

Q4 FY15 BUSINESS UPDATE ANNOUNCEMENT:

Orion Health Group Limited (OHE)
28 April 2015, Auckland

Orion Health Group Limited (Orion Health), a global leader in healthcare software and services, will have a business update conference call for investors at 11am NZST on 28 April 2015.

This business update will cover:

1. FY15 Unaudited Operating Revenue

Orion Health today announces its unaudited operating revenue for the year ended 31 March 2015 (FY15). Unaudited FY15 operating revenue was \$164 million up 7% from \$153 million in FY14.

All regions experienced growth for the year except for North America. As expected and previously noted, revenue in this region was constrained by the execution of our strategy to transition from perpetual licences to subscription revenue and a delay in contract closures.

Full details will be provided in the annual results announcement on 26 May 2015.

2. March 2015 Annualised Recurring Revenue

The transition to increased levels of recurring revenue is a key driver of our business model.

As at 31 March 2015 our Annualised Recurring Revenue was \$63 million compared to \$44 million at 31 March 2014, an increase of 43%.

3. Q4 Cash Flow

Orion Health today released a cash flow report for the quarter ending 31 March 2015 (Q4 FY15) in accordance with ASX listing rules. As at 31 March 2015 Orion Health had cash and short-term deposits of \$95 million. Net operating cash flow in Q4 FY15 was \$0.8 million. Cash receipts from customers in Q4 were \$53 million, an improvement from \$30 million in Q3 FY15. Significant quarterly variances in cash receipts are typical for Orion Health due to lumpiness of contract revenues and seasonal factors and quarterly fluctuations are expected to be ongoing.

4. Significant Software Release at HIMSS 2015

In April 2015, Orion Health publicly launched and demonstrated its Amadeus Big Data Engine together with a range of new products and new versions of its software solutions at the largest global healthcare IT conference (HIMSS) in Chicago.

Of particular note were:

- a) **Open Platform** – The evolution of our platform outlined in the IPO documentation, the Open Platform (powered by our Amadeus Big Data Engine) integrates large volumes of payer (claims), provider, and other health data and is attracting a great deal of attention from the payer market. Our research indicates that this is one of the first population health big data solutions in the market, and the first with a major implementation.
- b) **Clinical Workflow Suite**, part of **Orion Health Coordinate** – One of the first vendors to release a comprehensive clinical workflow suite, with several support workflow types, including healthcare pathways and referrals.
- c) **Amadeus Analytics** – An evolution of our **Analytics** offering outlined in the IPO documentation, Amadeus Analytics integrates in real time with our Amadeus Big Data Engine.
- d) **Allegro** – A new application providing secure messaging and chat between patients, doctors and other healthcare providers.

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These and other Orion Health products generated substantial interest at the HIMSS conference. Analyst and industry feedback has been that the Amadeus Big Data Engine appeared to be unique and industry leading.

5. North American Performance

Q4 was a challenging period for Orion Health's North American Operating Revenue, as we continued the transition from a perpetual licence model to a subscription model. There is strong interest in Orion Health's Healthier Populations solutions from North American Payer (insurance) and healthcare provider organisations. In Q4 we executed a contract with a prestigious Integrated Clinical Network to deploy our Healthier Populations solution and we are now seeing market procurement activity returning to historical levels, consistent with our expectations. Specific opportunities with Payers continue to progress and we anticipate additional contractual closures in FY16. Specific detail of material engagements will be released as the contracts are finalised.

There is emerging opportunity created by the recently announced Centers for Medicare and Medicaid Services (CMS) Chronic Care Management (CCM) Reimbursement programme, which Orion Health is pursuing in collaboration with Qualcomm.

6. Rest of World Performance

Orion Health's Asia Pacific and Europe & Middle East regions have continued to perform well in the past quarter. In particular, the United Kingdom business has enjoyed a strong run of contracting activity with National Health Service Trusts and Clinical Commissioning Groups.

7. Business Improvement Initiatives

Orion Health has commenced a number of ongoing initiatives to increase service capacity and reduce overhead costs. One of the key initiatives is investment in Implementation Services and Managed Services execution capability, which includes global standardisation of the company's approach to its Software as a Service (SaaS) delivery model.

Conference Call Details:

Toll Free Number: **0800 452 782**
If calling from outside New Zealand: **+64 9 887 6907**
Conference ID: **2995 6622**

Please note that it may take five to ten minutes for the moderator to take your details and place you into the call

Webcast Details:

<http://www.openbriefing.com/OB/1779.aspx>

Audience members may arrive 15 minutes prior to the event start time.

Please note that you will not be able to ask questions via the webcast

Contact:

Bridget Snelling
Investor Relations Manager
bridget.snelling@orionhealth.com