

# COMPANY PROFILE

## BELL POTTER

Paragon Care Limited

GICS - Healthcare

ASX Code: PGC

Price: \$0.340

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	29 April 2024
Market Cap.	\$227m
Shares on issue	667.9m
12 Month High	\$0.34
12 Month Low	\$0.15

### Rating

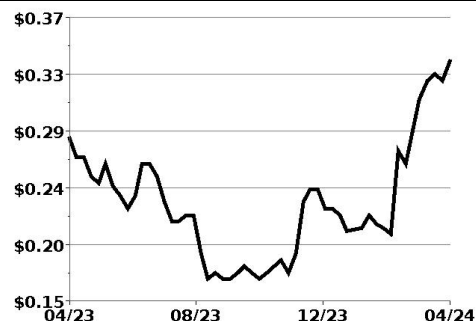
Rating	Buy
12 Mth Target Price	\$0.31
Capital Gain	-8.8%
Gross Yield	NA%
Implied Total Return	-8.8%

### 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	17.5	17.5	15.9	14.0
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



**Important Disclaimer** - This may affect your legal rights: Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives, a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the proper authority of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be consulted before any investment decision is made. While this document is based on the information from sources which are considered reliable, Bell Potter Securities Limited, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility to inform you of any matter that subsequently comes to its notice, which may affect any of the information contained in this document. This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. This is general investment advice only and does not constitute advice to any person.

**Disclosure of Interest:** Bell Potter Securities Limited receives commission from dealing in securities and its authorised representatives, or introducers of business, may directly share in this commission. Bell Potter Securities and its associates may hold shares in the companies recommended.

Profit & Loss (\$M)					
	2019A	2020A	2021A	2022A	2023A
<b>Sales Revenue</b>	<b>236</b>	<b>232</b>	<b>236</b>	<b>248</b>	<b>308</b>
Total Revenue ex. Int.	237	232	237	251	311
<b>EBITDA</b>	<b>28</b>	<b>5</b>	<b>27</b>	<b>28</b>	<b>40</b>
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
<b>Profit after Tax</b>	<b>-14</b>	<b>-10</b>	<b>8</b>	<b>10</b>	<b>13</b>
Significant Items after Tax	--	-67	--	-3	-2
<b>Reported Profit after Tax</b>	<b>-14</b>	<b>-77</b>	<b>8</b>	<b>7</b>	<b>11</b>
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
<b>Net Operating Cashflow</b>	<b>1</b>	<b>5</b>	<b>27</b>	<b>19</b>	<b>18</b>
Capex	-10	-7	-5	-5	-21
Acquisitions & Investments	-28	-4	-15	12	-11
Sale of Invest. & Subsid.	1	0	--	--	--
<b>Net Investing Cashflow</b>	<b>-35</b>	<b>-11</b>	<b>-19</b>	<b>7</b>	<b>-32</b>
Proceeds from Issues	45	--	--	-0	0
Dividends Paid	-9	--	--	--	-8
<b>Net Financing Cashflow</b>	<b>28</b>	<b>-4</b>	<b>0</b>	<b>-12</b>	<b>-10</b>
Net Increase Cash	-6	-10	9	14	-24
Cash at Beginning	40	34	25	33	46
Exchange Rate Adjust.	--	--	--	-1	0
<b>Cash at End</b>	<b>34</b>	<b>25</b>	<b>33</b>	<b>46</b>	<b>23</b>

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
<b>Current Assets</b>	<b>138</b>	<b>106</b>	<b>113</b>	<b>151</b>	<b>133</b>
Prop. Plant & Equipment	34	21	16	30	45
Intangibles	204	150	151	244	259
Other Non-Current Assets	9	2	2	10	7
<b>Non-Current Assets</b>	<b>246</b>	<b>186</b>	<b>179</b>	<b>286</b>	<b>316</b>
<b>Total Assets</b>	<b>384</b>	<b>292</b>	<b>292</b>	<b>437</b>	<b>449</b>
Interest Bearing Debt	122	115	113	131	122
Other Liabilities	70	65	57	63	74
<b>Total Liabilities</b>	<b>192</b>	<b>180</b>	<b>170</b>	<b>195</b>	<b>197</b>
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
<b>Total Shareholders Equity</b>	<b>192</b>	<b>112</b>	<b>122</b>	<b>242</b>	<b>252</b>



Principals & Directors	
<b>Principals</b>	
Company Secretary	Ms Claire Newstead-Sinclair Ms Melanie Jaye Leydin
<b>Directors</b>	
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)	

To access further Research or for information regarding our recommendations and ratings please see [www.bellpotter.com.au](http://www.bellpotter.com.au)

© 2024 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. This report or data has been prepared for clients of Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or New Zealand wholesale clients of Morningstar Research Ltd, subsidiaries of Morningstar, Inc. Any general advice has been provided without reference to your financial objectives, situation or needs. For more information refer to our Financial Services Guide at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Morningstar's publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Morningstar's full research reports are the source of any Morningstar Ratings and are available from Morningstar or your adviser. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a financial adviser. Some material is copyright and published under licence from ASX Operations Pty Ltd ACN 004 523 782.