1H 2020 Results

Half year ended 31 December 2019

26 February 2020

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1H 20 overview

GROUP	PATHOLOGY	IMAGING	MEDICAL CENTRES
✓ Strategic review identified key long-term growth opportunities and portfolio simplification to maximise shareholder value ✓ Organisational redesign delivering simplified Group management	✓ Strong revenue growth from a mix of volume and fees, underpinned by strong Q1 flu season	✓ Good revenue growth underpinned by ramp-up of NBH[2] and ADF[3] Health Services contracts	✓ Investment for long-term growth with quality offerings. Strong 2H 2019 demonstrating uplift achievable from Project Leapfrog ✓ 1H 2020 benefits of good GP recruitment and patient demand temporarily offset by service fee pressure, higher than expected retirements, and productivity dip from system integration
✓ Sustainable Improvement Program savings offsetting cost inflation with progressive improvements ✓ Rationalisation of non-underlying spend in train	✓ EBIT growth nearly double revenue growth with cost savings from the Sustainable Improvement Program	✓ EBIT growth of 16% on revenue growth of 5% with cost savings from the Sustainable Improvement Program	✓ Focus on service fees through tempering of GP recruitment targets ✓ Immediate initiatives include improving service levels to GPs, filling capacity created, portfolio review of sites, and divisional overhead reductions
✓ Acceptable leverage ratios maintained with capital constraint ✓ Further capital rationalisation to come with targeted investment for growth	✓ LIS[1] implementation pathway changed with lower costs, better alignment of benefits to spend and lower operational risk	✓ Successful implementation of core platform, iCAR[4], nearing completion with delivery of efficiencies and improved service to referrers ✓ Growth through contract wins, M&A, hospital channel and high-end community sites, with a rationalisation in NSW	✓ Montserrat delivered a strong result, with $3.5 million EBITDA, as its new hospitals successfully ramp-up ✓ Expected to continue to grow and deliver a ROIC in line with the acquisition case

[1] Laboratory Information System
[3] Australian Defence Force
[2] Northern Beaches Hospital
[4] Imaging Core Application Refresh

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Medical Centres – Investment for future growth

	Pre-2016 **Legacy**	2016 - 2019 **Business Model Transformation**	Now 2020 onwards **Sustainable Growth**
Doctor Proposition	○ Rigid general practitioner contracts ○ Primary Health Care brand had poor reputation amongst healthcare professionals ○ Attracted a limited segment of GPs	○ Introduced new engagement model attractive to GPs ○ Removed legacy Primary Health Care brand ○ Focused on recruiting high quality GPs and quality reset program ○ Reduction of upfront payment contracts with a shift to higher service fees	○ Strong brand ○ Broader spectrum of GPs ○ More diverse clinical cases ○ More career options
Patient Proposition	○ Business model that historically worked well but had not evolved to meet modern healthcare needs	○ Introduced market leading patient services – appointments, app with wait time management, remote and kiosk check-in, online appointments, and urgent care	○ Differentiated patient experience ○ Better positioned for future Government funding and health delivery models
Processes	○ Under-invested business with outdated technology and systems ○ Multiple practice management systems	○ Refreshed and streamlined technology and systems ○ Digital presence – modernised websites	○ Technology simplification to assist process efficiencies ○ Divisional overhead efficiencies
Property	○ High quality locations but some ageing premises	○ Lifted GP room capacity in the network ○ 16 centres have been refurbished under Leapfrog plus new treatment, urgent care and dental rooms in separate centres	○ Reduced investment requirements ○ Capacity for growth within existing assets ○ More attractive spaces for patients and doctors

Group results

Group results

Group $m	Underlying[1]		Reported[2]	
	1H 2020	1H 2019	1H 2020	1H 2019
Revenue	**945.1**	878.9	945.1	878.9
EBIT	**75.7**	72.7	45.0	51.0
NPAT	**42.1**	39.1	66.3	20.4

