



## Infratil Investor Day Presentation

16 February 2021

**Chris Munday**

Chief Executive





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## Introduction to Qscan



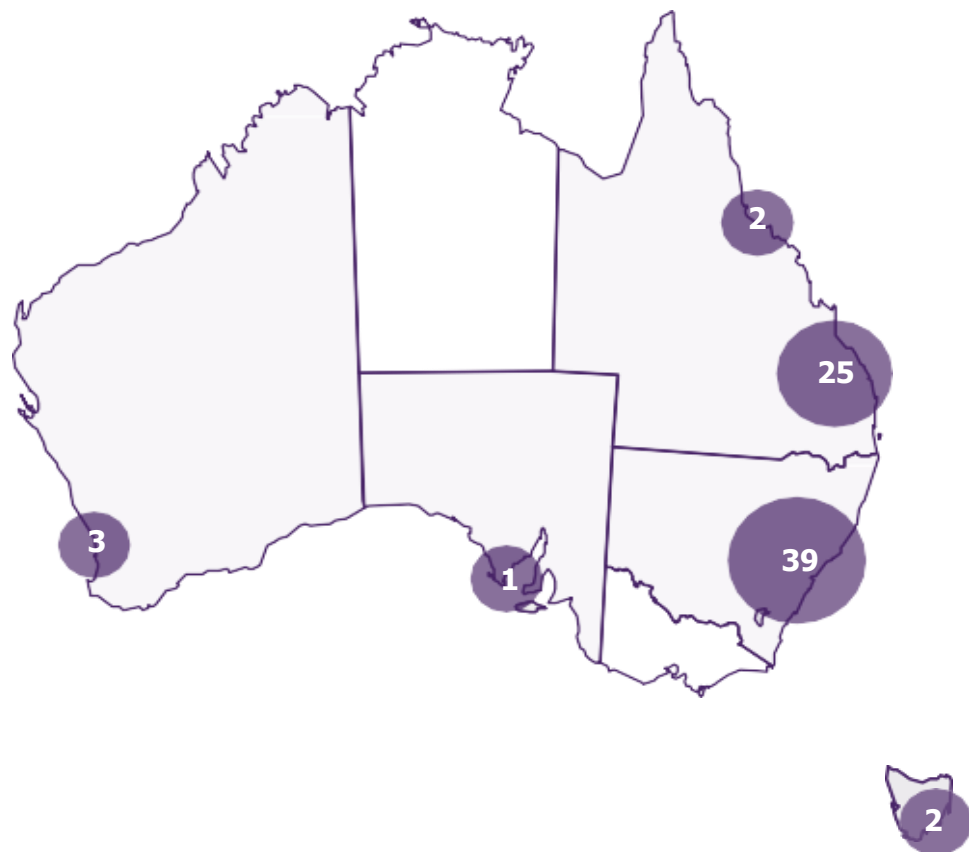
# National network of 75+ radiology clinics diversified across metropolitan, regional & super-regional geographic segments



Unique portfolio with strong competitive differentiation delivering catchment leadership and high barriers to scale

## National radiology network...

*Qscan clinic network as at 30-Jun-21*



- National portfolio of 75+ clinics
  - 36 clinics in metro locations
  - 36 clinics in non-metro locations
  - 10 clinics that offer PET
- 7 core external reporting contracts with public health authorities, servicing 58 facilities
- Two centralised teleradiology reporting hubs – one in Sydney and one in Brisbane
- Circa. 800 employees' group-wide

# What We Excel At

Qscan is differentiated from its peers by having a group of highly specialised radiologists and strong management that encourage and facilitate early adoption of leading healthcare technology

## 100+ Highly Specialised Radiologists



Dr Hal Rice



Dr Laetitia de Villiers



Dr Joseph Wong



Dr Rohit Singh



Dr Warwick Lee



Dr Tanya Wood



Dr Gary Shepherd



Dr Joanna Sommerfeld



Dr Simon Hughes



Dr Peter Jackson



Dr Dalveer Singh



Dr Rajeev Jyoti



Dr David Leggett



Dr Cameron Napper



Dr Susan Ly



Dr Aziz Osman

## Clear Differentiator to Market Competitors



Market leaders in PET-CT, first operator with a dedicated strategy, first mover in non-hospital and unique operational model

Established and defensive regional clusters leading to clear market leadership in catchments with attractive demographics















Highly scalable Teleradiology capability – future of Radiology with external remote reporting increasingly used

