



pro♦**medicus**
OUR SUPPORT. YOUR SUCCESS.

CHAIRMAN'S ADDRESS AGM
NOVEMBER 2019


VISAGE IMAGING®

CHAIRMAN'S REPORT

Overview

The Board has continued to follow its strategic plans, which were updated in August last year, and which have provided the company with significant growth and improved profitability during the last financial year. Each of our businesses in our main markets (Australia, Europe and North America) contributed strongly to the result.

The group continues to invest in our best of breed suite of innovative products - to maintain market leadership, which we believe, is fundamental to your company's success. Today Sam will talk about our new AI platform, Visage AI Accelerator a unique end to end solution that will enable our clients to fast track the implementation of AI as part of their imaging strategy.

The global management team has remained constant throughout the year and the Board is confident that they can continue to deliver long term sustainable financial results given the appropriate strategies.

During the year we announced several new contract wins in North America, including Carle Foundation in Illinois (July 2018); Partners Healthcare which includes Massachusetts General Hospital and Brigham Women's Hospital (November 2018); Duke Health in North Carolina (April 2019) and most recently Ohio State University, as well as the renewal of our Department of Veteran Affairs contract. All of these will contribute to our future revenues. In Germany we won a contract extension with a Government Hospital. In Australia the expansion of our relationships with I-Med Radiology Network and Healius (formerly Primary Healthcare) are progressively contributing additional revenues as the respective roll outs continue.

The group remains in an excellent position to continue to capitalise on the increasing global and local opportunities as they present themselves. The management team is working on a significant number of new opportunities and our pipeline continues to grow.

Financial Results

The financial results for the 2019 financial year recorded another healthy increase in underlying net profit after tax (2019 \$22.74 million: 2018 \$12.24 million or 83.1%). A change in the accounting standard regarding revenue recognition reduced the reported net profit after tax to \$19.13 million which compared with the adjusted result for the prior year was an increase of 91.9%. The change also resulted in the recognition of certain revenue being deferred to future periods and at 30 June 2019 the amount deferred was \$22.91 million.

On either measure, the result for the year was another record for the company and just reward for maintaining our strategic focus and has been achieved after making the necessary ongoing investments for future growth.

The Company continued to be cash flow positive with retained cash increasing from \$25 million to \$32 million after paying an increased dividend. This trend has continued as a large proportion of the significant balance of trade receivables at 30 June 2019 has been realised.

The Board anticipates another strong year with the majority of growth occurring in the second half of the financial year. The budget for the current financial year has been determined recognising continuing strong growth and I am pleased to advise that results to date are comfortably ahead of budget.

Dividend Policy

The Board was pleased to increase dividend payments for the 2019 financial year to 10.5 cents per share fully franked. This represents an increase of 75% over the previous year and a payout ratio of approximately 50%. The dividends were fully funded from the company's internally generated cash flow. The Board anticipates that future dividends will be fully franked. The Board will continue to determine an appropriate level of dividends having regard to the profitability of the business, its need for ongoing investment and the necessity to retain sufficient funds to pursue other growth opportunities.

Sale of Shares by the Founders

As reported last year the Board encouraged the Founders to sell some of their shares to improve the liquidity in the company's shares. In March 2018 both founders sold 1 million shares and in September 2019 a further 1 million shares each, the two tranches equating to less than 7% of their individual shareholdings prior to the sale of shares. Post the sale of shares, the Founders retain their position as majority shareholders in the company with a combined stake of approximately 54%.

ASX 200 Index

In June 2019 the company was included in the ASX 200 index having met the criteria with respect to market capitalisation and liquidity (assisted by the Founder share sales). The inclusion in the ASX 200 index has increased the volume of the company's shares traded; however movements in the share price have become more volatile. As a result the Board decided to commence buying back some of the company's shares to mitigate the impact of the volatility for the benefit of all shareholders.

Gender Diversity - Female Director

The Board recognises the benefit of gender diversity at all levels of the Company.

The Board also recognises that it is one of seven companies in the ASX200 index which do not have a female director and has been taking steps to address this issue.

As the company's business grows we see the opportunity to appoint an additional director and we hope to be in a position to make an announcement early in the New Year.

Closing

In closing, on your behalf, I would like to thank all of our dedicated staff in Australia, North America and Europe for their contribution to the company during what has been another very positive year. I would also like to thank my fellow directors who have also worked tirelessly and diligently to ensure that the company reaches its ultimate goals.



