

ASX Announcement (ASX: HLS)



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Completion of sale of Medical Centres

- **Completion of Medical Centres sale including 100% of Dental earn-out**
- **Healius well-placed as a leading diagnostics company with growing day hospitals business**
- **An update to be provided on its Sustainable Improvement Program and capital management**

Healius Limited ("Healius") (ASX: HLS) today announced the successful completion of the sale of its Medical Centres business, called Healius Primary Care, to funds managed by BGH Capital ("BGH Capital").

Healius has received cash proceeds of \$483 million, which represent \$500 million enterprise value adjusted for future earn-outs to be funded by BGH Capital, movements in working capital and separation and completion costs to-date¹. Importantly the Dental deferred consideration of \$75 million has been received in full given strong trading in that business this financial year.

Healius' Managing Director and Chief Executive Officer, Dr Malcolm Parmenter, said: "This transaction simplifies our portfolio and allows us to focus on our market leading diagnostics and day hospital businesses, delivering on our mission of sustaining life-enhancing healthcare through people who care. It is a positive step for Healius, strengthening the company, reducing our net debt and freeing up capital for investment."

"I would like to express my appreciation for the contribution everyone in Healius' Medical Centres and Dental businesses and Health & Co have made over the years. I especially thank them for their dedication and professionalism during this challenging COVID-19 period and I wish them the very best. Backed by the financial strength and expertise of BGH Capital, I am confident that the business will thrive as a standalone entity, expanding its critical role in frontline care in Australia."

Healius will continue to operate its existing pathology collection centres and imaging clinics located within the medical centres under long term leases at rents consistent with historic levels. In addition, Healius will provide Healius Primary Care with certain services on commercial, arm's-length terms for approximately 12 months following completion, during which time Healius Primary Care will be permitted to continue to use the Healius name.

Healius going forward

As a specialist diagnostics company with a growing day hospitals business, Healius is well placed to leverage its established market positions and scalable businesses with a clear pathway to enhanced customer and shareholder value. The business is on track with initiatives to right-size its corporate cost base to reflect the more streamlined portfolio.

¹ \$15 million has been accrued for further potential completion costs.

Healius will move forward with a strengthened balance sheet, lower gearing levels² and with the ability to support growth initiatives in its Pathology, Imaging and the Day Hospitals businesses.

Investor briefing

Healius intends to hold an investor briefing on or around 9 December 2020, to provide an update on its Sustainable Improvement Program and capital management strategy, including its gearing and dividend policies. Briefing details will be distributed via an ASX announcement.

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

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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 businesses, pathology, imaging and day hospitals/IVF. Through its unique footprint of centres and its 10,500 employees, Healius provides specialty diagnostic services to consumers and their referring practitioners, as well as well as enabling independent healthcare professionals to deliver care in its day hospitals and fertility clinics.

² The majority of parent company guarantees in relation to property leases entered into by Healius Primary Care have been extinguished and remaining contingent liabilities are immaterial to Healius' bank leverage ratio calculations.