

## **ABANO ANNUAL MEETING SPEECHES 2011**

### **Chairman's Speech**

#### **WELCOME**

Good morning ladies and gentlemen and welcome to the Abano Healthcare Group annual meeting of shareholders.

My name is Alison Paterson and I am the chair of the Abano board. As a quorum is present, I declare the meeting open.

The financial statements for the year ended 31 May 2011, together with the Auditors' Report, are set out in the Company's Annual Report which was made available to shareholders on Abano's website on 29 August 2011.

We also distributed an Annual Review document to all shareholders, which summarised our company operations for 2011. Spare copies of this are available at the reception table for those of you who may like one. A hard copy of the full Annual Accounts can also be obtained on application.

As you may have seen, we have a number of different displays at the back of the room, representing each of our businesses. Please feel free to have a walk around afterwards and talk to some of our staff who are here with us today.

#### **ABANO BOARD AND SENIOR MANAGEMENT**

I would like to introduce you to my fellow directors. Seated to my far left is Ted van Arkel, the most recent addition to the Abano board. Ted was appointed during the year following careful consideration of the skill set which would best complement those represented on the Board. Obviously, he is presented to you with the full support of the Board.

Seated next to Ted is Peter Hutson, then Danny Chan and Susan Paterson – Danny and Susan are both also up for election today – and then Trevor Janes, Abano's deputy chair.

Finally, to my immediate left is Alan Clarke, Abano's managing director.

All directors are independent directors, except for Alan Clarke and Peter Hutson who are executives of the company.

A number of our senior management team, staff and professional advisers are here today and I would like to welcome you to the meeting.

In particular, I would like to introduce members of our corporate team – Richard Keys, the company's chief operating officer and chief financial officer, and Brendan O'Sullivan, the group financial controller.

### **MEETING AGENDA**

In today's meeting, both Alan Clarke and I will talk to you about Abano, its current operating performance and our strategy for the continued growth of the company.

Following these presentations, we will take any questions relating to that topic.

We will then move to the resolutions. Before voting on each resolution, you will have the opportunity to ask questions with respect to that resolution.

Following the close of the meeting, I invite you all to stay and share some light refreshments with the management team and your Board.

### **ABANO – OVERVIEW OF BUSINESS**

Abano Healthcare Group is an active investor in, and operator of, healthcare and medical service businesses. The company is listed on the New Zealand Stock Exchange and currently has over 2,300 shareholders.

Our model is to co-invest and partner with clinical leaders and entrepreneurial owners, and our focus is on businesses that offer a strong private income stream with scalable growth opportunities.

We currently have investments in New Zealand, Australia and South East Asia.

The Group operates through four sectors – Dental, Diagnostics, Audiology and Rehabilitation.

Our dental, radiology and audiology businesses have been identified as our key growth opportunities going ahead.

Our remaining businesses have hold and maintain strategies in place, due to either their reliance on publicly funded contract revenues and/or limited scale and growth potential.

### **2011/2012 OPERATING ENVIRONMENT**

New Zealand's depressed economy and consumer confidence continued for the full 2011 financial year. This depressed economic environment has continued into the 2012 financial year with increasing pressure on publicly funded health contracts and a continued slow down in ACC approved surgical procedures.

Also and for the first time, we noted a material slowing down in consumer confidence and spending in Australia in the last six months of the 2011 financial year, and this too has extended into the current 2012 financial year.

Finally, the severe floods in Queensland and New South Wales and the unrelenting earthquakes in Christchurch had a significant financial and human impact on both sides of the Tasman and the Abano Group earnings were depressed by an estimated \$0.5 million in 2011 as a direct result of these events.

### **GROUP REPORTED RESULTS 2011**

For the financial year ending 31 May 2011, Abano reported consolidated revenues of \$174.8 million, an EBITDA of \$14.0 million and including the gain on sale and de-recognition of Bay International's tax losses, a Net Profit After Tax of \$11.5 million. Underlying earnings were \$3.1 million.

### **2011 DIVIDEND**

The Abano Board were pleased to confirm a third consecutive full year dividend payment of 21 cents per share for the 2011 year, demonstrating the Board's confidence in the underlying growth of NPAT from Abano's emerging dental and radiology businesses.

While our dividend is reviewed and confirmed by the Board each year, we will endeavour to maintain this dividend until such time that our growing NPAT allows us to increase it.

All dividends up to and including this year carried full imputation credits, however, our ability to pay fully imputed dividends in future years may be limited, as more of our tax paid profits are generated overseas.

