




ANNUAL REVIEW 2017

 abano healthcare group limited

We are pleased to present you with the 2017 Abano Annual Review. The full Annual Report including the financial statements can be viewed on our website www.abano.co.nz/report.



Trevor D Janes
Chairman

28 August 2017



Richard Keys
Chief Executive Officer

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WE ARE BUILDING MARKET LEADING HEALTHCARE BUSINESSES

For more than seventeen years, we have been investing into the private, fee for service healthcare sector, where we can add value, build scale and create world class brands.

Our focus is on the \$11-billion trans-Tasman dental market, which we believe offers significant opportunity to build shareholder value. We are now the second largest dental group in the region and one of the fastest growing.

We also have an investment in the radiology market in New Zealand.

- Three market leading brands
- 205+ dental practices across Australia and New Zealand
- 5 high end radiology clinics in Auckland
- Over 2,000 staff
- 835+ highly qualified clinicians



NEW ZEALAND

111 practices as at 31 May 2017
 Estimated 13% market share
 Well established market leader
 100% ownership



AUSTRALIA

94 practices as at 31 May 2017
 Estimated 1.4% market share
 Emerging business, leveraging experience and expertise in the New Zealand business
 100% ownership



AUCKLAND, NEW ZEALAND

Five leading edge clinics
 71% partnership with 14 radiologist partners holding remaining 29%
 Team of expert and highly respected radiologists providing leading edge imaging technologies in world class clinics

FY17 AT A GLANCE

FINANCIAL RESULTS IN TOP HALF OF GUIDANCE

Gross Revenue: \$278.7m

EBITDA: \$31.4m

NPAT: \$10.9m

STRONG PERFORMANCE WITH BOTH BUSINESS GROUPS DELIVERING INCREASING MARGINS AND EARNINGS GROWTH

Underlying EBITDA \$32.1m, up 18%

Record Underlying NPAT \$11.5m, up 43% on continuing businesses

INCREASED DIVIDEND

Final dividend of 20 cents per share partially imputed

Full year dividend of 36 cents per share, up 20%; Equal to 67% of Underlying NPAT

CONTINUED DENTAL GROWTH

Acquired 27 dental practices which are expected to generate \$33.8m in annualised gross revenue

Grew trans-Tasman dental network to 205 practices

BRAND ROLLOUT

Continued the rollout of the Maven Dental Group brand in Australia with more than 50% of the network now branded

SHAREHOLDERS REJECTED THE HOSTILE PARTIAL TAKEOVER BID FROM HEALTHCARE PARTNERS

Less than 4% support from other shareholders for the partial offer

BOARD APPOINTMENT

Election of Australian-based Dr Ginni Mansberg as an Independent Director to the Board

FINALIST IN THE INFINZ EMERGING LEADERS BEST CORPORATE COMMUNICATOR AWARD FOR THE SIXTH YEAR IN A ROW

POST YEAR END ANNOUNCED A \$35 MILLION 1 FOR 5 FULLY UNDERWRITTEN RENOUNCEABLE RIGHTS OFFER

The funds raised will be used to respond to the increased dental practice acquisition opportunity and step up Abano's growth plans in the trans-Tasman dental market, particularly in Australia

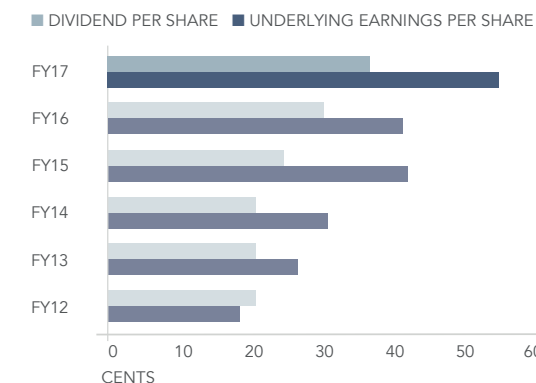
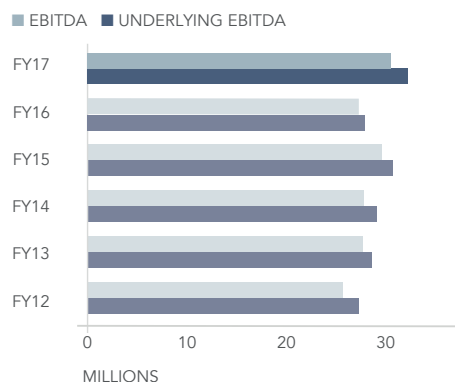
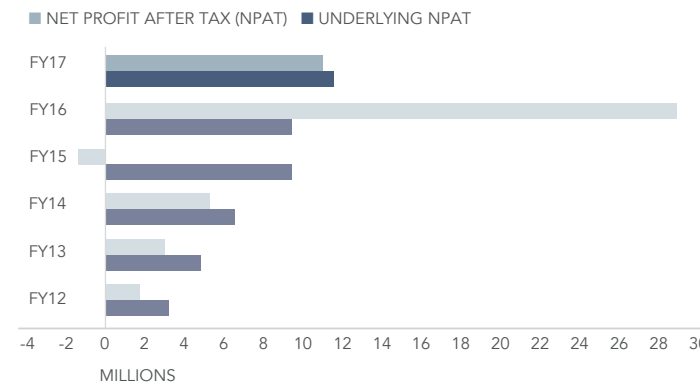
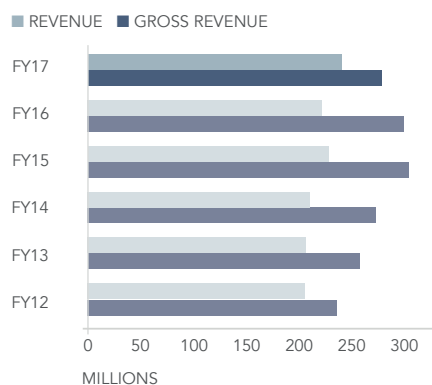
FINANCIAL SNAPSHOT

