Regis Ferny Grove QLD

REGIS HEALTHCARE LIMITED

Results for the year ended 30 June 2019

22 August 2019

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22 AUGUST 2019

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RESIDENT CARE AND SERVICES

Regis Healthcare is one of Australia’s leading aged care providers and delivers quality care, through more than 8,000 committed employees, including innovative ageing in place, residential, respite and dementia care to help residents live well.

01

Business and financial highlights FY19

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FINANCIAL HIGHLIGHTS FY19

Industry wide challenges continue to impact business

Revenue	Normalised[1] EBITDA	Normalised[1] NPAT
$647.1m	**$111.4m**	**$47.2m**
9% higher than FY18	5% lower than FY18 Normalised[1]	Within guidance range

Net RAD cashflow
$142.9m

Debt reduction
$101m

- Normalised[1] FY19 EBITDA was lower than FY18 and reflects:
  - A solid performance from the group of new Facilities ramping up
  - Additional Federal Government funding boost received in 2H of FY19
  - Continued industry wide occupancy headwinds impacting the steady state portfolio
  - Annual indexation (COPE) of 1.2% compared with Enterprise Agreement wage increases of circa 3%
  - The continued impact of the Federal Government cuts to residential aged care funding and the associated increase in expenses, implemented in 2017 and 2018
- Normalised[1] NPAT of $47.2m. This was within the range of the guidance reaffirmed in the June trading update and 17% lower than in FY18
- Net operating cashflow of $220.1m, includes net RAD cashflow of $142.9m[2] which was more than double the FY18 result of $62.6m. This was the result of the strong performance from the Facilities ramping up
- Capital expenditure of $68.7m[3]
- Average occupancy of 92.7%, with 30 June closing occupancy of 92.4%
- Fully franked final dividend of 7.11 cents per share declared[4]

1. FY19 results have been normalised to remove the one off impact of the direct costs associated with the Royal Commission process, of $2.0m EBITDA and $1.4m of NPAT, and the non cash fair value gain on the non operating retirement living sites of $7.3m EBITDA and $5.1m NPAT. Refer to the Glossary in Appendix A for definitions and Appendix F for the reconciliation of reported to normalised results
2. Consists of $143.4m of Net RAD cash inflow less $0.5m of outflow in relation to Independent Living unit resident funds
3. Capital expenditure on developments, significant refurbishment and other projects
4. The final dividend for 2019 represents 100% of reported NPAT for the six month period to 30 June 2019 less the $5.1m non cash fair value gain on two retirement living sites

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KEY OPERATIONAL STATISTICS

Operations continued to perform well in the face of industry headwinds

KEY OPERATIONAL STATISTICS[1]	FY18 Normalised[2]	1H FY19 Normalised[2]	2H FY19 Normalised[2]	FY19 Normalised[2]	
Total operational places	6,753	7,142		7,078	No change in new places following the completion of the last 3 Facilities in the development program in the 1H. 64 places made inactive as part of the asset renewal program
Revenue ($m)	594.4	318.2	328.9	647.1	$10.8m of additional Government funding received in the 2H. Uplift from growth and COPE increase offset by Federal Government funding cuts and associated expenses, Enterprise Agreement increases & Occupancy
EBITDA ($m)	117.1	56.7	54.7	111.4	
Average occupancy (%)[3]	93.4%	92.8%	92.7%	92.7%	Ramp up Facilities delivered solid performance. Steady State Facilities impacted by industry wide Occupancy headwinds
Occupancy (%) at end of period	94.0%	92.2%		92.4%	
Revenue per occupied bed day($)[4]	283	287	296	292	Annual COPE increase and increased contribution from Significant Refurbishment offset by Federal Government funding cuts
Government income per occupied bed day($) (excluding additional funding boost)	198	201	197	199	
Federal Government additional funding boost per occupied bed day ($)			10	5	The Federal Government boost to the general subsidy in 2018-19 added $10 per occupied bed day in the 2H or $5 on an annualised basis.
Resident income per occupied bed day ($)	80	81	84	83	Reflects the ramping up of Facilities from the development program, most of which offer Club Services
Staff costs / revenue (%)	66.9%	68.4%	69.7%	69.1%	Reflects yearly EA increases which are higher than COPE increase & higher staff costs to revenue % in ramping up Facilities. Note excluding the additional funding boost staff cost / revenue % was 70.2%
RADs held (#)[5]	2,500	2,589		2,680	
RADs held ($m)[6]	945.1	1,016.2		1,085.0	
Average RAD held ($000's)[7]	378.0	392.5		404.9	
Average incoming RAD ($000's)[7]	467.9	478.7		478.6	Reflects contributions from both Facilities ramping up & steady state portfolio
Average incoming DAP rate per day ($)[8]	42.36	46.10		46.3	Increased contributions from ramping up Facilities. Average % DAP paid is 59% for combination payments.

