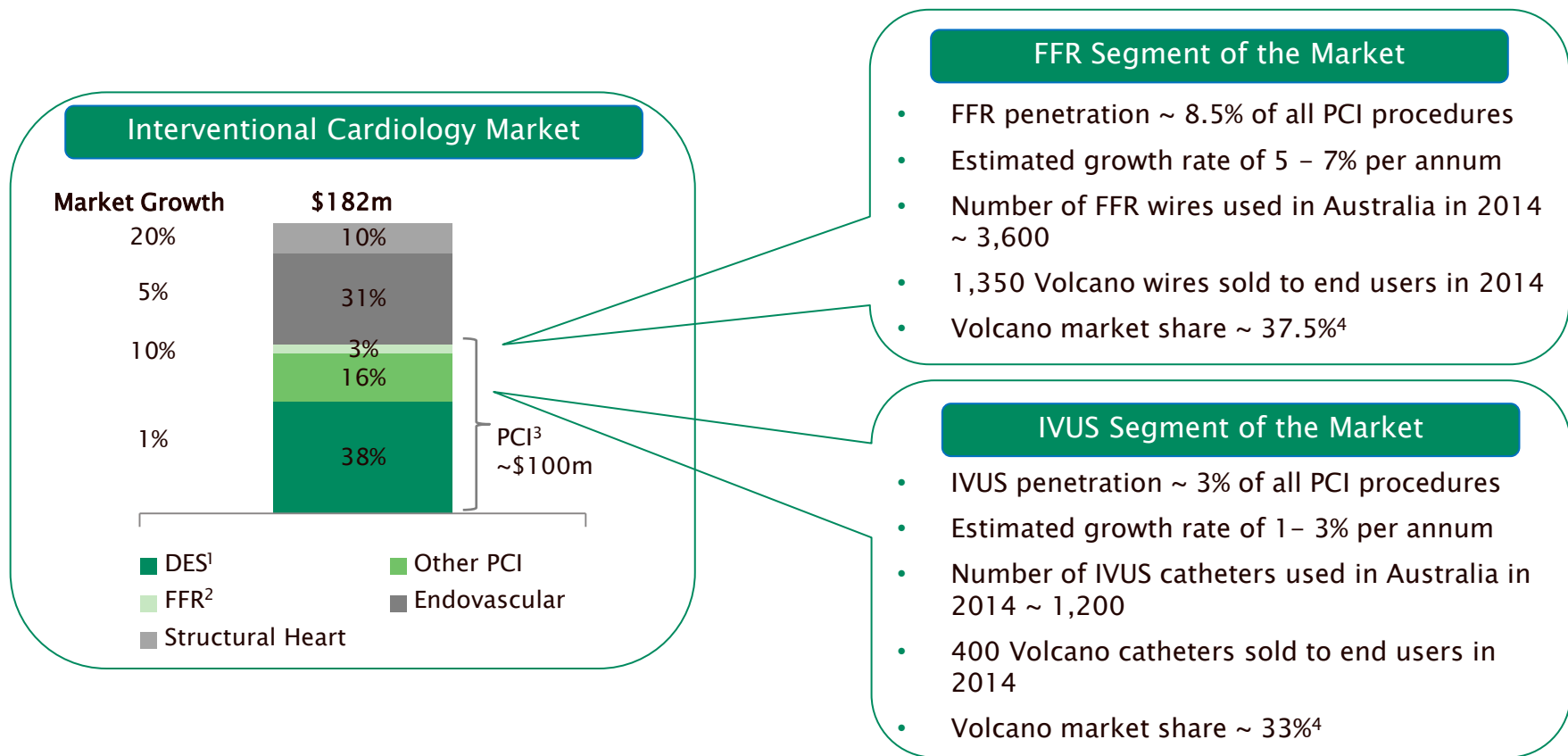
- ✓ LifeHealthcare has entered into an agreement to acquire 100% of MVA for a purchase price of approximately \$9.0m. The Transaction is subject to satisfaction of a number of conditions precedent, including final completion of legal, financial and tax due diligence to the satisfaction of LifeHealthcare, LifeHealthcare obtaining debt financing to fund the purchase price, and completion of the renegotiation of the terms of the relevant contracts with MVA’s key suppliers. Completion of the Transaction is expected to occur in mid to late September 2015.
- ✓ This acquisition is consistent with LifeHealthcare’s growth strategy communicated to shareholders during the IPO process and in subsequent market updates, extending our existing presence in the Cardiology market.
- ✓ This acquisition extends LifeHealthcare’s existing presence in Interventional Cardiology and introduces a broader range of Percutaneous Cardiac Intervention (“PCI”) products providing both Diagnostic and Treatment options, specifically Intravascular Ultrasound (“IVUS”) and Frequency Flow Reserve (“FFR”).
- ✓ The PCI market in Australia is estimated to be approximately \$100m in size and growing in the mid-single digit range. The trend in PCI is moving towards a combination of IVUS and FFR for improved patient outcomes. This provides LifeHealthcare with the scale and platform to grow further into the broader Interventional Cardiology market including Functional Heart.
- ✓ The acquisition has been funded from existing debt facilities and increases LifeHealthcare’s pro forma 30 June 2015 gearing ratio (Net Debt/EBITDA) to 1.6x.
- ✓ The acquisition will be immediately EPS accretive.

