

Results Presentation

FY2016

23 May 2016



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- 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.



Overview

Orion Health at a Glance

A Year of Progress

Precision Medicine

Launch of Amadeus

>100m Patient Records

Significant milestone reached

Moving to the cloud

Customer transition begun

Growing Global Footprint

8 new significant contracts in 2016

Revenue Growth

26% growth in FY2016

Driving to Profitability

During FY2018

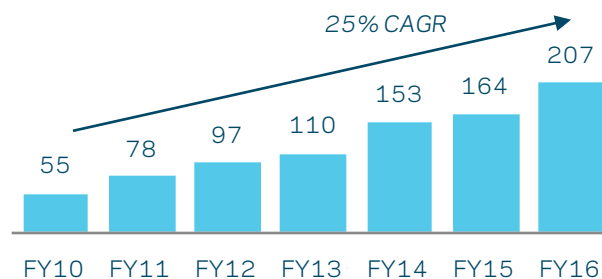
High Performing Team

+1200 people in 15 countries

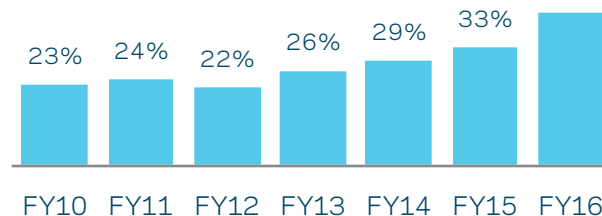
\$38m Research Project

Partnership for precision medicine

Revenue growth (in NZD millions)



Recurring revenue percentage



FY2016 Financial Highlights

A year of record revenues

Operating Revenue

\$207m

26% growth on
FY2015

Annualised Recurring
Revenue

\$85m

36% growth on
FY2015

Regional contribution
(pre abnormal items)

\$35m

90% growth on
FY2015

Cash Balance

\$59m

\$37m decrease on
FY2015

R&D Expense

\$63m

In line with growth
in revenues

(As at 31 March 2016, NZ\$)