## **INVESTOR RETURN ANALYSIS: CAPITAL RETURNS**

Our strategy has always been to enhance the wealth of our shareholders.

Part of that strategy has been to ensure we have a hard working but prudent balance sheet, returning surplus equity to shareholders when funds are available.

Since 2005, we have returned \$66.8 million to shareholders through three share buy-back and cancellations, and a special interim dividend.

An investor who had acquired 1,000 shares at \$1 per share on 31 May 2006 and had then participated in the two capital returns, would have 500 shares left on 31 May 2011, valued at \$2,325.

In addition, over the previous five years, they would have received \$4,077 in annual dividends and capital returns. This means the \$1,000 invested in May 2006 would be worth \$6,402 at 31 May 2011, being a cumulative growth rate of 45% per year on their original investment.

## **MARKET GUIDANCE 2012**

It is our practice at this time of the year, to provide market guidance for our first half year.

As noted, the depressed economy and slow-down in consumer confidence and spending in Australia and New Zealand have continued into 2012. Despite this, we are expecting our revenues and EBITDA to continue to grow.

However, the six month consolidated NPAT will be depressed by new IFRS charges, new debt facility establishment charges, increased IT depreciation charges and the loss of associate investment income from National Hearing Care. In addition, we no longer consolidate our audiology business in Australia and Asia as it is a 50:50 joint venture.

In the first six months, our accelerating dental acquisition programme will result in full IFRS reporting charges, but will only show a small portion of their full period performance benefits. The new A\$30 million dental banking facility, that will be used over the next two years to fund this acquisition programme, will incur one off costs in the first half.

Accelerated IT investment in audiology and dental, which will have long term benefits, also will impact in the first year period.

**MARKET GUIDANCE 2012: FIRST HALF YEAR TO 30 NOVEMBER 2011**

Therefore, our guidance for the first six months of the 2012 financial year ending 30 November 2011 is that we are expecting revenues of \$101.5 million to \$103.5 million, an EBITDA of \$11.0 million to \$12.0 million and a NPAT to be in the range of \$0.2 million to \$0.7 million.

The underlying earnings are expected to be an EBITDA of \$12.0 million to \$13.0 million and a NPAT of \$1.0 million to \$1.5 million.

As normal, we will also issue a full year forecast around March next year, once we have assessed trading over the Christmas and summer holiday break. However, we are expecting continued Revenue and EBITDA growth but a flat second half Net Profit After Tax, after all IFRS non-cash charges are taken into account.

**ABANO: OUR VISION 2015**

The medical service and healthcare markets in New Zealand, Australia and Asia are worth over \$60 billion. Our vision for 2015 and beyond is to see our company as a leading regional healthcare investor in the Asia Pacific area.

There are a number of opportunities and challenges presented by our involvement in the healthcare sector.

Both in New Zealand and around the world, the healthcare industry is characterised by rapidly rising demand, increased patient expectations and ever tightening Government Funding.

Not only are we facing a booming ageing population, but we are getting better at managing acute diseases. People are living longer and presenting with increasingly complex chronic disease.

Governments are already experiencing a reduced ability to fund healthcare. This means more people turning to private providers rather than waiting on the public system; and paying for their own treatment, either personally or through private health insurance.

Our strategy is to identify sectors of the healthcare market where the Government is unable to fund the full demand, and the opportunity exists for patients to pay privately for their own treatment.

There is also a global trend towards public and patient co-payment. We are therefore positioning our businesses to take advantage of this opportunity. Radiology in New Zealand is an excellent example of this, where many scans have a percentage funded by ACC or MOH and the remaining amount is paid by the patient.

In 2011, 42% of our Group income was derived offshore. We expect this growth to continue, with at least 50 percent of revenue generated outside of New Zealand by 2015.

Abano is a growth company and in the past five years, we have averaged revenue and earnings growth of over 20 percent per year. Our aim is to continue this growth rate through acquisition, organic growth of existing businesses and long term co-investment partnerships in new businesses where we see both growth and profit enhancement opportunities.

We have an accelerated growth plan in place for our dental businesses and will continue to invest in radiology and audiology. Dental is already the primary revenue generator for the Group and we expect radiology to become increasingly important over the next five years.

In 2015, we expect to be making annual dividend payments equal or greater than 21 cents per share and the growth and profitable performance of the company will be reflected in an increasing share value.

