



**Third Quarter 2013  
Financial Results Conference Call & Webcast  
November 6, 2013**

# Forward Looking Information & Disclosure

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**[www.centrichealth.ca](http://www.centrichealth.ca)**



# David Cutler

President & CEO

 **Centric Health**

# Agenda

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1. Q3 Highlights

2. Financial Review

3. Concluding Comments / Outlook

4. Questions

# Q3-13 Highlights

Best-ever Q3 results:	Q3-13	v. Q3-12
Revenue	\$ 110.6m	↑ 3%
Adjusted EBITDA	\$ 10.4m	↑ 15%
EBITDA margin	9.4%	8.4%

- Driven primarily by organic initiatives
- Dampened by the impact of seniors physiotherapy funding changes in Ontario in August
- **6<sup>th</sup> consecutive quarter** of positive cash flow from ops
- Additional progress on balance sheet: Refinancing of \$5 million related-party loan, preserving cash flow and providing additional financial flexibility

# Advancing Surgical & Medical Centres Strategy

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- Adjusted EBITDA up 28% year-over-year
- Continued progress in rebuilding Sarnia operations
- New operations leaders for Eastern and Western Canada
- Encouraged by initial progress on groundbreaking initiatives to drive utilization
  - Centres of Excellence
  - Extended Patient Choice Network (EPCN)
  - Partnership with Vancouver Imaging

**Utilization held steady vs. Q2 at 30%, despite seasonality**

# Ontario Seniors Physiotherapy Funding Update

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MOHLTC changed funding model for publicly funded physiotherapy for seniors in Long-Term Care and Retirement Homes (August 23)

- Progress on strategies to mitigate impact
- Vast majority of existing LTC Homes have committed/contracted to continue outsourcing physio services to Centric Health
- Added 69 Bundled Services contracts in Q3, >230 since Sept. 2012
- Pursuing opportunities through private homecare, private pay rehabilitation and other ancillary services to Retirement Homes
- Pursuing publicly funded physiotherapy services through CCAC
- Beginning to see Retirement Homes and patients pay for services

Cost containment program implemented to support margins

# Retail and Home Medical Equipment

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- Significant opportunity on its own and as part of Bundled Services
- Strong growth in revenue but short-term challenges
- Multi-faceted plan to restore and expand margins in the short term, and meaningfully grow the top and bottom lines over the long term
- Implementation of an end-to-end operating system
- Implementation of continuous improvement project
- Reduced head count in Q2
- Investing in revenue-generating personnel for key growth initiatives

