

ASX ANNOUNCEMENT

VIRTUS HEALTH LIMITED (ASX: VRT)

23 February 2016

VIRTUS HEALTH 1H16 REVENUE UP 15.4% TO \$132.2 MILLION AS AUSTRALIAN AND INTERNATIONAL ARS CYCLE NUMBERS GROW

Highlights

- Revenue increased by 15.4% to \$132.2 million, driven by growth in the Australian and International ARS markets
- Group EBITDA increased by 10.3% to \$36.2 million,
- Australian segment EBITDA increased by 6.2% to \$39.0 million
- International segment EBITDA increased 98% to \$2.4 million (includes Singapore loss of \$565,000)
- Segment EBITDA increased by 9.0% to \$41.4 million
- Profit before income tax expense increased by 10.7% to \$26.2million from \$23.7 million
- Interim dividend 14.00 cps increased 7.7% on pcp

Key Financial Results

Metric	1H16 (\$m)	1H15 (\$m)	Variance
Revenue	132.2	114.5	15.4%
Group EBITDA	36.2	32.8	10.3%
PBT	26.2	23.7	10.7%
NPAT pre Minorities	18.8	17.2	9.2%
NPAT post Minorities	17.9	16.7	7.0%
Fully Diluted EPS (cents)	22.13	20.71	6.9%

Virtus Health ("Virtus", ASX:VRT) has today reported its financial results for the half-year ended 31 December, 2015 (1H FY16), delivering revenue and profit growth as Assisted Reproductive Services ("ARS") cycle volumes at Virtus clinics in Australia, Ireland and Singapore grew and day hospital utilisation continued to increase.

Virtus' reported net profit after tax ("NPAT") pre-minorities was \$18.8 million, up 9.2% from \$17.2 million in the prior corresponding period ("pcp"). NPAT post minorities was \$17.9 million, up 7.0% from \$16.7 million in the pcp.

Virtus' Reported NPAT includes acquisition transaction costs of \$273,000 and a non-cash acquisition related interest expense of \$564,000.

Australian segment EBITDA increased by 6.2% to \$39.0 million while International segment EBITDA almost doubled to \$2.4 million.

Virtus, the leading provider of ARS in Australia and Ireland, with an expanding international footprint, also announced that it will pay an interim dividend of 14.00 cents per share fully franked, up 7.7% from the pcp.

Virtus Chief Executive Sue Channon said: "We saw growth in fertility treatment volumes in Australia, across our premium and lower cost clinics. Ireland also grew, and the number of cycles performed in the Singapore clinic continues to increase.

"Our strategy to diversify the business through geographic expansion and vertical integration of ARS and providing a breadth of specialised services ensures a strong platform for business growth and continues to help an increasing number of women and men achieve their desire to create a family."

Cycle growth in Virtus' Australian clinics in the first half was 6.2% on a like-for-like basis, with fresh cycle volume growth achieved in New South Wales, Queensland, Tasmania and Victoria. Organic growth in full service clinics was 3.2% while overall fresh cycle volumes including acquisitions increased by 11.0% to 8,509 cycles.

Cycle volumes in "The Fertility Centre" ("TFC") clinics increased by 19% over the period, with the Wollongong and Sunshine Coast clinics making a strong contribution while the Liverpool TFC was affected by an increase in local competition.

The overall ARS market in Australia's eastern states grew by 10.2%; Virtus market share in New South Wales, Queensland, Tasmania and Victoria in the 12 months to December 31, 2015, contracted slightly to 44.6%, from 45.7%, reflecting the overall market expansion.

Virtus day hospitals saw revenue grow by 3.0% with improved utilisation rates at City West and North Shore in Sydney. Non-IVF procedure revenue increased by 0.4% across all day hospitals, accounting for 53% of day hospital revenue.

Virtus international operations continue to make a significant contribution, with Sims IVF Clinics in Dublin and Cork, Ireland increasing volumes in the first half by 3.3% compared with pcp. Combined volume increase in Ireland including Rotunda IVF, acquired in December 2014, was 46%.

The Singapore clinic continues to ramp up its offering with cycle volumes improving, although they remain below break-even level, with the clinic reporting a first half loss of \$565,000.

Specialist diagnostic revenue increased by 0.6% compared with pcp reflecting price reductions across a number of services which has driven an increase in test volumes.

"The change to a per embryo fee structure for Pre-implantation Genetic Diagnosis / Pre-implantation Genetic Screening ("PGD / PGS") has seen the number of tests performed increase by 54%; representing an increase in the utilisation of this capability in full service clinics to 9.7% of fresh cycles compared with 6.7% in the pcp and most importantly, improved patient outcomes," Ms Channon said.

The past six months have been a period of consolidation for Virtus Specialist Diagnostics, following the acquisition of Independent Diagnostic Services, a general category pathology laboratory in Sydney, which will enable Virtus to offer a greater range of in-house testing and capture a greater share of general pathology revenue.

Total expenditure on tangible and intangible assets was \$4.9 million in the half, down from \$6.3 million in the pcp, reflecting a period of consolidation in Virtus' geographic footprint.

Basic earnings per share (EPS) increased by 6.8% to 22.35 cents per share (cps) with diluted EPS also increasing by 6.9% to 22.13 cps.

-ENDS-

Investor Conference Call and Webcast

Investors are invited to join a conference call and webcast presentation hosted by Sue Channon, Group CEO, and Glenn Powers, CFO and Company Secretary on **Tuesday 23 February, 9:15am AEDT.**

To access the call and webcast please use the log in details below.

Conference ID: 4058 7587

Conference Call Toll-Free Access Numbers

Australia	1800 123 296
Canada	1855 5616 766
China	4001 203 085
Hong Kong	800 908 865
India	1800 3010 6141
Japan	0120 477 087
New Zealand	0800 452 782
Singapore	800 616 2288
United Kingdom	0808 234 0757
United States	1855 293 1544

For all other locations please dial: +61 2 8038 5221

The presentation and audio can also be access via a webcast:

<http://webcast.openbriefing.com/2626/>

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About Virtus Health Limited

Virtus Health Limited (ASX:VRT) brings together leading clinicians, scientists, researchers and support staff to provide the very best in fertility care and related services.

We have developed one of the most successful medical collaborations in the world. With 112 of the world's leading fertility specialists supported by 1093 professional staff, we are the largest network and provider of fertility services in Australia and Ireland with a growing presence in Singapore. Our combined expertise creates a unique and powerful body of knowledge which when combined with the collegial team approach of our specialists and scientists, means we are able to find new and advanced solutions for achieving success for our patients.

Our combined expertise and investment in resources and research allows us to bring clinical and scientific advances to our patients first. An example of this is karyomapping, a form of pre-implantation genetic diagnosis, which our group was the first to introduce to Australia.