

Results and Investor Presentation

1H2018



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CEO Address

Operational Summary

1H2018 Financial Summary

Operating Revenue
(Operating Loss)

\$81m
(\$25m)

*Inline with previous
announcement*

Net Monthly Operating
Cost Reduction

\$22.3m FY16
\$16.3m Q2 FY18

27% reduction in net monthly
costs with further savings
expected

Net Cash and Bank
Facilities

\$56m

as at 30 September 2017

FY18 Revenue
Guidance

\$175-190m

*A change in
forecasting methodology*

H2 FY18
Profit/Loss

**Approaching
Breakeven**

As a result of cost controls
and improved forecasting



North America Overview

1H2018 Summary

- Netcare eReferrals rolled out to healthcare providers across Alberta
- Amadeus and Coordinate implementation in St. Francis
- Amadeus Go-live with Koble Group for the State of Minnesota
- First deployment of 'Rhapsody as a service' scheduled for December 2017 at the University of Louisville Hospital in Kentucky
- Successfully implemented a SaaS¹ based hosted EMR² solution in a private cloud for Alberta
- Four customers live on AWS hosting, with other to be migrate
- Go-live of Amadeus deployment with Horizon Healthcare Services mid September 2017.


Outlook

- Payers and Provider networks continue to be target customers for Orion Health
- No evidence of political backdrop affecting business operations

