

18 AUGUST 2020

FY20
virtushealth



FINANCIAL RESULTS PRESENTATION



DISCLAIMER

The material in this presentation has been prepared by Virtus Health Limited ABN 80 129 643 492 (“Virtus Health”) and is general background information about Virtus Health’s activities current at the date of this presentation. The information is given in summary form and includes financial and other information and does not purport to be complete. Information in this presentation, including forecast financial information should not be considered as advice or a recommendation to investors or potential investors and does not take into account investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

Persons needing advice should consult their stockbroker, solicitor, accountant or other independent financial advisor.

The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions.

This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law. Certain statements made in this presentation are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Virtus Health Limited’s current expectations, estimates and projections about the industry in which Virtus Health operates, and beliefs and assumptions. Words such as “anticipates”, “expects”, “intends”, “plans”, “believes”, “seeks”, “estimates”, and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Virtus Health, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Virtus Health cautions investors and potential investors not to place undue reliance on these forward-looking statements, which reflect the view of Virtus Health only as of the date of this presentation. The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. Virtus Health will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation. In addition, a number of figures have been calculated on the basis of assumed exchange rates, as set out in this presentation.

To the maximum extent permitted by law, neither Virtus Health nor its related bodies corporate, directors, officers, employees, agents, contractors, advisers nor any other person, accepts, and each expressly disclaims, any liability, including without limitation any liability arising from fault or negligence, for any errors or misstatements in, or omissions from, this presentation or any direct, indirect or consequential loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

Results and Operational Overview FY20

FY20 Financial Results

Virtus demonstrates resilience in the midst of the COVID-19 pandemic

Revenue
\$259m
Down 7.5%

NPAT attributable to
ordinary equity holders
\$0.5m
Adjusted NPAT \$20.6m²

Reported EBITDA
\$46.2m¹

EPS
0.59 cents
Adjusted EPS 25.72cps²

No final dividend.
Deferred interim
dividend to be paid
30 Nov 2020
subject to trading conditions

Adjusted EBITDA
\$66.0m²
(FY19: \$57.1m)
No adjustments for COVID-19

1. Virtus adopted AASB16 'Leases' effective 1 July 2019, resulting in an increase to Reported and Adjusted EBITDA of \$14.8m and decrease to NPAT of \$0.1m for the year ended to 30 June 2020. The comparative period has not been restated, refer to note 12 of full year report and slide 19 for further details.

2. Refer to slides 15 and 16.

Results Highlights

Key items

Non cash impairment charge (\$25.0m)

Non cash fair value gains \$6.0m

Balance sheet improvement

Net debt reduced by \$29m to \$127m

Normalised leverage covenant reporting agreed with banking group for December 20

Normalised leverage ratio of 2.2x at June 20

Funding capacity in excess of \$100m

Estimated COVID-19 impact

Estimated gross profit loss – (\$14.6m)

Job Keeper / Government assistance received \$7.7m

COVID-19 Impact and Recovery

COVID-19 Impact <i>(compared to pcp)</i>	6 Months to Dec 20	8 Months to Feb 20 <i>(pre-COVID)</i>	4 Months to June 20 <i>(during restrictions)</i>	2 Months to July 20 <i>(easing of restrictions)</i>
Australian fresh Cycles	+2.7%	+1.4%	(15.3%)	+23.0%
International fresh cycles	(3.3%)	(2.3%)	(35.1%)	+18.9%
Diagnostics revenue	+0.2%	+0.2%	(14.5%)	+14.9%
Day Hospital revenue	+2.1%	+1.5%	(15.8%)	+37.7%

COVID-19 Business Response

01

Liquidity and funding sustainability achieved

Cash management and preservation strategies implemented.

Agreement reached with banking partners to relevant normalisations to covenant calculations for the reporting to December 2020.

Not required to raise equity in a discounted market.

02

Effective planning for restart

Tele-health consulting and virtual consultations to build backlog

Recruited new specialist surgeons and increased volume from existing surgeons to Day Hospitals

Support from doctors and staff

Higher demand and lower supply of PPE mitigated by working with suppliers and clinical teams to limit disruption to daily operations.

03

Resilience of ARS demonstrated

Following lifting of regulatory suspensions, patient activity exceeded prior year comparative activity, reaffirming the demand for ARS.

Robust infection control protocols have to date managed the safety of patients, staff and doctors.

IVF highlighted as essential service in Victoria lockdown and services continue at 75% capacity.

Segment Performance

Australian Operations

Australian segment revenue down 6.2% on pcp to \$208.6m

Australian segment EBITDA up 22.7% to \$74.9m⁽¹⁾ (FY19: \$61.1m)

Pre AASB 16 “Leases” adoption, Australian segment EBITDA up 3.4% to \$63.2m (FY19: \$61.1m)

June/July 2020 Diagnostics revenue up 14.9% on pcp

Virtus’ capability in genetics creates a strong position to capture growth in ARS as families look to avoid passing potential genetic disease to their children

June/July 20 Activity demonstrates the resilience of IVF as a non-discretionary service: Australian fresh IVF cycles up 23% on pcp

Virtus Australia outperforms cycle volume in available market across FY20 (available market down 5.3% on pcp. Virtus down 4.4%)

June/July 2020 Day Hospital revenue up 37.7% on pcp

Hospital efficiencies optimized and utilisation increased by recruitment of new surgeons and increased volumes from existing surgeons

1. \$11.8m positive impact on EBITDA arising from the adoption of AASB 16 ‘Leases’

Danish Operations

Danish revenue down 5.1% on pcp to DKK49.9m

Danish EBITDA down by 28.7% on pcp to DKK11.6m (FY19:DKK16.2)

