

# MAKING CONTACT

## ABANO SHAREHOLDER NEWSLETTER



Richard Keys  
Chief Executive Officer

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### FROM THE CEO

One of Abano's key focuses is on our people. People drive the culture of any organisation and people development is essential in any growing business.

Abano's dental network offers inhouse training and mentoring programmes, has established Clinical Advisory Boards, and runs group-wide conferences for our staff.

With more than 210 practices spread across New Zealand and Australia, these events play an important role in bringing our clinicians together to learn, collaborate and create new connections.

While previously we had separate Lead Dentist conferences in New Zealand and Australia, in line with our strategy to share knowledge and learnings across the group, we recently held our first trans-Tasman Lead Dentist conference.

The conference was themed around the vision for our dental group: to become the leading oral healthcare provider in Australasia.

This means being an industry leader and transforming the dental industry, while at the same time growing a financially sustainable business.

This goes to the heart of what Abano stands for as an organisation - creating a sustainable and successful company by enabling better care and healthier lives through our dental and radiology businesses.

Our training and development programmes support our commitment to clinical best practice, and this helps in recruiting and retaining the best clinicians and practice staff. Succession planning for senior dentists remains important and our investment into people development will help build the skills and productivity of the often younger and less experienced dentists who are joining our network.

We were particularly pleased when one of our dentists, Dr Laura Ichim, was recently awarded the Outstanding Young Dentist award for 2017 by the New Zealand Dental Association. This is wonderful recognition for Dr Ichim and we congratulate her for achieving this award.

### INVESTING IN OUR BUSINESS

We are growing Abano by investing in five key areas – growth, our people, a world class patient experience, leveraging technology and optimising our earnings. A number of exciting initiatives have been put in place this year, in these areas.

CONTINUED OVER...

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We are continuing to grow, with several dental practice acquisitions being made in regions where we are under represented, such as Victoria and New South Wales in Australia. We recently opened a new, fully digital and purpose built greenfield dental practice in Rangiora, near Christchurch, and also opened a new radiology clinic in St Heliers in Auckland (both of which you can read more about later in this newsletter).

Our patients are our biggest advocates and we are investing in providing an excellent customer experience including how we interact with our patients, as well a welcoming culture and environment. The rollout of the Maven Dental Group brand to existing practices in our Australian network is progressing well and we have established a new Australian patient contact centre.

Technology plays a big part in creating world class businesses and we are now leveraging the deep pool of data we have from our 15+ years of operation. We are rolling out new IT operating platform and analytics systems in Australia and have also launched Online Bookings in both New Zealand and Australia, which are proving to be popular.

All of these initiatives are starting to deliver positive benefits to the business and will help to drive same store performance, particularly in Australia.

We were pleased to be able to share more on our progress with shareholders at this year's Annual Meeting, which was held in Auckland in September. The meeting was well attended and all resolutions were passed, including the re-election of Pip Dunphy and Murray Boyte as directors.

This month, we were delighted to be recognised in the Deloitte Top 200 Awards, New Zealand's most prestigious business awards, as one of three finalists in the Excellence in Governance category. Abano received high praise from the judges for its successful business model and steadfast focus on growing shareholder returns while fending off disruptive hostile takeover offers. In particular, the judges were impressed that the company had not been distracted while dealing with attempted takeovers, instead remaining focused on the business and implementing strategy. This is a reflection of the Abano Board's continuing commitment to best practice governance. You can read the full NZ Herald article on the category award here <http://bit.ly/2iYK5SU>.

On behalf of all of us here at Abano, we wish you a safe and happy festive season and our best wishes for 2018.

## **HY18 GUIDANCE**

### **AS AT 15 NOVEMBER 2017**

Abano has recently provided guidance for the first half of the 2018 financial year to 30 November 2017 and is forecasting a lift in revenue and earnings for the six month period compared with last year.

Abano's dental practice acquisition pipeline in Australia remains strong and the company is taking advantage of this to increase its acquisition rate above previous years. Several larger acquisitions, with a corresponding higher purchase price, have settled later in the first half than anticipated and several more are expected to settle in upcoming months. The acquisition costs of these practices will be incurred in the current financial year, however, their full year earnings contributions will not be realised until FY19.

Positive same store sales growth in New Zealand of approximately 1.2% YTD is being tempered by more inconsistent same store growth in Australia which continues to be affected by challenging and volatile economic conditions and is -2.2% YTD (an improvement on FY17 year end and the same period last year). Significant investment continues to be made into both long and short term initiatives to drive the performance of both dental businesses, including marketing, technology and branding, with early benefits now starting to be seen.

Within the guidance are non-cash expenses including accelerated depreciation relating to the decision to relocate Lumino's largest practice to a new location in Auckland in early 2018 and a \$160,000 loss on sale on the associated divestment of its small non-core laboratory business, as well as an increase in the provision expense for deferred acquisition payments as recent dental practice acquisitions outperform expectations.

