

FY24 RESULTS

Year Ended 30 June 2024

Justin Walter – Chief Executive Officer & Managing Director
Brendon Pentland – Chief Financial Officer

CAPITOLHEALTH
LIMITED



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01. HIGHLIGHTS

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Sunshine
Private Hospital

↑ Sunshine Private Hospital Reception

Sunshine Private Medical Centre ↗
Melbourne Pathology
Capital Radiology
First Response Pharmacy

↖ Lifts



Toilets



FY24 RESULTS SUMMARY

REVENUE

\$234.8m

Up 12.0% pcp

OPERATING EBITDA *

\$49.3m

Up 22.6% pcp

OPERATING EBITDA MARGIN *

21.0%

Up from 19.2% pcp

UNDERLYING NPAT ^

\$11.0m

Up 25.0% pcp

FREE CASH FLOW

\$17.6m

Down (14.3)% pcp

NET DEBT / LTM OPERATING EBITDA

1.87x

* 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

^ Underlying NPAT is net profit after tax and prior to non-operating items including movement in fair value of investments, impairment of non-current assets, transaction and restructure costs, unrealised foreign exchange gain, and movement in fair value of financial liabilities

FY24 HIGHLIGHTS

Financial Highlights

- Revenue from operations of \$234.8m, up \$25.2m or 12.0% on pcp
- Organic revenue growth of 8.0% on pcp (excl. FMIG contribution in FY24)
- Operating EBITDA of \$49.3m, up \$9.1m or 22.6% on pcp
- Operating Margin of 21.0% is up from 19.2% pcp
- Underlying NPAT \$11.0 million, up 25% on pcp
- Net Operating Leverage of 1.87x
- Free cash flow \$17.6m, 14.3% lower than pcp of \$20.5m
- Announced proposed merger with Integral Diagnostics Limited (IDX)
- FY24 final dividend to be declared in line with merger ratio (being 0.12849 of IDX FY24 final dividend¹)

¹ Expected to be announced 27 August 2024 and subject to the adjustment amount as set out in the merger implementation deed.



FY24 BUSINESS HIGHLIGHTS

Delivered on Strategic plan:

- FMIG fully integrated into the Capitol network and performing to expectations
- Investment in common operating systems
- Environment, Social and Corporate Governance plan underway
- Enhanced Diversity and Inclusion Framework

Operational Excellence:

- Opened new MRI comprehensive clinic at Sunshine Private Hospital
- Replaced 4 MRIs to improve and expand clinic capabilities
- Implemented procurement program to remove \$1m opex spend in FY25
- Closure of two small unprofitable clinics and cessation of low margin services

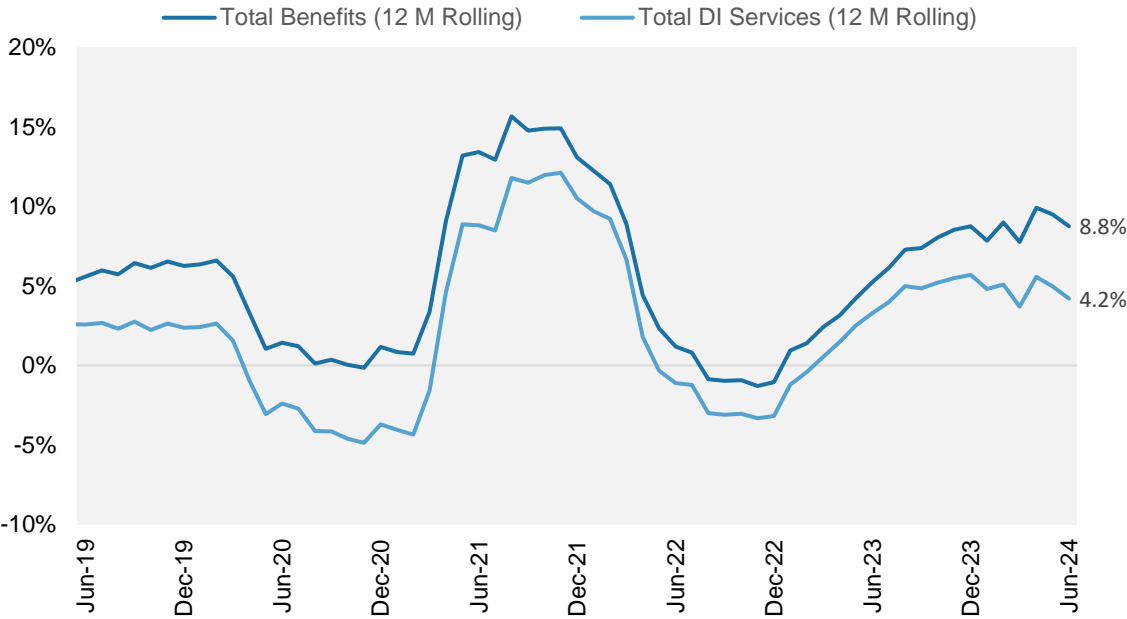
Destination employer:

