



Integrated Dental Holdings



Q3 FY 2016 Quarterly Results - Investor presentation
4 February 2016

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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.”

Q3 FY 2016 Group performance



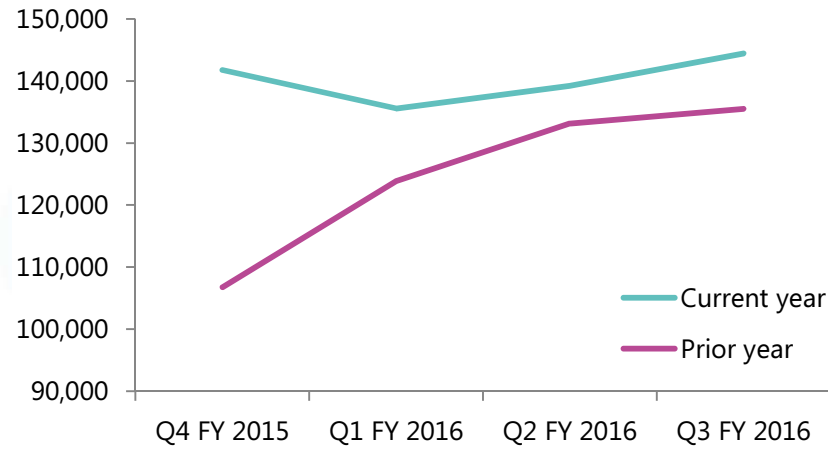
Growth continues

- Turnover growth 6.6% YoY - £144.4m
- EBITDA growth 19.5% YoY - £21.6m
- EBITDA margin expansion by 160 basis points to 14.9% YoY
- Cash conversion remains strong
- NHS revenues have reduced slightly but offset by private revenue growth with mitigating actions taken on costs

