

ASX Announcement (ASX: HLS)



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Trading update

- **COVID-19 tests and GP telehealth consultations partially offsetting drop in other presentations**
- **Cost reduction and cash preservation measures including deferral of interim dividend**
- **Over \$200 million in available liquidity and targeting bank gearing ratio below 3.0x for FY 2020**
- **Healius' essential healthcare services supported by Government funding initiatives**
- **Parties actively engaged in due diligence on Medical Centres**

COVID-19

Healius Limited (HLS) continues to help combat Coronavirus through its dedicated COVID-19 pathology collection centres, testing laboratories, Medical Centre 'safe zones' and telehealth services. The Company has experienced varying rates of volume decline in its businesses due to significant deferral of non-COVID-19 testing and elective services, since the Government introduced initiatives to slow the rate of community infection. This has been partially offset by increased COVID-19 testing and, more recently, the rapid take-up of GP telehealth consultations.

In Pathology, Healius is undertaking daily COVID-19 tests averaging in the 2,000's and has commenced drive-through COVID-19 testing services at its main laboratories, in addition to its dedicated collection centres. This is partially offsetting near-term declines in non-COVID-19 pathology, with revenues down in the order 30% or more overall, but starting to show some signs of stabilisation and recovery.

In Medical Centres, patient visits remain strong (in the 20,000's on weekdays) and telehealth currently totals around 40% of all presentations. The rapid adoption of telehealth services by Healius is assisting with good GP recruitment and retention rates. The emerging businesses, Dental, Day Hospitals and IVF, are being impacted by regulatory and clinical requirements in their sectors, with Dental, for example, now operating only a small number of appropriately placed emergency services.

In Imaging, revenue has declined in line with the mandated deferral of elective surgery, and the reduction in non-COVID-19 GP and specialist presentations and the temporary closure of certain locations during the Government's lock-down period. Revenue has been down in the order of 40% or more.

Dr Malcolm Parmenter, CEO and Managing Director of Healius, stated: "Our overriding priority is the health and safety of our patients, staff and healthcare practitioners. At the frontline, we remain focused on our critical role in the fight against COVID-19 and on deploying our resources where they are needed most.

"Our numbers are moving all the time and it is difficult to predict the future. However, we are encouraged by the rapidly increasing rate of GP telehealth. We're also seeing the beginnings of a pick-up in non-COVID-19 pathology testing, likely due to greater patient access to remote referrals.

"We should see further growth in telehealth as it provides a safe environment for the community to access the care it needs. This should drive a corresponding increase in referrals to pathology and imaging, as will the eventual return of elective surgery.

Liquidity and funding

Healius has over \$200 million in available cash and committed, undrawn debt facilities and is working with a supportive banking syndicate which recognises the Company's role in the provision of essential health services with consistent long-term demand.

Healius is focused on reducing costs and preserving liquidity through a range of measures including:

- rationalising its network of facilities, in selected areas;
- negotiating rent reductions or deferrals;
- deferring non-essential capital and project-related operating expenditure; and
- reducing director and senior management fees and salaries.

Additionally, Healius is working with the Federal and State Governments to ensure its essential healthcare services continue to be readily available in the community. The Federal Government is supporting Healius with a range of funding solutions in this dynamic business environment.

The Board has determined to defer payment of the FY 2020 interim dividend, which was due on 15 April 2020, for six months to 15 October 2020.

Importantly, through the combination of trading, cost reductions, cash conservation and Government funding, Healius expects to remain within its banking covenants in the 2020 financial year and is targeting to maintain its bank gearing ratio below 3.0x.

Medical Centres sale

Healius previously announced that it is exploring a sale of its Medical Centres business, excluding Day Hospitals and IVF. The Company is encouraged by the quality of the interest shown to-date, with parties now actively engaged in due diligence.

Dr Malcolm Parmenter concluded: "It is vitally important that our people can provide, and patients can access, healthcare in as safe an environment as possible, whether for COVID-19 or other reasons. Our businesses remain well-placed to do this. Furthermore, strong growth should return over time, as we deliver critical and largely non-discretionary health services at scale, underpinned by consistent, long-term demand."

ENDS

This announcement has been authorised by the Healius Limited Board of Directors.

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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 13,000 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.