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Takeover Offer for Healius Limited – Replacement Bidder’s Statement

Australian Clinical Labs Limited (ASX:ACL) (**ACL**) refers to its off-market takeover offer (the **Offer**) for all of the fully paid ordinary shares (**Healius Shares**) on issue in Healius Limited (ASX:HLS) (**Healius**), which ACL announced on 20 March 2023. ACL lodged a copy of its bidder’s statement in respect of the Offer with the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) on that date (**Original Bidder’s Statement**).

On 29 March 2023, the Takeovers Panel announced that it had received an application from Healius in relation to the Offer and the Original Bidder’s Statement (**Healius Application**). Details of the Healius Application are set out in the Takeovers Panel’s announcement (a copy of which was released to the ASX).

As a result of the Takeovers Panel’s consideration of the Healius Application, ACL has issued a replacement bidder’s statement, which replaces the Original Bidder’s Statement (**Replacement Bidder’s Statement**). ACL has also issued a supplementary bidder’s statement, which attaches a copy of the Original Bidder’s Statement showing the changes (in mark-up) that have been made to the Original Bidder’s Statement, which are reflected in the Replacement Bidder’s Statement (**Supplementary Bidder’s Statement**). ACL lodged copies of the Replacement Bidder’s Statement and the Supplementary Bidder’s Statement with ASIC and the ASX today.

ACL intends to commence sending the Replacement Bidder’s Statement to Healius Shareholders in late April.

Replacement Bidder’s Statement

Set out below is a summary of the changes that have been made to the Original Bidder’s Statement, which are reflected in the Replacement Bidder’s Statement. These changes include changes that were made: (i) as a result of engagement with Healius and the Takeovers Panel in relation to the Healius Application, (ii) in response to statements made by a Healius Shareholder in a media release about the differences between ACL’s and Healius’ approach to AASB 16 lease accounting practices which ACL is concerned may potentially be misleading, and (iii) as a result of events that have occurred since the date of the Original Bidder’s Statement. The summary below does not purport to be, and is not, an exhaustive list or summary of all of the changes that have been made to the Original Bidder’s Statement and, while ACL has included references (including in footnotes) to the section(s) of the Replacement Bidder’s Statement in which the relevant disclosures have been made, these references are for convenience only and Healius Shareholders and ACL Shareholders should refer to the Supplementary Bidder’s Statement, which shows all of the changes that have been made to the Original Bidder’s Statement in mark-up. The Replacement Bidder’s Statement sets out important information for Healius Shareholders, including the key reasons why Healius Shareholders should accept the Offer, more detailed information in respect of the summary information in this announcement, and the terms and

conditions of the Offer. Healius Shareholders should read the Replacement Bidder's Statement in its entirety in conjunction with this announcement and should not read this announcement in substitution for the Replacement Bidder's Statement. Capitalised terms used, but not otherwise defined, in this announcement (including in the summary below) have the meanings given to them in the Replacement Bidder's Statement.

Summary of changes to Original Bidder's Statement

- **Expected Cost Synergies if ACL acquires more than 50%, but less than 90%, of Healius Shares:** ACL has included additional detail on the impact on the Expected Cost Synergies if ACL acquires more than 50%, but less than 90%, of Healius Shares on issue.¹ Subsection 4 of the "Why You Should Accept the Offer" section of the Replacement Bidder's Statement also outlines the potential value creation for Healius Shareholders under this scenario. The Replacement Bidder's Statement also includes disclosure on the basis for, and assumptions underlying, these statements.
- **Representation of the Offer as a "nil premium merger":** ACL has provided further disclosure on the basis for its statements describing the Offer as a nil premium merger by way of reference to the VWAP of Healius Shares and ACL Shares on the ASX for the period from (and including) 28 February 2023 (being the date after which Healius released its 1H23 Report² to the ASX) to 17 March 2023 (**Last Practicable Date**).³
 - For the reasons outlined in the Replacement Bidder's Statement, ACL believes this period is more representative of the relative trading values of Healius in an informed market than share price comparisons in any prior period after ACL's listing on the ASX, and that this period is the first time in over two years that the market has had clear reporting on the core, non-COVID pathology margins of Healius and ACL.⁴
 - For the reasons set out in the Replacement Bidder's Statement, ACL believes that the value comparisons of the Offer Consideration to the 1-month, 3-month and 6-month VWAPs of Healius Shares up to the Last Practicable Date set out in Healius' announcement to the ASX on 27 March 2023 (and any other value comparison based on historical Healius Share prices prior to the release of the Healius 1H23 Report to the ASX) are not appropriate.⁵
- **Impact of AASB 16 lease accounting:** ACL has included additional disclosure on the historical margin outperformance of ACL relative to Healius that shows that ACL's margin outperformance is not materially impacted by the different approaches to AASB 16 lease accounting adopted by ACL and Healius, as evidenced by ACL's comparable EBIT margin outperformance on pre AASB 16 and post AASB 16 bases.⁶
- **Qualification of ESG benefits of the Proposed Merger:** ACL has provided further disclosure on the basis for its statement that the Proposed Merger is expected to deliver a reduced carbon footprint and removed the statement that ACL believes that it can lift the safety standards of both Healius' patients and staff.⁷ In accordance with these changes, ACL has changed references to *ESG benefits* within the Replacement Bidder's Statement to *environmental benefits*.

