MONASH IVF GROUP

Life starts here

FY19 Half Year Results Presentation

25 February 2019

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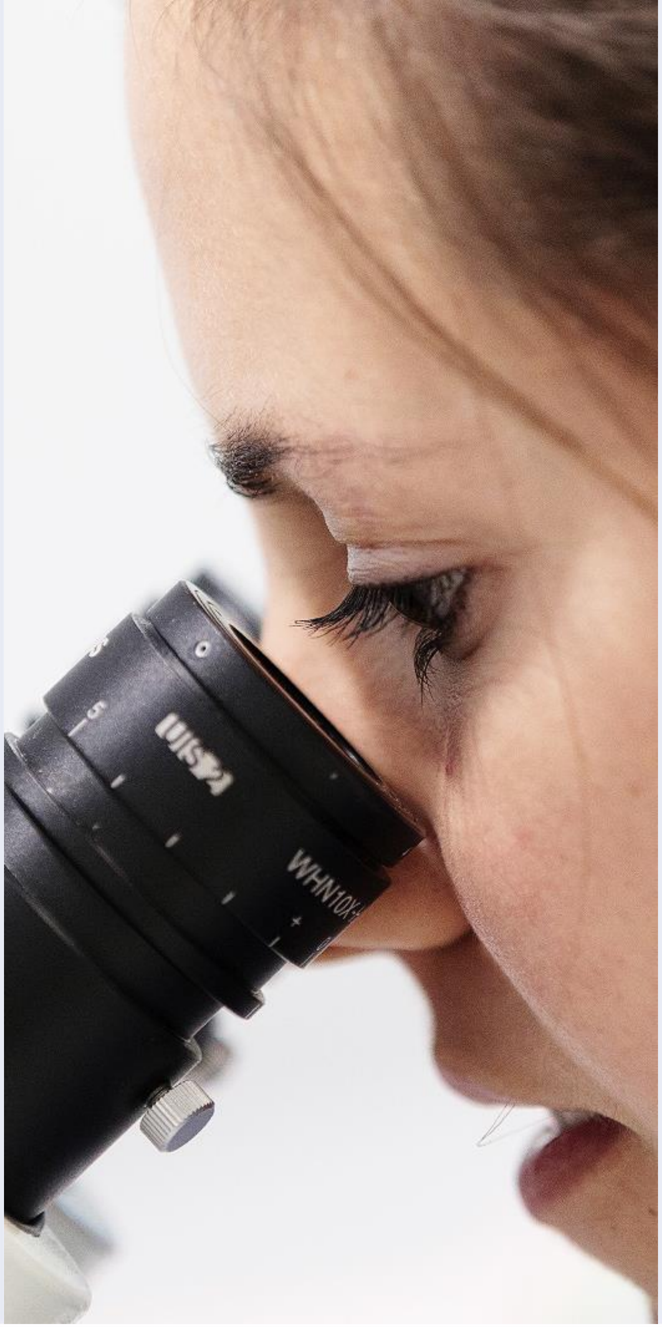


