



Monash IVF Group

1H16 Results Presentation

26 February 2016

Invest in
life

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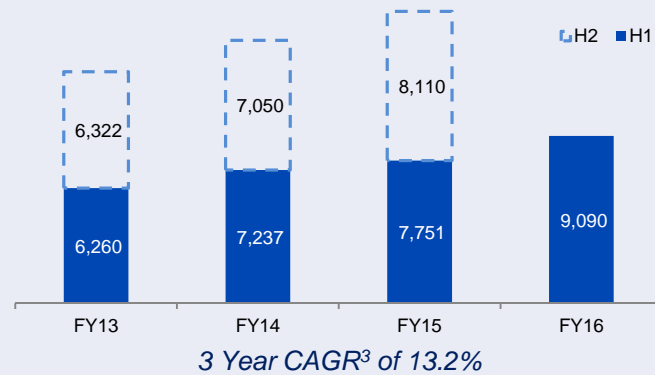
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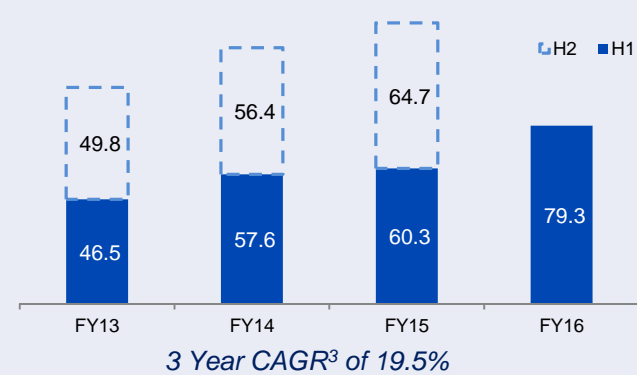
CEO Summary

Track record of strong financial performance

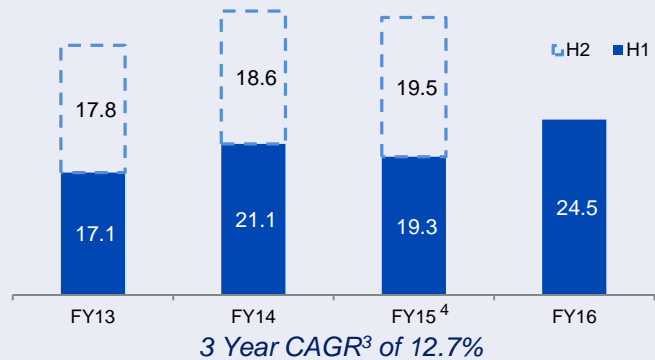
Number of Patient Treatments¹



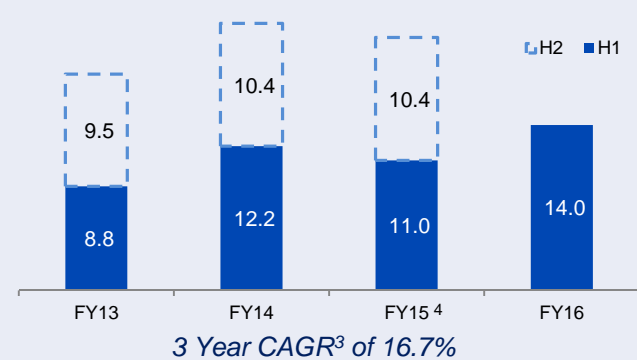
Revenue



EBITDA²



NPAT²



Strong growth across all key metrics in 1H16

Notes:

- Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and regional market of Albury (New South Wales). Patient Treatments are the sum of fresh and cancelled cycles and frozen embryo transfers
- 1H13 & 1H14 Financials reflect restated numbers based on prospectus
- CAGR is Compound Annual Growth Rate applied to the first half of each financial year.
- 1H15 earnings were impacted unfavourably by below industry trend growth rates and one off start up & acquisition costs of \$975k (Pre-tax)

