



30 June 2020 Full-year result and business update

Highlights

- BTC health's core investment, BTC Speciality Health recorded annual sales of \$5.8m of medical devices and consumables to hospitals across Australia and New Zealand.
- Net Loss for the period of (\$283k), an improvement of \$410k.
- Strong liquidity position maintained with Group Net Cash of \$2.9m on 30 June 2020.
- Sale of Bio101 Group Pty Ltd on 31 July 2020 for \$0.5m cash.
- BTC health positioned for growth - in early stage discussions with several companies to build scale and product diversification.

	Jun-20	Jun-19
Revenue	294,604	317,763
Net (Loss)	(283,036)	(692,742)
Group Net Cash*	2,894,454	4,656,869
Investment in Bio101	500,000	375,000
Investment in BTC Speciality Health	6,000,000	6,000,000
Investment in BioImpact	100	100
Net value of Investments	<u>6,500,100</u>	<u>6,375,100</u>

** Includes Net Cash positions for BTC health & investee companies*

The fundamentals underpinning the healthcare sector remain strong and growth continues to be driven by a rising prevalence of chronic disease and an aging population. BTC health's investee company, BTC Speciality Health is well positioned to capitalise on this growth, focused on the sale of pain management and critical care products to public and private hospitals. The company's growth strategy comprises three pillars – increasing market penetration of existing products, launching new products and acquiring complementary businesses to build scale.

BTC health is in early discussions with several companies to potentially acquire an equity interest, or additional product distribution rights within Australia and New Zealand. The Board recognises the value of the Pooled Development Fund (PDF) to shareholders and anticipates making additional acquisitions consistent with the group's growth strategy and in full compliance with BTC health's PDF investment plan.

BTC health's investments totalled \$6.5m at June 2020. On 31 July, BTC health sold its non-core investment in Bio101 for \$0.5m cash, which represents a 500% return on BTC health's initial investment in 2016, and consistent with the valuation recognised in BTC health's accounts at 30 June 2020. The sale of Bio101, which provides accounting, tax and company secretarial services to the life sciences sector, streamlines BTC health's investments, focusing on medical products in the healthcare sector.

Revenue for the period of \$295k decreased \$23k over prior year, due to a reduction in Management Fees and a comparatively lower increase in the valuation of Bio101.

Expenses reduced \$433k over the prior year, largely due to due diligence and capital raising costs incurred in the prior year associated with the acquisition of the hospital infusion business from Admedus Australia. Net Loss for the period of (\$283k) improved by \$410k.

Group Net Cash of \$2.9m decreased \$1.8m over prior year, due to additional working capital funding required by BTC Speciality Health in order to support growth plans and future sales demand.

BTC health investment update

BTC Speciality Health Pty Ltd

	Full-year ending 30 June 2020	Half-year ending 31 December 2019
Sales to Hospitals	\$5.8m	\$3.3m

Sales to hospitals of \$5.8m were 12% - 17% below BTC health's pre-COVID-19 forecast range. The COVID-19 pandemic had a material impact on the anticipated growth for the 2019/20 financial year as Governments in Australia and New Zealand cancelled elective surgeries in March 2020. Sales contracted 24% in the second half of the year, relative to sales demand for the half-year. Elective surgeries across both countries have subsequently reopened and it is expected that the number of elective surgeries in public and private hospitals will revert to pre-COVID-19 pandemic volumes during the September 2020 quarter. Inventory holdings average 3 months forward demand and allow for increases associated with rescheduling of elective surgery and new business account wins. Early indications for 2020/21 are strong with July sales exceeding expectations, up 20% compared to average monthly pre-COVID-19 sales.

Overheads for the year were tightly controlled and 19% favourable to plan. Overheads in the second half of the year reduced 12% compared to the first half, with material reductions in operating costs due to COVID-19 restrictions.

BTC Speciality Health's growth in the medium term will be driven by new products and new accounts. Over recent months, the company has invested in additional sales and market development resources, which has strengthened the capacity to sell the current product range into existing accounts, while better supporting the targeting of new accounts. Agency and distributor arrangements are being actively pursued to expand the product portfolio and build scale in a manner that is profit accretive, demonstrating BTC Speciality Health's long-term commitment to the hospital sector.

Over the last twelve months, BTC Speciality Health has established a strong foundation for growth and shown its resilience and responsiveness to rapidly changing circumstances. The business now has a fully integrated sales and distribution model, an established and validated quality framework, a new ERP and a fit for purpose demand and supply planning process. The team is highly skilled and engaged with our customers, continuing to provide support and superior customer service to hospitals across Australia and New Zealand.

BTC health anticipates expenditure in the healthcare sector will continue to increase in the future and is therefore highly focused on ensuring that its investee companies are well positioned to grow organically and through acquisitions.

Forward-looking Statements

This ASX-announcement contains forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks and important factors that may cause the actual results, performance or achievements of BTC health to be materially different from the statements in this announcement.

About BTC Health

BTC health Ltd ("BTC") is a Pooled Development Fund which makes active investments in businesses that acquire, develop and distribute innovative medical products in Australia and New Zealand. The company is building a group of high-growth businesses which together are focused on providing access to some of the best specialized therapeutics and medical devices from around the world. BTC is listed on the Australian Stock Exchange (Code: BTC). Additional information can be found at www.btchealth.com.au

Authorisation

This announcement was authorised for release to the ASX by the Board.

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