- Improved talent acquisition & retention program, including international medical graduate intake
- Successful radiologist recruitment program – 13 additions & pipeline maintained
- Clinic workforce stable with low attrition rates, while non-clinical staff attrition has returned to pre-pandemic levels.
- Graduated 14 trainee sonographers, with a further 4 expected to graduate by December 2024 via our inhouse program



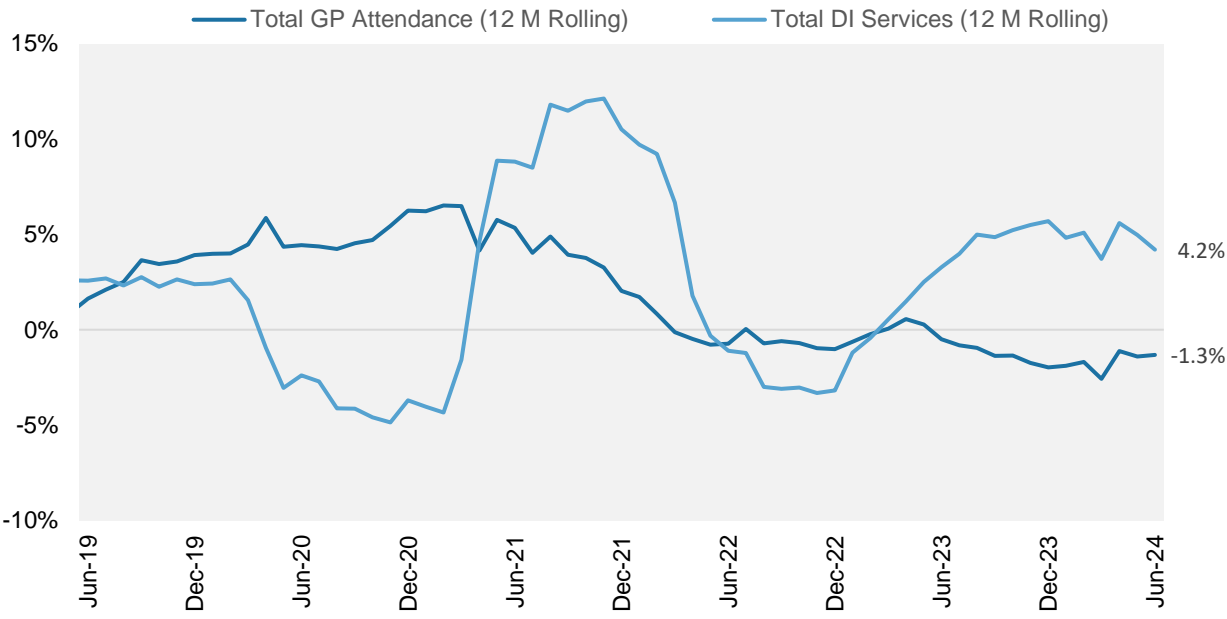
HISTORICAL INDUSTRY GROWTH PROFILE

DI Services and Benefits – CAJ States¹



- Both DI Service and Benefits show stable growth over the past year.
- DI Benefits increasing due to shift to higher value modalities of CT/MRI and MBS indexation of certain items.

GP Attendance & DI Services - CAJ States¹



- GP attendances, including telehealth visits, remain below long-term trend. Improvement in 2HFY24 supported by Federal Government increase of bulk bill incentives.

