

Regis  
Chelmer  
Qld

# REGIS HEALTHCARE LIMITED

31 August 2018

Results for the year ended 30 June 2018



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## RESIDENT CARE AND SERVICES

Regis Healthcare is one of Australia's leading aged care providers and delivers quality care including innovative ageing in place, residential, respite and dementia care to help residents live well.





# 01

Business  
and financial  
highlights  
FY18

# FINANCIAL HIGHLIGHTS FY18

Positive contribution from business growth, offset by Federal Government funding cuts

Revenue of

**\$594.4m**

5% higher than FY17

Normalised EBITDA<sup>1</sup> of

**\$117.1m**

5% lower than FY17

Normalised NPAT<sup>1</sup> of

**\$56.9m**

In line with guidance

Net operating  
cashflow  
**\$133.8m**

Revenue increase resulting from growth initiatives including the Presbyterian Care Tasmania acquisition and new Facilities ramping up

□ Normalised EBITDA reflects:

- Federal Government cuts to residential aged care funding, indexation and the increase in expenses associated with the changes to the ACFI tool
- A net improvement in earnings from the group of new Facilities ramping up
- Income initiatives and strong cost controls continuing to make a positive contribution

□ Reported NPAT of \$53.9m. Normalised NPAT was in line with guidance and 7% lower than FY17

□ Net operating cashflow of \$133.8m includes net RAD cashflow of \$63m<sup>2</sup>

□ Capital expenditure of \$245.7m<sup>3</sup>

□ Average occupancy of 93.4%, an improvement on the 1H, with 30 June closing occupancy of 94.0%

□ Fully franked final dividend of 8.65 cents per share declared, 100% of reported NPAT

1. FY18 results have been normalised to remove the one off impact of the acquisition costs associated with the Presbyterian Care Tasmania acquisition. Refer to the Glossary in Appendix A for definitions and Appendix E for the reconciliation of reported to normalised results, which have been prepared in accordance with ASIC Regulatory Guide 230 – Disclosing non-IFRS financial information

2. Consists of \$64m of RAD cash inflow less \$1m of outflow in relation to Independent Living unit resident funds

3. Capital expenditure on developments, acquisitions, significant refurbishment and other projects



# KEY OPERATIONAL STATISTICS

Operations performed well in the face of industry headwinds

KEY OPERATIONAL STATISTICS <sup>1</sup>	FY17 Reported	1H FY18 Normalised	2HFY18 Normalised	FY18 Normalised <sup>2</sup>	
Total operational places	6,029	6,436		6,753	2H FY18 increase reflects the delivery of the new Burnside, SA, Woodlands, WA and Nedlands, WA Facilities - 317 net new places
Revenue (\$m)	565.5	297.0	297.4	594.4	Uplift from growth partially offset by Federal Government funding cuts
EBITDA (\$m)	123.6	61.0	56.1	117.1	
Average occupancy (%) <sup>3</sup>	94.9%	93.1%	93.7%	93.4%	
Occupancy (%) at end of period	94.9%	92.5%		94.0%	Inline with expectations
Revenue per occupied bed day(\$) <sup>3</sup>	281	284	283	283	
Government income per occupied bed day(\$) <sup>3</sup>	197	197	198	198	Increased contribution from Significant refurbishment offset by Federal Government funding cuts
Resident income per occupied bed day (\$) <sup>3</sup>	78	80	80	80	
Staff costs per revenue (%)	63.3%	66.1%	67.4%	66.9%	Excluding the change arising from the insourcing of cleaning services in FY18, this would be 65.7% in comparison with FY17. Reflects EBA increases for the year being implemented in the 2H
RADs held (#) <sup>4</sup>	2,430	2,469		2,500	Reflects new Facilities ramping up
RADs held (\$m) <sup>5</sup>	869.6	906.8		945.1	
Average RAD held (\$000's) <sup>6</sup>	357.9	367.3		378.0	
Average incoming RAD (\$000's) <sup>6</sup>	455.6	464.8		467.9	Continues to reflect contribution from new Facilities
Average incoming DAP rate per day (\$) <sup>7</sup>	42.25	41.61		42.36	For combination payments the average % DAP paid is 53%

1. As per Glossary definitions unless otherwise noted

2. As per definition Glossary (Appendix A) – refer Appendix E for reconciliation between Reported and Normalised results

3. Average across the reporting period (12 months or 6 months)

4. Includes all RADs held – full and partial at their weighted value

5. Excludes ILU resident entry contributions

6. Includes partial RADs at full notional value and excludes lump sums received from partially supported residents

7. Includes full and partial DAPs at actual value and excludes daily accommodation contributions received from partially supported residents

# EARNINGS

## As anticipated, EBITDA<sup>1</sup> results affected by Government cuts to residential aged care funding

□ FY18 EBITDA<sup>1</sup> was 5% lower than FY17. This reflects a combination of growth and cost management initiatives and some non recurring items. These include:

- Increased contribution from Facilities from the development program still ramping up, less the operating losses of the newest Facilities in their first year of operation
- A lower than anticipated result for the PresCare Tasmania Facilities as a result of a longer than anticipated negotiation process for the new Enterprise Agreement (EA). This was certified in June. New conditions are now in place which are in line with the rest of the business. It is still anticipated that the Prescare business will be earnings accretive in FY19
- The headwinds from the Government cuts to residential aged care funding, including the indexation freeze and the expenses associated with changes to the ACFI funding instrument. It is anticipated these will be substantially grandfathered into the portfolio by the end of FY19

- The impact of industry wide lower occupancy in the 1H, as a result of influenza and gastro. A consequence of this was Additional Services income being lower than expected in steady state facilities in the 2H. This is returning to usual levels as occupancy normalises

□ Staffing expenses were higher than FY17 as a % of revenue. The increase from FY17 to FY18 was \$39.5m in total. The key items in this include:

