



Estia Maroochydore (QLD)

FY19 Full Year Results Presentation

20 August 2019

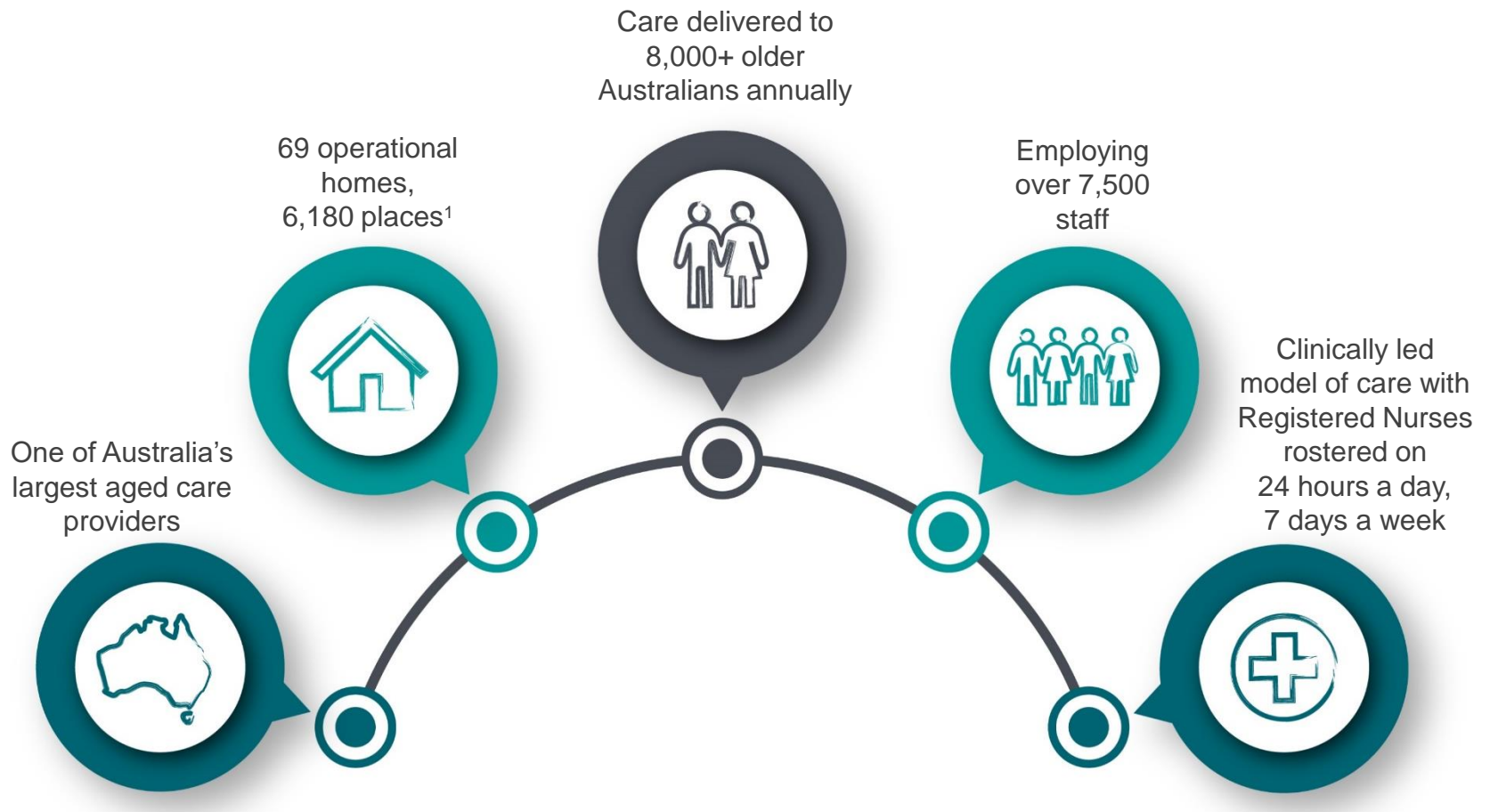
Contents

1. Overview and highlights
2. Financial performance
3. Growth and developments
4. Operations
5. Industry landscape and outlook
6. Appendices



1. Overview and highlights

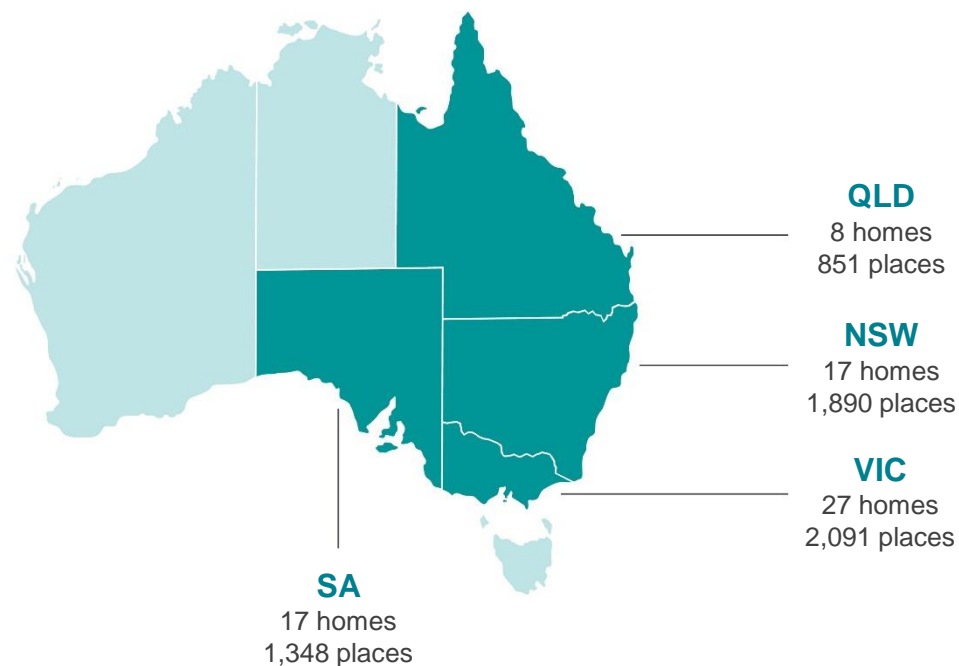
Delivering trusted high quality residential aged care to older Australians



Portfolio Overview

Key Portfolio Statistics (as at 16 August 2019)

Number of homes	
Metro	53
Regional	16
Total number of operational homes	69
Freehold sites	62
Total operational places – 30 June 2019 ¹	6,102
Total operational places – 16 August 2019 ²	6,180
Number of single rooms	5,091
Single rooms as percentage of total rooms	91%
Average number of places per home	90
Number of homes receiving significant refurbishment supplement	34



1. Total operational places at 30 June 2019 as shown in Appendix H for mature and new homes.

2. Total operational places reflects the removal of 48 beds on 1 July 2019 from the mature home portfolio and the new Maroochydhore home (126 beds) which opens for first residents on 26 August 2019.

FY19 Highlights

EBITDA¹ of \$94.0m in line with revised Guidance² – a 4.3% increase on FY18

EBITDA on mature homes¹ of \$86.6m in line with revised Guidance²

NPAT of \$41.3m - 0.3% increase from FY18

Full year average occupancy on mature homes of 93.6%, reduction of 0.6% to FY18. Spot occupancy at 16 August 2019 - 94.1%

Net RAD inflows of \$14.6m in the year, with a RAD balance of \$805.0m at 30 June 2019

Net bank debt of \$110.4m at 30 June 2019 representing a gearing ratio of 1.3X EBITDA. Banking facilities were extended on 16 August 2019 with an expiry of 16 November 2022

\$93.8m of capital invested in new homes, significant refurbishments, sustainability projects and asset replacement and improvement

New 110 bed home at Southport opened 27 May 2019 on schedule and budget.
New 126 bed home at Maroochydore due to open on schedule and budget on 26 August 2019

Contract executed to acquire 108 licences and a new greenfield site in the Maitland (NSW) region³

Fully franked final dividend of 7.8cps declared, FY19 total dividend 15.8cps representing 100% of NPAT

Subject to no material changes in market or regulatory conditions, and excluding the impact of the new homes at Southport, and Maroochydore and, excluding the impact of any further direct costs associated with the Royal Commission, the Group expects FY20 EBITDA on mature homes to be in the range of \$86m to \$90m



Estia Grovedale (VIC)

1. A reconciliation of Operating Profit to EBITDA and EBITDA on mature homes is provided in Appendix B. Mature homes are homes that have been opened for more than 12 months or if open for less than 12 months have greater than 85% occupancy at the commencement of the financial year.
2. Guidance refers to earnings guidance provided in the ASX Release "Trading Update" dated 24 May 2019.
3. Contract subject to closing terms and conditions (including the transfer of licences) and is expected to be completed by 31 December 2019.