We will also be the partner of choice for entrepreneurial clinicians and leaders in the private healthcare and medical services sector.

## **OUR STRATEGY**

We have a proven strategy in place which provides the pathway to us achieving our vision. This strategy is built on five key components.

- We will continue to partner and co-invest with the founders and leaders of successful, professional businesses which are or can be market leader
- We will invest in equipment, technology, R&D and infrastructure to assist the growth of existing businesses, as well as identify new opportunities for acquisition and investment.
- Our focus remains on businesses predominantly funded by private payment, rather than publicly funded healthcare contracts.
- To remove volatility in our business, we will continue to diversify across markets, income streams and geographical regions.
- And finally, we will continue to invest in our people to ensure we attract and retain leading professionals that are supportive of our financial objectives, while ensuring the highest clinical and ethical standards are maintained.

7 November 2011

I would like to take this opportunity to thank all of you for your support for Abano over the past decade. I will be stepping down as chairman of the Board immediately following this meeting and I will remain as an independent director until next year's meeting at which time I will retire from the company.

Trevor Janes, currently the deputy chair, will be appointed as chairman at the close of this meeting. I am delighted to hand over the role to Trevor, who has been a dedicated and able director since 2005 and deputy chair since October 2006.

For the past ten years, Abano's reality has been one of acquisitions, divestments and careful strategic development. At both Board and management level, we have able people with comprehensive industry knowledge and the necessary skills to capitalise on opportunities as Abano continues to grow. I would like to record my appreciation of the splendid team at Abano and in particular, of the Board, Alan Clarke and Richard Keys.

I will now pass you over to Alan Clarke, our managing director.

Thank you.

## **Managing Director's Presentation**

To all of you here today, welcome.

### **2011 FINANCIAL RESULTS AND KEY EVENTS**

Before we look at our future, I would like to review Abano's sector's financial and operational performance in 2011.

#### **2011 – A YEAR OF TRANSITION**

Of most note for Abano in 2011, was the significant change in revenue generation following the sale of our New Zealand audiology operations in the 2010 financial year. This led to dental replacing audiology as the company's primary revenue generator.

The sale of our shareholding in National Hearing Care in 2011, completed our exit from audiology in New Zealand, and resulted in a further \$12.3 million gain, allowing us to make our third return of capital to shareholders.

#### **KEY EVENTS IN THE 2011 FINANCIAL YEAR**

In addition, we secured a three year, \$75 million extension of the DHB pathology contract we hold in the Wellington region, as well as a new contract for our Orthotic business in Otago and Southland.

We also opened a new \$5 million PET CT diagnostic cancer clinic at Ascot Radiology in Auckland.

#### **GROUP REVENUE AND EBITDA including Bay International**

This slide represents all the businesses in Abano as if they were consolidated on a 100% basis.

Prior to 2009, the New Zealand audiology operations contributed strongly to the Group's reported performance. Growth of the New Zealand business was predominately through acquisitions, where we capitalised the consideration paid for existing clinics.

From 2010 onwards, you can see the impact of the reduced revenue and EBITDA contribution from audiology following the sale of Bay Audiology in New Zealand. This is exacerbated, as the ongoing business in Australia and Asia is currently in a development phase and growth is through greenfield development, where we expense the costs of new store developments and openings.

### **GROUP REVENUE AND EBITDA excluding audiology**

So, let's remove the audiology business and examine how the rest of the Group is performing.

Our audiology investment is now held through a 50:50 joint venture with Peter Hutson and, as a consequence it is equity accounted and still in an investment development phase, with break-even expected in three to four years' time.

Excluding audiology, our other businesses have increased their combined revenues from \$59 million in 2007 to \$175 million in 2011 and their EBITDA contribution from \$5.7 million to \$20.3 million. This is an average growth rate of 29% a year.

### **REVENUE SOURCE**

Since 2003, we have had a strategy to reduce our reliance on public funding through the MOH, DHBs and ACC in New Zealand, and in 2011, 67% of our revenue was generated from private payment for healthcare services.

In addition, 42% of our revenues are now derived outside of New Zealand.

### **REPORTED CONSOLIDATED NPAT PROGRESS**

If we examine the bottom line NPAT performance, we can see that considerable progress was made from 2005 to 2009 with profit rising from \$1 million to \$9.7 million. We then sold our New Zealand audiology business in 2009, which was a material profit contributor. The 2010 and 2011 blue bars reflect the emerging profitability coming from our other sectors.