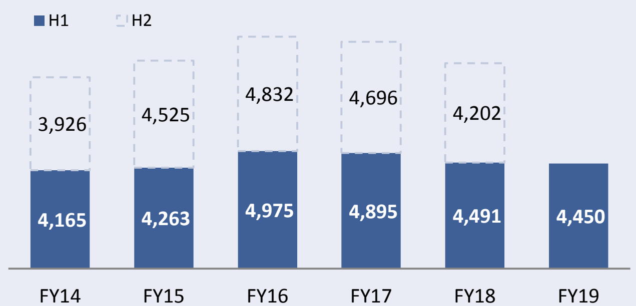
1H19 Executive Summary

- **NPAT exceeded guidance provided at the AGM,** 11.3% below pcp before one-off non-recurring items
- **Premium Service Business** Stimulated Cycles grew by 7.0% excluding impact from departed Specialist (15.6% combined growth in NSW, QLD and SA)
- **ARS International growth continues** as Stimulated Cycles grew by 25.4% on pcp
- **Operating Priorities are ahead of plan** and beginning to deliver sustainable growth in the future
- 1H19 Financial Result was impacted by **Q1 volume decline** compared to pcp due to **departure of a Fertility Specialist** in September 2017
- **Long-term funding secured** as the Syndicated Debt Facility is extended to January 2022
- **Strong pre-tax cash conversion of EBITDA** to operating cash flows of 100.3% compared to 85.0% in pcp
- Continue to focus on our **Premium Service strategic growth** intent
- **FY19 profit guidance re-confirmed** to return to full year NPAT growth excluding one-off non-recurring items
- **CEO recruitment process** is well advanced with appointment expected by end of this Financial Year

MVF long term performance

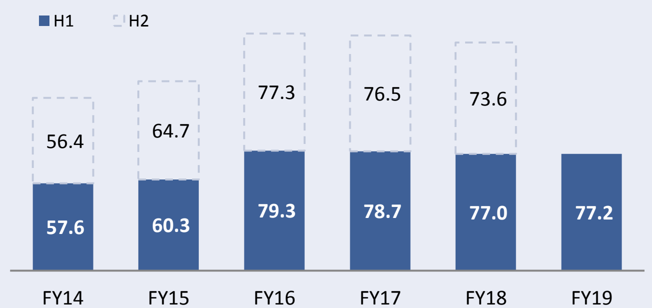
We have a track record of solid performance against the 5-year Stimulated Cycle industry CAGR of 1.7%[7], however FY18 and 1H19 have been impacted by the departure of a Specialist.

Stimulated Cycles



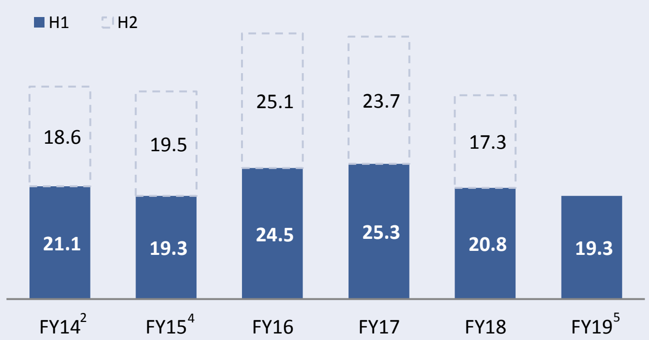
5 Year CAGR[1] of 1.3%

Revenue ($m)



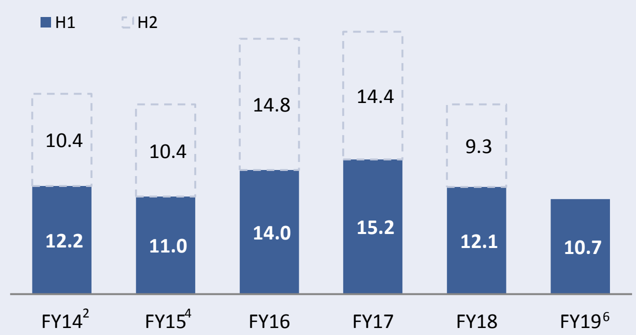
5 Year CAGR[1] of 6.0%

EBITDA[3] ($m)



5 Year CAGR[1] of -1.8%

NPAT ($m)



5 Year CAGR[1] of -2.6%

1. CAGR is Compound Annual Growth Rate
2. FY14 adjusted to exclude IPO costs and restructuring costs
3. Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure which is used by the Group as a key indicator of performance and is not subject to audit
4. FY15 earnings were impacted unfavourably by below industry trend growth rates and one off start up & acquisition costs of $975k (Pre-tax)
5. 1H FY19 EBITDA excludes one-off CEO notice period cost of $473k (Pre-tax) and Mosman clinic closure make-good provision of $100k (Pre-tax)
6. 1H FY19 NPAT excludes one-off CEO notice period cost of $473k (Pre-tax) and Mosman clinic closure asset write-off and make-good of $982k (Pre-tax)
7. 5 year Stimulated Cycle CAGR to 30 June 2018

