



UBS Australasia conference

Ian Kadish (MD & CEO)

13 November 20

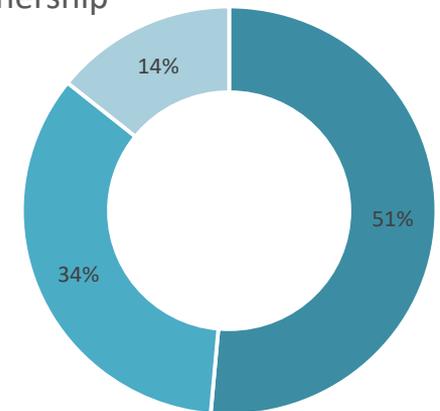
Integral Diagnostics is a leading Diagnostic Imaging business in Victoria, Queensland and Western Australia

- Long history in each respective market
- Leading provider in the regions we serve
- Network includes mix of hospital & community sites
 - higher complexity and higher margin work
 - partners include SJOG, Ramsay & Public Hospitals
 - Long-term relationships
- Radiologists aligned to long-term business growth and profitability
- Network of 16,000+ referrers
- Focus on higher value modalities with higher margins

As at 10 Nov 2017

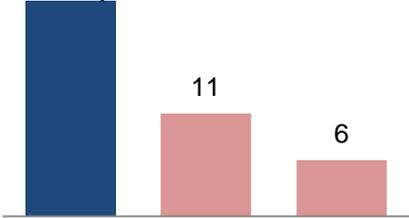
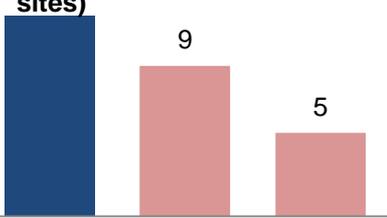
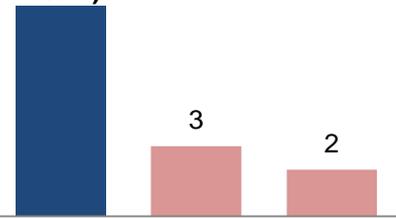
Share price	\$1.70
Shares on issue	145 m
Market Cap	\$246 m
June 2017 net debt	\$48.7m
FY17 EPS	10.7c
FY17 DPS	7.0c