OVER 100M PATIENTS



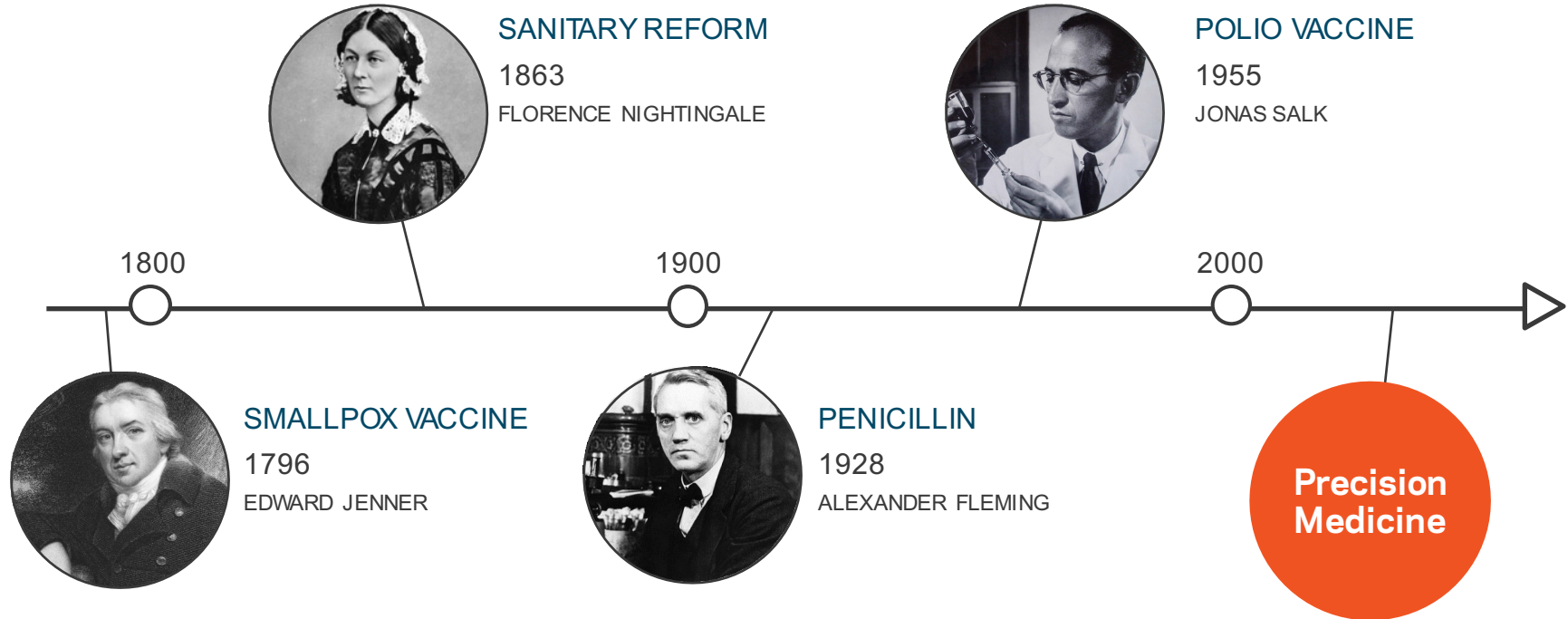
Healthcare Digital Revolution



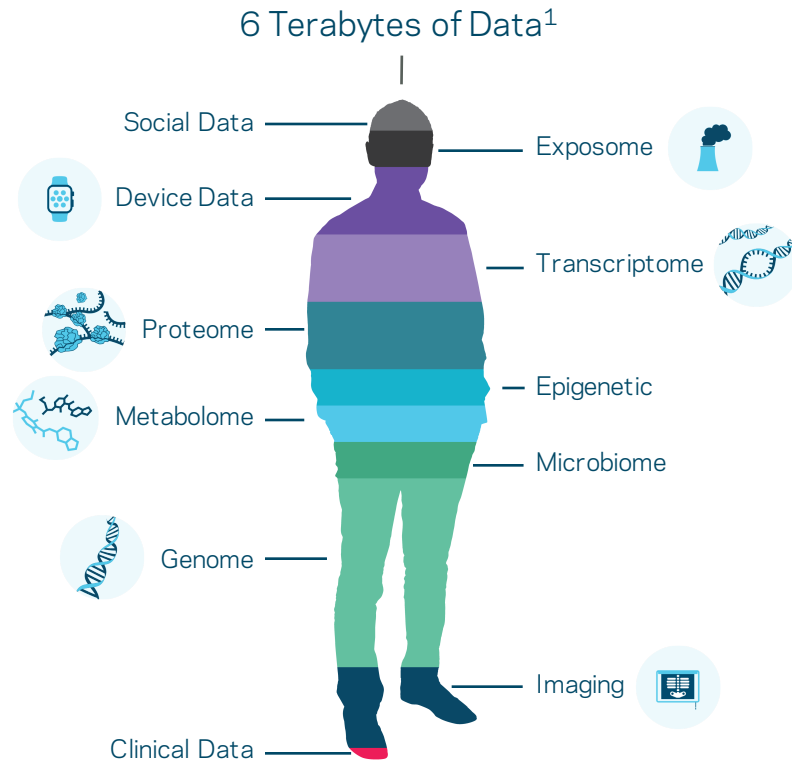
Healthcare Landscape

- Fundamental **change is occurring** now
- The size of the opportunity.
The Total Addressable Market (TAM) for healthcare cloud compute alone is estimated to be **US\$9.5 billion** by 2020
- And the fact that we are at the **Epicentre of this change**

Healthcare Digital Revolution....

