

ASX/Media Release

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Monash IVF Group Delivers Solid Performance for H1 FY2015

Monash IVF Group (ASX: MVF), a leading provider and driving force in the development of Assisted Reproductive Services (ARS), diagnostics and tertiary level womens imaging in Australia and Malaysia, today released its financial results for the half year ended 31 December 2014 (H1 FY2015).

Monash IVF Group delivered a solid operational and financial performance in H1 FY2015 in a slightly weaker overall market, recording a net profit after tax (NPAT) of \$11 million, up 45% on the prior comparative period (pcp). The Group recorded revenues of \$60.3 million, up 5% on pcp.

The Board has declared a fully franked interim dividend of 3.25 cents per share.

Monash IVF Group grew its total Patient Treatments in Australia and Internationally by 7.3% on pcp. This was achieved against a backdrop of a 0.6% contraction in the key markets in which Monash IVF Group operates¹.

Monash IVF Group's performance for the half year was underpinned by its industry leading pregnancy success rates. The Group's long-standing commitment to scientific excellence and clinical innovation saw strong uptake of its pre-implantation genetic screening and diagnosis offering with volume growth of 30% during the half year. This will be an important driver of future growth for the Group.

Impacting the Group's H1 FY2015 financial performance was the contraction of the overall ARS market in Australia. As noted in the Group's IPO Prospectus, ARS growth rates can fluctuate from time to time over short periods. The recent market contraction in Australia was in contrast to a Prospectus forecast of 4.1% growth.

In addition, there was a delay to the commissioning of the Sydney low intervention clinic ("BUMP IVF") and a temporary aggressive pricing strategy by a competitor in the South Australian market which impacted local South Australian market share.

Financial Highlights

	H1 FY2015	H1 FY2014	% change
Revenue	\$60.3 million	\$57.6 million	5%
Operating EBITDA	\$20.3 million	\$21.1 million	(4%)
NPAT	\$11.0 million	\$7.6 million	45%
Dividend (Interim)	3.25 cps	n/a	

¹ Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and the regional Market of Albury (NSW).

Operational Highlights H1 FY2015

- Total patient treatments up 7.3% to 7751
- Overall pregnancy success rates of 33% (significantly above the most recently available industry comparator²)
- Strong growth in International business, KL Fertility, Malaysia, with growth in Total Patient Treatments of 14.3% on pcp
- Successful acquisition of Fertility East business in Sydney
- Opening of low intervention offering (“BUMP IVF”) in Sydney
- Next Generation Fertility successfully integrated to the Group following its acquisition in May 2014
- Commissioning of an additional clinic in Wagga Wagga, NSW

Monash IVF CEO James Thiedeman said: “In our first half year reporting period as a listed company, Monash IVF Group has performed solidly in a challenging overall market.”

“At a time when the overall ARS market in Australia contracted, our market share in the first half marginally increased to 38.1% in the key Australian markets in which we operate. This attests to the strength of our scientific heritage, industry leading success rates and our disciplined business management practices.”

“While conditions remain challenging, we are confident we can sustain a growing position in our markets, particularly as improving pregnancy success rates and an expanding range of services and treatment options continue to drive up our new patient registrations,” said Mr Thiedeman.

Across all its operations in Australia and Internationally, Monash IVF’s services continue to grow and expand.

Domestically for H1 FY2015, total patient treatments were up 6.9% on pcp, fresh cycle treatments grew by 1.1% and frozen embryo transfers were up 17.3% on pcp.

Internationally, the KL Fertility business in Malaysia grew total patient treatments in H1 FY2015 by 14.3% on pcp to 497. Fresh cycle treatments were up 18.5% to 295 while frozen embryo transfers were up 8.6% to 202.

Monash IVF also continued to expand its footprint in H1 FY2015 and successfully acquired the Fertility East business in the eastern Sydney market. This acquisition expands the Group’s footprint in the full service segment of the IVF market in Australia and complements the Group’s low-intervention “BUMP IVF” clinic in Sydney.

During the half year Monash IVF opened the low intervention BUMP IVF clinic on Sydney’s North Shore and commissioned a new clinic in Wagga Wagga.

Monash IVF is experiencing a recovery in the South Australian market as evidenced by new patient registrations in H1 FY2015, up solidly on pcp, which is expected to flow through to increased patient treatments in the second half. In addition, recently acquired businesses will be fully absorbed into the Group in the second half.

Notwithstanding current ARS market conditions, the outlook for Monash IVF Group for the balance of 2015 remains sound. We expect an improvement in financial performance in H2 FY2015. Further to the update provided at the Monash IVF Group AGM in October 2014, the effect of a contracting ARS market in the first half has revised Monash IVF’s Prospectus forecasts for full year FY15 as follows; Revenue \$123.1M, EBITDA \$41.3M and NPAT \$23.9M.

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² 2013-2014 Victorian Assisted Reproductive Treatment Authority (VARTA)