Continuing Business

Revenue \$233.5m	+9%
Gross Revenue \$278.7m	+8%
EBITDA \$31.4m	+18%
Underlying EBITDA \$32.1m	+18%
Net Profit After Tax (NPAT) \$10.9m	+47%
Underlying NPAT \$11.5m	+43%
Underlying Earnings Per Share 53.9 cps	+29%
Dividend Per Share 36 cps	+20%

See Explaining Our Results on page 20 for an explanation of financial measures.

FY17 continuing businesses are dental and radiology only.





WORD FROM THE CHAIR

It has been another year of growth for our company as we continued to focus on building our businesses in the trans-Tasman dental market, as well as increasing returns for our radiology investment.

Our vision is to build market leading brands and healthcare businesses that have the competitive advantage of size, scale and reputation. We see the \$11-billion revenue trans-Tasman dental market as our primary opportunity, and our goal is to create a \$1-billion revenue dental business.

Our largest opportunity is in the Australian dental market, which is approximately 12 times larger than the New Zealand market. We have seen increasing interest from dentists looking to join our group and the number and size of practices in our acquisition pipeline has increased and now exceeds previous expectations.

To enable us to respond to this increased acquisition opportunity and build our share of the dental market, we are raising \$35 million in new capital through an underwritten 1 for 5 rights offer which was announced in July 2017. The net proceeds from this will be used

to step up our growth plans in the trans-Tasman dental market, particularly in Australia.

I am very proud of our management teams' performances this year, particularly in light of the hostile Healthcare Partners partial takeover bid. Our dental and radiology leadership teams continued to ably lead their businesses during this time, allowing the Abano corporate team and Board to focus on responding to the offer.

I would also like to acknowledge the contributions and support of my fellow Directors in the past year. Abano has a strong Board of independent directors, who have extensive healthcare, commercial and governance experience. We were pleased to welcome Dr Ginni Mansberg to the board as our second Australian-based director. Ginni is a Sydney-based GP with a successful clinical practice and a well known healthcare



commentator who offers additional perspective and market insights to the Board.

Our dividend policy is based on Underlying NPAT Per Share, which increased by 29% to 53.9 cents per share (cps). Based on this, the Board was pleased to declare a final dividend of 20 cps, taking full year dividends to 36 cps, a 20% increase on last year.

We have a track record of delivering on our promises and we remain focused on ensuring we meet and exceed the expectations of our shareholders.

We are well positioned for the continued growth of our company and are committed to balancing our growth requirements with attractive dividend payments.

We are looking forward to reporting on another positive year of growth and increasing shareholder value in FY18.

Handwritten signature of Trevor D Janes in black ink.

Trevor D Janes
Chairman



CHIEF EXECUTIVE'S REPORT

Once again, Abano delivered a strong financial result in FY17, with a profit of \$10.9 million and a record underlying profit of \$11.5 million. This was a 31% increase on last year which included contributions from the divested audiology business, so a very pleasing outcome.

Our financial performance is being driven by the growth of our trans-Tasman dental group as well as an increased contribution from our radiology business.

Excluding the audiology shareholding which was sold last year, gross revenue for continuing businesses (dental and radiology) was up 8% to \$279 million, our earnings were up 18% and our underlying profit was up 43% for the year.

