BELL POTTER

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Analyst
John Hester 612 8224 2871

Authorisation
Martyn Jacobs 612 8224 2815

Pro medicus (PME)

Dismiss the quieter period

Recommendation
Buy (unchanged)
Price
$254.90
Target (12 months)
$320.00 (unchanged)

Sector

Healthcare Equipment and Services

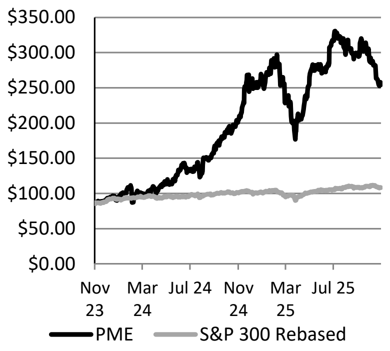
Expected Return	
Capital growth	**25.5%**
Dividend yield	**0.3%**
Total expected return	**25.8%**

Company Data & Ratios	
Enterprise value	**$26,465m**
Market cap	**$26,639m**
Issued capital	**104.5m**
Free float	**53%**
Avg. daily val. (52wk)	**$65.0m**
12 month price range	**$161 - $336**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	300.29	319.68	198.06
Absolute (%)	-15.33	-20.46	28.38
Rel market (%)	-13.84	-20.35	20.58

Absolute Price



SOURCE: IRESS

Quieter, not quiet period for announcements

The first 4 months of FY26 has seen PME announce three major deals in the US. This compares to just one (announcement) in the corresponding period for FY25, followed by a frenzy of 6 new contract announcements over the remainder of the fiscal year. We consider the quieter period for new contract announcements for the first 4 months of FY26 is not unusual, meanwhile contract implementations continue.

In the period since the company's FY25 result announcement in August, it has completed numerous instals which include the first and largest cohort of the Trinity contract – live in recent days, in addition to Lucid Health (live in September) and the upgrade to FMOLHS. The Trinity 'Go Live' was the largest single Big Bang transition in recent history. The 2nd and 3rd cohorts are expected in mid and late CY2026. Once fully implemented we expect Trinity will add ~$30m in ARR in addition to becoming another flagship site for implementation across a very large, multi-site IDN.

Investment View: Upgrade to Buy, PT$320.00

The recurring nature of exam and baseline revenues (largely from Australia) contribute ~90% of forecast revenues, all of which is subject to long term contracts and or minimum volumes at fixed rates. The frenetic pace of implementations has continued in recent months, therefore, we anticipate professional services (including data migration) in the current half should be close to 2H25 levels.

With earnings transparency remaining high, we attribute the recent sell off to profit taking following the string of new contract wins and record earnings in FY25. Consensus EPS is for FY26 is ~152cps representing ~38% growth. While PME remains expensive relative to peers, it is now trading 25% below its all-time high (achieved in July 2025). Catalysts include the RSNA trade show in late November which represents the major selling event of the year. In addition, we expect high profile renewals over the next 1 – 2 years from the likes of Yale New Haven and Mayo clinic. We upgrade our recommendation from Hold to Buy and maintain our target price at $320.00.

Earnings Forecast

June Year End ($m)	FY25	FY26e	FY27e	FY28e
Revenues	212.9	283.0	359.4	447.6
EBITDA $m	162.9	221.4	287.9	365.3
NPAT (underlying) $m	115.2	157.0	202.7	257.0
NPAT (reported) $m	115.2	157.0	202.7	257.0
EPS underlying (cps)	110.1	150.1	193.8	245.6
EPS growth %	39%	36%	29%	27%
PER (x)	231.6	169.9	131.5	103.8
FCF yield (%)	0%	1%	1%	1%
EV/EBITDA (x)	162.4	119.5	91.9	72.4
Dividend (cps)	53.0	75.0	96.9	122.8
Franking	100%	100%	100%	100%
Yield %	0.2%	0.3%	0.4%	0.5%
ROE %	61%	61%	60%	59%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Margins to remain firm

Changes to earnings are not material.