FY19 Financial Overview

93.6%

AVERAGE OCCUPANCY IN PERIOD

Down 0.6% on FY18

\$586.0m

Total REVENUE¹

Up 7.1% on FY18

\$94.0m

TOTAL EBITDA²

Up 4.3% on FY18

\$96.1m

OPERATIONAL CASHFLOWS³

~100% EBITDA to cash conversion

\$14.6m

FY19 NET RAD INFLOW

\$110.4m

NET BANK DEBT⁴

Undrawn debt facilities of \$201.0m

\$93.8m

CAPITAL INVESTMENT

\$41.3m

NPAT

Up 0.3% on FY18

7.8cps

FULLY FRANKED FINAL DIVIDEND

15.8cps total dividend FY19 ~ 100% of NPAT

1. Total revenue includes the \$10.3m temporary funding increase.
2. A reconciliation of operating profit to EBITDA is presented in Appendix B.
3. Operational cash flow before interest, income tax and RADs.
4. Net Bank Debt is defined as bank borrowings and overdrafts less cash balances.

FY19 Operational Review

Sector and Regulatory Environment

- Challenging and difficult environment as regulatory constraints on revenue and higher costs continue to impact financial sustainability of the sector with an increasing number of providers being unprofitable
- Sector reform proposals released for discussion in relation to capital adequacy, ACFI replacement, licence supply
- Royal Commission into Aged Care continues – Interim Report due October 2019
- Sector occupancy and RAD preference rates are declining across the sector

Quality and Accreditation

- Increased frequency and duration of accreditation visits during FY19
- Preparation and implementation for new standards effective 1 July 2019
- 101 accreditation reviews were undertaken in the period
- 10 homes had unmet outcomes reported in the period and were all resolved within the required timeframes
- No homes have been or are under sanction

Financial Performance

- Average occupancy during the year was 93.6%
- EBITDA¹ of \$94.0m was an increase of 4.3% compared to FY18
- EBITDA¹ on mature homes, excluding Temporary Funding, was \$86.6m
- Royal Commission costs in the period were \$1.7m
- Net costs of new homes in ramp-up during the period were \$0.7m
- Costs of closure of Mona Vale were \$0.5m
- Temporary funding increase contributed \$10.3m to revenue in April to June

Expanding and Improving our Portfolio

- Twin Waters and Kogarah fully ramped up since early FY19 ahead of expectations achieving top quartile performance
- New home at Southport opened May 2019 and Maroochydore to open August 2019
- \$47.0m of investment in new homes
- \$15.5m of investment in significant refurbishments

Leadership and People

- CEO transition and COO/Deputy CEO appointment completed
- Board rotation and renewal – Karen Penrose appointed NED October 2019
- Leadership development programs continue to develop our people and capability
- LTIFR (12 month rolling average) 7.6
- Overall staff turnover 21%



1. A reconciliation of operating profit to EBITA is presented in Appendix B.



2. Financial performance

Summary P&L Account

	FY19 12 months \$'000	FY18 12 months \$'000	FY19 vs FY18
Government revenue	427,909	401,404	6.6%
Resident and other revenue	147,594	141,656	4.2%
Total operating revenues	575,503	543,060	6.0%
Employee benefits expenses	385,671	356,566	8.2%
Non-wage costs	103,257	95,671	7.9%
EBITDA - mature homes	86,575	90,823	(4.7%)
Temporary funding increase	(10,336)	-	
Royal Commission expenses	1,721	-	
Net loss in period from homes in ramp-up	685	740	(7.4%)
Home closure expenses	538	-	
EBITDA	93,967	90,083	4.3%
Depreciation, amortisation and impairment expenses	29,184	26,002	12.2%
Profit/(Loss) on sale of non-current assets	36	363	
Operating profit for the period	64,819	64,444	0.6%
Net finance costs	6,990	7,279	(4.0%)
Profit before the period	57,829	57,165	1.2%
Income tax expense	16,539	16,011	3.3%
Profit for the period	41,290	41,154	0.3%
Total Occupied Bed Days	2,065,338	2,048,255	0.8%

Highlights

- Total operating revenue growth of 6.0%, driven by ~17,000 more occupied bed days, partial re-introduction of ACFI indexation, and the impact of the significant refurbishment programs
- Employee costs reflect full year impact of additional costs from new homes opened in FY18, EBA increases and sustained investment in care, quality, compliance and admissions/occupancy programs
- Non-wage cost increases reflect full year impact of additional costs from new homes opened in FY18, increased compliance costs and inflation/CPI on resident and occupancy related costs
- EBITDA on mature homes fell 4.7% to \$86.6m
- Depreciation expense increases reflects impact of new homes, increased charges from significantly refurbished homes, and accelerated depreciation from early closure of old homes. New homes are depreciated at a full rate once open
- Finance costs reduction resulting from lower interest rates offsetting higher debt levels
- Operating profit for the period of \$64.8m broadly in line with FY18

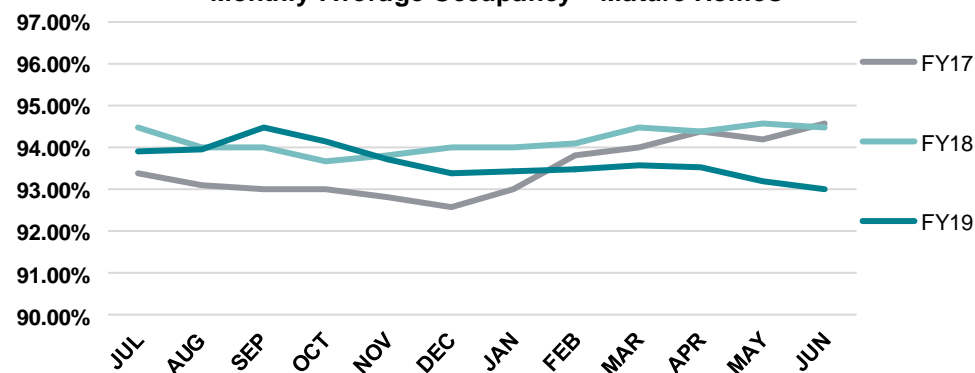
Key P&L Operating Metrics – Mature Homes

	FY19 12 months \$'000	FY18 12 months \$'000	FY19 vs FY18
Occupancy Statistics - mature homes			
Total Operational Bed days	2,205,170	2,159,134	2.1%
Total Occupied Bed Days	2,064,574	2,033,116	1.5%
Occupancy	93.6%	94.2%	(0.6%)
Revenue statistics - Per Occupied Bed Day ("POBD")			
Government revenue	\$207.3	\$197.4	5.0%
Resident revenue	\$71.5	\$69.7	2.6%
Total revenue	\$278.8	\$267.1	4.4%
Costs statistics - Per Operational/Available Bed Day			
Staff costs	\$174.9	\$165.1	5.9%
Non-wage costs (excl. facility rentals)	\$44.5	\$42.0	6.0%
Total costs (excl. facility rentals)	\$219.4	\$207.1	5.9%
Annual average EBITDA per Occupied Bed - mature homes			
	\$15,306	\$16,053	(4.7%)
Total staff cost % of revenue ¹	67.0%	65.7%	
Non-wages costs (excl. facility rentals) % of revenue ¹	17.1%	16.7%	
EBITDA % of revenue¹			
	15.0%	16.7%	

Highlights

- Average occupancy on mature homes for the year has fallen to 93.6% with a period end occupancy of 92.4%
- Since 30 June occupancy has increased and at 16 August was 94.1% representing 5,594 residents
- 1% movement in occupancy results in a movement in EBITDA of ~\$5.0m/pa, because marginal reductions in occupancy levels do not lead to a corresponding reduction in staffing levels and costs
- Government revenue per bed day increased as a result of the partial re-introduction of ACFI indexation, and contributions from the higher accommodation supplements at refurbished homes
- Resident revenue was impacted by higher concessional mix, competitive environment and regulatory constraints
- Increases in staff costs reflects the costs of sustaining quality care and support, the costs of EBA increases and higher compliance costs
- Non-wage costs reflects increased compliance and accreditation costs, new standard costs and inflation/CPI pressures on resident and occupancy
- Staff costs remain within our expected range of 65-67%
- EBITDA per Occupied Bed per year fall restricted to 4.7% to \$15,306.

