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AGM
November 2014

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Chairman's Address 2014

PRO MEDICUS LIMITED
Chairman's Address to AGM
21 November 2014

WELCOME AND INTRODUCTION

Ladies and Gentlemen,

On behalf of my fellow Directors I would like to welcome you to the Annual General Meeting of Pro Medicus Limited and thank you for taking the time to be with us.

My name is Peter Kempen and I am the Chairman of the Board.

I would now like to introduce my fellow Directors.

- Dr. Sam Hupert (Joint founder, CEO and Executive Director)
- Mr. Anthony Hall (Joint founder and Executive Director)
- Mr. Rod Lyle (Non-Executive Director)

I would also like to introduce Mr. Clayton Hatch, the Company Secretary and Chief Financial Officer.

I also want to acknowledge the following key personnel who couldn't be with us today.

- Danny Tauber – General Manager Australia
- Malte Westerhoff – General Manager Europe
- Brad Levin – General Manager USA

I also wish to welcome Mr. Paul Gower of Ernst & Young, the company's Auditors.

Before we deal with the formal business of the meeting I will provide my report to you, which will be followed by a report from Dr. Sam Hupert, the CEO.

There will be the opportunity to ask questions during the course of the meeting and following the formal business.

CHAIRMAN'S REPORT

Overview

As foreshadowed at the last Annual General Meeting the Board devoted a significant amount of time to reviewing the company's strategy and its business model. The review was necessary in order to recognize increasing global opportunities and the movement in market practices, to ensure that the company is well placed to maximize the potential benefits which might accrue.

From our review three main themes emerged which we believe will provide the company with the framework for long term sustainable revenue and profitability:

Firstly, the need to continue to invest in our best of breed suite of innovative products - to maintain market leadership.

Secondly, to increase our investment in the US in order to maximize our opportunities in that market; and

Lastly, to look past our current structure and develop a truly global management structure to properly service our expanding and diverse client base.

I will leave the detail of our new global structure to our CEO, but suffice to say that in the short term we are investing in additional staff in the US. The level of our investment in our proprietary software will be similar to that of the last few years.

The financial results for the 2014 financial year recorded a healthy increase in underlying profit. (2014 $1509k: 2013 $ 646k loss). This was a very pleasing result considering the level of investment for future growth and was a further indication of the company's continuing recovery.

Results for the current financial year to date are also very encouraging and are slightly above our budget expectations. Some of our previously announced contracts are progressively contributing to our revenues and we expect this trend to continue as the year unfolds. As you are aware the US market is contributing an increasing proportion of our revenues and with the current trend in currency markets this is likely to further benefit the company, although currency fluctuations are difficult to predict.

The Company is now better placed to service its customers, and although the European market remains subdued, due to the uncertain economic climate and government cut backs, the climate in the US market is relatively buoyant and the Australian market is showing continued signs of recovery.

The past year has seen the Visage 7 product gaining increased acceptance in the US, as evidenced by the significant contract win announced in April with a large Health network with a base value of $A20 million over six years and yesterday's announcement of the signing of a contract with Wellspan Health with a base value of $A8 million over seven years.

Management is still pursuing a number of additional significant opportunities, which if consummated will further add to the Company's growing footprint in this, the world's largest market.

The company's new Visage RIS (previously known as Coral) has continued to be installed at a number of new client sites and is now being progressively introduced to all of our existing customers. As mentioned last year, the Visage RIS product development has been a joint project of both our Melbourne and Berlin development teams led by Dr Malte Westerhoff. The product has now reached a stage that it can be introduced to our largest and most diversified customers.

Company's share price

The share price has shown further improvement since this time last year. (Nov 2013 70 cents: Nov 2014 well in excess of $1) We recognize that whilst share prices will fluctuate for a variety of reasons they are in general an indication of future expectations of a company. We are heartened that investors do appreciate the potential of the company and hope that our longstanding loyal shareholders feel vindicated in staying with us over the last few years.

Dividend Policy

The Board was pleased to continue the payment of dividends for the 2014 financial year at the level of 2 cents per share. Whilst this dividend was not fully funded by the year's financial result it was felt prudent to maintain the dividend at that level.

The Board has, up until the last dividend payment, been able to ensure that all dividends are fully franked. Unfortunately, this will not be possible in the immediate future. This situation has arisen due to a lack of available franking credits and a change in the way the company receives its Research and Development Incentive from the Federal Government. Generally when a company does not have sufficient franking credits it can effectively pay income tax in advance which can be offset against future tax liabilities. This allows a company to pay fully franked dividends but may give rise to a penalty for over-franking.

In our case because we have received refundable Research and Development Tax Offsets, future payments of tax do not give rise to franking credits, until the R&D Tax Offsets previously received have been recovered. Importantly, if we paid significant future tax payments to mitigate the franking impact of the previously received R&D Tax Offsets the company would most likely incur a penalty for over franking. This obviously would not be in the company's interests.

The Board has therefore concluded that for the foreseeable future dividends will be unfranked. The Board when determining the level of future dividends will endeavour to take into account the impact on shareholders of not receiving any accompanying franking credits.

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 a much more 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's REPORT

I would now like to hand over to Dr. Sam Hupert to give you an overview of the performance of the company over the last year and provide you with an update on the company's current performance.

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CEO Address 2014

FY-14 in Review

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- Revenue increase 27.9%
- Profit turnaround - $2.23M
- Company debt free
- Cash reserves ~ $15M (as of 30/6/14)
- Total dividend 2c Share FF
- Strongest balance sheet in company's history

FY-14 in Review

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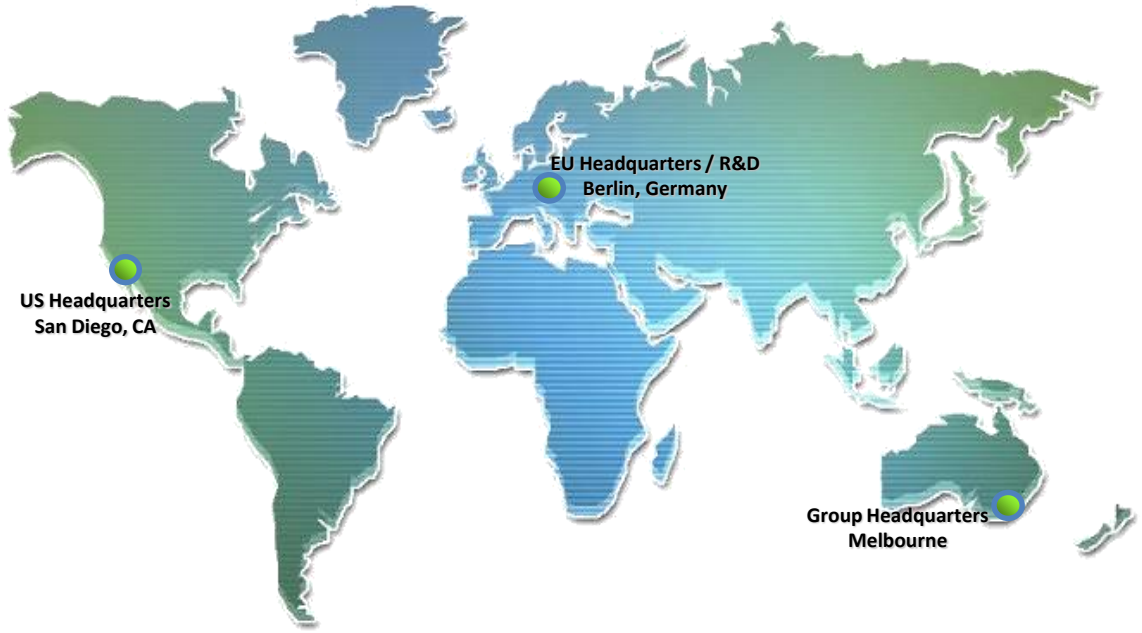
- Won contract with major US health system – largest in company history
- Future contracted revenue $30M plus and growing
- Increase foothold in US market
- Visage RIS – regaining market share

