



**Pacific Smiles Group Limited** (ASX: **PSQ**)  
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## **MEDIA RELEASE**

20 February 2015

### **Pacific Smiles Group Limited half year results to 31 December 2014**

Pacific Smiles Group Limited (ASX: PSQ) ("Pacific Smiles" or "the Company") today announced its financial results for the half year ended 31 December 2014.

#### **Key financial highlights**

The key financial highlights from the result include:

- Patient Fees across the Pacific Smiles dental centre network of \$61.3 million, up 30.7% on the prior corresponding period
- Revenue of \$37.6 million, up 30.3%, with same centre patient fees growth of 6.0%
- EBITDA (pro forma basis) of \$9.2 million, up 24.7%
- NPAT (pro forma basis) of \$5.0 million, up 18.6%
- Operating cashflow of \$7.0 million, up 53.0%
- Fully franked interim dividend of 1.67 cents per share declared (payable on 1 April 2015)
- Net cash at 31 December 2014 of \$12.5 million

#### **Business Performance**

Pacific Smiles continued to grow revenue and earnings strongly in the 6 months to 31 December 2014.

During the period, 4 new dental centres were opened, bringing the total number of centres in the Pacific Smiles network to 45. New centres were opened in the following locations: Jesmond (NSW), Blacktown (NSW), Toronto (NSW) and Tuggeranong (ACT).

Capital expenditure for 1H 2015 was \$3.0 million (1H 2014: \$2.1 million), comprising predominantly new centre rollout capital expenditure.

The business benefited from a full 6 months revenue contribution from the 3 dental centres acquired from Medibank Private in June 2014. These acquired centres are not yet at the same level of profitability as the average Pacific Smiles dental centre, which was the primary driver of the Company's overall EBITDA margin reducing from 25.6% in 1H 2014 to 24.5% in 1H 2015.

Same centre patient fees growth of 6.0% for 1H 2015 was achieved.

Pacific Smiles expects growth to continue to be driven by a combination of new centre rollout and the maturation of existing dental centres, of which approximately one third are less than 3 years old.

## **Outlook**

Pacific Smiles provides the following update regarding the outlook for the remainder of FY2015:

- Confident of achieving FY2015 Prospectus forecast;
- FY2015 new centre openings target now 6 to 8 compared to Prospectus forecast of 6. Additional centre openings are dilutive to earnings in the short term;
- Plan for incremental corporate expenditure in 2H15 to support future growth;
- Solid same centre patient fee growth has continued into 2H2015, with year to date growth (as at 31 January 2015) now 6.2% over the previous corresponding period;
- Building a healthy pipeline of new centre opening opportunities for FY2016;
- Strong balance sheet, with an expectation that future growth can be funded while maintaining a net cash position and dividend pay-out ratio in the range of 70-100% of NPAT.

Commenting on the results John Gibbs, Pacific Smiles' Managing Director, said:

"We are pleased with the continued strong growth in the business and are on track to achieve our Prospectus forecasts published at the time of our Initial Public Offering in November 2014. I greatly appreciate the effort of all Pacific Smiles staff and dentists who have made these results possible. We look forward to continuing our new centre rollout program to bring Pacific Smiles dental services to an increasing number of patients throughout Australia."

## **Further information and enquiries:**

Complete half-year results materials are available on the Company website via the following link:

<http://investors.pacificsmilesgroup.com.au/Investors/?page=ASX-Announcements>.

For further information, please contact:

## **Investor Relations**

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