

Material Upgrade to FY18 guidance

12 January 2018, Melbourne: Following a review of its unaudited results for half year 2018 (“1H18”) Integral Diagnostics Limited (the “Company”) (ASX: IDX), in compliance with its continuous disclosure obligations, announces a material upgrade to its full year 2018 (“FY18”) results guidance.

Outlook FY18

At its 2017 AGM, the Company expected that high single digit growth in FY18 NPAT (before any transaction costs) would be achieved with capex of \$18m.

The Company now expects achievement of full year normalised NPAT growth of around 20% (before takeover response costs and transaction costs) (FY17: \$15.1m).

Capital expenditure for the full year is forecast at \$17m (FY17: \$13.4m). Growth capital expenditure remains at \$8m and maintenance at \$9m.

The material upgrade in forecast has been driven by:

- Strong revenue growth - higher than forecast in both November and December resulting from management growth initiatives which is expected to continue;
- Delivery of, and increasing traction on, cost efficiency initiatives across all areas;
- Favourable resolution of negotiations on surplus lease space in early December;
- Reduction of effective tax rate from 30% to 28% due to adoption of capital valuations for tax depreciation purposes; and
- Lower capital spending driven by economies of scale in equipment purchasing and strategic collaboration with radiologists to ensure fit for purpose selection of equipment and technology.

The unaudited 1H18 normalised results show an improvement in operating margin and all other key financial performance metrics which is expected to continue.

The Company Chair, Helen Kurincic said “*The first half year result achieved under the new leadership of Dr Ian Kadish (MD & CEO) and Anne Lockwood (CFO) is underpinning sustainable future earnings growth by maintaining a focus on organic revenue growth and ongoing cost efficiency initiatives.*”

The Company has also renewed and extended debt facilities for a further three years, maintaining average cost of debt at less than 3.7% (based on one month Bank Bill Swap Rate of 1.72% 4 January 2018).

1HFY18 Results

The Company expects to provide half year results on 19 January 2018.

Update on Capitol Health Takeover Offer – TAKE NO ACTION

Capitol Health announced an unsolicited hostile takeover bid for Integral Diagnostics on 29 November 2017. On 22 December 2017, Capitol Health released a copy of its proposed bidder's statement to the ASX. Integral Diagnostics has since written to Capitol Health about a number of issues in the bidder's statement and has requested amendments. Capitol Health has not yet finalised the content of its bidder's statement for dispatch to Integral Diagnostics shareholders.

The Board reiterates that Integral Diagnostics shareholders should TAKE NO ACTION in relation to Capitol Health's unsolicited takeover bid until they have reviewed Integral Diagnostics' target's statement, which will be provided to shareholders no later than 15 days after Capitol Health has dispatched its bidder's statement. The target's statement will contain the Board's recommendation and its rationale, an outline of shareholder options and an opinion from an independent expert as to whether the offer is fair and reasonable to shareholders.

Contact:

Dr Ian Kadish
Managing Director & CEO
Tel: 03 5339 0704

About IDX:

Integral Diagnostics (IDX) is a leading provider of medical imaging services in Victoria, Queensland and Western Australia. The company provides state of the art diagnostic services to patients and their referrers at 47 radiology clinics, including 13 hospital sites. IDX employs some of the country's leading radiologists and nuclear medicine specialists in a unique medical leadership model that ensures quality patient care, service and access. Good medicine is good business.