1. As per Glossary definitions unless otherwise noted
2. As per definition Glossary (Appendix A) – refer Appendix E and F for reconciliation between Reported and Normalised results
3. Average across the reporting period (12 months or 6 months).
4. Includes Government, Resident and other revenue – refer Appendix B
5. Includes all RADs held – full and partial at their weighted value
6. Excludes ILU resident entry contributions
7. Includes partial RADs at full notional value and excludes lump sums received from partially supported residents
8. Includes full and partial DAPs at actual value and excludes daily accommodation contributions received from partially supported residents

EARNINGS

EBITDA[1] results affected by headwinds from cuts to residential aged care funding

FY19 EBITDA was 5% lower than FY18.[1] This reflects:

- EBITDA from growth initiatives:
  - Facilities ramping up contributed a higher level of EBITDA, less the operating losses incurred by three Facilities in this group which are in their first year of operation, but which are tracking to plan
  - The Facilities ramping up performed to expectations from an occupancy perspective
  - The portfolio of three Facilities acquired from Presbyterian Care Tasmania made a greater EBITDA contribution and continues to progress towards the steady state portfolio run rate
- Steady state Facilities:
  - Lower occupancy across the Industry impacted the Steady State portfolio, particularly in several of the older Facilities and those Facilities with some shared rooms
  - Headwinds from Government cuts to residential aged care funding continued to impact EBITDA, including expenses associated with changes to the ACFI funding instrument, partially offset by the $10.8m additional Government funding boost received in the 2H
  - The annual indexation (COPE) of 1.2% which is less than the underlying cost increases of circa 3%
- Higher staffing expenses than FY18. The increase from FY18 to FY19 was $49.5m in total, key items in this include:
  - $14.4m for the "steady state" Facilities' Enterprise Agreement increases, which averaged circa 3.0% across the aged care business
  - $32.8m for ramping up and acquired Facilities
  - $2m non cash increase in Long Service Leave expense due to the decline in the long term bond rates

SIGNIFICANT FY19[1] EBITDA MOVEMENTS COMPARED TO FY18

1. Note – FY19 results are Normalised. For comparison purposes all FY18 figures are based on normalised results. Refer Appendix A for glossary and Appendix E and F for reconciliation between reported and normalised results

PROFIT

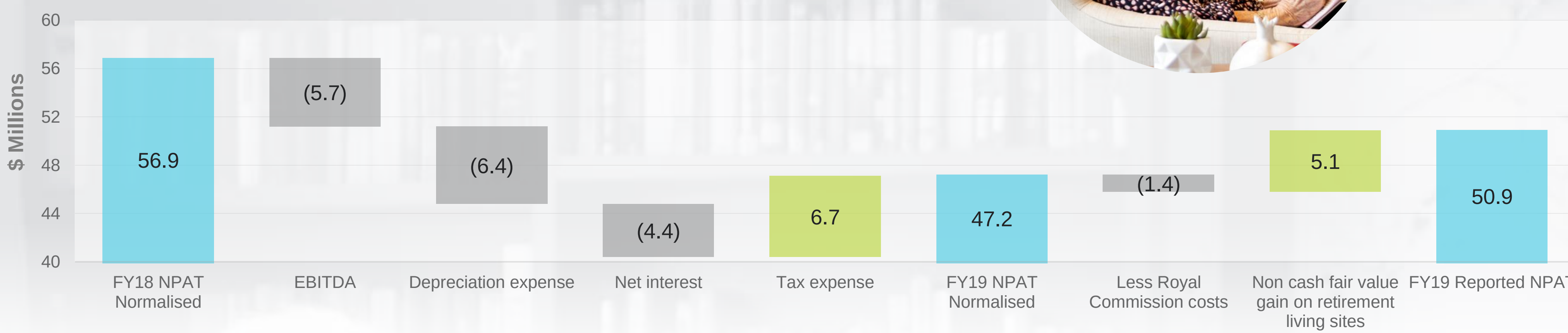
NPAT within guidance range and 17% lower than in FY18

FY19 NPAT was at the lower end of the full year guidance range of $47 to $51 million:

- FY19 EBITDA was broadly in line with guidance
- Interest and depreciation expenses have continued to increase as a result of the completion of greenfield developments
- Effective tax rate of circa 27%

Time-out at Regis Greenbank QLD

SIGNIFICANT FY19[1] NPAT MOVEMENTS COMPARED TO FY18



1. As per definition glossary (Appendix A)

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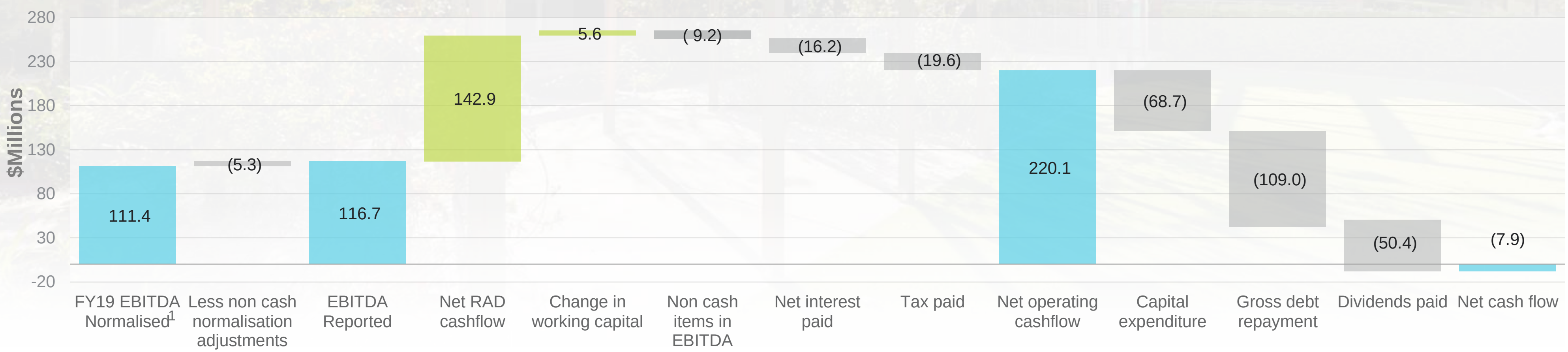
CASHFLOW

