



## IDH Finance plc

Q3 FY2021 - Investor presentation  
24 February 2021

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# Agenda

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

- There was a limited restart to clinical procedures in Q2 due to the requirement for a fallow period between aerosol generating procedures ("AGP")
- New air filtration equipment installed in every surgery allowed the fallow time to be reduced to 10 minutes (from 1 hour) during Q3
- Across Q3 activity levels have started to increase
- Dentistry remained open through the November lockdown and today all our practices are open for treatment despite current restrictions
- Patient demand for NHS and affordable private remains very strong
- NHS contract payments continued through Q3 as normal, subject to achievement of a minimum 20% activity threshold

- New activity target introduced for Q4 for England at 45% of normal contracted UDA requirements
- M&A restarted - 2 acquisitions in Northern Ireland completed
- DD continues to perform well through the disruption although beauty segment impacted by lockdown measures
- Announcement made 5 October that advisors had been engaged to explore and evaluate strategic alternatives including a potential sale process in respect of some or all of the ownership interests in IDH
- The Company confirms that discussions have been entered into with a preferred bidder regarding a potential transaction for the sale of all of, or a majority interest in, the group.
- These discussions may or may not result in a transaction. The Company will communicate material updates, if any, in accordance with regulatory requirements

# Q3 FY2021 Performance & business update



# Q3 FY2021 group performance



## Group

- Results continue to be impacted by Covid.
- Q3 adjusted EBITDA of £9.4m (Q3 FY2020: £15.8m)
- YTD adjusted EBITDA of £27.1m (Q3 YTD FY2020: £43.2m)



## {my}dentist

- NHS revenue recognition based on prudent assessment of contract management terms
- Q3 adjusted EBITDA of £9.0m (Q3 FY2020: £15.4m)
- Lower EBITDA than Q2 due to higher costs



## DD

- Revenue of £46.0m, up 6.7% on Q3 last year (before intergroup eliminations)
- Adjusted EBITDA of £2.1m for the quarter (Q3 FY2020: £1.6m)
- YTD adjusted EBITDA of £5.4m, 26.8% up on FY20

## Q3 FY2021 summary – {my}dentist

- Total revenue for {my}dentist of £116.8m compared to £119.4m in Q3 FY2020 (down 2.1%).
- All contracts with one exception met 20% hurdle rate for Q3
- Business focus is on returning to full activity levels
- Costs higher due to increases in personal protective equipment (“PPE”) expenses – both increased usage and higher unit costs. For example: gloves – cost risen by 60% from £10 per box to £16
- NHS England contract revenue paid as normal at 1/12 each month
- Scotland & Northern Ireland NHS revenue paid at 80% of normal activity and Wales at 90% of contract value

