

ASX ANNOUNCEMENT

30 August 2019

HEALTHIA ANNOUNCES FULL YEAR FY2019 RESULTS

Healthia Limited (ASX: HLA) (Healthia or the Company) is pleased to announce its trading results for the year ended 30 June 2019.

Chairman, Glen Richards said “FY19 was the foundation year for Healthia which saw our time and effort spent on the integration of our existing, and newly acquired, clinics.”

“We can now look forward with confidence that we have built a strong foundation to acquire further quality businesses and continue to evolve our corporate support to ensure optimal workplaces for our growing network of clinicians which helps us to deliver exceptional patient outcomes.”

KEY HIGHLIGHTS

The following are the key highlights from the year ending 30 June 2019:

- Healthia raised capital of \$34.4m (\$26.9 million underwritten offer and \$7.5 million clinician participation offer)
- Successfully completed the IPO and listing on the ASX on 11 September 2018
- Entered into a finance facility agreement for \$37.0M with Australian and New Zealand Bank and the Bank of Queensland
- All clinics systems were centralised, integrated and scalable into the centralised shared services of the Company
- Organic revenue growth of 2.0% (Podiatry 1.3% and Physiotherapy 3.0%)
- Network growth from 104 allied health businesses at the time of listing on the ASX to 133 allied health businesses by today
- Pro-forma* Underlying Revenue of \$76.6m, ahead of Prospectus Forecast by 6.6%
- Pro-forma* Underlying EBITDA of \$11.7m, ahead of Prospectus Forecast by 13.6%
- Pro-forma* Underlying Net Profit After Tax and Amortisation attributed to the owners of Healthia of \$4.9m, ahead of Prospectus Forecast by 2.2%

* Pro-form Underlying results are presented as they reflect the underlying performance of the business by assuming all acquisitions made during the year completed on 1 July 2018. An adjustment has also been made for the one-off cost associated with the IPO, acquisitions, integration and restructure costs. Refer to Table 2 for a detailed reconciliation between statutory and pro-forma results.

FY2019 FINANCIAL PERFORMANCE

During the financial year, Healthia underwent significant corporate and capital restructuring to allow it to ultimately list on the ASX on 11 September 2018. At the same time as listing the Consolidated Entity acquired 48 allied health businesses. A further 12 allied health businesses were acquired between September 2018 and June 2019.

The Company incurred a number of one-off costs to rapidly integrate and centralise the systems of the allied health businesses acquired as part of the listing on the ASX and cost to restructure some of the existing clinics. These significant events should be considered when interpreting the results.

Information about the pro-forma underlying performance of Healthia compare to the pro-forma prospectus forecast is presented in Table 1. The pro-forma underlying performance is provided on an unaudited basis with a reconciliation between statutory and pro-forma underlying performance is provided in Table 2.

Table 1: Pro-forma Underlying Performance to Prospectus Proforma Forecast

<i>This table has not been audited</i>	Pro-forma Underlying Performance Year to 30 June 2019 ^{1,2}	Prospectus Pro-forma Forecast FY19	Change	Change
	\$'000	\$'000	\$'000	%
Revenue from continuing operations	76,555	71,802	4,753	6.6%
Direct and operating expenses	(64,892)	(61,533)	3,359	5.5%
EBITDA ³	11,663	10,269	1,394	13.6%
EBITDA Margin %	15.2%	14.3%		+90bps
Depreciation	(1,803)	(1,431)	372	26.0%
Amortisation	(460)	(366)	94	25.6%
Profit before finance costs and income tax expenses	9,400	8,472	928	10.9%
Net finance expense	(1,331)	(959)	372	38.8%
Profit before income tax expense	8,069	7,513	556	7.4%
Income tax expense	(2,421)	(2,364)	57	2.4%
Profit after income tax expense	5,648	5,149	499	9.7%
Amortisation	460	366	(94)	25.6%
Profit after income tax expense and before amortisation ⁴	6,108	5,515	593	10.8%
Non-controlling interest	(1,239)	(752)	487	64.7%
Net profit after tax and before amortisation attributed to the owners of Healthia ⁵	4,869	4,763	106	2.2%

Notes

1. After excluding the impact of acquisition, IPO, restructuring and integration costs
2. Proforma basis as if the acquisitions made during the financial year were all completed on 1 July 2018
3. EBITDA is a non-IFRS measure and equals Earnings before interest, tax, depreciation, amortisation, acquisition costs, IPO costs, restructuring and integration costs
4. Profit after income tax expense and before amortisation is a non-IFRS measure
5. Net profit after tax and before amortisation attributed to the owners of Healthia is a non-IFRS measure

Pro-forma underlying FY19 EBITDA of \$11.7m outperformed prospectus pro-forma FY19 EBITDA by \$1.4m, or 13.6%. The increase in pro-forma underlying EBITDA was primarily driven by the 12 allied health business acquisitions made between September 2018 and June 2019.

During the financial year, corporate overheads increased over the forecast prospectus corporate overheads by \$0.4m. This had the effect of reducing pro-forma underlying FY19 EBITDA. The scale up in support office costs has allowed Healthia to rapidly integrate the podiatry and physiotherapy clinics acquired at listing, as well as facilitating the acquisitions and integration of an additional 24 clinics since listing.

Consolidating the initial listed portfolio of businesses and integrating systems and processes was challenging. This, in turn, impacted the speed of acquisitions post listing and revenue generation during the reporting period. Building solid foundations through these one-off costs enabled Healthia to accurately integrate systems and processes which was paramount in setting Healthia up for the future.

