



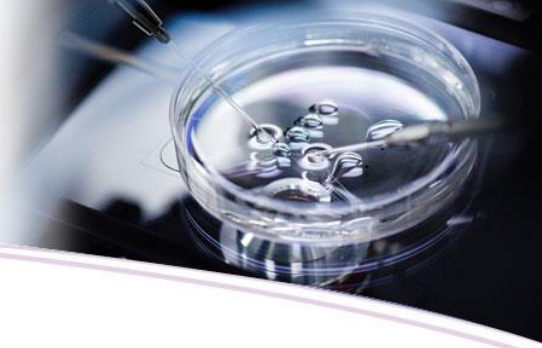
Virtus Health (ASX.VRT)

# Annual General Meeting

Wednesday 28<sup>th</sup> October 2015  
2.00pm AEDT

**virtus**  
HEALTH

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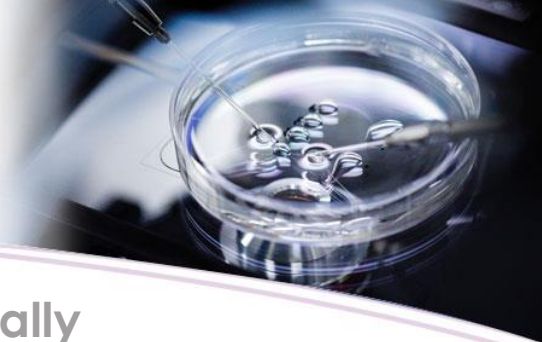
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# CEO's Presentation Sue Channon



# FY15 Year In Review



## A world leader in Assisted Reproductive Services globally

### Market leader and largest provider of ARS in Australia and Ireland with a growing presence in Singapore

- Domestic and international footprint expanded via acquisition and greenfield development
- Entry into Asia with first Virtus branded fertility clinic
- Integration of Irish operations complete, strong contribution to earnings
- Total Virtus cycles 17,064



### Vertically integrated and diversified model with multiple sources of revenue

- ARS, Day hospitals and Specialised Diagnostics delivering revenue growth
- Continued investment in clinical and scientific research
- Virtus Health Specialised Diagnostics Division established

### Strong financial track record of Revenue and EBITDA growth

- Full year dividend of 27 cents per share

# Operations Overview



## ASSISTED REPRODUCTIVE SERVICES

44

### FERTILITY CLINICS

Australia	40
Ireland	3
Singapore	1



## SPECIALISED DIAGNOSTICS

59

### LABORATORIES

Embryology	27
Andrology	26
Endocrinology	4
PGD	2



## DAY HOSPITALS

6

### DAY HOSPITALS

Use for IVF and non-IVF procedures



110

### FERTILITY SPECIALISTS



881

### NURSES, COUNSELLORS AND PATIENT SUPPORT



212

### SCIENTISTS







# ARS Market Overview



# Overview of Virtus ARS markets



## AUSTRALIA

**LEADING FERTILITY SERVICES PROVIDER, WITH A NETWORK OF DAY HOSPITALS AND SPECIALIST DIAGNOSTICS**

- ARS CAGR - 2.76% since 2010
- Fertility rate of 1.88 in 2013 – in decline
- Average maternal age 30.1
- 3.7% births from ARS – one of the highest rates globally
- Patients receive partial reimbursement from government and private insurers
- Patient IVF Costs \$4500 AUS

## IRELAND

**SIMS CLINIC ACQUIRES ROTUNDA IVF EXPANDING LOCAL PRESENCE**

- Estimated 4-5% growth in ARS since 2011
- Fertility rate 2.01
- Average maternal age 32
- 1% of all births from ARS
- Limited government reimbursement
- Patient IVF Costs €4,600

- Access to ARS up from 1710 in 2005 to ~4000 in 2013
- Total fertility rate 1.19
- Average maternal age 30.3
- 3% of all births from IVF
- Limited government reimbursement for public sector, private sector unfunded
- Central hub for regional patients
- Patient IVF Costs \$10,800 SGD

## SINGAPORE

**FIRST VIRTUS BRANDED FERTILITY CENTRE OPENS IN JANUARY 2015**

# Trends driving growth in ARS



## Underlying demographic drivers for ARS remain favourable

### Demographic & Social Trends

- Growing female populations and rising maternal age
- Rising incidence of conditions impacting fertility e.g. chlamydia and obesity
- Greater awareness and acceptance of ARS
- Same sex & single women

