

ANNUAL GENERAL MEETING

Presented by:

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Chairman

Phil McKenzie
Managing Director &
Chief Executive Officer

20 November 2019

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Pacific Smiles considers that this non-IFRS financial information is important to assist in evaluating Pacific Smiles' performance. The information is presented to assist in making appropriate comparisons with prior

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CHAIRMAN'S ADDRESS

Robert Cameron AO

1. CHAIRMAN'S ADDRESS
2. ANNUAL GENERAL MEETING BUSINESS
3. MANAGING DIRECTOR'S ADDRESS

Our True Purpose

To improve the oral health of
ALL Australians to world's best.

OUR TRUE PURPOSE FACTS



AUSTRALIAN
DENTAL HEALTH FOUNDATION
ADVANCING AUSTRALIA'S ORAL HEALTH

We are the major industry sponsor of the ADHF's Dental Rescue Days and Adopt a Patient programs which coordinates the delivery of pro bono dental treatment to disadvantaged members of the community



10 convenient new locations opened



Approximately
770,000
appointments provided



We've seen over
135,000 new
patient smiles



Over **3,000**
patients
helped through
government
dental vouchers



80% of patients
surveyed scored us
a **9 OR 10**



We've helped approx **40,000**
kids smile with the Child
Dental Benefits Schedule

*How we've helped shape
Australia's oral health
in the last 12 months*

OUR STRATEGY

LONG TERM TARGET OF 250 CENTRES (~800 CHAIRS) & >5% MARKET SHARE

NETWORK GROWTH

- Existing centres
- Commission existing surgeries
- Greenfield new centres
- Range of services
- Extended opening hours

CULTURE 'PACIFIC SMILES WAY'

- High functioning leadership
- Employee capability building
- Culture Playbook

OPERATIONAL EXCELLENCE

- Patient supply/demand matching
- IT fitness and capability
- Cost review program
- Process and system optimisation
- Payment channels

