Presented by:
John Gibbs, Managing Director & Chief Executive Officer
Jane Coleman, Chief Financial Officer

19 AUGUST 2016

FY 2016 RESULTS PRESENTATION

IMPORTANT NOTICE AND DISCLAIMER

PACIFIC SMILES GROUP

This document is a presentation prepared by Pacific Smiles Group Limited (ACN 103 087 449) (**Pacific Smiles**).

Material in this presentation provides general background information about the activities of Pacific Smiles current at the date of this presentation, unless otherwise noted. Information in this presentation remains subject to change without notice. Circumstances may change and the contents of this presentation may become outdated as a result.

The information contained in this presentation is a summary only and does not purport to be complete. It should be read in conjunction with Pacific Smiles' other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other offer document under Australian law or the law of any other jurisdiction. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial or tax situation or needs of any particular investor. Readers should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek independent legal, taxation and other professional advice appropriate for their jurisdiction and individual circumstances.

This presentation is not and should not be considered as an offer or recommendation with respect to the subscription for, purchase or sale of any security and neither this document, nor anything in it shall form the basis of any contract or commitment. Accordingly, no action should be taken on the basis of, or in reliance on, this presentation. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. No securities of Pacific Smiles have been, and nor will they be, registered under the Securities Act of 1933 as amended (**US Securities Act**). Securities in Pacific Smiles may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the US Securities Act and applicable US state securities laws.

Pacific Smiles, its related bodies corporate and any of their respective officers, directors, employees, agents or advisers (**Pacific Smiles Parties**), do not make any representation or warranty, express or implied, in relation to the accuracy, reliability or completeness of the information contained herein, and to the maximum extent permitted by law disclaim any responsibility and liability flowing from the use of this information by any party. To the maximum extent permitted by law, the Pacific Smiles Parties do not accept any liability to any person, organisation or entity for any loss or damage arising from the use of this presentation or its contents or otherwise arising in connection with it.

Forward looking statements
This document contains certain forward looking statements and comments about expectations about the performance of its businesses. Forward looking statements can generally be identified by the use of forward looking words such as, without limitation, 'expect', 'outlook', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'would', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings or financial position or performance are also forward looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not prove to be correct, which can cause Pacific Smiles' actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are outside the control of Pacific Smiles. As such, undue reliance should not be placed on any forward looking statement. Past performance is not a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast. Nothing contained in this presentation nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Pacific Smiles. Pacific Smiles does not undertake any obligation to update or review any forward-looking statements (other than to the extent required by applicable law).

Pro forma financial information
Pacific Smiles uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are referred to as non-IFRS financial information.

Pacific Smiles considers that this non-IFRS financial information is important to assist in evaluating Pacific Smiles' performance. The information is presented to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. For a reconciliation of the non-IFRS financial information contained in this presentation to IFRS-compliant comparative information, refer to the Appendices of this presentation.

All dollar values are in Australian dollars (A$) unless otherwise stated.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

AGENDA

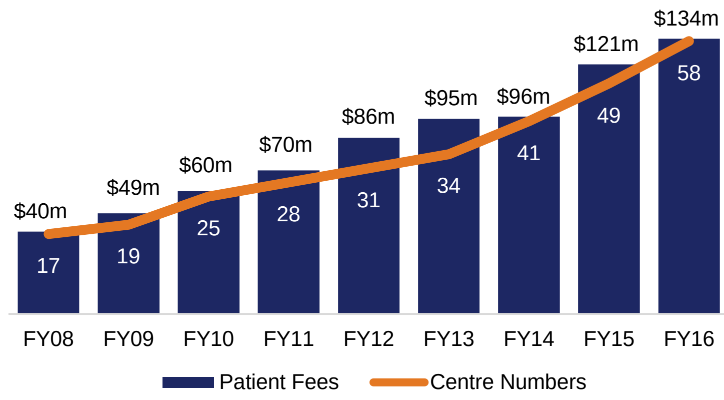
1. PERFORMANCE HIGHLIGHTS
2. BUSINESS OVERVIEW AND UPDATE
3. RESULTS DETAIL
4. GROWTH AND OUTLOOK
5. APPENDIX A – STATUTORY TO UNDERLYING RESULTS RECONCILIATION

