

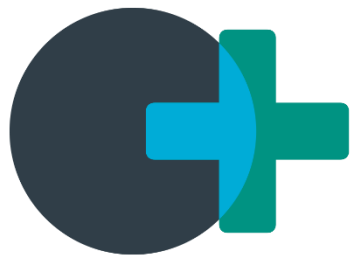


Healthia Limited
ACN 626 087 223

A circular inset image shows a male runner in a blue shirt and black shorts running up a grassy hill. The background of the slide is dark grey with a large, stylized teal cross graphic on the right side.

Financial Year 2020 Results

Highlights



Key Highlights

2020 FINANCIAL YEAR

Underlying Revenue



\$92.5m

+40.3% vs PY

Underlying EBITDA¹



\$13.2m²

+47.6% vs PY

Underlying NPATA³



\$4.6m

+36.9% vs PY

Dividend



2 cents per share
fully-franked & fully
underwritten

Capital deployed



\$18.2m

avg EBITDA multiple of
4.32x (pre-AASB16)

Cash flow conversion



113.8%

Up from 83.3% in PY

Clinics



152

+31 clinics vs PY

Clinicians



568

+122 clinicians vs PY

Clinician Retention Rate



85%

+30 bps vs PY

Operational Highlights

2020 FINANCIAL YEAR

GROWTH



- Organic growth of 5.3% (6.8% in physiotherapy and 4.5% in podiatry) ¹
- Acquired 31 allied health businesses (18 podiatry, 9 physiotherapy and 4 hand therapy)
- Increased finance facility limit from \$37.0m to \$50.0m
- Customer led expansion of iOrthotics into North America with 3D printed orthotics manufacturing laboratory

RECRUITMENT & RETENTION



- Clinician engagement strategies were refined with staff retention rates increasing to 85% (FY19: 83%)
- The clinician retention program, being local clinic ownership, was further developed and expanded which saw 25 new clinicians admitted to the program in FY20
- 45 new clinician graduates commenced with Healthia during the period

EDUCATION & DEVELOPMENT



Continued improvement and evolution of Healthia's industry leading education platform, including:

- Graduate training program (45 new clinician graduates enrolled)
- Clinical Leadership Program (33 clinicians enrolled)
- Business Leadership Program (34 clinicians enrolled)
- inaugural Healthia conference (437 team members attended)

OPERATIONAL EFFICIENCY



- Approval for an Australian government R&D grant of \$0.45M to test new 3D printable materials for the use in the production of foot orthotics
- Implementation of new, cloud-based payroll system
- Centralisation of support services, including information technology integration, for all newly acquired clinics.

Underlying Results

FINANCIAL PERFORMANCE



Healthia Limited – Underlying FY20 performance compared to Underlying FY19 performance

This table has not been audited

	30/06/2020 \$'000's	30/06/2019 \$'000's	Change \$	Change %
	Underlying ¹	Underlying ¹		
Underlying Revenue	92,493	65,929	26,564	40.3%
Underlying EBITDA ^{2,3} (removing impact of AASB16)	13,230	8,965	4,265	47.6%
Underlying net profit before income tax expense	9,239	6,196	3,043	49.1%
Underlying net profit after income tax expense	5,806	4,732	1,074	22.7%
Amortisation expense	661	395	266	67.3%
Underlying NPATA ⁴	6,467	4,337	2,130	49.1%
Non-controlling interest (NCI)	2,041	955	1,086	113.7%
Net post-tax P&L impact of AASB16 adoption	203	n/a		
Underlying NPATA attributable to the owners of Healthia Limited (removing impact of AASB16)⁵	4,629	3,382	1,247	36.9%
Underlying EBITDA margin (removing impact of AASB16) ^{2,3}	14.30%	13.60%	n/a	70 bps
Underlying NPATA margin (removing impact AASB16) ⁴	5.00%	5.13%	n/a	(13bps)
Underlying Basic EPS (cents, removing impact AASB16) ⁶	7.34	6.15	1.19	19.3%
NCI / Underlying NPATA	31.56%	22.02%	n/a	954 bps

1. Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the Consolidated Entity, in accordance with AICD/Finsia principles of recording underlying profit. Underlying profit has not been audited or reviewed.

2. Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortization.

3. FY20 Underlying EBITDA has been adjusted for the impacts of AASB16. Lease payments of \$7.84m have been included to provide users with a like for like comparison to FY19.

4. Underlying NPATA is a non-IFRS measure and equals net profit after income tax expense plus amortisation of customer list intangibles.

5. The net P&L impact of the new leasing standard, AASB16, has been added back to NPATA to provide users with a like for like comparison to FY19.

6. Underlying EPS means underlying earnings per share and is calculated as Underlying NPATA attributable to the owners of Healthia Limited divided by the weighted average number of ordinary shares on issue for the period (FY20: 63,034,653, FY19: 54,991,800).

FY20 Underlying EBITDA (removing impact of AASB16) of \$13.23M represents growth over prior period of \$4.27M or 47.6%.

The increase in Underlying EBITDA is primarily driven by the 31 acquired allied health businesses during the period compared to the timing of acquisitions made during the prior period and the 5.3%¹ organic revenue growth achieved.

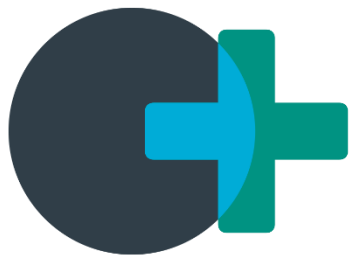
Underlying NPATA of \$4.63M represents growth over prior period of \$1.25M or 36.9%.

Underlying earnings per share attributable to the owners of Healthia Limited increased by 1.19 cents per share or 19.3% to 7.34 cents per share.

Fully franked final dividend of 2.0 cents. The dividend is fully underwritten by a Dividend Reinvestment Plan (DRP) to preserve cash reserves.

¹ Adjusted for the impacts of COVID-19 by excluding the months of April & May 2020. If included, the organic revenue growth for the Consolidated Entity for the year would have been 1.8%.

