

GREEN CROSS HEALTH

Investor Presentation

14th March 2019



Green Cross Health – 40 Year History

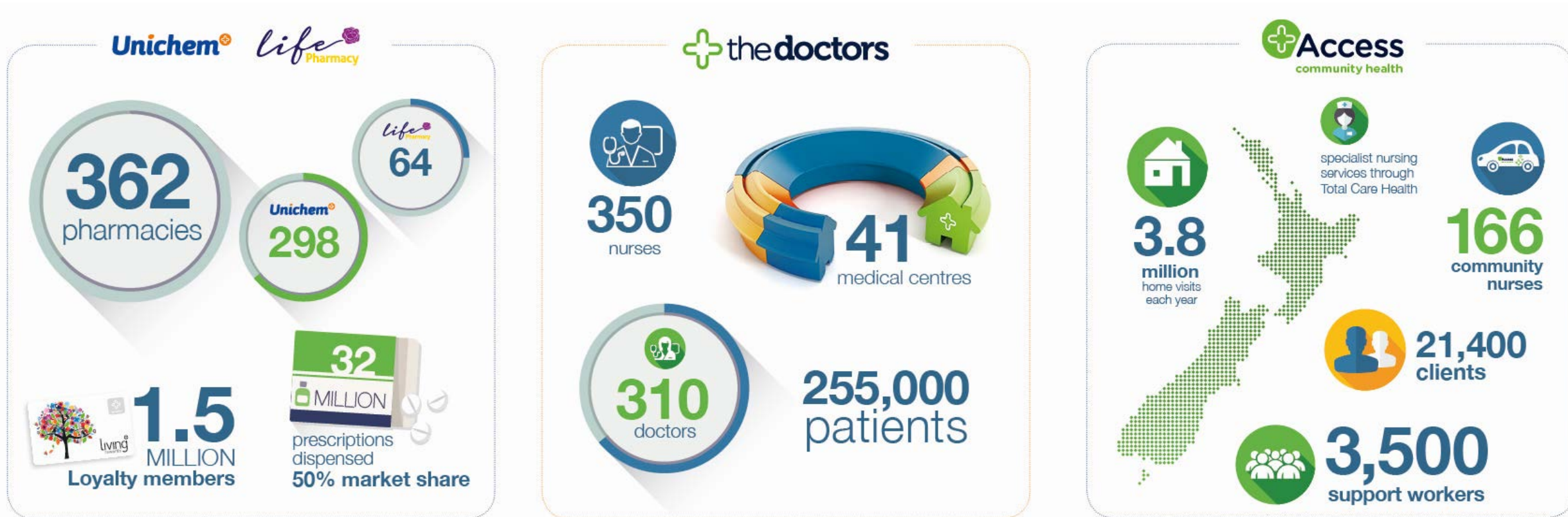
- 1981: Unichem Pharmacy Group established as a buying group
- 1995: Unichem Life launches. Life Pharmacies are larger format pharmacies located predominantly in malls
- 2003: Unichem Pharmacy Group merges with the Amcal group and becomes Pharmacybrands Limited
- 2005: Life Pharmacy split from the group to establish the first listed pharmacy group on the NZX – Beauty Direct
- 2009: Life Pharmacy merges with Pharmacybrands and the company takes over the NZX listing under PHB

Share Price pre-merger \$0.36, EBITDA \$1.5m

- 2011: Acquisition of Radius Pharmacy and Radius Medical marking transition to broader healthcare services
- 2014:
 - Pharmacy brand consolidation to Unichem and Life Pharmacy
 - Investment in community care specialist Total Care Health Services and acquisition of Access Homehealth, a provider of home healthcare services adding ~\$1m EBIT
 - Acquisition of Peak Primary, adding 11 medical centres
 - Pharmacybrands becomes Green Cross Health Limited (GXH)
- **Market Cap today \$143m**

