



Regis Brighton, Victoria



**OUR  
PURPOSE**

Personalised  
and respectful care  
that embraces the  
experience of  
ageing

## FY22 Full-Year Results Presentation

24 August 2022



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# Strategy Overview

*Our purpose is to provide personalised and respectful care that embraces the experience of ageing*

## OUR VALUES

- Optimism
- Passion
- Integrity
- Respect

## OUR BEHAVIOURS

- We have a relentless customer focus
- We are transparent and accountable
- We are collaborative
- We all own quality and safety
- We continuously improve

## WHO WE SERVE

- Our Residents
- Our Clients
- Our People
- Our Care Partners
- Our Community
- Our Shareholders

## OUR PRIORITIES & GOALS



### THE REGIS CULTURE OF CARE

*Our goals:*

- We deliver Personal Care
- We deliver Safe Care
- We deliver Effective Care
- We deliver Integrated Care



### POSITIVE PEOPLE AND PRACTICE

*Our goals:*

- We empower, support and enable our people
- We ensure the right people are in the right roles
- We keep people physically safe and psychologically well
- We provide an inclusive and flexible workplace



### ENSURING OUR FUTURE

*Our goals:*

- We transform our living, care, services and work through digital enablers
- We expand and develop our property and service portfolio
- We lead in operational excellence
- We build positive partnerships
- We embrace environmental sustainability



# Industry Reforms and Developments Post Royal Commission

## *Regis continues to embrace and drive reform*

### Government 5-Year 5-Pillar Aged Care Reform Plan

- ▶ \$17.7 billion aged care reform package
- ▶ **Pillar 1:** Home Care - \$7.5 billion including 80,000 additional home care packages
- ▶ **Pillar 2:** Residential Aged Care Services and Sustainability - \$7.8 billion
  - \$3.2 billion through Government funded Basic Daily Fee Supplement of \$10 per resident per day (from 1 July 2021)
  - \$3.9 billion to increase front-line care (care minutes) delivered to residents of aged care and respite services mandated at average 200 minutes per day (including average 40 minutes with registered nurse)
- ▶ **Pillar 3:** Residential Aged Care Quality and Safety - \$942 million
- ▶ **Pillar 4:** Workforce - \$652 million
  - \$228.2 million to create a single assessment workforce to undertake all assessments
  - \$135.6 million to provide registered nurses working for the same aged care provider over a 12-month period with financial support
- ▶ **Pillar 5:** Governance - \$698.3 million
  - \$630.2 million for consumers in regional, rural and remote areas
  - Drafting of a new Aged Care Act by mid-2023
- ▶ The new Government may change the current Aged Care Reform Plan

### Regis' response to the Royal Commission

- ▶ The Royal Commission's Final Report made a total of 148 recommendations, and Regis supports the priority areas identified as workforce, funding, governance, quality and safety, and system reform

### New Aged Care Peak Body

- ▶ Regis is very supportive of the creation of the new aged care peak body, the Aged & Community Care Providers Association (ACCPA), which came into effect from 1 July 2022. This new peak body is open to all providers. A single, unified peak body was a key recommendation of the Royal Commission, which the aged care sector has delivered

### Additional Identifiable Industry Reforms

#### Factors to be considered

- |   |  |
|---|--|
| AN-ACC funding model  | ▶ Funding to providers with a starting price of \$216.80 prpd (from 1 October 2022)  |
| Mandated average care minutes requirement                                 | ▶ 200 care minutes and 40 minutes (registered nurses) requirements are an 'average' target across the sector commencing 1 October 2023                   |
| Impact of new Independent Health and Aged Care Pricing Authority (IHACPA) | ▶ IHACPA building new funding model, which will lead to pricing based on cost of care and potential increased Government funding from 1 July 2023        |
| Bed licence deregulation  | ▶ Deregulation from 1 July 2024 is expected to be an advantage for larger providers  |
| User pay  | ▶ Former Government did not seek to increase user pay for aged care accommodation, everyday living or care costs, noting broad industry support to do so |



# Residential Aged Care Sector Performance

***The financial viability of the Aged Care Sector has deteriorated over recent years, with many providers generating substantial losses***

## Current industry financial situation

- ▶ Across 1,282 residential aged care facilities in Australia (47% of residential aged care sector), the average operating loss was \$12.85 per bed per day, for the 9-month period to 31 March 2022<sup>1</sup>
- ▶ COPE indexation of 1.1% from 1 July 2021 was vastly inadequate to offset impact of Superannuation Guarantee Scheme increase of 0.5%, average workforce award increases between 1.75% and 3.5%<sup>1</sup>, an increase in award minimum wages of 4.6%<sup>2</sup>, and general inflation
- ▶ Severe staffing shortages continue across the sector, which was already the case pre-COVID-19 and has been amplified by border closures. Increased overtime costs and higher use of agency staff has impacted upon the financial viability of many providers
- ▶ Continued operating losses, inadequate levels of funding and uncertainty about the transition from ACFI to the new AN-ACC funding model, together with care minute requirements, has resulted in lower levels of investment

## Additional funding reform required

- ▶ The Australian Government has committed to funding the increase in pay and conditions determined by the Fair Work Commission's Work Value Case. This increase in pay and benefits is required to recognise the challenging and essential work provided by our workforce
- ▶ Deregulation of the residential Basic Daily Fee would allow for more competition to occur and improve service offerings, to attract residents to facilities offering higher levels of care
- ▶ Increased capital grants for rebuilding and refurbishment of existing residential aged care facilities especially to help cater for more specialist needs
- ▶ Introduction of co-contribution for residents to pay for a higher portion of the individualised care and services they receive

<sup>1</sup>StewartBrown Aged Care Sector Report - 9 months ended 31 March 2022

<sup>2</sup>Aged care workers on the modern award minimum wage were granted a 4.6% increase in base pay from 1 July 2022 by the Fair Work Commission

# COVID-19 Management and Impact

***Regis has developed extensive front-line experience preventing and managing COVID-19 outbreaks whilst maintaining a focus on the wellbeing of residents, clients and employees***

