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# Monash IVF Group Ltd

April 23, 2024

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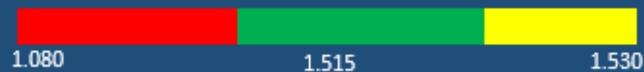
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## Monash IVF Group Ltd

## Equity Analysis

**Kapitales Research Rating** ★★★★★  
**Recommendation** Speculative Buy  
**Current Market Price** AU\$1.515  
**Risk** High

52 Week Range (AUD)

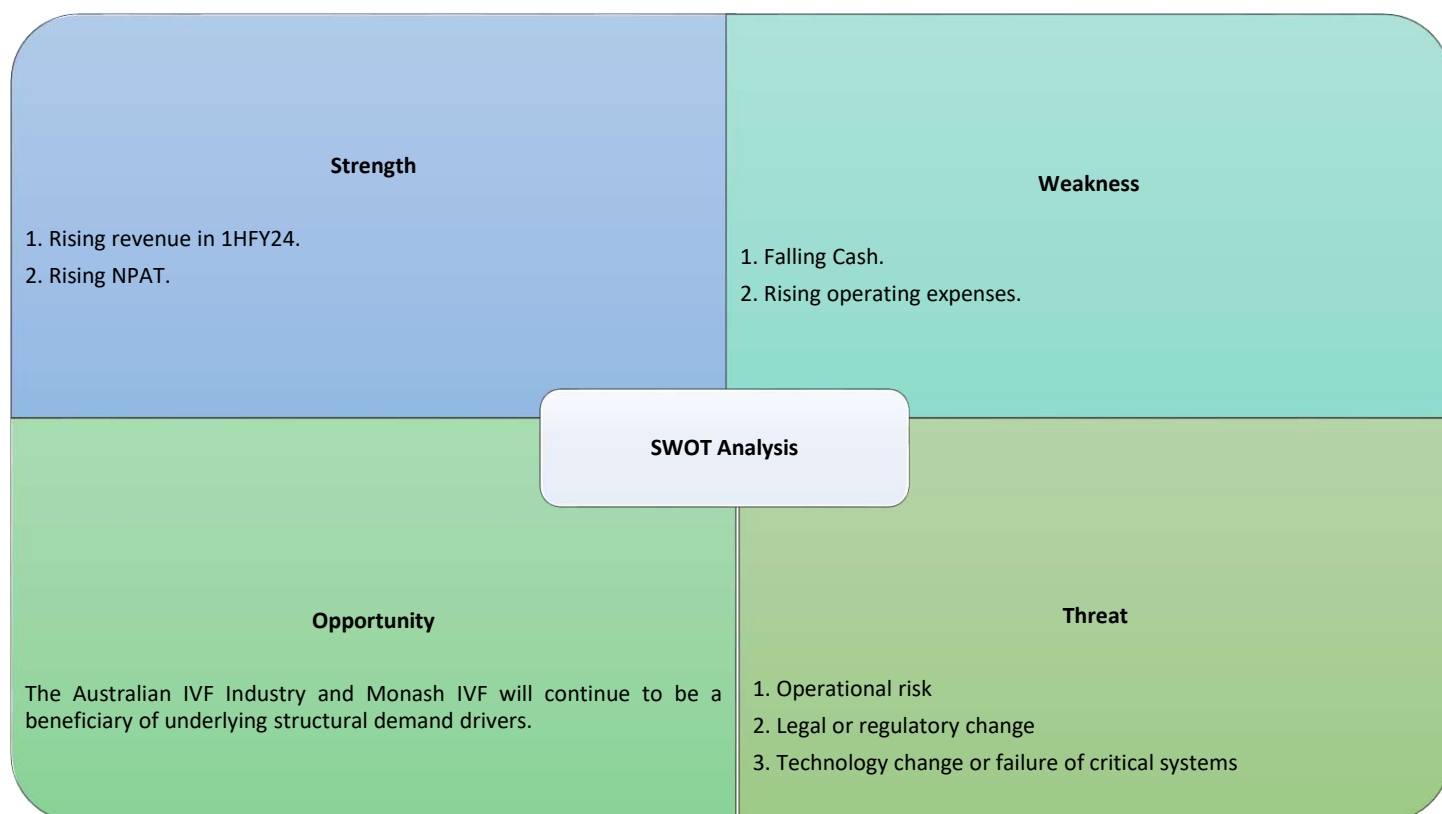


Average volume	0.788 million	52 Week Range (AU\$)	1.080-1.530
Shares outstanding	389.63 million	Dividend amount (AU\$)	0.025
Free float	361.85 million	Dividend Yield	3.15%
P/E (TTM)	24.39	Ex-date	07 Mar 2024
