

ASX ANNOUNCEMENT

VIRTUS HEALTH LIMITED (ASX: VRT)

25 August 2014

VIRTUS HEALTH FULL YEAR FINANCIAL RESULTS FY2015

Highlights

- Revenue up 16.1% to \$233.7m
- Group reported earnings before interest, tax, depreciation and amortisation ("EBITDA") up 3.3% to \$61.4m, adjusted EBITDA up 4.6% to \$63.1m
- NPAT (pre-minorities, adjusted) up 5.1% to \$33.6m, NPAT (pre-minorities, reported) down 1.7% to \$30.4m
- Remains market leader in ARS in Australia with The Fertility Centre revenue growth exceeding expectations
- International operations EBITDA contribution increasing – market leader in Ireland; Singapore cycle volumes improving
- Final dividend 14.0 cps

Financial Results for the year ended 30 June, 2015

Metric	FY2015 (A\$m)	FY2014 (A\$m)	Variance (%)
Revenue	233.7	201.2	16.1%
Group EBITDA Reported	61.4	59.4	3.3%
PBT Reported	42.5	43.8	-3.1%
NPAT pre-minorities Adjusted	33.6	32.0	5.1%
NPAT pre-minorities Reported	30.4	31.0	-1.7%
Diluted EPS Reported (cps)	36.54	38.48	-5.0%

Revenue grew 16.1% on the previous year to \$233.7 million from \$201.2 million, as international operations and domestic acquisitions contributed to the business.

Adjusted net profit after tax (NPAT) pre-minorities, excluding non-recurring items and non-cash acquisition related interest, grew 5.1% to \$33.6 million from \$32.0 million in the prior corresponding period (pcp) and on a reported basis fell 1.7% to \$30.4 million, from \$31.0 million in pcp. Adjusted NPAT post-minorities, excluding non-recurring items and non-cash acquisition related interest, was up 2.2% to \$32.6 million from \$31.9 million in pcp, and on a reported basis was down 4.7% to \$29.4 million, from \$30.9 million in pcp. Non-recurring expenses and non-cash acquisition related interest totalled \$3.2 million after tax and included set-up costs for Virtus's Singapore clinic and acquisition transaction costs.

Adjusted group earnings before interest, tax, depreciation and amortisation (EBITDA) grew 4.6% to \$63.1 million from \$60.4 million, while reported EBITDA was up 3.3% to \$61.4 million, from \$59.4 million. EBITDA growth was driven by strong activity in Virtus's low cost offering in Australia, The Fertility Clinic (TFC), and operations in Ireland contributing for the first time.

Segment EBITDA in Australia was adversely affected by a significant change in clinical practice at Melbourne IVF; the change in practice resulted in a reduction in the number of fresh and frozen cycles undertaken and this translated into a revenue loss of approximately \$3 million compared to the prior year. In the period since the change was effected, Melbourne IVF has recorded improvements in its implantation rates for fresh and frozen embryos.

Virtus has maintained its position as Australia's leading provider of IVF services, growing cycle numbers by 1.4% to 15,100, including the acquisition of TasIVF in December 2014. Virtus national market share increased to 37.1% including TasIVF. Excluding Tasmania, Virtus market share in the eastern states (New South Wales, Queensland and Victoria) fell to 44.1% from 45.5%.

Virtus cycle activity grew in New South Wales, which is a solid result in a competitive market. The overall market grew in NSW by 4.5%, mainly on the back of a new entrant offering bulk bill services. Virtus cycle numbers declined in Queensland and Victoria, where weak economic conditions are continuing to have an impact.

Virtus's international operations are making an increasing contribution to the company, reinforcing Virtus's strategy to pursue overseas expansion to diversify its revenue streams. The company's Irish clinics are the market leaders in Ireland performing 1,878 cycles in the year, while the Singapore clinic is fully operational, attracting good patient interest.

Total Virtus cycles are 17,064 up from 15,021 in the prior year.

"Our strategy to expand in Australia and overseas through acquisitions and greenfield development has translated into revenue growth this financial year. Our expanding footprint as a specialist fertility provider has ensured Virtus remains the market leader in providing fertility services to those seeking to have healthy babies," Chief Executive Sue Channon said.

Virtus remains confident that demographic drivers such as women delaying having children and the increasing incidence of obesity remain likely to continue the demand for fertility services into the future.

Non-IVF services continue to grow, with day hospital revenue up 4.3%, including non-IVF procedure revenue up 8.7%, and revenue from diagnostics up 14.6%. Non-IVF procedures now represent 56% of day hospital revenue. These segments represent exciting opportunities for Virtus to expand its offering to both IVF and non-IVF patients.

"Virtus remains confident in the opportunities for growth in Australia by expanding our fertility and associated services through acquisitions and greenfield developments where they align with our strategy. We also remain open to opportunities in the United Kingdom and South East Asia," Ms Channon said.

"Our focus on driving innovation and advancing the science behind IVF will ensure we remain at the forefront of fertility treatment. In particular, our investment and leadership position in the provision of specialised and genetic based diagnostics is helping more couples, some who previously could not, deliver a healthy baby."

-ENDS-

Investor Conference Call and Webcast

Investors are invited to join a conference call and webcast presentation hosted by Sue Channon, Group CEO, and Glenn Powers, CFO and Company Secretary on **Tuesday 25 August, 9:30am AEST.**

To access the call and webcast please use the log in details below.

Conference ID: 4653311

Conference Call Toll-Free Access Numbers

Australia	1800 123 296
Canada	1855 5616 766
China	4001 203 085
Hong Kong	800 908 865
India	1800 3010 6141
Japan	0120 477 087
New Zealand	0800 452 782
Singapore	800 616 2288
United Kingdom	0808 234 0757
United States	1855 293 1544

For all other locations please dial: +61 2 8038 5221

The presentation and audio can also be access via a webcast:

<http://event.on24.com/r.htm?e=1032062&s=1&k=31C7309B33C49F127020B3F078DC1460>

For further information please contact: Kyahn Williamson, Buchan Consulting, t: +61 3 9866 4722 / mobile: +61 401 018 828 / kwilliamson@buchanwe.com.au

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 services.

We have developed one of the most successful medical collaborations in the world. With more than 108 of the world's leading fertility specialists supported by 1093 professional staff, we are the largest network and provider of fertility services in Australia with an international presence in Ireland and 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.

Our combined expertise and investment in resources and research allows us to bring clinical and scientific advances to our patients first. An example of this is karyomapping, which our group was the first to introduce to Australia.