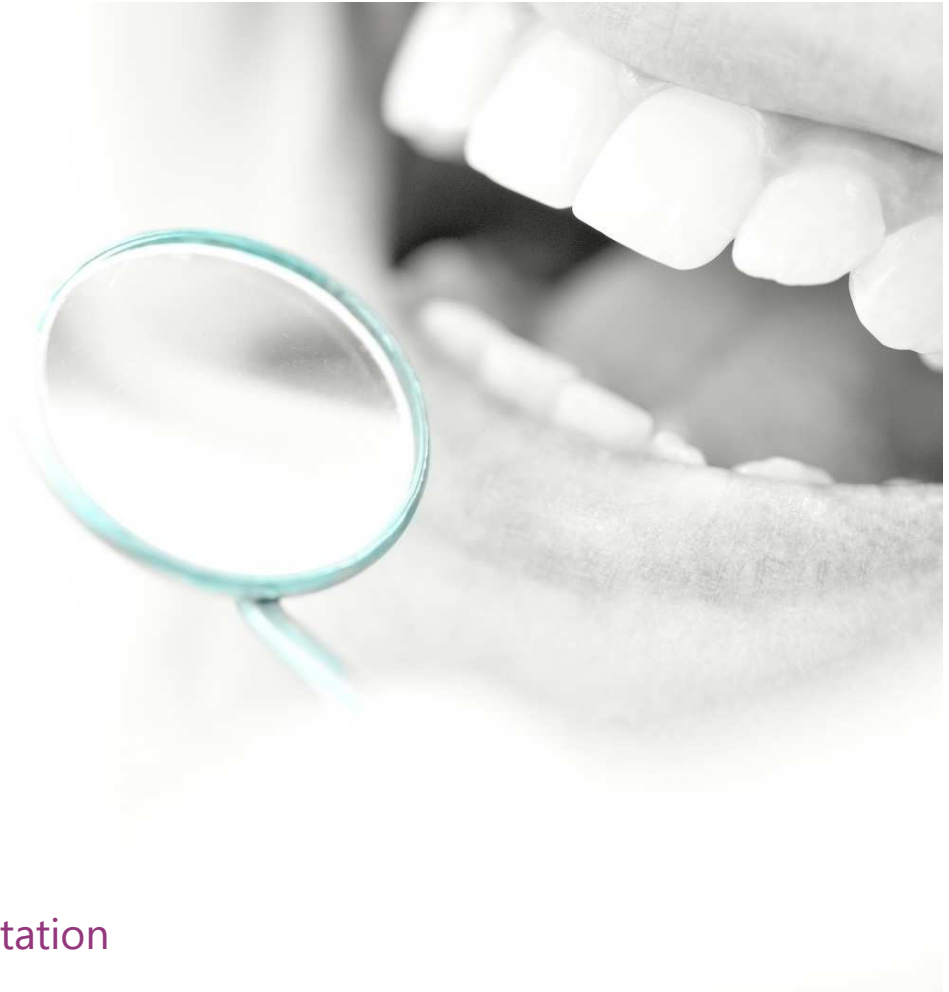


Integrated Dental Holdings

Q2 FY2018 Quarterly Results - Investor presentation
8 November 2017



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Agenda



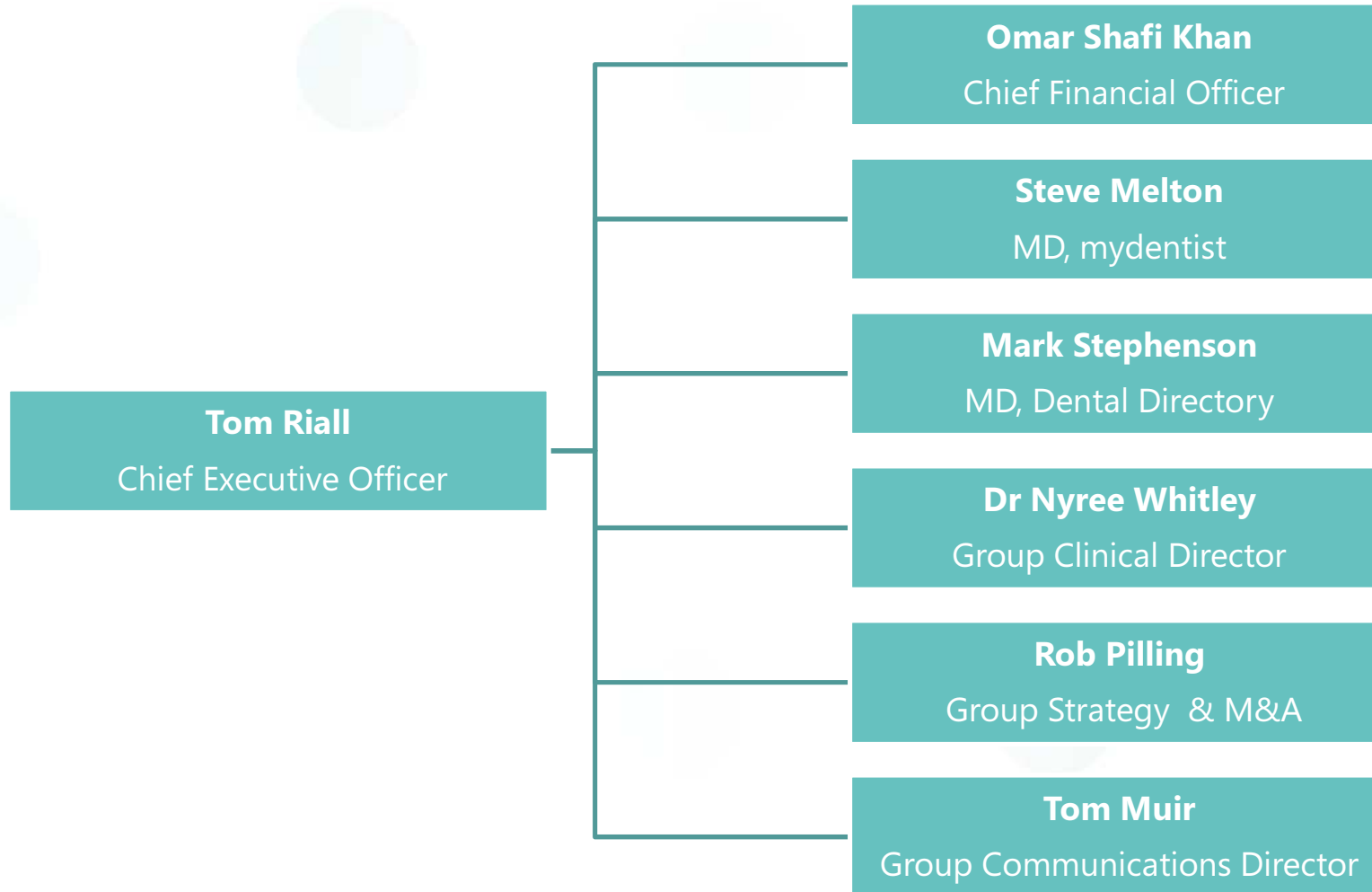
- New appointments
- Performance & business update
 - **mydentist** developments
 - **Dental Directory** developments
- Q2 FY2018 financial review
- Strategy review and new operational plan
- Financial outlook
- Summary



New appointments



New appointments



New appointments



Omar Shafi Khan – Chief Financial Officer

- Joined IDH Group as Chief Financial Officer in October 2017
- Previously Group Chief Financial Officer at Innovia Group, a private equity-backed leading advanced polymer solutions business
- Before Innovia, Omar spent 16 years with Royal Dutch Shell in a number of roles covering strategy, business development and finance
- Based in NW of England

New appointments



Steve Melton – Managing Director, mydentist

- Joined IDH Group in October 2017 to run the mydentist division
- Previously Chief Operating Officer and then Chief Executive Officer of Circle Holdings, Europe's largest employee co-owned hospital group
- Steve has more than three decades of experience in retail and healthcare leadership
- Earlier in his career, he held the roles of Supply Chain Director for Argos and General Manager (Non-Food) for ASDA and worked at Unilever across a number of international roles
- Based in NW of England



**Q2 FY2018
Performance & business
update**



Q2 FY2018 group performance



Group

- Revenue increased 0.4% YoY to £142.7m
- Q2 EBITDA down £3.2m to £13.7m
- Year-to-date revenue down 0.4% to £284.3m and EBITDA down to £26.5m



mydentist

