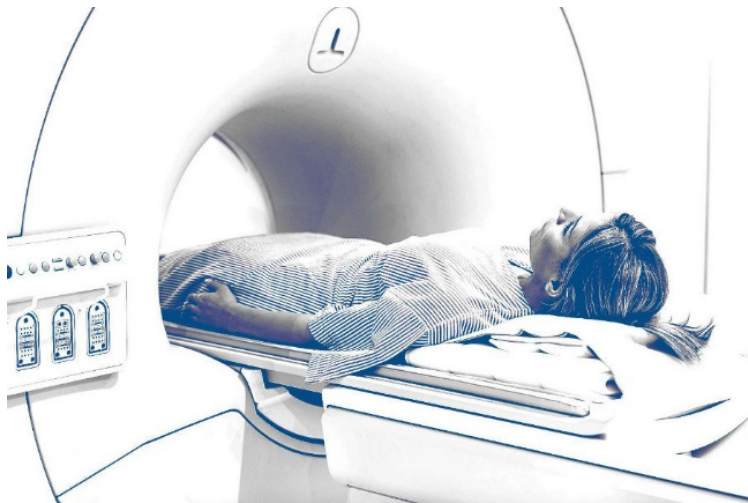


# FY 2018 Results

Period Ending 30 June 2018



Andrew Harrison  
Managing Director

*28 August 2018*

CAPITOLHEALTH  
LIMITED

# Key Achievements over the past 12 months

- ✓ Increase in underlying EBITDA YOY 9% (+\$2.0m)
- ✓ Significant lift in underlying EBITDA margins 19%
- ✓ Strong Balance sheet net cash \$8m at balance date
- ✓ New senior funding package from NAB in place
- ✓ Driving acquisitive growth
  - ✓ Total Purchase Consideration \$50.0m
  - ✓ Revenue Acquired \$36.0m
  - ✓ Underlying EBITDA acquired \$7.5m (avg multiple 6.7 x)
  - ✓ Across Vic, Tasmania and WA
- ✓ Continued focus on clinicians
  - ✓ long-standing Medical Advisory Committee involved in key decisions
  - ✓ Doctor option incentive scheme ~3.5% of company
- ✓ Continued payment of dividends
- ✓ Strong growth in market capitalisation



# Financial Performance – FY18

- Operating revenue of \$129.1m
- Operating Revenue from continuing operations of \$118.3m (up 10.2% or \$10.9m on FY17)
- Underlying radiology EBITDA of \$24.2m (before ISI)
- Increase in underlying EBITDA margins to 19%
- Declared full year dividend of 0.4 cps fully franked (Total dividend for FY18 0.8 cps)
- Transaction and takeover costs \$4.4m (Takeover costs \$2.7m)
- Non Cash Impairment of ENLITIC investment (\$14.9m)
- Acquisitions accounted for 6.1% revenue growth. Balance of growth slightly below <sup>1</sup>Medicare.
- High borrowing costs reduced with FY18 bond repayment

PROFIT & LOSS SUMMARY <sup>1, 2</sup>		
	FY18 (\$m) <sup>3</sup>	FY17 (\$m) <sup>3</sup>
Revenue	129.1	162.5
<b>Underlying EBITDA</b>	<b>24.2</b>	<b>22.2</b>
Net ISI	(19.9)	(10.2)
<b>EBITDA after ISI</b>	<b>4.3</b>	<b>12.0</b>
Borrowing Costs	(6.4)	(7.0)
Depreciation & Amortisation	(6.9)	(8.4)
<b>NPBT</b>	<b>(9.0)</b>	<b>(3.4)</b>
Tax	(1.9)	(0.7)
<b>NPAT</b>	<b>(10.9)</b>	<b>(4.1)</b>

<sup>1</sup> Abridged summary prepared for comparative purposes; refer to Annual Report for statutory detail

<sup>2</sup> Figures rounded to nearest \$100k; sums subject to rounding differences

<sup>3</sup> Sum of continuing and discontinued operations

<sup>1</sup> Medicare DI receipts for 12 months to June 2018 in Victoria and Tasmania were 6.1%

# Financial Performance – FY 2018

Balance Sheet summary <sup>1,2</sup>		
	FY18 (\$m)	FY17 (\$m)
Cash	12.1	18.2
PP&E	30.1	23.2
Other	9.6	109.8
Intangibles	77.1	53.2
<b>Total Assets</b>	<b>128.9</b>	<b>204.4</b>
Loans & Borrowings	4.0	59.7
Other	23.0	25.7
<b>Total Liabilities</b>	<b>27.0</b>	<b>85.4</b>
<b>Net Assets</b>	<b>101.9</b>	<b>119.0</b>
<i>Net Cash / (Debt)</i>	<b>8.1</b>	<b>(41.5)</b>

- Net Cash at balance date \$8m (net cash post balance date acquisitions of \$8m)
- NAB senior facility up to \$130m in place
- Non Cash Impairment of ENLITC investment of \$14.9m. In process of raising capital and refinancing
- Substantial acquisition and growth capacity

