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ASX ANNOUNCEMENT

Pacific Smiles Group Limited – Full Year Results to 30 June 2021

Pacific Smiles Group Limited (ASX: PSQ) ("Pacific Smiles" or "the Company") today announced its financial results for the half year ended 30 June 2021 (excluding the impacts of AASB 16 Leases).

Key financial highlights

Key financial highlights in our results, compared to the prior year, include:

- Patient Fees generated by the dental practitioners working at dental centres owned and operated by Pacific Smiles were \$240.8 million, up 29.3%
- Revenue of \$153.2 million, up 27.0%
- Same centre Patient Fees grew 26.0%
- EBITDA (underlying) of \$33.1 million, up 40.8%
- NPAT (underlying) of \$14.0 million, up 72.8%
- 15 new Pacific Smiles Dental centres were opened in FY 2021, bringing the total to 109 centres as at 30 June 2021
- No final dividend was declared for FY 2021 (FY 2020: No final dividend declared)

Operational Update and Initiatives

In FY 2021, Pacific Smiles delivered nearly 1 million patient appointments with a patient net promoter score of greater than 80. We opened fifteen new Pacific Smiles dental centres. In New South Wales we opened new centres in Glendale, Wollongong, Stockland Greenhills, Lane Cove, Raymond Terrace, Bondi Junction, Ballina, Lismore, Bass Hill, Hurstville, and Ashfield. We also opened new centres in Victoria Point, Cleveland and Newstead in Queensland, as well as one new centre in Victoria at Taylors Lakes, taking the network total to 109 centres.

The 2021 financial year delivered strong underlying EBITDA growth of 40.8% flowing from top line patient fee growth of 29.3%, despite restrictions relating to COVID-19 being imposed on some of our centres during the financial year.

These results were achieved through a continued focus on ensuring practitioners feel respected and enabled to treat their patients with the highest quality care, utilising the latest technology. That patients

feel they can trust Pacific Smiles to ensure they receive the highest quality care, and that our employees know that they matter to Pacific Smiles is at the core of what we do.

The 2021 financial year also saw Pacific Smiles enter a new relationship with HBF to commission and operate dental centres on their behalf for at least the next ten years. Although this is a relatively new collaboration, there are already three HBF Dental centres¹ open in Western Australia being managed by Pacific Smiles and provides another channel for both businesses to grow in the future.

The long-term plan² remains simple and focused on growing the core business through our unique greenfield centre expansion program, and our goal of more than 250 centres and 800 chairs is unchanged.

We will continue to make decisions with an eye to long-term value creation, consistent with our known success factors and capitalising on technology innovations. The dedication and discipline of the entire team, focused equally on execution today and tomorrow's performance objectives, will ensure prosperity.

Business Performance

Revenue for the period was \$153.2 million, up 27.0% on the prior period.

Total Patient Fees for the period were \$240.8 million, representing growth of 29.3% on prior period and a 2-year CAGR of 13.4%.

Same Centre Patient Fees growth of 26.0% for the period was higher than the 13.2% reported in H1 2021. Same Centre growth was driven by strong patient demand across all cohorts with H2 2021 compared against the COVID-19 national lockdown period of April 2020 to June 2020.

EBITDA (underlying) increased by 40.8% to \$33.1 million (FY 2020: \$23.5 million) during the year compared with the prior comparative period. EBITDA to Patient Fees margin increased to 13.7% from 12.6% in FY 2020. The improved EBITDA performance was driven by the combined effect of:

- Strong patient fee growth with a robust return of patients driven by pent-up demand in H1 2021 and targeted marketing campaigns reactivating patient attendance; and
- JobKeeper benefit, offsetting the lower profitability at dental centres significantly impacted by COVID-19, particularly Victoria. The approximate benefit of JobKeeper, net of COVID-19 related EBITDA impacts is \$3.1 million

Underlying NPAT increased by 72.8% to \$14.0 million compared to \$8.1 million for the prior year. Depreciation costs (excluding the impact of AASB 16) totalled \$12.0million, an increase of \$1.0 million on the prior period.

Pacific Smiles continues to report very high levels of patient satisfaction, with Net Promoter Score above 80.

Capital expenditure for FY 2021 was \$25.7 million (FY 2020: \$10.1 million), consisting predominantly of investment in the construction of new centres, the bulk purchase of dental chairs and scanners.

Dividend

FY 2021 interim dividend of 2.4cps. No final dividend declared.

1. Due to lockdown the opening of the 3rd HBFD centre at Mandurah occurred on the 6th July 2021
2. Targets exclude HBF (Western Australia) opportunity

Trading Outlook

All centres remain open however of the 110 centres³ in the PSG network there are 77 centres under lockdown restrictions. Currently those centres are, on average, trading at 40% of normal volumes.

Performance to date for FY 2022, as at 14th August 2021, has been:

- Patient Fees YTD \$23.7m;
- Patient Fee decline YOY (20.2%); and
- Same centre patient fee decline YOY (24.4%)

To assist investors in understanding how our business is trading through this period of COVID-19 disruption, Pacific Smiles will disclose our total patient fee growth and same centre patient fee growth for the prior month starting from the September reporting month. We will continue to do this while COVID-19 is causing significant disruption.

We have approximately \$10.7m in cash and undrawn facilities of \$36.0m⁴. Should the current restrictions continue to the end of the first half, Pacific Smiles has more than sufficient liquidity head room with cash on hand and available debt facilities.

Given the uncertain outlook due to the impact of rolling COVID-19 restrictions and our focus on having maximum financial flexibility to re-accelerate our rollout when the environment stabilises, the company has not declared a final dividend. We plan to resume our dividend following the interim results, assuming trading conditions have normalised at that time.

Given the continued uncertainty created by COVID-19, we are unable to provide guidance for FY 2022 at this time. Updated guidance will be issued when operating conditions stabilise and management can provide a reliable forecast.

Investor conference call

Pacific Smiles will host a conference call for investors to discuss the results.

Date: 18 August 2021

Pre-Registration Link: <https://s1.c-conf.com/diamondpass/10015405-tv6ema.html>

Further information and enquiries

Complete full year results materials will be released to the ASX and will be available on the Company website via the following link:

<http://investors.pacificsmilesgroup.com.au/Investors/> or for further information, please contact:

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3. The Coomera PSG dental centre opened on 16th August 2021, taking centre numbers to 110

4. As at 31st July 2021