

## ASX ANNOUNCEMENT

VIRTUS HEALTH LIMITED (ASX: VRT)

20 February 2018

### VIRTUS H1FY18 DELIVERS EARNINGS GROWTH OF 12.6%

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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 2017.

"Virtus delivered headline earnings growth driven by a consistent Australian ARS performance, accelerated growth in diagnostics and international activities, supported by effective cost management," said Ms Sue Channon, Virtus Health, Group CEO.

#### Highlights

- Revenue up 1.8% to \$133.8million on prior corresponding period (pcp);
- Group earnings before interest, tax, depreciation and amortisation ("EBITDA") up 9.7% to \$34.8million;
- NPAT attributable to ordinary equity holders up 12.6% to \$16.6million;
- Australian segment EBITDA increased 6.3% to \$36.0million
- International segment continues to deliver earnings and cycle growth; EBITDA up 74.4% to \$4.6million;
- Interim dividend 14 cents per share fully franked (H1FY17: 13 cps)

#### Australian ARS

In the Australian eastern state markets in which Virtus operates, there was a market volume increase of 6.1% for Assisted Reproductive Services ("ARS"). Virtus remains the overall leader in this market with 40% share for the six months to December 2017.

Virtus overall cycle activity was in line with pcp. Virtus NSW delivered a strong performance with cycles growing 8% outperforming market growth of 3% and Virtus Victoria grew 1.2% on pcp ahead of market growth of 0.3%. These improvements were offset by weaker performance in the Queensland and Tasmanian markets.

"The demographic drivers for ARS remain favourable. As the market leader in Australia, our fertility specialist led care and unique platform enables participation in all key fertility segments in the geographies in which we operate," said Ms Channon. "We will continue to use our leading minds - leading science approach to further develop our services for the medical, scientific and financial needs of patients."

#### Diagnostics

Virtus Diagnostics revenue increased 5.8% and EBITDA increased 31.2% over pcp driven by stronger IVF activity across the Australian business, growth in genetic testing and significant operational improvements.

"We expect continued strong Diagnostics performance as our advanced testing technologies and services improve patient care and outcomes. We saw a 27.3% increase in pre-implantation genetic diagnosis and screening services, with one in five IVF patients now utilising this technology," explained Ms Channon.

"Next-generation genetic screening, further expansion of PGD/PGS, plus an expanding pathology testing platform and collection centre footprint, will ensure Diagnostics continues to contribute to our growth," Ms Channon said.

## Australian Day Hospitals

Day Hospital revenue increased 2% due to improved demand for IVF procedures by Virtus specialists. Non-IVF procedure revenue which accounts for 51% of Virtus total day hospital revenue was down 1.3% across all day hospitals.

“Virtus continues to focus on attracting non IVF surgeons through our investment in new facilities, services and high quality surgical teams,” said Ms Channon.

## International

Virtus’ international segment EBITDA increased 74.4% to \$4.6million attributable to the DKK6.9million contribution of Aagaard Fertility Clinic in Denmark and the improved performance of Virtus Singapore operations which delivered SG\$245,000 EBITDA in H1FY18, compared to a pcp EBITDA loss of SG\$192,000.

“Virtus’ Irish business is well positioned, despite a weaker first half, with further opportunities in European markets targeted for expansion,” said Ms Channon.

“International activity remains key to our growth and diversification strategy. We continue to actively pursue opportunities in Europe and the UK in a disciplined way.”

## Capital management

Total expenditure on tangible and intangible assets was \$5.6 million in H1FY2018 (H1FY2017 \$4.6million). The largest investment relates to the development of a greenfield site in Alexandria, Sydney to which we will relocate our existing day hospital and fertility clinic from Maroubra. This will be completed and operational in 2018.

Basic earnings per share (EPS) increased 12.4% to 20.62cps with diluted EPS increased 12.5% to 20.48cps. Virtus declared an interim dividend of 14 cps fully franked (H1FY17: 13.00 cps), to be paid on 17April 2018 to shareholders on the register at 29 March 2018.

## Key financial results

Metric	H1FY2018 (A\$m)	H1FY2017 (A\$m)	Variance (%)
Revenue	133.8	131.4	1.8
Group EBITDA	34.8	31.7	9.7
PBT	24.8	21.8	13.8
NPAT Pre-minorities	17.3	15.6	10.9
NPAT	16.6	14.7	12.6
Basic EPS (cps)	20.62	18.35	12.4
Diluted EPS (cps)	20.48	18.21	12.5

-ENDS-

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

**Conference ID: 7082229**

### 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

The presentation & audio can be accessed via: <http://webcast.openbriefing.com/4174/>

### 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 124 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 and Denmark. 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.