¹ Software as a Service

² Electronic Medical Record



 Orion Health key customer sites



Europe, Middle East, Africa Overview

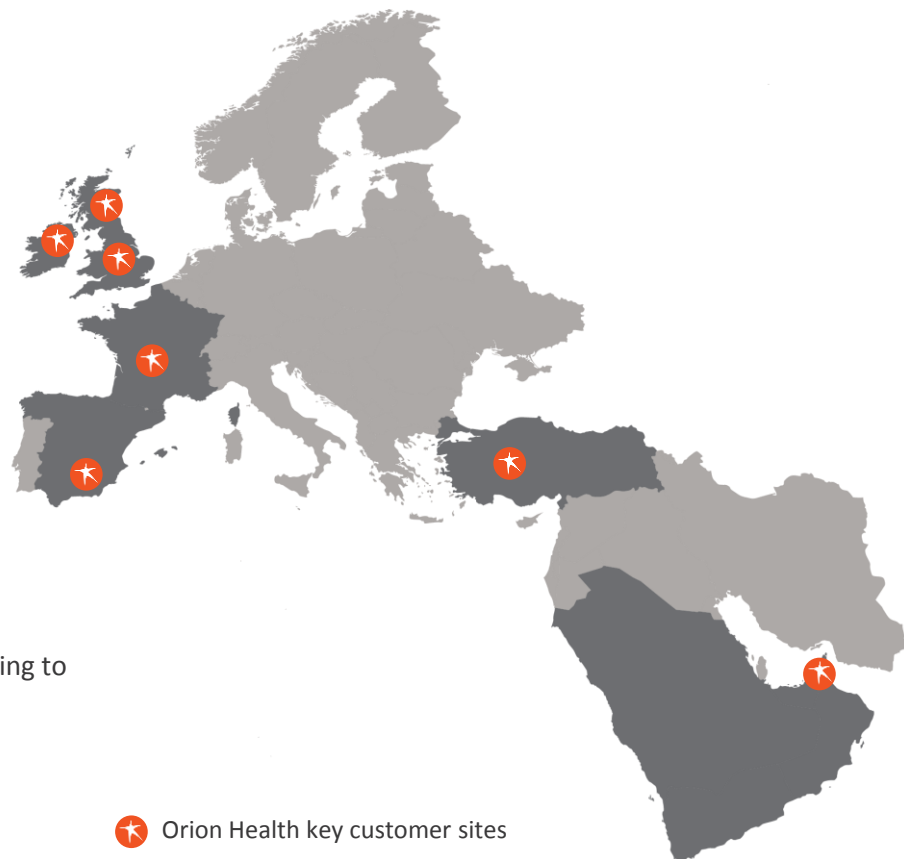
1H2018 Summary

- Deal signed with NHS Doncaster Clinical Commissioning Group to develop an Integrated Care Digital Record (ICDR)
- Awarded HTN 'Tech Project of the Year' award with Camden Clinical Commissioning Group
- Golden Jubilee goes live with Patient Portal pilot to support heart patients
- France - Pilot projects in Paris and Burgundy now live
- Business in Spain remains steady, with key projects ongoing for SaCyl and IB Salut

Outlook

- Progressive HCIT¹ plans in the UK align with Orion Health capabilities
- Scope for further opportunity in France through additional public funding to support regionalisation and shared care records

¹ Healthcare Information Technology



Asia Pacific Overview

1H2018 Summary

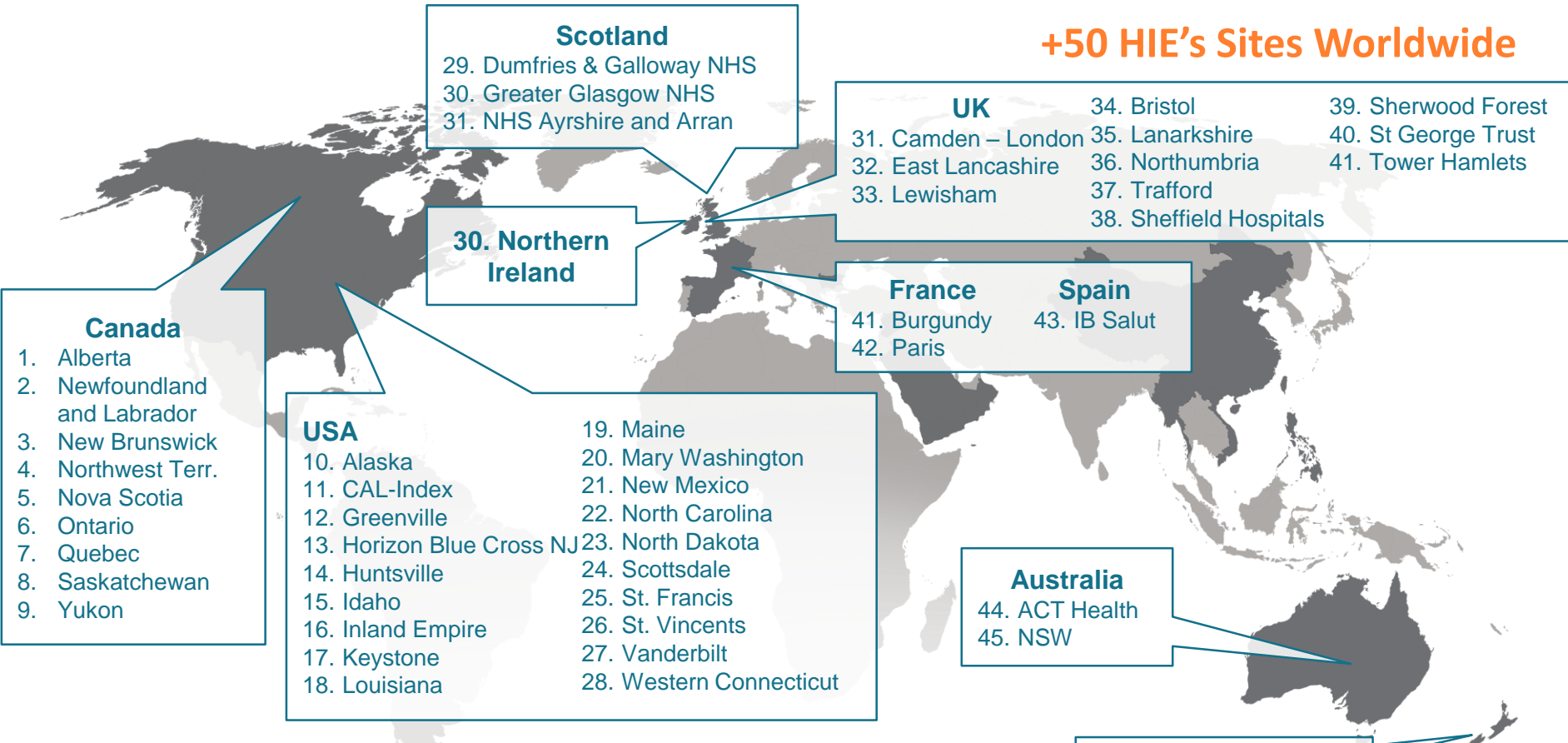
- Victoria statewide contract to deploy Rhapsody
- Successful completion of a large Rhapsody perpetual license deal in Australia
- HealthOne live in Nelson-Marlborough, completing South Island roll out enabling all five South Island DHBs to share patient info.
- Go live of Clinical Referrals platform with Metro North, the largest public health service in the state of Queensland
- Singapore wide government contract for the replacement of legacy integration products with Rhapsody
- Awarded Best Technology Solution for Public Sector at New Zealand Hi Tech Awards 2017