Ownership



- Institutional
- Doctors, directors & company related parties
- Retail & other

IDX is the clear leader in its regional markets

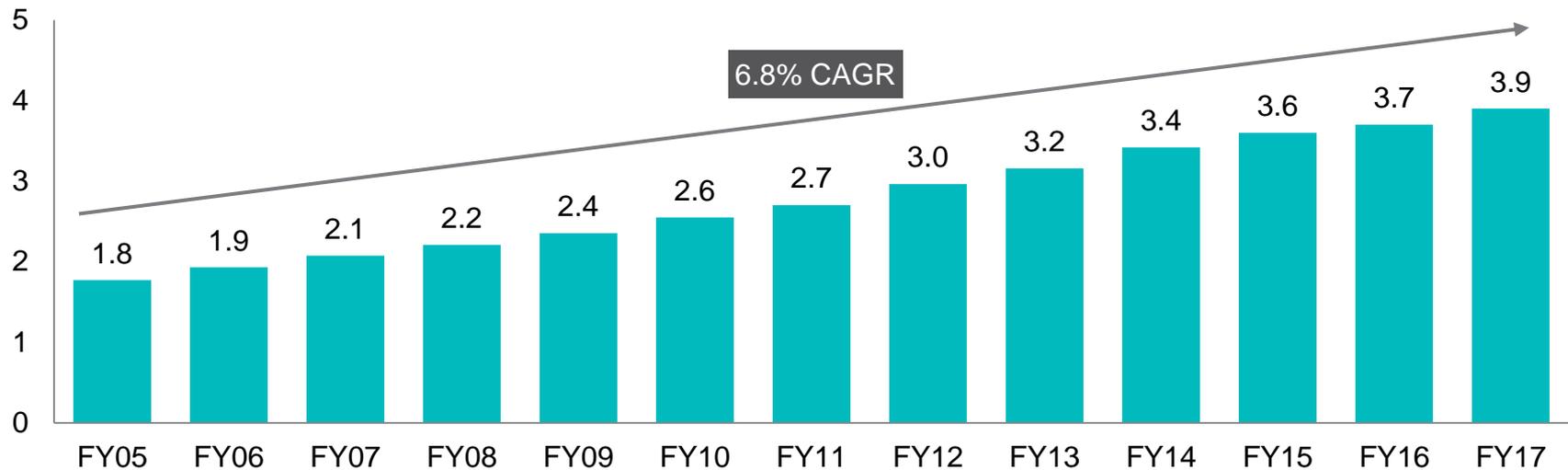
Brand																											
IDX market position	<p>24 (incl. 6 hospital sites)</p>  <table border="1"> <tr><th>Brand</th><th>Count</th></tr> <tr><td>IDX</td><td>24</td></tr> <tr><td>Competitor 1</td><td>11</td></tr> <tr><td>Competitor 2</td><td>6</td></tr> </table>	Brand	Count	IDX	24	Competitor 1	11	Competitor 2	6	<p>13 (incl. 2 hospital sites)</p>  <table border="1"> <tr><th>Brand</th><th>Count</th></tr> <tr><td>IDX</td><td>13</td></tr> <tr><td>Competitor 1</td><td>9</td></tr> <tr><td>Competitor 2</td><td>5</td></tr> </table>	Brand	Count	IDX	13	Competitor 1	9	Competitor 2	5	<p>9 (incl. 4 hospital sites)</p>  <table border="1"> <tr><th>Brand</th><th>Count</th></tr> <tr><td>IDX</td><td>9</td></tr> <tr><td>Competitor 1</td><td>3</td></tr> <tr><td>Competitor 2</td><td>2</td></tr> </table>	Brand	Count	IDX	9	Competitor 1	3	Competitor 2	2
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Geographic market	<ul style="list-style-type: none"> • Ballarat: 4 sites • Geelong: 8 sites • Outer western Melbourne: 11 sites • Warrnambool: 1 site 	<ul style="list-style-type: none"> • Gold Coast: 11 sites • Mackay: 1 site • Toowoomba: 1 site 	<ul style="list-style-type: none"> • South west WA: 9 sites • Contracts with WA Country Health Services 																								

Growing addressable market

- Industry growth supported:

- ✓ An aging population
- ✓ Increasing prevalence of chronic disease
- ✓ Advancements in technology for early diagnosis and screening

Estimated revenue in IDX's addressable diagnostic imaging market (\$ billions)



