A photograph of the Estia Bexley (NSW) building at dusk. The building is a modern, multi-story structure with large glass windows and a dark facade. The interior lights are on, and the building is illuminated by exterior lighting. In the foreground, there is a paved area, some landscaping with trees and shrubs, and a stone wall with the number "3" on it.

1H FY19 Half Year Results Presentation

26 February 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 high quality residential aged care services



Portfolio Overview

Key Portfolio Statistics

Number of homes

Metro 52

Regional 16

Total number of operational homes 68

Freehold sites 61

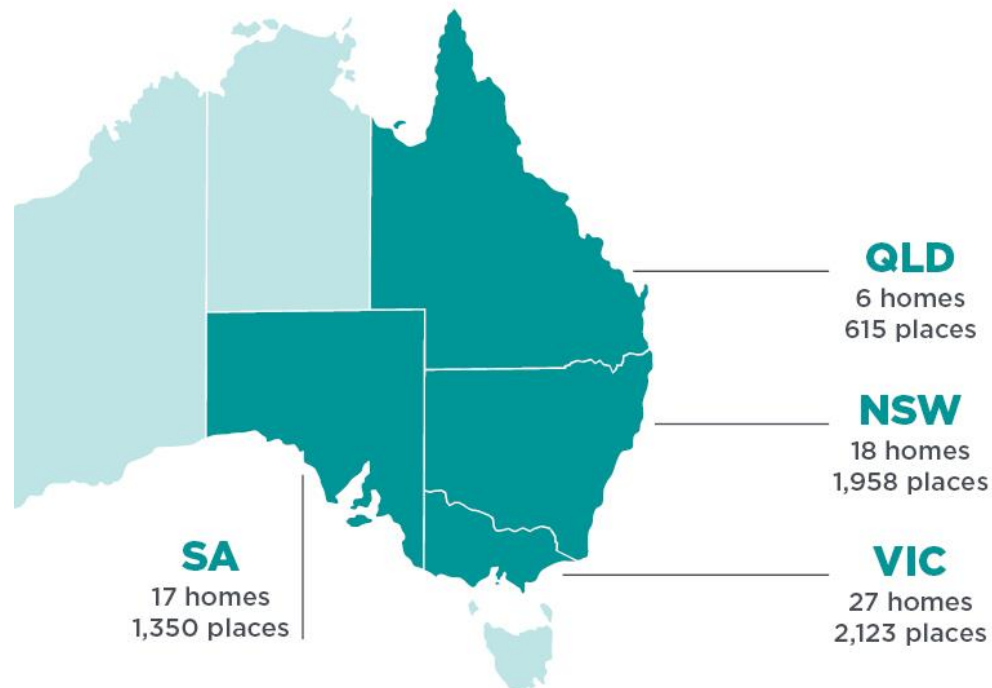
Total operational places 6,046

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 22



1H FY19 Highlights

Operational EBITDA¹ of \$46.9m achieved – increase of 3.1% from 1H FY18

93.9% average occupancy achieved across the period; spot occupancy at 24 February was 93.7%

Operational EBITDA¹ margin stable at 16.2%, with a modest increase on a \$ POBD basis achieved

Net total RAD outflows of \$1.2m; impacted by a \$16.4m reduction in probate liability

New homes at Twin Waters (QLD) and Kogarah (NSW) now fully operational and contributing in line with expectations as top quartile homes

Focus on portfolio development and growth continues with \$43.4m of capital invested in portfolio expansion, significant refurbishment and capital programs

Royal Commission was called in September 2018. A response team of internal staff and external advisers was established, and our comprehensive response was submitted in full on the due date of 7th January 2019. Direct external costs of managing our response in the period were \$0.9m

NPAT of \$21.1m in the period - an increase of 4.1% on 1HFY18, and up 0.9% on 2H FY18

Declared interim dividend of 8.0 cents per share, fully franked, representing approximately 100% of NPAT for the period

Full year FY19 EBITDA Guidance revised to low to mid single digit percentage increase on FY18 EBITDA from the existing portfolio of homes subject to no further material changes in market or regulatory conditions. Costs arising directly from the Royal Commission and the initial costs of opening new homes at Southport and Maroochydore in May and August will be reported separately and are not reflected in Guidance. Guidance does not assume any potential contribution from the recent Government announcement regarding increased funding.



1. A reconciliation of Operating Profit to Operational EBITDA is presented in Appendix B. Operational EBITDA of \$46.9m is before direct Royal Commission costs of \$0.9m

1H FY19 Financial Overview

93.9%

AVERAGE OCCUPANCY IN PERIOD

Down 0.1% on 1H FY18

\$289.7m

OPERATING REVENUE

Up 6.6% on 1H FY18

\$46.9m

OPERATIONAL EBITDA¹

EXCLUDES DIRECT ROYAL COMMISSION COSTS
Up 3.1% on 1H FY18

\$46.9m

OPERATIONAL CASHFLOWS²

100% EBITDA TO CASH CONVERSION

\$1.2m

1H FY19 NET RAD OUTFLOW

\$15.2M NET INFLOW PRIOR TO \$16.4M
REDUCTION IN PROBATE LIABILITY

\$64.8m

NET BANK DEBT³

UNDRAWN DEBT FACILITIES OF \$250M

\$43.4m

CAPITAL INVESTMENT

IN PROPERTY PLANT AND EQUIPMENT

\$21.1m

NPAT

Up 4.1% on 1H FY18

8.0 cents

**FULLY FRANKED INTERIM
DIVIDEND PER SHARE**

APPROXIMATELY 100% OF NPAT

1. A reconciliation of operating profit to EBITDA is presented in Appendix B
2. Operational cash flow before interest, income tax and RADs, and Government January prepayment of \$33.8m
3. Net Bank Debt is defined as bank borrowings and overdrafts less cash balances and includes the benefit of Government January prepayment of \$33.8m

1H FY19 Operational Review

Leadership and People

- CEO transition and COO/Deputy CEO appointment completed
- Leadership development programs continue to develop our people and capability
- LTIFR (12m rolling average) further reduced to 7.5
- Overall staff turnover sustained at 20%

Financial Performance

- Occupancy and other sector compliance pressures have impacted financial performance
- Modest EBITDA increase in total and on POBD basis
- Key financial metrics sustained within target parameters
- Net RAD flows impacted by ~\$16.4m reduction in probate liability