VISAGE

Pro Medicus (ASX:PME) listed company
Visage Imaging – wholly owned subsidiary
Offices in three continents
Over 70 staff – **40 Software Engineers**



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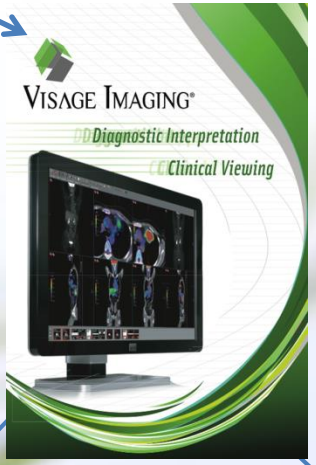
VISAGE IMAGING®
Visioneering Science for Life

PME Ltd



Pro Medicus (RIS)

Visage 7 Product Suite

OEM

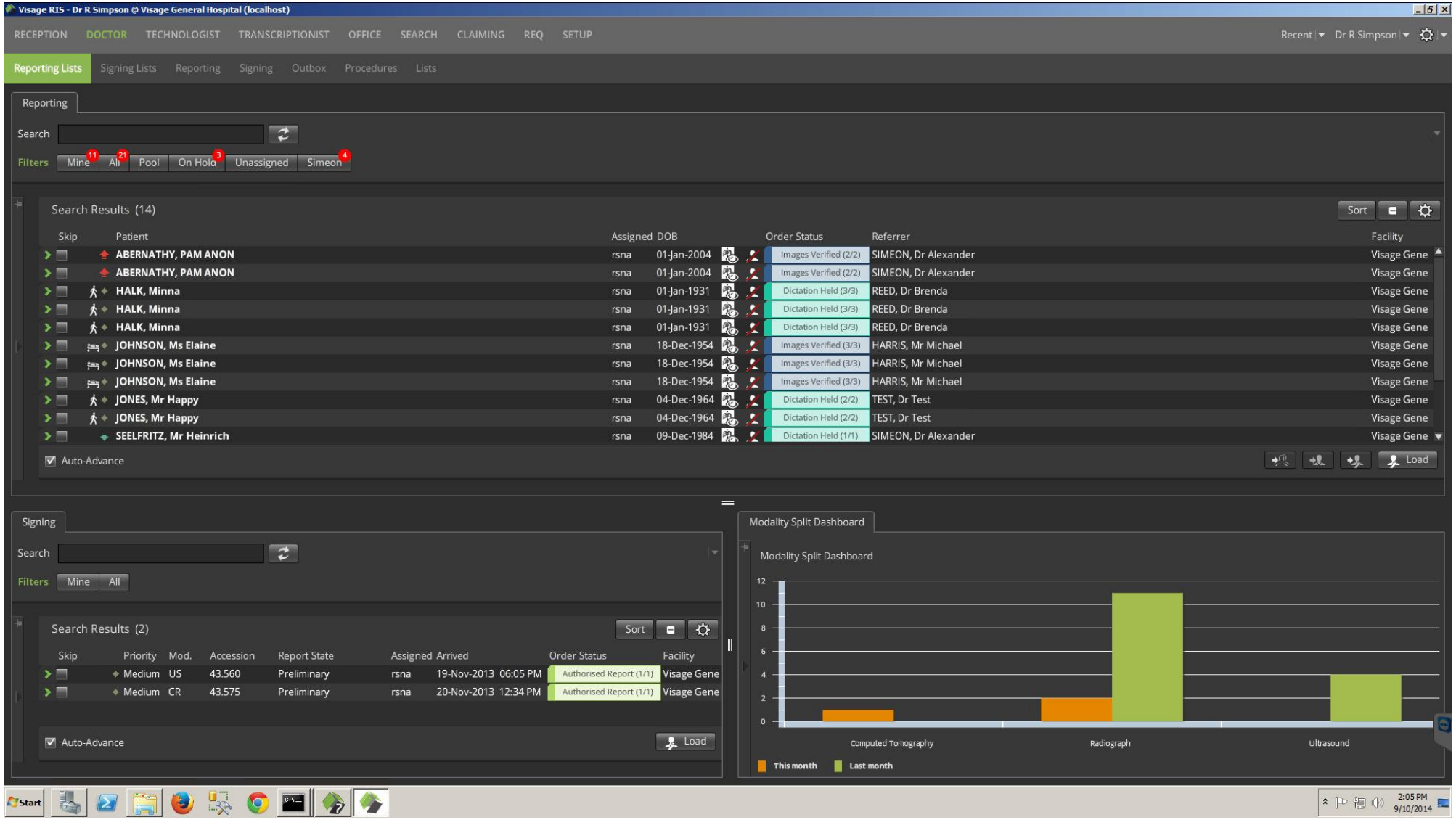
Visage RIS

Pro Medicus.net

Visage RIS – New Technology Platform

- Thin client App - like Visage PACS
- Large Enterprise scalability
- Ultimate flexibility with workflow and rules based engines
- Cloud deployable

