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Q&M
DENTAL CENTRE (orchard)



Q & M Dental Group (Singapore) Limited

Investor Presentation

June 2015



RESTRICTED



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Overview of Q & M



Q & M Dental Group (Singapore) Limited

Overview of Q & M

A fast growing leader in private dental healthcare across Asia

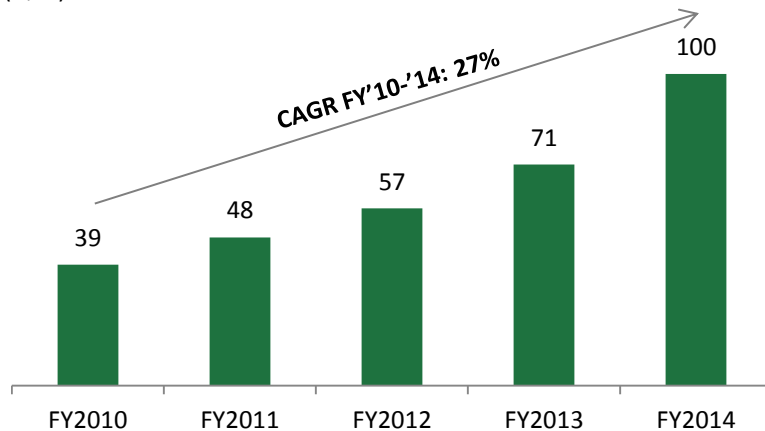
- Operates the largest network of private dental outlets in Singapore and an expanding presence in China and Malaysia
 - Singapore:** 71 dental outlets, 1 mobile dental clinic, 3 medical outlets, 1 medical aesthetic centre
 - Malaysia:** 8 dental outlets and 1 dental supplies and equipment distribution company
 - China:** 3 dental hospitals and 7 dental outlets, as well as 1 dental supplies manufacturer
- A reputable and recognised brand in Singapore with over 9% market share, having treated >600,000 patients
- More than 200 experienced dentists, supported by over 300 clinical and admin staff in Singapore
- Listed on the Mainboard of the Singapore Exchange Securities Trading Limited since 26 November 2009



Q&M's flagship dental centre at City Square Mall in Singapore

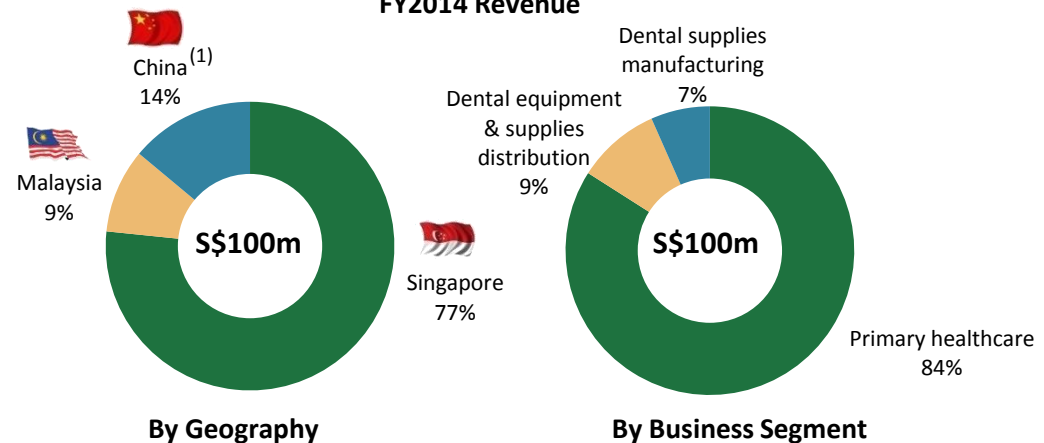
Revenue Growth

(S\$m)



Segmental Revenue Split

FY2014 Revenue





Company Evolution

Transformational evolution to become Singapore's largest private dental healthcare group and continues to build its presence in China and Malaysia

Establishing Domestic Footprint

Further Expansion and Consolidating Operation

Expanding into China and Malaysia

Creation

- Founding of Q & M Dental Surgery at Bukit Batok by Group CEO, Dr Ng Chin Siau
- Joined by Deputy CEO, Dr Ng Jet Wei in 1997

Expansion

- Expanded to 32 dental practices in Singapore through a combination of setting up new dental clinics and acquisitions

Incorporation

- Incorporated on 7 January 2008 in Singapore as a private company limited by shares

Initial Public Offering

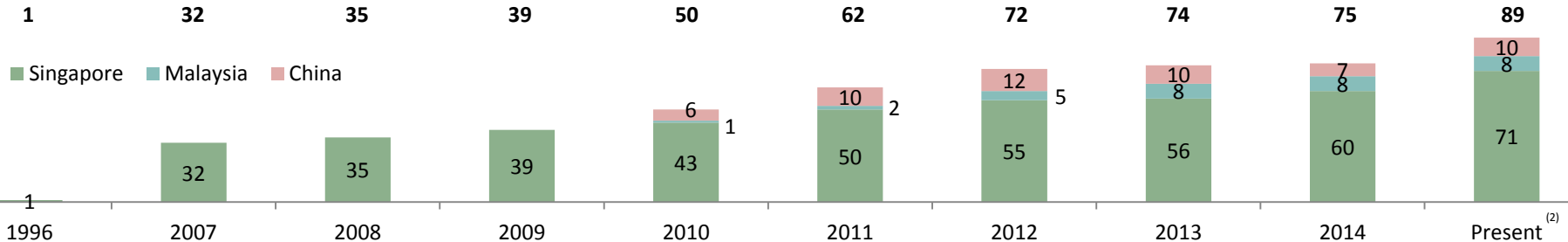
- Listed on the Main Board of the Singapore Exchange on 26 November 2009
- Acquired 70% stake in Dental Wellness (Molek) in Johor Bahru in Malaysia

