BGD
CORPORATION
LTD
ABN 78 009 074 588

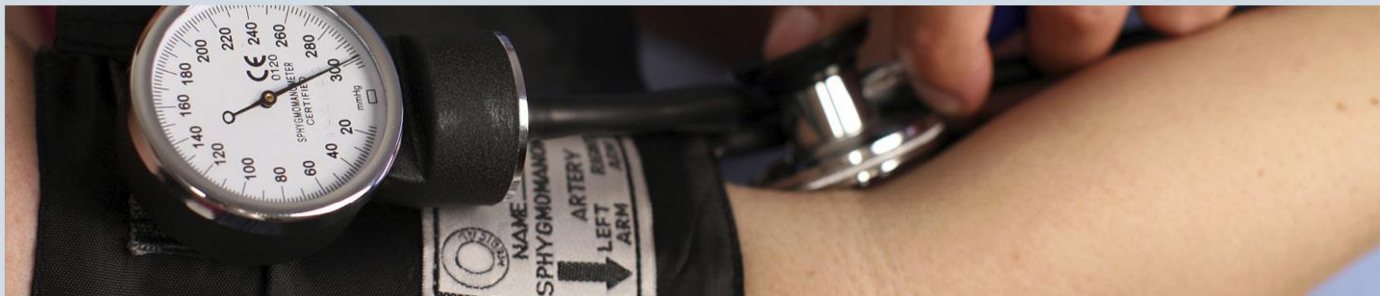
ASX:BGD

www.bgdcorporation.com.au


April 2016

# BGD

# BGD STRATEGY PRESENTATION



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# THE BOARD AND MANAGEMENT OF BGD

*The BGD Board and Management have a proven track record in building and growing healthcare assets*

## Board

### Shane Tanner

Non Executive Chairman

- Shane brings 20 years' leadership experience in healthcare and strategy culminating as CEO of Symbion Healthcare, one of Australia's largest diagnostic business and Chairman of ASX listed healthcare business Vision Eye Institute
- In addition to BGD, Shane is currently the Chairman of ASX listed companies including Funtastic Limited and healthcare business Paragon Care Limited and a Non-Executive Director of Jayex Healthcare Limited

### Jonathan Lim

Executive Director

- Jonathan background is in mergers and acquisitions, private equity and corporate finance. He is currently the Managing Director at Liverpool Partners, a boutique investment and advisory company located in Sydney. Jonathan was also previously Investment Director at Arowana
- At Liverpool Partners, Jonathan led the recapitalisation of BGD and has established a strong track record in the healthcare sector (as both investor and advisor) including acting as a trusted advisor to a range of listed healthcare companies

### Dr Todd Cameron

Executive Director

- Dr Todd Cameron is the co-founder of Modern Medical Group and a fellow of the Australia College of General Practitioners . He has extensive experience in allied health and medical services as a practising GP for over 18 years and developing the Modern Medical group into six medical clinics
- Todd is a VMA accredited GP Registrar supervisor and served as a Board member for five years for PivotWest the Local Division of General Practice and is now sitting as a director on the Board of the regional Medicare Local