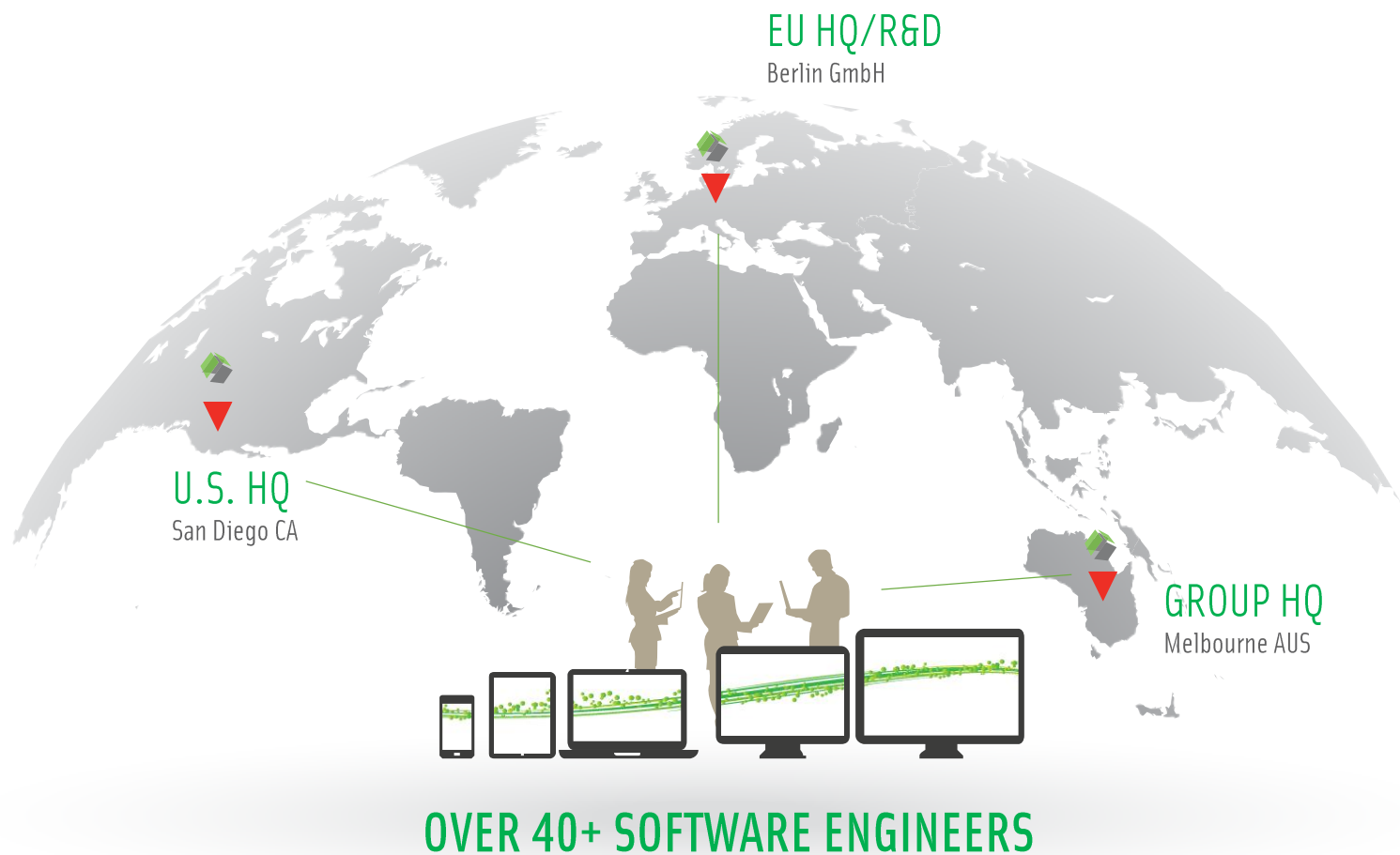
CEO PRESENTATION AGM NOVEMBER 2019



PRO MEDICUS (ASX:PME)

Healthcare IT company specializing in Enterprise Imaging and Radiology Information System (RIS) software.

Leading edge products, growing global presence.



GLOBAL MANAGEMENT TEAM



Malte Westerhoff
Chief Technology Officer



Sean Lambright
Head of Sales



Brad Levin
Head of Marketing



Teresa Gschwind
Head of Services



ASX:PME



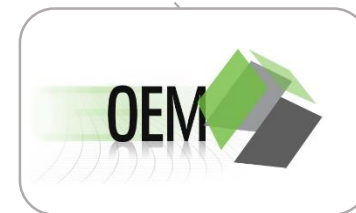
VISAGE RIS



pro+medicus.net



VISAGE 7
PRODUCT SUITE



OEM

VISAGE RIS



Visage RIS - Dr R Simpson (rsna) visagel2 (2) @ Visage General Hospital (ris.promed.com.au)

RECEPTION TECHNOLOGIST DOCTOR TRANSCRIPTIONIST SEARCH OFFICE CLAIMING SETUP

Recent | Dr R Simpson | Settings

Appointments Requested Arrival Billing Banking

Region: Northern Book: Visage General Hospital Tue, 17-Oct-2017 AM PM Patient Procedure Cancelled Blocked 1 2

Visage X-ray Visage CT Visage US Room 1 Visage US Room 2 Visage US Room 3 Visage Mammo

Appointment Details:

APPOINTMENT
Tue, 17-Oct-2017
10:30 AM - 11:00 AM

Mr John SMITH FOLIO 10.645 ACCESSION 10.1270
Male 05-Oct-1977 (40y) H: (03) 1212-1211 Visage General Hospital Visage
450 Swan Stree... Dr Doogie Ho (03) 9800-1231 Appointment[s] Medium

SUMMARY

Patient: SMITH, Mr John 10.645
Born: 05-Oct-1977 (40y)
Male
Address: 450 Swan Street RICHMOND VIC 3121
View all details

Referrer: Dr Doogie Howser 0000000Y
Practice:
Address: 23 Hollywood lane ThePlace RICHMOND VIC 3121 Australia
Referral date: 09-Oct-2017
Referral period: 12

Accession: 10.1270
Order Status: Arrived (1/1)

Save Cancel

VISAGE RIS



- Long term (5 year) contracts with Primary Healthcare and I-MED, the 2 biggest radiology providers in AUS
- Combined additional revenue of \$4.4M pa once fully deployed
- Rollouts progressing well
- Potential upside via organic and M&A growth
- Increased market interest – new opportunities
- Repositions PME as undisputed market leader



LEADING EDGE PLATFORM

Visage 7 continues to be #1 in Speed, Functionality and Scalability.



