

ASX ANNOUNCEMENT

27 April 2015

Capitol announces further acquisitions and NSW expansion

The Directors of Capitol Health Limited (ASX:CAJ, "Capitol") wish to advise that Capitol has expanded its NSW radiology presence via the acquisition of Eastern Radiology Services ("Eastern") and Sydney Radiology ("Sydney"). The acquisitions have a combined Enterprise Value of \$30.0 million and are subject to customary closing conditions. Both of the above acquisitions are expected to be completed by 1 July 2015, subject to the normal conditions precedent being met.

Key transaction highlights include:

- Further inroads and market share in NSW, building on the recent Southern Radiology acquisition and complementing its network;
- High quality radiologists, including Dr Ken Sesel, agreeing long term commitments to Capitol;
- Specialist capabilities producing high margins, with a large non-Medicare earnings base;
- Combined FY14 revenue of \$13m and FY14 EBITDA of \$3.75m;
- Capacity to extend trading hours, drive synergies and manage workflow by integrating into the existing NSW network;
- Funded from existing bank facilities and cash; significant debt headroom remaining;
- Immediately EPS accretive.

Eastern, located in Bondi Junction, is a substantial operation that has had two MRI licences allocated to it in the Federal government MRI Expansion Program.

Sydney is a boutique operation located in Cremorne that offers Capitol opportunities to expand and market high value services to Sydney's north shore.

Further to the above, Capitol has commenced the commissioning of a clinical facility in Broken Hill.

Managing Director John Conidi commented, "Capitol continues its expansion in the New South Wales market with targets that will add shareholder value. Both Eastern and Sydney are high quality businesses with strong radiologists and specialist expertise. The businesses have generated strong revenue growth and high margins which we believe we can enhance. These sites are strategic in nature and complement the recently acquired Southern network. We will look to add further clinics to the network on selective basis utilising the existing debt headroom we have. The expansion in Broken Hill provides support and resources for rural regions and is an area of interest for the company."

For further information please contact:

John Conidi
Managing Director, Capitol Health Limited
(03) 9348 3333,
or email to; investors@capitolhealth.com.au

Capitol Health Limited (ASX: CAJ) is an Australian public company providing medical diagnostic imaging (DI) services. It is the largest community based (non-hospital) DI provider within Victoria and is the only ASX-listed company operating exclusively in DI. The Company's objective is to build a leading primary healthcare business across Australia generating sustainable growth and profitability for shareholders whilst delivering a superior patient experience.