FY18 FULL YEAR RESULTS

16 AUGUST 2018

Estia Mudgeeraba, Queensland

CONTENTS

Estia Tea Gardens, New South Wales

Estia Health

OVERVIEW & HIGHLIGHTS

1

Delivering high quality residential aged care services to everyday Australians

One of Australia's largest aged care providers

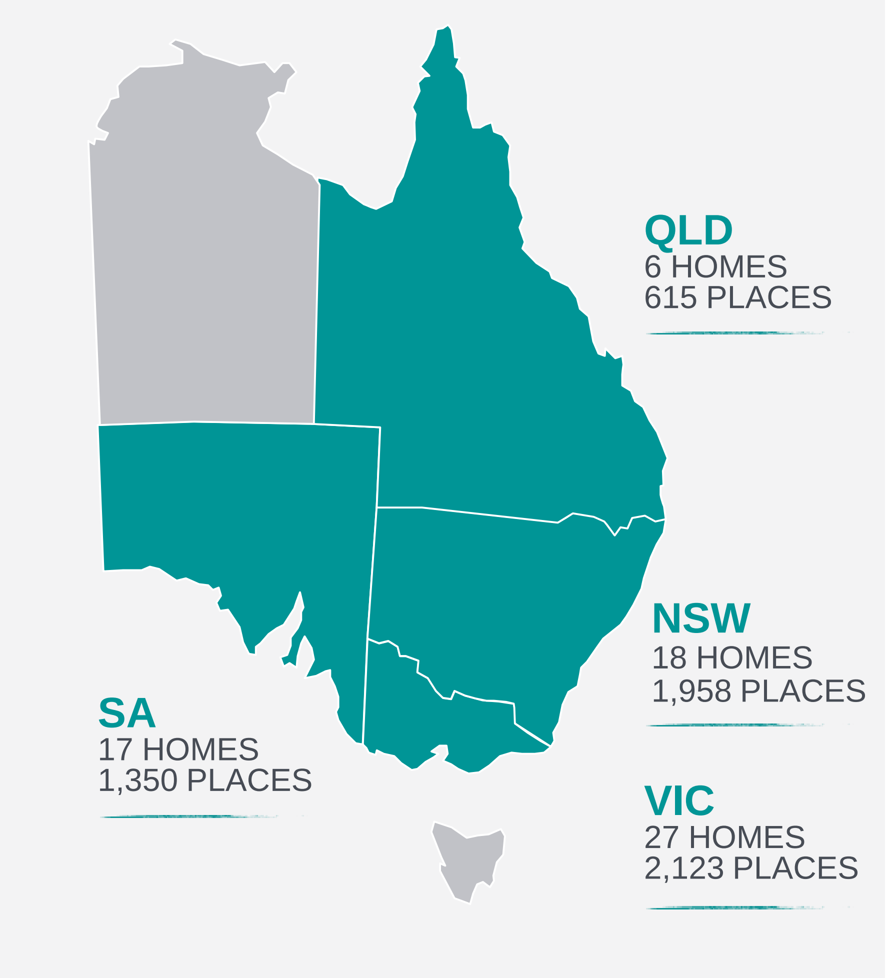
68 operational homes, 6,046 places

Care delivered to 8,000+ older Australians annually

Employing over 7,000 staff

PORTFOLIO OVERVIEW

Key Portfolio Statistics (as at 30 June 2018)	
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	19



FY18 HIGHLIGHTS

EBITDA[1] of $90.1 million achieved in line with guidance– increase of 4.1% from FY17

Operating revenue increased by 4.3% to $547.1 million

Full-Year average occupancy of 94.2% achieved

Net RAD receipts of $62.8 million

Net Bank Debt[2] reduced to $63.8 million, capacity for growth available

Gearing[3] reduced to 0.7x EBITDA

$4.4 million of sustainability capital investment program completed for FY18, with further investment planned for FY19

Expanded and enhanced portfolio – 2 new homes opened and 3 developments commenced

Fully franked final dividend of 8.0 cents/share declared – 100% of NPAT

Board, Executive and Leadership team renewal completed

Estia expects to deliver mid-single digit percentage increase in EBITDA on its existing portfolio of homes in FY19 subject to no material changes in market or regulatory conditions

1. EBITDA is a measure consisting of earnings before interest, tax, depreciation, amortisation and gains on sale of non-current assets
2. Net Bank Debt is defined as bank borrowings and overdrafts less cash balances
3. Gearing is defined as Net Bank Debt divided by EBITDA

FY18 FINANCIAL OVERVIEW

94.2%
AVERAGE OCCUPANCY
On mature homes, excl. Twin Waters

$547.1
OPERATING REVENUE
Up 4.3% on FY17

$90.1m
EBITDA[1]
Up 4.1% on FY17

$103.0m
OPERATIONAL CASHFLOW[2]
114% Cash/EBITDA conversion

$62.8m
FY18 NET RAD INFLOWS

$63.8m
NET BANK DEBT[3]

$41.2m
NPAT
Up 1.1% on FY17

15.8 cents
EARNINGS PER SHARE
Decrease of 13.2% on FY17 due to dilution impact of FY17 capital raise

8.0 cents
FULLY FRANKED FINAL DIVIDEND PER SHARE
(15.8 cps total dividend,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,
3. Net Bank Debt is defined as bank borrowings and overdrafts less cash balances

FY18 OPERATIONAL OVERVIEW

Leadership and People

- Succession planning has been a focus of the Board since completion of its renewal process in July 2017; CEO and COO succession announced in July 2018
- Executive team restructure complete with appointment of Chief Customer Officer, Chief Information Officer, Chief People Officer and GM, Property and Development
- Leadership development programs in place – Emerging Leaders, Management Development, Graduate Nurse Program
- Independent cultural survey recognised high staff engagement and workplace culture of success

Optimising Financial Performance

- Occupancy sustained by strong local community engagement, quality of homes and care across challenging flu season within an increasingly competitive environment
- Revenues per operating bed day increased
- Key financial metrics normalising to sector benchmarks