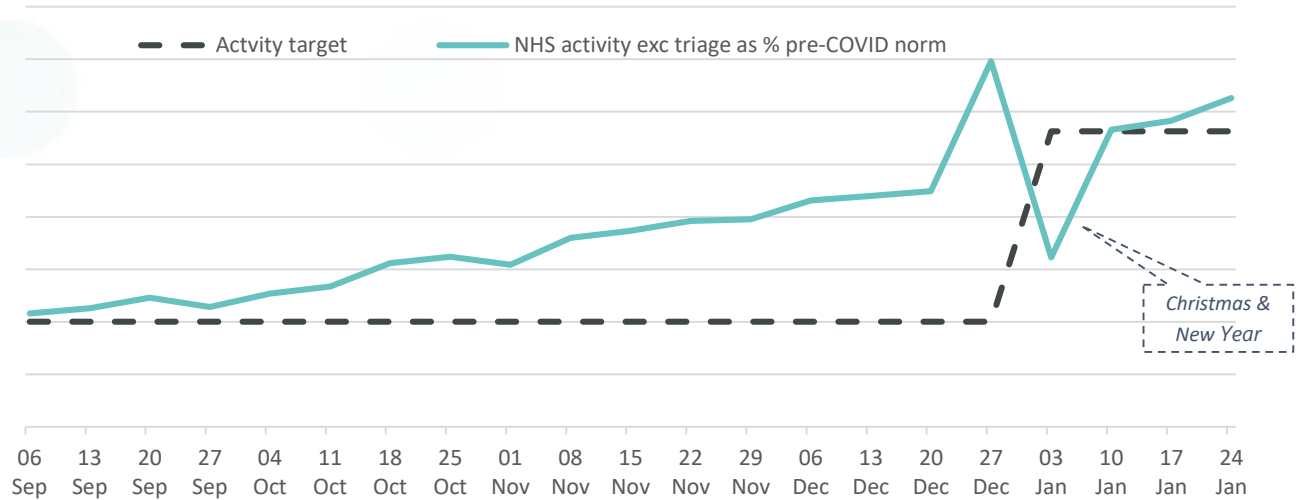


## Q3 FY2021 summary – {my}dentist

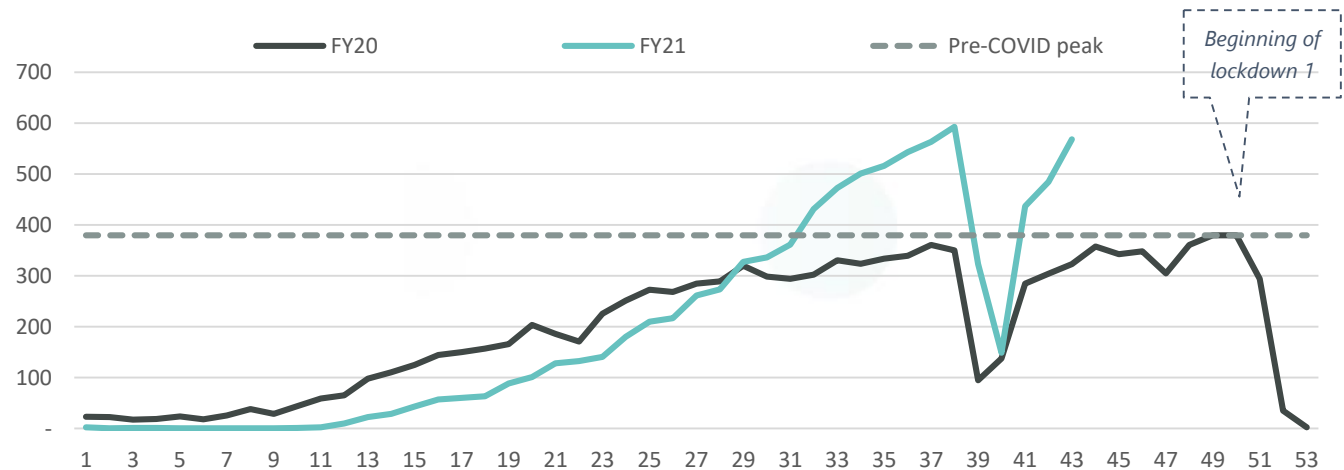
- Private dentistry, particularly {my}options continues to be in high demand
- Private revenue was £28.9m for Q3, down 7.6% on Q3 FY20 but recovering through the quarter with the introduction of air filtration and a shorter fallow period
- {my}options revenue moved ahead of the levels achieved pre-Covid
- Extended opening hours in many practices to allow private clinicians to recover lost earnings and increase patient access
- As front line workers, practice staff are eligible for Covid vaccinations
- Today, over 90% of all practices have received – or been invited to receive – the first dose of the COVID vaccination

# Q3 FY2021 summary – {my}dentist

## NHS activity vs. target since September



## Weekly {my}options revenue



## Q3 FY2021 summary – {my}dentist

- New target introduced for Q4 FY21
- Practices will be deemed to have reached 100% of their contract for Q4 if they deliver 45% or more of the contracted UDAs for Q4.
- Practices achieving between 36% and 45% of contracted UDAs in Q4 will achieve between 80% and 100% of total funding on a sliding scale (e.g. a practice achieving 40.5% of contracted UDAs will achieve 90% of funding)
- Practices delivering less than 36% of contracted UDAs will be paid for UDAs delivered only.
- The NHS set up a 'PPE portal' in December which allows practices to draw-down the PPE required to deliver their contracted volumes for nil cost.
- In return, an abatement of 16.75% will be applied to 'top up' funding. (For example, a practice achieving 45% will be paid 45% of their contract in respect of activity, with a 55% top up element, to which the abatement will be applied).

