

Vision Eye Institute Limited

Annual General Meeting

Shareholder Presentation

21 November 2014

Presented by:

Shane Tanner (Chairman)
& Brett Coverdale (MD & CEO)

Our Business



- Vision Eye Institute Limited is Australia's largest provider of ophthalmic care, diagnosing and treating people with eye disorders and diseases.
- The Group currently provides services to 78 doctors, including 33 Doctor Partners, 21 Associates, and 24 Visiting surgeons offering a broad range of services including specialist eye care in the areas of corneal surgery, refractive surgery, cataract surgery, ocular plastics, glaucoma treatment and surgery, vitreo-retinal surgery and treatment for macular degeneration.

QLD

- 7 consulting clinics
- 3 day surgeries (6 operating theatres)
- 3 laser refractive suites

NSW

- 5 consulting clinics
- 2 day surgeries
- 3 laser refractive suites

VIC

- 6 consulting clinics
- 3 day surgeries
- 1 laser refractive suite

FY14 Financial Highlights

- Revenue increased \$3.5 million with an increase in day surgery procedures consistent with industry trends
- EBITDA \$26.0 million in line with mid point of guidance
- EBITDA excluding other income \$24.1 million (a decrease of 4.7%) due to continued increases in doctor contract payments
- Profit after tax increased 40% to \$13.2m reflecting significantly lower interest expense and \$1.9m one off insurance proceeds
- EPS of 7.9 cents per share
- FY14 fully franked final dividend of 1.25 cents per ordinary share (paid 30 September 2014)
- Gross bank debt reduced from \$47.5 million to \$38.5 million (currently \$34.5 million)
- Net bank debt at 31 October 2014 was \$14.3 million (after receipt of net proceeds of capital raising - \$9.7 million)

2014 Financial Overview

		FY14	FY13	% change
Revenue	\$m	110.6	107.1	3.3%
Gross profit	\$m	47.6	48.4	(1.8%)
Gross profit margin	%	43%	45%	
Indirect Costs	\$m	(23.5)	(23.2)	1.5%
EBITDA excluding other income and goodwill impairment ¹	\$m	24.1	25.3	(4.7%)
Reported EBITDA	\$m	26.0	(1.0)	
EBIT excluding other income and goodwill impairment ¹	\$m	19.0	19.7	(3.6%)
Reported EBIT	\$m	20.9	(6.6)	
Net finance costs	\$m	(2.0)	(6.0)	(66.7%)
Profit before tax	\$m	18.9	(12.6)	
Profit after tax	\$m	13.2	(16.9)	
Earnings per Share	cents	7.9	(11.5)	
ROCE ²	%	18%	19%	

¹ Other Income FY14 \$1.9 m
Goodwill Impairment FY13 \$26.3 m

² EBIT adjusted for other income and goodwill impairment / (Total equity + net debt)

Revenue up 3.3% from FY13 due to an increase in theatre procedures (day surgery revenue has increase \$2.4 million 6.7%) .

Gross Margin down 1.8% due to contract doctor payments increasing \$2.6 million (13.9%) from FY13. The increase is from additional doctors and the continuing rebalance of clinic profit share with partner doctors.