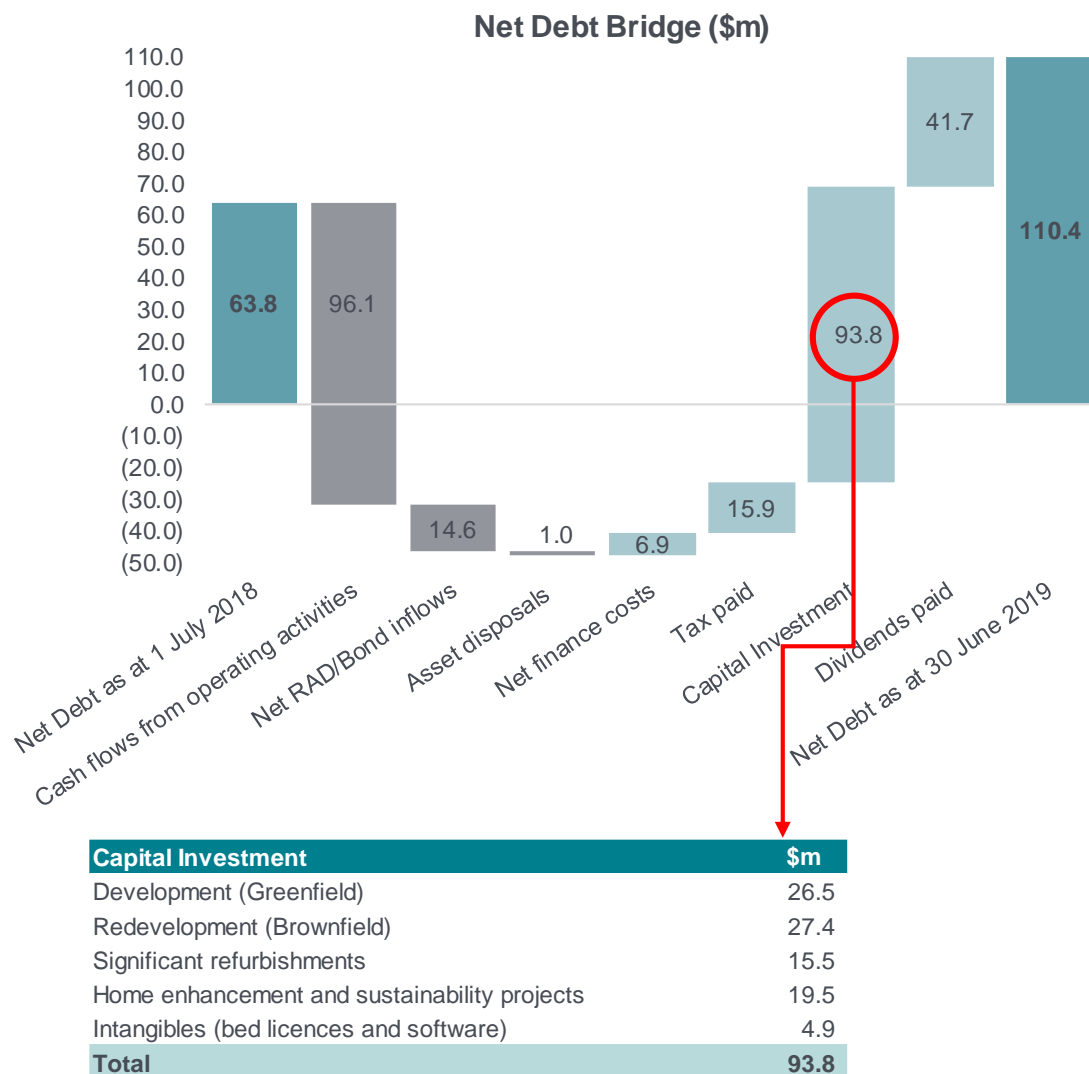
Monthly Average Occupancy - Mature Homes²



1. Excludes the impact of the temporary funding increase, Royal Commission expenses, new home ramp-up expenses and home closure costs.

2. FY18 excludes Twin Waters. FY19 excludes Southport.

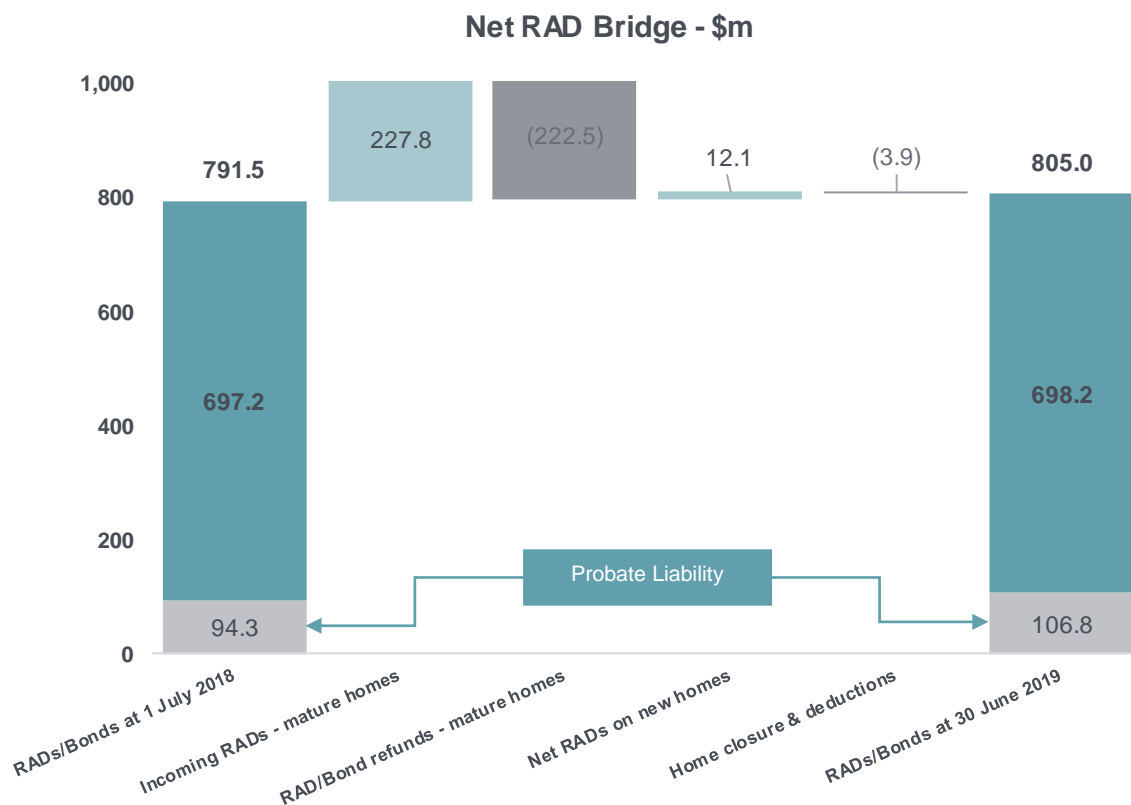
Balance Sheet, Net Debt and Cash Flow



Highlights

- Net debt of \$110.4m at 30 June 2019, of which \$42.3m was drawn for development work in progress
- Bank debt gearing ratio of 1.3X EBITDA at 30 June 2019
- Strong, well-capitalised balance sheet with total assets of \$1,894.8m supported by \$761.5m of shareholders' funds
- Sustained high level of EBITDA-cash conversion
- Overall Net RAD/Bond inflow of \$14.6m
- Bank facilities total \$330.0m with undrawn capacity of \$201.0m providing capacity to absorb short-term RAD movements without adversely impacting on investment and development programs
- Banking facilities were extended on 16 August 2019 expiring in November 2022.
- Prudential Liquidity Policy maintained at a minimum of 5% of RAD/Bond balances

RADs and Bonds



Highlights

- Incoming RADs from mature homes were \$227.8m, with an average incoming price of \$417k, an increase from FY18
- RAD refunds at mature homes were \$222.5m in total, at an average price of \$352k
- Net incoming RADs from new homes opened in FY18 and FY19 (Kogarah, Twin Waters and Southport) were \$12.1m
- RAD refunds resulting from the closure of the Mona Vale home were \$2.8m
- The RAD balance including probate liability increased to \$805.0m, with the balance associated with current residents remaining relatively constant at \$698.2m, despite lower resident numbers compared to June 2018
- Average incoming RAD prices continue to increase and remain significantly higher than the average refunded RAD/Bond refunds

Total RAD/Bond Pool at period end (\$m)	30-Jun-19	30-Jun-18
Pre-July 2014 Bonds for current residents	88.9	131.5
Post-July 2014 RADs for current residents	609.4	565.7
Total relating to current residents	698.2	697.2
Total relating to former residents pending refund	106.8	94.3
Total	805.0	791.5

