



# Annual Results for the year to 31 March 2023



Unichem<sup>+</sup>

life  
Pharmacy

PillDrop<sup>®</sup>  
Pharmacy. Your Way.

thedoctors

HouseCall

GREEN  
CROSS  
HEALTH

respectful 尊重的  
manaaki tangata responsible  
关心 mōhio ki te mahi compassionate  
efficient 同情同理的 welcome  
empathetic

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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 2023.

# Operational Highlights



## Group Highlights

- \$15.5m increase in Group Revenue year-on-year
- 89% increase in reported Net Profit After Tax attributable to shareholders<sup>1</sup>
- Divestment of Community Health division on 28 February 2023, gain of \$21.8m
- GXH recognised as a Top 10 most desirable place to work in New Zealand by Randstad



## Pharmacy Division

- Retail sales up 2%, with CBD and Large Mall stores up 6% combined
- Script volumes up 10%
- Flu vaccination volumes increased 93%
- KPMG global customer experience survey placed Unichem and Life Pharmacy 2<sup>nd</sup> and 4<sup>th</sup> respectively within the NZ non-grocery retail sector



## Medical Division

- Gross Revenue up 20%
- Same centre revenue growth of 3%
- Acquisition of eight new medical practices
- 5 rebrands and 3 centre refurbishments in year

<sup>1</sup> Includes profit from discontinued operation (Community Health division) plus gain on divestment, totalling \$30.3m net of tax. Excluding the discontinued operation, NPAT attributable to shareholders decreased 26% to \$15.0m.

# Community Health Division Divested

-  In February 2023, Access Community Health and Total Care Health were divested to Anchorage Capital Partners
-  The sale valued the Community Health Division at an enterprise value of \$50.0m
-  Gain on sale of \$21.8m
-  Net cash sale proceeds supported the payment of special dividend at 28 cents per share on 28 April 2023
-  Divestment allows GXH to increase focus on the Pharmacy and Medical divisions



# GXH Annual Result - Financial Overview

## Group Performance

### Group Revenue (continuing operations)

 **\$493.6m**

▲ 3% increase vs FY22

### Operating Profit/EBIT (continuing operations)

 **\$34.3m**

▼ 29% decrease vs FY22

### Net Profit After Tax (attributable to shareholders)

 **\$45.2m\***

▲ 89% increase vs FY22

\*Includes profit from discontinued operation (Community Health division) plus gain on divestment, totalling \$30.3m net of tax