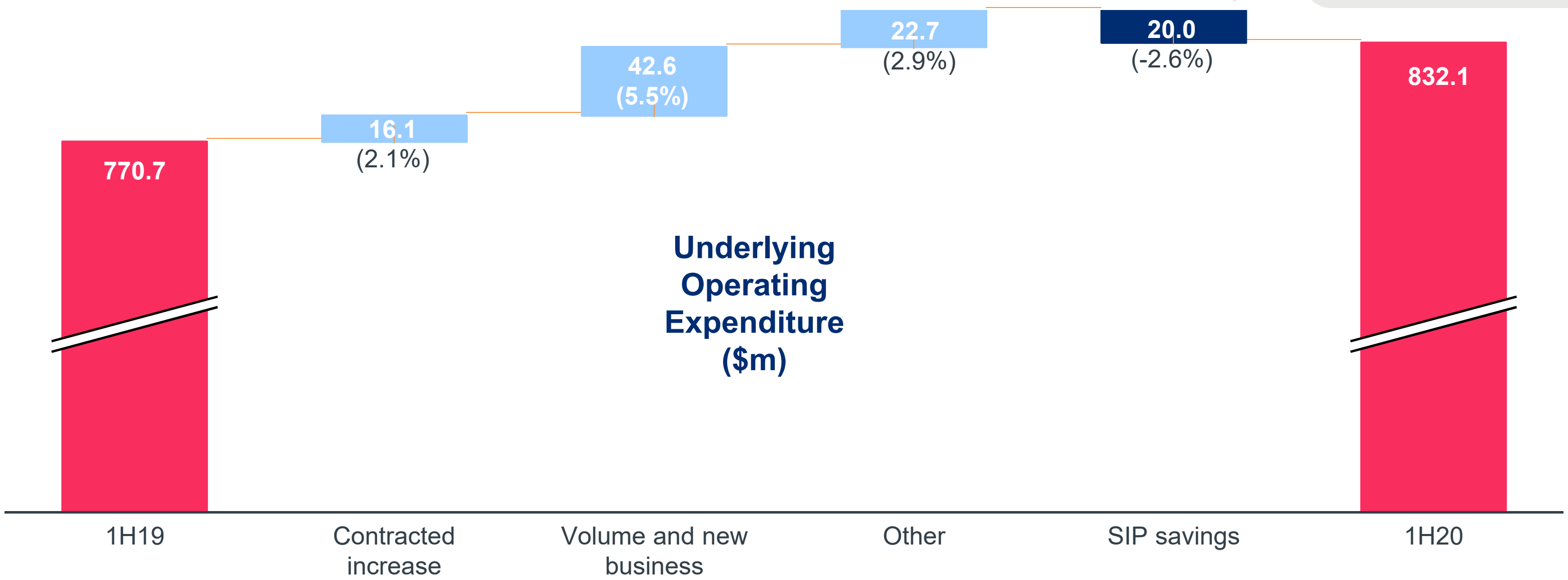
- Underlying results:
  - Underlying has been shown before AASB16 adjustments to enable comparability to 1H19[1]
  - Revenue up 7.5% with Pathology and Montserrat the main contributors
  - EBIT up 4% with Pathology up 10% and Imaging up 16% with a small decline in Medical Centres
  - NPAT up 8% with lower finance costs
- Reported results:
  - Adoption of AASB 16 (1H19 has not been restated under the modified retrospective approach) [3]
  - Investment in strategic initiatives/restructuring with increase over 1H19 due to redundancies from the organisational redesign [4]
  - Recognition of tax refund and associated interest on 2003-2007 tax ruling (Note: ATO has appealed) [5]
- Interim dividend at 2.6cps, fully franked, in line with 2H19 UNPAT payout

[1]All comments in this presentation relate to underlying results unless otherwise noted. Underlying results have been shown before AASB16 to enable comparability. From 1H21, underlying results will include AASB16
[2] Reported to underlying reconciliation – slide 23 [3]AASB 16 adjustment – slide 26
[4] Strategic initiatives slide 24 [5]Tax case adjustment – slide 25

Sustainable Improvement Program

- Driving efficiencies and price savings to offset cost inflation through property (network rationalisation), labour, consumables and IT
- 2-3 year process with progressive growth in savings

In 1H20, SIP reduced Opex by $20m (2.6% of cost base) with largest savings on labour costs (3.4%) and IT costs (5.2%)



Major items:

Contracted increase	Volume and new business	Other	SIP savings
• EBA • Contracted leases • Other contracted increases	• Volume of business increases • Montserrat and other new businesses	• Supplier price changes • Technology and other enhancements	• SIP and redundancy programs

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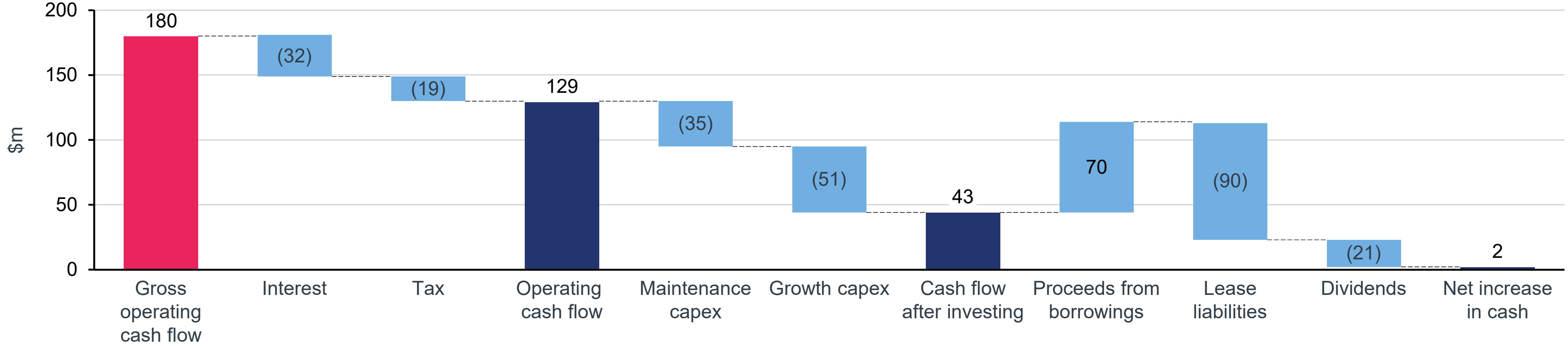
Free cash flow