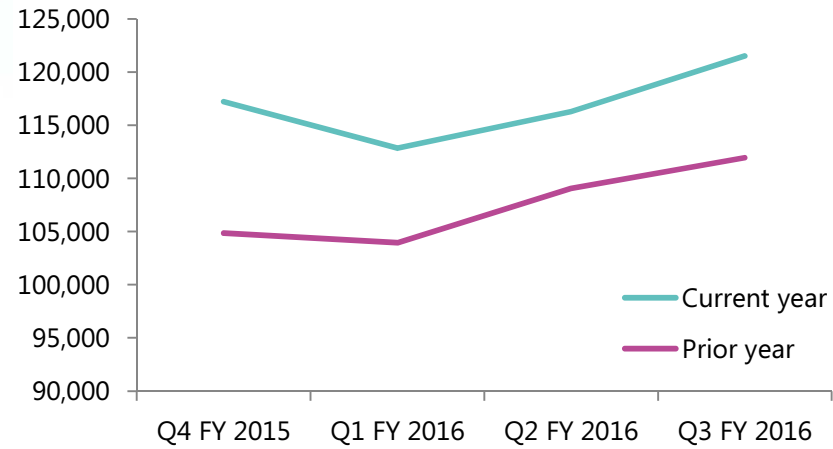
Year to date FY 2016



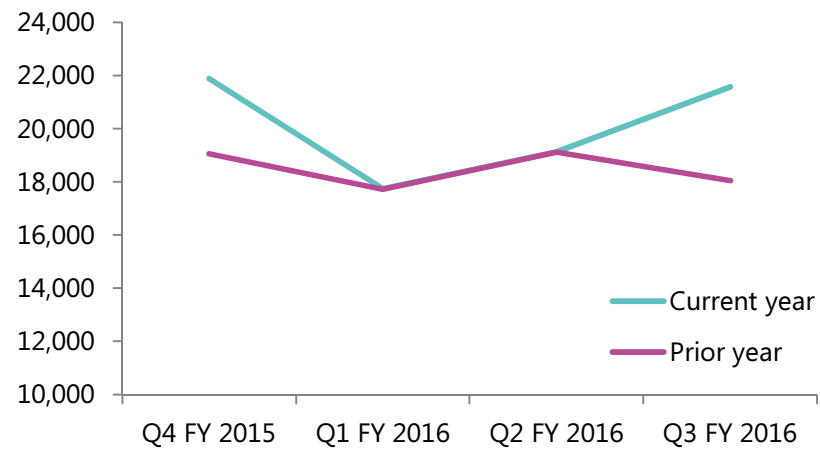
Group turnover



Patient services turnover



Group EBITDA



Private accelerates as brand-led transformation continues

- No respite in execution of growth strategy
- More than half of estate now rebranded – to be completed by September 2016
- 25.3% YoY growth in total private revenue
- 13.0% growth in LFL private revenue
- Private treatment now 15.4% of group turnover (Q3 FY 2015: 13.1%)
- Continued strong growth in fee per item – +15.0% LFL
- First TV advertising campaign in preparation for April launch to maintain brand-led growth momentum
- Partnership with Colgate for exclusive consumable supplies

What's behind private revenues?

- Strong double digit LFL private revenue growth continues
- Clear patient offer of NHS v private treatment driving transformation – strong validation from patient survey of choice
- Revenue base diversifying through new products and services leading to...
- ...growth from new customer offers – Denture Excellence, hygiene plans, facial aesthetics
- 488 practices now offer hygienists – 326 in May 2014
 - 18.8% LFL hygiene revenue growth YTD December 2015
 - Hygiene plan – January 2016 179 practices offering “from £7.50 per month” scheme with 3,600 patients signed up
 - 65%-70% of subscribers are new to hygiene services
 - Target: 225 sites live by end March 2016, 5,500 patients and 400 sites during FY 2017

What's behind NHS revenues?

- LFL revenue marginally down by £1.0m to £89.2m
- UDA performance continued decline v Q3 FY 2015 but decline slowed in Q3 FY 2016
- Revenue reduction offset by 1.34% UDA contract rate uplift
- NHS revenue as a % of total group turnover 68.7% (Q3 FY 2015: 69.5%)
- Action to maintain NHS revenues: access initiatives, students, kids, advertising (expectant mums though Bounty), social media targeting e.g. Mumsnet

Patient Services – mydentist



- Continuing roll-out of new brand and format
- 372 branches rebranded by 31 December out of 669 total estate
- Total estate expanded by 41 sites YoY
- mydentist “effect” taking shape - £1.7m private revenue uplift in branded v non-branded estate
- NPS scores increase post-rebrand
- Brand driving additional new patient sign-ups (4,500)
- Initiatives in place and in development to drive organic growth

Practice Services – Dental Directory & dbg {idh} dental™

helping the nation smile

- Revenue £22.9m, a reduction of 2.6%
- Continued growth in gross margin due to development of category management and favourable Euro exchange rates
- Integration of dbg engineering and services with Dental Directory to deliver synergy savings – improvement to services and solutions
- Med-FX acquired with improvement in performance post acquisition
- CRM IT solution implemented
- Successful NHS tenders in Scotland and England and Wales
- Working with patient services to deliver further savings and manufacturer solutions for entire dental customer base

