

8 August 2016

Dear Shareholder

On behalf of the Abano Board and management, I am pleased to present the Abano Annual Review for the 2016 financial year. The full 2016 Annual Report is available to view on our website www.abano.co.nz/report.

FY16 was another year of investment and growth for our company. Following the sale of our audiology shareholding late in the financial year, we now have investments in two healthcare sectors.

Our trans-Tasman dental group is our primary business and we see real opportunities to generate attractive returns in the \$11 billion revenue trans-Tasman dental market. Our growing dental group is the second largest in Australasia with 188 practices at year end.

We also have a small but valued investment in the Auckland radiology market, through the Ascot Radiology group of high end clinics.

Our strategy is to build scale, invest into infrastructure and add value to targeted businesses in the private, fee for service healthcare market. We are well positioned for continuing growth and our focus in FY17 will be concentrated on our dental networks in New Zealand and Australia.

With the increase in underlying earnings from the continuing business and receipt of proceeds from the sale of Bay International, the Board was pleased to declare an increased final dividend of 20 cents per share. This takes Abano's full year dividend to 30 cents per share, equal to 72% of Underlying NPAT. Abano's Dividend Reinvestment Plan provides an opportunity for shareholders to retain the dividends or reinvest them back into the company.

The opportunities ahead of us are significant. By staying focused on what we want to achieve, we are confident we will deliver another year of improved performance and increasing shareholder value.



Trevor Janes
Chairman

FY16 AT A GLANCE

STRONG PROFIT PERFORMANCE

NPAT \$28.4m including \$20.2m gain on sale of Bay International shareholding

RESULTS FROM CONTINUING BUSINESSES WELL AHEAD OF PRIOR YEAR

Gross revenue up 12%
Underlying EBITDA up 15%
Underlying NPAT increased by 57%

INCREASED DIVIDEND LEVEL

Final dividend up 33% to 20 cents per share, taking total dividend to 30 cents per share

INVESTMENT INTO DENTAL

Added 19 dental practices growing trans-Tasman dental network to 188 practices as at 31 May 2016
Lumino The Dentists passed 100 practice milestone
Launch of Maven Dental Group brand

DIVESTMENT OF AUDIOLOGY SHAREHOLDING

Announced sale of 50% shareholding in Bay International in May 2016 resulting in a gain on sale of \$20.2 million

MANAGEMENT SUCCESSION

Richard Keys appointed CEO and Rachel Walsh appointed as CFO in November 2015

FINALIST INFINZ AWARD 2016

Emerging Leaders Best Corporate Communicator