



Morgan Stanley
Australian Emerging Companies Conference

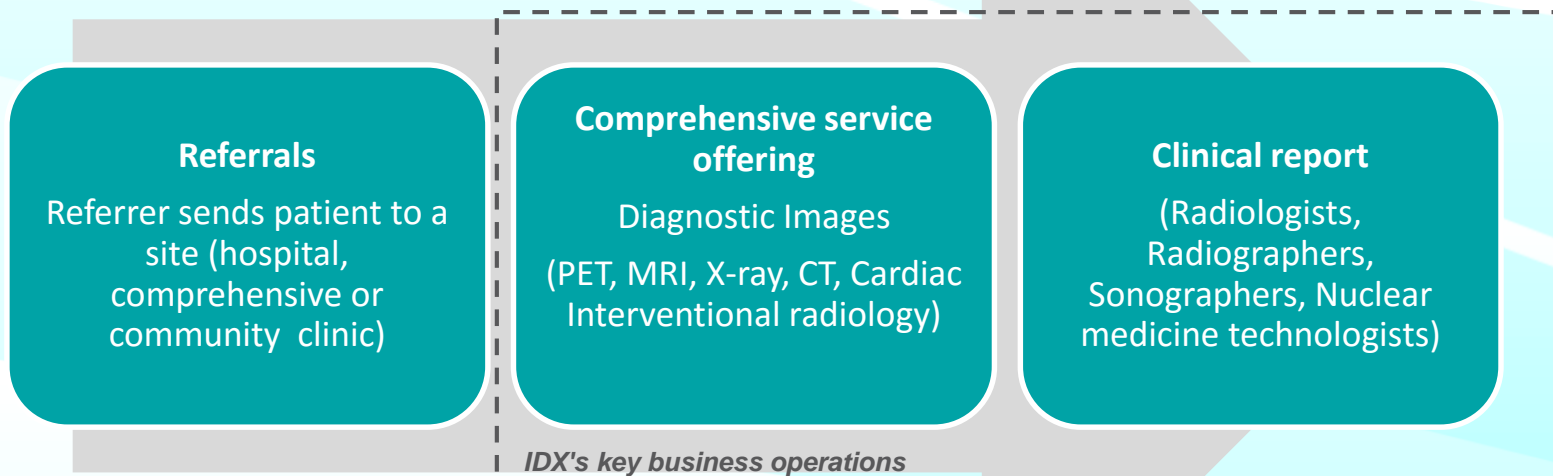
John Livingston (CEO)
Craig Bremner (CFO)

15 June 2016

ATTRACTIVE BUSINESS MODEL

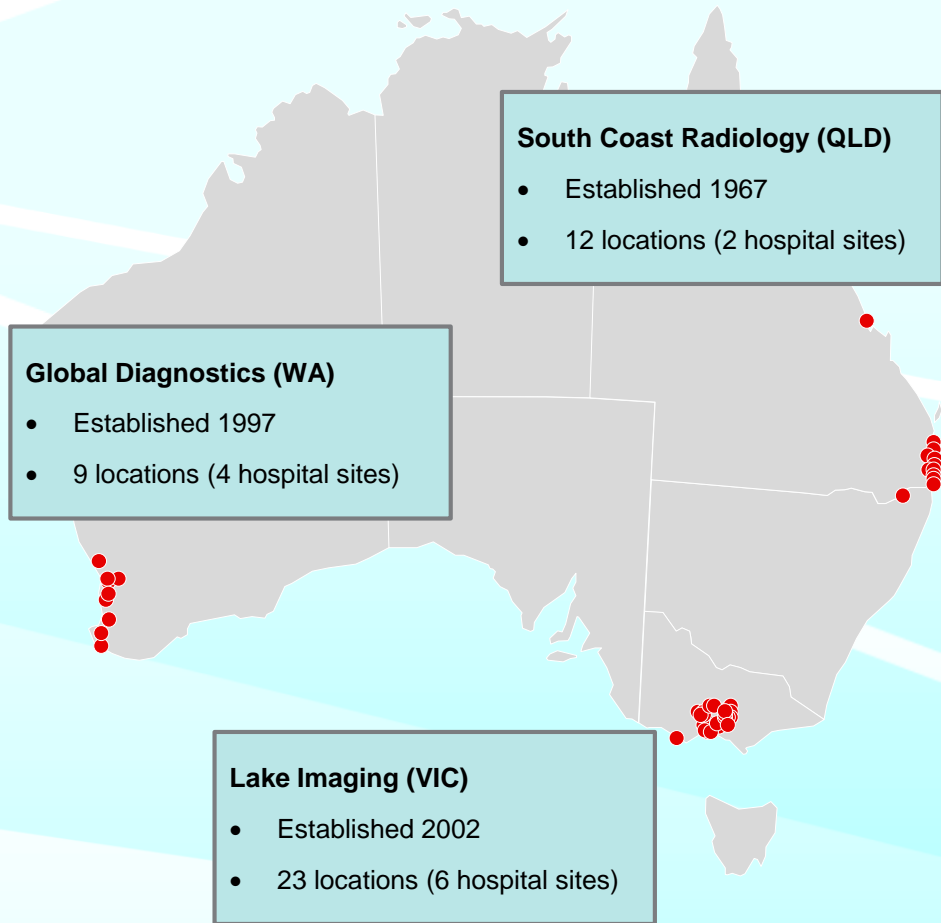
The combination of IDX's referrers, sites, modality offering and clinical staff provides the group with a strong market position, access to scale advantages and a business model that is difficult to replicate

