



IDH Finance plc



Q4 FY2020 - Interim investor presentation: impact of Covid-19
27 May 2020

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Agenda

- Introduction - Chief Executive overview
- Impact of coronavirus on the Group
 - Financial impact on Q4 FY20
 - {my}dentist operations
 - DD operations
- FY21 overview
- Summary
- Q&A

- Adjusted EBITDA for Q3 in line with guidance
- Performance in line with expectations through February
- From early March the coronavirus outbreak has had a significant impact on business activity
- Aim of this session to provide more information on the
 - Impact of the virus and national lockdown on the group
 - Management actions taken so far
 - Support received from NHS in England, Scotland, Wales and Northern Ireland
- We will also provide an update on our financial position including cash flow and liquidity
- Final year-end audited results and our annual report for FY20 will be presented by the end of July (and will not be covered in this update)

Financial performance during Q4

- At the end of February, both {my}dentist and DD on track to meet forecast for year-end adjusted EBITDA of £62.0m – the top-end of previous guidance
- Dentist hours continued to improve but remained marginally down on FY19 in January and February
- NHS like-for-like revenue per working day was down 2.2% at the end of Q3 YTD but was continuing to improve
- Like-for-like private revenue was up c20% YTD
- Shortfall in March delivery due to Covid crisis was supplemented by NHS support payments to meet FY19 levels of performance
- DD YTD revenue up c19% on FY2019 at month 11 and EBITDA c80% ahead of the prior year YTD.
- Full year FY20 currently being audited

Impact of the coronavirus

- During March our {my}dentist practices moved from routine procedures to emergency only procedures with no aerosol generating procedures (AGP)*.
- Practices are still working and staffed but operating a telephone only triage system
- Referral of emergency cases in England into the network of NHS Urgent Dental Care centres (UDCs)
- {my}dentist currently operating 38 UDCs
- Private dentistry shut down
- Support centre closed with all staff moving to remote working
- NHS financial support arrangements for March 2020 and FY21 Q1 differ between England, Scotland, Wales and Northern Ireland

* 80% of all dental procedures use aerosol

Financial arrangements for Q1 FY21

England

Operational summary	<ul style="list-style-type: none">- UDC network continues to provide emergency cover- All other practices: telephone triage only
Contract payments	<ul style="list-style-type: none">- Monthly contract payments expected to continue as normal from 1 April at 100% of contract value. Abatement for labs and materials (amount to be confirmed) expected to be recovered by the NHS between September 2020 and April 2021.
Reconciliation / clawback	<ul style="list-style-type: none">- March FY20 activity to be adjusted in line with March FY19 activity with clawback as normal through H2 FY21 for FY20 shortfall.- Detailed proposal for FY21 not yet received, however NHS has indicated that assumed contract delivery will be maintained at a level that enables continued payment of staff and clinicians.- It is expected there will be no clawback for the period where practices only providing emergency access
Clinician remuneration	<ul style="list-style-type: none">- Clinicians will be remunerated in line with what they would have expected to earn from NHS dentistry, based on their contracted activity. To be paid in monthly instalments in line with historical seasonal activity.

Management action has focussed on preserving capital and managing the safety and wellbeing of practice and support staff

- Comprehensive communication strategy put in place with regular updates for patients, practice staff and clinicians
- Continuation of NHS funding means NHS clinicians are paid in line with their NHS contracts and practice staff still in role or volunteering for the NHS, are paid in full
- The Coronavirus Job Retention Scheme has been utilised to furlough 25% of practice staff (in line with private revenue share), and a similar percentage of Support Centre staff
- Review of variable and fixed cost base ongoing, including review of rental charges
- All growth and maintenance capital expenditure on hold, unless specifically authorised

Detailed planning for re-starting routine treatments ongoing. Possible phases of re-start might be:

- Phase 1 – current environment with UDC network in place
 - Preparatory phase for restart – PPE supplies, operating procedures, communication with patients, clinicians and staff
- Phase 2 – interim phase with UDCs remaining in place. All other practices re-open but non-AGP
 - Additional SoPs in place in practice – temperature checks, social distancing in practice, increased cleaning routines, closed waiting rooms
- Phase 3 – all practices re-start routine dentistry with new operating procedures, potentially enhanced PPE
- Timing and phasing uncertain. We await government guidance, and it will be conditional on continuing reduction in R factor and opening up of other public services

- DD normal sales channels of consumables for the High Street, engineering and aesthetics effectively paused with the move of dental practices to triage only
- Furloughed 55% of staff
- Management pivoted to more entrepreneurial model to source PPE from around the world to meet increased demand from non-traditional customer base (Police, care providers, and direct to consumer)
- Building relationships with new suppliers and in new areas, such as the NHS, care homes and other public sector organisations
- Sourced 3 million FFP2 masks from China during April/May to meet demand from NHS Supply Chain, the Police and other public sector organisations

- In the current climate it is impossible to provide detailed guidance on FY21
- Our performance and forecasts will depend on:
 - Length of restrictions to routine dentistry
 - Continued NHS support
 - Ramp in activity levels when practices re-start non-emergency treatments
- £73.2m of SSRCF was drawn during March – now fully drawn at £100m
- Support from the NHS underpins cash position for Q1
- Temporary working capital cash outflow in Q1 due to patient charges deductions – rebuilds when practices restart operations
- Scenario planning demonstrates sufficient liquidity and headroom in covenant compliance

- {my}dentist and DD were on track to deliver FY20 guidance at the end of February and continued EBITDA progression in FY21
- Performance in March prior to lockdown remained strong
- Rapid change in business environment during March
 - Shut down of routine dentistry
 - DD development of new operations focused on supply of PPE
- Cash flow supported by NHS payments.
- Adequate liquidity in down case with no expectation of covenant breach
- Management team has responded outstandingly with a clear plan and effective communication throughout, and have now started to work on the plan to re-start operations
- Significant positive feedback from clinicians and practice staff gives us confidence on performance and clinician hours trajectory, once operations normalise

Contact details:

Further questions can be addressed to:

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Investor information is available from our dedicated investor website:

www.mydentist.co.uk/about-us/investors