Outlook

- Near term interoperability, Referrals and Care Coordination opportunities on the Eastern seaboard in Australia
- Continued deployments of Enterprise in the South Island of NZ
- Expansion of Enterprise and Consult sites in South East Asia
- Growth of Rhapsody through existing partner network in China



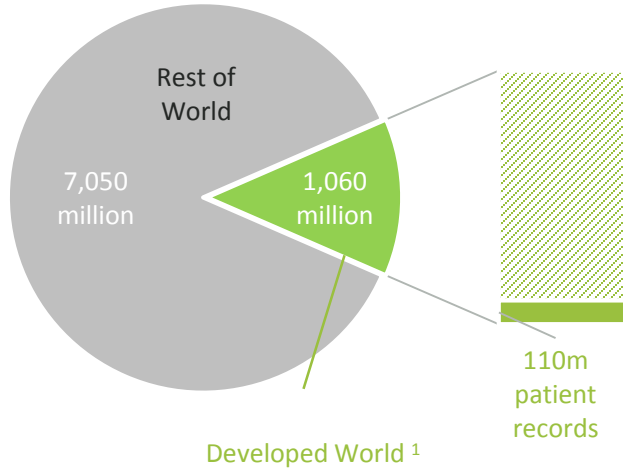
+50 HIE's Sites Worldwide



110 million+ patient records



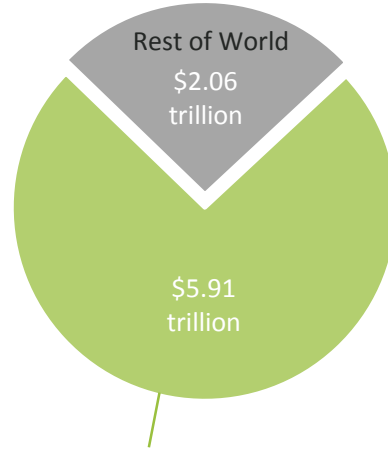
World Population



Developed World ¹

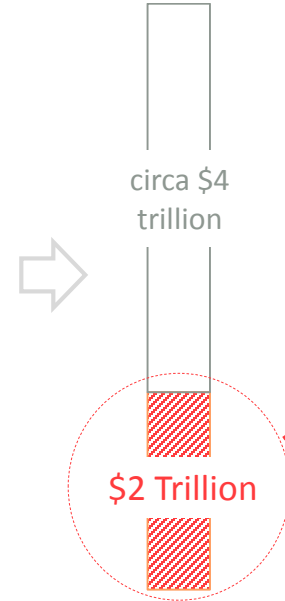
Orion Health
(~10% market share)

Annual Global Health Spend



Developed World ¹

Total Wastage (OECD)