SPEED



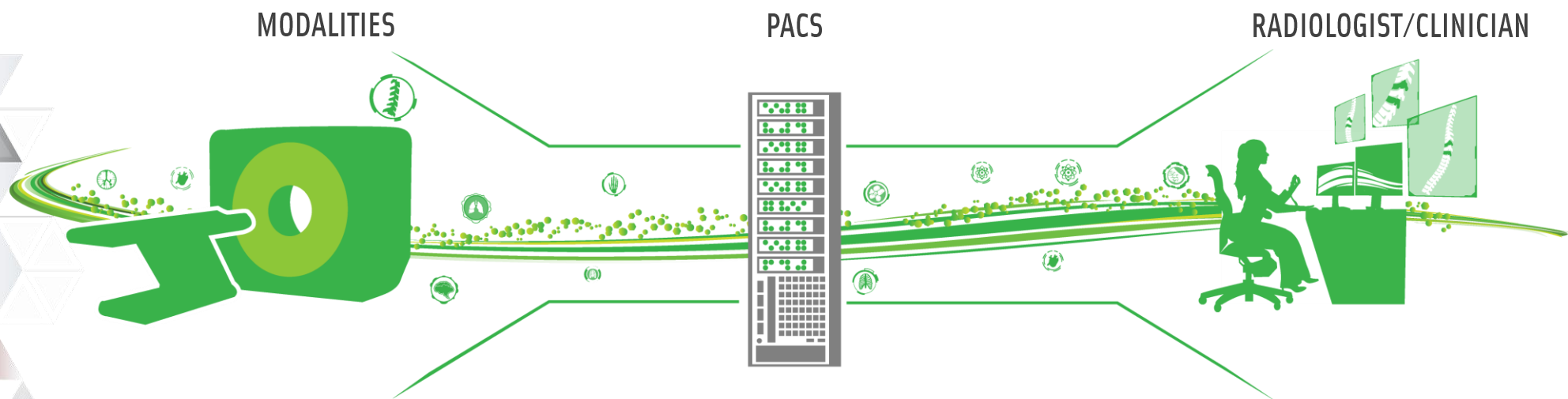
FUNCTIONALITY



SCALABILITY

LEGACY TECHNOLOGY

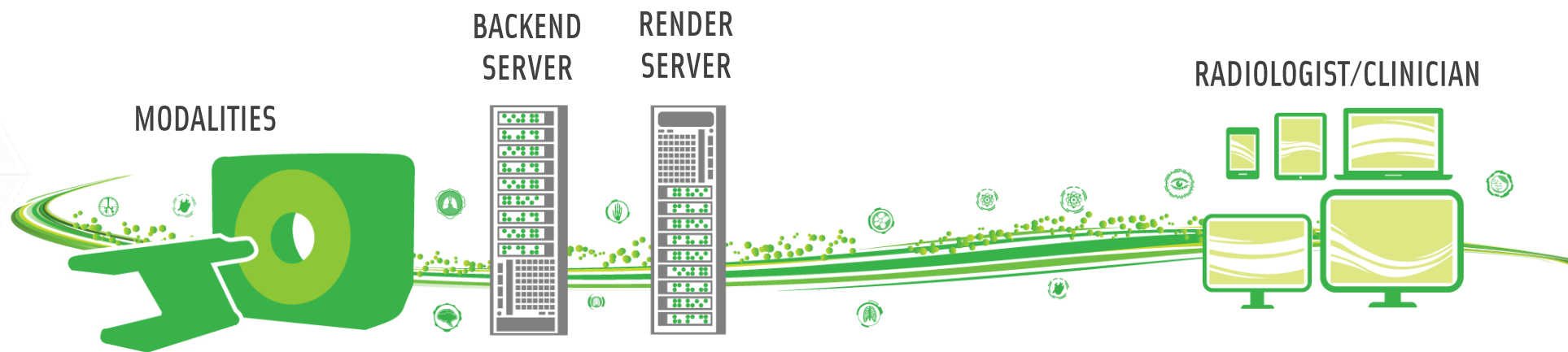
"Compress and Send"



SOLUTION:



VISAGE 7 Streaming Technology



NORTH AMERICAN MARKET



- PACS market estimated at > US \$2B pa and growing
- Expanding into Enterprise Imaging
- Paradigm shift to modular, best-of-breed approach
- Market fragmented – in process of consolidating
- VISAGE 7 – proven, market leading technology
- Rapidly growing PME footprint

MASSIVE DATA EXPLOSION

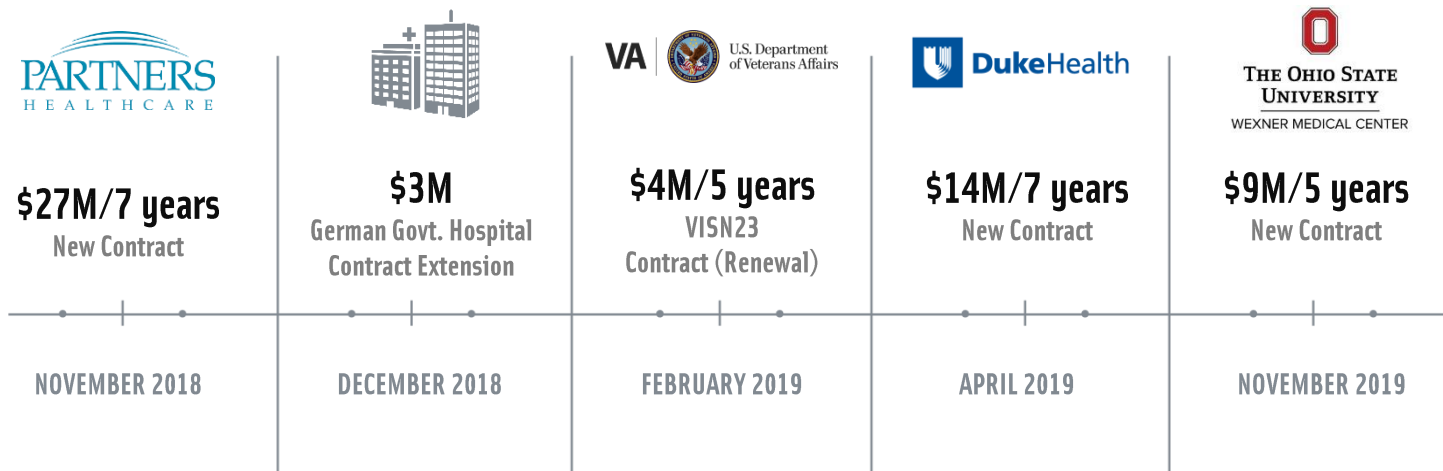
- High density Multi-slice CT - 10,000+ images
- HD Breast Tomosynthesis - 6 GB+
- Optoacoustic breast ultrasound - 10+ GB
- Total Body PET Scan - 10+ GB
- 7T MRI - much larger than 3T



ELECTRONIC HEALTH RECORD (EHR)

- Mandated in US Hospitals by end of 2018
- Consolidates all hospitals data – clinical and financial
- Massive investment – often in \$ Billions
- 90% of EHR is imaging data (by volume)
- Post EHR implementation – next focus is imaging
- Need for a single viewer for all images

YEAR IN REVIEW



PARTNERS HEALTHCARE

- Largest health system in Massachusetts
- Massachusetts General Hospital ranked (#2) and Brigham and Women's Hospital (#13) best hospital in US
- Top two teaching hospitals for Harvard Medical School
- Leader in biomedical and data science research – MGH & BWH Center for Clinical Data Science

PARTNERS HEALTHCARE

- 7-year, \$27M deal, transaction-based licensing model (Phase 1)
- Largest contract in the history of PME
- Transformational – a key component of Partners 2.0 initiative
- Phase 1 fully implemented in record time

DUKE HEALTH

- 7 year - \$14 Million deal
- Largest health system in North Carolina
- Visage 7 to be implemented across all of Duke's radiology departments – commencing January 2020
- Transaction-based model with potential upside
- Adds to PME's growing footprint in the tier 1 U.S. academic hospital segment



