

**11 November 2015**

Market Announcements  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam,

**Execution of Modern Medical Group (MMG) Sale of Business Deed and Investor Roadshow Presentation**

BGD Corporation Ltd (ASX: **BGD**) (**BGD** or **the Company**) is pleased to advise that it has executed the binding Sale of Business Deed to acquire Modern Medical Group, subject of the Company's announcement on 8 October 2015 (The **Transaction**).

The key material transaction terms of the Transaction are consistent with the material transaction terms announcement by the Company on 8 October. Consideration consists of a combination of upfront cash, chattel finance, conditional earn-out and shares which are subject to a staged two year escrow period:

- \$1,755,000 in cash consideration less \$555,000 adjustment for employee entitlements and working capital assumed liability;
- \$2,745,000 in fully paid ordinary shares, being 0.2 cents less than the issue price of fully paid ordinary shares in the Company issued under a capital raising (adjusted pro-rata for consolidation);
- Chattel finance to be assumed by BGD at completion (approximately \$610,000);
- A conditional earn-out will also be payable on the Caroline Springs and Balwyn clinics in March 2017 dependent on the clinics financial performance for the 12 month period ending 31 December 2016, 50% of which is to be satisfied by the issue of BGD shares;
- The Options over the additional four additional clinics will be granted in two tranches and be exercisable prior to March 2018 and 2019. The MMG vendors will receive \$500,000 in cash consideration in return for the granting of the Options.

The Transaction is subject to a range of conditions precedent including BGD conducting a capital raising, regulatory and shareholder approvals. Settlement is scheduled for 31 December 2015; with the parties agreeing to a sunset date of 30 April 2016 unless waived by BGD.

The Company is well advanced in the preparation of a Notice of Meeting and Prospectus regarding the proposed acquisition, capital raising and related matters. These documents will contain more detailed information related to the Transaction.

The Company has fielded a significant volume of enquiries from retail and institutional investors and broking houses to participate in the proposed capital raising. Initial investor presentations have commenced this week. The Investor Presentation is attached.

For further information please contact:

**SHANE TANNER**

Chairman  
0411 107 099  
Shane.Tanner@clinas.com.au

**BGD Corporation Ltd**  
**A.B.N. 78 009 074 588**  
**Suite 202, Level 2, 50 Clarence Street**

## SYDNEY NSW 2000

**Disclaimer** The announcement may contain certain forward-looking statements. Words ‘anticipate’, ‘intend’, ‘likely’, ‘should’, ‘could’, ‘may’, ‘target’, ‘plan’ and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of BGD, its officers, employees, agents and associates, which may cause actual results to differ materially from those expressed or implied in such forward-looking statements. Actual results, performances or outcomes may differ materially from any projections or forward-looking statements or the assumptions on which those statements are based, which include changes in market conditions, demand for BGD’s product and services, future exchange rate fluctuations, technology advances and capital requirements. You should not place any undue reliance on forward-looking statements and neither BGD nor its directors, officers, employees or agents assume any responsibility to update such information.

ASX:BGD

**BGD**  
**ALLIED AND MEDICAL**  
**HEALTH STRATEGY**

November 2015

# Disclaimer

This presentation has been prepared by BGD Corporation Ltd ABN 78 009 074 588 (BGD). Each Recipient of this presentation is deemed to have agreed to accept it subject to the qualifications, limitations and disclaimers set out below.

None of BGD and/or its subsidiaries or their respective directors, officers, employees, advisers or representatives (Beneficiaries) make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information contained in this presentation, including any forecast or prospective information. The forward looking statements included in this presentation involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Beneficiaries. Actual future events may vary materially from the forward looking statements and the assumptions on which those statements are based. Given these uncertainties, you are cautioned to not place undue reliance on such forward looking statements.

This presentation is a general overview only and does not purport to contain all the information that may be required to evaluate an investment in BGD. Interested parties should read the prospectus lodged with ASX and ASIC in detail and if they have any questions they should contact their investment adviser.

The Recipients specifically acknowledge and agree that the information in relation to MMG contained herein has been provided to BGD Corporation Limited by MMG and that BGD Corporation Limited accepts no responsibility for any inaccuracy, misstatement or omission, in relation to that information.

The information in this presentation is provided personally to the Recipient as a matter of interest only. It does not amount to an express or implied recommendation with respect to any investment in BGD nor does it constitute financial product advice.

The Recipient, intending investors and respective advisers, should:

- Conduct their own independent review, investigations and analysis of BGD and of the information contained or referred to in this presentation; and/or
- Seek professional advice as to whether an investment in BGD is appropriate for them, having regard to their personal objectives, risk profile, financial situation and needs.

Nothing in this presentation is or is to be taken to be an offer, invitation or other proposal to subscribe for shares in BGD.

The Recipient specifically agrees, understands and acknowledges that some of the information contained herein has been provided by third parties, and the Beneficiaries accept no responsibility for any inaccuracy, misstatement, misrepresentation or omission in relation to that information.

Note the transaction is conditional on capital raising and re-compliance with Chapters 1 & 2 of the ASX Listing Rules

# Agenda

1

Opportunity Overview

2

Industry and Market Synopsis

3

Growth Strategy

4

Modern Medical Overview

5

Deal Structure: Modern Medical

# Opportunity overview

## What is BGD Corporation Limited (ASX: BGD)?

- BGD Corporation Ltd (ASX: BGD) is an ASX listed materials business based in WA
- BGD intends to dispose of its stake in the Euroa Steel Plant Joint Venture and revise its corporate strategy to establish an allied and medical healthcare business

## Why allied and medical healthcare?

- Compelling macro-economic drivers including growing and ageing population and an increased incidence of chronic disease
- Favourable micro-economic drivers including government funding policies aimed at shifting healthcare services from hospitals to preventative healthcare providers
- Industry is highly fragmented and ripe for consolidation. For example the incumbent medical groups account for less than 10% of the total market

## What is our initial platform business?

- Founded in 2003, Modern Medical operates six integrated medical clinics that provide GP services and sub-let consulting rooms to pathology providers and a range of other allied health services including podiatry, dieticians and specialist medical practitioners
- MMG had 160,517 patient consultations in FY15 with a CAGR of circa 18% per annum over the past 3 years
- Modern Medical clinics are proposed to be acquired in three tranches with core clinics (Caroline Springs and Balwyn) acquired with funds from this raising

## How do we grow?

- Term sheet has been executed with Health Networks Australia Investments one of the pre-eminent allied health groups (primarily physiotherapy and sports medicine). Health Networks Australia Investments has 34 clinics across VIC, NSW, QLD and WA, providing BGD with a substantial footprint to leverage
- Target additional acquisitions that meet defined criteria; facilitate acceleration of the strategy and provide scale
- Core organic strategy includes: a) build out each service offering within existing footprint b) leverage pool of health practitioners to access new markets c) increase support for health practitioners and d) “future proof” the systems and processes

