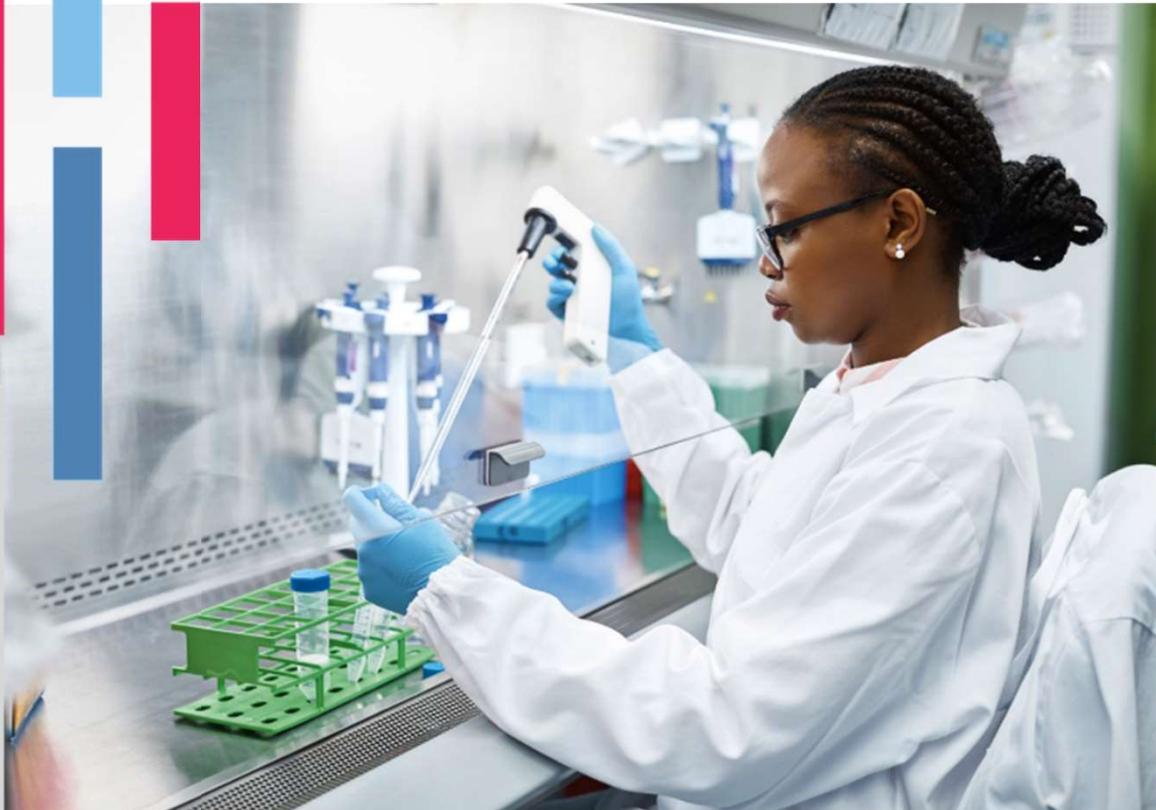


# FY 2022 Results



30 August 2022



We acknowledge the Cammeraygal People of the Eora Nation as the traditional custodians of the land on which we gather today, and pay our respects to their Elders - past, present and emerging

# Group results

Group \$m	Underlying <sup>1</sup>		Reported <sup>2</sup>	
	FY 2022	FY 2021	FY 2022	FY 2021
Revenue	<b>2,337.7</b>	1,913.1	<b>2,336.2</b>	1,900.7
EBIT	<b>492.3</b>	266.5	<b>467.4</b>	255.4
NPAT (Reported inc. discontinued operations)	<b>309.3</b>	148.4	<b>307.9</b>	43.7
Dividend cps 100% franked			<b>16.00</b>	<b>13.25</b>

## Year in review

- Record profits driven by successful scaling to demand:
  - >40% more Pathology episodes processed in year
  - Pivotal role in COVID-19 PCR screening from July 2021 to January 2022
  - Non-COVID pathology revenue saw strong growth in commercial and market share stable in bulk-billed revenue
  - 2H Pathology margins @29% EBITDA demonstrated ability to flex costs down with softening demand and delivered on ACC margin-optimisation strategy
  - 2H Imaging revenue above market with strong performance in QLD and encouraging growth in early FY 2023
- Completed 45% of SIP 2 initiatives (based on annualised benefits)
- Substantial progress on digital program to transform customer experience and power clinical insights
- Rewarding shareholders with progressive annual dividend @ 16.0 cps fully-franked, together with \$139.4m in share buy backs

# Trading update

## FY2023

- No guidance given due to unpredictability of COVID-19 and timing of acceleration in underlying diagnostics

## COVID-19 Pathology

- July-August COVID-19 testing averaging 10k-12k/working day
- COVID-19 testing in the range of 7k-14k/working day likely to continue for foreseeable future as a long term addition to regular testing

## Core businesses

- Short term impacts on underlying diagnostics but progressive improvement seen across July and August as Omicron wave abates

## Bounce back

- Period of catch-up expected with known underdiagnosis and backlog in routine services
- Underlying drivers remain strong including ageing population, more complex health conditions and greater longevity



*Lumus Imaging rebranding*



*New Lumus Imaging site Tweed Heads South*

# Realising opportunities for high-margin growth

## Pathology

- On-going development of specialties including genomics, vets, precision medicine
- C<sub>2</sub>N Diagnostics partnership:
  - Partnership with leading provider of brain health laboratory services
  - High-quality blood tests for cognitive impairment, providing timely diagnosis for Australians with memory or thinking concerns to aid in the evaluation of Alzheimer's disease
- Agilix Biolabs:
  - Strategic adjacency with high-margin capital-light growth profile
  - Annual revenue up 52% on pcp and pipeline up ~80%
  - Investing in the Australian business, a market with strong long-term tailwinds

## Lumus Imaging

- Awarded Hunter New England Local Health District contract for imaging services and reporting for 32 hospitals, including Tamworth, Armidale and Moree
- Utilising Qure Ai's qXR technology in 300k+ annual chest x-rays looking for Tuberculosis and other lung abnormalities. Partnership with Sydney University to evaluate practical impact of AI in TB detection



