

ASX ANNOUNCEMENT

1 February 2018

CAPITOL COMPLETES ACQUISITION OF RADIOLOGY TASMANIA GROUP

- Capitol Health acquisition of Radiology Tasmania Group completed
- Projected annual contribution of \$14.4 million revenue and \$3.3 million EBITDA
- Capitol Health delivering on existing growth strategy in local markets

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) has expanded its network to include one of Tasmania's major diagnostic imaging providers with its acquisition of Radiology Tasmania Group now complete.

The acquisition follows a competitive sale process which saw Capitol selected as the preferred bidder.

Capitol Health Managing Director Andrew Harrison said the acquisition was another strategic step in the business' existing growth strategy.

"Radiology Tasmania is a well-established business led by a respected radiologist and with a strong referrer base," he said.

"By using Capitol's existing resources to acquire businesses of this calibre we are not only expanding our network and service offering, we're also making strategic long-term investments for the benefit of our shareholders.

"This growth strategy strengthens Capitol's position and complements our standing offer to Integral Diagnostics which would see us bring together two complementary networks to create a new force in diagnostics in Australia."

Radiology Tasmania has five diagnostic imaging practices in the Greater Hobart and Launceston regions and is expected to contribute \$14.4 million in annual revenue and \$3.3 million in EBITDA (based on FY18 forecasts).

Radiology Tasmania founder Dr Pip Taplin has agreed to continue working at the practice, and is enthusiastic about the increased resources to build on Radiology Tasmania's existing services. She is looking forward to being part of the company's continued growth. The business boasts modern equipment and technology, with two MRI units, including a full Medicare licensed MRI unit.

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 mill EBITDA to Capitol on an annualised basis.

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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 and Tasmania. 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.