Market cap (AU\$)	580.55 million	Record date	08 Mar 2024
EPS (TTM)(AU\$)	0.061	Pay date	05 Apr 2024
ROE	8.06%	Franking	100%

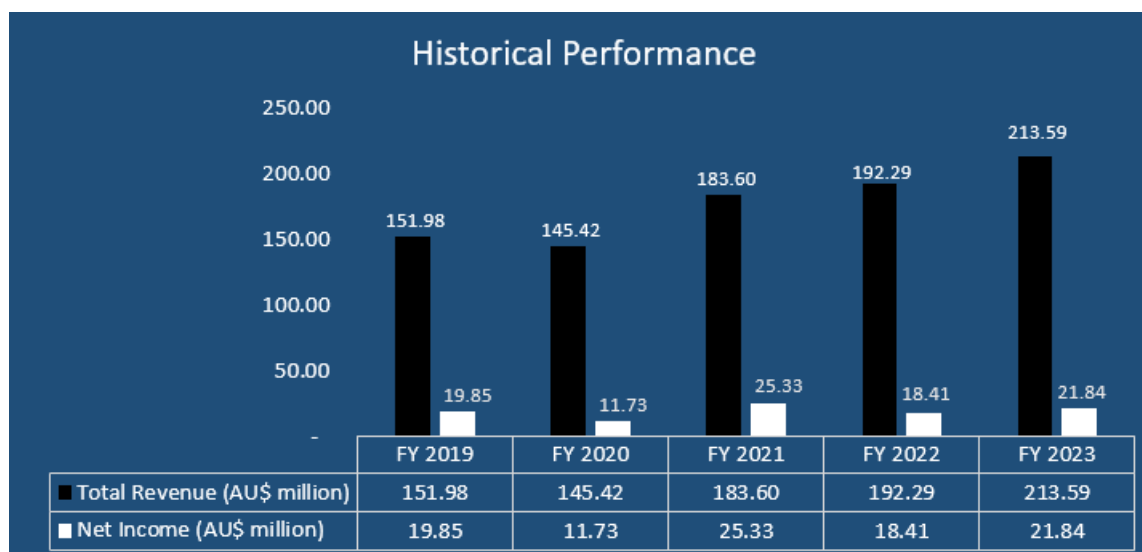
Source: (ASX and Koyfin), Analysis by Kapitales Research

Monash IVF Group Limited is an Australia-based company, which is primarily involved in assisted reproductive services. The Company is also a provider of specialist women's imaging services. It operates through two segments: Monash IVF Group Australia and Monash IVF Group International. The Monash IVF Group Australia segment provides assisted reproductive services, ultrasound, and other related services. The Monash IVF Group International segment provides assisted reproductive services in Southeast Asia.

