



Integrated Dental Holdings



Q2 FY 2016 Quarterly Results - Investor presentation
17 November 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.”

Successful transition to private sector growth opportunity continues in Q2

- Consistent execution of strategy
- mydentist brand roll out continues with KPI uplifts
- Investment in training and patient choice pays off
- 14.2% growth in private like-for-like sales in Q2
- 12.3% growth in private LFL sales year to date
- Private revenues now 15.5% of group turnover
- Strong growth in fee per item – 16.7% LFL
- Cost discipline a priority

Overall Group performance on track

- 4.6% growth in overall revenue
- EBITDA flat for Q2 and H1 v 2015
- Strong cash generation and conversion rate
- Continued acquisitions – 666 practices at quarter end
- NHS revenues down YOY – action taken to mitigate shortfalls
- Headcount reduction and cost saving plans implemented

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
- 247 practices re-branded by the quarter-end
- Strong quarter for private revenue LFL growth – 14.2%
- 15 practices acquired in the quarter including a group of six in the East Midlands and a further two in Northern Ireland
- 666 practices at 30 September 2015, a net increase of 45 year on year
- Commitment to Health and Safety recognised with both Gold (Occupational) & Platinum (QSA) RoSPA awards
- Headcount & cost saving actions put in place

Practice Services - Dental Directory ("DD") & dbg



- Acquisition of small facial aesthetics business to enhance offering to dentists
- Merging of dbg activities into DD at Witham approaching completion to deliver synergies
- Plans in place to develop packaged services for members & customers
- Q2 FY 2016 revenues down £1.1m mainly due to loss of corporate customer at end of Q2 FY 2015

Q2 FY 2016 Financial Highlights



- Turnover up 4.6% to £139.2m
- LFL private revenue up 14.2%
- Base practice NHS revenues down £3.1m
- EBITDA flat at £19.1m YOY
- Pro-forma LTM EBITDA of £83.9m
- Normalised cash conversion after maintenance capital expenditure of 102.4%

Q2 FY 2016 Financial Commentary



Private Revenues

- LFL private revenue up 14.2% (Q2 FY 2015 – 13.8%)
- Continued strong growth in fee per item – 16.7% LFL growth & hygiene – 16.4% LFL growth for Q2
- Successful trial of Hygiene plan recruiting new customers, rollout across the estate now commenced
- Denture Excellence, high quality partial and full dentures available across 270 sites, strong Q2 YOY revenue growth
- Continued trialing in facial aesthetics (20 sites)

Q2 FY 2016 Financial Commentary



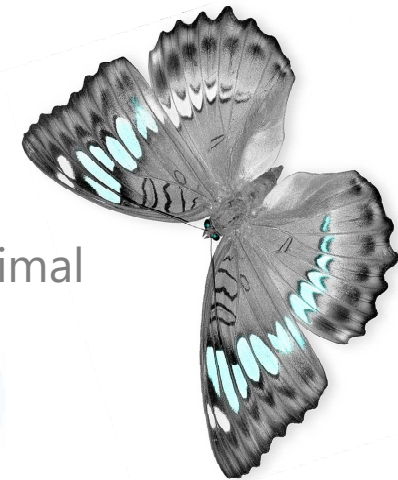
NHS Revenues

- Base NHS revenues down £3.1m on Q2 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:
 - H1 YOY decline in the number of exempt patients
 - Q1 & Q2 year on year decline in completed courses of treatment
 - Successful growth of private revenues with patient choice partially impacting NHS revenues



A new brand, a new dawn

- 123 sites branded in Q2 making 247 completed sites
- On track to complete project by the end of Q1 FY 2017
- Project costs, both capex & opex, remain in line with previous guidance
- The key measures for the new brand are:
 - Growth in LFL private revenues
 - Growth in new patient numbers
 - Improving net promoter score
 - Improved UDA delivery %
- KPIs remain positive albeit NHS delivery improvement minimal