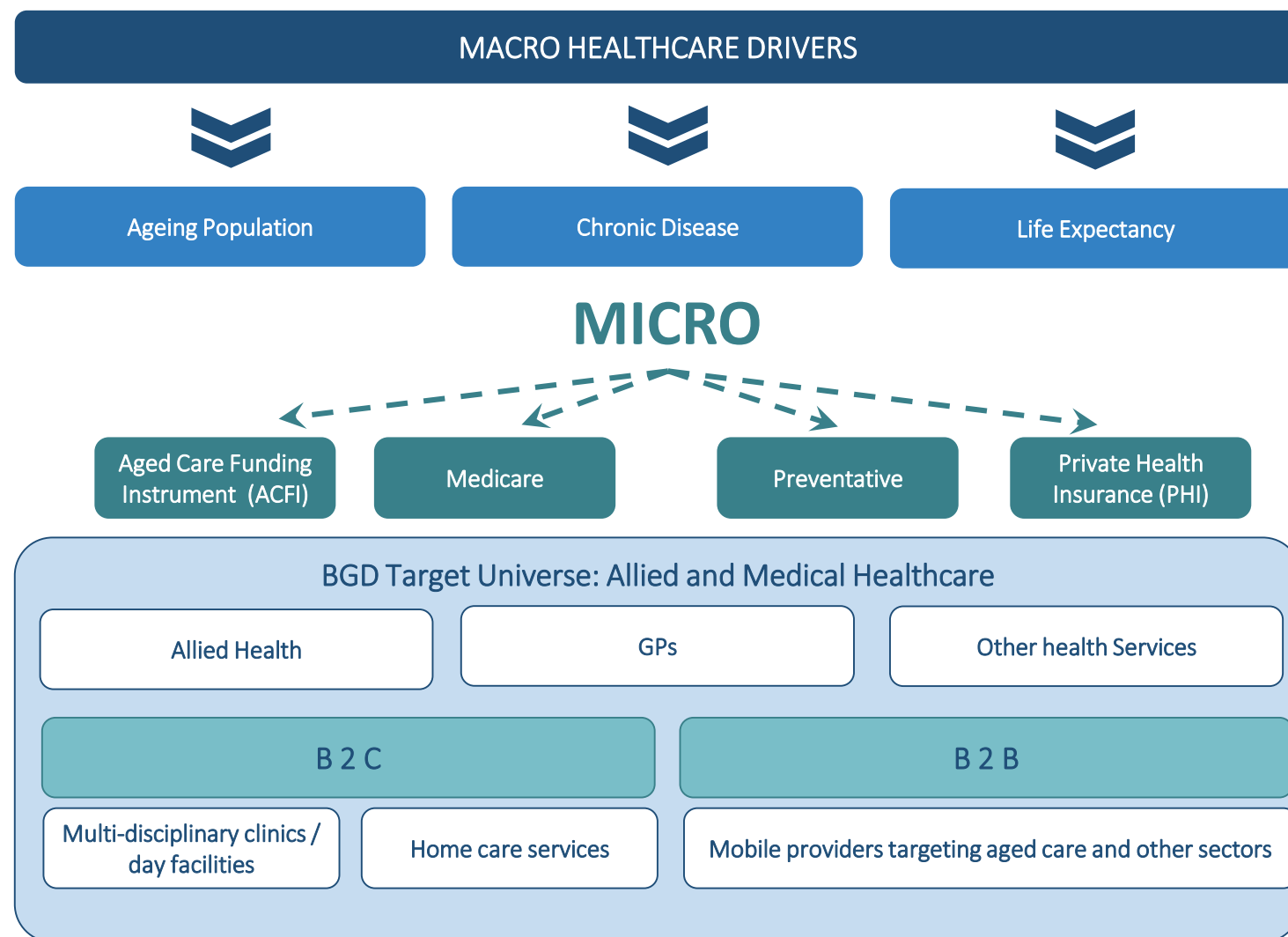
## What are the deal metrics?

- Capital raising of \$4.0m with scope to increase the raising to \$6.0m subject to demand. It is proposed an additional capital raising will be undertaken early next year to fund the HNA transaction and potential additional acquisitions
- Modern Medical Caroline Springs and Balwyn to be acquired upfront for 4.7x FY15 EBITDA with an earn-out based on CY16 earnings

# Our healthcare universe

## Key Comments

- Allied and medical is a subset of primary healthcare and the gateway to the Australian healthcare system and includes health services such as general practitioners and physiotherapy
- Demand for primary healthcare is being driven by an ageing population and increased incidence of chronic disease in people 65+
- Government funding policies and private health care practices are focused on increasing efficiency in the health care system by increasing focus on primary healthcare and reducing treatments within hospitals
- BGD's strategy includes establishing a healthcare business with a focus in allied and medical health services:
  - Multidisciplinary service offering— physios, OT's, specialists and general practitioners (GP's) practicing within the same facility
  - Service delivered (i) in multi-disciplinary clinics that offer multiple doctors and allied health practitioners ; and (ii) through practitioners which are mobile or embedded within clients (predominantly aged care and home care and disabled)
  - A range of activities - such as health promotion, prevention, early intervention, treatment of acute conditions



# The Board of BGD

Proposed Board



## Shane Tanner

### Executive Chairman

- Shane brings 20 years' leadership experience in healthcare and strategy culminating as CEO of Symbion Healthcare, one of Australia's largest diagnostic business
- In addition to BGD, Shane is currently the Chairman of three other ASX listed companies including Funtastic Limited and healthcare businesses Vision Eye Institute Limited and Paragon Care Limited



## Jonathan Lim

### Executive Director

- Jonathan background is in mergers and acquisitions, private equity and corporate finance. He is currently the Managing Director at Liverpool Partners, a boutique investment and advisory company located in Sydney.
- At Liverpool Partners, Jonathan led the recapitalisation of BGD and has established a strong track record in the healthcare sector (as both investor and advisor) including acting as a trusted advisor to a range of listed healthcare companies
- Jonathan was also previously Investment Director at Arowana, an investment and private equity group where he was responsible for leading the investment team, originating and executing deals and investment management



## Todd Cameron

### Executive Director

- Following completion of the Modern Medical acquisition, Dr Todd Cameron will join the board of BGD adding a wealth of experience in primary healthcare
- Dr Todd Cameron is the co-founder of Modern Medical Group and a fellow of the Australia College of General Practitioners . He has extensive experience in primary healthcare as a practising GP for over 18 years and developing the Modern Medical group into six medical clinics.
- Todd is a VMA accredited GP Registrar supervisor and served as a Board member for five years for PivotWest the Local Division of General Practice and is now sitting as a director on the Board of the regional Medicare Local