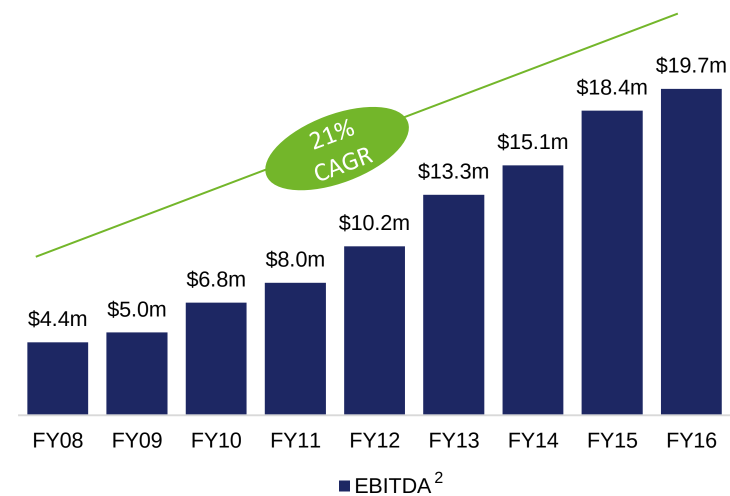
SECTION 1

PERFORMANCE HIGHLIGHTS

FY 2016 RESULTS SUMMARY

- Patient fees $133.8 million, up 10.2% (FY15: $121.4 million)
- Revenue $83.3 million, up 11.3% (FY15: $74.9 million)
- Same centre patient fees growth +5.0% (FY15: +4.3%)
- EBITDA (underlying) $19.7 million[1], up 8.1% (FY15 pro forma: $18.2 million)
- EBITDA (underlying) to patient fees margin of 14.7%, with H2 2016 margin of 15.2% a significant improvement on H1 2016
- NPAT (underlying) $10.2 million, up 4.5% (FY15 pro forma: $9.7 million)
- ROIC (EBIT underlying) 47% (FY15: 56%)
- Final dividend of 3.5 cps (fully franked) declared, bringing full year dividends to 5.5 cps, up 10.0% (FY15: 5.0 cps)
- Net cash of $6.0 million



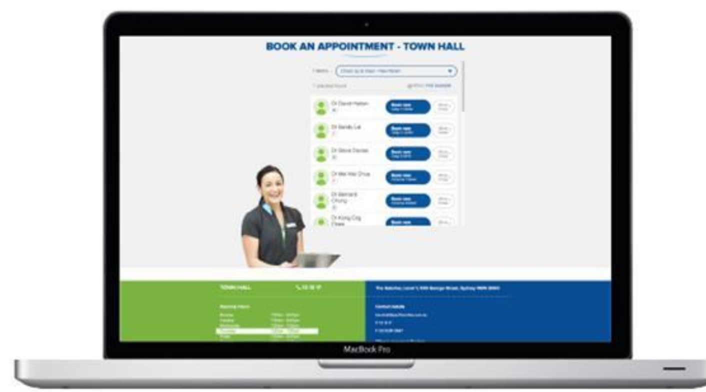


Notes:
1. Underlying EBITDA refers to statutory EBITDA adjusted for one-off costs. FY16 statutory EBITDA was $19.3 million, and included $0.4 million in one-off costs associated with two major dental centre relocations. See Appendix A for more detail
2. EBITDA chart refers to underlying EBITDA. FY15 underlying EBITDA of $18.4m differed to pro forma EBITDA due to the pro forma adjustments set out in Appendix A

FY 2016 OPERATIONAL HIGHLIGHTS

- Network expansion with 9 new Pacific Smiles Dental centres opened
- Major relocations of 2 large dental centres, with the new sites established in Parramatta and the Town Hall precinct in Sydney (formerly in nearby Haymarket)
- Net Promoter Score improved compared with the previous year, with a score of over 70 for FY 2016
- Online appointment bookings successfully launched for Pacific Smiles Dental and nib Dental Care Centres
- New marketing initiatives with the launch of a unique partnership with Velocity Frequent Flyer aligned to regular dental check-ups, and a multi-channel brand marketing campaign in selected key markets featured on television, radio, digital and cinema
- Key senior hires completed (People & Culture, IT, Business Development)

velocity frequent flyer



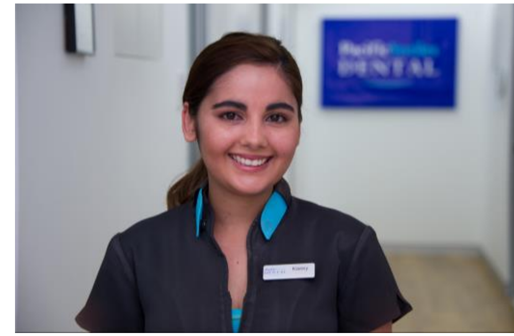
SECTION 2

BUSINESS OVERVIEW AND UPDATE

BUSINESS OVERVIEW

PACIFIC SMILES GROUP

- Founded in 2003, Pacific Smiles is a leading Australian branded dental group, operating 58 dental centres containing more than 240 active dental chairs
- Achieves industry leading consistency across operations, facility design and dental centre positioning
- Pacific Smiles provides dentists with fully serviced and equipped facilities, including support staff, materials, marketing and administrative services – enabling dentists to maximise time treating patients
- Dentists offer a range of general, family and cosmetic dental treatments and a range of specialist services including orthodontics and dental implants
- 300 dentists and approximately 800 staff servicing nearly 550,000 patient appointments each year
- The Group has experienced strong historical growth and in FY16 achieved $134 million in Patient Fees and $19.7 million EBITDA[1]



Note:
1. EBITDA based on underlying results

OUR TRUE PURPOSE

"To improve the dental health of ALL Australians to world's best"

