

ABANO HEALTHCARE GROUP LIMITED

2017 ANNUAL MEETING OF SHAREHOLDERS

25 September 2017

CHAIR'S ADDRESS:

Trevor Janes, Chairman

4. ABANO: ABOUT US

Our goal is to build successful market leading healthcare brands and businesses.

Lumino the Dentists is the leading dental network in New Zealand and Maven Dental Group is the second largest dental group in Australia and one of the fastest growing.

In radiology, Ascot Radiology is referred to by a number of leading medical specialists for its high end technologies including digital mammography, PET CT scanning and MRI.

In line with our strategy, the majority of our income is from private payment, on a fee for service basis. This means we avoid the challenges of public funding in a sector where demand is outstripping the government's ability to pay for it, or being reliant on payment by insurance companies, who can dictate terms, prices and services.

Private healthcare is a growing and important part of all OECD countries' health plans. Ageing populations, increased life expectancy, the decline in government contribution to total healthcare costs and rising patient expectations are all driving escalating demand for quality, private, healthcare options.

5. GROWTH STRATEGY DRIVING RETURNS

Our strategy of focusing on the private payment healthcare market has continued to drive increasing value for our shareholders.

For the 2017 financial year, we again met or exceeded our guidance, including reporting a record underlying net profit of \$11.5 million, which enabled us to declare a record dividend of 36 cents per share.

In the past five years, we have increased gross revenue on continuing businesses by 46%, underlying profit has grown by over 150% despite the sale of non-core businesses, and we have paid over \$25 million in dividends.

6. FOCUS ON DENTAL

Our strategy is to maximise value for our shareholders by creating a sustainable, long term, successful business. We have identified the \$11-billion trans-Tasman dental market as offering the most opportunity for our company.

Our expansion in this market is primarily through the acquisition of dental practices which provide us with immediate accretive earnings, as well as selective greenfield developments and organic growth.

The opportunity for Abano to continue to grow via its acquisition strategy, particularly in Australia, is significant, and Richard will talk more about that in his presentation.

To enable Abano to respond to the increased acquisition opportunity, we recently completed a fully underwritten \$35 million rights offer to raise new equity. Ninety-two percent of eligible shareholders took up their rights, demonstrating their backing for our long term strategy, and I would like to thank shareholders for their support.

We were also pleased to offer a shortfall book build, which ensured that those shareholders who did not take up their full entitlements, still received value for their rights.

Following the announcement of the rights issue, Healthcare Partners elected to sell their entire Abano shareholding. This has been a significant relief for the company and brings to an end the protracted period of responding to a disaffected and antagonistic shareholder who has been very disruptive for the company.

I'd like to take the opportunity to thank all our people in the wider Abano group for their continued focus and attention on their businesses during the failed takeover attempt last year, allowing the Abano corporate team and Board to respond to the offer.

My thanks also go to Richard Keys and Rachel Walsh, as well as my fellow directors, for all their efforts and time, and to our shareholders for your support.

The partial offer failed after closing with less than 4% support from shareholders other than interests associated with Peter and Anya Hutson and James Reeves.

Disappointingly, we have had to initiate legal proceedings against their interests to seek recovery of the significant outstanding unpaid costs in relation to their failed bid.

After almost four years of their hostile actions, during which they received little or no support from other shareholders, they have now sold their 19% stake in Abano. Pleasingly, their holding was acquired by a number of different investors, in both New Zealand and Australia, and we are looking forward to moving ahead with supportive shareholders.

7. GOVERNANCE

As part of our governance role, we regularly undertake reviews of Board membership and have a succession plan in place for directors. I have already indicated that this is my last term and over the next two years, you will see further changes as part of our succession planning.

As our company evolves, we believe it is important for Board skills to include governance expertise, financial skills, industry knowledge, an in-depth understanding of the company, fresh thinking and capabilities which will add value.

We remain committed to ensuring that Abano's strategy is well communicated and we will report on progress against our stated KPIs to enable shareholders to track our performance.

We balance our capital requirements between retaining earnings to fund growth and providing a return to shareholders via dividend payments. The Board believes that paying shareholders a return on capital invested from earnings is a good discipline. This also means when we require additional growth capital we come back to shareholders to seek support for our growth strategy as we recently did with the rights issue. Our dividend policy remains the same and we expect to payout between 50% and 70% of underlying NPAT.

Your company is in a strong position and we look forward to reporting on another year of increasing shareholder value in 2018.

I would now like to hand over to Richard Keys, to talk further about our strategy and our progress.

Thank you.

8. CEO'S ADDRESS: RICHARD KEYS, CEO

Thank you everyone for being here today.

Our goal is to be a leading healthcare provider, particularly in the trans-Tasman dental market.

We want to attract and retain the best people and create a place where patients receive the best clinical care and are happy to come back time and time again.

We will do this by building on our positive and inclusive culture and providing an environment of innovation and learning, that focuses on clinical excellence.

9. FY17: POSITIVE YEAR OF GROWTH

The 2017 financial year, which ended on 31 May, was another year of achieving our goals with growth and positive financial performance for Abano.

