

#### **ASX ANNOUNCEMENT**

18 November 2021

Australian Securities Exchange Company Announcements Office

#### **AGM Presentation**

Paragon Care Limited (ASX: PGC) ("PGC" or the "Company"), a leading provider of medical equipment, devices, and consumables to the healthcare markets in Australia and New Zealand, will be holding its 2021 Annual General Meeting 2021 on 16 November 2021 at 1.00pm (AEDT) ("AGM") and is pleased to attach its AGM presentation.

#### For further information please contact:

Shane Tanner Chairman shane.tanner@paragoncare.com.au

This announcement is authorised for release to the market by the Board of Directors of Paragon Care Limited

#### **About Paragon Care Limited**

Paragon Care (ASX:PGC) is an Australian based listed company in the healthcare sector. It is a leading provider of medical equipment, devices, and consumables for the Australian and New Zealand healthcare markets. 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 advanced technology solutions including equipment, consumables, and services for acute and ancillary care environments.



# PARAGON CARE LIMITED (ASX: PGC)



#### PARAGON CARE

## DISCLAIMER

This presentation has been prepared by Paragon Care Limited (ACN 064 551 426) (Paragon) (ASX: PGC) is current at the date of the presentation, 18 November 2021. This presentation is for information purposes only and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with the Australian Securities & Investments Commission (ASIC) or any other foreign regulator) and may not be relied upon by any person in connection with on offer or sale of Paragon securities.

This presentation contains forward-looking statements relating to the operations of Paragon that are based on Paragon management's own current expectations, estimates and projections about matters relevant to Paragon's future financial performance which may ultimately prove to be materially incorrect. Indications of, and guidance or outlook on, future earnings or financial position or performance are forward-looking statements. Words such as "likely", "aims', "forward looking", "potential", "anticipates", "predicts", "plans", "targets", "believes", "intends", "will", "may", "would", "could" and "estimates" and other similar expressions are intended to identify forward-looking statements.

References in the presentation to current assumptions, estimates and outcomes and forward-looking statements about current assumptions, estimates and outcomes, are based on internal business data and external sources and are uncertain given the nature of the industry, business risks, and other factors. Also, they may be affected by internal and external factors, known and unknown risks, uncertainties and other important factors beyond the control of Paragon that may have a material effect on future business performance and results. No assurance or guarantee is, or should be taken to be, given in relation to, and no reliance should be placed on, the future business performance or results of Paragon or the likelihood that the current assumptions, estimates or outcomes will be achieved. Current market conditions remain challenging with ongoing lockdowns and community transmission of COVID-19. All forward-looking statements are provided on the basis that the Australian vaccination roll out continues and COVID-19 restrictions ease towards the end of 2021.

This presentation does not purport to contain all of the information that an investor may require in evaluating a possible investment in Paragon.

While management has taken every effort to ensure the accuracy of the material in the presentation, the presentation is provided for information only and no representations or warranties (express or implied) are made as to, and no reliance should placed on, the accuracy or completeness of such information. To the maximum extent permitted by law, Paragon and its respective subsidiaries, interests in associates and jointly controlled operations and each of their directors, officers, management, employees and advisers expressly exclude and disclaim any liability (including, without limitation, any liability arising out of fault or negligence on the part of any person) in respect of anything done or not done, directly or indirectly, in reliance on the presentation contained in the presentation. This presentation should not be construed in any manner as a recommendation to any investor or potential investor or other reader of this communication. This information given in summary form does not purport to be complete and should be read in conjunction with previous ASX filings of each of Paragon, their half year reports and the audited annual report. Any arithmetic inconsistencies are due to rounding.

Any past performance information included in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) a promise, representation, warranty or guarantee as to the past, present or an indication of future performance.

All forward-looking statements made in this presentation are based on information presently available to management and, except as required by law or regulation (including the ASX Listing Rules), Paragon does not assume any obligation to, nor does it represent that it will, update any forward-looking statements or any other information contained in this presentation. Nothing in this presentation constitutes investment advice and this presentation shall not constitute or form part of an offer to sell or the solicitation of any offer to buy any securities or otherwise engage in any investment activity under the Corporations Act 2001 (Cth) or any other law

This presentation and its content is not intended to be relied upon as a forecast or advice to investors or potential investors and does not take into account an individual investor's investment objectives or financial situation. You should make your own enquiries and take your own advice in Australia and elsewhere (including financial, taxation and legal advice) before making an investment in Paragon's shares or in making a decision to hold or sell any shares you currently hold.



