



# Annual Shareholders' Meeting

## 31 July 2023





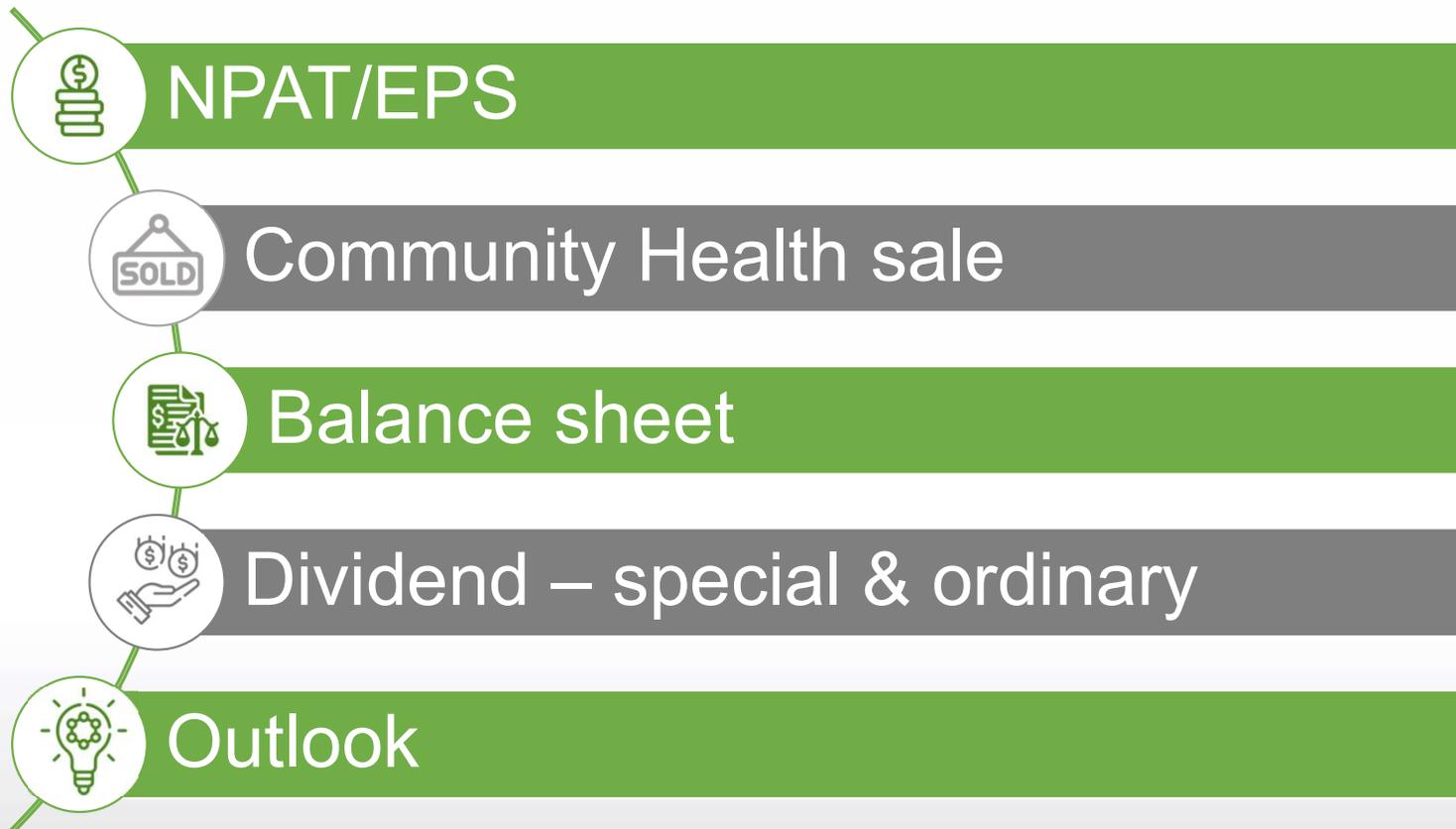
**Kim Ellis**  
Chair

# Agenda

-  Chair's address
-  Group CEO's address
-  Voting on resolutions
-  General Q&A



# Business Update



The background is a dark blue gradient. It features several large, stylized white geometric shapes that resemble interlocking puzzle pieces or architectural elements. On the right side, there is a 3D cube with a dark blue top face and a lighter blue side face, appearing to sit on a surface.

**Rachael Newfield**

Group CEO

# Operational Highlights



## Group Highlights

- \$15.5m increase in Group Revenue year-on-year
- 89% increase in reported Net Profit After Tax attributable to shareholders<sup>1</sup>
- Divestment of Community Health division on 28 February 2023, gain of \$21.8m
- GXH recognised as a Top 10 most desirable place to work in New Zealand by Randstad



## Pharmacy Division

- Retail sales up 2%, with CBD and Large Mall stores up 6% combined
- Script volumes up 10%
- Flu vaccination volumes increased 93%
- KPMG global customer experience survey placed Unichem and Life Pharmacy 2<sup>nd</sup> and 4<sup>th</sup> respectively within the NZ non-grocery retail sector



## Medical Division

- Gross Revenue up 20%
- Same centre revenue growth of 3%
- Acquisition of eight new medical practices
- 5 rebrands and 3 centre refurbishments in year

<sup>1</sup> Includes profit from discontinued operation (Community Health division) plus gain on divestment, totalling \$30.3m net of tax. Excluding the discontinued operation, NPAT attributable to shareholders decreased 26% to \$15.0m.

