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# *Invest in life*

**Annual General Meeting**  
24 November 2016

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MONASH IVF GROUP

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Chairman's address  
Richard Davis

## Key Achievements

- ✓ Continued focus on developing industry leading science
- ✓ Strong financial result in FY16
- ✓ Increased market share
- ✓ Diversification through women's imaging expansion
- ✓ KL Fertility in Malaysia continues growth trajectory
- ✓ Science & research investment is paying dividends
- ✓ Broadening our footprint with new clinics & service centres
- ✓ Validation of Group strategy through strong financial results
- ✓ Exploring growth opportunities domestically & abroad





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## Thank you

- **Board of Directors**
- **James Thiedeman and senior management team**
- **Our passionate doctors, nurses, scientists and support staff providing superior patient care**
- **Shareholders for continued support**



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# CEO Presentation James Thiedeman



# Overview of Monash IVF Group

## Core Assisted Reproductive Services

- 22 clinics
- 5 service centres
- 89 Fertility Specialists
- 5 Australian states & Malaysia



## Diagnostic and Ancillary Services

- 2 specialised laboratories in Victoria and South Australia
- 2 day hospitals in South Australia and NSW



## Ultrasound

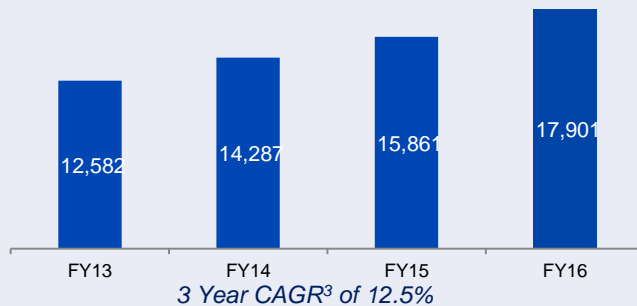
- 17 clinics
- 18 Sonologists
- 2 Australian states



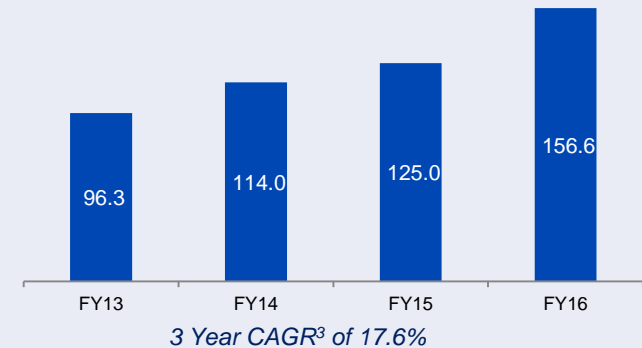
Monash IVF Group is a market leader in women's health

# Track record of strong financial performance

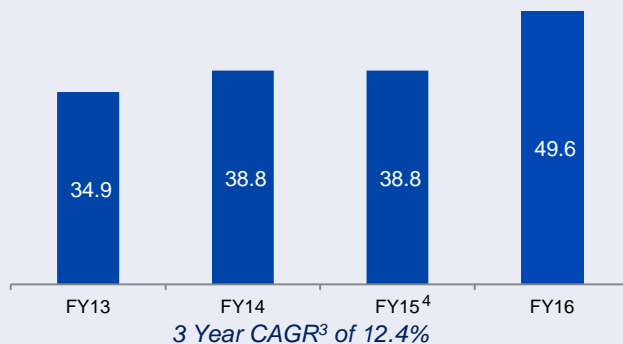
## Number of Patient Treatments<sup>1</sup>



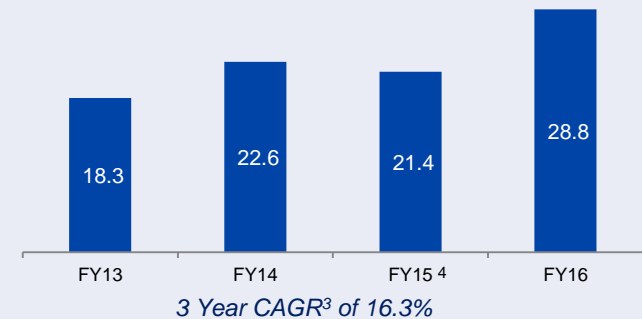
## Revenue (\$m)