**Our brand journey
– lessons from a
high street hero**



mydentist – the “Specsavers” of dentistry



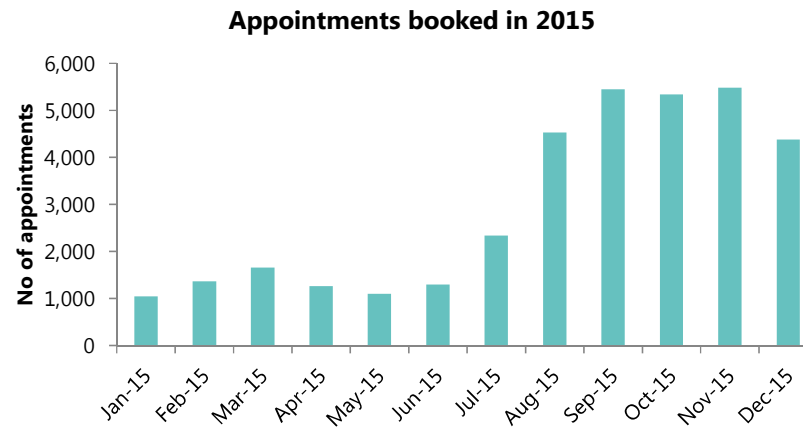
What we can learn

- **Specsavers** brand value market share is twice that of its nearest high street competitors. With c.600 stores in the UK, Ireland and the Netherlands, Specsavers is one of the most successful brands in retail optics.
- **Specsavers** was the **first** optical brand to advertise its products and services on television and still spends more on TV than any other opticians.
- **Specsavers’ success** is testament to the power of a brand and advertising to grow a business.
- **Specsavers has delivered** a trusted High St health brand and **consistent revenue growth**.
- **Specsavers’ strategy** of understanding its customers, having broad appeal, and distinctive familiar brand assets have all contributed to c.£1.1bn of incremental profit over 30 years.
- **So what are the opportunities for mydentist...?**



Online booking and SMS

- Customers can now book & amend appointments online
- Total appointments since launch c.35k and growing uptake
- High survey results - >90% strongly agree with ease of booking



TV advertising

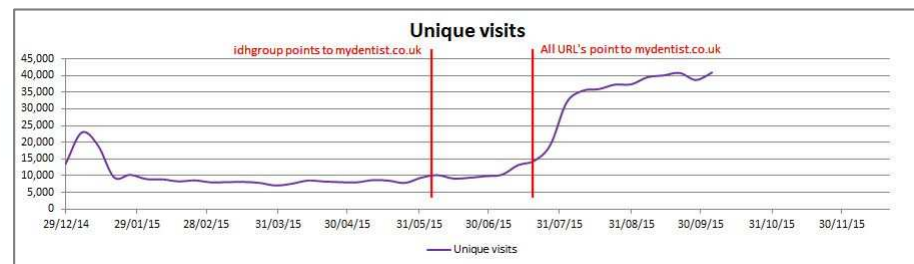
- First TV campaign scheduled for April launch in Yorkshire area.

E-mail campaign

- With one brand, e-mail marketing plans are now in place
- Currently marketing private patients, with an average 49% open rate
- Service-related messaging to NHS patients.
- Conversions to appointments up to 6.5% achieved

Website

- Website traffic has increased by 152% since the new site was launched in June 2015
- Traffic acquisition showing an increase in organic traffic and pence-per-click.





