ASX ANNOUNCEMENT

22 February 2019

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 $24.7 MILLION FOR 1H FY2019 AND DECLARES AN INTERIM DIVIDEND OF 8.12 CENTS PER SHARE

Half Year Highlights

- Normalised NPAT[1] of $24.7m
- Reported NPAT of $24.4m and EPS of 8.12 cents
- Normalised EBITDA of $56.7m from revenue of $318m
- Net operating cashflow[2] of $109.1m from EBITDA and net RAD receipts of $72.1m
- Average occupancy of 92.8% for the period
- Growth in operational places to 7,142 as at 31 December 2018, following the opening of the Elermore Vale, NSW, Port Coogee, WA and Lutwyche, QLD development projects
- Net debt of $363.6m[3] as at 31 December 2018, reduced by $40m since 30 June 2018
- Fully franked interim dividend declared of 8.12 cents per share, 100% of reported NPAT

Regis Healthcare Limited (ASX: **REG**) is pleased to announce a statutory NPAT attributable to equity holders of $24.4 million for the half year ended 31 December 2018. This result corresponds to a normalised NPAT for the period of $24.7 million. The result has been normalised for $0.3m of Royal Commission costs incurred in the period.

Commenting on the results, Regis' Managing Director, Mr Ross Johnston, said "The highlight of this result was the net RAD receipts[4] of $72 million for the six month period which exceeded the full year FY18 result of $62.6m. This result was underpinned by the solid performance from the Facilities ramping up. The average incoming RAD levels showed a modest increase in the steady state business.

The result included improved contributions from the new Facilities delivered from the development program still ramping up and the Company's Significant Refurbishment program. However these contributions were more than offset by the headwinds from the Federal Government cutbacks to residential Aged Care funding, which were implemented in

FY17 and FY18 and have been grandfathering in. The Residential Aged Care Industry is also experiencing occupancy headwinds and these have affected both the income and number of RAD payers in the steady state business, in particular in several older Facilities and Facilities with some shared rooms.

Overall, the Company delivered a solid interim result with normalised EBITDA and NPAT that were broadly in line with the guidance previously provided.

Financial Results

A summary of the 1H FY19 financial results is as follows:

	$ million 1H FY19 Normalised[1]	**$ million 1H FY18 Normalised[1]**	**% variance 1H FY19 to 1H FY18**
Revenue	318.2	295.9	8%
EBITDA	56.7	61.0	(7%)
NPAT	24.7	30.5	(19%)
Net operating cashflow[2]	109.1	59.1	

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

- Revenue per occupied bed day of $287 compared with $284 in 1H FY18
- Improved contributions from the Facilities ramping up
- The profile of residents' choice in terms of RAD/DAP profile remains consistent with 57% of new residents[5] choosing to pay a RAD, 6% choosing a DAP[6] and 37% choosing a combination RAD/DAP payment during the six month period
- The average incoming RAD has grown to $478.7k for the 1H FY19 compared with $467.9k for FY18

The Board has declared an interim dividend of 8.12 cents per share. This represents 100% of reported NPAT, is fully franked and is payable on 11 April 2019.

Market Position and Growth Strategy

The company delivered three new Facilities during the 1H FY19:

- Lutwyche, Brisbane (delivered August 2018, 130 operational places)
- Elermore Vale, Newcastle (delivered September 2018, 120 operational places)
- Port Coogee, Perth (delivered September 2018, 139 operational places)

The Company has now delivered 1,247 new places since May 2016. These developments have delivered high quality Facilities and are ramping up their operations with a focus on Care, Quality and Compliance, EBITDA, RAD and Occupancy.

As at 31 December 2018, 663 or 53%, of the 1,247 places were occupied and $176m of net RAD cashflow had been collected. It is anticipated that a further $155m-$205m of net RAD cashflow will come from the remaining new places.

The development program includes four new Facilities and two extension projects. In total these would deliver circa 655 new places.

Integration activities associated with the Presbyterian Care Tasmania acquisition, which completed on 1 August 2017 and comprised 287 places, continued to progress well. The significant refurbishment program was completed at all three Facilities. This portfolio of three Facilities is anticipated to be EPS accretive in FY19, which is consistent with previous guidance.

Acquisition opportunities continue to be assessed against the Company's criteria as they arise.

FY19 Outlook

The Company maintains its NPAT guidance that FY19 NPAT (normalised) is anticipated to be in the range of $47m to $51m.

2H FY19 EBITDA is anticipated to be broadly in line with the 1H FY19. This includes:

- Income from the Significant Refurbishment program
- Increased contribution from the Facilities ramping up
- PresCare Tasmania Facilities becoming earnings accretive
- Industry wide occupancy headwinds affecting the steady state portfolio
- The further effects of the Federal Government funding cuts and expenses associated with the changes to the ACFI tool that were implemented in FY17 and FY18
- An expected contribution from the one off $320m funding package announced by the Federal Government on 10 February7

Full year Aged Care capex spend is anticipated to be circa $60m.

It is still 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 an expected $5.5m in FY19.

From 2H FY19 to FY21, a further $155m - $205m 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.

Regis Healthcare Managing Director and CEO to step down in September 2019

Regis Healthcare Managing Director and CEO, Ross Johnston, has advised the Regis Board that he will be stepping down on 3 September 2019 after nearly 11 years in the role. Ross will continue to lead Regis' experienced leadership team until September. The Board has a process underway to select a new CEO to succeed Ross.

Please refer to the separate ASX Announcement from Regis Healthcare relating to this, also dated today.

For further information, contact:

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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 provided on the following page:

Teleconference details: **Australia:** 1800 908 299, **Conference ID:** 154202

To participate via webcast: https://edge.media-server.com/m6/go/regis-hyr19

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 removal of the direct costs associated with the Royal Commission process of $0.4m EBITDA. Note that in the previous FY18 year the normalisations related to the Presbyterian Care Tasmania acquisition

2 Net cashflow before investing and financing activities which has been adjusted to remove the $36.4m Government funding received in advance in December 2018

3 Excluding the $36.4m Government funding received in advance

4 Refundable Accommodation Deposits, includes contributions from Independent Living Units (ILUs)

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

6 Daily Accommodation Payment

7 On the 10 February 2019, the Federal Government announced a one off $320m funding package for residential aged care. The announcement stated "The $320 million residential aged care component equates to approximately $1,800 per permanent resident and will provide additional support to the sector over the next 18 months, to deliver quality aged care services while the Government considers longer-term reform funding options." The Company has assumed that this payment of $1,800 per resident will be received for it's circa 5,800 permanent residents and that half of this payment will be received in FY19.