



MONASH IVF GROUP

**Lets be brave  
together...**

**FY20 Results Presentation**

24 August 2020

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Monash IVF Group Limited  
ACN 169 302 309

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# FY20 Executive Summary

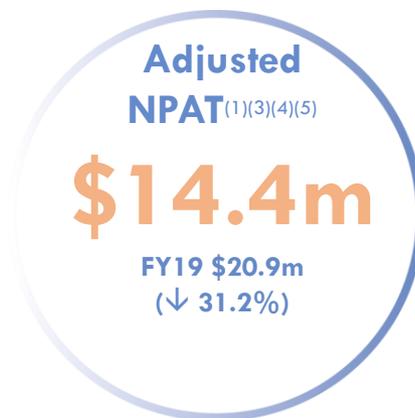
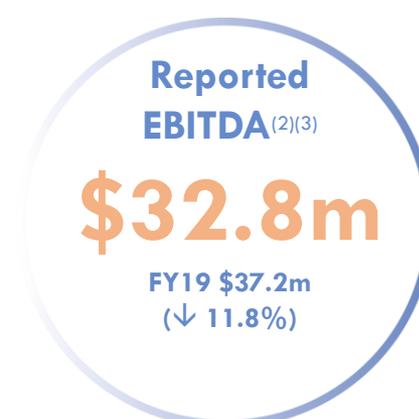
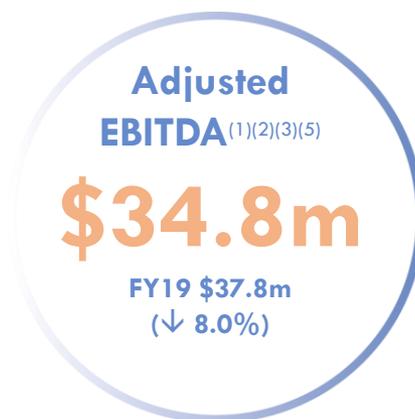
- **\$14.4m Adjusted NPAT<sup>(1)(2)</sup> is above \$14m guidance provided on 29 June 2020 (reported NPAT of \$11.7m<sup>(3)</sup>);**
- **\$3.9m adverse NPAT impact** during March to June 2020 compared to pcp due predominately to COVID-19 temporary shutdown;
- **Recovery from temporary suspension of IVF procedures** in Australia was strong with stimulated cycles<sup>(4)</sup> up by 33.6% from June to July 2020 vs pcp;
- **Kuala Lumpur clinic has recovered** from Movement Control Orders in Malaysia demonstrating 72% stimulated cycle growth in July vs pcp;
- **Ultrasound clinics continued to operate** throughout Q4 although impeded by heavy but effective infection control and social distancing measures;
- **Market share gains across SA, QLD and NSW** although Victoria lost market share following departure of five specialists in September 2019;
- **Balance Sheet strong** following \$80m equity raising which has reduced debt while navigating COVID-19 and allows for investment into future growth opportunities including new Sydney CBD clinic and partnerships in SE Asia;
- **Deferred 1H20 dividend to be paid on 2 October 2020**



# FY20 Financial Summary

Operating performance impacted by COVID-19 disruption and departure of specialists in Victoria

Note: Financial metrics include impact from COVID-19 and AASB16 Leases



1. Reported EBITDA adjusted by \$2.0m, Reported EBIT adjusted by \$2.6m and Reported NPAT by \$2.7m. Refer to page 10 for reconciliation  
2. EBITDA is a non-IFRS measure. EBITDA is defined as Earnings before interest, tax, depreciation and amortisation  
3. FY20 includes impact from changes to AASB16 Lease accounting standard (EBITDA +7.2m, EBIT +\$1.6m and NPAT +\$0.3m)  
4. Attributable to ordinary members  
5. Adjusted EBITDA, Adjusted EBIT and Adjusted NPAT are non-IFRS measures

# COVID-19 and trading recovery summary

## Key Events

- On 25 March 2020, National Cabinet acting on the advice of Australian Health Protection Principal Committee temporarily suspended all non-urgent elective surgery, including IVF procedures;
- On 21 April 2020, National Cabinet announced that certain elective surgery procedures, including IVF could recommence from 27 April;
- On 27 March 2020, Movement Control Orders (MCO) were implemented in Malaysia which were subsequently eased on 9 June 2020;

## Impact

- The temporary suspension of IVF procedures resulted in a 71% decline in our Australian stimulated cycles in April to mid May 2020;
- The MCO in Malaysia resulted in a 76% decline in International stimulated cycles in April and May 2020;
- \$3.9m adverse NPAT impact during March to June 2020 as compared to pcp predominately due to COVID-19 which includes \$4.9m (pre-tax) Job Keeper Subsidy to maintain engagement with workforce during hibernation and recovery periods;
- Ultrasound clinics remained open and scan volumes were moderately impacted (3.4% decline in March to June 2020) by movement restrictions in-place; however, cost of service delivery increased due to heightened infection control measures;

## Key Actions

- As a key priority, the Group implemented measures designed to protect the health and safety of its patients, employees and doctors;
- Implementation of a number of initiatives to assist in mitigating financial impact of COVID-19;
- \$80m equity raising in response to potential extended shutdown due to COVID-19, reduce debt and pursue growth opportunities including build of a new Sydney CBD fertility clinic, Joint venture/partnership and acquisition opportunities across South East Asia and transformation of Melbourne footprint;
- Patient engagement activities during the shut-down period has driven the strong recovery of pent up demand and increased marketing activities post equity raising is driving growth in the patient pipeline leading into FY21.