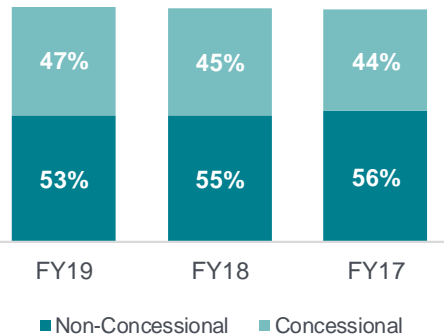
RADs/Bonds	FY19	FY18
Number of paid RADs/Bonds	2,671	2,728
Average RAD/Bond held	\$301,398	\$290,142
Average incoming RAD	\$416,878	\$413,667
Average outgoing RAD/Bond	\$352,232	\$344,882

Resident Profile at Period End

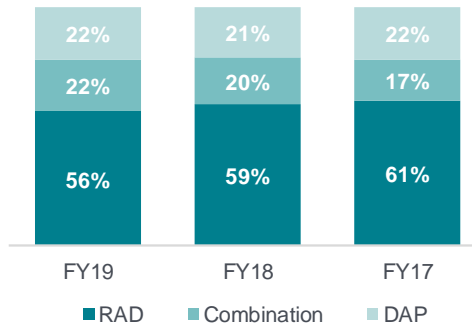
Number of Residents	FY19	FY18	FY17
RAD	1,560	1,754	1,827
Combination	601	577	521
DAP	609	623	668
Total Non-Concessional	2,770	2,954	3,016
Concessional	2,500	2,473	2,300
Other	20	28	41
Total Permanent Residents	5,290	5,455	5,357
Respite	282	225	252
Total Residents	5,572	5,680	5,609

% of Permanent Residents	FY19	FY18	FY17
RAD	30%	32%	34%
Combination	11%	11%	10%
DAP	12%	11%	12%
Non-Concessional	53%	54%	56%
Concessional	47%	45%	43%
Other	0%	1%	1%
Total Permanent Residents	100%	100%	100%

Resident Mix
(Permanent Residents)



Non-Concessional Residents
Payment Preference



Comments

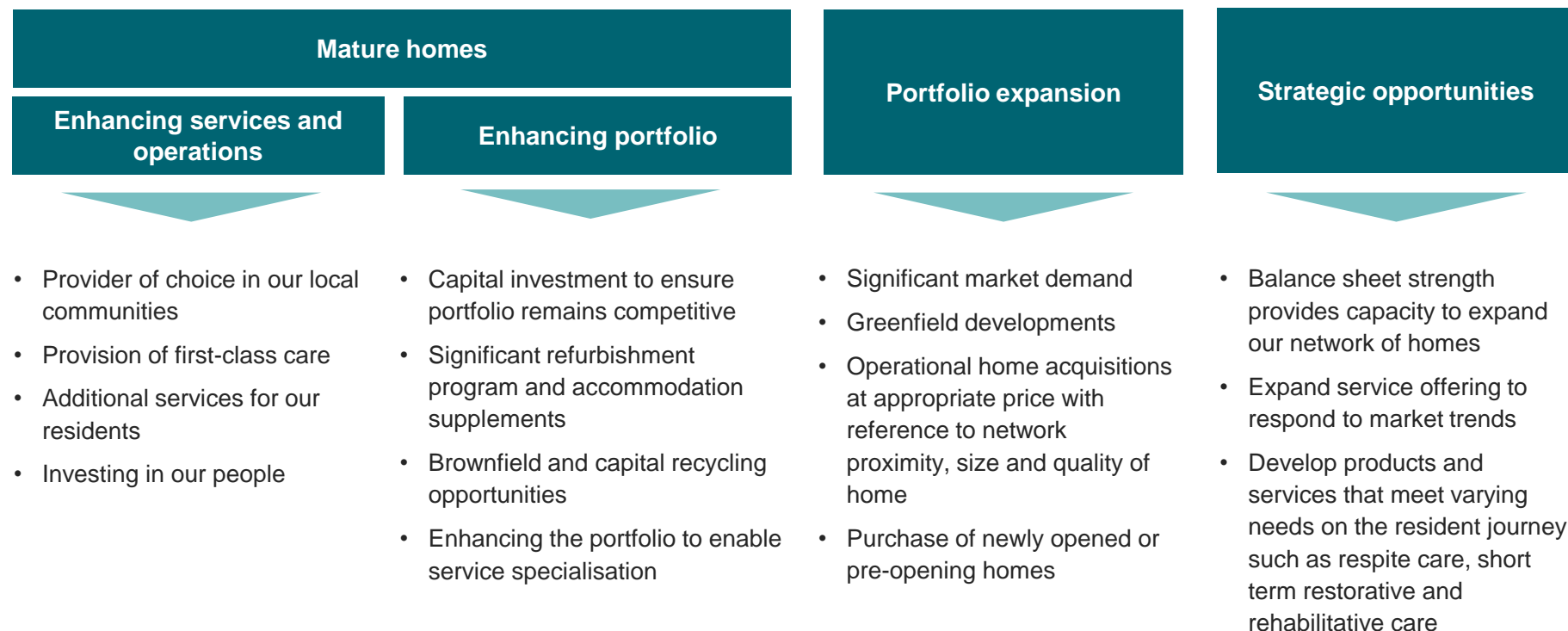
- Decrease of 108 residents in overall resident population, largely from non-concessional residents
- Increase in concessional population from 45% to 47%
- Increase in RAD/DAP combinations from 20% to 22%
- Decrease in RAD preference of non-concessional residents from 59% to 56%
- Declining RAD preferences are consistent with sector-wide trends



3. Growth and developments

Estia Twin Waters (QLD)

Delivering solid and sustainable growth to create value for our shareholders



Estia's growth, redevelopment and refurbishment strategy increases capacity and improves asset quality.

Capital Investment

Investment of **\$93.8m FY19** (\$61.3m FY18) resulting in increased bed capacity while continuing the organisation's refurbishment program focussed on enhancing the resident experience

Development (Greenfield)

FY19 Investment of \$26.5m

- Completion of Maroochydore, QLD
- St Ives, NSW
- Wollongong, NSW

FY20 Investment Guidance \$30-\$40.0m

- Progression of St Ives, Wollongong and Maitland
- Additional developments under assessment

Redevelopment (Brownfield)

FY19 Investment of \$27.4m

- Completion of Southport, QLD
- Continuation of existing committed works program

FY20 Investment Guidance \$40-\$50.0m

- Progression of Blakehurst, Aldgate and Burton
- Brownfield developments of existing homes under assessment

Refurbishment (Significant, Strategic and Lifecycle)

FY19 Investment of \$39.9m

- 13 homes with 1,105 beds significantly refurbished during the year (\$15.5m)
- Home enhancement, asset lifecycle replacements and sustainability (\$19.5m)
- Intangible investment (bed licences and software) (\$4.9m)

FY20 Investment Guidance \$50-\$60.0m

- 15 additional homes with 1,562 beds to be significantly refurbished
- Further strategic refurbishments
- Sustainability projects ~\$5m

By targeting a combined growth, redevelopment and refurbishment strategy Estia is able to increase capacity while maintaining diversity and improving asset quality across its portfolio.

Delivering Growth

Twin Waters opened September 2017



114 single rooms and a dedicated 18 bed memory support unit.

Capital investment - \$26.4m.

Occupancy in excess of 95% achieved within 12 months.

Average incoming RADs ~\$520k

Top quartile financial performance

RAD Balance - \$14.7m.

Kogarah opened March 2018



72 single rooms and a dedicated 11 bed memory support unit.

Capital investment - \$18.8m.

95% occupancy achieved within 3 months after transfer of residents from Blakehurst.

Average incoming RADs ~\$595k.

Top quartile financial performance

RAD Balance - \$12.3m.

Southport opened 27 May 2019



110 single rooms and dedicated 17 bed memory support unit.

Capital investment - \$28.7m.

33 residents admitted by 30 June and performance tracking ahead of expectations.

RAD pricing \$400k to \$450k.

Maroochydore open to first residents 26 August 2019



126 single rooms with a dedicated 18 bed memory support unit.

Capital investment - \$32.5m.

Integrated café, hairdresser, cinema and contemporary residential services.

RAD pricing \$375k to \$450k.

