



ORION HEALTH 1HFY2016

Andrew Ferrier

Chairman of the Board of Directors

Ian McCrae

Chief Executive Officer

Graeme Wilson

Chief Operating Officer / Chief Financial Officer

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Information in this presentation:

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- includes forward-looking statements about OHE and the environment in which OHE operates, which are subject to uncertainties and contingencies outside of OHE’s control – OHE’s actual results or performance may differ materially from these statements;
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All currency amounts are in NZ dollars unless otherwise stated.

OHE results are reported under NZ IFRS. This announcement includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS.

- the information contained in this presentation should be read in conjunction with the financial statements and accompanying notes.
- due to rounding, the numbers presented throughout this presentation may not add up precisely to the totals presented. Percentages may not precisely reflect the presented figures as these are based on unrounded numbers.

1HFY2016 Financial Highlights

(as at 30 September 2015, NZ\$)

Total Operating
Revenue

\$102m

26% increase
from 1HFY2015

Annualised Recurring
Revenue of

\$86m

increase of \$34 million
from 1HFY2015

Recurring
Revenue

41%

of Total Operating
Revenue. Increased from
30% 1HFY2015

Net Cash*
balances of

\$77m

as at 30 Sept 2015.
\$18m net cash reduction
in the half year

Increased R&D
capacity by

23%

from 405 people at
1HFY2015 to 499

* Includes cash, cash equivalents and term deposits

Patient Records

Managed by Orion Health Software

90million

Globally

44million

North America

25million

APAC

21million

EMEA

New Business Success



Summary Financial Performance

NZ\$ millions	1HFY2015	2HFY2015	1HFY2016	Change % 1HFY2016 vs 1HFY2015
Operating Revenue	81	83	102	26%
Regional Expenses	(69)	(76)	(87)	25%
Regional operating profit	12	7	15	32%
Other Income	3	3	3	3%
Research and development	(23)	(26)	(32)	37%
Corporate Expense	(13)	(15)	(12)	5%
Operating Loss	(21)	(31)	(26)	27%
Finance income/(costs) - net	-	1	1	100%
Loss before income tax	(21)	(30)	(25)	20%
Income tax (expense)/credit	6	(16)	(2)	100%
Loss after tax	(15)	(46)	(27)	82%

Key changes compared to first half of 2015:

- Operating revenue \$102m, up 26%
- Regional operating profit was \$15m, up 32%; 134% up compared to second half 2015
- Recurring revenue is 41% of total operating revenue compared to 30% in 1HFY2015 — target of 50%
- All regions delivered revenue and contribution growth over 2HFY2015
- Growth includes \$13m currency impact on revenue and \$2m on margin
- R&D Investment up 37%, headcount up 38 from the end of the last financial year
- Corporate expenses 14% of revenue down from 16% last year
- Operating loss \$26m, up \$5m from 1HFY2015, improvement of \$5m from 2HFY2015

Balance Sheet and Liquidity

Strong balance sheet and well funded to execute plan

	Sep-15 NZ\$m	Mar-15 NZ\$m
Assets		
Cash, cash equivalents and term deposits	77.0	95.1
Trade and other receivables	56.5	58.7
Accrued revenue	28.7	26.9
Deferred tax asset	0.7	0.9
Property, plant & equipment	13.7	13.0
Other assets	6.3	6.6
Total Assets	182.9	201.3
Liabilities		
Trade, other payables and employee benefits	33.6	31.0
Revenue in advance	56.2	53.3
Other liabilities	3.6	4.2
Total Liabilities	93.4	88.5
Equity	89.5	112.8

- Well funded with \$77m in cash, cash equivalents and term deposits at 30 Sep 2015
- First half FY2016 net cash reduction of \$18m
- Total funds available and on deposit balance at 30 Sept 15 in line with expectations
- Improvement in working capital with increased focus on cash conversion cycle
- Accrued revenue reflects work completed that is yet to be invoiced for
- Revenue in advance reflects invoices collected for revenue yet to be recognised – for example, annual support renewals and periodic subscription fees
- Deferred tax asset written-off in accordance with Group policy in 2015

