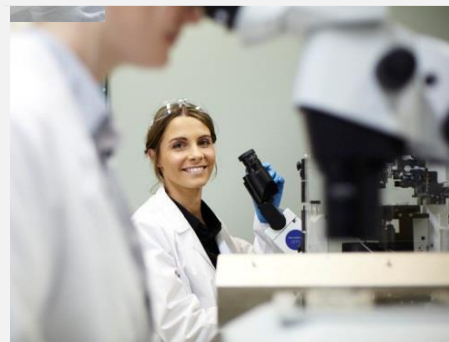
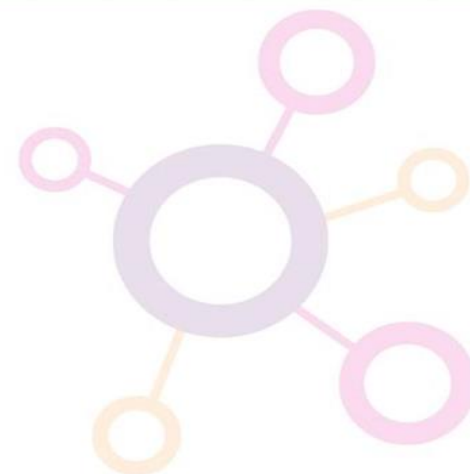




Virtus Health

H1 FY2014 Results Presentation



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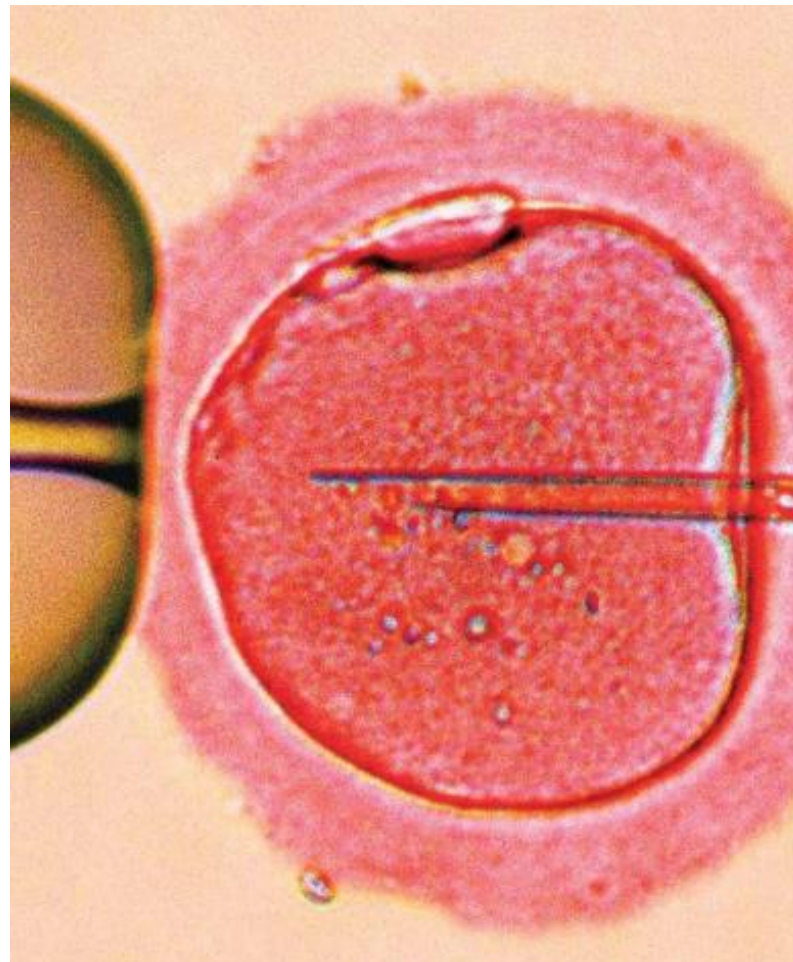
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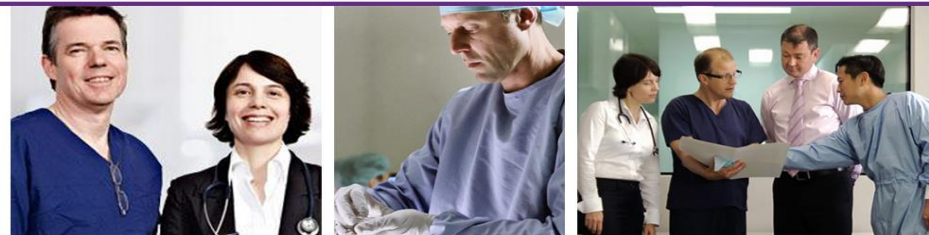
Agenda

