

ASX ANNOUNCEMENT

21 December 2017

CAPITOL ANNOUNCES THE ACQUISITION OF RADIOLOGY TASMANIA GROUP

- Capitol Limited has acquired 100% of Radiology Tasmania
- Projected annual contribution of \$14.4 million revenue and \$3.3 million EBITDA
- Well respected clinicians and leadership (including nine radiologists)
- Five clinic Tasmanian network represents strategic geographic expansion

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) is pleased to announce the acquisition of Radiology Tasmania Pty Ltd (**Radiology Tasmania**), representing a further and major step forward in its strategic and disciplined growth agenda.

Acquisition consideration is \$24.17 million on a cash and debt free basis and up to \$1 million payable under an earnout to the vendors over two years (based on revenue performance).

Radiology Tasmania is expected to contribute \$14.4 million in revenue and \$3.3 million in EBITDA on an annual basis (based on FY18 forecast). This represents an EBITDA multiple range of 7.3x to 7.6x. The transaction is expected to complete early in 2018 (subject to satisfaction of standard conditions).

The group has operated for 10 years and its founder Dr Pip Taplin is a well respected Radiologist with a strong referrer base. Dr Taplin has agreed to remain in a leadership role at Radiology Tasmania for at least three years. The balance of the radiologist group are employees.

Radiology Tasmania is one of two major participants in the Tasmanian market with five diagnostic imaging practices in the Greater Hobart and Launceston regions. The business boasts modern equipment and technology, with two MRI units, including a full Medicare licensed MRI unit.

Managing Director, Andrew Harrison stated, "We are delighted to be welcoming Dr Taplin and her colleagues into the Capitol Health family and acknowledge that they have selected us following a rigorous and competitive sale process."

"Dr Taplin has built a truly great business and her contributions to Capitol in future will be highly valued. Our focus on culture and placing clinical outcomes at the forefront of all our decision-making positioned us to be the successful bidder and reinforces our place as the first choice for private practices seeking to join a larger radiology group."

Founder of Radiology Tasmania, Dr Taplin stated "After a thorough and exhaustive sale process I am genuinely excited to be working with Andrew and his team at Capitol Health. There is a real sense of optimism about joining forces to drive the next stage of Radiology Tasmania's already exceptional growth."

The announcement follows the earlier announcement of the acquisition of I-Rad Radiology in Sunshine, Victoria and the planned openings in January 2018 of new clinics at Vermont Private Hospital and Altona.

The earnings generated from the acquisition of Radiology Tasmania have not been included in the earnings guidance presented at the Company's AGM. Earnings from Radiology Tasmania and I-Rad Radiology Sunshine combined are expected to contribute \$4.1 million EBITDA to Capitol on an annualised basis.

The acquisition will be funded from existing cash reserves in line with previously stated plans and is complementary to Capitol's current proposed takeover of Integral Diagnostics Limited.

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Company

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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 clinics throughout Victoria. 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 diagnostic imaging market through 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.