Summary Regional Financial Performance

Revenue & Contribution Growth

NZ\$ millions	1HFY2015	2HFY2015	1HFY2016	Change % 1HFY2016 vs 1HFY2015
Regional Operating Revenue				
North America	46	49	62	37%
APAC	22	16	17	-26%
EMEA	13	18	23	81%
Total	81	83	102	26%
Regional operating profit: third party				
North America	-	(3)	5	100%
APAC	10	4	3	-69%
EMEA	2	6	7	222%
Total	12	7	15	32%

- North America continues to be the largest region with 61% of revenue
- North America and EMEA delivered good growth compared to both first and second half FY2015 results
- APAC is down from 1HFY2015 due to significant perpetual licence sales in the comparative period

Services Margins

NZ\$ millions	1HFY2015	2HFY2015	1HFY2016
Implementation Services			
Operating revenue	36	36	36
Margin	4	6	7
Margin %	10%	16%	20%
Support Services			
Operating revenue	14	16	20
Margin	12	13	17
Margin %	84%	79%	85%
Managed Services			
Operating revenue	10	14	21
Margin	2	-	1
Margin %	21%	3%	6%

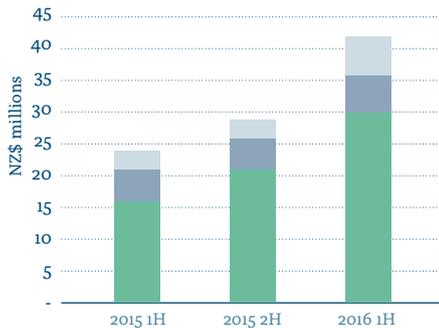
- Implementation Services margins improving as legacy US projects are completed
- Some implementation challenges in the UK as the business scales
- Deployment automation investments showing benefits
- Support services performing well
- Significant investment in new cloud delivery capability which allows lower cost footprint per customer
- Similar levels of Managed Services cost for 18-24 months while existing customers are migrated to the cloud
- Additional investment into security and assurance

Recurring Revenue and ARR

Recurring Revenue

% of Total Operating Revenue

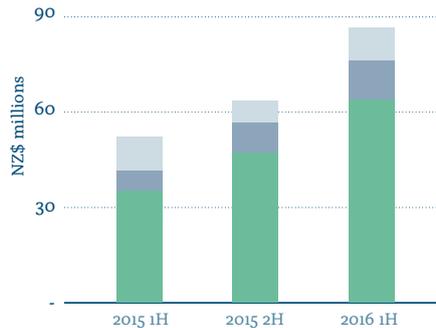
30% 36% 41%



■ North America ■ APAC ■ EMEA

- Recurring revenue represents Managed Services and Support Services revenue in the period

Annualised Recurring Revenue (ARR)

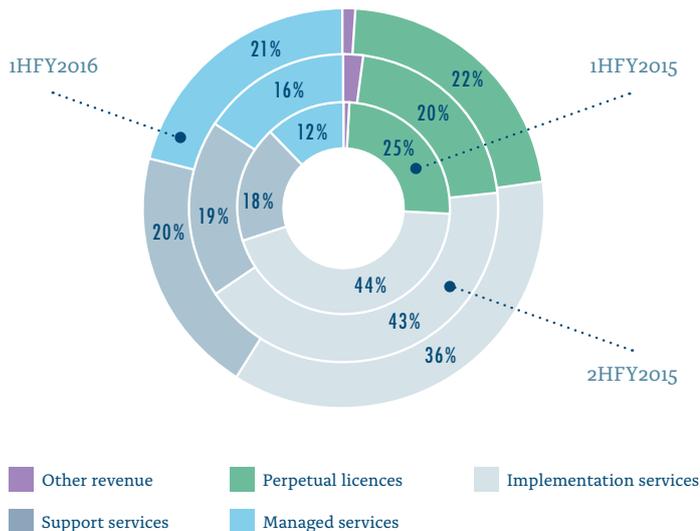


- Annualised Recurring Revenue (ARR) represents Managed Services and Support Services in the period end month, annualised

- Recurring revenue in the period increased in all regions
- Ongoing transition from perpetual licence to subscription model will drive future Recurring Revenue growth
- Recurring Revenue increased to 41% of Total Operating Revenue in the first half of FY2016. This is an increase from 33% in FY2015 and 29% in FY2014
- Target over 50% Recurring Revenue in 3 years
- ARR increased in all regions
- ARR has increased from \$52m at 1HFY2015 to \$63m at 2HFY2015 to \$86m at 1HFY2016
- \$12m of the ARR increase is related to exchange rate movements

