

17 September 2018

Zenitas Scheme and Acquisitions Update

As announced on 31 August 2018, Zenitas Healthcare Limited (ASX: ZNT) has entered into a scheme implementation deed (SID). Under the proposed scheme of arrangement (Scheme), subject to shareholder and court approval, a consortium has offered to acquire all of the Zenitas shares for \$1.46 cash per share.

The SID provided for a 10 business day period after signing during which other interested bidders could seek due diligence information from Zenitas in order to formulate alternative proposals. That period has now expired and no alternative proposals were received. Zenitas is preparing the necessary documentation to seek shareholder and court approval of the Scheme.

One of the conditions to the SID is that Zenitas completes a series of strategic acquisitions of complementary businesses. Accordingly, Zenitas is pleased to announce that it has entered into binding agreements to acquire three separate entities. The largest proposed acquisition target, with a purchase price of up to \$60.0 million, is Accommodation and Care Solutions (ACARES), a significant Melbourne-based disability services business that provides accommodation and attendant care services.

Scheme

Highlights

- A consortium has offered to all of the shares in Zenitas for \$1.46 cash per share.
- The independent Zenitas directors have recommended that shareholders vote in favour of the Scheme in the absence of a superior proposal.
- No alternative proposal has been received.
- KPMG have been engaged to provide an independent expert report to Zenitas shareholders on the Scheme.

Zenitas is preparing a scheme booklet and notice of meeting for shareholders in relation to the Scheme.

The Zenitas shareholder meeting to consider the Scheme is scheduled to be held on 14 November 2018 with implementation, subject to shareholder and court approval, on 23 November 2018.

ACARES Acquisition

Highlights

- ACARES is a significant Melbourne-based disability services business that provides accommodation and attendant care services in Victoria and New South Wales.
- ACARES provides high acuity disability care services with a team of over 630 carers and operates nine shared accommodation houses.
- ACARES recorded proforma revenue of \$31.1m and EBITDA of \$5.6m in FY18.
- Purchase price of up to \$60.0m plus transaction costs.

Zenitas has entered into a binding agreement to acquire 100% of the shares in Accommodation & Care Solutions Holdings Pty Ltd (ACARES). Total purchase price is up to \$60.0m plus transaction costs, consisting of an upfront purchase price of \$40.0m and deferred consideration payable on FY19 EBITDA growth relative to FY18 of up to an additional \$20.0m.

Guardian Alphabet Ltd (an entity wholly owned by funds managed by the Consortium) is a guarantor to the transaction and will fund the transaction on successful completion of the Scheme. If the Scheme does not proceed, Zenitas will fund the acquisition via a capital raising by 29 March 2019, failing which a break fee may be payable by Zenitas.

Other Acquisitions

Highlights

Transform Physiotherapy

- Zenitas is to acquire Transform Physiotherapy, a provider of mobile physiotherapy services in Victoria and Tasmania.
- \$5.5m acquisition price plus transaction costs to be funded from Company's debt facilities.
- Transform Physiotherapy recorded FY18 revenues of \$11.0m and EBITDA of \$1.1m.
- Completion is expected in October 2018.

Allied Care Group

- Zenitas is to acquire the Allied Care Group (a national provider of ACFI consulting services) for \$2.25m.
- Allied Care Group recorded FY18 revenues of \$2.8m and EBITDA of \$0.5m.

Operating in Victoria and Tasmania, Transform has a team of over 100 mobile physiotherapists who deliver care in 75 Residential Aged Care Facilities (RACF), and respond to referrals from over 30 home care package providers.

Transform has successfully leveraged the federal government initiative toward in-home care by growing a successful community care business over the past few years.

The transaction will allow Zenitas to use its strong platform to expand into the Victorian and Tasmanian residential and community care physiotherapy markets.

For further information, please contact:

JUSTIN WALTER

CEO

0439 112 464