Expect to begin to realize benefits in 2014





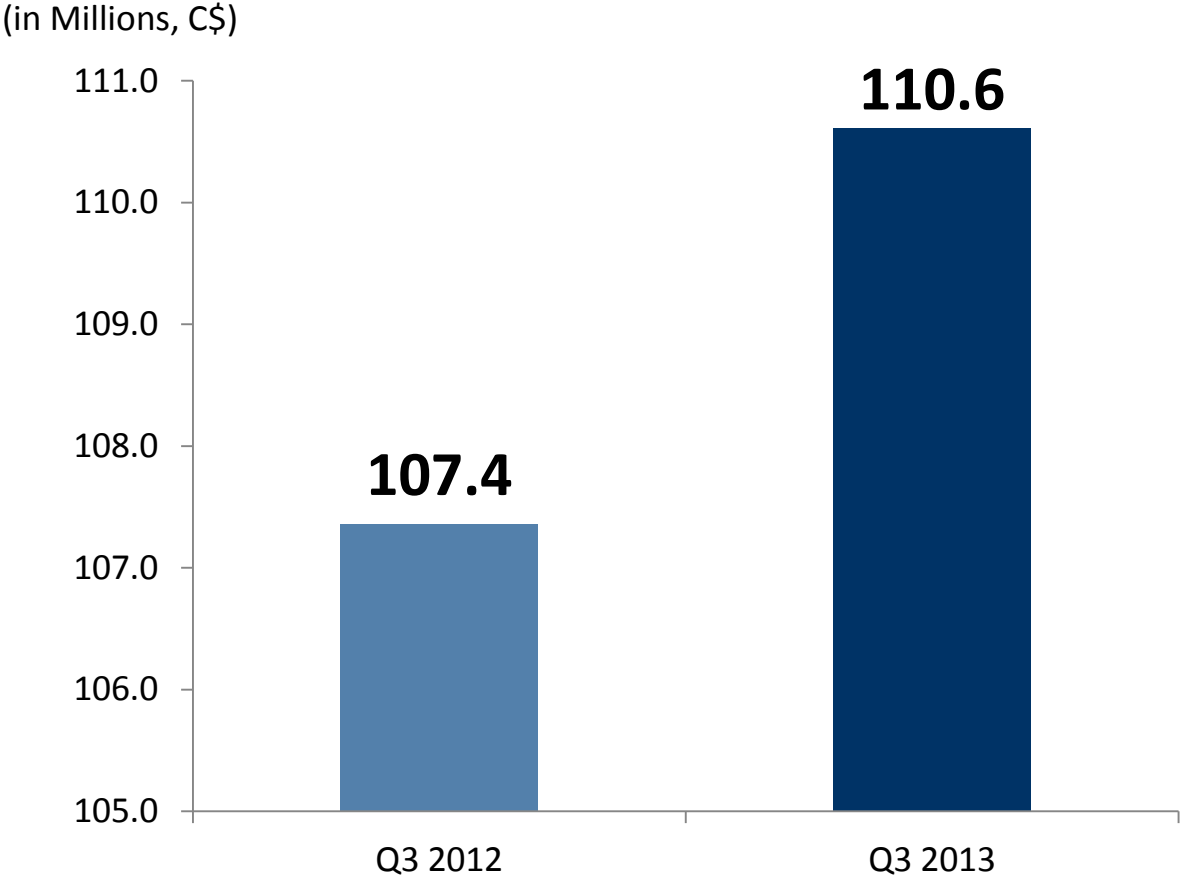
# Financial Review

**Daniel Gagnon**

Chief Financial Officer

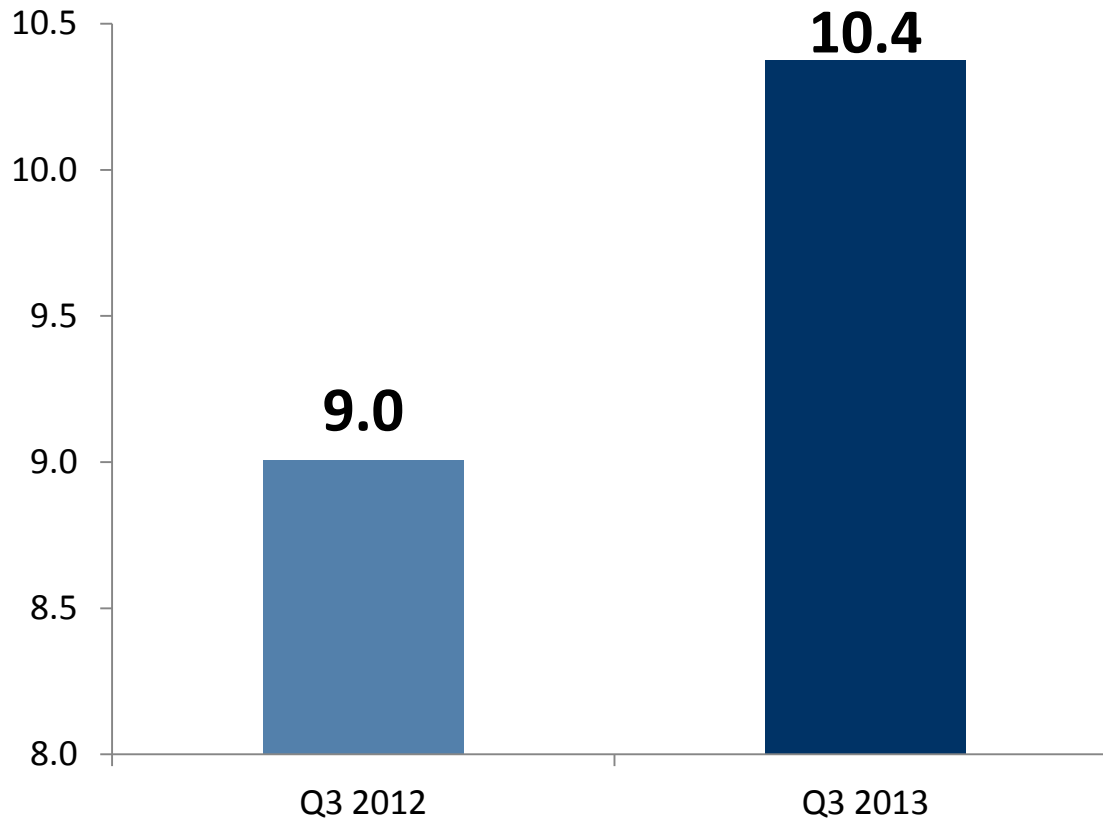


# Q3 Revenue Growth



# Q3 Adjusted EBITDA Growth

(in Millions, C\$)



Q3 2013:

**9.4%**

Adjusted EBITDA margin

v. 8.4% for Q3 2012

# Segment Results - Physiotherapy

Division	Q3 2013			Q3 2012		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	40.4	5.1	12.5	42.2	5.5	13.0
Pharmacy	26.8	3.6	13.5	22.4	2.4	10.5
Retail & Home Medical Equipment	26.8	1.1	4.1	26.2	1.7	6.3
Assessments	9.3	2.2	23.3	8.7	1.6	18.6
Surgical & Medical Centres	7.3	0.4	6.0	7.8	0.3	4.3
Corporate <sup>1</sup>	-	(2.0)	-	-	(2.5)	-
<b>TOTAL</b>	<b>110.6</b>	<b>10.4</b>	<b>9.4%</b>	<b>107.4</b>	<b>9.0</b>	<b>8.4%</b>

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

# Segment Results - Pharmacy

## Q3 2013

## Q3 2012

Division	Revenue	Adjusted EBITDA	Margin	Revenue	Adjusted EBITDA	Margin
	\$M	\$M	%	\$M	\$M	%
Physiotherapy	40.4	5.1	12.5	42.2	5.5	13.0
Pharmacy	26.8	3.6	13.5	22.4	2.4	10.5
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# Segment Results – Retail & HME

Q3 2013

Q3 2012

Division	Revenue	Adjusted EBITDA	Margin	Revenue	Adjusted EBITDA	Margin
	\$M	\$M	%	\$M	\$M	%
Physiotherapy	40.4	5.1	12.5	42.2	5.5	13.0
Pharmacy	26.8	3.6	13.5	22.4	2.4	10.5
<b>Retail &amp; Home Medical Equipment</b>	<b>26.8</b>	<b>1.1</b>	<b>4.1</b>	26.2	1.7	6.3
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# Segment Results – Assessments

Division	Q3 2013			Q3 2012		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	40.4	5.1	12.5	42.2	5.5	13.0
Pharmacy	26.8	3.6	13.5	22.4	2.4	10.5
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Surgical & Medical Centres	7.3	0.4	6.0	7.8	0.3	4.3
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<b>TOTAL</b>	<b>110.6</b>	<b>10.4</b>	<b>9.4%</b>	107.4	9.0	8.4%

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# Segment Results – Surgical & Medical Centres

