



Investor Presentation

September 2014

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

Forward Looking Statements

Certain of the statements contained in this presentation are "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, business strategy, plans and other expectations, beliefs, goals, objectives, information and statements about possible future events. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. You are cautioned not to place undue reliance on such forward-looking information. Forward-looking information is based on current expectations, estimates and assumptions that involve a number of risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Centric Health and described in the forward-looking information contained in this presentation. No assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur or, if any of them do so, what benefits Centric Health will derive therefrom and neither Centric Health nor any other person assumes responsibility for the accuracy and completeness of any forward-looking information. Other than as specifically required by applicable laws, Centric Health assumes no obligation and expressly disclaims any obligation to update or alter the forward-looking information whether as a result of new information, future events or otherwise.

All dollar figures are in Canadian dollars unless otherwise stated.

> **600**

**locations across
7 provinces**

~ **2,800**

staff

Focused consolidation strategy
driving cost efficiencies, synergies and sustainable growth

Well positioned to meet growing healthcare needs in key markets,
address capacity issues and reduce wait times

Canada's largest and most comprehensive independent provider of hands-on care

Irreplaceable Platform for Sustainable Growth

Physiotherapy, Rehabilitation & Assessments



Specialty Pharmacy



Surgical & Medical Centres



#2 nationally based on clinics

One of the largest national
assessments providers

#3 in Ontario
based on beds serviced

#1 nationally
based on operating rooms

- Critical mass and national presence
- Diversified by business segment and geography

- High quality payors and bond-like cash flows
- Low capital expenditures

Focus On Rapidly Growing Healthcare Needs

Needs

Centric Offering

1



Seniors Services

Seniors over 65 spend **6X more** on healthcare

Physiotherapy, Rehabilitation & Wellness and therapeutic exercise classes currently delivered through seniors homes

Specialty Pharmacy services providing prepackaged medication services for seniors homes

2



Corporate Health Plans

Corporate health plans experiencing **double digit increases** in premiums

Physiotherapy, Rehabilitation & Wellness (outpatient) services offered through the 2nd largest network in Canada with ~150 locations nationwide

Specialty Pharmacy services through existing infrastructure

3



Surgical & Medical Centres

Public hospital system **unable to address growing needs** resulting in **long wait times**

#1 provider nationally with **7 facilities** located in **4 provinces**

Refocused Strategy



Vision: *To be Canada's #1 healthcare services provider, world renowned for quality, innovation and sustainable value to patients and clients*

Focus: *Leverage core capabilities through operations with:*

- *High margins*
- *Strong cash flows*
- *Low capital expenditures*
- *Low working capital requirements*
- *Limited exposure to regulatory & funding changes*

Canadian Healthcare Trends

Canada has

5th

highest healthcare spend globally (% of GDP)

but only ranks

23rd

among OECD countries for quality, access and safety

Annual Healthcare Spending¹
(billions)



75% of publicly funded healthcare is already privately delivered

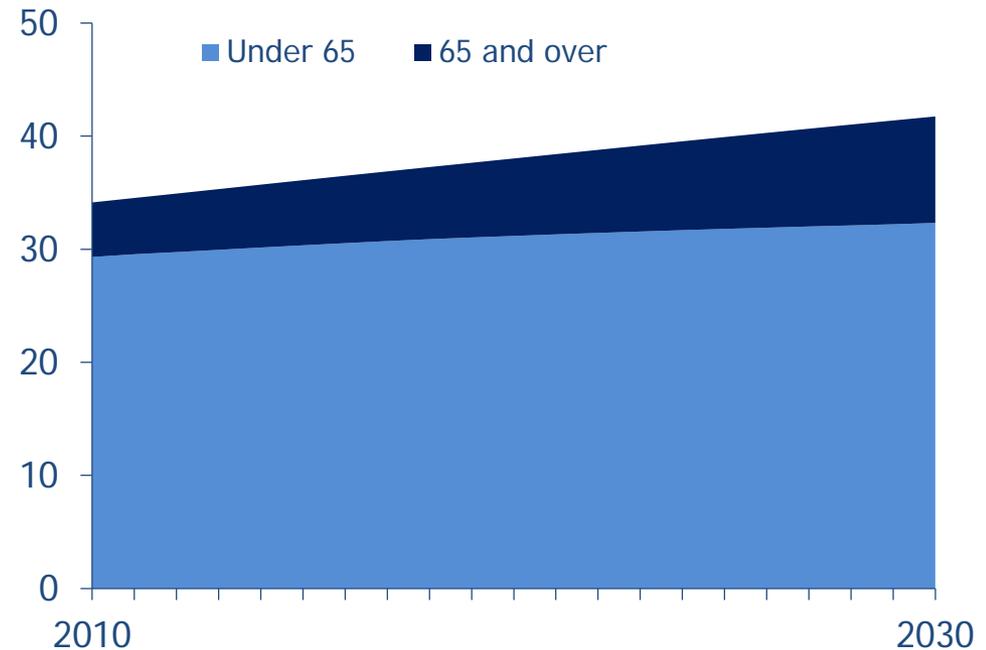
Canadian Healthcare Trends

>65 is fastest growing segment of pop'n & use the most healthcare dollars

<65 yrs: spend **\$2,740** per capita

>65 yrs: spend **\$15,474** per capita

Projected Population Growth¹
(millions)