1H FY2016 Highlights

- **Revenues** increased \$19.0m (31.6%) to \$79.3m vs pcp
- **Ultrasound revenues** grew >200% on pcp driven by the acquisition of Sydney Ultrasound for Women in June 2015
- **NPAT** increased \$3.0m (27.6%) to \$14.0m vs pcp
- **Total IVF Patient Treatments** increased 1,339 (17.3%) to 9,090 vs pcp
- **Overall Group IVF Patient Treatment market share** increased 0.9% to 39.0% in Australian Key Markets¹
- **Strong cash flow** management saw Net Debt reduced by \$3.6m after \$1.6m capital expenditure, \$2.6m acquisition payments and \$8.7m dividend payment
- **Fully franked interim dividend** increased 23.1% to 4.0 cents per share vs pcp
- **Strong balance sheet** with improved net debt to equity ratio of 62.4% vs pcp 67.2% and enhanced ROE to 17.1% vs pcp 15.9%

\$79.3m
Revenue
 1H FY15 \$60.3m
 Up 31.6% on pcp

\$14.0m
NPAT
 1H FY15 \$11.0m
 Up 27.6% on pcp

\$24.5m
EBITDA
 1H FY15 \$19.3m
 Up 26.8% on pcp

94.5%
Cash Conversion²
 1H FY15 90.7%
 Up 4.2% on pcp

4.0c
Interim Dividend
 1H FY15 3.25 cents
 Up 23.1% on pcp

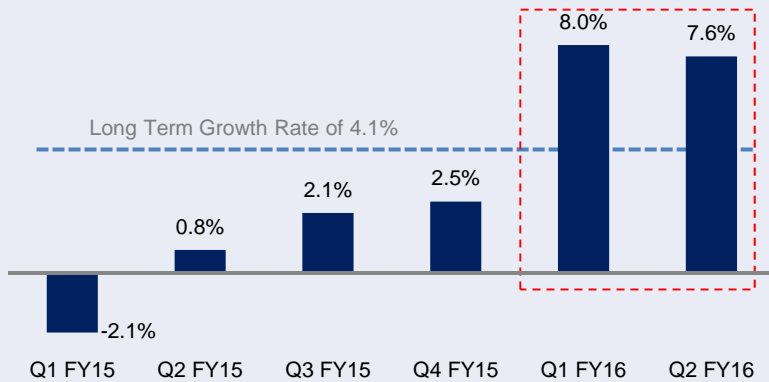
5.95 cents
Basic EPS
 1H FY15 4.75 cents
 Up 25.3% on pcp

Notes:

1. Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and regional market of Albury (New South Wales). Patient Treatments are the sum of fresh and cancelled cycles and frozen embryo transfers
2. Pre-tax conversion of operating cash flow to EBITDA. Have used pre-tax conversion for comparison purposes as tax payments in 1H16 were \$4.1m vs \$0.8m in the pcp due to pre-IPO structuring

Australian IVF market movement

IVF Patient Treatment Growth Rates in Key Markets¹



✓ We are experiencing a reversion to long term market trend growth rates

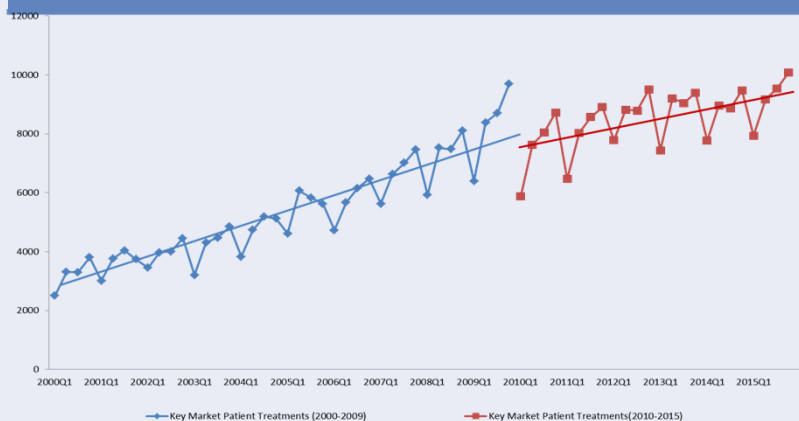
✓ Total MVF Key Market¹ IVF Patient Treatments increased as a result of underlying growth in the overall market