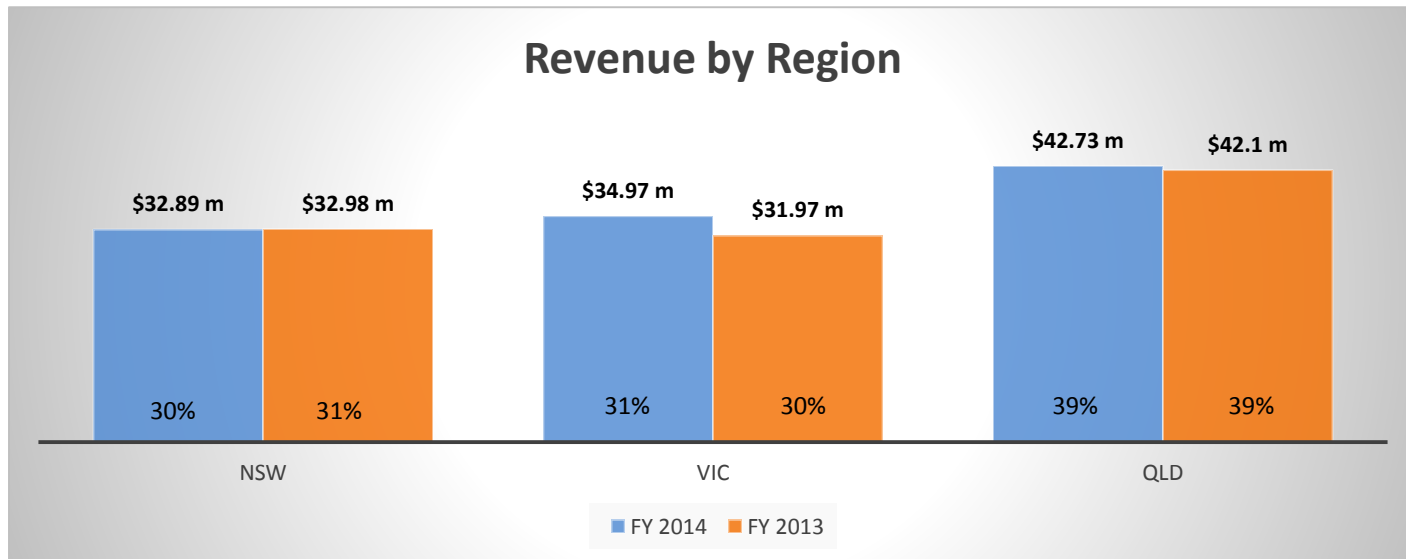
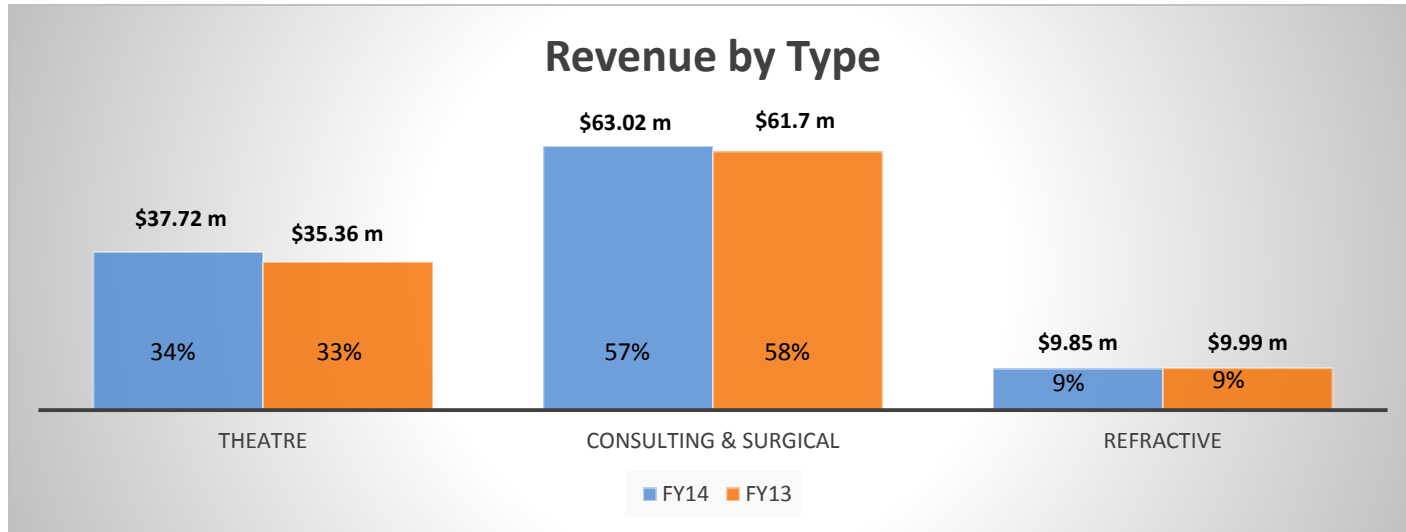
There were no significant variances in Indirect costs, with the exception of legal costs, \$2.0 m incurred during FY14 (FY13 \$0.7 million).

