

ASX ANNOUNCEMENT

8 May 2018

CAPITOL ANNOUNCES \$50 M UNSECURED NOTE REDEMPTION AND NEW SENIOR SECURED FINANCING

- Exercises first option to redeem \$50m unsecured notes at \$1.03 / note
- New senior secured facility with NAB
- Facilities deliver significant reduction of total interest cost of circa \$2m p.a.
- Provides for further expansion capacity with facility and covenant headroom

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) is pleased to announce that Capitol Treasury Pty Ltd (a wholly owned subsidiary of CAJ) has taken its first early redemption option to redeem all of its \$50m unsecured notes at \$1.03 / note for a total consideration of circa \$50.0 m after taking account of \$1.5m in notes acquired by CAJ during the current financial year. The redemption of these notes, where the company was incurring an annual interest charge of 8.25% per annum, represents a significant reduction in the company's annualised interest costs. These savings are expected to total circa \$2.0m p.a on a like for like basis.

The Board is also pleased to advise that Capitol Health's principal lender, National Australia Bank Limited ("NAB"), has approved a suite of new banking facilities comprising:

- a \$60m facility with a 3 year term,
- a \$40m facility with a 5 year term,
- a \$30m Accordion facility (uncommitted),
- up to \$9m in overdraft and bank guarantee facilities, and
- a new equipment finance facility.

Key financial covenants includes:

- the Interest Cover Ratio must be greater than or equal to 2.5 times, and
- the Net Leverage Ratio, which is the ratio of net secured debt to EBITDA, must be less than or equal to 2.5 times.

As part of the establishment of the new debt structure, the Company is pleased to advise it has secured significant reductions in its interest margin on drawn and undrawn funds. Expected savings on future interest costs on the Company's 3-year portion of its new facilities is 30 basis points.

At the date of this announcement the Company remains in a strong financial position with net cash of circa \$8m and unused facilities of \$130m.

The new facilities provide enhanced balance sheet flexibility, highlights NAB's continued and strengthened support of Capitol's growth strategy, reduces the company's funding costs and enables the delivery of a strong and accretive acquisition pipeline over the near term.

For further information, please contact:

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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.