



Invest in life

FY17 Half Year Results Presentation
20 February 2017

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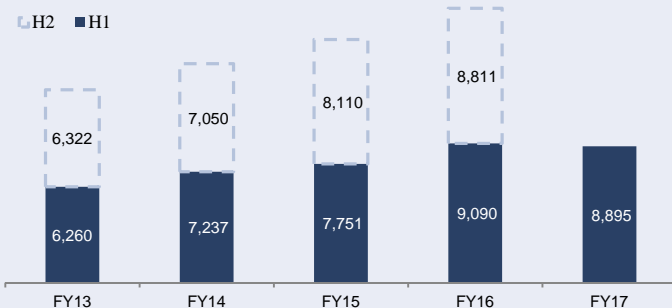
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CEO Summary



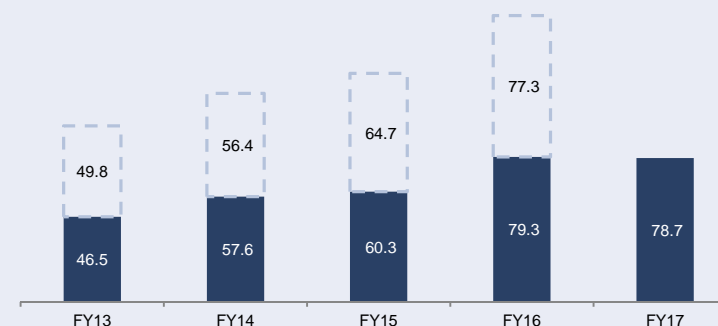
Track record of strong financial performance

Number of Patient Treatments¹



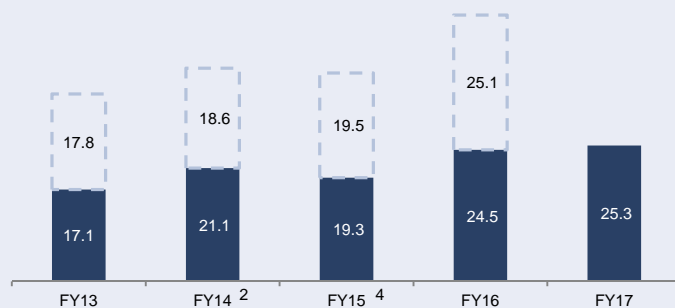
4 Year CAGR³ of 9.2%

Revenue (\$m)



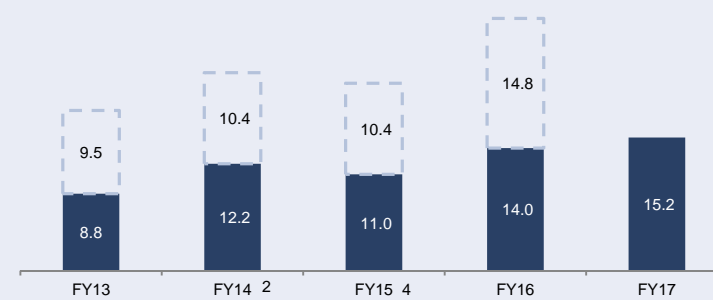
4 Year CAGR³ of 14.1%

EBITDA⁵ (\$m)



4 Year CAGR³ of 10.3%

NPAT (\$m)



4 Year CAGR³ of 14.6%

Strong long term growth across all key metrics

1. Patient Treatments are the sum of Stimulated Cycles, Cancelled Cycles and Frozen Embryo Transfers
2. FY14 adjusted to exclude IPO costs and restructuring costs
3. CAGR is Compound Annual Growth Rate applied to the first half of each financial year
4. 1H15 earnings were impacted unfavourably by below industry trend growth rates and one off start up & acquisition costs of \$975k (Pre-tax)
5. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure which is used by the Group as a key indicator of underlying performance and is not subject to audit or review