Business model adaptable to potential regulatory change



KEY STRENGTHS IN HOSPITAL SITES

1. Long history in respective markets
2. Regional core markets, with #1 position in each market
3. Hospital sites in all regions which underpin higher complexity work
4. Specialist healthcare model to ensure doctor alignment, as well as to attract, retain and grow our doctor workforce
5. Network of 16,000+ referrers
6. Focus on higher value Modalities supported by 12 MRI licenses and 3 PET machines



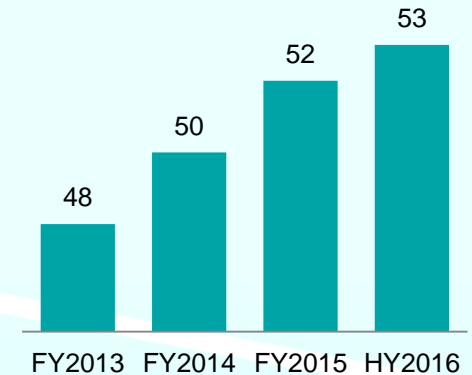
MODEL ENSURES RADIOLOGIST ALIGNMENT

Highly attractive place for Radiologists to work

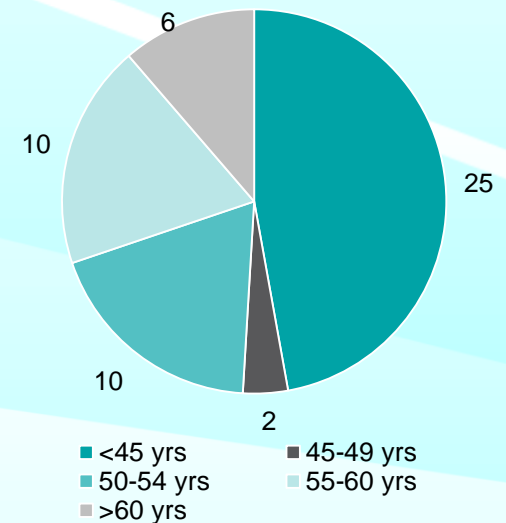
- Clinical autonomy and excellence
- Diverse and interesting mix of work
- Large referral network
- Sub-specialisation opportunities
- Technology and systems
- Training and development
- Pathway to equity ownership

Remuneration structured for quality over quantity

- Generally fixed salary at market with annual review
- Radiologist Shareholders employed under ongoing contracts with minimum term of 3-5 years
- Radiologist Shareholders have long term escrow arrangements