FOUNDATIONS FOR LONG TERM GROWTH

Large market opportunity	• $9 billion Australian dental market which is highly fragmented • More than 200 identified potential trade areas compared to current network of 58 dental centres
Focus on organic growth	• Focus on organic roll out of centres, rather than acquisitions • Facilitates consistency of branding, operations, patient experience, dentist engagement and dental centre design
Successful dentist and patient engagement	• Highly consistent dentist engagement model, not based on long term contracts or "lock ins" • Strong post visit survey results (Net Promoter Score of >70)
Strong financial performance	• Long term EBITDA[1] compound annual growth of 21% per annum • Return on Invested Capital ~ 50%
Accomplished leadership team	• Long term core leadership team • Founders continue to be highly engaged with the business in management and clinical governance capacities

Note:
1. EBITDA expressed on an underlying basis for FY08 to FY16

DENTAL CENTRE NETWORK

PACIFIC SMILES GROUP

58 dental centres in total, of which 51 are branded Pacific Smiles Dental and 7 are branded nib Dental Care Centre

Opened 9 new Pacific Smiles Dental centres in FY16

Queensland	
Bribie Island	Deception Bay
Brisbane CBD	**Helensvale (May 16)**
Browns Plains (Dec 15)	**Morayfield (Nov 15)**
Burleigh Heads (Dec 15)	**Mt Ommaney (Jun 16)**
Capalaba (Jun 16)	North Lakes

New South Wales	
Belmont	Parramatta
Bateau Bay	Penrith
Blacktown	**Queanbeyan (Sep 15)**
Charlestown	Nowra
nib Chatswood	nib Newcastle
Erina	Rutherford
Forster	Salamander Bay
Gladesville	Singleton
Greenhills	nib Sydney
nib Glendale	Toronto
Jesmond	Town Hall
Kotara	Tuggerah
Lake Haven	Wagga Wagga
Morisset	Warilla
Narellan	nib Wollongong
nib North Parramatta	

Australian Capital Territory	
Belconnen	Tuggeranong
Manuka	Woden

Victoria	
Bairnsdale	**Point Cook (Jun 16)**
Bendigo	Sale
Cranbourne Park (Sep 15)	Torquay
Drysdale	Traralgon
Melbourne	Warragul
nib Melbourne	Waurn Ponds
Melton	

FY2016 NEW CENTRES: QUEENSLAND FOCUS

Geographic cluster focus

FY16 new	Established
Morayfield	Bribie Island
Browns Plains	Brisbane
Burleigh Heads	Deception Bay
Mt Ommaney	North Lakes
Capalaba	
Helensvale	

Shopping centre format

Rollout of successful formula

- 3-4 chair centres
- High foot traffic shopping centre locations
- Open shopfronts
- 7 days per week and extended operating hours
- Participation in private health insurer and government programs
- Velocity program participation
- Innovative launch marketing

Performance

- Same centre growth of over 20%[1] in FY16
- Patient Fees and EBITDA ramp up tracking to Pacific Smiles' historical experience
- Scale benefits expected from regional advertising and staffing

Note:
1. Same centres in Queensland in FY16 included Bribie Island and North Lakes

PACIFIC SMILES GROUP

SECTION 3

RESULTS DETAIL

SUMMARY INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

PACIFIC SMILES GROUP

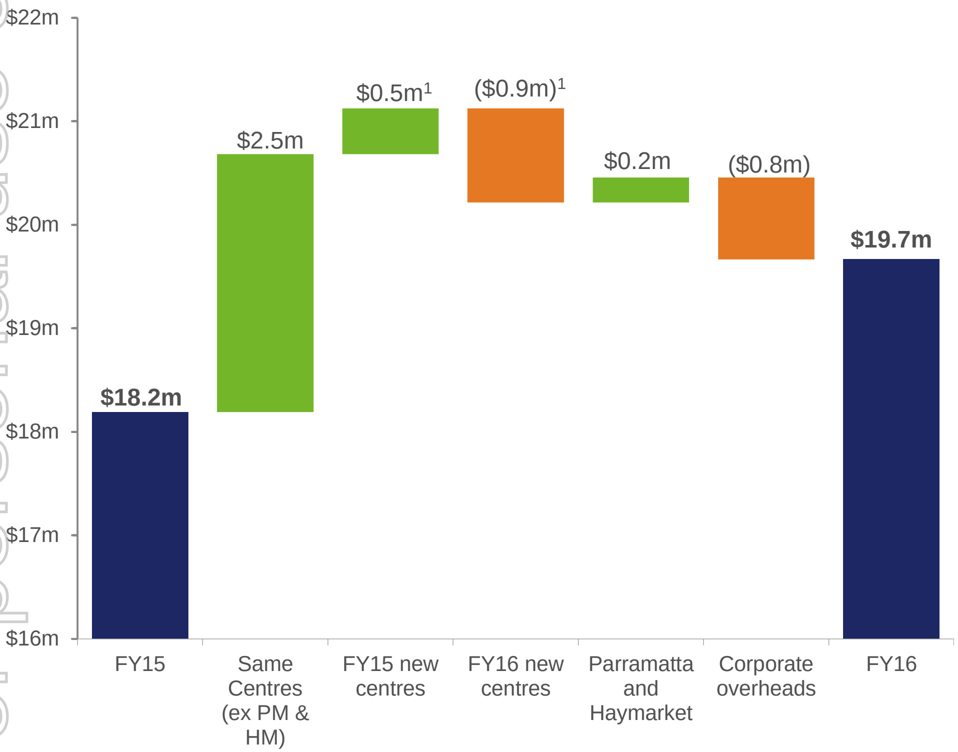
$ MILLIONS	UNDERLYING FY 2016	PRO FORMA FY 2015	CHANGE
Revenue	83.3	74.9	11.3%
Gross profit	78.5	71.0	10.6%
EBITDA	19.7	18.2	8.1%
Depreciation & amortisation	(5.0)	(4.2)	18.4%
EBIT	14.6	13.9	5.0%
Net interest expense	(0.0)	0.0	nm
Profit before tax	14.6	14.0	4.5%
Tax	(4.5)	(4.3)	4.4%
Net profit after tax	10.2	9.7	4.5%
Operating metrics			
Number of Dental Centres	58	49	18.4%
Commissioned Dental Chairs	243	226	7.5%
Patient Fees ($m)	133.8	121.4	10.2%
Same Centre Patient Fees growth	5.0%	4.3%	
Financial metrics			
Earnings per share (cents)	6.7	6.7	
EBITDA margin	23.6%	24.3%	
EBITDA to Patient Fees margin	14.7%	15.0%	
EBIT margin	17.6%	18.6%	