## Management

### Justin Walter

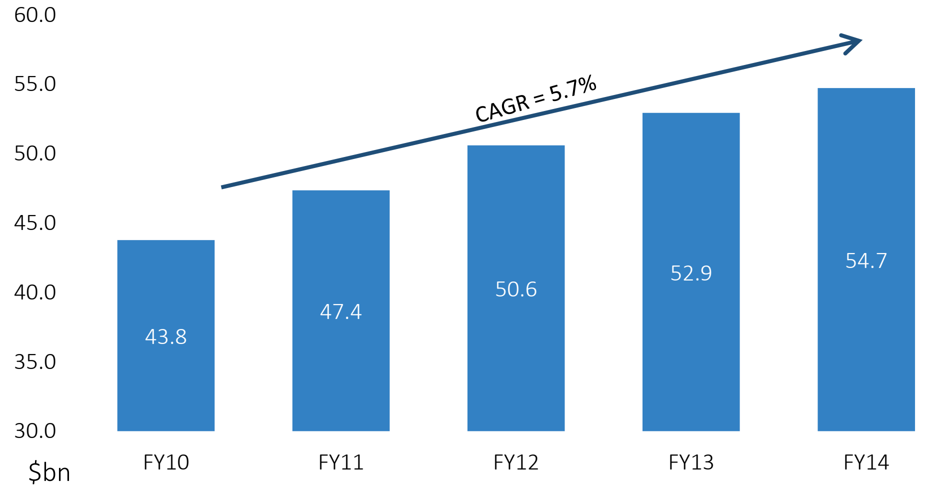
CEO

- Justin was previously the General Manager of the Health & Aged Care sector for Spotless Group. In addition, he has held a number of senior roles with Healthscope including State Manager for Western Australia and Northern Territory as well as working with Ernst & Young in setting up their health advisory practice in Western Australia
- Justin has extensive experience in private healthcare and a strong clinical and public healthcare background

# THE ALLIED HEALTH AND MEDICAL SERVICES MARKET OPPORTUNITY

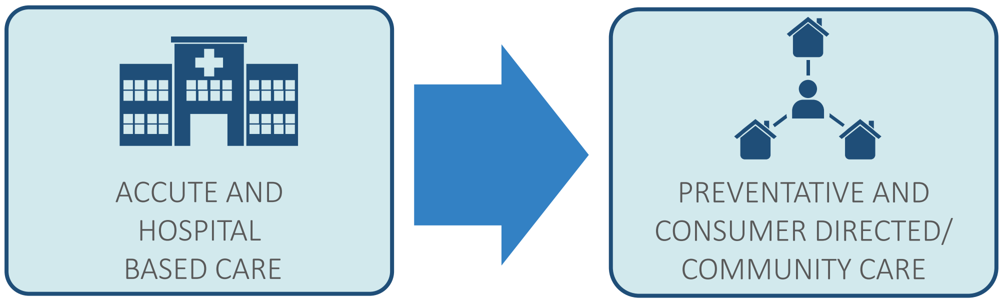
## Market Growth

### AUSTRALIAN ALLIED HEALTH AND MEDICAL SERVICES MARKET



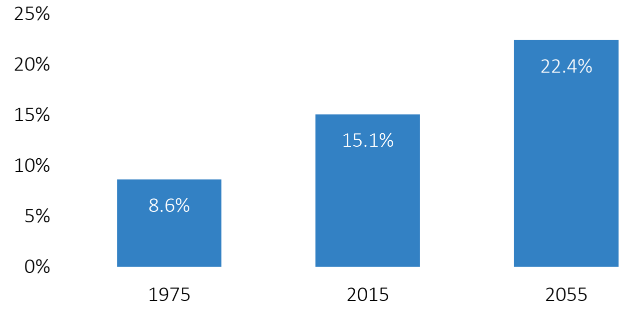

- Allied health and medical services accounted for 38% of total FY14 healthcare expenditure or $54.7bn
- Attractive industry fundamentals driving CAGR of 5.7% from FY10 to FY14

## Industry Momentum



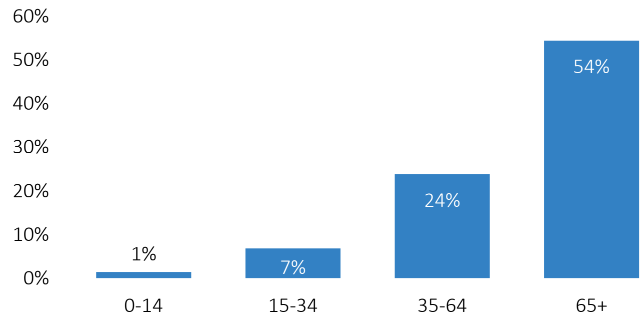

## Macro Healthcare Drivers

### GROWING POPULATION Australian population over 65 years old



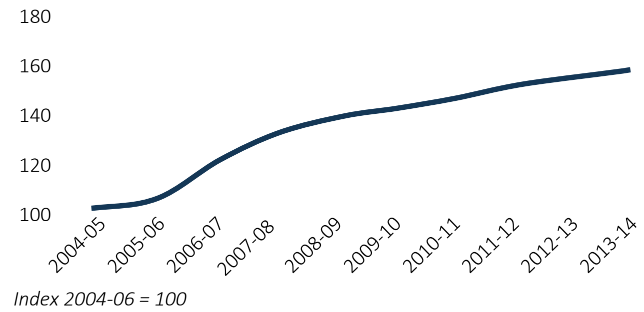

- An ageing population coupled with longer life expectancies lead to increased chronic illness and a significant need for increase in healthcare services