Expanding and Improving Our Portfolio

- Opened - Twin Waters (QLD) opened September 2017, Kogarah (NSW) opened March 2018
- In development - Blakehurst (NSW), Southport (QLD) and Sunshine Cove (QLD)
- In final planning stages – St Ives and Wollongong
- Completed the significant refurbishment of 5 homes during the period, with an additional 13 underway
- $4.4m sustainability capital investment program completed

Estia Kogarah, New South Wales

Estia Health
FY18 FULL YEAR RESULTS

FINANCIAL PERFORMANCE

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Estia Kogarah, New South Wales

SUMMARY P&L ACCOUNT

	2H FY17 6 months $'000	1H FY18 6 months $'000	2H FY18 6 months $'000	FY18 12 Months $'000	FY17 12 Months $'000	Movement
Government revenue	193,377	200,883	203,181	404,064	388,099	+4.1%
Resident & other revenue	68,140	70,861	72,129	142,990	136,531	+4.7%
Total Operating Revenues	**261,517**	**271,744**	**275,310**	**547,054**	**524,630**	**+4.3%**
Employee benefits expenses	171,039	178,139	182,077	360,216	339,515	+6.1%
Non wage costs	46,940	48,184	48,571	96,755	98,615	-1.9%
EBITDA	**43,538**	**45,421**	**44,662**	**90,083**	**86,500**	**+4.1%**
Profit/(loss) on asset disposals	1,037	387	(24)	363	1,037	-35.0%
Depreciation and amortisation	9,934	10,695	11,468	22,163	18,405	+20.4%
Impairment	435	3,185	654	3,839	455	n/a
Operating Profit for the Period	**34,186**	**31,928**	**32,516**	**64,444**	**68,677**	**-6.2%**
Net finance costs	3,769	3,803	3,476	7,279	9,623	-24.4%
Profit before Income Tax	**30,417**	**28,125**	**29,040**	**57,165**	**59,054**	**-3.2%**
Income tax expense	9,477	7,867	8,144	16,011	18,356	-12.8%
Profit for the Period	**20,940**	**20,258**	**20,896**	**41,154**	**40,698**	**+1.1%**

Highlights

- Full Year 4.1% increase in EBITDA, in line with Guidance
- >4% Revenue growth at Govt and Resident level
- Staff costs reflect EBA increases and associated accrued leave uplifts, Twin Waters staffing ramp costs and strengthening of central management team
- Non-wage cost reduction reflects improved procurement disciplines and operational efficiencies
- Depreciation increase reflects new homes, and increased charge from FY17 and FY18 capex
- Impairment charge arises from Southport ($3.2m) and Blakehurst ($0.2m) demolitions in preparation for new homes
- Finance charges reduced following FY17 capital raise and working capital management
- 2HFY18 slightly below 1HFY18 as expected – less days and more public holidays
- As expected, Twin Waters achieved breakeven in 2H FY18, EBITDA loss for full year of $0.7m; 73% occupied and achieving company average revenue/cost metrics by 30 June, 2018.

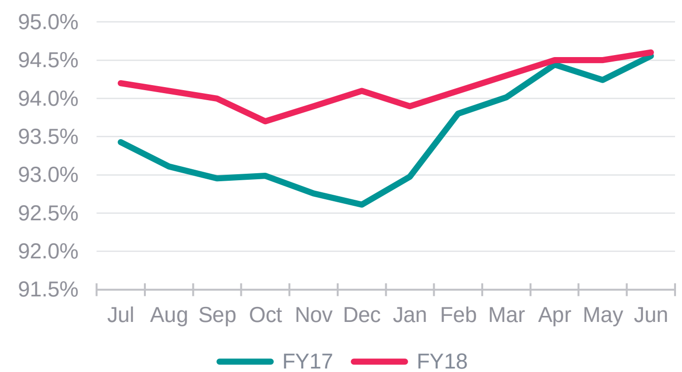
KEY P&L OPERATING METRICS

	2H FY17	1H FY18	2H FY18	FY18	FY17
Occupancy in Mature Homes[1]	94.0%	94.0%	94.3%	**94.2%**	**93.5%**
Total Occupied Bed Days – all homes	1,005,530	1,024,957	1,023,298	**2,048,255**	**2,016,601**
Government Revenue POBD[2]	$192.3	$196.0	$ 198.6	**$197.3**	**$192.5**
Resident and Other Revenue POBD[2]	$67.8	$69.1	$70.4	**$69.8**	**$67.7**
Total Revenue POBD[2]	$260.1	$265.1	$269.0	**$267.1**	**$260.2**
Staff Costs POBD[2]	$170.1	$173.8	$177.9	**$175.9**	**$168.4**
Non-Wage Costs excl. rentals POBD[2]	$44.2	$44.6	$ 45.0	**$44.8**	**$46.3**
EBITDA per Occupied Bed pa	$15,804	$16,175	$15,930	**$16,053**	**$15,657**
Total Staff Cost % of Revenue	65.4%	65.6%	66.1%	**65.8%**	**64.7%**
Non-Wage Costs excl rentals % Rev	17.0%	16.8%	16.7%	**16.8%**	**17.8%**
EBITDA % of Revenue	16.6%	16.7%	16.2%	**16.5%**	**16.5%**

Commentary

- Full Year EBITDA % margin maintained at 16.5% despite the freeze on ACFI indexation, the ACFI rule changes, staff cost pressures and Twin Waters start up costs
- Occupancy sustained improvement from FY17, and held up during flu epidemic
- A movement in occupancy rates of 0.1% could be expected to result in approximately $560,000 impact on EBITDA
- Sustaining moderate increases in Govt and Resident Revenue POBD
- Resident revenue increase tempered by concessional mix trend and market forces
- Staff costs reflect increasing acuity, commitment to quality care, as well as EBA impact ~2-3% p.a.
- Non-wage costs reduction now stabilising
- Twin Waters breakeven in H2 compared to $0.7m loss in H1