# GXH Annual Result - Financial Overview

## Group Performance

**Group Revenue** (continuing operations) 

 **\$493.6m**

▲ 3% increase vs FY22

**Operating Profit/EBIT** (continuing operations) 

 **\$34.3m**

▼ 29% decrease vs FY22

**Net Profit After Tax** (attributable to shareholders)

 **\$45.2m\***

▲ 89% increase vs FY22

\*Includes profit from discontinued operation (Community Health division) plus gain on divestment, totalling \$30.3m net of tax

## Divisional Performance

**Pharmacy Operating Profit** 

  
 **\$21.1m**

 ▼ 41% decrease vs FY22

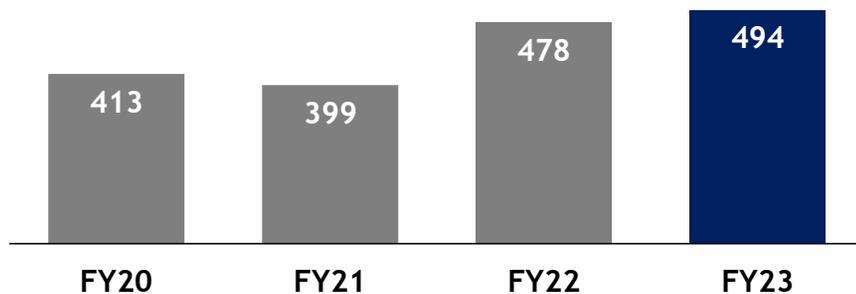
**Medical Operating Profit** 

 **\$16.2m**

 ▲ 1% increase vs FY22

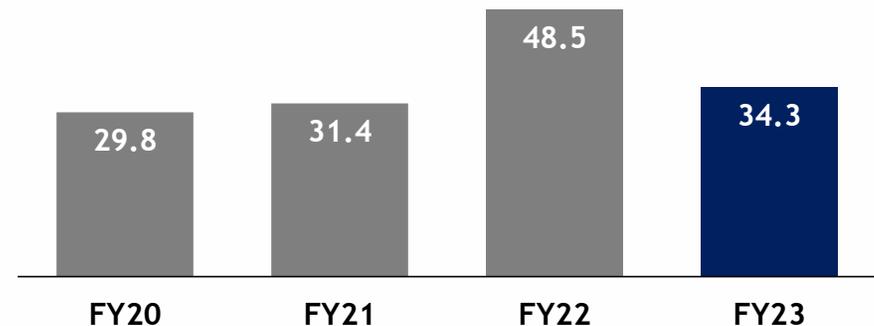
# Group Revenue and Operating Profit

GXH Operating Revenue From Continuing Operations (\$m)



-  Revenue of \$494m, up 3%
-  FY23 revenue increase a result of acquisitive growth in Medical, along with 3% growth in same centre revenue in Medical, plus retail and script growth in Pharmacy

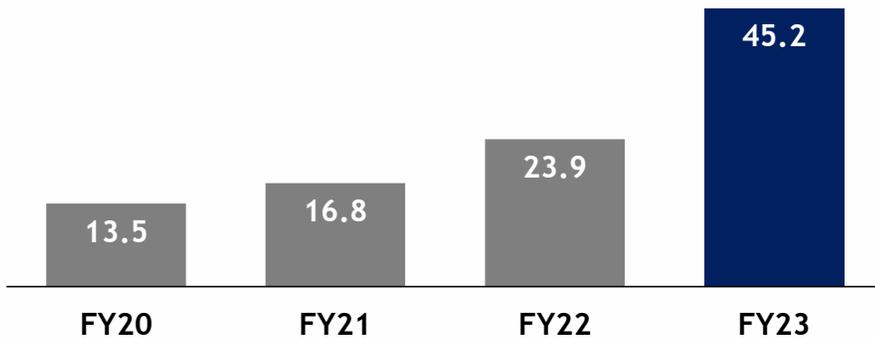
GXH Operating Profit From Continuing Operations (\$m)



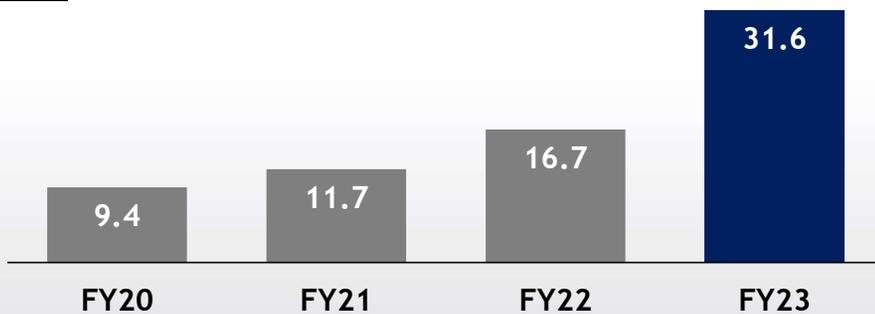
-  Operating Profit from continuing operations of \$34.3m, down 29% (up 9% on FY21)
-  FY23 Operating Profit decline the result of reduced COVID-19 related services compared to FY22, and increased labour pressure

# Group NPAT, EPS & Dividend

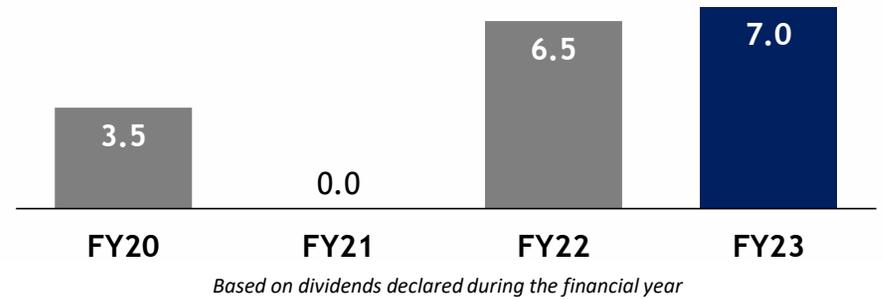
GXH Net Profit After Tax Attributable to Shareholders (\$m)



GXH Net Profit After Tax Attributable to Shareholders (cps)