- \$6.8m for the “steady state” Facilities (EBA increases, which averaged 2.5% across the aged care business)
- \$26.4m for ramping up, ramping down and acquired Facilities
- \$7.0m for cleaning services. Previously, when the service was outsourced the cost was included in resident care expenses, but is now included under labour. A circa \$2.5m saving was achieved through this change

### SIGNIFICANT FY18 EBITDA MOVEMENTS COMPARED TO FY17<sup>1</sup>

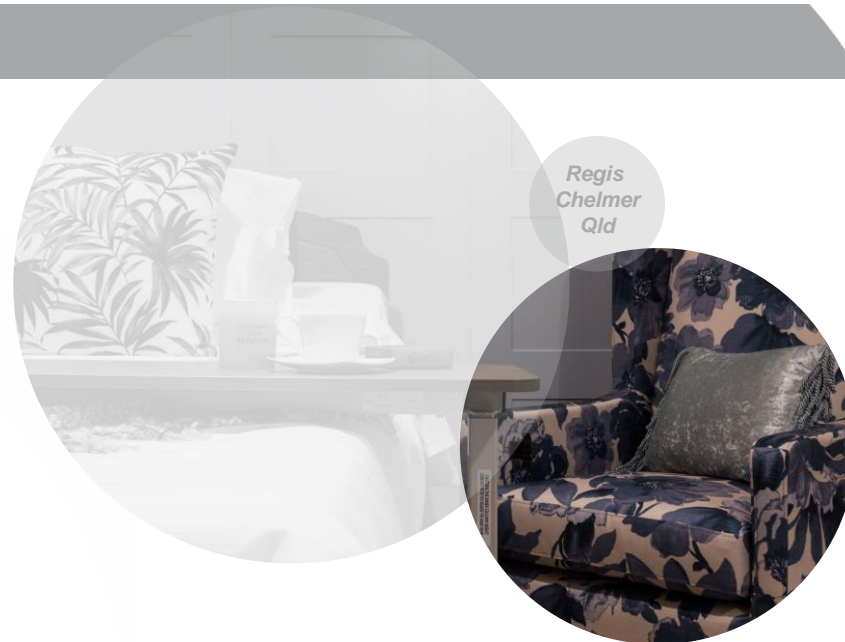


1. Note – all FY18 figures are based on normalised results. Refer Appendix A for glossary and Appendix E for reconciliation between reported and normalised results

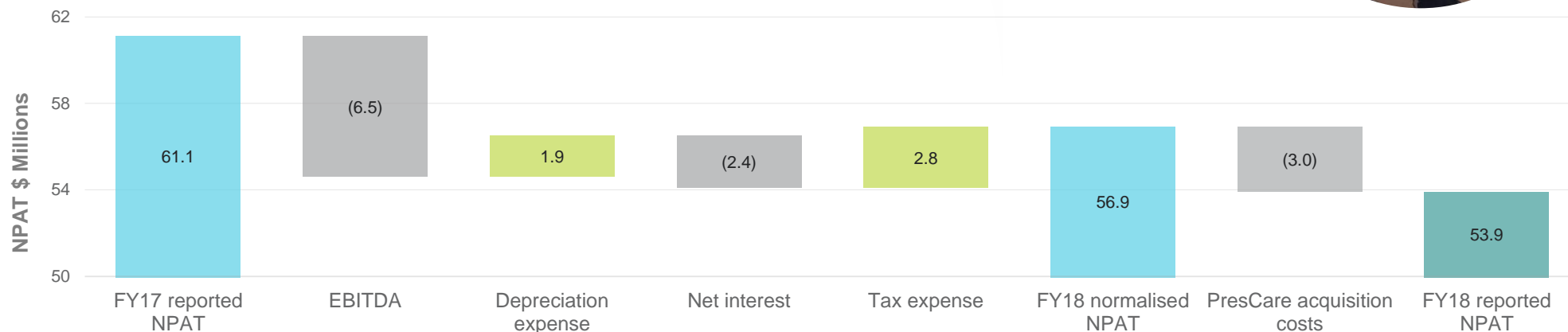
# PROFIT

## Normalised NPAT in line with guidance

- Normalised NPAT was in line with guidance provided with the 1H results, with lower than anticipated interest and depreciation offsetting the reduction in EBITDA in the 2H
- Depreciation reduced in FY18 when compared with FY17 due to timing of asset closures/openings and some other assets being fully depreciated
- Interest and depreciation expenses will increase as a result of the completion of greenfield developments
- Effective tax rate of circa 30%. An ATO income tax review was successfully completed during the year. A high level of assurance was received.<sup>1</sup>



## SIGNIFICANT FY18 NPAT MOVEMENTS COMPARED TO FY17<sup>2</sup>



1. The review, which covered the 2014 to 2017 financial years, was performed as part of the ATO's Top 1,000 Assurance Review program. The ATO obtained assurance that Regis had paid the right amount of Australian income tax for the years under review rating the overall level of assurance obtained as High.

