

29th August 2018

ASX Release

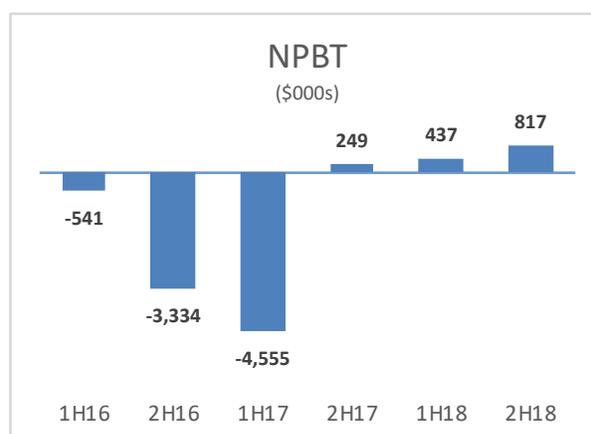
Successful Restructuring Drives Profit Turnaround in FY18

Azure Healthcare Limited announces NPAT of \$1.19 million for the full year, compared with a loss of \$6.41 million in FY2017 (Including non-cash write-downs totaling \$4.8 million). Reported EBIT is \$1.31 million compared with an EBIT loss of \$4.20 million for FY2017.

NPBT for the second half was \$0.82 million compared with \$0.25 million for 2H2017 and shows a consistent trend to improved profitability.

The improved result has been driven by lower costs across the business with significant reductions in both cost of goods sold and overhead expenses.

Overhead expenses are now at their lowest level since FY2014, decreasing by \$2.65 million (17%) on last year, largely due to management cost saving initiatives. The decrease consists of \$1.91 million cash savings and \$0.74 million of non-cash savings arising from the capitalisation of a portion of product development expenses.



Sales revenue was consistent with the previous year with the declining trend of previous years halted after the completion of the restructure that commenced in 2015. Second half revenue grew by 3.4% to \$14.71 million from \$14.23 million in the first half. Recurring revenue from software sales increased by 79.4% from \$1.75 million (6.1% of revenue) in FY2017 to \$3.14 million (10.9% of revenue) in FY2018.

Gross margin increased to 48.8%, an increase of 2.5 percentage points compared with FY2017. Gross margin increased by \$0.62 million.

During the year, the Company generated positive operating cashflow of \$2.03 million compared with negative operating cashflow of \$2.55 million in the previous corresponding period. Debt has been reduced by \$0.5 million to \$0.6 million as at year-end and cash at bank has increased to \$2.31 million from \$1.72 million at the previous year-end.

Earnings Per share (EPS) was 0.51cps compared with (3.02) for FY2017.

Throughout the year, management targeted national accounts and developed strategic relationships that resulted in the securing of large new contracts and fixed term partnership agreements. Revenue is expected to begin flowing from these contracts in FY2019. Building on its 'gold standard' technology platform, the Company continued to release innovative new products, including Pulse RTLs and Mobile Apps.



Executive Director and Chief Executive Officer, Clayton Astles, said, “This is the first full year of profit since our restructure and the third consecutive profitable half year. We are confident that we have established a solid platform for revenue and earnings growth as reflected by our financial performance to date and by the calibre of contracts we are securing in competitive processes against the market leaders.”

“Our improved performance is also the result of strong cost management across the entire business which has enabled us to return to profit. The business is now well positioned to capitalise on our innovative technology and is benefiting with a growing sales pipeline.”

Further Information

Mr Clayton Astles
Chief Executive Officer
Telephone AUS: +61 411 531 170
Telephone US: +1 416 565 7457
Email: clayton.astles@austco.com

Mr Jason D’Arcy
Company Secretary
Telephone: AUS: +61 417 677 732
Telephone: US: +1 214 930 2233
Email: jason.darcy@azurehealthcare.com.au

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