EBITDA* declined \$1.2 million due to lower margin and considerable legal costs incurred during FY14.

*excluding other income and goodwill impairment

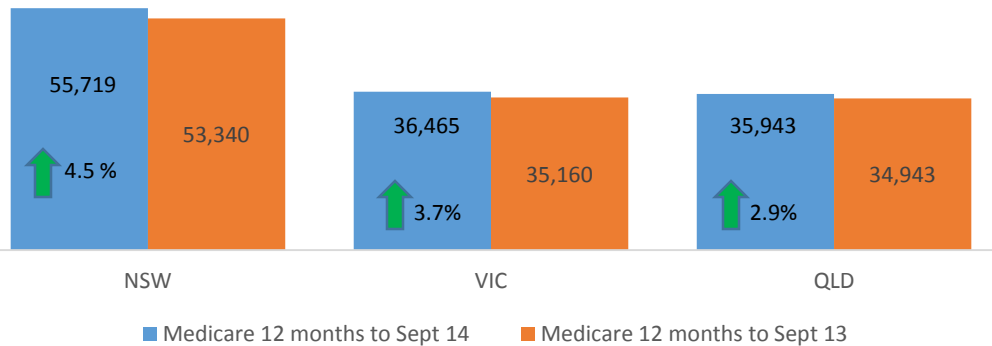
Revenue Composition

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Industry* v VEI Trends - Cataracts

Cataracts Medicare Data - Volume and Growth
(For the 12 months ending September 2014 and 2013)



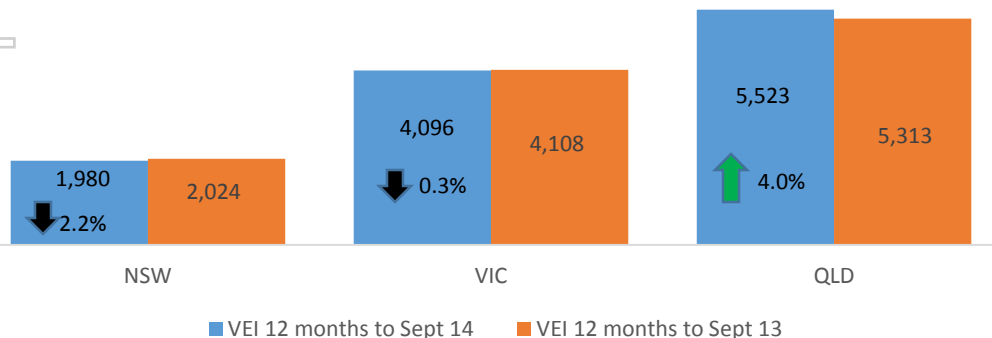
Overall Medicare cataract volumes in the VEI footprint increased 3.8%, whereas VEI cataract volumes increased 1.3%.

In NSW, the volume decline is due to a combination of reduction in sessions for certain doctors, and increased competition in the region. The doctors are reviewing strategies to maintain market share.

While cataract growth consistent with Medicare trends is evident for the new partner and associate doctors In Victoria, cataract procedures for visiting surgeons has declined due to a reduction in sessions utilised.

Cataract growth in Queensland was higher than Medicare due to an increase in sessions for associate doctors and VMOs.

Cataracts VEI Data - Volume and Growth
(For the 12 months ending September 2014 and 2013)

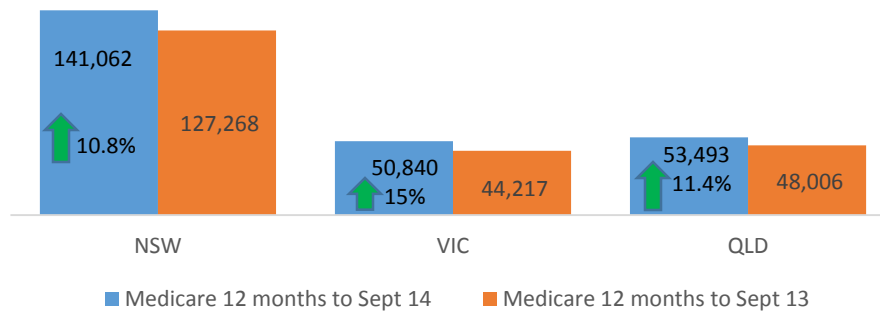


* Medicare data provided incorporates privately billed item number 42702, and does not capture procedures performed in public hospitals.