Notes:
1. Refer to Appendix A for reconciliation from statutory to underlying and pro forma results
2. Amounts in the table have been rounded to the nearest $100,000. Any discrepancies between totals and sums of components or in calculations are due to rounding

- Revenue up 11.3% to $83.3 million, and EBITDA (underlying) up 8.1% to $19.7 million (compared with FY15 pro forma)
- Patient fees up 10.2% to $133.8 million
- Same centre patient fees growth +5.0% (FY15: 4.3%:
  - The former DEP centres in Parramatta and Haymarket had a substantial impact on same centre patient fees
  - Excluding these two centres, same centre patient fees grew 7.3%
- EBITDA to Patient Fees margin down 0.3%, but expanded on a same centre basis in FY16
- D&A stepped up by $0.8 million, reflecting the acceleration of new centre developments from FY15 onwards, and part-year charges for new large-scale fit-outs and new equipment at Parramatta and Town Hall

DRIVERS OF FY2016 MARGIN

Composition of EBITDA Change



- EBITDA to Patient Fees margin decreased to 14.7% in FY16 (FY15:15.0%)
- The key drivers of the reduction are summarised in the adjacent chart:
  - Start up losses from new centres opened in FY16 – 9 new centres were opened (FY15: 8), with 4 opened in the final two months of the financial year
  - Parramatta and Haymarket (ex-DEP centres) continue to perform below expectations
  - Additional marketing expenditure – Marketing expenses up $0.5 million directed towards supporting same centres, attracting patients to new centres and brand initiatives (approx. $0.15 million in upfront production costs to be leveraged in future periods)
  - Corporate overheads – includes the addition of key hires to drive future growth
- Pacific Smiles remains committed to building a platform for long term sustainable growth

Notes:
1. EBITDA contribution impacted by the timing of new centre openings, with three centres opened in May/June 2015 and four centres opened in May/June 2016
2. In the chart above, PM refers to Parramatta and HM refers to Haymarket

H1 v H2 COMPARISON

$ MILLIONS	UNDERLYING H2 2016	UNDERLYING H1 2016	H2 vs PCP	H1 vs PCP
Patient fees	66.9	67.0	11.2%	9.3%
Same centre patient fees growth	5.1%	4.9%		
Revenue	41.7	41.6	11.8%	10.8%
EBITDA	10.2	9.5	13.4%	3.0%
EBITDA to Patient Fees margin	15.2%	14.2%	0.3%	(0.9%)

- H2 2016 showed an improvement across all key performance metrics compared with H2 2015
- Patient fees grew 11.2% yoy in H2 2016, an acceleration on the 9.3% growth in H1 2016
- Same centre patient fees growth improved from 4.9% in H1 2016 to 5.1% in H2 2016. Excluding the DEP centres, patient fees growth would have been 7.0% in H2 2016
- EBITDA (underlying) grew 13.4% yoy in H2 2016, an acceleration on the 3.0% growth in H1 2016
- EBITDA to patient fees margin expanded from 14.2% in H1 2016 to 15.2% in H2 2016, reflecting the marketing expenditure incurred in H1 2016 and improved contribution from the eight centres opened in FY15

Note:
1. Amounts in the table have been rounded to the nearest $100,000. Any discrepancies between totals and sums of components or in calculations are due to rounding

