



# Investor Presentation

Australia's first ASX listed online healthcare services portal group



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**This document is dated 17<sup>th</sup> October 2017.**



# Creating Connections that Matter

# Company Overview

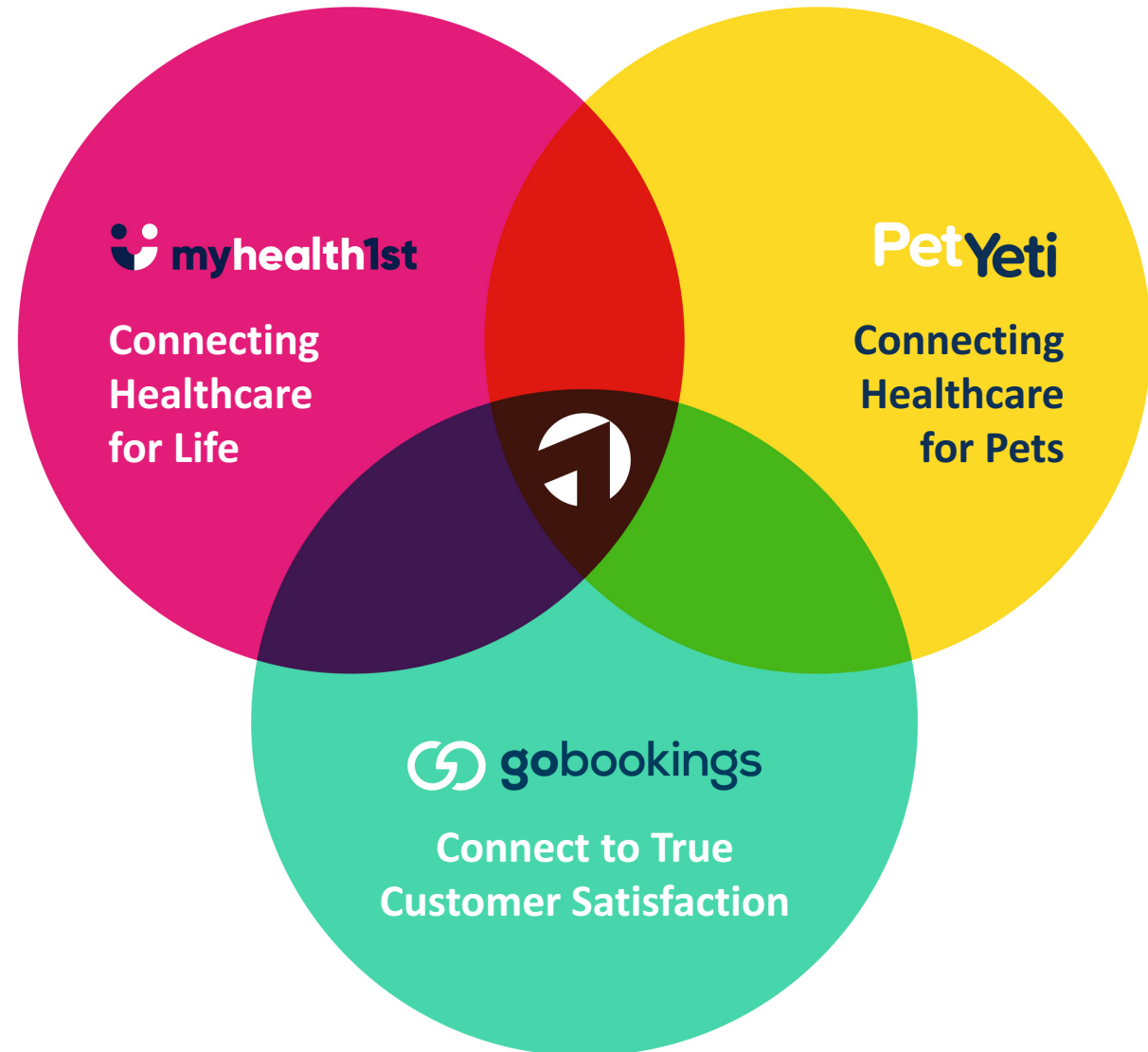
1stGroup is operating a trusted digital community and platform where health providers and patients connect 1st.

We improve lives by connecting consumers to a variety of healthcare services and information anytime, anywhere, so they can get well sooner and stay well longer.

- MyHealth1st service launched April 2012
- Listed on the ASX June 2015
- By 30 June 2017, the group had signed agreements to support more than 5,000 installed sites and had facilitated more than 5.6 million appointments online across three primary brands
- Headquartered in Surry Hills, NSW 2010
- 29 FT employees as at June 30, 2017

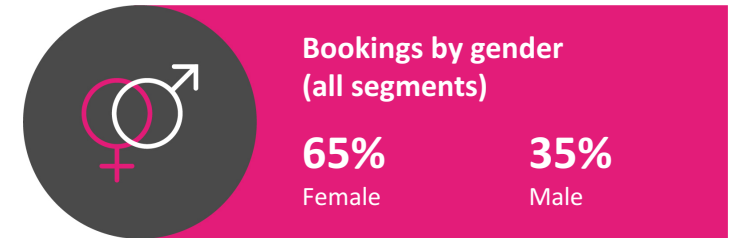
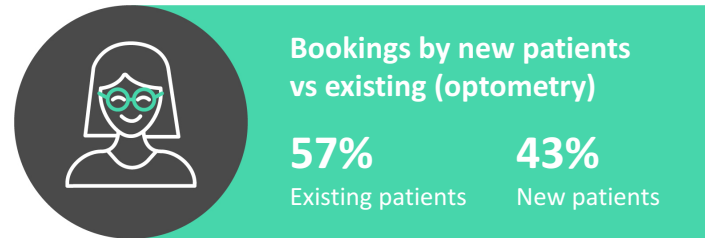


# Brand Portfolio

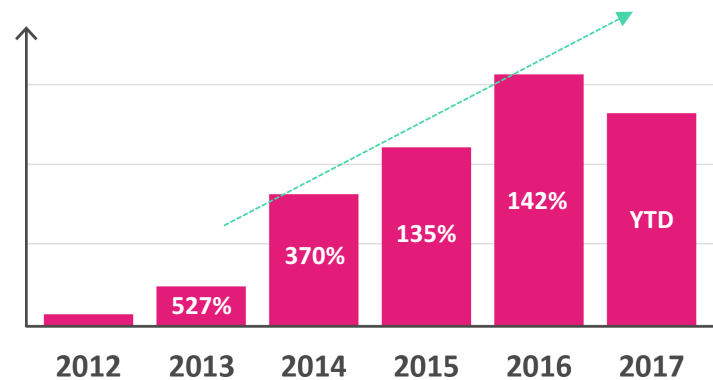


# Platform Engagement

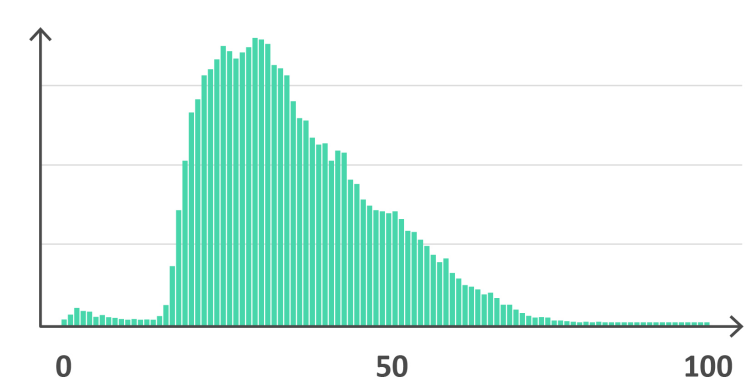
Data shows growth in bookings, number of sites and engagement across diverse groups of users.



