



MONASH IVF GROUP

# Growing stronger together...

2019 Annual General Meeting  
28 November 2019

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# Chairman's address Mr. Richard Davis



# FY19 Key Achievements & Summary

- **Vision 2022 strategic roadmap developed**, re-confirming our best-in-class Full Service positioning
- **MVF Australian Full Service Stimulated Cycles grew by 3.7%** (excluding impact from departed specialist)
- **MVF ARS International growth continued** as Stimulated Cycles grew by 21.8% on pcp
- **Return to earnings growth** in 2H19 with NPAT up by 9.5% on pcp (before one-off non-recurring items)
- **Strong pre-tax conversion of EBITDA** to operating cash flows of 107.1%
- **Engagement with our Employees and Doctors** continue to be a key focus
- **World-first scientific breakthrough** achieved in commercialisation of NIPGT
- **FY20 Financial and Operational performance update** and guidance statements



# FY20 Trading Update and Outlook

## Trading Update

- In Q1FY20, Stimulated Cycle market growth in our Key Markets grew by 2.4%;
- In Q1FY20, MVF Australian Stimulated Cycles were inline with pcp however, the impact from doctor departures and general trading conditions has placed downward pressure on our Q2 volumes;
- More than 95% of our Fertility Specialists remain subject to both notice and restraint provisions;
- We are continuing to invest in our Vision 2022 Strategic Plan.

## Outlook

As a result of factors noted, excluding non-regular items relating to acquisition/partnership activity such as Fertility Solutions, and start-up costs associated with the opening of the new Sydney CBD fertility clinic expected in Q4FY20, we now estimate:

- NPAT for the year ended 30 June 2020 will be in the range of \$18.0m to \$19.0m;
- NPAT for the six month period ending 31 December 2019 will be in the range of \$8.5m to \$9.0m.

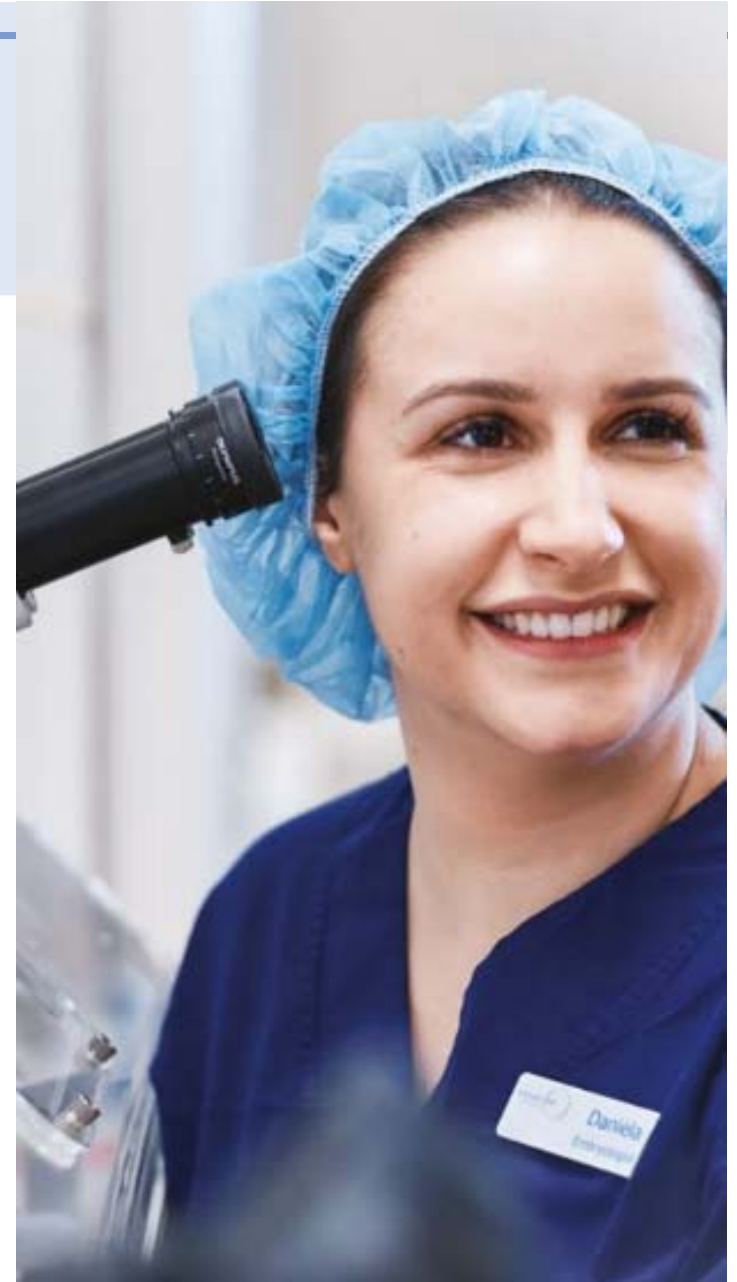
Further guidance on the full year earnings will be provided at our half-year results announcement.



