

ABANO GUIDANCE FOR FY18 HALF YEAR

For the six months ending 30 November 2017

- Forecasting a lift in revenue and underlying earnings for HY18
- Result driven by acquisition growth in the dental business, positive dental same store sales growth in New Zealand and a solid performance in radiology
- Guidance reflects impact of larger dental practice acquisitions but settling later in the period than anticipated; challenging economic conditions in Australia affecting same store sales growth; and non-cash expenses relating to the relocation of Lumino's largest practice to a new location in Auckland in early 2018

Listed dental and radiology investor, Abano Healthcare Group Limited (NZX:ABA), has today provided guidance for the six months to 30 November 2017, forecasting a lift in revenue and underlying earnings for the half year period.

Abano's dental practice acquisition pipeline in Australia remains strong and the company is taking advantage of this to increase its acquisition rate above previous years. Several larger acquisitions, with a corresponding higher purchase price, have settled later in the first half than anticipated and several more are expected to settle in upcoming months. The acquisition costs of these practices will be incurred in the current financial year, however, their full year earnings contributions will not be realised until FY19.

Positive same store sales growth in New Zealand of approximately 1.2% YTD is being tempered by more inconsistent same store growth in Australia which continues to be affected by challenging and volatile economic conditions and is -2.2% YTD (an improvement on FY17 year end and the same period last year). Significant investment continues to be made into both long and short term initiatives to drive the performance of both dental businesses, including marketing, technology and branding, with early benefits now starting to be seen.

The guidance includes non-cash expenses including accelerated depreciation relating to the decision to relocate Lumino's largest practice to a new location in Auckland in early 2018 and a \$160,000 loss on sale on the associated divestment of its small non-core laboratory business, as well as an increase in the provision expense for deferred acquisition payments as recent dental practice acquisitions outperform expectations.

Abano's radiology business continues to perform well, delivering both revenue and EBITDA growth.

For the half year, Abano expects gross revenueⁱ of \$155 million to \$160 million, and revenue of \$130 million to \$135 million. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDAⁱⁱ) are expected to be \$17.1 million to \$18.3 million, with Net Profit After Tax (NPAT) of \$5.4 million to \$6.2 million.

Abano also reports on underlying earningsⁱⁱⁱ which provides the basis of Abano's dividend policy. The Company's Underlying EBITDAⁱⁱ is expected to be between \$17.5 million to \$18.7 million, resulting in an Underlying NPAT between \$6.3 million to \$7.1 million.

Based on this guidance and Abano's dividend policy, the company expects to pay a dividend consistent with last year's interim dividend of 16 cents per share on all shares, including those issued under the recent 1 for 5 rights offer.

\$millions	HY18 Guidance	HY17 Actual
Gross Revenue	155 – 160	138.9
Revenue	130 – 135	116.8
EBITDA	17.1 – 18.3	16.5
Underlying EBITDA	17.5 – 18.7	16.8
NPAT	5.4 – 6.2	5.9
Underlying NPAT	6.3 – 7.1	6.3

Key Dates:

End of half year: 30 November 2017
HY18 results announcement: 20 December 2017
Dividend Payment: January 2018
Release of HY18 Interim Report: By end-February 2018

ENDS

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Abano Healthcare Group is New Zealand's leading listed specialist healthcare investor and operator, with businesses in two sectors – dental and radiology – and operations across New Zealand and Australia.

ⁱ Gross revenue is a non-GAAP financial measures and includes Australian dental revenues before payment of dentists' commissions.

ⁱⁱ EBITDA is earnings before interest, tax, depreciation and amortisation and is a non-GAAP financial measure

ⁱⁱⁱ Underlying earnings are reported for both Net Profit After Tax ("NPAT", a GAAP compliant measure) and EBITDA and exclude gains/losses arising on sale of businesses, IFRS adjustments and impairments, including their tax effect. These are the measures used within the Company to evaluate performance, establish strategic goals and to allocate resources and provide the basis of Abano's dividend policy.

More information on gross revenue and underlying earnings is available on the Abano website at www.abano.co.nz/underlyingearnings.