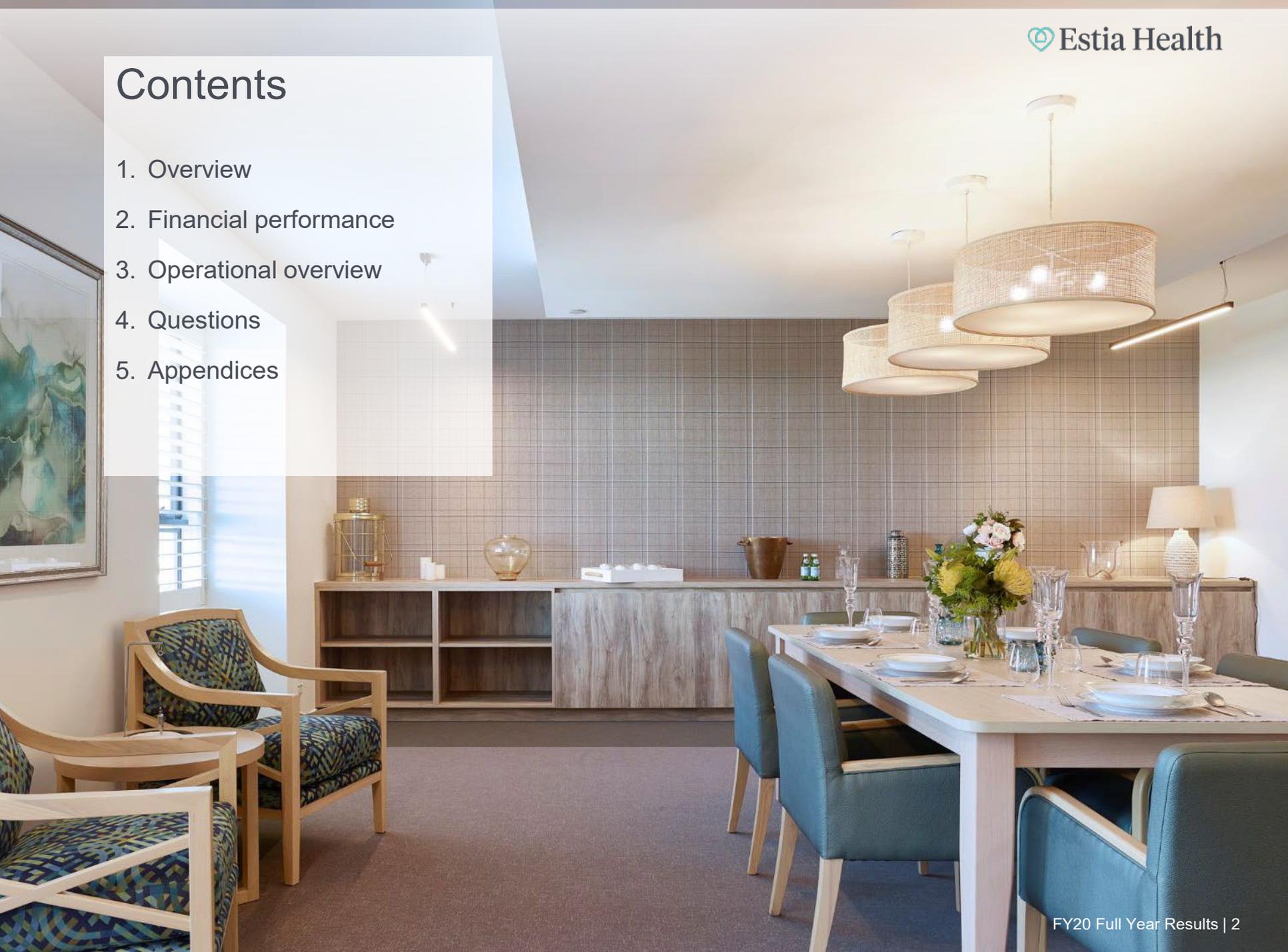


FY20 Full Year
Results Presentation
18 August, 2020



Contents

1. Overview
2. Financial performance
3. Operational overview
4. Questions
5. Appendices



COVID-19 Response

- Leadership and Governance:
 - Board COVID-19 Risk sub-committee was established in February 2020 to provide governance and oversight of the response to the pandemic
 - Executive Critical Incident Management Team (“CIMT”) was formed to develop pandemic response plans on an enterprise-wide basis reflecting relevant Directions, guidance and expert advice. The CIMT also co-ordinates specific incident responses
- Reviewed Infection Prevention Control (“IPC”) plans and undertook enhanced staff training to address the specific needs of COVID-19
- Admission and visiting protocols developed to provide safe access
- Secured Personal Protective Equipment (“PPE”) supply chains to ensure staff are well supplied and confident in the availability of protective equipment
- Staff preparedness:
 - Enhanced IPC training with COVID-19
 - Introduced quarantine leave in March 2020 to support staff required to isolate and to engender a culture of reporting.
 - Staff support / enhanced Employee Assistance Program (“EAP”)
- Residents/Families supported by appointment of family liaison roles and boosted communications by technology
- Central offices - remote working supported by investment in technology, cyber security and structured work routines to ensure the engagement and personal support of our employees



Residential aged care accessible to all Australians



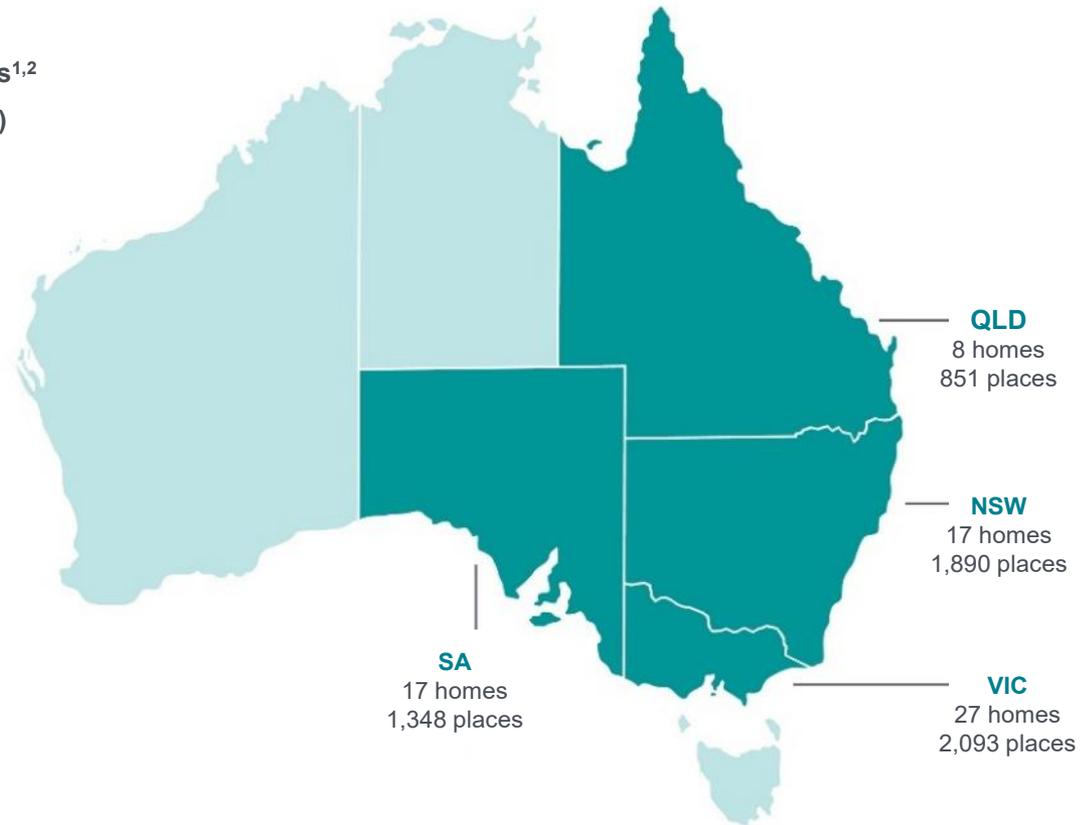
69 Operational homes **6,182 places^{1,2}**
Number of single rooms **5,092 (91%)**
Average places per home **90**
Freehold sites **62**