## Strategy

- ▶ Centrally run Outbreak Management Team focussed on:
  - Resident wellbeing
  - Workforce provision, protection and wellbeing
  - Infection, prevention and control
  - Zoning of staff
  - Clinical strategy
  - Consumer engagement
  - Communications
  - Financial stability
  - PPE provision

## Management and outcomes

- ▶ National Infection Control Manager recruited pre-COVID
- ▶ Implemented Outbreak Management Plans across impacted homes
- ▶ Residents have continued to be provided with care, services and support, and the business has provided updates to impacted homes' residents, families and employees
- ▶ 81.0%<sup>1</sup> of residents eligible for a fourth booster dose have received one. Regis has mandated a COVID-19 vaccination policy for the workforce which includes the booster dose. The Company has also offered eligible employees access to the fourth dose
- ▶ COVID-19 protection measures now embedded in business as usual practices (including infection prevention and control, and PPE)
- ▶ Government funding has not been provided in FY22 for substantial COVID-19 preventative costs incurred but Government grants have been claimed for a significant portion of direct outbreak costs

## FY22 COVID-19 outbreak costs

\$m	Total
H1 FY22 <i>Claims approved</i>	3.2
H2 FY22 <i>Claimed</i>	14.7
H2 FY22 <i>To be claimed</i>	4.3 - 6.3
<b>Total claimed/to be claimed</b>	<b>22.2 - 24.2</b>
<b>Total COVID outbreak costs incurred</b>	<b>27.8</b>

\* Certain outbreak costs not eligible for grant purposes

<sup>1</sup>As at 19 August 2022



Regis East Malvern, Victoria

# Financial Performance

# FY22 Financial Overview

- ▶ Revenue from services of \$725.3 million, up 3.4% on pcip
  - Average occupancy of 89.8% (FY21: 88.9%)
  - Includes additional \$10 per day Basic Daily Fee
- ▶ Underlying EBITDA<sup>1</sup> of \$78.1 million (FY21: \$72.1 million)
- ▶ COVID-19 outbreak costs of \$27.8 million<sup>2</sup> prior to recoupment through Government grants
- ▶ Net loss after tax of \$38.8 million (FY21: \$19.9 million profit after tax)
- ▶ NPATA<sup>1</sup> of \$3.9 million
  - Excludes amortisation of operational places of \$42.7 million (net of tax) - refer page 35
- ▶ Net operating cash flow of \$114.8 million includes net RAD receipts of \$83.9 million
- ▶ Net debt of \$102.9 million, reduction of \$39.5 million (27.7%) on pcip
- ▶ Capital expenditure of \$48.6 million includes development, refurbishment and technology spend - refer page 13
- ▶ Board of Directors resolved to pay a final dividend of 2.32 cents per ordinary share (50% franked) payable 30 September 2022

Revenue from Services	Net Loss after Tax
<b>\$725.3</b> million ▲	<b>\$38.8</b> million ▼
Average Occupancy	Net Operating Cash Flow
<b>89.8%</b> ▲	<b>\$114.8</b> million ▲
COVID-19 Outbreak Costs	Net RAD Cash Inflow
<b>\$27.8</b> million ▲	<b>\$83.9</b> million ▲
Underlying EBITDA <sup>1</sup>	Net Debt
<b>\$78.1</b> million ▲	<b>\$102.9</b> million ▼
NPATA <sup>1</sup>	Final Dividend
<b>\$3.9</b> million ▼	<b>2.32</b> cents ▼

<sup>1</sup>Refer page 37 for definitions of Non-IFRS financial measures and reconciliation of statutory results to Non-IFRS financial measures on page 34

<sup>2</sup>As disclosed to the ASX on 16 May 2022, Regis has been advised by the Department of Health and Aged Care of delays in processing FY22 COVID-19 outbreak claims.

Regis has submitted, or is in the process of submitting, claims amounting to approximately \$22.2m-24.2m in relation to FY22 COVID-19 outbreak costs



# Financial Summary

\$ millions	FY22	FY21	△ FY21 to FY22
Revenue from services	725.3	701.4	3.4%
Other income <sup>1</sup>	71.6	83.0	(13.7%)
Staff expenses	550.4	521.1	5.6%
Underlying EBITDA <sup>2</sup>	78.1	72.1	8.3%
NPATA <sup>2</sup>	3.9	19.9	(80.4%)
Capital expenditure	48.6	18.7	160.0%
Net RAD cash inflow	83.9	37.7	122.5%
Net operating cash flow	114.8	105.0	9.3%
Net debt	102.9	142.4	27.7%
Average occupancy % <sup>3</sup>	89.8%	88.9%	0.9 pts
Staff expenses / revenue from services %	75.9%	74.3%	1.6 pts
Basic EPS (cents per share)	(12.90)	6.63	

- ▶ FY22 revenue from services of \$725.3 million includes:
  - Additional \$10 per resident per day BDF of \$22.9 million
  - COPE indexation of 1.1%
- ▶ FY22 other income includes:
  - \$3.2 million of COVID-19 Government outbreak grants
  - \$5.9 million uplift in fair value of investment properties
- ▶ Increase in staff expenses includes:
  - Impact of staff shortages leading to significant additional overtime and use of agency contractors
  - EA wage increases only partially offset by 1 July 2021 COPE indexation of 1.1%

- ▶ FY22 result includes a number of one-off items including COVID-19 outbreak costs - refer page 11
- ▶ Capital expenditure of \$48.6 million (FY21: \$18.7 million)
  - Includes purchase of land at Belrose NSW for future residential aged care development
- ▶ Net debt at 30 June 2022 of \$102.9 million - \$39.5 million or 27.7% reduction on pcp
  - Net RAD cash inflow of \$83.9 million

<sup>1</sup>Includes \$62.4 million of imputed income on RADs and Bonds (FY21: \$64.4 million)