Abano's radiology business continues to perform well, delivering both revenue and EBITDA growth.

Based on this guidance and Abano's dividend policy, the company expects to pay a dividend consistent with last year's interim dividend of 16 cents per share on all shares, including those issued under the recent 1 for 5 rights offer.

\$ MILLIONS	HY18 GUIDANCE	HY17 ACTUAL
Gross Revenue	155 – 160	138.9
Revenue	130 - 135	116.8
EBITDA	17.1 – 18.3	16.5
Underlying EBITDA	17.5 – 18.7	16.8
NPAT	5.4 – 6.2	5.9
Underlying NPAT	6.3 – 7.1	6.3

More information on gross revenue and underlying earnings is available on the Abano website at [www.abano.co.nz/underlyingearnings](http://www.abano.co.nz/underlyingearnings).



Jack Wynne is this year's Abano summer intern. He has just completed his third year at Otago University and is studying for a Bachelor of Commerce, majoring in finance and a Bachelor of Science, majoring in information science.

## ABANO SUMMER INTERNSHIP ENTERS ITS SIXTH YEAR

For the past six years, Abano has offered a paid summer internship to one Otago Business School student, offering them an opportunity to work with a large public company at the most senior level, witness a business in action and learn about governance and management roles. It provides the student with valuable experience and exposure to different areas of business in which they might like to work following graduation.

Abano sees its links with Otago University as a way of contributing to undergraduate development. We have a drive for growing people and giving them the opportunity to stretch and learn, so the scholarship is an external-facing extension to that philosophy.

Last year's intern, Josephine Tan, is now working full time on marketing projects in our New Zealand dental business, Lumino The Dentists, after completing her studies in Commerce majoring in Marketing and Management as well as a Post Graduate Diploma of Commerce in Management.

Abano CEO, Richard Keys, spoke at the recent New Zealand Shareholders' Association annual conference on the topic of "Engaging with Shareholders and Dealing with Dissidence". NZSA has kindly provided access to a video of Richard's presentation, which can be viewed here: <https://goo.gl/pmLHTF>



## KEY DATES

End of Half Year: 30 November 2017  
 HY18 Results Announcement:  
 20 December 2017  
 Dividend Payment: January 2018  
 Release of HY18 Interim Report:  
 By end-February 2018

## SHAREHOLDER COMMUNICATIONS

### GO ELECTRONIC

We offer you the convenience of receiving communications from us by email. This may include the annual report, share transaction statements, dividend payment advice, shareholder meeting notices and other company related material.

It's simple to sign up. Email [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz) provide your CSN/shareholder number and confirm you want to receive Abano communications by email.

Alternatively, you can log in to [www.investorcentre.com/nz](http://www.investorcentre.com/nz) and update your details. You will need your CSN/shareholder number and FIN to access Investor Centre and register your account. Going forward, you will access this service with your own User ID and Password.

While there, you can also update other details including change of address, banking instructions and IRD number, and elect to participate or withdraw from Abano's dividend reinvestment plan.

## STAY UP TO DATE: ABANO eNEWS

You can register to receive news and updates from Abano as we release them to the market.

To sign up, scan the QR code here or visit



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## CONTACT US

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# DENTAL



## ONLINE BOOKING PROVING A HIT

Abano's dental patients now have more booking options than ever before.

A new Online Booking programme is being rolled out across Abano's dental group and allows patients to book their own appointment and set recall reminders. Alternatively, patients can access the Contact Centre for direct bookings over the phone.

The goal is to have online booking available at all Maven and Lumino general dentist practices by the end of the current financial year.

## PROUDMOUTH AUCKLAND ON THE MOVE

A decision has been made to relocate Lumino's largest practice, Proudmouth in Auckland, to a larger, modern and more accessible location in early 2018.

The relocation will remove the accessibility issue being caused by the construction of the City Rail link in Auckland's CBD, will provide capacity for additional chairs and will enable a better patient experience.

This is a major project and the new clinic will become Lumino's flagship practice in New Zealand.

As part of this move, an opportunity has arisen for Lumino to sell Proudmouth's small non-core laboratory business to its existing supplier which is looking to establish a presence in New Zealand. This will deliver a faster and improved service for Lumino's patients.