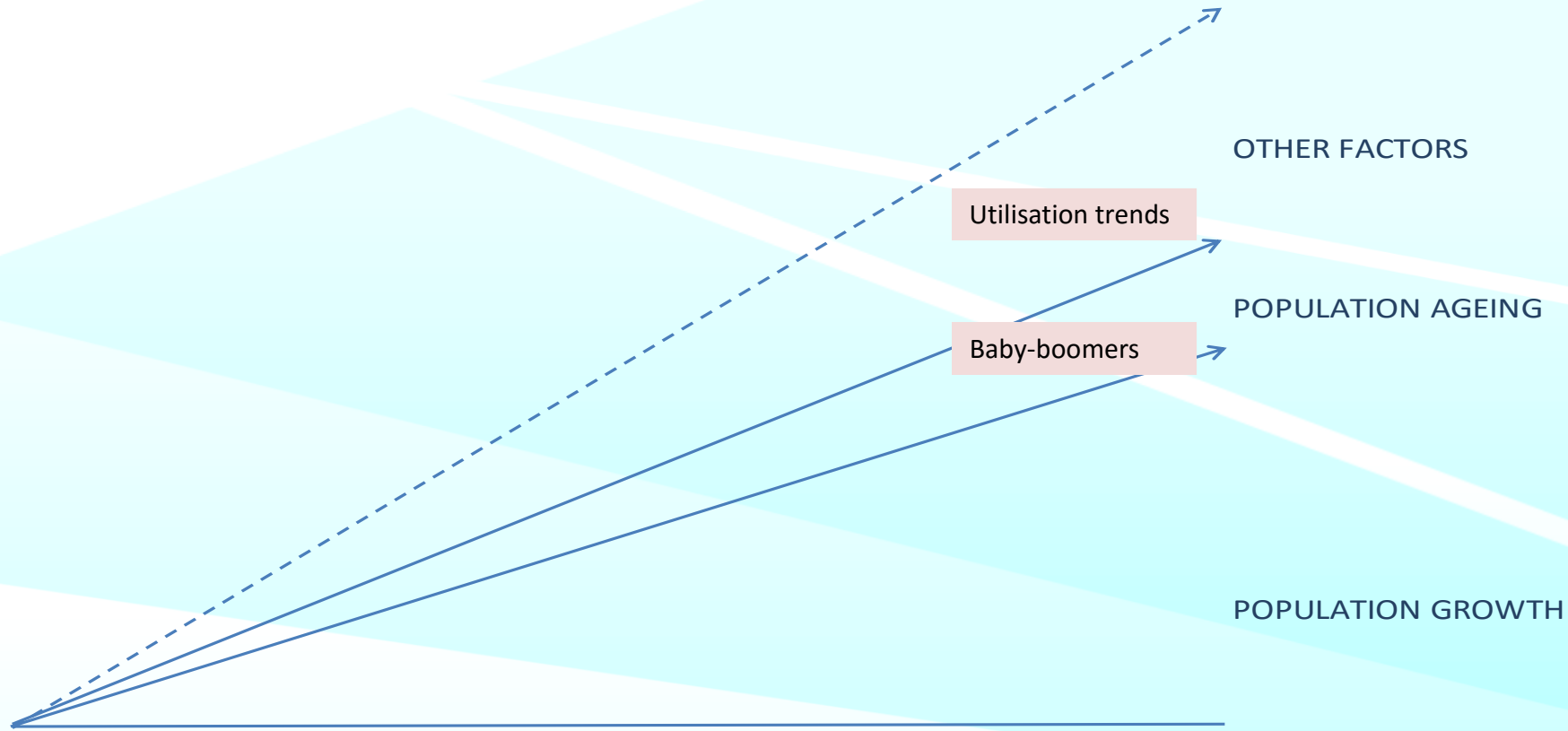
IDX Radiologists employed



IDX Radiologists by age group

