ASX ANNOUNCEMENT

23 February 2018

The Manager
Company Announcements Office
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

REGIS HEALTHCARE REPORTS NORMALISED NPAT[1] OF $30.5 MILLION FOR 1H FY2018 AND DECLARES AN INTERIM DIVIDEND OF 9.28 CENTS PER SHARE

Half Year Highlights

- Reported[1] NPAT of $27.9m and EPS of 9.28 cents
- Normalised EBITDA of $61.0m and normalised NPAT of $30.5m from revenue of $297.0m
- Net operating cashflow[2] of $59.1m from EBITDA and RAD receipts
- Average occupancy of 93.1% for the period
- Growth in operational places to 6,436 as at 31 December 2017, following the opening of the Chelmer, QLD development project and the Presbyterian Care, Tasmania acquisition
- Continued investment in growth opportunities including $143.3m of capital expenditure on the expansion pipeline and the Presbyterian Care acquisition in Tasmania
- Net debt of $347.9m as at 31 December 2017
- Fully franked interim dividend declared of 9.28 cents per share, 100% of reported NPAT

Regis Healthcare Limited (ASX: **REG**) is pleased to announce a statutory NPAT attributable to equity holders of $27.9 million for the half year ended 31 December 2017. This result corresponds to a normalised NPAT for the period of $30.5 million.

Commenting on the results, Regis' Managing Director, Mr Ross Johnston, said "Despite the cutbacks to residential aged care funding in 2017 and 2018 and industry wide occupancy pressure during the period, Regis delivered a solid interim result, with normalised EBITDA and NPAT that were broadly in line with the prior period.

The result was underpinned by growth initiatives, including the Presbyterian Care Tasmania acquisition, improved contributions from new Facilities from the development pipeline ramping up and strong cost control. The financial performance was impacted by lower occupancy after more virulent influenza and gastroenteritis than usual, which impacted the whole community. The Company expects the occupancy pressures to be short term with a range of strategies implemented to improve occupancy. As at 21 February it had improved to 93.5%.

Regis' cashflow performance was consistent with expectations, with net RAD receipts[3] of $23.2 million underpinned by the four recently completed and opened Facilities"

Financial Results

A summary of the 1H FY18 financial results is as follows:

	$ million 1H FY18 Normalised[1]	**$ million 1H FY17 Reported[1,4]**	**$ million variance 1H FY18 to 1H FY17**
Revenue	297.0	284.7	12.3
EBITDA	61.0	61.8	(0.8)
NPAT	30.5	31.6	(1.1)
Net operating cashflow[2]	59.1	85.9	(26.8)

Key contributors to the earnings and cash flow result for the period are:

- Revenue per occupied bed day of $284 compared with $281 in 1H FY17
- Improved contributions from the new Facilities as a result of greenfield developments, being North Fremantle, Kingswood and East Malvern as their ramp ups progress
- The profile of residents' choice in terms of RAD/DAP profile remains consistent with 55% of new residents[5] choosing to pay a RAD, 8% choosing a DAP[6] and 37% choosing a combination RAD/DAP payment
- The average incoming RAD has grown to $464.8k compared with $455.6k for FY17

The Board has declared an interim dividend of 9.28 cents per share, fully franked. This represents 100% of reported NPAT, is fully franked and is payable on 11 April 2018.

Market Position and Growth Strategy

The company continued its growth strategy investing $143.3m in capital expenditure during 1H FY18 with net debt of $347.9m[8] as at 31 December.

The greenfield development program has continued to progress, with the recent highlights being the opening of the Chelmer, QLD Facility in December 2017, which contributed 120 net new places and the recent opening of the Burnside, SA Facility in February 2018 which contributed 117 new places and 53 net new places.

As at 23 February 2018, there are 1,245 new places in the expansion pipeline, with five developments currently under construction, all of which are due to be opened before the end of 2018. Three of these developments[7] will open before 30 June 2018, each ahead of schedule, delivering 381 new places. In conjunction with the four Facilities from the development pipeline that have already opened, this represents 7 new facilities with 858 operational places which are ramping up in terms of their income, EBITDA and RAD balances.

The Presbyterian Care Tasmania acquisition completed on 1 August 2017. This was the first transaction undertaken by the company in Tasmania and represents a significant portfolio by industry standards. The quality portfolio comprised 287 places. Integration activities are progressing well and the significant refurbishment program is underway at all three facilities. The transaction is anticipated to be EPS accretive in FY19, which is consistent with previous guidance.

FY18 Outlook

The company's development pipeline continues with each of the Facilities opening in the second half ahead of schedule. Consequently the company will incur mobilisation costs, additional interest expense and increased depreciation. These Facilities are each anticipated to make a positive contribution to earnings in FY19.

The three developments opening during the second half are anticipated to have a positive impact on the net RAD cashflow during the period, which will be underpinned by the RAD cashflow from the four sites already opened in the last eighteen months, but which are still ramping up.

The Company anticipates 2H FY18 normalised EBITDA to be broadly in line with the 1H FY18 normalised EBITDA result.

FY18 normalised NPAT is anticipated to be in the range of $56m to $58m.

As per previous guidance:

- Interest expense and depreciation will continue to increase in line with increased investment in development and the opening of new Facilities
- Net RAD cashflow is expected to exceed FY17

A teleconference and webcast will be held by Regis' Managing Director Mr Ross Johnston and CFO Mr David Noonan at 11am AEDT. Dial in or login details are below.

For further information, contact:

Kirsty Nottle

General Manager Investor Relations
T 03 8573 0444
E knottle@regis.com.au

Teleconference details: **Australia:** 1800 908 299, **Conference ID:** 623289

To view via webcast: https://edge.media-server.com/m6/go/regis-hy2018

For teleconference details for those dialling in from outside Australia, go to:

http://investors.regis.com.au/forward-calendar/

[1] The use of the terms ‘reported’ refers to IFRS financial information and ‘normalised’ to non-IFRS financial information. Normalised results are categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 – Disclosing non-IFRS financial information. Normalisations have been made to the reported information to assist readers to better understand the financial performance of the underlying business in each financial year. The normalisations during the period relate solely to the one off costs associated with the acquisition of Presbyterian Care Tasmania. Note that in the previous FY17 year there were no activities requiring normalisations

[2] Net cashflow before investing and financing activities which has been adjusted to remove the $32.2m Government funding received in advance in December 2017

[3] Refundable Accommodation Deposits, includes contributions from Independent Living Units (ILUs)

[4] During the FY17 financial year the Company re-assessed its method of valuing investment property (consisting primarily of its retirement living properties). As a result of this change in accounting policy, 1H FY17 EBITDA and NPAT comparative amounts presented in the 31 December 2017 statutory financial report have been adjusted from the amounts presented in Regis’ 31 December 2016 statutory financial report. Refer to Note 6.2 of the 31 December 2017 statutory financial report for further information

[5] Permanent, non supported residents entering aged care after 1 July 2014

[6] Daily Accommodation Payment

[7] The three development sites to open in 2H 2018 are Regis Burnside (referred to as Linden Park in previous presentations and announcements), SA (117 new places and 53 net additional places), Regis Nedlands, WA (141 new places) and Regis Woodlands, WA (123 new places), a total of 381 new places

[8] Net debt of $347.9m has been adjusted to add back the $32.2m of Government funding received in advance in December 2017