Over 7,500 employees



Care delivered to more than 8,000 older Australians annually

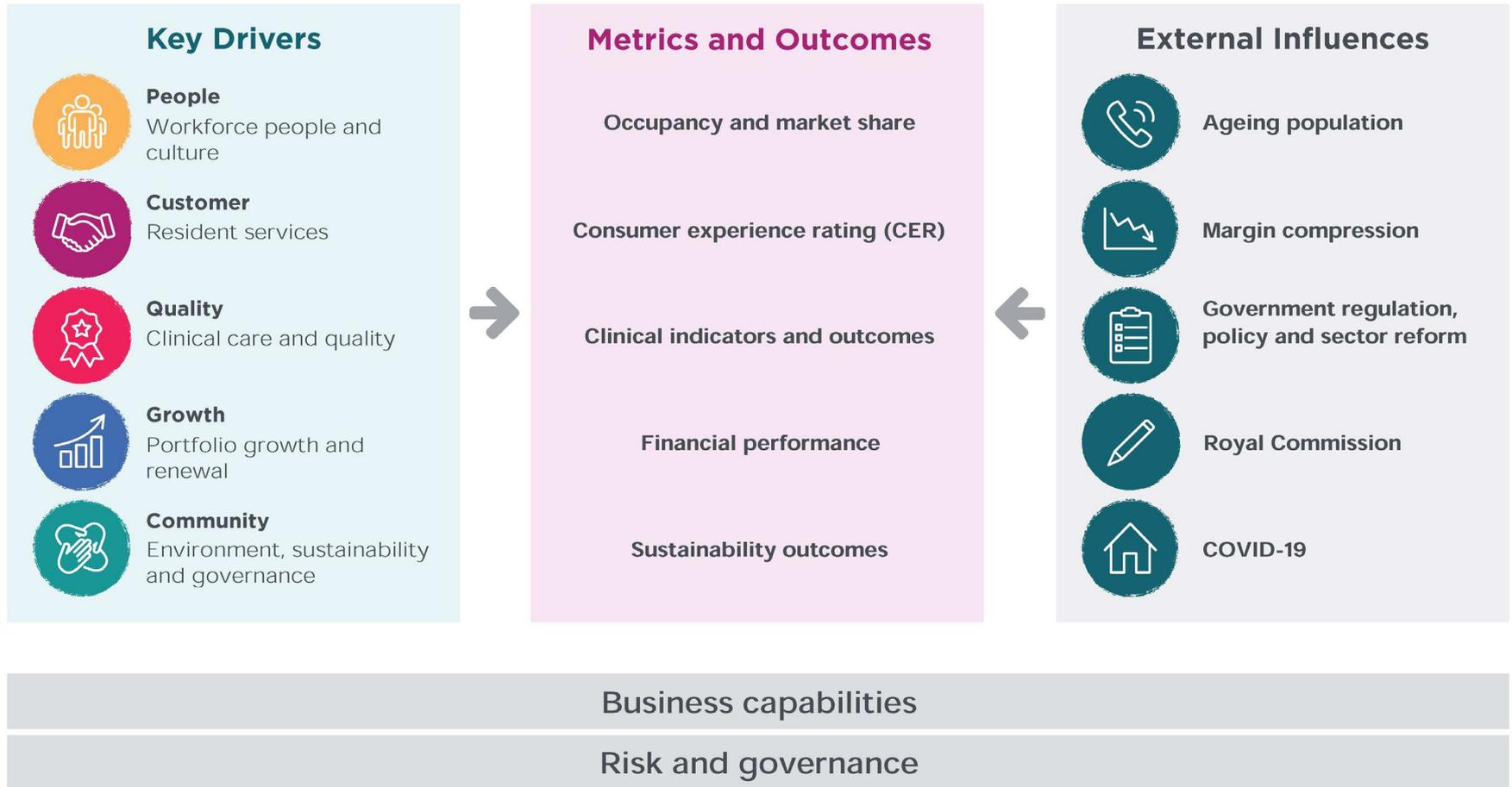


One of Australia’s leading residential aged care providers

1. Total operational places at 30 June 2020 as shown in Appendix J for mature and new homes

2. At 30 June 2020 47 Homes with 4,426 beds qualify for the significant refurbishment higher accommodation supplement

Residential Aged Care – Key Drivers and Metrics



2. Financial performance

Financial overview

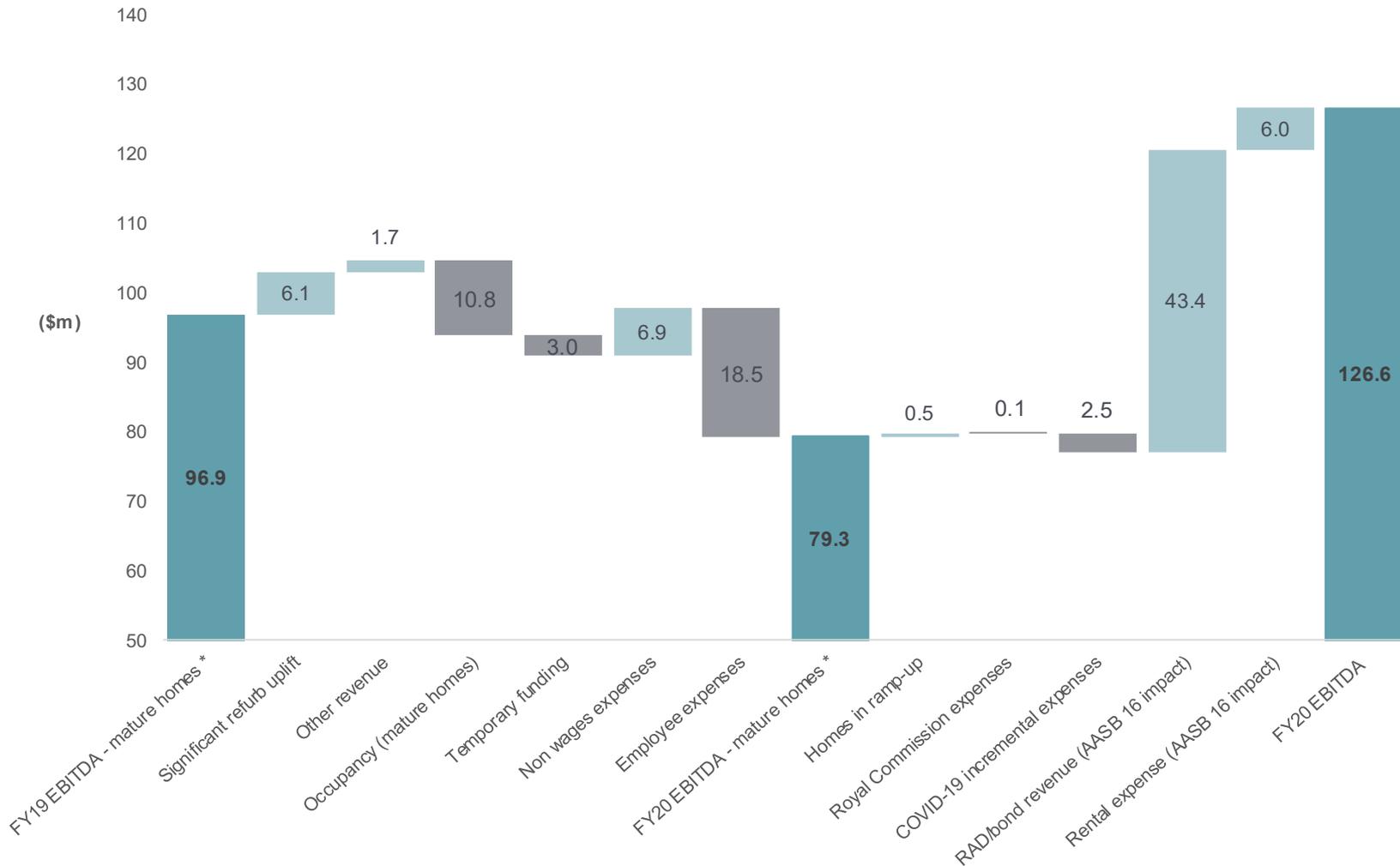
<p>\$99.4m Net bank debt¹</p>	<p>Net bank debt of \$99.4m, at 30 June 2020 representing a gearing ratio of 1.3X EBITDA²</p>	<p>\$116.9m loss NPAT – post non-cash impairment expenses</p>	<p>Profit after tax prior to \$144.6m impairment expenses was \$25.2m, a decline of 39.5%</p>
<p>\$226.6m Net liquidity</p>	<p>Net liquidity representing cash and undrawn credit lines</p>	<p>18.2% EBITDA mature homes decline</p>	<p>EBITDA on mature homes (pre AASB 16)^{2,3} of \$79.3m, a decline of 18.2% (FY19) during a period of margin compression and market volatility arising as a result of COVID-19</p>
<p>93.2% Average occupancy</p>	<p>Average mature home occupancy of 93.2%, with period end occupancy of 92.7%</p>	<p>New home performance</p>	<p>Southport (opened May 2019) reached 100% occupancy in February 2020. Maroochydore (opened August 2019) reached 81.7% occupancy (16 August 2020)</p>
<p>\$33.2m Net RAD inflow</p>	<p>Net RAD inflows of \$33.2m during the period, with a RAD balance of \$836.3m at 30 June 2020</p>	<p>\$80.6m Capital investment</p>	<p>Investment in new homes, significant refurbishments, sustainability projects and asset replacement and improvement</p>
<p>112% EBITDA - cash conversion</p>	<p>Represents ~112% EBITDA^{2,3} to cash conversion after adjusting for the deferred tax benefits on PAYG and payroll taxes</p>	<p>Nil Final Dividend</p>	<p>Interim fully franked dividend of 5.4 cps paid March 2020, representing ~100% H1FY20 NPAT Nil final dividend declaration</p>

