

ABANO EXCEEDS GUIDANCE FOR HALF YEAR

Abano's Headline Financial Results for the Six Months to 30 November 2016

- Abano 2017 record headline half year results ahead of guidance and well above prior year
- Net Profit After Tax (NPAT) up 73% to \$5.9m (HY16: \$3.4m)
- Underlying Net Profit After Taxⁱ of \$6.3m, up 71% on continuing businesses (HY16: \$3.7m)
- Interim dividend confirmed at 16 cents per share, up 60% on last year
- Uplift in financial results being generated by strong continuing growth from the dental businesses

Abano Healthcare Group Limited (NZX:ABA) has advised that its headline profit results for the six months to 30 November 2016 are ahead of guidance and well above the same period for the prior year, following a strong performance in October and November.

Based on unaudited management accounts, gross revenueⁱⁱ of \$138.9m and revenue of \$116.8m for the six months were both at the top end of the guidance provided by Abano in October 2016.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$16.5m was up 29% on the prior first half year (HY16: \$12.8m) while Underlying EBITDAⁱ was up 27% to \$16.8m (HY16: \$13.2m).

All businesses provided margin improvements, with benefits being realised earlier than expected from the recent initiatives put in place by the Australian dental business to combat the challenging economic conditions and volatility in Australia.

Corresponding with reports from other dental corporates on the impact of the economic conditions in Australia, same store sales growth for Maven Dental Group was -5% for the half yearⁱⁱⁱ. Pleasingly however, Maven Dental Group has noted a marked improvement during the six month period, with same store sales growth moving to -2% in the last two months.

Abano's Net Profit After Tax (NPAT) was up 73% to \$5.9m (HY16: \$3.4m) and Underlying NPAT was up 61% to \$6.3m (HY16: \$3.9m).

Following the divestment of Abano's 50% share in the Bay International audiology business in late FY16, there were no earning contributions from this business during the HY17 financial period. On a like for like basis, excluding the divested audiology businesses, NPAT was up 86% and Underlying NPAT was up 71% on the previous first half year, which demonstrates the strong ongoing growth from the existing dental and radiology businesses.

Abano's Chief Executive Officer, Richard Keys said "We are continuing to grow our dental businesses through the targeted acquisition of dental practices and selected greenfield locations in both New Zealand and Australia, and our acquisition-based growth strategy is driving incremental earnings and margin growth and delivering increasing shareholder value. We remain committed to this value accretive strategy for our shareholders. With 197 dental practices as at the end of November 2016, Lumino the Dentists in New Zealand and Maven Dental Group in Australia form the second largest trans-Tasman dental network.

"We see significant opportunity in the \$11 billion trans-Tasman dental market and we are well placed to continue growing our market share through our fast growing dental networks. We have well established businesses led by strong and experienced management teams to enable us to continue to execute our strategy."

In line with its existing policy, the Abano Board has confirmed a record partially imputed interim dividend of 16 cents per share, up 60% on the previous period (HY16: 10 cents). This is at the top end of the indicative dividend range previously advised by the Board.

Following a request from the Abano Board, Healthcare Partners Holdings Limited's partial takeover offer document now permits the payment of an interim dividend of 16 cents per share, on the basis that the dividend is deducted from the \$10 offer price. Accordingly, the Healthcare Partners offer price will reduce to \$9.84 per share.

The Board is disappointed that Healthcare Partners' directors, Peter and Anya Hutson and James Reeves, have refused to allow Abano's usual Dividend Reinvestment Plan (DRP) to operate. This plan enables shareholders to choose to have their dividends applied to new ordinary shares in Abano rather than paid in cash. It has previously been well supported by shareholders with approximately 50% of all dividends being taken up in shares under the DRP over the past five years.

Chairman of Abano, Trevor Janes, said: "Today's excellent headline results underscore Abano's continued strong performance and future potential. The Abano Board believes Healthcare Partners' offer significantly undervalues Abano, and that Healthcare Partners' directors are seeking to acquire Abano and its businesses at a low value and at the expense of other shareholders. The Abano Board will be providing its recommendation in response to the partial takeover offer to shareholders today."

Abano will release its half year financial statements and provide a detailed results announcement to the market on 21 December 2016.

Given that Healthcare Partners has now sent its takeover offer to shareholders, the Abano Board has released these headline results ahead of Abano's half year financial result, to provide shareholders with timely information about Abano's financial performance and the interim dividend amount, in order to assist shareholders to consider their response to the offer.

Unaudited management headline results for the six months to 30 November 2016

\$millions	HY17 Actual	HY16 Adjusted for Audiology Divestment	HY16 Actual
Gross Revenue	138.9	130.0	151.8
Revenue	116.8	108.0	108.0
EBITDA	16.5	12.8	12.8
Underlying EBITDA	16.8	13.2	13.2
NPAT	5.9	3.2	3.4
Underlying NPAT	6.3	3.7	3.9

ENDS

For more information, visit www.abanohealthcare.co.nz or please call:

Richard Keys
Chief Executive Officer
Tel: +64 9 300 1413 Mob: +64 274 818368

Rachel Walsh
Chief Financial Officer
Tel: +64 9 09 300 1671 Mob: +64 21 443615

Released on behalf of Abano Healthcare Group Limited by Jackie Ellis tel +64 9 360 8500 or email jackie@ellisandco.co.nz

14 December 2016
Company Announcement



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 Underlying earnings are reported for both NPAT (a GAAP compliant measure) and EBITDA (a non-GAAP financial measure) and exclude gains/losses arising on sale of businesses, IFRS adjustments and impairments, including their tax effect. Both measures are reconciled back to reported NPAT. It is the measure used within the Company to evaluate performance, establish strategic goals and to allocate resources.

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

ⁱⁱⁱ Dental corporates vary in how they calculate same store growth. Abano calculates monthly same store growth on a working days basis not on a calendar month basis.