Highly specialised Radiologist workforce with focus on sub-speciality and high-value modalities (CT/MRI/PET-CT) and complex procedures



# Service Offerings Focused on High-Value Modalities

Qscan specialises in high-value modalities and complex procedures, in particular PET and MRI, which are critical in the diagnosis and treatment of cancer and heart diseases

Modality	Equipment	#Machines	Strategic Positioning
 <b>PET</b>	 <b>SIEMENS</b>	10+*	<ul style="list-style-type: none"> <li>High margin modality</li> <li>High growth opportunities</li> <li>Premium imaging for cancer</li> </ul>
 <b>MRI</b>	 <b>SIEMENS PHILIPS</b> 	20+	<ul style="list-style-type: none"> <li>High margin modality</li> <li>Focused on private pay market</li> </ul>
 <b>CT</b>	 <b>SIEMENS PHILIPS</b>  <b>Canon</b>	55+	<ul style="list-style-type: none"> <li>Focus on the high yield bulk bill market</li> </ul>
 <b>Ultrasound</b>	 <b>SIEMENS PHILIPS</b> 	150+	<ul style="list-style-type: none"> <li>Baseline service that attracts patients and referrals</li> </ul>
 <b>X-ray</b>	 <b>PHILIPS</b>  <b>EOS imaging</b>	80+	<ul style="list-style-type: none"> <li>Baseline service that attracts patients and referrals</li> </ul>

Comprehensive services covering all modalities

Focus on complex and high-value services such as PET-CT and MRI

Adoption of advanced technology and cutting-edge equipment

Clearly defined strategy for each of the modalities

\*Note: installed and ordered machines

# Qscan's Business Model



Qscan provides a complete infrastructure and services platform for doctors

## Clinic Network

75+ clinics  
Radiographers  
Sonographers  
Support staff

## Equipment

High quality, hospital  
grade equipment

## Systems Infrastructure

Sophisticated teleradiology  
capability through single  
worklist and centralised  
reporting hubs

## Corporate Services

Integrated and  
comprehensive corporate  
functions



## Aligned Partnership Model

- Qscan owns all the equipment, systems, contracts, and licences, and provides corporate support services
- Radiologists are independent medical practitioners, responsible for patient care
- Qscan collects billings and retains its service fee before remitting an agreed revenue share to radiologists
- Remuneration primarily based on revenue sharing, with limited fixed components, providing alignment
- Alignment reinforced through doctor equity ownership

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## Introduction to the Australian Diagnostic Imaging Sector



# Australia Radiology Industry Snapshot

Radiology in Australia has experienced a consistent industry growth of 6% p.a.

Predictable, structural, long-term growth of ~6% p.a.

## Defensive Revenue

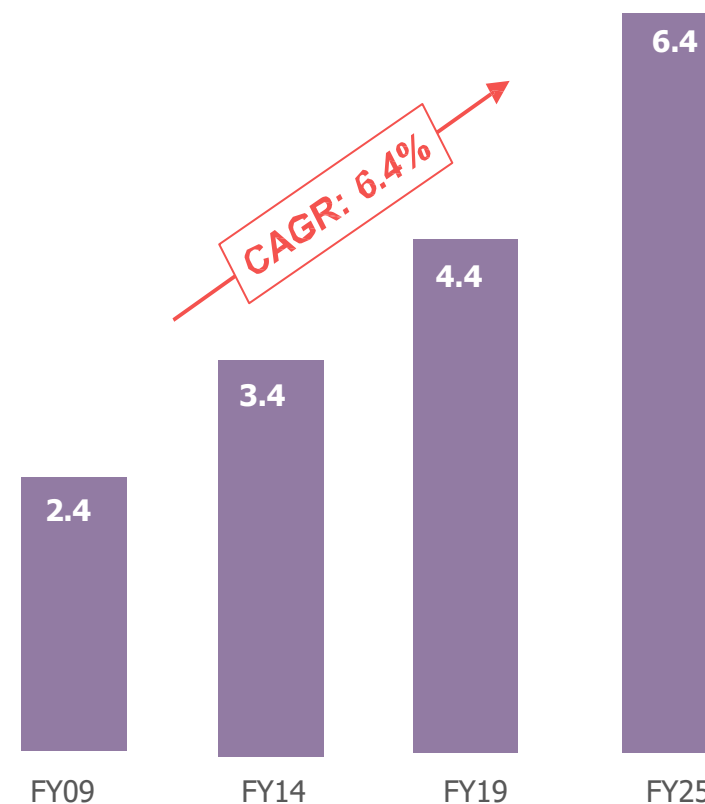
- Radiology in an essential service and a key pillar in disease identification, prevention and monitoring
- >85% Australian government funding delivers accessibility, with indexation providing further support
- Structural, volume-led growth
- Ongoing shift to high-value modalities
- Drivers include population, ageing and focus on preventative care