- ① Virtus Overview
 - ② H1 FY2014 Result Highlights
 - ③ H1 FY2014 Result Detail
 - ④ Strategy and Outlook
-
- Ⓐ Appendix





1. Virtus Overview



Leading Minds, Leading Science



84

FERTILITY
SPECIALISTS

642

SCIENTIFIC, NURSING
AND SUPPORT STAFF

267

DAY HOSPITAL
STAFF



34

CLINICS



6

DAY
HOSPITALS



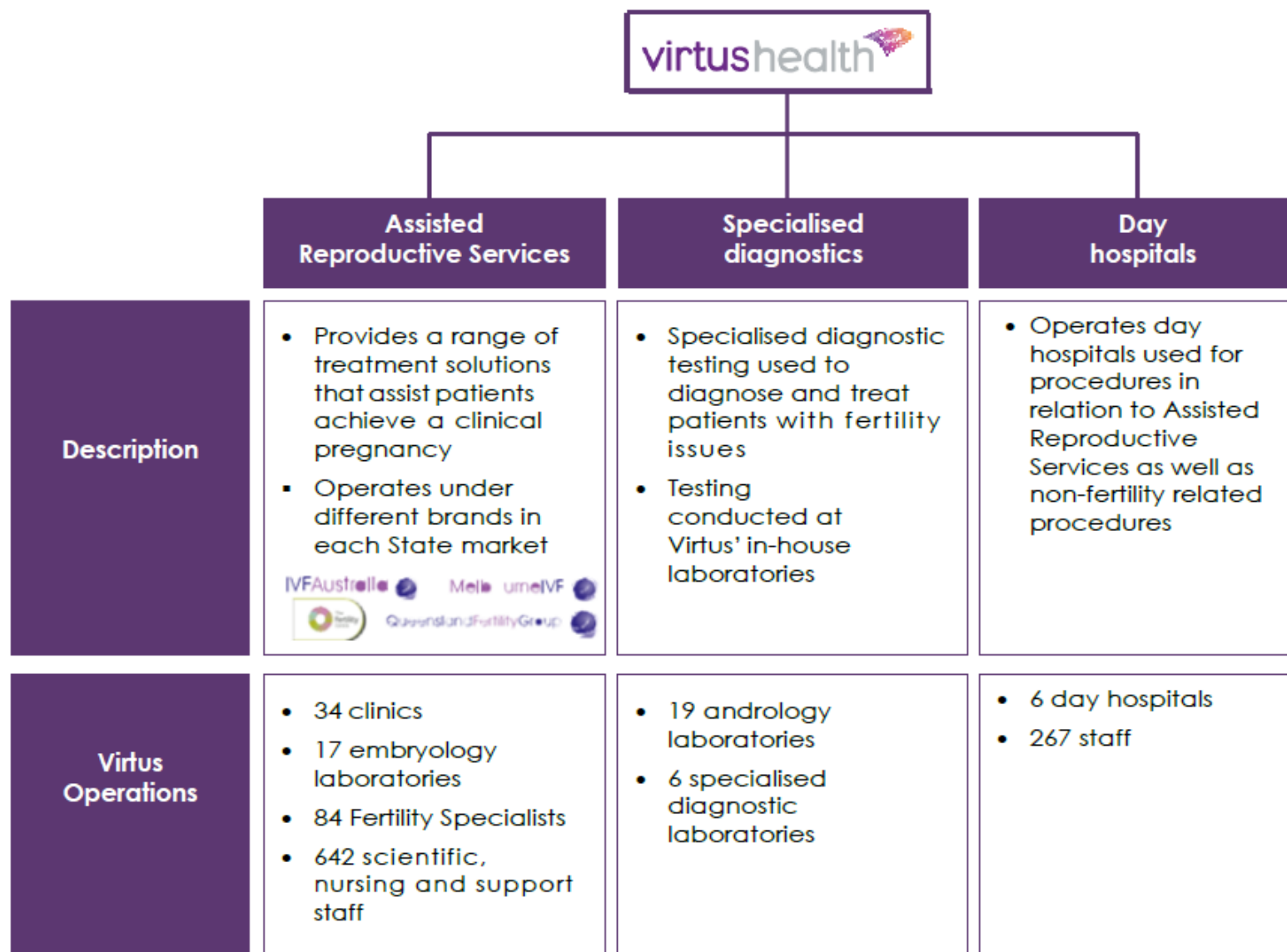
17

EMBRYOLOGY
CLINICS

19

ANDROLOGY
CLINICS

Overview of Virtus patient services





2. H1 FY2014 Result Highlights



Operational Highlights in H1 FY2014

- 1 Consolidation of footprint**
 - Consult monitoring in Burwood NSW and expansion of TFC QLD.
 - Focus on operational efficiencies.
- 2 Market share improvement**
 - Two new Fertility Specialists contracted in H1.
 - Growth in new doctor cycle volume.
- 3 Consolidation of low cost model of care (“The Fertility Centre”)**
 - Three new centres opened in last 2 years performing to expectations.



Operational Highlights in H1 FY2014