1H19 Financial Summary

Revenue
$77.2m

1H18 $77.0m
Up 0.3%

Underlying EBITDA[(1)(4)]
$19.3m

1H18 $20.8m
Down 7.0%

Statutory EBITDA: $18.7m
Down 9.8%

1H19 Dividends
3.0c

1H18 3.4 cents
Down 11.8%

Underlying NPAT[(2)(5)]
$10.7m

1H18 $12.1m
Down 11.3%

Statutory NPAT: $9.7m
Down 19.8%

Cash Conversion[(3)]
100.3%

1H18 85.0%
Up 18.0%

Basic EPS
4.10c

1H18 5.12 cents
Down 19.9%

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 performance and is not subject to audit or review
2. NPAT attributable to Ordinary Shareholders
3. Pre-tax cash conversion of EBITDA to operating cash flow calculated as Cash generated from operations divided by EBITDA
4. Underlying EBITDA includes adjustments for one-off items (Mosman clinic closure make good provision ($100,000 pre-tax) and CEO Notice period costs ($473,000 pre-tax)
5. Underlying NPAT includes adjustments for one-off items (Mosman clinic closure accelerated depreciation ($882,000 pre-tax), make good provision ($100,000 pre-tax) and CEO Notice period costs ($473,000 pre-tax)

ARS Australia - Operational Performance

Strong growth achieved outside of Victoria minimising the impact from departed Specialist.

Volume	• **15.6% Stimulated Cycle growth** achieved across SA, NSW and QLD. As a result, **Premium Service Stimulated Cycles** (excluding the impact from a departed specialist) **grew by 7.0%** compared to pcp • **NSW Premium Service activity** showing strong growth after successful closure of Mosman clinic and transition of patients to the Bondi Junction clinic • **Queensland Stimulated Cycle growth** derived from Premium Services Business as low cost MyIVF clinic represents < 2% of Australian Stimulated Cycles • **Victorian Stimulated Cycle activity** impacted by departure of a Specialist. Comparative volume metrics will be like-for-like from 2H19 • **Overall, Monash IVF Australian Stimulated Cycles** declined by 3.6% compared to pcp • **Encouragingly, 4.4% Stimulated Cycle growth achieved** in 1H19 in comparison to 2H18
Market Share	• **Market Share growth achieved** in all Key Markets[1] except for Victoria • **October YTD Australian Stimulated Cycle market share** declined by 1.5% to 19.0%. • Our view remains that the **long-term Stimulated Cycle growth rate** will be approximately 2.0%.
Revenue and EBITDA	• **Australian Segment Revenue** (including Diagnostic services) declined by $1.4m or 1.9% compared to pcp reflecting the 3.6% Stimulated Cycle decline, partly offset by 2-3% price increases across all service offerings • **Fertility revenue** outside of Victoria increased by 13.2% driven by growth across SA, NSW and QLD • **Australian Segment EBITDA** (including Diagnostic services and excluding one-off non-recurring items) declined by 12.0% due primarily to the ARS volume declines, investment aligned with progressing our Operating Priorities, clinician investment and increased marketing.

1. Key Markets of New South Wales, Victoria, South Australia, Queensland and Northern Territory

ARS Australia - Operational Performance (continued)

Continued investment into our Operating Priorities to deliver sustainable growth.