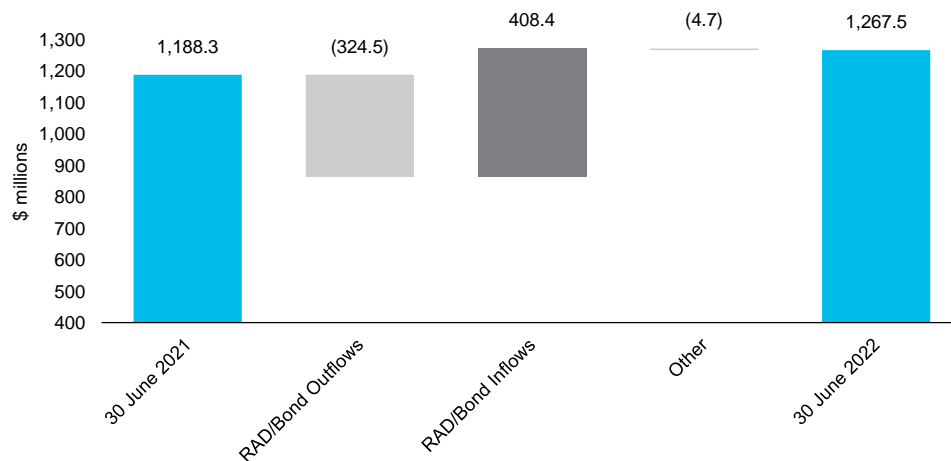
<sup>2</sup>Refer page 37 for definitions of Non-IFRS financial measures

<sup>3</sup>Based on average available operational places of 7,057 (FY21: 7,144)

# Key Operational Statistics

Operational Statistics	FY22	FY21	△ FY21 to FY22
Average available operational places (#) <sup>1</sup>	7,057	7,144	(1.2%)
Total occupied bed days	2,312,826	2,318,647	(0.3%)
Average occupancy (%)	89.8	88.9	0.9 pts
Aged care revenue per occupied bed day (\$)	305.9	292.1	4.7%
Aged care Government revenue per occupied bed day (\$) <sup>2</sup>	219.4	208.4	5.3%
Aged care resident revenue per occupied bed day (\$)	86.6	83.7	3.5%
Aged care staff expenses per occupied bed day (\$) <sup>3</sup>	214.4	201.8	6.2%
RADs held (#)	2,889	2,751	5.0%
RADs held (\$m)	1,267.5	1,188.3	6.7%
Average RAD held (\$000's)	439.0	432.0	1.6%
Average incoming RAD (\$000's)	482.0	462.3	4.3%

## Net RAD/Bond Movements



- Movement in average available operational places mainly attributable to permanent removal of multi-bed room capacity
- Notwithstanding significant impact of COVID-19 Omicron variant, average occupancy maintained due to management initiatives. Spot occupancy at 30 June 2022 was 91.0%
- Government revenue per occupied bed day increased due to additional \$10 BDF, higher resident acuity and COPE (1.1%)
- Staff expenses per occupied bed day primarily increased due to impact of EA wage increases, as well as ongoing sector-wide staff shortages, resulting in increased agency usage and additional overtime
- Increase in RADs held included net RAD cash inflow \$83.9 million (FY21: \$37.7 million) from mature homes
- Probate liabilities of \$199.7 million included in RAD balance (FY21: \$136.0 million)

<sup>1</sup>Across portfolio of 64 homes

<sup>2</sup>Excludes COVID-19 funding / grants

<sup>3</sup>Excludes COVID-19 outbreak staff expenses

# One-Off / Non-Recurring Items

The following one-off / non-recurring items are included in Profit and Loss:

\$ millions (before tax)	FY22	FY21
COVID-19 outbreak expenses	(27.8)	(11.8)
COVID-19 outbreak funding/grants	3.2	11.9
Professional services costs incurred in relation to potential employee underpayments program of work	(2.2)	-
Net fair value gain on investment property	3.0	9.2
Profit on sale of assets	-	2.8
Cyber-security incident costs	-	(0.7)
Impact of regulatory penalties	-	(2.2)
<b>Total</b>	<b>(23.8)</b>	<b>9.2</b>

► COVID-19 outbreak expenses include:

- \$20.3 million of staff costs
- \$7.5 million of PPE and other related costs

► Department of Health and Aged Care has advised the industry of delays in processing COVID-19 outbreak claims. Regis has submitted claims / in process of submitting claims of approximately \$22.2-24.2 million (including \$3.2 million received in H1 FY22) in relation to FY22 COVID-19 outbreak costs

► Net fair value gain on investment property based on independent valuation at 30 June 2022

The following normalisation item is included in Profit and Loss:

\$ millions	FY22	FY21
Amortisation of operational places	(61.0)	-
Reversal of related deferred tax liability	18.3	-
<b>Total (net after tax)</b>	<b>(42.7)</b>	<b>-</b>

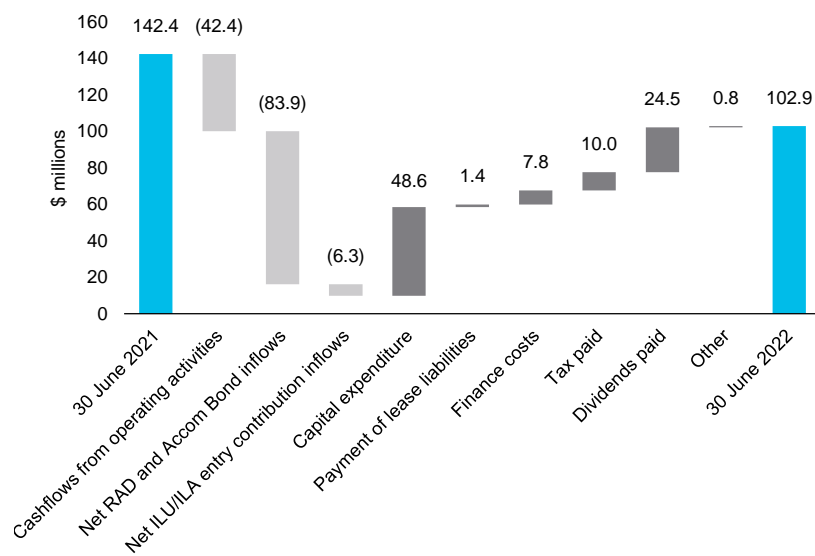
► In response to the Australian Government's decision to deregulate operational places from 1 July 2024, the Group has reassessed the useful life of its operational places and commenced amortising the value of operational places from 1 October 2021 on a straight line basis over their remaining economic life to 30 June 2024 including the partial reversal of related deferred tax liability (refer page 35)



