

ASX ANNOUNCEMENT

14th January 2019

**CAPITOL ACQUIRES RADIOLOGY
NETWORK IN MELBOURNE**

- Acquisition of 4 clinic network in Melbourne
- Clinics acquired highly complementary to existing footprint
- Deepens presence in key geographic growth corridors

Capitol Health Limited (Capitol or the Company) (ASX: CAJ) is pleased to announce the acquisition of a network of 4 clinics in metropolitan Melbourne from Uniradiology. These clinics are highly complementary to Capitol's existing network and extend its reach into Carlton (with proximity to major Melbourne Public and Private Hospitals).

The network comprises clinics in Frankston, Dandenong, Boronia, and Carlton.

The clinics offer comprehensive radiology services including CT, Xray, Ultrasound, OPG, and Mammography and provide the opportunity to bolster revenues in smaller existing locations and extend the network in Carlton.

Aggregate acquisition consideration is \$8.1 million upfront on a cash and debt free basis (plus the assumption of transferring employee entitlements). As part of the transaction key resources will join the Company on completion.

The new clinics are expected to contribute \$6.3 million in revenue and up to \$1.16 million in EBITDA on an annual basis (based on FY19 forecast). The transaction is expected to complete in Q3FY19 (subject to satisfaction of standard conditions) and contribute to the full year FY19 result.

Managing Director, Andrew Harrison stated, "This acquisition represents a consolidation and expansion of our existing Victorian network. The businesses are highly complementary to Capitol, sharing many of the same referrers and are largely bulk billed in nature.

This acquisition is another step forward for Capitol's disciplined growth agenda. We continue to see a number of outstanding opportunities for acquisitive and organic growth."

The acquisitions will be funded from existing cash reserves and debt facilities.

For further information, please contact:

Company

Andrew Harrison
CEO

(03) 9348 3333

investors@capitolhealth.com.au

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.