



Investor Presentation

October 2012

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TSX:CHH

www.centrichealth.ca

David Cutler - Introduction

- Joined Centric Health September 4, 2012
- CEO at Leisureworld Senior Care Corporation for 22 years
- Lawyer by background, solid understanding of healthcare landscape in Canada, especially in the aging population
- Built and managed strong leadership team
- Led significant growth through mergers and acquisitions in a highly regulated sector
- Took Leisureworld public in March 2010 with shareholder return average 22% per annum
- Served on Ontario Long Term Care Association board of directors for 20 years, primarily as President and VP Government Relations

Centric Health Snapshot

Canada's Leading Diversified Healthcare Company

Delivering the highest
quality healthcare services

across **980** locations

with **3,400** staff

- Focused acquisition and consolidation strategy
- Integrated service provider with the largest national network

\$435m pro forma annualized
revenue (LTM)

Achieving Critical Mass

18 Acquisitions Completed Over 30 Months

Key Acquisition Criteria

1. Reputable entrepreneurial companies with successful track records and intellectual property
2. Consolidation and rationalization opportunities
3. Attractive valuation
4. Established groups seeking the next level of growth
5. Niche services
6. Healthcare systems seeking innovative solutions

Historical Acquisition Track Record

Date	Company	Sector
09-May	Active Health	Seniors' Wellness
10-Sep	Southlake Pharmacies	Pharmacies
10-Sep	Comm. Advantage Rehab.	Homecare
10-Dec	Surgical Spaces	Surgery & Diagnostics
11-May	LifeMark Health	Rehab. & Physio
11-May	Blue Water Surgical	Surgery
11-May	London Scoping	Scoping Procedures
11-Jun	DNPI Group	Specialty Pharmacies
11-Nov	Classic Care	Specialty Pharmacy
11-Dec	Performance Medical	Orthotics
12-Feb	Motion Specialties	Home Medical Equip.