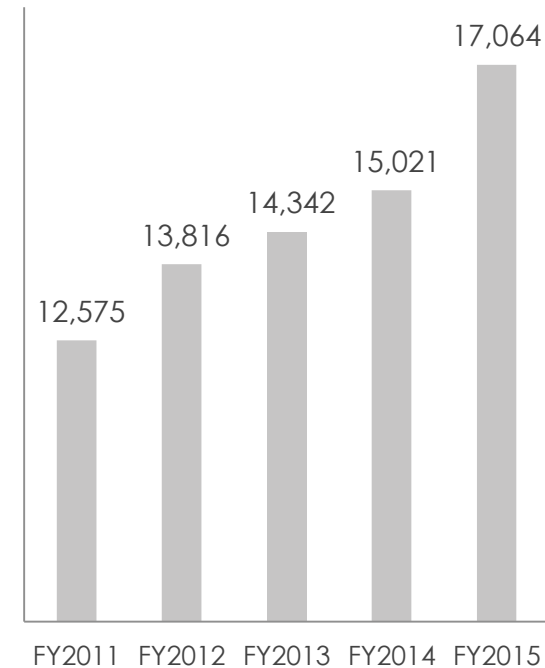
### Advancements in Technology

- Improved understanding of genetics in reproductive health
- Specialised diagnostics & scientific advancements improving success rates & opening ARS to new customer segments

### Evolution of Clinical Practice & Service Delivery

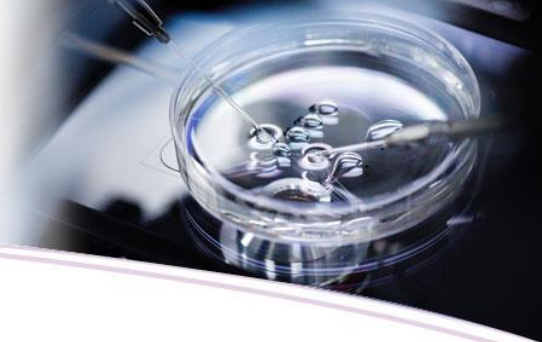
- Virtus experience supports delivery of clinical practice to achieve deeper market penetration – eg two brands
- Clinical practice changes influencing cycle mix and volumes
- Leading minds, leading science positioning

### Total Virtus IVF Cycles





# Virtus Australian ARS FY15 Data



1.4%

**Virtus Australia total cycles up 1.4% to 15,100 (incl. TAS)  
Eastern state market share 44.1% (excl. TAS) compared to  
45.5% pcp.**



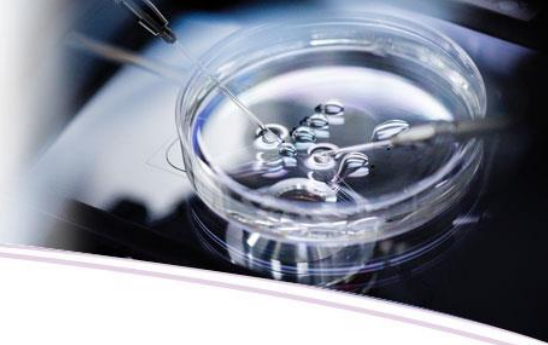
- NSW market up 4.5% - market continues to grow, entry of bulk billing increased overall market
- QLD market up 0.1%
- VIC market down 1.3% - market conditions remain weak
- IVF cycle activity prone to short term local economic influences



# Operational Highlights



# Australia - Operational Highlights



## Australian segment continues to deliver growth



Segment EBITDA up 1.9% to \$68.6m in FY15



15,100 fresh cycles performed in FY15  
Market leader with ~37% market share

## Domestic ARS expansion – mix of full service and lower cost



EPS accretive



- Sunshine Coast acquisition re-brand/full service maintained
- Addition of TFC Wollongong

