



ASX Release

First Half 2016 Results Review

31 August 2016: Jayex Healthcare Limited (ASX: JHL) (**Jayex** or **Company**), a leading e-health provider of integrated healthcare services delivery platforms, provides the following trading update in relation to the 1H'16 results (the 6 months ended 30 June 2016).

Highlights

- Revenue of \$5.9m for 1H'16 (UK \$4.8m and Australia \$1.1m).
- Interim underlying Group EBITDA loss before impairments of \$0.3m (UK \$1.3m profit and Australia \$1.6m loss).
- Number of hospitals utilising Jayex solutions increased by 4 to 39, including successful implementation of the Enlighten product into a new major Melbourne Hospital and 3 UK hospitals.
- Primary care clinics serviced by Jayex increased by 468 in the UK and 57 in Australia.
- Lodgement of a number of international proposals and Australian contracts and tenders, which if successful would significantly increase the Company's footprint and revenue generation. The outcomes of which are expected to be known by year end.
- Commencement of P2U version 1.0 commercial pilot, with an additional 4 sites expected to commence during October 2016.
- Commencement of the marketing of Enlighten into the New Zealand Primary care market with trials now underway.

First Half 2016 Results

In its first 6 months as a listed Company, Jayex has reported revenues of \$5.9m. EBITDA before impairments amounted to a loss of \$0.3m. This was the result of stronger than budgeted growth and earnings in the UK being offset by lower than expected sales results in Australia.

In summary:

- Interim underlying Group EBITDA result for the period is determined as follows:

EBITDA Reconciliation	\$'000s
Operating loss after income tax	(1,476)
Less: Income tax benefit	(84)
Plus: Net interest paid	2
Plus: Depreciation and amortisation	301
EBITDA (loss)	(1,257)
Plus: Impairment of goodwill	3,000
Less: Re-measurement of financial liabilities	(2,064)
Underlying EBITDA result (loss)	(321)

- UK generated revenue of \$4.8m and an EBITDA of \$1.3m. The results were adversely affected by the GBP/AUD exchange rate falling from \$2.02 to \$1.79 over the 6-month period. On a constant-currency basis, the UK revenues were up 15% year on year, driven by increased activity in the Primary care environment of the UK market.
- Australia generated revenue of \$1.06m and an EBITDA loss before impairments of \$1.6m. The results were behind budget, with the establishment of the Australian sales team occurring later than expected in March 2016. However, sales momentum and traction has subsequently been achieved in recent months.
- The Company recognised an impairment to intangible assets in the 1H'16 result. The impairment relates solely to the acquisition of the Appointuit business, which took place in 2015.

Operational Update

The Company has continued to make positive progress with the rollout of the Enlighten patient workflow platform. Additional deployments were accomplished across the Acute (hospital) and Primary care environments in both the UK and Australia.

ACUTE & CORPORATE

Across the globe, Jayex now provides its Enlighten products and services to 39 hospitals, of which 36 are in the UK and 3 are in Australia.

During the past 6 months the key highlights were:

- The UK implemented and billed 3 new hospital contracts, which were won in 2015 and successfully extended its contracts with all existing hospital operators.
- In Australia, the Enlighten platform has been successfully deployed into a third major hospital in Melbourne. The deployment follows a successful trial period and required a unique customisation of the Enlighten platform to serve the Hospitals individual requirements.
- Commercialisation activities in the Asia Pacific region continues and the Company has lodged 3 proposals to service hospitals in Sri Lanka. The potential receipts generated by the success of these proposals would be substantial against current revenue.
- The pipeline remains promising with extensions of contracts at existing hospitals currently progressing through the approval process.

PRIMARY HEALTH CARE PROVIDERS

Within the Primary care environment and as at 30 June, Jayex was servicing 4,173 Primary care practices in the UK (3,782) and Australia (391). The services provided to these Primary care practices included either patient appointment booking, check in solutions, call screens and/or digital signage (combined, the Enlighten platform).

The short term focus of the Company is to continue building the network of Primary health care providers serviced by the Company and up-sell the full integrated bundled solution to existing and new locations.

In the last 6 months, the key highlights were:

- New Australian practices serviced grew by 57 .
- In the UK, new practices serviced increased by 468.