Visage RIS – New UI



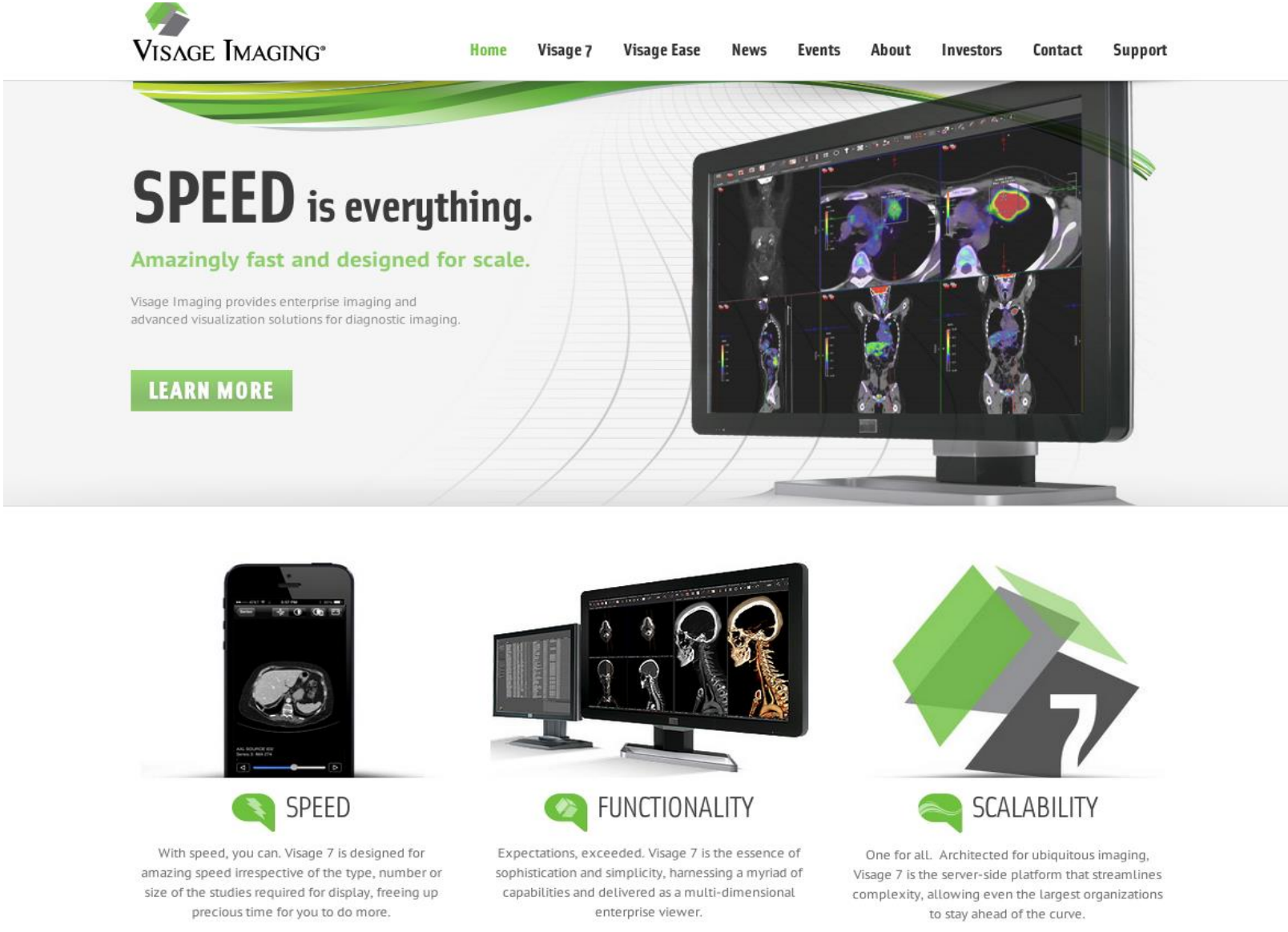
Visage RIS – New Technology Platform

- Speed of product development increasing
- Technology is leading edge
- Feedback from customers positive
- Large scale rollouts implemented

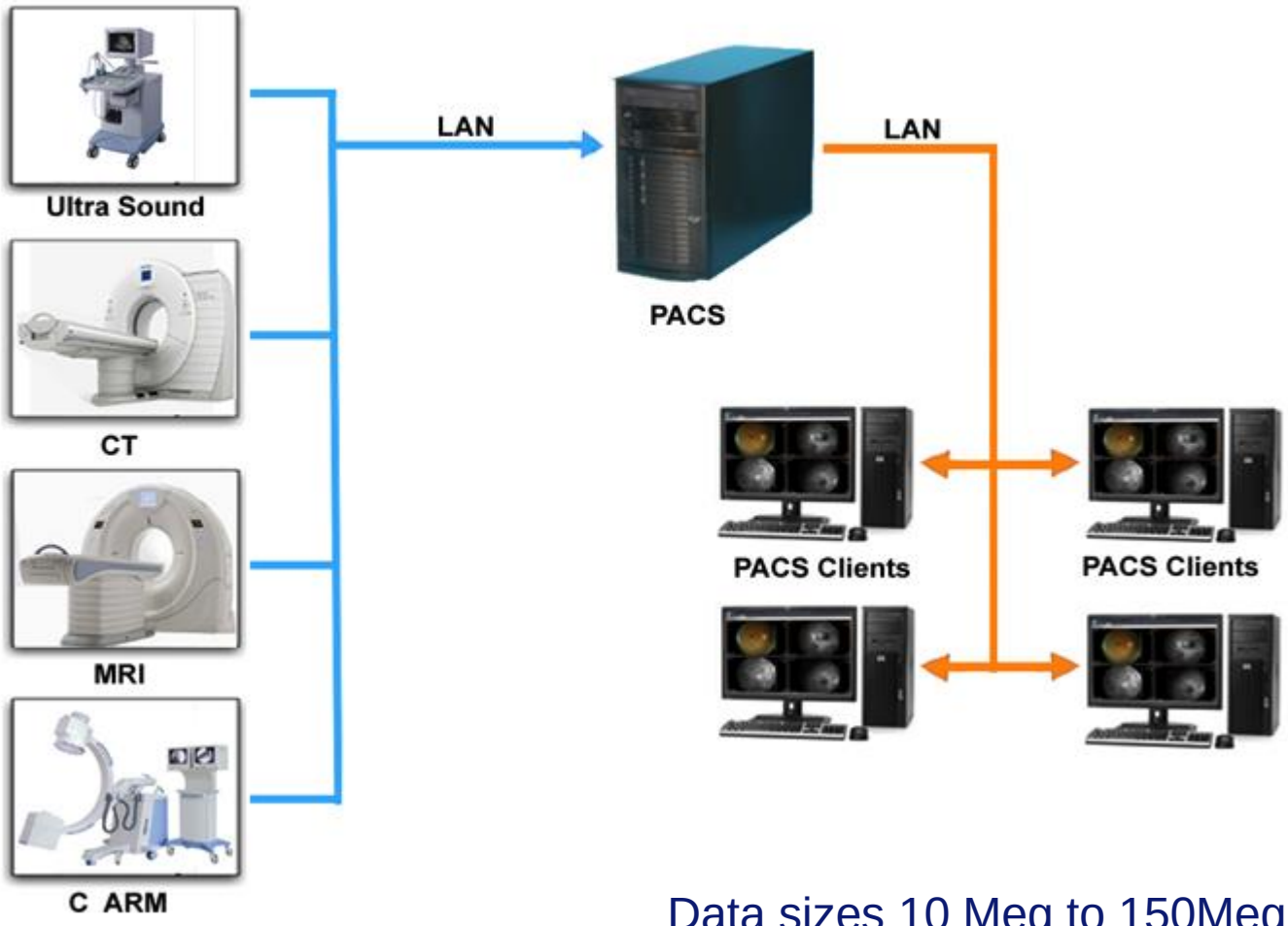
Visage RIS – New Technology Platform

- All customers to transition within 12 to 18 months
- New clients purchasing both Visage RIS & PACS
- Repositioning company as leader in field
- Overseas opportunities