## Divisional Performance

### Pharmacy Operating Profit

 **\$21.1m**

  ▼ 41% decrease vs FY22

### Medical Operating Profit

 **\$16.2m**

 ▲ 1% increase vs FY22



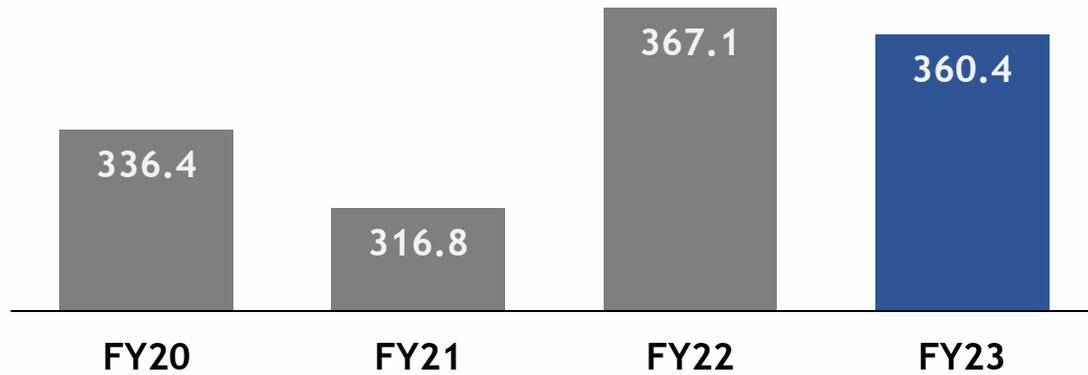
# Pharmacy Division



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

# Pharmacy Performance

## Pharmacy Operating Revenue (\$m)



## Pharmacy Operating Profit (\$m)



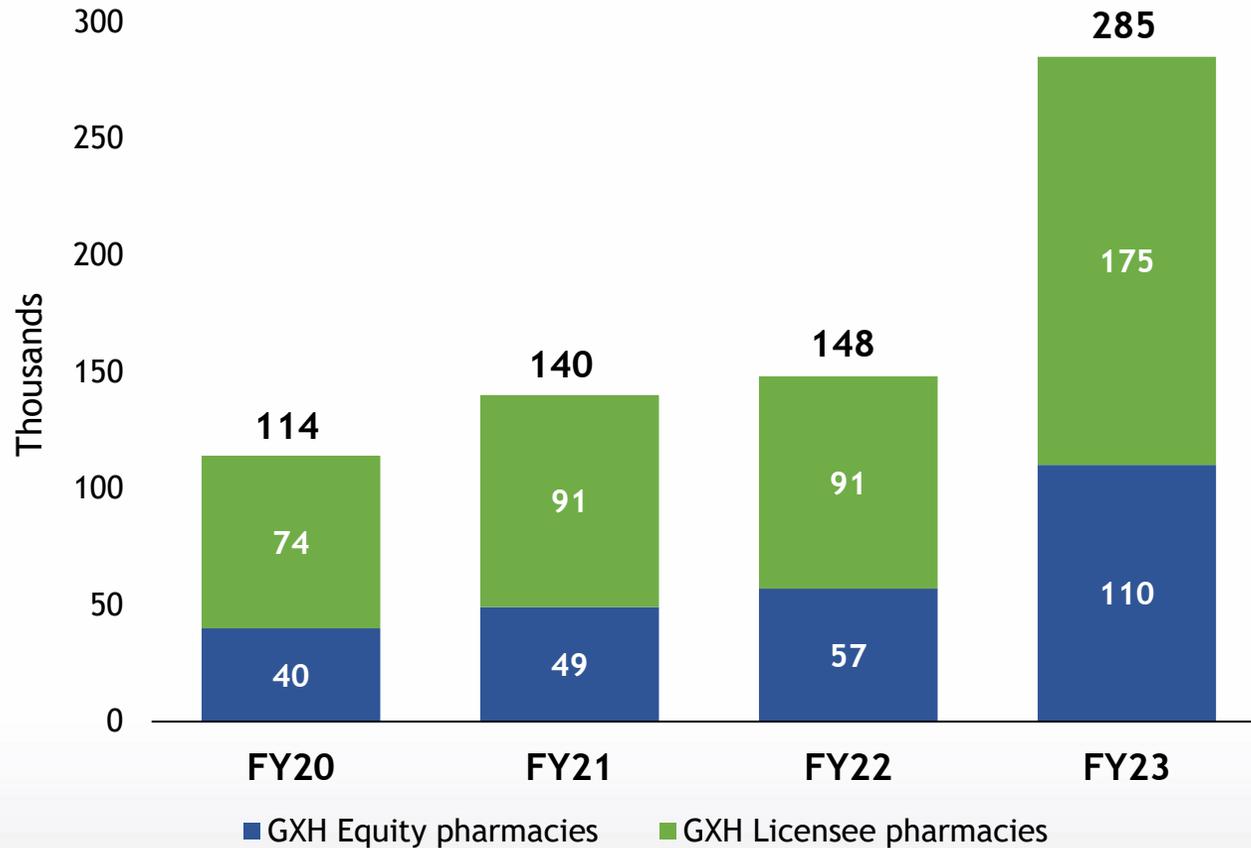
**Unichem**<sup>+</sup>

*life*  
Pharmacy

 **PillDrop**  
Pharmacy. Your Way.

-  Revenue of \$360.4m
-  Operating Profit at \$21.1m
-  Following record profit in FY22 driven by COVID-19 vaccination activity, **Operating Profit** down 41% with shift in revenue mix and labour cost pressures
-  Revenue from retail activity lifting from COVID-19 lows, up 2%
-  Script numbers up 10%

# Record Year For Flu Vaccinations



 COVID-19 vaccination resource diverted to focus on flu vaccinations, with volumes up 93% year on year



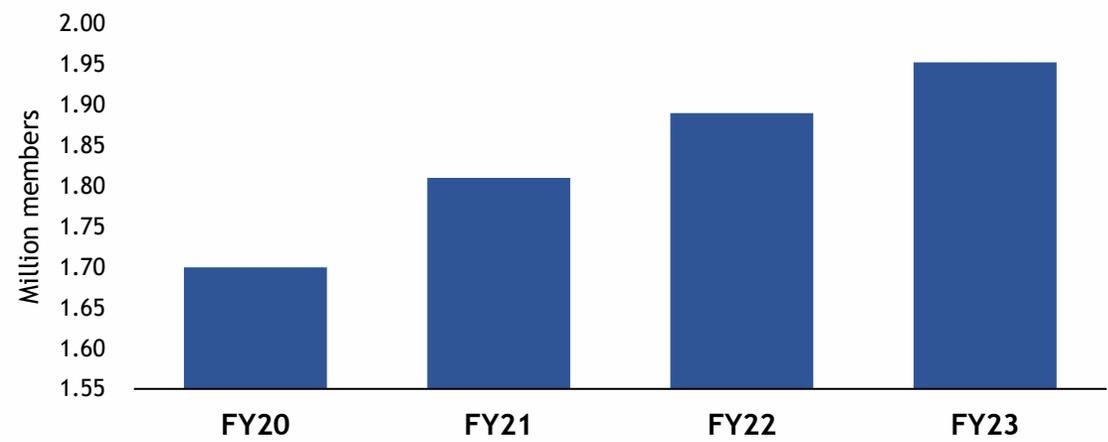
# Living Rewards Members Spend 65% More Than Non-members



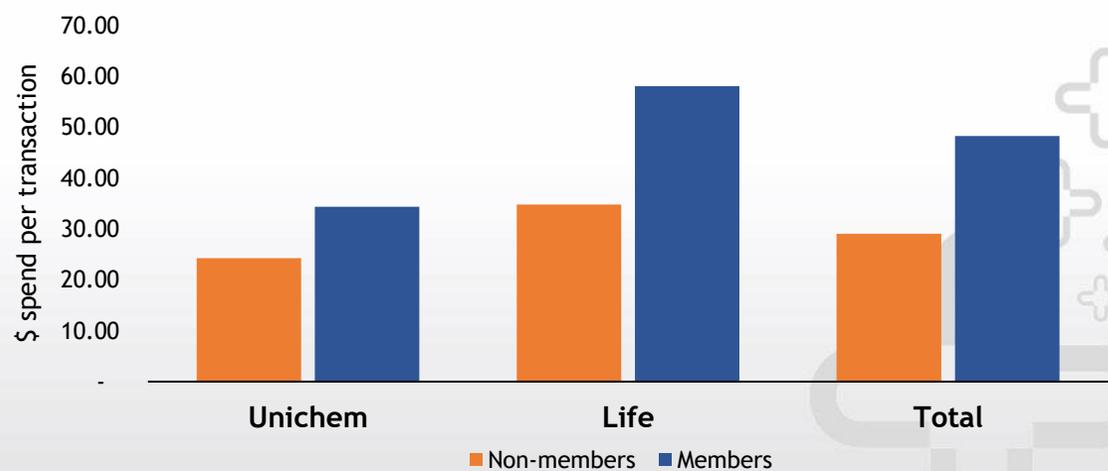
**1,952,661 Living Rewards Members**

- + 3.5% growth in Living Rewards members to 1.95m
- + Successful new member acquisition campaigns added 66,583 new members
- + Transitioned to new specialty loyalty platform in year, increasing segmentation and personalisation capability
- + Increased communications and offers to Living Rewards members, lifting member spend per transaction 13% year-on-year
- + Life Pharmacy Living Reward members spend 65% more than non-members and Unichem Living Reward members spend 41% more than non-members

