



Integrated Dental Holdings



Q3 FY2018 Quarterly Results - Investor presentation
7 February 2018

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Agenda



- New appointments – Group Commercial Director
- Strategy overview
- Performance & business update
 - **mydentist** developments
 - **Dental Directory** developments
- Q3 FY2018 financial review
- Summary



New appointments



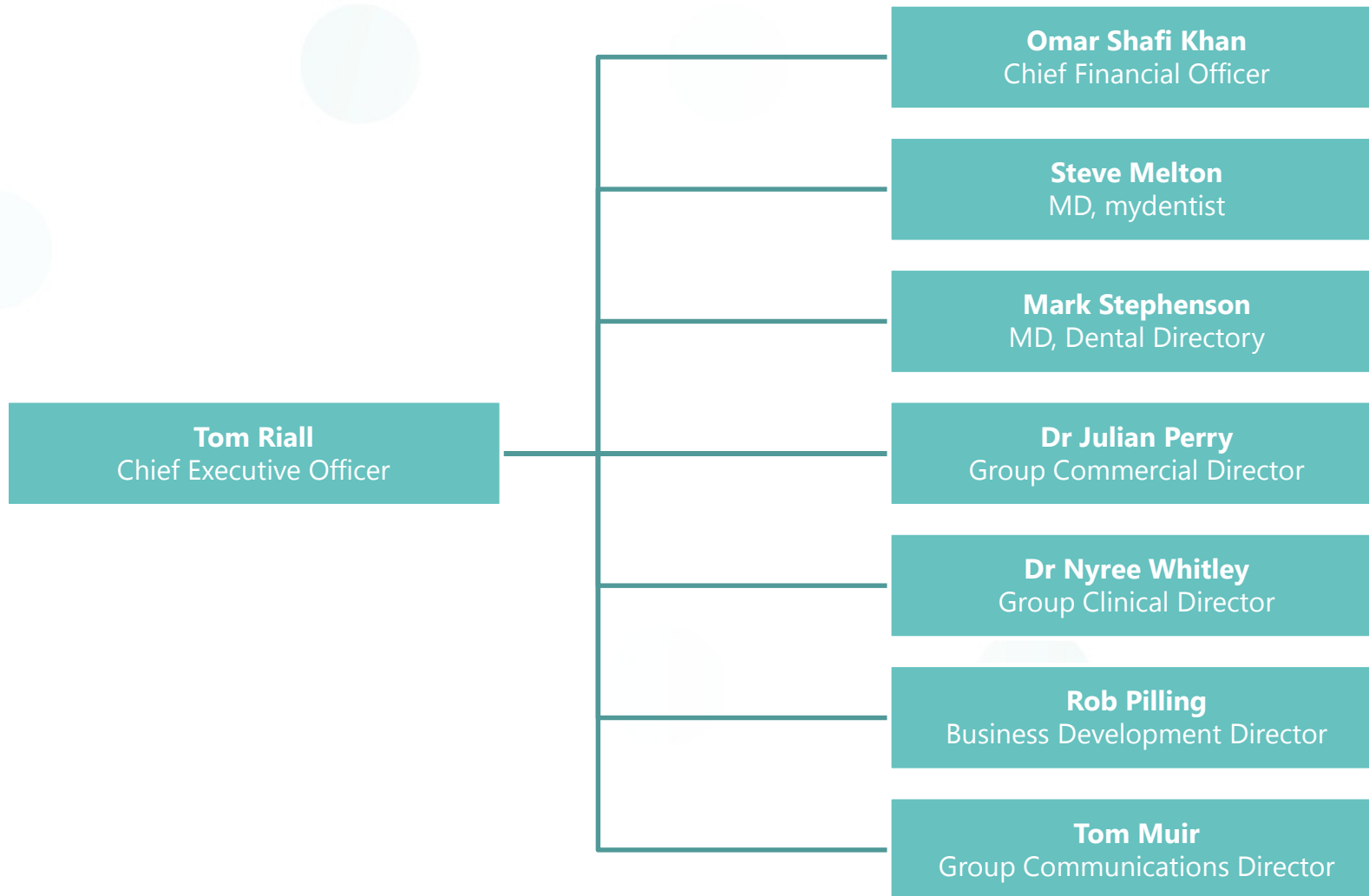
New appointments



Dr Julian Perry – Group Commercial Director

- Joined IDH Group as Group Commercial Director in January 2018
- Over 30 years experience in dentistry including over 20 years in multi-site ventures
- Julian joins IDH from Oasis Dental Care, now BUPA Dental where he held numerous roles including Group Clinical Director and Director of Acquisitions
- Part of the successful turnaround and sale of Oasis
- Continues to work as a part time practicing clinician specialising in Implantology

