

ABANO DELIVERS RECORD EARNINGS ON BACK OF DENTAL GROWTH

- For the FY18 financial year, Abano has reported record revenue and earnings, and a 16% increase in NPAT to \$12.6 million. Underlying NPAT was up 18% to a record \$13.6 million
- Results reflect acquisition of larger dental practices, as well as the sale of Ascot Radiology
- Continued acquisition growth with 19 dental practices acquired in the financial year, expected to deliver \$40.3 million in annualised gross revenue, and a strong acquisition pipeline in place
- Same practice gross revenue improved across both New Zealand and Australia
- Final dividend of 20 cents per share, taking full year dividends to 36 cents per share on increased number of shares following 1 for 5 rights offer in 2017

\$millions	FY18	FY17	% Change*
Gross Revenue ⁱ	312.7	278.7	12.2%
Revenue	259.5	233.5	11.1%
EBITDA ⁱⁱ	34.5	31.4	10.0%
Underlying EBITDA ⁱⁱⁱ	35.8	32.1	11.6%
NPAT	12.6	10.9	15.8%
Underlying NPAT ⁱⁱⁱ	13.6	11.5	17.7%

*Percentage change based on \$000 reported in the FY18 financial statements

Listed trans-Tasman dental investor and operator, Abano Healthcare Group Limited (NZX:ABA), has reported another year of record results for the financial year ended 31 May 2018, as the company focuses on building its share of the trans-Tasman dental market, and its dental networks deliver improving performances in both Australia and New Zealand.

Abano is now solely focused on the \$11-billion trans-Tasman dental market, following the sale of its 71% shareholding in Auckland-based radiology business, Ascot Radiology, in February 2018. A one-off gain of \$2.1 million on the sale of Ascot Radiology is included in the FY18 result.

Revenue for the FY18 financial year was a record \$259.5 million, with gross revenue of \$312.7 million.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) were a record \$34.5 million, with Net Profit After Tax (NPAT) of \$12.6 million, up 16% on the prior year.

Abano also reports on underlying earnings which are the basis of Abano's dividend policy. The company's Underlying EBITDA was up 12% to \$35.8 million, with Underlying NPAT of \$13.6 million, up 18%.

The result includes non-cash expenses of \$0.2 million accelerated depreciation relating to the decision to relocate Lumino's largest practice to a new location in Auckland (which occurred in early July 2018); and impairments of \$1.3 million relating to two smaller and older dental practices in Abano's portfolio.

Underlying Earnings Per Share^{iv} were 55.0 cents per share, reflecting the 20% increase in shares on issue following the 2017 capital raising to fund future dental growth and the sale of Ascot Radiology. The Board has declared a final FY18 partially imputed dividend of 20 cents per share, taking full year dividends to 36 cents

per share (FY17: 36cps), equal to 68% of Underlying NPAT. The Dividend Reinvestment Plan will be offered to shareholders for the final dividend payment.

Chair of Abano, Trevor Janes, said: “Our investment into the trans-Tasman dental market is generating value for our shareholders, as we continue to expand our dental networks in both Australia and New Zealand and deliver a high quality dental service for patients in both countries. Abano has a strong acquisition pipeline and the capital raised in FY18 is supporting our accelerated growth strategy and allowing the company to take advantage of the significant market opportunity, particularly in Australia. Abano has delivered a strong result for the year and is well positioned to continue with its growth strategy.”

Abano’s goal is to become the leading dental provider in the Australasian market and it already has the largest trans-Tasman network, with 225 practices across Australia and New Zealand as at end-May 2018.

Nineteen practices were acquired in FY18, expected to deliver \$40.3 million in annualised gross revenue (A\$27.6m and NZ\$10.3m) and a new, fully digital and leading edge greenfield practice was opened in Rangiora.

The majority of acquisitions were in the Australian dental market, which is approximately 12 times larger than the New Zealand market and offers the biggest opportunity to grow market share. Since year-end, three large Australian practices have been acquired, which are expected to generate A\$9.9 million in annualised gross revenue.

Same practice gross revenue improved across both networks as Abano maintains its focus on realising the benefits of scale, expanding the services on offer, increasing and maximising existing capacity, increasing clinical days and continuing to invest into branding and marketing. Despite increasing investment into these areas in FY18, the dental group’s Underlying EBITDA margin^v of 12.2% was in line with the previous financial year.

Lumino The Dentists in New Zealand delivered same practice gross revenue growth of 3.3% (FY17: -1.0%). Pleasingly, Maven Dental Group in Australia also delivered an improving performance and maintained same practice gross revenue at the same level as last year, an improvement on the -4.4% for FY17. This is a significant achievement in a challenging and volatile economy and management are focused on continuing this positive trend. The benefits of scale and investment into branded and digital marketing campaigns are helping to drive momentum.

Chief executive, Richard Keys, said: “Our goal is to be the leading oral healthcare provider in Australasia and we will achieve that by focusing on the patient experience, delivering operational and clinical excellence and by attracting and retaining the best possible dentists, clinical and support staff in our businesses.

“Technology is an important part of our strategy, allowing us to operate more efficiently, target patients more effectively and create innovative offers which keep patients coming back to our dental practices time and time again. We will continue to invest into technology, as well as our other strategic areas in the coming year as we enhance our existing platform for continued growth and seek to establish ourselves as the leading provider in the region.

“Our success will be determined by our ability to encourage patients to recognise the value of quality dental care undertaken on a regular basis and to choose our practices as their dental provider of choice.”

Key Dates

- 31 May 2018 Financial Year End
- 9 August 2018 FY18 final dividend record date
- 17 August 2018 Confirmation of issue price for shares under the DRP, to be issued at a 2.5% discount to 5-day VWAP post-record date
- 20 August 2018 FY18 final dividend payment and issue of shares under DRP
- By end-August 2018 Release of FY18 Annual Report and Shareholder Review

ENDS

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

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

Rosemary Ferguson
Chief Financial Officer
Tel: +64 9 300 1671

Abano Healthcare Group is listed on the NZX and owns and operates one of the largest dental networks in Australasia, comprising Lumino the Dentists in New Zealand and Maven Dental Group in Australia.

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

ⁱⁱ EBITDA is a non-GAAP financial measure and excludes net finance expenses, fair value adjustments, realised foreign exchange gains/losses, asset impairments, gains/losses arising on sale of businesses, non-controlling interests, tax, depreciation and amortisation costs.

ⁱⁱⁱ Underlying earnings are reported for both Net Profit After Tax ("NPAT", a GAAP compliant measure) and EBITDA 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 and provide the basis of Abano's dividend policy.

^{iv} Weighted average Underlying Earnings Per Share are calculated as Underlying NPAT divided by the number of shares.

^v Dental margin is calculated as dental Underlying EBITDA as a percentage of Gross Revenue.

More information on gross revenue, EBITDA and underlying earnings is available on the Abano website at www.abano.co.nz/underlyingearnings.