

1300 **S** **M** **I** **L** **E** **S**
Dentists

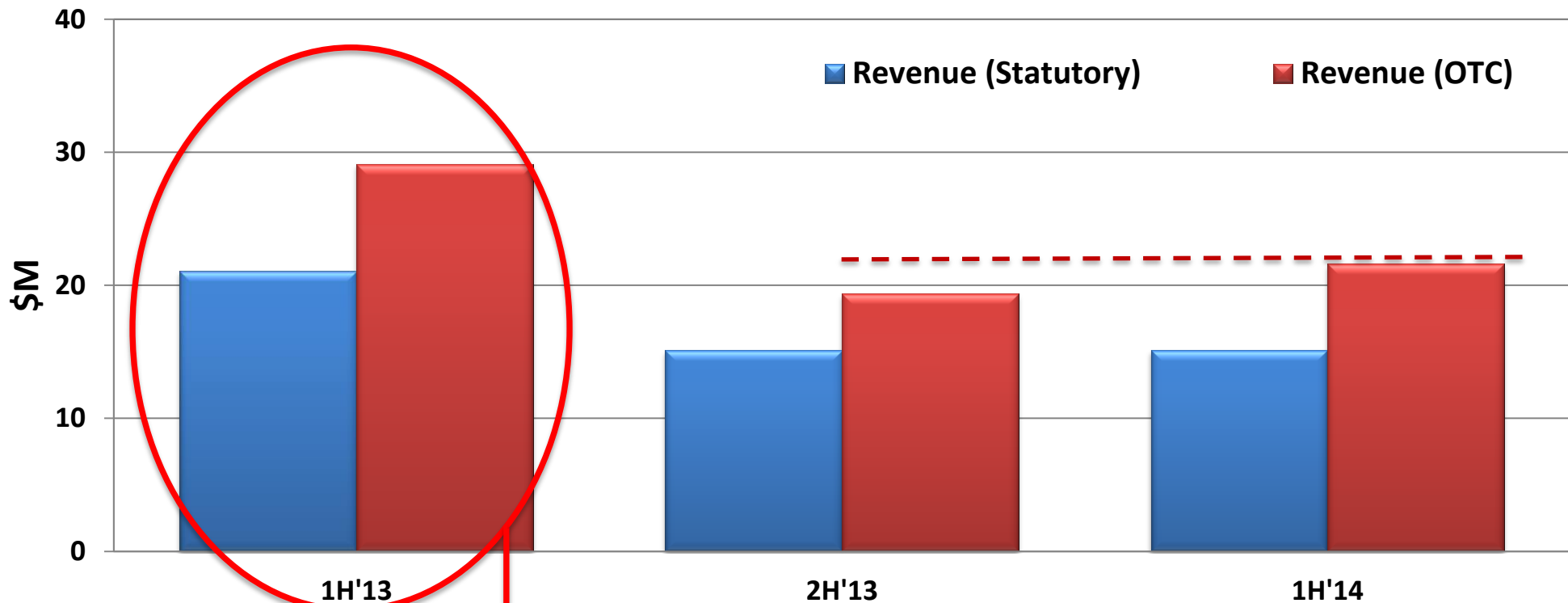
1H'14
and
Our Road Ahead

March 2014

Financial Snapshot – First Half 2014

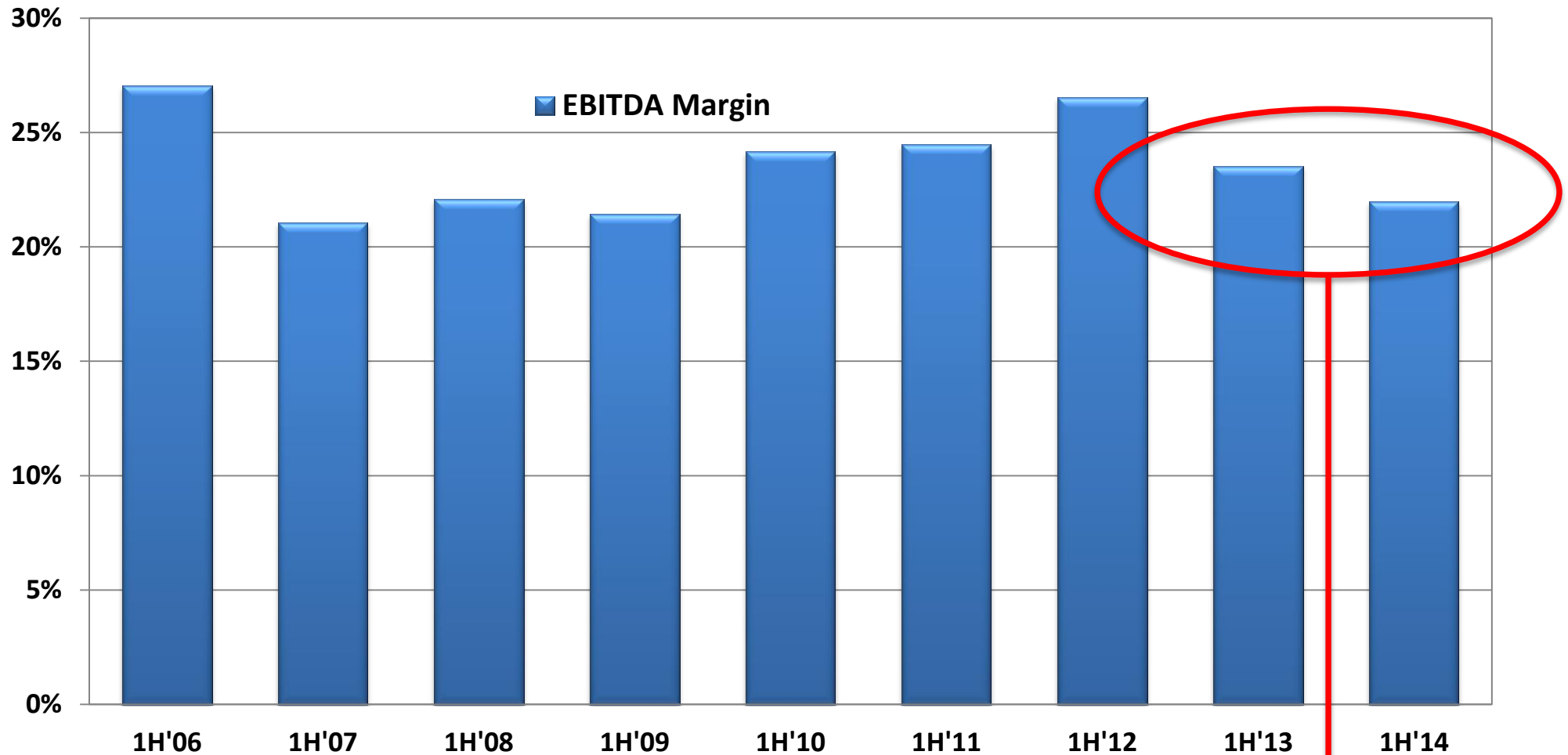
	HY14	HY13	% Change
Revenue (OTC)	\$21.3m	\$29.1m	-26.3%
Revenue (Statutory)	\$14.8m	\$21.1m	-29.6%
EBITDA	\$4.7m	\$6.9m	-31.0%
EBIT	\$3.6m	\$5.7m	-36.8%
NPBT	\$3.6m	\$5.6m	-35.7%
NPAT	\$2.5m	\$4.0m	-36.1%
EPS	10.7c	16.7c	-36.1%
DPS	6.5c	10.0c	-35.0%