BALANCE SHEET

AS AT 30 JUNE 2016

PACIFIC SMILES GROUP

$ MILLIONS	STATUTORY 30 JUN 2016	STATUTORY 30 JUN 2015
Current assets		
Cash and cash equivalents	6.1	15.6
Receivables	1.3	1.1
Current tax receivable	0.0	-
Inventories	2.5	2.2
Other	0.2	0.1
Total current assets	**10.1**	**19.0**
Non-current assets		
Property, plant and equipment	34.2	24.6
Intangible assets	11.5	11.5
Deferred tax assets	4.2	4.0
Total non-current assets	**49.9**	**40.2**
Total assets	**60.0**	**59.2**
Current liabilities		
Payables	8.6	9.7
Borrowings	0.2	0.2
Current tax liabilities	-	0.9
Provisions	3.2	2.9
Total current liabilities	**11.9**	**13.8**
Non-current liabilities		
Borrowings	-	0.2
Deferred tax liabilities	0.3	0.3
Provisions	4.9	4.0
Total non-current liabilities	**5.1**	**4.4**
Total liabilities	**17.1**	**18.2**
Net assets	**43.0**	**41.0**
Equity		
Contributed equity	35.1	35.1
Reserves	0.2	0.1
Retained profits	7.7	5.9
Total equity	**43.0**	**41.0**

- Net cash of $6.0 million at 30 June 2016, down from net cash of $15.2 million at 30 June 2015, which peaked following the Group's IPO in FY15.
- Increases in property, plant and equipment reflect the investment in new centres as well as the relocation of the Parramatta and Haymarket (now Town Hall) centres
- Payables decreased $1.1 million despite business growth, primarily due to significantly lower employee expense accruals
- ROIC (underlying EBIT) has increased steadily over a number of years, falling back slightly to 47% for FY16 (FY15: 56%).
- FY16 ROIC decrease is attributable to the acceleration in the rate of new centre openings over the past two years (which typically experience start-up losses), and substantial capital expenditure on relocating two acquired centres which are not yet generating Group-average returns
- The high ROIC demonstrates the highly accretive nature of the new centre rollout model over the long term.

Note:
1. Amounts in the table have been rounded to the nearest $100,000. Any discrepancies between totals and sums of components are due to rounding

SUMMARY CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2016

$ MILLIONS	STATUTORY FY 2016	STATUTORY FY 2015
EBITDA (excluding IPO transaction costs)	19.3	18.4
Other non-cash items	0.1	0.1
Changes in working capital (excluding income tax)	(0.8)	1.2
Net interest paid	0.0	(0.1)
Income tax paid	(5.5)	(5.1)
Net cash flow from operating activities	**13.1**	**14.4**
Capital expenditure	(14.2)	(6.7)
Business acquisition	-	1.5
Other	0.0	0.2
Net cash flow from investing activities	**(14.2)**	**(4.9)**
Proceeds from shares, net of transaction costs	0.0	19.6
Borrowings (net)	(0.2)	(9.2)
Dividends	(8.1)	(8.1)
Net cash flow from financing activities	**(8.3)**	**2.3**
Net cash flow	**(9.5)**	**11.8**

Notes:
1. Cash conversion calculated as operating cash flow excluding tax and net finance costs as a ratio of EBITDA
2. Amounts in the table have been rounded to the nearest $100,000. Any discrepancies between totals and sums of components are due to rounding

- Statutory operating cash flow of $13.1 million (FY15: $14.4 million)
- EBITDA cash conversion[1] of 96%
- Prior period operating cash flow included non-recurring $1.3 million inflows resulting from a lease surrender payment received and excess working capital released following acquisition of the Medibank dental centres
- Total capital expenditure of $14.2 million, including:
  - $7.5 million for the opening of 9 new centres
  - $4.6 million (in addition to $0.6 million in late FY15) to complete the relocation of Parramatta and Haymarket (now Town Hall) centres
  - Balance includes commissioning of 6 additional surgeries in existing centres
- Ordinary dividends paid $8.1 million (FY15 $5.9 million ordinary, $2.2 million pre-IPO special dividend)
- FY16 final dividend of 3.5 cps declared, payable in October 2016

SECTION 4

GROWTH AND OUTLOOK

DRIVERS OF EARNINGS GROWTH

PACIFIC SMILES GROUP

1. GROWTH OF EXISTING CENTRES

- >40% of centres less than 3 years old

2. ROLLOUT OF NEW CENTRES

- Targeting at least 10 new centres per annum
- 200 potential future trade areas identified