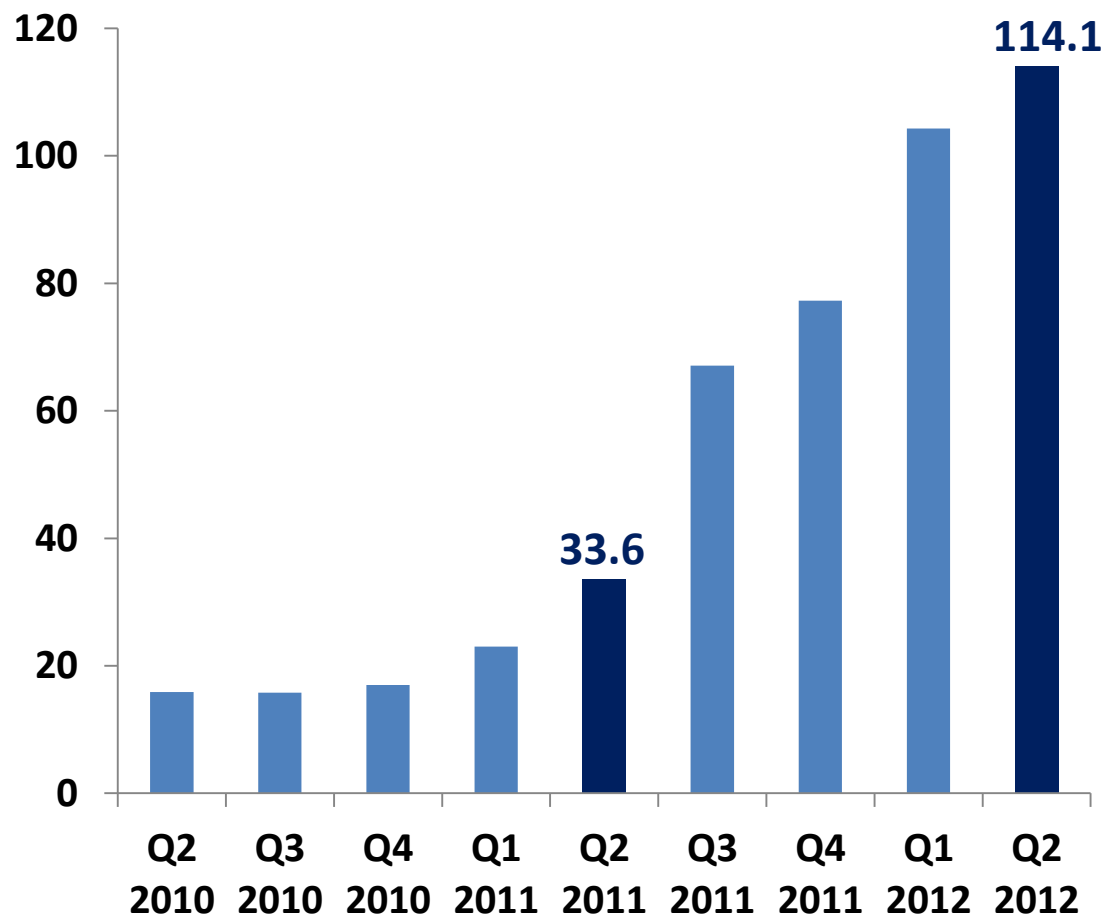
Total Value: ~\$500m

Irreplaceable Platform for Sustainable Growth

	Rehabilitation Seniors Wellness Homecare	  	Physiotherapy Operations ~110 Owned & 40 Network Clinics : ~ 1.2M Rx Seniors Wellness Contracts >450 LT Care & Ret. Homes: ~ 50,000 Beds HomeCare > 80 Service Providers to ~7,000 adults & children	Pro Forma LTM Revenue ~\$180m
	Pharmacy	 	Pharmacy Operations 18 Specialized Pharmacies serving 34 Treatment Centres 2 Outpatient Pharmacies serving ➤ 200 LTC Facilities and >16,000 Patients ➤ 10M items dispensed	~\$ 90m
	Home Medical Equipment & Retail Medical	  	Retail & HME Operations >145 Locations across Canada > 94 HME Locations / 51 Orthotics	~\$ 90m
	Surgical & Medical Centres	    	Surgical & Medical Centre Operations 7 Surgical & Medical Centre's located in 4 Provinces 19 OR's	~\$ 35m
	Medical Assessments	  	Medical Assessments Operations >3,750 Assessors, including 600 Physicians >30 Preferred Provider Contracts	~\$ 40m

Revenue by Quarter

(\$ Millions)



