

IMPROVING RETURNS FORECAST AS ABANO CONTINUES TO GROW

ABANO 2014 ANNUAL MEETING OF SHAREHOLDERS

Abano's long term growth strategy remains in place with improving returns driving increases in the Company's revenue and profit, said Chairman Trevor Janes at the Abano annual meeting in Auckland today.

Trevor Janes and Chief Operating Officer, Richard Keys, provided shareholders with an update on Abano's business performance.

Business highlights included the continuing growth of Abano's trans-Tasman dental group, which has expanded to 163 practices, with 10 acquisitions in the year to date, and is now generating more than \$220 million in annualised gross revenues. Abano's Australian audiology group is also delivering an improving performance and has now achieved break even at EBITDA.

The Company's Auckland-based radiology business has seen demand strengthening for its high end scanning technology, as management focus on growing referrals. Meanwhile, Aotea Pathology, which has provided community pathology services in Wellington for over 80 years, is involved in an RFP process for the renewal of its contract which currently expires in October 2015. If successful, this will ensure the continuation of the business and there will be no impairment to its \$11 million book value.

As announced prior to the meeting, the Company's orthotics business is being divested. Settlement is expected at the end of January 2015 and the proceeds from the sale will be applied to the reduction of debt and ultimately be reinvested into Abano's growth businesses, in particular dental.

Performance in the first half of the year is forecast to deliver improving revenue and profitability for the six months to 30 November 2014, over the same period last year.

This improved result is expected despite the ongoing softness of the Australian economy and a continuing weakness of the Australian dollar against the NZ dollar, which has fallen a further 5% compared to the same period past year. In addition, costs of over \$350,000 associated with the special meeting requisitioned by interests associated by Mr Hutson and Mr Reeves and the subsequent High Court action will be included in the first half.

The timing of settlements for dental acquisitions will also impact on the half year result. While dental practice acquisitions are ahead of plan in New Zealand, they are below plan in Australia in the period up to November 2014, due to a variety of factors including timing delays in vendor requirements. However, the Abano dental group has a good acquisition pipeline and it is on track to achieve its full year acquisition target.

Therefore, for the first half, revenue is expected to be \$113.6 to \$115.6 million (HY14: \$106.1m) and gross revenues¹ are expected to be \$151.1 to \$ 153.1 million (HY14: \$136.2m).

EBITDA is forecast for \$14.1 to \$15.1 million (HY14: \$13.9m) with underlying EBITDA² of \$14.7 to \$15.7 million (HY14: \$14.8m).

Net Profit After Tax is expected to be ahead of the previous year's first half by over 40%, at between \$3.2 to \$3.7 million (HY14: \$2.3m), with underlying NPAT³ of between \$3.6 to \$4.1 million, up over 20% on the same period last year (HY14: \$3.0m).

\$millions	HY14	HY15 Guidance
Gross Revenue ¹	136.2	151.1 – 153.1
Revenue	106.1	113.6 – 115.6
EBITDA	13.9	14.1 – 15.1
Underlying EBITDA ^{2,3}	14.8	14.7 – 15.7
NPAT	2.3	3.2 – 3.7
Underlying NPAT ³	3.0	3.6 – 4.1

Following the steady and continuing growth of the Abano group seen over the last few years, the directors have announced a new dividend policy for the 2015 financial year, where subject to relevant factors at the time, including working capital and growth, the annual dividend paid will be between 50-70% of Underlying Net Profit After Tax.

Trevor Janes said: "Abano's growth strategy remains firmly in place, with milestones being achieved on a regular basis as we build valuable and sustainable, long term businesses, particularly in dental.

"We believe that this dividend policy provides an attractive investment balance between a growth and a yield stock, while along with the dividend reinvestment plan, will maintain a prudent capital structure for the continued growth of the Company."

Also at today's meeting, Abano's CEO and Managing Director, Alan Clarke, advised shareholders of his planned retirement in 12 months' time, following the 2015 annual meeting.

Trevor Janes commented: "Alan has been integral to our Company's success and his early vision of a multi-sector, healthcare organisation operating in the private sector, has been realised. During his tenure, Abano has evolved from a loss making cluster of aged care facilities with huge debt, to a Kiwi success story with more than 2,200 staff working in locations across New Zealand, Australia and South East Asia, and delivering our healthcare services to thousands of people every day."

¹ Gross revenues include the audiology group and Australian dental revenues before payment of dentists' commissions

² Underlying EBITDA excluding non-cash items required to be expensed under the International Financial Reporting Standards (IFRS)

³ More information on gross revenue and underlying earnings which are non-GAAP financial measures and are not prepared in accordance with NZ IFRS, is available on the Abano website at www.abano.co.nz/underlyingearnings.

Shareholders passed all resolutions at the 2015 Abano Annual Meeting:

Resolution	For	Against	Abstain
Authorise Directors' to fix the auditor's remuneration	10,616,473	0	9,821
Re-election of Mr Danny Chan	6,689,232	2,771	3,934,291
Re-election of Mrs Susan Paterson	5,870,353	867,151	3,888,790
Authorise \$34,500 increase in total Directors' remuneration to \$564,000	5,651,680	4,851,387	123,227

ENDS

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Abano Healthcare Group is New Zealand's leading listed specialist healthcare investor and operator, with businesses now in three sectors – audiology, diagnostics and dental – and operations across New Zealand, Australia and Asia.