



28 November 2016

## Orion Health Announces 1H2017 Interim Results

*Performance highlights (all figures in NZD)*

- *Operating Revenue \$104m, 9% constant currency growth, 2% in GAAP terms*
- *Operating Loss of \$17m, \$10m improvement on 1H2016*
- *Marked improvement in US business performance*
- *On track to reach profitability during FY2018*
- *Increasing global footprint with software managing over 110 million patient records*

**Auckland, New Zealand** - Orion Health Group Limited (OHE:NZX/ASX) today announced its interim results for the six months ended 30 September 2016, reporting Operating Revenue of \$104m, representing growth of 9% in constant currency and 2% growth according to GAAP.

The number of patient health records managed by Orion Health software is estimated to now be over 110 million. This important metric evidences Orion Health's steady progress towards its goal of being the custodian of the world's health records.

Orion Health CEO Ian McCrae says the company has delivered a solid performance in the first half of 2017 and is on track to achieve profitability during fiscal year 2018. It is managing its cost base prudently and, coupled with increasing revenues, it has achieved margin improvement in implementation, support and managed services.

Recurring revenue of \$46m rose to 44% of Operating Revenue, ensuring the company is ahead of schedule in achieving its goal of exceeding 50% recurring revenue in the next four years.

Operating Loss for the six months is \$17 million, a \$10m improvement from 1H2016. This reflects a big step up in performance in North America, a levelling off of investment in Research and Development at \$32m, while at the same time managing overheads.

"1H2017 is the strongest EBIT performance over a six month period since the company's IPO two years ago. Despite revenue being challenged by foreign exchange headwinds, we are on track to achieve good revenue growth and deliver further improvement in EBIT this fiscal year," Mr McCrae says.

"After two challenging years in the United States there is clear evidence of business improvement with a return to growth and a significant increase in contribution. Overall our outlook remains positive, although we are operating in a period of some uncertainty in the

United States as the Trump administration prepares to take office. There has been some commentary about changes in the healthcare regulatory environment, however we note that there is bipartisan support for Healthcare IT initiatives and adoption. Past experience suggests that change in regulatory environments often creates opportunity from an information systems perspective.”

Growth in the first six months was 9% in constant currency and the company expects growth to accelerate in 2H2017, which will result in satisfying overall revenue growth for the year, albeit less than 20% in constant currency.

Cash balances at 30 September stand at \$24m. The net cash outflow for the period of \$33m reflects the Operating Loss of \$17m and an abnormally large movement in working capital items. The outlook for continuing revenue growth and improved EBIT is such that we believe that the company has sufficient cash and facilities to execute its strategy until profit is generated, which we expect to occur in FY2018.

Overall regional contribution has improved from 14% to 24%. North America is showing pleasing improvement and has grown as Orion Health’s largest region, with Operating Revenue of \$70m. EMEA Operating Revenue was \$18m, while APAC was \$16m.

“We are well positioned for a significantly improved 2H2017 and the company remains focussed on driving to profitability through global expansion, the shift to SaaS-based deployments, strategic partnerships and providing greater value for new and existing customers as they transition to the new cloud technology platform,” says Mr McCrae.

#### **Ends**

Documents released today related to FY2016 Results:

- Market release
- Interim Report 1H2017
- Interim Results FY2017 Presentation
- Results announcement appendix

#### **Orion Health FY17 Interim Financial Results Announcement Conference Call**

Orion Health will host an investor conference call at 10.00am NZST on Monday 28 November to present its FY17 Interim Financial Results. To join the call, please use the dial in details below. Please note that it may take 5-10 minutes for the moderator to take your details and place you into the call.

Toll Free Number: 0800 452 782

If calling from outside New Zealand: +64 9 887 6907

Conference ID: 1758 8734

Webcast: <http://www.openbriefing.com/OB/2339.aspx>

(note: if listening through webcast you will not be able to ask a question)



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**About Orion Health**

Orion Health (NZX:OHE) is a health technology company that provides solutions which enable healthcare to over 110 million patients globally. Its open technology platform Orion Health Amadeus seamlessly integrates all forms of relevant data to enable population and personalised healthcare around the world. The company employs over 1200 people around the world and is committed to continual innovation, investing substantially in research and development to cement its position at the forefront of precision medicine. For more information visit [www.orionhealth.com](http://www.orionhealth.com)

**Constant Currency**

Constant Currency information is prepared each month to enable the Board and management to monitor Orion Health's underlying financial performance without the distortion caused by fluctuations in currency. This is of particular relevance for assessing Orion Health's underlying business performance given it reports in NZD, but less than 7% of its revenue is earned in NZD. The constant currency analysis is non-conforming financial information, as defined by the Financial Markets Authority, and has been provided to assist users of financial information to better understand and assess Orion Health's financial performance without the impacts of spot foreign currency fluctuations.

**Forward Looking Statements**

There are forward-looking statements included in this Results Release. As forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to OHE, its operations, the markets in which it competes and other factors (some of which are beyond OHE's control). As a result, actual results and conditions may differ materially from those expressed or implied by such statements.