

ASX & MEDIA RELEASE

Full Year Results to 30 June 2021

27 August 2021, Melbourne: Integral Diagnostics Limited (ASX: IDX) announces its results for the year ended 30 June 2021 (FY21).

The FY21 results reflect solid organic growth despite ongoing cost pressures, an additional four-month contribution from Imaging Queensland and a ten-month contribution from Ascot Radiology.

Group Summary

- Statutory NPAT of \$31.3m after customer contract amortisation, transaction, and other costs of \$6.8m delivering an Operating NPAT of \$38.1m.
- Operating EBITDA \$93.5m (26.8% margin).
- Operating diluted EPS of 19.0 cents on operating NPAT of \$38.1m.
- Free cash flow of \$66.5m with Net Debt of \$137.4m.
- Final dividend (fully franked) of 7.0 cents per share payable on 6th October 2021.

All key financial measures include the application of AASB 16¹.

Key financial measures					
\$ million	FY21	FY20	Change		
Profitability:					
Operating revenue ²	348.8	274.1	74.7	27.3%	▲
Operating ³ EBITDA	93.5	75.7	17.8	23.5%	▲
EBITDA from Operations %	26.8%	27.6%	(0.8%)	(2.9%)	▼
Operating EBITA	62.8	51.1	11.7	22.9%	▲
Operating NPAT	38.1	30.4	7.7	25.3%	▲
Operating Diluted EPS (cents) ⁴	19.0	16.6	2.4	14.5%	▲
Statutory NPAT	31.3	23.0	8.3	36.1%	▲
Cashflow & Capital Management:					
Free cash flow	66.5	55.7	10.8	19.3%	▲
Free cash flow conversion, net of replacement capex	89.1%	86.0%	3.1%	3.6%	▲
Dividends declared per share(cents)	12.5	9.5	3.0	31.6%	▲
Net debt	137.4	124.4	(13.0)	(10.5%)	▼
Net debt / LTM EBITDA ⁵	1.4x	1.5x	0.1x	6.7%	▲
Equity	254.8	228.3	26.5	11.6%	▲

¹ AASB 16 is the Australian Accounting Standard 16 "Leases" a newly adopted accounting standard from 1 July 2019.

² Represents operating revenue and excludes other revenue of \$1.9m (FY20 \$1.5m).

³ One off transactions not included in operating metrics include transaction and other costs, net of tax of \$6.8m (FY20 \$7.4m).

⁴ Operating Diluted EPS calculation has adjusted the weighted average calculation of shares on the Capital Raise to align with the settlement date of the Imaging Queensland acquisition being 1 November 2019 from 4 September 2019 for the Institutional placement and 30 September 2019 for the Retail entitlement offer. Aligning the dates provides a more accurate reflection of the underlying EPS and increased the Diluted EPS by 0.3cps to 16.6cps.

⁵ Based on net debt at 30 June 2021 of \$137.4m and LTM organic EBITDA (plus trailing acquisitions EBITDA) of \$94.6m FY20 based on net debt at 30 June 2020 of \$124.4m and LTM EBITDA organic EBITDA (plus trailing acquisitions EBITDA) of \$82.9m.

The FY21 results delivered solid growth organically and through acquisitions. The full year result has been impacted by:

- Organic revenue growth of 12.2% in Australia and 12.5% in New Zealand.
- The average fee per exam increasing by 3.3% in Australia driven by the continuing move to higher end modalities and Medicare indexation being applied to CT, ultrasound and x-ray modalities from 1 July 2020.
- An additional four-month contribution from Imaging Queensland compared to prior comparative period.
- The acquisition of Ascot Radiology completed 1 September 2020 providing a 10-month contribution.
- An increase in operating costs as a % of revenue, driven largely by:
 - Increasing employee costs driven by radiologist cost pressures present in the industry and increased use of paid quarantine/isolation in a COVID-19 environment.
 - Increasing cost of consumables for higher end modalities and increased usage of PPE due to COVID-19.

The CEO and Managing Director, Dr Ian Kadish said *“Our financial performance in FY21 was strong. Our patients and referrers were well taken care of, and our teams across the business delivered all that was asked, and more. COVID-19 outbreaks and associated government lockdowns and border closures all took a toll, team morale was impacted, but the professionalism, dedication and commitment of our doctors and staff has been inspiring.”*

IDX continues to provide patients and referrers with excellence in diagnostic imaging across Australia and New Zealand.

JobKeeper Receipts

IDX voluntarily repaid \$2.9 (\$2.0m after tax) of JobKeeper in June 2021. The amount repaid was assessed as the net benefit of JobKeeper after assessing the impacts of COVID-19 on the business in FY21 and the use of JobKeeper to retain and support our highly skilled workforce. IDX has not profited from JobKeeper.