- Private revenue LFL growth of 8.8% per working day
- Divisional revenue down 1.6% due to lower UDA delivery
- Gross margin in line with FY2017

**Dental
Directory**

Dental Directory

- Revenue growth 8.6% YoY to £34.4m (before intergroup eliminations)
- Gross margins down 0.8% on Q2 FY2017

Q2 FY2018 highlights – mydentist



NHS revenue

- Continued under-performance
- NHS revenue of £91.1m, down £3.6m (-3.8%) for the quarter
- Like-for-like UDA delivery per working day down 4.9% compared to Q2 FY2017
- Continuing issues with:
 - Reduced number of hours dentists are available
 - UDAs contracted per dentist down
 - The influence of private revenue growth with patient choice
- Encouraging signs in operational improvements in diary utilisation and a reduction in “Did Not Attend” (DNAs)

Q2 FY2018 highlights – mydentist



Private revenue

- Private revenue for Q2 was £25.0m, an increase of 7.1% on last year
- Like-for-like private growth for the quarter was 7.1%; adjusted for the number of working days, the increase was 8.8%
- Continued strong growth in fee per item for Q2, +11.5% LFL over two years and hygiene +17.2% LFL over two years

Q2 FY2018 highlights – mydentist



Resourcing

- Significant investment in the resourcing and on-boarding pipeline
- Well attended resourcing days being held across the country – Bristol, Manchester, Wembley, York and Sheffield
- Overseas channel options finding applicants still eager to work in the UK with resourcing days being held in, for example, Greece, Romania and Bulgaria
- We are starting to utilise overseas clinicians for hygienist and “value private” treatments while they are waiting for NHS performer numbers
- An additional net 128 clinicians engaged year to date

