



Leading Radiology Forward

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Chief Financial Officer

May 2020
NASDAQ: RDNT



Safe Harbor

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Specifically, statements concerning RadNet's ability to continue to grow the business by generating patient referrals and contracts with radiology practices, integrate acquired businesses, recruit and retain technologists, and receive third-party reimbursement for diagnostic imaging services, as well as RadNet's financial guidance, among others, are forward-looking statements within the meaning of the Safe Harbor. Forward-looking statements are based on management's current, preliminary expectations and are subject to risks and uncertainties which may cause RadNet's actual results to differ materially from the statements contained herein. These risks and uncertainties as well as those risks set forth in RadNet's reports filed with the SEC, including RadNet's annual report on Form 10-K, for the year ended December 31, 2019. Undue reliance should not be placed on forward-looking statements, especially guidance on future financial performance, which speaks only as of the date it is made. RadNet undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date they were made, or to reflect the occurrence of unanticipated events.

1 Introduction

2 Diagnostic Imaging Industry Overview

3 Overview of RadNet

4 Financial Information and Core Strategy



Largest national owner and operator of fixed-site diagnostic imaging centers, with 340 locations

- Founded as a one center CA operation in 1980
- Major consolidator in the highly fragmented imaging industry
- 25% of RadNet centers are held within joint ventures with large health systems
- Ancillary revenue opportunities (Breast Oncology, Radiology Software, In-patient Staffing, Teleradiology)

Quadrupled size of company since 2006

- 2019 Revenue = \$1.15 billion
- 2019 EBITDA = \$164 million
- 8,500+ employees in 6 states

Concentrated regional networks in CA, MD/DE, NJ and NY (332 of our 335 sites)

- Strategy is to be the clear leader in regional markets
- Strategy provides operational efficiencies and marketing/contracting benefits with health plans

RadNet Summary (continued)

Emphasis placed on scale and “multi-modality” strategy

- One-stop-shopping for referral sources
- Lessens our exposure to reimbursement changes; diversifies revenue base

Best positioned company to capitalize on industry consolidation and organic growth opportunities

- No other fixed site imaging center company is even half the size of RadNet in terms of revenue and number of centers

Only imaging center player to provide exclusive managed care capitation arrangements with prominent medical groups and Independent Physician Associations (IPAs)

- Over 10% of RadNet Revenue/35+ capitation customers/1.7 million lives under management

RadNet’s management/board own over 20% of common stock



Why RadNet?

- Service
- Relationships
- Marketing
- Payor Networks
- Technology
- Radiologist Expertise

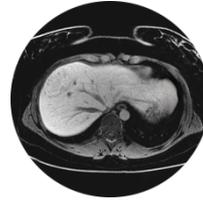
Types of Imaging Exams: Modalities

Advanced Imaging



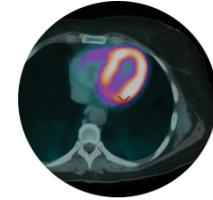
MRI

Produces high-resolution cross-sectional images of soft tissue. *Applications: Assesses brain, spinal cord and interior ligaments.*



CT

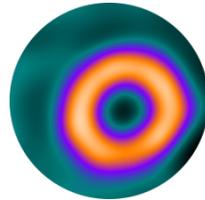
Produces high-resolution cross-sectional images. *Applications: Assesses tumors, strokes, hemorrhages and infections.*



PET

Determines metabolic activity. *Applications: Assesses tumors, epilepsy and cardiac function.*

Routine Imaging



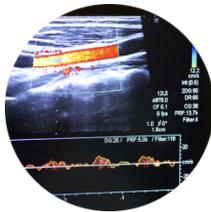
Nuclear Medicine

Produces images of anatomical structures. *Applications: Assesses organ function in heart, kidney, thyroid and bones.*



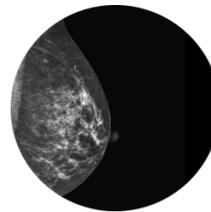
Fluoroscopy

Video viewing of organs. *Applications: Real-time monitoring.*



Ultrasound

Produces visual images of internal organs. *Applications: Viewing soft tissue.*



Mammography

Visualizes breast tissue. *Applications: Primary screening tool for breast cancer.*



X-Ray

Records images of organs and structures on film.

Targeting approach focused on existing key markets

- Presence in 6 states which represent 25% of the US population
- Benefit from regional scale through concentrated regional networks
- Favorable relationship with payors
- Continually evaluating opportunities to expand existing footprint as well as opportunities to enter new markets

Establish Presence in Key Markets

- Market selection key to driving volume growth
- Focus on executing multifaceted operating strategy to drive same-store growth and improve overall efficiencies
- Leverage competitive strengths, including comprehensive multi-modality diagnostic imaging offering and regional scale

Expand Through M&A and Partnerships

- Partner with leading health systems through JV structure
- Tuck-in acquisitions achieved at favorable multiples that leverage RadNet infrastructure
- Ability to open de novo locations which leverage local expertise and relationships

Multiple Levers to Drive Growth

RadNet has executed a three pronged approach to growth

1

Same-Store Growth

- Capitalizing on favorable demographic trends and usage rates driving volume growth
- Benefit from favorable position in key geographic markets and shift to outpatient
- Stable rate environment and favorable relationship with payors have allowed for modest pricing increases
- Ability to add ancillary services to existing centers further drives organic growth