Q2 2012 vs. Q2 2011

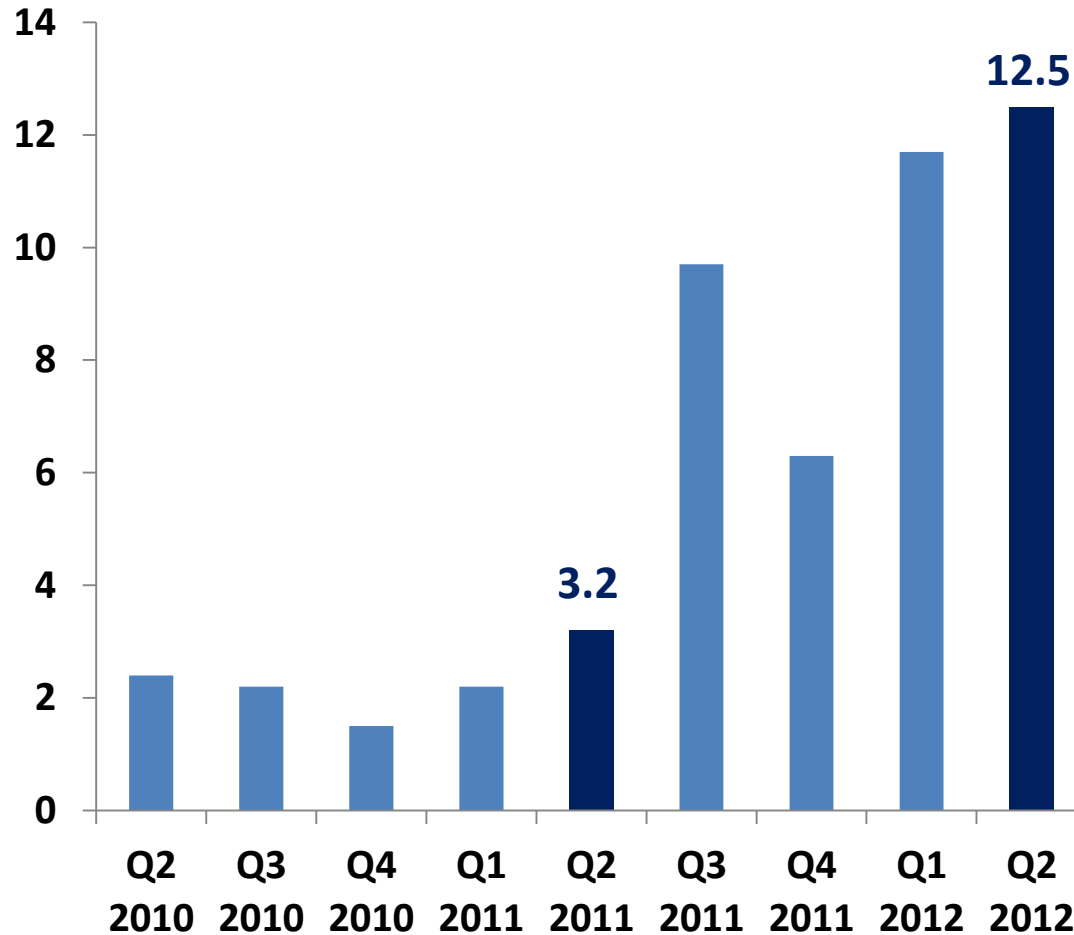


240%

Result of
acquisitions and
organic growth

Adjusted EBITDA by Quarter

(\$ Millions)



