

ASX ANNOUNCEMENT

25 February 2020

## Results for Half-Year Ended 31 December 2019

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) today releases its Appendix 4D Half-Year Report and Results for the period 1 July 2019 through 31 December 2019.

### Highlights

- 11% growth in revenue to \$80.6m vs pcp (+\$8.2m)
- 15% growth in underlying EBITDA (excluding impact of AASB 16) to \$13.7m vs pcp (+\$1.8m)
- 20% uplift in underlying NPAT to \$3.6m vs pcp (+\$0.6m)
- Organic growth initiatives delivering 4% revenue growth in 1H FY20
- Reset the Company's vision, values and strategy to deliver growth over the next three years
- Development of an acquisition and greenfield pipeline
- Further investment in Enlitic AI and establishing a deployment plan to introduce to several sites
- Interim dividend payment maintained at 0.5 cps fully franked

### Profit and Loss summary ( excluding AASB16)

\$m	1H FY19	1H FY20	Growth	% Growth
Revenue	72.4	80.6	8.2	11%
<b>Underlying EBITDA</b>	<b>11.9</b>	<b>13.7</b>	<b>1.8</b>	<b>15%</b>
<i>Underlying EBITDA Margin</i>	<b>16.4%</b>	<b>17.0%</b>	<b>0.6%</b>	<b>3.6%</b>
Enlitic Writeback	(8.9)	-		
Transactions costs	2.1	0.5		
Restructure Costs	-	1.2		
EBITDA	18.6	12.0		
Depreciation & Amortisation	4.3	5.9		
Finance Costs	0.8	1.1		
Tax	1.6	1.4		
NPAT	11.9	3.6		
Remove Enlitic Impact	(8.9)	-		
<b>Underlying NPAT</b>	<b>3.0</b>	<b>3.6</b>	<b>0.6</b>	<b>20%</b>

## Commentary on Results

Capitol Health today reported a statutory half-year result to 31 December 2019, delivering revenue of \$80.6m (up \$8.2m or ~11% compared to prior period) and underlying EBITDA of \$13.7m (up \$1.8m or ~15% compared to prior period). Interim 2020 fully franked dividend was maintained at 0.5 cps after the company paid a total dividend of 1.0 cps for FY19. The Company delivered improved net cash from operations of \$11.3m, up 47% on prior corresponding period.

Capitol Health's Managing Director Justin Walter said: "Capitol Health has produced a solid half year financial result, driven by organic growth initiatives and in line with our expectations. We have also reset our vision, purpose, values and three-year strategy to capture future growth opportunities.

The first increase in Medicare rebates for diagnostic imaging services for over 20 years is planned to be introduced on 1 July 2020, which will have a positive impact on the Group's revenue given approximately 80% of all services are bulk-billed. In light of this, and with market growth expected to return to longer term average driven by fundamentals of demand, priority is being given to the development of a rolling greenfield / brownfield pipeline to build momentum over the next three years. To realise the Company's potential within this favourable environment, the Company continues to enhance its' alignment of staffing resources with patient demand. This will be managed through the investment in new business intelligence software and systems across all 63 clinics nationally. We will also add to the strength of our management team to support our valued clinicians and staff.

Further to the additional investment in Enlitic Inc in September 2019, the Company remains a major shareholder. We are pleased with the technology advancements Enlitic is achieving as it moves forward with its beta deployment and planning to obtain necessary regulatory registrations and approvals. Enlitic is a world leading medical artificial intelligence company over which the Company holds exclusive rights in the Australian market which will provide a significant point of difference for patients, clinicians and referrers. Deployment into additional Capital Radiology sites is being planned for 2020.

The Company has developed an acquisition pipeline and announced the purchase of 90% of Fowler Simmons Radiology in January 2020. The acquisition of this highly regarded musculoskeletal imaging centre is aligned with the Company's recently released strategic plan for long-term organic growth and expanding its network of high-quality community imaging centres nationally. The transaction will be completed by April 2020 subject to satisfaction of customary conditions."

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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.