The red bars are the one off capital profits we have made, first from the sale of ElderCare in 2005, then the sale of Bay Audiology to National Hearing Care in 2010, and finally the sale of our minority holding in National Hearing Care in 2011.

These last two sales saw us complete our exit from audiology operations in New Zealand, with the two transactions generating an \$89.4 million total profit over book value for our NZ audiology investment.

### **IMPACT OF IFRS 3 ON THE REPORTED RESULTS**

Abano was required to adopt International Finance Reporting Standard 3 for the 2011 financial year, and this had a significant impact on the reported performance of the Company. As Abano was only required to adopt this accounting Standard this year, these IFRS charges did not impact our previous years' accounts or results.

There are a number of components in the new regulations which have had and will continue to have a significant impact on our reported results, as they effect how we account for particular payments, costs and charges related to acquisitions. For example, all acquisition costs such as due diligence and legal fees are now expensed through the profit and loss rather than capitalised as they used to be. In the 2011 accounts, these changes alone depressed the reported NPAT by over \$800,000.

In FY11, we were also required to de-recognise \$3.1 million in tax losses in Bay International, as they will not be used in the next two years in Australia or three years in New Zealand. Even though we have written these losses out of the balance sheet, they are still available to be used to offset future income tax that may be payable by Bay International.

These reporting requirements affect us more because we are a growth company and, as our growth accelerates, these IFRS charges will increase, negatively impacting the reported NPAT.

Therefore, we will continue to include a reconciliation table in our company reports. We believe this provides a more accurate reflection on the performance of the Group and assists shareholders to understand the underlying progress of the company and compare this year's results against our previous years' reported results.

### **SECTOR PERFROMANCE**

Let us now look at each of our businesses. We have four sectors – Rehabilitation, Diagnostics, Audiology and Dental.

#### **REHABILITATION SECTOR**

Our Rehabilitation Sector has two business streams, both of which operate in New Zealand – Abano Rehabilitation which specialises in residential and community rehabilitation services, particularly for those with brain injuries, and the Orthotic Centre.

### **ABANO REHABILITATION – BRAIN INJURY**

Abano Rehabilitation consists of three brands and provides residential and community rehabilitation services, particularly for people suffering from a brain injury. The business is 100% owned by Abano.

It is the leading provider of residential brain injury services in New Zealand, with a smaller share of the community market.

The business is predominantly funded by and has a high reliance on ACC and Ministry of Health contracting.

In 2011, ongoing ACC policy changes continued to affect referrals and approved service levels.

We continue to work to seek efficiencies within the business where possible, without compromising service levels.

We were pleased to note that some progress has been made on contract fees in recent months and we will continue to work closely with ACC to ensure the services we offer are aligned with contract requirements and that the businesses remain economically viable.

We therefore have a hold and maintain strategy in place for this business.

### **REHABILITATION – ORTHOTICS – THE ORTHOTIC CENTRE**

The second business in our Rehabilitation sector is the Orthotic Centre. This is the leading provider of specialist orthotic services in New Zealand, and is also 100% owned by Abano.

The Orthotic Centre holds approximately 65% of the total New Zealand market and has six facilities across the North and South Island.

It has a spread of income sources from ACC and DHB contracts through to private payment.

The Orthotic Centre had a very good year in 2011, with a performance boost from the acquisition of Orthotics South Island just prior to the beginning of the year. In March 2011, a new three year, \$3 million orthotics contract was granted for the Otago and Southland DHBs. This is in addition to a number of other DHB contracts the Orthotic Centre holds with hospitals in other major cities.

We recognise and applaud the amazing and remarkable professionalism of our teams in Christchurch, who responded immediately to each major earthquake event as part of the first line response service for the hospital , despite their own personal circumstances.

Our focus for the Orthotic Centre going ahead is to consolidate the new services in the lower South Island and realise synergies with the North Island business.

While there are still a number of opportunities to explore, the size and scale of the opportunity in the New Zealand orthotic market is limited and the new financial year will be one of consolidation.

### **REHABILITATION SECTOR - FINANCIAL PERFORMANCE**

The 2011 revenues for our rehabilitation sector, which is made up of both our Brain Injury and the Orthotic businesses, remained flat at \$21.8 million, although EBITDA increased from \$2.2 million in 2010 to \$2.9 million in 2011, largely due to our investment into the Orthotic South Island.

### **DIAGNOSTIC SECTOR**

Our diagnostic sector consists of two business streams, in Pathology and Radiology.