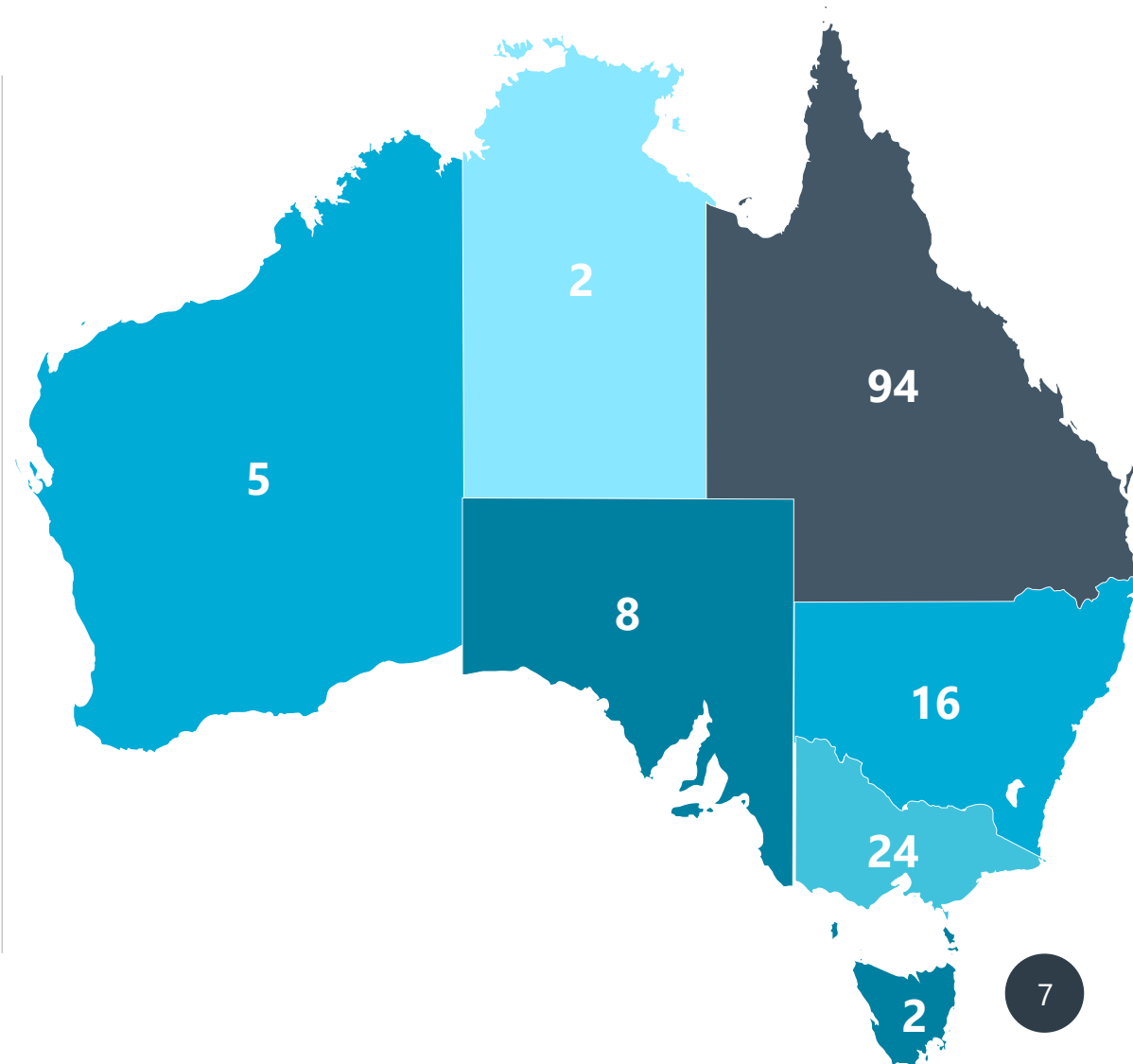
Business Overview



Business Locations

46% growth in clinic portfolio since Healthia's Initial Public Offering in September 2018

	<i>Podiatry Clinics</i>	<i>Physio- therapy Clinics</i>	<i>Hand Therapy Clinics</i>	<i>Other Business es</i>	<i>FY20 Total</i>	<i>% FY20</i>
Queensland	44	40	9	1	94	61.8%
New South Wales	9	2	4	1	16	10.5%
Victoria	23	1	-	-	24	15.8%
Tasmanian	2	-	-	-	2	1.3%
South Australia	8	-	-	-	8	5.3%
Western Australia	5	-	-	-	5	3.3%
Northern Territory	2	-	-	-	2	1.3%
United States of America	-	-	-	1	1	0.7%
FY20 - clinics	93	43	13	3	152	100.0%
IPO - clinics	72	23	7	2	104	
Change since IPO	21	20	6	1	48	
% Change since IPO	29%	87%	86%	50%	46%	



Healthia's Model

Healthia has developed a clinically focused growth model which aims to drive organic growth and clinician retention.



EXPERIENCED TEAM

- Led by founding clinicians
- Founding clinicians supported by experienced board and Senior Management team
- Board and Senior Management team have over 100 years of collective experience in running multi-location health practices



ORGANIC GROWTH

- Patient focused
- Clinician Retention Program
- Clinician Education Programs
- Clinical Advisory Committees
- Centralised support including benchmarking and coaching
- Centralised web based practice software system (Nookal)
- Targeted marketing and patient retention strategies
- Cross referrals and patient engagement strategies
- Introduction of additional services



ROLL OUT

- New multidiscipline allied health clinics and/or professional service and footwear retail clinics
- Each new clinic to be supported by demographic studies, prepared by an independent third party



VERTICAL INTEGRATION

- Healthia owns and operates an Orthotics Laboratory (iOrthotics) and an Allied Health Supplies Business (DBS Medical)
- Margin improvement from vertically integrated model
- Centralised ordering of clinical consumables and orthotic manufacturing