## High barriers to scale

- Specialised service with limited radiologist supply
- Sticky, relationship-based referral networks
- Licences and requirements reinforce barriers
- No ability to discount – bulk-bill rate is floor

## Significant benefits of scale

- Favours corporatised operators
- Investment in high value modalities
- Investment in technology and teleradiology
- Greater ability to win licences and contracts
- Employers and partners of choice



*Value of MBS-supported services (\$bn)*



# Radiology Key Industry Drivers

Long term sustainable growth is underpinned by a number of favourable industry conditions

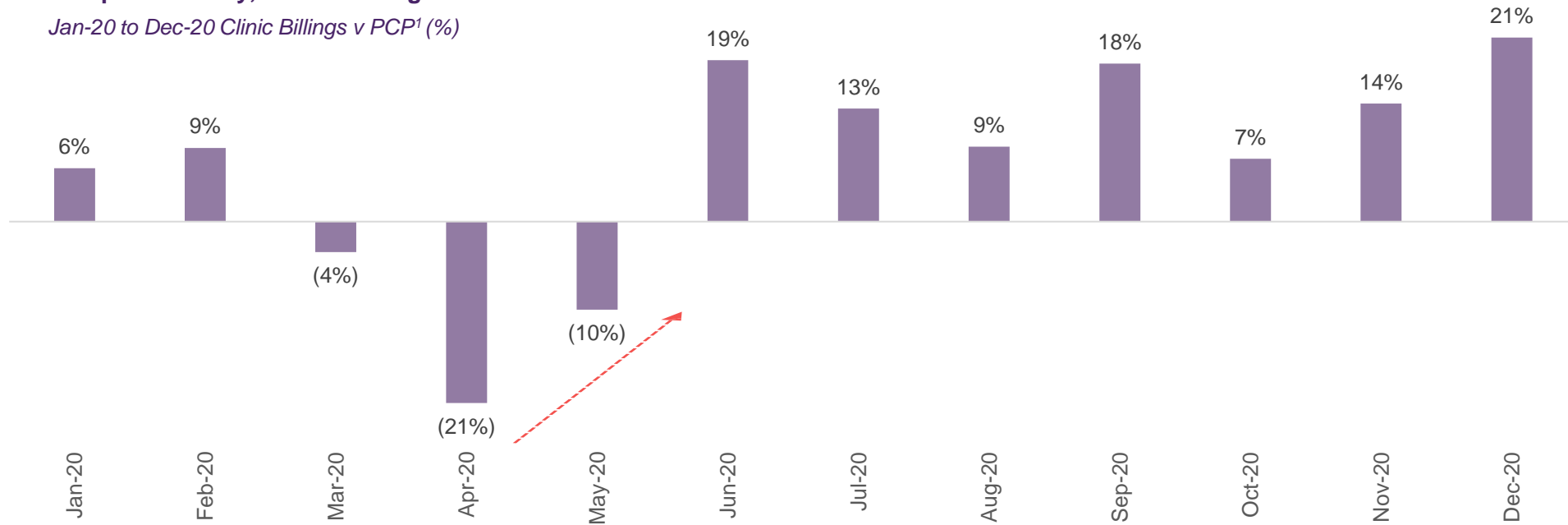
Driver	Summary	
Population	<ul style="list-style-type: none"><li>• Industry demand increases in-line with population growth</li><li>• Australia's population is anticipated to grow steadily in the future at 1.6% p.a.</li></ul>	↑
Median age of the population	<ul style="list-style-type: none"><li>• The general health of individuals tends to deteriorate with age</li><li>• Australian's median age expected to increase, population over 65 has been growing at 3.3% p.a.</li><li>• As such an increasing share of the population will have greater demand for radiology services</li></ul>	↑
Federal funding for Medicare (universal healthcare)	<ul style="list-style-type: none"><li>• Medicare (Government funding) provides rebates for most diagnostic imaging services</li><li>• The industry is highly sensitive to the structure of Medicare schedule fees and the proportion of rebates available</li><li>• Indexation of rebates reintroduced Jun 20, providing support for stable, long term growth</li></ul>	↑
Visits to a general practitioner	<ul style="list-style-type: none"><li>• Most patients visit diagnostic imaging centres on referral from their general practitioners, as diagnostic imaging is an auxiliary function that supports a diagnosis</li><li>• A rise in total visits to a general practitioner increases demand and revenue for the industry; visits to general practitioners are anticipated to rise in the immediate term</li></ul>	↑
Industry consolidation	<ul style="list-style-type: none"><li>• High barriers to scale are driving consolidation with corporatised operators growing fastest</li><li>• Scale provides ability to adapt to technological change and radiologist preferences, establishing competitive advantage</li><li>• Employers and partners of choice, aided by investment in training of radiologists and staff</li></ul>	↑