We have already provided a lot of detail on our results in our investor presentation and annual report, which are both available on our website, so I'll cover last year's performance off very briefly.

Highlights of the year included:

- The continuing expansion of our two dental networks, acquiring 27 practices during the year to finish with 205 practices at year end;
- The rollout of our Australian dental brand, Maven Dental Group, with more than half the practices in the network now branded;
- An increased focus on our digital presence and customer experience in both New Zealand and Australia; and
- A strong performance from Ascot Radiology as it benefitted from a wider referral base and increasing referrals for the new and existing technologies and services which we have invested in over the past few years.

Financially, it was another good result. We believe the best way to compare our year on year performance is to look at continuing businesses. For the 2017 financial year, these were dental and radiology as we sold the audiology business at the end of the 2016 financial year.

On this basis, gross revenue was up 8% to \$278.7 million and underlying EBITDA was up 18% to \$32.1 million, with dental's contribution to underlying EBITDA increasing 71% since FY12.

Net Profit was \$10.9 million for the year and underlying profit was a record \$11.5 million, which was a 43% increase on last year.

10. THE OPPORTUNITY IN DENTAL

As Trevor has said, the \$11 billion revenue trans-Tasman dental market is our biggest opportunity and our goal is to gain a 10% share of this market, making us a \$1-billion revenue company.

Dental is a long-term growth sector, with an aging demographic needing more dental care; better oral healthcare meaning people retain their teeth for longer; and increasing demand for cosmetic services.

The industry is very fragmented with an estimated 14,000 practices across Australia and New Zealand, providing plenty of opportunities for network expansion.

While there are a number of dental corporates actively building scale in Australia, each group has a different growth strategy, business model and revenue focus.

We are growing scale by acquisition, targeting the mid to high end of the dentistry market and the majority of our income is from private paying patients.

11. OUR GROWTH OPPORTUNITY

We have a strong nationwide presence in New Zealand with a market share of almost 15% and, while we will continue to grow our business here, Australia is a much bigger opportunity for us, being approximately 12x larger than New Zealand and with significantly more room for growth.

Our network now spans Australia, however, approximately 50% of our practices are in Queensland and Northern NSW. We are looking to expand our presence in states where we are under represented, particularly in Victoria and the rest of NSW.

There is growing acceptance and popularity of the corporate model amongst dentists and, combined with Abano's positive reputation and workplace culture, we have seen an increase in the number and size of practices in our acquisition pipeline.

We will be using the proceeds from the recent \$35 million capital raising to step up our acquisition rate in Australia as well as support targeted growth in New Zealand.

12. OUR PATH TO SUCCESS

We have identified five areas which will help us make our businesses bigger, stronger and better.

These are: the growth of our businesses, investment in our people, delivering a world class patient experience, leveraging technology and optimising our earnings.

We have some exciting initiatives planned for this year in each of these key areas and I'd like to talk you through some of them.

13. GROW OUR BUSINESSES

Our aim is to grow our business through acquisitions and greenfield openings, as well as increasing same store sales revenue by expanding the services we offer, increasing our existing capacity and continuing to invest in our brands and marketing.

Our three-year dental growth target is to acquire more than 25 dental practices or more than \$35 million in annualised gross revenues per annum from acquisitions by 2020.

Due to our strengthening pipeline, last year we exceeded the targeted number of acquisitions, three years ahead of our 2020 target.

This financial year, our acquisition pipeline is looking very healthy. We have a number of acquisitions currently under contract, which we expect to settle in the next one or two months. These are predominantly in Australia, and some of these are large practices at around double the size of the average practice we have been acquiring historically. It is important to note that timing of settlement is often outside of our control and determined by the vendor and third parties.

We also build greenfield practices in selected areas which are underserved and where we can partner with good clinicians and attract patients via our brand awareness and marketing.

Our latest purpose built Lumino-branded practice is in Rangiora, in the South Island. This opened in early September and has been set up to provide an optimal patient and clinical experience. It is fully digital and has a contemporary look and feel. We will also be moving our largest practice in Auckland to a new location. This is a major project for us and it will become our flagship practice in New Zealand.

Over half of our Australian network is now branded and we expect to complete the remaining practices this year, with new practices joining the group being rebranded over time.

Organic growth is also very important to us and that means looking at opportunities to expand or grow demand for existing services and maximise capacity. We are continually reviewing our practices to see where we can add new chairs or clinicians, extend opening hours, or use our marketing to increase the number of new or returning patients.

We're also focused on growth of our radiology business. In addition to widening our specialist referral base, in July this year, we opened a new practice in St Heliers in Auckland, to meet demand from the local community and as part of our strategy to work more closely with GPs.

14. INVEST IN OUR PEOPLE

We are a service business and our 2,200 people are the backbone of our success. We continue to invest in them through training, mentoring and career development; fostering a culture of pride and patient care; and creating a world class working environment.

We are very proud of the positive culture that has been created within our businesses and this is one of the reasons for the increase in dentists wanting to join our group.

We want to make sure we have happy, engaged staff who feel appreciated, have pride in what they do, are safe in their workplaces and are provided with opportunities to learn, develop and realise their career potential.