Q2 FY2018 highlights – Dental Directory



- Total revenue excluding sales to mydentist up 10.3% to £26.5m
- Growth in revenue driven by the High Street mainly through price inflation with some volume growth in services
- Fluctuations in the currency markets have impacted purchase and stock prices year-on-year although gross margin impact has been mitigated over time by price increases and sales mix
- Acquisition of BF Mulholland adds capability and presence in Northern Ireland to the division



Q2 FY2018 Financial review



Q2 FY2018 Financial highlights



- Revenue up 0.4% to £142.7m
- LFL mydentist private revenue up 7.1%, 8.8% per working day
- Private revenue now 17.6% of total revenue (Q2 FY2017: 16.5%)
- NHS revenue 63.9% of total (Q2 FY2017: 66.6%)
- Dental Directory revenue 18.5% of total (Q2 FY2017: 16.9%)
- EBITDA down £3.2m on FY2017 to £13.7m
- Normalised cash conversion after maintenance capital expenditure was 138.9% (FY2017: 117.8%)

Financial results for Q2 FY2018

Income statement

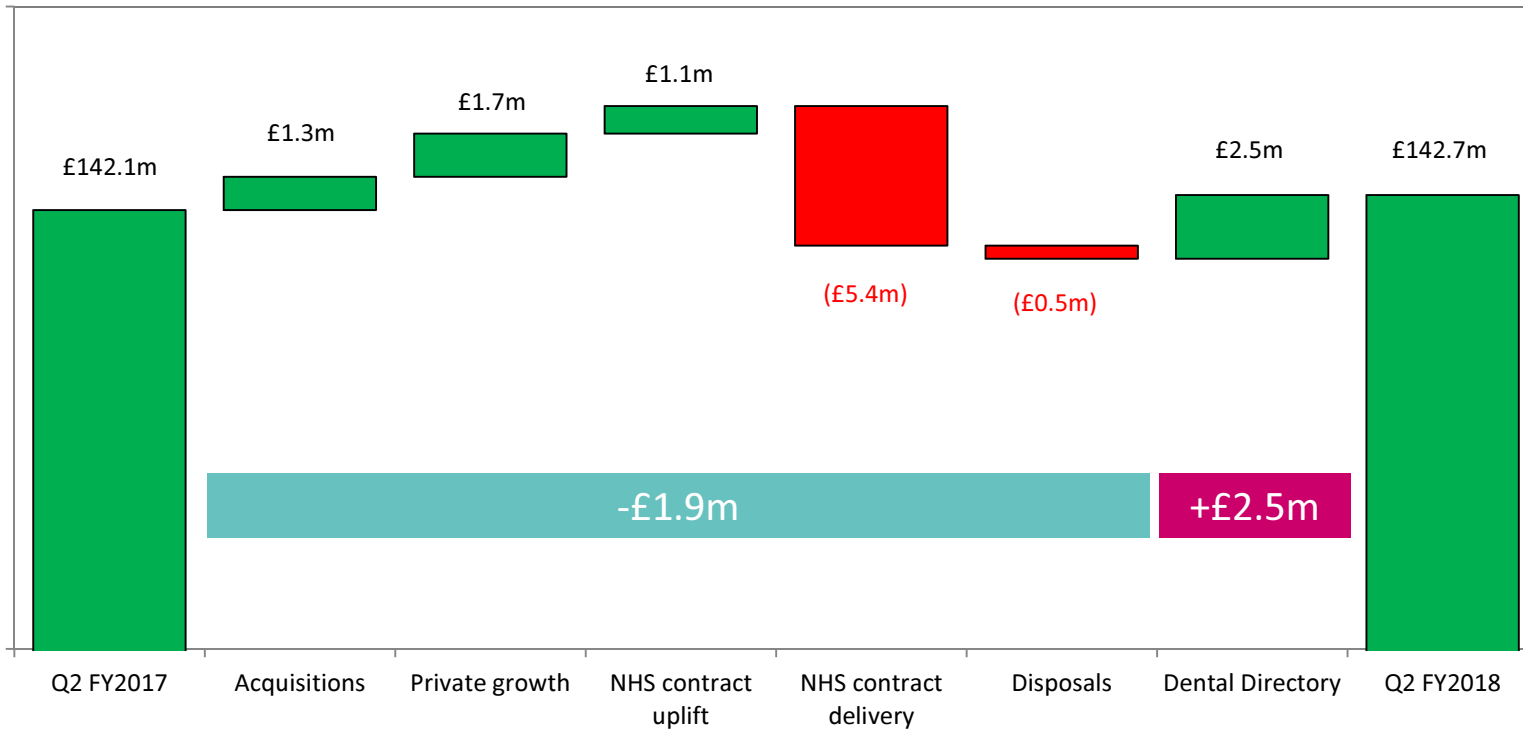


	Q2 FY2018 £m	% of revenue	Q2 FY2017 £m	% of revenue	% change
Revenue	142.7		142.1		0.4%
Gross profit	62.9	44.1%	63.8	44.9%	(1.3)%
Overheads*	(49.7)	34.9%	(47.5)	33.4%	(4.9)%
Other operating income	0.5	0.4%	0.5	0.4%	(6.1)%
EBITDA	13.7	9.6%	16.8	11.9 %	(18.9)%