Retiring Directors



## Faldi Ismail

- Faldi is an experienced corporate advisor who specialises in the restructure and recapitalisation of a wide range of ASX-listed companies.
- Faldi will step down from the board following completion of the Modern Medical transaction



## Craig Higgins

- Craig has extensive executive management at a senior level having been both CEO and CFO at multiple organizations including Tempo Services and TPG Australia.
- Craig will step down from the board following appointment of Jonathan Lim



# Agenda

1

Opportunity Overview

2

Industry and Market Synopsis

3

Growth Strategy

4

Modern Medical Overview

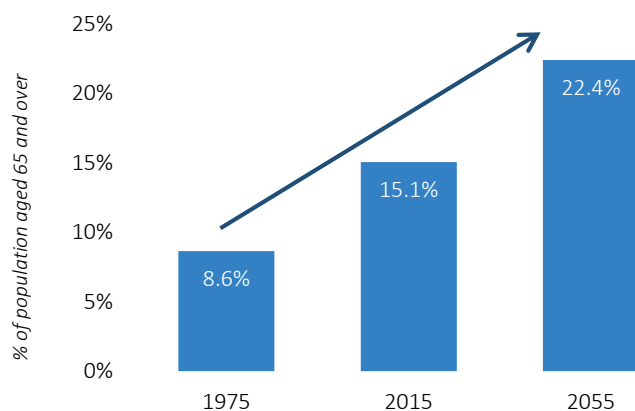
5

Deal Structure: Modern Medical

# Key industry drivers

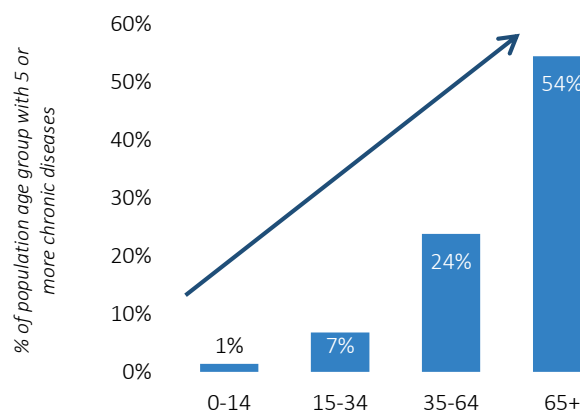
*Attractive industry dynamics represents long term demand for healthcare and underpin continued investor interest in this sector*

## Ageing population<sup>1</sup>



- The proportion of the Australian population aged 65+ years is estimated to increase from 15.1% in 2015 to 22.4% in 2055
- This population increase is driving a substantial increase in healthcare demand, with the 65+ years aged group requiring the highest proportion of GP consultations
- As the population continues to age, the demand on healthcare services will increase

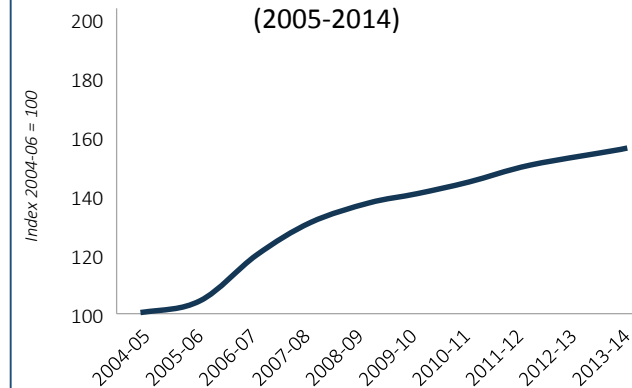
## Increased incidence of chronic disease<sup>3</sup>



- Chronic diseases are the leading cause of illness in Australia and increase the number of primary healthcare services required and associated costs
- The Australian population aged 65+ years tend to suffer from more chronic disease
- Around 56% of all GP consultations originated from patients suffering from a chronic condition in 2013

## Uptake in Private Health Insurance (PHI)<sup>4</sup>

### Change in number of insured persons (2005-2014)



- As at June 2015, 47.4% of the Australian population receive private health insurance (compared to 43.8% in 2003).
- Private Health Insurance is playing an increasing role in the allied health sector as funds look to manage their yield with preventative offerings vs. the cost of acute care
- In FY15, PHI benefits in allied health and ancillary services have increased at a CAGR of 8.3% over the past ten years to \$4.5bn

<sup>1</sup>Source: Treasurer of the Commonwealth of Australia (2015 Intergenerational Report Australia in 2055)

<sup>2,3</sup>Source: Australian Institute of Health and Welfare: Australia's Health 2014, 2010

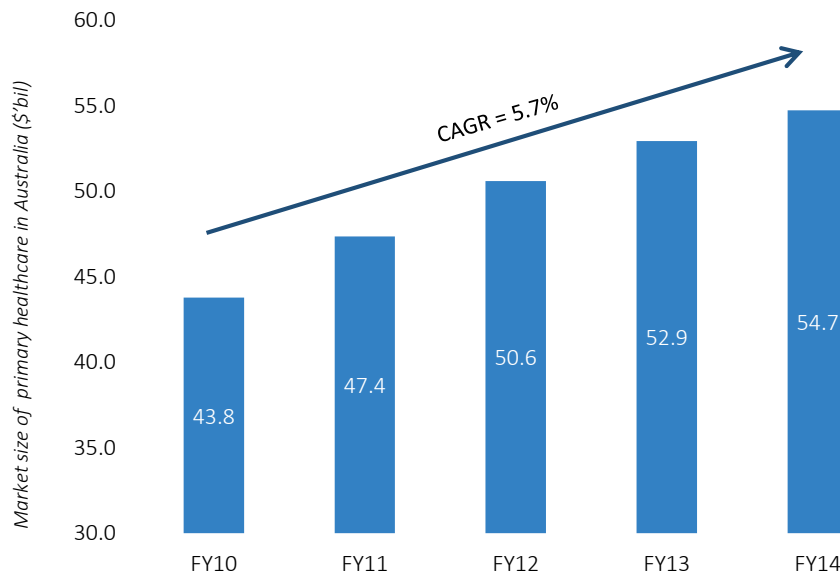
<sup>4</sup>Source: PHIAC 2014

# What is the size of the market?

*Allied and medical healthcare services operate within the sub segment of primary healthcare*

