

## ASX Announcement

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

11 November 2022

## Chairman Address by Mr. Richard Davis

### Monash IVF Group 2022 Annual General Meeting

Prior to handing over to Mr Michael Knaap, CEO, I would like to reflect on the 2022 Financial Year and provide an update on year-to-date performance in FY2023.

In financial year 2022, Monash IVF delivered a solid financial result, invested significantly in future growth, and executed on strategies to take us closer to achieving our Vision 2026 of becoming the most admired reproductive care provider in the world. I am very proud of the strong progress made by our Company during a year which was again impacted by the COVID-19 Pandemic that had an impact on our Sydney Ultrasound business in the first quarter and IVF businesses and ultrasound businesses in the third quarter.

The compelling underlying demand drivers for IVF services remain unchanged and the market volatility experienced over the last 12 months does not reflect any changing consumer sentiment towards IVF, rather reflects short-term influences with recent activity remaining substantially higher than pre-Pandemic levels.

Whilst we experienced volatility in July 2022 and strong improvement in August and September, we cannot let this recent volatility overshadow the remarkable growth the Australian IVF industry has experienced over the last three years, delivering a three-year Compound Annual Growth Rate in Stimulated Cycles of 7%. This strong growth trend re-emphasises the essential role of fertility services, and also more recently reflects an enduring change in mindset to focus more on family in response to the uncertain and unpredictable global environment.

Monash IVF Group delivered revenue growth of 4.7% and underlying NPAT<sup>(1)</sup> of \$22.2m in financial year 2022. The Group continued to perform ahead of Market<sup>(2)</sup>, recording market share growth of 20 basis points to 21.2%.

As COVID-19 became more widespread in the community during the second half of 2022, we successfully navigated multiple disruptors including widespread workforce shortages and patients being forced to delay treatment following COVID-19 infection. During these unprecedented times we maintained our focus, and the Australian IVF business delivered a robust result recording FY22 Underlying EBITDA<sup>(1)</sup> growth of 6.9%.

(1) Non-IFRS measure

(2) Key Markets includes Victoria, New South Wales, Queensland, South Australia and Northern Territory

The COVID-19 Pandemic adversely impacted activity across our Ultrasound and International businesses in financial year 2022, but we are confident that these businesses will have strong tailwinds as the recent challenges subside.

We have continued to make significant investments across all areas of our business including doctor partnerships, clinical infrastructure, science and genetics. We have also demonstrated our unwavering commitment to responsible and ethical conduct through the establishment of the Environmental, Social and Governance Committee, with ESG considerations integrated into decision-making and daily activities.

Monash IVF's ability to on-board and attract more fertility specialists and execute on compelling acquisitions reflects our leading reputation for our best-in-class service model and compelling doctor value proposition, combined with the strength and engagement of our existing group of Clinicians across Australia and South East Asia. Monash IVF Group is now considered the destination of choice for clinicians.

As we look towards FY23 and beyond, we are confident that positive industry fundamentals, combined with Monash IVF's investment in future growth, strong financial position, and commitment to deliver the best pregnancy outcomes, will deliver sustainable long-term growth and shareholder value. We anticipate the attraction of new fertility specialists, completion of two acquisitions, growing domestic IVF market share, recovery and growth in our South-East Asian clinics including Singapore and continued improvements in our Ultrasound businesses, will drive strong growth in 2H23 compared to the prior comparative period.

### **Trading update**

I will now provide a brief update on trading during the first quarter of FY23 before handing over to Michael Knaap who will provide greater detail on trading as illustrated on pages 19 and 20 of the AGM Investor Presentation. Performance in July 2022 was significantly impacted by trading conditions across both IVF and other healthcare sectors due to high levels of COVID-19 and influenza. As such, Monash IVF domestic stimulated cycles declined by 4.9% in the period July to October 2022 compared to pcp following a 10.1% decline in July 2022. Importantly, trends in domestic stimulated cycles improved in August to October 2022 whereby stimulated cycles declined by 3.3% compared to pcp.

Pleasingly, during the first quarter, Monash IVF improved its Key Markets<sup>(1)</sup> stimulated cycle market share by 1.4% to 23.8% highlighting momentum gained from our Vision 2026 strategy.

Our International IVF business continues to recover from the Pandemic with our Kuala Lumpur clinic growing its stimulated cycles in the period July to October 2022 by 31.2% compared to pcp and the recently opened Singapore IVF clinic has delivered profit in October 2022.

(1) Key Markets includes Victoria, New South Wales, Queensland, South Australia and Northern Territory

## **1H23 Profit guidance**

As noted in August 2022, subject to further adverse impact from the Pandemic, we maintain and confirm expected FY2023 Underlying<sup>(2)</sup> Net Profit After Tax to grow by greater than 10% compared to FY2022.

The Company's Underling<sup>(2)</sup> NPAT for the six-month period ending 31 December 2022 is expected to be \$12.5m. In regard to 1H23 financial performance, given the impact of COVID-19 and influenza during July 2022 in Australia and the timing of doctor and business acquisitions, FY2023 Underlying<sup>(2)</sup> Net Profit After Tax growth is expected to be skewed towards 2H23.

Strong Underlying<sup>(2)</sup> NPAT growth is expected in 2H23 compared to the pcp due to:

- contribution from recent acquisition that completed in October and another expected to complete early in the new calendar year;
- market share gains expected following contribution from new fertility specialists attracted in the last 12 months;
- improvements in our Asian businesses including Singapore which is now profitable;
- improvements in our Ultrasound businesses, particularly Melbourne, and;
- assumed return to normal trading conditions following easing in Pandemic impediments which had impacted our workforce, clinicians and patients, particularly in Q1 FY2023 and Q3 FY2022.

## **Thanks and appreciation**

The Board and I would like to acknowledge and thank our shareholders for their continued support over the last two years during the challenging COVID-19 Pandemic. We would like to thank our dedicated clinicians, nurses, scientists, counsellors and administration staff for their outstanding commitment to Monash IVF as we all collectively navigated the new ways of delivering our best in class service offering in a COVID-safe environment.

Thank you to our CEO - Michael Knaap, CFO - Malik Jainudeen, COO - Hamish Hamilton and the rest of the Team for their excellent leadership and strong focus on positioning the Business for sustainable growth into the future. It is with the commitment of our people, and the support of our clinicians and shareholders, that we will meet our Vision 2026 goal of being the most admired reproductive provider in the world. I will now invite Mr Knaap to address the meeting to give us an overview of the FY22 operations and a further update on current trading.

(2) Underlying excludes acquisition costs (legal fees and stamp duty), new clinic commissioning costs and AASB3 fair value adjustments

*Authorised by the Board of Directors*

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