FY16 Results

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FY16 SNAPSHOT

FY16 FINANCIAL PERFORMANCE

- Results in line with FY16 guidance provided at the time of our 1H16 results
  - 2H16 financial performance above 1H16
  - FY16 Prospectus forecast not achieved due to slower industry growth following unforeseen changes to industry referral patterns
- Statutory FY16 result
  - Revenue up 10.9% to $167.8m
  - EBITDA up 19.4% to $28.2m
  - NPAT up 137.0% to $11.4m
- Pro forma[1] FY16 result reflected resilience of business against short term industry headwinds
  - Revenue up 4.9% to $167.8m
  - EBITDA up 0.9% to $34.9m
  - NPAT up 5.1% to $16.6m
  - NPATA up 4.9% to $17.0m
- Strong balance sheet; conservative gearing with net debt at 1.3x pro forma EBITDA
- Maiden dividend of 4.0cps fully franked for 2H16

Note: All movements in revenue and earnings are relative to the 12 months ended 30 June 2015

1. Refer reconciliation in Appendices

FY16 INDUSTRY THEMATICS

- Uncertainty created by Government announcements and related media coverage impacted referral patterns and patient examination volumes from Nov 2015, with behaviour stabilising in 2H16 but not fully recovering
- Despite industry headwinds IDX was able to grow volume by 4.8% in FY16 vs. industry growth of 3.7% (Medicare statistics for the states in which IDX operates)
- Improved regulatory outlook in FY17
  - Government has delayed previously flagged changes to bulk-billing incentives to allow for an independent evaluation to be carried out and outcomes implemented
  - Government prepared to invest up to $50m per annum back into the system if bulk-billing incentives change
  - Any changes to bulk billing would need to be ratified in the Senate
  - First time since 1998 diagnostic imaging indexation will be tied to GP indexation which is anticipated to resume in 2020
- IDX remains well positioned to adapt to future change
  - Diverse revenue base
  - Focus on higher value and more complex modalities
  - Large referral network

FY16 OPERATIONAL ACHIEVEMENTS

- **Growth consistent with IDX's key strengths in hospital and higher value modalities**
  - Announced acquisition of Western District Radiology and the remaining 50% interest in South West MRI Pty Ltd
  - New site at Sunbury from April 2016
    - > Comprehensive site and only current provider of MRI services in the Sunbury region
  - Contributed to the refurbishment of facilities and expanded services with installation of additional MRI at SJOG Hospital Geelong
  - Signed new long term contract for Bunbury Hospital (WA)
  - Relocated to new premises at Ocean Grove (VIC) in Dec 15 providing increased capacity to meet growing demand in the Bellarine Peninsula region
  - Continued to invest in state of the art equipment, both to expand services and replace existing equipment
  - New premise at Toowoomba (Queensland) opened in Dec 15 offering an expanded range of services
    - > Technologically advanced site and the only provider to have both 1.5T and 3T MRI systems.

GE Excite 1.5T MRI installed in Sunbury in April 2016

Installation of 3T Wide Bore MRI to Darling Downs Radiology Toowoomba

STRATEGIC ACQUISITION CONSISTENT WITH GROWTH STRATEGY

integral DIAGNOSTICS

- Acquired Western District Radiology and the remaining 50% interest in South West MRI
    - Long term lease and existing strong working relationship with St John of God Hospital
    - Revenue of the two businesses is $4.3m and EBITDA of $1.2m p.a.
    - **Complements IDX's strengths** being located in a regional market, at another St John of God hospital and can act as feeder site
    - **Earnings accretive** from FY17 and low integration risk

- IDX continues to assess prospective acquisition opportunities that aligns with our strategic growth criteria