1H'14: New Baseline for Growth



- CDDS anomaly
- Higher revenues in 1H'14 than 2H'13
- CAUTION: PCP comparisons are misleading
- Solid organic growth
- Results in line with expectations

Improving Operating Margins



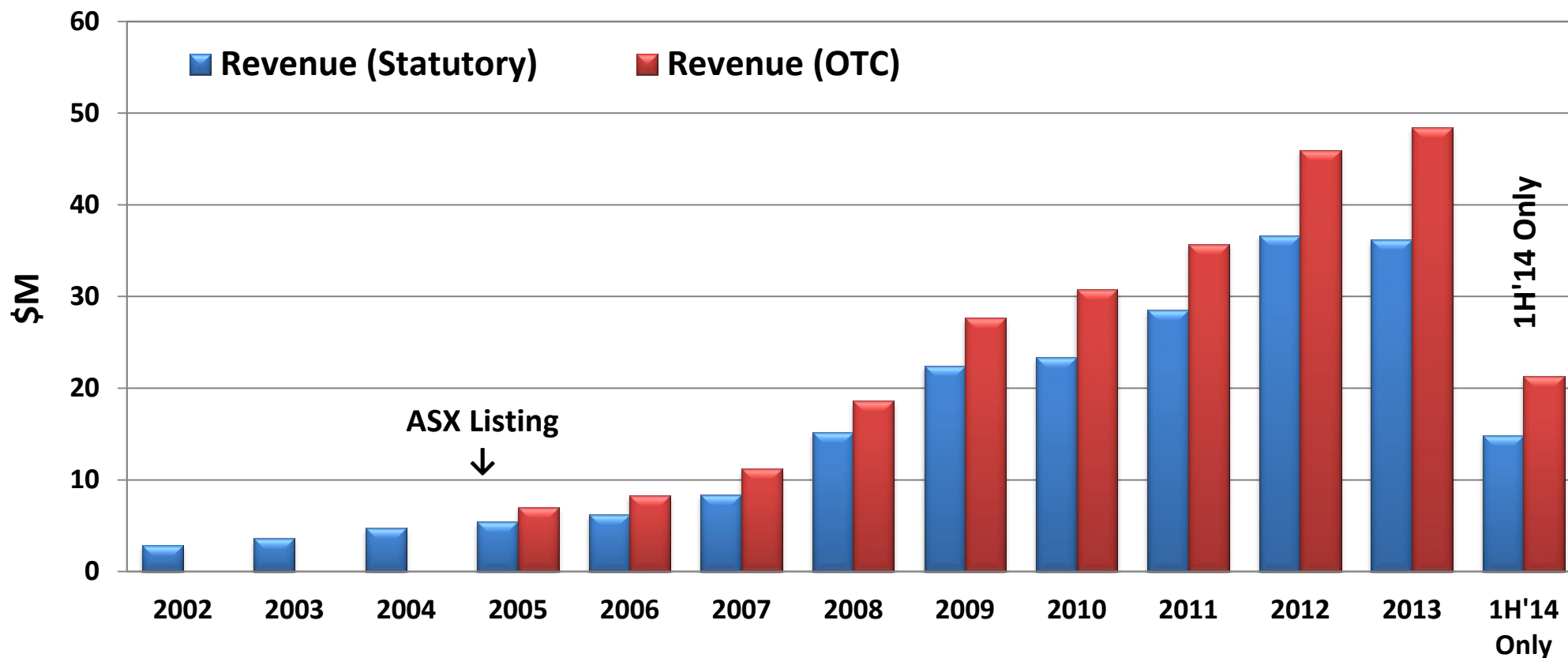
- Controlling the controllable

Scale & Efficiency

	1H'13	1H'14	+/-	%
Consumables, lab fees and other supplies	3,623	1,710	-1,913	-52.8%
Employee benefits	8,173	5,448	-2,725	-33.3%
Business growth & development	19	213	194	n.m.
As % of OTC Revenues	40.5%	34.1%		-6.4%