# Fully recovered from COVID, back to budget & growth delivered vs. PCP

Qscan's recovery was faster than the broader market, and, despite considerable COVID disruption, Qscan delivered 6% growth in FY20 vs. FY19

## V-shaped recovery, now back to growth

Jan-20 to Dec-20 Clinic Billings v PCP<sup>1</sup> (%)



**Significant growth delivered vs. FY19 – despite disruption from COVID (Mar–Jun 20) and bushfires / floods (Dec 19 – Feb 20)**

**Qscan traded strongly in 1H21 and remains above budget for both revenue and EBITDA**

**Qscan recovered from COVID at a faster rate than the broader radiology industry**

**PET continues to exceed expectations**

Notes: 1. Excludes external reporting revenue, other revenue accounted for in network or corporate overheads and JobKeeper subsidy. PCP reflects pro-forma financials (i.e. inclusive of acquisitions).

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## How Qscan is set up to win

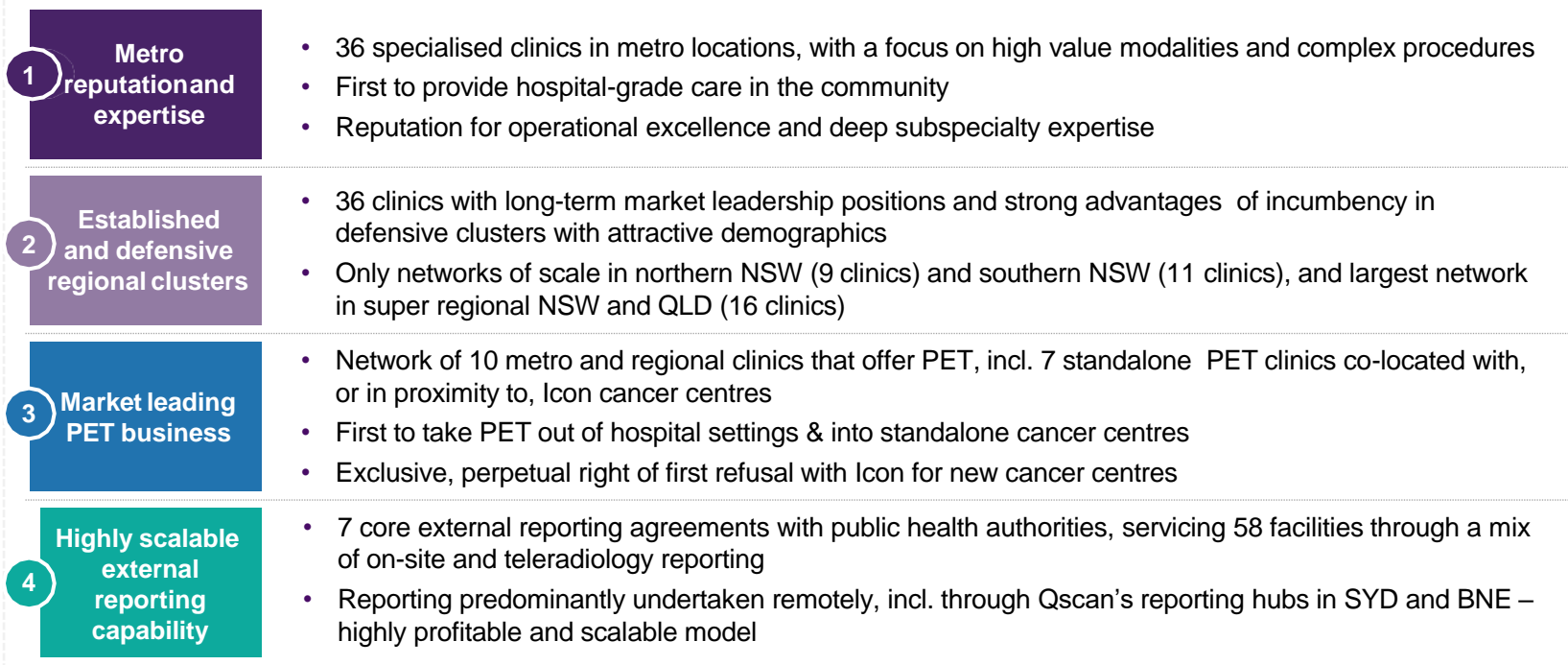


# Unique Qscan network with strategy built on four key growth pillars



Qscan's portfolio constitutes four growth pillars that provide competitive differentiation in metro areas, advantages of incumbency in regional areas, market leading PET expertise, and a scalable external reporting capability