Western District Radiology

FY16 Financial Performance

TOP LINE GROWTH DESPITE INDUSTRY SOFTNESS

$ millions, June	Pro forma FY16	FY15	Change ($m)	Change (%)
Total revenue	**167.8**	**160.0**	**7.8**	**4.9**
Total expenses	(132.8)	(125.4)	7.4	5.9
EBITDA	**34.9**	**34.6**	**0.3**	**0.9**
Depreciation	(8.1)	(8.5)	(0.4)	(4.7)
EBITA	**26.8**	**26.1**	**0.7**	**2.7**
Amortisation	(0.6)	(0.6)	-	-
EBIT	**26.2**	**25.4**	**0.8**	**3.2**
Net finance costs	(2.8)	(2.9)	(0.1)	(3.4)
Profit before tax	**23.4**	**22.5**	**0.9**	**4.0**
Tax expense	(6.9)	(6.7)	0.2	3.0
NPAT	**16.6**	**15.8**	**0.8**	**5.1**
Add back: Amortisation	0.4	0.4	-	-
NPATA	**17.0**	**16.2**	**0.8**	**4.9**

- Revenue up 4.9% to $167.8m reflecting:
  - MRI, CT & XR volume growth above industry (Medicare data)
  - Organic growth across all businesses
  - Short term industry uncertainty reduced referral patterns from November 2015
- Expense growth in line with budget and Prospectus forecasts. Includes impact of:
  - Full year impact of new radiologists employed late FY15
  - Investment in staff and systems to support future growth

Strong Balance Sheet

Conservative gearing

- Net debt 1.3x to pro forma FY16 EBITDA
- Intangible assets of $97.7m relate to goodwill and brands, which are tested at least annually for impairment. Balance also includes customer contracts which are amortised over time

Maiden dividend declared

- 4.0 cps fully franked for 2H16
- Intention to target a dividend payout ratio of 65% to 75% of NPATA
- Dividends will be franked to the maximum extent possible

$ millions	Actual 30 Jun 16
Cash and cash equivalents	23.6
Trade and other receivables	5.5
Other current assets	2.8
Total current assets	**31.9**
Property, plant and equipment	46.6
Intangible assets	97.7
Deferred tax asset	4.8
Total non-current assets	**149.2**
Total assets	**181.1**
Trade and other payables	10.4
Current tax liabilities	1.1
Borrowings	6.8
Provisions	9.5
Total current liabilities	**27.8**
Borrowings	61.8
Provisions	7.3
Other non-current liabilities	0.4
Total non-current liabilities	**69.4**
Total liabilities	**97.2**
Net assets	**83.9**

INVESTING FOR GROWTH

- Total CAPEX of $17.5m for FY16
  - Maintenance capex as planned and additional growth capex given opportunities to drive sustainable long term growth
- New equipment investment of $10.9m
  - New MRI units (one each at SJOG Hospital Geelong & Toowoomba plus relocated unit to Sunbury)
  - New state of the art equipment to expand services and replace ageing equipment
- New site investments of $4.2m
  - New premises at Toowoomba, Ocean Grove & Sunbury to meet growing demand in key catchment areas
- Other investments of $2.4m – delivery of IT strategy and minor capex

HIGH FREE CASH CONVERSION

$ millions, June year end	Pro forma FY16	FY15
EBITDA	**34.9**	**34.6**
Non-cash items in EBITDA	0.1	0.5
Changes in working capital	(0.5)	1.2
Maintenance and replacement capex	(9.4)	(7.2)
Free cash flow	**25.1**	**29.0**
Growth capital expenditure	(7.8)	(2.7)
Net cash flow before financing and taxation	**17.3**	**26.4**
Free cash flow / EBITDA	71.9%	84.0%

