



Pacific Smiles Group Limited 2019 Annual General Meeting Chairman's Script

I am honoured to address you as Chairman of Pacific Smiles Group at our 2019 Annual General Meeting. Pacific Smiles Group continues to expand and lead with our branded network approach to the Australian dental services industry.

It is now 4:30 pm, the time appointed for the meeting, and as we have a quorum, I declare the meeting open.

I would now like to introduce my fellow Directors: Alex Abrahams, Hilton Brett, Ben Gisz, Phil McKenzie, Zita Peach, Simon Rutherford and Mark Bloom. Our Company Secretary team is represented today by Elizabeth McGregor.

The Company's auditor KPMG is represented here by Sarah Cain whom I also have pleasure of welcoming today. The auditors will be available to answer questions on the conduct of the audit and the Audit Report for the year ended 30 June 2019.

At today's Annual General Meeting, I will provide a brief address, covering some high level aspects of our business, then I will move to the Annual General Meeting business, before handing over to Phil McKenzie, our CEO and Managing Director for a review of FY19 and some guidance as to FY20.

Our True Purpose at Pacific Smiles is to improve the oral health of ALL Australians to world's best. This is the lens through which we align our people collectively with a clear and simple intent - for each of us to understand our role in the organisation in pursuit of delivering an exceptional patient experience is critical.

The True Purpose isn't so much what drives us but rather what binds us and enables our people to make the right decisions with confidence regardless of their role or location in an organisation that is growing quickly and spread across a large geography.

Our true purpose facts are impressive. We continue as the major sponsor of the Australian Dental Health Foundation, an important charity that facilitates the provision of free dental services from dentists all around Australia to the most vulnerable in our societies. Our staff and dentists respond positively to this initiative and this is reflected in their motivation and focus on patient care, a focus that has resulted in more than 80% of our patients surveyed, scoring us a 9 or 10 out of 10. With 10 more convenient, high quality dental centres opened during the year, there were approximately 770,000 appointments provided, of which 135,000 were new patients and almost 40,000 were patients supported by government funding.

It is important to note that many Australians attend a dentist either sporadically or not at all. We believe there is a compelling opportunity to make high quality preventive dentistry more accessible for all Australians and this continues to guide our vision for the next 5 years and beyond.

Our original goal of 250 dental centres remains unchanged and now we are further defining this with the subset of 800 chairs and an intended market share of not less than 5%. This refinement speaks to our focus on the performance drivers of chair utilisation and patient volume.



With our 'why' firmly established under our true purpose, we have simplified our strategic priorities to three areas; Network Growth, Culture and Operational Excellence. This refinement allows the whole Pacific Smiles team to easily identify what we are working on and how they contribute.

Under Network Growth we will continue to add new dental centres by selecting the right sites, engaging the best dentists and employing excellent staff with the focus of reducing the time to profitability. At the same time, we will continually improve the operating performance of our existing centres by increasing the ranges of services, optimising operating hours and commissioning existing surgeries all while seeking efficiencies through technology and innovation.

We are more focused than ever on culture as a competitive advantage. I will expand later on what we are doing to drive this pillar.

Operational Excellence is fundamental to margin expansion - Patient Supply/Demand Matching to maximise dentist productivity, IT fitness and capability, our ongoing Cost review program, continuous Process and system optimisation and enabling patient choice with multiple Payment options is all part of a better PSG.

Our success is ultimately dependent upon delivering a perfect patient experience, which requires the attraction and retention of high calibre dentists, employees with a high quality care mindset all underpinned by efficient and effective operations. We will continue to build upon our success with an ongoing commitment to expansion and growth.

Dentists are the customers in our Dental Services Organisation model and we appeal to them through the professional and lifestyle benefits of practising from our modern centres and the provision of training and development opportunities for skills enhancement. Access to training and development initiatives for dentists has been enhanced with technology and our own growing internal expertise to provide a real value-add to the dentists and to the patients they serve.

We have renewed the organisation's focus on the dentist as our priority, our primary customer, and our rolling dentist retention rate has jumped 5% from 85% to 90%. The importance of this cannot be underestimated as all the associated benefits of increased tenure play out for the benefit of the patient, the dentist and Pacific Smiles as a whole.

The value proposition for the dentists that choose PSG is constructed with a dentist private practice mindset that is professionally supported and enabled to do their finest work. The central tenets are clinical sovereignty, quality facilities with state of the art sterilisation, well trained staff, accredited dental centres, and a formally established Dental Advisory Committee. All this is available with the underlying focus on affordability including various payment channels for patients and strong and growing patient demand.

These things done the PSG Way are what sets us apart and makes the service and facilities agreement with PSG a unique and highly productive experience that we are all proud of.

Allow me to highlight a few of the significant things we've done operationally in the last 12 months

We launched a Business Improvement Office to deliver cost, systems and process efficiencies. Including telecommunications savings previously called out. We have identified \$1.5m of annualised cost savings from this initiative. The cost savings have allowed us to get more for less – with cheaper but better telco infrastructure setting us up to cater for innovations like oral scanners and 3D printers.



The majority of our dental centres, both PSD and nib, are NSQHS accredited with all centres in the process and to be completed in the first half of FY20. It provides us with independent assurance of our clinical and sterilisation standards.

Our team performed strongly to open 7 new centres in just 4 months. We showed we could generate excellent performance with an accelerated opening cadence.

Our centre teams have improved utilisation of chairs by 12% in this financial year.

We have enhanced patient payment options by partnering for success with organisations like Afterpay.

Arguably most importantly, although no one will ever see it, we have completed our investment program in Lisa Safe, the process automation and assurance for sterilisation.

Our Pacific Smiles Way. We understand that culture is what sets the foundation for performance. It is a framework for our people to operate within, that makes us specifically PSG.

The facets of Unify Adapt and Play to win were developed by the leaders and representatives from across the whole organisation. These three straight forward modes that combine and intersect to become 'Our Way.'

With the development of a learning academy and the investment in developing leadership capability we are establishing success for today and preparation for our future growth ambitions.

Since FY08 the company has delivered significant growth from 17 dental centres to 89 centres today, more than doubling the number of centres in the last 5 years. Over that time, we have delivered annual growth rates of 15% and 16% on patient fees and underlying EBITDA respectively, as we achieve market share growth.