

PARAGON CARE LIMITED (ASX: PGC)

MACQUARIE EMERGING LEADERS
CONFERENCE

17 November 2021



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PARAGON CARE

LEADING RESELLER OF MEDICAL EQUIPMENT IN AUS & NZ ON BEHALF OF OVER 100 GLOBAL MANUFACTURERS



CORE EXPERTISE IN

Sales & Marketing

Regulatory Approvals

Service & Maintenance

Logistics Capabilities

Consumables



ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

ParagonCare
Health. Covered.

GLOBAL MANUFACTURERS

KEY BRANDS

KEY CUSTOMERS

Logos of global manufacturers: MEDLINE, MicroPort™, CIVCO, AVANOS, CONMED, GODAN, HOYA, and bk medical.



Logos of key brands: LOVELL SURGICAL SOLUTIONS, insight SURGICAL, immulab, immuno™, LabGear AUSTRALIA, ParagonCare Service & Technology, surgical specialties, DESIGNS FOR VISION, SCANMEDICS, MediTron, and REM SYSTEMS.



Logos of key customers: AUSTRALIAN RED CROSS, Ramsay Health Care, NSW Health, Department of Health, Bupa, Healthscope, Queensland Government, Southern Cross Health Society, ST VINCENT'S HOSPITAL MELBOURNE, and AUCKLAND DISTRICT HEALTH BOARD.

DIVERSIFIED PRODUCT OFFERING ACROSS FOUR PILLARS

DEVICES

EYE CARE
ORTHOPAEDICS

36%
FY21 rev



DIAGNOSTICS

BLOOD BANK
LABORATORY

11%
FY21 rev



CAPITAL & CONSUMABLES

UROLOGY, CRITICAL CARE
NEONATAL, RADIOLOGY

45%
FY21 rev



SERVICE & TECHNOLOGY

MANAGEMENT
REPORTING
MAINTENANCE

8%
FY21 rev



FY21 RESULTS: KEY HIGHLIGHTS

Revenue
\$236m
↑ 2% on pcp

Diversified revenue streams
in product and geography

EBITDA
\$26.5m
↑16% on pcp*

Improved margins and
streamlined operations

*Normalised EBITDA

NPAT
\$8.3m

Represents EPS of 2.45cps

OPCF
\$27.5m
↑ 419% on pcp

Tighter working capital cycle
increased operating cash

Net Debt
\$69.1m
↓ 7% on pcp

Successful renegotiation of
debt facilities with NAB

DPS
1.0cps

Fully franked final
dividend declared

FY22: ORGANIC GROWTH INITIATIVES



- We have a strong growth pipeline with 15 of the largest opportunities across the Group having the potential to increase sales by up to \$100M in a 3 - 5 year time frame.
- H2 FY22 gradual rebound from NSW, VIC & NZ lockdowns, specifically increased elective surgery cases in our Devices pillar
- As access to aged care facilities improves, Total Communications will return to its strong pre-COVID performance.
- Plans are progressing well to more than double manufacturing capacity in our world class proprietary blood reagent business which will facilitate the expansion of Immulab into China and other Asian markets.

CREATING A LEADING MEDICAL DISTRIBUTION BUSINESS ACROSS ASIA PACIFIC

SUMMARY OF MERGER

- Paragon Care and Quantum are highly complementary medical distribution businesses
- Under the Proposal, Paragon Care Ltd (ASX:PGC) will acquire 100% of the shares of Quantum Health Group Ltd (ASX:QTM) by scheme of arrangement
- Under the Proposal, QTM shareholders as a whole, will own approximately 43.8% of the merged entity
- The Proposal is subject to the fulfilment or waiver of certain conditions, including the Independent Expert Report concluding that the Scheme is in the best interests of Quantum Shareholders.
- There is no capital raising associated with the transaction.

INDICATIVE TIMETABLE

Event	Date
First Court Date	Mid Dec 2021
Dispatch of Scheme Booklet to QTM shareholders	Late Dec 2021 or early Jan 2022
Quantum Scheme meeting	Late Jan 2022
Second Court Date	Early Feb 2022
Lodge Court order with ASIC (Effective Date)	Early Feb 2022
Record Date	Mid Feb 2022
Implementation Date	Late Feb 2022

