



JAPARA
HEALTHCARE

RESULTS BRIEFING
PERIOD ENDED 30 JUNE 2014
28 AUGUST 2014

AGENDA

- Japara Healthcare highlights
- Financial and Operational Results
- FY15 Outlook
- Conclusion

JAPARA HEALTHCARE HIGHLIGHTS

Mirridong

JAPARA HEALTHCARE PERFORMING IN LINE WITH PROSPECTUS



Japara Healthcare FY14 highlights for period 22/4/14 – 30/6/14 (Prospectus period 1/5/14 to 30/6/14)

Financial Results

- Statutory Revenue of \$49.0m (Prospectus forecast \$42m)
- Statutory NPAT of (\$2.9m) (Prospectus forecast negative (\$13.8m))
- Underlying EBITDA of \$8.6m (Prospectus forecast \$7.6m)
- Underlying NPAT of \$6.9m (Prospectus forecast \$6.2m)

Developments

- Millward, Doncaster – 63 new places
- Mirridong, Bendigo – 30 new places
- Albury – 90 places (59 replacement and 31 new)

Group Operations

- Occupancy – 95.2%
- Average EBITDA per bed \$21,755
- Average bond value of \$268,000 (3 year portfolio average \$247,000)
- Net bond inflows of \$13.9m

GROWTH CONTINUES POST 30 JUNE

Business Development

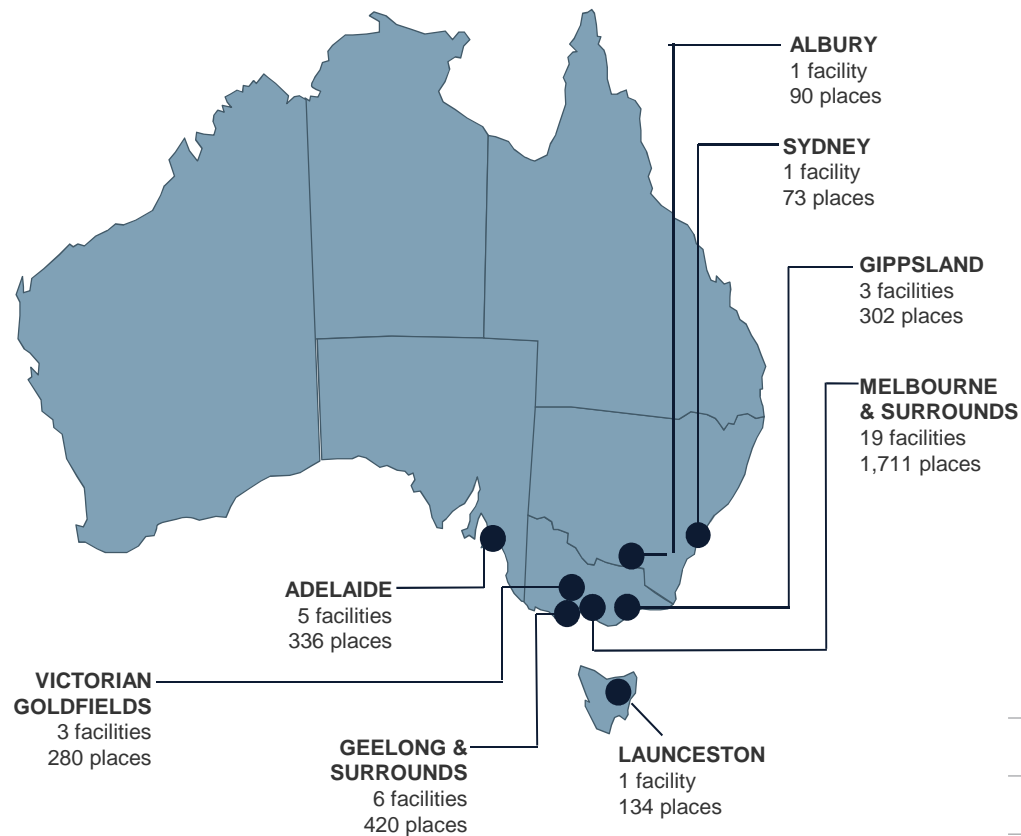
- Whelan Care portfolio under contract in August 2014, expanding Japara Healthcare portfolio to 3,391 places
 - Addition of 258 new places plus 41 Independent Living Apartments ('ILA's')
 - Japara Healthcare to assume operations during December 2014 quarter
 - Net acquisition price of \$39.5m
 - Funded through debt and cash reserves