Medical team stability

Recruitment of additional medical capacity plus a **new Medical Director for Aagaard** facilitated improved activity and revenues in H2

New local leadership and refreshed growth strategy

An **experienced National Clinical Director** appointed in January 2020

Growth strategy includes a **focus on positioning Virtus Danish Clinics as a European hub** for Fertility patients

Minimal shutdown and early mobilisation

Strong marketing and planning resulted in **Virtus Danish clinics being the first in Denmark** to fully re-mobilise following shutdown with subsequent high demand

The analysis above excludes the impact on EBITDA on adoption of AASB 16 "Leases"

Singapore Operations

Singapore revenue up 3.5% on pcp to SG\$5.9M

Singapore EBITDA SG\$0.4m (FY19:SG\$0.5m)

Management restructure to deliver OPEX reduction in FY21

OPEX savings will be fully realised in FY21

Virtus Singapore introduced AI enhanced embryo selection capability, a first in Singapore

Refreshed growth strategy

Growth strategy includes a focus on positioning **Virtus' Singapore Clinic as a South East Asian hub** for Fertility patients, supported by virtual technologies

June/July 2020 activity demonstrates resilience of service against the impact of COVID-19

Clinic remained open with limited restrictions **delivering an 88% increase in cycles on pcp**

The analysis above excludes the impact on EBITDA on adoption of AASB 16 "Leases"

Irish Operations

Irish revenue down 24.5% on pcp to €16.5m

Irish EBITDA down to €1.4m (FY19: €3.6m)

Margin improvement and efficiency focus

Cost of Sales saving of 25.8% against pcp driven **by control of consumables, supplies and drugs**

OPEX saving of 10.7% against pcp driven by restructure initiatives

Pre-COVID trajectory demonstrated EBITDA growth

FY20 to Feb revenues down 2.6% on pcp

FY20 to Feb EBITDA up 11.2% on pcp

COVID-19 planning and early mobilisation

Irish Clinics mobilised early following prolonged shutdown resulting in surging demand

Egg donation program still restricted post-shutdown due to European travel restrictions

The analysis above excludes the impact on EBITDA on adoption of AASB 16 "Leases"

UK Operations

UK revenue flat with pcp at £3.1m

UK EBITDA £0.3m (FY19: £0.1m)

Margin improvement strategies
deployed in FY20

11.5% OPEX reduction on pcp

Consolidation of finance
department with Ireland
operations and further
consolidation planned for FY21

Pre-COVID trajectory demonstrating
strong growth

FY20 to Feb revenues up 13.2% driven
by NHS Fertility and NHS Out Patient
referrals

FY20 to Feb EBITDA doubled, driven by
**top-line growth plus operating
efficiencies**

COVID-19 planning and
early mobilisation

Despite prolonged UK lockdown
EBITDA still up £0.2m in FY20

Detailed operational planning
resulted in UK operations being
amongst the **first to be approved
for re-opening** following
Lockdown

The analysis above excludes the impact on EBITDA on adoption of AASB 16 "Leases"

Financial Results

FY20

Summary Income Statement

Statutory and adjusted results

\$Millions	Statutory Results		Adjustment		Adjusted Results	
	FY20	FY19	FY20	FY19	FY20	FY19
Revenue	258.9	280.1			258.9	280.1
Segment EBITDA ¹	84.0	71.1			84.0	71.1
EBITDA	46.2	63.5	19.8	(6.4)	66.0	57.1
Depreciation and amortisation ²	(25.0)	(13.6)			(25.0)	(13.6)
EBIT	21.2	49.9	19.8	(6.4)	41.0	43.5
Interest ³	(10.8)	(9.7)	0.6	1.1	(10.2)	(8.6)
Profit before income tax	10.4	40.2	20.4	(5.3)	30.8	34.9
Income tax expense	(9.5)	(11.2)	(0.2)	1.2	(9.7)	(10.0)
Profit after income tax	0.9	29.0	20.2	(4.1)	21.1	24.9
Profit after income tax attributable to non-controlling interest	(0.5)	(0.6)			(0.5)	(0.6)
Profit after income tax attributable to ordinary equity holders	0.4	28.4	20.2	(4.1)	20.6	24.3
Earnings per share (cents)	0.59	35.37			25.72	30.23
Diluted earnings per share (cents)	0.59	34.97			25.43	29.92

1. Excludes \$14.8m of lease expense replaced by Depreciation and Interest charges on adoption of AASB 16 'Leases' in FY20

2. Includes \$11.8m of depreciation on Right-of-use assets arising from adoption of AASB 16 'Leases' in FY20

3. Includes \$3.4m of interest on lease liabilities arising from adoption of AASB 16 'Leases' in FY20

The adjusted results includes loss of gross profit of \$14.6m resulting from the disruption caused by the COVID-19 restrictions and closures across the group and receipts from Australian Federal Government's JobKeeper Program and similar government programs in other countries of \$7.7m (see the OFR section of the Financial Report)

Shaded area indicates IFRS disclosures FY20 Financial Statements; refer next page for reconciliation of detailed adjustments from statutory profit to adjusted profit.

