

MAKING CONTACT

ABANO SHAREHOLDER NEWSLETTER



Richard Keys
Chief Executive Officer

We were delighted to celebrate our New Zealand dental group – Lumino The Dentists – achieving the 100 practice milestone this month.

IN THIS ISSUE

DENTAL GROWTH CONTINUES

SALE OF AUDIOLOGY

FY GUIDANCE AND TRADING UPDATE

NEW TECHNOLOGIES IN RADIOLOGY

FROM THE CEO

CELEBRATING OUR DENTAL GROWTH

We were delighted to celebrate our New Zealand dental group – Lumino The Dentists – achieving the 100 practice milestone this month. Lumino has long been the largest dental group in New Zealand and our national marketing campaigns have made the brand a household name.

Dental now provides over 80% of our gross revenues and it remains our main focus for investment as we target a 10% share of the \$11 billion trans-Tasman dental market. We have one of the largest trans-Tasman dental groups and there is still significant potential to continue our expansion with less than 10% of the dental market currently under corporate ownership.

Our Australian dental business is also expanding and a key focus is the rollout of the Maven Dental Group brand, which we initiated late last year. Ten practices have now been rebranded, with further practices to be rebranded in the coming months. In line with this, Maven has also launched a new website www.mavendental.com.au and is featuring in professional and community publications.

With an average of one practice being acquired every two to three weeks, and following the merger of some closely located practices, we currently have 188 practices in our trans-Tasman network with annualised gross revenues in excess of \$253 million. Year to date, we have acquired 19 practices, which we expect to provide more than \$28 million in additional annualised gross revenue.

We are moving towards a closer consolidation between our two dental businesses, including the recent appointment of Andy Tapper to head our trans-Tasman dental business. Andy has deep experience in the dental sector, having been CEO of Lumino for the past nine years. We are already seeing benefits from the sharing of resources, knowledge and expertise across our dental group and will continue to identify further opportunities to consolidate, build and create synergies.

SALE OF AUDIOLOGY SHAREHOLDING TO JV PARTNER

The improving performance from the audiology joint venture has made it an attractive acquisition target. In April 2016, we received an unsolicited, non-binding indicative proposal from an international hearing manufacturer to acquire Abano's 50% share in Bay International Limited and we initiated a divestment process in respect of our shareholding.

CONTINUED OVER

Under the shareholders' agreement, our 50% partners, being interests associated with Peter Hutson, have chosen to exercise their pre-emptive rights to acquire Abano's 50% investment in Bay International at the same price as that offered by the third party.

As the Hutson interests are a related party of Abano, a waiver was sought from and granted by NZX to enable settlement to be achieved on a timely and cost effective basis.

We are very pleased with this outcome and see this sale as a positive step forward for Abano as we continue to focus on growing our trans-Tasman dental organisation.

The sale price of \$32 million is well in excess of the FY16 half year book value of \$11.9 million. Settlement is expected to occur on 17 June 2016 and the one off gain on book value of approximately \$20 million will be included in the 2016 full year results.

Proceeds from the sale will be used to retire debt and to fund the continuing growth of Abano's dental networks, Lumino The Dentists in New Zealand and Maven Dental Group in Australia.

FULL YEAR GUIDANCE AND TRADING UPDATE

- The full guidance announcement was released to the market on 7 April 2016 and can be viewed on the company's website www.abanohealthcare.co.nz.
- Abano expects a year on year revenue and profit increase from its continuing businesses, primarily driven by a strong New Zealand dental performance; continuing improvements from the audiology joint venture; and a stable performance from radiology.
- NPAT and Underlying NPAT from Abano's continuing businesses are expected to increase by more than 50% from the previous year.
- Abano's dividend policy remains that, subject to relevant factors at the time, including working capital and growth, the annual dividend paid will be between 50-70% of Underlying NPAT.
- The FY16 guidance reflects the change in Abano's portfolio following divestment of the orthotics and pathology businesses in FY15.
- On 23 May 2016, Abano confirmed that based on trading to date during the month of May and excluding any impact from the sale of Bay International Limited, it currently expects the results for the 2016 financial year to be at the top end of the guidance range previously provided.

