

ESTIA UNAUDITED 1H FY2015 PRO FORMA RESULTS

Highlights

- 1H FY2015 Pro Forma Earnings Before Interest and Tax (EBIT) of \$28.5m and Revenue of \$137.2m
- Estia on track to meet Prospectus FY2015 Forecast Pro Forma EBIT and Revenue
- Aged Care Funding Instrument (ACFI) subsidies increased to \$165.75 per day 1H FY2015 (\$170.56 per day in December 2014) as the proportion of high care residents has grown to 91.3% across the portfolio
- High occupancy levels at 93.4% 1H FY2015 (94.1% in December 2014) up from 89.3% in FY2014 Actual – driven by ongoing demand for single rooms (92% single rooms in Estia portfolio)
- Average new Refundable Accommodation Deposit (RAD) of \$320,000 since 1 July 2014 (FY2015 Forecast of \$238,000) and up from \$221,000 in August 2014
- Employee costs at 58.4% of revenue lower than FY2015 Forecast of 59.1%

Estia Health Limited (ASX:EHE) today announced unaudited First Half-year (1HY) results for 2015, with the company on track to meet its Prospectus FY2015 Forecast Pro Forma EBIT and Revenue of \$60.6m and \$296.4m respectively. Full statutory results to be released on 19 February 2015 as previously advised through ASX.

Strong revenue growth across the Group is being underpinned by two factors: the ramp-up of Occupancy in facilities to 94.1% in December coupled with increasing acuity of residents, with 91.3% of all residents now receiving high care subsidies. The Living Longer Living Better (LLLb) Reforms are resulting in a significant increase in the proportion of residents requiring high care in Estia's nursing homes, with care subsidies rising to \$170.56 per day in December 2014 (up 9.6% from June 2014, including 4.2% Government increase).

Fundamental to the LLLB Reform is an increase in the choices that older Australians now have in paying for their accommodation. Estia has seen the proportion of people paying wholly or in-part by Refundable Accommodation Deposits (RAD) increase to 46.8% at 31 December 2014 from 44.2% at 30 June 2014 (FY2015 Forecast of 48.6%). The average new RAD received in the period was \$320,000 (FY2015 Forecast of \$238,000). The increase in RADs from \$221,000 in August 2014 remains a focus of the Estia Leadership Team and directly reflects Estia's high quality portfolio, with 92% single rooms.

Chief Executive Officer of Estia Health, Paul Gregersen said: "The factor that will continue to drive out-performance and strong sustainable earnings is a high quality portfolio of single rooms. First and foremost, people want the privacy and dignity of a single room and this is the primary motivating factor that has seen occupancy increase from 89.3% to 93.4% over the last six months as we continue ramping-up."

Estia continues to focus on efficiency of operations with employee costs at 58.4% of Revenue (FY2015 Forecast 59.1%). Consequently, with strong revenues and an efficiency focus, Estia EBIT of \$28.5m is on track for Prospectus EBIT FY2015 Forecast - without accounting for any contribution from the acquisition announced last month which is expected to complete in April 2015.

Estia will provide further information to investors, including detail in relation to the growth strategy across the group and its progress with integration and systems roll-out, at the scheduled interim results announcement on 19 February at 08.45am.

Attachments

Table A – Pro-forma Income

Table B – Pro-forma Cash Flow

28 January 2015

-ENDS-

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TABLE A – UNAUDITED PRO FORMA INCOME

	Pro Forma Historical ¹			Pro forma Actual ² 1H FY2015F	Pro forma Forecast ¹ 1H FY2015F	Pro forma Forecast ¹ FY2015
\$ million	FY2012	FY2013	FY2014			
Total revenue	163.7	178.4	219.0	137.2	137.5	296.4
EBITDA³	36.5	40.8	46.9	33.1	32.7	70.2
EBIT⁴	28.9	33.8	38.4	28.5	28.2	60.6

TABLE B – UNAUDITED PRO FORMA CASH FLOW

	Pro Forma Historical ¹			Pro forma Actual ² 1H FY2015F	Pro forma Forecast ¹ 1H FY2015F	Pro forma Forecast ¹ FY2015
\$ million	FY2012	FY2013	FY2014			
Net cash flows from operations	35.3	35.6	48.7	48.3	31.4	66.6
Net accommodation bond / RAD⁵ related cash flows	21.0	22.1	50.6	30.7	18.1	32.7

¹ Pro Forma Historical Financial and Forecast Financial Information is consistent with the information disclosed in the Prospectus lodged 3 December 2014.

² Pro Forma Actual has been prepared consistent with the assumptions set out in the Prospectus lodged 3 December 2014.

³ Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") has been prepared consistent with the assumptions set out in the Prospectus lodged 3 December 2014.

⁴ Earnings before Interest and Tax ("EBIT") has been prepared consistent with the assumptions set out in the Prospectus lodged 3 December 2014.

⁵ Refundable Accommodation Deposit ("RAD") has been prepared consistent with the assumptions set out in the Prospectus lodged 3 December 2014.

Consistent with the assumptions set out in the Prospectus lodged 3 December 2014, Pro Forma EBIT has been calculated to include the operations of Padman Health Care and Cook Care from 1 July 2014 (both of which were acquired 31 July 2014) and excludes the costs of the offer under the Prospectus, assumed to have been completed at 30 June 2014.