LifeHealthcare Growth Strategy

The acquisition of MVA is consistent with LifeHealthcare’s overall growth strategy, extending existing presence in the Cardiology market, and strengthening the Interventional Cardiology space.

	Spine/Neuro	Orthopedics	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 limb lengthening, oncology and patient specific solutions 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 Percutaneous Coronary Intervention (PCI) space Enter the PCI space with Stents and then 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"> ~ \$1.1bn (Total) ~ \$650m (Hip & Knee) ~ \$350m (SET) ~\$130m (Other) 	<ul style="list-style-type: none"> ~ \$500m (Total) ~ \$200m (Interventional Cardiology) 	<ul style="list-style-type: none"> Biologics ~\$250m IVD ~ \$1.0bn Ophthalmology ~\$450m Imaging ~\$720m
Key Growth Strategy	<ul style="list-style-type: none"> Predominately organic growth strategy Consolidate leading position in Deformity and Motion Preservation segments Accelerate growth in Degenerative Spine through new product introductions and investment in sales force 	<ul style="list-style-type: none"> Initial focus on complex revision customer base Recruit 1st class sales team to implement new strategy Identify acquisition opportunities in Hip/Knee and SET 	<ul style="list-style-type: none"> Enter PCI market through agreement with Biosensors International and acquisition of Medical Vision Australia (MVA) Build on high calibre sales team Extend product range into related innovative PCI technologies. 	<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

Interventional Cardiology Market in Australia



- Australian PCI³ market currently 42,600 procedures per annum as at 2014. Procedural volumes continue to increase albeit at 1% growth per annum
- FFR market uptake increasing as clinicians are facing increased pressure on appropriate stenting (market penetration expected to exceed 12% within 5 years⁴)

¹ Drug Eluting Stent, ² Fractional Flow Reserve, ³ Percutaneous Coronary Intervention, ⁴ Management Estimate

Overview of MVA Business

MVA is a distributor of cardiac and thoracic capital and consumable products in Australia. MVA provides an incremental \$5.6m revenue to LifeHealthcare with further opportunity for growth.

- Vendor (in the business since 2006) has grown the business from \$1.3m to \$5.7m revenue, with maintainable EBITDA generated.
- Strong relationship with major suppliers, all with territory of Australia. Main supplier now owned by Philips, which further strengthens both LHC and MVA position with new distribution agreement in place.
- Head office based in Adelaide out of a leased building with office and warehouse space, with Territory managers operating in major capital cities.

