

ASX Announcement (ASX: HLS)

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Rejection of Highly Conditional Non-Binding Indication of Interest

Healius Limited (**Healius**) refers to its ASX announcement released on 3 January 2019 in relation to the receipt of a non-binding, indicative and highly conditional indication of interest (the **Proposal**) from Jangho Hong Kong Holdings Limited (**Jangho**).

Having given careful consideration to the Proposal, the Board of Healius unanimously believes that the Proposal is opportunistic and fundamentally undervalues Healius. Consequently, the Board does not support the Proposal and does not intend to pursue it further.

As previously announced to the market, Healius has commenced a number of strategic initiatives that are expected to deliver significant operational improvements, benefits for patients and healthcare professionals alike, and earnings growth over the medium term. Healius has the financial capacity to deliver these initiatives in a timely manner. As the resulting benefits are delivered, Healius expects that shareholders will have the opportunity to realise value in excess of that outlined in the Proposal.

The Board's view is reinforced by the highly conditional and uncertain nature of the Proposal. In particular, the sources of funding are not apparent from the information provided by Jangho and the Proposal is conditional on a number of regulatory approvals that are outside of the control of Jangho, including the approval of Chinese and Australian regulators. The status of these approvals is unknown.

The Chairman of Healius, Rob Hubbard, stated "The Board remains very confident in the strategy being implemented by the management team and in the future growth of Healius. We do not believe pursuing the Proposal is in the best interests of shareholders other than Jangho and recommend shareholders take no action in respect of this development."

The Board of Healius is committed to acting in the best interests of all shareholders and will keep shareholders updated as appropriate.

Healius expects to report its first half results during the week commencing 11 February 2019 and will disclose further details on its performance and outlook at that time.

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