2. As per definition glossary (Appendix A)



# CASHFLOW

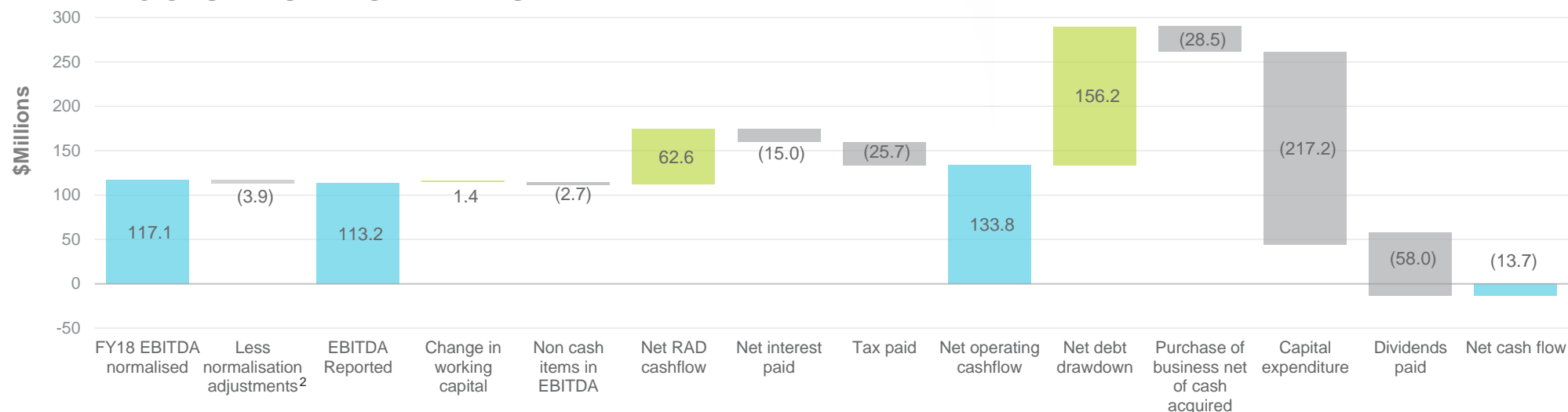
## Debt and net operating cashflow funded capex on greenfield developments

Net operating cashflow of \$133.8m underpinned by:

- EBITDA of \$117.1m
- Net RAD cashflow of \$63m, with \$39.4m in the 2H reflecting:
  - the contribution from the Facilities ramping up
  - the level of average incoming RADs increasing slightly in the 2H and was \$467.9k for FY18 compared to \$455.6k for FY17
- Year to date for FY19<sup>1</sup> there has been net RAD cashflow of \$20.4m

- Key investment activities included total capex on development, significant refurbishment, land and other projects of \$217.2m, plus \$28.5m related to the acquisition of Presbyterian Care Tasmania
- Future RAD cashflow from development sites ramping up will be used to repay debt drawn for development capex
- Current Aged Care Development program nearly complete. The focus will now be on the commencement of the next phase, the retirement village developments and retiring debt

## KEY FY18 CASHFLOW MOVEMENTS



1. As at 27 August 2018

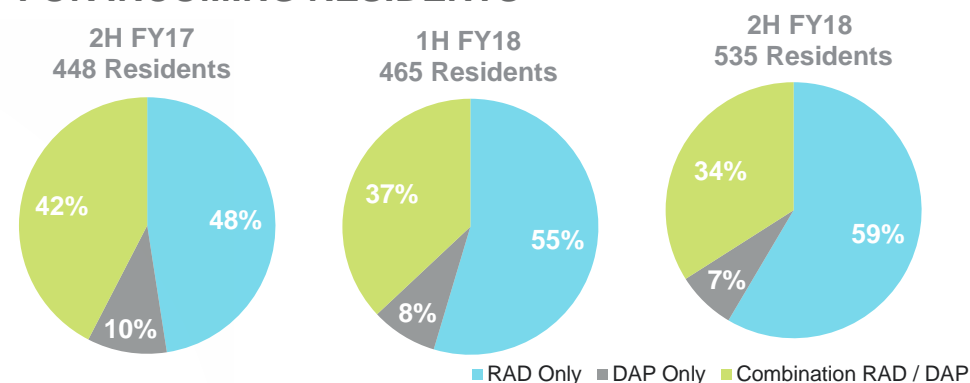
2. As per definition in Glossary, Appendix A

# RESIDENT PROFILE

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

- ❑ As at 30 June 2018, 45.9% of the portfolio were paying a RAD (in part or in full), which was consistent with 30 June 2017, which was 45.8%
- ❑ The Significant Refurbishment program now has circa 2,241 eligible residents living in an enhanced environment, for which the company receives the higher supplement<sup>2</sup>
- ❑ Tenure statistics have not materially moved

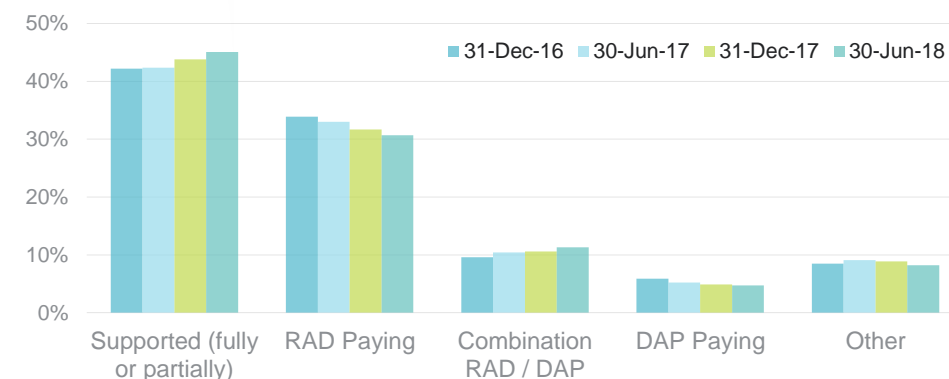
## PROFILE OF ACCOMMODATION PAYMENT TYPES FOR INCOMING RESIDENTS<sup>1</sup>



## RESIDENT TENURE STATISTICS

	30 June 2017	30 June 2018
Resident tenure <sup>3</sup>	2.38 years	2.40 years
Average duration of stay <sup>4</sup>	2.88 years	2.84 years