Q2 2012 vs. Q2 2011

↑ 291%

Focus on cost
rationalization and
driving efficiencies



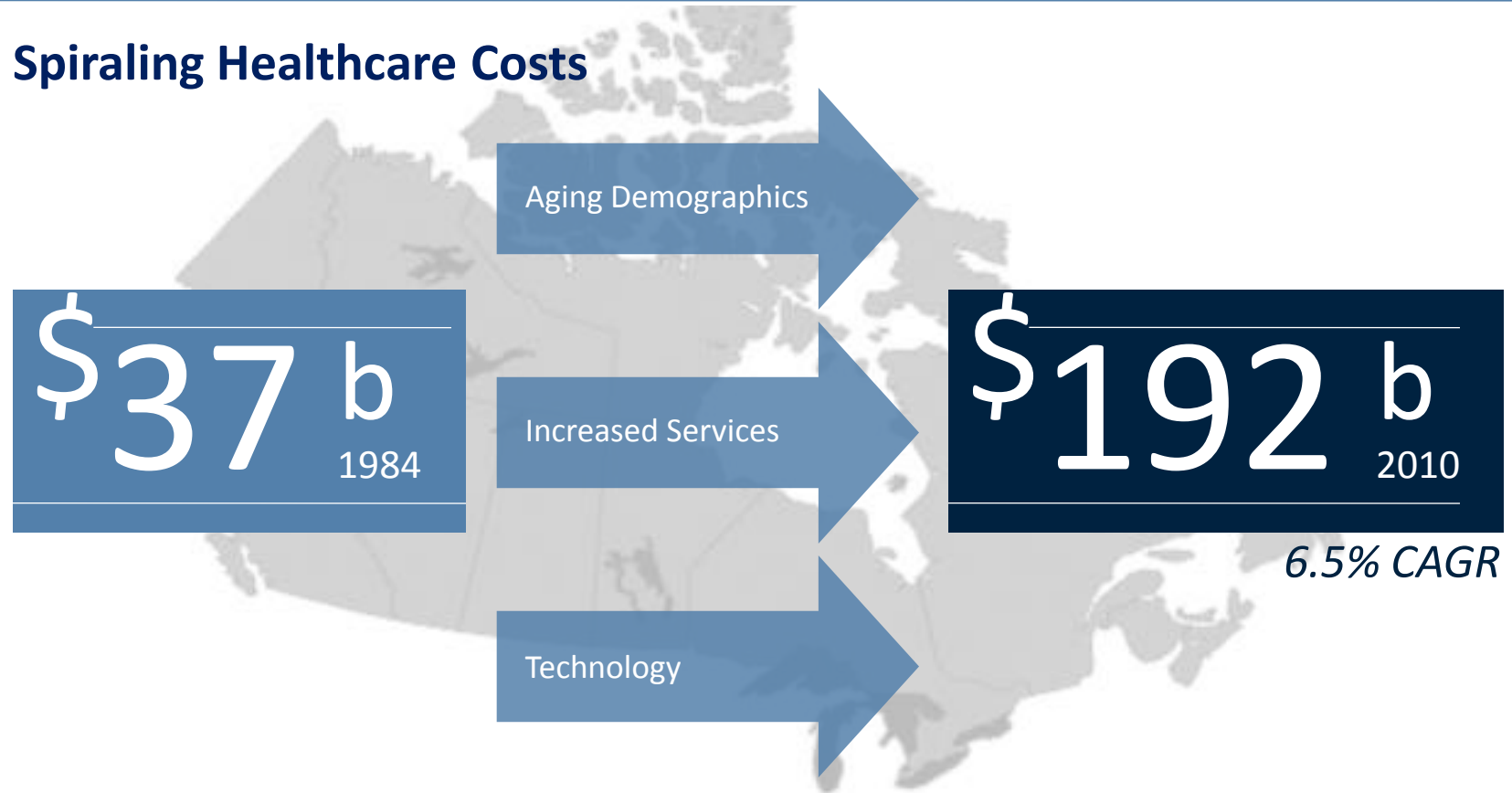
Canadian Healthcare

The Opportunity

 **Centric Health**

Canadian Healthcare Spending Landscape

Spiraling Healthcare Costs

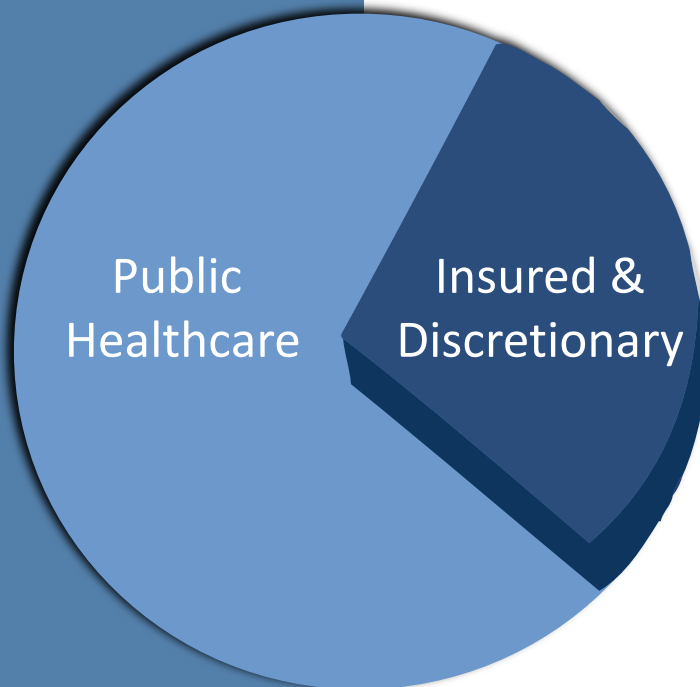


ENORMOUS pressure for cost savings via new innovation

Canadian Healthcare Spending Landscape

Public (70%)

- Government Health Programs
- Hospitals
- Drugs
- Physicians
- Administration
- Surgery
- Diagnostics



Insured

(18% or \$36.5B)

- Drug plans
- Dental & Vision
- Rehabilitation Services
- Diagnostics

Discretionary

(12% or \$20B)

- Plastic Surgery
- Elder/Convalescent Care
- Cosmetic /Dental
- Diagnostics

45% or \$61B of Publicly Funded Healthcare is Delivered Privately

Total Privately Delivered Healthcare > \$100B

Source: Canadian Institute for Health Information: National Health Expenditure Trends, 1975 - 2010



