



**2<sup>nd</sup> Quarter 2013**  
**Financial Results Conference Call & Webcast**  
**August 14, 2013**

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# David Cutler

President & CEO

 **Centric Health**

# Agenda

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1. Q2 Highlights

2. Financial Review

3. Concluding Comments / Outlook

4. Questions

## Q2-13 Highlights

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- Record results:

	Q2-13	v. Q2-12	v. Q1-13
Revenue	<b>\$122.2m</b>	<b>↑ 7%</b>	<b>↑ 8%</b>
Adjusted EBITDA	<b>\$ 13.2m</b>	<b>↑ 6%</b>	<b>↑ 36%</b>
EBITDA margin	<b>10.8%</b>	<b>10.9%</b>	<b>8.6%</b>
- Revenue up in **FOUR OUT OF FIVE** segments vs. Q2-12
- Sarnia surgical center **showing improvement**
- Revenue & EBITDA growth in **ALL SEGMENTS** vs. Q1-13
- 5<sup>th</sup> consecutive quarter** of positive cash flow from ops
- New debt structure: increased cash flow **>\$10M/year** and **no principal repayments until maturity**

# Advancing Surgical & Medical Centres Strategy

False Creek Healthcentre  
Vancouver, BC



Launched **four innovative programs** in July and August to **drive utilization** of existing capacity

**Represents significant opportunities for growth**

# Strategic Alliance with Vancouver Imaging (VI)

- Largest diagnostic/interventional radiology group in B.C.
- VI providing imaging services at False Creek Healthcentre
- VI gains access to state-of-the-art equipment at False Creek, including GE 3.0 Tesla HDxt MRI
- Centric and VI to jointly explore additional opportunities across Canada

## GE 3.0 Tesla HDxt MRI

- The only one for clinical use in B.C.



# Centres of Excellence (COEs)

## Canadian Nasal and Sinus Institute

- Established at False Creek Healthcentre
- In partnership with **world-renowned sinus expert Dr. Amin Javer**
- Offers latest technology, some of which is not currently available in the public sector



## Women's Urology Centre

- Established at False Creek Healthcentre
- **First facility of its kind**, providing extensive, wholistic, female urology care
- Led by Dr. Alexandra Perks and Dr. Stephanie Cripps



**Plans for additional COEs in other specialty areas**



# Extended Patient Choice Network (EPCN)

- Established to offer **patients out-of-province access** to a variety of healthcare services in order to **reduce wait times**
- Provides patients with broader access to a **network of leading healthcare providers** across Canada
- Provides patients with **more choice** and **earlier intervention**



Extended Patient Choice Network

# Waiting for Surgery?

You have a **choice.**



Centric Health's **Extended Patient Choice Network** (EPCN) offers patients a choice in accessing Canada's **top physicians** for surgical care and solutions. With state of the art surgical centres across the country, EPCN has a network of specialists—who are leaders in their respective fields—to offer patients out of province surgical options on a private pay basis.

Contact us and  
***Discover Your Choice!***

CentricHealthEPCN.ca

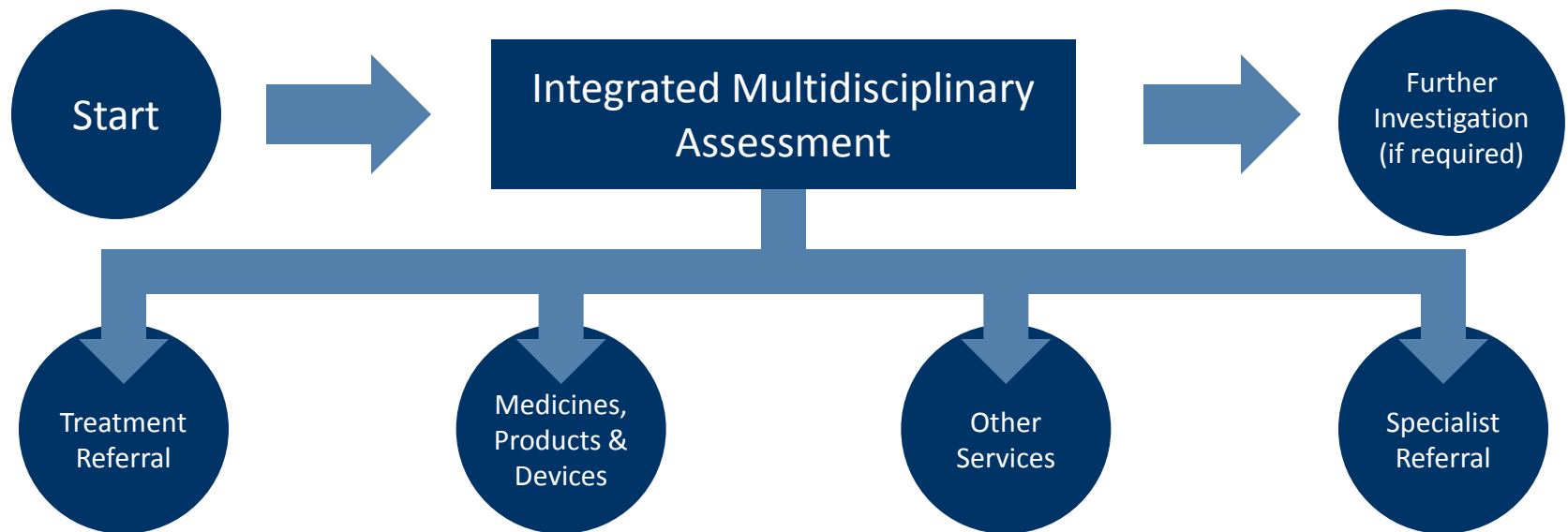
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**Centric Health**  
**Surgical**  
*Your Care. Our Focus.*