Targeting long term growth of 1-3%

2

M&A

- Key component of long term growth
- Have been able to consistently identify regional tuck in opportunities at 4-5x EBITDA
- Multiples typically higher for larger regional platforms outside of core markets
- Long track record of successfully integrating acquisitions (17 in the past 18 months)

Acquired 7 companies in 2017 and 11 in 2018

3

Joint Ventures

- Long track record of successful partnerships dating back to 2006
 - Typical RadNet ownership of 40-75%
- Allows RadNet to provide operational and administrative support (IT, HR, accounting) while benefitting from the local and community relationships of the hospital and physician partners
- Core to expansion with several significant partnerships in Orange County and Long Beach, as well as the East Coast

Represents 25% of existing centers (opportunity to increase up to 50% over the years)

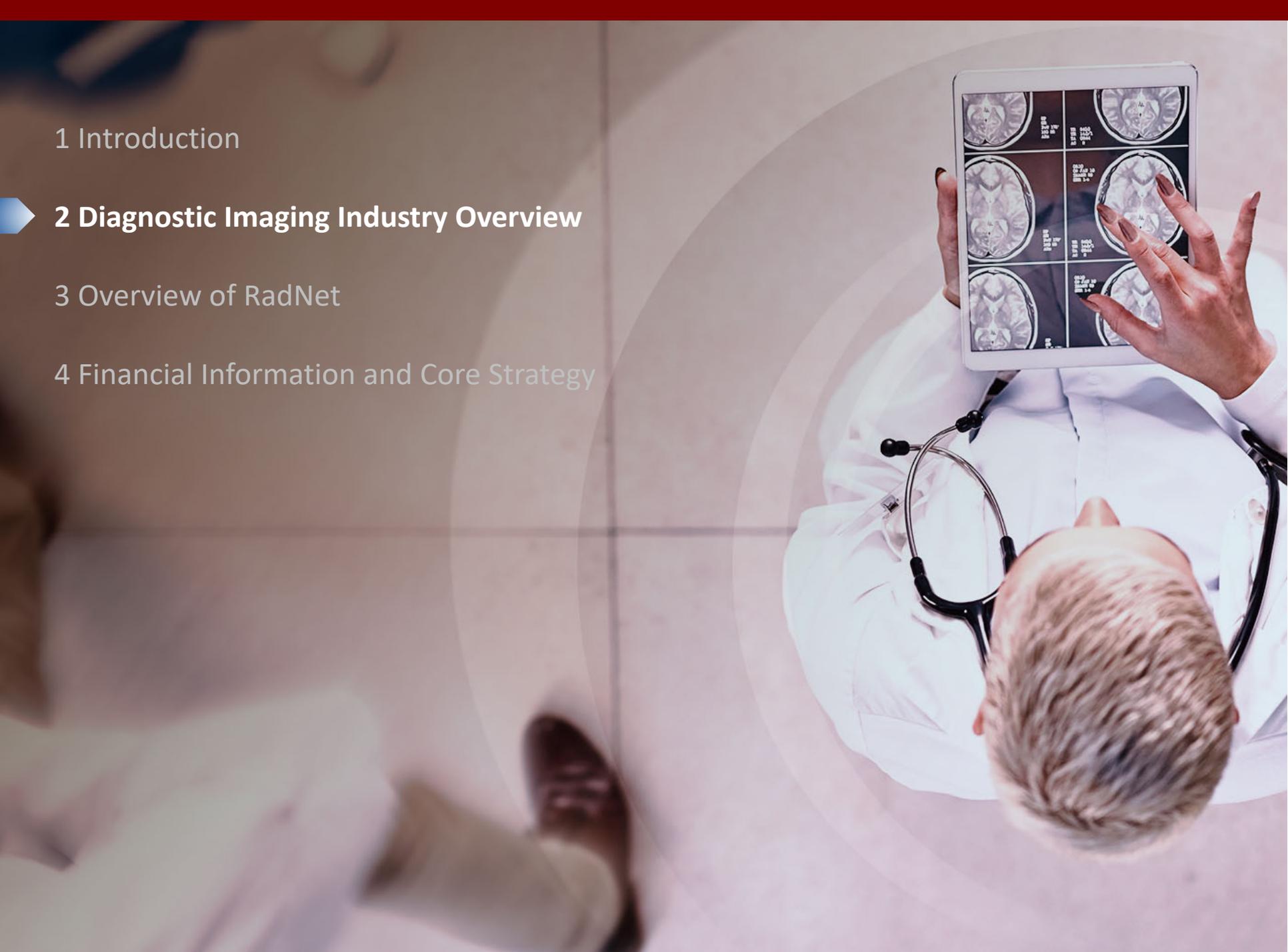
Has resulted in Revenue CAGR of 9% from 2007-2019E