<sup>1</sup> Abridged summary prepared for comparative purposes; refer to Half-year Report for statutory detail

<sup>2</sup> Figures rounded to nearest \$100k; sums subject to rounding differences

# Borrowing Costs & Capex

## Borrowing Costs

FY18	\$M
<b>Borrowing Costs</b>	<b>\$6.4</b>
<i>Comprised of:</i>	
Note Interest @ 8.25%	\$3.8
Redemption Penalty 3%	\$1.5
Lease Interest	\$0.2
Other Bank Interest & Fees	\$0.9

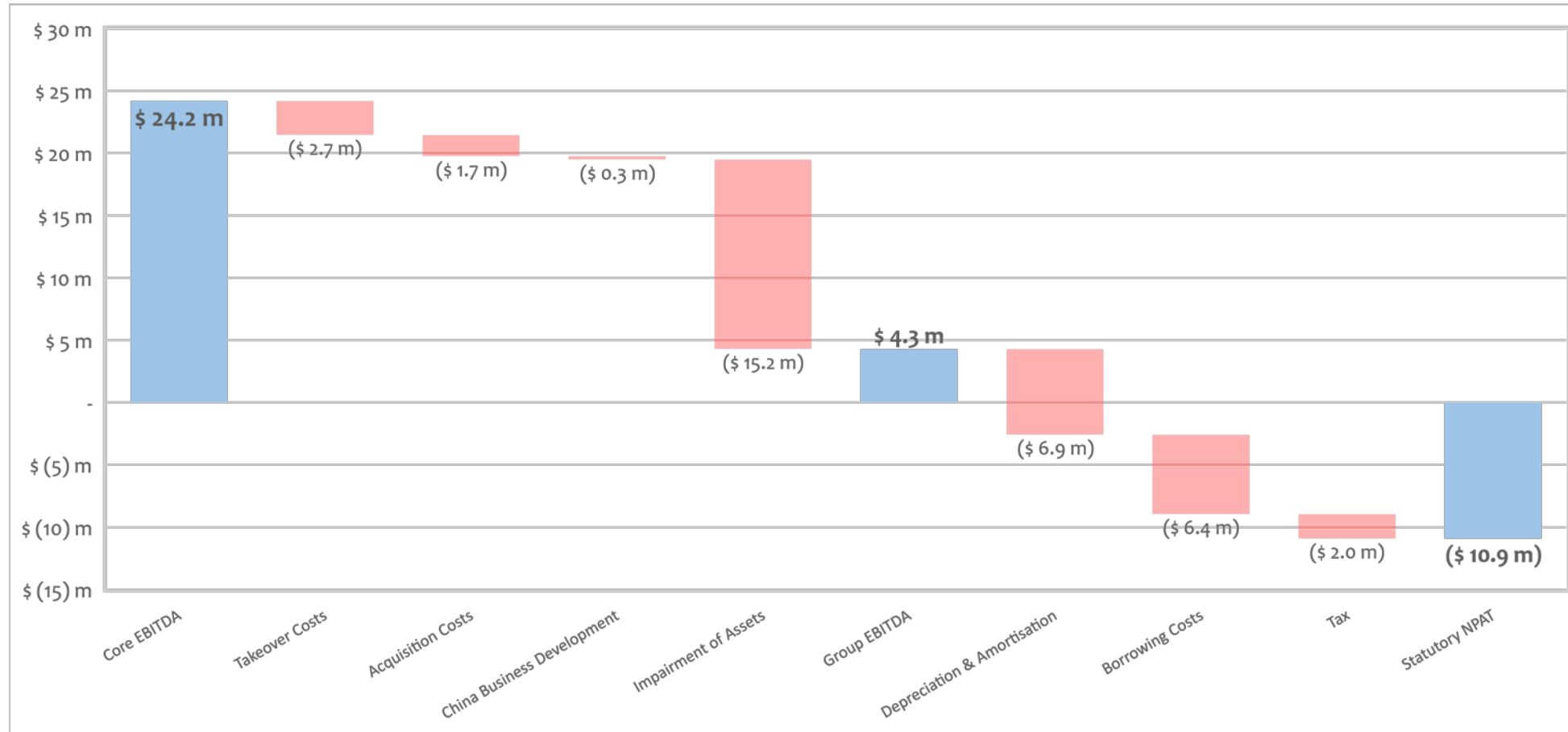
- FY19 currently budgeting less than \$2m in interest costs
- Senior debt refinanced ~ 30 bps less expensive than former facility

## Capex

Capex		
	FY19 (\$m) F	FY18 (\$m)
Maintenance	6.6	5.0
Growth	8.9	1.2
<b>Total</b>	<b>15.6</b>	<b>6.2</b>
Depreciation	8.4	6.2

- Focus in FY19 on revenue growth through;
  - Investment in new modalities in existing clinics
    - MRI, CT, Breast Tomo
  - Greenfield site development
    - 3 new clinics
  - Investment in IT and Systems

