

1300 **S**₇ **M**₆ **I**₄ **L**₅ **E**₃ **S**₇
DENTISTS

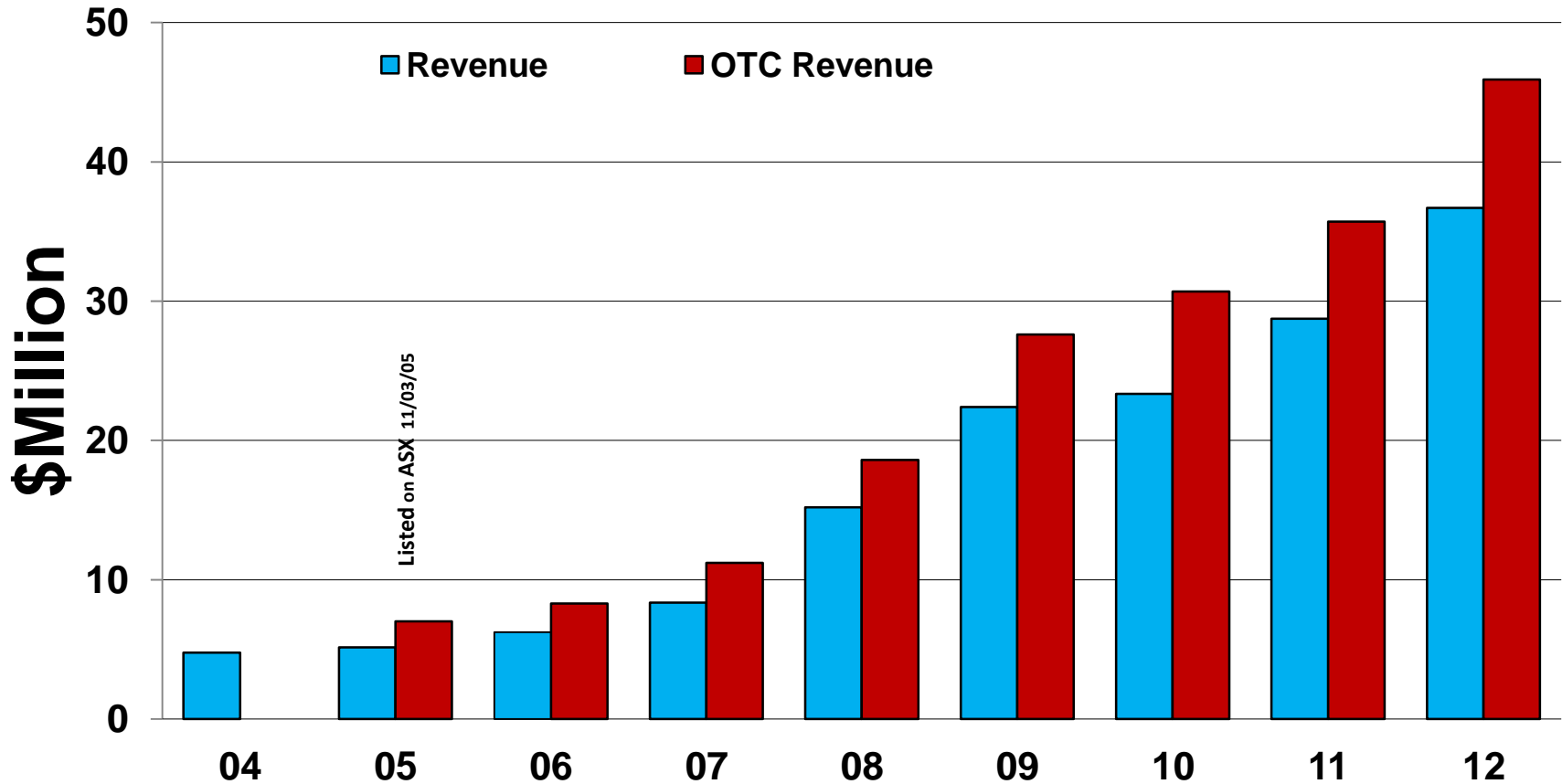
FY'12 Results and Our Road Ahead

Aug/Sep 2012

Financial Snapshot FY'12

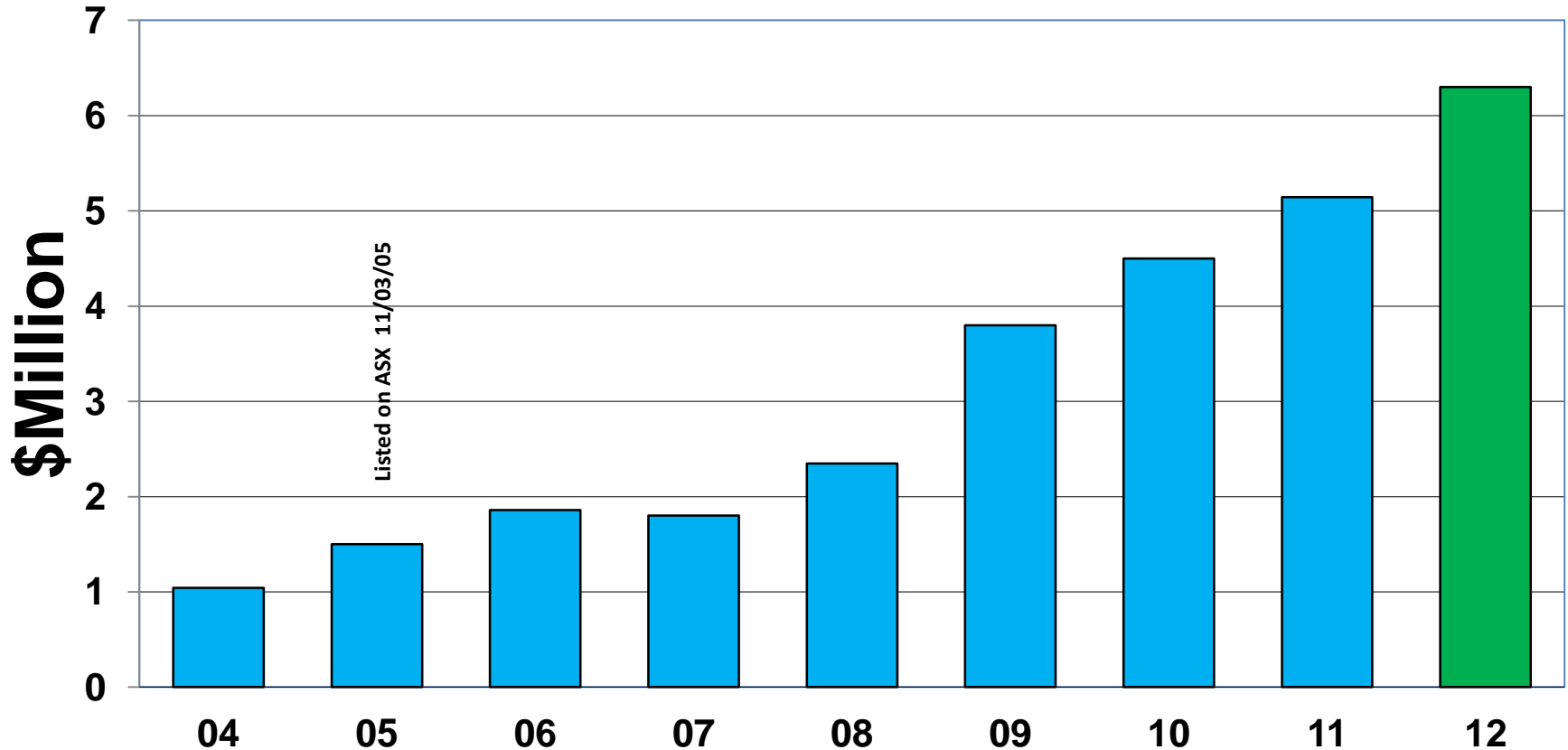
- Revenue up 28% (FY11 22%) to \$36.6M
- NPAT up 20% (FY11 19%) to \$6.2M
- NPBT up 23% (FY11 15%) to \$8.7M
- EBITDA up 22% (FY11 21%) to \$10.9M
- EPS up 10.1% (FY11 15%) to 26.6cps
- FY (f/f) dividend up 15% (FY11 13%) to 17.8cps
- Retained Profits up 30% (FY11 32.6%) to \$10.7M

