

ASX Announcement (ASX: HLS)

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Healius announces 1H25 results

- Revenue up 10.0% to \$933.9 million
- Underlying EBITDA up 3.3% to \$164.4 million
- Underlying EBIT up 51.0% to \$23.7 million
- Pathology revenue up 7.0% to \$641.7 million (excludes Agilex)
- Lumus Imaging gross revenue up 13.3% to \$286.5 million
- Net debt at 31 December 2024 of \$345.3 million

	1H25 \$M	1H24 \$M	1H25 \$M	1H24 \$M
	UNDERLYING		REPORTED	
Total revenue	933.9	849.0	662.3	620.8
Non-underlying items	-	-	(13.1)	(16.6)
Impairment charges	-	-	-	(603.2)
EBITDA (excluding impairment)	164.4	159.1	89.1	90.8
EBIT	23.7	15.7	(22.6)	(628.9)
NPAT (Reported including discontinued operations)			(12.8)	(635.8)

Healius Limited (Healius) today released results for the financial half year ended 31 December 2024 (1H25), with revenue growth of 10.0%, underlying EBITDA of \$164.4 million, and underlying EBIT of \$23.7 million.

Pathology (excluding Agilex)

Pathology revenues grew by 7.0% to \$641.7 million and EBIT grew by 2.3% to \$4.1 million, reflecting more consistent volumes in the pathology market.

Revenue growth for 1H25 has been a combination of market growth, improving our collection centre performance, and strong growth in both genomic diagnostics and B2B markets. ACC closure rates have reduced significantly across the period which is pleasing, however, this has also resulted in an increase in short term labour costs. An integral part of our pathology strategy is workforce management and the focus now switches to productivity for 2H25 to ensure labour ratio to revenues is efficient.

GP and specialist attendances grew by 3.6% and 3.3% respectively for the six months to December 2024. Given Healius' skew to GP referrals, growing the specialist market remains a key strategic focus to increase average fees and reduce the impact of coning on GP referrals.

Cost inflation continues to be a factor, particularly in relation to labour costs which account for almost half of the cost base. There is significant focus on labour productivity across all parts of the business, in particular for our collection centres and laboratories using technology and workforce management, with plans to actively reduce support costs in conjunction with the sale of Lumus Imaging. Further details of these plans will be provided at the Investor Day in March.

Pathology - Indexation

In May 2024, we welcomed the Commonwealth Government's announcement that it would be reintroducing indexation to the patient's Medicare pathology rebates for tests for Haematology, Immunology, Tissue, Cytology, Infertility and Pregnancy from 1 July 2025. However, the Commonwealth is continuing the 25-year funding freeze for over two thirds of all pathology tests covered by Medicare.

The Government also announced that they would be making cuts of \$356 million to tests for Vitamin B12 and urine. The tests for Vitamin B12 are accessed by women in 66% of cases. In the 25-34 years age group, the rate of women accessing these tests is 80%. The cuts are at odds with the Government's messaging on women's health and Medicare. These cuts are being strongly opposed by the Australian Medical Association, Royal Australian College of General Practice, Royal College of Pathologists of Australasia and Australian Pathology. Healius, and the whole pathology sector, opposes these cuts and have been advocating strongly to Government and parliamentarians to have them reversed.

There is currently an internal review being conducted by the Department of Health on Medicare fees and rebates that are still subject to the indexation freeze. Healius is engaging with the review and supporting the sector-based campaign, Keep Pathology Bulk Billed, that has recommenced and will continue.

Agilex

Agilex Biolabs' growth has been impacted in this first half of the financial year by the United States elections. This has resulted in a slowing market and inherent uncertainty which has in turn reduced new drug development programs globally. The result is a small decline in revenue to \$18.8 million and an EBIT of \$1.1 million in 1H25, down from \$2.1 million in 1H24.

With emerging opportunities, market uncertainty clearing and deliberate revenue and cost initiatives, work that had been cancelled or delayed is returning, and earnings for the full financial year are expected to be similar to FY24.

Imaging

Lumus Imaging's gross revenue growth of 13.3% to \$286.5 million and EBIT growth of 50.0% to \$26.4 million has been driven from increasing organic volumes, additional volumes from new centres opened during the period, the returning volumes from the government BUPA contract, and the continued impact of indexation.

Investments and strategic initiatives have continued to drive above market growth during the period. The focus on large scale comprehensive clinics with an expanding base of radiologists is underpinning this growth.

Sale of Lumus Imaging

On 23 September 2024, it was announced that Lumus Imaging will be sold to Affinity Equity Partners with completion anticipated to occur in 2H25, subject to a number of conditions, including Foreign Investment Review Board (FIRB) approval.

Balance sheet

Healius' gearing ratio (net debt to banking EBITDA) was 3.8 times as at 31 December 2024. This is within the net debt covenant of 4.5 times.

As we have stated previously, on completion of the Lumus Imaging sale, it is our intention to return the majority of these proceeds to shareholders via a special dividend following repayment and refinancing of debt facilities.

Exact details of the special dividend will be provided post completion of the Lumus Imaging sale.

Investor Day

Healius plans to hold an Investor Day on 27 March 2025.

This will involve a presentation from the management team on medium-term plans for the business, with a specific focus on Strategy and Transformation as well as the Digital Health program.

More details will be provided closer to the date.

Outlook

Pathology volume and revenue growth is consistent with 1H25, noting the historically higher volumes in 2H25. Imaging exams are up 12.0% and revenue is up 12.4% for January and February year to date, continuing to grow ahead of the market. Agilex work orders have improved across December and January, providing confidence that EBIT will be similar to FY24 (EBIT of \$5.1 million).

Management are significantly progressed with plans and actions for the simplification of its Pathology operations post the sale of Lumus Imaging. Productivity in collection centres and the reduction of costs through automation and digitisation of the business are key action items. Management is focused on driving medium to long-term growth and this pathway will be articulated at our Investor Day in March 2025.

Webcast

Healius will hold an analyst and investor briefing today to discuss the results. Webcast details are as follows:

Time: 11:15am (AEDT)

Webcast Link: <https://webcast.openbriefing.com/hls-hyr-2025/>

If you would like to dial in via teleconference or ask a question on the phone, please pre-register using this link: <https://s1.c-conf.com/diamondpass/10044352-hg7t6r.html>

This announcement has been authorised for release by the Board.

ENDS

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For over 30 years Healius has been one of Australia's leading healthcare companies, committed to supporting quality, affordable and accessible healthcare for all Australians. Today, Healius has two core diagnostics businesses, pathology and imaging. Through its unique footprint of centres and its 10,500 employees, Healius provides Australia-wide specialty diagnostic services to consumers and their referring practitioners.