Net RAD cashflow of $142.9m was more than double the full year result for FY18

- Net operating cashflow of $220.1m underpinned by:
  - Normalised EBITDA of $111.4m
  - Net RAD cashflow of $142.9m
    - FY19 result was more than double the FY18 net RAD cashflow $63m
    - Facilities ramping up performed to expectations, both in terms of the number and value of RADs
    - Average incoming RADs in the steady state portfolio again showed a modest improvement
- Key investment activities included total capex on development, significant refurbishment and other projects of $68.7m
- The strong cashflow result enabled gross debt repayment of $109m (being $101m net debt) for the period

KEY FY19 CASHFLOW MOVEMENTS



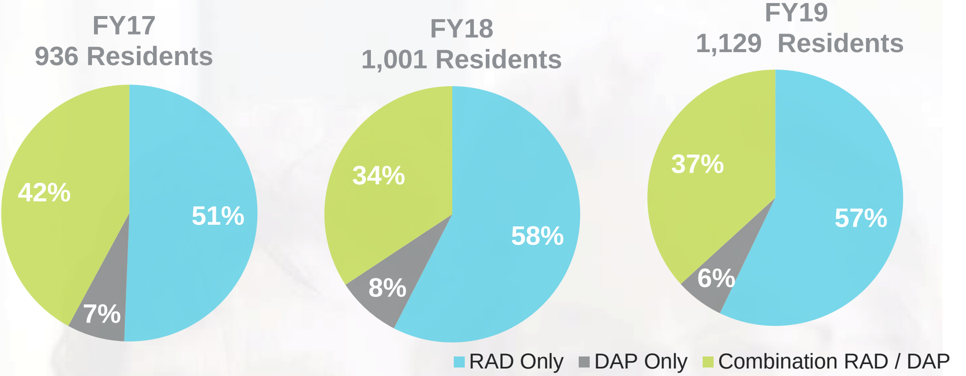
1. As per definition in Glossary, Appendix A

RESIDENT PROFILE

Profile of RAD / DAP mix and combination payments is consistent with prior periods

- The number of incoming residents electing to pay a full RAD has remained steady at circa 57%-58% over the last 2 years, which increased from 51% in FY17. This reflects the ramping up of the Facilities from the development program
- The Significant Refurbishment program now has circa 2,458 eligible residents living in an enhanced environment, for which the company receives the higher accommodation supplement[2]. This represents 96% of all the Supported Residents in Regis Facilities.

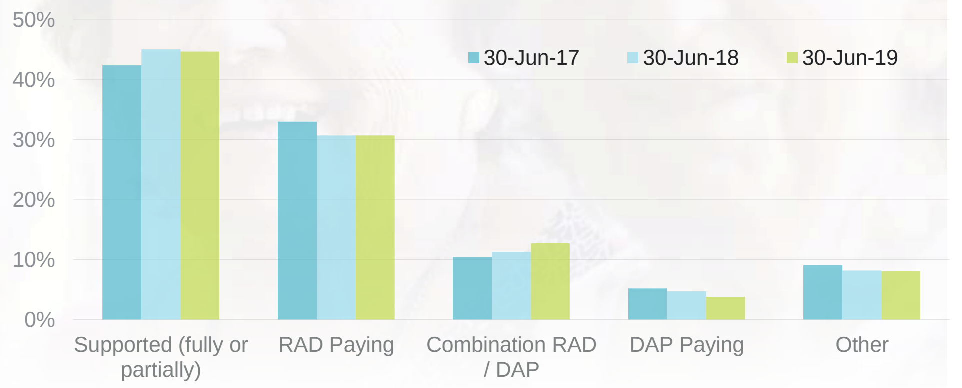
PROFILE OF ACCOMMODATION PAYMENT TYPES FOR INCOMING RESIDENTS[1]



RESIDENT TENURE STATISTICS

	30 June 2018	30 June 2019
Resident tenure[3]	2.40 years	2.43 years
Average duration of stay[4]	2.84 years	2.86 Years

CHANGE IN TOTAL RESIDENT PROFILE[5]



1. Permanent, non supported residents based on the Aged Care Act for those entering care after 1 July 2014
2. As at 30 June 2019
3. Average length of stay of permanent residents who departed during that 12 month period
4. Average length of stay of all permanent residents as at that date
5. All residents, as at end of period. Note DAP paying group includes pre 1 July 2014 Accommodation Charge paying residents