# COVID-19 and trading recovery summary (continued)

## Recovery

- Following recommencement of IVF services in Australia, stimulated cycles increased by 34.3% between 18 May and 30 June 2020 compared to pcp, with 32.1% growth continuing into July 2020;
- Kuala Lumpur is in recovery following easing of the Movement Control Orders on 9 June resulting in 23.5% stimulated cycle growth in June to July 2020 with July up by 72% compared to pcp;
- The Victorian IVF business has continued to operate notwithstanding Stage 4 restrictions (effective 2 August 2020) as IVF has been exempt from the current suspension of non-urgent elective surgery in Victoria.

### Volume movement comparison to pcp

Business Line	Jul19–Dec19 1H20	Jan20-Feb20 2-months	Mar20-Jun20 4-months	Jun20-Jul20 2-months
Australia – STIM cycles <sup>1</sup>	-1.5%	0.0%	-14.5%	+33.6%
International – STIM cycles <sup>1</sup>	-3.1%	0.0%	-49.2%	+23.5%
Ultrasound scans	+2.3%	+6.0%	-2.2%	+9.5%

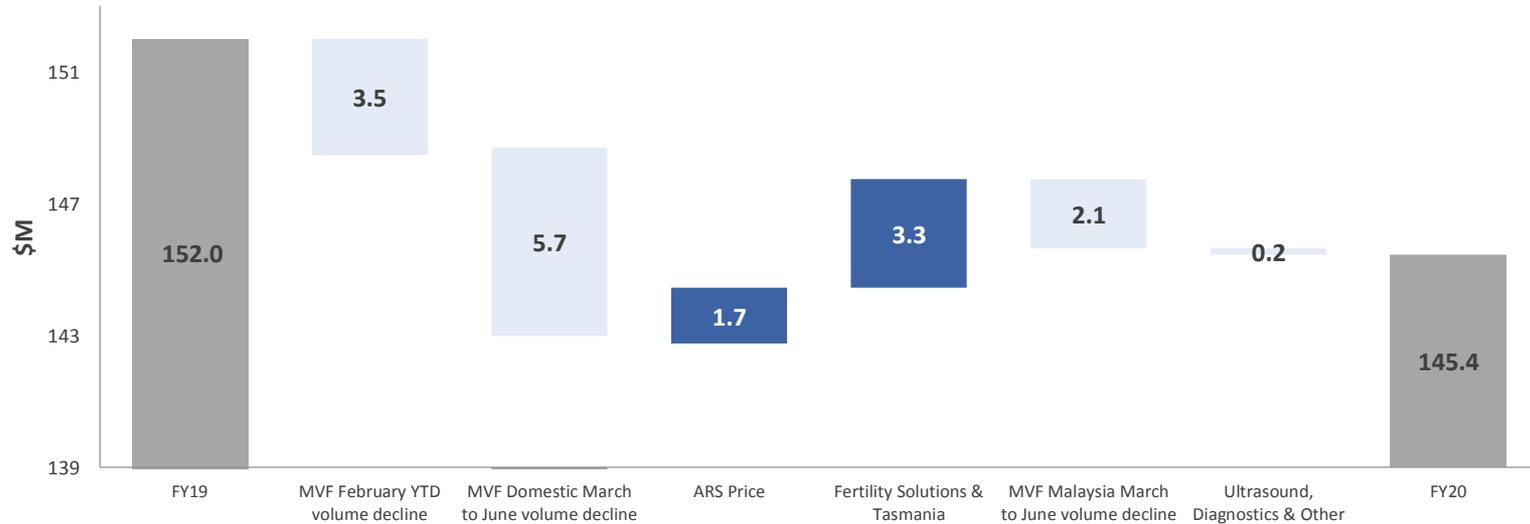
1. MBS items 13200 and 13201

# Financial overview



# FY20 Revenue Analysis

Revenue was impacted by the disruption created by COVID-19 and the departure of fertility specialists in Victoria



- MVF February YTD volume decline** reduced revenue by \$3.5m reflecting Full-Service stimulated cycle growth in QLD, SA and NSW offset by declines in VIC due to departure of five fertility specialists
- MVF Domestic March to June volume decline** reduced revenue by \$5.7m as organic stimulated cycles declined by 472 during March to June as compared to pcp following the temporary shutdown partly offset by 34.8% stimulated cycle growth from mid May to 30 June 2020 compared to pcp
- Fertility Solutions and Tasmania contribution of \$3.3m** is due to Fertility Solutions acquisition in September and contribution from Fertility Tasmania (from August) subsequent to taking a controlling interest
- International revenue declined by \$2.1m** as stimulated cycles reduced by 189 (March to June 2020) which was largely driven during the Movement Control Orders in place in Malaysia
- Ultrasound, Diagnostics and Other income** is largely in line with pcp as Ultrasound revenue increased by \$0.2m, offset by ancillary services related to ARS related activity including genetic screening

# FY20 Profit and Loss Overview

Whilst COVID-19 has disrupted operations since March 2020, the Group is well positioned to grow earnings going into FY21 with strong recovery in June and July 2020 across all markets with increased marketing investment

\$m	FY20	FY19	% change
<b>Group revenue</b>	<b>145.4</b>	<b>152.0</b>	<b>(4.3%)</b>
Reported EBITDA <sup>(1)</sup>	32.8	37.2	(11.8%)
Adjusted EBITDA <sup>(1)(2)</sup>	34.8	37.8	(8.0%)
<b>Adjusted EBITDA<sup>(2)</sup> excl. AASB16 Adjustment</b>	<b>27.7</b>	<b>37.8</b>	<b>(26.7%)</b>
<b>Adjusted EBIT<sup>(1)(2)</sup></b>	<b>24.4</b>	<b>32.7</b>	<b>(25.3%)</b>
<b>Adjusted NPAT<sup>(1)(2)</sup> (including minority interest)</b>	<b>14.4</b>	<b>20.9</b>	<b>(31.2%)</b>
<b>Reported EBIT<sup>(1)</sup></b>	<b>21.8</b>	<b>31.2</b>	<b>(30.2%)</b>
Net finance costs <sup>(3)</sup>	5.7	3.8	(50.0%)
<b>Reported Profit before tax<sup>(1)</sup></b>	<b>16.1</b>	<b>27.5</b>	<b>(41.5%)</b>
Income tax expense	4.4	7.7	42.8%
<b>Reported NPAT<sup>(1)</sup> (including minority interest)</b>	<b>11.8</b>	<b>19.8</b>	<b>(40.8%)</b>

