



## IDH Finance plc

Q1 FY2021 - Investor presentation  
9 September 2020

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# Agenda

- Introduction – Chief Executive overview
- Performance & business update
  - **{my}dentist**
  - **DD**
- Financial review
- Summary
- Q&A

- Q1 (three months ended 30 June 2020) covers the period when the UK was under national lockdown
- Dentistry was, and continues to be, affected by the Covid-19 outbreak
  - Dental practices were closed to routine treatment from mid-March
  - Practices could technically restart routine treatments from 8 June 2020
- NHS contract payments continued throughout lockdown
- DD management pivoted to focus on the supply of personal protective equipment (“PPE”) to public bodies
- Results for Q1 based on a prudent interpretation of NHS public announcements on contract management terms
- Restart in Q2 includes requirement for one hour fallow period between aerosol generating procedures (“AGP”); significantly reduces clinician productivity

# Q1 FY2021 Performance & business update



# Q1 FY2021 group performance



## Group

- Q1 adjusted EBITDA loss of £0.5m (Q1 FY2020 – profit of £11.5m)



## {my}dentist

- Minimal private revenue
- NHS revenue recognition based on prudent assessment of contract management
- Q1 adjusted EBITDA loss of £1.1m (Q1 FY2020 – profit of £11.9m)



## DD

- Revenue down £7.1m at £27.9m (before intergroup eliminations) for the quarter
- Adjusted EBITDA of £1.7m is £0.8m up on Q1 FY2020

## Q1 FY2021 summary – {my}dentist

- Total revenue for {my}dentist of £67.5m compared to £111.3m in Q1 FY2020
- NHS England contract revenue paid at 100% for April, May and June
- Abatement of 16.75% to be applied to period from 1 April to 8 June to offset savings from lower variable costs while practices closed for normal activity
- Abatement will be deducted from contract payments in H2 FY2021
- From 8 June no abatement to be applied due to higher PPE costs
- Revenue recognised based on the abatement and a prudent view of annual contract management
- Scotland, Northern Ireland revenue at 80% of normal activity and Wales at 80% of contract value
- Limited private revenue in Q1

## Response to Covid-19

- Company response at all levels outstanding
- Support Centre in Manchester closed down rapidly in March
- 300+ people operating remotely for more than 3 months
- Well prepared for remote working
- Regular briefings cascaded through teams
- Practices remained open throughout providing emergency triage
- Significant effort put into communications, both during lockdown and through the restart, to keep clinicians informed and up to date
- Regular video updates from senior management - well received by clinicians



# Q1 FY2021 summary – {my}dentist



“ {my}dentist’s communication to the dental team from the very top, with the CEO, and at practice, has been clear and frequent. They are **demonstrating excellent leadership.** ”

Karina, clinician

“ **Proud to work for {my}dentist.** They really have supported their employees. ”

Melissa, nurse

“ They have been **very supportive.** ”

Zilley, clinician

“ **Thank you {my}dentist for all your support** in these very uncertain times – it is very much appreciated. ”

Jeanette, clinician

“ The amount of work that’s going on behind the scenes...has been **fantastic.** ”

Anne, nurse

“ What this company is doing for each and every one of us is **outstanding.** ”

Emma, nurse

“ I’ve been a principal that sold...to {my}dentist 13 years ago and, right now, **I’ve realised how fortunate we are** to have a CEO, and clearly a brilliant team behind him, supporting us...He clearly has our backs and is fighting our corner! ”

Danny, clinician

“ I am **so proud to say I work for {my}dentist.** As a company, they are doing amazingly. ”

Karen, nurse

“ The support received from {my}dentist has been **brilliant.** I only joined in December but...it was the best decision I made. ”

Claire, clinician

# Q1 FY2021 summary – {my}dentist

## Resourcing & retention

- Indeed ranking increased from 2.8 in May 2019 to 4.2 out of 5
- Resourcing and retention position improved further
- Recruitment of UK recently qualified dentists ahead of last year with 117 current offers (+58 on same time period last year)
- Recruitment interest increasing from EEA, particularly Spain, Portugal and Italy

## LEK survey feedback

- Patient and clinician survey carried out in June by LEK Consulting
- Clinician engagement improving
- Patient feedback suggests demand for dental care is resilient
- Principal constraint is the fallow period and the availability of appointments
- Market growth expected to return in FY2022
- Conditions supportive for continued expansion of {my}options
- Healthcare spending expected to be prioritised and remain robust

