

**Capitol Health Limited** 

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#### **ASX ANNOUNCEMENT**

15 November 2023

#### AGM - Chair's Address and Managing Director / CEO's Presentation

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) will be holding its Annual General Meeting on 15 November 2023 at 11.30am (AEDT).

The Chair's address and the Managing Director / CEO's presentation for the Annual General Meeting are attached.

For further information, please contact: Craig Bremner 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, South Australia 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 Health Limited - 2023 Annual General Meeting - Chair's Address

Ladies and gentlemen, I would now like to make some brief remarks to you as Chair of the Company.

The Company has been able to grow its revenue from \$184.2 million in 2022 to \$209.6 million in 2023 despite challenges faced. Highlights for the year ended 30 June 2023 included:

- Completion of Future Medical Imaging Group acquisition
- Revenue up 13.8% to \$209.6 million
- Operating EBITDA of \$40.2 million
- Loss after tax of \$11.3 million
- Non-cash fair value adjustment of Enlitic investment \$17.6 million
- The Group's balance sheet remains sound with cash of \$19.1 million and unused funding facilities of \$62.4 million
- Fully franked dividends declared in the year totalling 1.0 cent per share
- Completed development of our new MRI-comprehensive Sunshine Private Hospital Clinic

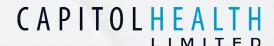
As you may be aware, the imaging industry is slowly recovering from the COVID-19 pandemic with many of our peers continuing to face common challenges like workforce disruption and tougher more volatile macro environment conditions. However, despite these challenges, the Company remains resilient with the Capitol Health team working tirelessly to implement our strategic plan and under this combined effort, the Company performed remarkably well during the financial year.

On 4 November 2022, the Company acquired the Future Medical Imaging Group ("FMIG"), a scale provider of diagnostic imaging services at the forefront of several specialised services including cardiac, neuroimaging and women's imaging. The six FMIG clinics performed exceptionally during the last eight months to 30 June 2023, and contributed \$16.8 million to the Company's revenue.

At Capitol Health, we are immensely proud that we were able to maintain the highest quality of care and safety for our patients, and that of our staff. We are therefore pleased to announce that we have completed development of our new radiology department in the 72-bed Sunshine Private Hospital. Our facility provides referrers and patients with access to a new MRI service in addition to the imaging services previously provided in the region.

As the Company completes its three-year 2024 strategy, we are also turning our minds to a three-year 2027 strategy. Capitol Health remains committed to its patients, referrers, its united group of staff and clinicians, and its shareholders. The Company will continue to invest in new equipment and improve its service offerings to referrers and patients, capabilities and attractiveness for staff recruitment and retention.

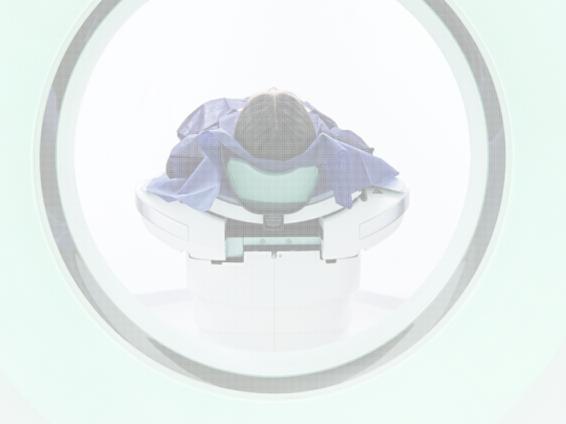
On behalf of the Board, I would like to thank our radiologists, sonographers, radiographers and staff for their continued efforts and commitment to outstanding patient care; our patients who used our services; and our large group of referrers who continue to support our clinics. In addition, I would like to thank my fellow Board members for their contribution to the Company and our shareholders for their continued support.



# **Annual General Meeting**

15 November 2023

### MANAGING DIRECTOR / CEO'S ADDRESS



# **AGENDA**

- 1. FY23 Summary
- 2. FY24 Trading and Business Update





#### **Our Vision:**

To be the diagnostic imaging specialists of choice, serving our communities with compassion, integrity and precision





### **Our Aspirations:**



Leading team satisfaction & retention rate



Sustained marketshare growth



Industry-leading shareholder returns

#### **Our Values:**

#### **Patient centred**

We create positive patient experiences. We listen with respect, inform with empathy and involve patients in their care

business intelligence

and analytics

#### **One Team**

Our people are our best asset. Our outcomes are better when we work together. We treat each other with respect and nurture a culture of recognition, empathy and inclusion