STRATEGIC RATIONALE FOR MERGER

Cross-Sell	<ul style="list-style-type: none"> • Cross-sell the combined product portfolio into the high growth Asia Pacific markets
Growth in Asia Pacific	<ul style="list-style-type: none"> • Enhance growth opportunities in Asia, particularly for Immulab, in Paragon Care's diagnostics pillar
New Suppliers	<ul style="list-style-type: none"> • Attract new suppliers through a larger distribution footprint and commitment to high levels of corporate governance in Asian markets
Strengthen Balance Sheet	<ul style="list-style-type: none"> • Strengthen balance sheet capacity and improved covenants through expanded earnings base which will enable additional opportunities for growth in the future. Net Debt/EBITDA improvement to less than 2x
Merger	<ul style="list-style-type: none"> • Merger is a nil premium transaction • Merged entity expected to have a proforma FY21 EBITDA of \$37m (EV/EBITDA 6.5x)¹ - Significantly below industry averages for healthcare businesses
Synergies	<ul style="list-style-type: none"> • Significant synergies across Asia Pacific are expected based on strong collaboration and analysis between PGC and QTM, but none have been included in any financial numbers in this presentation
Revenue Diversification	<ul style="list-style-type: none"> • Implementation of the Scheme is expected to result in diversified revenue across product lines, customers and geographies
Recurring Revenue	<ul style="list-style-type: none"> • Merged entity anticipated to benefit from stronger recurring revenue streams through maintenance revenue

Notes: (1) Based on Enterprise Value/EBITDA using post transaction market capitalisation in slide 13 plus net debt as enterprise value. The proforma combined numbers for net debt and EBITDA are based on the published FY21 Annual Reports of Paragon Care and Quantum Health.

ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

GLOBAL MANUFACTURERS



LEADING BRANDS



ASIA PACIFIC CUSTOMERS



A FIVE PILLAR STRUCTURE



* Proforma numbers based on FY21 Annual Reports of Paragon Care and Quantum Health

CONSOLIDATED FY21 METRICS (Pre-Synergies)

FY21
Consolidated
Revenue¹
\$291m

FY21
Consolidated
EBITDA¹
\$37m

FY21
Consolidated
NPBT¹
\$21m

FY21
Consolidated
Net Debt/EBITDA²
< 2x

Gearing
Ratio²
24%

Countries
Australia
New Zealand
Korea
Thailand
Philippines
China
Vietnam

SIGNIFICANT MARKET OPPORTUNITY FOR MERGED ENTITY

A RISE IN SURGICAL PROCEDURES ...



INCREASED EXPENDITURE ON MEDICAL DEVICES..

A rise in surgical procedures is increasing the expenditure on medical devices, driving hospitals to seek higher quality products and better value for money outcomes

GROWING NUMBER OF SURGICAL PROCEDURES IN PUBLIC & PRIVATE HOSPITALS



2.7m¹
SURGICAL PROCEDURES PER ANNUM
24%¹
OF ALL SEPERATIONS

AN INCREASE IN OPERATING ROOM TURNOVER RESULTING FROM DECLINING LENGTH OF STAY



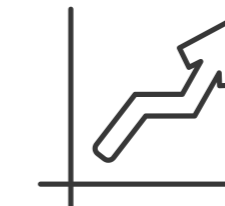
2.7 DAYS²
AVERAGE LENGTH OF STAY FOR ADMITTED PATIENTS IS ...
-0.9%²
GROWTH PER ANNUM (4 YR CAGR)

AUSTRALIAN MEDICAL DEVICES MARKET IS SIGNIFICANT AND GROWING



\$9.5BN³

MEDICAL DEVICE MARKET SIZE IN AUS



4.6%³

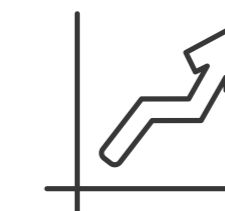
GROWTH PER ANNUM (5 YR CAGR)

SPEND ON MEDICAL DEVICES IN ASIA-PACIFIC IS FORECAST TO GROW RAPIDLY



~\$126 BN⁴

APAC MEDICAL DEVICE MARKET SIZE



6.8%⁷

GROWTH PER ANNUM (5 YR CAGR)

CORPORATE OVERVIEW POST TRANSACTION

	PGC	QTM	Pro Forma Combined Group	Major Shareholders (as at 3 Nov 2021) ⁴
Number of shares (m) ²	351.40	1,128.31	625.58	Board, Management & Vendors 29.1%
Market capitalisation (m)	\$101.2	\$79.0	\$180.2	China Pioneer 8.4%
Pre Merger Market Capitalisation (%)	56%	44%	100%	Realm Group Pty Ltd 4.2%
FY21 Revenue (\$m) ³	\$236m	\$55m	\$291m	First Samuel Limited 3.9%
FY21 Net Profit Before Tax (\$m) ³	\$12m	\$9m	\$21m	Other shareholders 54.4%
FY21 Employees	423	178	601	Total number of shareholders 7,187

Notes: (1) Reflects current offer pricing per the agreed Scheme Implementation Deed (2) Based on the latest Paragon Care and Quantum share register and anticipated number of Paragon Care shares post transaction (3) Based off Paragon Care and Quantum FY21 annual reports. Pro forma combined cash balance is net of transaction costs. (4) Major shareholders table reflects the expected post merger shareholdings



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THANK YOU

ParagonCare
Health. Covered.