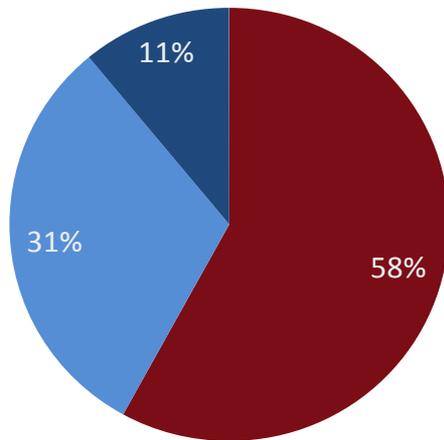


Healthcare spending continues to rise, as demand for privately delivered services grows

Strong Diversification

Revenue by Segment¹

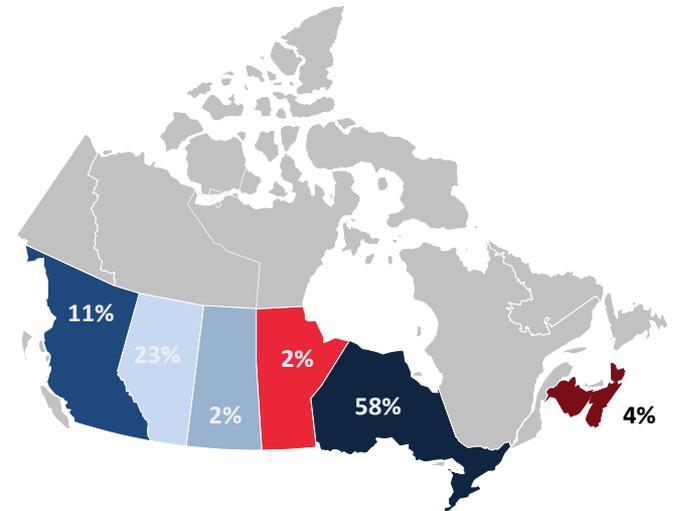
(trailing 12 months ended June 30, 2014)



- Physiotherapy, Rehabilitation & Assessments
- Specialty Pharmacy
- Surgical & Medical Centres

Revenue by Province¹

(trailing 12 months ended June 30, 2014)



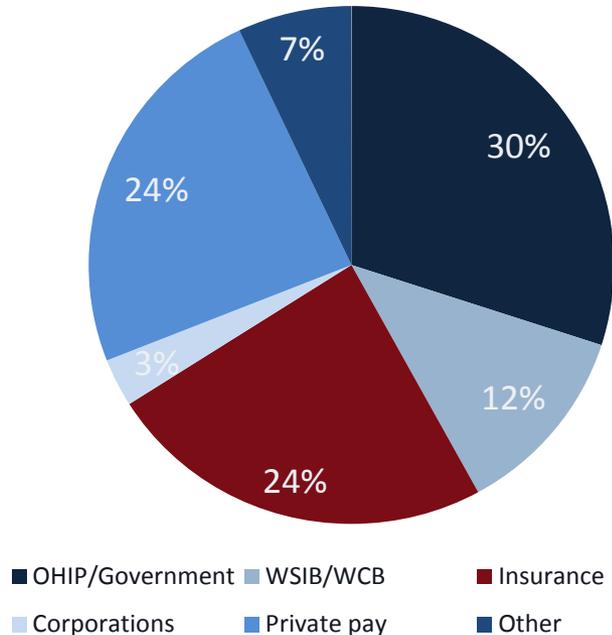
- British Columbia
- Alberta
- Saskatchewan
- Manitoba
- Ontario
- Nova Scotia / New Brunswick

*Mitigates impact of changes in an evolving industry
and provides flexibility*

High Quality, Diversified Payor Base

Revenue by Payor

(trailing 12 months ended June 30, 2014)



>90% of revenue

comes from stable,
predictable and high quality
payors

Limited exposure to
regulatory & funding changes

Bad debt expense of just 0.1% of revenue (2013)



*Business Segments &
Growth Strategies*

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Physiotherapy, Rehabilitation and Assessments



Clinic Network

156 *clinics* { **104** *owned*
52 *network*

7

provinces

150,000

patients annually

1.2M

patients visits annually

Significant opportunity for expansion (one of the largest networks in a fragmented market)

Physiotherapy, Rehabilitation and Assessments



Assessments

55,000

assessments/year

>3,750

assessors

>600

physicians

>400

customers

>30

preferred provider agreements

One of the largest national assessments providers

Physiotherapy, Rehabilitation & Assessments

Market Drivers

Clinic Network

- Diverse payer base
- Increasing patient demand for rehabilitation services
- Highly fragmented market
- Shift to prevention and wellness

