H1 FY2016 post-result roadshow

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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

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
  - 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

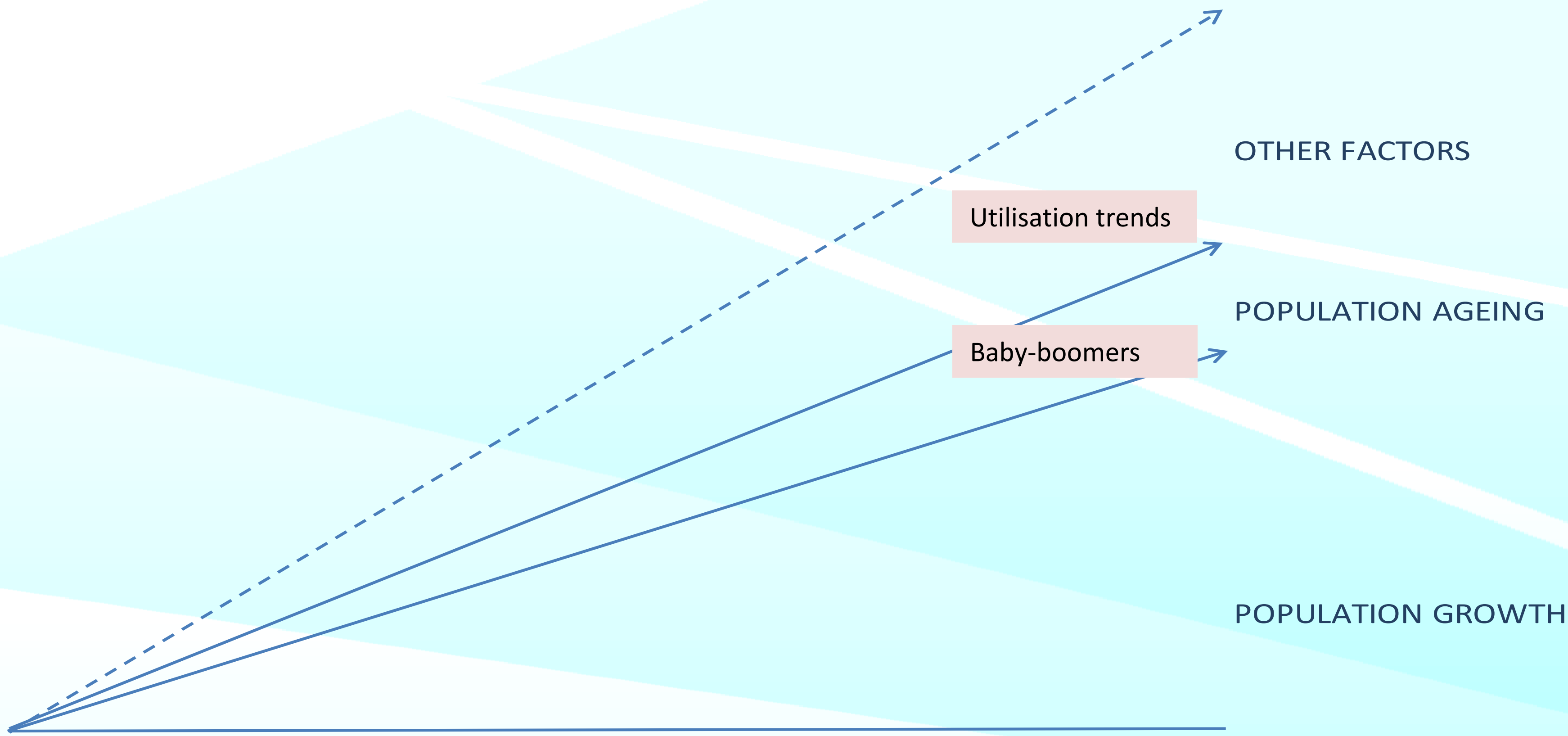
DELIVERING ON GROWTH STRATEGY

- 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

IH16 INDUSTRY THEMATICS

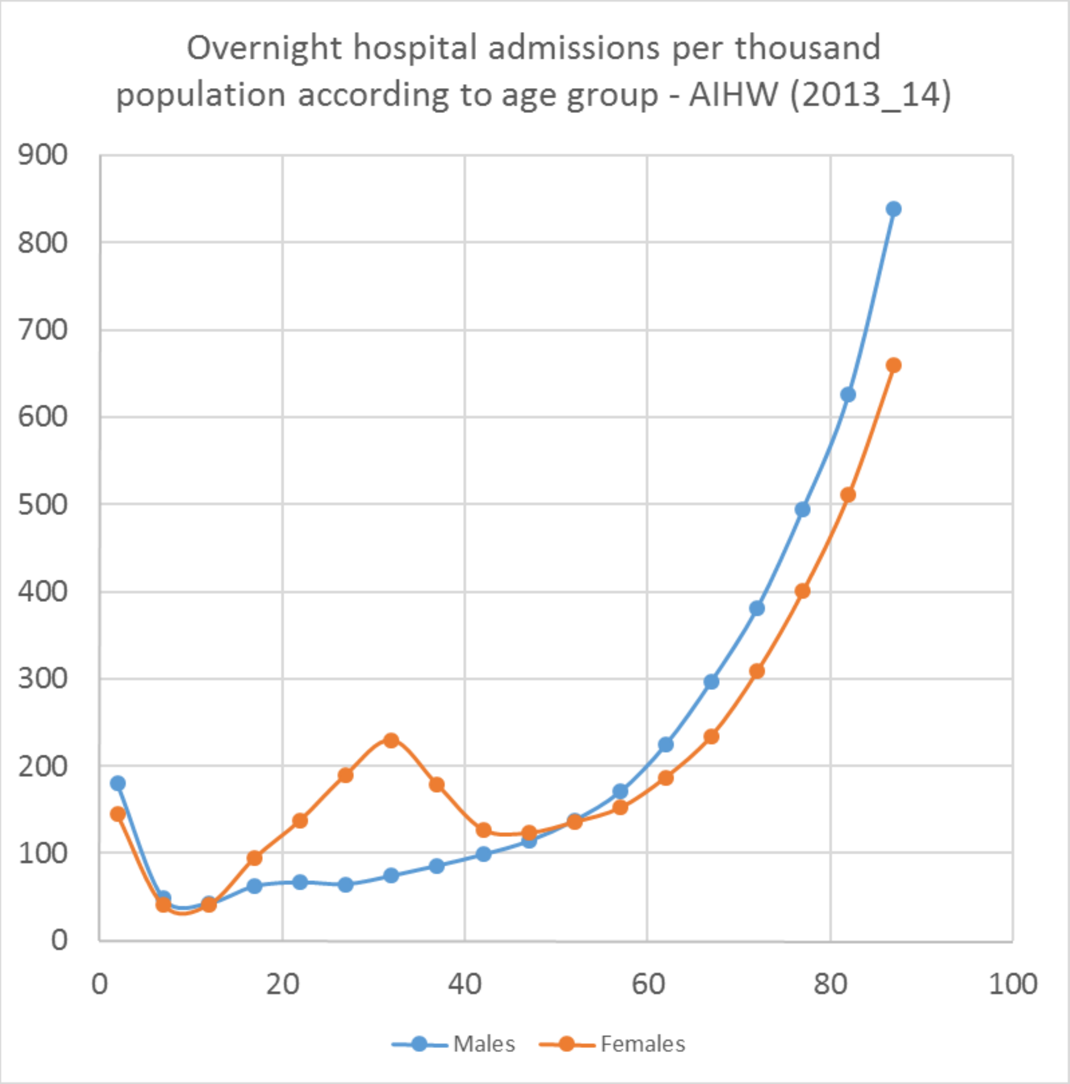
- Uncertainty created by Government announcements and related media coverage
  - Medicare Benefits Review and Mid-Year Economic and Fiscal Outlook
- Resultant changes in referral patterns (experienced across industry) impacted patient examination volumes earlier than anticipated and lowered revenue in 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, MYEFO proposal 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