We have a broad diversification of revenue over geographical regions and across a large number of customers.

Dental comprised 94% of our gross revenue, with 49% of our gross revenue now sourced from Australia. Dental earnings continue to grow strongly and have increased by 71% in the past five years.

We expect the Australian revenue contribution to increase in future years given





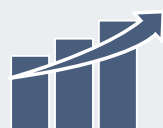
the opportunity for growth in the Australian dental market is significantly larger than in New Zealand. In line with our strategy, revenue is predominantly from private payment on a fee for service basis.

Path to Success

Our path to success is based on five key pillars... growth of our businesses, investment in our people, delivering a world class patient experience, leveraging technology and optimising our earnings.

Our growth is primarily through dental practice acquisitions as well as targeted greenfield development. We are also expanding our current services and existing capacity, and investing in our brands and marketing.

We are creating an environment that attracts and retains top talent. We are investing in our people through training, mentoring and career

PATH TO SUCCESS				
GROW OUR BUSINESSES	INVEST IN OUR PEOPLE	DELIVER A WORLD CLASS PATIENT EXPERIENCE	LEVERAGE TECHNOLOGY	OPTIMISE EARNINGS
 <p>Network expansion primarily through acquisition</p> <p>Selective greenfield development</p> <p>Organic growth from existing businesses</p> <p>Investing into brands and marketing</p>	 <p>Foster a culture of pride, patient care and clinical excellence</p> <p>Provide access to training, mentoring and career development</p> <p>Attract and retain high performing people</p> <p>Create world class work places</p>	 <p>Engage through a variety of channels and ensure ease of patient interaction</p> <p>Deliver exemplary patient experience</p> <p>Provide clinical excellence</p> <p>Generate high levels of patient satisfaction</p>	 <p>Utilise digital channels to enhance patient interaction/ experience</p> <p>Improved business processes and systems and operating efficiencies</p> <p>Insightful patient and business data analysis</p> <p>Investment in modern clinical technology</p>	 <p>Focus on improving margins and managing costs</p> <p>Deliver improving Underlying EBITDA and Underlying NPAT</p> <p>Deliver improving shareholder returns</p> <p>Balance growth with dividend payments</p>

development; fostering an organisational culture of pride and patient care; and creating world class working environments.

We are creating relationships with our patients, providing clinical excellence and making it easy for patients to deal with us and want to return time and time again.

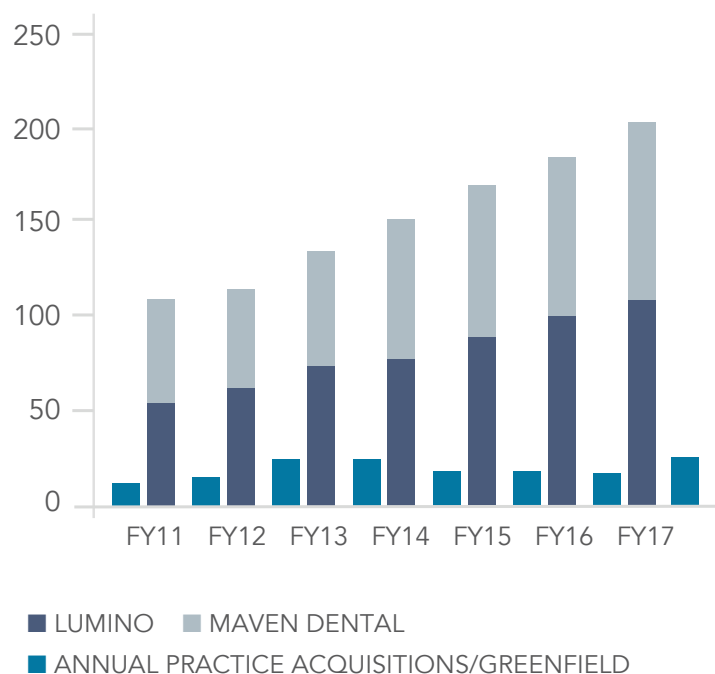
Technology is helping us work smarter and we are looking to invest in the benefits of technology, for example modern equipment, digital marketing and IT systems. Insightful customer and business data analysis is also a key focus for us going forward.

Just as importantly, we are focused on improving margins and managing costs so that we can continue to invest in growth and our businesses, and deliver value to our shareholders.

Number of Dental Practices

Includes acquisitions and the practice mergers

31 May 2017 : 205 practices



Growing our Businesses

We have an active growth strategy and remain the second largest trans-Tasman dental group and one of the fastest growing.

