

GREEN CROSS HEALTH LIMITED

ANNUAL SHAREHOLDERS MEETING

Tuesday, 31st July 2018 at 2.30 p.m.

AGENDA/ORDER OF PROCEEDINGS/SPEECHES/PRESENTATIONS

Peter Merton, Chair

Good Afternoon Ladies and Gentlemen and fellow shareholders.

Thank you for joining with us today for the 2018 Annual Shareholders Meeting of Green Cross Health Limited.

The quorum for a meeting of shareholders is five shareholders present in person or by proxy. There being a quorum of shareholders present, I declare the meeting open and duly constituted.

Before we move to the formal business of the meeting I would like to take this opportunity to introduce to you those who are with me at the front.

Introduction of Directors and Management

Grant Bai, CEO Pharmacy and Medical

Alison Van Wyk, CEO Community Health

Steve Browning, COO/CFO

Carolyn Steele, an independent director and Chair of the Audit Committee.

John Bolland, a non-executive director.

Andrew Bagnall, a non-executive director.

Ken Orr, an independent director.

Dr Tony Edwards, a non-executive director.

Dame Margaret Millard, an independent director.

Peter Williams, a non-executive director.

Jim Greenwood, Company Secretary

The register of directors' shareholdings is available for inspection.

Also in attendance with us today are representatives from our Auditors, KPMG, Legal Advisers, Harmos Horton Lusk and our bankers, BNZ.

Notice of Meeting

As the Notice of Meeting has been circulated to shareholders I will take it as read.

Minutes of the previous Annual Meeting held on 1 August 2017

The minutes of last year's annual meeting were reviewed at the first meeting of Directors of the Company following the Annual Meeting and were confirmed as a true and correct record of the meeting at that time in accordance with the Company's Constitution.

The minutes are available for review with the Company Secretary after the meeting if any shareholder so desires.

Proxies

I have been advised that 102 valid proxies have been received representing 67.14% of the total number of shares on issue.

Voting

Voting at this meeting will be by a show of hands unless a poll is duly demanded.

The Chair and members of Management to present to the meeting with questions from the floor following each presentation:

Peter Merton

Chair, Green Cross Health

Before Grant, Alison and Steve take you through their respective areas of Green Cross Health, I would like to comment on a couple factors that affected our business and indeed may continue to do so.

In the last few years the government introduced various pieces of employment legislation that served to increase the recognition, security and remuneration of many health care workers in our Access business. These include “pay equity” and “guaranteed hours”. We are supportive of this move and worked through the implementation of both programmes. The government on numerous occasions re-iterated that the changes would be fully funded. This has proven to be untrue and has cost us many millions last year.

We continue to challenge the government on this, but it is time consuming and stops us channelling energies into care and support work. The impact of this legislation means that as Access contracts rollover we can but increase our tender rates to reflect our increased costs. Unless the various government departments are going to cease paying for various activities, they will have to pay more for personal care services.

Whilst we do not generally blame the “environment” for our financial performance, in the last year a series of events occurred that did negatively impact our pharmacy business to an extent worth mentioning. The Britomart redevelopment in Auckland has changed the whole CBD retailing landscape, and as we have a large presence there we are impacted. The on-going earthquake repairs in Wellington CBD and Queensgate have had the similar impact, and the new redevelopment of the Newmarket 277 mall took one of our best performing sites from us. These have certainly hurt the pharmacy business over the last 12 months.

Before we look at the divisional presentations I would like to commend Grant and his team for the great work they have done on the both the Unichem and Life Pharmacy brands. In last year’s KPMG Customer experience survey, conducted as part of a world-wide research across 14 countries, Unichem ranked 7th in NZ for “customer service excellence”, with Life 11th. These results don’t just happen and are testament to the direction the pharmacy brands have been taken.

Grant and Steve have headed their divisions for several years and I trust you are familiar with them.

Alison recently commenced as head of our Access business after having been with Green Cross Health for eight years, most recently as head of the professional services team.

Alison is a nurse with a diverse healthcare background and it was great to be able to appoint from within to this key position.

