

ASX ANNOUNCEMENT

DATE: 20 November 2019

VIRTUS HEALTH LIMITED (ASX: VRT)

CHAIRMAN & CHAIR ELECT ADDRESS TO VIRTUS HEALTH 2019 AGM

CHAIRMAN'S ADDRESS

Results for the financial year ended 30 June 2019 reflected challenging market conditions.

Group revenue for FY19 increased 6.1% to \$280.1 million. Revenue growth was flat in Australia, impacted by price pressure in a competitive Australian market and a decline in our genetic screening revenue following a change in internal clinical practice. The performance of our Alexandria and Hobart operations were disrupted by their relocations to new facilities.

International revenue increased by 25.2% supported by a first year contribution from our new Danish clinic, Trianglen and continued growth in Singapore. However, the performance of Aagaard Fertility Clinic, Denmark and Complete Fertility Centre, UK were below expectations, with Aagaard suffering a decline in revenue due to doctor resource issues, which have now been resolved.

For the year ended 30 June 2019, the Directors announced a final dividend of 12.0 cents per share fully franked and this resulted in a full year dividend payout of 24.0 cents per share fully franked; this was a decrease of two cents per share on the prior year reflecting reduced earnings.

Underlying financial performance in the first four months of FY20 is slightly ahead of prior year. In the first quarter the Australian ARS market (available to Virtus) experienced volume growth of 3.3%; in the same period Virtus achieved volume growth of 4.9%. Virtus Health volume growth was achieved in low cost service clinics but premium service volume fell by 2%.

In our international activities, it was pleasing to see financial performance improvements in Ireland, UK and Singapore. As we highlighted at the end of FY19 our financial performance in Denmark was constrained by the availability of fertility specialists. As we enter the second half of this financial year we will have a full complement of specialists in both Danish clinics.

We are addressing our financial performance in FY19 and restructuring certain parts of our business. Accordingly the first half of FY20 will be impacted by several one off restructure costs of approximately \$1m.

Sonia Petering has been nominated as the new Chair of Virtus, a role she will assume at the end of today's meeting; Sonia will say a few words shortly. I would like to thank my fellow Board members, our executive team and the broader Virtus team – including our staff and fertility specialists for their diligence and support during my time as Chairman.

You will also be aware that Sue Channon, CEO, will be stepping down from her role around the end of February, 2020. Sue joined the business in 2004 as Chief Executive of IVF Australia and, since then, has overseen growth of Virtus Health through a period of private ownership and domestic expansion as well through a successful IPO process followed by international expansion. I know I speak on behalf of the board, shareholders, fertility specialists and all our people in thanking Sue for her dedication and hard work. We wish her well for the future.

Thank you.

Peter Macourt
Chairman
Virtus Health Limited
20 November 2019

CHAIR ELECT'S ADDRESS TO VIRTUS HEALTH 2019 ANNUAL GENERAL MEETING

It is a privilege to be appointed to the position of Chair of Virtus Health.

Virtus Health's purpose: we see a future where everyone in the community has access to the opportunity to create a family.

Virtus Health is a market leading health care company with a global presence and a proud Australian heritage. We deliver leading science, technology and innovation to improve patient outcomes and experience.

We have the expertise, scale and commitment to provide high quality patient experience, to continue to lead in our chosen markets.

In my five years on the Virtus Health Board, I have observed the contributions made by our staff, fertility specialists and management teams, in a constantly changing clinical and business environment.

As you have heard from Peter and Sue, FY2019 was a challenging period for the company. I speak on behalf of the Board when I say we recognise those challenges and the opportunities for Virtus. We are well-positioned to drive value for our patients and you our shareholders.

Virtus has excellent foundations as a scale provider with a reputation for clinical and scientific excellence, and a diversified model that is able to cater to patient preferences and market dynamics.

As Peter and Sue have referenced, the Board and Management are focused on:

- operational initiatives to enhance our existing businesses;
 - executing strategic priorities;
 - reduction in operating expenses and level of debt;
- to drive long term shareholder value.

Sue has described some of the key areas of focus and targeted initiatives which are underway to address these matters.

In common with many healthcare businesses, delivery of improved patient service is a perpetual objective, which must be achieved within an environment of evolving patient preferences and changing market conditions. The Board recognises the need to remain agile and responsive to changing market dynamics.

We will welcome a new CEO in the short term, to be appointed in line with Sue stepping down next year. A process is underway to identify our next CEO and I look forward to communicating further details in due course.

Sue's leadership of Virtus Health over the last sixteen years has been critical in establishing the foundations of the company and its reputation as providing exceptional care to patients. I would like to thank Sue for her passion and vision for Virtus Health and for her considerable efforts in creating the market position which Virtus enjoys today.

I would also like to thank all our staff, fertility specialists and management teams for their daily contributions to the important work we do. Their dedication and experience is what drives our business and is critical to our continued success.

Finally, I would also like to thank Peter Macourt who retires today as Chairman of the Company. Peter has been Chairman of Virtus Health for over six years and on behalf of all the Directors who have worked with Peter and the Company's shareholders I express my thanks and appreciation for his diligent service.

I look forward to meeting with you again at next year's Annual General Meeting.

Sonia Petering
Chair Elect
Virtus Health Limited
20 November 2019

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Further information:
Glenn Powers
Secretary
Virtus Health
+61 (0)2 9425 1722

Kyahn Williamson
Investor Relations
Buchan Consulting
+61 (0)3 9866 4722
kwilliamson@buchanwe.com.au

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 127 of the world's leading fertility specialists supported by over 1300 professional staff, we are the largest network and provider of fertility services in Australia and Ireland, with a growing international presence in the UK, Denmark and Singapore.