

ASX Announcement (ASX: HLS)



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Trading Update

As part of its FY 2020 Annual General Meeting, Healius today announces the results for its continuing operations for the first quarter of financial year 2021¹, as follows:

\$'m	1QFY21	1QFY20
Revenue	492.5	419.0
Underlying EBIT	81.2	32.4

Trading trends have been as follows:

- Pathology revenues have been strong in 1QFY21 and continue so in October, with non-COVID revenues now ahead of the prior comparable period, community COVID testing currently plateauing around 7,000-10,000 per working day, and commercial COVID testing growing rapidly;
- Imaging revenues have fluctuated in 1QFY21 due to the Victorian lockdown and outbreak clusters in other states. Revenues are currently up in all states other than Victoria where activity is starting to grow in line with the easing of restrictions; and
- Day Hospitals revenues were materially ahead of the prior comparable period in 1QFY21 and the division is continuing to perform strongly in October.

Commenting on the performance, Dr Malcolm Parmenter stated: “We continue our critical role in the fight against the COVID-19 pandemic and in the delivery of essential healthcare services in this country.

“Upfront, let me thank our people for their contribution since the COVID-19 pandemic commenced. Their commitment to the provision of accessible, quality healthcare has been outstanding as has their compassion to our patients and dedication to our purpose and mission.

“As important, we continue to focus on the health and safety of our people, healthcare professionals and patients. Within Healius, we have a very low infection rate to-date, despite the fact that many of our people work on the frontline and are potentially exposed to the virus each and every day.

“In terms of the financials, we are pleased with the strength of our trading across our businesses during the early part of the 2021 financial year, our ability to leverage the learnings and savings from the

¹ 1Q results are:

- based on unaudited financial results,
- after the impact of adjustments for AASB16 for both quarters,
- before non-underlying items (items recorded as non-underlying in Q1FY21 are immaterial), and
- exclude Healius Primary Care which is held for sale.

national lockdown in March and April, and our delivery of operational and support cost efficiencies through the Sustainable Improvement Program, all of which have underpinned a very strong result.

“This result has been delivered notwithstanding additional COVID-related costs incurred from reconfiguring our laboratories, ensuring appropriate cleaning and screening procedures, and setting up COVID drive-through clinics and telehealth services.

“Looking to the remainder of FY 2021, our revenue streams may be affected, both positively and negatively, by government responses to further community outbreaks including lock-downs, restrictions on clinical activity, and community testing regimes, as well as by clinical advances in testing capabilities and vaccines.

“In terms of the public health response to the virus, pathology PCR testing is playing a critical role. July and August saw very high rates of testing, when Healius was undertaking up to 18,000 tests per working day. In September and October, testing levels came back both nationally and at Healius, and we are currently undertaking around 7,000-10,000 per working day. We believe COVID testing will continue, but the levels will fluctuate, until such time as a vaccine is widely in use in this country.

“Given the uncertainty that remains around the extent and timing of the COVID-19 pandemic and the impact on us, we will continue to update the market periodically on our results. We caution against extrapolating from this quarter to the remainder of the financial year, as we do not expect this level of performance to continue,” Dr Parmenter concluded.

Streamlined portfolio positioned for growth

The sale of Healius Primary Care remains on schedule to complete this calendar year, delivering significant balance sheet flexibility to the Group. In 1QFY21, the Dental business recorded three months of results above the level required to receive the earn-out on completion².

After completion and following an assessment of the Group’s capital requirements and the use of the sale proceeds, Healius intends to brief the market on its future approach to capital management and dividend policy.

In conclusion, Dr Parmenter stated: “I would like to re-iterate my thanks to our people and healthcare professionals for their dedication and caring. I am honoured to lead a group of people who have continued to selflessly put themselves in harm’s way and to deliver essential healthcare services for the good of all Australians.

“We are also very appreciative of the Government’s recognition and support for the essential contribution that private-sector pathology is making in the country’s response to COVID-19.

“Looking to the future, we are well-placed to leverage our established market positions and balance sheet strength as a specialist diagnostics company with a growing day hospitals business, as we deliver largely non-discretionary health services at scale and underpinned by consistent, long-term demand.”

ENDS

The release of this announcement has been authorised by the Board.

² The quantum of earn-out receivable on completion depends on the timing of completion and on trading in the three months immediately prior to the month of completion.

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For over 30 years Healius has been one of Australia's leading healthcare companies with a commitment to supporting quality, affordable and accessible healthcare for all Australians. Today Healius has three main businesses – pathology, medical centres and imaging - and three emerging businesses – dental, IVF and day hospitals. Through its unique footprint of centres and 12,500 employees, Healius provides diagnostic services to consumers and their referring practitioners, as well as enabling a range of independent healthcare professionals to deliver patient care in partnership with Healius' nurses and support staff.