ParagonCare

ASX ANNOUNCEMENT

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07 August 2017

Paragon Care reports record results for FY17

Melbourne, Australia – Paragon Care (ASX: PGC) (**Paragon** or **Company**) today announced its financial results for the full year ended 30 June 2017.

FY17 full year results highlights

- **Revenue of $117m, up 25% on FY16 driven by strong second half performance**
- **EBITDA of $17.1m, up 41% on FY16 with record EBITDA margins of 14.7%**
- **Earnings per share of 6.2 cents, up 11%**
- **Total FY17 dividends of 3.0 cents per share, up 36% on FY16**
- **Results reflect organic EBITDA growth at 15% for the year underpinned by strong progress realising revenue and cost synergies from recent acquisitions**
- **Strong balance sheet with $18.6m cash and 1.1x Net Debt / EBITDA at 30 June 2016 ensures that Paragon is well positioned for future growth**

Commenting on the results, Paragon Care's Managing Director Mr. Mark Simari said,
"I'm delighted with the Company's strong performance in FY17 on all key metrics, reflecting positive trends across our business. Paragon's momentum in successfully building an integrated healthcare platform is clearly evident in these results. Our low gearing and strong cash balance position us well to execute on our future growth plans."

Financial Performance

Total revenue generated for the period was $117.2m, a 25% increase on FY16. This result was driven by strong organic growth and a full year of earnings capture from the FY16 acquisitions of Western Biomedical, Designs for Vision and Meditron. As guided at the half year stage, the seasonality of customer procurement decisions resulted in a strong second half performance, with 2H17 revenue accounting for 53% of the full year result.

Full year EBITDA reached $17.1m, an increase of 41% on FY16. Strong EBITDA growth reflected both a strong top line performance and an improvement in EBITDA margins from 13.0% to 14.7%, approaching Paragon's targeted EBITDA margin of 15%.

Strong EBITDA growth translated into earnings per share growth of 11%.

Total dividends for the full year of 3.0c represent a 36% increase on FY16. The dividend payout ratio reached 49% of NPAT and is at the top of Paragon's stated target payout range.

Strong cash flows

During the full year, the Company recorded positive operating cash flow of $12.0m, up 54% on the prior year. Operating cashflows of $11m in 2H FY17 were driven by strong business performance, the seasonality of the industry, and the absence of one-off factors that impacted first half results. Investing cash outflows of $7.9m were related to the 1H FY17 acquisitions of Midas Software Solutions and Electro Medical Group.

Balance sheet strength

Paragon finished the financial year with a cash balance of $18.6m, up $6.9m from the Half Year. Net Debt to EBITDA reduced to 1.1x, significantly below the Company's stated policy of 2.0x coverage.

The strength of Paragon's balance sheet unpins the Company's strategy of pursuing value accretive acquisitions from its existing debt facilities and cash balance.

Table 1: Key Financials

	FY17	FY16	Change
Revenue	**$117.2m**	$93.4m	*Up 25%*
Gross Profit	**$46.1m**	$36.5m	*Up 26%*
EBITDA	**$17.1m**	$12.1m	*Up 41%*
EPS	**6.2 cps**	5.6 cps	*Up 11%*
DPS	**3.0 cps**	2.2 cps	*Up 36%*
Operating Cash Flow	**$12.0m**	$7.8m	*Up 54%*
Net Debt/EBITDA	**1.1x**	1.6x	*Down 31%*

Operational performance

Despite experiencing revenue growth of 26%, active management of working capital resulted in a 4% reduction in Inventories compared with FY16. As a result, Paragon's stock turnover ratio reached 5.4x, successfully reaching the target aspirational range of 5-6x stated at the half year.

Paragon's successful track record of identifying and integrating acquisition targets continues, with strong performance across the board from the business acquired in FY16 and FY17. The acquisitions of Midas Software Solutions and Electro Medical Group improve Paragon's position in fast growing markets, and Management expects these sectors to drive a solid contribution to the business from FY18 onwards.

Outlook

The Company is well placed to deliver growth in future years, driven by a combination of organic and acquisitive growth. The Company's strong operational platform creates the opportunity to drive cost and revenue synergies from acquired businesses while offering customers a broader range of products and services.

The growing eHealth sector offers a new revenue stream to the Company. Additionally, service and maintenance contracts continue to gain traction with customers, and are highly complementary to Paragon's core offering.

The growth in the health care industry continues to provide a positive market environment in which the Company can continue to grow earnings and dividends.

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About Paragon Care Limited

Paragon Care is a Melbourne based, listed company with the ASX (PGC), which has progressively acquired businesses in the healthcare sector. It is a leading provider of medical equipment, devices and consumables for the Australian and New Zealand healthcare market. These are high growth markets driven by the ageing of the population, continuously rising consumer expectations and increasing government spending. By combining a series of strategic acquisitions of class leading companies, Paragon Care has positioned itself to provide end to end solutions including equipment and consumable solutions for acute, aged, and primary care.

Paragon Care Ltd.'s head office is located at 11 Dalmore Drive Scoresby VIC 3179 Australia. For further information please contact Mark Simari, Managing Director (1300 369 559) or via email at info@paragoncare.com.au.

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