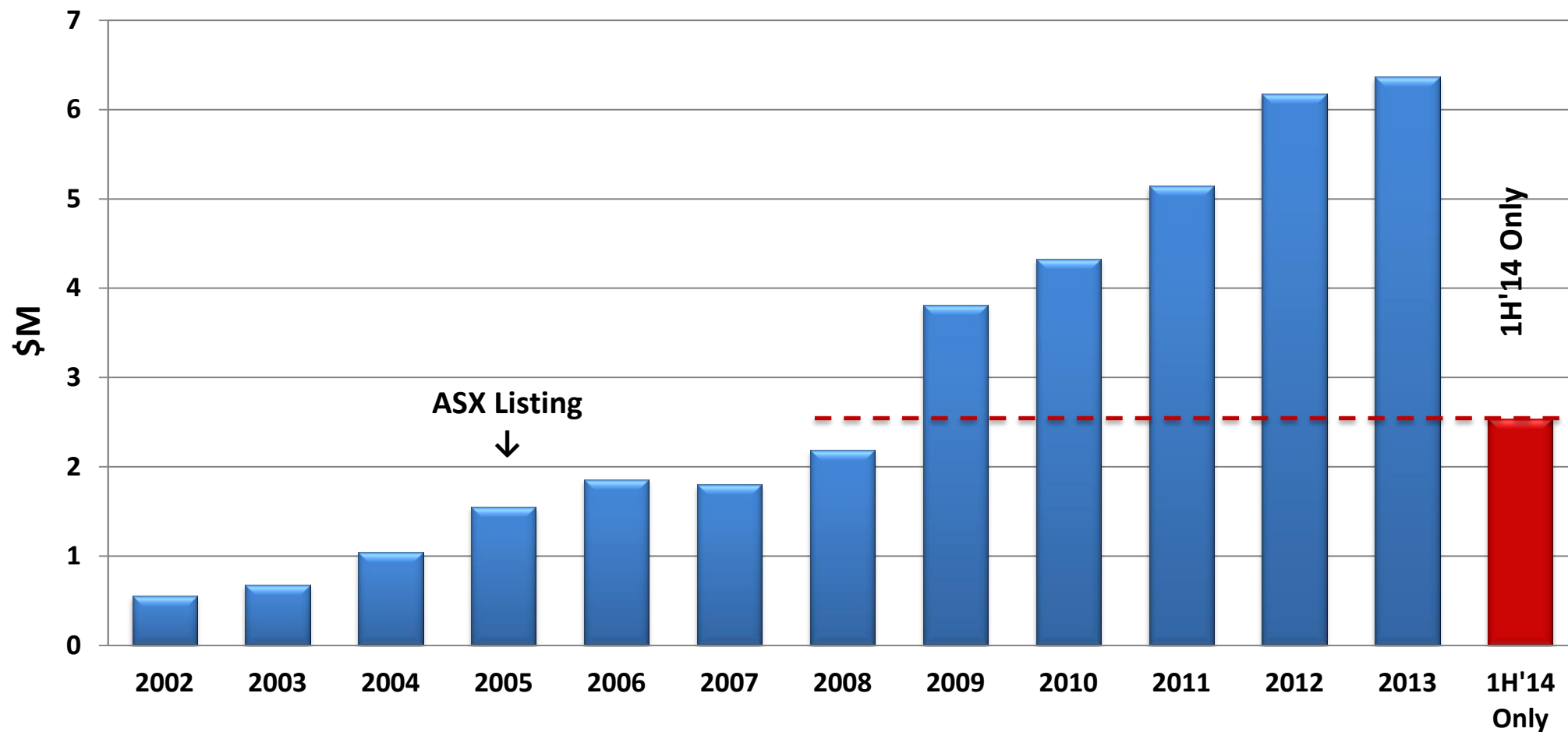
- Large cost reductions achieved through cost controls, enabled by scale
- BG&D category: Increased Merger & Acquisition attention at the big end of town

Revenue



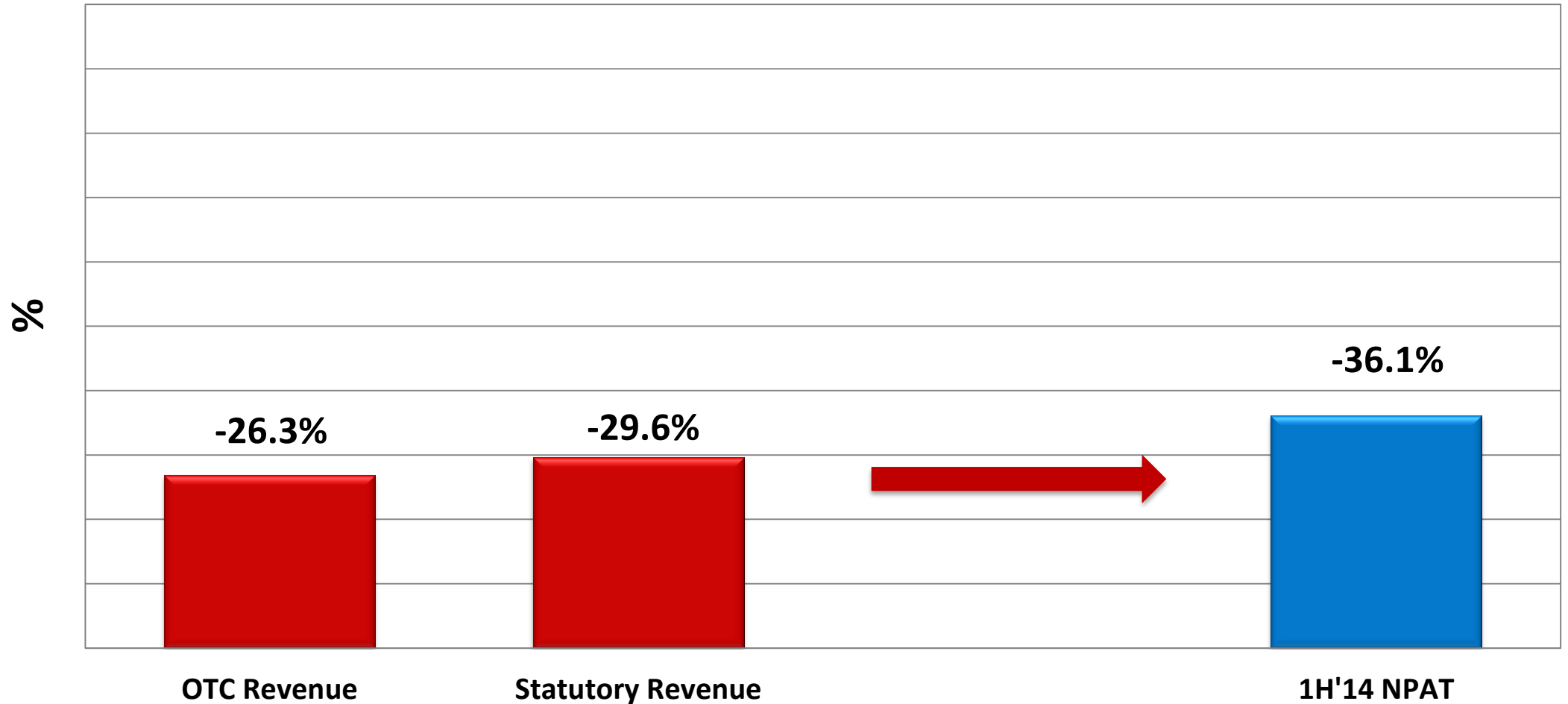
- OTC Revenue 5 year Compound Growth: 21.1% (FY09-FY13)