**Continued Growth in Living Rewards Members**



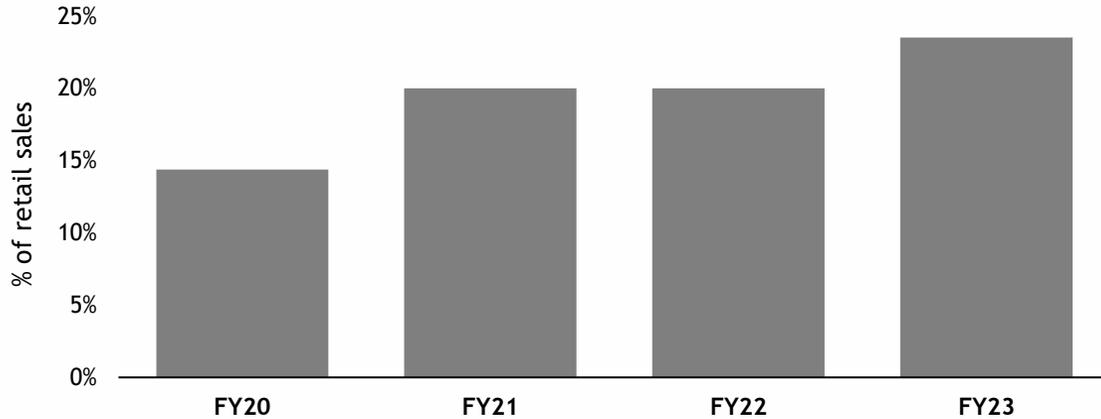
**Living Rewards Members Spend More**



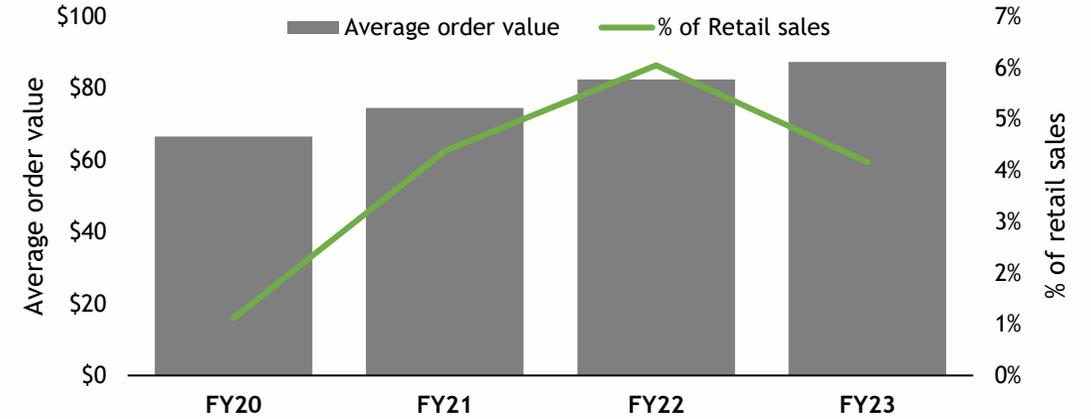


# Differentiated Products Increased to 23% of Retail Sales

## Growth in Differentiated Brand Sales



## Average E-commerce Order Value Lifted



- + Differentiation strategy through supplier partnerships continued with strategic and exclusive brands now accounting for 23% of retail sales
- + Over 20% growth in total differentiated sales year on year
- + Expansion of differentiated over-the-counter product offering with a year-on-year increase in sales of over 5%
- + Strategies to lift the basket size and protect margin progressed, leading to 1.6% increase

- + While online volumes have settled from the pre-COVID peak, they remain strong at 4% of retail sales
- + Average order value up 6% year-on-year
- + Over 11.5 million page views with conversion rate 88% higher than pre-COVID levels

# + Investment in Technology and People

## Technology

- + Digital capability enhanced through partnership with technology company MedAdvisor
- + 223 stores now using SMS alerts, reaching almost 500,000 customers
- + Unichem and Life Pharmacy branded app to support omni-channel customer interaction built and launched just prior to year end, with 208 stores already subscribed

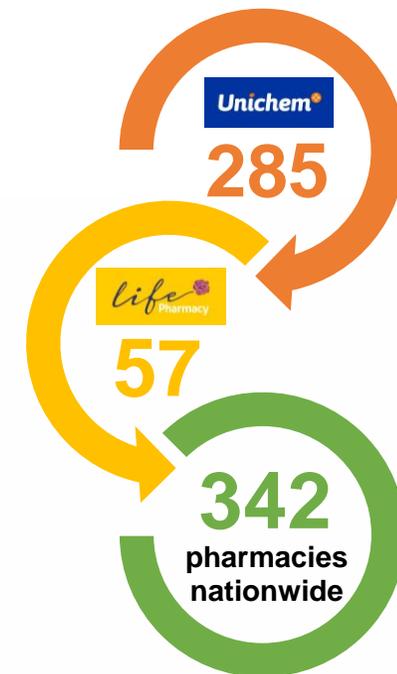
## People

- + Appointment of Paul Webber to General Manager - Equity Pharmacies and Edwina Neilson to General Manager - Marketing
- + Significant investment in staff with almost 30,000 online training modules completed in year

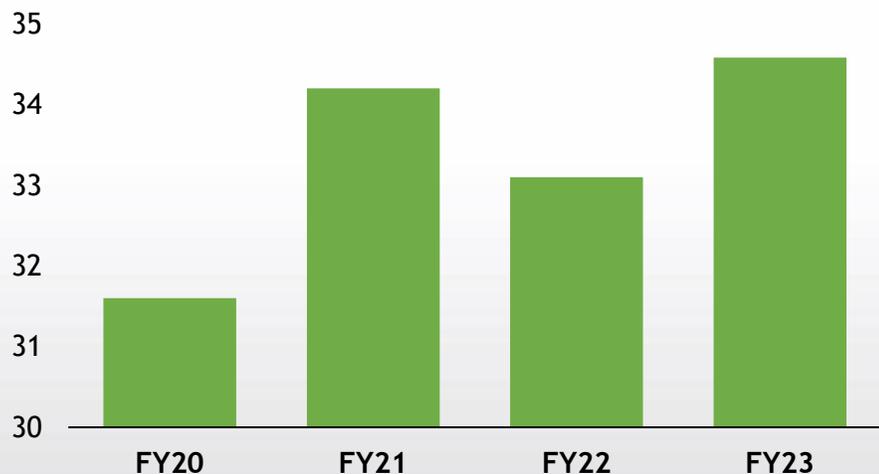


# Largest National Pharmacy Network

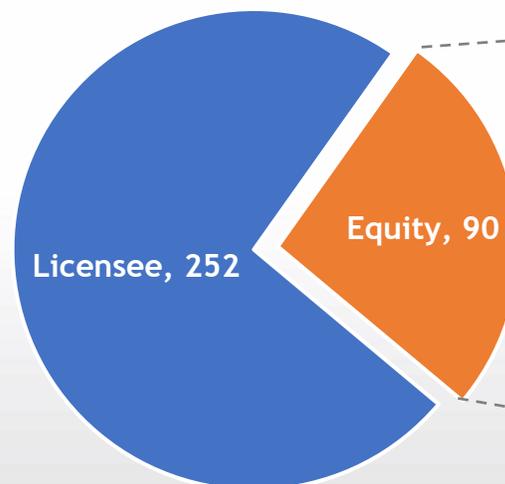
- ⊕ New Zealand's largest network of health retailers with 342 stores nationwide
- ⊕ Dispensed over 34 million scripts, representing ~40% of all New Zealand volumes
- ⊕ Year-on-year growth in GXH equity store script volumes, with initial script volumes up 11% and total script volumes up 10%
- ⊕ KPMG global customer experience survey placed Unichem and Life Pharmacy 2nd and 4th respectively within the NZ non-grocery retail sector



