MONASH IVF GROUP

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FY18 Half Year Results Presentation

26 February 2018

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OPERATIONAL & FINANCIAL OVERVIEW

1H18 Summary

- Our Financial Result in **1H18 has been impacted by operational challenges** related to changing competitive dynamics and investments in building a strong foundation for the future.
- We have a **demonstrated track record of strong performance**, and we maintain our view of the long term Stimulated Cycles(1) growth rate.
- **ARS International growth continues to be strong.** We will leverage our capability to build our International operations.
- **Diagnostic and Ultrasound capabilities have grown** as we build our in-house capability and expand our Ultrasound footprint.
- **NPAT is down 20.9%**, which is inline with AGM guidance.
- We have **developed a strategic roadmap** that will guide us to deliver sustainable value creation, while making a significant contribution to social good.

1. Stimulated cycles excluding cancelled cycles

1H18 Financial Summary

Our Financial Results in 1H18 have been impacted by operational challenges.

Revenue
$77.0m

1H17 $78.7m
Down 2.2%

EBITDA[1]
$20.8m

1H17 $25.3m
Down 17.7%

NPAT
$12.1m

1H17 $15.2m
Down 20.9%

Cash Conversion[2]
85.0%

1H17 84.6%
Up 0.4%

Basic EPS
5.12 cents

1H17 6.48 cents
Down 21.0%

Interim Dividend
3.4c

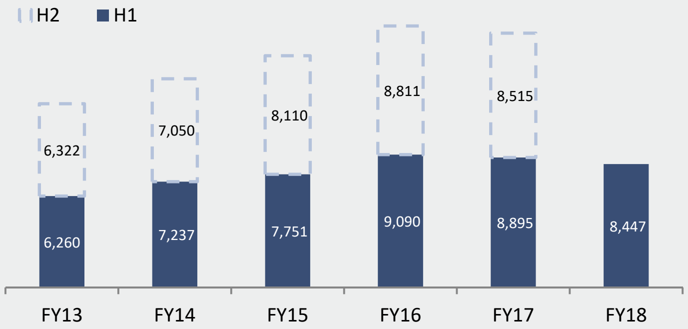
1H17 4.3 cents
Down 20.9%

1. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure which is used by the Group as a key indicator of underlying performance and is not subject to audit or review
2. Pre-tax conversion of operating cash flow to EBITDA calculated as Cash generated from operations divided by EBITDA

MVF long-term performance

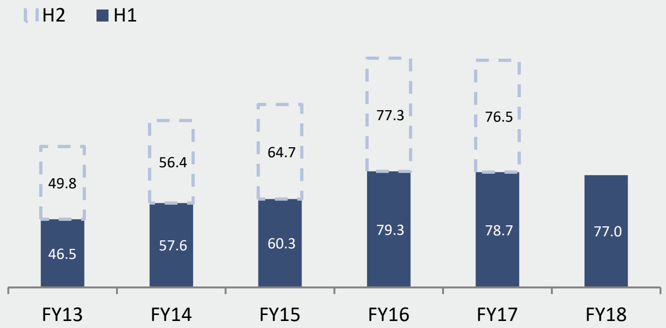
We have a demonstrated track record of strong performance.

Number of Patient Treatments[1]



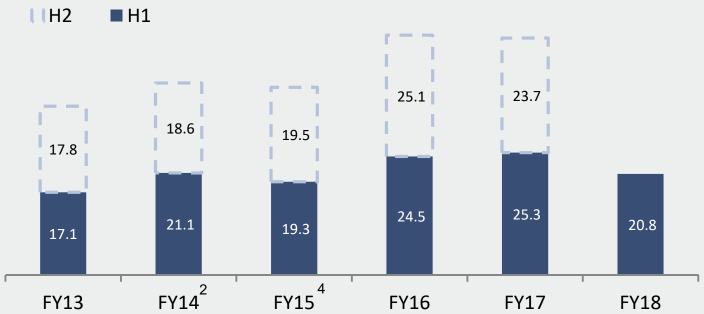
5 year CAGR[3] of 6.2%

Revenue ($m)