FY21 OVERVIEW

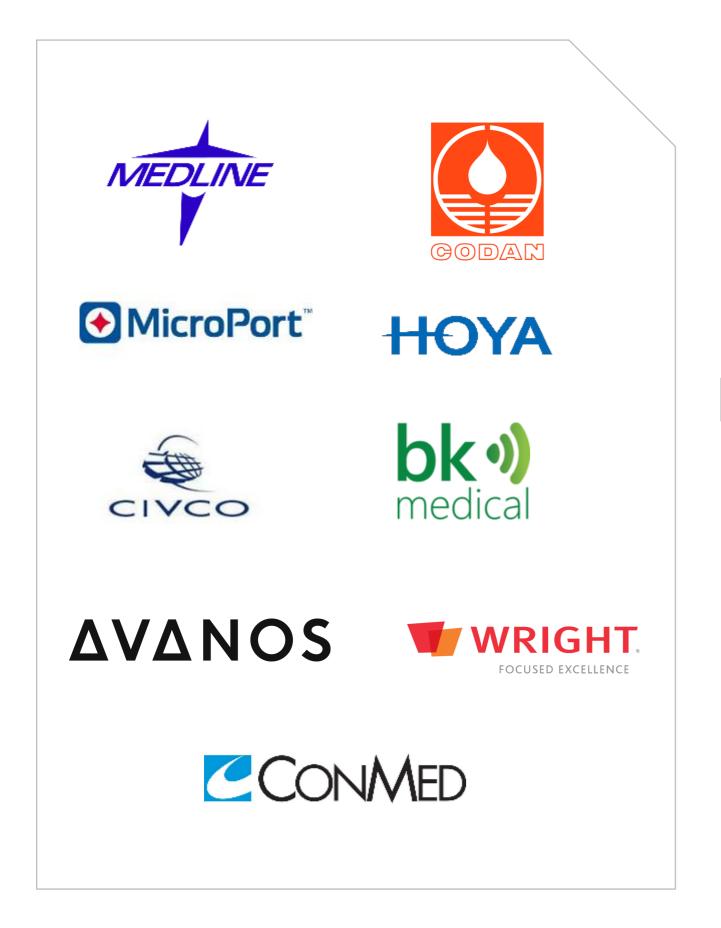
Q1 FY22 UPDATE

MERGER WITH QUANTUM HEALTH GROUP (QTM)



### ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

### **GLOBAL MANUFACTURERS**







### **KEY CUSTOMERS**



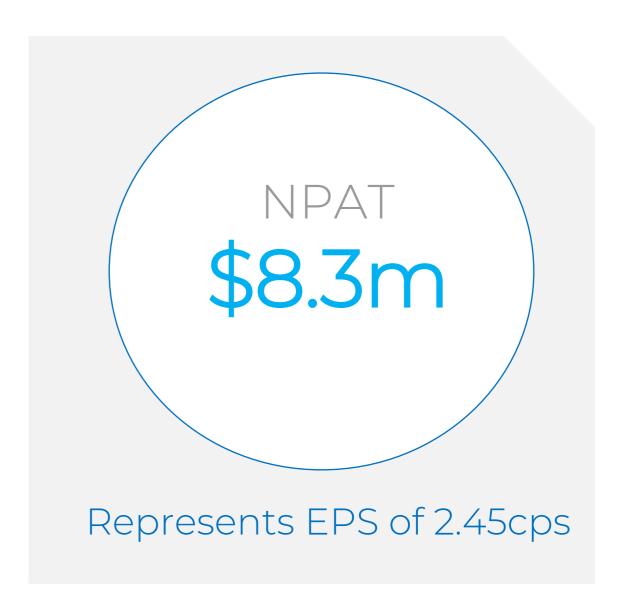
### FY21 RESULTS: KEY HIGHLIGHTS

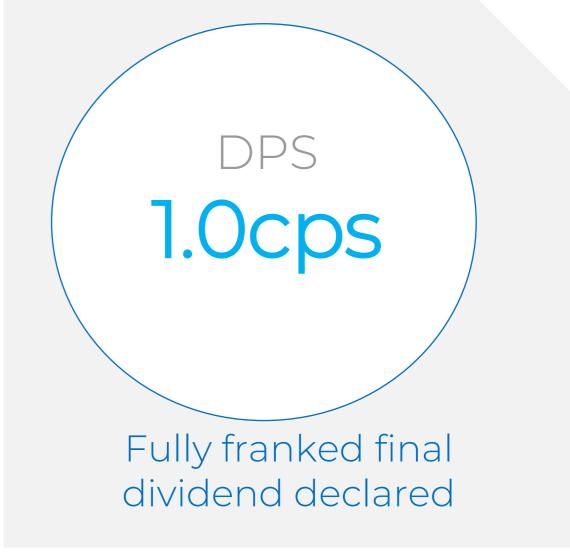












## REVENUE STABILITY: DIVERSIFIED OFFERING

	FY21		
DEVICES	\$85.8m	<b>^</b>	15%
DIAGNOSTICS	\$25.9m	<b>^</b>	11%
CAPITAL & CONSUMABLES	\$105.2m	<b>\</b>	<1%
SERVICE & TECHNOLOGY	\$19.0m	<b>V</b>	32%
TOTAL REVENUE	\$235.9m	<b>^</b>	2%

Diversified portfolio generated revenue stability

- Devices: Continued growth in eye care
- Diagnostics: Expansion of product range
- Capital & Consumables: Stable revenue despite difficult trading conditions
- Service & Technology: Continues to be adversely impacted by access restrictions in aged care

Revenue in Australia down by 1% on pcp to \$187m, offset by 14% increase in revenue from NZ to \$47m



FY21 OVERVIEW

Q1 FY22 UPDATE

MERGER WITH QUANTUM HEALTH GROUP (QTM)



## Q1 FY22 UPDATE

### Solid progress in Q1 FY22 in difficult conditions

- Revenue stability: Revenue of \$56m was down by only 2% on prior year, with continued & in some cases more severe lockdowns across Sydney, Melbourne and NZ during the quarter impacting elective surgery and aged care.
- Improved margins: Gross profit margin of 41.6% (up from 37.5% in Q1 FY21) due to selling higher margin products this year, rather than personal protective equipment and improved FX rates compared with prior year.
- Growth in underlying operating performance: Underlying EBITDA increased 49% to \$6.1m in Q1 FY22, up from \$4.1m in Q1 FY21 (excluding \$3.4m in JobKeeper received in Q1 FY21).
- Increased inventory: Inventory has been increased to manage global supply chain delays and maintain service levels to customers; this led to a decline in cashflow from operations in Q1 FY2.
- Gradual rebound in Q2 FY22: It is anticipated that the operating performance in Q2 FY22 will continue to be adversely affected by the measured return of elective surgery and the delayed opening to the aged care sector. At this stage, it is possible that the Q2 performance could be slightly weaker than Q1 FY22.
- Debt reduction: Total debt was reduced by \$4m in Q1 FY22.
- Ongoing BAU improvements: Solid progress on Strategic Priorities during the quarter.

### PARAGON CARE

### FY22: ORGANIC GROWTH INITIATIVES



- We have a strong growth pipeline with 15 of the largest opportunities across the Group having the potential to increase sales by up to \$100M in a 3 5 year time frame.
- H2 FY22 gradual rebound from NSW, VIC & NZ lockdowns, specifically increased elective surgery cases in our Devices pillar
- As access to aged care facilities improves, Total Communications will return to its strong pre-COVID performance.
- Plans are progressing well to more than double manufacturing capacity in our world class proprietary blood reagent business which will facilitate the expansion of Immulab into China and other Asian markets.



