



Chairman's Address

AGM

November 2017

CHAIRMAN'S REPORT

Overview

The Board has continued to follow its broad strategic plans which have provided the company with strong growth and improved profitability during the last financial year.

The company is in an excellent position to continue to capitalise on the increasing global and local opportunities that present themselves.

The Board and management are guided by our underlying commitment to continue investment in our best of breed suite of innovative products - to maintain market leadership, which we believe is fundamental to your company's success.

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.

Although we didn't announce any new customer gains in North America or Europe last financial year it was pleasing to gain a significant new RIS customer in Australia. We did however very successfully implement a number of previously announced contracts in North America which has added significant ongoing revenue for the company.

There are a number of new opportunities, particularly in North America, that management is pursuing which hopefully will soon add to our client base. These opportunities are in various stages of negotiation with some reasonably well advanced.

The Primary Health Care RIS deal will further enhance our revenues when implementation commences in the first half of next calendar year. This contract vindicates the significant investment that we have made in our new RIS platform and confirms our leading position in the Australian market.

Long Term Incentive Plan

The Long Term Incentive Plan was introduced in 2011 and was renewed in 2014. This plan has served the company well and has assisted in retaining almost all of our key executives. As I indicated last year, with the assistance of remuneration consultants we revised the terms of the plan to make it more in keeping with the plans of other like companies. Whilst this hasn't resulted in any material changes to total remuneration we believe it will better serve the company and its Key Management Personnel into the future.

A resolution is proposed to extend the plan for a further three years which will be put to a vote later in the meeting and I trust that you will support the resolution.

Directors

As the business continues to grow a range of diverse opportunities are being presented to the company. These are principally in the areas of research collaborations and licensing of software both inwards and outwards.

In keeping with our strategic objective of diversifying and strengthening the skills of the Board we undertook a search for a suitably qualified additional Non- Executive Director to assist in the areas of need.

We were delighted to secure the services of Dr. Leigh Farrell who was appointed to the Board effective 8 September 2017. Leigh has attended two Board meetings to date and is already making a positive contribution.

As you are aware Leigh has offered himself for election and I trust that you will support the motion when it is put later in the meeting.

As was announced on 31 October 2017, Rod Lyle has indicated his intention to retire from the Board at the close of this meeting. I will make some comments at the close of the meeting in relation to his contribution to the success of the Company and will allow him to respond at that time.

Financial Results

The financial results for the 2017 financial year recorded another healthy increase in net profit after tax (2017 \$9.321 million: 2016 \$6.368 million or 46%). This result was a record for the company and a wonderful reward for maintaining our strategic focus and has been achieved after making the necessary ongoing investments for future growth.

The result was unfortunately negatively impacted by significant foreign currency losses (\$0.777million before tax and \$0.544 million after tax). Whilst a proportion of those losses were unrealised the Board has taken measures to mitigate the effect of future currency fluctuations on the company's results.

The underlying profit for the year of \$9.87million after tax was up 53% on the previous year.

The Company continued to be cash flow positive with retained cash increasing from \$17 million to nearly \$23 million after paying an increased dividend.

The Board anticipates another strong year with the majority of growth occurring in the second half of the financial year. Results to date are largely in line with our expectations. Many of our previously announced contracts are progressively contributing to our revenues and we expect this trend to continue as the year unfolds.

Dividend Policy

The Board was pleased to increase dividend payments for the 2017 financial year to 4 cents per share with the final dividend of 2.5 cents being fully franked. This represents an increase of 33% over the previous year and a payout ratio of 44%. 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.

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.