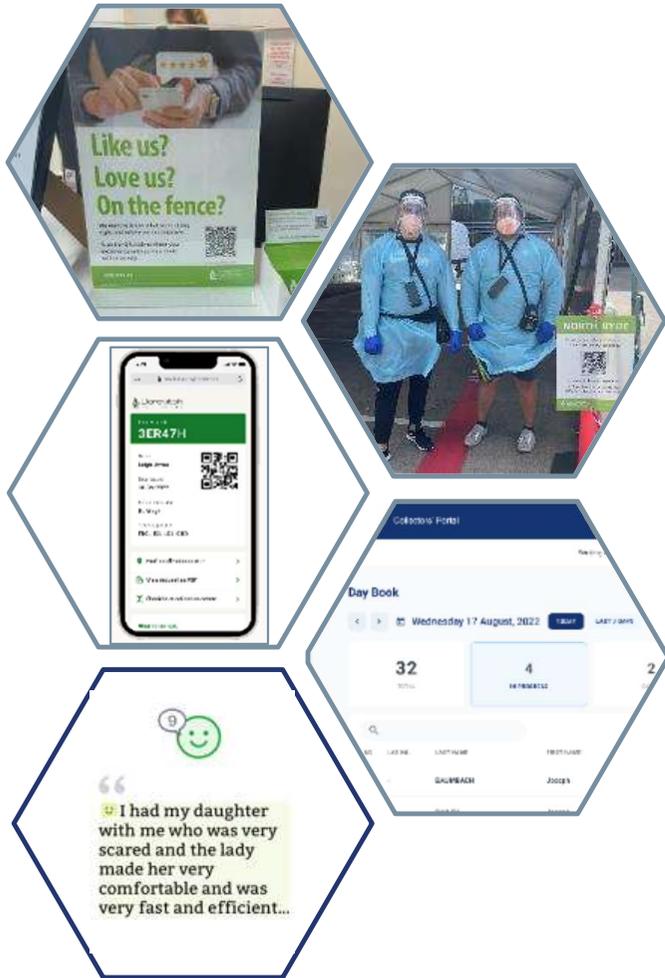
## Advanced Diagnostics in Alzheimer's Disease



Individuals with concerns about their memory or thinking abilities can now talk to their health care provider about a blood test that may help them understand their condition and what they can proactively do.

A breakthrough in Alzheimer's disease has arrived with the C<sub>2</sub>N Diagnostics (C<sub>2</sub>N) PrecivityAD™ blood test.

# Innovator in consumer services



## Travel COVID Testing

#1 to market with travel COVID-19 testing services in Australia. 40%+ market share

Range of subsequent market innovations such as Authentication QR-codes, same-day turnaround and bespoke Travel Reports

## COVID Drive-through Automation

#1 to market with fully automated and paperless COVID drive-through service. Net Promoter Score (NPS) of 82

1<sup>st</sup> live solution deployed within a week in response to Delta-strain testing demand in NSW

## Electronic Referrals

Electronic referrals solution for doctors to send Pathology and Imaging requests via SMS to patients with ACC search, test guidance, and reminders

## Collections Portal

Digitising paper-based process in ACCs to improve patient experience around registration and specimen collection

## Voice of Customer

Network-wide patient NPS and feedback service. Multichannel format in over 2,000+ of Healius' locations. Feedback embedded into management team KPI's

**In Development:** Range of exciting consumer services coming in FY 2023 including patient result portal and online appointment booking

# Sustainability

*Healius will be a socially responsible company that creates value for all stakeholders including consumers, employees and investors through our core values of care, compassion and quality*

- Sustainability Vision created
- Five priority areas identified<sup>1</sup>
- Roadmaps developed aligned to strategy
- Committed to diversity and inclusion incl. HESTA 40:40, Minderoo Foundation Generation One Indigenous Employment Index
- Scope 1 and 2 emissions @32,000 CO2-e. Aim for carbon neutrality by FY 2026 (75% identified)
- Ethical sourcing with responsible procurement procedures in place. On-going review of supply chains especially PPE manufacturers
- Governance structures set up with Executive Sustainability Committee reporting to Board
- Remuneration structures set up with Sustainability KPIs
- Sustainability Report to be issued with Annual Report in September 2022



# Highly cash-generative portfolio

## Cash flow

- Strong cash generation with cash conversion >90% of EBITDA
- Free cash flow up 10% to >\$530m, approximately 45% returned to shareholders
- Targeted spend on network, equipment and branding:
  - Investment in digital with deployment of key consumer features
  - Imaging greenfield & equipment upgrades (purchased rather than leased)
  - 1-off investment in flexible respiratory testing equipment

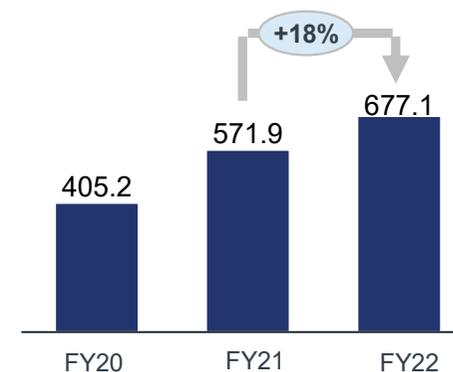
## Portfolio

- Continued simplification of portfolio with sale of Adora IVF
- On-going investment purchasing Axis Diagnostics and Agilex Biolabs
- FY 2023 Information Memorandum for Day Hospitals. Significant interest has been received and parties are proceeding with their due diligence process

## Fortress balance sheet

- Gearing<sup>2</sup> below medium-term target despite shareholder returns and investment
- Supports growth initiatives