Intravascular Ultrasound (IVUS)



- Used in addition to angiograms for vascular imaging – provides more advanced imagery of vascular arteries
- Capital equipment sale and trailing consumable sales
- Volcano offers mechanical and solid state catheter whereas competitors only offer mechanical catheter
- Solid state catheter faster and easier to use and able to be used in peripheral arteries as well as cardiac arteries
- Current installed base: 57 units
- Catheter sales: 70% solid state, 30% mechanical
- Competitor Boston Scientific only has mechanical catheter

Frequency Flow Reserve (FFR)



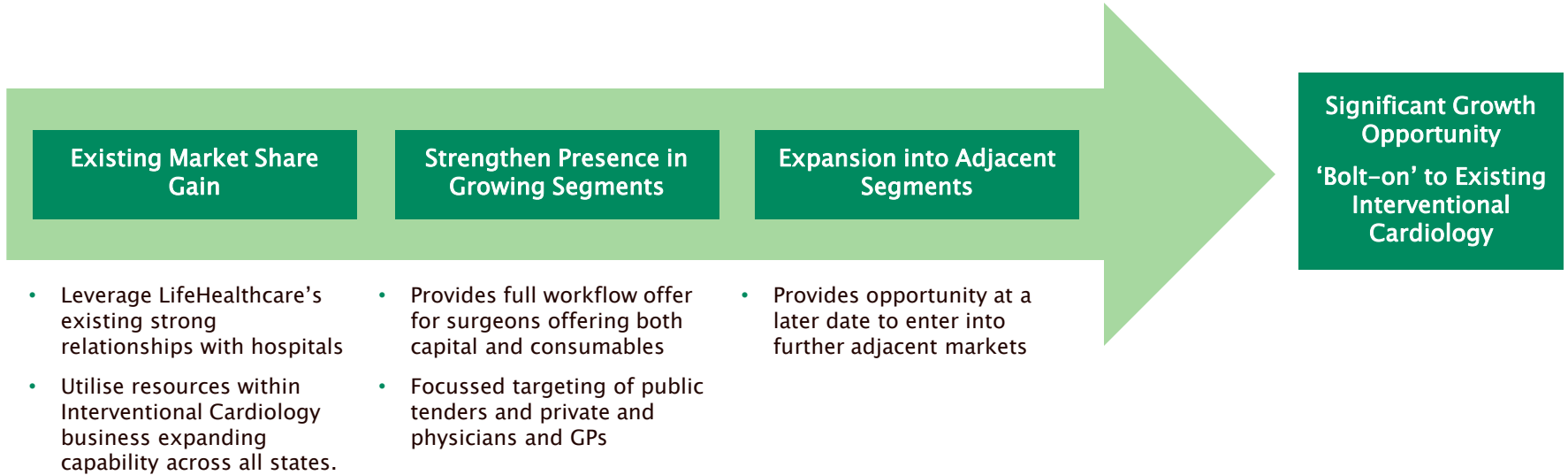
- Measures blood flow through lesion (atheroma &/or plaque build up) in vascular artery to determine whether artery requires stenting
- Uptake increasing to ensure stenting only done when required, improving patient outcomes and limiting interventional procedural costs
- Capital equipment sale (can use IVUS capital equipment or FFR capital equipment) and trailing consumable sales
- New IFR catheter developed which does not require hyperemic agents (seen as a barrier to FFR use as unpleasant for patient) – currently undergoing clinical trials