- Operating Cash Flow:
  - Pre-AASB 16, gross cash conversion at 97%, impacted by timing of payroll and creditor payments which should reverse in the next period
- Growth capex $51m (below 1H19 and 2H19) includes:
  - $19m strategic projects[2]
  - $11m on acquisition and earn-outs in Health & Co and Pathology
  - $11m Montserrat Day Hospitals acquisition earn-out
- Further capital rationalisation to come with targeted investment for growth

[1] *For impact of AASB 16 on cash flow refer slide 28* [2] *For strategic project opex and capex, refer slide 24*

Net debt and dividend

Reported $m	As at	
	31 December 2019	30 June 2019
Bank and finance debt	**867.9**	797.9
Cash	**(121.3)**	(119.7)
Net debt	**746.6**	678.2
Bank gearing ratio (covenant <3.5x)[1]	**2.7x**	2.4x
Bank interest ratio (covenant >3.0x)	**9.6x**	9.5x
Gearing (net debt: net debt + equity)	**26.4%**	**24.9%**

- Leverage remains comfortably within covenants
- As previously announced, strategic initiatives spend is gated
- Pause on Leapfrog spend in 1H20 to fill created capacity and deliver required returns
- Balance of competing demands: optimal gearing, investment in strategic initiatives and dividends

[1] *Bank gearing ratio is calculated EBITDA before the impact of AASB 15 &16*

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Divisional Results and Strategies

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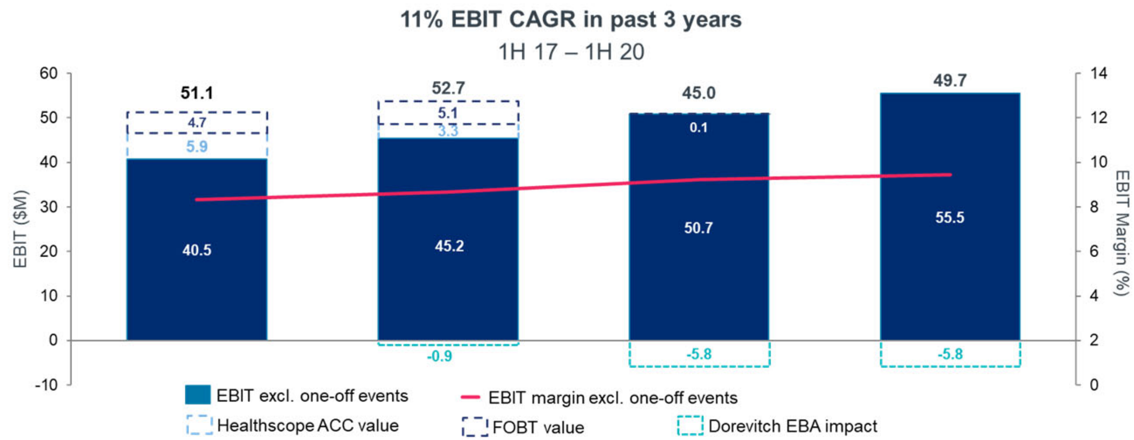
Pathology - results

Underlying	1H 2020 $m	1H 2019 $m	Better/ (worse) %
Revenue	**583.0**	551.5	5.7
EBITDA	**62.9**	58.8	7.0
Depreciation	**(10.2)**	(10.0)	(2.0)
Amortisation	**(3.0)**	(3.8)	21.1
EBIT	**49.7**	45.0	10.4
Total capital expenditure	**23.9**	16.7	(43.1)

- Above market revenue growth of 6%[1]:
  - Mix of volume and fee increases and underpinned by strong flu season in Q1
  - Growth in specialties with genetics up 17% and NIPT[2] up 34%
- EBIT growth of 10%:
  - Sustainable Improvement Program delivered savings
  - Labour and ACC property costs growing less than revenue
- 11% normalised EBIT CAGR in past 3 years
- M&A drove capex increase



[1] Rolling 12 months Medicare data [2] NIPT Non-invasive prenatal test

Pathology - strategy

Cost control

- On-going optimisation of regional lab network and consolidation of esoteric testing
- Successful focus on returns metrics within ACC and hospital footprints
- Further efficiencies to be delivered

Investment

- Upgraded Serum Work Area (main lab testing equipment). Laverty/QML live, DOR in train
- National Laboratory Information System (LIS) amended pathway focused on better alignment of benefit realisation to cost profile and greater operational risk mitigation:
  - Upgrade existing systems across 4 current instances
  - On-going standardisation across processes and conventions
  - On-going automation in pre-analytical stage
  - Create unified database and install additional modules eg genomic diagnostics, with SCC Soft part of the destination

Growth in specialties

- Government's mid-year outlook included funding for new genetic tests
- New markets: BRCA[1] cancer screening and pharmacogenomics