New appointments





Strategy overview



Strategy overview

Our 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 in Dental Directory	Grow the business 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



**Q3 FY2018
Performance & business
update**



Q3 FY2018 group performance



Group

- Revenue down 1.0% YoY to £147.9m
- Q3 EBITDA down £2.4m to £14.4m
- Year-to-date revenue down 0.6% to £432.2m and EBITDA down to £40.9m



mydentist

- Private revenue LFL growth of 5.6% per working day
- Divisional revenue down 1.6% due to lower UDA delivery
- Gross margin improved to 47.2%

Dental
Directory

Dental Directory

- Revenue growth of 5.0% YoY to £36.1m (before intergroup eliminations)
- Gross margins down 1.9% on Q3 FY2017

Q3 FY2018 highlights – mydentist



NHS revenue

- NHS revenue of £93.7m, down £3.2m (-3.3%) for the quarter
- As expected like-for-like UDA delivery per working day down 5.8% compared to Q3 FY2017
- In line with our strategy we see positive signs in clinician recruitment and engagement but this is not yet feeding into the financial results
- Management time focused on:
 - Increasing the number of hours dentists are available
 - Increasing the UDAs contracted per dentist
 - Managing private revenue growth to ensure patient choice while delivering the commitment to the NHS

Q3 FY2018 highlights – mydentist



Private revenue

- Private revenue for Q3 was £25.5m, an increase of 4.9% on last year
- Like-for-like private growth for the quarter was 5.6%; adjusted for the number of working days YTD, the increase was 7.3%
- Strong growth in general private (+13.9% LFL over two years) reflects choice given to patients
- Additional services such as hygiene (+16.4% LFL over two years) provides additional options to patients
- In line with our strategy we are progressing with the roll-out of our first 8 specialist implant centres which will open at the start of the next financial year

Q3 FY2018 highlights – mydentist



Resourcing & on-boarding

- The full resourcing and on-boarding team are now in place
- Execution of the strategic plan to build up the pipeline of new dentists and make on-boarding as efficient as possible remains a key management focus – the pipeline is at record levels
- Additional resourcing days held in Manchester and London after regional days held across the country – Bristol, Manchester, Wembley, York and Sheffield
- 54 offers from these events
- Overseas days held in Greece, Romania, Bulgaria, Poland, Spain and Portugal
- An additional net 165 clinicians engaged year to date
- Clinician churn remains low and under 10%

Q3 FY2018 highlights – Dental Directory



- Total revenue excluding sales to mydentist up 1.8% to £28.6m, but up 7.3% YTD.
- Growth in revenue driven by the High Street up 7.6% YTD although trading conditions were tough in December.
- Fluctuations in the currency markets have impacted purchase and stock prices year-on-year although gross margin impact has been mitigated over time by working with suppliers and optimising pricing.
- BF Mulholland acquisition made in October with a pro-forma EBITDA increase of £0.6m.



Q3 FY2018 Financial review



Q3 FY2018 Financial highlights



- Group revenue down 1.0% year-on-year to £147.9m
- LFL mydentist private revenue up 5.6%
- Private revenue now 17.3% of total revenue (Q3 FY2017: 16.3%)
- NHS revenue 63.4% of total (Q3 FY2017: 64.9%)
- Dental Directory revenue 19.3% of total (Q3 FY2017: 18.8%)
- As expected EBITDA down £2.4m on Q3 FY2017 to £14.4m
- LTM EBITDA £57.9m

