

ABANO HEALTHCARE GROUP 2015 ANNUAL MEETING

Business Update and 2016 First Half Guidance

At the Abano Healthcare Group annual shareholder meeting today (NZX: ABA), the company provided a business update and guidance for the first half year to 30 November 2016, with new chief executive, Richard Keys, outlining the long term goals and strategy for Abano.

Richard Keys commented: “The healthcare market in Australia and New Zealand is one of the largest sectors of both economies. The opportunity to continue with our established growth strategy and invest in scalable private fee for service healthcare businesses in these markets is material.

“The \$11 billion trans-Tasman dental market remains Abano’s most immediate and significant opportunity. We own the second largest dental group in the region and we are continuing to grow, primarily through acquisition of mid to high end dental practices.”

The launch of our dental brand in Australia - Maven Dental Group - and investment into people, systems and infrastructure are continuing as the company builds a strong platform for future growth. Meanwhile, the more mature Lumino The Dentists in New Zealand has recently launched its third creative campaign and is continuing to lead the market, attracting high calibre dentists and dental specialists to the group. The experience and lessons learnt in New Zealand are being used to good effect in Australia.

Richard Keys continued: “Abano currently has group annualised gross revenues of around \$300 million and our goal is to have a 10% share of the trans-Tasman dental market within 10 years, which equates to approximately \$1 billion in gross revenue.

“We are already the second largest dental consolidator in the trans-Tasman dental market and we expect to see our market share, revenues and profitability increase. Our audiology and radiology businesses also offer growth potential, albeit in much smaller markets.”

HY16 Business Update and Guidance for the Six Months to 30 November 2015

Guidance for the first half of 2016 reflects the continuing growth and investment into the infrastructure of the dental businesses. Seven practices expected to provide approximately \$13 million in additional annualised gross revenue have been acquired in the year to date with several more in the pipeline to complete in the next few months.

In addition, the timing of Abano’s dental conferences, which are usually held every 12 to 18 months, have all occurred in the first six months of the year. While these have a significant cost, they play a pivotal role in attracting and retaining dentists, as well as education and upskilling, developing collegiality, sharing knowledge and building organisational culture.

The New Zealand dental business continues to perform well with same store growth at around 3%. Our Australian dental business is facing more challenging business conditions with economic growth below trend in Australia, particularly in Queensland where 40% of Maven’s practices are based. These Queensland practices are offsetting the positive same store growth being achieved in the rest of the group, resulting in an overall drop in same store sales for Maven Dental Group of approximately 3%.

Bay Audio in Australia is now showing good improvements and is on track to report a second year of profit, with same store growth currently tracking at around 4%. Three new greenfield stores have been opened this year so far, with several more planned over the next few months. Meanwhile the focus for Bay Asia, which operates in smaller but more challenging markets, is to achieve a breakeven result at EBITDA.

Insight+Ascot Radiology is focused on delivering operational improvements as well as driving demand for its high end services. This includes the new digital tomosynthesis mammography modality, which provides faster and more effective diagnosis of breast cancers.

Based on this, and excluding Abano's AUD\$1.8 million share of Bay Australia's unrecognised deferred tax asset, which based on current trading is likely to now be recognised in the current financial year, guidance for the first half of the 2016 financial year is as follows:

Revenue is expected to be \$105 to \$109 million and gross revenues are expected to be \$150 to \$ 154 million. EBITDA is forecast to be \$11.9 to \$13.1 million with underlying EBITDA of \$12.5 to \$13.7 million. Net Profit After Tax is expected to be at between \$3.0 to \$3.6 million, with underlying NPAT of between \$3.5 to \$4.1 million.

The year on year comparison reflects the growth of Abano's dental networks and the improvements in audiology, while the divestment of the pathology and orthotics businesses last year means there are no longer earning contributions from these businesses in this financial period. A like for like comparison for HY15, excluding the pathology and orthotics businesses which were sold, has been provided to provide readers with further clarity on the relative performance of Abano's ongoing businesses.

\$millions	HY16 Guidance	HY15 Excluding divested businesses	HY15 Actual
Gross Revenue ⁱ	150 - 154	132.7	153.2
Revenue	105 - 109	94.4	114.9
EBITDA	11.9 – 13.1	11.0	14.9
Underlying EBITDA ⁱⁱ	12.5 – 13.7	11.5	15.4
NPAT	3.0 – 3.6	1.9	3.5
Underlying NPAT ⁱⁱ	3.5 – 4.1	2.1	4.0

Chief Executive Officer Transition

The meeting was the last for Abano's long standing chief executive, Alan Clarke, who retired at the end of the meeting. Alan's visionary leadership and his ability to attract and retain top people were acknowledged by Abano's Chairman, Trevor Janes.

"It is no exaggeration to say that without Alan there would be no Abano. He has developed an organisation culture where employees are passionate about their business and focused on delivering results. He has also attracted and retained top people, which is among the greatest compliments you can pay a company leader, and we are delighted that both our incoming CEO and our recently announced incoming CFO are both internal candidates."

Shareholders passed all resolutions at the 2015 Abano Annual Meeting:

Resolution	For	Against	Abstain
Election of Mr Murray Boyte	7,073,790	1,007,938	8,342
Re-election of Ms Pip Dunphy	6,262,254	1,813,900	13,916
Re-election of Mr Ted van Arkel	6,248,233	819,924	1,021,913
Authorise Directors' to fix the auditor's remuneration	8,079,715	1,428	8,927

ENDS

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

ⁱ Gross revenue is reported within the segment note in the Financial Statements and includes audiology revenues and 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 excludes 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.

More information on gross revenue and underlying earnings, which are non-GAAP financial measures and are not prepared in accordance with NZ IFRS, is available on the Abano website at www.abano.co.nz/underlyingearnings.