



Monash IVF 2021 AGM Report

ASX Code	MVF
Meeting Time/Date	2pm, Friday 19 November 2021
Type of Meeting	Virtual using Link technology
Monitor	John Whittington (proxy collector)
Pre AGM Meeting?	No

More Babies

What the Company Does

Monash IVF is a specialist in assisted reproductive technologies (ART) which many associate with IVF (in-vitro fertilisation). It operates specialise diagnostic, obstetric and gynaecological ultrasound and fertility treatments in both Australia (94% of revenue, 88% of profit) and Malaysia.

Developments in the Financial Year

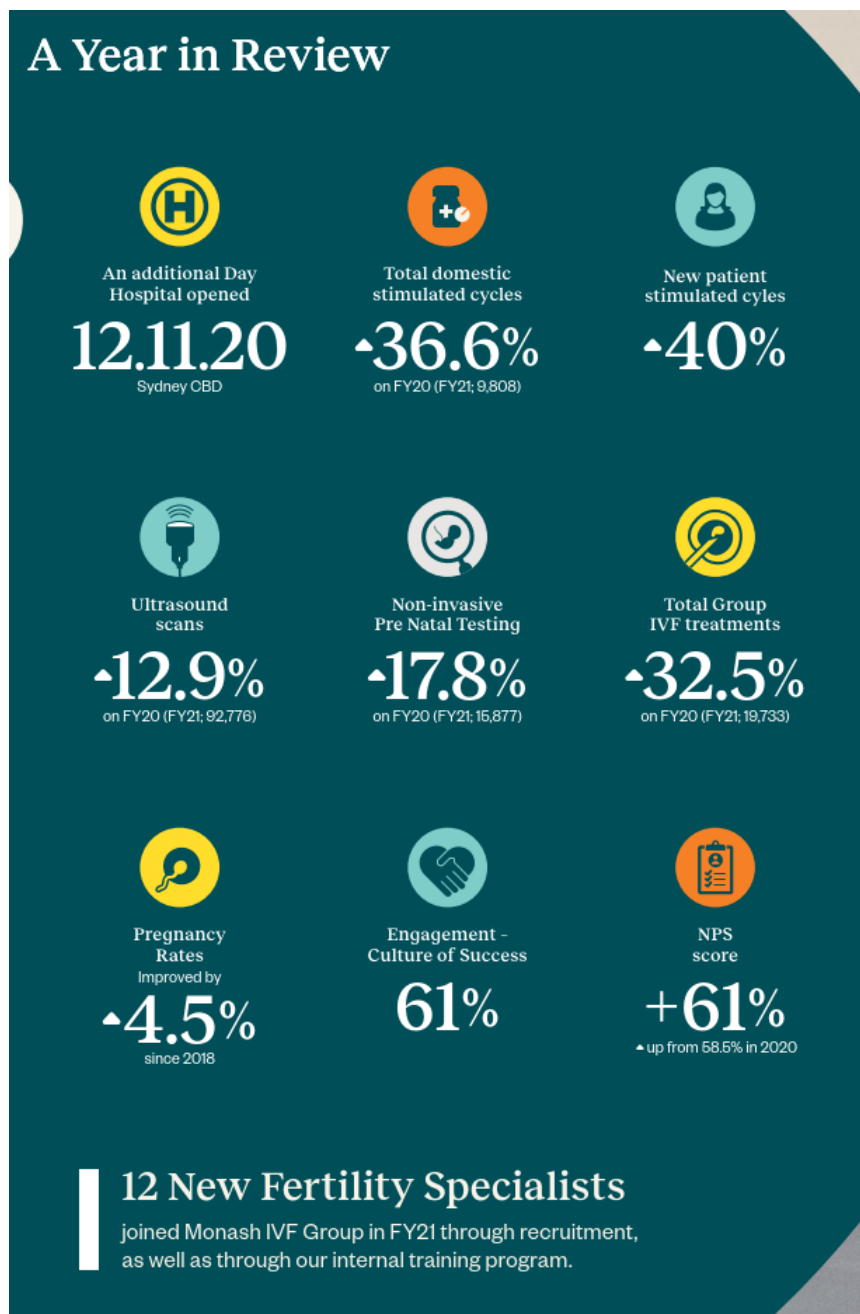
Key highlights FY2021

\$23.3m Adjusted NPAT, an increase of 61.5% and ahead of profit guidance

- *Reported NPAT⁽¹⁾ of \$25.5m, an increase of 116.9%*
- *Adjusted NPAT⁽¹⁾⁽²⁾⁽⁶⁾ of \$23.3m, an increase of 61.5% and ahead of profit guidance range, (\$21m to \$23m)*
- *26.3% Revenue growth* as result of 36.6% stimulated cycle⁽³⁾ growth and 12.9% ultrasound scan growth
- *Strong IVF industry volumes⁽³⁾ – 31.3% FY21 growth*
- *21.0% market share⁽⁴⁾ in FY2021 – 0.6% higher than pop*
- *Record Doctor Engagement NPS scores demonstrating a “culture of success”*
- *\$32.8m Free Cash Flow⁽⁵⁾ generation - 100% conversion of EBITDA to pre-tax operating cash flows*
- *2.1 cents per share fully franked final FY2021 dividend*