* Administrative expenses plus distribution costs before depreciation, amortisation, impairment and other non-underlying items

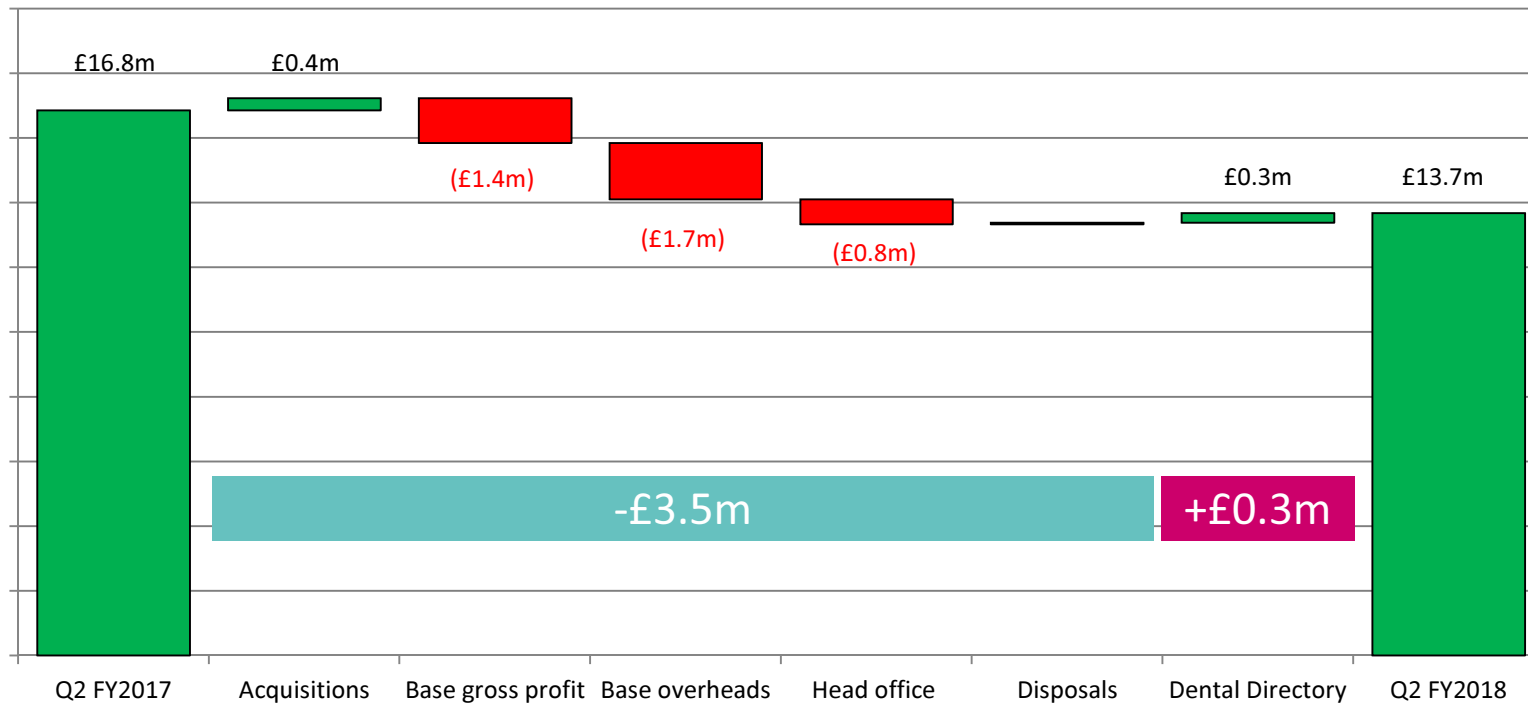
Financial results for Q2 FY2018

Group revenue bridge



Financial results for Q2 FY2018

Group EBITDA bridge



Financial results for Q2 FY2018

Acquisitions & Disposals



- Total of 661 practices at 30 September 2017 (675 at 30 September 2016)
- Other acquisition spend related to deferred consideration payments
- No further practice acquisitions in mydentist planned for FY2018



- No acquisitions completed in the quarter.
- Acquisition of BF Mulholland completed in October 2017. Funding likely to be drawn from the SSRCF
- Leading distributor of Dental equipment and materials in Northern Ireland with a purpose-built warehouse, showroom and engineering workshop near Belfast

Financial results for Q2 FY2018

Acquisitions & Disposals



- On-going portfolio review has identified a number of practices which are no longer sustainable
 - 7 practices closed in Q2 (YTD – 8 practices)
 - 4 practices disposed
 - An additional 12 practices reclassified as “held for sale” on the balance sheet and the excess of book value compared to estimated realisable value written off during Q2
 - 20 practices now classified as held for sale
 - One practice where NHS contract returned and practice relaunched as a private only practice with encouraging early signs
- Limited further disposals and closures being considered as highlighted at the year-end and as part of the strategic review

