H1 FY2016 Results

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1H16 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 forma[1] 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

1. Refer reconciliation in Appendices

IH16 INDUSTRY THEMATICS

- Uncertainty created by Government announcements and related media coverage
  - Medicare Benefits Review and Mid-Year Economic and Fiscal Outlook
- Resultant changes in referral patterns (experienced across industry) impacted patient examination volumes earlier than anticipated and lowered revenue in Nov & Dec
- Despite industry headwinds IDX was able to grow revenues
  - Overall industry volume growth (based on national Medicare data) was down from 6.24% in 1H15 to 2.02% in 1H16
- Early indications in 2H16 are that behaviour has stabilised with IDX patient examination volumes for Jan & Feb recovering towards budget
- If ratified, Government proposals to impact from 1 July 2016
  - IDX has a diverse revenue base – bulk-billing comprised only 52% of 1H16 revenue
  - IDX's business model can be adapted to mitigate impacts via higher co-payments and lower reliance on bulk-billing should proposals be ratified

1H16 SNAPSHOT

- 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 reflects the resilience of the IDX business model
  - Revenue up given above market growth, but 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
- Financial performance in 2H16 is expected to be better than 1H16 – however unlikely to achieve FY16 Prospectus forecast given industry headwinds
  - Volumes in Jan and Feb month to date recovering towards budget
  - Additional revenue from Toowoomba and Sunbury, plus extra MRI at SJOG Geelong

1H16 – A BUSY SIX MONTHS

- Successfully listed on ASX on 21 Oct 15
- Completed the integration of South Coast Radiology
- Signed a new long term contract extension with the West Australian Country Health Service relating to the provision of services at Bunbury hospital
- Expanded services with installation of additional MRI at SJOG Geelong
- Relocated to new premises at Ocean Grove (Victoria) in Dec 15 providing increased capacity to meet growing demand in the area
- Continued to invest in state of the art equipment, both to expand services and replace existing equipment
- New premises at Toowoomba (Queensland) opened in Dec 15 offering an expanded range of services

ATTRACTIVE BUSINESS MODEL

IDX 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

Referrals

Referrer sends patient to a site (hospital, comprehensive or community clinic)

Comprehensive service offering

Diagnostic Images

(PET, MRI, X-ray, CT, Cardiac Interventional radiology)