Assessments

- Insurance companies moving to fewer, larger providers
- Preference for established national providers

Growth Strategy

Clinic Network

- Expansion of preferred provider relationships
- Expanded local marketing initiatives
- Specialized rehabilitation programs key differentiator
- Strategic, tuck-in acquisitions

Assessments

- Leverage national provider capabilities
- Capture market share through successful RFPs

Specialty Pharmacy



70

pharmacists

35

*clinical consultant
pharmacists*

185

*pharmacy
technicians*

19

distribution centres serving

270

long-term care and retirement homes

20,000

patients

One of the 3 largest providers in Canada

Platform for Expanded Pharmacy Services, Including Corporate Healthplans

Market Drivers

\$34.5

spend on prescription medications in 2013

11%

of all private insurance and out-of-pocket spend

Growth Strategy

- Leverage scale and scope
- Expansion of script counts/number of beds serviced
- Increased service offerings (e.g. IV therapy and continence care)
- Expansion into Western Canada
- Co-location pharmacy services within existing facilities

Surgical and Medical Centres



- 5** *surgical centres*
- 2** *scoping facilities*
- 15** *operating rooms*
- 11** *procedure rooms*
- 72** *beds*
- 245** *physicians*

Canada's largest independent surgical network

Surgical and Medical Centres

Market Drivers

- High hospital occupancy rates
- Delisting of procedures
- Growing demand for healthcare services driving longer wait lists
- Governments increasingly outsourcing surgeries to address backlog (e.g. echograms, mastectomies, cataracts, corneas)
- Improved technology & anesthesia increasing same day capabilities
- Patient demand for choice, access and innovation

Growth Strategy

Drive capacity utilization across network:

Currently ~35%

- Add de-listed government procedures
- Innovative programs and new technologies – roll out of proven SmartShape bariatrics program
- Centres of excellence
- Partnerships with local physicians/health authorities
- Marketing and brand development

Employer Health Management and Wellness



Employer Group

Benefits Plan Savings through
***CENTRIC HEALTH
SERVICES***

“Preferred Provider Program”

Benefits Plan Savings through
HEALTH & WELLNESS

For Employees

- ✓ Employer Pharmacy Program
- ✓ Physiotherapy
- ✓ Chiropractic
- ✓ Acupuncture
- ✓ Massage
- ✓ Orthotics
- ✓ Home Medical Equipment
- ✓ Surgical

- ✓ Occupational Medicine
 - Prevention
 - Injury Management
 - Disability
 - Return to Work
- ✓ Preferred Provider Discounts
- ✓ Onsite/Offsite Wellness Services
- ✓ Health Promotion / Education
- ✓ Rewards-Based Web Portal

Quality and Brand

Quality Is A Key Competitive Advantage



Unified Brand Strategy



FALSE CREEK
HEALTHCARE CENTRE

MAPLES
SURGICAL CENTRE

DON MILLS | Surgical Unit

LifeMARK
PHYSIOTHERAPY

CANADIAN SURGERY SOLUTIONS

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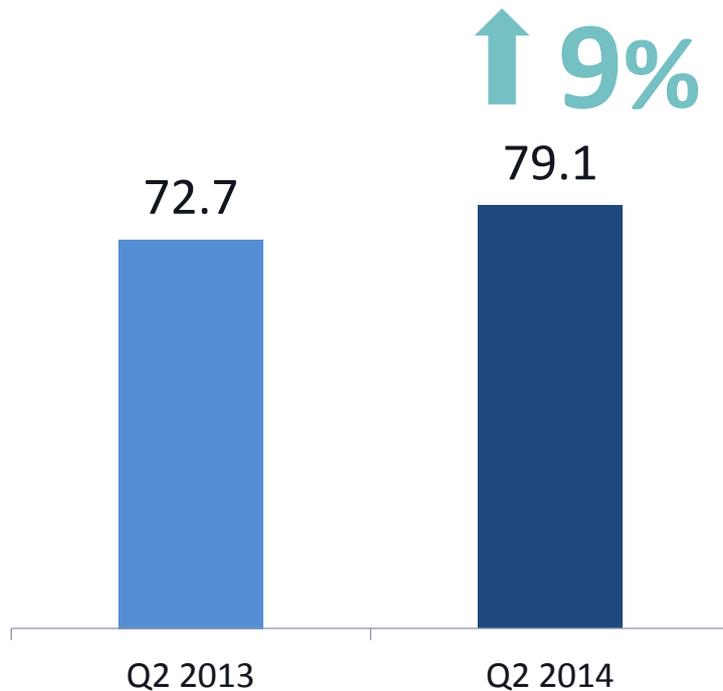
Financial Review