## EBITDA (\$m)<sup>2</sup>



## NPAT (\$m)<sup>2</sup>



**Strong growth across all key metrics in FY16**

Notes:

1. Patient Treatments are the sum of fresh and cancelled cycles and frozen embryo transfers
2. FY13 re-stated to results in June 2014 Prospectus. FY14 adjusted to exclude IPO costs and restructuring costs
3. CAGR is Compound Annual Growth Rate
4. FY15 earnings were impacted unfavourably by below industry trend growth rates and one off start up & acquisition costs of \$2.5m (Pre-tax)



## FY2016 Full Year Highlights

### Revenue

**\$156.6m**

FY15 \$125.0m  
Up 25.3% on pcp

### NPAT

**\$28.8m**

FY15 \$21.4m  
Up 34.6% on pcp

### EBITDA

**\$49.6m**

FY15 \$38.8m  
Up 27.6% on pcp

### Cash Conversion<sup>1</sup>

**99.1%**

FY15 103.3%  
Down 4.1% on pcp

### Total FY16 Dividend

**8.5c**

FY15 6.95 cents  
Up 22.3% on pcp

### Basic EPS

**12.2c**

FY15 9.2 cents  
Up 32.6% on pcp

Notes:

1. Pre-tax conversion of operating cash flow to EBITDA calculated as Cash generated from operations divided by EBITDA.

# Revenue Analysis

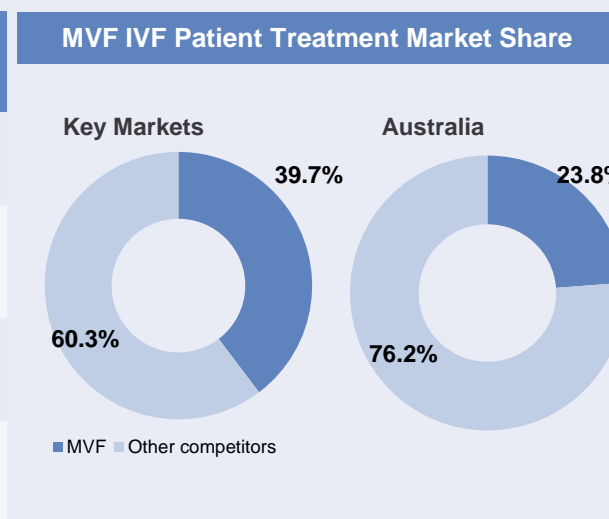
Revenue FY16 vs FY15 (\$m)



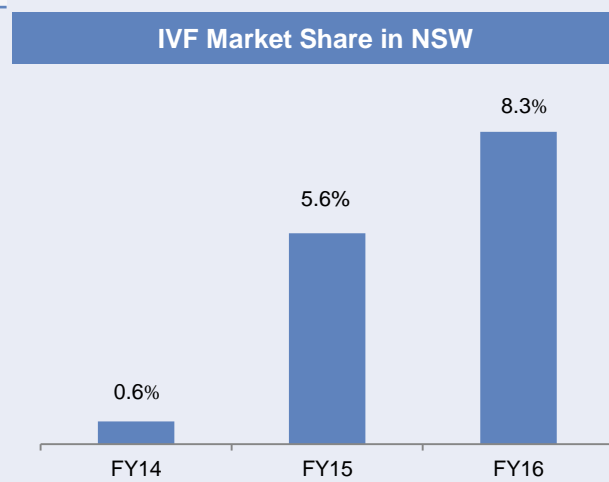
- ↑ **Market growth:** \$5.8m or 4.6% increase against pcp due to 8.2% Patient Treatment growth across Australia
- ↑ **Market share:** \$3.4m or 2.7% increase as market share growth continues to grow across the MVF Group
- ↑ **Acquisitions:** includes full-year impact of revenue generated from the Sydney Ultrasound for Women and Monash Bondi Junction (Fertility East) acquisitions
- ↑ **International:** Malaysian clinic continues revenue growth at \$0.6m from 19.4% increase in Patient Treatments moderated by weaker foreign exchange currency
- ↑ **Other Revenue:** growth largely derived from related ARS services (predominately Pre-implantation Genetic Screening and Non Invasive Prenatal Testing) and Monash Ultrasound for Women business