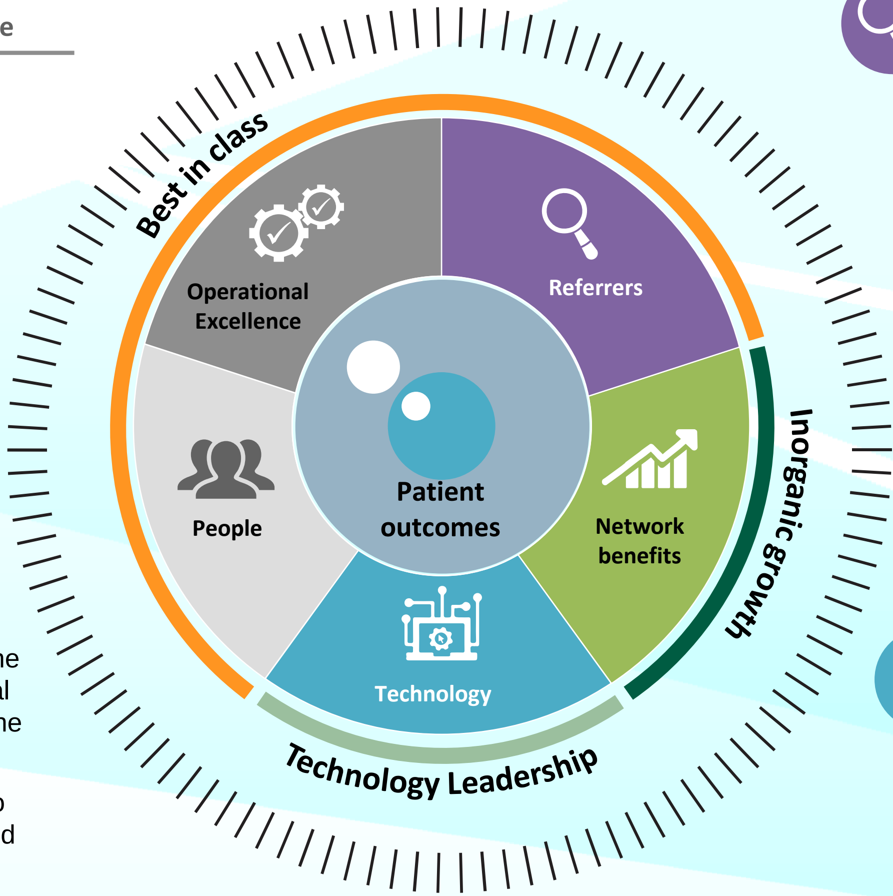
- Free cash flow conversion % is tracking lower than FY15 due to investment in maintenance and replacement capex reflecting replacement profile of equipment
- Growth capital expenditure is mostly related to additional equipment at new Toowoomba and Sunbury sites, installation of additional MRI at SJOG Geelong and associated building works.
- Note $17.5m total capex includes $0.3m non cash capex resulting in $17.2m capex in cash flow statement

Growth strategy & Outlook

PRIORITIES & VALUE PROPOSITION

Operational Excellence

- Improved patient outcomes at a reduced cost-to-serve



Referrers and Patients

- Deliver best in class needs-driven service for our referrers and patients:
  - most trusted
  - seamless interface
  - value add services

Network benefits

- Deliver a step change in EBITDA growth through expanding the network
- Realise value from existing and future acquisitions through deployment of best in class systems and processes

People

- Develop and retain the best clinical, technical and support staff in the industry
- Enable our doctors to be the most respected in the industry
- Create a safe workplace for all staff

