



Integrated Dental Holdings



Q1 FY 2016 Quarterly Results - Investor presentation
4 August 2015

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“We are Europe’s largest vertically integrated dental business focused on delivering the best possible patient care, highest clinical standards and a comprehensive choice of treatment through our growing UK practice network.”

Leading an industry transformation



- mydentist roll out continues with early indications of uplift
- 9.4% growth in overall revenue
- Continued acquisitions – 651 practices at quarter end
- 10.4% private like-for-like sales growth
- Strong cash generation and conversion

Q1 FY 2016 Highlights



Patient Services - mydentist

- Continued investment in the customer offer and in acquisitions
- Roll-out of the new “mydentist” brand for patient services creating a compelling consumer offer
- 124 practices re-branded by the quarter-end
- Strong quarter for private revenue LFL growth – 10.4%
- 9 practices acquired in the quarter including first 4 in Northern Ireland
- 651 practices at 30 June 2015, a net increase of 59 year on year
- Commitment to Health and Safety recognised with a silver RoSPA award

Q1 FY 2016 Highlights



Practice Services – Dental Directory (“DD”) & dbg

- Merging of dbg activities into DD underway to deliver synergies:
 - Engineering
 - Consumables
 - Handpiece repairs
 - Membership services
- Plans in place to develop packaged services for members & customers
- Voted “most liked dental materials provider” in a recent survey

Financial Highlights



- Turnover up 9.4% to £135.5m following acquisition of Dental Directory and further practice acquisitions
- LFL private revenue up 10.4% (Q1 FY 2015 – 15.0%)
- Base practice NHS revenues down £2.4m YOY or 2.8%
- EBITDA flat on Q1 FY 2015 at £17.7m
- Pro-forma LTM EBITDA of £83.3m
- Normalised cash conversion after maintenance capital expenditure of 102.3%

Q1 FY 2016 Commentary



NHS Revenues

- Base NHS revenues down 2.8% on Q1 FY 2015
 - Contract delivery is measured over 12 months to March 2016
 - Actions in place in those practices reporting revenue shortfalls
- FY 2016 revenues include 1.34% UDA rate uplift
- Key points to movement:
 - Q1 year on year decline in completed courses of treatment
 - Successful growth of private revenues with patient choice (10.4% Q1 LFL) partially impacting NHS revenues

Q1 FY 2016 Commentary



Private Revenues

- LFL private revenue up 10.4% (Q1 FY 2015 – 15.0%)
- Continued strong growth in fee per item – 10.1% LFL growth & hygiene – 21.6% LFL growth
- Hygiene now offered in 130 more practices vs Q1 FY 2015
- Successful trial of Hygiene plan recruiting new customers
- Denture Excellence, high quality partial & full dentures available across 514 sites, strong Q1 YOY revenue growth
- Trialing “access+” (5 sites) and facial aesthetics (20 sites)

The Brand journey



A new brand, a new dawn

- 22 sites branded in Q1 making 124 completed sites
- On track to complete project by the end of Q1 FY 2017
- Customer, patient, clinician & staff feedback extremely positive
- Project costs, both capex & opex, remain in line with previous guidance
- The key measures for the new brand are:
 - Growth in LFL private revenues
 - Improved UDA delivery %
 - Growth in new patient numbers
 - Improving net promoter score
- Too early to draw any conclusions but early signs are encouraging



