

## ASX ANNOUNCEMENT

10 December 2019

### 1300SMILES acquires two QLD practices

1300SMILES Limited is pleased to advise that it has entered into an agreement to acquire two regional practices in Gatton and Laidley from Totally Smiles Pty Ltd, a wholly owned subsidiary of Smiles Inclusive Limited (ASX:SIL), expanding its footprint in South-East Queensland and the Lockyer Valley.

Gatton is the administrative centre of the Lockyer Valley, located approximately 94km west of Brisbane's CBD and 42km from Toowoomba's Wellcamp Airport, and is host to the University of Queensland's Gatton Agricultural College Campus. Laidley is a regional town located 88km from Brisbane on the outskirts of the Lockyer Valley region. The Lockyer Valley is one of the Top Ten most fertile farming areas in the world and is often referred to as "Australia's salad bowl", representing approximately 14% of the Queensland agricultural economy.

The larger, well-established Gatton practice and smaller branch practice at Laidley, are conveniently located within 18km of each other and complement the company's network in the greater area, including its established Toowoomba practice and the recently acquired large Springfield Lakes practice, which are both performing well. The practices provide a full range of dental services to the local communities with a combined team of five dentists and further support staff.

1300SMILES Managing Director, Dr. Daryl Holmes OBE commented, "This is an exciting acquisition of two new practices with promising growth potential. The acquisitions are geographically strategic for 1300SMILES, as it continues to expand its network in South-East Queensland. We look forward to welcoming the team of dentists and support staff to 1300SMILES following completion."

The acquisitions are on customary commercial terms and market standard completion conditions precedent, including 1300SMILES due diligence and seller financier consent. Completion is expected to occur by 20 December 2019. No security holder approvals are required for this transaction. The transaction is part of the Company's ordinary acquisition program and accordingly there will be no changes to the 1300SMILES Board or Senior Management. It will be funded from a combination of cash reserves and existing debt facilities and is not expected to have a material impact on FY20 earnings.

This market announcement has been authorised for release to ASX by Dr. Daryl Holmes OBE, Managing Director. This announcement and further information about 1300SMILES Limited can be found on the company's website at [www.1300SMILES.com.au](http://www.1300SMILES.com.au).

For further information, please contact:

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## **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 OBE, Managing Director, on +61 (7) 4720 1300 or [md@1300SMILES.com.au](mailto: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](mailto:dentalcareers@1300smiles.com.au) or visit our website [www.1300smiles.com.au/careers](http://www.1300smiles.com.au/careers).