- 4 Continued expansion of diagnostic capabilities**
 - Revenue growth from existing diagnostic capabilities.
- 5 Continued focus on day hospital operations**
 - Non IVF specialist recruitment / potential public / private collaborations.
 - Increased theatre utilisation.
- 6 Corporate Governance**
 - Risk Committee separated from Audit and Risk Committee.



H1 FY2014 Financial Highlights

Pro forma H1 FY2014 financial results ⁽¹⁾

A\$ million	Actual H1 FY14	Pro-forma H1 FY13	Variance	Pro-forma FY13
Revenue	101.2	93.9	+7.8%	187.3
EBITDA	32.0	30.3	+5.6%	56.1
NPATA ⁽²⁾	17.3	15.7	+10.2%	28.0
EPS (cps) ⁽³⁾	21.3	19.2	+10.9%	34.7

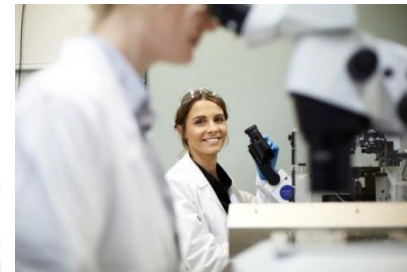
Notes:

1. The appendix includes reconciliation of pro forma financial results to statutory financial results
2. NPATA excludes the amortisation of acquired brand names of \$0.4million after tax
3. EPS assumes 79,536,601 shares on issue for full year