1H FY2017 Highlights

- **NPAT** increased \$1.2m (8.8%) to \$15.2m vs pcp (exceeding guidance provided in November 2016)
- **EBITDA⁴** increased \$0.8m (3.1%) to \$25.3m vs pcp
- **Revenues** declined \$0.6m (0.8%) to \$78.7m vs pcp
- **Stimulated Cycle³ market share** increases 0.6% to 25.9% in Key Markets² whilst overall Australian IVF Patient Treatments market share increased 0.1% to 23.4%
- **Key Markets² Stimulated Cycles³** declined 2.4% lower than the overall Key Markets² decline of 4.8%
- **Total Group IVF Patient Treatments⁵** declined 2.1% to 8,895
- **Ultrasound revenues** declined \$0.3m (2.2%) vs pcp in light of decline in market conditions and volume slippage from a key referrer
- **Demand for Non-invasive pre-natal testing** increased by 9.2% to 4,820 tests with in-house capability commissioned November 2016 (branded NEST) supporting growth & increasing breadth of patient service
- **Fully franked interim FY17 dividend** increased 7.5% to 4.3 cents per share vs pcp
- **Strong balance sheet** with net debt to equity ratio of 58.1%, improved ROE and ROA of 19.4% and 10.5% respectively

\$78.7m
Revenue
 1H16 \$79.3m
 Down 0.8% on pcp

\$15.2m
NPAT
 1H16 \$14.0m
 Up 8.8% on pcp

\$25.3m
EBITDA
 1H16 \$24.5m
 Up 3.1% on pcp

84.6%
Cash Conversion¹
 1H16 94.5%
 Down 9.9% on pcp

4.3c
Interim Dividend
 1H16 4.0 cents
 Up 7.5% on pcp

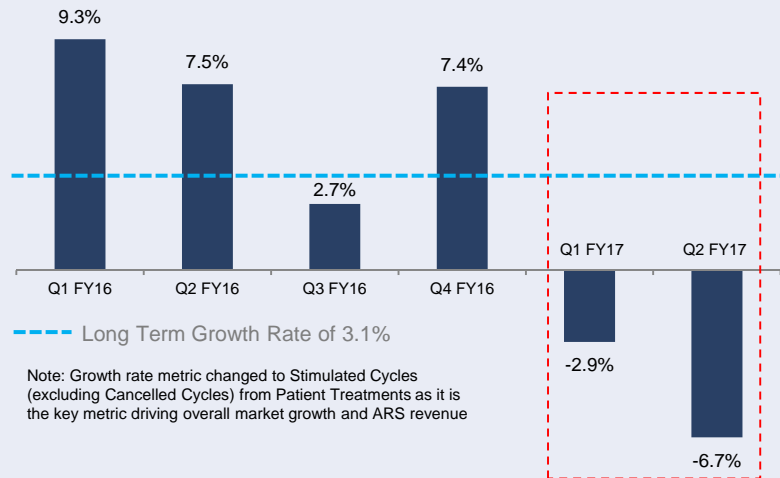
6.48 cents
Basic EPS
 1H16 5.95 cents
 Up 8.8% on pcp

1. Pre-tax conversion of operating cash flow to EBITDA calculated as Cash generated from operations divided by EBITDA
2. Victoria, New South Wales, South Australia, Queensland and Northern Territory. NSW included in Key Markets as MVF holds ~8% market share in largest Australian state-based IVF market
3. Stimulated cycles excludes Cancelled Cycles
4. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure which is used by the Group as a key indicator of underlying performance and is not subject to audit or review
5. Patient Treatments are Stimulated Cycles, Cancelled Cycles and Frozen Embryo Transfers

