



Release to the Australian Securities Exchange

Integral Diagnostics Limited delivers sustainable first half result

Melbourne, 23 February 2016: Integral Diagnostics Limited (ASX: IDX) is pleased to announce its maiden interim results as a listed company. Over the six months ended 31 December 2015 (1H FY2016) the company continued to grow revenues due to above market patient examination volume growth.

1H FY2016 performance:

Statutory results:

- Revenue up 16.6% to \$82.1 million
- EBITDA up 70.5% to \$11.0 million
- NPAT up 235.9% to \$3.8 million
- Pro-forma results¹:
 - Revenue up 3.8% to \$82.1 million
 - EBITDA down 4.5% to \$17.0 million
 - EBIT down 3.8% to \$12.8 million
 - NPAT down 4.0% to \$7.9 million
 - NPATA down 3.9% to \$8.2 million
- Net debt of \$50.9 million at 31 December 2015

Commenting on the 1H FY2016 results, Integral Diagnostics CEO John Livingston said:

“The past six months have been an exciting period for the business, as Integral Diagnostics became a publicly listed company, successfully integrated South Coast Radiology, and continued to achieve strong organic growth. With so much happening over the period, the results achieved are a testament to the dedication, commitment and passion of all our team.

“The increased level of Government and media attention focused on our industry and network of referrers, has slowed the growth rate for DI services. The current environment has led to earlier than expected changes in referral patterns that have impacted revenue growth and we are therefore unlikely to meet our FY16 revenue and earnings targets as outlined in the company’s Prospectus forecast. However, reflecting the resilience of our business model, we still expect that the financial performance in the second half will be better than that achieved in the first half.

“The strength of the company’s business model can clearly be seen in the revenue growth achieved over the first half, with patient examination volumes growing above market across our services. While our industry may face additional headwinds from potential Federal Government changes to the bulk billing incentives, long term industry fundamentals remain

¹ Adjusted for the removal of IPO costs and the inclusion of South Coast Radiology results for both periods

positive given our ageing population and increasing health services requirements. With a large number of hospital sites and 48% of revenues not bulk-billed, Integral Diagnostics is well placed, and stands ready, to mitigate some of the potential negative impacts from the Government's proposed changes if they were enacted."

Financial performance reflects strength and resilience of IDX's business model

"Over the first half of the 2016 financial year, Integral Diagnostics delivered growth across a number of key metrics, as well as delivering organic growth in the underlying business. We successfully integrated South Coast Radiology, with a full six months' contribution from the merged business now in the group's results.

"There are a number of attractive growth opportunities being pursued. We continued to invest in our sites, offering an expanded range of services at new premises in Toowoomba and Ocean Grove. In addition, a second MRI unit is being installed at Geelong's St John of God hospital and associated building works underway with the improved facilities expected to be completed later this year. Our key strength is hospital sites and their focus on more specialised but higher value modalities performed by our doctors."

Conservative balance sheet

At 31 December 2015, net debt stood at \$50.9 million. With net debt to pro forma EBITDA of 1.5x over the last 12 months and free cash flow of \$11.9 million, Integral Diagnostics is well placed to further strengthen the company's balance sheet and has the capital structure in place to support continued growth.

Consistent with the Prospectus our first dividend is expected to be the FY16 final dividend.

Positioned to address industry headwinds

Commenting on the company's outlook, Mr Livingston said:

"While the near term is feeling the effect of the industry headwinds, we believe that the medium and long term growth fundamentals remain very clear. These include the ageing demographic in Australia, improved imaging technologies to aid diagnosis, as well as benefits to the community and cost savings of early detection for diseases such as cancer and cardiac health.

"Integral Diagnostics has a platform in place that is robust to change, including a diversified revenue base of which bulk billing comprises only 52%. Reflecting the resilience of our business model, while we are unlikely to achieve Prospectus forecasts for FY16 given the industry headwinds, we expect that the financial performance in the second half will be better than that achieved in the first half.

"Given Integral Diagnostic's business model and long term industry growth fundamentals, the company is well placed to deliver long term growth for our shareholders."

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