3. H1 FY2014 Result Detail



Summary Income Statement

Pro-forma Income Statement

① Continued revenue and earnings growth

② Revenue growth of 7.8%

③ EBITDA growth of 5.6% - Segment EBITDA growth 10.2%

④ NPATA growth of 10.2%

H1 FY2014, A\$ million	Note	Actual H1 FY2014	Pro-forma H1 FY2013	Change	June FY2013
Total revenue		101.2	93.9	7.8%	187.3
Total expenses		(69.2)	(63.6)	(8.8%)	(131.2)
EBITDA		32.0	30.3	5.6%	56.1
Depreciation & Amortisation		(4.1)	(3.9)	(5.1%)	(8.5)
EBIT		27.9	26.4	5.7%	47.6
Net interest expense		(3.9)	(4.6)	15.2%	(9.2)
Profit before tax		24.0	21.8	10.1%	38.4
Income tax expense		(7.1)	(6.5)	(9.2%)	(11.1)
NPAT		16.9	15.3	10.5%	27.3
NPATA	1	17.3	15.7	10.2%	28.0

1. Note: NPATA excludes the amortisation of acquired brand names of \$0.4 million after tax

IVF Cycle Performance

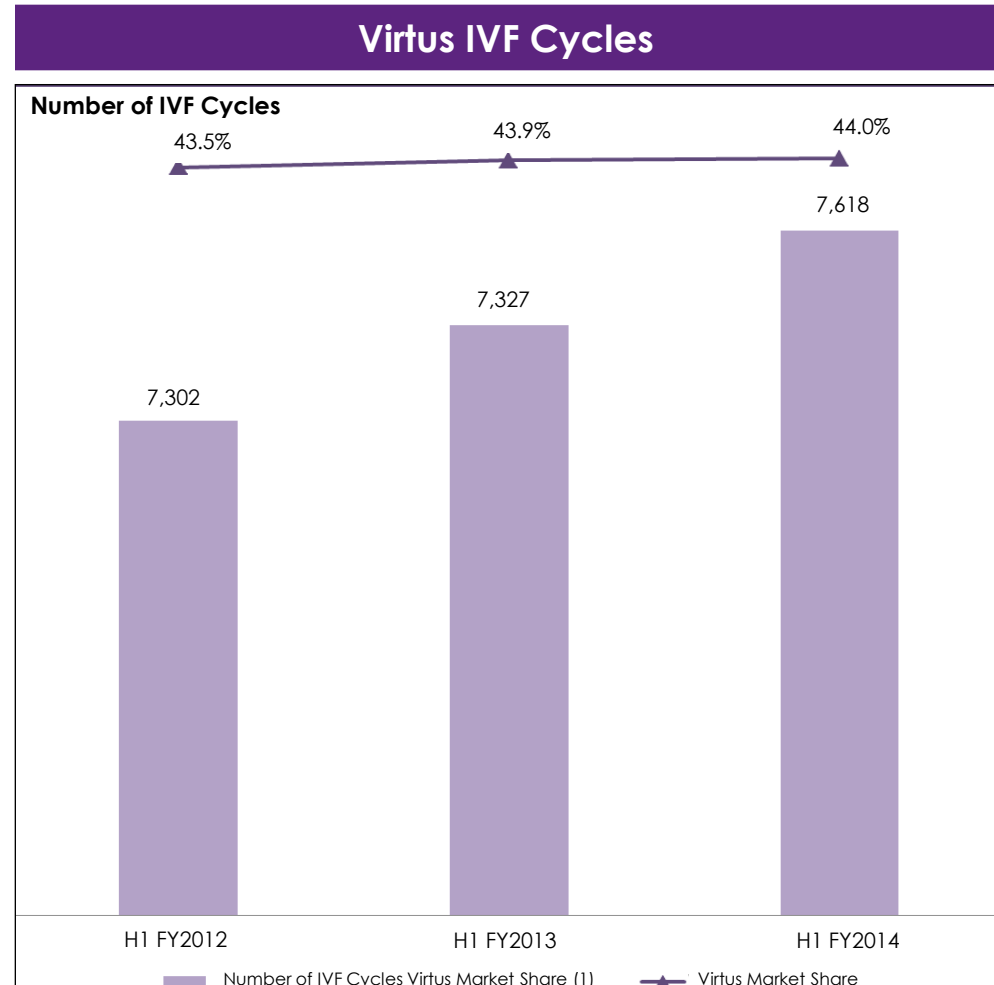
IVF Cycles increased 4.0% to 7,618 in H1 FY2014