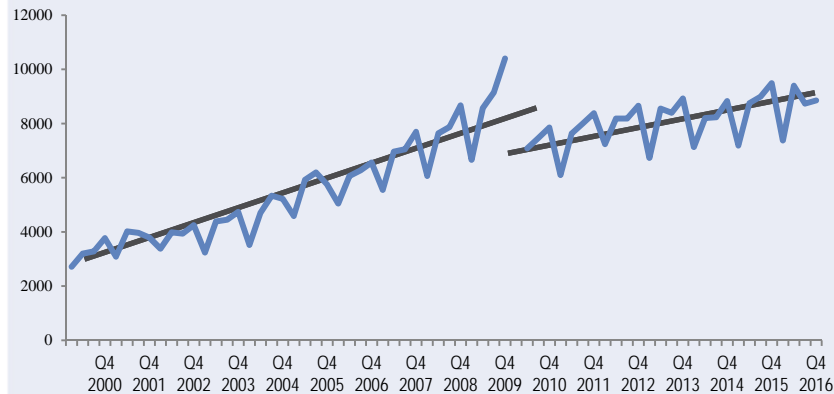
Monash IVF Group delivered solid earnings growth against a softening of industry growth rates

Australian IVF market movement

Stimulated Cycle Growth Rates in Key Markets¹



Number of Stimulated Cycles¹ by Quarter



- The Australian IVF Market softened in 1H17 against very strong comparative volumes in the pcp
- Total Key Markets¹ Stimulated Cycles declined during 1H17 by 4.8% vs pcp (increased by 8.3% in 1H16)
- Total MVF Key Markets¹ Stimulated Cycles declined by 2.4% at a lower rate than the overall Key Markets¹ decline of 4.8%
- MVF Australian Stimulated Cycles declined by 2.4% as compared to the overall Australian market decline of 6.2%
- IVF industry volume decline in our Key Markets¹ in 1H17 was well below long term annual growth rates



Market growth rate will fluctuate from time to time. We maintain our view that the long term Stimulated Cycles growth rate is expected to be approximately 3% per annum

Notes:

1. Based on the combined number of Stimulated Cycles (excluding Cancelled Cycles) in New South Wales, Victoria, South Australia, Queensland and Northern Territory.

A microscopic view of biological tissue, likely a developing embryo, with surgical instruments. The image is in blue and white tones, showing intricate, fibrous structures. A pair of forceps is visible in the upper right corner, holding a thin, translucent strand. The background is dark, making the illuminated tissue stand out.

Financial Highlights

Profit and Loss analysis

\$m	1H17	1H16	% change
Group revenues	78.7	79.3	↓ 0.8%
EBITDA ⁽¹⁾⁽²⁾	25.3	24.5	↑ 3.1%
EBITDA Margin %	32.1%	30.9%	
Depreciation & amortisation	(2.0)	(2.1)	(0.2%)
Net Finance expenses	(1.7)	(2.5)	↓ 30.0%
Profit before Tax	21.5	20.0	↑ 7.7%
Income tax expense	(6.3)	(5.9)	↑ 5.1%
Net Profit for the period	15.2	14.0	↑ 8.8%

- **NPAT increased** \$1.2m (8.8%) to \$15.2m vs pcp
- **Revenues** decreased \$0.6m (-0.8%) to \$78.7m vs pcp due to decline in industry growth rates partly offset by price increases and market share gains
- **EBITDA¹ growth of 3.1% whilst margins improved to 32.1%** as a result of sustainable cost control initiatives
- **Net Finance expenses** declined by 30.0% as a result of a successful refinance of total debt facility in June 2016 on more favourable terms and lower average debt
- **Income tax rate** at 29.1% as a result of R&D concessions and lower tax rate in Malaysia