NPAT



- NPAT 5 year Compound Growth: 23.8% (FY09-FY13)
- 1H'14 Revenue similar to FY'08 Revenue, with higher NPAT in 1H'14

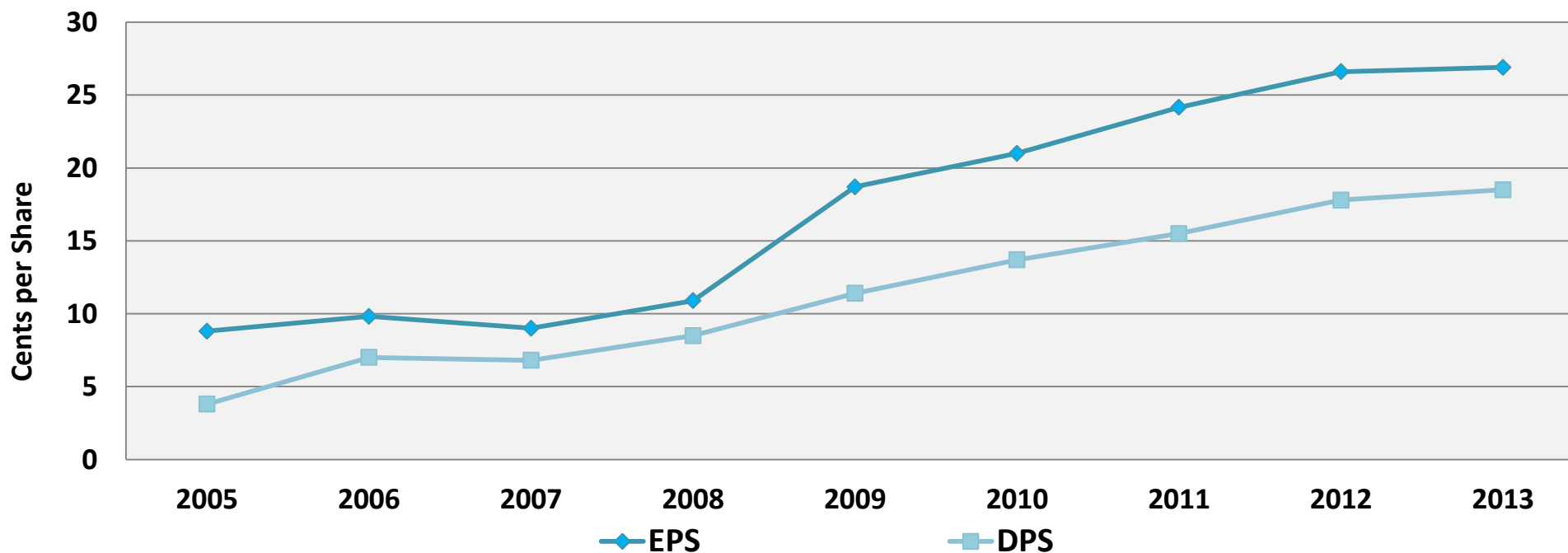
Strong 1H'14 NPAT



- Pleasing 1H'14 NPAT considering the revenue reduction

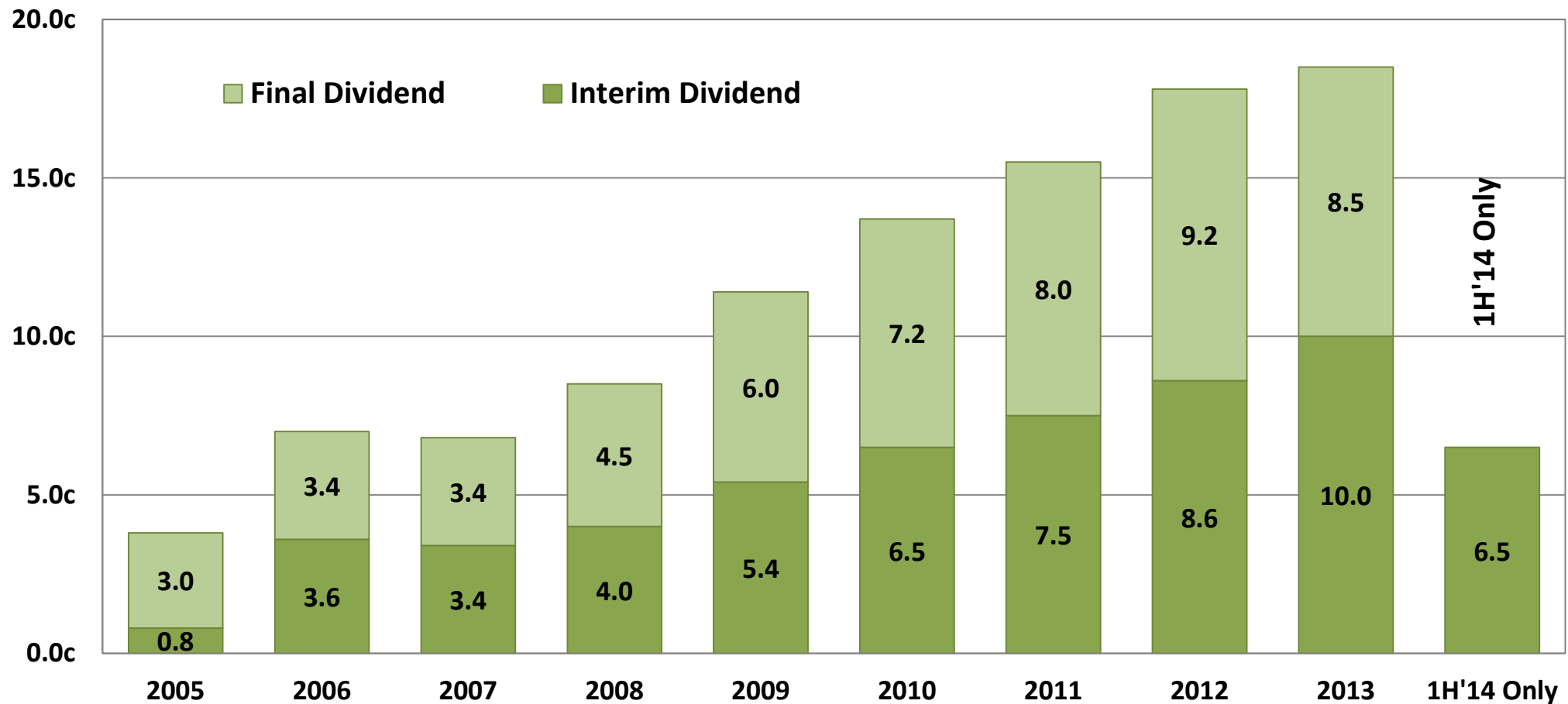
EPS and DPS

1300SMILES Ltd.	2005	2006	2007	2008	2009	2010	2011	2012	2013	1H'14 Only
Earnings per share (EPS)	8.8	9.8	9.0	10.9	18.7	21	24.2	26.6	26.9	10.7
