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ESTIA HEALTH FY18 FULL-YEAR EBITDA RISES TO $90.1M, IN LINE WITH GUIDANCE

Estia Health Limited (ASX: EHE), one of Australia's largest aged care providers, today reported Full Year EBITDA rose to $90.1 million, in line with guidance, as the company continued to achieve revenue growth while containing costs and executing its strategy of expanding and improving its portfolio.

FY18 Highlights

- Full-Year average occupancy of 94.2% achieved
- EBITDA increased by 4.1% to $90.1 million[1]
- NPAT increased by 1.1% to $41.2 million
- Operating revenue increased by 4.3% to $547.1 million
- Net RAD receipts of $62.8 million
- Net bank debt reduced to $63.8 million, equivalent to 0.7 times EBITDA
- $4.4 million of sustainability capital investment program completed, and further investment in FY19
- Expanded and enhanced portfolio – 2 new homes opened and 3 developments commenced
- Board, Executive and Leadership team renewal completed
- Fully franked final dividend of 8.0 cents/share declared (100% NPAT)

Estia Chief Executive Officer Norah Barlow said the result reflected the impact of Estia's well-executed business stabilisation strategy, with improvements across a number of critical metrics including average occupancy on mature homes and operating revenue.

"We have worked hard to optimise occupancy over the past 18 months, with the combination of a strong local community engagement program and investment in improving and enhancing our homes helping achieve average occupancy of 94.2% in a competitive environment," Mrs Barlow said.

"Every decision Estia makes is ultimately driven by ensuring we deliver quality care for more than 8,000 residents annually and being the provider of choice in the communities in which we operate.

"We managed to sustain EBITDA margins despite staff cost pressures while achieving further improvements in non-wage costs, and our balance sheet remains strong.

"We focused on expanding our portfolio in strategically important locations, opening two new homes at Twin Waters on the Sunshine Coast, and Kogarah in Sydney. Three new homes at Blakehurst in Sydney, Southport on the Gold Coast and Sunshine Cove on the Sunshine Coast also began construction in the year. We continued to invest in improving the quality of our existing homes.

[1] EBITDA is a measure consisting of earnings before interest, tax, depreciation, amortisation and gains on sale of non-current assets. Includes $0.7 M start-up costs for Twin Waters (opened September 2017)

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"We are confident about the future of the company and the fundamentals of the industry in which we operate. The past 12 to 18 months has seen us shift from stabilising the business to optimising its financial and operating performance and ensuring Estia is in a position to capture the tremendous growth opportunities that exist, now and in the future."

Portfolio Expansion and Enhancement

During the year Estia opened the 114-bed Twin Waters home in Queensland in September 2017, and the 72-bed Kogarah home in New South Wales in March 2018, on budget and on schedule. Both homes performed strongly during the period surpassing occupancy forecasts.

Construction began on new homes in Blakehurst (New South Wales), Southport (Queensland), and Sunshine Cove (Queensland) during 2H FY18 and these homes are expected to open in mid-2019, adding another 341 new beds. Two new homes in Wollongong and St Ives (totaling 244 beds, both in New South Wales) are in advanced stages of planning and subject to final investment decision.

Estia continued to progress its significant refurbishment program during the year, completing five homes with a total of 466 beds, bringing the total number of refurbished homes to 19, with 1,898 beds eligible for the Higher Accommodation Supplement. An additional 13 homes are underway with their significant refurbishment programs.

Capital Management

Strong operating cash flow conversion of EBITDA and solid net RAD inflows continued to underpin Estia's balance sheet.

Estia continued to significantly reduce its debt during the period with net bank debt standing at $63.8 million at 30 June 2018, representing a gearing ratio of 0.7 times EBITDA.

Estia has total debt facilities of $330 million.

Dividend

Estia is pleased to announce it has declared a final dividend of 8.0 cents per share, fully-franked, representing a payout ratio of 100% of Net Profit After Tax for the period. The record date for the dividend is 7 September 2018, with payment to be made on 28 September 2018.

Outlook

Commenting on Estia's outlook for FY19 Mrs Barlow said:

"Succession planning has been a core focus for the Estia Board following completion of its renewal process in July 2017. Last month we announced the promotion of Estia Chief Operating Officer/Deputy CEO Ian Thorley to the CEO role when I step down at the end of the year and that Sean Bilton, former Acting Managing Director of Opal Aged Care, will move into the Deputy CEO/COO role at this time. This will result in a seamless transition when Ian takes the helm in November."

"Estia will continue to focus on optimising its performance over the next 12 months and executing our expansion and refurbishment plans for existing homes, which will be a major source of future earnings growth.

"We expect to continue our significant capital program with investment of up to $115 million during FY19. We have a strong balance sheet and undrawn banking facilities to support this investment.

"Estia expects to deliver mid-single digit percentage increase in EBITDA on its existing portfolio of homes in FY19, subject to no material changes in market or regulatory conditions."

-ENDS-

Further Inquiries:

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Investor and Analyst Teleconference Details:

Estia CEO Norah Barlow, CFO Steve Lemlin and COO/Deputy CEO Ian Thorley will host an analyst and investor conference call commencing at 9:00am (AEST) today which will also be webcast.

Dial in details: Australia 1800 123 296 or 02 8038 5221
Conference call: 3155577
Webcast can be viewed at: https://webcast.openbriefing.com/4633/