With the presentations, please feel free to ask each of the team questions as you wish.

I would also take this opportunity to thank all our staff around the country for their continued and passionate delivery of health services. We are a healthcare business and the care of our patients, clients and customers comes first and every day there are thousands of actions our team undertake that make someone's life better and one proud to be part of Green Cross Health.

Grant Bai

CEO, Pharmacy and Medical



Green Cross Health's promise is to provide the best health support, care and advice to New Zealand communities. We believe everyone in New Zealand has a right to quality health care and we work every day to support healthier communities and easier access to quality services.



Who is Green Cross Health?

We are passionate about empowering people in our communities to live well, stay well and feel good.

To achieve health and wellbeing requires a health care network and professionals that know and connect with people throughout life, not just when they are sick or injured. Our multidisciplinary primary healthcare team connects with thousands of people every day in almost every New Zealand community.

Healthcare delivery is transforming in many countries, driven by the pressure of rising costs, increasing demand and strain on resources and rapidly changing technology landscape.

Data is the lifeblood of new connected systems that enables better, faster and more intelligent meaningful conversations about the factors that create, manage, improve and solve some of our major healthcare challenges.

With that in mind I would like to show a brief video overview of the Green Cross Health network.



Video plays



With a focus on the Pharmacy division first, we have continued to develop products and services that improve customer experience, engagement and health outcomes. We introduced tools for our pharmacy teams to enable convenient, multi-channel communication with our consumers.



An automated Prescription Reminder Service, prompts customers about scripts that are due, and opens a clinical channel for conversations with their pharmacists, which will help to improve medicines adherence. We are building towards 1 million digital interactions annually via this service between our pharmacists and customers.



Customer Engagement

1.5 million
Living Rewards
members



Retail Sales

+2%



Prescriptions

31.7 million scripts
dispensed annually



Infrastructure Impact

Auckland and
Wellington

Our Living Rewards retail engagement programme has continued to grow to 1.5 million members. It provides the ability to reward and retain customers and drive incremental

sales via targeted marketing, personalised messaging and curated content. These assets, combined with an improved omnichannel offering, will ensure that we remain relevant and market competitive.

Embedding improved operational standards and promotional excellence across the store network, in conjunction with licensees and supply partners, supported retail product sales growth of 2%. These core retail disciplines will continue to be a priority.

Our network of 357 Unichem and Life Pharmacies also dispenses 31.7 million prescription items – approximately 50% of all New Zealand’s community pharmacy prescriptions.

Growth in Pharmacy revenue and operating profit was achieved in a market which was impacted by major infrastructure works in Auckland and Wellington CBDs. Post-earthquake strengthening to many Wellington sites and mall redevelopments in our main city centres, including the closure of a flagship store, Life Pharmacy 277, in Newmarket, had a negative effect on trade.

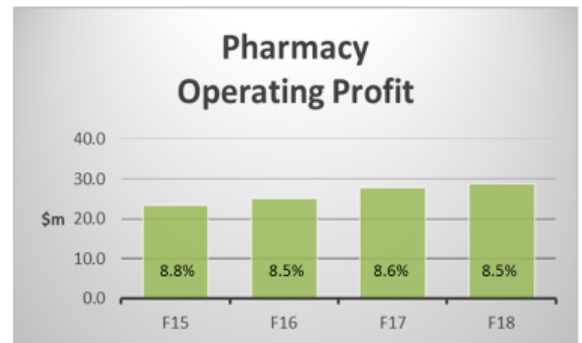
We continued to take a leading industry role in raising the profile of pharmacists as part of the primary health care team in the community, and in facilitating stronger relationships in multi-disciplinary teams. Our intention is to provide a strong platform for the delivery of future-proofed health care models in which the workforce is used to its best capacity.

Our contribution to industry groups and key contract negotiations has been a focus for our leadership team this year and furthers our commitment to support our pharmacists as their roles expand into becoming health coaches for the community under a new contractual platform.