# Triage Assessment Program (TAP)

- Comprehensive, multidisciplinary assessment of a surgeon's patients to determine the best care pathway to **reduce long and unnecessary wait times**
- **First Tap Centre opened** at Rouge Valley Health System in Scarborough
- Joint venture with orthopaedic surgeons Drs. John Hummel & Richard Kaminker



# Ontario Seniors Physiotherapy Funding Update

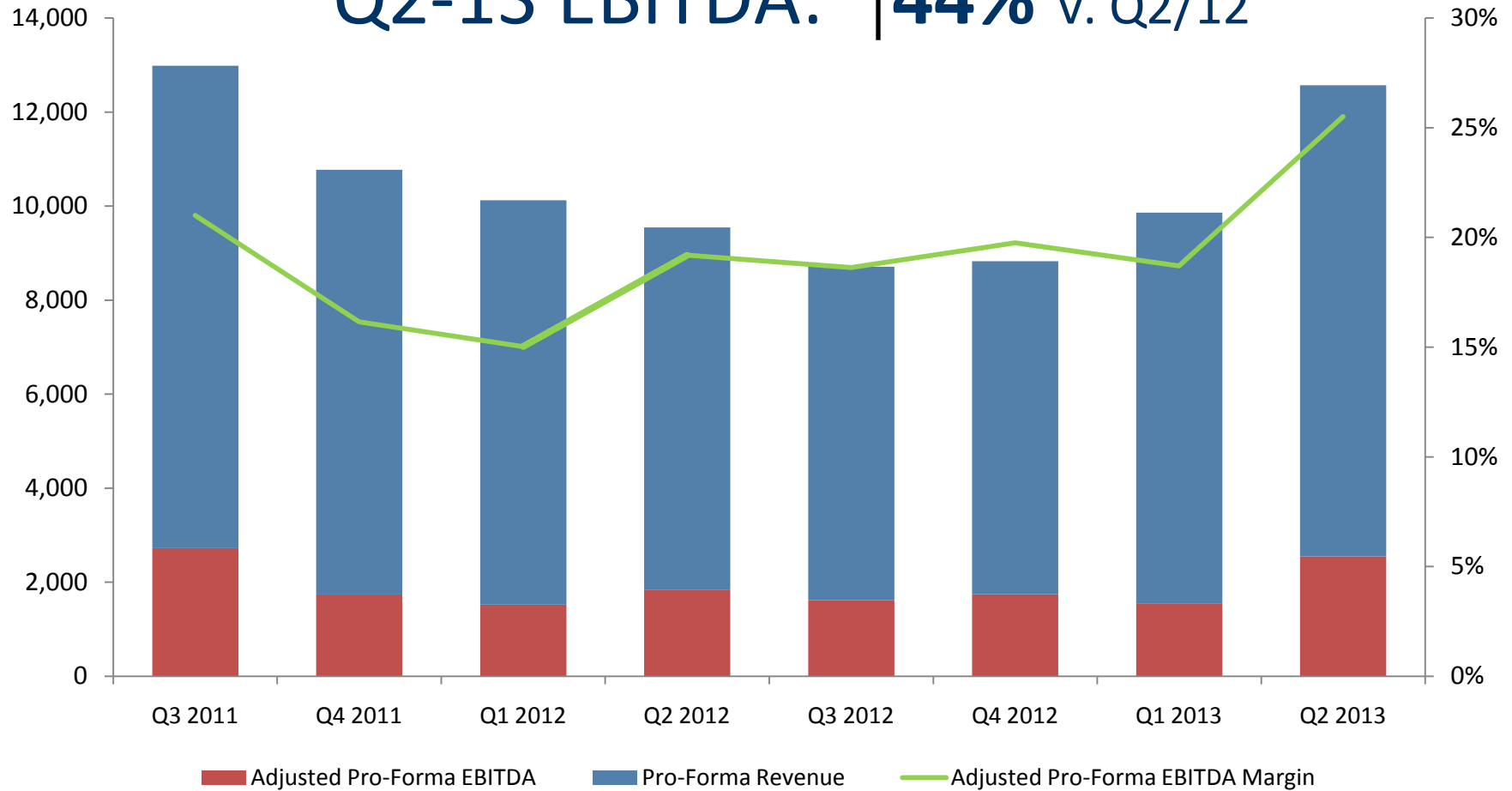
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- DPCA seeking judicial review
- Ontario Divisional Court **suspended proposed funding changes** pending further consideration
- Subsequent hearing scheduled for August 21
- Continue to advance strategies to mitigate impact on the business should changes be implemented

