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Sale of Lumus Imaging

Investor Presentation

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Introduction

The sale of Lumus follows a strategic review of Healius' structure and assets with the objective of maximising shareholder value and ensuring a sustainable capital structure that will support investment and ongoing growth

Sale of Lumus Imaging

- Sale of Lumus Imaging ("Lumus") to funds advised by Affinity Equity Partners for an enterprise value of \$965.0 million on a cash, debt and equipment-lease free basis
- Estimated cash proceeds of approximately \$835 million after repayment of equipment leases and any closing adjustments¹
- Net proceeds in excess of \$800 million after all transaction, separation and other costs
- On a pre-AASB16 basis, the Transaction represents a multiple of 17.0x FY 2024 EBITDA and 25.4x FY 2024 EBIT

Healius post the sale of Lumus

- Healius will continue to be a leading provider of pathology services in Australia and a rapidly growing bioanalytical laboratory services business in Agilix Biolabs
- Clear strategy to improve the volume and quality of Pathology revenue and become more efficient in laboratories
- No negative impact on remaining Healius business
- Materially lower capex requirements
- Reflecting its streamlined operating structure, Healius plans material reductions in head office, infrastructure and other costs

Improved balance sheet

- On completion, Healius will be in a net cash position, will have repaid substantially all of its equipment leases (30 June 2024 value of \$91.3 million)
- Healius intends to:
 - refinance its debt facilities
 - execute on its redefined pathology strategy
 - distribute surplus proceeds to shareholders in a tax efficient manner

¹ Closing adjustments relate primarily to working capital, lease balances and capex.

Binding agreement for the sale of Lumus Imaging

Valuation and proceeds

- Transaction fully values Lumus and represents:
- A multiple of 17.0x FY24 EBITDA ¹
- A multiple of 25.4x FY24 EBIT ²
- Estimated cash proceeds in excess of \$800 million after repayment of equipment leases, transaction costs and any closing adjustments
- Final proceeds will not be determined until the close of the Transaction

Approvals

- The sale is subject to customary conditions, including approval by the Foreign Investment Review Board
- The sale is not subject to financing or Healius shareholder approval

Timing

- Completion is expected in 1Q CY2025

Business separation

- To support the separation and ensure continuity for Lumus' doctors and patients, Healius will provide Lumus with a range of transitional services, including certain IT services, on commercial arm's-length terms
- Initial term – 12 months

1. Lumus segment underlying EBITDA of \$97.3 million (post AASB 16) less AASB 16 property and equipment lease impact equating to (pre AASB 16) underlying EBITDA of \$51.3 million
2. Lumus segment underlying EBIT of \$41.9 million (post AASB 16) less AASB 16 property and equipment lease impact equating to (pre AASB 16) underlying EBIT of \$34.4 million

Healius post the sale of Lumus

Pro forma impact on FY24 metrics	FY24	FY24 PF for sale of Lumus
	\$m	\$m
Revenue	1,746.2	1,272.0
EBITDA (underlying, before corporate costs)	357.8	260.5
EBIT (underlying, before corporate costs)	80.3	38.4
EBIT (underlying, after corporate costs)	65.4	23.5
AASB 16 interest expense	40.8	30.4
Capital expenditure	66.4	37.6

- Following completion of the transaction, Healius will continue to be a leading provider of pathology services in Australia with a rapidly growing bioanalytical lab services business, and significantly reduced capital expenditure
- Divestment of Lumus is not expected to have any negative impact on the ongoing growth in Healius' operations
- Healius has redefined its Pathology strategy, with the focus on providing better services for patients and referrers to improve the volume and quality of revenue, and to become more efficient in its processes
- Specific initiatives to increase revenue and improve productivity include:
 - Investment in technology, including customer facing solutions to deliver improved services for patients and doctors, improved clinical systems and secure data infrastructure
 - modernisation of laboratories
 - standardisation under a national operating model
- Reflecting its simpler operating structure, Healius expects to materially reduce its corporate cost base, including both infrastructure and head office costs

Underlying results are defined as Reported results adjusted for non-underlying items. The Directors believe that presentation of Underlying financial information is useful for investors to understand the entity's core results from operations, without the impact of non-underlying items. For a reconciliation between Underlying and Reported results refer page 20 of Healius' FY2024 annual report.

Significantly improved balance sheet

On completion Healius will be in a material net cash position, providing capacity to execute the new strategy in its continuing operations and for capital management

Pro forma impact on FY24 metrics

	FY24 \$m	FY24 PF for sale of Lumus \$m
Net debt (pre AASB-16)	360.7	Net Cash
Equipment lease liabilities	91.9	0.7
Property lease liabilities	1,085.2	902.3
Bank gearing ratio ¹ - Net debt/EBITDA	4.1x	Net Cash

Estimated cash proceeds

	FY24 \$m
Enterprise value	965.0
Estimated lease liabilities, purchase price adjustments and transaction costs	(165.0)
Estimated net cash proceeds (in excess of)	800.0

1. Bank gearing ratio is calculated on banking EBITDA of \$88.9 (underlying rolling 12-month EBITDA of \$346.6 million before \$258.6 million for AASB 16, \$0.9 million for AASB 15, gain on sale of assets and share-based payments expense) and banking net debt of \$364.9 million (which is net debt of \$360.7 million excluding unamortised borrowing costs of \$4.2 million)

Capital management

Following completion of the transaction, Healius intends to return surplus proceeds to shareholders

- Estimated cash proceeds in excess of \$800 million after lease liabilities, transaction costs and purchase price adjustments
- Completion timing will determine the final proceeds
- Upon completion, Healius intends to refinance and reduce its debt facilities and focus on its previously announced Pathology strategy
- Healius' intention is to prioritise the distribution of surplus proceeds to shareholders over time in a tax efficient manner
- The form and timing of shareholder distributions will be communicated closer to the time of completion of the sale

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Questions