✓ MVF delivered a growth in Australian total IVF Patient Treatments of 17.5% in 1H16

✓ Industry Growth rates in our Key Markets in 1H16 of 7.8% are well above long term averages

↕↔ Market growth rate will fluctuate from time to time²

Number of IVF Patient Treatments by Quarter



Source: Medicare Benefit Schedule Item Statistics Reports [13200, 13201, 13202 & 13218], Commonwealth Department of Health and Ageing)

Notes:

1. Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and regional market of Albury (New South Wales). Patient Treatments are the sum of fresh and cancelled cycles plus frozen embryo transfers
2. Refer to Monash IVF Group Limited Prospectus, Sections 2.5 and 5.2.10



Financial Highlights

Profit and Loss analysis

| \$m | 1H16 | 1H15 | % change |
|---|-------|-------|----------|
| Group revenues | 79.3 | 60.3 | ↑ 31.6% |
| EBITDA ⁽¹⁾⁽²⁾ | 24.5 | 19.3 | ↑ 26.8% |
| EBITDA % | 30.9% | 32.1% | |
| Depreciation & amortisation | (2.1) | (1.6) | ↑ 26.4% |
| Net Finance expenses | (2.5) | (2.4) | ↑ 4.2% |
| Profit before Tax | 19.9 | 15.3 | ↑ 30.3% |
| Income tax (expense) / benefit | (5.9) | (4.3) | ↑ 37.2% |
| Net Profit for the period | 14.0 | 11.0 | ↑ 27.6% |
| Revenue excluding acquisitions ⁽³⁾ | 69.2 | 57.3 | ↑ 20.8% |

- Revenues increased \$19.0m (31.6%) to \$79.3m vs pcp including:
 - 14.7% from organic growth
 - 16.9% derived from acquisitions
- NPAT increased \$3.0m (27.6%) to \$14.0m vs pcp
- EBITDA¹ growth of 26.8% whilst margins slightly moderated due to:
 - Anticipated margin dilution due to Sydney Ultrasound for Women acquisition
 - Low intervention IVF growth at lower than average margins

Strong performance driven by organic growth and acquisitions

Notes:

- EBITDA is a non IFRS measure which are used by the Group as a key indicator of underlying performance.
- EBITDA is earnings before interest, tax, depreciation and amortisation.
- Excludes Sydney Ultrasound for Women and Monash IVF Bondi Junction.

Revenue summary

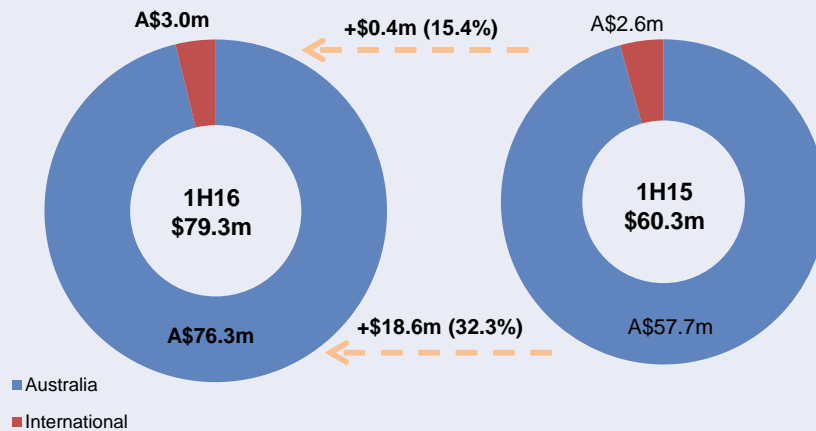
Revenue 1H16 vs 1H15 (\$m)