- In Australia, Jayex's expanded sales team was established and trained by late March, which was behind expectations. The sales team has subsequently gained traction and sales momentum in recent months. Despite this delay in establishing the sales team, Jayex has still achieved:
 - orders of 92 Enlighten kiosks, of which 62 were ordered in the last 2 months of the half, against 30 orders achieved in first 4 months.
 - Of these 92 orders, 30 remained yet to be deployed as at 30 June and were not included in 1H'16 earnings.
 - on-boarding of 319 new practitioners to Appointuit, for a total of 2,610 practitioners signed onto the service by the end of the half year.
- Post balance date, Jayex has deployed its first 5 Enlighten platforms in New Zealand. These trial deployments have been made in partnership with a major Primary Healthcare Organisation and are expected conclude in 2 months.

P2U®

The Pharmacy Delivery 2 U (P2U®) prescription delivery service is a strategically important project for Jayex. This is currently pre-revenue and Jayex is pleased to announce the accomplishment of a key project milestone. In late June 2016, the first P2U kiosk was installed in one medical centre for onsite trials. It is expected that a further 4 kiosks will be deployed to extend the trial to other Melbourne medical clinics in the short term. These trials are expected to continue for a further 3 months.

Post Listing Integration & Restructure

In the 3 months prior to the IPO of the Company, and at the time of the IPO in late December 2015, Jayex acquired 2 healthcare technology businesses with a plan to create an integrated healthcare solution from Practice to Pharmacy. The technologies acquired consisted of commercialised and revenue generating businesses namely, Jayex UK / Enlighten and Appointuit, which complimented the 2 existing technologies of P2U® and BluePoint RDT® which are in technical development.

Jayex's propriety technology and the long term strategy remain strong. This is reinforced with a proposition for medical practices, pharmacies and consumers that remains robust, as evidenced by the continued rollout during the half. However, the roll out of its services in Australia has been below the Company's expectations at the time of listing and the short term execution and integration has been slower than planned.

The Board has recently completed a review of the business and on 11th July, approved a Corporate Action Plan which specifically addresses the issue in Australia. This plan has the sole objective of attaining greater traction in the Australian market with a focussed and engaged team delivering much stronger results immediately and into the future, combined with significant cost savings. As part of the plan the Company is seeking to open discussions with the vendors of Appointuit in relation to the Share Sale Agreement signed in September 2015.

This plan is the first step in creating one integrated global business focussed on 2 distinct markets:

- Acute & Corporate; and
- Primary Health Care providers.

Outlook

Based on orders in progress from June and July, and the immediate implementation of the Corporate Action Plan, the Company is well placed to achieve a significantly improved sales revenue in the Australian market in the coming quarter. This coupled with cost saving initiatives well underway, means the Company remains very positive that an improved position will be achieved in the second half of 2016.

Michael Boyd, Chairman said *“The first six months as a listed company has been challenging and we are disappointed with slower than expected integration and higher than expected costs. We have undertaken and are implementing a plan to address these issues. We are now well progressed with re-sizing and rebalancing the business. The market size and opportunity remains unchanged and our ability to capture this has merely been delayed. The Company remains well placed with a strong UK business underpinning our total business as we continue to roll out in Australia and Asia Pacific.”*

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About Jayex Healthcare Limited - www.jayexhealthcare.com.au

Jayex Healthcare is a leading provider in the United Kingdom and Australia of integrated healthcare services delivery platforms, incorporating the Company's four interconnected and proprietary technologies, being:

- the *Enlighten* patient workflow platform;
- the *Appointuit* patient engagement solution;
- the *Pharmacy Delivery 2 U* prescription delivery service; and
- the *BluePoint*® remote pharmacy prescription processing and dispensing terminal.

Jayex offers 24/7, online, interconnected 'end-to-end' and 'state-of-the-art' healthcare service delivery platforms for:

- Patients – particularly the “time-poor”, the elderly and chronically ill who would likely benefit from better quality and more convenient healthcare services; and
- GPs/Healthcare professionals, clinics, pharmacies and hospitals – particularly those who want to deliver better healthcare services and enhanced patient well-being, more efficiently and at a lower cost, while at the same time, having the potential to increase their productivity, efficiency and profitability.

The Jayex technologies are designed to meet the demands and expectations of patients, GPs, AHPs, clinics, pharmacies and hospitals in today's market, and has the versatility and flexibility to accommodate future demands.