



**1<sup>st</sup> Quarter 2013**  
**Financial Results Conference Call & Webcast**  
**May 8, 2013**

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# David Cutler

President & CEO

## Centric Health

# Agenda

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1. Q1 Highlights

2. Financial Review

3. Concluding Comments / Outlook

4. Questions

# Q1 Financial Highlights

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- Incremental growth over Q4-12:
  - Revenue **\$113.3m**
  - Adjusted EBITDA **\$9.7m**
  - Q1/13: 2 fewer working days than Q4/12 and Q1/12
- Fourth consecutive quarter of positive cash flow from operations

# Updates on Critical Hires

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## **COO – Chris Dennis (Started April 2013)**

- Identifying and evaluating further operational improvements organization-wide
- Near-term emphasis on Surgical and Medical Centres

## **CIO – Jim Black (Started April 2013)**

- Focused on development and implementation of “shared services” model
- Overseeing implementation of finance/accounting system for Retail/HME

## **CFO – Daniel Gagnon (Started February 2013)**

- Led successful \$200m senior note offering and debt refinancing
- Focused on working capital management, evaluating processes and identifying further opportunities for efficiencies

# Surgical & Medical Centres Update



- Sarnia Facility: Focused on rebuilding business
- Active search for segment lead
- Numerous strategic initiatives identified to generate sustainable utilization

**Significant opportunity but time required to realize potential**

# Bundled Services Update



- Momentum in new service contracts:
  - Q1 2013: 68
  - Q4 2012: 62
- Added Respiratory equipment and services to the offering

**Additional cross-selling opportunities across the business**



# Physiotherapy Update

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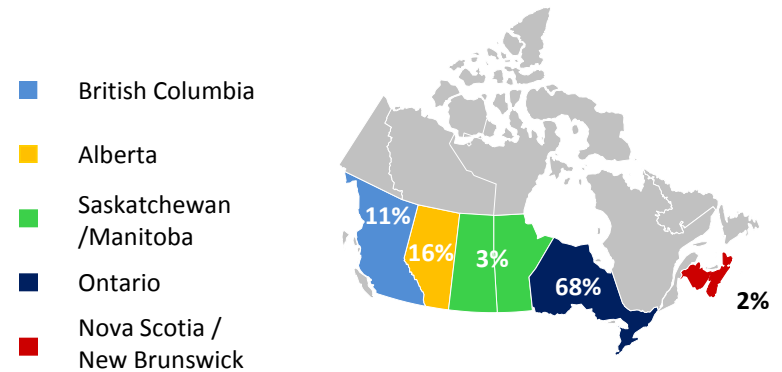
- Ontario Ministry of Health (MOH): April Announcement
  - Intention is that physiotherapy services to Ontario seniors would be delisted on OHIP – paid through alternative mechanism
  - MOH not cutting funding for seniors physiotherapy
  - Potential for increased funding to seniors physiotherapy services delivered in the community
  - Limited additional information at this time
  - MOH to provide details of proposal in coming weeks

**Well positioned in industry through extensive experience, established footprint and bundled services offering**

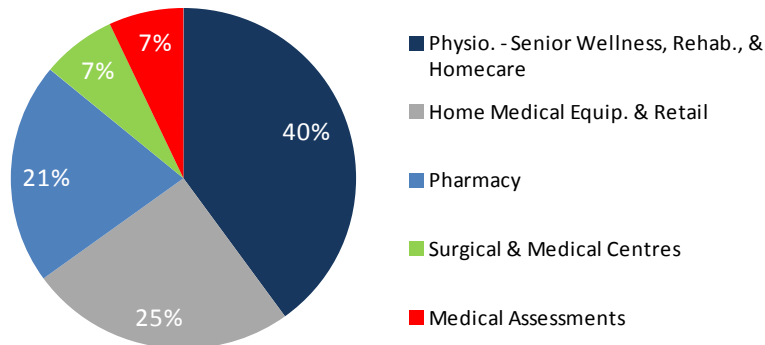
# Strong Diversification

- Mitigates impact of changes in an evolving industry
- Provides flexibility

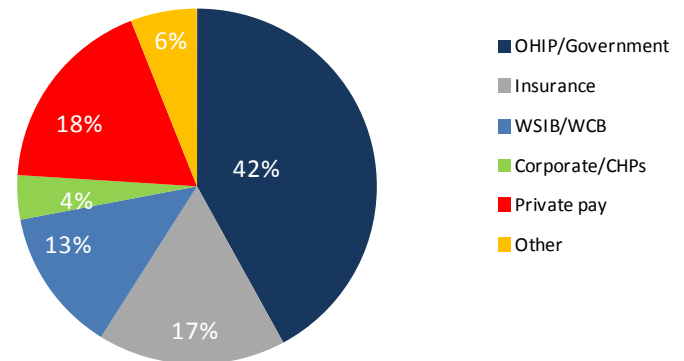
Q1 2013 Revenue by Geography<sup>(1)</sup>



Q1 2013 Revenue by Segment<sup>(1)</sup>



Q1 2013 Revenue by Payor<sup>(1)</sup>



(1) Source: Q1 2013 Management's Discussion and Analysis.

