



## **ASX ANNOUNCEMENT**

24 February 2017

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

### **REGIS HEALTHCARE REPORTS NPAT OF \$30.9 MILLION FOR 1H FY2017 AND DECLARES AN INTERIM DIVIDEND OF 10.3 CENTS PER SHARE**

#### **Half Year Highlights**

- EBITDA of \$61.8m and NPAT of \$30.9m from revenue of \$248.7m
- Strong net operating cashflow<sup>1</sup> of \$85.9m from EBITDA and RAD receipts
- Average occupancy of 95.3% for the period
- Growth in operational places to 6,027 as at 31 December 2016, following the opening of the East Malvern, VIC development project
- Continued investment in growth opportunities including \$62.1m capital expenditure on the expansion pipeline
- Net debt of \$146.4m as at 31 December 2016
- Fully franked interim dividend declared of 10.3 cents per share, 100% of reported NPAT

Regis Healthcare Limited (ASX: **REG**) is pleased to announce a statutory NPAT attributable to equity holders of \$30.9 million for the half year ended 31 December 2016.

Commenting on the results, Regis' Managing Director, Mr Ross Johnston, said "Regis delivered solid growth in the period, in line with expectations. The EBITDA and NPAT for the first half of FY17 exceeded the prior corresponding period by 20% and 8% respectively<sup>2</sup>.

The EBITDA result is underpinned by growth in revenue, including an increased contribution from the Significant Refurbishment<sup>3</sup> program and from growth initiatives. This includes the EBITDA from the facilities acquired from Masonic Care Queensland in June 2016 reaching target run rates.

Regis' cashflow performance was also in line with expectations, with net RAD receipts<sup>4</sup> of \$46.8 million. This is significantly higher than in the prior period, reflecting improved contributions from the Masonic Care acquisition and RAD inflows at the recently opened Facilities North Fremantle, WA and East Malvern, VIC and an increased average incoming RAD value across the portfolio following a review of room pricing."

## Financial Results

Highlights of the 1H FY2017 financial results include:

	\$ million 1H FY17 Reported <sup>2</sup>	\$ million 1H FY16 Normalised <sup>2</sup>	% variance 1H FY17 to 1H FY16
Revenue	248.7	236.6	20%
EBITDA	61.8	51.6	20%
NPAT	30.9	28.7	8%
Net RAD receipts <sup>3</sup>	46.8	25.1	87%
Net operating cashflow <sup>5</sup>	85.9	69.7	23%

Key contributors to the earnings and cash flow result for the period are:

- Revenue per occupied bed day of \$281 compared with \$271 in 1H FY16
- Contributions from the acquired Masonic Care Facilities, QLD which are now at target EBITDA run rate following a successful integration
- Increased net RAD inflows achieved, with 47% of new residents<sup>6</sup> choosing to pay a RAD over a DAP<sup>7</sup> or a combination RAD/DAP payment and an average incoming RAD of \$454.7k compared with \$389.3k for FY16

The company has declared an interim dividend of 10.3 cents per share. This represents 100% of reported NPAT, is fully franked and is payable on 20 March 2017.

## Market Position and Growth Strategy

Regis' medium term growth strategy continues to combine organic growth, including greenfield and brownfield development, with acquisitions of single facilities and portfolios. The Company continued to invest in this growth in 1H FY17 with capital expenditure of \$62.1m.

The program of greenfield developments has continued to progress, with the recent highlights being the opening of the East Malvern, VIC Facility in September 2016, which contributed 148 net new places, and the North Fremantle, WA facility (which opened in May 2016) being nominated as a finalist in the WA Heritage Awards.

As at 31 December 2016, there are 1,404 new places in the expansion pipeline, unchanged since the last market update. Each development has progressed such that there are presently 8 developments currently under construction.

A significant milestone for the company was the Masonic Care Queensland acquisition, completed on 1 June 2016. This was the first portfolio transaction undertaken by the company since listing. The high quality portfolio comprised 711 new places. Integration activities have progressed extremely well and are now complete. The transaction has been EPS accretive in 1H FY17.

The facility refurbishment program, which was a key area of focus for the Company in FY16, has continued in 1H FY17 with 29 facilities now approved as Significantly Refurbished<sup>3</sup>, and thus receiving higher levels of Government funding. This program continues in 2H FY17.

## FY17 Outlook

The Company anticipates 2H EBITDA to be in line with the 1H result. This is consistent with the previous guidance that FY17 EBITDA is anticipated to be in excess of 15% more than normalised FY16.

The company reaffirms its previously stated position on the following items:

- Debt will remain at approximately 2x EBITDA in FY17
- Interest expense for FY17 is anticipated to be circa \$8m for the full year
- The FY17 depreciation expense range is anticipated to be \$28m - \$31m, following a 1H expense of \$14.2m
- FY17 net RAD inflows are anticipated to be circa \$100m following the first half result of \$46.6m
- Total capex spend in FY17 is anticipated to be in the order of \$160m

A teleconference and webcast will be held by the Regis's Managing Director Mr Ross Johnston and CFO Mr David Noonan at 11am AEDT. Dial in or login details are below.

For further information, contact:

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Teleconference details: **Australia:** 1800 908 299, **Conference ID:** 428121

To view via webcast: <http://edge.media-server.com/m/go/Regis-Half-Year-Results-240217>

For teleconference details for those dialling in from outside Australia, go to:

<http://investors.regis.com.au/forward-calendar/>

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<sup>1</sup> Net cashflow before investment and financing activities

<sup>2</sup> 1H FY17 results are on the basis of Reported IFRS financial information. During the 1HFY17 reporting period, there were no activities requiring Normalisation adjustments. Normalised earnings are categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 – Disclosing non-IFRS financial information. In FY16 Normalised adjustments were made to the Reported information to assist readers to better understand the financial performance of the underlying business and these Normalised results have been used as the basis for comparison, ie Revenue, EBITDA and NPAT comparisons are to Normalised 1HFY16 results – refer to the Glossary in Appendix A for definitions and Appendix E and F for the reconciliation of Reported to Normalised results. Details of the adjustments are also included in the Directors Report of the Annual Financial Report for the year ended 30 June 2016

<sup>3</sup> From the Higher Accommodation Supplement paid to eligible fully and partially supported residents at facilities approved as Significantly Refurbished.

<sup>4</sup> Refundable Accommodation Deposits, includes contributions from Independent Living Units (ILUs)

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5 Net Operating Cashflow has been normalised for Government Funding received in advance  
6 Permanent, non supported residents entering aged care after 1 July 2014  
7 Daily Accommodation Payment