

ASX ANNOUNCEMENT

VIRTUS HEALTH LIMITED (ASX: VRT)

24 February 2015

VIRTUS GROWS REVENUE AND AUSTRALIAN MARKET SHARE DESPITE WEAK LOCAL MARKET CONDITIONS

Highlights

- Revenue increased by 12.9% to \$114.5 million
- EBITDA increased by 2.6% to \$32.8 million
- Australian segment EBITDA increased by 2.2% to \$36.8 million
- Increased Australian Assisted Reproductive Services (ARS) market share despite sector contraction
- International operations contribute \$10.4 million to revenue
- Day Hospital and Specialist Diagnostics continue to deliver growth

Key Financial Results

Metric	1H15 (\$m)	1H14 (\$m)	Variance	FY14
Revenue	114.5	101.4	12.9%	201.2
EBITDA	32.8	32.0	2.6%	59.4
PBT	23.7	24.0	(1.2%)	43.8
NPAT from ordinary activities	17.2	16.9	1.8%	30.9
NPAT reported	16.7	16.9	(1.2%)	30.9
EPS (cents)	20.93	21.30	(1.7%)	38.80

Virtus Health ("Virtus", ASX:VRT) has today reported its financial results for the half-year ended 31 December, 2014 (1H FY15), delivering revenue growth and increasing market share in Australia despite contraction in the sector.

Virtus' net profit after tax (NPAT) from ordinary activities was \$17.2 million, up 1.8% from \$16.9 million in the prior corresponding period (pcp). Reported NPAT was \$16.7 million, down 1.2% from \$16.9 million in the pcp.

Virtus' net profit before tax includes commissioning and set-up costs in Singapore of \$911,000, acquisition transaction costs of \$857,000, a charge of \$653,000 reflecting the write-off for unamortised bank facility fees for the retired facility and a gain of \$300,000 on the investment in the Sunshine Coast. Net profit before income tax expense adjusted for these items would have been \$25.8m, an increase of 7.5% against the prior year comparison.

Virtus, which is Australia's largest provider of Assisted Reproductive Services (ARS) with an expanding international footprint, also announced that it will pay an interim dividend of 13 cents per share fully franked, up 1 cent from the pcg.

Virtus Chief Executive Sue Channon said: "These results demonstrate how the collective strength of our core fertility services combined with the benefit of specialist diagnostic testing and day hospital services can deliver growth despite the contraction in the Australian ARS market."

Virtus market share in Australia increased to 45.6% in the first half compared with 45% in the pcg. Total ARS market volumes in New South Wales, Queensland and Victoria contracted 0.9% in the first half and the outlook in the markets of the eastern states remains subdued. Virtus cycle numbers increased by 0.4% to 7646.

"Our network of care across geographical locations, with a mix of full service, low cost and doctors' private clinics enables flexible delivery of fertility care and optimal market penetration," explained Ms Channon.

Virtus' specialist diagnostic services and day hospitals continued to contribute with diagnostic revenue increasing 17.3% compared with the pcg and day hospital revenue growing 3.7%.

"Our genetic laboratory capability continues to expand with investments in new equipment and capabilities to enhance our core fertility offering. Specialist diagnostics and developing genetic technologies will continue to be an area of focus," said Ms Channon.

Virtus' day hospitals in Sydney and East Melbourne have seen growing utilisation rates and process efficiencies. The joint venture City West Specialist Day Hospital achieved a very strong result after adding non-IVF procedures from the public and private sectors. Non-IVF procedure revenue in day hospitals has grown 8.7% and now accounts for 56% of day hospital revenue.

Virtus' operation in Ireland, Sims Clinic, performed strongly contributing \$10.4 million to revenue, with first half volumes increasing 25%. Group EBITDA increased 2.6% to \$32.8 million from \$32.0 million in the pcg; with Australian segment EBITDA increasing 2.2% to \$36.8 million.

"It is also pleasing to see our international businesses making their first half year contribution to our results, reinforcing the value of our expansion strategy in enhancing shareholder value," added Ms Channon.

Total expenditure on tangible and intangible assets was \$6.3 million in the half, up from \$2.5 million in the pcg, which included approximately \$3 million for Virtus' new facility in Singapore.

Basic earnings per share (EPS) decreased by 1.7% to 20.93 cents per share (cps) with diluted EPS decreasing 2.4% to 20.71 cps.

Outlook

Virtus maintains its guidance of low to mid-teens earnings growth before non-recurring items of \$2.1 million.

-ENDS-

Investor Conference Call and Webcast

Investors are invited to join a conference call and webcast presentation hosted by Sue Channon, Group CEO, and Glenn Powers, CFO and Company Secretary on **Tuesday 24 February, 9:30am AEDT to 10.15am AEDT.**

To access the call and webcast please use the log in details below.

Conference ID: 8426 3881

Conference Call Toll-Free Access Numbers

Australia	1800 123 296
Canada	1855 5616 766
China	4001 203 085
Hong Kong	800 908 865
India	1800 3010 6141
Japan	0120 985 190
New Zealand	0800 452 782
Singapore	800 616 2288
United Kingdom	0808 234 0757
United States	1855 293 1544

For all other locations please dial: +61 2 8038 5221

The presentation and audio can also be access via a webcast:

<http://event.on24.com/r.htm?e=942184&s=1&k=AB2DD356D93E70CE53B56B39672B3E4D>

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About Virtus Health Limited

Virtus Health Limited (ASX:VRT) brings together leading clinicians, scientists, researchers, nurses, counsellors and specialist support staff to provide the very best in fertility care and related services.

We have developed one of the most successful Assisted Reproductive Service collaborations in the world. With 103 of the world's leading fertility specialists supported 1069 professional staff, we are the largest network and provider of fertility services in Australia with an international presence in Ireland, and Singapore. Our combined expertise creates a unique and powerful body of knowledge which when combined with the collegial team approach of our specialists and scientists, means we are able to find new and advanced solutions for achieving success for our patients.

Our expertise and investment in resources and research allows us to bring clinical and scientific advances to our patients first. An example of this is karyomapping with preimplantation genetic diagnosis, automated single gene screening available only through Virtus Health Group in Australia since October 2014.