



# What it takes, together

**1H FY24 Results Presentation** 23 February 2024







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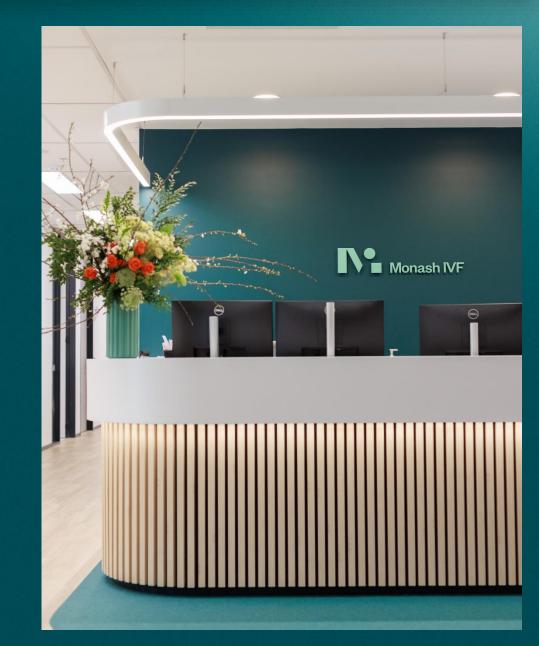
This presentation includes a number of non-IFRS measures which includes EBITDA, Underlying EBITDA, Underlying EBIT and Underlying NPAT. These non-IFRS measures are used by management to measure the performance of the business. These measures have not been subject to audit review.



## 1H24 Financial Highlights

Monash IVF delivered 1H24 revenue and earnings growth driven by Domestic IVF and Ultrasound

- 18.7% growth in Underlying NPAT<sup>(1)(2)(3)</sup> to \$15.0m (upper end of guidance)
- **19.3%** growth in Underlying EBIT<sup>(1)(2)</sup> to \$22.5m
- 20.0% growth in Underlying EBITDA<sup>(1)(2)</sup> to \$32.2m
- 21.7% growth in Revenue to \$125.7m
- Strong earnings growth driven by Australian IVF (organic and acquisitive) and Ultrasound, partially offset by International
- Operating cash flow conversion<sup>(4)</sup> of 99% (up from 89% in pcp)
- 2.5 cents per share fully franked interim FY24 dividend
- Syndicated Debt Facility extended to February 2027



<sup>1)</sup> Underlying EBIT and NPAT are non-IFRS measures

NPAT including minority intere

<sup>2)</sup> Refer to page 28 for reconciliation



## 1H24 Operational Highlights

|                                  | Australia   | International   |
|----------------------------------|---|---|
| 1H24<br>Results                  | <ul> <li>1H24 Monash IVF Australian Stimulated Cycles<sup>(1)</sup> increased by 15.1% v pcp</li> <li>1H24 Australian Industry growth<sup>(1)</sup> of 5.1% on pcp</li> <li>Australian Stimulated Cycle market share growth of 1.8% to 20.9%<sup>(1)</sup></li> <li>Excluding acquisitions, MVF Domestic ARS revenue increased 9% driven by volume and price increases</li> <li>38.9% Clinical pregnancy rate per embryo transferred (women aged &lt;43 years) in CY23 (Jan-Nov); Up from 38.0% in CY22;</li> <li>Sustained turnaround in Ultrasound continued with 1H24 scan growth of 7.0%<sup>(2)</sup></li> <li>FY23 Australian Segment Underlying EBIT<sup>(1)</sup> increased by 22.3%</li> </ul> | <ul> <li>1H24 International Stimulated Cycles increased by 4.1% v pcp</li> <li>Stimulated cycles growth in Johor Bahru and Singapore, partially offset by KL Fertility stimulated cycles decline of 6.9%</li> <li>1H24 International Segment Underlying EBIT<sup>(3)</sup> decreased by \$0.3m</li> </ul> |
| Invest<br>in<br>future<br>growth | <ul> <li>Domestic New Patient Registrations increased by 11% in 1H24 vs pcp (up 7% excluding Pivet acquisition)</li> <li>9 fertility specialists joined YTD in FY24 through organic recruitment; a further eight specialists will join on completion of Fertility North acquisition</li> <li>Fertility North transaction progressing to Completion following determination by the ACCC to not oppose the transaction. PIVET Medical Centre acquisition performing above expectations</li> <li>Commencement of new multi-disciplinary Day Hospital in Gold Coast and new Melbourne Day Hospital</li> </ul>   | <ul> <li>Singapore clinic showing positive signs demonstrating strong stimulated cycle growth in early 2H24</li> <li>KL Fertility clinic delivered 15% growth in new patient consultations in 1H24 vs pcp</li> </ul>  |

MBS items 13200/1

Excluding closed Gold Coast Ultrasound clinic in 2H23
 Underlying EBIT and NPAT are non-IFRS measures



## Positive market outlook for fertility services driven by traditional and new demand drivers

Whilst the attractive industry fundamentals continue to support growth, additional demand drivers like growing patient segments and new services will further supplement market growth going forward

