

MACQUARIE SECURITIES CONFERENCE

Estia 
Health

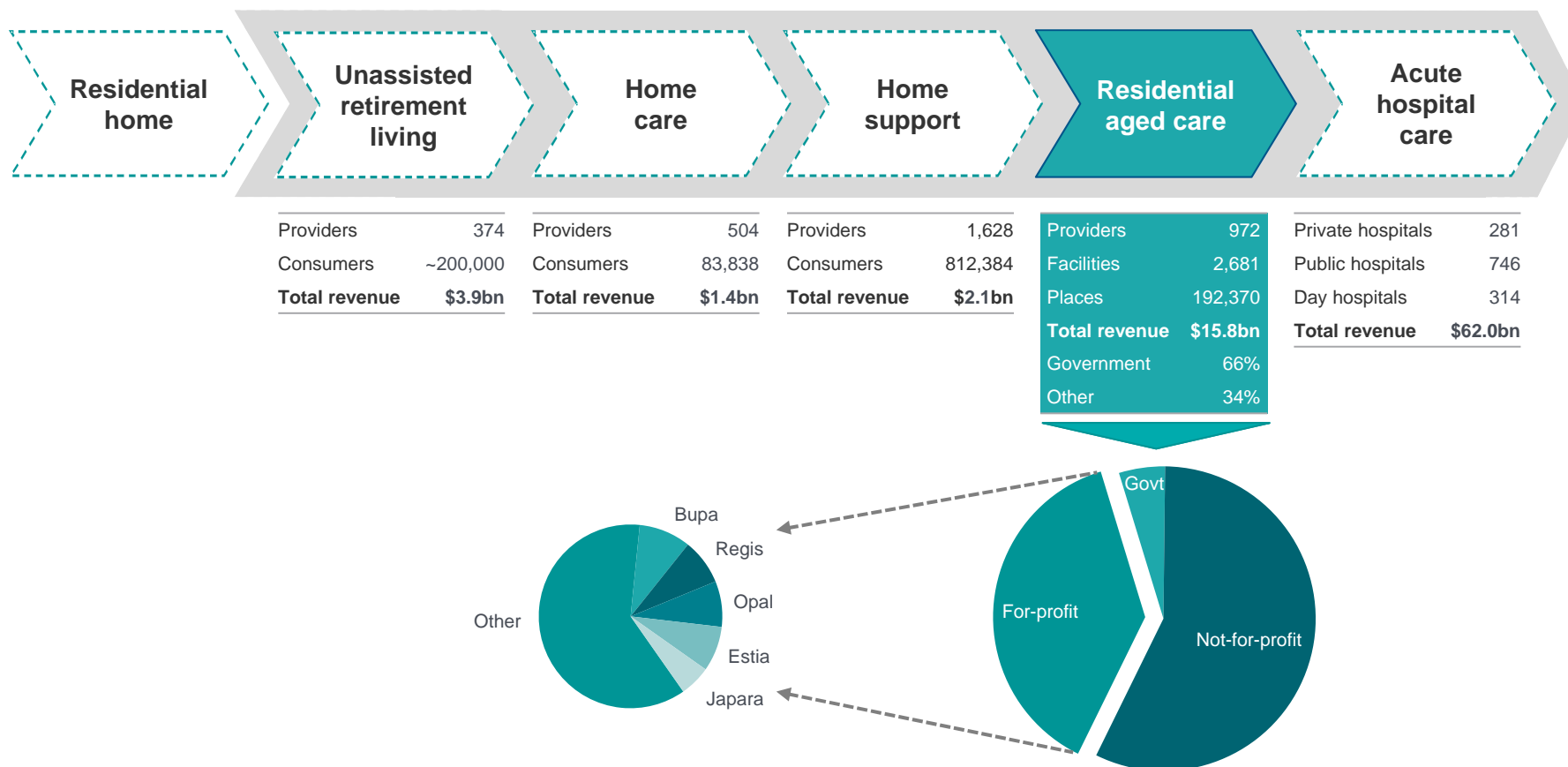
Thursday 4 May 2017



Photo: Tea Gardens, New South Wales

SENIOR LIVING AND AGED CARE MARKET

Residential aged care is a needs-based market at the higher care end of the acuity spectrum



1. Source: Fourth report on the Funding and Financing of the Aged Care Sector, ACFA, July, 2016, IBISWorld Industry Report: Retirement Villages in Australia, August 2016.