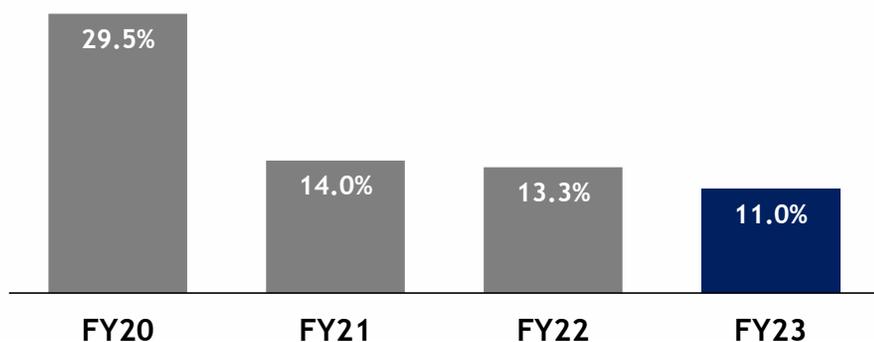
Dividends Per Share (cps)



-  EPS at 31.6 cps, an increase of 89% on prior year
-  Final FY23 dividend of 3.5cps declared – payment date 23 June 2023 (interim dividend was 3.5cps)
-  Special dividend of 28cps (\$40.2m) paid 28 April 2023 following successful divestment of Community Health division

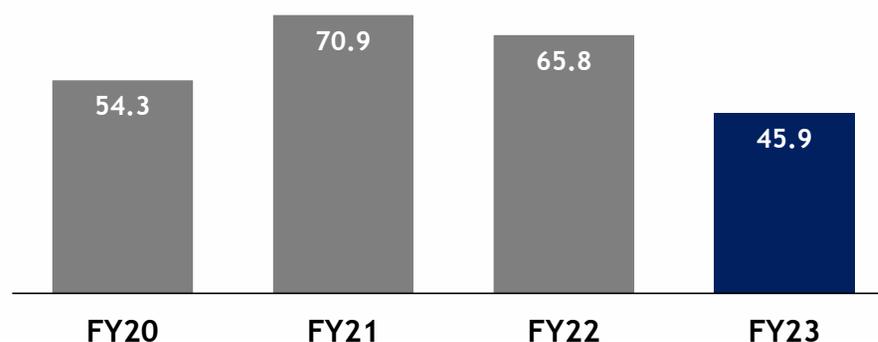
# Working Capital Management Disciplines Supporting Further Acquisition Activity

Gearing Ratio (debt / debt + equity attributable to shareholders)



-  Gearing ratio of 11.0% in FY23
-  Undrawn debt facilities of \$40.2m as at 31 March 2023
-  Net cash position of \$34.7m as at 31 March 2023
-  Improved working capital management has positioned GXH well to continue strategy of acquisitive growth
-  Financing ratios:
  - Debt / pre IFRS16 EBITDA – 0.7x
  - Operating Profit / Interest – 24x

GXH Operating Cash Flow (\$m)



-  Operating Cash Flow of \$45.9m
- Enabling investment (\$24.3m) in:
  -  Eight medical centre acquisitions
  -  Ongoing site capex requirements including three refurbishments and five rebrand projects in Medical



# **Divisional Performance & Plans**

# Divisional Snapshot

**342**  
pharmacies

**57**  
*life*  
Pharmacy

**285**  
Unichem<sup>®</sup>



**1.9** million  
loyalty members



-  Unichem Pharmacies
-  Life Pharmacies
-  The Doctors Medical Centres

**63**  
medical centres

 the **doctors**

 HouseCall

**401,000**  
enrolled patients

  
**410**  
nurses

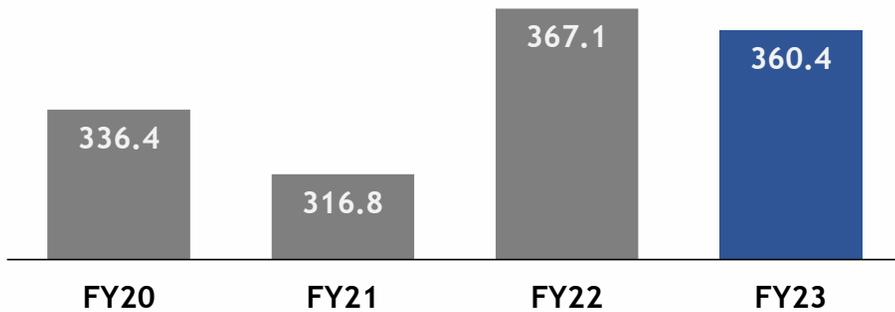
  
**408**  
doctors

  
**21**  
nurse practitioners

As at May 2023

# Pharmacy Performance

Pharmacy Operating Revenue (\$m)



Pharmacy Operating Profit (\$m)



**Unichem**<sup>+</sup>

*life*  
Pharmacy

 **PillDrop**  
Pharmacy. Your Way.

-  Revenue of \$360.4m
-  Operating Profit at \$21.1m
-  Following record profit in FY22 driven by COVID-19 vaccination activity, **Operating Profit** down 41% with shift in revenue mix and labour cost pressures
-  Revenue from retail activity lifting from COVID-19 lows, up 2%
-  Script numbers up 10%



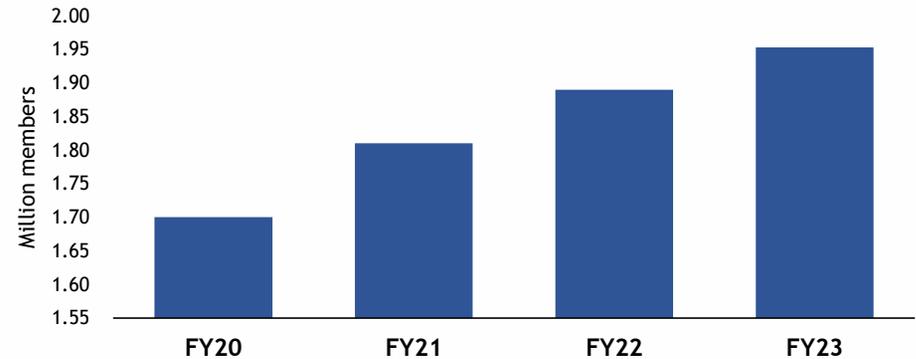
# Living Rewards Members Spend 65% More Than Non-members