# Net Debt and Cash Flow

\$ millions	Purpose	Limit	Maturity
Facility A	Working capital	150.0	March 2026
Facility B	Working capital	275.0	March 2024
Facility C	Residential village developments	70.0	March 2024
Facility D	LC/bank guarantees	20.0	March 2024
<b>Total Syndicated Facilities</b>		<b>515.0</b>	

## Net Debt Movements



## Cash Flows

- ▶ Net cash inflows from operating activities of \$114.8 million (FY21: \$105.0 million)
- ▶ Net RAD cash inflows of \$83.9 million (FY21: \$37.7 million) despite COVID-19 related lockdowns that impacted Regis' homes

## Net Debt

- ▶ Repaid \$36.5 million (FY21: \$100.4 million) of bank borrowings
- ▶ Net debt impacted by non-receipt of COVID-19 outbreak grants
- ▶ Significantly reduced leverage ratio<sup>1</sup> to 1.6x (FY21: 2.0x)

## Dividends

- ▶ FY22 interim dividend of 3.52 cents per ordinary share (50% franked) paid 8 April 2022
- ▶ FY22 final dividend of 2.32 cents per ordinary share (50% franked) payable 30 September 2022

## Capex

- ▶ Capital expenditure of \$48.6 million (FY21: \$18.7 million) mainly related to acquisition of land in Belrose, NSW, for future residential aged care development, strategic technology projects, as well as replacement and refurbishment capital expenditure

<sup>1</sup>Based on rolling 12-month underlying EBITDA as a ratio to net debt

# Capital Expenditure

\$ millions	FY22
<b>Property</b>	
Replacement Capital Expenditure - Residential Aged Care Homes	13.9
Replacement Capital Expenditure - Retirement Villages	1.5
Refurbishment Capital Expenditure - Residential Aged Care Homes	2.4
Land purchase - Belrose	15.3
Development - Camberwell	0.3
Development - Toowong	1.1
Other	0.6
<b>Technology</b>	
Strategic technology investment (ERP implementation, WiFi upgrade)	13.5
<b>Total</b>	<b>48.6</b>

## Replacement Capital Expenditure

- ▶ Regular and ongoing refurbishment / replacement capital expenditure undertaken across residential aged care homes and retirement villages

## Residential Aged Care Developments

- ▶ Belrose - Acquisition of land (with approved plans)
- ▶ Camberwell and Toowong - Represents consultant costs

## Technology Investment

- ▶ Includes strategic projects undertaken such as ERP system implementation together with WiFi enabled technology investment across residential aged care homes and retirement villages

# Resident Profile

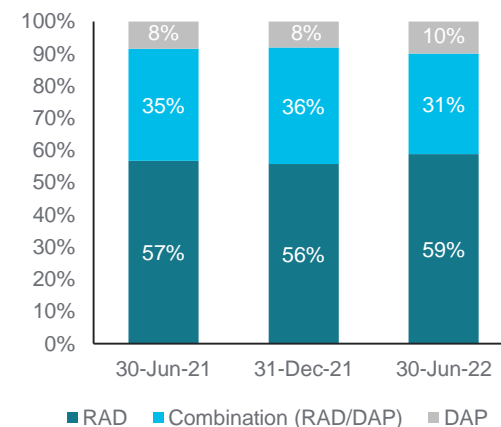
Number of Residents	30 June 2021	31 December 2021	30 June 2022
RAD	1,790	1,753	1,849
Combination (RAD/DAP)	1,100	1,135	980
DAP	265	269	290
<b>Total Non-Concessional</b>	<b>3,155</b>	<b>3,157</b>	<b>3,119</b>
Concessional	2,823	2,807	2,727
Other	64	92	135
<b>Total Permanent Residents</b>	<b>6,042</b>	<b>6,056</b>	<b>5,981</b>
Respite	303	348	404
<b>Total Residents</b>	<b>6,345</b>	<b>6,404</b>	<b>6,385</b>

Resident Profile as % of Permanent Residents	30 June 2021	31 December 2021	30 June 2022
RAD	30%	29%	31%
Combination (RAD/DAP)	18%	19%	16%
DAP	4%	4%	5%
<b>Total Non-Concessional</b>	<b>52%</b>	<b>52%</b>	<b>52%</b>
Concessional	47%	46%	46%
Other	1%	2%	2%
<b>Total Permanent Residents</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

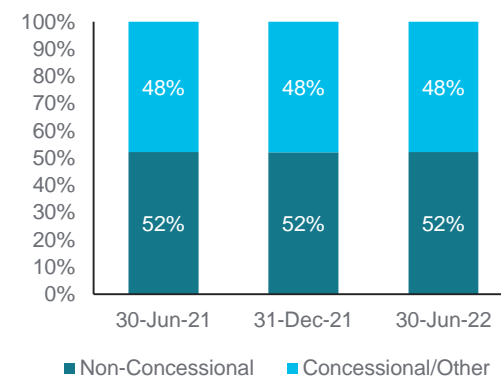
- Increase in number of RAD paying residents reflects management initiatives across various mature residential aged care homes

NB. MPIR has increased from 4.04% at 1 July 2021 to 5.00% at 1 July 2022

Payment Preference (Non-Concessional)



Resident Mix (Permanent Residents)







