

HY 2022 RESULTS

Half Year Ended 31 December 2021

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01. HIGHLIGHTS

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HY 2022 RESULTS SUMMARY

REVENUE

\$94.8m

Up 11.2% pcp

OPERATING EBITDA *

\$22.2m

Up 6.9% pcp*

OPERATING EBITDA MARGIN *

23.4%

Down from 24.4% pcp*

FREE CASH FLOW *

\$12.9m

Down 3.5% pcp*

NET DEBT / LTM OPERATING EBITDA

< 0.1x

INTERIM DPS

0.5 cps

Fully franked

* The government Jobkeeper funding of \$5.8m recognised as an offset to employee expenses in HY21 prior to tax, has been excluded from previous comparative period calculations.

HY 2022 HIGHLIGHTS

Key Financial Highlights

- Revenue from operations of \$94.8m up 11.2% on pcp
- Underlying organic growth rate of revenue of 5.8% pcp
- Total Operating Costs up 12.6% on pcp (ex Jobkeeper) to \$72.6m
- Operating EBITDA increased by 6.9% on pcp (ex Jobkeeper) to \$22.2m
- Operating Margin of 23.4% is down from 24.4% pcp (ex Jobkeeper)
- Statutory NPAT up 30.2% to \$8.1m
- Net Debt below 0.1x annualised Operating EBITDA
- Interim dividend FY22 maintained at 0.5 cents per share fully franked
- \$4.2m of Radiologist options exercised.



* Operating excludes Transaction & Restructure Costs, Unrealised Foreign Exchange Gain/(Loss), Impairment of Financial Asset and Financial Liabilities movement in fair value.

HY 2022 HIGHLIGHTS

Delivered on Strategic plan:

- Underlying organic revenue growth of 5.8% pcp
- Management focus on sustained market share growth continues
- Acquired and integrated the business of Womens' Imaging based in Hobart Dec21
- Pakenham greenfield opened and performing to expectations
- Two further greenfields planned to open in 2HFY22

Enterprise-wide integration of clinics:

- Standard Operating Model defined and project roll out underway
- Further integration of ITC to enhance patient and referrer experience.
- Completed enhanced cybersecurity platform
- Unified patient information platform being scoped

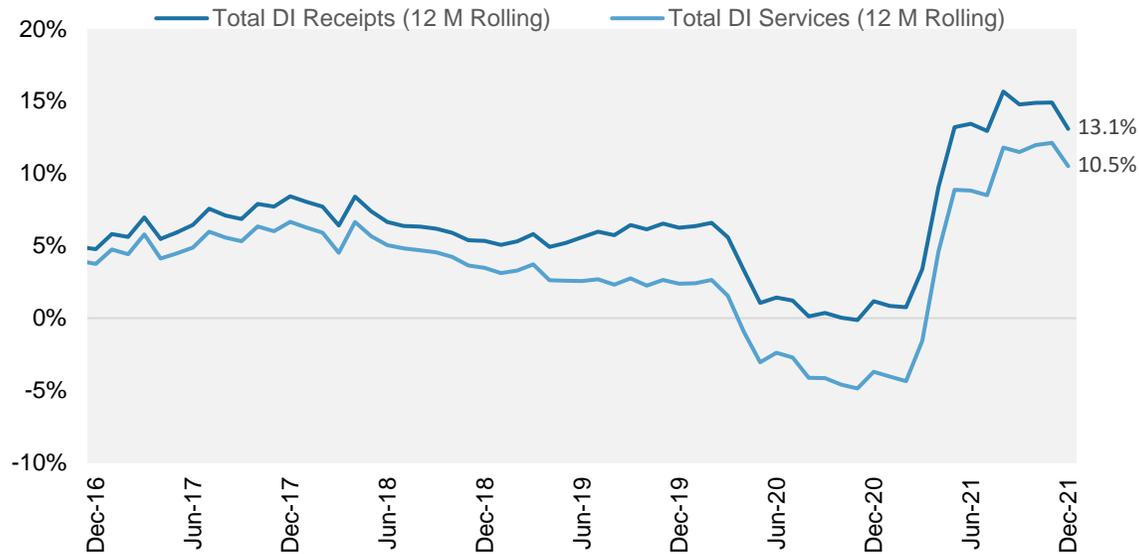
Destination employer:

- Maintained a safe working environment, managed staff shortages due to isolation and furlough, maintained high quality service to patients and referrers.
- Implementation of talent acquisition framework
 - recruitment software, enhanced talent acquisition capability,
 - preparedness for post Covid19 recruitment challenges
- Board renewal with two new Directors enhancing audit and risk capability, and radiologist expertise

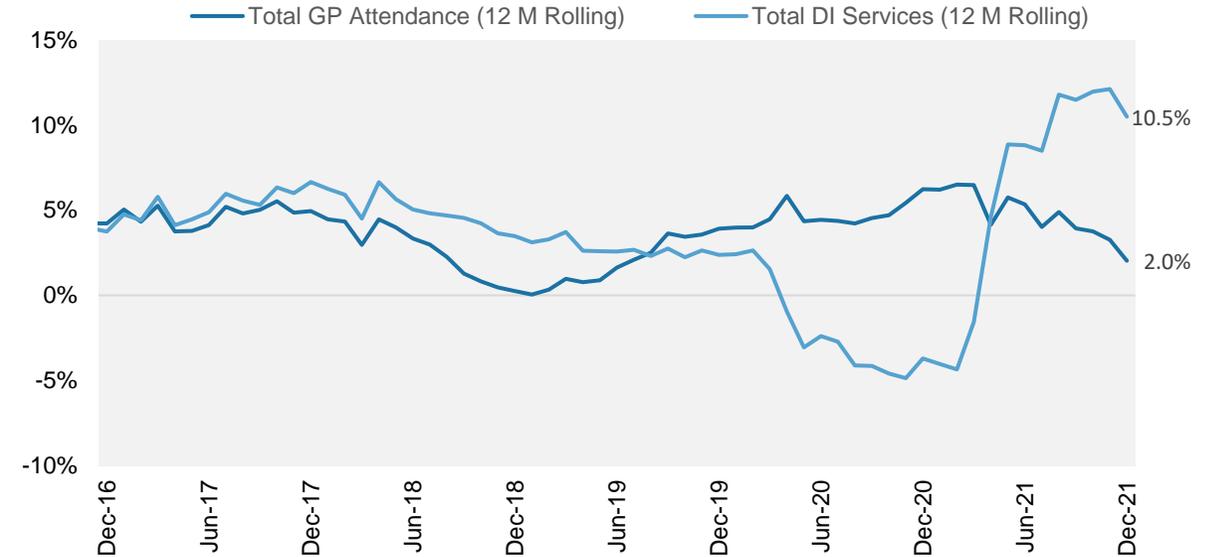


INDUSTRY GROWTH PROFILE

DI Services and Revenues – CAJ States¹



GP Attendance & DI Services - CAJ States¹



- Demand for DI services in Victoria severely impacted and deferred, with temporary elective surgery suspension, and public hospital Code Brown enacted.
- Rolling 12 month growth rates will not settle to the long term average until Covid effected months and associated recovery have rolled out of the 24 month comparison
- DI Receipts (revenues) increasing due to shift to higher value modalities and MBS indexation of certain items since July 2020

- GP attendances and DI services growth rates continue to fluctuate due to disruption from Covid19 pandemic

¹ – Data included in each graph is inclusive of only the states in which Capitol Health operates in (VIC, TAS, WA, SA)
 Source: Medicare Australia Statistics - http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp

02. FINANCIALS

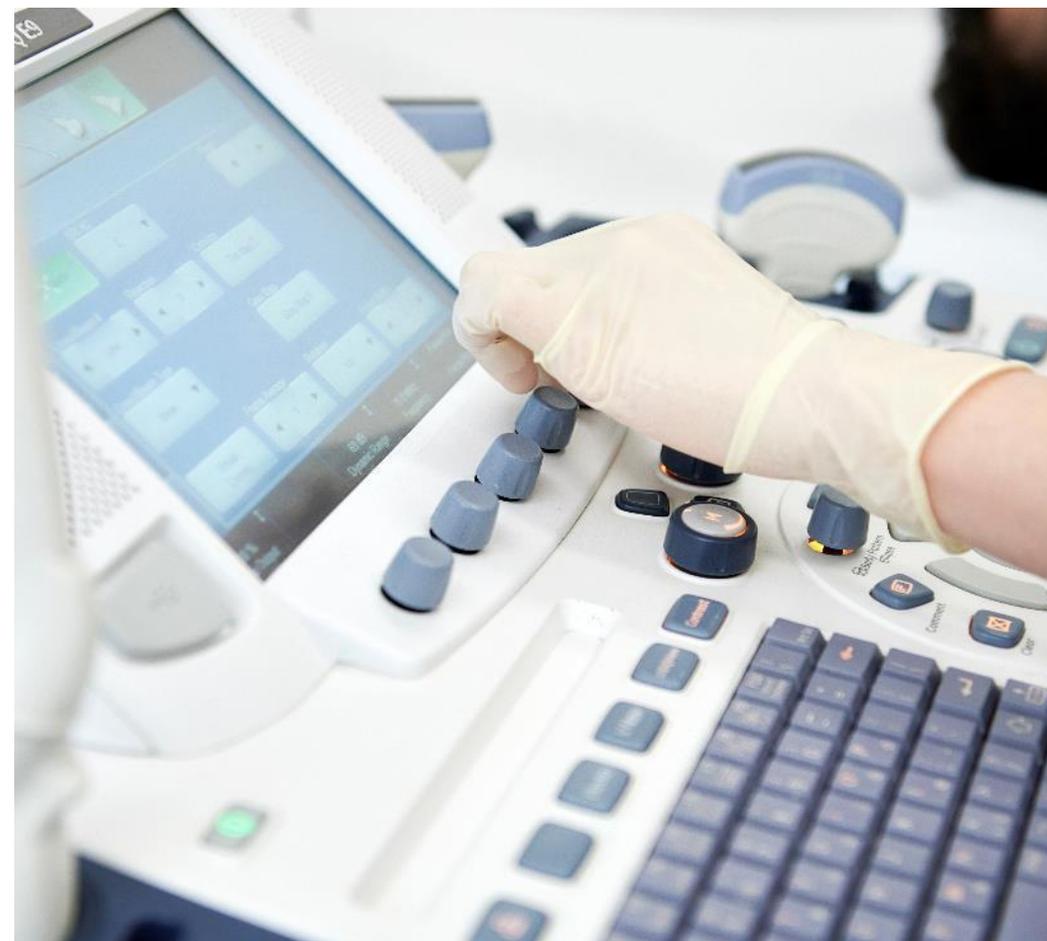
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HY 2022 – OPERATING RESULTS

Operating EBITDA reconciliation (expressed in \$000)	HY22	HY21* (excl Jobkeeper)	Change	% Change
Revenue	94,831	85,305	9,526	11.2%
Wages, Contractor Costs, Salaries	(58,103)	(51,466)	(6,637)	12.9%
Other Operating Costs	(14,531)	(13,067)	(1,464)	11.2%
Operating EBITDA	22,197	20,772	1,425	6.9%
<i>Operating EBITDA Margin</i>	<i>23.4%</i>	<i>24.4%</i>	<i>(0.9%)</i>	<i>(3.9%)</i>
Unrealised Foreign Exchange Gain/(loss)	705	(2,416)	3,121	(129.2%)
Transaction and restructure costs	(342)	(1,490)	1,148	(77.0%)
Movement of other financial liabilities	202	-	202	100.0%
Profit before Finance Costs, Income Tax, Depreciation and Amortisation	22,762	16,866	5,896	35%

- Revenue of \$94.8m is up \$9.5m or 11.2% over pcp
- Bulk billing revenue mix stable at 77%
- Wages, Contractor Costs and Salaries increased by \$6.6m or 12.9%
- Operating EBITDA of \$22.2m, an increase of \$1.4m or 6.9% on pcp
- Operating EBITDA margin decreased to 23.4%, down from 24.4% pcp
- Unrealised FX Gain/(Loss) relates to the FX rate movement of Enlitic investment (AUD:USD)
- Movement in other financial liabilities relates to the fair value adjustment of the put and call options for the non-wholly owned entities within the Group.



* The government Jobkeeper funding of \$5.8m recognised as an offset to employee expenses in HY21 prior to tax, has been excluded from previous comparative period calculations.