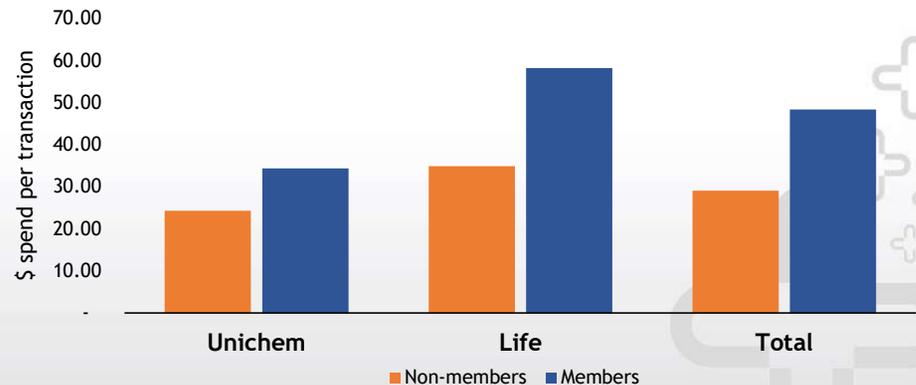
**1,952,661 Living Rewards Members**

- 3.5% growth in Living Rewards members to 1.95m
- Successful new member acquisition campaigns added 66,583 new members
- Transitioned to new specialty loyalty platform in year, increasing segmentation and personalisation capability
- Increased communications and offers to Living Rewards members, lifting member spend per transaction 13% year-on-year
- Life Pharmacy Living Reward members spend 65% more than non-members and Unichem Living Reward members spend 41% more than non-members

**Continued Growth in Living Rewards Members**

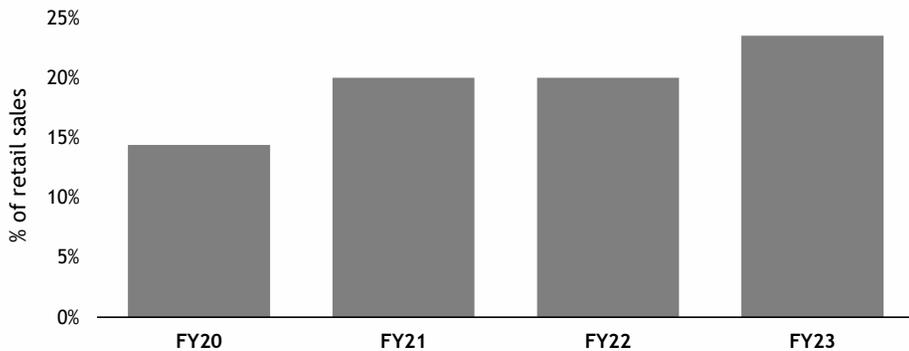


**Living Rewards Members Spend More**



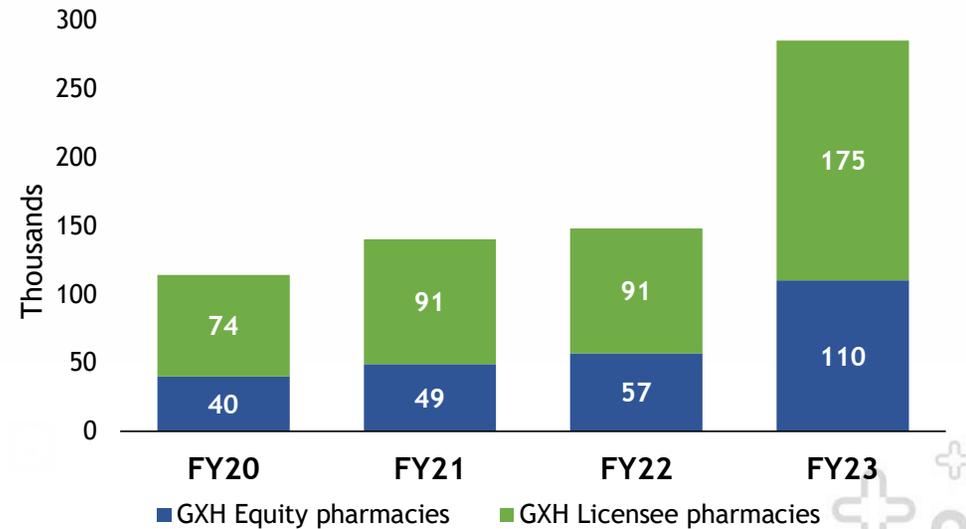
# Growth in Differentiated Products and Vaccinations