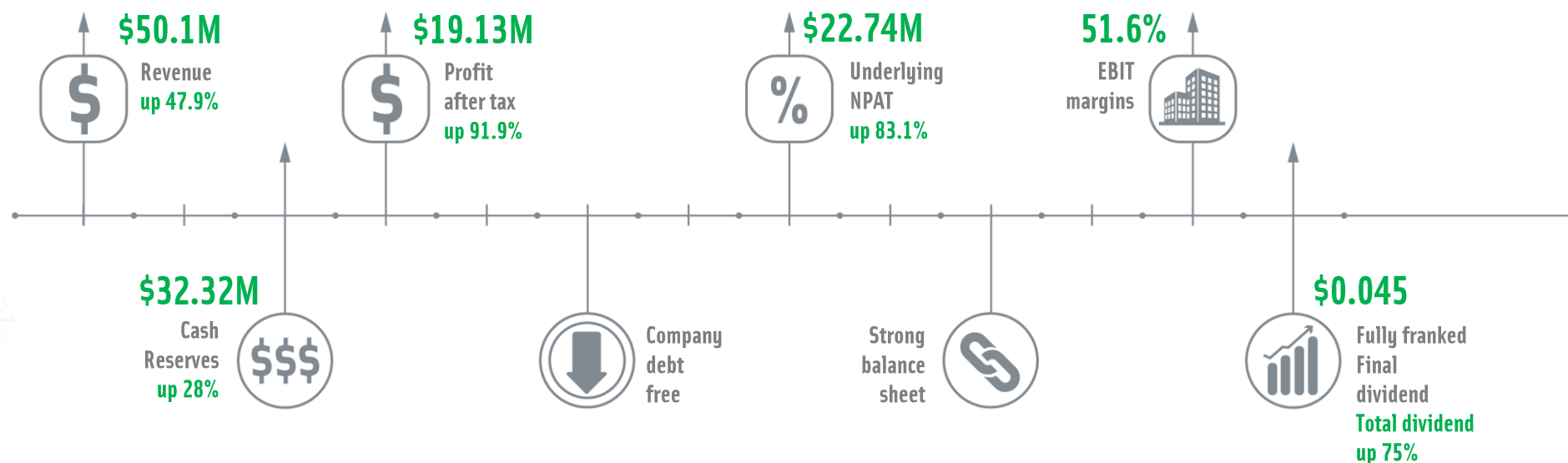


OHIO STATE UNIVERSITY Wexner Medical Center

- Minimum of \$9 Million over 5 years
- Transaction-based licensing model with upside
- Large regional hospital system
- Teaching hospital for The Ohio State College of Medicine
- Implementation scheduled for Q3 FY20



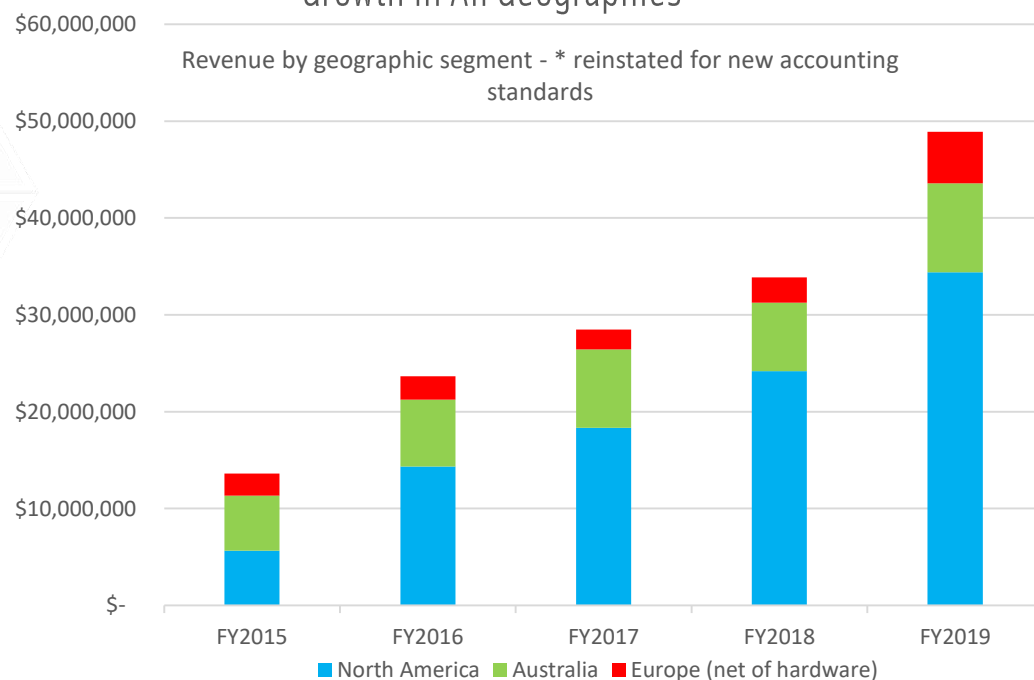
RESULTS FY 2019



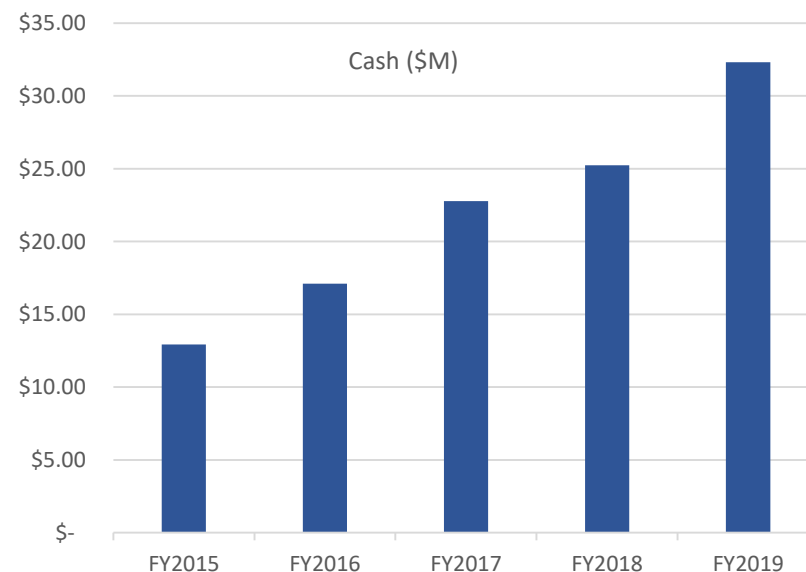
FY2019 HIGHLIGHTS – FINANCIAL RESULTS

Financial Highlights	FY2018	FY2019	% YoY
Revenue (\$M)	33.87	50.11	48%
Profit before tax (\$M)	15.30	26.12	71%
NPAT (\$M)	9.97	19.13	92%
Cash (\$M)	25.24	32.32	28%
EPS (cps)	9.7	18.5	91%
DPS (cps)	6.0	10.5	75%

Growth in All Geographies



Positive Free Cash Flow in FY2019



OPERATONAL (TRANSACTION) MODEL

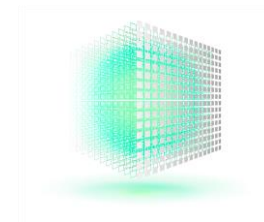
- Used in vast majority of US contracts
- Delivered as SaaS model
- Now used in RIS contracts in AUS
- Model based on guaranteed transaction minimums
- Contracted revenue > A\$180M/5 years*
- Upside as client examination volumes grow
- Annuity style revenue stream – greater predictability

* Assumes the majority of key contracts up for renewal in years 4 & 5 are renewed






EXAM (TRANSACTION) REVENUE

- Recurring in nature
- Increased by 43.5% YoY
- Growth to continue in FY 2020 onwards (Partners, Duke, OSU & Others)
- Growth from existing clients (organic and M&A) plus new clients
- Further upside with adoption of new products (VISAGE 7 Open Archive and Enterprise Imaging)



