

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

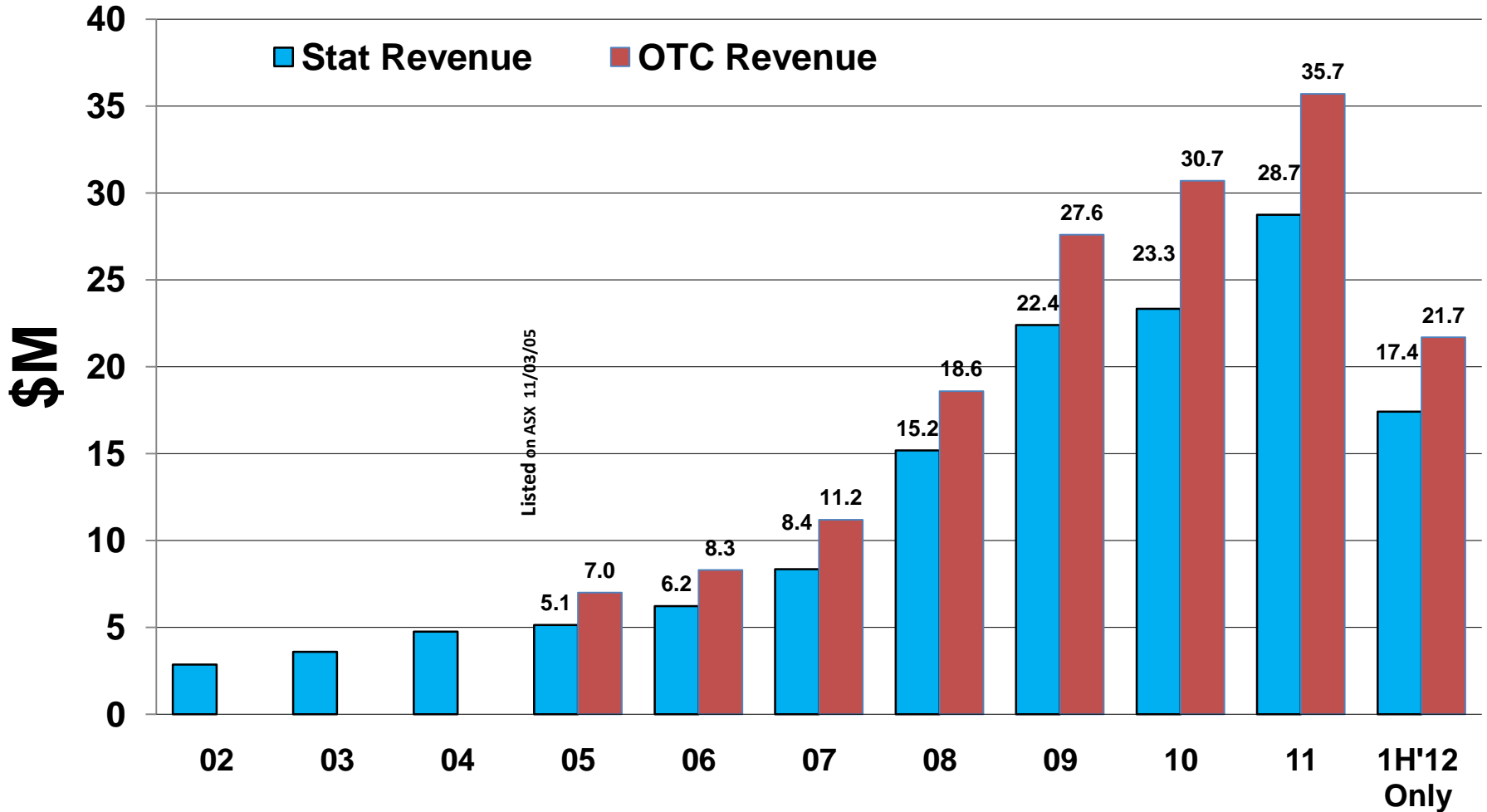
1H'12 Results and Our Road Ahead

March 2012

1300SMILES Ltd Financial Snapshot 1H'12

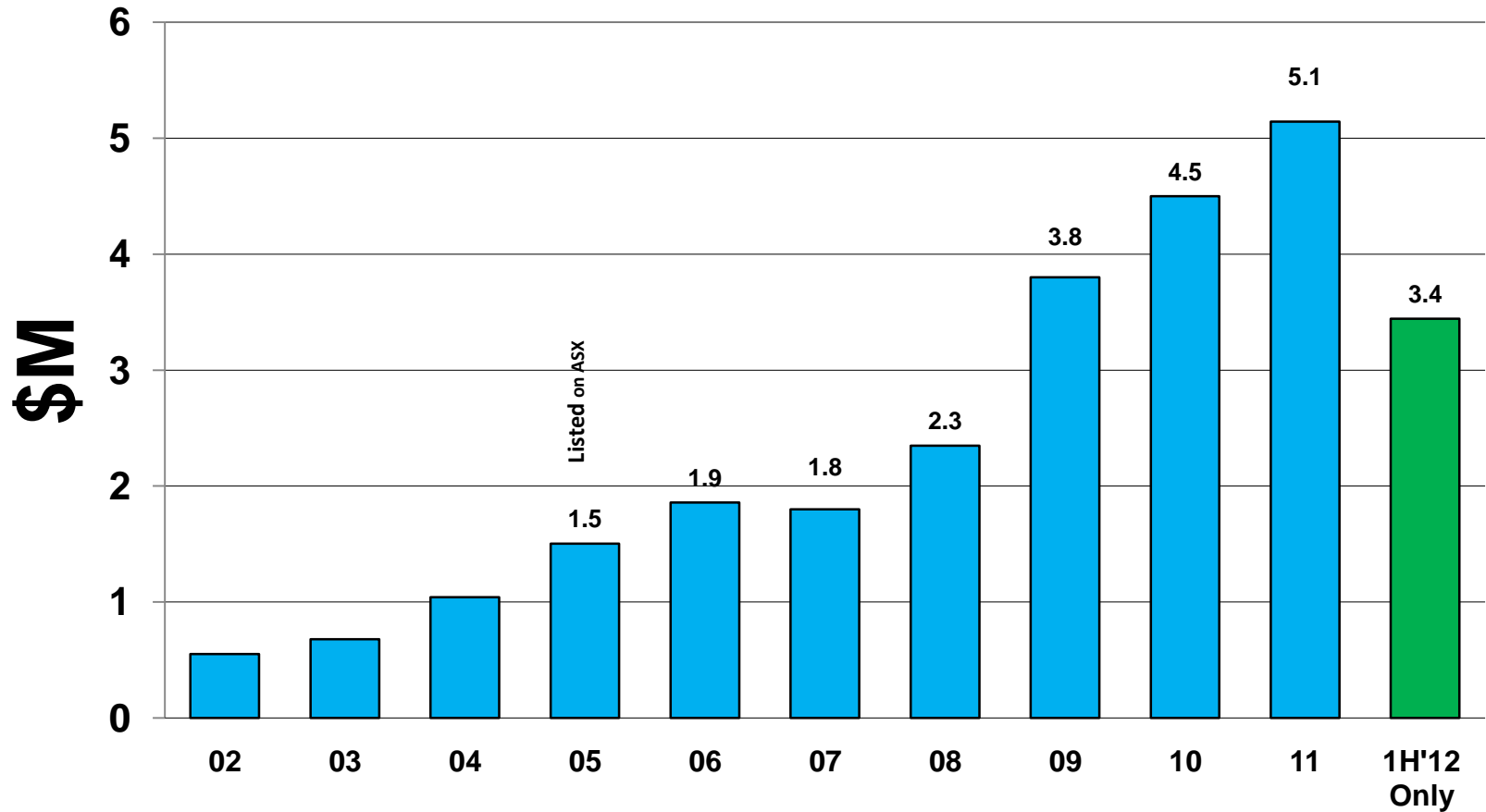
- Revenue up 20% (FY11 22%) to \$17.4M (FY11 \$28.5M)
- NPAT up 27% (FY11 19%) to \$3.4M (FY11 \$5.1M)
- NPBT up 31% (FY11 15%) to \$4.7M (FY11 \$7.1M)
- EBITDA up 28% (FY11 21%) to \$5.7M (FY11 \$8.9M)
- EPS up 14.3% (FY11 15%) to 14.4cps (FY11 24.2 cps)
- Interim (f/f) dividend up 15% (FY11 13%) to 8.6cps (FY11 15.5cps)
- Retained Profits up 35.1% (FY11 32.6%) to \$9.9M (FY11 \$8.2M)