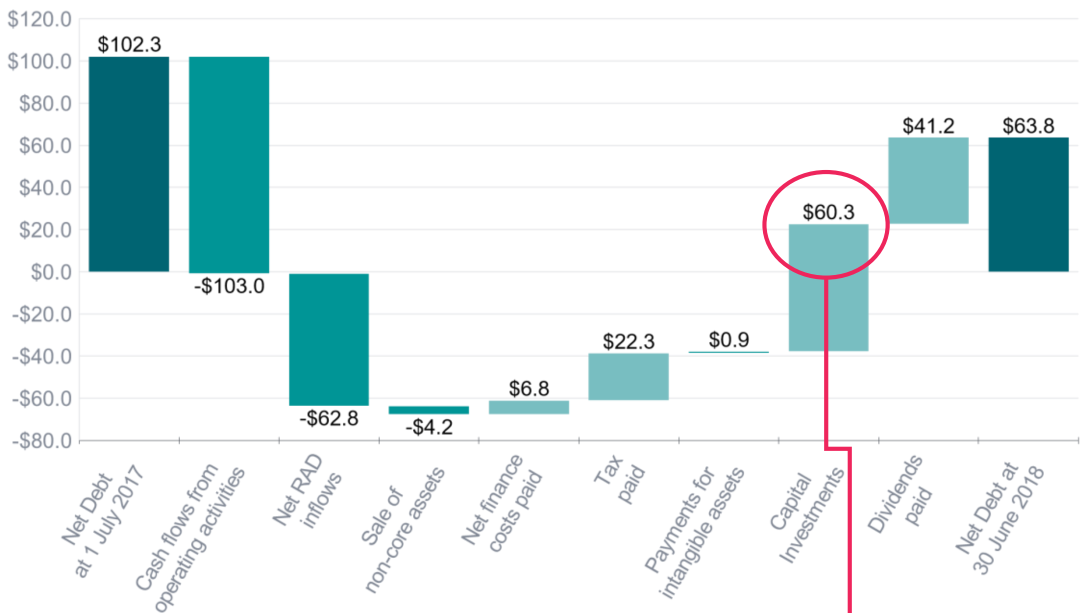
Monthly Average Occupancy – mature homes



1. Mature Homes refers to all homes except Twin Waters which opened in September. Refer to Appendix H for more detail on the calculation of Occupancy
2. POBD refers to Per Occupied Bed Day and includes Twin Waters and Kogarah occupied bed days

BALANCE SHEET, NET DEBT AND CASH FLOW

Net debt bridge ($m)



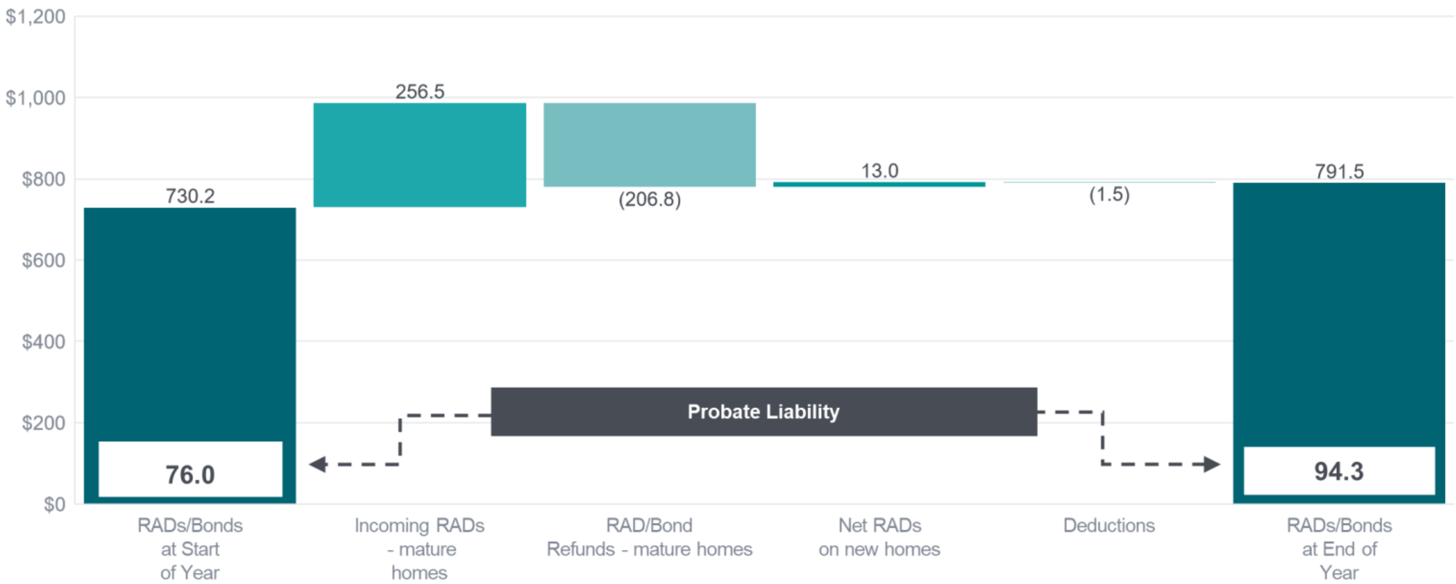
Capital Investments		$m
Greenfield		
	Completed	14.0
	In progress	9.8
		23.8
Land		2.2
Significant refurbishments		13.9
Sustainability projects		4.4
Maintenance & other		16.0
		60.3

Highlights

- Net Bank Debt $63.8m at 30 June 2018
- Gearing ratio of 0.7x EBITDA at 30 June 2018
- Strong, well capitalised balance sheet:
  - total assets of $1,823.9m supported by $761.6m of shareholders' funds
- Sustained 100% EBITDA-cash conversion - 113% this year
- Net RAD inflows of $62.8m increased total RAD balance to $791.5m
- Bank facilities total $330.0m with capacity for:
  - future investment;
  - potential changes to liquidity/capital ratio requirements; and
  - any adverse change in resident payment preferences
- Prudential Liquidity Policy maintained at minimum of 5% of RAD balances

RADS AND BONDS

Net RAD Flows ($m)