Financial results for Q3 FY2018

Income statement

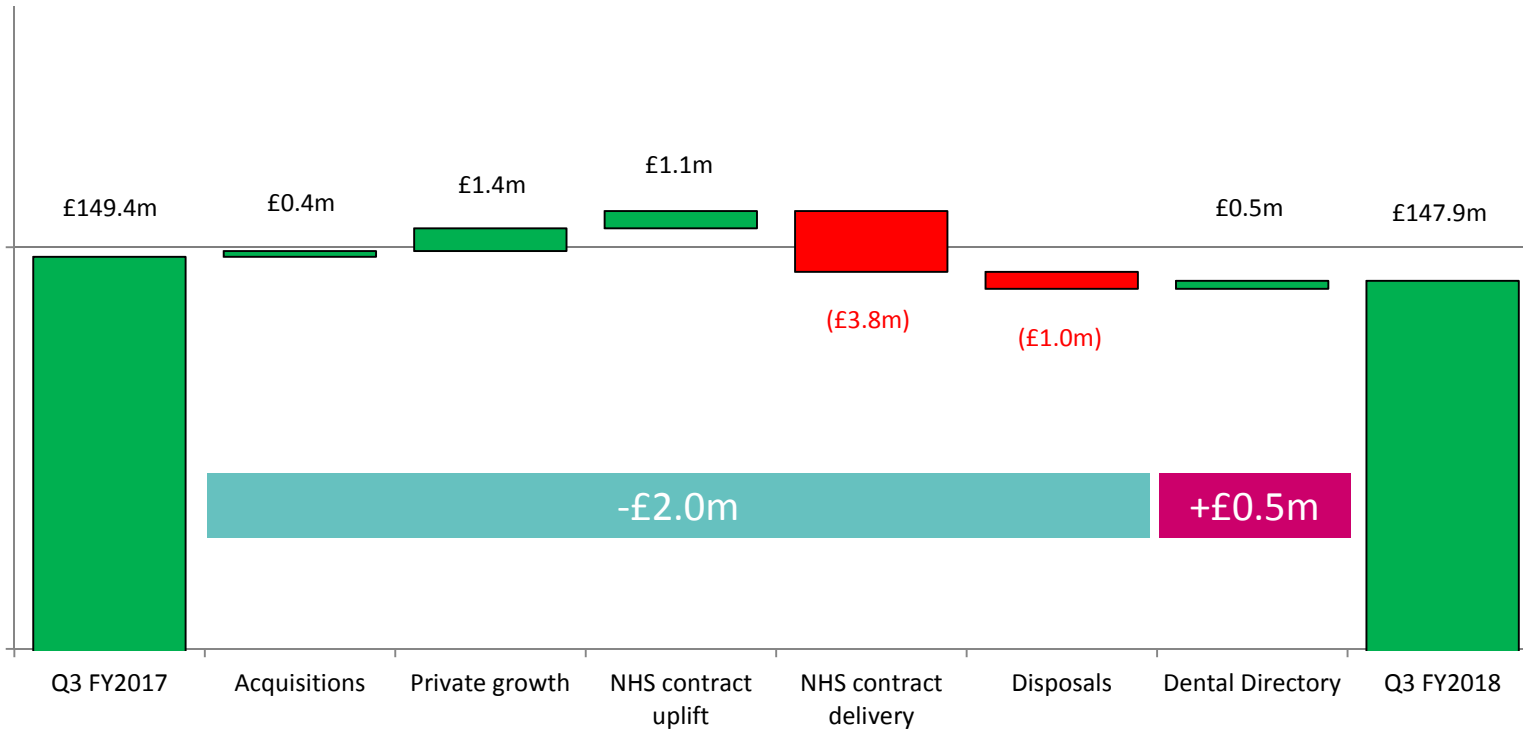


	Q3 FY2018 £m	% of revenue	Q3 FY2017 £m	% of revenue	% change
Revenue	147.9		149.4		(1.0)%
Gross profit	62.5	42.3%	65.2	43.7%	(4.1)%
Overheads*	(48.6)	32.9%	(48.9)	32.8%	0.6%
Other operating income	0.5	0.3%	0.5	0.4%	(7.5)%
EBITDA	14.4	9.7%	16.8	11.3%	(14.4)%

