



ASX Announcement

06 Dec 2016

TTC Acquires a New Clinic

Traditional Therapy Clinics Limited (ASX: TTC) through its wholly owned subsidiary, Fuqiao (Chongqing) Holdings Co. Limited, has entered into contract to acquire a new clinic from its franchised clinic base in line with a key element of the business strategy which is to grow its owned clinic network and increase revenues and profit. The signing of the contract to acquire a new clinic takes the number of clinics acquired by TTC, since listing on the ASX in September 2015, to 12 and the total number of owned clinics to 23. In addition, TTC has signed 38 new franchise agreements for the period from 1 January 2016 to 5 Dec 2016. TTC is also in the final stages of due diligence and negotiation for the acquisition of further clinics.

The purchase price for the new clinic will be paid in cash by TTC and totals RMB 6.8 million which equates to AUD 1.32 million at an exchange rate of 5.16(AUD:RMB). The total purchase price represents an average EBITDA multiple of 3.2 based on the clinic's earnings in the 2016 financial year.

In China, Guizhou Province has the largest number of TTC clinics. The newly acquired clinic is located in the city of Longli in the Guizhou Province and is TTC's 1st self-owned clinic in Guizhou. TTC is focused on building on its established market position and expanding its owned clinic network in key strategic areas of its business coverage. Settlement of the acquisition is expected to be complete during Jan 2017. The total number of franchised and owned clinics and new franchise licences granted and clinics acquired by TTC during 2015 and 2016 calendar years is shown below:

TTC Clinics	Franchised Clinics	Owned Clinics
Total number of franchised / owned clinics at 31 December 2014	286	11
Newly franchised / acquired in CY2015	36	8
Newly franchised / acquired in CY2016 (at 05 DEC 2016)	38	4
Acquired from the franchised clinics in CY2015 and CY2016 (at 05 DEC 2016)	(12)	-
Total	348	23

Figure 1: Location of TTC's new clinic





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TTC's Growth Strategy

TTC's multi-pronged growth strategy includes focusing on:

- Growing its number of franchised clinics; and
- Expanding its owned clinic network through the acquisition of existing clinics (from third parties or franchisees) or developing greenfield owned clinics in suitable locations.

The "owned clinic" model is one key focus of the company given the ability to generate a greater return on investment and its added advantage of assisting with projecting TTC's brand and further demonstrating the high standards of quality and service within the TTC network.

For further information please contact:

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Traditional Therapy Clinics Limited is a franchisor and the owner of one of the largest chains (by number of clinics) of traditional therapeutic health and wellness clinics in China. It currently has 344 franchised clinics and 22 owned clinics in operation. It is a well established business with a strong growth profile, employing a repeatable and scalable business model. TTC has a highly recognised and respected brand, having received the prestigious Chinese Well-Known Trademark designation from the State Administration for Industry and Commerce. It operates within a strongly regulated industry sector of significant scale, which offers opportunity for further growth.

TTC is an ASX listed company employing around 1,000 staff across 27 of the 33 administrative divisions in China. More information is available at www.ttc-ltd.com