MyHealth1st booking growth



Number of bookings by age



# Financial Overview

## Capital Structure

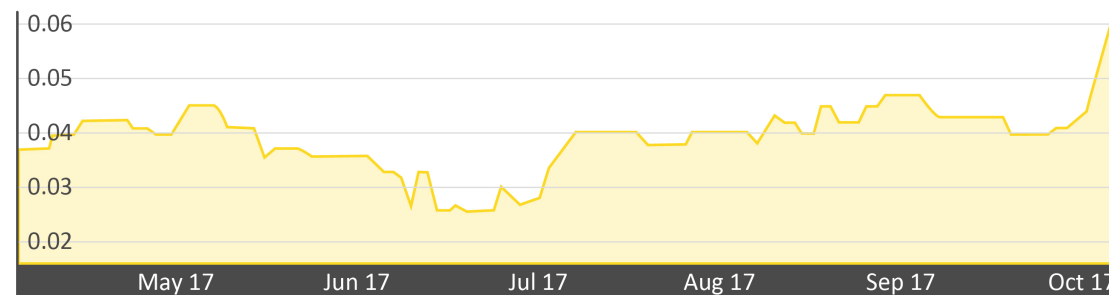
### Stock Information

As at 11 October 2017

ASX:1ST

|   |                 |
|---|-----------------|
| Share price                               | \$0.057         |
| 52 week share price range                 | \$0.03 - \$0.07 |
| Shares on Issue                           | 206.88m         |
| Options (average exercise price \$0.27)   | 20.4m           |
| Fully diluted capital                     | 227.3m          |
| Market Capitalisation (excluding options) | \$11.6m         |
| Cash (as at 30 June 2017)                 | \$2.9m          |
| Enterprise Value                          | \$8.7m          |
| Date listed                               | 4 June 15       |

## Share Price – 6 Months



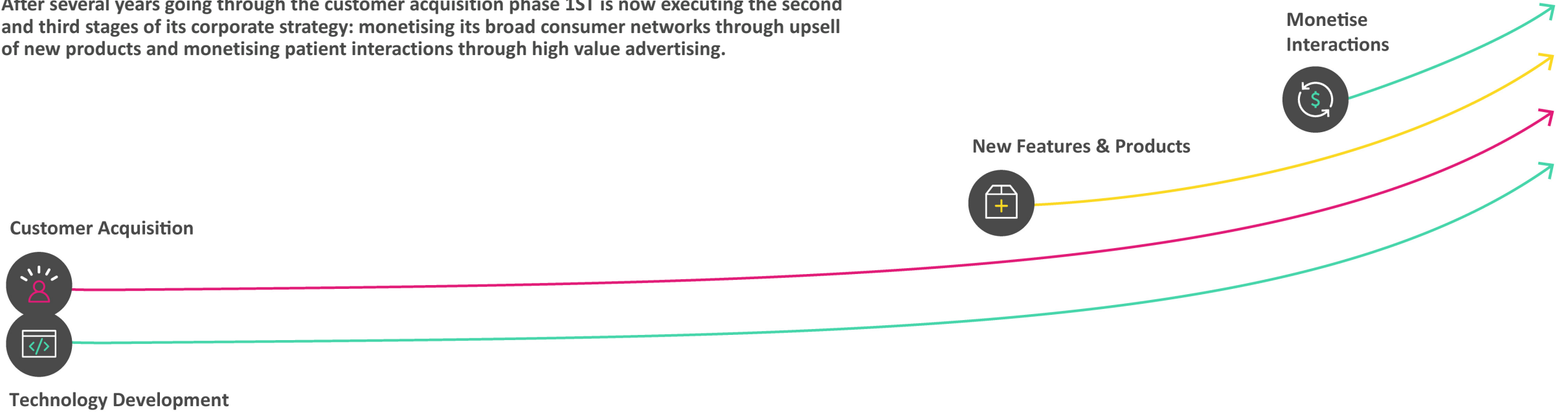
### Key Holders

%

|                                   |      |
|-----------------------------------|------|
| Mr John Charles Plummer           | 29.9 |
| Mr Tony & Helen Gandel            | 13.2 |
| RJM Luu Pty Limited               | 3.8  |
| Mr Victor John Plummer            | 3.4  |
| Moore Family Nominees Pty Limited | 2.8  |
| Top 20 holders                    | 70%  |

# Growth Strategy and Achievements

After several years going through the customer acquisition phase 1ST is now executing the second and third stages of its corporate strategy: monetising its broad consumer networks through upsell of new products and monetising patient interactions through high value advertising.



2012

2015

2016

2017

Acquired Gobookings, Clinic Connect & DocAppointments

Entered optometry market

Launched PetYeti

Launched first usage based product EasyRecall

Launched new subscription product, EasyFeedback

60% of all independent optometrists signed up

Sign first major ad deal

# Board & Management



**Trevor Matthews**

**Chairman**

Trevor is a director of AMP Limited, Bupa Australia and New Zealand, FNZ Asia Pacific, Tokio Marine Asia, Edelweiss Tokio Life, chairman of the State Insurance Regulatory Authority and AMP Life and a Fellow of both the UK and Australian actuarial institutes and the AICD. Previously a successful CEO in Australia, North America, Asia and the UK



**Klaus Bartosch**

**MD and CEO**

Klaus is an experienced CEO and Sales Director, having previously worked for private and ASX listed companies, and co-founder of 1stGroup.

Previously, Sales and Marketing Director for the then ASX listed Hostworks where he helped increase shareholder value by over 400% in just 4 years before Macquarie Group acquired it in 2007 for c.\$69 million.



**Richard Arnold**

**Non-Executive Director**

Former CFO and Vice President of Strategy and Corporate Development at CrowdFlower Inc., the world's leading enterprise crowdsourcing company.

Previously, Chief Operating Officer and Chief Financial Officer of Phoenix Technologies Ltd (NASDAQ: PTEC).



**Amanda Hagan**

**Non-Executive Director**

Amanda has been CEO Healthcare at Australian Unity for 11 years and is also Group Executive Digital for the Group. Prior to Australian Unity Amanda was an executive at Perpetual Limited and consulted to a number of industries and companies including AGL, Energy Australia and American Express and worked for the Australian Stock Exchange.



**Graham Mason**

**Chief Financial Officer**

Big four trained and experienced CFO and Finance Director of global online, technology and professional services companies locally and internationally.

Previously Finance Director HotelClub and RP Data Australia & NZ and Head of Corporate Finance at Bravura Solutions Limited.



**Joel Reynolds**

**Chief Technology Officer**

Experienced senior manager of listed, private and not-for-profit organisations.

Previously Production Services Manager at Seek Limited.



**Eddie Quinones**

**Sales Director**

Experienced sales executive within the SaaS, IT and Digital environments, working for high profile performance National and International Business to Business organisations.

Previously Sales Manager with Sensis, and Concur.