## Strong cash generation<sup>1</sup>



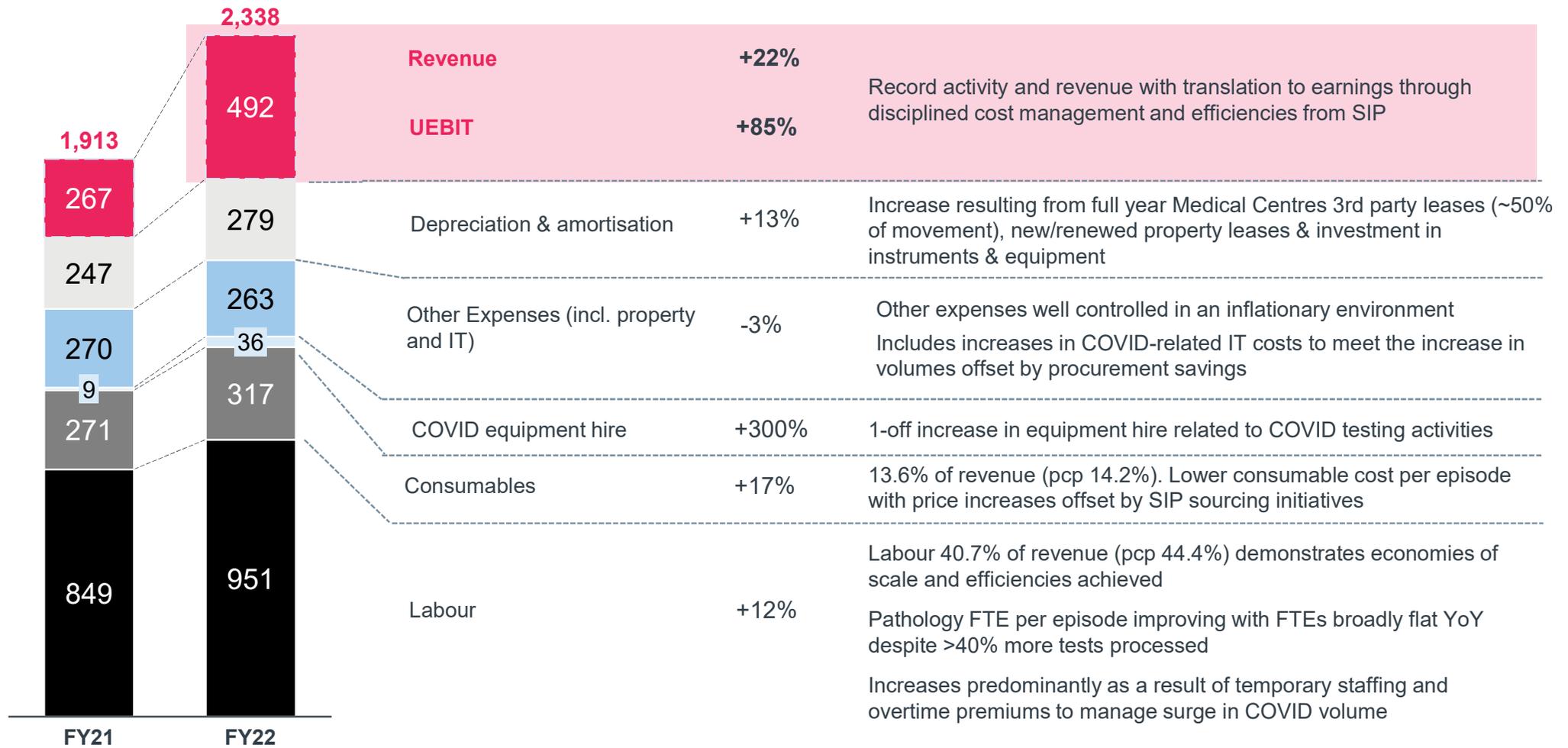
## Fortress balance sheet

	As at		
	30-Jun-20	30-Jun-21	30-Jun-22
Bank gearing ratio (covenant <3.5x) <sup>3</sup>	2.7x	0.7x	1.0x
Bank interest ratio (covenant >3.0x)	8.9x	10.0x	44.0x

<sup>1</sup> Gross Operating Cash Flow

<sup>2</sup> Bank gearing ratio is calculated based on underlying EBITDA before the impact of AASB 15 and 16 and adjusted for share-based payments.  
Net debt includes unamortised borrowing costs and parent company guarantees

# Cost containment in inflationary environment



# SIP Phase II expected to meet its targets

## Targets set in Dec-20

\$67m of incremental EBIT from SIP initiatives

\$12m implementation costs p.a. for SIP Phase II

~75% Pathology and ~25% Imaging split

EBIT BAU scenario growth:

- \$20-33m in Pathology
- \$5-8m in Imaging

Delivering: FY2023 target 300 bps margin expansion (pre-AASB16)

## Progress in FY 2022 and outlook for FY 2023



\$30m (annualised) initiatives implemented in FY 2022. Remaining pipeline higher than target value



Single-digit implementation costs



Higher skew towards Pathology initiatives



Realising full value of revenue/throughput initiatives reliant on BAU volume recovery in FY 2023



On track to exit FY 2023 at target margin (subject to BAU recovery)

# Healius Digital on track and on budget

Funding envelope: \$85-90M

## Progress in FY 2022...

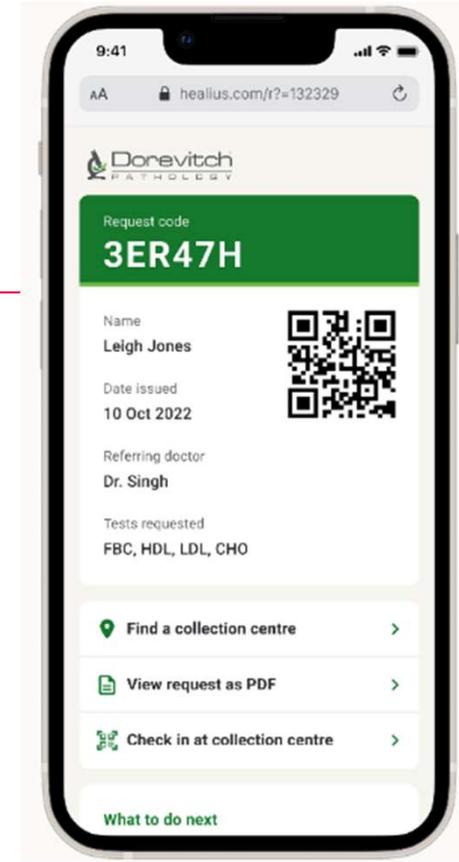
1. Enablement of ACC network with online connectivity and computers
2. *Electronic Referrals* solution for doctors to send Pathology and Imaging requests via SMS to patients
3. *Booking System* for staff in Imaging Centres to convert incoming referrals to appointments through outbound calls
4. *Collections Portal* for digitising paper-based process in ACCs for patient registration, test ordering, and specimen collections
5. *Digital Pathology* enabled for Histopathology vet cases and validation trials underway for human cases
6. Progressed *Lab Portal* modules for Cytology and Microbiology to migrate out of legacy system
7. Progressed *Instrument Manager* for standardised configuration of our Pathology lab analysers
8. Progressed *Results Portal* for doctors to view patient results and order add-on tests with a market-leading experience
9. *Time & Attendance* solution for workforce scheduling and productivity management
10. *Serum Work Area* automation in all labs

