

## ASX Announcement

11 June 2015

### **LIFEHEALTHCARE TO PARTICIPATE IN UBS AUSTRALIAN HEALTHCARE FORUM ON 11 JUNE 2015**

Mr Daren McKennay, Chief Executive Officer, Mr Matt Muscio, Chief Operating Officer and Mr David Wiggins, Chief Financial Officer will be participating in the UBS Australian Healthcare Forum on 11 June 2015.

A copy of the presentation is attached.

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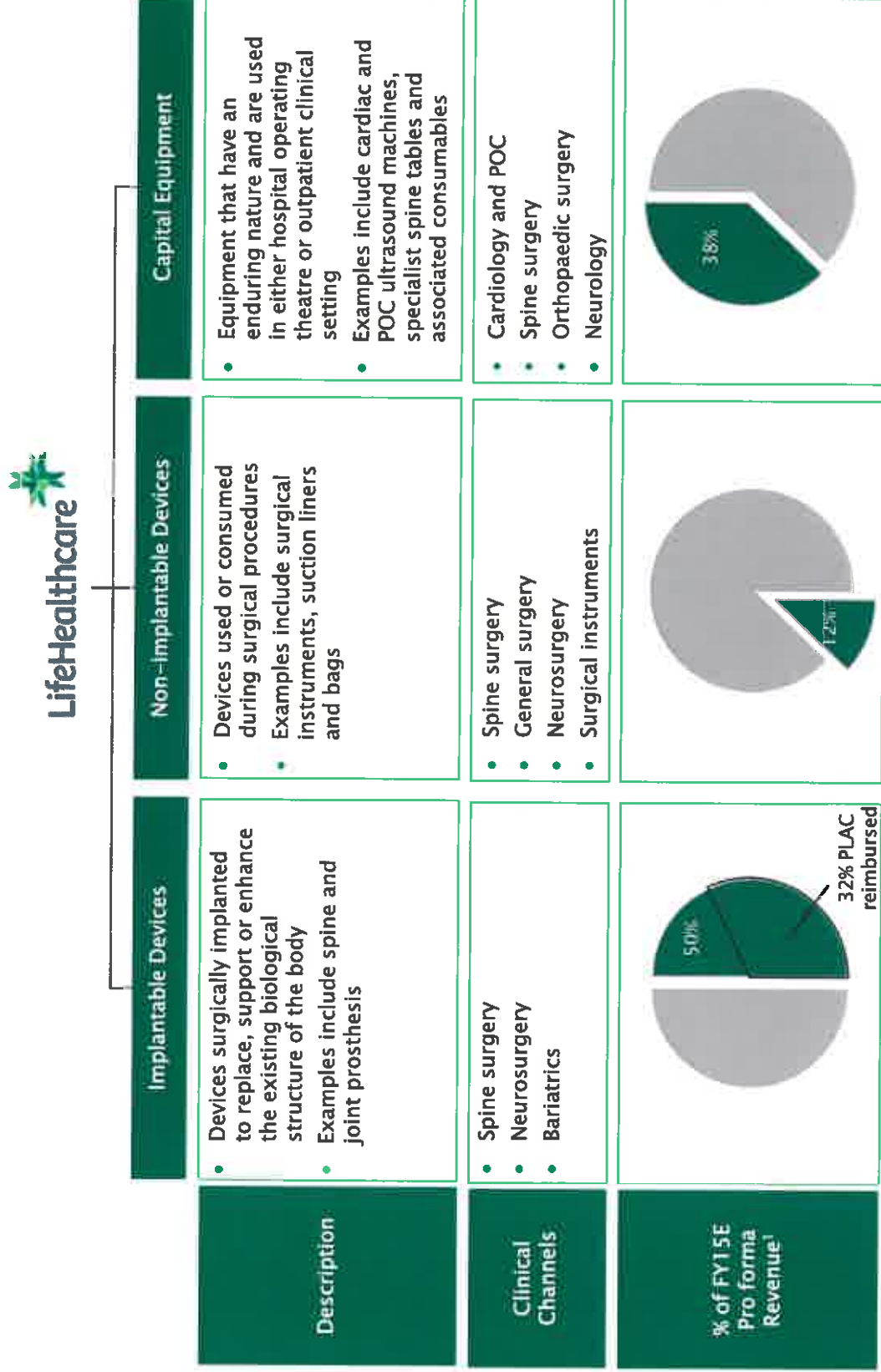
# LifeHealthcare Group Limited

Company Update  
UBS Australian Healthcare Forum  
11 June 2015



# Overview of LifeHealthcare

LifeHealthcare is a specialised distributor of high-end medical devices to surgeons, hospitals and clinicians in Australia and New Zealand, specialising across a number of clinical channels



<sup>1</sup> Post M4 Healthcare acquisition

# LifeHealthcare Growth Strategy

Within 5 years, grow the business to circa \$200m in revenue through the three existing growth channels of Spine/Neuro, Orthopaedics and Cardiology and by developing a 4<sup>th</sup> or 5<sup>th</sup> channel