# Chairman's address

## Thank You

- The Company remains well positioned to optimise future earnings through strategic and operational momentum gained this calendar year;
- I would like to thank our dedicated specialists, nurses, scientists and admin staff that have been integral to our performance and achievements;
- Thank you to our new CEO, Michael Knaap and new CFO, Malik Jainudeen and the rest of the Management team for their leadership during FY19;
- Thanks must also go to our external shareholders for their continued support over the last twelve months.






# CEO Presentation Mr. Michael Knaap



# Overview of Monash IVF Group<sup>1</sup>

Monash IVF Group is a market leader in fertility

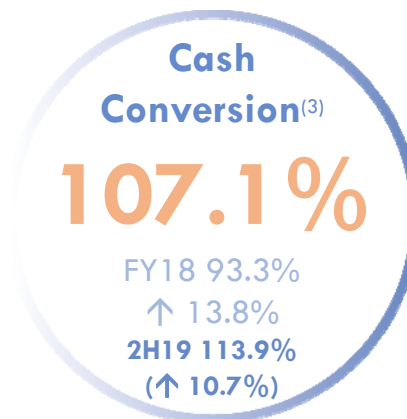
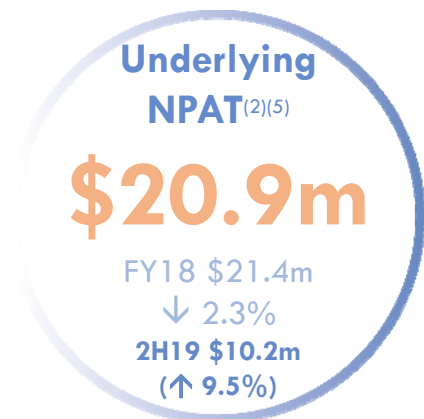
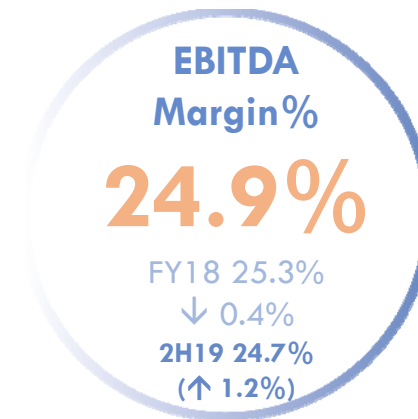
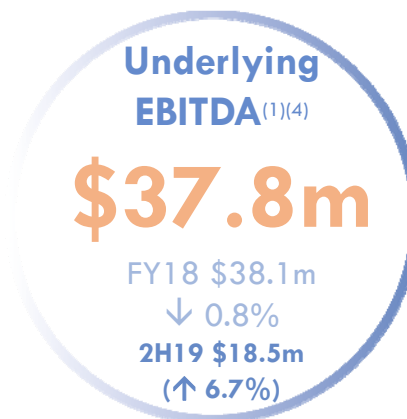
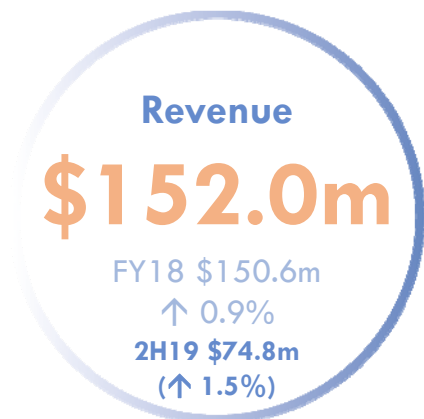
ARS	Diagnostic	Ultrasound
<ul style="list-style-type: none"> <li>▪ 23 clinics</li> <li>▪ 3 service centres</li> <li>▪ 90 Fertility Specialists</li> <li>▪ 7 Australian States/Territories &amp; Malaysia</li> </ul> 	<ul style="list-style-type: none"> <li>▪ 2 specialised laboratories (VIC and SA)</li> <li>▪ 2 day hospitals (SA &amp; Malaysia)</li> </ul> 	<ul style="list-style-type: none"> <li>▪ 18 clinics</li> <li>▪ 16 Sonologists</li> <li>▪ 4 Australian states</li> </ul> 
<p><b>106</b> Medical Specialists</p>	<p><b>105<sup>2</sup></b> Scientists</p>	<p><b>350<sup>2</sup></b> Nursing &amp; Support Staff</p>

