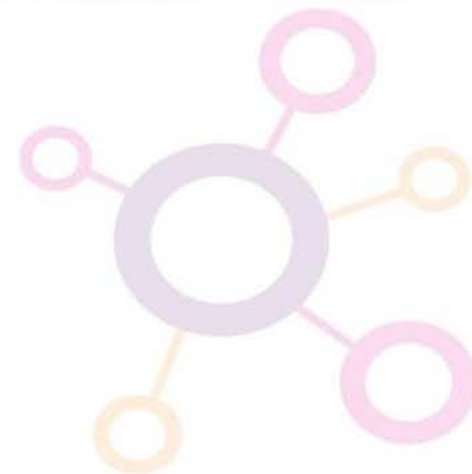


Virtus Health

UBS Healthcare Conference

June 2014



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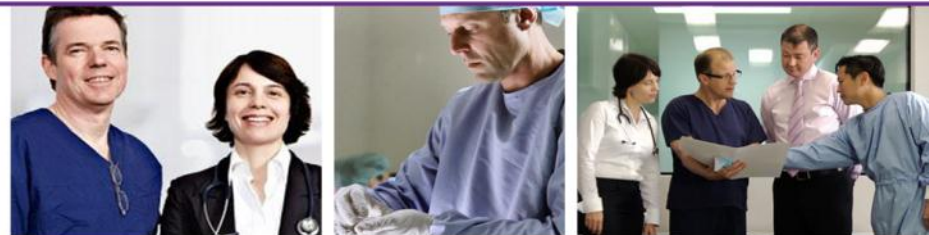
Agenda

- 1 Introduction to Virtus
- 2 Industry overview
- 3 Corporate growth strategy
- 4 Outlook





1. Introduction to Virtus



Virtus Health – investment highlights

- Australian market leader in a growing area of specialist healthcare with expanding international operations
- SIMS IVF acquisition delivers a controlling stake in the Irish market leader - first step in execution of international growth strategy
- Largest provider of Assisted Reproductive Services in Australia:
 - Full service clinics
 - Low cost model clinics
 - Day hospitals
 - Specialist diagnostics
- Scientific and clinical excellence
- Strong financial track record:
 - Track record of revenue and EBITDA growth
 - Strong cash flow generation
 - Organic, service expansion, and acquisition-driven growth opportunities



Leader in growing market

Virtus is the largest provider of Assisted Reproductive Services in Australia

- 36% share of IVF cycles performed in Australia⁽¹⁾ and operates in Australia's largest state IVF markets (New South Wales, Victoria and Queensland)
- One of two leading providers in each state in which it operates
- ~25% market share in Ireland via SIMS IVF

Assisted Reproductive Services is a growing area of healthcare

- Growth is supported by growing female population, demographic trend towards increasing maternal age, and increasing use of Assisted Reproductive Services
- The number of IVF cycles in Australia grew at a compound annual growth rate of 4.4% between 2007 and LTM June 2013⁽²⁾
- Patients receive partial reimbursement towards the cost of services in Australia
- Irish IVF market is privately funded

