

3 May 2018

ASX Release

## LifeHealthcare Group Limited Scheme Meeting: Chairman's Address

In accordance with ASX Listing Rule 3.13, set out below is the Chairman's address, which will be made at today's Scheme Meeting, commencing at 10:00am (Sydney time).

### CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen. My name is Bill Best and I am the Independent Non-Executive Chairman of LifeHealthcare Group Limited.

Welcome and thank you for attending today's Scheme Meeting of LifeHealthcare shareholders. We have one agenda item today and that is to consider the proposed acquisition of all of the shares in LifeHealthcare Group Limited by Pacific Health Supplies BidCo Pty Ltd, an entity owned by funds managed or advised by Pacific Equity Partners, by way of a Scheme of Arrangement.

This is a properly constituted meeting and a quorum is present, so we can proceed. I officially declare the meeting open.

Firstly, I would like to introduce my fellow directors who are in attendance today:

- Matt Muscio, Managing Director and Chief Executive Officer; and
- Heith Mackay-Cruise, Independent Non-Executive Director.

Our other Independent Non-Executive Director, John Hickey, is unable to join us today and sends his apologies.

I would also like to introduce our Chief Financial Officer and Company Secretary, Dean Taylor, who is in attendance today.

Notice of today's Scheme Meeting is included as Attachment A of the Scheme Booklet, which was despatched to LifeHealthcare shareholders on 4 April 2018. The notice of meeting has been given in accordance with the orders made by the Federal Court of Australia on 29 March 2018.

I will take the notice of meeting as being read.

Before we conduct the formal vote, I will provide you with:

- an overview of the proposed Scheme and purpose of this Scheme Meeting;
- a summary of the reasons to vote in favour of, and the reasons why the directors recommend, the proposed Scheme;
- a summary of the status of conditions precedent to the Scheme becoming effective and the Scheme timetable; and
- an explanation of the voting process and proxy votes received.

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## Purpose of this Scheme Meeting and overview of the Scheme

The purpose of this Scheme Meeting is for LifeHealthcare's shareholders to consider and formally vote on the proposed acquisition of all of the shares in LifeHealthcare Group Limited by Pacific Health Supplies BidCo Pty Ltd, an entity owned by funds managed or advised by Pacific Equity Partners, by way of a Scheme of Arrangement.

From here I will refer to this proposed arrangement simply as the 'Scheme'.

If the Scheme is approved by shareholders today and becomes effective, then LifeHealthcare shareholders will receive a total cash payment of \$3.675 per LifeHealthcare share on the implementation date of the Scheme, which is expected to comprise:

- a fully franked Special Dividend of \$0.18 per LifeHealthcare share held on the Special Dividend Record Date; and
- scheme Consideration of \$3.495 per LifeHealthcare share held on the Scheme Record Date.

The implementation date for the Scheme is currently expected to be 25 May 2018.

Full details of the proposed Scheme are set out in the Scheme Booklet, which was despatched to LifeHealthcare shareholders on 4 April 2018.

You will have an opportunity to ask questions prior to voting on the proposed resolution to approve the Scheme.

## Scheme Resolution and voting thresholds

The Scheme Resolution, as set out in the Notice of Meeting, is the following resolution in accordance with section 411 of the Corporations Act:

*"That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme, the terms of which are contained in and more particularly described in the Scheme Booklet (of which this Notice of Meeting forms part) is approved (with or without modification as approved by the Court)."*

In accordance with the Corporations Act, the Scheme Resolution must be approved by:

- a majority in number of the holders of LifeHealthcare shares present and voting (either in person, by proxy or attorney or in the case of a corporate holder, by duly appointed corporate representative) at this Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution.

As noted in the proxy form which was included as Attachment F to the Scheme Booklet, in my capacity as Chairman of this Scheme Meeting, I intend to vote all undirected proxies I hold in favour of the Scheme Resolution.

