



Pro Medicus

A high-quality, long-term compounder

COMPANY OVERVIEW

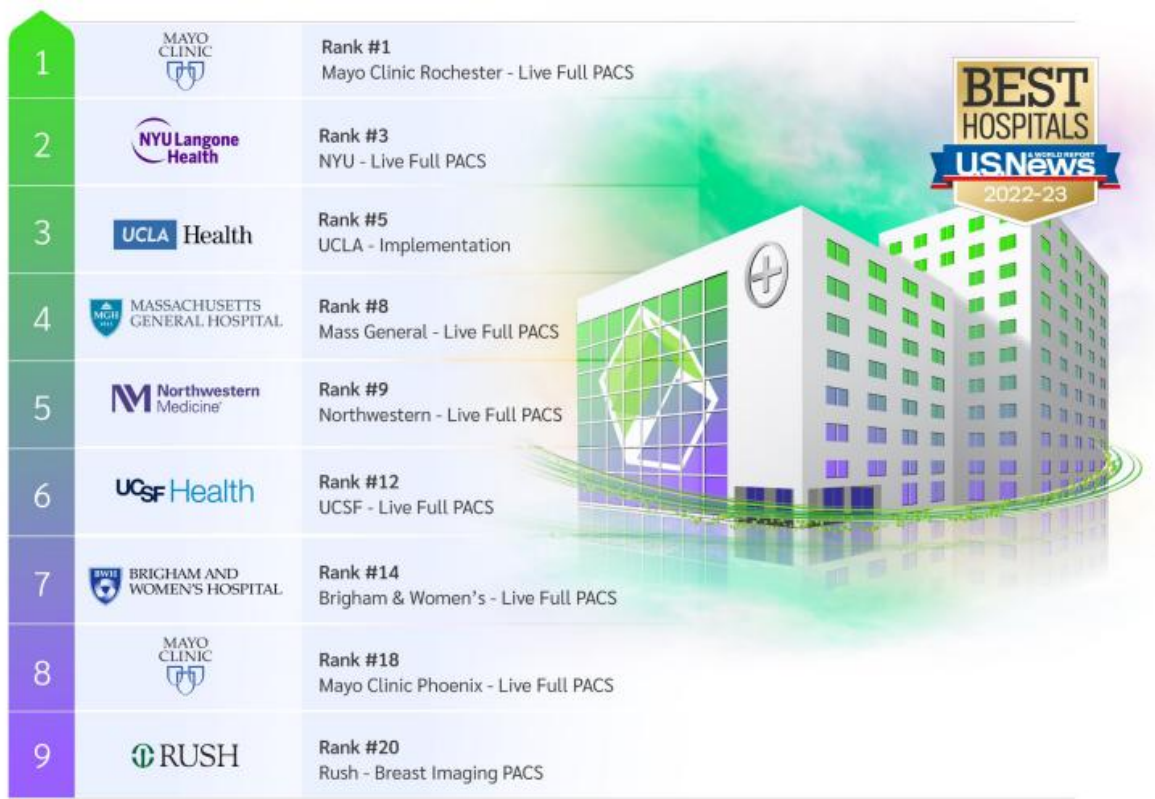
Pro Medicus Limited (ASX: PME) is a leading global healthcare IT provider specialising in advanced medical imaging software. Its flagship Visage platform is a high-performance enterprise imaging solution used worldwide, delivered via cloud or on-premise deployment.

COMPELLING INDUSTRY STRUCTURE & COMPETITIVE POSITION

Macroeconomic tailwinds: Chronic radiologist shortages drive demand for Visage’s productivity-enhancing technology in large health systems.

Premium positioning: Visage 7’s speed, quality, and server-side streaming architecture give it a competitive edge

Top-tier customer base: Pro Medicus serves 11 of the top 20 US hospital networks and recently secured a massive 10-year, AUD\$330m deal with Trinity Health. We believe this will have a network effect and open them up to other players of this size if they successfully execute on this implementation.