We are operating in a competitive market that provides customers with plenty of choice. As the New Zealand retail landscape evolves, the expert care and advice our teams provide is fundamental to maintaining our market leading position. Our Green Cross Health Academy training and development programme now has more than 6,000 people enrolled across 180 courses on our internationally award-winning TeachMe platform and has been instrumental in driving enhanced operational efficiencies and customer experience.

Financial highlights of the pharmacy year were

Financial Performance



- 5.8% Revenue Growth
- 3.5% Operating Profit Growth
- Operating Profit / Revenue margin 8.5% v 8.6% prior year

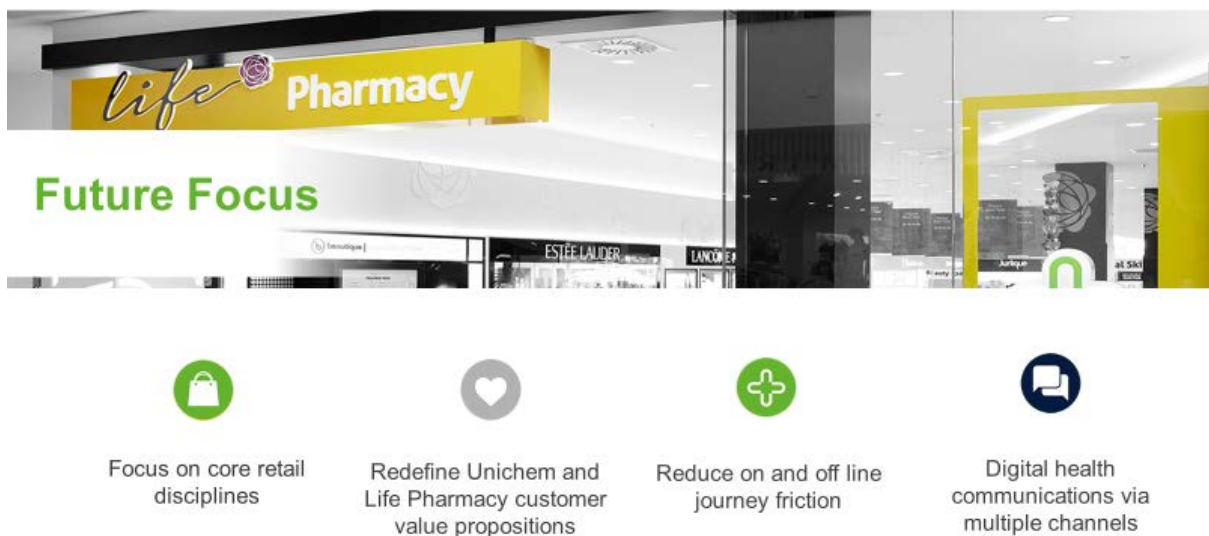
Revenue growth of 5.8% and Operating Profit up 3.5% over previous year.

The final highlight was the recognition for our brands in a recent KPMG global customer experience survey.



Unichem and Life Pharmacy have been ranked no.7 and no. 11 respectively in New Zealand in this report. This is a significant result for our brands and gives us some metrics to build out our future focus on. The in-depth report looks at many aspects of customer experience excellence, including the factors contribute to excellence in customer experience, the requirements of understanding changing demographics, the importance of technology, employee experience and the economics of customer experience excellence. The brand teams within GXH can be very proud of the achievement here.

- There is a proven link between the quality of the experience and the commercial outcomes the business enjoys as a consequence
- Customer value works both ways: value for the customer and value for the company
- High quality Customer experience provides a level of goodwill equity that helps protect the firm against competitor product introductions and price reductions
- Customer experience excellence is a clear driver of growth



Our future focus will continue to be on core retail disciplines and monitoring of service delivery and promotional campaigns across our network.

We will look to redefine our customer value propositions for both brands. Our aim is always to improve our customer experience, not rest where we are.

We have invested into our retail back office systems and our Living Rewards programme to enable improved on and offline journeys and to be where shoppers want to access

products, services and information. Marketing automation and improved personalisation of communication are underway, and we expect to see improved customer engagement resulting in positive sales.