## CHANGE IN TOTAL RESIDENT PROFILE<sup>5</sup>



1. Permanent, non supported residents based on the Aged Care Act for those entering care after 1 July 2014

2. As at 30 June 2018

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

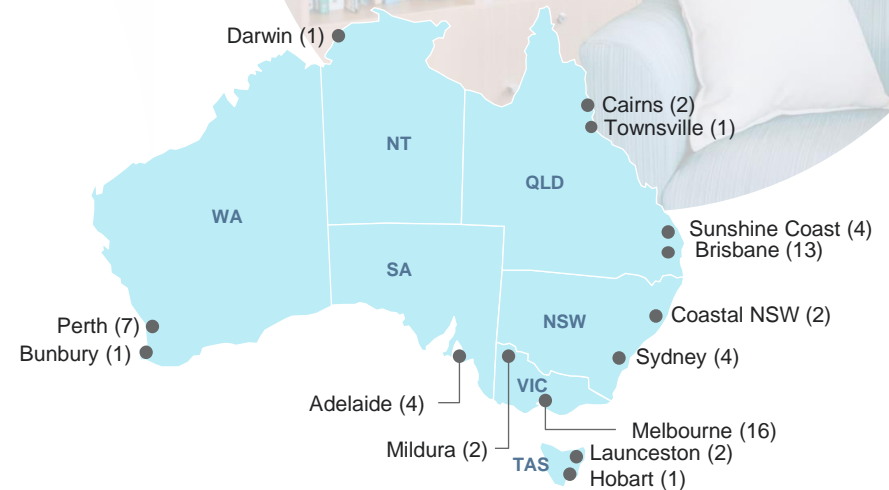
As at 30 June 2018	Total
Number of Facilities	60
Total places	8,323
Total operational places	6,753
Total bedrooms	6,043
% operational places in single bedroom	83%
% single bedrooms as a % of total bedrooms	93%
Average Facility size (number of operational places)	113
Club Services Facilities	19
Facilities approved as Significantly Refurbished <sup>1</sup>	35

- ❑ Four new Facilities opened during FY18 with a further three to open before the end of 2018. We will then have 63 Facilities, of which 21 will offer Club Services
- ❑ Significant Refurbishment program will be continued to include a further 7 Facilities in FY19
- ❑ We continue to review the older Facilities, particularly those where there are still rooms with multiple places

1. The total Regis Facilities approved as Significantly Refurbished including Club Services Facilities is 47. 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.

Total  
operational  
places  
**6,753**  
60 Facilities

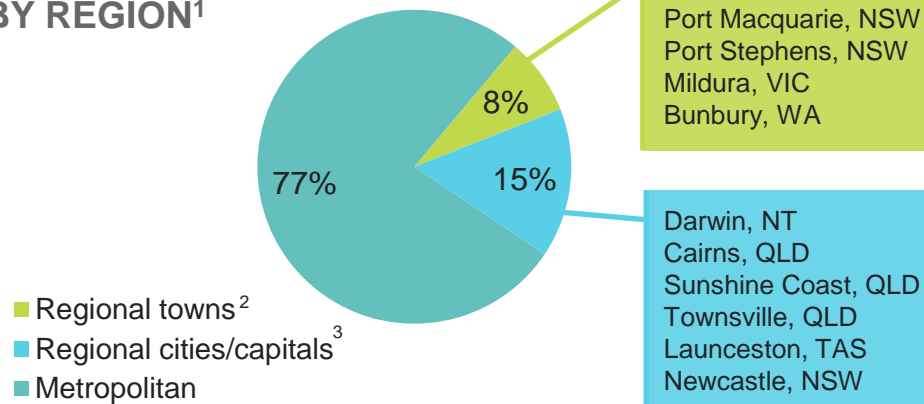
## REGIS FACILITY NETWORK



# AGED CARE FACILITIES

Regis' aged care portfolio is one of the most significant and diversified in Australia

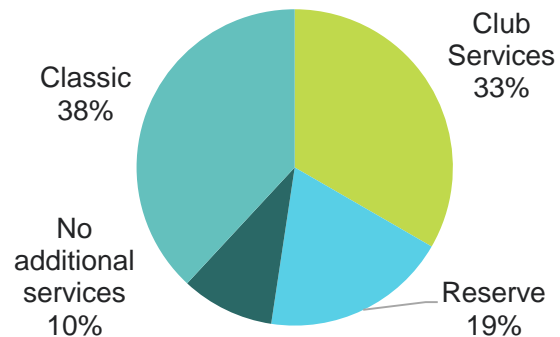
## OPERATIONAL PLACES BY REGION<sup>1</sup>



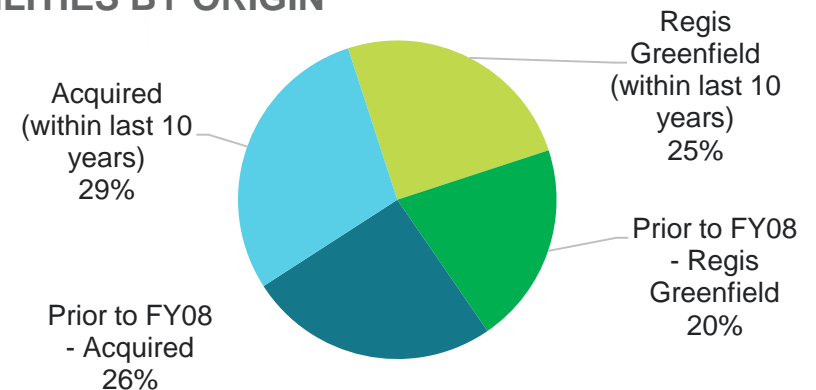
## ASSET VALUE

	\$m
As at 30 June 2014	\$579
New land and buildings – development program	\$449
New land and buildings - acquisitions	\$211
Other additions less accumulated depreciation	\$17
Total as at 30 June 2018	\$1,256 <sup>4</sup>

## FACILITIES BY ADDITIONAL SERVICES PRODUCT<sup>1</sup>



## FACILITIES BY ORIGIN



1. Anticipated as at 30 September

2. <100k population, as at 2016 census

3. >100k population, as at 2016 census

4. Includes Investment Properties (i.e. retirement villages) assets of \$129m plus all aged care Property, plant and equipment of \$1,127m as per the Company's Statutory Financial reports

