



Pacific Smiles Group Limited (ASX: **PSQ**)
Level 1, 6 Molly Morgan Drive, Greenhills NSW 2323
PO Box 2246 Greenhills NSW 2323
P: 02 4930 2000 • **F:** 02 4930 2099
E: investor.relations@pacificsmiles.com.au
www.pacificsmilesgroup.com.au
ABN 42 103 087 449 / ACN 103 087 449

MEDIA RELEASE

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Pacific Smiles Group Limited – 2015 Full Year Results

Pacific Smiles Group Limited (ASX: PSQ) (“Pacific Smiles” or “the Company”) today announced its financial results for full year to 30 June 2015.

Key financial highlights

The key financial highlights from the result include:

- NPAT (pro forma) of \$9.7 million, up 32% on prior year and exceeded Prospectus forecast by 8.8%
- EBITDA (pro forma) of \$18.2 million, up 25% on prior year and exceed Prospectus by 4.3%
- Patient Fees across the Pacific Smiles dental centre network of \$121.4 million, up 27% on the prior corresponding period. Same centre Patient Fees grew 4.3% for the year
- Operating cashflow (statutory) of \$14.4 million, up 8.1% on prior year
- Network expansion with 8 new Pacific Smiles Dental centres opened in FY15, bringing the total to 49 centres at 30 June 2015
- Final dividend of 3.33 cps (fully franked) declared
- Net cash at 30 June 2015 of \$15.2 million

Business Performance

Pacific Smiles grew patient fees and earnings strongly in the 12 months to 30 June 2015.

During the period, the rollout of new centres accelerated, with openings in the following eight locations: Jesmond, Blacktown, Toronto and Narellan in NSW, Tuggeranong and Manuka in ACT, and Deception Bay and Brisbane in QLD.

Capital expenditure for FY2015 was \$6.7 million (FY2014: \$5.3 million), comprising predominantly new centre rollout capital expenditure. Cash conversion remained strong with operating free cash flow to EBITDA being 107%.

The business benefited from a full 12 months’ revenue contribution from the 3 dental centres acquired from Medibank Private in June 2014. The integration of the acquired centres has progressed to plan.

Further margin improvement from these centres is expected as their operations are optimised under Pacific Smiles' ownership.

Outlook

Pacific Smiles provides the following update regarding the outlook for FY2016:

- EBITDA for FY16 expected to be in the range \$20.3 - \$22.3 million
- New centre openings in the range of 8 to 10 in FY16
- Expect a further step up in the rate of new centre openings in future years, targeting approximately 10 per annum from FY17 onwards. Over 200 potential future trade areas identified based on demographic, location and competition parameters
- Same centre patient fees growth greater than 5% for FY16, consistent with trading since 30 June 2015
- On track to relocate large Pacific Smiles Dental Parramatta centre (former AHM centre) to modern, new premises in H1 2016
- Key business initiatives planned for FY16 include the hiring of an additional senior executive to focus on patient acquisition and retention, leveraging the group's scale to increase brand advertising and roll-out of new proprietary online staff training program
- Strong balance sheet, with an expectation that future growth can be funded while maintaining a net cash position and dividend pay-out ratio in the range of 70-100% of NPAT

Commenting on the results John Gibbs, Pacific Smiles' Managing Director, said:

"We are pleased to have achieved Prospectus forecast in our first year as a publicly listed company. We have a clear vision to steadily increase our market share in the \$8.7 billion dental market in Australia. With a strong pipeline of new centre opportunities, we feel well prepared to execute on this opportunity. Key to our growth will be a continuous improvement in the Pacific Smiles experience for patients and dentists alike and this will be a key focus for FY16."

I once again extend sincere thanks to all Pacific Smiles staff and dentists who have made these results possible."

Further information and enquiries:

Complete full year results materials are available on the Company website via the following link:

<http://investors.pacificsmilesgroup.com.au/Investors/?page=ASX-Announcements>.

For further information, please contact:

Investor Relations

Jane Coleman

Chief Financial Officer & Company Secretary

Email: jane.coleman@pacificsmiles.com.au

Phone: 02 4930 2000