Finally, we will continue to roll out our digital health initiatives, moving on from Prescription Reminder Services along a roadmap which includes new channels – chatbot and app – and new services such as medications management and a focus on medicines adherence.

With the focus on the medical division.



Strengthening our presence and operational capacity in the Medical division has been our key focus for this year. We have invested in developing a skilled, experienced and focused management team, and systems to drive growth. This focus has been reflected in an improved financial result for the division.



Patient growth

13% enrolled patient growth

Investment in six centres and purchase of two patient books

237,000



Service development

Growth in urgent care and walk-in services

X-ray and radiology



Network growth

Community health hubs: Huapai and Wynyard Quarter

30 medical centres in The Doctors brand

Organic growth, investment in six medical centres, and the purchase of two patient books resulted in an increase in enrolled patients of 30,200 (13%) to a total enrolled population of 237,000. In addition, there has been an increase in the provision of urgent care and walk in services, evidenced by the opening of a new X-ray and radiology facility in Auckland.

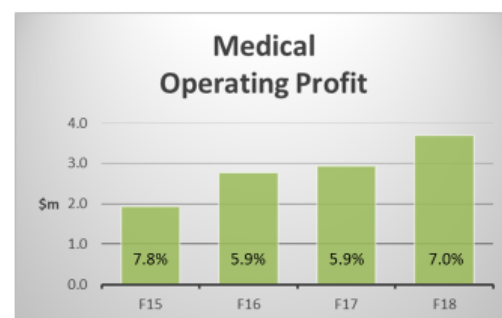
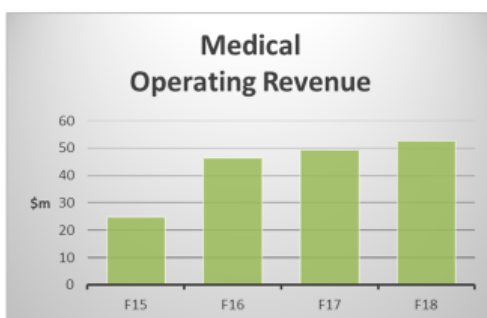
We now have 30 medical centres trading under The Doctors brand which is increasing the brand equity with the consumer and potential target acquisitions.



Community health hubs

Our network now includes two new community health hub sites, with co-located The Doctors and Unichem pharmacies in Huapai and Wynyard Quarter, which set the standards for future refits and new sites. With an acknowledgement of the consumer and shareholder expectation of increased focus on sustainability we have started the journey with these new sites using where possible recyclable materials in carpets, fabrics and timbers, increasing the use of minimally treated timbers, LED lighting and energy saving technology. We intend to dial up the Green in Green Cross Health and ensure we have healthy buildings for our healthy teams to deliver on the health of their communities.

Financial Performance



- 6.9% Revenue Growth
- 26.1% Operating Profit Growth
- Operating Profit / Revenue margin 7.0% v 5.9% prior year

Regarding financial results in medical division: revenue increased 6.9%, with Operating Profit up by 26.1%. A strong second half performance resulted in Operating Profit of \$2.2m, up from \$1.5m in the second half of 2017.



Future Focus



Network growth through
targeted acquisition



Operational efficiencies to
create capacity and lead
to improved profitability



Deploy digital technology
to enhance delivery of
health care, improve
outcomes, create access

Our future focus for the medical division is on growing our network through targeted acquisition, in creating capacity in our medical centres through operational efficiencies and different ways of working, and through deploying technology to augment the delivery of healthcare with a focus on health outcomes.

We look forward to The Doctors brand appearing on future Global customer experience surveys.

We face health care challenges that are not unique to New Zealand, namely aging populations, an increase in chronic diseases, rising health care costs, infrastructure fragility and a shortage of skilled people. We operate in an environment challenged by funding and equitable access issues.

The increased demand for health services will require a greater focus towards primary and community-based care. Green Cross Health is in a strong position to be able to offer solutions and positively influence health outcomes for our communities.