# Australian market share - IVF

Market share - IVF	FY16	FY15	% change
Number of Monash Group IVF Patient Treatments <sup>1</sup> in Monash Group's Key Markets <sup>2</sup>	14,580	13,579	7.4%
Monash Group market share in Monash Group's Key Markets <sup>2</sup> – IVF Patient Treatments	39.7%	39.5%	0.2%
Number of Monash Group IVF Patient Treatments <sup>1</sup> performed in Australia	16,678	14,837	12.4%
Monash Group market share in Australia – IVF Patient Treatments <sup>1</sup>	23.8%	22.8%	1.0%



- **Overall market share** of Patient Treatments in Australian Key Markets<sup>1</sup> increased to 39.7% vs 39.5% pcp whilst market share in Fresh Cycles increased by 0.9% to 38.7%
- **Total Australian market share** of Patient Treatments increased to 23.8% from 22.8% in the pcp as market share in both Fresh Cycles and Frozen Embryo Transfers increased
- **Strong growth in IVF Patient Treatments** of 9.8% on a like for like basis vs pcp, well above industry growth rates of 8.2%
- **Victorian market share** in Fresh cycles increased by 1%, underpinning earnings growth in MVF's largest IVF market
- **Maintained clear market leadership** in South Australia
- **New South Wales market share grew** to 8.3% vs 5.6% pcp as we gained further traction with recent acquisitions and low intervention IVF



Notes:

1. IVF Patient Treatments are the sum of fresh and cancelled cycles and frozen embryo transfers
2. Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and regional market of Albury (New South Wales)

# Expanding domestic footprint

## Acquisitions, New Locations & Medical Specialists



- Sydney Ultrasound For Women network (11 practices across Sydney, acquired June 2015). Integration with Monash Ultrasound for Women in advanced stages
- Monash IVF (Bondi Junction, Sydney) (acquired December 2014) rebranding to Monash IVF completed and integrated into our NSW footprint, strengthening our presence
- New Monash Ultrasound for Women clinics opened in Sunshine with a new Berwick clinic opened in August 2016
- Additional IVF Service Centre (consulting and monitoring) established (Southern suburbs, Melbourne)
- Investment in relocation and expansion of our Gold Coast IVF clinic to deliver an improved patient experience and clinic capacity to support increased demand
- Medical specialists grew to 107 (89 Fertility Specialists & 18 Sonologists)

## Lower Intervention



- Total low intervention treatments for FY16 represented 5.6% of Group IVF Patient Treatments compared to 2.7% in pcp
- Margins are lower for this category of service
- There is still no evidence of cannibalisation of full service business
- Our low intervention clinics continue to gain momentum and are making an improved contribution to the Group, whilst we continue to enhance the patient experience and commercial returns

# International – KL Fertility

- **Continued strong growth in volumes** achieved by new Fertility Specialists in the face of a challenging local economic climate
- **Slight EBITDA margin compression** as these specialists gain traction and the GST introduction was felt
- **Building clinic capacity** through a relocation in December 2016 to accommodate demand growth
- **Further international opportunities are being reviewed** with investment in a dedicated business development resource to drive non organic strategic growth



**KL FERTILITY CENTRE**  
towards parenthood



Profit and loss	FY16	FY15	% change
Revenue	\$6.2m	\$5.6m	↑ 10.7%
EBITDA <sup>(1)</sup>	\$2.4m	\$2.3m	↑ 4.3%
EBITDA margin	38.7%	41.1%	↓ (5.8%)
Patient Treatments	1,222	1,024	↑ 19.4%