Revenue



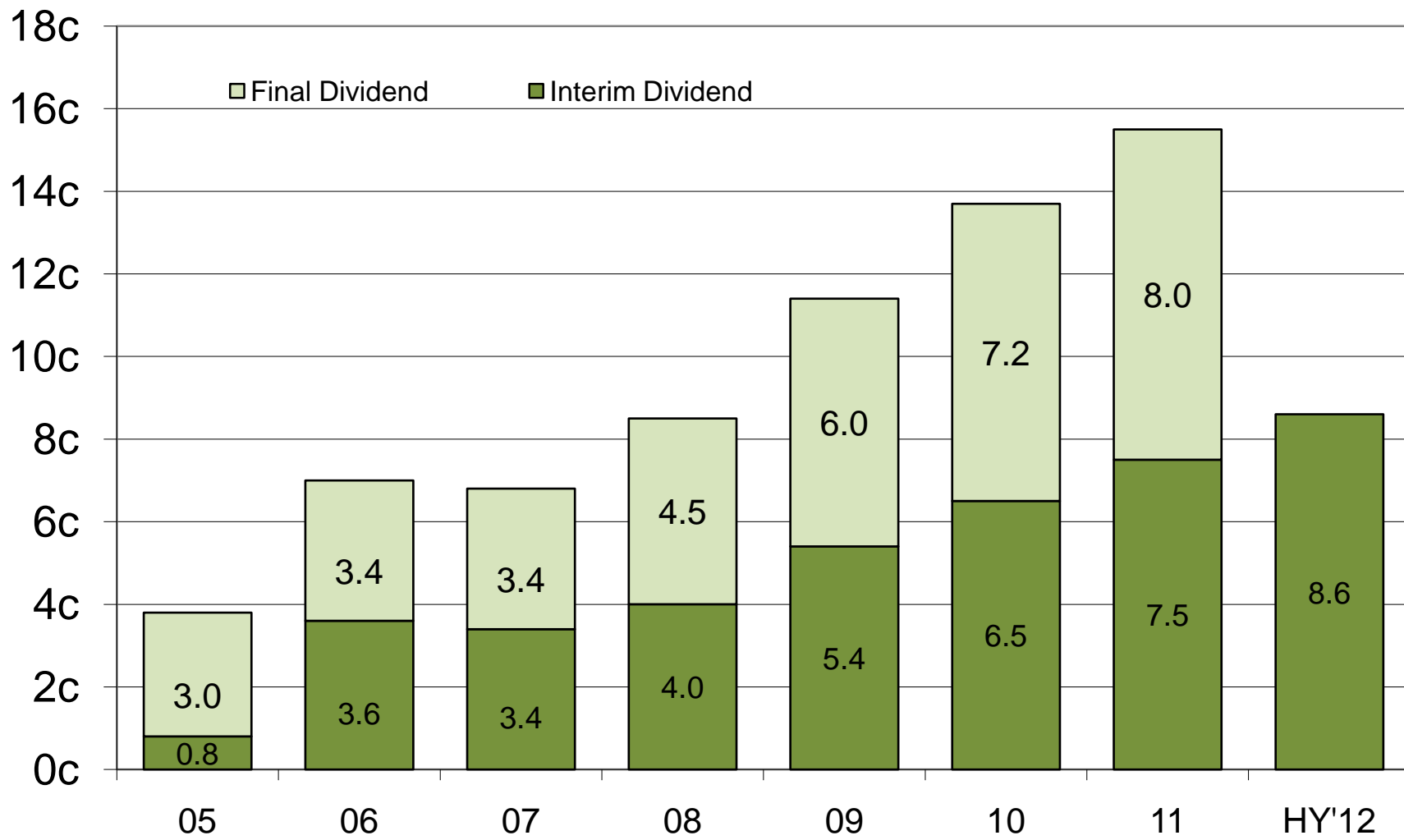
- UP 20% - Solid Growth in challenging economic times
- OTC Revenue HY'12 = 61% of FY'11 total Revenue (ie \$21.7m/\$35.7m)
- OTC Revenue 1H'12 = UP 17% on total FY'08 & = 79% of FY'09 total
- Mix of self employed vs employed Dentist varies year to year
- Dentistry = ROBUST, DEFENSIVE, SUSTAINABLE + PREVENTATIVE