Comments

- Net RAD inflows of $62.8m in FY18:
  - $13.0m from new homes – Twin Waters and Kogarah, with further inflows to come as the expected full occupancy and RAD penetration is achieved
  - $49.7m from mature homes
  - Net inflow from mature homes in 2HFY18 of $17.7m compared to $32.2m in 1HFY18
- Potential uplift from mature homes remains. Of the current resident RADs/Bonds at 30 June 2018:
  - $131.5m received from older pre-July 14 bonds at an average value of $207,089
  - $565.7m received from more recent RADs at average value of $322,718

RESIDENT PROFILE

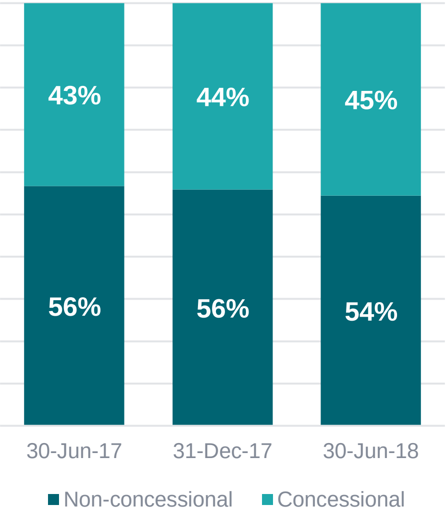
Number of Residents	2H FY17	1H FY18	2H FY18
RAD	1,827	1,771	1,754
Combination	521	551	577
DAP	668	654	623
Total Non-Concessional	**3,016**	**2,976**	**2,954**
Concessional	2,300	2,350	2,473
Other	41	30	28
Total Permanent Residents	**5,357**	**5,356**	**5,455**
Respite Residents	252	236	225
Total Residents	**5,609**	**5,592**	**5,680**

Comments

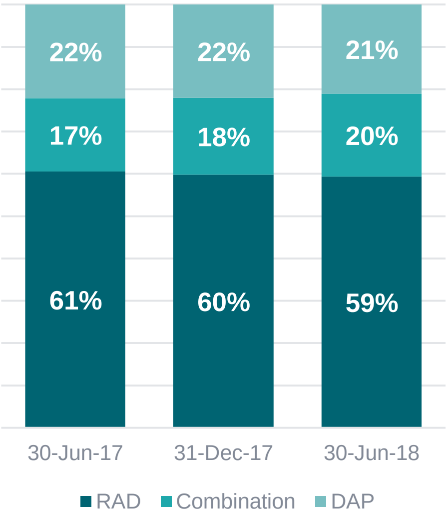
- Gradual increase in concessional proportion continues from 43% to 45% in 12 months
- RAD/DAP preferences:
  - modest increase in combinations
  - no major shift in incoming resident RAD/DAP preference
- Modest impact on overall resident population
- Average RAD/Bond and average prices continue to grow, offsetting modest impact of preference changes

% of Permanent Residents	2H FY17	1H FY18	2H FY18
RAD	34%	33%	32%
Combination	10%	10%	11%
DAP	12%	12%	11%
Total Non-Concessional	**56%**	**55%**	**54%**
Concessional	43%	44%	45%
Other	1%	1%	1%
Total Permanent Residents	**100%**	**100%**	**100%**
Number of paid RADs/Bonds[1]	2,655	2,686	2,728
Average RAD/Bond held	$275,037	$283,999	$290,142
Average Incoming Agreed RAD	$408,768	$406,405	$413,667
Average Outgoing RAD/Bond	$325,380	$332,715	$344,882

Resident Mix
(permanent residents)



Non-Concessional Residents Payment Preference



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

Estia Health
FY18 FULL YEAR RESULTS

GROWTH STRATEGY

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Artist's impression: Estia Southport, Queensland

GROWTH STRATEGY OVERVIEW

Delivering solid and sustainable growth to create value for our shareholders

Mature homes

Enhancing services and operations

- Provider of choice in our local communities
- Provision of first-class care
- Additional services for our residents
- Investing in our staff

Enhancing portfolio

- Capital investment to ensure portfolio remains competitive
- Significant refurbishment program and accommodation supplements
- Brownfield and capital recycling opportunities
- Enhance portfolio to enable service specialisation

Portfolio expansion

- Significant market demand
- Greenfield developments
- Operational home acquisitions at appropriate price with reference to network proximity, size and quality of home
- Purchase of newly opened or pre-opening homes

Strategic opportunities

- Balance sheet strength provides capacity to expand our network of homes
- Expand service offering to capitalise on market trends
- Develop products and services that meet varying needs on the customer journey such as short term restorative and rehabilitative care

CAPITAL INVESTMENT

Estia continued its capital spending program in FY18 to drive future earnings from increased bed capacity and facility enhancement.

Capital investment undertaken in FY18

Estia undertook a significant FY18 capital program of $60.3m comprising:

- **$14.0m completing greenfield capacity expansion** at Twin Waters and Kogarah
- **$9.8m** of **work in progress on greenfield capacity expansion** at Southport, Sunshine Cove, and Blakehurst
- **$13.9m** of **significant and strategic refurbishments**
  - 5 homes completed during the year
  - 19 homes (1,898 beds) now eligible for Higher Accommodation Supplements
- **$2.2m of adjacent land purchases for brownfield development/expansion**
- **$4.4m on sustainability and environmental projects** (solar panels, LED lights, solar hot water)
- **$16.0m for maintenance capex and minor works**

Capital investment committed for FY19

- **~$65-$80m at 3 greenfield sites** covering 341 new beds
- **~$30-$35m** to be spent completing **significant refurbishment** projects already approved/commenced
  - 13 homes (1,105 beds) to complete
- **~$15m maintenance capex** and enhancement program to maintain and improve the quality and marketability of homes

Projects in advanced planning (subject to final investment decision)

- **~$63m St Ives & Wollongong** ~ 244 beds, incremental licences not fully held yet, but capability to transfer/upgrade from existing sites
- **~$5m sustainability projects –** continued commitment to installation of renewable energy sources and reduction in greenhouse gas emissions.
- **Licences applied for in ACAR** to support new greenfield applications and utilisation of landbank adjacent to existing facilities