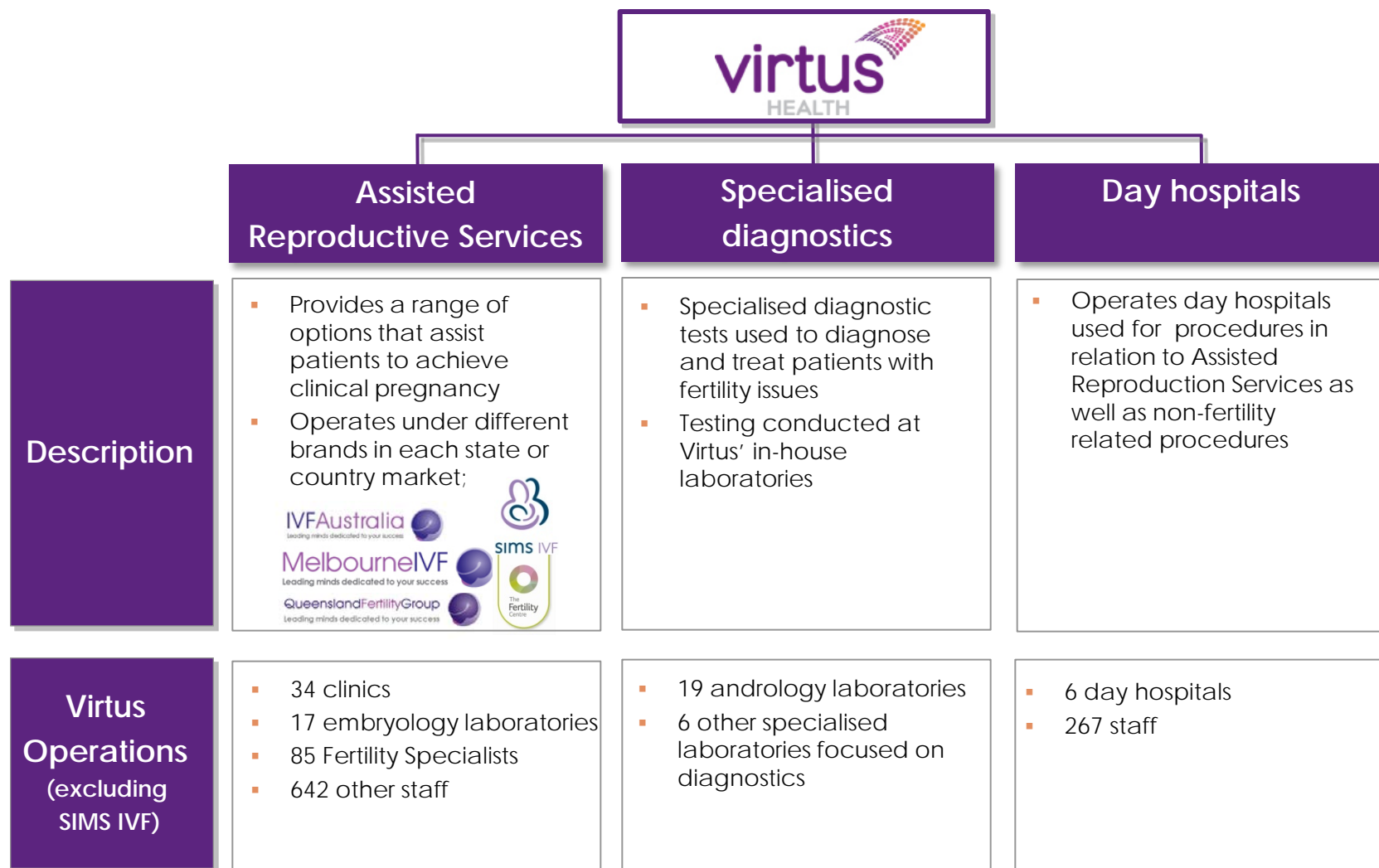


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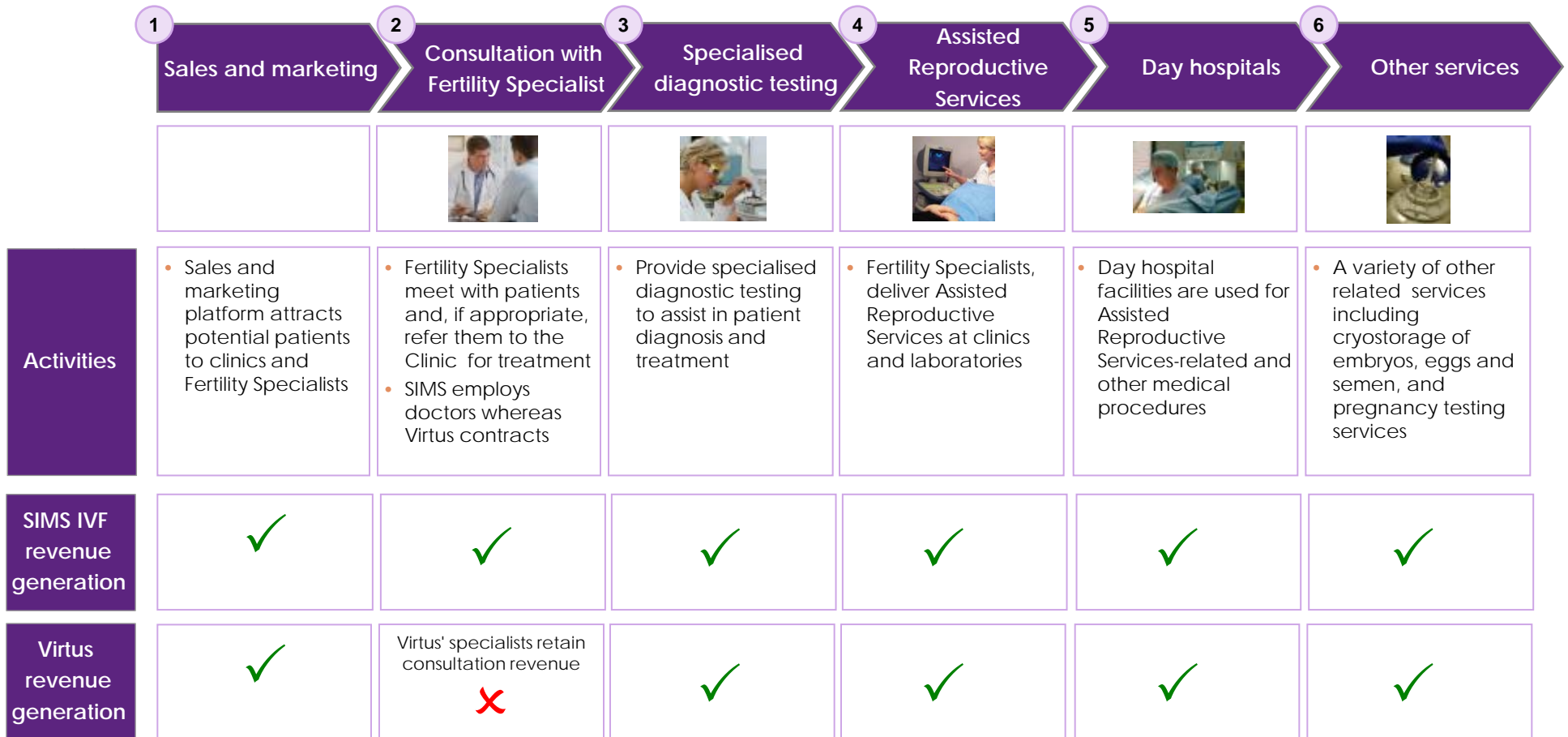
- (1) Based on Medicare Benefit Schedule Item Statistic Reports for items 13200, 13201 and 13202 in FY2013. Difference between aggregate figure and the state market shares is due to rounding error. Remaining IVF cycles conducted in the Australian Capital Territory
- (2) (2) For FY2013 financial year, based on Medicare Benefit Schedule Item Statistic Reports for items 13200, 13201 and 13202

