



ASX/Media Release | Half Year Results Announcement

26 February 2016

Monash IVF Group delivers a 27.6% increase in reported NPAT

Monash IVF Group (ASX: MVF), a leading provider and driving force in fertility care, womens imaging and diagnostics in Australia and Malaysia, today reported a 31.6% lift in Group revenues to \$79.3M and reported net profit after tax (NPAT) increase of 27.6% to \$14.0M for the half year ended 31 December 2015 (1H16).

\$m	1H16	1H15	% Change
Group Revenue	\$79.3	\$60.3	31.6%
EBITDA	\$24.5	\$19.3	26.8%
EBIT	\$22.4	\$17.7	26.8%
NPAT	\$14.0	\$11.0	27.6%
EPS (cents)	5.95	4.75	25.3%
DPS (cents)	4.00	3.25	23.1%
Cash Inflow from Operations	\$19.0	\$16.8	13.1%
	1H16	2H15	
Net Debt	\$93.2	\$96.8	
Net Debt to Equity ratio ⁽¹⁾	62.4%	67.2%	
Return on Equity (pa.) ⁽²⁾	17.1%	15.9%	

⁽¹⁾ Net Debt to Equity is calculated using Net Debt divided by equity as at 31 December 2015.

⁽²⁾ Return on Equity is calculated using NPAT for the previous 12 month period divided by the average equity in the same period.

Commenting on the results the MVF CEO and Managing Director, James Thiedeman said:

“Monash IVF has enjoyed an increase in Assisted Reproductive Services (ARS) market growth rates and the corresponding uplift in the Group’s patient treatments and associated revenues and earnings in 1H16.

Our strategy of building on our heritage of scientific excellence and clinical innovation whilst investing in targeted acquisitive growth, has enabled MVF to deliver a strong financial and operating performance in 1H16.

Our 40-year heritage of leadership in science and innovation in ARS, coupled with the depth of experience of our doctors and clinical team enables us to provide our patients with the highest chance of success and the most effective and appropriate treatment.”

Highlights for the period were:

- Revenue growth of \$19.0M (31.6%) to \$79.3M vs prior corresponding period (pcp) with 16.9% derived from acquisition and 14.7% from organic growth.
- NPAT increase 27.6% or \$3.0M to \$14.0M vs pcp.
- Total IVF patient treatments for the 1H16 in the Key Markets in which MVF operates are up 9.8% on the pcp;
- Growth in Australian total Patient Treatments of 17.5% in 1H16 on the pcp (including acquisitions) is well above industry wide growth rates (Like-for-like growth was 12.2% vs pcp);
- Total ARS market share in the key markets in which Monash IVF operates are up to 39.0% vs 38.1% in pcp;
- Total Australia ARS market share increased to 23.3% from 21.4% in pcp;
- Gaining penetration in the New South Wales market with 8.0% market share vs 3.9% in the pcp.
- Recently acquired businesses – Monash IVF Bondi Junction and Sydney Ultrasound for Women – advanced integration and broadening our existing NSW footprint.
- Low Intervention business ramping up and making an improved contribution; and
- Balance sheet strengthen and delivering a Return on Equity of 17.1% pa.

International growth

The KL Fertility business in Malaysia continues to deliver strong growth during 1H16 with revenues up 15.4% to \$3.0M. To accommodate the demand growth experienced in Malaysia, we are investing in Fertility Specialists and building clinic capacity through a relocation to a purpose built clinic and day surgery in the forthcoming six months.

Womens Imaging Services

Monash IVF Group has made substantial progress in expanding its service offering in the womens health sector in 1H16 with the acquisition of the Sydney Ultrasound for Women (SUFW) network in June 2015.

The acquisition of SUFW contributed \$8.8M in revenue growth and \$2.0M EBITDA in 1H16. Together with the existing Monash Ultrasound for Women network, ultrasound services now represent 16.4% of the MVF group's revenues bringing a revenue stream with synergistic and diversification benefits.

Capital Management

MVF improved an already solid balance sheet with a net debt to equity ratio⁽¹⁾ of 62.4% at 31 December 2015 (67.2% at 30 June 2015) and a leverage ratio⁽³⁾ of 1.97x at 31 December 2015 (2.14x at 30 June 2015). Furthermore our net operating cash flow increased by \$2.2M to \$19.0M at 31 December 2015 (30 June 2015 \$16.8M), our net debt was reduced by \$3.6M to \$93.2M at 31 December 2015 (30 June 2015 \$96.8M), and our interest cover⁽⁴⁾ increased to 10.3x at 31 December 2015 (30 June 2015 9.9x).

Dividends

The Board has declared a fully franked interim dividend of 4.0 cents per share (FY15: 3.25cps) representing a 23.1% increase on pcp. The record date for determining this entitlement is 9 March 2016 and the payment date is 8 April 2016.

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 that the reported NPAT for FY16 will be in the range of 25% to 30% up on the previous corresponding period.

⁽³⁾ Leverage Ratio is calculated as net debt divided by EBITDA reflecting the full year impact of SUFW and Monash IVF Bondi Junction acquisitions adjusted for acquisition costs.

⁽⁴⁾ Interest cover is calculated as normalised EBITDA divided by interest.

James Thiedeman said: "Our focus for the year ahead is to continue to develop industry leading science and technology in the ARS industry and broader women's health sector so our patients prospects to deliver a healthy baby are as strong as they can possibly be."

...Ends...

Investor Conference Call

Investors are invited to join CEO and MD James Thiedeman and CFO Michael Knaap on a conference call on **Friday 26 February 2016** at **12:00hrs AEDT**.

Participants Dial-in: +61 (0) 2 8524 5042

Participants Passcode: 6213789

<u>Location</u>	<u>Number</u>	<u>Location</u>	<u>Number</u>	<u>Location</u>	<u>Number</u>
Australia	1800 801 825	Indonesia	00180 301 91840	Singapore	800 616 3222
Australia	+61 (0)2 8524 5042	Ireland	1800 720 105	Singapore	+65 6823 2299
Belgium	0800 784 01	Italy	800 875 577	South Korea	00798 6136 1434
Canada	1855 842 3490	Japan	0120 271 900	Sweden	0207 968 70
China	4001 200 539	Malaysia	1800 816 107	Switzerland	0800 837 001
France	0800 916 599	Netherlands	0800 0234 240	Taiwan	0080 1615 189
Germany	0800 1899 399	New Zealand	0800 452 905	Thailand	001800 613 61433
Hong Kong	800 905 927	Norway	800 11 518	United Kingdom	0800 015 9725
India	000 800 100 8255	Philippines	1800 1110 1347	United States	1855 298 3404
				US – New York	+1 631 5142 526

Investor enquiries:

James Thiedeman
Chief Executive Officer and Managing Director
Monash IVF Group
+61 3 9420 8235

Michael Knaap
Chief Financial Officer and Company Secretary
Monash IVF Group
+61 3 9420 8235

Media enquiries:

Justin Kirkwood
+61 2 9231 5600
+61 411 251 324
Justin@kirkwoods.com.au

About Monash IVF Group

Monash IVF Group is a leading provider of assisted reproductive services and specialist womens imaging and diagnostic services in Australia and Malaysia. The Group is a driving force in the development of assisted reproductive technologies and has many Australian and world firsts since the work of our pioneers who achieved the first IVF pregnancy in the world in 1973.