For personal use only

ASX Announcement (ASX: HLS)

ASX Limited
Market Announcements Office
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000

HEALIUS LIMITED
ACN 064 530 516
REGISTERED OFFICE:
LEVEL 6
203 PACIFIC HIGHWAY
ST LEONARDS NSW 2065
TEL: +61 2 9432 9400

21 October 2021

1QFY22 Trading Update

- **Strong earnings growth, underpinned by elevated COVID testing and effective cost control**
- **1QFY22 COVID tests over 40,000 per working day**
- **Signed agreement for Montserrat's new private hospital at Murdoch, Western Australia**

As part of its FY 2021 Annual General Meeting, Healius today announces the results for its continuing operations for the first quarter of financial year 2022[1] as follows:

$'m	1QFY22	1QFY21
Revenue	**689.9**	480.2
Underlying EBIT	**201.9**	77.9

Trading trends for Healius' continuing operations in 1QFY22 have been as follows:

- The 44% growth in Group revenue in 1QFY22 has been driven by both COVID testing revenue as well as stronger than expected non-COVID revenue, despite the various lockdowns. Revenue uplift, along with savings and cost efficiencies resulting from Phase 1 of the Sustainable Improvement Program, have underpinned an extraordinary start to FY 2022;
- Pathology revenues have been strong in 1QFY22, with that trend continuing in October. COVID testing remains elevated at over 40,000 tests per working day. Non-COVID revenues are ahead of the prior comparable period;
- Imaging revenues have fluctuated in 1QFY22 due to the NSW and Victorian lockdowns and COVID outbreaks in other states. Despite that, revenues are down only slightly on the prior comparable period, with recovery apparent in NSW in late September and October to date; and
- Day Hospital revenues are down on the prior comparable period in 1QFY22 due to COVID impacts in NSW and QLD. Westside Private Hospital and Montserrat's oncology hospitals have tracked ahead of 1QFY21.

Commenting on the 1QFY22 performance, Dr Malcolm Parmenter said, "For our communities, over and above the COVID testing efforts, Healius continues to deliver essential frontline healthcare services safely, efficiently and effectively through lockdowns and as restrictions lift.

[1] 1Q results:
- based on unaudited financial results,
- Underlying EBIT after the impact of adjustments for AASB16 for both quarters,
- before non-underlying items (items recorded as non-underlying in Q1FY22 are immaterial), and
- both quarters exclude Adora which is held for sale.

For personal use only

"I would like to pay tribute to our people, who continue to respond with unwavering and selfless dedication. The commitment of our frontline workers to the provision of accessible, quality healthcare for their patients and communities has been outstanding.

"I also thank the federal and state governments for their continued support of the critical work that private pathology is undertaking.

"With communities now learning to live with COVID and adjusting for the new normal, we expect PCR testing to continue to be pivotal to Australia's COVID response and the gold standard for testing. As restrictions ease, even with high vaccinations levels, it is expected that the Delta strain will continue to circulate, as evidenced in other international settings. To that end, Healius has invested in additional testing equipment to meet demand for PCR testing and ensure turnaround times are as short as possible, keeping our communities safe.

"With international borders reopening soon, Healius Pathology is well placed to assist travellers with mandatory PCR testing and has developed innovative digital solutions for travel documentation.

"Looking to the remainder of FY22, we believe COVID PCR testing will be part of the health landscape for years, however, we expect that testing levels will fluctuate. There is also a level of uncertainty in relation to the impacts of economies and borders reopening. Our revenue streams may be affected, both positively and negatively, by government responses to further community outbreaks, including lockdowns, restrictions on clinical activity and the level of funding for COVID testing.

"Given this uncertainty, we will continue to update the market periodically on our results, rather than provide profit guidance for FY22," Dr Parmenter concluded.

Delivering on growth strategy

Healius continues to build the foundations for a more growth-oriented and sustainable business. With a realigned portfolio and strengthened balance sheet, Healius is:

- Investing in capabilities and platforms (focusing on the Pathology Laboratory Information System, technology modernisation, end-to-end digitisation / modernisation of the customer journey, and insights across our diagnostics businesses);
- Progressing the Sustainable Improvement Program Phase 2, targeting 300 bps EBIT margin growth in Pathology and Imaging by FY 2023. Maintaining execution focus on margin improvement, especially through structural cost reduction, customer-centric growth, increasing payor diversification and proactive network optimisation across all our businesses (in the form of synergistic bolt-on acquisitions, greenfield/brownfield development and site openings / rationalisations);
- Exploring acquisitive growth, core and adjacent to existing competencies, both within Australia and globally, including specialty areas of pathology.

New Montserrat Private Hospital, Murdoch, WA

Commenting on the Company's latest day hospital project, Dr Parmenter said, "Healius is pleased to announce the development of a new Monserrat day hospital and cancer centre at Murdoch in the southern corridor of Perth, Western Australia. This will be our twelfth short stay hospital in Australia. Following the ongoing growth and success of Montserrat's Westside Private Hospital in Brisbane, Murdoch Private Hospital will be Montserrat's most innovative to date.

"With a portfolio of quality assets, a strong balance sheet and a focus on investing in our sustainable future, Healius is well positioned for long-term growth," Dr Parmenter concluded.

ENDS

The release of this Announcement has been authorised by the Board.

For personal use only

For further information contact:
Charlene Jaw
Manager, Corporate Affairs
Mobile: +61 403 222 810

For over 30 years Healius has been one of Australia's leading healthcare companies, committed to supporting quality, affordable and accessible healthcare for all Australians. Today, Healius has three businesses, pathology, imaging and day hospitals. Through its unique footprint of centres and its 11,000 employees, Healius provides specialty diagnostic services to consumers and their referring practitioners, as well as enabling independent healthcare professionals to deliver care in its day hospitals.