Statutory Profit Reconciliation to Adjusted Profit

Net movement from significant items and non-cash acquisition related items

\$Millions	FY20	FY19
Profit after income tax attributable to ordinary equity holders	0.4	28.4
Impairment of Intangible assets ¹	25.0	5.8
Fair Value Adjustment to contingent consideration and transaction put liabilities ²	(6.0)	(8.3)
CEO transition and recruitment costs	0.8	-
Non-cash Interest ³	0.6	1.1
Transaction costs	-	0.2
Sale of IP ⁴	-	(4.1)
Tax effect on relevant adjustments	(0.2)	1.2
Adjusted NPAT	20.6	24.3

Notes:

1. Non-cash impairment charges in relation to Tasmania & the Denmark CGU
2. Non-cash fair value adjustments in relation to the contingent consideration and put option liability true up reflecting actual and expected settlements
3. Relates to the unwinding of discount on the put liabilities and contingent consideration
4. Profit on sale of Virtus IP in relation to its Artificial Intelligence software "Ivy" in the prior period

Adjusted NPAT includes the impact of estimated gross profit loss resulting from the disruption caused by COVID-19 restrictions and closures, and receipts from Australian Federal government's JobKeeper Program and similar government programs in other countries:

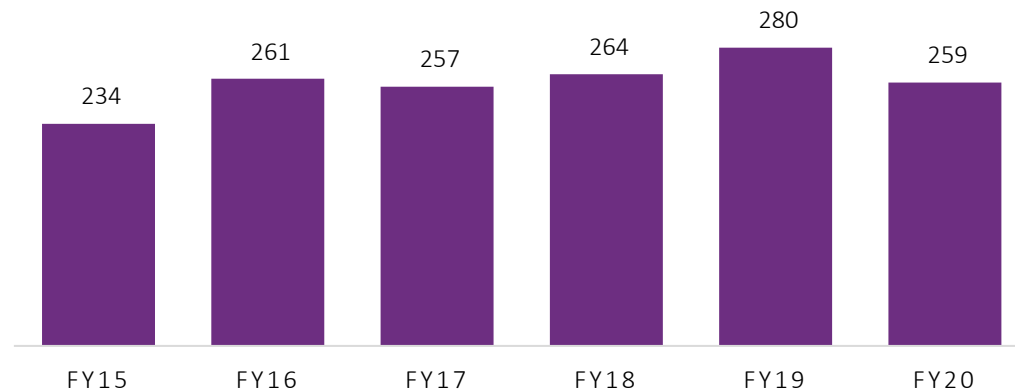
- Estimated gross profit loss (\$14.6m)
- Government support \$ 7.7m
- Tax effect benefit \$ 2.9m
- **Estimated NPAT impact (\$ 4.8m)**

Impact of Adoption of AASB 16 'Leases'

\$Millions	Statutory Results FY20	Impact of AASB 16 'Leases'
Revenue	258.9	
Segment EBITDA	84.0	Increase of \$14.8m resulting from reclassification of leases expenses to depreciation and interest below EBITDA
EBITDA	46.2	Increase of \$14.8 from above
Depreciation and amortisation	(25.0)	Increase of \$11.8m resulting from recognition of depreciation of right-of-use assets
EBIT	21.2	
Interest	(10.8)	Increase of \$3.4m resulting from recognition of lease liabilities on operating leases
Profit before income tax	10.4	Decrease of \$0.4m resulting from differences on the profile of leases
Income tax expense	(9.5)	
Profit after income tax	0.9	Net decrease of \$0.1m

Key Revenue and EBITDA Drivers for FY20

FY15-20 REVENUE



FY20 Revenue decline driven by:

- Severe disruption from the COVID-19 pandemic during last four months of FY20, where cycle volumes contracted by (15.3%) in Australia and (35.1%) Internationally.
- Diagnostics and Day Hospital revenue contracted by (11.9%) and (15.8%) respectively during the same period

For 8 months to February 20:

- Australian cycles were 1.4% ahead of pcp
- International cycles were (2.3%) behind pcp
- Diagnostics revenue was 0.2% ahead of pcp
- Day hospital revenue was 1.5% ahead of pcp

FY15-20 GROUP EBITDA



FY20 EBITDA decline driven by:

- Estimated gross profit loss of ~\$14.6m from lost revenue due to COVID-19 impact on activity
- Non cash impairment charges of \$25m
- Increase in corporate costs of \$3m , mostly IT and Infrastructure related enhancements of \$1.8m, increase in professional and consulting fees of \$1.2m
- Restructure costs of \$1.5m across the group
- CEO separation and recruitment costs of \$0.8m

Partially offset by:

- Government assistance of \$7.7m across the group
- Non cash fair value gains of \$6.0m
- Virtus adopted AASB16 'Leases' effective 1 July 2019, resulting in an increase to EBITDA of \$14.8m

Cash Performance

Operating cash flow

Summary	FY20 (A\$m)	FY19 (A\$m)
Group EBITDA	46.2	63.5
Changes in other operating assets/liabilities	11.4	(2.4)
Net financial costs	(6.1)	(7.8)
Lease interest	(3.4)	-
Income tax	(1.9)	(15.8)
Other non cash items (net) ⁽¹⁾	20.2	0.8
Operating cash flow	66.4	38.3
Lease principal payments	(10.8)	-
Net CAPEX	(7.9)	(14.6)
Free cash flow	47.7	23.7
Dividends paid	(9.6)	(19.3)
Free cash flow after dividends	38.1	4.4

Operating cash flow increase of \$28.1m:

- Higher non cash charges of \$20.2 net (see note below)
- Reclassification of \$10.8m lease principal payments to financing activities as a result of adopting AASB 16 “Leases”
- Lower interest charges of \$1.4m due to lower debt levels
- Various cash preservation levers used to manage cash during the Q4 of FY20 that included:
 - Government assistance via deferral mechanisms for direct and indirect taxes, totalling ~\$11m (payable between July to November 2020)
 - Management of trade and other payables

Free cash flows up by \$34m, mostly as a result of:

- The payment deferral of interim dividend of \$9.5m to November 20
- Lower capex in FY20 and;
- Higher operating cash flows noted above

1. Non cash items mostly include, impairment charges of \$25m and share based payments of \$1.2m. This is offset by non cash fair value gains of \$6m and other adjustments