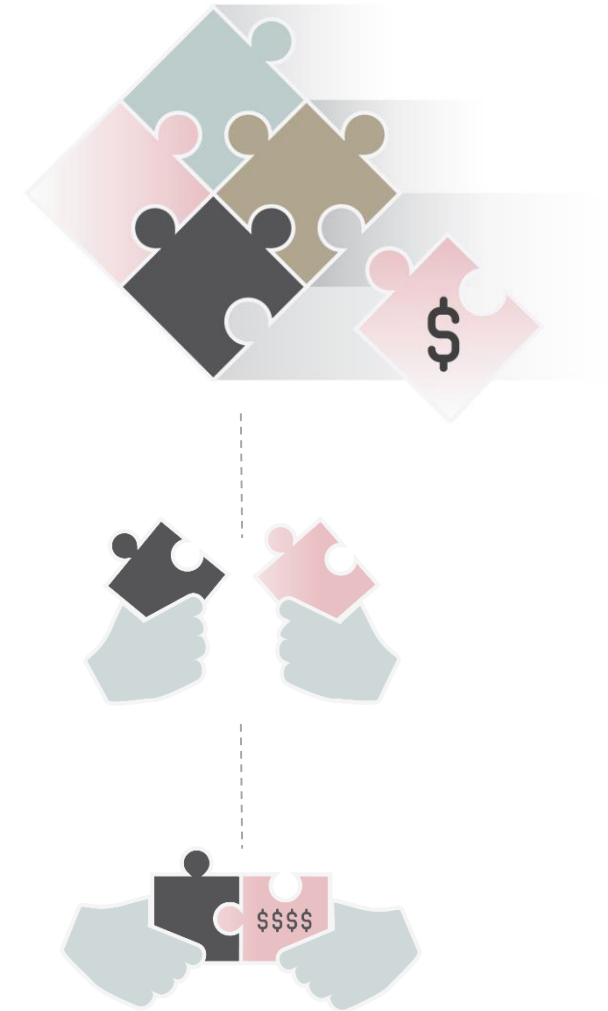
PROFESSIONAL SERVICES



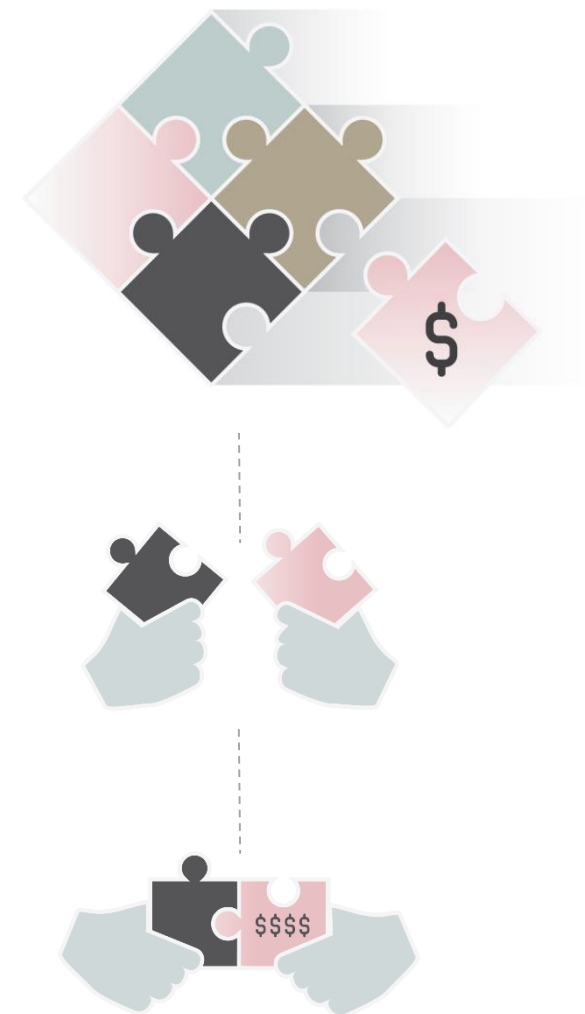
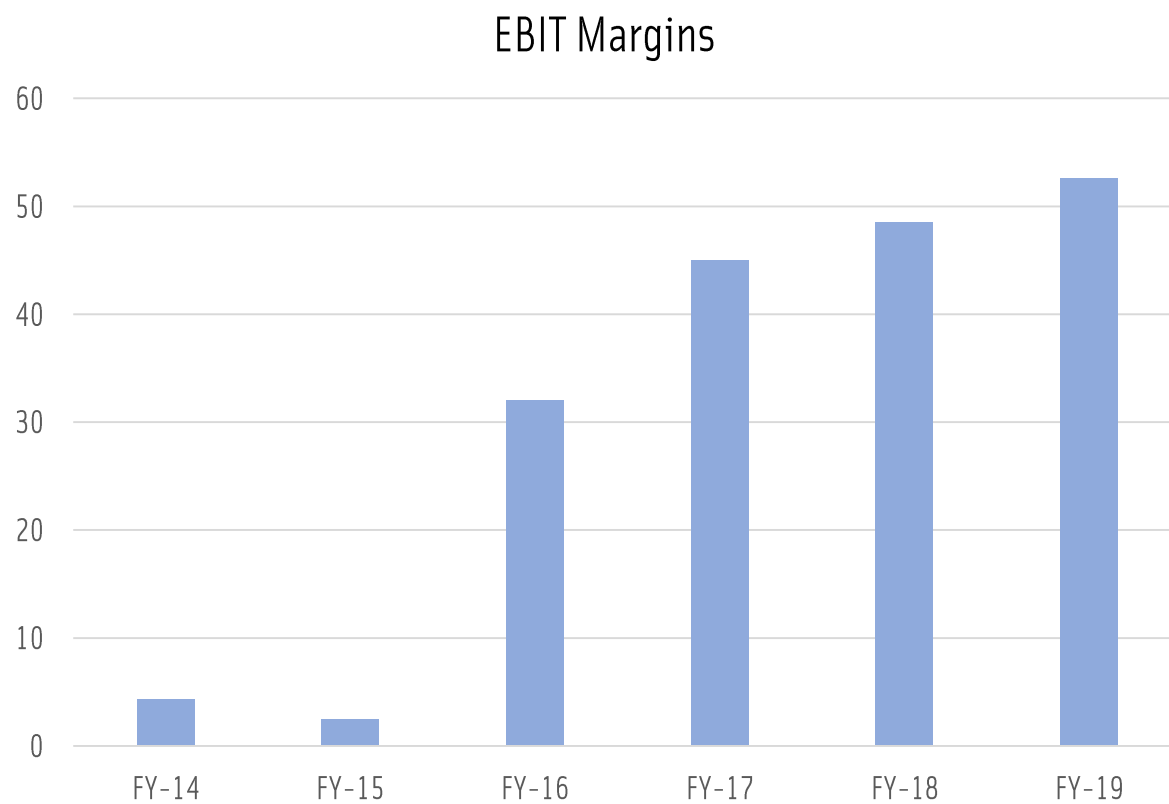
- Project planning, training & implementation _____ 
- Revenue spread over the length of the contract _____
 - new accounting standards (AASB 15)
- Recurring in nature ~ 10% contract value _____ 
- Will decrease as a % of total revenue as exam (transaction) revenue increases _____ %

OPERATING LEVERAGE

- Highly scalable offering
- No capex (HW) – SW only model
- Training & Installation – charged as professional services
- Relatively fixed cost base
- High operating leverage
- Margin continues to grow as footprint increases