Q3 2013

Q3 2012

Division	Revenue	Adjusted EBITDA	Margin	Revenue	Adjusted EBITDA	Margin
	\$M	\$M	%	\$M	\$M	%
Physiotherapy	40.4	5.1	12.5	42.2	5.5	13.0
Pharmacy	26.8	3.6	13.5	22.4	2.4	10.5
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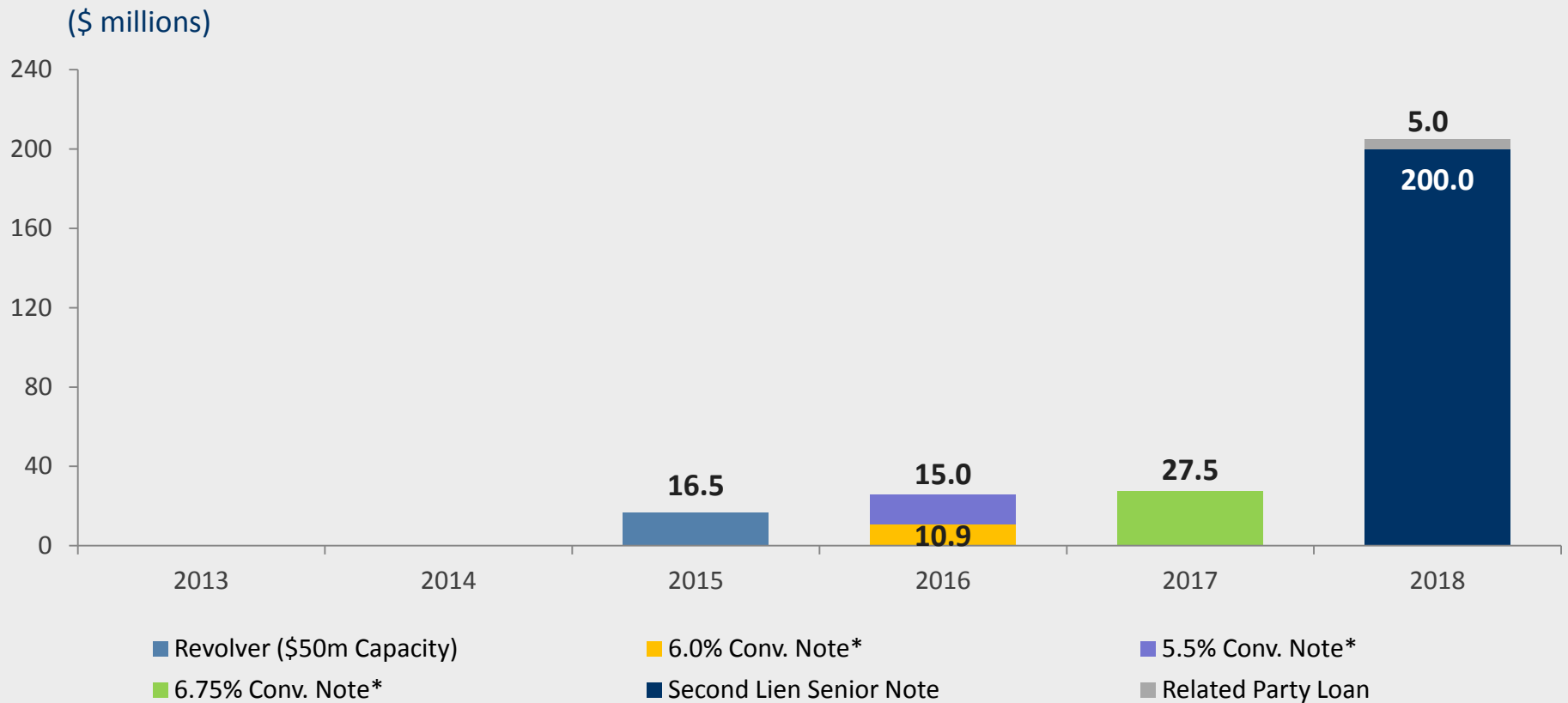


# Segment Results – Corporate

Division	Q3 2013			Q3 2012		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Physiotherapy	40.4	5.1	12.5	42.2	5.5	13.0
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# Debt Maturity Profile (September 30, 2013)



\* Convertible to equity at the Company's discretion

**Favourable debt maturity profile**  
**No required principal repayments until mid-2015**

# Continued Financial Progress

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- Consolidated insurance: increased coverage, reduced cost by \$150k
- More efficient tax structure: Cash tax savings of \$2m
- Restructured finance department, reducing headcount in through centralization and improved processes
- Corporate expenses as a percentage of revenue for Q3/13 improved to 3.5% from 3.9% for Q3/12



**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>• MEDChair 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

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