## SWOT Analysis



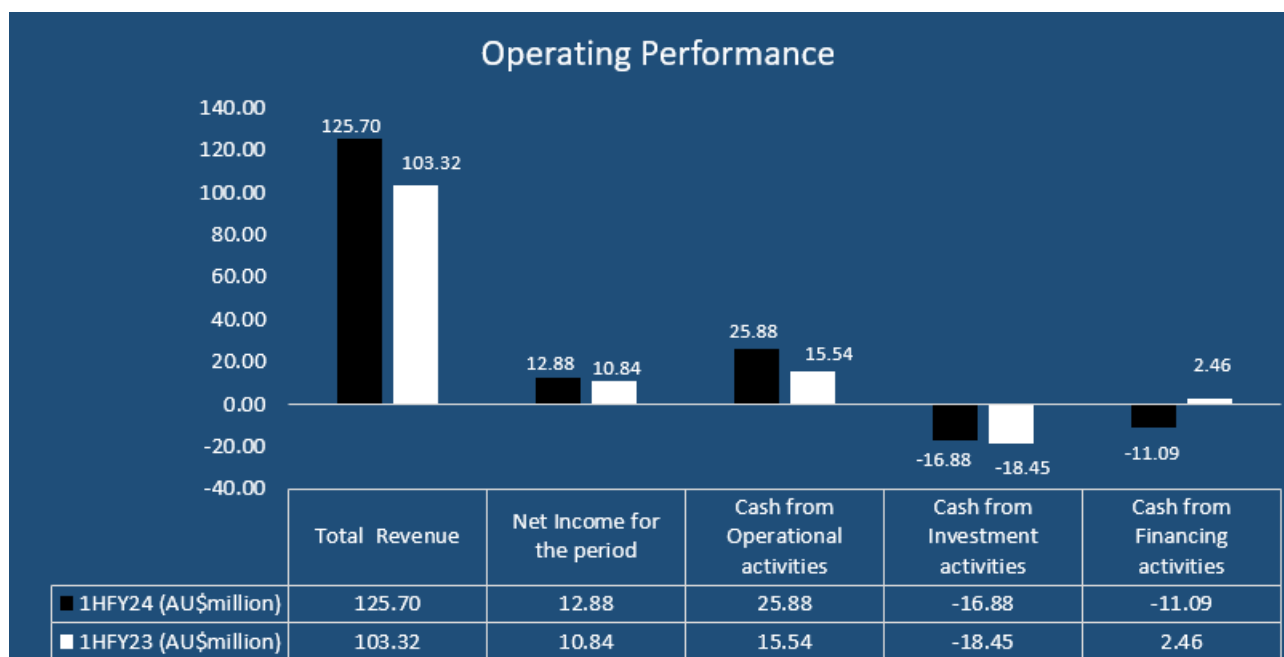
## Historical Performance



Source: Koyfin, Analysis by Kapitales Research

Between FY2019 and FY2023, the company's revenue rose 9% to AU\$213.59 million.