We are growing our dental networks mainly through the acquisition of dental practices, as well as selected greenfield openings. Our acquisition strategy delivers immediate accretive earnings from the day of acquisition; we are buying practices which are already established and proven; and we are gaining the expertise and experience of the founding dentist and their team.

On average, we are acquiring a new practice every two to three weeks, with 27 practices acquired in FY17 expected to generate annualised gross revenues of \$33.8 million.

This exceeds the annual targeted number of acquisitions we previously set for ourselves to achieve by 2020.

Following the merger of 18 practices into nine locations during the year, our network grew to 205 practices at year end, generating in excess of \$275 million in annualised gross revenue.

Particularly in New Zealand where we have more comprehensive coverage in a smaller market, we are merging closely located practices. We are also acquiring practices with a view to merging them into an existing practice upon settlement which helps to drive overall margin growth.

Business Performance

The dental group delivered another year of growth, with gross revenue increasing 8% to \$262.3 million, Underlying EBITDA increasing 14% to \$31.7 million and an improvement in gross revenue to EBITDA margin.

Of the total dental gross revenue, 46% was from Lumino in New Zealand and 54% from Maven in Australia.

Lumino the Dentists

Highlights for Lumino in FY17 were continued network growth to 111 practices at year end; the increasing collaboration between our two dental groups; and the successful All Clinicians Annual Conference which was attended by 210 clinicians from across the dental group.

We are focused on customer experience, and the latest results for our net promoter score were a record high of 71 in June 2017.

Financially, Lumino again delivered increased gross revenue and Underlying EBITDA, with an increase in Underlying EBITDA margins for the sixth year in a row.

Same store performance was temporarily impacted in the year due to an above average amount of leave taken coinciding with a higher than usual number of retiring senior dentists. These retiring dentists have been replaced as part of Lumino's recruitment and succession programme.

This resulted in same store revenue down 1% compared to last year. However, as expected, we saw an improvement in performance in the last quarter of FY17 and expect Lumino to return to long term trends of positive same store sales growth in FY18.

Maven Dental Group

Maven is the second largest dental network in Australia and we are continuing to grow strongly. The benefits of scale are now starting to be seen and we have a good infrastructure in place to support our future growth.

We acquired 12 practices in the last year, and also merged a number of closely located practices to realise efficiencies.

The brand rollout has been a big project for the team, and we achieved our target of over 50% of the network being rebranded by year end. This has allowed Maven to commence branded and digital marketing campaigns and initiatives, such as the 18 months' interest free offer, and momentum is now building.

Corresponding with reports from other dental corporates, Maven continues to be affected by challenging market conditions.

A number of initiatives have been put in place to boost performance and same store performance improved from the first half to be -4.4% for the full year.

Despite this and the additional costs of rebranding and increased marketing activity during the year, Maven's Underlying EBITDA margin remained steady in FY17.

Ascot Radiology

Ascot Radiology also delivered a pleasing improvement in performance in FY17. Gross revenue increased by 9% to \$16.4 million, with Underlying EBITDA up 36% to \$3.4 million.

The focus was on increasing referrals and widening the referral base, resulting in increased demand for new and existing technologies and services including digital tomosynthesis mammography and CT PET.

Funding for Growth

Along with the capital raising announced in July 2017, our utilisation of business cashflows and an efficient balance sheet will play a role in financing the future growth of the business.

We have a strong relationship with our banking partner and facilities in place in both Australia and New Zealand to fund growth in each country. At financial year end, we had undrawn facilities of \$28.9 million.

FY18 Business Priorities

FY18 will be another year of delivering on our consistent long term strategy. Our investment into growth, people, a world class patient experience and technology will increase as we step up our growth plans.

The main opportunity for Abano remains increasing our share of the trans-Tasman dental market and building a world class dental business.

To take advantage of a strengthening pipeline and market opportunity, particularly in Australia, we are looking to increase our acquisition rate. In addition, all existing practices in Australia are expected to be branded by the end of FY18.

Abano Dental is recognised for the investment it makes in its people, from training and mentoring to career development and wellness, and this will continue to expand in FY18.

Investment is also being made in digital platforms to enhance patient engagement and make it easier for patients to find a dentist, book an appointment and engage with the practice.

The scale of our dental group and its longevity of over 15 years since we first invested into dentistry provides us with unique access to a wealth of clinical and patient information.



Several projects are underway to capture, collect and analyse this data, and the insights gained will drive new initiatives that will improve the patient experience, practice efficiency and work flows.

In radiology, we are looking to expand the services we offer, particularly in relation to CT PET, as well as widen our referral base.

Looking Forward

This is an exciting time for Abano and we have a very real opportunity to step up our growth plans and build our share of the \$11-billion trans-Tasman dental market.