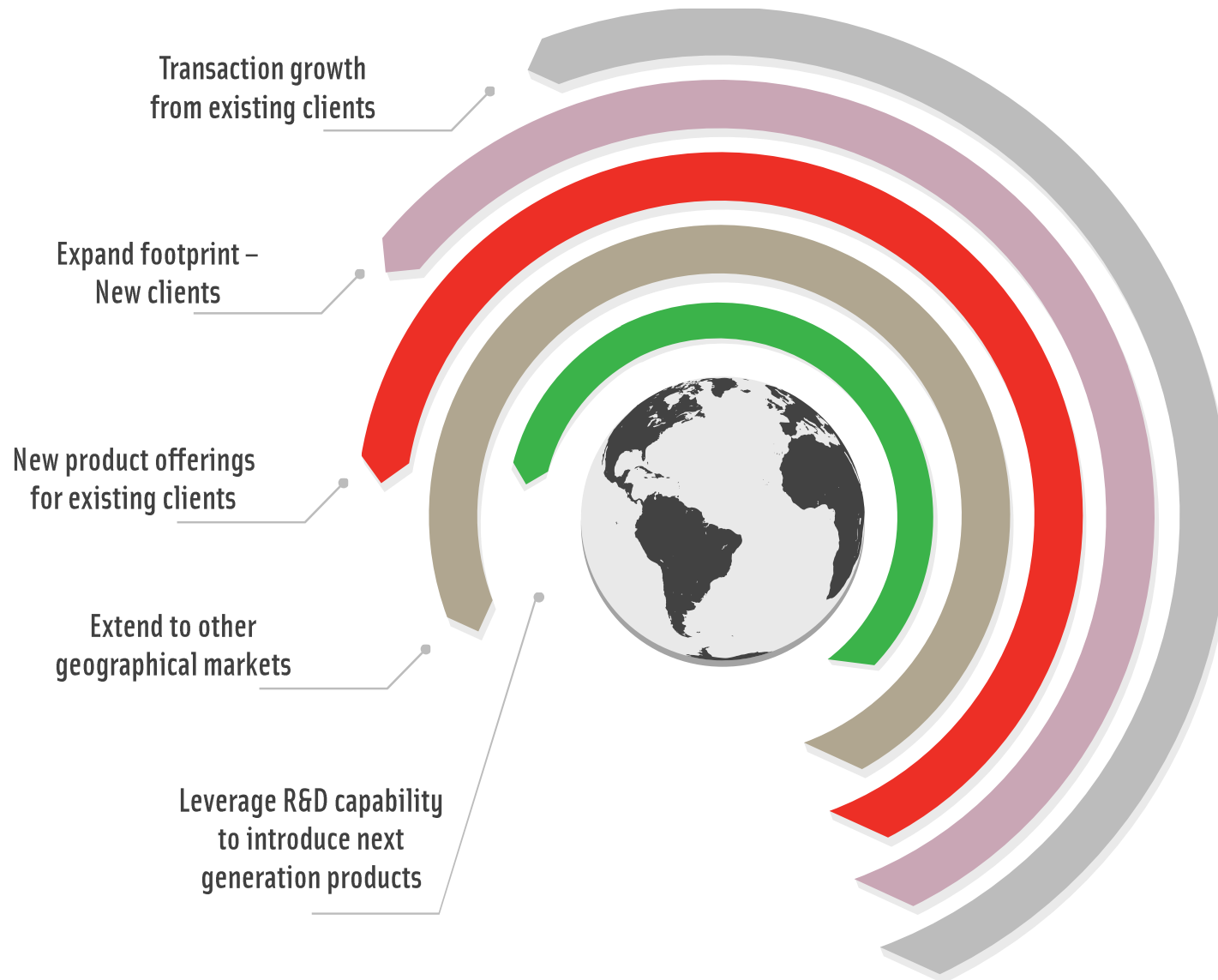
MARGIN EXPANSION



FAST TRACK IMPLEMENTATION

- All implementations on or ahead of schedule
- Fast track methodology continues to deliver
- Large scale projects completed in under 1/4 the time of industry norm
- Delivers huge savings for client
- Frees PME staff for other jobs
- Reduces barrier to change
- A key differentiator of Visage offering

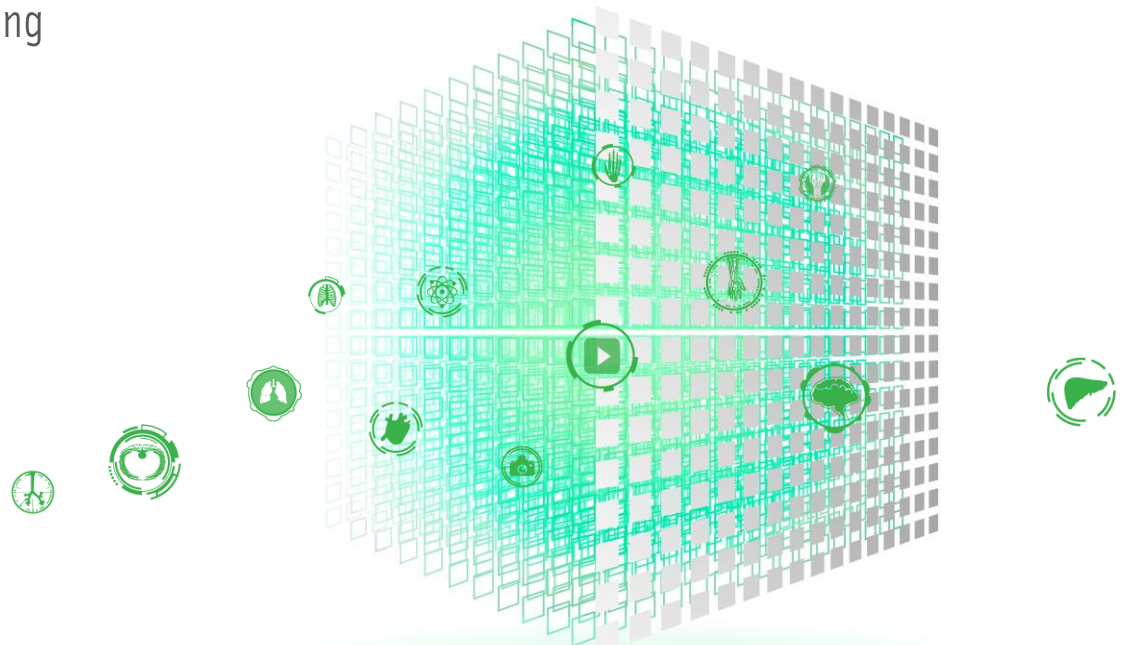
GROWTH STRATEGY



NEW PRODUCTS

- Same highly scalable enterprise imaging platform used in VISAGE 7
- Interoperable – works in complex environments
- Enables Visage to offer choice of modular or single vendor solutions
- Pipeline includes opportunities for Viewer **and** Visage Open Archive
- Well placed for North American archive market