#### **Integrity**

We are open and honest. We take pride in the way we work. Our patients and partners trust us because we are accountable and reliable

#### **Excellence**

Together we pursue excellence – in outcomes and experience for our patients, referrers and community. We utilise the best technology to deliver timely, precise results

Patient experience management

#### **Community focused**

We are more than a network, we are a community. We create meaningful connections with our patients, referrers and colleagues built on trust, support and shared goals

#### The Pillars of our Business:

#### · Highly secure and effective Standardised operating model as **Employee Value Proposition** Differentiated customer and Coherent stakeholder platform for organic growth technology model · Clear performance & reward marketing plan communications strategy mechanisms · Value creation through post-Holistic approach to technology · Focus on and resourcing referrer · Focus on developing industry and · Focus on professional development encompassing clinical outcomes, relationship management including acquisition integration government relationships · Values driven people processes operational efficiency and CRM implementation Performance management through Industry thought leadership program patient experience

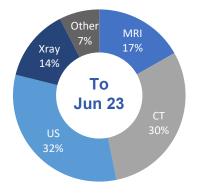
## THE CAPITOL HEALTH BUSINESS

#### Overview

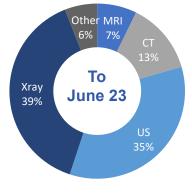
- Capitol is an ASX-listed provider of diagnostic imaging and related services to the Australian healthcare market. We are a talented team of experts motivated by our patients' needs
- We own and operate 66 clinics throughout VIC, SA, TAS and WA, with a growth focus aided by our scalable operating model
- 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 1.4 million procedures every year, employing over 1000 staff and over 100 radiologists
- Our market position means we can adapt to changing industry dynamics and make strategic investments.



#### 12-month Revenue by Modality



#### 12-month Services by Modality





### FY23 HIGHLIGHTS

#### **Delivered on Strategic plan pillars:**

Group expansion with FMIG now fully integrated into the Capitol network

#### **Operational Excellence:**

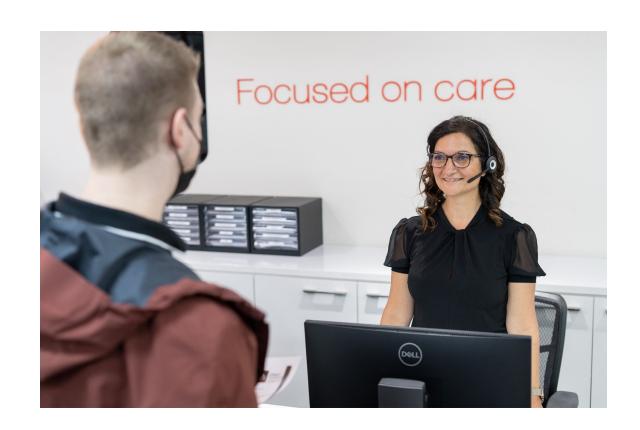
- Our new MRI comprehensive clinic in Sunshine Private Hospital has opened early July-23, while there has been a closure of small unprofitable clinics and cessation of low margin services.
- Delivered growth opportunities with additional MRIs Cranbourne, Hoppers Crossing, Sunshine Private Hospital.
- · Contact Centre fully operational.

#### **Next-Generation Technology:**

 Unified national clinic operating system now under-way, enhancing patient and referrer experience.

#### **Destination employer:**

- Radiologist recruitment strengthened throughout the year with the successful implementation of our centralised talent acquisition framework.
  - 8 new radiologists commenced by end FY23
  - · 2-year pipeline of potential recruits established
- Clinic workforce stable with low clinician attrition rates, while non-clinical staff attrition trending back towards historical levels.
- In-house training program established for sonography





## FY23 RESULTS SUMMARY

**REVENUE** 

\$209.6m

Up 13.8% pcp

**OPERATING EBITDA\*** 

\$40.2m

Down 2.3% pcp

**OPERATING EBITDA MARGIN \*** 

19.2%

Down from 22.3% pcp

**FREE CASH FLOW** 

\$20.5m

Up 10.8% pcp

**NET DEBT / LTM OPERATING EBITDA** 

1.4x

# calculated on last 12 months operating EBITDA

**FINAL DPS** 

0.5 cps

**Fully franked** 

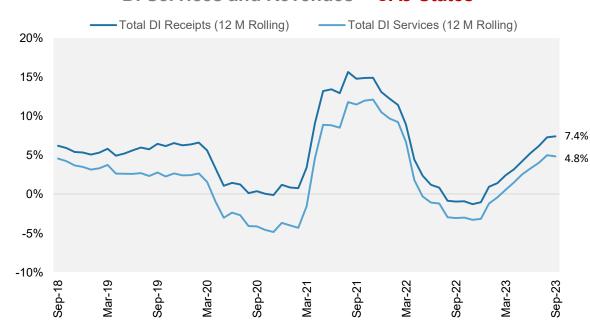
<sup>\*</sup> Operating EBITDA is Profit before Depreciation and Amortisation, Finance Costs, and Income Tax and prior to non-operating items including Investments movement in fair value, Impairment of non-current assets, Transaction and restructure costs, Unrealised foreign exchange gain, and Financial liabilities movement in fair value