# OUR PEOPLE

The development of our people is critical with a workforce now exceeding 7,000

- ❑ A year on year improvement in Regis' Employee Engagement results measured via extensive staff surveys demonstrated both high and improving levels of commitment in FY18
- ❑ Cutting edge analytics are used to ensure our recruitment and selection processes capture job candidates who are both committed to a career in aged care and who genuinely care
- ❑ Regis is an industry leader in the establishment of development programs for our people. Examples of this include the following:
  - A proprietary development program for Registered Nurses, **"Flourish"**, which is now well embedded with in excess of 700 nurses having participated in and been developed through this program. Outcomes include outstanding improvement in team leadership and clinical supervision
  - 124 business leaders graduated from **"Quest"**, the Company's intensive Leadership Development program designed specifically for our aged care leaders
  - Project **"Lift"** – which reinforces Registered Nurses as being front and centre in our care model and uses their clinical skills to advantage – has earned accolades and enthusiasm from our clinical fraternity

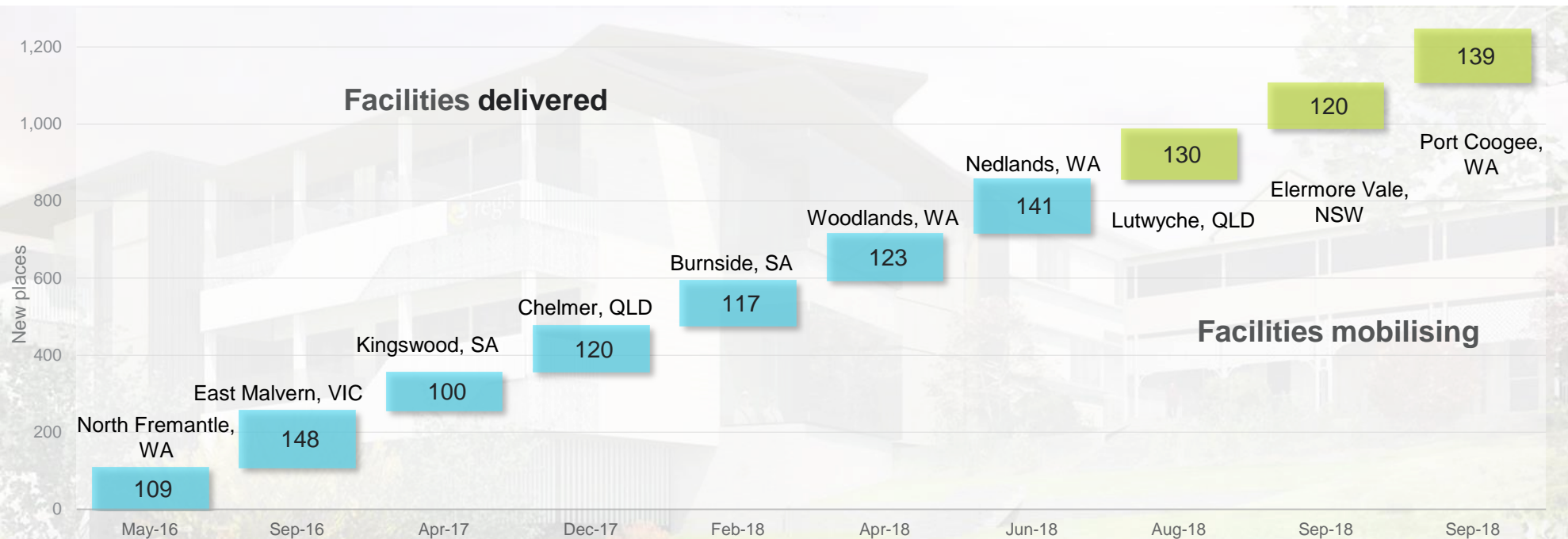


**>700**  
Registered  
Nurse Graduates  
from the  
"Flourish"  
Program



# PORTFOLIO OVERVIEW – DEVELOPMENTS

The current program will have delivered 1,247 new places by the end of 1H FY19



- These developments have delivered high quality Facilities, on or ahead of schedule, safely and on budget. No further investment is required to deliver the remaining three Facilities
- As at 30 June 2018, 439 or 35%, of the 1,247 places were occupied and \$112m of net RAD cashflow had been collected. It is anticipated that a further \$220m - \$270m<sup>1</sup> of net RAD cashflow will come from the remaining new places
- Some examples of ramp up performances as at 30 June is that the capital invested for Woodlands was \$42.3m (including land and buildings) and net RAD cashflow since this site opened was \$11.5m. For East Malvern, for an investment of \$51.3m the net RAD cashflow was \$40.0m

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

# EXPANSION PIPELINE – GREENFIELD DEVELOPMENTS

## Status of developments to open 1H FY19

Development	Total new places	Net additional places	Club Services	Land held	Development approval	Provisional Allocations /Licences in hand	Construction Status	First resident expected	Milestone update
Regis Lutwyche, QLD	130	130	✓	✓	✓	✓	Complete	August 18	Open
Regis Elernmore Vale, Newcastle, NSW	120	120		✓	✓	✓	Complete	Sept 18	Mobilisation underway
Regis Port Coogee, WA	139	139	✓	✓	✓	✓	Complete	Sept 18	Mobilisation underway

3

Developments  
Opening in  
1H FY19

(continues following page)

# GROWTH STRATEGY – AGED CARE DEVELOPMENT PROGRAM

## Status of planned developments – 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	2H FY19	FY21	Development approval received
Regis Palm Beach, QLD	150	150	✓	✓	Lodged	Partially	2H FY19	FY21	Development approval process underway. Timing to be confirmed once approved
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 Inala, 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
<b>Total</b>	<b>655</b>	<b>540</b>							