Scientific Leadership

- **Non-invasive pre-implantation genetic screening (NIPGS)** developed, tested and patented. Technology will become available to all Monash IVF Group clinics this financial year
- **Creation of Group Scientific Advisory Committee** which is fast tracking greater collaboration and standardisation of practices and protocols ("The Monash Way") across the Monash IVF Group
- **Entered into new collaborative partnerships** including artificial intelligence capability with Life Whisperer and sperm selection device with Memphasys whilst continuing to build a strong R&D pipeline

Clinical Excellence

- **Investment into facilities** including refurbishment of the Clayton Fertility clinic, additional space at the Gold Coast Fertility clinic catering for growth, and new consulting locations broadening our reach
- **Seven new Fertility Specialists** recruited in FY18 have contributed to strong growth achieved in SA and NSW and also supports succession planning. Attraction of new specialists is on-going with three Specialists recently contracted and a positive new specialist pipeline
- **IT and Telephony infrastructure upgrades** enabling increased network efficiency and stability supporting our wide spread clinic network and improving quality of communications with our Patients
- **Fixed cost base reduced** from closure of under-performing Mosman (Sydney) Clinic in November with Patients transitioned successfully to the Bondi Junction clinic

Patient Experience

- **Utilisation of Net Promoter System (NPS)** is driving action to improve our Patients' experience with Monash IVF. NPS measures have improved in the first half
- **Patient Experience review** continues across our network including introduction of a new Nurse Model of Care and reduction in in-effective touch points during the patient journey improving our service delivery
- **Better patient funding** solutions to increase access to treatment

Diagnostics Performance

We continue to build our in-house Diagnostic capabilities and develop new technologies, whilst facing increased competition in the NSW Ultrasound market.

- **Ultrasound Scan volumes** increased by 1.4% from 38,097 to 38,633
- **Sydney Ultrasound for Women** scans declined by 3.2% due to greater competitive pressure as a result of a shift to the public sector
- **Construction commenced at the new flagship Women's Imaging clinic** in Sydney CBD with planned opening in March as well as refurbishment of our Clayton clinic in Victoria
- **Pre-implantation genetic screening/diagnosis** decreased by 9.4% from 823 to 746 with a stable penetration rate of 19%
- **Non-invasive PGS technology commercialisation progressed** with regulatory approval and roll out expected this financial year
- **NIPT volumes** increased by 4.0% from 6,282 to 6,536 as NIPT revenue now represents 3.6% of Group revenue
- **Plan to expand our genetic testing capability** which will enable better integration from pre-conception to pre-natal genetic activities

MONASH ULTRASOUND FOR WOMEN

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SYDNEY ULTRASOUND for WOMEN

ARS International Performance

ARS International continues to demonstrate exceptional growth with EBITDA up by 53.7%

- **Revenue** increased by 41.7% from $3.91m to $5.54m as Stimulated Cycles increased by 25.4% from 413 to 518
- **EBITDA** increased by 53.7% to $2.49m from $1.62m, now contributing 13% of Group EBITDA
- **EBITDA Margin %** increased by 3.5% to 44.9%, as we continue to leverage the cost base from incremental volumes
- **New Fertility Specialist recruited** in H2 FY18 has provided capacity for future growth and succession planning
- **Asia Pacific expansion strategy developed** with identification of key regional JV / partners and opportunities continuing

Financial Overview

1H19 Profit and Loss Overview

Whilst NPAT before one-off items is down 11.3%, underlying Business remains solid as we invest in our Strategic and Operating Priorities