# Key Investment Considerations



## Visible Path to Break-Even Cashflows

- Revenue growth momentum
- \$2.9m cash at 30 June 2017
- Plus \$2m standby debt facility (undrawn)
- Directionally positive KPIs
- Costs stabilised



## Large Addressable Markets > \$1.9B

- Online health services bookings market is > \$1.9b
- Includes online appointments, add-on products and services, and advertising




## Multiple Growth Drivers

- Acquire new customers as they increase their online presence and digital profile through multiple products, including online appointments
- Upsell revenues as customers purchase additional products & services
- Booking migration from offline to online increases patient interaction points and monetization opportunities driving broader consumer engagement, cross-sell patients to other services, including PetYeti




## Strong Recent Momentum

- Significant quarter on quarter revenue growth for 4Q17
- Cash receipts in June 2017 quarter of \$940k



## Significant Upsell Revenue Potential

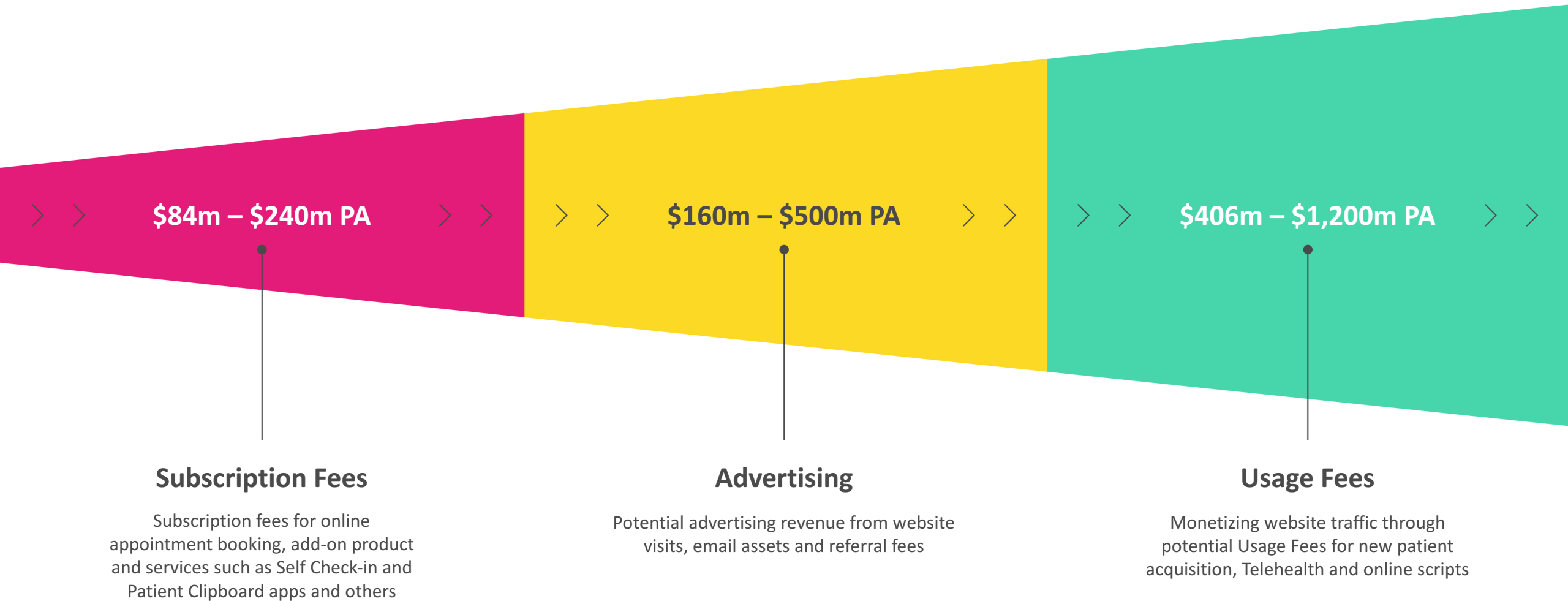
- Upsell revenues are rising off a low penetration base
- Significant existing upsell customer opportunity
- Upsell consumer users to complementary services




## Experienced Management Team

- Experienced leadership team
- Significant online experience – SEEK, HotelClub, Concur, Wotif.com, Realestate.com.au and others


# Total \$1.9B Addressable Health Services Portal Market



# Case Study: Rapid Growth in the Optometry Market



**MyHealth1st now #1 independent optometry digital platform**



**Significant upsell opportunity for add on products like EasyFeedback and EasyRecalls, and other products over time**



**First significant advertising deal closed in Sep, to initially just 10% of available inventory**

**Independent optometrists market growth in under 12 months**




3% of independent optometrists

60% of independent optometrists


1,200 stores

Initial market penetration began with **Online Appointments** service, now extended to include **EasyFeedback**, **EasyRecall** & **Advertising**


## Now delivering all four revenue sources




One-off Fees



Subscription Fees



Advertising



Usage Fees

## Major customers include



# Strong and Growing Market Position



## Leading Market Share Segments

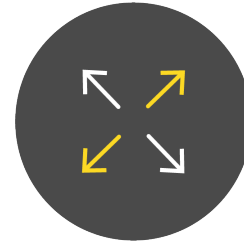
Independent optometry,  
pharmacy, vets

### Market update

+60% of all Pharmacies  
+60% of all Independent Optometrists  
Leading Vet industry provider

### Outlook

Continuing strong momentum in leading markets  
across multiple products, including new  
advertising opportunities