- Strong 1H24 Australian stimulated cycle industry growth<sup>(1)</sup> of 5.1%; 5-year Australian Industry CAGR for stimulated cycles is 5.2%<sup>(1)</sup> to CY23
- New patient registrations growth of 11% in 1H24 (7% excluding PIVET acquisition) which suggests robust volume growth will continue in 2H





Innovation/ technology



Awareness and support



New services



segments

## Traditional demand drivers

#### Advanced maternal age:

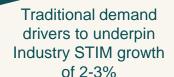
Maternal birth age has increased by 2 years over the last 20 years;

MVF average maternal age is 37

### Improving pregnancy rates:

MVF pregnancy rates have improved from 32.6% in CY18 to 38.9% in Jan-Nov '23.

**Favourable Government funding** 



## New demand drivers

#### New services:

Genetics

Egg freezing

### **Growing patient segments:**

LGBTQIA+

Single parents

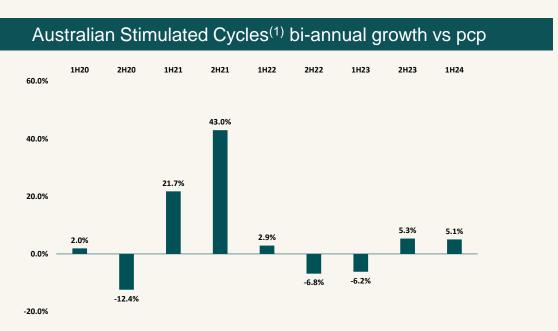
#### **New channels:**

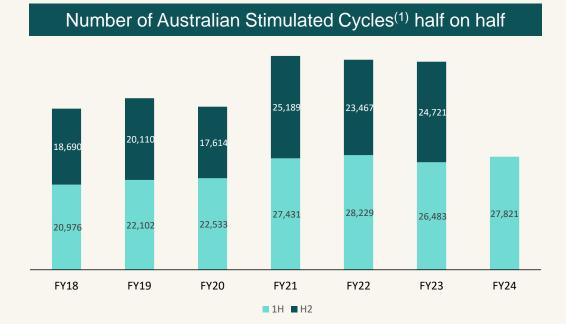
Corporate Sport Over time this growth trajectory could trend towards 3-5% with new demand drivers supplementing traditional drivers



## Industry Volumes – ARS Australia

Sustainable industry growth continued in 1H24, reaffirming non-discretionary nature of IVF services





- 1H24 Australian Industry stimulated cycles<sup>(1)</sup> growth of 5.1%
- Strong industry growth in 1H24 driven by traditional growth drivers and growth in new services and patient segments
- Market growth of >5% has been achieved in the past two halves which indicates cost of living pressures are not currently impacting demand for fertility services in Australia
  - Consumer confidence risk has been present for over two years<sup>(2)</sup> so potential negative impact on demand for IVF services would likely have flowed through
- MVF's current pipeline indicates growth is set to continue into 2H24 compared to pcp

<sup>(1)</sup> Stimulated cycles are MBS items 13200/1

<sup>(2)</sup> Consumer Confidence Index has been below the neutral mark of 100 since February 2022, marking the longest streak since the early 1990s recession



## MVF Market Share – ARS Australia

MVF upward trend in market share continues, with Stimulated Cycles market share increasing by 3.6% to 20.9% since 1H20

### **1H24 Volumes**

Stimulated cycles(1)

5,823

1H23 5,058 Up 15.1%

Frozen Embryos<sup>(2)</sup>

4,327

1H23 3,787 Up 14.3%

### **1H24 Market Share**

Australia
Market Share
Stimulated Cycles(1)(3)

20.9%

1H23 19.1% Up 1.8%

Australia Market Share Frozen Embryos<sup>(2)(3)</sup>

> 19.7% 1H23 18.1%

H23 18.19 Up 1.6%

- MVF Stimulated Cycles<sup>(1)</sup> Australian market share grew by 1.8% to 20.9% during 1H24 on pcp
  - Victorian market share increased a pleasing outcome in our largest market; New patient registrations indicate this trend will continue
  - QLD: Strong market share increase combination of organic and acquisitive growth (full period impact of ART Associates acquisition acquired September 2023)
  - · NSW: Solid organic market share growth
  - SA: Market share declined due to some doctor absences and competitor activity; pipeline has improved in Q2FY24 suggesting improved performance from Q4FY24
  - WA: WA market share of 13.7% following acquisition of PIVET Medical Centre (completed May 2023)
- New fertility specialists joining the Group, PIVET and Fertility North acquisitions are expected to drive further incremental market share gains

### MVF Australian market share gains since 1H20



- Stimulated Cycles comprise MBS items 13200 and 13201
- (2) Frozen Embryo Transfers comprise MBS item 13218
- (3) Market share now reported on Australia wide basis following our entry into the WA market with PIVET acquisition