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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FY24 – OPERATING RESULTS

Underlying NPAT & Operating EBITDA reconciliation (\$000)	2024	2023	Change	% Change
Revenue	234,816	209,592	25,224	12.0%
Wages, contractor costs, salaries	(148,772)	(134,595)	(14,177)	
Other operating costs	(36,761)	(34,806)	(1,955)	
Operating EBITDA	49,283	40,191	9,092	22.6%
<i>Operating EBITDA Margin</i>	<i>21.0%</i>	<i>19.2%</i>		<i>1.8pp</i>
Depreciation and amortisation	(27,062)	(24,887)	(2,175)	
Net finance costs	(7,375)	(5,055)	(2,320)	
Income tax expense (ex significant items)	(3,812)	(1,420)	(2,392)	
Underlying NPAT	11,035	8,829	2,205	25.0%
Transaction Costs	(2,802)	(1,619)	(1,183)	
Unrealised foreign exchange (loss)/gain	(60)	350	(410)	
Movement in fair value of investment	(572)	(17,581)	17,009	
Impairment of non current assets	(2,261)	(2,086)	(175)	
Fair value movement of other financial liabilities	(20,654)	293	(20,947)	
Income tax on significant items	554	221	333	
Reported NPAT	(14,761)	(11,593)	(3,168)	27.3%

Significant items –

- Change in fair value of other financial liabilities predominantly related to certain JV agreements in respect of the proposed merger with IDX
- Transaction costs largely relate to proposed merger with IDX, including accelerated vesting period of long-term incentive share-based payments due to change of control conditions, and other M&A activity
- Impairment of NCA relates to the impairment of certain WA clinics in 1HFY24 and closed clinic in 2HFY24
- Movement in fair value of investment and FX loss relates to investment in Enlitic

- Revenue of \$234.8m is up \$25.2m or 12.0% on pcp.
 - Full year contribution from FMIG (acquired November 2022)
 - Greenfield site contribution (Sunshine Private Hospital community-based clinic)
- Organic revenue growth 8.0% on pcp (excludes extra 4-month contribution from FMIG in FY24)
- Bulk billing revenue mix at 74%
- Total personnel costs increased by \$14.2m or 10.5% on pcp.
 - Full year costs of FMIG
 - Radiologist workforce increase to meet demand
 - Personnel cost / revenue at 63.4%, down from 64.2% pcp
- Other Operating Costs increased \$2.0m or 5.6% on pcp.
 - Medical equipment and consumable costs tracking at 6.3% of revenue consistent with 2023 full year
 - Other operating costs / revenue at 15.7%, down from 16.6% pcp
- Operating EBITDA of \$49.3m, an increase of \$9.1m or 22.6% on pcp
- Operating EBITDA margin of 21.0%, up from 19.2% pcp

Note - The prior year comparatives for depreciation and amortisation and net finance costs have been restated in FY24 in accordance with AASB16 Leases to account for a clinic lease that commenced in that period.

FY24 – CAPEX INVESTMENT

Capital Expenditure (\$000)	2024	2023
Maintenance	14,197	8,783
Growth	4,836	10,173
Total	19,033	18,956
Depreciation and amortisation	(27,062)	(24,887)

Capital expenditure predominantly consists of:

➤ Maintenance capex includes replacement of:

- 3x MRIs
- 6x CT scanners
- 10x Ultrasound

➤ Growth capex includes:

- New clinic at Sunshine Private Hospital
- 2x Ultrasound
- 1x MRI
- Unified national clinic operating system

28 MRI machines in network - 4 fully licensed, 10 partially licensed and 14 unfunded



FY24 – CASH FLOW

Key cash measures (\$000)	2024	2023	Change	% Change
Operating EBITDA	49,283	40,191	9,092	22.6%
Net cash from operating activities (excl. interest and tax)	46,349	43,223	3,126	7.2%
Capital expenditure - maintenance	(14,197)	(8,783)	(5,414)	61.6%
Lease cash payments	(14,588)	(13,945)	(643)	4.6%
Free cash flow	17,564	20,495	(2,931)	(14.3)%
Free cash flow / operating EBITDA	35.6%	51.0%		

- Strong operating EBITDA improvement on pcip
- Timing of supplier and wage payments partially offsets Operating EBITDA growth
- Maintenance capex increased due to timing of brownfield capex program to replace 3 x MRI's
- Lease cash payments increased largely due to the acquisition of FMIG combined with existing contractual increases
- Free cash flow conversion to operating EBITDA of 35.6% is lower than pcip of 51.0% due to maintenance capex investment