1 Net bank debt is defined as bank borrowings and overdrafts less cash and cash equivalents

2 A reconciliation of Operating Profit to EBITDA and EBITDA on mature homes (pre and post AASB 16) 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. EBITDA is a non-IFRS measure

3 EBITDA pre AASB 16 is defined as Earnings before Interest, Tax Depreciation, Amortisation prior to the adjustment of rental expenditure as a result of the adoption of AASB 16

EBITDA Bridge – Mature Homes^{1,2}



1 A reconciliation of Operating Profit to EBITDA and EBITDA on mature homes (pre and post AASB 16) is provided in Appendix B. EBITDA pre AASB 16 is defined as Earnings before Interest, Tax, Depreciation, Amortisation prior to the adjustment of rental expenditure as a result of the adoption of AASB 16

2 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 commencement of the financial year

* EBITDA - mature homes (pre AASB 16)

Summary P&L account

	FY20 12 months \$'000	FY19 12 months \$'000 ⁵	FY20 vs FY19
Government revenue (excluding temporary funding)	426,188	427,909	(0.4%)
Government revenue (temporary funding) ¹	7,382	10,336	(28.6%)
Resident and other revenue ²	146,310	147,594	(0.9%)
Total operating revenues	579,880	585,839	(1.0%)
Employee benefits expenses	404,272	385,671	4.8%
Non-wage expenses	90,287	97,508	(7.4%)
Rental expenses (pre AASB 16)	6,055	5,749	5.3%
EBITDA - mature homes (pre AASB 16)^{3,4}	79,266	96,911	(18.2%)
Rental expenses (AASB 16 adjustment)	(6,055)	-	100.0%
EBITDA - mature homes (post AASB 16 - rental exp adj)⁴	85,321	96,911	(12.0%)
RAD/bond revenue (AASB 16 impact)	(43,407)	-	100.0%
COVID-19 incremental expenses	2,538	-	100.0%
Royal Commission expenses	101	1,721	(94.1%)
Net loss/(gain) from homes in ramp-up	(491)	685	
Home closure expenses	-	538	
EBITDA	126,580	93,967	34.7%
Depreciation and amortisation expenses	39,119	28,719	36.2%
Other (gains)/losses	(214)	(36)	
Operating profit/(loss) for the year (pre impairment)	87,675	65,284	34.3%
Net finance costs (excl. RAD/Bond imputed interest)	8,491	6,990	21.5%
RAD/Bond imputed interest	43,407	-	100.0%
Profit/(loss) before income tax (pre impairment)	35,777	58,294	(38.6%)
Income tax expense (pre impairment)	10,599	16,678	5.3%
Profit/(loss) for the year (pre impairment)	25,178	41,616	(39.5%)
Impairment expenses	144,622	465	
Income tax expense /(benefit) impairment expenses	(2,535)	(139)	
Profit/(loss) for the year	(116,909)	41,290	(383.1%)
Total Occupied Bed Days - mature homes⁴	2,026,915	2,064,574	(1.8%)

Key observations

- Revenue decline on mature homes – primarily fewer available days and lower temporary funding compared to FY19
- Significant refurbishment contribution
- Margin compression continues
- Staff costs
- Non-wage cost savings
- \$2.5m COVID-19 costs
- Strong new homes performance
- AASB16
- Revenue, depreciation, finance costs
- Non-cash impairment charge

1 Represents the FY20 and FY19 temporary funding increases (including the additional funding for COVID-19)

2 Resident and other revenue for FY20 excludes the impact of the RAD/bond non-cash revenue arising as a result of the adoption of AASB 16

3 A reconciliation of Operating Profit to EBITDA and EBITDA on mature homes (pre and post AASB 16) is provided in Appendix B. EBITDA pre AASB 16 is defined as Earnings before Interest, Tax, Depreciation, Amortisation prior to the adjustment of rental expenditure as a result of the adoption of AASB 16

4 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 commencement of the financial year

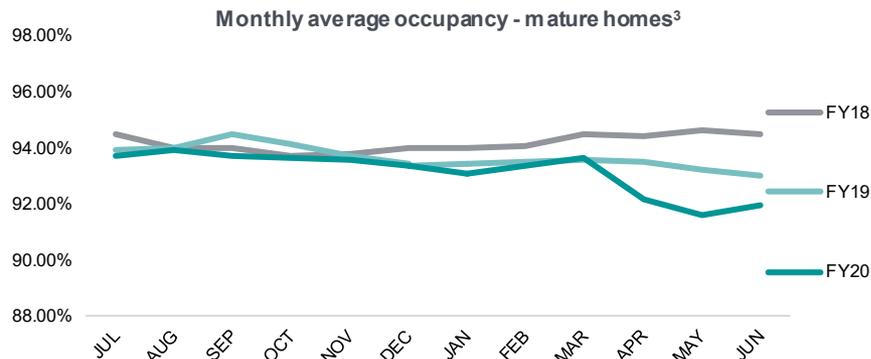
5. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Key P&L operating metrics – mature homes

	FY20 12 months	FY19 12 months ⁵	FY 20 vs FY19
Operating statistics - mature homes			
Total Operational/Available Bed Days	2,175,868	2,205,170	(1.3%)
Total Occupied Bed Days	2,026,915	2,064,574	(1.8%)
Occupancy	93.2%	93.6%	(0.4%)
Revenue statistics - Per Occupied Bed Day ("POBD")			
Government revenue (excluding temporary funding)	\$210.3	\$207.3	1.4%
Government revenue (temporary funding)	\$3.6	\$5.0	(28.0%)
Resident revenue	\$72.2	\$71.5	1.0%
Total revenue	\$286.1	\$283.8	0.8%
Costs statistics - Per Operational/Available Bed Day			
Staff costs	\$185.8	\$174.9	6.2%
Non-wage costs (excl. facility rentals)	\$41.9	\$44.5	(5.8%)
Total costs (excl. facility rentals)	\$227.7	\$219.4	3.8%
Annual average EBITDA^{1,2,3,4} Per Occupied Bed - mature homes			
	\$14,274	\$17,134	(16.7%)
Total staff expenses % of revenue ^{1,2,3,4}	69.7%	65.8%	3.9%
Total non-wage expenses (excl. facility rentals) % of revenue ^{1,2,3,4}	15.7%	16.8%	(1.1%)
EBITDA - mature homes % of revenue^{1,2,3,4}			
	13.7%	16.5%	(2.8%)

Key observations

- Reduced available days in FY20
- Slightly lower occupancy
- Margin compression persists – indexation rates not keeping pace with staff cost inflation
- Non-wage cost savings
- EBITDA POB PA \$14,274, fall of 16.7%



1 Includes the impact of the temporary funding increases, excludes Royal Commission expenses, new home ramp-up expenses, home closure costs, COVID-19 expenses and the adoption of AASB 16

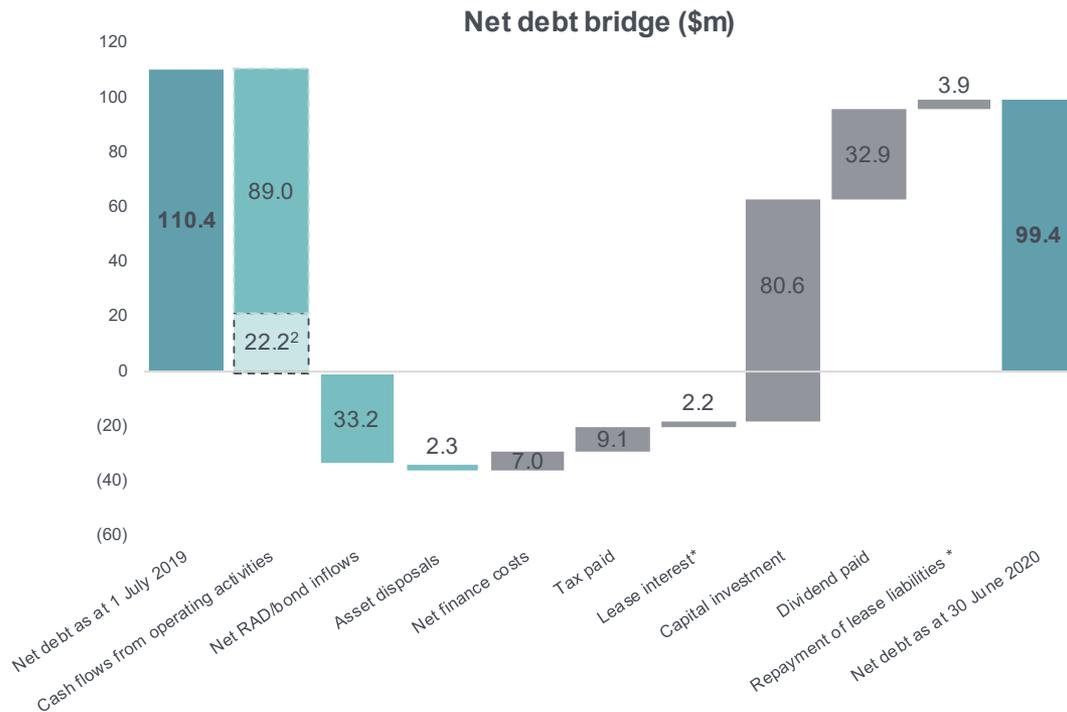
2 Annual average EBITDA per Occupied Bed – mature homes is determined after adjusting for the impact of AASB 16. For further details on the impact of the adoption of AASB 16 please refer to Appendix D