Monash IVF Group

## Financial Results



## 1H24 Revenue Analysis

21.7% revenue growth driven by growth across all business services; primarily through price growth, industry growth, market share gains in domestic ARS and contribution from the PIVET acquisition

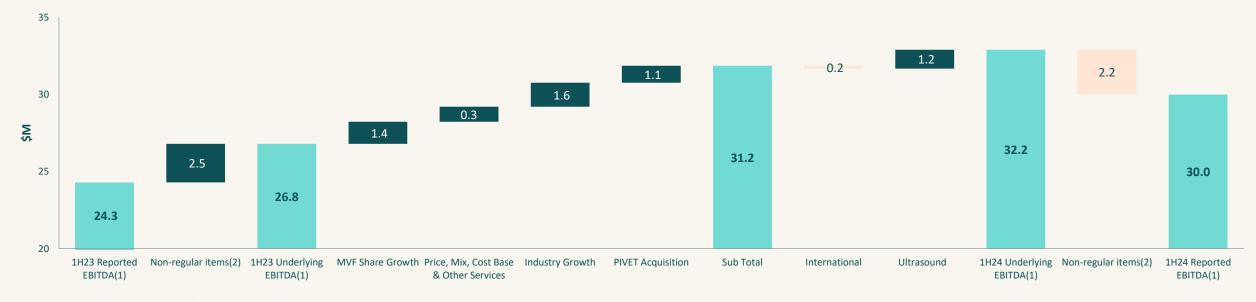


- 1H24 Domestic ARS revenue increase of \$15.5m driven by:
  - \$3.1m ARS revenue growth following 5.1% IVF Industry growth<sup>(1)(2)</sup>
  - o \$4.7m contribution from the PIVET acquisition which is performing stronger than anticipated
  - \$2.8m organic market share growth following gain achieved in VIC, QLD and NSW, partly offset by declines in SA and NT. QLD growth partly driven from full half-year benefit from ART Associates QLD clinicians
  - o \$5.0m revenue growth from patient price increases following average 5%-8% patient price increases across all domestic markets
- 1H24 International Revenue increased by \$0.3m due to 4.1% stimulated cycle increase driven by volume growth in Singapore and Johor Bahru partly offset by 6.9% stimulated cycle decline in the Kuala Lumpur clinic
- 1H24 Ultrasound revenue increased by \$1.7m due to 7.0% growth in scan volumes and increase in average revenue per scan due to scan pricing and positive mix. Scan activity grew by 11.0% in Melbourne and 5.4% in Sydney, partly offset by Gold Coast which was closed during 2H23
- \$4.8m Day Surgery & Other revenue growth including commencement of Gold Coast DSU in October 2023 and genetics revenue growth.
  - Australian IVF Market
  - 2. MBS items 13200/1



## 1H24 EBITDA Analysis

Positive EBITDA leverage across all services in domestic and international businesses, notwithstanding cost base inflation pressures. Further growth to be gained from new WA acquisition during 2H24 (subject to completion).



- \$4.4m EBITDA<sup>(1)</sup> growth in domestic IVF business in 1H24 compared to pcp driven by IVF industry and market share growth including the contribution from the PIVET acquisition and ART Associates QLD clinicians;
- Patient price growth was partly offset by 4-5% average wage increases following enterprise bargaining agreements (EBA), superannuation increases, CPI increases in suppliers pricing and higher fixed costs for new clinic infrastructure primarily in VIC, NSW and QLD. Other cost base increases include \$0.7m increase in short and long-term incentive provisional expenditure, higher marketing and cyber security expenditure;
- \$1.2m EBITDA<sup>(1)</sup> growth in Ultrasound business due to 5.4% and 11.0% scan growth in Sydney and Melbourne respectively as a result of a more stable workforce in Melbourne and relocation to two new clinics in Sydney providing increased scan capacity to support patient demand;
- \$0.2m International EBITDA decline in 1H24 due to stimulated cycle declines in Kuala Lumpur which was partly offset by growth in Singapore and Johor Bahru.
- 1. Underlying EBITDA and Reported EBITDA are a non-IFRS measures
- 2. Refer to page 28 for reconciliation of Non-regular items from Reported to Underlying
- 3. Victoria, New South Wales, Queensland, South Australia and Northern Territory



## 1H24 Profit & Loss Overview

| Underlying (\$m)                     | 1H24  | 1H23  | %<br>change |
|--------------------------------------|-------|-------|-------------|
| Group revenue                        | 125.7 | 103.3 | 21.7%       |
| Underlying EBITDA <sup>(1)(2)</sup>  | 32.2  | 26.8  | 20.0%       |
| Underlying EBIT <sup>(1)(2)</sup>    | 22.5  | 18.8  | 19.3%       |
| Underlying NPAT <sup>(1)(2)(3)</sup> | 15.0  | 12.6  | 18.7%       |
| Reported (\$m)                       |       |       |             |
| Reported EBITDA <sup>(1)</sup>       | 30.0  | 24.3  | 23.5%       |
| Depreciation & amortization          | (9.7) | (7.9) | 22.8%       |
| Reported EBIT                        | 20.3  | 16.4  | 23.8%       |
| Net finance costs                    | (2.6) | (1.7) | 52.9%       |
| Reported Profit before tax           | 17.7  | 14.7  | 20.4%       |
| Income tax expense                   | (4.8) | (3.9) | 23.1%       |
| Reported NPAT <sup>(3)</sup>         | 12.9  | 10.8  | 19.4%       |