Wastage

Wastage Per Person / Year

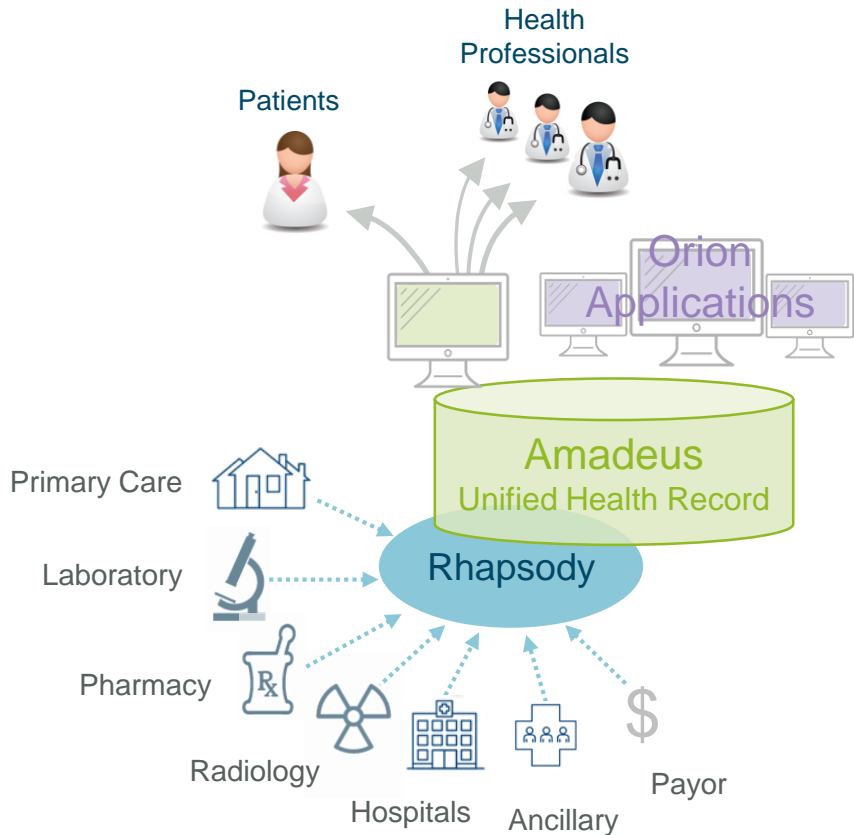
~ \$2,000
per person
per year



¹OECD (excluding Mexico, Japan, South Korea, Chile and Turkey plus other non-OECD developed health economies)



