



FY17 results

Ian Kadish (MD & CEO)

Anne Lockwood (Interim-CFO)

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Profit & loss

\$ millions, June	FY17	FY16	Change (\$m)	Change (%)
Total revenue	179.7	167.8	11.9	7.1%
NPAT	15.5	11.4	4.1	35.9%
Add back: Amortisation	0.4	0.4	0.0	0.0%
NPATA	15.9	11.8	4.1	34.7%
<i>One off transactions net of tax</i>				
Transaction costs		(5.2)		
Impairment of asset and restructuring provision	(0.8)			
Fair Value gain on acquisition of SWMRI Joint venture	1.2			
EBIT prior to one off transactions	23.7	26.2	(2.5)	(9.5%)
EBITDA prior to one off transactions	33.5	34.9	(1.4)	(4.0%)
NPAT prior to one off transactions	15.1	16.6	(1.5)	(9.3%)
NPATA prior to one off transactions	15.5	17.0	(1.5)	(8.8%)

- Revenue up 7.1% to \$179.7m:
 - Recovery in referral patterns but impacted by competition
 - Additional revenue from capacity expansion (but capacity utilisation lags)
 - Full year contribution from South West MRI/Western District Radiology acquisition
- Expense growth consumed revenue growth driving NPAT decline of \$1.5m
 - Investing in staff and equipment to support capacity expansion
 - Additional \$10.1m in employee benefit expense and \$3.4m in depreciation, occupancy and equipment costs
 - On going investment in staff and systems \$1.2m
 - Reduced net finance costs \$0.6m and taxation \$0.6m
- Impairment and restructuring costs associated with set up and removal of the Port Hedland infrastructure for the mobile MRI (0.8m net of tax)
- FY17 dividend of 4.0cps fully franked, bringing the total FY17 dividend to 7.0cps fully franked**

Cashflow

\$ millions, June year end	FY17	FY16
Operating cashflows	22.7	24.1
Investing cashflows	(14.7)	(16.7)
Financing cashflows	(7.4)	6.6

- FY17 investing cashflows include SWMRI/WDR acquisition
- FY17 financing cashflows include \$10.2m of dividend payments
- FY16 financing cashflows include IPO proceeds

\$ millions, June year end	Underlying	
	FY17	FY16
EBITDA	33.5	34.9
Non-cash items in EBITDA	-	0.1
Changes in working capital	1.6	(0.5)
Maintenance and replacement capex	(11.1)	(9.4)
Free cash flow	24.0	25.1
Growth capital expenditure	(2.3)	(7.8)
Net cash flow before financing, acquisitions and taxation	21.7	17.3
Free cash flow / EBITDA	71.6%	71.9%

- Growth capex lower in FY17 v FY16 as 2 significant projects were deferred until FY18
- Normalised free cash flow conversion of 71.6%