### **Resourcing & retention**

- Clinical resourcing continues to progress well
- Net new starters to the end of Q3 FY2021 of +189
- Clinician churn continues at a record low
- The combination of increased starters and reduced churn means we are now tracking ahead of where we expected to be prior to the pandemic
- New post-Brexit rules should not impact on ability to recruit in Europe
- Leadership shown by {my}dentist throughout pandemic continues to be exemplary

## Q3 FY2021 summary – DD

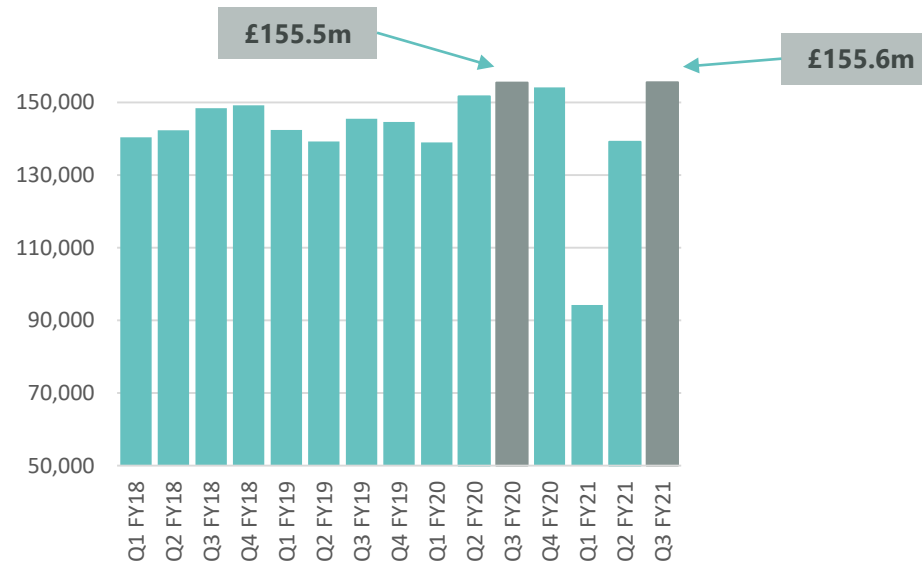
- DD forward momentum continues in a difficult market
- Total revenue, excluding sales to {my}dentist, up 7.1% from £36.1m to £38.7m for Q3 FY2021
- High street dentistry customers buying at 89% of normal activity in December. BUPA Dental contract commenced in October leading to strong growth in the Corporate sector
- Medical beauty revenue at normal volumes at the end of December but January lockdown will affect Q4 result
- Launched non-medical beauty website with exclusive ranges (shopbeautiful.co.uk)
- Additional long-term contract wins e.g. Bupa for beauty products, engineering and Novo Nordisk for distribution of Saxenda weight management product
- Gross margin for Q3 improved on Q2 to 22.2% due to mix changes from bulk PPE deals
- Adjusted EBITDA for Q3 of £2.1m, 29.8% up on Q3 FY20
- Year to date adjusted EBITDA of £5.4m is 26.8% up on prior year.

## Financial review



# Q3 FY2021 Financial highlights

## Group revenue



## Adjusted EBITDA

By division	Q3 FY2021	Q3 FY2020	YTD Dec FY2021	YTD Dec FY2020
{my}dentist	9,004	15,355	25,184	42,771
DD	2,130	1,641	5,393	4,252
Group	(1,278)	(810)	(2,790)	(2,584)
Eliminations	(454)	(394)	(731)	(1,218)
<b>Adjusted EBITDA</b>	<b>9,402</b>	<b>15,792</b>	<b>27,056</b>	<b>43,221</b>