Alison Van Wyk

CEO, Community Health

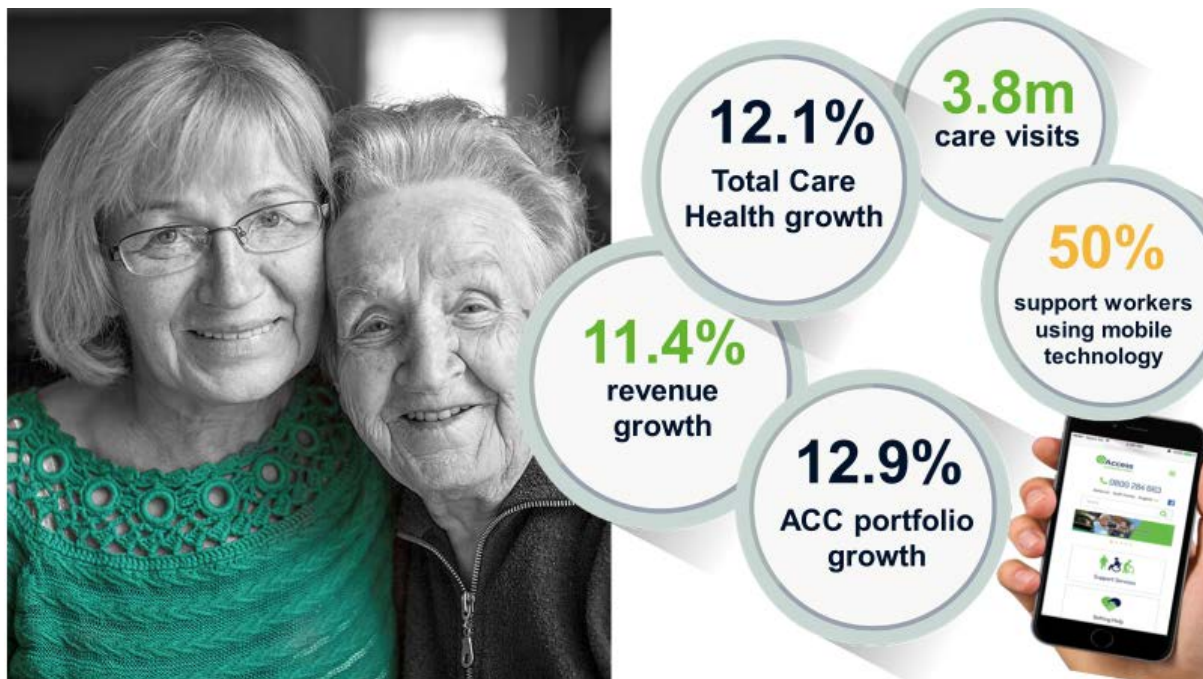


Good afternoon

2017-18 was a challenging year for the community health business particularly around the implementation of pay equity and guaranteed hours. While we welcomed the recognition of fair remuneration for Support workers who are the lifeblood of this business, we are disappointed that both these programmes have not been fully funded by the Government.

This significant shortfall led to a profit impact of \$1.9million due to the costs associated with staff leave liability.