02

Portfolio Overview and Growth Strategy

PORTFOLIO OVERVIEW

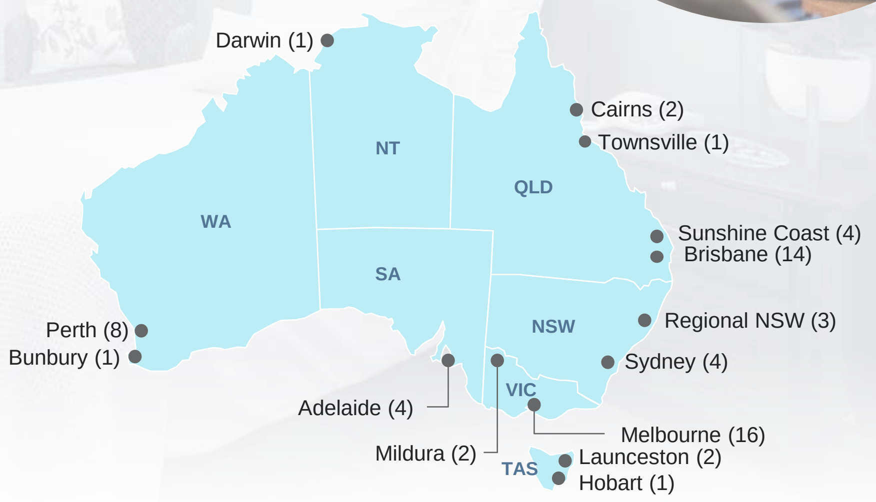
One of the largest providers of Residential Aged Care in Australia

As at 30 June 2019	Total
Number of Facilities	63
Total places	8,323
Total operational places	7,078
Total bedrooms	6,432
% operational places in single bedroom	85%
% single bedrooms as a % of total bedrooms	94%
Average Facility size (number of operational places)	113
Club Services Facilities	21
Facilities approved as Significantly Refurbished[1]	41

- The Significant Refurbishment program continued, with a further 7 Facilities approved during FY19. It is anticipated that a further 3 will be approved during 1HFY20
- Regis continues to review the older Facilities and those with some shared rooms as part of an Asset renewal program. As part of this program 64 places were made inactive during the second half.

Total operational places
7,078
63 Facilities

REGIS FACILITY NETWORK



1. The total Regis Facilities approved as Significantly Refurbished including Club Services Facilities is 56. The number in the table is provided net of Club Services Facilities to support modelling due to the low number of qualifying residents in those Facilities. Qualifying Supported residents receive a Higher Accommodation Supplement under the Aged Care Legislation at these Facilities.

GROWTH STRATEGY

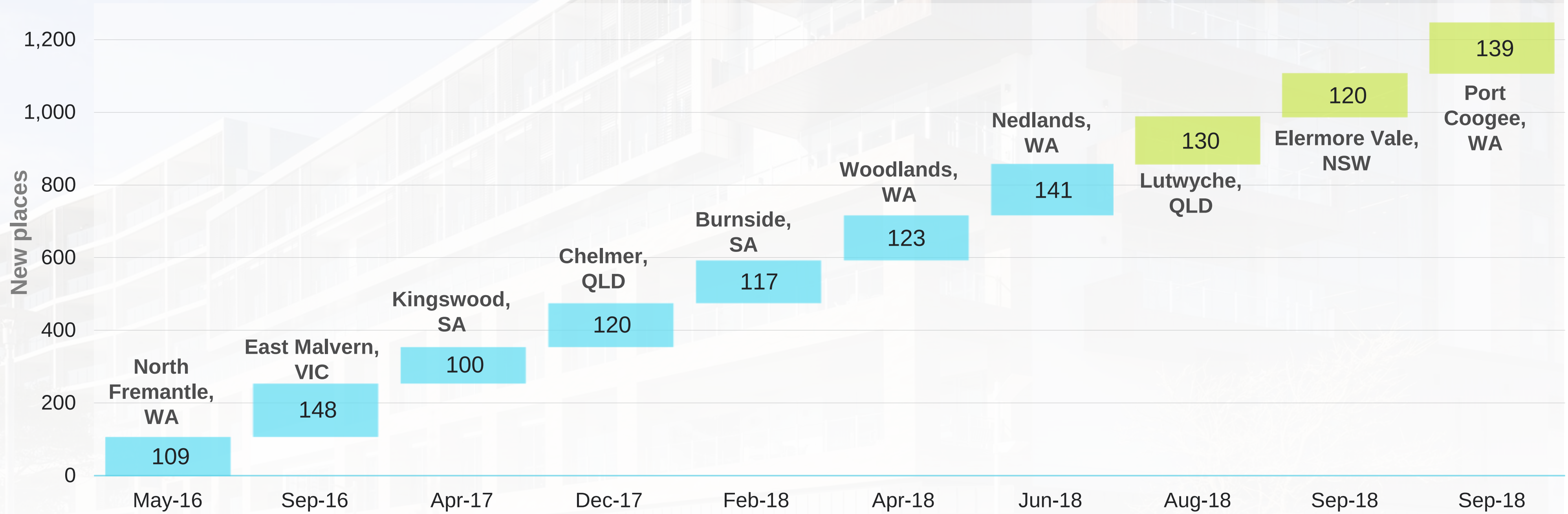
Disciplined balance sheet management with value enhancing growth opportunities focus

FOCUS ON PERFORMANCE OF RAMP UP FACILITIES, QUALITY OF EXISTING PORTFOLIO AND CONTINUING TO DELIVER FURTHER GROWTH

New Facilities ramping up to achieve pro forma outcomes	•The development pipeline has delivered High quality Facilities. These are ramping up their operations with a focus on Care, Quality and Compliance. Solid progress is being made towards achieving the company proforma for EBITDA, net RAD cashflow and Occupancy •The net RAD inflow from these Facilities has been used to retire debt
Asset renewal plan	•Asset renewal program with a focus on older Facilities and shared rooms. 64 places were made inactive as part of this program during 2H FY19 •Extensions planned for several Facilities where land is available and additional scale makes sense, with two preparing for construction to commence in FY20
Development of Greenfield facilities	•The development program will be modest going forward •The current program is preparing to deliver circa 600 new places with preparations underway to commence construction of two greenfield developments in FY20 and FY21 •The focus continues to be greenfield developments in urban locations which can support a Club Services offer
Acquisition of single facilities and portfolios	•All acquisition opportunities which come to market continue to be analysed •Some have been poor quality assets or had compliance issues •Market activity appears to be increasing although completed transactions are few, with reasons for sale varied