## Growth in Differentiated Brand Sales



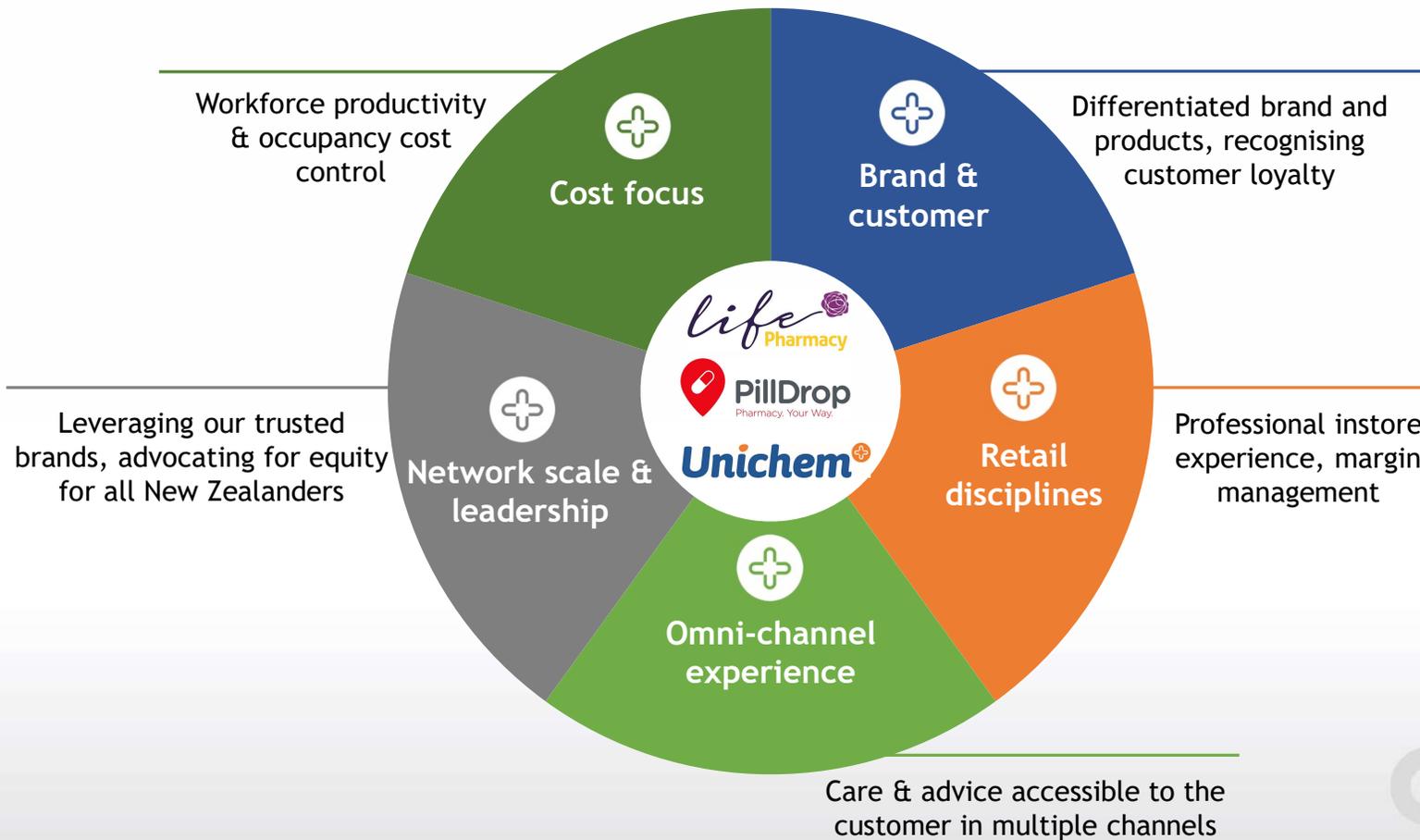
- + Differentiation strategy through supplier partnerships continued with strategic and exclusive brands now accounting for 23% of retail sales
- + Over 20% growth in total differentiated sales year on year
- + Expansion of differentiated over-the-counter product offering with a year-on-year increase in sales of over 5%
- + Strategies to lift the basket size and protect margin progressed, leading to 1.6% increase

## Record Year for Flu Vaccinations



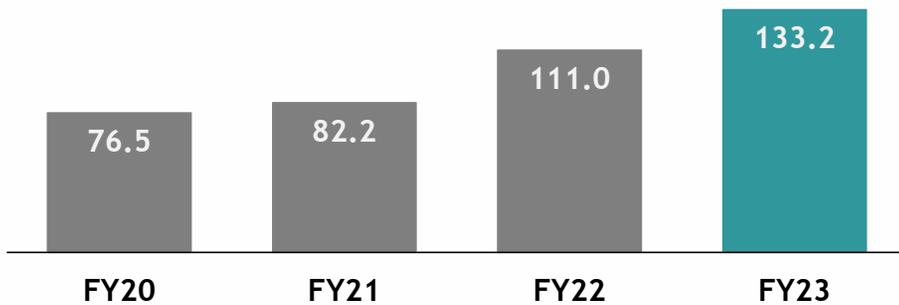
- + COVID-19 vaccination resource diverted to focus on flu vaccinations, with volumes up 93% year on year

# ⊕ Pharmacy Will Win By Focusing on the Customer



# Medical Performance

## Medical Operating Revenue (\$m)



## Medical Operating Profit (\$m)

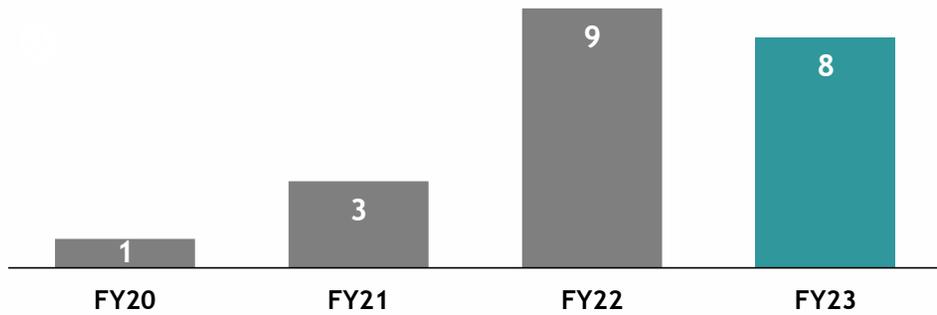


 thedoctors  HouseCall

-  **Revenue up 20% to \$133.2m**, driven by COVID-19 activity in the first half of the year, along with acquisitions
-  **Operating Profit up 1% to \$16.2m**, with labour cost pressures and reduced COVID-19 swabbing impacting margin
-  **386,000 enrolled patients** as at 31 March 2023, an increase of 57,000 (+17%) since 31 March 2022
-  **Ownership in 61 medical centres**