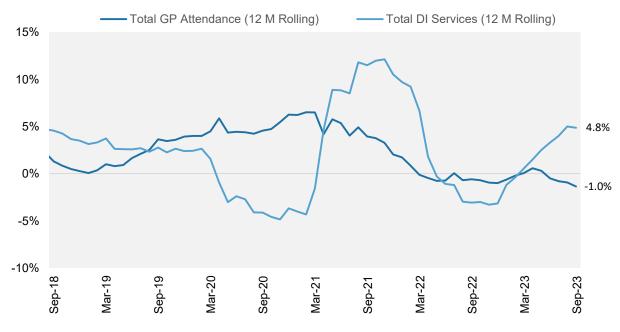
### INDUSTRY GROWTH PROFILE

#### DI Services and Revenues - CAJ States<sup>1</sup>



- Demand for DI services returning as previous pandemic impacts roll off.
- DI Receipts (revenues) increasing due to shift to higher value modalities and annual MBS indexation of certain items.

#### GP Attendance & DI Services - CAJ States<sup>1</sup>



- GP attendances, including telehealth visits, remain below historical trend of 4-6%.
- Rolling 12-month growth rate in GP attendances remains constrained



### STATE OF PLAY

#### **FY24 YTD – Performance and Strategy:**

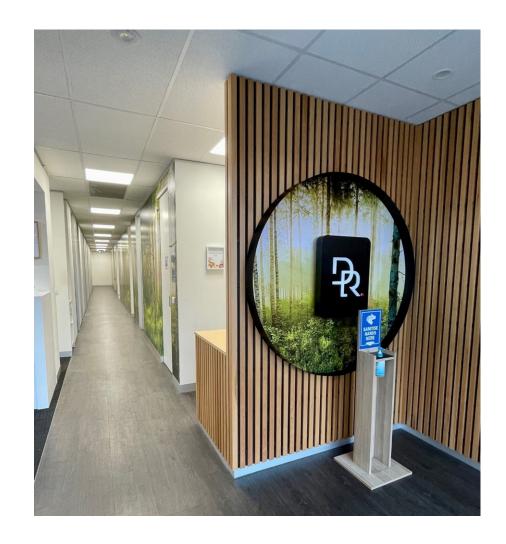
- FMIG acquisition integrated and delivering on expectations
- Sept Rolling 12mth Medicare DI services (CAJ states) growth rate +ve 4.8%
- · Sept Rolling 12mth Medicare GP attendances (CAJ states) growth rate remains constrained
- Oct YTD
  - Revenue compared to PCP +ve 27.4%
  - Organic revenue (ex FMIG) compared to PCP +ve 11.9%
  - Solid margin improvement compared to FY23
- Radiologist workforce enhanced:
  - 10 Radiologists onboarded over last 17 months with additional 5 Radiologists to commence by end Q3.
  - Skill set of cohort broadened with greater MRI, cardiac and women's imaging reporting capability
  - Rolling attrition rate at 4 year low of 4.9%
  - · Gender, cultural and linguistic diversity progressed
- Implementation of strategic plan roll out of national unified patient information system underway in Tasmania
- Cybersecurity Framework implemented
- New flagship MRI-comprehensive clinic, Sunshine Private Hospital in the western suburbs of Melbourne, has opened and performing to expectations



### OUTLOOK

#### FY24

- MRI fleet grown by 27% on pcp to 28 (42% of all our clinics)
- Full year benefit of Sunshine Private Hospital Clinic
- · Full year benefit of FMIG integration
- Management to remain focused on cost control whilst navigating a high inflationary environment:
  - Head office costs remain stable
  - Recent external procurement review has identified further efficiencies
  - Low margin services ceased as contracts reach end date
  - Further productivity and efficiency initiatives underway
- · Continuing to deliver upon initiatives for long term growth;
  - · New / additional service modalities at existing sites
  - Ongoing alignment of labour resources to patient demand
  - Inhouse training program for sonographers
  - Standard operating model roll out across all clinics
  - Unify clinic operating systems nationally





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