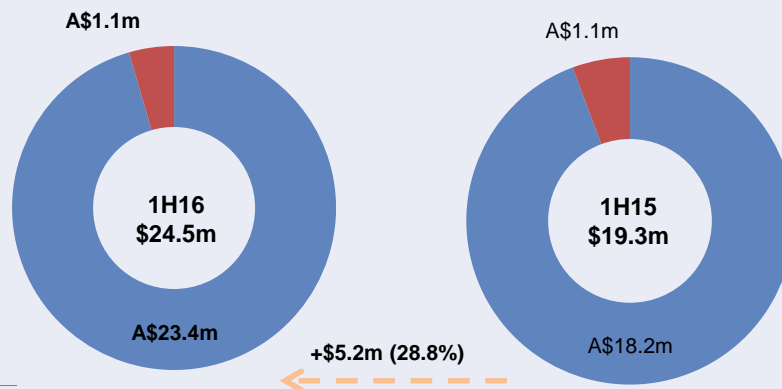
- 1 Market growth:** \$2.5m increase against pcp due to Patient Treatment growth across VIC, QLD & NSW
- 2 Market share:** Continued market share growth across the MVF group
- 3 Acquisitions:** includes revenue generated from the Sydney Ultrasound for Women and Monash Bondi Junction (Fertility East) acquisitions
- 4 International: Business** continues strong revenue growth delivering a 15.4% revenue growth on pcp
- 5 Other revenue:** growth largely derived from related ARS services (predominately Pre-implantation Genetic Screening and Non Invasive Prenatal Testing)

Segmental earnings

Revenue



EBITDA⁽¹⁾⁽²⁾



- **Australia Revenues** increased by \$18.6m (32.3%) to \$76.3m vs pcp driven by:
 - Market share growth in Key Markets and NSW
 - Reversion to trend IVF market growth rates
 - Acquisition growth from Monash IVF Bondi Junction (previously Fertility East) and Sydney Ultrasound for Women.
 - Ramp up of lower intervention volumes, particularly BUMP IVF
- **International Revenues** increase by 15.4%, however, some margin dilution due to the introduction of GST and investment in clinic capacity.
- **Australia EBITDA** growth of \$5.2m (28.8%)

Notes:

1. EBITDA is a non IFRS measure which are used by the Group as a key indicator of underlying performance.
2. EBITDA is earnings before interest, tax, depreciation and amortisation.

Cash flow highlights

| \$m | 1H16 | 1H15 | % change |
|--|-------------|-------------|----------------|
| Net operating cash flow | 19.0 | 16.8 | ↑ 13.1% |
| Cash flow from investing activities ¹ | (4.3) | (7.0) | 38.6% |
| Cash flow from financing activities | (14.0) | (13.4) | (4.5%) |
| Net cash flow movement | 0.7 | (3.6) | 119.4% |
| Closing cash balance | 10.6 | 10.0 | 6.0% |
| Free cash flow ² | 14.7 | 9.8 | ↑ 50.0% |

- **Strong cash flow generation** with a pre-tax conversion³ of operating cash flow to EBITDA of 94.5% (FY15: 90.7%)
- **Free cash flow** increased by \$4.9m or 50.0% strengthening cash available for dividends, debt repayments and growth opportunities
- **Financing activities** include debt reductions of \$3.0m and \$8.7m final dividend for FY15



Notes:

1. Cash flow from investing activities includes capital expenditure on patient management system, integration of Sydney Ultrasound for Women and replacement assets
2. Free cash flow is a non-IFRS measure used by the Group as a key indicator of cash generated from operating and investing activities.
3. Have used pre-tax conversion for comparison purposes as tax payments in 1H16 were \$4.1m vs \$0.8m in the pcp due to pre-IPO structuring