Strategy and Focus

 **Centric Health**

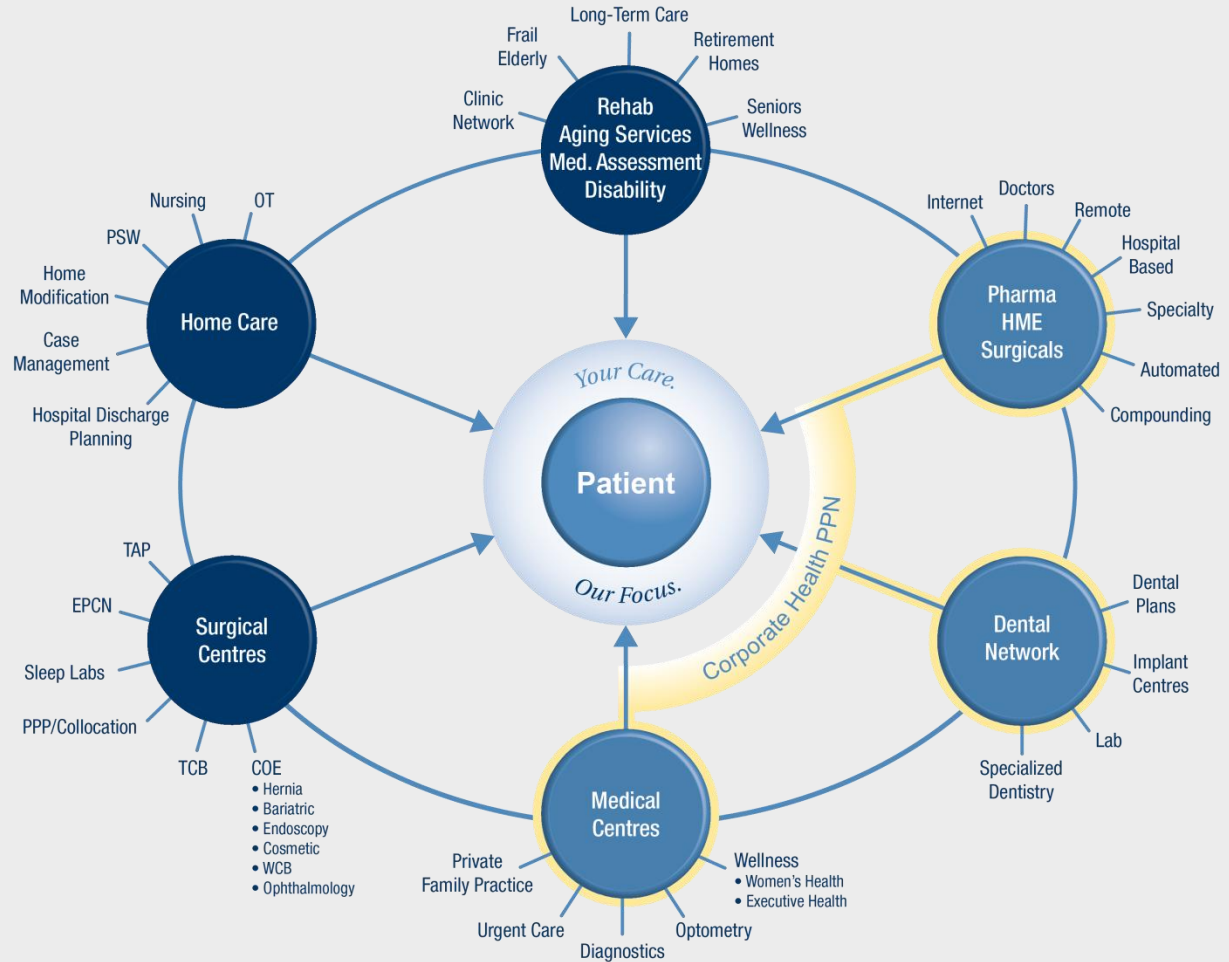
Centric Health Strategy

Focus

Seniors

Corporate Health Plans

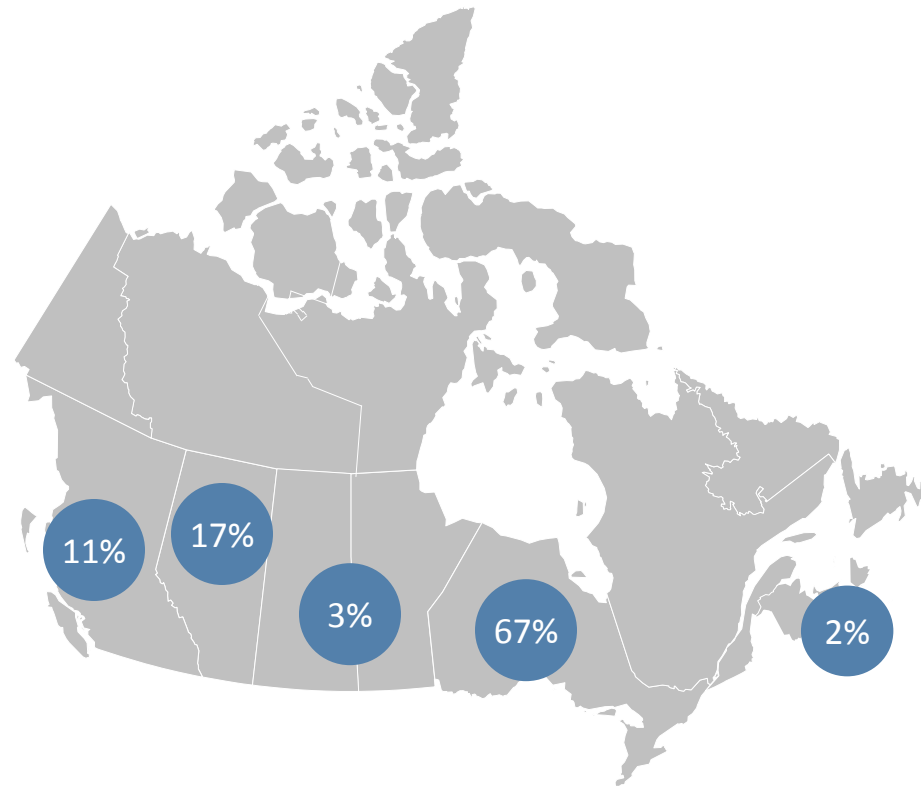
Surgical & Medical Centres



National Presence & Geographic Diversification

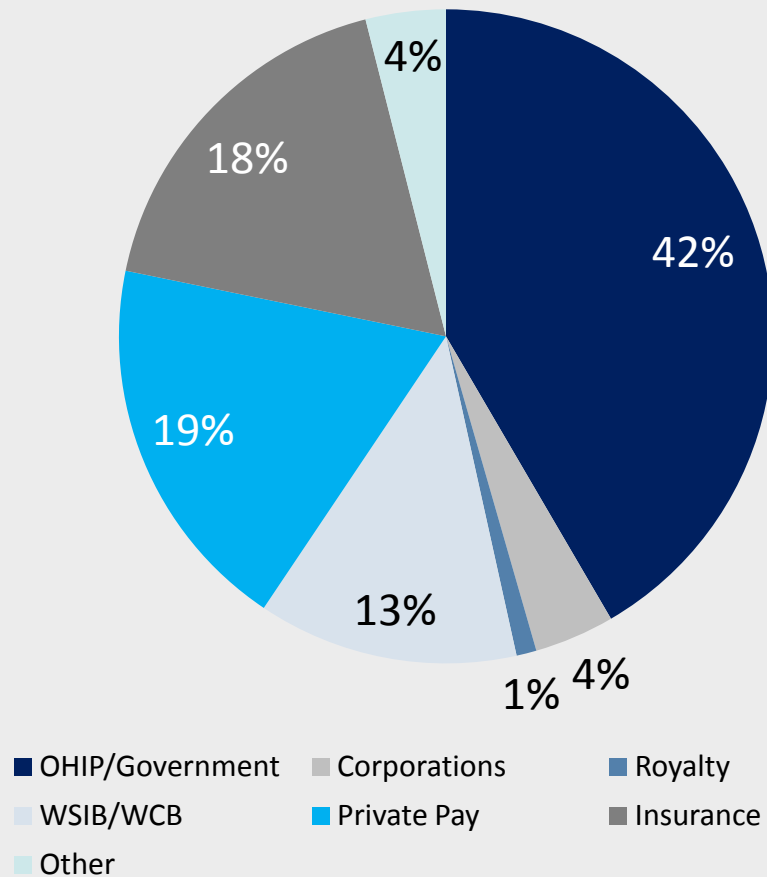
- Operate across **7 provinces** coast to coast
 - 7 provinces comprise **~75%** of Canadian population
- Consolidating a highly fragmented industry
- Strong national presence enables scale and leverage over competitors