First choice for quality dentists
Trusted local expert for patients

FIRST CHOICE FOR DENTISTS

Clinical Sovereignty

Dental Advisory Committee

Specialised training and development

Quality facilities with state of the art sterilisation

Well trained staff

Accredited dental centres

Focus on affordability with various payment channels for patients

Strong patient demand

Mentoring



90%

Retention rate – **Up 5%**

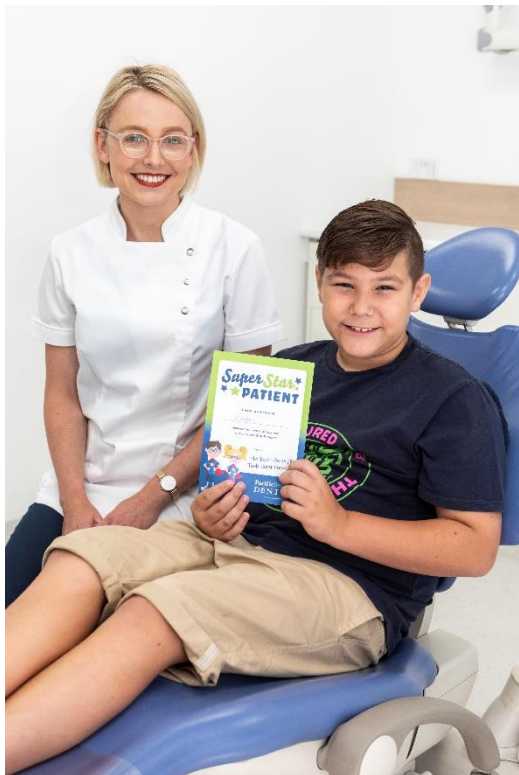
>80

Patient net promoter score

40

Graduates in mentoring programs

Enabling wide access to CPD **accredited** learning



What we have delivered in FY 2019

Reviewed and optimised
telecommunication and
network infrastructure



Accreditation with National
Safety & Quality Health
Service standards

7

Centres opened in 4
months – performing
strongly

12%

Centre utilisation &
efficiency gains



Multi-channel finance
options

lisa Safe

Automated sterilisation
systems

CULTURE IS OUR COMPETITIVE ADVANTAGE



Introduction of the Pacific Smiles Culture Playbook

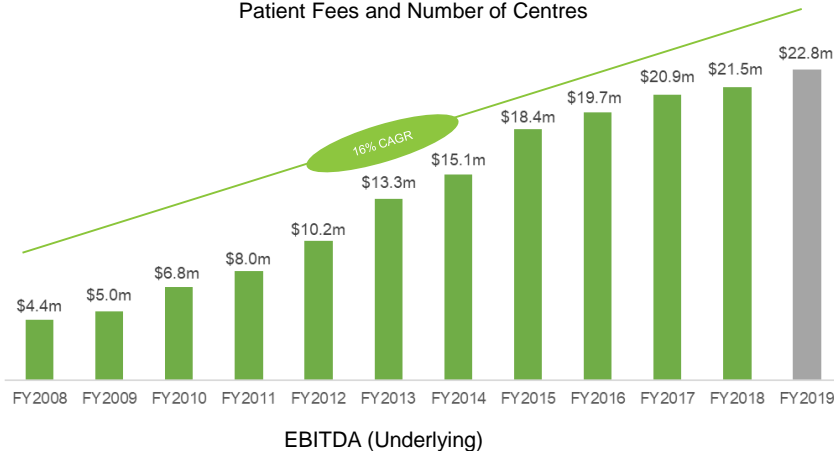
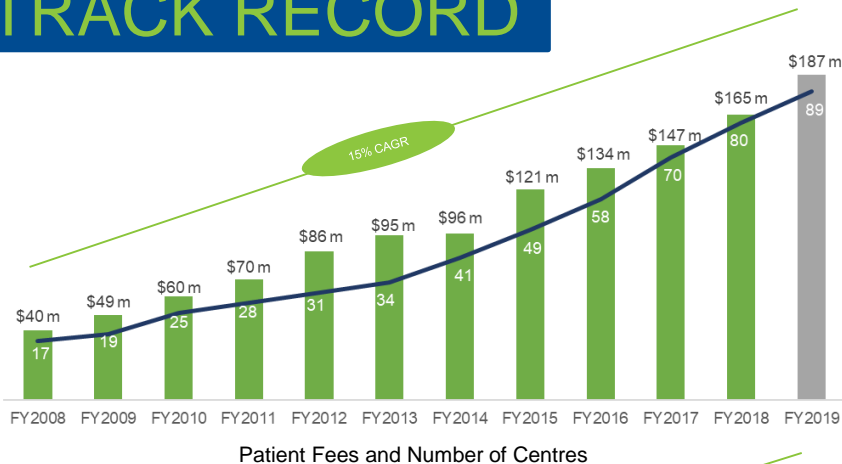
Learning And Development Academy

Leadership Conferences and Forums

High Achiever Awards

*Play the Pacific
Smiles Way*

STRONG GROWTH TRACK RECORD



*Continue to
achieve market
share growth*

*Making
GLEN IRIS
Smile*

PACIFIC
SMILES GROUP

ANNUAL GENERAL MEETING BUSINESS

Robert Cameron AO

MANAGING DIRECTOR'S ADDRESS

Phil McKenzie

2019 PERFORMANCE HIGHLIGHTS

\$187.4m

Patient Fees –
Up 13.9%

8.6%

Same Centre Growth –
Up 350bps

5.8cps

Ordinary Dividends –
Down 4.9%

89

Dental Centres –
Up 11.3%

\$22.8m

Underlying EBITDA –
Up 6.0%

\$8.9m

Underlying NPAT –
Down 3.5%

Our True Purpose

To improve the oral health of
ALL Australians to world's best.

