

GREEN CROSS HEALTH

Investor Presentation and 2018/19 Interim Results

27th November 2018



Financial Highlights ... First Half of '18/19

Revenue \$282.4m	+9.0%	Pharmacy Same Store Sales	+2.1%
EBITDA \$18.4m	-5.2%	Medical Same Centre Sales	+4.9%
Net Profit after tax \$8.1m (attributable to Shareholders)	-7.1%	Consistent Interim Dividend	3.5 cps

Our population is growing and changing



Increasing the market size and demand for quality health care

Credit: IRI

Unichem

life
Pharmacy

+ the doctors

+ Access
community health

+ GREEN
CROSS
HEALTH

Growing consumer trend to holistic self care



Increasing the demand for health, beauty and wellness products and services

Credit:  IRI

 Unichem

 life Pharmacy

 the doctors

 Access community health

 GREEN CROSS HEALTH

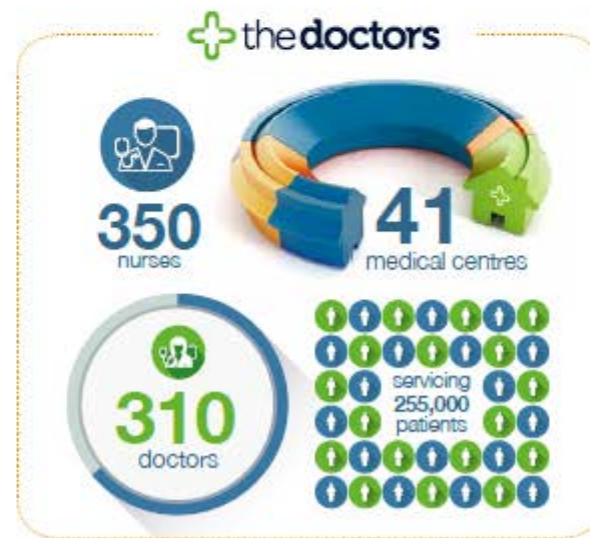
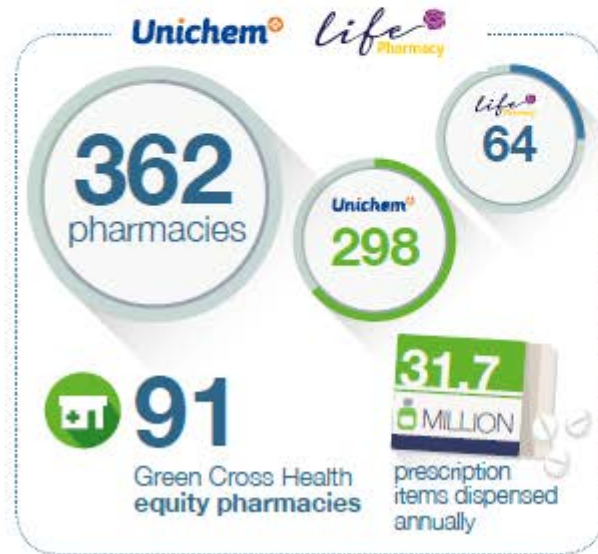
Green Cross Health

Our purpose:

Working together to support healthier communities.

We are passionately committed to the health and wellness of New Zealand, and to providing the best support, care and advice to our communities.

This is our promise.



GXH Strategy

Meeting the health, beauty and wellness needs of our communities



Retail and Health

Utilise the scale of our customer base, and physical & virtual networks to:

- expand the range of products and service
- Provide convenience
- Deliver quality health care



Network Scale

Network growth through targeted acquisitions

Focus on Medical Centres / patient # growth

Work with Government funding agencies to ensure sustainable models



Financial Returns

Maximise operational efficiency to improve profitability

Focus on cash generation to invest in growth and maintain returns to shareholders

Pharmacy Division

New Zealand's largest network of health retailers:
supporting easy access to quality health care





Focus



Retail and Health

Focus on core retail disciplines

Grow e-commerce



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 our equity store network and invest in customer experience



Financial Returns

Sales Growth

Continuous improvement in operational efficiency e.g. Labour and Occupancy costs



Medical Division

Growth, leadership and sustainable models of care

Focus



Network Scale

Network and Patient # growth through targeted acquisition

Build The Doctors brand



Customer Engagement

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



Financial Returns

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

Community Health Division

Delivering sustainable services to maintain and support clients' independence within their own home