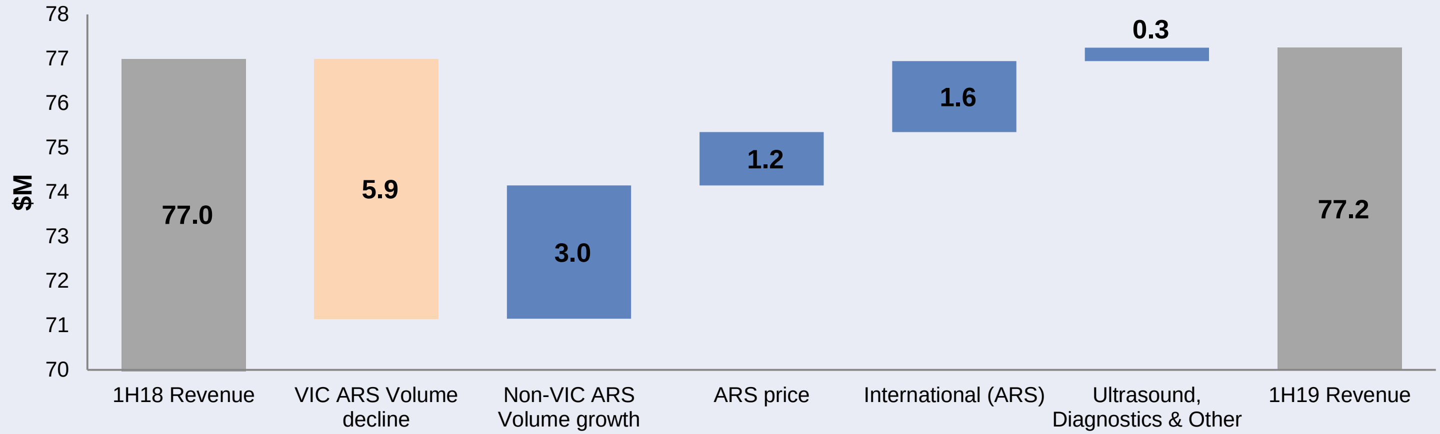
$m	1H19	1H18	% change
Group revenues	**77.2**	**77.0**	**0.3%**
EBITDA[1] excluding non-recurring one-off costs[2]	**19.3**	**20.8**	**(7.0%)**
EBITDA Margin %	*25.0%*	27.0%	
Depreciation & amortisation[3]	2.5	2.4	4.2%
Net Finance expenses	1.9	1.7	11.8%
Profit before Tax	**14.9**	**16.7**	**(10.8%)**
Income tax expense excluding non-recurring one-off costs	4.2	4.7	(10.6%)
NPAT excluding non-recurring one-off costs (attributable to ordinary shareholders)	**10.7**	**12.1**	**(11.3%)**
Mosman clinic closure and CEO separation costs (post tax)	1.0	-	
Statutory NPAT (including minority interest)	**9.6**	**12.0**	**(19.4%)**
Statutory NPAT *(attributable to ordinary shareholders)*	**9.7**	**12.1**	**(19.8%)**

- **NPAT exceeded guidance provided at the AGM**, 11.3% below pcp before one-off non-recurring items
- **Revenues** increased by $0.2m (0.3%) to $77.2m vs pcp due to:
  - **$3.6m** revenue increase in SA, NSW and QLD fertility clinics and **$1.6m** revenue increase in Malaysian fertility clinic
  - **$5.0m** revenue decline in Victorian fertility clinics as a result of a departing specialist
- **EBITDA[1][2]** Margin declined to 25.0% however it has improved compared to 23.5% in H2 FY18. The decline from pcp is due to:
  - Volume gains in NSW, QLD, SA and Malaysia, offset by higher marginal impact from volume loss in Victoria;
  - Investment in new Clinicians ($0.3m) and increased marketing ($0.4m);
  - Progressed our Strategic and Operating Priorities
- **Net Finance costs** increased by $0.2m due to a moderate increase in debt margin and variable rates
- **Mosman clinic closure (post tax)** includes $0.7m asset accelerated depreciation and make good provision
- **Reported Income tax rate at 28.4%**

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 performance and is not subject to audit or review.
2. EBITDA excluding CEO separation costs ($473k pre-tax) and Mosman make-good provision ($100k pre-tax)
3. Depreciation and Amortisation excluding accelerated depreciation for assets relating to the Mosman clinic closure ($882k pre-tax)