Serum Work Area, QML

[1] *Breast cancer gene screening*

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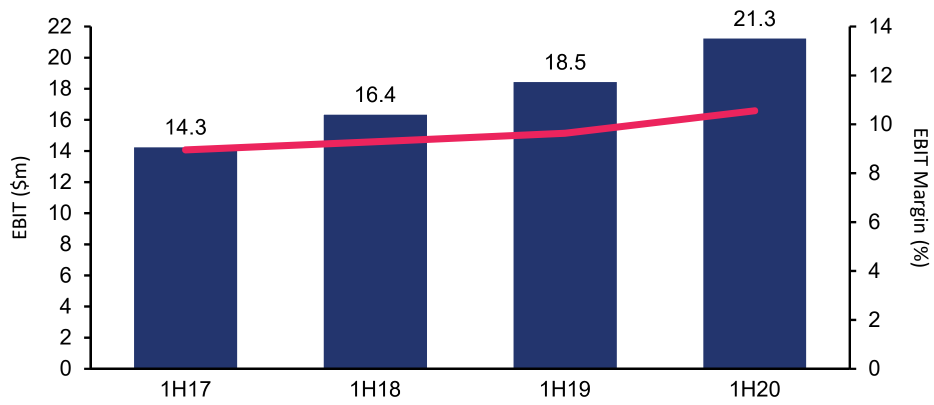
Imaging - results & strategy

Underlying	1H 2020 $m	1H 2019 $m	Better/ (worse) %
Revenue	**201.8**	192.0	5.1
EBITDA	**28.6**	26.2	9.2
Depreciation	**(6.2)**	(6.7)	7.5
Amortisation	**(1.1)**	(1.2)	8.3
EBIT	**21.3**	18.3	16.4
Total capital expenditure	**7.2**	11.4	36.8

- Revenue up 5%:
  - New/expanded site growth including NBH and ADF contracts / strength in MRI
  - Market volumes remaining subdued while benefits tracking around long-term averages[1]
- Strong EBIT growth up 16%:
  - Savings in consumables and property expenses from Sustainable Improvement Program
  - Equipment operating leases impact EBITDA with normalised margin around 20%
- 14% EBIT CAGR in past 3 years
- iCAR due to complete 2H 2020 with operational savings delivered on budget
- Strategy:
  - Growth through contract wins and select M&As, hospital channel and large community sites plus rationalisation of NSW community sites
  - Cost control to continue

14% EBIT CAGR in past 3 years

1H17 – 1H20



[1] *Rolling 12 months Medicare data*

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Medical Centres - group results

Underlying	1H 2020 $m	1H 2019 $m	Better/ (worse) %
Revenue	**183.2**	**155.8**	17.6
EBITDA	**30.0**	**29.6**	1.4
Depreciation	**(11.5)**	**(9.9)**	(16.2)
Amortisation	**(2.2)**	**(1.8)**	(22.2)
EBIT	**16.3**	**17.9**	(8.9)
HCP capital expenditure	**15.7**	**15.5**	(1.3)
Total capital expenditure[1]	**36.0**	**46.0**	21.8

- Revenue up 18%
- EBIT down 9% with:
  - Strong growth in Montserrat and Health & Co
  - Medical Centres EBIT reduction:
    - Investment for sustainable L/T growth with successful introduction of common PMS[2], appointments and new consumer services, and centre refurbishments
    - Good GP recruitment and patient demand offset in 1H20 by service fee pressure, higher than expected retirements and short-term productivity dip from system familiarisation
    - Immediate initiatives include improved service levels to GPs, portfolio review, and divisional overhead reduction together with investment in frontline staff
- Capex down with moderated spend

[1] 1H19 excludes $67m and 1H20 $11m Montserrat acquisition and earn-out
[2] Practice Management System

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Medical Centres - GP results

Healius Medical Centre GPs[1]

- Cohort of 1,155 GPs (969 FTEs[2])
- 101 recruited (94 BaU, 5 M&A, 2 Registrars). Departures higher at 110, with significant retirements - expected to decline with the average age reducing
- Transition to new contracts almost complete
- Service fee at 31.3% in a competitive market with visa restrictions and lower numbers of GP registrars
- Strong patient demand
- Gross billings per hour increased on 1H19 but flat on 2H19 with short-term productivity dip as new systems introduced in larger, older centres
- Revenue up 6% to $117m (including Government grants and rentals)

Health & Co

- Cohort stable at 132 GPs, (97 FTEs)
- Revenue up 30% to $11m and EBIT at $2m

95 sites nation-wide

73 Healius Medical Centres
62 with Dental sites
4 with IVF clinics
13 Health & Co
14 Day Hospitals (9 stand-alone)

1,287 GP partners

=1,066 FTEs[2]

169 Dentists

=126 FTEs[2]

12 IVF specialists

- pipeline of new specialists joining

Range of specialists

- operating out of our medical centres and day hospitals

[1] Refer slide 30 & 31 for GP statistics [2] FTEs based on 40-hour week, 47-week year

Medical Centres - GP strategy

People

- Ongoing strong pipeline for 2H20 testament to quality of brand and offerings to GPs
- Focus on continued recruitment of quality GPs, better service and engagement, investment in frontline staff
- Moderated M&A spend but range of infill opportunities remain
- Greensborough FY19 roll-ins delivering strong increase in gross billings/patient visits

Process

- All sites now with single PMS and appointments with significant efficiencies to follow
- Rapid growth in chronic disease management (up >60%), skin cancer clinics and occupational medicine (both up >30%)
- Uniquely placed to alleviate Emergency Department with 4 urgent care clinics established and additional funding at State level
- Progressively introducing e-Recalls, Self Service Check-in Kiosks, Join the Queue Remotely App
- Gross billings per hour positioned for further increases:
  - GPs familiarisation with new systems, with second wave of training underway
  - Rapid growth in chronic disease management (assisted by e-Recalls) and new offerings

