

ASX ANNOUNCEMENT

23 February 2021

**Results for the Half-Year Ended 31 December 2020**

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) announces its results for the half-year ended 31 December 2020 (1H FY21) and releases its Appendix 4D.

**Company highlights and commentary 1H FY21:**

- Revenue of \$85.3m, an increase of \$4.7m or 5.9% on previous corresponding period (pcp)
- Statutory EBITDA of \$22.6m, an increase of \$6.6m or 41.4% on pcp
- Operating EBITDA of \$26.6m, an increase of \$8.9m or 50.1% on pcp
- Operating Margin of 31.1% up from 22.0% for pcp
- Statutory NPAT of \$6.2m, an increase of \$3.5m or 131.6% on pcp
- Interim dividend payment maintained at 0.5 cps fully franked

Capitol Health has delivered revenue for the half-year to 31 December 2020 of \$85.3m, up 5.9% from \$80.6m in the previous corresponding period (pcp). The operating EBITDA is \$26.6m (up \$8.9m or 50.1% compared to pcp) which represents an operating margin of 31.1%. The fully franked interim dividend of 0.5 cents per share has been maintained.

Capitol Health's Managing Director and Chief Executive Officer Justin Walter said *"The Company continues to organically grow primarily driven by the initiatives identified in our strategic plan. The strong half year result vindicates our view that we remain well on track to deliver this plan despite the challenges of managing through the Covid-19 pandemic and the fluctuating demand for services."*

**Covid-19 pandemic impact**

The revenue of the Company was impacted by the second lockdown period that occurred in Victoria as a result of the Covid-19 pandemic. Despite this the revenue of the Company ultimately increased for the half-year in comparison to the previous corresponding period due to organic growth initiatives, indexation of certain Medicare rebates, and the benefit of newly acquired businesses.

The Company was a recipient of the JobKeeper scheme and received \$5.8m net of payment of wage top-ups in line with government policy during the half-year. The JobKeeper payments enabled the Company to retain highly trained medical professionals and support staff during the lockdown period in Victoria and through reduced demand for services.

With the second lockdown for Covid-19 in Victoria and general trading conditions management continued to maintain tight control over the cost base of the business with particular focus on matching staff levels to patient demand, and where appropriate temporary closure of sites. The Company also received the government supported business cashflow relief on income tax but this was eventually fully repaid in early December 2020.

## Outlook for FY21

Following the acquisition of Direct Radiology on 1 February 2021, the Company will focus on full integration of this asset by end of year. In addition, the Company plans to continue organic growth via greenfield and brownfield developments. Strategic priorities for the current year include:

- Ongoing investment in systems, people, and capability to enhance our referrer relationships
- Continue to measure and enhance the patient experience
- Review of information and communication technology in support of clinics, referrers and patients

The medical imaging industry growth continues to be supported by population growth, an aging population and MBS re-indexation. The Company believes it is well placed to grow with our community clinics' locations and robust defensive bulk-billing revenue remaining the dominant component of revenue for the business.

Mr. Justin Walter, Managing Director, commented *"Despite the second lockdown in Victoria during this reporting period, our valued clinicians and support staff continue to provide enhanced care and service to our patients and referrers. We are well placed as one team to continue the growth and transformation of Capitol Health, delivering value for all."*

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For further information, please contact:

Craig Bremner

Chief Financial Officer

(03)9348 3333

[investors@capitolhealth.com.au](mailto:investors@capitolhealth.com.au)

This announcement is authorised for release to the market by the Board of Directors of Capitol Health Limited.

## About Capitol Health

Capitol Health is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Headquartered in Melbourne, Victoria, the Company owns and operates clinics throughout Victoria, Tasmania, South Australia and Western Australia. The Company's operational focus is on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

Capitol also has an investment in diagnostic imaging artificial intelligence through Enlitic Inc in the US.

## Forward-Looking Statements

Certain statements in this announcement are forward looking statements. Forward looking statements can generally be identified by the use of words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", "may", "assume" and words of similar import. These forward-looking statements speak only as at the date of this announcement. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

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