Regis East Malvern, Victoria

# AN-ACC Funding Model

# Transitioning from ACFI to AN-ACC

**ACFI is transitioning to the new AN-ACC<sup>1</sup> funding model on 1 October 2022**

## Changes to Government funding and care minutes

- ▶ The Australian Government is progressing a \$17.7 billion, five-year aged care reform program in response to the recommendations of the Royal Commission, including the introduction of a new AN-ACC funding model and care minutes mandate
- ▶ In the 2022-23 Federal Budget, the Australian Government announced:
  - AN-ACC starting payment of \$216.80 compared to an industry average ACFI payment of \$188.60<sup>2</sup> from 1 October 2022 for the 2022-23 financial year
  - AN-ACC average price of ~\$225<sup>3</sup> per occupied bed day
  - Applying weightings to the price that reflect variations in the cost of care, based on home characteristics and the needs of individual residents

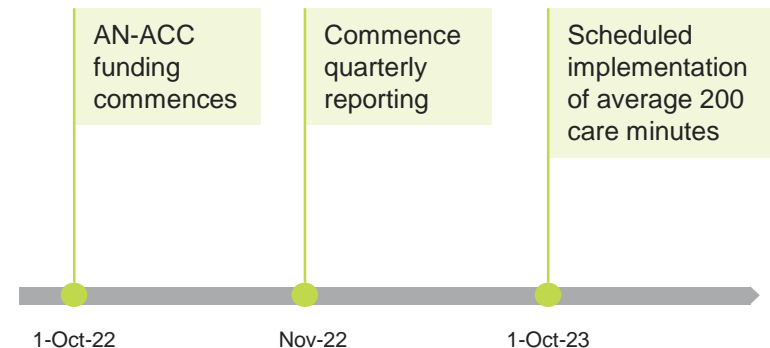
## AN-ACC overview

- ✓ AN-ACC model designed to provide a distribution of funding that better matches resident needs
- ✓ Residents will be required to undergo independent assessments for funding purposes
- ✓ New methodology for annual changes in prices/indexation, informed by independent costing

## Transition arrangements

- ▶ Preparations are advanced, with the majority of Regis' residents assessed at least once and allocated into an AN-ACC class (via Shadow Assessments)
- ▶ Services Australia will calculate and pay subsidies to providers based on the new AN-ACC classifications for residents from 1 October 2022
- ▶ Providers can use their AN-ACC classifications, together with the AN-ACC starting price to estimate the funding levels they will receive from 1 October 2022, to assist with transition planning

## Transition timeline



<sup>1</sup>AN-ACC is the Australian National Aged Care Classification

<sup>2</sup>AN-ACC starting payment of \$216.80 includes \$10 BDF uplift from 1 July 2021.

<sup>3</sup>\$10 BDF not included in average ACFI payment of \$188.60

<sup>4</sup>Department of Health and Aged Care report, 'AN-ACC Key Facts'

# Regis' Transition from ACFI to AN-ACC

***Regis continues to proactively work with the Australian Government and industry peak to support the development of an effective and sustainable funding and care model***

## **Summary of Regis transition to AN-ACC**

- ▶ Since commencing in April 2021, shadow assessments have been undertaken at the majority of Regis' homes and AN-ACC classifications have been provided
- ▶ Based on assessment outcomes for Regis' residents, Aged Care Government Revenue per occupied bed day is expected to marginally increase under the new AN-ACC funding model
- ▶ Further guidance is expected from Government as they continue work to define the composition of the care minutes mandate. This is a significant issue for the sector and may further impact the financial viability of providers
- ▶ Regis continues to work proactively with Government and the industry peak (Aged & Community Care Providers Association) to support the development of an effective funding and care model, including addressing challenges relating to workforce shortages
- ▶ Regis prides itself on providing quality care and will ensure the transition to AN-ACC provides resident centred outcomes





Regis Port Coogee, Western Australia

## Other Matters

## Other Matters

### Potential Employee Entitlement Underpayments

- ▶ As previously reported, Regis announced to the ASX on 9 August 2021 that it had identified potential underpayments of employee entitlements to certain current and former employees under its enterprise agreements.
- ▶ Regis, with the assistance of external advisors, has commenced a review to determine the extent of the underpayments. Based on preliminary analysis, Regis provided \$35 million as at 30 June 2021 in relation to the issue. While the review is ongoing, based on further analysis undertaken during the financial year, Regis has increased the provision to \$37.7 million at 30 June 2022.

### Workforce Challenge

- ▶ Workforce shortages are a major issue facing aged care providers and the health sector more broadly. The spread of the COVID-19 Omicron variant has placed additional strain on a workforce that had already been experiencing significant pressure.

### Oneview Healthcare PLC

- ▶ On 14 April 2022, Regis settled its dispute with Oneview Healthcare PLC, regarding an alleged breach of a collaboration agreement between the two parties. The terms of the settlement are confidential and did not have a material impact on Regis' 2022 financial results.

### Regulatory Penalty

- ▶ On 11 August 2022, the Aged Care Quality and Safety Commission (ACQSC) applied regulatory penalties to Regis Port Coogee of a Sanction and Notice to Agree (NTA). Regis has complied with all actions and requirements stipulated by the ACQSC under the NTA and will be seeking review of the Sanction.





Regis Brighton, Victoria

## Business Update

# Aged Care Environment Requires Adaptive Strategic Response

Pandemic has forced greater focus on tactical management of clinical and business outcomes

- Clinical training, controls, systems, reporting and governance
- Workforce management and support
- Procurement and operations, PPE hubs and vaccine rollouts
- Communications - residents, families, regulators, Government and other Providers

Management has ensured the 'urgent' has not crowded out the 'important'

- Investment in technology platforms
- Acquisition of greenfield development sites
- Enhanced clinical governance framework
- Reform readiness
- Partnerships

Continued to deliver on structured 3-year strategic plan which will keep Regis at the forefront of the best industry Providers



# Regis Culture of Care

*Regis continues to provide care that is safe, effective, integrated and personal*

## In Place:

- ▶ Board Clinical Governance and Care Committee
- ▶ Clinical Governance Framework
- ▶ Clinicians on Board and Executive
- ▶ Registered Nurses rostered at all homes 24/7
- ▶ Expert clinical support teams, including nurse on call program
- ▶ Sophisticated clinical, care and experience data insights
- ▶ Open disclosure, whistleblower and transparency processes
- ▶ Quality research projects with leading universities and partners
- ▶ Electronic clinical management system
- ▶ Expert catering teams, chefs and external dietitian
- ▶ Tailored lifestyle programs
- ▶ Additional services program
- ▶ All employees have vaccination against influenza