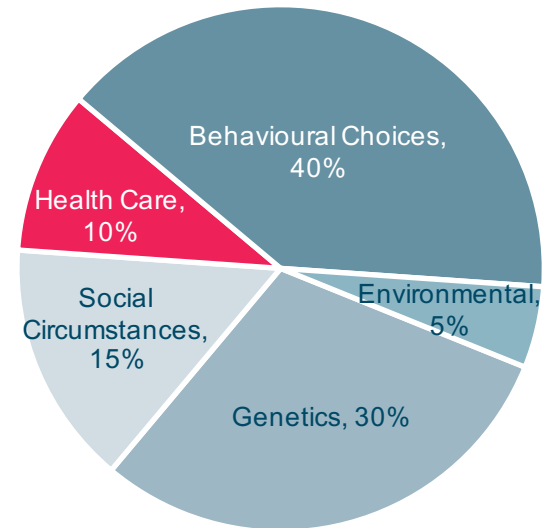


Digital Humans



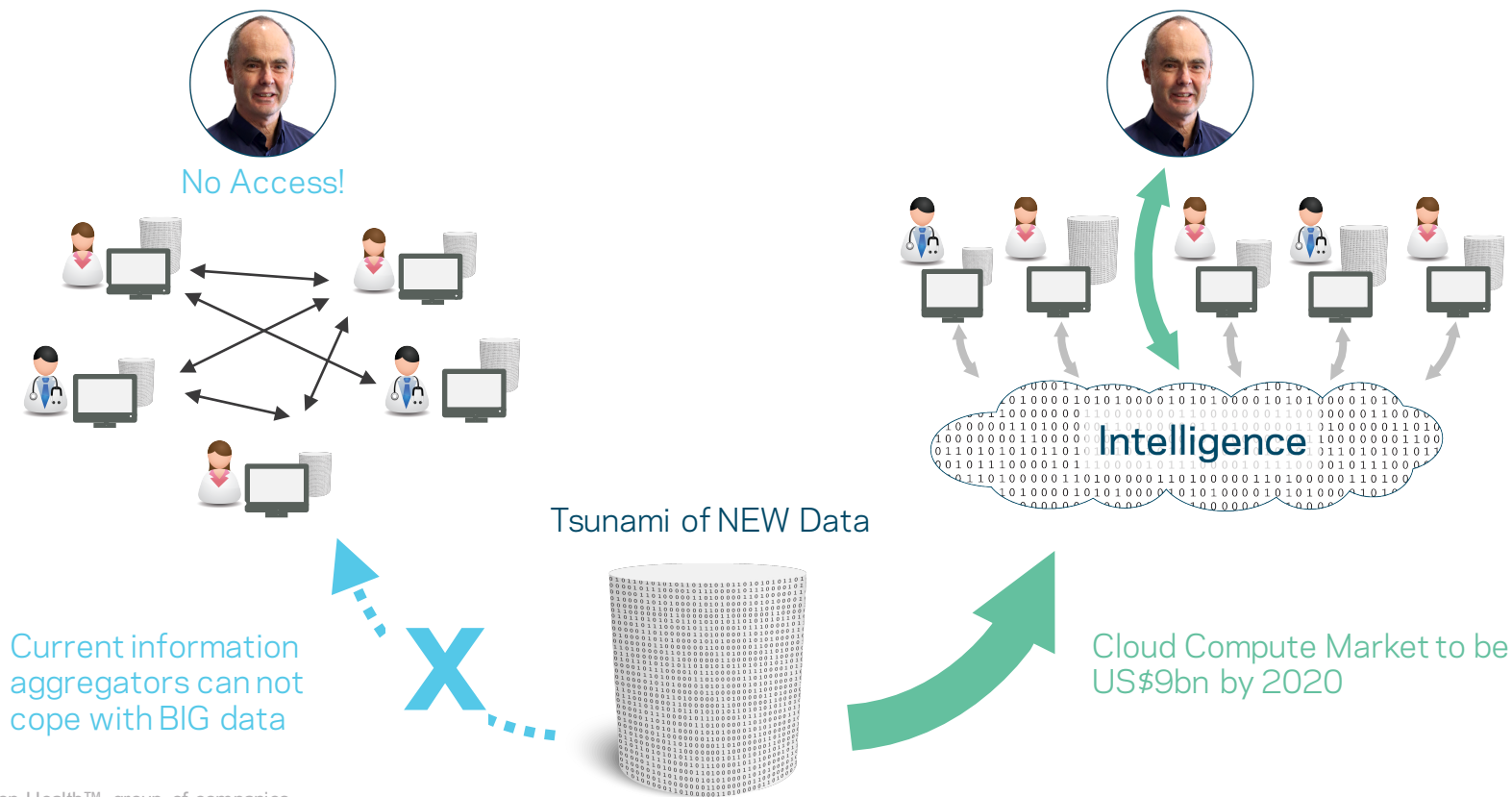
¹IBM Watson – Fortune 2016

Factors Influencing Health

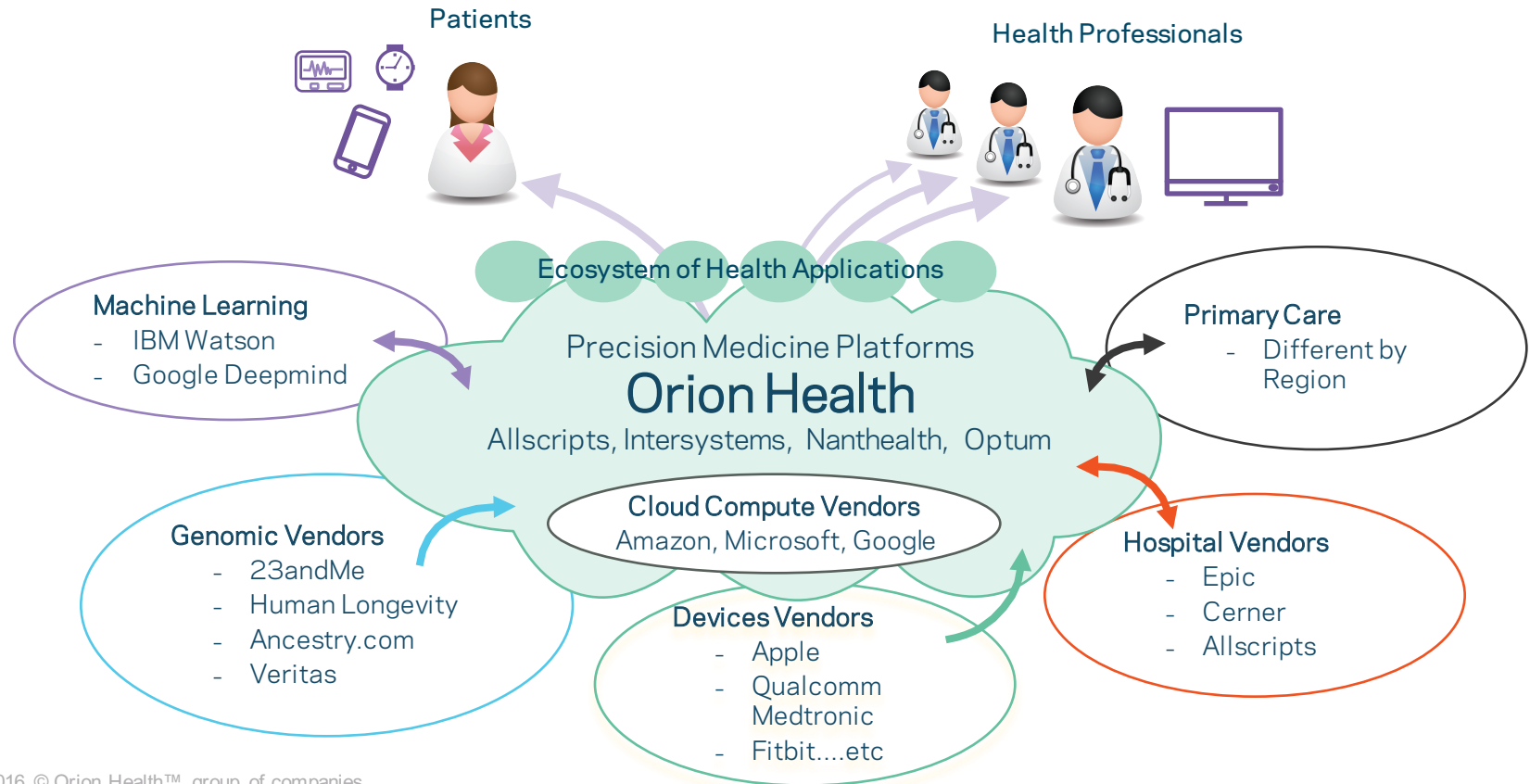


McGinnis et. al. Human Affairs, Vol 22 (2)

The Shift of Medical Data Storage



Precision Medicine



Orion Health's Value Opportunity

Traditional business

25% CAGR, turning to profit, increased recurring revenue

New opportunity

Leading the global transformation of healthcare and becoming the custodian of the medical records for much of the developed world



FY2016 Financial Performance

Summary Financial Performance

\$m	FY2015	FY2016	Change % FY16 vs. FY15
Recurring revenue	53.7	87.9	64%
Non-recurring revenue	110.4	119.0	8%
Total Operating Revenue	164.1	206.9	26%
Regional expenses (excluding abnormal items)	(145.6)	(171.8)	(18)%
Regional Contribution	18.5	35.1	90%
Other income	5.1	5.2	0%
Research and development	(50.0)	(62.8)	(26)%
Corporate expenses	(25.6)	(24.7)	3%
Operating Loss before Abnormal Items	(52.0)	(47.2)	9%
Abnormal items	-	(7.5)	-
Net finance income	1.3	2.0	59%
Loss before Income Tax	(50.7)	(52.7)	(4)%
Income tax expense	(10.1)	(1.7)	83%
Loss after Income Tax	(60.8)	(54.4)	11%

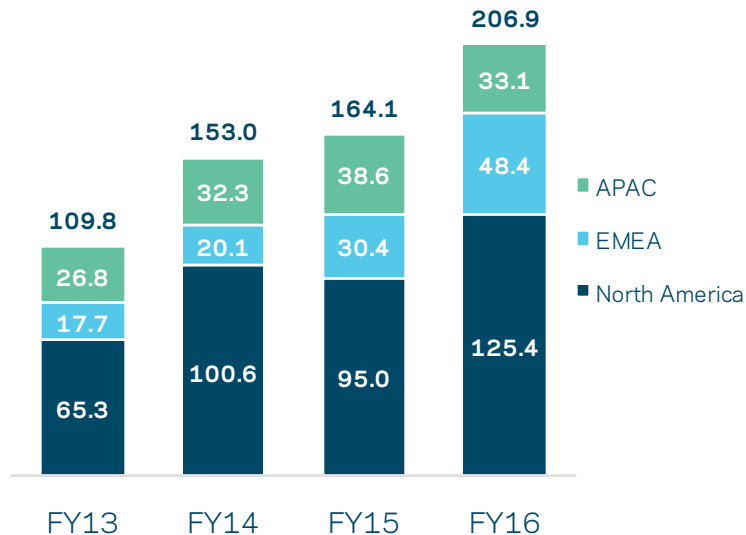
Key changes compared to FY2015

- Operating revenue \$207m, up 26%
- Regional contribution \$35m before abnormal items up 90%
- Recurring revenue increased 64% from FY2015, now 42% of Total Operating Revenue with a target of 50% by FY2019
- Currency improved revenue by \$21m
- R&D Investment up 26%, in line with growth in revenue
- Abnormal expense item of \$7.5m in US
- Loss before abnormal items of \$47m, improvement of \$5m from FY2015
- Loss after income tax of \$54m compared to \$61m in FY2015