Our Solution | Unified Health Records

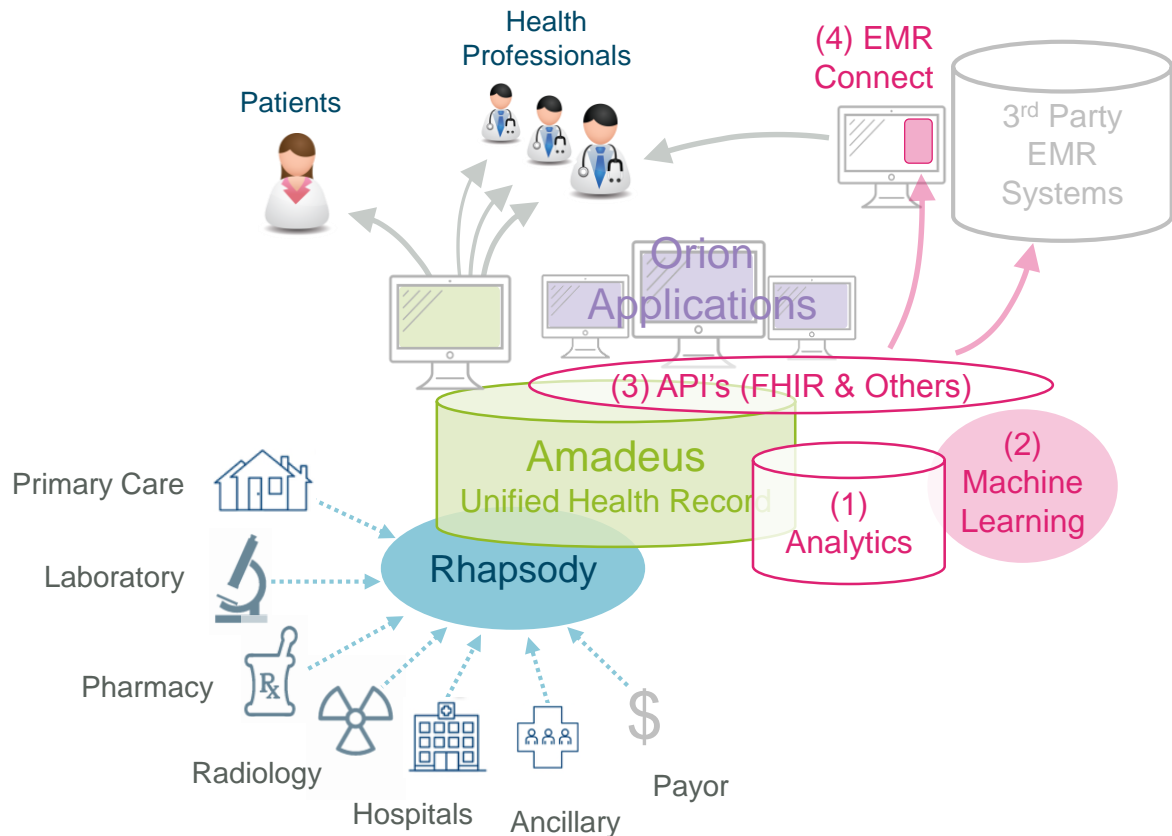


Example Data Types

- Admissions/Discharges
- Alerts/Allergies/warnings
- Appointments
- Claims
- Demographics
- Dental
- Diagnosis
- Immunisations
- Lab Results
- Maternity
- Medications
- Notes
- Providers
- Problems
- Procedures
- Radiology
- Referrals
- Social History
- Vital Signs



Our Products | Unified Health Records



Example Data Types

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- Vital Signs



Summary | Our Market Position

1. Today our primary focus is **Profitably**
2. Once profitably has been achieved the focus will return to **Revenue Growth**
3. **Modern Solutions** / Modern Tech
 - a. One-Click Deploy
 - b. Continuous delivery
 - c. Cloud Ready
 - d. Big Data
 - e. Machine Learning
4. **Rhapsody** is a **Profitable** world class integration solution
5. **Amadeus** is a leading HIE solution with ~50 sites globally. This a maturing market which over time we expect Amadeus to also be highly profitable.
6. Orion Health is now a much **Leaner** organization and increasing well position for revenue growth and profitability.



1H2018

Financial Performance

Outlook

- **Goal:** Accelerate the drive towards a recurring revenue model with sustained profitability, applying a “meet and beat” forecast philosophy
- Operating revenue \$81m
- Recurring revenue 47% of total revenue (3% increase versus 1H2017)
- Revised revenue outlook for full year operating revenue of NZ\$175m – NZ\$190m, which does not include the impact of “large deals”
- Operating loss \$25m for the period
- \$15m cost improvement versus 1H FY 2017, removing the one-time redundancy expenses
- H2 2018 EBIT outlook near the break-even range, not including the impact of large deal transactions
- Continued focus on cost trajectory, aligning our revenue and costs
- As at 30 September 2017, Orion Health had net cash balances of NZ\$16.1m
- Multi-currency working capital facility of up to NZ\$30m, extended to 30 Nov. 2018 and a standby facility with a limit of NZ\$10m, expiring 31 August 2018

