

21 November 2018

Konekt Limited (ASX: KKT)
ASX Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Garrison Health Services Contract

On Monday 19 November 2018, Medibank Private Limited (ASX:MPL) announced it had been verbally informed by the Australian Government Department of Defence that Medibank has not been selected as the preferred tenderer for the renewal of the Garrison Health Services contract on 1 July 2019.

Konekt has provided rehabilitation services to Medibank Health Solutions (MHS) for its Garrison Health Services contract with the Department of Defence and the Australian Defence Force (ADF) for the six years Medibank has held this current contract, and as a direct provider to the ADF for many years prior this arrangement.

Konekt notes Medibank's statement to the ASX on 19 November 2018, that it intends to continue to perform services under the contract until its expiry date on 30 June 2019. Konekt intends to continue to perform services for under our contractual arrangements with MHS, which expires on 30 June 2019.

During the FY18 year, Konekt's revenue from the MHS contract was \$12.6 million. For the first four months of FY19, Konekt's MHS revenue was \$3.9 million, down 4.3% on pcp.

Konekt anticipates that the full year impact to FY20 revenue, as a result of the Medibank change, will be \$12.0 million lower versus FY19, assuming current MHS volumes continue through to 30 June 2019, and Konekt does not secure a new contract with the successful tenderer for the provision of rehabilitation services. We believe FY20 EBITDA will be in the range of 8%-10% of the new revenue base. Any one-off transitional costs are currently unable to be forecast, and if applicable, will likely be accounted for in 2H FY19.

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