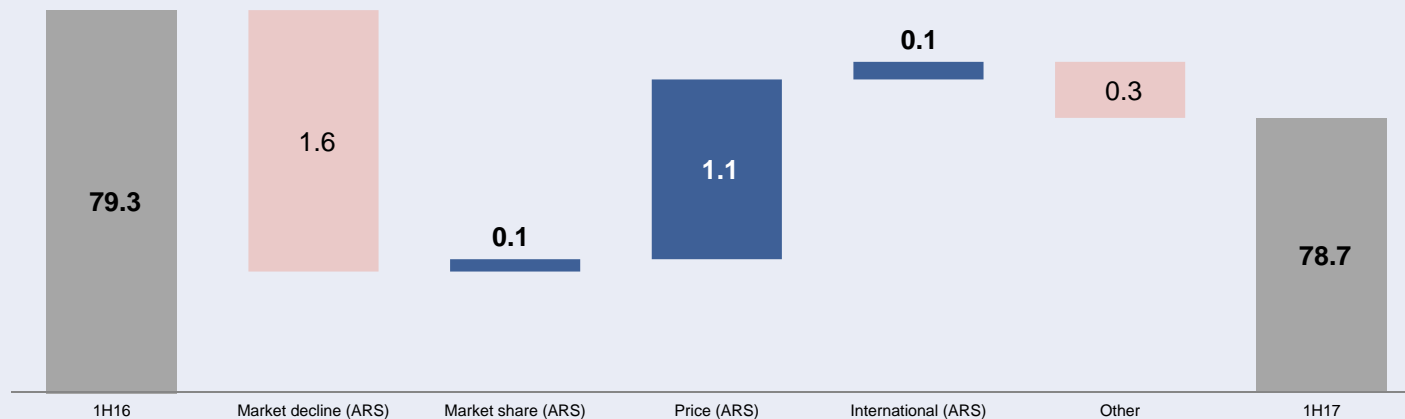
Strong NPAT growth in light of negative industry growth rates

Notes:

1. EBITDA is a non IFRS measure which is used by the Group as a key indicator of underlying performance. This and any other non IFRS measure is not subject to audit and review.
2. EBITDA is earnings before interest, tax, depreciation and amortisation.

Revenue Analysis

Revenue 1H17 vs 1H16 (\$m)



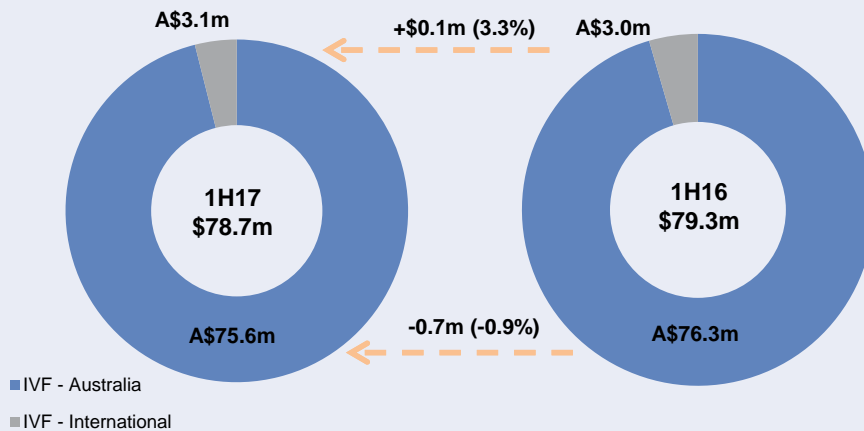
- ▼ **ARS Market decline:** \$1.6m or 2.0% decrease due to 4.8% Stimulated Cycle¹ decline across Key Markets²
- ▲ **ARS Market share:** \$0.1m or 0.1% increase as Key Markets² Patient Treatment market share improves to 25.8% compared to 25.7% pcp
- ▲ **ARS pricing:** \$1.1m or 2.0% revenue growth from price increases across all ARS service offerings
- ▲ **International:** Malaysian clinic volume growth partly offset by unfavourable foreign exchange movements
- ▼ **Other Revenue:** \$0.3m decline as ancillary services impacted by NSW ultrasound market decline and volume slippage from a key referrer