Medical Centres - GP strategy

Property

- 15 better performing centres refurbished in FY19, 1H20 further 1 centre / 6 skin / treatment rooms
- Filling capacity created: 19 FTEs commenced / 30+ in pipeline for FY19 centres

Targets update

- Investment:
  - $59m of $140m spent (FY19 $45m 1H20 $14m) with $12m forecast for 2H20
  - Pause on major investment to assess learnings and focus on required returns
- GP targets:
  - GP recruitment targets tempered to prevent service fee erosion
  - Gross billings per hour expected to uplift 10-15%
- $1m pa EBIT per centre:
  - ~40% of portfolio already achieving $1m pa EBIT[1]
  - Review of centres to optimise portfolio profitability
  - Initiatives to deliver divisional head office efficiencies
  - Overall $1m per centre achievable but beyond initial timeframe

Refurbished Medical Centre - Maroubra

[1] *Before group overheads. ~30% achieving $1m pa EBIT after group overheads*
Also excludes IVF and Healius' Day Hospitals

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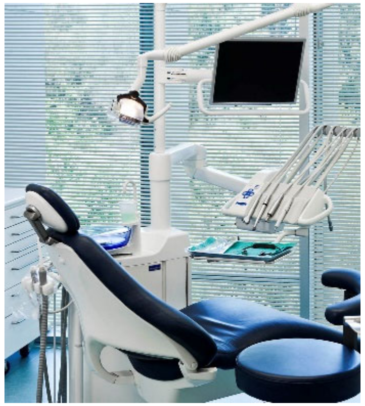
Emerging businesses - Dental & IVF

Dental

- Dental in 62 Medical Centres with 169 Dentists, 126 FTEs
- Revenue up 8% to $20m and EBIT at $3m
- Further dental expansions under Leapfrog

Adora Fertility

- Completed move to Westside Day Hospital in Brisbane
- Market share up to over 10% (WA over 30%)
- Revenue up 28% to $10m
- Small EBIT loss due to greenfield and laboratory investment
- Positive contribution on whole-of-business BAU basis
- Capital-light initiatives to drive demand, revenue and efficiencies in 2H20



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Emerging businesses - Day Hospitals

Montserrat

- Diversified revenue platform
- $18m revenue, $3.5m EBITDA and $2m EBIT
- 3 new centres ramping up including Brisbane's multi-specialist Westside Private
- Westside delivered $1m EBITDA in first full 6 months
- Expecting further strong growth in 2H20 and beyond

Healius Day Hospitals

- Revenue up 22% to $8m with IVF volumes supporting
- EBIT loss with two greenfield investments still ramping up
- Turnaround:
  - Stage 1: Rebranding as Montserrat, merging core risk and billing systems, business development initiatives. Review of older day surgeries
  - Stage 2: Detailed review of operations to improve efficiencies and reduce costs

Westside Private Hospital

Craigie Day Surgery

Corporate and wrap-up

Corporate

- $11.6m in corporate costs, up on 1H19 but in line 2H19.
- Cost reductions partially offsetting increases in activity-related property costs and insurance premiums

Organisational redesign

- Simplified Group management structure
- Further savings identified in 2H20

Forecast FY 2020

- Bottom end of range increased
- $96m-$102m[1] underlying NPAT

Strategic review

- Identified best long-term opportunities for growth and portfolio simplification

