



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

Chairman's Address
AGM
November 2016

PRO MEDICUS LIMITED

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)
- Mr Tony Glenning (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. Each is depicted on page 9 of the annual report.

- Danny Tauber – General Manager Australia
- Malte Westerhoff – General Manager Europe and Global Chief Technology Officer
- Sean Lambright – Global Head of Sales
- Teri Gschwind- Global Head of Customer Service
- Brad Levin – General Manager North America and Global Head of Marketing

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

The Board has continued to implement its strategic plan during the last financial year which has resulted in the continuing growth of the Company. As I indicated at the last AGM our main focus has been on:

- (a) Scaling up our resources, particularly in North America
- (b) Broadening our offering in the markets we currently serve
- (c) Reviewing our remuneration practices
- (d) Expanding the skill base of the Board

We have progressed on all of these fronts and this has placed the company in an excellent position to continue to capitalise on the increasing global opportunities that present themselves.

Despite our significant recent wins, particularly in the North American market, the Company still only has a small percentage of the overall potential market. Consequently we continue to focus primarily on the markets that we currently serve, being Australia, North America and Europe to maximize our returns.

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 deliver long term sustainable financial results given the appropriate strategies.

You may recall that last year the remuneration of the Executive Directors was reviewed by the remuneration committee and adjustments were made which are reflected in the financial statements which are included in the Annual Report.

The Board recently engaged executive remuneration consultants to advise on the appropriate level and structure of remuneration for the Global Management team (excluding the Executive Directors). This review coincides with the expiration of the original Long Term Incentive Plan which was introduced five years ago. Whilst there will be some modifications to the manner in which we remunerate our key executives we do not anticipate any significant change in the total remuneration level. It is important to note that the management team play a key role in the company's success and it is therefore important that they are appropriately remunerated.

Earlier this calendar year the Board undertook a search for a suitably qualified additional Non- Executive Director. We were delighted to secure the services of Mr. Tony Glenning who was appointed to the Board on 1 May 2016. Tony has already made a great contribution to the Board's deliberations and has been welcomed by the senior management team. As you are aware Tony has offered himself for election at this meeting and I trust that you will support the motion when it is put later in the meeting.

Financial Results

The financial results for the 2016 financial year recorded a healthy increase in net profit after tax (2016 \$6.368 million: 2015 \$3.217 million). This was a very pleasing result considering the level of investment for future growth and was a further indication of the company's continuing momentum. The result was particularly satisfying as it was achieved without any material influence of currency gains or losses. This meant that the underlying profit for the year was over 3 times higher than that of the previous year.

The Company continued to be cash flow positive with retained cash increasing from \$13 million to \$17 million despite paying an increased dividend.

Results for the current financial year to date are also very encouraging and are 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 indicated in the Annual Report the company was able to secure a number of new long term contracts with some large, prestigious health care providers utilizing the Visage 7 product, particularly in North America. As the company's cost base is relatively fixed, each of these new contracts has a greater proportional impact on profitability.

Management is still pursuing a number of additional major opportunities in North America, which if consummated will further add to the Company's growing footprint in this, the world's largest market. Additionally, our new German Government Hospital contract, announced last year, provides us with momentum in the key European markets.

The company's Visage RIS product has continued to be installed at a number of client sites, including some of our largest and most diversified customers, both in Australia and offshore.

Dividend Policy

The Board was pleased to continue the payment of dividends for the 2016 financial year at the level of 3 cents per share (unfranked) which was fully funded from the company's internally generated cash flow. This represents an increase of 50% over the previous year and a payout ratio of just below 50%.

The Board is conscious of the requirement of some shareholders to receive regular dividend payments, preferably fully franked. However the company is not expected to be in a position to pay fully franked dividends within the next twelve months. The Board is also considering a number of new initiatives which may require a significant level of additional investment. With these considerations in mind the Board will continue to balance the needs of the shareholders with the need to continue to grow the company to reach its full potential.

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.