To provide additional support for this, we have recently appointed Dr Fred Calavassy to the new role of trans-Tasman Clinical Director. Fred joined Maven in 2012 as a lead dentist and has been chairman of Maven's Clinical Advisory Board for the past two years.

In his new trans-Tasman role, he will focus on best practice clinical processes, as well as developing our training programmes. These are important for a number of reasons:

- They ensure we continue to provide a high standard of dentistry and care to all our patients
- They help to increase the services we can offer by teaching our clinical team new skills; and
- They help us attract and retain high quality clinical talent.

In about a months' time, we will be holding our first ever trans-Tasman Lead Dentist Conference. Abano was one of the first dental companies to hold these group conferences for our staff, and we believe they are invaluable for culture building, networking, collaboration and training.

The health, safety and wellness of our team and our patients also remains a key priority and Lumino has been implementing a new Health & Safety reporting system. This system, which will also be implemented in Maven, allows us to track and report on measures across each practice, and identify and mitigate risks through changes in process, technology or training.

15. DELIVER A WORLD CLASS PATIENT EXPERIENCE

As well as providing clinical excellence, we are also focused on providing an excellent patient experience. We want to create an environment which makes it easy for patients to deal with us and want to return time and time again.

Along with building our brand recognition, we have a number of other initiatives underway.

One of these is our real time online booking system which enables patients to book anywhere, anytime, at any practice and with the dentist they want. We have just started to roll this out through our group.

Promotional, finance and marketing offers remain popular, and we will continue to be innovative and lead the industry in this area.

As well as our interest free offers, our Dental Plan is another initiative that makes it more affordable for patients to receive regular dental treatment. Following a successful pilot, we're now looking to roll it out across our practices in New Zealand.

This year we are also introducing a Patient Contact Centre for Maven, as we have had for Lumino, making sure that when patients call, they are able to talk to someone, get information and book or change appointments as easily as possible.

To measure patient satisfaction, in Lumino, we commenced regular patient surveys using Net Promoter Score or NPS ranking. Patients are asked if they would recommend our service to others and an NPS score is determined each month ranging from -100 to 100.

Pleasingly, we continue to track well, with an average score of 70 for the last three months, which is a very good result and above our average of 68 for last year. We will be looking to implement NPS tracking for our Maven patients in this financial year.

16. LEVERAGE TECHNOLOGY

Initiatives like digital marketing, online bookings, Dental Plans and customer surveys are starting to be realised due to our significant investment in technology.

The benefits of this investment include higher levels of patient engagement, new equipment and services, better and quicker diagnosis and better ability to manage our business with the rich data available.

The scale of our dental group and its longevity provides us with unique access to a wealth of clinical and patient information. Several projects are underway to capture, collect and analyse this data. The insights gained will drive new initiatives that will improve the patient experience and practice efficiency and deliver better clinical and financial outcomes.

In radiology, our previous investment into new technologies such as PET CT and tomosynthesis mammography means we can offer improved diagnosis and for more health conditions.

17. OPTIMISE EARNINGS

Just as importantly, we are focused on improving margins and managing costs so that we can continue to invest in growth and our businesses, and deliver value to our shareholders.

At the end of the day, our investment into the previous four key areas will drive our performance.

We have a number of financial Key Performance targets for the next three years, which you can see on the slide. We will report on our performance against these in our annual results and reports.

18. TRADING UPDATE

The first quarter of the financial year has just completed and I would like to provide a trading update.

We expect to meet or exceed our targeted acquisition rate for this year. Three acquisitions have been completed in the year to date, which are expected to generate \$5.5 million in annualised gross revenue, and we have a number of dental practices due to settle in the next couple of months.

Our same store growth for our existing practices continues to improve.

As reported by all dental corporates, 2017 was a challenging year in Australia and Maven's same store sales were down 4.4% for the last financial year ending in May. We put in place various initiatives to address this, and I am pleased to say that while June was still a poor month, July and August both had positive same store sales growth and our same store revenue improved to be -1% in the first quarter of this financial year.

Lumino in New Zealand has also traded well in the first quarter of this financial year. Two months of positive same store growth of over 3%, were partially offset by a soft month in July due to a combination of the big storms and winter flu impacting New Zealand, with same store sales improving from last year's -1% to be positive 1% at the end of the quarter.

Radiology also continues to perform well, delivering both revenue and EBITDA growth.

19. CONCLUSION

I am very proud of what Abano has achieved and the culture we have created.

We are a business with annualised gross revenues of approximately \$300 million, and a team of 2,200 people providing exceptional care in over 1 million patient visits every year, through our 214 dental and radiology practices throughout New Zealand and Australia.

I would like to thank all the wonderful, hard working and committed people who work across our group. Our clinicians and practice teams, who all provide excellent care to our patients, and the support and management team who work behind the scenes to make our businesses a success....your efforts and contributions are highly valued and appreciated.

This is an exciting time for Abano. We are well funded and well positioned to accelerate our growth rate, and we have a clear pathway ahead. We will continue to invest in our businesses while delivering increasing earnings and value for our shareholders.

To everyone here today, thank you for your time and your support.