Expanding and Improving our Portfolio

- The two homes completed in FY18 operate consistently above 95% occupancy and are on schedule towards mature resident profile
- \$26.3m of investment in new homes: Southport and Maroochydore, due to open on schedule and on budget in May and August respectively
- \$7.2m of investment on significant refurbishments in the period: 2,188 beds now qualifying for higher supplements, and a further 815 beds expected by 30 June 2019
- St Ives and Wollongong progressing with revised completion estimates in 2021, Blakehurst is delayed until 1HFY21 due to site remediation requirements

Regulatory

- Royal Commission announced in September. Assembled a skilled and experienced team to respond appropriately and allow business to continue without adverse impact
- Response to Royal Commission request for information was lodged when due on 7 January
- Direct external costs related to the Royal Commission to 31 December were \$0.9m, and \$1.2m by 31 January 2019
- New national quality standards in place from 1 July 2019



2. Financial performance

Summary P&L Account

	1H FY18 6 months \$'000	2H FY18 6 months \$'000	1H FY19 6 months \$'000	1H FY19 vs 1H FY18	1H FY19 vs 2H FY18
Government Revenue	200,883	203,181	215,118	7.1%	5.9%
Resident & Other Revenue	70,861	72,129	74,532	5.2%	3.3%
Total Operating Revenues	271,744	275,310	289,650	6.6%	5.2%
Employee benefits expenses	178,139	182,077	191,720	7.6%	5.3%
Non Wage costs	48,184	48,571	51,080	6.0%	5.2%
EBITDA - pre Royal Commission Costs	45,421	44,662	46,850	3.1%	4.9%
Royal Commission Costs	-	-	914	-	-
EBITDA - Post Royal Commission Costs	45,421	44,662	45,936		
Depreciation and amortisation expenses	10,695	11,468	13,138	22.8%	14.6%
Impairment expenses	3,185	654	0		
Profit/(loss) on asset disposals	387	(24)	(100)		
Operating profit for the period	31,928	32,516	32,698	2.4%	0.6%
Net finance costs	3,803	3,476	3,729	-1.9%	7.3%
Profit before the period	28,125	29,040	28,969	3.0%	-0.2%
Income tax expense	7,867	8,144	7,889	0.3%	3.1%
Profit for the period	20,258	20,896	21,080	4.1%	0.9%
Total Occupied Bed Days	1,024,957	1,023,298	1,045,088	2.0%	2.1%

Highlights

- 3.1% EBITDA growth compared to 1HFY18
- 6.6% Revenue growth driven by capacity increase from new homes, re-introduction of partial ACFI indexation from 1 July, increasing age, frailty and needs at entry. These factors were offset by slightly lower occupancy rate
- Staff costs reflect the costs of the two new homes, increased occupied bed days, EBA increases, higher staff vacancies, absences and sick leave at select homes, and increased investment in central HR safety, training and recruitment
- Approximately 1/3rd of the non-wage costs increase is driven from the additional homes; other increases result from increased compliance and accreditation support costs at a small number of homes, and inflation/CPI on resident and occupancy related costs
- External direct costs in preparing for and submitting to the Royal Commission on 7 January 2019 are outside previous guidance and were \$0.9m in the period
- Depreciation increases reflects new homes and increased charges from significantly refurbished homes; new homes are depreciated at the full rate once opened

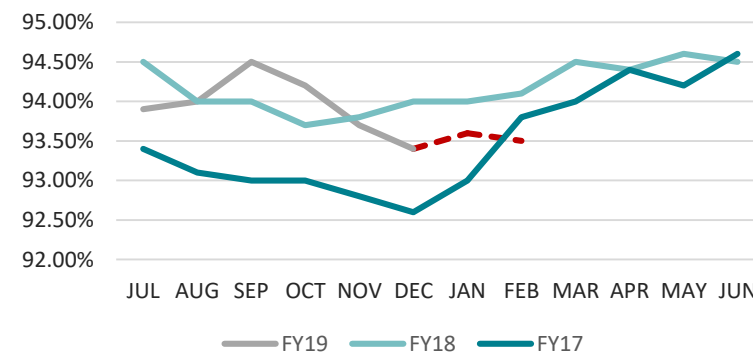
Key P&L Operating Metrics

	1H FY18 6 months \$'000	2H FY18 6 months \$'000	1H FY19 6 months \$'000	1H FY19 vs 1H FY18	1H FY19 vs 2H FY18
Occupancy	94.0%	94.3%	93.9%	-0.1%	0.4%
Total Occupied Bed Days	1,024,957	1,023,298	1,045,088	2.0%	2.1%
Government Revenue POBD	\$196.0	\$198.6	\$205.8	5.0%	3.7%
Resident and Other Revenue POBD	\$69.1	\$70.4	\$71.3	3.2%	1.3%
Total Revenue POBD	\$265.1	\$269.0	\$277.2	4.5%	3.0%
Staff Costs POBD	\$173.8	\$177.9	\$183.4	5.6%	3.1%
Non-Wage costs excl facility rentals POBD	\$44.6	\$45.0	\$46.4	4.2%	3.3%
Total Costs (excl facility rentals) POBD	\$218.4	\$222.9	\$229.9	5.3%	3.1%
EBITDA Per Occupied Bed pa	\$16,175	\$15,930	\$16,362	1.2%	2.7%
Total Staff Cost % of Revenue	65.6%	66.1%	66.2%		
Non-Wages costs excl facility rentals % of Revenue	16.8%	16.7%	16.8%		
EBITDA % of Revenue	16.7%	16.2%	16.2%		