1H19 Revenue Analysis

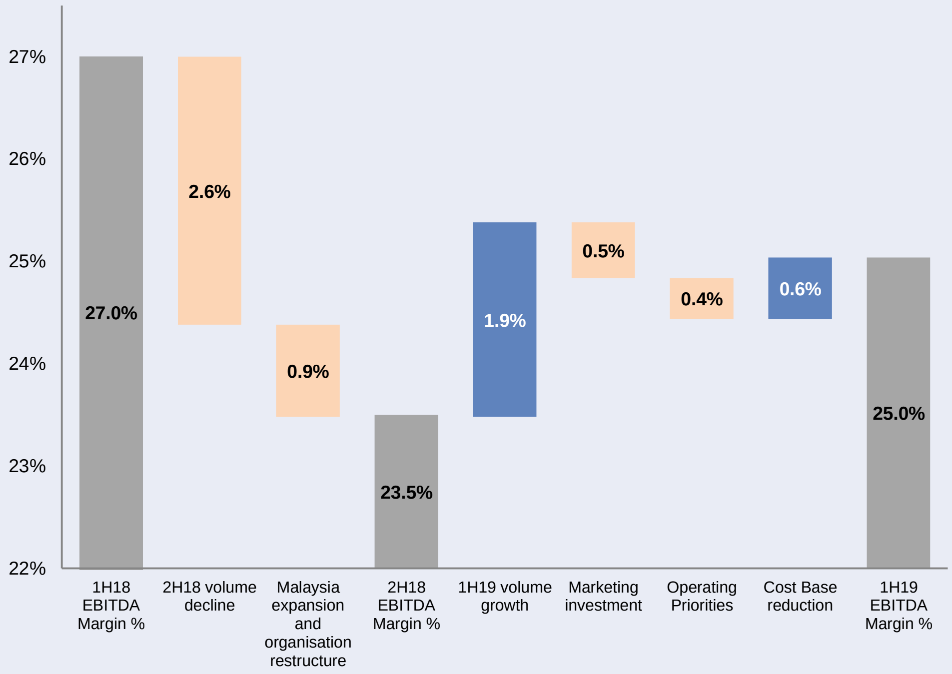
Revenue growth achieved notwithstanding revenue impact from departure of a Specialist



- **VIC ARS Volume decline:** $5.9m revenue decline from departure of a Specialist in September 2017, having an impact on the first half comparatives to pcp
- **Non-VIC ARS Volume growth:** $3.0m revenue increase from Stimulated Cycle growth in NSW, QLD and SA. **15.6% Stimulated Cycle growth** in these markets combined
- **ARS price:** $1.2m revenue increase from price increases of 2-3% across all ARS service offerings
- **International (ARS):** $1.6m revenue increase from our Malaysian clinic as Stimulated Cycles increased by 25.4% as compared to pcp
- **Ultrasound, Diagnostics & Other:** $0.3m revenue increase derived from increased Day Surgery income at the Adelaide day surgery unit commenstrate to fertility activity growth experienced in the SA market.

1H19 EBITDA Margin Analysis (excluding non-recurring one off items)

EBITDA Margin % has improved in 1H19 as compared to 2H18.



- **EBITDA margin improvement of 1.5%** in 1H19 compared to 2H18 due to volume growth in NSW, QLD, SA and Malaysia and cost effective management while investing in demand driven marketing and Strategic and Operating Priorities
- **Strategic and Operating Priorities expenditure** including non-invasive PGS, time-lapse technology, clinical protocol improvement and clinician recruitment
- **Cost base reduction** includes re-aligning our cost base in Victoria

Capital Management Overview

Balance Sheet stronger as Leverage ratio improves and Long-term Debt Facility is extended to FY22.