A reconciliation of statutory performance to pro-forma underlying performance is as follows:

Table 2: Reconciliation of Statutory Performance to Proforma Underlying Performance

<i>This table has not been audited</i>	Revenue	EBITDA ³	NPATA attributed to the owners of Healthia ⁴
	\$'000	\$'000	\$'000
Statutory Performance	65,084	4,258	(1,238)
Add: Acquisition and IPO related costs	-	4,261	4,261
Add: One-off integration and restructure costs	-	472	472
Add: Performance attributed to period before Healthia ownership	11,471	2,672	1,501
Less: Expected tax effect	-	-	(127)
Pro-forma underlying performance ^{1, 2}	76,555	11,663	4,869

Notes

1. After excluding the impact of acquisition, IPO, restructuring and integration costs
2. Proforma basis as if the acquisitions made during the financial year were all completed on 1 July 2018
3. EBITDA is a non-IFRS measure and equals Earnings before interest, tax, depreciation and amortisation
4. NPATA is a non-IFRS measure and equals net profit after tax and before amortisation

FY2020 OUTLOOK

The Consolidated Entity will continue to focus on delivering growth from its four-tiered growth strategy:

1. patient focused outcomes
2. organic growth
3. future accretive acquisitions and
4. vertically integrated businesses units

Key organic growth drivers for Healthia for FY2020 include:

- New graduate recruitment with new graduates to start employment in January 2020.
- Healthia to host its inaugural annual integrated health conference in October 2019 for the clinicians of the Company
- Continued leverage of the podiatry and specialty hand therapy workforce to expand service offerings inside of the group's physiotherapy clinics
- Utilisation of the vertically integrated businesses to drive margin improvement from newly acquired clinics
- Continued investment in industry leading infrastructure and technology
- Refine the Company's current marketing initiatives
- Growth into other health industries continue to be assessed, with a focus on health services delivered out of stand-alone locations which are complimentary to the podiatry and physiotherapy segments

In addition to the organic growth activities, the Company will continue to acquire well-established allied health businesses throughout Australia. Healthia will assess opportunities on a case by case basis with reference to its existing network of clinics, strategic objectives and disciplined acquisition criteria. During the financial year ended 30 June 2020, Healthia expects to deploy \$15m of capital for new allied health business acquisitions, with \$10.5m already deployed financial year to date.

DIVIDEND

As noted in the Appendix 4E and the Annual Report, no final dividend has been declared to the shareholders of HLA. The Directors expect to make further announcements about the dividend policy of the Company before 28 February 2020.

ACQUISITION UPDATE

Healthia announced on 4 July 2019 that it had entered into agreements for the acquisition of three physiotherapy and six podiatry clinics. Furthermore, on the 1 August 2019 the Company announced it had entered into agreement for the acquisition of 4 speciality hand therapy clinics in Sydney.

Healthia is pleased to announce that all three physiotherapy clinics, the six podiatry clinics and 4 speciality hand therapy clinics have all reached settlement.

SHAREHOLDER BRIEFING

Managing Director Wesley Coote will hold a teleconference on **Monday 2 September 2019 at 12:00pm (AET)** to brief investors, analysts and other interested parties on the FY2019 results and the outlook for FY2020. To register for the online investor briefing, please go to: www.healthia.com.au/webcast

Should you have any problem registering or joining the session, please contact Principal Investor Relations by calling 03 8080 5780.

CONTACT

Investors are encouraged to keep up to date with Healthia news and research by subscribing at: <https://www.healthia.com.au/subscribe>

If you have any further questions, please contact:

Company	Company	Company
Wesley Coote Group CEO & MD Tel: 07 3180 4900 E: wes.coote@healthia.com.au	Tony Ganter CEO - Physiotherapy Tel: 07 3180 4900 E: tony.ganter@healthia.com.au	Darren Stewart CEO – Podiatry Tel: 07 3180 4900 E: darren.stewart@healthia.com.au

-END-

ABOUT HEALTHIA

Healthia Limited is an integrated group of health-based companies whose mission is to enrich the lives of people through world-class health services. The group operates an integrated portfolio of allied health businesses which include My FootDr, Allsports Physiotherapy, Extend Rehabilitation, iOrthotics and D.B.S. Medical Supplies.

My FootDr is Australia's leading podiatry group with 80 podiatry clinics, with clinics equipped with innovative equipment and highly qualified podiatrists which provide world-class podiatry services that include biomechanical assessment, laser fungal nail treatment, diabetic screening, sports injury management and general foot care.

Allsports Physiotherapy and Sports Medicine has 38 clinics in Queensland, New South Wales and Victoria and has been providing high standards of physiotherapy since 1992, offering a range of services at each clinic, including podiatry, Pilates, massage therapy, occupational therapy and nutrition advice.

Specialist Hand Therapy is dedicated to caring for the hand and upper arm, including injuries to the hand, wrist, elbow and shoulder and neck. Services also include general musculoskeletal physiotherapy. Healthia has 9 clinics throughout Brisbane, with 3 of those clinics co-located inside an Allsports Physiotherapy and Sports Medicine clinics, and 4 clinics throughout Sydney.

Queensland-based **iOrthotics** is a world-leader in 3D printing, delivering custom-made foam rubber and 3D-printed orthotic devices to more than 100 podiatry clinics throughout Australia.

D.B.S. Medical Supplies is a podiatry supplies business based in Byron Bay, New South Wales which provides a wide range of podiatry equipment and foot care products to allied health professionals throughout Australia, New Zealand, the South Pacific, Singapore and Hong Kong.