visageimaging.com



In the beginning…

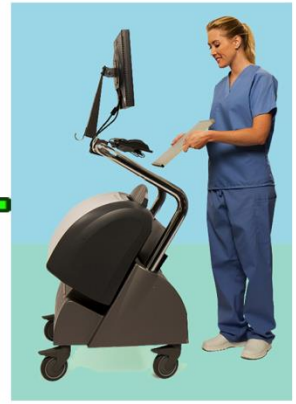


Data sizes 10 Meg to 150Meg

Then there was the web…

VISAGE IMAGING®

Internet



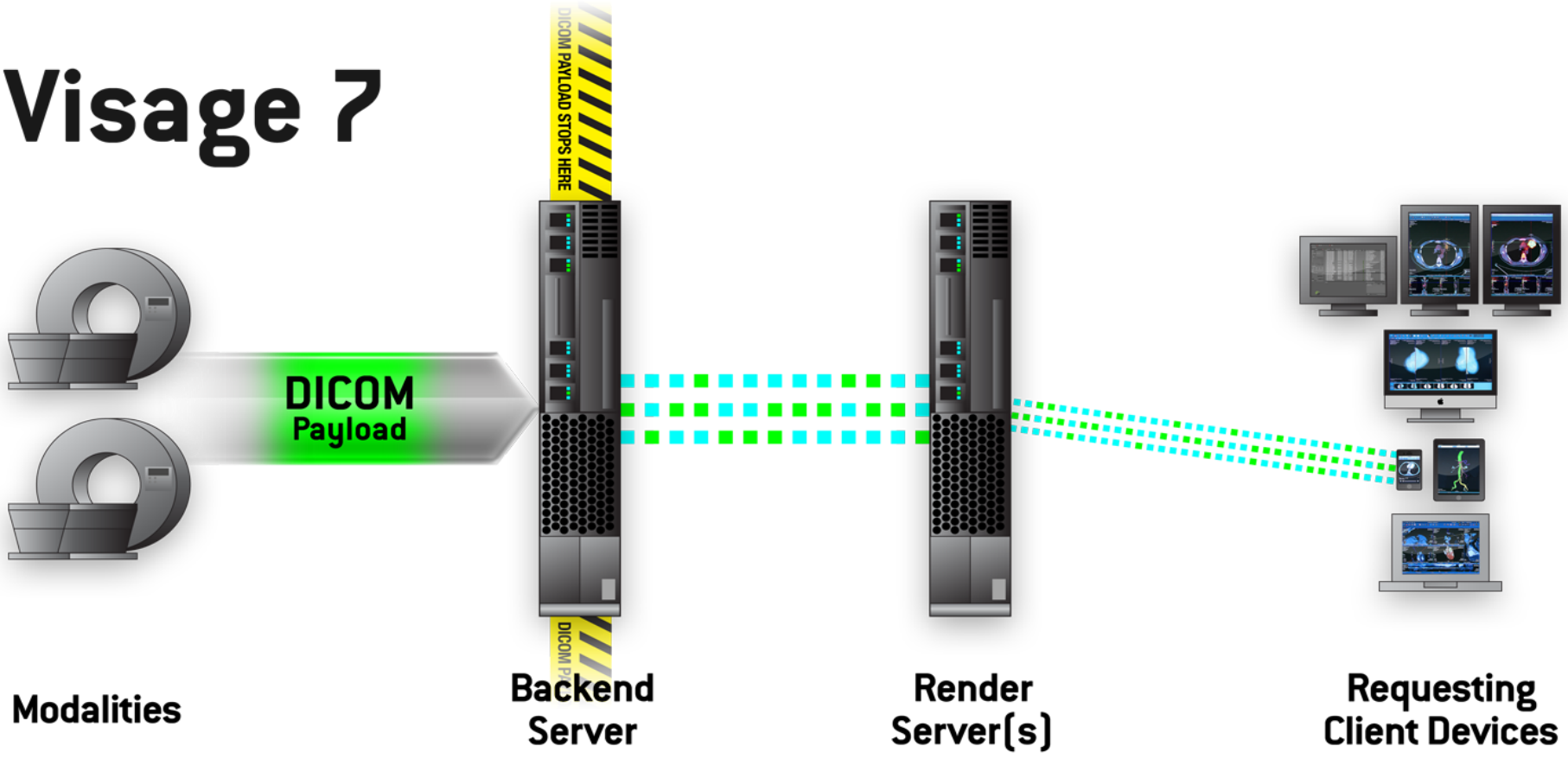
Data sizes 30 Meg to 350Meg

Current Imaging Technology

- Massive Data explosion
- Higher image density - CT leaps from 64 Slices to 256 and now 640
- 3T MRI – over 4 times the dataset of 1.5T
- Functional Imaging eg PET scan often > 1.5 to 2 Gig Gigabytes
- Digital Breast Tomosynthesis (DBT) files can be over 4 to 6 Gigabytes
- Prior examinations multiply the problem

It’s better on the server-side…

VISAGE IMAGING®



What's the Word? - "Deconstructed" PACS,

InMedica
a division of IMS Research

KLAS
ACCURATE. HONEST. IMPARTIAL.

KLAS
ACCURATE. HONEST. IMPARTIAL.

manhattanRESEARCH
A Decision Resources Group Company

KLAS
ACCURATE. HONEST. IMPARTIAL.

VNA use surging – VNA's projected to store 31% of new imaging studies worldwide by 2016 *InMedica, May 2012*

Of late, imaging IT has been a "barren" field of technology innovation
Reiner & McKinley, JDI, June 2012

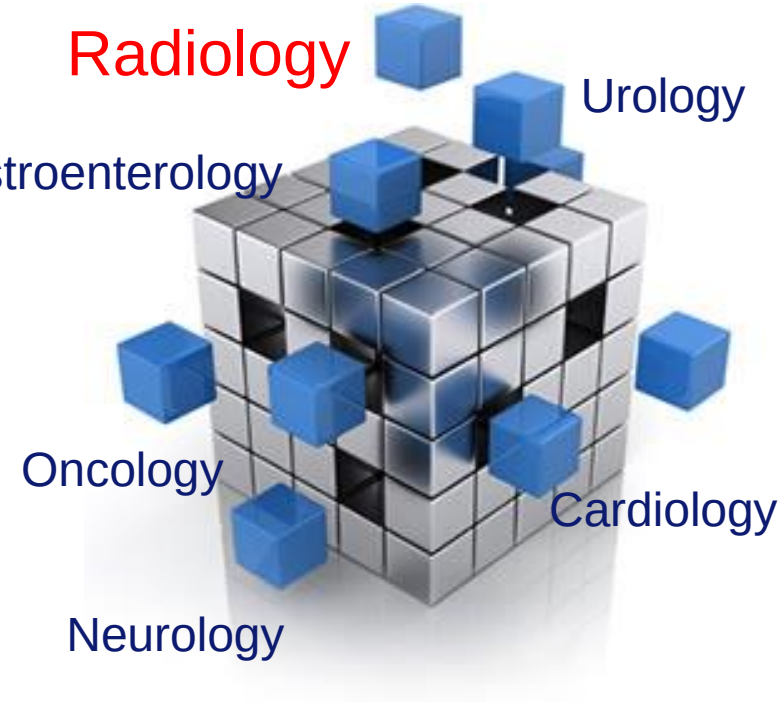
No single vendor will do
Enterprise Imaging 2012, KLAS