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Industry* v VEI Trends – IVIs**

IVI Medicare Data - Volume and Growth
(For the 12 months ending September 2014 and 2013)

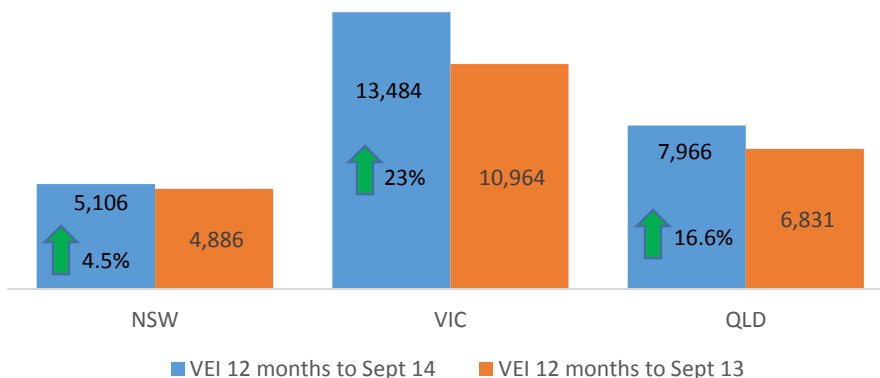


Overall Medicare IVI volumes in the VEI footprint increased 11.8%, whereas VEI volumes increased 17.1%.

NSW growth is behind Medicare growth due to limitations in retinal doctor capacity.

Volumes in Victoria continue to increase above Medicare growth rate, due to the expansion of retinal services at Coburg, Eastern and Footscray.

IVI VEI Data - Volume and Growth
(For the 12 months ending September 2014 and 2013)



Volumes in Queensland have increased above Medicare growth rate due to an increase in available sessions by retinal doctors.

* Medicare data provided incorporates *privately billed item numbers 42738, 42739 & 42740*, and does not capture procedures performed in public hospitals.

** *Intra-vitreous injections*

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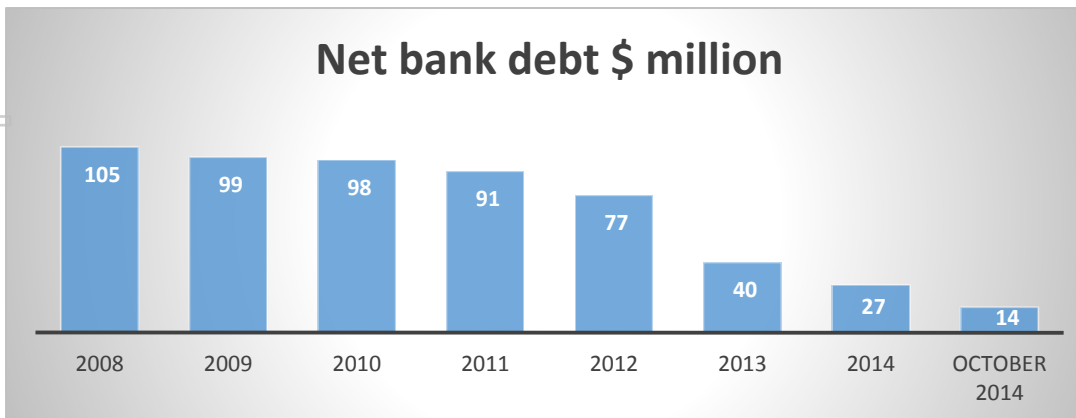
Capital Management