Balance Sheet ($m)	31 Dec 2018	30 Jun 2018	% change
Cash and cash equivalents	**4.6**	**3.9**	**18.0%**
Other current assets	11.4	12.8	(10.9%)
Current liabilities	(21.2)	(21.8)	2.8%
Net working capital	**(5.2)**	**(5.1)**	**(2.0%)**
Borrowings	(93.0)	(98.0)	(5.1%)
Goodwill & Intangibles	256.4	256.1	0.1%
Property Plant & Equipment	15.1	16.9	(10.7%)
Other assets/(liabilities)	(2.8)	(3.0)	6.7%
Net assets	**170.5**	**166.9**	**2.2%**

Capital Metrics	31 Dec 2018	30 Jun 2018	+/-
Net Debt ($m)	88.4	94.1	(5.7)
Leverage Ratio (Net Debt / EBITDA)[1]	2.36x	2.46x	(0.10x)
Interest Cover (EBITDA / Interest)[1]	10.4x	11.1x	(0.70x)
Net Debt to Equity Ratio[2]	51.9%	56.4%	(4.5%)
Return on Equity[3]	**11.9%**	**12.8%**	**(0.9%)**
Return on Assets[4]	**6.9%**	**7.3%**	**(0.4%)**

- **Balance Sheet strength improves** with Net Debt to Equity ratio reduced by 4.5% to 51.9%;
- **Borrowings reduced** by $5.0m to $93.0m resulting in an improved Leverage Ratio down to 2.36x from 2.46x;
- **$115m Long-term Debt Facility** maturity date extended to January 2022 providing long-term funding security and no change to covenants;
- **Debt capacity** of $62m remains available including $40m accordion facility
- **Significant headroom in Debt Covenants**
- **Key Capital Return Metrics** of ROE of 11.9% and ROA of 6.9%
- **Interim Dividend payout ratio** of 66% 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 performance (and excludes one-off items)
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 Overview

Strong operating cash flow generation delivering an improved Net Debt position, strengthening our Balance Sheet.

$m	1H19	1H18	% change
Net operating cash flow (pre-tax)	**18.8**	**17.7**	**6.2%**
Net operating cash flow (post-tax)	15.8	12.5	26.4%
Cash flow from investing activities	(1.9)	(3.0)	36.7%
Cash flow from financing activities	(13.2)	(7.4)	(78.4%)
Net cash flow movement	**0.7**	**2.1**	
Effect from FOREX currency cash flow and cash balances	0.1	0.2	
Closing cash balance	**4.6**	**5.8**	**(20.7%)**
Free cash flow [1]	13.9	9.5	46.3%

- **Net operating cash flows** increased by 26.4% to $15.8m
- **Pre-tax cash conversion** of EBITDA to operating cash flow improved to 100.3% (85.0% pcp)
- **Lower Capital investments** due to timing with an increase in capital expenditure planned in H2 (including new and refurbished facilities, equipment upgrade and new technology)
- **Financing activities** include $6.1m fully franked final FY18 dividends paid and $5.0m debt repayments
- **Free cash flow[(1)]** increased by $4.4m or 46.3% due to lower payments for dividends, capex and tax vs pcp

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

Strategy and Outlook

Strategic priorities

Our strategic priorities will drive growth and create sustainable shareholder value…

Fertility
(Women and Men)

Premium Offerings

Diagnostics
(Ultrasound and Genetics)

Australia and International
(Asia Pacific**)**

Premium Fertility Solutions	Focus on our Premium Fertility offering for women and men; including holistic Fertility Solutions
Fertility and Diagnostics	Increase the integration of our Fertility and Diagnostics (Ultrasound and Genetics) operations
Balanced Business Portfolio	Establish a more balanced business portfolio across Australia, increasing our focus in underpenetrated markets
International Expansion	Pursue International opportunities, with a particular focus on expansion of Fertility and Diagnostic services in Asia Pacific

Operating priorities

We continue to focus on operating priorities of Scientific Leadership, Clinical Excellence and Patient Experience.

