

Name of Entity:	PARAGON CARE LIMITED
ABN:	76 064 551 426
Reporting Period:	Financial Year ended 30 June 2018
Previous Corresponding Period:	Financial Year ended 30 June 2017

Results for Announcement to the Market

	FY 2018	FY 2017	Change from FY 2017
	\$	\$	\$
Revenue from continuing operations	136,747,265	117,192,924	17%
Profit after tax from continuing operations	10,950,556	10,174,761	8%
Earnings per share (cents) *	5.4	6.2	(13%)
Net Tangible assets per share (cents)	(7.0)	(9.5)	26%
*Weighted Average Number of Issued Shares	203,113,038	164,137,722	

Dividends

In keeping with Directors confidence of Paragon Care, the Directors have recommended the payment of a fully franked final dividend of 2.0 cents per fully paid ordinary share to be paid on 12th of October 2018 in respect of the financial year ended 30th of June 2018.

The dividend will be paid to all shareholders on the register of members as at the Record Date of 17th of September 2018. This dividend has not been included as a liability in these financial statements.

In April 2018, an interim dividend of 1.1 cents per share valuing \$2,990,274 fully franked was paid. The record date was 16th of March 2018 with the payment date of 12th of April 2018.

Combined with the interim dividend of 1.1 cents per fully paid ordinary share in respect of the half year ended 31st of December 2017, the full year dividend for 2018 will be 3.1 cents per fully paid ordinary share, a 3% increase. With earning per share at 5.4 cents and the full year dividend of 3.1 cents per fully paid ordinary share for the 2018 represents a dividend per share payout of 57% which is at the higher end of the 40% to 60% company dividend payment policy.

Dividend Reinvestment Plan

Paragon Care operates a dividend reinvestment plan (DRP) that enables shareholders to elect to reinvest all, or up to a portion of, their dividends into additional shares in Paragon. The DRP will be available for the final dividend. Shares will be issued at a discount of 2.5% to the volume weighted average market price of shares sold on the ASX over the 5 trading days immediately following the Record Date.

Consolidated Financial Statements

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in, and should be read in conjunction with, the notes to the Consolidated Financial Statements and the Directors report for the year ended 30th of June 2018.

The financial report is based on the consolidated financial statements which have been audited by RSM Australia Partners.

The company's Annual General Meeting is to be held on Tuesday, 20th of November 2018 with details to be communicated to shareholders in due course.

Summary

Highlights for the year ended 30th of June 2018 included:

- Revenues up 17% to \$136.7m
- Gross Margins up from 39% to 40%
- EBITDA up 6% to \$18.2m (up 15% to \$19.7m before acquisition and restructuring expenses)
- EPS down from 6.2c to 5.4c (however EPS was 6.6c on Full Year Pro Forma basis)
- A 3% increase in Full Year Dividends
- Andrew Just was welcomed in January 2018 as the Company's new CEO and Managing Director to take control of levels of growth – both organic and via acquisition
- Brent Stewart, an accomplished healthcare professional joined the board following the acquisition of Surgical Specialties in April 2018
- A \$69m capital raising in February 2018 at 72.5c per share (30th June 2018 closing price of 76.5c per share)
- A post balance date \$45m share placement representing 15% of the Company at 91c per share¹ via a new strategic investor, China Pioneer Pharma Holdings.
- Nine key and strategic acquisitions joined the Company including one of New Zealand's premier healthcare services providers, REM Systems.

The financial year ended 30th June 2018 was the busiest and most transformative year in the short history of the Company. Nine strategic acquisitions were successfully completed that resulted in a more balanced portfolio of businesses as well as a greater geographical reach where we materially invested for the first time in New Zealand, Queensland and South Australia.

During the 2017/18 year, Paragon has delivered on its key strategy of becoming a less cyclical and more diversified business by key investments in the Device, Service & Technology and Diagnostic sectors.

In May 2018, the Stralus C 200 Series Acute Care Bed was the Gold Winner of Good Design Award. The good design award is a globally recognised seal for design excellence and certifies that the project has met the international criteria for design excellence.

During the year Paragon Care has continued to grow and achieve its vision of offering its customers a broad platform of products and services designed to assist health professionals easily access high quality medical products, devices and consumables to deliver better and more affordable medical outcomes to their patients.

The Company will continue to seek and attempt to secure suitable investments or businesses that are complimentary to its existing operations and further enhance its product and service offering to the health and aged care markets.

¹Second tranche price to be reduced for the 2.0 cent dividend for FY2018 declared by Paragon in its financial results announcement dated 27th of August 2018.

Summary Results for the Year Ended 30 June 2018

	2018	2017	Change from 2017
	\$	\$	%
Revenue from continuing operations	136,747,265	117,192,924	17%
Cost of Sales	(81,336,092)	(71,124,866)	14%
Gross Profit	54,911,173	46,068,057	19%
Gross Profit margin %	40%	39%	
Other Income	4,674,896	364,325	1183%
Operating Expenses	(41,380,581)	(29,310,126)	41%
Earnings before interest, tax and depreciation (EBITDA)	18,205,487	17,122,256	6%
Depreciation and Amortisation	(2,365,100)	(1,132,707)	109%
Earnings before interest and tax (EBIT)	15,840,387	15,989,549	(1%)
Interest Expense	(2,171,697)	(1,755,751)	24%
Profit Before Tax	13,668,691	14,233,798	4%
Tax Expense	(2,718,137)	(4,059,037)	(33%)
Profit/Loss after tax	10,980,555	10,174,761	8%

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