3 Mature homes exclude Southport (opened 27 May 2019) and Maroochydore (opened 26 August 2019) and Mona Vale from its closure in May 2019

4 A reconciliation of the Operating profit to EBITDA and EBITDA on mature homes is provided in Appendix B.

5. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Balance sheet, net bank debt and cash flow



Key observations

- Net bank debt of \$99.4m at 30 June 2020
- Operating cashflows for the period include the benefit of \$22.2m of deferrals for PAYG and payroll tax which will be settled in 1HFY21
- Bank Debt Gearing ratio on a pre AASB 16 basis of 1.3X EBITDA, or 0.8X EBITDA on a post AASB 16 basis
- At 30 June 2020 \$32.3m of Net Debt was drawn to fund construction work in progress
- Sustained high level of EBITDA-cash conversion of 112%, after adjusting for the deferred tax benefits
- Overall Net RAD/Bond inflow of \$33.2m
- Mona Vale disposal proceeds of \$10.95m contracted to be received in 1HFY21
- \$80.6m of capital investments in the year
- Strong, well-capitalised balance sheet with total assets of ~\$1.9b supported by \$608.7m of shareholders' funds
- \$330m Bank Facilities were renewed in full in August 2019
- Undrawn capacity of \$196.0m at 30 June 2020 provides capacity to assist short-term RAD movements without adversely impacting investment and development programs¹
- Prudential Liquidity Policy maintained at a minimum of 5% of RAD/Bond balances

Capital investment	\$m
Development (Greenfield)	15.7
Redevelopment (Brownfield)	18.3
Significant refurbishments	12.9
Home enhancement and sustainability projects	27.8
Intangibles (bed licences and software)	5.9
Total capital investment	80.6

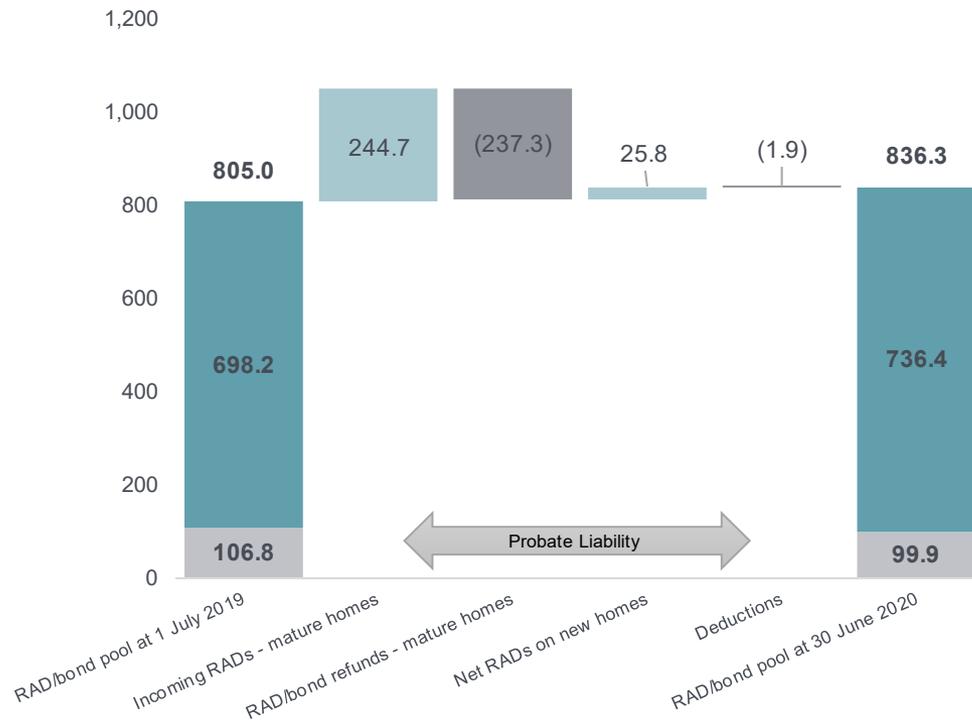
1. Undrawn capacity under the Bank Facilities is adjusted for bank guarantees and ancillary credit facilities on issue as at 30 June 2020

2. Represents the operating cash flow benefit from the deferral of PAYG and payroll taxes which will be settled in 1HFY21

* Amounts were previously reported as a component of cash flows from operating activities and are now reported separately as a result of the adoption of AASB 16

RADs and bonds

Net RAD/bond bridge (\$m)



Key observations

- The RAD balance including probate liability increased to \$836.3m, with the balance associated with current residents increasing to \$736.4m
- New homes net RAD inflows were above expectation at \$25.8m. The mature home net RAD inflows were \$7.4m during the period
- Incoming RADs from mature homes were \$244.7m, with an average incoming agreed RAD of \$433k
- RAD refunds from mature homes were \$237.3m, at an average outgoing agreed price of \$380k
- There are currently 310 residents on the pre-July 2014 Bond at an average of \$203k
- Since February 2020 (COVID-19) net RAD inflows were \$4.8m, down on the previous 8-month net inflow of \$26.5m. The reduction is a combination of COVID-19, new homes reaching full maturity and movement in probate liability
- Average incoming agreed RAD prices continue to increase and remain significantly higher than the average outgoing RAD/Bond

Total RAD/bond pool at period end (\$m)	30-Jun-20	30-Jun-19	30-Jun-18
Pre-July 2014 bonds for current residents	63.0	88.9	131.5
Post-July 2014 RADs for current residents	673.4	609.4	565.7
Total relating to current residents	736.4	698.2	697.2
Probate balance (former residents pending refund)	99.9	106.8	94.3
Total RAD/bond pool	836.3	805.0	791.5

RAD/bond	FY20	FY19	FY18
Total number of paid RAD/bonds	2,683	2,671	2,728
Average RAD/bond held	\$311,705	\$301,398	\$290,142
Average agreed incoming RAD	\$433,442	\$416,878	\$413,667
Average outgoing RAD/bond	\$379,645	\$352,232	\$344,882

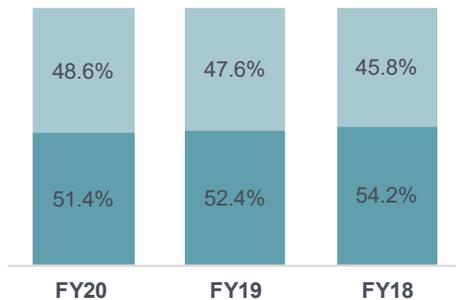
Resident profile

Number of residents	FY20	FY19	FY18
RAD	1,509	1,560	1,754
Combination (RAD/DAP)	645	601	577
DAP	613	609	623
Total non-concessional	2,767	2,770	2,954
Concessional	2,605	2,500	2,473
Other	14	20	28
Total permanent residents	5,386	5,290	5,455
Respite	312	282	225
Total residents	5,698	5,572	5,680
Occupancy	93.2%	93.6%	94.2%

% of permanent residents	FY20	FY19	FY18
RAD	28.0%	29.5%	32.2%
Combination (RAD/DAP)	12.0%	11.4%	10.6%
DAP	11.4%	11.5%	11.4%
Total non-concessional	51.4%	52.4%	54.2%
Concessional	48.4%	47.3%	45.3%
Other	0.2%	0.3%	0.5%
Total permanent residents	100.0%	100.0%	100.0%



Resident mix
(permanent residents)



Non-concessional residents
payment preference



Key observations

- Increase of 126 residents in the overall resident population from 30 June 2019, reflecting the benefit of the two newly opened homes
- Increase in the concessional population from 47.3% to 48.4%
- Changes in referral patterns due to wind down of hospital activity in first wave of COVID-19 resulted in a reduction of ~125 residents (80 respite and 45 permanent)

■ Total non-concessional ■ Concessional/other

■ RAD ■ Combination (RAD/DAP) ■ DAP

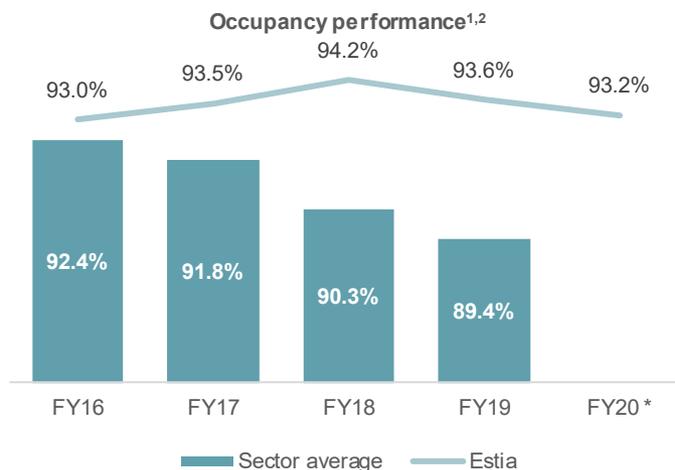


3. Operational overview

Occupancy and market share

Occupancy is key indicator of matching homes and services with local community needs