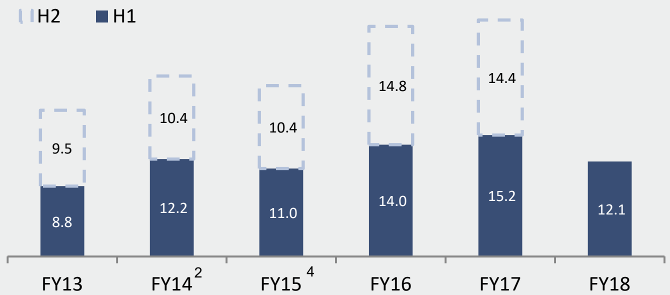
5 year CAGR[3] of 10.6%

EBITDA[5] ($m)



5 Year CAGR[3] of 4.0%

NPAT ($m)



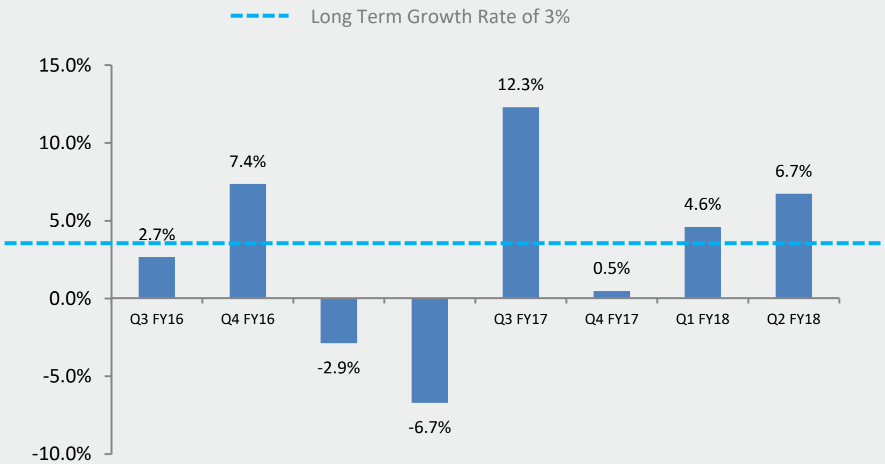
5 Year CAGR[3] of 6.6%

1. Patient Treatments are the sum of stimulated and cancelled cycles and frozen embryo transfers
2. FY14 adjusted to exclude IPO costs and restructuring costs
3. CAGR is Compound Annual Growth Rate relative to the 1st half of the Financial Year
4. FY15 earnings were impacted unfavourably by below industry trend growth rates and one off start up & acquisition costs of $975k (Pre-tax)
5. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure which is used by the Group as a key indicator of underlying performance and is not subject to audit or review

Australian ARS market movement and growth

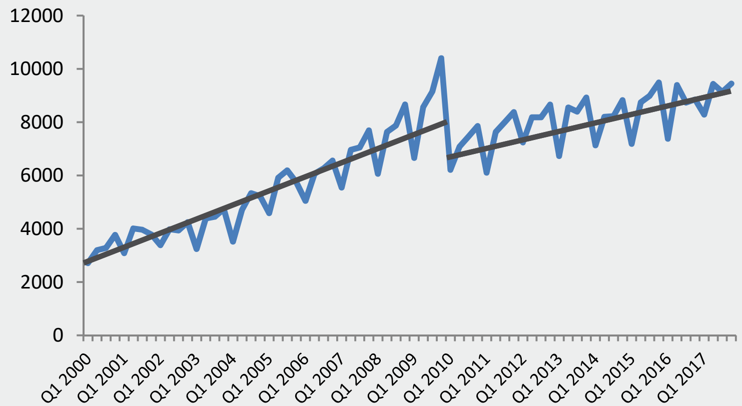
We maintain our view that the long term Stimulated Cycles growth rate is expected to be approximately 3% per annum.

Stimulated Cycle Growth Rates in our Key Markets[1]



Key Markets Stimulated Cycles increased by 5.7% (1H18 vs 1H17). Key Markets Stimulated Cycles (excluding Queensland) increased by 1.6% (1H18 vs 1H17)

Number of Stimulated Cycles[2] by Quarter



Australian Stimulated Cycle Market increased by 5.9% (1H18 vs 1H17) primarily driven by 23.6% growth in Queensland

1. Key Markets of New South Wales, Victoria, South Australia, Queensland and Northern Territory
2. Medicare Benefit Schedule Item Statistics Reports [13200, 13201], Commonwealth Department of Health and Ageing)

ARS - Australia

Our performance has been impacted by operational challenges related to changing competitive dynamics, the impact of a high volume doctor departure and investments in building a strong foundation for the future.