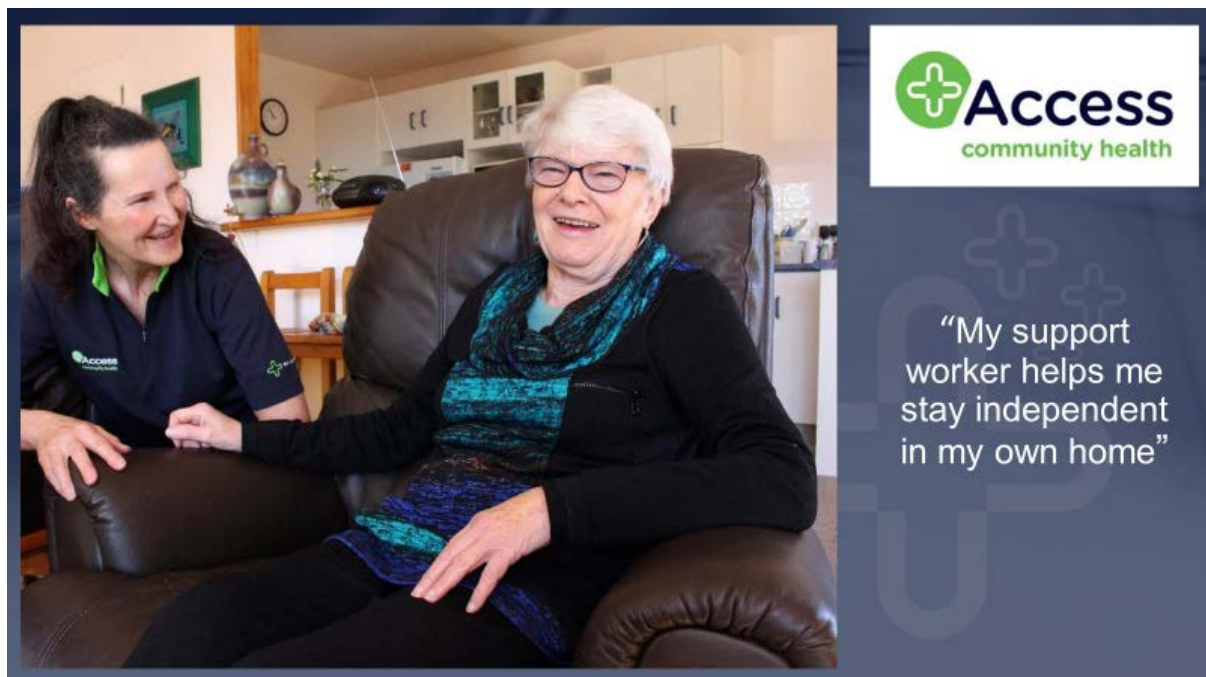
The impact of staff leave liability is challenging. Home based support and care continues to be plagued by sustainability issues and will need a considerable funding uplift. This underfunding seems to be at odds with the Health and Independence report 2017 released by the Ministry of Health in July 2018 where it notes an increase in those needing care more than daily may increase by 200 percent for Maori and about 75 percent for non-Maori by 2026.



Despite the challenging environment Access client numbers increased to 21,400(7% increase versus previous year) and the team now delivers more than 3.8 million care visits per year. Our revenue grew by 11.4% with the ACC portfolio growth of 12.9% and Total care health growth of 12.1% as a result of expansion into both the Taranaki and Hawkes Bay regions.

Securing 50% of the Nelson Marlborough DHB home and community support services contract was a significant highlight for the business with our presence doubling as a result within this region.

We have invested significant resource focussing on enhancing the use of technology AVA (Access Virtual Assistant) that now has over 50% of our support workers using the technology providing efficiencies with rostering and client appointments. We are focussing on a full roll out this year.



We are pleased with the overall improvements in our customer service measures, support worker retention which is 13% better than the prior year and in our health and safety performance. Overall our client survey showed over a 90% satisfaction rating with our service.

Financial Performance



- 11.4% Revenue Growth
- -6.8% Operating Profit
- Operating Profit / Revenue margin 2.2% v 2.6% prior year

While Community Health revenue grew by 11.4% operating profit declined by 6.8% due to the impact of changes in government policy around Pay Equity and Guaranteed Hours. The margin pressure highlights the need to develop a more sustainable funding model with existing and new contracts.



Increased funding through existing and future contracts



Financial impact of leave liability



Expansion of Community Nursing business



Harness technology to ensure workforce efficiency and client outcomes

1. As outlined earlier we are focussed on ensuring a financially sustainable business and this involves driving growth in key areas coupled with securing viable contracts

and advocating for improved funding uplifts for current contracts. We are encouraged by the emphasis placed by the Government on “Care closer to home” and therefore the need to support viable funding is critical. As a business we continue to invest heavily in technology to improve efficiencies and client care, but investment can only continue to occur if the funding shortfalls are addressed.