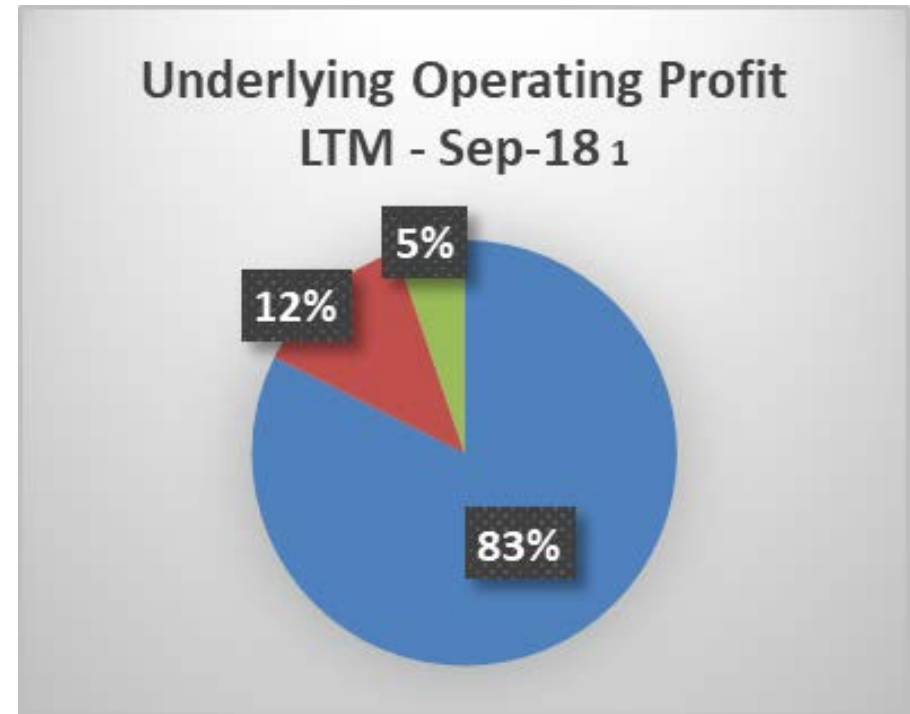
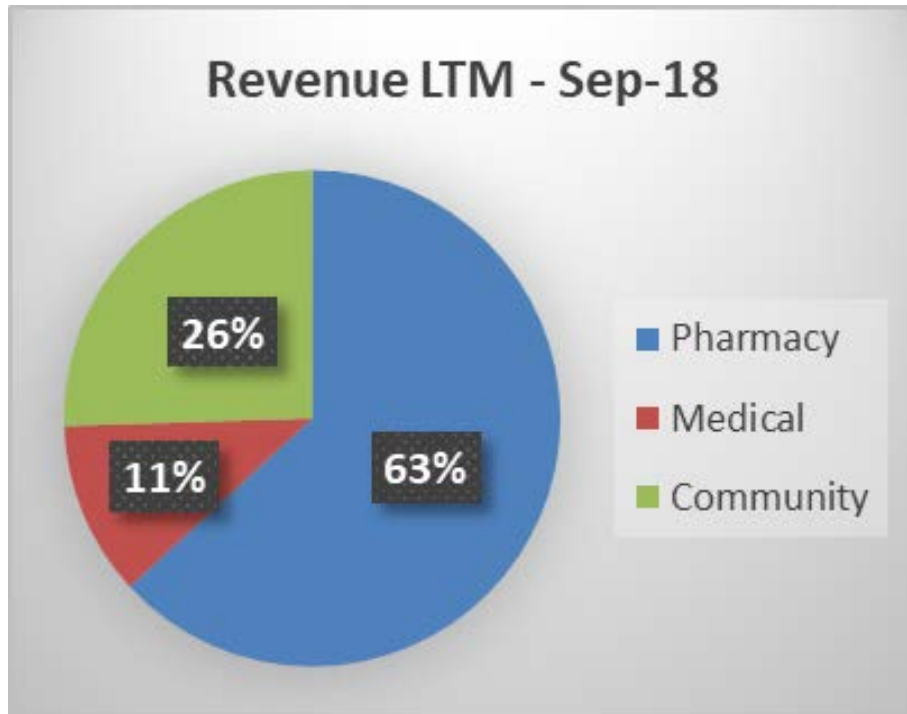


Green Cross Health Today



As at 30 Sep-18

Three Divisions



¹ Excluded from Underlying Operating Profit (EBIT + associate earnings): 1H19 unfunded Leave Liability (ULL) of -\$0.4m (due to the implementation of pay equity legislation); 2H18 -\$1.9m ULL
Also excluded from the divisional segments are Corporate Overheads of \$1.7m LTM Sep-18