## Market growth<sup>1</sup>

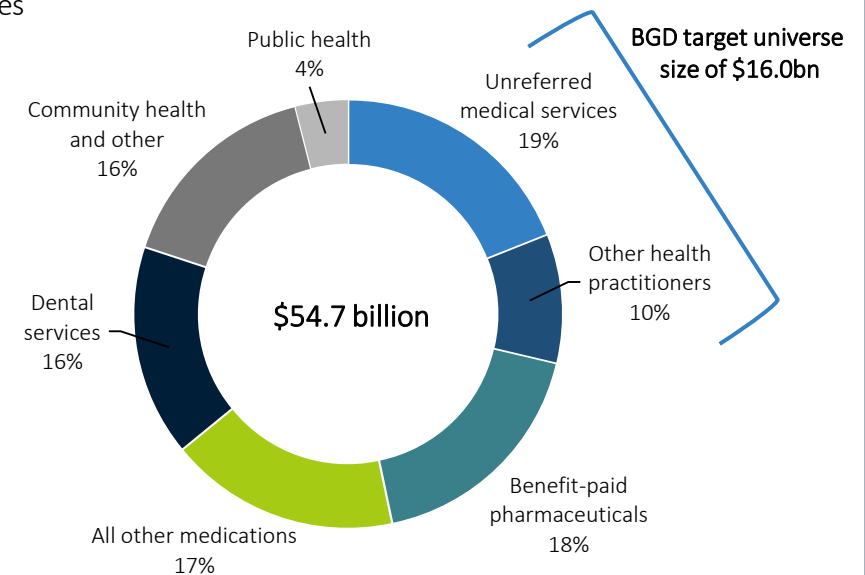
- Primary healthcare accounts for 38% of total healthcare expenditure or \$54.7bn
- Attractive industry fundamentals driving CAGR of 5.7% from FY10 to FY14



<sup>1</sup>Source: AIHW (National health expenditure) 2013-2014

## Market size<sup>1</sup>

- The largest sub-segment within primary healthcare is unreferral medical services which encompasses GP services, nurses and government grants
- Other health practitioners includes allied health services (e.g. physiotherapists, optometrists etc.)
- BGD's strategy is to focus on the highly fragmented allied medical health services



# Wide allied and medical health service spectrum

*The allied and medical health services industry spans a range of business models. The Federal Government is a major funding source across the platform of services*

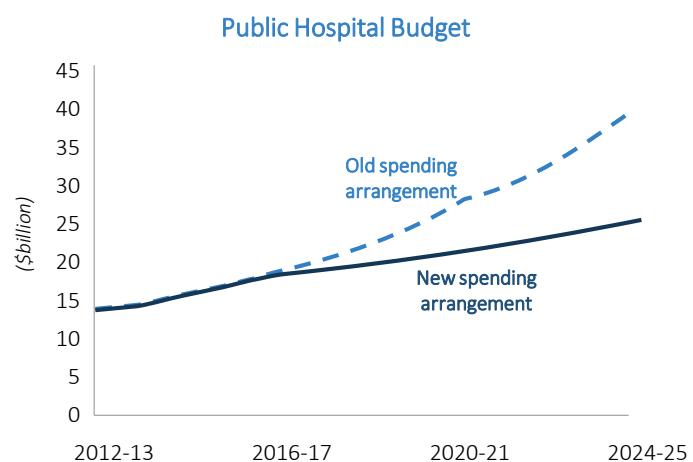
	1 Medical Clinics	2 Mobile service (B2B)	3 Home Care (B2C)	4 Other Allied Medical
Business Model	<ul style="list-style-type: none"> <li>Clinic based primary healthcare services</li> <li>Trend of larger multi-disciplinary clinics that offer a greater number of practitioners and a range of ancillary services on site</li> </ul>	<ul style="list-style-type: none"> <li>Provide a mobile workforce of allied health practitioners to retirement and residential aged care facilities and workplaces</li> </ul>	<ul style="list-style-type: none"> <li>Range of services for home care / community care</li> <li>Consumer Direct Care will allow individuals who select home care greater freedom of choice, which will transform the allied medical sector</li> </ul>	<ul style="list-style-type: none"> <li>Including a range of other primary care services including telehealth, ambulance services, drug and alcohol abuse</li> </ul>
Allied medical health and other services	<ul style="list-style-type: none"> <li>General practitioners</li> <li>Physiotherapy</li> <li>Occupational therapy</li> <li>Podiatry</li> <li>Optometry</li> <li>Speech pathology</li> <li>Dietetics</li> <li>Pathology (sub-let)</li> <li>Other allied services</li> </ul>	<ul style="list-style-type: none"> <li>Pain Management</li> <li>Physiotherapy</li> <li>Occupational therapy</li> <li>Podiatry</li> <li>Optometry</li> <li>Speech pathology</li> <li>Dietetics</li> <li>Other allied services</li> </ul>	<ul style="list-style-type: none"> <li>Nurses / carers</li> <li>Physiotherapy</li> <li>Occupational therapy</li> <li>Podiatry</li> <li>Optometry</li> <li>Speech pathology</li> <li>Dietetics</li> </ul>	<ul style="list-style-type: none"> <li>After-hour services</li> <li>Tele-health</li> <li>Drug and Alcohol rehabilitation centres</li> <li>Pain management clinics</li> <li>Other</li> </ul>
Funding	<ul style="list-style-type: none"> <li>Australian Government (Medicare)</li> <li>Private Health Insurers</li> <li>Patient</li> </ul>	<ul style="list-style-type: none"> <li>Australian Government via Aged Care Funding Instrument (ACFI) and Medicare</li> <li>Facility operator</li> <li>Patient</li> </ul>	<ul style="list-style-type: none"> <li>Australian Government via Consumer Direct Care (CDC)</li> <li>Patient</li> </ul>	<ul style="list-style-type: none"> <li>Australian Government</li> <li>Private Health Insurers</li> <li>Patients</li> </ul>
Market size	<ul style="list-style-type: none"> <li>c.7,000 integrated medical clinics</li> <li>c.36,000 allied health clinics</li> </ul>	<ul style="list-style-type: none"> <li>c.193,000 residential aged places</li> <li>c. 112,000 independent living units</li> </ul>	<ul style="list-style-type: none"> <li>c.67,000 places</li> <li>Market size: c.A\$4.4bn</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>

Sources: AIHW, Australian Department of Social Services. 2013-14 Concise Facts & Figures in Aged Care, ACFA

# Shift of Government Funding

*Government funding is increasing to support the growing demand of allied medical services*

## Reduction in Hospital Funding<sup>1</sup>

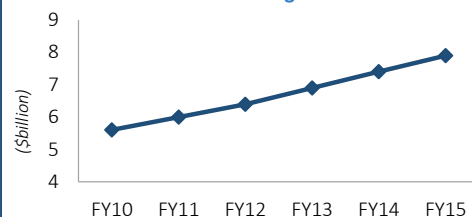


- The Federal Government is shifting the burden of healthcare services from acute care to preventative care include primary healthcare and allied health in the aged care sector, with over \$80 billion savings estimated by 2024-25
- Shift of funding and role to allied and primary health via:
  - Primary healthcare Government grants
  - Home Care services via Consumer Direct Care (CDC)
  - Allied and Medical services in aged care facilities via ACFI

<sup>1</sup>Source: Australian Federal Government (Budget 2014-15)