Statement of Financial Position

\$millions	Statutory June 20	Statutory June 19
Cash	38.0	18.8
Trade and other receivables	13.4	14.8
Inventories	1.4	1.3
Equity accounted investments	1.5	1.5
Other financial assets	3.5	3.2
PP&E	34.9	38.0
Deferred tax assets	10.3	7.1
Right-of-use assets	89.7	-
Intangible assets	433.7	459.6
Total assets	626.4	544.3
Trade and other payables	41.6	26.5
Deferred revenue	20.0	16.3
Borrowings	164.1	173.7
Deferred tax liability	0.8	1.1
Provisions	11.9	11.4
Lease liabilities	102.8	-
Current tax liabilities	9.6	1.1
Other financial Liabilities	7.4	19.6
Total liabilities	358.2	249.7
Net assets	268.2	294.6

Key movements

Cash balance – boosted by various cash preservation initiatives, government assistance programs and strong operating performance in June 20 (see cash performance slide)

Intangible assets – reduction reflects impairment on Goodwill and Brands of \$25m

AASB 16 'Leases' adoption

- Increase in Total assets of \$89.7m from recognition of Right-of-use assets
- Increase in Total liabilities of \$102.8m from recognition of Lease liabilities
- Increase in Deferred tax assets of \$3.5m

Gearing

- Reduction in borrowings as a result of voluntary debt repayment
- Normalised leverage ratio of 2.2 adjusted group EBITDA (LTM)
- Full compliance with sufficient head room under both interest and leverage ratios
- Funding capacity available, ~\$107m reflecting \$92m of unused facilities and \$15m of uncommitted cash
- Net debt \$126.9m (FY19: \$156.2m)

Trade and other payables – Other payables include \$9.5m of Interim dividend deferred for payment and the remaining increase is timing related

Deferred revenue – increase reflects strong demand and increase in activity as restrictions eased during Q4.

Current tax liabilities – increase reflects agreed deferrals of corporate tax instalments in FY20

Other financial liabilities – reduction as a result of final settlement of put options for both TasIVF Pty Limited and Sims Clinic Limited during FY20

Dividend proposed - No final dividend has been declared; precautionary measure given economic uncertainty

Business Outlook

Virtus clinics rebound as business operations return

Recommended services with two exceptions:

Ireland Egg donation activity
impacted by border restrictions.

Victorian procedures are subject
to elective surgery capacity limit

ARS non-discretionary

Strong growth in new patients
and take-up of tele-health

COVID-19 emphasized the
importance of family

IVF recognised as essential
service in VIC second wave

**COVID-19 may cause further
disruption;** Virtus well
positioned to manage any
impact to services

Continued focus on business
development and margin
improvement and use of
technology

CEO Strategic Update and Growth Pathway

Observations on Strategic Positioning

Key strengths

- Virtus is a leading top 5, global fertility provider in a fragmented industry

- The #1 leader in Australia with national scale in a consolidated market

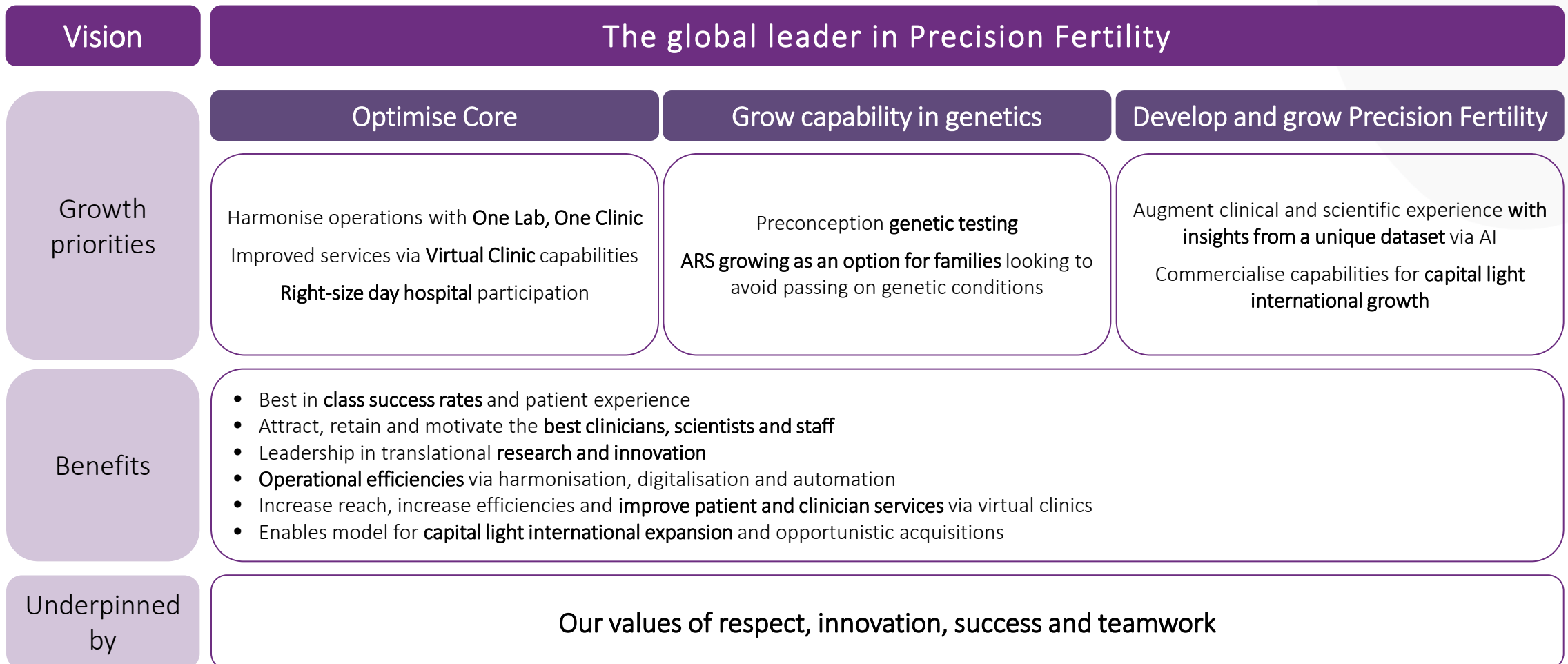
- Attractive international portfolio - #1 in Singapore, Denmark and Ireland

