

ASX ANNOUNCEMENT

22nd January 2020

FOWLER SIMMONS RADIOLOGY ACQUISITION

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) is pleased to announce it has entered into a binding agreement to acquire 90% of Fowler Simmons Radiology in Adelaide, South Australia ("FSR") (the "Acquisition").

Highlights

- **FSR is a leading Musculoskeletal (MSK) imaging provider with a full suite of imaging modalities and a state wide referral service for MSK**
- **Existing organic growth plan to expand in Adelaide**
- **Initial purchase price pre transaction costs of \$16m for 90% of FSR funded from existing cash reserves and bank debt and \$1.58m CAJ scrip issued at a 20 day VWAP price**
- **Earn out payable in FY21 and put/call option for the remaining 10% in 3 years**
- **FSR achieved FY19 maintainable revenue of \$6.4m and EBITDA of \$2.4m**
- **Completion expected by Q4 FY20**
- **Highly regarded Radiologist Dr Shaun Fowler to retain 10% ownership and continue as Clinical Director for a minimum of 5 years**

FSR overview and Strategic Rationale

South Australia's leading Musculoskeletal (MSK) Imaging centre. This centre of excellence was founded by Dr Simmons and Dr Fowler in 2012 and provides industry leading MSK imaging and interventional procedures to referrers and patients from all over South Australia.

- Musculoskeletal centre of excellence with existing strong collegial relationships with Imaging at Olympic Park
- Highly respected lead radiologist and strong radiologist fellowship program creating a national panel of MSK experts for CAJ
- Sophisticated patient and referrer engagement model
- Premier platform for Capital Radiology to enter and grow in the South Australian market
- Future revenue and cost synergy opportunities following integration of the business

This strategic acquisition is aligned to the Capitol Health's recently released strategic plan for long term organic growth and expanding its network of high-quality community imaging centres. The transaction is expected to be completed in Q4 FY20 subject to satisfaction of customary conditions.

Managing Director Mr Justin Walter stated *"We are delighted to be welcoming Dr Shaun Fowler and his team into the Capitol Health community. Shaun is an exceptional radiologist who along with the late Dr Neil Simmons developed a centre of excellence in Adelaide. We look forward to continuing to grow our partnership in Adelaide with Shaun as Clinical Director"*.

Clinical Director and Founder Dr Shaun Fowler stated *"FSR is proud to be joining the Capitol Health network. We have every confidence that the partnership will allow us to realise our growth plans while maintaining our high clinical standards. We are also excited to lead Capitol's expansion into South Australia"*.

For further information, please contact:

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This announcement is authorised for release to the market by the Board of Directors of Capitol Health Limited.

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.

Forward-Looking Statements

Certain statements in this announcement are forward looking statements. Forward looking statements can generally be identified by the use of words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", "may", "assume" and words of similar import. These forward-looking statements speak only as at the date of this announcement. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

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