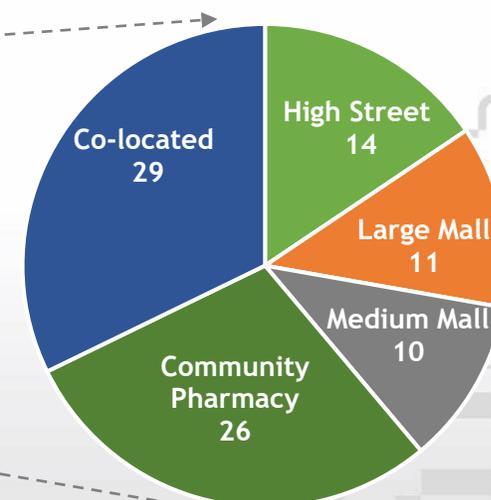
Total Scripts (m)



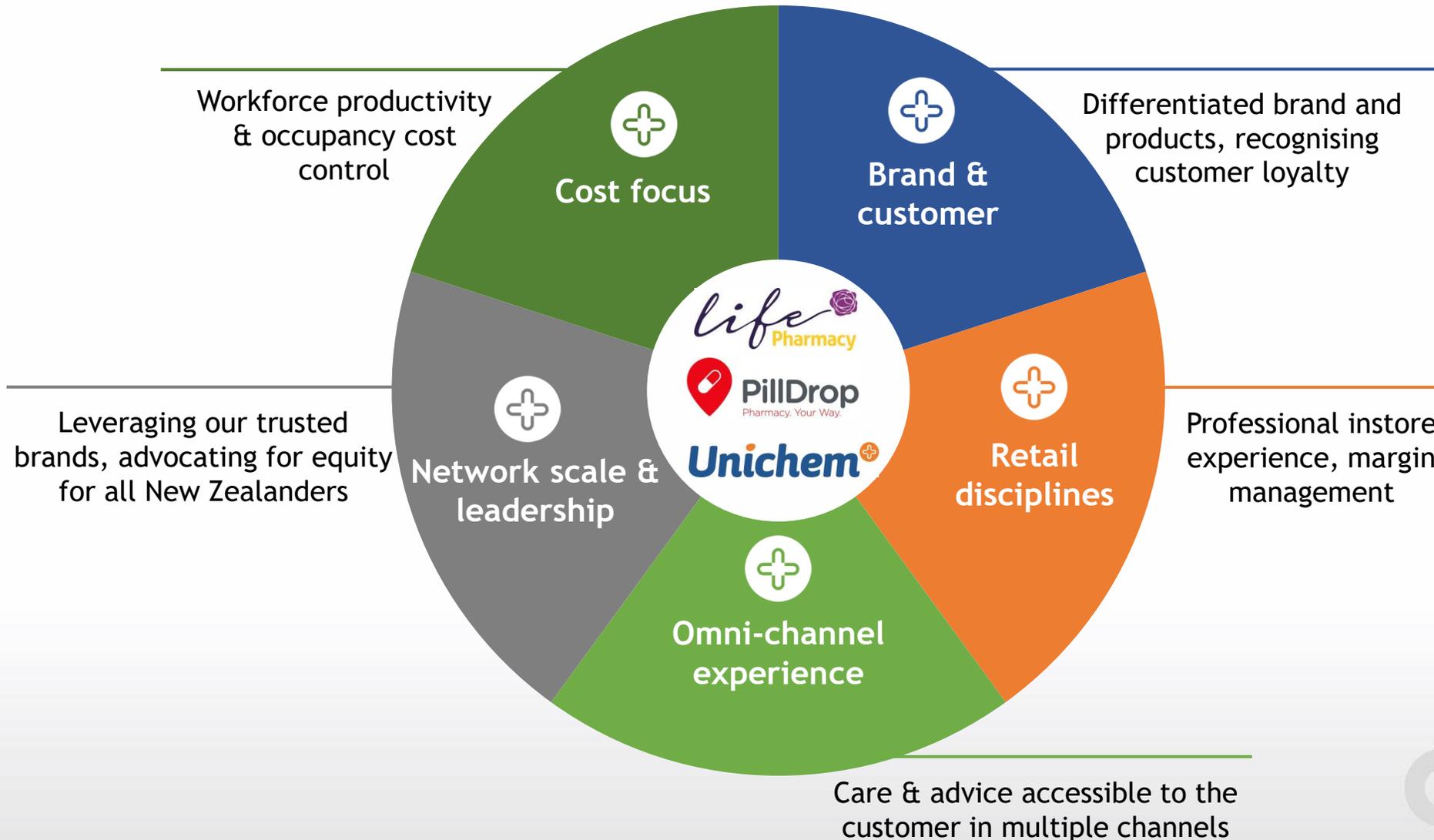
Pharmacy Count by Ownership



Equity Pharmacy Locations



# Pharmacy Will Win By Focusing on the Customer





# Medical Division

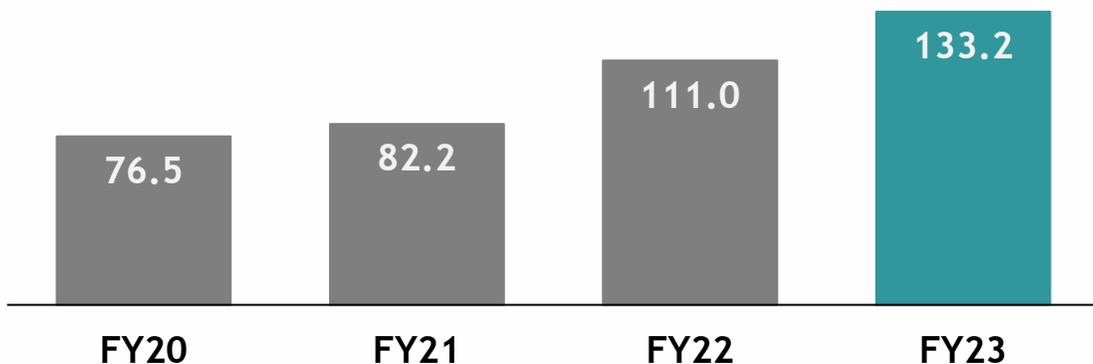
 **the doctors**  **HouseCall**

*Growth, leadership and sustainable models of care*

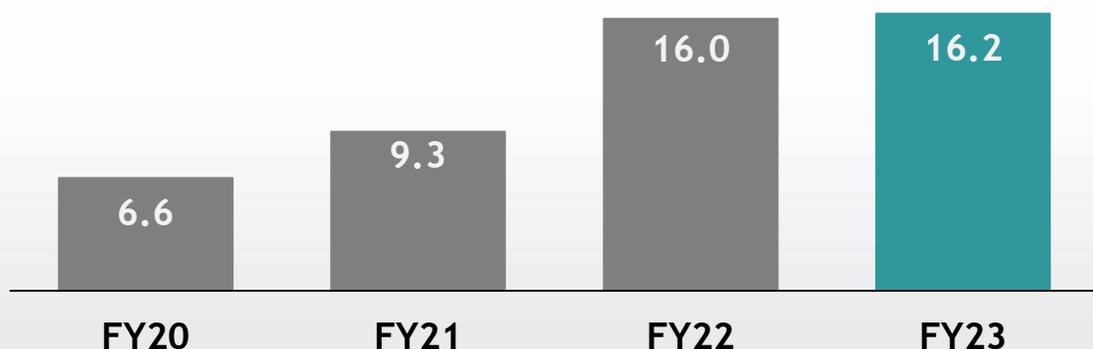
 **GREEN  
CROSS  
HEALTH**

# Medical Performance

## Medical Operating Revenue (\$m)



## Medical Operating Profit (\$m)



 thedoctors  HouseCall

-  **Revenue** up 20% to \$133.2m, driven by COVID-19 activity in the first half of the year, along with acquisitions
-  **Operating Profit** up 1% to \$16.2m, with labour cost pressures and reduced COVID-19 swabbing impacting margin
-  **386,000 enrolled patients** as at 31 March 2023, an increase of 57,000 (+17%) since 31 March 2022
-  **Ownership** in 61 medical centres

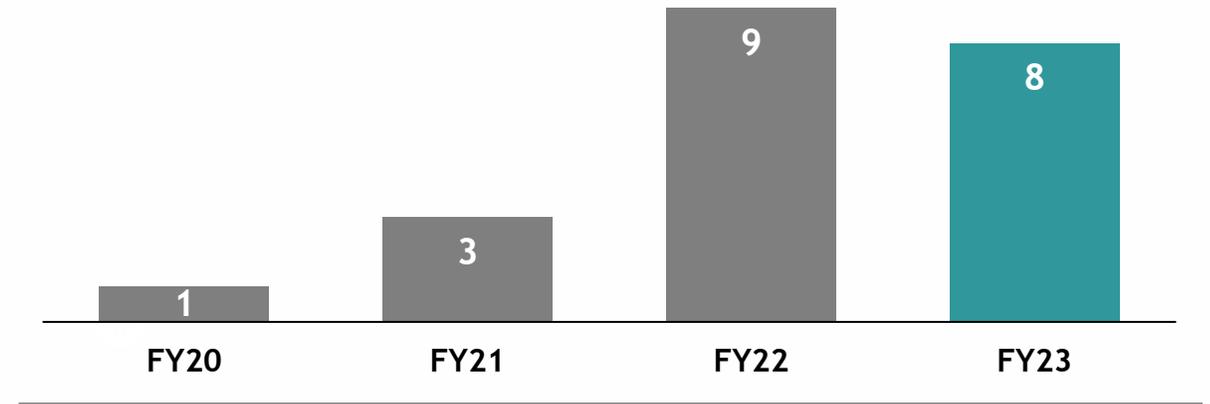
# Acquiring and Integrating New Centres

-  Another year of accelerated acquisition activity with eight centres acquired in year, to close with 61 medical centres
-  Two more acquisitions completed post year-end
-  Strong pipeline of future acquisitions