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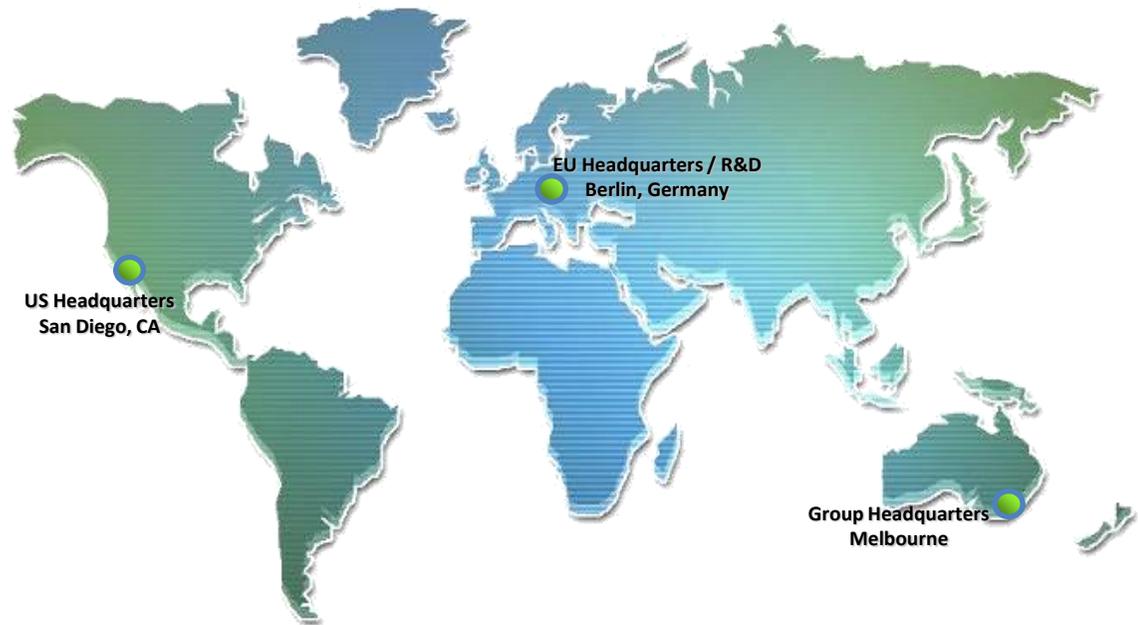
CEO Presentation
AGM
November 2016

Pro Medicus (ASX:PME)

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

Leading edge products, growing presence globally.