Note: all comparisons for 1H17 vs pcp are on a like for like basis

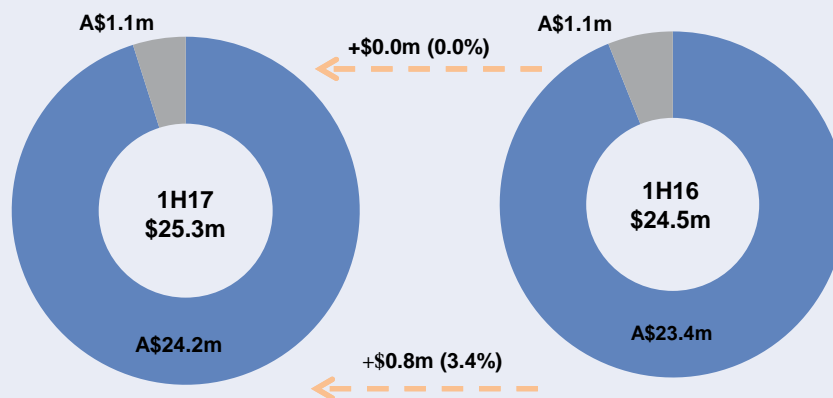
1. Stimulated Cycles exclude Cancelled Cycles
2. Victoria, New South Wales, South Australia, Queensland and Northern Territory. NSW included in Key Markets as MVF holds ~8% market share in largest Australian state-based IVF market

Segmental earnings

Revenue



EBITDA¹



- Australia Revenues** decreased by \$0.7m (-0.9%) to \$75.6m vs pcp due to:
 - Key Markets² Stimulated Cycles³ market volume decline of 4.8%
 - Ancillary revenues impacted by market weakness in specialised women's ultrasound services
 - Comparable Patient Treatment market share vs pcp
 - Price increases across all service offerings
- International Revenues** increased by \$0.1m (3.3%) and stable EBITDA¹ margins with the benefits of strong volume growth being offset with the weakening of MYR foreign exchange against the AUD and investment to support transition to a new clinic
- Australia EBITDA¹** growth of \$0.8m (3.4%)

1. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non IFRS measure which is used by the Group as a key indicator of underlying performance. This and any other non IFRS measure is not subject to audit and review
 2. Victoria, New South Wales, South Australia, Queensland and Northern Territory. NSW included in Key Markets as MVF holds ~8% market share in largest Australian state-based IVF market
 3. Stimulated cycles excludes Cancelled Cycles

Capital Management

Balance Sheet (\$m)	Dec 16	Jun 16	% change
Cash and cash equivalents	4.2	8.5	(50.6%)
Other current assets	10.7	9.3	15.1%
Current liabilities	(26.3)	(36.1)	(27.1%)
Net working capital	(11.4)	(18.3)	(37.7%)
Borrowings	(97.0)	(95.0)	2.1%
Goodwill & Intangibles	254.3	254.0	0.1%
Property Plant & Equipment	15.7	15.2	3.3%
Other assets/liabilities	(2.0)	(1.0)	100%
Net assets	159.6	154.9	3.0%

Capital Metrics	Dec 16	Jun 16	+/-
Net Debt (\$m)	92.8	86.5	-6.3
Leverage Ratio (Net Debt / EBITDA) ¹	1.84x	1.75x	-0.09x
Interest Cover (EBITDA / Interest) ¹	14.2x	11.8x	2.4x
Net Debt to Equity Ratio ²	58.1%	55.8%	2.3%
Return on Equity³	19.4%	19.3%	0.1%
Return on Assets⁴	10.5%	10.1%	0.4%

- **Balance Sheet strength maintained** with net debt to equity ratio of 58.1%
- **Net Debt** increased by \$6.3m to \$92.8m after \$12.3m tax payments (including \$9.5m relating to FY16), \$10.6m dividend payments and \$2.9m capital expenditure
- **Net working capital requirements improved** primarily as a result of settlement of FY16 tax obligations
- **Long-term Debt Facility** in-place with a blend of 3,4 & 5 year term debt with 1st tranche expiring in FY20
- **Debt capacity** of \$58m remains available including \$40m accordion facility and \$5m working capital to support future strategic growth opportunities
- **Significant headroom in Debt Ratios** – Leverage Ratio 1.84x and Interest Cover 14.2x
- **Key Capital Return Metrics** of ROE (19.4%) and ROA (10.5%) improved vs PCP
- **Total Dividend payout ratio 66.4%** vs policy guidance of 60% to 70% of NPAT

