

ASX ANNOUNCEMENT

27 August 2020

Results for Year Ended 30 June 2020

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) today announced its full year results for the financial year ended 30 June 2020.

FY20 highlights and commentary:

- Revenue \$153.8m, an increase of \$4.6m or 3% on pcg
- Operating EBITDA \$27.8m, an increase of \$5m or 22% on pcg
- Final dividend payment maintained at 0.5 cps fully franked (1.0 cps for 2020)
- Increase in net cash from Operations by 57%
- EPS (basic) \$ 0.11 cps

During the period, the Company delivered revenue of \$153.8m (up \$4.6m or ~3% compared to prior period) and operating EBITDA of \$27.8m (up \$5m or ~22% compared to prior period). Final 2020 fully franked dividend was maintained at 0.5 cps to provide a total dividend of 1.0 cps for FY20. The Company delivered improved net cash from operations of \$28.8m, up 57% on prior corresponding period and before AASB16 adjustments.

The solid growth in revenue year on year is testament to the Company's efforts in pursuing organic growth opportunities whilst reshaping its portfolio for increased profitability. By driving efficiencies in the standard operating model and application of scalable technology, the Company has been able to deliver organic growth of 4.1% prior to the impacts of COVID-19 and a 22% increase in operating EBITDA for FY20 pre AASB 16.

Covid -19 pandemic impact

The profitability of the Company has been impacted by Covid-19, where it was significantly affected in March and April. During this time, we experienced year on year revenue decreases in excess of 30% as compared to 2019. Management acted swiftly to implement a business continuity plan, reducing operational costs and successful applications for government initiatives to support the Company through these months.

Prospects for organic growth into FY21 remain robust, as the industry continues to be supported by an aging population, MBS re-indexation, and further implementation of the Company's strategic plan. The market is also seeing further divergence between services and receipts driven by a shift to higher value and more complex imaging modalities such as MRI.

Enlitic Inc Investment

The Company continues its support as a major shareholder of Enlitic, a world leading medical artificial intelligence (AI) company. In FY20, the Company participated in the latest capital round, demonstrating our ongoing support in the technology and product development. We expect this will ultimately deliver value through exclusivity rights in the Australian market and the provision of tangible and competitive point of difference for clinicians, referrers, and patients in terms of service offering and quality of clinical outcomes.

Outlook for FY21

Following the acquisition of Fowler Simmons Radiology in earlier 2020, the Company continues to enhance growth through greenfield and brownfield developments, and strategic bolt on acquisitions. Strategic priorities for the current year to drive organic growth include, but are not limited to:

- Further investment in systems, people, and capability to enhance referrer relationships
- Measure and enhance the patient experience
- Rollout of new modalities at key sites
- Further alignment of resources to patient demand by modality with real time measurement
- Review of cost to serve by clinic, and moving to larger comprehensive centres

Mr. Justin Walter, Managing Director, commented "The Capitol team has remained strong during this unprecedented situation arising from COVID-19. The Company's resilience stems from our valued clinicians and staff who remain committed to clinical standards and a patient centred approach. Capitol remains focused on providing service quality to both patients and our referrers. Our new three-year vision and strategy is working, allowing the Company to capture growth opportunities and deliver value for all shareholders".

For further information, please contact:

Marcell Judkins

Chief Financial Officer

(03)9348 3333

investors@capitolhealth.com.au

This announcement is authorised for release to the market by the Board of Directors of Capitol Health Limited.

About Capitol Health

Capitol Health is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Headquartered in Melbourne, Victoria, the Company owns and operates clinics throughout Victoria, Tasmania, and Western Australia. The Company's operational focus is on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

Capitol also has an investment in diagnostic imaging artificial intelligence through Enlitic Inc in the US.

Forward-Looking Statements

Certain statements in this announcement are forward looking statements. Forward looking statements can generally be identified by the use of words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", "may", "assume" and words of similar import. These forward-looking statements speak only as at the date of this announcement. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

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