- Unique, differentiated capabilities in diagnostics, genetics and AI (IVY)

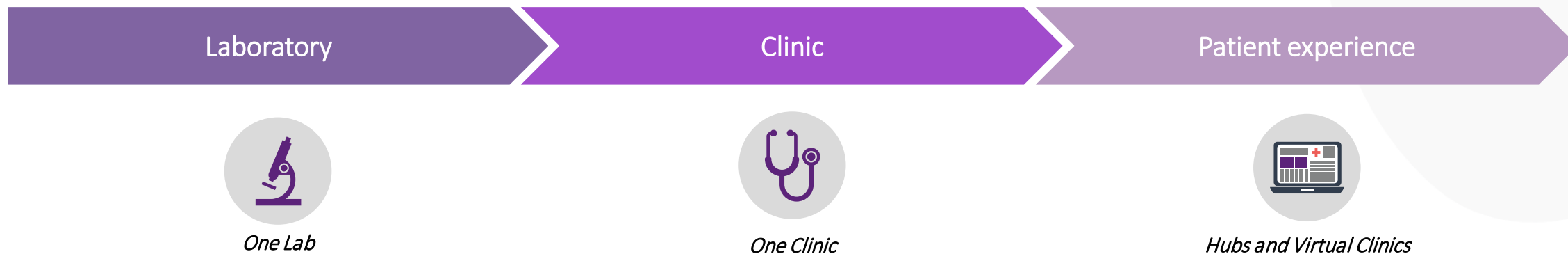
Key opportunities

- **Global leadership enables innovation and a best-in-class operating model**
 - Harmonised processes and continue to gain insights from unique datasets
 - Tech-enablement can expand reach with capital light ‘virtual clinics’
- **Continue to optimise and differentiate positioning in Australia**
 - Investing in building the ARS/IVF service of choice for clinicians and staff
 - Capabilities in Australia can be leveraged and deployed globally
- **International fertility markets offer attractive growth (8-10% p.a.) and returns**
 - Infertility and disease avoidance are growing secular trends for society
 - ARS / IVF is an essential service with resilient demand ‘through-the-cycle’
- **Capabilities in innovation will continue to drive long term growth**
 - Genetics incl. pre-conception testing, fertility diagnosis and disease avoidance
 - Potential to create new revenue and market opportunities

Strategic Growth and Value Creation Framework



Optimise Core: Growth from Harmonising the Value Chain



Harmonised, streamlined and integrated processes driving performance and efficiency

One Lab

- Optimised design architecture for efficiencies
- Unified procedures and approach
- Ensure Quality Assurance throughout operations

One Clinic

- Focus on clinician engagement incl. development
- Improve clinician utilisation, reduce admin burden
- Streamline clinical protocols and processes

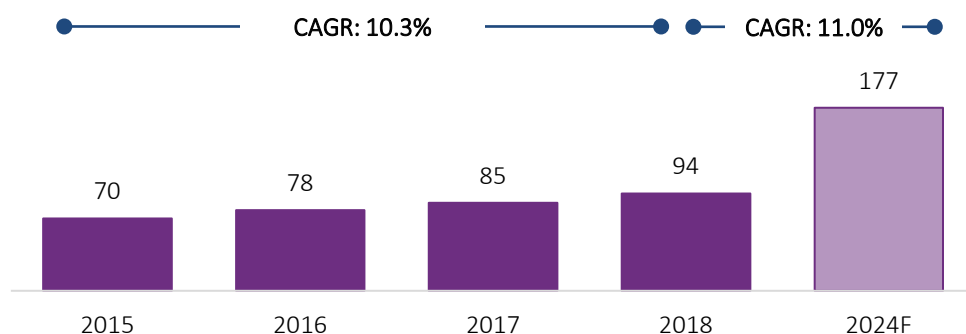
Virtual Clinics

- Expand patient reach and capture demand via virtual clinics
- Improve efficiencies and divert clinical resources to value adding services
- Enhance convenience and increase geographical reach without investing in “bricks and motor”

Capability in Genetics: Growth from ARS for Disease Avoidance

Virtus is well positioned to benefit from growth in genetic testing in Australia and globally

Australian genetic testing market size (A\$m)



- Genetic testing is a highly attractive growth segment, deeply connected to fertility and ARS:
 - ~55% of tests are for inherited genetic conditions
 - Over 50% of tests are requested by GPs and fertility specialists
- Ongoing innovations in genetic medicine will create enhanced insights and new offerings

Genetics is a valuable service, that enhances outcomes for our patients

Virtus differentiated through leadership in genetics innovation

Fertility and related services are a major driver of genetic testing

Genetic data offers potential upside longer term as this is the most valuable patient data

- Genetics is a high growth area of demand in fertility, where Virtus has strong capability and can increase differentiation to offer more personalised ARS
 - **Genetics to provide value add to patient experience:** preconception genetic testing can build an early relationship with potential patients
 - **ARS is an increasing option** as families look to avoid passing on genetic conditions
 - **Ongoing innovations in technology** will drive enhanced insights and the ability to offer more personalised ARS
 - **Improve clinical decisions:** Leverage genetic data to provide clinical insights and further enhance decision support