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 Returns

Negotiating sustainable
funding for existing and
future contracts

Exit contracts that are not
financially viable

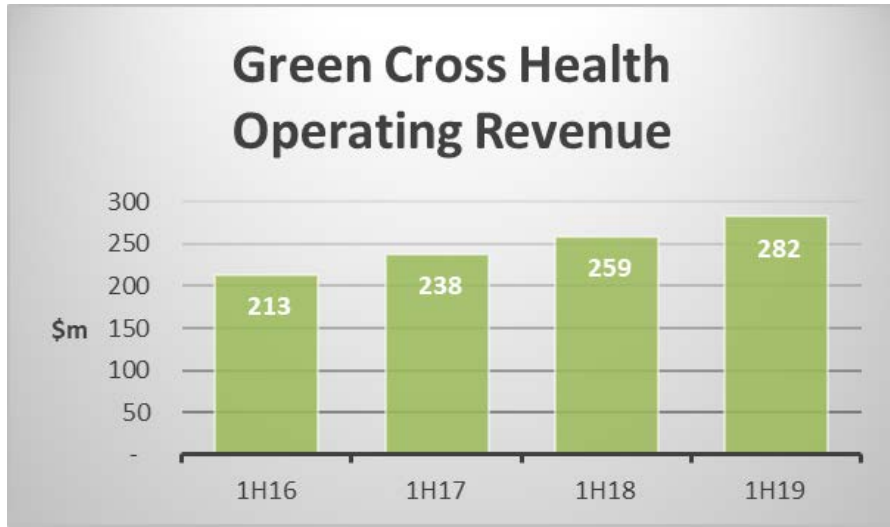


Financial Health

2018 Interim Results

Six months ending 30th September 2018

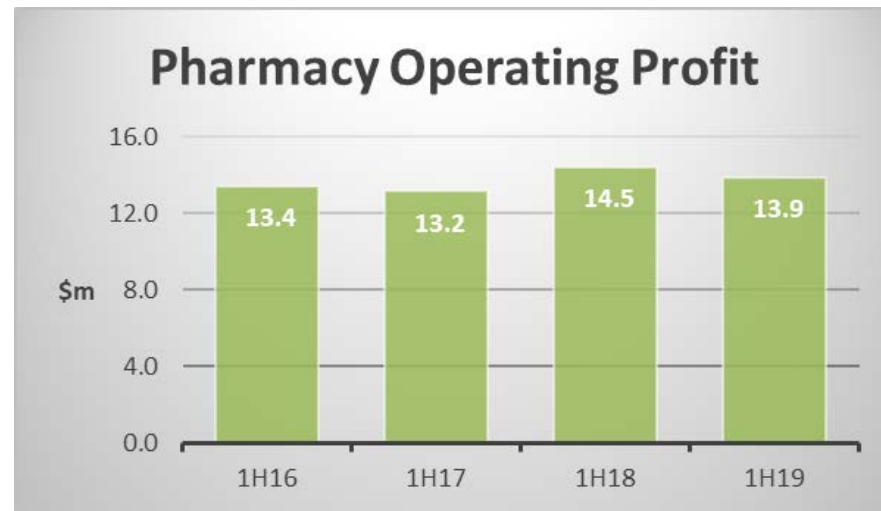
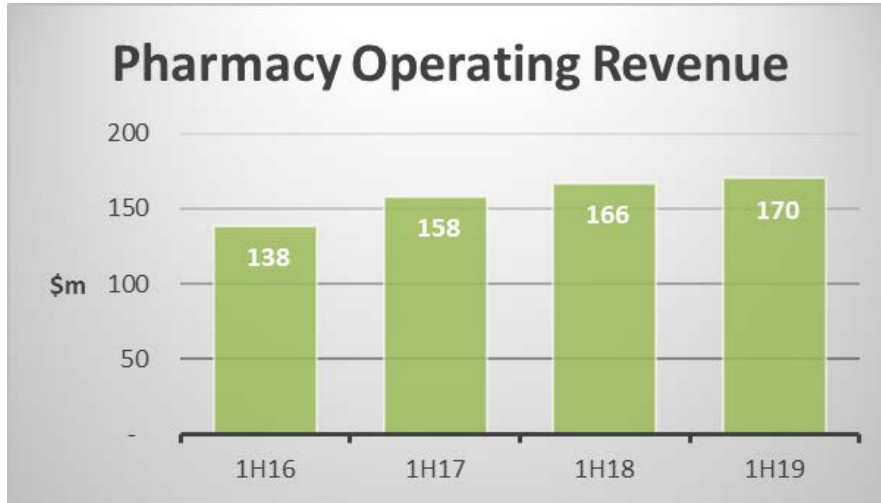
Group Revenue and Profit