Highlights

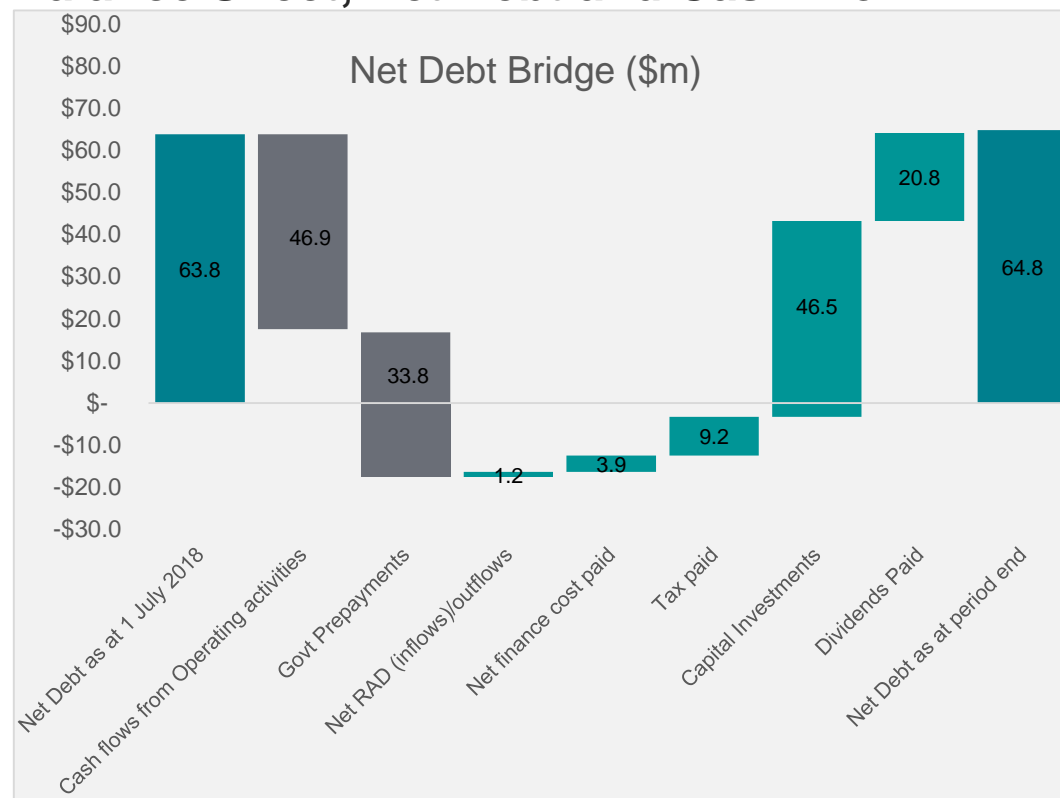
- Average occupancy in the period has fallen to 93.9%, with period end occupancy of 93.0%
- Since 31 December occupancy has increased and at 24 February was 93.7%
- Government Revenue on a POBD basis increased as a result of the reintroduction of ACFI indexation, higher acuity and frailty, and contribution from higher accommodation supplements at refurbished homes
- Resident revenue POBD tempered by concessional mix and pricing response to occupancy pressures at certain homes
- Increase in staff costs on a POBD basis reflects the cost of sustaining our commitment to quality care and support, the cost of EBA increases and higher compliance costs at certain homes. Marginal changes in occupancy levels, up or down, do not lead to a corresponding reduction in staffing levels or costs
- Non-wage cost reflect increased compliance and accreditation support costs at a small number of homes, and inflation/CPI pressures on resident and occupancy related costs
- Staff costs remained in our expected range of 65-67% of revenue, and non-wage costs at 16.8% of revenue, EBITDA has sustained at 16.2% of revenue as a result
- EBITDA has increased to \$16,362pa POB

Monthly Average Occupancy – Mature Homes *



* FY19 includes Twin Waters

Balance Sheet, Net Debt and Cash Flow

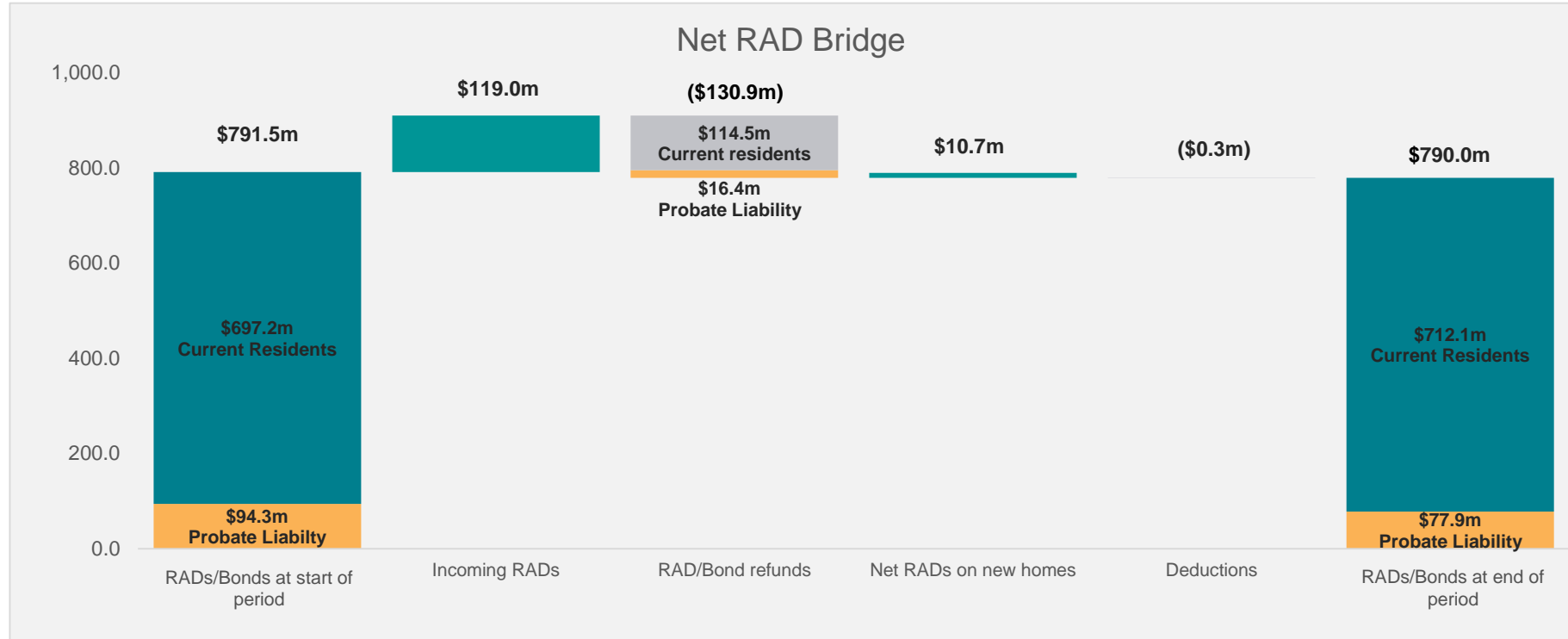


Highlights

- Net Bank Debt of \$64.8m at 31 December 2018; \$98.6m once the impact of the Government January revenue received in advance is excluded
- Net bank debt excluding Construction WIP of \$43.0m is \$21.8m
- Bank debt Gearing Ratio of ~0.7x EBITDA at 31 December 2018
- Strong, well capitalised balance sheet with total assets of \$1,861.9m supported by \$761.8m of shareholders' funds
- Sustained high level of Operational EBITDA-cash conversion at 100% this period
- Overall Net RAD/Bond outflows of \$1.2m after probate liability reduction of \$16.4m
- Bank Facilities total \$330.0m with undrawn capacity of \$250.0m, affording flexibility and capacity to absorb short-term RAD movements without adverse impact on investment and development program
- Estia's Prudential Liquidity Policy maintained at minimum of 5% of RAD balances