Operational Overview

- **Stimulated cycles** decreased by 10.5% primarily driven by activity in Victoria
- **Frozen embryo transfers** increased by 0.5% as existing patients continue to return to MVF
- **1H18 Market share** for MVF Key Markets[1] Stimulated Cycles decreased by 4.0% to 21.9%:
    - **Victoria** market share decreased due to a high volume doctor departure. We expect this impact to continue in 2H18
    - **Queensland** market share decreased primarily due to low cost competitor
    - **South Australia** market share decreased due to increased competitive pressures
    - **New South Wales** market share decreased due to transition of the Mosman clinic to a Premium Offering

Financial Overview

- **ARS Revenue** decreased by 5.9%
- **ARS revenue per Stimulated Cycle** increased by 2.0%
- **Doctor recruitment** continues to ensure appropriate succession plans and long-term growth
- **Cost Base** increased as we continue to invest in building a strong foundation for the future in our Operations, People, Science & Technology and International business
- **One-off costs** incurred were associated with a doctor departure and restraint legal proceedings, recruitment of key personnel and organisation restructure ($0.7m)

1. Key Markets of New South Wales, Victoria, South Australia, Queensland and Northern Territory

ARS - International

ARS International growth continues to be strong. We will leverage our capability to build our International operations.

- **ARS revenue** increased by 25.8% to $3.9m as Stimulated Cycles grew by 22.2% to 413
- **EBITDA** increased by 49.5% to $1.6m
- **EBITDA Margin** increased by 5.5% to 41.3%, as incremental volumes leverage the cost base
- **Relocation** to new state-of-the art facility in KL provides the capacity to meet growth in demand and deliver a positive customer experience
- **Doctor recruitment** continues to ensure appropriate succession plans and long-term growth
- **International Business Development Manager** continues to review opportunities subject to strict investment criteria

Diagnostics and Ultrasound

Diagnostic and Ultrasound capabilities have grown as we build our in-house capability and expand our Ultrasound footprint.

- **NIPT revenue** contributed an additional $1.6m of revenue and earnings is in line with expectations
- **NIPT volumes** increased by 30.3% to 6,282 of which all were performed in-house. This complements our Ultrasound business and provides an improved customer experience
- **Pre-implantation genetic screening/diagnosis** declined by 5.6% in 1H18 commensurate with ARS volume decline, with a penetration rate of 20%
- **Ultrasound Scan** volumes were 38,097 which is 1.5% growth on pcp
- **New Gold Coast Ultrasound** clinic opened which increases our National ultrasound footprint

FINANCIAL OVERVIEW

1H18 Profit and Loss Overview

NPAT is down 20.9%, which is inline with AGM guidance. This is due to changing competitive dynamics, investments in building a strong foundation and one-off costs.

$m	1H18	1H17	% change
Group revenues	**77.0**	**78.7**	**(2.2%)**
EBITDA[(1)(2)]	**20.8**	**25.3**	**(17.7%)**
EBITDA Margin %	*27.0%*	*32.1%*	
Depreciation & amortisation	2.4	2.0	(20.0%)
Net Finance expenses	1.7	1.7	0.0%
Profit before Tax	**16.7**	**21.5**	**(22.4%)**
Income tax expense	4.7	6.3	(25.4%)
Net Profit after tax	**12.0**	**15.2**	**(21.6%)**
Net Profit after tax *(attributable to shareholders)*	**12.1**	**15.2**	**(20.9%)**

1. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure which is used by the Group as a key indicator of underlying performance and is not subject to audit or review.
2. EBITDA includes $0.7m of one-off expenditure on legal fees, recruitment and organisation restructure.

- **Revenues** decreased $1.7m (-2.2%) to $77.0m vs pcp due to:
  - A doctor departure in Victoria and changing competitive dynamics
  - Average price increase impact of 2%, strong International growth and increased non-invasive prenatal income
- **EBITDA**[(1)] Margin decline to 27.0% due to
  - leverage impact from volume decline
  - Building foundation for future growth through continued investment in our Operations, People, Science & Technology and International business
- **One-off costs** incurred were associated with a doctor departure and restraint legal proceedings, recruitment of key personnel and organisation restructure ($0.7m)
- **Income tax rate at 28.3%**
- **NPAT** is $12.1m which is a 20.9% reduction on pcp and in line with AGM guidance

Capital Management Overview

Balance Sheet strength is maintained with capacity to support sustainable growth.