1 Virtus IVF Cycles increased 4.0%

- Virtus market share steady in 6 month period
- Ramp-up of The Fertility Centre meeting expectations in NSW
- Full service cycle growth neutral in H1 - NSW growth offset by QLD weakness

2 Australian east coast market activity mixed

- Queensland – negative growth in first half
- New South Wales – over 8% growth in H1 FY2014
- Victoria – market growth at 2% in H1FY2014



Note: (1) Represents Virtus' implied share of the IVF Cycles conducted in New South Wales, Victoria and Queensland based on Medicare Benefit Schedule Item Statistic Reports for items 13200, 13201 and 13202.

Revenue Growth

Pro forma revenue increased 7.8% to \$101.2 million in H1 FY2014

1 Revenue growth underpinned by IVF Cycle growth and an increase in total revenue per IVF Cycle

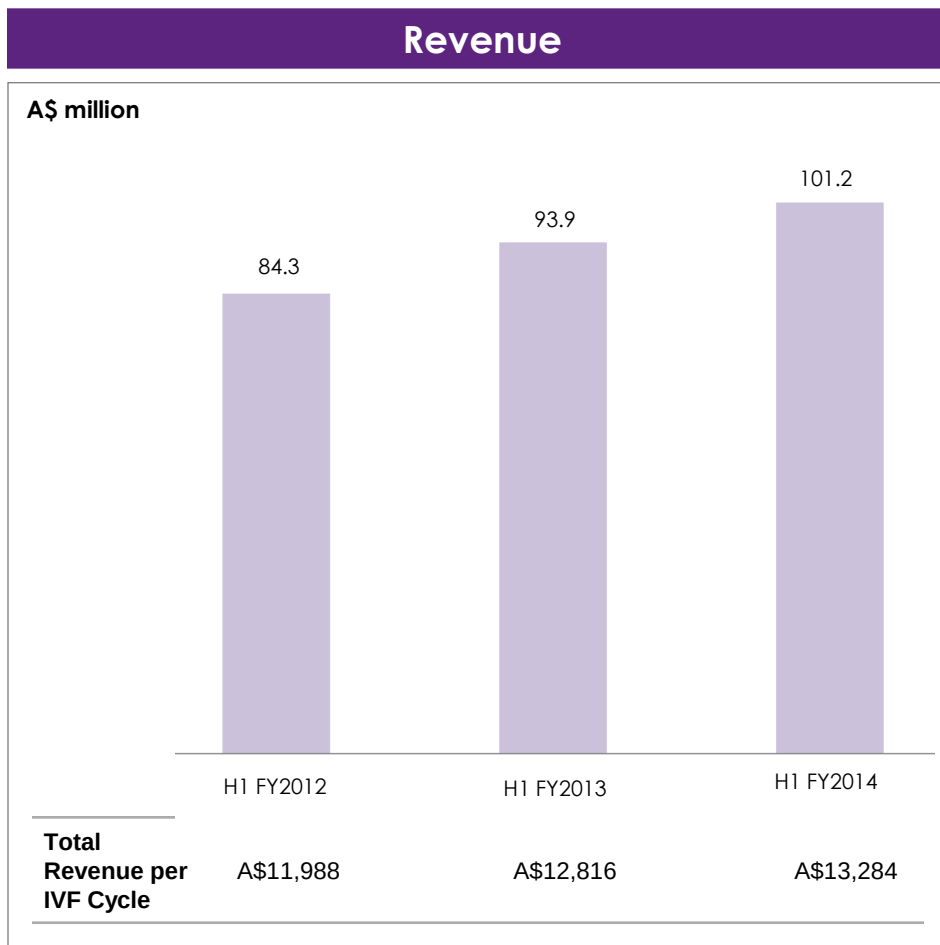
- IVF Cycle growth of 4.0%
- Average revenue per IVF Cycle increased by 3.7%
- Full Cycle growth neutral in H1 due to QLD market downturn
- TFC activity meeting expectations in all states

