



MARKET RELEASE

Orion Health Restructures Business as Part of Strategic Review

AUCKLAND, 3 April, 2018 - Orion Health Group Limited (NZX:OHE) is undertaking a substantial restructuring of its business as an outcome of the strategic review of its global business. The Company is implementing a reorganisation of resources that will see increased investment in some areas of the business and redeployment or reduction of resources in others.

The Company's ongoing strategic review has highlighted the need to focus and reorganise the global teams and resources into three main businesses - Rhapsody, Population Health and Hospitals. Orion Health will be reporting by these three main businesses in Financial Year 2019 (FY 2019).

"The focus on three main businesses allows our R&D teams and support services to shift closer to the market and the customer," said Mark Tisdell, Chief Financial Officer, Orion Health. "As a result, we can now deliver greater support to our customers and expect further commercial and operational improvements to flow from the announcement today."

After more than three years in product development, Orion Health completed a significant milestone to migrate its Population Health suite to the cloud with five customers now live on the Amazon Web Services (AWS) hosted solution. The remaining customers are expected to migrate to AWS over the next year. As a cloud leader in healthcare globally, this will enable Orion Health to deliver far higher levels of customer service at significantly lower operational costs and improving operating margins.

Orion Health has now also completed a number of customer commitments and new R&D investments including big-data storage, search and analytics for health data, Rhapsody-as-a-Service (RaaS), a cloud integration engine offering and several releases of its hospital administration software which are now being deployed across the South Island of New Zealand.

As a consequence of the restructuring and the culmination of these R&D investments, Orion Health plans to reduce annual operating costs by \$25-\$30 million, delivering greater operating efficiencies and continuing its drive to sustainable profitability. These savings are in addition to the significant savings realised throughout the course of FY 2018.



“We are reshaping the organisation to leverage recent product investments in Orion Health’s cloud platform and new solutions and services which capitalise on the healthcare sector’s accelerating shift to cloud technology and emerging innovation in precision medicine,” said Tisdel. “As these new products and services reach a greater level of maturity, Orion Health expects significant gains in operating efficiency as we align and consolidate global and regional resources as well as a tailing off in overall investment in R&D. Fundamentally, it sets up a better organisational structure moving forward.”

Orion Health expects FY 2018 Operating Revenue to be between \$170 million and \$173 million marginally below the FY 2018 guidance range of \$175 million to \$190 million, due to unexpected delays in contracting a small number of larger transactions. These transactions will have a positive impact for FY 2019. While it is too early to be definitive about the final outcome for FY 2018, Orion Health has continued to decrease its losses, although has not crossed into a break even position in H2 2018. However, Orion Health has further reduced its operating losses and expects its operating loss for H2 2018 will be its lowest half yearly operating loss in four years, consistent with its ongoing focus on driving a long term sustainable, profitable business model.

Orion Health is still working through the FY 2019 planning process. The Company will share additional information on the upcoming FY 2019 Investor call which is scheduled for the last week of May 2018.

“At its core Orion Health is a strong business with significant potential,” said Tisdel. “The business is committed to right-sizing the cost structure of the company across all regions to drive sustained profitability. We remain committed to building long term value for our customers and shareholders.”

The changes in this release are a stage in the Company’s ongoing strategic review process and further announcements are expected over the coming months.

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 is committed to continual innovation to cement its position at the forefront of precision medicine. For more information visit www.orionhealth.com.

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