

# MAKING CONTACT

ABANO SHAREHOLDER NEWSLETTER



Richard Keys  
Chief Executive Officer

## IN THIS ISSUE

HY19 RESULTS

ACQUISITION TAKES  
MAVEN TO TEN IN  
WESTERN AUSTRALIA

MAKING DENTISTRY  
AFFORDABLE

LAUNCH OF MYMAVEN

CELEBRATING OUR  
PEOPLE

KEY DATES

## FROM THE CEO

Happy new year to all our shareholders. Our teams are now back on board, refreshed and looking forward to delivering great dental care to our patients across Australia and New Zealand, and in the process, building value for our shareholders.

There has been a lot of comment recently around affordable access to dental treatment.

As part of our vision to be the leading oral healthcare provider in Australasia, we want to ensure that our patients receive regular dental check-ups and become healthy, happy patients for life. We recognise that one of the barriers to regular visits is the cost of dentistry.

Like any professional industry with high clinical standards, there are costs involved. Beyond the initial minimum of five years of university training, there is often more post graduate training. Setting up a practice is also expensive, with the fitout of a typical standard three chair practice being over \$750,000. There are also the ongoing compliance costs such as sterilisation facilities and audits, as well as continuing clinical education.

We are committed to improving affordable access to quality dental care and have a number of initiatives to help with this, which you can read about on the next page.

We continue to invest into our people, our business infrastructure and technology to ensure the best possible patient experience and clinical care. Alongside our high performing clinicians, these investments ensure we provide high quality dental treatment and a great patient experience in a safe environment.

## INNOVATION DELIVERING FUTURE REVENUE OPPORTUNITIES

Being innovative and adaptable is important to us. We are leading the way in the sector with a number of exciting initiatives including the development of a customer service AI bot, our Dental Plan which we have just started to rollout after a successful pilot, customised online dashboards to benchmark and measure performance and a new-look practice design to enhance the patient experience.

The investment being made now, particularly into technology and data, will aid in the management of our practices, and help with the future growth of our company. While these may not always provide an immediate return, we are now starting to see the benefits.

## MEASURING SAME PRACTICE PERFORMANCE

We are focused on lifting the performance of our existing practices. One of the measures we use is same practice gross revenue growth – the amount of gross revenue growth over the period, generated by the same practices we owned in the prior period. This excludes any practices we acquire during the period.

Same practice performance can be affected by a number of factors – economic conditions, the number of dentists on leave at any one time (planned and unplanned leave), the mix of senior and higher earning dentists against more junior dentists, turnover of clinicians and any vacancies. We are using the data available to help us better understand these impacts and our focus is on identifying ways to help deliver the most positive outcomes and ensure that we maximise the performance of our existing practices.

## INVESTING NOW FOR THE FUTURE

We remain focused on identifying areas within both our networks to improve profitability, drive performance and lift the return on invested capital. Increased investment is being made into business infrastructure to support the growing dental group, and into growth initiatives to drive new and repeat patient visits. In particular, we have increased our investment in technology, initiatives which enhance the patient experience, and recruitment of both dentists and experienced management personnel to strengthen the newly established trans-Tasman leadership team.

We are looking forward to moving into our new offices early this year. After 13 years in the same office and with a growing team and an expiring lease, we have taken the opportunity to move our Abano and Lumino support teams onto one floor in new premises.

With the new year just started, now is a good time for you to ensure your dental health is up to scratch and we're making it easy with 235 practices across New Zealand and Australia and a variety of marketing and finance offers. For those of our New Zealand shareholders who are not yet Lumino patients, I invite you to consider our latest New Patient offer on the back of this newsletter.

On behalf of all of us here at Abano, we wish you a prosperous and fulfilling 2019.

## FY19 HALF YEAR RESULTS

Abano announced its half year results for the 2019 financial year, on 20 December 2018. The full announcement can be read on the company website [www.abano.co.nz](http://www.abano.co.nz).

In summary:

- Abano reported a year on year uplift in results, driven by acquisition growth of its dental networks in New Zealand and Australia.
- Investment has continued into business infrastructure to support the growing size of the dental networks and lift business capability, and initiatives to drive patient visits. Early benefits are now starting to be seen.
- Highlights for the period include the start of the rollout of the Lumino Dental Plan in New Zealand, the establishment of the trans-Tasman leadership team, opening of the flagship Lumino practice in Auckland's CBD, the launch of a new TV advertising campaign, and the rollout of customised dashboards and other IT and technology initiatives.
- The company declared an interim dividend of 16 cents per share.

The Abano HY19 Interim Report will be available to shareholders in February 2019.