## Growing Segments

GPs, skin doctors, dental, allied,  
specialists, pet services

### Market update

Growth in selected markets

### Outlook

Expansion and upsell opportunities  
to new products



## Enterprise Segments

Major corporates, corporate health,  
government, hospitals

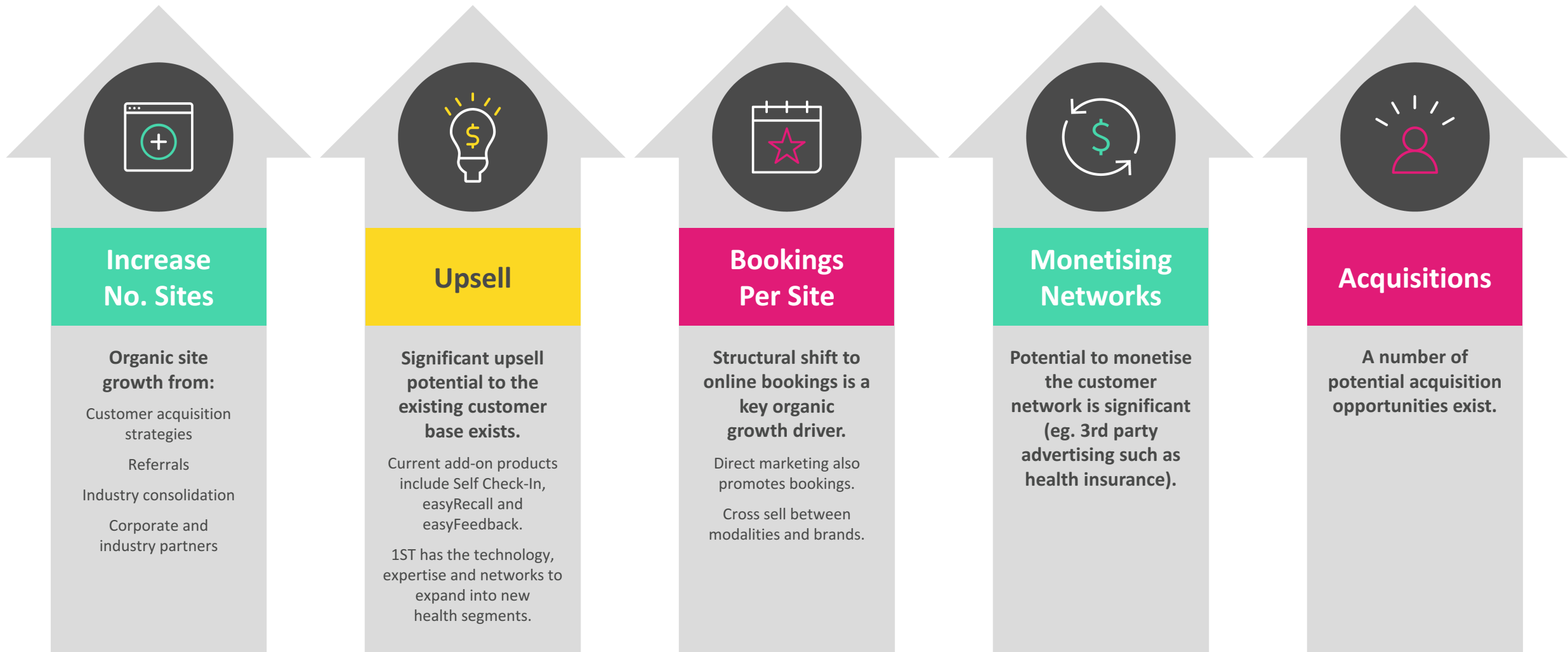
### Market update

Over 200 clients

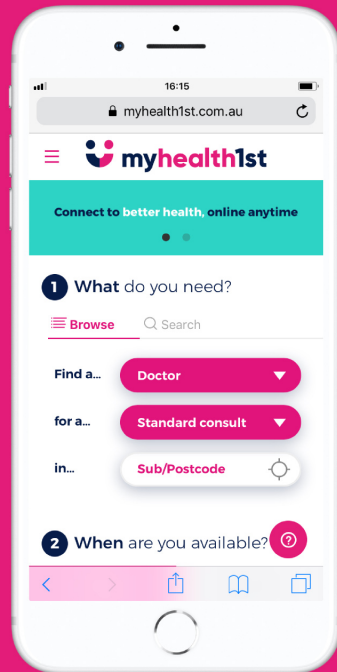
### Outlook

Continued steady growth and upsell opportunities  
to new products

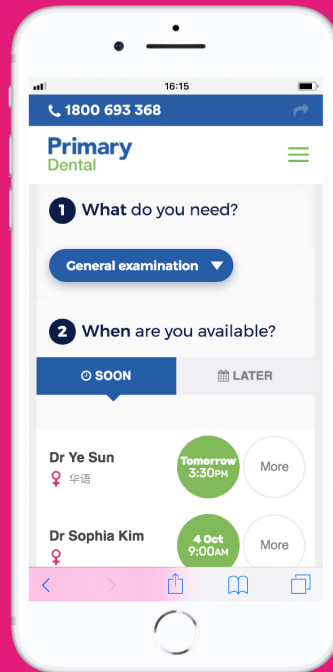
# Multiple Growth Options



# Our Portals and Web Widgets

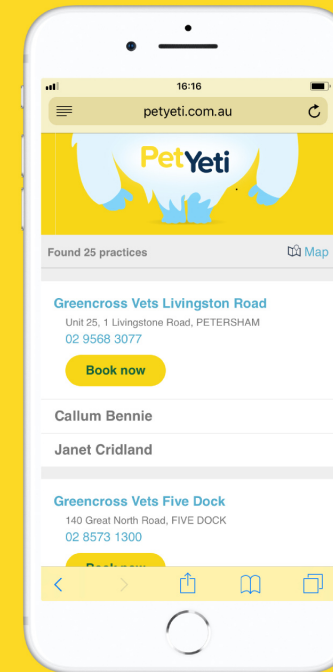


MyHealth1st website  
practice directory

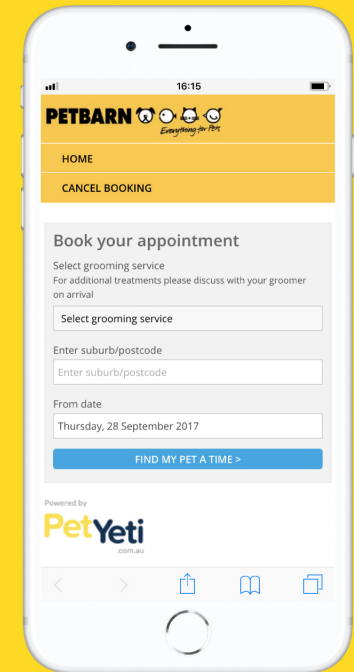


MyHealth1st booking widget  
on customer website

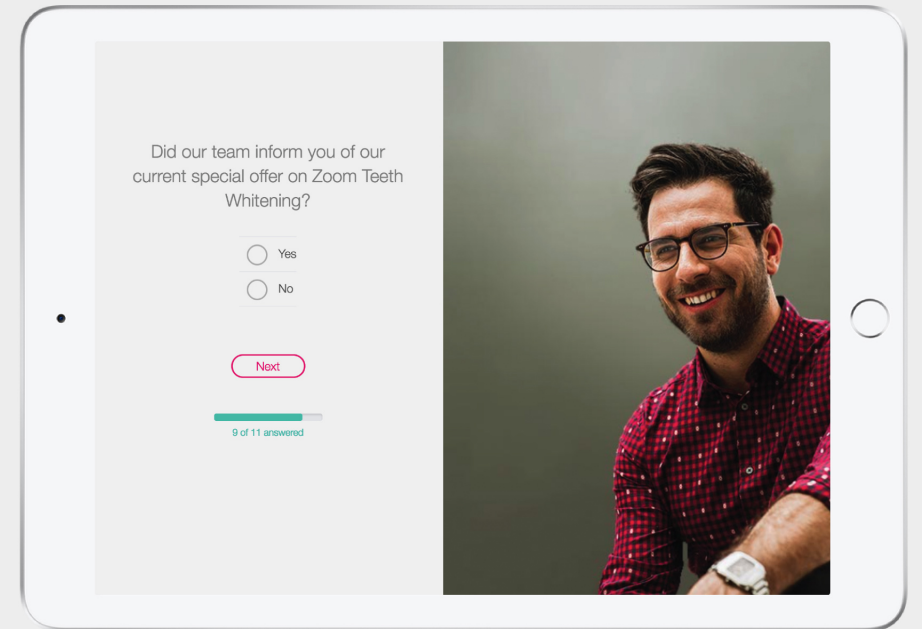
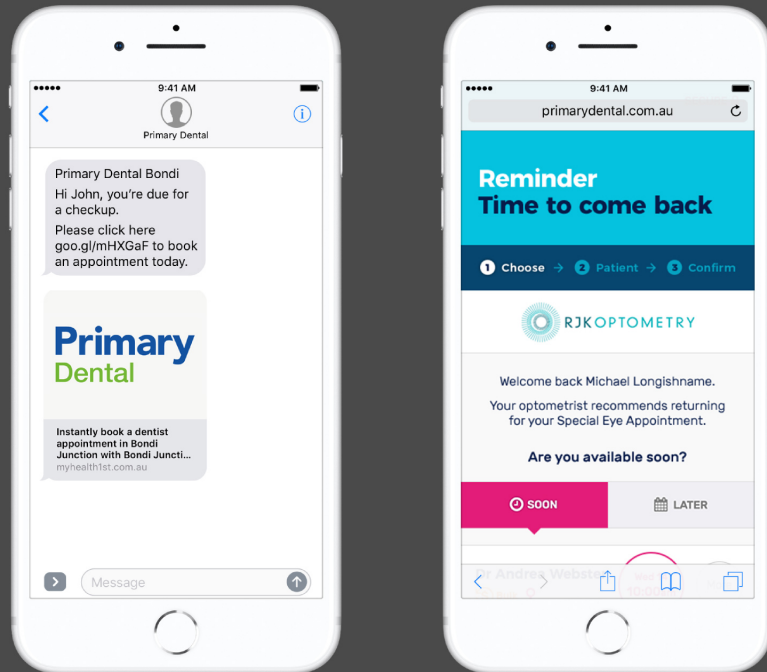
Any device,  
anytime,  
at  
multiple online  
sources