HY 2022 - CAPEX INVESTMENT

Capital Expenditure (expressed in \$000)	HY22	HY21
Maintenance	5,057	2,863
Growth	1,472	919
Total	6,529	3,782

Depreciation & Amortisation	(10,061)	(10,070)
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- HY22 maintenance capex is slightly above long term expectations for the business
- Maintenance capex was abnormally low in HY21 driven by timing of replacement capex requirements and minor delays in investment due to Covid environment.
- Growth CAPEX primarily Pakenham and Knox greenfield clinics
- Depreciation and Amortisation remains consistent



HY 2022 – CASH FLOW

Key Cash Measures (expressed in \$000)	HY22	HY21* (excl Jobkeeper)	Change	% Change
Operating EBITDA	22,197	20,772	1,425	6.9%
Net cash from operating activities (excluding interest and tax)	23,762	21,803	1,959	9.0%
Maintenance capital expenditure	(5,057)	(2,863)	(2,194)	76.6%
Lease cash payments	(5,846)	(5,609)	(237)	4.2%
Free Cash Flow	12,859	13,331	(472)	(3.5%)
Free Cash Flow / Operating EBITDA	57.9%	64.2%		

- Higher reinvestment of free cash flows in maintenance of clinics and equipment
- Free cash flow conversion on operating EBITDA of 57.9% down on pcp of 64.2%
- HY21 Net Cash from Operating Activities excludes \$7.6m of Jobkeeper receipts



* The government Jobkeeper funding of \$5.8m recognised as an offset to employee expenses in HY21 prior to tax, has been excluded from previous comparative period calculations.

CAPITAL MANAGEMENT



Funding for Growth

- \$111m of unused Facilities
- Gearing <0.1 times operating EBITDA provides significant headroom for growth, particularly acquisitions



Data Driven Approach

- Making considered capital management decisions based on the best use of capital and shareholder returns, with reference to:
- Company strategy
 - Market outlook
 - Opportunity cost of a range of growth alternatives
 - Return on investment
 - Positive EPS Impact



Share Buy Back

- No share buy-back in HY22 as the business identifies greater returns for capital
- The company refreshed its buy-back capacity in August 2021, allowing a further 102.8m shares to be acquired
- The company continues its commitment to buying back shares when the share price is not reflective of value



Dividends

- Declared an interim dividend for HY22 of 0.5 cents per share
- The company continues its commitment to a sustainable fully franked dividend

03. GROWTH

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4 ENGINES OF GROWTH



Organic

- During FY20 and FY21 we undertook a review of the cost base and where we could improve efficiencies. This approach continues in FY22.
- We successfully matched patient demand to our resourcing
- We continued to focus on market share and the 'go to' market strategy for organic growth



Clinic Expansions and Upgrades

- We continue to review and optimise our network of clinics. There are three prongs to this approach:
- Open Greenfield Clinics
 - Brownfield redevelopment and upgrading of modalities
 - Clinic portfolio review of profitability



Acquisitions

- Location that complements our network
- Alignment with our Company Vision, Values and Strategy
- Where clinic investment will drive organic growth
- To obtain access to people and systems
- Where synergies have been identified
- Pricing makes sense and will deliver value to shareholders.



Technology Investment

- New employee engagement software
- Completed new telephony system / call handling nationally
- Fully implemented cybersecurity platform
- Data centre strategy completed
- Referrer interface software and telehealth functionality
- Unlisted investment in Enlitic a leading AI software developer in Radiology

PROGRESS FOR FUTURE ORGANIC GROWTH

Outlook

- Standard operating model implementation to enhance scalability/efficiency
- Investment in the front end of our business in operations systems eg patient information system
- Build upon our new Clinical Governance Framework and Radiologist leadership roles, eg CMO
- Brand rationalization and refresh
- Continuing to improve the 'cost-to-serve' of the business
- Build momentum through greenfield / brownfield roll out
- Continue to pursue value-creative bolt-on acquisitions aligned with our strategic plan
- Carry a strong balance sheet while investing in well defined growth opportunities
- Expected bounce back following lockdowns, elective surgery and Victorian Code Brown
- Management focus on continuing organic revenue growth and sustainable operating margin of 23-24%



QUESTIONS?