Multiple Acquisitions in China and Malaysia

- Acquired 70% stake in AR Dental Supplies in Malaysia
- Acquired 51% stake in Aidite, a specialized dental materials manufacturer in Hebei Province, China
- Acquired 60% stake in Aoxin Stomatology in China
- Further acquisitions of dental clinics and Letter of intent with the Liaoning Medical University

1996 1999 - 2007 2008 2009 2010 2011 2012 2013 2014 2015

Number of Dental Establishments⁽¹⁾



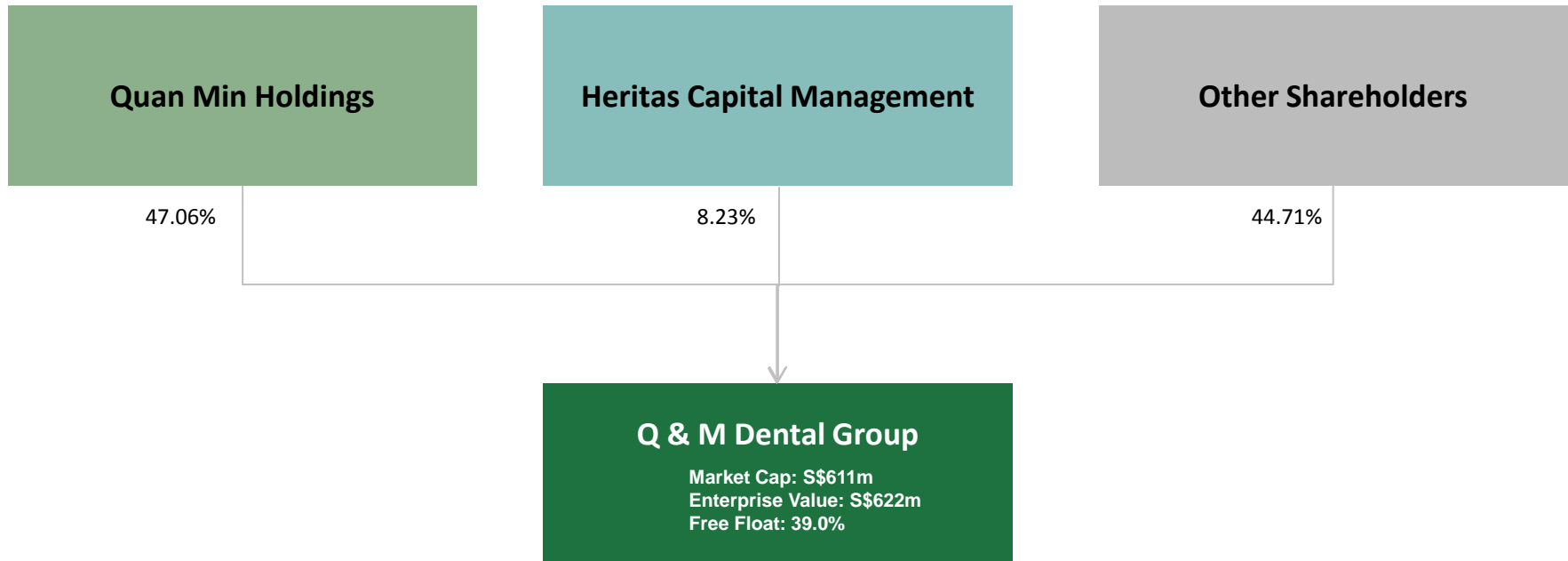
Demonstrated success in scaling up operations

(1) Inclusive of dental hospitals, dental clinics, dental outlets, dental centres, mobile dental clinics.

(2) Inclusive of the 4 Singapore acquisitions and 2 China acquisitions announced in 2015



Corporate Structure



Aside from the 17 Founding Shareholders of Q&M who have signed service contracts until Jan-2020, Strategic Shareholders have also signed shareholding moratoriums until Jan-2021



Dental Healthcare Prospects



Q & M Dental Group (Singapore) Limited

Dental Healthcare Prospects



Market Characteristics

- Population: 5.4 million
- 46% of population visits the dentist at least once per year
- Dentist to population ratio of 1:3,300 which is below developed nations ratio of 1:1,000

Market Potential

- Increasing demand for private specialist dental healthcare services
- Rising affluence and aging population have **increased dental awareness** as part of the overall focus on healthcare
- Significant room for growth and build out for specialist dental services and medical tourism**
- High quality services and advanced dental capabilities have attracted patients from around the region

Government Subsidies

- Subsidies from enhanced **Community Health Assist Scheme ("CHAS")** & **Pioneer Generation Scheme**

Q&M Strategy

- Value enhancing M&A**, backed with **profit guarantees and long term service contracts** to plug gaps in service offerings
- Leverage **brand equity** of acquired clinics and expand reach

- Population 28.5 million
- 23% of population visits the dentist at least once per year
- Dentist to population ratio of 1:6,000

- Focus on high affluence consumer territories
- Rising affluence has increased the **demand for high quality private dental healthcare services**
- Leverage on strong brand in Singapore to expand patient base**
- Expanding pool of dentists with 13 universities producing 600 dental graduates every year

- Nil

- Leverage **Q&M brand equity** extend geographical reach in Malaysia given stronghold in Singapore

