

ASX Announcement

Zenitas Healthcare Limited (ASX: ZNT)

30 October 2017

APPROXIMATELY \$29.7 MILLION FULLY UNDERWRITTEN CAPITAL RAISING TO FUND PIPELINE OF FUTURE ACQUISITIONS

Highlights

- **Zenitas is raising \$29.7m via a fully underwritten institutional placement and entitlement offer:**
 - **Approximately \$9.1m Placement to Professional and Sophisticated investors at \$1.15 per share**
 - **Approximately \$20.6m in an approximately 3 for 8 Accelerated Non-Renounceable Rights Issue at \$1.15 per share to existing investors**
- **Funds raised will be used to fund a pipeline of advanced acquisitions expected to be completed over the coming months**
- **Post Offer net-cash balance of \$9.2m**
- **Provides approximately \$28m of acquisition capacity whilst remaining under targeted Net Debt / EBITDA ratio of 2.0x**

Overview

Zenitas Healthcare Limited ("Zenitas" or the "Company") today announced the launch of an entitlement offer and institutional placement (collectively the "Offer") to raise approximately \$29.7 million. The Company intends to apply the funds raised under the Offer towards funding a pipeline of advanced acquisitions expected to be completed over the coming months ("Proposed Acquisitions") and working capital. The Proposed Acquisitions are targeting specific geographies and business segments in ZNT's current national footprint that will be synergistic and complementary to its existing businesses.

The Proposed Acquisitions have a combined total of approximately \$46m historic annual revenue and approximately \$6 - 7m of historic annual EBITDA at an acquisition multiple of 4.0 - 6.0x.

Management is highly confident of delivering approximately \$30 - 40m of pro-forma FY18 revenue and approximately \$4 - 5m of pro-forma FY18 EBITDA. Based on this, Zenitas expects pro-forma FY18 EBITDA to increase by at least 30%.¹

Post the Offer, Zenitas will have a net-cash balance of \$9.2m.² The Offer provides approximately \$28m of acquisition capacity whilst remaining under targeted Net Debt / EBITDA ratio of 2.0x.

Zenitas Managing Director and CEO, Justin Walter, said: "We are pleased to announce the capital raising which will give our existing shareholders the opportunity to participate at the same price at which shares are offered to institutional investors. We are also pleased that the institutional offers have been significantly oversubscribed. The capital raising will significantly increase Zenitas acquisition funding capacity".

¹ Based on mid-point of midpoint of FY2018 EBITDA guidance.

² Pro forma net cash position as at 30 September 2017.

"We have a strong pipeline of acquisitions which we intend to execute on in the coming months. We look forward to updating investors on these acquisitions over the coming months."

The Offer is fully underwritten by Joint Lead Managers Wilsons and Bell Potter.

Institutional Placement and Institutional Entitlement Offer

The institutional placement and institutional entitlement offer open on 30 October 2017 and close on 31 October 2017.

Entitlements not taken up under the institutional entitlement offer or attributable to shareholders that were not entitled to participate in the institutional entitlement offer will be offered to eligible institutional investors (including institutional shareholders who have subscribed for their entitlements) concurrently with the institutional entitlement offer and institutional placement.

The issue of shares under the institutional placement will be undertaken from within the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A without shareholder approval.

Retail Entitlement Offer

The retail entitlement offer opens on 6 November 2017 and closes on 15 November 2017. The record date to participate in the retail entitlement offer is 7.00pm (Sydney time) on 1 November 2017 ("Record Date"). Only those retail shareholders with registered addresses in Australia and New Zealand registered as holders of shares on the Record Date ("Eligible Retail Shareholders") will be eligible to participate in the Retail Entitlement Offer.

Eligible Retail Shareholders wishing to participate in the retail entitlement offer should carefully read the retail offer booklet and accompanying personalised entitlement and acceptance form, which are expected to be dispatched on 6 November 2017. Copies of the retail offer booklet will also be available on the Company's ASX announcements platform.

Eligible Retail Shareholders will be able to apply for additional shares in excess of their entitlement, for those shares which are not taken up by retail shareholders ("Retail Shortfall") up to a maximum value of \$25,000. The Company reserves the right to allot and issue any Retail Shortfall shares at its discretion.

Business update and FY18 outlook

Zenitas is pleased with the progress to date in FY18 on integration of recent acquisitions and other strategic initiatives, with the Dimple integration plan ahead of schedule, and the Nextt Care integration plan on schedule, with no material issues to date. Other organic growth opportunities and other initiatives are also progressing in line with management's expectations.

Zenitas reaffirms guidance for FY18 EBITDA of \$13m - \$13.5m prior to material acquisitions.

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