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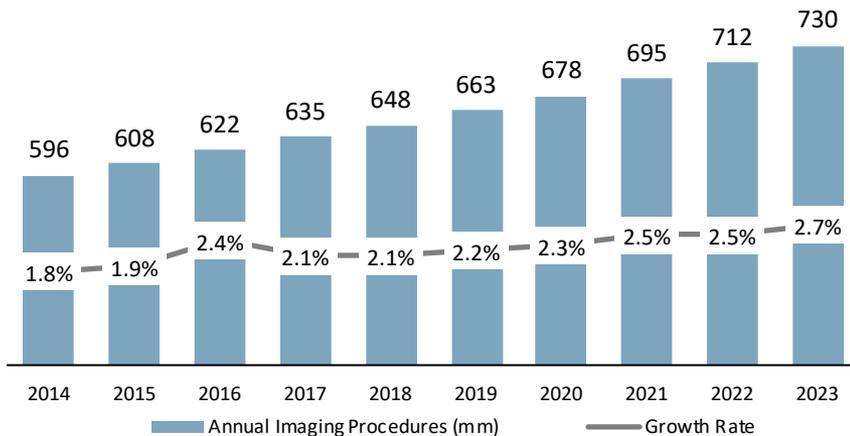
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Diagnostic Imaging: A Large and Growing Market

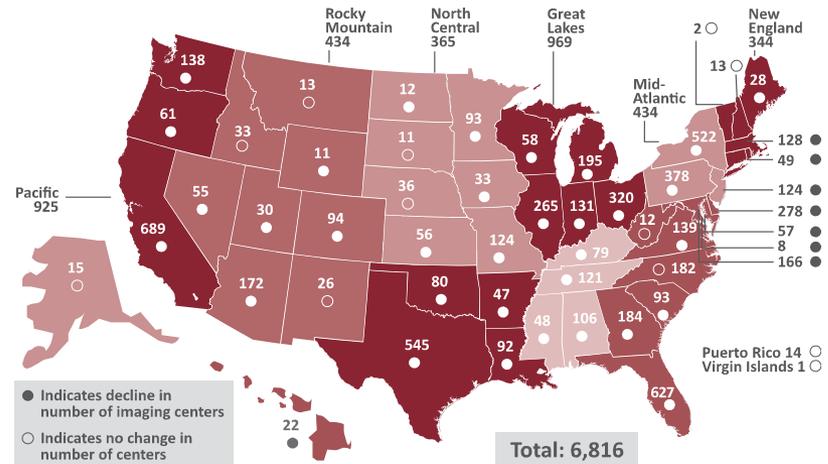
Diagnostic Imaging Procedure Volume ⁽¹⁾



National imaging market is estimated to be over \$100 billion

- Approx. 40% is non-hospital imaging (i.e., freestanding centers – like RadNet and imaging completed within doctor offices).
- Approx. 60% imaging occurs within hospitals.
 - More expensive for patients and their insurance companies
 - Inferior service
 - More difficult access and parking
 - Often no sub-specialized radiologist readers

US Imaging Centers (by State and Region, 2013)



Industry remains highly fragmented; vast number of mom-and-pops and hospitals

- Believed to be over 6,000 imaging locations across the U.S.
- Number peaked in 2012 and has been declining
- RadNet has a meaningful, non-hospital based market share within its geographies.

1. Source: Frost and Sullivan

Diagnostic Imaging: A Large and Growing Market

Growth has resulted from ...

- Aging population – 65-year-old demographic is expected to increase significantly
- Growing population – particularly in California, our largest market
- Technology advances – expanding cost-effective applications for diagnostic imaging
- Wider physician and payor acceptance for imaging
- Greater consumer and physician awareness of and demand for earlier intervention and preventive diagnostic screening
- Shift to outpatient services

Imaging has been shown to reduce costs of Healthcare Delivery System from...

- Earlier and more accurate detection/diagnosis of disease and injury
- Preventative screening resulting in money saved during treatment phase

Shift to Outpatient Services driven by...

- Referring MDs increasing concern about cost, outcomes, and patient experience
- Payors steering volume to less costly outpatient providers
- Patients increasingly seeking cost effective care given shift to high deductible health plans
 - Supplemented by growing demand for convenient care settings

Source: Frost and Sullivan

Industry Which Has Been Under Pressure: Scale is Vital for Success

Trend has been downward in reimbursement for almost a decade

- Medicare pricing has decreased steadily from 2007–2014
- Private payors have also tried to lower reimbursement

Volumes during the economic slowdown were challenged for the first time in decades and the participation in high deductible health insurance programs have patients rationing their own care

- Visits to primary care and specialist physicians declined
- Caused referrals to ancillary service providers (like imaging) to decline

But, despite some recent improvement in the industry, outlook still remains uncertain

- Availability of capital remains constrained
- Medicare reimbursement unpredictable
- Costs to operate business remain high
 - Requirement for ongoing investment in plant and equipment
 - Rising cost of employee salaries, benefits, etc.

Industry Consolidation and Rationalization

“Mom-and-pop” lack necessary economies of scale

- Not well capitalized and have a higher cost structure
- Single-modality facilities that are more impacted by reimbursement changes and competition from multi-modality facilities
- Unable to do network contracting or capitate with payors

Higher facility accreditation/quality standards

Fear of survival and many more sellers than buyers result in attractive acquisition multiples

- Marginal operators are choosing to close and others can be acquired at 3x–5x EBITDA
- Operators want to be consolidated into RadNet, which offers long-term stability
- Few other acquirers in RadNet’s core markets



Doshi Diagnostic



MEDICAL ARTS
RADIOLOGY



In 2015–2019, we completed over \$185mm of acquisitions

- New York Radiology Partners
- California Radiology
- Diagnostic Imaging Group
- Diagnostic Imaging Associates of Delaware
- Medical Arts
- Kern Radiology

We have also been expanding through health system joint ventures, particularly in CA