While there are a number of dental corporates actively building scale in Australia, each group has a different growth strategy, business model and revenue focus.

There are an estimated 14,000 practices and corporate

consolidators are estimated to own less than 5% of these practices and generate less than 10% of revenues, providing plenty of room for growth and network expansion.

We will continue to expand our networks, primarily through the acquisition of dental practices, particularly in Australia.

Our attention remains on optimising earnings and investing in our four pathways to support our businesses - growth, people, customer service and technology.

By staying focused on what we want to achieve, we are confident we will deliver another year of improved performance and increasing shareholder value.

Richard Keys
Chief Executive Officer

DENTAL

\$11-BILLION REVENUE TRANS-TASMAN DENTAL MARKET

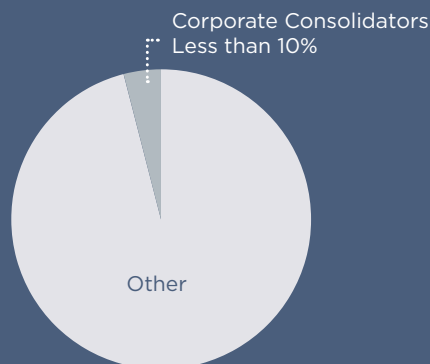
94% of Abano FY17
Gross Revenue

Gross Revenue
\$262.3 million, up 8%

Underlying EBITDA
\$31.7 million, up 14%

**Corporate consolidators
are estimated to own less
than 5% of practices and
have less than 10% of
revenues**

Huge pool of practices
provides significant
potential for acquisition
and network expansion



LONG TERM GROWTH TRENDS

Older people with better oral health and retention of natural teeth requiring dental care

More services on offer

Increasing demand for cosmetic/restorative services

PREDOMINANTLY PRIVATELY FUNDED

Payment from patients or their health insurance

Minimal reliance on Government funded contracts

CHANGING WORKFORCE

Increase in supply of new graduates

More female dentists graduating

Increasing preference for flexible working conditions offered by a dental corporate

GROWING ACCEPTANCE AND POPULARITY OF THE CORPORATE DENTAL MODEL

There are a number of competitors actively building scale in Australia

Each corporate group has a different growth strategy, business model and revenue focus

Abano Dental is the second largest group in the region

LUMINO THE DENTISTS



FY17 SUMMARY OF ACTIVITY

Grow Our Businesses

Acquired 15 practices; Driving efficiencies through merging closely located practices; Added capacity to existing clinics; Generating increasing benefits of scale

Invest In Our People

Closer collaboration between Australian and New Zealand dental businesses with trans-Tasman leadership team and sharing of resources; Ongoing focus on Health & Safety; Held All Clinicians Annual Conference

World Class Patient Experience

Increased NPS* from 63 in May 2016 to 68 in May 2017, with a high of 71 in June 2017; Piloted new initiatives to improve patient experience; Commenced roll out of the Lumino Dental Plan; Investment into best practice sterilisation and infection control processes for the trans-Tasman group

Leverage Technology

Invested in new digital equipment and technology; Continued development of digital presence including rollout of online booking; Enhancement of practice management software and data warehousing reporting functionality

Optimise Earnings

Fourth year of improved margins as Lumino benefits from economies of scale

*NPS (Net Promoter Score): An index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.

MAVEN DENTAL GROUP



FY17 SUMMARY OF ACTIVITY

Grow Our Businesses

Acquired 12 practices; 51 practices rebranded, surpassing target of half the network rebranded by financial year end; Driving efficiencies through merging closely located practices; Adding capacity to existing clinics; Generating increasing benefits of scale

Invest In Our People

Closer collaboration between Australian and New Zealand dental businesses with trans-Tasman leadership team and sharing of resources; Ongoing focus on Health & Safety; Held Practice Managers and Lead Dentists Conferences

World Class Patient Experience

Making it easier for patients to engage and receive treatment - launch of branded marketing initiatives (18 months interest free offer) and increased focus on digital marketing and engagement

Leverage Technology

Increased use of digital marketing and patient communications; Launched new website; Enhancement of practice management software and data warehousing reporting functionality

Optimise Earnings

Increased gross revenue and Underlying EBITDA
Despite initial costs of rebranding and decline in same store sales, margins have remained steady

RADIOLOGY

\$250 MILLION REVENUE NZ PRIVATE RADIOLOGY MARKET

6% of Abano FY17
Gross Revenue

Gross Revenue
\$16.4 million, up 9%

Underlying EBITDA
\$3.4 million, up 36%

NEW TECHNOLOGIES DRIVING INDUSTRY CHANGE

CHANGING INDUSTRY DYNAMICS

Market dominated by private practice groups
Increasing consolidation

GROWING DEMAND

Medical advances and new technology providing improved diagnosis, and at an earlier stage
Growing acceptance and demand for new technologies as benefits are understood
Ageing demographics pushing up demand