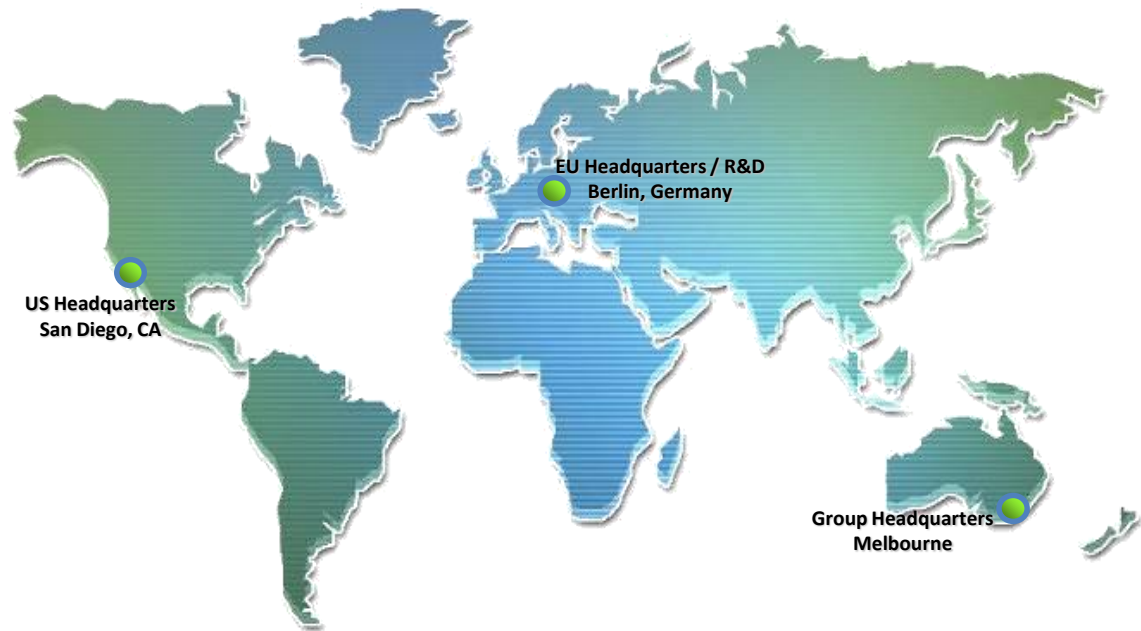
CEO Presentation AGM November 2017

Pro Medicus (ASX:PME)

Healthcare IT company specialising in Enterprise Medical Imaging and radiology information system (RIS) software.

Leading edge products, growing presence globally.