FY 2016 Financial Review



Q3 Financial results for FY 2016

Profit and loss account

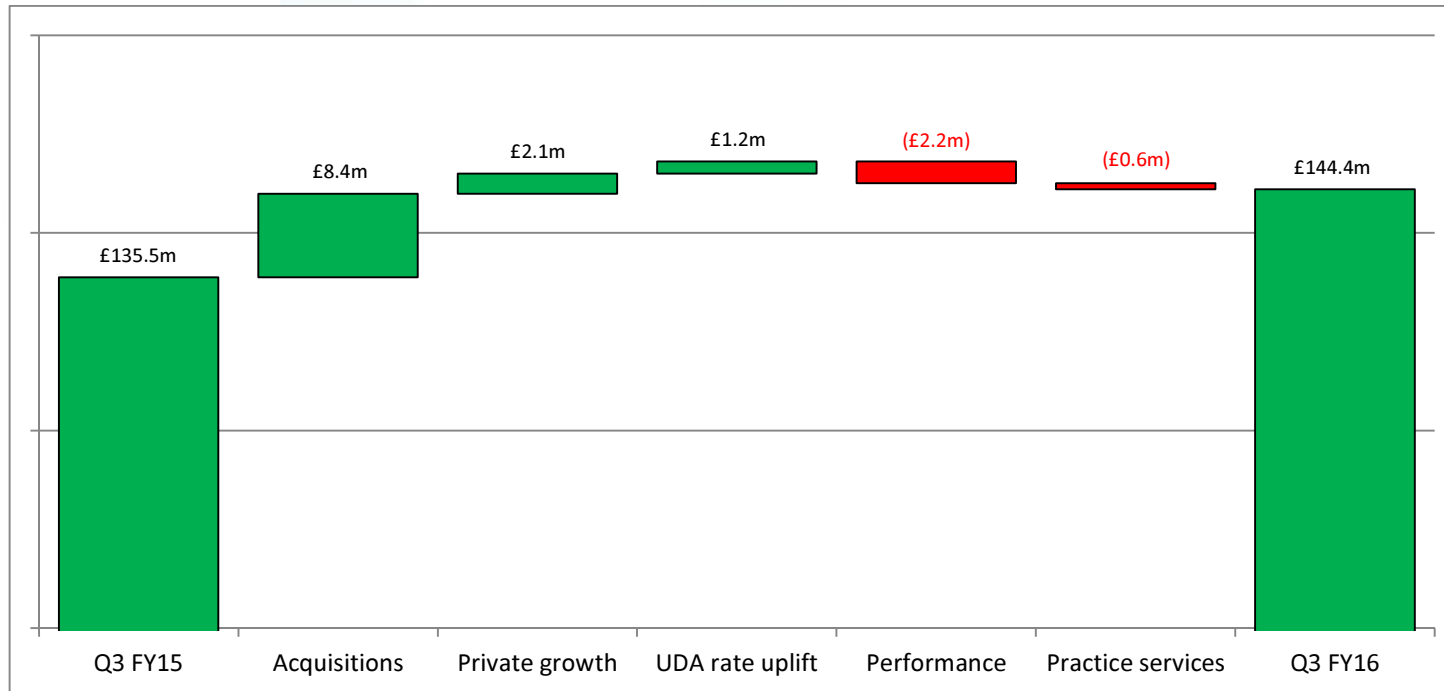


	Q3 2016 £m	% of revenue	Q3 2015 £m	% of revenue	% change
Turnover	144.4		135.5		6.6%
Gross profit	66.1	45.8%	60.1	44.4%	10.0%
Administrative expenses*	(45.0)	31.2%	(42.5)	31.4%	5.9%
Other operating income	0.5	0.3%	0.5	0.3%	4.3%
EBITDA	21.6	14.9%	18.0	13.3%	19.5%

* Administrative expenses before depreciation, amortisation and exceptional items