ASCOT RADIOLOGY



FY17 SUMMARY OF ACTIVITY

Grow Our Businesses

Increased demand for new and existing technologies and services; Wider referral base and increased referrals; Planning for new clinic in St Heliers, Auckland which was opened in June 2017; Brand refresh with all five clinics now branded Ascot Radiology

Invest In Our People

Training and management team days

World Class Patient Experience

Building relationships and working more closely with GPs and referrers to deliver a more streamlined referral and reporting process; Continued investment in improved customer service

Leverage Technology

Increased use of tomosynthesis; Expanded use of CT PET scans due to new tracers

Optimise Earnings

Delivered improved results and year on year margin growth

FIVE YEAR FINANCIAL SUMMARY

	FY13 \$M	FY14 \$M	FY15 \$M	FY16 \$M	FY17 \$M
OPERATING FINANCIAL PERFORMANCE					
Gross Revenue ^{1,2}	257.8	274.0	300.4	297.1	278.7
Revenue	207.0	211.1	222.2	213.7	233.5
Underlying EBITDA ²	28.6	29.1	30.7	27.2	32.1
Acquisition costs	(0.9)	(1.3)	(1.1)	(0.6)	(0.7)
EBITDA ²	27.7	27.8	29.6	26.6	31.4
Depreciation and amortisation	(9.3)	(10.0)	(10.1)	(9.7)	(10.2)
EBIT	18.4	17.8	19.5	16.9	21.2
Net financing costs & fair value amortisation	(6.4)	(5.8)	(5.8)	(6.1)	(5.1)
Share of gain/(loss) in associate/jointly controlled entity	(5.8)	(2.2)	(0.1)	0.7	-
Gain/(loss) on sale of jointly controlled entity/subsidiary/business	1.6	-	(9.0)	20.3	-
NPBT	7.8	9.8	4.6	31.8	16.1
Taxation	(3.8)	(3.7)	(4.5)	(3.4)	(5.0)
Minority interest	(1.2)	(1.2)	(1.4)	-	(0.2)
NPAT	2.8	4.9	(1.3)	28.4	10.9
RECONCILIATION TO UNDERLYING NPAT					
Adjust for (gain)/loss on sale of jointly controlled entity/subsidiary/business	(1.6)	0.2	9.0	(20.3)	-
Add back: Impairment of tax asset	1.9	-	-	-	-
Add back: Fair value amortisation of deferred acquisition consideration	0.5	(0.3)	-	0.1	(0.1)
Add back: Acquisition and divestment costs	0.9	1.3	1.1	0.6	0.7
Underlying NPAT ²	4.5	6.1	8.8	8.8	11.5
	FY13	FY14	FY15	FY16	FY17
No. of shares (000s) as at 31 May	17,101	20,537	20,876	21,271	21,465
Underlying EBITDA per Share ^{2,3}	168.8c	149.5c	148.0c	129.0c	149.8c
NPAT per Share ³	16.6c	25.0c	(6.11)c	134.7c	50.8c
Underlying NPAT per Share ^{2,5}	26.9c	31.2c	42.6c	41.7c	53.9c
FINANCIAL POSITION					
	FY13	FY14	FY15	FY16	FY17
Total Assets	211.6	224.3	221.1	273.7	273.7
Net Bank Debt	82.0	75.9	86.1	113.6	103.6
Total Equity	75.3	94.9	90.4	115.0	118.6
KEY FINANCIAL RATIOS					
	FY13	FY14	FY15	FY16	FY17
Net Bank Debt/Total Assets	38.7%	33.8%	38.9%	41.5%	37.8%
Net Bank Debt to Net Bank Debt plus Equity	52.1%	44.4%	48.8%	49.7%	46.6%

[1] Gross revenue includes the equity accounted jointly controlled Audiology businesses (prior to its divestment in FY16) and Australian dental revenues before payment of dentists' commissions.

[2] Underlying earnings are reported for both Net Profit After Tax ("NPAT", a GAAP compliant measure) and Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA", a non-GAAP financial measure) 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. More information on gross revenue and underlying earnings is available on the Abano website at www.abano.co.nz/underlyingearnings and in note 2, Segment Information, of the Financial Statements for the year ended 31 May 2017 available at www.abano.co.nz/latestfinancials.

[3] Weighted average number of shares for the year.