PORTFOLIO OVERVIEW – FACILITIES RAMPING UP

The program delivered 1,247 new places by the end of FY19



- These developments have delivered high quality Facilities, on or ahead of schedule on key care, operational and financial metrics
- As at 30 June 2019, 850 or 68%, of the 1,247 places were occupied and $240m of net RAD cashflow had been collected
- It is anticipated that a further $90m - $140m[1] of net RAD cashflow will come from the completion of the ramp up of these Facilities

1. Represents 1,247 new places assuming 95% occupancy, circa 65% of all residents being RAD payers with an average incoming RAD of $460k, less RADs collected to date

ASSET VALUES

Potential to unlock further value

EXISTING PORTFOLIO

- Regis' asset portfolio is one of the most significant and diversified in Australia
- Current value is $1.291 billion
- 92% of the portfolio is in metro or large regional cities[1]

FURTHER VALUE CREATION

- Potential to unlock further value exists from the:
  - Development of the two Retirement Living sites, which have a book / market value of circa $70m, being;
    - Blackburn South, 70,000 sqm, Median house price $1m
    - Nedlands, 55,000 sqm, Median house price $1.5m
  - Expansion of the Retirement Living operations at the existing three co-located RV & ACF sites in Qld (surplus land of 26,000 sqm)
  - Development of existing ACF land bank including sites in Camberwell and Palm Beach

STRATEGY

- Strategy continues to be focussed on value enhancing growth opportunities whilst maintaining a disciplined approach to debt levels in the current environment

ASSET VALUE	$m
As at 30 June 2014	$579
New land and buildings – development program (both ACF and RV's)	$487
New land and buildings - acquisitions	$211
Other additions less accumulated depreciation	$13
Total as at 30 June 2019	$1,290[2]

Regis Yeronga QLD

1. Includes all locations with a population > 100,000 as at 2016 census
2. Includes Investment Properties (i.e. retirement villages) assets of $143m plus all aged care Property, plant and equipment of $1,147m as per the Company's Statutory Financial reports

GROWTH STRATEGY – AGED CARE DEVELOPMENT PROGRAM

Development program – greenfield developments and extensions

Total new places **655**

Development	Total new places	Net additional places	Club Services	Land held	Development approval	Provisional Allocations / Licences in hand	Expected construction start	First resident expected	Milestone update
Regis Camberwell, VIC	90	90	✓	✓	✓	Partially	1HFY20	FY22	Development approval received
Regis Gatton extension, QLD	30	30		✓	✓	✓	FY20	FY21	Land purchased to enable extension of current 60 place Facility
Regis Playford extension, SA	33	33		✓		✓	FY20	FY21	Extension of current 125 place Facility
Regis Palm Beach, QLD	150	150	✓	✓	Lodged	Partially	FY21	FY23	Development approval received
Regis Inala (Blackburn South), VIC, Stage 1	202	126	✓	✓	✓	Partially			Civil works have commenced. Timing to be confirmed based on timing of RVs.
Regis Greenmount, WA, Stage 2	150	111	✓	✓	✓	Partially			Timing to be confirmed following the mobilisation of the other WA developments
Total	**655**	**540**							

Net additional places **540**

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GROWTH STRATEGY – RETIREMENT LIVING DEVELOPMENTS

Regis has the potential to unlock further value from its Retirement Living Assets

- Regis has 588 Independent Living Units across 6 Retirement Villages (RVs), each of which is co-located with Aged Care Facilities (ACFs)
- Experience shows that co-located RVs and ACFs can be complementary, offering a continuum of care to residents
- The Blackburn South, VIC and Nedlands, WA locations are in the Company's current development program and are described in more detail in the Supporting Information

Regis Blackburn VIC

	Total Project						Current Stage			
Retirement Living Development	**Total site area (sqm)**	**Existing co-located Aged Care**	**Current # Units**	**No. Stages**	**Planning Approval**	**Planned new RV Units (circa)**	**Stage #**	**Expected construction start**	**First resident expected**	**Milestone update**
Blackburn South, VIC	85,000	✓	269	9	✓ (for 4 of the 9 stages)	350-450	1	FY20	FY22	• Preparatory civil works completed • Masterplan finalised • Undertaking detailed design for Stage 1 • Market research to review commercial options for residents underway
Nedlands, WA	74,000	✓	81	9	✓	320	1	FY20	FY22	• Masterplan finalised • Planning Approval received in December for all stages
Total						**670**				

DEBT

As anticipated, debt has been reduced as a result of cashflow from RADs

- The reduction in debt of $101m since the 30 June 2018 has been driven by increased RAD cashflow ($143m net RAD cashflow in FY19)
- It is anticipated that a further $90m - $140m[1] of net RAD cashflow will come from the completion of the ramp up of the 1,247 new places which were delivered by the end of 1H FY19.