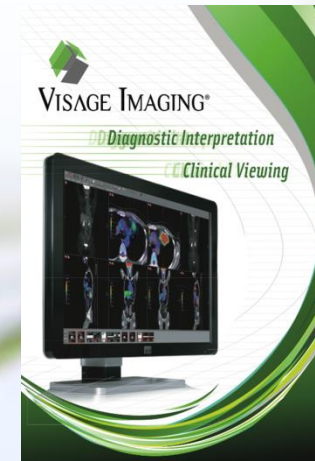
VISAGE



Over 40 Software Engineers

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

PME Ltd



Visage RIS *

Pro Medicus.net

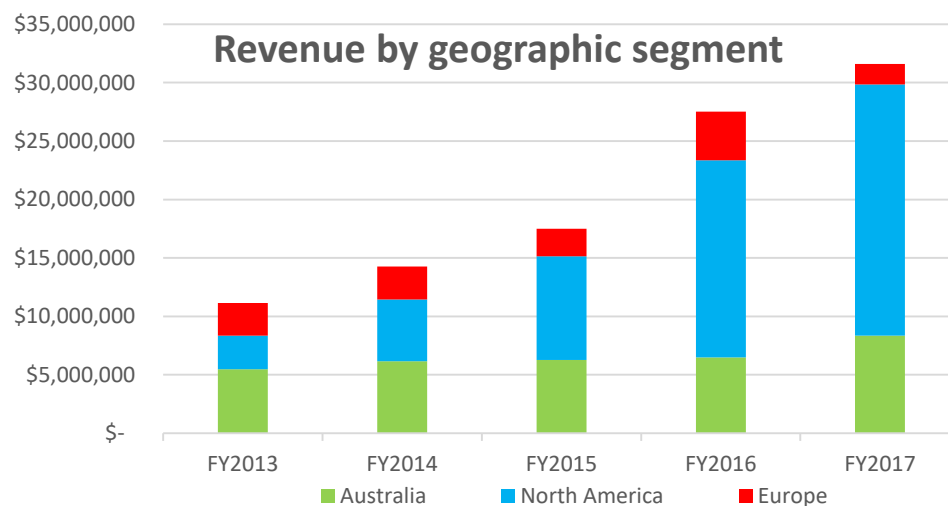
Visage 7 *
Product Suite

OEM

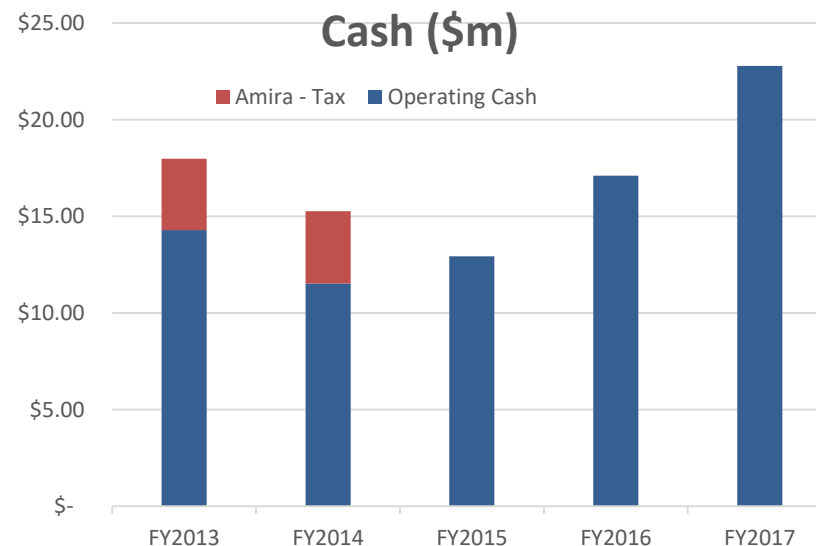
FY2017 Highlights - Financial Results

Revenue (\$m)	27.52	31.60	15%
Profit before tax (\$m)	9.50	13.41	41%
NPAT - reported (\$m)	6.37	9.32	46%
NPAT - underlying (\$m)	6.43	9.86	53%
Cash (\$m)	17.11	22.78	33%
EPS (cps)	6.30	9.10	44%
DPS (cps)	3.00	4.00	33%

Growth in North American business



Positive free cash flow in FY2017





FY17 Highlights

- Increased revenue from US contracts
- 5 year RIS contract with Primary Healthcare
- Contracted revenue over next five years increased to > AUD\$110 million
- Proven implementation capability
- Visage 7.0 - increasing momentum in US market
- Pipeline of Opportunities continued to grow
- Australian business continued to improve

Visage RIS – Market Leader

VISAGE RIS 

- Technology is leading edge
- Feedback from customers positive
- New clients purchasing Visage RIS & PACS
- Transition of user base nearing completion
- Large scale rollouts > 2,000 users on 1 system
- PME leader in the field

Visage RIS

Visage RIS - Dr R Simpson (rsna) visage2 (2) @ Visage General Hospital (ris.promed.com.au)

RECEPTION TECHNOLOGIST DOCTOR TRANSCRIPTIONIST SEARCH OFFICE CLAIMING SETUP

Recent | Dr R Simpson |

Appointments Requested Arrival Billing Banking

Region Northern Book Visage General Hospital

Tue, 17-Oct-2017 AM PM Patient Procedure Cancelled Blocked Reset 1 2

Visage X-ray rsn
Tue, 17-Oct-2017
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Visage CT rsn
Tue, 17-Oct-2017
08:30 AM
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10:30 AM SMITH, Mr John: C...
11:00 AM
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12:00 PM Lunch
12:30 PM Lunch
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02:00 PM Non Contrast
02:30 PM
03:00 PM
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04:00 PM
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Visage US Room 1 rsn
Tue, 17-Oct-2017
08:00 AM TEST, Mr Roger: U...
08:15 AM Test 43.607...
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Visage US Room 3 rsn
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Visage Mammo rsn
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11:15 AM

Edit Appointment

APPOINTMENT Mr John SMITH FOLIO 10.645 ACCESSION 10.1270

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

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
(03) 1212-1211

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 - Australia

VISAGE RIS 

- HIS (Primary) - one of the largest diagnostic imaging service providers
- Visage RIS to be deployed in 141 practices
- 5 year transaction based agreement
- Rollout to commence 2nd half FY2018
- Upside as HIS grows
- Repositions PME as clear market leader




Healthcare Imaging Services

Affordable | Accessible | Imaging

PRIMARY
HEALTH CARE LIMITED

Leading Edge Product Set – Visage Imaging **Still** Number 1 in Speed, Functionality, Scalability



VISAGE IMAGING®

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SPEED is everything.