Notes:

1. EBITDA is a non IFRS measure which is used by the Group as a key indicator of underlying performance
2. Debt, net of cash balance, divided by equity at balance date
3. NPAT for the previous 12 month period divided by average equity in the same period
4. NPAT for the previous 12 month period divided by average assets in the same period

Cash flow highlights

\$m	1H17	1H16	% change
Net operating cash flow (pre-tax)	21.4	23.1	(7.4%)
Net operating cash flow (post-tax)	9.1	19.0	(52.1%)
Cash flow from investing activities	(3.2)	(4.3)	25.6%
Cash flow from financing activities	(10.0)	(14.0)	28.6%
Net cash flow movement	(4.1)	0.7	
Closing cash balance	4.2	10.6	(60.4%)
Free cash flow ¹	5.9	14.7	(59.9%)



- **Pre-tax conversion** of operating cash flow to EBITDA was 84.6% (1H16: 94.5%)
- **Free cash flow** declined by \$8.8m or 59.9% predominantly due to anticipated FY16 corporate tax payment (\$9.5m)
- **Financing activities** include \$10.6m final FY16 fully franked dividend paid
- **Investing activities** includes investment into an IVF joint venture in Hobart, Tasmania (Fertility Tasmania) as a minority shareholder (\$315k) and capital expenditure of \$2.9m on non-invasive pre-natal testing technology, upgrade to patient management systems and equipment refresh

Notes:

1. Free cash flow is Net operating cash flow (after tax) less cash flow from investing activities

Operational Highlights



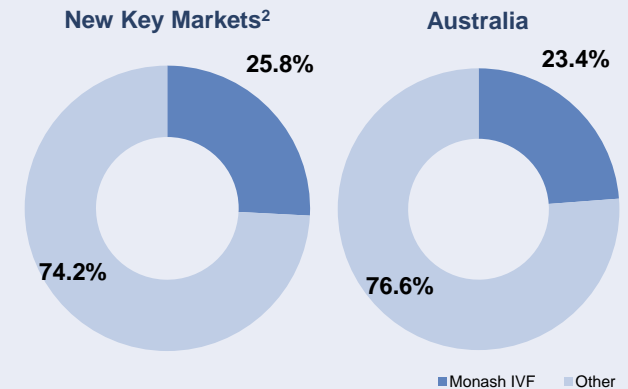
Australian market share - IVF

Market share - IVF	1H17	1H16	% change
Stimulated Cycles³			
MVF Stimulated Cycles ³ in New Key Markets ²	4,557	4,668	(2.4%)
MVF market share in New Key Markets ²	25.9%	25.3%	0.6%
MVF Stimulated Cycles ³ in Australia	4,557	4,668	(2.4%)
MVF market share in Australia	23.0%	22.1%	0.9%
Patient Treatments¹			
MVF IVF Patient Treatments ¹ in New Key Markets ²	8,228	8,523	(3.5%)
MVF market share in New Key Markets ²	25.8%	25.7%	0.1%
MVF Patient Treatments ¹ in Australia	8,228	8,523	(3.5%)
MVF market share in Australia	23.4%	23.3%	0.1%