Operating Revenue by Type

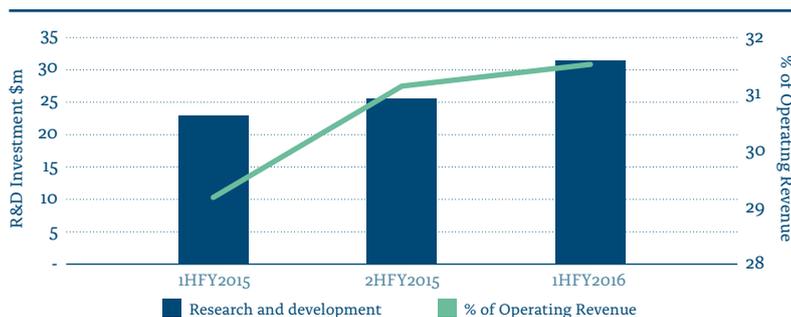
Operating Revenue Mix



NZ\$ millions	1HFY2015	2HFY2015	1HFY2016
Perpetual licences	20	16	24
Implementation services	36	36	36
Support services	14	16	20
Managed services	10	14	21
Other revenue	1	1	1
	81	83	102

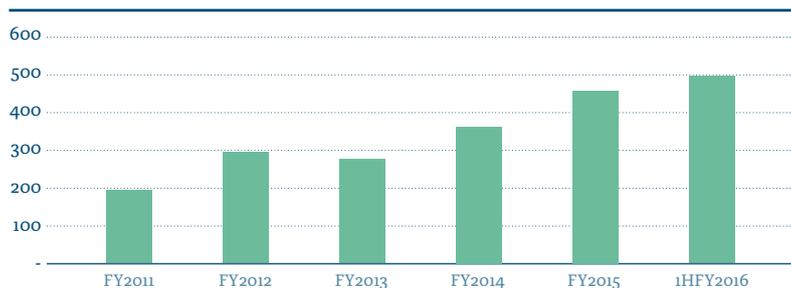
Investment in Research and Development

R&D Investment



- Continued increase in R&D headcount has enabled accelerated enhancement of all solutions
- Investments as a percentage of revenue plateau
- Approach to R&D is based on embracing latest technologies; innovating through design; open architecture; interoperability and scalability
- Investment in automation will increase speed to deploy and upgrade
- Cloud based delivery will provide a scalable lower cost standardised footprint per customer
- R&D programme continues to deliver functionality to published roadmaps
- Applied research planned for machine learning
- New genomic data sources are being ingested into Amadeus

R&D Headcount



Innovation and Research: Precision Medicine

Population Health Management is the **WHO**

Precision Medicine is the **HOW**

Precision Medicine is an emerging model of healthcare that combines all information unique to an individual to identify prevention and treatment strategies which will be effective for them based on genetic, environmental and lifestyle factors.

Innovation and Research: Precision Medicine

Rare Diseases and Genome Sequencing Cost

Cost Decline of Genomic Sequencing



It's not so rare to have a rare disease*

7,000

Rare diseases

1 in 10

Americans affected
(~30 million in the
US, 315 million
globally)

80%

of rare diseases
attributed to
genetics

**Genomic Data underpins
Precise Care Plans**

* Considered rare when it affects fewer than 200,000 patients

Innovation and Research: Precision Medicine

Genomics

23 Chromosome pairs with 3.2 billion base pairs

1/2 Terabyte data per person

2,000 Petabytes for NZ



Obama Precision Medicine



Proteomics

A single gene sequence will be combined in different ways to give rise to whole series of very similar but different proteins

Then, once proteins are made, they are decorated with various other chemicals such as phosphate, sugars or fats that drastically affect the function of the protein

THE HUMAN PROTEIN ATLAS

Epigenetics

Almost every cell in the human body has the same DNA sequence

Epigenetics determines if heart or brain cells are produced

Can be modified by environmental factors



Microbiomics

Known as the "other human genome"

Trillions of tiny bugs that live in your gut could hold the keys to new treatments for conditions ranging from obesity and Crohn's disease to allergies and asthma

Outnumber human cells by at least 3 to 1 - and perhaps as much as 10 to 1



Phenomics

How single genes or whole genomes translate into phenotypic traits... dimples, eye colour, myopia, cleft chin, achoo syndrome etc

Other

Medical records

Device data

Environmental

Social

etc.

