



**First Quarter 2014  
Financial Results Conference Call & Webcast  
May 7, 2014**

# Forward Looking Information & Disclosure

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.

**TSX:CHH**

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



# David Cutler

President & CEO

 **Centric Health**

# Agenda

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1. Operational Review

2. Financial Review

3. Outlook

4. Questions

# Q1-14 Results

	Q1/14	Q1/13	Q4/13
Revenue	<b>\$110.3M</b>	\$113.3M	\$109.8M
Adjusted EBITDA	<b>\$6.7M</b>	\$7.8M	\$6.2M
EBITDA margin	<b>6.1%</b>	6.9%	5.6%
Cash Flow from Ops	<b>\$3.8M</b>	\$0.2M	\$8.6M

- Consolidated results impacted by seniors physio funding changes and lower ADP referrals due to perceived conflict of interest
- Physiotherapy Clinic revenue up 6% year-over-year
- Assessments revenue up 19%
- Pharmacy revenue up 14%; Adj. EBITDA up 42%
- 8<sup>th</sup> consecutive quarter of positive cash flow from operations

# Resolution of Conflict of Interest

- Progressing toward completion of sale of Home Care operations to Lifespan Health and Wellness for \$2.5 million
- Intended sale of Seniors Wellness business advancing
  - Non-binding letter of intent for sale, also to Lifespan, for \$12.5 million
- Purchase price of both sales to be satisfied through eight-year note at 7%, paid monthly
- Closing expected on or around May 8

Expect sales of Seniors Wellness and Home Care operations to **fully resolve** conflict of interest matter

# Surgical and Medical Centres

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- First full quarter of contribution from SWLC
- Q1/14: 65% increase in Adjusted EBITDA on a 23% increase in revenue
- Rolling out SWLC model nationally to six surgical centres across Canada
- Completed facelift and upgrade at Calgary facility, began renovation at Don Mills (Toronto)
- Closed Sarnia surgical facility due to underperformance subsequent to quarter
- Growth will be driven by improved utilization
  - Q1 capacity utilization: ~30%