# Strengthening the Balance Sheet

- Completed offering of \$200m in senior secured notes
  - Partial repayment of most expensive debt (Alaris)
  - Refinanced term loan facility
  - Expect addition of \$10m to cash flow annually
- Revised GHIS Arrangement:
  - \$2.5m in cash flow and EBITDA savings over the term of the agreement

**Medium Term Objective: Reduce senior debt and total debt ratios**



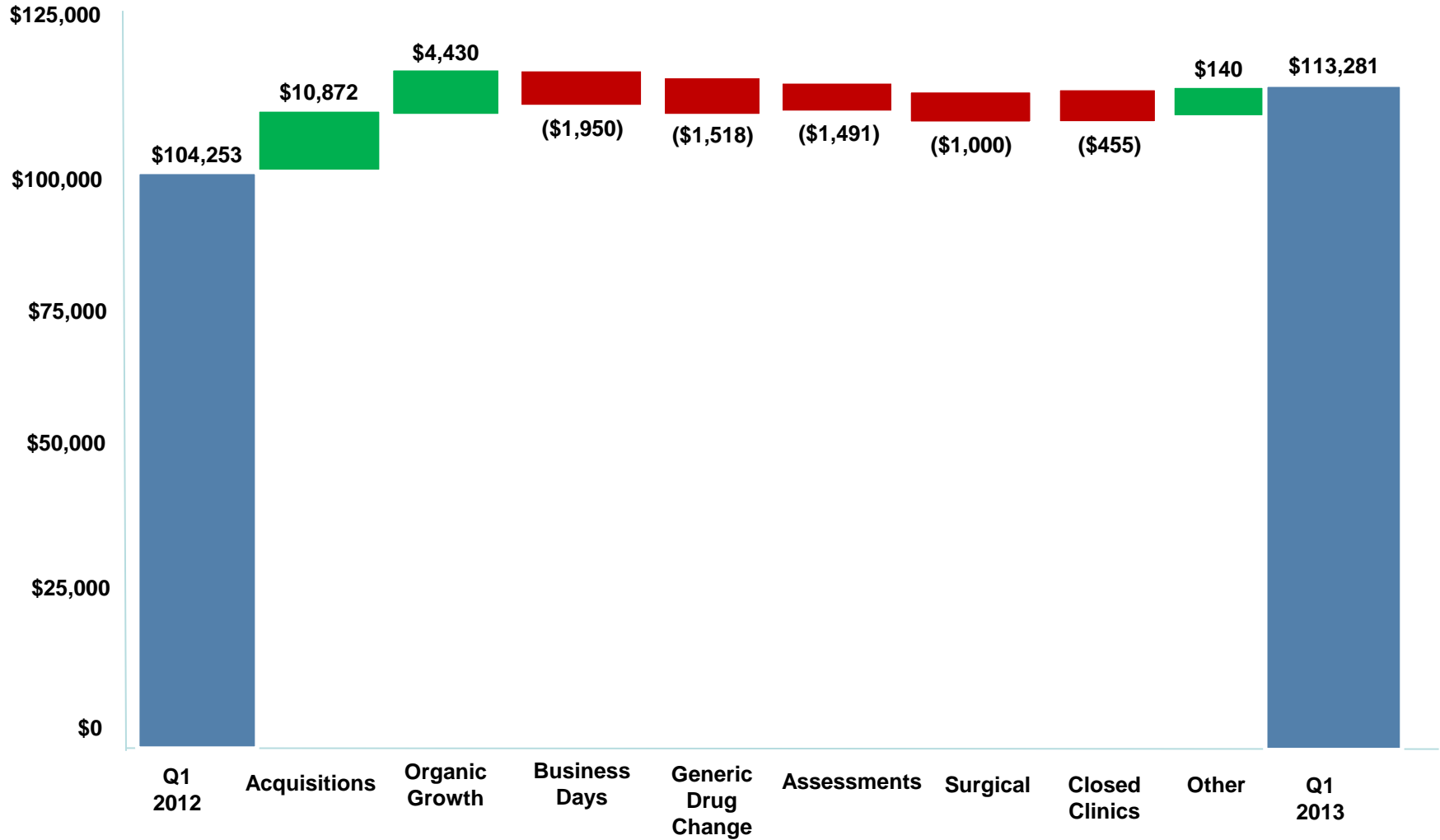
# Financial Review

**Daniel Gagnon**

Chief Financial Officer

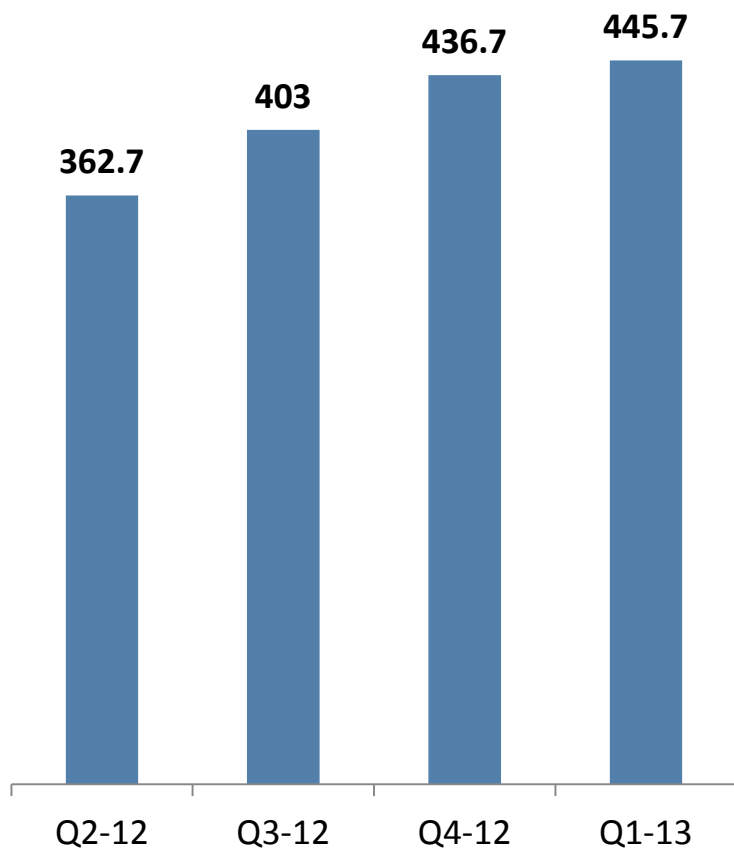
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# Q1 Revenue Growth