Revenue



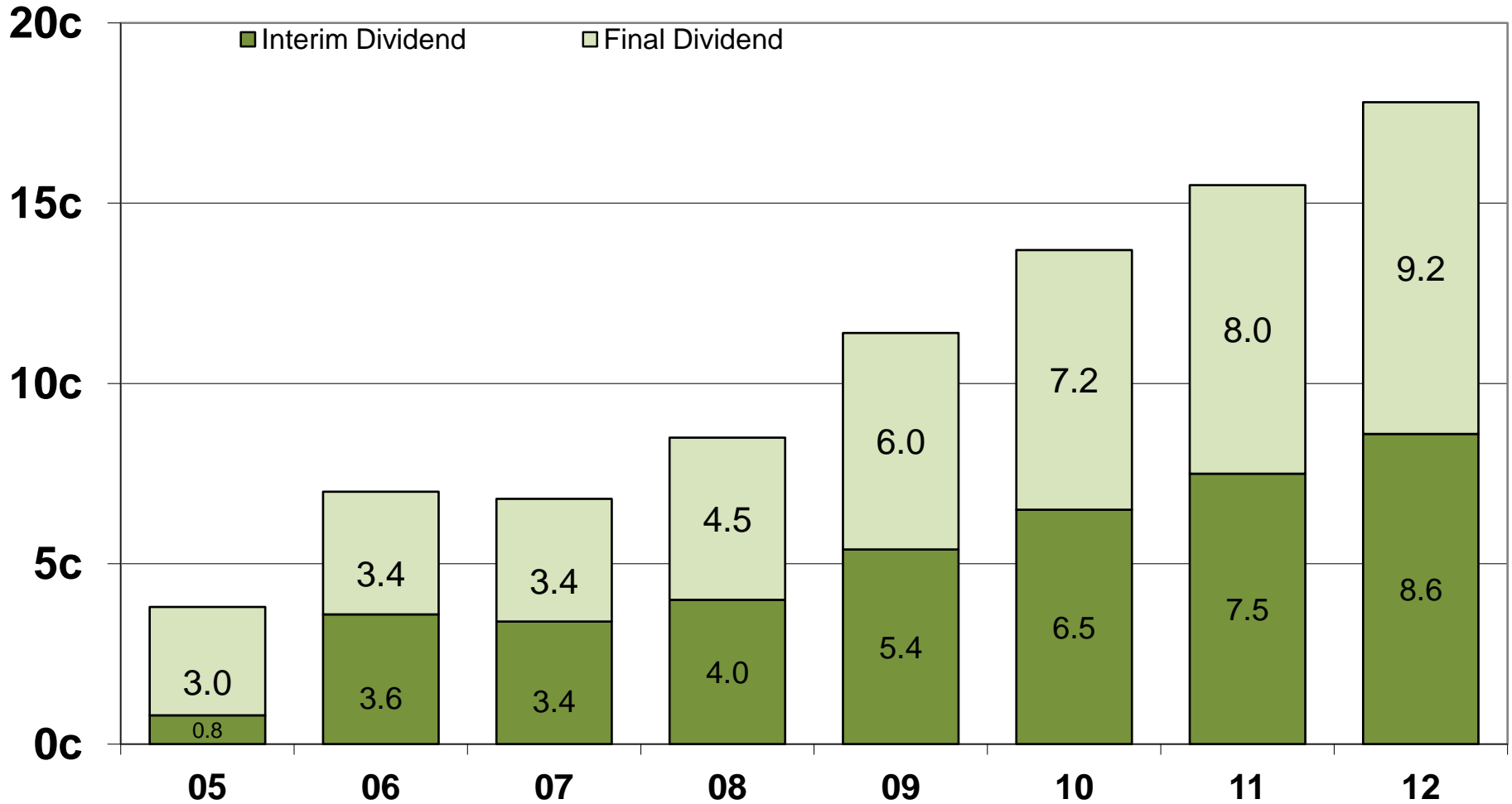
- Stat. Revenue UP 28% - solid growth in challenging economic times
- OTC Revenue FY'12 = UP 29% to \$46m (FY'11 \$36m)
- OTC Revenue FY'12 = UP 50% on FY'10 (\$31M)
- Compound Annual Growth Revenue Rate (CAGR) of 82.5% since listing
- Mix of self employed vs employed Dentist varies year to year
- Dentistry = **Robust, Defensive, Sustainable and Preventative**