# Growing The Doctors Presence & Brand

## Medical Acquisitions



## Enrolled Patients

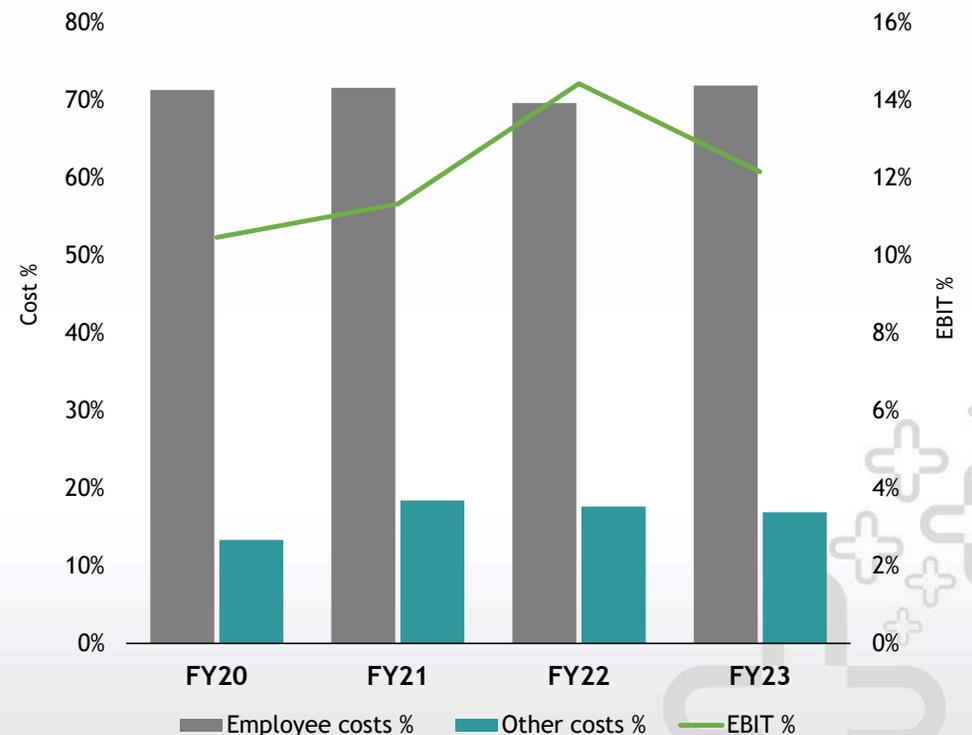


# + Operational Improvement Initiatives Continue

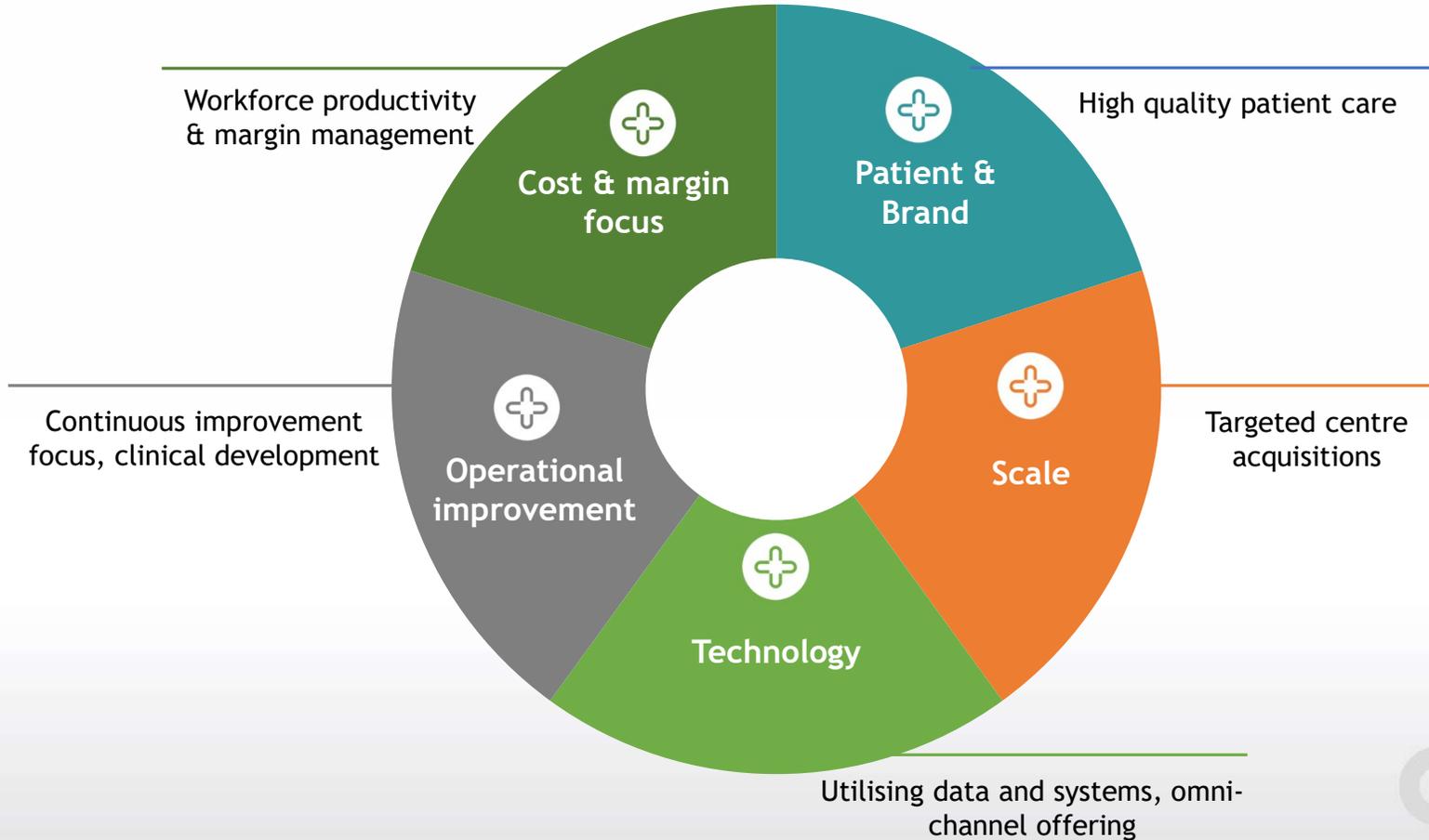
+ thedoctors + HouseCall

- + Following record-high COVID-19 earnings in FY22, EBIT margin came in at 12% for FY23, despite inflationary labour pressures
- + Other costs reduced to ~17% of revenue through successful cost reduction initiatives
- + Delivering efficiency gains through operational improvement and leveraging scale
- + Commenced roll-out of standardising practice management systems to improve patient experience and gain operational efficiency