SUMMARY – DEBT POSITION

$ million	As at 30 June 2018	As at 31 Dec 2018	As at 30 June 2019	Comment
Total Net Debt	**403.8**	**363.6[3]**	**303.2[3]**	• **Reduced by $101m during FY19**
Development debt – Aged Care[2]	183.6	52.6	50.6	• Development debt is moved into "core debt" once a new development site is opened
Development debt – RVs[2]	11.1	12.0	13.3	• RV related development debt will be repaid via proceeds from RV sales • Increase driven by civil works commencing at the Blackburn South, VIC location
Core debt	209.1	299.0	239.3	• Core debt is repaid by net RAD cashflow and surplus operating cashflow.
Core debt to EBITDA (x)	1.8x	2.6x	2.1x	

Debt reduction of
$101m

- Total debt of $303.2m is well within the current facility limit of $540m and covenants
- Core debt to EBITDA ratio is 2.1x
- Capital expenditure in FY19 was $68.7m, of which $64.9m was associated with Aged Care and $3.8m with RVs

1. Represents 1,247 new places assuming 95% occupancy, circa 65% of all residents being RAD payers with an average incoming RAD of $460k, less RADs collected to date
2. Development debt is defined as the total value of work in progress at the end of the period shown in Section 3 "Assets and Growth" in the Company's Statutory Financial reports
3. Net debt as at 31 December 2018 excludes the $36m received in advance in December 2018 that relates to January 2019.

AGED CARE INDUSTRY UPDATE

New Quality standards have been introduced, designed to more actively involve consumers

ROYAL COMMISSION INTO QUALITY AND SAFETY CONTINUES

- The Royal Commission's interim report is expected to be provided by 31 October 2019 and its final report 30 April 2020
- Hearings have now been held in Adelaide, Perth, Broome. Darwin, Cairns, Mildura and Brisbane
- Topics have been wide ranging including specialised clinical and dementia care, communication with and consent to treatment by family members, use of chemical and physical restraints, staffing levels, access to respite care, access to aged care for Aboriginal and Torres Strait Islanders, access to aged care in rural and remote areas and younger people in Aged Care
- Regis supports the Royal Commission and any measures that mean senior Australians are able to consistently receive quality aged care. We will work with the Royal Commission and government to ensure the aged care industry is sustainable into the future

NEW QUALITY STANDARDS INTRODUCED 1 JULY 2019

- A new Single Aged Quality Care Framework took effect from 1 July 2019. This is designed to more actively involve consumers in decision-making about their care with a key focus on dignity and choice.
- During FY19 Regis invested significant resources into educating and communicating the new framework to all staff, residents and clients to help them fully understand the framework, as well as working with residents and clients to realise their wellbeing goals.

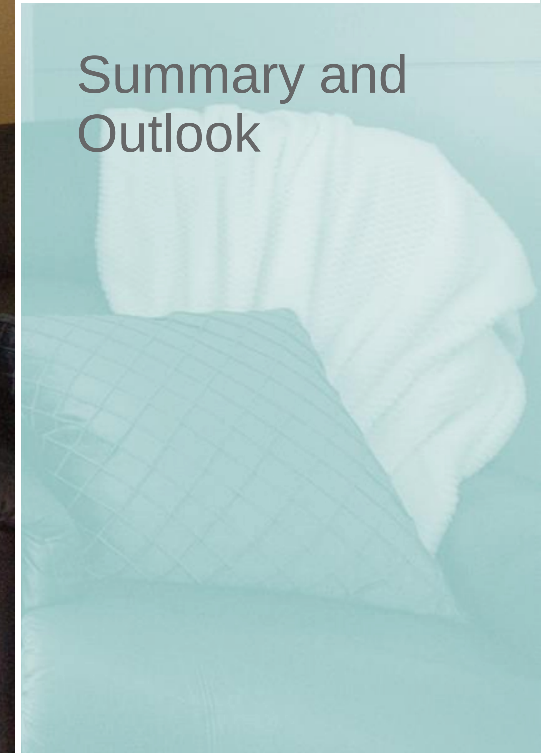
FUNDING PACKAGE TO SUPPORT OLDER AUSTRALIANS

- On 10 February the Federal Government announced a $662 million package as an additional funding boost to support older Australians.
- $320 million of this was allocated to residential aged care

Regis Yeronga QLD

03

Summary and Outlook



FY19 SUMMARY

Reflects growth from Facilities offset by Government funding cuts and occupancy headwinds

FY19 PERFORMANCE

- The $111.4m normalised EBITDA includes circa $10.8m of additional Government funding received in the 2H of FY19
- The reduction in EBITDA reflected the usual increase in staff costs from EA increases of circa 3% compared with COPE indexation of 1.2%, as well as occupancy pressure and the impact of the funding cuts
- The steady state portfolio was impacted by industry wide occupancy headwinds, which affected both income and number of RAD payers. Average occupancy was lower at 92.7% for the period compared with 94% for FY18
- The Facilities ramping up delivered solid performance against key metrics – Care, Quality and Compliance, EBITDA, Occupancy and RADs
- Net operating cashflow of $220.1m and net RAD cashflow of $142.9m reflects Facilities ramping up delivering to expectations. Net RAD cashflow was more than double the full year FY18 result and enabled repayment of $101m debt
- Fully franked final dividend declared of 7.11 cents per share, 100% of reported NPAT[1]
- A modest development program is being implemented as per the Company's focussed growth strategy:
  - The development program continues with circa 600 new places in the current pipeline
  - Acquisition opportunities continue to be assessed

