

ASX ANNOUNCEMENT

5 October 2017

Three Queensland Acquisitions

1300SMILES Ltd announces that it has entered into conditional contracts to acquire three well-established, multi-dentist, practices in Queensland. Settlement is expected to occur by mid October 2017, subject to final conditions including satisfactory due diligence.

The new acquisitions are located in key Queensland regional locations and will complement existing 1300SMILES practices in Gladstone and Caloundra on the Sunshine Coast.

1300SMILES Managing Director, Dr Daryl Holmes, said “This trifecta of strategic additions to our Queensland footprint demonstrates our commitment to growing our business and to providing more accessible, available and affordable quality dental healthcare services to regional Australians. The acquisitions build on our already solid foundation of regional and south-east Queensland operations.”

Financially, the acquired practices produce combined revenue of approximately \$4 million per annum with profit margins which meet our demanding requirements and which are expected to make an immediate positive contribution to Net Profit, EBIT/DA, and Earnings Per Share.

The acquisitions follow closely the exciting Sydney based orthodontic acquisitions which 1300SMILES completed recently at the end of financial year 2017.

Further details of the acquisitions will be released to the market once the agreements become unconditional.

This announcement and further information about 1300SMILES Ltd can be found on the company's web-site www.1300SMILES.com.au.

Any enquires should be directed to Dr Daryl Holmes at 1300SMILES Ltd on 0418 451 220 or md@1300smiles.com.au

By order of the Board
Gina Bozinovski
Company Secretary

ABOUT 1300SMILES LTD

OVERVIEW OF THE COMPANY'S BUSINESS

1300SMILES Ltd owns and operates full-service dental facilities at its sites in New South Wales, South Australia, and in the ten major population centres in Queensland. The company continually seeks to expand its presence into other geographical areas throughout Australia. It does so both by establishing its own new operations and by acquiring existing dental practices. The administrative and corporate offices are in Townsville.

1300SMILES enables the delivery of services to patients by providing the use of dental surgeries, practice management and other services to self employed dentists who carry on their own dental practices. The services provided by the company allow the dentists to focus on the delivery of dental services rather than on the administrative aspects of carrying on their businesses. The dentists pay fees to the company for the provision of these services under a Dental Service Agreement with the company. In some circumstances the company also employs qualified dentists.

The dentists who use the company's services range from new graduates to experienced dental professionals. Several dentists who use the company's services have special interests and experience in such areas as endodontics, oral surgery, implants and periodontics and cross-refer work to other dentists who use the company's services.

The company provides comprehensive services in the areas of marketing, administration, billing and collections, and facilities certification and licensing to all participating dentists. The company also provides all support staff, equipment and facilities, and sources all consumable goods using the buying power which derives from such a large group of dental businesses.

FUTURE DEVELOPMENTS

The company's core objective is to continue to increase profits and shareholder returns while providing a rewarding environment for our staff and the dentists using our facilities.

The company aims to achieve a combination of organic growth in its existing locations and the addition of new practice management facilities.

The key drivers for future growth of the company are:

- Increasing profits by attracting more dentists to our existing facilities and expanding those facilities which are already at full capacity;
- Assisting dentists who already practice within the 1300SMILES system to increase their turnover and income through benchmarking, training, and mentoring;
- Establishing new practices in existing and new regions (greenfield sites);
- Acquiring substantial existing practices where we can do so on favourable terms; and
- Managing dental facilities owned by others.

DENTIST ENQUIRIES

Owners of dental practices who are interested in unlocking the goodwill value of their businesses (or freeing themselves from all the management hassles) are invited to contact Dr. Daryl Holmes, Managing Director, on +61 (7) 4720 1300 or md@1300SMILES.com.au.

Qualified dentists who wish to know more about joining one of our established facilities are encouraged to contact Dr. Holmes directly or email dentalcareers@1300smiles.com.au or visit our website www.1300smiles.com.au/careers.