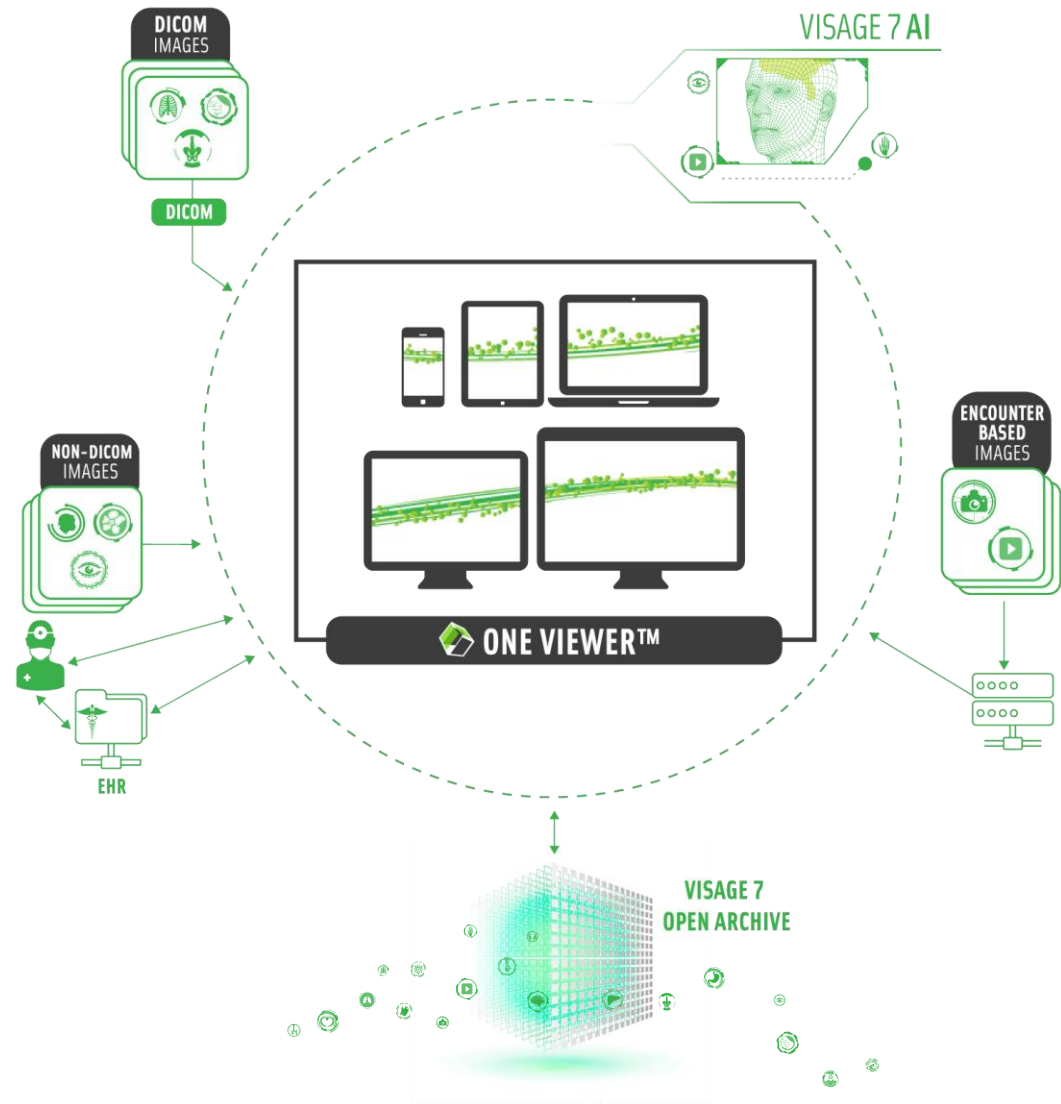
VISAGE 7 OPEN ARCHIVE



NEW PRODUCTS

- Single viewer for **ALL** images in the medical record (EMR)
- Radiology/Cardiology (DICOM format)
- Non-radiology- reflected light – hi-res photos & videos
- VISAGE 7 technology ideally suited
- Increases Visage value proposition
- Growth opportunities within existing contracts

ENTERPRISE IMAGING



VISAGE in the CLOUD

- Visage 7 - highly optimised for Cloud deployment
- Same Ultrafast performance as on premise
- Full Visage 7 functionality
- Security and scale of the cloud
- Full deployment or as backup/disaster recovery
- Suitable for all size implementations
- Opens up new market opportunities

Visage 7

AI

ACCELERATOR

- Unique end to end solution
- Supports both research and production environments on a single platform
- Based on market leading Visage 7 technology
- Enables Visage clients to fast track AI as part of their imaging strategy

Visage 7

AI

ACCELERATOR

- Visage Research Server – streamlines AI algorithm development
- Optimised for AI data curation and validation
- Open API – seamless integration
- AI Ecosystem – 3rd party and Visage developed algorithms
- Joint development/commercialisation opportunities – 3rd parties and academic clients.

