

30th April 2019

Australian Securities Exchange
Company Announcements Office

QUARTERLY UPDATE – MARCH 2019

1. STRONG GROWTH CONTINUES

The Company continues to demonstrate strong organic growth from the continuing business. Paragon still expects to meet its stated FY19 targets for our continuing business of around \$240m in revenues and \$28m in EBITDA. The overall Group result difference will be driven by the divestment activities.

Paragon is achieving pleasing progress on leveraging the greater breadth of its product platform to deepen customer relationships and expand our market share. In particular, the Eye Care division of the business experienced sales growth in excess of 15% this quarter versus the previous corresponding quarter in FY17.

2. TRANSFORMATION PROGRAMME UPDATE

The Company's transformation programme as outlined in Paragon's Half Year Results Presentation (released on 28 February 2019), is well advanced and is building momentum – with material progress being made across the three key areas of the programme:

A. Single Operational IT Platform

Migration of the business onto the chosen Microsoft D365 platform is progressing well, and is on track to achieve target of transitioning 70% of the overall Paragon business onto the platform by June 2019.

B. Whole-of-Business Cost out Programme

The Company also continues to focus on its whole-of-business cost out programme, and pro-actively driving the streamlining of corporate overheads and ongoing operational activities. Paragon is working with Ernst and Young on this programme and are targeting significant savings. Paragon's optimal target EBITDA to Sales ratio of 13% is expected to be met during the course of the FY20 year.

C. Divestment of Legacy Capital Equipment Business

Divestment of the Company's legacy capital equipment business is progressing under a revised approach from the plan announced on 29 November 2018, which was centred on finding a suitable buyer for the legacy capital equipment business as a whole.

As a suitable buyer has not come forward for the entire business, the Company is progressing with a strategy to separate the business into parts and sell, or improve the performance of the component parts.

The Company is aiming to finalise this project by 30th June 2019.

Contacts

Andrew Just

Chief Executive Officer

Tel. 1300 369 559

Email: andrew.just@paragoncare.com.au

About Paragon Care Limited

Paragon Care (ASX:PGC) is an Australian based listed company in the healthcare sector. It is a leading provider of medical equipment, devices and consumables for Australian and New Zealand healthcare markets. These are growth markets driven by the ageing of the population, continuously rising consumer expectations and increasing government spending. Paragon Care has positioned itself to provide advanced technology solutions including equipment, consumables, and services for acute and ancillary care environments.