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

# Recovery of Assessments Business

Q2-13 EBITDA: ↑ **44%** v. Q2/12





# Financial Review

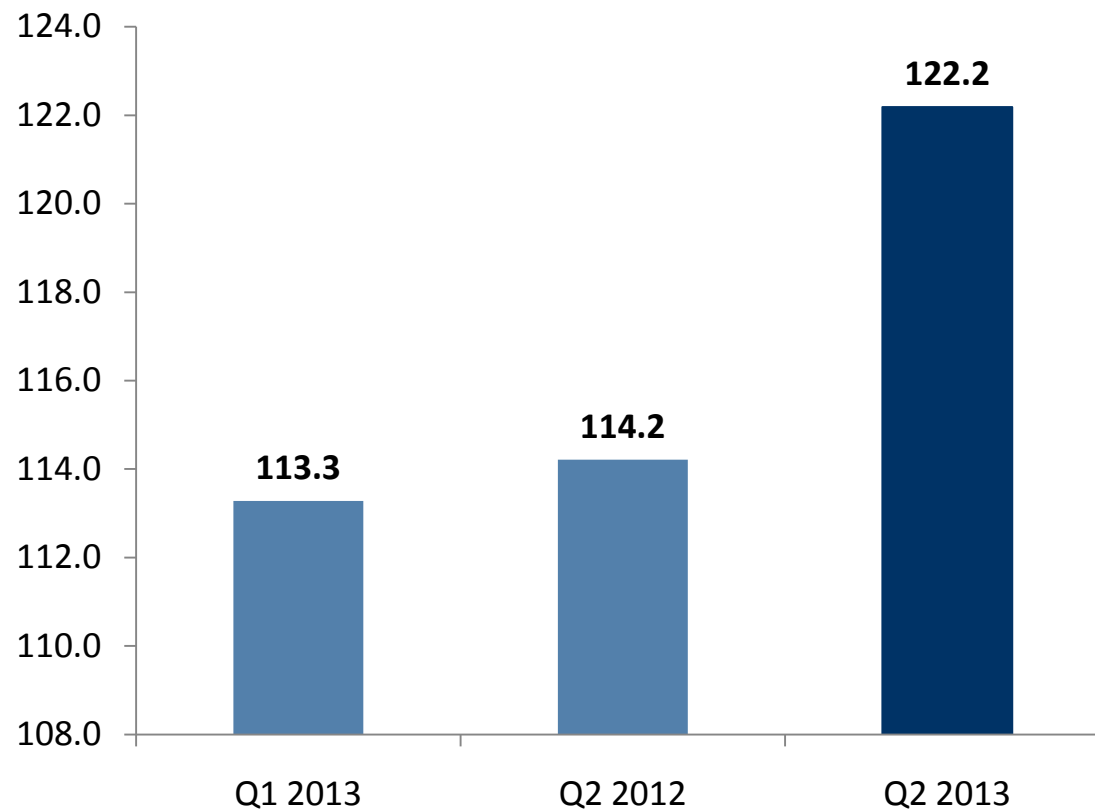
Daniel Gagnon

Chief Financial Officer



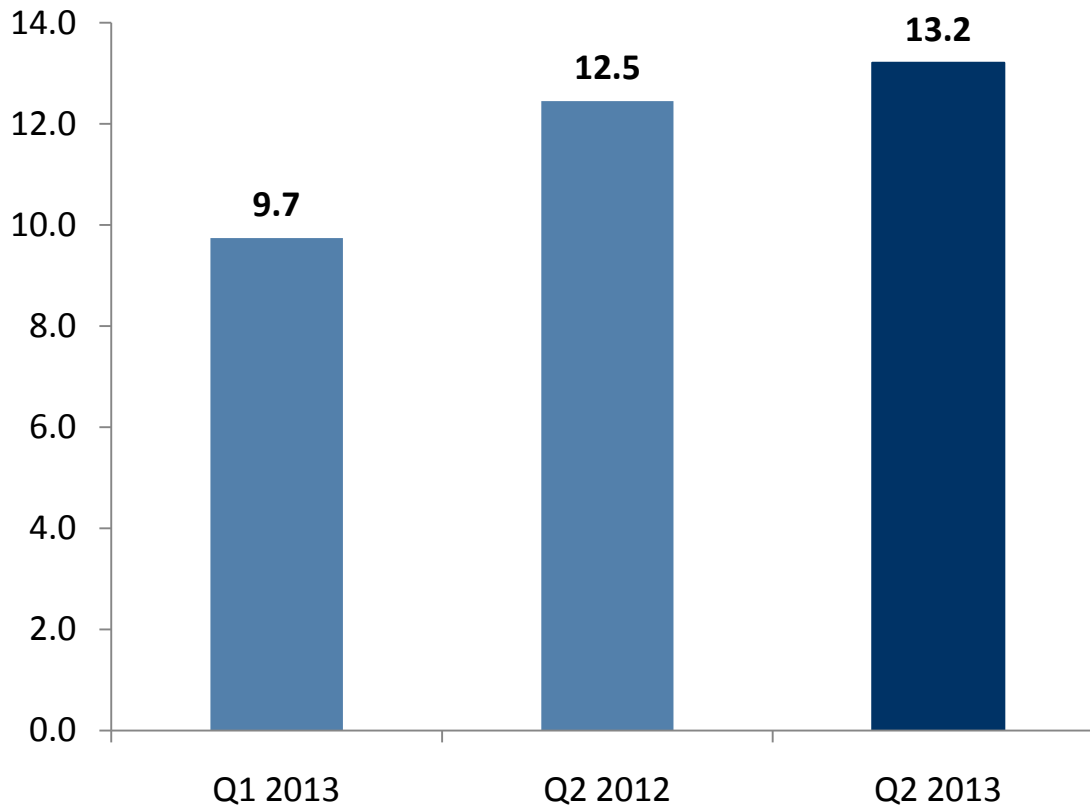
# Q2 Revenue Growth

(in Millions, C\$)



# Q2 Adjusted EBITDA Growth

(in Millions, C\$)