Strong Results From Continuing Ops: Q2 2014

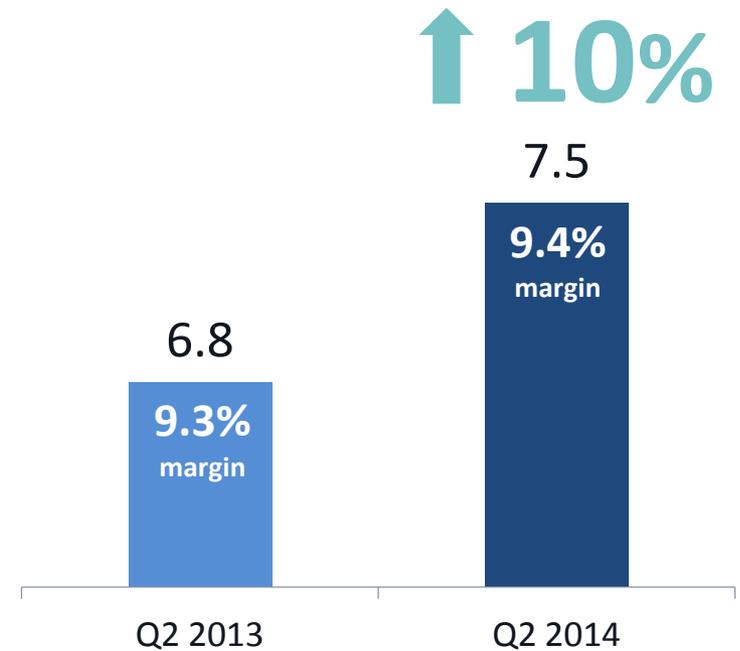
Revenue

(in Millions, C\$)



Adj. EBITDA

(in Millions, C\$)



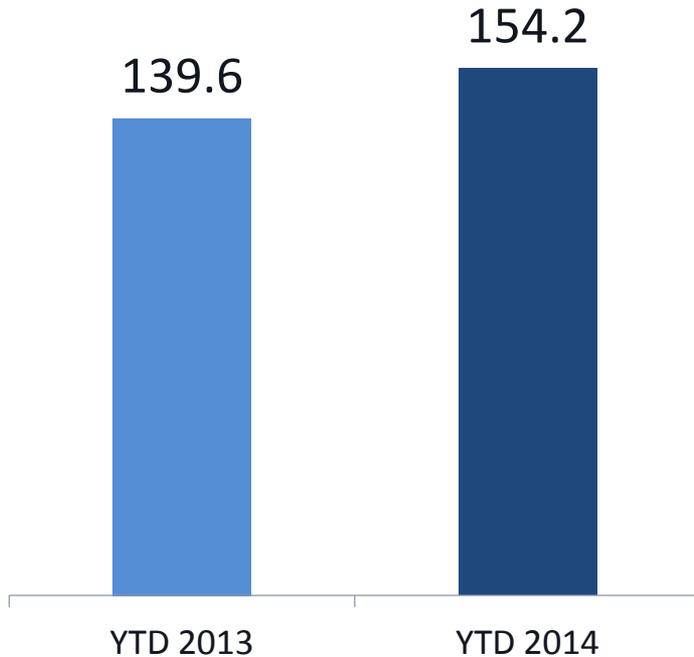
Growth in each business segment

Strong Results From Continuing Ops: YTD

Revenue

(in Millions, C\$)

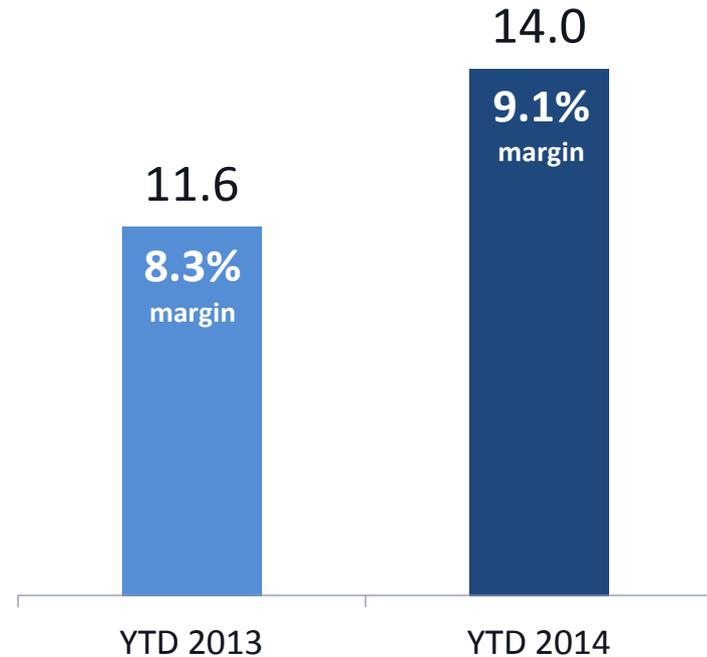
↑ 10%



Adj. EBITDA

(in Millions, C\$)