Figure 1 - Revenue bridge to 1H26

1H FY26 projection	Service	Implementation	Exam	Baseline	Professional Services (including data migration)	Total
2H25 run rate annualised			83.8	-	-	83.8
Annualised uplift - mergers, organic growth			8.3	-	-	8.3
Trinity	Full stack	1st cohort live	2.0	-	5.0	7.0
Duly	Full stack	Live June 2025	3.9	-	-	3.9
Duke U.	Archive	Jun-25	2.6	-	-	2.6
U. Kentucky	Full stack	Dec-25	-	-	3.0	3.0
Bay Care	Full stack	Feb-26	-	-	-	-
Lucid	Full stack	Live September 2025	0.5	-	2.0	2.5
U. Iowa	Full stack	4QCY25	-	-	1.5	1.5
FMOLHS	Full stack/renewal	Oct-25	2.0	-	1.0	3.0
U. Colorado	Full stack & cardiology	1HCY26	-	-	-	-
Baseline			-	13.0	2.5	15.5
			103.0	13.0	15.0	131.0

SOURCE: BELL POTTER SECURITIES ESTIMATES

Consensus revenues are at $131m for 1H26.

Figure 2 - Revenue bridge to FY26

FY26 projection	Service	Implementation	Exam	Baseline	Professional Services (including data migration)	Total
2H25 run rate annualised			167.6	-	-	167.6
Annualised uplift - mergers, organic growth			16.5	-	-	16.5
Trinity	Full stack	1st cohort live	8.0	-	10.0	18.0
Duly	Full stack	Live June 2025	3.9	-	-	3.9
Duke U.	Archive	Jun-25	2.6	-	-	2.6
U. Kentucky	Full stack	Dec-25	1.5	-	3.0	4.5
Bay Care	Full stack	Feb-26	2.0	-	3.0	5.0
Lucid	Full stack	Live September 2025	3.8	-	2.0	5.8
U. Iowa	Full stack	4QCY25	2.0	-	1.5	3.5
FMOLHS	Full stack/renewal	Oct-25	2.5	-	1.0	3.5
U. Colorado	Full stack & cardiology	1HCY26	2.0	-	10.0	12.0
U. Heidelberg						
Baseline			0.0	27.5	-	27.5
Other - new client wins & maintenance on existing			10.0	-	5.0	15.0
			222.4	**27.5**	**35.5**	**285.4**

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Additional catalyst include new business in cardiology. U Colorado will be the first major site to implement Visage 7 Cardiology and will become a reference site for this tool. We expect the Cardiology Viewer will be a major selling point at the upcoming RSNA conference.

Looking ahead to FY27 revenues, based on our forecast for 2H26 and allowing for our normal uplift guidelines, we consider the revenue target of $359.4m is realistic.

Price target remains unchanged at $320.00. On a long term outlook basis and assuming EPS growth in line with our forecast, the Price earnings ratio reduces to 82x by 2029.

We note also the company has been active with its buy back in recent days – rarely a bad sign.

