



Estia Mudgeeraba, Queensland

Delivering high quality residential aged care services to everyday Australians



**One of
Australia's
largest
aged care
providers**



**68
operational
homes,
6,046 places**



**Care delivered
to 8,000+
older
Australians
annually**



**Employing
over 7,000
staff**

PORTFOLIO OVERVIEW

Key Portfolio Statistics (as at 30 June 2018)

Number of homes

Metro 52

Regional 16

Total number of operational homes 68

Freehold sites 61

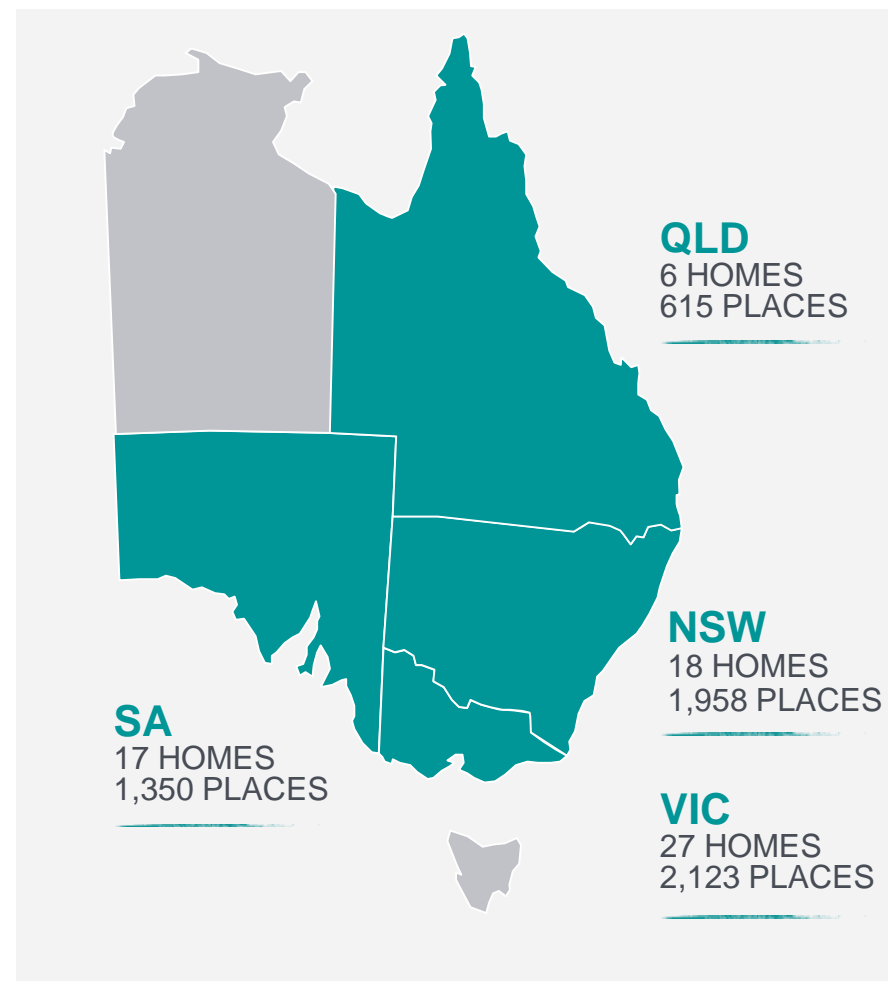
Total operational places 6,046

Number of single rooms 4,875

Single rooms as percentage of total rooms 90%

Average number of places per home 89

Number of homes receiving significant refurbishment supplement 19



FY18 FINANCIAL OVERVIEW

94.2%

AVERAGE OCCUPANCY

On mature homes, excl. Twin Waters

\$547.1

OPERATING REVENUE

Up 4.3% on FY17

\$90.1m

EBITDA¹

Up 4.1% on FY17

\$103.0m

OPERATIONAL CASHFLOW²

114% Cash/EBITDA conversion

\$62.8m

FY18 NET RAD INFLOWS

\$63.8m

NET BANK DEBT³

\$41.2m

NPAT

Up 1.1% on FY17

15.8 cents

EARNINGS PER SHARE

Decrease of 13.2% on FY17 due to dilution impact of FY17 capital raise

8.0 cents

**FULLY FRANKED FINAL
DIVIDEND PER SHARE**

(15.8 cps total dividend, 100% of NPAT)