Appendix

Summary Financial Results

| | 1H2018 NZ\$m | 1H2017 NZ\$m |
|--|-----------------|-----------------|
| Recurring Revenue | 38.0 | 45.7 |
| Non-recurring Revenue | 42.9 | 58.5 |
| Total Operating Revenue | 80.9 | 104.2 |
| Other Income | 2.5 | 2.5 |
| Total Income | 83.4 | 106.7 |
| Operating Expenses | (108.4) | (123.2) |
| Operating Loss | (25.0) | (16.5) |
| Net Finance Income / (Expense) | (0.1) | 0.1 |
| Loss before Income Tax Expense / Credit | (25.1) | (16.4) |
| Income Tax Expense | (0.8) | (1.6) |
| Loss after Income Tax | (25.9) | (18.0) |

- Operating revenue of \$81m down 22% from the same period last year of \$104m, in large part due to a significant software license deal recognized in 1H2017
- Regional contribution of \$14m, down \$11m on the same period last year
- Recurring revenue 47% of total operating revenue up from 44% in 1H2017
- R&D investment of \$31m in 1H2018 in line with 1H2017 expense of \$32m, with full year savings expected to materialise
- Loss before income tax of \$25m



Balance Sheet and Liquidity

| | 1H2018 NZ\$m | FY2017 NZ\$m |
|----------------------------------|-----------------|-----------------|
| Assets | | |
| Cash and cash equivalents | 16.3 | 10.1 |
| Trade and other receivables | 59.0 | 62.9 |
| Accrued revenue | 15.4 | 16.7 |
| Current income tax asset | 2.6 | 2.4 |
| Deferred tax asset | 1.5 | 1.9 |
| Plant, property and equipment | 11.6 | 12.8 |
| Intangible assets | 2.6 | 3.7 |
| Total assets | 108.8 | 110.5 |
| Liabilities | | |
| Bank overdraft | 0.1 | 4.2 |
| Trade and other payables | 16.3 | 17.0 |
| Current income tax payable | 0.6 | 0.6 |
| Employee benefits | 12.7 | 17.4 |
| Revenue in advance | 34.3 | 31.7 |
| Deferred tax liability | - | - |
| Secured borrowings | 7.7 | 7.7 |
| Provisions for other liabilities | 2.4 | 3.5 |
| Total liabilities | 74.1 | 82.1 |
| Equity | 34.7 | 28.4 |

- Net cash on hand of \$16m
- All R&D remains expensed
- Working capital and standby facilities in place with ASB representing a combined \$40m NZD