- Revenue increased by 21.7% to \$125.7m due to price and industry growth, market share gains and the PIVET acquisition;
- 1H24 Underlying NPAT<sup>(1)(2)(3)</sup> increased by 18.7% to \$15.0m, at top end of guidance provided in November 2023;
- Underlying EBITDA increased 20.0% to \$32.2m, predominantly due to:

| 0 | Domestic IVF Growth | 12.0% contribution  |  |  |
|---|---------------------|---------------------|--|--|
| 0 | Acquisition         | 4.1% contribution   |  |  |
| 0 | Ultrasound          | 4.6% contribution   |  |  |
| 0 | Asia                | (0.7%) contribution |  |  |

- Patient price increases offset cost base inflationary pressures
- Cost base partly impacted by initial new Gold Coast Day Hospital ramp up and \$0.7m increase in provisional short and long term incentives, \$0.7m increase in marketing and \$0.3m increase in cyber security costs;
- Net Finance Costs of \$2.6m (increase of \$0.9m) primarily due to higher average borrowing costs, \$21m increase in average debt and higher noncash interest expense due to AASB 16 Lease Accounting;
- 1H24 Reported EBITDA (1)(2) and Reported NPAT (2)(3) includes \$2.9m (pretax) non-regular cost items. Refer to page 28 for further detail

Non-IFRS measure

<sup>(2)</sup> Refer to page 28 for reconciliation of Reported EBITDA, EBIT and NPAT to Underlying EBITDA, EBIT and NPAT

<sup>(3)</sup> NPAT including minority interest



## 1H24 Cashflow Overview

| \$m                                       | 1H24   | 1H23   | % change |
|---|--------|--------|----------|
| Reported EBITDA                           | 30.0   | 24.3   | 23.5%    |
| Movement in working capital               | (0.4)  | (2.6)  | 84.6%    |
| Income taxes paid                         | (3.7)  | (6.2)  | 40.3%    |
| Net operating cash flow (post-tax)        | 25.9   | 15.5   | 67.0%    |
| Capital expenditure                       | (12.9) | (13.7) | 5.8%     |
| Payments for businesses/minority interest | (4.0)  | (4.8)  | 16.7%    |
| Cash flow from investing activities       | (16.9) | (18.5) | 8.6%     |
| Free Cash flow <sup>(1)</sup>             | 9.0    | (3.0)  | 399%     |
| Dividends paid                            | (8.6)  | (8.6)  | (0.0%)   |
| Interest on borrowings                    | (1.2)  | (0.5)  | (140.0%) |
| Payments of lease liabilities             | (5.3)  | (5.4)  | (1.9%)   |
| Proceeds of borrowings                    | 4.0    | 17.0   | (76.5%)  |
| Cash flow from financing activities       | (11.1) | 2.5    | (544.0%) |
| Net cash flow movement                    | (2.1)  | (0.5)  | (320.0%) |
| Closing cash balance                      | 5.9    | 7.4    | (20.3%)  |

<sup>1.</sup> Free cash flow is a non-IFRS measure used by the Group as a key indicator of cash generated from operating and investing activities and is not subject to audit or review. Calculated as Net cash flow generated from operating activities less Net cash flows used in investing activities.

- Pre-tax conversion of EBITDA to operating cash flow was strong at 99%, exceeding 1HFY23 of 89% and 1HFY22 of 83%;
- \$12.9m capital expenditure including:
  - Completed new day hospitals in Cremorne (VIC) and Gold Coast, commencement of construction of new fertility clinics in Brisbane and Sunshine and new ultrasound practices in St Leonards and Northern Beaches NSW
  - IT infrastructure including cyber security and commencement of new patient management system; and
  - Regular medical equipment capex;
- The significant investment program in clinic infrastructure that has delivered major upgrades across our network is nearing completion, after which capex will revert to more business-as-usual requirements from FY26
- \$4.0m payments for business acquisitions includes \$2.3m Pivet earn-out payment, \$0.6m payment for ART Associates Qld relating to the Year 1 earn-out payment, \$0.6m final Fertility Solution earn-out payment and \$0.5m payments for non-recurring acquisition costs (Fertility North acquisition);
- Interest on borrowings increased by \$0.7m due to higher average borrowings compared to pcp, increases in the BBSY and higher non-cash expense related to AASB16 Lease accounting in 1H24;
- \$4m net debt drawdown primarily for committed infrastructure projects and acquisition payments;
- \$8.6m dividend payments for the 2.2 cps FY23 final dividend paid in October 23.



