

ASX Release

20 September 2016

LifeHealthcare Group Limited Presents at Finance News Network CEO Series

LifeHealthcare Group Limited (ASX: LHC) is presenting at the Finance News Network CEO Series today, a copy of the presentation is attached.

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➤ **Not your typical multinational**

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LifeHealthcare



> Not your typical multinational

Finance News Network CEO Sessions

20 September 2016

Matt Muscio
Chief Executive Officer



Competitive advantage generated through a high degree of market orientation and a compelling value proposition



Value Proposition

- Scale of a multinational without being constrained by a single foreign parent company
- Rapid access to innovation
- Global reach, local tailored solutions, best in class products
- Local ownership ensures decision makers are readily accessible
- Focused on the needs of only Australian and New Zealand customers
- We act with speed and conviction

➤ Full Service Integrated Business Model

A full service offering and tailored solutions for customers within the Australian and New Zealand healthcare market

- Regulatory Affairs and Compliance team which seeks TGA and PDC approval on behalf of manufacturers
- Quality assurance a key strength
- Dedicated professional education team facilitate world class training for surgeons and other clinicians
- Strongly supported by key partners



- Dedicated team focussed on delivering emerging technologies to the Australian and New Zealand healthcare market
- Strategic sourcing delivers channel optimisation and technical innovation

- Market leading sales representatives are employed by LifeHealthcare and undergo rigorous training
- A typical LifeHealthcare sales representative has significant medical or healthcare experience and a bachelor of sciences or similar tertiary qualification

- In certain therapeutic market segments, a LifeHealthcare sales representative may be present in theatre assisting a surgeon with a procedure
- Delivery of capital service

Broad Therapeutic Offering

Established presence in 7 therapeutic channels providing implants, capital and consumables. Further entry into plastics and wound management channels with Biologics offering currently undergoing TGA approval



Spine



Orthopaedics



Cardiology



Endovascular
& Respiratory



Neurosurgery



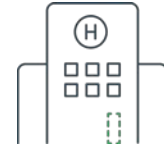
General Surgery



Neurophysiology



Ultrasound



Theatre
Capital



Surgical
Instruments &
Consumables

Supported by regulatory and compliance, dedicated service teams and operations



Marketing,
Regulatory Affairs
& Product
Management



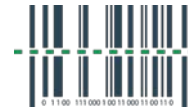
Customer
Service



Capital Parts
& Service



Kit &
Consignment



Inventory &
Logistics

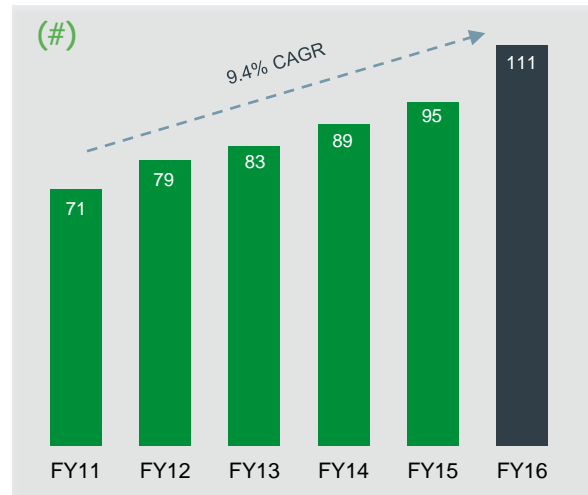


Warehouse
& Distribution

Consistent Track Record of Growth

Delivering consistent growth in the number of active surgeons, revenue and earnings