NEW ACQUISITIONS

- Acquisition growth driven by the fragmented nature of targeted allied health industries
- Attractive acquisition multiples ranging between 3 to 4.5 times EBITDA (pre-AASB16)

Healthia's Addressable Market

BUSINESS OVERVIEW

PODIATRY



PHYSIOTHERAPY



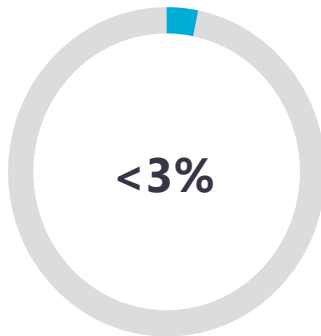
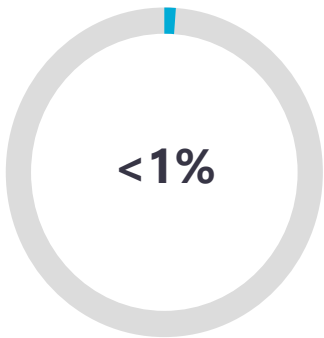
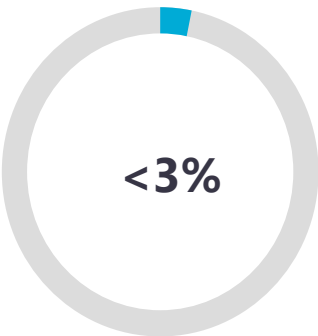
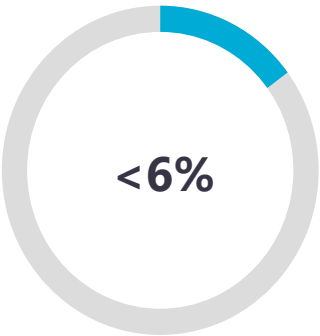
USA INSOLES MARKET



TOTAL ADDRESSABLE MARKET



HEALTHIA MARKET SHARE



*AUD, 2016-17
Source: IBISWorld Industry Report Q8539
dated December 2016

*AUD, FY17
Source: IBISWorld Industry Report
Q8533
dated February 2017

*AUD,
Source: Transparency Market
Research, "Foot Orthotic
Insoles Market - Global
Industry Analysis, Size, Share,
Growth, Trends, and Forecast,
2018-2026".

Acquisitions

CURRENT PERIOD

Healthia deployed capital of \$18.2m during the FY20 period at an average EBITDA multiple (removing the impact of AASB16) of 4.32x.

Healthia expects to deploy a minimum of \$15.0m of capital in the 2021 Financial Year on new acquisitions utilising the current finance facility headroom (\$23.3m undrawn of \$50m facility), strong operating cash flows, deferred vendor payments and clinic class shares.

Summary of Acquisitions between 1 July 2019 and 31 June 2020

This table has not been audited	<u>Consideration</u>						Effective EBITDA Multiple
	Revenue	EBITDA	Cash	Clinic Class Shares	Contingent Consideration	Total Consideration	
	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	\$'000's	
Settled							
Podiatry	8,660	2,037	7,986	401	700	9,087	4.46
Physiotherapy	10,313	2,184	4,989	2,997	1,150	9,136	4.18
Total	13,835	4,221	12,975	3,398	1,850	18,223	4.32

Healthia is pleased to announce that it has entered into agreements to acquire 3 additional physiotherapy clinics in Queensland and 1 additional podiatry clinic in South Australia, with customary conditions precedent including due diligence and assignment of property leases. Consideration for the acquisitions is \$5.05M including \$4.01M in cash consideration and \$1.04M in clinic class share consideration.

These clinics are expected to contribute Revenue and EBITDA (less lease payments or pre-AASB 16 change) of \$5.58M and \$1.16M respectively on a pro-forma basis. These acquisitions are expected to be completed on or around 15 October 2020.