## **Balance Sheet Overview**

| Balance Sheet (\$m)             | 31 December 23 | 30 June 23 | % change |
|---------------------------------|----------------|------------|----------|
| Cash and cash equivalents       | 5.9            | 8.0        | (26.3%)  |
| Other current assets            | 26.7           | 21.9       | 21.9%    |
| Current lease liabilities       | (6.9)          | (6.3)      | (9.5%)   |
| Current borrowings <sup>6</sup> | (42.8)         | -          | 100%     |
| Other current liabilities       | (41.9)         | (40.2)     | (4.2%)   |
| Net working capital             | (59.0)         | (16.6)     | (255%)   |
| Non current borrowings          | -              | (38.9)     | (100.0%) |
| Goodwill & Intangibles          | 279.1          | 280.4      | (0.5%)   |
| Right of use assets             | 76.0           | 59.0       | 28.8%    |
| Lease liabilities               | (72.0)         | (54.8)     | (31.4%)  |
| Plant & Equipment               | 60.4           | 50.4       | 19.8%    |
| Other liabilities               | (4.6)          | (4.4)      | (4.5%)   |
| Net assets                      | 280.8          | 275.1      | 2.1%     |

| Capital Metrics                                  | 31 December 23 | 30 June 2023 | +/-     |
|--|----------------|--------------|---------|
| Net Debt <sup>1</sup> (\$m)                      | 37.1           | 31.0         | 6.1     |
| Leverage Ratio (Net Debt / EBITDA <sup>2</sup> ) | 0.72x          | 0.70x        | 0.02x   |
| Interest Cover (EBITDA <sup>2</sup> / Interest)  | 27.9x          | 42.6x        | (14.7x) |
| Net Debt to Equity Ratio <sup>3</sup>            | 13.2%          | 11.3%        | 1.9%    |
| Return on Equity <sup>4</sup>                    | 9.9%           | 9.3%         | 0.6%    |
| Return on Assets <sup>5</sup>                    | 6.2%           | 6.0%         | 0.2%    |

- 1. Net Debt is cash less borrowings and excludes capitalised bank fees
- 2. EBITDA is based on normalised EBITDA excluding AASB16 Lease impact for covenant purposes as defined in the Syndicated Debt Facility Agreement. EBITDA is not an IFRS measure
- 3. Net debt divided by equity at the balance date
- 4. NPAT for the previous 12 month period divided by closing equity at the balance date
- 5. NPAT for the previous 12 month period divided by closing assets at the balance date
- 6. Including capitalised bank fees

- Balance Sheet continues to be in a strong position to support both organic and non-organic growth aspirations and plans including:
  - Completion of new and expanded fertility clinics in Brisbane and Sunshine (VIC) and attraction of new suitable clinicians;
  - Non-organic growth both domestic (including recent Fertility North acquisition) and South-East Asia;
- Lease assets and Lease Liabilities increased mainly due to PIVET acquisition and new NSW Ultrasound practices in St Leonard's and Northern Beaches. The value of these additions is offset by the right of use asset depreciation on the remaining sites across the Group
- Net Debt of \$37.1m as at 31 December 2023 noting the Syndicated Debt Facility is classified as a Current Liability;
- The Syndicated Debt Facility was extended to February 2027 on 20 February 2024 and the facility size has been increased from \$50m to \$70m:
- Significant headroom remains available in key banking covenants;
- 2.5 cents per share fully franked interim FY24 dividend declared reflecting payout ratio of 65% compared to policy range of 60-70% of Underlying NPAT.



Monash IVF Group

## Operational Review







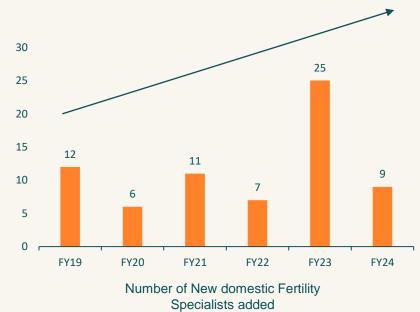
## Compelling Doctor Value Proposition to attract and retain highest quality clinicians

Monash IVF collaborates with existing and prospective clinicians to ensure the Doctor Value Proposition is tailored to their needs and promote long-term career progression

- Net increase in fertility specialists of 8 in YTD FY24 (net of retirements)
  - 9 new fertility specialists through organic recruitment (including trainees)
- Fertility North will add a further eight new fertility specialists – acquisition expected to be completed in March FY24
- Monash IVF continues to focus on tailoring its Doctor Value Proposition to attract and retain clinicians at all stages of their career journey

## 35% increase in net Fertility Specialists since FY18

Supporting and delivering succession and growth







# Infrastructure investment has created state-of-the-art facilities across ARS, day surgery and ultrasound



Clinical Infrastru cture

Completion of the new Brisbane flagship site in FY25 will be the culmination of our major infrastructure transformation that has created four flagship sites in major cities.