↑ 21%

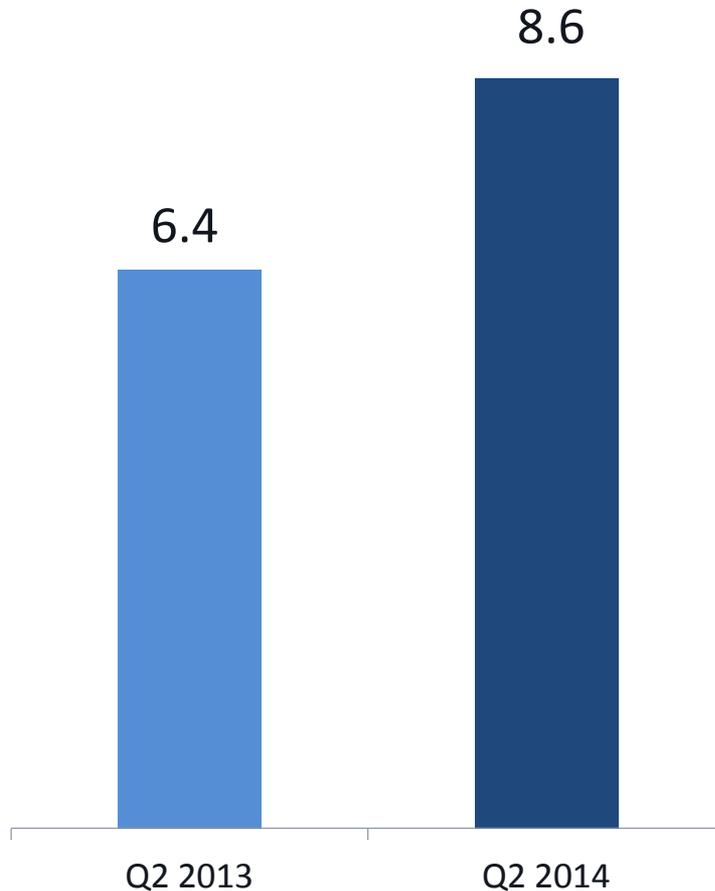


Growth in each business segment

Strong Cash Flowing Business

Cash Flow from Operations

(in Millions, C\$)



- 9th consecutive quarter of positive cash flow from operations
- Low cap ex requirements (~2% of revenue) result in a high % of EBITDA converted to cash flow

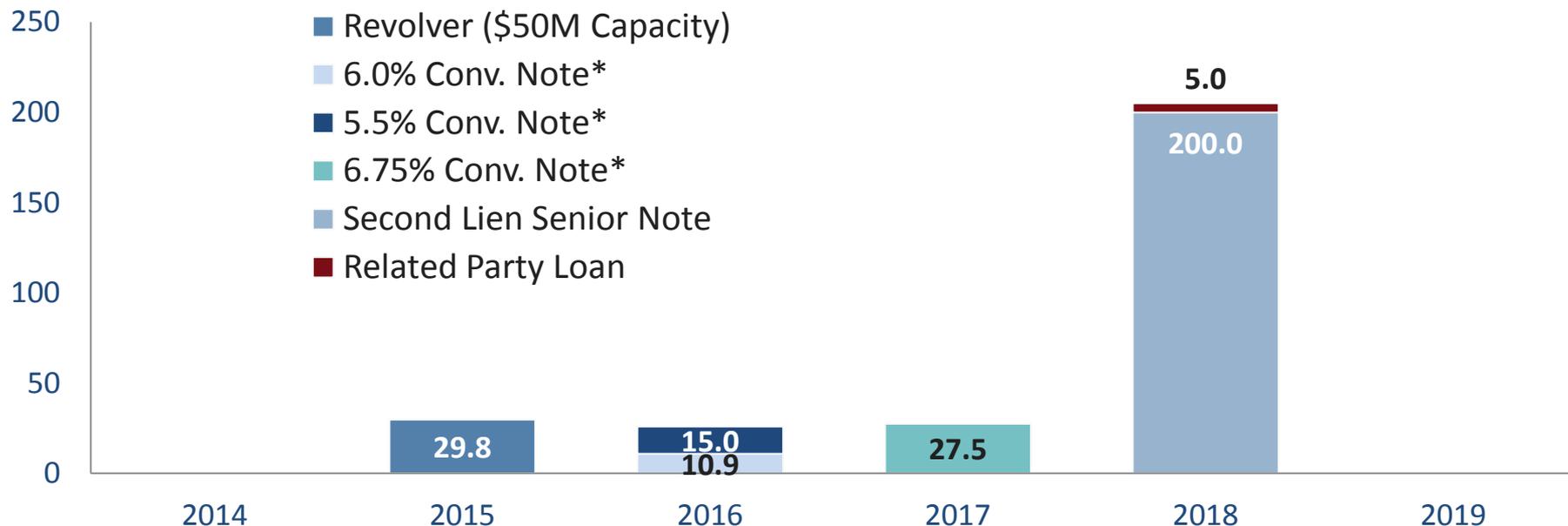
Balance Sheet Progress: Phase I (2013)