A woman in a teal t-shirt and grey leggings is running on a sandy beach. In the foreground, a young girl in a bright pink tank top and black leggings is also running on the sand, away from the camera. The ocean and a clear sky are in the background.

Outlook

BUSINESS OVERVIEW

Providing a safe environment for our patients and team members is a priority. We will continue to take preventative measures against the spread of COVID-19, with the implementation of comprehensive internal policies and procedures to protect our patients and team members against the spread of COVID-19, including a range of workplace preventative health and safety measures.

Healthia owns and operates 24 allied health clinics in Victoria. The geographical diversification of Healthia's portfolio (84% of Healthia's clinics are outside of Victoria) has meant that the overall impact on its trading during July and August 2020 has been immaterial to date.

As the allied health industries emerge from the COVID-19 pandemic, we expect increased acquisition enquiries as industry participants place greater value on the support and stability that a larger group such as Healthia can offer.

We expect to deploy a minimum of \$15m of capital for the acquisition of new allied health businesses over the next 12 months, utilising a combination of the undrawn debt amount, future operating cash flow and clinic class shares to fund these acquisitions.

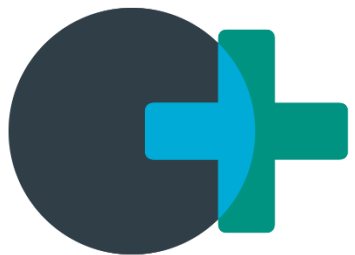
Multidisciplinary allied health clinic to open in Bundaberg in October 2020.

Relocation of My FootDr podiatry clinic in Brisbane CBD to a new multi disciplinary allied health clinic location in August 2020.

Healthia will continue to focus on its 4-tiered strategy being:

1. patient focused outcomes;
2. organic growth;
3. future accretive acquisitions; and
4. vertically integrated businesses units.

Appendices



Corporate History

Partnership established between reputable allied health clinics which have operated over a long period of time.



Founded in 1992 by Tony Ganter & Lisa Roach, the Allsports group began in Brisbane.

1992



Founded in 2001 by Glen Evangelista and Dean Hartley, the Balance Podiatry group began in Mackay Qld.

2001



2004

Founded in 2004 by Greg Dower and Darren Stewart, the My FootDr group began in Bulimba, Brisbane.



Glen Evangelista & Dean Hartley establish iOrthotics in Mackay, Qld.

2009



2016

PODIATRY EXPANSION

Balance Podiatry grows to 12 Podiatry Clinics and Shoe Stores

My FootDr grows to 19 clinics

The 2 podiatry groups merge & new branding is launched.



2018

HEALTHIA IPO

Upon listing, Healthia owned and operated 72 podiatry clinics, 23 physiotherapy clinics, 7 speciality hand therapy clinics, an orthotics laboratory and 75% of an allied health supplied business



Statutory Results

APPENDICES

Healthia Limited - Statutory Financial Performance

	30/06/2020 \$'000's	30/06/2019 \$'000's	Change \$'000's	Change %
Revenue & Other Income	96,366	65,929	30,437	46.2%
Net profit before income tax expense	7,253	983	6,270	637.8%
Net profit after income tax expense	5,148	(283)	5,431	n/a
Non-controlling interest (NCI)	2,457	955	1,502	157.3%
NPAT attributable to the owners of Healthia Limited	2,691	(1,238)	3,929	n/a
NPAT margin	2.79%	(1.9%)	4.67%	467 bps
EPS (cents) ¹	4.27	(2.25)	6.52	n/a

1. EPS means earnings per share and is calculated as NPAT attributable to the owners of Healthia Limited divided by the weighted average number of ordinary shares on issue for the period (FY20: 63,034,653, FY19: 54,991,800).

Total income for the period (Revenue plus Other Income), increased by \$30.44M or 46.2%, over prior period.

Statutory FY20 NPAT margin of 2.79% represents an increase of 467 bps over the prior period.

Both periods have been affected by significant non-recurring costs. In particular, acquisition and integration costs of \$2.67 million (FY19: \$4.73 million) were incurred during the period.

