**ASX ANNOUNCEMENT**

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

## REGIS HEALTHCARE REPORTS NPAT OF $61.1 MILLION FOR FY17 AND DECLARES A FINAL DIVIDEND OF 10.04 CENTS PER SHARE

### Full Year Highlights

- EBITDA of $123.6m and NPAT of $61.1m from revenue of $565.5m
- Strong net operating cashflow[1] of $151.1m
- Average occupancy of 94.9% for the period
- Growth in operational places to 6,316 by 1 August 2017, following the opening of the Kingswood, SA development project and the Presbyterian Care acquisition of 287 operational places across 3 Facilities in Tasmania
- Continued investment in growth opportunities of $151.0m
- Net debt of $233.5m as at 30 June 2017
- Fully franked final dividend declared of 10.04 cents per share, bringing the full year dividend to 20.34 cents per share, 100% of reported NPAT

Regis Healthcare Limited (ASX: **REG**) is pleased to announce a statutory NPAT attributable to equity holders of $61.1 million for the year ended 30 June 2017.

Commenting on the results, Regis' Managing Director, Mr Ross Johnston, said "Regis once more delivered solid growth in the period, in line with expectations. EBITDA and NPAT for FY17 exceeded the prior corresponding period by 18% and 8% respectively[2].

The financial result is underpinned by an increased contribution from the Significant Refurbishment[3] program and from growth initiatives. This includes the earnings from the facilities acquired from Masonic Care, QLD in June 2016, which reached target run rates during the first half of the financial year.

Net RAD cashflow of $70.5m was below expectations, attributable to a small number of facilities experiencing higher than projected admissions of non-RAD paying residents (being supported, DAP and respite residents) in 2H FY17. It is anticipated that the level of RAD paying residents will return to expected levels at these facilities over time.

The $70.5 million in Net RAD receipts[4] was still significantly higher than the prior period result of $44.9m for FY16, reflecting improved contributions from the Masonic Care acquisition, RAD inflows at the recently opened development facilities and an increased average incoming RAD value across the portfolio."

**Financial Results**

Highlights of the FY2017 financial results include:

| | **$ million FY17 Reported[2]** | **$ million FY16 Normalised[2]** | **% variance FY17 to FY16** |
|---|---|---|---|
| Revenue | 565.5 | 480.7 | 18% |
| EBITDA | 123.6 | 105.1 | 18% |
| NPAT | 61.1 | 56.8 | 8% |
| Net RAD receipts[4] | 70.5 | 44.9 | 57% |
| Net operating cashflow | 151.1 | 133.6 | 13% |

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

- Revenue per occupied bed day of $281 compared with $272 in FY16
- Contributions from the acquired Masonic Care Facilities, QLD which reached EBITDA run rate during the 1H following a successful integration
- Increased contributions from the Significant Refurbishment program
- Increased net RAD receipts achieved, with 48% of new residents[5] choosing to pay a RAD over a DAP[6] or a combination RAD/DAP payment and an average incoming RAD of $455.6k compared with $389.3k for FY16

The Company has declared a final dividend of 10.04 cents per share. This represents 100% of reported NPAT, is fully franked and is payable on 18 September 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 FY17 with capital expenditure of $151.0m.

The program of greenfield developments has continued to progress, with the recent highlights being the opening of the Kingswood, SA Facility in April 2017, which contributed 100 net new places.

As at 30 June 2017, there are 1,303 net new places in the expansion pipeline, with 7 developments currently under construction.

The Company announced the acquisition of 287 places across 3 Facilities in Hobart and Launceston from Presbyterian Care, TAS which expanded its footprint into Tasmania following completion on 1 August. The acquisition also included some Retirement Village units, home care and surplus land for development.

A further significant milestone for the company was completion of the integration activities for the Masonic Care Queensland acquisition, which completed on 1 June 2016. This high quality portfolio of 711 places has been EPS accretive in FY17.

The Company has also progressed its strategy with regard to the Retirement Village (RV) business. Regis presently has 550 existing RV units, which are co-located with Residential Aged Care facilities across 5 locations, offering a continuum of care to residents. Through redevelopment, the company will unlock value. The company’s target is to commence the construction of stage 1 of the program for the Burwood East site in Melbourne, Vic in 2018. The program for Burwood East will involve construction of 350 RV units to be undertaken in 9 stages over a 10 year period.

The facility refurbishment program, which was a key area of focus for the Company in FY16, has continued in FY17 with 33 Facilities now approved as Significantly Refurbished[3], delivering an enhanced living environment for residents.

As a result of the increased development activity and continued investment in acquisitions, the Company has increased the capacity and term of its debt facilities. The previous debt facility of $370m was for core and development debt for Aged Care. This has been increased to $445m ($295m expiring July 2020 and $150m expiring May 2021).

In addition to this, the Company has a new debt facility for Retirement Village redevelopment of $70m (expiring July 2022).

**FY18 Outlook**

FY18 EBITDA is anticipated to be broadly in line with FY17

Having regard to FY18:

- The company will have one off transaction related expenses resulting from the Presbyterian Care acquisition which will result in a reduction in earnings of circa ($3m-$4m) EBITDA and ($2.5m to $3.5m) NPAT
- Net interest and depreciation expenses are expected to increase on FY17 as a result of investment in development

In FY16 and 1HFY17, the federal government announced changes to its residential aged care funding, which commenced in FY17. For the Company, there has been minimal impact resulting from these changes in FY17. The changes will be more significant in FY18 and FY19.

A range of strategies have been and continue to be implemented to mitigate the impact of the changes to funding.

Regis currently charges an Asset Replacement Charge (ARC) to some residents. In April, the Company announced that it had applied to the Federal Court for a declaration as to the interpretation of the Aged Care legislation in order to obtain clarity in relation to its ARC. Regis continues to exclude the ARC revenue from its results, pending the outcome of Federal Court proceedings.

A teleconference and webcast will be held by Regis' Managing Director Mr Ross Johnston and CFO Mr David Noonan at 11am AEST.

Dial in or login details are provided at the end of this document.

For further information, contact:

Kirsty Nottle

General Manager Investor Relations
T 03 8573 0444
E knottle@regis.com.au

By pre-registering for the conference, which will give you a unique pin and avoid needing to wait for the operator when you dial in, use the registration button via the following link:

https://investors.regis.com.au/forward-calendar/

Alternatively, the teleconference details are:
**Australia:** 1800 908 299, **Conference ID:** 296218

To view via webcast: http://edge.media-server.com/m/go/regis-FYR-17

For teleconference details for those dialling in from outside Australia, go to the following link for the details for your country:

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

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[1] Net cashflow before investment and financing activities

[2] FY17 results are on the basis of Reported IFRS financial information. During the FY17 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 FY16 results – refer to the Glossary in Appendix A for definitions and Appendix E 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 2017

[3] From the Higher Accommodation Supplement paid to eligible fully and partially supported residents at facilities approved as Significantly Refurbished

[4] Refundable Accommodation Deposits, includes contributions from Independent Living Units (ILUs)

[5] Permanent, non supported residents entering aged care after 1 July 2014

[6] Daily Accommodation Payment