



Investor Presentation

Year ended 30 June 2019

September 2019



Disclaimer

No responsibility for contents of Presentation

To the maximum extent permitted by law Eureka Group Holdings Limited (ABN 15 097 241 159), its officers, advisers and representatives:

- make no representation, warranty or undertaking, and accept no responsibility or liability express or implied, as to the adequacy, accuracy, completeness or reasonableness of this Presentation or any other written or verbal communication transmitted or made available to any recipient; and
- accept no responsibility for any errors in, or omissions from, this Presentation whether arising out of negligence or otherwise.

Accuracy of projections and forecasts

- This Presentation includes certain statements, opinions, estimates, projections and forward looking statements with respect to the expected future performance of Eureka Group Holdings Limited. These statements are based on, and are made subject to certain assumptions which may not prove to be correct or appropriate. Actual results may be materially affected by changes in economic and other circumstances which may be beyond the control of Eureka Group Holdings Limited. Except to the extent implied by law no representations or warranties are made by Eureka Group Holdings Limited, its officers, advisers or representatives as to the validity, certainty or completeness of any of the assumptions or the accuracy or completeness of the forward looking statements or that any such statement should or will be achieved. The forward looking statements should not be relied on as an indication of future value or for any other purpose.

No offer to sell or invitation to buy

- This Presentation does not, and should not be considered to constitute or form part of any offer to sell, or solicitation of an offer to buy any shares in Eureka Group Holdings Limited, and no part of this Presentation forms the basis of any contract or commitment whatsoever with any person. This Presentation does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not permitted under applicable law Distribution of this Presentation in or from certain jurisdictions may be restricted or prohibited by law Recipients must inform themselves of and comply with all restrictions or prohibitions in such jurisdictions. Neither Eureka Group Holdings Limited, its officers, advisers or representatives accept any liability to any person in relation to the distribution or possession of this Presentation from or in any jurisdiction.
- Any advice in this Presentation is general advice This advice has been prepared without taking into account the objectives, financial situation and needs of the recipients of this Presentation. For that reason, recipients should consider the appropriateness of the advice having regard to their own objectives, financial situation and needs and, if necessary seek appropriate independent legal, financial and other professional advice.





Contents

FY 2019 Highlights.....	4
Eureka Business Model.....	6
Eureka Strategy.....	7
FY 2020 Initiatives and Outlook.....	8
Board and Executive.....	9
Appendix – Key Financial Information.....	10



FY2019 Highlights

- NPAT of \$6.79M, up from a prior year loss of \$0.28M
- EBITDA from core operations of \$7.83M (prior to asset revaluations). An 11% improvement on FY18
- Operating cashflow \$4.75M. Up 13% on FY18
- Dividend 1c unfranked – commencement of a dividend to shareholders demonstrates the progress the company has made this year and confidence in the future
- Strong occupancy levels of 91%
- Net Debt of \$46.2M – 14% reduction on FY18
- NTA 33.1c up 11% on FY18 (29.8c)
- Net debt to total tangible assets of 36% (FY18 42%)



FY2019 Highlights (cont.)

- Management Team – the appointment of a new Chief Financial Officer (CFO) and Chief Operating Officer (COO) has strengthened the management team with renewed leadership focus on business and operational improvement
- Capital recycling and disposal on non-core assets of \$5.9M through FY19
- Weighted average capitalisation rate of 10.22% (FY18 10.31%)
- Terranora – Regulatory approvals received (May 2019). An intensive marketing and sales campaign is underway
- Current portfolio consists of 39 villages (30 owned and 9 managed) representing 2,119 units