## CHANGE OF REGISTERED OFFICE

From mid-February 2019, Abano's registered office address will change to:  
Level 11, AMP Centre, 29 Customs Street West, Auckland Central, Auckland 1010, New Zealand

## ACQUISITION TAKES MAVEN TO TEN IN WESTERN AUSTRALIA

Maven Dental Group has recently completed one of its largest dental practice acquisitions - Halls Head & Falcon Dental in the Mandurah region, a one hour drive south of Perth. This takes Maven's Western Australia network to 10 locations.

The City of Mandurah is Western Australia's largest regional city and has a fast growing population. Halls Head & Falcon Dental has 10 dental chairs across two locations in Mandurah, making it about three times the size of Maven's standard practice acquisition.

The practice first opened its doors in 1987 and has grown to a team of 36. It offers a comprehensive mix of services, including a specialised Dental Implant Centre, and is popular with those who do not wish to travel to Perth.

The vendors, dentists Christopher Lang, Mahesh Thyagarajan and Ruan Bezuidenhout, will continue to work in the practices, with five year earn out arrangements in place.

Dr Thyagarajan says the ability to retain clinical independence while having the rigours of business management looked after by the support office was a big incentive for him when joining the Maven network.

"Dentistry by itself is stressful enough, without having to deal with the management needs of a small business. However, the most important drawcard was Maven's culture and focus on people. These align with my own philosophies and are very important factors for me."



## MAKING DENTISTRY AFFORDABLE

At Lumino and Maven, our purpose is to create healthy, happy patients for life and we believe that high quality dental care should be accessible by as many people as possible. That's why we have a range of finance offers and initiatives to help assist with the cost of dental services, from our new Dental Plan through to interest free offers and Afterpay. As well as benefitting our patients, these also help to increase patient volume through our network, from both new and existing patients.

### LUMINO DENTAL PLAN

The best way to ensure great oral health is through preventative care. The Lumino Dental plan aims to make best practice, preventative oral healthcare more affordable and encourages more regular visits to Lumino. It provides patients with an annual programme of hygienist appointments, xrays and a discount off dental treatments, for less than \$1 per day. The annual subscription, paid monthly or annually, also helps patients better manage their finances. The pilot proved very successful... and popular, with more than 9,000 patients already signed up. Software has now been developed inhouse to allow the Dental Plan to be scaled and offered across the network. The Dental Plan is currently being rolled out across New Zealand, with plans to launch in Australia in the future.

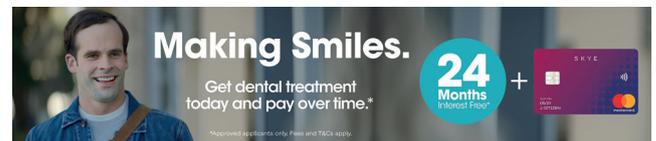


## INTEREST FREE FINANCE OFFERS AND AFTERPAY

Lumino was the first dental brand to advertise nationally in New Zealand and its interest free offers still remain some of the most popular promotional campaigns. These provide patients with more payment flexibility and encourage the uptake of optimal treatment plans. With the growing number of practices now branded in Australia, Maven Dental Group has also begun advertising interest free offers across its network.

In addition to the interest free schemes for larger value treatments, Afterpay is a new finance option, that allows patients to pay off lower value treatments over four equal fortnightly payments, with no added

interest and no additional fees. This was launched in Australia in October 2018, with Maven promoting a number of different offers which can be used with Afterpay, from teeth whitening to new patient exam and x-rays.



## LAUNCH OF MYMAVEN

“This new platform provides an opportunity to measure, monitor and enhance performance at a level never before seen in dentistry”.

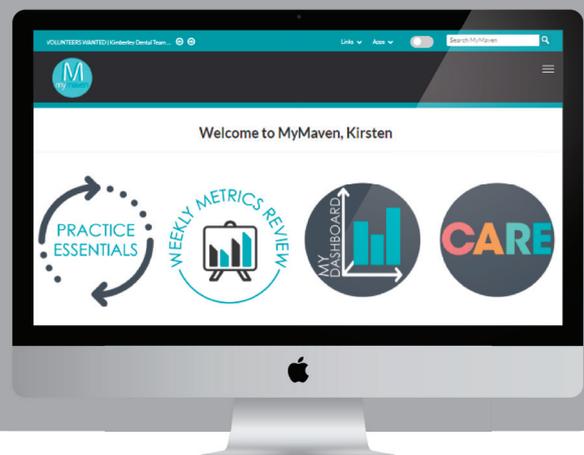
Dr Fred Calvassy, Abano Clinical Director

The new MyMaven intranet was launched across Maven Dental Group in Australia in October 2018, providing staff with easy access to valuable information and making it easier to collaborate across the fast-growing dental group.

The ground breaking platform leverages Abano’s investment into the new data warehouse, enabling innovative applications such as practice and individual dashboards to measure performance against targets, detailed reporting and weekly metric reviews.