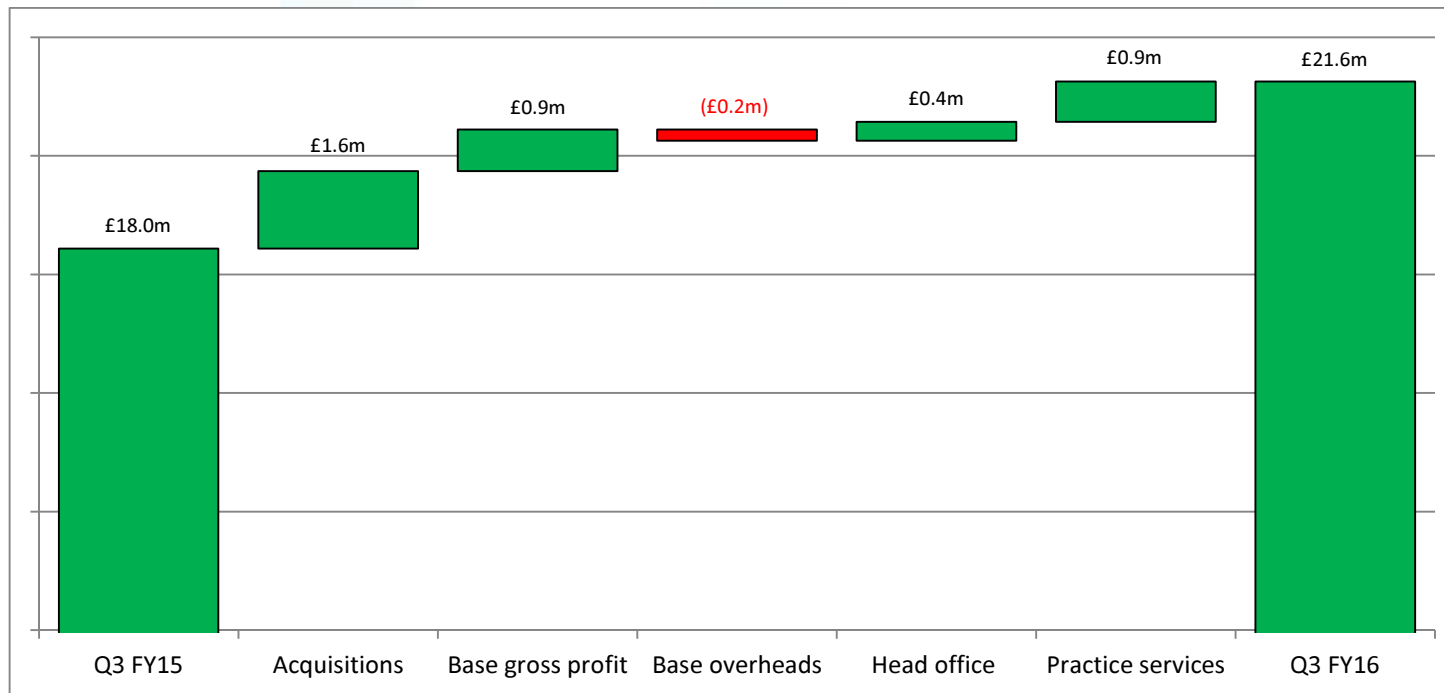
Q3 Financial results for FY 2016

Turnover



Q3 Financial results for FY 2016

EBITDA



Q3 Financial results for FY 2016

Pro-forma EBITDA



	£m
LTM EBITDA before exceptional items at 31 December 2015	80.3
Estimated adjusted EBITDA of acquired operations at 31 December 2015	5.1
Reversal of one off FY15 stock adjustment	0.5
Estimated pro-forma adjusted EBITDA	85.9

- 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

Q3 Financial results for FY 2016

Acquisitions



- Total of 669 practices at 31 December 2015 (628 at 31 December 2014)
- Four practices acquired during the quarter
- The annualised EBITDA expected from Q3 FY16 dental practice acquisitions is £0.9m, before central overheads
- A total of nine practices expected to be acquired in Q4

Q3 Financial results for FY 2016

Cash flow statement



£m	Q3 2016	Q3 2015
Operating cash flow	17.5	13.5
Capital expenditure	(6.4)	(3.9)
Corporation tax	-	(0.5)
Cash flow before acquisitions and debt service	11.1	9.1
Interest	(4.2)	(4.0)
Acquisitions	(6.3)	(5.1)
Debt issue costs	-	(0.3)
Financing	-	(6.0)
Net cash flow	0.6	(6.4)
Opening cash	18.0	23.0
Closing cash	18.6	16.7
Net debt	512.7	480.1

Q3 Financial results for FY 2016

Cash conversion



£m	Q3 2016	Q3 2015
Operating cash flow	17.5	13.5
Exceptionals	4.9	2.1
Working capital adjustments	(0.1)	(0.2)
Adjusted operating cash flow	22.3	15.4
Maintenance capital expenditure	(5.9)	(5.4)
Adjustments	0.5	0.7
Adjusted cash flow	16.9	10.7
EBITDA	21.6	18.0
Adjusted cash conversion %	78.5%	59.5%

Q3 Summary



- Consistent execution of strategy continues
- Strong LFL private revenue growth
- New products and services driving organic revenue growth
- Acquisitions adding to total revenue growth
- Brand roll out complete by H1 2017
- TV advertising starts April
- Active management of NHS revenues to maximise performance

Contact details:

Further questions can be addressed to:

- Email: investorrelations@mydentist.co.uk
- Telephone: 01204 799651

Investor information is available from our new dedicated investor website:

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