- Population 1.34 billion
- 8% of population visits the dentist at least once per year
- Dentist to population ratio of 1:10,000
- Public dental sector is 90% of market**

- Large addressable market size
- Growing affluence amongst citizens lead to the demand for higher standard of living
- Increase in dental healthcare awareness and **increased focus on aesthetics**
- Demand for private dental healthcare services**
- Growing middle class in China drives demand** for high value and differentiated services from government clinics

- Subsidies are available through **national health insurance scheme ("Yibao")** accredited dental hospitals or clinics

- Focus on **large dental hospitals** vs standalone clinics
- Target acquisitions of **large and established hospitals & dental material manufacturers**
- Enhance Q & M presence in North Eastern China**



Key Company Highlights



Q & M Dental Group (Singapore) Limited



Key Company Highlights

1

Wide network of well recognized clinics at strategic locations in Singapore

2

Expanding presence in China and Malaysia to emerge as a leading integrated regional dental player

3

Focused approach towards value enhancing M&A and strategic alliances

4

Experienced management team and a qualified pool of dentists and medical staff

5

Expanding into ancillary dental services

6

Robust financial growth and profile backed by long-term profit commitments



**Q&M is Strategically Positioned to Capture Growth Opportunities
in the Fast Growth Markets across Asia**

Wide Network of Well Recognized Clinics at Strategic Locations in Singapore

Key Highlights

- A reputable and widely recognised brand in Singapore's dental industry
- Extensive reach across Singapore, with 71 outlets located island wide near bus interchanges, MRT stations, shopping malls
- 9% of overall market share in Singapore
- Large patient base, serving more than 300,000 patients a year
- 600,000 patients pool represent 25% of the total patient-base island wide⁽¹⁾
- 6,000 new patients added to its database per month
- Proven Track Record having treated more than 600,000 patients in Singapore since December 2005

The Centrepoint – Situated in prime shopping belt

16 treatment rooms; total floor area of 4,600 sq ft



City Square Mall - Largest private dental centre in Singapore

32 treatment rooms; total floor area of 12,000 sq ft



- ✓ Quality Service
- ✓ Competitive Pricing
- ✓ Wide Range of Dental Healthcare Services
- ✓ Reliability
- ✓ Most Transparent Company Award New Issues 2010



(1) Based on 46% of Singapore's population of 5.08 million as extracted from the Statistics Singapore website (<http://www.singstat.gov.sg/stats/themes/people/hist/popn.html>). According to the Health Promotion Board's Oral Health Campaign, only 46% of adults visited the dentists once a year.

(2) Based on 1,611 registered graduate dentists in Singapore as extracted from Singapore Dental Council Annual Report 2011

Expanding Presence into China and Malaysia

Q&M in China

Shenyang Aoxin Stomatology Group

- Acquired a 60% stake in Shenyang Aoxin Stomatology Group for S\$21.6m
- Shenyang Aoxin Stomatology Group is a leading dental provider in the Liaoning Province
- Three dental hospitals, three dental clinics and a dental training centre owned by Aoxin Stomatology Group

- ✓ **Profit guarantee** for Q&M to receive dividends of at least **S\$26.6m over 12 years**
- ✓ First year profit guarantee of S\$1.32m

Donggang

- Signed MOU to acquire a 60% stake for S\$6m in two dental hospitals in Donggang, China
- Two dental hospitals operated and owned by Dr Sun Zhizong, located in Donggang City and Dandong City
- The hospitals employ over 40 dentists and more than 60 nurses and support staff

- ✓ **Profit guarantee** for Q&M to receive dividends of at least **S\$12.0m over 12 years**
- ✓ First year profit guarantee of S\$0.6m



- ✓ Target acquisitions of **large established dental hospitals** that are on the national health insurance scheme (“Yibao”)
- ✓ Enhance Q & M presence in North Eastern China through **strategic alliances and joint ventures**
- ✓ Continue to expand in scale in order to achieve a **public listing** in Hong Kong, China or Singapore

Expanding Presence into China and Malaysia (Cont'd)

Q&M in Malaysia

- Currently operating 8 clinics including 4 in Johor Bahru, 3 in Kuala Lumpur and 1 in Malacca
- Malaysia has a **high demand for quality dental healthcare** and Q&M is committed to providing quality and affordable dental services in the country
- In addition to its dental clinics, Q&M also owns a dental equipment and supplies distributor that supplies to other dentists in Malaysia
- Q&M's dental expertise and branding is well-known across the region



- ✓ Vertical integration of upstream and downstream to enable the group to create **economies of scale** and **efficient supply management**
- ✓ Focus on growing the dental supplies and distribution business

Focused Approach Towards Value-Enhancing M&A and Strategic Alliances

Strategic Acquisition



Foo & Associates
Dental Surgeons

Tiong Bahru Dental Clinic
Bright Smile Dental Clinic

Strategic Rationale

Aesthetic

- Increasing affluence which has led to a **high growth in dental aesthetics**
- Acquisition allows Q&M to provide total solutions on smiles makeovers, invisible braces, gummy smiles, and teeth whitening
- Orchard Scotts Dental is the official Dentist for the Singapore Miss Universe pageant since 2009
- Leverage **brand equity** to expand reach within Singapore

Premium Customers

- TP Dental Surgeons is a multidisciplinary centre of dental care with a penthouse-dental clinic at the top of Ngee Ann City
- Acquisition allows Q&M to focus more on the **upmarket segment** and strategically acquire **well-branded and reputable clinics** in Singapore
- Future plans to leverage on the premium luxury branding of TP Dental Surgeons and increase the number of clinics in posh locations to cater the premium customers

Medical Tourism

- Spearheaded by Dr Foo Mooh Thong, a Prosthodontics specialist who was **one of the CAD CAM pioneers** in Singapore
 - Established a Q&M CAD CAM Academy to provide specialized training

Enhancing Q&M Presence Across Singapore

- Focused expansion of Q&M presence across Singapore in strategic locations

- ✓ A **one-stop multi-disciplinary** dental healthcare service platform while leveraging on the **branding** of its new acquisitions
- ✓ Continuous **product improvement** and **service quality** through the **use of latest technology**
- ✓ Maximization of **efficiency** and **productivity**, ability to **achieve cost savings** through **economies of scale**

Experienced Management Team...