## Medicare and government grants<sup>2</sup>

### Historical Medicare funding for the medical clinic sector



- Primary healthcare is principally funded by the Federal Government via Medicare
- Medicare funding has increased to \$8.0 billion at a CAGR of 7.0% from FY10 – FY15
- Government has implemented a range of key programs including GP Super Clinics Programme (\$650m), Primary Health Networks (\$842m) and After Hours Primary Care

## Home Care<sup>3</sup>

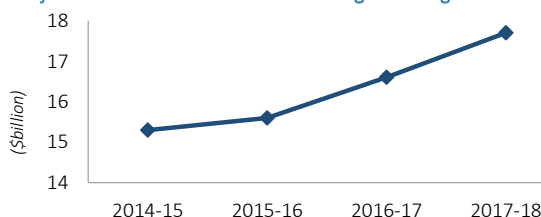
CDC Packages  
2015:  
66,000

CDC Packages  
2022:  
140,000

- Funding of \$2.4bn with a growth CAGR of 10% from FY14 – FY17
- With the introduction of CDC elderly and their families have the opportunity to procure the specific services they need including allied health services

## Aged Care<sup>4</sup>

### Projected Australian Government funding for the aged care sector



- Government funding estimated at \$17bn with a growth CAGR of 4.9% from FY15 – FY18
- An estimated 85% of aged care residents experience chronic pain and require Pain Management services
- ACFI is the primary mechanism for delivery of government funded allied health services such as pain management provided to residents of aged care facilities

<sup>2</sup>Source: Department of Human Services (Medicare Australia Statistics)

<sup>3</sup>Source: Aged Care Financing Authority (Third Report on the Funding and Financing)

<sup>4</sup>Source: Department of Social Services (2013-14 Concise Facts & Figures in Aged Care)

# Agenda

1

Opportunity Overview

2

Industry and Market Synopsis

3

Growth Strategy

4

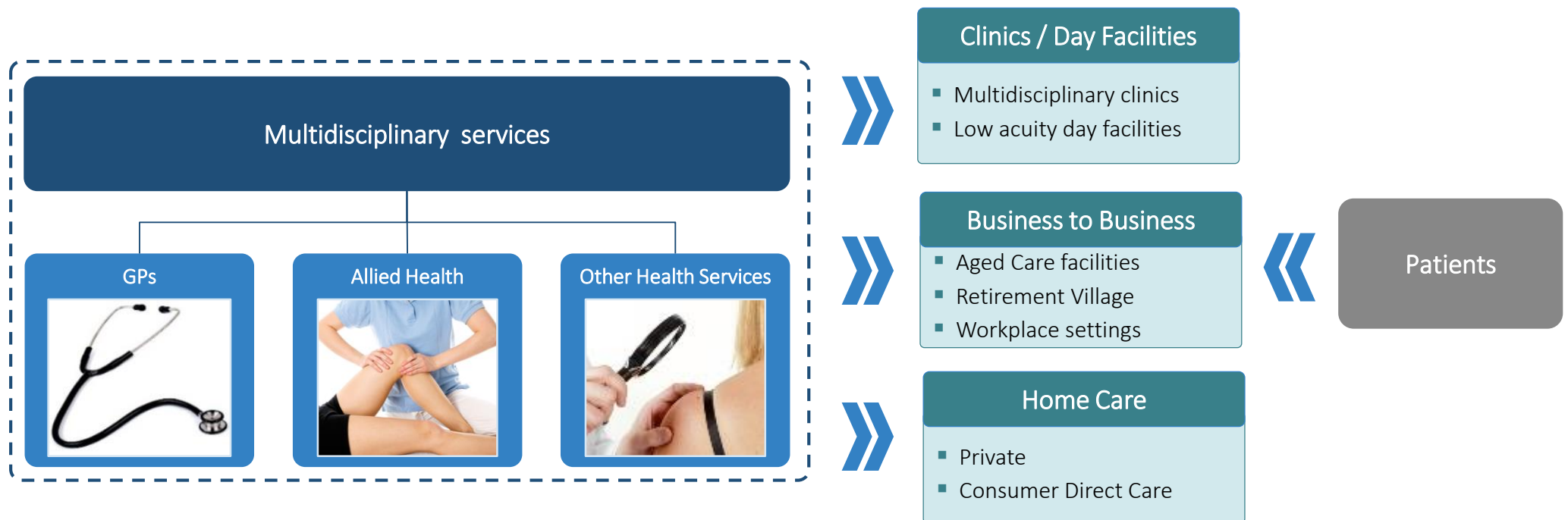
Modern Medical Overview

5

Deal Structure: Modern Medical

# Growth strategy

*BGD will seek to build its strategy through both organic growth and a systematic acquisition program*



## Strategic 'thrusters' to achieve

### Acquisition & Adjacent Sector Expansion:

- Focus on large scale multi-disciplinary sites and building out the B2B service offering
- Key focus on integration strategy
- Defined acquisition criteria (see next slide)
- Opportunity to expand into additional healthcare verticals and establish a service platform

### Operational Efficiencies:

- Shared resources and rostering
- Invest in group management team
- Expand service offering
- Focus on practitioner engagement
- Stakeholder engagement is key

# Acquisition profile

*BGD will target acquisitions that either expand the service offering or the expand the geographic footprint*

## Acquisition Criteria:

Nature of Businesses	<ul style="list-style-type: none"> <li>Focus on large scale multi-disciplinary clinical sites or businesses with a complimentary B2B service offering and customer base</li> </ul>	✓
Favourable location	<ul style="list-style-type: none"> <li>Favourable demographics in large catchment areas</li> <li>Modern clinics with minimal capital expenditure required</li> </ul>	✓
Growth capacity	<ul style="list-style-type: none"> <li>Access to new aligned market sectors or geographies</li> <li>Ability to attract additional practitioners</li> <li>Excess capability allowing introduction of more practitioners or services</li> </ul>	✓
Financial consideration	<ul style="list-style-type: none"> <li>EBITDA and cash flow positive</li> <li>EPS accretive</li> </ul>	✓
Vendor / management	<ul style="list-style-type: none"> <li>Vendors remain in the business (if practitioner owned) to facilitate transition</li> <li>Capable management team</li> </ul>	✓
Practitioner retention model	<ul style="list-style-type: none"> <li>Visibility of key practitioner retention is critical</li> <li>Sustainable remuneration model needs to be in place</li> </ul>	✓

## Acquisition Landscape:

Allied Medical Clinics <sup>1</sup>	GP Clinics
Estimated no. of locations <b>34,301</b>	Estimated no. of clinics <b>7,035</b>
Less: large listed companies <sup>2</sup> <b>394</b>	Less: large listed companies <b>348</b>
Size of universe <b>33,907</b>	Size of universe <b>6,687</b>

<sup>\*1</sup>Allied health universe excludes pathology, pharmacies and optometry