-  The Doctors has New Zealand's largest general practice enrolled patient base

 the **doctors**

**386,400 enrolled patients**

## Medical Acquisitions



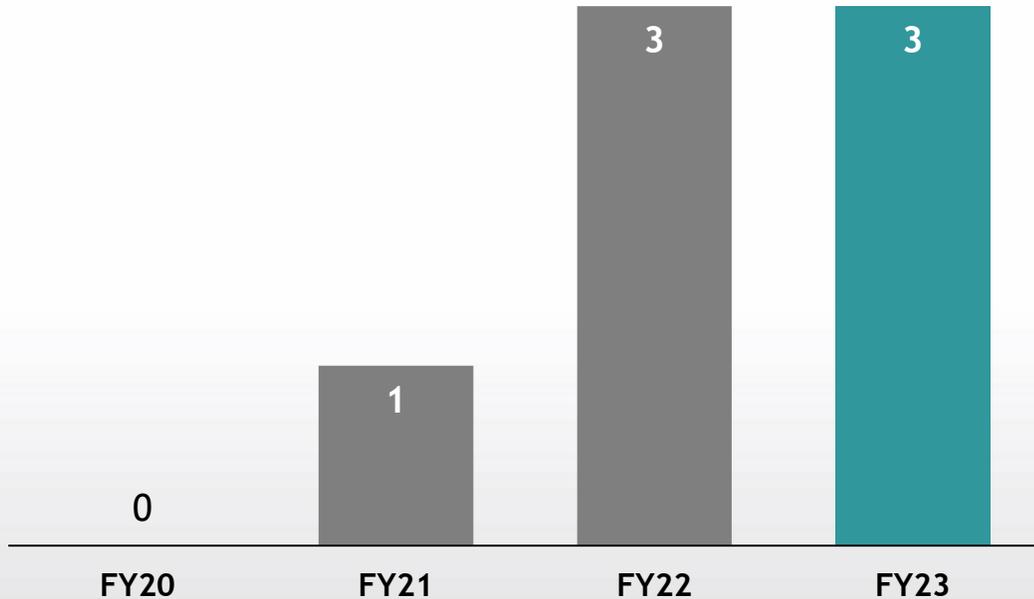
## Enrolled Patients



# Growing The Doctors Brand

-  The Doctors rebrand programme continues with five centres completed in year
-  Upgrades to modernise three medical centres, improving operational efficiencies and enhancing the patient experience

## Refurbishments



# + Operational Improvement Initiatives Continue

+ thedoctors + HouseCall

- + Following record-high COVID-19 earnings in FY22, EBIT margin came in at 12% for FY23, despite inflationary labour pressures
- + Other costs reduced to ~17% of revenue through successful cost reduction initiatives
- + Delivering efficiency gains through operational improvement and leveraging scale
- + Commenced roll-out of standardising practice management systems to improve patient experience and gain operational efficiency

## Double Digit EBIT Margin Through Operational Efficiency and Cost Management



# Focus on Technology

 Further investment in newly created Virtual Care Team and expansion of HouseCall digital consultation capability



