

29 May 2018

## INTEGRAL DIAGNOSTICS (IDX) ACQUIRES SPECIALIST RADIOLOGY GROUP, TRINITY MRI AND CAVENDISH RADIOLOGY IN AUCKLAND, NEW ZEALAND

Integral Diagnostics Limited (ASX:IDX) is pleased to announce the acquisition of Specialist Radiology Group, Trinity MRI and Cavendish Radiology in Auckland, New Zealand.

The three businesses combined:

- Comprise the leading specialist radiology clinics in Auckland
- Employ and contract several of the nation's leading specialists in musculoskeletal radiology and neuroradiology
- Have a projected EBITDA contribution of NZ\$13m to NZ\$14m (A\$12m to A\$13m<sup>1</sup>) for FY19
- A high growth business with strong margins
- Provides a premier platform for Integral Diagnostics to enter and grow in New Zealand

The key terms of the deal include:

- A purchase consideration of NZ\$105m (A\$97.65m<sup>1</sup>) on a cash and debt free basis, comprising NZ\$80m (A\$74.4m<sup>1</sup>) in cash and NZ\$25m (A\$23.25m<sup>1</sup>) in IDX equity
- 80% of the equity will be held in escrow for up to 5 years
- A five year staged earn-out for vendor radiologists based on earnings outperformance

The acquisition is expected to be completed in July 2018, subject to satisfaction of customary conditions.

This strategic acquisition includes four clinics, employing 14 radiologists who work in both the public and private sector. The clinics are market leaders in providing complex modalities including MRI, CT and SPECT (nuclear medicine), which are high margin services positioned to experience significant future growth. The clinics are fitted with a state of the art and modern modality fleet.

Dr Ian Kadish, MD and CEO of Integral Diagnostics, said *"We are proud to incorporate these four leading specialist radiology clinics into Integral Diagnostics. The group's radiologists and staff represent a strong strategic and cultural fit with IDX's doctor led operating model. Joining the New Zealand clinics with our Australian business will create a significant, best-in-class diagnostic imaging platform in a collegiate trans-Tasman partnership. The clinics have a demonstrated track record of achieving strong revenue growth at market-leading profitability and add significant value to IDX. We extend a very warm welcome to the New Zealand doctors and staff and look forward to partnering with them to further grow our combined business."*

Dr Quentin Reeves and Dr Maurice Moriarty said *"We are extremely pleased to be partnering with Integral Diagnostics who we consider to be the leading provider of specialist radiology services in Australia. Together we will be able to realise multiple synergies across our practices and further enhance and expand our services for patients in New Zealand."*

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<sup>1</sup> Based on the average exchange rate of NZ\$1:A\$0.93 for the last 90 days prior to the date of this announcement.

**Contact details:**

Integral Diagnostics Limited  
Dr Ian Kadish  
Tel: +61 (0) 3 5339 0704  
[kadishi@integraldiagnostics.com.au](mailto:kadishi@integraldiagnostics.com.au)

Trinity MRI, SRG or Cavendish Radiology  
Ms Trish Sherson  
Tel: +64 (0) 21 570 803  
[trish@shersonwillis.com](mailto:trish@shersonwillis.com)

**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.***