Built on 4 growth pillars, underpinned by corporate model and operating platform



Underpinned by aligned corporate model with integrated operating platform

Centralised corporate functions

Systems, equipment and services

Teleradiology capability

Contractual arrangements



# Experienced Medical and Management Team



Qscan is led by a group of highly experienced medical and business executives

## Key Management Team



**Chris Munday**  
CEO, Qscan Group



**Dr Mark Hansen**  
Qscan Group  
Radiologist & Chair of  
Innovation and  
Technology Committee



**Dr Gary Shepherd**  
Qscan Group  
Radiologist & Director



**Michael Broadbent**  
Group Executive,  
Commercial



**Stephen Berry**  
CFO, Qscan Group



**Dr Tanya Wood**  
Qscan Group  
Radiologist & Chair of  
Quality and Clinical  
Governance  
Committee



**Matthew Bellairs**  
Metro General  
Manager, Qscan  
Group



**Matthew Swain**  
Regional General Manager,  
Qscan Group



**Tuesday Cole**  
Group Executive,  
Strategic Development



**Dylan Campher**  
Group Executive,  
Quality and Clinical  
Governance

## Industry Spokespeople



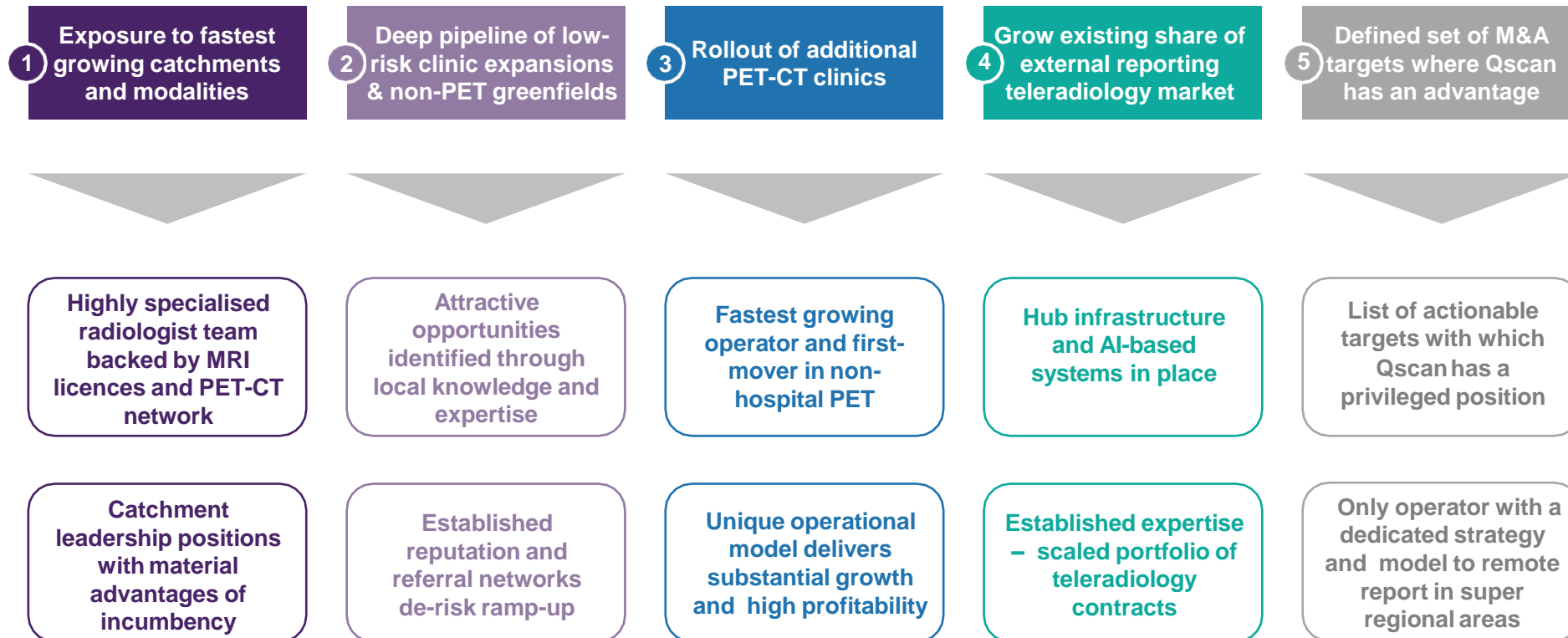
**Dr Tanya Wood**  
Member of the  
RANZCR Professional  
Practice Committee



