

Thursday, 26 August 2021

ACL FY21 PRO FORMA RESULTS

FY21 represented a milestone year with solid results reflective of prior investment in systems and processes

Australian Clinical Labs Limited (ASX: ACL) (**ACL** or the **Company**) today announced its pro forma¹ FY21 results for the 12 months to 30 June 2021 (**FY21**). ACL presents the FY21 results compared to the Prospectus lodged by ACL and ACL SaleCo Limited with the Australian Securities and Investment Commission on 28 April 2021 (**Prospectus**) and pro forma FY20 (12 months to 30 June 2020) (**FY20**) adjusted for one-off items as detailed in the Prospectus.

AUD in millions	FY21		FY20	Growth	
	Pro forma	Prospectus		Prospectus	FY20
Total Revenue	674.4	647.0	522.8	4.2%	29.0%
EBITDA	230.7	207.7	116.3	11.1%	98.4%
<i>EBITDA margin AASB 16</i>	<i>34.2%</i>	<i>32.1%</i>	<i>22.2%</i>	<i>211 bps</i>	<i>1197 bps</i>
<i>EBITDA margin AASB 117</i>	<i>21.3%</i>	<i>18.7%</i>	<i>6.5%</i>	<i>259 bps</i>	<i>1479 bps</i>
EBIT	140.0	119.3	29.6	17.4%	373.0%
NPAT	88.7	74.5	11.7	19.2%	659.1%
Cash EBITDA to operating cash flow	101.4%	100.6%	107.7%	77 bps	-636 bps

Key highlights from FY21 include:

- Successfully transitioned to being an ASX listed company with a listing on 14 May 2021
- Outperformed pro forma Prospectus Revenue, EBITDA and NPAT forecasts
 - Total Revenue of \$674.4m which was 4.2% ahead of Prospectus forecast
 - EBITDA of \$230.7m which was 11.1% ahead of Prospectus forecast
 - NPAT of \$88.7m which was 19.2% ahead of Prospectus forecast, and 6% ahead of the mid-point of the upgraded guidance released to the ASX on 3 June 2021
 - Cash EBITDA to operating cash flow conversion of 101.4%, with pro forma cash flow of \$97.2m
- FY21 non-COVID revenue growth of 6.3% vs. FY20. 1H FY20 revenues down 0.7% reflecting impact of lockdowns and travel restrictions in Victoria and growth in all other states. 2H FY21 non-COVID growth returned, up 14% vs. 2H FY20
- Strengthened balance sheet, with net debt excluding lease liabilities decreasing from \$93.3m as outlined in the Prospectus to \$64.1m as at 30 June 2021
- Acquired and integrating SunDoctors¹, a leading skin cancer clinic business in Australia
- Expanded into Queensland with a new laboratory commissioned
- Continued strong operational discipline with cost control reflective of the significant prior investment in systems and processes
- Delivered excellent turnaround times on all testing even during spikes in demand

¹ Southern Sun Clinics Pty Ltd.

As a leading private pathology provider in Australia and one of the largest private hospital pathology businesses nationally, ACL continues to play a central role in Australia's response to safeguarding the community during the COVID-19 pandemic.

Following the period of acquisitions and integration that began in 2015, ACL has invested over \$88 million in a broad range of initiatives to improve its operational performance. These included establishing a national unified pathology system, one national laboratory information system (LIS) and an efficient unified laboratory network with state-of-the-art robotic equipment, clinical centres of excellence, digitally enabled platforms, a focus on research and innovation, clinical governance and training, which combine to represent key operational strengths for the business.

These widespread investments in systems and processes provided the solid foundations that underpinned the Company's improved financial performance with expanded EBITDA margins reflecting both increased scale and operating leverage.

Chief Executive Officer and Executive Director, Melinda McGrath, said:

"During the past six years, we have undertaken a successful transformation of the business, the benefits of which are clearly visible in this result.

The commitment and dedication of our 2,800 staff has been on display this year as ACL continues to play a central role in Australia's COVID-19 response which was at times challenging for everyone in the organisation, but particularly for our frontline staff managing testing sites, and I take this opportunity to thank each and every one of them for their commitment and compassion to serving their communities.

I also sincerely thank our pathologists and medical practitioners who maintain their dedication to ensuring diagnostic and professional excellence as well as governance and leadership as we navigate the COVID-19 pandemic.

With a well-defined growth strategy and predictable and consistent long-term growth drivers supporting the \$5.8 billion² Australian pathology market, excluding COVID-19, we are confident in our ability to continue to deliver solid results in FY22 and beyond."

Outlook

Based on trading to date in FY22 and acknowledging the significant volatility in the market, ACL has upgraded its expectations for 1H FY22 as follows:

- Total Revenue of between \$362 million and \$375 million, representing between 18% and 22% upgrade to Prospectus forecast of \$307 million
- NPAT of between \$48 million and \$53 million, representing between 109% and 130% upgrade to Prospectus forecast of \$23m

Investor and Analyst Results Briefing

ACL Chief Executive Officer and Executive Director, Melinda McGrath, and Chief Financial Officer, James Davison, will host a webcast for investors and analysts today at 11 am (Melbourne time).

Participants can register for the webcast by accessing this link:

https://us02web.zoom.us/webinar/register/WN_iXEXchb3Rny5GLn27wBBgA

An archive of the briefing will be available afterwards at: <https://investors.clinicallabs.com.au/>

– ENDS –

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

² Source: Partners in Performance estimates, based on Our World in Data, Australian Government Department of Health, Australian Government budget FY20/21 and Medicare statistics.

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About Australian Clinical Labs

ACL is a leading Australian private provider of pathology services. Our 86 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.

Forward looking-statements

This announcement may contain forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. The upgrade to the 1H FY22 forecast is an example of forward-looking statements. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this announcement, are expected to take place. No person who has made any forward-looking statements in this announcement (including the Company) has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, other than to the extent required by law. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management of the Company. We recommend that shareholders read in conjunction with this announcement, Section 4 and Section 5, and other information in, the Prospectus. The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.