Reconciliation to Statutory

APPENDICES

A reconciliation of Underlying NPATA and EBITDA to Statutory NPAT and EBITDA is presented to the right.

Full reconciliation to be found at Table 5 on page 11 of the Healthia's FY20 Annual Report

Further commentary on the adjustments can also be found in the Review of Operations section contained within Healthia's FY20 Annual Report.

Reconciliation of Underlying NPATA & EBITDA to Statutory NPAT & EBITDA

This table has not been audited

30/06/2020

30/06/2020

\$'000's

\$'000's

NPATA ₁

EBITDA ₂

Underlying NPATA attributable to the owners of Healthia Limited (removing the impact of AASB16) ₁	4,629	
Underlying EBITDA (removing the impact of AASB16) ₂		13,230
Less: Acquisition & one-off costs	(2,666)	(2,666)
Less: COVID-19 related expenses	(1,920)	(1,920)
Less: NCI attributed to Jobkeeper	(416)	n/a
Less/Plus: Impact of AASB16	(290)	7,836
Less: Share-based payments expense and associated costs	(249)	(249)
Less: Bad debt expense	(160)	(160)
Less: Loss from insurance write-off	(88)	(88)
Less: Amortisation	(661)	n/a
Plus: Income from JobKeeper	3,758	3,758
Plus: Net tax benefit	753	n/a
Statutory NPAT attributable to the owners of Healthia Limited	2,691	
Statutory EBITDA ₂		19,741

1. Underlying NPATA is a non-IFRS measure and equals net profit after income tax expense plus amortisation of customer list intangibles. Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the consolidated entity, in accordance with AICD/Finsia principles of recording underlying profit. Underlying NPATA has not been audited;

2. Underlying EBITDA is a non-IFRS measure and equals earnings before interest, tax, depreciation and amortisation

Other Financial Information

APPENDICES

Underlying cash flow conversion for period ended 30 June 2020

This table has not been audited

	30/06/2020	30/06/2019
	\$'000's	\$'000's
Underlying EBITDA ^{1,2}	13,230	8,965
Changes in working capital	(1,831)	1,500
Underlying Operating Cash Flows (pre-tax, ungeared) ³	15,061	7,465
Conversion (%)	113.8%	83.3%

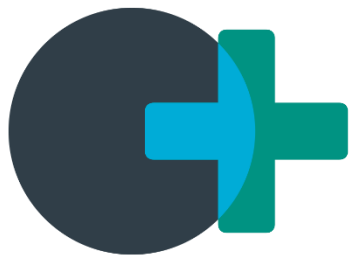
1. Underlying profit reflects statutory profit as adjusted to reflect the Directors' assessment of the result for the ongoing business activities of the consolidated entity, in accordance with AICD/Finsia principles of recording underlying profit. Underlying profit has not been audited or reviewed

2. Underlying EBITDA excludes the impact from the adoption of AASB16 on lease payments of \$7.84M

3. Underlying operating cash flows (pre-tax, ungeared) reflects statutory operating cash flows less lease payments of \$7.84M and before finance costs and tax and excludes the impact non-recurring costs, such as acquisition and integration costs (\$2.67M)

Strong underlying cash flow to underlying EBITDA (removing the impact of AASB 16) conversion of 113.8% during the period (FY19: 83.3%).

Board and Management Team



Board of Directors

APPENDICES



GLEN RICHARDS

Non-Executive Chair

Dr Richards has over 29 years of experience in the retail and professional services sectors with extensive operational experience in fast growing companies, especially in health care and allied health sectors. Dr Richards was the founding Managing Director of Greencross Limited and Co-Founder of Mammoth Pet Holdings Pty Ltd, prior to its merger with Greencross Limited in 2014. He is currently Chairman of People Infrastructure Ltd and Cardionexus Pty Ltd and Adventure Holdings Australia Pty Ltd. Dr Richards is also a shareholder, advisor and mentor to a number of innovative technology companies.