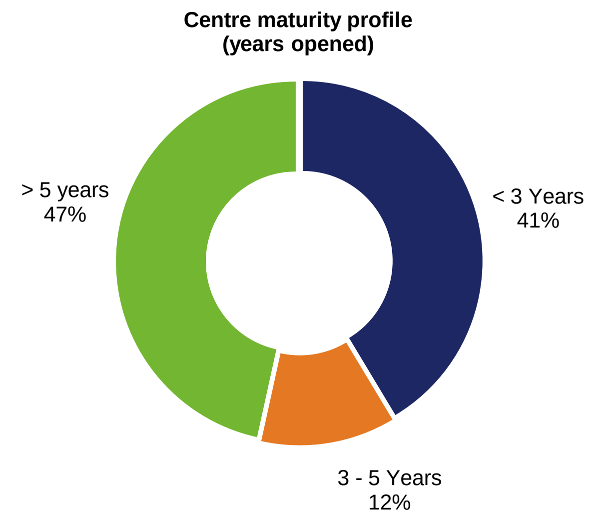
3. MARGIN EXPANSION

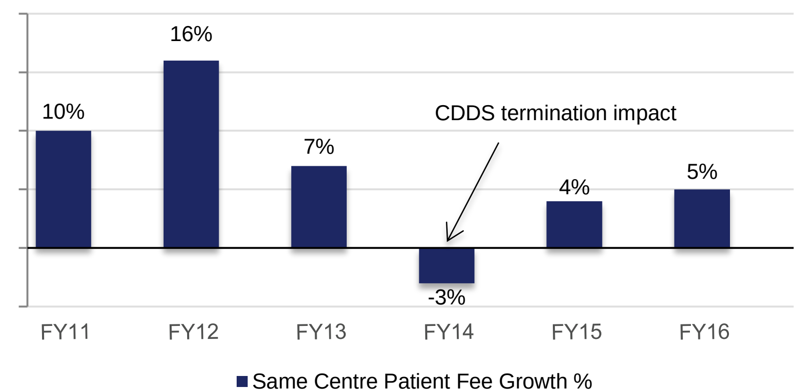
- Increased scale, new centre ramp-up and operational improvements

GROWTH FROM EXISTING CENTRES

History of strong "same centre" patient fees growth as centres mature

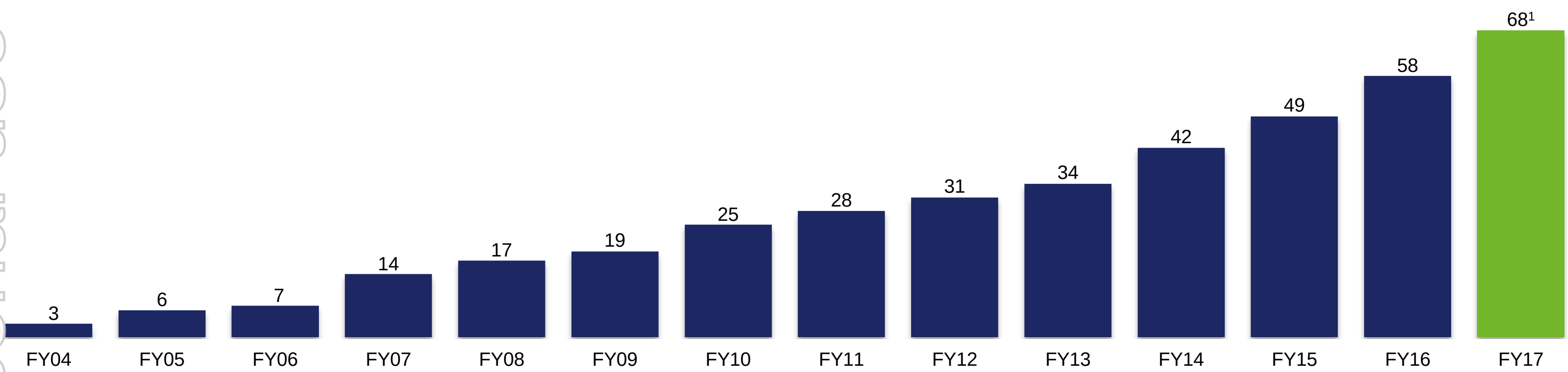
- As a result of rapid growth, Pacific Smiles' centre network includes a significant proportion of "immature" centres
- Over 40% of centres are less than 3 years old
- Average same centre patient fees growth of 5.8% pa over the five years to 30 June 2016
- Network at 30 June 2016 included 243 active dental chairs, and a capacity for a further 81 surgeries which can be commissioned to meet future demand
- Strategies to increase same centre patient fees growth include:
  - Innovative marketing initiatives to build brand awareness to attract new patients
  - Improve patient engagement and loyalty, and promote regular attendances
  - Increase range of services





GROWTH FROM NEW CENTRE ROLLOUT

Significant organic rollout opportunity



- Pacific Smiles has grown strongly from 3 centres in 2003 to 58 centres currently
- New centre rollout rate has accelerated, with 8 new centres in FY15 and 9 in FY16
- Targeting at least 10 new centres in FY17
- Executing national network plan
- Approximately 200 potential future trade areas have been identified based on demographic, location and competition parameters

Note:
1. FY17 based on target of 10 new centres

NEW CENTRE ECONOMICS: RECAP

	New Pacific Smiles Dental centres (opened Jun-11 to Jun-16)		Group median (all centres opened > 2 years)
	Year 1	**Year 2**	**Year 3+**
Chairs commissioned per centre	2	2	4
Patient Fees per centre	$0.9 m	$1.2 m	$2.2 m
EBITDA per centre	($0.1 m)	$0.2 m	$0.5 m
EBITDA / Patient Fees (centre level)[1]	(10%)	15%	**more than 20%**

- The table above shows average data for the 28 new Pacific Smiles Dental centres opened in the period June 2011 to June 2016
- On average, the group showed start-up losses at the centre EBITDA[1] level in year one and became solidly profitable in year two, with a 15% EBITDA to Patient Fees margin at centre level
- Across the Pacific Smiles Group portfolio of centres open for more than two years, the median EBITDA to patient fees margin[1] is approximately 25%