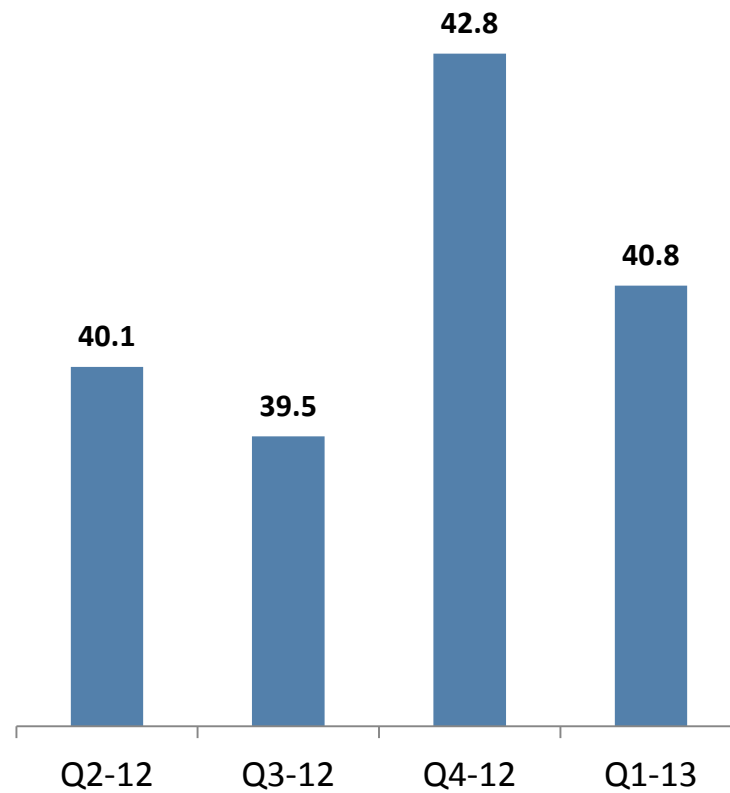


# LTM Revenue and Adjusted EBITDA at Quarter End

**LTM Revenue**  
(in Millions, C\$)



**LTM Adjusted EBITDA**  
(in Millions, C\$)



# Segment Results

Division	Q1 2013			Q1 2012			Q4 2012		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	44.6	6.1	13.7	45.1	7.0	15.5	43.8	6.0	13.6
Pharmacy	24.3	2.3	9.4	23.3	2.5	10.9	23.7	2.3	9.9
Retail & Home Medical Equipment	28.7	1.5	5.1	17.2	1.9	11.2	26.8	1.3	4.9
Assessments	8.3	1.6	18.7	10.1	1.5	15.0	8.8	1.7	19.8
Surgical & Medical Centres	7.4	0.4	5.0	8.5	1.1	13.3	7.8	0.6	7.4
Corporate <sup>1</sup>	-	(2.0)	-	-	(2.3)	-	-	(2.4)	-
<b>TOTAL</b>	<b>113.3</b>	<b>9.7</b>	<b>8.6%</b>	<b>104.3</b>	<b>11.8</b>	<b>11.3%</b>	<b>110.9</b>	<b>9.6</b>	<b>8.6%</b>

1 – Certain corporate costs allocated to operating segments based on extent of corporate management's involvement during the reporting period

# Strengthened Financial Position with Offering

Closed offering of \$200m of senior secured notes (April 2013):

- Repaid and amended Term Loan facility to \$50 million
- Additional proceeds of Offering and amended Term Loan for partial repayment of \$22.5m in Alaris units

**Expect addition of \$10m to free cash flow annually**

## Leverage Policies

- Strengthening balance sheet is a priority
  - The Company's target in the near to medium term is to reduce senior indebtedness to between 3.0x and 3.5x EBITDA<sup>(1)</sup>
- The Company's target Debt to Equity ratio is a range of 60% -65%

(1) Senior indebtedness excludes convertible notes and Alaris Units.





**David Cutler**  
President & CEO

**Centric Health**

# Strength of the Platform



- Unrivalled platform
- Critical mass and national presence
- Diversified by
  - Business segments
  - Geography
- High quality payors and asset-like cash flows
- Low capital expenditures

**New management team in place to realize full value of integration and growth opportunity**

# Positive Segment Outlook

	Initiatives
 <p><b>Physiotherapy</b></p> <ul style="list-style-type: none"> <li>• Rehabilitation</li> <li>• Seniors Wellness</li> <li>• Homecare</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Bundled services initiative</b></li> <li>• Driving growth in Physiotherapy through retail sales, massage therapy and orthotic sales</li> <li>• Acquire complimentary service platforms including dental, mobile imaging and diagnostics and homecare</li> </ul>
 <p><b>Retail &amp; Home Medical Equipment</b></p>	<ul style="list-style-type: none"> <li>• <b>Bundled services initiative</b></li> <li>• New high margin program initiatives implemented:             <ul style="list-style-type: none"> <li>• Orthotics, CPAP &amp; oxygen therapy, Drivers in Motion program</li> </ul> </li> <li>• Negotiate improved supplier terms and pricing</li> <li>• Cost containment through centralized management and support functions</li> <li>• Medichair franchisee acquisitions; provides increased scale and expansion opportunities in new markets</li> </ul>
 <p><b>Pharmacy</b></p>	<ul style="list-style-type: none"> <li>• <b>Bundled services initiative</b></li> <li>• Continued education programs for customers</li> <li>• Negotiate improved supplier terms and pricing</li> <li>• Strong growth opportunity via geographic expansion into Western provinces and Quebec through identified acquisitions and partnerships</li> </ul>
 <p><b>Surgical &amp; Medical Centres</b></p>	<ul style="list-style-type: none"> <li>• Public private partnerships</li> <li>• Innovative programs aimed at increasing sustainably higher capacity utilization:             <ul style="list-style-type: none"> <li>• Triage assessment programs</li> <li>• Extended patient choice network</li> <li>• Preferred Provider Network – WCSB</li> <li>• New technologies</li> </ul> </li> </ul>
 <p><b>Medical Assessments</b></p>	<ul style="list-style-type: none"> <li>• Diversification into short-term disability and long-term disability markets</li> <li>• Strengthen brand via consolidation</li> <li>• Diversity in service delivery – pharma, surgical, rehabilitation and assistive devices</li> <li>• Pursuing revenue generating opportunities with auto insurers and worker compensation boards</li> </ul>



# Questions

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