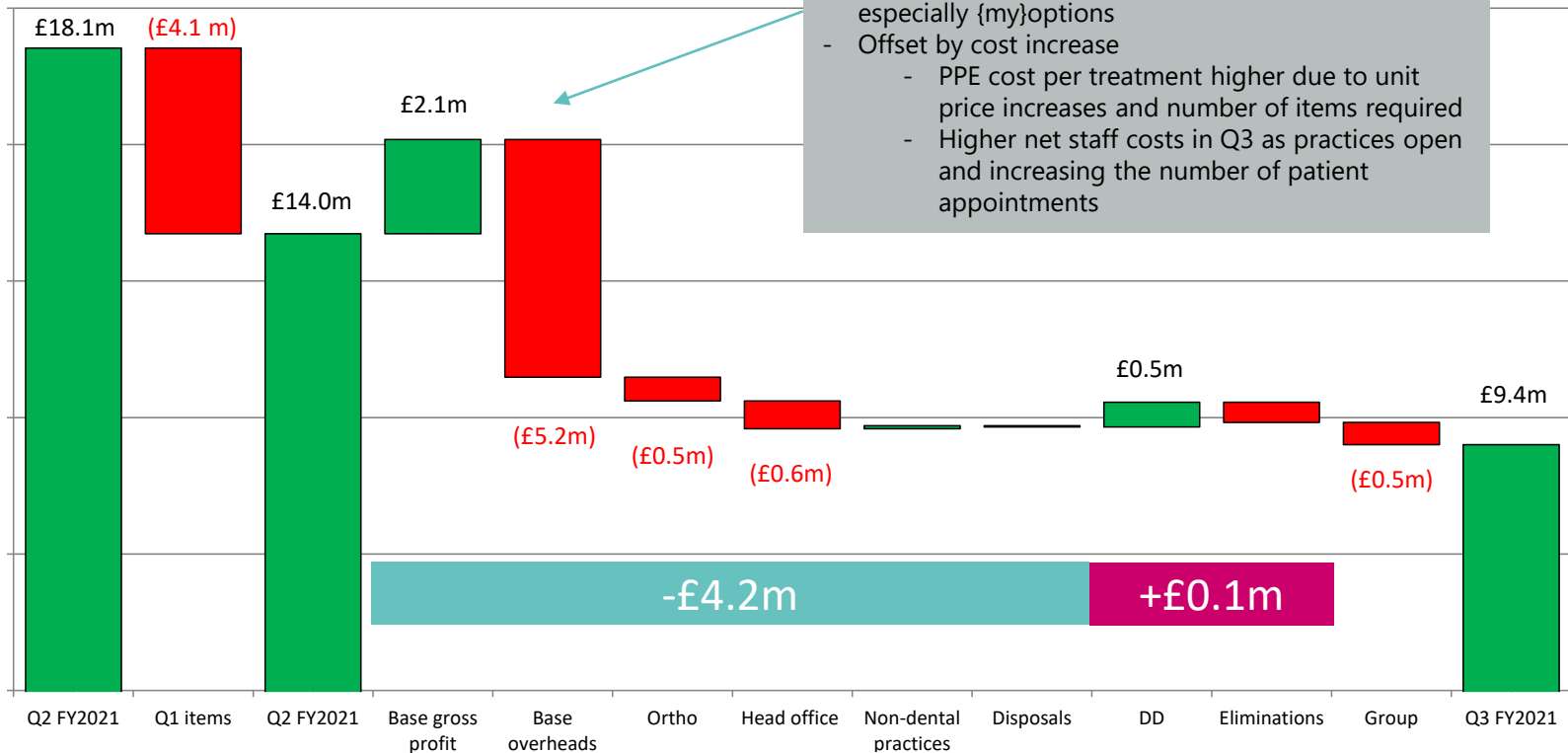
# Financial results for Q3 FY2021

## Group adjusted EBITDA bridge – Q2 to Q3 FY21

Adjustments relating to Q1 recognised in Q2 – DDRB uplift, dentist fee accruals release