## FY22 Priorities:

### Complete

- ▶ All residents, employees and volunteers offered four doses (including booster and Winter booster) of COVID-19 vaccine
- ▶ Additional clinical, care and research partnerships
- ▶ Digital technology improvements to reduce administration burden and release more time to care (ongoing)
- ▶ Additional quality and safety indicators
- ▶ Consumer Engagement Strategy
- ▶ Research Strategy
- ▶ Electronic medication management system – to be implemented in H1 FY23

### In-Train

- ▶ Model of care reviews



# Positive People and Practice

*Regis People - attracting, developing, empowering and retaining the best talent*

## **In Place:**

- ▶ Fit for purpose training
- ▶ Scholarship Program for accredited training
- ▶ Expert clinical and portfolio support teams
- ▶ Confidential Employee Assistance Program (EAP)
- ▶ Wellbeing programs and supports, increased during COVID-19
- ▶ Diversity and inclusion policies and programs
- ▶ Annual reporting of pay equity
- ▶ Executive and manager health checks
- ▶ Regis Spirit program - appreciation, opportunity & community
- ▶ Annual engagement survey
- ▶ Performance review, development and talent mapping
- ▶ Career planning and progression across all roles
- ▶ >25,000 followers across social media channels

## **FY22 Priorities:**

### **Complete**

- ▶ Launched new leadership capability framework
- ▶ Additional academic and research partnerships
- ▶ External review of safety program and outcomes
- ▶ Occupational violence prevention program
- ▶ Full review of learning and development framework
- ▶ Aged Care Industry Voluntary Code of Practice

### **In-Train**

- ▶ Workforce strategy



# Ensuring Our Future

*Transformational change through digital enablers, operational excellence and growth*

## In Place:

- ▶ Strategic Plan
- ▶ Key participant in Aged Care Reform Network
- ▶ Home Care strategy
- ▶ Residential aged care
- ▶ Contracts with local and sustainable companies
- ▶ Cybersecurity strategy and maturity assessments
- ▶ Identification of market opportunities
- ▶ Continuous improvement and learning philosophies driven from Board and Executive through to frontline teams



## FY22 Priorities:

### Completed

- ▶ Removal of remaining triple and quad rooms
- ▶ Upgrades to finance system
- ▶ Preparation for new activity-based funding program
- ▶ Resident and family self-service application
- ▶ Brand refresh
- ▶ Additional research and innovation partnerships

### In-Train

- ▶ Strengthen data and predictive analytics
- ▶ Reassessment of climate risks
- ▶ Retirement Living strategy

# Aged Care Developments

*Regis has sites for greenfield developments and extension program for existing homes*

Development	State	Net Additional Places	Club Services	Development Approval	Provisional Allocation & Licences in Hand <sup>1</sup>	Update
Regis Camberwell	VIC	112	✓	✓	Partial	► To be recommenced Q1 FY23
Regis Toowong	QLD	120	✓	✓	✓	► To be tendered Q3 FY23
Regis Belrose	NSW	105	✓	✓	✓	► To be tendered Q3 FY23
Regis Carlingford	NSW	110	In progress	In progress	N/A	► Option taken over land subject to vendor gaining development approval by 30 June 2023
<b>Total greenfield</b>		<b>447</b>				
Regis Gatton (Extension)	QLD	30	-	✓	✓	► Received development approval ► On hold
Regis Playford (Extension)	SA	33	-	✓	✓	► Received development approval ► On hold
Regis Inala (Stage 1)	VIC	126	✓	✓	Partial	► On hold
Regis Greenmount (Stage 2)	WA	111	✓	✓	Partial	► On hold
<b>Total brownfield</b>		<b>300</b>				

<sup>1</sup>Bed licences not required from 1 July 2024 - refer page 35



# Environmental, Social and Governance (ESG)

## *Regis' environment, social and governance commitments*

### Circle of Care

- 30-year history of caring for older people
- Health, safety and wellbeing at work, at home and in the community
- COVID-19 preparations and response; surety of PPE supply for our workforce; balance of risk for our resident communities; importance of social connections; vaccination clinics
- Respectful workplaces; EAP support; Behaviours of Concern taskforce to reduce avoidable injuries
- NDIS training
- Consumer reference groups, consumer advisory committee

### Shared Value Creation

- Return to shareholders
- Employ ~8,500 people across Australia; Engagement Survey action plans in place; long standing development pathways, talent identification and career planning
- Support and trade fairly with local and national food, consumables and other providers; local construction and maintenance industries
- Work with partners who share our values and aspirations
- New partnership with the Shared Value Project

### Governance

- Diverse Board with Independent Chairman and Directors, Founders with 30-years experience and commitment and MD/CEO; skills matrix informed new Independent Director appointment
- Formal Board Committees, Charters and Policies with regular review
- Gender balanced Board and Executive; annual pay parity check
- Refreshed Risk Management Framework and Policy; reviewed risk appetite across all areas
- Independent whistle-blower and complaints provider
- External review of safety culture completed
- Payroll remediation project commenced

### Environment and Climate Change Resilience

- Reduced carbon emissions through solar panels and LED light programs
- Reviewed design standards for new facilities and refurbishments
- Recycling programs; waste reduction; edible gardens; worm farms
- Partnership with Turtle Tribe to procure biodegradable toothbrushes for our residents
- COVID-19 has required additional single use PPE, disposable crockery and cutlery, and generated increased clinical waste. Any changes to reduce environmental impact will be within appropriate safety parameters



Regis Port Coogee, Western Australia

# Outlook



# Outlook

## Performance

- ▶ Quality care, service and accommodation support occupancy
- ▶ Workforce strategy
- ▶ Upgrade of key business systems
- ▶ Clarity required regarding sector reforms