03. GROWTH



Outlook

FY 2025 –

- ❑ Announced proposed merger with IDX
 - Unanimously supported by Boards of both Capital Health and IDX¹
 - Subject to Court approval and shareholder vote
 - Anticipated to complete in November 2024
 - Justin Walter to fulfill Chief Integration Officer role for merged business
- ❑ Strong commitment to grow revenue and operating EBITDA driven by
 - Organic and inorganic growth initiatives
 - Investment in business systems and optimisation of communications
 - Implementation of a standard operating model to enhance scalability
 - Improvement and control of the “cost-to-serve” of the business
- ❑ Destination employer in medical imaging sector, with continuation of
 - Radiologist and specialist clinical staff recruitment and retention
 - Trainee programs and further development of a skills framework
 - Peer learning & development



¹ In the case of the Capitol Health Board, in the absence of a Superior Proposal and subject to the independent expert concluding and continuing to conclude that the proposed merger is in the best interests of Capitol shareholders

QUESTIONS?

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SIEMENS
Healthineers

OMATOM Force



04. APPENDIX

CAPITOL HEALTH
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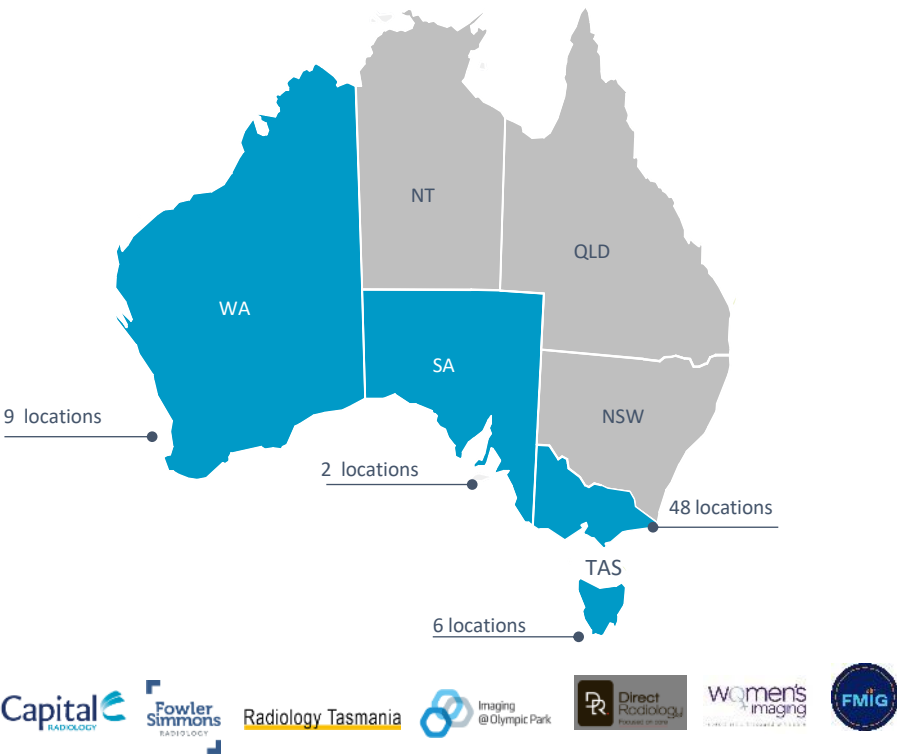


THE CAPITOL HEALTH BUSINESS

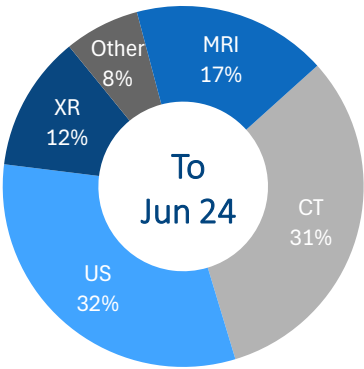
Overview

- 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 65 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 1.5 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.