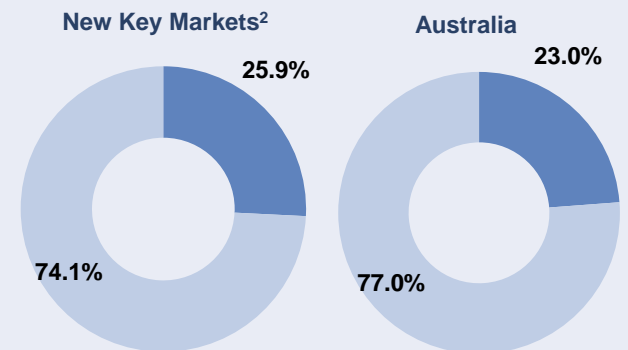
- Stimulated Cycle³ market share** in New Key Markets² increased to 25.9% vs 25.3% pcp whilst Australian market share in Stimulated Cycles³ increased by 0.9% to 23.0% vs pcp
- Patient Treatment¹ market share** in New Key Markets² increased to 25.8% from 25.7% pcp as Australian market share in Patient Treatments¹ increased by 0.1% to 23.4% vs pcp
- Victorian Market Share** only marginally declined notwithstanding the entry of a low cost provider, reflecting the resilience of our premium brand and services
- Market Share Growth** in Queensland whilst we experienced stable market share in New South Wales and South Australia

As a result of our market share in NSW growing to ~8% which is the largest state-based Australian market, we have re-classified our Key Markets to include NSW. This key metric will be used in future disclosures when referencing market share and ARS growth rates. (Old Key Markets⁴ Patient Treatment market share is 39.1% (pcp:39.0%))

Patient Treatment¹ Market Share



Stimulated Cycle³ Market Share



Notes:

- IVF Patient Treatments are the sum of fresh and cancelled cycles and frozen embryo transfers consistent with historical reporting metrics
- Victoria, South Australia, Queensland, Northern Territory and New South Wales
- Stimulated cycles (excluding Cancelled Cycles)
- Victoria, South Australia, Queensland, Northern Territory and Albury (NSW)

Pricing and treatment mix

IVF Treatment numbers	1H17	1H16	% change
Monash Group – Australia			
Stimulated cycles	4,557	4,668	(2.4%)
Cancelled cycles	504	561	(10.2%)
Frozen embryo transfers	3,167	3,294	(3.9%)
Total IVF Patient Treatments	8,228	8,523	(3.5%)
Monash Group – International			
Stimulated cycles	338	307	10.1%
Cancelled cycles	28	19	47.4%
Frozen embryo transfers	301	241	24.5%
Total IVF Patient Treatments	667	567	17.6%
Total Monash Group			
Stimulated cycles	4,895	4,975	(1.6%)
Cancelled cycles	532	580	(8.3%)
Frozen embryo transfers	3,468	3,535	(1.9%)
Total IVF Patient Treatments	8,895	9,090	(2.1%)
Stimulated cycles as a % of Total Patient Treatments	55.0%	54.7%	
Other Treatment numbers	1H17	1H16	% change
Total Monash Group			
Ultrasound Scans	37,529	41,218	(9.0%)
Preimplantation Genetic Screening/Diagnosis	872	917	(4.9%)
Non Invasive Prenatal Testing (NIPT)	4,820	4,427	9.2%

- **Australian Stimulated cycles** declined by 2.4% as compared to Australian industry decline of 6.2%
- **Total IVF Patient Treatments** declined from 9,090 to 8,895 (-2.1%) vs pcp. Strong growth again in Malaysia at 17.6%
- **Australian IVF Patient Treatments** declined by 3.5% to 8,228 as Australian IVF industry declined by 4.1%
- **Cancelled cycles** declined by 10.2% due to more effective scientific protocols
- **IVF Revenue per Patient Treatment** increased by 1.8% due to price increases across all service offerings
- **Ultrasound scan** volume declines by 9.0% to 37,529 as specialised women's ultrasound services decline in the NSW market and volume slippage from a key referrer
- **Demand for Non-invasive pre-natal testing** increased by 9.2% to 4,820 as in-house capability commissioned November 2016 to increase breadth of patient service and allow us to capture full margin
- **Pre-implantation genetic screening/diagnosis** declined by 4.9% as more targeted use of this new technology is applied in our key early adopting clinic