- Pre COVID-19 average occupancy 93.6%
- FY20 occupancy performance exceeds sector
- COVID-19 had an immediate impact from February 2020 on:
 - respite admissions (elective surgery and travel restrictions); and
 - permanent admissions (visitation and admission protocols)
- Homes outside Victoria including our new homes continue to perform well
- Single rooms represent 91% of our current operational beds
- Customer engagement through local marketing and referrer channels continue as a key focus



1. Estia Health Operational Data
 2. Productivity Commission (2020) Report on Government Services – 2019 (sector average data). *FY20 Data not yet published



Clinical care and quality

Systems and processes

- Group-wide standard operating procedures
- Online resident care management system supports monitoring of performance and continuous improvement
- Dedicated quality managers provide education and oversight of care and clinical performance via use of clinical indicators
- Independently administered whistle-blower hotline for staff, residents and families
- Upgrading CCTV throughout the home network in 2020

Governance

- Clinical performance is monitored by Board Risk Committee
- Clinical Governance Committee independently chaired by Professor of Primary Care
- Independent benchmarking of Clinical Indicators introduced in 1HFY20 supporting quality improvement

Staffing

- Registered Nurses rostered on every shift at every home every day

Outcomes

- All Estia Health homes are accredited
- Two homes have unmet outcomes at 14 August
- Two Victorian COVID-19 impacted homes have Notices to Agree. Estia is fully compliant with those notices
- No homes have been or are under sanctions





Resident services

Background

- Local networks and local community engagement to support occupancy
- Accommodation options and services are matched to local communities

Food and nutrition

- “Cook fresh” locally sourced products underpin our food philosophy
- National hospitality training programs for chefs to build skills and resident focus
- Constant market monitoring to ensure effective procurement of food products

Lifestyle and hospitality

- Engaging residents through a range of cultural and entertainment activities
- Enabling residents to stay connected and part of their local communities

Communications and visitation

- COVID-19 - Additional resident liaison roles appointed to support residents and families to stay connected where visiting restrictions have been required

Outcomes

- Internal Consumer Experience Reports (“CER”) – average 93% satisfaction rating¹ from > 8,200 surveys of residents and families in FY20



1. Satisfaction defined as percentage of responses that report experience as “most of the time” or “always”



Workforce, people and culture

Background

- 7,500 staff, 94% covered by State-based Enterprise Agreements
- Sustained de-casualisation of the workforce to 8% of worked hours
- Bonus paid to home staff who fell outside of the government retention bonus scheme
- Health, safety and well-being a priority

Culture

- BPA survey conducted in FY20 – Estia ranked above sector averages for homes participating in this survey
- Targeted programs to address opportunities to increase engagement

Development and training

- Clinical training resources enhanced in period
- Deployed remote learning and on boarding programs in response to restricted travel and social gatherings

Safety and well-being

- EAP boosted to support challenge of remote work
- 18.3% staff turnover improved from over 20% in prior period
- LTIFR 4.9 12-month average continues impressive three-year trend

COVID-19

- Paid quarantine leave introduced in March 2020 to support staff and encourage a culture of disclosure of potential COVID-19 exposure
- PPE: access, application, training to support staff safety and commitment
- Pandemic leave introduced for staff impacted by COVID-19
- Pay supplement introduced for staff working in COVID-19 positive homes





Environmental, Social and Governance (ESG)

Executive ESG Committee provides direction and oversight for ESG initiatives

Environmental

- Final tranche of energy sustainability projects (Solar and LED) nearing completion – 65 homes with completed projects with an additional 45 projects nearing completion
- Old laundry equipment replaced with energy efficient machinery
- Initial climate change resilience risk exposure assessment completed 30 June 2020
- Alternative food packaging sourced producing cost savings and reduced land fill

Social

- Transition to self-insured status effective 1 July 2020 in NSW
- Partner of the Centenarian Art project
- Pandemic leave introduced for all employees
- EAP available 24/7 - accessible to employees, residents and families
- Gender diversity: one of the highest ranked ASX200 companies in the CEW Survey for the third successive year¹

Governance

- Clinical governance strengthened with the appointment of an independent chair and external clinical pharmacist
- Seven directors: five of whom are independent Non-executive Directors
- Supply chain assessment achieved in line with FY20 Modern Slavery requirements
- Development of 2020-24 sustainability strategy



1. CEW Senior Executives Survey 2019.



Growth

Investment of **\$80.6m FY20** (\$93.8m FY19) resulting in increased bed capacity while continuing the organisation's refurbishment program focused on enhancing the resident experience.

Development *(Greenfield)*

FY20 Investment of \$15.7m

- Commissioning of Maroochydore, QLD
- Acquisition of Aberglasslyn (NSW) and Mt Barker (SA) with DA's advanced
- Preliminary site works progressed St Ives (NSW)

Redevelopment *(Brownfield)*

FY20 Investment of \$18.3m

- Progression of new home at Blakehurst (NSW) and extension at Burton (SA)
- Continuation of works program

Refurbishment *(Significant, strategic and lifecycle)*

FY20 Investment of \$46.6m

- 13 homes with 1,187 beds completed significant refurbishments during the year
- Home enhancement, asset lifecycle replacements and sustainability (\$27.8m)
- Intangible investment (bed licences and software) (\$5.9m)

Looking forward

Royal Commission

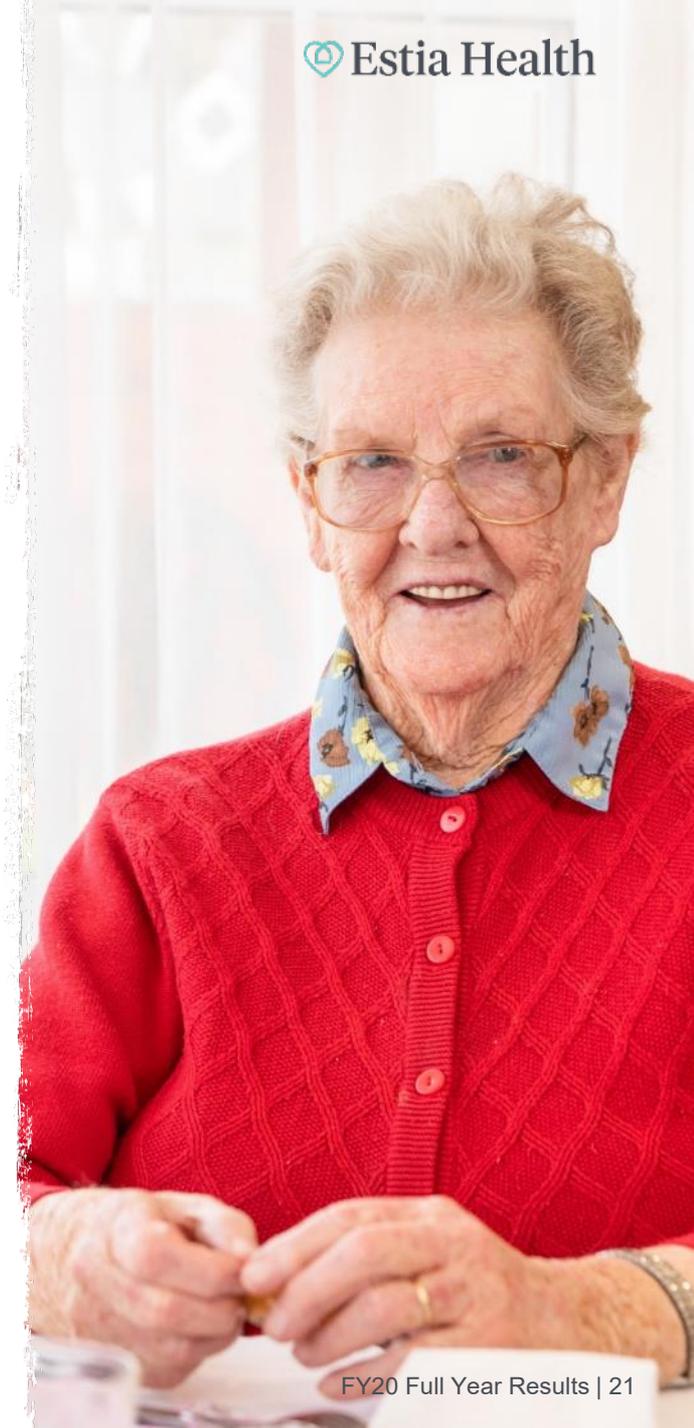
- Interim report issued November 2019
- Sector data workforce request submitted January 2020
- Extended timeline due to COVID-19 with final report due February 2021
- Consultation paper number 2 addresses whole of sector funding alternatives
- Recent hearings have enquired into COVID-19

Financing and funding

- Estia views:
 - Capital requirement
 - Inadequate revenue/funding
 - Restricted markets and pricing
 - ACAR/licence model reform
 - Increase user pay
 - RAD review
 - Inadequate prudential oversight

COVID-19 Implications

- Short-term community and sector impacts highly unpredictable
- Scale and duration remains extremely uncertain



4. Questions

A photograph of a dining room. In the foreground, a light-colored wooden dining table is set for a meal. Each place setting includes a white bowl with a black floral pattern, a white plate, a glass, and a dark placemat. There are three glass vases with white flowers on the table. In the background, there is a large mirror with a gold frame, a lamp with a white shade and a blue patterned base, and a window with light-colored curtains. A chandelier with a white shade and crystal accents hangs from the ceiling.