FY 2022 Spend-to-date: \$24M

## FY 2023 deliverables...

- I. Expand *Electronic Referrals* market coverage
- II. Launch *Results Portal* for doctors
- III. Launch *Lab Portal* modules for Microbiology and Cytology
- IV. Rollout of *Instrument Manager* across the centralised State laboratories nationally
- V. Add queue management, collector guide, and courier dispatch features in *Collections Portal*
- VI. Add patient self-service online appointment booking features in *Booking System*
- VII. *Courier System* to optimise specimen and consumables routing
- VIII. *HR Information System* for staff onboarding and talent management

FY 2023 Budget: \$25-33M



# Multiple growth pathways for double-digit ROIC



## Pathology



## Diagnostic Imaging

### Network expansion

High quality ACC network following a period of rationalisation with revenue per ACC +10.9% since FY 2019

Successful recent imaging sites (e.g. Highfields)  
Investment in greenfields and higher margin modalities in FY 2023

### Customer experience

Market innovator in new digital and service experiences for patients and referrers  
Establishment of dedicated national commercial teams to coordinate go-to-market in B2B, hospitals and government contracts

### Clinical domains

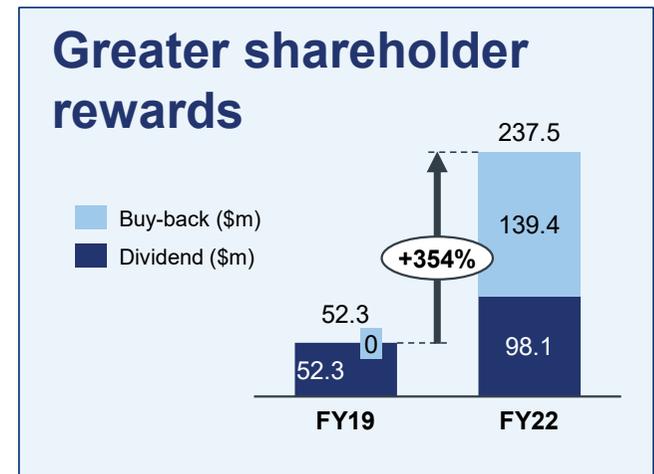
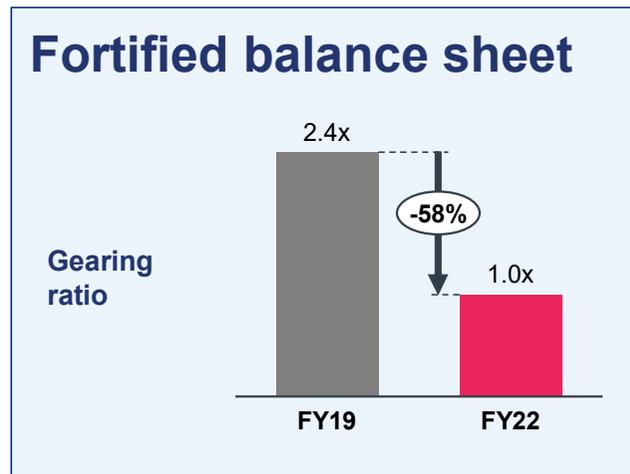
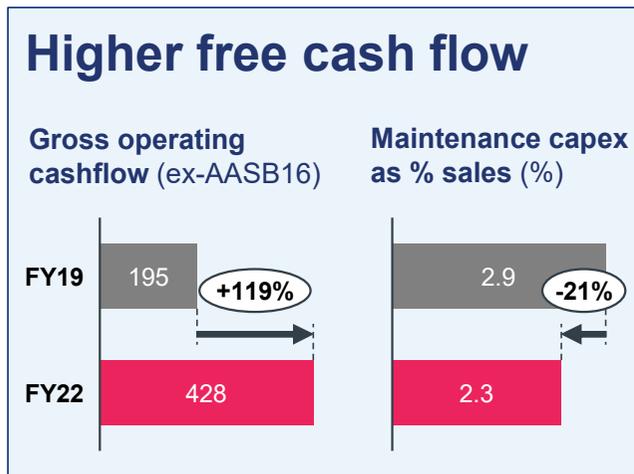
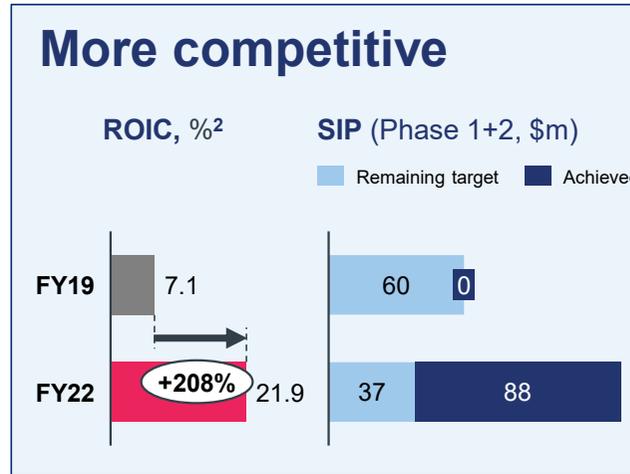
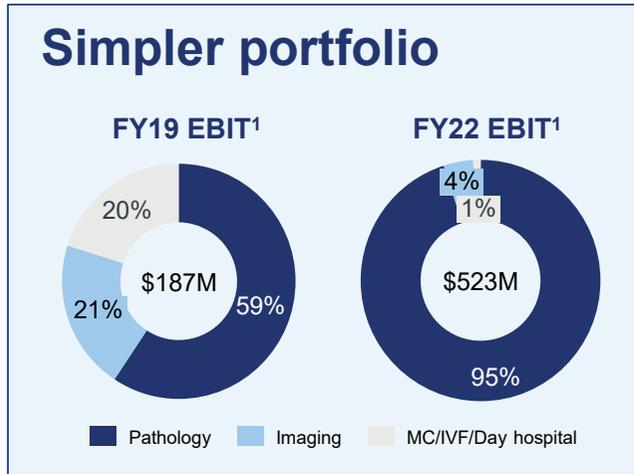
Diagnostic insights for high-burden disease (e.g. cancer, CVD, MSK, mental, metabolic, etc)  
Investments and partnerships in specialty pathology (e.g. clinical trials research, genomics) and higher-end diagnostic imaging capabilities (e.g. PET, MRI, AI)