# Financial Review

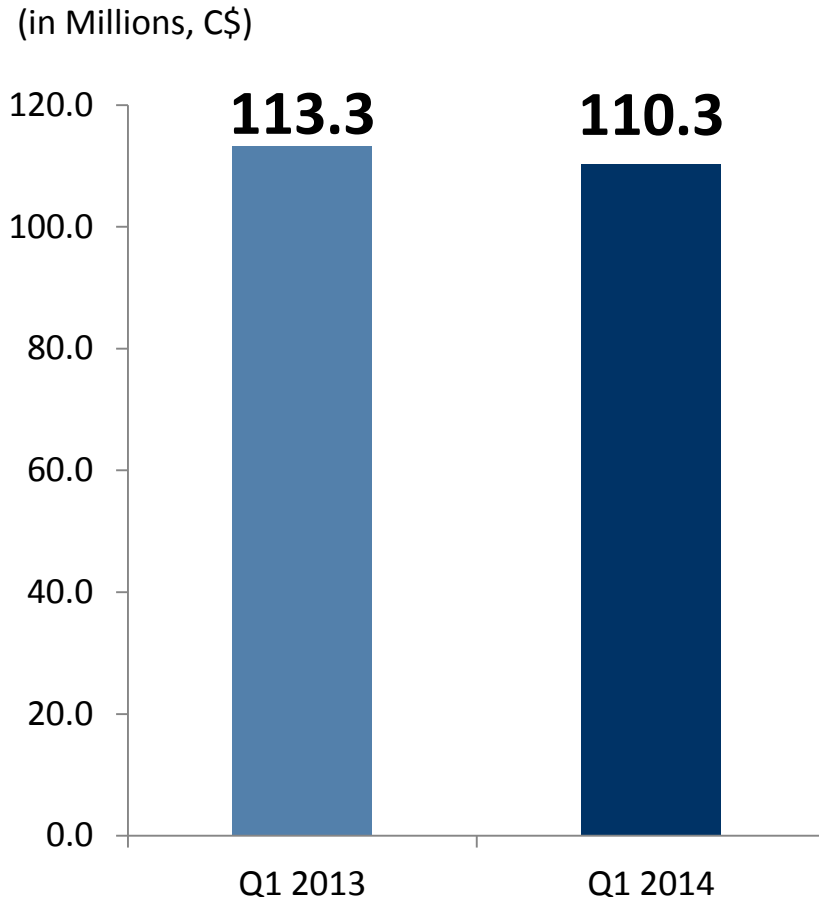
**Daniel Gagnon**

Chief Financial Officer





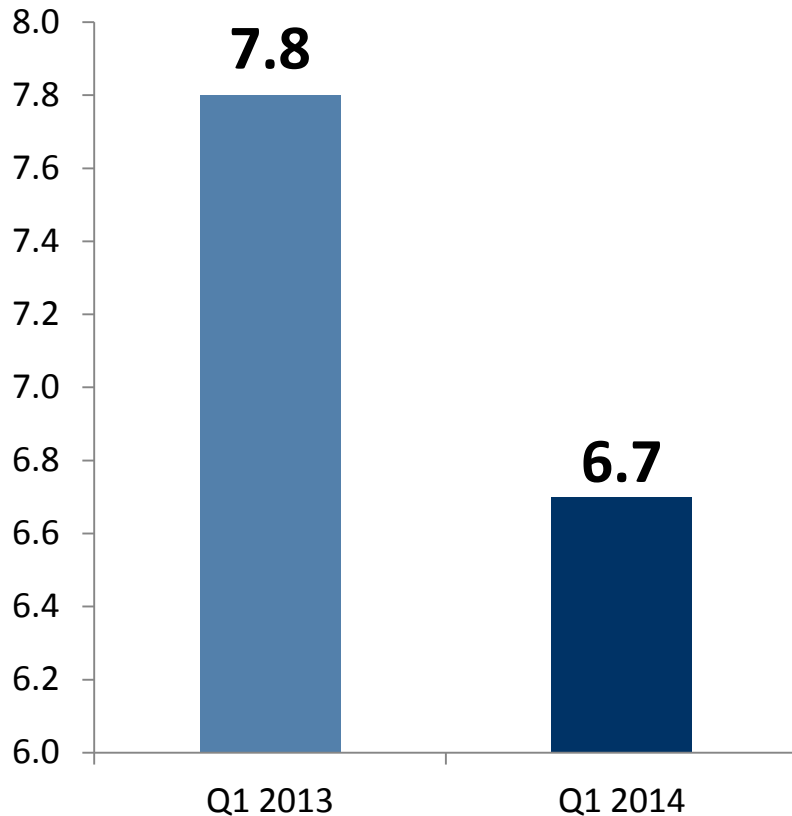
# Q1/14 Revenue



- Impacted by:
  - Seniors physio funding changes in Ontario
  - Lower ADP referrals due to perceived conflict of interest matter
- Offset by:
  - Organic growth in Rehab and Wellness, Pharmacy, Surgical and Medical
  - Contribution of SWLC acquisition
  - Additional business day

# Q1/14 Adjusted EBITDA

(in Millions, C\$)



## EBITDA Margin

**Q1/13: 6.9%**

**Q1/14: 6.1%**

Note: Adjusted EBITDA includes a restatement of previously reported amounts in order to reflect the impact of a non-cash, non-recurring adjustment related to the annual inventory count and valuation of the Company's retail and home medical equipment operations at December 31, 2013.

