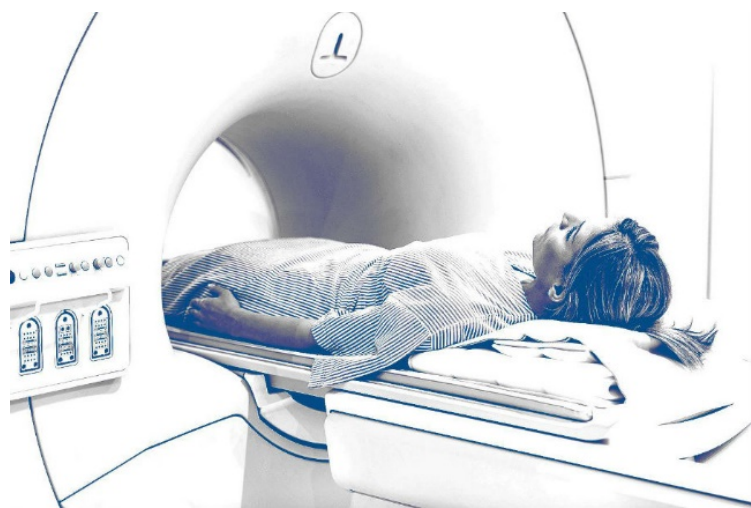


FY 2018 Results

Period Ending 30 June 2018



Andrew Harrison
Managing Director

28 August 2018

CAPITOLHEALTH
LIMITED

Key Achievements over the past 12 months

- ✓ Increase in underlying EBITDA YOY 9% (+\$2.0m)
- ✓ Significant lift in underlying EBITDA margins 19%
- ✓ Strong Balance sheet net cash \$8m at balance date
- ✓ New senior funding package from NAB in place
- ✓ Driving acquisitive growth
 - ✓ Total Purchase Consideration \$50.0m
 - ✓ Revenue Acquired \$36.0m
 - ✓ Underlying EBITDA acquired \$7.5m (avg multiple 6.7 x)
 - ✓ Across Vic, Tasmania and WA
- ✓ Continued focus on clinicians
 - ✓ long-standing Medical Advisory Committee involved in key decisions
 - ✓ Doctor option incentive scheme ~3.5% of company
- ✓ Continued payment of dividends
- ✓ Strong growth in market capitalisation



Financial Performance – FY18

- Operating revenue of \$129.1m
- Operating Revenue from continuing operations of \$118.3m (up 10.2% or \$10.9m on FY17)
- Underlying radiology EBITDA of \$24.2m (before ISI)
- Increase in underlying EBITDA margins to 19%
- Declared full year dividend of 0.4 cps fully franked (Total dividend for FY18 0.8 cps)
- Transaction and takeover costs \$4.4m (Takeover costs \$2.7m)
- Non Cash Impairment of ENLITIC investment (\$14.9m)
- Acquisitions accounted for 6.1% revenue growth. Balance of growth slightly below ¹Medicare.
- High borrowing costs reduced with FY18 bond repayment

PROFIT & LOSS SUMMARY^{1, 2}

	FY18 (\$m) ³	FY17 (\$m) ³
Revenue	129.1	162.5
Underlying EBITDA	24.2	22.2
Net ISI	(19.9)	(10.2)
EBITDA after ISI	4.3	12.0
Borrowing Costs	(6.4)	(7.0)
Depreciation & Amortisation	(6.9)	(8.4)
NPBT	(9.0)	(3.4)
Tax	(1.9)	(0.7)
NPAT	(10.9)	(4.1)

¹ Abridged summary prepared for comparative purposes; refer to Annual Report for statutory detail

² Figures rounded to nearest \$100k; sums subject to rounding differences

³ Sum of continuing and discontinued operations

¹ Medicare DI receipts for 12 months to June 2018 in Victoria and Tasmania were 6.1%

Financial Performance – FY 2018

Balance Sheet summary ^{1,2}		
	FY18 (\$m)	FY17 (\$m)
Cash	12.1	18.2
PP&E	30.1	23.2
Other	9.6	109.8
Intangibles	77.1	53.2
Total Assets	128.9	204.4
Loans & Borrowings	4.0	59.7
Other	23.0	25.7
Total Liabilities	27.0	85.4
Net Assets	101.9	119.0
<i>Net Cash / (Debt)</i>	8.1	(41.5)

- Net Cash at balance date \$8m (net cash post balance date acquisitions of \$8m)
- NAB senior facility up to \$130m in place
- Non Cash Impairment of ENLITC investment of \$14.9m. In process of raising capital and refinancing
- Substantial acquisition and growth capacity

¹ Abridged summary prepared for comparative purposes; refer to Half-year Report for statutory detail