### M&A

Acquisition of growth, capabilities and new markets

Successful integration of acquisitions with double-digit ROICs

# Stronger business than FY 2019



Notes:

- 1) Excludes Corporate division (FY 2022 \$(30.5m) and FY19 \$(20.1m))
- 2) ROIC = UEBIT / average IC for the year; FY19 calculated on a notional post-AASB16 basis

# Industry-leading performance in FY 2022

## Operations & profitability



- ✓ **33% EBITDA margin**
- ✓ **Network scale-up** (pathology episodes up >40%)
- ✓ **Network flex-down** (pathology 2H 29% EBITDA margin = pcp)
- ✓ **Network efficiency** (pathology BAU revenue/ACC +11% on FY19)
- ✓ **Lower labour cost/episode** (pathology FTE flat v pcp on >40% volume growth)
- ✓ **Lower consumable cost/episode** (pathology savings offset inflation)

## Transformation & improvement



- ✓ **45% of SIP Phase 2 target delivered**
- ✓ Pipeline of SIP initiatives **higher than target value**
- ✓ On track to **exit FY 2023 at target margins**
- ✓ **Digital ahead of schedule** with greater functionality & scope
- ✓ Major **B2B contract wins** (pathology commercial revenue up 8%)
- ✓ **First to market** for B2C COVID testing innovations

## Capital allocation & investments



- ✓ **Agilex revenue up 52%** on pcp
- ✓ DI acquisitions delivering **double-digit ROICs**
- ✓ Gross operating **cash flow up 18%**
- ✓ **45% of free cash flow returned to shareholders**
- ✓ **New testing with global partners**
- ✓ **AI partnerships expanding**
- ✓ **Underlying 99%** of statutory performance



# Appendices

# Divisional reconciliation

FY 2022 \$m	Pathology	Imaging	Day Hospitals	Corporate	Group <sup>1</sup>
Revenue	1,890.4	393.9	48.7	6.5	<b>2,337.7</b>
EBITDA	698.4	79.7	12.6	(19.9)	<b>770.8</b>
Depreciation and amortisation	(200.0)	(60.6)	(7.3)	(10.6)	<b>(278.5)</b>
EBIT	498.4	19.1	5.3	(30.5)	<b>492.3</b>

FY 2021 \$m	Pathology	Imaging	Day Hospitals	Corporate	Group <sup>1</sup>
Revenue	1,452.1	406.9	49.5	6.8	<b>1,913.1</b>
EBITDA	428.3	84.5	15.5	(14.5)	<b>513.8</b>
Depreciation and amortisation	(175.5)	(53.6)	(6.5)	(11.7)	<b>(247.3)</b>
EBIT	252.8	30.9	9.0	(26.2)	<b>266.5</b>

# Pathology

Underlying	FY 2022 \$m	FY 2021 \$m	Better/ (worse) %
Revenue	1,890.4	1,452.1	30.2
EBITDA	698.4	428.3	63.1
Depreciation and amortisation	(200.0)	(175.5)	(14.0)
EBIT	498.4	252.8	97.2
Capital expenditure	43.7	31.0	(41.0)

- Strong FY22 performance due to COVID testing for Delta and Omicron variants in July 21-Jan 22 with over 13m COVID tests to-date
- Core (non-COVID) revenue down marginally with commercial segment delivering strong growth and market share stable in bulk-billed revenue (MBS down 3.9%<sup>1</sup>)
- Expect rebound in base volumes for known backlog / underdiagnosis of routine healthcare although timing is uncertain
- EBITDA and EBIT margins at record levels of 37% and 26% including corporate costs. (D&A increase reflects full year of 3rd party leases with Medical Centres v pcp)
- In 2H delivered 29% EBITDA margin, in line with FY21, demonstrating ability to flex operating costs down in challenging conditions
- Progress on SIP initiatives and Healius digital benefitting margins. More to be delivered
- Includes Agilex Biolabs where revenue since acquisition up 30% on pcp. Investing for LT growth
- Capital spend (excl. M&A) increased due to 1-off investment in flexible respiratory testing equipment
- Other investment included digitisation projects. Serum Work Area successfully completed with benefit realisation >90% of investment to-date

# Lumus Imaging

Underlying	FY 2022 \$m	FY 2021 \$m	Better/ (worse) %
Revenue	393.9	406.9	(3.2)
EBITDA	79.7	84.5	(5.7)
Depreciation and amortisation	(60.6)	(53.6)	(13.1)
EBIT	19.1	30.9	(38.2)
Capital expenditure	41.0	18.6	Large

- Revenue reflects industry-wide impacts of COVID-19 lockdowns in 1H 2022 and endemic COVID-19 in 2H 2022 and elective surgery restrictions
- Revenue in line with market and ahead in 2H, with a strong performance in QLD
- Medical Centres segment (unique to Lumus Imaging) was a drag reflecting lower GP numbers
- Well-placed for inevitable rebound in demand from backlog in diagnosis and surgery, with strong hospital presence, but timing uncertain
- EBITDA margin stable but EBIT down. Margins impacted by COVID-19, increased sick leave and BUPA immigration site closures. Depreciation reflects full year of 3<sup>rd</sup> party leases on Medical Centres segment v pcp
- Investment in SIP enablers (Lumus Imaging brand / development of automated booking, referral and rostering) in underlying results
- Increase in capital spend (excl. M&A) due to upgrades to imaging equipment including purchase rather than lease and buyback of previously leased equipment. Maintenance capex will likely return to LT averages

# Day Hospitals

Underlying	FY 2022 \$m	FY 2021 \$m	Better/ (worse) %
Revenue	48.7	49.5	(1.6)
EBITDA	12.6	15.5	(18.7)
Depreciation and amortisation	(7.3)	(6.5)	(12.3)
EBIT	5.3	9.0	(41.1)
Capital expenditure	3.7	2.9	(27.6)

- Westside Private revenue up 12%. Overall revenue and procedure numbers comparable to FY21 despite COVID impacts
- EBIT included:
  - Impact of lockdowns and investment in additional business development resources
  - PCP included various support payments = ~50% of variance
- Investment in Murdoch Private Hospital and Cancer Centre WA development
- Strong pipeline of roll-up and greenfield opportunities
- Information Memorandum released in FY 2023

