

CASE STUDY



COMPANY SPOTLIGHT



Market capitalisation at time of purchase \$269m	Market capitalisation at time of sale \$413m	Industry Sector Healthcare
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CAPITOL HEALTH LIMITED (ASX: CAJ)

Capitol Health is a leading provider of diagnostic imaging services in Australia. The company operates a network of radiology clinics primarily in metropolitan areas across Victoria, Western Australia, Tasmania and South Australia. Capitol Health delivers medical imaging services such as MRI, CT scans, X-rays, ultrasound and nuclear medicine.

WHY DID WE INVEST?

- **Defensive Business Model:** Medical imaging is an essential healthcare service with consistent demand. Revenue streams were underpinned by Medicare and strong referral networks.
- **Attractive Industry Dynamics:** The Australian diagnostic imaging market is growing, supported by population growth, ageing demographics and increased diagnostic usage for early detection of illness compared to invasive surgery.
- **Operational Leverage & Acquisition Strategy:** Capitol Health demonstrated strong operational leverage and a disciplined acquisition strategy that supported earnings growth and geographical expansion.

ENTRY PRICE

- Began initially purchasing shares in October 2015 and continued to purchase over time with an average purchase price of \$0.2565.

*Past performance is not indicative of future performance. This is general information only and should not be construed or relied upon as legal, financial or professional advice. Accordingly, the recipient should seek independent professional advice as to the risk, financial, taxation and other implications of investing.

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Capitol Health Limited (ASX:CAJ) - Share Pricing



Source: S&P Capital IQ

WHY DID WE SELL – Merger with Integral Diagnostics Limited (ASX: IDX)

- In December 2024, Capitol Health Limited (ASX: CAJ) merged with Integral Diagnostics Limited (ASX: IDX) through a scheme of arrangement, creating a leading diagnostic imaging provider across Australia and New Zealand.
- Capitol shareholders received 0.12849 IDX shares for each Capitol share held.
- With fewer catalysts for near-term upside and better opportunities elsewhere, we took profits and reallocated some of the capital to higher risk reward investments.

INVESTMENT OUTCOME

- Began purchasing in late October 2015, and over time purchased at an average purchase price of \$0.2565.
- Received circa \$0.062 in dividends per share over the investment period.
- Sold at an average sale price of \$0.351 with the last sale in December 2024.
- Gain (including dividends received) of 60.9% on our investment over the period, equating to an IRR of approximately 8.73%.
- We retained some of the Integral Diagnostics Limited (ASX: IDX) shares received in order to capture the upside of the synergies of the merged group.

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