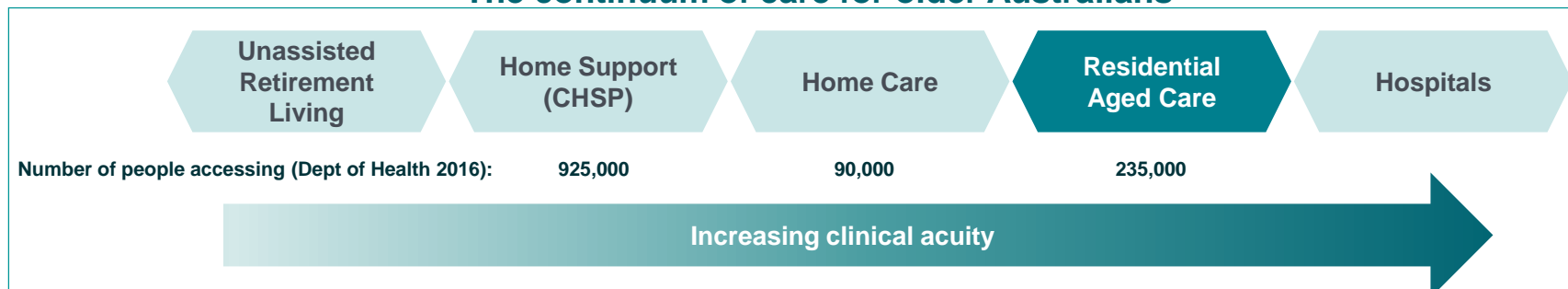
Extract from Estia's FY18 Full Year Results

1. EBITDA is a measure consisting of earnings before interest, tax, depreciation, amortisation and gains on sale of non-current assets
2. Operational cash flow before interest, income tax and RADs,
3. Net Bank Debt is defined as bank borrowings and overdrafts less cash balances

CARING FOR OLDER AUSTRALIANS

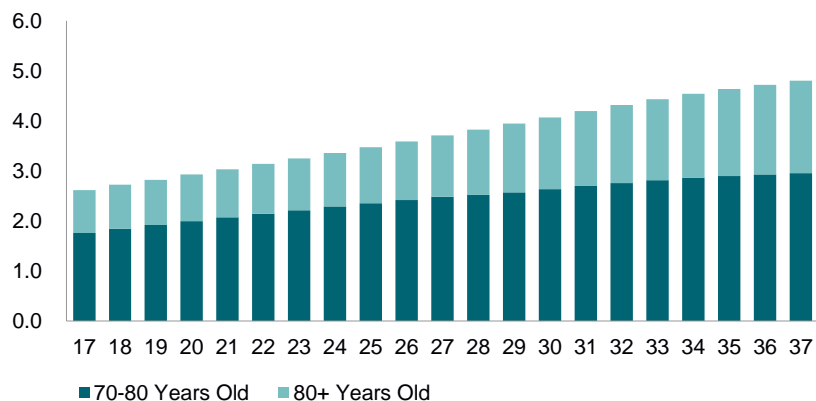
Residential Aged Care is not a choice; it is a critical necessity for the many older Australians who become unable to live unassisted at some stage in their life.

