

Regis  
Ferny Grove  
QLD

# REGIS HEALTHCARE LIMITED

18 November  
2019

Presentation to the 2019 UBS Conference





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# 01

## Industry and Business overview



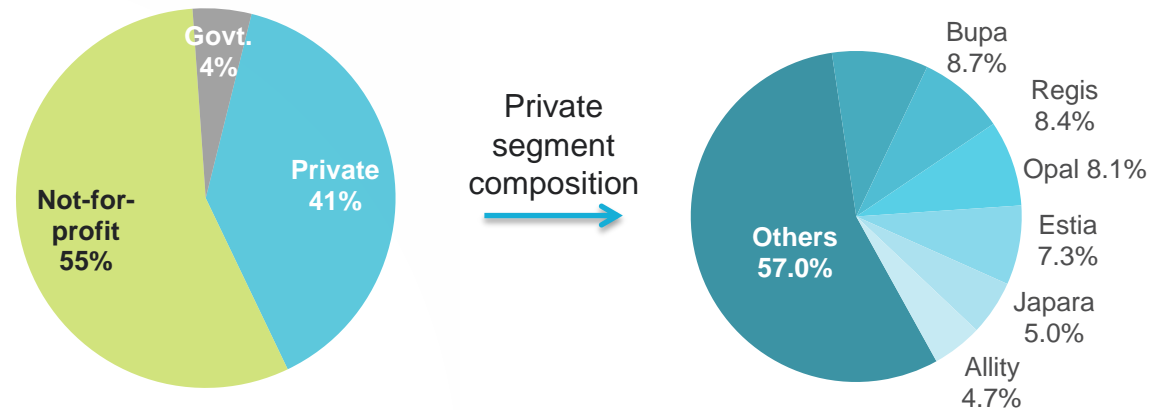
# RESIDENTIAL AGED CARE MARKET

## What is Residential Aged Care?

### KEY INDUSTRY DYNAMICS<sup>1</sup>

- ❑ \$18.1 billion annual revenue
  - \$12.3 billion government funding
  - \$4.8 billion resident funded
  - \$1.0 billion other sources<sup>2</sup>
- ❑ ~213,000<sup>3</sup> residential aged care places
- ❑ Forecast increase ~88,000 over next decade
- ❑ Heavily regulated by Federal Government
- ❑ Unique capital funding model (RADs)

### COMPOSITION IN AUSTRALIA<sup>4</sup>



1. Aged Care Financing Authority (ACFA) Report dated July 2019

2. Other revenue includes interest, asset revaluations, donations and other revenue items

3. Aged Care Stocktake data as at 30 June 2019

4. Estimate based on 30 June 2018 Aged Care Service List, Provider data and ACFA Report dated July 2019

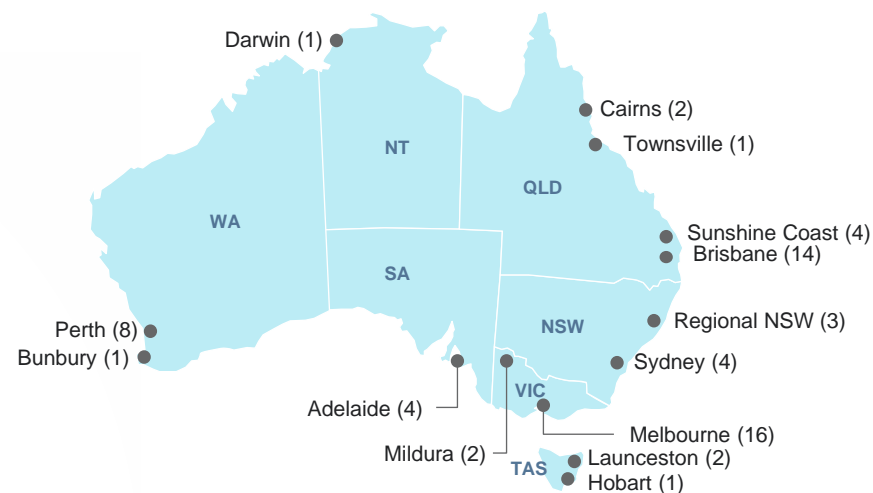


# WHO IS REGIS?

## One of the largest providers of Residential Aged Care in Australia

- ❑ Founded >25 years ago to provide residents with a high quality aged care experience
- ❑ Range of on site care and support services backed up by national care and support services
- ❑ Geographically diversified portfolio with metro focus

As at 30 June 2019	Total
Number of Homes	63
Total places	8,323
Total operational places	7,078
Total bedrooms	6,432
% single bedrooms as a % of total bedrooms	94%
Average Home size (number of operational places)	113
Club Services Homes	21
Homes approved as Significantly Refurbished <sup>1</sup>	41



