

FY2014 RESULTS PRESENTATION



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AGENDA



1 FY2014 Result Highlights

2 FY2014 Result Detail

3 Strategy and Outlook

A Appendix

**FY2014 RESULT
HIGHLIGHTS**



FY2014 FINANCIAL HIGHLIGHTS



Record revenue and earnings growth in FY2014 and ahead of prospectus forecasts

<i>\$ million</i>	<i>Pro Forma Actual</i>	<i>Pro Forma Actual</i>	<i>Pro Forma Forecast (Prospectus)</i>	<i>Vs. FY2013 Pro Forma Actual</i>	<i>Vs. FY2014 Pro Forma Forecast (Prospectus)</i>
	FY2014	FY2013	FY2014		
	<i>\$'M</i>	<i>\$'M</i>	<i>\$'M</i>	<i>\$'M</i>	<i>\$'M</i>
Revenue	114.0	96.3	112.1	+18.4%	+1.7%
EBITDA	39.7	34.9	38.8	+13.8%	+2.3%
EBIT	36.8	31.3	36.0	+17.6%	+2.2%
NPAT	22.6	18.3	22.0	+23.5%	+2.7%
EPS ⁽¹⁾ (cents)	9.8	7.9	9.5	+24.1%	+3.2%

Notes:

1. Assumes 231.1 million shares on issue for the full year.

FY2014 FINANCIAL HIGHLIGHTS



Record revenue and earnings growth in FY2014 and ahead of prospectus forecasts

<i>\$ million</i>	<i>Statutory Actual</i>	<i>Statutory Prospectus</i>	<i>Statutory Actual</i>
	FY2014	FY2014	FY2013
	<i>\$'M</i>	<i>\$'M</i>	<i>\$'M</i>
Revenue	114.0	112.1	96.6
EBITDA	24.5	25.2	36.7
EBIT	21.6	22.4	32.1
NPAT	4.9	4.9	(12.7)

Revenue up due to increased volumes

EBITDA down against

- Prospectus due to additional IPO costs

- FY13 due to IPO costs (\$12.3M), restructuring costs (\$2.1M) and discontinued operations (\$0.8M)

NPAT in line with Prospectus



Leader in a growing industry with multiple competitive advantages

1 Leader in science and innovation

- Provide patients with the highest success rates and effective treatment – FY2014 success rate of 32% vs industry average of 25%⁽¹⁾
- Continue to invest in advances in Pre Implantation Screening (PGS) technology

2 Industry leader in Australia with significant scale advantages

- 14,287 Patient Treatments delivered in FY2014 – 37.2%⁽²⁾ share in Monash IVF Group's key markets vs 35% (FY2013)
- Operate with necessary scale to develop superior science, attract and retain best Fertility Specialists, strong brand and sales & marketing platform

3 Growing low intervention service offering

- Expanding the market by focusing on a new patient demographic
- Established infrastructure enables Monash to offer industry leading services in profitable manner

4 Established Asian platform delivering strong growth

- Market leader in growing Malaysian market
- Continue to explore investment opportunities in Malaysia and surrounding countries

Notes:

1. Industry success rate based on latest available information (ie. all age groups VARTA data)
2. Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and regional market of Albury, New South Wales

FY2014 OPERATIONAL HIGHLIGHTS



Delivering on strategic initiatives

Leader in science and innovation

- ✓ **Patient success** – delivered industry leading success rates
- ✓ **Diagnostic and ancillary services** – continued strong patient demand for PGS and NIPT offering

Industry leader in Australia with significant scale advantages

- ✓ **Acquisitions** – Next Generation Fertility in Sydney (May 2014) and Reproductive Medicine Albury (July 2013)
- ✓ **New clinic openings** – additional ultrasound practice in Melbourne
- ✓ **Patient management systems** – progressing roll out of proprietary clinical information system across the Group

Growing low intervention service offering

- ✓ **New clinic openings** – low intervention clinic in Brisbane

Established Asian platform delivering strong growth

- ✓ **KL Fertility Clinic** - increased number of doctors in Malaysia clinic with significant growth in patient treatments and commenced diagnostics

FY2014 RESULT DETAIL



PATIENT TREATMENT GROWTH



Strong patient treatment growth reflecting continued steady organic growth and initial contribution of acquisitions