The continuum of care for older Australians



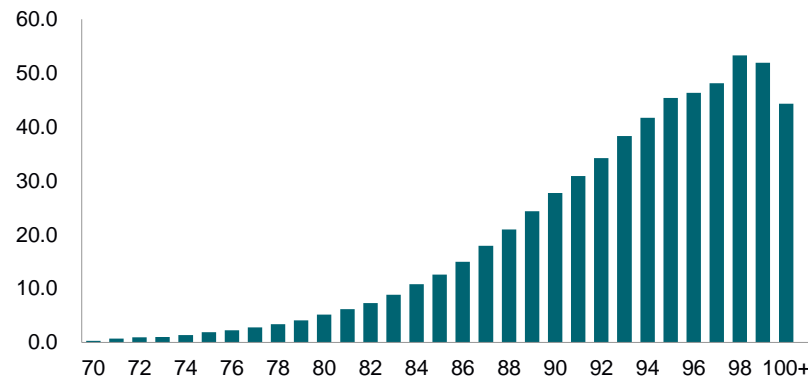
Population Aged Over 80 Expected to More than Double in the Next 20 Years

Millions of People Aged 70 Years and Over, 2017 to 2037



Residential Aged Care Utilisation Increases Significantly for Persons Aged Over 80

% of Females of Each Age Using Residential Aged Care, 2016



INQUIRIES AND REVIEWS INTO AGED CARE

REVIEW OF NATIONAL AGED CARE QUALITY REGULATORY PROCESSES

Ms Kate Carnell AO

Professor Ron Paterson ONZM

October 2017

Home | Industry+Policy | Tune's review of aged care reforms: the sector reacts



David Tune, Photo: Supplied

Tune's review of aged care reforms: the sector reacts

By: Dallas Bastian | in Industry+Policy: News, Top Stories | September 15, 2017 | 1 Comment

The recommendations laid out in the recently tabled Aged Care Legislated Review must be carefully considered and promptly acted upon by government, the sector's peak bodies and representatives have said.

Led by David Tune, former secretary of finance and current chair of the Aged Care Sector Committee, the *Legislated Review of Aged Care 2017* examined the Living Longer Living Better aged care reforms that stemmed from recommendations made by the Productivity Commission in its 2011 report, *Caring for older Australians*.

A MATTER OF CARE

Australia's Aged Care Workforce Strategy
Report of the Aged Care Workforce Strategy Taskforce



Ready for difficult aged care stories: PM announces royal commission



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Aged care safety commission a 'one-stop shop' to tackle elder abuse following Oakden scandal

Posted 18 Apr 2018, 9:02am

Australia's aged care sector will soon have to answer to a single watchdog under Federal Government reforms in the wake of the Oakden elder abuse scandal in South Australia.

Aged Care Minister Ken Wyatt has announced plans to combine three separate agencies which handle quality control and complaints in the aged care sector by the beginning of 2019.

A new ratings system allowing facilities to be graded against key benchmarks, and a comparison tool on the My Aged Care website, will also be introduced.

"The unified new commission will be a responsive, one-stop shop to prevent failures, highlight quality concerns and have them quickly rectified," Mr Wyatt said.

"When you bring three Commonwealth agencies [together], you streamline a process. You're not waiting for one to write to the other or seek advice from the other."



PHOTO: The Oakden aged care facility was shut following a damning report. (ABC News: Matt Coleman)

RELATED STORY: ICAC commissioner flags changes in dealing with new State Government

RELATED STORY: SA Premier is 'deeply sorry' after Oakden ICAC findings released

RELATED STORY: ICAC's Oakden report has potential to rock SA election campaign

RELATED STORY: Elderly man overmedicated, restrained at mental health facility, family says

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Aged Care Bill puts staffing on the record

Posted by Genevieve Cooper August 20, 2018 12:21 PM

Aged Care Bill puts staffing on the record

Federal Member for Mayo Rebekha Sharkie has today fulfilled her by-election promise to introduce a Private Member's Bill to mandate the publication of staff-to-resident ratios by job description on the Federal Government's My Aged Care website.

The Aged Care Amendment (Staffing Ratio Disclosure) Bill 2018 aims to provide greater transparency for families moving loved ones into residential care so they can make more informed choices about the facilities they consider.

"I have the oldest electorate in South Australia and the eighth oldest in the country so aged care is an important issue for my community, and they are deeply concerned that many facilities do not have enough staff with the right qualifications to care for residents," Rebekha said.

