

PRESS RELEASE

Monash Cashes in on IVF Riches

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THE AGE

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MONASH University will sell its share of a renowned in vitro fertilisation group to a private equity fund, in a \$200 million deal that highlights the lucrative nature of Australia's IVF industry.

ABN Amro Capital, a private equity offshoot of the global investment bank, will buy the university's stake in Monash IVF.

ABN AMRO is advised by Oaktower Partnership.

The deal values the operation at \$200 million, with the university to get about half that sum for its 53% share.

The private equity group plans to hold its stake for three or four years then sell it or even float it on the stock exchange.

It is the first deal of its kind in Australia, with most IVF groups owned by doctors, management and wealthy individuals who view the IVF sector as a profitable investment.

A portion of Monash IVF will still be owned by its doctors and management.

Some previous shareholders sold their shares to ABN Amro as part of the deal, but the private equity group would not say how much of Monash IVF it now owned.

ABN Amro Capital executive director Michael Taranto said there would be no cost-cutting or decline in services at the clinics, saying instead that the new owners would spend money on improving customer service, amenities and facilities.

"It will be business as usual," he said. "It will be care as usual."

Monash University's 2006 annual report showed the IVF operation recorded revenue of almost \$35 million, and profit of \$7.4 million. According to its website, Monash IVF controls seven clinics in Victoria, another eight nationally and has affiliates in Sri Lanka, New Zealand and China. It is Australia's biggest IVF network.

The Commonwealth has paid out \$220 million in Medicare benefits for IVF-related treatments over the past two financial years.

Monash IVF has been responsible for the conception and birth of more than 20,000 babies since the late 1970s. Nine of the world's first 10 IVF babies were conceived at Monash IVF.

David Pitt, Monash IVF's chairman and Monash University's chief financial officer, said the new owners would help fund overseas expansion. "It is important to recognise the core role of Monash University is to commercialise research, not to run a clinical service," he said.

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