Dr Ng Chin Siau

Group Chief Executive Officer

- More than 20 years of experience in the dental healthcare industry
- Received the *Best Entrepreneur Award*
- Named the top entrepreneur and winner of the Entrepreneur of the Year Award



Dr Ng Jet Wei

Deputy Chief Executive Officer

- More than 18 years of experience in the dental healthcare industry
- Former Head of Dental Unit at Woodlands Polyclinic
- Fellow of the International Congress of Oral Implantologist



Dr Ang Ee Peng Raymond

Chief Operating Officer

- More than 19 years of experience in the dental healthcare industry
- Advisor to the Singapore Dental Association ethics committee
- Presented with the SDA Meritorious Award by the SDA



Mr Vitters Sim

Chief Financial Officer

- More than 35 years of experience in audit, finance and business management
- Former CFO of W.Atelier and Group Financial Controller of Pacific Healthcare Holdings



Dr Cheah Kim Fee

CEO (China)

- Over 20 years of experience in the dental healthcare industry
- Former Sales Director at Ivoclar Vivadent (Shanghai)



Actively involved in the day-to-day operations which enables the Group to respond to requirements of its patients and to make key management decisions promptly

.....and a Qualified Pool of Dentists and Medical Staff

Highly Qualified Team

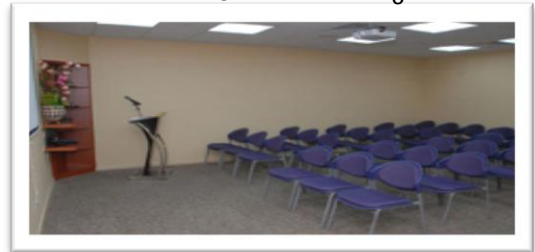
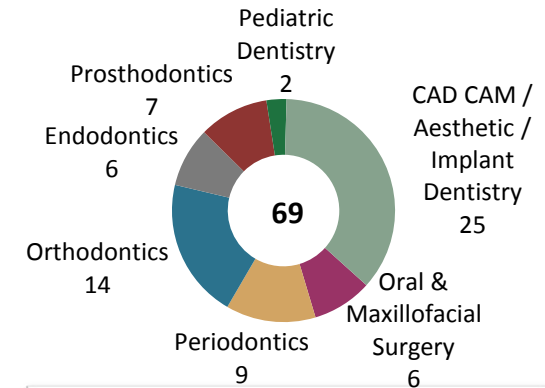
- A team of more than 200 experienced dentists supported by over 300 clinical and admin staff
- Over 60 dentists with further training in various disciplines of dentistry

Professional Training and Development

- The Group has set up Q & M Dental Institute, which offers training to dentists for continuous improvement
- Q&M provides scholarships and funding to its team of dentists to support them for post-graduate studies in specialist streams of dentistry
- Designated by Liaoning Medical University as the Shenyang Stomatology teaching and training institute of LMU

Attracting Talents and Foreign Dentists

- Q & M's scale and size positions itself better than its competitors to hire foreign dentists
- Under conditions laid down by SDC, dentists with overseas degrees must be supervised by a fully registered dentist approved by the SDC
 - Larger pool of registered and experienced dentists within Q&M, the Group has a greater capacity to take in foreign dentists
- In China, the tie-up with LMU will provide a steady stream of new dentists every year



Dental Supplies Manufacturing

- Acquired a 51% stake in Qinhuangdao Aidite High Technical Ceramic Co. Ltd ("Aidite")
- Aidite is the second largest producer of a specialized dental ceramics product known as zirconium oxide blocks in China
- These are used in dental computer-aided design and computer-aided manufacturing ("CAD CAM") machines in the fabrication of dental prosthesis such as crowns and veneers
- CAD CAM technology aids the turnaround time for dental restorations to a few hours against the conventional one to two weeks

Dental Equipment Supplies & Distribution

- Q&M has ventured upstream by becoming a provider of dental supplies and equipment to other dentists in the industry through its subsidiaries in Singapore and Malaysia

