



# Health Corp set for solid debut

**Geoff Easdown**

INVESTORS who have bought stakes in Health Corporation float stand to gain a small profit windfall after the stock lists today.

A number of pharmacies have already bought or are presently negotiating to buy into the east coast chemist franchise since the capital raising opened last month.

*BusinessDaily* believes that each additional pharmacy contributes at least \$100,000 in membership fees to Sydney-based Health Corp's bottom line.

Managing director Ken Lee confirmed that two stores had bought membership of the Health Information Pharmacy brand since the IPO was announced last month and three more were under contract to settle soon.

"Several others were in the pipeline for 2007," he added.

Health Corp raised almost \$5 million by floating a 25 per cent stake in the business with shares having sold at an issue price of 60¢ each.

Health Corp has traded as a privately operated pharmacy franchise since 2002 with stores across New South Wales, parts of Queensland and two in Victoria.

On listing today, at 60¢ a share, the business will have a market value of \$27.7 million.

Chairman Graham Dunkley said proceeds from the float would be used to fund future expansion of an already profitable and established business.

"The board's intention is to accelerate earnings-per-share growth by

funding passionate young pharmacists into their own retail businesses," he said.

Mr Dunkley said Health Corp planned to grow its asset and revenue base via acquisitions and by recruiting pharmacists to the brand.

The company believes that it can quickly expand the franchise network to at least 40 pharmacies with an objective of having 100 pharmacies nationwide in the medium term.

"Initial plans are for between 12 and 24 pharmacies to join in the next year or two, either through acquisition or through a franchise arrangement," Mr Dunkley said.

Sydney broker Findlay & Co sponsored the offer which planned to raise \$7.5 million but which fell short to just under \$5 million.