NPAT



- UP 20% to \$6.2m – FY'11 was UP 15% (= \$5.1m) - in challenging times
- Compound Annual Growth NPAT Rate (CAGR) of 42.5% since listing
- Focus on Revenue **growth**, **controlling** costs and **growing** PROFIT

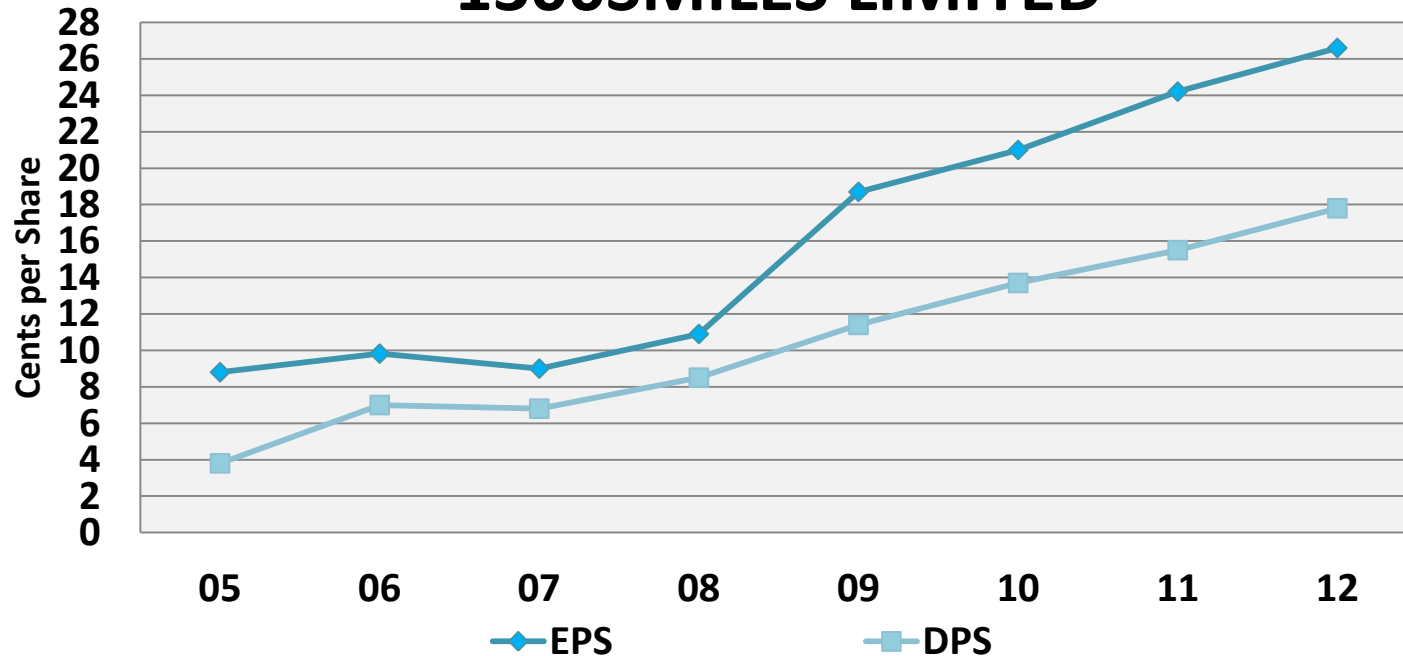
Franked dividends



- Full Year Div. FY'12 UP 15% pcp & 68% of NPAT
- Pay-out ratio 50 – 70% range generally