sum of individual

Overview of Virtus' patient services



Vertically Integrated Business Model



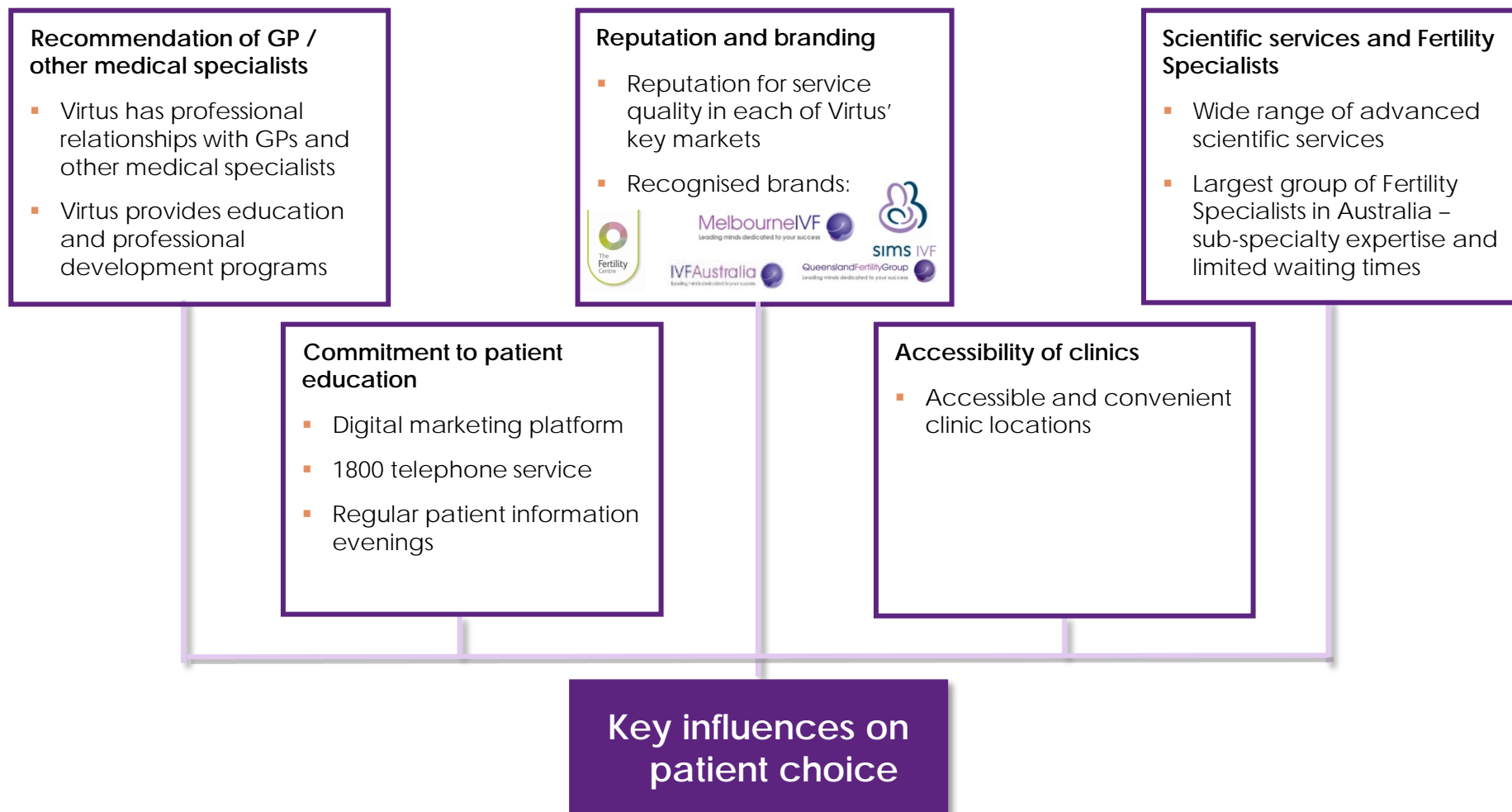
Virtus' competitive advantage

Virtus' size and scale enables it to invest in services and innovations that attract both doctors and patients

- Size and scale:
 - 'Hub and spoke' structure enables the provision of specialist diagnostics at internal 'centres of excellence'
 - Ability to diversify into the low cost offering, supported by a flagship clinic and trusted brand
 - High barriers to entry
- World class diagnostic and scientific capability:
 - Driving advancement in diagnostics and analysis, eg molecular diagnostics and cytogenetic testing
 - Ultimately benefits patients and creates new sources of revenue
 - 22 PhD scientists in-house
 - Strong IP underpinning the business
- Strong track record of doctor attraction and retention:
 - Attractive employment / contracting model including equity ownership aligned to growth

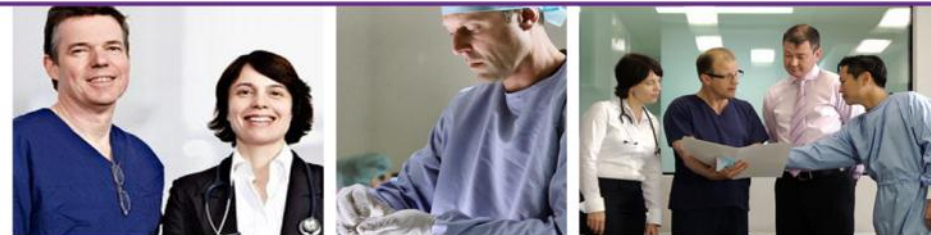


Why patients choose Virtus





2. Industry overview

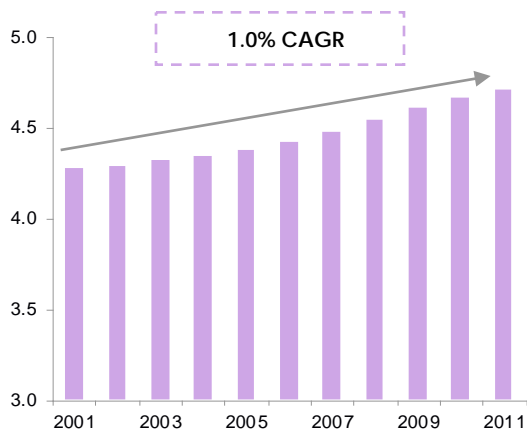


Industry growth

Growth in the Assisted Reproductive Services industry is underpinned by demographic and social trends