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[1]	72	22	✓	✓	✓	Open	Mar 2018
Underway							
Southport, QLD	110	110	✓	✓	✓	Under Development	2HFY19
Sunshine Cove, QLD	126	126	✓	✓	✓	Under Development	1HFY20
Blakehurst, NSW	105	105	✓	✓	✓	Under Development	1HFY20
Advanced planning							
St Ives, NSW	118	118	✓	✓	X	Advanced Planning	2HFY20
Wollongong, NSW	126	126	✓	X	X	Advanced Planning	2HFY20

1. Blakehurst taken offline when Kogarah opened resulting in net addition of 22 places

GREENFIELD CASE STUDY - TWIN WATERS

Build

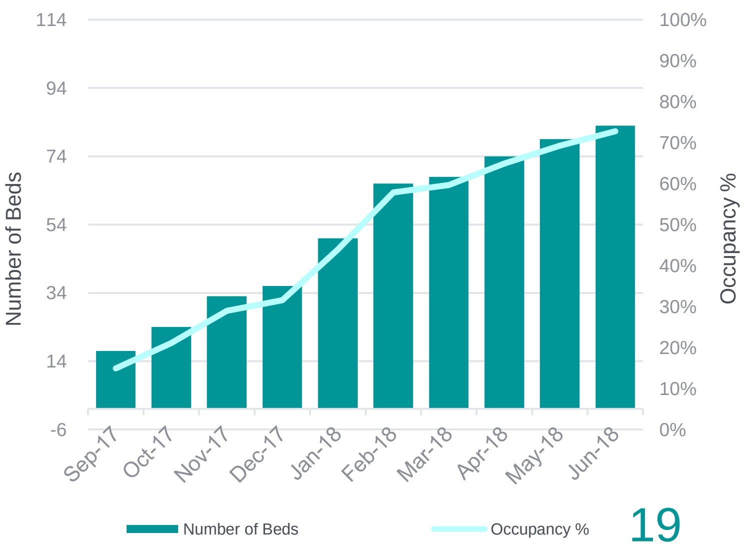
- 114 beds
- $26.1m build and fit-out cost plus $6.0m land cost
- 18 month build – on time and on budget

Key features and services

- Multiple communal lounge and living areas for residents and families to relax and take part in lifestyle activities including outdoor gardens and terraces
- Hair salon, library, cafe and private dining room for family gatherings and personal celebrations
- Specialist dementia care unit with private garden
- Purpose built for local community, co-located with Retirement Village

Opening and ramp-up

- Opened September 2017
- 8 months to reach breakeven – cumulative losses peaked at $0.9m
- 73% occupancy at 30 June 2018 (84% at 31 Jul 2018)
- Occupancy mix: concessional >40% and high respite residents
- $6.8m total RAD balance at 30 June 2018
- Average new RAD paid = $310k. RAD prices range from $550k to $611k, average RAD paid includes impact of residents making a RAD/DAP combination payment
- Performing at company average EBITDA POBD at end of June 2018



GREENFIELD CASE STUDY - KOGARAH

Build

- 72 beds (net increase of 22)
- 50 licences transferred from Blakehurst (presently being rebuilt)
- $19.0m build and fit-out cost
- $5.3m land acquired as part of Kennedy acquisition
- 18 month build - on time and on budget

Key features and services

- Multiple communal lounge and living areas for residents and families to relax and take part in lifestyle activities including outdoor gardens and terraces
- Cinema, hair salon, library, computer room and private dining room for family gatherings and personal celebrations
- Specialist dementia care unit

Opening and ramp-up

- Opened March 2018 (40 residents transferred from Blakehurst)
- 1 month loss then incremental EBITDA
- 100% occupancy at 30 June 2018
- Occupancy mix: concessional > 40%, high RADs achieved for new residents
- $8.6m total RAD balance at 30 June 2018 with $6.2m RAD inflow from new residents
- Average new RAD paid = $463k. RAD prices range from $400k to $900k, average RAD paid includes impact of residents making a RAD/DAP combination payment
- Performing at top quartile EBITDA POBD at end of June 2018

OPTIMISING PERFORMANCE

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PEOPLE AND CULTURE

- A **highly engaged** workforce showing a workplace culture of success – Independent Staff Engagement Survey (Sep 2017)
- **Staff retention improved** with turnover reducing from 30% to 20% p.a.
- Organisational Development – **building management capacity** through leadership development programs
- Clinical Development programs for Care Directors/RNs – **underpinning our quality standards**
- Graduate Nurse Program to **improve retention of qualified skills**
- Electronic learning platform supports mandatory **training and compliance requirements**
- Registered Nurse led **acuity based staffing model**

COMMITMENT TO QUALITY

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

- Uniform clinical standards
- Quality and education functions are independent of operations
- Clinical indicator benchmarking – identifies potential risk
- Group-wide clinical standards and compliance
- Centralised tracking and monitoring of feedback, complaints and resolutions
- Independent whistle-blower hotline for staff, residents and family

Governance

- Clinical risk monitored by Board Risk Committee
- Clinical Standards Committee (chaired by Chief Nurse) reports directly to the Chief Executive Officer
- Independent external reviews improves objectivity

RESIDENT EXPERIENCE

Estia homes:

- Mainly operate in a cluster and offer local communities a range of choices and price points across accommodation and services
- Understand the market in which they operate, with a local sales force engaged to work with the community and the referrers, and to be responsive to local needs
- Operate a clinical model lead by RNs rostered 24/7, and are part of the local health network
- Offer flexible admission choices (e.g. respite care) that enable people to stay at home longer if desired, and build early customer engagement with the home
- Provide a range of additional services in a model that matches the local community desires with service delivery
- Are an important part of the local community, with lifestyle programs reflective of the communities in which they operate
- Have a 'Cook Fresh' dining model that meets nutritional standards, reflecting the local resident food preferences, using local produce where possible

