



Dear Shareholder

We are pleased to invite you to view our annual report for the year ended 31 May 2019 (FY19), which is now available on our website at <https://www.abano.co.nz/investor-information/shareholder-reports/>.

We remain the largest trans-Tasman dental group, with 239 practices across our Lumino The Dentists and Maven Dental Group networks. Our people, our practices, our brands and our commitment to excellent clinical care are the backbones of our business.

Our goal remains to build dental networks of scale in Australia and New Zealand, which lead the way in patient care and experience, provide a rewarding work environment and generate an appropriate return on investment.

While it has been an achievement to reach the scale and size that we have, this year our financial results were below our expectations. Partly this was due to the continuing decline in economic conditions in Australia which impacted discretionary spending on dentistry, in part it was the higher costs associated with our investment into IT, people and systems to support our projected growth, and in part it was down to business and workforce factors which we have plans in place to improve.

We have identified significant growth potential in our existing networks and, following several years of investment into the group, in FY19 we turned our focus to organic growth and unlocking existing capacity and value. We have a detailed plan of action and numerous initiatives are underway, with early successes now being seen.

We are focused on delivering earnings growth while retaining the values-based culture and commitment to clinical care for which we are known. Our focus for FY20 is on driving benefit from the major initiatives and investment already made and improving margin performance and return on investment.

Shareholders are reminded that various expressions of interest have been received from parties interested in Abano and its businesses. These may offer strategic opportunities and value to shareholders. The Board has appointed advisors to assist with its review. There is no certainty that any expression of interest will lead to a proposal for shareholders to consider or to any transaction. We will keep shareholders informed on any progress.

We are very proud of our clinicians, our practice staff and our support teams, and the patient experience they provide to thousands of people every week. We are confident in the long term future of our business as we look to unlock the potential in our networks and deliver value to our shareholders.

Pip Dunphy
Chair

Richard Keys
Chief Executive Officer

FY19 PERFORMANCE SNAPSHOT

DENTAL ONLY BUSINESS

First year of being purely a dental business, following divestment of remaining non-dental business in FY18

NETWORK EXPANSION

Grew network to 239 practices
Acquired practices in 16 locations expected to provide approximately \$28m in annualised gross revenue and \$7m practice EBITDA

Relocation and opening of flagship Lumino practice in Auckland's CBD

FOCUS ON ORGANIC GROWTH

In 2H19, increased focus on organic growth and realising the potential of existing networks

Progress is being made on initiatives to lift performance

Acquisitions paused in Australia due to high multiples, trading conditions and practice performance

Complementary acquisitions within New Zealand still being planned

TECHNOLOGY AND INNOVATION

IT platform delivering better data for analysis and targeting of growth initiatives

Significant investment into major IT initiatives including Lumino Dental Plan, Clinical Dashboards and Practice Essentials all commencing during FY19, with benefits expected from FY20 onwards

RIGHT SIZED SUPPORT OFFICE AND LEADERSHIP TEAM

Right sized the support offices in Australia and New Zealand and restructured the leadership team

Appointed Rhys Clark as CFO and Dennis Surlan to new position of COO

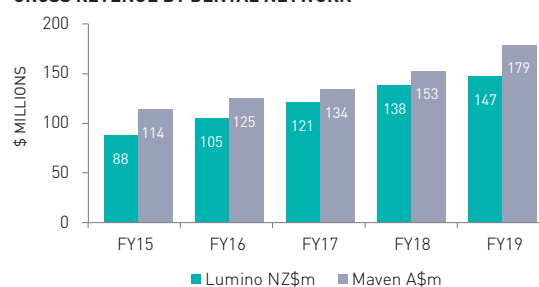
GOVERNANCE

Appointed Pip Dunphy as Chair and Murray Boyte as Deputy Chair

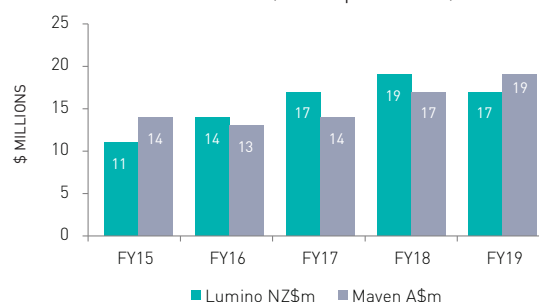
Mike Allen appointed to the Board as Independent Director

\$ MILLIONS	FY19	FY18 DENTAL ONLY	FY18
Gross Revenue	338.9	303.4	312.7
Revenue	279.3	250.2	259.5
EBITDA	32.7	32.4	34.5
Underlying EBITDA	33.7	33.7	35.8
NPAT	7.6	10.3	12.6
Underlying NPAT	10.9	13.3	13.6

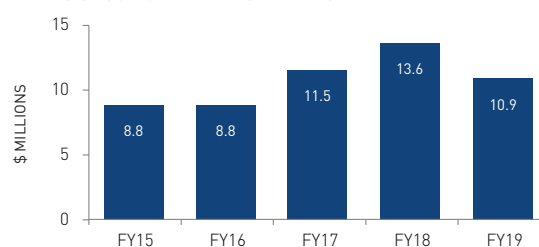
GROSS REVENUE BY DENTAL NETWORK



UNDERLYING DENTAL EBITDA (excl Corporate Costs)



ABANO GROUP UNDERLYING NET PROFIT AFTER TAX



- Dental revenue growth of 12% driven by acquisitions and same practice growth in New Zealand
- EBITDA reflects additional investment into infrastructure, IT and people to lift business capability, growth initiatives to drive patient visits, incremental increase in support costs due to acquisitions, and higher laboratory costs
- NPAT includes non-cash impairment of \$2.6m relating to four practices in Australia and write back of deferred consideration of \$1.1m
- Final partially imputed dividend of 8 cents per share, taking FY19 total dividends to 24 cents per share

See the Abano annual report for more information and an explanation of GAAP and non-GAAP financial measures or online at <https://www.abano.co.nz/investor-information/financial-glossary/>