### **New Melbourne flagship site (Cremorne)**

 All certification received and day hospital and lab became fully operational in January – feedback from patients and doctors has been excellent

### **New Gold Coast flagship site**

 Day Hospital ramping up theatre volumes across range of specialities including fertility, ophthalmology, dentistry, gynaecology and plastics procedures; solid theatre utilisation driving profitability

### New Brisbane flagship site - Design and Construction phase

Staged construction has commenced; completion in FY25

Sydney CBD: Additional space leased at current site, fitout for consulting rooms to be completed Q3 FY24

Perth: Refresh of current site ongoing and to be completed Q3 FY24

### **Sydney Ultrasound for Women**

- Chatswood clinic relocated to newly refurbished St Leonards site in Q2 FY24
- Dee Why clinic relocated to newly refurbished Northern Beaches site in Q2 FY24
- Kogarah refresh with additional scan room completed February 2024









## Acquisitions Update

Continuing to build our presence in the attractive Western Australia market through the acquisition of Fertility North. Fertility North and our existing Monash IVF business in Perth are complementary to each other, servicing different catchment areas.

### **PIVET**

(Completed in May 2023)

- PIVET Medical Centre is a Perth (Western Australia) and Cairns, (Queensland) provider of fertility services
- Services central and southern Perth
- Performed ahead of expectations over the last 8 months
- Rebranded to Monash IVF West Leederville in November 2023 which is having a positive impact on patient pipeline





### **Fertility North**

(Expected completion in March 2024)

- Acquisition of Fertility North announced in December 2023
- Additional eight fertility specialists will join the Monash IVF Group
- Provides Monash IVF with access to Perth's northern growth corridor, a fast growing region with a large addressable market
- Operates from a state-of-the-art clinic located at Joondalup Health Campus, and includes consulting, laboratory and access to co-located day surgery
- On 22 February 2024, the ACCC announced it will not oppose the acquisition of Fertility North
- The parties are working through the outstanding conditions precedent with completion expected in March 2024



## Science and technology to drive ongoing improvements in success rates



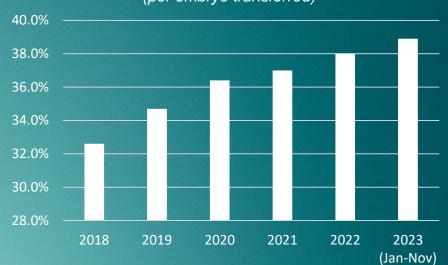
## 38.9% Clinical pregnancy rate per embryo transferred

(women aged <43 years) in CY23 (Jan-Nov);

- Up from 38.7% in Q1 CY23
- Up from 38.0% in CY22

Monash IVF Group – Clinical pregnancy rate for women aged <43 years

(per embryo transferred)



Multi-centre clinical trial for **novel** sperm selection device (Felix) in partnership with Memphasys (ASX:MEM) is ongoing and anticipated to be concluded in O1FY25.

PIEZO-ICSI (novel microinjection technique (which minimizes damage to the egg) has now been rolled out clinically under direction of the research governance committee

Examples of current investments in innovative technology to drive success rates

Timelapse (Embryoscope+) rollout across our network is complete with 18 incubators installed across 11 clinics in 5 states.

Initiation of a research partnership with Symex Labs to develop a novel wearable hormone fertility tracker which can revolutionise reproductive treatment for our patients.



## Medicare rebate for Genetic Carrier Screening introduced in November 2023

Government funding of genetic testing in Australia is rapidly expanding which will drive a significant increase in uptake of genetic testing, leading to increased pipeline for PGT-M / IVF

- Genetic testing in Australia is comparably immature and rapidly evolving, resulting in significant growth upside
- Government is receptive to funding genetic testing as a means to lower incidence and improve diagnosis of chronic disease, reducing overall healthcare costs over longer term
- Over past five years Government expenditure on genetic testing has roughly tripled from \$55m to \$160m, with approximately half in the field of reproductive genetics
- Government has committed \$85m for genetic carrier screening rebate for three gene testing was introduced in November 2023
- As awareness increases it is expected almost all couples considering pregnancy are expected to have three gene testing – with abnormal results being a significant feeder into IVF volumes
- MVF's monthly genetic carrier screening volumes have increased by over 160% since introduction of Medicare rebate in November 2023

## Monash IVF is uniquely placed to capitalise on growth

- Leading genetic pathologist Dr. Tristan Hardy
- Access to large potential patient pool
- Strong genetic counsellor network
- Only IVF provider in Australia to also offer tertiary women's ultrasound
- Integrated offering minimises friction for patient with easy transition from carrier screening to IVF (with PGT-M and prenatal care)
- Monash IVF has a high quality PGT-M offering
- IVF with PGT-M has high patient acceptability and is also supported by Medicare funding



## Investing in Brand & Marketing and our People

Current marketing campaigns are driving strong market share gains and growth in patient pipeline leading into second half of FY24



