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inclusive

# FY18 RESULTS PRESENTATION

23 AUGUST 2018





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# FY18 HIGHLIGHTS

The story so far...	
ASX listing	27 April
52 practices acquired	29 May
Acquisition integration:	Ahead of 120-day target
1. Systems	100% complete
2. Personnel	100% complete
3. Clinical	100% complete
4. Financial management	100% complete
5. Brand and marketing	25% complete
FY18 net practice revenue	In line with expectations
FY18 EBITDA	Ahead of prospectus statutory forecast
Operational readiness for new acquisitions	\$19.3m undrawn capacity



# FY 18 RESULTS

	Prospectus statutory forecast \$'000	Change in pro forma based on revised settlement dates \$'000	Restated prospectus statutory forecast \$'000	Other variances \$'000	Year ended 30 June 2018 \$'000
<b>Net practice revenue</b>	<b>10,340</b>	<b>(3,447)</b>	<b>6,893</b>	<b>(838)</b>	<b>6,055</b>
Practice EBITDA	3,222	(1,089)	2,133	(266)	1,867
<b>Corporate &amp; Integration Costs</b>	<b>(3,383)</b>	<b>1,127</b>	<b>(2,256)</b>	<b>387</b>	<b>(1,868)</b>
EBITDA	(161)	38	(123)	122	(1)

Net practice revenue is in line with expectations after:

- \$3.4 million reduction as a result of timing of the acquisitions. Prospectus assumed settlement of initial portfolio on 1 April 2018. Actual settlement completed on 29 May 2018.
- \$0.6 million recognised as deferred revenue as a result of timing of third party contracted dental services.
- \$0.2 million impact due to minor disruption in consolidating a small number of practices, with a number of planned initiatives brought forward on these practices.

**Practice EBITDA of \$1.9 million was in line with pro forma and statutory expectations, with practice EBITDA margins maintained at 31%.**

# INTEGRATION SUBSTANTIALLY COMPLETE

## PLATFORM TO SEAMLESSLY INTEGRATE NEW ACQUISITIONS

### Seamless integration underpinned by:

- Unique business model
- Vendor alignment
- Management track record in dental industry

100%

INTEGRATED  
(AHEAD OF PLAN)

#### SYSTEMS

- Hardware upgrades completed
- Practice Management System roll-out completed
- Whitespace booking functionality utilised

100%

INTEGRATED  
(AHEAD OF PLAN)

#### PERSONNEL

- Employee management and on-boarding
- Payroll system operational
- Base rostering in place

100%

INTEGRATED  
(IN LINE WITH PLAN)

#### CLINICAL OPERATIONS

- Clinical audits completed
- Daily operating process rolled out
- Hygiene audits complete
- Sterilisation upgrades in progress

100%

INTEGRATED  
(IN LINE WITH PLAN)

#### FINANCIAL MANAGEMENT

- Financial management system in place
- On line purchasing portal operational
- Hi caps & Zip money rollouts completed
- Recon art tool operational

25%

INTEGRATED  
(IN LINE WITH PLAN)

#### BRAND AND MARKETING

- Standardised web presence under way
- External branding commenced
- Social media presence standardised



# SMILES INCLUSIVE'S UNIQUE BUSINESS MODEL

**Generating organic  
revenue growth**  
and scale benefits  
from portfolio

**Creating new  
revenue streams**  
by disrupting  
traditional dental  
sales channels

Funding capacity  
and business  
platform to  
support **growth by  
acquisitions**

**Interests aligned by 60/40 profit share JV Partnership**  
**Drives practice integration and growth**  
**Attractive investment proposition for new JV Partners**

# ORGANIC AND EXTERNAL GROWTH OPPORTUNITIES

## UNDERPINNED BY ALIGNED INTERESTS IN GROWING THE BUSINESS

### REVENUE BENEFITS AND SCALE ECONOMIES ACROSS PORTFOLIO

- Collegiate cross selling opportunities
- Regeneration of existing patient base
- Enforcement of treatment plans and follow up booking
- Execution of cost rationalisation levers
- Continued focus on increase in practitioner numbers

### DRIVE ACQUISITIONS WITH ATTRACTIVE INVESTMENT PROPOSITION

- Continued interest in attractive JV Partner model
- Large pool of available practices: >9,200 practices, 90% privately-owned
- Solid operating cashflows and debt funding capacity
- Business platform to seamlessly integrate new acquisitions

### NEW REVENUE STREAMS BY DISRUPTING TRADITIONAL SALES CHANNELS

- Corporate wellbeing program
- Online and instore retail offering
- Development of symbolic relationships across sector
- Expansion of innovative service offerings

# FY19 EARNINGS GUIDANCE

## **FY19 NPAT AT LEAST \$6.0M BEFORE ACQUISITIONS**

- Continued focus on new sales channels
- Consumables and utilities bundling deals to be finalised

## **ACQUISITION PIPELINE WITH MORE THAN \$30M GROSS PRACTICE REVENUE**

- Manage pipeline to efficiently integrate acquisitions