- Acquisition of greenfield site in Launceston, Tasmania, to develop a new 75 place facility

Capital Structure

- \$95m syndicated debt facility agreed for acquisitions and brownfield expansion

JAPARA HEALTHCARE PORTFOLIO TODAY – 39 FACILITIES IN 4 STATES



George Vowell, Mt Eliza

Key statistics

Number of facilities including Whelan	39
Total places including Whelan	3,391
Current portfolio occupancy	94.8%

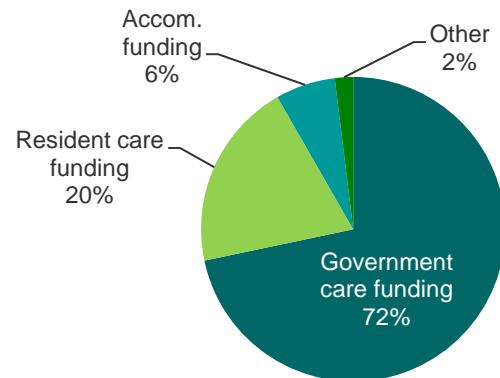
FINANCIAL AND OPERATIONAL RESULTS

FINANCIAL RESULTS MEET PROSPECTUS FORECAST

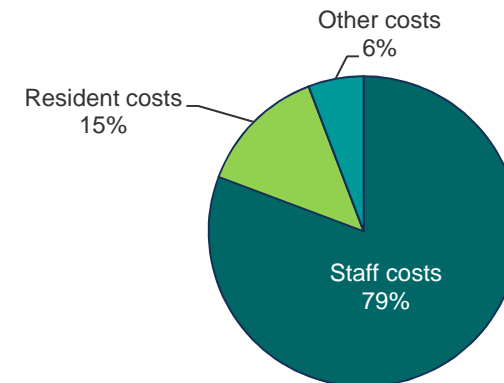
	Actual FY2014 22/4/14 – 30/6/14 \$m	Prospectus Forecast FY2014 1/5/14 – 30/6/14 \$m
Revenue	49.0	42.0
EBITDA (before IPO costs)	8.6	7.6
NPAT (before IPO costs)	6.9	6.2
Statutory NPAT (after IPO costs)	(2.9)	(13.8)
Net Bond/RAD inflow	13.9	3.6
Bond/RAD balance	205.3	N/A
Net Cash	12.3	N/A

GROUP OPERATIONS ARE STEADY

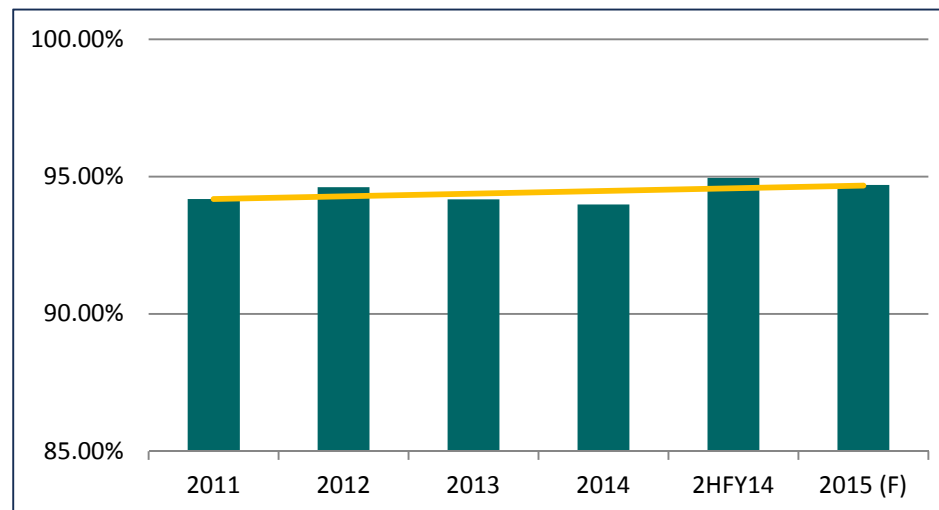
Revenue continued to be primarily funded via Government



Cost composition remained within normal operational parameters



Occupancy remains stable



MANAGING KEY RISKS

Accreditation

- All facilities fully accredited for 3 years with 44/44 outcomes
- No reportable incidents