Cash Flow Analysis

Cash Flow Summary

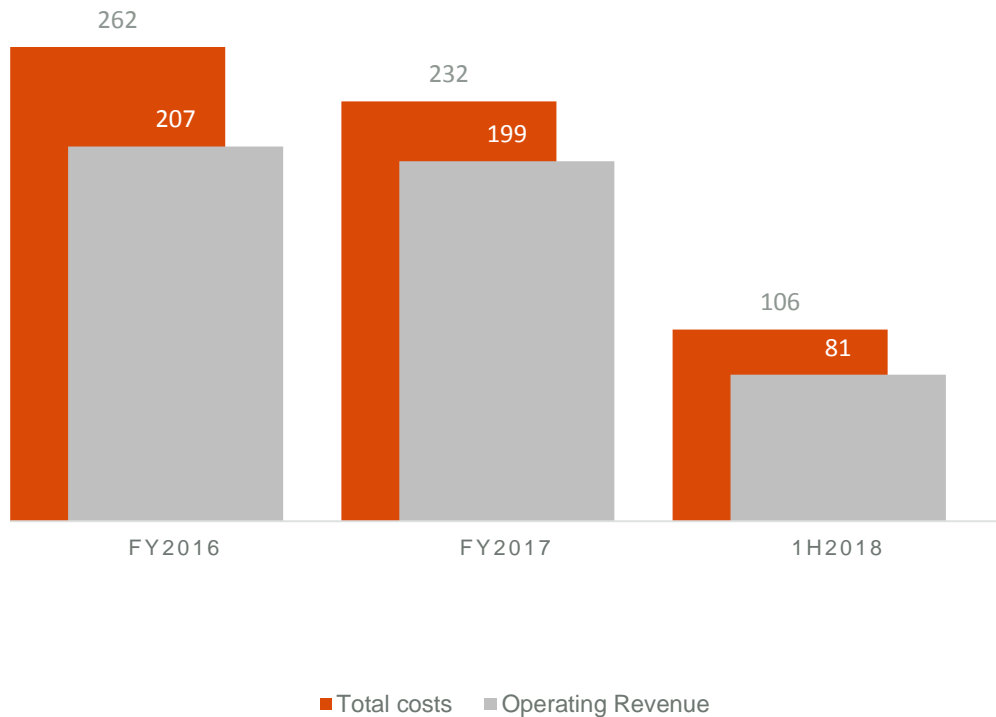
| | 1H2018 NZ\$m | 1H2017 NZ\$m |
|---|-----------------|-----------------|
| Cash Flow from Operating Activities | | |
| Receipts from customers | 92.6 | 87.6 |
| Interest received | - | 0.1 |
| Payment to suppliers | (35.2) | (39.8) |
| Payment to employees | (76.8) | (76.5) |
| Other | (0.9) | (3.1) |
| Cash Outflow from Operating Activities | (20.3) | (31.7) |
| Cash Inflow from Investing Activities | (0.8) | (1.4) |
| Cash Inflow from Financing Activities | 31.2 | - |
| Total Net Cash Inflow (Outflow) | 10.1 | (33.1) |

Operating Cash Flow Reconciliation

| | 1H2018 NZ\$m | 1H2017 NZ\$m |
|---|-----------------|-----------------|
| Net Loss after Tax | (25.9) | (18.0) |
| Increase / (decrease) in revenue in advance | 3.8 | (14.2) |
| (Increase) / decrease in accrued revenue | 1.2 | 2.0 |
| Other working capital movements | (2.8) | (7.4) |
| Working capital adjustments | (23.7) | (37.6) |
| Depreciation and amortisation | 3.2 | 3.6 |
| Other non-cash movements | 0.2 | 2.3 |
| Cash Outflow from Operating Activities | (20.3) | (31.7) |



Driving to Profitability



Driving to profitability

- Organisational review has reduced business headcount by 76 and will reduce costs by ~\$10m on an annualised basis
- Expect margin improvement following completion of legacy projects
- Migration of existing customers to AWS to create efficiencies and eliminate duplicate costs
- Scalable operating model



1H2018

Regional Performance

North America 1H2018 Summary

Total Operating Revenue

\$47m

Regional Contribution

\$7m

Recurring Revenue

57%

| Contribution | 1H2018 NZ\$m | 1H2017 NZ\$m |
|---|-----------------|-----------------|
| Revenue NZ\$m | | |
| Perpetual Licenses | 7.4 | 21.3 |
| Implementation Services | 12.3 | 14.2 |
| Support Services | 10.5 | 10.5 |
| Managed Services | 16.5 | 23.0 |
| Other | 0.5 | 0.7 |
| Total Operating Revenue | 47.2 | 69.7 |
| Contribution – external NZ\$m (Contribution %) | | |
| Perpetual Licenses | 7.4 | 21.3 |
| Implementation Services | 2.1 17% | 3.1 22% |
| Support Services | 9.7 92% | 9.5 90% |
| Managed Services | 0.6 4% | 3.9 17% |
| Sales, Marketing and G&A expense | (14.8) | (17.4) |
| Other | 1.7 | 1.7 |
| Contribution | 6.7 | 22.1 |