**No. of SMS texts sent 3,072,671**



**No. of website hits 520,038**



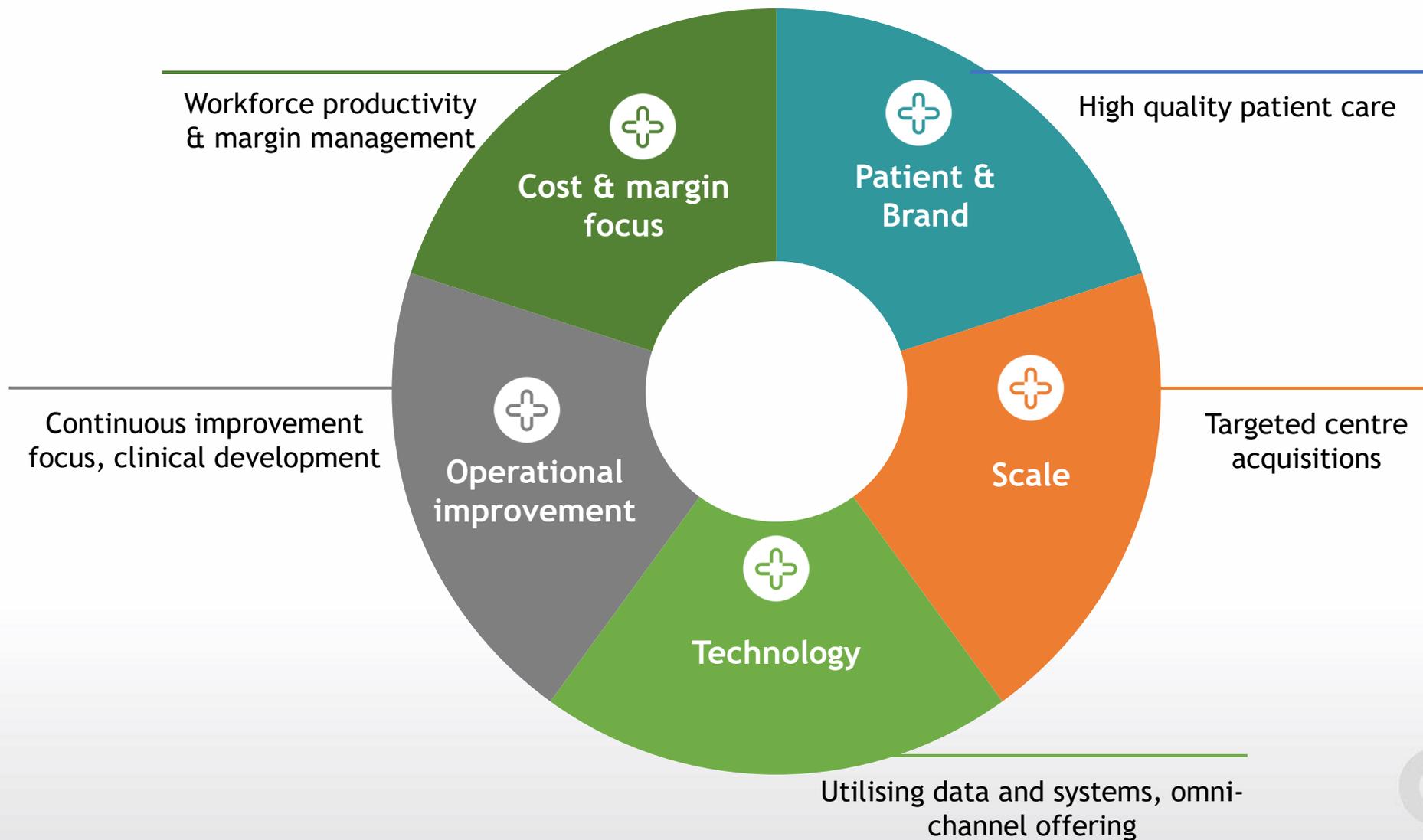
**Page views 1,300,206**



**Patient emails sent via Chatterbox 411,466**



# Medical Strategy of Organic Growth & Acquisitions



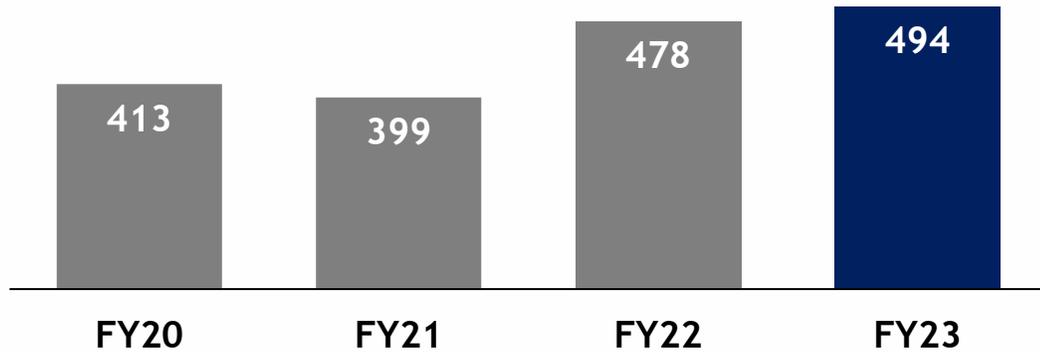


# Group Financial Result

*12 months ending 31 March 2023*

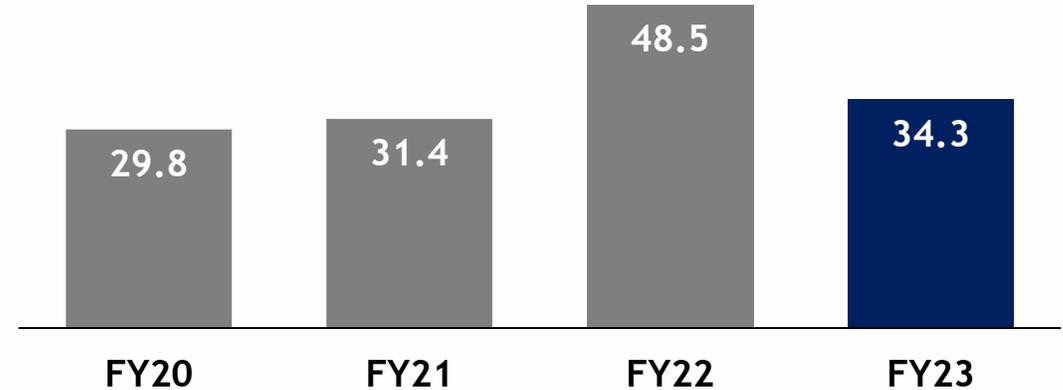
# Group Revenue and Operating Profit

GXH Operating Revenue From Continuing Operations (\$m)