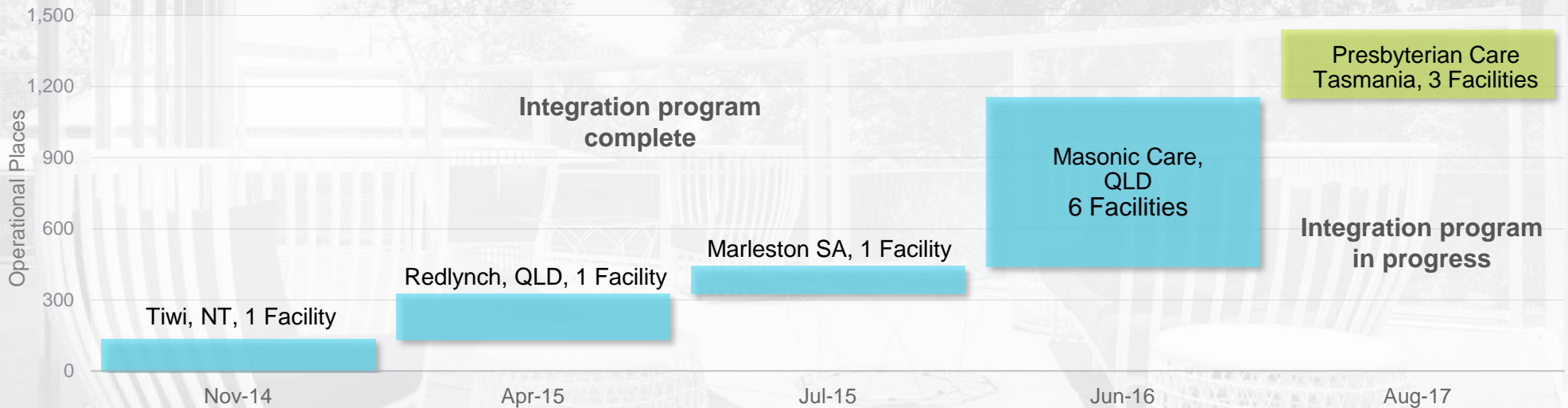
Net  
additional  
places  
**540**



# PORTFOLIO OVERVIEW - ACQUISITIONS

Acquisitions will continue to form a key part of Regis' growth strategy

## Five acquisitions have completed since listing



### Acquisitions have formed a significant part of growth:

- All high quality Facilities with circa 98% single rooms with private ensuites. Each are of scale with the smallest being 86 places
- The Significant Refurbishment program has been completed at each Facility
- All acquisitions are performing to the Regis EBITDA run rate except for Presbyterian Care Tasmania, which is still in the integration process. As previously indicated, it is anticipated that the Presbyterian Care Facilities will be EPS accretive in FY19 and are progressing towards Regis' run rate

- Regis anticipates opportunities to arise over the next 18-24 months, which will be assessed according to our usual criteria.

**1,440**  
Places acquired  
since listing

# GROWTH STRATEGY - RETIREMENT LIVING DEVELOPMENTS

## Regis has commenced the first of its Retirement Living Developments

- 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  
Nedlands  
WA

Retirement Living Development	Total Project						Current Stage			Milestone update
	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	
Blackburn South, VIC	85,000	✓	269	9	✓	350-450	1	FY19	FY21	<ul style="list-style-type: none"> <li>Masterplan finalised</li> <li>Undertaking detailed design for Stage 1</li> <li>Market research to review commercial options for residents underway</li> <li>Civil works have commenced</li> </ul>
Nedlands, WA	74,000	✓	81	9		320				<ul style="list-style-type: none"> <li>Masterplan finalised</li> <li>Application for Planning Approval lodged in August</li> </ul>
Total						670				

# DEBT

## As anticipated, debt increased in the 2H driven by the completion of developments

- Debt increase in the 2H driven by the completion of three Facilities that were in the development pipeline in 2H FY18. As at 30 June there were a further three Facilities still under construction. Each will be delivered by the end of 1H FY19
- It is anticipated that from FY19 to FY21, \$220m - \$270m<sup>3</sup> of net RAD cashflow will come from the completion of the ramp up of the 1,247 new places which will have been delivered by the end of 1H FY19. This will be used to pay down debt

Core debt  
to EBITDA  
**1.8x**

### SUMMARY – DEBT POSITION

\$ million	As at 30 June 2017	As at 31 Dec 2017	As at 30 June 2018	Comment
Core debt	53.9	94.6	209.1	Core debt is repaid by net RAD cashflow and surplus operating cashflow. • The opening of 4 developments during FY18 means capex and land value has been moved from development debt to core debt
Core debt to EBITDA (x)	0.5x	0.8x	1.8x	
Development debt – Aged Care <sup>1</sup>	176.8	244.0	183.6	• Development debt is moved into “core debt” once a new development site is opened
Development debt – RVs <sup>1</sup>	2.8	9.3	11.1	• RV related development debt will be repaid via proceeds from RV sales • Increase driven by construction at the Blackburn South site in Melbourne
<b>Total Net Debt</b>	<b>233.5</b>	<b>347.9<sup>2</sup></b>	<b>403.8</b>	

- Total debt of \$403.8m is well within covenants with a current facility limit of \$540m
- Core debt to EBITDA ratio is 1.8x
- Debt has now peaked
- Capital expenditure associated with Aged Care in FY19 is expected to be circa \$60m, of which circa \$30m is maintenance capex and the balance is for investment

1. 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  
 2. Net debt as at 31 December 2017 excludes the \$32m of Government funding that was received in advance in December 2017, that relates to January 2018  
 3. 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



# 03

## Summary and Outlook

# FY18 SUMMARY

Financial performance in FY18 reflects development activities and Government funding cuts

