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ASX Announcement

Monash IVF Group Limited (ASX: MVF)

26 November 2020

Chairman Address by Mr. Richard Davis

Monash IVF Group Limited Annual General Meeting

Prior to handing over to Mr Michael Knaap, CEO, I would like to provide some commentary on the 2020 Financial Year.

Leading through resilience

Our commitment to being one of the world's best fertility providers has never been more strongly demonstrated than over the last 12 months.

The Group managed an unprecedented number of operational and financial challenges resulting from COVID-19. Agility and resilience were critical as we adapted our operating model in response to the temporary elective surgery suspension in Q4FY20, the introduction of safety and protective measures, border restrictions and the significant changes to state-based health policies across Australia and Malaysia.

Monash IVF achieved a strong recovery following the temporary IVF suspension and this has been possible because the Board and Management team have worked closely to ensure our people, doctors and patients were at the centre of our decisions and operational changes.

Patient and community focus

The focus on our people and the community did not waiver as we balanced the needs of our patients with the needs of the greater healthcare system. I am proud of the commitment of our people and the high level of care, empathy and support they provided in what was an unsettling time for patients.

Monash IVF Group was innovative and made improvements to the patient experience during these uncertain times to adapt to the new normal. This included digitising parts of the patient journey and improving patient communications.

We demonstrated our agility and willingness to respond to new ways of working and living through the shift to telehealth, remote working in some parts of our business, digital engagement with our patients and people, and the myriad of operational changes which were implemented to ensure the ongoing safety of our people, patients and doctors.

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Evolution and growth

The Management team has done an impressive job in navigating the challenges faced and leading us through to a strong recovery. Our business has emerge financially stronger, more resilient and with strong growth momentum.

The Balance Sheet and capital metrics are strong following the $80m equity raising which has reduced our debt, continuing to assist the Company as it navigates through COVID-19 and is allowing the Company to invest in significant growth initiatives including the construction of our new Sydney CBD flagship fertility clinic which is now open.

In June, we also made our second international investment with the majority acquisition of the KPJ Johor Specialist Hospital Fertility Business in Malaysia. We have strong intentions to transform our Melbourne fertility business and expand our Brisbane fertility business. In addition, our future growth and succession plans were significantly strengthened during the year with 12 specialists participating in our fertility traineeship program, and eight new contracted fertility specialists joining Monash IVF Group.

Trading update

Following the COVID impact in Q4 FY20, the Business has rebounded strongly in the period from July to October 2020 whereby stimulated cycles have grown by 23.1% compared to the prior comparative period. Our Kuala Lumpur business also rebounded strongly demonstrating 16.2% growth in the same period. Our Ultrasound businesses remained open throughout the Pandemic and has also experienced strong growth compared to the prior comparative period with ultrasound scans growing by 10.7%.

The Group anticipates the activity experienced in July to October 2020 to moderate but continue to grow at above historical levels for the remainder of FY2021 based on activity experienced in November and the current patient pipeline which provides a good indication of activity in the short to medium term. This remains subject to any COVID-19 developments in the Markets we operate in.

1H21 Profit guidance

The Company's reported NPAT for the six month period ending 31 December 2020 is expected to be approximately $14.0m to $14.5m, as compared to $8.1m in the prior comparative period.

The Company's NPAT before certain non-regular items for the six month period ending 31 December 2020 is expected to be approximately $11.0m to $11.5m, as compared to $9.1m in the prior comparative period.

Total Non-regular items are $3.0m post-tax which includes +$3.5m impact from the Job Keeper Subsidy payments received for Q1FY2021 partly offset by $0.5m commissioning and start-up costs prior to opening the Sydney CBD fertility clinic in November. NPAT before certain non-regular items is inclusive of the impact of goodwill and ex-gratia remediation treatment offers to NI-PGT patients impacted by the suspension of the NI-PGT program.

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Earnings growth in 2H21 is expected to moderate as compared to 1H21 following recovery of pent up demand in Q1FY2021, however the Company expects that earnings growth can be achieved in 2H21 (as compared to 2H20) given growth in the current IVF patient pipeline and notwithstanding any further implications from COVID-19.

Given anticipated earnings growth during FY2021, cash flow and balance sheet positions, the Company is likely to recommence payment of dividends, but remains subject to business performance and any further adverse implications from COVID-19.

Thanks and appreciation

I would like to thank our dedicated specialists, nurses, scientists and support staff who have worked tirelessly to meet the pent up demand created at the end of FY20 and the strong volume growth experienced during FY21 year to date.

The Business is in a great position to evolve and deliver new services and technologies that meet society's changing needs including earlier and preventative reproductive health, continue to enhance its patient experience and enter new markets we operate in.

Thank you to our CEO - Michael Knaap, CFO - Malik Jainudeen, COO – Hamish Hamilton and the rest of the Management Team for their leadership during this pandemic and navigation of the business through these challenging times.

The Board wish to thank our shareholders for their continued support during the unprecedented challenges faced during Q4FY20.

The Board and I are excited about overseeing one of the world's best fertility solution providers into the future. We are looking forward to continuing to deliver exceptional care for our patients in partnership with our doctors and strong financial results over the coming years.