### **DIAGNOSTIC SECTOR – AOTEA PATHOLOGY**

Aotea Pathology is the community pathology laboratory in the Wellington Hutt Valley and Kapiti Coast region and is owned 55% by Abano and 45% by Sonic Healthcare.

The business has been providing services to the wider Wellington region for nearly 80 years.

It is totally reliant on a five year, Capital & Coast and Hutt Valley DHB contract which represents 98% of its income, and was due to expire in November 2011.

In December 2010, we were pleased to negotiate a \$75 million, three year extension of that contract, and it now runs to November 2014.

While the contract extension is very pleasing, a three year tenure is still far too short an investment horizon to make any kind of long term commitments. In addition, attracting highly specialised staff from overseas and providing them with career and employment certainty is impossible.

We are very confident that the Government is keen to explore other funding models for the industry, which will allow us to commit long term capital resources and expertise, and operate with greater certainty.

The fixed price nature of the contract means that growth was and will remain negligible in the immediate future, and salary and wage cost pressures, combined with chemical and material cost increases, will continue to inhibit margins.

#### **DIAGNOSTIC SECTOR – RADIOLOGY - ASCOT RADIOLOGY AND INSIGHT RADIOLOGY**

Our other business stream in the diagnostic sector is radiology.

We have two businesses - Ascot Radiology, which is a top end provider of a full range of specialist radiology services, and Insight Radiology, which specialises primarily in obstetric ultrasound consultations.

Both businesses are based in Auckland and revenues are predominantly generated through private and insurance payments.

We have invested strongly in radiology over the last two years and more opportunities for investment and acquisition are currently being assessed.

The radiology market is large and there is a spread of services through DHB and the private market, with good margins and scalable growth. Therefore, this area is seen as attractive investment space.

Our focus in 2011 was on expanding our offer at Ascot, as well as maintaining market share while faced with a fall-off in discretionary spending. This was mainly due to the delays in elective surgeries due to the economic climate, and decreased prices and orthopaedic surgical approvals given by ACC for high tech imaging.

The highlight in 2011 was the opening of a state of the art, specialist \$5 million PET CT cancer diagnostic scanning centre at Ascot Central in Auckland, by the Prime Minister, the Right Honourable John Key.

This is an important investment which cements Ascot Radiology's leadership position in the Auckland and Northland region as a specialist radiology service.

We are now well positioned with new technologies and a highly respected partnership of leading radiologists.

We have a growth strategy in place and are focused on maximising our existing capacity and developing opportunities, with a number of new investments areas also under consideration.

### **DIAGNOSTIC SECTOR – FINANCIAL PERFORMANCE**

Overall, Abano's diagnostic sector generated revenues of \$38 million in 2011.

EBITDA fell slightly to \$7.2 million, reflecting the fixed price nature of the pathology contract and a year of consolidation and new investment for radiology.

### **AUDIOLOGY SECTOR**

The next sector is audiology. Bay International is a 50:50 joint venture between Abano and interests associated with Peter Hutson, the original founder of Bay Audiology.

Abano currently has two developing audiology networks, in Australia and Asia, which are owned through this joint venture.

### **BAY AUDIO AUSTRALIA**

We entered the Australian audiology market in 2007 and have grown steadily through small seed acquisitions but primarily through the opening of new specialist stores in high traffic shopping malls. We now have 22 outlets in malls, 12 rural clinics and a number of visiting sites.

During the 2011 year, we relocated the Bay Australia head office from Brisbane to Sydney and hired a new Australian CEO, Eron Plumb. Eron comes to us from the Coles Myer Group, where he has had a long background in retail management.

The Australian mall network operates through purpose built stores that allow people to self-test their hearing through touch screen simulation technologies. This technology is now generating an average of over 3,000 client leads a month.

In 2011, we developed it further and rolled out an ipad application, which has allowed us to introduce self-screening in non-Bay Audio retail settings, such as chemists and retirement homes.

An example of the ipad application has been set up as part of the Bay Audio display at the back of the room and you are welcome to try it out for yourself after the meeting.

### **BAY AUDIO ASIA**

Our Asian network was launched in late 2008 and has also grown through small seed acquisitions and by opening new clinics in retail shopping malls.

The network now has 20 stores located in Hong Kong, Singapore, Malaysia and Taiwan, and there is a significant opportunity for growth in this region.

