

ASX Announcement (ASX: PRY)

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ACCC ANNOUNCEMENT ON DIVESTMENT OF PATHOLOGY COLLECTION CENTRES

Primary Health Care Limited ("Primary") today notes the announcement by the Australian Competition and Consumer Commission ("ACCC") in connection with Primary's undertaking to divest certain pathology collection centres and non-operational regional laboratories in Queensland and northern New South Wales.

Primary took over these pathology collection centres and laboratories under an agreement made in December 2014 and completed in February 2015, following a decision by Healthscope Limited ("Healthscope") to close its Queensland pathology operations.

As a result of Healthscope's decision, Primary did not consider that the transaction would have the effect, or be likely to have the effect, of substantially lessening competition. It continues to hold this view.

However, in order to address the ACCC's competition concerns, Primary has given an undertaking to progressively divest these assets to Medlab Pathology Pty Ltd over the course of 12 months from the date of the undertaking and the ACCC has accepted this undertaking. The undertaking avoids further loss of management time and the incurring of further costs associated with an on-going ACCC investigation.

The divestment represents approximately 3% of Primary's pathology collection centres. The annual impact on profit is not material. Primary is nevertheless working through a process to mitigate it. As part of its overall strategy, Primary is also implementing a range of initiatives aimed at reducing its cost base, diversifying its revenue streams with selective private billings, and improving returns on investment.

ENDS

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