Business Fundamentals

Pharmacy

- Revenue:
 - Franchise: License Fees and Supplier Income
 - Stores: Profit contribution from equity stake
- Market Growth:
 - Prescriptions ~+2% p.a.
 - GXH Retail +2.1%
(1H '19 Same Store)

Medical

- Revenue:
 - Capitation, Private, Service Fees
- Market Growth:
 - NZ Population ~+2% p.a.
 - GXH Patient numbers +16% YoY
 - GXH Revenue +37.5% YoY

Community

- Revenue:
 - DHB home care 70%
 - MoH Disability support 10%
 - ACC home and wound care 20%
- Market Growth:
 - Aging Population over 65's +3.5% YoY
 - Staying in homes longer

Key Environmental Trends

- Increasing consumer demand for convenience (“what I want when I want it”)
- Increasing concern for health, beauty and wellness
- Strong offshore demand for NZ sourced products
- Increasing competition in Pharmacy (offline and online)
- Ministry of Health and DHB budget constraints
- Upcoming legislative and regulatory change, which could result in changed Pharmacy ownership rules
- Pharmacy has higher profile
- Pharmacy has larger product range
- Pharmacy retail margins under threat



Pharmacy Focus



Retail and Health

Focus on core retail disciplines

Grow exclusive product range

Grow e-commerce

Maximise Chinese market opportunity



Customer Engagement

Optimise digital health and retail communications channels with customers

Utilise 1.5m customer loyalty database, analytics and AI to personalise offers



Network Scale

Continue to grow the franchise network

Optimise equity store network



Financial

Reshape to fit new environment

Changes in ranging, e-commerce, pricing and expenses to achieve returns



Medical Focus



Network Scale

Network and Patient # growth
through targeted acquisition
And marketshare growth

Build The Doctors brand



Customer Engagement

Deploy digital technology to
increase efficiency and
enhance delivery of high
quality patient care



Financial

Continuous improvement in
operational efficiency and
scale to create capacity and
lead to improved profitability

Opportunity for cross referrals





Community Health Focus



Service Offering

Focus on higher clinical
needs segments

Expand geographic
coverage of Community
Nursing business



Digital communication

Harness technology to
enhance workforce
efficiency and client
outcomes



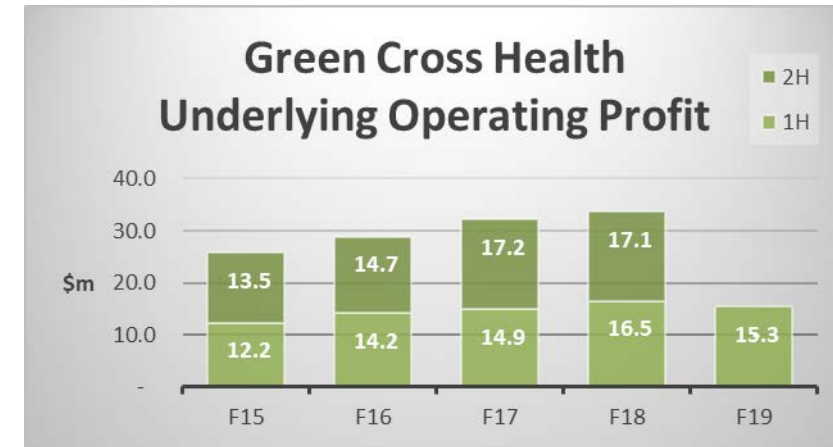
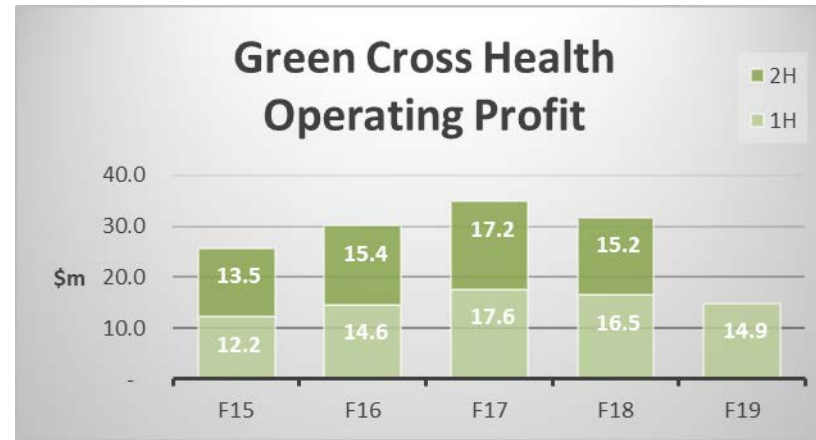
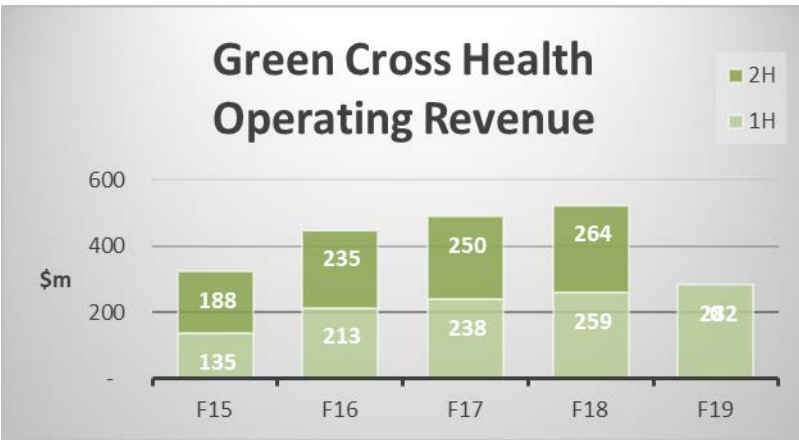
Financial

