

ASX ANNOUNCEMENT

VIRTUS HEALTH LIMITED (ASX: VRT)

26 February 2014

SOLID FIRST HALF RESULTS SHOW CONTINUED GROWTH IN REVENUE AND EARNINGS

Highlights

- Continued growth in first half pro-forma revenue, EBITDA and NPAT in line with market expectations and a maiden interim fully franked dividend of 12cps
- An increase in the number of IVF cycles, the average total revenue per IVF cycle and two new fertility specialists leading to an increase in market share in the 12 months to Dec 2013 to 45% (2012: 44.2%)
- Reduction of total debt and increase in the cash balance in 1HY14 puts the company in a strong position to execute on its strategic objectives in the second half

Virtus Health ("Virtus", ASX: VRT), has today reported its financial results for the half-year ended 31 December 2013 (1H FY14), delivering an increase in revenue and share of the IVF market.

As Australia's largest provider of Assisted Reproductive Services (ARS), Virtus also announced that it will deliver its first dividend in April 2014, at 12 cents per share fully franked.

Commenting on the financial results, Sue Channon, CEO of Virtus, said: "This is a solid result; we've delivered growth in comparison to last year's results."

"Multiple facets of the business have contributed to the organic revenue growth outcome, which we've seen in absolute terms and when compared to the overall market for assisted reproductive services."

Key Financial Results

Metric	1HY14 (\$m) actual	1HY13 (\$m) pro- forma	% change
Revenue	101.2	93.9	7.8%
EBITDA	32.0	30.3	5.6%
NPAT	16.9	15.3	10.5%
EPS (cents)	21.3	19.2	10.9%

Pro-forma revenue increased 7.8% on the previous corresponding period to \$101.2 million. This was driven by a 4.0% increase in the number of IVF cycles from 7327 to 7618 and a 3.7% increase in the average total revenue per IVF cycle.

Growth in Virtus' full service clinics in the first half was neutral overall with New South Wales' strong performance offset by weakness in the Queensland market. Virtus continues to experience strong growth in its low cost 'The Fertility Centre' ('TFC') branded clinics with all states meeting growth targets.

Specialist diagnostic revenue increased 17% with strong improvements achieved in cytogenetic and pre-implantation genetic diagnosis testing activities.

Day hospital revenue increased 7.7% with good performances achieved at City East Specialist Day Hospital (Sydney) and East Melbourne Specialist Day Hospital where utilisation rates improved and process efficiencies were also implemented.

Pro-forma Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased 5.6% on pcp to \$32.0 million. The EBITDA margin decreased slightly to 31.6% (2012: 32.3%) due to International business development costs and share-based payments. However, segment EBITDA margin increased to 35.4% from 34.2%, as new centres increased their capacity and management continued to focus on improving operational margins.

Pro-forma Net profit after tax "NPAT" for half year increased 10.5% to \$16.9 million. This was favourably impacted by lower net interest costs and lower depreciation compared to the prospectus forecast.

Net debt decreased by 15% in the first half from \$131.6m at 30 June 2013 to \$111.9m at 31 Dec 2013. Pro forma earnings per share "EPS" increased by 10.9% on pcp to 21.3cps and a maiden dividend of 12cps fully franked was declared for the first half.

Based on current information, the company reconfirms its fiscal year 2014 pro forma financial forecasts as outlined in the IPO prospectus of \$63m EBITDA. The Company continues to explore acquisition and investment opportunities both in Australia and internationally.

Ends –

Media and Investor conference call and webcast

Media and investors are invited to join a conference call hosted by Sue Channon, Group CEO and Glenn Powers, CFO and Company Secretary of Virtus from 10.00am to 10.45am (AEDT) on Wednesday, 26th February 2014.

An investor presentation will be lodged prior to the call and accessible during the call via web access:

<http://event.on24.com/r.htm?e=759043&s=1&k=1D0A107134C5A6E0C214DECD450D8A42>

Conference call info

Participants can dial the numbers below to join the call. They will need to quote **Conference ID: 9915 5433**

Toll free access numbers

Australia	1800 123 296
New Zealand	0800 452 782
China	4001 203 085
Hong Kong	800 908 865
India	1800 3010 6141
Japan	0120 985 190
Singapore	800 616 2288
United Kingdom	0808 234 0757
United States	1855 293 1544
Canada	1855 5616 766
All other international locations, please dial:	+61 2 8038 5221

About Virtus Health Limited

Virtus Health Limited (ASX: VRT) brings together Australia's leading fertility specialists, scientists, researchers and support staff to provide the very best in fertility care and related services. Virtus provides patients with a model of healthcare that integrates high quality patient care with an extensive range of Assisted Reproductive Services, specialised diagnostics and day hospital services.



We have developed one of the most successful medical collaborations in the world. With more than 80 of the world's leading fertility specialists supported by over 800 professional staff, we are the largest network and provider of fertility services in Australia. Our combined expertise creates a unique and powerful body of knowledge which when combined with the collegial team approach of our specialists, scientists and support staff, means we are able to find new and advanced solutions for achieving success for our patients.

Virtus is responsible for approximately 4,000 couples and single women each year achieving their dream of conceiving and having a baby.

Virtus achieved ASX listing in June 2013, following one of the most successful initial public offerings of recent times in Australia, the first fertility organisation to do so internationally and has recently been admitted to the S&P/ASX 200 index.

Virtus continues to execute its strategy and vision of focusing on patient outcomes through leading minds and leading science; delivering integrated services across the ART value chain; and growing the Company through market penetration and development, and outstanding service development.