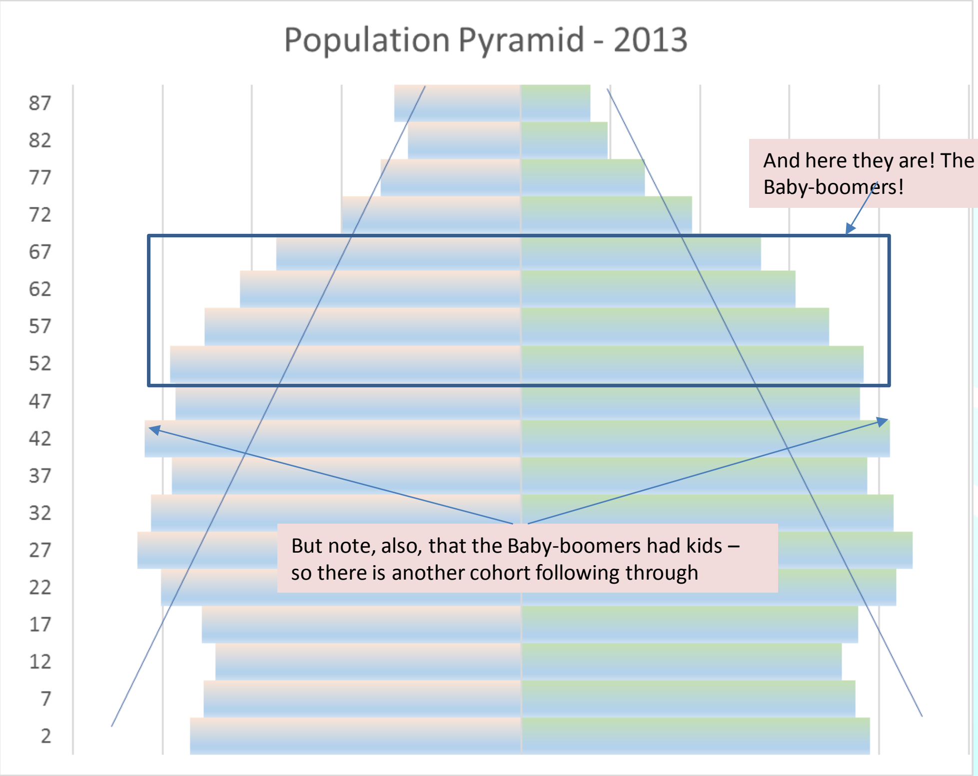
Technology

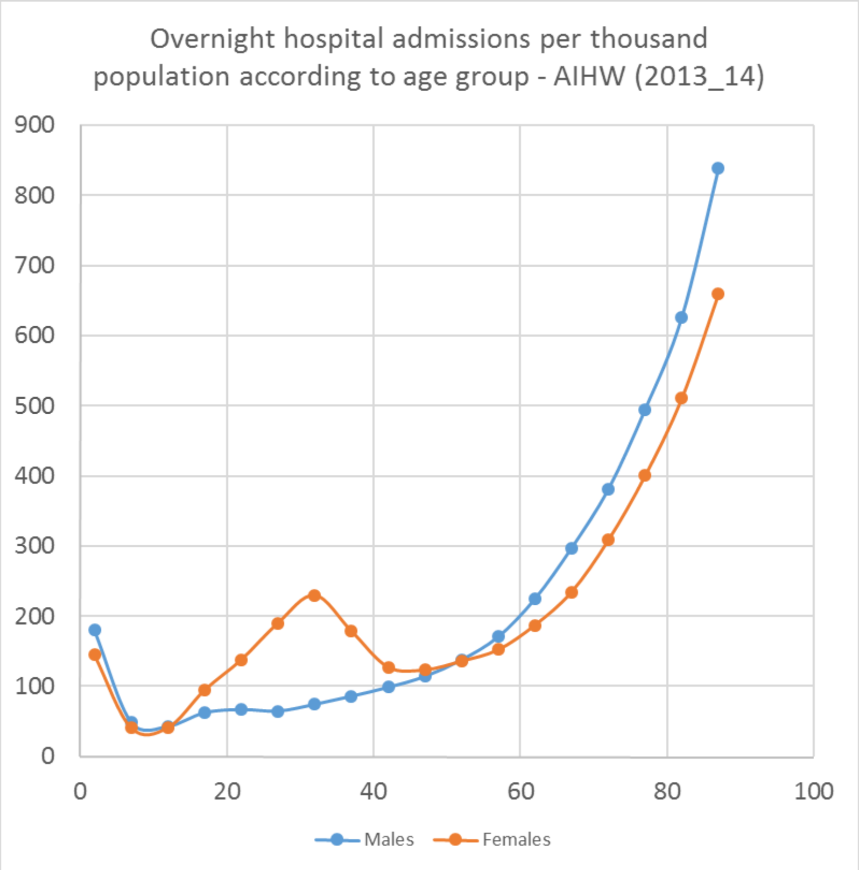
- Be a leading DI technology innovator to enhance service quality and efficiency for referrers and patients, while reducing cost to serve

