

ABANO TRADING UPDATE AND OUTLOOK

The Board and management of Abano Healthcare Group Limited (NZX: ABA) have progressed a detailed review of the business, given the impact of COVID-19. In particular, the company notes:

- All non-essential dental treatments have been suspended and Abano's New Zealand and Australian practices temporarily closed, with a small number re-opened to offer emergency dental care under strict health and safety protocols. This has seen Abano's monthly revenue drop from approximately \$29m to almost zero.
- A number of initiatives and cost measures have been implemented to support Abano's people and the business during this time. These include accessing Government support and subsidies in both countries; reducing management remuneration and director fees by 20% for the next three months, with no management discretionary bonuses or short-term incentives to be paid for FY20; cancelling or deferring non-essential capital and operating spend and engaging with landlords for rent relief.
- With the impact of COVID 19 on Abano's revenue since mid-March, and the likely closure of practices into May 2020, Abano's Underlying EBITDA for FY20 is now expected to be approximately \$17m (pre-IFRS 16).
- Given the uncertainty, the company is unable to provide guidance for FY21. However, it notes that FY21 financial performance will be materially impacted by COVID-19. The extent of the impact will depend on when the restrictions are lifted and the timing of a recovery in patient demand. The business is expected to make a full recovery, however, clarity cannot be provided on how long this will take.
- As at the end of March 2020, Abano had net debt of approximately \$130m and total bank facilities of approximately \$163m¹. The company remains in constructive discussions with its banking partner to provide for future requirements.
- The Board is looking to put in place arrangements to ensure the company has sufficient resources to get beyond the impacts of COVID-19.
- While there has been no change to dividend policy, given the expected impact of COVID-19 on financial performance, it is unlikely a dividend will be paid in FY20 or FY21.
- The Abano Board and management are committed to acting in the best interests of all stakeholders. This includes exploring a range of opportunities to address the short-term impacts of COVID-19 whilst securing the best long-term outcome for the business.

Operationally, management's focus is on ensuring the future of the business and preparing to recommence dental services as soon as permitted and when safe to do so. Deferred dental appointments will be rebooked at that time, long term treatment plans that were interrupted by the lockdown will be recommenced and marketing activity will be initiated to continue to build on the increasing new patient numbers seen before the lockdown.

¹ Comprised of \$49m NZD and \$112m AUD bank facilities (AUD:NZD 0.98)

CEO of Abano, Richard Keys, commented: “We are conscious that, like all businesses around the world, we are now in a different world to that which we were in just a few weeks ago. We believe that our dental businesses in New Zealand and Australia have good prospects in the medium to long-term. People will still need to visit the dentist and will continue to seek out trusted, high quality dental services. Our management and clinical teams are working extremely hard to ensure we are prepared and well positioned to recommence services as soon as we are able.

“We would like to acknowledge and thank our people, particularly those still working to provide emergency care to our communities or to support our business during this time. We also recognise the impact this has had on our dentists and employees who are not able to work during this period. Our skilled people are highly valuable to us and our aim is to retain close connections with them and bring them back to work as soon as restrictions are lifted and when it is safe to do so.”

Shareholder Letter

Abano has today sent a letter to shareholders providing an update on the business, the initiatives which have been put in place to see the company through the lockdown and subsequent period, and the effect COVID-19 has had on Abano, including termination of the Scheme Implementation Agreement, under which Adams NZ Bidco Limited (Bidco) was to acquire all the shares in Abano, and the reason for this.

A copy of the letter is attached.

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

Rhys Clark
Chief Financial Officer
Tel: +64 9 220 5182 Mob: +64 21 598378

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.