Overview

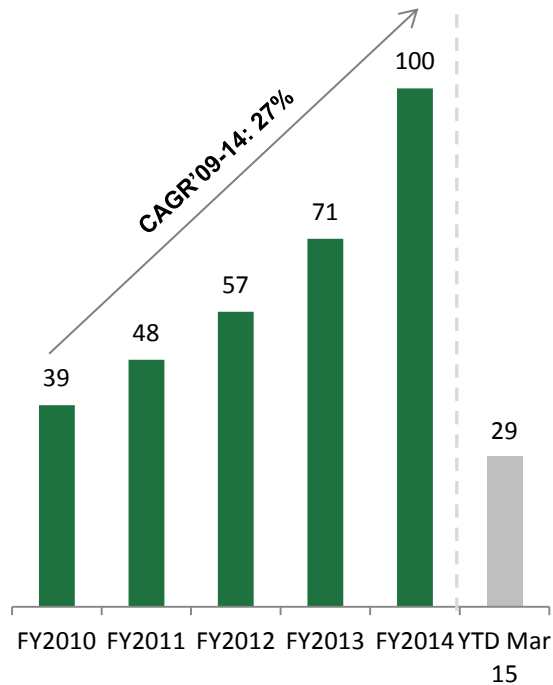
Key Highlights

- ✓ **USFDA approved** – allows Q&M to **move up the value chain** and participate more in CAD CAM dentistry, the fastest growing segment of dentistry
- ✓ Provides a **highly recurring** revenue stream and **40% of Aidite's revenues come from exports**
- ✓ Contributed **S\$6.6m of revenues** in two quarters for FY2014
- ✓ Leverage Q&M network in Singapore and roll out Aidite products – in line with its strategy of **capturing a larger market share in the higher value-added services**
- ✓ **Profit guarantee** of at least **S\$31.8m**, over 12 years with **1st year profit guarantee of S\$1.53m**
- ✓ Distribution companies allow Q&M to **purchase dental equipment at a discount**
- ✓ Growth in dental supplies and equipment distribution arm in Malaysia has been gaining momentum with **improvement in cost and supply/demand management**
- ✓ Supply Aidite-manufactured zirconium oxide blocks to other dentists in Singapore and Malaysia by leveraging the distribution platform



Revenue

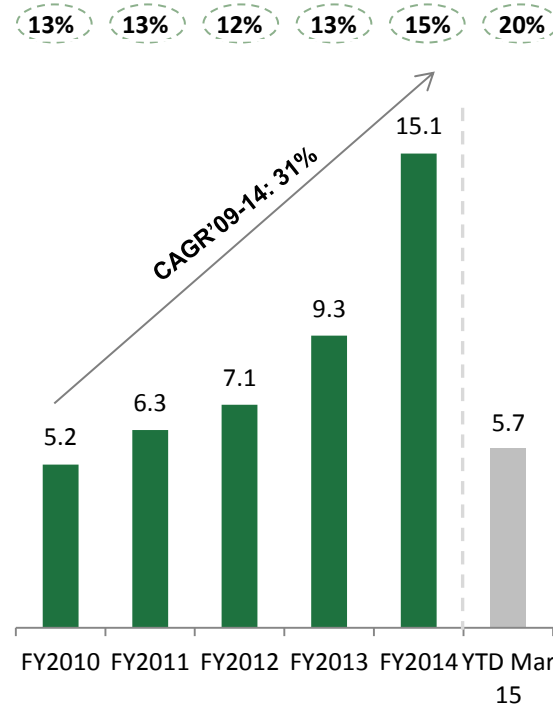
(S\$m)



EBITDA

(S\$m)

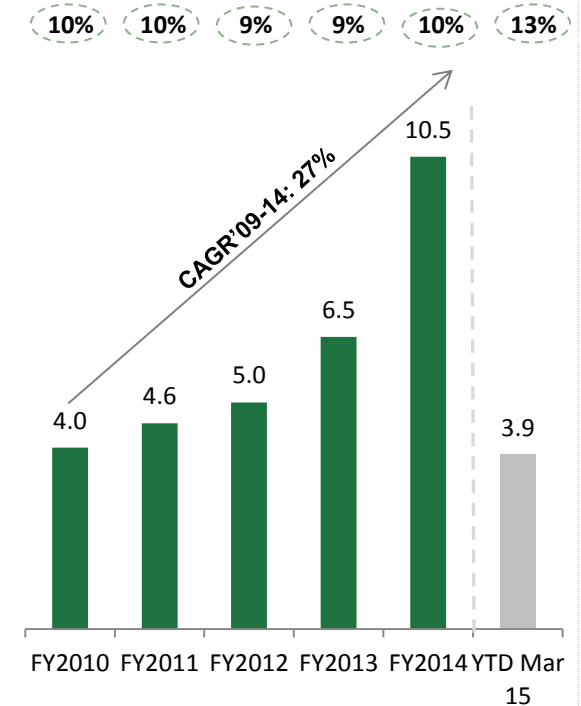
% Margin



Profit Net of Tax

(S\$m)