**Matthew Swain**  
Vice President of  
ADIA Committee  
("Australian Diagnostic  
Imaging Association")

# Platform strategy provides unique path to ongoing above-market growth

Business transformation unlocks access to high growth markets that Qscan is best-positioned to capture

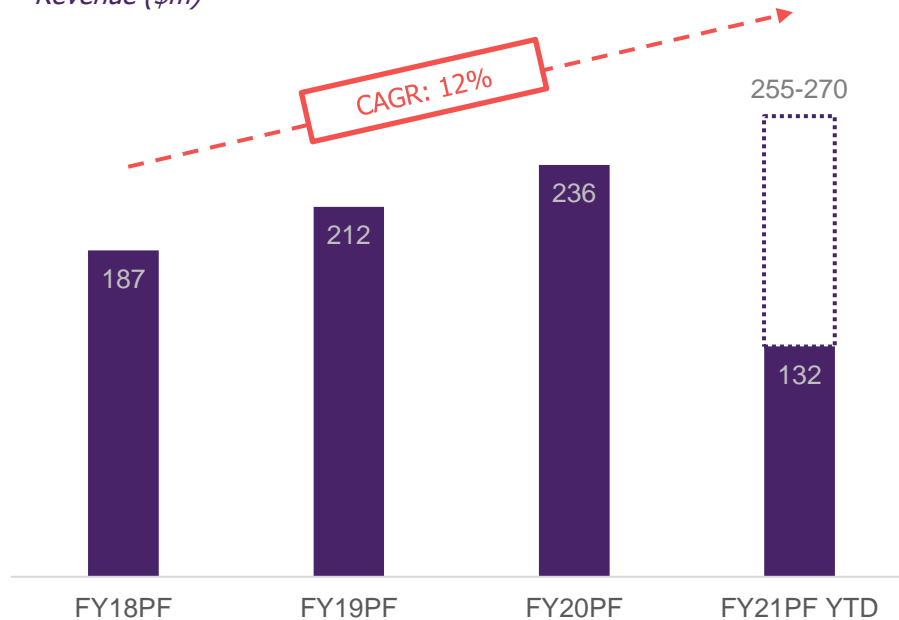


# Predictable trend of above-market growth and operating leverage

Strong embedded organic growth complemented by PET and non-PET clinic rollout

## Track record of 10%+ annual revenue growth to continue

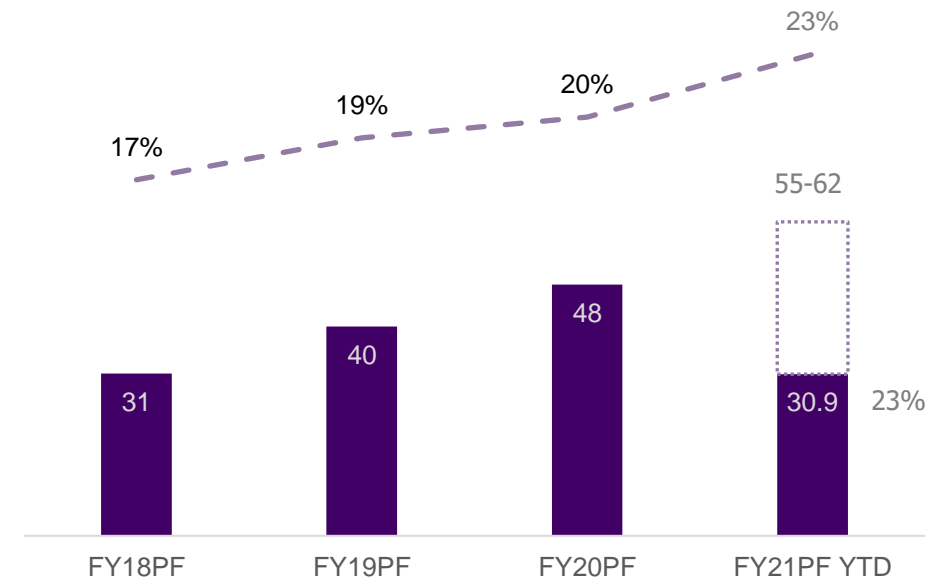
Revenue (\$m)