- Revenue of \$282m up 9%.
- Operating Profit (EBIT + associate earnings) \$14.9m¹ down 9.5%
- Net Profit after Tax attributable to shareholders of \$8.1m¹ down 7.1% from \$8.8m
- EBITDA at \$18.4m down 5.2%

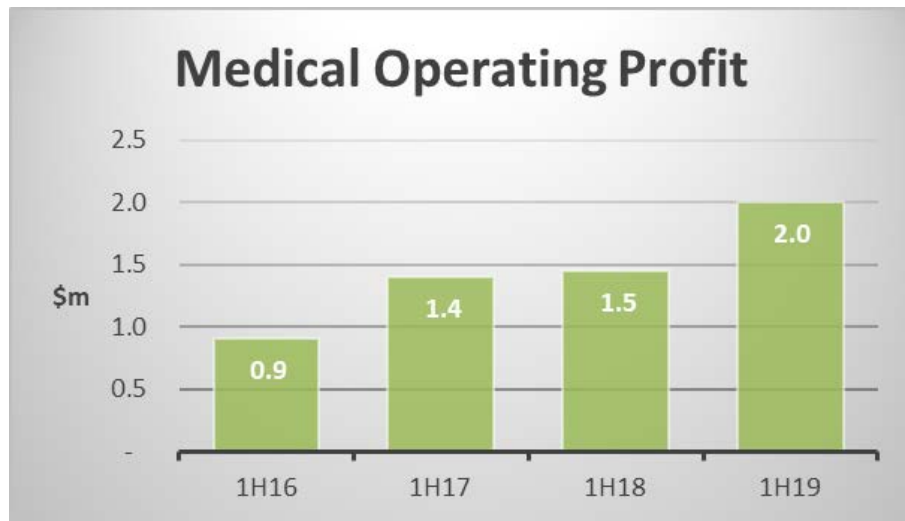
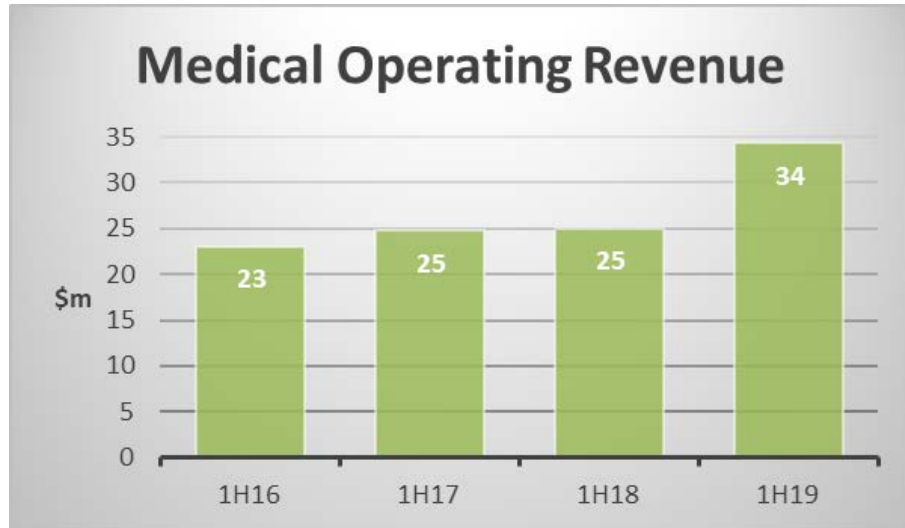
¹ 1H19 includes unfunded Leave Liability (ULL) of \$0.4m (due to the implementation of pay equity legislation); 1H17 +\$2.8m Fair Value Gain (FVG); 1H16 +\$0.5 FVG

Pharmacy Financial Performance



- Pharmacy revenue growth of 2.2% to \$170m
- Operating Profit down 3.8% at \$13.9m
- Operating Profit margin decreased from 8.7% to 8.2%
- Same store sales growth was 2.1%
- Store gross margin down 2.1% to 34.8% due to change in sales mix and promotional activity which grew sales
- Network continues to grow with 362 Unichem and Life Pharmacies increase of 2.3% YoY