# Corporate

Underlying	FY 2022 \$m	FY 2021 \$m	Better/ (worse) %
Revenue <sup>1</sup>	6.5	6.8	n.a.
EBITDA	(19.9)	(14.5)	(37.2)
Depreciation and amortisation	(10.6)	(11.7)	9.4
EBIT	(30.5)	(26.2)	(16.4)
Capital expenditure	5.1	5.8	12.1

- As foreshadowed at FY 2021 results, corporate costs include investment in a capability ramp-up in IT people and systems
- FY22 costs consistent with 2H FY2021

# Underlying v reported reconciliation

	FY 2022	
<b>Underlying EBIT</b>	<b>492.3</b>	<b>Key items</b>
Pathology digital transformation	(10.5)	
Corporate transactions	(10.5)	Agilex acquisition, Adora disposal costs and other corporate transactions
Transactions with discontinued operations	<u>(3.9)</u>	Rental income in corporate from HLS Day Hospitals
Total non-underlying items	<u>(24.9)</u>	
<b>Reported EBIT</b>	<b>467.4</b>	

	FY 2022	
<b>Underlying NPAT</b>	<b>309.3</b>	<b>Key items</b>
After-tax adjustments to underlying EBIT	(17.5)	
Tax differential for non-deductible items	<u>2.2</u>	See 4E Note 5
Total adjustments	<u>(15.3)</u>	
Profit after tax from discontinued operations	<u>13.9</u>	
<b>Reported NPAT</b>	<b>307.9</b>	

# AASB 16: Key impacts FY 2022

P&L	FY 2022 \$m	FY 2022 \$m	
Property & other expenses	242.2		Operating lease expense reversed
<b>EBITDA</b>		<b>242.2</b>	
Depreciation	(219.7)		Depreciation of right of use asset recognised
<b>EBIT</b>		<b>22.5</b>	
Finance costs	(35.0)		Interest paid on lease liability recognised
<b>Profit before tax</b>		<b>(12.5)</b>	
Tax @ 30%	3.8		
<b>NPAT</b>		<b>(8.7)</b>	
Cash Flow	FY 2022 \$m	FY 2022 \$m	
Gross cash flows from operating activities	249.5		Operating lease payments reversed from gross operating cash flows
<b>Net cash provided by operating activities</b>		<b>249.5</b>	
Interest paid on lease liabilities	(35.0)		
Payments of lease liabilities	(214.5)		Principal payments on lease liability recognised in financing cash flows
<b>Net cash used in financing activities</b>		<b>(249.5)</b>	
Balance Sheet	FY 2022 \$m	FY 2022 \$m	
Right of use assets	1,074.9		Leases recognised as an asset and depreciated
<b>Total assets</b>		<b>1,074.9</b>	
Current interest bearing lease liabilities	(223.7)		Leases recognised as a liability representing
Non-current interest bearing lease liabilities	(949.2)		future lease payments discounted at incremental borrowing rate
<b>Total Liabilities</b>		<b>(1,172.9)</b>	



# Background information

# Healius investment proposition

## Well positioned in attractive markets

- ✓ Solid core market fundamentals
- ✓ Scaled diagnostics operator
- ✓ Defensible incumbent positions
- ✓ Clear operating leverage
- ✓ Double-digit ROIC growth opportunities
- ✓ Early positions in emerging diagnostics (e.g. genomics)

## Ready to capture growth & create value

- ✓ Ability to consolidate & integrate for network growth
- ✓ Cost out track record
- ✓ Compelling digital proposition and strategy
- ✓ Customer-centric re-orientation
- ✓ Balance sheet strength
- ✓ Proven commitment to TSR

# A specialist diagnostic business

We are focused on leveraging established market positions, management capability and scalability in diagnostics while looking to bring forward benefit realisation for long-term growth inherent in Day Hospitals

## Pathology



- Scale player in mature market (#2)
- 1 in 3 pathology samples tested in Healius laboratories
- Established state-based brands
- Strong response to COVID-19 pandemic
- Clinical leadership in growth areas including genomics, proteomics, dermatopathology and now clinical trials
- State-of-the-art, automated Serum Work Area
- Scalable platform with laboratories of the future to unlock margin growth
- Enhancing consumer experience through digital products

## Imaging



- Scale player in growing market (#3)
- 3m+ radiology examinations p.a.
- Strong position in attractive hospital sector
- Comprehensive, multi-disciplined community sites
- Single, unified and leading IT platform successfully delivered
- Enhancing consumer experience through digital products

## Day Hospitals\*



- Economic, technological and regulatory tailwinds
- Major player in a fragmented industry
- Westside Private - prototype for Short Stay surgery in Australia
- Strong growth since acquisition
- Successful funding model
- Capacity for growth