ATTRACTIVE LONG TERM FUNDAMENTALS

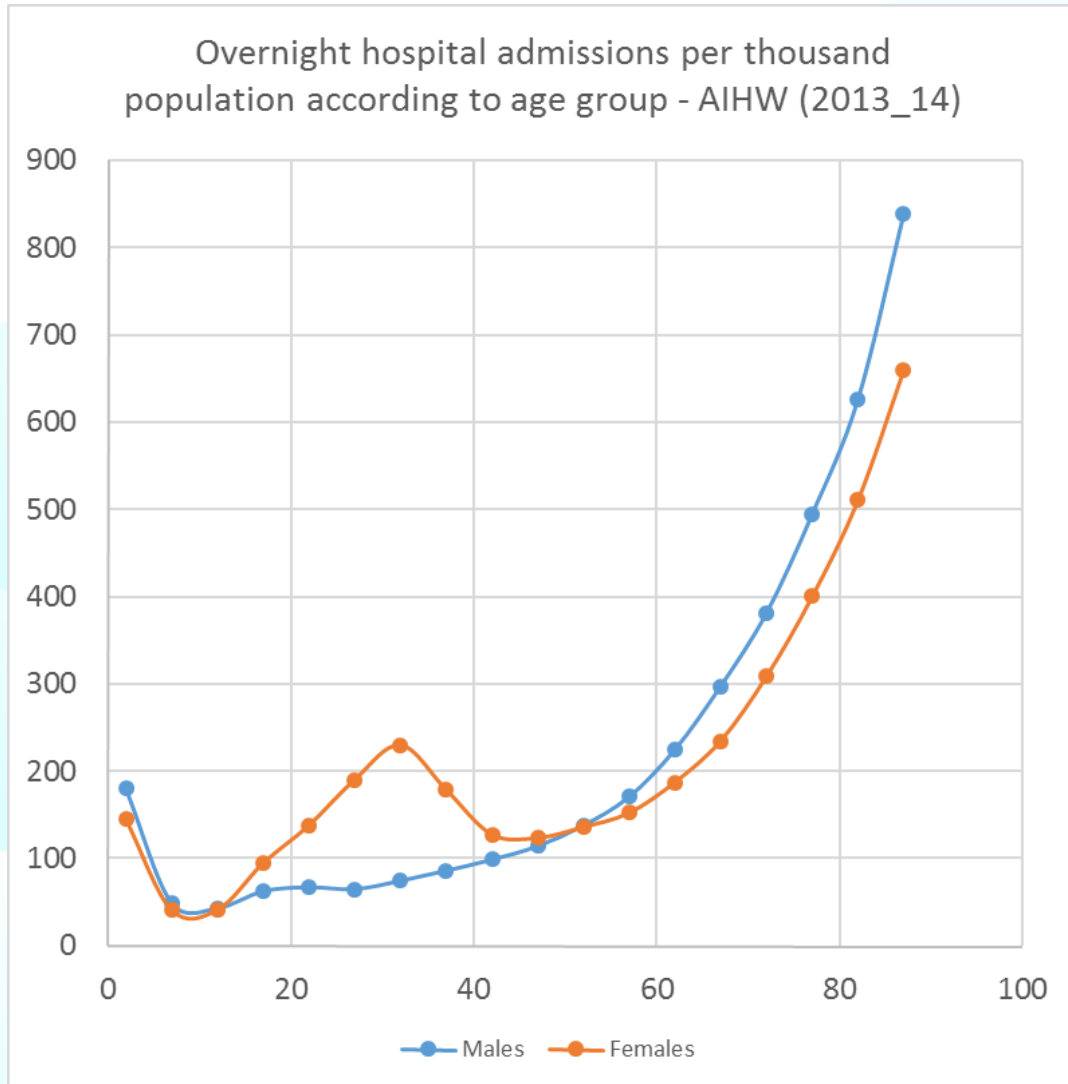
LONG TERM INDUSTRY THEMATIC



Source: Hardes & Associates