PetYeti website  
practice directory



PetYeti booking widget  
on customer website



Enabling digital patient channels

SMS messages direct patients to book online instantly. The portal allows patients to update their contact details and practices receive instant results reporting.

Integrated with practice software, post appointment feedback, NPS and compliance assessment.

# Our Products

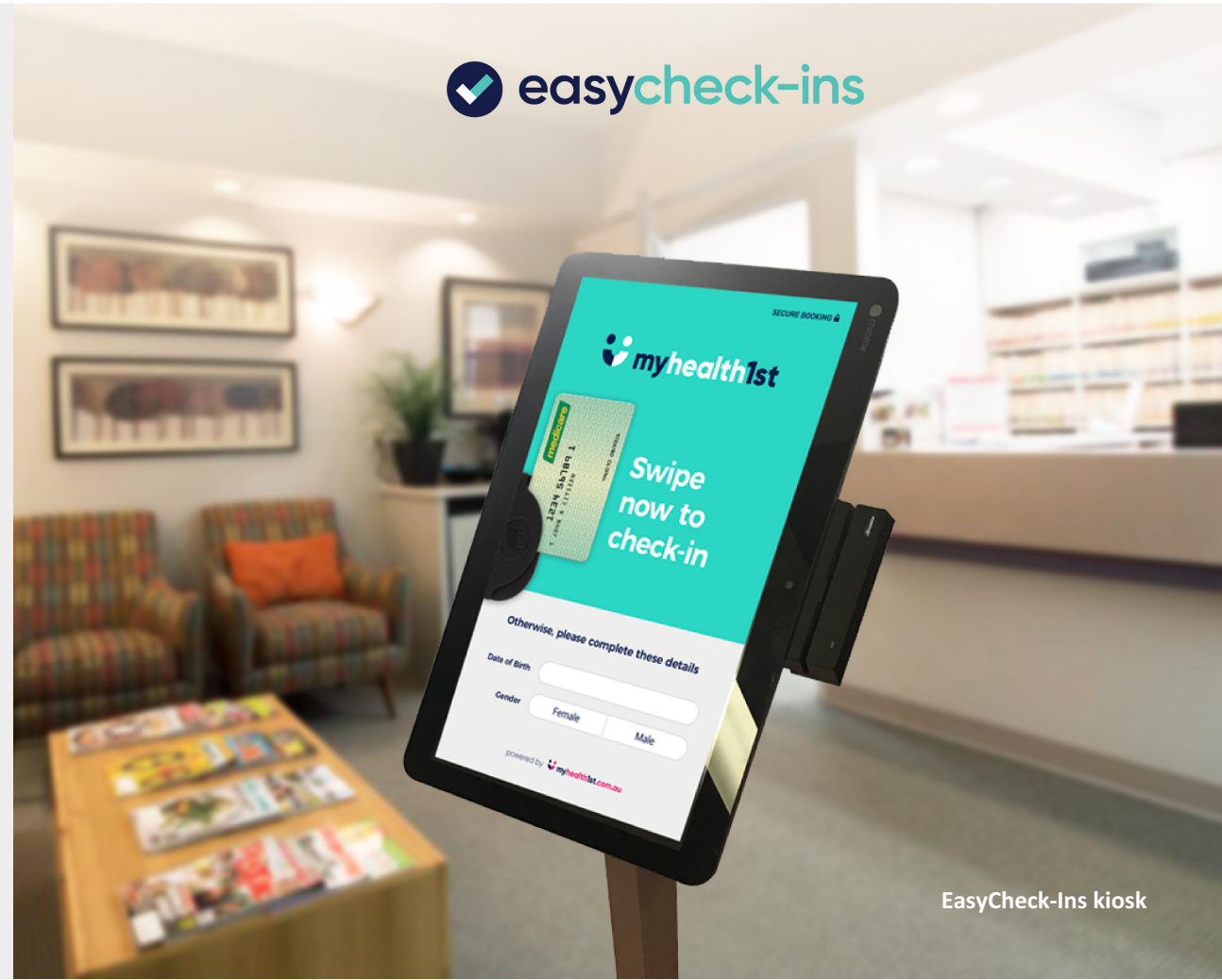
Our Solutions in Action



Powerful, real-time reporting insights for practices



1stInsights dashboard



EasyCheck-Ins kiosk





# GoBookings

GoBookings is dedicated to delivering tailored interaction solutions for business, government, health and education sectors.

Our enterprise, cloud-based platform enables secure, efficient connections that deliver customer satisfaction and business profitability.

Our flexible solutions are supporting health service businesses such as UHG, SMG Health, hospitals, pharmacies and others to deliver services to their customers.