Pro medicus

as at 11 November 2025

Recommendation	Buy
Price	$254.90
Target (12 months)	$320.00

Table 1 - Financial summary

Profit & Loss (A$m)	FY24	FY25	FY26e	FY27e	FY28e
Year Ending June					
Net revenue from product sales	161.5	212.9	283.0	359.4	447.6
Revenue growth	*29%*	*32%*	*33%*	*27%*	*25%*
COGS	(0.3)	(0.3)	(2.8)	(3.6)	(4.5)
Gross profit	161.2	212.6	280.2	355.8	443.1
GP margin	100%	99%	99%	99%	99%
Opex	41.6	49.7	58.7	67.9	77.8
EBITDA	119.6	162.9	221.4	287.9	365.3
EBITDA margin	74%	77%	78%	80%	82%
D&A charge	(8.5)	(7.2)	(7.1)	(6.7)	(6.8)
EBIT	111.1	155.7	214.3	281.1	358.6
margin	69%	73%	76%	78%	80%
Net interest income	5.4	7.6	8.4	8.5	8.6
Pre tax profit	116.5	163.3	222.7	289.6	367.2
Tax expense	(33.7)	(48.1)	(65.7)	(86.9)	(110.1)
NPAT- normalised	82.8	115.2	157.0	202.7	257.0
Net abnormal items	-	-	-	-	-
Reported NPAT	82.8	115.2	157.0	202.7	257.0

Cashflow (A$m)	FY24	FY25	FY26e	FY27e	FY28e
EBITDA	119.6	162.9	221.4	287.9	365.3
Working capital movement	1.3	-5.3	-19.2	-17.9	-21.3
Net interest	4.7	7.4	8.4	8.5	8.6
Tax paid	-38.9	-46.2	-65.7	-86.9	-110.1
Operating cash flow	86.8	118.9	144.9	191.6	242.5
Maintenance capex	-0.3	-0.4	-0.2	-0.2	-0.2
Capitalised development cost	-6.4	-6.9	-7.0	-7.0	-7.0
Free cash flow	80.1	111.5	137.7	184.4	235.3
Change in financial assets	-7.5	0.0	0.0	0.0	0.0
Dividends paid	-36.5	-49.2	-62.8	-87.7	-112.2
Change in cash held	36.1	62.3	74.9	96.7	123.1
Cash at beginning of period	91.2	124.0	174.6	249.5	346.3
FX adjustment	0.0	0.0	0.0	0.0	0.0
Cash at year end	**124.0**	**174.6**	**249.5**	**346.3**	**469.3**

Balance Sheet (A$m)	FY24	FY25	FY26e	FY27e	FY28e
Cash	124.0	174.6	249.5	346.3	469.3
Receivables	48.1	64.2	85.4	108.4	135.0
Short term securities	31.5	36.1	36.1	36.1	36.1
Other current assets	3.1	5.2	5.2	5.2	5.2
Property, Plant and Equipment	0.5	0.6	0.7	0.8	0.8
Non current financial assets	7.3	7.3	7.3	7.3	7.3
Intangible assets	20.0	20.8	21.5	22.3	22.8
Other assets	22.8	29.8	29.2	29.0	29.0
Total assets	257.4	338.7	435.0	555.5	705.6
Trade payables	10.2	13.2	11.7	13.6	15.6
Income tax payable	2.1	2.3	2.3	2.3	2.3
Deferred revenues	42.9	48.5	51.5	54.5	57.5
Deferred tax liability	7.7	7.5	7.5	7.5	7.5
Provisions	4.4	6.2	6.5	6.8	7.2
Total Liabilities	69.7	81.7	83.6	88.8	94.1
Net Assets	187.7	257.0	351.4	466.7	611.6
Share capital	23.7	34.7	34.7	34.7	34.7
Retained earnings	173.3	239.4	333.7	448.8	593.5
Reserves	(9.3)	(17.1)	(17.0)	(16.7)	(16.7)
Shareholders Equity	187.7	257.0	351.4	466.7	611.5