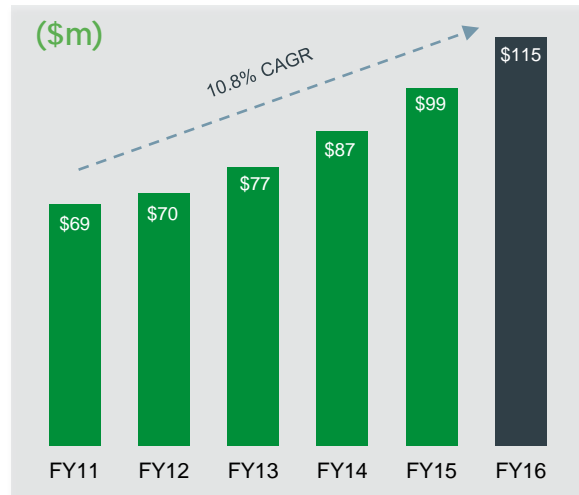
Active Surgeons¹



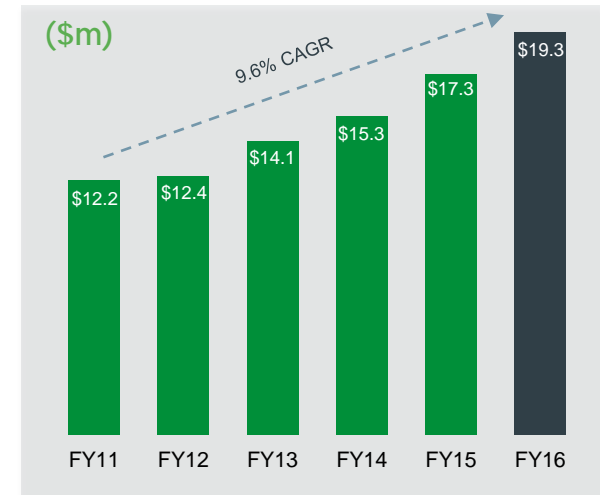
Revenue per active surgeon (\$'000)



Revenue



EBITDA²



Notes:

- Active surgeons are surgeons who generate \$50,000 or more of revenue in that period (excluding biologics) for LifeHealthcare
- Underlying EBITDA excludes acquisition transaction costs in FY15 and FY16

FY16 Results Key Metrics

A solid performance for FY16 with 15.6% revenue growth on prior year



111
Active Surgeons
17% growth on FY15



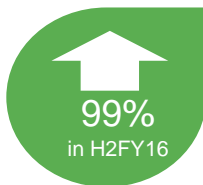
\$114.8m
Revenue



55.7%
Gross Margin



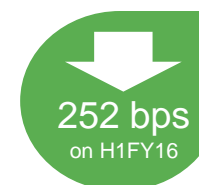
\$19.3m¹
EBITDA



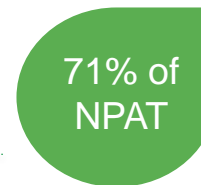
52%
Cash Conversion



31%
Working Capital
% to LTM sales



1.69x
Leverage
Net Debt to EBITDA



12.5c
FY16 Dividend
7.5c Final Dividend²

Notes:

1. Underlying EBITDA excludes acquisition transaction costs
2. Final dividend of 7.5 cents 100% unfranked

LifeHealthcare Strategic Priorities

Strategic priorities aligned with LifeHealthcare's vision of connecting Australian and New Zealand healthcare professionals with innovative and tailored health solutions to make a real difference to people's lives

Organisational Efficiency & Effectiveness



Driving automation and improvements to systems and processes to support the business

Channel Optimisation



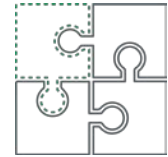
Increasing market share and providing greater breadth of offering in therapeutic divisions

Biologics Growth



Three phased approach to expand into emerging Biologics technology

Develop Solutions to Address Changing Needs of Healthcare



Addressing healthcare needs including healthcare economics, connectivity, pre and post operative care etc.

Delivering strong sustainable shareholder value over time

Positioned to deliver sustained above market growth

- Solid above market revenue growth expected to be maintained through expansion of active surgeons across implant channels and continued leverage of acquisitions
- Channel investment poised to drive future growth with PHI related price adjustments anticipated from FY18 onwards
- Price increases and improved supplier purchasing terms partially offset gross margin impact from sustained foreign exchange rate deterioration and mix
- Investment in systems and processes to deliver increased efficiencies providing leverage on operating expenses and enhancing business model robustness
- Prudent balance sheet management with improved working capital ratios, positive cash conversion and debt repayment
- Consistent approach to dividend distribution with 50-70% payout of NPATA

MID TO HIGH SINGLE DIGIT REVENUE GROWTH

FY17 revenue growth expected to be in the mid to high single digits representing a sustained above market performance

Low to mid single digit EBITDA growth. EBITDA impacted by weaker USD/AUD, outlook assumes average rate in FY17 of 73 cents

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