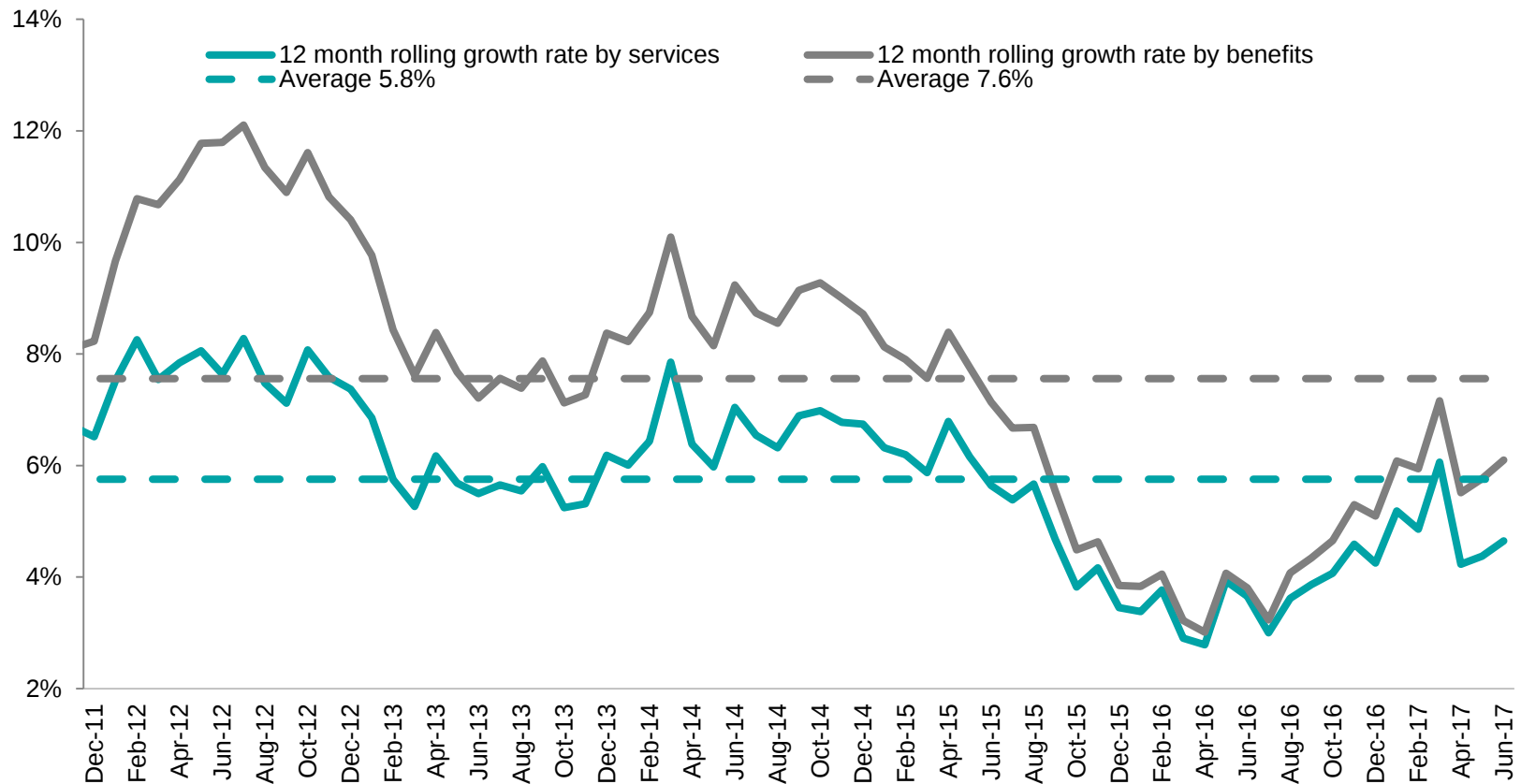
Balance sheet

Conservative gearing

- Property, plant and equipment increased by \$3.9m due to acquisition of SWMRI/WDR, ongoing investment in state-of-the-art equipment and growth capex offset by depreciation charges
- Intangible assets of \$104.0m includes Goodwill and brands, which are tested at least annually for impairment and customer contracts which will be fully amortised in FY18
- Net debt 1.4x pro forma EBITDA as at 30 June 2017

\$ millions	Actual 30-Jun-17	Actual 30-Jun-16
Cash and cash equivalents	24.2	23.6
Trade and other receivables	5.1	5.5
Other current assets	3.9	2.9
Total current assets	33.2	32.0
Property, plant and equipment	50.5	46.6
Intangible assets	104.0	99.8
Deferred tax asset	2.7	2.7
Total non-current assets	157.2	149.1
Total assets	190.4	181.1
Trade and other payables	8.3	10.4
Current tax liabilities	(0.0)	1.1
Borrowings	11.5	6.7
Provisions	10.6	9.5
Total current liabilities	30.5	27.7
Borrowings	61.4	61.8
Provisions	8.1	7.2
Other non-current liabilities	0.0	0.4
Total non-current liabilities	69.5	69.4
Total liabilities	100.0	97.1
Net assets	90.4	84.0

Industry volume growth is still in recovery



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

- Industry growth rates still below historical average, but recovering
- IDX examination volume growth (Medicare funded, patient funded and reporting contracts) up 4.6%
 - Compares to 5.1% growth based on Medicare data (for the States in which IDX operates)
- Increased competition at select sites in Victoria and Queensland

FY17 operations

- Acquired and integrated SWMRI/WDR
- Expanded capacity in Toowoomba, Sunbury and Geelong supporting full year growth
- Signed five, 5 year contracts with the West Australian Country Health Service relating to the provision of reporting contracts in remote regions, two of which were new to the group.
- Refurbished IDX's facilities at Pindara private hospital
- Purchased Mobile MRI which, although not successful in its initial location of Port Hedland, will be relocated to alternative location where volumes are expected to deliver the utilisation levels and returns required
- Installed new MRI machines and facilities at Robina and John Flynn hospital
- Invested in IT platforms to support improved medical imaging and digital reporting
- Undertook negotiations which have led to securing new lease extensions at the three Victorian SJOG hospital sites (executed July 2017)