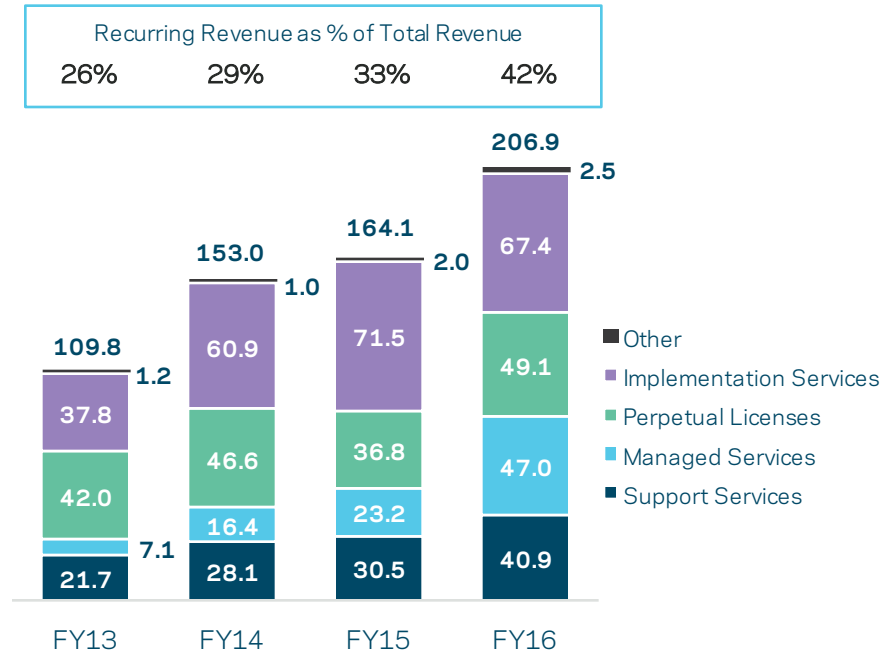
Orion Health Revenue by Type

Recurring Revenue on track to reach target of 50%

Operating Revenue Mix By Region %

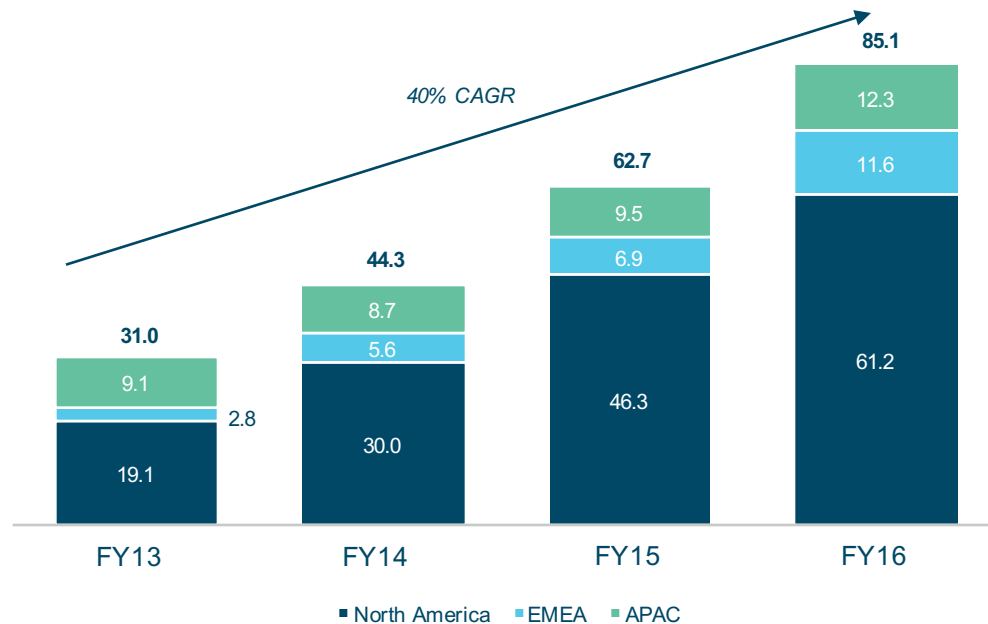


Operating Revenue By Revenue Type NZ\$m



Annualised Recurring Revenue (ARR)

Continued Strong Growth in ARR



- Annualised Recurring Revenue (ARR) increased 36% to \$85m
- Recurring Revenue increased to 42% of Total Operating Revenue
- We target achieving 50% Recurring Revenue in the next four years
- \$5m of the ARR increase is related to exchange rate movements
- Ongoing transition from perpetual license to subscription model driving Recurring Revenue growth
- ARR increased in all regions

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

Services Contribution

Platform in place for future contribution expansion

NZ\$m (excluding abnormal items)	FY2015	FY2016
Implementation Services		
Operating revenue	71.5	67.4
Contribution	11.4	10.2
<i>Contribution %</i>	<i>15.9</i>	<i>15.2</i>
Support Services		
Operating revenue	30.5	40.9
Contribution	25.0	35.0
<i>Contribution %</i>	<i>81.8</i>	<i>85.6</i>
Managed Services		
Operating revenue	23.2	47.0
Contribution	1.9	5.0
<i>Contribution %</i>	<i>8.3</i>	<i>10.7</i>

Implementation Services

- Contribution percentage reflects:
 - legacy low earning projects in US, Australia and UK
 - excess capacity in US pre reorganisation and new business wins
- Improved outlook for FY2017 due to legacy project completion and new contract wins
- Investing in deployment automation that will improve contribution percentage and speed time to value

Support Services

- Revenue growth and contribution percentage increase by 4 points

Managed Services

- Contribution reflects investment in cloud based SaaS offering
- Migration of existing customers from the legacy platform to cloud will take 2 years
- As new customers are added to the cloud we expect to see our overall Managed Services contribution percentage increase

Investment in Research and Development

Amadeus launched

R&D Investment	FY2015	FY2016
R&D expenditure \$m	50.0	62.8
R&D as proportion of Operating Revenue %	30.5	30.3
R&D headcount	461	525

- Amadeus precision medicine platform launched
- Research partnership will develop new machine learning and cognitive capabilities
- Cognizant partnership major endorsement of Amadeus precision medicine platform
- Continued increase in R&D headcount has enabled enhancement of all solutions
- Investment as a percentage of revenue has remained constant at 30% but the rate of growth has slowed
- R&D as a proportion of revenue expected to gradually decrease over next 2 years

Overview of Abnormal Items

Creating a platform for profitable US growth

Abnormal Items FY2016 \$m	FY16
US operation reorganisation	4.6
US Contract Exit	2.9
Total Abnormal Item Expense	7.5

Annualised Cost Savings \$m	
Annualised staff expense	6.3
Annualised premise expense	1.6
Total Savings	7.9

- A number of actions taken in the US to create a more efficient organisation which is positioned for profitable growth in the future
- Abnormal items in the US relate to the combined costs of reorganising the business including costs related to reducing the premises footprint, removing overhead, associated staff and restructuring costs, and exiting a significant legacy contractual arrangement
- We expect to realise \$8m in on-going cost savings on an annualised basis.