Closed offering of \$200m of senior secured notes (April 2013)	<ul style="list-style-type: none">• Repaid Term Loan and amended Revolving Credit Facility to \$50 million• Proceeds of Offering and amended Revolver: partial repayment of \$22.5m in Alaris preferred partnership units
Additional Redemption of Alaris Units (June 2013)	<ul style="list-style-type: none">• Redeemed additional \$7.5m units bringing total redemption to \$30m• Intention is to redeem remaining \$35.5m units by June 2017
Revised GHIS Agreement (March 2013)	<ul style="list-style-type: none">• \$2.5m in cash flow and EBITDA savings over the term of the agreement
Refinanced related-party convertible loan (November 2013)	<ul style="list-style-type: none">• Extended maturity date to April 2018, preserving cash flow

Added >\$10m to annual free cash flow

Flexible Debt Maturity Profile (As of June 30, 2014)

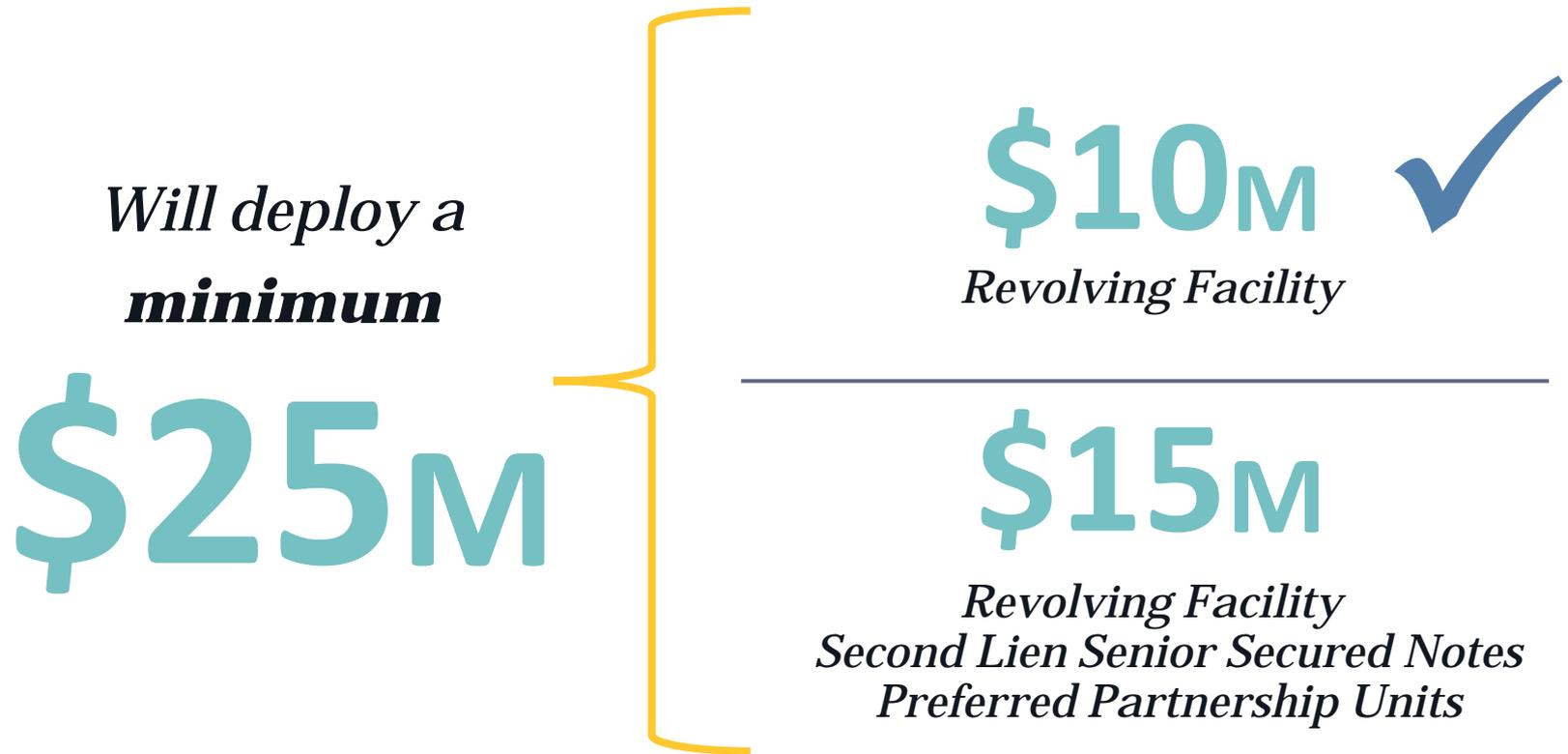
(in Millions, C\$)



