

## **ABANO ANNOUNCES SALE OF ORTHOTICS BUSINESS**

Abano Healthcare Group (NZX:ABA) has announced the conditional sale of its orthotics business, The Orthotic Centre, to private investors. Settlement is planned for the end of January 2015 following completion of standard conditions.

The business will be sold at book value, within the range of the recent Grant Samuels valuation and, after normal settlement adjustments and sale costs, will result in a small loss which will be reported in Abano's FY15 full year results. The proceeds will be used to reduce debt and then reinvested into Abano's growth businesses, in particular dental.

The Orthotic Centre is the leading provider of clinical orthotic services in New Zealand, with the majority of its revenue generated from DHB contracts. It holds multiple contracts around New Zealand and provides services from locations in Auckland, Hamilton, Wellington, Christchurch, Dunedin and Invercargill.

Managing director of Abano, Mr Alan Clarke, said: "The Orthotic Centre's exposure to Government contracts is not compatible with Abano's investment criteria where we prefer healthcare businesses that are funded by private payment and operate on a fee for service basis. We have had a hold and maintain strategy in place for this business for several years as we have focused on other much larger sectors where there is significant scale and opportunity to add value."

This is the last remaining business in Abano's rehabilitation sector, following the sale of its brain injury rehabilitation business in June 2012 which also operated in a fixed price contract environment and was heavily reliant on DHB and ACC funding. For FY14, the Orthotic Centre provided 4% of Abano's gross revenues.

### **ENDS**

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Abano Healthcare Group is New Zealand's leading listed specialist healthcare investor and operator, with businesses now in three sectors – audiology, diagnostics and dental – and operations across New Zealand, Australia and Asia.