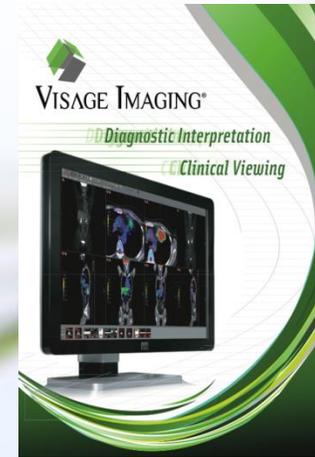
VISAGE



Over 40 Software Engineers

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PME Ltd



Visage RIS *

Pro Medicus.net

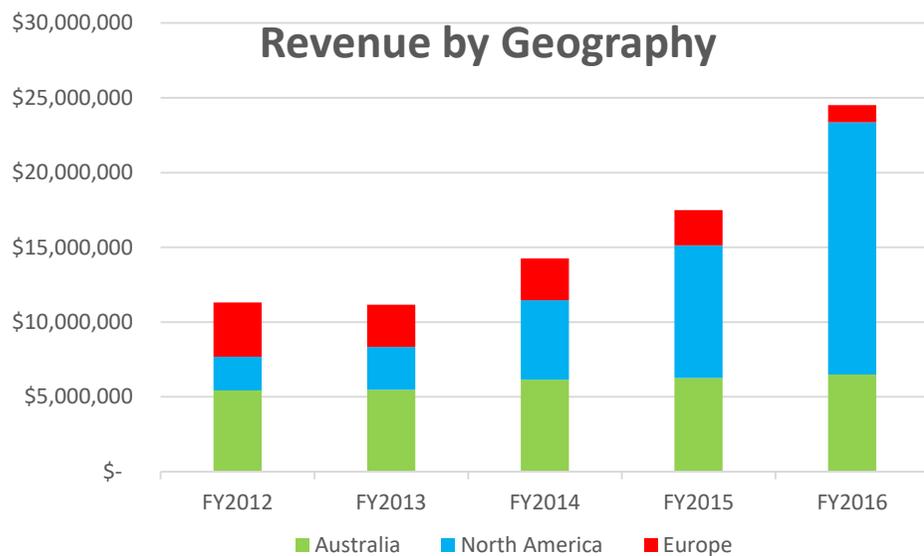
Visage 7 *
Product Suite

OEM

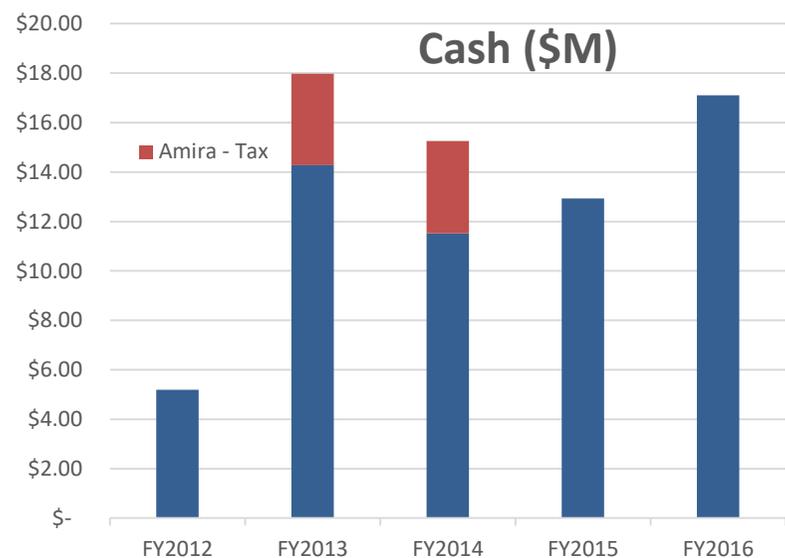
FY2016 Highlights - Financial Results

	FY 2015	FY 2016	% YoY
Revenue (\$m)	17.49	27.52	57%
Profit before tax (\$m)	5.11	9.50	86%
NPAT - reported (\$m)	3.22	6.37	98%
NPAT - underlying (\$m)	2.15	6.43	199%
Cash (\$m)	12.94	17.11	32%
EPS (cps)	3.20	6.30	97%
DPS (cps)	2.00	3.00	50%

Growth in North American business



Positive free cash flow in FY2016



FY16 Highlights

- Increased revenue from US contracts
- 4 Key US contract wins in FY 2016
- Contracted revenue over next five years increased by over 65% (PoP) to >\$100 million
- Visage 7.0 - increasing momentum in US market
- Pipeline of Opportunities continued to grow
- Australian business improved



July 2016 to Now

- All implementations progressing on, or ahead of schedule
- Network effect from recent sales/reference sites
- Growing pipeline
- Company tracking well relative to budget
- Increase in cash reserves



Visage RIS – New Technology Platform

VISAGE RIS



- Technology is leading edge
- Feedback from customers positive
- New clients purchasing both Visage RIS & PACS
- Transition of user base nearing completion
- Repositioning company as leader in field
- Large scale rollouts > 1,500 users on one system

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



[Home](#) [Visage 7](#) [Visage Ease](#) [News](#) [Events](#) [About](#) [Investors](#) [Contact](#) [Support](#)

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.