# MyHealthTV

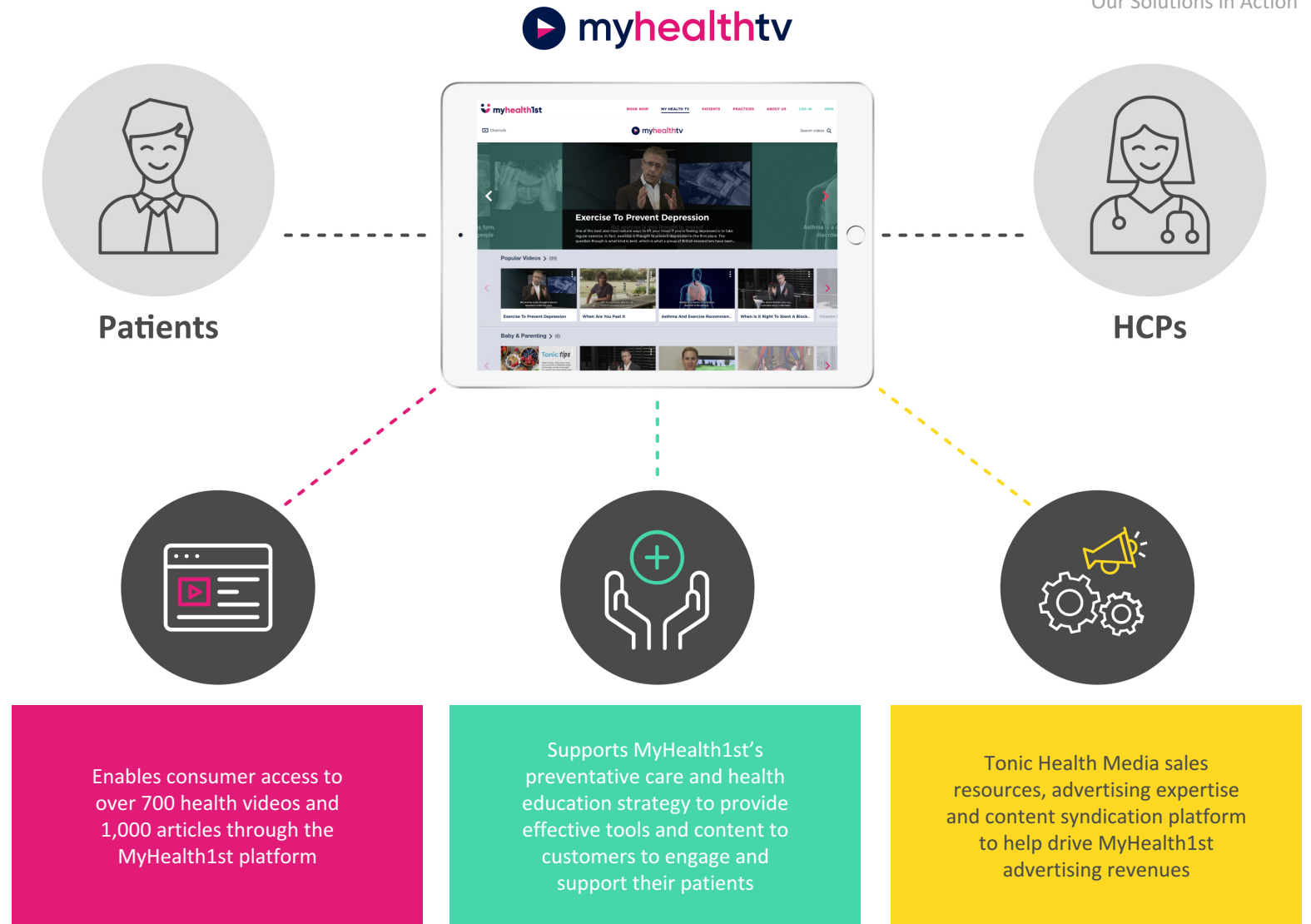
## Partnering for Preventative Care

In June 2017 1stGroup launched MyHealthTV & Healthcare Guide.

This powerful advertising and health content partnership formed between MyHealth1st and an Australian leading health advertising and content provider, Tonic Health Media.

Tonic's content syndication platform will continue to grow with premium content partners joining the network.

Our Solutions in Action

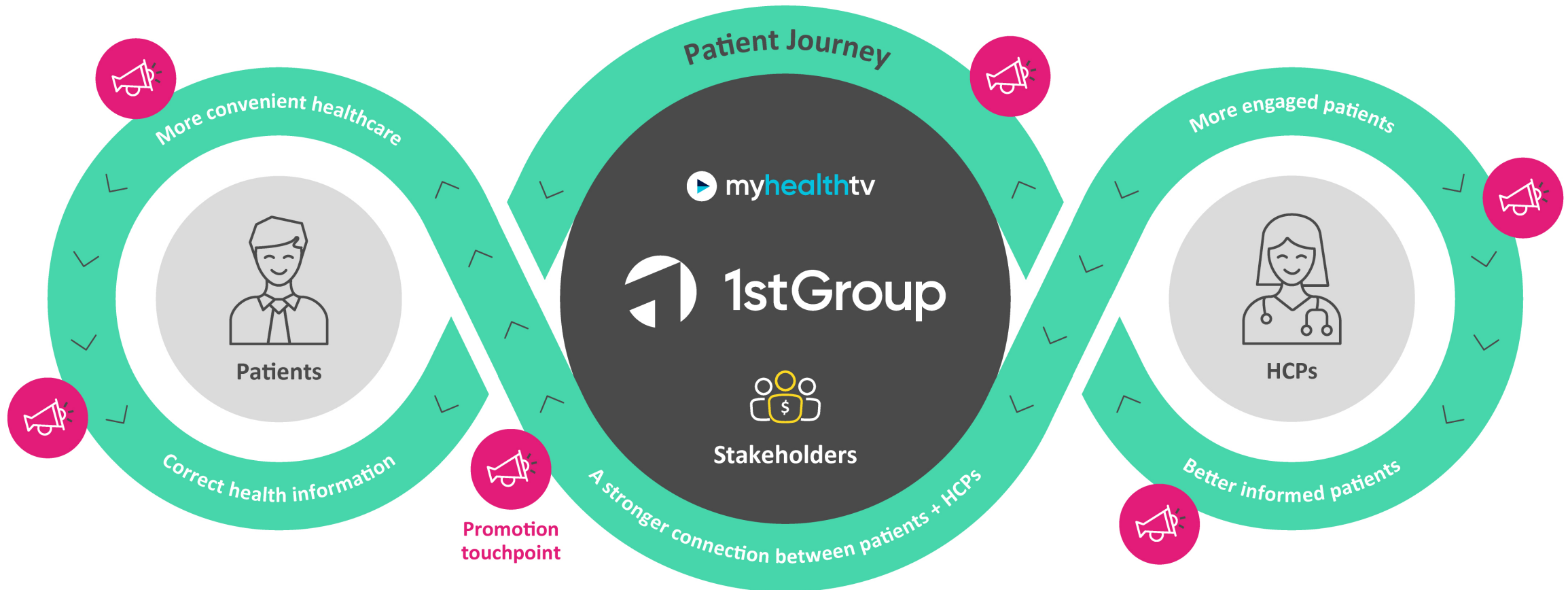


# Customers Who Have Chosen Us 1st



# Advertising

Helping Health Care Practitioners (HCPs) improve the patient experience at every stage of their healthcare journey. The right promotions at the right moment for profitable, meaningful, high-value advertising.



# Revenue Model

1st Group has several revenue sources – historically it has been driven by subscription fees but the growth focus is on higher margin upsell and advertising revenue. This is the KEY growth driver for our business