Employee Costs

- Victorian EBA is in place to 2017
- Tasmanian EBA negotiated to 2018, subject to registration
- NSW and SA currently being renegotiated for a further 3 years

Liquidity

- Appropriate cash reserves
- Increase in average bond/RADs received
- Banking facilities in place

FY15 OUTLOOK

Elanora

AGED CARE INDUSTRY REFORM – CREATES OPPORTUNITIES FOR JAPARA HEALTHCARE

Change	Comment	Industry Impact
Payroll tax supplement	Removal of payroll tax supplement scheduled from 1 January 2015, subject to Parliamentary approval	▼
Dementia Supplement	Ceased from 1 August 2014	▼
Significant Refurbishment	Increase in the maximum accommodation supplement for new or refurbished aged care facilities from April 2014 for concessional residents	▲
Flexibility to set resident fees	Operator flexibility to set resident fees for accommodation and “hotel type” specialised services from 1 July 2014	▲
DAP/RAD regime	Increased inflow of revenue and capital from 1 July 2014	▲
Workforce Compact	\$1.5bn being returned via 2.4% increase in ACFI’s basic daily subsidy rate from 1 July 2014	▲
Changes in ACFI Rates	Increase in base rates for indexation from 1 July 2014	▲

INITIATIVES TO DELIVER FY15 FORECAST EBITDA

ACFI & Other Revenue

- Resident reassessment to better align ACFI funding with resident acuity levels
- Increased occupancy
- 2.4% increase in basic daily subsidy replacing Workforce Compact
- Indexation

