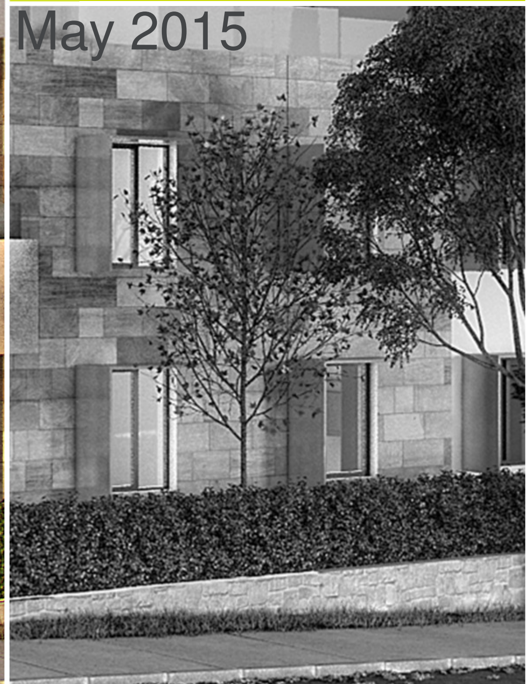
Regis Healthcare Limited

MACQUARIE CONFERENCE

May 2015



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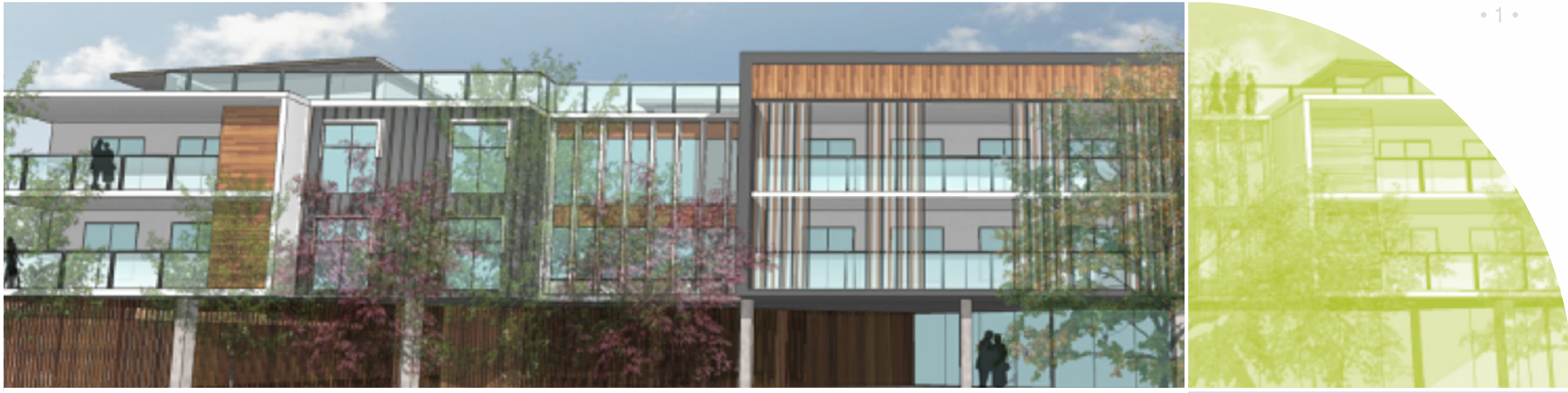

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Business Overview

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Regis Healthcare

Regis is one of the largest private providers of residential aged care in Australia