Valuation Ratios (A$m)	FY24	FY25	FY26e	FY27e	FY28e
Reported EPS (cps)	79.1	110.1	150.1	193.8	245.6
Normalised EPS (cps)	79.1	110.1	150.1	193.8	245.6
EPS growth (%)	35%	39%	36%	29%	27%
PE(x)	**322.4**	**231.6**	**169.9**	**131.5**	**103.8**
EV/EBITDA (x)	221.2	162.4	119.5	91.9	72.4
EV/EBIT (x)	238.2	169.9	123.5	94.1	73.8
NTA (cps)	144.1	203.0	292.5	402.0	539.9
P/NTA (x)	176.9	125.5	87.2	63.4	47.2
Book Value (cps)	179.7	245.7	335.8	446.1	584.5
Price/Book (x)	141.8	103.8	75.9	57.1	43.6
DPS (cps)	40	53	75	97	123
Payout ratio %	51%	50%	50%	50%	50%
Dividend Yield %	0.2%	0.2%	0.3%	0.4%	0.5%
Franking %	100.0%	100%	100%	100%	100%
FCF yield %	0.3%	0.4%	0.5%	0.7%	0.9%
Net debt/Equity	0%	0%	0%	0%	0%
Net debt/Assets	0%	0%	0%	0%	0%
Gearing	net cash	net cash	net cash	net cash	net cash
Net debt/EBITDA (x)	n/a	n/a	n/a	n/a	n/a
Interest cover (x)	n/a	n/a	n/a	n/a	n/a

Segment revenues	FY24	FY25	FY26e	FY27e	FY28e
North America	140.5	190.9	262.0	338.4	422.6
Australia	16.9	17.0	16.0	16.0	20.0
Europe	4.1	5.0	5.0	5.0	5.0
	161.5	212.9	283.0	359.4	447.6

Interim Results	1H25	2H25	1H26e	2H26e
Net revenue from product sales	97.2	115.7	131.0	152.0
Revenue growth	31.1%	32.4%	34.8%	31.3%
Total revenues	97.2	115.7	131.0	152.0
Opex	24.1	25.5	29.9	28.9
EBITDA	72.9	90.0	101.0	120.4
Margin	75.0%	77.8%	77.1%	79.2%
D&A	(3.2)	(4.0)	(3.2)	(4.0)
EBIT	69.8	86.0	97.8	116.5
EBIT margin	71.8%	0.0%	74.7%	0.0%
NPAT	**51.8**	**63.4**	**69.2**	**87.8**

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

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Research Team

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
Rob Crookston	Head of Strategy	612 8224 2813	rcrookston
Paul Basha	Strategy	612 8224 2862	pbasha
Kion Sapountzis	Strategy	613 9235 1824	ksapountzis
Analysts			
John Hester	Healthcare	612 8224 2871	jhester
Martyn Jacobs	Healthcare	613 9235 1683	mjacobs
Thomas Wakim	Healthcare	612 8224 2815	twakim
Michael Ardrey	Industrials	613 9256 8782	mardrey
Leo Armati	Industrials	612 8224 2846	larmati
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Joseph House	Industrials	613 9325 1624	jhouse
Baxter Kirk	Industrials	613 9235 1625	bkirk
Hayden Nicholson	Industrials	613 9235 1757	hnicholson
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
Ritesh Varma	Industrials	613 9235 1658	rvarma
Connor Eldridge	Real Estate	612 8224 2893	celdridge
Andy MacFarlane	Real Estate	612 8224 2843	amacfarlane
Regan Burrows	Resources	618 9236 7677	rburrows
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9325 1856	showe
Todd Lewis	Resources	618 9326 7672	tlewis
James Williamson	Resources	613 9235 1692	jwilliamson
Associates			
Brenton Anderson	Associate Analyst	613 9235 1807	banderson
Andrew Ho	Associate Analyst	613 9235 1953	aho
Evelyn Murdoch	Associate Analyst	612 8224 2849	emurdoch

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Bell Potter Securities Limited
ABN 25 006 390 772
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

Bell Potter Securities (HK) Limited
Room 1601, 16/F
Prosperity Tower, 39 Queens Road Central, Hong Kong, 0000
Telephone +852 3750 8400

Bell Potter Securities (US) LLC
Floor 39
444 Madison Avenue, New York NY 10022, U.S.A
Telephone +1 917 819 1410

Bell Potter Securities (UK) Limited
16 Berkeley Street London, England W1J 8DZ, United Kingdom
Telephone +44 7734 2929