

ABANO INTERIM RESULTS IN TOP HALF OF GUIDANCE

For the six months to 30 November 2015

- Abano 2016 interim results in top half of guidance
- Excluding divested businesses, NPAT and underlying NPAT were a strong improvement on the previous half year
- Growth in existing businesses offsetting loss of earnings from businesses divested in FY15

Abano Healthcare Group Limited (NZX:ABA) has delivered a half year result in the top half of its guidance as it continues to drive growth in its dental, audiology and radiology businesses.

For the six months ended 30 November 2015, Abano reported revenues of \$108.0 million, EBITDA of \$12.8 million and a Net Profit After Tax (NPAT) of \$3.4 million. The results are based on unaudited management accounts.

Gross revenuesⁱ were \$151.8 million, with underlying EBITDAⁱⁱ of \$13.2 million and underlying NPATⁱⁱ of \$3.9 million.

The result reflects the sale of Abano's pathology and orthotics interests in the second half of FY15. Despite the loss of earnings from these two businesses, Underlying NPAT was in line with the corresponding period, and on a like for like basis, excluding these businesses, Underlying NPAT was up 86% on the previous first half year.

Revenue growth was mainly from the expanding dental business, with a continuing improvement from Abano's joint venture audiology business and a stable performance from the radiology business.

The Directors have confirmed an interim dividend payment of 10 cents per share. This equates to 54% of Underlying Net Profit After Tax.

\$millions	HY16	HY15 excluding divested businesses	HY15
Gross Revenue	151.8	132.7	153.2
Revenue	108.0	94.4	114.9
EBITDA	12.8	11.0	14.9
Underlying EBITDA	13.2	11.5	15.4
NPAT	3.4	1.9	3.5
Underlying NPAT	3.9	2.1	4.0

MANAGEMENT COMMENT

Chief executive officer, Richard Keys

The 2016 interim results reflect the ongoing growth of our dental networks and improvements in audiology and radiology.

We are well on our way to building one of the largest dental organisations in the region, with two well-resourced and growing dental networks, totalling 181 dental practices and generating in excess of \$245 million in gross annualised revenues. In the first half of the year, we acquired nine dental practices which are expected to provide approximately \$15 million in additional annualised gross revenue.

We are continuing to build the profile and reputation of our dental brands, Lumino the Dentists in New Zealand and the newly branded Maven Dental Group in Australia which we have commenced rolling out across our practices. We also held several dental conferences in the first half year, which provide our staff with the opportunity to upskill, share knowledge and meet others from across the network.

Lumino the Dentists is New Zealand's largest dental network and it continues to perform well, with same store growth for the six month period at 2%. However, we are facing more challenging economic conditions in Australia, particularly in Queensland where 41% of our practices are based. These Queensland practices are offsetting the positive same store growth we are achieving with our practices in all the other States, with an overall drop in same store sales for Maven Dental Group of 3% for the six month period.

The audiology and radiology businesses also offer potential, although in much smaller markets.

The Australian audiology joint venture is reporting good growth and we continued our investment into expanding the Bay Audio network, with five new greenfield stores opened in the six month period. These add incremental profit to the business with no additional support infrastructure cost. In line with our retail strategy, these stores are located in high traffic retail environments, making it easier for customers to find help and support for hearing difficulties. With the improvements over the last four years, our same store growth is now plateauing and was 5% in the six month period.

We are moving towards a closer consolidation between our respective businesses within each sector to share resources, knowledge and expertise. We have recently established a new leadership structure in our dental sector, with both dental businesses to be headed by Andy Tapper as CEO (currently CEO Lumino) and Malcolm Lean as CFO (currently CEO Maven Dental Group). This leadership structure reflects the significant size of our dental group, presents the opportunity to undertake initiatives across both businesses and allows us to take advantage of scale benefits in areas such as training, development and procurement.

We have also put the Asia audiology network under the oversight of our experienced Australian management team and are implementing more of the proven Australian systems and processes into this business.

Outlook

We believe our businesses offer significant and attractive investment opportunities for us.

We are well positioned to continue growing our businesses, particularly in the dental sector where our goal is to achieve a 10% share of the \$11 billion trans-Tasman dental market.

Our focus continues to be on expansion through dental practice acquisitions and the opening of greenfield audiology stores as well as realising existing opportunities for organic growth within each of our businesses.

HY16 KEY EVENTS

- Acquisition of nine dental practices providing estimated additional gross revenues of approximately \$15 million
- Opening of five new greenfield audiology stores in Australia, with a further two stores moved from non-retail into retail locations
- Announced new Australian dental brand – Maven Dental Group – and activated initial rollout to selected practices
- Richard Keys succeeded Alan Clarke as CEO, with Abano's Group Commercial Manager, Rachel Walsh, appointed as CFO
- Trevor Janes re-elected chairman of the Board, and Pip Dunphy elected deputy chairman following Susan Paterson's retirement from the Board after 10 years of service

KEY DATES

Record date for interim dividend	11 January 2016
Confirmation of issue price of shares under DRP. Shares will be issued at a 2.5% discount on closing price	18 January 2016
Payment date of interim dividend/Issue of shares under DRP	22 January 2016
Release of interim report	February 2016

ENDS

Released on behalf of Abano Healthcare Group Limited by Jackie Ellis tel +64 9 360 8500 or email jackie@ellisandco.co.nz

For more information, visit www.abanohealthcare.co.nz or please call:

Richard Keys
Chief Executive Officer
Tel: +64 9 300 1413 Mob: +64 274 818368

Rachel Walsh
Chief Financial Officer
Tel: +64 9 09 300 1671 Mob: +64 21 443615

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.