**Double Digit EBIT Margin Through Operational Efficiency and Cost Management**



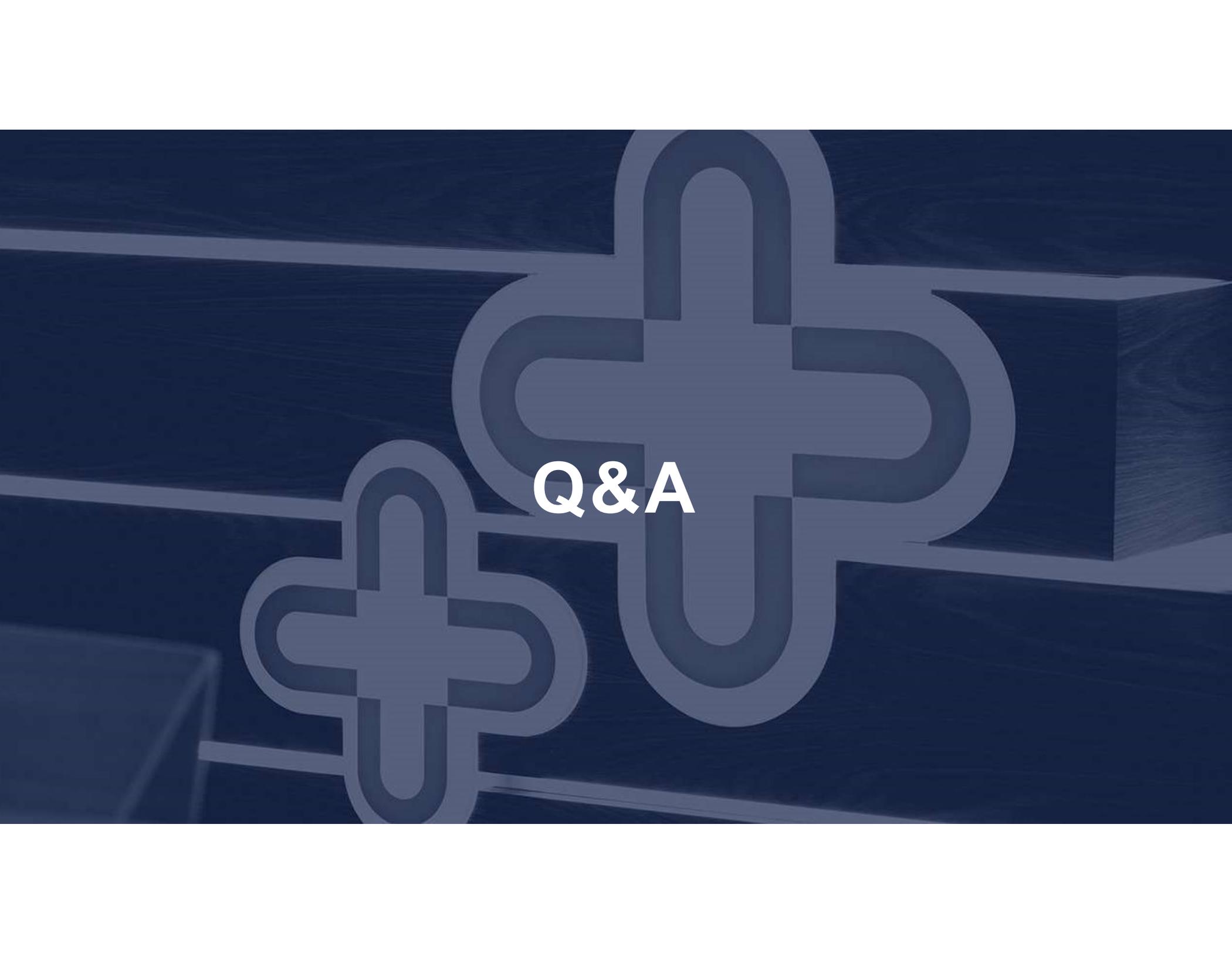
# Medical Strategy of Organic Growth & Acquisitions