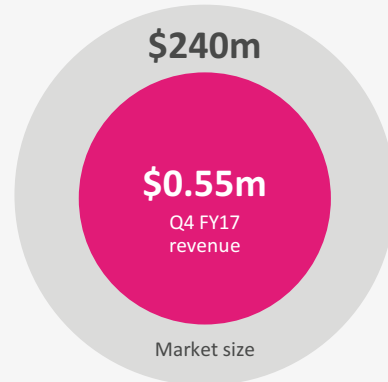
## One-off Fees



Setup, training & customisation

Stable Growth

## Subscription Fees (Monthly Recurring Revenue)



Online bookings, EasyFeedback

Growth Outlook

## Advertising



Advertising

## Usage Fees

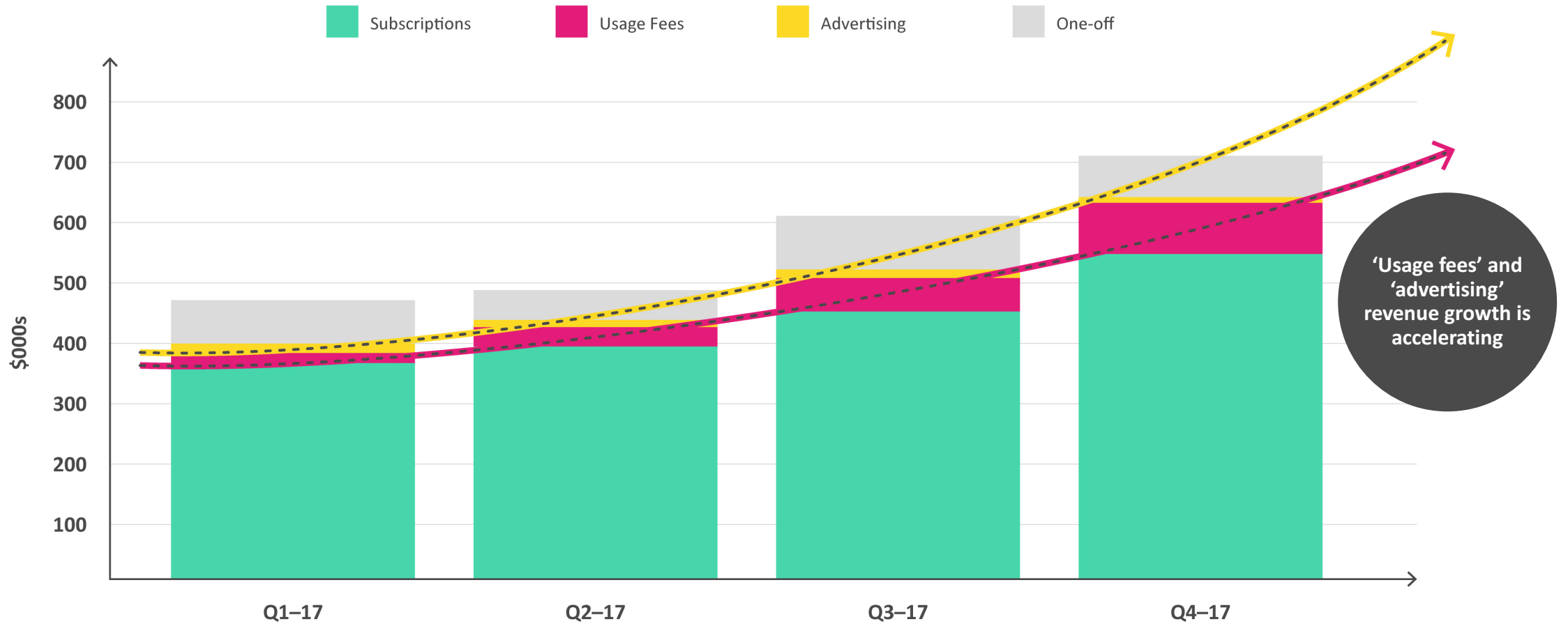


EasyRecalls, SMS, booking fees

Higher Growth Expected

# Revenue Profile Last 4 Quarters

Progression through customer acquisition and customer upsell has driven revenue growth in the last 4 quarters



# Subscription Revenue Growth

## Strong Outlook for Continued Growth in Annuity Revenue

Significant customer acquisition in the optical and pharmacy markets has driven increases across online booking product revenue in FY17.

60-70% Gross Margin in online bookings.

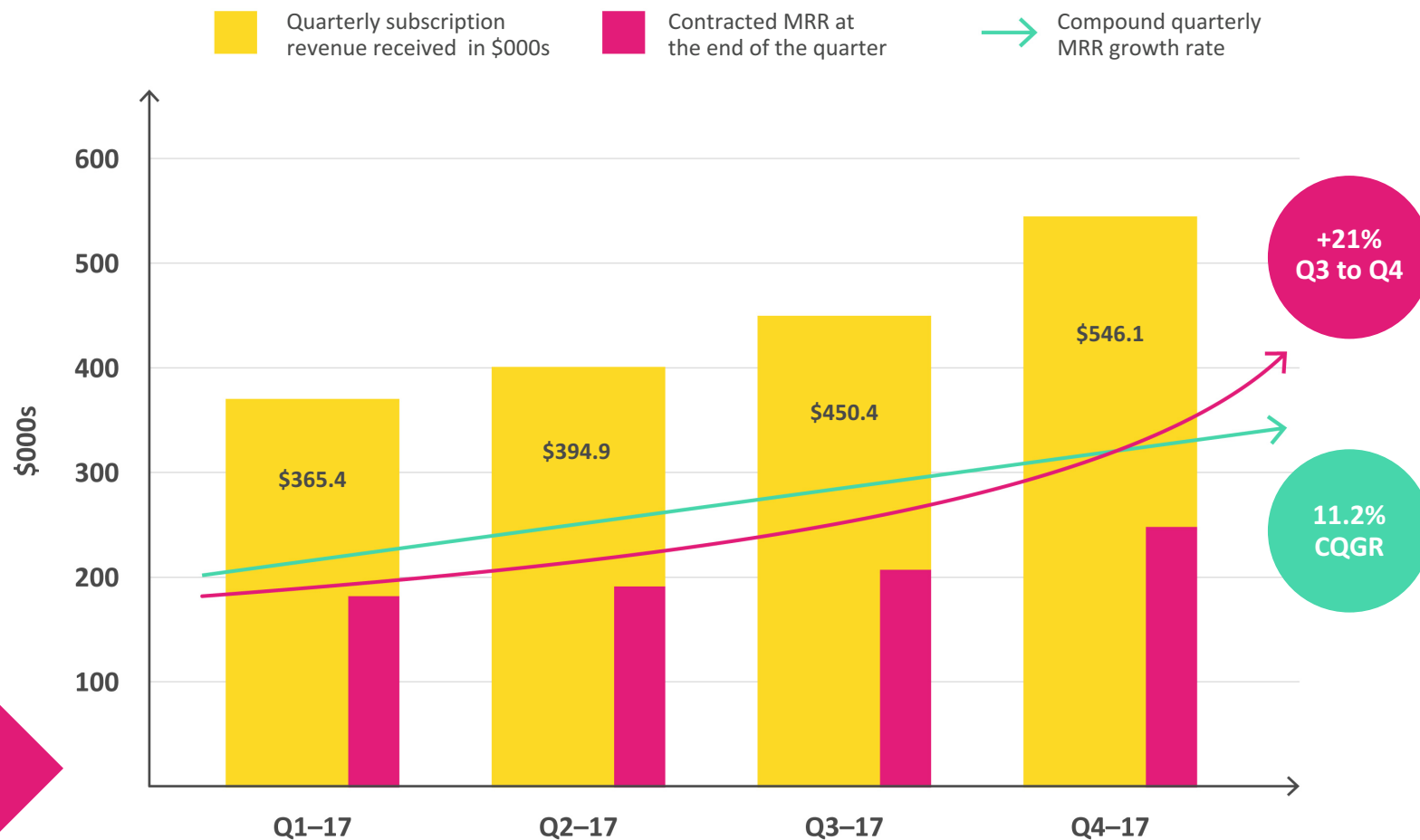
EasyFeedback product launched in Q4 FY17 adds upsell opportunity and will impact revenue from Q2 FY18, across all customers in all markets. Plus additional benefit of increase patient interactions.

Subscription contracts (MRR - monthly recurring revenue) at the end of the quarter increased 21% in June quarter 2017.

