

ASX ANNOUNCEMENT

23 August 2016: VIRTUS HEALTH LIMITED (ASX: VRT)

VIRTUS REPORTS FY16 REVENUE UP 11.6%, REPORTED NPAT UP 14.5% AS DOMESTIC GROWTH STEADY AND INTERNATIONAL OPERATIONS SHINE

Sydney, Australia - Virtus Health, ("Virtus", ASX: VRT) Australia and Ireland's largest Assisted Reproductive Services (ARS) provider, today reports its financial results for the full year ending 30 June 2016.

Highlights

- Revenue up 11.6% to \$261.2m on prior corresponding period (pcp)
- Group earnings before interest, tax, depreciation and amortisation ("EBITDA") up 12.3% to \$68.9m, adjusted EBITDA up 8.5% to \$67.6m
- NPAT (pre minorities, adjusted) up 5.8% to \$34.6m, NPAT (pre minorities, reported) up 14.5% to \$34.8m
- Australian premium fertility service achieves solid growth
- International segment EBITDA more than doubles – Singapore clinic trims loss, trending to EBITDA positive
- Final dividend 15 cents per share

Virtus Chief Executive Sue Channon said, "The outstanding performance from our clinics in Ireland, steady growth in our Australian operations and an improved Singapore are reflected in today's results.

"Our diversification strategy enables us to reach patients across a range of fertility service price points. Our diagnostic and day hospital offerings also ensure we retain quality control of the entire fertility treatment process and capture the associated revenue."

Australian ARS

Cycle growth in Virtus' Australian clinics increased 6.6% reinforcing the value of fertility specialist led care.

"We had strong growth in New South Wales, especially in the premium full service IVFAustralia clinics, while growth in Queensland and Tasmania was broadly in line with the market," Ms Channon said. Several Queensland regional clinics experienced growth for the first time in three years and Victorian premium service cycles were unchanged.

Virtus' regionally placed lower cost "The Fertility Centre" branded (TFC) clinics performed strongly and the company intends to expand the Wollongong and Sunshine Coast dual brand formats to other locations.

Virtus remains the Australian market leader in an expanding market with increased competition. The ARS market (based on fresh cycles) in Australia's eastern states grew 7.7%.

International ARS

Virtus' international operations saw significant growth with EBITDA more than doubling to \$5.7 million, from \$2.4 million in the pcp, reaffirming its international expansion strategy. Virtus continues to pursue acquisition opportunities in the UK and Europe in support of its strategic objectives.

Ireland continued to perform strongly, growing EBITDA by 32.8%, while Singapore was much improved, reducing EBITDA loss to \$0.5m, from \$1.9 million pcp. The last four months of the financial year saw the clinic achieve a positive EBITDA result.

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“Increased inquiries driven by a targeted marketing campaign in Singapore have translated into solid patient treatment volume as the local team provides services and results which patients are embracing. We expect with our growing fertility specialist team to see continued success and expansion into this market,” Ms Channon said.

Diagnosics

Diagnostic services remain a significant contributor to Virtus’ revenue and an opportunity for further growth. Diagnostic revenue grew 5.1% on pcp, with growth partially impacted by price deflation on certain genetic tests. However, this facilitated a significant increase in volume as more patients access the technology. Pre-implantation genetic screening revenue grew 8.4% on pcp.

“The improved understanding of genetics in reproductive health is a significant contributor to our success today. It improves success rates and enables us to offer services to fertile and infertile patients,” Ms Channon said.

“Our acquisition of Independent Diagnostic Services brings more services in house enabling us to capture more of the ARS value chain and ensure patients remain within the Virtus service umbrella.”

Australian Day Hospitals

Day hospital revenue was in line with FY15, with modest growth in non-IVF revenue in five of Virtus’ six hospitals. One hospital was impacted by the loss of a major specialist provider to a new facility; this was the reason for a slight decline in day hospital profitability.

Capital Management

Total expenditure on tangible and intangible assets was \$9.6 million, down from \$12.6 million pcp, as Virtus consolidates its geographic expansion. Basic earnings per share (EPS) increased by 11.7% to 41.18 cents per share (cps) with diluted EPS increasing by 11.6% to 40.79cps. Virtus declared a fully franked final dividend of 15 cps, up 7.1% on the pcp.

Key Financial Results

Metric	FY2016 (A\$m)	FY2015 (A\$m)	Variance (%)
Revenue	261.2	234.1	11.6
Group EBITDA Reported	68.9	61.4	12.3
PBT Reported	49.0	42.5	15.4
NPAT Pre-minorities Adjusted	34.6	32.7	5.8
NPAT Pre-minorities Reported	34.8	30.4	14.5
Diluted EPS (cps)	40.79	36.54	11.6

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Please see next page for investor conference call and webcast details

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 August, 9:15am AEST**.

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

Conference ID: 6440 8968

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/2993/>

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 specialised diagnostic and day hospital services.

We have developed one of the most successful medical collaborations in the world. With 116 of the world's leading fertility specialists supported by over 1100 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.