LONG TERM INDUSTRY THEMATICS

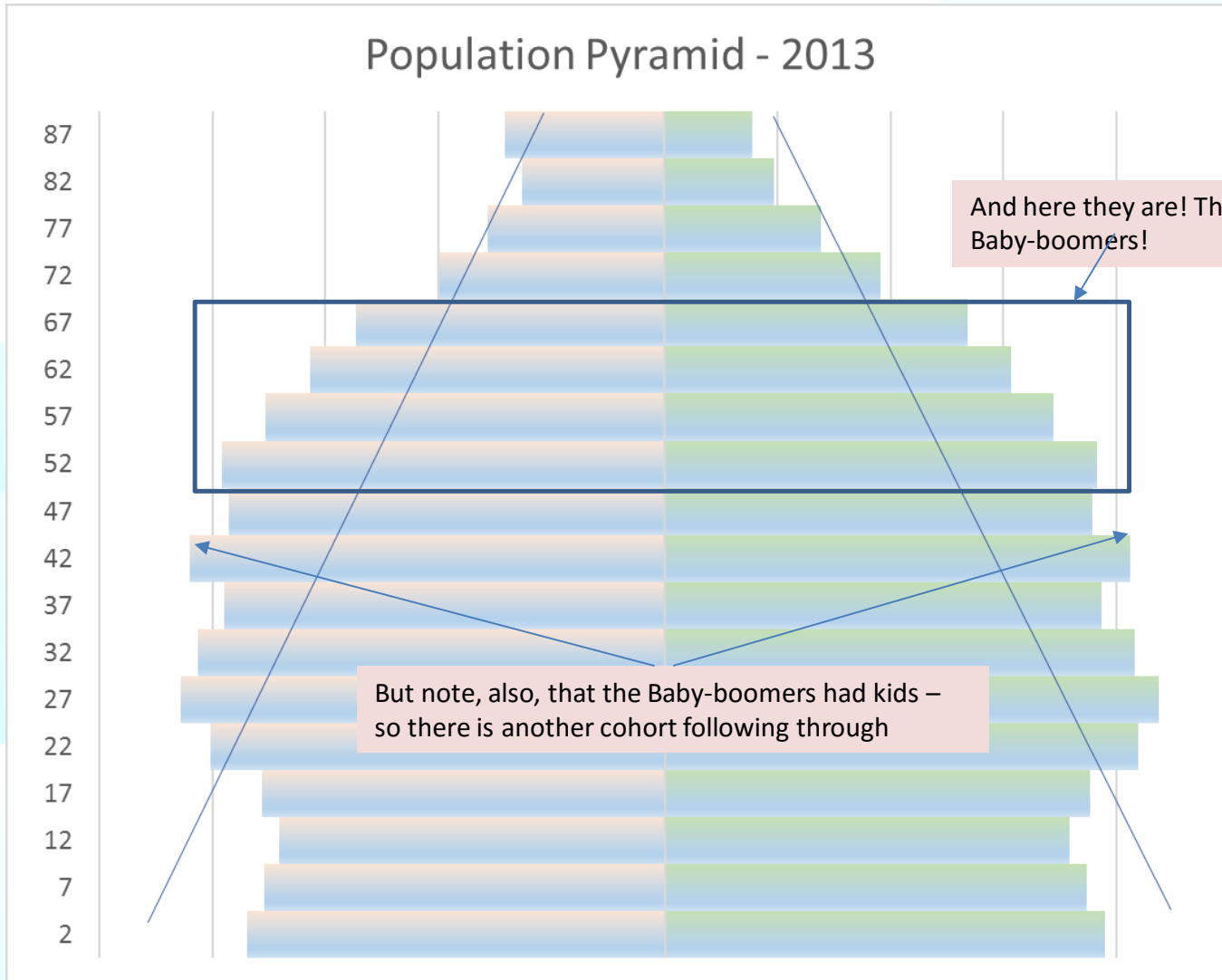
ADMISSION RATES INCREASE RAPIDLY WITH AGE