**Qscan has outperformed Revenue budget for 6 months to December 2020 by 3.3% and EBITDA by 10.0%**

## Operating leverage & ramp-up deliver ongoing margin expansion

EBITDA (\$m) and EBITDA margin (%)



**EBITDA Margin continues to improve with FY21PF YTD at 23%**

### Notes:

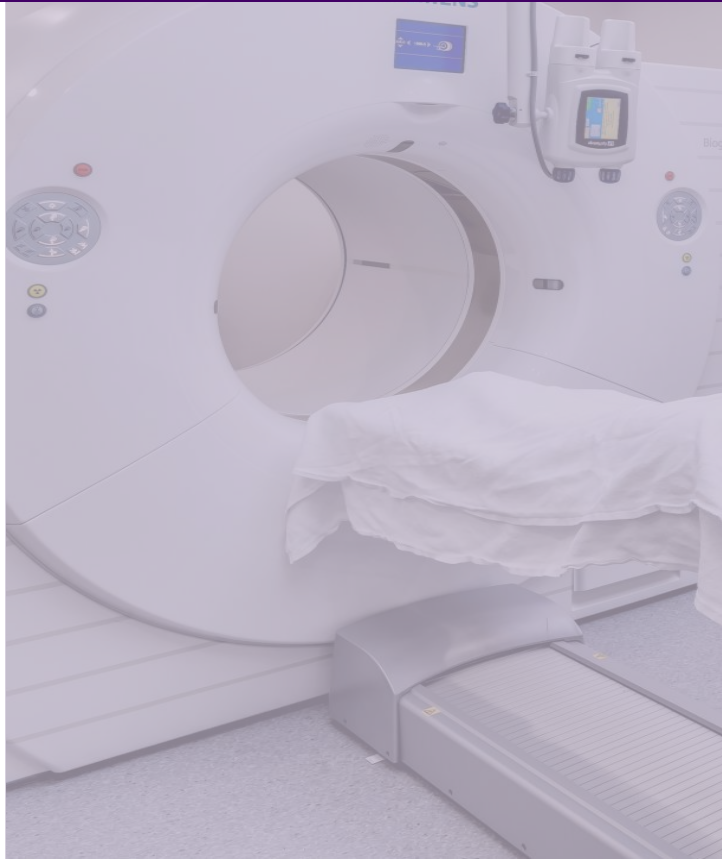
Financial year reported is July to June. FY21PF YTD are proforma adjusted figures for July – December 2020.

Proforma figures exclude JobKeeper subsidy.

PF EBITDA reported excludes impacts of AASB16.