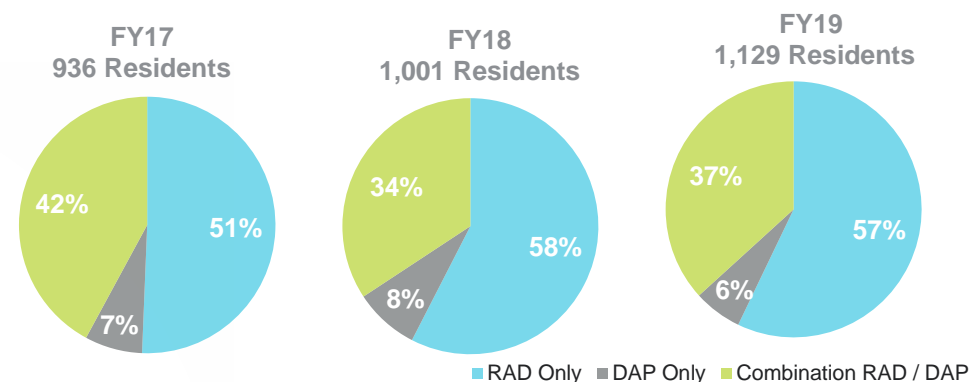
1. The total Regis Homes approved as Significantly Refurbished including Club Services Homes is 56. The number in the table is provided net of Club Services Homes to support modelling due to the low number of qualifying residents in those Homes. Qualifying Supported residents receive a Higher Accommodation Supplement under the Aged Care Legislation at these Homes.

# OUR RESIDENTS

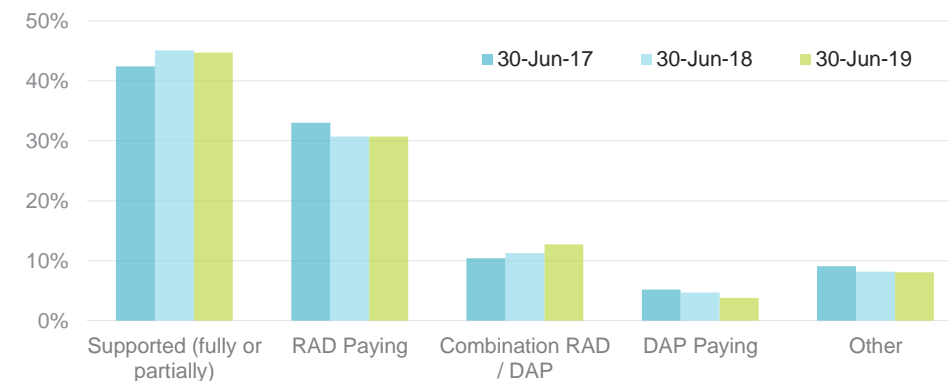
## Elderly Australians requiring Residential Aged Care

- Average age of our residents is 84
- Most require high level care, mainly in permanent accommodation with some respite care
- Resident tenure is 2.4 years<sup>1</sup>
- Mix of self-funded and government support
- Funds from RAD payments support the development program
- ~85% of the Government supported residents are living in an enhanced environment and receiving the higher supplement<sup>2</sup>

### ACCOMMODATION PAYMENT BY NEW RESIDENTS<sup>3</sup>



### CHANGE IN TOTAL RESIDENT PROFILE<sup>4</sup>



1. Average length of stay of permanent residents who departed during that 12 month period

2. As at 30 June 2019

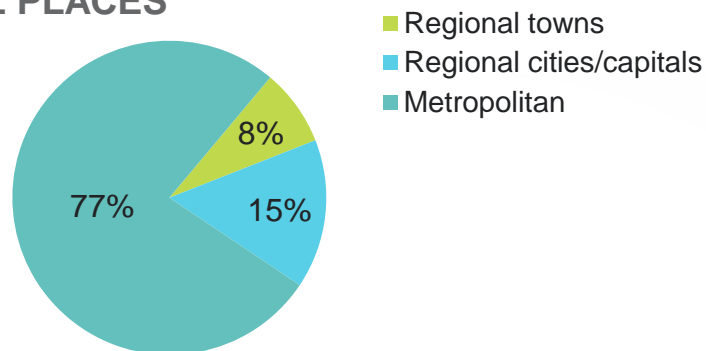
3. Permanent, non supported residents based on the Aged Care Act for those entering care after 1 July 2014

4. All residents, as at end of period. Note DAP paying group includes pre 1 July 2014 Accommodation Charge paying residents