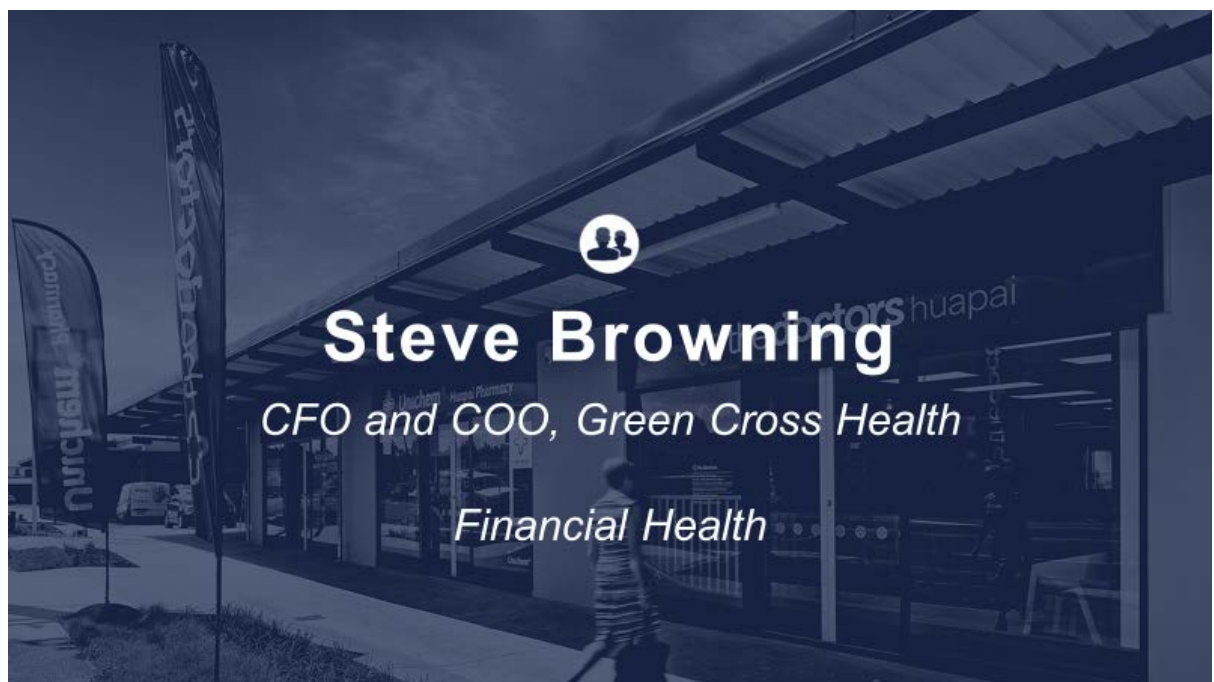
2. The impact pay equity has on leave liability is challenging and we are exploring options around the management thereof
3. We have clear business plans and goals associated with growing our Total Care Health business, and our ACC services in the year ahead. This includes ensuring our teams are operating at the top of their scope and improving client outcomes.
4. We are continuing to focus resources on harnessing our technology and the efficiencies we can drive from offering a unique and innovative approach to improving client care and experience.

Finally, as a team we are focussed on sustainable growth, operationally we are investing in improved and innovative ways to deliver care and support efficiently.

Thank you

Steve Browning

CFO and COO



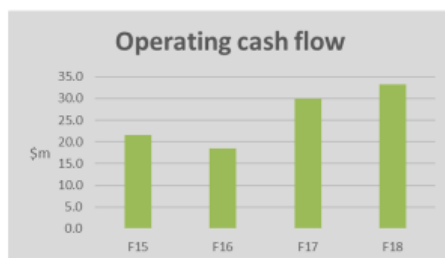
Group Revenue and Profit



- 7.2% Revenue Growth YoY
- 9% drop in Operating Profit to \$31.7m, however
- Underlying Operating Profit up 5% to \$33.6*
excluding non-recurring items:
 - Unfunded effect of pay equity implementation on leave liability (2018) \$1.94m
 - Gain on Settlement of Vendor Put Option (2017) \$2.8m
- Reported Profit After Tax Attributable to the Shareholders \$16.8m v \$19.6m prior year
- Underlying Profit After Tax Attributable to the Shareholders \$18.7m* v \$16.9m* prior year +10.9%