Portfolio characteristics

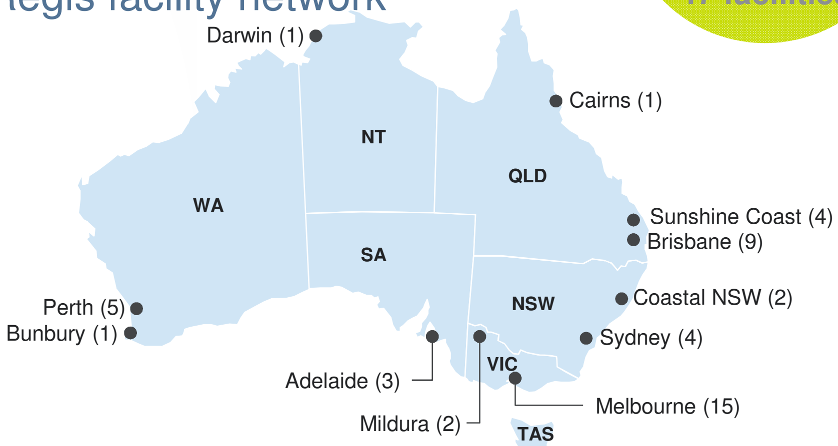
- Regis is one of the most geographically diversified for-profit Australian residential aged care providers, operating a portfolio of high quality aged care facilities
- Regis facilities are primarily located in metropolitan areas across Australia
- Majority of facilities and the Regis service offering are targeted at the premium end of the market
- More than 20 years experience in managing, developing and acquiring facilities
- Well established, market leading platform which is positioned for strong cash flow generation and capable of continued growth

Total operational places
5,049
47 facilities

Key portfolio statistics[1]

Number of facilities	47
Total places	5,897[2]
Total operational places	5,049
Total rooms	4,389
Total single bed rooms	3,791
Percentage of operational places in a single bed room	74%
Percentage of rooms that are single bed rooms	87%
Average facility size (number of operational places)	107

Regis facility network[1]



1. As at 1st April 2015
2. Includes 337 non operational licences and 511 Provisional Allocations

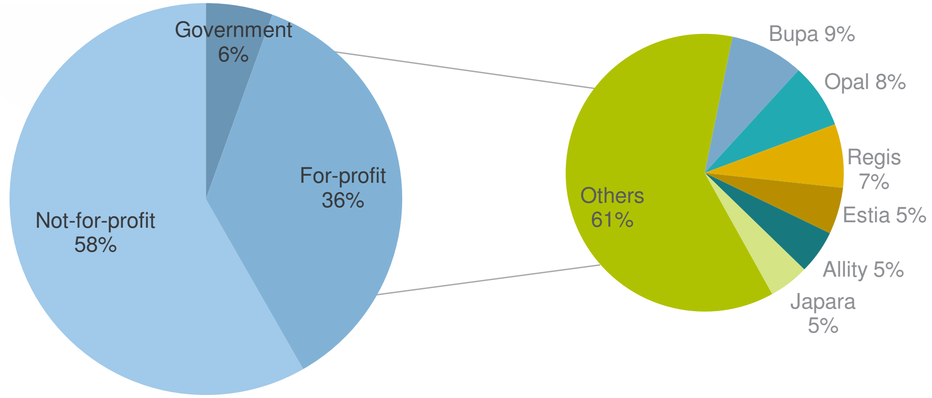
Industry Snapshot - Residential Aged Care

Aged care is a substantial segment of the healthcare services sector with future growth underpinned by compelling demographics

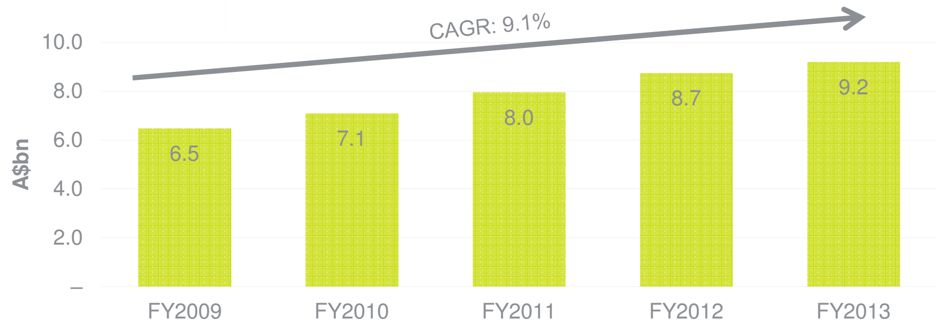
Key industry dynamics[1]