<sup>\*2</sup>Includes integrated medical service centres overlapping with GP clinics



# Pipeline of Opportunities

*BGD can achieve significant scale in a highly fragmented industry with few players of size*

Company Name	Type	Location	Status	Indicative Valuation	Timing	Indicative Financials <sup>1</sup>	
						Revenue	EBITDA
Health Networks Australia Investments	Allied Health	Nationwide	Executed Non-Binding Term Sheet	<ul style="list-style-type: none"> <li>5.0x FY15 EBITDA with earn-out on FY16 EBITDA growth</li> </ul>	<ul style="list-style-type: none"> <li>Currently completing due diligence</li> <li>Aim to complete in Q1 CY16</li> </ul>	~\$35.0 - \$40.0m	~\$3.0 - 4.0m
Opportunity 1	GP	NSW	Term Sheet negotiation	<ul style="list-style-type: none"> <li>3.0 - 4.0x EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>Negotiating terms</li> <li>Aim to complete in Q1 CY16</li> </ul>	~\$2.0 - 3.0m	~\$0.3 - 0.4m
Opportunity 2	GP	QLD	Term Sheet Negotiation	<ul style="list-style-type: none"> <li>3.5 - 4.5x EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>Negotiating terms</li> <li>Aim to complete in Q1 CY16</li> </ul>	~\$2.0 - 3.0m	~\$0.3 - 0.4m
Opportunity 3	GP	VIC	Term Sheet negotiation	<ul style="list-style-type: none"> <li>3.0 - 4.0x EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>Negotiating terms</li> <li>Aim to complete in Q1 CY16</li> </ul>	~\$2.0 - 3.0m	~\$0.3 - 0.4m
Opportunity 4	Allied Health	VIC, QLD	Discussion stage	<ul style="list-style-type: none"> <li>4.5x - 5.5x EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>Negotiating terms</li> <li>Aim to complete in Q1 CY16</li> </ul>	~\$4.0 - 6.0m	~\$0.7m - \$1.0m
Total						\$45.0 - 55.0m	\$4.6 - 6.2m

# Operational Efficiencies

*Target core growth initiatives that focus on patient outcomes and increase support functions*

## Core growth initiatives:

Clinical Focus	Leverage Infrastructure	<ul style="list-style-type: none"> <li>Extension of service offering to establish 'multi-disciplinary' services to provide for the majority of a patient's primary healthcare needs under one banner</li> <li>Leverage practitioner resources to develop a unique B2B / B2C model for primary healthcare and aged care services</li> </ul>	✓
	Maximise practitioner efficiency	<ul style="list-style-type: none"> <li>Work within the government funding system to maximise value for patients and healthcare practitioners (e.g. managing chronic disease in Medicare, pain management in ACFI)</li> </ul>	✓
	Technology	<ul style="list-style-type: none"> <li>On-going integration of the latest technology to enhance diagnosis and treatment</li> <li>Leverage existing IT infrastructure to improve patient experience and efficiency for practitioners</li> </ul>	✓
HR Focus	Optimisation of professional pool	<ul style="list-style-type: none"> <li>Develop staff incentive and performance management plans</li> <li>Implement strategies to recruit and retain healthcare practitioners</li> </ul>	✓
	Support staff	<ul style="list-style-type: none"> <li>Recruit "tier 1 players" to key roles. CEO and CFO earmarked to join group following next tranche of acquisitions</li> <li>Efficient rostering of nurses to assist with medical services and other staff including practice managers and admin</li> <li>Professional development and training</li> </ul>	✓
Support Focus	Financial	<ul style="list-style-type: none"> <li>Commence operational improvement program (as appropriate)</li> <li>Negotiate with suppliers on a group level and inventory management</li> </ul>	✓
	Systems & processes	<ul style="list-style-type: none"> <li>"Future proof" systems, processes and operational infrastructure to support rapid growth</li> <li>Clinical governance and monitor KPI benchmarking across all the clinics</li> </ul>	✓

# Agenda

1

Opportunity Overview

2

Industry and Market Synopsis

3

Growth Strategy

4

Modern Medical Overview

5

Deal Structure: Modern Medical

# Investment highlights of MMG

*The MMG acquisition will serve as BGD's platform asset into the allied medical sector*

## Track record

- Founded in 2003, MMG has expanded to six primary healthcare medical clinics providing general practice services and sub-letting clinic space to allied health services and pathology operators
- MMG had 160,517 patient consultations in FY15 with growth of circa 18% per annum (CAGR) over the past 3 years



## Growth platform

- Platform asset of scale and with a proven track record of developing and acquiring clinics
- Substantial capital investment in both systems and processes has been made by MMG with the business now primed for growth



## Vendor alignment

- MMG vendors remain committed to growth and will be issued 61% of consideration in scrip for the upfront payment for the Caroline Springs and Balwyn clinics (and 50% of consideration in scrip for the earn-out). In addition, options acquired over remaining clinics to support future growth
- MMG founder, Dr Todd Cameron, will join the BGD board on completion, adding a wealth of experience in the primary healthcare sector



## Management team

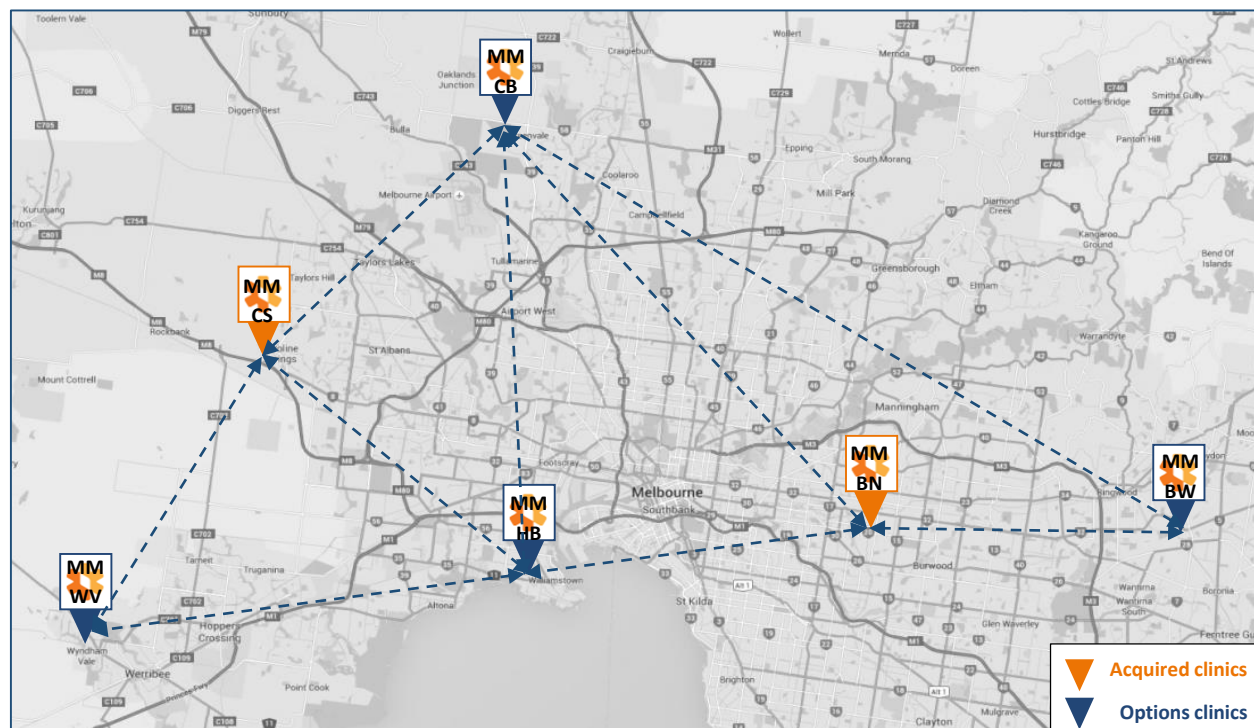
- Management team have a demonstrated track record of growing a business in the primary healthcare sector
- Key management personnel will transfer to BGD and provide the initial corporate function to cover the next stage of acquisitions