Capital Management

| Balance Sheet (\$m) | Dec 15 | Jun 15 | % change |
|----------------------------|---------------|---------------|--------------|
| Cash and cash equivalents | 10.6 | 10.0 | 6.0% |
| Other current assets | 7.4 | 6.8 | 8.8% |
| Current liabilities | (28.2) | (31.4) | 10.2% |
| Net working capital | (10.2) | (14.6) | 30.1% |
| Borrowings | (103.8) | (106.8) | 2.8% |
| Goodwill & Intangibles | 249.7 | 249.8 | 0.0% |
| Property Plant & Equipment | 14.2 | 14.5 | (2.1%) |
| Other assets/liabilities | (0.5) | 1.1 | (145.4%) |
| Net assets | 149.4 | 144.0 | 3.8% |

| Capital Metrics | Dec 15 | Jun 15 | +/- |
|--|--------------|--------------|--------------|
| Net Debt (\$m) | 93.2 | 96.8 | (3.6) |
| Leverage Ratio (Net Debt / EBITDA) ⁽¹⁾⁽²⁾ | 1.97x | 2.14x | 0.2x |
| Interest Cover (EBITDA / Interest) ⁽¹⁾⁽²⁾ | 10.3x | 9.9x | 0.4x |
| Net Debt to Equity Ratio ³ | 62.4% | 67.2% | 4.8% |
| Return on Equity⁴ | 17.1% | 15.9% | 1.2% |
| Return on Assets⁵ | 9.2% | 8.1% | 1.1% |

- **Net working capital position improved** by \$4.4m or 30.1%
- **Net Debt** reduced by \$3.6m to \$93.2m after \$1.6m capital expenditure, \$2.6m acquisition payments and \$8.7m dividend payment
- **Debt Facilities** available remained at \$135.0m with \$103.8m drawn (\$106.8m at June 15) - \$31.2m undrawn funds available for strategic growth opportunities
- **Fixed interest debt** accounts for 54.9% of gross debt (June 2015: 46.8%)
- **Covenant Ratios Improved** – Leverage Ratio 1.97 (<3.25) and Interest Cover 10.3 (>3.0)
- **Key Capital Metrics** of ROE (17.1%) and ROA (9.2%) improved vs PCP
- **Fully Franked interim dividend** of 4.0 cents per share declared
- **Interim Dividend payout ratio** 67% vs policy guidance of 60% to 70% of NPAT

Notes:

1. EBITDA reflects the full year impact of the Sydney Ultrasound for Women and Monash IVF Bondi Junction acquisitions adjusted for acquisition costs.

2. EBITDA is a non IFRS measure which is used by the Group as a key indicator of underlying performance

3. Debt, net of cash balance, divided by equity at 31/12/15

4. NPAT for the previous 12 month period divided by average equity in the same period

5. NPAT for the previous 12 month period divided by average assets in the same period



Operational Highlights

Australian market share - IVF

| Market share - IVF | 1H16 | 1H15 | % change |
|---|-------|-------|----------|
| Number of Monash Group IVF Patient Treatments ¹ in Monash Group's Key Markets ² | 7,480 | 6,810 | 9.8% |
| Monash Group market share in Monash Group's Key Markets ² – IVF Patient Treatments | 39.0% | 38.1% | 0.9% |
| Number of Monash Group IVF Patient Treatments ¹ performed in Australia | 8,523 | 7,254 | 17.5% |
| Monash Group market share in Australia – IVF Patient Treatments ¹ | 23.3% | 21.4% | 1.9% |