NBH, Imaging team

[1] *Subject to market conditions and before the impact of AASB 16*

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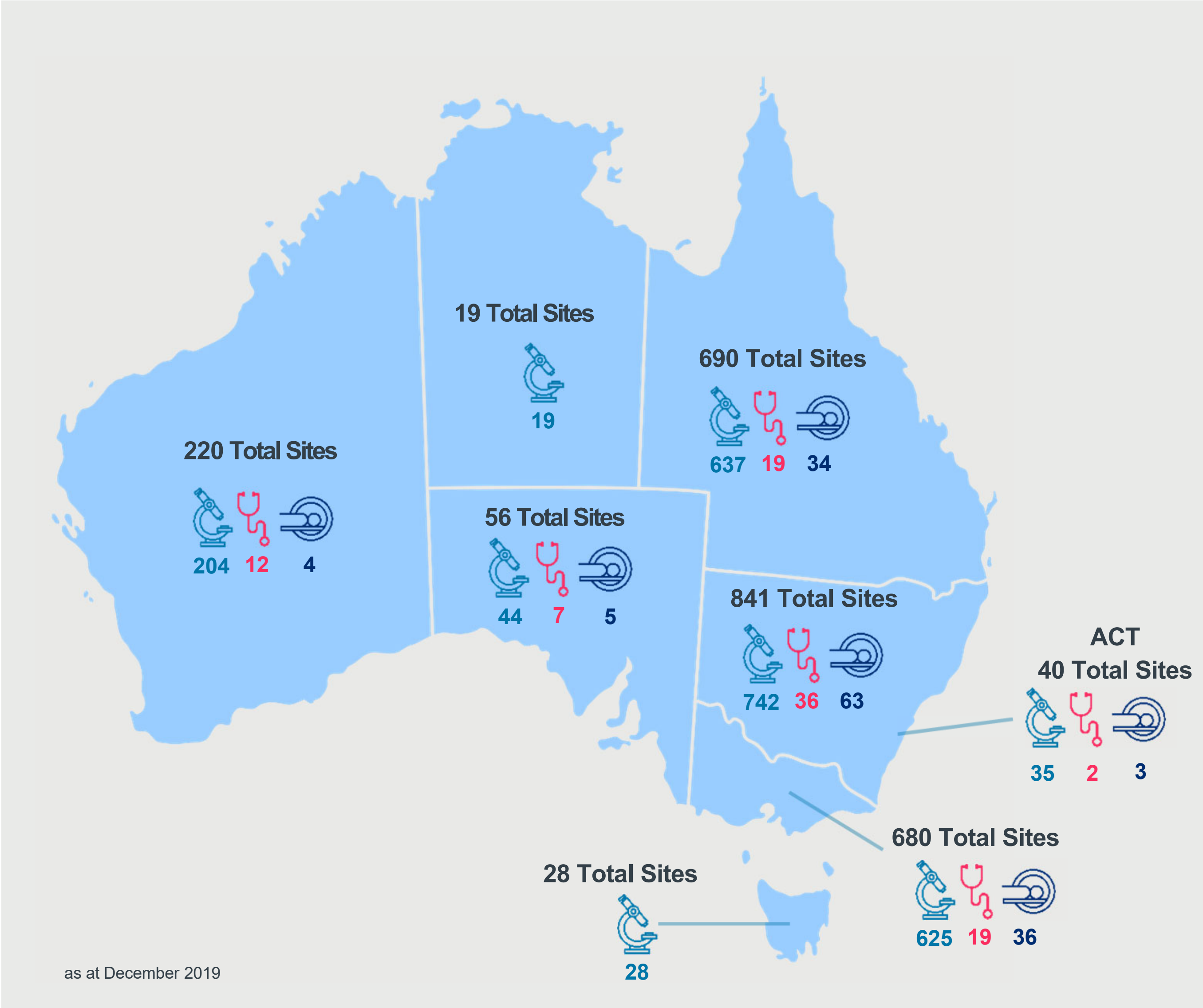
A market leading network

Australia-wide coverage

2,574 Total sites

2,334 Pathology	**2,235 ACCs** **99 Laboratories**
95 Medical Centres & Day Hospitals	**73 Healius Medical Centres** 62 with Dental sites 4 with IVF clinics **13 Health & Co** **14 Day Hospitals** 9 stand-alone
145 Imaging	**29 Hospitals** **61 Community Centres** **55 Medical Centres**



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Appendices

Reconciliations

Divisional reconciliation

1H 2020 $m	Pathology	Medical Centres[1]	Imaging	Corporate	Group[2]
Revenue	583.0	183.2	201.8	0.0	**945.1**
EBITDA	62.9	30.0	28.6	(8.5)	**113.0**
Depreciation	(10.2)	(11.5)	(6.2)	(1.8)	**(29.7)**
Amortisation	(3.0)	(2.2)	(1.1)	(1.3)	**(7.6)**
EBIT	49.7	16.3	21.3	(11.6)	**75.7**

1H 2019 $m	Pathology	Medical Centres[1]	Imaging	Corporate	Group[2]
Revenue	551.5	155.8	192.0	0.0	**878.9**
EBITDA	58.8	29.6	26.2	(6.2)	**108.4**
Depreciation	(10.0)	(9.9)	(6.7)	(1.5)	**(28.1)**
Amortisation	(3.8)	(1.8)	(1.2)	(0.8)	**(7.6)**
EBIT	45.0	17.9	18.3	(8.5)	**72.7**

[1] Medical Centres includes Healius Medical Centres, Health & Co, Dental, IVF and Monserrat and Healius Day Hospitals
[2] $22.9m of inter-company revenue/expenses have been eliminated at the Group level (1H19 $20.4m)

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Underlying v reported reconciliation

1H 2020 $m	Reported	Restructuring/strategic initiatives	Impairments	Tax case	Underlying	AASB 16 impact	Underlying pre AASB 16
EBIT	**45.0**	31.0	8.3		84.3	(8.6)	**75.7**
Interest	**(13.5)**			(23.3)	(36.8)	21.2	**(15.6)**
PBT	**31.5**				47.5	12.6	**60.1**
Income Tax benefit/(expense)[1]	**34.8**			(46.6)	(11.8)	(3.8)	**(18.0)**
NPAT	**66.3**				35.7	8.8	**42.1**

1H 2019 $m	Reported	Restructuring/strategic initiatives	Impairments	Tax case	Underlying	AASB 16 impact	Underlying
EBIT	**51.0**	21.7			72.7		**72.7**
Interest	**(16.8)**				(16.8)		**(16.8)**
PBT	**34.2**				55.9		**55.9**
Income Tax	**(13.8)**				(16.8)		**(16.8)**
NPAT	**20.4**				39.1		**39.1**