- FY20 includes impact from changes to AASB16 Lease accounting standard (EBITDA +7.2m, EBIT +\$1.6m and NPAT +\$0.3m)**
- Refer to page 11 for reconciliation of FY20 Adjusted EBITDA, EBIT and NPAT to reported EBITDA, EBIT and NPAT. These Adjusted financial metrics are non-IFRS measures
- FY20 Net finance costs includes \$1.0m unwinding of interest on leases in accordance with AASB16 Lease accounting standard

- **\$14.4m FY20 Adjusted NPAT<sup>(1)(2)</sup> above ASX guidance update on 29 June 2020** (Reported NPAT of \$11.8m incl. minority interest)
- **NPAT declined by \$3.9m** between March to June 2020 compared to pcp driven predominately to COVID-19 temporary shutdown;
- **Revenue declined by 4.3%** to \$145.4m;
- **Adjusted EBITDA<sup>(2)</sup> excluding AASB16 Lease adjustments<sup>(1)</sup> declined by \$10.1m or 26.7%** due primarily to:
  - Negative impact from COVID-19 temporary suspension which reduced stimulated cycles by 71% in the period from 1 April to mid May. The Group is eligible for the Job Keeper Subsidy for Q4FY20 (\$4.9m pre-tax) utilised to maintain and engage workforce;
  - \$3.4m negative impact from decline in ARS activity prior to COVID-19 suspension due to departure of Victorian specialists partly offset by growth in SA, NSW, QLD and cost out program impact as at February YTD;
  - \$1.1m marketing expenditure increase is driving pipeline growth leading into FY21 through radio, TV, digital channels and patient enquiry/registration conversion. Increase in media investment between May to July 2020 was \$0.7m;
- **Net finance costs<sup>(3)</sup> increased by \$1.9m** due to \$1.1m impact from closure of interest rate swaps, \$1.0m AASB16 Lease interest partly offset by positive \$0.2m impact from lower debt and cost of funds

# Earnings reconciliation

The below provides a reconciliation of earnings adjusted for certain non-regular items

\$m	EBITDA <sup>(1)</sup>	EBIT	NPAT <sup>(2)</sup>
<b>Reported Statutory</b>	<b>32.8</b>	<b>21.8</b>	<b>11.7</b>
1 H20 non-regular items	1.7	1.7	1.2
Restructuring costs applicable to our cost reduction program	0.3	0.3	0.2
Acquisitions costs	0.1	0.1	0.1
Closure of interest rate swaps			0.8
New Sydney CBD IVF premise		0.5	0.4
<b>Adjusted</b>	<b>34.8</b>	<b>24.4</b>	<b>14.4</b>

- \$1.2m 1H20 non-regular items includes post-tax impact from Fertility Solutions acquisition transaction costs (\$0.3m), pre-IPO patient claim (\$0.5m) and restructuring costs associated with the cost reduction program (\$0.4m);
- \$0.2m 2H20 restructuring costs primarily relates to the closure of the MyIVF low-cost clinic;
- \$0.1m 2H20 acquisition costs relates to the Johor Bahru, Malaysia acquisition which completed in June 2020;
- \$0.8m closure of interest rate swaps are for the termination of \$30m swaps following part repayment of Syndicated Banking Facility. This resulted in transfer of balances in the hedge reserve to profit & loss for accounting purposes;
- \$0.4m New Sydney CBD IVF premise (lease depreciation and interest expense) from execution of the lease in February 2020. Construction works commenced in late June and is on-track to be ready for patient treatments during Q2FY21

## AASB16 Leases Impact

Implementation of AASB16 Leases had the following impact in FY20:

- \$7.2m EBITDA increase
- \$1.6m EBIT increase
- \$0.3m NPAT increase

# Capital Management Overview

The Balance Sheet is well positioned to pursue organic and non-organic growth opportunities and navigate through any future COVID-19 developments

Balance Sheet (\$m)	30-Jun 2020	30-Jun 2019	% change
<b>Cash and cash equivalents</b>	<b>15.1</b>	<b>4.3</b>	<b>251.2%</b>
Other current assets	15.6	11.2	39.3%
Current lease liabilities	(2.3)	-	-
Current liabilities	(35.6)	(24.2)	(47.1%)
<b>Net working capital</b>	<b>(7.2)</b>	<b>(8.7)</b>	<b>17.2%</b>
Borrowings	(19.3)	(89.0)	78.3%
Goodwill & Intangibles	262.1	257.1	1.9%
Right of use assets	36.5	-	-
Lease liabilities	(36.3)	-	-
Plant & Equipment	19.1	16.5	15.8%
Other assets/(liabilities)	(2.8)	(2.5)	(12.0%)
<b>Net assets</b>	<b>252.1</b>	<b>173.4</b>	<b>45.4%</b>

Capital Metrics	30 Jun 2020	30 Jun 2019	+/-
Net Debt <sup>1</sup> (\$m)	4.2	84.7	80.5
Leverage Ratio (Net Debt / EBITDA <sup>2</sup> )	0.15x	2.24x	2.09x
Interest Cover (EBITDA <sup>2</sup> / Interest)	8.4x	10.6x	(2.2x)
Net Debt to Equity Ratio <sup>3</sup>	1.7%	48.8%	47.1%
<b>Return on Equity<sup>4</sup></b>	<b>5.7%</b>	<b>12.1%</b>	<b>(6.3%)</b>
<b>Return on Assets<sup>5</sup></b>	<b>4.1%</b>	<b>7.2%</b>	<b>(3.1%)</b>