FY 2016 Financial Review



Q1 Financial results for FY 2016

Profit and loss account

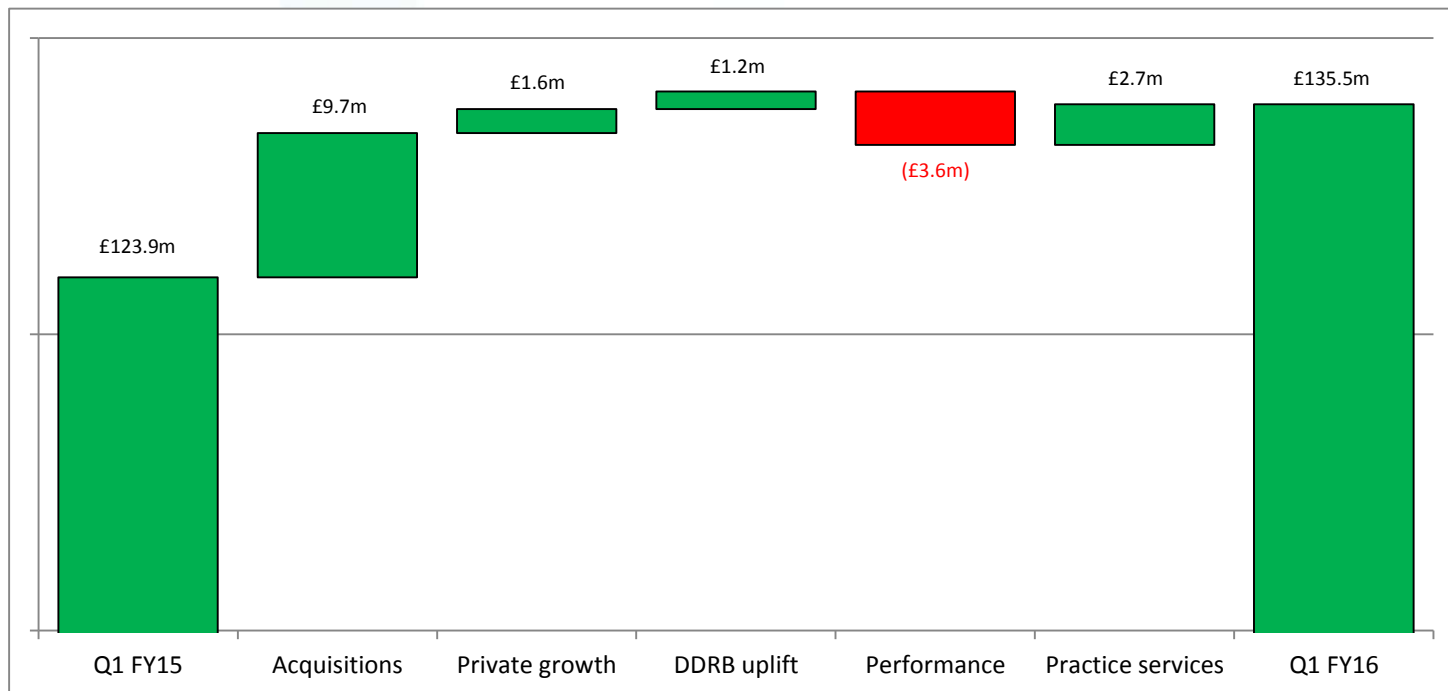


	Q1 2016 £m	% of revenue	Q1 2015 £m	% of revenue	% change
Turnover	135.5		123.9		9.4%
Gross profit	61.9	45.7%	55.6	44.9%	11.4%
Administrative expenses*	(44.6)	32.9%	(38.3)	30.9%	16.4%
Other operating income	0.4	0.3%	0.5	0.4%	-1.7%
EBITDA	17.7	13.1%	17.7	14.3%	0.1%

* Administrative expenses before depreciation, amortisation and exceptional items

