

HY FY24 RESULTS

Year Ended 31 December 2023

Justin Walter – Chief Executive Officer & Managing Director
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CAPITOL HEALTH
LIMITED



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01. HIGHLIGHTS



HY FY24 RESULTS SUMMARY

REVENUE

\$117.8m

Up 20.1% pcp

OPERATING EBITDA *

\$23.9m

Up 21.4% pcp

OPERATING EBITDA MARGIN *

20.3%

Up from 20.1% pcp

FREE CASH FLOW

\$0.3m

Down 96.1% pcp

NET DEBT / LTM OPERATING EBITDA

2.1x

INTERIM DPS

0.5 cps

Fully franked

* 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

HY FY24 HIGHLIGHTS

Financial Highlights

- Revenue from operations of \$117.8m up \$19.7m or 20.1% over pcp
- Revenue from operations excluding FMIG increased 9.5% over pcp
- Total Operating Costs up 19.7% on pcp to \$93.8m
- Operating EBITDA increased by 21.4% on pcp from \$19.7m to \$23.9m
- Operating Margin of 20.3% is up from 20.1% pcp
- Sale of Enlitic investment realised \$1.3m cash with fair value adjustment of \$0.6m to decrease the carrying value at time of sale.
- Net Debt is 2.1x annualised Operating EBITDA following capex program including establishment of Sunshine Private Hospital clinic, expansion of MRI services and replacement of 3 MRI machines across the fleet increasing MRI capability
- Interim dividend FY24 maintained at 0.5 cents per share fully franked



HY FY24 HIGHLIGHTS

Delivered on Strategic plan:

- Group expansion with FMIG now fully integrated into the Capitol network and performing to expectations

Operational Excellence:

- Our new MRI comprehensive clinic in Melbourne, at the Sunshine Private Hospital was opened early July-23
- Closure of small unprofitable clinics and cessation of low margin services
- Growth opportunities with replaced MRIs – Dandenong, FSR and St Albans FMIG.

Next-Generation Technology

- National unified clinic operating system is now under-way, enhancing patient and referrer experience.

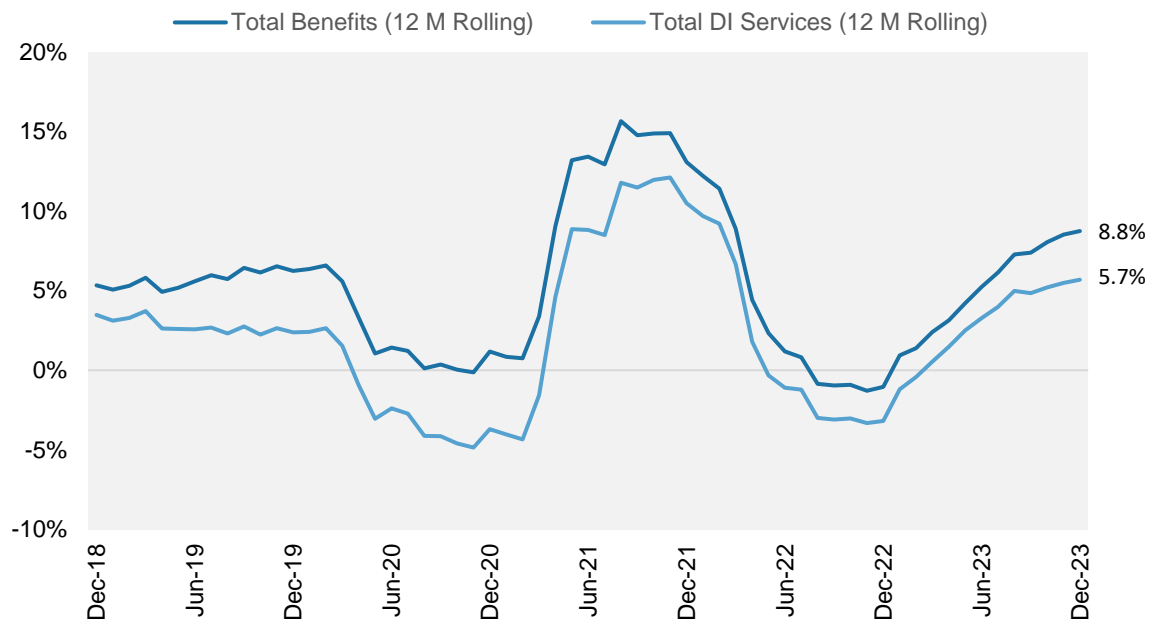
Destination employer:

- Radiologist recruitment continues with;
 - 6 new radiologists onboarded
 - 2-year pipeline of potential recruits maintained
- Clinic workforce stable with low clinician attrition rates, while non-clinical staff attrition trending back towards historical levels.
- National in-house training program for sonographers expanded with 21 trainees recruited



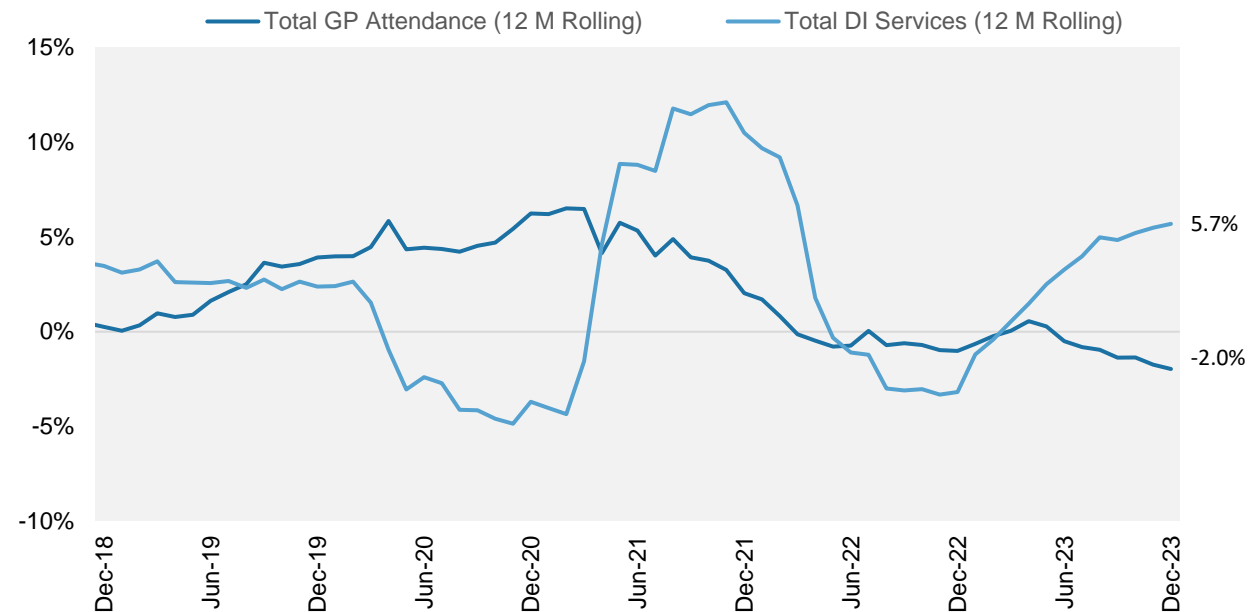
HISTORICAL INDUSTRY GROWTH PROFILE

DI Services and Benefits – CAJ States¹



- Demand for DI services returning as previous pandemic impacts roll off.
- 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 historical trend of 4-6%.
- Rolling 12-month growth rate in GP attendances remains constrained

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



HY FY24 – OPERATING RESULTS

Operating EBITDA reconciliation (expressed in \$000)	HY24	HY23	Change	% Change
Revenue	117,761	98,068	19,693	20.1%
Wages, Contractor Costs, Salaries	(74,547)	(62,242)	(12,305)	19.8%
Other Operating Costs	(19,264)	(16,099)	(3,165)	19.7%
Operating EBITDA	23,950	19,727	4,223	21.4%
<i>Operating EBITDA Margin</i>	<i>20.3%</i>	<i>20.1%</i>	<i>0.2%</i>	<i>1.1%</i>
Investments' movement in fair value	(571)	(18,236)	17,665	-96.9%
Transaction and restructure costs	(236)	(1,291)	1,055	-81.7%
Financial liabilities' movement in fair value	(217)	348	(565)	-162.4%
Impairment of non-current assets	(1,830)	(789)	(1,041)	131.9%
Unrealised foreign exchange gain/(loss)	(60)	323	(383)	-118.6%
Profit before Finance Costs, Inc Tax, Dep. and Amort.	21,036	82	20,954	25658.2%