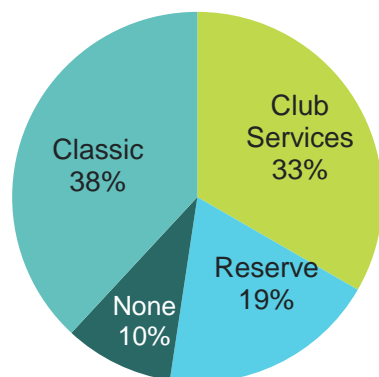
# OUR AGED CARE HOMES

Regis' aged care portfolio is one of the largest and most diversified in Australia

## OPERATIONAL PLACES BY REGION<sup>1</sup>



## HOMES BY ADDITIONAL SERVICES PRODUCT<sup>1</sup>



## ASSET VALUE

	\$m
As at 30 June 2014	\$579
New land and buildings – development program	\$487
New land and buildings - acquisitions	\$211
Other additions less accumulated depreciation	\$13
Total as at 30 June 2019	\$1,290 <sup>2</sup>

## HOMES BY ORIGIN

GROWTH IN NEW PLACES	Development	Acquisition
Within last 10 years	1,684	1,964
Previously	1,379	1,717

1. As at 30 June 2019

2. Includes Investment Properties (i.e. retirement villages) assets of \$143m plus all aged care Property, plant and equipment of \$1,147m as per the Company's Statutory Financial reports

# OUR CARE

## First impressions as CEO

- ❑ Care is central to all activity
- ❑ 24/7 on site registered or senior enrolled nurses
- ❑ Multidisciplinary on site care team
- ❑ 24/7 national senior registered nurse backup
- ❑ National Clinical Support Team
- ❑ Board Clinical Governance and Care Committee
- ❑ Strong systems and processes, enabling efficiency and consistency
- ❑ Lifestyle program
- ❑ Food





# OUR PEOPLE

We are uniquely placed to offer career opportunities and pathways

- ❑ Improvements in staff engagement and culture in FY19
- ❑ Investment in our employees' skills and abilities
- ❑ Leading recruitment and development programs for our people:
  - Carers Connect
  - Flourish
  - Quest
  - Lift



# 02

## Development Update



aged care

ELERMORE VALE

[www.regis.com.au](http://www.regis.com.au)

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# OUR GROWTH PROFILE

Regis has grown through both development and acquisition

## Timeline of portfolio growth, last 20 years



1. 1,460 places acquired less 20 from the divestment of Tin Can Bay, Qld on 30 June 2017



# OUR GROWTH STRATEGY

Disciplined balance sheet management with value enhancing growth opportunities focus

## ❑ New Homes ramping up

- Focus on Care, Quality and Compliance
- Solid progress towards achieving the company proforma for EBITDA, net RAD cashflow and Occupancy

## ❑ Asset renewal

- Focus on older Homes and shared rooms. 64 places were made inactive as part of this program during 2H FY19.
- Extensions planned where land is available and additional scale makes sense; two preparing for construction in FY20

## ❑ Greenfield development

- ~600 new places planned including two greenfield developments commencing in FY20 and FY21
- Urban locations that can support a Club Services offer

## ❑ Acquisition

- Anticipate more acquisition opportunities on market over the next 18-24 months
- All acquisition opportunities which come to market continue to be analysed – single homes and portfolios

# ACQUISITION UPDATE

Regis has contracted to acquire two Homes from Lower Burdekin Home for the Aged Society

- ❑ Community based not for profit organisation
- ❑ Regis will assume ownership of the assets from 1 March 2020<sup>1</sup>
- ❑ Homes are compliant with all 44 standards
- ❑ 173 residential aged care places between two Homes
- ❑ ~One hour south of the Regis Kirwan Facility in Townsville



1. Subject to the approval of the Department of Health

# 03

## Aged Care Industry Update





# A BUSY AND CHALLENGING YEAR FOR THE INDUSTRY

During the year there have been significant changes in expectations and requirements

- ❑ Significant regulatory reforms - resident care needs and wellbeing
  - Aged Care Quality and Safety Commission new assessment approach
  - Single Aged Care Quality Framework (SACQF)
- ❑ Financial strains across the sector with provider sustainability concerns
- ❑ Royal Commission into Aged Care
- ❑ Sector advocacy
- ❑ Media focus
- ❑ Staff wellbeing



# ROYAL COMMISSION UPDATE

## Interim Report – “Neglect”

### □ Three areas identified as requiring urgent attention

- Provide more home care packages to reduce the waiting list for higher care at home
- Respond to the significant over reliance on chemical restraint in aged care, including through the Community Pharmacy Agreement
- Stop the flow of younger people with disability going into aged care and expediting the process of getting those younger people who are already in aged care out

### □ Key issues identified

- Ageism
- Restrictive practices
- System design
- Consumer and carer input
- Workforce



*We share the Royal Commission’s concerns about the abuse, neglect and assault described in evidence before the Royal Commission and condemn these types of behaviour.*