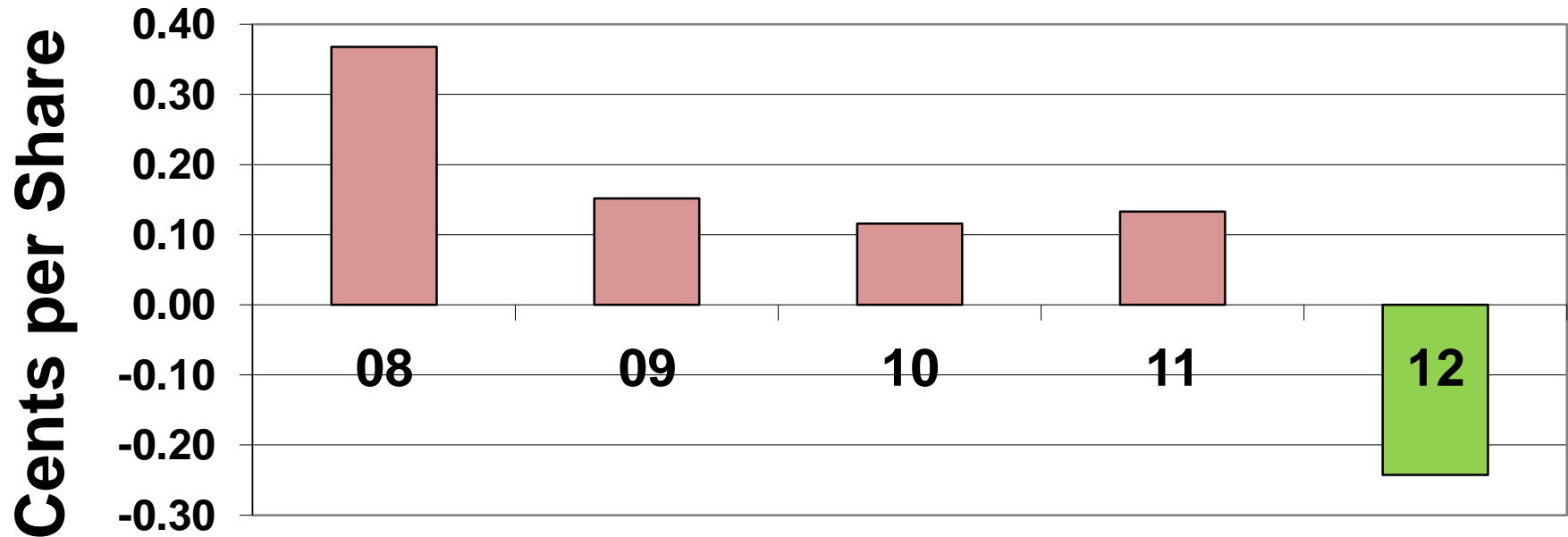
1300SMILES Ltd.	2005	2006	2007	2008	2009	2010	2011	2012
Earnings per share (EPS)	8.8	9.82	9	10.9	18.7	21	24.2	26.6
Dividends per share (DPS)	3.8	7	6.8	8.5	11.4	13.7	15.5	17.8

1300SMILES LIMITED



- EPS a KEY focus – Grow Profit, Control number of shares issued
- Align interests of Managing Director and Management with shareholders
- EPS GROWTH – **not** profitless prosperity via Rev Growth ONLY
- Capital Raising – 2.4m new shares – “before we needed it” – now using it

Net Total Borrowings



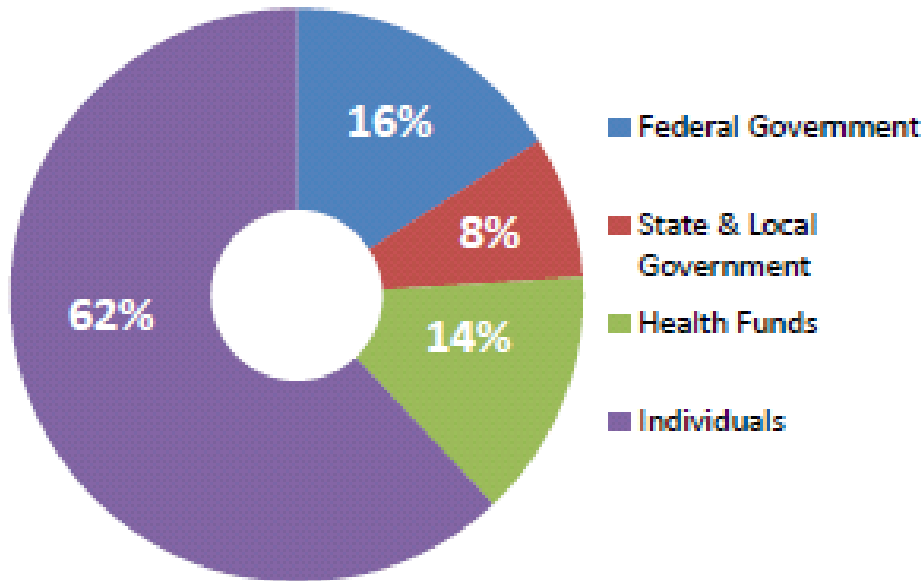
- Very modest and conservative – plenty of upside scope and opportunity
- Low gearing and debt in current and recent years – A VERY GOOD THING !!
- Current \$7.5m debt facility approved to > double + options and alternatives
- Current Term Deposit investment rates earning more than CBA bill facility cost, positive 0.3%
- Maintaining Debt facility >> cost effective and timely than paying out + readiness to act