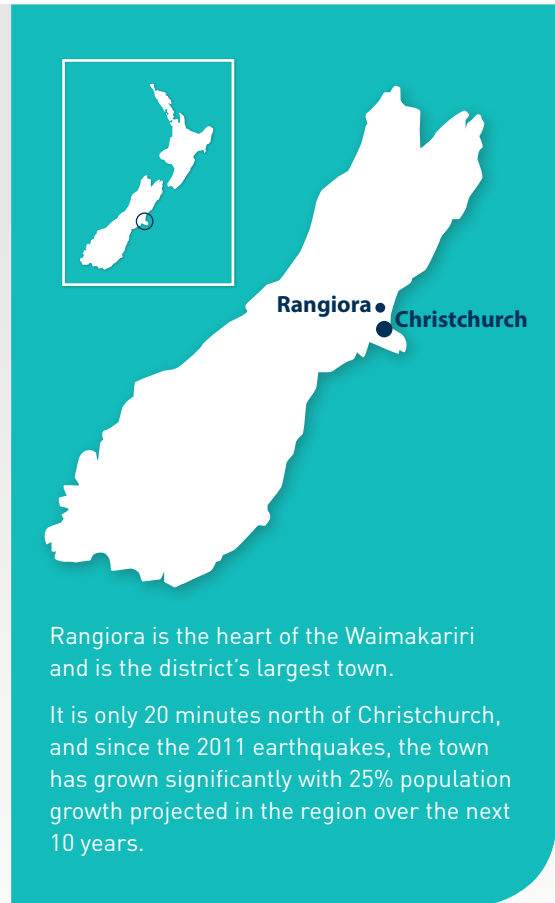
## DOORS OPEN AT TOP CLASS PRACTICE IN RANGIORA

Lumino Rangiora opened its doors with a rush of excitement in early September. This is Lumino's third greenfields practice, and was developed in direct response to the growing community need in the area.

The new practice is fully digital and has a contemporary look and feel. Separate clinical, consultation and engagement spaces have been created, and while patients are placed at the centre of the design, the practice encompasses all the requirements for any clinician to do their best work.

The purpose-built practice has been developed around the principles of the patient experience. The primary experience and patient perception is delivered by the dentist and the clinical team, however the physical environment augments this clinical experience. Other factors such as brand reputation, ease of access and good communication also play an important role.

Feedback from patients has been excellent and Lumino Rangiora has been creating quite a "buzz around town".



**Carers Australia** NATIONAL **CARERS WEEK 2017** 15-21 OCTOBER

**SMILES ALL AROUND FOR FIRST EVER MAVEN DENTAL DAY**

The inaugural Maven Dental Day kicked off National Carers Week in Australia, with the provision of complimentary dental services, worth over \$65,000, to over 160 carers nationwide.

Living up to its mandate of 'giving back to those who give so much', Maven Dental Day saw a range of Maven Dental practices throw open their doors on a Sunday, with teams of clinicians and staff volunteering their time in support.

The initiative was hailed as a success by both carers and staff, with the CEO of Carers Australia, Ara Cresswell, saying they had received great feedback with many unpaid carers able to benefit from the free dental care.

Maven Dental Day follows on from the successful Lumino Day in New Zealand, which has now been running for over four years.

In 2017, Lumino also partnered with Carers New Zealand, and provided free dental services worth over \$150,000 to more than 400 carers at 30 Lumino dental practices throughout New Zealand.



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[www.lumino.co.nz](http://www.lumino.co.nz)



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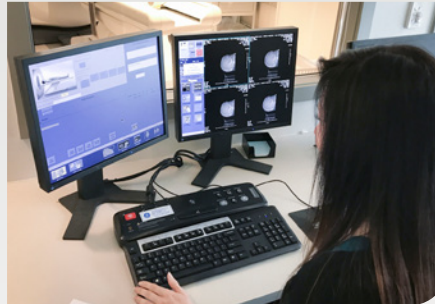
## MORE ABOUT CARERS AUSTRALIA

National Carers Week 2017 was a time to recognise and celebrate the outstanding contribution that Australia's 2.7 million unpaid carers make to the nation.

One in eight Australians provide unpaid care and support to a family member or friend with a disability, mental illness, chronic condition, terminal illness or who is frail or aged.

Carers make an enormous contribution to local communities as well as the national economy - each and every week Australia's unpaid carers spend an incredible 36 million hours caring for family members and friends. The annual replacement value of that care has been estimated by Deloitte Access Economics in 2015 at \$60.3 billion.

# RADIOLOGY



Ascot Radiology has been expanding with the opening of two new branches in Auckland; one in Epsom and one in St Heliers.

Ascot@Mauranui is a joint venture between Ascot Radiology and a group of ENT consultants, providing a

specialist ENT CT scanning facility. Based at the newly-built Mauranui Clinic on Great South Road in Epsom, Auckland, the scanner provides referrers and patients with an ENT-focused service that includes CT scans of the sinuses, temporal bones, neck and chest.

In June, Ascot Radiology also opened a new branch on Turua Street in St Heliers, Auckland, offering plain x-rays and ultrasound. This practice provides a much-needed imaging service to local GPs and their patients and has been very well received. Future plans for the rooms include the addition of a mammography unit.

Images from both branches can be accessed remotely by reporting radiologists for review. Referring doctors can also view their patients' scans and x-rays via the image viewing website, Inteleviewer.



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