NPAT



- UP 27% to \$3.4m – LY was UP 19% (= \$2.7m)- in challenging times – optimism = KEY !!
- Focus on Revenue growth, controlling costs and growing PROFIT
- ↑ Revenue → Exponential ↑ Profit

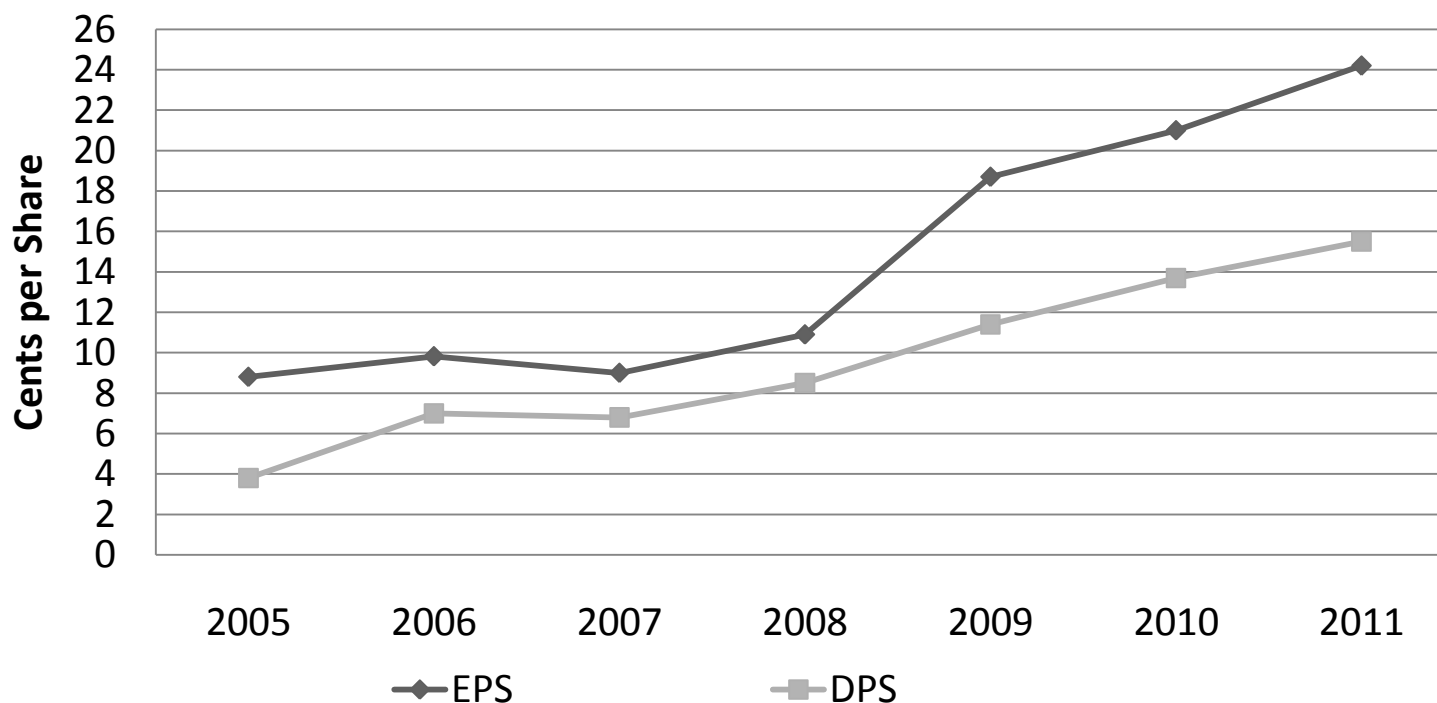
Franked dividends



- Grossed up Dividends now much greater than IPO 80cents paid
- Interim Div. 1H'12 UP 15% pcp & 60% of NPAT
- Pay-out ratio 50 – 70% range generally