Scientific Leadership	Scientific Practices	Harmonise scientific methods and invest in laboratories with state of the art technology and equipment to continue to support our market leading success rates
	Diagnostic Services	Expand our Diagnostic services in Ultrasound and Genetics, increasing referral between Fertility and Diagnostic services
	Research and Development	Enhance our Research and Development capabilities to focus on advancing good science, clinical practice and commercialisation of new technologies
Clinical Excellence	Partner with Fertility Specialists	Strengthen our partnership with the Fertility Specialists increasing our focus on marketing, referrals, clinical service and scientific research.
	Recruit Fertility Specialists	Recruit Fertility Specialists to expand our operations in Australia. This will help build a balanced State portfolio and succession planning for existing Fertility Specialists.
	Clinical Practices	Harmonise routine and agile clinical procedures that are compliant and scalable. Continue to upgrade facilities and information technology.
Patient Experience	Brand Positioning	Optimise our brand position and marketing activities to generate increased awareness of our heritage, our Fertility Specialists, our clinic network our good science and our successful fertility outcomes.
	Omni Channel Strategy	Enhance and integrate our channels to increase access and improve our interaction with Patient; including online, social media, phone and face to face.
	National Donor Programme	Establish a national Donor programme, that supports people in need of sperm, eggs and embryos.

Operating priorities

As detailed at the November AGM, we are progressing our short and long term Operating Priorities

Scientific Leadership	Clinical Excellence	Patient Experience
▪ World-first internal roll out of non-invasive PGS	▪ Investment in our facilities	▪ Patient Journey review
▪ The ‘Monash Way’	▪ Clinician recruitment	▪ Integrate our marketing and communication channels
▪ Time lapse incubator trial trial	▪ Clinician forums, enhancing clinical and research support	▪ Implementation of Net Promotor System (NPS)
▪ Progress AI capability	▪ Enhancements to Nurse Care Model and paper-less	▪ New Mobile Application and website enhancements
▪ Progress commercialisation of sperm selection device	▪ Increasing network infrastructure	▪ Better patient funding to access treatment

FY2019 Outlook

We anticipate moderate underlying Full Year FY19 NPAT growth compared to pcp, before $1.0m of one-off non-recurring expenditure, and subject to the ARS market growth at approximately 2% in 2H19, as well as our market share improving compared to pcp.

As a result we anticipate returning to NPAT growth of greater than 15% in 2H19 compared to pcp.

Appendix

Overview of Monash IVF Group

Monash IVF Group is a **market leader** in fertility

ARS	Diagnostic	Ultrasound
22 clinics[2] 5 service centres 91 Fertility Specialists 7 Australian States/Territories & Malaysia	2 specialised laboratories (VIC and SA) 2 day hospitals (SA & Malaysia)	18 clinics 15 Sonologists 4 Australian states

106 Medical Specialists

105[1] Scientists

312[1] Nursing & Support Staff

1. Employee numbers represents the full time equivalents
2. The overview is as at the date of this report

Treatment Mix

IVF Treatment numbers	1H19	1H18	% change
Monash IVF Group – Australia			
Stimulated cycles	3,932	4,078	(3.6%)
Cancelled cycles	366	404	(9.4%)
Frozen embryo transfers	2,834	3,184	(11.0%)
Total Australian Patient Treatments	**7,132**	**7,666**	**(7.0%)**
Monash IVF Group – International			
Stimulated cycles	518	413	25.4%
Cancelled cycles	35	34	2.9%
Frozen embryo transfers	480	334	43.7%
Total International Patient Treatments	**1,033**	**781**	**32.3%**
Total Group Patient Treatments	**8,165**	**8,447**	**(3.3%)**
Stimulated cycles as a % of Total Patient Treatments	**54.5%**	**53.2%**	

Other Treatment numbers	1H19	1H18	% change
Total Monash IVF Group			
Ultrasound Scans	38,633	38,097	1.4%
Preimplantation Genetic Screening / Diagnosis	746	823	(9.4%)
Non-Invasive Prenatal Testing (NIPT)	6,536	6,282	4.0%

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Questions