1. Net debt is debt less cash balances

2. EBITDA is based on normalised EBITDA excluding AASB 16 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 balance date

4. NPAT for the previous 12 month period divided closing equity at 30 June

5. NPAT for the previous 12 month period divided by closing assets at 30 June

6. Existing Syndicated Debt Facility covenant requirements are waived until 30 June 2021

- **\$80m Equity Raising** has resulted in:
  - Stronger balance sheet and reduction of debt to navigate any developments in COVID-19. As a result, net debt has declined by \$80.5m to \$4.2m;
  - Flexibility to pursue identified organic and non-organic growth opportunities including the Sydney CBD fertility clinic construction, JV/partnership opportunities in SE Asia and transformation of Melbourne footprint
- **Decision made to right size Syndicated Debt Facility to \$40m** effective 24 August 2020. \$40m accordion facility remains available for acquisitions and capex;
- **Net Leverage ratio is 0.15x;**
- **Goodwill & Intangibles increase** by \$5.0m due to goodwill associated with the Fertility Solutions and Johor Bahru acquisitions and enhancement to patient management systems;
- \$5.0m 1H20 deferred interim dividend is largely driving the \$11.4m **increase in current liabilities**. In addition, timing of working capital increased trade payables and deferred revenue due to strong recovery in June and July;
- **0.15x Net Leverage Ratio** at 30 June 2020 which is well below the current waived covenant<sup>(6)</sup> requirement of <3.5x.

# Cash Flow Overview

Strong conversion of pre-tax EBITDA to operating cash flow supported further investment into future growth activities

\$m	FY20	FY19	% change
<b>Reported EBITDA</b>	<b>32.8</b>	<b>36.4</b>	<b>(9.9%)</b>
Movement in working capital	2.6	3.5	(25.7%)
Income taxes paid	(4.3)	(6.8)	36.8%
<b>Net operating cash flow (post-tax)</b>	<b>31.1</b>	<b>33.1</b>	<b>(6.0%)</b>
Capital expenditure	(7.5)	(6.5)	(15.4%)
Payments for businesses	(3.1)	-	(100%)
<b>Cash flow from investing activities</b>	<b>(10.6)</b>	<b>(6.5)</b>	<b>(63.1%)</b>
<b>Free cash flow <sup>1</sup></b>	<b>20.5</b>	<b>26.6</b>	<b>(22.9%)</b>
Proceeds from issue of shares	77.5	-	100%
Dividends paid	(7.1)	(13.2)	46.2%
Interest on borrowings	(3.5)	(3.6)	2.8%
Payments of lease liabilities	(7.2)	-	(100%)
Proceeds / (repayment) of borrowings	(69.7)	(9.0)	(674%)
Other	0.3	(0.4)	175.0%
<b>Cash flow from financing activities</b>	<b>(9.7)</b>	<b>(26.2)</b>	<b>63.0%</b>
<b>Net cash flow movement</b>	<b>10.8</b>	<b>0.4</b>	<b>2600%</b>
<b>Closing cash balance</b>	<b>15.1</b>	<b>4.3</b>	<b>251.2%</b>

- **Pre-tax conversion of EBITDA to operating cash flow was strong** at 107.9% following 78.0% conversion at 31 December 2019;
- **Investment activities continued to drive future growth including:**
  - \$2.5m Fertility Solutions and \$0.6m Johor Bahru acquisitions (including transaction costs);
  - Capital expenditure including commencement of new Sydney CBD clinic build, new Penrith clinic, refurbishment of Dulwich clinic, medical equipment and IT infrastructure including cyber security enhancements;
- **Financing activities** includes the \$80m equity raising (net of transaction costs) partly offset by \$69.7m net repayment of debt. In addition, \$7.1m FY19 final dividend paid and \$1.1m for termination of interest rate swaps;
- \$7.2m Payment for Leases including premises are now classified in Financial activities due to changes in AASB16 Leases

1. Free cash flow is net operating cash flow (post-tax) less cash flow from investing activities

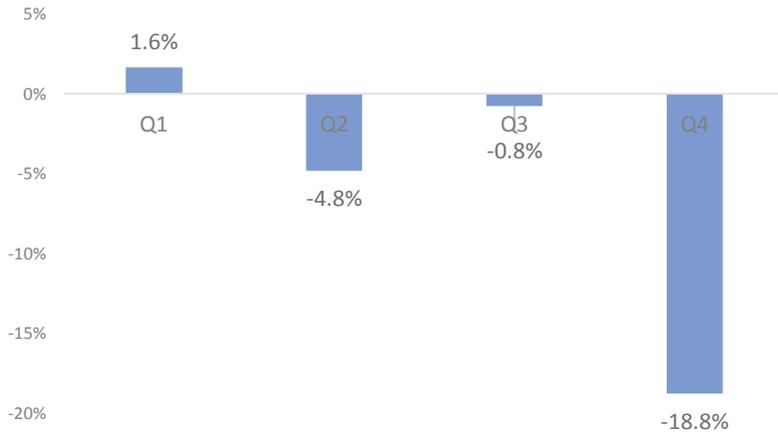
# Operational overview



# Impact of COVID-19 – MVF domestic stimulated cycles<sup>(1)</sup>

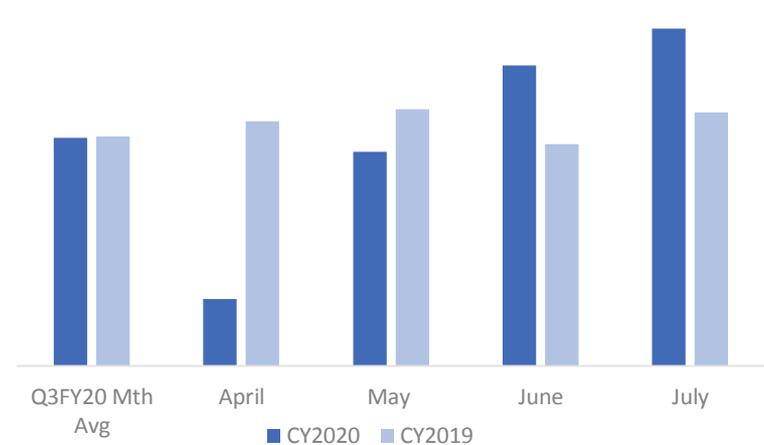
Resilience demonstrated through the recovery reconfirms our best-in-class market positioning