- **$13.9 billion** industry size by annual revenue[3]
- **$9.2 billion of government funding** paid to aged care providers in FY2013, the balance of **$ 4.7 billion** is resident funded
- More than **double the size of the hospital sector** which has 87,000 beds
- Approximately **190,000 places, needs to increase to 260,000** places by 2022 to meet required demand with Australians over age 85 expected to double over the next 20 years
- **Supply is regulated** via the issuing of bed licences by the Federal Government
- Unique capital funding model (RADs) to support development
- Highly fragmented market with **2,718 facilities** operated by a range of private, not for profit and government entities

Residential aged care sector composition in Australia[1,2]



Government funding, Residential aged care[1]



1. Refer Regis prospectus section 2.2 for source data source references unless otherwise noted.
2. Growing with age, Grant Thornton March 2015 and management estimates
3. ACFA report on the Funding and Financing of the Aged Care Industry, 31 July 2014

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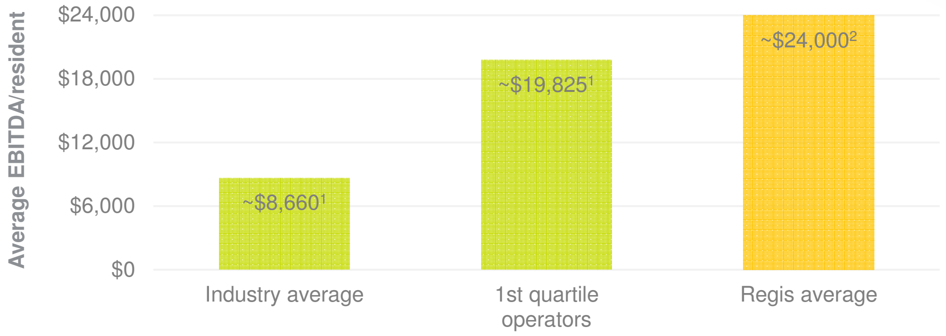
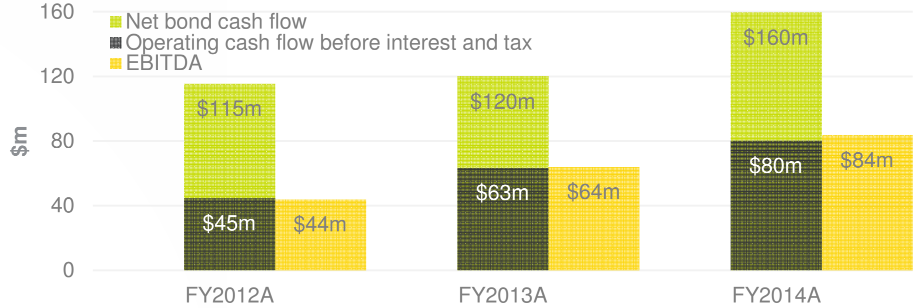
Established operator with a strong earnings growth record

Delivered EBITDA CAGR of 42% over the last five years

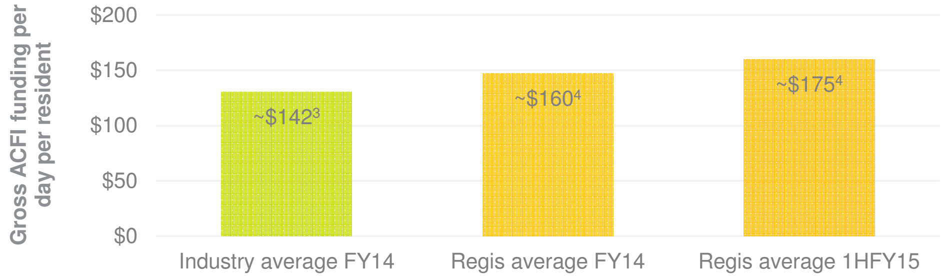
Regis' average EBITDA/resident is within the industry's top quartile



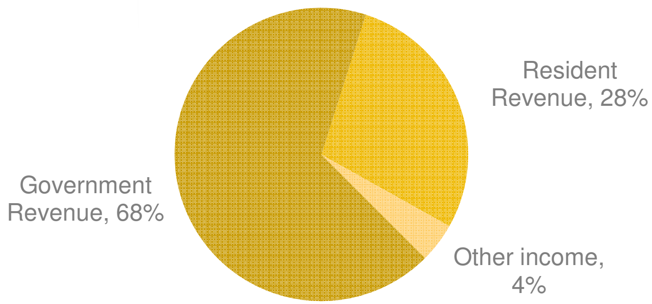
Regis has a track record of delivering strong cash flow from operations[5]