Amazingly fast and designed for scale.

Visage Imaging provides enterprise imaging and advanced visualization solutions for diagnostic imaging.

[LEARN MORE](#)



SPEED

With speed, you can. Visage 7 is designed for amazing speed irrespective of the type, number or size of the studies required for display, freeing up precious time for you to do more.



FUNCTIONALITY

Expectations, exceeded. Visage 7 is the essence of sophistication and simplicity, harnessing a myriad of capabilities and delivered as a multi-dimensional enterprise viewer.



SCALABILITY

One for all. Architected for ubiquitous imaging, Visage 7 is the server-side platform that streamlines complexity, allowing even the largest organizations to stay ahead of the curve.

North American market



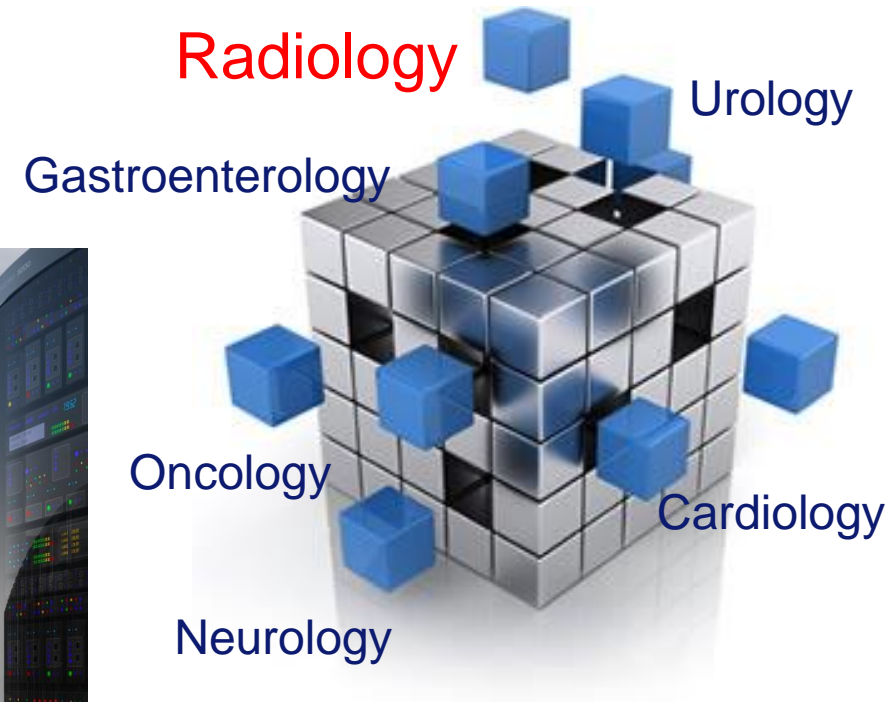
- PACS market estimated at > US\$2 billion pa and growing
- Expanding into Enterprise Imaging
- Paradigm shift to “deconstructed PACS” – best in breed approach
- Market fragmented - in process of consolidating
- Visage 7.0 – proven, market leading technology
- Company ideally positioned

Massive data explosion



- Higher image density - CT leaps from 64 slices to 256 and now 640
- 3.0T MRI – much larger dataset than 1.5T
- Functional Imaging e.g. PET scan often > 1.5 to 2 gigabytes
- Digital Breast Tomosynthesis (DBT) files can be over 4 to 6 gigabytes
- Prior examinations multiply the problem