¹ Refer to subsection 2 (The Combination of Healius and ACL is Expected to Unlock Approximately \$95 Million of Annualised Synergies) of the "Why You Should Accept the Offer" section and section 7.4 of the Replacement Bidder's Statement.

² Healius' Appendix 4D – Half Year Report for the financial half-year that ended on 31 December 2022.

³ Being \$2.72 in respect of Healius Shares and \$3.66 in respect of ACL Shares. Refer to the "Overview of the Offer" section of the Replacement Bidder's Statement.

⁴ See the "Overview of the Offer" section of the Replacement Bidder's Statement for more information.

⁵ See the "Overview of the Offer" section of the Replacement Bidder's Statement for more information.

⁶ Refer to subsection 5 (ACL has Consistently Delivered Superior Financial Performance to Healius) of the "Why You Should Accept the Offer" section of the Replacement Bidder's Statement.

⁷ Refer to subsection 6 (The Merged Group is Expected to Deliver Better Patient Outcomes and Doctor Outcomes, and Deliver Environmental Benefits) of the "Why You Should Accept the Offer" section of the Replacement Bidder's Statement.

- **Disclosure regarding risk of early acceptance:** ACL has included additional disclosure in section 8.4(n) of the Replacement Bidder’s Statement regarding the risk relating to accepting the Offer early.⁸
- **ACCC clearance:** ACL has confirmed in the Replacement Bidder’s Statement that it has requested unconditional clearance of the Proposed Merger from the ACCC and that it believes that it has strong arguments to support its request for unconditional clearance.⁹ ACL has also disclosed in the Replacement Bidder’s Statement that, on 12 April 2023, the ACCC announced that it intends to conduct a public informal merger review of the Proposed Merger.¹⁰
- **Conditions to the Offer:** ACL has stated that it will only rely on a breach of the Conditions at sections 11.9(p)(i)(A) and 11.9(p)(vi) of the Replacement Bidder’s Statement, which relate to, respectively:
 - acquisitions or disposals by the Healius Group of any company, business or shares or other securities in any company before the end of the Offer Period; and
 - bonuses, retention payments and other incentives paid or agreed to be paid to Senior Healius Employees before the end of the Offer Period,
 if certain financial thresholds are exceeded.¹¹

Timetable

Set out below is the expected timetable for the Offer as at the date of this announcement.

Event	Date
• Announcement of the Offer	20 March 2023
• Date of the Original Bidder’s Statement	20 March 2023
• Date of the Replacement Bidder’s Statement	14 April 2023
• Dispatch of the Replacement Bidder’s Statement to Healius Shareholders	Late April 2023
• Offer opens	Late April 2023
• Offer closes ¹²	29 September 2023

These dates may change as permitted under the *Corporations Act 2001* (Cth) (**Corporations Act**). ACL will announce any changes to the above timetable to the ASX.

⁸ Disclosure is also referenced in the “Overview of the Offer” section of the Replacement Bidder’s Statement.

⁹ See subsection 2 (The Combination of Healius and ACL is Expected to Unlock Approximately \$95 Million of Annualised Synergies) of the “Why You Should Accept the Offer” section and sections 7.4(b) and 8.4 of the Replacement Bidder’s Statement.

¹⁰ See the paragraph titled ‘ACCC Clearance’ in the Chair’s Letter, as well as subsection 1 (The Offer is Expected to Enhance Your Investment in Healius by Creating the Largest Pathology Provider in Australia, with Complementary Networks and a More Diverse Platform for Growth) of the “Why You Should Accept the Offer” section and sections 8.4(b) and 10.1 of the Replacement Bidder’s Statement.

¹¹ See section 11.9 of the Replacement Bidder’s Statement.

¹² Unless withdrawn or extended in accordance with the Corporations Act.

– ENDS –

This announcement was authorised for release to the ASX by the ACL Board. For further information regarding this announcement, please contact:

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About Australian Clinical Labs

ACL is a leading Australian private provider of pathology services. Our NATA accredited laboratories perform a diverse range of pathology tests each year for a range of clients including doctors, specialists, patients, hospitals and corporate clients. ACL is one of the largest private hospital pathology businesses nationally. ACL is focused on its mission of combining talented people, and medical and scientific leadership, with innovative thinking and technologies to empower decision making that saves and improves patients' lives.