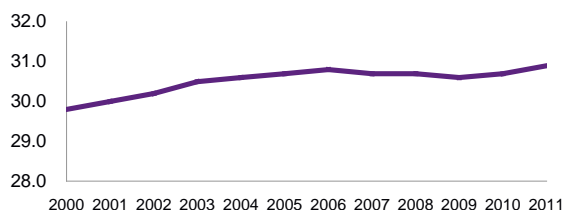
Female population growth

Number of Australian women aged 25-54 (million)⁽¹⁾

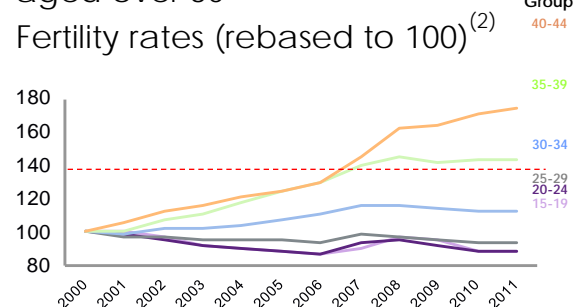


Maternal age

Median age of mothers⁽²⁾



Growth in fertility rates for women aged over 30



As women age, the number of egg follicles that remain in their body declines...impacting fertility

Use of Assisted Reproductive Services

Increasing social awareness and acceptability

Increasing accessibility of fertility clinics

Increasing willingness of general practitioners and medical specialists to refer patients to a fertility clinic

Improving success rates and efficacy of Assisted Reproductive Services

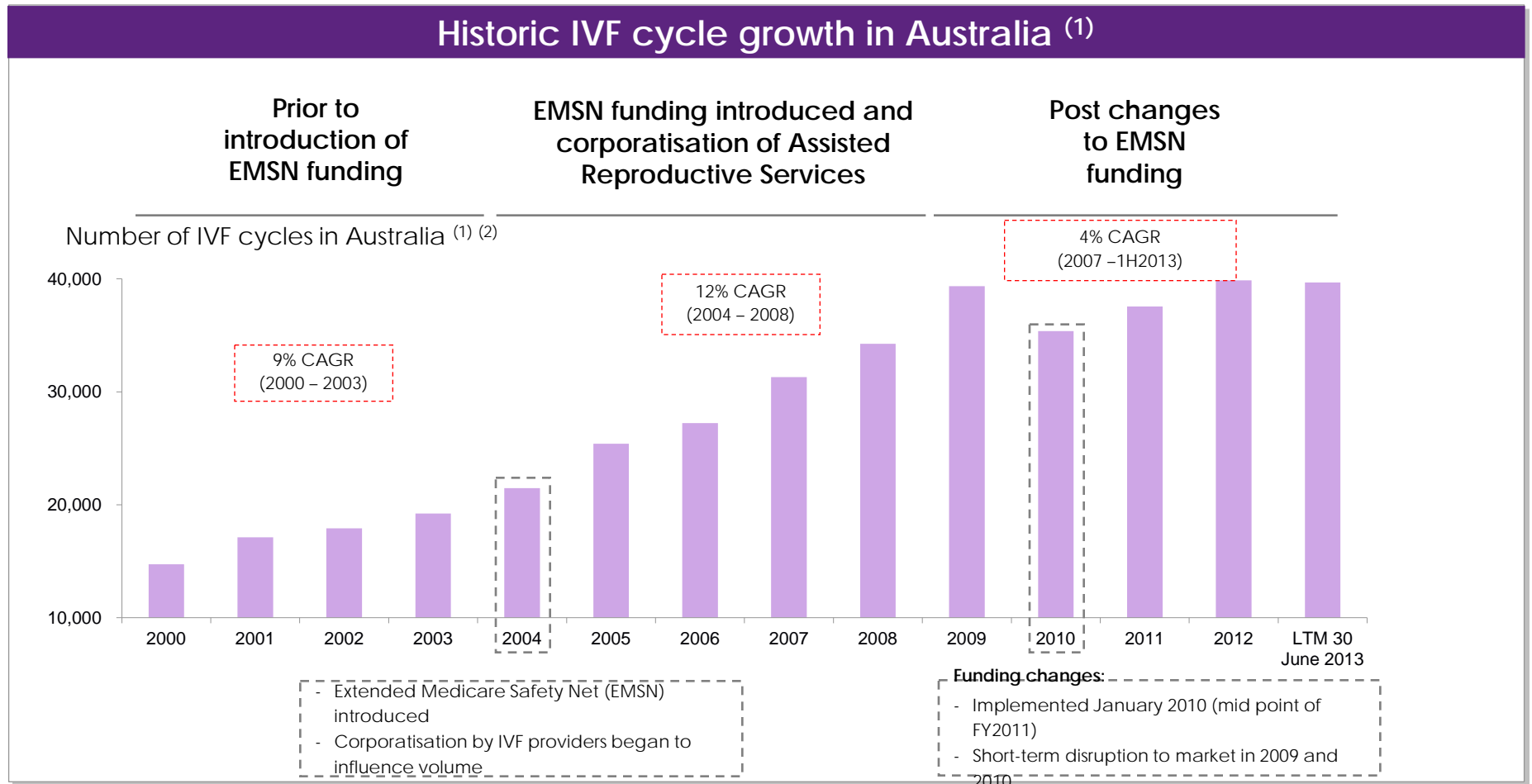
(Scientific advancements enabling treatment of patients not previously treatable)