During the 2011 year, we moved the head office from Singapore to Hong Kong, and appointed new local country management. In addition to this, we began a roll out of our IT network into Asia, including introducing the Australian touch screen technology to Asia.

The development of the audiology opportunity is on track, however in both Australia and Asia, it will be three to four more years of investment expenses before we will break even and then we expect to see positive EBITDA generated thereafter.

### **AUDIOLOGY SECTOR – FINANCIAL PERFORMANCE**

The development of the audiology opportunity can clearly be seen here. The green bars show the growth in revenue and the EBITDA generated from Bay Audiology in New Zealand from 2007 to 2009. In November 2010, we sold the Bay New Zealand business and the revenue and EBITDA shown in green in 2010 is a part year contribution only.

The blue bars show the growth of our Australian and Asian businesses, which started in late 2007 and have grown to revenues of just under \$21 million in the 2011 financial year. The green positive EBITDA contribution from the New Zealand chain occurred because we were expanding by buying new clinics and the consideration for these acquisitions was capitalised to the balance sheet. The Australian and Asian networks, however, have grown primarily by opening new purpose built clinics in retail shopping malls to compliment the small acquisitions that were made in each country.

The cost of opening and operating new start-up clinics is expensed through the profit and loss account, and is shown by the negative blue bars representing an investment of \$6.9 million in the 2011 financial year. Development expenditure will continue for a further three to four more years before breakeven is achieved and positive profits will flow thereafter.

## **DENTAL SECTOR**

Finally the dental sector, which is Abano's main revenue generator in the near to medium term.

We have two businesses – Lumino the Dentists in New Zealand and Dental Partners in Australia.

## **LUMINO THE DENTISTS**

Lumino is New Zealand's largest private network with 63 clinics and an acquisition rate for 2012 of between 8 and 10 practices.

The New Zealand market is worth \$550 million a year, with over 1,000 clinics across the country. Lumino currently has 63 clinics in its network, so there is plenty of long term potential for future growth. There is also a lot of scope for increased utilisation of existing capacity, and our dentists are incentivised to focus on this through a commission based remuneration model.

One of the major highlights for 2011 was the launch of a nationwide television campaign following the completion of the roll out of the Lumino brand to all clinics.

We saw what a television campaign could do for Bay Audiology in New Zealand, with the Maggie Barry advertisements, so we took the opportunity to see if the same could be done for a national dental brand.

This is the first time a dentist brand has been taken to this level of nationwide marketing and the benefits from the first four months are only now being assessed.

An initial analysis shows the campaign to be very successful, with significant increases in all key metrics, including calls to the 0800 number, online appointment requests and the number of new patients seen across the network. The biggest response has been from an 18 month interest free offer, which Lumino is able to make available due to its size and scale.

## **DENTAL PARTNERS**

Dental Partners is based in Australia and currently has 47 clinics.

Unlike New Zealand, new practices joining the Dental Partners network retain their own brand and identity. However, the management team are closely watching the evolution of the Lumino brand in New Zealand and assessing the benefits offered by this national brand approach.

The Australian market is many times larger than New Zealand and Australians spend \$4.5 billion each year going to the dentist. We have an accelerated acquisition rate of between 15 and 20 acquisitions a year and, with a market size of 5,000 clinics, we can continue at this rate for decades.

There are several other corporate dental consolidators in Australia, and overall, these consolidators, including ourselves, hold under 5% of the total market.

For the first time in 2011, we saw the Australian economy slowing down.

While we continued to grow our network, we also focused on strengthening the management team and business platform in Australia in 2011.

The Trans-Tasman market is worth over \$6 billion a year. There are over 6,000 clinics and we have a group total of 110. As you can see, there is a great deal of opportunity to grow and, with an accelerated acquisition rate, we are expecting a strong contribution from dental in 2012 and beyond.

Our target is to increase annualised dental revenues by over \$30 million in the 2012 financial year. With just under six months of the 2012 year completed, we are well on track to reach this target, with 19 practices acquired to date, providing annualised revenues of over \$26 million.

#### **DENTAL SECTOR – FINANCIAL PERFORMANCE**

Our progress to date can be seen in this slide, with dental revenues growing from just under \$20 million in 2007 to \$115 million in 2011 and the EBITDA generated has grown from just over \$1 million to \$11.5 million.

#### **ABANO 2015 – OUR VISION**

So, to conclude....as Alison has said, we have an exciting vision an established track record for our future and a considered strategy in place to achieve this goal.

Thank you all for being here today.