Source: https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/10_2017/review_report_final_23_october_2017.pdf
<https://www.agedcareinsite.com.au/2017/09/tunes-review-of-aged-care-reforms-the-sector-reacts/>
<https://www.abc.net.au/news/2018-04-18/aged-care-agency-among-post-oakden-reforms/9670102>
http://www.rebekhasharkie.com.au/aged_care_bill_puts_staffing_on_the_record
<https://www.sbs.com.au/news/ready-for-difficult-aged-care-stories-pm-announces-royal-commission>
https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/09_2018/aged_care_workforce_strategy_report.pdf

OUR POSITION ON KEY REFORMS

- Uncapped bed supply
- Increased and uniform prudential requirements governing RADs
- Increased transparency of financial reporting for all of the sector
- ‘User pay’ extended according to capacity to pay
- Uncap the daily care fee, eliminate lifetime caps on resident contributions and change the asset assessment of the home to a more socially equitable approach (Tune)
- Introduce nationwide standards for training of care workers (Pollaers)
- Introduce a Register of all aged care workers, including those working in home care
- Publication of staff numbers for all of sector with clear and uniform definitions that properly reflect the needs of residents.

COMMITMENT TO QUALITY

Entry into residential aged care is changing, with residents entering at a later stage with more acute issues.

Estia's Commitment to Quality:

Systems and Processes

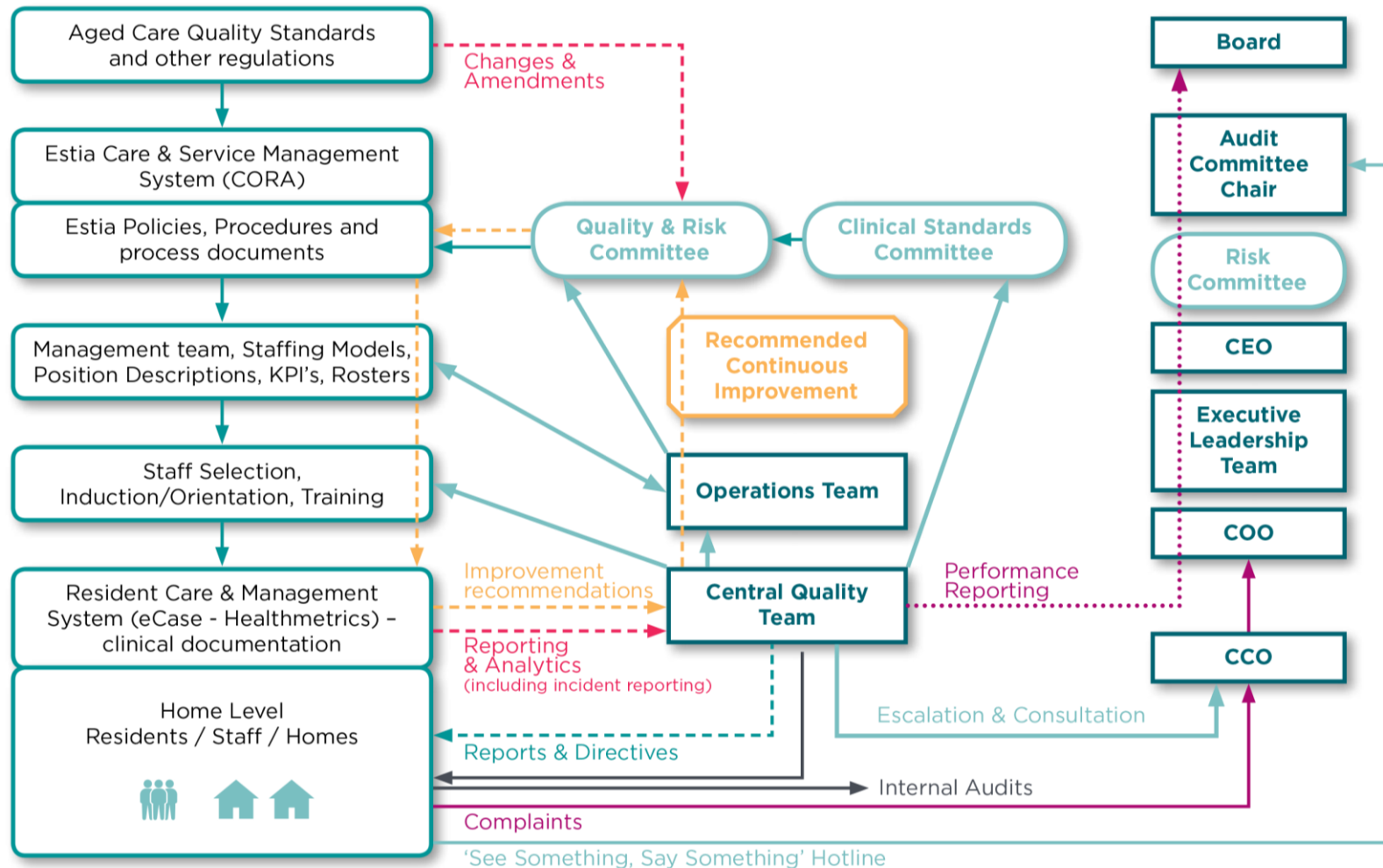
- Uniform clinical standards
- Quality and education functions are independent of operations
- Clinical indicator benchmarking – identifies potential risk
- Group-wide clinical standards and compliance
- Centralised tracking and monitoring of feedback, complaints and resolutions
- Independent whistle-blower hotline for staff, residents and family