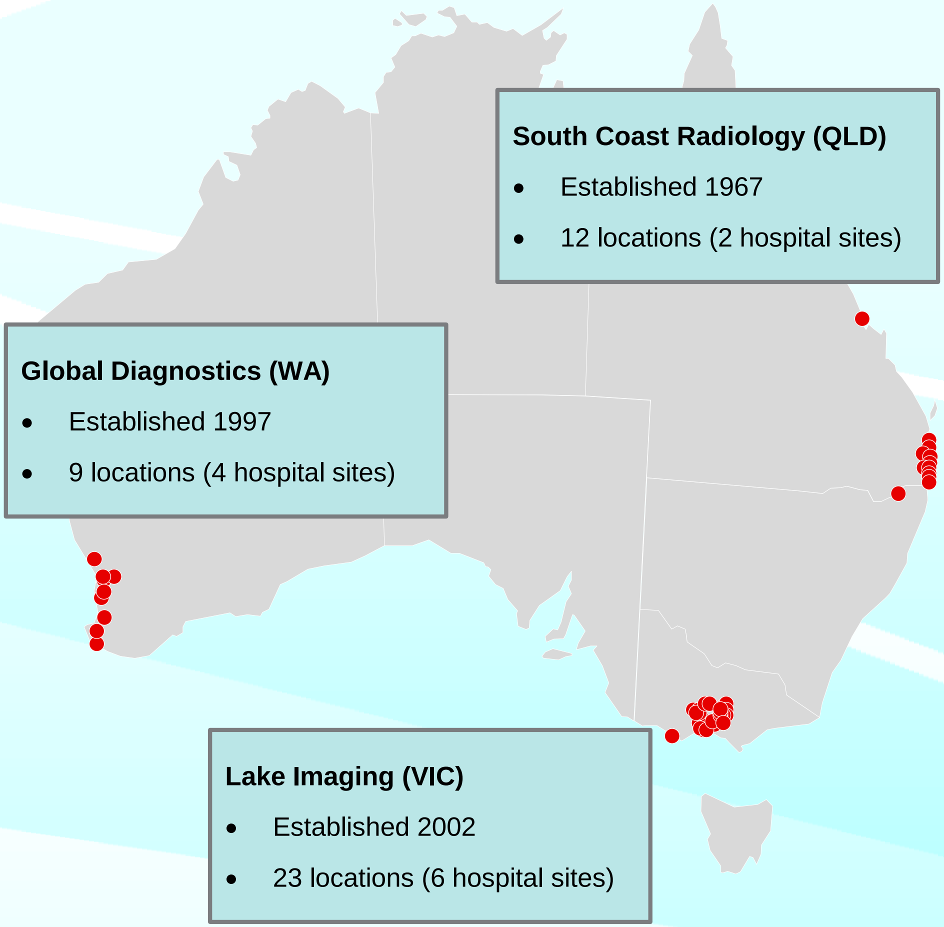
Clinical report

(Radiologists, Radiographers, Sonographers, Nuclear medicine technologists)

IDX's key business operations

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



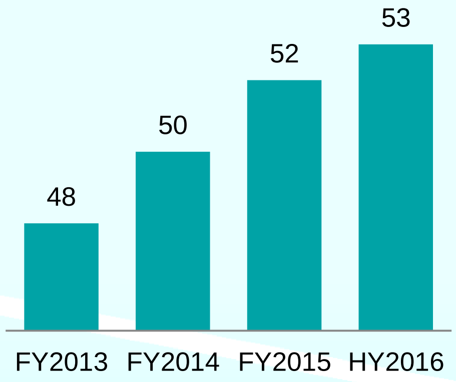
MODEL ENSURES RADIOLOGIST ALIGNMENT

Highly attractive place for Radiologists to work

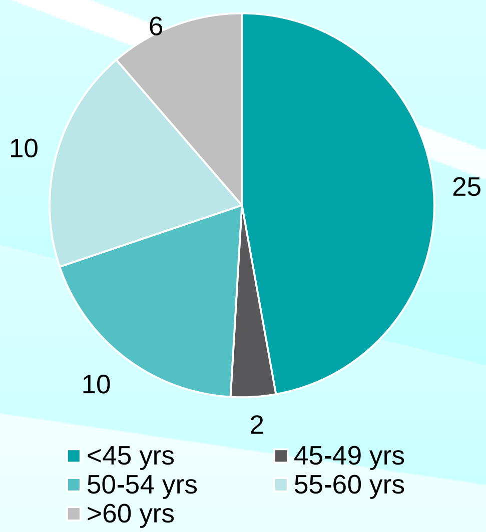
- Clinical autonomy and excellence
- Diverse and interesting mix of work
- Large referral network
- Sub-specialisation opportunities
- Technology and systems
- Training and development
- Pathway to equity ownership

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
- Restraint period of up to 12 months