Notes:

(1) Australian Bureau of Statistics, Population, 2001-2011,

(2) Australian Bureau of Statistics, Births Australia, 2011

Historic industry growth



Notes:

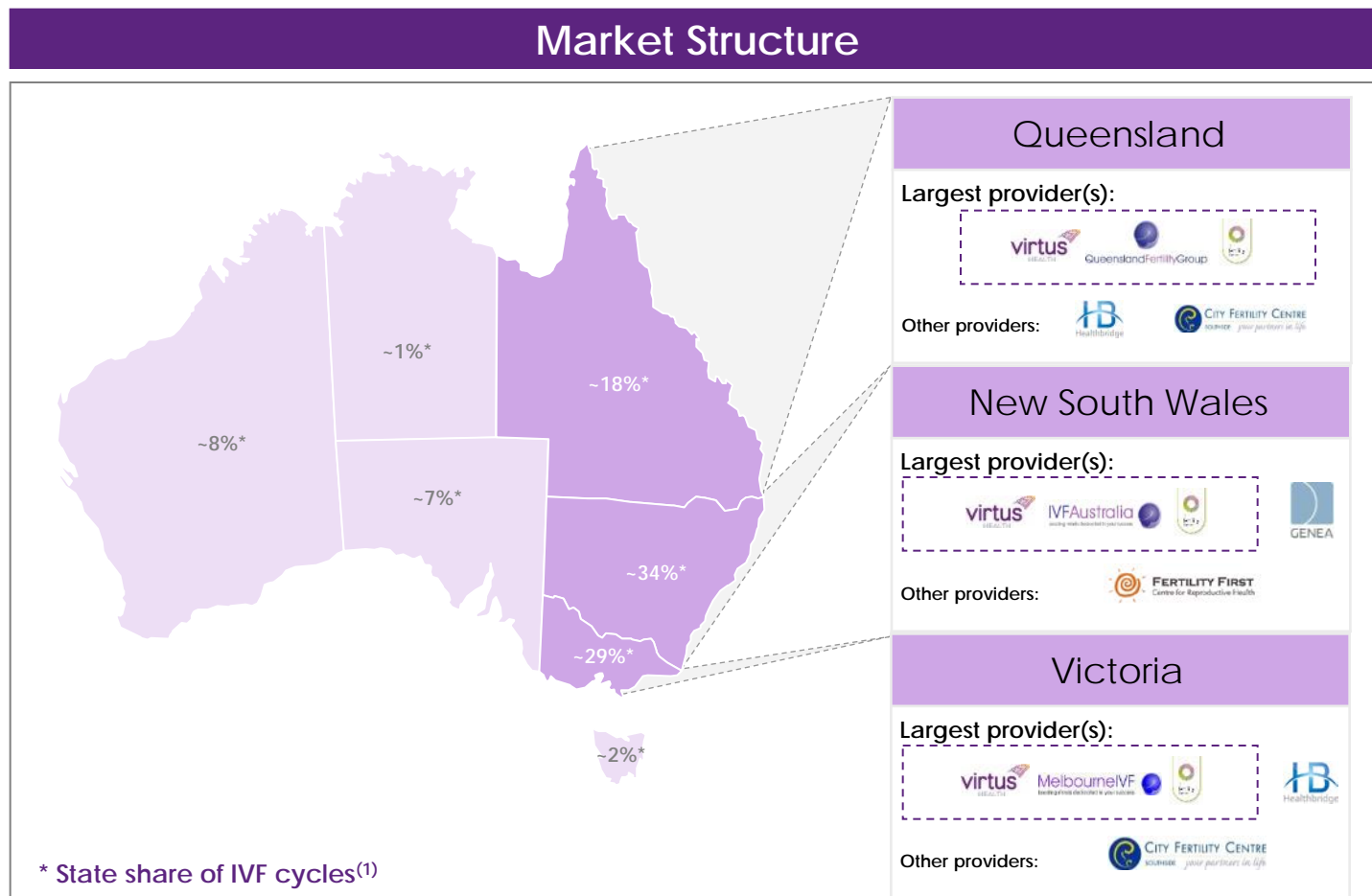
(1) Over the period 2000 to LTM June 2013