FY21 OVERVIEW

Q1 FY22 UPDATE

MERGER WITH QUANTUM HEALTH GROUP (QTM)







### STRATEGIC RATIONALE

Cross-Sell	Cross-sell the combined product portfolio into the high growth Asia Pacific markets
Growth in Asia Pacific	• Enhance growth opportunities in Asia, particularly for Immulab, in Paragon Care's diagnostics pillar
New Suppliers	• Attract new suppliers through a larger distribution footprint and commitment to high levels of corporate governance in Asian markets
Strengthen Balance Sheet	• Strengthen balance sheet capacity and improved covenants through expanded earnings base which will enable additional opportunities for growth in the future. Net Debt/EBITDA improvement to less than 2x
Merger	<ul> <li>Merger is a nil premium transaction</li> <li>Merged entity expected to have a proforma FY21 EBITDA of \$37m (EV/EBITDA 6.5x)<sup>1</sup>. Significantly below industry averages for healthcare businesses</li> </ul>
Synergies	• Significant synergies across Asia Pacific are expected based on strong collaboration and analysis between PGC and QTM, but none have been included in any financial numbers in this presentation
Revenue Diversification	• Implementation of the Scheme is expected to result in diversified revenue across product lines, customers and geographies
Recurring Revenue	• Merged entity anticipated to benefit from stronger recurring revenue streams through maintenance revenue

Notes: (1) Based on Enterprise Value/EBITDA using post transaction market capitalisation calculated in slide 29 plus net debt as enterprise value. The proforma combined numbers for net debt and EBITDA are based on the published FY21 Annual Reports of Paragon Care and Quantum.