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Environmental

- Installation of solar panels and LED lighting to 29 homes, and solar hot water systems to 11 homes complete at a total cost of $4.4m
  - Reduction of carbon emissions by 5,692 tonnes p.a.
  - Approximate full year savings of $1.13m p.a.
- Further energy saving initiatives are under assessment for FY19
- Waste management under review to improve recycling and reduction strategies

Social

- Focus on gender diversity with 53% female representation at Board and Executive level
- Safe workplace initiatives improved LTIFR from 16.2 to 9.1
- Staff engagement survey driving cultural change initiatives
- Employee Assistance Programs available 24/7 and free to staff and immediate families
- Estia homes have ongoing engagement with their local communities through volunteering, fundraising activities for local charities and support of local groups

Governance

- Establishment of Risk Committee reporting to Board
- Risk profiling complete
- Initiatives to improve data security, including cyber security training implemented

Estia Health

FY18 FULL YEAR RESULTS

INDUSTRY LANDSCAPE & OUTLOOK

5

RESIDENTIAL AGED CARE SECTOR OVERVIEW

Regulatory Environment

- Strongly regulated operational framework, creating high barriers to entry
- Increasing sector and consumer advocacy leads to stronger Government focus
- Multiple reviews looking at quality of care in the sector

Consolidation Opportunities

- Sector relatively fragmented with c.60% of operators still operating a single home
- Increased costs to operate and regulatory focus on quality in sector, will speed consolidation
- Ageing stock in sector with smaller homes with multiple bedrooms, not suitable for future market

Opportunities

- Fast growing ageing population
- Continued Government support - CAGR of above 5% expected over next 3 years
- A necessary part of the ageing health continuum that will continue to be supported
- Demand will be circa 76,000 additional beds over the next 10 years

Consumer Driven Changes

- Increased demand for home support will see focus on quality operations at higher acuity
- Increased consumer expectations will see demand for single rooms and improved service standards
- Quality of care is the expectation, not able to be compromised

Well governed, quality-focused operators with scale and capital have the ability to respond to regulatory change, continue to invest in their people, portfolios and services as well as consider potential consolidation opportunities.

SECTOR REFORM

The aged care sector has strong underlying thematics, which need to be supported by a strong and consistent policy environment

Estia is supportive of further reform in the sector:

- 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 the provider
- ‘User pay’ should be extended to all who can afford to pay
- The recommendation from the Tune Review for uncapping of the daily care fee should be implemented immediately
- Other recommendations made in the Review need to be decided upon, and clearly outlined, to provide clarity for providers, staff, residents, families and investors
- 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
- Enforce the registration of all aged care workers, including those in home support work

LOOKING FORWARD

Sector
• Robust future demand, driven by projected demographics • Caring for older Australians a necessity • 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 tighter prudential management, providing a further barrier to entry • 'User pay' will increase

Estia
• Leadership depth • Financial resources to continue to invest in people, systems and property • 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 scale and capital, has the ability to respond to regulatory change, to invest in its people, portfolio and services, as well as grow capacity through development and acquisitions.

FY19 OUTLOOK

EBITDA Outlook

- Estia expects to deliver mid-single digit percentage increase in EBITDA on its existing portfolio of homes in FY19 subject to no material changes in market or regulatory conditions

Capital Investment

- Continue development of additional new greenfield sites at Blakehurst, Southport and Sunshine Cove (341 new beds)
- Continuation of the significant refurbishment programme
- Ongoing programme of maintenance and strategic capital spending to further raise quality and marketability of homes

RAD Cash Flows

- Continued positive net RAD inflows expected in FY19, both from new beds coming online and continued uplift in price from existing beds

Gearing

- Target gearing ratio remains 1.5x – 1.8x EBITDA

Dividends[1]

- Continuation of policy to distribute at least 70-100% of NPAT as fully franked dividends to shareholders

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.

Estia Health
FY18 FULL YEAR RESULTS

QUESTIONS

Estia Health
FY18 FULL YEAR RESULTS

APPENDICES

6

APPENDIX A: STATUTORY INCOME STATEMENT

	FY18 $'000	FY17 $'000
Revenues	**546,934**	**524,630**
Other income	483	1,037
Expenses		
Administrative expenses	16,064	16,990
Depreciation, amortisation expense	22,163	18,860
Impairment expense	3,839	-
Employee benefits expenses	360,216	339,515
Occupancy expenses	29,598	28,527
Resident expenses	51,093	53,098
Operating profit for the year	**64,444**	**68,677**
Net finance costs	7,279	9,623
Profit before income tax	**57,165**	**59,054**
Income tax expense	16,011	18,356
Profit for the year	**41,154**	**40,698**
Earnings per share		**cents**
Basic, profit for the year attributable to ordinary equity holders of the Parent	15.8	18.2
Diluted, profit for the year attributable to ordinary equity holders of the Parent	15.7	18.0

APPENDIX B: NON IFRS RECONCILIATION OF OPERATING PROFIT TO EBITDA

	FY18 $'000	FY17 $'000
Operating Profit for the Period	**64,444**	**68,677**
Depreciation and amortisation	22,163	18,860
Impairment	3,839	-
Profit on sale of non-current assets	(363)	(1,037)
EBITDA	**90,083**	**86,500**

APPENDIX C: BALANCE SHEET

	30 Jun 18 $'000	30 Jun 17 $'000
Current assets		
Cash and cash equivalents	11,198	19,215
Trade and other receivables	9,485	10,359
Prepayments and other assets	6,884	5,353
Assets held for sale	902	2,561
Income tax receivable	913	
Total current assets	**29,382**	**37,488**
Non-current assets		
Property, plant and equipment	757,110	723,549
Investment properties	1,620	1,500
Goodwill	817,074	817,074
Other intangible assets	218,714	218,916
Total non-current assets	**1,794,518**	**1,761,039**
Total assets	**1,823,900**	**1,798,527**
Current liabilities		
Trade and other payables	40,699	28,855
Loans and borrowings	-	264
Income received in advance	25	24
Refundable accommodation deposits and bonds	791,508	730,222
Other financial liabilities	1,371	1,293
Income tax payable	-	4,227
Provisions	41,793	38,955
Total current liabilities	**875,396**	**803,840**
Non-current liabilities		
Deferred tax liabilities	107,610	108,765
Loans and borrowings	75,000	121,250
Provisions	4,269	3,441
Other payables	61	115
Total non-current liabilities	**186,940**	**233,571**
Total liabilities	**1,062,336**	**1,037,411**
Net assets	**761,564**	**761,116**