“Deconstructed” PACS



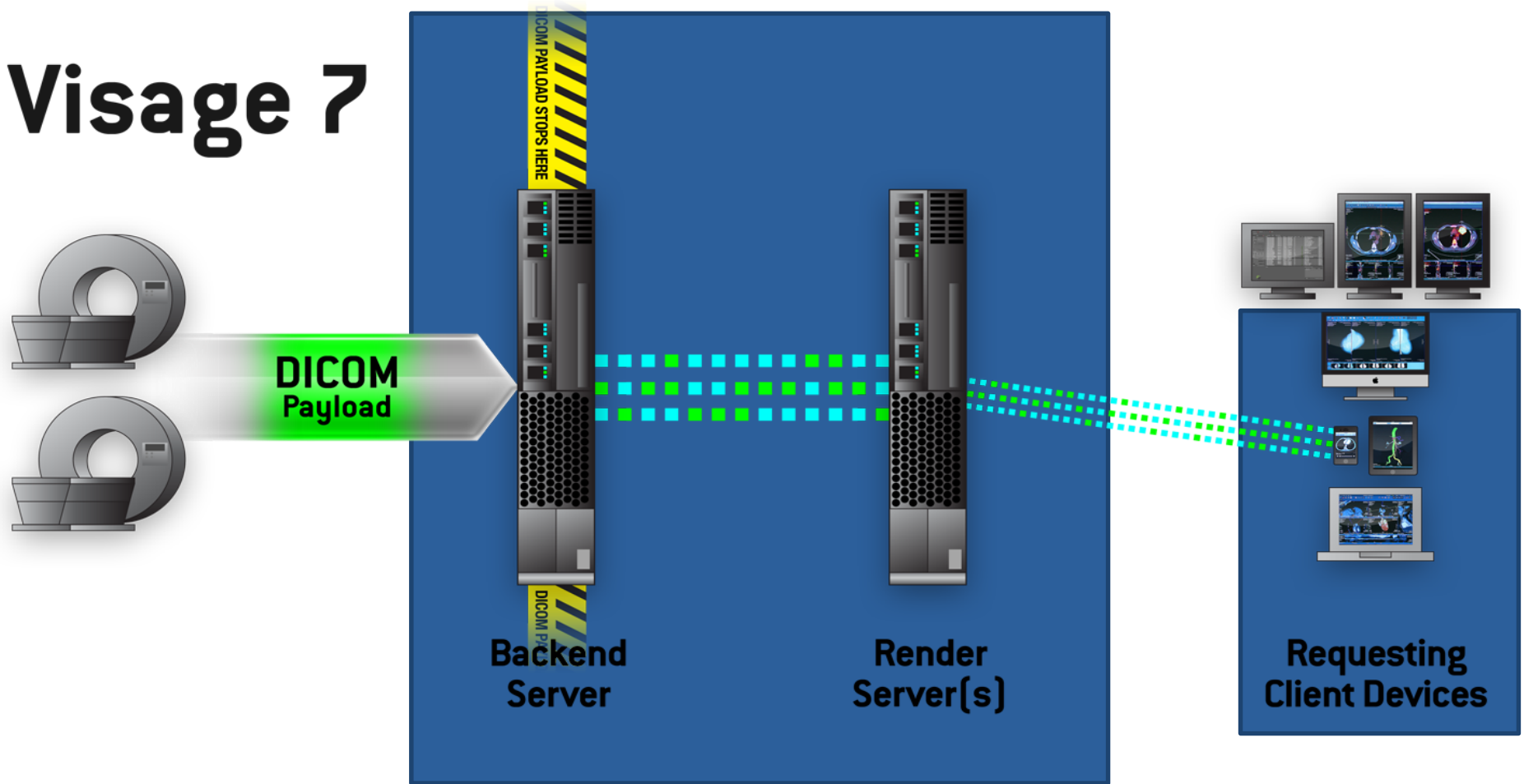
Electronic Medical Record (EMR)



- Mandated in US Hospitals by end of 2018
- Consolidates all hospital data – clinical and financial
- 90% of EHR is imaging data (by volume)
- Need all imaging data in one repository
- Driving adoption of VNA
- Need for a single Viewer for all images

Solution - Visage 7.0 Streaming Technology

Visage 7



Fast Track Implementation



- Proven fast track methodology
- 1/3 the time of industry norm
- Delivers huge savings for client
- Strategic advantage - key differentiator in the market
- Frees implementation staff for other jobs

