

## ASX ANNOUNCEMENT

### VIRTUS HEALTH LIMITED (ASX: VRT)

1st December 2016

### **Virtus Health acquires Aagaard Fertility Clinic, Aarhus Denmark for up to DKK85million (AUD16.5million)**

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Sydney, Australia – Virtus Health ("Virtus", ASX: VRT), Australia's largest Assisted Reproductive Services (ARS) provider, is pleased to announce it has acquired Aagaard Fertility Clinic ("Aagaard"), based in Aarhus Denmark for a maximum consideration of up to DKK85 million (AUD 16.5M) on a cash free/debt free basis.

The consideration comprises a payment of DKK56 million (AUD 10.8M) at completion, plus an adjustment payment based on EBITDA in the 12 month period ending 31 December 2016 and an earn out based on EBITDA in the 12 month period ending 31 December 2017; the maximum aggregate of the adjustment payment and the earn out is DKK29 million (AUD 5.6M). Up to DKK8 million (AUD 1.5M) of the earn out is payable in ordinary shares of Virtus Health or cash with the decision on funding to be made by Virtus.

"This acquisition adds to Virtus' international growth strategy reaffirming our vision for diversification and to expand the Virtus model in carefully selected international markets. The Danish IVF market is very sophisticated and well regulated with excellent scientific capability," said Ms Sue Channon, Group CEO.

### Highlights

- Virtus acquires Aagaard on a 7 times multiple of normalised EBITDA for LTM ending 30 September 2016;
- Initial cash free debt free consideration and adjustment payment are funded from cash and debt resources, with earn out payable in cash and Virtus shares in 2018; and
- Forecast to be EPS accretive on a full year 2017 basis

Aagaard was established in 2004 and is the leading Danish fertility clinic outside Copenhagen. The clinic offers a full and comprehensive range of fertility treatments and advanced scientific technologies.

Aagaard performed 1,751 IUI cycles and 345 IVF cycles in 2015 and has achieved further growth during the nine months to September 2016. These services are provided from a modern purpose built facility which is strategically positioned close to the Aarhus University hospital, the second largest public hospital in Scandinavia.

Aagaard and Virtus will share their leading IVF technologies and explore opportunities to add value to patient services with the expectation of generating synergies over the longer term.

The existing Aagaard management team will continue to oversee the business on a day-to-day basis and will work with the Virtus team to grow the business further. Jørn Aagaard who is the founding owner will continue as Managing and Medical Director of Aagaard.

Virtus' CEO Sue Channon said "Scandinavia is an attractive market for Virtus, with a number of operational and regulatory similarities with Australia, including a good legislative framework for Assisted Reproductive Services.

"The Aagaard clinic is another example of where we will be able to leverage our leading minds, leading science philosophy for the benefit of patients, professional development of our team and ultimately shareholder return. Jørn Aagaard and his team have established a professional patient centric service which provides a natural cultural fit with Virtus Health."

"This partnership brings another leading IVF provider delivering specialist fertility care to our growing network. Best practice and operational excellence will be implemented across our platform through effective integration."

"We are excited to welcome the dedicated team of Aagaard Fertility Clinic to the Virtus family."

"Virtus will continue to seek value accretive opportunities to expand our network with leading IVF businesses in our target regions of Europe and Asia."

Jørn Aagaard, Aagaard's founder said he was delighted the clinic was partnering with Virtus.

"Aagaard and Virtus share many common values. The foundations of both organisations are built on providing the best possible treatment and care for those trying to have a baby and create the family they desire," he said.

"Virtus is setting high standards in ARS and leading best practice globally and we want to be part of this for our patients and the Aagaard team."

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### **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 117 of the world's leading fertility specialists supported by over 1200 professional staff, we are the largest network and provider of fertility services in Australia and Ireland, with a growing presence in Singapore. 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.