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

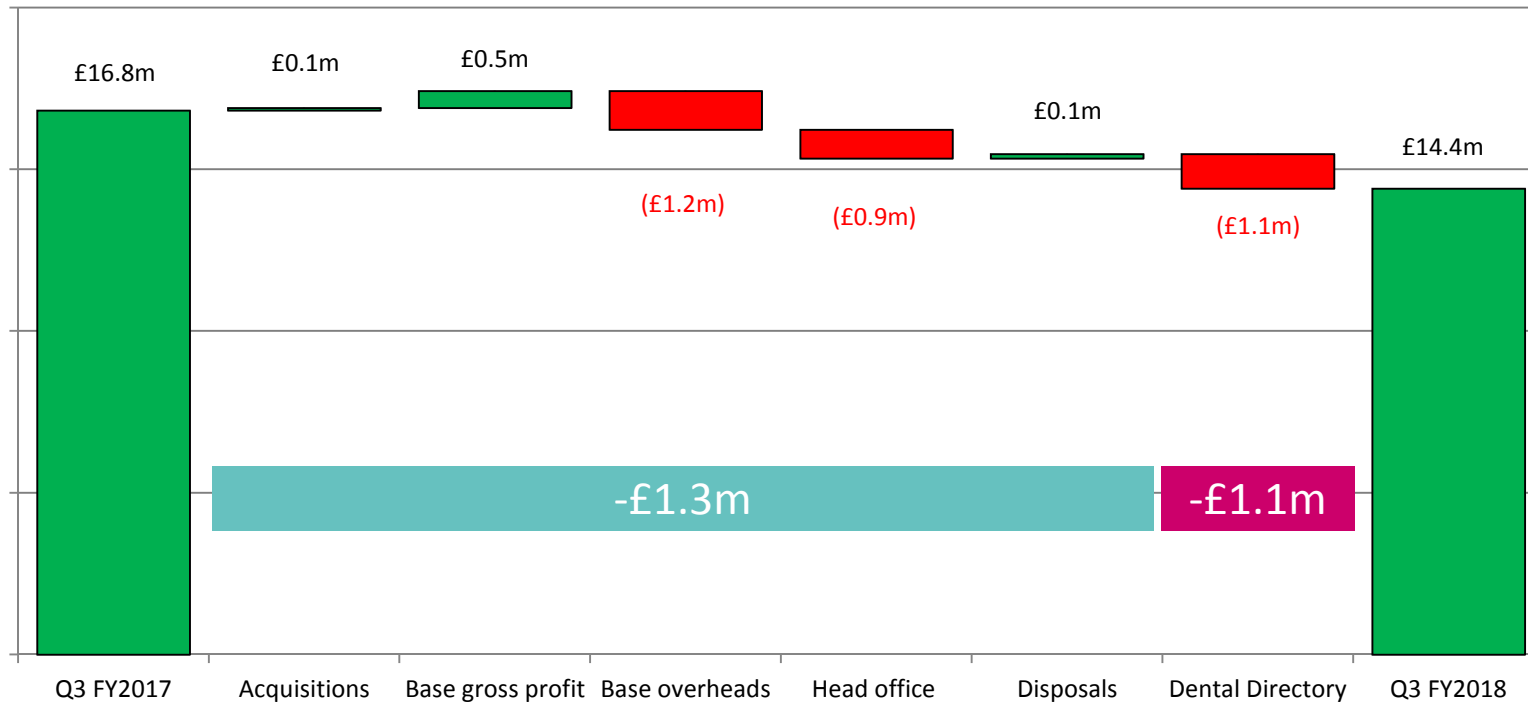
Financial results for Q3 FY2018

Group revenue bridge



Financial results for Q3 FY2018

Group EBITDA bridge



Financial results for Q3 FY2018

Acquisitions & Disposals



- Total of 654 practices at 31 December 2017 (677 at 31 December 2016)
- In line with our strategy the portfolio review has identified a number of practices which are no longer sustainable
 - 4 practices closed in Q3 (YTD – 12 practices)
 - 3 practices disposed (YTD – 7 practices)
 - 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 Q3
 - 26 practices now classified as held for sale
- Limited further disposals and closures being considered as highlighted at the year-end and as part of the strategic review
- No current plans for any further acquisitions

Financial results for Q3 FY2018

Cash flow statement

£m	Q3 FY2018	Q3 FY2017
Cash generated from operations	9.7	7.7
Net capital expenditure	(3.6)	(3.8)
Corporation tax	-	-
Cash flow before acquisitions and debt service	6.1	3.9
Interest	(5.6)	(6.8)
Cash flow before acquisitions and financing	0.5	(2.9)
Acquisitions*	(4.5)	(3.5)
Debt issue costs	-	(1.7)
Financing	5.0	-
Net cash flow	1.0	(8.1)
Opening cash	15.1	18.0
Closing cash	16.1	9.9
Net debt	531.0	529.7

*Excluding fees

Financial results for Q3 FY2018

Cash conversion

£m	Q3 FY2018	Q3 FY2017
Operating cash flow	9.7	7.7
Exceptionals	0.9	1.6
Acquisition fees	0.3	0.2
Working capital adjustments	-	-
Adjusted operating cash flow	10.9	9.5
Maintenance capital expenditure	(3.8)	(3.2)
Adjustments	-	-
Adjusted cash flow	7.1	6.3
EBITDA	14.4	16.8
Adjusted cash conversion %	49.4%	37.6%

Summary



- New high quality leadership team in place
- Ambitious agenda to meet our strategic goals
- Management focus is on the key areas to deliver the operational plans that underpin the strategy
- Good progress in:
 - Resourcing
 - Portfolio review
 - Private & specialist

Contact details:

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Investor information is available from our dedicated investor website:

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