Proven Results



- Significant IT and infrastructure savings
- Unparalleled radiologist efficiency
- Greater clinical accuracy
- Improved physician engagement
- Delivers superior value proposition

Growing Recurring Income Stream – Operational (Transaction) Model



- Alternative to capital model
- Favoured in recent US contracts
- Now used in RIS contracts in Australia
- Model based on guaranteed minimums
- Contracted minimums increase to > AUD \$110 million
- Upside as client examination volumes grow
- Annuity style revenue stream – greater predictability

Margin Expansion

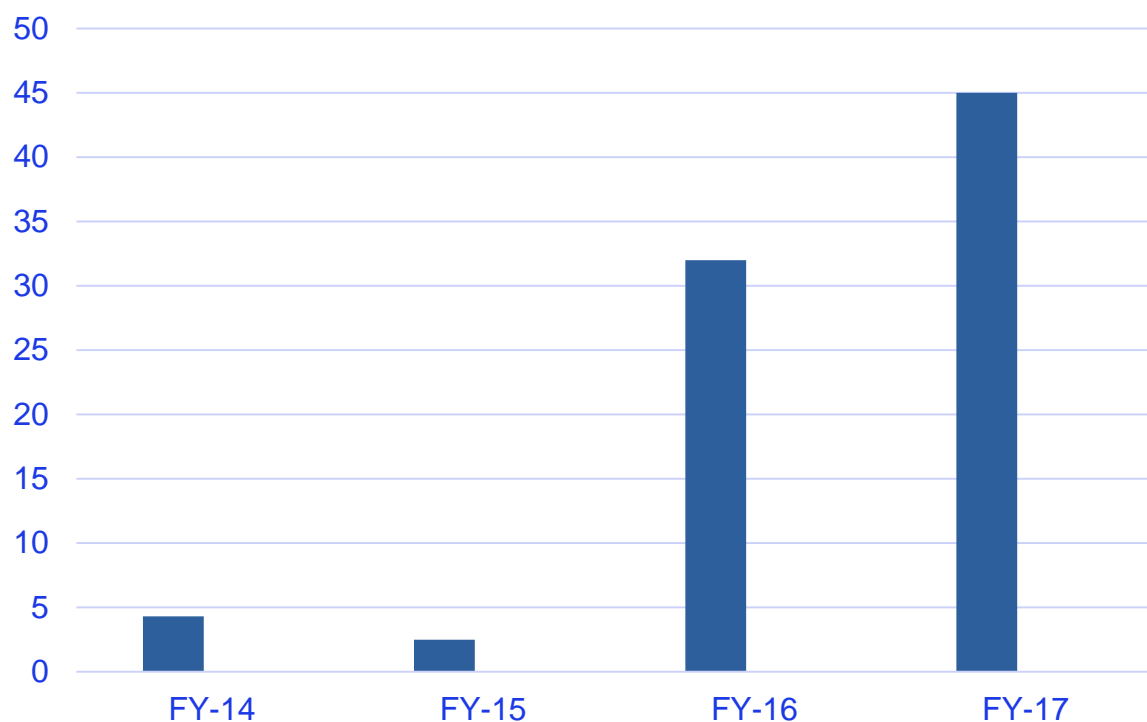


- Highly scalable offering
- No Capex (HW) – SW only model
- Training & Installation – charged as professional services
- Relatively fixed cost base
- Margin growth as footprint increases

Margin Expansion



EBIT Margins



Marketing - North America



Marketing - North America



- Building on the success of RSNA 2016
- Heavily booked demonstration schedule
- Record number of pre booked meetings
- Visage to exhibit at inaugural Deep Learning (AI) showcase



US Pipeline



- Multiple opportunities at various stages of cycle
- New opportunities – some at RFI/RFP stage
- Opportunities in both Private and Large Enterprise markets.
- Network effect from recent high profile wins
- Increasing number of opportunities coming to market

Growth Strategy



- Transaction growth from existing clients
- Expand current footprint - new clients
- New product offerings for existing clients
- Extend to other geographical markets
- Leverage R&D capability to introduce next generation products