No required principal repayments until mid-2015

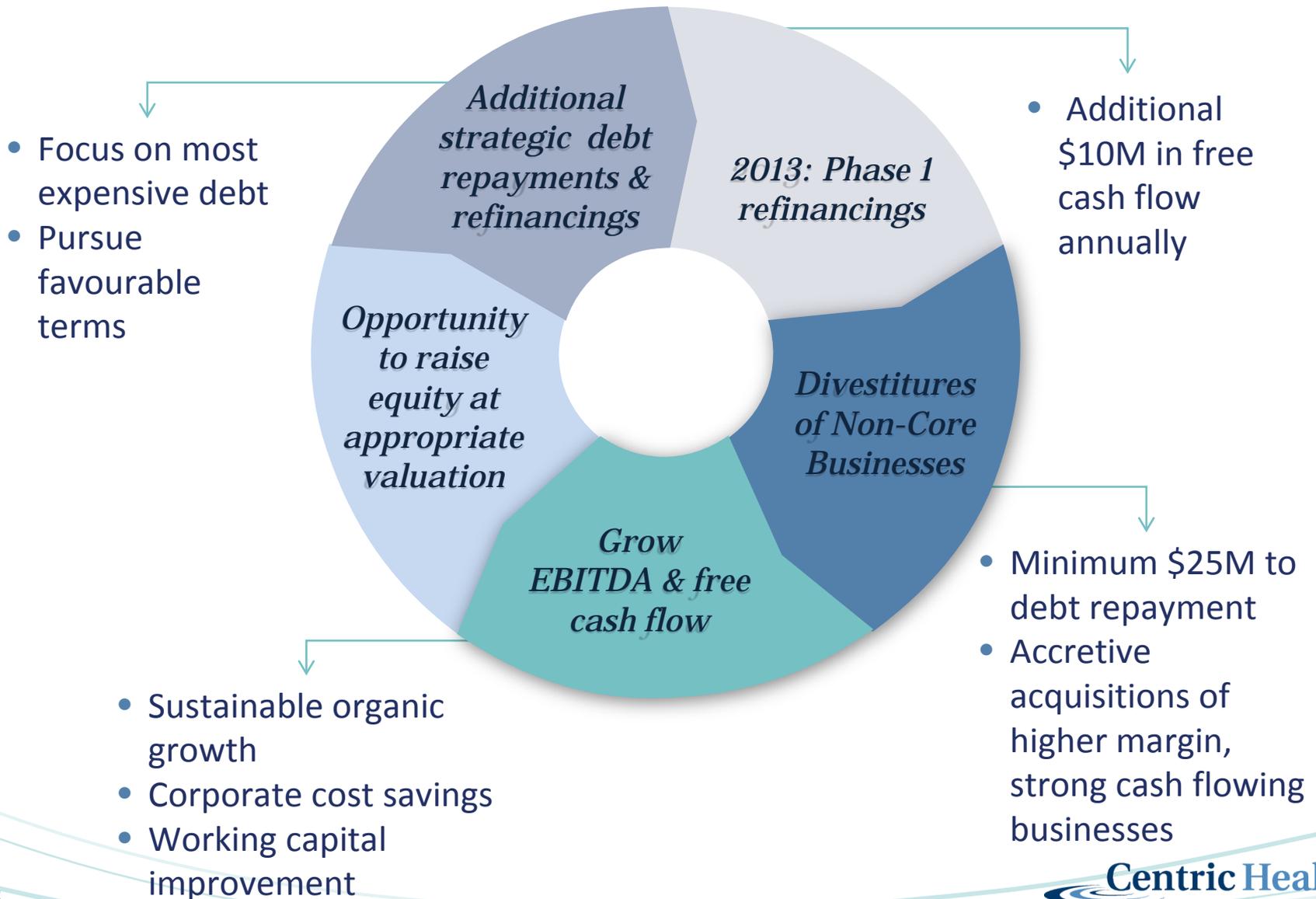
* Convertible to equity at the Company's discretion

Phase II: Use of Divestiture Net Proceeds



Will evaluate opportunities to further deploy proceeds to debt

Balance Sheet Strategy



My \$ Share: Employee Share Purchase Plan

- Offered to selected Centric Health staff
- Blend of Participant contribution and Centric provided loan
- Match is equal to 1- to 3-times the participant's contribution
- Participants contribution is subject to a one year contractual hold
- Pledged shares are released on each anniversary date
- Funded through ~\$2 million proceeds of recent GHIS warrant exercise