% Margin

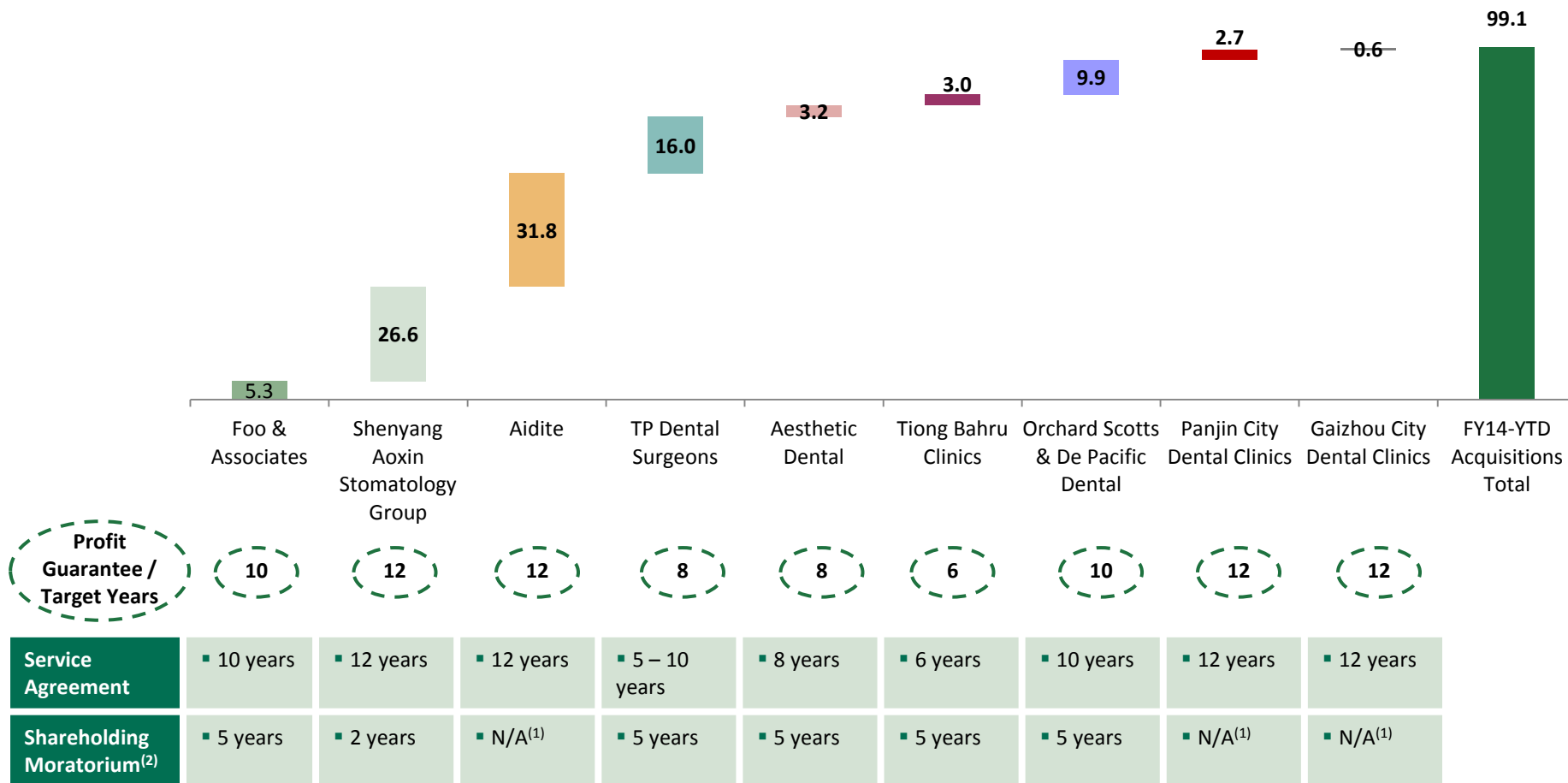


Consistent revenue growth along with improving EBITDA and PAT margins

....Backed by Long-term Profit Commitments

Cumulative Profit Guarantee/Targets from FY14 – YTD Acquisitions

(\$m)



Note: Panjin City and Gaizhou City Dental Clinic combined profit guarantee is RMB14.81 million (converted at SGDRMB:4.60)

(1) Part of the consideration paid for the acquisition was used as an equity injection into the company for working capital

(2) Shareholding moratorium on only those shares that were issued as part of the consideration for the acquisitions



Growth Strategy



Q & M Dental Group (Singapore) Limited



Execution of Growth Strategy

- **Expand patient base** by leveraging on existing centres and excellent customer service
- **Strengthen brand awareness** through corporate and loyalty programs
- **Extend domestic reach** by opening more dental centres and clinics and through acquisitions

- **Long term service contracts** with key dentists in place for JV partners in China and Malaysia
- **Attract and retain staff** with reputations for clinical excellence
- **Provide tailor-made training** and skill enhancement programs to improve service quality and productivity
- **Upgrade service offering** by adopting latest dental technology and equipment

Maintaining Growth Momentum in Singapore

Pursuing Aggressive Growth Strategy in Malaysia and China

Improving Operational Performance

Leveraging Platform for Long Term Growth

- **Reinforce regional presence** in growing markets like Malaysia and China
- **Expansion** through acquisitions and JVs
- **Replicate Singapore model** to establish a leading dental healthcare company across Asia

- **Maximise efficiency** through central procurement for dental supplies and equipment
- **Achieve cost synergies** through upstream integration into manufacture and distribution of dental equipment and materials
- **Improve dental visits** through public education with community outreach programs



Building The Leading Integrated Dental Healthcare Company In Asia

Poised for expansion and growth in Singapore, China and Malaysia



**DENTAL
HEALTHCARE**
RESILIENT, SUSTAINABLE
REPEATABLE, SCALABLE

A reputable and recognised brand in Singapore's dental industry

9% of overall market share in Singapore

Treated more than 600,000 patients

Over 200 qualified and experienced dentists

Experienced and committed management team who are practising dentists

17 Principal Shareholders having signed service contract until Jan 2020 and shareholding moratorium until Jan 2021

Multiple Growth Drivers



- Strengthen domestic stronghold through organic growth and M&A



- Pursue organic growth and M&A to grow Malaysia presence



- Leverage on strong demand to expand presence in China with acquisitions of larger and established dental hospitals and dental supply manufacturers and dental labs