- Strategic initiatives / restructuring
  - Strategic initiatives: $17m – refer slide 24
  - Restructuring: Organisational re-design largely complete: $8m
  - Other: Rebranding, corporate and tax case defence, business set-up: $6m
- Impairments
  - Assets relating to a few small Medical Centres where leases are due to expire and closure/consolidation is anticipated
  - Current capitalised costs on LIS due to amended implementation pathway
- Tax case - Refer slide 25
- AASB 16 - Refer slide 26

[1] Reported and underlying tax expense does not reconcile due to non-deductible items within statutory tax expense. Underlying tax is assumed at 30%

Strategic projects

1H 2020 $m	Laboratory Platforms	Leapfrog	iCAR	Corporate	Total
Total Opex (adjusted between reported and underlying)	**6.0**	**6.1**	**1.9**	**3.0**	**17.0**
Property, plant & equipment	0.8	3.6	0.0	0.0	4.4
Intangibles	3.3	4.1	3.0	4.6	15.0
Total Capex	**4.1**	**7.7**	**3.0**	**4.6**	**19.4**
Total Project Costs	**10.1**	**13.8**	**4.9**	**7.6**	**36.4**

- Four key projects which are transformational in nature and unlikely to be undertaken again at such a collective magnitude
- Opex costs are adjusted between reported and underlying results
- Future opex adjustments:
  - iCAR: Forecast $1m 2H20 and $nil FY21
  - Leapfrog: Forecast $3.5m 2H20 and <$2m FY21
  - Pathology's LIS: Extension in timeframe expected
  - Corporate renewal: Expected to substantially reduce FY21 onwards

All implementation costs are capitalised where they directly relate to PPE or an intangible asset otherwise implementation costs are expensed as non-underlying items

Tax case 2003-2007

- Healius was advised in 2015 by the Commissioner of Taxation ("the Commissioner") that lump sum payments made by it to healthcare practitioners for the financial years 2010 to 2014 were tax deductible.
- Healius subsequently filed an application for similar tax deductions for the financial years 2003 to 2007[1], subject to the Commissioner's discretion in allowing an out-of-time objection.
- Following the Commissioner's decision not to allow such an objection, Healius commenced legal proceedings, which culminated in a favourable decision in November 2019 by the Federal Court of Australia.
- The Commissioner has appealed to the Full Court of the Federal Court of Australia and a hearing date is yet to be advised.
- Healius has recognised the following as one-off items in its reported results after the introduction of AASB Interpretation 23 (Clarification of accounting for uncertain tax treatments) and the favourable Federal Court ruling:
  - $46.6m income tax benefit and tax receivable
  - $23.3m interest benefit and receivable (less tax of $7.0m)

[1]*Healius was in a loss-making position for taxation purposes during FY 2008 and FY 2009*

Accounting change AASB 16

AASB 16, which removes the distinction between operating and finance leases, was adopted on 1 July 2019. It has impacted the reported results of Healius in 1H20 but has no economic impact on Healius, nor on its covenants, cashflows or shareholder value. The impacts are summarised as follows:

- On the P&L, interest and depreciation charges replace property rental expense, impacting EBITDA EBIT and NPAT, with a NPAT loss of $8.8m
- On the Cash Flow, principal and interest payments replace payments to suppliers, impacting operating and financing cash flows, with nil impact on net cash flow
- On Balance Sheet, all leases (except for short-term leases / leases of low value assets) are recognised as an asset and a liability. Overall there is a closing net asset reduction of $127m due to differences between the profile of depreciation and lease liability run-off on the large property leases
- Healius has applied the new standard using the modified retrospective approach, which requires no restatement of comparative information. Because of this underlying performance has been stated before the impact of AASB 16. From 1H21 onwards underlying performance will be stated including the impact of AASB16

Accounting change AASB 16

P&L	1H20 $'m	1H20 $'m	
Property & other expenses	105.7		Operating lease expense reversed
EBITDA		**105.7**	
Depreciation	(97.1)		Depreciation of right of use asset recognised
EBIT		**8.6**	
Finance costs	(21.2)		Interest paid on lease liability recognised
Profit before tax		**(12.6)**	
Tax @ 30%	3.8		
NPAT		**(8.8)**	

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Accounting change AASB 16

Cash Flow	1H20 $'m	1H20 $'m	
Gross cash flows from operating activities	108.6		Operating lease payments reversed from gross operating cash flows
Interest paid on lease liabilities	(18.2)		Interest paid on lease liability recognised in operating cash flows
Net cash provided by operating activities		**90.4**	
Payments of lease liabilities	(90.4)		Principal payments on lease liability recognised in financing cash flows
Net cash used in financing activities		**(90.4)**	

Balance Sheet	1H20 $'m	1H20 $'m	
Right of use assets	1,225.0		Leases recognised as an asset and depreciated
Total assets		**1,225.0**	
Current interest bearing lease liabilities	(189.2)		Leases recognised as a liability representing
Non-current interest bearing lease liabilities	(1,162.6)		future lease payments discounted at incremental borrowing rate
Total Liabilities		**(1,351.8)**	