2 Specialised diagnostics % revenue growth in double digits

- Higher usage of specialised diagnostic testing by Fertility Specialists
- Cytogenetic testing growth strong in all states
- NIPT start up volumes exceeding expectations

3 Day hospital revenue continued to grow

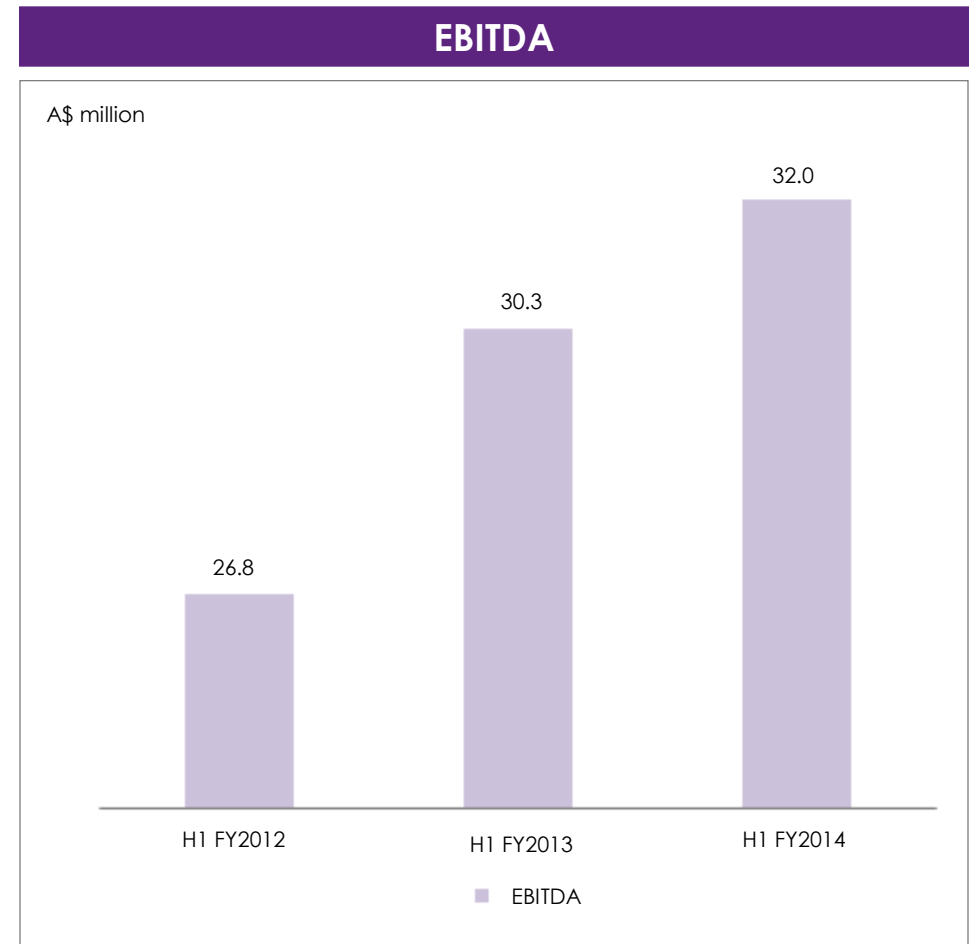
- Growth in non-IVF revenue at 7.1%



Total Expenses and EBITDA Growth

Pro forma EBITDA increased 5.6% to \$32.0 million in H1 FY2014

- 1 **Total expenses increased 8.8% to \$69.2 million in H1 FY2014**
- 2 **Labour costs increased 7.9% to \$30.2 million in H1 FY2014**
 - Increase reflects incremental cost of H2 HY2013 new clinic openings – \$0.7m
 - Singapore costs of \$0.2m
 - Share Based Payment costs of \$0.1m
 - Underlying labour cost increase of 4.3%
- 3 **Consumable cost increased 23.7% in H1 FY2014**
 - Primarily due to high start-up costs of Non Invasive Prenatal Testing (NIPT) test and higher level of diagnostic activity
- 4 **Facility and occupation costs increased by 12.5% to \$6.3 million in H1 FY2014**
 - Increase reflects incremental cost of H2 FY2013 new clinic openings – incremental cost \$0.6m