Regis' average resident gross ACFI funding per day exceeds the industry average



Regis revenue contributions from the government and residents[6]



1. EBITDA per resident for 2012/13, ACFA Report 31 July 2013 2. Pro forma EBITDA/resident. 12 months to June 2014 (pre-corporate costs). 3. ACFI Annual Report 2013 – 2014', Department of Health adjusted to include the CAP of 8.75 %. 4. As per Regis 1HFY15 Results Presentation, Average Net ACFI for the period adjusted for CAP of 8.75 %. 5. Pro forma cash flow and EBITDA. 6. Based on proforma revenue, FY2014.

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Scalable and Market Leading Platform

Highly scalable and vertically integrated business model with industry leading proprietary systems and processes

Significant investment in scalable infrastructure

- Regis has made significant investment in business processes supported by IT systems to accommodate significant growth beyond the current portfolio size.
- Specialist teams supporting the business:
  - Catering
  - Staffing services (centralised rostering)
  - Compliance
  - ACFI
  - Clinical support
  - Regis Advice (call centre)
  - Property and Development

Unique range of intellectual property

- Regis has developed proprietary systems and processes, including:
  - Mosaic – resident care management
  - Resident Agreement and Pricing Options Tool
  - PIEC&S lifestyle program
  - HR programs – Carer's connect and Flourish

Vertical Integration

Site Identification	• Market research and competitor analysis • Age and bed configuration of facility (acquisitions)
Site and Facility Acquisition	• Procure places (where required) • Design and planning approval • Standardised design formats
Development – Greenfield / Brownfield	• Construction tendered (where required) • Construction managed inhouse by Regis development managers
Mobilisation / Integration	• Implement mobilisation / implementation plan
Operation	• Provision of care and hotel services • Compliance with legislation
Asset Renewal	• Refurbish or rebuild

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Business Update – Key operational statistics

Regis outperformed most statistics in the 1H and issued an EBITDA and NPAT upgrade

Key operational statistics	FY2014[1]	1H FY2015[2]	Prospectus FY2015[1]	Comment
Total operational places	4,719	4,855	4,854	In line with forecast
Average occupancy percentage[3]	93.2%	94.4%	95.2%	Marginally below expectations
Occupancy at end of period percentage	94.9%	94.5%	-	
Revenue/occupied bed day	-	$265	$256	Increased ACFI funding
Net Average ACFI funding/resident/day[3]	$147	$161	$157	Above expectations due to continued focus on ACFI claims and increasing resident acuity
Net ACFI funding/resident/day as at end of period	$150[4]	$165[5]	-	
Staff costs/revenue percentage	63.5%	60.5%	63.7%	Outperformance primarily due to increased revenue
Average EBITDA/resident (excluding corporate costs)	$24,000	$14,600	-	Reflects increased revenue per resident
RADs held (#)	2,021	2,146[6]	-	
RADs held ($ million)	$630.7[7]	$674.2[7]	-	
Average incoming RAD	-	$361,000[8]	$359,000	
Average RAD/RAD paying resident	$308,000	$326,000[8]	-	

1. As per Prospectus pro forma definitions and as at 30 June 2014 unless otherwise noted.
2. As at 31 December 2014 unless otherwise noted.
3. Average across the reporting period (12 months or 6 months).
4. Average for the month of June 2014.
5. Average for the month of December 2014.
6. Includes all RADs held – partial and full
7. Includes ILU resident entry contributions
8. Includes partial RADs at full notional value.

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02

Growth Strategy

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Growth Metrics

Taking advantage of industry growth and consolidation to leverage existing portfolio

Growth strategy:

- Greenfield development program of **multiple sites** per annum
- Continue making single site acquisitions
- Expand and reconfigure existing sites
- Assess portfolio acquisition opportunities as they arise

Growth update:

- Regis contracted to make a 115 place acquisition of St Martins Aged Care Facility, Adelaide, owned by the City of West Torrens – scheduled to complete on the 1st July
- By 1st of July, Regis will have completed the acquisition of 444 beds since 1st July Oct 2014, including Regis Tiwi, Darwin and Regis Redlynch, Cairns
- With the St Martins acquisition, Regis will have acquired 8 facilities over the last 4 years.