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Appendices

Medical Centres

Additional Information

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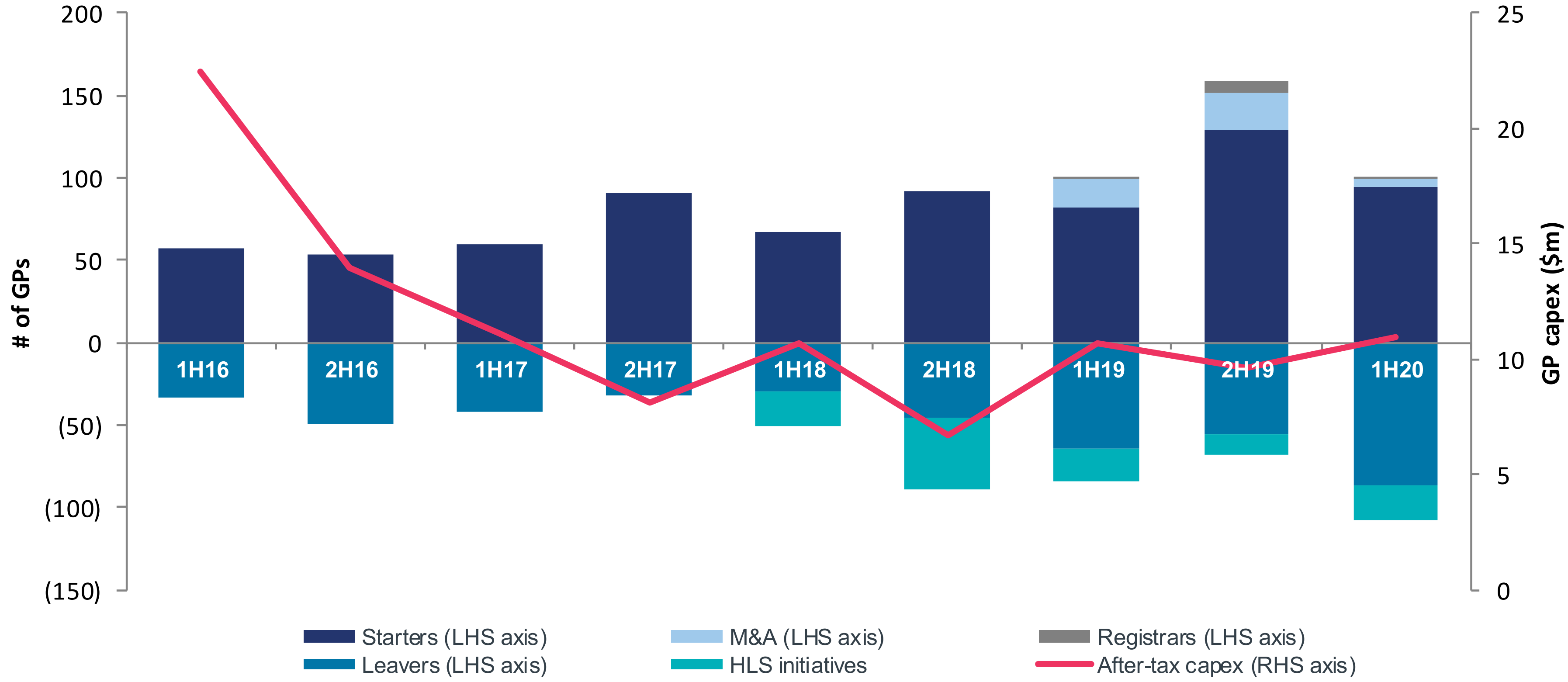
Healius Medical Centres GPs - Key Drivers

GPs	1H 2020	1H 2019[1]	1H 2018[1]	Better/(worse) % 1H20-1H19
Headcount	**1,155**	1,072	1,060	7.7
FTEs[2]	**969**	931	963	4.1
Gross billings ($m)	**213.8**	211.5	214.4	1.1
Share of revenue (%)[3]	**31.3%**	32.8%	33.6%	(152) pp
Revenue ($m)[3]	**66.9**	69.4	72.0	(3.6)
GP capital expenditure[4]	**15.6**	15.5	15.3	(0.7)

[1] *Historical figures restated to include skin and immediate care GPs*
[2] *FTEs based on 40-hour week, 47-week year. GPs consistently work more than contracted hours*
[3] *Revenue includes revenue earned by registrars who are employed rather than under contract and not included in GP numbers (1H20 42 headcount (25 FTE) registrars)*
[4] *30% of new GPs and 17% of re-signs have opted for up-front payments*

Healius Medical Centres GPs - Recruitment



Healius Medical Centres - Tax implications of HCP acquisitions

Healthcare Professionals contracted on or after 1 July 2015

- Deferred tax liability (DTL) to be recognised at the time of the acquisition of healthcare practices and capitalisation of contractual relationship intangible assets.
- Equal movement in DTL will ensure an effective tax rate of 30%.

Healthcare Professionals contracted prior to 30 June 2015

- No DTL was recognised regarding the acquisition of healthcare practices and capitalisation of contractual relationship intangible assets.
- Therefore there is a non-deductible (permanent) difference which increases the notional effective tax rate above 30%. This has progressively decreased as the associated amortisation expense has run off and will cease in FY 2020.
- The additional accounting tax expense is as follows:

$m	1H 2020	2H 2020
Additional Accounting Tax Expense	**1.3**	0.8

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