Balance Sheet ($m)	31 Dec 17	30 Jun 17	% change
Cash and cash equivalents	**5.8**	**3.5**	**65.7%**
Other current assets	13.3	11.6	14.7%
Current liabilities	(22.4)	(25.0)	10.4%
Net working capital	**(3.3)**	**(9.9)**	**66.7%**
Borrowings	(99.9)	(95.5)	(4.6%)
Goodwill & Intangibles	255.6	254.7	0.4%
Property Plant & Equipment	16.4	16.8	(2.4%)
Other assets/(liabilities)	(3.3)	(2.5)	(32.0%)
Net assets	**165.5**	**163.5**	**1.2%**

Capital Metrics	31 Dec 17	30 Jun 17	+/-
Net Debt ($m)	94.1	92.0	(2.1)
Leverage Ratio (Net Debt / EBITDA)[1]	2.11x	1.88x	(0.23)
Interest Cover (EBITDA / Interest)[1]	13.41	14.80	(0.96)
Net Debt to Equity Ratio[2]	56.9%	56.3%	(0.6%)
Return on Equity[3]	**15.8%**	**18.6%**	**(2.8%)**
Return on Assets[4]	**8.9%**	**10.3%**	**(1.4%)**

- **Balance Sheet strength maintained** with Net Debt to Equity ratio stable at 56.9%;
- **Net working capital** deficiency improved by $6.6m to $3.3m;
- **Long-term Debt Facility** in-place with a blend of 3,4 & 5 year term debt with 1st tranche expiring in FY20
- **Debt capacity** of $55.1m remains available
- **Significant headroom in Debt Covenants**
- **Key Capital Return Metrics** of ROE 15.8% and ROA of 8.9%
- **Total Dividend payout ratio** of 66.4% vs policy guidance of 60% to 70% of NPAT

Notes:
1. EBITDA is a non IFRS measure which is used by the Group as a key indicator of underlying performance
2. Debt, net of cash balance, divided by equity at balance date
3. NPAT for the previous 12 month period divided by average equity in the same period
4. NPAT for the previous 12 month period divided by average assets in the same period

Cash Flow Overview

Net operating cash flow post-tax has increased which has supported our capital investments and dividend payments.

$m	1H18	1H17	% change
Net operating cash flow (pre-tax)	**17.7**	**21.4**	**(17.3%)**
Net operating cash flow (post-tax)	12.5	9.1	37.4%
Cash flow from investing activities	(3.0)	(3.2)	(6.3%)
Cash flow from financing activities	(7.4)	(10.0)	(26.0%)
Net cash flow movement	2.1	(4.1)	
Closing cash balance	**5.8**	**4.2**	**38.1%**
Free cash flow [1]	9.5	5.9	61.0%

- **Net operating cash flows** increased by 37.4% to $12.5m
- **Pre-tax conversion** of operating cash flow to EBITDA was 85.0%
- **Capital investments** of $3.0m (patient management system enhancements, scientific equipment upgrade and new ARS service centre and ultrasound clinic in Gold Coast
- **Financing activities** include $10.6m fully franked dividends paid and funding costs
- **Free cash flow**[(1)] increased by $3.6m or 61.0% as we cycle into more normalised corporate tax instalment arrangements