Source: Hards & Associates

LONG TERM INDUSTRY THEMATICS

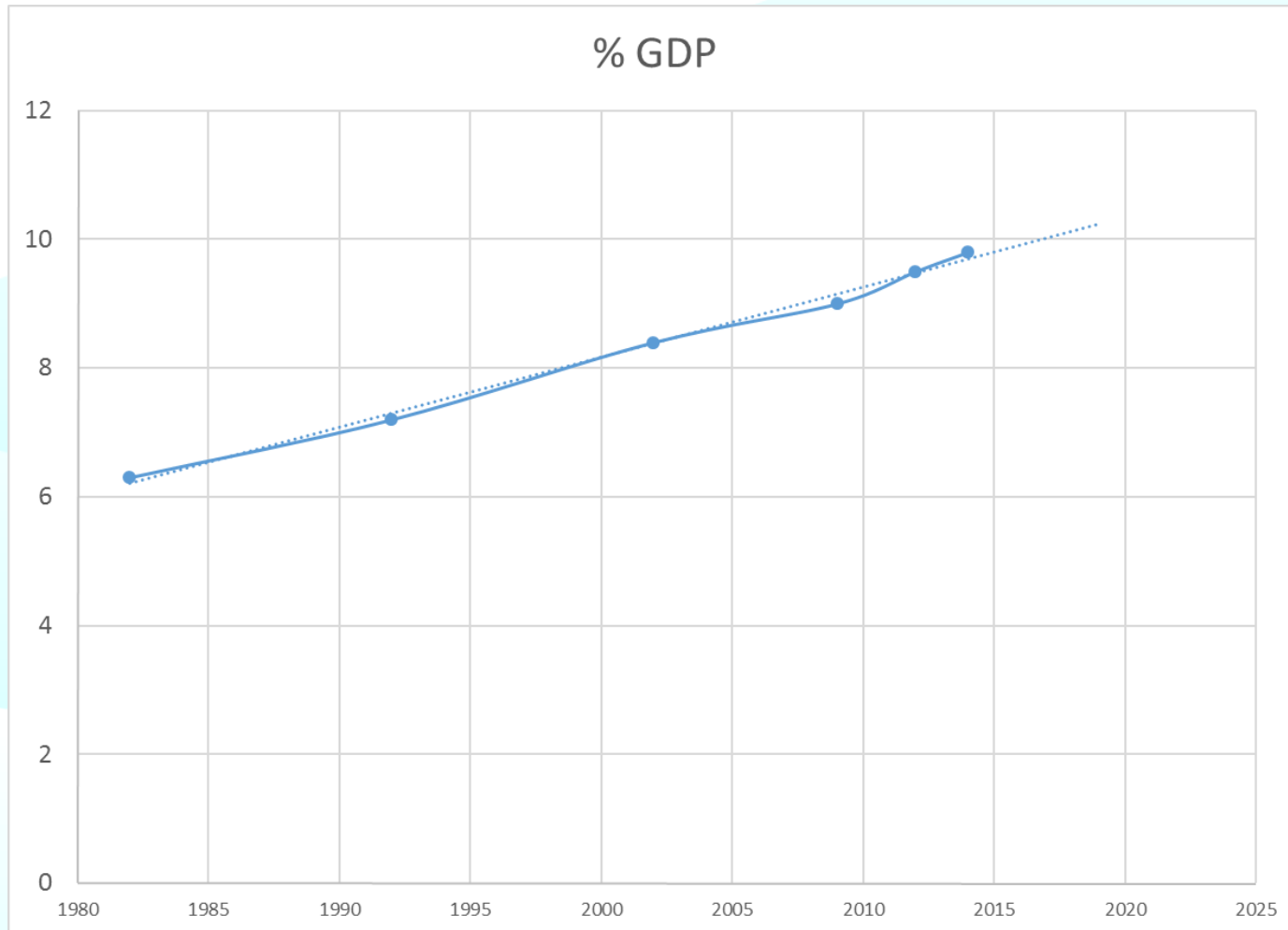
HERE COME THE BABY BOOMERS



Source: *Hardes & Associates*

LONG TERM INDUSTRY THEMATICS

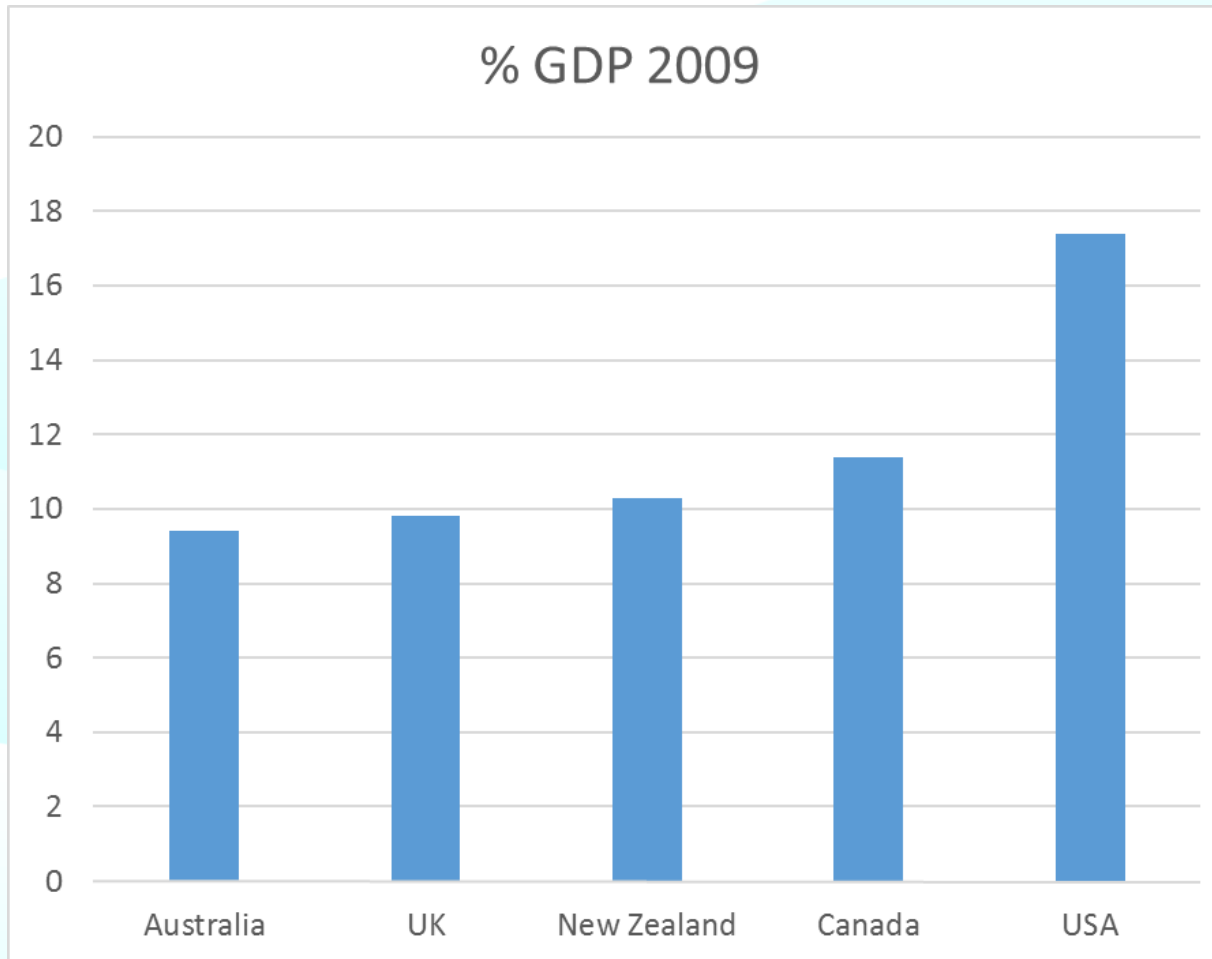
AUSTRALIAN HEALTHCARE SPEND AS % OF GDP



Source: Hards & Associates

LONG TERM INDUSTRY THEMATICS

AUSTRALIAN SPEND IS ONE OF THE LOWEST



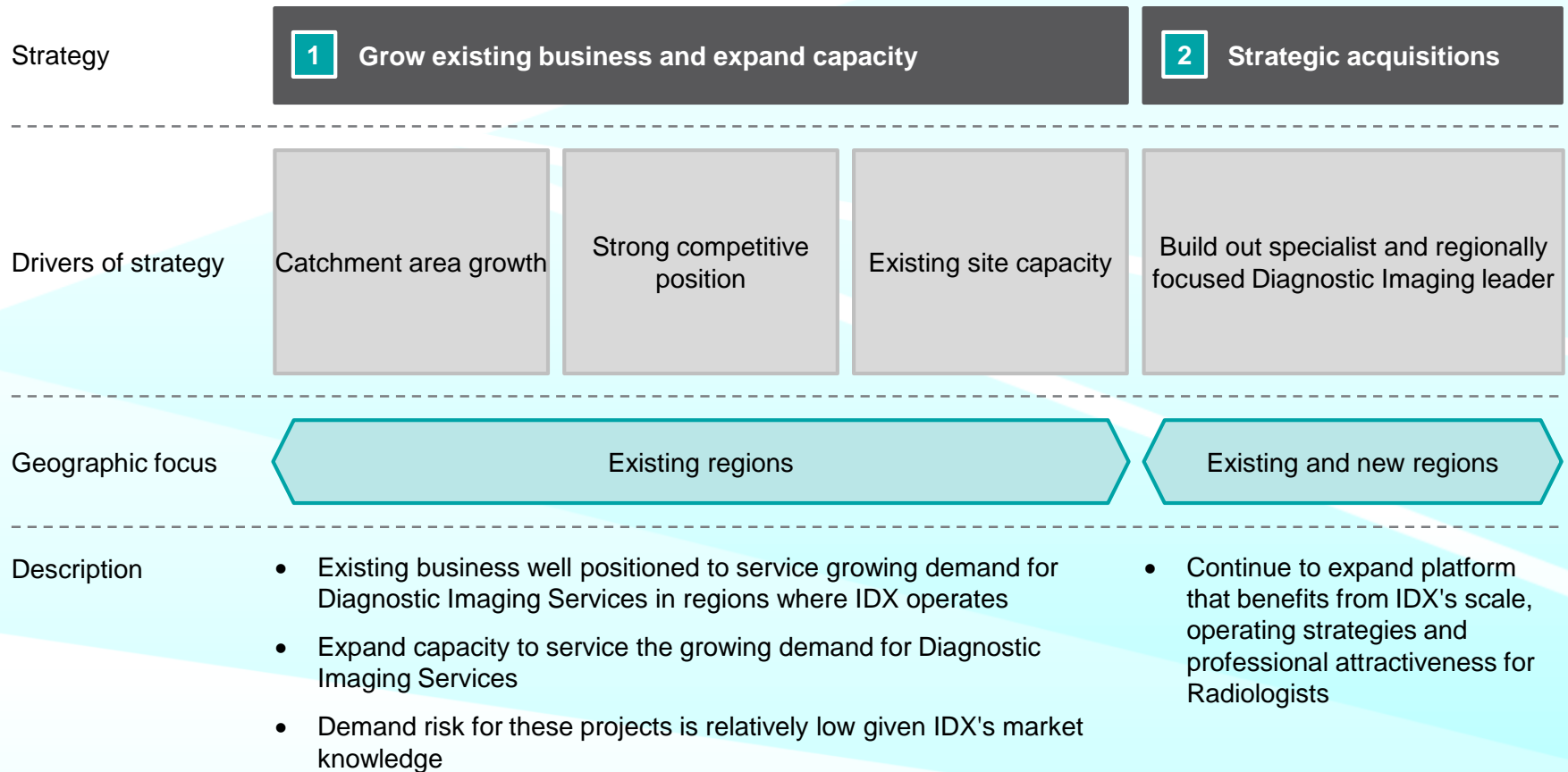
Source: Harges & Associates

OPERATING AND FINANCIAL PERFORMANCE

- Statutory earnings
 - Revenue up 16.6% to \$82.1m
 - EBITDA up 70.5% to \$11.0m
 - NPAT up 235.9% to \$3.8m
 - NPATA up 256.7% to \$4.0m
- Pro forma¹ revenue grew, albeit less than planned given short term industry softening, leading to reduction in pro forma earnings
 - Revenue up 3.8% to \$82.1m
 - EBITDA down 4.5% to \$17.0m
 - NPAT down 4.0% to \$7.9m
 - NPATA down 3.9% to \$8.2m
- Strong balance sheet; conservative gearing with net debt at 1.5 x pro forma EBITDA LTM

Note: All movements in revenue and earnings are relative to the 6 months ended 31 December 2014

- **Key strengths in hospital sites with focus on higher value modalities**
 - Signed new long term contract for Bunbury Hospital, WA
- **IDX patient examination volumes in 1H16 growing 3.9% v industry growth of 2.3%** (based on Medicare data for the states in which IDX operates)
- **Pro forma financial performance reflected the resilience of the IDX business model**
 - Revenue up given above market growth
 - Revenue below budget due to changes in industry referral patterns in Nov / Dec as a result of Government announcements and media attention on industry