APPENDIX D: CASHFLOW

	FY18 $'000	FY17 $'000
Cash flows from operating activities		
Receipts from residents	141,732	134,574
Receipts from government	403,746	394,681
Payments to suppliers and employees	(442,438)	(431,173)
Operational cash flows before interest, income tax and RADs	**103,040**	**98,082**
Interest received	186	483
Finance costs paid	(6,940)	(10,837)
Income tax paid	(22,307)	(28,595)
Net cash flows from operating activities before net RADs	**73,979**	**59,133**
RAD, accommodation bond and ILU entry contribution received	269,566	266,396
RAD, accommodation bond and ILU entry contribution refunded	(206,781)	(186,284)
Net cash flows from operating activities	**136,764**	**139,245**
Cash flows from investing activities		
Payments for business combinations, net of cash acquired	-	(86,364)
Payments for acquisition transaction costs	-	(6,628)
Proceeds from sale of assets held for sale, property plant and equipment	4,167	2,588
Purchase of property, plant and equipment, and intangible assets	(61,265)	(56,028)
Net cash flows used in investing activities	**(57,098)**	**(146,432)**
Cash flows from financing activities		
Proceeds from issue of share capital	-	151,821
Payments for share issue costs	-	(6,766)
Proceeds from repayment of MEP loans	6	2,774
Proceeds from borrowings	65,000	112,557
Repayment of borrowings	(111,514)	(244,543)
Dividends paid	(41,175)	(19,251)
Net cash flows (used in)/from financing activities	**(87,683)**	**(3,408)**
Net (decrease)/increase in cash and cash equivalents	**(8,017)**	**(10,595)**
Cash and cash equivalents at the beginning of the period	**19,215**	**29,810**
Cash and cash equivalents at the end of the period	**11,198**	**19,215**

APPENDIX E: DETAILED FINANCIAL METRICS AND TRENDS

	2H FY17 6 months $'000	1H FY18 6 months $'000	2H FY18 6 months $'000	FY18 12 Months $'000	FY17 12 Months $'000
Government Revenue	193,377	200,883	203,181	404,064	388,099
Resident Revenue	68,140	70,861	72,009	142,870	136,531
Other Income	-	-	120	120	-
Total Operating Revenues	**261,517**	**271,744**	**275,310**	**547,054**	**524,630**
Employee benefits expenses	171,039	178,139	182,077	360,216	339,515
Non Wage Costs	46,940	48,184	48,571	96,755	98,615
EBITDA	**43,538**	**45,421**	**44,662**	**90,083**	**86,500**
Profit/(loss) on Asset Disposals	1,037	387	(24)	363	1,037
Depreciation and amortisation	10,389	10,695	11,468	22,163	18,860
Impairment	-	3,185	654	3,839	-
Operating profit for the period	**34,186**	**31,928**	**32,516**	**64,444**	**68,677**
Net finance costs	3,769	3,803	3,476	7,279	9,623
Profit before income tax	**30,417**	**28,125**	**29,040**	**57,165**	**59,054**
Income tax expense	9,477	7,867	8,144	16,011	18,356
Profit for the period	**20,940**	**20,258**	**20,896**	**41,154**	**40,698**
Government Revenue POBD	*$192.3*	*$196.0*	*$198.6*	*$197.3*	*$192.5*
Resident Revenue POBD	*$67.8*	*$69.1*	*$70.4*	*$69.8*	*$67.7*
Total Revenue POBD	*$260.1*	*$265.1*	*$269.0*	*$267.1*	*$260.2*
Staff Costs POBD	*$170.1*	*$173.8*	*$177.9*	*$175.9*	*$168.4*
Non-Wage Costs POBD	*$46.7*	*$47.0*	*$47.5*	*$47.2*	*$48.9*
Non-Wage Costs excl facility rentals POBD	*$44.2*	*$44.6*	*$45.0*	*$44.8*	*$46.3*
EBITDA Per Occupied Bed Per Day	*$43.3*	*$44.3*	*$43.6*	*$44.0*	*$42.9*
EBITDA Per Occupied Bed Per Year	*$15,804*	*$16,175*	*$15,930*	*$16,053*	*$15,657*
Total Staff Cost % of Revenue	*65.4%*	*65.6%*	*66.1%*	*65.8%*	*64.7%*
Total Non-Wage Costs % of Revenue	*17.9%*	*17.7%*	*17.6%*	*17.7%*	*18.8%*
Non-Wage Costs excl facility rentals % Revenue	*17.0%*	*16.8%*	*16.7%*	*16.8%*	*17.8%*
EBITDA % Revenue	*16.6%*	*16.7%*	*16.2%*	*16.5%*	*16.5%*
Average RAD/Bond held	*$275,037*	*$283,999*	*$290,142*		
Average Incoming Agreed RAD	*$408,768*	*$406,405*	*$413,667*		
Average Outgoing RAD/Bond	*$325,380*	*$332,715*	*$344,882*		

APPENDIX F: RESIDENT PROFILE (DETAIL)

Resident profile - Number of Residents	30 Jun 17	Incoming	Outgoing	31 Dec 17	Incoming	Outgoing	30 Jun 18
RAD	1,827	300	(356)	1,771	269	(286)	1,754
Combination	521	170	(140)	551	175	(149)	577
DAP	668	353	(367)	654	371	(402)	623
Total Non-Concessional	**3,016**	**823**	**(863)**	**2,976**	**815**	**(837)**	**2,954**
Concessional	2,300	640	(590)	2,350	694	(571)	2,473
Other	41	23	(34)	30	19	(21)	28
Total Permanent Residents	**5,357**	**1,486**	**(1,487)**	**5,356**	**1,528**	**(1,429)**	**5,455**
Respite Residents[1]	252	-	(16)	236		(11)	225
TOTAL Residents	**5,609**	**1,486**	**(1,503)**	**5,592**	**1,528**	**(1,440)**	**5,680**