Financial results for Q2 FY2018

Cash flow statement

£m	Q2 FY2018	Q2 FY2017
Cash generated from operations	21.5	23.3
Net capital expenditure	(3.5)	(6.3)
Corporation tax	-	-
Cash flow before acquisitions and debt service	18.0	17.0
Interest	(14.2)	(12.2)
Cash flow before acquisitions and financing	3.8	4.8
Acquisitions*	(1.5)	(3.7)
Debt issue costs	-	(15.6)
Financing	-	10.7
Net cash flow	2.3	(3.8)
Opening cash	12.8	21.8
Closing cash	15.1	18.0
Net debt	526.3	520.8

*Excluding fees
SSRCF remains undrawn - £100m (£98.2m available after Letter of Credit)

Financial results for Q2 FY2018

Cash conversion



£m	Q2 FY2018	Q2 FY2017
Operating cash flow	21.5	23.3
Exceptionals	1.2	1.8
Acquisition fees	-	0.2
Working capital adjustments	-	(0.1)
Adjusted operating cash flow	22.7	25.2
Maintenance capital expenditure	(3.7)	(5.4)
Adjustments	-	0.1
Adjusted cash flow	19.0	19.9
EBITDA	13.7	16.8
Adjusted cash conversion %	138.9%	117.8%



Strategy review & new operational plan





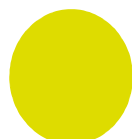
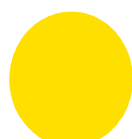


Strategy review & new operational plan



- Strategy review implemented on appointment of Tom Riall as new CEO
- Review carried out with assistance from PwC
- Detailed workshops held with functional leadership to create priorities
- Leveraged PwC's extensive experience in the dental and healthcare markets
- Developed an implementation and tracking tool outlining the roadmap for implementation and tracking the key measures for each initiative
- Views also surveyed from over 700 clinicians and a focus group of internal and external clinicians
- Strategy tested by a series of "Big Meetings" where Tom discussed the approach with clinicians, managers and staff across the country

Strategy review & new operational plan

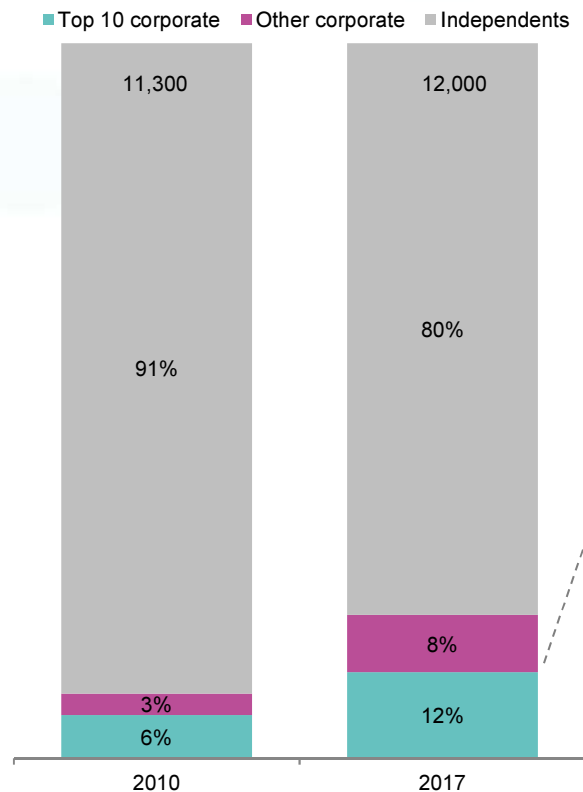
Where are we now?

-  **Largest** network in the market with the highest number of practices, clinicians and customers
-  Only **integrated** dental services business in Europe, with control across the supply chain
-  Track record of **high-quality** clinical care
-  Important **partner to the NHS**, with **strong relationships** at a national and local level
-  A **new brand that resonates** with customers and drives **trust and loyalty**
-  Strong **financial controls** with robust reporting

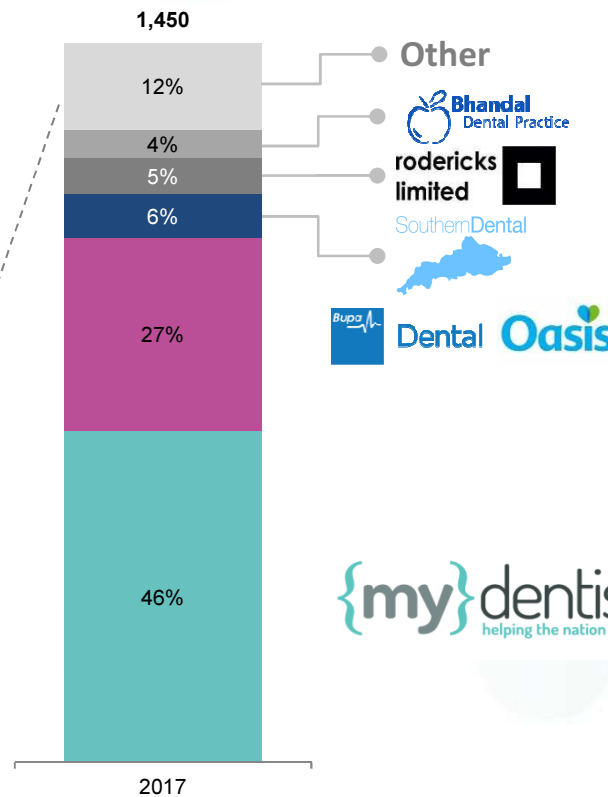
Strategy review & new operational plan

The market is still extremely fragmented....