STABLE SECTOR WITH ATTRACTIVE GROWTH TRENDS

Demand driven by predictable demographic trends and supply limited by barriers to entry

- **Demographic Change**

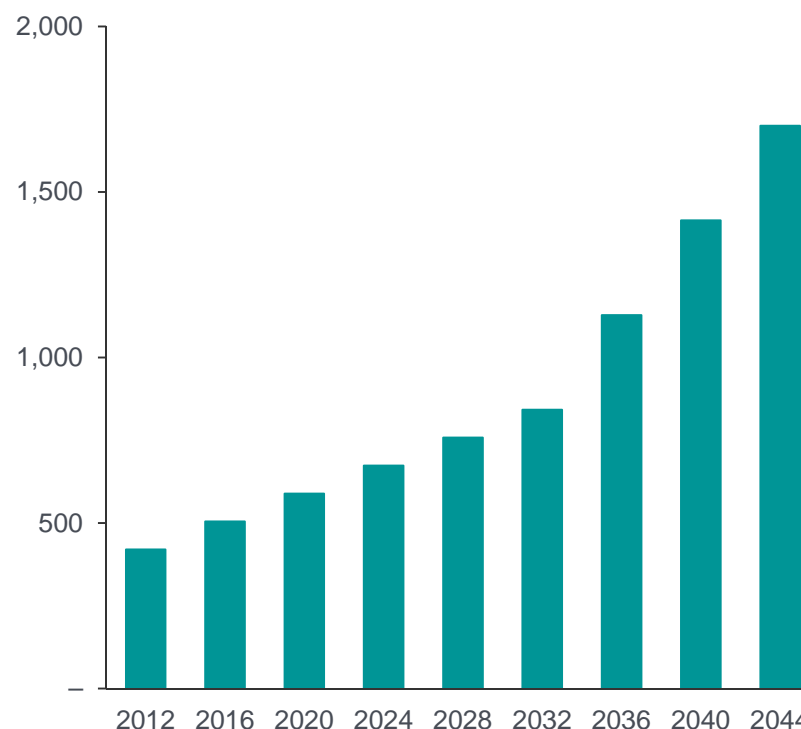
- Continued growth in ageing population
- 10 year demand for 76,000 new beds¹
- Increasing age at admission
- Increasing acuity & co-morbidity
- Length of stay
- Higher level of care

- **Consumer Preferences & Drivers**

- Ageing in place
- Quality of homes, single rooms, en-suites

- **Government Supported & Regulated**

Population projections for persons >85 years old ('000s)²



1. Source: Fourth report on the Funding and Financing of the Aged Care Sector, ACFA, July, 2016.

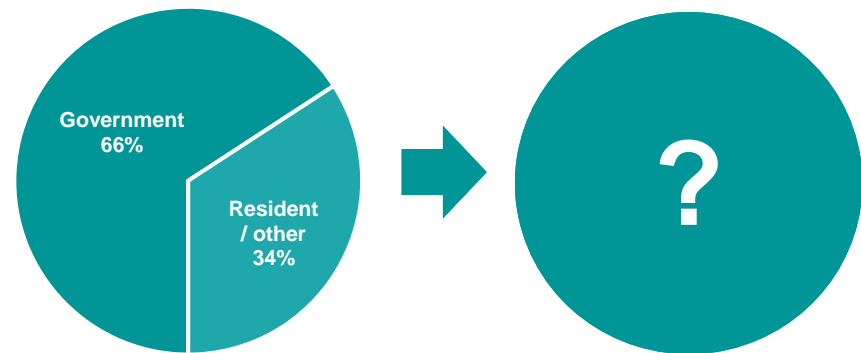
2. Population Projections Australia 2012-2101, Australian Bureau of Statistics, 2013.

REGULATORY ENVIRONMENT & FUNDING / REVENUE SOURCES

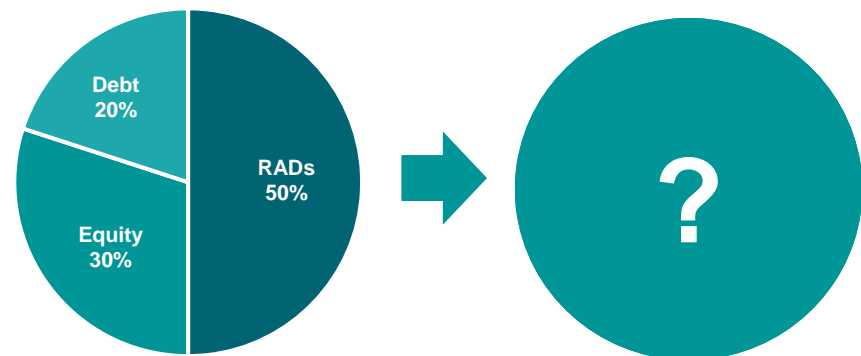
Revenue underpinned by government but likely to trend towards user pay over time

- **Government / commonwealth funding**
 - \$10.4bn of funding (66% of total funding)¹
 - Accommodation versus care
 - Needs-based care fees – ACFI
 - Means tested
- **Reform and future roadmap**
 - Living longer better reforms
 - Home-based care preference
 - Consumer directed care
 - Increasing private contributions
 - Accommodation
 - Care
 - Lifestyle
- **2016 budget changes**