Goal: 30-40% employee ownership in the company

Shares to be purchased on the open market



Conclusion

 **Centric Health**
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Four Strategic Priorities



1 Focus on our core strengths

2 Strengthen the balance sheet

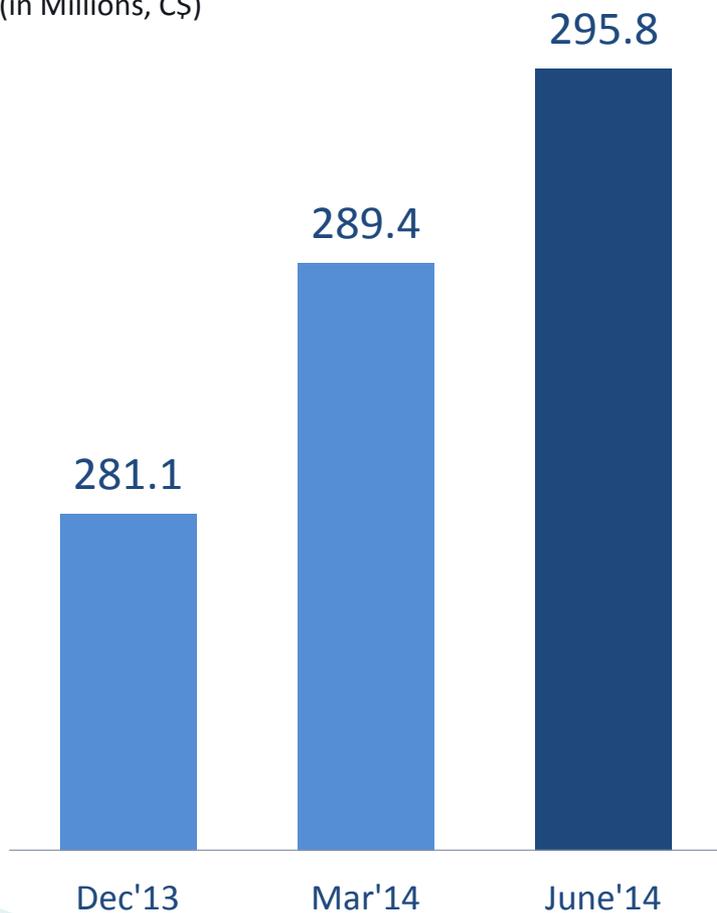
3 Position for future growth

4 Win on quality, innovation & client service

Growth Momentum: Trailing 12 Months

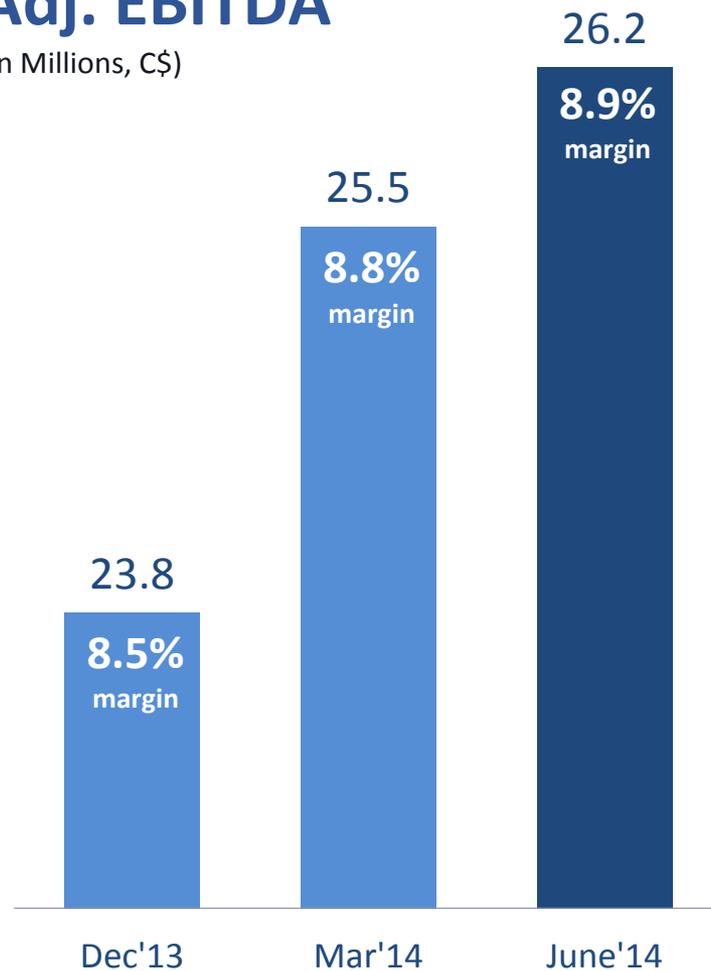
Revenue

(in Millions, C\$)



Adj. EBITDA

(in Millions, C\$)



Redeployment of Divestiture Net Proceeds

Generate Step-Function Growth in EBITDA and Cash Flow Through Accretive Acquisitions

- High margins
- Strong cash flows
- Low capital expenditures
- Low working capital requirements
- Limited exposure to regulatory and funding changes

***Maximize
“purchasing power”
of proceeds through
use of common
shares***

Restore and Grow Beyond Historical EBITDA Levels

Investment Proposition

Compelling Canadian healthcare industry fundamentals create unique macro opportunity

Irreplaceable platform of diversified healthcare businesses focused on three growing needs

Focus on high margin businesses with strong cash flows and low capital expenditure needs

Strong organic growth momentum in continuing operations with multiple expansion opportunities

Deeply experienced, well aligned management team and strong partnerships with healthcare providers



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