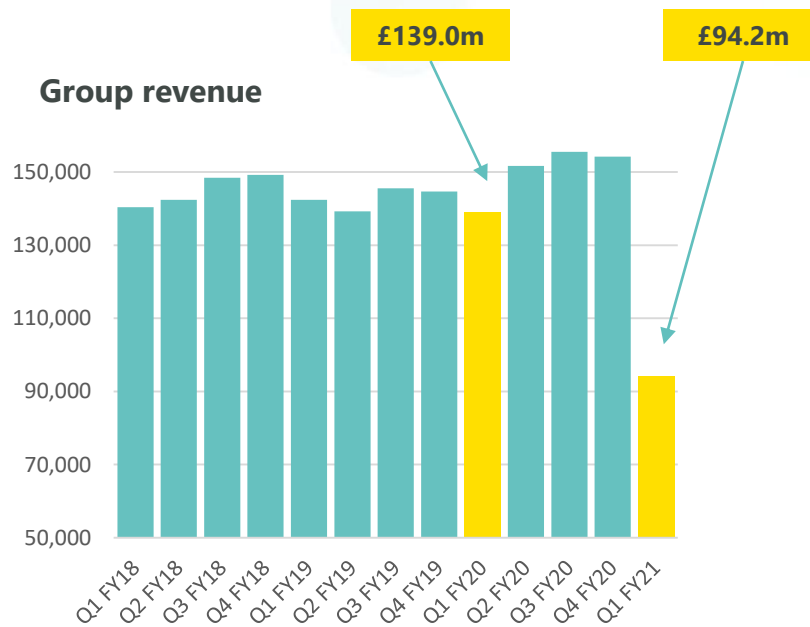
## Q1 FY2021 summary – DD

- DD forward momentum maintained following management pivot to PPE supply chain activity
- Total revenue, excluding sales to {my}dentist, down 3.8% from £27.7m to £26.7m for Q1 FY2021
- Reductions in high street dentistry offset by increased sales to health authorities and other public bodies such as the Police
- Gross margin in line with Q1 FY2020 at 26.0%
- Adjusted EBITDA for Q1 up to £1.7m, an increase of £0.8m on Q1 FY2020.
- Significant new contract win with BUPA Dental for H2 FY2021 for consumable materials across the UK – contract is an extension of the service provided in Ireland.

## Financial review



# Q1 FY2021 Financial highlights



Adjusted EBITDA by division	Q1 FY2021	Q1 FY2020
{my}dentist	(1,149)	11,898
DD	1,674	867
Group	(727)	(889)
Eliminations	(264)	(386)
<b>Adjusted EBITDA</b>	<b>(466)</b>	<b>11,490</b>

# Financial results for Q1 FY2021

## Income statement

	Q1 FY2021 £m	% of revenue	Q1 FY2020 £m	% of revenue	% change
Revenue	94.2		139.0		(32.2)%
Gross profit	38.1	40.4%	60.4	43.4%	(36.9)%
Overheads*	(35.7)	37.9%	(45.8)	33.0%	
Other operating income	0.4		0.4		
<b>EBITDA</b>	<b>2.8</b>	<b>2.9%</b>	<b>15.0</b>	<b>10.8%</b>	
Rental charges	(3.2)		(3.5)		
<b>Adjusted EBITDA</b>	<b>(0.5)</b>	<b>(0.5)%</b>	<b>11.5</b>	<b>8.3%</b>	

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

# Financial results for Q1 FY2021

## Cash flow statement

£m	Q1 FY2021	Q1 FY2020
Cash generated from operations before working capital	2.2	13.6
Working capital	7.3	7.2
Cash generated from operations	9.5	20.8
Net capital expenditure	(5.5)	(8.4)
Corporation tax	-	-
Cash flow before acquisitions and debt service	4.0	12.4
Interest	(6.4)	(6.0)
<b>Cash flow before acquisitions and financing</b>	<b>(2.4)</b>	<b>6.4</b>
Acquisitions	(0.1)	(0.3)
Lease cash payments	(1.9)	(3.5)
Financing	-	-
<b>Net cash flow</b>	<b>(4.4)</b>	<b>2.6</b>
Opening cash	76.1	8.9
<b>Closing cash</b>	<b>71.7</b>	<b>11.5</b>
Net debt	575.0	559.3



Q1 results driven by the circumstances of the Covid-19 pandemic

## **{my}dentist:**

- Private revenue minimal
- NHS contract payments throughout the pandemic highlight the resilient nature of the business
- Recruitment pipeline continues to strengthen
- Restart in Q2 has been slow while restrictions on AGP remain although demand from patients is strong.

## **DD**

- Results for Q1 show agility of management
- New contract win shows strength of service proposition

## **Group**

- Pandemic reaffirms the resilient nature of the company
- Strong cash flows and liquidity
- Combination of outstanding management response, resilient evergreen NHS contracts and our higher growth affordable private proposition leaves us in a strong position to compete in a post-Covid world

## Contact details:

Further questions can be addressed to:

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Investor information is available from our dedicated investor website:

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