Key Performance Indicators

1 Cycle growth primarily from TFC in H1

- Full cycle activity neutral in H1 – NSW growth offset by QLD weakness
- TFC activity meeting expectations

2 Market share position overall unchanged in H1

3 Fertility specialist recruitment continues

- Capacity available to meet growth

4 EBITDA % at 31.6%

- Segment EBITDA margin increased to 35.2% compared to H1 FY2013 at 34.2%

Half year KPIs	Note	ACTUAL H1 FY2014	Pro-forma H1 FY2013	Change
Number of IVF Cycles		7,618	7,327	4.0%
Number of IVF Cycles in NSW/VIC/QLD		17,303	16,689	3.7%
Implied market share		44.0%	43.9%	0.1%
LTM Market Share	1.	45.0%	44.2%	0.8%
Average Number of Fertility Specialists		83.0	80.5	3.1%
Average number of cycles per Fertility Specialist		91.7	91.0	0.8%
Average Total revenue per cycle (A\$)		13,284	12,816	3.7%
Labour as a % of revenue		29.8%	29.8%	-
Provider fees as a % of revenue		15.2%	16.0%	0.8%
EBITDA %		31.6%	32.3%	(0.7%)

Note: (1) LTM – last 12 months.

Statement of Financial Position

Operating cash flow and growth in earnings has resulted in a reduction in leverage

1 Cash Balance

- Closing cash balance of \$19.4 million and \$14 million undrawn funding available in existing facilities

2 Working Capital

- Normal level of negative non-cash working capital at end of December

3 Gearing

- Pro forma historic leverage ratio is 1.9x pro-forma EBITDA

4 Dividend

- Per IPO Prospectus, no dividend paid in respect of H2 FY2013
- Virtus' first interim dividend in respect of the half-year ending 31 December 2013 of 0.12 cps fully franked to be paid on 17 April 2014.

5 Capex

- Expenditure in H1 FY2014 was \$2.7 million

Summary Statement of Financial Position

A\$ million	Statutory Dec-13	Pro forma Dec-12	Statutory Jun-13
Cash	19.4	1.5	12.5
Trade and other receivables	12.7	12.0	12.4
Inventories	0.2	0.1	0.3
Equity accounted investments	1.5	2.3	1.5
Other financial assets	0.4	0.2	0.2
PP&E	25.6	22.4	26.6
Deferred tax assets	9.4	8.1	6.9
Intangible assets	324.4	325.8	325.0
Total assets	393.6	372.4	385.4
Trade and other payables	15.4	14.4	17.5
Deferred revenue	2.8	2.0	3.1
Borrowings	131.3	144.7	144.2
Provisions	6.3	5.5	6.0
Current tax liabilities	1.7	0.1	-
Total liabilities	157.5	166.7	170.8
Net assets	236.1	205.7	214.6



4. Strategy and Outlook



Strategic Focus for Virtus

Virtus remains focused on its strategy as outlined in the IPO Prospectus:

Market share	▪ Expansion of fertility clinic network and capacity among newly contracted Fertility Specialists
Low-cost IVF	▪ Marketing focus on existing centres in H1 FY2014 ▪ Ongoing expansion of the low cost model of care in 2014
Specialised Diagnostics	▪ Executing a number of strategies to grow specialised diagnostics services revenue
Day Hospitals	▪ Focus on increasing throughput and improving operational efficiency
Potential Acquisitions and Investments	▪ Continue to explore acquisition and investment opportunities both in Australia and internationally