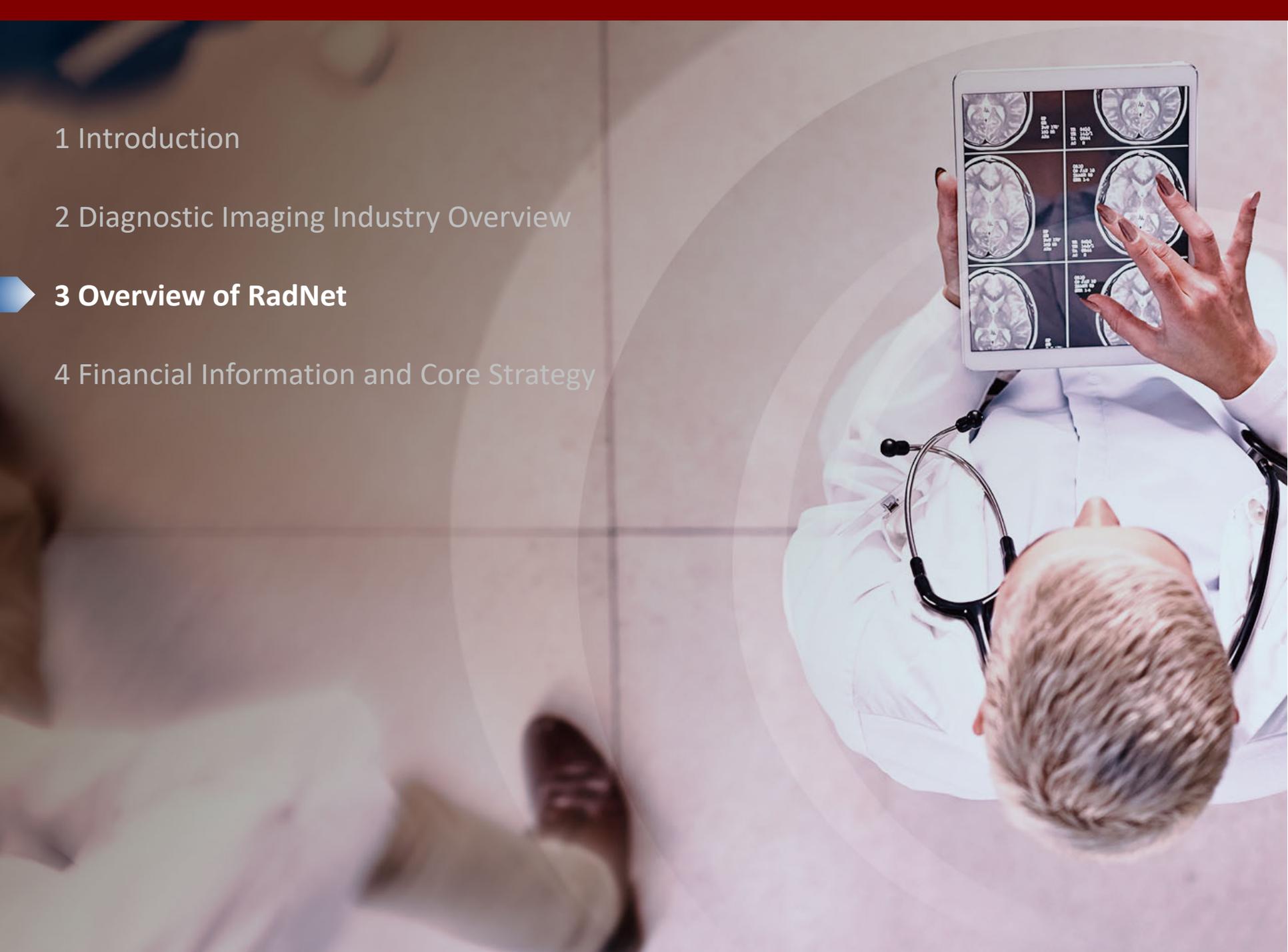
- Cedars Sinai
- MemorialCare
- Dignity Health