	FY16 GUIDANCE	FY15 CONTINUING BUSINESS	FY15 INCLUDING DIVESTED BUSINESSES
	\$ MILLIONS	\$ MILLIONS	\$ MILLIONS
Gross Revenue	301 - 305	265.8	300.4
Revenue	211 - 215	187.6	222.2
EBITDA	25.2 - 26.4	22.5	29.6
Underlying EBITDA	26.1 - 27.3	23.6	30.7
NPAT/NLAT	9.4 - 10.2	4.5	(1.3)
Underlying NPAT	8.2 - 9.0	5.6	8.8

More information on gross revenue, EBITDA, underlying EBITDA and Underlying NPAT, which are non-GAAP financial measures, is available at www.abano.co.nz/underlyingearnings.
Dental gross annualised revenue calculated on an exchange rate of NZD:AUD of 0.8925.

LOOKING FORWARD

Every year, we seek to improve on our prior year results. We do this by investing in value, continuing to grow our businesses and working with our business teams to deliver improving results and increasing returns.

Our financial year ends 31 May and we look forward to reporting on our FY16 results in late-July 2016.

Providing transparent and useful shareholder communications is a priority for us and we were delighted to once again be named as a finalist in the Emerging Leader Best Corporate Communicator category at the INFINZ Awards in May. We have been a finalist for the past four years and have won this Award twice.

We welcome contact from our shareholders and our details can be found on the back of this newsletter.



STATUTORY NOTICE: FMCA EFFECTIVE DATE

Abano Healthcare Group Limited (NZBN9429040925417), of Level 16, West Plaza Building, 3 – 7 Albert St, Auckland 1010, advises that it has elected to fully transition to the Financial Markets Conduct Act 2013 (FMCA) with effect from 21 June 2016. After that date, all of the requirements of the FMCA will apply to the Company. In particular the Company's share register will then be governed by Part 4 of the FMCA. The Company is already governed by the FMCA financial reporting, fair dealing and other requirements.

KEY DATES

31 May 2016: Financial Year End
 By end-July: FY16 Results Announcement
 By end-August: Annual Report

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 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 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 www.abano.co.nz/news to subscribe.



CONTACT US

We welcome your feedback or suggestions.
 T: +64 9 300 1410
 E: enquiries@abanohealthcare.co.nz
 W: www.abano.co.nz

DENTAL

LUMINO HITS 100 PRACTICE MILESTONE

Smiles are in plentiful supply at Lumino The Dentists this month as New Zealand's largest dental group celebrates hitting the 100 practice milestone after more than a decade of investing into growth.

The nationwide New Zealand dental network had humble beginnings, with Lumino's parent company, Abano Healthcare Group, acquiring the small Geddes dental business back in 2002 and investing into software, management and processes to set the business up for future growth. It took ten years for the network to grow to 50 practices and a further six to double that to our latest milestone of 100 dental practices across the country.

Lumino broke new ground in 2011 when it became the first ever New Zealand dental brand to advertise nationally on TV, with its geographical spread enabling it to launch nationwide marketing campaigns. It is now one of New Zealand's best known healthcare brands, with 85% prompted brand awareness.

CEO of Abano's dental businesses, Andy Tapper, said the achievement is a result of the effort management have put into developing a culture of excellence and becoming an employer of choice.

To celebrate, from mid-June, Lumino is giving away 1,000 free exam/x-rays as a thank you to existing loyal patients. Visit lumino.co.nz for all the details and to register.



MORTON DENTISTRY MAKES IT 100

Morton Dentistry in Christchurch is the 100th practice to join the Lumino group, after dentists Kristin and John Morton realised the advantages that the Lumino model offered.

"Previously we had both been very anti the corporate dentistry model and associated it with loss of autonomy and 'hard selling' of dentistry. However, after hearing CEO Andy Tapper speak, we realised there were many advantages we hadn't considered.

"We felt more comfortable that we would still enjoy clinical freedom and retain the practice culture that we had, but could free ourselves from many of the headaches of running a small private dental practice.

"It really appealed to have tried and true business systems introduced to streamline the administration side of things and a comfort to know that there was a specialised team of Practice Support Managers, HR personnel and IT experts to call on if required."