Brand & Marketing

- Refreshed egg freezing and donor campaigns to drive continued growth in these key market segments
- Monash IVF brand & advertising campaign launched in WA following acquisition of PIVET is delivering strong enquiries
- A differentiated value proposition is allowing us to gain good momentum within the corporate segment
- Three-gene Genetic Carrier Screening campaign launched to medical practitioners is driving increasing uptake of genetic testing

Monash IVF Group is recognised as an employer of choice and as an employer who continues to promote diversity and inclusion



People Engagement

- Monash IVF Group continues to evolve its Employee value proposition to ensure we remain the employer of choice within the specialised womens health and reproductive sector
- Differentiated opportunities for personal and professional development available to all employees
- Monash IVF Group had the highest number of internal appointments YTD FY24, demonstrating the success of our leadership
  and career pathways in creating leaders for the future
- Workplace culture acknowledges the importance of mental health and psychological safety; launched Peer Support Champions and Real Conversations for Peers



## Women's Imaging continues on a positive trajectory

Scan growth of 7.0%<sup>(1)</sup> demonstrating the turnaround is sustainable across the Sydney and Melbourne businesses

- Sydney Ultrasound (SUFW) and Monash Ultrasound (MUFW) businesses showing strong, sustained volume growth
- · Average price per scan increased further contributing to revenue growth
- Supply issues addressed through increased sonographer capacity
- Productivity improvements delivered operating efficiencies and increased earnings

### **SUFW**

- 1H24 scan volumes increased by 5.5% compared to pcp
- New relocated clinics at St Leonard's and Northern Beaches driving increased activity from greater capacity

### **MUFW**

- 1H24 scan volumes increased by 11.0% compared to pcp
- Improved booking workflow and sonographer availability driving increased activity
- A new website for Monash Ultrasound for Women is optimising the patient experience and driving increased growth in private scans





### **ARS** International

Varied performance across SE Asia business in 1H24 but positive signs leading into 2H24

- International Stimulated Cycles increased by 4.1% in 1H24 vs pcp
- International FY24 EBIT decreased by \$0.3m vs pcp
- Performance was mixed as activity declined in Kuala Lumpur whilst growth was achieved in Singapore and Johor Bahru. Singapore is building momentum whilst Kuala Lumpur is showing improvement in early 2H24

### **KL Fertility**

- Stimulated cycles declined by 6.9% reflecting local Kuala Lumpur market weakness
- Competitive pricing environment
- Launching new Fertility and Wellness Package in February 2024
- Targeted marketing and business development direct to GPs and specialists
- New patient consultations increased by 15% in 1H24 vs pcp indicating improved performance in 2H24 which has commenced well

### Johor Bahru

- Continues to perform strongly
- Benefiting from full opening of Singapore border following COVID-19

### Singapore:

- New Medical Director is driving sustainable volume growth into second half
- Positive volume, pricing and cost trends emerging
- January 2024 and February MTD is showing strong stimulated cycle growth on pcp

### Other clinics:

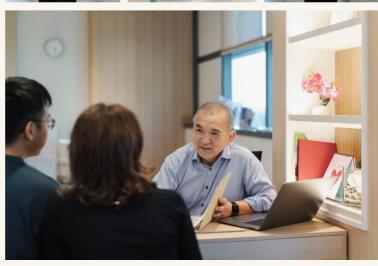
- Bali: Earnings positive in H1 and Service levels and culture are aligned – business development and marketing focus in H2 expected to drive volumes.
- Jakarta (minority interest): Increase in new patient consultations in 1H24 - conversion to treatments is challenging











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Monash IVF Group

# Strategy and Outlook







### Our Pillars









Doctor **Partnerships** 

Patient Experience

Scientific Leadership

International Expansion



People Engagement



Transformation



Brand & Marketing



Clinical Infrastructure

### Our Outcomes



Engagement Patients, Dootors, People, Regulators



Local & International Market Share



Market Leading Success Rates



Value Creation

### Our Principles

Care

Commitment

Communicate

Collaborate

Create



### Outlook

The Australian IVF Industry and Monash IVF will continue to be a beneficiary of underlying structural demand drivers whilst supplemented by emerging services such as genetics and egg freezing, growing patient segments, in particular the LGBTQIA+ segment and new patient acquisition channels. Whilst macroeconomic conditions in Australia including cost of living and monetary policy is impacting affordability of certain services and goods, it is not currently impacting Monash IVF's new patient registrations to date.

FY2024 Underlying Group NPAT<sup>(1)(2)</sup> is expected to be between \$29.0m and \$30.0m compared to \$25.5m in the prior comparative period (excluding contribution from the Fertility North acquisition). Non regular items in FY2024 will include acquisition costs, commissioning of new premises including day hospital operations, class action related costs and non-cash AASB16 Lease Accounting expenditure.

