

ASX ANNOUNCEMENT

VIRTUS HEALTH LIMITED (ASX: VRT)

26 August 2014

VIRTUS HEALTH FULL YEAR FINANCIAL RESULTS FY2014

Highlights

- Net profit after tax (pro-forma) up 17.2% to \$32m, 2% ahead of prospectus forecast
- Earnings before interest, tax, depreciation and amortisation ("EBITDA") (pro-forma) was 4% below prospectus forecast due to lower market activity in H2
- Revenue from ordinary activities up 7.9% to \$201.2m, augmented by strong growth in specialised diagnostics and day hospital procedures
- Maintained position as the market leader in ARS in Australia, strongest growth in NSW, and low-cost IVF a key contributor to increased market share
- Final dividend of 14c per share, fully franked, payable on October 16

Key Financial Results for the year ended 30 June, 2014

Metric	FY14 (\$m) actual	FY14 (\$m) pro-forma	FY13 (\$m) pro-forma	% change pro-forma	Prospectus pro-forma
Revenue	201.2	199.9	187.3	6.7%	206.3
EBITDA	59.4	60.4	56.1	7.7%	63.0
NPAT	30.9	32.0	27.3	17.2%	31.4
EPS (cents) ¹	38.8	40.2	34.3	17.2%	39.5

¹ Pro-forma EPS assumes 79,503,601 shares on issue for full year FY13 and 79,593,751 for FY14

Pro-forma net profit after tax (NPAT) grew 17.2% on the previous year to \$32 million, from \$27.3 million; pro-forma revenue rose 6.7% on the previous year to \$199.9 million, from \$187.3 million. Actual (or statutory) revenue from ordinary activities increased 7.9% to \$201.2 million from \$186.6 million while statutory net profit attributable to the owners of Virtus Health Limited tripled to \$30.9million, from \$10.1 million.

Cycle growth in Australia was below the level assumed in the IPO prospectus due to the lower level of market activity in H2 and this resulted in pro-forma EBITDA underperformance of \$2.6m compared to the prospectus forecast performance. However, net profit after tax exceeded the prospectus forecast by \$0.6m.

Pro-forma EBITDA increased by 7.7% to \$60.4 million, from \$56.1 million the previous year.

"In our first year as a listed company Virtus has delivered a solid financial result and demonstrated our ability to deliver on our growth strategy, by establishing a global footprint and enhancing the range of services for patients. This will add value for our shareholders, and ultimately help couples around the world fulfil their dream of becoming parents," said Sue Channon, CEO of Virtus Health.

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Virtus Health cemented its position as the leading provider of Assisted Reproductive Services in Australia with 14,896 IVF cycles conducted in FY14, an increase of 3.9%, compared to growth of 2.9% in the market overall.

Virtus now has a 45.5% market share in the eastern states of Australia (NSW, Queensland and Victoria) where its clinics are located.

The strongest market growth occurred in NSW, where cycles were up 5%, followed by growth of 2.5% in Victoria; Queensland saw a decline of 0.5%.

The growth in the Virtus low cost IVF service, branded "The Fertility Centre" (TFC), was a key driver in the increase in market share. Virtus is assessing opportunities for additional TFC clinics.

"We expect the demand for assisted reproductive services, associated diagnostic testing and day hospital procedures to grow as the long-term trend for women, in Australia and overseas, to delay having children continues," Ms Channon said.

"The introduction of the low cost offering has enabled us to reach a wider range of people who would otherwise not access IVF due to affordability. The strength and backing of the Virtus brand, has been integral to the impressive growth experienced in this segment."

An increased range of specialised diagnostic services saw revenue from diagnostics increase by 17.5%. During the financial year, Virtus expanded its in-house capability in genetic testing to include Next-Generation gene sequencing and karyomapping technologies. It also expanded the range of endocrinology tests available and widened screening for infectious diseases.

The use of day hospitals for non-IVF services increased with non-IVF activity now making up 47% of day procedure activity compared with 41% the previous year. Revenue from day hospital procedures increased by 9.4%.

"The growth in specialised diagnostics and day hospital procedures underlines the strength of our integrated business model which provides multiple sources for revenue growth, and ultimately benefits our patients," Ms Channon said.

"Keeping abreast of the rapidly evolving field of genetic testing will be an important focus, and we will continue to invest in bringing additional technologies and testing capabilities to the Virtus Health network."

Total capital expenditure for the year was \$8.0million as Virtus expanded its geographic footprint, extended its diagnostic capabilities and enhanced existing facilities. Virtus also paid \$23.7 million to acquire 70% of Ireland's largest IVF provider, SIMS IVF, as part of its expansion strategy, and is well advanced with preparations to open a Virtus-branded clinic in Singapore in late 2014.

"Virtus will continue to explore opportunities for acquisitions both in Australia and overseas, as well as grow our existing networks and provide the highest standards of care our patients have come to expect," Ms Channon said.

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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 26 August, 9:30am AEST** to 10.15am AEST.

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

Conference ID: 7652 1684

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 985 190
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://event.on24.com/r.htm?e=826988&s=1&k=4772647B94E9B4B7A723C364AB0DC9AA>

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 services.

We have developed one of the most successful medical collaborations in the world. With more than 90 of the world's leading fertility specialists supported by 860 professional staff, we are the largest network and provider of fertility services in Australia with an international presence in Ireland, and a clinic due to open in Singapore in December 2014. 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.

Our combined expertise and investment in resources and research allows us to bring clinical and scientific advances to our patients first. An example of this is the Advanced Embryo Selection technology which our group was the first to introduce to Australia.

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