Precision Fertility: Growth from Commercialising IP and Capability

Virtus has demonstrated value creation through AI



virtushealth + harrison.ai

- Development of IVY as a fully automated AI system to enhance embryo success rates
- Predictive power of 0.93
- IVY is currently being deployed across Virtus clinics
- Virtus and Harrison.ai divested the IP for US\$8m to Vitrolife, the market leader in time-lapse incubation systems

Precision Fertility is our next evolution to improve performance and growth





Through scale, Virtus has a unique dataset

Insights gained from data will improve success rates

A unique model of ARS solutions will enable capital light international growth

- Our unique dataset is a valuable asset currently under-utilised
- With Harrison.ai, we will gain insights from our data that will:
 - **Enhance performance:** insights gained will augment clinical and scientific experience to drive success rates and efficiencies
 - **Commercialise IP and capability:** collaborate to develop a shared economic model to commercialise ARS solutions for capital light international growth

Virtus Health by 2023

	Current State	Future State
 Australian ARS	<ul style="list-style-type: none">• Majority of the Group's earnings• Market leader in consolidated and mature market• Strong brand presence and reputation• Attractive profitability, resilient, GDP-like growth	<ul style="list-style-type: none">• AI-enhanced efficiency premium delivered• Capital light, scalable ARS solutions developed• Best-in-class success rates and operating metrics
 International ARS	<ul style="list-style-type: none">• Leading market position in Singapore, Ireland and Denmark, with a smaller UK position• Achieved growth largely by acquisition	<ul style="list-style-type: none">• Hubs servicing regional demand virtually• Capital light, scalable international ARS solutions• Opportunistically positioned for acquisitions
 Diagnostics	<ul style="list-style-type: none">• Integrating diagnostic services as a differentiator and value added service for Australian ARS• Services in general pathology and specialised genetic testing generate strong margins	<ul style="list-style-type: none">• Genetic testing supporting ARS growth in disease avoidance• Genetics enabling earlier patient engagement• General pathology provided through strategic partnership
 Day Hospitals	<ul style="list-style-type: none">• Day hospitals directly support Australian ARS• Offers advantages including proximity to labs, operating theatres and access for clinicians• Under-utilised against full potential	<ul style="list-style-type: none">• Partnering with clinicians to drive strategic alignment• Ensure sound security of access and margin capture for ARS• Day Hospitals fully utilised and optimised

Redefining our Value Proposition

Post Strategic Review

FY20

virtushealth 

Patients

Personal fertility services: enhanced by the **passion** of people and the **precision** of technology

Staff and Specialists

A culture that is **ambitious** to **continually deliver** the **best** care, the **best** science and the **best** outcomes