## FY18 PERFORMANCE

- ❑ Notwithstanding the industry wide residential aged care Federal Government funding cuts and indexation freeze, revenue per occupied bed day of \$283 was achieved compared with \$281 in FY17 as a result of growth initiatives
- ❑ The reduction in EBITDA reflected the usual increase in staff costs from EBA increases, as well as non recurring items<sup>1</sup>, this was partially offset by cost management initiatives, including the insourcing of cleaning
- ❑ Net operating cashflow of \$133.8m including net RAD cashflow of \$63m
- ❑ Capex investment of \$245.7m in acquisitions and developments. No further investment is required for the remaining three Facilities which will be delivered in the 1H FY19. This will complete the delivery of 1,247 new places
- ❑ Fully franked final dividend declared of 8.65 cents per share, 100% of reported NPAT, bringing the full year dividend to 17.93 cents per share
- ❑ Development activities continue as per the Company's growth strategy:
  - 501 new places were delivered with the opening of the four new Facilities
  - The current expansion pipeline will have delivered 1,247 additional places by the end of the 1HFY19



1. The non recurring items referred to are described on page 6



# OUTLOOK

## FY19 EBITDA is anticipated to be broadly in line with normalised FY18

- ❑ FY19 EBITDA is anticipated to be broadly in line with normalised FY18. This includes:
  - Increased contribution from new Facilities still ramping up of circa \$5.5m, which is net of the operating losses of circa \$2m associated with the new Facilities which have been open for less than 12 months
  - Increased income from COPE<sup>1</sup>, further penetration of Additional Services and the ongoing Significant Refurbishment program
  - PresCare Tasmania Facilities becoming earnings accretive
  - The further effects of the Federal Government funding cuts and expenses associated with the changes to the ACFI tool. It is anticipated that these will have substantially grandfathered into the portfolio by the end of FY19
- ❑ Also with regard to FY19:
  - As a result of investment in new Facilities, Depreciation expense is forecast to be in the range of \$32m-\$34m and Interest expense is expected to be \$13m-\$15m
  - Tax expense is forecast to be in the range of 29% to 30%
  - Aged Care capex spend is anticipated to be circa \$60m
- ❑ It is anticipated that Facilities ramping up will contribute EBITDA of circa \$25m per annum when all new developments reach their steady state in FY21, growing from \$5.5m in FY19
- ❑ From FY19 to FY21, a further \$220m - \$270m of net RAD cashflow is anticipated to come from the completion of the ramp up of the development sites which will have delivered 1,247 new places by the end of 1HFY19. This will be used to pay down debt



1. Refer Appendix A for glossary definition



# 04

## Appendices

# APPENDIX A - GLOSSARY

## Glossary

<b>Reported</b>	Agrees to or is derived from the results contained in Regis' annual or half year statutory financial reports.
<b>Normalised</b>	<p>Normalised results are categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 – Disclosing non-IFRS financial information. In FY2018 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 FY18 results – refer to Appendix E for the reconciliation of Reported to Normalised results.</p> <p>FY17 Revenue, EBITDA and NPAT are on the basis of Reported IFRS financial information, as there were no activities requiring Normalisations during this period.</p>
<b>FY2018 Normalised</b>	<p>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.</p> <p>Refer to Appendix E for a reconciliation of Reported FY2018 results to Normalised FY2018 results for Revenue, EBITDA, NPBT and NPAT.</p>
<b>ACFI</b>	Aged Care Funding Instrument
<b>COPE</b>	Commonwealth Own Purpose Expenses Indexation
<b>DAP</b>	A Daily Accommodation Payment
<b>RAD</b>	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)	FY2018 Normalised <sup>1</sup>	FY2017 Reported	Variance FY2017 Reported to FY2018 Normalised
<b>Revenue</b>			
Government revenue	416.3	396.8	5%
Resident revenue	168.8	158.1	7%
Other revenue	9.2	10.7	(14%)
<b>Revenue</b>	<b>594.4</b>	<b>565.5</b>	<b>5%</b>
Other Income	1.1	0.0	
Less interest income <sup>2</sup>	(0.4)	(0.6)	(32%)
<b>Total Income excluding interest</b>	<b>595.1</b>	<b>564.9</b>	<b>5%</b>
<b>Operating Expenses</b>			
Staff expenses	(397.4)	(357.9)	11%
Resident care expenses <sup>3</sup>	(34.9)	(40.4)	(14%)
Administration & fixed facility expenses	(27.6)	(26.4)	5%
Occupancy expenses	(18.0)	(16.6)	8%
<b>Total operating expenses</b>	<b>(478.0)</b>	<b>(441.3)</b>	<b>8%</b>
<b>EBITDA</b>	<b>117.1</b>	<b>123.6</b>	<b>(5%)</b>
Depreciation and amortisation	(27.6)	(29.5)	(7%)
<b>EBIT</b>	<b>89.5</b>	<b>94.1</b>	<b>(5%)</b>
Net interest <sup>2</sup>	(8.8)	(6.4)	38%
<b>Net profit before tax</b>	<b>80.7</b>	<b>87.7</b>	<b>(8%)</b>
Income tax expense	(23.8)	(26.6)	(11%)
<b>Net profit after tax (NPAT)</b>	<b>56.9</b>	<b>61.1</b>	<b>(7%)</b>

1. As per definition, Glossary (Appendix A) - refer to Appendix E for reconciliation between FY2018 reported and FY2018 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

3. In FY2017 Resident care expenses included external cleaning cost. In FY2018 the majority of cleaning has been insourced with the cleaning labour now included in Staff expenses



