

ABANO CONFIRMS RECORD INTERIM RESULT

For the six months to 30 November 2016

- Abano confirms record half year result ahead of guidance and well ahead of prior year, with increased contributions and margins from all business units, supporting a record interim dividend of 16 cents per share, up 60% on HY16.
- The Abano Board advises a minor adjustment to the Grant Samuel Independent Adviser's valuation range from \$9.95 to \$11.96, to \$9.92 to \$11.93, to reflect 45,860 "restricted" ordinary shares on issue.

Abano Record First Half Year Financial Result

Based on unaudited management accounts, Abano Healthcare Group Limited (NZX:ABA) has confirmed a record result for the first half of the 2017 financial year (HY17), with growth from Abano's dental and radiology businesses delivering a strong result ahead of guidance and well above the previous first half year period for FY16 (HY16).

- Gross revenueⁱ of \$138.9m and revenue of \$116.8m.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) of \$16.5m up 29% on the prior first half year (HY16: \$12.8m), with Underlying EBITDAⁱⁱ up 27% to \$16.8m (HY16: \$13.2m).
- Net Profit After Tax (NPAT) up 73% to \$5.9m (HY16: \$3.4m) and Underlying NPATⁱⁱ up 61% to \$6.3m (HY16: \$3.9m).
- On a like for like basis, excluding the divested audiology business, NPAT was up 86% and Underlying NPAT was up 71% on the previous first half year, which demonstrates the strong ongoing growth from the existing dental and radiology businesses.
- Record partially imputed 16 cent per share dividend up 60% on the corresponding period last year (HY16: 10cps).

The Abano Board is disappointed that Healthcare Partners' directors, Peter and Anya Hutson and James Reeves, have refused to allow Abano's usual Dividend Reinvestment Plan (DRP) to operate. It has previously been well supported by shareholders with approximately 50% of all dividends being taken up in shares under the DRP over the past five years.

Abano remains focused on building its presence in the \$11 billion trans-Tasman dental market, through dental practice acquisitions and selected greenfield openings, as well as realising existing opportunities for organic growth across all its businesses. The company's acquisition strategy will continue to provide additional operational, scale and synergy benefits for the dental group as it continues to expand. The Board expects this positive result and growth trajectory to continue into the second half of the year.

Abano has a well-established and growing presence in the dental market and is continuing to deliver value to shareholders in line with its target of growing earnings per share by greater than 15% per year.

Management Half Year Results Commentary: Chief Executive Officer, Richard Keys

The 2017 interim results reflect the continuing strong growth of our dental and radiology businesses, with all businesses providing margin improvements.

Abano's trans-Tasman dental group continues to grow in size and scale and, as at 30 November 2016, it totalled 197 dental practices across Australia and New Zealand, delivering gross annualised revenue of approximately \$265 million. In the first half of FY17, we acquired 13 practices which are expected to provide approximately \$17 million in additional annualised gross revenue (A\$12.8m and NZ\$4.2m).

We also merged eight practices into four locations, as part of our ongoing strategy to realise operational efficiencies and maximise capacity cross our networks.

The collaboration and closer working relationships between our two dental businesses have progressed well. The benefits of this and the recent initiatives put in place by the Australian dental business to combat the challenging economic conditions and volatility in Australia have started to be realised earlier than expected.

The brand rollout is continuing in Australia with 25 practices now rebranded, and the expectation is that more than half the Maven Dental Group network will be branded by financial year end. This will provide a platform for the group to launch branded marketing campaigns, similar to the highly successful campaigns run by Lumino the Dentists in New Zealand.

Lumino the Dentists in New Zealand continues to perform well, with same store sales in line with the previous half year period and an improved margin. In Australia, the more challenging economic conditions are having an impact on the dental industry and, corresponding with reports from other dental corporates, same store sales growth for Maven Dental Group was down 5% for the half yearⁱⁱⁱ. Pleasingly however, Maven Dental Group has noted a marked improvement over the past two months with same store sales for this period improving to (2)%. Despite the economic conditions and the initial costs of rebranding, Maven's margin has increased on the previous half year period.

Ascot Radiology delivered improving revenue and EBITDA for the half year period, with continuing growth in demand for its high end scanning services, including PET CT as well as digital tomosynthesis mammography.

Partial Takeover Update

While the Healthcare Partners partial takeover offer has been disruptive, management continue to focus on delivering strong results and an ongoing improving performance.

The Abano Board notes that the number of shares used in the Grant Samuel Independent Adviser's valuation, sourced from NZX Research, was exclusive of restricted shares. These are ordinary shares which were issued to management in 2015 as part of a long term incentive scheme, and are held subject to certain contractual restrictions. Including these shares, the revised Grant Samuel valuation range is \$9.92 to \$11.93 for 100% of Abano shares, still above the Effective Offer Price of \$9.84 (being the offer price less the 16 cents per share dividend authorised by the Abano Board) being offered by Healthcare Partners Holdings Limited for only a portion of Abano shares. Grant Samuel and Associates advises that this does not impact on its assessment of the merits of the Healthcare Partners Offer.

The basis for the Board's recommendation to shareholders to REJECT the Healthcare Partners partial takeover offer remains the same as outlined to shareholders in the Target Company Statement, which incorporates the Independent Adviser's Report, and was released on 14 December 2016.

KEY DATES

Record date for interim dividend	11 January 2017
Payment date of interim dividend	23 January 2017
Release of interim report	February 2017

ENDS

For more information, visit www.abanohealthcare.co.nz or please call:

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Abano Healthcare Group is New Zealand's leading listed specialist healthcare investor and operator, with businesses in two sectors – dental and radiology – and operations across New Zealand and Australia.

ⁱ Gross revenue is a non-GAAP financial measure and includes Australian dental revenues before payment of dentists' commissions.

ⁱⁱ Underlying earnings are reported for both NPAT (a GAAP compliant measure) and EBITDA (a non-GAAP financial measure) and exclude gains/losses arising on sale of businesses, IFRS adjustments and impairments, including their tax effect. Both measures are reconciled back to reported NPAT. It is the measure used within the Company to evaluate performance, establish strategic goals and to allocate resources.

ⁱⁱⁱ Dental corporates vary in how they calculate same store growth. Abano calculates monthly same store growth on a working days basis not on a calendar month basis.