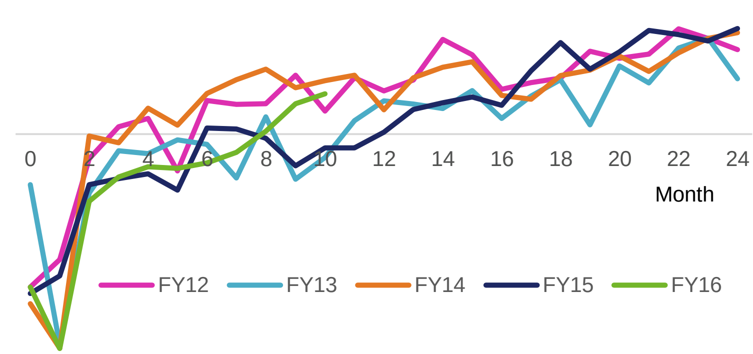
Note:
1. Centre level EBITDA excludes any allocation of corporate overheads

MARGIN EXPANSION

Margin expansion from same centre patient fees growth, new centre ramp and leveraging fixed overheads

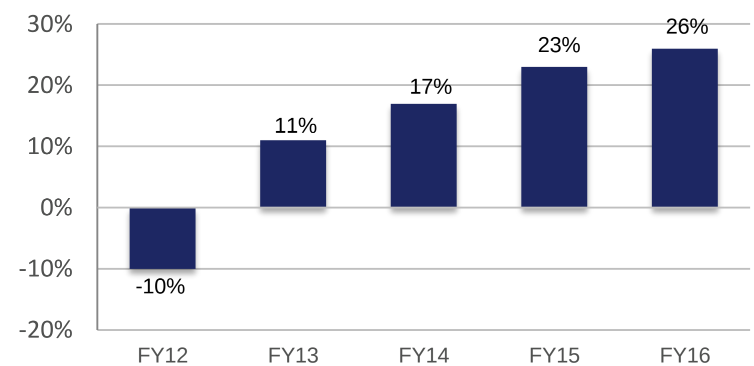
- Group EBITDA to patient fees margin has expanded from 10% in FY09 to approximately 15% in FY16
- The Pacific Smiles model supports long-term margin expansion from three key sources:
    - Same centre patient fees growth
    - New centre ramp-up
    - Patient fees growth leveraging fixed overhead costs
- Established centres take many years to achieve maturity and continue to show margin expansion over this time
- The past five cohorts have followed a consistent path of EBITDA ramp-up over the first 24 months of operation
- The FY15 and FY16 cohorts achieved profitability after 12 and 8 months respectively.
    - The improved performance of the FY16 cohort is attributed to being more selective on location

Average Centre EBITDA by Cohort[1]



Note: 1. Represents the average EBITDA for the centres opened during the relevant financial year from month zero (pre-opening) to month 24. Centre EBITDA has been scaled to align opening months by cohort. For example month 1 for the FY12 cohort reflects the average EBITDA for the first month for all centres opened in FY12.

EBITDA to Patient Fees Margin (FY12 Cohort)[2]



Note: 2. Represents the total EBITDA margin for the 4 centres opened in FY12

POST-ACQUISITION UPDATE: FORMER AHM CENTRES

Transaction Overview	• Acquired three dental centres (35 dental chairs) from Medibank Private in June 2014 in Parramatta and Haymarket (Sydney) and Wagga Wagga (regional NSW) • Net purchase consideration of $4.5 million • Long term agreement with Medibank and its subsidiary brand ahm, which provides marketing access rights • Sold small eye care division immediately
Strategic Rationale	• Investment to significantly build the Pacific Smiles Dental presence in Sydney • Gain preferential marketing access for Pacific Smiles Dental network to Medibank and ahm members which represent 29% of the Australian insured population • Dental centres operating well below Pacific Smiles' normal centre operating metrics, with significant room for improvement over a multi year period
Progress update to June 2016	• Rebranded all centres from Dental and Eyecare Practice ("DEP") to Pacific Smiles Dental from commencement • All dentists ceased employment with Medibank, majority of dentists engaged Pacific Smiles under Service and Facility Agreement • Strong growth in ahm members attending centres across the Pacific Smiles Dental network - combination of patients new to Pacific Smiles Dental and former Parramatta and Haymarket patients attending closer to home • Relocated Parramatta in Sept '15 and Haymarket to Town Hall in June '16 for capital expenditure of $5.2 million (of which $4.6 million incurred in FY 16). Each now situated in modern, conveniently located premises. Smaller foot-plates, efficient design and extended hours enabled the removal of 6 under-utilised surgeries, and materially reduced occupancy costs • NPS measurement commenced in FY15. Material improvement in FY16, with each of the 3 centres achieving NPS >60 • Excluding once-off relocation costs and benefits of increased ahm patient attendance at other Pacific Smiles Dental centres, centre-level EBITDA increased to $1.8 million in FY16 • Post the relocations, management focused on attracting new patients and continuing work on service levels and work practices