# Segment Results - Rehabilitation and Wellness

Division	Q1-2014			Q1-2013		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Rehabilitation and Wellness	48.4	6.3	13.1	52.9	7.8	14.8
Pharmacy	27.6	3.5	12.7	24.3	2.5	10.2
Retail & Home Medical Equipment	25.2	(0.8)	(3.4)	28.7	(0.2)	(0.6)
Surgical & Medical Centres	9.1	0.6	7.1	7.4	0.4	5.3
Corporate <sup>1</sup>	-	(2.9)	-	-	(2.7)	-
<b>TOTAL</b>	<b>110.3</b>	<b>6.7</b>	<b>6.1</b>	<b>113.3</b>	<b>7.8</b>	<b>6.9</b>

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

Note: Adjusted EBITDA includes a restatement of Q1-2013 in order to reflect the impact of a non-cash, non-recurring adjustment related to the annual inventory count and valuation of the Company's retail and home medical equipment operations at December 31, 2013.

# Segment Results - Pharmacy

Division	Q1-2014			Q1-2013		
	Revenue \$M	Adjusted EBITDA \$M	Margin %	Revenue \$M	Adjusted EBITDA \$M	Margin %
Rehabilitation and Wellness	48.4	6.3	13.1	52.9	7.8	14.8
<b>Pharmacy</b>	<b>27.6</b>	<b>3.5</b>	<b>12.7</b>	24.3	2.5	10.2
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# Segment Results – Retail & HME

Division	Q1-2014			Q1-2013		
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Rehabilitation and Wellness	48.4	6.3	13.1	52.9	7.8	14.8
Pharmacy	27.6	3.5	12.7	24.3	2.5	10.2
<b>Retail &amp; Home Medical Equipment</b>	<b>25.2</b>	<b>(0.8)</b>	<b>(3.4)</b>	28.7	(0.2)	(0.6)
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# Segment Results – Surgical & Medical Centres

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# Segment Results – Corporate

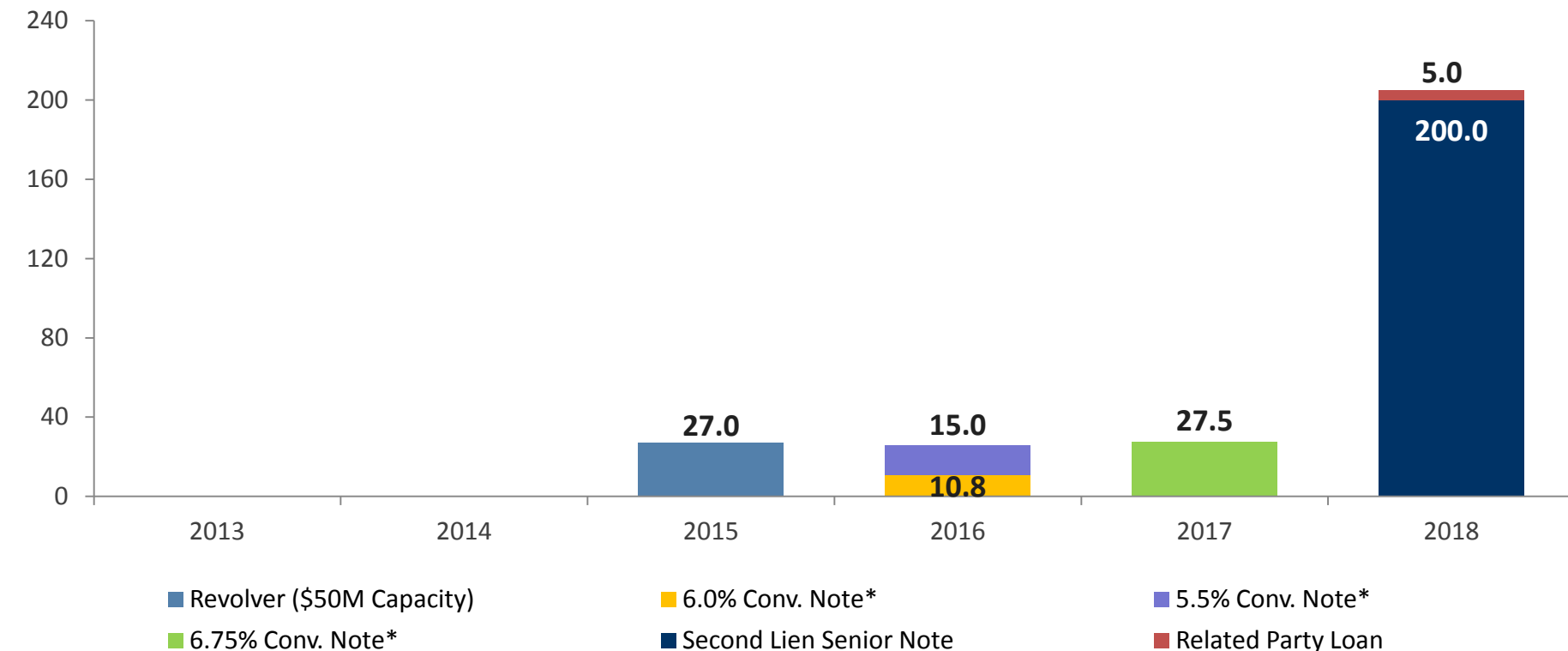
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# Debt Profile (December 31, 2013)