- **Overall market share** in Australian Key Markets¹ increased to 39.0% vs 38.1% pcp
- **Total Australian market share** increased to 23.3% from 21.4% in the pcp
- **Strong growth in IVF Patient Treatments** of 17.5% vs pcp (including acquisitions) well above industry growth rates. (On a like for like basis growth was 12.2% vs pcp)
- **Victorian market share** was stable as we maintained market leadership
- **South Australian market share recovery** is well advanced, driving clear market leadership
- **New South Wales market share grew** to 8% vs 3.9% pcp as we gain traction with recent acquisitions and low intervention IVF



Notes:

1. IVF Patient Treatments are the sum of fresh and cancelled cycles and frozen embryo transfers
2. Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and regional market of Albury (New South Wales)

Pricing and treatment mix

| IVF Treatment numbers | 1H16 | 1H15 | % change |
|--|--------------|--------------|----------------|
| Monash Group – Australia | | | |
| IVF Cycles ¹ | 5,229 | 4,421 | 18.3% |
| Frozen embryo transfers | 3,294 | 2,833 | 16.3% |
| Total IVF Patient Treatments | 8,523 | 7,254 | ↑ 17.5% |
| Monash Group – International | | | |
| IVF Cycles ¹ | 326 | 295 | 10.5% |
| Frozen embryo transfers | 241 | 202 | 19.3% |
| Total IVF Patient Treatments | 567 | 497 | ↑ 14.1% |
| Total Monash Group | | | |
| IVF Cycles ¹ | 5,555 | 4,716 | 17.8% |
| Frozen embryo transfers | 3,535 | 3,035 | 16.5% |
| Total IVF Patient Treatments | 9,090 | 7,751 | ↑ 17.3% |
| IVF Cycles¹ as a % of Total Patient Treatments | 61.1% | 60.8% | |

- **IVF Cycles and Frozen Embryo Transfers (FETs)** patient treatment mix settled at 61.1%
- **Treatment Shift** to FETs steadied as the change in clinical practice matures
- **Volumes increased** 108.4% on pcp for Preimplantation Genetic Screening/Diagnosis (PGS/D)
- **Group offers world's best technology** through "Next Generation Sequencing"
- **IVF Revenue per Patient Treatment** increased with price increases and additional PGS/D revenue. Partially offset by growth in low intervention IVF services

Notes:

1. IVF Cycles is the sum of fresh and cancelled cycles.

Expanding domestic footprint

Acquisitions, New Locations & Medical Specialists



- Sydney Ultrasound For Women network (11 practices across Sydney, acquired June 2015). Integration with Monash Ultrasound for Women in advanced stages
- Monash IVF (Bondi Junction, Sydney) (acquired December 2014) rebranding to Monash IVF completed and integrated into our NSW footprint strengthening our presence
- New Monash Ultrasound for Women clinics opening in Sunshine and Berwick
- Additional IVF Service Centre (consulting and monitoring) established (Southern suburbs, Melbourne)
- Investment in relocation and expansion of our Gold Coast ARS clinic to deliver an improved patient experience and clinic capacity to support increased demand
- Medical specialists grew to 101 (85 Fertility Specialists & 16 Sonologists)

Lower Intervention



- Total low intervention treatments for the period represented 5.5% of Group IVF Patient Treatments compared to 1.9% in pcp
- Margins are lower for this category of service
- There is no evidence of cannibalisation of full service business
- Our low intervention clinics continue to gain momentum and are making an improved contribution to the group, whilst we continue to enhance the patient experience and commercial returns

International – KL Fertility

- **Continued strong growth in volumes** achieved by new Fertility Specialists in the face of a challenging local economic climate
- **EBITDA margin compression** as these specialists gain traction and the GST introduction is felt
- **Building clinic capacity** through a relocation to accommodate demand growth
- **Further international opportunities** are being reviewed

| Profit and loss | 1H16 | 1H15 | % change |
|-----------------------|--------|--------|----------|
| Revenue | \$3.0m | \$2.6m | ↑ 15.4% |
| EBITDA ⁽¹⁾ | \$1.1m | \$1.1m | 0.0% |
| EBITDA margin | 36.7% | 42.3% | ↓ |
| Patient treatments | 567 | 497 | ↑ 14.1% |