### Movements from Q2 to Q3

- Reduced fallow time from 1 November increased number of patient appointments available
- NHS delivery includes emergency and triage appointments
- Private revenue recovering from 1 November especially {my}options
- Offset by cost increase
  - PPE cost per treatment higher due to unit price increases and number of items required
  - Higher net staff costs in Q3 as practices open and increasing the number of patient appointments





# Financial results for Q3 FY2021

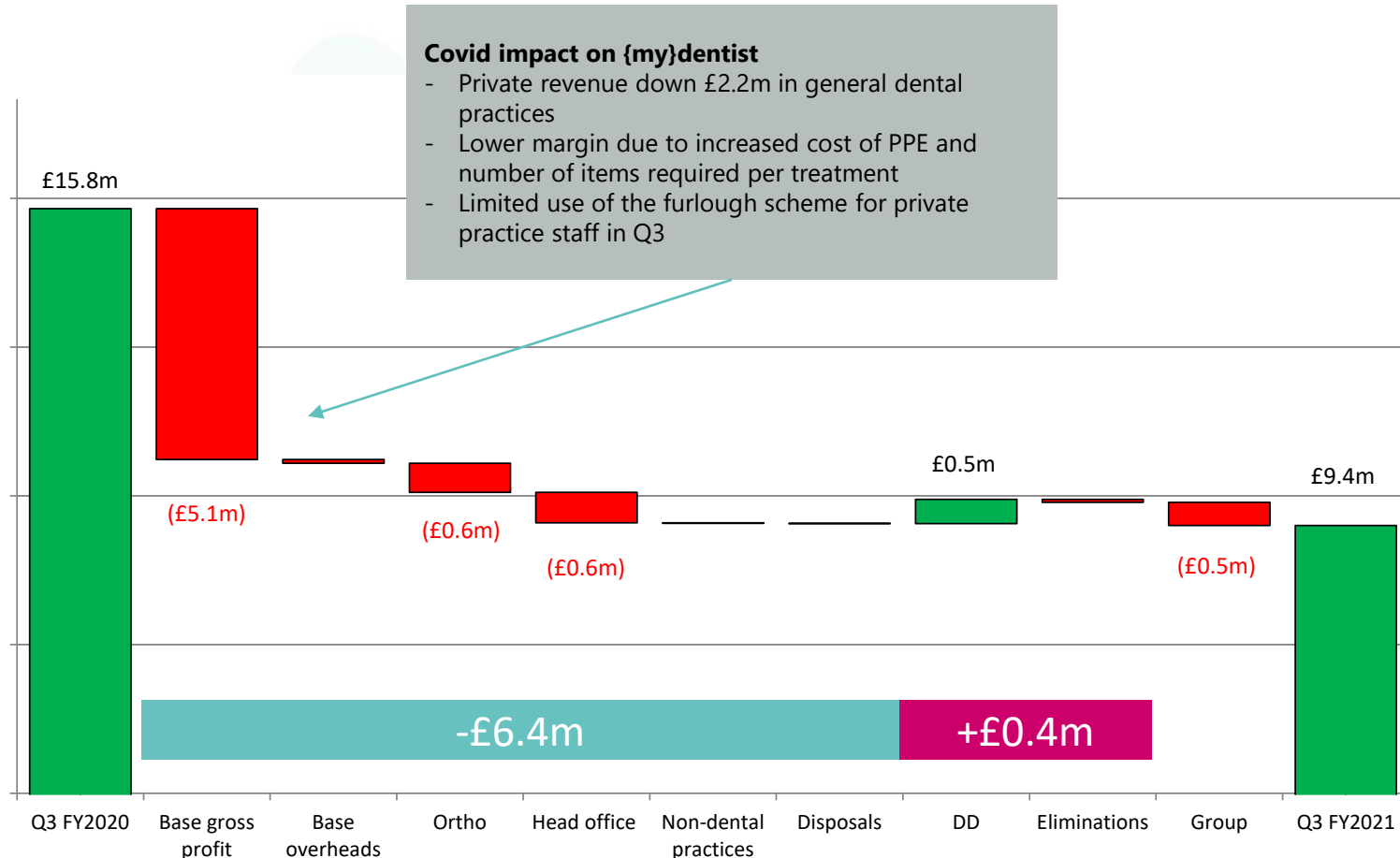
## Income statement – Q3

	Q3 FY2021 £m	% of revenue	Q3 FY2020 £m	% of revenue	% change
Revenue	155.6		155.5		-%
Gross profit	60.6	38.9%	65.7	42.2%	
Overheads*	(48.1)	30.9%	(46.7)	30.0%	
Other operating income	0.7		0.5		
<b>EBITDA</b>	<b>13.2</b>	<b>8.5%</b>	<b>19.4</b>	<b>12.5%</b>	<b>(32.1)%</b>
Rental charges	(3.8)		(3.7)		
<b>Adjusted EBITDA</b>	<b>9.4</b>	<b>6.0%</b>	<b>15.8</b>	<b>10.2%</b>	<b>(40.5)%</b>