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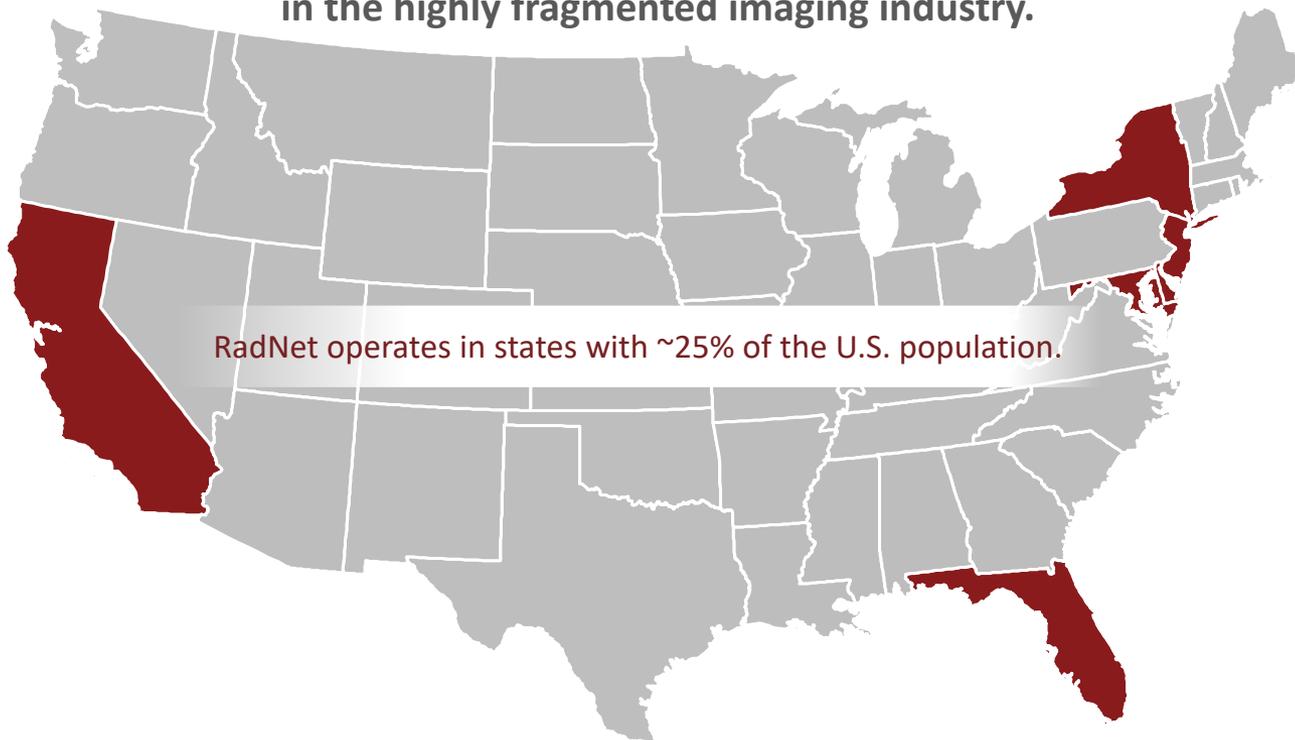
A Sample of our Local Branding



Scale and Leverage Over Competitors

Founded in 1980 and is the major consolidator in the highly fragmented imaging industry.

Largest owner-operator of fixed-site imaging centers in the U.S.



335

Imaging Centers

NJ:	22
DE:	10
NY:	98
MD:	59
FL:	3
CA:	143

+8,500

Employees

+750

Radiologists with
Subspecialties

18

Joint Ventures

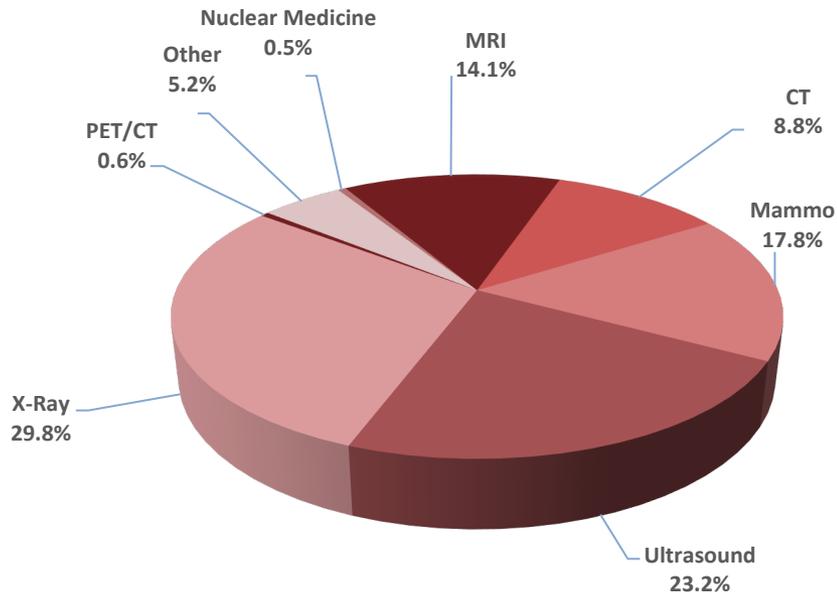
Favorable Revenue Mix Mitigates Reimbursement Risk

Emphasis placed on multi-modality strategy

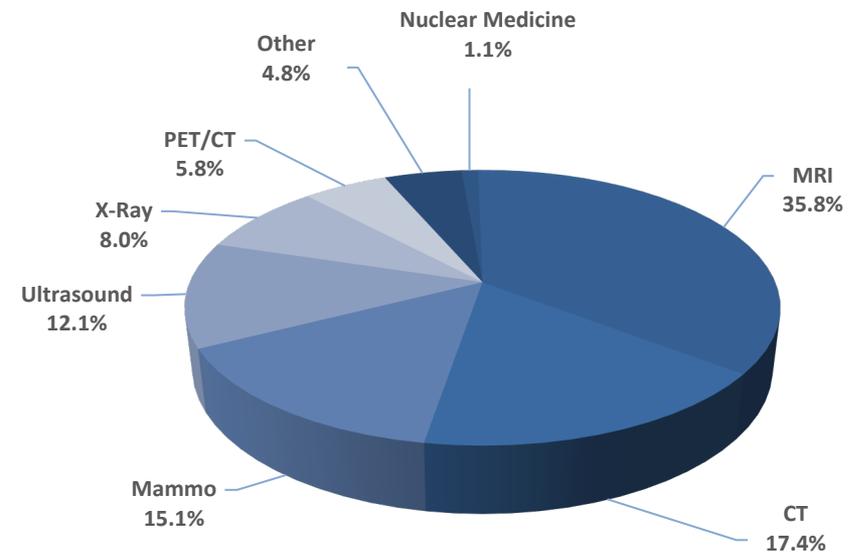
- “One-stop-shopping” for referral sources
- Lessens exposure to reimbursement changes, diversifies revenue base

Extensive offering of all routine imaging procedures partially insulates us from reimbursement cuts, which generally impact MRI, CT and PET/CT modalities disproportionately.