Balance Sheet and Liquidity

Strong balance sheet and well funded to execute plan

NZ\$m	FY2015	FY2016
Assets		
Cash, cash equivalents and term deposits	95.1	58.6
Trade and other receivables	58.7	53.5
Accrued revenue	26.9	21.4
Deferred tax asset	0.9	3.6
Property, plant & equipment	13.0	15.8
Other assets	6.7	4.5
Total Assets	201.3	157.4
Liabilities		
Trade, other payables and employee benefits	31.0	31.8
Revenue in advance	53.3	58.6
Other liabilities	4.2	5.1
Total Liabilities	88.5	95.5
Equity	112.8	61.9

- Cash balances of \$59m, reduction of \$37m from FY2015
- Working capital and standby facilities of \$40m in place to support journey to profitability
- All R&D investment expensed

Cash Flow Statement

Improved cashflow in FY2016

NZ\$m	FY2015	FY2016
Operating Cash Flows		
Receipts from customers	174.7	224.4
Payment to suppliers	(74.0)	(91.5)
Payment to employees	(136.9)	(164.4)
Other	(2.3)	(0.8)
Cash Outflow from Operating Activities	(38.5)	(32.3)
Cash Inflow from Investing Activities¹	(6.4)	(6.2)
Cash Inflow from Financing Activities and foreign exchange movement²	141.0	1.9
Total net cash inflow / (outflow)	96.1	(36.6)

¹ Removes effect of term deposit

² Includes effect of foreign currency balances and capital raise in FY2015

Financial Outlook

Path to profitability

We see operating
**revenue growth
of >20%**
in FY2017

Driving to
profitability
during FY2018

We have
**sufficient cash
and facilities**
to execute our plan to
profitability during
FY2018

A photograph of three people in an office environment. An older man with grey hair, wearing a dark blazer over a light blue button-down shirt, stands in the center background. To his left, a woman with dark hair is looking down at a laptop. To his right, a younger man with dark hair and a beard, wearing a dark t-shirt, is also looking at the laptop and smiling. The background is slightly blurred, showing colorful posters on a wall. A large white diagonal shape is on the left side of the image, containing the text.

FY2016 Regional Performance

North America FY2016 Highlights

Total Operating
Revenue

\$125m

Up 32% YoY

Regional
Contribution
(pre abnormal items)

\$12m

Up \$16m YoY

Annualised
Recurring Revenue

\$61m

Recurring Revenue
49% of Total
Operating Revenue

Staff Numbers

269

Reduced from 335
at 31 March 2015

Patient Records

55m

Highlights FY2016

- Cal INDEX live with 10m lives and 1st provider signed
- New Executive Leadership
- Announcement of contract with major Health Insurer - Horizon
- Partnership established with Cognizant and first sale concluded
- Ontario project success and extension
- 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
- Recent sales will drive Implementation Services revenue in FY2017 and Managed Services revenue in FY2018

Partnership with Cognizant

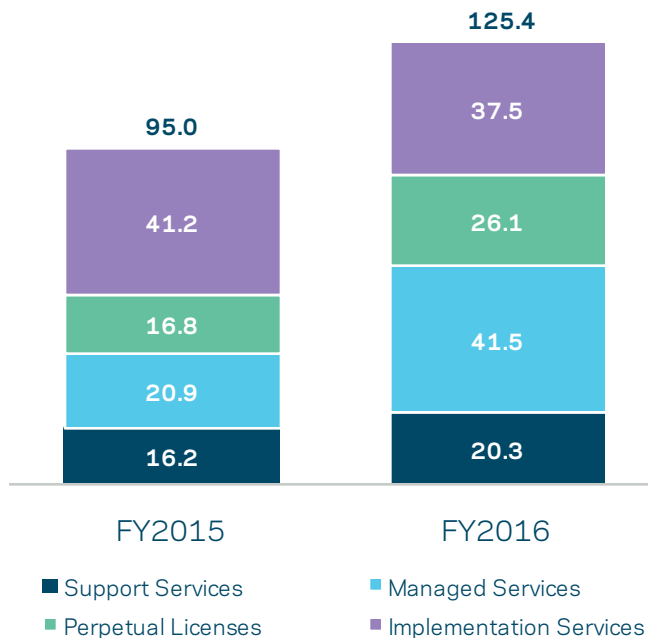
Largest software vendor in US health insurance market

- Cognizant:
 - Over half of all insured American citizens in its systems
 - Annual revenue of more than US\$12 billion
 - 233,000 employees
- Cognizant has the rights to distribute Orion Health Amadeus, and ancillary products, including Rhapsody, on a white label OEM basis – part of TranZform product
- Cognizant chose to partner with Orion Health because Amadeus supports consumer centric healthcare
- Orion Health receives fees on a per member per year basis
- Partnership will:
 - Increase number of patient records in Orion Health systems
 - Increase Orion Health's footprint in the US market
 - Contribute to recurring revenue in US market
- Cognizant have just secured the first sale under this partnership to a healthcare insurer with over 3 million members



North America FY2016 Highlights

North America Operating Revenue Mix NZ\$ millions



Contribution % (excluding abnormal items)	FY2015	FY2016
Implementation Services	4%	11%
Support Services	77%	83%
Managed Services	4%	5%
Recurring Revenue %	39%	49%