Image sharing most important capability for institutions that have adopted VNA
Katalus Advisors, June 2012

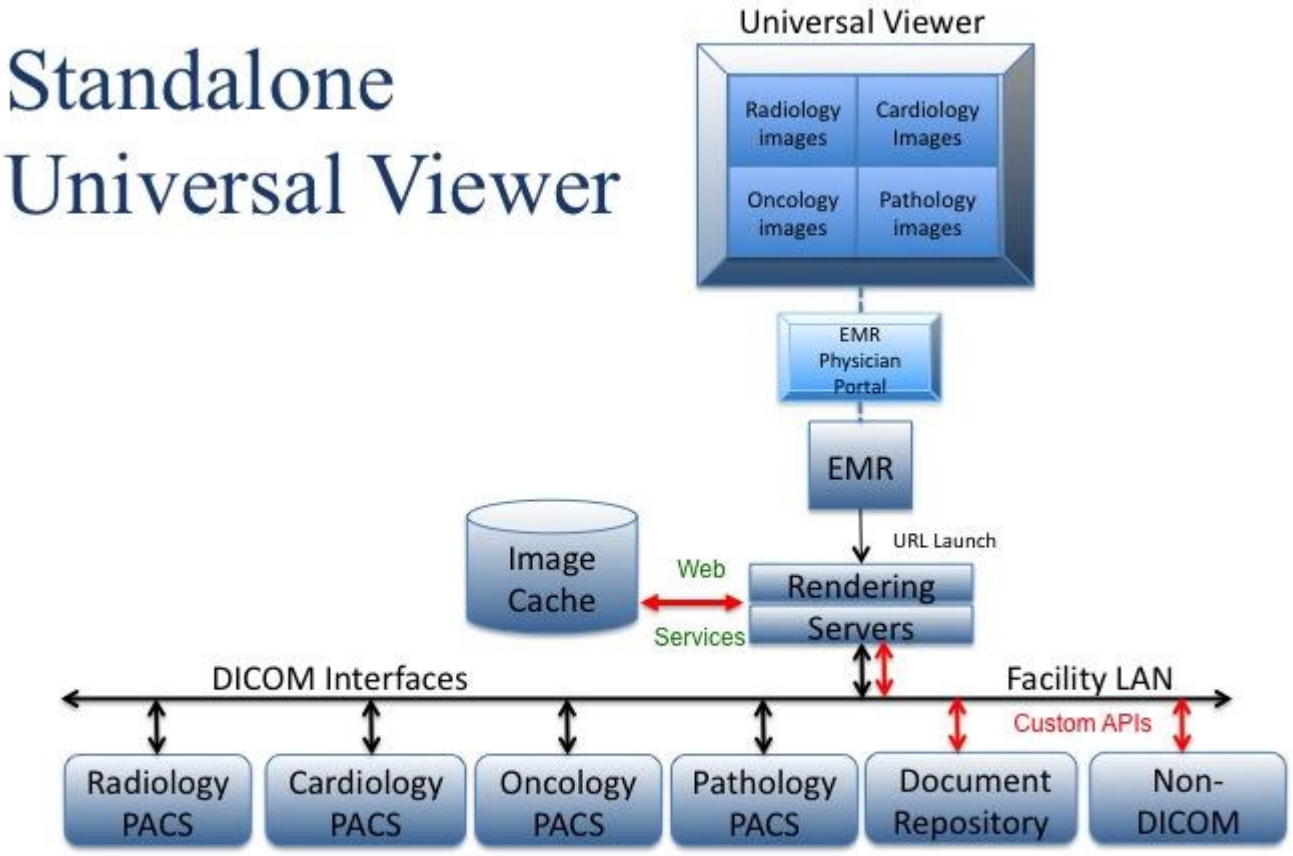
3D imaging into the workflow of the radiology department effectively
Advanced Visualization 2011, KLAS

More providers forming Enterprise Imaging Strategies, w/goal of getting "the right image to the right place at the right time"
KLAS, July 2012

What's the Word? - "Deconstructed" PACS - VNA



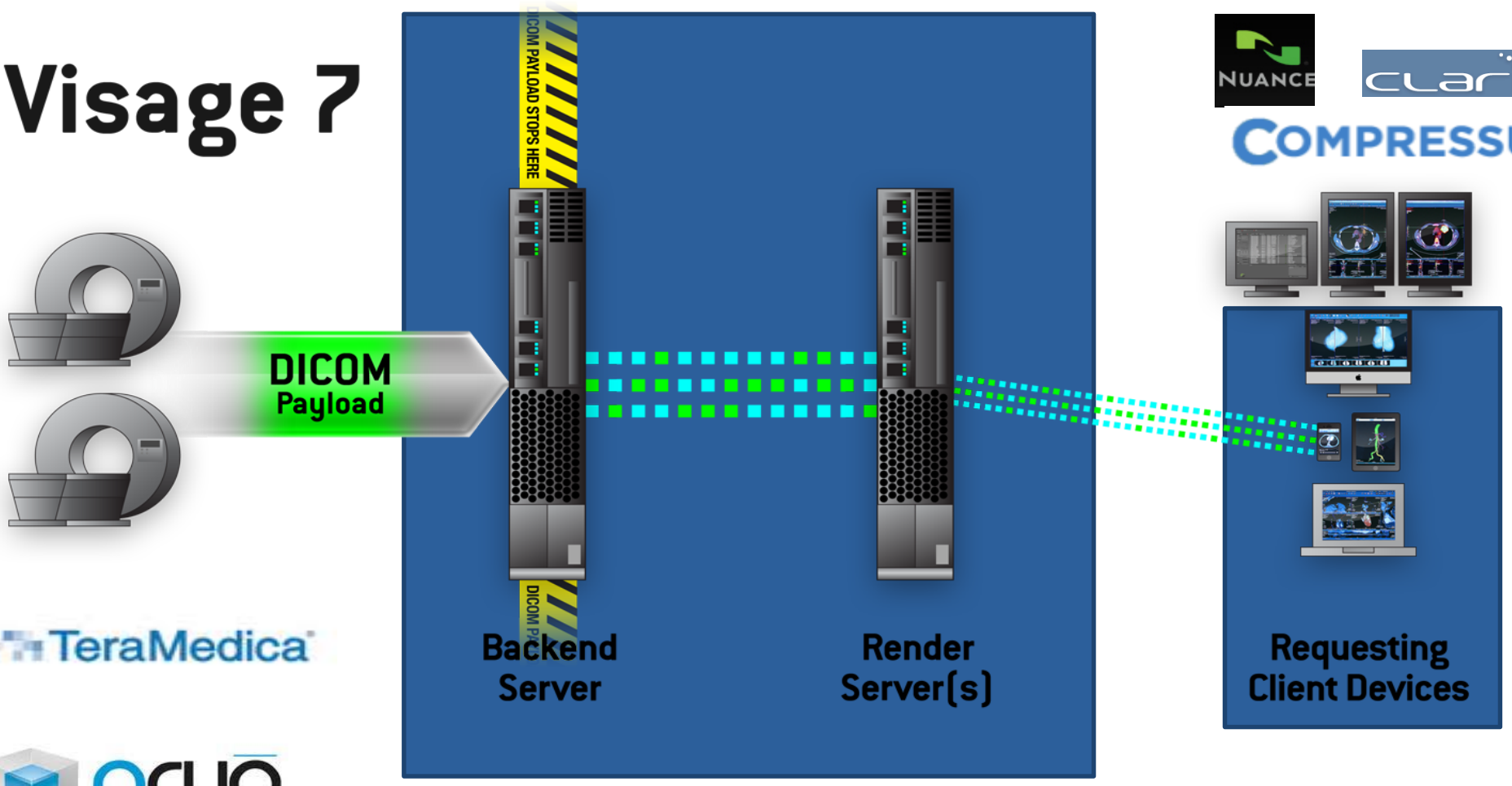
What's the Word? - "Enterprise Wide Viewer"