Sales Time Line – FY 2016



September 2015



Mercy+



April 2016



July 2016



November 2015



April 2016



FRANCISCAN
MISSIONARIES
OF OUR LADY
HEALTH SYSTEM

North American Market



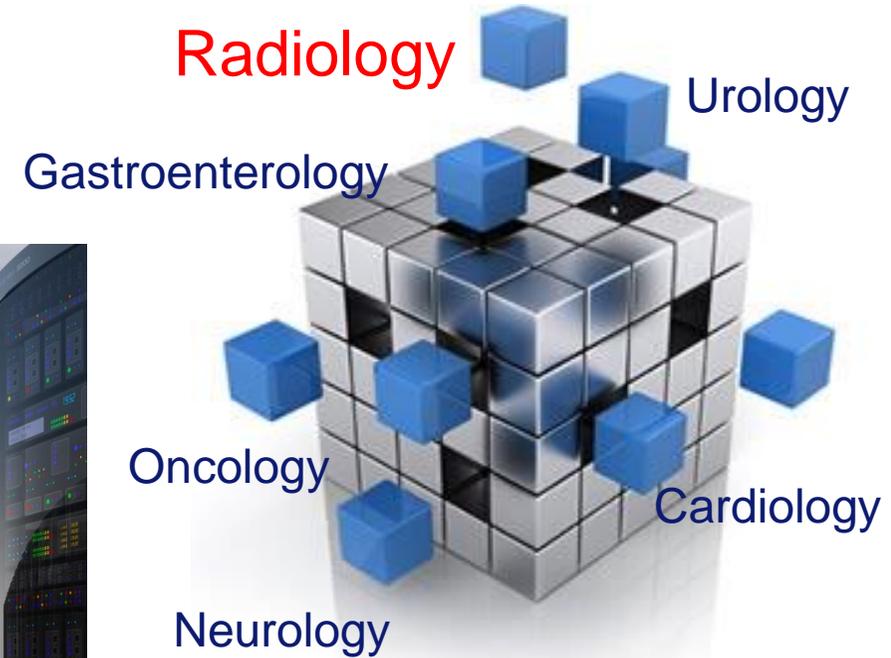
- PACS market estimated at > US\$2 billion pa and growing
- Paradigm shift to “deconstructed PACS” – best in breed approach
- Market fragmented - in process of consolidating
- Visage 7.0 – proven, market leading technology
- Company ideally positioned to capitalise on market trends

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



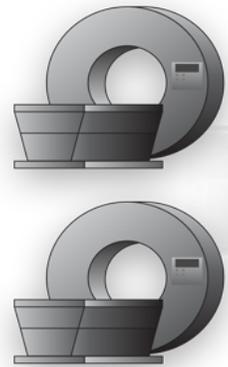
Electronic Medical Record (EMR)



- 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



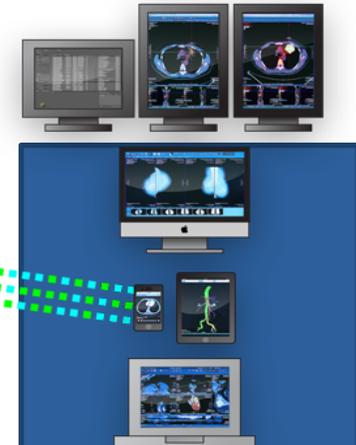
DICOM Payload

DICOM PAYLOAD STOPS HERE

Backend Server

Render Server(s)

COMPRESSUS



Requesting Client Devices

Business Model – Operational (Transaction) Based



- Alternative to traditional upfront licence model
- Favoured in recent US contracts
- Based on guaranteed minimums
- Upside as client examination volumes grow
- Annuity style revenue stream – greater predictability
- Contracted minimums increased to > A\$100 million over next 5 years

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

PME - Repositioned in Market



- Unique, leading edge technology
- Rapidly expanding US footprint
- Growing number of large/prestigious clients.
- Products have “natural advantage” in their markets
- Looking to further leverage our world-class R&D/Research capability

Proven Results

- Growing reputation for successful implementations
- Proven IT and infrastructure savings
- Industry leading efficiency gains
- Greater clinical accuracy
- Delivers superior value proposition