Dividends per share (DPS)	3.8	7.0	6.8	8.5	11.4	13.7	15.5	17.8	18.5	6.5



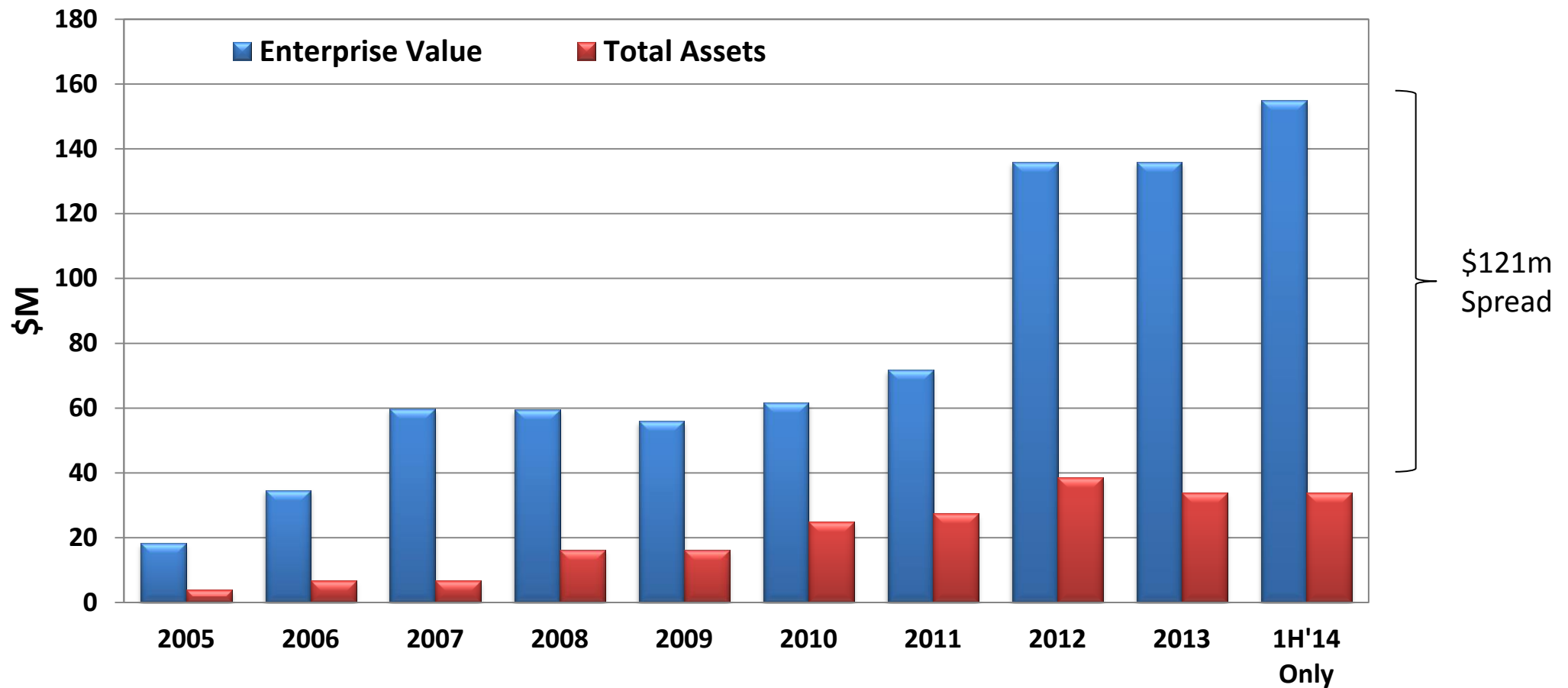
- EPS a KEY focus – Grow Profit, control number of shares
- Align interests of Management with shareholders
- EPS GROWTH – **not** profitless Revenue growth ONLY

Franked Dividends



- DPS 5 year Compound Growth: 16.8% (FY09-FY13)
- Total Cash Dividends \$24.6m vs. Total Capital Raised \$12.5m