 - Mitigates regulatory risk
 - Provides operational efficiencies and marketing and contracting benefits

Revenue by Region

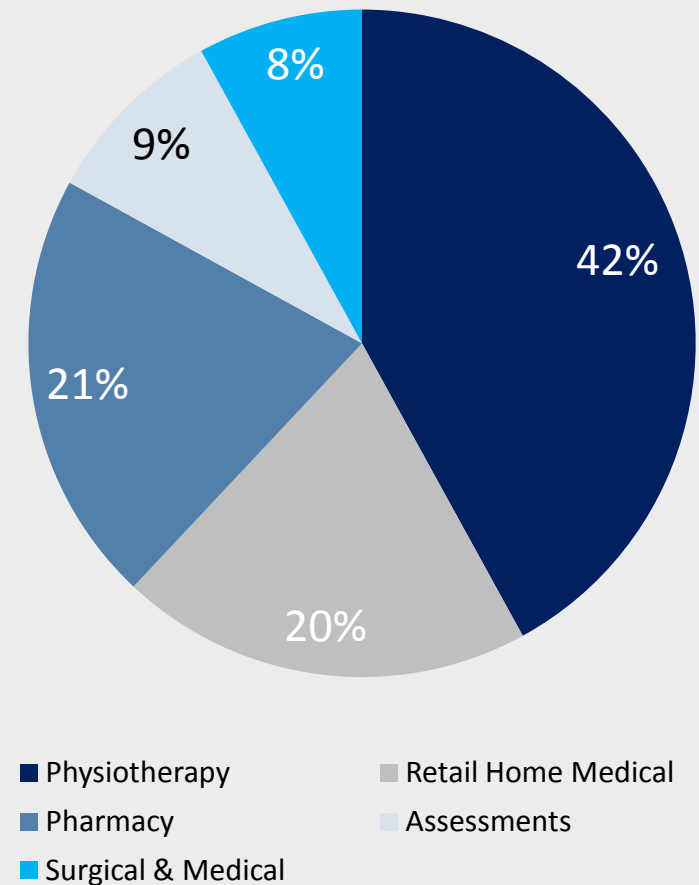


Payer & Business Segment Diversification

2012 YTD Revenue by Payer



2012 YTD Revenue by Segment



Strategic Focus

“Canada’s Premier Healthcare Company” with sustainable platform, large national footprint providing highest levels of care and outcomes across diversified integrated healthcare businesses

