

ASX Release

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LifeHealthcare Group Limited Signs Agreement to Acquire Oceania Orthopaedics Pty Limited and Announces Refinancing of Bank Facilities

LifeHealthcare Group Limited (ASX:LHC) (“LifeHealthcare”), a leading independent provider of medical devices and healthcare solutions in Australia and New Zealand, announces that LifeHealthcare has signed:

- a) a binding share purchase agreement (“SPA”) to acquire all of the issued share capital in Oceania Orthopaedics Pty Limited (“Oceania”); and
- b) a ten year distribution agreement with orthopaedic manufacturer implantcast GmbH (“implantcast”).

The acquisition of Oceania by LifeHealthcare under the SPA (“Completion”) is expected to complete later today. LifeHealthcare will provide a market update when Completion occurs. The implantcast distribution agreement is effective and commences on and from Completion.

LifeHealthcare also announces the refinancing of its banking facilities with its long term banking partner, ANZ.

Oceania Acquisition

The acquisition of Oceania and long term partnership with implantcast will complement LifeHealthcare’s existing orthopaedics offering and strengthen LifeHealthcare’s share in the complex lower limb market segment to an estimated number two position. implantcast is a highly specialised orthopaedic innovator of primary, revision and tumour prosthesis with leading capabilities in implant coating and patient specific solutions.

Matt Muscio, LifeHealthcare’s CEO, stated, “This acquisition will extend LifeHealthcare’s presence in orthopaedics and double the number of active surgeons LifeHealthcare works with in this market, providing leverage for LifeHealthcare’s complementary product portfolios and establishing scale for future investment in the orthopaedics therapeutic channel.

> Not your typical multinational

Through this acquisition LifeHealthcare has entered into a 10 year supply partnership with implantcast, an innovative and market responsive supply partner with primary, complex and tumour arthroplasty solutions, including the only TGA approved silver coated tumour arthroplasty products in Australia. We are pleased to welcome the Oceania team to LifeHealthcare and look forward to working alongside implantcast to serve the needs of Australian and New Zealand patients.”

Key Highlights of the Acquisition

- The acquisition is anticipated to take LifeHealthcare’s market share in the \$45 million per annum (and growing in the mid to high single digit range) complex lower limb orthopaedics market to number two;
- It will strengthen the platform for further organic and inorganic expansion into other sub segments of the orthopaedics market including primary arthroplasty, foot and ankle and upper limb;
- The acquisition will be marginally EPS accretive on an underlying NPATA basis in FY18 due to timing of product transition for existing customers and realisation of synergies, increasing to mid to high single digit accretion thereafter;
- In addition to the upfront base payment of \$9.6m, the vendors of Oceania may become entitled to receive an earn-out payment for incremental growth over an annualised 18-month period;
- The upfront base payment will be funded 25% from LifeHealthcare scrip and 75% from ANZ debt facilities, with the potential earn-out to also be funded from ANZ debt facilities; and
- Net debt leverage is intended to be maintained at a conservative level, below 1.70x post completion.

Refinancing of Banking Facilities

LifeHealthcare has refinanced for a three year period all bank debt facilities with its long term banking partner, ANZ. The debt facilities have been refinanced at lower margins providing improved rates and fees and the facilities now mature in 2020.

About LifeHealthcare

LifeHealthcare Group Limited is a leading independent provider of healthcare solutions in Australia and New Zealand across clinically specialised therapeutic channels bringing Australian and New Zealand healthcare professionals innovative medical devices by partnering with world class companies who share the vision of innovation and making a real difference to people’s lives. For more information, visit www.lifehealthcare.com.au.

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