

28th February 2018

Acquisition of surgical medical device distributor

The Directors of Paragon Care Limited (ASX: PGC) (“**Paragon**” or the “**Company**”) are pleased to announce that the Company has reached agreement to acquire Surgical Specialties Group, a distributor of surgical medical devices to the Australian and New Zealand market headquartered in Sydney.

Key highlights

- Paragon Care has agreed to acquire Surgical Specialties Group (“Surgical Specialties”) for a cash consideration of \$26m and \$6.4m in fully paid ordinary shares in Paragon.
- Surgical Specialties is an independent distributor of innovative surgical medical devices to the Australian and New Zealand medical community, and has a national footprint with sales offices and warehouses throughout Australia and New Zealand
- Surgical Specialties generated \$30m of revenue delivering \$4.9m of EBITDA in CY17
- The acquisition is expected to be EPS accretive in FY18 and beyond with the business experiencing strong growth this financial year.
- The acquisition forms part of a compelling portfolio of value accretive acquisitions funded by Paragon’s recent \$69.8m capital raising, and further strengthens Paragon’s strong product offering of medical equipment, devices and consumables to the Australian and New Zealand market

Commenting on the acquisition, Paragon’s Chief Executive Officer, Mr Andrew Just said:

“The acquisition of Surgical Specialties is aligned with Paragon’s long-standing growth strategy to expand its medical device offering to its existing and new customer base, and to increase the Company’s geographic reach in Australia and New Zealand. Surgical Specialties has strong relationships with close to 20 recognised supplier brands. Paragon is excited about further increasing the scale, product offering and reach of its distribution platform via the acquisition of Surgical Specialties.”

A strategic addition to Paragon’s scalable distribution platform

Surgical Specialties is an independent distributor of innovative surgical medical devices to the Australian and New Zealand medical community, currently headquartered in Sydney. Established in 2006, Surgical Specialties now has a national footprint throughout Australia and New Zealand with sales offices and warehouses in Melbourne, Brisbane, Adelaide, Perth and Auckland.

Surgical Specialties will provide Paragon Care with a strong foundation in the Orthopaedic, Pain Management and Infection Prevention sectors of the rapidly growing medical device market in both Australia and New Zealand.

The acquisition represents a valuable, strategic addition to Paragon's distribution platform, and forms an integral part of the portfolio of value accretive acquisitions funded by the Company's recent \$69.8m capital raising and rights issue.

Paragon expects the acquisition to be EPS accretive in FY18, contributing strongly to the 21.4% annualised EPS accretion the company foreshadowed in its recent capital raising presentation to fund the upcoming acquisition program. The Company sees strong potential for revenue and EBITDA growth in the business as Surgical Specialties increases the depth of Paragon's product offering and distribution footprint.

The Company is also finalising other acquisitions as flagged in the recent capital raising presentation and will keep the market informed on its progress as it moves towards completion.

****ENDS****

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About Paragon Care Limited

Paragon Care (ASX: PGC) is a Melbourne based listed company 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.