IDX Radiologists employed



IDX Radiologists by age group

1H16 Financial Performance

TOP LINE GROWTH EVEN WITH INDUSTRY SOFTNESS

	Pro forma			
$ millions, Dec	**1HFY2016**	**1HFY2015**	**Change ($m)**	**Change (%)**
Total revenue	**82.1**	**79.2**	**3.0**	**3.8%**
Total expenses	(65.1)	(61.3)	(3.8)	6.2%
EBITDA	**17.0**	**17.8**	**(0.8)**	**(4.5%)**
Depreciation	(3.9)	(4.2)	0.3	(7.0%)
EBITA	**13.1**	**13.6**	**(0.5)**	**(3.7%)**
Amortisation	(0.3)	(0.3)	0.0	0.3%
EBIT	**12.8**	**13.3**	**(0.5)**	**(3.8%)**
Net finance costs	(1.4)	(1.5)	0.0	(1.7%)
Profit before tax	**11.3**	**11.8**	**(0.5)**	**(4.0%)**
Tax expense	(3.4)	(3.5)	0.1	(4.0%)
NPAT	**7.9**	**8.3**	**(0.3)**	**(4.0%)**
Add back: Amortisation	0.2	0.2	0.0	0.2%
NPATA	**8.2**	**8.5**	**(0.3)**	**(3.9%)**

- Revenue up 3.8% to $82.1m reflecting:
  - MRI, CT & XR volume growth above national Medicare industry growth data
  - Organic sales growth across all businesses
  - Short term industry uncertainty reduced referrals over Nov and Dec
- Expense growth in line with budget and Prospectus forecasts
  - Full period impact of new radiologists employed late FY15 and 1H16
  - Investing in staff and systems to underpin future revenue growth

STRONG BALANCE SHEET

Conservative gearing

- Net debt 1.5x to pro forma EBITDA LTM
- Intangible assets of $98.0m relate to goodwill and brands, which are tested at least annually for impairment. It also includes customer contracts which are amortised over time

Dividend policy

- Intention to target a dividend payout ratio of 65% to 75% of NPATA
- Dividends will be franked to the maximum extent possible
- Consistent with the Prospectus – first dividend expected to be the FY16 final dividend

$ millions	Actual 31 Dec-2015
Cash and cash equivalents	13.7
Trade and other receivables	4.4
Other current assets	2.9
Total current assets	**21.0**
Property, plant and equipment	44.6
Intangible assets	98.0
Deferred tax asset	5.9
Total non-current assets	**148.6**
Total assets	**169.6**
Trade and other payables	11.4
Current tax liabilities	0.7
Borrowings	6.8
Provisions	8.7
Total current liabilities	**27.6**
Borrowings	57.8
Provisions	6.9
Other non-current liabilities	0.4
Total non-current liabilities	**65.1**
Total liabilities	**92.7**
Net assets	**76.9**

INVESTING FOR GROWTH

- Total CAPEX of $11.0m for 1H16 is tracking above FY16 Prospectus
  - Acceleration of planned capex given additional opportunities to drive growth
- New equipment investment of $6.7m
  - Two new MRI units (one each at SJOG Geelong and Toowoomba)
  - New state of the art equipment to expand services and replace ageing equipment
- Site investments of $2.7m
  - New premises at Toowoomba & Ocean Grove to meet growing demand
- Other investments of $1.6m – delivery of IT strategy and minor capex
- Key capex investment planned for 2H16
  - $2.4m for new premises and expanded services including MRI at Sunbury (VIC)

HIGH FREE CASH CONVERSION

$ millions, June year end	Pro forma 1HFY2016	Pro forma FY2016 Prospectus Forecast
EBITDA	**17.0**	**37.3**
Non-cash items in EBITDA	0.2	(0.1)
Changes in working capital	0.5	2.3
Maintenance and replacement capex	(5.9)	(9.0)
Free cash flow	**11.9**	**30.5**
Growth capital expenditure	(5.1)	(6.1)
Net cash flow before financing and taxation	**6.8**	**24.3**
Free cash flow / EBITDA	69.6%	81.6%

- Free cash flow conversion % is tracking lower than FY16 Prospectus forecast mainly reflecting the weighting of capex to 1H16 (maintenance and replacement capex will moderate in 2H16)
- Growth capital expenditure is mostly related to additional equipment at new Toowoomba site, installation of additional MRI at SJOG Geelong and associated building works