The net Australian Government JobKeeper assistance of \$6.6m (\$4.7m after tax and net of repayment) was utilised to offset the impacts of COVID-19 in FY21 and allowed IDX to retain and support our highly skilled workforce.

Acquisitions

The acquisition of Ascot Radiology was completed 1 September 2020. Integration and operating performance have been in line with expectations.

The integration of Imaging Queensland continued during FY21, and operating performance continues to be largely in line with expectations.

Cash Flow and Capital Management

Net debt increased by \$13m to \$137.4m (FY20: \$124.4m). This was due to the debt draw down to fund the Ascot Radiology acquisition of \$35m offset by a growth in cash on hand due to strong operational cashflows and a conservative dividend payment made at the half year due to COVID-19.

At 30 June 2021 IDX has cash reserves of \$62.2m and committed facilities of \$407m of which \$199m remains undrawn and access to a further \$105m under an accordion facility. Current debt facilities are not due until February 2026, and we are in compliance with all the covenants under our debt facility.

Net debt to equity ratio as at 30 June 2021 is 0.54:1 (FY20: 0.54:1) and Net Debt/LTM EBITDA ratio of 1.4x at 30 June 2021 (FY20:1.5x) reflects strong capital management to support IDX's on-going growth strategy.

As at 30 June 2021 IDX has 5,355 shareholders (30 June 2020:3,816).

Dividends

A full year fully franked dividend of 7.0c per share (FY20 4.0 cents per share) has been declared. The dividend represents 68.8% of statutory NPAT (adding back non-cash customer contract amortisation) and reflects the performance and the cashflow position of the Company. The DRP will operate again for the FY21 final dividend. Key dates for the final dividends are:

Ex-dividend date	2 nd September 2021
Record date	3 rd September 2021
Final DRP election date	6 th September 2021
Payment and issue date	6 th October 2021

Ongoing impacts of COVID-19

COVID-19 and associated government responses can be expected to continue to have an impact on the Group, which cannot be accurately projected at this time. To date 1H22 has been affected as a result of the impacts of COVID-19 and government-lockdowns and border closures across all geographic areas in which we operate. Up until the 25th August, year to date trading is down approximately 5% from expectations, this includes the impacts of the Level 4 lockdowns in New Zealand from the 18th August. The New Zealand guidelines from the Ministry of Health included that scanning is only to be undertaken “to preserve life or limb only”. This has resulted in reductions in trading in New Zealand of up to 75% from expectations, which is consistent with past experience during New Zealand Level 4 lockdowns.

IDX will continue to manage the ongoing impact of COVID-19. Our focus, as always, will be to keep our patients and employees safe and this will always be put before commercial outcomes. We will continue to ensure we have adequate supplies of personal protective equipment and keep strict screening, hygiene and infections controls in place. In addition we will continue to focus on responsibly managing costs to mitigate revenue declines whilst ensuring we remain well placed to continue our growth objectives when activity returns across our operating geographies.

FY22 priorities & focus

The company's focus in FY22 is to:

- Increase focus on organic growth through brownfield and greenfield investment opportunities.
- Continue to accelerate the use of digital and AI technologies.
- Continue to evaluate further strategic expansion opportunities through partnerships and/or acquisitions.
- Continue to nurture and develop culture and leadership across our people.
- Execute on our environmental, social and governance strategy.

The Chair, Helen Kurincic said *“Integral Diagnostics will continue on its path to advance our strategy, culture and ambitions as significant technological advancements in medicine evolve, enabling diagnostic imaging services to further assist in saving lives and contribute to a healthier world.”*

Investor and analyst conference call

Integral Diagnostics' Managing Director & CEO, Ian Kadish and Chief Financial and Commercial Officer, Anne Lockwood, will be holding an investor and analyst conference call at 10.00AM AEDT today.

For those wishing to dial into the call, please register for the call through the following link:

<https://s1.c-conf.com/diamondpass/10015640-md9184a.html>

Alternatively, at the time of the call, dial your respective number below and provide the conference ID **10015640** to the operator:

AUSTRALIA: 1800 809 971

AUSTRALIA Local : 02 9007 3187

NEW ZEALAND: 0800 453 055

AUCKLAND Local: +64 9 929 1687

For further details contact

Integral Diagnostics

Ian Kadish, Managing Director & CEO

M: 0400 018 034

About IDX:

Integral Diagnostics (IDX) is a leading provider of medical imaging services across Australia and New Zealand. The Company provides state of the art diagnostic services to patients and their referrers at 67 radiology clinics, including 27 comprehensive sites. IDX employs some of Australasia's leading radiologists and nuclear medicine specialists in a unique medical leadership model that ensures quality patient care, service and access. Good medicine is good business. For more information, please visit www.integraldiagnostics.com.au/.

Authorised for lodgement by the Integral Diagnostics Board of Directors