Capital Investments	\$m
Greenfield	26.3
Significant refurbishments	7.2
Intangibles (licence and software)	3.9
Sustainability Projects	0.6
Lifecycle capital investment	8.5
	46.5

RADs and Bonds



Highlights

- Incoming RADs from mature homes are \$119.0m, at an increased average price of \$420k compared to \$406k in the pcp
- RAD repayments from mature homes are \$130.9m in total, at an average price of \$352k. The outgoing RADs were higher in this period due to the large \$16.4m reduction in probate liability
- Incoming RADs from our homes which are still in development mode, Kogarah and Twin Waters totaled \$10.7m
- The large reduction in probate liability of \$16.4m had a significant impact in contributing to the overall net RAD outflows of \$1.2m
- Overall RAD balance on current residents has continued to increase to \$712.1m, though total RAD funding, including probate liability has been slightly reduced

Resident Profile at Period End

Number of Residents	1H FY18	2H FY18	1H FY19
RAD	1,771	1,754	1,670
Combination	551	577	613
DAP	654	623	611
Total Non-Concessional	2,976	2,954	2,894
Concessional	2,350	2,473	2,475
Other	30	28	28
Total Permanent Residents	5,356	5,455	5,397
Respite	236	225	228
TOTAL Residents	5,592	5,680	5,625

% of Permanent Residents	1H FY18	2H FY18	1H FY19
RAD	33%	32%	31%
Combination	10%	11%	11%
DAP	12%	11%	11%
Non-Concessional	55%	54%	53%
Concessional	44%	45%	46%
Other	1%	1%	1%
Total Permanent Residents	100%	100%	100%
Number of paid RADs/Bonds *	2,686	2,728	2,676
Average RAD/Bond held	\$283,999	\$290,142	\$295,207
Average Incoming Agreed RAD	\$406,405	\$413,667	\$420,315
Average Outgoing RAD/Bond	\$332,715	\$344,882	\$352,223

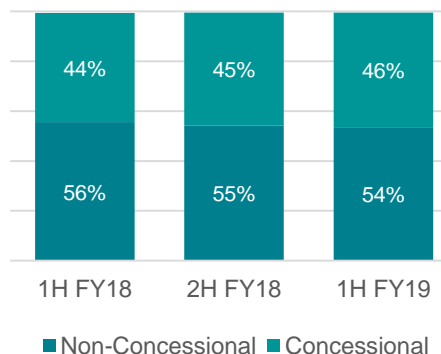
Total RAD/Bond Pool at period end	31-Dec-17	30-Jun-18	31-Dec-18
	\$m	\$m	\$m
Pre-July 2014 Bonds for current residents	153.6	131.5	113.4
Post-July 2014 RADs for current residents	524.6	565.7	598.7
Total relating to current residents	678.2	697.2	712.1
Probate Liability	84.6	94.3	77.9
Total	762.8	791.5	790.0

* This includes bonds held for departed residents and excludes residents who have elected to pay a RAD but have not yet paid. A reconciliation of the Paid RADs/Bond balance is in Appendix G.

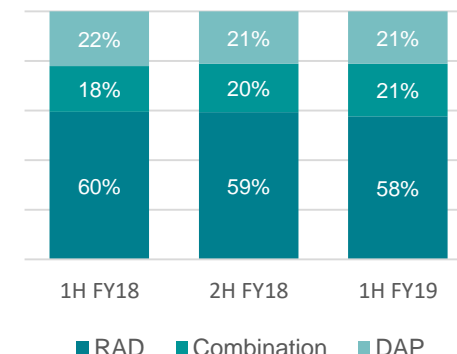
Comments

- Modest decrease of 55 residents in overall resident population, largely from the non-concessional residents
- Gradual increase in concessional proportion continues from 45% to 46%
- Non-concessional residents payment preference has seen:
 - modest increase in RAD/DAP combinations: 20% to 21%
 - modest decrease in RAD: 59% to 58%
- RAD preferences lower in mid-high socio-economic areas affected by housing price falls
- Average incoming RAD continues to grow and is significantly higher than average RAD/Bond held, which mitigates the impact of resident payment preference impact

Resident Mix
(Permanent Residents)