Delivering on Growth Strategy

- Investing in expanded capacity
  - New sites in the growing regional centres at Toowoomba (Queensland) and Ocean Grove (Victoria)
  - Improved range of services and increased patient examination volumes
- Investing in our professional staff
  - 3 fellows and 1 registrar; additional fellow and nuclear medicine registrar to start in FY17
  - Remuneration model to attract and retain highly skilled staff and maintain the highest quality outcomes for patients and referrers
- Investing in technology
  - New comprehensive site and expanded range of services at Sunbury including the only MRI in the region
- Investing in acquisitions
  - Acquired Western District Radiology business and the remaining 50% interest in South West MRI
  - Continuing to evaluate opportunities that are a good fit and earnings accretive

INDUSTRY THEMATICS





- As the baby boomers move through their 60's and beyond, they increase demand on the health system.
- The inflection point where hospital usage grows exponentially is upon us resulting in a lasting demand shift for supply of high quality healthcare
- Being able to service this opportunity requires investment in systems, equipment and capacity

Source: Hardes & Associates

SATISFYING GROWING DEMAND FOR SERVICES

Building network capacity

+

Patient & referrer outcomes

Cost to serve

=

Shareholder value

- Network capacity increase required to meet anticipated demand increase as baby boomers and their children work their way through the health system
- Asset utilisation improvement through workflow and technological applications
- Improved outcomes strengthens referrer networks and enhances community value proposition
- Need to reduce costs via efficiencies to deliver required margins given diagnostic imaging is reliant on people to deliver its service
- Focus on technology will support additional network capacity, improve patient and referrer outcomes, and reduce cost. This will deliver sustainable long term value for IDX shareholders

Market Outlook

- We expect referral and examination volumes to recover over time
  - Changes to bulk billing postponed and pending an independent evaluation
    - If implemented, Government commitment to reinvest up to $50m per annum in industry
  - Proposed reintroduction of indexation for diagnostic imaging Medicare rebates, a first since 1998, to coincide with GP indexation
- Long term demand thematics remain unchanged and underpin attractive future growth opportunities
  - Growing and ageing population requiring greater healthcare support
  - Community expectations for higher quality healthcare and diagnosis continues to rise.
  - New imaging technologies will drive efficiency and aid diagnosis

Company outlook for FY17

- We expect to generate a modest improvement in FY17 revenue and earnings when compared to FY16
  - Examination volume growth to recover over time
  - Continued investment in technologies, sites, infrastructure and people to ensure IDX can:
    - > support longer term demand for greater healthcare support
    - > increase service levels through the use of technology to improve outcomes and deepen referrer and patient relationships
  - Continue a disciplined approach to acquisitions such as Western District Radiology and the remaining 50% interest in South West MRI

QUESTIONS

APPENDIX 1: STATUTORY / PRO FORMA RECONCILIATION

FY16 FINANCIAL RESULT

	FY16		FY 16 Prospectus
$ millions, June	Statutory	Pro forma	Pro forma forecasts
Total revenue	167.8	167.8	169.9
EBITDA	28.2	34.9	37.3
EBITA	20.1	26.8	29.1
EBIT	19.5	26.2	28.4
NPAT	11.4	16.6	17.9
NPATA	11.8	17.0	18.3
Net Debt	44.9	44.9	
EPS (cents)	8.2	11.9	

- As guided in 1H16 results, IDX did not meet forecast projections due to a unforeseen exogenous change in referral patterns that negatively impacted the IDX business and industry post IPO

PRO FORMA RESULTS RECONCILIATION

$ millions, Dec	Note	FY16	FY15
Actual NPAT		**11.4**	**4.8**
Impact of Acquisitions	[1]	0.0	1.3
Listed company expenses	[2]	(0.3)	(1.1)
Transaction costs expensed	[3]	7.0	9.5
Change in financing structure and financing costs	[4]	0.3	1.3
Income tax impact		(1.8)	0.0
Pro forma NPAT		**16.6**	**15.8**

1) To reflect full year impact of South Coast Radiology in 1HFY15
2) Listed expenses of $0.3m and $1.1m 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

