



ASX Announcement

Monash IVF Group Limited (ASX: MVF)

18 November 2019

FY20 Profit Guidance Update

Monash IVF Group Limited (ASX: MVF, the “Company” or “Monash IVF”) is today providing an update on anticipated FY20 net profit after tax (NPAT) before non-regular items⁽¹⁾ for the year ended 30 June 2020 and six month period ending 31 December 2019.

On 22 August 2019, the Company stated that it had been notified that five Victorian based fertility specialists (“Doctors”) who were referring patients for IVF treatment and were not subject to both notice and restraint provisions (unlike more than 95% of the Company’s Specialists), will cease using services from Monash IVF from September 2019. Management estimated the NPAT, on a variable contribution basis, for the year ending 30 June 2020 may be impacted by approximately \$1.5m to \$2.5m if all Doctors ceased referring to the Company at the end of 1Q20.

Since the Announcement made on 22 August 2019, the Doctors have exited and the Company has been ensuring patients interests are put first as we continue to support patients through the transition process over coming months. Furthermore, we are seeing downward pressure on our stimulated cycle volumes in Q2FY20 vs pcp.

As a result, the Company’s NPAT before non-regular items for the six month period ending 31 December 2019 is now expected to be in the range of \$8.5m to \$9.0m.

The Company now estimates FY20 NPAT before non-regular items for the year ended 30 June 2020 will be in the range of \$18.0m to \$19.0m.

The Company remains well positioned to optimise future earnings through strategic and operational momentum gained during this calendar year. Key initiatives continuing include:

- Expansion of the Monash IVF domestic footprint demonstrated through the recent Fertility Solutions acquisition in Queensland which joined the Company on 16 September 2019;
- Recruitment of new fertility specialists including confirmation of a new established Fertility Specialist recruited in Sydney;
- Commitment to build a new Sydney CBD fertility clinic as a flagship offering in NSW, opening in Q4FY20;
- Commencement of a transformation program with a particular focus on the Victorian market;

(1) non-regular items include transaction costs associated with acquisition/partnership activity including Fertility Solutions, and start-up costs associated with the opening of the new Sydney CBD fertility clinic expected in Q4FY20.

- Remaining focused on growing the full service businesses through enhancing the Company's best-in-class patient experience and scientific leadership, whilst ensuring Monash IVF staff are engaged and share common principles and beliefs;
- Progress of our Asia Pacific expansion strategy through acquisition and partnerships.

The Company will provide a further update on FY20 Financial Performance at its half year financial results announcement in February 2020.

The Company will continue to keep the market updated as appropriate.

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