Q1 2020 Scan Volume by Modality



Q1 2020 Net Revenue by Modality⁽¹⁾



Note: Net Revenue by modality based upon global payments received from consolidated Imaging Centers from that period's dates of service.

Favorable Revenue Mix Mitigates Reimbursement Risk (continued)

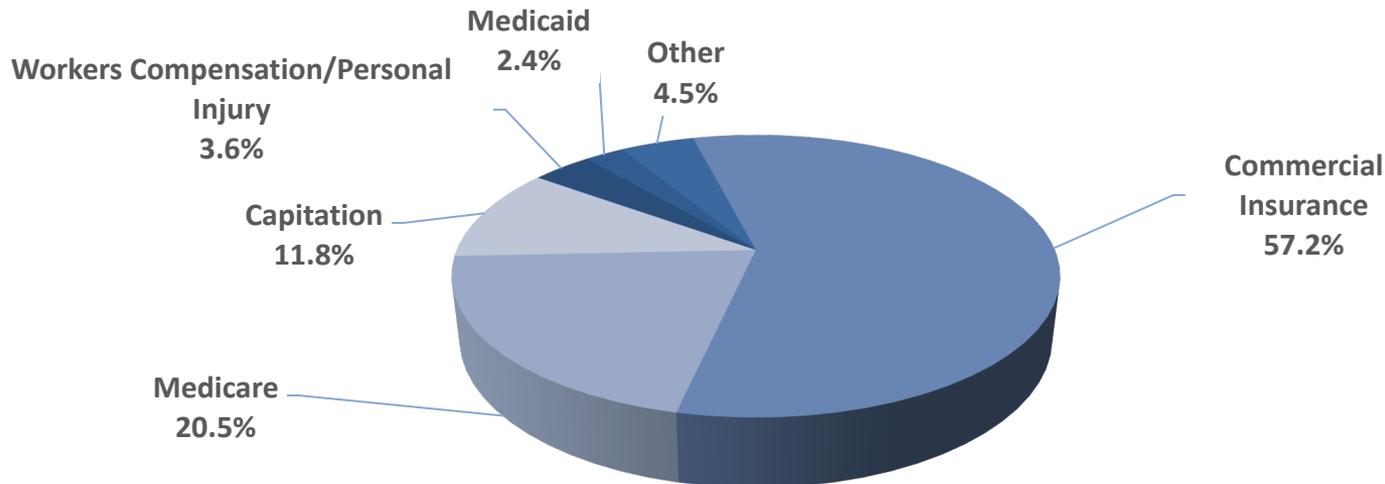
Strong payor relationships – RadNet is a critical provider of diagnostic imaging solutions to healthcare insurance providers

Payor diversity mitigates exposure to possible unfavorable reimbursement trends within any one payor class

Exclusive capitation business decreases the Company’s exposure to potential pricing changes from commercial payors

- Capitation price escalators create “built-in” increasing reimbursement mechanism

Q1 2020 Payor Mix¹



1. Capitation % has been calculated based upon its proportion of cash received in the period to total accrued revenue. Copayments and patient responsibility portion is excluded from capitated patients. After deducting capitation % from 100%, all other payor class percentages are based upon a proportion to global payments received from consolidated imaging centers from that period’s dates of services.

Capitated Contracts Create a Barrier to Entry

RadNet has over 35 capitated medical groups California with whom we work

We receive a per-member-per-month fixed price for exclusively providing outpatient imaging to over 1,700,000 lives in CA (HMO commercial, Medicare Advantage and Managed Medicaid lives)

Began first east coast contract in Oct. 2018 with Emblem/AdvantageCare Physicians with over 150,000 lives

Exclusive nature of capitated contracts provides revenue stability and predictability

- On average, RadNet's arrangements are over 10 years old
- RadNet has experienced extremely high contract renewal rate
- History of rate increases (generally 1%–3% annual increases)
- Eliminates costs associated with receivables, bad debt expense and billing costs

Capitation contracts create “pull-through” revenue

- Doctors from capitated physician groups often refer to us their non-capitated patients (discretionary business)

Risk of utilization is borne by RadNet and managed through the Utilization Management Division

RadNet Joint Venture Strategy

RadNet has 18 joint ventures with hospital and health system partners

- Over 2/3 of the ventures are unconsolidated (RadNet's ownership is between 35%–50%)
- Remaining 1/3 of ventures are consolidated (RadNet's ownership is between 50%–94%)
- Notable partners include MemorialCare (34 centers), RWJ Barnabas in New Jersey (19 centers), Cedars Sinai (5 centers), Dignity Health (6 centers), MedStar Health System, etc.

JVs own and operate free-standing, non-hospital-based imaging centers

RadNet manages the day-to-day operations and performs most management services (billing, marketing, staffing, credentialing, contracting, IT, HR, accounting, etc.)