Future Portfolio Growth

Development	Nature of Development	Total New Places	Net Additional Places	Land Held	Development Approval	Licenses Secured	Status	Expected Opening
Complete								
Twin Waters, QLD	Greenfield	114	114	✓	✓	✓	Open	Sep 2017
Kogarah, NSW	Brownfield	72	22	✓	✓	✓	Open	Mar 2018
Southport, QLD	Brownfield	110	110	✓	✓	✓	Open	May 2019
Maroochydore, QLD	Greenfield	126	126	✓	✓	✓	Open	Aug 2019
Total		422	372					

Underway/InProgress								
Blakehurst, NSW	Brownfield	108	108	✓	✓	✓	Under Development	1HFY21
St Ives, NSW	Greenfield	118	118	✓	✓	Partial	Under Development	2HFY21
Wollongong, NSW	Greenfield	115	115	✓	X	X	Advanced Planning	1HFY22
Burton, SA	Brownfield	28	28	X	X	✓	Advanced Planning	FY22
Aldgate, SA	Brownfield	120	90	X	X	✓	Advanced Planning	FY23
Maitland, NSW *	Greenfield	108	108	✓	X	✓	Contract subject to approvals	FY22
Mona Vale, NSW	Brownfield	54	-	✓	X	✓	Detailed Assessment	TBA
Total		651	567					

Significant Refurbishments Programme

- Program rolled out since 2017 has prioritised investment on the needs of each home and investment returns
- Refurbishments deliver:
 - enhanced experience for all residents
 - improved asset quality and marketability
 - incremental earnings from the higher accommodation supplement
 - potential for higher priced RAD/DAP
- 13 homes with a total 1,105 beds refurbished during FY19 with \$15.5m invested
- At 30 June 2019 a total of 33 homes with 3,113 beds qualified for the Higher Accommodation Supplement
- 15 homes with 1,562 beds are scheduled for refurbishment during FY20, bringing the total to 49 homes with 4,801 beds currently expected to be completed by 30 June 2020
- The remaining homes within the portfolio are being assessed for potential brownfield or refurbishment programs



4. Operations

Employee Culture



Hire and retain the right people

- Korn Ferry Review and revision of employee framework and competencies to align with Industry Workforce recommendations (Pollaers)
- Creating strong employee value proposition
- Values-based recruitment
- Internally managed recruitment programs and screening



Excellence in leadership

- Training and developing leaders:
- Home Executive Director Leadership Program
 - Clinical Director Program
 - Emerging Leader Program
 - Transition to Aged Care Program



Person-centred decision making

- Ensuring that high quality resident-centred care outcomes are the key focus in defining our behavioural framework
- Utilising our Vision and Principles to ensure a strong common culture based on shared values



Supporting a high performing culture

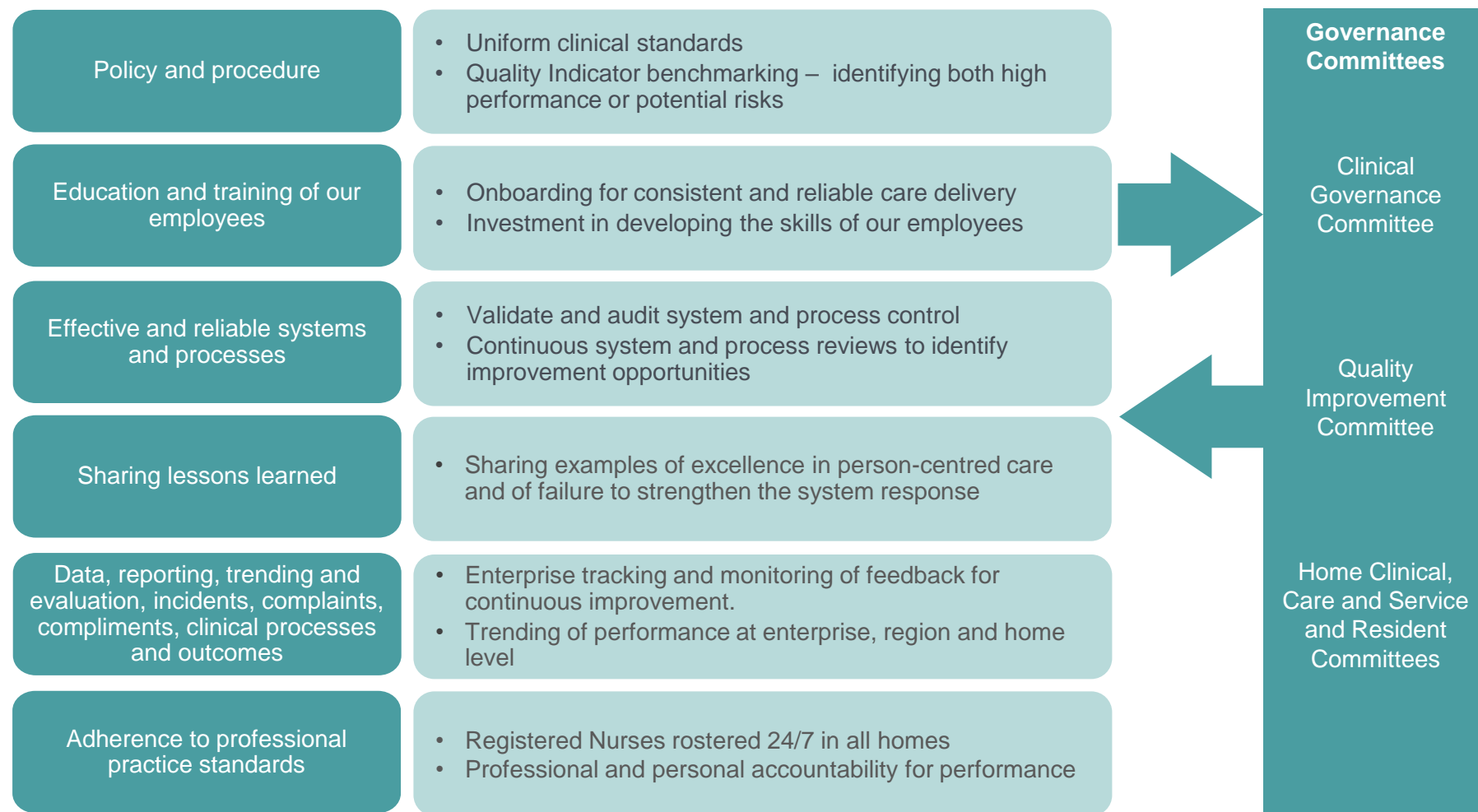
- Creating opportunities for employees to innovate and share ideas to improve overall resident experience
- Annual Estia conference awards for excellence



Safety & Well-Being

- Employee Assistance Programs available 24/7 now accessible by residents, families and employees
- Employee Engagement Score 68% - culture of success¹
- LTIFR 7.6
- Overall staff turnover 21%

Quality Framework



Resident Experience

Estia homes:

- Mainly operate in local networks, offering communities access to a range of accommodation types and services
- Operate a clinical model led by Registered Nurses rostered 24/7
- Maintain close relationships with health partners in local communities, providing a continuum of care for residents
- Provide a range of additional services that deliver national programs with a local flavour to reflect community preferences.
- Deliver a dietician-approved 'Cook Fresh' dining experience that gives residents choice and variety in homestyle cooking, supported by investment in national hospitality training programs
- Promote a range of lifestyle activities which include entertainment, cultural activities, and encourage residents to stay a part of their local community

Resident satisfaction is surveyed by local customer service teams against Consumer Experience Reports (CERs) from Aged Care Safety and Quality Commission



Environmental, Social and Governance (ESG)

Executive ESG Committee provides direction and oversight of ESG across the Group

Environmental

- Solar and LED projects completed at 29 homes with resultant reductions in emissions, usage and cost achieved
- Next tranche of energy efficiency and sustainability projects at 28 more homes commenced in 2HFY19
- Waste baseline completed and a focus on construction waste management at new builds

Social

- Gender Diversity: CEW **highest ranked** gender balanced ASX200 company for second consecutive year¹
- Safe workplace initiatives continue to improve with LTIFR sustained at 7.6.
- Employee Assistance Programs available 24/7 now accessible by residents, families and employees
- Employee Engagement Score 68% (classified a Culture of Success)²
- Employee Turnover 21%
- Competency framework developed enabling career modelling for front-line roles
- 78% of staff are employed under endorsed EBAs
- Nil political donations
- Partner in the Centenarian Portrait Project, an intergenerational program between young artists and Centenarians

Governance

- 7 directors: 5 of whom are independent non-executive directors
- Organisational risk management framework (including risk profile and risk appetite) regularly updated and reviewed by the Board Risk Committee
- Learnings from Royal Commission and adoption of the new Aged Care Standards has strengthened systems for the delivery of quality care
- Invested in a baseline materiality assessment to inform the direction of future ESG Strategy - engaged with over 2,000 stakeholders.