## Operating Performance (period ended 31 December 2023)

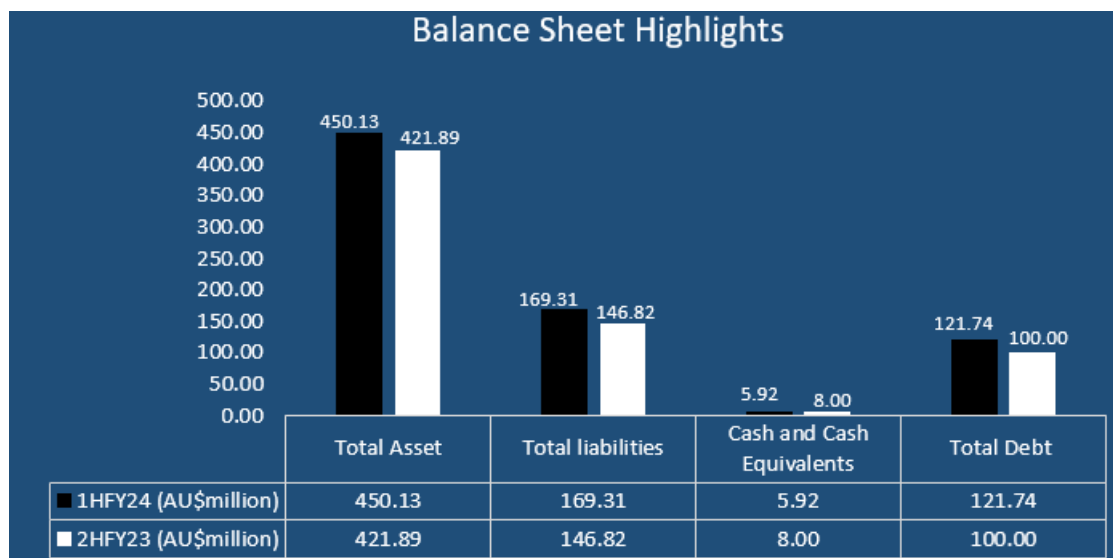


Source: Company Reports, Chart Prepared by Kapitales Research

During 1H FY24, Monash IVF's Domestic IVF and Ultrasound businesses continued to perform strongly, with positive industry growth and market share gains contributing to the strong performances of these businesses. The compelling performance of the Domestic businesses was partially offset by a small decline in earnings from International due to weaker volumes at KL Fertility.

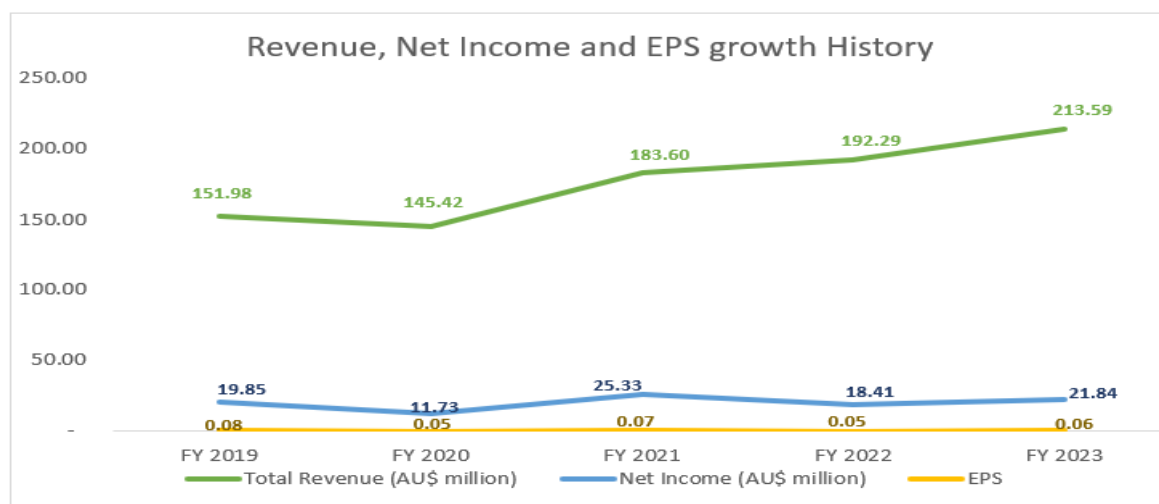
MVF achieved excellent results in 1HFY24 with Revenue increasing 21.7% and Underlying EBITDA increasing by 20.0%. This is the second consecutive half where the company has delivered revenue and Underlying EBITDA growth of 20% or more, which is a very pleasing achievement, and demonstrates the attractive growth profile of the company's businesses and the benefits of recent strategic investments.

