



## Green Cross Health Limited Full Year Result Announcement

Auckland 24 May 2016

Green Cross Health (NZX:GXH) today reported an increase of 18% in net profit after tax attributable to the shareholders to \$17 million for the 12 months to 31 March 2016 (2015: \$14.4 million). This was impacted by a \$1.7 million fair value gain and interest costs approximately \$2 million above last year. Revenue for the period increased by 39% to \$448 million.

Growth has been underpinned by strong sales growth, both organic growth in-store and as the result of acquisitions in Pharmacy and Medical divisions.

“Green Cross Health is taking shape as a leader in the provision of primary health care services. Following last year’s acquisitions, the company has started to lay the foundations for collaborative health care delivery across Pharmacy, Medical and Community Health,” said Peter Merton, Chairman of Green Cross Health.

Pharmacy revenue grew by 11%, and equity and licensee pharmacies now total 338, the Group’s highest number to date.

In July 2015, the Group purchased the remaining 50% shareholding in Total Care Health Services Limited. This acquisition has enhanced the Community Health offering, particularly in the Auckland region and will assist with the growth of nursing services nationwide.

Green Cross Health’s Community Health division revenue was up \$73 million, and the full year impact of Peak Primary drove Medical Division revenue up \$22 million. The Group continued to expand its ownership in the Pharmacy and Medical divisions, acquiring 11 pharmacies and two medical centres, while also increasing its stake in three medical practices and acquiring minority interests in a further two. Green Cross Health now provides services to a total of 47 equity and independent medical centres.

In August 2015, the Group refinanced its debt position and paid out a special dividend of \$20.4 million. As a result of this dividend and continued acquisitions, the Group currently has borrowings (net of cash) of \$52.6 million, up from \$15.4 million at 31 March 2015. Although the Group has increased its debt significantly, its balance sheet remains strong with sufficient head room to take advantage of any future opportunities.

In October 2015 Simon Lipscombe was appointed as CEO of Green Cross Health's Community Health division, following the retirement of Graeme Titcombe.

Dr Tony Edwards joined the Board in August following the retirement of Ian Sharp after six years of service.

### **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 10 June 2016. The dividend will be paid on 24 June 2016. The dividend reinvestment plan continues to operate. This takes the full year dividend to 22 cents per share, which included a special dividend of 15 cents per share.

### **Future focus**

The Pharmacy division has successfully grown retail sales, with the Living Rewards customer engagement programme making a significant contribution to this growth. Investment in the programme has grown membership to more than 1.2 million members and the company is confident that data and insights generated from the programme will help drive future revenue and profit growth. The Group also anticipates realising the full profit contribution from recent pharmacy acquisitions during 2017.

While the Community Health division result met expectations and won significant new contracts, funding in the sector continues to be challenging. A restructure has better aligned the cost base and revenue streams which, together with growth in the nursing sector, will

improve returns in the future. The focus on expanding presence within community health services in the Auckland market, and in nursing services throughout New Zealand will continue.

The Medical division represents an opportunity for significant growth. Green Cross Health will invest in providing the infrastructure, support services and innovation needed to enable the health professionals in its medical centres to focus on delivering the best possible health outcomes for their communities.

“Looking to the future, a key strategy for Green Cross Health lies in our potential to deliver a more patient-focused and measurable health care model, through cross divisional collaboration,” said Merton.

“We have been shaping our leadership team to facilitate greater collaboration between our Pharmacy, Medical and Community Health divisions, sharing knowledge and actively pursuing initiatives which contribute to better patient experiences.

“The Group is in a strong position to contribute substantially to the sustainable delivery of primary health care services in New Zealand and we will continue to engage with stakeholders across primary care to achieve this,” Merton concludes.

END

#### **Contact**

##### **Investor Relations:**

Steve Browning, Chief Financial Officer +64 9 580 6846  
steve.browning@greencrosshealth.co.nz

##### **Media:**

Debbie Yardley, Communications +64 21 470 773

Results for announcement to the market		
<b>Reporting Period</b>	12 months to 31 March 2016	
<b>Previous Reporting Period</b>	12 months to 31 March 2015	
	<b>Amount (000s)</b>	<b>Percentage change</b>
Revenue from ordinary activities*	\$447,700	38.83%
Profit from ordinary activities after tax attributable to security holders*	\$17,036	18.10%
Net profit attributable to security holders*	\$17,036	18.10%
Dividend	<p>Directors have resolved to declare a final dividend of a net 3.5 cents cash per share, fully imputed at 28% making a full year fully imputed dividend of total 22.0 cents cash per share.</p> <p>The final dividend will be paid on 24 June 2016 to shareholders on the register as at 5 pm on 10 June 2016. 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 2016.	