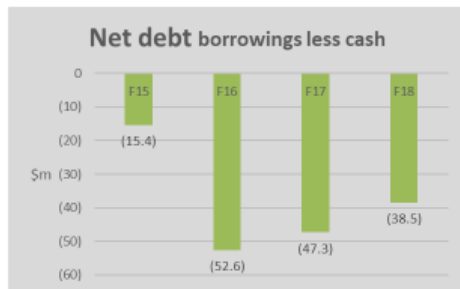
* Non-GAAP Measures

Operating Cash / Investments



- 11% increase in Operating Cash to \$33.2m enabling Investment in:
- New Acquisitions - \$7.1m
 - The Doctors Red Beach and Birkenhead (Coastcare)
 - Albany Medical Centre
 - The Doctors Whangaparaoa (Family Doctors)
 - QuayMed Accident & Medical
 - Unichem Springlands Pharmacy (Blenheim)
- Investments – \$11m
 - Greenfield Community health hubs: Huapai and Wynyard Quarter
 - IT Systems Development – Lifepharmacy.co.nz; Customer Engagement services (e.g. SRS); Digital Marketing tools to capitalise on 1.5m Living Rewards loyalty members
- Capital Maintenance - \$3.8m consistent with prior years

Net Debt / Debt Capacity



- Reduced Net Debt by 19% to \$38.5m
- Refinanced term debt with BNZ,
- Providing \$22m headroom on current debt facilities
- Financing Ratios:
 - DEBT / EBITDA – 1.2x
 - EBIT / Interest – 15.5x
 - Fixed Charge Cover* – 2.7x

* (EBITDA excluding \$20m lease cost) / (Interest + \$20m Lease Cost)

Earning Per Share / Dividends



- EPS reduced to 11.9 cps, however
- Underlying EPS 13.2 cps v 12.2 cps
- Dividend consistent @ 7 cps for the year
- Dividend Yield ~6.5%

Financial Statements

The Annual Report containing the Financial Statements and the Auditor's Report for the year ended 31 March 2018 has been circulated/made available to shareholders and thus I declare that they be received by the meeting.

Appointment of Directors

In accordance with the requirements of Clause 11.6 of the Company's constitution,

I **Peter Merton** retire by rotation and being eligible, offer myself for re-election. In addition Dame **Margaret Millard** and **Ken Orr** retire by rotation and being eligible, also offer themselves for re-election.

Brief biographies relating to Dame Margaret, Ken and I are included in the Annual Report and the Notice of Annual Meeting.

I now propose that **Dame Margaret Millard**, having retired as a director of the Company in accordance with clause 11.6 of the Company's constitution and being eligible for re-election, be re-elected as a director of the Company.

Call on **Dame Margaret** to speak to her re-election to the Board and or ask if any one wishes to be heard on the matter of **Dame Margaret's** re-election to the Board?

I now propose that **Ken Orr**, having retired as a director of the Company in accordance with clause 11.6 of the Company's constitution and being eligible for re-election, be re-elected as a director of the Company.

I now call on **Carolyn Steele** an independent director and Chair of our Audit Committee to chair the meeting while we deal with my re-election.

Carolyn Steele takes the Chair

Carolyn: I now propose that *Peter Merton*, having retired as a director of the Company in accordance with clause 11.6 of the Company's constitution and being eligible for re-election, be re-elected as a director of the Company.

Call on *Peter* to speak to his re-election to the Board and or ask if any one wishes to be heard on the matter of *Peter's* election to the Board?

Carolyn vacates the Chair and Peter resumes chairing the meeting.

Peter: *Remuneration of the Auditor*

Our Auditor KPMG continues in office pursuant to section 200(1) of the Companies Act 1993

I therefore now move that the Board of Green Cross Health Limited be authorised to fix the remuneration of the auditor for the ensuing year.

Meeting Closed

ENDS