-  Revenue of \$494m, up 3%
-  FY23 revenue increase a result of acquisitive growth in Medical, along with 3% growth in same centre revenue in Medical, plus retail and script growth in Pharmacy

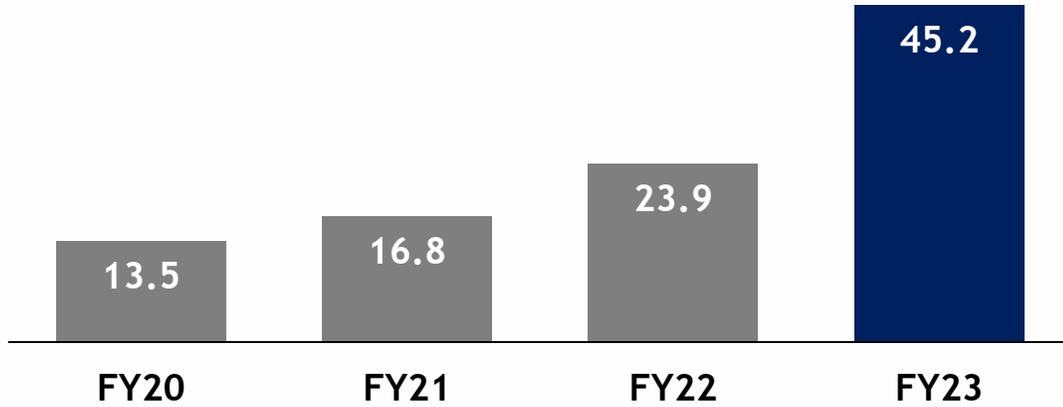
GXH Operating Profit From Continuing Operations (\$m)



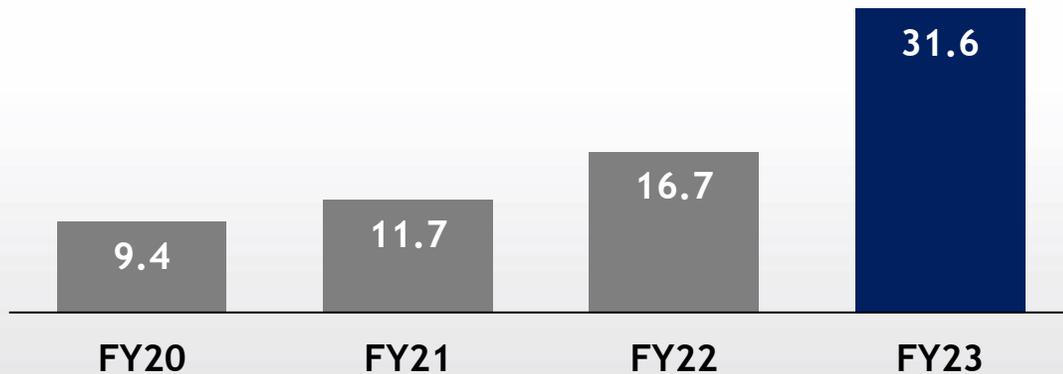
-  Operating Profit from continuing operations of \$34.3m, down 29% (up 9% on FY21)
-  FY23 Operating Profit decline the result of reduced COVID-19 related services compared to FY22, and increased labour pressure

# Group NPAT, EPS & Dividend

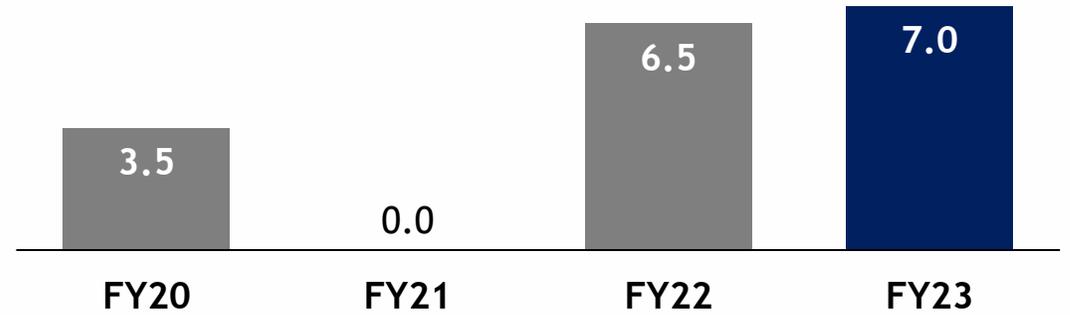
GXH Net Profit After Tax Attributable to Shareholders (\$m)



GXH Net Profit After Tax Attributable to Shareholders (cps)



Dividends Per Share (cps)



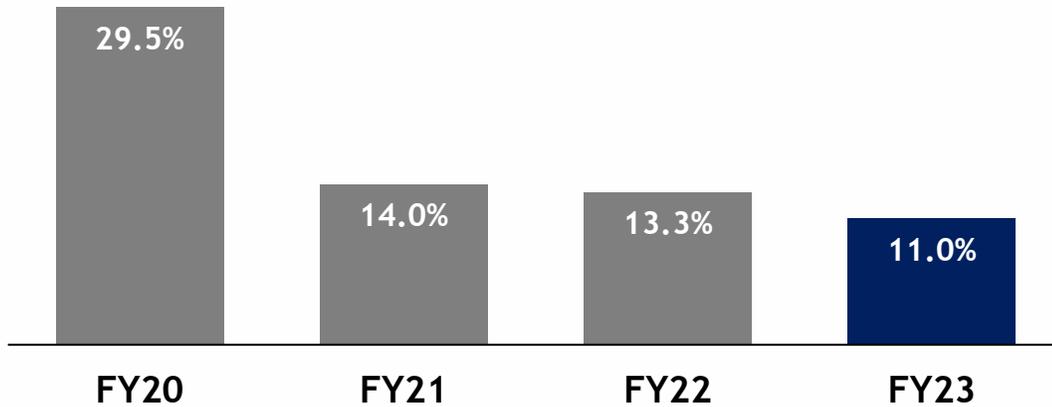
*Based on dividends declared during the financial year*

-  EPS at 31.6 cps, an increase of 89% on prior year
-  Final FY23 dividend of 3.5cps declared – payment date 23 June 2023 (interim dividend was 3.5cps)
-  Special dividend of 28cps (\$40.1m) paid 28 April 2023 following successful divestment of Community Health division