## Balance Sheet Highlights (period ended 31 December 2023)



Source: Company Reports, Chart Prepared by Kapitaless Research

## Revenue, Net Income and EPS growth History



Source: Koyfin, Analysis by Kapitaless Research

Fiscal Years	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Growth Trend
Total Revenue (AU\$ million)	151.98	145.42	183.60	192.29	213.59	<div><div></div><div></div><div></div><div></div><div></div></div>
Net Income (AU\$ million)	19.85	11.73	25.33	18.41	21.84	<div><div></div><div></div><div></div><div></div><div></div></div>
EPS	0.08	0.05	0.07	0.05	0.06	<div><div></div><div></div><div></div><div></div><div></div></div>

Source: Koyfin, Analysis by Kapitaless Research

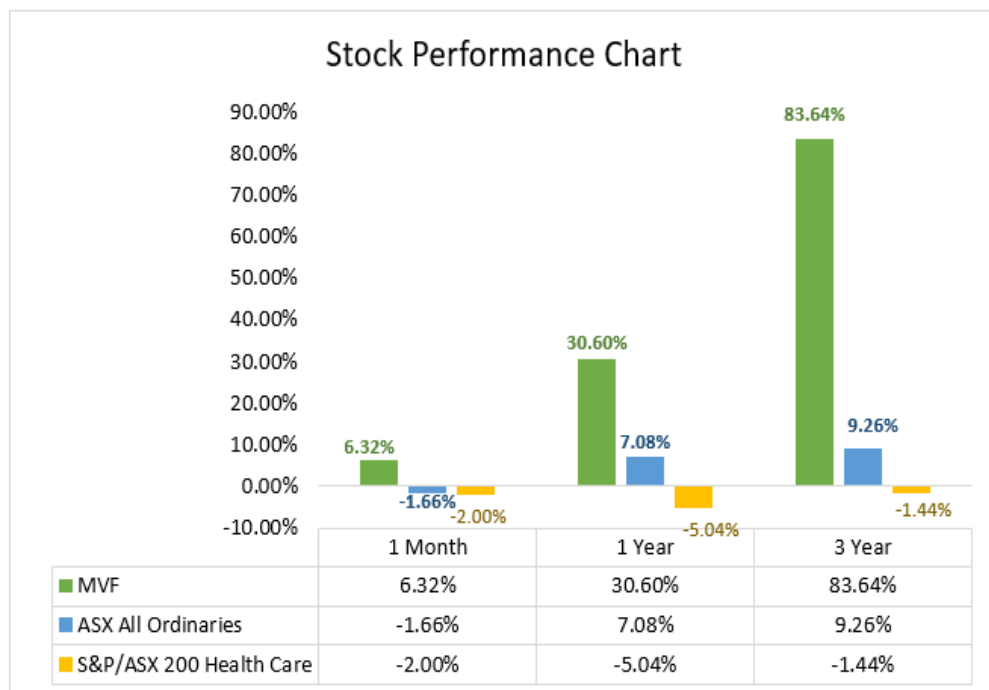
## Ratio Analysis

Fiscal Years	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Return on Assets	7.05%	4.38%	6.00%	4.85%	5.45%
Return On Equity %	11.64%	5.53%	9.87%	6.87%	8.06%
Return on Total Capital	7.75%	4.88%	6.73%	5.36%	6.06%
EBITDA Margin %	23.99%	17.77%	20.59%	17.22%	18.92%
Gross Profit Margin %	34.78%	35.02%	36.16%	34.57%	34.10%
Net Income Margin %	13.06%	8.06%	13.80%	9.57%	10.22%
Asset Turnover	0.5	0.5	0.5	0.5	0.5
Inventory Turnover (Average Inventory)	25.3	23.8	28.7	26.6	24.1
Current Ratio	0.6	0.8	0.5	0.7	0.6
Days Sales Outstanding (Average Receivables)	7.2	7.8	7.6	8.0	8.0
Days Payable Outstanding (Avg)	13.2	14.4	8.2	8.0	6.7
Cash Conversion Cycle (Average Days)	8.4	8.8	12.1	13.7	16.4

Source: Koyfin, Analysis by Kapitaless Research

During FY23, the company' EBITDA increased to 18.92% against 17.22% in FY22. In addition, ROE rose to 8.06% from 6.87% in FY22.