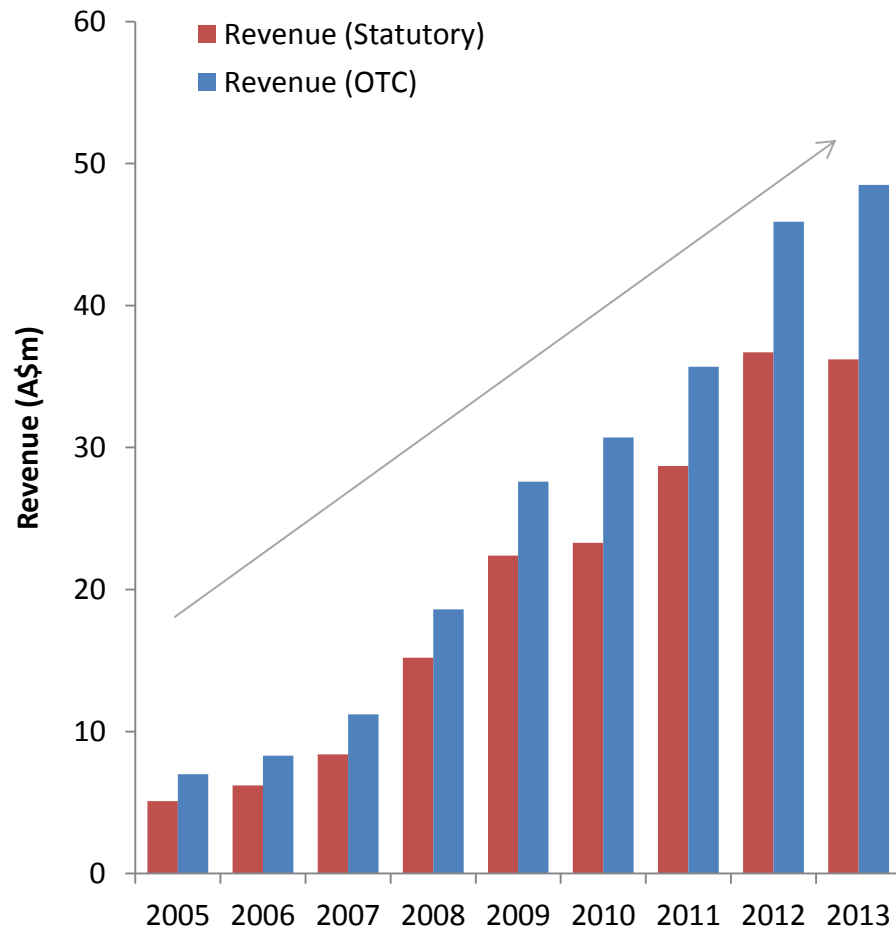
Increasing Shareholder Wealth



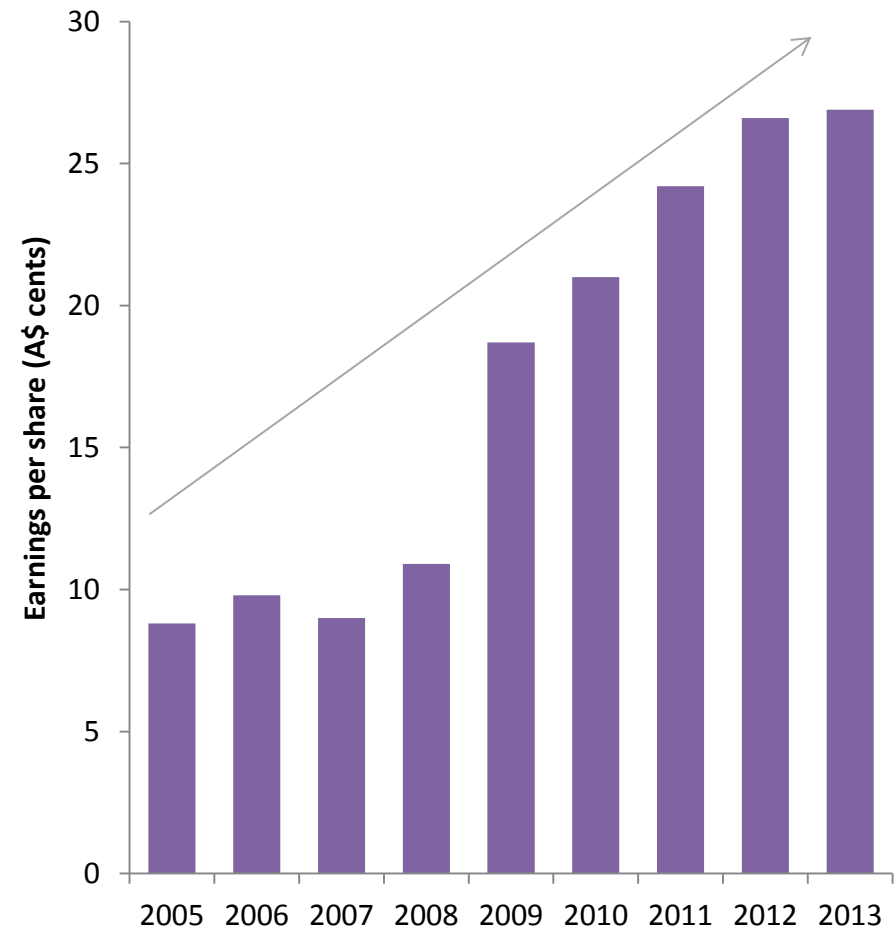
- Increasing the spread between the value of the company and the value of assets employed
- \$155m of value vs. \$34m of assets = \$121m spread (355% increase)