## Reasons to vote in favour of the Scheme

The LifeHealthcare directors have considered the advantages and disadvantages of the Scheme and unanimously recommend that LifeHealthcare shareholders vote in favour of the Scheme and have voted the shares they hold or controlled by them in favour of the Scheme. The Scheme Booklet sets out the detailed reasons for the directors' recommendation. In summary, the factors which the LifeHealthcare directors have taken into account in recommending the Scheme to LifeHealthcare shareholders include:

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- the LifeHealthcare directors consider that the total cash payment of \$3.675 recognises the value and future growth potential of LifeHealthcare;
- the total cash payment of \$3.675, plus the value of the interim dividend of \$0.075 paid on 21 March 2018, represents an attractive premium to the trading levels of LifeHealthcare shares on the ASX prior to the announcement of the Scheme on 6 February 2018;
- the Independent Expert appointed by the Board, KPMG Corporate Finance, concluded that the Scheme is in the best interests of LifeHealthcare shareholders in the absence of a Superior Proposal;
- LifeHealthcare shareholders will receive certain cash value of \$3.675 per LifeHealthcare share for their investment in LifeHealthcare;
- as part of the total cash payment to be received under the Scheme, LifeHealthcare shareholders are expected to receive a fully franked Special Dividend of \$0.18 per share. If the Special Dividend is declared, LifeHealthcare shareholders who hold shares on the Special Dividend Record Date may receive franking credits of \$0.08 per share, subject to confirmation by the Commissioner of Taxation in a Class Ruling. The value of these franking credits will depend upon the tax profile of the recipient shareholder;
- the Scheme allows shareholders to sell all of their LifeHealthcare shares; and
- at this time, no Superior Proposal has been received by LifeHealthcare.

Of course, there are some reasons why LifeHealthcare shareholders might consider voting against the Scheme, and these are set out in the Scheme Booklet. For example, you may disagree with the directors' unanimous recommendation and the Independent Expert's conclusion.

### Status of conditions precedent to the Scheme becoming effective and the Scheme timetable

Implementation of the Scheme is subject to a number of conditions. The relevant conditions which remain outstanding at this time are:

- the approval of the Scheme by LifeHealthcare shareholders, which is why we are holding the Scheme Meeting today;
- the approval of the Scheme by the Federal Court of Australia, which will be sought following this meeting in the event shareholders approve the Scheme;
- no Prescribed Occurrence or Material Adverse Change occurs before the second Court hearing; and
- no regulatory intervention or restraint occurring before the Scheme is approved by the Court.

If the Scheme is approved by LifeHealthcare shareholders at today's Scheme Meeting, the expected next key dates in the Scheme timetable are:

- on 10 May 2018, LifeHealthcare will seek the approval of the Federal Court of Australia to implement the Scheme. If the Court approves the Scheme and issues the orders sought, then on 11 May 2018 LifeHealthcare will lodge with the Australian Securities and Investments Commission a copy of the Court's orders and the Scheme will become effective. Trading in LifeHealthcare shares will be suspended at the close of trading on the ASX on that day;
- if the Special Dividend is declared by the Board, the Special Dividend Record Date will be 7:00pm (Sydney time) on 16 May 2018. All LifeHealthcare shareholders who hold LifeHealthcare shares on the Special Dividend Record Date will be entitled to receive the Special Dividend (if declared); and
- the formal Record Date for the Scheme will be 7:00pm (Sydney time) on 21 May 2018. All LifeHealthcare shareholders who hold LifeHealthcare shares on the Scheme Record Date will be entitled to receive the Scheme Consideration.

If you sell your LifeHealthcare shares before the Special Dividend Record Date you will not be entitled to receive the Special Dividend (if declared), and if you sell your LifeHealthcare shares before the Scheme Record Date you will not be entitled to receive the Scheme Consideration.

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The Scheme is expected to be implemented on Friday, 25 May 2018, which is when the Scheme Consideration and the Special Dividend (if declared) are scheduled to be paid.

I note that these dates are indicative only and may change.

### **Concluding remarks**

On behalf of my fellow directors, I would like to recognise the tremendous effort of the employees of LifeHealthcare, led by our CEO Matt Muscio and for the support of our shareholders since listing on the ASX in 2013.

Pacific Equity Partners stated in the Scheme Booklet that, if the Scheme is implemented, they intend to continue LifeHealthcare's focus on the Australian and New Zealand medical devices market and largely operate LifeHealthcare in its current form while providing support to pursue organic and acquisition based growth opportunities as appropriate. Pacific Equity Partners also stated in the Scheme Booklet that the retention and incentivisation of staff is an essential component of the future success of LifeHealthcare, and this is further acknowledgement of the commitment and hard work of all employees in creating a company that is today a leading independent medical device distributor in Australia and New Zealand.

**ENDS**

### **For further information contact:**

Kristine James  
General Manager Corporate Development  
+61 2 8114 1534  
[kristine.james@lifehealthcare.com.au](mailto:kristine.james@lifehealthcare.com.au)

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