Sector revenue profile¹



Sector funding profile¹

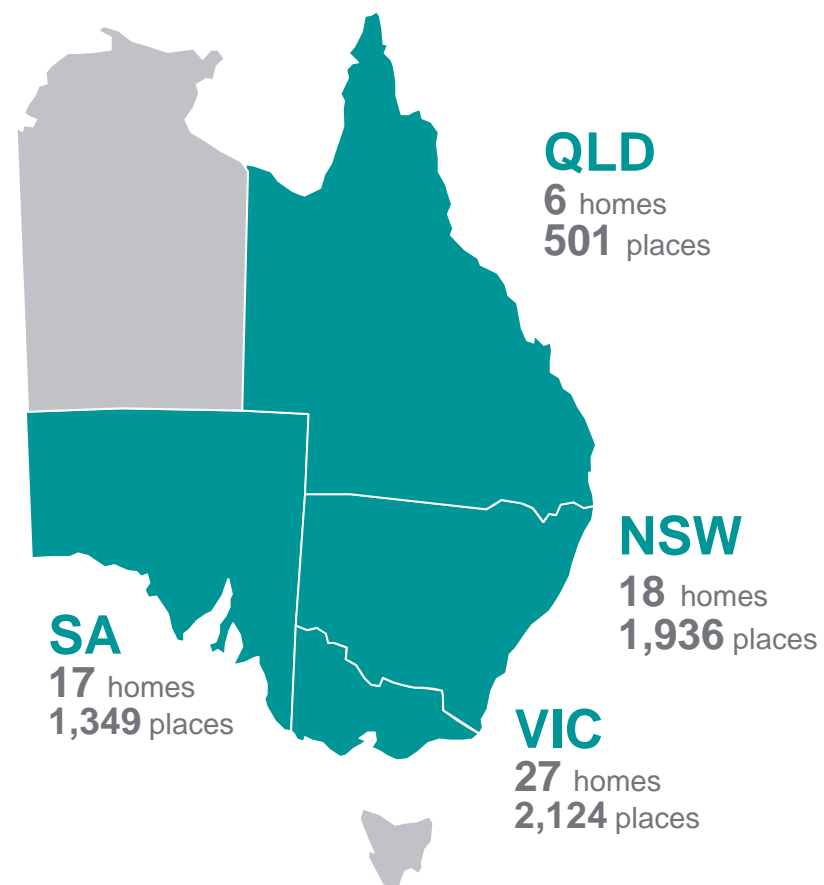


1. Source: Fourth report on the Funding and Financing of the Aged Care Sector, ACFA, July, 2016.

ESTIA OVERVIEW

Estia has a significant and geographically diverse portfolio of facilities

Key portfolio statistics	31 Dec 16
Total number of homes ¹	68
<i>Metro</i>	53
<i>Regional</i>	15
Freehold sites	61
Total operational places	5,910
Single rooms (% of total rooms)	90%
Employees	~7,400
Average occupancy ²	93.0%



1. There were 69 homes as at 30 June 2016. Subsequent to that date, the licences of two homes have been merged resulting in Estia now operating 68 homes.
2. Average occupancy for the six month period to 31 December 2016.

OUR PEOPLE

Estia has a large workforce and places a priority on a positive workplace experience for staff

- Large workforce comprising approximately 7,400 people
- Graduate Nurse internship program
- Network ambassadors
- Staff engagement program
- Safe workplaces
- Key management personnel
- Management structure and leaders



OUR HOMES – BEXLEY PARK



OUR HOMES – MUDGEERABA



OUR HOMES – KENSINGTON GARDENS



OUR HOMES – GOLDEN GROVE



H1 FY2017 FINANCIAL HIGHLIGHTS

\$263.1m

REVENUE

Up 5% on 2H FY16 of \$250.4m

\$43.0m

EBITDA

Up 26% on 2H FY16 of \$34.1m

\$19.8m

NPAT

Up 85% on 2H FY16 of \$10.7m

\$98.7m

OPERATING CASHFLOW

Up 68% on 2H FY16 of \$58.9m

\$140.1m

NET DEBT AS AT 31 JAN 2017¹

Down 37% from \$223.7m at June 2016

10.3 cents

EARNINGS PER SHARE

Up 81% on 2H FY16 of 5.7 cents



1. Extracted from H1 FY2017 Results Presentation.

CONTINUING IMPROVEMENT & GROWTH

Optimise and growing the existing business and adapting to the ever changing environment

- **Board renewal**
- **Key management personnel changes**
- **Optimisation of financial performance**
- **Optimisation of current home and property portfolio**
- **Capacity expansion – brownfield & greenfield**
- **Adaptive and responsive to sector change and demand**



OPERATIONAL UPDATE

Update on impact of improvement and growth initiatives and changes

- **Significant Refurbishment programs**
 - Six underway
 - 16 further in planning and pre-approval stage
- **Twin Waters & Kogarah** developments on schedule
- **Average occupancy** of 93.8% for the four months to 30 April 2017, and 94.4% during April 2017
- **Resident mix** stable
- **Staff costs** remain stable
- **Non-wage costs** reducing



FY17 OUTLOOK

- **Guidance for FY17 EBITDA of \$86 million – \$90 million reconfirmed**
- **Future dividend policy is to pay at least 70% of net profit after tax for the period to which the dividend relates¹**
 - No interim dividend was paid in March 2017 in relation to first half FY17
 - Any final dividend for FY17 will be set with reference to second half net profit after tax



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.



Photo: Yarra Valley, Victoria

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