- Revenue of \$117.8m is up \$19.7m or 20.1% over pcp.
 - HY23 included national day of mourning additional public holiday and FMIG acquisition Nov22.
 - Closure of small non profitable sites / modalities
 - FMIG Footscray clinic impacted by neighbouring fire event in Feb-23. Clinic reopened in Sep-23.
- Bulk billing revenue mix at 74%
- Wages, Contractor Costs, Salaries increased by \$12.3m or 19.8% over pcp.
 - Normalising for 4 additional months of FMIG acquisition
 - Radiologist workforce increase to meet demand
- Other Operating Costs increased \$3.2m or 19.7% over pcp.
 - Medical equipment and consumable costs up \$2.1m on pcp but tracking at 6.3% of revenue consistent with 2023 full year
- Operating EBITDA of \$23.9m, an increase of \$4.2m or 21.4% on pcp
- Operating EBITDA margin of 20.3%, up from 20.1% pcp
- Transaction and restructure costs largely relate to the acquisition of FMIG
- Investments' movement in fair value of \$0.6m and unrealised foreign exchange gain of \$0.1m is in relation to Enlitic.
- Impairment of NCA relates to the impairment of certain WA clinics
- The prior year comparatives for Right-of-use assets and Lease Liabilities were restated in accordance with AASB16 for a clinic lease that was finalised post balance date.



HY FY24 – CAPEX INVESTMENT

Capital Expenditure (expressed in \$000)	HY24	FY23
Maintenance	11,038	8,783
Growth	1,597	10,173
Total	12,635	18,956

Depreciation & Amortisation	(13,599)	(24,747)
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- Maintenance CAPEX broadly consists of:
 - 3 MRIs (Dandenong, FSR and St Albans FMIG) of \$5.3m
 - 4 CT scans (Footscray, St Albans and IOP and Sydenham) of \$1.7m
 - Minimal other maintenance capex as asset utilization and services are reviewed
- Growth CAPEX primarily driven by final investment amounts in Sunshine Private Hospital and Hoppers Crossing FMIG
- MRI services now total 28 - with 4 full licenses, 10 partial licenses and 14 unfunded
- Depreciation and Amortisation due to FMIG acquisition (assets and intangibles) and brownfield investment program



HY FY24 – CASH FLOW

Key Cash Measures (expressed in \$000)	HY24	HY23	Change	% Change
Operating EBITDA	23,950	19,727	4,223	21.4%
Net Cash from Operating activities (excluding int. and tax)	19,073	18,525	548	3.0%
Capital expenditure - Maintenance	(11,038)	(4,205)	(6,833)	162.5%
Lease cash payments	(7,720)	(6,218)	(1,502)	24.2%
Free Cash Flow	315	8,102	(7,787)	-96.1%
Free Cash Flow / Operating EBITDA	1.3%	41.1%		

- Strong operating EBITDA improvement offset by inflationary pressures on supplier costs and increased wages
- Maintenance capex increased due to timing of brownfield capex program to replace 3 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 1.3% is down on pcp of 41.1%



03. GROWTH



Growth Initiatives Update

FY24 Feb YTD organic revenue growth 10.2% (ex FMIG).