Non-Concessional Residents
Payment Preference

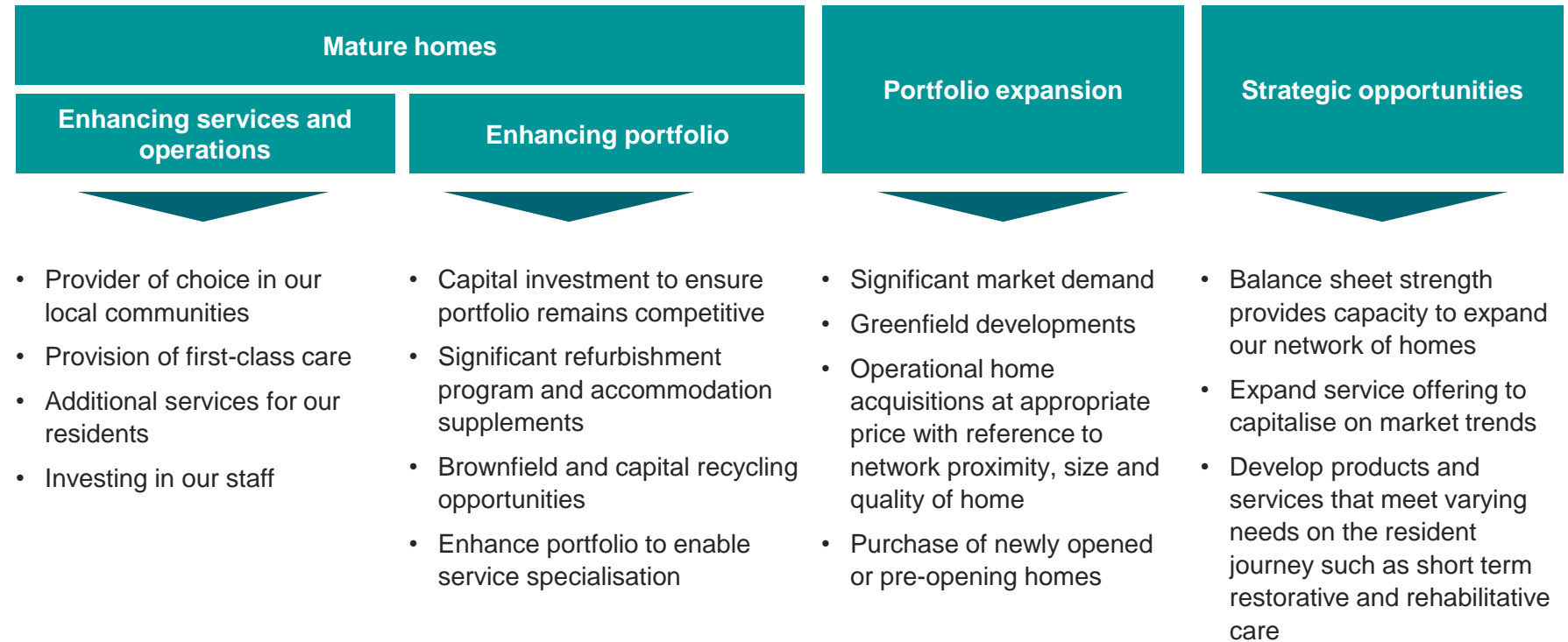




3. Growth and developments

Growth Overview

Delivering solid and sustainable growth to create value for our shareholders



Capital Investment

Investment of **\$43.4m** (1H FY19) (**\$21.3m** 1H FY18) resulting in increased bed capacity while continuing the organisation's refurbishment program focussed on enhancing the resident experience

Development (Green Field)

1H FY19 Investment \$15.0m

- Maroochydore, QLD (126 beds) – expected completion August 2019
- St Ives NSW (118 beds)
- Wollongong NSW (115 Beds)

2H FY19 Investment Target \$10-12m

- Complete Maroochydore, QLD
- St Ives, NSW
- Wollongong, NSW

FY20 Investment Guidance \$70-\$80m

- Completion of St Ives & Wollongong
- Additional developments under assessment

Redevelopment (Brown Field)

1H FY19 Investment \$11.3m

- Southport, QLD (110 beds) – expected completion May 2019
- Blakehurst, NSW (108 beds) – target completion 1H FY21

2H FY19 Investment Target \$18-\$20m

- Completion of Blakehurst
- Continuation of existing committed works program
- Feasibility assessment of redevelopment opportunities across the existing asset portfolio

FY20 Investment Guidance \$35-\$40m

- Brownfield developments of existing homes under assessment

Refurbishment (Significant, Strategic & Life cycle)

1H FY 19 Investment \$17.1m

- \$7.2m - significant refurbishment of 13 homes with 3 completed during 1H 2019
- \$9.9m – lifecycle, sustainability, capital investment

2H FY19 Investment target \$28-\$32m

- 10 homes expected to be completed in 2H FY19 with 815 beds
- 8 more homes commenced refurbishment in 2H FY19 with 858 beds
- Sustainability Projects at 28 more homes commenced 2H FY19 ~\$3m

FY20 Investment Guidance \$35-\$40m

- 8 homes from 2H FY19 complete
- Further selective strategic enhancements
- Sustainability Projects ~\$2m

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

Significant Refurbishment Program

- Program has rolled out since 2017 focussing on homes on a priority basis reflecting the needs of each home and investment returns
- Programs managed without taking or reporting beds as “offline”
- Refurbishments deliver:
 - enhanced resident experience to all residents
 - improved asset quality
 - extend asset lifecycle
 - incremental earnings via a combination of increased accommodation supplement and/or higher RAD/DAP
- Depreciation period generally 10-15 years depending on nature of work
- 22 homes with 2,188 beds complete and eligible for Higher Accommodation Supplements at 31 December 2018
- 10 more homes with 815 beds underway, expected to complete pre 30 June 2019
- 8 more homes with 858 beds approved by Board to commence 2H FY19 to complete by 31 December 2019
- 42 homes out of 70 homes, (including 2 new homes) with 4,097 beds expected to be eligible for Higher Accommodation Supplements by 31 December 2019
- Remaining 28 homes being assessed for potential brownfield or significant refurbishment in FY20-FY21





4. Operations

People and Culture

- **Staff retention** better than industry average with turnover at 20%
- **LTIFR** reduced further to 12m rolling average of 7.5 at 31 December
- **Central induction program** commenced for our key home leadership roles, setting new leaders up for success
- Ongoing rollout of leadership development programs for our home and clinical leaders to **build and deepen management capability to create a talent pool of future leaders**
- **Enhancements to our training** programs to support the rollout of the new Clinical Standards
- **Transition to Aged Care Program** for new registered nurses, enhancing understanding of the specialised requirements of Aged Care practice



Quality and Care

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

- Group-wide standard operating procedures
- Quality managers and clinical educators appointed to each region to provide regular detailed oversight of care and clinical performance
- Quality reporting including clinical indicators– identifies potential risk and compliance
- Centralised tracking and monitoring of feedback, complaints and resolutions
- Independent whistle-blower hotline for staff, residents and family

Governance

- Clinical performance monitored by Board Risk Committee
- Clinical Standards Committee reports directly to the Executive Committee
- Independent external reviews improve objectivity

Outcomes

- 3 homes were assessed with unmet outcomes in the period, and all were fully resolved by the end of January 2019
- No homes have been or are under sanctions in the period or at present



Resident Experience

Estia homes:

- Mainly operate in a cluster, offering communities access to a range of choices and price points across accommodation and services
- Understand and are responsive to local market needs through planned community engagement, supported by local customer service teams
- Operate a clinical model lead by RNs rostered 24/7 maintaining the interface with other health services in their local communities, ensuring a strong clinical continuum of care for residents
- Offer flexible admission choices (e.g. respite care) that meet the needs of individual residents, while building early customer engagement with the home
- Provide a range of additional services in a model that matches local resident community desires with service delivery
- Provide lifestyle programs that keep residents connected to their local community
- Have a 'Cook Fresh' dining experience that meets nutritional standards, reflecting resident food preferences, using local produce where possible



Environmental, Social and Governance (ESG)

ESG Committee oversees program to deliver progress against benchmarked best practice in a range of areas

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 management audit completed with volumes reduced and benchmarking in place at all homes

Social

- Gender Diversity: CEW highest ranked gender balanced ASX200 company¹
- Safe workplace initiatives continue to improve LTIFR to 7.5
- Employee Assistance Programs available 24/7 now accessible by residents, families and employees
- Employee engagement score 68%²
- Employee turnover 20%
- 78% of staff are employed under endorsed EBAs
- Nil political donations

Governance

- 7 directors: 5 of whom are independent non-executive directors
- Independent Chair
- 3 female directors
- Board Sub-Committees with oversight on all key risk and governance areas

1. CEW Senior Executives Survey 2018
2. BPA Survey Aug 2017





5. Industry landscape and outlook

Royal Commission

Into Aged Care Quality and Safety

- The Royal Commission is due to provide an interim report by 31 October 2019 and a final report by 30 April 2020
- A Board Sub-Committee was convened and a designated internal team was formed, supported by external legal and other independent advisers
- The largest 100 aged care providers were asked to respond to the Service Provider Survey by 7 January 2019
- Estia lodged its comprehensive information response in full within the required time
- Commission Hearings will explore issues including:
 - Regulatory framework
 - Dementia care, including physical and chemical restraints
 - Person-centred care, including complex care needs, mental health, nutrition, choice, family involvement and end of life care
 - Young people with a disability living in nursing homes
 - Diversity issues, including aged care for Indigenous Australians and LGBTI Australians
 - Interfaces between health, aged care and disability
 - Workforce planning for the future
 - Access – location and affordability
 - Sustainability of the sector
- Commissioner Tracey: “The Royal Commission is a once-in-a-lifetime opportunity to come together as a nation to consider how we can create a better system of care for elderly Australians that better aligns with the expectations of the Australian people”

Sector Reform

The aged care sector continues to have strong underlying thematic, which need to be supported by a strong and consistent policy environment

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

- 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
- The large amount of RADs provided to this 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 immediately
- Other recommendations made in the Tune Review need to be decided upon, and clearly outlined, to provide clarity for providers, staff, residents, families and investors



Looking Forward

Sector

- Robust future demand, driven by projected demographics
- Residential aged care is needs based
- Will remain key to 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 depth
- Financial resources to continue to invest in people, systems and property
- Continue to commit resources to the delivery of high quality, resident-focussed care
- Sound operational and financial performance
- Solid balance sheet with good liquidity
- Opportunities to increase revenue through adding capacity, further significant refurbishment to existing homes, and increased additional service offerings

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, and to grow capacity through development and acquisitions

FY19 Outlook

EBITDA Outlook

- Full year FY19 EBITDA Guidance revised to low to mid single digit percentage increase on FY18 EBITDA from the existing portfolio of homes subject to no further material changes in market or regulatory conditions. Costs arising directly from the Royal Commission and the initial costs of opening new homes at Southport and Maroochydore in May and August will be reported separately and are not reflected in Guidance. Guidance does not assume any potential contribution from the recent Government announcement regarding increased funding.

Capital Investment

- \$48m - \$54m in 2H FY19
- \$140m - \$155m in FY20

RAD Cash Flows

- Neutral to moderate net inflows on mature homes are expected to persist
- RAD inflows at new homes expected to return 50 - 100% of build costs within 2 years depending on demographic

Gearing

- Gearing target range to remain in 1.5x - 1.8x EBITDA

Dividends¹

- Dividend payment ratio to remain in 70 – 100% of NPAT range
- The Company intends to re-activate the Dividend Reinvestment Plan later in 2019 and will advise shareholders of the detail in due course

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.



Questions



6. Appendices

Appendix A: Statutory Income Statement

	1H FY19 \$'000	1H FY18 \$'000	Movement
Revenues	289,650	271,744	6.6%
Expenses			
Administrative expenses	9,467	8,633	9.7%
Employee benefits expenses	191,720	178,139	7.6%
Occupancy expenses	15,780	14,547	8.5%
Resident expenses	25,833	25,004	3.3%
Royal Commission expenses	914		
	45,936	45,421	1.1%
Depreciation and amortisation expenses	13,138	10,695	22.8%
Impairment expenses	0	3,185	
Other income/(expense)	(100)	387	
Operating profit for the period	32,698	31,928	2.4%
Net finance costs	3,729	3,803	-1.9%
Profit before income tax	28,969	28,125	3.0%
Income tax expense	7,889	7,867	0.3%
Profit for the period	21,080	20,258	4.1%
Earnings per share	cents	cents	
Basic, profit for the period attributable to ordinary equity holders of the Parent	8.1	7.8	4.0%
Diluted, profit for the period attributable to ordinary equity holders of the Parent	8.1	7.8	4.0%

Appendix B: Non IFRS Reconciliation of Operating Profit to EBITDA

	1H FY19 \$'000	1H FY18 \$'000
Operating profit for the period	32,698	31,928
Depreciation and amortisation expenses	13,138	10,695
Impairment expenses	0	3,185
(Profit)/Loss on sale of non-current assets	100	(387)
EBITDA - Post Royal Commission Costs	45,936	45,421
Royal Commission Costs	914	
Operational EBITDA - Pre Royal Commission Costs	46,850	45,421