		FY14	FY13	% change
Gross bank debt	\$m	38.5	47.5	(18.9%)
Net bank debt ¹	\$m	27.0	39.7	(32.0%)
Total equity	\$m	79.7	66.2	20.3%
Net interest expense	\$m	(2.0)	(6.0)	(66.5%)
Interest cover ²	x	9.5	3.3	188.0%
Net bank debt to equity	%	34%	60%	(43.5%)
Net bank debt to EBITDA ³	x	1.1	1.6	(28.6%)

1 Includes cash and excludes establishment fees

2 EBIT adjusted for other income (FY14) goodwill impairment (FY13) / net interest

3 EBITDA adjusted for other income (FY14) goodwill impairment (FY13)



- During FY14 gross bank debt reduced by \$9.0 million

- Interest expense significantly down due to the reduction in debt, lower interest rates and lower margin on the three year facility entered in July 2013

- Gross Bank Debt currently \$34.5 million (Net Bank Debt \$14.3 million after \$9.7 million capital raising)

Growth Strategies

PANCH Day Surgery Centre in Victoria

VEI is pleased to announce it has signed a long term lease on space within the existing building located at 84-90 Hotham St Preston. It is the intention to construct and operate a day hospital serving the needs of doctors and patients in the northern suburbs of Melbourne.

The facility will be located on the old PANCH hospital site and fittingly we intend to name it “PANCH Day Surgery Centre” We intend to dedicate one of the two theatres to Ophthalmology. Planning and design is well advanced and we anticipate that the facility will open in July/August 2015.

Ophthalmic Growth

In addition to the PANCH Day Surgery Centre, we are continuing to look at opportunities to expand our footprint of Ophthalmic day surgeries with co-located or closely located clinics.

Medical Centres

VEI is currently considering the acquisition of a number of medical centres. This is seen as increasing our involvement in health services where we can offer VEI's facility management and support in businesses which have a geographic fit to our current and future day surgery footprint.

Dandenong Medical Precinct/Private Hospital Opportunity

VEI is exploring the opportunity to move into healthcare facilities management. Specifically we are reviewing the integrated healthcare campus as part of “Places Victoria's Revitalising Central Dandenong” initiative. We are working on this potential development with Lend Lease Corporation Ltd and Australian Hospital Solutions Pty Ltd. The feasibility and commitment to this exciting project will be most likely determined by mid 2015.

Other Developments

Gold Coast Facilities

Gold Coast Theatre agreement with Ramsay was extended until 31 December 2015 at which time VEI will exit. VEI will also exit Southport consulting & refractive facility at that time. Opportunities to continue a day surgery and consulting presence on the Gold Coast continue to be explored.

Growth Opportunities

The acquisition opportunities that we are exploring and evaluating are not likely to significantly impact the FY15 results.

Kitchen Litigation

On 23 October 2014, judgement was made in favour of VEI in relation to its breach of contract claim, with Dr Kitchen's counterclaim dismissed. The amount of damages payable to VEI is still to be assessed by the Court and the judgement is now not expected until the first half of 2015.

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Guidance

Current Management Results*	YTD Oct 14	YTD Oct 13
EBITDA	\$9.4 m	\$9.2 m

FY15 Forecast	FY15 Guidance	FY14 Actual
EBITDA	\$23.5 - \$25.0 m	\$24.1m **
Net Funding Cost	\$1.3 - \$1.4 m	\$2.0 m

* Based upon unaudited management accounts

** FY14 Actual net of non recurring insurance proceeds \$1.9 million

- **YTD October 2014 Revenue is consistent with the same period FY14, with an increase in Day Surgery (Theatre) Fees offset by lower Refractive revenue**
- **YTD EBITDA slightly higher than prior year due to lower indirect costs (principally legal fees)**
- **Forecast includes traditional slower months over Christmas /New Year and Easter**
- **Net Funding cost will be lower than FY14 due to lower debt levels and continuing lower interest rates and lower margin**

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Dividends

- **The Company paid a final fully franked dividend of 1.25 cents per ordinary share for the year end 30 June 2014 (FY13:\$ nil) on 30 September 2014**
- **No interim dividend will be paid for FY15**
- **Having regard to FY15 earnings guidance and capital expenditure plans, the Board expects to at least maintain the final fully franked dividend of 1.25 cents per ordinary share for the year end 30 June 2015**

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