



ANNOUNCEMENT

24 May 2017

Green Cross Health Limited Full Year Result Announcement for the year end 31 March 2017

Green Cross Health (NZX:GHX) today reported an increase of 15.3% in net profit after tax attributable to shareholders of \$19.6 million. This was impacted by a \$2.8 million fair value gain (compared with \$2.2 million of one-off gains in the previous year). Underlying Net Profit gain was 13.4%. Revenue for the period increased by 9% to \$488 million.

During the period, Pharmacy division revenue increased \$27 million over the previous year, Community Health division grew by \$10 million and Medical division revenues were up \$2.8 million. This strong performance from all of the Group's three divisions was predominantly organic growth.

"We are encouraged by the continued growth of the Group as we consolidate our position as a provider of primary health care services," said Peter Merton, Chairman of Green Cross Health.

"Our focus over the past year has been on operational improvement and consolidating our financial performance across the Group, creating a solid base for sustainable growth in the future."

In the Pharmacy division, same store operating profit before interest and tax was up 11%. The pharmacy network grew by 13 pharmacies, including four acquisitions in growth regions of New Zealand. The acquisitions were completed in the last two months of the financial year and will contribute fully in the year to come.

Operational improvements in the Medical division resulted in profit improvement of 5.3% and in May 2016, the remaining 17.5% of Peak Primary was acquired.

The Community Health division performance improved significantly over the previous year, with an operating profit of \$3 million, an increase of \$2.3 million.

Net Cashflows from operating activities of \$29.9 million were \$11.5 million up on last year and have been applied to new acquisitions, capital investment and debt reduction. Net borrowings therefore reduced from \$52.6 million to \$47.3 million at balance date.

Changes to the Board

In February 2017 Mr Peter Williams was added to the Board as an alternate for Mr Patrick Davies. He will formally replace Patrick as a Non-Executive Director from May 2017. Peter is an executive of The Zuellig Group which has significant healthcare interests in Asia Pacific. He is a Director of a number of companies including, in New Zealand, Ebos Group Ltd and CB Norwood Distributors Ltd.

At the conclusion of this year's Annual General Meeting Mr Keith Rushbrook will step down from his position of Independent Director after eight years on the Board.

Dividend

The Directors have resolved to pay a fully imputed final dividend of 3.5 cents per share to shareholders on the register at 5pm on 9 June 2017. This is consistent with the prior year and enables continued reinvestment in the business. The dividend will be paid on 23 June 2017. The dividend reinvestment plan continues to operate. This takes the full year dividend to 7 cents per share.

Future focus

There is scope for substantial growth and innovation in the Medical division and further acquisitions will provide critical mass and increase the opportunities to drive additional primary health care initiatives.

The Pharmacy division will focus on core retail and professional services offers while continuing to progress with operational efficiencies and managing the cost base to deliver revenue and profit growth. Realising the profit contribution from pharmacy acquisitions during the past two years will augment this growth.

Supporting the government's NZ Health Strategy and Pharmacy Action Plan, Green Cross Health is ideally placed to deliver increased primary health care services in community pharmacy throughout New Zealand. In the last year, further opportunities opened up for funded flu vaccinations and for pharmacist supply of oral contraceptive repeat scripts. These initiatives supported the strategy of easier access to quality health care in the community and we will continue to progress service delivery in this way.

The strong result delivered by the Community Health division provides optimism for growth to continue in the 2018 fiscal year. With a realigned cost base and strategies in place to improve client services and staff retention, roadmaps are in place to develop further service offerings. The deployment of new IT systems to support operations will provide scalable efficiencies.

"Our strategic direction remains consistent. We remain committed and on track to develop Green Cross Health into a primary healthcare business able to deliver sustainable healthcare to meet the changing social and demographic needs and expectations of our communities," said Merton.

"We will continue to identify and facilitate opportunities for greater collaboration between the people who deliver health care services and to improve the operational systems which support them, with a goal of offering improved health outcomes and experience for all New Zealanders," Merton concludes.

END

Contact

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Results for announcement to the market		
Reporting Period	12 months to 31 March 2017	
Previous Reporting Period	12 months to 31 March 2016	
	Amount (000s)	Percentage change
Revenue from ordinary activities*	\$487,645	8.92%
Profit from ordinary activities after tax attributable to security holders*	\$19,642	15.30%
Net profit attributable to security holders*	\$19,642	15.30%
Dividend	<p>Directors have resolved to declare a final dividend of a net 3.5 cents per share, fully imputed at 28% making a full year fully imputed dividend of total 7.0 cents per share.</p> <p>The final dividend will be paid on 23 June 2017 to shareholders on the register as at 5 pm on 9 June 2017. The DRP will be operative for this dividend payment.</p>	
Comments	Please refer to the attached Audited Consolidated Financial Statements for the year ended 31 March 2017.	