New products – Visage 7 Open Archive



- Same highly scalable enterprise imaging platform used in Visage 7
- Modular design – interoperable in complex environments
- Currently used outside of North America
- Visage can offer choice of deconstructed or single vendor solutions
- Well placed for the North American archive market

New products - Enterprise Imaging

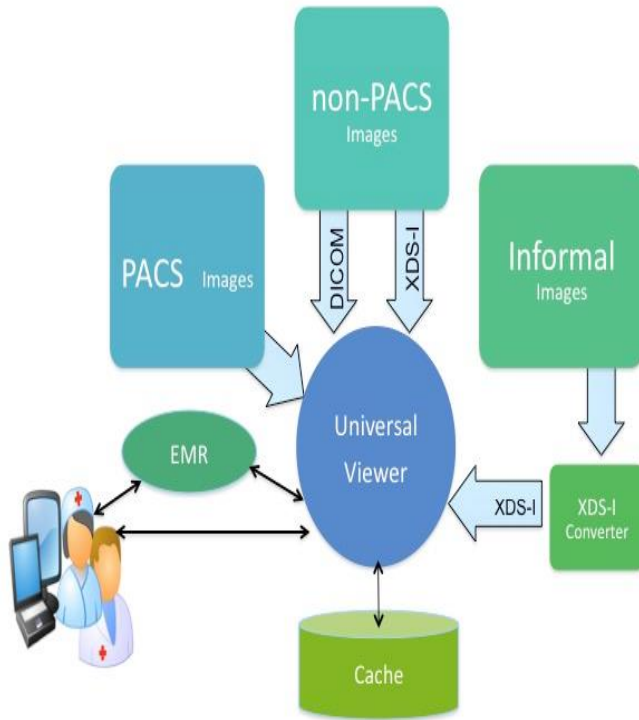
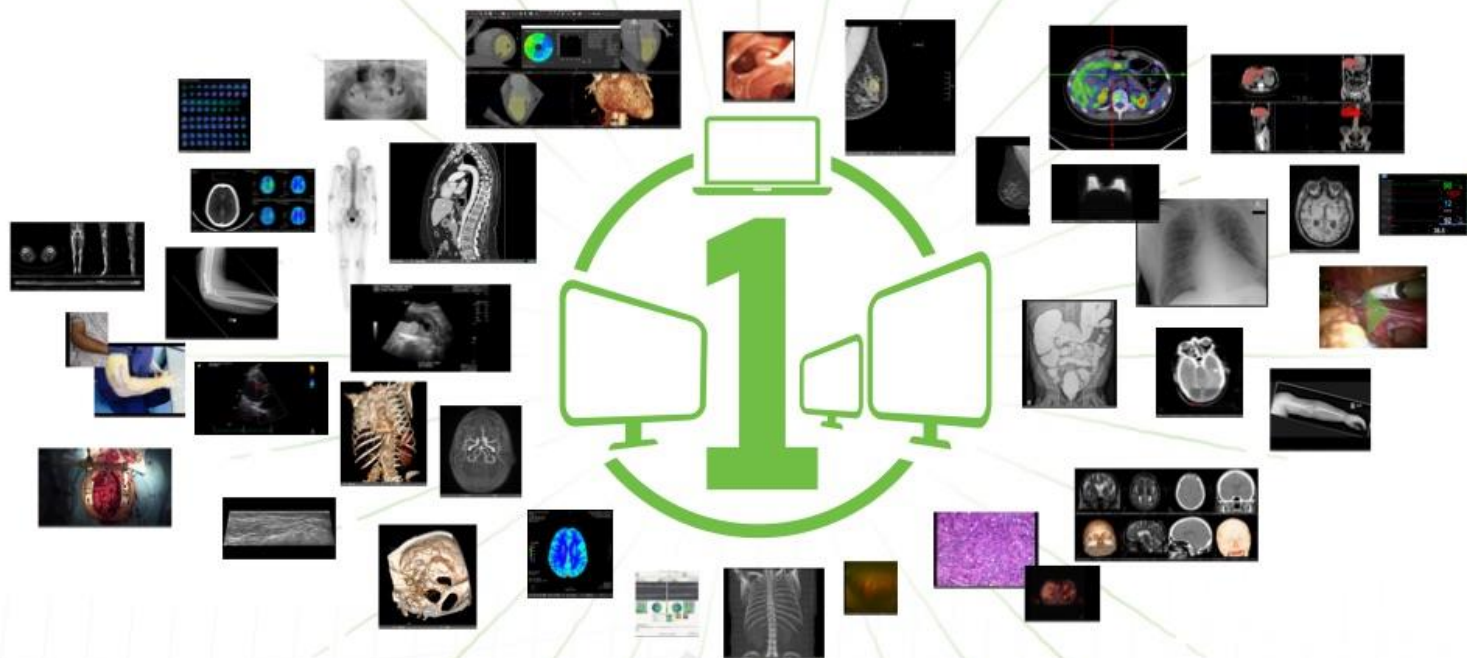