GROWTH STRATEGY & OUTLOOK

IDX's GROWTH STRATEGY

Strategy	**1 Grow existing business and expand capacity**			**2 Strategic acquisitions**
Drivers of strategy	Catchment area growth	Strong competitive position	Existing site capacity	Build out specialist and regionally focused Diagnostic Imaging leader
Geographic focus	Existing regions			Existing and new regions
Description	• Existing business well positioned to service growing demand for Diagnostic Imaging Services in regions where IDX operates • Expand capacity to service the growing demand for Diagnostic Imaging Services • Demand risk for these projects is relatively low given IDX's market knowledge			• Continue to expand platform that benefits from IDX's scale, operating strategies and professional attractiveness for Radiologists

Delivering on Growth strategy

- 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 v 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
- Strategic acquisitions
  - Continually evaluating opportunities that are a good fit and are value accretive

Outlook for 2H FY2016

- Continued short term industry uncertainty created by Government announcements and media coverage – Medicare Benefits Review and Mid-Year Economic and Fiscal Outlook
- Long term demand thematics remain
  - Contemporary evidence-based preventative health care 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
  - Volumes in Jan and Feb recovering towards budget
  - Diverse revenue base with bulk-billing comprising only 52% of revenue in 1H16
  - Additional revenue from Toowoomba and Sunbury, plus extra MRI at SJOG Geelong
- IDX's business model and diverse revenue base can be adapted to mitigate impacts should Government proposals be ratified

QUESTIONS

APPENDIX

1H16 FINANCIAL RESULT

$ millions, Dec	1HFY2016	
	Statutory	Pro forma
Total revenue	82.1	82.1
EBITDA	11.0	17.0
EBITA	7.0	13.1
EBIT	6.7	12.8
NPAT	3.8	7.9
NPATA	4.0	8.2
Net Debt	50.9	50.9
EPS (cents)	2.83	5.95

PRO FORMA RESULTS RECONCILIATION

$ millions, Dec	Note	1HFY2016	1HFY2015
Actual NPAT		**3.8**	**(2.8)**
Impact of Acquisitions	[1]	-	2.1
Listed company expenses	[2]	(0.3)	(0.7)
Transaction costs expensed	[3]	6.4	9.4
Change in financing structure and financing costs	[4]	0.2	1.0
Income tax impact		(2.1)	(0.7)
Pro forma NPAT		**7.9**	**8.3**

1) To reflect full year impact of South Coast Radiology in 1HFY15
2) Listed expenses of $0.7m and $0.3m relate to incremental annual costs of publicly listed entity
3) Transaction costs are for advisor fees and other expenses associated with the IPO and South Coast Radiology
4) Positive finance impacts due to lower debt levels and improved borrowing terms

STATUTORY RESULTS OVERVIEW

$ millions, Dec	Statutory			
	1HFY2016	1HFY2015	Change ($m)	Change (%)
Total revenue	**82.1**	**70.5**	**11.6**	**16.6**
Total expenses	**(71.1)**	**(64.1)**	**(7.0)**	**11.2**
EBITDA	**11.0**	**6.4**	**4.6**	**70.5**
Depreciation	3.9	3.7	0.2	6.3
EBITA	**7.0**	**2.8**	**4.2**	**157.9**
Amortisation	0.3	0.3	0.0	0.3
EBIT	**6.7**	**2.4**	**4.3**	**179.0**
Net finance costs	(1.6)	(2.3)	0.7	(28.9)
Profit before tax	**5.1**	**0.1**	**5.0**	**5,681.2**
Tax expense	(1.3)	(2.9)	1.6	(55.4)
NPAT	**3.8**	**(2.8)**	**6.6**	**235.9**
Add back: Amortisation	0.2	0.2	0.0	0.3
NPATA	**4.0**	**(2.6)**	**6.6**	**256.7**

- Strong sales growth boosted by full impact of revenues from South Coast Radiology
- Expensed transactional costs of $6.3m in 1H16 mostly related to IPO
- Expensed transactional costs of $9.4m in 1H15 mostly related to South Coast Radiology transaction (August 2014)
- Statutory NPAT was $3.8m in 1H16 partly reflecting non-recurring IPO costs

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H1 FY2016 Results

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