

ASX Announcement (ASX: HLS)



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17 December 2021

Acquisition of leading bioanalytical laboratory Agilex Biolabs

- Healius to acquire 100% of leading bioanalytical laboratory Agilex Biolabs Pty Ltd (“**Agilex**”)¹ for an enterprise value of \$301.3 million ²
- All cash consideration, debt funded by Healius’ existing lenders
- Agilex is one of Australia’s leading bioanalytical laboratories, with 25 years’ experience in providing bioanalysis services to meet the clinical trial needs of biotech and pharmaceutical companies
- Healius views this as a long-term strategic acquisition that provides Healius with a platform for growth into the global clinical trials sector and a structurally attractive, higher growth, higher margin adjacency
- Agilex has a high margin and capital-light business model with immediate and long-term growth potential which will be enhanced by Healius’ experience operating laboratory businesses, and by increased financial capacity to support the delivery of the growth strategy
- Estimated CY22 revenue and EBITDA is within a range of \$36-40 million and \$14-16 million, respectively, with strong future earnings growth anticipated
- The acquisition is expected to deliver low single digit EPS accretion in the first full year of ownership³
- The transaction is subject to limited conditions and is expected to complete at the end of January 2022

Healius (ASX: HLS) today announces it has entered into an agreement to acquire the entire issued capital of Agilex, one of Australia’s leading bioanalytical laboratories.

The transaction values Agilex at an enterprise value of \$301.3 million ². The acquisition is subject to minimal conditions, customary for a transaction of this nature, and is expected to complete at the end of January 2022.

Healius’ Managing Director and CEO, Dr Malcolm Parmenter, said: “The acquisition of Agilex is an exciting opportunity for Healius. Agilex has a talented scientific team with state-of-the-art laboratories and culturally complements Healius. It’s a logical entry point for Healius into the attractive global

¹ Healius is acquiring Agilex from an entity controlled by Dr Glenn Haifer.

² Pre-AASB 16 enterprise value, cash-free and debt-free basis, prior to completion adjustments.

³ EPS accretion statement reflects the pro forma impact of the transaction, on a pre-AASB 16 basis and prior to one-off transaction costs and any non-cash adjustments arising from acquisition accounting, in FY23, being the first full year of ownership.

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bioanalytical laboratory services market, and one in which Australia and Agilex, in particular, is well-placed to service.

“We see Agilex as a long-term strategic acquisition that adds a global orientation to the Healius network. A business that is growing fast, in a fast-growing market. Agilex is well placed to realise a material step-change in earnings growth over the near to medium-term”.

About Agilex

Agilex is one of Australia’s leading bioanalytical laboratories with 25 years’ experience in performing regulated bioanalysis. Employing over 100 scientific professionals across its Adelaide and Brisbane laboratories, Agilex provides a comprehensive suite of bioanalytical services to meet the end-to-end clinical trial needs of biotech and pharmaceutical companies across all major therapeutic areas, with a particular focus and expertise in oncology, the largest and fast-growing therapeutic area for clinical trials.

The Australian clinical research market has grown strongly in recent periods (~17% CY15-19 CAGR⁴) with phase 1 Australian interventional drug-trial starts also growing at 17% CAGR over the FY15-FY20 period⁵. Australia is an attractive international clinical trial destination given its reputation for high quality medical research and regulatory standards, in addition to speed and cost advantages relative to the US market.

Agilex is well positioned to benefit from these attractive underlying market growth trends and is currently increasing the scale of its operations to meet growing demand. Over the last 12 months, Agilex has significantly expanded its scientific staff and is currently undertaking a facility expansion, with additional floor space in the building adjacent to its existing Adelaide operations. The expanded facility has capacity to accommodate significant growth over the coming years with limited additional capital required.

Agilex has seen strong momentum in planned work over the last 6-12 months. As at November 2021, Agilex’s planned work⁶ amounted to over \$36 million, an increase of circa 55% on June 2021 levels.

The existing experienced Agilex senior management team will remain in their current roles.

Strategic Rationale

The acquisition delivers several strategic benefits to Healius:

- A platform for growth via a unique Australian entry point into the attractive global clinical trial sector with opportunities for both organic and inorganic growth;
- Balances Healius’ existing cash generative, mature businesses with a high margin and capital-light business with immediate and long-term growth potential;
- Diversification of revenue with a portfolio of global biotech, pharmaceutical and clinical research organisation customers; biotech & pharmaceutical R&D funding is growing globally and is increasingly outsourced due to better speed and cost-effectiveness for sponsors, as well as growing complexity of clinical trials;
- Increases innovation and scientific / clinical R&D capabilities of Healius, adding to existing strengths in genetics and histopathology;

⁴ Frost & Sullivan.

⁵ ANZCTR.

⁶ Planned work includes contracted and uncontracted (but verbally awarded), work which may be delivered over a period extending beyond 12 months.

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- Agilex is a logical adjacency to Healius' core diagnostics business and the acquisition offers a range of complementary capabilities including across laboratory operations, technical staff recruitment and development, procurement, and back-office services; and
 - Alignment with Healius' strategic vision as a best-in-class operator of healthcare and laboratory businesses across multiple healthcare verticals.

Healius was advised by Gresham Advisory Partners and King & Wood Mallesons.

Presentation

Healius' MD & CEO, Dr Malcolm Parmenter and Healius' CFO & COO, Maxine Jaquet will host a webcast presentation and conference call at **2.00pm AEDT today** in relation to this announcement. The presentation will be uploaded to the ASX Market Announcements Platform.

To register to access the webcast please click <https://webcast.openbriefing.com/8278/>

To access the conference call please click <https://s1.c-conf.com/diamondpass/10018622-27sh80.html>

ENDS

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

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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 three businesses, pathology, imaging and day hospitals. Through its unique footprint of centres and its 11,000 employees, Healius provides specialty diagnostic services to consumers and their referring practitioners, as well as enabling independent healthcare professionals to deliver care in its day hospitals.