Notes:

1. EBITDA is a non IFRS measure which is used by the Group as a key indicator of underlying performance.



# Sydney Ultrasound for Women (SUFW)



- **Annual Revenue** of \$17.7m growing the Group revenues by 13.6%
- **Delivered an EBITDA<sup>(1)(2)</sup>** contribution of \$4.0m with an EBITDA margin of 22.8%
- **Group Ultrasound Scan volumes increased** by 230.5% vs pcp
- **Increased scale** of specialist operations through SUFW, growing presence in Sydney whereby NSW represents 19.6% of the total Group revenue (FY15: 7.0%)
- **16.4% of Group's overall revenues** represented by women's imaging, providing greater diversification of earnings
- **Synergies** between existing Monash Ultrasound for Women business and SUFW are in the final stages
- SUFW acquisition provided a **solid contribution** in FY16 and provides a scale platform for further expansion

**New revenue stream with synergistic, diversification and growth benefits**

Notes:

1. EBITDA is a non IFRS measure which is used by the Group as a key indicator of underlying performance.
2. EBITDA is earnings before interest, tax, depreciation and amortisation.



# Clinicians, Science & Innovation

- We have a 40-year history of leadership in scientific excellence and clinical innovation
- We have great depth of experience in our doctors and clinical teams
- We established group doctor committees in FY16 to enhance medical and commercial engagement across the network
  - Group Medical Advisory Committee (GMAC) established in FY16 to identify and promulgate best in breed clinical processes
  - Group Medical Executive Committee (GMEC) established in FY16 to engage doctors in commercial decision making
- The Group continues to invest in research and innovation across the clinic network including through the Monash IVF Research and Education Foundation (MREF)
  - During FY2016, 34 projects have been funded aimed at advancing fertility diagnosis and care
  - Over 50 scientific papers/presentations were published by our doctors, staff and collaborators
- We continue to maintain collaborative relationships with:



# Our Brands and Marketing



For many couples, growing your family with another pregnancy may need a little help. It's called 'secondary infertility' and it is unfortunately very common.

At Repromed, we understand the feelings you may be experiencing.

So, if you've been trying to get pregnant again for 12 months (or 6 months if you're over 35) please give us a call, your first appointment at Repromed has no out of pocket expense. Informed decisions start with knowledge and reassurance.

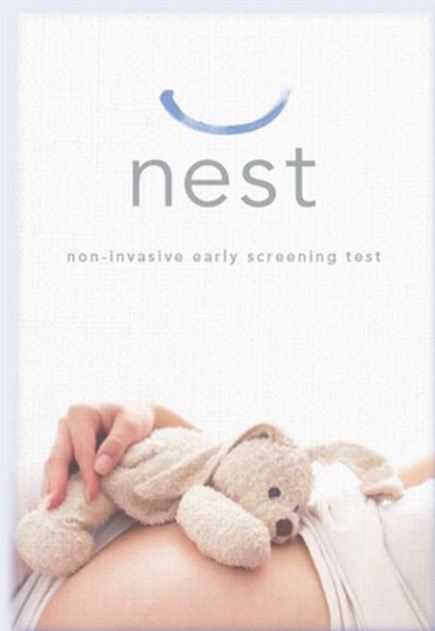
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**YOU STILL MIGHT NEED A LITTLE HELP TO GROW YOUR FAMILY.**

repromed  
Fertility Specialists

*Market leading positions*

*Launching in house non-invasive prenatal testing capability*



*Local targeted marketing*

**Celebrating 25 years in Geelong**  
Fertility and IVF treatment available in Geelong with Monash IVF.

monashivf.com

monash ivf  
life starts here



PART OF THE  
**MONASH IVF GROUP**

# Strategy FY17 and beyond

Our strategy remains consistent and focused, to profitably grow our business through leveraging our scientific capabilities across the clinic network

