



ASX/Media Release | Full Year Results Announcement

26 August 2016

**Growth enables Monash IVF Group to exceed FY16 guidance and deliver a 34.6% 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 25.3% lift in Group revenues to \$156.6m and reported net profit after tax (NPAT) increase of 34.6% to \$28.8m for the year ended 30 June 2016 (FY16).

\$m	FY16	FY15	% Change
Group Revenue	\$156.6	\$125.0	25.3%
EBITDA	\$49.6	\$38.8	27.6%
EBIT	\$45.4	\$35.4	28.1%
NPAT	\$28.8	\$21.4	34.6%
EPS (cents)	12.2	9.2	32.6%
DPS (cents)	8.50	6.95	22.3%
Cash Inflow from Operations	\$44.2	\$36.0	22.8%
	FY16	FY15	
Net Debt	\$86.5	\$96.8	
Net Debt to Equity ratio <sup>(1)</sup>	55.9%	67.2%	
Return on Equity (pa.) <sup>(2)</sup>	19.3%	15.9%	

<sup>(1)</sup> Net Debt to Equity is calculated using Net Debt divided by equity as at 30 June 2016.

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

The FY16 NPAT result exceeded by 4.6% on the upper range of Monash IVF Group’s stated guidance of delivering NPAT growth of 25% to 30% on its FY15 reported NPAT result.

Commenting on the results Monash IVF CEO and Managing Director, James Thiedeman said:  
*“We highlighted this time last year our focus for FY16 was to continue to develop industry leading science and technology in the assisted reproductive services and broader women’s health sector so that our patient’s prospects to deliver a healthy baby were as strong as possible. This focus is undiminished and is the foundation for the Group’s strengthened position, increased market share and high performance.”*

*“In FY16 we enjoyed an increase in Assisted Reproductive Services (ARS) market growth rates and a corresponding uplift in the Group’s Patient Treatments and associated revenues and earnings. Further, targeted acquisitive growth broadened our overall footprint and in particular, the acquisition of Sydney Ultrasound for Women delivered to us a wider network of womens imaging locations and enabled us to significantly scale up our ultrasound business.”*

*“Our 40-year heritage of leadership in science and innovation in ARS and womens imaging, coupled with the depth of experience of our doctors and clinical team will continue to underpin our growth in FY17 and beyond so more patients will have the highest chance of success and the most effective and appropriate treatment.”*

#### **Highlights for the period were:**

- Revenue growth of \$31.6m (25.3%) to \$156.6m vs prior corresponding period (pcp) with 14.6% derived from acquisition and 10.7% from organic growth.
- NPAT increased 34.6% or \$7.4m to \$28.8m vs pcp.
- Growth in FY16 MVF Australian total Patient Treatments was 9.8% on a like for like basis, well above industry wide growth rates. (Total growth including acquisitions was 12.4%)
- Total Australia ARS market share increased to 23.8% from 22.8% in pcp;
- Marginal growth in ARS market share in the key markets in which Monash IVF operates 39.7% vs 39.5% in pcp;
- Total industry IVF Patient Treatments for FY16 in the Key Markets in which MVF operates are up 8.2% on the pcp;
- Gaining penetration in the New South Wales IVF market with 8.3% market share vs 5.6% in pcp.
- Recently acquired businesses, Monash IVF Bondi Junction and Sydney Ultrasound for Women, have broadened our NSW footprint whereby NSW now represents 19.6% of total revenue vs 7.4% in pcp. Integration is in advance stages;
- Low Intervention business continues to ramp up and making an improved contribution;
- Balance sheet strengthened and delivering a Return on Equity of 19.3% pa;
- Successful refinance of total debt facility in June 2016 with more favourable terms; and
- Established formal group wide Doctor feedback and engagement framework.

#### **International growth**

The KL Fertility business in Malaysia continued to deliver strong growth during FY16 with revenues up 10.7% to \$6.2m. To accommodate the demand growth experienced in Malaysia, MVF has invested in additional Fertility Specialists and is building clinic capacity through relocation of services to a purpose built clinic and day surgery in Q2FY17.

#### **Womens Imaging Services**

Monash IVF Group has made substantial progress in expanding its service offering in the womens health sector in FY16 with the acquisition of the Sydney Ultrasound for Women (SUFW) network in June 2015.

The acquisition of SUFW performed to expectation contributing \$17.7m in revenue growth and \$4.0m EBITDA in FY16. Together with the existing Monash Ultrasound for Women (MUFW) network, ultrasound services now represent 16.4% of MVF’s revenues bringing a revenue stream with synergistic and diversification benefits.

#### **Capital Management**

Monash IVF strengthened an already solid balance sheet with a net debt to equity ratio<sup>(1)</sup> of 55.9% at 30 June 2016 (67.2% at 30 June 2015) and a leverage ratio<sup>(3)</sup> of 1.75x at 30 June 2016 (2.14x at 30 June 2015). Furthermore the Group’s net operating cash flow increased by \$8.2m to \$44.2m at 30 June 2016 (30 June 2015 \$36.0m), net debt was reduced by \$10.3m to \$86.5m at 30 June 2016 (30 June 2015 \$96.8m), and interest cover<sup>(4)</sup> increased to 11.8x at 30 June 2016 (30 June 2015 9.9x).

In June 2016, the Group re-financed its Syndicated Debt Facility with a new \$110m term debt facility and \$5m working capital facility. In addition, a \$40m accordion facility is available for strategic growth opportunities. The new Syndicated Debt Facility has a blended 3, 4 and 5 year maturity profile.

<sup>(3)</sup> 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.

<sup>(4)</sup> Interest cover is calculated as normalised EBITDA divided by interest.

## Dividends

The Board has declared a fully franked final dividend of 4.5 cents per share (FY15: 3.7cps) representing a 21.6% increase on pcp. Therefore the total fully franked dividend per share for FY16 is 8.5cps (FY15: 6.95cps) representing a dividend payout ratio of 70%. The record date for determining this entitlement is 7 September 2016 and the payment date is 14 October 2016.

## Outlook

Monash IVF Group is well positioned to continue to grow its revenues and earnings in FY17 as a result of:

- Strong underlying demand fundamentals for IVF and women's imaging services;
- Market leading success rates and a highly respected doctor group;
- Effective cost management and leverage from its international and domestic business; and
- Acquisitive growth strategy, both domestically and internationally.

Further commentary will be provided at the 2016 AGM.

James Thiedeman said: *"Our focus for the year ahead is to continue to develop industry leading science and technology in the ARS and womens imaging sector so our patient's 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 August 2016 at 11:00hrs AEDT**.

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

**Participants Passcode: 3827866**

### International dial in:

<b>Location</b>	<b>Number</b>	<b>Location</b>	<b>Number</b>
Australia	1800 801 825	New Zealand	0800 452 905
Australia – Sydney	+61 (0)2 8524 5042	Philippines	1800 1110 1347
Canada	1855 842 3490	Singapore	800 616 3222
China	4001 200 539	Singapore	+65 6823 2299
Hong Kong	800 905 927	United Kingdom	0800 015 9725
India	000 800 100 8255	United Kingdom	+44 (0)20 3078 7622
Japan	0120 271 900	United States	1855 298 3404
Malaysia	1800 816 107	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](mailto: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.