1. CEW Senior Executives Survey 2019.
2. BPA Survey August 2017.



Welcome 

5. Industry landscape and outlook

Sector Reform

The aged care sector continues to have strong underlying thematic, which need to be supported by a strong and consistent policy environment. Against the background of developments in aged care in recent years and the challenges confronting the industry, ACFA¹ has identified from a funding perspective the following characteristics of a sustainable aged care system:

- Confidence and trust in the adequacy and stability of government policies
- Stable, predictable, efficient, equitable and effective arrangements for allocating government funding
- Appropriate overall funding
- Funding that is flexible and adaptable to changing demographics and demands: Equitable contribution to costs by consumers
- Effective prudential oversight
- Sound management and governance arrangements

Estia is supportive of further reform and implementation of key recommendations from multiple recent reviews in the sector which can deliver a sustainable, high quality aged care sector which meets society's expectations of care with what it is willing and able to pay, and specifically the following:

- Enforce the registration of all aged care workers, including those in home support work
- Training opportunities for all workers seeking to be part of the aged care workforce should be enhanced, with nationwide standards for training of care workers introduced
- 'User pay' should be extended to all who can afford to pay
- Uncapping bed supply would drive capital investment and provide greater local market competition
- \$27.5bn of RADs¹ in the sector need to be supported by strong prudential requirements for ensuring financial viability of providers
- The recommendation from the Tune Review for uncapping of the daily care fee should be implemented



1. Aged Care Funding Authority ("ACFA") 7th report July 2019.

Looking Forward

Sector

- Robust future demand, driven by projected demographics
- Increasing competitive and consumer driven market conditions will continue to evolve
- Residential aged care is needs based
- Essential component of society expectations and therefore important part of Government policy
- People will always be core to the sector, but technology can improve productivity and support delivery of quality care
- Regulatory change, such as enhanced prudential standards will increase the quality of industry structure & participants
- 'User pay' can be expected to increase
- Royal Commission is the opportunity to create a strong and sustainable Aged Care Sector

Estia

- Leadership strength and depth
- Strong balance sheet creates opportunities to invest in development pipeline and continued refurbishments
- Disciplined operational and financial management essential in margin-pressured environment
- Financial resources to continue to invest in people, systems and property
- Home portfolio established within manageable networks to optimise management support
- Portfolio of homes well-matched to local demographics, with a high proportion of single-bedded rooms, and average home size.
- Benefits of scale across quality, compliance, purchasing, employee support, systems and leadership.

Estia, as a well-governed, quality-focused operator with both scale and capital, has the ability to respond to regulatory change in a post-Royal Commission world, to invest in its people, portfolio and services, to grow capacity through development and acquisitions, and sustain occupancy in a more competitive consumer directed care environment.

FY20 Outlook

Subject to no material changes in market or regulatory conditions, the Group provides the following outlook:

EBITDA

Excluding the EBITDA impact of the new homes at Southport, and Maroochydore and excluding the impact of any further direct costs associated with the Royal Commission, the Group expects

- FY20 EBITDA on mature homes, based on pre-leasing standard changes to be in the range of \$86m to \$90m,
- FY20 EBITDA on mature homes, reflecting the new leasing standard to be in the range of \$132m to \$141m,

Noting that a change of 1% in average occupancy across the Group's portfolio can impact EBITDA by ~\$5m.

Capital Investment

- \$120m - \$150m in FY20.

RAD Cash Flows

- Neutral to low net inflows on mature homes are expected to persist in FY20.

Gearing

- Target bank debt gearing ratio to remain between 1.5X – 1.9X EBITDA.

Dividends¹

- Dividend payment ratio to remain in 70 – 100% of NPAT range.

1. The payment of a dividend is at the discretion of the Directors and the level of dividend payout ratio may vary depending on a range of factors including general business and financial conditions; Estia's cash flows including consideration of net RAD cash flows; capital expenditure and working capital requirements; potential acquisition opportunities; taxation requirements; and other factors that the Directors consider relevant.



Question and answer

6. Appendices

Appendix A: Statutory Income Statement

	FY19 \$'000	FY18 \$'000	Movement
Revenues¹	585,985	546,934	7.1%
Expenses			
Employee benefits expenses	386,804	360,216	7.4%
Administrative expenses	19,782	15,064	31.3%
Occupancy expenses	31,297	29,598	5.7%
Resident expenses	51,613	51,093	1.0%
Impairment losses on trade receivables	801	1,000	(19.9%)
Direct costs associaed with the Royal Commission	1,721	-	
	93,967	89,963	4.5%
Depreciation and amortisation expenses	28,719	25,547	12.4%
Impairment expenses	465	455	
Other income	(36)	(483)	
Operating profit for the period	64,819	64,444	0.6%
Net finance costs	6,990	7,279	(4.0%)
Profit before income tax	57,829	57,165	1.2%
Income tax expense	16,539	16,011	3.3%
Profit for the period	41,290	41,154	0.3%
Earnings per share (cents per share)			
Basic, profit for the period attributable to ordinary equity holders of the Parent	15.84	15.79	0.3%
Diluted, profit for the period attributable to ordinary equity holders of the Parent	15.77	15.75	0.1%

1. Revenue includes \$10,336 received in FY19 as a result of the Temporary funding increase.

Appendix B: Non IFRS Reconciliation of Profit to EBITDA

	FY19 \$'000	FY18 \$'000	Movement
EBITDA - mature homes	86,575	90,823	(4.7%)
Temporary funding increase	(10,336)	-	
Royal Commission expenses	1,721	-	
Net loss in period from homes in ramp-up	685	740	(7.4%)
Home closure expenses	538	-	
EBITDA	93,967	90,083	4.3%
Depreciation and amortisation expenses	28,719	25,547	12.4%
Impairment expenses	465	455	2.2%
Other income	36	363	
Operating profit for the period	64,819	64,444	0.6%

Appendix C: Balance Sheet

	30-Jun-19 \$'000	30-Jun-18 \$'000
Current assets		
Cash and cash equivalents	14,631	11,198
Trade and other receivables	9,046	11,433
Income tax receivable	607	913
Prepayments and other assets	6,540	6,884
Assets held for sale	-	902
Total current assets	30,824	31,330
Non-current assets		
Property, plant and equipment	822,696	757,110
Investment properties	1,620	1,620
Goodwill	817,074	817,074
Other intangible assets	222,575	218,714
Total non-current assets	1,863,965	1,794,518
Total assets	1,894,789	1,825,848
Current liabilities		
Trade and other payables	44,046	42,647
Income received in advance	-	25
Refundable accommodation deposits and bonds	805,033	791,508
Other financial liabilities	1,304	1,371
Provisions	45,616	41,793
Total current liabilities	895,999	877,344
Non-current liabilities		
Deferred tax liabilities	107,775	107,610
Loans and borrowings	125,000	75,000
Provisions	4,496	4,269
Other payables	12	61
Total non-current liabilities	237,283	186,940
Total liabilities	1,133,282	1,064,284
Net assets	761,507	761,564

Appendix D: Cashflow

	FY19 \$'000	FY18 \$'000
Cash flows from operating activities		
Receipts from residents	148,427	141,732
Receipts from government	437,556	403,746
Payments to suppliers and employees	(489,880)	(442,438)
Operational cash flows before interest, income tax, and RADs	96,103	103,040
Interest received	70	186
Finance costs paid	(6,878)	(6,940)
Income tax paid	(15,932)	(22,307)
Net cash flows from operating activities before RADs	73,363	73,979
RAD, accommodation bond and ILU entry contribution received	246,454	269,566
RAD, accommodation bond and ILU entry contribution refunded	(231,888)	(206,781)
Net cash flows from operating activities	87,929	136,764
Cash flows from investing activities		
Payments for Intangible assets	(4,850)	(942)
Proceeds from sale of property, plant and equipment	975	4,167
Purchase of property, plant and equipment	(88,932)	(60,323)
Net cash flows used in investing activities	(92,807)	(57,098)
Cash flows from financing activities		
Proceeds from repayment of MEP loans	7	6
Proceeds from bank borrowings	225,000	65,000
Repayment of bank borrowings	(175,000)	(111,514)
Dividends paid	(41,696)	(41,175)
Net cash flows from/(used in) financing activities	8,311	(87,683)
Net increase/(decrease) in cash and cash equivalents	3,433	(8,017)
Cash and cash equivalents at the beginning of the period	11,198	19,215
Cash and cash equivalents at the end of the period	14,631	11,198