Dental market consolidation Number of practices, 2010-17



Top 10 corporates market share Number of practices, 2017



% NHS revenue

- 80%
- 79%
- 76%
- 46%
- 80%

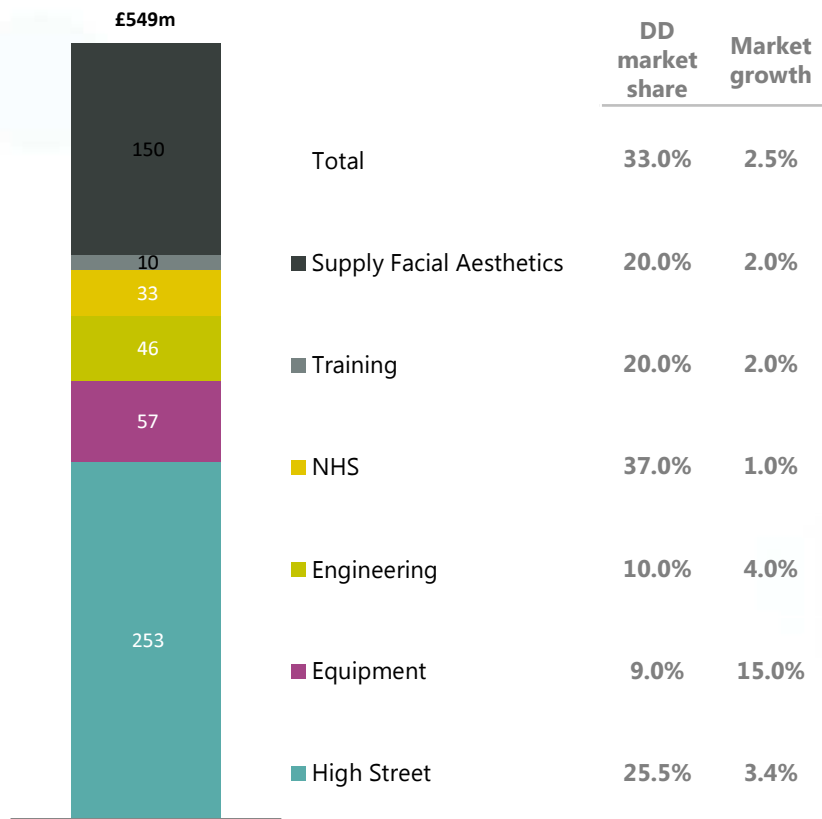
Number of practices in a corporate has risen by 112% in 7 years and we're likely to see further consolidation

Strategy review & new operational plan

Dental Directory provides access to large and growing opportunities...

We operate in a large market and have significant market share, which is growing

Estimated dental services market size



And there are key opportunities for future growth

Orthodontics

Market size: £170m



Implantology

Market size: £300m



Ireland

Market size: £65m



Primary care

Market size: £160m



Digital

Market size: £25m



Labs

Market size: £380m



Dental training & compliance

Market size: £20m



Strategy review & new operational plan



- Strategy identified seven priorities to deliver between FY2018 and FY2020
- Operational plan sets out key actions to meet these priorities
- Four priorities to address operational under-performance specifically:
 - Lack of focus on recruitment and retention of nurses and clinicians
 - Tail of underperforming practices
 - Declining clinician productivity
 - Manage cost base
- Successful execution of the priorities will restart growth
- Three priorities to carry on and take to the next level existing strengths in private growth, the development of the Dental Directory division and clinical standards