Appendix C: Balance Sheet

	31-Dec-18 \$'000	30-Jun-18 \$'000	31-Dec-17 \$'000
Current assets			
Cash and cash equivalents	15,233	11,198	17,706
Trade and other receivables	6,512	9,485	9,571
Prepayments and other assets	10,221	6,884	8,182
Assets held for sale		902	
Income tax receivable	1,618	913	73
Total current assets	33,584	29,382	35,532
Non-current assets			
Property, plant and equipment	787,151	757,110	730,579
Investment properties	1,620	1,620	1,500
Goodwill	817,074	817,074	817,074
Other intangible assets	222,437	218,714	218,666
Total non-current assets	1,828,282	1,794,518	1,767,819
Total assets	1,861,866	1,823,900	1,803,351
Current liabilities			
Trade and other payables	39,382	40,699	35,059
Income received in advance	33,779	25	31,348
Refundable accommodation deposits and bonds	789,974	791,508	762,823
Other financial liabilities	1,337	1,371	1,261
Provisions	44,150	41,793	40,407
Total current liabilities	908,622	875,396	870,898
Non-current liabilities			
Deferred tax liabilities	106,918	107,610	107,164
Loans and borrowings	80,000	75,000	60,000
Provisions	4,488	4,269	4,411
Other payables	43	61	88
Total non-current liabilities	191,449	186,940	171,663
Total liabilities	1,100,071	1,062,336	1,042,561
Net assets	761,795	761,564	760,790

Appendix D: Cashflow

	1H FY19 \$'000	1H FY18 \$'000
Cash flows from operating activities		
Receipts from residents	75,410	69,659
Receipts from government	215,483	201,437
Payments to suppliers and employees	(244,032)	(220,054)
Operational cash flows before interest, income tax, RADs and Government Prepayment	46,861	51,042
Income received in advance	33,779	31,348
Operational cash flows before interest, income tax, and RADs	80,640	82,390
Interest received	53	125
Finance costs paid	(3,908)	(3,979)
Income tax paid	(9,151)	(13,768)
Net cash flows from operating activities before RADs	67,634	64,768
RAD, accommodation bond and ILU entry contribution received	132,287	137,508
RAD, accommodation bond and ILU entry contribution refunded	(133,516)	(103,958)
Net cash flows from operating activities	66,405	98,318
Cash flows from investing activities		
Payments for Intangible assets	(3,921)	(322)
Proceeds from sale of property, plant and equipment	811	4,193
Purchase of property, plant and equipment	(43,416)	(21,339)
Net cash flows used in investing activities	(46,526)	(17,468)
Cash flows from financing activities		
Proceeds from issue of share capital	4	3
Proceeds from bank borrowings	105,000	20,000
Repayment of bank borrowings	(100,000)	(81,514)
Dividends paid	(20,848)	(20,848)
Net cash flows used in financing activities	(15,844)	(82,359)
Net (decrease)/increase in cash and cash equivalents	4,035	(1,509)
Cash and cash equivalents at the beginning of the period	11,198	19,215
Cash and cash equivalents at the end of the period	15,233	17,706

Appendix E: Detailed Financial Metrics and Trends

	1H FY18 6 months \$'000	2H FY18 6 months \$'000	1H FY19 6 months \$'000	Movement 1H FY19 v 1H FY18	Movement 1H FY19 v 2H FY18
Government Revenue	200,883	203,181	215,118	7.1%	5.9%
Resident Revenue	70,861	72,009	74,532	5.2%	3.5%
Other Income	0	120	0		
Total Operating Revenues	271,744	275,310	289,650	6.6%	5.2%
Employee benefits expenses	178,139	182,077	191,720	7.6%	5.3%
Non Wage costs	48,184	48,571	51,080	6.0%	5.2%
EBITDA - pre Royal Commission Costs	45,421	44,662	46,850	3.1%	4.9%
Royal Commission Costs			914		
EBITDA - Post Royal Commission Costs	45,421	44,662	45,936	1.1%	2.9%
Depreciation and amortisation expenses	10,695	11,468	13,138	22.8%	14.6%
Impairment expenses	3,185	654	0	-100.0%	-100.0%
Profit/(loss) on asset disposals	387	(24)	(100)	-125.8%	316.7%
Operating profit for the period	31,928	32,516	32,698	2.4%	0.6%
Net finance costs	3,803	3,476	3,729	-1.9%	7.3%
Profit before the period	28,125	29,040	28,969	3.0%	-0.2%
Income tax expense	7,867	8,144	7,889	0.3%	-3.1%
Profit for the period	20,258	20,896	21,080	4.1%	0.9%
<i>Government Revenue POBD</i>	<i>\$196.0</i>	<i>\$198.6</i>	<i>\$205.8</i>	5.0%	3.7%
<i>Resident Revenue POBD</i>	<i>\$69.1</i>	<i>\$70.4</i>	<i>\$71.3</i>	3.2%	1.3%
<i>Total Revenue POBD</i>	<i>\$265.1</i>	<i>\$269.0</i>	<i>\$277.2</i>	4.5%	3.0%
<i>Staff Costs POBD</i>	<i>\$173.8</i>	<i>\$177.9</i>	<i>\$183.4</i>	5.6%	3.1%
<i>Non-Wage costs POBD</i>	<i>\$47.0</i>	<i>\$47.5</i>	<i>\$48.9</i>	4.0%	3.0%
<i>Non-Wage costs excl facility rentals POBD</i>	<i>\$44.6</i>	<i>\$45.0</i>	<i>\$46.4</i>	4.2%	3.3%
<i>EBITDA Per Occupied Bed per day</i>	<i>\$44.3</i>	<i>\$43.6</i>	<i>\$44.8</i>	1.2%	2.7%
<i>EBITDA Per Occupied Bed per year</i>	<i>\$16,175</i>	<i>\$15,930</i>	<i>\$16,362</i>	1.2%	2.7%
<i>Total Staff Cost % of Revenue</i>	<i>65.6%</i>	<i>66.1%</i>	<i>66.2%</i>		
<i>Total Non-Wage costs % of Revenue</i>	<i>17.7%</i>	<i>17.6%</i>	<i>17.6%</i>		
<i>Non-Wages costs excl facility rentals % of Revenue</i>	<i>16.8%</i>	<i>16.7%</i>	<i>16.8%</i>		
<i>EBITDA % of Revenue</i>	<i>16.7%</i>	<i>16.2%</i>	<i>16.2%</i>		
<i>Average RAD/Bond held</i>	<i>\$283,999</i>	<i>\$290,142</i>	<i>\$295,207</i>		
<i>Average incoming agreed RAD</i>	<i>\$406,405</i>	<i>\$413,667</i>	<i>\$420,315</i>		
<i>Average outgoing RAD/Bond</i>	<i>\$332,715</i>	<i>\$344,882</i>	<i>\$352,223</i>		