### INCREASING CHRONIC DISEASE Australian population with 5+ chronic diseases




- About half of all Australians have a chronic disease, and around 1 in 5 have at least two
- Ageing has a strong association with chronic disease

### UPTAKE IN PRIVATE HEALTH INSURANCE Change in no. insured persons




- Government funding policies and private health insurers are focused on increasing efficiencies in the health care system by increasing focus on preventative healthcare and reducing treatments within hospitals

# BROAD SPECTRUM OF ALLIED AND MEDICAL HEALTH SERVICES

*Allied health and medical services industry spans a range of business models. The Federal Government is a major funding source across the platform of services*

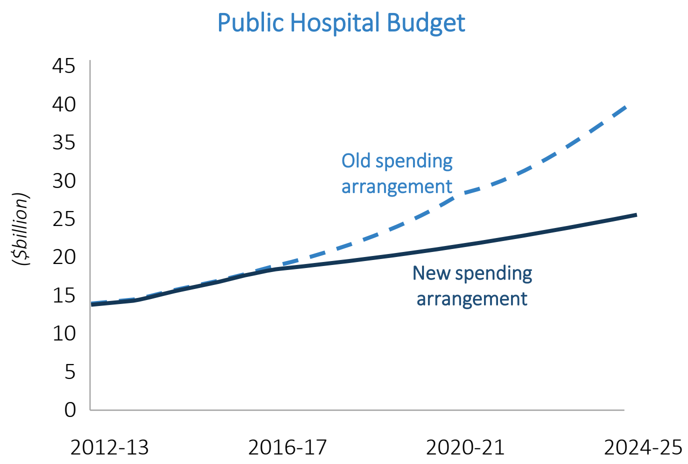
| | 1 General Practice and Allied Health Clinics | 2 Mobile service (B2B) | 3 Home Care (B2C) | 4 Other Allied Health Services |
|---|---|---|---|---|
| Business Model | ▪ Clinic based healthcare services<br>▪ Trend of larger multi-disciplinary clinics that offer a greater number of practitioners and a range of ancillary services on site | ▪ Provide a mobile workforce of allied health practitioners to retirement and residential aged care facilities and workplaces | ▪ Range of services for home care / community care<br>▪ Consumer Directed Care will allow individuals who select home care greater freedom of choice, which will transform the allied medical sector | ▪ Including a range of other allied health care services including telehealth, ambulance services, drug and alcohol abuse |
| Allied medical health and other services | ▪ General practitioners<br>▪ Physiotherapy<br>▪ Occupational therapy<br>▪ Podiatry<br>▪ Optometry<br>▪ Speech pathology<br>▪ Dietetics<br>▪ Pathology (sub-let)<br>▪ Other allied services | ▪ Pain Management<br>▪ Physiotherapy<br>▪ Occupational therapy<br>▪ Podiatry<br>▪ Optometry<br>▪ Speech pathology<br>▪ Dietetics<br>▪ Other allied services | ▪ Nurses / carers<br>▪ Respite care<br>▪ Physiotherapy<br>▪ Occupational therapy<br>▪ Podiatry<br>▪ Optometry<br>▪ Speech pathology<br>▪ Dietetics | ▪ After-hour services<br>▪ Tele-health<br>▪ Drug and Alcohol rehabilitation centres<br>▪ Pain management clinics<br>▪ Respite clinics<br>▪ Other |
| Funding | ▪ Australian Government (Medicare)<br>▪ Private Health Insurers<br>▪ Patient | ▪ Australian Government via Aged Care Funding Instrument (ACFI) and Medicare<br>▪ Facility operator<br>▪ Patient | ▪ Australian Government via Consumer Directed Care (CDC)<br>▪ Patient | ▪ Australian Government<br>▪ Private Health Insurers<br>▪ Patients |
| Market size | ▪ c.7,000 integrated medical clinics<br>▪ c.36,000 allied health clinics | ▪ c.193,000 residential aged places<br>▪ c. 112,000 independent living units | ▪ c.67,000 places | ▪ c.38,000 patients (respite care) |

Sources: AIHW, Australian Department of Social Services. 2013-14 Concise Facts & Figures in Aged Care, ACFA, IBIS World