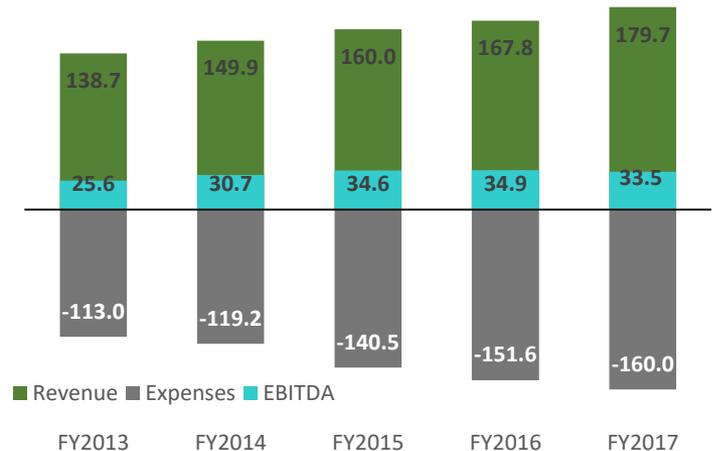
Regulatory environment more supportive

- Reintroduction of MBS indexation for targeted DI services from July 2020
- Government proposed reductions in bulk billing incentive for diagnostic imaging scrapped
- MBS review is ongoing and direct changes made so far have had a negligible impact on revenue
- Recent MBS outcomes from 1 Nov 2017:
 - Chiropractors limited to two region spinal X-rays, no longer reimbursed for three and four region spinal X-rays
 - Bone densitometry tests for osteoporosis in patients 70+ years restricted to initial screening and further intervals based on initial test
- Public consultation currently open:
 - Restrict GP knee MRIs for patients ≥ 50 years of age or >3 knee MRI's per patient per year
 - Restrict ultrasound for acute DVT and chronic venous disease on same leg on the same day

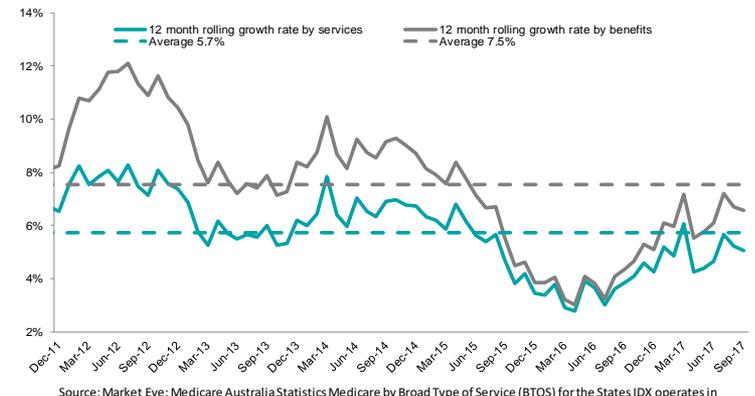
Industry now cycling towards higher growth

- Slower industry growth through FY16-17
 - Media coverage claiming unnecessary testing
 - Government announcements to cut health spending
- The lasting duration of these measures reduced the profitability for IDX and peers
 - In response, IDX has reduced operational costs and implemented tighter capex controls in FY18
- Underlying long term drivers returning
 - Industry growth rates on a recovering trend

IDX Profitability(\$m)