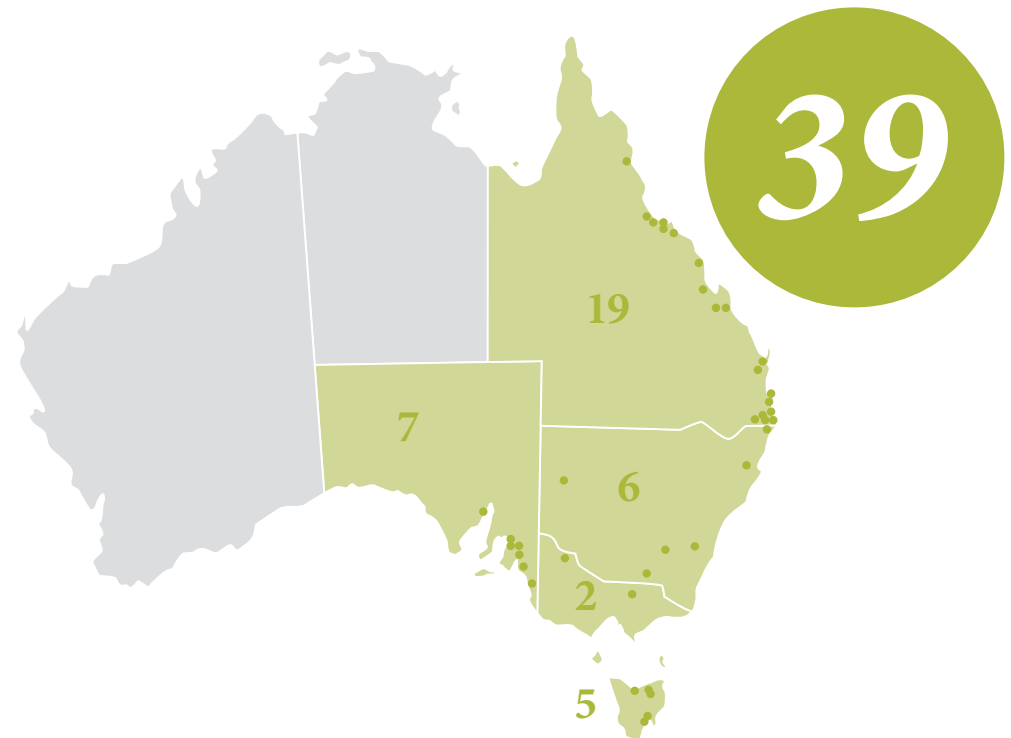


Eureka Business Model

- ✓ Owner/Operator of independent rental accommodation with a focus on independent retirees who are completely or primarily supported by the Australian Government pension
- ✓ Target market represents a significant portion of the growing retirement population
- ✓ Objective to grow and scale the business, through acquisition of traditional villages and development of existing assets. Portfolio and greenfield developments at a later stage

Investment Property

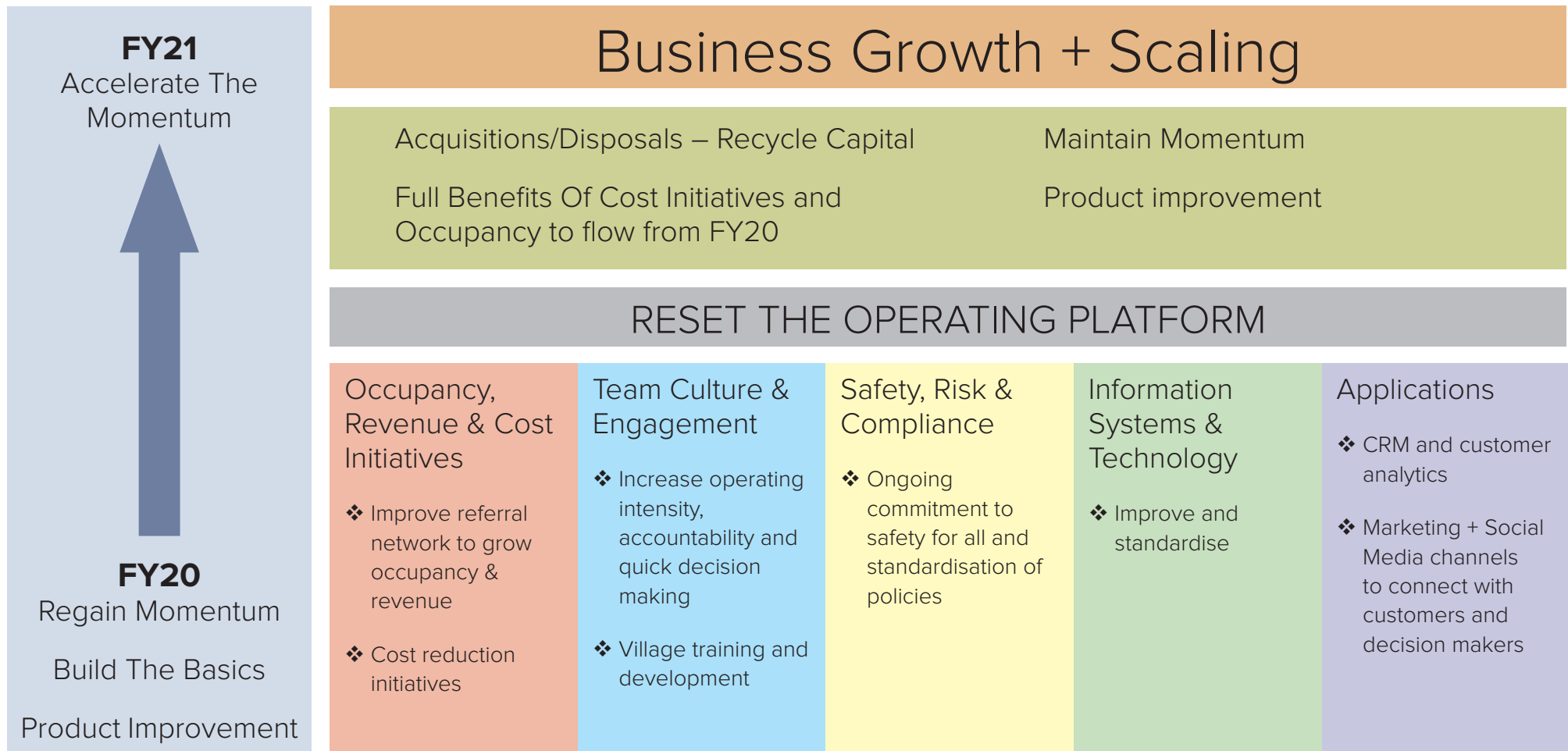
State	Investment (\$M)
QLD	52.8
NSW	20.6
VIC	8.8
SA	23.2
TOTAL	105.4



