

ASX Announcement

Zenitas Healthcare Limited (ASX: ZNT)

1 May 2018

SIGNIFICANT STRATEGIC ACQUISITIONS ANNOUNCED

The directors of Zenitas Healthcare Limited (ASX:ZNT) ("**Zenitas**" or "**the Company**") are pleased to provide the following update:

- Zenitas has entered into binding agreements to acquire Australian Home Care Services ("**AHCS**") a leading home care provider in Victoria and New South Wales, and Beleura Health Solutions ("**Beleura**") an operator of two Allied Health clinics on the Mornington Peninsula in Victoria
- These acquisitions are a complimentary fit with Zenitas' existing network and in line with our growth strategy to deliver quality Allied Health, Home Care and General Practitioner services across Australia
- Zenitas provides an update on FY18 earnings and pro forma outlook

AHCS ACQUISITION

- **AHCS is a leading home care services provider in Victoria and New South Wales servicing aged and disabled clients**
- **The acquisition adds another 1,302 carers to the Zenitas team and another 4,109 clients requiring services within the fast-growing home care industry**
- **Zenitas' existing diverse funding source profile will be significantly enhanced**
- **AHCS' expected FY19 gross revenues are \$38m and EBITDA of \$2m with significant upside in both FY20 and FY21**
- **Expected Cash Price of \$4m including transaction costs which will be fully funded from the Company's existing cash reserves**
- **Completion is expected on 30 June 2018**

Zenitas has entered into a binding agreement to acquire 100% of the shares in AHCS from Multiple Sclerosis Ltd ("**MSL**"). AHCS operates in Victoria and New South Wales with a strong brand name and reputation for providing high need attendant home care to aged and disabled clients. AHCS further enhances Zenitas' operational capabilities in the two most populous States in Australia and access to several key funding agreements via preferred provider panels, particularly in disability care.

AHCS has a diverse range of revenue funding sources including but not limited to, the Transport Accident Commission ("**TAC**"), iCare NSW, the National Disability Insurance Scheme ("**NDIS**"), WorkCover Victoria, Home Care Packages and private funding.

Growth for home care packages is strong with proposed demand circa 140,000 home care packages by 2021-22, an increase of over 80,000 new home care packages since 2012-13.¹

In addition, the disability care services sector is projected to grow over the coming years with the NDIS set to cover over 475,000 participants at a cost of approximately \$22b each year.²

In conjunction with the acquisition, Zenitas has agreed a \$1m sponsorship deal over five years with MSL with the objective of raising awareness and providing support for individuals suffering from Multiple Sclerosis and other neurological conditions.

BELEURA ACQUISITION

- **Beleura operates two Allied Health clinics on the Mornington Peninsula in Victoria**
- **The Beleura acquisition is highly complementary to the Peninsula Sports Medicine Group (“PSMG”) acquisition completed in March 2018, supporting the Company’s strategic geographic expansion**
- **Three senior clinical vendors of Beleura will retain 20% equity**
- **Acquisition Price of \$2.4m plus transaction costs for 80% of the business will be fully funded from the Company’s existing cash reserves**
- **Beleura recorded FY17 gross revenues of \$2.3m and EBITDA of \$0.6m**
- **Completion is expected in June 2018**

Zenitas has entered into a binding agreement to acquire 80% of the shares of Beleura, an operator of two Allied Health multi-modality clinics with 25 clinicians. The acquisition of Beleura is highly complementary to the PSMG acquisition and further strengthens Zenitas’ position in the fast-growing Mornington Peninsula region of Victoria.

Completion of both transactions are subject to the satisfaction of customary conditions precedent.

EARNINGS OUTLOOK

- Zenitas continues to track to expectations and reaffirms market guidance for FY18 EBITDA of \$13-13.5m prior to announced acquisitions
- Our recent acquisition announcements significantly diversify Zenitas’ revenue and earnings base through geographic coverage and services offered. Post announced acquisitions, Zenitas will have a FY18 gross revenue (pre clinician contractor payments) base of \$170m and EBITDA of \$19.0m on a proforma basis

¹ Commonwealth of Australia – Department of Health - ‘Legislated Review of Aged Care 2017’ – July 2017

² Australian Government - Productivity Commission, ‘The National Disability Insurance Scheme Costs’ – October 2017

Zenitas CEO Justin Walter stated:

“The acquisition of AHCS is an exciting step enabling Zenitas to continue to grow and deliver quality home care services in Australia’s two fastest growing cities. AHCS has an enviable Quality and Accreditation Framework coupled with an experienced operational team. The Beleura team have an impressive reputation on the Mornington Peninsula with existing close relationships with Zenitas practitioners. They are a welcomed natural fit to our valued and highly regarded clinician partners.

In addition, our balance sheet remains strong and both acquisitions demonstrate our ongoing commitment to deliver on our existing growth strategy and long-term shareholder value.”

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About us

Zenitas is a community-based healthcare operator providing integrated care solutions that are primarily aimed at reducing the reliance on high cost acute and post-acute institutional care. Zenitas’ strategy is to provide a range of allied health, home care and general practitioner services in Australia.