Regis Ferny Grove QLD

1. less the $5.1m non cash fair value gain on two retirement living sites

OUTLOOK

FY20 NPAT is anticipated to be circa $38m from EBITDA of circa $105m

As per previous guidance[1], FY20 NPAT (normalised) is anticipated to be circa $38m:

- FY20 normalised EBITDA is anticipated to be circa $105m
- This reflects the increase in EBITDA in FY20 from the ramping up Facilities
- EBITDA will be impacted by the difference between the annual indexation (COPE) increase to government care income and the annual expense increases including EA and other expense increases. These are anticipated to be circa 1.4% and 3% respectively.
- It is also anticipated that circa $3m of non recurrent expenses will be incurred in FY20 including those associated with the implementation of Regulatory changes (including the adoption of the new Quality Standards)
- Direct costs associated with responding to the Aged Care Royal Commission will continue to be normalised in FY20
- Aged Care capex spend is anticipated to be circa $70m including the commencement of construction for the next three Aged Care developments
- It is anticipated that Facilities ramping up will contribute EBITDA of circa $22m per annum when all new developments reach their steady state in FY21, growing from $6.3m in FY19
- In FY20 and FY21, a further $90m - $140m of net RAD cashflow is anticipated to come from the completion of the ramp up of the new Facilities which comprised 1,247 new places
- The company will continue to be disciplined with its balance sheet management whilst remaining focussed on value enhancing growth opportunities
- For the FY20 year, it is anticipated that the Company's Franking % will be in the range of 50% to 70%. The board intends to continue with the approach of paying out up to 100% of NPAT as a dividend.

Regis Elermore Vale NSW

1. Provided in the Trading update released to the ASX on 6 June 2019

04

Appendices

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APPENDIX A - GLOSSARY

Glossary

Reported	Agrees to or is derived from the results contained in Regis' annual or half year statutory financial reports.
Normalised	Normalised results are categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 – Disclosing non-IFRS financial information. In FY2018 and FY2019 Normalisations were made to the Reported information to assist readers to better understand the financial performance of the underlying business and these Normalised results have been used as the basis for comparison, ie Revenue, EBITDA and NPAT comparisons are to Normalised results – refer to Appendix E & F for the reconciliation of Reported to Normalised results.
FY2018 Normalised	Agrees to or is derived from the results contained in the 30 June 2018 statutory financial report, normalised to exclude one off acquisition costs related to the acquisition of the PresCare business. Refer to Appendix E for a reconciliation of Reported FY2018 results to Normalised FY2018 results for Revenue, EBITDA, NPBT and NPAT.
FY2019 Normalised	Agrees to or is derived from the results contained in the 30 June 2019 statutory financial report, normalised to exclude one off cost related to the Royal commission and the non cash gain on retirement living sites Refer to Appendix F for a reconciliation of Reported FY2019 results to Normalised FY2019 results for Revenue, EBITDA, NPBT and NPAT.
ACFI	Aged Care Funding Instrument
COPE	Commonwealth Own Purpose Expenses Indexation
DAP	A Daily Accommodation Payment
RAD	A "Refundable Accommodation Deposit", being an amount of money that does not accrue daily and is paid or payable to an Approved Provider by a resident for the resident's accommodation in an aged care facility. A RAD is payable when the care recipient dies; the care recipient ceases to be provided with care by the Approved Provider, or the service ceases to be certified.

APPENDIX B - FINANCIALS

Income Statement

($ millions)	FY2019 Normalised[1]	FY2018 Normalised[1]	Variance FY2018 Normalised to FY2019 Normalised
Revenue			
Government revenue	452.3	416.3	9%
Resident revenue	183.1	168.8	8%
Other revenue	11.6	9.2	25%
Revenue	**647.1**	**594.4**	**9%**
Other Income	1.9	1.1	76%
Less interest income[2]	(0.2)	(0.4)	(46%)
Total Income excluding interest	**648.8**	**595.1**	**9%**
Operating Expenses			
Staff expenses	(446.9)	(397.4)	12%
Resident care expenses	(37.7)	(34.9)	8%
Administration & fixed facility expenses	(32.1)	(27.6)	16%
Occupancy expenses	(20.7)	(18.0)	15%
Total operating expenses	**(537.3)**	**(478.0)**	**12%**
EBITDA	**111.4**	**117.1**	**(5%)**
Depreciation and amortisation	(33.9)	(27.6)	23%
EBIT	**77.5**	**89.5**	**(13%)**
Net interest[2]	(13.2)	(8.8)	49%
Net profit before tax	**64.3**	**80.7**	**(20%)**
Income tax expense	(17.1)	(23.8)	(28%)
Net profit after tax (NPAT)	**47.2**	**56.9**	**(17%)**

1. As per definition, Glossary (Appendix A) - refer to Appendix E & F for reconciliation between reported and normalised results.
2. Net interest includes interest expense less interest income. For financial reporting purposes, revenue includes interest income. In the table above this interest income has been included in the "Net interest expense" line.