5. Appendices

Appendix A: Statutory Income Statement

	FY20	FY19	FY20 vs
	\$'000	\$'000 ⁵	FY19
Revenues¹	636,908	585,985	8.7%
Expenses			
Employee benefits expenses	416,000	386,804	7.5%
Administrative expenses ²	18,765	20,583	(8.8%)
Occupancy expenses ²	24,186	31,297	(22.7%)
Resident expenses	51,276	51,613	(0.7%)
Royal Commission expenses	101	1,721	(94.1%)
Operating profit before depreciation, amortisation, impairment and other (gains)/losses	126,580	93,967	34.7%
Depreciation and amortisation expenses ³	39,119	28,719	36.2%
Impairment expenses	144,622	465	
Other (gains)/losses	(214)	(36)	494.4%
Operating profit/(loss) for the year	(56,947)	64,819	(187.9%)
Net finance costs ⁴	51,898	6,990	642.5%
Profit/(loss) before income tax	(108,845)	57,829	(288.2%)
Income tax expense	8,064	16,539	(51.2%)
Profit/(loss) for the year	(116,909)	41,290	(383.1%)
Earnings per share (cents per share)			
Basic, profit/(loss) for the period attributable to ordinary equity holders of the parent	(44.79)	15.84	(382.8%)
Diluted, profit/(loss) for the period attributable to ordinary equity holders of the parent	(44.79)	15.77	(384.0%)

1 Revenue for FY20 includes \$43.4m of RAD/bond non-cash revenue arising as a result of the adoption of AASB 16

2 Occupancy and administrative expenses for FY20 no longer include the cost of operating leases as a result of the adoption of AASB 16

3 Depreciation and amortisation expense for FY20 includes \$4.5m of amortisation on leases previously classified as operating as a result of the adoption of AASB 16

4 Net financing costs for FY20 includes \$45.6m of interest expense on leases previously classified as operating and RAD/bonds held as a result of the adoption of AASB 16

5. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Appendix B: Non IFRS Reconciliations

Operating revenue to total revenue

	FY20 \$'000	FY19 \$'000 ⁵	FY20 vs FY19
Government revenue (excluding temporary funding)	426,188	427,909	(0.4%)
Government revenue (temporary funding) ¹	7,382	10,336	(28.6%)
Resident and other revenue ²	146,310	147,594	(0.9%)
Total operating revenues	579,880	585,839	(1.0%)
RAD/bond revenue (AASB 16 impact)	43,407	-	100.0%
Operating revenue from new homes in ramp-up	13,621	146	
Total Revenue	636,908	585,985	8.7%

Operating profit/(loss) for the year to EBITDA – mature homes

	FY20 \$'000	FY19 \$'000 ⁵	FY20 vs FY19
EBITDA - mature homes (pre AASB 16)^{3,4}	79,266	96,911	(18.2%)
Rental expenses (AASB 16 adjustment)	(6,055)	-	100.0%
EBITDA - mature homes (post AASB 16 - rental exp adj)⁴	85,321	96,911	(12.0%)
RAD/bond revenue (AASB 16 impact)	(43,407)	-	100.0%
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Royal Commission expenses	101	1,721	(94.1%)
Net loss/(gain) from homes in ramp-up	(491)	685	
Home closure expenses	-	538	
EBITDA	126,580	93,967	34.7%
Depreciation and amortisation expenses	39,119	28,719	36.2%
Impairment expenses	144,622	465	
Other (gains)/losses	(214)	(36)	494.4%
Operating profit/(loss) for the year	(56,947)	64,819	(187.9%)

1 Government revenue for FY20 and FY19 includes the impact of the temporary funding increases (including additional funding for COVID-19)

2 Resident and other revenue for FY20 excludes the impact of the RAD/bond non-cash revenue arising as a result of the adoption of AASB 16

3 EBITDA pre AASB 16 is defined as Earnings before Interest, Tax, Depreciation, Amortisation prior to the adjustment of rental expenditure as a result of the adoption of AASB 16

4 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 commencement of the financial year

5. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Appendix B: Non IFRS Reconciliations

Profit/(loss) for the year to Profit/(loss) before income tax (pre impairment)

	FY20 \$'000	FY19 \$'000	FY20 vs FY19
Profit/(loss) before income tax (pre impairment)	35,777	58,294	(38.6%)
Income tax expense (pre impairment)	10,599	16,678	(36.4%)
Profit/(loss) for the year (pre impairment)	25,178	41,616	(39.5%)
Impairment expenses	144,622	465	
Income tax expense /(benefit) impairment expenses	(2,535)	(139)	
Profit/(loss) for the year	(116,909)	41,290	(383.1%)

Appendix C: Financial metrics and trends

	H2 FY20	H1 FY20	H2 FY19	FY20	FY19	H2 FY20	H2 FY20	FY20
	6 months	6 months	6 months ⁵	12 months	12 months ⁵	vs	vs	vs
	\$'000	\$'000	\$'000	\$'000	\$'000	H1 FY20	H2 FY19	FY19
Government revenue (excluding temporary funding)	210,625	215,563	212,791	426,188	427,909	(2.3%)	(1.0%)	(0.4%)
Government revenue (temporary funding) ¹	7,382	-	10,336	7,382	10,336	-	(28.6%)	(28.6%)
Resident and other revenue ²	72,453	73,857	73,062	146,310	147,594	(1.9%)	(0.8%)	(0.9%)
Total operating revenues	290,460	289,420	296,189	579,880	585,839	0.4%	(1.9%)	(1.0%)
Employee benefits expenses	205,399	198,873	193,951	404,272	385,671	3.3%	5.9%	4.8%
Non-wage expenses	43,693	46,594	49,315	90,287	97,508	(6.2%)	(11.4%)	(7.4%)
Rental expenses (pre AASB 16)	3,045	3,010	2,862	6,055	5,749	1.2%	6.4%	5.3%
EBITDA - mature homes (pre AASB 16)^{3,4}	38,323	40,943	50,061	79,266	96,911	(6.4%)	(23.4%)	(18.2%)
Rental expenses (AASB 16 adjustment)	(3,045)	(3,010)	-	(6,055)	-	1.2%	-	-
EBITDA - mature homes (post AASB 16 - rental exp adj)⁴	41,368	43,953	50,061	85,321	96,911	(5.9%)	(17.4%)	(12.0%)
Operating statistics - mature homes								
Total Operational/Available Bed Days	1,082,172	1,093,696	1,092,706	2,175,868	2,205,170	(1.1%)	(1.0%)	(1.3%)
Total Occupied Bed Days	1,002,455	1,024,460	1,019,486	2,026,915	2,064,574	(2.1%)	(1.7%)	(1.8%)
Occupancy	92.6%	93.7%	93.3%	93.2%	93.6%	(1.0%)	(0.7%)	(0.4%)
Revenue statistics - Per Occupied Bed Day ("POBD")								
Government revenue (excluding temporary funding)	\$210.1	\$210.4	\$208.7	\$210.3	\$207.3	(0.1%)	0.7%	1.4%
Government revenue (temporary funding)	\$7.4	-	\$10.1	\$3.6	\$5.0	-	(26.7%)	(28.0%)
Resident revenue	\$72.3	\$72.1	\$71.7	\$72.2	\$71.5	0.3%	0.8%	1.0%
Total revenue	\$289.8	\$282.5	\$290.5	\$286.1	\$283.8	2.6%	(0.2%)	0.8%
Costs statistics - Per Operational/Available Bed Day								
Staff costs	\$189.8	\$181.8	\$177.5	\$185.8	\$174.9	4.4%	6.9%	6.2%
Non-wage costs (excl. facility rentals)	\$40.8	\$43.0	\$45.4	\$41.9	\$44.5	(5.1%)	(10.1%)	(5.8%)
Total costs (excl. facility rentals)	\$230.6	\$224.8	\$222.9	\$227.7	\$219.4	2.6%	3.5%	3.8%
Annual average EBITDA^{1,2,3,4} Per Occupied Bed - mature homes	\$13,954	\$14,588	\$17,924	\$14,274	\$17,134	(4.3%)	(22.1%)	(16.7%)
Total staff expenses % of revenue ^{1,2,3,4}	70.7%	68.7%	65.5%	69.7%	65.8%	2.0%	5.2%	3.9%
Non-wages expenses (excl. facility rentals) % of revenue ^{1,2,3,4}	15.2%	16.3%	16.8%	15.7%	16.8%	(1.1%)	(1.6%)	(1.1%)
EBITDA mature homes % of revenue^{1,2,3,4}	13.2%	14.1%	16.9%	13.7%	16.5%	(0.9%)	(3.7%)	(2.8%)