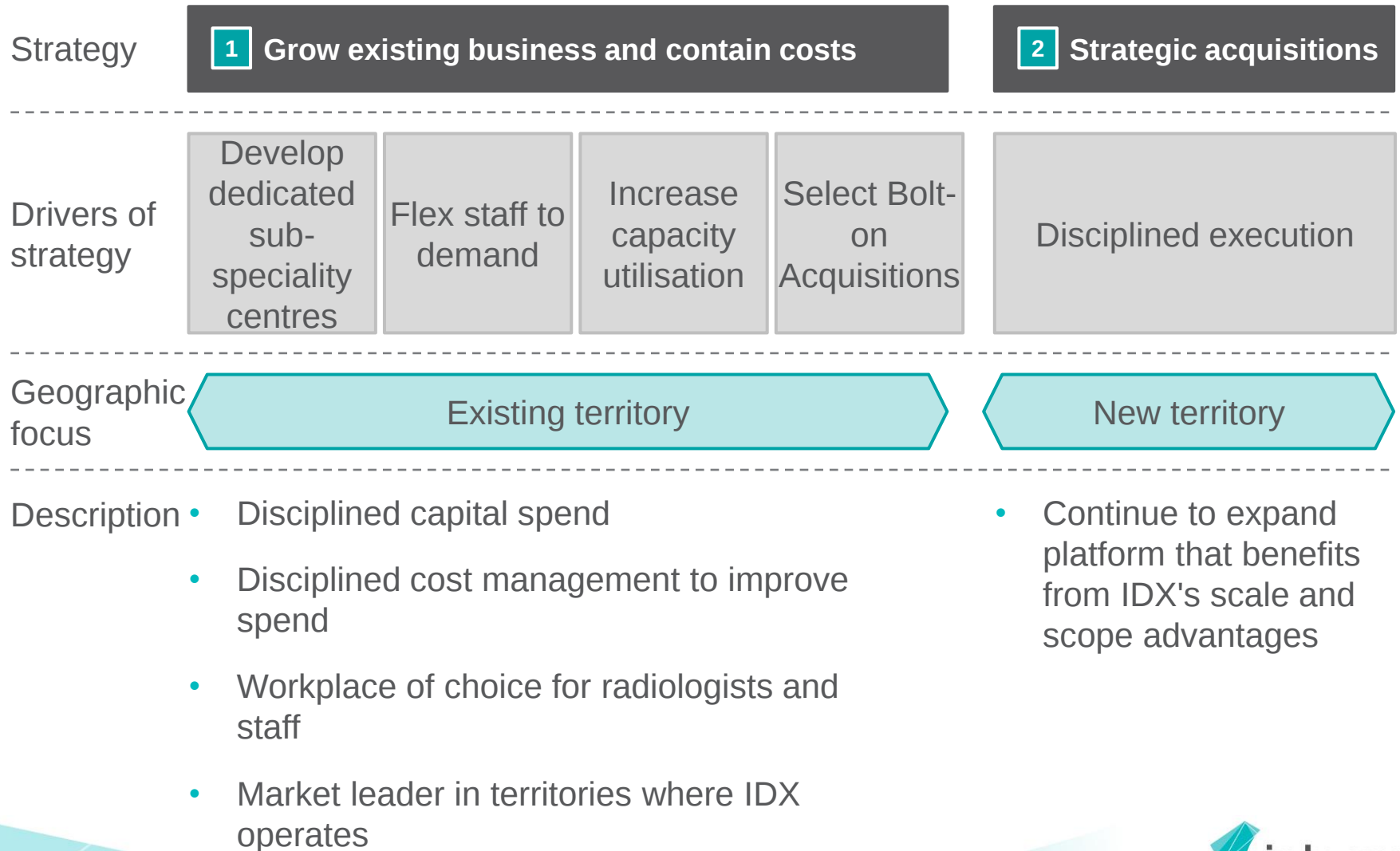
Capex

(\$M)	FY16	FY17	FY18
Maintenance	9.5	11.1	11.0
Growth	7.9	2.3	8.0
Depreciation	8.7	9.8	11.0

- \$13.4m capex (net of acquisitions) (FY16: \$17.5m)
 - Maintenance capex of \$11.1m as planned
 - Medical equipment and fit out of hospitals/practices
 - IT systems
 - Growth capex of \$2.3m
 - Mobile MRI
 - Port Hedland infrastructure (impaired)
 - Deferred investment in 2 projects to FY18 (\$3.5m)
- FY18 expected capex of \$19m
 - Maintenance capex of \$11m
 - Growth capex of \$8m
 - Dedicated sub-specialty centres
 - Upgrades to facilities at SJOG hospital in Geelong with 10 year lease extensions secured at 3 hospital sites



Focused strategy, disciplined execution into FY18



Outlook

FY18 focus

1. Improve utilisation of existing capacity and infrastructure
2. Contain costs so revenue growth delivers improved returns
3. Develop dedicated sub-speciality centres such as the recently opened Spine Clinic
4. Execute value-accretive acquisitions

Improved Regulatory Environment

- Government proposed reductions in bulk billing incentive for diagnostic imaging scrapped
- Reintroduction of MBS rebate indexation for targeted diagnostic imaging services from July 2020
- MBS review is ongoing and direct changes made so far have had a negligible impact on revenue

FY18 guidance

- \$19m capex = \$11m maintenance + \$8m growth (\$3.5m deferred from FY17)
- FY18 NPAT to be moderately higher than FY17 after absorbing \$11m of depreciation reflecting past and planned capital investment

Questions



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Contact us

Investors & Media

Dr Ian Kadish, CEO

P: +61 3 5339 0704

E: kadishi@integraldiagnostics.com.au