² Figures rounded to nearest \$100k; sums subject to rounding differences

Borrowing Costs & Capex

Borrowing Costs

FY18	\$M
Borrowing Costs	\$6.4
<i>Comprised of:</i>	
Note Interest @ 8.25%	\$3.8
Redemption Penalty 3%	\$1.5
Lease Interest	\$0.2
Other Bank Interest & Fees	\$0.9

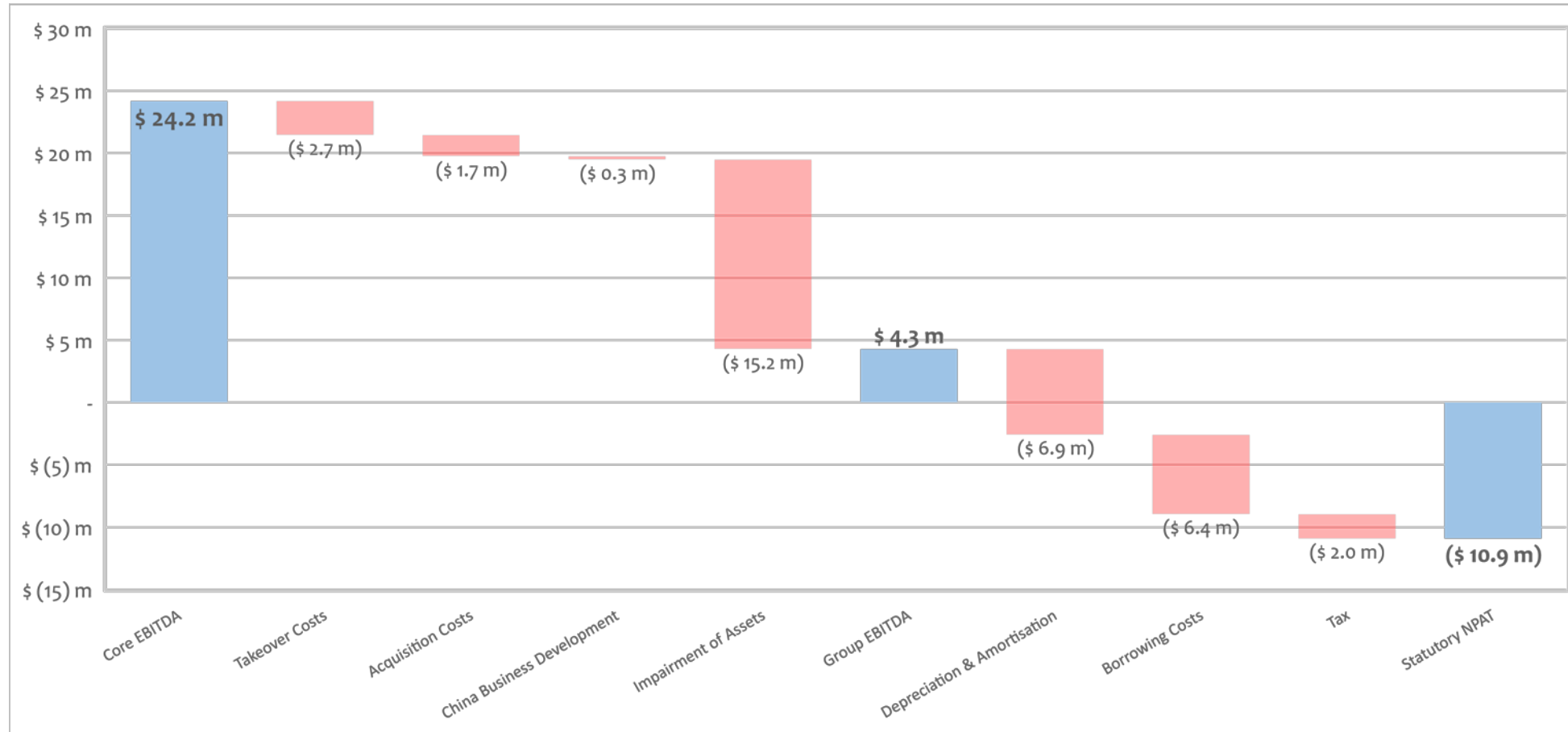
- FY19 currently budgeting less than \$2m in interest costs
- Senior debt refinanced ~ 30 bps less expensive than former facility

Capex

Capex		
	FY19 (\$m) F	FY18 (\$m)
Maintenance	6.6	5.0
Growth	8.9	1.2
Total	15.6	6.2
Depreciation	8.4	6.2

- Focus in FY19 on revenue growth through;
 - Investment in new modalities in existing clinics
 - MRI, CT, Breast Tomo
 - Greenfield site development
 - 3 new clinics
 - Investment in IT and Systems

