

## ASX ANNOUNCEMENT

VIRTUS HEALTH LIMITED (ASX: VRT)

21 February 2017

### VIRTUS H1FY17 RESULTS IMPACTED BY WEAK DOMESTIC DEMAND

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Sydney, Australia - Virtus Health, ("Virtus", ASX: VRT) Australia and Ireland's largest Assisted Reproductive Services (ARS) provider, today reports its financial results for the half year ended 31 December 2016.

"Virtus' domestic activity reflects a period of lower cycle activity across Australia's Assisted Reproductive Services ("ARS") market, with the company's international operations continuing to deliver earnings and cycle growth, reinforcing the importance of Virtus' diversification strategy," said Ms Sue Channon, Virtus Health CEO.

#### Highlights

- Revenue down 0.7% to \$131.4million on prior corresponding period (pcp);
- Group earnings before interest, tax, depreciation and amortisation ("EBITDA") down 12.3% to \$31.7million;
- NPAT attributable to ordinary equity holders down 17.6% to \$14.7million;
- International segment continues to deliver earnings and cycle growth; EBITDA up 11.7% to \$2.6million; and
- Interim dividend 13 cents per share

#### Australian ARS

As indicated in the recent trading update the ARS market in Virtus' available markets contracted 6% in H1FY 2017; Virtus fresh cycle activity in Australia in the period decreased by 7.2% on a like for like basis. Full service volume weakness contributed to market share loss in Victoria, and in NSW TFC volume (12% of Virtus NSW business) was down 19%; Virtus NSW and QLD cycle volume outperformed state market growth.

"The annual growth rate variability in the Australian ARS sector is not uncommon. After allowing for the annual variability in Australian cycle volumes the historical seven year market CAGR to June 2016 was 3.1%," said Ms Channon.

"The demographic drivers for ARS remain strong. As the market leader in Australia and a long-standing pioneer for the sector, we will continue to use our size and scale to further develop our services to suit the medical, scientific and financial needs of patients," said Ms Channon.

#### International

Virtus' international operations reported continued growth with segment EBITDA increasing 11.7%, reaffirming the company's international expansion strategy.

Ireland delivered continued cycle and earnings growth increasing EBITDA by 3.5%, while Singapore improved EBITDA performance, trending towards profitability.

“The integration of Virtus’ recent acquisition Aagaard, Denmark’s leading fertility provider outside Copenhagen in November 2016, complements our growing European business, opening further opportunities in the European market,” Ms Channon said.

### Diagnosics

Diagnostic services contribution improved with revenue up 7.1% on pcp, in spite of the subdued Australian ARS and broader pathology markets. Revenue in the advanced Pre-implantation genetic screening and diagnostics tests grew significantly, up 37.9% on the pcp.

“Our focus on quickly and effectively implementing advanced technologies across our fertility business will remain a significant contributor to improving patient success rates and offering services to both fertile and infertile patients,” Ms Channon said.

### Australian Day Hospitals

Day Hospital revenue decreased by 10.5% mainly due to the lower Australian ARS market activity and lower activity in elective procedures impacting private health care at this time. Non-IVF procedure revenue now accounts for 42.0% of Virtus total day hospital revenue, down from 43.9% in pcp.

### Capital management

Total expenditure on tangible and intangible assets was \$4.6 million in H1FY2017 (H1FY2016 \$4.9million). The largest investment related to the continued development and rollout of the company’s patient management software in Australia.

Basic earnings per share (EPS) decreased by 17.9% to 18.35 cps with diluted EPS also decreasing by 17.7% to 18.21 cps.

Virtus declared an interim dividend of 13 cps (H1FY16: 14 cps), to be paid on 18 April 2017 to shareholders on the registry at 31 March 2017.

### Key financial results

Metric	H1FY2017 (A\$m)	H1FY2016 (A\$m)	Variance (%)
Revenue	131.4	132.3	(0.7)
Group EBITDA Reported	31.7	36.2	(12.3)
PBT Reported	21.8	26.2	(16.8)
NPAT Pre-minorities Reported	15.6	18.8	(17.0)
NPAT Reported	14.7	17.9	(17.6)
Basic EPS (cps)	18.4	22.4	(17.9)
Diluted EPS (cps)	18.2	22.1	(17.7)

-ENDS-

**For further information please contact:** Kyahn Williamson, Buchan Consulting,  
t: +61 3 9866 4722 / [kwilliamson@buchanwe.com.au](mailto:kwilliamson@buchanwe.com.au)

## 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 21 February, 9:15am AEDT**. To access the call and webcast, please use the log in details below.

**Conference ID: 5797 2518**

### Conference Call Toll-Free Access Numbers

Australia	1800 123 296 or 02 8038 5221
Canada	1855 5616 766
China	4001 203 085 or 8008 702 411
Denmark	8025 1313
Hong Kong	800 908 865
India	1800 3010 6141
Ireland	1800 551 316
Japan	0120 477 087
New Zealand	0800 452 782
Singapore	800 616 2288
United Kingdom	0808 234 0757
United States	1855 293 1544

The presentation & audio can be accessed via: <http://webcast.openbriefing.com/3291/>

### 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 118 of the world's leading fertility specialists supported by over 1200 professional staff, we are the largest network and provider of fertility services in Australia and Ireland, with a growing international presence. 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.