*\*Day Hospitals held for sale in FY 2023*

# Further progress on SIP Phase II

■ Completed ■ In progress

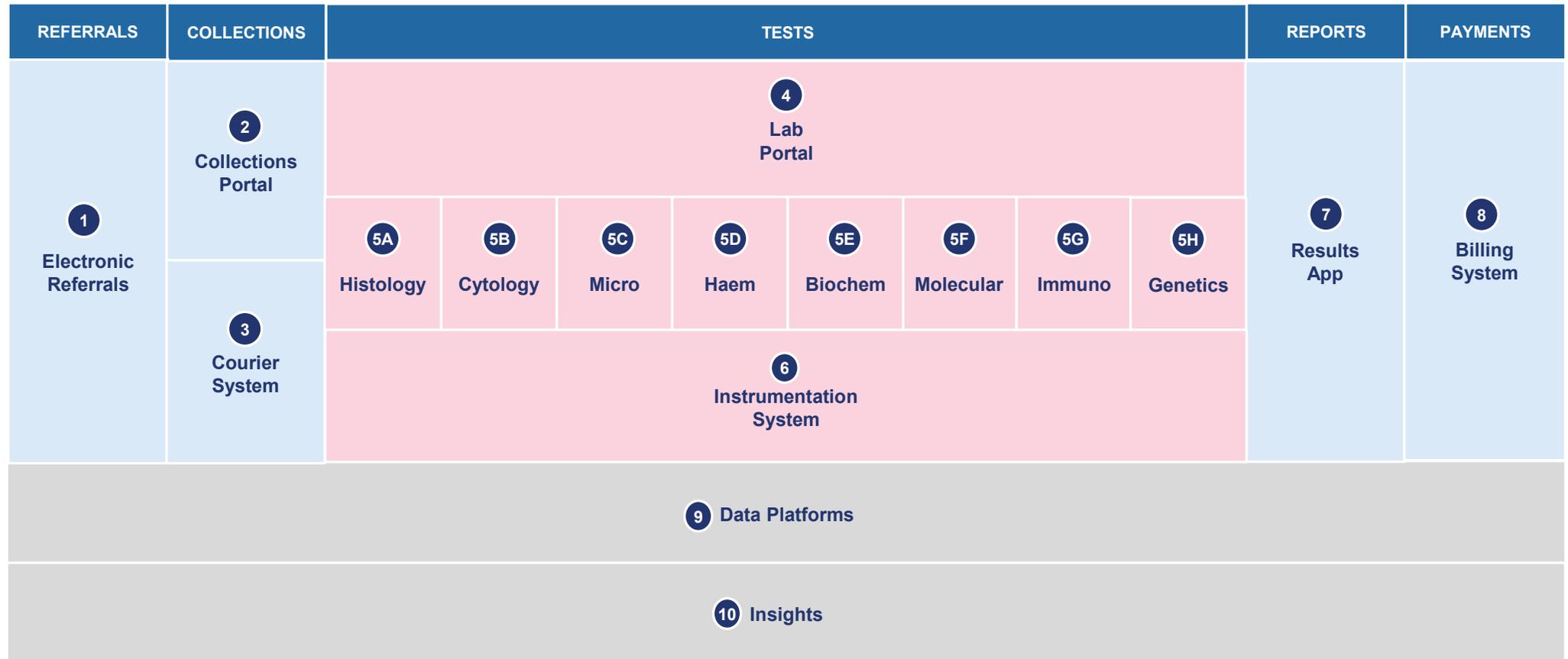
 Pathology  
 Imaging

	Major initiatives	Division	Current implementation status				
			Scoping	Design	Pilot	Roll-out	Implemented
<b>Grow the core</b> 	ACC network optimisation Phase II		2nd phase of ACC opportunities confirmed		Continued new site roll-out		
	B2C & B2B products		e-Commerce portal and consumer products; new B2B contracts			Extend B2B offering	
	Imaging branding and same-site growth		Lumus Imaging brand launched nationally; physical transition completed at 140 sites				
<b>Labs of the future</b> 	Digital Pathology		Digital Histo workflow rolled-out for vets. Pilots done for human cases		Clinical validation and national roll-out		
	Instrument Manager		Vendor contracted; design completed; pilot lab cutover done		Migration of state labs		
	Lab Portal		Designed Cyto and Micro lab modules	Operational review and testing			
<b>Digital journeys</b> 	Electronic Referrals	 	Rolled out in Pathology and Imaging		Referrer coverage growth		
	Collections Portal		Minimal viable product rolled out. Next major release product built		National roll-out. More features		
	Courier System		Software tool selected and vendor contracted		Commenced national roll out		
	Results Portal	 	Legacy system replatform completed	Build underway for new market leading doctor experience			
<b>Productivity potential</b> 	Rostering & dynamic labour demand	 	Time & Attend. rolled out; active leave management		Dynamic lab/collector rostering		
	Retenders and sourcing	 	Consumables, FM, fleet, 3PL, software, voice, teleradiology, etc.		Contract/demand management		
	Standardised lean operations		"Phase 1" of labour reset to meet BAU volumes		Process re-engineering		

