

## **SCHEME BOOKLET RELEASED: BOARD UNANIMOUSLY SUPPORTS SCHEME**

- The High Court has granted initial orders for Abano to proceed with the Scheme of Arrangement.
- The Scheme Booklet, including the Independent Adviser's report and the Notice of Meeting, will be sent to shareholders on 20 February 2020. A copy is attached to this announcement.
- The Scheme price of \$5.70 is above the \$5.60 midpoint of the Independent Adviser's value range (the range being \$5.29 to \$5.92 per share).
- The Abano Board strongly encourages shareholders to vote, and unanimously recommends that shareholders vote in favour of the Scheme, absent a superior proposal.
- Special Meeting to vote on the Scheme will be held at 10.00am, 20 March 2020 at Eden Park, Auckland.

Abano Healthcare Group Limited (ABA:NZX) has been granted initial orders from the High Court to proceed with the Scheme of Arrangement proposed by Adams NZ Bidco Limited (Bidco) to acquire 100% of the fully paid shares in Abano Healthcare Group Limited for \$5.70 per share.

In line with this, Abano has today released the Scheme Booklet, including the Independent Adviser's report and Notice of Meeting in relation to the Scheme proposal. These will be sent to shareholders on 20 February 2020, along with a Proxy/Voting Form and procedural directions on how to vote.

### **The Board recommends that shareholders vote in favour of the Scheme**

The Abano Board unanimously recommends that shareholders vote in favour of the Scheme in the absence of a superior proposal.

In summary, the reasons for the Board's recommendations are that:

- The all-cash price of \$5.70 is above the \$5.60 midpoint of the Independent Adviser's value range (the range being \$5.29 to \$5.92 per share). The basis for the Independent Adviser's valuation, and the assumptions on which the valuation is based, are set out in the Independent Adviser's Report which forms part of the Scheme Booklet.
- The all-cash price represents a premium of 63% to Abano's closing share price on the NZX Main Board of \$3.50 on Friday 28 June 2019, which was the last trading day before Abano announced that it had received various expressions of interest on Monday 1 July 2019; and a premium of 49% to Abano's volume weighted average share price of \$3.82 over the 30 day period prior to 1 July 2019.
- Approval of the Scheme accelerates a capital return to shareholders and mitigates the risks that would otherwise be involved in delivering the opportunities from executing Abano's strategic plan over time.
- Since the announcement of the Scheme Implementation Agreement on 11 November 2019, no superior proposal has emerged and the Board believes that a superior proposal is unlikely to emerge.

The Abano Board's decision to agree to implement the Scheme was the result of a comprehensive Expressions of Interest process, which identified and attracted interest from over 30 parties. It was important to the Board that a competitive process was run to enable it to have confidence its recommendation represented the best option for shareholders. The Board also considered the risks of continuing to own and operate the business and believes the prospect of shareholders achieving a higher value is uncertain.

### **Independent Adviser's report**

An Independent Adviser's Report has been prepared by KordaMentha and is included in the Scheme Booklet. In its report, the Independent Adviser states:

- "In our view, unless a superior proposal is forthcoming, the positives of approving the Scheme outweigh the negatives. In particular, the proposed consideration is within our assessed valuation range."<sup>1</sup>
- "Abano has paused acquiring practices in Australia and slowed its acquisition of practices in New Zealand. As a result, it is unlikely that it will continue to experience strong year-on-year growth it has historically achieved."<sup>2</sup>
- "In our view, the near-term outlook for Abano is for relatively flat financial performance unless management's initiatives to improve same practice revenue and profitability growth are successful. The initiatives have been introduced relatively recently and it remains to be seen how successful they will be."<sup>1</sup>
- "If shareholders do not approve the Scheme, Abano will continue to be listed on the NZX Main Board. In the absence of any other factors, there is a real prospect that Abano's share price may recede from current levels."<sup>1</sup>

### **Approval thresholds for the Scheme**

For the Scheme to be approved:

- 75% or more of the votes cast in each interest class<sup>3</sup> must be voted in favour of the Scheme; and
- more than 50% of the total number of Abano Shares on issue must be voted in favour of the Scheme.

For the Scheme to be implemented, it needs to be approved by Shareholders, the High Court, the New Zealand Overseas Investment Office and the Australian Foreign Investment Review Board (FIRB). FIRB Consent was granted on 12 February 2020.

If shareholders do not approve the Scheme, Abano will continue to be listed on the NZX Main Board. If this occurs, the Independent Adviser states that "In the absence of any other factors, there is a real prospect that Abano's share price may recede from current levels."<sup>1</sup>

### **Shareholders are strongly encouraged to vote on the Scheme**

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<sup>1</sup> Independent Adviser's Report: Page 3

<sup>2</sup> Independent Adviser's Report: Page 18

<sup>3</sup> It is currently expected that all shareholders will comprise one interest class. See section 6.1(b) of the Scheme Booklet for more information about what an interest class is.

It is very important that shareholders vote at the Special Meeting. The Abano Board unanimously recommends that shareholders vote in favour of the Scheme absent a superior proposal.

The easiest way for shareholders to vote is to complete the Proxy/Voting form online at [www.investorvote.co.nz](http://www.investorvote.co.nz), or alternatively to return the form to Abano's share registrar, Computershare.

The Special Meeting will be held at the West Lounge, Eden Park, Entry A Walters Rd, Mt Eden, Auckland at 10.00am on 20 March 2020. Subject to shareholder approval and satisfaction of other conditions, the Scheme is expected to be implemented in late April 2020, with payment to shareholders shortly thereafter. If shareholders have any questions about how to vote, or other actions to take, in respect of the Scheme, they are encouraged to seek independent financial, taxation or legal advice.

#### **Key Dates**

- Proxy voting closes: 10.00am on 18 March 2020
- Scheme Meeting: 10.00am on 20 March 2020

*If the Scheme is approved by shareholders and all outstanding conditions are satisfied:*

- Last day of trading in Abano shares: 7 April 2020
- Scheme Record Date for determining entitlements to Scheme price: 5.00pm on 9 April 2020
- Implementation Date and Payment to shareholders: Between 16 April and 22 April 2020

#### **Attachments:**

- Initial Court orders
- Scheme Booklet including Independent Adviser's Report and Notice of Meeting

#### **ENDS**

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Abano Healthcare Group is listed on the NZX and owns and operates one of the largest dental networks in Australasia, comprising Lumino The Dentists in New Zealand and Maven Dental Group in Australia.