- RadNet receives management fees for its services



Benefits to RadNet

- Eliminates major outpatient competitor in Market
- Hospital partners drive incremental volumes
- Provides more contracting leverage with private payors
- Receives management fees
- Can stimulate other activities with partners (Breastlink, Teleradiology,
- In-house staffing of Radiology Dept)
- Prepares RadNet for opportunities with population health management

Benefits to Hospital/Health System Partners

- Can participate in volume trend towards freestanding providers
- Join forces with what otherwise would be a competitor
- Provides more contracting leverage with private payors
- Benefit from being part of a larger operation
- Can stimulate other activities with partners (Breastlink, Teleradiology,
- In-house staffing of Radiology Dept)
- Prepares hospital for opportunities with population health mgmt



RadNet has 18 joint ventures with hospital systems

JVs own and operate free-standing, non-hospital based imaging centers.

RadNet manages the day-to-day operations and performs most management services (billing, marketing, staffing, credentialing, contracting, IT, accounting, etc.).

- RadNet receives management fees for its services.

RadNet often provides the staffing for JV partners' in-house radiology departments and can provide eRAD and Imaging on Call services.



Provider of PACS/RIS products, and hired an industry-leading software development team

- Completing the integration of RadNet centers for significant workflow improvements and cost reductions
- Growing the eRAD solutions by continuing to sell them to other industry participants
- Provides RadNet with international opportunities
- Low capital requirements and high margins



Provider of preliminary and final remote radiology interpretation

- Services hospital-based radiology groups, hospitals and imaging centers
- Daytime and nighttime reads
- Joint Commission Accredited – benefits with credentialing within hospital settings
- Physicians licensed in 28 states.

Including RadNet's contracted radiology groups, RadNet's affiliated physicians now number over 500, larger than any other similar group in the United States.

Renowned specialty breast medical oncology and breast surgery practices in Southern California

- Expanded into other areas of Orange County, Temecula, Palm Springs and San Fernando Valley of CA
- Provides patients with a comprehensive and efficient continuum of care focused exclusively on breast disease
- Streamlines and shortens the process for patients; patient outcomes are improved
- Services can be provided at a cost benefit to payors

Opportunity of Artificial Intelligence

RadNet created an Artificial Intelligence subsidiary in 2019:



Aquiring Deep Health – Transaction set to close on June 1, 2020

- Leading radiology AI and machine learning company
- Focused on interpretation of mammography
- Future development on other screening tools for chronic disease – prostate cancer
- Deep Health founder, Dr. Greg Sorensen, to direct all of RadNet’s AI activities



Aquired Nulogix in 2019

- Initial focus on improving collections, with ability to recoup previously unrecognized revenue.
- Second phase models focus on other billing opportunities, as well as on clinical improvements in workflow prioritization and consistent measuring.
- Other initiative aimed at building algorithms for image interpretation.

Artificial Intelligence subsidiary is also partnering with other AI companies, such as Whiterabbit.ai, to license and collaborate on other algorithms.



- Rolling out program with Whiterabbit.ai to increase volumes of mammography – program to be in place in all markets by the end of Q2
- Second phase of pilot will test mammography image interpretation
- In discussion phases with partners focusing on image interpretation of routine x-ray exams

Almost 20% of all collected net global Revenue goes towards paying our radiologists

Material opportunity to lower this cost through Artificial Intelligence

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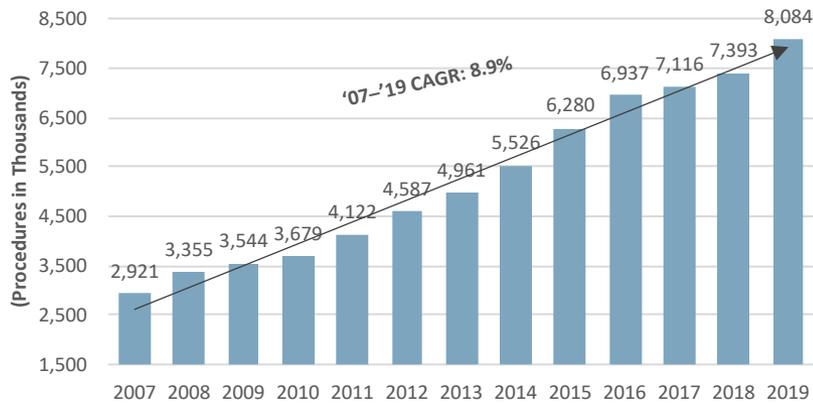
▶ 4 Financial Information and Core Strategy



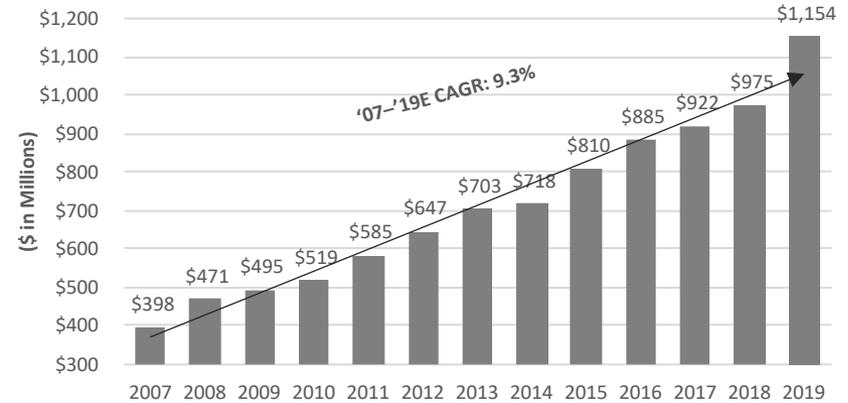
Proven Track Record of EBITDA Growth and Cash Flow Generation