- Additional MRI added to Hoppers Crossing clinic in late FY23 driving growth
- Steady return towards long term industry growth rates
- Closure of one unprofitable small clinic & teleradiology service

Successful Radiologist recruitment and pipeline, with 6 new radiologists onboarded YTD

Expansion of the Trainee Sonographer program and implementation of a skills framework

External procurement review identified further efficiencies within opex cost base with some in year opportunities

The FMIG acquisition continues to perform strongly and has been integrated

The new Sunshine Private Hospital clinic in Melbourne performing strongly

An additional MRI planned for the network in Q4

Continuing to deliver upon initiatives of;

- Organic revenue via brownfield developments
- aligning labour resources to patient demand
- cost to serve review of clinics
- standard operating model

Key strategic initiative continues to unify clinic operating system nationally

We are experiencing a steady return to long term industry growth rates



QUESTIONS?

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04. APPENDIX

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THE CAPITOL HEALTH BUSINESS

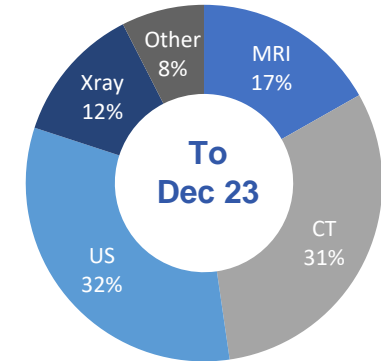
Overview

- 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 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.

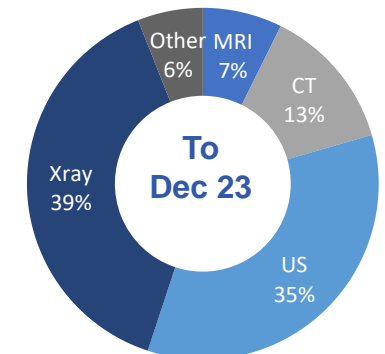
Location and Brands



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:

 <p>No. 1 in patient satisfaction</p>	 <p>Top repeat-referral rate</p>	 <p>Leading team satisfaction & retention rate</p>	 <p>Sustained market-share growth</p>	 <p>Industry-leading shareholder returns</p>
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Our Values:

<p>Patient centred</p> <p>We create positive patient experiences. We listen with respect, inform with empathy and involve patients in their care</p>	<p>One Team</p> <p>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</p>	<p>Integrity</p> <p>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</p>	<p>Excellence</p> <p>Together we pursue excellence – in outcomes and experience for our patients, referrers and community. We utilise the best technology to deliver timely, precise results</p>	<p>Community focused</p> <p>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</p>
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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 growth Value creation through post-acquisition integration Performance management through business intelligence and analytics 	<ul style="list-style-type: none"> Employee Value Proposition Clear performance & reward mechanisms Focus on professional development Values driven people processes 	<ul style="list-style-type: none"> Highly secure and effective technology model Holistic approach to technology encompassing clinical outcomes, operational efficiency and patient experience 	<ul style="list-style-type: none"> Differentiated customer and marketing plan Focus on and resourcing referrer relationship management including CRM implementation Patient experience management 	<ul style="list-style-type: none"> Coherent stakeholder communications strategy Focus on developing industry and government relationships Industry thought leadership program

HY FY24 – BALANCE SHEET

	HY24	FY23
Current Assets		
Cash and cash equivalents	19,865	19,118
Trade and other receivables	4,684	5,985
Investments	90	103
Other assets	3,457	2,261
Total Current Assets	28,096	27,467
Non-Current Assets		
Plant and equipment	63,263	58,333
Right-of-use assets	56,713	62,338
Intangible assets	172,502	174,179
Investments	5	1,950
Other receivables	177	216
Total Non-Current Assets	292,660	297,016
Total Assets	320,756	324,483
Current Liabilities		
Trade and other payables	20,179	24,548
Lease liabilities	10,295	11,774
Other financial liabilities	-	697
Employee benefit liabilities	11,738	12,423
Income tax liabilities	1,787	1,183
Total Current Liabilities	43,999	50,625
Non-Current Liabilities		
Borrowings	82,800	72,800
Lease liabilities	52,562	56,800
Other financial liabilities	2,825	2,782
Provisions	3,138	3,331
Employee benefit liabilities	715	401
Deferred tax liabilities	1,276	1,810
Total Non-Current Liabilities	143,316	137,924
Total Liabilities	187,315	188,549
Net Assets	133,441	135,934



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