



## ASX Announcement

### Monash IVF Group Limited (ASX: MVF)

24 November 2017

#### **MONASH IVF GROUP ANNUAL GENERAL MEETING: ADDRESS BY CHAIRMAN, MR RICHARD DAVIS**

---

Good afternoon and welcome to Monash IVF's fourth AGM since listing on the ASX.

Today I will focus on our key achievements, financial performance and an operational update before handing over to David Morris to introduce himself as the new Chief Executive Office and Managing Director, followed by Michael Knaap to take you through the detail of our achievements.

Monash IVF Group continues to focus on developing industry leading science and technology in the assisted reproductive services and broader women's health sector so our patients' prospects of delivering a healthy baby are as strong as possible.

This focus is the foundation for the Group's strategic market positioning as the leading premium service provider in the Assisted Reproductive Services (ARS) sector.

Monash IVF Group delivered an increase to earnings in FY17 despite a decline in patient treatments and associated revenues. Net profit after tax increased 2.9% or \$0.8m to \$29.6m against the previous year.

The Monash IVF Group Board and management are committed to driving further earnings growth, both domestically and abroad, through a well-defined strategy.

Locally, the Australian IVF Market softened in FY17 against very strong comparative volumes in the previous year. Total Australian Stimulated Cycles declined by 0.2% in FY17 as compared to FY16 growth of 6.8%. Monash IVF's Australian IVF market share only declined marginally in FY17, demonstrating the strength and resilience of our premium offering. Importantly, market share in Victoria (Monash IVF's largest market) increased slightly in the last quarter.

Much of the growth in the IVF market has been in the low-cost IVF sector where Monash IVF does not participate. We believe many of these customers were never likely to seek out Monash IVF's premium service offering. We stand committed to our premium service offering and focus on achieving one of the highest take home baby rates for our patients – recognising that we serve the widest range of patients. We pride ourselves on taking on – and regularly succeeding – when it

comes to the most challenging fertility cases. In the service of this objective, we have been at the forefront of scientific developments.

Queensland and New South Wales IVF services performed solidly. We've seen very pleasing traction in NSW after rebranding our Bump low intervention clinic to full service and also rebranding our Next Generation Fertility clinic to Monash IVF. This gives us a strong brand platform to pursue growth in this market.

We continue to expand our women's' imaging footprint as we commissioned new ultrasound clinics in Melbourne, Adelaide, and the Gold Coast.

Complementing the Group's women's imaging services has been the successful launch of our Non Invasive Prenatal Test. Volumes were up 8.4% to 9,834 in FY17. The feedback from medical practitioners has been positive in response to the detailed reporting and a fast turnaround time offered. We believe this test has many significant advantages over other tests on the market.

The KL Fertility business in Malaysia continued to deliver strong growth in patient treatments of 10.1% during FY17. EBITDA increased in FY17 to \$2.5m. The team has now transitioned to a new state of the art purpose built clinic and day surgery to accommodate demand growth experienced in Malaysia. The growth of this business is a clear indication we have the expertise and the capability to grow our business through the right overseas opportunities. There are a number of attractive overseas assets coming to market in the coming year and we are taking a very close look at opportunities that meet our strict investment criteria. We have also appointed an International Business Development Manager to assist the Group with its growth ambitions.

I would now like to provide some insight into the first half of the 2018 financial year.

Total Australian stimulated cycles market increased by 4.3% in the first quarter of FY18 in comparison to the previous corresponding period (pcp). Consistent with FY17, much of the growth during this period has been in the low cost-IVF sector where as previously outlined, Monash IVF strategically does not participate. As a result, our Australian stimulated cycles market share for the first quarter of FY18 declined by 2.5% representing a 6.6% decline in our stimulated cycles.

During FY18 we are continuing to invest in leading science and new technologies, international business development and our people to ensure Monash IVF's long term sustainability and growth prospects are maximised. In FY18, we have also absorbed some one-off expenditure related to a departing clinicians legal case and recruitment of David Morris as the new CEO and MD.

Furthermore, Monash IVF and its 32 Victorian based clinicians have implemented a comprehensive plan to mitigate the impact of a departing high volume clinician in Victoria and we remain focused on providing a smooth transition and continuity of excellent care for our patients. This transition is an enormous decision for our patients as they evaluate their options and therefore the speed of the patient transition will negatively impact our financial performance during H1FY18.

Therefore, as a result of the factors outlined above, including one-off expenditure, and subject to trading in the remaining months, we anticipate reported NPAT for H1FY18 will be approximately \$3m down on the previous corresponding period.

Further guidance on the full year earnings will be provided at our half year results announcement with an update on patient transition from a departed doctor and other initiatives planned to improve earnings in FY18.

The Board were pleased to announce the appointment of Mr David Morris as the new CEO and Managing Director who commenced with the Monash IVF Group on 13 November 2017. David has more than 20 years of leadership, international business development and strategy experience. Over his 13 years at Cochlear Limited, the global leader in implantable hearing solutions, which includes; cochlear implants, bone conduction implants and middle ear implants, David has served as Chief Strategy Officer, having previously served as President of Cochlear Bone Anchored Solutions and as Senior Vice President of Business Development.

We are pleased to welcome someone with the nature of David's experience in healthcare, international business development and strategy setting and execution. We are confident that his leadership, skills and experience will be of significant benefit at a time where we continue to explore strategic growth opportunities domestically and in global markets.

I would also like to thank the Monash management team, in particular Michael Knaap, for their efforts and support during the CEO transition.

I would like to extend my thanks to the Group's dedicated and passionate doctors, nurses, scientists and support staff that make sure every patient is given superior care and the management team for delivering the FY17 financial result.

Finally, my thanks to you, our shareholders, for your ongoing support. I look forward to updating you on our achievements in 2018 and beyond.

I now invite the CEO and MD David Morris to introduce himself followed by the CFO Michael Knaap to provide further details.

**-ENDS-**

**About Monash IVF Group**

Monash IVF Group is a leading provider of assisted reproductive services and specialist women's 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.