|                     | Spine/Neuro   | Orthopaedics   | Cardiology   | New Channel(s)  |
|---------------------|---|--|--|---|
| Strategic Objective | <ul style="list-style-type: none"> <li>Leverage our strong existing market position</li> <li>Continue to penetrate the market through new customers and new product introductions</li> <li>Move from the current #3 position into #2 aiming for #1</li> </ul>   | <ul style="list-style-type: none"> <li>Extend our presence in revision surgery into Primary Hip, Primary Knee and Sport Medicine, Extremities and Trauma (SET) markets</li> <li>Implement the same business model adopted in Spine to grow market share</li> </ul> | <ul style="list-style-type: none"> <li>Leverage #1 position in Cardiac Ultrasound to enter the Coronary Intervention space</li> <li>Enter the Interventional Cardiology space first with Stents and then extend into other related products</li> </ul>   | <ul style="list-style-type: none"> <li>To add a 4<sup>th</sup> or 5<sup>th</sup> growth channel to the LifeHealthcare business</li> <li>Target segments with similar characteristics to the existing three growth channels</li> </ul>                               |
| Market Size         | <ul style="list-style-type: none"> <li>~ \$230m (Total)</li> <li>~ \$60m (Deformity)</li> <li>~ \$170m (Degenerative)</li> </ul>  | <ul style="list-style-type: none"> <li>~ \$1.1bn (Total)</li> <li>~ \$650m (Hip &amp; Knee)</li> <li>~ \$350m (SET)</li> <li>~ \$130m (Other)</li> </ul>   | <ul style="list-style-type: none"> <li>~ \$500m (Total)</li> <li>~ \$200m (Interventional Cardiology)</li> </ul>   | <ul style="list-style-type: none"> <li>Dental ~\$250m</li> <li>IVD ~ \$1.0bn</li> <li>Ophthalmology ~\$450m</li> <li>Imaging ~\$720m</li> </ul>   |
| Key Growth Strategy | <ul style="list-style-type: none"> <li>Predominately organic growth strategy</li> <li>Consolidate strong position in the Deformity market</li> <li>Create leadership in motion preservation</li> <li>Accelerate growth in Degenerative Spine through new product introductions and investment in sales force</li> </ul> | <ul style="list-style-type: none"> <li>Initial focus on organic strategy in Primary Hips</li> <li>Recruit 1<sup>st</sup> class sales team to implement new strategy</li> <li>Identify acquisition opportunities in Hip/Knee and SET</li> </ul>                     | <ul style="list-style-type: none"> <li>Enter Interventional Cardiology space through agreement with Biosensors</li> <li>Build a high calibre sales team</li> <li>Extend the product range into related products</li> <li>Identify acquisitions for bolt-on opportunities such as POC Ultrasound via M4 Healthcare</li> </ul> | <ul style="list-style-type: none"> <li>Identify acquisition targets with good existing product range and sales team</li> <li>Implement the LifeHealthcare business model to enhance and grow the business</li> <li>Execute specific growth opportunities</li> </ul> |

# Acquisition of M4 – Overview Of Business and Transaction Highlights

**M4 Healthcare is a provider of POC Ultrasound systems in Australia and New Zealand with a presence in all POC market segments. M4 provides an incremental \$9m revenue to LifeHealthcare with further opportunity for growth**

- Presence in all areas of POC Ultrasound market including:

## Anaesthesia

- Vascular access
- Nerve blocks and pain procedures
- Epidural marking
- Pre anaesthesia transthoracic echo

## ICU

- Vascular access
- Drainage procedures
- Bedside transthoracic echo
- DVT, Lung & Ocular

## Emergency

- Vascular access
- Nerve blocks and pain procedures
- Ectopic pregnancy
- DVT, eFAST & AAA

## Specialty Segments

- Urology
- Endocrinology
- Nephrology
- Phlebology
- Obstetrics
- Oncology & Dialysis

## Transaction Highlights



LifeHealthcare has acquired M4 for a base purchase price of \$9.0m. Modest earn-out, capped at \$0.6m, on post acquisition performance to be funded from internal resources.



Acquisition consistent with LifeHealthcare's growth strategy communicated to shareholders during the IPO process and in subsequent market updates, extending existing presence in the Cardiac Ultrasound market into the fast growing POC Ultrasound market.



The POC Ultrasound market in Australia and New Zealand is estimated to be approximately \$40.0m per annum in size and growing in the mid-single digit range. The trend in imaging is moving towards the POC and this acquisition creates a strong strategic position in this market for LifeHealthcare.



Funded from existing debt facilities and increases LifeHealthcare's pro forma 31 December 2014 gearing rate to 1.53x, providing sufficient headroom for further potential acquisitions.



Acquisition immediately EPS accretive.

- Track record of supplier acquisition and new product introductions

- Growing consumables business

- Strong management team who will stay with the business

- 8 employees with 6 sales representatives; geographical coverage that is complimentary to LHC existing Cardiac Ultrasound business

# POC Ultrasound Market and M4 Business Growth Platform

POC Ultrasound is the use of portable ultrasonography at a patient's bedside for diagnostic (i.e. identification of symptoms) or therapeutic (i.e. image guidance) purposes and is used in all Ultrasound markets apart for Radiology and Cardiology hospital departments

Increasing uptake from Doctors, Nurses & Allied Health Professionals

## Attributes

- ✓ Portable and smaller
- ✓ Easier to use
- ✓ Battery operated
- ✓ Rapid start-up and load
- ✓ Inexpensive

## Benefits

- ✓ Increased patient safety and customer care
- ✓ Increased success rates
- ✓ Lower complications
- ✓ Real time diagnostics
- ✓ Saves hospitals money

Platform to take further market share in growing segment, in excess of current 20% market share

## Existing Market Share Gain

- Leverage LifeHealthcare's existing strong relationships with hospitals
- Utilise resources within Cardiac Ultrasound business and fill out presence in WA, SA and NZ

## Strengthen Presence in Growing Segments

- New product introductions for currently underpenetrated growing specialty markets such as Obstetrics, Breast and Phlebology

- Focussed targeting of private and regional physicians and GPs

## Expansion into Adjacent Segments

- Provides opportunity at a later date to enter into adjacent markets

Underpinned by strong pipeline of new product introductions

Philips VisIQ

Philips SPARQ

Terason USmart 3200T

Imacor hTEE





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