Monash IVF Stimulated Cycles<sup>(1)</sup> growth by quarter (vs. pcp)



- Strong recovery in volumes from 18 May to 30 June 2020 (+34% on pcp) minimised the significant adverse impact on Q4 volumes from temporary IVF suspension
- Q3FY20 volumes illustrates the partial recovery from the departure of five Victorian fertility specialists in September 2019. The improvement was driven from activity outside of Victoria

Monash IVF monthly Stimulated Cycles<sup>(1)</sup>



- Following recommencement of IVF services, June and July stimulated cycles grew by 35.3% and 32.1% on pcp respectively notwithstanding pcp comparator included departed Victorian fertility specialists
- Strong volumes in June/July has reduced total declines to 6.2% between April and July compared to pcp
- Stimulated Cycles declined by 71% in April to mid May vs pcp, heavily impacted from the temporary suspension

# ARS Australia – MVF Volumes

Domestic Stimulated Cycles<sup>(1)</sup> declined by 5.6%, largely driven by COVID-19 and departure<sup>(3)</sup> of specialists



Volume

## Stimulated Cycles<sup>(1)</sup>

**7,181**

FY19 7,607

Down 5.6%

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

**5,294**

FY19 5,584

Down 5.2%

- FY20 Stimulated Cycles<sup>(1)</sup> declined by 5.6% reflecting:
  - 10.1% increase in South Australian cycles February 2020 YTD resulting in market share gains;
  - 1.9% increase in New South Wales cycles February 2020 YTD whilst maintaining total market share;
  - 15.9% increase in Queensland cycles February 2020 YTD. The Fertility Solutions acquisition added 133 stimulated cycles between mid September 2019 to February 2020 resulting in market share gains;
  - 14.6% decline in Victorian cycles February 2020 YTD due to departure of specialists;
  - 366 cycle decline in March to June compared to pcp due primarily to COVID-19 disruption;
  - Fertility Tasmania contributed 99 cycles following consolidation into the Group from August 2019;
  - MyIVF, provider of low cost services, which ceased operations in March 2020, reducing stimulated cycles by 45 during the year;
- FY20 Frozen Embryos<sup>(2)</sup> declined by 5.2% driven by the declines in Stimulated Cycles<sup>(1)</sup>

1. Stimulated Cycles comprise MBS items 13200 and 13201
2. Frozen Embryo Thaws comprising MBS item 13218 (excluding cancelled frozen embryo transfers)
3. Departure of five Victorian fertility specialists in September 2019
4. Key Markets include Victoria, New South Wales, Queensland, South Australia and Northern Territory

# ARS Australia – MVF Share

MVF Key Markets<sup>(1)</sup> market share is largely consistent with pcp not withstanding departure of specialists<sup>(4)</sup> in Victoria



## Market Share

### Key Markets<sup>(1)</sup> Market Share Stimulated Cycles<sup>(2)</sup>

**20.4%**

FY19 20.6%  
Down 0.2%

Australian Market Share of 17.7%

### Key Markets<sup>(1)</sup> Market Share Frozen Embryos<sup>(3)</sup>

**18.7%**

FY19 20.3%  
Down 1.6%

Australian Market Share of 16.3%

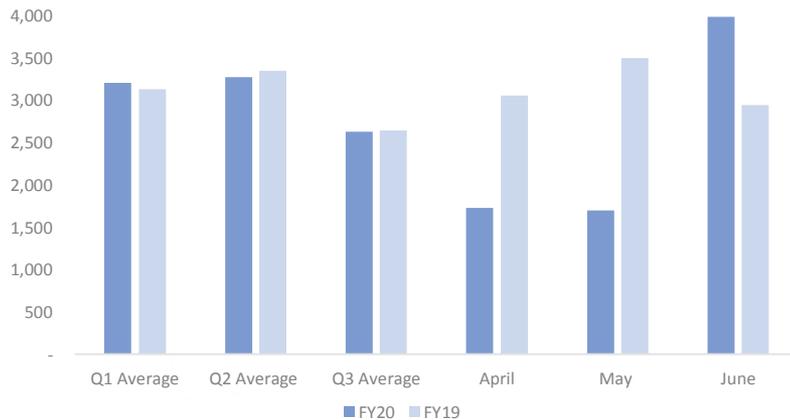
- Key Markets<sup>(1)</sup> market share has improved by 0.8% compared to 6-month period to December 2020;
- South Australian stimulated cycles<sup>(2)</sup> market share grew by 6.5% compared to pcp;
- Queensland stimulated cycles<sup>(2)</sup> market share grew by 2.9% (including Fertility Solutions) compared to pcp;
- New South Wales stimulated cycles<sup>(2)</sup> market share was maintained compared to pcp
- Victorian market share declined by 4.1% as a result of departure of five specialists in September 2019;
- Key Markets<sup>(1)</sup> market share declined by 0.2% to 20.4% notwithstanding impact from Victoria.

