

ASX Announcement (ASX: HLS)

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Sale of Montserrat Day Hospitals

Healius Limited (Healius) (ASX: HLS) today announces that it has entered into a binding agreement to sell Montserrat Day Hospitals (Montserrat), an operator of 11 specialist short-stay hospitals and haematology/oncology clinics to Nexus Hospitals for an enterprise value of up to \$138.6 million (including deferred contingent consideration of up to \$11.4 million)¹.

Healius acquired Montserrat in 2018 for \$122.0 million including earn-outs.

Healius' Managing Director and Chief Executive Officer, Dr. Malcolm Parmenter, said: "We are pleased with the outcome of the sale process. The valuation achieved reflects the quality of the Montserrat business and its long-term growth potential, notwithstanding recent challenging trading conditions during the COVID-19 pandemic."

"Importantly, the sale of Montserrat is in-line with our strategy to focus on the growth of our diagnostics businesses. The proceeds of the sale will enable us to strengthen our balance sheet during this transition period as we reset our cost base and operating model for the post-pandemic era and, over time, deploy capital in growth opportunities."

Key terms of the transaction

Nexus Hospitals, controlled by funds managed by QIC Limited (QIC), will acquire 100% of Montserrat for an enterprise value of up to \$138.6 million (including deferred contingent consideration of up to \$11.4 million) on a cash and debt free basis.

Completion of the transaction is expected to occur in the first half of calendar year 2023 and remains subject to a limited number of conditions precedent customary for a transaction of this nature. Importantly, the transaction is not conditional on Foreign Investment Review Board or Australian Competition and Consumer Commission approvals.

Healius will continue to provide pathology services across a number of existing Montserrat facilities with potential to expand the provision of diagnostic services with Nexus Hospitals.

In alignment with its own sustainability vision, Healius is in discussions with QIC regarding participation in the latter's upcoming green power purchase agreement process. If successful, Healius expects to benefit from QIC's larger scale to secure more attractive terms for the provision of renewable energy.

ENDS

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

¹ The enterprise value is on a cash and debt free basis and prior to completion adjustments, including working capital and debt and debt-like items. The contingent consideration is subject to meeting certain financial and non-financial targets over FY23 and FY24. The enterprise valuation is stated on a pre-AASB16 basis (Montserrat had \$42.9 million of AASB 16 lease related liabilities as at 30 June 2022).

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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 11,000 employees, Healius provides Australia-wide specialty diagnostic services to consumers and their referring practitioners.