Brownfields

- Delivery of additional places
- Acceleration of development program

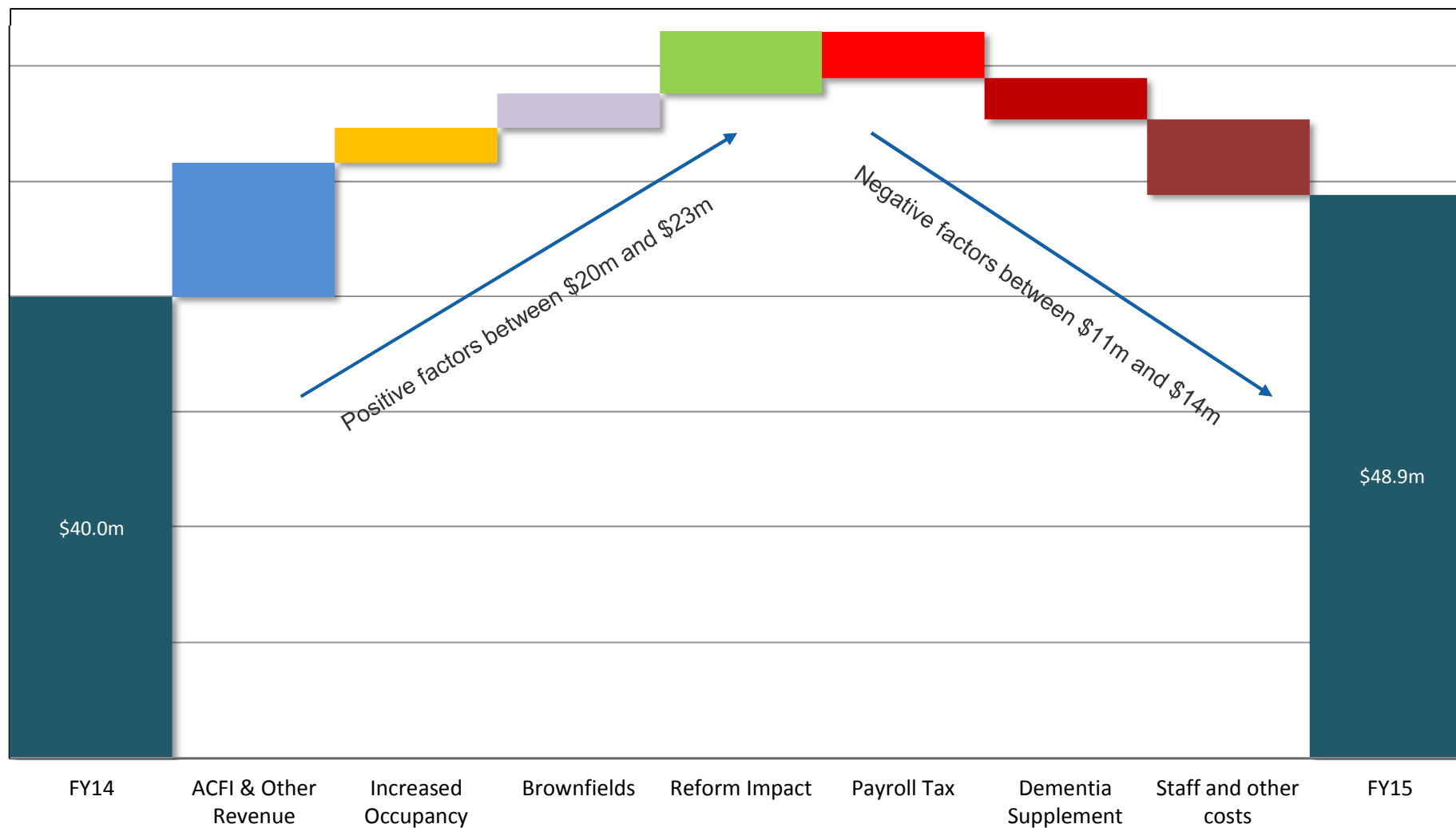
Reform Impact

- Business plan in place for resident choice ('My Choices') commencing from September 2014
- DAP/RAD pricing in place for all facilities; trends being monitored
- Accessing funding from the Significant Refurbishment supplement

Staff and Other Costs

- Active management of direct controllable costs

INDICATIVE FULL YEAR EBITDA BRIDGE TO FY15



DEVELOPMENT CASE STUDIES

Millward - Doncaster

- Opening of 63 bed extension and general facility refurbishment in May 2014
- Occupancy since opening is in line with plan. Expected to be 95% by December 2014
- \$16.0m in committed RAD's to date (ahead of plan)
- Capital cost of development of \$13.2m



DEVELOPMENT CASE STUDIES – CONTINUED

Mirridong - Bendigo

- Opening of 30 bed extension and general facility refurbishment in June 2014
- Occupancy since opening is ahead of plan. Expected to be 95% by November 2014
- \$4.3m in committed RAD's since opening (ahead of plan)
- Capital cost of development of \$8.9m.



DEVELOPMENT CASE STUDIES – CONTINUED

Albury

- Opening of new facility in June 2014 of 90 places
- Occupancy since opening is in line with plan. Expected to be 95% by January 2015
- \$2.0m in committed RAD's since opening (in line with plan)
- Capital cost of development of \$12.8m



WHELAN CARE ACQUISITION UPDATE

- Whelan Care portfolio contracts signed in August 2014, with Japara Healthcare to assume operations during December 2014 quarter
- Net purchase price of \$39.5m comprising:
 - \$34.2m for residential aged care
 - \$1.3m for Independent Living Apartments
 - \$4.0m for vacant land and other minor assets
- EBITDA at settlement of \$2.85m
 - expected to grow to \$4.0m plus in FY16 with Trevu completed and operational
 - further growth in EBITDA anticipated in line with Japara Healthcare portfolio average over time
- Bond/RAD liability of \$22.5m and resident loans (applicable to ILA's) of \$7m. Potential uplift of circa \$15m in RAD's over three years, with \$6m from Trevu post completion.

Facility Name	ILA's	Places	Historical bed composition	Location
Oaklands	-	88 places	High Care Extra Service	Oaklands Park - Adelaide
Mitcham	-	38 places	High Care Extra Service	Kingswood – Adelaide
The Homestead	41	63 places	50 High Care, 13 Low Care	Walkley Heights – Adelaide
Trevu (operational in FY16)	-	69 places		Gawler
TOTAL	41	258		

CONCLUSION

Lower Plenty

SUMMARY AND OUTLOOK

- Japara Healthcare performing in line with Prospectus
- Initiatives underway to realise opportunities from regulatory reform
- Japara Healthcare accelerates growth strategy
 - Whelan Care portfolio under contract and Japara Healthcare to assume operations during December 2014 quarter
 - Further acquisitions being selectively pursued
 - 3 brownfields completed and 2 brownfields commenced
 - Bringing forward development program
- New DAP/RAD regime delivering capital and revenue to support growth
- **Japara Healthcare confirms FY15 earnings guidance**