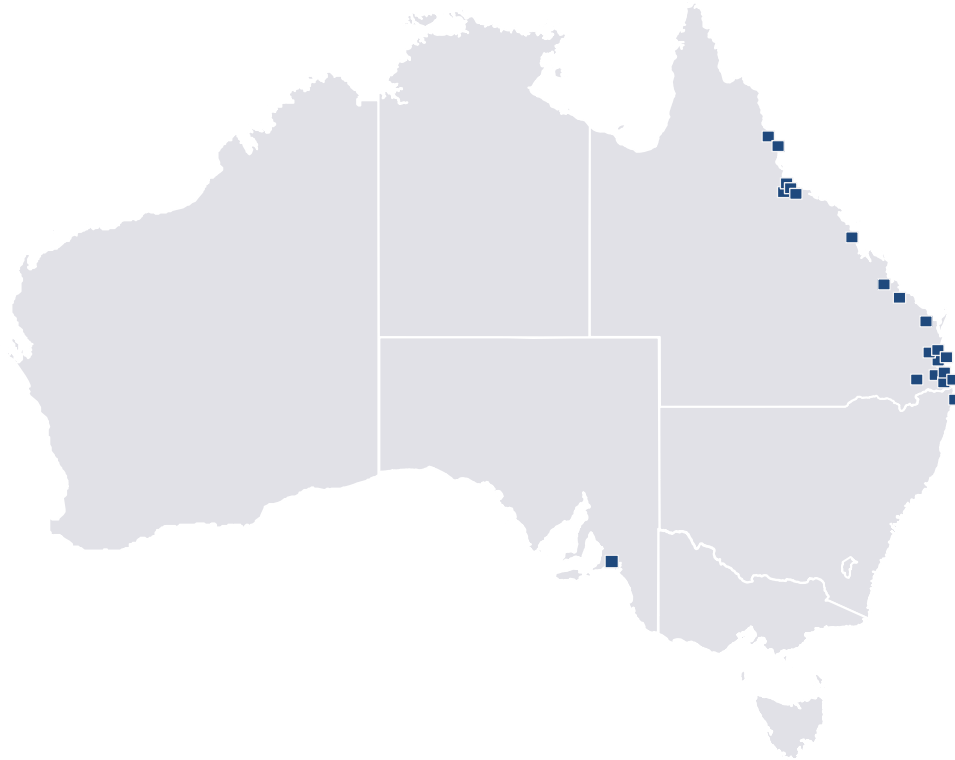
Sustained Revenue and Earnings Growth

Revenue growth since ASX listing



EPS growth since ASX listing

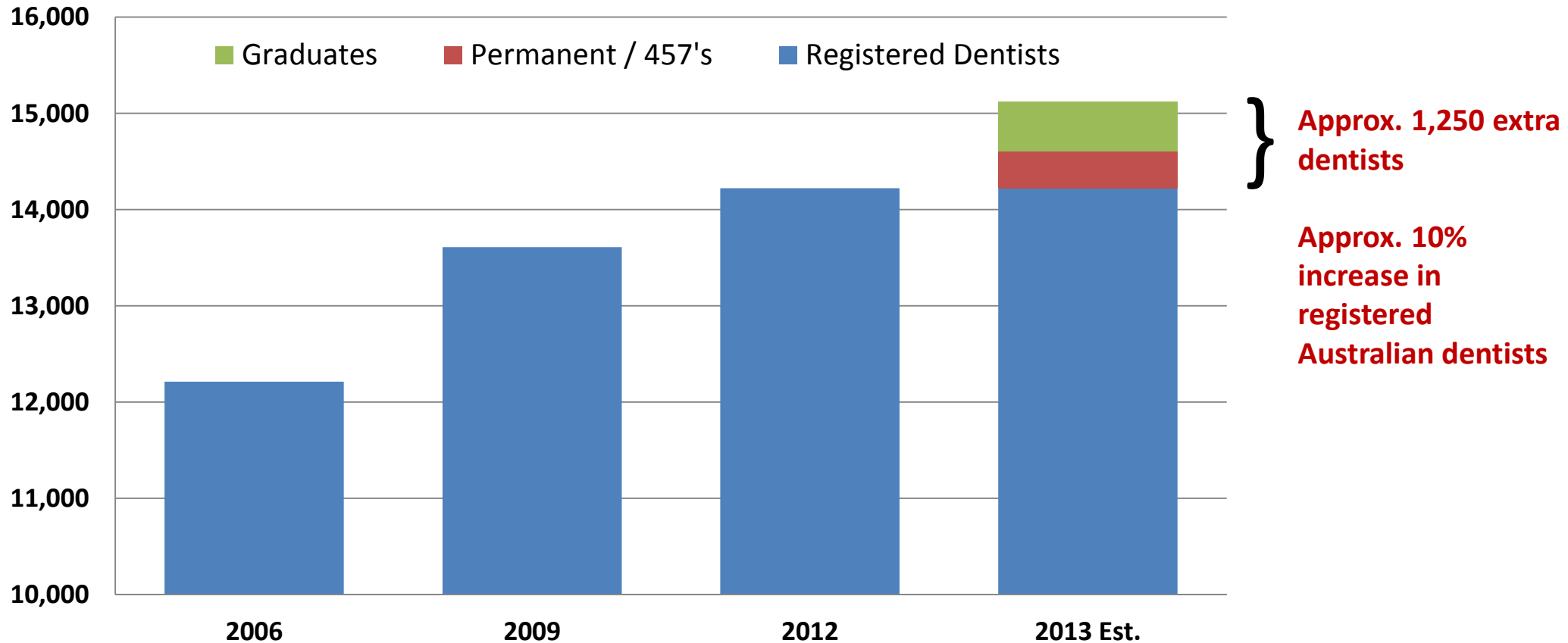




1300SMILES Practice locations	Number of sites
SEQ sites	7
Townsville	7
Bundaberg	2
Cairns	2
Gladstone	1
Mackay	1
Rockhampton	1
Toowoomba	1
Adelaide	1
Total	23

- Large industry consolidation opportunity
- Strategy is to expand nationally
- We focus on strong productivity and profitability per practice rather than a “numbers game”