2019 OPERATIONAL SNAPSHOT



10 new

Dental Centres



351

Commissioned
chairs– **Up 13.6%**



545

Dentists



Dentist & Graduate
Development
Programs



89

Dental Centres¹ –
Up 11.3%



>80

Patient Net Promoter
Score

*Pacific Smiles –
founded by dentists
for dentists*

NETWORK GROWTH

EXISTING CENTRE NETWORK



36% of centres are less than 3 years old



Average same centre patient fees growth of 5.3% pa over the five years to 30 June 2019

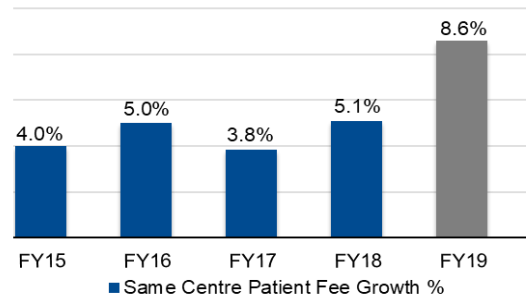


80% of dental chairs commissioned, and a further 88 chairs available to meet future demand

Untapped capacity for strong future growth

Same Centre Patient Fee Growth	FY 2018		FY 2019	
	% Growth	% of Total	% Growth	% of Total
Centres opened 2010 and earlier	2.0%	59.4%	3.5%	54.1%
Centres Opened 2011 to 2017 ¹	9.6%	40.6%	14.6%	45.9%
Group	5.1%		8.6%	

Strong 'same centre' patient fee growth as centres mature



Less mature centres continue to show strong positive growth over a number of years

Notes:

1. Centres opened in 2017 are not included in the FY 2018 same centre calculations

GROWTH FROM NEW CENTRES

SUCCESS FACTORS



Excellence in site selection

Simplicity

Engage with the **community**

Strong **local** marketing

Aligned and engaged dentists
and employees

NETWORK GROWTH

NEW CENTRE NETWORK

- Group profitability is impacted by year one losses for new centres
- Centres take many years to achieve maturity and continue to show margin expansion over this time
- Consistent path of EBITDA ramp up as new centres continue to leverage fixed cost base

	New Centres (opened FY14-18) ¹			All Centres > 5 years old ³
	Year 1	Year 2	Year 3	
Patient Fees per centre	\$0.8m	\$1.0m	\$1.3m	+ \$2.5m
EBITDA per centre ²	(\$0.1m)	\$0.1m	\$0.2m	+ \$0.5m
EBITDA / Patient Fees (centre level)	~(13%)	~10%	~15%	+20%



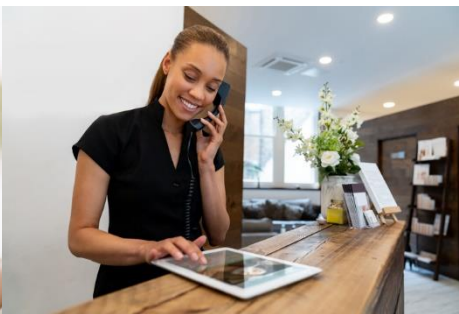
Notes:

1. Includes all centres opened from 1 July 2013 to 30 June 2018

2. Centre level EBITDA excludes any allocation of corporate overheads

3. Reflects the median last twelve month performance of the 43 centres that have been open for >5 years as at 30 June 2019

SMILES CARE CENTRES GROWTH STRATEGY



Align

with our True Purpose –
increases footprint,
accessibility, patients and
service reach

Innovate

2 locations identified to
bring the new concept
to market

Model

Patients will be serviced
by both Dentists &
Oral Hygienist
Therapists

Appeal

to key market segments
via new aligned brand –
Millennials & Over 50s

FY 2020 GUIDANCE REVISED

(Excludes the impact of AASB16 Leases)

REVISED

**SAME CENTRE
PATIENT FEES¹**

*High single digit
growth YOY*

**NEW DENTAL
CENTRES²**

*Opening 7 – 10
centres*

EBITDA³
(Underlying)

*8% - 14%
growth YOY*

**DIVIDEND
PAYOUT
RATIO**

*70% - 100% of
NPAT*

*Building on a
strong foundation*

Notes:

1. Same centre patient fee growth is approximately 9.7% at 18th November 2019
2. 4 new centres open this first half, a further 3 already committed for H2 FY20.
3. Underlying EBITDA is revised from 6-12% growth YOY. Excludes the underlying adjustment for the network incident of ~ \$500K.

PACIFIC



SMILES GROUP