# APPENDIX B - FINANCIALS

## Cash Flow Statement

(\$ millions)	FY2018 Reported	FY2017 Reported
<b>EBITDA Normalised<sup>1</sup></b>	<b>117.1</b>	<b>123.6</b>
Less: Normalisations	(3.9)	0.0
<b>EBITDA Reported</b>	<b>113.2</b>	<b>123.6</b>
Change in net working capital	1.4	0.8
Non-cash items in EBITDA	(2.7)	(6.4)
Net receipts from RADs and ILU entry contribution	62.6	70.5
Net interest paid	(15.0)	(10.2)
Income tax paid	(25.7)	(27.4)
<b>Net operating cashflow before investment and financing activities</b>	<b>133.8</b>	<b>151.1</b>
Purchase of property, plant and equipment & other non-current assets	(217.2)	(147.7)
Advance payment on business <sup>2</sup>	0.0	(3.3)
Purchase of businesses net of cash acquired <sup>3</sup>	(28.5)	0.0
<b>Cash used in investing activities</b>	<b>(245.7)</b>	<b>(151.0)</b>
<b>Net cashflow before financing activities</b>	<b>(111.8)</b>	<b>0.0</b>
Debt drawdown/(repayment)	156.2	45.0
Dividends paid	(58.0)	(48.8)
<b>Net cashflow</b>	<b>(13.7)</b>	<b>(3.8)</b>

1. For definitions and explanation of adjustments refer to Glossary (Appendix A)

2. Advance payment on business in FY2017 represents deposit payment towards acquisition of Pres Care

3. Purchase of business net of cash acquired in FY2018 represents the Pres Care acquisition cost

# APPENDIX B - FINANCIALS

## Balance Sheet

(As at, \$ millions)	30-Jun-2018 Reported	30-Jun-2017 Reported
Cash and cash equivalents	7.8	21.5
Trade and other receivables	6.9	7.2
Income tax receivable	4.6	0.0
Other current assets	4.8	7.6
<b>Total current assets</b>	<b>24.1</b>	<b>36.3</b>
Property, plant and equipment	1,127.1	927.3
Investment Property	129.0	115.0
Intangible assets	478.4	446.1
<b>Total non-current assets</b>	<b>1,734.6</b>	<b>1,488.5</b>
<b>Total assets</b>	<b>1,758.7</b>	<b>1,524.7</b>
Trade and other payables	59.8	63.1
Provisions	54.0	46.0
Income tax payable	0.0	2.9
Other financial liabilities <sup>1</sup>	989.2	916.7
<b>Total current liabilities</b>	<b>1,103.0</b>	<b>1,028.7</b>
Interest-bearing loans and borrowings	411.6	255.0
Provisions	4.7	5.4
Deferred tax liabilities	59.1	51.8
<b>Total non-current liabilities</b>	<b>475.4</b>	<b>312.1</b>
<b>Total liabilities</b>	<b>1,578.4</b>	<b>1,340.8</b>
<b>Net assets</b>	<b>180.3</b>	<b>183.9</b>
<b>Equity</b>	<b>0.0</b>	
Issued capital	272.8	272.2
Retained earnings/(accumulated losses)	4.4	8.6
Reserves	(96.9)	(96.9)
<b>Total Equity</b>	<b>180.3</b>	<b>183.9</b>

1. Other financial liabilities as at 30 June 2018, include RAD liability of \$945.1m and ILU entry contribution of \$44.1m

## APPENDIX B - FINANCIALS

### Reported to Normalised Reconciliation – Full Year Ended 30 June 2018

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



# 05

## Supporting Information – Retirement Villages





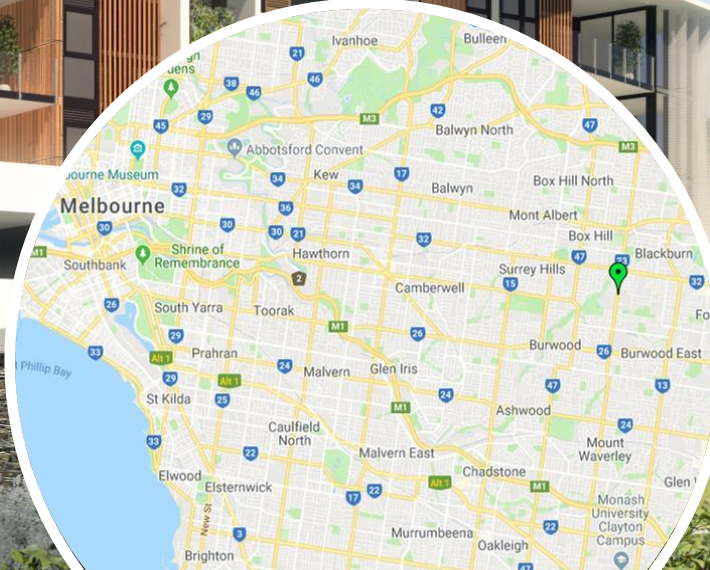
## Retirement Living Profile: Blackburn South, VIC

### Profile

Suburb	Blackburn South
Total site area (sqm)	85,000
Distance from CBD	17km
Median House Price	\$1 m
Current aged care places	315
Current RV units	269
Proposed RV units	350-450
Planning approval	✓
Expected construction start	2018
Expected first resident	FY21



Co-located with three Aged Care Facilities, the Independent Living Units (ILUs) at Regis Inala Village are located across an 8.5 hectare site, supported by an internal bus service. The central Village Hub is the heart of the community with a coffee shop, supermarket, community chapel and community vegetable garden.





## Profile

Suburb	Nedlands
Total site area (sqm)	74,000
Distance from CBD	7km
Median House Price	>\$1.5m
Current aged care places	274
Current RV units	81
Proposed RV units	320
Planning approval	Lodged



## Retirement Living Profile: “The Residences”, Nedlands, WA



“The Residences” Nedlands will be an entirely new Retirement Village in the Nedlands location. The first stage will focus on the establishment of community facilities that will form the heart of the village, including roof terrace, community centre, bowling green and gym with a Village Green and amphitheatre planned in future. A community conscious design features extensive green spaces and central courtyards within each building to foster local relationships.

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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, 'FY18' refers to the year ended 30 June 2018.