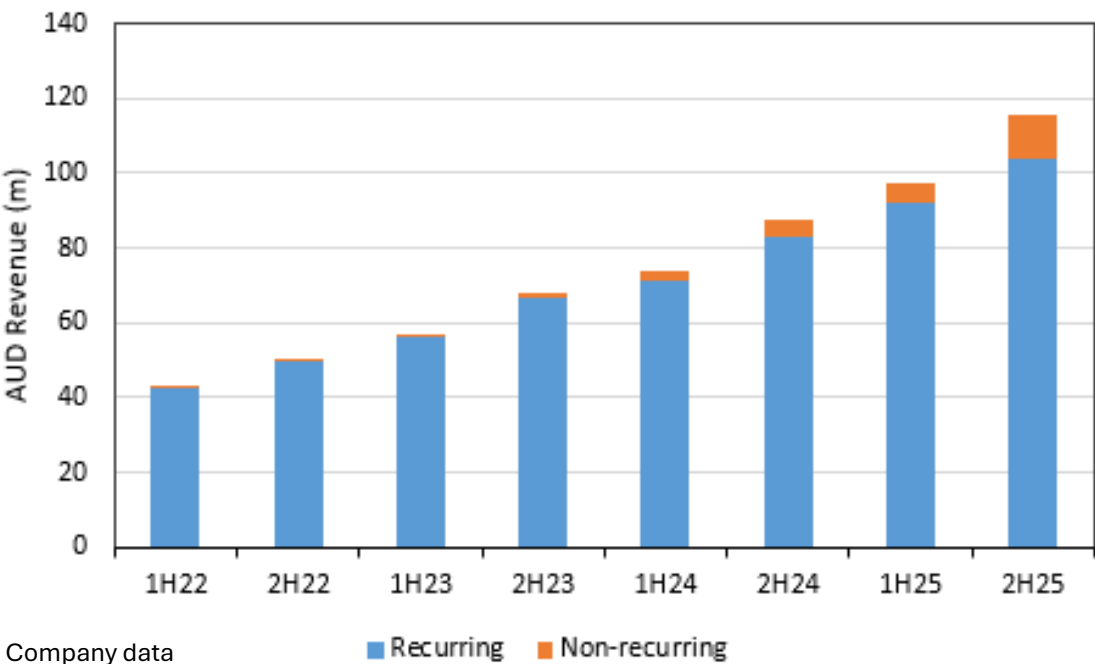


Source: Company data

Under-penetrated market: US revenue makes up nearly 90% of total, yet only ~10% of the market has been captured, leaving substantial runway for growth.

High pricing power: Widely regarded as the provider of choice for academic and large, integrated healthcare customers.

High-quality earnings profile: 95% recurring revenue and consistent cash-flow conversion.



Source: Company data

ROBUST FINANCIAL FUNDAMENTALS

Exceptionally high margins and outstanding returns: EBIT margin of 73%, net profit margin of 50% and 48% return on equity - well above peers and in fact you would be pressed to find many other companies globally with these margins.

Balance sheet strength and record cash position: The company is debt free and sitting on AUD\$155m in cash, enabling them to invest should the right opportunity be uncovered. They have proven to be very disciplined in this regard.

Earnings growth momentum: Consistent EPS growth of ~36–41% over the past 5 years. Importantly, we believe this trend can continue, as per below.

PATHWAYS FOR FUTURE EARNINGS EXPANSION

Upsell and scaling within existing large clients: Implementation of recently won contracts (e.g., Baylor Scott & White, Trinity Health, Mercy Health) will drive recurring, transaction-based revenue.

Geographic expansion: While current focus is on the US, future penetration in Europe and Asia presents additional opportunities.

New verticals and technologies: Extensions into cardiology imaging, AI acceleration, pathology, vendor-neutral archiving, and cloud analytics.

INSIDER ALIGNMENT AND SHAREHOLDER VALUE

Co-founders/long-time executives Sam Hupert and Anthony Hall maintain combined ownership of nearly **50%** of shares, ensuring strong alignment with shareholders. Their recent partial sell-downs were structured to enhance liquidity and did not diminish their ongoing engagement.

INVESTMENT THESIS CONCLUSION

Pro Medicus represents a compelling **long-term compounder**, underpinned by:

- **Best in class imaging technology**, enabling their pricing power to be maintained
- **Long runway of future growth** opportunity in large US healthcare market, and extension of modalities
- **Exceptional financial strength**, high margins and capital-light operations create a low-risk growth platform
- **High insider ownership** ensures strategic alignment



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