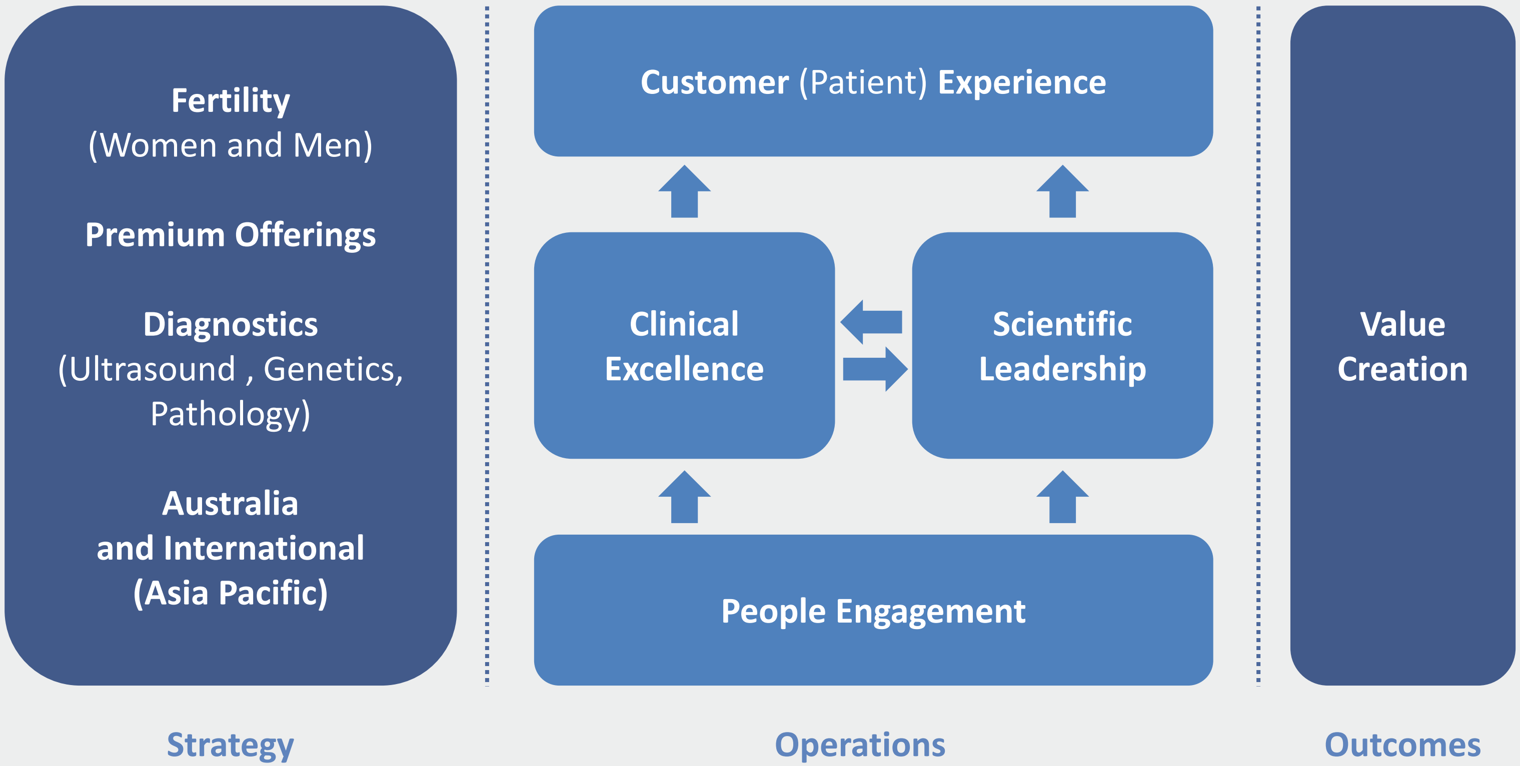
1. Free cash flow is Net operating cash flow (after tax) less cash flow from investing activities

STRATEGY & OUTLOOK

Strategic Roadmap

We have developed a strategic roadmap that will guide us to deliver sustainable value creation, while making a significant contribution to social good.

Help bring life to the world, life starts here.



Strategic and Operational Priorities

We have developed a set of strategic and operational priorities to focus our activities.

Strategic Priorities

- Focus on our **Premium Fertility** offering.
- Improve the **integration** of our Fertility and Diagnostic operations.
- Focus on our **Australian business** and pursue **International opportunities** (Asia Pacific).
- **Market our strong brand and heritage**, our Clinicians and clinic network, and our good science and successful fertility outcomes.
- Drive **revenue growth, manage expenses**, and invest in the business to deliver sustainable shareholder value.

Operational Priorities

- Empower and support our **Customers (Patients) throughout their fertility journey**; embracing all lifestyles factors and choices.
- **Recruit additional Fertility Specialists** to expand our operations.
- Invest in **good science and innovative technology** that will deliver even better **customer experiences, clinical practices** and fertility outcomes.
- Develop a more **agile operation** with compliant and scalable processes.
- Enhance our **digital capabilities**, supported by an integrated information, communication and technology system.
- **Shape the organisation**, build the capabilities and align our people to focus on strategy execution.

FY2018 Full Year Outlook

We anticipate the reported FY18 NPAT will be approximately 25% lower than pcp due to operational performance, the impact of a high volume doctor departure and investments to build a stronger foundation for sustainable growth.

