

ASX ANNOUNCEMENT

18th September 2018

CAPITOL COMPLETES ACQUISITION OF RADIOLOGY NETWORK IN PERTH AND ADDITIONAL MELBOURNE CLINICS

- **Capitol Health Limited has acquired 6 clinics in Perth & 3 clinics in Melbourne**
- **Clinics acquired from 4 independent vendors**
- **Network represents strategic geographic expansion into attractive Perth market**

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) continues to deliver on its growth strategy with the acquisition of 9 independent clinics from 4 different vendors in Western Australia and the Mornington Peninsula region in the Victorian network now complete.

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

The 3 Victorian clinics acquired will extend the Capitol network in metropolitan Melbourne, 2 of which are in high value growth corridors.

The Perth network comprises clinics covering a substantial part of the metropolitan area and includes, Imaging Central (Claremont), Integrated Radiology (East Fremantle), Quinns Medical Imaging (Quinns Rock), Booragoon Radiology, Forrestfield Radiology, and Ellenbrook Radiology.

These acquisitions are Capitol's entry into the attractive Perth market. The initial 6 clinics will provide a critical mass to grow the business through additional capital investment, targeted recruitment and growth in the doctor group, and further acquisitions with several smaller bolt on opportunities in the pipeline. Whilst acquired from different vendors, Capitol expects to derive network benefits from the clinics as well as strengthening key areas of sub specialty and further improving Capitol's clinical standing.

The new clinics are expected to contribute \$16.5 million in revenue and \$3.1 million in EBITDA on an annual basis (based on FY19 forecast). This represents an EBITDA multiple of 5.5 rising to 6.5 if all earn-out conditions are met. The clinics are expected to contribute strongly to the full year FY19 result. The EBITDA contribution from these completed acquisitions is included in the FY19 guidance already provided.

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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, Tasmania, and Western Australia. 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 Joint Venture with CITIC Pharmaceutical (Shenzhen) Co., Ltd ("CITIC Pharmaceutical") to provide consulting and clinic management services across mainland China.