1. The overview is as of 26 August 2019  
 2. Employee numbers represents the full time equivalents



# FY19 Financial Summary

Underlying FY19 NPAT decline of 2.3% after reporting 1H19 Underlying NPAT decline of 11.3%



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 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. Utilisation of Underlying NPAT including 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)

6. Free cash flow is cash generated from operating and investing activities

# ARS Australia - Operational Performance

Continued progress and investment to achieve our objectives and strategic initiatives



## Scientific Leadership



## Patient Experience



## Doctor Partnerships

- **NIPGT internally developed, tested, patented** and now commercially available exclusively across all MVF owned clinics
- Trial commenced on an **alternative method and technology for ICSI** which is expected to improve egg fertilisation rates
- **Progressed collaborative partnership** on development of a **sperm selection device**
- Creation of the Group Scientific Advisory Committee is **fast tracking greater collaboration and standardisation** of scientific practices and protocols which is promoting the “Monash Way”
- All scientific innovation, investment, collaboration and standardisation is **geared towards better patient outcomes**
- Continued emphasis on enhancing the patient journey with a focus on **care, empathy, support and consistency** across all patient engagement
- **Utilisation of Net Promoter System (NPS)** has resulted in an improved patient experience with a NPS improvement of 16% in the twelve months to 30 June 2019
- Expansion of **patient funding options** including introduction of ZIP Money and gap only payments
- **Engagement with fertility specialists** continues and remains a critical focus including regular Doctor Forums, co-funded marketing initiatives, increasing consultation locations and research opportunities
- **Nine new fertility specialists** recruited providing future growth capacity and succession planning. Recruitment of additional fertility specialists remains a focus across all markets
- Seven new fertility specialists recruited in FY18 have contributed to **strong growth and succession planning achieved in SA and NSW**
- **More than 95% of specialists are contracted** to Monash IVF Group after five Victorian based fertility specialist, who were not subject to restraint and non-compete provisions, exit the Group (refer to ASX announcement on 22 August 2019)



# ARS Australia - Operational Performance (continued)

Continued investment to achieve objectives in our Strategic Roadmap



## Clinical Excellence

- **New Penrith clinic opened** in October 2019 expanding our presence in NSW in the Greater Western region. We have additional consultation locations including Melbourne CBD, Brisbane CBD and Regional Victoria (Ballarat)
- **New clinic in Sydney CBD planned** to open in 4Q20 as a Sydney flagship clinic representing best practice patient experience and clinical excellence
- **Growth and expansion of donor and surrogacy** offering including increased supply through international partnerships and locally sourced donors



