

## ASX ANNOUNCEMENT

28 February 2017

**\$38.5m CAPITAL RAISING TO REDUCE LEVERAGE**

- \$35.0m Placement at \$0.14 per share to institutional investors completed
- \$3.5m Share Purchase Plan at \$0.14 per share for eligible shareholders
- Proceeds of capital raising will be used to reduce leverage and bring net debt to EBITDA ratio in line with peers
  - FY17 ND / EBITDA expected in the range of 1.9x – 2.2x<sup>1</sup>
  - Targeting FY 18 ND / EBITDA below 2.0x<sup>1</sup>
- Improved balance sheet now provides platform for growth

Capitol Health Limited (ASX: CAJ) ("Capitol" or the "Company") is pleased to announce a \$38.5m capital raising at an offer price of \$0.14 per share ("Offer Price"). The proceeds of the capital raising will be used to reduce net debt. The capital raising consists of:

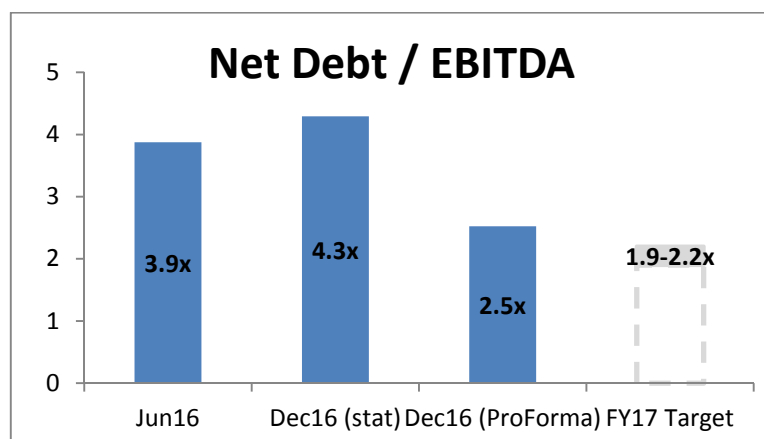
- \$35.0m Placement to institutional investors subject to shareholders approval at an Extraordinary General Meeting ("EGM"). The Placement was significantly oversubscribed and will introduce 2 new substantial shareholders to the share register.
- \$3.5m Share Purchase Plan ("SPP") which will eligible shareholders on the record date of 27 February 2017 to subscribe for up to \$15,000 of new shares per shareholder.

Bell Potter Securities Limited is acting as Sole Lead Manager to the capital raising and the Company was advised by Avenue Advisory.

Capitol Managing Director Andrew Harrison said "This is a transformational transaction for the Company. With an improving industry and regulatory outlook in conjunction with a strengthened balance sheet, we can now focus on growth. We welcome a number of large institutional shareholders to the share register who share this positive outlook for the Company going forward."

**Debt metrics post transaction**

Assuming the SPP is fully subscribed the Company is targeting an FY17 ND/EBITDA ratio of between 1.9-2.2x. Further amortization of debt from free cash flow in FY18 is expected to reduce FY18 ND/EBITDA below 2x.



1. Assumes SPP is fully subscribed and \$4m of prospective asset sales are completed.

## Offer Price

The offer price of \$0.14 per share represents a 10.80% discount to the 5 day VWAP of \$0.1569.

## Share Purchase Plan

The Company will offer all existing eligible shareholders the opportunity to participate in a capital raising through a SPP, which will offer each shareholder (as at the Record Date specified below) the right to subscribe up to \$15,000 (subject to scale back) for fully paid ordinary shares at the Offer Price.

The SPP offer is to be conditional on the Company's shareholders approving the proposed Private Placement at the proposed EGM. If the Private Placement is not approved, then the Company will not proceed with the 2017 SPP and alternatively will need to review strategic alternatives.

The Company reserves the right (in the Board's absolute discretion) to scale back applications should aggregate demand exceed \$3.5m.

## Timetable

Record Date for SPP	27 February 2017
Private Placement completed and SPP announced	28 February 2017
EGM notice, SPP Opens and booklets mailed	3 March 2017
SPP Closes, conditional on shareholder approval at EGM of Private Placement	17 March 2017
EGM to approve Private Placement held	5 April 2017
Placement and SPP shares allotted	11 April 2017
Placement and SPP shares begin trading	12 April 2017

\*These dates are indicative only and may be changed by the Company

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For more information please refer to the investor presentation lodged on the ASX on Tuesday 28 February 2017 or contact:

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Capitol Health Limited  
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## About Capitol Health

Capitol Health is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Headquartered in Melbourne, Victoria the Company owns and operates throughout Victoria and New South Wales. The Company's operational focus is on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

Capitol also has an investment in diagnostic imaging artificial intelligence through Enlitic Inc in the US and a collaboration agreement with Enlitic regarding revenue share from the sale of Enlitic's Deep Learning Services in the radiology field in China.

Capitol also recently entered the Chinese DI market with a Joint Venture with CITIC Pharmaceutical (Shenzhen) Co., Ltd ("CITIC Pharmaceutical") and Xiamen Zhouxin Medical Image Co., Ltd (Zhouxin) to provide consulting and clinic management services to a network of independent imaging clinics to be created by CITIC and Zhouxin across mainland China.