IPO

- Listing of China dental business on Hong Kong, China or Spore Stock Exchange



Thank You

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Appendix

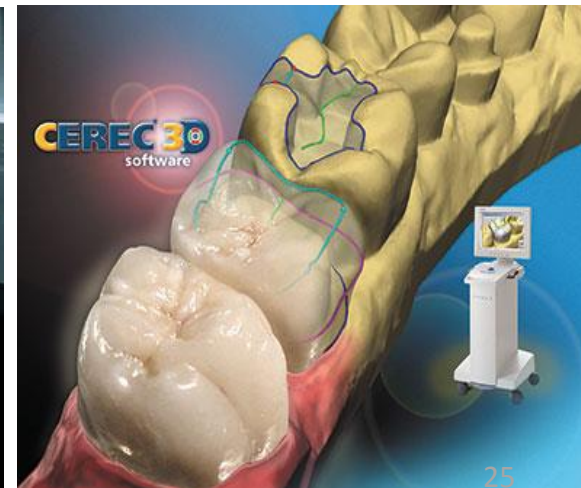


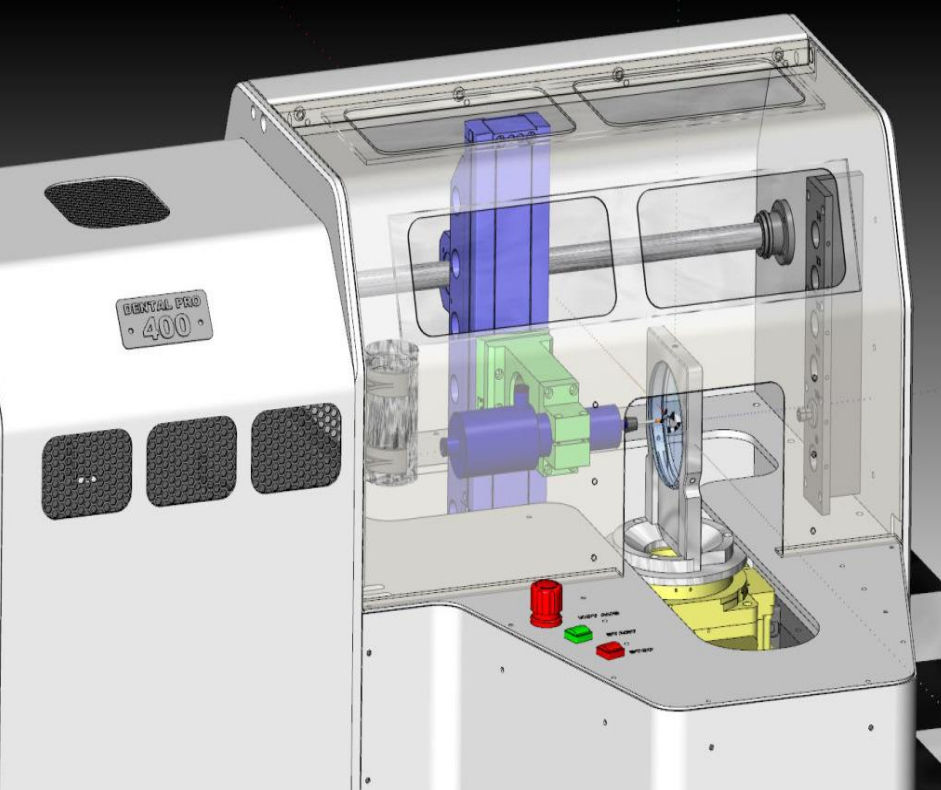
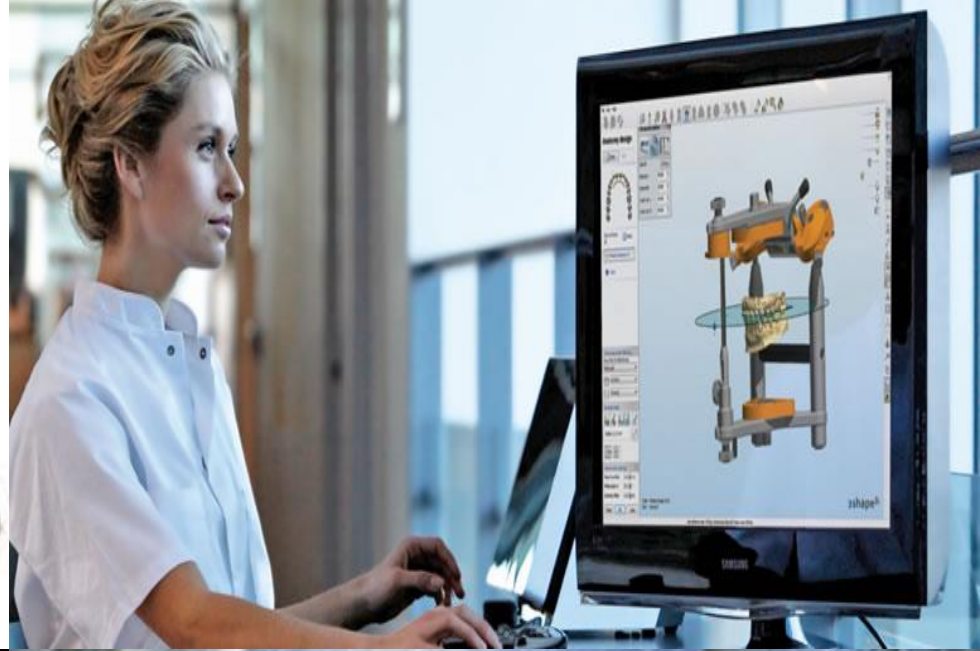
Q & M Dental Group (Singapore) Limited