# What does success mean for Healius Digital?



# We are well on our way in building Pathology solutions

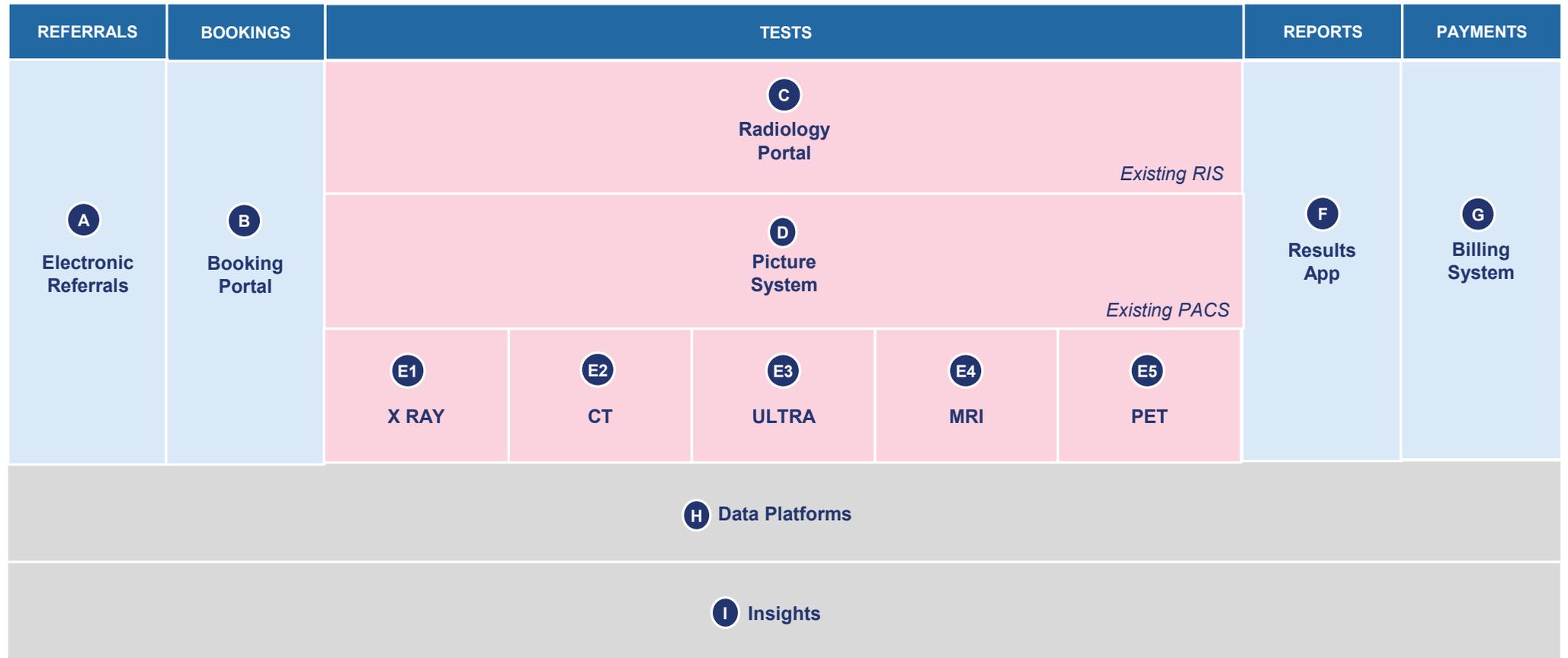


■ Modernise Diagnostic Systems

■ Reimagine Customer Experiences

■ Power Clinical Insight

# We are leveraging common solutions in Imaging



■ Modernise Diagnostic Systems

■ Reimagine Customer Experiences

■ Power Clinical Insight

# Sustainability priorities



## Our People

Improve employee recognition and benefits

Foster diversity and inclusion

Foster employee talent training and career pathways



## Our Customers

Through digitisation, automation and advanced applications, improve the way diagnosis is delivered to referrers and patients

Develop regular customer feedback mechanisms with targets

Enhance privacy and cyber security controls



## Our Shareholders

Report against Sustainability roadmap

Assess/adopt use of SDG and other global reporting frameworks

Consider review/audit of Sustainability data



## Our Communities

Continue involvement with local charities

Develop a national charity partnership aligned to Healius' brand and vision

Support university partnerships and student placements

Expand work on human rights within supply chains with a focus on reducing risks of Modern Slavery



## Our Planet

Create a pathway to carbon neutrality for Scope 1 and 2 emissions through hybrid fleet, LEDs, solar power and green power purchasing

Improve the use of resources and the handling of waste including medical waste and single-use plastic

Consider other Scope 3 emissions/reduction opportunities

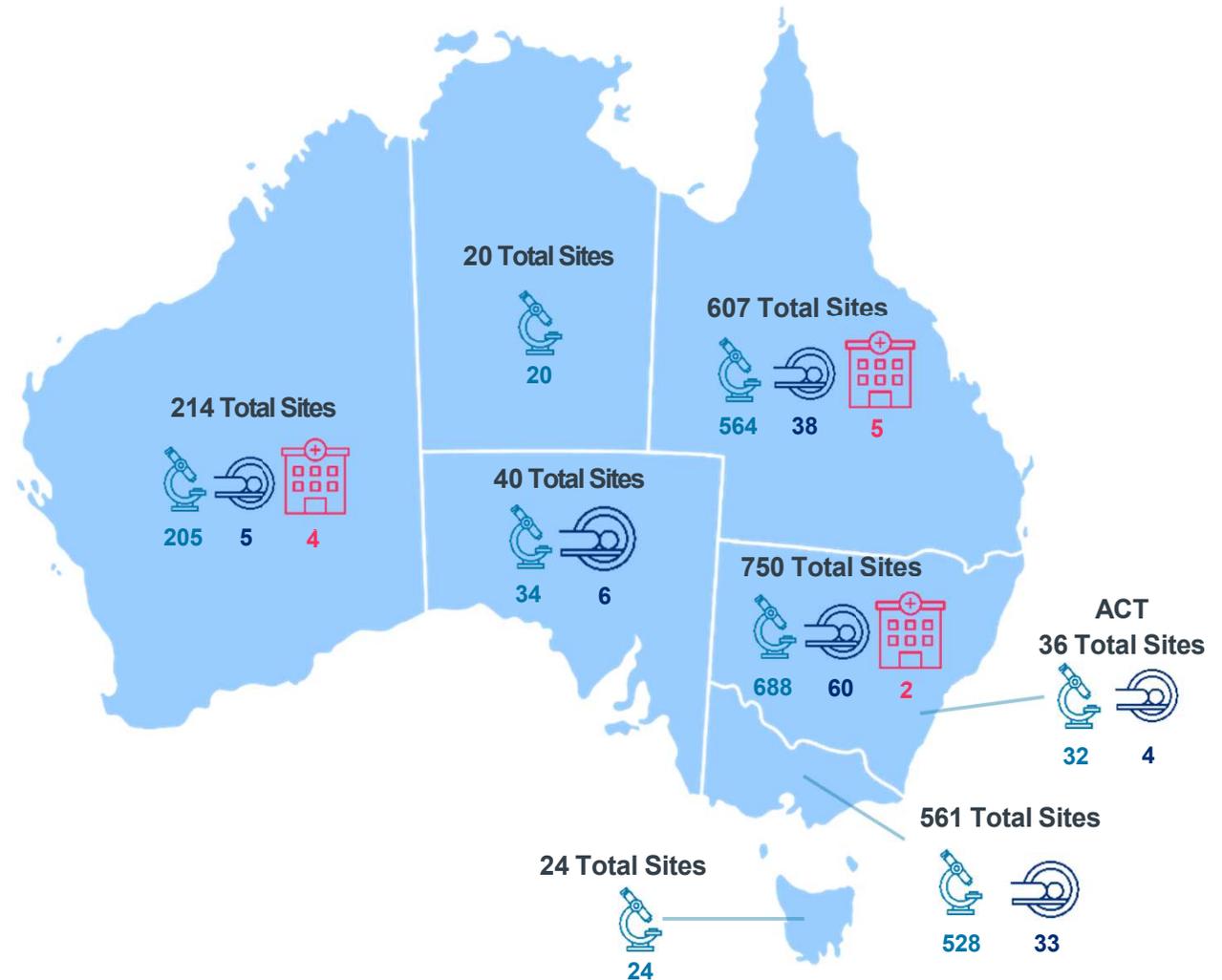
# A market leading network

Australia-wide coverage

2,252 Total sites

	<b>2,095</b> Pathology	1,998 ACCs 97 Laboratories
	<b>146</b> Imaging	29 Hospitals 67 Community Centres 50 Medical Centres
	<b>11</b> Day Hospitals*	10 Montserrat 1 Brookvale Day Hospital

\*Day Hospitals held for sale in FY 2023



as at June 2022

The logo consists of three vertical bars of equal height. The leftmost bar is dark blue, the middle bar is red, and the rightmost bar is dark blue. The bars are separated by small gaps.

**healio**