

20 December 2019

## ASX Release

### Azure Healthcare Forecasts Higher Earnings in 1HFY20

Azure Healthcare Limited (**ASX: AZV**) advises that it now forecasts its 1HFY20 Profit before Tax to demonstrate a material improvement on the 1HFY19(n) results.

While revenue continues to grow solidly, this profit increase is driven by margin improvement arising from increase adoption of its Software solutions and a host of process improvements across the operations from management action taken over the last 12 months to improve manufacturing efficiencies and to mitigate the impact of the US China tariff regime.

#### Profit Before Tax (A\$000s)

1HFY19 reported	(\$449) Loss
1HFY19 normalised	\$276
2HFY19 reported	\$536
1HFY20 forecast	\$800 - \$1,000

The forecast NPBT range reflects the fact that a number of significant projects are currently underway that are likely to be completed in 1HFY20, but which nevertheless may risk running over into very early 2HFY20.

Gross margin improvement is forecast to exceed management's internal goal of 50% for the half, an increase from 45.7% (n) in the previous corresponding period and 47.3% in 2HFY19. The margin increase has been driven through the Company's continued implementation of its strategic plan, including:

- Increase share of higher margin Software and SMA revenues, from 11% to a forecast 15% of total revenue;
- operational process improvements, such as:
  - the introduction of drop shipping to resellers around the world, resulting in lower levels and costs of regional inventory, and reduced product costs and delivery timelines;
  - improved inventory management to achieve more attractive pricing; and
  - other operational efficiencies achieved through the deployment of material requirements planning software and more streamlined processes
- action to mitigate the effects of the tariffs
  - the shift away from China for sourcing raw materials and componentry; and
  - refinements to raw re-order points and quantities which benefited unit cost prices.



~ENDS~

Authorised by the Board of the Company.

#### **Further Information**

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#### **About Azure Healthcare Limited (ASXCode – AZV)**

Azure Healthcare Limited is an international provider of healthcare communication and clinical workflow management solutions. Headquartered in Australia, the company has subsidiaries in six countries and supports healthcare facilities through its global reseller network which includes growing markets in health, aged care and acute care. Azure Healthcare services markets including Australia, New Zealand, Canada, UK, USA, Asia and the Middle East. For further information please refer to the Company's website

[www.azurehealthcare.com.au](http://www.azurehealthcare.com.au)