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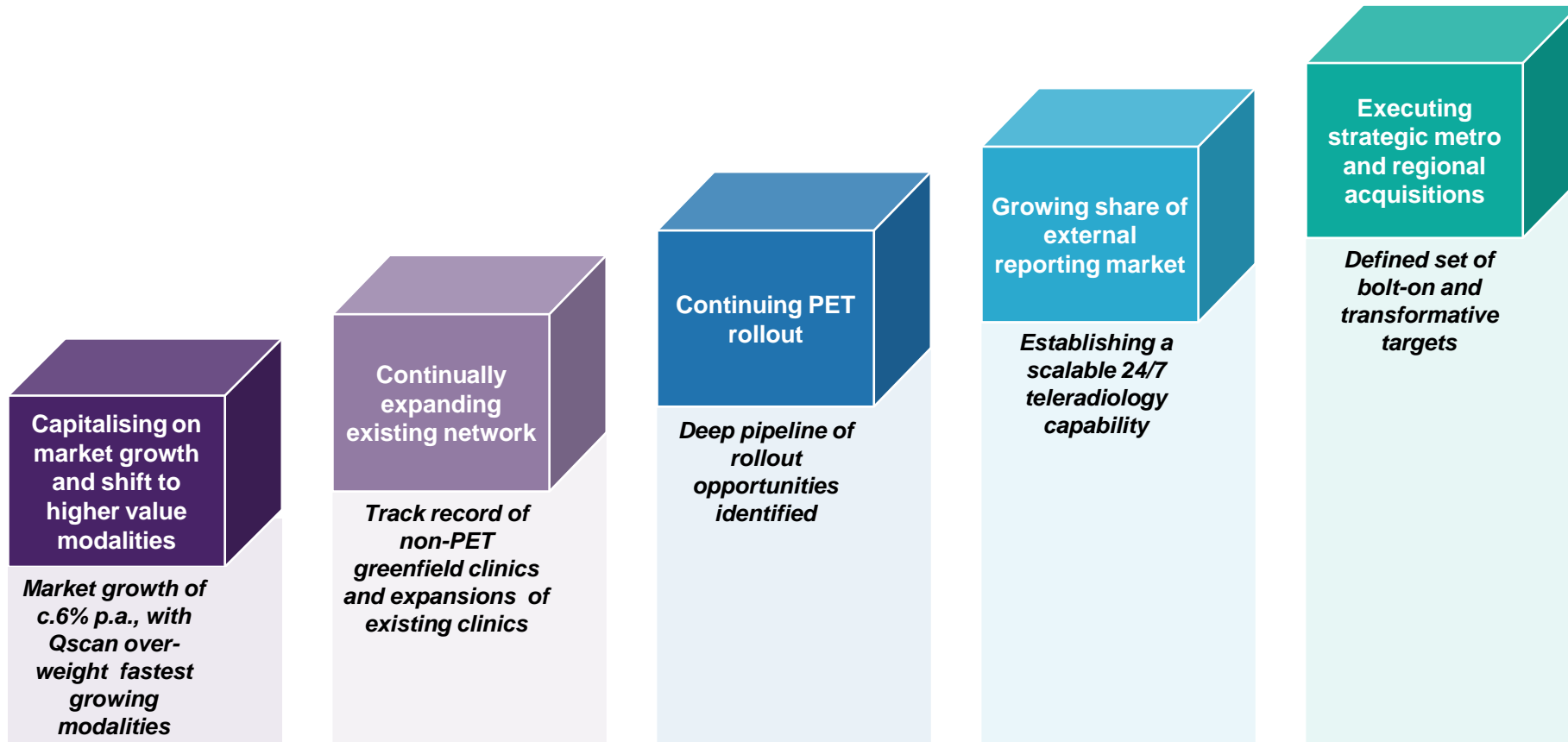
## The Next Phase....





# Delivering on our Strategic Growth Plan

Qscan has a compelling growth platform with several levers to achieve above-market growth through capturing its existing network growth, opening new clinics, executing strategic M&A, and enhancing its teleradiology capability



**We have a multi-layered strategy to continue annual revenue growth of ~10% p.a. through**

- Capitalising on market growth and shift to high value modalities
- Continually expanding our existing network, within both metro and regional footprints
- Continuing our PET-CT clinic rollout to capitalise on “first to market” status
- Growing our share of the Teleradiology market through strategic hospital contract pursuits and potential overflow/subspecialty service demand

Our goal of continued **Margin expansion** (25+% by FY2025) is to be achieved through operating leverage and benefits of scale and investment in the high value modalities.

**Our Key Focus areas** (managing risk):

- ✓ Investment in IT infrastructure and finalise integration across national Clinic network, to generate full benefits of integrated network
- ✓ Roll out of Intelrad / Inteleone Reporting Platform
- ✓ Dr recruitment and Dr retention – continued focus on investing in and expanding Fellowships programme, which has proven the most successful recruitment and retention tool
- ✓ Flexible employment model – hours, locations (work from home)
- ✓ FIFO for super regional sites – interventional days
- ✓ Research with like-minded health care companies to drive deeper relationships with referrers
- ✓ Implementation of ‘best in class’ operating systems across entire network, driving productivity and efficiency at clinic level to maximise benefits of integration and scale

- **Diagnostic Imaging** industry supported by **predictable, stable market growth** which de-risks Qscan's growth
- **Organic growth** supported by structural, **macro-led long-term growth**
- Qscan benefits from market under penetration of **high-value modalities** (MRI,CT,PET-CT) and our experienced **sub-specialist Radiologists**
- We will continue to focus on expanding our existing, unique, **market leading PET-CT Clinic network**, which will further drive revenue and margin growth
- Building a scalable, national 24/7 reporting platform, to access **Teleradiology growth** will assist in mitigating challenges associated with shortage in radiologist workforce
- Taking advantage of **Strategic M&A** – attractive bolt-ons and transformative targets will drive additional long-term growth supported by an integrated operating platform and aligned corporate model
- Attraction & retention of **Radiologists** remains a priority to ensure we meet long term growth objectives





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## Questions