## People Engagement

- **Engagement with employees has improved** through our Principles and Beliefs, focus on improving patient experience, leadership training programs and improvement programs from our People feedback
- **Creation of our shared Principles and Beliefs** (Care, Collaborate, Communicate, Commitment, Create) that unite all employees and guides us in our actions
- **Development and rollout** of scientific learning & development framework which is critical to implementing the “**Monash Way**” across the Group



## Digital & System Transformation

- Continued development of our in-house patient management system with a focus on **improving interaction with patients and Doctors**, scientific equipment and user experience
- Progress and focus on **strengthening our cyber security risk profile** across our Network
- System and network upgrades **enabling increased efficiency, reliability, stability and security** throughout our vast clinic network



# Diagnostics Performance

We continue to build and broaden our Diagnostic capabilities and develop new technologies

- Ultrasound scan volumes increased by 0.6% from 80,392 to 80,860
- Sydney Ultrasound for Women (SUFW) scan volumes declined by 3.9% due to greater competitive pressures as a result of a shift to the public sector
- Transformation review has commenced on the SUFW business to optimise revenue and earnings
- New Sydney CBD flagship Women's Imaging clinic opened in March 2019 and has shown growth of 7% in Q4 compared to the previous clinic
- Pre-implantation genetic screening/diagnosis decreased by 6.9% from 1,498 to 1,395, however penetration rates remained relatively stable as we executed transition to new NI-PGT technology
- World first Non-invasive PGT commenced in June which is showing promising take up rates with strong clinician support
- NIPT volumes increased by 0.7% from 13,017 to 13,108 as NIPT revenue now represents 4% of Group revenue
- Establishment of a reproductive carrier screening service