Governance

- Clinical risk monitored by Board Risk Committee
- Clinical Standards Committee (chaired by Chief Nurse) reports directly to the Chief Executive Officer
- Independent external reviews improves objectivity



QUALITY AND COMPLIANCE AT ESTIA



PEOPLE AND CULTURE

- A **highly engaged** workforce showing a workplace culture of success – Independent Staff Engagement Survey (Sep 2017)
- **Staff retention improved** with turnover reducing from 30% to 20% p.a.
- Organisational Development – **building management capacity** through leadership development programs
- Clinical Development programs for Care Directors/RNs – **underpinning our quality standards**
- Graduate Nurse Program to **improve retention of qualified skills**
- Electronic learning platform supports mandatory **training and compliance requirements**
- Registered Nurse led **acuity based staffing model**



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Environmental

- Installation of solar panels and LED lighting to 29 homes, and solar hot water systems to 11 homes complete at a total cost of \$4.4m
 - Reduction of carbon emissions by 5,692 tonnes p.a.
 - Approximate full year savings of \$1.13m p.a.
- Further energy saving initiatives are under assessment for FY19
- Waste management under review to improve recycling and reduction strategies

Social

- Focus on gender diversity with 53% female representation at Board and Executive level
- Safe workplace initiatives improved LTIFR from 16.2 to 9.1
- Staff engagement survey driving cultural change initiatives
- Employee Assistance Programs available 24/7 and free to staff and immediate families
- Estia homes have ongoing engagement with their local communities through volunteering, fundraising activities for local charities and support of local groups