Over the past 13 years, RadNet has had a consistent track record of achieving profitable growth and generating significant cash flow

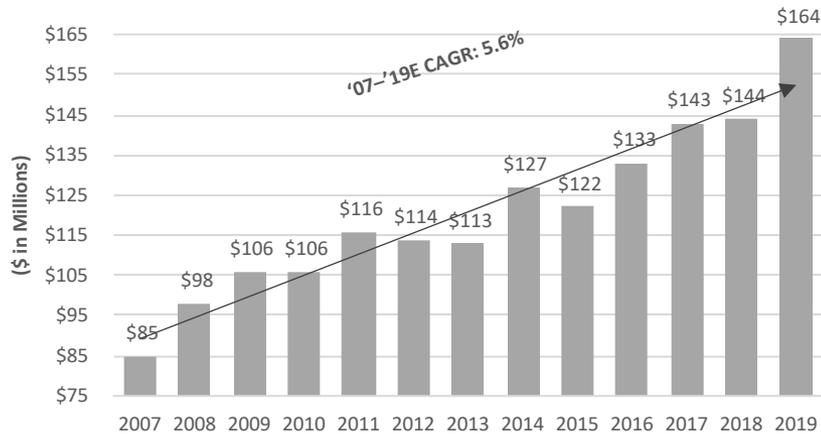
Procedure Volumes



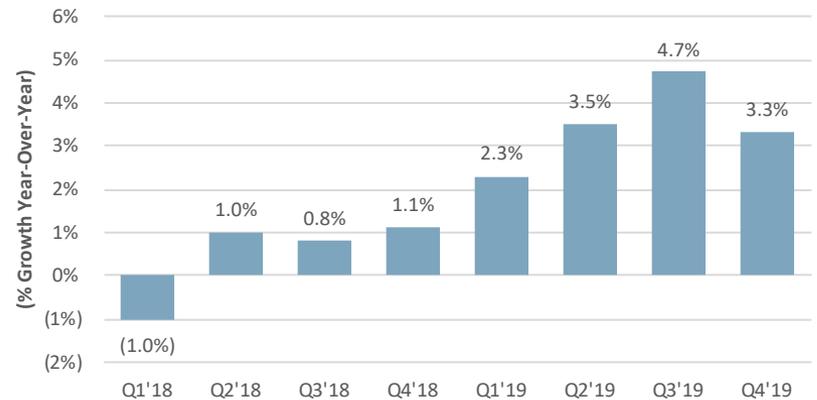
Net Revenue



Reported Adjusted EBITDA



Procedural Volume Same-Center Growth



Note: 2019E illustrated at midpoint of the guidance ranges. Volumes include consolidated and non-consolidated Joint Ventures.

Q1 2020 and Full-Year 2019 Performance

2020 First Quarter Highlights

REVENUE
+3.7%

Up from 1Q 2019

EBITDA
-7.7%

down from 1Q 2019

- Completed extensive cost savings and cash conservation measures, which resulted in, as of April 30, a cash balance of approximately \$50 million and being undrawn on revolver
- Will have little to no cash burn through the end of the 2Q and could remain undrawn on its revolving credit facility at year end 2020
- Received \$15mm in stimulus payments under CARES and \$40mm in Medicare advances
- Rescinded previously announced guidance levels due to the uncertainty from Covid-19

Full-Year 2019 Highlights

REVENUE
+18.4%

to \$1.154 billion

EBITDA
+15.8%

to \$164.1 million

- Revenue increased 18.4% to \$1.154 billion
- EBITDA increased 15.8% to \$164.1 million
- Produced over \$45.6mm of free cash flow (after CAPEX and cash interest)
- Aggregate procedural volumes increased 9.4% as compared with 2018

Summary Valuation Metrics: RDNT

Valuation Metrics	
Equity Market Capitalization @ \$17.21 per share ¹	\$ 867.4 mm
Net Debt -3/31/2020 ²	686.6 mm
Current Enterprise Value	\$1,554.0 mm
2019 EBITDA	\$ 164.1 mm
Enterprise Value / Trailing 12 Month EBITDA	9.5 x

¹ Per closing stock price on 5/20/2020.

² Source: RadNet 10Q ended 3/31/2020. Net Debt is Total Debt (including our term loan at par value) less cash balance.

Company Capitalization (debt at par value) as of 3/31/20

- \$94.3mm cash balance
- \$80mm drawn on revolving line of credit due July 2023 (\$137.5mm capacity)
- \$640.1mm Senior Secured Term Loan at RadNet (L+375bps)
- \$3.2mm equipment debt
- \$57.6mm New Jersey Imaging Network JV debt (RadNet is not the borrower or guarantor)

2019 Free Cash Flow (EBITDA less CAPEX and Cash Interest) was \$45.6mm; Represents an attractive Free Cash Flow Yield to equity holders and provides for deleveraging

Future earnings and cash flow shielded by Federal NOLs of \$136.2 million as of 12/31/19

1. Per closing stock price on 05/20/2020.

2. Source: RadNet 10Q ended 3/31/2020. Net Debt is Total Debt (including our term loan at par value) less cash balance.



Leading Radiology Forward

Thank you!

Mark Stolper
Chief Financial Officer

NASDAQ: RDNT