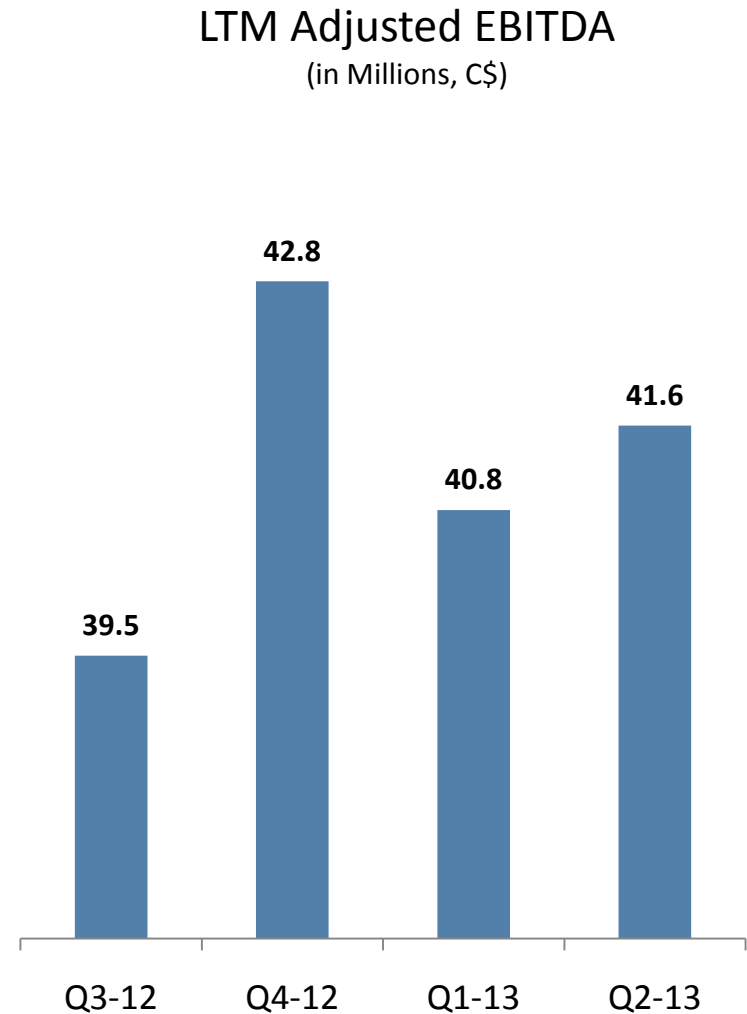
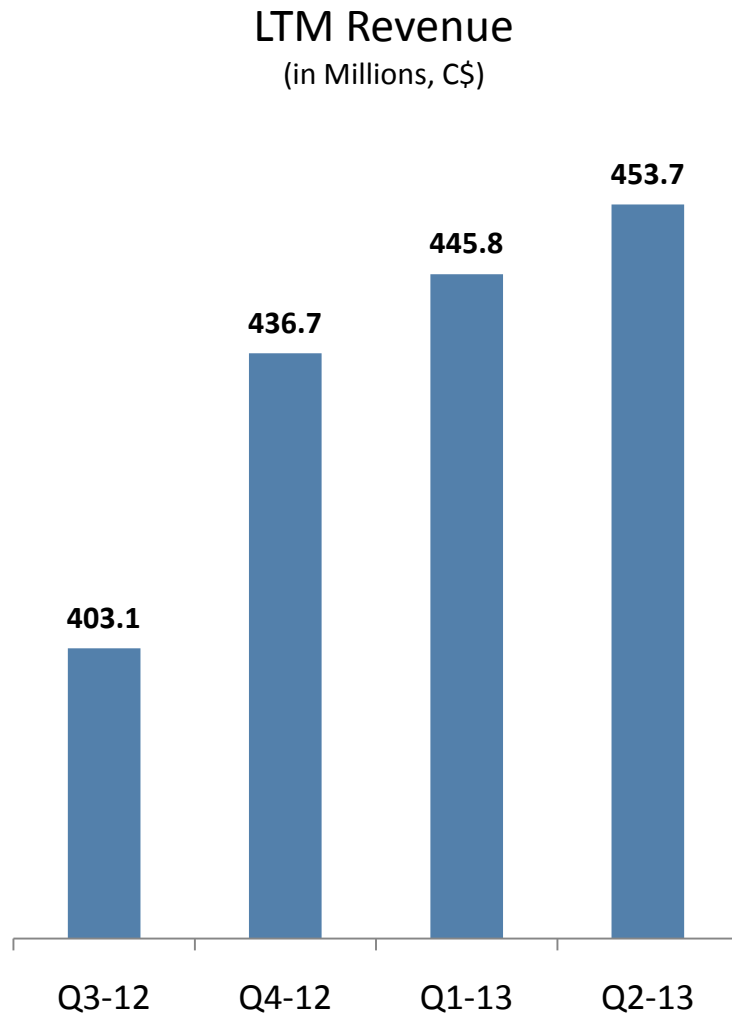
Q2 2013:

**10.8%**

Adjusted EBITDA margin



# LTM Revenue and Adjusted EBITDA at Quarter End



# Segment Results - Physiotherapy

Division	Q2 2013			Q2 2012			Q1 2013		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	47.7	7.6	15.9	45.6	7.3	16.0	44.6	6.1	13.7
Pharmacy	26.4	2.8	10.5	23.4	2.5	10.4	24.3	2.3	9.4
Retail & Home Medical Equipment	29.9	1.6	5.5	26.3	2.0	7.5	28.7	1.5	5.1
Assessments	10.0	2.6	25.5	9.5	1.8	19.2	8.3	1.6	18.7
Surgical & Medical Centres	8.2	0.5	6.6	9.3	1.1	12.1	7.4	0.4	5.0
Corporate <sup>1</sup>	-	(1.9)	-	-	(2.2)	-	-	(2.0)	-
<b>TOTAL</b>	<b>122.2</b>	<b>13.2</b>	<b>10.8%</b>	<b>114.1</b>	<b>12.5</b>	<b>10.9%</b>	<b>113.3</b>	<b>9.7</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