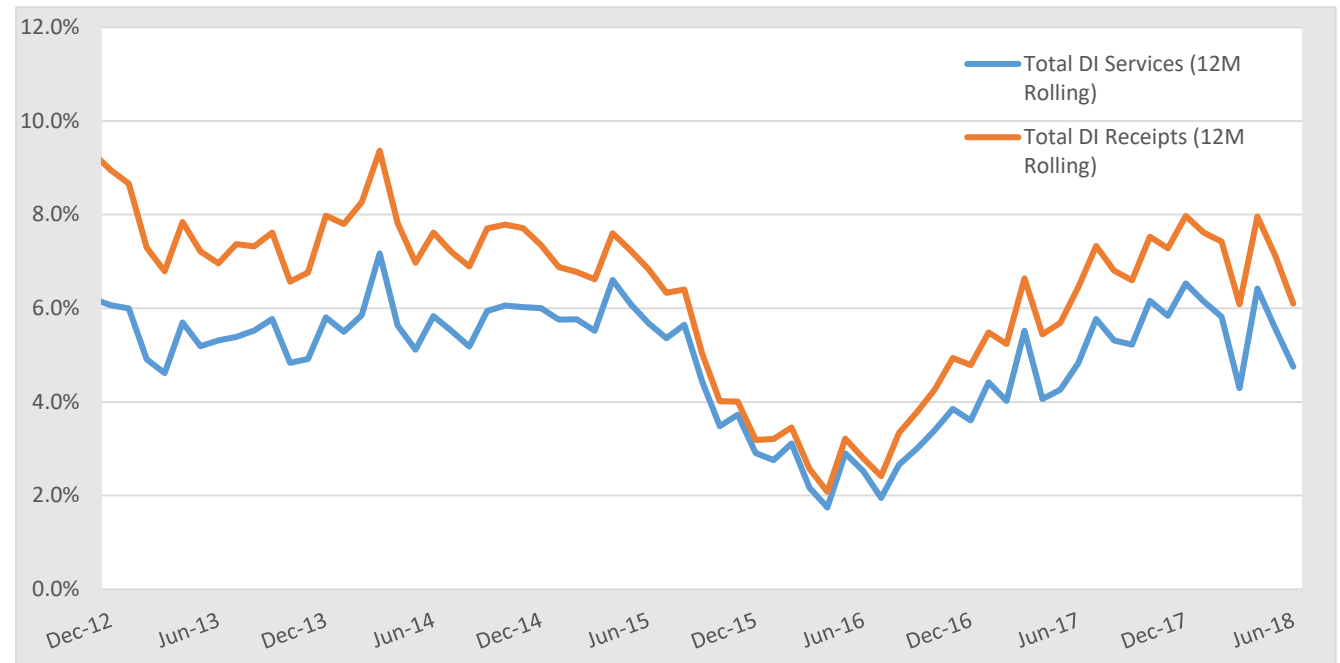
# Bridge from Underlying to Statutory Results (FY18)



# Market Outlook

- Continued underlying growth in market – receipts 6.1%, services 4.8%
- Market expected to continue to grow in the range during FY19

## DI Services and Revenues 12M Rolling Growth Rates

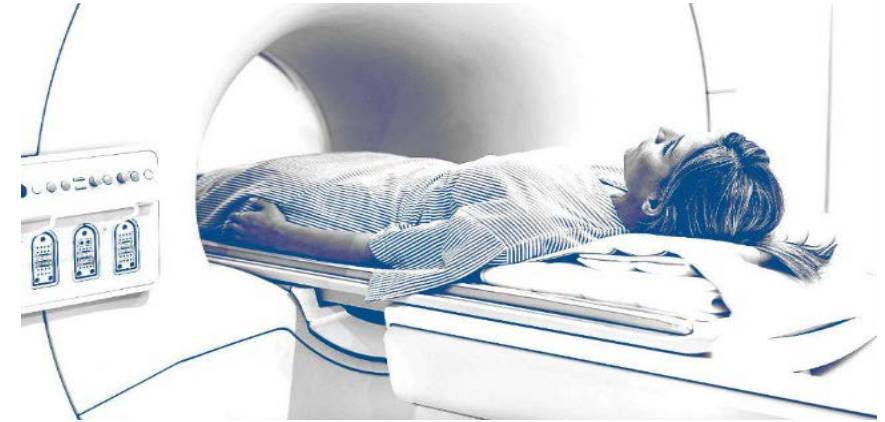


Source: Medicare in Victoria and Tasmania

# Guidance FY19

A \$m	FY19 Guidance
Revenue Range	148 – 155
Underlying EBITDA Range	29 – 31

- Maintain underlying EBITDA margins 19% - 20%
- Interest costs to fall ~ \$2m budgeted
- Assumptions:
  - Capex of \$15m (comprised of \$8.9m growth \$6.6m of maintenance) 3 new clinic openings
  - Pipeline of new acquisitions not included in guidance





# Capital Management

- Drive to increase EPS – combination of potential acquisitions & capital management
- Pipeline of acquisitions well progressed
- Share buy back an alternative to drive EPS growth in absence of opportunity to acquire and share price not reflective of value
- Current intention to create increasing dividend stream
- Current franking account balance of approximately \$9.1m

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