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

# Financial results for Q3 FY2021

## Group adjusted EBITDA bridge – Q3



# Financial results for Q3 FY2021

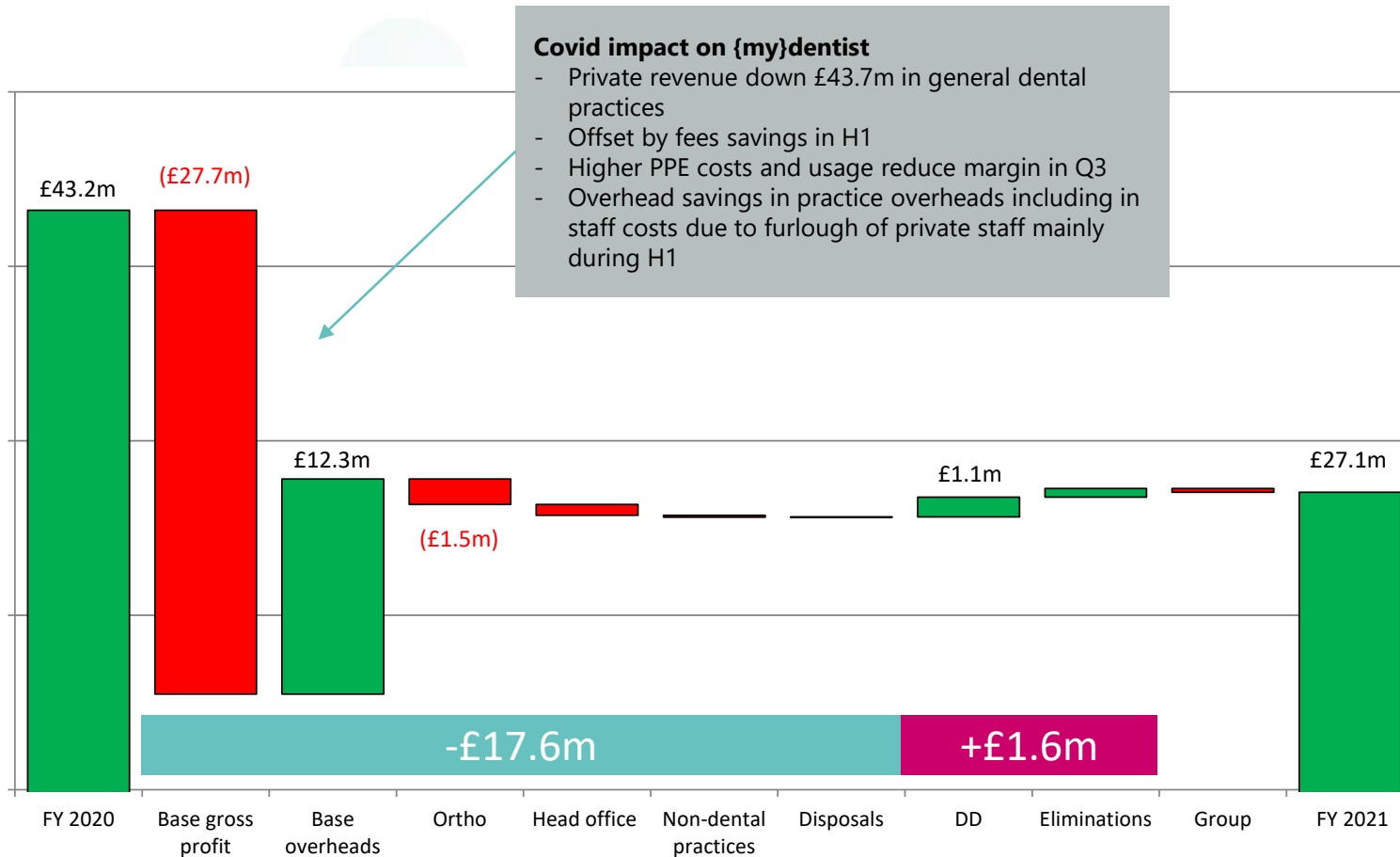
## Income statement – YTD Dec-20

Year to date – 9 months to 31/12	FY2021 £m	% of revenue	FY2020 £m	% of revenue	% change
Revenue	388.9		446.3		(12.9)%
Gross profit	159.1	40.9%	190.8	42.8%	
Overheads*	(123.4)	31.7%	(138.3)	31.0%	
Other operating income	1.7		1.3		
<b>EBITDA</b>	<b>37.4</b>	<b>9.6%</b>	<b>53.9</b>	<b>12.1%</b>	<b>(30.7)%</b>
Rental charges	(10.3)		(10.7)		
<b>Adjusted EBITDA</b>	<b>27.1</b>	<b>7.0%</b>	<b>43.2</b>	<b>9.7%</b>	<b>(37.4)%</b>

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

# Financial results for Q3 FY2021

## Group adjusted EBITDA bridge – YTD Dec-20



# Financial results for Q3 FY2021

## Cash flow statement

£m	Q3 FY2021	Q3 FY2020	YTD FY2021	YTD FY2020
Cash generated from operations before working capital	10.0	18.2	31.8	50.6
Working capital	7.0	(4.7)	43.2	11.1
Cash generated from operations	17.0	13.5	75.0	61.7
Net capital expenditure	(6.1)	(7.1)	(15.2)	(22.2)
Corporation tax	-	-	-	-
Cash flow before acquisitions and debt service	10.9	6.4	59.8	39.5
Interest	(5.5)	(6.0)	(26.8)	(26.6)
<b>Cash flow before acquisitions and financing</b>	<b>5.4</b>	<b>0.4</b>	<b>33.0</b>	<b>12.9</b>
Acquisitions	(2.0)	(-)	(2.1)	(0.4)
Lease cash payments	(4.3)	(3.7)	(10.8)	(10.6)