AI Research Leadership



Malte Westerhoff
Chief Technology Officer



Detlev Stalling
Head of Development



Ming De Lin
Clinical Research Manager
North America

AI

ACCELERATOR

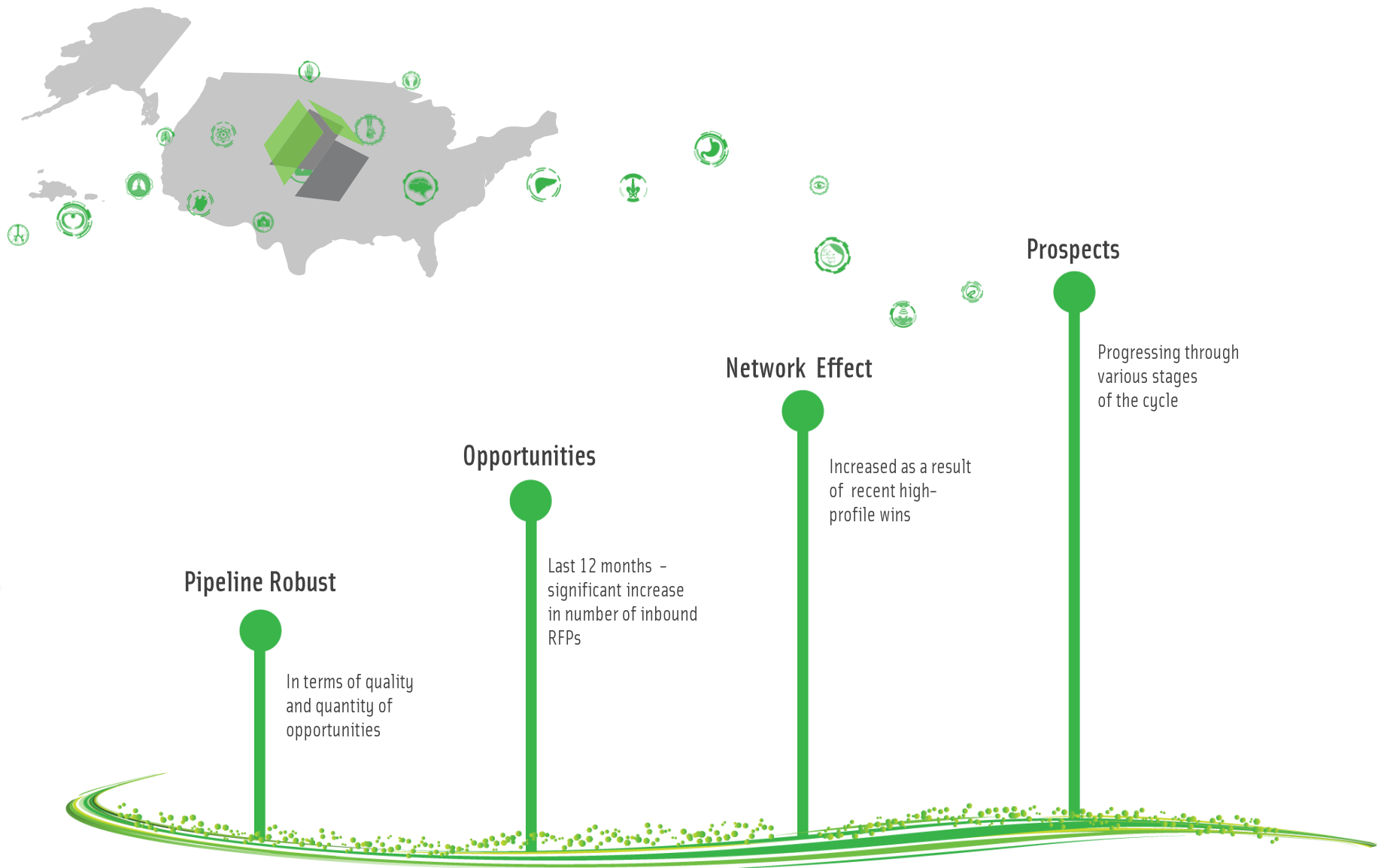
Breast Density AI

AI

ACCELERATOR

- 1st diagnostic AI algorithm produced by Visage
- Developed in collaboration with renown breast imaging team at Yale
- Provides “on the fly” AI assessment of breast density
- To be previewed at RSNA 2019 as WIP
- A model for future collaboration with other academic institutions

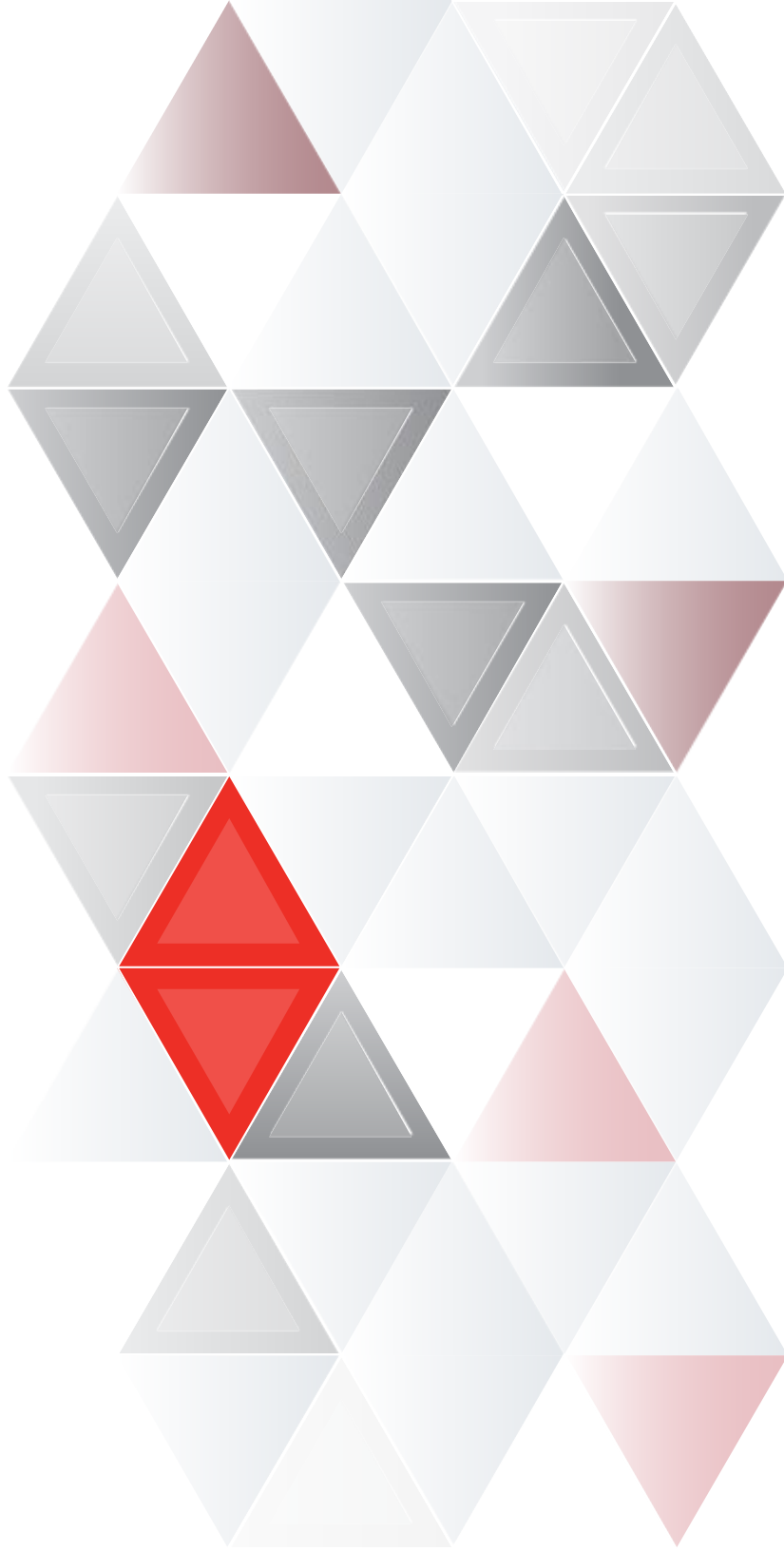
NORTH AMERICAN PIPELINE



RSNA – Chicago

December 1st - 5th

- De facto world radiology conference ~ 60,000 attendees
- Largest Visage presence to date
- Record number of pre-booked meetings
- Looking to leverage network effect of recent high-profile wins
- Visage to showcase latest product releases and new AI offerings
- Shaping up to be “our biggest and best”



THANK YOU – AGM
NOVEMBER 2019