## Price Performance



Source: Investing.com, Analysis by Kapitaless Research

When assessing MVF shares against both ordinary shares and sector performance, MVF shares exhibited robust performance in the span of one month and last three years. Notably, MVF shares delivered noteworthy return of 30.60% in past one month, indicating a positive and consistently strong performance in the last one month.

## Outlook

MVF is on a positive trajectory heading into the second half, with new patient registrations indicating domestic growth will continue, and the benefits of recent infrastructure investments will contribute positively to profit. Furthermore, performance of KL Fertility and Singapore are showing positive signs, which should lead to growth in its International segment. FY2024 Underlying Group NPAT is expected to be between AU\$29.0 million and AU\$30.0 million.

## Key Risks and Uncertainties

The company has exposure to the following risks-

- Operational risk
- Market Volatility
- Regulatory and Legal Risk

## Technical Analysis



Company Name	Ticker	Sector	CMP (AU\$)	Advisory Date	Rating	Target 1 (AU\$)	Target 2 (AU\$)	Stop Loss (AU\$)
Monash IVF Group Ltd	MVF	Healthcare	1.515	23 April 2024	Speculative Buy	1.690	1.835	1.425

The stock of MVF settled at AU\$1.515 on 23 April 2024 with a gain of ~1.68% from the previous day's closing. It is currently trading near its 52-week high price level. The stock is trading above the significant exponential moving averages (EMA) of 20, 50, and 200 days on a daily time frame, indicating bullishness for the near term. The stock is trading above the central pivot (AU\$1.210), holding a bullish momentum on a daily time frame chart.

***Based on these facts, buying can be initiated at the current market price (CMP) level for the potential targets of AU\$1.690 and AU\$1.835 in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).***

***Investors are advised to keep a strict stop loss at or below AU\$1.425 (previous swing support) to protect their investments in case of an unfavourable movement in the stock due to any uncertain event.***

***Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favourable direction.***

### Investment Summary

Net debt as of 31 December 2023 was \$37.1m, with a net debt to equity ratio of 13.2% and significant headroom remaining under key banking covenants. On 20 February 2024, the Syndicated Debt Facility was renewed and extended to February 2027. Hence, after considering the facts mentioned above, investors are advised to have a "Speculative Buy" rating on the stock of MVF at the closing price of AU\$1.515 on 23 April 2024.

*Note: Kapitales Research Rating Star has been decided over the quantitative analysis of the stock. Maximum number of stars can be 5, with 5 for the top rating and 1 for the lowest rating.*



#### Technical Indicators Defined:

**EMA:** Exponential Moving Average is the moving average that puts more weight on the most recent data points.  $EMA = \text{Closing price} * \text{multiplier} + EMA(\text{previous day}) * (1 - \text{multiplier})$ . For a 200-day exponential moving average, the multiplier can be calculated with the formulae i.e.  $[2/(200+1)] = 0.0095$ .

**RSI:** Momentum indicator, Relative Strength Index is used to evaluate the overbought or oversold nature of an asset by measuring the magnitude of its recent price changes.

**Bollinger Band:** A technical analysis tool that uses two parameters i.e. period (default is 20) and standard deviations, forming a kind of price envelope depicting a range of upper price band and lower price band. This price band shifts according to the volatility swings, and it helps in identifying whether the underlying asset is in the overbought zone or oversold zone.

**Support:** This is a level or zone where the stock finds good demand indicating the buyer's strength.

**Resistance:** This is a level or zone where the stock finds a good supply indicating the seller's strength.

**Stop-loss:** This is the level from where the investors should exit their positions to prevent any further losses in case of unfavorable movement in the stock prices.

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*Disclosure: The information mentioned above has been sourced from the company reports and a third-party database, i.e., Koyfin. Investors are advised to use strict stop-loss to protect their investments in case of any unfavorable/uncertain market events.*

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