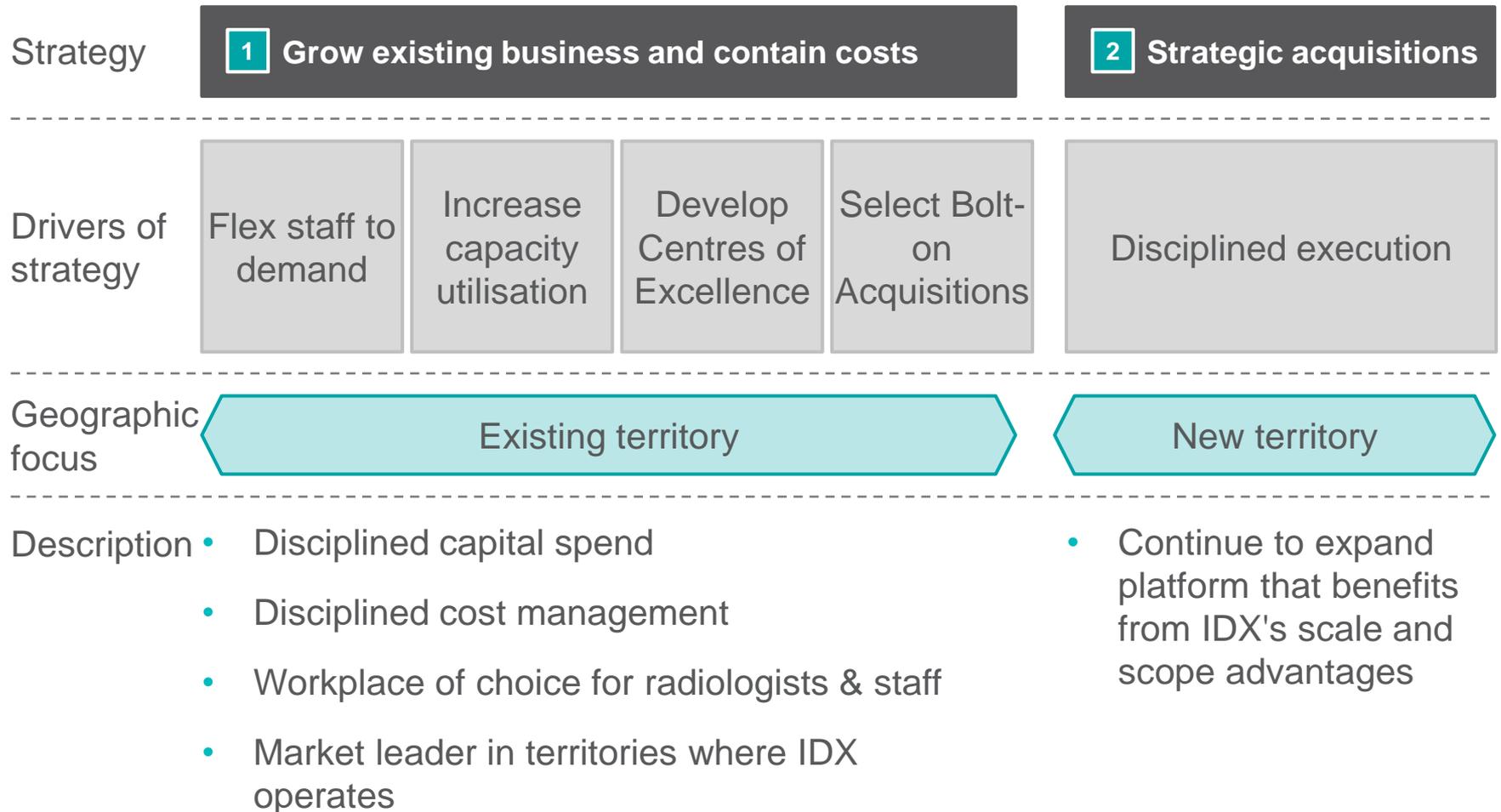


Industry growth recovering



Source: Market Eye; Medicare Australia Statistics Medicare by Broad Type of Service (BTOS) for the States IDX operates in

Focused strategy, disciplined execution into FY18



FY18 focus on managing costs to improve returns

- Reducing labour costs by flexing staff closer to patient demand
 - Schedule and roster management
 - Daily revenue and cost information reviewed and actioned
- Utilising technology
 - Voice recognition
 - Tele-reporting
 - Automated Worksheets
- Increasing capacity utilisation for MRI, PET and CT
 - 11 licensed MRI's (8 full licenses, 3 partial)
 - 3 PET scanners

Centres of Excellence

- Investing in Speciality Centres of Excellence:
 - Rapidly changing technologies for diagnosis & treatment
 - Reflects specialisation amongst other professionals
 - Opportunities for radiologists to further develop skills
 - Consistent with international trends
- South Coast Radiology Spine Clinic
 - Opened August 2017
 - Prominent location on the Gold Coast
 - Exceeding targets
- Geelong Breast Clinic
 - Dr Linda West heads a team of radiologists, radiographers, sonographers and breast care nurses who specialise in breast imaging



Acquisitions

- Currently evaluating and negotiating opportunities
 - strong pipeline
 - price expectations challenging for large groups, more reasonable for standalone and smaller practices
 - acquisitions to be earnings enhancing & sustainable
- Western District Radiology, acquired in FY17, integrated well
 - earnings are accretive
 - long-term lease secured with SJOG Hospital in Warrnambool on similar terms to other SJOG Hospitals in Vic

Summary

- Leading medical imaging company
- Increasing demand driven by aging population & technology enhancements
- Cost controls in place to improve productivity and capacity utilisation in FY18
- Focus on centres of excellence producing attractive returns and enhancing the reputation of our highly skilled staff
- Exploring acquisitions that are at a multiple and fit that is earnings enhancing and sustainable

Questions



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