Innovation and Research: Precision Medicine

Smart Devices



Pulse Oximeter



Scales



Peak Flow



Heart Rate



Blood Pressure



Ingestible
Sensors



Wireless Blood
Pressure



iPhone Blood
Glucose



Armband
Multi-sensors



Pedometer



Smart Diapers



LifeShirt

Innovation and Research: Precision Medicine

Health Data Explosion

2012



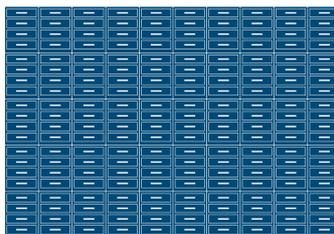
500 Petabytes



10 billion x
four drawer cabinets



2020



25,000 Petabytes

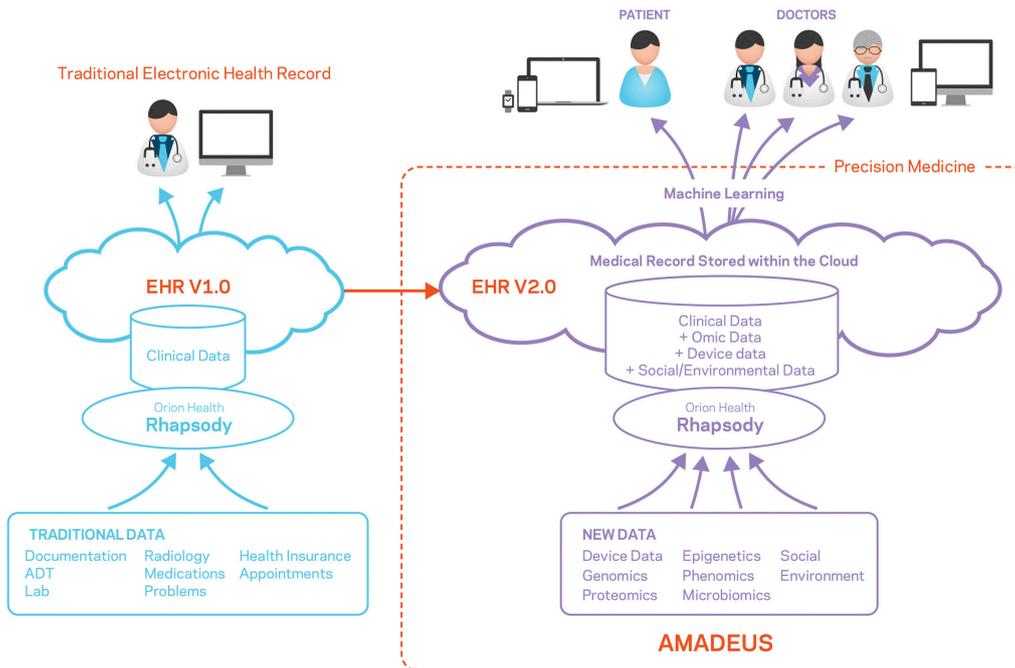


500 billion x
four drawer cabinets

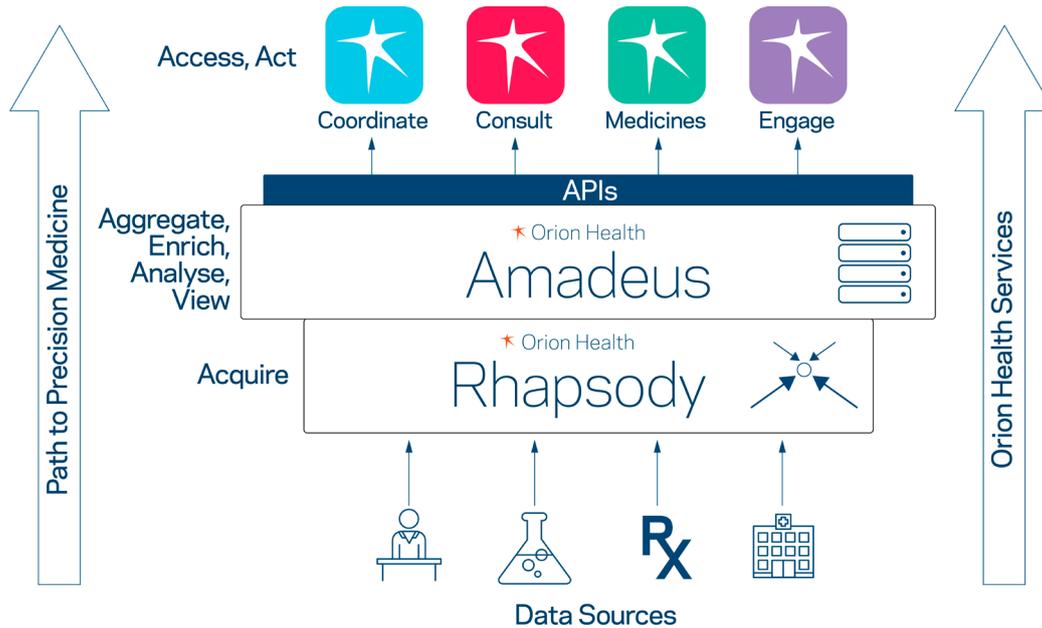
The amount of
healthcare data
worldwide is
expected
to grow
by 50 times
in 8 years

Innovation and Research: Precision Medicine

Amadeus, Precision Medicine Platform



The Customer Journey to Value



Emerging Market Segments



Pharmaceutical Manufacturers

More accurate information to use in improving medication adherence, clinical research and identify new drug targets



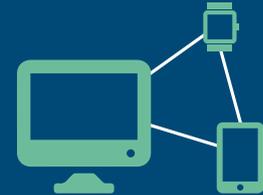
Retail Pharmacy

Expanding services beyond dispensing prescriptions to delivering lower cost, convenient access to certain healthcare services



Medical Device

Providing outcome evidence to support more and value-based models of care



Internet of Medical Things

Complete connectivity of device data supporting 24/7 patient care

New Leadership

Acquiring experience and capability

North America

Wayne Oxenham