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04. APPENDIX

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THE CAPITOL HEALTH BUSINESS

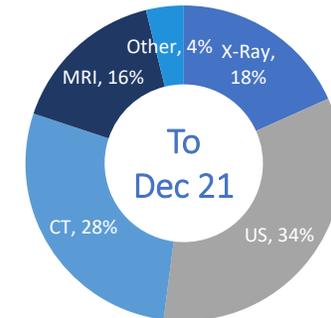
Overview

- Capitol is an ASX-listed provider of diagnostic imaging and related services to the Australian healthcare market. We are a talented team of experts motivated by our patients' needs
- We own and operate 63 clinics throughout VIC, SA, TAS and WA, with a growth focus aided by our scalable operating model
- As a community focused company, our facilities are predominantly suburban rather than hospital-based, with priority given to service and minimisation of administrative burdens for healthcare professionals
- We meet a growing consumer demand and conduct more than 1.2 million procedures every year, employing ~800 staff and ~100 radiologists
- Our market position means we can adapt to changing industry dynamics and make strategic investments.

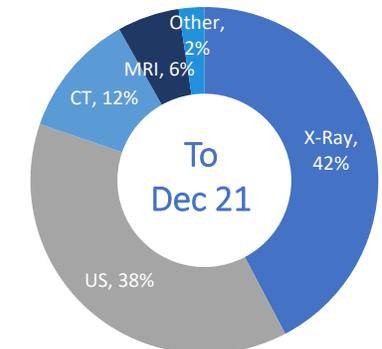
Location and Brands



12-month Revenue by Modality



12-month Services by Modality



HY 2022 – BALANCE SHEET

	HY22	FY21
Current Assets		
Cash and Cash Equivalents	27,902	21,749
Trade and Other Receivables	4,016	5,582
Other Financial Assets	113	169
Other Assets	2,606	787
Total Current Assets	34,637	28,287
Non-Current Assets		
Plant & Equipment	43,097	41,075
Right-of-Use Asset	58,636	59,011
Intangible Assets	125,727	126,035
Other Financial Assets NC	20,227	19,522
Other Receivables	44	180
Deferred Tax Assets	5,571	5,650
Total Non-Current Assets	253,302	251,473
Total Assets	287,939	279,760
Current Liabilities		
Trade and Other Payables	12,843	13,606
Lease Liability	8,964	9,782
Employee Benefit Liability	12,087	12,239
Income Tax Liability	2,149	1,973
Total Current Liabilities	36,043	37,600
Non-Current Liabilities		
Loans and Borrowings NC	29,000	29,000
Lease Liability	55,654	55,284
Other financial liability	5,299	5,081
Provisions	2,455	2,455
Employee Benefit Liability NC	789	781
Deferred Tax Liabilities	4,686	3,531
Total Non-Current Liabilities	97,883	96,132
Total Liabilities	133,926	133,732
Net Assets	154,013	146,028



CAPITOL HEALTH STRATEGIC PILLARS



First Choice Provider

- We aim to be the first choice for community-based diagnostic imaging
- Our strategies are based on qualitative and quantitative research into patient and referrer behaviour and preferences. The insights we gather inform our approach, and constant optimisation of the patient / referrer experience
- We build strong relationships with our referrers, providing them with precise and timely diagnostic imaging



Destination Employer

- We recruit, develop and retain the best clinical, technical and corporate staff; we recognise staff for their service and values
- We're implementing a feedback and coaching framework, and clearly defined remuneration strategy, to increase staff satisfaction / competency and reduce costs
- We're focused on our people and building a strong culture supported by our values. We seek feedback from staff on a regular basis and respond to insights accordingly



Next-generation Technology

- We're committed to the strategic implementation of next-generation technology to enhance service, quality and engagement
- We will deploy unified RIS platforms to improve service quality, load sharing and efficiency in existing and growth business units
- We will implement optimal online booking, eReferral, eForms and Pt Kiosk platform
- To support radiologists and deliver efficient reporting we will implement smart worklists
- We embrace AI in our business through strategic partnerships such as Enlitic



Operational Excellence

- Optimising operational efficiencies and clinical outcomes (e.g. timeliness, quality, standard processes) at a reduced cost-to-serve, through:
 - Evidence-based standard operating model (SOM)
 - Focused workflow management to maximise efficiency and quality
 - Benchmark human resource allocation and asset utilisation



Values-based communications

- We're strengthening our brand, and building our reputation through strategic, values-centric communications, by:
 - Clearly and consistently communicating our business vision, purpose and CVPs
 - Identifying and nurturing strategic experience relationships
 - Demonstrating community-centred values and experiences
 - Communicating the 'why' to key stakeholders with clear, accurate messaging
 - Demonstrating good corporate citizenship

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