Strategy review & new operational plan



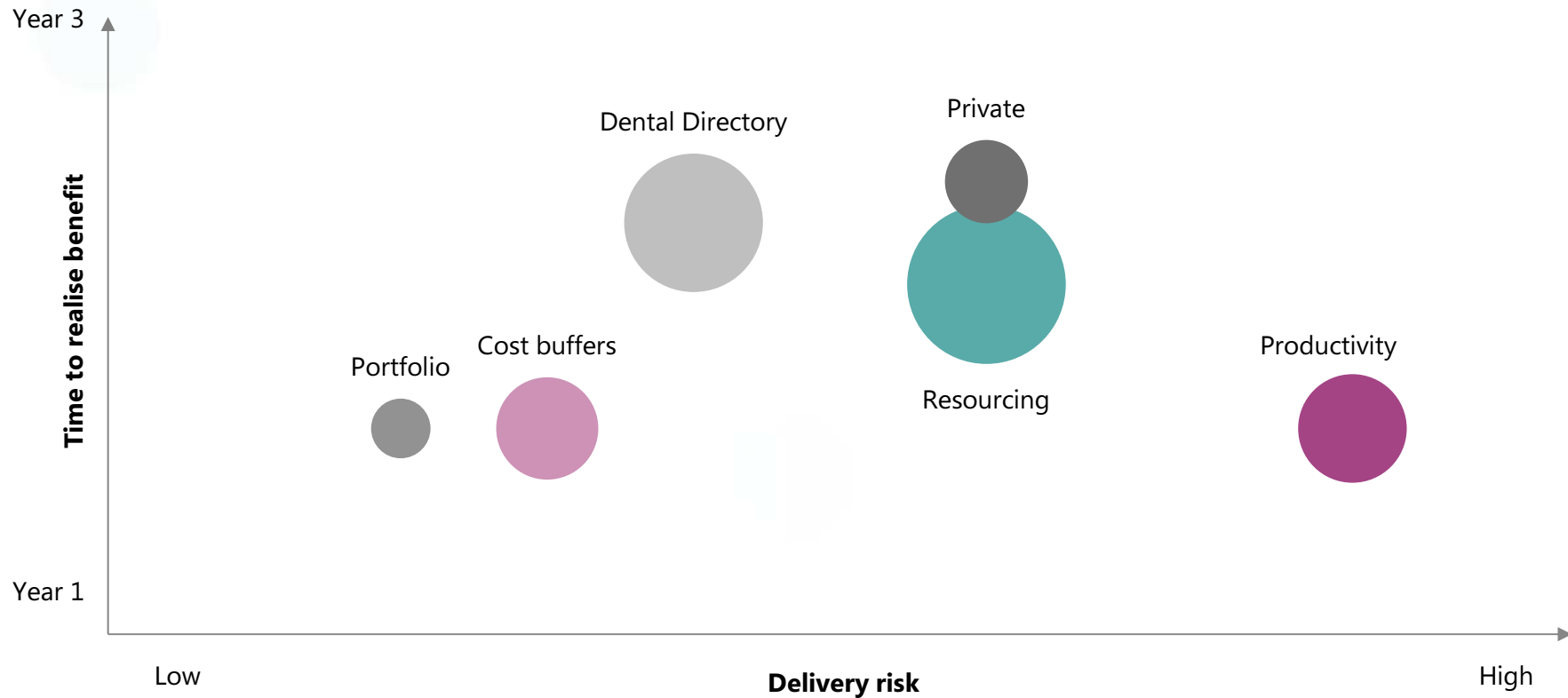
Strategic priorities

		Description
1	Improve clinician and nurse resourcing and retention	Build a best-in-class recruitment team to promote a more compelling clinician proposition and fill all vacancies
2	Evaluate the portfolio	Assess the portfolio to identify and create a plan for loss-making practices
3	Optimise practice productivity	Increase practice productivity to drive improved UDA completion rates, and number of committed hours per dentist
4	Buffer and mitigate short term costs	Assess and rationalise the cost base across the group
5	Continue growth of private	Develop and roll-out an affordable private proposition across specialist treatments and Private Payment Plans
6	Continue growth and M&A in Dental Directory	Grow the business through acquisition and build a leading lab offering
7	Maintain high clinical standards	Develop best-in-class clinical pathways and procedures to deliver consistent, high quality and ethical dental care

Strategy review & new operational plan

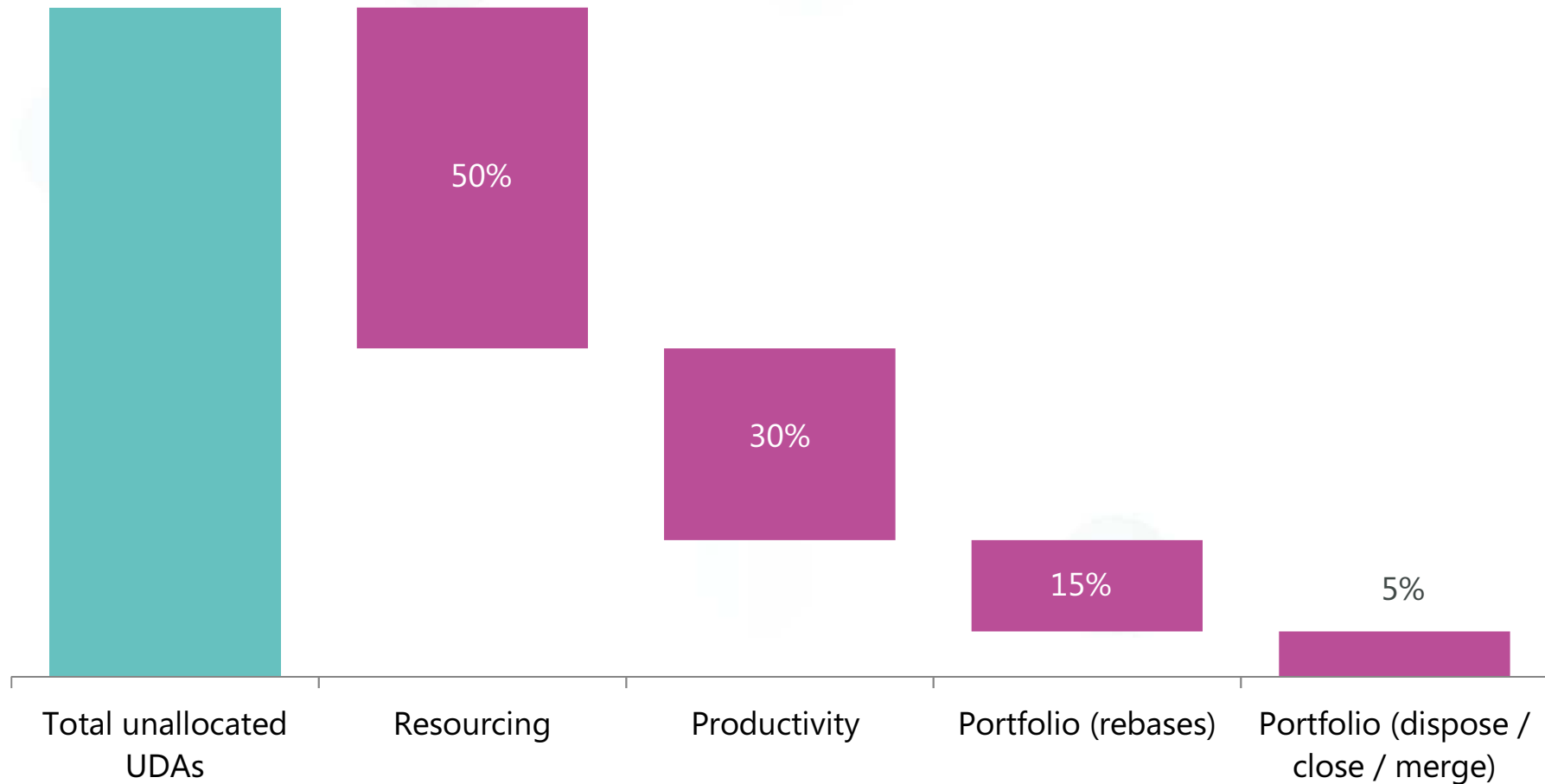
These priorities have a significant EBITDA benefit, however delivery risk, time to realise benefits and interdependencies vary