1. Key Markets include Victoria, New South Wales, Queensland, South Australia and Northern Territory  
2. Stimulated cycles comprise MBS items 13200 and 13201  
3. Frozen Embryo Transfers comprise MBS item 13218  
4. Departure of five Victorian specialists in September 2019

# ARS Australia Market – COVID-19 Recovery

Industry stimulated cycle volumes heavily impact by COVID-19 disruption in April and May

Key Markets<sup>(2)</sup> COVID-19 Stimulated Cycles<sup>(1)</sup> impact by Month



Number of Australian Stimulated Cycles<sup>(1)</sup> per annum

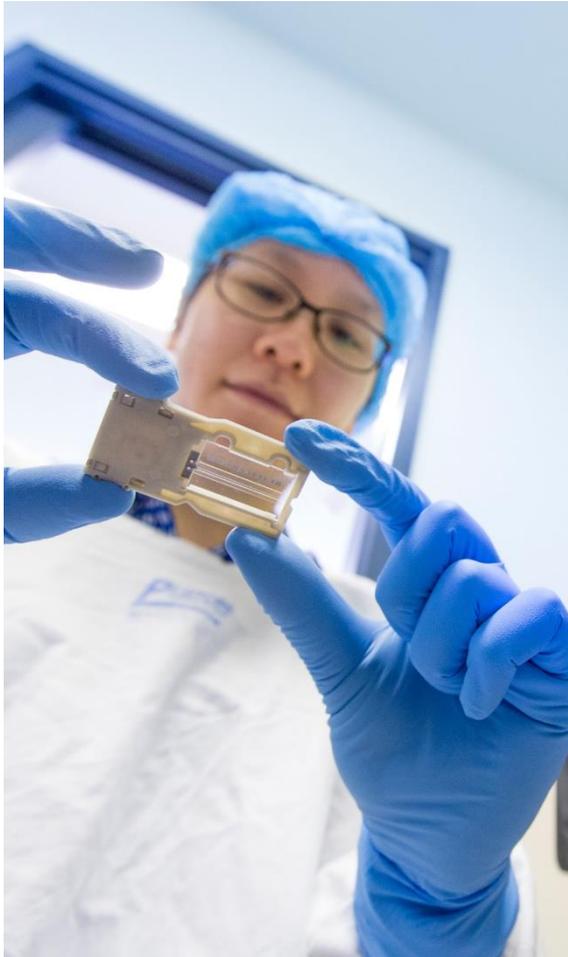


- Fundamentals of IVF sector remains strong following the significant rebound in June 2020 driven by pent up demand;
- June stimulated cycles increased by 36% compared to pcp, recovering part of volumes deferred in April and May;
- IVF services have continued in Victoria, notwithstanding the current Stage 4 restrictions, as the Victorian Government considers IVF treatment as “time critical and has minimal impact on hospital bed capacity”;
- Anticipation for recovery to continue into 1Q21 with normalisation to occur from 2Q21 (subject to further COVID-19 related disruptions);
- We maintain our long-term market growth expectations of 2% p.a.

# ARS Australia – Operational Performance

Scientific advancements continue to differentiate our value proposition to patients

## Scientific Leadership



- Scientific advancements continue to differentiate our value proposition to patients;
- Improved success rates and preparation for national reporting guidelines and framework;
- Non-invasive pre-implantation genetic screening technology (NIPGT) is increasing use of genetic screening providing patients with an opportunity to reduce time to pregnancy;
- Implementation of multi-centre clinical trial to investigate new microinjection technology with progress made to commercialise during FY21;
- Sperm selection device development in partnership with Memphisys (ASX:MEM) is progressing with final stages of testing in a Monash IVF clinical trial;
- Group scientific collaboration on the “Monash Way” is continuing to unify scientific practices through the Group Scientific Advisory Committee (GSAC) optimising patient outcomes and creating a more scalable operation.

# ARS Australia – Operational Performance

Monash IVF's strong and established market position makes it an attractive proposition to fertility specialists in these uncertain times



## Doctor Partnerships



- All 24 Victorian fertility specialists are now contracted with more than 97% of specialists contracted across the Group;
- Future growth and succession planning strengthened with 12 specialists currently in our fertility specialist traineeship program including two new Victorian fertility specialists ready for patient management in Q1FY21;
- Clear strategy to attract new experienced clinicians across the country;
- Priority to attract new experienced Sydney based fertility specialists to support new NSW flagship clinic in Sydney due to open in Q2;
- Exceptional contribution from our clinician group during COVID-19, supporting the safe clinical protocols and recovery;
- Creating opportunity for doctor growth and patient engagement through digital pathways (eg. Webinars/Facebook) and telehealth;

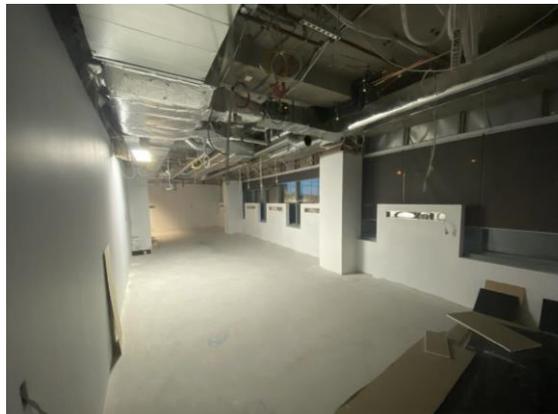
# ARS Australia – Operational Performance

Continued to invest in our clinic infrastructure to support our full service value proposition



## Clinic Infrastructure

- New Sydney CBD flagship clinic commenced construction in June and due to open during Q2FY20;
- New Sydney CBD flagship clinic will represent best practice patient experience and is a key initiative to attract new specialists in Sydney;
- Transformation of Melbourne footprint and patient experience is progressing to ensure our infrastructure is best-in-class in our largest state based business;
- New Penrith, NSW clinic opened in October 2019 servicing the western region of NSW;
- Refurbishment of Dulwich, SA clinic – continuation of modernising clinic atmospherics to reflect best-in-class patient experience