## Business Growth and Development

- ▶ Recommence greenfield development program at Camberwell
- ▶ Conserve balance sheet position to pursue opportunities when they arise
- ▶ Purchase land in target suburbs for future developments, as bed licences not required from July 2024
- ▶ Review Home Care expansion strategy against reforms

## Outlook

Given insufficient clarity over the financial impact of the new AN-ACC funding model, the ongoing challenges of the COVID-19 pandemic and labour shortages, the Board does not believe it prudent to put forward any earnings guidance at this stage. A business update will be provided at the Annual General Meeting to be held on 25 October 2022





Regis Hurstville, New South Wales

## Questions





Regis Blackburn, Victoria

# Appendices

# Appendix A: Income Statement

\$ millions	FY22	FY21
<b>Revenue from Services</b>		
Government revenue	517.9	499.9
Resident revenue	200.0	193.7
Other revenue	7.4	7.8
<b>Revenue from Services</b>	<b>725.3</b>	<b>701.4</b>
Other income <sup>1</sup>	71.6	83.0
<b>Total Revenue</b>	<b>796.9</b>	<b>784.4</b>
<b>Operating Expenses</b>		
Staff expenses	(550.4)	(521.1)
Resident care expenses	(59.2)	(53.3)
Administration expenses	(45.5)	(39.6)
Occupancy expenses <sup>2</sup>	(23.5)	(23.4)
<b>Total Operating Expenses</b>	<b>(678.6)</b>	<b>(637.4)</b>
Depreciation <sup>3</sup>	(42.1)	(43.9)
Amortisation <sup>4</sup>	(61.0)	-
Finance costs <sup>5</sup>	(70.4)	(74.0)
<b>Profit/(Loss) Before Tax</b>	<b>(55.2)</b>	<b>29.1</b>
Income tax (expense)/benefit	16.4	(9.2)
<b>Net Profit/(Loss) After Tax</b>	<b>(38.8)</b>	<b>19.9</b>

<sup>1</sup>Other income includes imputed income on RADs and Bonds of \$62.4 million (FY21: \$64.4 million) in accordance with AASB 16 *Leases*

<sup>2</sup>Occupancy expenses no longer includes the cost of operating leases as a result of the adoption of AASB 16 *Leases*

<sup>3</sup>Depreciation includes \$1.0 million (FY21: \$1.0 million) relating to right-of-use assets in accordance with AASB 16 *Leases*

<sup>4</sup>Amortisation of operational places from 1 October 2021 to 30 June 2024 on a straight-line basis in accordance with Accounting Standards - refer page 35

<sup>5</sup>Finance costs include \$62.4 million (FY21: \$64.4 million) of imputed interest charge on RADs and Bonds and \$0.3 million (FY21: \$0.4 million) of interest expense on leases payable in accordance with AASB 16 *Leases*

# Appendix B: Statement of Financial Position

\$ millions	FY22	FY21
Cash and cash equivalents	4.1	3.9
Trade and other receivables	17.9	9.1
Other current assets	11.5	8.9
Income tax receivables	7.2	-
<b>Total Current Assets</b>	<b>40.7</b>	<b>21.9</b>
Property, plant and equipment	1,109.2	1,101.6
Investment property	163.1	158.7
Right-of-use assets	4.3	5.0
Intangible assets	402.7	463.7
<b>Total Non-Current Assets</b>	<b>1,679.3</b>	<b>1,729.0</b>
<b>Total Assets</b>	<b>1,720.0</b>	<b>1,750.9</b>
Bank overdraft	11.4	14.9
Trade payables and other liabilities	62.1	52.7
Lease liabilities	1.1	1.1
Provisions	111.1	112.1
Other liabilities	1,312.3	1,227.9
Income tax payable	-	2.1
<b>Total Current Liabilities</b>	<b>1,498.0</b>	<b>1,410.8</b>
Interest bearing loans and borrowings	95.7	131.4
Provisions	5.8	7.3
Deferred tax liabilities	36.3	53.4
Lease liabilities	5.2	6.0
<b>Total Non-Current Liabilities</b>	<b>143.0</b>	<b>198.1</b>
<b>Total Liabilities</b>	<b>1,641.0</b>	<b>1,608.9</b>
<b>Net Assets</b>	<b>79.0</b>	<b>142.0</b>
Issued capital	273.6	273.5
Accumulated losses	(97.6)	(34.3)
Reserves	(97.0)	(97.2)
<b>Total Equity</b>	<b>79.0</b>	<b>142.0</b>

# Appendix C: Cash Flow Statement

\$ millions	FY22	FY21
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and Government subsidies	713.6	696.5
Payments to suppliers and employees	(671.2)	(620.3)
<b>Operational Cash Flows Before Interest, Income Tax, and RADs</b>	<b>42.4</b>	<b>76.2</b>
Finance costs paid	(7.8)	(9.2)
Income tax paid	(10.0)	(1.7)
<b>Net Cash Flows from Operating Activities before RADs</b>	<b>24.6</b>	<b>65.3</b>
RAD and accommodation bond cash inflows	408.4	370.4
RAD and accommodation bond cash outflows	(324.5)	(332.7)
Entry contribution inflows	12.4	5.9
Entry contribution outflows	(6.1)	(3.9)
<b>Net Cash Flows from Operating Activities</b>	<b>114.8</b>	<b>105.0</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property, plant and equipment	-	26.2
Purchase of property, plant and equipment	(47.2)	(17.3)
Capital expenditure in relation to investment property	(1.4)	(1.4)
Purchase of businesses, net of cash acquired	-	-
<b>Net Cash Flows from/(used in) Investing Activities</b>	<b>(48.6)</b>	<b>7.5</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from / (repayments of) bank borrowings	(36.5)	(100.4)
Dividends paid	(24.5)	(18.1)
Payment of lease liabilities	(1.4)	(1.0)
<b>Net Cash Flows from/(used in) Financing Activities</b>	<b>(62.4)</b>	<b>(119.5)</b>
Net increase/(decrease) in cash and cash equivalents	3.8	(6.9)
Cash and cash equivalents at the beginning of the period	(11.0)	(4.1)
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>(7.2)</b>	<b>(11.0)</b>