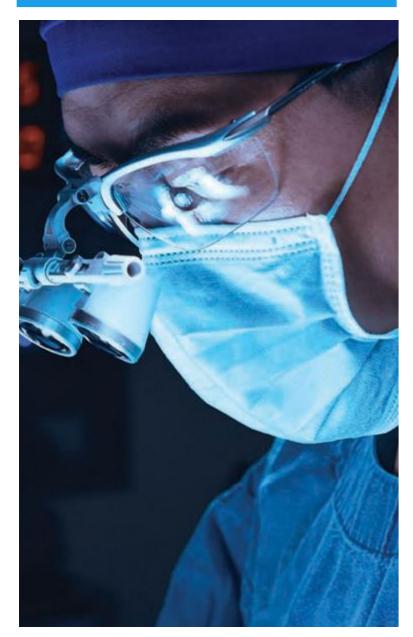


### A FIVE PILLAR STRUCTURE

**DEVICES** 

EYE CARE **ORTHOPAEDICS** 

> 30% FY21 Rev\*



**DIAGNOSTICS** 

**BLOOD BANK** LABORATORY

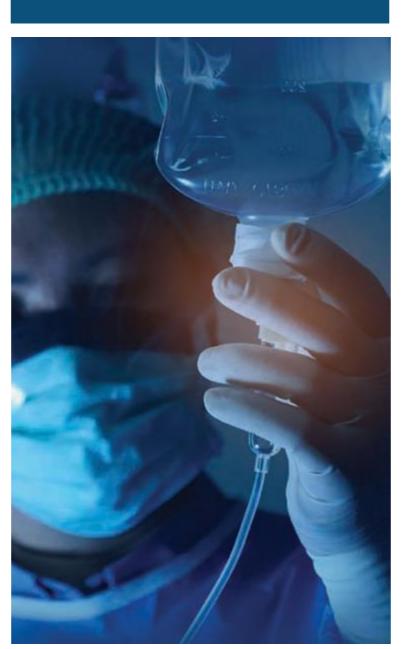
9% FY21 Rev\*



**CAPITAL & CONSUMABLES** 

UROLOGY, CRITICAL CARE NEONATAL, RADIOLOGY

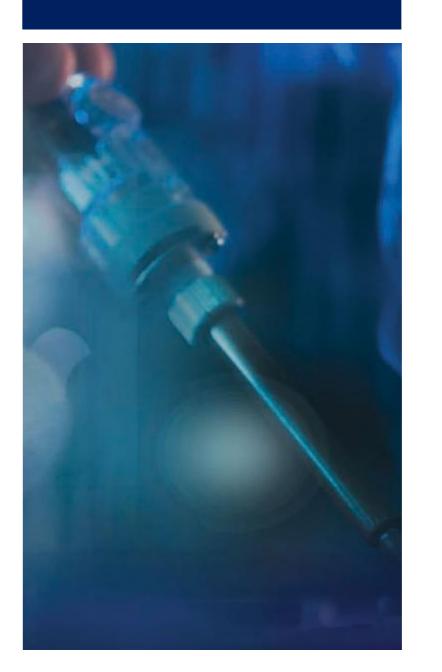
> 36% FY21 Rev\*



**SERVICE & TECHNOLOGY** 

**MANAGEMENT REPORTING &** MAINTENANCE

6% FY21 Rev\*



QUANTUM HEALTH GROUP

MEDICAL IMAGING, **EQUIPMENT & SERVICES** 

> 19% FY21 Rev\*



<sup>\*</sup> Proforma numbers based on FY21 Annual Reports of Paragon Care and Quantum





### ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

#### **GLOBAL MANUFACTURERS**





























#### **LEADING BRANDS**

























### **ASIA PACIFIC CUSTOMERS**































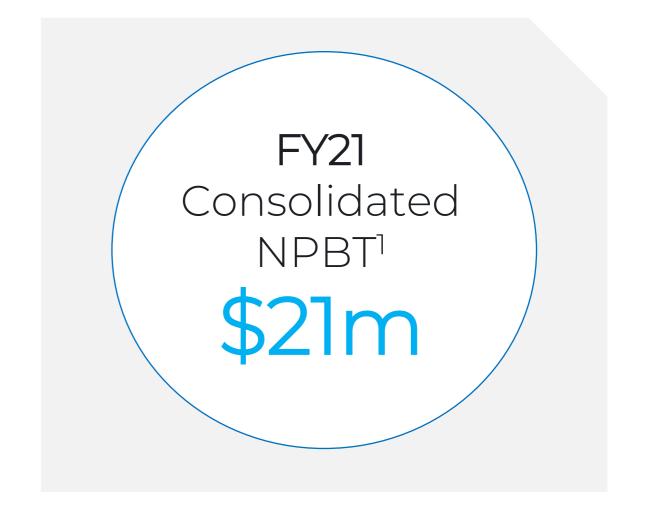


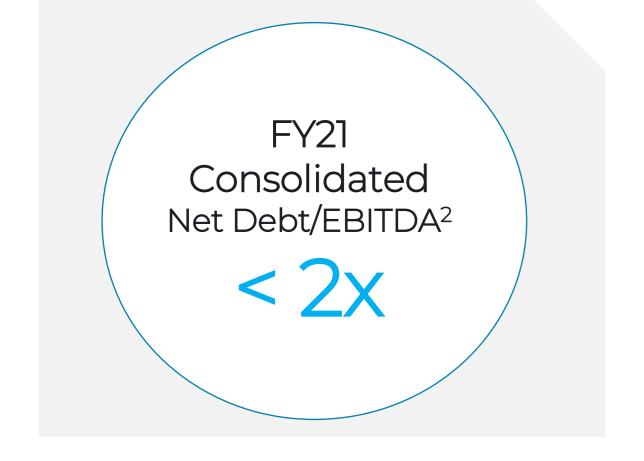


## CONSOLIDATED FY21 METRICS (Pre-Synergies)

















### CORPORATE OVERVIEW POST TRANSACTION

	PGC	QTM	Pro-forma Combined Group
Number of shares (m) <sup>2</sup>	351.40	1,128.31	625.58
Market capitalisation (m)	\$101.2	\$79.0	\$180.2
Pre Merger Market Capitalisation (%)	56%	44%	100%
FY21 Revenue (\$m) <sup>3</sup>	\$236m	\$55m	\$291m
FY21 Net Profit Before Tax (\$m) <sup>3</sup>	\$12m	\$9m	\$21m
FY21 Employees	423	178	601

Major Shareholders (as at 3 Nov 2021) <sup>4</sup>	
Board, Management & Vendors	29.1%
China Pioneer	8.4%
Realm Group Pty Ltd	4.2%
First Samuel Limited	3.9%
Other shareholders	54.4%
Total number of shareholders	7,187



### Shane Tanner

Chairman

P: 1300369559

E: shane.tanner@paragoncare.com.au

### Phil Nicholl

Chief Executive Officer

P: 1 300 369 559

E: phil.nicholl@paragoncare.com.au

THANK YOU