# Platform asset – MMG

## Key Comments

- MMG operates six integrated medical clinics that provide GP services and sub-lease to a range of other primary healthcare services including allied health and pathology operators. All clinics are located in Victoria
- Strong patient growth across all clinics
- Both Caroline Springs (MMCS) and Balwyn (MMBN) clinics will be acquired up-front. The balance of the clinics, may be acquired through the exercise of the options and are in the Melbourne suburbs of:
  - Craigieburn (MMCB)
  - Bayswater (MMBW)
  - Spotswood (MMHB)
  - Wyndham Vale (MMWV)
- GP services contributes to majority of income (>85%)
- Medical practitioners are contracted to practice within MMG facilities which includes the provision of consulting rooms, medical supplies, nursing, administrative and other support services
- In addition, Modern Medical also sub-lets consulting rooms to Pathology and allied health practitioners



	Caroline Springs	Balwyn	Craigieburn	Bayswater	Spotswood	Wyndham Vale
Year Commenced	2003	2009	2009	2009	2013	2014
Consulting Rooms	29	9	6	6	9	12
Local Population	20,366	12,944	32,757	11,240	79,413	17,304
Patient numbers	63,742	34,900	18,756	26,312	12,466	4,341

# Up-front clinics acquired

## MMCS – Caroline Springs



<b>Capacity:</b>	
Consulting rooms	25 (29)
Treatment beds	3 (4)
<b>Service offering:</b>	
Pathology	Yes
Allied health	Yes
After hours	Yes
<b>Property:</b>	
Freehold/leasehold	Leasehold
Location	Metro
Last build/refurbishment date	2014

- Founding clinic of MMG, established in 2003
- Expanded in recent years to include a specialist centre and is the only MMG site offering after hours services
- 18 GPs (11 FTEs) in FY15
- Approximately 78% of services was bulk billed in FY15
- Allied health offering includes:
  - Physiotherapy
  - Audiology
  - Podiatry
  - Dietician
  - Consulting rooms for Specialist Medical Practitioners

## MMBN - Balwyn



<b>Capacity:</b>	
Consulting rooms	9
Treatment beds	2
<b>Service offering:</b>	
Pathology	Yes
Allied health	No
After hours	No
<b>Property:</b>	
Freehold/leasehold	Leasehold
Location	Metro
Last build/refurbishment date	2009

- One of the two Greenfield opportunities explored during MMG's first phase expansion in 2009
- 11 GPs (6 FTEs) in FY15
- Approximately 60% of services was bulk billed in FY15

# P&L snapshot

## *Pro-forma P&L of the Caroline Springs and Balwyn Medical Clinics*

### Key Comments

- The P&L reflects the two clinics to be acquired upfront (MMCS and MMBN)
- Normalisations relate to one-off relocation costs, rental adjustments, management fee adjustment etc.
- MMG had 160,517 patient consultations in FY15 with a CAGR of circa 18% per annum over the past 3 years
- Costs mainly comprises doctor fees, admin, nurses, rent and medical supplies

P&L \$'000	FY14	FY15	Change %
Revenue	8,759	8,964	2%
Costs	8,049	8,326	3%
EBITDA	710	638	
Normalisation Adjustments	302	431	
Normalised EBITDA	1,012	1,069	6%
Depreciation	144	175	21%
Normalised EBIT	868	894	3%

# Agenda

1

Opportunity Overview

2

Industry and Market Synopsis

3

Growth Strategy

4

Modern Medical Overview

5

Deal Structure: Modern Medical



# Capital Structure Post Acquisition

- The table below sets out the capital structure immediately post completion of the Transaction assuming a raise of between \$4.0m and \$6.0m by way of an issue of ordinary shares at 4.2 cents post a 3:1 consolidation ratio

Capital Structure	Shares
Post-Consolidation of existing issued capital	104,004,558
Issue of Consideration Shares to Modern Medical Vendors <sup>1</sup>	76,250,000
New Shares Offer raising \$4.0m	95,238,095
<b>Total number of Shares on issue (\$4.0m Capital Raising)</b>	<b>275,492,654</b>
New Shares Offer raising \$6m	142,857,143
<b>Total number of Shares on issue (\$6m Capital Raising)</b>	<b>323,111,701</b>

Shares	In the event \$4.0m is raised	Diluted %	In the event \$6.0m is raised	Diluted %
Existing Shareholders	104,004,558	38%	104,004,558	32%
MMG Shares Issued	76,250,000	28%	76,250,000	24%
New Shares Issued	95,238,095	35%	142,857,143	44%
<b>Total Shares</b>	<b>275,492,654</b>	<b>100%</b>	<b>323,111,701</b>	<b>100%</b>

<sup>1</sup>Shares issued to MMG Vendors at 0.02 cent discount (pre consolidation)