## Revenue in day hospitals continues to grow



Revenue in day hospitals up 4.3%



Non-IVF revenue up 8.7% on pcp



56% day hospital revenue from non-IVF services



Continued focus on utilisation and efficiency

# Virtus Health Specialist Diagnostics

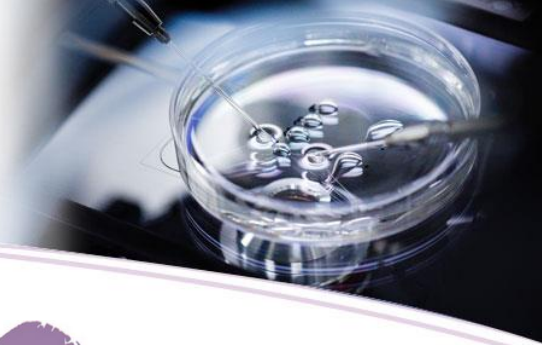


## Specialised diagnostics & scientific advancements improving success rates & delivering ARS to new patient segments

- Diagnostics is delivering year on year double digit revenue growth – 14.6% in FY15
- New operating division Virtus Health Specialist Diagnostics established in FY15
- General pathology lab acquired in September 2015 – diversifies in house testing capability and enables greater capture of revenue
- Offering spans entire spectrum of reproductive health (pre-pregnancy to pre-natal screening)
- Virtus a first mover in adopting new gene based technologies
  - Virtus delivers Australia's first babies using karyomapping in 2015
  - Introduction of fertility panel and preconception gene screening



# International Operations



## Irish operations deliver cycle and earnings growth

- 1,878 cycles performed in FY2015 across all Irish operations– market leader
- 6.0% contribution to adjusted segment EBITDA
- Three clinics operational: Sims Clinic Dublin, Cork, and Rotunda IVF, integration complete
- EBITDA margin improvement from 20% to 21% in spite of Cork start-up and launch costs



## The first Virtus branded fertility centre now fully operational

- 86 cycles performed in Singapore in FY15
- Two year full license in place, clinic volumes improving
- \$1.9m EBITDA loss in FY2015 including \$0.9m start-up costs
- Three contracted doctors, additional doctors utilising services
- Active marketing program in place – very high levels of consumer interest

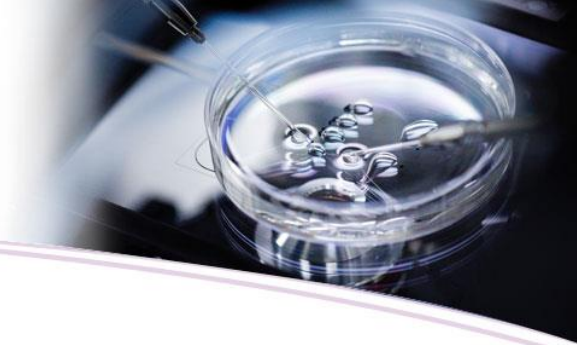




# Financial Profile



# FY15 Financial Results Highlights



## Revenue increased 16.1% to \$233.7m

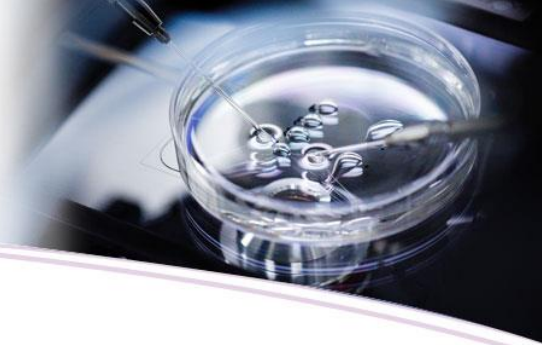
- EBITDA (Group) – increased 3.3% to \$61.4m
  - Adjusted EBITDA growth of 4.6% to \$63.1m
- Net profit after tax (NPAT) pre-minorities - decreased 1.7% to \$30.4m
  - Non – recurring expenses of \$2.2m included in reported NPAT
  - Non – cash interest expense of \$1.0m also included in reported NPAT
  - Adjusted NPAT pre-minorities growth of 5.1% to \$33.6m
- Cash/Debt – capacity for investment at \$55m
- Gearing – 2.1 times adjusted EBITDA
- Final dividend 14 cents per share (FY14: 14 cents per share), fully franked
  - Full year dividend 27 cents per share (FY14: 26 cents per share), fully franked



# Strategy and Outlook



# Strategy and Outlook



## A Strong Foundation For Future Growth

- Leading provider of ARS services in Australia and Ireland, Singapore entry into Asia
- At the forefront of fertility treatment; helping patients conceive healthy babies
- Mix of premium and a clearly differentiated lower cost offering utilising fertility specialist expertise to optimise market share
- Vertically integrated across three key activities – ARS, Diagnostics, Day Hospitals

## Looking Forward

- Full contribution of FY 15 acquisitions and greenfield
- International expansion - UK an attractive market for a buy and build strategy, South East Asian markets under review
- Australia – selective greenfield investment and/or in-fill acquisitions for ARS and day hospitals
- Invest in diagnostic capability; increase utilisation across infertile and fertile patients
- Actively identify and grow new ARS customer segments (e.g. donor services, fertility preservation)





Thank you