1

## Science, technology and patient success

- Continue to develop industry leading science and technology
- Deliver patients clinically superior services and increase market penetration
- Promote Monash IVF Group's scientific and clinical excellence with doctors and potential patients

2

## Clinic expansion and acquisitions (Domestic & International)

- Review opportunities to increase Monash IVF Group's scale and market position in womens health, including ARS and imaging services in Australia
- Consider adjacent business opportunities in womens health
- Continue to look at international growth opportunities that meet our investment criteria, particularly building on our existing Asian hub

3

## Lower intervention

- MyIVF (Brisbane) and BUMP IVF (Sydney) ramping up and making an improved contribution
- Monash IVF Group will continue to refine our low intervention model and consider expansion in suitable locations for additional low intervention clinics
- Strategic intent to grow to less than 10% of IVF Patient Treatments (currently 5.6%)



## H1FY2017 Outlook



**Subject to trading in the remaining months, we anticipate reported NPAT for H1FY17 will be approximately 7% up on the previous corresponding period as a result of cost control and improved capital management, notwithstanding the Australian industry decline in Fresh IVF cycles of 3.5% in Q1FY17.**

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

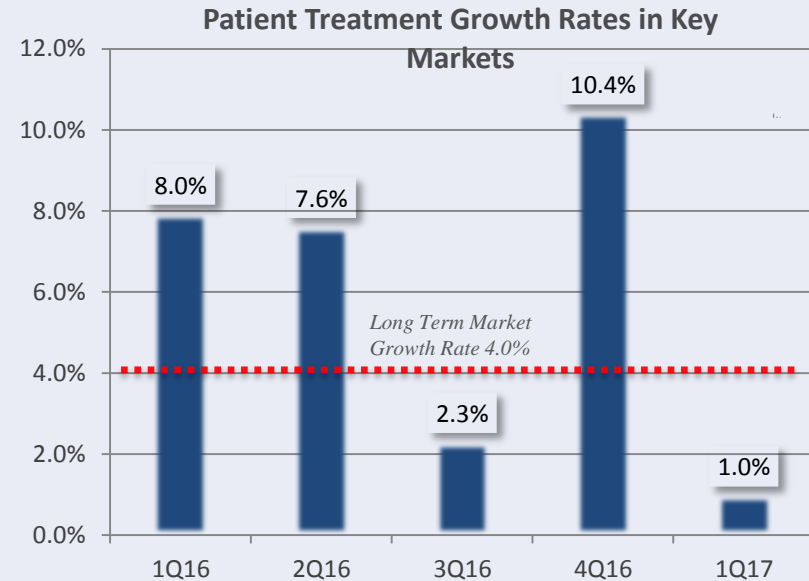
- Strong underlying demand fundamentals for IVF and women's imaging services
- Market leading success rates and a highly respected doctor group
- Cost management and leverage from its international and domestic business
- Acquisitive growth strategy both domestically and internationally



# FY2017 Trading Update

## Australian IVF Market softened in Q1FY17 against very strong comparative volumes in the pcp

- Total Key Market<sup>1</sup> Patient Treatments increased by 1.0% in Q1FY17 vs pcp (increased by 8.0% in Q1FY16 vs pcp). Monash IVF Group decline was 2.6% vs pcp.
- Monash IVF Group fresh cycles declined by 5.1% vs total market decline of 3.5% in Q1FY17.
- Monash IVF Group frozen embryo transfer (FET) cycles increased by 0.6% vs the total market increase of 5.3% in Q1FY17 reflecting our early move to “freeze all” cycles and PGS.
- *As previously stated IVF industry growth rates fluctuate from time to time. We maintain our view the long term Patient Treatment growth rate is expected to be approximately 4% per annum.*



## Australian Patient Treatment Market Share position (Q1FY17)

- Total Australian IVF Patient Treatment market share reduced to 23.8% from 24.5% in the pcp
- Monash IVF Group market share in its Key Markets<sup>1</sup> reduced to 39.7% from 41.1% in the pcp
- We experienced market share growth in Queensland, stable market share in New South Wales and a decline in Victoria and South Australia due to some competitive pressure including a new entrant in the Victorian market, and the overall market increase in FETs where we were the first mover.