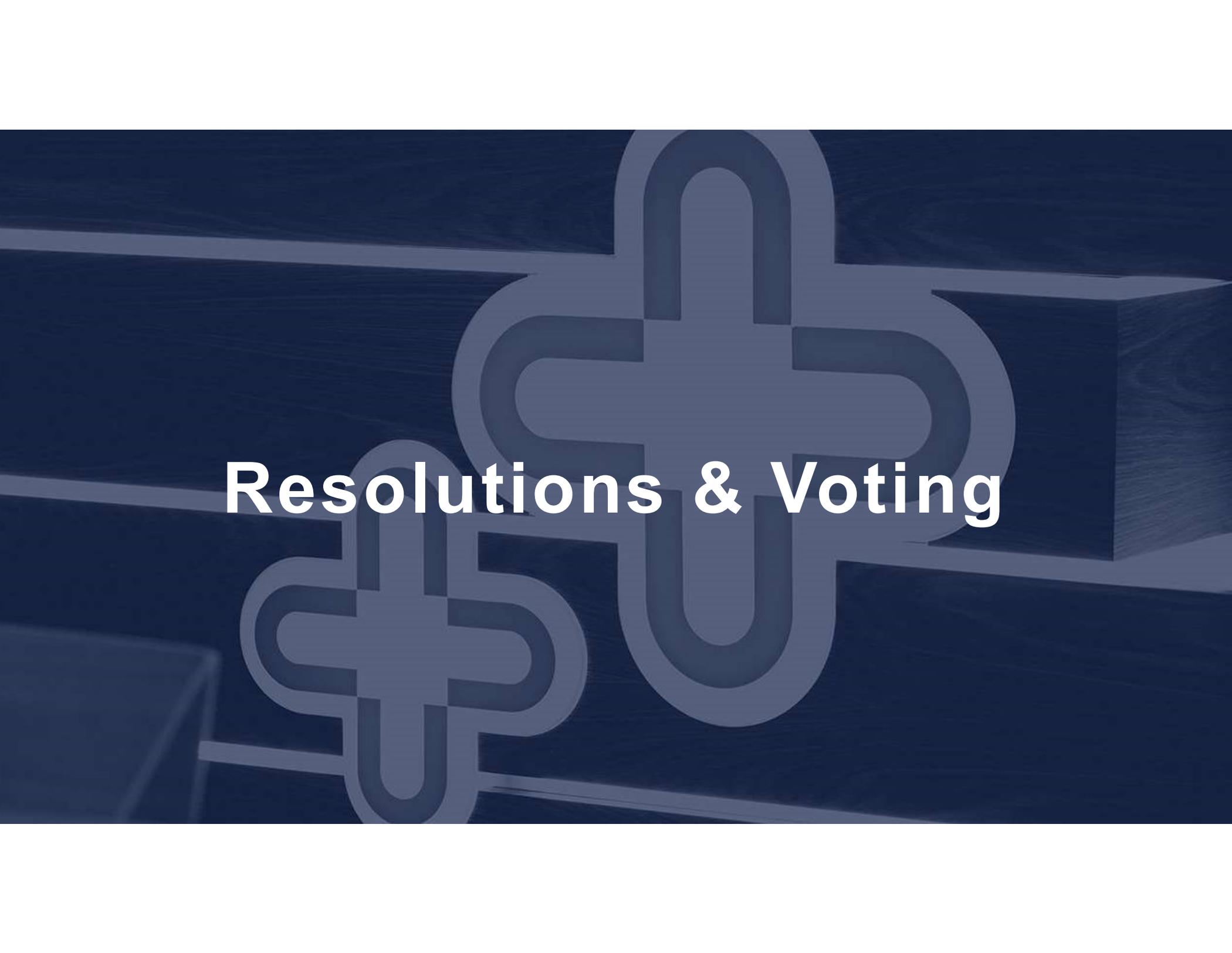
# Outlook

-  Returning to more 'normal' trading conditions
-  Workforce shortages and inflationary pressures
-  Organic and acquisitive growth





Q&A



# Resolutions & Voting

# Resolutions

-  Resolution 1: Re-election of Andrew Bagnall
-  Resolution 2: Re-election of Carolyn Steele
-  Resolution 3: Remuneration of the Auditor



# Resolution 1 – Re-election of Andrew Bagnall



*Andrew Bagnall to be re-elected as  
Director of the Company*



## Resolution 2 – Re-election of Carolyn Steele



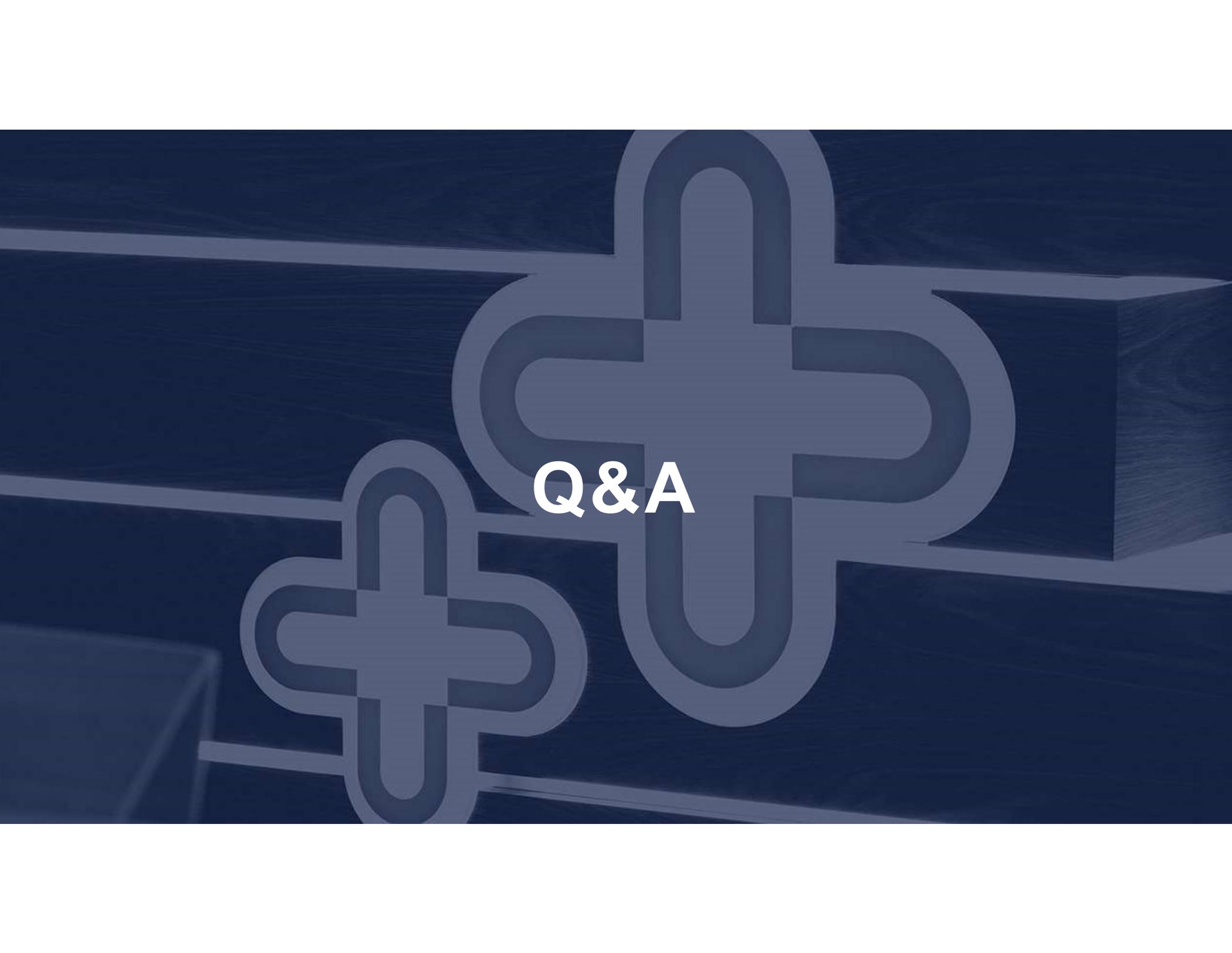
*Carolyn Steele to be re-elected  
as Director of the Company*

# Resolution 3 – Remuneration of the Auditor



To authorise the Directors to fix the remuneration of the Auditor for the ensuing year





Q&A

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