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ASX Release

## Azure Healthcare expects improved profit for FY20

Azure Healthcare Limited (**ASX: AZV**) ("**Azure**") advises that it expects its FY20 Net Profit Before Tax (**NPBT**) to show an underlying improvement in results despite a second half impacted by supply chain and site access challenges arising from COVID 19. The expected NPBT is subject to the completion of the accounts and the completion of the audit process.

**Revenues:** As advised to the market in our updates on 28 April 2020 and on 20 March 2020 the impact of COVID 19, initially on our supply chain and then later on our ability to access sites, has impacted revenues in FY20 such that the increases of 12% we saw in 1H have been offset by revenue decreases in 2H so that our overall revenues from operations (excluding any grant income) will be flat on the prior year.

As previously advised we believe the reduced revenue is timing in nature as projects have been pushed out until full access is restored. We are starting to see access open up in some markets, whereas other markets continue to deal with access restrictions.

**Margins:** Azure has been successful throughout FY20 in growing margins and expects to report gross margins of approximately 52% in FY20 compared to 46% in FY19.

**Indirect Costs:** Following the capital raising Azure undertook in November and December 2019 the Company, in accordance with the stated Use of Funds, started to grow its cost base, mainly in the Sales and Marketing areas. However with the arrival of COVID 19, and to offset the impact of reduced revenues, Azure implemented a number of cost saving measures. This will see Indirect Costs for FY20 generally in line with reported Indirect Costs in FY19.

**Grant Income:** Azure has accessed government stimulus packages from a number of regions from which it operates. For FY20 Azure expects to book \$1.4m in Grant Income from these government stimulus packages.

**Net Profit Before Tax:** Azure expects Net Profit Before Tax for FY20 to be an improvement on the FY19 results per the table below.

Net Profit Before Tax	Reported/Statutory ('000s)	Normalised ('000s)
FY19	\$87	\$812
FY20 (unaudited)	\$2,600 to \$2,900	\$1,200 to \$1,500*

\* The normalisation for FY20 is the removal of Grant Income.



Azure plans to release its full year results on Thursday 27 August 2020.

Authorised by the Board of the Company.

~ENDS~

**Further Information**

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**About Azure Healthcare Limited (ASXCode – AZV)**

Azure Healthcare Limited is an international provider of healthcare communication and clinical workflow management solutions. Headquartered in Australia, the company has subsidiaries in six countries and supports healthcare facilities through its global reseller network which includes growing markets in health, aged care and acute care. Azure Healthcare services markets including Australia, New Zealand, Canada, UK, USA, Asia and the Middle East. For further information please refer to the Company's website

[www.azurehealthcare.com.au](http://www.azurehealthcare.com.au)