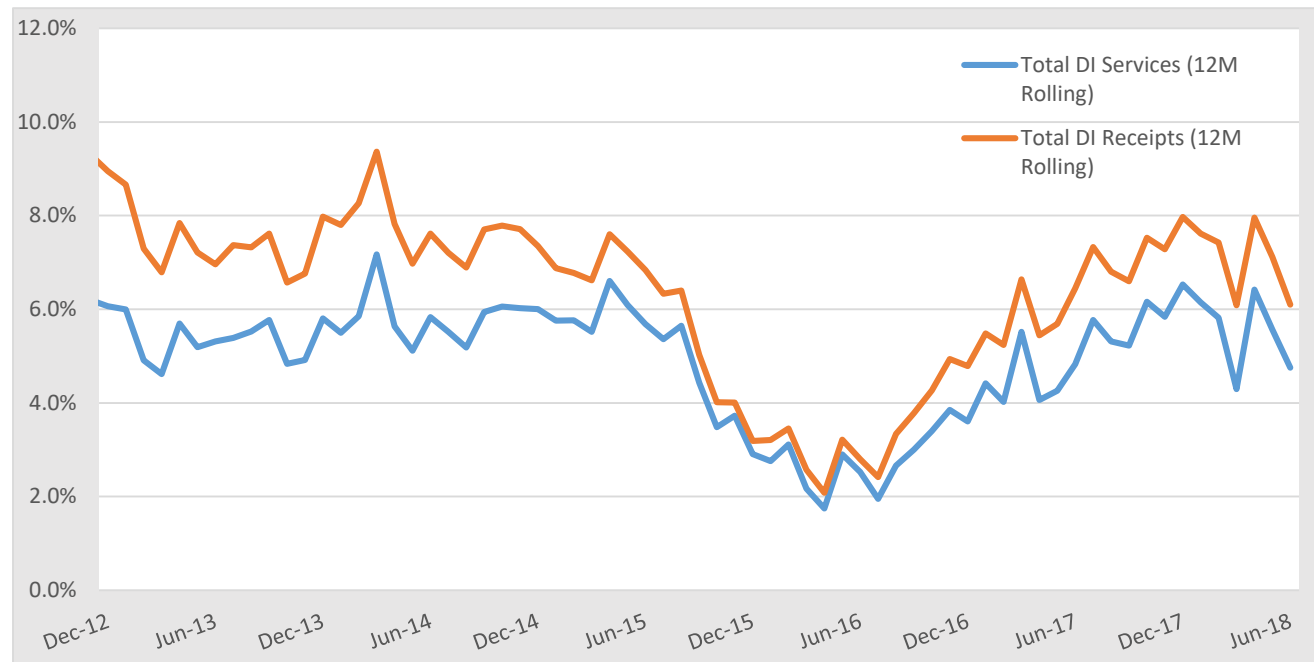
Bridge from Underlying to Statutory Results (FY18)



Market Outlook

- Continued underlying growth in market – receipts 6.1%, services 4.8%
- Market expected to continue to grow in the range during FY19

DI Services and Revenues 12M Rolling Growth Rates

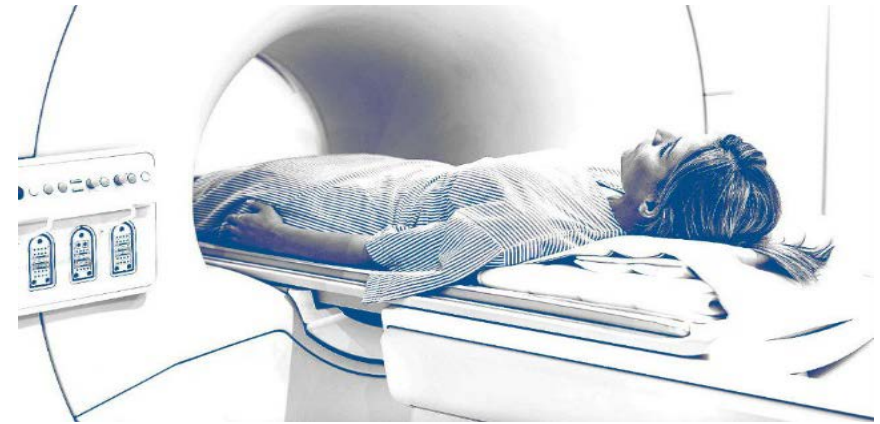


Source: Medicare in Victoria and Tasmania

Guidance FY19

A \$m	FY19 Guidance
Revenue Range	148 – 155
Underlying EBITDA Range	29 – 31

- Maintain underlying EBITDA margins 19% - 20%
- Interest costs to fall ~ \$2m budgeted
- Assumptions:
 - Capex of \$15m (comprised of \$8.9m growth \$6.6m of maintenance) 3 new clinic openings
 - Pipeline of new acquisitions not included in guidance



Capital Management

- Drive to increase EPS – combination of potential acquisitions & capital management
- Pipeline of acquisitions well progressed
- Share buy back an alternative to drive EPS growth in absence of opportunity to acquire and share price not reflective of value
- Current intention to create increasing dividend stream
- Current franking account balance of approximately \$9.1m

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