Year-on-Year Analysis

- Australian business up 9.5%
 - Organic growth of 4.2% (ex acquisitions)
 - Strong result against market growth of 1%⁽¹⁾
 - Monash clinics in Vic and Qld performing strongly whilst SA experienced increased competition in a market that contracted and was exposed adverse local economic conditions
 - Focused on attracting patients and growing patient treatments – mix shift towards frozen embryo transfers expected to continue
 - FY2014 included 11 month initial contribution from Albury acquisition (completed July 2013), initial contribution from Next Generation Fertility acquisition (completed May 2014), and initial contribution from lower intervention clinic
 - International business up 156.1%
 - Reflects first full year contribution and strong organic growth
- Pro forma Actual to Prospectus FY2014
- Continued strong growth in patient treatments underpinned by FETs domestically and international contribution

Patient Treatments

	FY2014	FY2013	Change	Prospectus FY2014
Monash IVF Group - Australia				
IVF Cycles	8,436	8,092	4.3%	8,565
Frozen embryo transfers	4,952	4,139	19.6%	4,805
Total Patient Treatments	13,388	12,231	9.5%	13,370
Monash Group – International				
IVF Cycles	526	227	131.7%	498
Frozen embryo transfers	373	124	200.8%	376
Total Patient Treatments	899	351	156.1%	874
Total Monash Group				
IVF Cycles	8,962	8,319	7.7%	9,063
Frozen embryo transfers	5,325	4,263	24.9%	5,181
Total Patient Treatments	14,287	12,582	13.6%	14,244

Notes:

1. Based on the combined number of Patient Treatments in Victoria, South Australia, Queensland, Northern Territory and regional market of Albury, New South Wales

SUMMARY INCOME STATEMENT



Continued revenue and earnings growth

Year-on-Year Analysis

- Revenue up 18.4% driven by:
 - 13.6% growth in Patient Treatments (combination of organic growth, acquisitions and new clinics)
 - >40% growth in diagnostics
 - Increase in price of services (average ~3%)
- Expenses up 20.8% driven by:
 - Strong demand for diagnostics and donor services (with higher external provider costs)
 - Impact of acquired clinics
 - Clinic openings and lower intervention service start-up (~\$1.3M)
- Depreciation and amortisation reduced following upgrade of proprietary patient management system extending the useful life
- NPAT up 23.5%

Pro forma Actual to Prospectus FY2014

- Revenue increases due to higher patient treatments including acquisitions
- Fixed costs increases due to re-allocation of variable costs for start-up clinics and the impact of acquisitions

Pro Forma Income Statement

\$ million	FY2014	FY2013	Change	Prospectus FY2014
Total Revenue	114.0	96.3	18.4%	112.1
Salaries and wages	(29.7)	(26.7)	11.1%	(29.9)
Clinicians' fees	(17.5)	(15.1)	16.2%	(17.4)
Variable costs	(11.4)	(7.1)	61.1%	(11.5)
Fixed costs	(15.7)	(12.6)	24.2%	(14.5)
EBITDA	39.7	34.9	13.8%	38.8
<i>margin</i>	34.8%	36.2%	(-3.9%)	34.6%
Depreciation and amortisation	(2.9)	(3.7)	21.9%	(2.8)
EBIT	36.8	31.3	17.6%	36.0
Net interest expense	(4.5)	(5.1)	(-11.8%)	(4.5)
Profit before tax	32.3	26.1	23.8%	31.5
Income tax expense	(9.7)	(7.8)	24.3%	(9.4)
NPAT	22.6	18.3	23.5%	22.0



Continued strong cash flow generation

Year on Year analysis

- Positive cash flow contribution from working capital as business continues to grow
- Increase in capex as a result of roll-out of propriety clinical information system across the Group and start up of low intervention models
- Acquisition of businesses reflects cash payments made for:
 - Reproductive Medicine Albury
 - Next Generation Fertility
 - Deferred payment for KL Fertility

Pro forma Actual to Prospectus

- Capex lower than Prospectus due to timing of spend for start-up Sydney low intervention clinic but clinic remains on schedule to open 1HFY2015

Pro Forma Cash Flow Statement

<i>\$ million</i>	FY2014	FY2013	Change	Prospectus FY2014
EBITDA	39.7	34.9	13.8%	38.8
Change in working capital	1.0	0.4	100%	1.0
Cash flow before capex and acquisitions	40.7	35.3	14.7%	39.8
Capex	(3.8)	(3.2)	25.0%	(5.5)
Acquisition of businesses	(10.1)	(4.2)	140.5%	(10.2)
Cash flow after capex and acquisitions	26.8	27.9	(5.4%)	24.1