Appendix E: Financial Metrics and Trends

	2H FY19 6 months \$'000	1H FY19 6 months \$'000	2H FY18 6 months \$'000	FY19 12 months \$'000	FY18 12 months \$'000	2H FY19 Vs 1H FY19	1H FY19 Vs 2H FY18	FY19 Vs FY18
Government revenue	212,791	215,118	201,019	427,909	401,404	(1.1%)	7.0%	6.6%
Resident and other revenue	73,062	74,532	71,069	147,594	141,656	(2.0%)	4.9%	4.2%
Total operating revenues	285,853	289,650	272,088	575,503	543,060	(1.3%)	6.5%	6.0%
Employee benefits expenses	193,951	191,720	179,474	385,671	356,566	1.2%	6.8%	8.2%
Non-wage costs	52,177	51,080	47,943	103,257	95,671	2.1%	6.5%	7.9%
EBITDA - mature homes	39,725	46,850	44,671	86,575	90,823	(15.2%)	4.9%	(4.7%)
Temporary funding increase	(10,336)	-	-	(10,336)	-			
Royal Commission expenses	807	914	-	1,721	-	(11.7%)		
Net loss in period from homes in ramp-up	685	-	9	685	740			(7.4%)
Home closure expenses	538	-	-	538	-			
EBITDA	48,031	45,936	44,662	93,967	90,083	4.6%	2.9%	4.3%
Operating statistics - mature homes								
Total Operational Bed Days	1,092,706	1,112,464	1,071,878	2,205,170	2,159,134	(1.8%)	3.8%	2.1%
Total Occupied Bed Days	1,019,486	1,045,088	1,011,192	2,064,574	2,033,116	(2.4%)	3.4%	1.5%
Occupancy	93.3%	93.9%	94.3%	93.6%	94.2%	(0.6%)	(0.4%)	(0.6%)
Revenue statistics - Per Occupied Bed Day ("POBD")								
Government revenue	\$208.7	\$205.8	\$198.8	\$207.3	\$197.4	1.4%	3.5%	5.0%
Resident revenue	\$71.7	\$71.3	\$70.3	\$71.5	\$69.7	0.6%	1.4%	2.6%
Total revenue	\$280.4	\$277.1	\$269.1	\$278.8	\$267.1	1.2%	3.0%	4.4%
Costs statistics - Per Operational/Available Bed Day								
Staff costs	\$177.5	\$172.3	\$167.4	\$174.9	\$165.1	3.0%	2.9%	5.9%
Non-wage costs (excl. facility rentals)	\$45.4	\$43.6	\$42.4	\$44.5	\$42.0	4.1%	2.8%	6.0%
Total costs (excl. facility rentals)	\$222.9	\$215.9	\$209.8	\$219.4	\$207.1	3.2%	2.9%	5.9%
Annual average EBITDA per Occupied Bed - mature homes	\$14,223	\$16,362	\$16,125	\$15,306	\$16,305	(13.1%)	1.5%	(6.1%)
Total staff cost % of revenue ¹	67.8%	66.2%	66.0%	67.0%	65.7%	1.6%	0.2%	1.3%
Non-wages costs (excl. facility rentals) % of revenue ¹	17.4%	16.8%	16.7%	17.1%	16.7%	0.6%	0.1%	0.4%
EBITDA % of revenue¹	13.9%	16.2%	16.4%	15.0%	16.7%	(2.3%)	(0.2%)	(1.7%)

1. Excludes the impact of temporary funding increase, Royal Commission expenses, new home ramp-up expenses and home closure costs.

Appendix F: Resident Profile (Detail)

Resident profile - Number of Residents	30-Jun-17	Incoming	Outgoing	30-Jun-18	Incoming	Outgoing	30-Jun-19
RAD	1,827	569	642	1,754	433	627	1,560
Combination (RAD/DAP)	521	345	289	577	363	339	601
DAP	668	724	769	623	783	797	609
Total Non-Concessional	3,016	1,638	1,700	2,954	1,579	1,763	2,770
Concessional	2,300	1,334	1,161	2,473	1,237	1,210	2,500
Other	41	42	55	28	28	36	20
Total Permanent Residents	5,357	3,014	2,916	5,455	2,844	3,009	5,290
Respite	252	-	27	225	57	-	282
TOTAL Residents	5,609	3,014	2,943	5,680	2,901	3,009	5,572

Resident profile - as a % of Permanent Residents	31-Dec-17	Incoming	Outgoing	30-Jun-18	Incoming	Outgoing	30-Jun-19
RAD	34%	19%	22%	32%	15%	21%	30%
Combination (RAD/DAP)	10%	11%	10%	11%	13%	11%	11%
DAP	12%	24%	26%	11%	28%	27%	12%
Total Non-Concessional	56%	54%	58%	54%	56%	59%	53%
Concessional	43%	45%	40%	45%	43%	40%	47%
Other	1%	1%	2%	1%	1%	1%	0%
Total Permanent Residents	100%	100%	100%	100%	100%	100%	100%

Appendix G: RAD and Bond Pool

Summary of movements in past periods	H2 FY19 \$m	H1 FY19 \$m	FY19 \$m	FY18 \$m
Opening RAD balance	790.0	791.5	791.5	730.2
Refunds mature homes	(91.6)	(130.9)	(222.5)	(206.8)
Inflows mature homes	108.8	119.0	227.8	256.5
Net inflows - mature homes	17.2	(11.9)	5.3	49.7
Net outflows due to home closure (Mona Vale)	(2.8)		(2.8)	
Net inflows new homes	1.4	10.7	12.1	13.0
Total net RAD inflows	15.8	(1.2)	14.6	62.8
Deductions	(0.8)	(0.3)	(1.1)	(1.5)
Closing RAD balance	805.0	790.0	805.0	791.5
Probate balance at end of period	106.8	77.9	106.8	94.3

Total RAD/Bond Pool at period end	30-Jun-19			30-Jun-18		
	#	Average	\$m	#	Average	\$m
Pre-July 2014 Bonds for current residents	434	\$204,766	88.9	635	\$207,089	131.5
Post-July 2014 RADs for current residents	1,868	\$326,217	609.4	1,753	\$322,718	565.7
RAD Balance for current residents	2,302	\$303,320	698.2	2,388	\$291,971	697.2
Probate Balance (from former residents pending refund)	369	\$289,406	106.8	340	\$277,298	94.3
Total RAD/Bond Pool	2,671	\$301,398	805.0	2,728	\$290,142	791.5
Average incoming RAD		\$416,878			\$413,667	
Average outgoing RAD/Bond		\$352,232			\$344,882	

RADs Held reconciliation to RAD Residents	30-Jun-19	30-Jun-18
RAD Residents	1,560	1,754
Plus : Combinations (RAD/DAP)	601	577
Plus : former resident RADs/Bonds	369	340
Plus : Concessional residents who pay a RAC	171	122
Less : Unpaid RAD Residents	(30)	(65)
Total Number of paid RADs/Bonds held	2,671	2,728

Appendix H: Occupancy

	H2 FY19 6 months	H1 FY19 6 months	H2 FY18 6 months	FY19 12 months	FY18 12 months
Mature homes					
Total available beds at period end	5,992	6,046	6,046	5,992	6,046
Available beds during period for occupancy calculation					
Jan19- May19	6,046				
Jun19 ¹	5,992				
Days in period	181	184	181	365	365
Available bed days during period	1,092,706	1,112,464	1,071,878	2,205,170	2,159,134
Occupied days	1,019,486	1,045,088	1,011,192	2,064,574	2,033,116
Occupancy	93.3%	93.9%	94.3%	93.6%	94.2%
Total Occupied Bed Days in period					
Mature homes	1,019,486	1,045,088	1,011,192	2,064,574	2,033,116
New homes ²	764	-	12,106	764	15,139
Total Occupied Bed Days in period	1,020,250	1,045,088	1,023,298	2,065,338	2,048,255
Beds					
Opening beds	6,046	6,046	5,909	6,046	5,909
New homes/beds opened during the period ²	110	-	137	110	137
Homes/beds closed during the period ¹	(54)	-	-	(54)	-
Total available beds at period end	6,102	6,046	6,046	6,102	6,046
Beds closed on 1 July 2019 ³	(48)				
New beds opened during August 2019 ³	126				
Total available beds at 16 August 2019³	6,180				
Total mature home beds available at period end	5,992	6,046	6,046	5,992	6,046

Available bed days during the period equals the total available beds multiplied by number of days in period 39

