

ASX ANNOUNCEMENT

22 November 2017

Another Queensland Acquisition

1300SMILES Ltd announces that it has entered into an agreement to acquire a dental practice in Ingham, Queensland. Settlement is expected to occur by end November 2017, subject to final conditions, including satisfactory due diligence.

The new acquisition will complement 1300SMILES' other dental practices in regional Queensland, including its three new acquisitions in Gladstone, Maleny on the Sunshine Coast hinterland and Roma in central Queensland.

Ingham, situated about 100 kilometres north of Townsville, is a major hub of Australia's sugar industry, and is also home to Australia's largest sugar mill, the Victoria Sugar Mill.

The four chair practice operates from an architecturally designed modern building with plentiful onsite carparking for ease of access.

As a condition of the acquisition, 1300SMILES is also acquiring the commercial property which is currently owned by the dental practitioner and is being disposed of simultaneously with the dental practice. 1300SMILES recognises that it is not common for the business to acquire commercial properties. As such, it intends to divest the commercial property within the short to medium term.

1300SMILES does not consider that the acquisition is financially material, but is strategically and geographically very important.

Managing Director, Dr Daryl Holmes, said "This is another exciting and important acquisition further cementing our position as a leading dental health services provider, and commitment to regional Australians."

The acquisition follows closely the three Queensland based acquisitions completed in October 2017. Once completed, this proposed acquisition will bring the total number of new practices acquired in 2017 to seven.

This announcement and further information about 1300SMILES Ltd can be found on the company's web-site www.1300SMILES.com.au.

Any enquires to Dr Daryl Holmes at 1300SMILES Ltd on 0418 451 220 or md@1300smiles.com.au

By order of the Board
Gina Bozinovski
Company Secretary

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, Managing Director, on +61 (7) 4720 1300 or 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 or visit our website www.1300smiles.com.au/careers.