MONASH  
ULTRASOUND  
FOR WOMEN

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SYDNEY ULTRASOUND FOR WOMEN



repromed  
Fertility Specialists

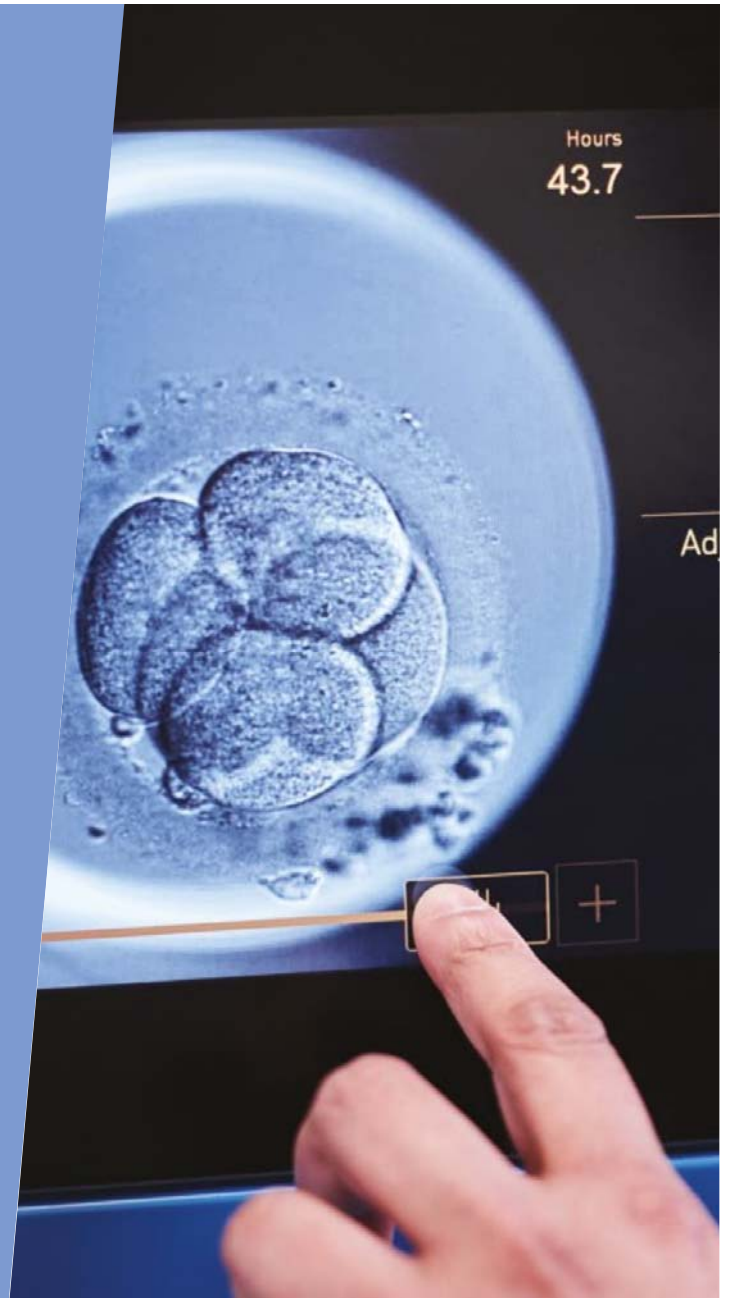
# ARS International Performance

ARS International continues to demonstrate exceptional growth with EBITDA up by 40.5%

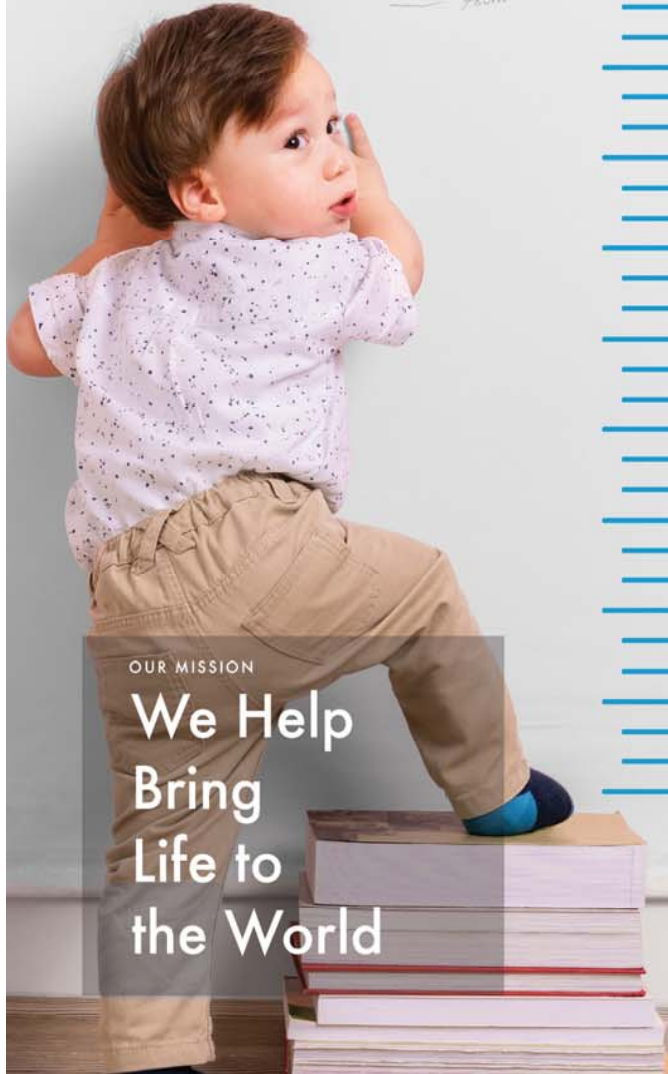
- Revenue increased by 32.3% from \$8.77m to \$11.60m as Stimulated Cycles increased by 21.8% from 849 to 1,034
- The move to the new Facility in late 2017 has been the key driver of growth with the new Facility having capacity for further growth
- EBITDA increased by 40.5% to \$5.29m from \$3.77m
- EBITDA margin % increased by 2.6% to 45.6%, as we continue to leverage incremental volumes
- New Fertility Specialist recruited in H2 FY18 is performing 10%+ of the Clinic's activity and has capacity for further growth
- Having developed a focused Asia Pacific expansion strategy, a number of opportunities are progressing including partnerships with local hospital groups