(1) Including Ordinary Shareholders and Non-controlling Interests
 (2) Refer to page 29 of the 2021 Annual Report for reconciliation of Adjusted NPAT to Reported NPAT
 (3) MBS term 122001
 (4) MVF Key Markets – Victoria, New South Wales, Queensland, South Australia and Northern Territory
 (5) Free cash flow and Adjusted NPAT are non-IFRS measures

Source: Monash IVF 2021 AGM CEO Presentation Slides



Source: Monash IVF 2021 Annual Report

Summary of Historical ASA Issues with the Company

We first attended a Monash IVF last year and there has been no further engagement until this year’s AGM.

Debate and Voting at the AGM

The meeting was a virtual meeting with audio and slides only – no video.

Like last year, the AGM was a very thorough affair with an [opening address](#) by the Chair, Richard Davis, and a [presentation](#) from the CEO Michael Knapp. They highlighted the strong financial performance over the year and the attractive industry fundamentals as well as highlighting the opportunities presented by diagnostic ultrasound services, and the growth in pregnancy rates (4.5% higher than 2018). They have a new Sydney CBD flagship clinic, expect to open new clinics

on the Gold Coast and in Penrith and Darwin by the end of FY22, and are progressing the South East Asian expansion in both Malaysia and Indonesia (Jakarta and Bali).

When it came to the formal part of the meeting, the ASA asked about JobKeeper payments since the company's profit was higher than any other year since 2017, the CEO received a substantial short-term incentive which resulted in a 59% increase in his statutory remuneration, yet the company hasn't paid back any of the JobKeeper received. The Chair indicated that there had been many discussions amongst the board in this matter, that they had taken the money when everything was suspended and the future was uncertain, and that they had undertaken a capital raising on the basis of accepting JobKeeper payments so they felt it would not be right to pay it back. We also indicated that there were many things we liked the remuneration report and asked for a table of actual remuneration.

Both directors standing for re-election, Josef Czyzewski and Neil Broekhuizen, spoke well to their re-election.

Our final question was regarding the likely type of AGM next year if things were back to normal to which the Chair expressed a strong preference for a hybrid meeting.

Other questions asked were about climate change, women on the board, and four questions from Stephen Mayne, three of which were identical to questions we've heard him ask at other AGMs recently.

All items were strongly supported with over 98% support and the meeting was over in 70 minutes.

Outlook Statements from the Company

Strategy & Outlook

The on-going Pandemic has changed the mindset of our patient cohort with greater focus on family, health and wellbeing. This shift has driven strong industry growth in FY2021 and is expected to be maintained in FY2022.

Factors that will support future growth includes:

- New fertility specialists will drive volume growth in FY 2022 and the Group is well placed to attract additional experienced fertility specialists;
- Opening of new clinical infrastructure in the latter part of FY 2022;
- Conversion of the current strong new patient and returning patient pipeline following a 35% increase in new patient registrations in 2H21 vs 2H20;
- Sustainable and innovative marketing investment to continue to maintain and build the new patient pipeline;
- Expansion of genetics capabilities and service offerings such as the newly commercialised reproductive genetic screening kits;

- Continuous improvements to pregnancy rates, patient experience and value proposition;
- Identify and execute on non-organic growth opportunities in Australia and abroad and continue expansion into SE Asia

Outlook

The Company's NPAT before certain non-regular items for the six-month period ending 31 December 2021 is expected to be approximately \$13.0m, as compared to \$12.0m in the prior comparative period.

Non-regular items for the six-month period ending 31 December 2021 is anticipated to be \$0.7m (after tax) relating to costs associated with discontinued acquisition opportunities.

The Group is confident revenue and earnings can grow in 2H22, subject to any adverse impact from the on-going Pandemic.

Source: Monash IVF 2021 AGM CEO Presentation Slides

Meeting Statistics

Number of Holdings Represented by ASA	11
Number of Shares represented by ASA	149,226
Value of Shares represented by ASA	\$0.140m
Number Attending Meeting	Unknown
Market capitalisation	\$364m
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual (or their associates) involved in the preparation of this voting intention has no shareholding in this company.

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