Australian Dental Industry Overview

- +/- 11,000 Registered Dentists in Australia - *practising number = ?*
- 60 – 70% still in Solo / Duo Practices
- More than 70% of the Australian Population don't visit a Dentist annually
- Number of Dental Schools has **doubled** in past 5 years
- >900 grads pa (cf 4-500 currently) within 2-3 years + O/seas Dent's (>200pa)
- Federal Government \$4.1B package (wef 2H'14-18) – *see next page*

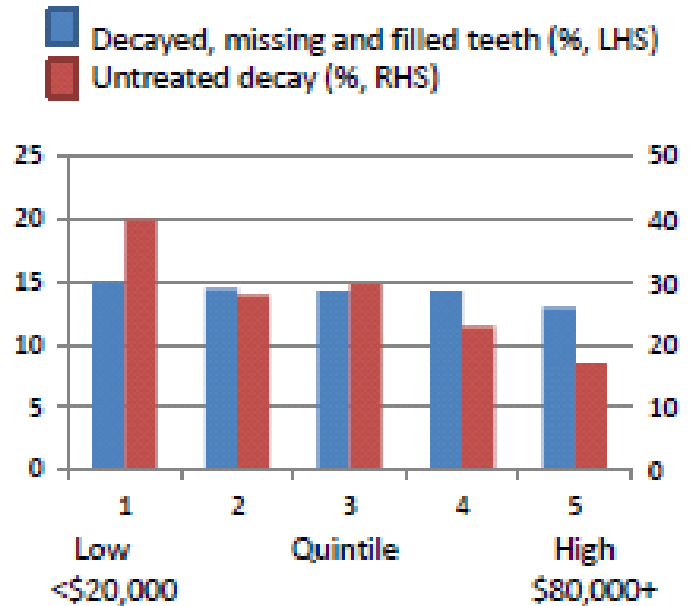
Federal Government Dental Reform Package

Dental spending by source (%)



Source: National Advisory Council on Dental Health

Household income and incidence of teeth problems among Australian adults



- Individuals mostly (62%) pay for their dental work = VIP
- Governments - State and Federal - only 24%
- New Government Package – unknown effect and only starts after next election (*if still in?*)
- Enormous acquisition and aggregation opportunities pending 2H'13 and onwards

Vision

1300SMILES to be the leading Australian dental brand

- Expand dental practices located across all capital cities and selected regional areas
- Provide exceptional returns to shareholders
- Be a truly great place to work and practice
- Provide clinical excellence, superlative care and extraordinary service
- Be renowned for actively discharging our social responsibilities eg YWAM Medical/Dental Ship etc

Key Drivers for Growth

- **Increasing profits** by attracting **more dentists** to our existing facilities and **expanding** those facilities which are already at full capacity;
- **Assisting** ONT dentists to **increase their turnover** and personal income through mentoring, benchmarking and training;
- 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.
- 3 (Triple) A's – Availability, Accessibility, Affordability

Our Corporate Responsibility



1300SMILES is a major supporter of the YWAM Medical Ship. This ship provides the people living in remote areas of PNG with the chance to live.

www.ywamships.org.au

Humanitarian Aid

Giving back - \$\$\$

- Dentists / Staff
- TIME
- Logistics / Equipment / materials

Training and empowering locals in PNG



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DENTISTS

APPENDICES

- Thank You
- QUESTIONS?