APPENDIX C - FINANCIALS

Cash Flow Statement

($ millions)	FY2019	FY2018 Normalised
EBITDA Normalised[1]	**111.4**	**117.1**
Less: Normalisations	5.3	(3.9)
EBITDA Reported	**116.7**	**113.2**
Change in net working capital	5.6	1.4
Non–cash items in EBITDA	(9.2)	(2.7)
Net receipts from RADs and ILU entry contribution	142.9	62.6
Net interest paid	(16.2)	(15.0)
Income tax paid	(19.6)	(25.7)
Net operating cashflow before investment and financing activities	**220.1**	**133.8**
Purchase of property, plant and equipment & other non-current assets	(68.7)	(217.2)
Purchase of businesses net of cash acquired[2]	0.0	(28.5)
Cash used in investing activities	**(68.7)**	**(245.7)**
Net cashflow before financing activities	**151.4**	**(111.8)**
Debt drawdown/(repayment)	(109.0)	156.2
Dividends paid	(50.4)	(58.0)
Net cashflow	**(7.9)**	**(13.7)**

1. As per definition, Glossary (Appendix A) - refer to Appendix E & F for reconciliation between reported and normalised results
2. Purchase of business net of cash acquired in FY2018 represents the Pres Care acquisition cost

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APPENDIX D - FINANCIALS

Balance Sheet

(As at, $ millions)	30-Jun-2019 Reported	30-Jun-2018 Reported
Cash and cash equivalents	0.0	7.8
Trade and other receivables	10.5	6.9
Other current assets	5.3	4.8
Income tax receivable	6.4	4.6
Total current assets	**22.2**	**24.1**
Property, plant and equipment	1,147.7	1,127.1
Investment Property	143.4	129.0
Intangible assets	479.6	478.4
Total non-current assets	**1,770.7**	**1,734.6**
Total assets	**1,792.9**	**1,758.7**
Trade and other payables	55.6	59.8
Provisions	60.2	54.0
Cash and cash equivalents	0.2	0.0
Other financial liabilities [1]	1,126.9	989.2
Total current liabilities	**1,242.8**	**1,103.0**
Interest-bearing loans and borrowings	303.1	411.6
Provisions	6.0	4.7
Deferred tax liabilities	62.3	59.1
Total non-current liabilities	**371.4**	**475.4**
Total liabilities	**1,614.3**	**1,578.4**
Net assets	**178.6**	**180.3**
Equity		
Issued Capital	273.2	272.8
Retained earnings/(accumulated losses)	2.5	4.4
Reserves	(97.1)	(96.9)
Total Equity	**178.6**	**180.3**

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1. Other financial liabilities as at 30 June 2019, include RAD liability of $1,085m and ILU entry contribution of $41.9m

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APPENDIX E - FINANCIALS

Reported to Normalised Reconciliation – Full Year Ended 30 June 2018

Year ended 30 June 2018 ($ millions)	Revenue	EBITDA	NPBT	NPAT
FY2018 Reported results	**594.4**	**113.2**	**76.8**	**53.9**
Acquisition related expenses (Pres Care)		3.9	3.9	3.0
FY2018 Normalised results	**594.4**	**117.1**	**80.7**	**56.9**

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APPENDIX F - FINANCIALS

Reported to Normalised Reconciliation – Full Year Ended 30 June 2019

Year ended 30 June 2019 ($ millions)	Revenue	EBITDA	NPBT	NPAT
FY2019 Reported results	**647.1**	**116.7**	**69.6**	**50.9**
Royal Commission costs		2.0	2.0	1.4
Non cash gain on retirement living sites[1]		(7.3)	(7.3)	(5.1)
FY2019 Normalised results	**647.1**	**111.4**	**64.3**	**47.2**

1. Represents the non cash fair value gain associated with a revaluation of the non operating retirement living properties that are being redeveloped at Blackburn South in Melbourne and Nedlands in Perth.

NEW ACCOUNTING STANDARD – AASB 16 LEASES

New accounting standard required in FY20 will have no net impact on NPAT

- The Company is required to adopt AASB 16 Leases with effect from 1 July 2019.
- Adoption of AASB 16 in FY20 will result in a gross up of Regis' profit or loss, with no net impact on NPAT.
- Currently, RAD and accommodation bond liabilities of current residents are non-interest bearing and measured at cost on the balance sheet (i.e. they do not result in the recognition of any amounts in profit or loss).
- However, adoption of AASB 16 requires recognition of interest expense (to impute an interest charge on RADs and Bonds) and, correspondingly, an increase in revenue (to reflect the interest free loan financing benefit received) with no net impact on profit or loss.
- The following table provides an example of what the impact would be had AASB 16 been adopted in FY19.

$'m	FY19 actual reported results	Gross up of profit or loss per ASSB 16	Adjusted FY19
Revenue[1]	647	55	702
Operating and administrative expenses	(530)	-	(530)
EBITDA	**117**	**55**	**172**
Depreciation	(34)	-	(34)
Finance costs/ Interest[1]	(13)	(55)	(68)
Tax	(19)	-	(19)
NPAT	**51**	**-**	**51**

1. Gross up based on a total average RAD and accommodation bond liability of circa $1 billion and an annual interest rate of 5.54%, which is the current Maximum Permissible Interest Rate ("MPIR") as set by the Department of Health on a quarterly basis. The MPIR is the maximum rate of interest that is used to convert a RAD to a DAP.

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All amounts are in Australian dollars. All references starting with 'FY' refer to the financial year ended 30 June.
For example, 'FY19' refers to the year ended 30 June 2019.

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