We have developed a clear strategic roadmap and we will execute our Strategic and Operational priorities, and in doing so we will create sustainable shareholder value, delivering strong returns into the future, while making a significant contribution to social good.

APPENDIX

Overview of Monash IVF Group

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

ARS	Diagnostic	Ultrasound
22 clinics 5 service centres 90 Fertility Specialists 6 Australian states & Malaysia	2 specialised laboratories in Victoria and South Australia 3 day hospitals in South Australia, NSW & Malaysia	17 clinics 17 Sonologists 4 Australian states

107 Medical Specialists **120** Scientists **446** Nursing & Support Staff

Treatment Mix

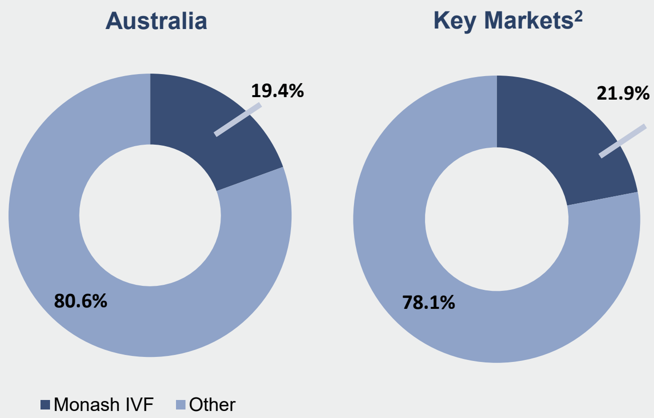
IVF Treatment numbers	1H18	1H17	% change
Monash IVF Group – Australia			
Stimulated cycles	4,078	4,557	(10.5%)
Cancelled cycles	404	504	(19.8%)
Frozen embryo transfers	3,184	3,167	0.5%
Total Australian Patient Treatments	**7,666**	**8,228**	**(6.8%)**
Monash IVF Group – International			
Stimulated cycles	413	338	22.2%
Cancelled cycles	34	28	21.4%
Frozen embryo transfers	334	301	11.0%
Total International Patient Treatments	**781**	**667**	**17.1%**
Total Group Patient Treatments	**8,447**	**8,895**	**(5.0%)**
Stimulated cycles as a % of Total Patient Treatments	**53.2%**	**55.0%**	

Other Treatment numbers	1H18	1H17	% change
Total Monash IVF Group			
Ultrasound Scans	38,097	37,529	1.5%
Preimplantation Genetic Screening / Diagnosis	823	872	(5.6%)
Non-Invasive Prenatal Testing (NIPT)	6,282	4,820	30.3%

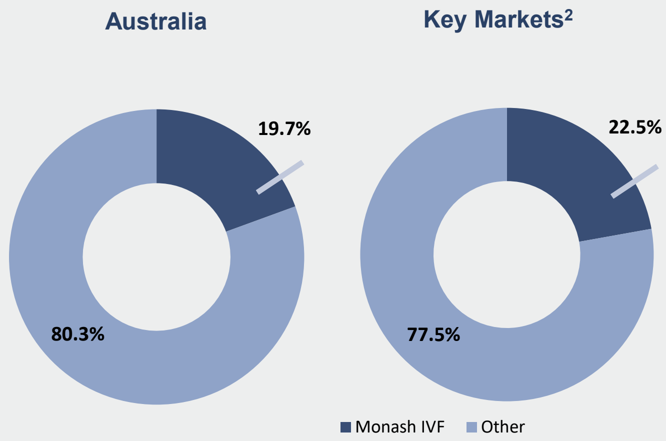
Australian market share - IVF

Market share – IVF	1H18	1H17	% change
Stimulated Cycles[3]			
MVF Stimulated Cycles[3] in Australia	4,078	4,557	(10.5%)
MVF market share in Australia	19.4%	23.0%	(3.6%)
MVF Stimulated Cycles[3] in Key Markets[2]	4,078	4,557	(10.5%)
MVF market share in Key Markets[2]	21.9%	25.9%	(4.0%)
Patient Treatments[1]			
MVF Patient Treatments[1] in Australia	7,666	8,228	(6.8%)
MVF market share in Australia	19.7%	23.4%	(3.7%)
MVF IVF Patient Treatments[1] in Key Markets[2]	7,666	8,228	(6.8%)
MVF market share in Key Markets[2]	22.5%	25.8%	(3.3%)