IBIS Dental Report (Dec 2011)

Industry at a Glance

Dental Services in 2011-12

Key Statistics
Snapshot

Revenue
\$5.5bn

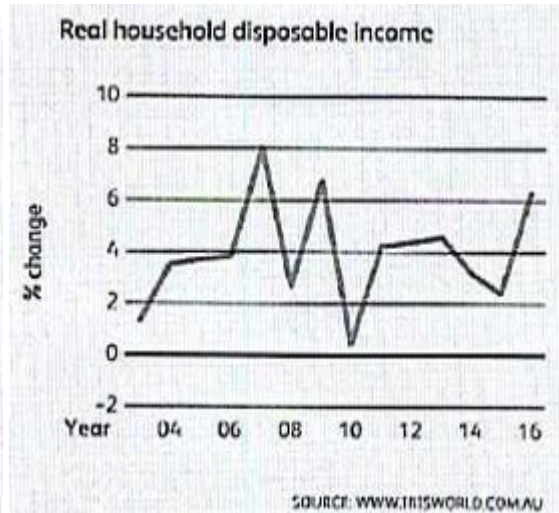
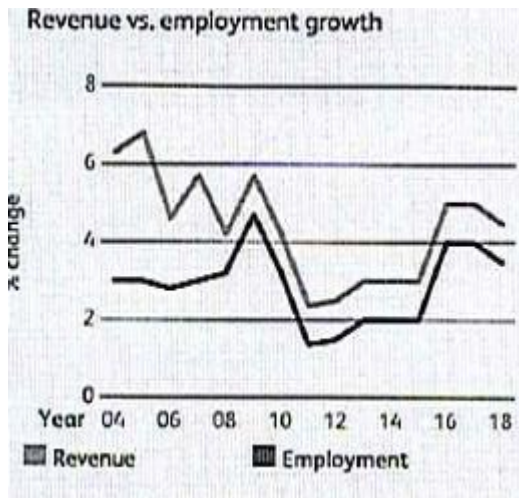
Annual Growth 07-12
3.8%

Annual Growth 12-17
3.8%

Profit
\$1.5bn

Wages
\$1.8bn

Businesses
6,588



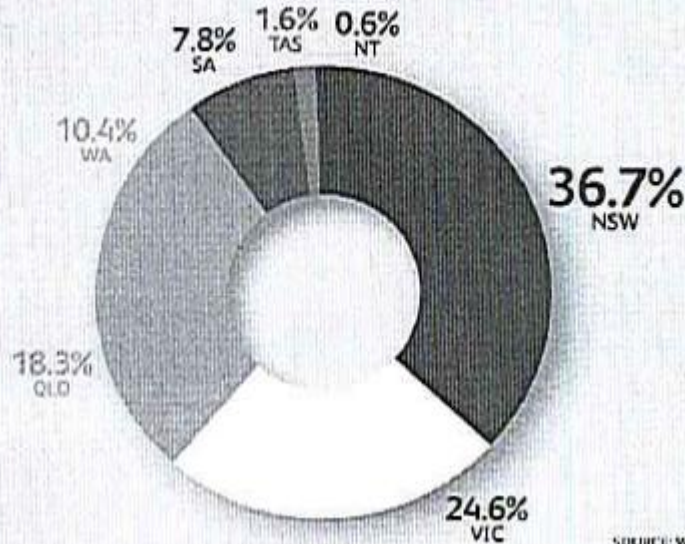
Market Share

There are no major players in this industry

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DENTISTS

IBIS Dental Report (Cont'd)

Business locations



SOURCE: WWW.IBISWORLD.COM.AU

Key External Drivers

Real Disposable income

Demand for health insurance

State funding of dental Services

Population aged 50 or older

Industry Structure

Life Cycle Stage	Growth	Regulation Level	Heavy
Revenue Volatility	Low	Technology Change	Medium
Capital Intensity	Low	Barriers to Entry	Medium
Industry Assistance	High	Industry Globalisation	Low
Concentration Level	Low	Competition Level	Medium