Negotiating sustainable
funding for existing and
future contracts

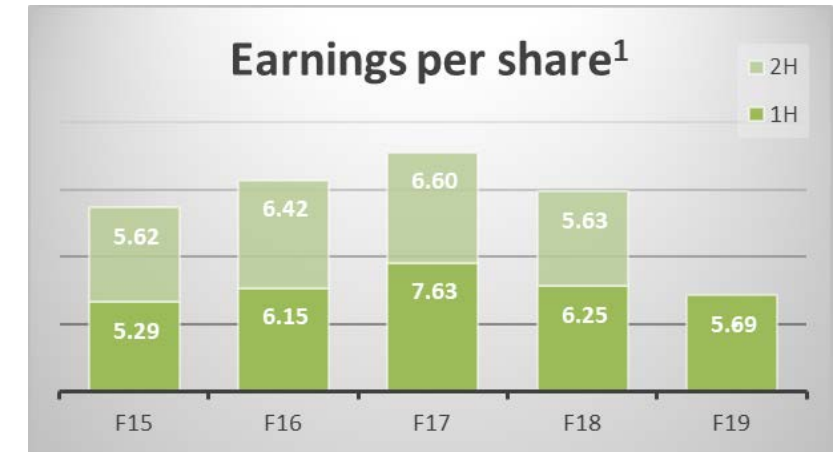
Exit contracts that are not
financially viable



Group Revenue and Profit



- YoY Revenue Growth: average +11% over 3 years to \$546m (LTM to Sep-18)
- Underlying Operating Profit: average +5.7% over 3 years to \$32.4m (LTM to Sep-18)
- Underlying Net Profit after Tax attributable to shareholders: average +5.6% over 3 years to \$17.9m (LTM to Sep-18)