Business Outlook

- 1 Continued focus – leading minds, leading science
- 2 Deliver our growth strategy through market penetration, service development and market development
- 3 Maintaining our market leading position in full service and low cost IVF and specialist diagnostic services



Based on current information, the Company reconfirms its FY2014 pro forma financial forecasts as outlined in the Prospectus



Thank you



Appendix



Pro forma - Statutory Profit and Loss Reconciliation

H1 FY2013 only

H1 FY2013, A\$ million	Note	
Statutory revenue		94.0
Interest received	1	(0.2)
Pro forma impact of historical acquisitions	2	0.1
Pro forma revenue		93.9

H1 FY2013, A\$ million	Note	
Statutory NPAT		11.1
Pro forma impact of historical acquisitions and other one-off costs	2	1.1
Net gains on acquisition of CESDH	8	(5.6)
Historical share-based payment expenses	3	5.6
Public company costs	4	(0.6)
IPO transaction costs	5	-
Debt structure	6	5.6
Amortisation	7	0.4
Income tax effect	9	(2.3)
Pro forma NPAT		15.3

Notes:

- Interest received** – an adjustment has been made to the Historical Statutory Results and Forecast Statutory Results to remove interest income from revenue.
- Pro forma impact of historical acquisitions** – an adjustment has been made to the Historical Statutory Results to reflect the acquisition of the Queensland Fertility Group, Hunter IVF, Fertility Gold Coast and City East Specialist Day Hospital, as if the acquisitions had been made as of 1 July 2011. The pre acquisition income statements of both Virtus and these entities have been adjusted to eliminate non-recurring items associated with these acquisitions and/or items not relevant to the operations of these entities post their acquisition by Virtus.
- Share-based payments expenses** – an adjustment has been made to the Historical Statutory Results and Forecast Statutory Results to remove the AASB 2 share-based payments expenses in respect of Virtus' option incentive schemes applicable to management, scientists and Fertility Specialists prior to Completion of the IPO.
- Public company costs** – an adjustment has been made to include Virtus' estimate of the incremental annual costs that it will incur as a public company. These incremental costs include Director and executive remuneration (including share-based payments expenses), additional audit and tax costs, listing fees, share registry fees, Directors' and officers' insurance premiums, as well as annual general meeting and annual report costs.
- IPO transaction costs** – not applicable in H1 FY13.

Pro forma - Statutory Profit and Loss Reconciliation (cont'd)

6. **Debt structure** – the net interest expense included in the Historical Statutory Results has been adjusted to reflect the anticipated debt profile of and interest rates applicable to Virtus under the terms of the New Banking Facilities following Completion of the Offer.
7. **Amortisation** – brand names are the primary finite life intangible asset that have been recognised as a result of Virtus' acquisitions over the historical period. Virtus' policy is to amortise these brands on a straight line basis over a 10 year period. This adjustment assumes that all of the acquisitions made by Virtus were effective 1 July 2011. In addition, an adjustment has been made to eliminate the impact of historical amortisation expense relating to the historical capitalisation of development costs associated with one of Virtus' patient management software systems that is fully amortised in HY2013. The tax impact of these amortisation adjustments is reflected in the income tax adjustment. Amortisation costs associated with all other capitalised software development costs (as well as brand names) remain in the Pro Forma Historical Results and Pro Forma Forecast Results.
8. **Net gain on acquisition of CESDH** – this adjustment relates to the elimination of the accounting gain of \$5.6 million that arose on acquiring control of the City East Specialist Day Hospital.
9. **Income tax effect** – this reflects the income tax impact of the above adjustments.
10. **Pro-forma adjustments H1 FY14** – no significant pro-forma adjustments have been made in the current period, other than an adjustment of \$0.2m to statutory revenue in respect of interest receivable.