(2) Based on Medicare Benefit Schedule Item Statistic Reports for items 13200, 13201 and 13202 in FY2013

Market structure

Virtus is one of the two largest providers in New South Wales, Victoria and Queensland

- New South Wales, Victoria and Queensland are the largest markets and accounted for approximately 80% of IVF cycles ⁽¹⁾
- Virtus and one competitor account for the majority of IVF cycles in each of these markets
- Virtus accounted for ~36% of IVF cycles conducted in Australia in FY2013 ⁽¹⁾

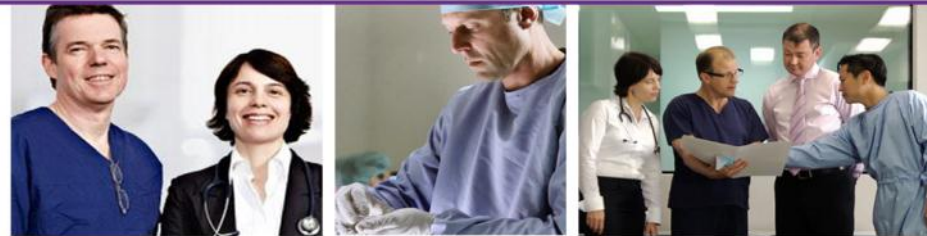


Note:

- (1) Based on Medicare Benefit Schedule Item Statistic Reports for items 13200, 13201 and 13202 in FY2013. Difference between aggregate figure and the sum of individual state market shares is due to rounding error. Remaining IVF cycles conducted in the Australian Capital Territory



3. Corporate growth strategy



Corporate strategy: multiple avenues for growth

Market share

- Expansion of fertility clinic network and capacity among newly contracted Fertility Specialists

Low-cost IVF

- Marketing focus on existing centres in H1 FY2014
- Ongoing expansion of the low cost model of care in 2014

Specialised Diagnostics

- Executing a number of strategies to grow specialised diagnostics services revenue

Day Hospitals

- Focus on increasing throughput and improving operational efficiency

Potential Acquisitions and Investments

- Continue to explore acquisition and investment opportunities both in Australia and internationally

Overview of SIMS IVF acquisition

- Virtus has acquired a 70% stake in SIMS IVF, the leading provider of fertility services in Ireland, for €15.49 million (cash free, debt free)
- Funded from existing debt facilities and cash resources
- SIMS IVF generated revenue of €12.4 million and normalised EBITDA of €2.85 million in the year to 31 December 2013
- Acquisition price represents a multiple of 7.75 times 2013 maintainable EBITDA
- SIMS IVF is debt free
- SIMS IVF employs more than 60 staff (including scientific, nursing, counseling, administration and management) and six fertility specialists
- Fertility specialists engaged through employment contracts
- Operates a similar business model to Virtus - integrated patient care and a seamless journey from first consultation to pregnancy



Overview of SIMS IVF acquisition

- Dr Anthony Walsh (Managing Director) and clinic co-founder, Dr David Walsh (Medical Director) will retain 30% ownership in the company
- Virtus has the right to acquire the remaining shares in SIMS IVF in two tranches in 2017 and 2019
- For year ended 31st December 2013, SIMS IVF acquisition would have increased Virtus' normalised basic EPS by approximately 1.98 cents per share (assuming exchange rate of €0.67: AUD1.00 and interest rate on funding of 5%)