 - Earnings down – expenses tracking in line with budget based on growth strategy outlined in Prospectus



- Grow existing business and expand capacity
 - New sites service demand in growing regional centres at Toowoomba and Ocean Grove
 - > Improved range of services and increased patient examination volumes
 - Improved site utilisation with 3.9% growth in patient examination volumes across the business
 - > Above industry growth rate of 2.3% (based on Medicare data for the States in which IDX operates)
- Additional services planned
 - New site and expanded range of services including MRI at Sunbury (VIC) in 2H16
 - > Demonstrates strength of business model & efficient asset utilisation across multiple sites / regions

- Binding agreement to acquire Western District Radiology and remaining 50% interest in South West MRI announced 12 May 2016
- Long term lease and existing strong working relationship with St John of God Hospital
- Two businesses currently generate revenue of \$4.3m and EBITDA of \$1.2m
- **Complements IDX's strengths** being located in a regional market, at another St John of God hospital, and can act as feeder site
- **Earnings accretive** from FY17 and low integration risk
- IDX continues to assess prospective acquisition opportunities that align with regional focus and footprint



- Changes to rebates and incentives for DI dependant on outcome of 2 July 2016 Federal election
- **Coalition**
 - Committed to ensuring access to affordable diagnostic imaging for all Australians, increasing investment in Medicare to \$26bn by 2021