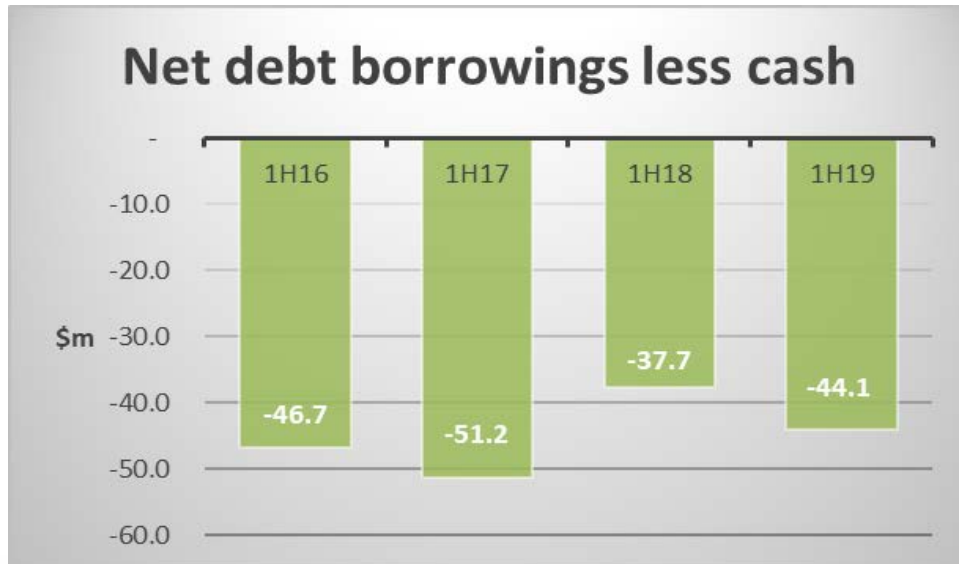
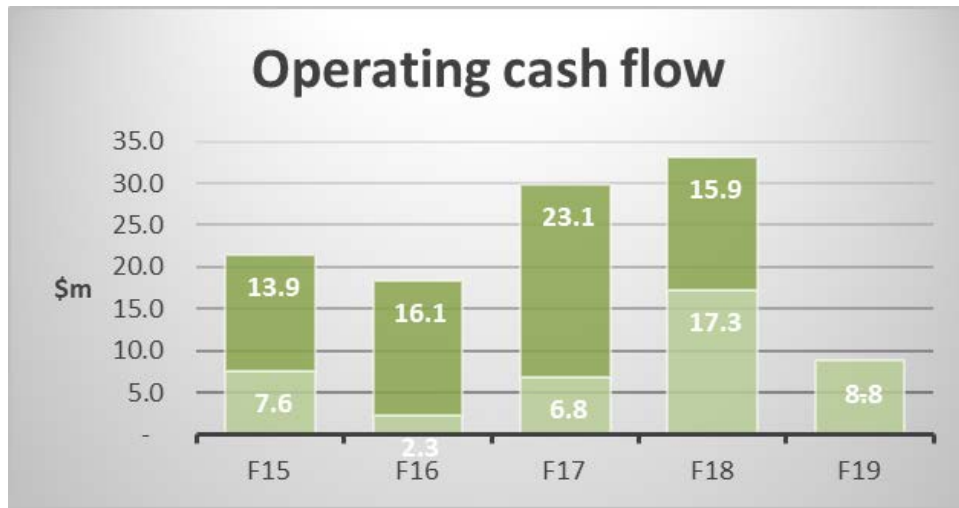
Excluded from Underlying Operating Profit (EBIT + associate earnings) and Underlying NPAT:

1H19 unfunded Leave Liability (ULL) of -\$0.4m (due to the implementation of pay equity legislation); 2H18 -\$1.9m ULL

1H17 +\$2.8m Fair Value Gain (FVG); 1H16 +\$0.5 FVG

¹ includes non-recurring items: 1H16 +\$0.5 Fair Value Gain (FVG); 1H17 +\$2.8m FVG; 2H18 -\$1.9 ULL; 1H19 -\$0.4m ULL

Cash Generation / Debt Capacity



- Operating cash generation ~\$30m
- Total Debt (excluding cash on hand \$10m) at Sep-18 was \$54m
- \$90m bank debt facilities so \$36m headroom
- Major Shareholders - 64%:
 - Cape Healthcare (Peter Merton / Zuellig Group)
 - Segoura (Andrew Bagnall)

Enabling investment in:

- New Acquisitions
- Capital Assets

Financing Ratios:

- DEBT / EBITDA – 1.46x
- EBIT / Interest – 13.8x
- Fixed Charge Cover¹ – 2.6x

¹ calculation: EBITDA excluding \$20m lease cost / (Interest + \$20m Lease Cost)

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The information contained in this presentation should be considered in conjunction with the consolidated financial statements for the period ended 31 March 2018 and Interim Report for the period ended 30 September 2018.