

ASX ANNOUNCEMENT

12th October 2018

CAPITOL ACQUIRES TWO ADDITIONAL CLINICS IN WA

- **Capitol is acquiring an additional 2 clinics positioned in the South-West growth corridor of WA**
- **Well-established clinics in Eaton and Busselton**
- **Network represents further geographic expansion into attractive WA market**

Capitol Health Limited (Capitol or the Company) (ASX: CAJ) is pleased to announce the acquisition of a further 2 clinics in South West WA, which trade under the name "West Coast Radiology" and service the high-growth area surrounding Eaton (close to Bunbury) and Busselton.

West Coast Radiology provides general diagnostic and interventional services to 2 significant country population centres. Both clinics are comprehensive and offer a full range of services.

Aggregate acquisition consideration is \$5 million upfront on a cash and debt free basis and up to an additional \$0.3 million payable under earn-out over the first year of ownership (based on performance).

The new clinics are expected to contribute \$4.2 million in revenue and up to \$0.9 million in EBITDA on an annual basis (based on FY19 forecast). The acquisition is expected to complete in Q2FY19 (subject to satisfaction of standard conditions). The vendor has agreed to an employment agreement for a period of at least 1 year from completion. Following completion of the acquisition of the West Coast Radiology business, the WA network will have 8 clinics which are all positioned in key growth areas.

Managing Director, Andrew Harrison stated, "Capitol continues on its growth path in the WA market. Within the network of 8 clinics there is potential for new MRI licenses under the Governments new license allocation process because of the location and composition of patients and referrers at these clinics. We expect to see further organic and transactional growth opportunities in the WA market."

The acquisition will be funded from existing cash reserves and facilities.

For further information, please contact:

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 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") to provide consulting and clinic management services to a network of independent imaging clinics to be created by CITIC and Zhouxin across mainland China.