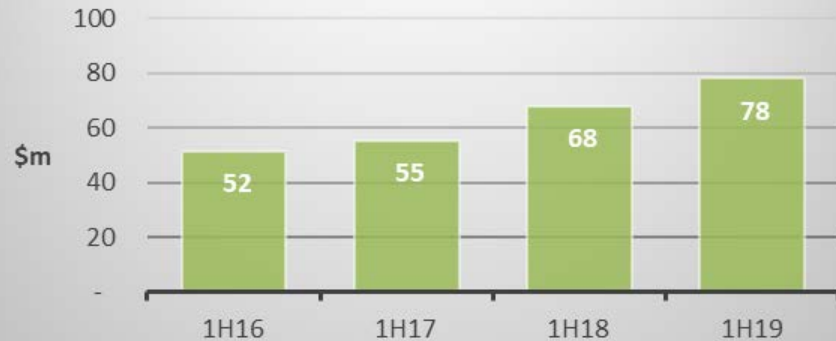
Medical Financial Performance



- Medical revenue up 37.5% to \$34.3m
- Operating Profit up 32.4% to \$2m
- Operating Profit margin decreased from 6.1% to 5.8%
- Same centre revenue growth was 4.9%
- 255,000 enrolled patients an increase of 18,480 (8%) in the period and 16% YoY
- Ownership in 41 Medical Centres up 10 YoY

Community Health Financial Performance

Community Health Operating Revenue



Community Health Operating Profit

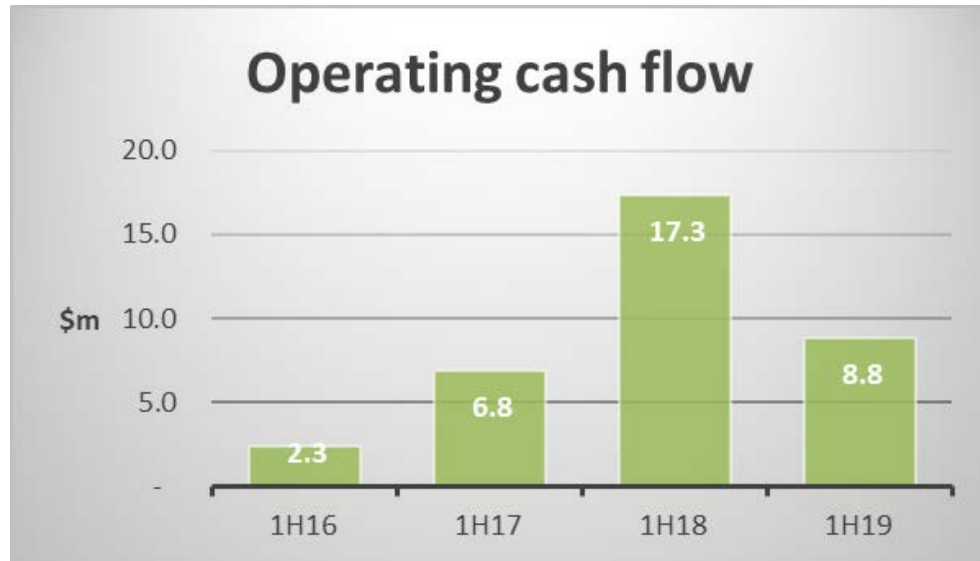


- Revenue up 15.3% to \$78m¹ ;
- Revenue up 8.2% (excl. Pay Equity YoY delta)
- ACC portfolio up 3.5%, community nursing up 5.9% and the DHB portfolio up 10.6% (excluding Pay Equity YoY delta)
- Operating Profit was down \$1.1m to \$0.3m²

¹ Includes \$4.8m addition Pay Equity Funding compared to 2017;

² excludes unfunded increases in Leave Liability of \$0.4m (due to the implementation of pay equity legislation). This is excluded from segment result due to abnormal nature but included in reported Group result as outlined in note 4 of the Interim Financial Statements."