FY 2016 Financial Review



Q2 Financial results for FY 2016

Profit and loss account

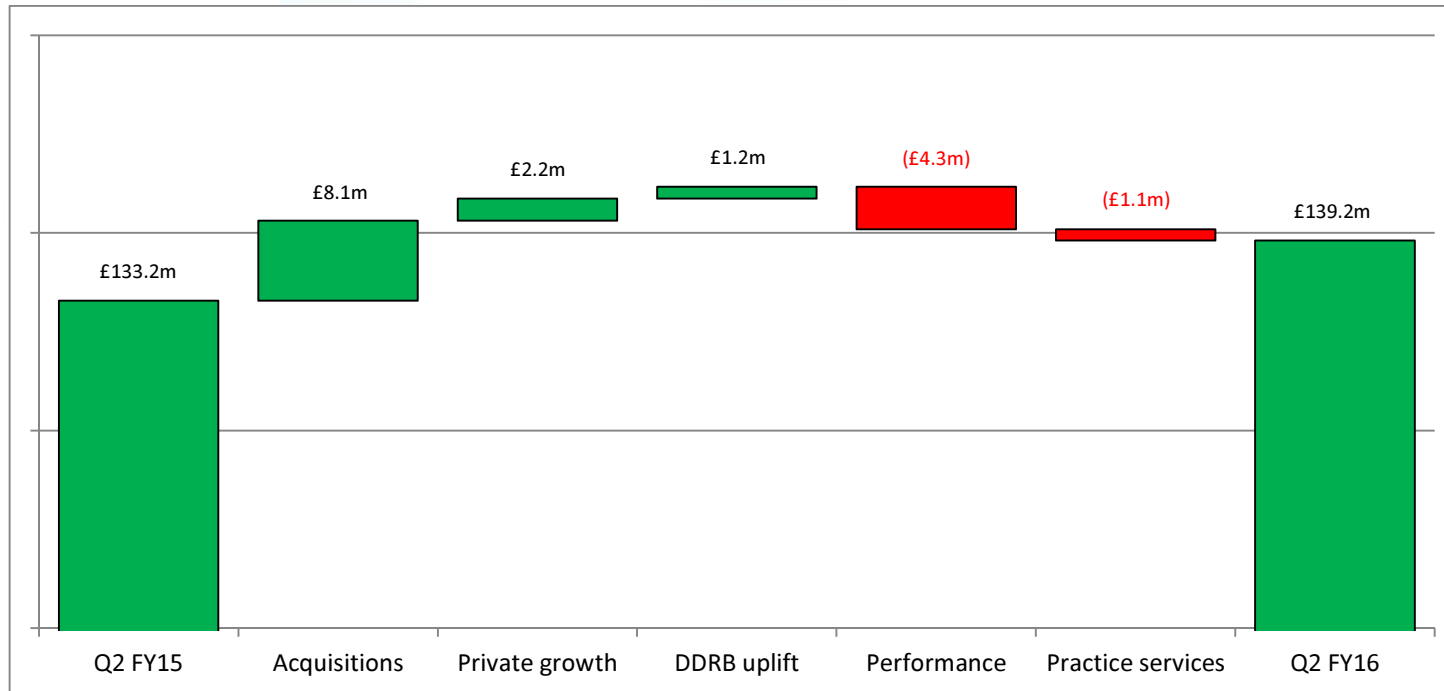


	Q2 2016 £m	% of revenue	Q2 2015 £m	% of revenue	% change
Turnover	139.2		133.2		4.6%
Gross profit	63.7	45.8%	59.8	44.9%	6.6%
Administrative expenses*	(45.1)	32.4%	(41.1)	30.9%	9.7%
Other operating income	0.5	0.3%	0.4	0.3%	12.3%
EBITDA	19.1	13.7%	19.1	14.4%	0.0%

* Administrative expenses before depreciation, amortisation and exceptional items