The key drivers of revenue and earnings growth in 2H24 compared to 2H23 are:

- Full Year contribution from the PIVET Medical Centre acquisition which occurred in May 2023;
- Contribution from new fertility specialists attracted during 2H23 and 1H24 which will drive growth in activity in 2H24. The Group will continue to focus on the attraction of suitable fertility specialists;
- On-going and sustainable conversion of IVF new patient registrations growth experienced during 1H24 and February 2024 YTD;
- Growth in reproductive genetic carrier screening which will lead to onward referrals to IVF;
- Commencement and contribution from new day hospital operations;
- Continued improvement in the Ultrasound businesses;
- Further progress in South-East Asia including Singapore and Kuala Lumpur.

<sup>(1)</sup> NPAT is adjusted for certain non-regular items including acquisition related costs, new premise commissioning costs, class action related costs and non-cash AASB16 Lease Accounting expenditure impact

<sup>(2)</sup> including minority interests

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Monash IVF Group

## Appendices





## **Treatment Mix**

| IVF Treatment numbers                                | 1H24   | 1H23   | % change |
|--|--------|--------|----------|
| Monash IVF Group – Australia                         |        |        |          |
| Stimulated cycles                                    | 5,823  | 5,058  | 15.1%    |
| Cancelled cycles                                     | 571    | 573    | (0.3%)   |
| Frozen embryo transfers                              | 4,327  | 3,787  | 14.3%    |
| Total Australian Patient Treatments                  | 10,721 | 9,418  | 13.8%    |
| Monash IVF Group – International                     |        |        |          |
| Stimulated cycles                                    | 605    | 581    | 4.1%     |
| Cancelled cycles                                     | 21     | 21     | 0.0%     |
| Frozen embryo transfers                              | 518    | 563    | (8.0%)   |
| Total International Patient Treatments               | 1,144  | 1,165  | (1.8%)   |
| Total Group Patient Treatments                       | 11,865 | 10,583 | 12.1%    |
| Stimulated cycles as a % of Total Patient Treatments | 54.2%  | 53.2%  |          |
| Other Treatment numbers                              | 1H24   | 1H23   | % change |
| Ultrasound Scans                                     | 42,088 | 41,237 | 2.1%     |
| Non-Invasive Prenatal Testing (NIPT)                 | 7,451  | 7,294  | 2.2%     |

Note: 1H23 includes activity in Fertility Tasmania and Gold Coast Ultrasound for Women which ceased being part of Monash IVF in 2H23. Stimulated cycles exclude activity performed in Jakarta and Canberra as they are minority interests



## 1H24 Earnings Reconciliation

Statutory earnings adjusted for certain non-regular items

| \$m  | EBITDA | EBIT | 1H24 NPAT | 1H23 NPAT |
|--|--------|------|-----------|-----------|
| Reported Statutory                         | 30.0   | 20.3 | 12.9      | 10.8      |
| Acquisition transaction costs              | 0.5    | 0.5  | 0.4       | 0.7       |
| Commissioning costs                        | 1.4    | 1.4  | 1.0       | 1.0       |
| Acquisition Earn-out fair value adjustment | -      | -    | -         | O.1       |
| Class Action legal costs                   | 0.3    | 0.3  | 0.2       | -         |
| Adjusted                                   | 32.2   | 22.5 | 14.5      |           |
| AASB 16 Lease Accounting                   | -      | -    | 0.5       | -         |
| Underlying (1)                             | 32.2   | 22.5 | 15.0      | 12.6      |

\$0.5m acquisition costs including the Fertility North acquisition;

(1) Non-IFRS measure

- \$1.4m commissioning costs related to pre-opening expenditure for new fertility clinics and day hospitals including Melbourne, Gold Coast, Brisbane and Sunshine. In addition, new relocated ultrasound clinics in St Leonards and Northen Beaches supporting greater capacity;
- \$0.3m uninsured legal costs relating to the ongoing class action;
- \$0.7m pre-tax relating to non-cash net lease expenditure under IFRS 16 lease accounting which includes new day hospitals in Melbourne and Gold Coast and new Ultrasound practices in Sydney. Non-cash lease expenditure has been disclosed as a non-regular item due to the length of term of the new leases and the associated unwinding of the fair value of future lease payments.
- 1H23 included non-regular items that increased Underlying EBITDA, EBIT and NPAT by \$2.5m pre-tax and \$1.8m post-tax.



## Overview of Monash IVF Group

### Monash IVF Group is a market leader in reproductive care

### **ARS Australia**

23 clinics & 4 services centres

123 Fertility Specialists (13 trainees)

7 Australian States / Territories

5 day hospitals (SA, NSW, WA, QLD,VIC)









### **ARS International**

5 clinics

19 Fertility Specialists (1 trainee)

5 international cities

2 day hospitals (Malaysia & Singapore)







### **Diagnostics**

2 Genetics laboratories (VIC and SA)



### Women's Ultrasound

15 clinics

19 Sonologists (1 trainee)

3 Australian states





SYDNEY ULTRASOUND FOR WOMEN +

**161** Medical Specialists

**165**<sup>1</sup> Scientists

**546**<sup>1</sup> Nursing and Support Staff

**40**<sup>1</sup> Sonographers

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## Questions