Strategy / Initiative	Description
Build Strong Foundation	• Focus on solidifying the existing platform and assets through operational efficiencies, enhanced controls and systems integration
Organic Revenue Growth	• Numerous opportunities identified to grow revenues with current platform, including: ◦ Bundling services and cross selling opportunities ◦ Focus on achieving “Preferred Provider” status among networks ◦ Adding products/services to existing offerings (e.g. orthotics) ◦ Creating centres of excellence housing multiple services provided by Centric’s brands
Acquisition Growth	• Disciplined acquisition plan focused on select strategic acquisitions ◦ Potential areas include dental networks, home healthcare and other specialty services • Market remains highly fragmented with majority of providers being owner-operated • Opportunities to leverage Centric Health’s existing platform ◦ Strong cost synergies

Top Line Initiatives



BUNDLING SERVICES

Business Line	Top Line Initiatives
Home Medical Equipment	Oxygen, CPAP (Trucking Initiative)
Rehabilitation	Massage Therapy, Retail, Orthotics, Employer Services
Seniors Wellness	Day Centres, Homecare, Senior Exec Medicals, Dental, Mobile X-rays, Hearing Aids
Surgical & Medical Centres	Centres of Excellence, Extended Patient Care Network, Medical Tourism, Transitional Care Beds
Pharmacy	Hospital Pharmacies, Corporate Health Plans, Compounding, Senior Nutrition, Medical Products
Assessments	Requests for Proposals, Life & Health Companies, Employers

Bundled Services



- Opportunity to **integrate solutions** and **bundle** services for seniors to create greater value
- Clients benefit from improved quality, increased efficiency and enhanced value

Other Revenue Growth Initiatives (1-3 years)

Physiotherapy Network

- ↑ Retail Sales
- Enhance Massage Therapy
- Introduce Orthotics



Other Revenue Growth Initiatives (1-3 years)



Surgical & Medical Centres

- 7 Centres
- 19 Operating Rooms
- 86 Beds
- ~12% Margin

Current Utilization < 20%

Leverage off fixed asset base

Surgical Centres: Innovation for Top-Line Growth

1. Public Private Partnerships
2. Utilizing Capacity: Centres Of Excellence
3. Triage Assessment Program (TAP)
4. Extended Patient Choice Network (EPCN)
5. Transitional Care Maternity Beds (TCMB)
6. New Technologies e.g. Balloon Sinoplasty

Cost Containment Measures – Margin Expansion

- Integration & Rationalization
- Economies of Scale
- Renegotiated Supplier Contracts
 - Payment terms
 - Early settlement discounts
 - Volume discounts
- Assessments: Closed 4 Centres and 5 Offices
- Working Capital Management

