

COMPANY PROFILE

BELL POTTER

Paragon Care Limited

GICS - Healthcare

ASX Code: PGC

Price: \$0.325

12 Mth Target Price: \$0.31

Rating: Buy

Business Summary

Paragon Care Limited (PGC) is to supply of durable medical equipment, medical devices and consumable medical product to the health and aged care markets throughout Australia and New Zealand. The Group operates within one operating segment only - Medical Equipment. The Medical Equipment segment supplies durable medical equipment and consumable medical product to hospitals, medical centres and aged care facilities in Australia predominantly.

Specialty Diagnostics: Paragon Care Diagnostics provide high quality, clinically advanced solutions to Immunohaematology, Diagnostic and Scientific Laboratories. Their solutions combine innovation, reliability and insight into your needs to enable you to deliver a best in class diagnostic or research service, with the highest level of diagnostic confidence, in the shortest time.

Specialty Devices: Paragon Care Specialty Devices includes businesses focused in both Eye Care and Orthopaedics. Their experienced team in eye care deliver comprehensive, best in class solutions, with devices and equipment for Optometry and Ophthalmic surgery, while our Orthopaedic focus is on innovative hip and knee prosthetic solutions, along with industry leading Pain Management and advanced surgical spine solutions.

Capital and Consumables: Paragon Care's Capital and Consumables business sources clinically innovative products and solutions to make your most difficult procedures easier. Their solutions for Urology, Point of care, Anaesthetics and ICU comprise best of class technology with proven clinical benefits.

Service and Technology: With a network of engineers across Australia and New Zealand, Paragon Care has a team to support the uptime and performance of important equipment and systems. Their experienced team and service methodology enables your team to have full confidence in their equipment and focus on their patients.

Latest Research

CH2 Merger To Create Value

PGC and the privately owned CH2 have entered into a share sale agreement whereby PGC will acquire all of the shares in CH2. The transaction has been unanimously endorsed by the Paragon Board and is subject to approval by shareholders at a General Meeting scheduled for later in the year (May 2024).

For more information see research 12 Mar 2024.

Snapshot

Date	10 April 2024
Market Cap.	\$217m
Shares on issue	667.9m
12 Month High	\$0.33
12 Month Low	\$0.15

Rating

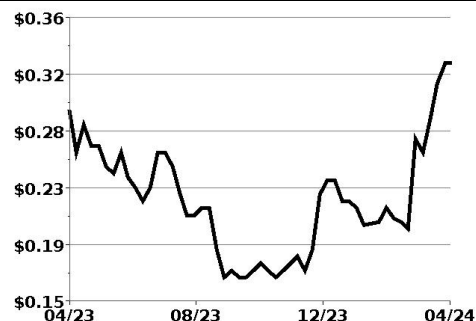
Rating	Buy
12 Mth Target Price	\$0.31
Capital Gain	-4.6%
Gross Yield	NA%
Implied Total Return	-4.6%

Investment Fundamentals

FYE 30 Jun		2023A	2024F	2025F	2026F
Profit	\$m	13.0	13.0	14.3	16.3
Profit (norm)*	\$m	13.0	13.0	14.3	16.3
EPS*	¢	1.9	1.9	2.1	2.4
EPS Growth	%	-13.8	-0.4	10.3	13.7
P/E*	x	16.7	16.8	15.2	13.4
P/E Relative	%	0.0	0.0	0.0	0.0
DPS	¢	0.0	0.0	0.0	0.0
Yield	%	0.0	0.0	0.0	0.0
Franking	%	0.0	0.0	0.0	0.0

* Adjusted for goodwill and unusual items
Source: Based on Bell Potter estimates

Share Price Chart



Total Return on \$10,000 Investment



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Profit & Loss (\$M)					
	2019A	2020A	2021A	2022A	2023A
Sales Revenue	236	232	236	248	308
Total Revenue ex. Int.	237	232	237	251	311
EBITDA	28	5	27	28	40
Depreciation & Amort.	-10	-8	-6	-8	-10
Goodwill Amortisation	--	--	--	--	--
EBIT	18	-3	20	20	29
Net Interest	-5	-7	-8	-6	-7
Profit Before Tax	12	-10	12	14	23
Income Tax	-3	6	-4	-4	-5
Outside Equity Int.	--	--	--	-1	-3
Profit after Tax	-14	-10	8	10	13
Significant Items after Tax	--	-67	--	-3	-2
Reported Profit after Tax	-14	-77	8	7	11
Preferred Dividends	--	--	--	--	--

Cash Flow (\$M)					
	2019A	2020A	2021A	2022A	2023A
Receipts from Customers	262	265	265	289	331
Funds from Operations	15	5	32	25	24
Net Operating Cashflow	1	5	27	19	18
Capex	-10	-7	-5	-5	-21
Acquisitions & Investments	-28	-4	-15	12	-11
Sale of Invest. & Subsid.	1	0	--	--	--
Net Investing Cashflow	-35	-11	-19	7	-32
Proceeds from Issues	45	--	--	-0	0
Dividends Paid	-9	--	--	--	-8
Net Financing Cashflow	28	-4	0	-12	-10
Net Increase Cash	-6	-10	9	14	-24
Cash at Beginning	40	34	25	33	46
Exchange Rate Adjust.	--	--	--	-1	0
Cash at End	34	25	33	46	23

Ratios and Substantial Shareholders					
	2019A	2020A	2021A	2022A	2023A
Profitability Ratios					
EBITDA Margin %	11.68	2.05	11.25	11.17	12.86
EBIT Margin %	7.44	-1.43	8.62	7.95	9.51
Net Profit Margin %	3.72	-1.98	3.51	3.91	4.75
Return on Equity %	4.56	-4.08	6.81	4.10	6.02
Return on Assets %	3.37	0.13	4.76	3.24	4.45
Debt/Safety Ratios					
Net Debt/Equity %	45.45	80.62	65.68	35.10	39.51
Interest Cover x	3.26	-0.48	2.54	3.30	4.41
Top 5 Substantial Shareholders					
John Walstab					19.0%
Pioneer Hong Kong Group and the List					8.1%

Balance Sheet (\$M)					
	2019A	2020A	2021A	2022A	2023A
Cash & Equivalent	34	25	33	46	23
Receivables	44	32	26	43	39
Inventories	51	47	52	51	64
Other Current Assets	8	2	2	10	7
Current Assets	138	106	113	151	133
Prop. Plant & Equipment	34	21	16	30	45
Intangibles	204	150	151	244	259
Other Non-Current Assets	9	2	2	10	7
Non-Current Assets	246	186	179	286	316
Total Assets	384	292	292	437	449
Interest Bearing Debt	122	115	113	131	122
Other Liabilities	70	65	57	63	74
Total Liabilities	192	180	170	195	197
Net Assets	192	112	122	242	252
Share Capital	203	203	114	229	232
Reserves	1	-2	8	7	11
Retained Earnings	-11	-89	--	--	--
Outside Equity Int.	--	--	--	6	9
Total Shareholders Equity	192	112	122	242	252



Principals & Directors	
Principals	
Company Secretary	Ms Claire Newstead-Sinclair Ms Melanie Jaye Leydin
Directors	
Mr Shane Francis Tanner(Non-Executive Director,Non-Executive Chairman)	
Mr Philip (Phil) Nicholl(Executive Director)	
Mr John Walstab(Chief Executive Officer,Managing Director)	
Mr Geoffrey Joseph Sam(Non-Executive Director)	
Mr Alan Timothy McCarthy(Non-Executive Director)	
Mr Brent Stewart(Non-Executive Director)	

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