

22 February 2018

ESTIA HEALTH REPORTS 1H FY18 EBITDA OF \$45.4M, REAFFIRMS FULL-YEAR GUIDANCE

Estia Health Limited (ASX: EHE), one of Australia's largest aged care providers, today reported EBITDA of \$45.4 million for the first-half of FY18 and reaffirmed full-year earnings guidance, as it continued to achieve revenue growth while containing costs, and executed its strategy of expanding and improving its portfolio.

1H FY18 Highlights

- EBITDA up 5.6% to \$45.4 million
- Operating revenue up 3.3% to \$271.7 million
- Average occupancy of 94%
- Net RAD receipts of \$33.6 million
- Reduced net debt to \$42.3 million
- Expanded and enhanced portfolio - more than \$130 million of developments approved and commenced
- Declared interim dividend of 7.8 cents/share fully franked

Chief Executive Officer Norah Barlow said the first-half result reflected the company's strong operating performance and prudent approach to cost management.

"This is a solid result with many of the positive themes that started to emerge during last financial year continuing," Mrs. Barlow said.

"We continued to grow our revenue, and maintained our average occupancy of 94% throughout the period.

"We focused on expanding our portfolio in strategically important locations, opening our first newly developed home at Twin Waters on the Sunshine Coast, and continued to invest in improving the quality of our existing homes.

"We also completed the renewal of our Board, the Executive and the Leadership team who have been critical to the success of our operational improvements, for driving our growth strategy and ensuring we capture the right opportunities as demand for quality residential aged care continues to rise."

Portfolio Expansion and Enhancement

During the first half Estia opened the 114-bed Twin Waters home in Queensland on budget and on schedule, and progressed its 72-bed Kogarah home in New South Wales which is due to open next month, also on budget and on schedule.

The development of new homes was approved in Blakehurst (NSW), Southport (QLD), and Sunshine Cove (QLD) and these are expected to open in 2H FY19, adding another 345 new beds.

Estia also progressed its significant refurbishment program, completing three homes with a total of 271 beds, bringing the total number of refurbished homes to 16, with 1,631 beds eligible for the Higher Accommodation Supplement.

Capital Management

Estia's balance sheet was supported by strong operating cash flow conversion of EBITDA and solid net RAD inflows.

Estia continued to significantly reduce its debt during the period with net debt standing at \$42.3 million at 31 December 2017, representing a gearing ratio of 0.5 times EBITDA.

Estia has undrawn debt facilities of \$270 million.

Dividend

Estia is pleased to announce it has declared an interim dividend of 7.8 cents per share, fully-franked, representing a payout ratio of 100% of Net Profit After Tax for the period. The record date for the interim dividend is Friday 2nd March, with payment to be made on Friday 23rd March.

Outlook

Commenting on Estia's outlook for FY18 Mrs. Barlow said:

"We expect the solid performance achieved during the first half to continue for the remainder of FY18, with net RAD inflows expected to remain positive from new beds coming online and average incoming RAD prices expected to continue to exceed average outgoing RAD/Bond price.

"Developing and enhancing our portfolio through expansion and refurbishments remains at the core of our growth strategy and will be a major source of future earnings growth.

"We expect capital expenditure of circa \$40 million for the remainder of FY18 and circa \$210 million to the end of FY20 and we have a strong balance sheet and undrawn banking facilities to support this investment.

"We remain confident about our future and have reaffirmed our full-year EBITDA guidance for FY18 of mid-single digit percentage growth, subject to no material changes in market or regulatory conditions."

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Further Inquiries:

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Investor and Analyst Teleconference Details:

Estia CEO Norah Barlow and CFO Steve Lemlin will host an analyst and investor conference call commencing at 9:30am (AEDT) today which will also be webcast.

Dial in details: 1800 123 296

Conference call ID 4856 537

Webcast can be viewed at: <http://webcast.openbriefing.com/4231/>