Strategic Rationale for Acquisition

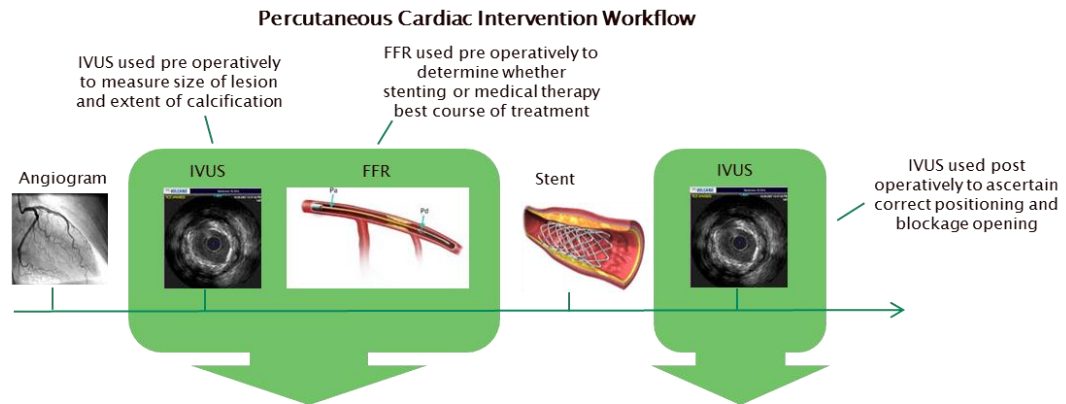
Rationale	Comments
A “scale” style acquisition operating in the Interventional Cardiology channel – within strategy	<ul style="list-style-type: none"> • MVA operates within the Percutaneous Coronary Intervention (PCI) channel with a focus on diagnostic rather than implantable therapies • Footprint and established lab presence provides a critical foundation to establish a broad based PCI business
Provide leverage with existing PCI product range and organic strategy in Interventional Cardiology	<ul style="list-style-type: none"> • Expands and compliments BioSensors relationship • Volcano portfolio (FFR / IVUS) provides stronger differentiation and clinical traction compared to highly saturated DES market, enabling leverage for BioSensors
Build a high calibre sales team	<ul style="list-style-type: none"> • MVA team provides immediate experience, expertise and clinical relationships across all territories nationally • Market presence and increased portfolio strength enhances ability to attract market leading sales talent • Expanded PCI supplier network enables greater leverage of training and development resources
Extend the product range into related products.	<ul style="list-style-type: none"> • Consolidated portfolio and sales footprint strengthens LHC position to attract innovative suppliers of PCI technologies • Diversified portfolio enables increased commercial leverage in the Australian market, including unfunded innovative structural heart devices
Provides opportunity to deepen relationship with Philips and capture future pipeline technology	<ul style="list-style-type: none"> • Positions LHC as key Philips distributor as their acquisition of Volcano accelerate their development of PCI technologies to compliment their presence in imaging

LifeHealthcare and MVA Combined – Growth Platform

Through the implementation of its existing successful business model for organic growth, the MVA business delivers LifeHealthcare with the platform to take further market share in this growing segment



Broadens offer to surgeons and provides greater scale to existing Interventional Cardiology offer from LifeHealthcare



Transaction Highlights

The acquisition is anticipated to be funded via debt providing immediate EPS accretion

Acquisition Summary

- Acquisition of 100% of the shares in Medical Vision Australia Cardiology & Thoracic Pty Limited with a base purchase price plus net cash held of approximately \$9.0m (to be finalised at completion)
- Earn-out payment based on the financial performance of MVA in the 18 month period ending on 31 December 2016, calculated on an annualized basis, up to a maximum of \$4.0m.
- Anticipated that the acquisition will be funded via debt, increasing LifeHealthcare's pro forma 30 June 2015 gearing ratio (Net Debt/EBITDA) to approx. 1.6x
- Low integration risk due to similar nature of business model and products to LifeHealthcare's existing businesses

Impact of Transaction on LifeHealthcare

- The transaction will be immediately EPS accretive to existing LifeHealthcare shareholders
- Adds immediate \$5.8m of revenue at similar gross margins and operating metrics to LifeHealthcare's other capital businesses
- Creates a platform for further growth in the Interventional Cardiology market
- Provides additional portfolio diversification
- Good cross segment opportunities with the existing Cardiology division

Key Benefits of the Transaction

The acquisition of MVA provides a strategic expansion into the Interventional Cardiology market via a transaction that provides immediate EPS accretion with further opportunities for market share growth

- 1 The acquisition is consistent with the growth strategy communicated to shareholders during the IPO process and in subsequent market updates.
- 2 Provides the business with a strong position in the growing Interventional Cardiology market with opportunities for market share gain.
- 3 Attractive deal metrics with purchase multiples within target range.
- 4 Low integration risk with management team, business model and product segment well known to LifeHealthcare.
- 5 EPS accretive immediately.

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