Sydney CBD: Theatre recovery construction



Repromed reception refurbishment

# ARS Australia – Operational Performance



## Patient Experience

- Patient experience principle remains focussed on care, empathy, support, empowerment and a consistent patient journey throughout our network of clinics
- Successfully maintained patient engagement during temporary suspension of services which ensured pent up patient demand converted to treatment following re-commencement of services



## Digital Transformation

- Cyber security defences protected data and systems against a targeted and sophisticated cyber attack in 1H20. Upgrades and replacement of legacy systems are further enhancing patient data security
- Technology enhancements to patient management systems are enabling improvements to interactions with patients, clinicians and employees



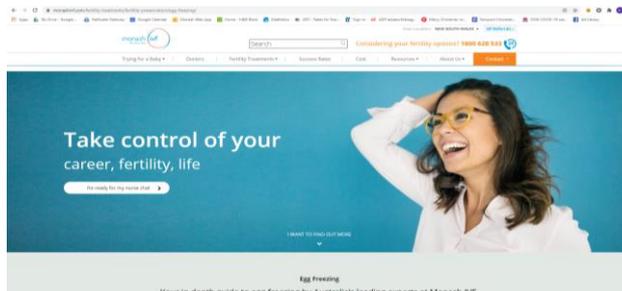
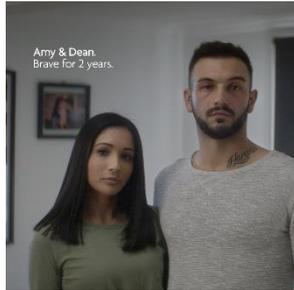
## People Engagement

- Our pro-active approach when responding to COVID-19 included strong engagement and communication strategies to ensure our People and Patients are safe and protected in Monash IVF environments. This is a critical pillar ensuring we have a safe and secure workforce to safeguard continuity of service where possible;
- People engagement remains a key priority as we focus on recognising our People's passion and pride in working at Monash IVF. Our People continue to be rewarded for demonstrating our principles in action
- Building and growing capability in our People is enabling us to continue to lead the way now and in the future with a focus on a specialised learning and development framework

# ARS Australia – Brand & Marketing

Investment in innovative marketing underpins strong patient pipeline leading into FY21

## Brand & Marketing



- New “Brave Together” advertising campaign illustrates innovative marketing investment following the recommencement of services during Q4FY20. The advertising campaign reflects our progressive, empathetic and empowering approach to patient care;
- \$1.1m increase in marketing investment is supporting new patient pipeline exceeding pcp and pre COVID-19 levels during May to July;
- Enhancements to the patient engagement strategy is building knowledge, support, and empowering patients to make decisions earlier in the journey and proactively safeguard their fertility;
- Our marketing investment, innovation and strategy are key activities to engage with our Clinician group to ensure their private practices are supported by Monash IVF.

# Diagnostics Performance

The ultrasound business continues to be resilient and has operated throughout COVID-19

- Ultrasound clinics remained open throughout Q4FY20;
- Total scans across the Group increased by 1.8% to 82,311 compared to pcp and NIPT<sup>(1)</sup> increased by 2.9% to 13,478;
- Scan volumes were inline with pcp in Sydney and Melbourne during FY20 but did decline by 2.2% between March to June. July 2020 volumes were up by 5.5%;
- Due to COVID-19 movement restrictions, clinics in outer suburban areas are demonstrating growth, offsetting declines in inner city clinics including Sydney CBD;
- Essential social distancing and infection control measures are having a negative impact on efficiency including longer appointment times for cleaning and under utilisation of sonographer workforce due to movement restrictions between clinics. These are supporting measures to protect our People and Patients;
- Implementation of NIPGT<sup>(2)</sup> genetic screening technology has increased penetration of genetic screening per stimulated cycle from 18.3% to 29.8%;
- 94% increase in reproductive carrier screening counselling volumes which is expected to be a key strategic driver of future stimulated cycle growth to avoid genetic disease in children as awareness for the service grows.



SYDNEY ULTRASOUND for WOMEN



# ARS International Performance

Early signs of recovery in Kuala Lumpur activity is emerging following easing of movement control order (MCO) restrictions in place

- Kuala Lumpur was heavily impacted by Movement Control Order (MCO) effective 27 March resulting in a 58% decline in March to May stimulated cycles;
- MCO was eased on 9 June resulting in improved stimulated cycles at the Kuala Lumpur clinic in June (down 14% on pcp) with July showing strong stimulated cycle growth increasing by 72% on pcp;
- FY20 Malaysian stimulated cycles declined by 205 with a decline of 189 during March to June due predominately due to COVID-19. This is following weak macroeconomic conditions in Malaysia experienced during 1H20;
- Revenue decreased by 14.5% from \$11.6m to \$9.9m and EBIT decreased by 24.0% from \$5.0m to \$3.8m as a result of volume declines in the period from March to June 2020;
- Acquired majority stake of a boutique IVF operation in Johor Bahru, Malaysia which completed in June. Clinic is servicing patients in southern Malaysia and Singapore. In partnership with a large Malaysian private hospital group, the clinic expands the Group's footprint in the South East Asian region;
- Further acquisition/partnership opportunities in SE Asia are progressing although challenging given current border restrictions.