1. Government revenue for FY20 and FY19 includes the impact of the temporary funding increases (including additional funding for COVID-19)

2. Resident and other revenue for FY20 excludes the impact of the RAD/bond non-cash revenue arising as a result of the adoption of AASB 16

3. EBITDA – pre AASB 16 is defined as Earnings before Interest, Tax, Depreciation, Amortisation prior to the adjustment of rental expenditure as a result of the adoption of AASB 16

4. A reconciliation of Operating Profit to EBITDA and EBITDA on mature homes is provided in Appendix B

5. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Appendix D: Accounting standard changes – AASB 16

Property Leases / Refundable Accommodation Deposits

- The adoption of AASB 16 Leases on 1 July 2019 has required lessees to account for all leases under a single on-balance sheet model in a similar way to how finance leases were 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 have determined that the adoption of 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 to be a non-cash charge for accommodation. The accounting treatment for the non-cash consideration component of this arrangement results 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 Profit for the Period
- To assist with the understanding of the impact of the adoption of AASB 16, a reconciliation of reported results for FY20 is shown below

	FY20 Reported \$'000	Impact of Op leases	Impact of RADs/ Bonds	FY20 Pro forma Pre AASB 16	FY19 Reported \$'000 ⁵	FY18 Reported \$'000 ⁵
Revenues^{1,2}	636,908	-	(43,407)	593,501	585,985	546,934
Expenses						
Employee benefits expenses	416,000	-	-	416,000	386,804	360,216
Administrative expenses	18,765	154	-	18,919	20,583	16,064
Occupancy expenses	24,186	5,901	-	30,087	31,297	29,598
Resident expenses	51,276	-	-	51,276	51,613	51,093
Royal Commission expenses	101	-	-	101	1,721	-
EBITDA	126,580	(6,055)	(43,407)	77,118	93,967	89,963
Depreciation and amortisation expenses ³	39,119	(4,525)	-	34,594	28,719	25,547
Impairment expenses	144,622	-	-	144,622	465	455
Other (gains)/losses	(214)	-	-	(214)	(36)	(483)
Operating profit/(loss) for the year	(56,947)	(1,530)	(43,407)	(101,884)	64,819	64,444
Net finance costs ⁴	51,898	(2,171)	(43,407)	6,320	6,990	7,279
Profit/(loss) before income tax	(108,845)	641	-	(108,204)	57,829	57,165
Income tax expense	8,064	192	-	8,256	16,539	16,011
Profit/(loss) for the year	(116,909)	449	-	(116,460)	41,290	41,154

1 Revenue for FY19 and FY20 includes the impact of the temporary funding increases (including additional funding for COVID-19)

2 Revenue for FY20 includes \$43.4m of non-cash charge for accommodation revenue arising as a result of the adoption of AASB 16

3 Depreciation and amortisation expense for FY20 includes \$4.5m of amortisation on leases previously classified as operating as a result of the adoption of AASB 16

4 Net financing costs for FY20 includes \$45.6m of interest expense on leases previously classified as operating and RAD/bonds held as a result of the adoption of AASB 16

5. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Appendix E: Balance Sheet

	30-Jun-20 \$'000	30-Jun-19 \$'000 ¹
Current assets		
Cash and cash equivalents	30,600	14,631
Trade and other receivables	8,129	9,046
Income tax receivables	-	607
Prepayments and other assets	6,444	5,694
Assets held for sale	5,441	-
Total current assets	50,614	29,978
Non-current assets		
Property, plant and equipment	842,524	822,696
Investment properties	1,500	1,620
Goodwill	681,014	817,074
Other intangible assets	226,950	222,575
Right of use assets	67,137	-
Prepayments	585	449
Total non-current assets	1,819,710	1,864,414
Total assets	1,870,324	1,894,392
Current liabilities		
Trade and other payables	59,527	44,046
Other financial liabilities	1,193	1,304
Provisions	52,678	45,616
Income tax payable	6,504	-
Lease liabilities	4,052	-
Refundable accommodation deposits and bonds	836,304	805,033
Total current liabilities	960,258	895,999
Non-current liabilities		
Lease liabilities	68,910	-
Other payables	-	12
Provisions	5,155	4,496
Deferred tax liabilities	98,404	107,775
Loans and borrowings	128,848	124,603
Total non-current liabilities	301,317	236,886
Total liabilities	1,261,575	1,132,885
Net assets	608,749	761,507

1. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Appendix F: Asset Valuations and Impairment

Methodology

- Impairment testing on goodwill and intangible assets occurs annually and when an impairment indicator(s) exist
- In performing its impairment assessment, the Group has determined itself to be a single Cash Generating Unit (“CGU”) with goodwill and bed licenses (arising from previous acquisitions) being allocated to this single CGU
- The recoverable amount for the CGU was determined on a value-in-use calculation using discounted cash flow projections that cover a five-year period (2021 to 2025) after which a terminal value is applied. The discount rate applied was 9.26% on post-AASB 16 basis, equivalent to a 9.5% pre-AASB 16 basis
- Estimates beyond the five-year period are based on a long-term growth rate of 2.3% which has been determined to be applicable to the trading environment within which the CGU operates

FY20 outcomes

- The ongoing uncertainty of future sector funding and financing, exacerbated by the future uncertainty and impacts of COVID-19 is expected to have a detrimental effect on future operating cashflows for some time
- A range of assumptions including discount rates, business and industry operating performance, the economic environment and regulatory conditions were considered in determining the period impairment charge of \$144.6m
- The impairment charge comprises \$136.1 million of goodwill and \$8.5 million across its homes and other tangible assets
- The impairment charge is non-cash in nature, has no impact on the Group's existing debt facilities, compliance with banking covenants or its ability to undertake capital management initiatives

Appendix G: Cashflow

	FY20	FY19
	\$'000	\$'000 ²
Cash flows from operating activities		
Receipts from residents	145,941	148,427
Receipts from government	432,171	437,556
Payments to suppliers and employees	(466,936)	(489,880)
Operational cash flows before interest, income tax, and RADs	111,176	96,103
Interest received	435	70
Finance costs paid	(7,473)	(6,878)
Income tax paid	(9,086)	(15,932)
Interest expenses of lease liability	(2,171)	-
Net cash flows from operating activities before RADs, bonds and ILU entry contribution	92,881	73,363
RAD, accommodation bond and ILU entry contribution received	272,871	246,454
RAD, accommodation bond and ILU entry contribution refunded	(239,690)	(231,888)
Net cash flows from operating activities	126,062	87,929
Cash flows from investing activities		
Payments for intangible assets	(5,911)	(4,850)
Proceeds from sale of property, plant and equipment	51	19
Proceeds from sale of assets held for sale	2,283	956
Purchase of property, plant and equipment	(74,718)	(88,932)
Net cash flows used in investing activities	(78,295)	(92,807)
Cash flows from financing activities		
Proceeds from repayment of MEP loans	6	7
Proceeds from bank borrowings	405,000	225,000
Repayment of bank borrowings	(400,000)	(175,000)
Dividends paid ¹	(32,920)	(41,696)
Repayment of lease liabilities	(3,884)	-
Net cash flows from/(used in) financing activities	(31,798)	8,311
Net increase/(decrease) in cash and cash equivalents	15,969	3,433
Cash and cash equivalents at the beginning of the year	14,631	11,198
Cash and cash equivalents at the end of the year	30,600	14,631

1. Dividends paid in FY20 are shown net of the DRP

2. The Company has adopted the modified retrospective approach when transitioning to AASB 16 (effective 1 July 2019): as a result the comparative periods presented have not been adjusted

Appendix H: Resident profile (detail)

Number of residents	30-Jun-18	Incoming	Outgoing	Preference changes	30-Jun-19	Incoming	Outgoing	Preference changes	30-Jun-20
RAD	1,754	390	604	20	1,560	397	521	73	1,509
Combination (RAD/DAP)	577	330	304	(2)	601	372	315	(13)	645
DAP	623	629	629	(14)	609	698	615	(79)	613
Total non-concessional	2,954	1,349	1,537	4	2,770	1,467	1,451	(19)	2,767
Concessional	2,473	1,025	1,038	40	2,500	1,054	1,003	54	2,605
Other	28	17	7	(18)	20	8	11	(3)	14
Total permanent residents	5,455	2,391	2,582	26	5,290	2,529	2,465	32	5,386
Respite	225	83	-	(26)	282	62	-	(32)	312
Total residents	5,680	2,474	2,582	-	5,572	2,591	2,465	-	5,698

% of permanent residents	30-Jun-18	Incoming	Outgoing		30-Jun-19	Incoming	Outgoing		30-Jun-20
RAD	32.2%	16.3%	23.4%		29.5%	15.7%	21.1%		28.0%
Combination (RAD/DAP)	10.6%	13.8%	11.8%		11.4%	14.7%	12.8%		12.0%
DAP	11.4%	26.3%	24.4%		11.5%	27.6%	24.9%		11.4%
Total non-concessional	54.2%	56.4%	59.6%		52.4%	58.0%	58.8%		51.4%
Concessional	45.3%	42.9%	40.2%		47.3%	41.7%	40.7%		48.4%
Other	0.5%	0.7%	0.2%		0.3%	0.3%	0.5%		0.2%
Total permanent residents	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%		100.0%