Pipeline

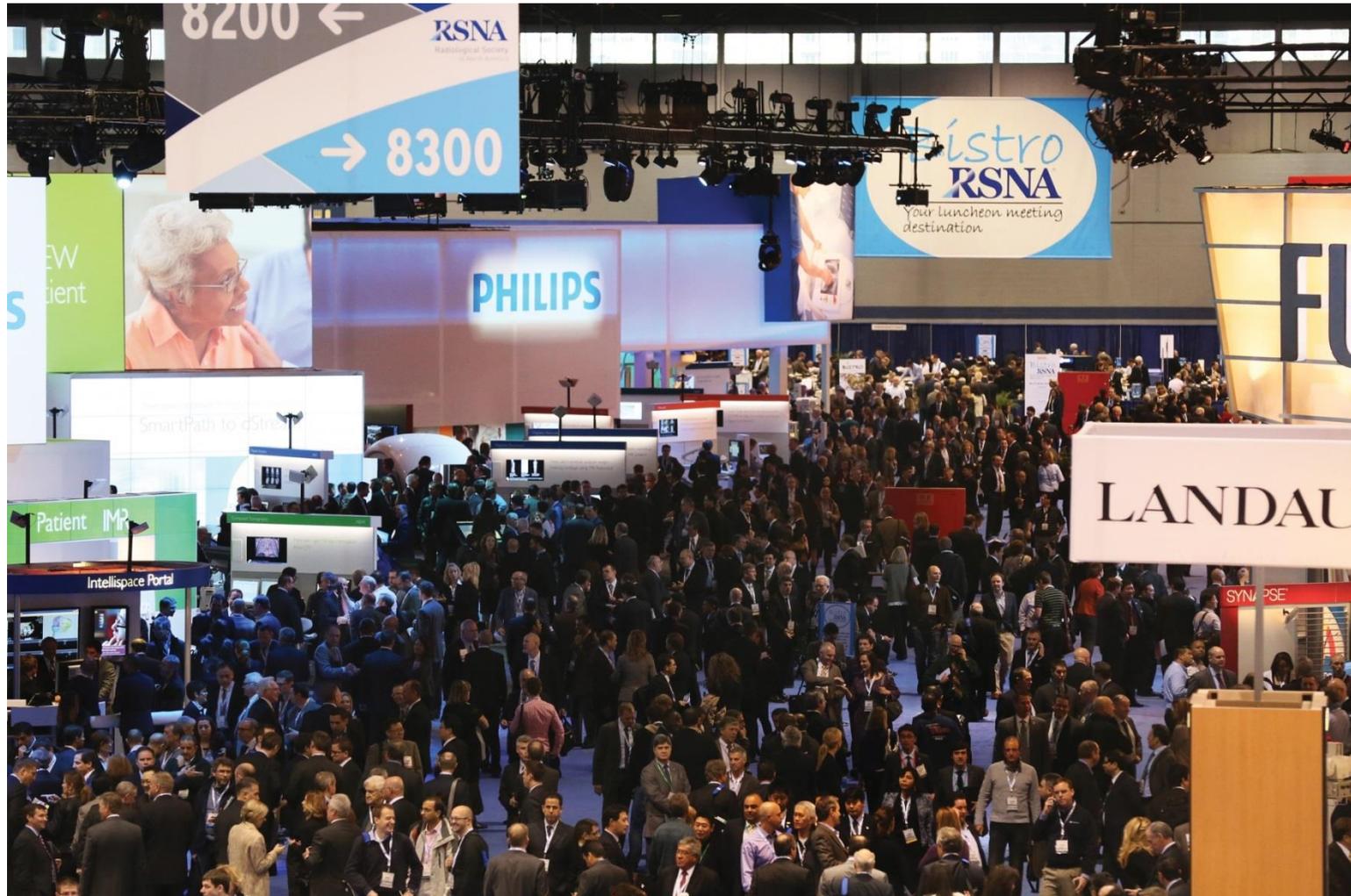


- Multiple opportunities at various stages of cycle
- New opportunities since recent wins
- No opportunities lost since recent announcements
- Opportunities in both private and large enterprise markets
- Network effect from recent high profile wins
- Increasing number of opportunities coming to market

Marketing - North America

RSNA® 2016

NOVEMBER 27 - DECEMBER 2



Marketing - North America

RSNA® 2016

NOVEMBER 27 - DECEMBER 2



- Building on the success of RSNA 2015



Growth Strategy



- Transaction growth (above minimums) from existing clients
- Expand current footprint via new deals
- Margin expansion with future contracts
- Continue to build out pipeline
- Extend to other markets
- Leverage R&D capability to introduce new products