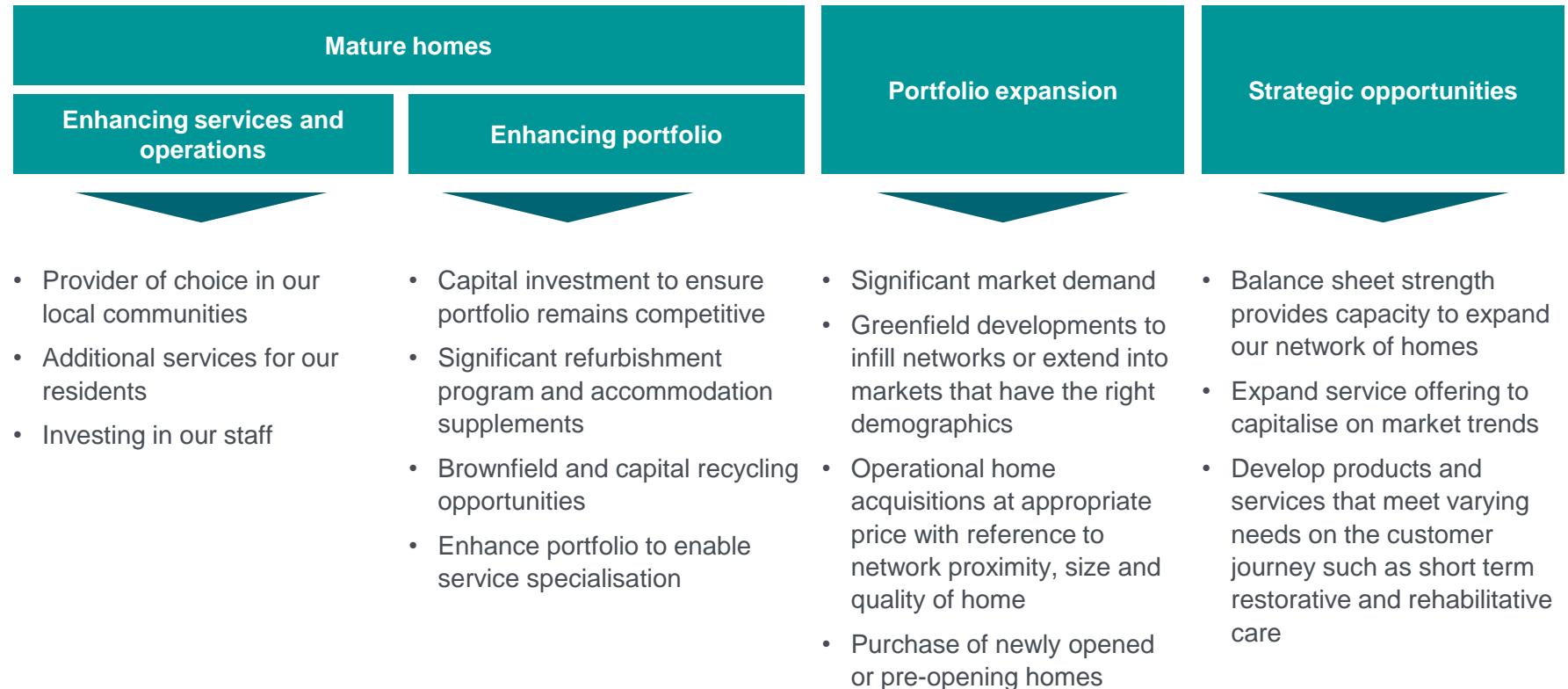
Governance

- Establishment of Risk Committee reporting to Board
- Risk profiling complete
- Initiatives to improve data security, including cyber security training implemented



GROWTH STRATEGY OVERVIEW

Delivering solid and sustainable growth to create value for our shareholders



RESIDENTIAL AGED CARE SECTOR OVERVIEW

Regulatory Environment

- Strongly regulated operational framework, creating high barriers to entry
- Increasing sector and consumer advocacy leads to stronger Government focus
- Multiple reviews looking at quality of care, sustainability and other challenges and opportunities in the sector

Opportunities

- Fast growing ageing population
- Continued Government support - CAGR of above 5% expected over next 3 years
- A necessary part of the ageing health continuum that will continue to be supported
- Demand will be circa 80,000 additional beds over the next 10 years

Consolidation Opportunities

- Sector relatively fragmented with c.60% of operators still operating a single home
- Increased costs to operate and regulatory focus on quality in sector, will speed consolidation
- Ageing stock in sector with smaller homes with multiple bedrooms, not suitable for future market

Consumer Driven Changes

- Increased demand for home support will see focus on quality operations at higher acuity
- Increased consumer expectations will see demand for single rooms and improved service standards with increased resident contribution
- Quality of care is the expectation, not able to be compromised

Well governed, quality-focused operators with scale and capital have the ability to respond to regulatory change, continue to invest in their people, portfolios and services as well as consider potential consolidation opportunities.

QUESTIONS



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