BALANCE SHEET



- Strong cash flow generation reduced closing net debt to \$86.7 million at 30 June 2014
 - Represents 2.2 x FY2014 pro-forma EBITDA
 - Strong cash flow generation supports higher gearing
 - Monash may increase gearing to fund acquisitions - undrawn acquisition facility of \$20 million
- No final dividend to be paid in respect of FY2014 (consistent with prospectus)
 - Current intention to pay first fully franked dividend in respect of 1HFY2015 in Q3FY2015

Balance Sheet

<i>\$ million</i>	Statutory June 2014	Pro Forma December 2013
Cash and cash equivalents	8.8	(3.4)
Trade and other receivables	3.0	5.0
Inventories	0.9	0.9
Other current assets	1.9	1.3
Intangibles	219.7	220.1
Fixed assets	9.1	8.5
Deferred Tax Assets	2.6	-
Other non-current assets	0.4	0.7
Total assets	246.4	233.2
Trade and other payables	(18.9)	(17.1)
Tax liabilities	(0.8)	0.4
Deferred Tax Liabilities	-	2.7
Employee benefits	(6.4)	(5.9)
Borrowings	(95.5)	(95.6)
Total liabilities	121.6	(115.9)
Net assets	124.8	117.3

STRATEGY AND OUTLOOK



STRATEGY AND OUTLOOK



Science, technology & patient success

- Continue to develop industry leading science and technology
- Deliver patients with clinically superior services and increase market penetration
- Promote Monash Group's scientific and clinical excellence with potential patients

Lower intervention

- MyIVF clinic in Brisbane opened in February 2014 continues to build volume
- New clinic in Sydney to open in 1HFY2015
- Monash Group will consider other suitable locations

Clinic expansion & acquisitions

- Review opportunities to increase Monash's scale and market position in IVF and ultrasound services in Australia (both organic and acquisitive)
- Consider investment opportunities to expand Asian business

Based on current information, Monash Group is on track to deliver its FY2015 statutory forecasts as outlined in the Prospectus



QUESTIONS

APPENDIX



PRO FORMA – STATUTORY PROFIT & LOSS RECONCILIATION



\$ million	Notes	NPAT	EBITDA
FY2014 Statutory profit / (loss) incl. public company costs		4.9	24.5
IPO transaction costs expensed	(1)	12.3	12.3
Pre-IPO restructure costs expensed	(2)	2.1	2.1
Effect of discontinued operations	(3)	0.8	0.8
Net interest expense adjustment	(4)	19.0	-
Tax effect	(5)	(16.5)	-
Total pro forma adjustments		17.7	15.2
FY2014 Pro forma profit / (loss)		22.6	39.7

\$ million	Notes	NPAT	EBITDA
FY2013 Statutory profit / (loss) incl. public company costs		(13.3)	35.1
IPO transaction costs expensed	(1)	-	-
Pre-IPO restructure costs expensed	(2)	-	-
Effect of discontinued operations	(3)	0.2	0.2
Net interest expense adjustment	(4)	29.2	-
Tax effect	(5)	2.6	-
Total pro forma adjustments		31.1	0.2
FY2013 Pro forma profit / (loss)		18.3	34.9

- (1) IPO transaction costs expensed. Total IPO transaction costs were \$19.2m, of which \$12.3m (\$8.6m net of tax) is expensed in the Statutory result. The remaining \$6.9m (\$4.9m net of tax) is directly attributable to the issue of capital and is offset against equity in the Balance Sheet.
- (2) Pre-IPO restructure costs expensed. An adjustment has been raised to remove one-off advisor fees relating to the restructure of minority interests in subsidiary companies into interests in the pre-IPO holding company (Healthbridge Enterprises Pty Ltd), and refinancing of the existing debt facilities in 2013 which were expensed in FY2014.
- (3) Effect of discontinued operations. An adjustment has been raised to remove the impact of certain discontinued businesses considered non-core, in relation to the hospital, pathology and property businesses disposed in FY2013.
- (4) Net interest expense is adjusted to reflect the anticipated net debt and margins applicable to the Group under the terms of the new banking facilities following the IPO, using prevailing base interest rates (BBSY) during FY2014. In addition, an adjustment has been made to remove \$3.4m of one-off costs associated with the write off of unamortised capitalised borrowing costs.
- (5) Tax effect reflects the expected income tax rate applicable to the Group (30%). The tax impact of the above adjustments has been reflected as part of this adjustment.