# Segment Results - Pharmacy

Division	Q2 2013			Q2 2012			Q1 2013		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	47.7	7.6	15.9	45.6	7.3	16.0	44.6	6.1	13.7
<b>Pharmacy</b>	<b>26.4</b>	<b>2.8</b>	<b>10.5</b>	23.4	2.5	10.4	24.3	2.3	9.4
Retail & Home Medical Equipment	29.9	1.6	5.5	26.3	2.0	7.5	28.7	1.5	5.1
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<b>TOTAL</b>	<b>122.2</b>	<b>13.2</b>	<b>10.8%</b>	114.1	12.5	10.9%	113.3	9.7	8.6%

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# Segment Results – Retail & HME

Division	Q2 2013			Q2 2012			Q1 2013		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	47.7	7.6	15.9	45.6	7.3	16.0	44.6	6.1	13.7
Pharmacy	26.4	2.8	10.5	23.4	2.5	10.4	24.3	2.3	9.4
<b>Retail &amp; Home Medical Equipment</b>	<b>29.9</b>	<b>1.6</b>	<b>5.5</b>	<b>26.3</b>	<b>2.0</b>	<b>7.5</b>	<b>28.7</b>	<b>1.5</b>	<b>5.1</b>
Assessments	10.0	2.6	25.5	9.5	1.8	19.2	8.3	1.6	18.7
Surgical & Medical Centres	8.2	0.5	6.6	9.3	1.1	12.1	7.4	0.4	5.0
Corporate <sup>1</sup>	-	(1.9)	-	-	(2.2)	-	-	(2.0)	-
<b>TOTAL</b>	<b>122.2</b>	<b>13.2</b>	<b>10.8%</b>	<b>114.1</b>	<b>12.5</b>	<b>10.9%</b>	<b>113.3</b>	<b>9.7</b>	<b>8.6%</b>

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# Segment Results – Assessments

Division	Q2 2013			Q2 2012			Q1 2013		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	47.7	7.6	15.9	45.6	7.3	16.0	44.6	6.1	13.7
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<b>TOTAL</b>	<b>122.2</b>	<b>13.2</b>	<b>10.8%</b>	114.1	12.5	10.9%	113.3	9.7	8.6%

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# Segment Results – Surgical & Medical Centres

Division	Q2 2013			Q2 2012			Q1 2013		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	47.7	7.6	15.9	45.6	7.3	16.0	44.6	6.1	13.7
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<b>Surgical &amp; Medical Centres</b>	<b>8.2</b>	<b>0.5</b>	<b>6.6</b>	<b>9.3</b>	<b>1.1</b>	<b>12.1</b>	<b>7.4</b>	<b>0.4</b>	<b>5.0</b>
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# Segment Results – Corporate

Division	Q2 2013			Q2 2012			Q1 2013		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
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# Strengthened Financial Position

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 \$25m in Alaris units

Additional Redemption of Alaris Units (June 2013):

- Redeemed additional \$7.5m units bringing total redemption to \$30m
- Intention is to redeem remaining \$35.5m units by June 2014

Revised GHIS Agreement (March 2013)

- \$2.5m in cash flow and EBITDA savings over the term of the agreement

**Expect addition of >\$10m to free cash flow annually and no principal payments until maturity**



# Other Positives for the Quarter

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- Month-end financial close **down to 7 business days** (from 10)
- Consolidated insurance: **increased coverage, reduced cost by \$150k**
- Corporate overhead for Q2-13 **decreased to 3.2% of revenue** (from 3.6% for Q2-12)
- Capital expenditures (YTD): **1.7% of revenue** (Can keep <2% for the existing business)
- More efficient tax structure: Cash tax savings of \$2m



**David Cutler**  
President & CEO

**Centric Health**

# Multiple Organic Growth Opportunities

	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> <li>• Triage Assessment Program</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 to sustainably increase utilization: <ul style="list-style-type: none"> <li>• COEs</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

 **Centric Health**



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