

Centric Health To Acquire British Columbia-Based CareRx Specialty Pharmacies

– Strategic Acquisition To Further Expand National Platform in Key, High-Growth Centres –

TORONTO, Sept. 22, 2016 /CNW/ - Centric Health Corporation ("Centric Health" or the "Company") (TSX:CHH) today announced that it has entered into a definitive agreement to acquire 100% of the equity interests of CareRx Enterprises Ltd. ("CareRx"), a leading provider of pharmacy services to seniors communities in British Columbia. CareRx currently serves approximately 1,500 beds at 26 long-term care and assisted living communities through its three fulfilment centres located in Vancouver, Victoria and Nanaimo. These three centres will complement the Company's recently announced opening of a fulfilment centre in Kelowna.

Combined, Centric Health's four fulfilment centres in British Columbia will provide access to the vast majority of the province's seniors population and afford the Company the opportunity to significantly increase its market share of the 25,000 (and growing) long-term care and assisted living beds in the province. Kelowna and Victoria are the fastest growing seniors populations in Canada.

"The acquisition of CareRx is highly strategic in that it provides entry into three sizeable local markets with fast growing seniors populations and meaningfully expands our network in regions that will be important to serving national and multi-province customers," said David Cutler, President and Chief Executive Officer, Centric Health. "The CareRx business will not only be immediately accretive to Adjusted EBITDA* and earnings per share but also provides significant new opportunities for growth. With the addition of our Specialty Pharmacy infrastructure and know-how to the outstanding CareRx team, we will further strengthen the CareRx value proposition to customers, while increasing capacity and utilization at the CareRx centres by as much as three times, driving higher margins as we expand our market share in these high growth-potential markets."

Mr. Cutler added, "CareRx is a highly-respected name, based on its commitment to providing the safest medication management systems in Canada, unmatched customer service and support and the latest technologies and client-driven business processes. As a result, CareRx is an excellent fit for Centric Health and our growing Specialty Pharmacy business."

"We are extremely excited and motivated to combine forces with the exceptional team at Centric Health, a name that is known for its "Resident First" strategy and unyielding commitment to medication safety and evidence-based outcomes," said John Kwari, President of CareRx. "Becoming part of the Centric Health Specialty Pharmacy network will further enhance our clinical expertise, while enabling us to capitalize on the significant growth opportunities inherent in our business."

The transaction is subject to customary closing conditions, and is expected to close in the coming weeks.

Consideration and Payment

The cash component of the consideration for the acquisition will be paid from the funds received by the Company under its previously announced Development, Technology and Supply Agreements with Guardian and IDA Pharmacies.

CareRx will be acquired on a debt-free basis using existing sources of investment funding based on an independently verified Quality of Earnings Report for the trailing 12 months ending May 2016 as follows:

Timing	TTM EBITDA/ EBITDA Performance Target*	Cash Consideration (\$) ³	Purchase Share Consideration (# of shares @ \$1 per share ²)	Total Consideration ³
At Closing	\$1.0 million	\$6.0 million	2.0 million ²	\$8.0 million
1 st Anniversary of Closing	\$2.25 million ¹	\$3.5 million	2.5 million ²	\$6.0 million
Total		\$9.5 million	4.5 million²	\$14.0 million

1. Warranted one-year pro forma (run rate) EBITDA performance target.
2. If, following closing until the third anniversary thereof, the Shares do not trade at a volume weighted average share price equal to or higher than \$1.00 for a consecutive ten (10)-day trading period, then a cash payment will be made by the Company to the vendors for such difference based on the market price of the shares at the end of such third anniversary and the number of shares held by such vendors, subject to certain adjustments.
3. In addition, a \$1.0 million cash payment is payable upon the execution of certain long-term contracts.

The Company also issued:

- Outperform warrants to the vendors to purchase up to 1,000,000 Centric Health common shares accrued based on outperformance of the total one-year EBITDA¹ target and outperform warrants to the vendors to purchase up to an additional 1,000,000 Centric Health common shares accrued based on the execution of certain long-term contracts. The outperform warrants will have a 2-year term from the date on which they vest and become exercisable.
- Options to key management and staff of CareRx to purchase 1,000,000 Centric Health common shares subject to Centric's Share Option Plan.

The exercise price for the warrants is equal to the five (5)-day volume weighted average share price of the Company's common shares on the TSX prior to the date of the definitive agreement.

About CareRx

CareRx was created with one goal in mind – to provide the best possible pharmacy experience for care facilities, retirement homes and home nursing. Locally owned and operated, CareRx is invested in the communities they serve and committed to improving the lives and care needs for residents and their families.

CareRx's management team has over 40 years' experience servicing the community through the ownership and management of other retail pharmacy outlets in British Columbia. They have built a business model from the perspective of the customers and partners – seniors, nurses, Directors of Care, business owners – that they service.

CareRx has strategic relationships and experience with specialized medication packaging and electronic documentation organizations to provide customers with the latest innovations in the marketplace, providing the safest medication management systems in Canada.

About Centric Health

Centric Health's vision is to be Canada's most respected and recognized provider in the independent healthcare sectors in which it operates, world renowned for delivering the highest levels of quality care and outcomes, innovative solutions and value to patients, clients and stakeholders. To this end, Centric Health primarily focuses on two core healthcare businesses:

- The Specialty Pharmacy division is a "Resident First" model composed of a growing national network of fulfilment centres that deliver high-volume solutions for the cost effective supply of chronic medication and other specialty clinical care services, serving more than 25,000 residents in over 330 seniors communities (long term care facilities, retirement homes and assisted living facilities) nationally. The Specialty Pharmacy division also provides pharmaceutical dispensing services for employees insured by corporate health plans.
- The Surgical & Medical Centres division is Canada's largest independent surgical provider operating six facilities across four provinces. It serves a diversified customer base with private paid non-insured surgeries and diagnostics, government outsourcing of insured surgeries and diagnostics and other procedures funded by third-party payors (including Workers Compensation) and is the proud owner of Canada's first Centre of Excellence in Metabolic and Bariatric Surgery.

With national networks of facilities in each of its businesses, deep knowledge and experience of healthcare delivery and extensive, trusted relationships with payers, physicians, and government agencies, the Company is uniquely positioned to address current and future healthcare needs in growing markets as the Canadian healthcare industry goes through a major transformation over the medium to long term.

Notes

*Non-IFRS Measures: This press release includes certain measures which have not been prepared in accordance with IFRS such as EBITDA and adjusted EBITDA. This data is furnished to provide additional information and are non-IFRS measures and do not have any standardized meaning prescribed by IFRS.

This press release contains statements that may constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. These forward-looking statements include, among others, statements regarding the timing and completion of the proposed acquisition, final financial breakdown, business strategy, plans and other expectations, beliefs, goals, objectives, information and statements about possible future events. Readers are cautioned not to place undue reliance on such forward-looking statements. Forward-looking statements are based on current expectations, estimates and assumptions that involve a number of risks, which could cause actual results to vary and in some instances to differ materially from those anticipated by Centric Health and described in the forward-looking statements contained in this press release, including the completion of the transaction on the terms set out in the definitive agreement and in a manner consistent with management's expectations, the accuracy of management's assessment of the effects of the acquisition, and the ongoing performance of the business of CareRx. These assumptions and estimates are not intended to represent a complete list of the assumptions and estimates that could affect the Company. No assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do so, what benefits Centric Health will derive there-from. The Company does not undertake to update any forward-looking information contained herein, except as required by applicable Canadian securities legislation.

SOURCE Centric Health Corporation

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