DETAILED INCOME STATEMENT, BALANCE SHEET AND CASHFLOW

Naracan Gardens

INCOME STATEMENT

For period 22/4/2014 to 30/6/2014	2014
	\$000's
Revenue	48,261
Other income	713
Total income	48,974
Details of expenditure:	
Employee benefits expense	(31,299)
Resident costs	(5,245)
Occupancy costs	(475)
Depreciation, amortisation and impairment	(1,582)
Administrative expenses	(3,402)
Other expenses	(9,839)
Finance income	143
Finance costs	(325)
Total expenses from ordinary activities	(52,024)
Loss before income tax	(3,050)
Income tax benefit	112
Loss for the period	(2,938)
Other comprehensive income, net of tax	-
Total comprehensive income/(loss) for the period	(2,938)
Loss attributable to members of the group	(2,938)
Total comprehensive income/(loss) attributable to members of the group	(2,938)

BALANCE SHEET & CASHFLOW

As at 30/6/2014	2014
	\$'000
ASSETS	
Current assets	
Cash and cash equivalents	28,107
Trade and other receivables	7,073
Current tax receivable	2,702
Prepayments and other assets	3,585
Total current assets	41,467
Non-current assets	
Trade and other receivables	1,210
Property, plant and equipment	340,799
Investment property	23,312
Net deferred tax assets	8,631
Intangible assets and goodwill	384,541
Total non-current assets	758,493
TOTAL ASSETS	799,960
LIABILITIES	
Current liabilities	
Trade and other payables	15,400
Other liabilities	9,331
Loans and borrowings	15,817
Other financial liabilities	220,904
Provisions	22,527
Total current liabilities	283,979
Non-current liabilities	
Provisions	1,994
Total non-current liabilities	1,994
TOTAL LIABILITIES	285,973
NET ASSETS	513,987
EQUITY	
Issued capital	516,755
Retained earnings	(2,768)
TOTAL EQUITY	513,987

For Period 22/4/2014 to 30/6/2014	2014
	\$'000
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	48,569
Payments to suppliers and employees	(45,636)
Income tax paid	(1,327)
Interest received	143
Financing costs paid	(325)
Net cash provided by / (used in) operating activities	1,425
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of plant and equipment	(2,013)
Proceeds from sale of plant and equipment	43
Capital works in progress	(2,711)
Acquisition of the Japara Group, net of cash	(181,411)
Net cash provided by / (used in) investing activities	(186,092)
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of share capital	350,919
Equity raising costs	(18,803)
Proceeds from bank borrowings	17,000
Repayment of bank borrowings	(3,000)
Proceeds from accommodation bonds & ILU resident loans	25,645
Repayment of accommodation bonds & ILU resident loans	(11,210)
Settlement of pre-acquisition receivables/(payables) of the Japara Group	(147,777)
Net cash provided by / (used in) financing activities	212,774
Net increase in cash held	28,107
Cash at beginning of reporting period	-
Cash at end of reporting period	28,107

DISCLAIMER

This presentation was prepared by Japara Healthcare Limited (ABN 54 168 631 052), the Company. Information contained in this presentation is current as at 28 August 2014. This presentation is provided for information purposes only and has been prepared without taking account of any particular reader's financial situation, objectives or needs. Nothing contained in this presentation constitutes investment, legal, tax or other advice. Accordingly, readers should, before acting on any information in this presentation, consider its appropriateness, having regard to their objectives, financial situation and needs, and seek the assistance of their financial or other licensed professional adviser before making any investment decision. This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy or completeness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this presentation. By reading this presentation and to the extent permitted by law, the reader releases the Company and its affiliates, and any of their respective directors, officers, employees, representatives or advisers from any liability (including, without limitation, in respect of direct, indirect or consequential loss or damage or loss or damage arising by negligence) arising in relation to any reader relying on anything contained in or omitted from this presentation.

The forward looking statements included in this presentation involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Company. In particular, they speak only as of the date of these materials, they assume the success of Japara Healthcare Limited's business strategies, and they are subject to significant regulatory, business, competitive and economic uncertainties and risks. Actual future events may vary materially from forward looking statements and the assumptions on which those statements are based. Given these uncertainties, readers are cautioned not to place reliance on such forward looking statements. Past performance is not a reliable indicator of future performance.

CONTACT

Andrew Sudholz

CEO

Ph: (03) 9649 2104

Email: andrew.sudholz@japara.com.au

John McKenna

CFO / Company Secretary

Ph: (03) 9649 2109

Email: john.mckenna@japara.com.au

Shalain Singh

GM – Strategy & Investor Relations

Ph: (03) 9649 2155

Email: shalain.singh@japara.com.au