EMEA FY2016 Highlights

Total Operating
Revenue

\$48m

Up 59%

Regional
Contribution

\$15m

Up \$7m

Annualised
Recurring Revenue

\$12m

Recurring Revenue
29% of Total
Operating Revenue

Staff Numbers

153

Increase from 117
at 31 March 2015

Patient Records

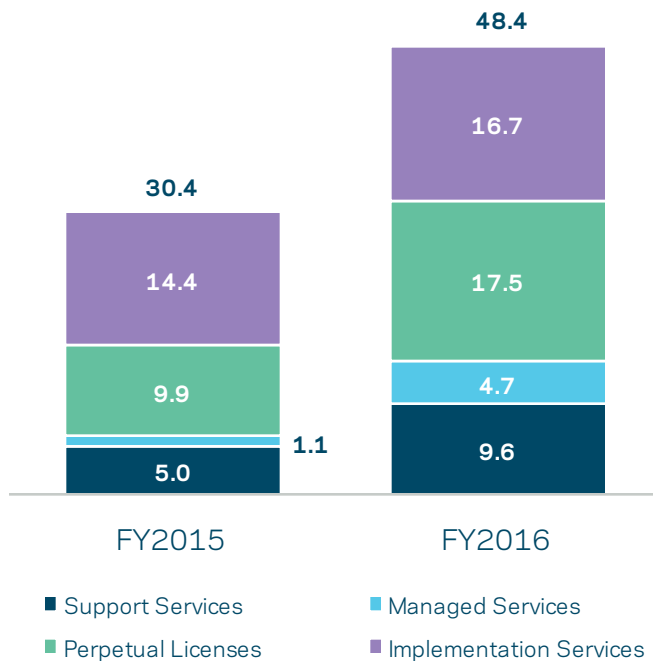
21m

Highlights FY2016

- 59% revenue growth YoY
- New software to NHS Glasgow and Northern Ireland
- New EMEA headquarters in London
- Jonathan Selby appointed to lead EMEA
- New business – UK
 - NHS Fife
 - Trafford Healthcare NHS
 - Chelsea & Westminster NHS
 - Boots
- New business – Rest of EMEA
 - France: Paris and Burgundy
 - Spain: Castilla y Leon (SaCyl)
 - Middle East: Dubai Health Authority

EMEA FY2016 Highlights

EMEA Operating Revenue Mix NZ\$ millions



Contribution %	FY2015	FY2016
Implementation Services	36%	21%
Support Services	87%	88%
Managed Services	57%	72%
Recurring Revenue %	20%	29%

APAC FY2016 Highlights

Total Operating
Revenue

\$33m

Down 14%

Regional
Contribution

\$8m

Down \$6m

Annualised
Recurring Revenue

\$12m

Recurring Revenue
36% of Total
Operating Revenue

Staff Numbers

145

Down from 152 at
31 March 2015

Patient Records

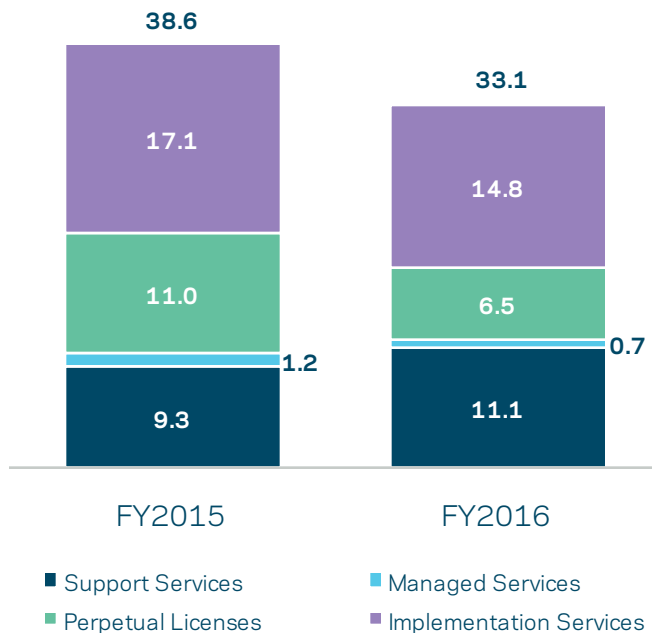
26m

Highlights FY2016

- South Island project phase one go-live in 2016
- Australian projects coming back on track
- VINMEC win in Vietnam
- Go-live in TMC Philippines
- Queensland Health interoperability contract
- Metro North Health Service win
- Revenue in NZ declined due to large perpetual license contracts in FY2015
- Transitioned to subscription revenue model

APAC FY2016 Highlights

APAC Operating Revenue Mix NZ\$ millions



Contribution %	FY2015	FY2016
Implementation Services	28%	22%
Support Services	87%	89%
Recurring Revenue %	28%	36%



Summary

Summary

A Year of Progress

- Products that are **World Leading** and based on Big Data, cloud deployment and modern Tech
- Global footprint of **+100m Patient Records**
- Improving financials and **driving to profitability**
- ...and an **Enormous Opportunity** to lead the global transformation of healthcare.

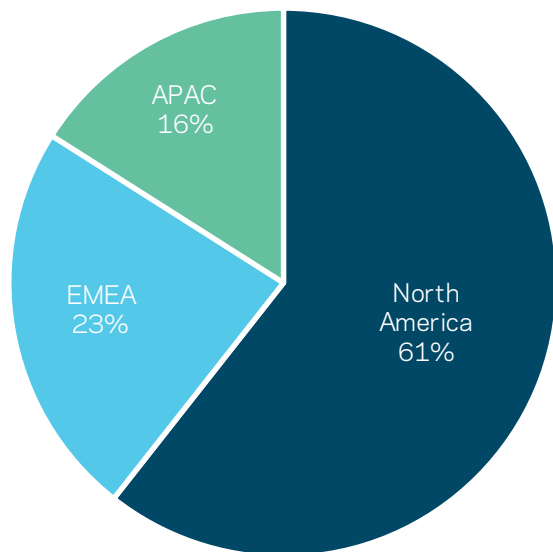


Appendix

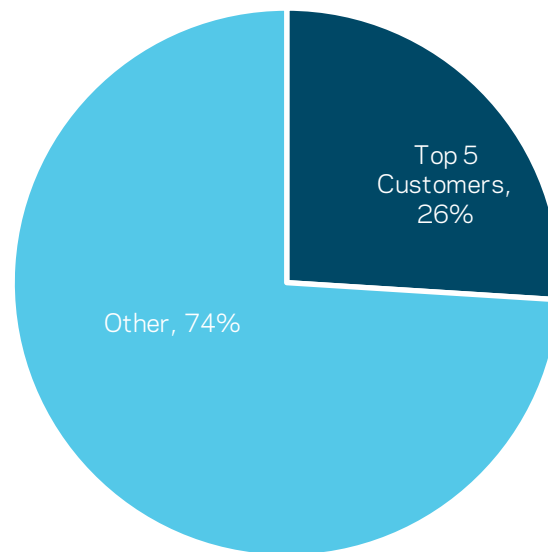
We Are A Diversified Global Business

Diversified across geographies, market sectors and individual customers

Revenue by geography



Revenue by customers



Note: As at FY16

Orion Deals with Complex Data

Our leading software is used to integrate and contextualize big health data to solve real world problems