- 12 years in the business
- Wide range of management roles in global services, product, sales and recently as EVP EMEA

EMEA

Jonathan Selby

- 28 years industry experience

APAC

Darren Jones

- 30 years industry experience
- New service leaders
- New NZ country management

Corporate

Susan Nemeth

- VP Finance

Johan Vendrig

- CIO

North America 1HFY2016 Highlights

Total Operating
Revenue

\$62m

Up 37% YoY

Currency impact
\$10m

Regional
Operating Profit

\$5m

Up \$5m YoY

Annualised Recurring
Revenue

\$63m

Recurring Revenue
48% of total
operating profit

Staff
Number

325

Down 2%

Patient
Records

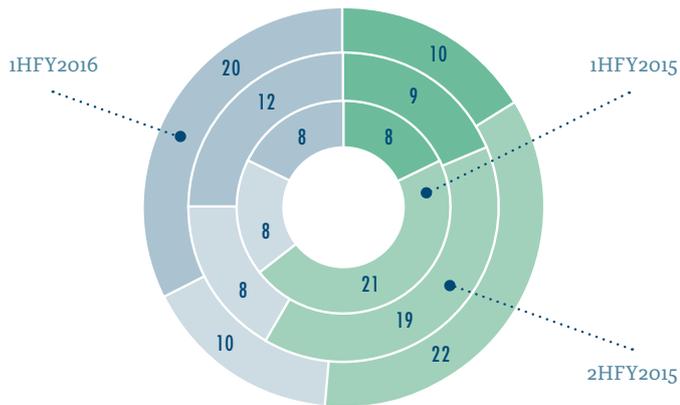
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Highlights 1HFY2016

- Cal INDEX 1st customer signed
- Ontario project on schedule
- All legacy projects complete
- New Executive Leadership
- Department of Defense win
- Building pipeline of opportunity
- Ongoing investment in SaaS and security infrastructure
- Plan established to migrate existing customers to new cloud solution

North America 1HFY2016 Highlights

North America Operating Revenue Mix NZ\$ millions



- Perpetual licence Revenue
- Implementation service Revenue
- Support service Revenue
- Managed services Revenue

	1HFY2015	2HFY2015	1HFY2016
Segment Operating Profit %			
Implementation Services	1%	7%	25%
Support Services	83%	74%	79%
Managed Services	14%	-3%	5%
% Recurring Revenue	35%	42%	48%