EXPLAINING OUR RESULTS

CONTINUING BUSINESSES

FY17 continuing businesses are dental and radiology only. Discontinued businesses are as follows: Rehabilitation businesses divested in FY13 and FY15; Pathology business divested FY15; Audiology shareholding divested FY16.

REVENUE

In FY17, we earned revenue from two sectors – dental and radiology.

GROSS REVENUE

Gross revenue is reported within the segment note in the Financial Statements and includes audiology revenues (prior to its sale in FY16) as this was a joint venture and was therefore equity accounted; and Australian dental revenues before payment of dentists' commissions.

EBITDA

Earnings Before Interest, Tax, Depreciation and Amortisation. This is essentially the ongoing income we receive from our businesses.

EBITDA excludes profit/losses generated by the Bay Group, in which Abano held a 50% shareholding until its sale in FY16.

UNDERLYING EBITDA

Excludes a number of items we are required to expense under the International Financial Reporting Standards as well as one-off gains, losses and transaction costs on the sale of businesses.

NET PROFIT AFTER TAX (NPAT)

Profit in FY17 was \$10.9 million.

UNDERLYING NPAT

Removes the impact of non-cash accounting adjustments, such as the gain on sale and transaction costs and was \$11.5 million in FY17.

The Abano Board believes that Underlying EBITDA and Underlying NPAT provide a more appropriate representation of Abano's performance and we have been reporting these metrics on a consistent basis over a number of years. These are the measures used within the Company to evaluate performance, establish strategic goals and to allocate resources. Underlying NPAT is also the basis for the Company's dividend policy.

More information on gross revenue, Underlying EBITDA and Underlying NPAT, which are non-GAAP financial measures and are not prepared in accordance with NZ IFRS, is available on the Abano website at www.abano.co.nz/underlyingearnings.

ABANO FINANCIAL KEY PERFORMANCE INDICATORS

To assist in future planning and driving the growth of our business, in November 2016, we set a number of financial key performance indicators for the three year period from 1 June this year, being the FY18 financial year to FY20.

These are the measures by which the Abano Board will evaluate performance, and we will report on our progress against them next year.

- Growth in dental same store revenue of 6% over the three year period FY18 to FY20
- Growth in dental Underlying EBITDA margin to be greater than 14% by FY20
- Acquisition of more than 25 dental practices or \$35 million in annualised gross revenues from acquisitions per year by FY20
- Growth in Group Underlying EPS greater than 15% per annum
- Net bank debt to annualised Underlying EBITDA of less than 3.5x

WE CARE



OUR PEOPLE

Every day, our 2,000+ healthcare professionals and support personnel provide dental and radiology care for thousands of people in New Zealand and Australia.

We support and invest in our people to help them realise their potential:

- Clinical and career development
- Development of inhouse training programmes
- Sharing of knowledge and collaboration
- Management and leadership training
- Organisational culture that celebrates success and respects talent
- Competitive and rewarding remuneration
- World class working environments



OUR COMMUNITIES

We are a part of our communities and we endeavour to make them a better place. It is important to us to give back and contribute. Every year, our businesses support deserving charities, events and individuals to help them achieve their goals.

Initiatives include:

- Annual Lumino Day across New Zealand
- Ngati Pahauwera initiative led by Dr Tony Dey
- Involvement in the Kimberley Dental Team in Australia



OUR ENVIRONMENT

We take care to minimise our impact on the environment and encourage our businesses to adopt environmentally friendly policies and efficiency initiatives.

- Recycle what we can
- Safe disposal and recycling of medical and waste materials
- Fully digital radiology image platform
- Electronic reporting to patients and clinicians
- Reduction in paper reporting
- Digital signage



WE CARE

ANNUAL LUMINO DAY

More than 222,000 people in New Zealand are reported to be looking after a family member who is sick or has a disability. For many, this has meant a major loss of income and up to 30 hours of additional unpaid care work every week.

As you can imagine, this doesn't leave much time to focus on your own well being.

This year, Lumino The Dentists supported Carers NZ, as a way of giving back to local communities and saying thank you to family carers for the selfless work they do. Held on Saturday 7 May 2017, more than 150 Lumino staff and clinicians gave up their time and turned out to support this event.

- Free dental care for family carers
- Thirty Lumino dental practices
- 400+ patients
- More than \$150,000 treatment value
- 150+ Lumino team members involved

BOARD AND MANAGEMENT

Abano's corporate governance report for the 2017 financial year can be read on pages 51 to 57 of the Financial Statements in the Annual Report. All Board Policies and other governance documents can be viewed on the Abano website at www.abano.co.nz.