Orion end-to-end software solution



Exponential growth in health records and big data¹

+15x increase in health digital universe (2013-2020)

48% yoy growth, faster than rest of digital universe

95% US penetration of EHR by 2020 up from 80% in 2014

16% of health data from connected devices by 2020

Orion Health Rhapsody Engine™

- ✓ Industry leading health data integration engine
- ✓ Engineered to acquire and integrate data rapidly at scale
- ✓ Seamless connectivity across hospital and health systems
- ✓ Comprehensive healthcare standard compliance
- ✓ Technology underpins all Orion software solutions

Orion Health HIE & Amadeus Platform™

- ✓ Analytics platform to store and analyse big health data
- ✓ Real-time visualisation and actionable insights
- ✓ Used by insurers to manage claims risk and grow customers
- ✓ Used by providers to improve diagnoses and treatments
- ✓ Platform ecosystem model with open APIs for custom builds

Orion Health SaaS healthcare products

- ✓ **Coordinate** – collaboration of patient and care providers
- ✓ **Medicines** – medication distribution and management
- ✓ **Engage** – patient personal healthcare management tools
- ✓ **Consult** – hospital EMR and patient management solutions
- ✓ **Enterprise** – fully integrated hospital automation system

Precision Medicine

Using all factors that influence our health to tailor treatment for the individual

Source: (1) IDC Digital Universe Healthcare report (2014)

Future Proofed Technology

Orion's software solutions are underpinned by significant R&D investment made in the world's leading big data technologies

Previous generation technology limitations

- × **Rigid**
Limited to analysing static and structured data
- × **Slow**
Unable to consume large amounts of data or scale-up
- × **Legacy**
Not built for cloud, mobile and IoT world
- × **Costly**
Expensive licensing costs from incumbent vendors

Legacy and closed tech stack



RDBMS
Model



Server
Hardware

Legacy tech used by competing IT health vendors



Allscripts

INTERSYSTEMS



Cerner

Epic



Orion Health technology platform

- ✓ **Flexible**
Built for analysing big data in real-time
- ✓ **Built for cloud**
Open APIs to support custom SaaS apps
- ✓ **Scalable**
Process virtually unlimited patient data at scale
- ✓ **Interoperable**
Cooperates with vast third party data

Modern tech stack



cassandra

Spark



elastic



amazon
web services™

New tech being used in broader industries

NETFLIX

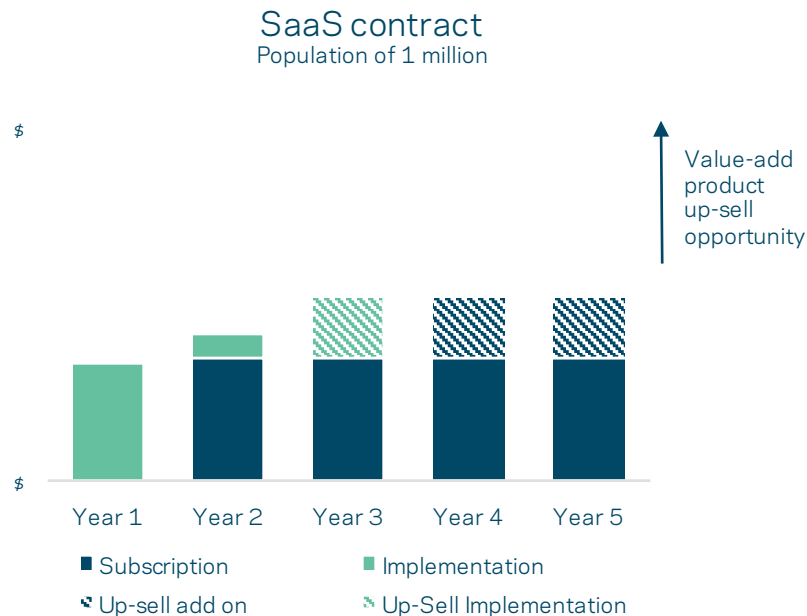
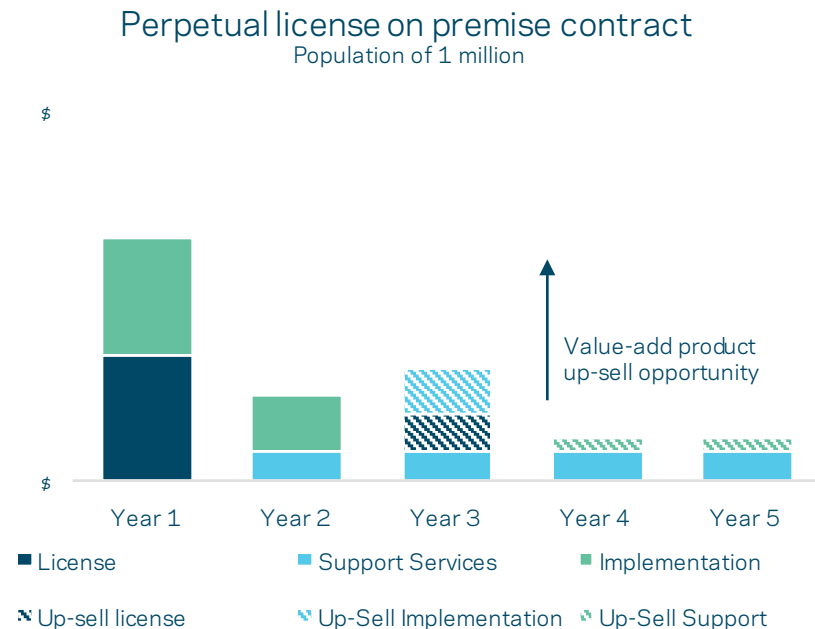
Instagram