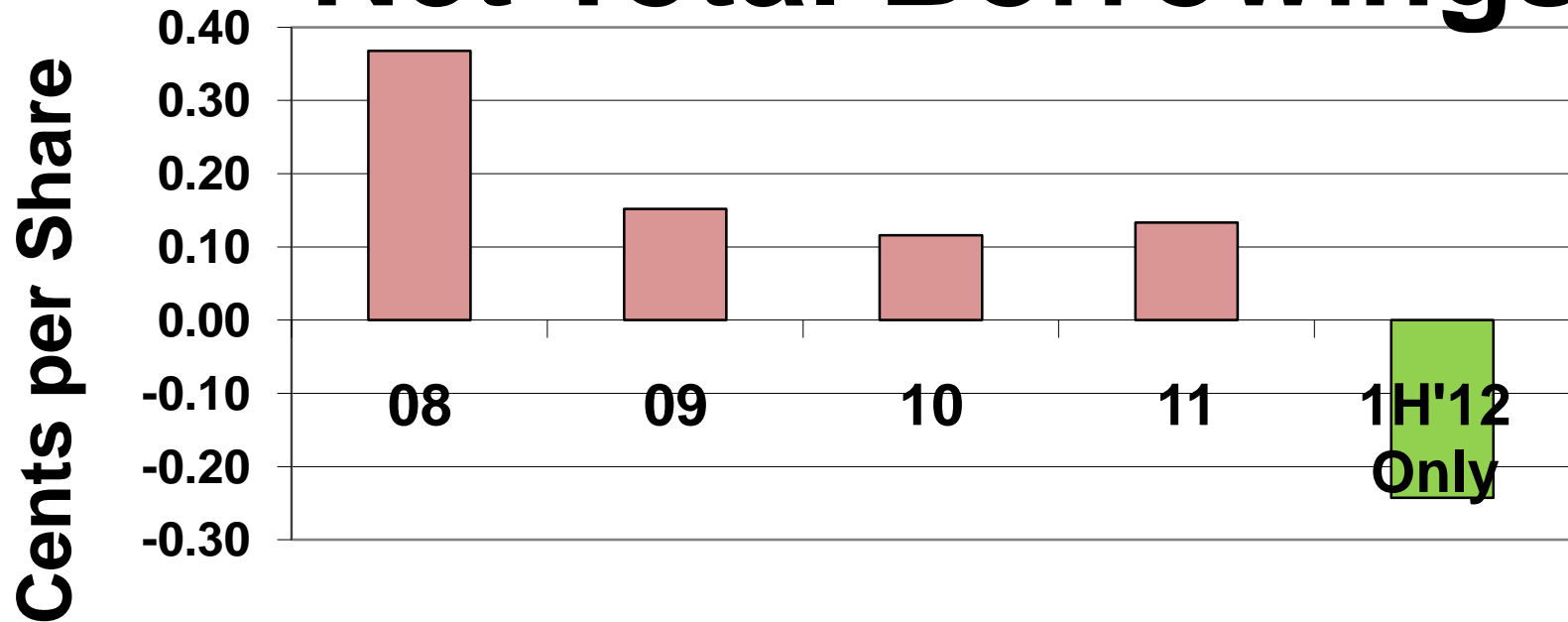
1300SMILES Ltd.	2005	2006	2007	2008	2009	2010	2011
Earnings per share (EPS)	8.8	9.82	9	10.9	18.7	21	24.2
Dividends per share (DPS)	3.8	7	6.8	8.5	11.4	13.7	15.5

1300SMILES LIMITED



- EPS a KEY focus – Growth 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 need it” – now using it

Net Total Borrowings



- Very modest and conservative – plenty of upside scope & opportunity
- Low gearing and debt in current and recent years – A VERY GOOD THING !!
- Current \$7.5m debt facility approved to > double + options & alternatives
- +/- arbitrage with int.rates – between Int. paid & FTD yields = \$0 cost to maintain =ready !
- Maintaining Debt facility >> cost effective & timely than paying out + readiness to act