TREVOR JANES
INDEPENDENT CHAIRMAN / APPOINTED 23 SEPTEMBER 2005

Trevor Janes has significant governance experience and is a highly regarded director. He holds a number of board positions with private and public companies including chair of KiwiRail Holdings, Certus Solutions and the International Development Commercial Advisory Panel of MFAT, as well as deputy chair of ACC and a Member of the NZ Markets Disciplinary Tribunal.



MURRAY BOYTE
INDEPENDENT DIRECTOR / APPOINTED 26 FEBRUARY 2015

Murray Boyte resides in Australia and has extensive operating and strategic experience in the trans-Tasman business market as well as a sound understanding of the Australian and New Zealand investment market and regulatory framework. He provides the Board with an in-market resource and expertise to support Abano's Australian business growth.



PIP DUNPHY
INDEPENDENT DEPUTY CHAIRMAN / APPOINTED 25 SEPTEMBER 2012

Pip has worked as a non-executive director for the last 11 years. Prior to this, Pip worked in the financial markets in a variety of roles. Current appointments include First Gas, Fonterra Shareholders Fund, NZ Superannuation Fund, Chubb Insurance and Transpower.



DR GINNI MANSBERG
INDEPENDENT DIRECTOR / APPOINTED 24 AUGUST 2016

Dr Mansberg is a Sydney-based GP with a successful clinical practice. She is a member of the Australian Institute of Company Directors and sits on a number of corporate and not for profit Advisory Boards. Dr Mansberg has experience in medical journalism and appears regularly on radio and television.



DANNY CHAN
INDEPENDENT DIRECTOR / APPOINTED 19 DECEMBER 2008

Danny is an experienced New Zealand director with accounting, finance, investment management and education expertise. He holds a number of directorships with private and public companies and is a director of ATEED, a Member of the Department of Prime Minister and Cabinet - China Project, the NZ China Executive Council and a Member of the NZ Markets Disciplinary Tribunal.



RICHARD KEYS / CHIEF EXECUTIVE OFFICER
TERM OF EMPLOYMENT: FROM FEBRUARY 2002

Richard was previously CFO/COO for Abano and was appointed to the role of CEO in November 2015. He is responsible for the development and rollout of Abano's strategy and oversees the performance of each of Abano's businesses. Richard is a director on all Abano subsidiary boards and attends all Abano Board meetings at the invitation of the Board. He is a member of the NZ Markets Disciplinary Tribunal and a Chartered Member of the Institute of Directors.



TED VAN ARKEL
INDEPENDENT DIRECTOR / APPOINTED 5 JULY 2011

Ted sits on the board of a number of New Zealand companies including AWF Madison, Restaurant Brands and the Auckland Regional Chamber of Commerce and Industry. He has extensive operational, retail and consumer sales experience and has worked with a number of growth companies to help them to grow and achieve their goals.



RACHEL WALSH / CHIEF FINANCIAL OFFICER
TERM OF EMPLOYMENT: FROM FEBRUARY 2013

Rachel was previously Group Commercial Manager and was appointed to the role of CFO in November 2015. She has extensive experience in acquisitions and divestments, debt raising and financial reporting having worked in senior positions for both an international accounting firm as well as a large private global company. Rachel is a member of the New Zealand Institute of Chartered Accountants.

DIRECTORY

DIRECTORS

Eduard (Ted) van Arkel
Appointed 5 July 2011

Murray Boyte
Appointed 26 February 2015

Danny Chan
Appointed 19 December 2008

Philippa (Pip) Dunphy
Deputy Chairman
Appointed 25 September 2012

Trevor Janes
Chairman
Appointed 23 September 2005

Dr Ginni Mansberg
Appointed 24 August 2016

AUDIT AND RISK ASSURANCE COMMITTEE

Chairman: Pip Dunphy
Danny Chan
Trevor Janes
Dr Ginni Mansberg

GOVERNANCE AND REMUNERATION COMMITTEE

Chairman: Ted van Arkel
Murray Boyte
Trevor Janes

REGISTERED OFFICE AND ADDRESS FOR SERVICE

Level 16
West Plaza Building
3-7 Albert Street, Auckland

AUDITORS

PricewaterhouseCoopers
PricewaterhouseCoopers Tower
188 Quay Street, Auckland

BANKERS

ASB Bank Limited
12 Jellicoe Street, Auckland

Commonwealth Bank of Australia
240 Queen Street
Brisbane, Australia

SOLICITORS

Harmos Horton Lusk
Vero Centre
48 Shortland Street, Auckland

SHARE REGISTRAR

Computershare Investor Services Limited
159 Hurstmere Road
Takapuna, Auckland



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