 - Delay cuts to bulk-billing incentives until 1 January 2017, allowing for an independent evaluation to be carried out and outcomes implemented
 - Committed to ensuring that diagnostic imaging indexation resumes when GP rebate indexation freeze concludes in 2020
 - Prepared to invest up to \$50m more to help improve patient access to affordable and safe scans and imaging procedures
- **Labour**
 - Oppose cuts to bulk-billing incentives, but have not committed to reversing them or disallowing them

- Continued short term industry uncertainty created by Government announcements, media coverage – Medicare Benefits Review and Mid-Year Economic and Fiscal Outlook – as well as Federal election
- Long term demand thematics remain
 - Requirement for contemporary evidence-based healthcare
 - Developing cost effective strategies to prevent or reduce hospitalisation for an increasingly ageing population
 - Utilising state of the art technology to drive optimal patient outcomes
- Financial performance in 2H16 is expected to be better than 1H16 – however unlikely to achieve FY16 Prospectus forecast given industry headwinds
 - Signs of recovery in volumes towards budgeted levels in 2H16
 - Additional revenue from Toowoomba and Sunbury, plus extra MRI at SJOG Geelong
- IDX's business model and diverse revenue base (only 52% comprising bulk-billing) can be adapted to mitigate impacts should Government proposals be ratified

QUESTIONS

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