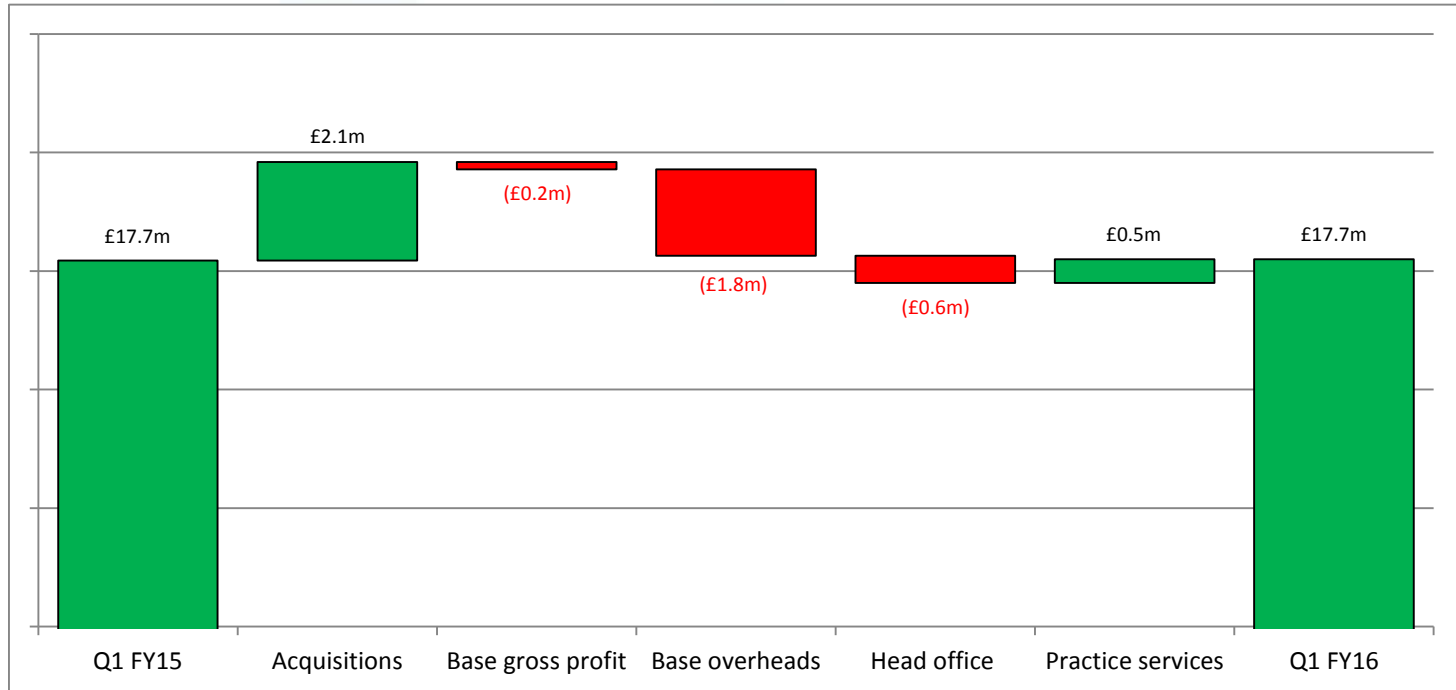
Q1 Financial results for FY 2016

Turnover



Q1 Financial results for FY 2016

EBITDA



Financial results for FY 2016

Pro-forma EBITDA



	£m
LTM EBITDA before exceptional items at 30 June 2015	76.8
Estimated adjusted EBITDA of acquired dental practices at 30 June 2015	4.9
Reversal of one off stock adjustment and Practice services synergies	1.6
Estimated pro-forma adjusted EBITDA	83.3

- Pro-forma EBITDA calculated following the methodology set out in the IDH Finance plc Offering Memorandum.
- The adjusted EBITDA of acquired practices are management estimates for the annual EBITDA of an acquired practice less the actual results consolidated in LTM EBITDA.

Financial results for Q1 FY 2016

Acquisitions



- Total of 651 practices at 30 June 2015 (592 at 30 June 2014).
- 9 practices acquired during the quarter including:
 - Group of 4 orthodontic practices in Yorkshire.
 - Our first 4 practices in Northern Ireland
- The annualised EBITDA expected from Q1 FY16 dental practice acquisitions is £2.1m, before central overheads.
- Further 5 practices acquired in Q2 so far, including an additional 2 practices in Northern Ireland with a strong pipeline for the remainder of the quarter.

Q1 Financial results for FY 2016

Cash flow statement

£m	Q1 2016	Q1 2015
Operating cash flow	21.0	17.5
Capital expenditure	(7.1)	(5.1)
Corporation tax	-	0.1
Cash flow before acquisitions and debt service	13.9	12.5
Interest	(4.2)	(3.2)
Acquisitions	(12.3)	(71.1)
Debt issue costs	-	(0.9)
Financing	-	79.2
Net cash flow	(2.6)	16.5
Opening cash	29.1	6.9
Closing cash	26.5	23.4
Net debt	495.0	465.1

Q1 Financial results for FY 2016

Cash conversion



£m	FY 2016	FY 2015
Operating cash flow	21.0	17.5
Exceptionals	3.1	0.4
Working capital adjustments	0.1	0.2
Adjusted operating cash flow	24.2	18.1
Maintenance capital expenditure	(5.9)	(4.7)
Adjustments	1.3	0.6
Adjusted cash flow	19.6	13.9
EBITDA	17.7	17.7
Adjusted cash conversion %	110.6%	78.6%

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