

ASX Announcement

25 May 2015

LIFEHEALTHCARE ANNOUNCES ACQUISITION OF M4 HEALTHCARE PTY LIMITED

LifeHealthcare Group Limited (ASX: LHC) (**LifeHealthcare**), one of Australia's leading independent distributors of high end medical devices, today announced that its wholly-owned subsidiary, Lifehealthcare Distribution Pty Limited, has entered into an agreement to acquire all of the issued share capital of M4 Healthcare Pty Limited ("M4"), a distributor in the Point of Care ("POC") Ultrasound market in Australia and New Zealand (the **Transaction**).

The Transaction is unconditional and completion of the Transaction is scheduled to occur on Wednesday, 27 May 2015.

LifeHealthcare's CEO, Mr Daren McKenney said "This transaction marks a significant milestone for our business with the first acquisition post-IPO. The acquisition of this business is immediately value accretive to LifeHealthcare shareholders and I look forward to welcoming the M4 team into LifeHealthcare and working with them on the future growth plans for the business."

This acquisition extends LifeHealthcare's existing presence in Cardiac Ultrasound into the growing POC Ultrasound market providing access to key new customer segments including Emergency Departments, ICU and General Anaesthesia. As a major supply partner to M4, this also strengthens LifeHealthcare's relationship with Philips Healthcare, in addition to other complementary POC supplier product lines. The POC Ultrasound market in Australia and New Zealand is estimated to be approximately \$40.0m in size and growing in the mid-single digit range. The trend in imaging is moving towards POC and this acquisition creates a strong strategic position for LifeHealthcare to grow the business further.

KEY HIGHLIGHTS OF THE TRANSACTION

- The acquisition of M4 is consistent with LifeHealthcare's growth strategy communicated to shareholders in the prospectus for the IPO and at subsequent market updates.
- In addition to the base purchase price of \$9.0m payable at completion of the Transaction, the vendors of M4 may become entitled to receive an earn-out payment of up to a maximum of \$0.6m depending on the level of growth of M4 for the first 12 months of LifeHealthcare ownership.

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- M4's revenue for the twelve month period to 31 March 2015 was \$9.0m, with the opportunity for further growth through market development and market share gain.
- The gross margin and operating metrics of M4 are consistent with LifeHealthcare's other capital businesses.
- The acquisition has been funded from existing debt facilities provided by ANZ and increases LifeHealthcare's pro-forma 31 December 2014 gearing ratio to 1.53x, with sufficient headroom for further potential acquisitions. LifeHealthcare will be required to comply with Part 2J of the Corporations Act 2001 (Cth) in respect of any financial assistance proposed to be given by M4 Healthcare in favour of ANZ, including seeking shareholder approval at a general meeting if required.
- The transaction will be immediately EPS accretive.

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