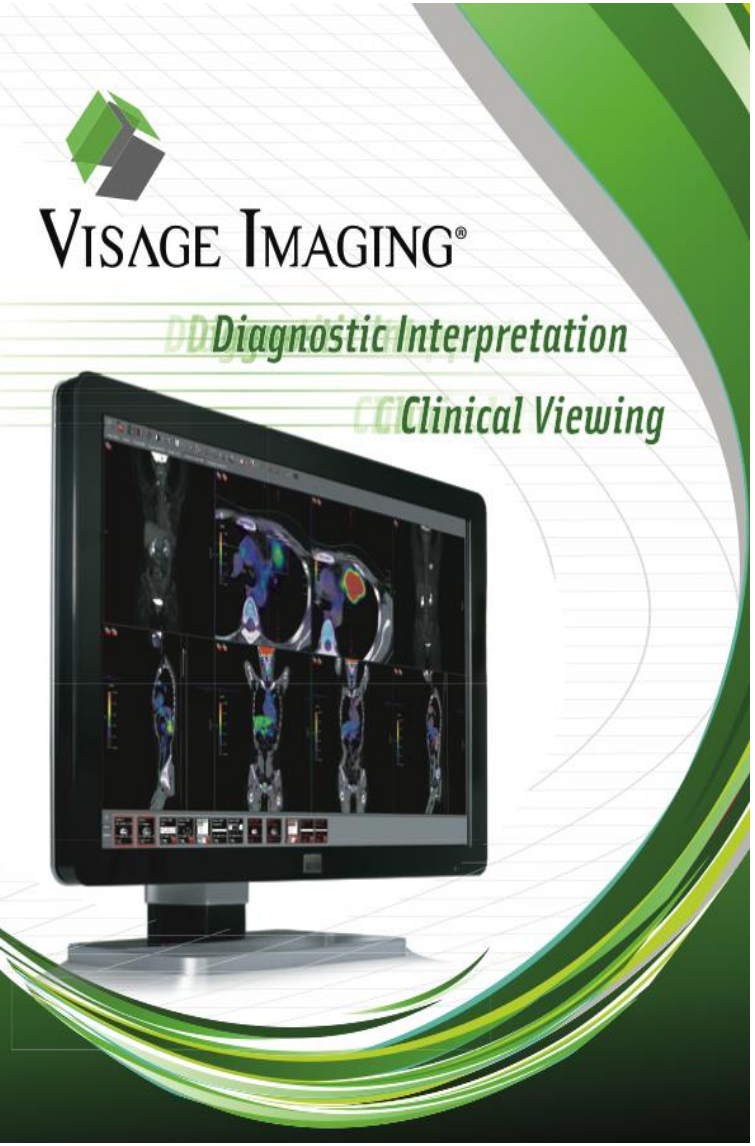
Introducing Visage 7

VISAGE IMAGING®

“Deconstructed PACS” Architecture

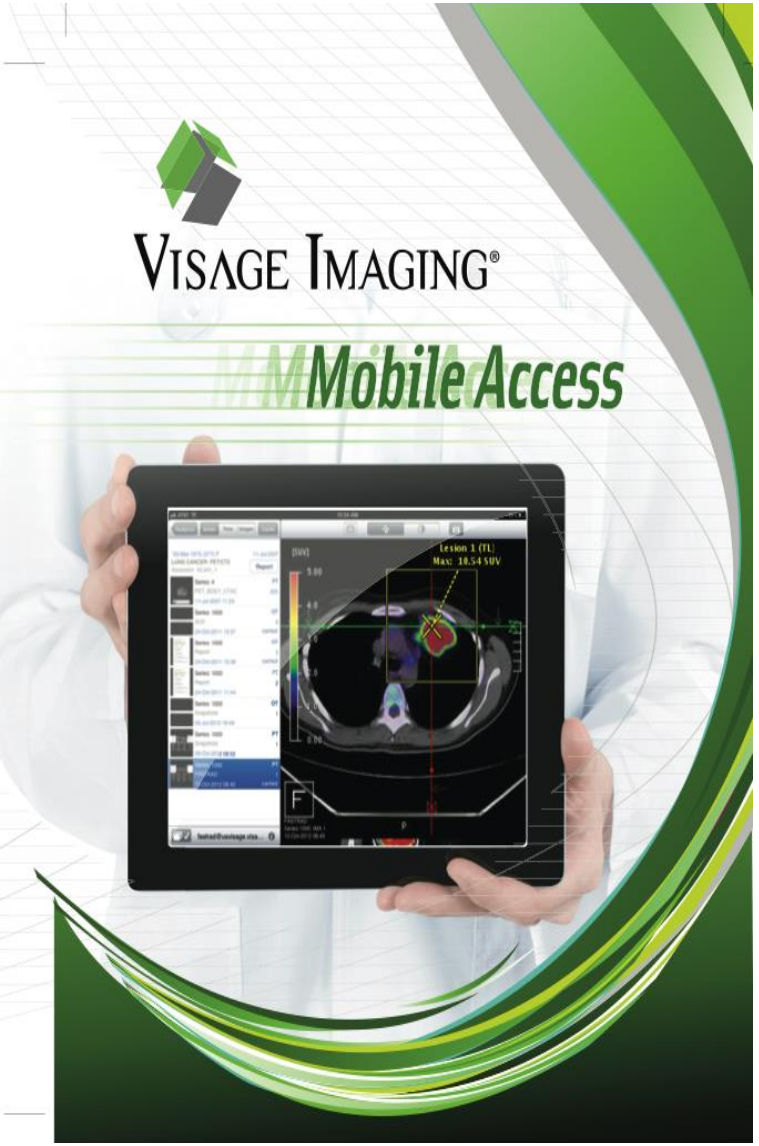


Visage 7.0 Technology



- Visage 7.0 – unique thin client technology.
- Extremely well positioned in growing US market..
- Solution addresses > 95% of market
  - Enterprise Diagnostic Viewer
  - Referrer (Clinical) distribution
  - Teleradiology/Remote reading.
  - Full Enterprise 3D PACS
- At the forefront of “deconstructed PACS” market trend