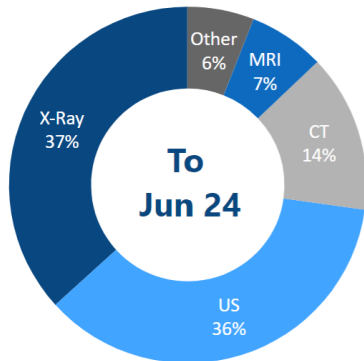
Location and Brands



12-month Revenue by Modality



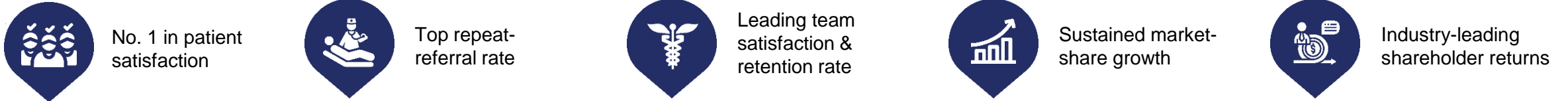
12-month Services by Modality



Our Vision:

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

Our Aspirations:



Our Values:

Patient centred

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

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

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:

Operational Excellence	Destination Employer	Next-generation Technology	First-choice Provider	Values-based Communications
<ul style="list-style-type: none">Standardised operating model as platform for organic growthValue creation through post-acquisition integrationPerformance management through business intelligence and analytics	<ul style="list-style-type: none">Employee Value PropositionClear performance & reward mechanismsFocus on professional developmentValues driven people processes	<ul style="list-style-type: none">Highly secure and effective technology modelHolistic approach to technology encompassing clinical outcomes, operational efficiency and patient experience	<ul style="list-style-type: none">Differentiated customer and marketing planFocus on and resourcing referrer relationship management including CRM implementationPatient experience management	<ul style="list-style-type: none">Coherent stakeholder communications strategyFocus on developing industry and government relationshipsIndustry thought leadership program

FY24 – BALANCE SHEET

	2024	2023
	Restated*	
	\$000	\$000
Assets		
Cash and cash equivalents	24,050	19,118
Trade and other receivables	5,147	5,985
Investments	140	103
Other assets	2,049	2,261
Total current assets	31,386	27,467
Plant and equipment	60,697	58,333
Right-of-use assets	54,273	62,338
Intangible assets	172,991	173,996
Investments	-	1,950
Other receivables	137	216
Total non-current assets	288,098	296,833
Total assets	319,484	324,300
Liabilities		
Trade and other payables	22,718	24,365
Lease liabilities	11,223	11,774
Other financial liabilities	22,986	697
Employee benefit liabilities	11,869	12,423
Income tax liabilities	2,045	1,183
Total current liabilities	70,841	50,442
Borrowings	82,800	72,800
Lease liabilities	49,939	56,800
Other financial liabilities	276	2,782
Provisions	3,462	3,331
Employee benefit liabilities	516	401
Deferred tax liabilities	987	1,810
Total non-current liabilities	137,980	137,924
Total liabilities	208,821	188,366
Net assets	110,663	135,934

*Prior period comparative information has been restated



FY24 – CASH FLOW

	2024	2023	% Change
	\$000	Restated* \$000	
Operating activities			
Receipts from customers	235,575	208,381	
Payments to suppliers and employees	(186,424)	(163,539)	
Interest received	474	292	
Interest and other finance charges on borrowings	(5,241)	(3,500)	
Interest on lease liabilities	(2,141)	(1,847)	
Income tax paid	(3,219)	(807)	
Payment of transaction costs	(2,802)	(1,619)	
Net operating cash flows	36,222	37,361	(3.1)%
Investing activities			
Purchase of plant and equipment	(17,733)	(16,842)	
Proceeds on sale of plant and equipment	43	-	
Purchase of software	(1,300)	-	
Payments for business acquisitions and investments	(871)	(45,776)	
Proceeds on sale of investment	1,318	-	
Net investing cash flows	(18,543)	(62,618)	(70.4)%
Financing activities			
Proceeds from borrowings	10,000	53,800	
Proceeds on Issue of shares	518	-	
Payment of dividends	(10,658)	(10,541)	
Payment of dividends to non-controlling interests	(160)	(170)	
Cash payment of lease liabilities	(12,447)	(12,098)	
Net financing cash flows	(12,747)	30,991	(141.1)%
Net increase in cash and cash equivalents	4,932	5,734	
Cash and cash equivalents at beginning of the financial year	19,118	13,384	
Cash and cash equivalents at end of the financial year	24,050	19,118	25.8%

*Prior period comparative information has been restated



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