Before



After



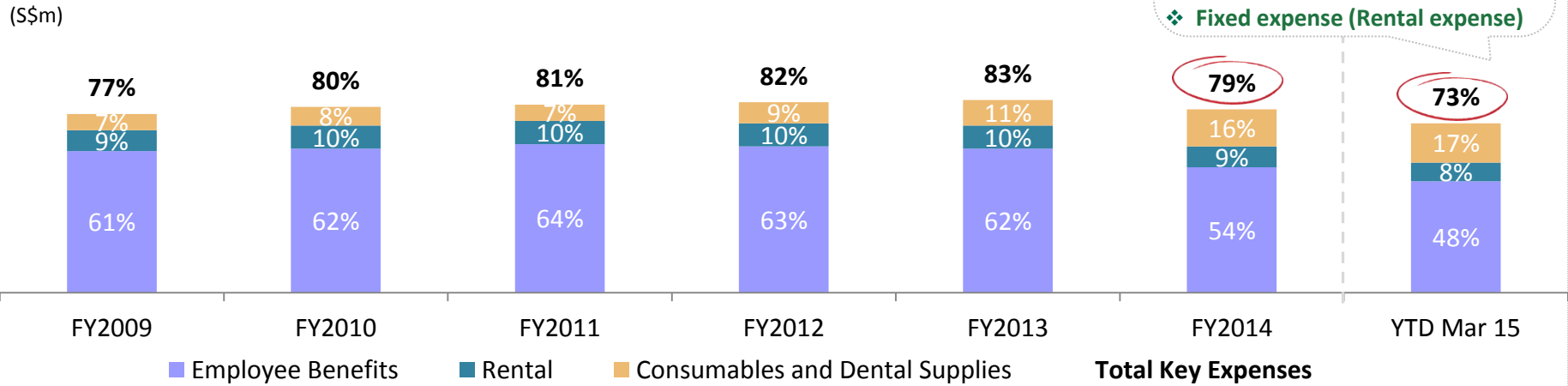




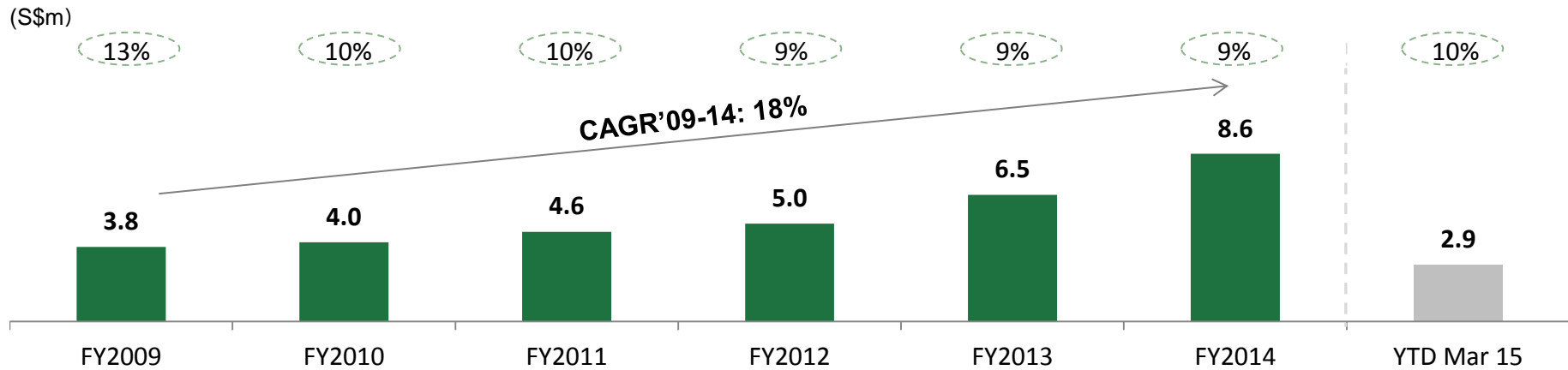
Strong Expense Management that has Resulted in Superior Profitability

- ❖ Key expenses form about 73% of Group revenue
- ❖ Variable expenses (Employee benefits and Consumables) growing in line with revenue
- ❖ Fixed expense (Rental expense)

Key operating expenses as a percentage of Group revenue



NOPAT





Strong Balance Sheet and Cash Position

(S\$ million)	31 Mar 2015	31 Dec 2014	31 Dec 2013	31 Dec 2012
Key Assets				
Trade and Other Receivables (short-term)	17.8	16.3	7.7	5.6
Cash and Cash Equivalents	88.5	35.7	28.7	18.5
Property, Plant and Equipment	37.6	37.4	15.4	17.2
Key Liabilities				
Trade and Other Payables	14.9	21	10.8	9.9
Bank Loan and Finance Leases	89.2	32.3	8.9	9.3
Equity				
Shareholders' Equity	79.9	76.6	46.1	28.8

Key Financial & Financial Ratio

Key Financial Figures (in S\$)	YTD Mar 15	FY2014	FY2013	FY2012
EBITDA	5.7 million	15.1 million	9.3 million	7.1 million
Net Asset Value Per Share (cents) *	10.3	9.8	7.6	5.2
Earnings Per Share (cents)	0.42	1.2	0.93	0.91
Financial Ratios	YTD Mar 15	FY2014	FY2013	FY2012
Net Gearing (times)	0.01	Net Cash	Net Cash	Net Cash
Return on Equity	3.6%	11.2%	14%	17.5%
Current Ratio (times)	7.1	2.6	3.8	2.5
EBITDA/Interest Expense (times)	23.0	29.3	25.5	31
Dividend Per Share (cents)	YTD Mar 15	FY2014	FY2013	FY2012
Interim	-	0.41	0.64	0.30
Final	-	0.32	0.66	0.40
Total	-	0.73	1.30	0.70

*Based on total number of shares issued of 778,623,495 shares as at 31 December 2014