*Regis looks forward to working with the Royal Commission and Government to reshape our industry so that older Australians receive the care they deserve.*

# ROYAL COMMISSION UPDATE

## Where to next ?

### Further hearings

- The Royal Commission will continue to hold public hearings, community forum events, community hearings, roundtable discussions and commission research

### Further hearings will focus on:

- The funding of aged care and the impact it has on how care is delivered
- Integration and transition between parts of the aged care system, including home, residential and respite care
- Governance and accountability in aged care
- How to identify and encourage innovation and improvement in aged care
- Models for the delivery of aged care
- System architecture and design to support a good quality of life for people using aged care services
- How to best deliver aged care in a sustainable way



# ACFA REPORT ON THE FY18 YEAR

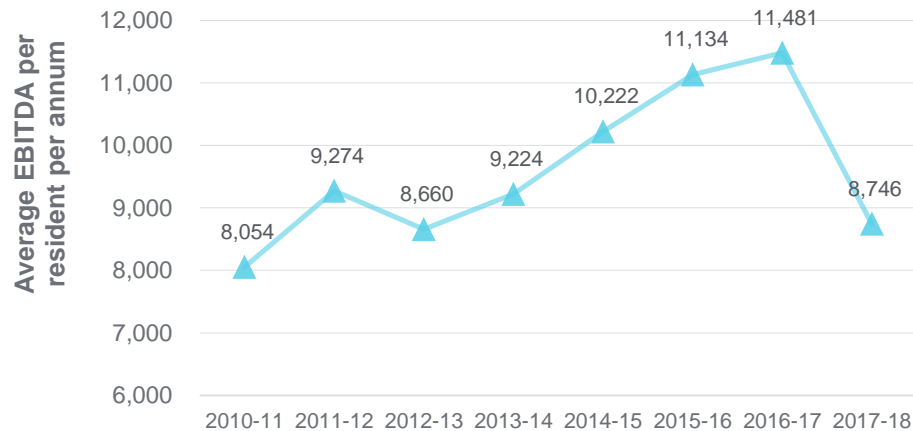
The Aged Care Financing Authority identified that FY18 was a challenging year for providers

## THE NUMBER OF PROVIDERS LOSING MONEY HAS INCREASED

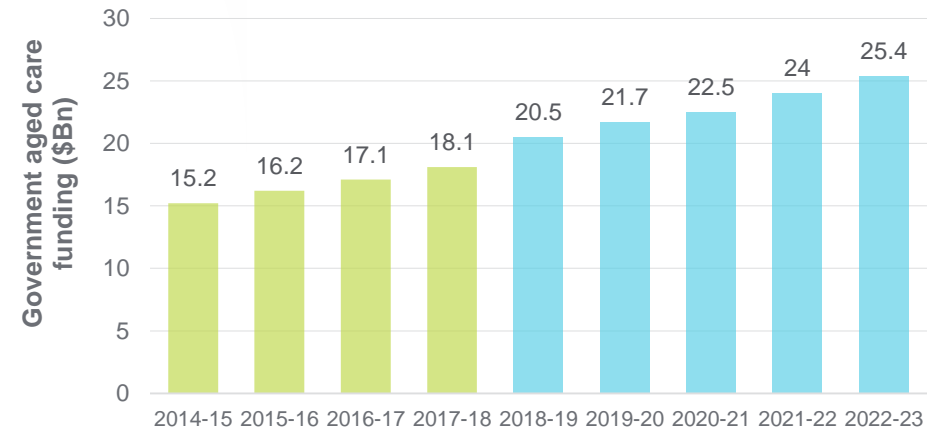
- ❑ Providers making a profit fell from 68% in FY17 to 56% in FY18
- ❑ Average EBITDA had improved for 4 years post FY13 but fell by 24% in FY18
- ❑ In FY18, provider expenses increased by 5.3% while income increased by 1.7%

- ❑ There has been a steady decline in occupancy rates in recent years. After peaking at 97.1% in FY04, average occupancy in FY18 was 90.3% compared to 91.8% in FY17
- ❑ Indications are that building plans have slowed across the board

### Average EBITDA per resident per annum (FY11 – FY18)



### Annual Federal Government funding (FY15 – FY23)



Dining Room



# 04

## Summary



# SUMMARY

FY20 will continue to be challenging. The focus will remain on care and positioning for growth.

- ❑ The care and wellbeing of residents and clients
- ❑ Responding to recommendations from the Royal Commission
- ❑ Supporting our people
- ❑ Focus on improving occupancy
- ❑ Growth
  - Completion of new Home ramp ups
  - Greenfield development activities with ~600 new places in the current development pipeline
  - Integration of Lower Burdekin Home for the Aged Society Homes
  - Consideration of further acquisition opportunities
- ❑ Policy and funding levers to ensure a sustainable system





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