

ASX Announcement (ASX: HLS)

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Sale of Lumus Imaging to Affinity Equity Partners

- **Sale of Lumus Imaging for enterprise value of \$965.0 million**
- **Completion anticipated to occur in 1Q CY2025, subject to satisfaction of certain conditions**
- **Proceeds from the sale will be used to reduce debt, support strategic execution in Pathology and return cash to shareholders**

Healio Limited (“**Healio**”) (ASX: HLS) today announced it has entered into a binding agreement to sell its Lumus Imaging (“**Lumus**”) subsidiary to funds managed by Affinity Equity Partners for an enterprise value of \$965 million on a cash, debt and equipment-lease free basis (the “**Transaction**”).

The Transaction is expected to result in net transaction proceeds of \$835 million after the repayment of equipment leases and any closing adjustments¹ and in excess of \$800 million post transaction fees, separation costs and other fees. The final proceeds will not be determined until the close of the Transaction in 1Q CY2025.

Healio does not expect to incur any tax in relation to the Transaction.

On a pre-AASB16 basis, the Transaction represents a multiple of 17.0x FY2024 EBITDA² and 25.4x FY2024 EBIT³.

Key terms of the Transaction

The Transaction remains subject to customary conditions, including approval by the Foreign Investment Review Board. The Transaction is not subject to financing. Subject to satisfaction of all conditions precedent, completion is expected to occur in 1Q CY2025.

To support the separation and ensure continuity for Lumus’ doctors and patients, Healio will provide Lumus with a range of transitional services, including certain IT services on commercial arm’s-length terms for a period of twelve months following completion.

Strategic rationale

As first announced in March 2024, Healio undertook a strategic review of its structure and assets with the objectives of maximising value for Healio’s shareholders while at the same time ensuring a sustainable capital structure supportive of investment and the ongoing growth in Healio’s operations.

¹ Closing adjustments relate primarily to working capital, lease balances and capex.

² Lumus segment underlying EBITDA of \$97.3 million (post AASB 16) less AASB 16 property and equipment lease impact equating to (pre AASB 16) underlying EBITDA of \$51.3 million

³ Lumus segment underlying EBIT of \$41.9 million (post AASB 16) less AASB 16 property and equipment lease impact equating to (pre AASB 16) underlying EBIT of \$34.4 million

Following completion of the Transaction, Healius will continue to be a leading provider of Pathology services in Australia with a rapidly growing bioanalytical laboratory services business, Agilix. The divestment of Lumus is not expected to have any negative impact on the operations or earnings of Healius' remaining businesses.

As announced as part of the FY 2024 Financial Results, Healius has redefined its Pathology strategy. The sale of Lumus will alleviate balance sheet pressures and allow the business to focus solely on executing this new strategy by improving customer service, modernising laboratories, completing the investment in digital technologies that will provide efficiencies, and most importantly, providing better services for our patients and referrers. We do not expect that there is a significant capital investment required over and above existing growth capex plans for the Pathology business.

With the simplification of its operations, Healius will take a robust approach to streamline its corporate cost base. Following completion of its transitional service obligations, Healius plans material reductions in head office, infrastructure and other costs as part of running a smaller and leaner business. Details of these changes will be communicated closer to completion of the Transaction.

As a result of the Transaction, Healius will have a significantly improved balance sheet and lower capital expenditure requirements. Healius will be in a material net cash position and will have transferred substantially all equipment lease liabilities (30 June 2024 value: \$91.3 million).

The proceeds from the Transaction will be used to refinance and right-size Healius' debt facilities. Healius intends to prioritise the distribution of surplus proceeds to shareholders in a tax efficient manner. The form and timing of distribution to shareholders will be communicated closer to completion of the Transaction.

The Board and Management of Healius believe that this Transaction is in the best interests of all shareholders.

Healius' Managing Director & CEO, Paul Anderson, said:

"The sale of Lumus is a positive outcome for Healius shareholders, our staff, patients and referrers. The sale will provide Healius with both the resources and time to continue to improve our Pathology operations and the scope to return cash to shareholders.

"As a clinically driven, large-scale Pathology business, Healius delivers critical diagnostic services to millions of Australians each year, and we are excited by the opportunities to grow and improve the business."

Mark Chudek, Managing Director at Affinity Equity Partners, said:

"Lumus Imaging is an exceptional business which aligns to Affinity's commitment of investing in high-quality companies that have significant growth potential.

"Healthcare is a key investment area for Affinity, and we aim to support companies with the resources they need to expand, serve more patients and deliver improved services to all stakeholders – including Lumus Imaging's referrers and hospital clients.

"We are thrilled to be partnering with Lumus Imaging's doctors, healthcare professionals, support staff and management team as we invest further in the business and help drive its growth as it embarks on the next chapter as a standalone entity."

Advisers

UBS Securities Australia Limited is acting as financial adviser to Healius and Herbert Smith Freehills is acting as legal adviser to Healius on the Transaction.

About Affinity Equity Partners

Affinity Equity Partners is one of the largest independent private equity firms in Asia Pacific, investing in Asia Private Equity since 1998. Affinity has US\$14 billion of assets and funds under management, and is currently investing out of Fund V, a US\$6 billion fund. Affinity seeks to deliver superior returns for our investors by partnering with high quality management teams to drive strategic growth and build long-term sustainable businesses.

This announcement is authorised for release to the ASX by the Board of Directors of Healius.

INVESTOR CALL: Healius is hosting an investor call at 10:30am (AEST) today

Registration Details to follow separately.

ENDS

For further information contact:

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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.