Practice Essentials is the most recent new feature to be launched as part of the new digital platform. It highlights around 25 key activities that great dental practices undertake at regular intervals – daily, weekly and monthly - and provides step by step guides and tools to enable all practices within the group to follow these practices. Activities range from systemisation of the daily sterilisation bay set-up to filling vacant appointment slots, weekly metrics reviews and quarterly stock takes. All in all, the activities are designed to improve efficiencies, reinforce accountabilities and create high performing practices across the network.

The intention is to roll this out in New Zealand in 2019.



## CELEBRATING OUR PEOPLE

At the heart of our business are our talented and high performing people, from our dentists and other clinicians, through to our practice managers, leadership and support office teams.

### PUTTING VALUES AT THE HEART OF OUR BUSINESS

Having a great culture within our dental businesses is a key ingredient in our success and one of the many reasons that more dentists are looking to join our networks, and for our high Net Promoter Scores (which measure customer experience and satisfaction).

Following on from the refinement of our Strategic Pillars, and in consultation with staff across our dental group, we recently launched our new Values. These support our vision, shape our culture and help with our decision making.

- WE TAKE THE TIME TO CARE
- WE RESPECT EACH OTHER
- WE PLAY AS A TEAM
- WE ONLY BRING OUR BEST

Our purpose

# “Happy, healthy patients for life.”

We take the time to care



We respect each other



We play as a team



We only bring our best



Our Strategic Pillars



Enhance the patient experience



Profitable growth



Operational & clinical excellence



Develop an engaged & capable organisation

Our vision

## To be the leading oral healthcare provider in Australasia.



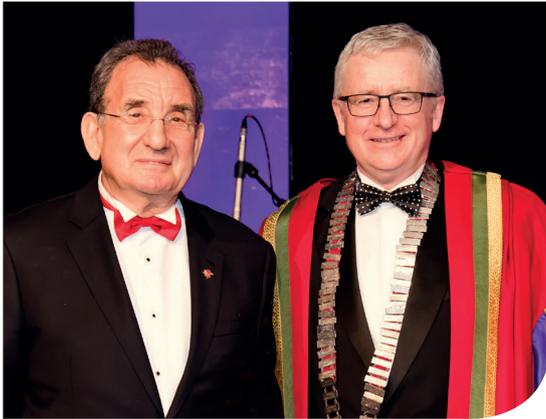


## SHARING OUR KNOWLEDGE

Many of our outstanding clinicians and leaders are often invited to speak at industry and corporate events and share their expert knowledge and insights.

In 2018, five of our Lumino clinicians were invited to speak at the annual New Zealand Dental Association Conference. This is a key event in the dental sector, providing an opportunity for clinicians to upskill and network with their peers. We are very proud that the following Lumino dentists and specialist presented at the conference:

- **Dr Laura Ichim**  
Sustainability and social responsibility in dentistry.
- **Dr Sarah Kelly**  
Patient and practitioner disputes.
- **Dr Susan Church**  
Beauty is in the eye of the beholder... and the hands of the Botox injector.
- **Dr Andrea Shepperson**  
Digital Simplicity in tooth wear cases.
- **Dr Andrew Cautley**  
Interdisciplinary management of patients. Dental Trauma – clinical management choices.



Dr Robert Max receiving his award from NZDA President Dr Bill O'Connor

### ACCOLADES FOR DR ROBERT MAX

We were delighted that Dr Robert Max, Lead Orthodontist at Lumino Orthodontists Max + Beresford in Auckland, has been awarded an Honorary Life Member of the New Zealand Dental Association.

Robert has been in practice for more than 40 years and is a member of numerous organisations, such as the New Zealand Association of Orthodontists, the American Association of Orthodontists and the Australian Society of Orthodontists. He is the past President of the New Zealand Association of Orthodontists and Founding member of the Executive of the World Federation of Orthodontists.

We are very proud of Dr Max's lifetime achievements and his industry recognition. It is the calibre of our clinicians in Lumino, such as Dr Max, that we are able to provide excellent clinical care for our patients and attract further high performing dentists to our Lumino family.

### KEY DATES

Interim Dividend Payment: 22 February 2019  
 Interim Report available: February 2019  
 End of Full Year: 31 May 2019  
 FY19 Results Announcement: End-July 2019

### 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.

To sign up, email [enquiry@computershare.co.nz](mailto: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](http://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](http://www.abano.co.nz/news) to subscribe.



### CONTACT US

We welcome your feedback or suggestions.  
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 W: [www.abano.co.nz](http://www.abano.co.nz)

**Love your smile.**

With this cheeky offer for new patients.

**\$69**  
 New Patient Exam & X-Rays\*

\*Offer valid from 21 January – 31 March 2019. Ts&Cs apply. [Lumino.co.nz/terms-conditions](http://Lumino.co.nz/terms-conditions)

**Lumino**  
 The Dentists