Visage “EASE” Mobile



- Incredibly fast mobile access
- Leading edge functionality
- Uses existing Visage infrastructure
- Extremely scalable
- Significant differentiator to referrer community
- New - Visage Ease Pro (Diagnostic)

Visage EASE – 1Phone/iPad App

Opportunities - North America

- Worlds largest market
- PACS market estimated at > US $1.5B pa and growing
- Paradigm shift to “Deconstructed PACS” – best in breed approach
- Market fragmented - in process of consolidating
- Visage - recognised leader in Enterprise viewing & 3D PACS technologies.
- Visage ideally suited to capitalise on market trends

North America

- Two company transforming deals in the last seven months
- Growing pipeline.
- Opportunities spread across key market segments:
  - Enterprise Hospitals
  - Imaging Centres
  - Teleradiology/Remote reading groups
- Industry consolidation to create further opportunities.

WellSpan Health – November 2014

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Visioneering Science for Life

- $8M - 7 year deal
- Visage 7.0 to be used for all diagnostic interpretation and clinical (referrer distribution)
- Operational (transaction based) model
- Validation deconstructed model rapidly gaining momentum
- Comes on top of other recent US wins
- Excellent East Coast reference site

Large US Health System – April 2014

- $20M minimum over 6 years
- Visage 7.0 to be used for all diagnostic interpretation and clinical (referrer distribution)
- Operational (transaction based) model
- Significant upside as Visage technology is rolled out
- Implementation 12 to 14 month time frame.
- Roll out commenced and is proceeding well.

VISN 23

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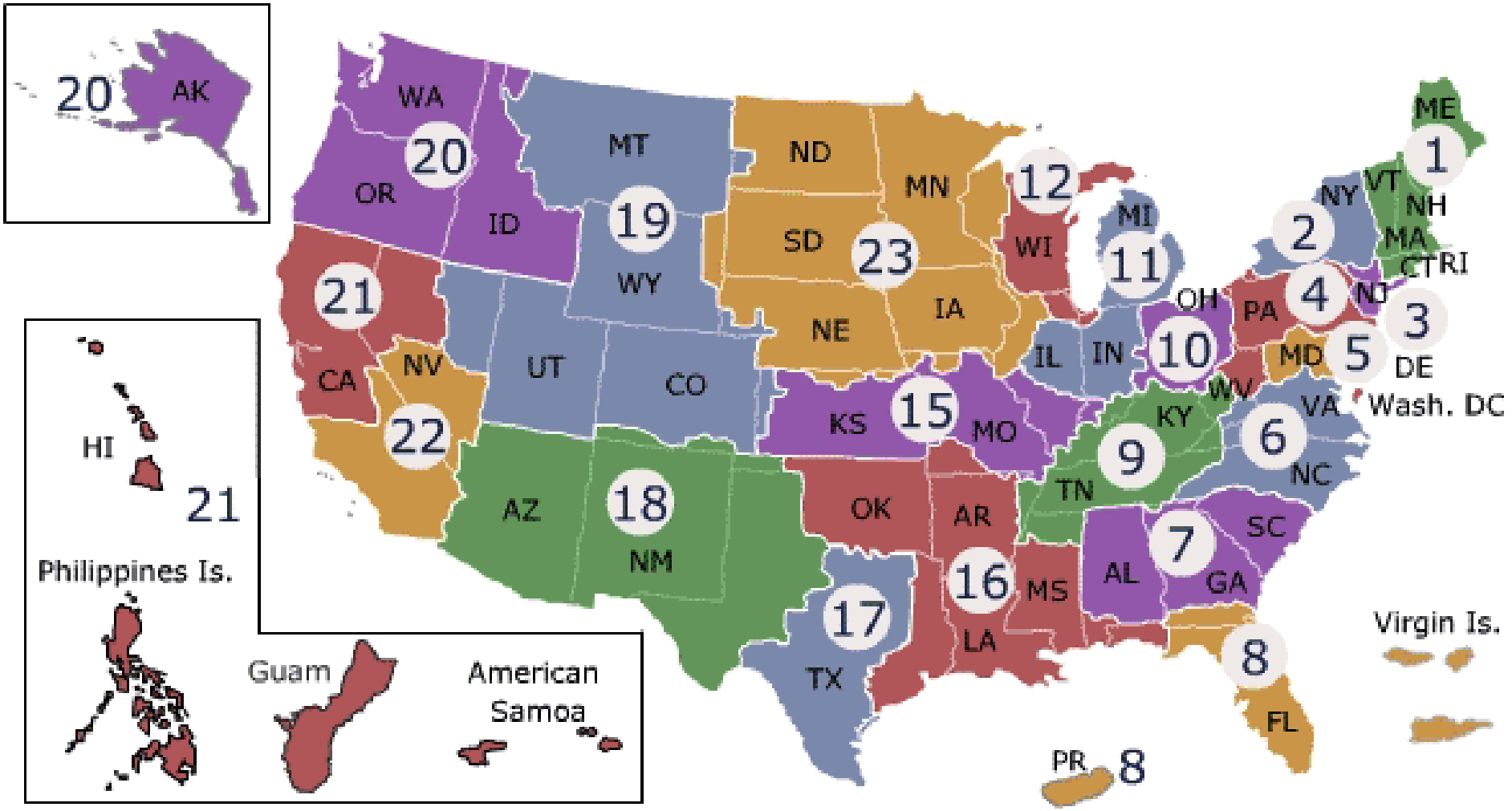


North America – vRad

vRad

Operational (Transaction) Model

- Alternative to capital model
- Favoured in recent US contracts
- Starting to be adopted in Australia
- Applicable to both Visage RIS & Visage PACS
- Model based on guaranteed minimums
- Upside as client examination volumes grow
- Revenue spread more evenly over length of contract – greater predictability

RSNA 2013

VISAGE IMAGING®
SERVER-SIDE PROCESSING
is game-changing.
IMAGING INTELLIGENCE
VISAGE IMAGING®

RSNA 2014 – Bigger and better

- 100th anniversary of world largest radiology conference
- Visage increased presence
  - 60% larger stand
  - More staff
  - More demonstration stations
- Major source of future prospects