Operating Cash / Investments

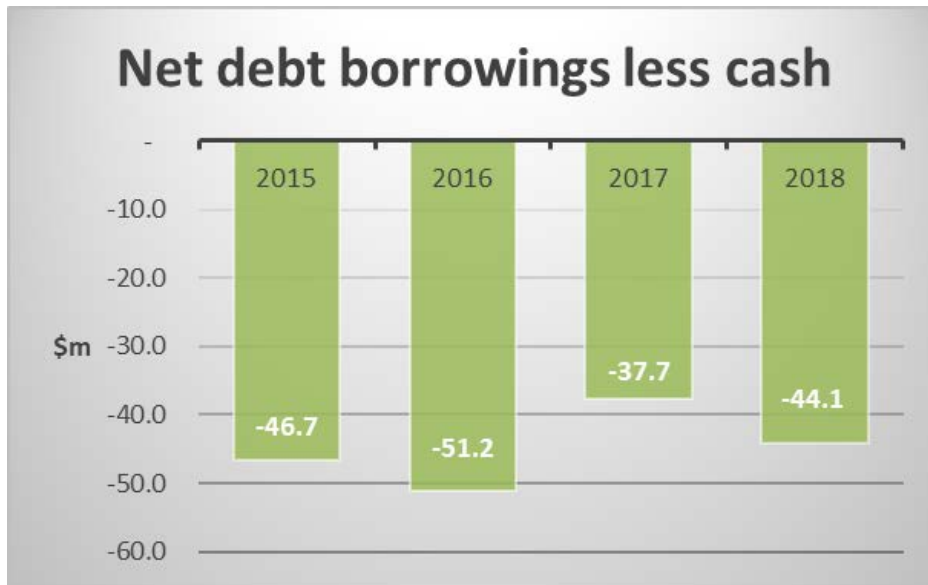


- Operating Cash of \$8.8m
- Reverted to normal level after working capital improvement in 1H18)

Enabling investment in:

- New Acquisitions - \$3.6m
 - St Heliers Health Centre
 - Waimauku Doctors
 - Silver Fern Medical Centre
- Capital Assets – \$5.4m
 - New Pharmacy stores / Store and Medical Centre Refits
 - IT Systems Development – Lifepharmacy.co.nz; customer digital engagement tools, workflow management

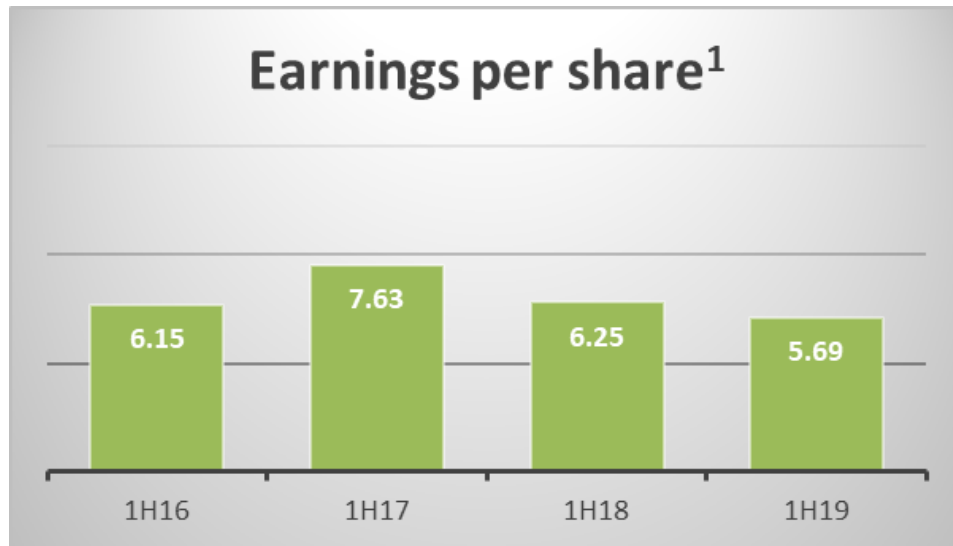
Net Debt / Debt Capacity



- 17% increase in Net Debt to \$44.1m primarily due to investment in acquisitions
- \$36m headroom on current \$90m debt facilities
- 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)

Earning Per Share / Dividends



- EPS relatively flat at 5.69 cps
 - Interim Dividend consistent @ 3.5 cps
 - Gross Dividend Yield ~7.7%
-
- ¹ includes non-recurring items: 1H16 +\$0.5 Fair Value Gain (FVG); 1H17 +\$2.8m FVG; 1H19 -\$0.4m ULL

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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.

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