# FY20 Strategy & Trading Update



The most admired fertility solutions provider in the world  
**Best in Class fertility solutions for all, diagnostics, genetics and pathology**



OUR MISSION

**We Help  
Bring  
Life to  
the World**

OUR PILLARS

- Doctor Partnerships
- People Engagement
- Patient Experience
- Brand & Marketing
- Scientific Leadership
- Digital & Systems Transformations
- Clinical Excellence
- International Expansion

OUR OUTCOMES

- Engagement  
Patients, Doctors, People, Regulators
- Market Leading Success Rates
- Local & International Market Share
- Value Creation

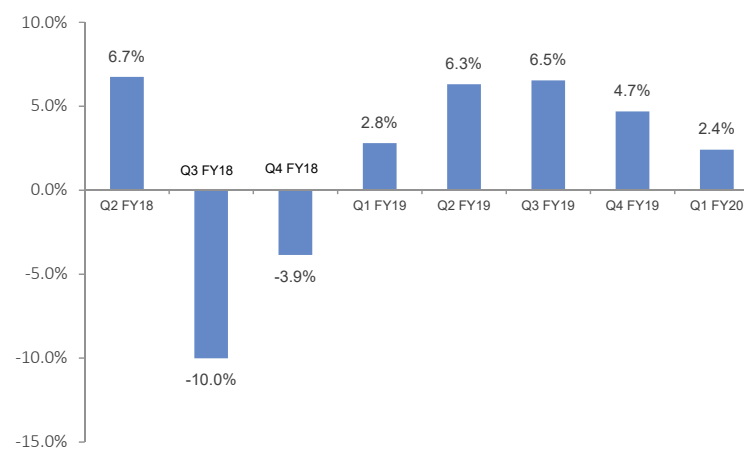
OUR PRINCIPLES

- Care
- Commitment
- Communicate
- Collaborate
- Create

# FY20 Trading Update and Outlook

- Total Key Markets<sup>1</sup> Stimulated Cycle market has grown by 2.4% during Q1FY20 as compared to prior corresponding period, which is broadly in line with historical Industry long-term growth rates;
- Monash IVF Australian Stimulated Cycles during Q1FY20 were inline with pcp with above pcp performance in South Australia, Queensland (Full-Service) and NSW, offset by declines in Victoria due to the departing five Specialists;
- Monash IVF Australian Stimulated Cycles during Q2FY20 is experiencing downward pressure compared to pcp due to general trading conditions and the departure of five Specialists in Victoria;
- Our Key Markets<sup>1</sup> Stimulated Cycle market share reduced by 0.5% to 20.8% compared to pcp.

## Stimulated Cycle Key Markets<sup>1</sup> Growth



1. Key Markets is Victoria, NSW, QLD, South Australia and Northern Territory

*As previously stated ARS industry growth rates fluctuate from time to time. We maintain our view the long-term growth rate is expected to be approximately 2% per annum in the Full Service ARS market*



# FY20 Trading Update and Outlook

Monash IVF Group remains well positioned to optimise future earnings through strategic and operational momentum gained over the last 12 months

- Attraction of nine new fertility specialists during FY19 and a further three specialists in FY20 including an established fertility specialist in Sydney
- Continued expansion of our domestic footprint demonstrated through the recent Fertility Solutions acquisition in September 2019
- Commitment to expand our presence in NSW, building a new Sydney CBD fertility clinic as a flagship offering in NSW, opening in Q4FY20
- Commencement of a transformation program with a particular focus on the Victorian market
- Growing our full service businesses through enhancing the Company's best-in-class patient experience and scientific leadership, whilst ensuring Monash IVF staff are engaged and share common principles and beliefs
- Progress of our Asia Pacific expansion strategy through acquisition and partnerships.



## FY20 Outlook

*The Company's NPAT before non-regular items for the six month period ending 31 December 2019 is now expected to be in the range of \$8.5m to \$9.0m.*

*The Company now estimates FY20 NPAT before non-regular items for the year ended 30 June 2020 will be in the range of \$18.0m to \$19.0m.*



MONASH IVF GROUP

**Growing stronger  
together...**

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