APAC 1HFY2016 Highlights

Total Operating
Revenue

\$17m

Down 26%

Currency impact
\$0.4m

Contribution

\$3m

Down \$7m

Annualised Recurring
Revenue

\$11m

Recurring Revenue
34% of Total Operating
Revenue

Staff
Number

137

Up 14%

Patient
Records

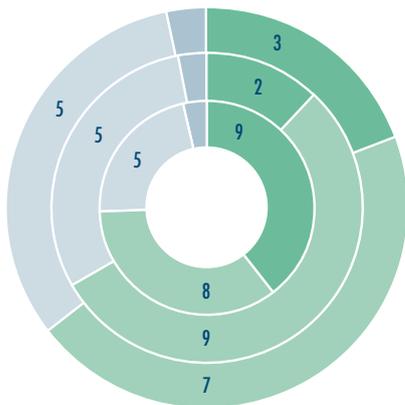
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Highlights 1HFY2016

- Continued strong NZ performance
- South Island project go-live 2016
- New Executive Leadership
- Australian projects coming back on track
- VINMEC win
- Go-live inTMC Philippines
- Building pipeline in Australia and Asia
- Revenue fell due to significant perpetual licences in 1HFY2015

APAC 1HFY2016 Highlights

APAC Operating Revenue Mix NZ\$ millions



- Perpetual licence Revenue
- Implementation service Revenue
- Support service Revenue
- Managed services Revenue

	1HFY2015	2HFY2015	1HFY2016
Segment Operating Profit %			
Implementation Services	24%	30%	18%
Support Services	87%	90%	88%
% Recurring Revenue	24%	32%	34%

EMEA 1HFY2016 Highlights

Total Operating
Revenue

\$23m

Up 81%

Currency impact
\$2.7m

Contribution

\$7m

Up \$5m

Annualised Recurring
Revenue

\$11m

Recurring Revenue
27% of Total Operating
Revenue

Staff
Number

131

Up 22%

Patient
Records

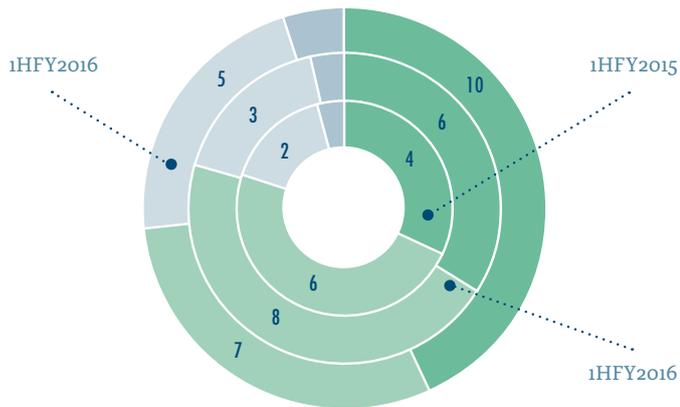
21m

Highlights 1HFY2016

- Continued strong UK performance
- New business - UK
 - Uniting Care Partnership
 - Trafford Healthcare NHS
 - Alliance Boots
- New business - Rest of Europe
 - Gerencia Regional de Salud de Castilla y Leon (SaCyl)
 - Dubai Health Authority — Rhapsody
- Middle East building pipeline
- Market entry into France
- Investing to develop services capacity

EMEA 1HFY2016 Highlights

EMEA Operating Revenue Mix NZ\$ millions



- Perpetual licence Revenue
- Implementation service Revenue
- Support service Revenue
- Managed services Revenue

	1HFY2015	2HFY2015	1HFY2016
Segment Operating Profit %			
Implementation Services	33%	38%	9%
Support Services	86%	90%	90%
% Recurring Revenue	21%	20%	27%

Looking at the rest of FY2016

Similar revenue growth expected in second half of financial year



Research & Development

- Applied Research, Amadeus capabilities, APIs
- Cloud delivery and automation
- Roadmap delivery



Regions

- Pipeline growth and conversion
- Leadership capability
- Partner enablement
- Deployment automation
- Cloud deployment and conversion
- Margin expansion
- Customer experience



Corporate

- Talent development and engagement
- Scalable platform for growth
- Systems