In terms of growing a practice, having an advertising and marketing team who understand the rapidly changing world of consumer behaviour and media also appealed to Morton Dentistry's Baby Boomer and Gen X owners.

Relocated in a new and airy building following the 2011 earthquakes, Morton Dentistry is a general family dental practice.


Lumino The Dentists

0800 LUMINO (0800 586466) / www.lumino.co.nz

DENTAL TREATMENT NOW MORE AFFORDABLE WITH PAYMENT PLAN

While the benefits of preventative dental treatment are well accepted, the cost has often been a hurdle for many.

To help overcome this, Lumino has introduced various initiatives including the \$69 exam & x-ray offer and interest free terms, both of which continue to be very successful in attracting and retaining customers.

Now Lumino is helping make regular dental visits more affordable with the rollout of the new Lumino Dental Plan.

This offers patients an affordable dental regime with an emphasis on prevention. For less than \$1 a day, patients receive a bundle of treatments to be used over the course of a year.

This is another example of Lumino leading the way in the dental sector says Andy Tapper.

“We recognise that preventative dental treatment often falls down the priority list, but in the long term, it can help avoid the high cost emergency treatment.”

The Lumino Dental Plan is currently available at selected practices, with the aim to roll it out across New Zealand and then also launch a similar product in Australia.

LUMINO’S KITCHEN MAKES A STAND

Lumino appeared loud and proud at the NZ Dental Expo in May, grabbing attention and taking out the Most Innovative Stand Award. Themed in the style of ‘mum’s kitchen’, the stand portrayed the family feeling that Lumino clinicians often talk about, and the collegiality and support within the group. Lumino’s Kitchen offered a warm and inviting place amongst the many stark and clinical stands at the Expo, allowing people to catch up, hear about the Lumino story, and enjoy a cuppa and a fresh scone.



The winning Lumino Sweet Lumino Stand at the NZ Dental Expo



Look after your smile for **less than \$1 a day***

- ⊕ 1x comprehensive dentist consultation including exam & x-rays
- ⊕ 2x standard hygiene visits
- ⊕ As a Lumino Dental Plan member you'll receive 10% off all other dental work**

Available at selected Lumino practices



DENTAL

BRANDED MAVEN DENTAL GROUP PRACTICES CAUSING A STIR

The new Maven Dental Group brand is starting to appear in public following the branding of the first 10 practices in the first few months of this year. The new name for the fast growing Australian dental network was announced late last year and will allow the organisation to build its profile and benefit from national marketing initiatives, as has been successfully done with Lumino in New Zealand.

South Yarra Dental was one of the first to rebrand and lead dentist, Dr Robert Ormerod, says the fresh new look is already getting noticed.

“We’re excited about presenting something new to the market. Our practice has great street frontage which was previously under-utilised. As soon as our new Maven Dental Group signage went up, our street presence completely changed and we’re loving the attention.”



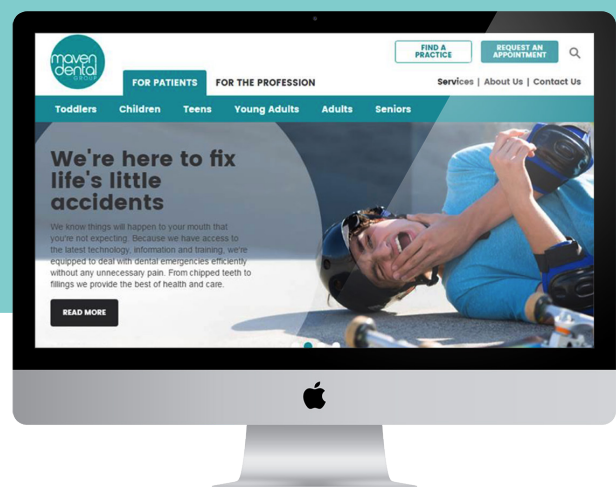
NEW LOOK MAVEN WEBSITE NOW LIVE

9 May 2016 marked another milestone in the Maven Dental Group brand rollout as the new patient friendly website went live. Developed to provide useful information for both patients and professionals, the website makes it easy for people to find out about services offered, locate their nearest practice and request an appointment, all online.