(1) EBITDA is a non IFRS measure



KL FERTILITY CENTRE
towards parenthood



Sydney Ultrasound for Women (SUFW)



- **Increased Group Revenues** by 14.6% or \$8.8m
- **Delivered an EBITDA⁽¹⁾⁽²⁾** contribution of \$2.0m with an EBITDA margin of 22.6%
- **Ultrasound Scan volumes increased** by 236.5% vs pcp
- **Increased scale** of specialist operations through SUFW, growing presence in Sydney
- **16.4% of Group's overall revenues** represented by womens imaging, providing greater diversification of earnings
- **Synergies** between existing Monash Ultrasound for Women business and SUFW are being implemented
- **SUFW clinic located on Kent St in the Sydney CBD was involved in a fire on 14/2/16** whereby it caused a disruption to that particular clinic. As a result of remedial action taken, the impact on the Group's full year FY16 earnings is expected to be minimal.



New revenue stream with synergistic and diversification benefits

Notes:

1. EBITDA is a non IFRS measure which are used by the Group as a key indicator of underlying performance.
2. EBITDA is earnings before interest, tax, depreciation and amortisation.



FY16 Outlook

FY16 Full year outlook

As a result of our IVF Patient Treatment growth continuing in the first two months of 2H16 and the impact of the acquisitions into the Monash IVF Group in FY15, and subject to trading in the remaining months of FY16, we anticipate the reported NPAT for FY16 will be in the range of 25% to 30% up on the previous corresponding period.



Strategy FY16 and beyond

Our strategy remains consistent and focused, to profitably grow our business through leveraging our scientific capabilities across the clinic network

1

Science, technology and patient success

- Continue to develop industry leading science and technology
- Deliver patients clinically superior services and increase market penetration
- Promote Monash IVF Group's scientific and clinical excellence with doctors and potential patients

2

Clinic expansion and acquisitions

- Review opportunities to increase Monash IVF Group's scale and market position in women's health, including ARS and imaging services in Australia
- Consider adjacent business opportunities in women's health
- Continue to look at international growth opportunities that meet our investment criteria, particularly building on our Asian hub

3

Lower intervention

- MyIVF (Brisbane) and BUMP IVF (Sydney) ramping up and making an improved contribution
- Monash IVF Group will continue to refine our low intervention model and consider expansion in suitable locations for additional low intervention clinics
- Strategic intent to grow to less than 10% of IVF Patient Treatments (currently 5.5%)



Summary

Summary

- ✓ **Track record** of strong long term financial performance
- ✓ **Delivered a strong performance in 1H16** with revenue growth (31.6%) and NPAT growth (27.6%)
- ✓ **Acquisitions** providing earnings growth in FY16
- ✓ **1H16 results** impacted by a reversion to normal long term industry growth rates
- ✓ **New Patient Registrations** indicating that Patient Treatment growth rates are to be retained in 2H16
- ✓ **Fundamental drivers** for the industry are solid, as demonstrated by the 1H16 patient treatment growth
- ✓ **Forecast long run Patient Treatment growth** expected to be approx. 4.1% per annum
- ✓ **Recent acquisitions** to be fully integrated over the course of 2H16
- ✓ **Currently considering acquisition** opportunities both domestically and internationally

Overview of Monash IVF Group

Core Assisted Reproductive Services

- 22 clinics
- 5 service centres
- 85 Fertility Specialists
- 5 Australian states & Malaysia



Diagnostic and Ancillary Services

- 2 specialised laboratories in Victoria and South Australia
- 2 day hospitals in South Australia and NSW



Ultrasound

- 17 clinics
- 16 Sonologists
- 2 Australian states



Monash IVF Group is a market leader in womens health

Questions



Monash IVF Group

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