	Statutory			
$ millions, June	**FY16**	**FY15**	**Change ($m)**	**Change (%)**
Total revenue	**167.8**	**151.2**	**16.6**	**10.9**
Total expenses	**(139.5)**	**(127.6)**	**11.9**	**9.3**
EBITDA	**28.3**	**23.6**	**4.7**	**19.4**
Depreciation	(8.1)	(8.0)	0.1	1.3
EBITA	**20.2**	**15.7**	**4.5**	**28.7**
Amortisation	(0.6)	(0.6)	0.0	0.0
EBIT	**19.5**	**15.1**	**4.4**	**29.7**
Net finance costs	(3.1)	(4.1)	(1.0)	(24.4)
Profit before tax	**16.5**	**10.9**	**5.6**	**50.5**
Tax expense	(5.1)	(6.1)	(1.0)	(16.4)
NPAT	**11.4**	**4.8**	**6.6**	**137.0**
Add back: Amortisation	0.4	0.4	0.0	0.0
NPATA	**11.8**	**5.2**	**6.6**	**127.0**

- Strong sales growth boosted by full impact of revenues from South Coast Radiology
- Expensed transactional costs of $7.0m in FY16 mostly related to IPO
- Expensed transactional costs of $10.0m in FY15 mostly related to South Coast Radiology transaction (August 2014)

APPENDIX 2: IDX'S 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)

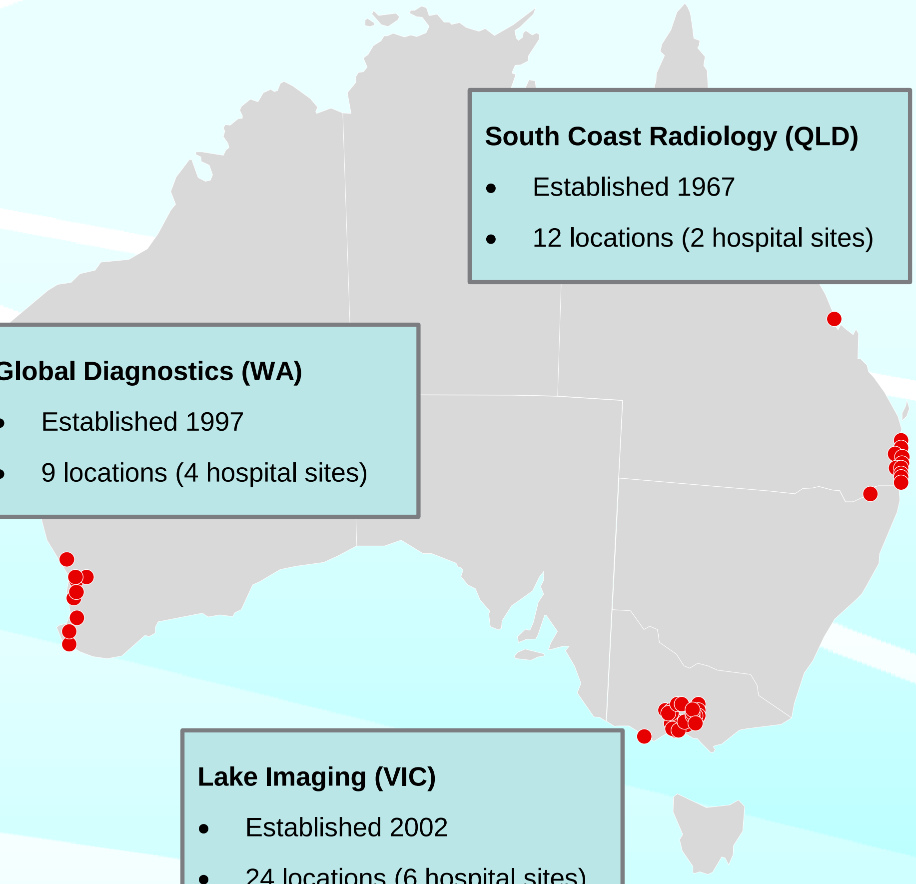
Clinical report

(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



South Coast Radiology (QLD)

- Established 1967
- 12 locations (2 hospital sites)

Global Diagnostics (WA)

- Established 1997
- 9 locations (4 hospital sites)

Lake Imaging (VIC)

- Established 2002
- 24 locations (6 hospital sites)

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

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