

MARKET RELEASE

Orion Health Delivers Half Year Results, Completes Deal with Hg

*Half year financial results are unaudited
All figures in NZD*

Auckland, Thursday 29 November 2018 - Orion Health (NZX:OHE/ASX:OHE) today delivered its results for the first half of the 2019 Financial Year, achieving operating revenue of \$83.0 million to 30 September, 2018 and shifting the trajectory upwards from the first half of FY 2018.

\$30 million (on an annualised basis) of cost efficiencies were realised from the recent reorganisation of the Company into three businesses in the first half of FY 2019, contributing to a 33% reduction in the operating loss from \$(24.9) million in the first half of FY 2018, to \$(16.8) million during the same period of FY 2019.

Annualised recurring revenue continued its upward climb from 47% in the first half of FY 2018 to 58% in the first half of FY 2019, reflecting the continued shift in the healthcare sector to migrating systems to cloud-hosted solutions.

Net cash outflow from operating activities improved significantly to \$(1.5) million for the first half of FY 2019 from \$(20.3) million in the first half of FY 2018.

“Consistent with Orion Health’s ongoing focus on driving a long-term sustainable, profitable business model, the Company has made positive steps toward realigning the operational cost structure of the Company and improving operating efficiencies,” said Mark Tisdell, Chief Financial Officer of Orion Health.

Orion Health has spent the past year reconfiguring the Company to set it up for future success as three separate businesses - Rhapsody, Population Health Management and Hospitals.

The Rhapsody business saw operating revenue increase 26% from \$22.5 million in the first half of FY 2018 to \$28.3 million in the first half of FY 2019. Revenue contribution from Rhapsody* grew 65% from \$10.4 million in the first half of FY 2018 to \$17.2 million for the same period of FY 2019.

The Population Health Management business saw an 8% decline in operating revenue to \$49.2 million in the first half of FY 2019. Revenue contribution from the

* Before Shared Services costs

Population Health Management business[†] improved 29% from \$(24.9) million in the first half of FY 2018 to \$(17.8) million in the first half of FY 2019.

The Hospitals business operating revenue grew 9% from \$4.7 million in the first half of FY 2018 to \$5.1 million for the first half of FY 2019. Revenue contribution from the Hospitals business[‡] reduced from \$(0.83) million for the first half of FY 2018 to \$(3.3) million for the same period in FY 2019.

The acquisition of a majority interest in Rhapsody and the investment into Population Health Management by Hg was completed on October 31, 2018, achieving a significant milestone for Orion Health and signalling the next chapter for the Company. The partnership with Hg provides a stronger platform for Orion Health to continue to deliver long-term value to customers.

“With the completion of the Rhapsody sale and investment in the Population Health Management business by Hg, Orion Health turns its attention to the next chapter of profitably growing the Population Health Management and Hospitals businesses,” said Tisdell. “Orion Health is now structured and resourced to become a global technology leader in Population Health, while laying the foundations for precision medicine as we aim to transform the healthcare sector.”

This year Orion Health has demonstrated its leadership in transitioning healthcare organisations to cloud solutions as an Amazon Web Services (AWS) Advanced Technology Partner and by accelerating the adoption of Population Health Management tools and health data at scale. The Company migrated significant customers in the United States to AWS, enabling the processing of millions of patient-related messages per day and using the scalability of AWS to rapidly push out continuous new software releases to a major Payor organisation.

The half year financial results for 2019 and related comments including going concern can be found at www.nzx.com/companies/OHE/announcements.

At the Annual Shareholders' Meeting, shareholders approved the Board's proposal to buy back shares from shareholders following the completion of the Hg Transaction. Orion Health announced on 5 November, 2018 an adjustment in the range of its estimated buyback price to \$1.20-\$1.25 per Share, with the final offer price still to be determined by the Board. This falls within the range approved by shareholders and as such the Board has the required approvals to proceed with the share buyback.

Orion Health anticipates that the final buyback price will be set, and materials sent to shareholders, within the next week. Payments to accepting shareholders are expected to commence in December 2018.

[†] Before Shared Services costs

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Documents released today related to the H1 FY2019 Results:

- OHE H1FY19 Market Release
- OHE H1FY19 Investor Presentation
- OHE H1FY19 Financial Results
- OHE Appendix 1

About Orion Health

Orion Health (NZX:OHE/ASX:OHE) is a global health technology company that provides solutions which enable healthcare to more than 100 million patients globally. Built on an open platform, Orion Health is a leading provider of interoperability, population health management and precision medicine solutions. The company employs more than 800 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

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