

1300SMILES DENTISTS

Thursday, 28 November 2013

Media Release

1300SMILES Ltd – Annual General Meeting address

At today's annual general meeting, 1300SMILES Ltd Managing Director Dr. Daryl Holmes described the last year as a remarkable year, filled with enormous challenges, many positive initiatives and robust results.

Referring to the closure of the federal government's Chronic Disease Dental Scheme (CDDS) one year ago, Dr. Holmes said he was "delighted that 1300SMILES had been stress-tested as never before", which he said "confirmed the integrity of the company's business model".

Speaking at 1300SMILES Stadium, Dr. Holmes advised that the company had "gained exposure to millions of people" through the acquisition of the naming rights to the stadium. "The brand recognition gained through this initiative will help us to expand into new markets in due course," he said.

Commenting on the prestigious international award recently presented to the company jointly with Youth With A Mission--the Dr Edward B Shils Entrepreneurial Fund award for "outstanding innovation in dentistry"--Dr. Holmes said he was humbled by the recognition. "It is flattering just to be nominated, nice to be noticed on the world stage, and gratifying that the efforts of our people have been publicly recognised," he said.

Dr. Holmes said that the year would be remembered as "the year that \$1 a day dental plans were introduced to Australia, pioneered by 1300SMILES".

"In just one year, our Dental Care Plan has grown from a standing start to deliver significant revenue, comparable to the revenue of a large dental practice, or two or three smaller practices, yet without the capital cost of acquiring any additional practices, and without the hassle or expense of staffing and maintaining any practices. That's a lovely way to grow return on equity," he said.

Dr. Holmes said 1300SMILES had posted robust, positive, sustainable results despite the significant turbulence in the industry created by the CDDS closure, including growth in Net Profit After Tax, Earnings Per Share and Dividends Per Share.

Dr. Holmes congratulated and thanked the company's people for their "tenacity, commitment and innovation".

"I firmly believe that we have world class people building a world class company," he said.

ENDS

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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 the ten major population centres in Queensland and also in Adelaide, South Australia. 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.