SIMS IVF – pro-forma financials

- Turnover grew by 4% between 2012 and 2013, driven by the introduction of added value services
- Maintainable pro-forma EBITDA FY13 of €2.85 million
- Maintainable pro-forma EBITDA FY13 margin of 23%
- SIMS IVF debt free at acquisition
- Pro-forma adjustments primarily relate to normalisation of shareholder bonus and pension contributions to future agreed levels

€ million	Pro-forma FY2013	Pro-forma FY2012	Change
Total revenue	12.44	11.94	4.2%
Gross Profit	8.75	7.63	14.7%
Expenses	(5.90)	(5.30)	11.3%
EBITDA	2.85	2.33	22.3%
Depreciation & Amortisation	(0.24)	(0.35)	(31.4%)
EBIT	2.61	1.98	31.8%

Strategic rationale – Why SIMS IVF?

- An opportunity to partner with the market leader - SIMS IVF has 25%* of Ireland's IVF market and undertook more than 1000 cycles in 2013
- Renowned for its scientific and clinical excellence - SIMS IVF is a pioneer in the delivery of IVF services in Ireland with 39% success rate (higher than average in Ireland, EU and UK)
- Ireland is an attractive market and forms the platform for further acquisitions in the region
- Excellent management team committed to implementing a number of identified growth strategies in Ireland:
 - geographical footprint expansion
 - drug distribution
 - blood testing
 - egg donation

***Note:**

(1) Precise market data is not available; estimate is made by SIMS IVF management team



Strategic rationale – Why Ireland?

Future growth expected from the increased penetration of IVF supports this opportunity:

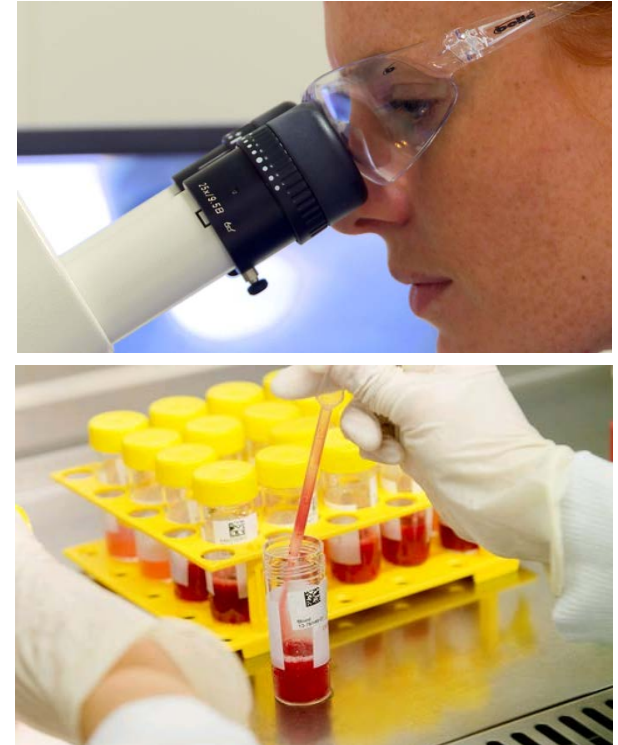
Country	Cycles per million of population
Ireland	750
Denmark	2,159
Australia	1,642
Netherlands	1,017
UK	724
Germany	604

*ESHRE fresh cycle data from 2009 which is latest available

Specialised diagnostics: Delivering a healthy baby

Diagnostics provide a point of difference, additional sources of revenue, and deliver benefits to patients

- Diagnostics:
 - Expand testing for Infectious Diseases
 - Chlamydia
 - Vitamin D
 - Varicella
- Genetics and gene sequencing:
 - NIPT (screening for Trisomy 21, 18 and 13) – non-invasive, safer diagnostic tool – to be licensed in-house.
 - Next generation gene sequencing (NGS): Three panel test to screen for cystic fibrosis, fragile X and SMA
 - ERA (Endometrial Receptivity Array)
 - Karyomapping for PGD
 - Pre-natal testing for 180 most common diseases by NGS
 - Genetics Working Party established to formulate a long term view and strategy for Virtus in the rapidly changing field of human genetics





4. Outlook



Business outlook

- Continued focus – leading minds, leading science
- Delivering our growth strategy through market penetration, service development and market development
- Maintaining our market leading position in full service and low cost IVF and specialist diagnostic services





Thank you