Image courtesy of Gray Consulting

- Single viewer for all images in the medical record (EMR)
- Radiology/Cardiology (DICOM format)
- Other “ologies” –neurology, ophthalmology etc
- Non radiology - reflected light - hi res photos & video
- Visage technology ideally suited
- Increases Visage value proposition
- Growth opportunity within existing contracts

1 ONE VIEWER ALL IMAGES



Diagnostic • Clinical • EHR • 3D • Cardiology • Breast Imaging • Specialties • Telerad
At Home/Remote • Non-DICOM • Visible Light • Multimedia • HD Video • Audio • QA

Enterprise Imaging

The screenshot displays the VISAGE Enterprise Imaging software interface, which is designed for multi-panel medical imaging. The interface includes a menu bar (File, View, Protocol, Tools, Help) and a toolbar with various icons for navigation and analysis. The main workspace is divided into several panels:

- Top Left Panel:** Displays patient information (MORGAN EDNA ANON, 43.374_1, * 1992-Jan-01 F 18Y) and MRI KNEE parameters (FOV: 190 x 190 mm², 2_tse_fs_tra_4mm_Kniespule, über das 2.Knie sag. 9.Ärtiger..., 13:53:44). It shows a series of 8 IMA 1 images with a zoom of 108%.
- Top Right Panel:** Displays patient information (VISAGE GENERAL HOSPITAL, SIEMENS Avanto, web web web) and MRI KNEE parameters (FOV: 200 x 200 mm², t1_se_cor_FIL, 13:31:40). It shows a series of 5 IMA 21 images with a zoom of 108%.
- Bottom Left Panel:** Displays patient information (MORGAN EDNA ANON, 43.374_1, * 1992-Jan-01 F 18Y) and MRI KNEE parameters (FOV: 186 x 186 mm², pd_tse_fs_rst_cor_FIL, 13:48:09). It shows a series of 7 IMA 21 images with a zoom of 108%.
- Bottom Right Panel:** Displays patient information (VISAGE GENERAL HOSPITAL, Visage Imaging, web web web) and MRI KNEE parameters (FOV: 186 x 186 mm², pd_tse_fs_rst_cor_FIL, 13:48:09). It shows a series of 4 IMA 21 images with a zoom of 108%.
- Attachments Panel:** Located at the bottom right, it shows a series of 4000 IMA 1 images with a zoom of 80%.
- Series Browser:** Located at the bottom left, it shows a list of series (2010-Sep-10 MRI KNEE) and their corresponding images.

Leverage R&D – Artificial Intelligence (AI)



- Visage well positioned to take advantage of this emerging technology
- Advanced image processing in Health is our “DNA”
- Visage 7 - an ideal visualization/processing platform for AI
- Growing academic/research focused client base
- Visage architecture uses GPU technology
- Visage to exhibit at inaugural Deep Learning (AI) showcase at RSNA 2017

Summary

- Unique market position
- Leading edge technology
- Proven implementation & support capability
- Delivers measureable financial benefits
- Meaningful improvement in clinical outcomes
- Unparalleled value proposition
- New products – Enterprise Imaging & Open archive
- Looking to further leverage R&D/Research capability – AI/Deep Learning





Thank you
AGM
November 2017