New products - Enterprise Imaging

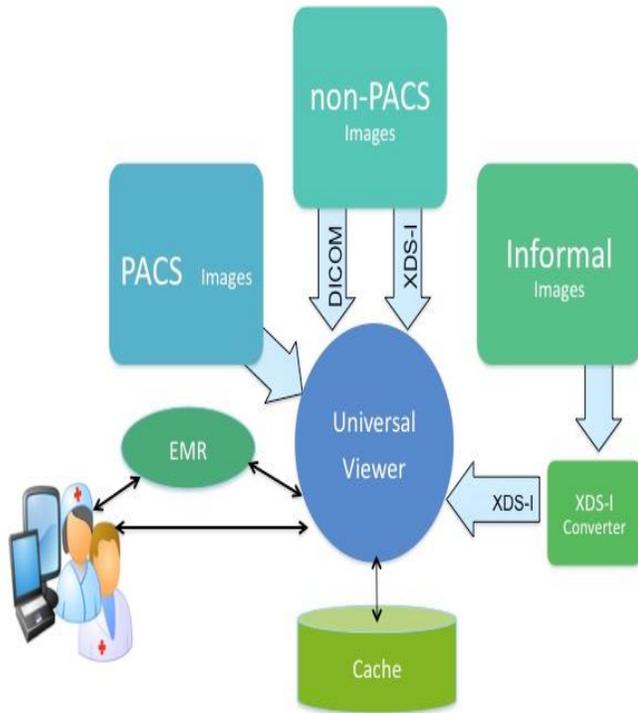


Image courtesy of Gray Consulting

- One viewer for all images in the medical record (EMR)
- Radiology/Cardiology (DICOM format)
- Non radiology - reflected light - hi res photos & video
- Visage ideally suited – any image streamed anywhere.
- Significantly increases Visage value proposition
- Additional future revenue stream
- 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

One Viewer - Enterprise Imaging

The screenshot displays the VISAGE Enterprise Imaging software interface, which is a multi-panel medical viewer. At the top, there is a menu bar (File, View, Protocol, Tools, Help) and a toolbar with various icons for navigation and manipulation. Below the toolbar, the interface is divided into several main panels:

- Top Left Panel:** Shows an axial MRI slice of a knee joint. Technical details include: MORGAN EDNA ANON, 43.374_1, * 1992-Jan-01 F 18Y, MRI KNEE, 2010-Sep-10. Parameters: FOV: 190 x 190 mm², 2_tse_fs_tra_4mm_Kniespule, über das 2.Knie sag. 9.Ärztiger..., 13:53:44. TR: 5700 ms, TE: 86 ms, SE 384 x 384. Series 8 IMA 1. A small 'F' icon is visible.
- Top Right Panel:** Shows a sagittal MRI slice of the knee. Technical details include: VISAGE GENERAL HOSPITAL, SIEMENS Avanto, web web web. Parameters: TR: 450 ms, TE: 13 ms, SE 384 x 384. Series 5 IMA 21. A small 'A' icon is visible.
- Bottom Left Panel:** Shows another sagittal MRI slice. Technical details include: VISAGE GENERAL HOSPITAL, SIEMENS Avanto, web web web. Parameters: TR: 2900 ms, TE: 44 ms, SE 384 x 384. Series 7 IMA 21. A small 'A' icon is visible.
- Bottom Right Panel:** Displays four arthroscopic images labeled 0, 1, 2, and 3, showing the internal joint structure. A note "(not calibrated)" is present. Series 4000 IMA 1. Parameters: C: 128 W: 255, Zoom: 80%.

At the bottom of the interface, there is a "Study Browser" area showing a list of series: 2010-Sep-10 MR MRI KNEE. Below this is a row of thumbnails for different series: (Localizers), 8: t2_tse_fs_tra_4mm (8 vol), 5: t1_se_cor_FIL (1 vol), 7: pd_tse_fs_rst_cor_ (1 vol), 4: t1_se_sag_FIL (1 vol), 6: PD_tse_fs_rst_sag_ (1 vol), 9: t2_me3d_we_sag_ (1 vol), and 4000: Attachments (2 img).

Global Management Structure



Malte Westerhoff – Chief Technology Officer



Sean Lambright - Head of Sales



Brad Levin – Head of Marketing



Teresa Gschwind – Head of Services

Summary

- Unique market position
- Leading edge technology
- Proven implementation & support capability
- Delivers measureable financial benefits
- Meaningful improvement in clinical outcomes
- Unparalleled value proposition
- Looking to further leverage R&D/Research capability
- Well positioned to deliver new technologies



Thank you
AGM
November 2016