Palantir

splunk>

Example Deployment Case Studies

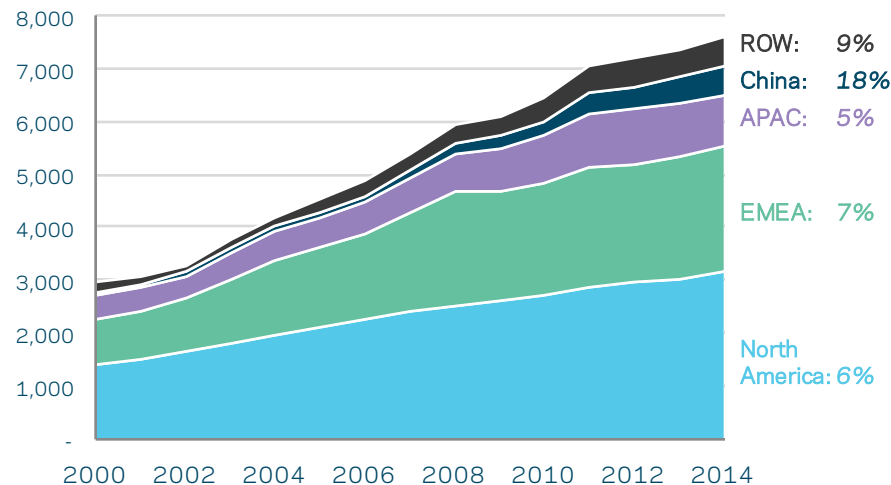
Typical revenue profiles from perpetual / subscription sales



Significant Market Opportunity

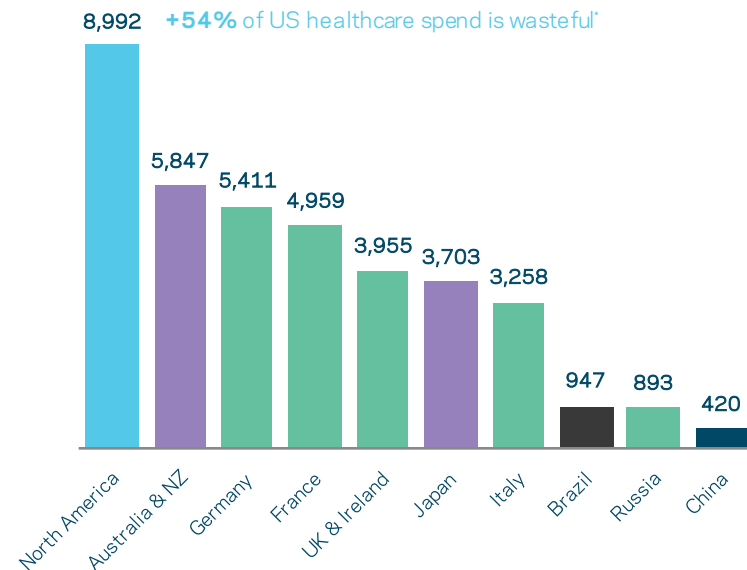
Demand for Orion software is being driven by the need to control global healthcare expenditure and improve patient care

Global health expenditure by major region
(in USD billions and 2010-2014 CAGR)



Source: Latest WHO Global Health Expenditure Database figures
Note: (*) PwC Health Research Institute Report - "The price of excess" (2011). Report estimates that wasteful spending in US health system estimated to be up to US\$1.2 trillion of US\$2.2 trillion spent nationally

Health expenditure per capita by top 10 spend nations
(Annual healthcare spend per capita in USD as at 2014)



Summary Financial Performance

NZ\$m	1H2015	2H2015	1H2016	2H2016	FY2015	FY2016
Operating revenue	80.5	83.6	101.7	105.2	164.1	206.9
Regional expenses	(68.7)	(76.9)	(86.2)	(85.6)	(145.6)	(171.8)
Regional Contribution	11.8	6.7	15.5	19.6	18.5	35.1
Other income	2.6	2.5	2.6	2.6	5.1	5.2
Research and development	(23.6)	(26.4)	(31.5)	(31.3)	(50.0)	(62.8)
Corporate expense	(11.6)	(14.0)	(11.4)	(13.3)	(25.6)	(24.7)
Operating Loss Before Abnormal Items	(20.8)	(31.2)	(24.8)	(22.4)	(52.0)	(47.2)
Abnormal items	-	-	(1.5)	(6.0)	-	(7.5)
Finance income/(costs) - net	(0.1)	1.4	1.3	0.7	1.3	2.0
Loss before income tax	(20.9)	(29.8)	(25.0)	(27.7)	(50.7)	(52.7)
Income tax (expense)/credit	6.1	(16.2)	(1.9)	0.2	(10.1)	(1.7)
Loss after tax	(14.8)	(46.0)	(26.9)	(27.5)	(60.8)	(54.4)

Summary Regional Performance

NZ\$m	1H2015	2H2015	1H2016	2H2016	FY2015	FY2016
North America						
Operating Revenue	45.6	49.4	62.3	63.1	95.0	125.4
Operating Expenses (before abnormal items)	(46.0)	(52.4)	(57.3)	(55.9)	(98.4)	(113.2)
Regional Contribution	(0.4)	(3.0)	5.0	7.2	(3.4)	12.2
Contribution %	(1)	(6)	8	11	(4)	10
EMEA						
Operating Revenue	12.6	17.9	22.8	25.6	30.5	48.4
Operating Expenses	(10.4)	(11.6)	(15.6)	(17.6)	(22.0)	(33.2)
Regional Contribution	2.2	6.3	7.2	8.0	8.5	15.2
Contribution %	17	35	32	31	28	31
APAC						
Operating Revenue	22.3	16.3	16.6	16.5	38.6	33.1
Operating Expenses	(12.3)	(12.9)	(13.3)	(12.1)	(25.2)	(25.4)
Regional Contribution	10.0	3.4	3.3	4.4	13.4	7.7
Contribution %	45	21	20	27	35	23

Headcount Table by Year

	FY2015	FY2016
Research and development	461	525
Sales and marketing	117	109
Support services	69	43
Implementation services	355	313
Managed services	73	67
General and admin	151	154
Total	1,226	1,211

Constant Currency Impacts

\$m	FY2015	FY2016	Change (%)
Operating Revenue			
North America	111.4	125.4	13
EMEA	34.0	48.4	42
APAC	39.2	33.1	(16)
Total	184.6	206.9	12
Operating Contribution			
North America (pre abnormal items)	(4.2)	12.2	-
EMEA	9.7	15.2	56
APAC	12.0	7.7	(36)
Total	17.5	35.1	101

- The table provides NZ dollar revenue and contribution for each region in FY2016 and adjusts FY2015 revenue and contribution using the monthly average exchange rate in FY2016.
- Operating Revenue includes corporate, development and other revenue