Appendices

KPIs – Australian Segment

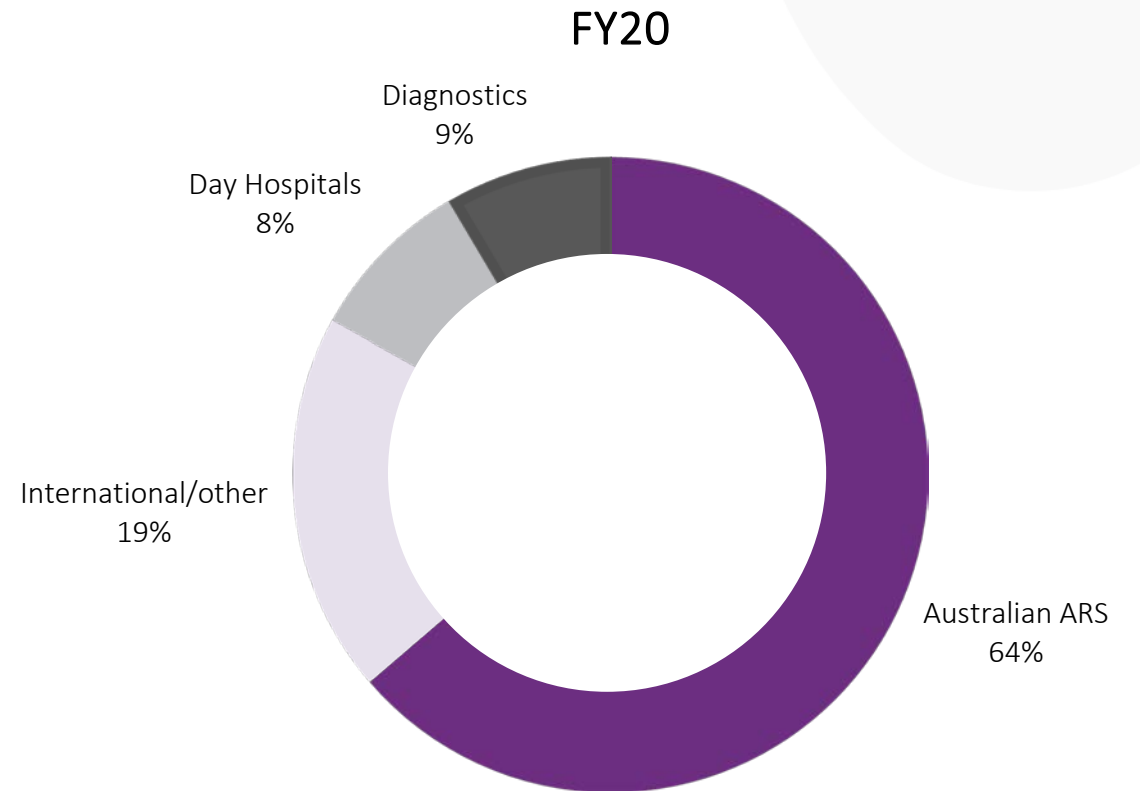
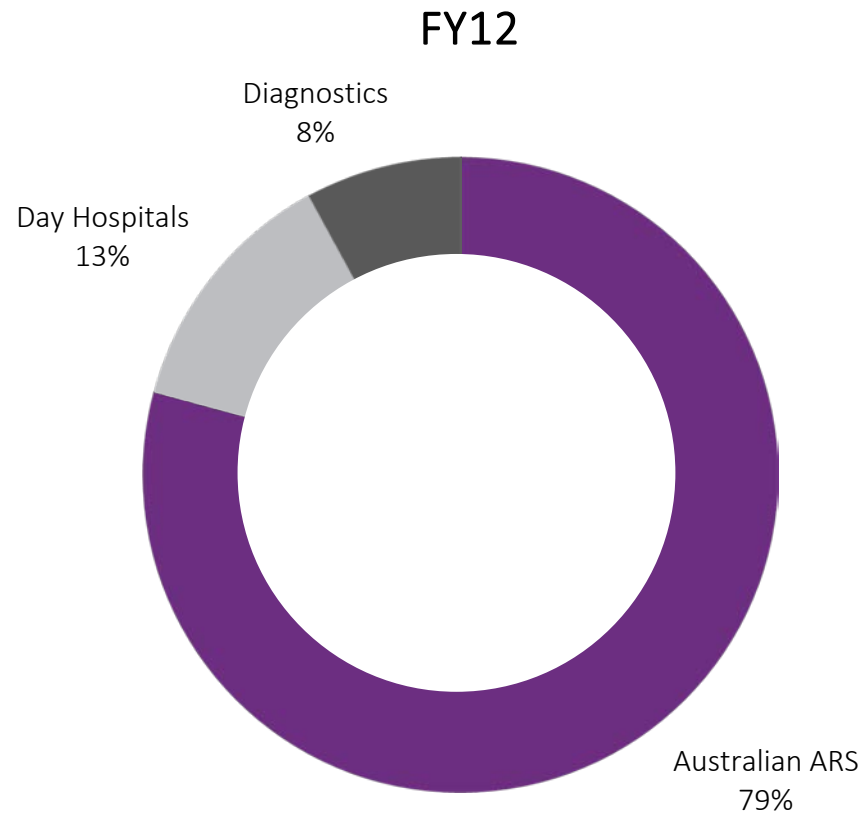
Virtus	Note	FY20	FY19	Change
Number of IVF cycles in Virtus Australia	1	14,786	15,460	(4.4%)
TFC cycles as a percentage of total Virtus IVF cycles		20.9%	17.9%	3.0%
Number of IVF cycles in NSW, QLD, TAS, VIC, ACT market		36,990	39,060	(5.3%)
Eastern states market share	1	40.0%	39.6%	0.4%
National market share	1	33.5%	33.4%	0.1%
Treatment volume	2	28,319	29,778	(4.9%)
Average number of Fertility Specialists		100	104	(3.8%)
Average number of cycles per Fertility Specialist		148	149	(0.7%)
Average age of Fertility Specialists		53	52	(1.9%)
Average total revenue per cycle (A\$)		13,993	13,999	(0.0%)
Labour as a % of total revenue		36.9%	34.3%	(2.6%)
Provider fees as a % of total revenue		14.2%	14.3%	0.1%
Reported segment EBITDA margin %	3	30.3%	28.0%	2.3%

Notes:

1. Implied last 12 months market share is based on fresh and cancelled cycles in NSW, VIC, QLD, TAS and ACT
2. Total treatments includes fresh cycles, cancelled cycles, IUIs and FETs
3. Excludes \$11.8m increase in EBITDA resulting from the adoption of AASB 16 'Leases'