# SHIFT OF GOVERNMENT FUNDING AND SUPPORT

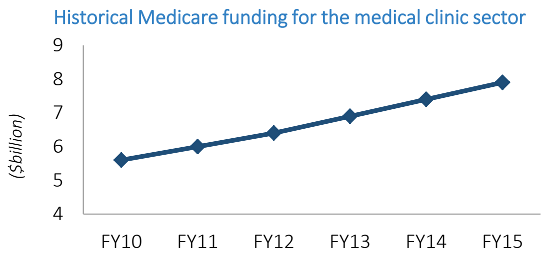
*Government funding policies are focused on increasing efficiency in the healthcare system. Reduction in hospital funding and increasing support of allied health and medical services*

## Shift in Hospital Funding[1]




- The Federal Government is shifting the burden of healthcare services from acute care to preventative care include allied health and medical services, with over $80 billion savings estimated by 2024-25
- Shift of funding and role to allied health and medical services health via:
  - Government healthcare grants
  - Home Care services via Consumer Directed Care (CDC)
  - Respite care via NDIS which takes over all industry funding as it rolls out across the nation (expected to complete by 2020)

## Medicare and Government Health Programs[2]




- Allied health and medical services healthcare is principally funded by the Federal Government via Medicare
- Medicare funding has increased to $8.0 billion at a CAGR of 7.0% from FY10 – FY15
- Government has implemented a range of key programs including GP Super Clinics Programme ($650m), Health Networks ($842m) and After Hours Care

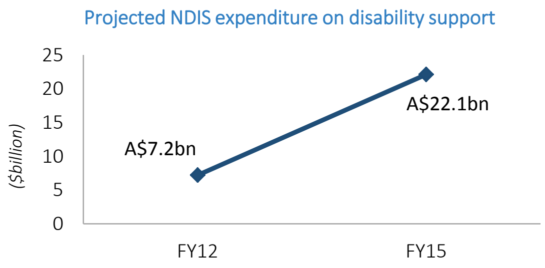
## Home Care[3]

CDC Packages 2015:
66,000

CDC Packages 2022:
140,000

- Funding of $2.4bn with a growth CAGR of 10% from FY14 – FY17
- With the introduction of Consumer Directed Care(CDC) elderly and their families have the opportunity to procure the specific services they need including allied health services

## Disability Care[4]




- NDIS will provide support for Australian individuals with a significant and permanent disability
- Overall expenditure of aged and disability care is expected to reach $22.1bn in 2019-20 and demand for service is likely to increase as a result of the trend
- The scheme will be rolled out nationally from 2016. Existing trial sites have been operating since 2013

[1]Source: Australian Federal Government (Budget 2014-15)
[2]Source: Department of Human Services (Medicare Australia Statistics)
[3]Source: Aged Care Financing Authority (Third Report on the Funding and Financing)
[4]Source: National Commission of Audit

# OUR VISION

*BGD will seek to be the pre-eminent allied and medical healthcare service provider in Australia*

## KEY COMMENTS

- BGD's strategy includes establishing an integrated healthcare business with a focus on:
  - General Practice
  - Allied Health
  - Low Acute Procedural Facilities
- Target a range of operational modalities: (i) multi-disciplinary clinics that offer multiple doctors and allied health practitioners ; and (ii) through mobile or embedded practitioners (predominantly aged care, home care and disabled)
- Target a diversified funding mix including Government (Medicare, ACFI, NDIS and CDC) and private billings
- Target a nationwide presence for all service offerings

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### General Practice

- General Practitioners
- Chronic Disease Management
- Pathology (sub-let)
- Mental Plans
- Care Plans

### Allied Health

- Physiotherapy
- Occupational therapy
- Podiatry
- Optometry
- Dietetics
- Respite Services
- Home care services