30 Owned

9 Under Management

Eureka Strategy



FY2020 Initiatives and Outlook

- Recommence acquiring and scaling the business (acquisition and development of existing assets)
- Continuous product improvement to maintain high occupancy and grow rental income
- Fully integrate finance and operations systems to capture efficiencies and facilitate cost effective scalability of the business
- Village Manager training and development as front line Ambassadors
- Cost saving initiatives – solar, waste and renegotiate supply contracts
- Continued recycling of non-core assets
- Key drivers – occupancy
 - efficiencies
 - margin



Board and Executive

- ✓ Experienced Board in Financial Management, Governance, Health and Property
- ✓ Russell Banham appointed to the Board and chair of the Audit & Risk Committee during FY19
- ✓ Ms Tracey Campion's (CFO) appointment 21 January 2019 and Mr Cameron Taylor's (COO) appointment 18 March 2019 strengthens the management team



Appendix

Key Financial Information

The table below summarises the results for the year ended 30 June 2019

(\$'000)	30-Jun-19	30-Jun-18
Rental income	15,847	15,674
Catering income	4,257	4,274
Service and caretaking income	3,132	2,626
Revenue from asset sales - inventory	2,550	-
Revenue from ordinary activities	25,786	22,574

(\$'000)	30-Jun-19	30-Jun-18
Profit/(loss) before and after tax	6,794	(276)
Depreciation and amortisation	225	251
Finance costs	2,766	2,753
EBITDA¹	9,785	2,728
Net (gain)/loss on revaluation of investment property and other property assets	(1,953)	1,439
Impairment of Couran Cove assets	-	2,887
EBITDA¹ prior to asset revaluations	7,832	7,054
Basic & diluted earnings per share (cents)	2.95	(0.12)

- Improved revenue from core operations due to solid occupancy and additional service fees
- Revaluation net gain of \$1.95M
- Improved EPS to 2.95 cents
- No tax expense while Eureka has unrecognised carried forward tax losses

¹EBITDA (Earnings before interest, tax, depreciation and amortisation) is an unaudited non-IFRS measure however, the directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. EBITDA presented has been calculated from amounts disclosed in the financial statements.

Key Financial Information (cont.)

The table below summarises the balance sheet at 30 June 2019

(\$'000)	30-Jun-19	30-Jun-18
Assets		
Cash and cash equivalents	3,060	1,986
Trade and other receivables	1,503	2,930
Inventory	9,215	11,783
Joint Venture Investment	4,661	4,672
Assets held for sale	519	1,750
Investment property	105,406	100,756
Property, plant and equipment	659	682
Intangible assets	5,348	6,035
Other assets	2,701	2,706
Total Assets	133,072	133,300
Liabilities		
Trade and other payables	1,672	2,709
Other financial liabilities	49,490	55,483
Provisions	428	408
Total Liabilities	51,590	58,600
Net Assets	81,482	74,700

- Reduction in trade and other receivables and inventory due to partial realisation of Couran Cove investment and Terranora sales
- Proceeds received from realising non-core and under-performing assets used to repay debt
- Terranora sales program under way
- Investment property valuation uplift
- Core debt facility matures December 2021

Key Financial Information (cont.)

The table below summarises the cash flows for the year ended 30 June 2019

(\$'000)	30-Jun-19	30-Jun-18
Cash Flows from Operating Activities		
Receipts from customers	23,925	24,439
Payments to suppliers and employees	(17,150)	(17,456)
Net interest paid	(2,030)	(2,769)
Net Cash provided by Operating Activities	4,745	4,214
Cash Flows from Investing Activities		
Payments for additions to investment property	(1,589)	(8,704)
Payments for additions to inventory	(1,270)	(1,688)
Payments for property, plant & equipment	(61)	(30)
Payments for Joint Venture investment	-	(4,500)
Proceeds from sales of assets	4,260	4,007
Proceeds from repayments of loans provided	1,660	335
Other payments for investing activities	-	(832)
Net Cash provided by/(used in) Investing Activities	3,000	(11,412)
Cash Flows from Financing Activities		
Net proceeds from / (repayment of) borrowings	(6,605)	4,866
Other payments for financing activities	(66)	(77)
Net Cash provided by/(used in) Financing Activities	(6,671)	4,789
Net Increase/(decrease) in cash and cash equivalents	1,074	(2,409)
Cash and cash equivalents at the beginning of period	1,986	4,395
Cash and cash equivalents at end of the period	3,060	1,986

- Net cash from core operating activities remained strong
- Debt reduction achieved during the period from proceeds from partial realisation of Couran Cove investment and sale of non-core assets



Head Office

ABN 15 097 241 159

Level 2, 7 Short Street,
Southport Qld 4215

P: (07) 5568 0205

F: (07) 5302 6605

E: info@eurekagroupholdings.com.au