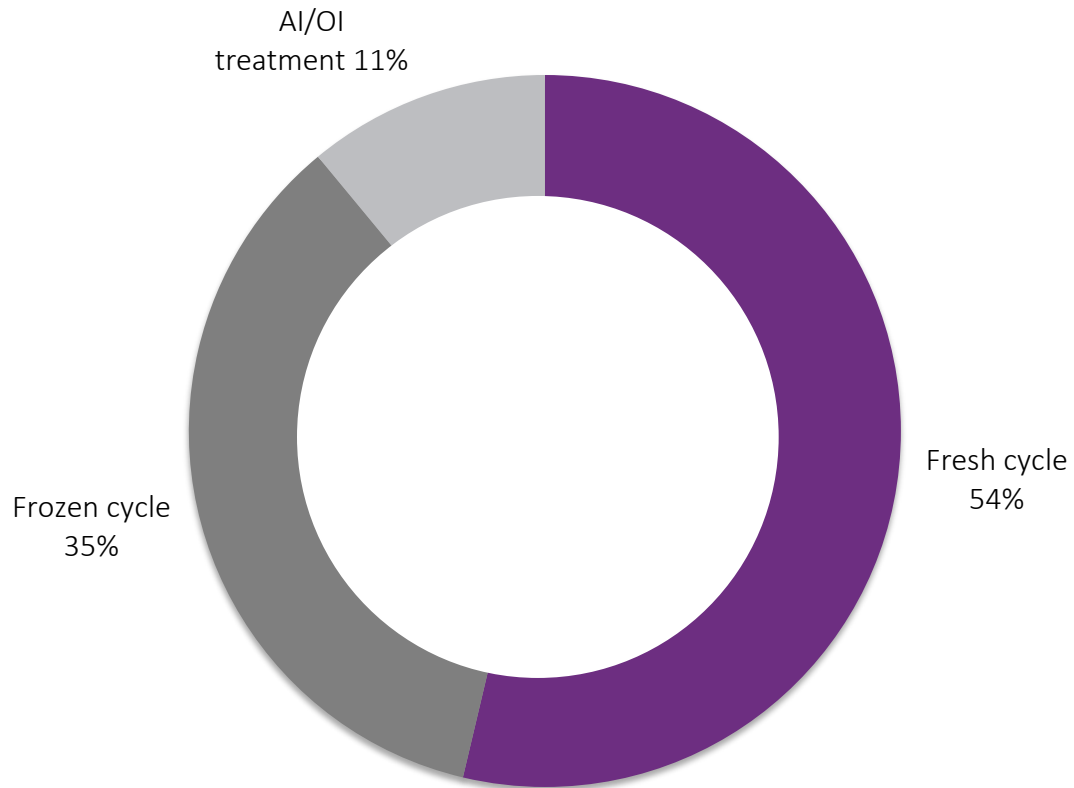
Virtus International

International operations are 19% of Group revenue

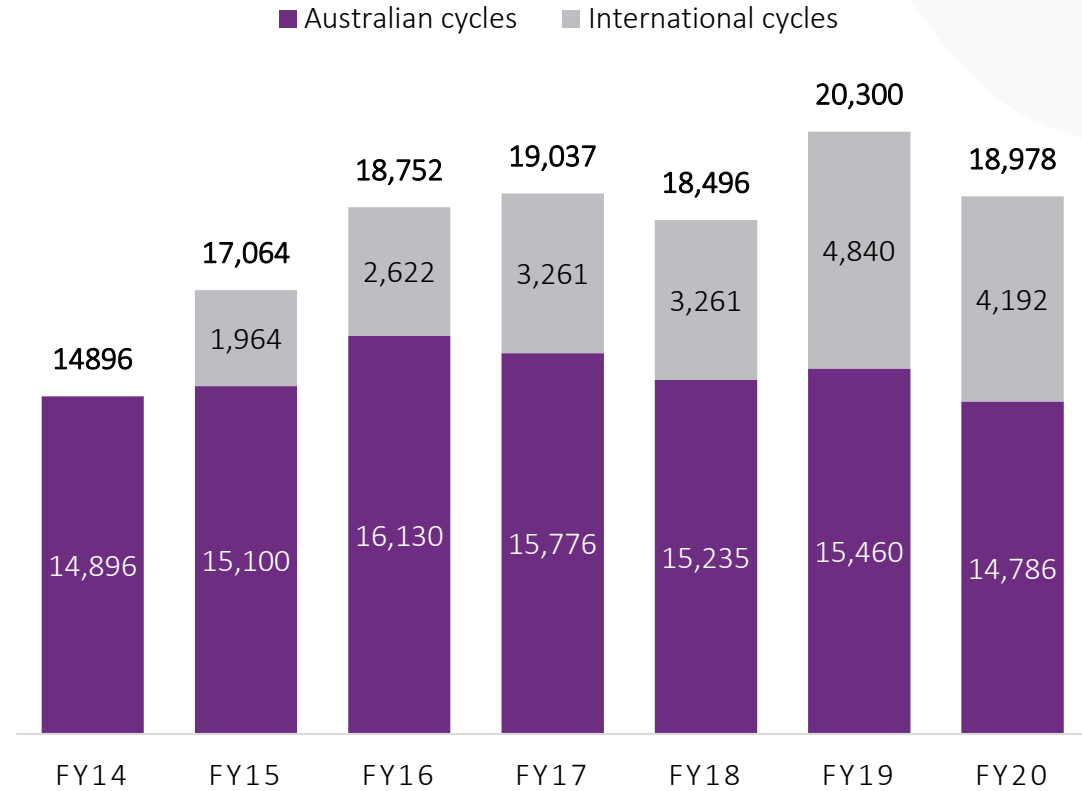


Treatment Analysis

Treatment Mix



Virtus Cycles



Regulatory Environment

Australia

- Publicly reported clinic specific pregnancy rates expected late 2020
- State Governments considering opportunities to extend existing public IVF services
- Federal Health Department review of Medicare Benefits Schedule – report published for public consultation with no changes to ARS proposed to date
- National Health and Medical Research Council (NHMRC) report published June 2017; no recommendations enacted to date
- Committee (MSAC) review of PGD funding ongoing
- Proposed changes implemented by National Pathology Accreditation Advisory Council (NPAAC) have placed an additional cost impost on businesses in relation to pathologist supervisory requirements

Ireland

- Proposed changes to donor legislation, removing anonymity for donors and the potential for public funding of IVF are still to play out; no timeframe articulated on these matters
- New dedicated Fertility Regulator expected to be introduced in 2020

UK

- A proposed National IVF tariff - A “Guidelines for Commissioning Fertility Services” paper has been released by the HFEA to clinical commissioning groups. This includes a proposed tariff for IVF - there is no information on when this might be introduced and it is likely to be contested by clinics

Singapore

- Government-approved Pre-implantation genetic screening ‘clinical trial’ in public hospital could point to expanding service offering

Denmark

- No regulatory updates at the current time

Virtus Health Network



120

Fertility Specialist



251

Scientists



982

Nurses, counsellors, patient support & operational staff



42

Fertility clinics



Australia: 35
Ireland: 3
Singapore: 1
Denmark: 2
UK: 1



55

Laboratories



Embryology: 27
Andrology: 28



7

Day Hospitals



Queensland: 2
New South Wales: 3
Victoria: 1
Tasmania: 1



9

Diagnostics Labs



General Pathology: 6
Genetics: 3



5

Countries

Thank You