It also includes information for dentists interested in joining the network and the advantages the Maven Dental Group offers them and their staff. The work of the Clinical Advisory Committee also features in

this section of the new site, as do employment and careers opportunities.

The Maven Dental Group website will continue to grow and evolve with the brand, with a focus on continually improving the user experience as well as providing opportunities for digital marketing.



www.mavendental.com.au

RADIOLOGY

MAMMOGRAPHIC TOMOSYNTHESIS (DIGITAL BREAST TOMOSYNTHESIS)

Ascot Radiology has added mammographic tomosynthesis - the latest in breast imaging - to its Breast Unit.

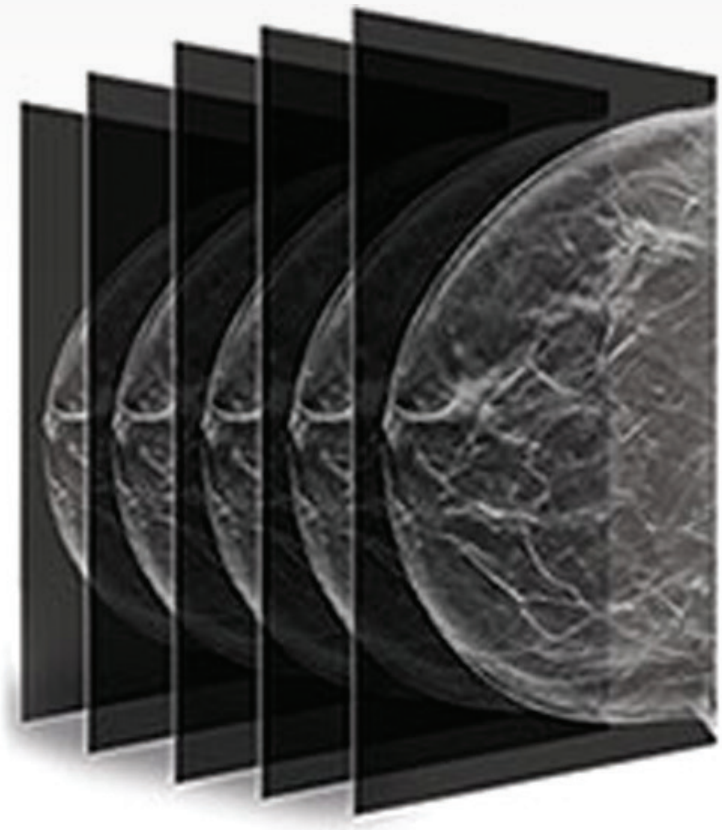
Ascot already provides a boutique breast imaging service with a highly experienced and respected team caring for women who have breast cancer, breast symptoms and women having screening. The existing modalities include mammography, ultrasound, CT, MRI and PET CT as well as all biopsy techniques.

Mammographic tomosynthesis, the newest acquisition, is cutting edge technology that is revolutionising the mammography world.

Tomosynthesis is performed in a similar fashion to mammography but allows the breasts to be looked at in 3-dimensions. The breast is positioned as if for a normal mammogram but the xray tube moves in an arc around the breast. This information is then assembled as a 3-dimensional image for the breast radiologist to interpret. A comparison in how the breast can be seen is like changing from a chest xray to a CT scan of the chest.

In New Zealand, one in 8 women will be diagnosed with breast cancer in their life time. Mammography has already been documented as an excellent screening tool, with multiple clinical trials showing it to reduce the chance of dying of breast cancer by a third.

The main advantage of mammographic tomosynthesis is that it significantly increases the detection of cancer, with up to 25% more cancers identified. It also reduces the number of women called back for additional imaging and the anxiety that brings.



Thank you.

We are 100 practices strong!

To celebrate, Lumino will be gifting 1000 loyal patients across New Zealand with a **free exam & x-rays** as our way of saying thank you for their support.

We are asking interested patients to register their details at **lumino.co.nz/giveaway** by June 23. We will then contact the lucky recipients from the online entries received.

Register your details today.

100+ practices | 0800 LUMINO | lumino.co.nz

**Lumino**
The Dentists