# Transaction Structure

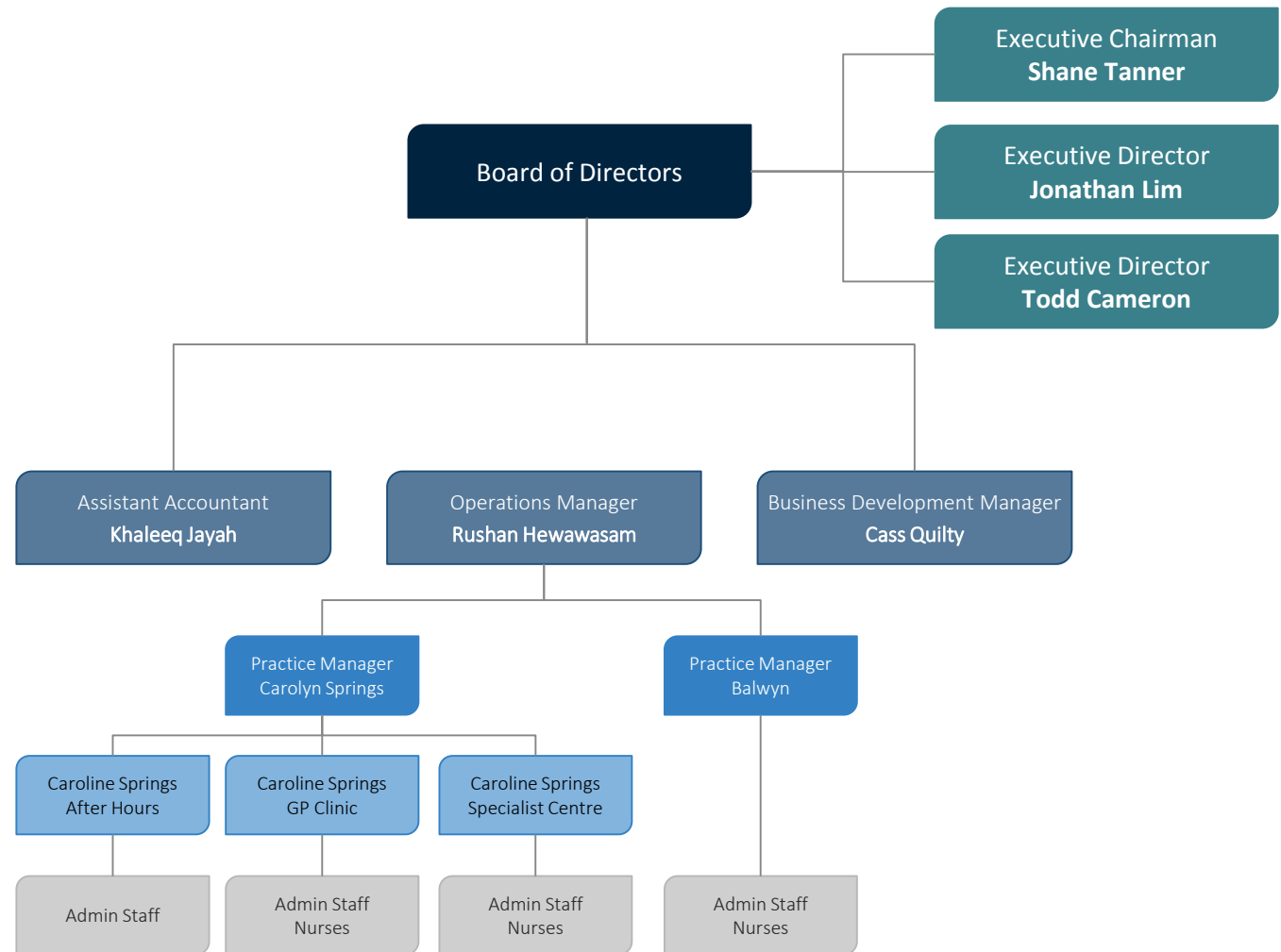
*The Assets of MMG are acquired over three stages and an additional earn-out payment*

	2016	2017	2018	2019
	Initial purchase	Earn-out payment	Options (tranche 1)	Options (tranche 2)
Clinics	<ul style="list-style-type: none"> <li>Caroline Springs</li> <li>Balwyn</li> </ul>	<ul style="list-style-type: none"> <li>Caroline Springs</li> <li>Balwyn</li> </ul>	<ul style="list-style-type: none"> <li>Craigieburn</li> <li>Bayswater</li> </ul>	<ul style="list-style-type: none"> <li>Hobson Bay</li> <li>Wyndham Vale</li> </ul>
Key Metrics	<ul style="list-style-type: none"> <li>\$2,745,000 in BGD shares at 3.6 cents per share</li> <li>\$1,755,000 in cash less \$555,000 retention amount</li> <li>Chattel mortgage of \$610,000 assumed by BGD</li> <li>Options for remaining clinics granted in two tranches at \$500,000 in cash</li> </ul>	<ul style="list-style-type: none"> <li>50% cash / 50% scrip</li> <li>Forecast payable amount ranging between \$2,800,000 and \$3,200,000 on 30 – 40% EBITDA growth</li> </ul>	<ul style="list-style-type: none"> <li>price dependent on the clinic performances in the 12 months period ending 31 December 2017</li> </ul>	<ul style="list-style-type: none"> <li>price dependent on the clinic performances in the 12 months period ending 31 December 2018</li> </ul>
Timing	<ul style="list-style-type: none"> <li>Payable on completion of capital raising</li> </ul>	<ul style="list-style-type: none"> <li>Based on performance of MMCS and MMBN in the 12 month period ending 31 December 2016</li> <li>Payable in March 2017</li> </ul>	<ul style="list-style-type: none"> <li>Exercisable prior to March 2018</li> </ul>	<ul style="list-style-type: none"> <li>Exercisable prior to March 2019</li> </ul>

# Organisational Structure

## Key Comments

- Board of directors includes:
  - Shane Tanner
  - Jonathan Lim
  - Todd Cameron
- Todd Cameron, the co-founder of Modern Medical, will remain as the interim CEO of the business to assist with transition
- Key management personnel will transfer to BGD and provide the human resources to cover the next stage of acquisitions
- Search for CEO is underway with primary healthcare background and corporate experience
- Identified a CFO with primary healthcare and corporate experience that have been earmarked to join following the next tranche of acquisitions
- Faldi Ismail and Craig Higgins will step down from the Board following completion of the MMG transaction



# Indicative timetable

Action	Date
Dispatch Notice of Meeting	November 2015
Lodgement of the Prospectus with ASIC	November 2015
Opening date for Offers under the Prospectus	November 2015
Suspension of the Company's Securities from trading on the ASX (at the close of trade)	December 2015
Extraordinary General Meeting	December 2015
Closing date for Offers under the Prospectus	December 2015
Allotment of Securities pursuant to the Notice of Meeting and the Prospectus	December 2015
Completion of Proposed Transaction	December 2015
Pre-quotation disclosure to ASX	January 2016
Anticipated date the suspension is lifted and the Company's Securities re-commence trading on ASX	January 2016

The dates above, other than the date for the lodgement of Prospectus with ASIC, are indicative only and may be varied without notice.

# Contact details

## Shane Tanner

Executive Chairman

E: [shane.tanner@clinas.com.au](mailto:shane.tanner@clinas.com.au)

P: 0411 107 099

## Jonathan Lim

Executive Director

E: [jonathan.lim@liverpoolpartners.com](mailto:jonathan.lim@liverpoolpartners.com)

P: 0413 955 949