Resident profile - as a % of Permanent Residents							
RAD	34%	20%	24%	33%	18%	20%	32%
Combination	10%	11%	9%	10%	11%	10%	11%
DAP	12%	24%	25%	12%	24%	28%	11%
Total Non-Concessional	**56%**	**55%**	**58%**	**56%**	**53%**	**59%**	**54%**
Concessional	43%	43%	40%	44%	45%	40%	45%
Other	1%	2%	2%	1%	1%	1%	1%
Total Permanent Residents	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Reconciliation of Resident to RAD/Bonds Held	30 Jun 17	31 Dec 17	30 Jun 18
RAD Residents	1,827	1,771	1,754
Plus : Combinations	521	551	577
Plus : former Resident RADs/Bonds	292	321	340
Plus : Concessional who pay a RAC	96	109	122
Less : Unpaid RAD Residents	(81)	(66)	(65)
Total Number of Paid RADs/Bonds Held	**2,655**	**2,686**	**2,728**

1. Net movement in the number of respite residents between the beginning of the year and the end.

APPENDIX G: BOND AND RAD POOL

Summary of Movements in past periods	1HFY18 $m	2HFY18 $m	FY18 $m	FY17 $m
Incoming RADs - mature homes	136.1	120.5	256.5	257.4
Net RADs on new homes	1.5	11.6	13.0	9.0
Total Inflows	**137.6**	**132.1**	**269.6**	**266.4**
RAD/Bond Refunds - mature homes	(104.0)	(102.8)	(206.8)	(186.3)
Net RAD flows	**33.6**	**29.2**	**62.8**	**80.1**
Deductions	(1.0)	(0.5)	(1.5)	(2.5)
Net increase in RAD balances	**32.6**	**28.7**	**61.3**	**77.6**
Net RAD inflows on Mature Homes	32.1	17.7	49.7	71.1
RADS/Bonds at End of Year	762.8	791.5	791.5	730.2
Of which Probate Liability Represents	*84.6*	*94.3*	*94.3*	*76.0*

Total RAD/Bond Pool at period end - $m	30 Jun 17			*30 Jun 18*		
	$m	#	Average	$m	#	Average
- Pre-July 2014 Bonds from current residents	$184.3	868	$212,321	$131.5	635	$207,089
- Post-July 2014 RADs from current residents	$469.9	1,495	$314,313	$565.7	1,753	$322,718
- from former residents pending refund	$76.0	292	$260,372	$94.3	340	$277,298
Total	**$730.2**	**2,655**	**$275,037**	**$791.5**	**2,728**	**$290,142**

APPENDIX H: OCCUPANCY

Mature Homes/Same Store Basis	2H FY17	1H FY18	2HFY18	FY17	FY18
	6 months	6 months	6 months	12 months	12 months
Total Available Beds at Period End	5,909	5,909	6,046		6,046
Available beds during period for occupancy calculation	5,909	5,909			
Jan18-Mar18			5,909		
Mar18-Jun18			5,931		
Days in Period	181	184	181	365	365
Available Bed Days in Period	1,069,529	1,087,256	1,071,878	2,157,120	2,159,134
Occupied Days	1,005,350	1,021,924	1,011,192	2,016,601	2,033,116
Occupancy – Mature Homes[1]	94.0%	94.0%	94.3%	93.5%	94.2%

New Homes (Twin Waters – Opened 4 Sep 17)	2H FY17	1H FY18	2HFY18	FY18
Available Beds		114	114	114
Total Occupied Bed Days in Period		3,033	12,106	15,139
Occupied Beds at Period End		36	83	83
Occupancy at Period End		32%	73%	73%

Total Occupied Bed Days in Period	2H FY17	1H FY18	2HFY18	FY17	FY18
Mature Homes	1,005,530	1,021,924	1,011,192	2,016,601	2,033,116
Twin Waters	-	3,033	12,106		15,139
Total Occupied Bed Days in Period	1,005,530	1,024,957	1,023,298	2,016,601	2,048,255

1. Mature Homes refers to all homes except Twin Waters which opened in September 2017. The Kogarah home opened in March 2018 with 22 more beds than the Blakehurst home which closed at the same time. Given the modest impact on occupancy, all beds in this new home were regarded as fully available from opening and no adjustment to available bed days was made

APPENDIX I: INDICATIVE NEW DEVELOPMENT CASHFLOW PROFILE

Based on:	
Beds	100
Land Cost	$2,500,000
Construction, Planning, Design per bed	$260,000
Residents:	
Concessional	35%
RADs as % of Non-Concessional	60%
Average RAD Price	$500,000
Eventual RAD Pool	$18,525,000
Occupancy	95%
Optimised incremental EBITDA POB PA	$25,000
Gross Investment Cost	**$28,500,000**
Net of RADs Investment Cost	**$9,975,000**

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
Norah Barlow ONZM	Chief Executive Officer and Managing Director	NED Nov-14 Acting CEO Sep-16 CEO and MD Oct-16
Paul Foster	Non-Executive Director	Feb-16
Andrew Harrison	Non-Executive Director	Nov-14
The Hon. Warwick L. Smith AM	Non-Executive Director	May-17
Helen Kurincic	Non-Executive Director	Jul-17

Executive Leadership

Name	Title	Appointed to Position
Norah Barlow, ONZM	Chief Executive Officer and Managing Director	Acting CEO Sep-16 CEO and MD Oct-16
Ian Thorley	Deputy Chief Executive Officer and Chief Operating Officer CEO Designate	Oct-16
Steve Lemlin	Chief Financial Officer	Feb-17
Sean Bilton	Chief Operating Officer	Expected Nov -18
Maryann Curry	Chief Nursing Officer	Dec-16
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

1. Refer to Estia Health website for further detail.

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