

PRESS RELEASE

Channon conceives top start for Virtus

THE AUSTRALIAN

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10 JUNE 2013

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THE chief executive of Virtus Health, the world's first publicly listed fertility services provider, appreciates first-hand the emotional roller-coaster that the company's patients inevitably go through in their attempts to conceive.

"I've worked in the health sector all my life, and I too started a family later in life and experienced some difficulty," Sue Channon revealed to The Australian ahead of the company's sharemarket debut today.

While Ms Channon was reluctant to expand on her own circumstances – she has a son and a daughter, aged 21 and 18 – she acknowledges that she fits in with the growing long-term social and demographic trends that underpin Virtus's business model.

The average age of a first-time mother in Australia has risen to almost 31, while the average age of one of the company's fertility treatment patients is 37.

Ms Channon said women increasingly were delaying having children while they pursued higher education, careers, financial security and settled down with the right partner.

However, she said, with female fertility declining with age, an increasing number of couples were seeking assisted reproductive services to conceive.

"We know that one in six couples will experience infertility," she said.

"But the other area where we're seeing increasing usage is among same-sex couples and single women, who are accessing fertility services at a greater rate.

"There's also a higher awareness these days around (the technology). People aren't afraid to talk about it. When I came to the sector nine years ago there was still a huge stigma around it."

Virtus is Australia's largest provider of fertility services, responsible for about 35 per cent of the stimulated in vitro fertilisation, or IVF, cycles that are performed each year.

Created through the merger of IVF Australia, Melbourne IVF and Queensland Fertility Group between 2008 and 2009, the company now operates a network of 33 fertility clinics, dozens of laboratories, including six specialised diagnostic laboratories, and six day hospitals. Its workforce comprises 164 scientists, almost 600 nursing and patient services staff, and 82 fertility specialists, who are contracted to provide the medical component of the fertility services at the company's clinics.

Chaired by former News Limited executive Peter Macourt, Virtus posted revenue of \$171.6 million and net profit of \$24.7m last financial year. It has forecast profit to rise to \$26.6m this financial year and to \$31.4m by next year.

The company's major shareholder, Quadrant Private Equity, has sold its entire 46.5 per cent stake into the \$339m initial public offer. However, the company's doctor shareholders will retain 19.9 per cent ownership of the company.

And despite some wariness in the market about private equity-backed floats – one of the prevailing side effects of Myer's poor performance following its 2009 initial public offer – an institutional bookbuild carried out last month by UBS and Morgan Stanley reportedly was oversubscribed, pricing Virtus's shares at the top end of the indicative range at \$5.68.

The company will have a market capitalisation of about \$450m on listing, making it the biggest float so far this year.

Ms Channon said the offer had been "very well-received" by investors throughout the marketing phase.

"It's been very exciting," she said.

"I have to say we've worked very hard over the past nine years with the scientific staff and the doctors . . . to become the leading fertility group in the southern hemisphere.

"It's been an absolute pleasure presenting the business to potential investors."

Ms Channon said part of the offer proceeds would go towards pursuing growth and investment opportunities in Asia, where the sector was highly fragmented and demand for fertility services was set to increase as a result of the social and demographic trends already evidenced in developed countries.

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