(in Millions, C\$)



\* Convertible to equity at the Company's discretion

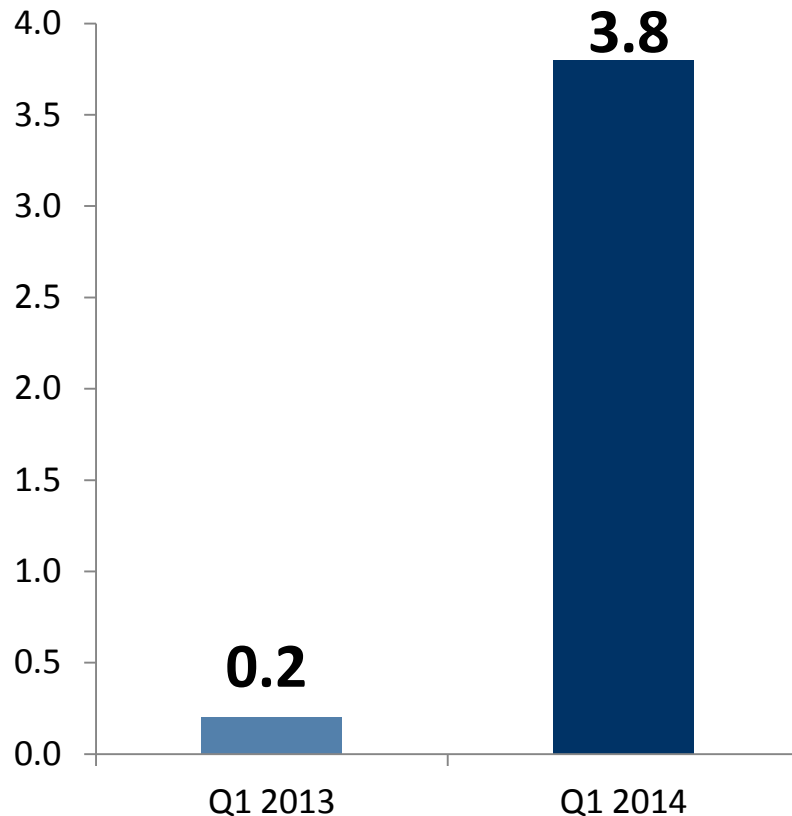
Favourable debt maturity profile

No required principal repayments until mid-2015



# Cash Flow from Operations

(in Millions, C\$)



- 8th consecutive quarter of positive cash flow from operations
- Working capital improvement of \$8.3 million vs. Q1/13
- On track to generate cash from operations to meet all debt obligations for remainder of year



**David Cutler**  
President & CEO

**Centric Health**

# Continued Growth of the Core



- Fluid regulatory environment
- Focus on best opportunities
- Limit distractions and risk
- Continue to optimize the platform for:
  - Higher margins
  - Limited regulatory risk
  - Long-term potential



# Questions

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