Incremental EBITDA benefits, delivery risk, and time to realise benefit for key priorities



Strategy review & new operational plan

These priorities will help us to deliver our UDA commitments and fulfil the UDAs in the portfolio that are currently unallocated



1 Improve clinician and nurse resourcing and retention

Build a best-in-class recruitment team to promote a more compelling clinician proposition and fill all vacancies

Increase net clinician headcount over the plan period, and maintain a sustainable staffing base

What issues does this address?

- High clinician vacancies
- High unallocated UDAs
- Nurse churn
- Locum and agency usage

What are the potential benefits?

- Reduction in unallocated UDAs
- Fewer empty chairs across the business
- Increase in practice productivity
- Reduced locum and agency spend
- A stable and fully resourced base of clinicians and nurses

2 Evaluate the portfolio

Assess the portfolio to identify and create a plan for loss-making practices

Dispose, close, merge or turnaround/switch to private loss making practices so that all practices contribute to EBITDA

What issues does this address?

- Number of loss making practices within the group portfolio
- Unprofitable or unachievable UDA contracts in certain areas

What are the potential benefits?

- High performing portfolio where every practice contributes at EBITDA level
- Increased group EBITDA on disposals/sales or mergers
- Reallocation and retention of clinicians and staff
- Reduction in unallocated UDAs

3 Optimise practice productivity

Increase practice productivity to drive improved UDA completion rates and numbers of committed hours per dentists

Increase UDA delivery per clinician per hour and increase committed hours per dentist

What issues does this address?

- Falling annual hours per dentist
- Lower UDA contract delivery and large numbers of unallocated UDA's
- Variation in UDA delivery across clinicians
- High "Did Not Attend" rate

What are the potential benefits?

- More efficient and effective clinician utilisation
- Higher UDA contract delivery
- Reduction in unallocated UDAs
- Increase average £/hr revenue

4 Buffer and mitigate short term costs

Assess and rationalise cost base across the group

Targeted cost savings

What issues does this address?

- Sales shortfalls put pressure on EBITDA performance
- Weaker currency markets are putting margins under pressure
- Push to deliver contract delivery may drive higher fee costs through recruitment and current dentist delivery

What are the potential benefits?

- Support EBITDA delivery
- Reinforce cost consciousness message across senior management team
- Support the control of cash and maintain high cash conversion. Mitigate pressure on leverage.

Strategy review & new operational plan

Strategic priority

5 Continue growth of private

What are the potential benefits?

- Growth of private revenue and business mix shift towards private
- More attractive private proposition to attract new clinicians
- Increased internalisation of referrals

6 Continue growth and M&A in Dental Directory

- Increase revenue through additional service lines and maximising cross-selling opportunities
- Increase capability and capacity

7 Maintain high clinical standards

- Deliver consistent, high quality and ethical dental care
- Maintain high clinical standards measured through CQC compliance and patient satisfaction
- Maintain mydentist clinical excellence
- Increase clinician likelihood of engaging with mydentist
- Improve patient satisfaction and advocacy

FINANCIAL OUTLOOK



SUMMARY



Contact details:

Further questions can be addressed to:

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

Investor information is available from our dedicated investor website:

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