LONG TERM INDUSTRY THEMATICS REMAIN



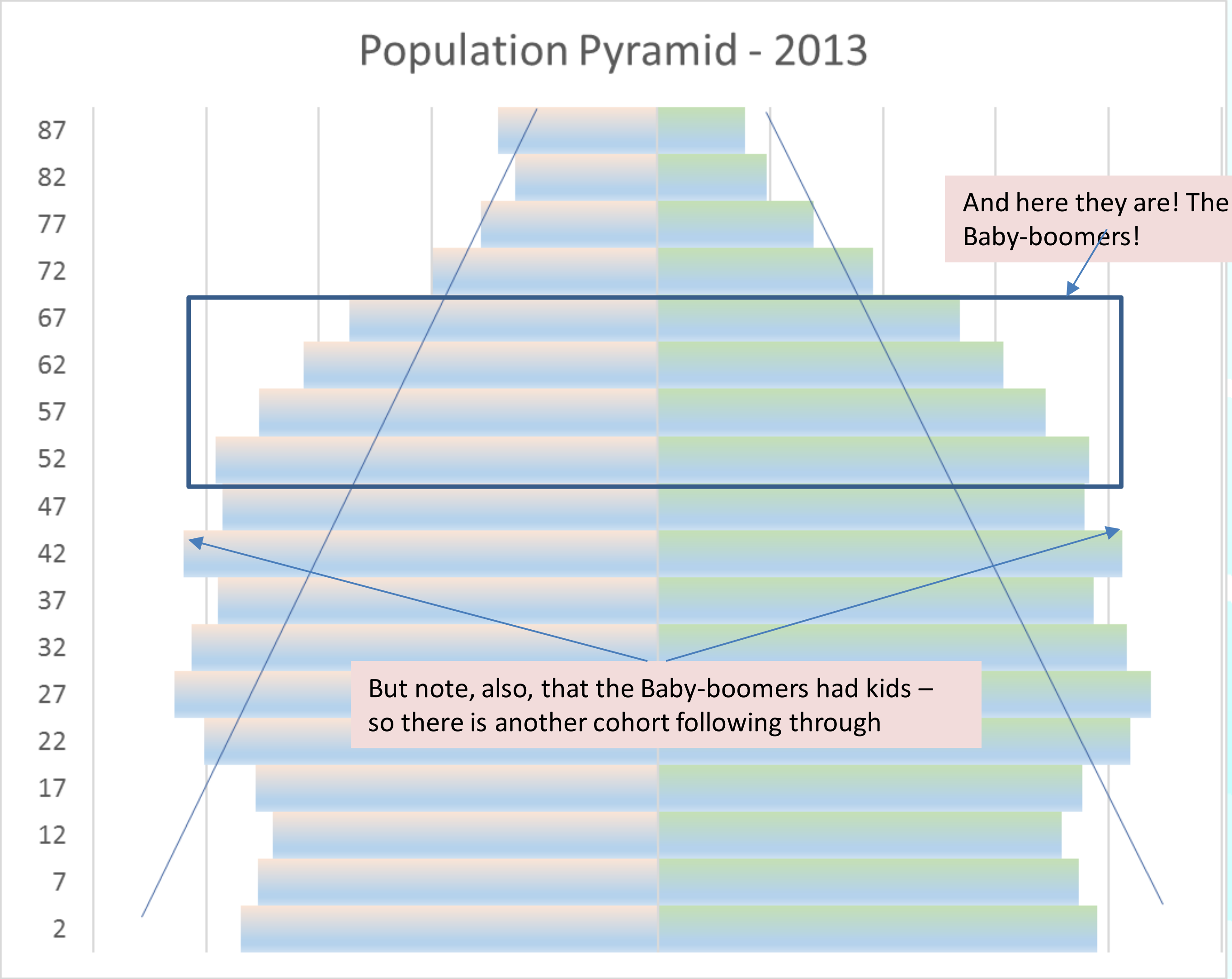
Source: Hardes & Associates

LONG TERM INDUSTRY THEMATICS REMAIN
ADMISSION RATES INCREASE RAPIDLY WITH AGE



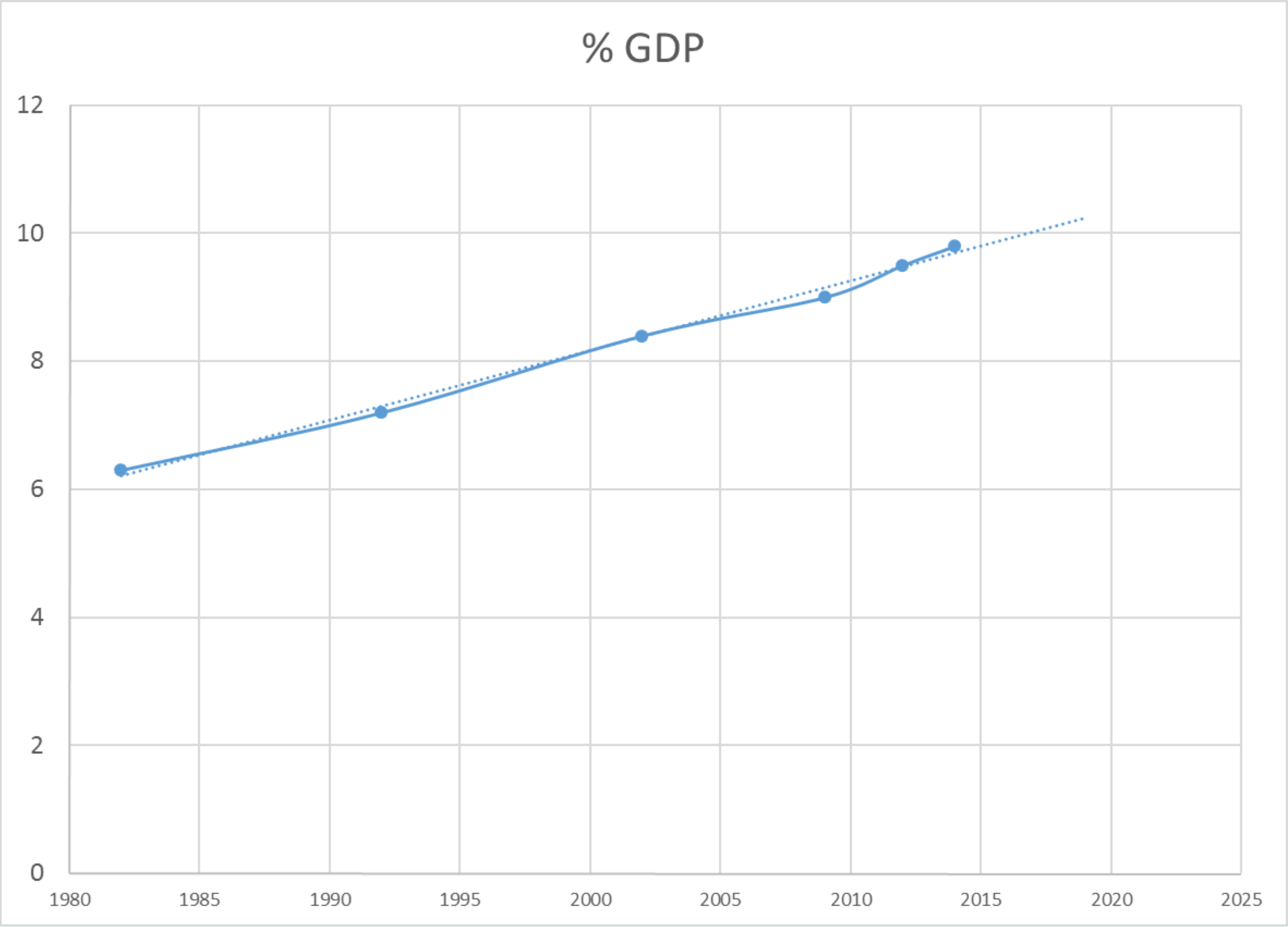
Source: Hardes & Associates

Long term industry thematics remain
Here come the baby boomers



Source: Hardes & Associates

LONG TERM INDUSTRY THEMATICS REMAIN
AUSTRALIAN HEALTHCARE SPEND AS % OF GDP



Source: Hardes & Associates

LONG TERM INDUSTRY THEMATICS REMAIN

AUSTRALIAN SPEND IS ONE OF THE LOWEST

Source: Hardes & Associates

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 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
  - 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

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