# Strategy and Outlook





FROM

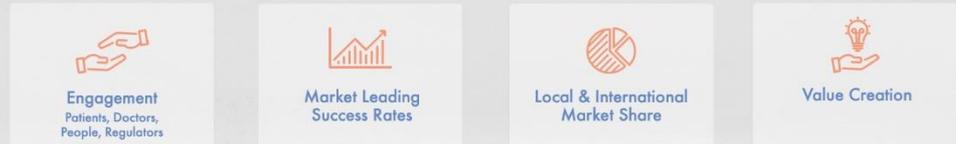


The most admired fertility solutions provider in the world

# Best in Class fertility solutions for all, diagnostics, genetics and pathology



OUR OUTCOMES



OUR PRINCIPLES



OUR MISSION

We Help Bring Life to the World

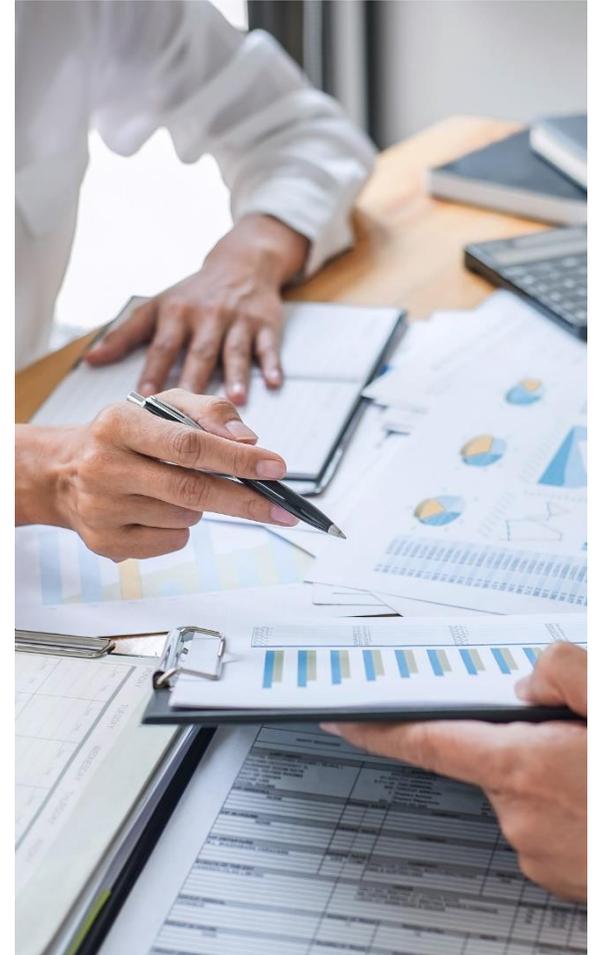
# FY21 Strategy and Outlook

Industry fundamentals remain strong as the community seeks assistance when trying to conceive which has not changed due to the on-going Pandemic.

The Group's strong balance sheet positions it well to navigate through the COVID-19 Pandemic and optimise future earnings through strategic and operational momentum gained during FY20. These key initiatives include:

- Opening of the new Sydney CBD fertility clinic as a flagship offering in NSW, a key driver to recruit new fertility specialists in Sydney which has been demonstrated from the recent attraction of new fertility specialists;
- Long-term domestic growth initiatives including transformation of the Group's Melbourne footprint and patient experience;
- Recent domestic in-organic growth initiatives including the Fertility Solutions acquisition and majority ownership of Fertility Tasmania;
- Increased marketing activities which is growing the patient pipeline and focussed on earlier engagement with patients during their fertility journey;
- Significant opportunities available in relatively immature SE Asian IVF markets over coming years including recent Johor Bahru acquisition completed in June 2020. Opportunities will take a number of years and dilution is expected to be minimal;

Notwithstanding strong long-term industry fundamentals, current positive treatment volume recovery and patient pipelines, the Group is not providing FY21 guidance due to the continued uncertainty created by the on-going COVID-19 Pandemic. An update will be provided at the FY20 AGM.



# Appendices



# Treatment mix

IVF Treatment numbers	FY20	FY19	% change
<b>Monash IVF Group – Australia</b>			
Stimulated cycles	7,181	7,607	(5.6%)
Cancelled cycles	674	732	(7.9%)
Frozen embryo transfers	5,294	5,584	(5.2%)
<b>Total Australian Patient Treatments</b>	<b>13,149</b>	<b>13,923</b>	<b>(5.6%)</b>
<b>Monash IVF Group – International</b>			
Stimulated cycles	829	1,034	(19.8%)
Cancelled cycles	51	67	(23.9%)
Frozen embryo transfers	865	1,021	(15.3%)
<b>Total International Patient Treatments</b>	<b>1,745</b>	<b>2,122</b>	<b>(17.8%)</b>
<b>Total Group Patient Treatments</b>	<b>14,894</b>	<b>16,045</b>	<b>(7.2%)</b>
<b>Stimulated cycles as a % of Total Patient Treatments</b>	<b>53.8%</b>	<b>53.9%</b>	
Other Treatment numbers	FY20	FY19	% change
<b>Total Monash IVF Group</b>			
Ultrasound Scans	82,311	80,860	1.8%
Preimplantation Genetic Screening / Diagnosis	2,139	1,395	53.3%
Non-Invasive Prenatal Testing (NIPT)	13,478	13,108	2.9%

# Overview of Monash IVF Group<sup>1</sup>

Monash IVF Group is a **market leader** in fertility

ARS	Diagnostic	Ultrasound
<ul style="list-style-type: none"> <li>25 clinics</li> <li>3 service centres</li> <li>103 Fertility Specialists</li> <li>7 Australian States/Territories &amp; Malaysia</li> </ul> 	<ul style="list-style-type: none"> <li>2 specialised laboratories (VIC and SA)</li> <li>2 day hospitals (SA &amp; Malaysia)</li> </ul> 	<ul style="list-style-type: none"> <li>17 clinics</li> <li>18 Sonologists</li> <li>4 Australian states</li> </ul> 
<p><b>121</b> Medical Specialists</p>	<p><b>100<sup>2</sup></b> Scientists</p>	<p><b>327<sup>2</sup></b> Nursing &amp; Support Staff</p>

1. The overview is as of 24 August 2020  
 2. Employee numbers represents the full time equivalents