

29 October 2018

Australian Securities Exchange
Company Announcements Office

STRATEGIC ACQUISITION ACCELERATING OUR SERVICES OFFERING

The Directors of Paragon Care Limited (ASX:PGC) (“**Paragon**” or the “**Company**”) are pleased to announce the Company has reached agreement to acquire Total Communications (Australia) Pty Ltd (**Total**), one of Australia’s most highly regarded communications providers for the health and aged care sectors. Total is a specialised provider of communication technology solutions with a particularly strong presence in aged care facilities. The team at Total have built impressive credentials in their market and will make an excellent contribution to the overall Paragon Services offering.

COMMERCIAL AND FINANCIAL HIGHLIGHTS OF THE ACQUISITION:

- Total generates revenues of approximately \$16m yielding EBITDA of around \$5m p.a.
- Paragon has agreed to acquire Total for a cash consideration of \$27.5m.
- In addition, an earn-out over the next 2 years:
 - FY20 incremental EBITDA from acquisition EBITDA at 3 times.
- The vendors and executive management team will be remaining with the business throughout the earn-out period.
- The acquisition substantially strengthens Paragon’s solid services offering to our healthcare customers across the Australian and New Zealand market.
- The acquisition will be funded internally through Paragon’s cash reserves.
- Post the acquisition, PGC’s Net Debt to EBITDA ratio will be between 1.5 and 2 times.
- The acquisition is anticipated to be in excess of 10% EPS accretive in FY19 and beyond.
- The organic growth of the Total Communications business meets Paragon’s investment hurdles and offers a continuing opportunity pipeline.
- Settlement of the Total Communications acquisition is expected to take place during November 2018.

Total Communications was established in 1986 in preparation for the deregulation of the telecommunications industry, which commenced in 1988. The company boasts extensive experience in the telecommunications and IT industry, much of this derived from the larger manufacturing and network corporations such as Telstra, NEC, Ericsson, Panasonic, Siemens, and Extreme Networks. Total Communications has developed a firm foundation in the market, with a steady track record of growth in customer base. Its' reputation as a dynamic, innovative, and progressive organisation is built on their philosophy of quality service, high standards and integrity.

Total Communications has been successful in winning major healthcare contracts to supply and/or install equipment and service to companies such as Bupa Aged Care, Allity Aged Care and Healthscope. Total employs around fifty highly qualified staff and key contractors and operates a co-operative network of other dealers and contractors nationally providing service to clients throughout all parts of Australia.

Paragon's Chairman, Shane Tanner, commented that:

"the acquisition of Total Communications Limited is a strong strategic fit for Paragon in that it services an array of national healthcare providers in respect to their telephony, nurse call, access control, and Smart Communication systems. These services significantly increase our clients' productivity and overall business performance. Total's high growth and margins are a good fit to our current business portfolio."

Paragon CEO and Managing Director Andrew Just, added:

"Total Communications and Paragon have tremendous synergies available from a sales and marketing perspective. Paragon's Services offering receives a high value addition to its' portfolio, delivering on the Company growth strategy which includes development of a region wide coverage with a rich menu of services. Total Communications receives the opportunities of improved access to further their healthcare customer base, delivering on the cross selling opportunity. The acquisition of Total Communications complements our growth platform through presence in a high growth and strong margin segment of healthcare. It also assists our heightened focus on organic growth by strengthening the Services mix."

Contact

Andrew Just

Chief Executive Officer and Managing Director

Tel. 1300 369 559

Email: Andrew.Just@paragoncare.com.au

Shane Tanner

Chairman

Tel. 0411 107 099

About Paragon Care Limited

Paragon Care (ASX:PGC) is an Australian based listed company which has progressively acquired businesses in the healthcare sector. It is an integrated healthcare equipment and services provider for the Australian and New Zealand healthcare market. These are high growth markets driven by the ageing of the population, continuously rising consumer expectations and increasing government spending. By combining a series of strategic acquisitions of class leading companies, Paragon Care has positioned itself to provide end to end solutions including equipment and service solutions for acute, aged and primary care.