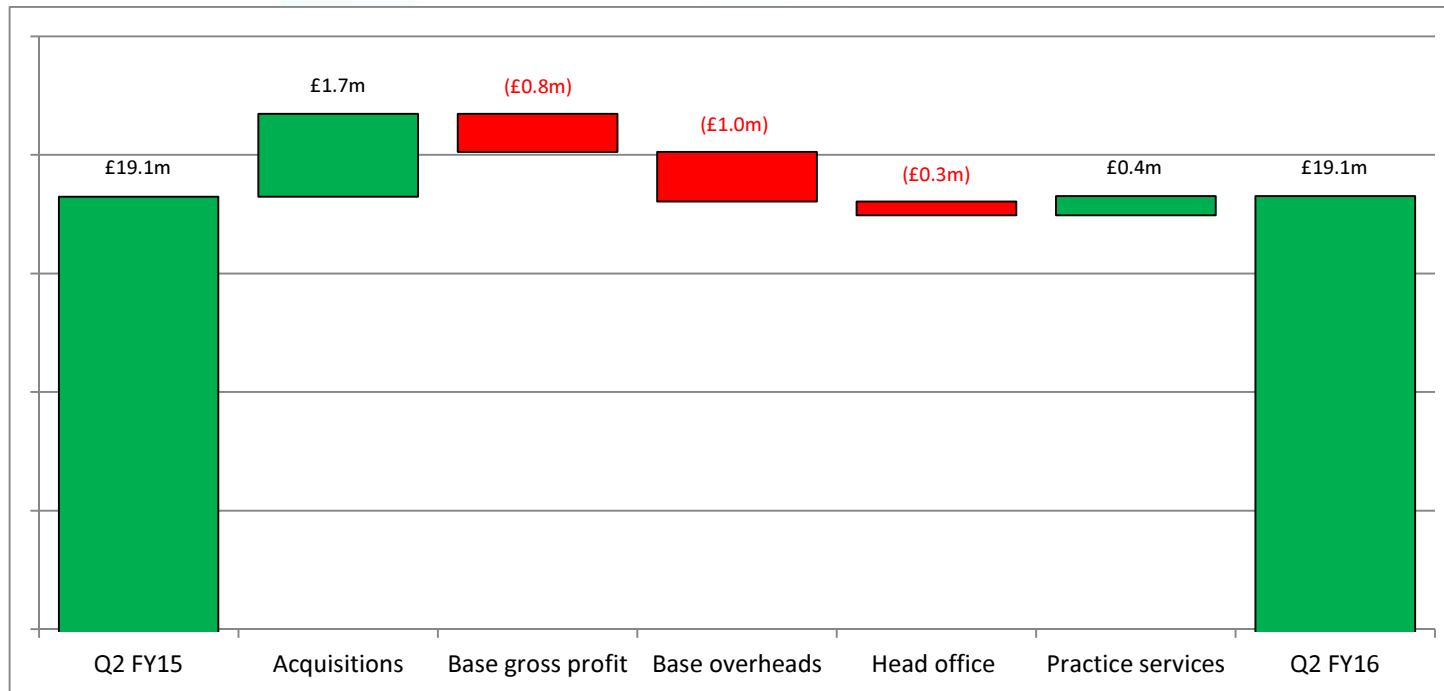
Q2 Financial results for FY 2016

Turnover



Q2 Financial results for FY 2016

EBITDA



Q2 Financial results for FY 2016

Pro-forma EBITDA



	£m
LTM EBITDA before exceptional items at 30 September 2015	76.8
Estimated adjusted EBITDA of acquired dental practices at 30 September 2015	5.9
Reversal of one off FY15 stock adjustment and Practice services synergies	1.2
Estimated pro-forma adjusted EBITDA	83.9

- 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.

Q2 Financial results for FY 2016

Acquisitions



- Total of 666 practices at 30 September 2015 (621 at 30 September 2014).
- 15 practices acquired during the quarter including:
 - Group of 6 practices in East Midlands.
 - A further 2 practices in Northern Ireland
- The annualised EBITDA expected from Q2 FY16 dental practice acquisitions is £2.9m, before central overheads.

Q2 Financial results for FY 2016

Cash flow statement



£m	Q2 2016	Q2 2015
Operating cash flow	19.1	22.8
Capital expenditure	(4.2)	0.7
Corporation tax	0.5	-
Cash flow before acquisitions and debt service	15.4	23.5
Interest	(13.5)	(13.1)
Acquisitions	(18.9)	(23.4)
Debt issue costs	-	(0.4)
Financing	8.5	13.0
Net cash flow	(8.5)	(0.4)
Opening cash	26.5	23.4
Closing cash	18.0	23.0
Net debt	512.6	479.1

Q2 Financial results for FY 2016

Cash conversion



£m	Q2 2016	Q2 2015
Operating cash flow	19.1	22.8
Exceptionals	4.8	1.0
Working capital adjustments	-	(0.2)
Adjusted operating cash flow	23.9	23.6
Maintenance capital expenditure	(4.6)	(4.6)
Adjustments	0.3	0.4
Adjusted cash flow	19.6	19.4
EBITDA	19.1	19.1
Adjusted cash conversion %	102.4%	101.6%

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