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Expansion Pipeline – Greenfield Projects[1]

Status of current and planned projects with capex in FY15 and FY16

Total new places **697**

Project	Total new places	Net additional places	Site and facility acquisition			Expected construction commencement	First resident admitted
			Land held	Development approval	Provisional Allocations/ Licences in hand		
Regis North Fremantle, WA	109	109	✓	✓	✓	Underway	FY16
Regis Malvern East, VIC	148	148	✓	✓	✓	Underway	FY16
Regis Chelmer, QLD	120	120	✓	Application lodged	✓[2]	FY16	FY18
Regis Sunset redevelopment, SA	100	33	✓	✓	✓	FY16	FY17
Existing Asset Renewal – Stage 1, Linden Park, SA (Campus project)	100	0	✓	✓	✓	FY16	FY17
Regis Greenmount, WA , – Stage 2 (Campus project)	120	81	✓	Application being prepared	39[2]	FY16	FY18
Total	**697**	**490**					

Net additional places **490**

1. Greenfield Projects = New development stand alone or additional building on a campus that does not adjoin an existing facility.
2. Will require some additional Provisional Allocations from future ACARs.

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Expansion Pipeline – Brownfield Projects[1]

Status of current and planned projects with capex in FY15 and FY16

Additional Places
102

Project	Total new places	Net additional places	Site and facility acquisition			Expected construction commencement	First resident admitted
			Land held	Development approval	Provisional Allocations/Licences in hand		
Regis Ontario, VIC	108	38	✓	✓	✓	Underway	FY16
Regis Canning Lodge, QLD	184	64	✓	✓	✓	Underway	FY16
Total	**292**	**102**					

Significant refurbishment update:

- Regis on track to have 13 facilities approved for higher funding under the Significant Refurbishment legislation by 30th June 2015, underpinned by capex of $10 million
- This will result in higher funding for supported residents across approximately 700 places

700
places to receive Higher Funding

1. Brownfield Projects = Extension that adjoins an existing facility

03 Summary and Outlook

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Financial highlights 1H FY15

On track to deliver earnings guidance for FY15 announced with the FY15 Half Year results

1H FY15 highlights[1]

Revenue of
$219.4m
51% of the FY15 prospectus forecast

EBITDA of
$51.2m
59% of the FY15 prospectus forecast

FY15 EBITDA and NPAT forecast upgraded by 5–10% from prospectus guidance

- NPAT of $29.6m
  - 62% of the FY15 prospectus forecast
  - FY15 NPAT forecast upgrade by 5–10%
- Occupancy at 94.4%[2]
- Net cash flow of $44.1m, ahead of expectations
- Net cash as at 31 December 2014 of $72.9m with no debt

1. Based on pro forma results
2. Average for the six months ending 31 December 2014

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Summary and Outlook

On track to deliver earnings guidance provided with the FY15 Half Year results

- Earnings guidance upgrade of 5–10% due to strong operational performance
  - Average net ACFI per resident per day as at December 2014 was 2.5 % ahead of FY15 prospectus forecast
  - Slightly lower than forecast occupancy mitigated by management of variable costs
  - Net cash flow driven by net RAD collections of $43.4m over the period representing 92% of the full year prospectus forecast
- Strong balance sheet with net cash position of $72.9m as at 31 December 2014 with no debt
- Well positioned to execute on growth strategy
  - Ongoing focus on asset renewal program for the refurbishment and redevelopment of current operational facilities including 102 net new places
  - Greenfield program has 257 new places under construction a further 440 planned to commence in FY16
  - Development pipeline underpinned by 849 existing licences and Provisional Allocations
  - Capability to undertake single facility acquisitions with three made since 1 July 2014

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Any discrepancies between total and sums of components in tables and figures contained in this presentation are due to rounding.

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For example, 'FY15' refers to the year ended 30 June 2015.

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