PAUL WILSON

Non-Executive Director

Paul was a co-founder, director and shareholder of Mammoth Pet Holdings Pty Ltd (Pet Barn) prior to the merger with Greencross Limited.

Prior to founding Mammoth, Paul was the Chief Operating Officer of ShopFast, Australia's largest online grocery retailer (sold to Coles in 2003).

Paul has worked in the retail industry for 26 years with roles including, General Manager of Caltex/Boral JV, Vitalgas.



LISA DALTON

Non-Executive Director

Lisa is an experienced director, senior executive and company secretary with expertise in the healthcare, medical, utilities, manufacturing, childcare, energy, mining and construction sectors.

Lisa has experience in leading teams responsible for strategy, governance, risk management, human resources, communication, stakeholder relations and program management. Lisa has participated in 4 successful ASX listings in the past 5 years.

Lisa has strong practical experience in fit for purpose governance, risk management, strategic planning and motivating teams to find solutions to complex issues.



WES COOTE

Group MD & CEO

Wesley is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Prior to Greencross, Wesley worked in Chartered Accounting where he provided businesses advice within the health sector, property sector and financial services industry.

Wesley holds a Bachelor of Commerce from the University of Queensland and is a member of the Institute of Chartered Accountants, as well as a member of the Governance Institute of Australia.

Wesley joined the Group in December 2015.



TONY GANTER

Group COO

Tony has over 25 years' experience in the management and operation of private physiotherapy and sports medicine clinics and high-performance medical teams in professional sport. He possesses knowledge of the professional, administrative and management skills required to operate physiotherapy and sports medicine centres.

Tony remains active as a treating physiotherapist which enables him to keep in touch with the challenges of both professional health care and clinic ownership.

He has a strong commitment to the ongoing creation of varied career journeys for physiotherapists.



DARREN STEWART

Executive Director

Darren is a registered podiatrist and in 2004 co-founded the My FootDr Business with Greg Dower. The two had grown the group to 13 clinics by December 2015.

In 2015, Darren and Greg saw the opportunity to grow their network of Clinics through the acquisition of well-established podiatry clinics. Before merging with Balance Podiatry Group in December 2016, they had grown the network to 19 clinics.

Darren provides strategic leadership and direction to the My FootDr Business.

Senior Management

APPENDICES



WES COOTE

Group MD & CEO

Wesley is the former Chief Financial Officer and Company Secretary of Greencross Ltd. Prior to Greencross, Wesley worked in Chartered Accounting where he provided businesses advice within the health sector, property sector and financial services industry.

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He has a strong commitment to the ongoing creation of varied career journeys for physiotherapists.



CHRIS BANKS

CFO & Company Secretary

Chris has over a decade of professional experience across finance and strategy.

Chris has previously worked for KPMG, Ernst & Young and the Bank of Queensland and has broad commercial experience across finance, strategy and mergers & acquisitions.

Chris holds a Bachelor of Commerce and Economics, Masters of Applied Finance and is a member of the Institute of Chartered Accountants.

Chris joined the Group in July 2017.

Disclaimer

FUTURE STATEMENTS

Except for historical information, there may be matters in this publication that are forward-looking statements. Such statements are only predictions and are subject to inherent risks and uncertainty. Forward-looking statements, which are based on assumptions and estimates and describe the Company's future plans, strategies, and expectations are generally identifiable by the use of the words 'anticipate', 'will', 'believe', 'estimate', 'plan', 'expect', 'intend', 'seek', 'forecast', 'budget' or similar expressions. Readers are cautioned not to place undue reliance on forward-looking statements. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties both general and specific that contribute to the possibility that predictions, forecasts, projections and other forward-looking statements will not occur. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions and prevailing exchange rates and interest rates. Actual performance or events may be materially different from those expressed or implied in those statements.

All forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by the cautionary statements in this section.

Except as expressly required by the Act, the Company undertakes no obligation to publicly update or revise any forward-looking statements provided in this publication whether as a result of new information, future events or otherwise, or the risks affecting this information.

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