Financing	-	-	(78.2)	-
<b>Net cash flow</b>	<b>(0.9)</b>	<b>(3.3)</b>	<b>(58.1)</b>	<b>1.9</b>
Opening cash	18.9	14.1	76.1	8.9
<b>Closing cash</b>	<b>18.0</b>	<b>10.8</b>	<b>18.0</b>	<b>10.8</b>
Net debt	551.7	561.4		

## Summary

### **{my}dentist:**

- Practices have remained open during November and January lockdowns
- Patient demand for both NHS and private treatments remains high
- Triage requirements have reduced allowing more face-to-face appointments
- NHS funding throughout pandemic highlights resilient nature of the business
- Business is stable and management doing a great job

### **DD:**

- Strong progress in extending reach in Corporate dentistry
- Beauty sector affected by lockdown but expect growth when restrictions lifted
- Dentistry revenue expected to improve in line with activity increases in sector
- Outstanding new contract wins and strong LFL improvement on prior year

### **Group:**

- The business continues to respond well to the challenges posed by Covid-19.
- Despite added pressures of Covid and the sale process, both {my}dentist and DD are in good shape. Outlook for FY22 is very positive.

## Contact details:

Further questions can be addressed to:

- Email: [investorrelations@mydentist.co.uk](mailto:investorrelations@mydentist.co.uk)
- Telephone: 01204 799651

Investor information is available from our dedicated investor website:

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