Australian Dental Industry Overview

- +/- 10,000 DENTISTS in Australia
- 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 3-4 years + O/seas Dent's
- ENORMOUS potential to fully man and operate 1300SMILES current
40 – 50% EXCESS Surgery capacity (as planned) + build/acquire MORE

IBIS Dental Report (Dec 2011)

Industry at a Glance

Dental Services in 2011-12

Key Statistics
Snapshot

Revenue
\$5.5bn

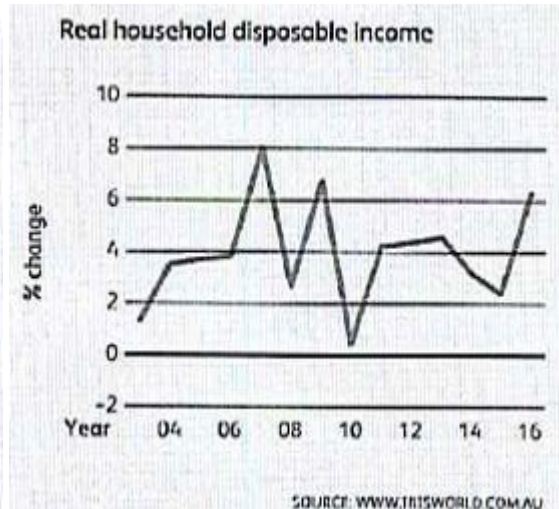
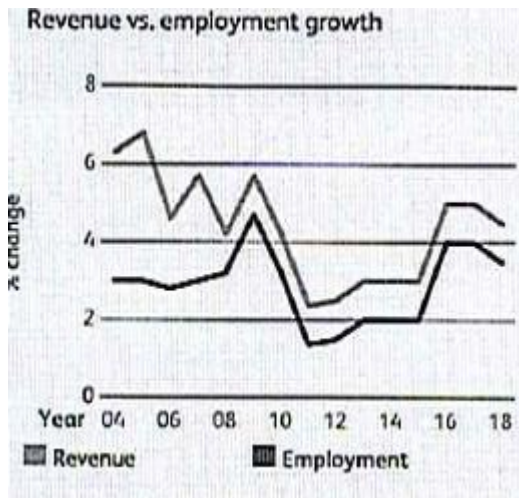
Profit
\$1.5bn

Annual Growth 07-12
3.8%

Wages
\$1.8bn

Annual Growth 12-17
3.8%

Businesses
6,588



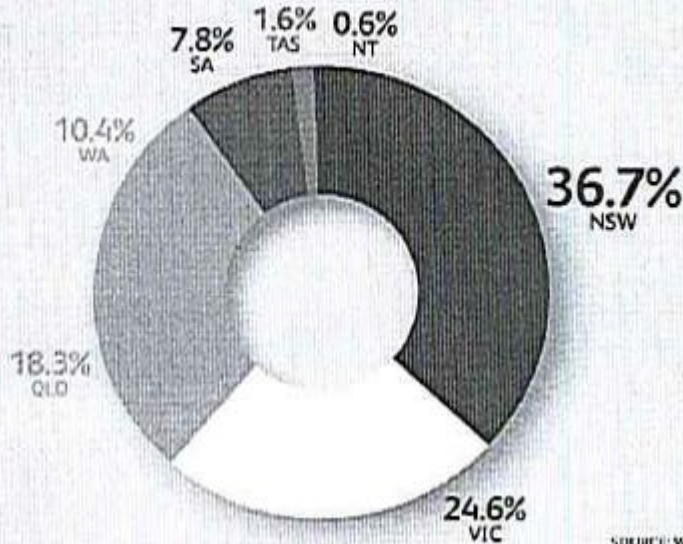
Market Share

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

Vision

1300SMILES to be the leading Australian dental brand

- Significant expansion of 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

Humanitarian Aid

Giving back - \$\$\$

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

Training and empowering locals in PNG



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



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APPENDICES

- Thank You
- ANY QUESTIONS?