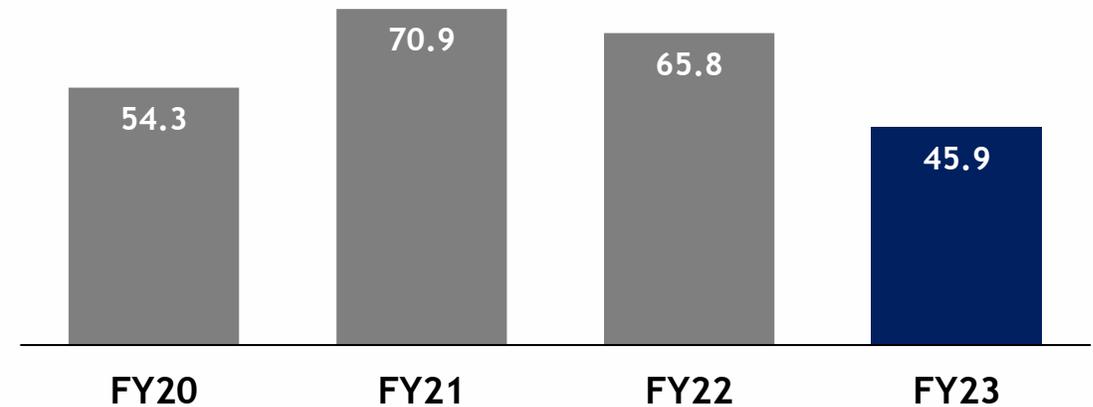
# Working Capital Management Disciplines Supporting Further Acquisition Activity

Gearing Ratio (debt / debt + equity attributable to shareholders)



- + Gearing ratio of 11.0% in FY23
- + Undrawn debt facilities of \$40.2m as at 31 March 2023
- + Net cash position of \$34.7m as at 31 March 2023
- + Improved working capital management has positioned GXH well to continue strategy of acquisitive growth
- + Financing ratios:
  - Debt / pre IFRS16 EBITDA – 0.7x
  - Operating Profit / Interest – 24x

GXH Operating Cash Flow (\$m)



- + Operating Cash Flow of \$45.9m

Enabling investment (\$24.3m) in:

- + Eight medical centre acquisitions
- + Ongoing site capex requirements including three refurbishments and five rebrand projects in Medical



# About 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.



# Who We Are

Pharmacies providing extensive range of health, wellness and beauty related products and services across communities throughout New Zealand, supported by digital offerings

**342**  
pharmacies

**57**  
*life* Pharmacy

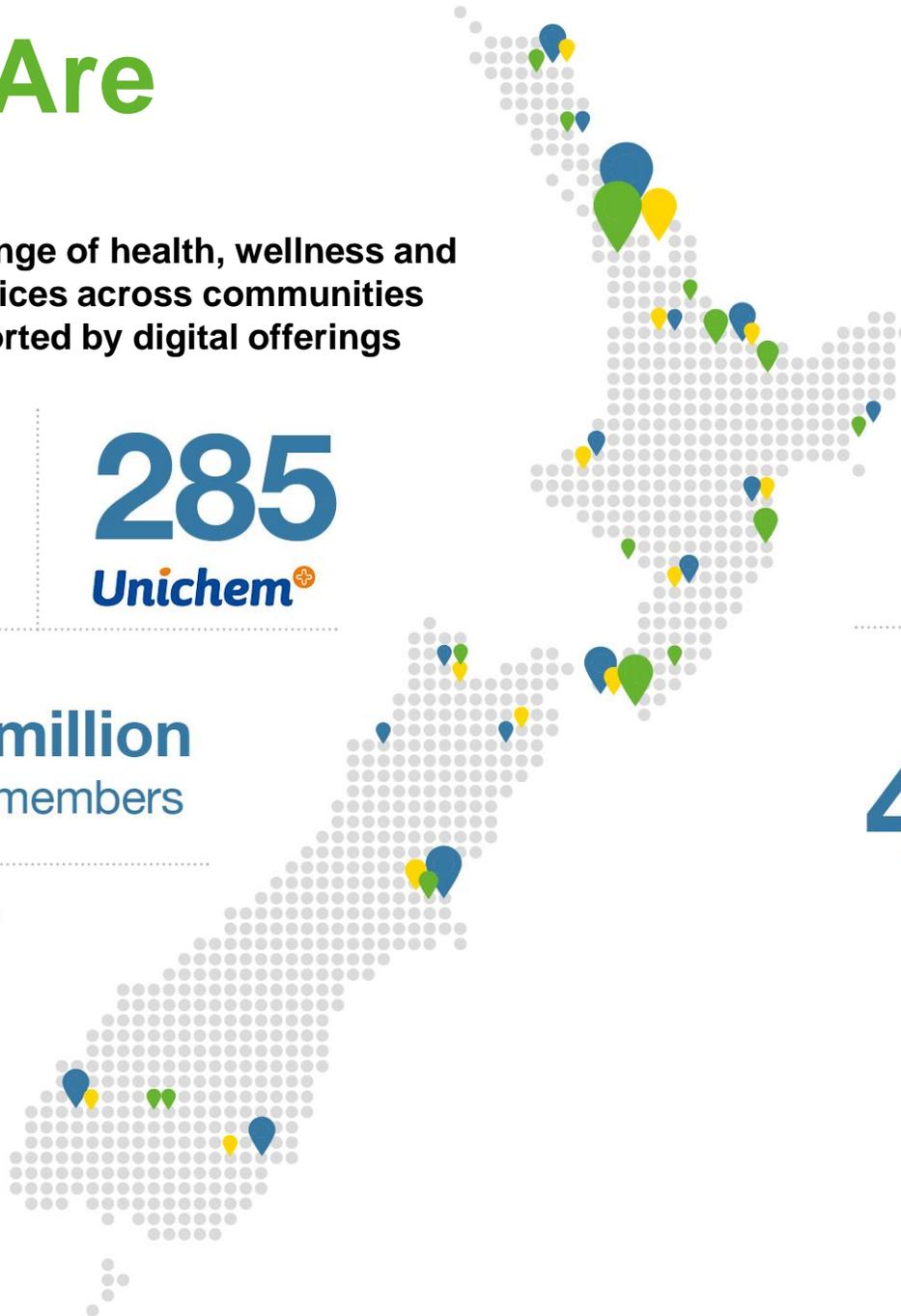
**285**  
Unichem<sup>+</sup>



**1.9 million**  
loyalty members



-  Unichem Pharmacies
-  Life Pharmacies
-  The Doctors Medical Centres



**63**  
medical centres

 the **doctors**  
 **HouseCall**

**401,000**  
enrolled patients

  
**410**  
nurses

  
**408**  
doctors

  
**21**  
nurse practitioners

**General practice networks across New Zealand, offering in-practice and virtual services**