

24 May 2019

TRADING UPDATE – FULL YEAR EBITDA EXPECTED TO BE \$92.0M TO \$94.0M

Estia Health Limited (Company) (ASX: EHE) advises that full year FY19 EBITDA¹ after all items, including the additional funding increase, Royal Commission costs, costs of opening new homes and home closure costs is expected to be in the range of \$92 - \$94m. While this is an increase of 2-4% compared to FY18, it is lower than previously anticipated.

Occupancy

Across the portfolio, occupancy has been impacted by continuing adverse publicity in the sector and influenza in South Australia. After the closure of Mona Vale, referred to below, occupancy as of 23rd May was 93.0% on 5,992² operational beds. Continued occupancy at this level would result in full year EBITDA being between \$2m-\$3m lower than previously expected.

Increased compliance activity resulting from the preparation for the new accreditation standards and ongoing routine interactions with the new industry regulator, the Quality & Safety Commission, continues to require a greater level of investment in staff and external support costs.

As a result, EBITDA generated by mature homes is now expected to fall to between \$86-\$88m in FY19, compared with \$90.1m reported in FY18.

Mona Vale Closure

The decision to close Estia's older facility at Mona Vale was taken in May in order to accelerate the re-development of a well-positioned site. All residents were assisted in finding new homes before the end of May with Estia and other local providers. Staff have been supported via alternative employment at other Estia homes, or redundancy packages, all with appropriate support. This closure will negatively impact the FY19 EBITDA results by approximately \$0.6m.

New Homes

Expected net losses in FY19 associated with the two new homes at Southport and Maroochydore are unchanged at between \$0.7m and \$1.0m. Southport opened on schedule on 23rd May and Maroochydore is on schedule to open on 27th August.

Additional Temporary Funding Increase

After review of the additional amounts received across all residents in April and May, the additional temporary funding increase is now expected to contribute \$9.7m to \$10.2m to EBITDA in FY19.

Royal Commission Costs

Total costs in FY19 associated with the Royal Commission are estimated to be approximately \$2.3m.

Significant Refurbishments

The significant refurbishment program has continued to schedule with a further 5 homes completed since 31 December 2018, bringing the total to 28 homes now qualifying for the Higher Accommodation Supplement. The Company is on schedule to have 44 of 70 homes qualifying by 31 December 2019.

Estia will release its full year FY19 results on Tuesday 20th August 2019.

-ENDS-

Notes

1. EBITDA is categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 - Disclosing non-IFRS financial information, issued in December 2011. EBITDA is a measure consisting of earnings before interest, tax, depreciation, amortisation, acquisition related costs and gains on sale of non-current assets and bargain purchases.
2. Previously reported available beds of 6,046 have been reduced by 54 to 5,992 following the closure of the home at Mona Vale

Further Inquiries:

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