Expanding domestic footprint & brand consolidation

Acquisitions, New Locations & Medical Specialists



- New Monash Ultrasound for Women clinic opened in Berwick, Melbourne in August 2016
- New women's ultrasound services commenced in Adelaide, South Australia from November 2016
- Commenced IVF services in Hobart, Tasmania as a minority shareholder (35%) in Fertility Tasmania during December 2016
- In-housing of NIPT capability in November 2016 available across all women's ultrasound practices
- Medical specialists grew to 107 (89 Fertility Specialists & 18 Sonologists)

Premium Service Model



- Consolidation to Monash IVF brand in the NSW market focusing on full service IVF offering
- Rebranding low-cost "Bump" brand in Mosman, NSW to "Monash IVF" highlighting our focus on the premium market position
- Rebrand of "Next Generation Fertility" in Parramatta, NSW to "Monash IVF"
- Now have 5 full service IVF clinics across NSW
- One-Monash IVF brand in NSW will result in a stronger brand presence and a more compelling story to potential patients and general practitioners
- "MyIVF" medium-cost brand remains a viable part of our strategy to have the operational capability and to understand the low cost/low intervention non-premium market

International – KL Fertility

- **Continued strong growth in volumes** achieved as new fertility specialists continue to gain traction
- **Building clinic capacity** with relocation allowing accommodation of demand growth
- **Slight EBITDA⁽¹⁾⁽²⁾ margin compression** as we build capacity and capability in readiness for the new state-of-the-art facility
- **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	1H17	1H16	% change
Revenue	\$3.1m	\$3.0m	↑ 3.3%
EBITDA ⁽¹⁾⁽²⁾	\$1.1m	\$1.1m	0.0%
EBITDA margin	35.5%	36.7%	(1.2%)
Patient Treatments	667	567	↑ 17.6%

Notes:

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FY17 Outlook



FY2017 Full Year Outlook



We anticipate the reported FY17 NPAT will be above the prior year, the quantum of which is dependent on Stimulated Cycles¹ market growth rates, particularly in 4Q17. We continue to benefit from cost control and improved capital management, however there has been no apparent reversion of ARS industry growth rates to long term market trend growth rates in the first two months of 2H17

1. Stimulated cycles (excluding Cancelled Cycles)

Monash IVF Group is well positioned 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
- Clear strategy to focus on our premium services and brands
- Cost management and leverage from its international and domestic business
- Acquisitive growth strategy both domestically and internationally

Strategy FY18 and beyond

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

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 women's health, including ARS and imaging services in Australia
- Consider adjacent business opportunities in women's health
- Continue to consider international growth opportunities that meet our investment criteria, particularly building on our existing Asian hub

3

Premium Service Offering

- Focus on one-Monash premium IVF brand strategy
- Focus on full service IVF model and providing full service IVF experience
- Look at adding cross selling additional services to current patients ("Embryo Screen" Test, Non Invasive Pre-natal Testing branded as "NEST")
- "MyIVF" remains a low intervention, medium-cost brand in non-premium market segments



Summary

Summary

- ✓ **Track record** of strong long term financial performance
- ✓ **Delivered a strong profit performance in 1H17** with NPAT growth of 8.8%
- ✓ **1H17 results** impacted by a softening in IVF industry growth rates
- ✓ **Market Share growth** delivered in 1H17
- ✓ **Fundamental drivers** for the industry remain solid
- ✓ **Forecast long run IVF Stimulated Cycles growth** expected to be approx. 3% per annum
- ✓ **Brand consolidation continues** as Next Generation Fertility rebranded to Monash IVF
- ✓ **Reaffirmed clear strategic market position as a premium service provider** through the conversion of a low intervention clinic
- ✓ **Currently considering acquisition** opportunities both domestically and internationally
- ✓ **Formal group wide doctor** feedback and engagement framework continues to work effectively
- ✓ **We anticipate the FY2017 reported NPAT will be above prior year**



Overview of Monash IVF Group

Core Assisted Reproductive Services

- 22 clinics
- 5 service centres
- 89 Fertility Specialists
- 6 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
- 3 Australian states



SYDNEY ULTRASOUND for WOMEN



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

Questions