Appendix F: Resident Profile (Detail)

Resident profile - Number of Residents	31-Dec-17	Incoming	Outgoing	30-Jun-18	Incoming	Outgoing	31-Dec-18
RAD	1,771	269	286	1,754	220	304	1,670
Combination	551	175	149	577	198	162	613
DAP	654	371	402	623	396	408	611
Total Non-Concessional	2,976	815	837	2,954	814	874	2,894
Concessional	2,350	694	571	2,473	649	647	2,475
Other	30	19	21	28	21	21	28
Total Permanent Residents	5,356	1,528	1,429	5,455	1,484	1,542	5,397
Respite	236	-	11	225	3	-	228
TOTAL Residents	5,592	1,528	1,440	5,680	1,487	1,542	5,625

Resident profile - as a % of Permanent Residents	31-Dec-17	Incoming	Outgoing	30-Jun-18	Incoming	Outgoing	31-Dec-18
RAD	33%	18%	20%	32%	15%	20%	31%
Combination	10%	11%	10%	11%	13%	11%	11%
DAP	12%	24%	28%	11%	27%	26%	11%
Total Non-Concessional	56%	53%	59%	54%	55%	57%	54%
Concessional	44%	45%	40%	45%	44%	42%	46%
Other	1%	1%	1%	1%	1%	1%	1%
Total Permanent Residents	100%	100%	100%	100%	100%	100%	100%

RADs Held reconciliation to RAD Residents	31-Dec-17	30-Jun-18	31-Dec-18
RAD Residents	1,771	1,754	1,670
Plus : Combinations	551	577	613
Plus : former Resident RADs/Bonds	321	340	276
Plus : Concessional who pay a RAC	109	122	155
Less : Unpaid RAD Residents	(66)	(65)	(38)
Total Number of paid RADs/Bonds held	2,686	2,728	2,676

Appendix G: RAD and Bond Pool

Summary of movements	H1 FY18 \$m	H2 FY18 \$m	H1 FY19 \$m
Opening RAD Balance	730.2	762.8	791.5
Refunds Mature Homes	(104.0)	(102.6)	(130.9)
Inflows Mature Homes	136.1	120.3	119.0
Net Inflows - Mature Homes	32.1	17.7	(11.9)
Inflows New homes	1.5	11.6	10.7
Total Net RAD flows	33.5	29.2	(1.2)
Deductions	(1.0)	(0.5)	(0.3)
Closing RAD Balance	762.8	791.5	790.0
Probate Balance at start of period	76.0	84.6	94.3
Probate Balance at end of period	84.6	94.3	77.9
Movement on Probate	8.6	9.6	(16.4)
Net Inflows Mature Homes Excluding Probate	23.5	8.0	4.5

Total RAD/Bond Pool at period end	31-Dec-17			30-Jun-18			31-Dec-18		
	#	Average	\$m	#	Average	\$m	#	Average	\$m
Pre-July 2014 Bonds for current residents	731	\$210,102	153.6	635	\$207,089	131.5	548	\$207,031	113.4
Post-July 2014 RADs for current residents	1,634	\$321,049	524.6	1,753	\$322,718	565.7	1,852	\$323,254	598.7
RAD Balance for current residents	2,365	\$286,757	678.2	2,388	\$291,971	697.2	2,400	\$296,716	712.1
Probate Liability	321	\$263,687	84.6	340	\$277,298	94.3	276	\$282,081	77.9
Total	2,686	\$283,999	762.8	2,728	\$290,142	791.5	2,676	\$295,207	790.0

Reconciliation of Summary of Movements to Cashflow shown in Appendix D

	Mature Homes	New Homes	Total Per Cash Flow Statement
	\$'m	\$'m	\$'m
Total Inflows	119.0	13.3	132.3
Total Outflows	(130.9)	(2.6)	(133.5)
Net (outflow)/inflow	(11.9)	10.7	(1.2)

Appendix H: Occupancy

	H1 FY18 6 months	H2 FY18 6 months	H1 FY19 6 months
Total available Beds at period end	5,909	6,046	6,046
Available beds during period for occupancy calculation	5,909		
	Jan18-Mar18	5,909.0	
	Mar18-Jun18	5,931.0	
Days in period	184	181	184
Available beds during period	1,087,256	1,071,878	1,112,464
Occupied days	1,021,924	1,011,192	1,045,088
Occupancy	94.0%	94.3%	93.9%

New Homes ¹	H1 FY18	H2 FY18	H1 FY19
Available Beds	114	114	-
Total Occupied Bed Days in Period	3,033	12,106	-
Occupied Beds at Period End	36	83	-
Occupancy at Period End	32%	73%	-

Total Occupied Bed Days in Period	H1 FY18	H2 FY18	H1 FY19
Mature Homes	1,021,924	1,011,192	1,045,088
New Homes*	3,033	12,106	0
Total Occupied Bed Days in Period	1,024,957	1,023,298	1,045,088

1. New homes for H1 and H2 FY18 refers to Twin Waters which opened on 4 Sep 17. As at 1 July 18, Twin Waters has been reclassified as a mature home.

2. 20 beds were taken off line after a wing closure in Bendigo in August 2018. In accordance with policy these beds will not be included in available beds in 2HFY19. Spot occupancy at 31 December excluding these offline beds is 93.3%

Appendix I : Portfolio Development

Development	Total New Places	Net Additional Places	Land Held	Development Approval	Licenses Secured	Status	Expected Opening
Complete							
Twin Waters, QLD	114	114	✓	✓	✓	Open	Sep 2017
Kogarah, NSW	72	22	✓	✓	✓	Open	Mar 2018
Underway							
Southport, QLD	110	110	✓	✓	✓	Under Development	2HFY19
Maroochydore, QLD	126	126	✓	✓	✓	Under Development	1HFY20
Blakehurst, NSW	108	108	✓	✓	✓	Under Development	1HFY21
St Ives, NSW	118	118	✓	✓	X	Advanced Planning	2HFY21
Wollongong, NSW	115	115	✓	X	X	Advanced Planning	1HFY22

Appendix J: Board and Management

Board of Directors

Name	Title	Appointed
Dr Gary Weiss	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	Nov-18
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
Mary Burke	Chief Quality and Risk Officer	Jan-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

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