

**ASX ANNOUNCEMENT**

**16 November 2015**

## **2015 AGM Chairman's Address**

As Chairman of Capitol I have been able to see first-hand the revolutionary change sweeping this industry and the dedication and professionalism of our team in addressing that environment.

The financial year ended 30 June 2015 was one of the structural underpinning of the group. The scale and strategic nature of the acquisitions combined with the strong performance of the continuing operations means that we now have an organisation with the right characteristics to launch into the next level of development.

Of course we will have difficult trading periods as we are experiencing now, but without the underpinning so carefully put in place during the last few years, the group would be far less capable of addressing those difficulties.

So what has been our approach? The basic themes we see are:

1. Healthcare demand will continue to grow – there is ample evidence that with all the demographic trends evident in the world today that healthcare demand will likely exceed our community's ability to service those needs with current systems.
2. Cost pressure is the inevitable consequence – any system where demand exceeds capacity will ultimately lead to a rationalising of resources in that system and is evidenced by the current government process of review.
3. These combined themes means that Capitol needed to find a solution where services could be improved but in a more efficient manner.
4. Our strategy for that solution has been
  - a. Develop scale to allow meaningful economies throughout the group
  - b. Develop improved efficiency through new technology

And therefore we reach our current point where we now have sufficient scale to fund investments like Enlitic, which have the capacity to fundamentally shift our operating procedures. This next step is not an incremental one, it is an order of magnitude change that should deliver better services, growing market share with greater efficiency than could have been imagined even a few years ago.

It's a very exciting time and I feel very confident that we have the right team in the right place at the right time to optimise the opportunity before us.

It's also important to note the great debt we have to John Conidi in getting this company to be in such a strong position. John has provided both the vision and the practical delivery for many years now, and his untiring work and precognition of future advancements cannot be overestimated. He has a number of broader business interests and they have been invaluable in advancing Capitols opportunities, indeed without his broader engagement the group would not have been able to develop the Enlitic relationship.

On the point of directorships, you can be assured that the Board is continuing the search for additional non-executive directors and hence the request for additional director fees at Resolution 6 – the increase is going to the new directors and not a pay rise for existing directors. We have interviewed a number of candidates for the role and hope to be able to make an announcement before the end of the year on this front.

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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. 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.