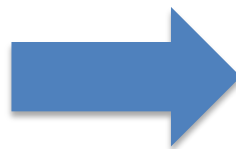
Registered Dentists



Our Road Ahead

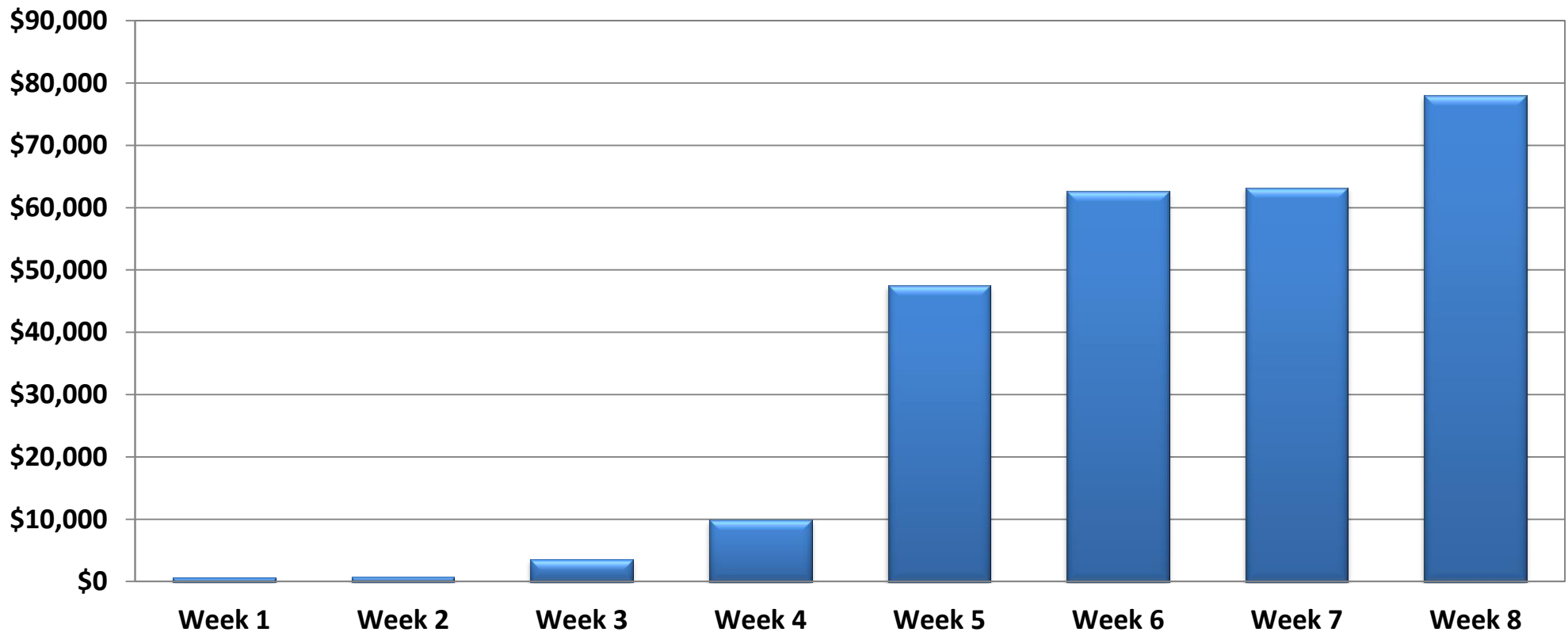
“Fire bullets, then cannonballs”

(Great by Choice, Jim Collins and Morten Hansen)



- Fire bullets: Low-cost and low-risk
- Fire cannonballs: Large concentrated bet enabling larger returns

CDBS Revenue



- Figures for the period from 1 January 2014 to 28 February 2014





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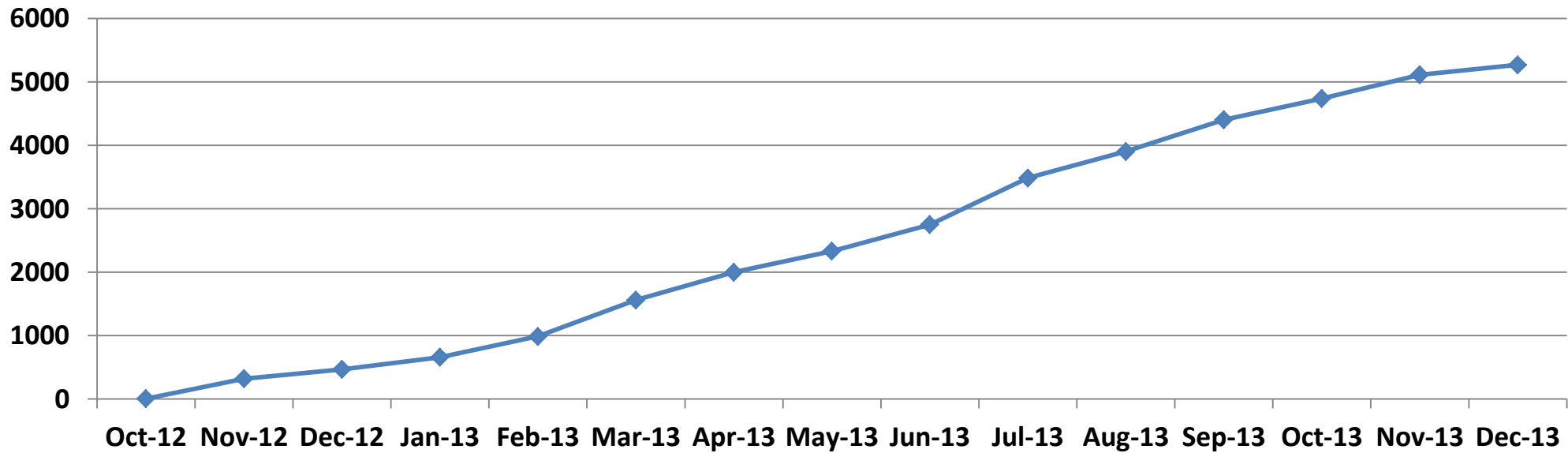
Welcome to Townsville

(Townsville Airport billboard)



Dental Members
AUSTRALIA
YOUR PAYMENT PLAN PARTNER

Accumulative Dental Care Plan Member Numbers



- Making Dentistry Affordable
- Growing annuity revenue stream
- 1H'14 member growth greater than 100%



Appreciation is expressed to Matt Golding for granting permission to reproduce his cartoon

- Increase in enquiries from dentists
- Improved opportunities to acquire dental practices at reasonable prices

- Becoming Australia's leading dental brand: Supporting our national expansion plans
- Oral health awareness campaign
- Giving back: Supporting our supporters





- Life changing experiences
- Giving back our time and money
- Training and empowering locals in PNG
- Since 2010, YWAM has visited 594 villages, delivering 9,992 dental procedures



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

Joint recipient of the 2013 Dr Edward B. Shils Entrepreneurial Special Recognition Award, along with YWAM Medical Ships Australia, for *“Passion, Dedication and Leadership in Bringing Much Needed Health Care to the Under-served in Papua New Guinea”*





“Never let the
fear of striking out
get in your way.”

~Babe Ruth~

1300 Smiles™
We Care

Thank you

Q & A

1300 SMILES Stadium

1300 SMILES Dentists

Disclaimer

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