EMEA 1H2018 Summary

Total Operating Revenue

\$16m

Regional Contribution

\$1m improvement on prior year

Recurring Revenue

35%

| Contribution | 1H2018 NZ\$m | 1H2017 NZ\$m |
|--|-----------------|-----------------|
| Revenue NZ\$m | | |
| Perpetual Licenses | 2.8 | 2.7 |
| Implementation Services | 7.1 | 8.7 |
| Support Services | 4.4 | 4.3 |
| Managed Services | 1.0 | 2.0 |
| Other | 0.2 | 0.2 |
| Total Operating Revenue | 15.5 | 17.9 |
| Contribution – external NZ\$m <i>(Contribution %)</i> | | |
| Perpetual Licenses | 2.8 | 2.7 |
| Implementation Services | 0.5 7% | 0.7 8% |
| Support Services | 3.7 84% | 3.7 86% |
| Managed Services | 0.3 30% | 1.2 60% |
| Sales, Marketing and G&A expense | (7.1) | (9.1) |
| Other | 0.1 | 0.2 |
| Contribution | 0.3 | (0.6) |



APAC 1H2018 Summary

Total Operating Revenue

\$18m

Regional Contribution

\$7m

Recurring Revenue

33%

| Contribution | 1H2018 NZ\$m | 1H2017 NZ\$m |
|---|-----------------|-----------------|
| Revenue NZ\$m | | |
| Perpetual Licenses | 4.7 | 2.0 |
| Implementation Services | 7.2 | 8.3 |
| Support Services | 4.5 | 5.1 |
| Managed Services | 1.4 | 0.8 |
| Other | 0.1 | - |
| Total Operating Revenue | 17.9 | 16.2 |
| Contribution – external NZ\$m (Contribution %) | | |
| Perpetual Licenses | 4.7 | 2.0 |
| Implementation Services | 2.0 28% | 2.0 24% |
| Support Services | 3.9 87% | 4.4 86% |
| Managed Services | 0.6 43% | 0.2 25% |
| Sales, Marketing and G&A expense | (4.5) | (4.9) |
| Other | 0.2 | - |
| Contribution | 6.9 | 3.7 |



Services Contribution

| | 1H2018 NZ\$m | 1H2017 NZ\$m |
|-------------------------|-----------------|-----------------|
| Implementation Services | | |
| Operating Revenue | 26.6 | 31.2 |
| Contribution | 4.6 | 5.8 |
| <i>Contribution %</i> | <i>17%</i> | <i>19%</i> |
| Support Services | | |
| Operating Revenue | 19.4 | 19.9 |
| Contribution | 17.3 | 17.6 |
| <i>Contribution %</i> | <i>89%</i> | <i>88%</i> |
| Managed Services | | |
| Operating Revenue | 18.8 | 25.8 |
| Contribution | 1.5 | 5.2 |
| <i>Contribution %</i> | <i>8%</i> | <i>20%</i> |



Investment in Research and Development

| R&D investment | 1H2018 NZ\$m | 1H2017 NZ\$m |
|--|-------------------------|-------------------------|
| R&D expenditure \$m | 31.1 | 31.6 |
| R&D as proportion of Operating Revenue % | 38% | 30% |
| R&D headcount (at 30 September) | 469 | 529 |

- Organisational review undertaken in April 2017 has led to a decrease in R&D headcount
- R&D as a proportion of Operating Revenue in the future expected to decrease as a result of the annualisation of reduced headcount



Constant Currency Analysis

| | 1H2018 NZ\$m | 1H2017 NZ\$m | Change (%) |
|-------------------------------|-----------------|-----------------|-------------|
| Operating Revenue | | | |
| North America | 47.5 | 69.6 | -32% |
| EMEA | 14.4 | 15.9 | -9% |
| APAC | 17.7 | 16.0 | 11% |
| Total | 79.6 | 101.5 | -22% |
| Operating Contribution | | | |
| North America | 6.8 | 22.3 | -70% |
| EMEA | 0.3 | -0.7 | 143% |
| APAC | 6.7 | 3.6 | 86% |
| Total | 13.8 | 25.2 | -45% |





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