DENTAL INDUSTRY UPDATE

Industry Size	• **Expenditure on dental services** amounted to \$8.9bn in 2013-14 and has grown at a compound annual growth rate of approximately 6% over the five years to 30 June 2014[1] • **Opportunity for step change in attendance patterns** via driving education and affordability • **Historically resilient sector** including throughout periods of change in the funding environment, such as in 2012 when the Chronic Diseases Dental Scheme was removed
Funding	• **Federal Government funding** of the dental sector is low compared to other areas of primary care – only 7% of dental expenditure comes from this source compared to 82% for general medical[1] • **Private health insurance** benefits represent 17% of total dental expenditure. This is net of private health rebates of ~\$600 million, or 6% of total dental expenditure • **No update to the Federal Government's** proposed Child and Adult Public Dental Scheme (intended to replace the existing Child Dental Benefits Schedule) following the Federal Election in July
Dentist Workforce	• There are approximately **16,000 registered dentists** in Australia today, up from 14,000 four years ago[2] • **Demographic shifts in the dental workforce** as the proportion of female dentists continues to increase and now represents approximately 50% of the total. This trend is expected to continue with females accounting for approximately 60% of dental graduates today • This has coincided with a **higher proportion of dentists working part-time** and increased demand for more flexible working conditions, both supportive of the Pacific Smiles service model

Notes:
1. AIHW 2013-14 Health Expenditure
2. Dental Board of Australia Statistics as of 31 March 2016

OUTLOOK

- EBITDA for FY17 expected to be in the range of $21.7 million to $23.2 million, representing growth of between 10% to 18% compared with FY16 EBITDA (underlying)
- Same centre patient fees growth at least 5% for FY17
- Same centre patient fees have been flat in the first 6 weeks of FY17 driven by higher than usual dentist absences and an exceptionally strong prior period
- Opening at least 10 new dental centres in FY17
- Strong pipeline of new centre opportunities, with 4 new sites already committed for FY17. These centres will be located in Strathpine and Redbank Plains in Queensland, Plenty Valley in Victoria and Belrose in New South Wales
- Over 200 potential future trade areas identified based on demographic, location and competition parameters and current pipeline of new centre opportunities is at a record high
- Dividend policy unchanged, with a pay-out ratio in the range of 80-90% of NPAT for FY17

PACIFIC SMILES GROUP

APPENDIX A

STATUTORY - UNDERLYING RESULTS RECONCILIATION

STATUTORY – UNDERLYING RECONCILIATION

$ MILLIONS	STATUTORY FY 16	*ADJ'S FY 16*	UNDERLYING FY 16	STATUTORY FY 15	*ADJ'S FY 15*	PRO FORMA FY 15
Revenue	83.3		83.3	74.9		74.9
Direct expenses	(4.8)		(4.8)	(3.9)		(3.9)
Gross profit	78.5		78.5	71.0		71.0
Other income	1.6		1.6	1.6		1.6
Expenses						
Employee expenses	(35.2)	*0.0*	(35.1)	(31.6)	*(0.2)*	(31.8)
Consumable supplies expenses	(7.0)		(7.0)	(6.3)		(6.3)
Occupancy expenses	(9.3)	*0.2*	(9.1)	(7.9)		(7.9)
Marketing expenses	(1.7)	*0.0*	(1.6)	(1.2)		(1.2)
Administration and other expenses	(7.8)	*0.1*	(7.7)	(7.1)	*(0.0)*	(7.1)
Underlying EBITDA	19.3	*0.4*	19.7	18.4	*(0.2)*	18.2
IPO transaction costs expensed	-		-	(2.0)	*2.0*	-
EBITDA	19.3	*0.4*	19.7	16.4	*1.8*	18.2
Depreciation and amortisation	(5.0)		(5.0)	(4.2)		(4.2)
EBIT	14.3	*0.4*	14.6	12.2	*1.8*	13.9
Net finance costs	(0.0)		(0.0)	(0.1)	*0.2*	0.0
Profit before tax	14.3	*0.4*	14.6	12.0	*1.9*	14.0
Income tax expense	(4.4)	*(0.1)*	(4.5)	(3.7)	*(0.6)*	(4.3)
Net profit after tax	9.9	*0.3*	10.2	8.4	*1.4*	9.7

Note:
1. Amounts in the table have been rounded to the nearest $100,000. Any discrepancies between totals and sums of components are due to rounding

- Adjustments to the FY16 Income Statement remove the impacts of **once-off relocation costs** associated with two large dental centres at Parramatta and Haymarket (moved to Town Hall).
- Pro forma adjustments to the FY15 Income Statement are presented on a consistent basis with the Prospectus pro forma adjustments:

Listed Public Company Costs
Estimate of incremental full year costs Pacific Smiles would have incurred if it had operated as a listed company for the full comparative period.

IPO Transaction Costs
IPO costs charged as expenses in the comparative period excluded from pro forma results.

Net Interest
Adjustment for full year impact on comparative period interest income and interest expense as if the major IPO cash flows had taken effect at 1 July 2014.


THANK YOU