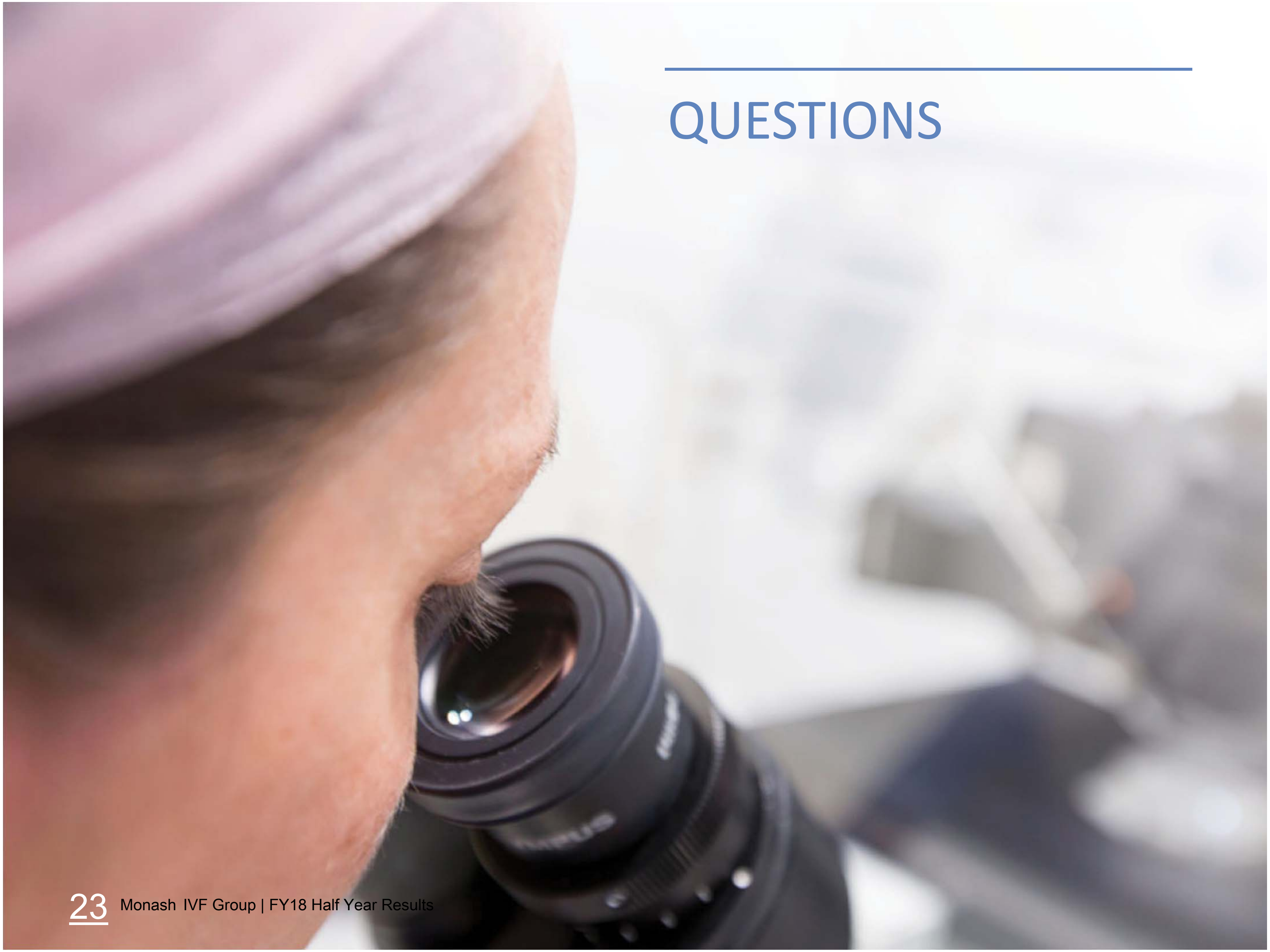
Stimulated Cycle[3] Market Share



Patient Treatment[1] Market Share



Notes:
1. IVF Patient Treatments are the sum of fresh and cancelled cycles and frozen embryo transfers consistent with historical reporting metrics
2. Victoria, South Australia, Queensland, Northern Territory and New South Wales
3. Stimulated cycles (excluding Cancelled Cycles)



QUESTIONS