### Low Acuity Procedures

- Endoscopy
- Orthotics
- Bariatrics
- Other low acuity day procedures

# BGD COMPARABLES

*BGD will be well priced in the healthcare services market*

| Ticker | Name | Country | Market Cap (AUD$'mils) | EV (AUD$'mil) | LTM Revenue | LTM EBITDA | EV/Revenue | | | EV/EBITDA | | | EV/EBIT | | | P/E | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | FY15 | FY16e | FY17e | FY15 | FY16e | FY17e | FY15 | FY16e | FY17e | FY15 | FY16e | FY17e |
| AUSTRALIAN COMPARABLES (HEALTHCARE PROVIDERS AND SERVICES) | | | | | | | | | | | | | | | | | | |
| Healthcare Facilities | | | | | | | | | | | | | | | | | | |
| ASX:PHG | Pulse Health Limited | AU | 110.5 | 108.0 | 64.0 | 5.3 | 1.7x | 1.4x | 0.8x | 20.3x | 10.6x | 5.9x | 26.8x | 12.0x | 6.9x | 35.4x | 14.8x | 10.8x |
| ASX:ONT | 1300SMILES Limited | AU | 162.9 | 155.5 | 37.0 | 12.2 | 4.2x | 4.0x | 3.6x | 12.7x | 11.5x | 10.5x | 15.6x | 14.4x | 13.1x | 26.3x | 21.8x | 19.6x |
| ASX:IDX | Integral Diagnostics Limited | AU | 193.9 | 244.8 | 162.0 | 34.7 | 1.5x | 1.5x | 1.4x | 7.0x | 7.0x | 6.8x | 9.5x | 9.3x | 9.2x | 12.1x | 11.9x | 11.7x |
| ASX:PSQ | Pacific Smiles Group Limited | AU | 275.1 | 266.0 | 79.0 | 16.7 | 3.4x | 3.1x | 2.6x | 15.9x | 13.2x | 10.9x | 21.9x | 17.7x | 14.6x | 31.7x | 26.2x | 21.4x |
| ASX:VET | Virtus Health Limited | AU | 533.2 | 687.1 | 253.0 | 64.0 | 2.7x | 2.6x | 2.5x | 10.6x | 10.0x | 9.5x | 12.7x | 12.0x | 11.3x | 20.1x | 15.7x | 14.5x |
| ASX:PRY | Primary Health Care Limited | AU | 1,929.3 | 3,041.6 | 1,655.0 | 358.1 | 1.8x | 1.8x | 1.8x | 8.5x | 7.9x | 8.2x | 12.7x | 13.5x | 14.6x | 17.3x | 16.8x | 17.8x |
| ASX:HSO | Healthscope Limited | AU | 4,632.7 | 5,765.6 | 2,217.0 | 391.1 | 2.6x | 2.5x | 2.3x | 14.7x | 14.1x | 12.7x | 19.0x | 18.3x | 16.5x | 28.3x | 24.1x | 21.8x |
| ASX:SHL | Sonic Healthcare Limited | AU | 7,650.0 | 10,188.6 | 4,639.0 | 727.1 | 2.2x | 2.0x | 2.0x | 14.0x | 11.7x | 11.1x | 18.3x | 15.6x | 14.7x | 25.2x | 17.5x | 16.8x |
| ASX:RHC | Ramsay Health Care Limited | AU | 12,472.0 | 15,915.5 | 8,190.0 | 1,140.3 | 1.9x | 1.9x | 1.8x | 13.9x | 12.6x | 11.7x | 19.8x | 17.8x | 16.3x | 33.0x | 26.7x | 23.9x |
| **TOTAL GROUP** | | | | | | | | | | | | | | | | | | |
| | | | | | | ***High*** | **4.2x** | **4.0x** | **3.6x** | **20.3x** | **14.1x** | **12.7x** | **26.8x** | **18.3x** | **16.5x** | **35.4x** | **26.7x** | **23.9x** |
| | | | | | | ***Low*** | **1.5x** | **1.4x** | **0.8x** | **7.0x** | **7.0x** | **5.9x** | **9.5x** | **9.3x** | **6.9x** | **12.1x** | **11.9x** | **10.8x** |
| | | | | | | ***Median*** | **2.2x** | **2.0x** | **2.0x** | **13.9x** | **11.5x** | **10.5x** | **18.3x** | **14.4x** | **14.6x** | **26.3x** | **17.5x** | **17.8x** |
| | | | | | | ***Mean*** | **2.4x** | **2.3x** | **2.1x** | **13.1x** | **10.9x** | **9.7x** | **17.4x** | **14.5x** | **13.0x** | **25.5x** | **19.5x** | **17.6x** |

Source: Capital IQ 13 April 2016

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