

2018 HALF YEAR REVIEW SUMMARY

19 February 2018

Dear Shareholder

The Abano Healthcare Group Limited interim report for the six months to 30 November 2017 has now been released and can be viewed on our website at www.abano.co.nz/reports.

We were pleased to deliver another record half year result, with a lift in both revenue and underlying earnings.

We are benefitting from acquisition growth in the dental business and we have seen improving same store sales in both New Zealand and Australia.

The directors were pleased to confirm an interim dividend of 16 cents per share.

Following the announcement of the sale of our radiology business, which is expected to settle later this month, we are now solely focused on growing our dental business.

DENTAL GROWTH AND PERFORMANCE

The trans-Tasman dental market is worth approximately \$11-billion in revenue and Abano is one of the largest and fastest growing dental groups in the region. Our growth is primarily through the acquisition of dental practices and we added a further ten practices, expected to generate \$18 million in annualised gross revenues, to our group in the first half year. In addition, Lumino The Dentists opened a new fully digital and purpose built greenfield practice in Rangiora. Since the end of November 2017, a further four dental practices have been acquired.

We are also focused on improving the performance of our existing dental practices and it was pleasing to see same store sales improving. Lumino was up 1.7% on the prior half year while Maven, which is facing more challenging economic conditions, improved its same store sales to -1.6% compared to -5.8% for the first half of FY17 and -4.4% at the end of the FY17 year.

We have a number of initiatives underway to support same store growth including the rollout of online bookings; the rebranding of existing practices in Australia; the commencement of the new Australian patient contact centre; and the rollout of the new CRM and analytics systems providing greater depth of data with which to manage the business. Early benefits are now starting to be seen with these short and long term initiatives.

We are also in the process of relocating Lumino's largest practice in Auckland to a larger, modern and more accessible location. As part of this move, an opportunity arose for Lumino to sell its associated non-core laboratory business to its existing Australian supplier which is looking to establish a presence in New Zealand.

OUTLOOK

Trading in the second half is expected to continue the momentum seen in the first half. We will continue to focus on building our presence in the trans-Tasman dental market, through dental practice acquisitions, particularly in areas in Australia where we are under-represented, as well as expanding our existing practices and service offering.

We are well funded and well positioned to accelerate our growth rate, and we have a clear pathway ahead. Our ongoing investment into the dental sector will continue to add value and generate increasing returns to our shareholders.



Trevor Janes
Chairman



Richard Keys
Chief Executive Officer

HY18 AT A GLANCE

Record half year result in line with guidance

Interim dividend of 16 cents per share

GROWTH OF OUR BUSINESSES

- Acquisition of ten dental practices expected to generate \$18 million in annualised gross revenues
- Opened new fully digital and purpose built greenfield Lumino The Dentists practice in Rangiora
- Investment into initiatives to drive same store sales growth and encourage new and repeat patient visits
- Continuation of the rebranding of existing practices in Australia

DELIVERING A WORLD CLASS PATIENT EXPERIENCE

- Rollout of real time, online booking system
- Introduction of Patient Contact Centre for Maven Dental Group
- Further developing initiatives which can help make dentistry more affordable, including interest free payment terms and dental plan options
- Improving Net Promoter Score, showing greater patient satisfaction

INVESTING IN OUR PEOPLE

- Appointment of Dr Fred Calavassy to the new role of trans-Tasman Clinical Director
- Inaugural trans-Tasman Lead Dentist Conference
- Creating safer workplaces through ongoing implementation of systems, processes and training

LEVERAGE TECHNOLOGY

- Rollout of new CRM and analytics systems
- Ongoing investment into digital marketing
- Continued trialling of new clinical equipment

TRANSITION TO SINGLE FOCUS, DENTAL GROUP

- Post Period End: Announced the sale of Ascot Radiology with settlement expected end-February 2018

GROSS REVENUE 158.7 MILLION +14%	REVENUE 133.2 MILLION +14%	EBITDA 17.9 MILLION +9%	UNDERLYING EBITDA 18.3 MILLION +9%
NPAT 6.0 MILLION +2%	UNDERLYING NPAT 6.7 MILLION +5%	INTERIM DIVIDEND 16 CENTS PER SHARE	

Based on unaudited management accounts.