*Note<sup>1</sup>: Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and regional market of Albury (New South Wales). Patient Treatments are the sum of fresh and cancelled cycles plus frozen embryo transfers.*

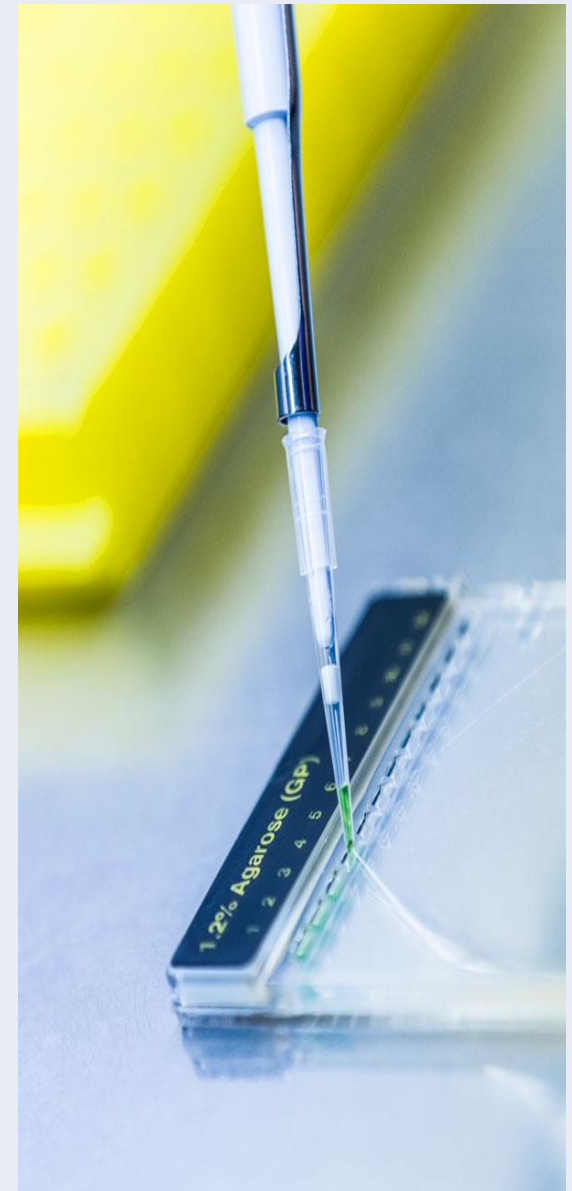
# FY2017 Trading Update - Continued

## Operational & Scientific Update

- To complement our women's imaging services, our investment to in house Non Invasive Prenatal Testing was commissioned in November 2016. This ensures we maintain leading edge science and capture the full margin
- Group Medical Advisory Committee and Group Medical Executive Committee continue to work effectively

## International - KL Fertility Malaysia

- Volume growth vs pcp as we build capacity to accommodate further organic growth through the relocation to a new state of the art clinic (December 2016).
- Continued review of international opportunities with plans to drive non organic strategic growth



## Summary

- ✓ **Track record** of strong long term financial performance
- ✓ **Delivered a strong performance in FY16** with revenue growth (25.3%) and NPAT growth (34.6%)
- ✓ **Acquisitions** providing earnings growth in FY16
- ✓ **FY16 results** impacted by a strong lift in industry growth rates
- ✓ **Fundamental drivers** for the industry are solid, as demonstrated by the FY16 patient treatment growth
- ✓ **Forecast long run Patient Treatment growth** expected to be approx. 4% per annum
- ✓ **Recent acquisitions** were fully integrated in FY16
- ✓ **Currently considering acquisition** opportunities both domestically and internationally
- ✓ **Established formal group wide doctor** feedback and engagement framework
- ✓ **We anticipate the H1FY2017 reported NPAT to be approximately 7% up on pcp**





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24 November 2016

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MONASH IVF GROUP