RSNA 2014

VISAGE IMAGING®
ENTERPRISE IMAGING
UNIFIED DESKTOP
SIMPLY MAGIC
FAST. POWERFUL. ENTERPRISE IMAGING.
VISAGE IMAGING®

Australian – Management

- Danny Tauber – General Manger Australia
- Previously Chief Operations Manager
- Has been with the company over 20 years.
- Positive impact on customer services
- Supervising team for Coral roll out in Australia

US – Management

- Brad Levin – General Manger & Global Head of Marketing
- Joined August 2011
- Industry veteran with excellent track record.
- Will lead team at RSNA conference

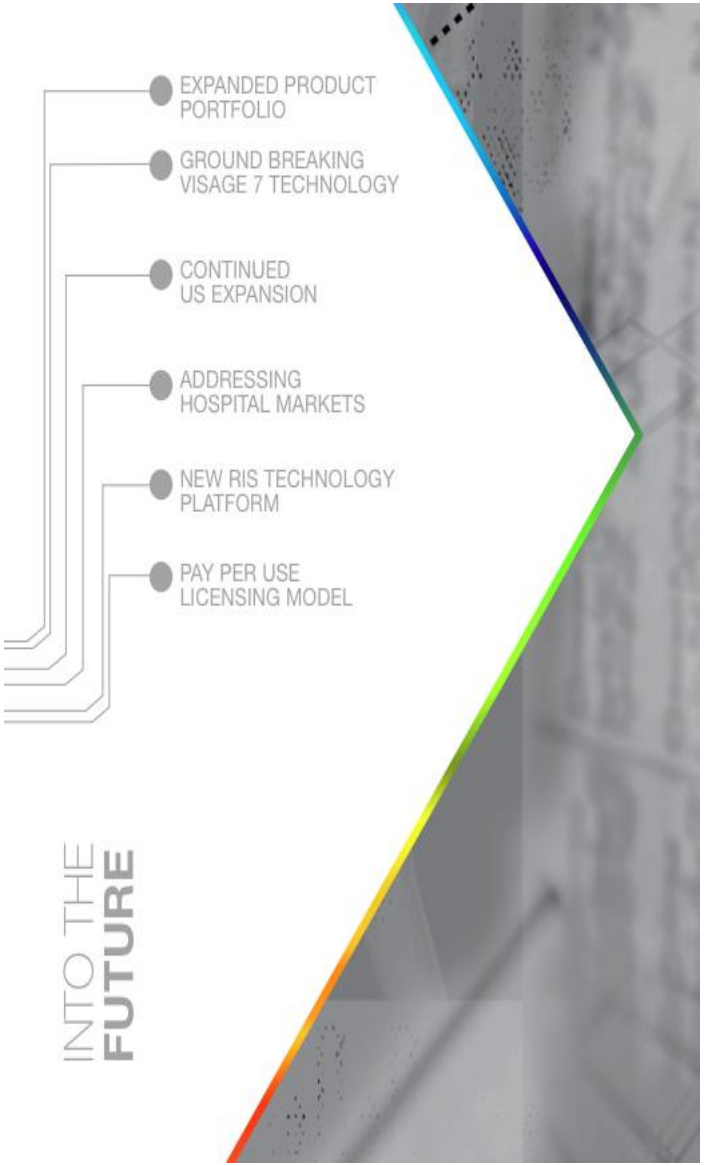
European – Management – Malte Westerhoff

- Co Founder and co-developer of Visage platform
- General Manger of European Operations
- Leads team of 38 people
- Globally in charge of Visage 7.0 & Visage RIS

New Global Management structure

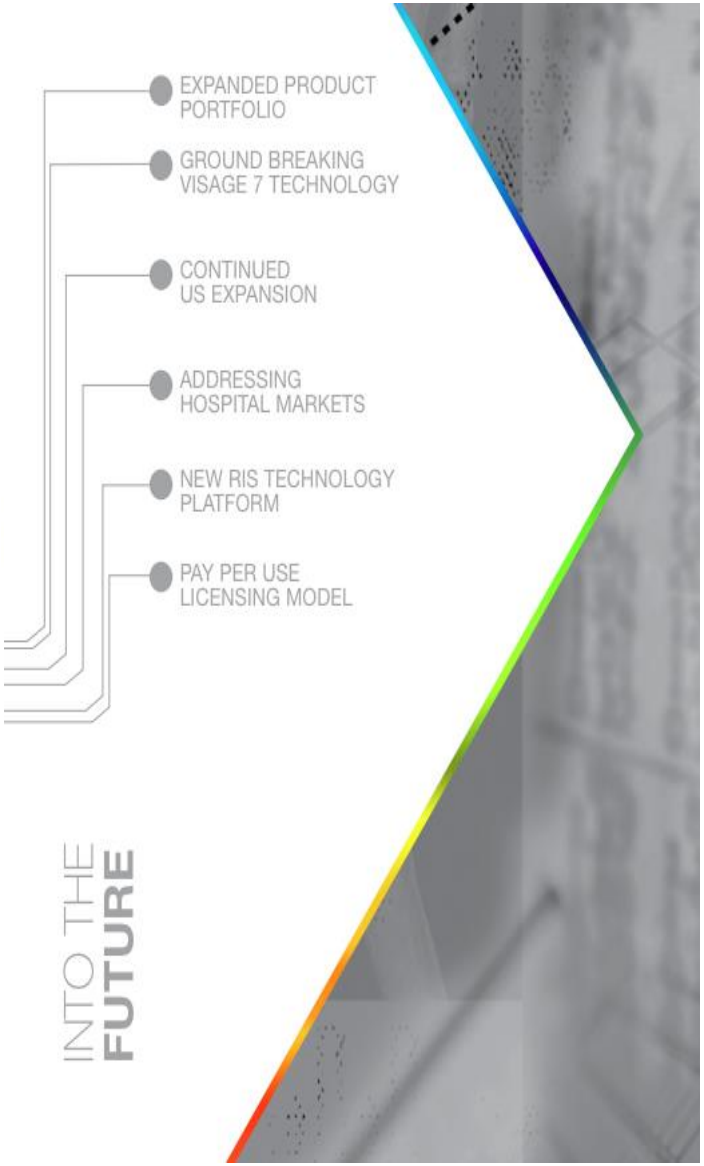
- To be implemented over next few months
- Will overlay current regional structure
- Key roles:
  - Chief technology Officer - CTO
  - Global Head of Service
  - Global Head of Sales
  - Global Head of Marketing
- Roles to be filled by current management
- Dual roles – regional and global
- Designed to facilitate next stage of company expansion

Into the Future



- Continue investment in product R & D
- Increase our investment in US
- Ramp up implementation and delivery capability to meet demand
- Leverage our two leading edge technologies
- Maximise reference opportunities from growing client user base

Into the Future



- Market trends – greater opportunities in North America
- Increase presence in Enterprise Hospital space
- Visage RIS - ramping up
- Operational model - increase recurring revenue base
- New global management structure

Summary

- FY14 – $2.3M profit turnaround
- FY15 – Continued profit growth
- Two large US Health systems to come on-stream
- Future contracted revenue increased to $35M plus
- Company actively pursuing further opportunities

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