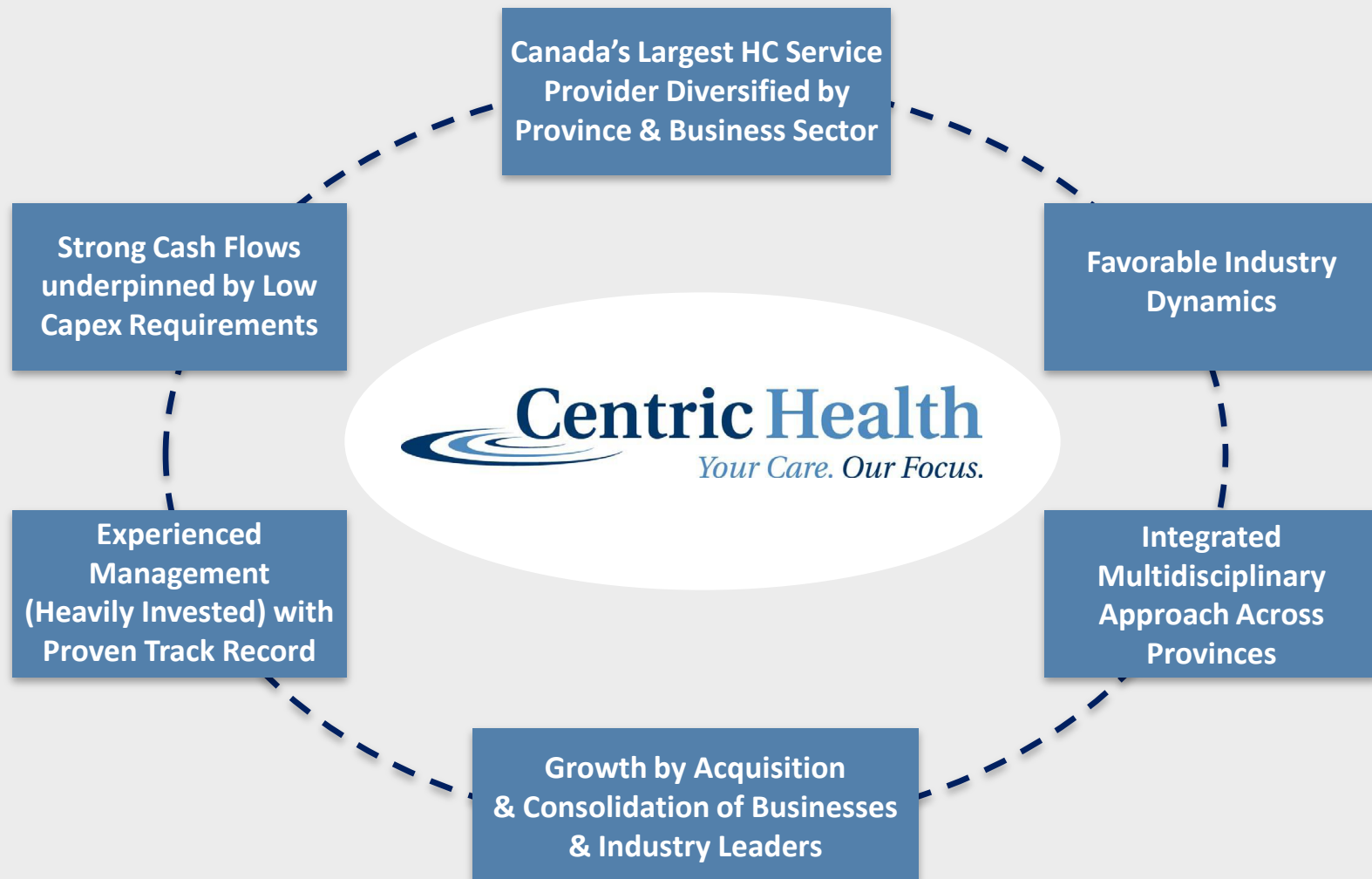
Targeted Savings: 1 – 1.5% of revenue

Looking Forward

- Centric Health's vision and assembly of assets by acquisition is impossible to replicate
- Systems, structure and process establishment are hallmarks of growing business entities
- ROI and returns to shareholders, through improved financial performance will occur in Q1 and Q2 2013
- The leadership team will deliver performance improvement and strongly support the top line initiatives

Stronger, leaner organization that will deliver quality care, services & products, as well as stakeholder value creation

Key Investment Considerations





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Supplementary Slides

 **Centric Health**

Seasonality at Centric Health

- No. of Working Days p.m./p.q.
- School Vacation
- Weather (Assessments)
- Benefit Cap / Provincial Budgets
- Seasonal Illnesses

Best Quarter: Q2
 Softest Quarter: Q3
 High: Low ~20%

	Physiotherapy	Retail & HME	Pharmacy	Seniors Wellness	Assessments	Surgical Centres
Working Days	+++	+	+	++	+++	++
Seasons	+	+	++	No	+	No
Vacation	+++	++	No	++	++	+++
Weather	+	No	+	+	+++	No
Benefits	++	++	No	+	No	+

Financing Structure

Common Shares (TSX:CHH)			
Issued (millions)	Number of Shares	Insiders	Non Insiders
Escrowed & Restricted	30.1	7.2	22.9
Freely tradable	114.4	52.8	61.6
	144.5	60.0	84.5
		42%	58%

Options, Warrants, and RSUs (millions)

	Number of Shares	Weighted Average Exercise Price	Potential Proceeds
Outstanding RSUs	0.6	-	-
Outstanding Purchase Warrants	28.6	\$0.55	\$15.6
Outstanding Stock Options	11.8	\$1.30	\$15.4
	41.0		\$31.0

Composition of Debt Finance	Debt (Millions)	Interest %
Senior Lender Facilities (end Q2 2012 adj. for October CD issuance)	~180.0	~5.1% - 5.5%
Alaris Preference Units	\$65.5	~10.3%
Convertible Notes	\$58.4	5.5% – 6.75%