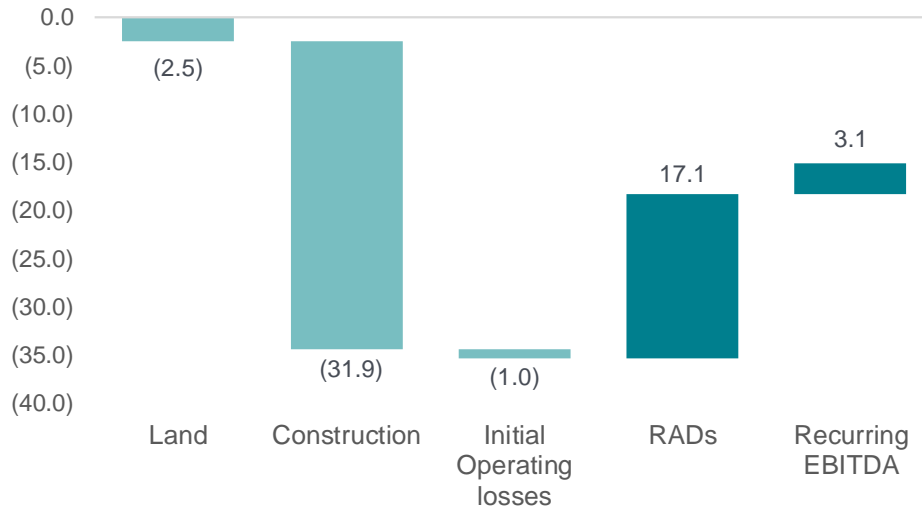
1. H2 FY19 decrease reflects the Mona Vale home closure that occurred on 31 May 19.

2. H2 FY19 increase reflects the opening of Southport (May 19). H2 FY18 increase reflects the opening of Twin Waters (Sep 17) and Kogarah (Mar 18).

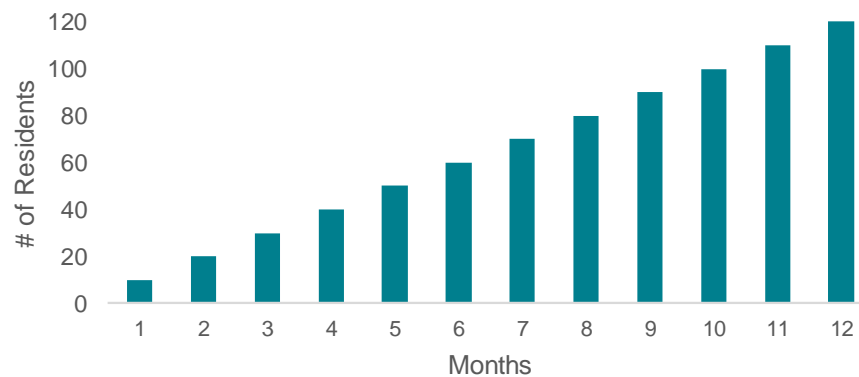
3. On 1 July 48 beds within the mature home portfolio were taken offline with 126 beds being activated at Maroochydore which opens for first residents on 26 August 2019.

Appendix I : Indicative new development cashflow

Indicative cashflow - new development (\$m)



Target 12 month Resident onboarding



Based On:

Beds	110
Land costs	\$2,500,000
Construction, planning & design per bed	\$290,000
Residents:	
Concessional	40%
RADS as % of Non-concessional	60%
Average RAD price	\$450,000
Estimated mature RAD pool	\$17,100,000
Occupancy	95%

Gross investment cost	\$34,400,000
Net of RADs Investment Cost	\$17,300,000



Estia Manly Vale (NSW)

Appendix J : Accounting standard changes - AASB16

Property Leases / Refundable Accommodation Deposits

- The adoption of AASB 16 Leases on 1 July 2019 will require lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases are currently accounted for in accordance with AASB 117.
- For arrangements that provide a resident with the right to occupy a room, the Group has performed a detailed assessment of the contractual arrangements and has provisionally determined that adopting AASB 16 will result in arrangements being generally defined as a lease for accounting purposes. Where residents have opted to pay a Daily Accommodation Payment, adopting AASB 16 is not expected to result in a material change in the accounting treatment. However, for residents that have chosen to pay a Refundable Accommodation Deposit (RAD) or Bond, the application of AASB 16 would regard there being a non-cash charge for accommodation. The accounting treatment for the non-cash consideration component of this arrangement is expected to result in the recognition of an increase in revenue for accommodation and an increase in interest expense on the outstanding RAD liability, with no net impact on the result for the period.
- To assist with the understanding of the impact of this change, an estimate of the impact of the new Standard, if it had been applied to the Group's FY19 and FY18 Consolidated Statement of Profit and Loss is shown below.

	FY19 Reported	Impact of Op Leases	Impact of RADs/ Bonds	FY19 Pro Forma	FY18 Reported	Impact of Op Leases	Impact of RADs/ Bonds	FY18 Pro Forma
Revenues¹	585,985	-	43,820	629,805	546,934	-	43,380	590,314
Expenses								
Administrative expenses	19,782	-	-	19,782	15,064	-	-	15,064
Employee benefits expenses	386,804	-	-	386,804	360,216	-	-	360,216
Impairment losses on trade receivables	801	-	-	801	1,000	-	-	1,000
Occupancy expenses	31,297	(5,900)	-	25,397	29,598	(5,700)	-	23,898
Resident expenses	51,613	-	-	51,613	51,093	-	-	51,093
Royal Commission expenses	1,721	-	-	1,721	-	-	-	-
EBITDA	93,967	5,900	43,820	143,687	89,963	5,700	43,380	139,043
Depreciation and amortisation expenses	28,719	4,700	-	33,419	25,547	4,700	-	30,247
Impairment expenses	465	-	-	465	455	-	-	455
Other (gains)/losses	(36)	-	-	(36)	(483)	-	-	(483)
Operating profit for the period	64,819	1,200	43,820	109,839	64,444	1,000	43,380	108,824
Net finance costs	6,990	2,400	43,820	53,210	7,279	2,500	43,380	53,159
Profit before income tax	57,829	(1,200)	-	56,629	57,165	(1,500)	-	55,665
Income tax expense	16,539	(360)	-	16,179	16,011	(450)	-	15,561
Profit for the period	41,290	(840)	-	40,450	41,154	(1,050)	-	40,104

1. Revenue includes \$10,336 received in FY19 as a result of the Temporary funding increase.

Appendix K: Board and Management

Board of Directors

Name	Title	Appointed
Dr Gary H Weiss, AM	Non-Executive Director and Chairman	NED Feb-16 Chairman Jan-17
Ian Thorley	Chief Executive Officer and Managing Director	COO Oct-16 CEO & MD Nov-18
Norah Barlow, ONZM	Non-Executive Director	NED Nov-14 Acting CEO Sep-16 CEO and MD Oct-16 NED Nov-18
Paul Foster	Non-Executive Director	Feb-16
The Hon. Warwick L. Smith, AO	Non-Executive Director	May-17
Helen Kurincic	Non-Executive Director	Jul-17
Karen Penrose	Non-Executive Director	Oct-18

Executive Leadership

Name	Title	Appointed to Position
Ian Thorley	Chief Executive Officer and Managing Director Chief Operating Officer and Deputy Chief Executive Officer	Nov-18 Oct-16
Sean Bilton	Chief Operating Officer and Deputy Chief Executive Officer	Oct-18
Steve Lemlin	Chief Financial Officer	Feb-17
Mark Brandon, OAM	Chief Policy and Regulatory Officer	Dec-16
Jane Murray	Chief People Officer	Jul-17
Fiona Caldwell	Chief Information Officer	Oct-17
Damian Hiser	Chief Customer Officer	Oct-17
Rita Sheridan	GM, Property & Development	Mar-18
Leanne Laidler	Chief Quality and Risk Officer	May-19

Disclaimer

Reliance on third party information

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Presentation is a summary only

This Presentation is information in a summary form only and does not purport to be complete. It should be read in conjunction with the Group's Condensed Consolidated Interim Financial Report for the half- year ended 31 December 2018 and the Company and the Group's Consolidated Financial Report for the year ended 30 June 2019.

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This Presentation may include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, these statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, actual results or developments may differ materially from those expressed in the statements contained in this Presentation. Investors are cautioned that statements contained in this Presentation are not guarantees or projections of future performance and actual results or developments may differ materially from those projected in forward-looking statements.

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Disclosure of non-IFRS financial information

Throughout this Presentation, there are occasions where financial information is presented not in accordance with accounting standards. There are a number of reasons why the Company has chosen to do this including: to maintain a consistency of disclosure across reporting periods; to demonstrate key financial indicators in a comparable way to how the market assesses the performance of the Company; to demonstrate the impact that significant one-off items have had on Company performance. Where Company earnings have been distorted by significant items Management have used their discretion in highlighting these. These items are non-recurring in nature and considered to be outside the normal course of business. Unaudited numbers used throughout are labelled accordingly.