Appendix I: RAD and bond pool

Summary of movements in past periods	H2 FY20	H1 FY20	FY20	FY19
	\$m	\$m	\$m	\$m
Opening RAD/bond balance	826.5	805.0	805.0	791.5
Refunds mature homes	(114.4)	(122.9)	(237.3)	(222.5)
Inflows mature homes	111.5	133.2	244.7	227.8
Net inflows - mature homes	(2.9)	10.3	7.4	5.3
Net outflows due to home closure (Mona Vale)	-	-	-	(2.8)
Net inflows new homes	13.9	11.9	25.8	12.1
Total net inflows	11.0	22.2	33.2	14.6
Deductions	(1.2)	(0.7)	(1.9)	(1.1)
Closing RAD/bond balance	836.3	826.5	836.3	805.0
Probate balance	99.9	103.4	99.9	106.8

Total RAD/bond pool at period end	30-Jun-20			30-Jun-19		
	\$m	#	Average	\$m	#	Average
Pre-July 2014 bonds for current residents	63.0	310	\$203,255	88.9	434	\$204,766
Post-July 2014 RADs for current residents	673.4	2,040	\$330,095	609.4	1,868	\$326,217
Total relating to current residents	736.4	2,350	\$313,363	698.2	2,302	\$303,320
Probate balance (former residents pending refund)	99.9	333	\$300,005	106.8	369	\$289,406
Total RAD/bond pool	836.3	2,683	\$311,705	805.0	2,671	\$301,398
Average agreed incoming RAD			\$433,442			\$416,878
Average outgoing RAD/bond			\$379,645			\$352,232

RADs held reconciliation to RAD residents	30-Jun-20	30-Jun-19
RAD residents	1,509	1,560
Plus : combinations (RAD/DAP)	645	601
Plus : former residents pending refund	333	369
Plus : concessional residents who pay a RAC	201	171
Less : unpaid RAD residents	(5)	(30)
Total number of paid RAD/bonds	2,683	2,671

Appendix J: Occupancy

Mature homes	H2 FY20 6 months	H1 FY20 6 months	H2 FY19 6 months	FY20 12 months	FY19 12 months
Total mature home beds available at period end	5,946	5,944	5,992	5,946	5,992
Available beds during period for occupancy calculation Jan-20	5,946				
Days in period	182	184	181	366	365
Available bed days during period	1,082,172	1,093,696	1,092,706	2,175,868	2,205,170
Occupied days	1,002,455	1,024,460	1,019,486	2,026,915	2,064,574
Occupancy	92.6%	93.7%	93.3%	93.2%	93.6%

Total Occupied Bed Days in period					
Mature homes	1,002,455	1,024,460	1,019,486	2,026,915	2,064,574
New homes ¹	32,816	17,077	764	49,893	764
Total Occupied Bed Days in period	1,035,271	1,041,537	1,020,250	2,076,808	2,065,338

Beds					
Total available beds at start of period	6,180	6,102	6,046	6,102	6,046
New homes/beds opened during the period ¹	2	126	110	128	110
Homes/beds closed during the period ²	-	(48)	(54)	(48)	(54)
Total available beds at period end	6,182	6,180	6,102	6,182	6,102

Mature beds from 1 July 2020	
New home beds reclassified to mature home beds ¹	236
Total mature home beds available at 1 July 2020	6,182

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

1. FY20 increase reflects the opening of Maroochydore (Aug 19) with the FY19 increase the opening of Southport (May 19)

2. FY20 decrease of 48 beds within mature home portfolio resulting from beds taken offline effective from 1 July 2019. FY19 beds are a result of the Mona Vale closure

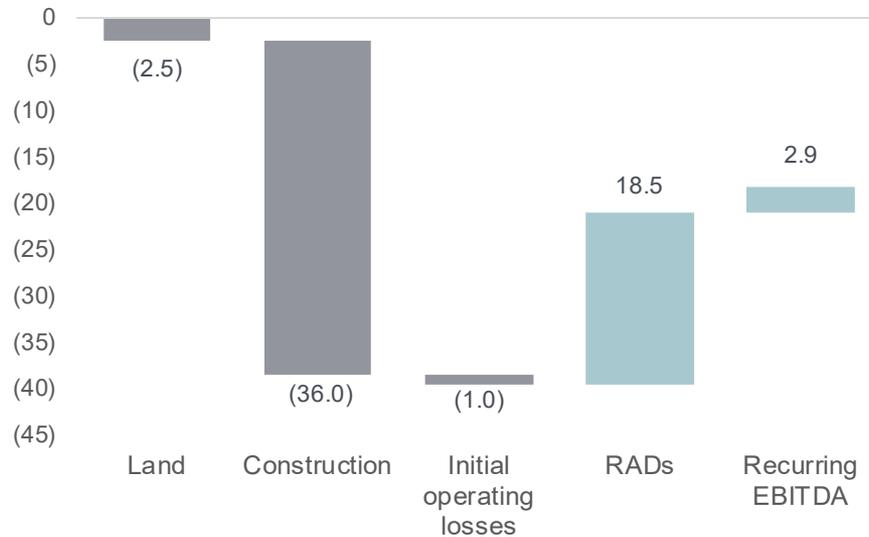
Appendix K: Portfolio growth

Development	Nature of Development	Total New Places	Net Additional Places	Land Held	Development Approval	Licenses Secured	Status	Opening
Completed 2019								
Southport, QLD	Brownfield	110	110	✓	✓	✓	Open	May-19
Maroochydore, QLD	Greenfield	126	126	✓	✓	✓	Open	Aug-19
Total		236	236					
Underway/InProgress								Expected
Blakehurst, NSW	Brownfield	108	108	✓	✓	✓	Under Construction	H2 FY21
Total		226	226					
Future/Uncommitted								
<i>St Ives, NSW</i>	<i>Greenfield</i>	<i>118</i>	<i>118</i>	<i>✓</i>	<i>✓</i>	<i>Partial</i>		
<i>Burton, SA</i>	<i>Expansion</i>	<i>24</i>	<i>24</i>	<i>✓</i>	<i>Planning Approval</i>	<i>✓</i>		
<i>Mt Barker, SA</i>	<i>Greenfield</i>	<i>116</i>	<i>86</i>	<i>✓</i>	<i>Submitted</i>	<i>✓</i>		
<i>Aberglasslyn, NSW</i>	<i>Greenfield</i>	<i>115</i>	<i>115</i>	<i>✓</i>	<i>✓</i>	<i>✓</i>		
<i>Toorak Gardens, SA</i>	<i>Brownfield</i>	<i>118</i>	<i>82</i>	<i>✓</i>	<i>Planning Approval</i>	<i>Partial</i>		
Total		491	425					

The development and redevelopment pipeline is being progressed with a number of projects in the DA/advanced planning stage

Appendix L: Illustrative development metrics

Indicative cashflow - new developments (\$m)



Operating statistics

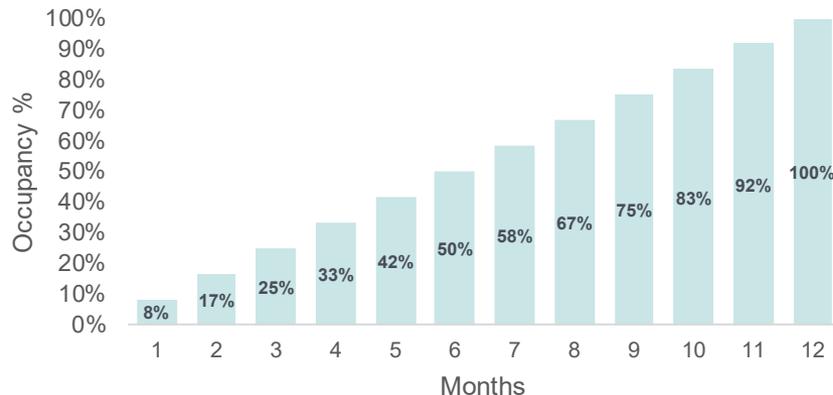
Beds	120
Land costs	\$2,500,000
Construction, planning and design per bed	\$300,000
Residents:	
Concessional	40%
RADS as % of non-concessional	60%
Average RAD price	\$450,000
Estimated mature RAD pool	\$18,450,000
Occupancy	95%

Gross investment cost	\$38,500,000
Net of RADs investment cost	\$20,050,000

Asset metrics

Gross investment ROIC	7.4%
Net investment ROIC	14.2%

Target 12 month Resident onboarding



Artist's impression - Estia Health Aberglasslyn (NSW)

The example above is provided as an illustration to aid an understanding of the financial metrics associated with a new development. The information does not represent a forecast, nor represent any assurances that stated performance metrics will or won't be achieved at any or all of the Group's new developments. As a result, forecast and actual results from future developments may differ materially from those expressed on this page.

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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.

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life together*