# Appendix D: Non-IFRS Reconciliation

\$ millions	FY22	FY21
<b>Profit/(Loss) Before Tax</b>	<b>(55.2)</b>	<b>29.1</b>
Depreciation	42.1	43.9
Amortisation <sup>1</sup>	61.0	-
Finance costs	70.4	74.0
<b>Reported EBITDA (post-AASB 16)</b>	<b>118.3</b>	<b>147.0</b>
<b>Add/(deduct) one-off items:</b>		
COVID-19 Government funding and grants	(3.3)	(11.9)
COVID-19 outbreak expenses	27.8	11.8
Professional services costs incurred in relation to potential underpayments program of work	2.2	-
Net fair value gain on investment property	(3.0)	(9.2)
Profit on sale of assets	-	(2.8)
Cyber-security incident costs	-	0.7
Impact of regulatory penalties	-	2.2
<b>Underlying EBITDA<sup>2</sup> (post-AASB 16) excluding one-off/non-recurring items</b>	<b>142.0</b>	<b>137.8</b>
RAD/Bond imputed income (AASB 16 impact)	(62.4)	(64.4)
Operating lease expense (AASB 16 impact)	(1.5)	(1.3)
<b>Underlying EBITDA<sup>2</sup> (pre-AASB 16) excluding one-off/non-recurring items</b>	<b>78.1</b>	<b>72.1</b>

<sup>1</sup>Amortisation of operational places from 1 October 2021 to 30 June 2024 on a straight-line basis in accordance with Accounting Standards. Refer page 35

<sup>2</sup>Refer page 37 for definition of Underlying EBITDA

## Appendix E: Deregulation of Operational Places

- ▶ In response to the Royal Commission into Aged Care Quality and Safety's final report, the former Australian Government announced in the 2021-22 Federal Budget that it would be investing \$17.7 billion into an aged care reform package. As part of this package, there will be no further Aged Care Approval Rounds (ACAR). From 1 July 2024, residential aged care places (operational places or bed licences) will be assigned directly to senior Australians, giving consumers more control to choose an approved provider that best suits their residential aged care needs
- ▶ As a result of the Australian Government's decision to discontinue operational places from 1 July 2024, and in accordance with Accounting Standards and the guidelines issued by the Australian Securities and Investments Commission ("ASIC"), Regis has reassessed and commenced amortising the value of operational places from 1 October 2021 on a straight-line basis over their remaining economic life to 1 July 2024. This has resulted in a before tax amortisation expense in the profit and loss for the year ended 30 June 2022 of \$61.0 million with no impact to the cash flows of the Group
- ▶ The intended market deregulation of operational places presents new opportunities for Regis to invest in geographic areas previously not open to the business. The removal of operational places will most likely increase competition around quality of care, service and accommodation, which should be an advantage to providers such as Regis that have a strong balance sheet and access to capital to further develop the sector

Consolidated Statement of Profit or Loss - For the year ended 30 June 2022	
\$ millions	FY22
Amortisation of operational places	(61.0)
Reversal of related deferred tax liability	18.3
<b>Impact on Profit/(Loss) after tax for the Period</b>	<b>(42.7)</b>

# Appendix F: Regis is a Leading Residential Aged Care Provider

*Operates a network of 64 residential homes located across Australia*

## Key statistics<sup>1</sup>

**One of the largest** providers in Australia<sup>2</sup>

**~7,000** available operational places

**64** residential aged care homes (64 freehold sites)

**~6,000** number of single rooms

**111** average number of places per home

**92%** single rooms as a percentage of total rooms

**~8,500** employees

## Regis home network<sup>1</sup>



<sup>1</sup>As at 30 June 2022

<sup>2</sup>Based on number of operational places

## Appendix H: Definitions of Non-IFRS Financial Measures

**FY21** means full-year ended 30 June 2021

**FY22** means full-year ended 30 June 2022

**Capital expenditure** represents payments for property, plant and equipment

**Reported EBITDA** refers to earnings before interest, tax, depreciation and amortisation

**Underlying EBITDA** refers to earnings before interest, tax, depreciation and amortisation, excluding imputed income on RADs and Bonds, COVID-19 outbreak expenses and other one-off items, and including operating lease expense

**Net Debt** is calculated as interest-bearing liabilities, less cash and cash equivalents

**NPATA** refers to NPAT before amortisation of operational places

**NPAT** refers to net profit after income tax

**ROI** refers to return on investment

**PPE** refers to personal protective equipment

**PP&E** refers to property, plant & equipment

**ACFI** means Aged Care Funding Instrument

**AN-ACC** means Australian National Aged Care Classification

**COPE** means Commonwealth Own-Purpose Expense

**PCP** means prior corresponding period

**Operational Places** means a residential aged care place that is allocated to an approved provider under the Aged Care Act 1997 is available for a person to receive care, and attracts Government funding

**RAD** means 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 repayable when the care recipient discharges; the care recipient ceases to be provided with care by the Approved Provider; or the service ceases to be certified

**DAP** means a daily accommodation payment, being a rental-style, non-refundable daily payment to pay for accommodation. The DAP is calculated based on the refundable deposit multiplied by the maximum permissible interest rate and divided by 365 days

**MPIR** means the maximum permissible interest rate calculated in accordance with Section 6 of the Fees and Payments Principles 2014 (No. 2) (Aged Care Act)

**Leverage Ratio** Leverage ratio is calculated as underlying EBITDA on a rolling 12-month basis as a ratio to net debt



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## Non-IFRS Financial Information

This presentation uses Non-IFRS financial information including capital expenditure, EBIT, reported EBITDA, underlying EBITDA, NPATA, operating cash flow, net debt and leverage ratio. These terms are Non-IFRS measures used by the Group, the investment community and Regis Healthcare's Australian peers with similar business portfolios. Regis Healthcare uses these measures for its internal management reporting as it better reflects what Regis Healthcare considers to be the underlying performance of the Group.