

ParagonCare

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Australian Securities Exchange
Company Announcements Office

1H FY 15 RESULTS – MOMENTUM CONTINUES

Today integrated service provider to Australia's health and aged care markets Paragon Care (ASX: PGC) released its results for the half year ended 31 December 2014.

Highlights of the results included:

- Revenue of \$13.5m, up 65% over the prior corresponding period.
- EBITDA of \$1.6m, up 282% over the prior period.
- Net profit after tax of \$0.84m compared to \$0.07m in the prior period.
- Positive operating cashflow of \$2.1m compared to an operating cash outflow of \$627k in the prior corresponding period.
- Earnings per share of 1.27 cents compared to 0.14 cents, representing a ninefold increase over the prior corresponding period.
- Fully franked interim dividend declared of 0.6 cents per share, up 20% on prior period.
- The successful acquisition of Scanmedics which has further expanded Paragon Care's range of product offerings across the health care industry.

Commenting on the results Paragon Care's Managing Director Mr Mark Simari said, "I'm delighted with the continued improvement in the company's operating performance, driven by strength in our core durable and consumable product lines, along with a pleasing start in the recently acquired devices portfolio. Paragon's momentum in successfully building an integrated healthcare supplies platform is evident in these results.

Over the half year Paragon's existing capital and consumables product businesses performed strongly and continued to secure large contracts. These included Australian Unity (aged care), Brisbane Children's Lady Cilento Hospital, Fiona Stanley and a variety of products supplied to the Royal Adelaide Hospital. The LR Instruments and Richards Medical businesses acquired over 12 months ago exceeded set performance benchmarks, triggering the final deferred consideration payment to the vendor, which was provided for in the company's accounts as part of the total purchase price.

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Medical devices company Scanmedics was acquired by Paragon effective 1 October 2014. The acquisition of Scanmedics offers Paragon exposure to fast growing specialist healthcare markets and further diversifies the company's product offerings across the healthcare spectrum. Following the acquisition the directors of Paragon are very encouraged by the performance of the business. Recently, Scanmedics moved to larger premises to facilitate growth opportunities for both it and the broader Paragon Care group in the key New South Wales market.

Paragon's operating cashflow generation of \$2.1m over the half was in part due to a strong focus on improving working capital management to generate strong and stable cash flows. In addition the organisation has successfully centralised all core activities with accounting, analytics, payroll and transaction processing all consolidated in to one team on a single platform, generating considerable efficiencies across the group.

The company's financial position remains sound with net debt of \$5.7m and an EBITDA to net debt ratio of less than 2x. Directors are mindful of maintaining the group's conservative balance sheet settings while executing an ongoing acquisition strategy.

The directors have declared a fully franked dividend of 0.6 cents to be paid on March 31st 2015. The dividend will be paid to all shareholders on the register as at the record date of March 10th 2015.

Commenting on the outlook Mr Simari said "I expect the company's strong performance to continue into the second half. The sales pipeline looks very strong which will underpin Paragon's ongoing organic growth while we continue to look at complementary acquisitions. We remain firmly on track to deliver on our previous guidance of \$3.5m to \$4m EBITDA for FY 2015, which represents strong growth over the previous financial year."

Matthew Parker

Company Secretary

About Paragon Care:

Paragon Care Limited (ASX: PGC) is one of Australia's leading providers of integrated services to Australia's health and aged care markets. These are high growth markets driven by the ageing of the population, continuously rising consumer expectations and increasing government spending. Paragon Care has seven operating businesses: Axishealth, Iona Medical, Volker Australia, Rapini, GM Medical, Richards Medical, LR Instruments and Scanmedics who combined supply durable medical equipment, consumable medical products and medical devices to hospitals, medical centres and aged care facilities.

For further information please contact Mark Simari, Managing Director (1300 369 559)