MRR is driven by the number of sites utilising the Company's online booking system and other subscription fee products such as EasyFeedback.

**MRR provides an indicator of future revenue from subscription products.**

## Subscription Revenue and Contracted MRR (MRR = Contracted Monthly Recurring Revenue)



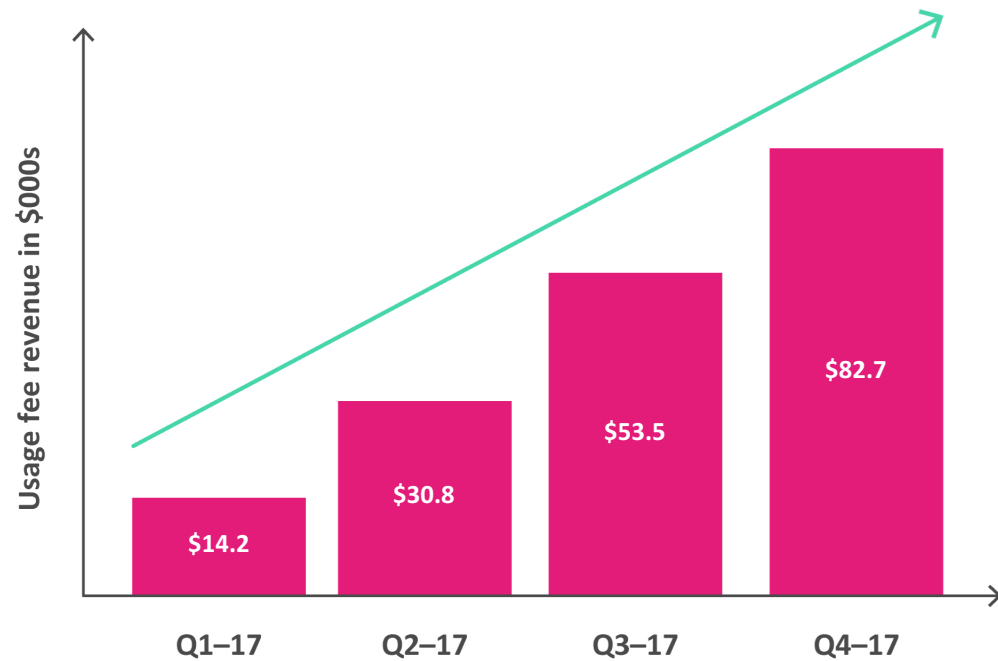
MRR has been adjusted to exclude advertising subscription revenue as this has greater variability, and will now be reported as advertising revenue when recognised

# Usage Fee Revenue Represents Significant Potential

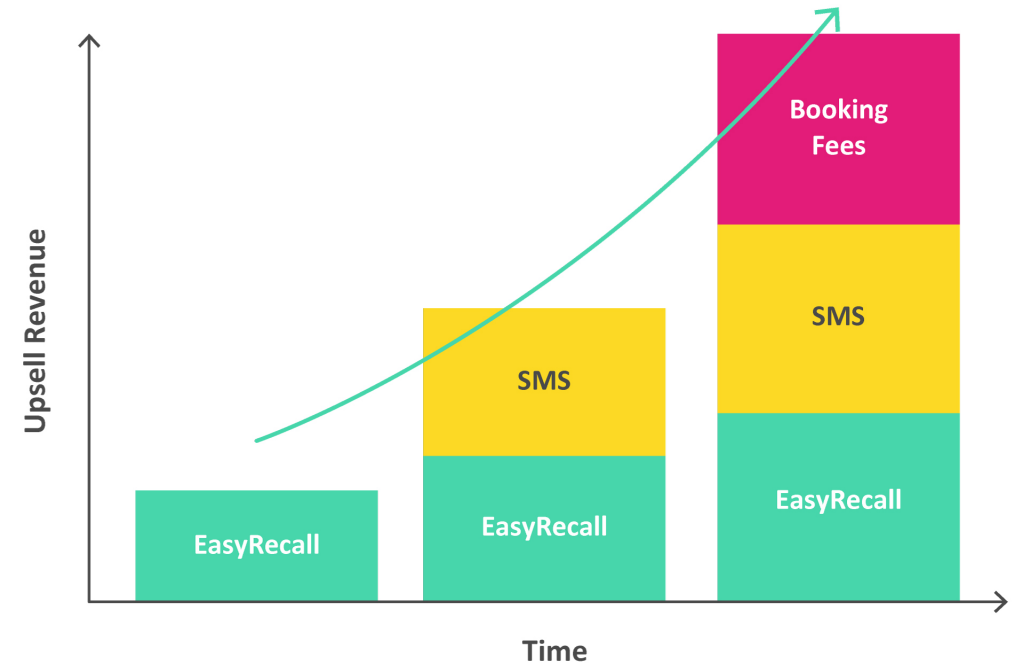
Leveraging the Company's existing and established customer base to grow higher gross margin revenues that add significant revenue upside and create greater customer interaction

## Usage Fee Revenue in \$000s

(EasyRecalls, SMS and booking fees)



## Significant Upsell Revenue Opportunity





# Financial Results

Over the full year revenue increased by 16% with acceleration in the second half where the increase was 23% compared to 7% in the first half.

Operating costs before the capitalisation of internal software development costs were 7% higher than the prior corresponding period due to the investments made across sales, marketing and product.

During the first half of FY17 technology staff who in previous periods had been allocated to major platform development projects were reallocated to smaller product builds and enhancements. As a result, in accordance with our accounting policies, the related staff costs were no longer capitalised. Gross employee expenses before technology staff capitalisation were in line with FY16.

The Group exited FY17 well positioned with positive sales momentum, a healthy pipeline from our new products released in the second half of FY17 and a number of additional products set for release in early FY18.

|  | FY17               | FY16               |
|--|--------------------|--------------------|
| Revenue  | 2,306,207          | 1,989,776          |
| Operating expenses before capitalised employee benefit expense | (6,396,772)        | (5,952,308)        |
| <b>Operating loss before capitalised and non cash items</b>    | <b>(4,090,565)</b> | <b>(3,962,532)</b> |
| Capitalised employee benefit expense                           | -                  | 1,292,078          |
| <b>Operating loss before tax and non cash items</b>            | <b>(4,090,565)</b> | <b>(2,670,454)</b> |
| Share-based payments   | (146,601)          | (379,446)          |
| Net gain recognised on reversal of contingent consideration    | 93,738             | -                  |
| Depreciation and amortisation expenses                         | (1,358,182)        | (1,493,385)        |
| Impairment   | -                  | (1,059,102)        |
| Finance costs  | (17,472)           | (27,672)           |
| <b>Net loss before tax benefit</b>                             | <b>(5,519,082)</b> | <b>(5,630,059)</b> |
| <b>Income tax benefit</b>                                      | <b>389,235</b>     | <b>607,764</b>     |
| <b>Net loss after tax benefit</b>                              | <b>(5,129,847)</b> | <b>(5,022,295)</b> |

# Investment Summary



**Visible Path  
to Break-Even  
Cashflows**




**Large Addressable  
Markets > \$1.9B**




**Multiple  
Growth Drivers**



**Strong Recent  
Momentum**  
Significant QoQ revenue growth 4Q17



**Significant Upsell  
Revenue Potential**



**Experienced  
Management Team**



# Thank You

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