

Third Quarter 2016: Financial Results

February 12, 2016

TSX-V: SYN

Conference Call Details:

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Dial In Number: (647) 427-7450 or 1-888-231-8191

Live Webcast: <http://event.on24.com/r.htm?e=1122639&s=1&k=4056DF45B4D9E7685F822FF92EA8F46E>



Syncordia

Technologies and Healthcare Solutions

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Financial Highlights

- Revenue decreased \$221 or 6%, \$219 of which was attributable to REACH Air Medical Holdings and affiliated entities as we wind down the provision of billing services to this customer group.
- Gross margin increased from 72% to 73% of revenue primarily reflecting payor mix and operating efficiencies.
- Adjusted EBITDA before Syncordia Cloud and Corporate costs decreased \$39 or 2% reflecting lower revenues which were partially offset by an improvement in gross margin and lower operating expenses.
- Syncordia Cloud costs increased \$26 or 7% reflecting our software development efforts as we continue to develop the Syncordia Billing Module.
- Corporate costs decreased \$93 or 14% reflecting several cost reduction initiatives.
- Adjusted EBITDA increased \$28 or 4%.
- Cash and cash equivalents increased \$240 to \$10,285 reflecting stronger cash flow from operations.

Operational Highlights

- Completed the onboarding of Air Medical and began billing operations in October 2015. This three year contract was signed in September 2015.
- Previously announced HSI customer contract wins have all completed onboarding and continue to perform in-line with management's expectations.
- Subsequent to quarter end, HSI was awarded two new contracts for ground ambulance RCM billing services. Both of the contracts have terms beyond 18 months.

Notes:

- All dollar figures are in thousands of US Dollars.





Q3 2016 Financial Results

Q3 2016 Results



(in thousands of US Dollars)

	Three months ended		Change %	Nine months ended
	December 31, 2015	September 30, 2015		December 31, 2015
Revenue	3,678	3,899	(6%)	10,970
Gross Margin	2,683	2,819	(5%)	7,882
<i>Percentage of Revenue</i>	73%	72%	65 bps	72%
Operating Expenses				
General and administrative	1,605	1,797	(11%)	4,902
Sales and marketing	150	165	(9%)	461
Research and development	224	181	24%	488
Total Operating Expenses	1,979	2,143	(8%)	5,851
Adjusted EBITDA	704	676	4%	2,031
<i>Percentage of Revenue</i>	19%	17%	180 bps	19%



Q3 2016 RCM Segment



(in thousands of US Dollars)

	Three months ended		Change %	Nine months ended
	December 31, 2015	September 30, 2015		December 31, 2015
Revenue				
HSI	3,173	3,403	(7%)	9,642
Paragon	505	496	2%	1,328
Total Revenue	3,678	3,899	(6%)	10,970
Gross Margin	2,683	2,819	(5%)	7,882
<i>Percentage of Revenue</i>	73%	72%	65 bps	72%
Operating Expenses				
General and administrative	859	941	(9%)	2,472
Sales and marketing	150	165	(9%)	461
Research and development	-	-	-	-
Total Operating Expenses	1,009	1,106	(9%)	2,933
Adjusted EBITDA	1,674	1,713	(2%)	4,949
<i>Percentage of Revenue</i>	46%	44%	158 bps	45%



Key Performance Indicator: Encounters



- We present Encounters as a key performance indicator (“KPI”) to assist readers to better evaluate our performance. We define an Encounter as a discrete business activity for which we would submit a claim. We believe this metric provides investors with a better proxy for measuring the level of business activity than revenue as encounters measure the number of distinct services provided in the period whereas revenue reflects the amount of services recognized for accounting purposes and is typically a lagging indicator of business activity.

	Quarter		Sequential Quarterly Change	
	Q2	Q3	#	%
Air	5,894	4,656	(1,238)	(21%)
Ground	9,007	6,908	(2,099)	(23%)
HSI	14,901	11,564	(3,337)	(22%)
Paragon	73,834	76,053	2,219	3%



Q3 2016 Syncordia Cloud Segment



(in thousands of US Dollars)

	Three months ended			Nine months ended
	December 31, 2015	September 30, 2015	Change %	December 31, 2015
Operating Expenses				
General and administrative	196	213	(8%)	626
Sales and marketing	-	-	-	-
Research and development	224	181	24%	488
Adjusted EBITDA	(420)	(394)	7%	(1,114)
<i>Percentage of Revenue</i>	11%	10%	131 bps	10%



Q3 2016 Corporate Segment



(in thousands of US Dollars)

	Three months ended			Nine months ended
	December 31, 2015	September 30, 2015	Change %	December 31, 2015
Operating Expenses				
General and administrative	550	643	(14%)	1,804
Sales and marketing	-	-	-	-
Research and development	-	-	-	-
Adjusted EBITDA	(550)	(643)	(14%)	(1,804)
<i>Percentage of Revenue</i>	15%	16%	(154 bps)	16%



Summary Consolidated Balance Sheet Highlights



(in thousands of US Dollars)

	As at December 31, 2015	As at March 31, 2015	Change	Change %
Cash and cash equivalents	10,285	2,842	7,443	262%
Current assets	12,535	4,919	7,616	155%
Total Assets	36,482	27,059	9,423	35%
Trade accounts payable and accrued liabilities	1,369	1,135	234	21%
Long-term notes payable	12,339	10,484	1,855	18%
Total Equity	22,647	13,119	9,528	73%



Liquidity Reconciliation



(in thousands of US Dollars)

	Three months ended		Nine months ended
	December 31, 2015	September 30, 2015	December 31, 2015
Adjusted EBITDA	704	676	2,031
Changes in non-cash working capital items	(92)	(154)	(58)
Cash Interest	(308)	(306)	(900)
Transaction costs	(17)	(48)	(718)
Foreign exchange losses	(12)	(105)	(146)
Cash provided by (used in) operating activities	275	(613)	209
Cash provided by (used in) investing activities	(35)	(305)	(5,097)
Cash provided by (used in) financing activities	-	(1)	12,331
Increase/(decrease) in cash and cash equivalents during the period	240	(242)	7,443
Cash and cash equivalents - Beginning of period	10,045	10,286	2,842
Cash and cash equivalents - End of period	10,285	10,045	10,285





Appendix



Reconciliation of Non-IFRS Measures – EBITDA



(in thousands of US Dollars)

	Three months ended		Nine months ended
	December 31, 2015	September 30, 2015	December 31, 2015
Net loss and comprehensive loss	(601)	(138)	(1,929)
Amortization of operating and other assets	774	772	2,275
Interest expense	478	476	1,397
EBITDA	651	1,110	1,743



Reconciliation of Non-IFRS Measures – Adjusted EBITDA before Syncordia Cloud and Corporate Costs



(in thousands of US Dollars)

	Three months ended		Nine months ended
	December 31, 2015	September 30, 2015	December 31, 2015
Net loss and comprehensive loss	(601)	(138)	(1,929)
Amortization of operating and other assets	774	772	2,275
Interest expense	478	476	1,397
Transaction costs	17	48	1,786
Foreign exchange (gains) and losses	12	105	146
Unrealized (gains) and losses on derivative financial liability	(1)	(608)	(608)
Realized gain on contingent consideration	-	-	(1,111)
Stock based compensation	25	21	75
Adjusted EBITDA	704	676	2,031
Syncordia Cloud costs	420	394	1,114
Syncordia Corporate costs	550	643	1,804
Adjusted EBITDA before Syncordia Cloud and Corporate costs	1,674	1,713	4,949

