



DELIVERING ON FY2020 STRATEGY

Estia Health (EHE)
7 December 2015



HIGHLIGHTS

Acquisition of medium-sized group,
Kennedy Health Care - 959 places

5,690

places by the end of FY16

Immediately

EPS

accretive

NETWORKS

substantially established

**>17%
ROCE**

**DEVELOPMENT
CAPABILITY**

for future growth

FUNDING

\$70m available

FY16 Guidance

FY2015 Pro Forma
Actual

NPAT \$44.6m

UPDATED FY2016 Pro Forma
Guidance

NPAT > 25% growth



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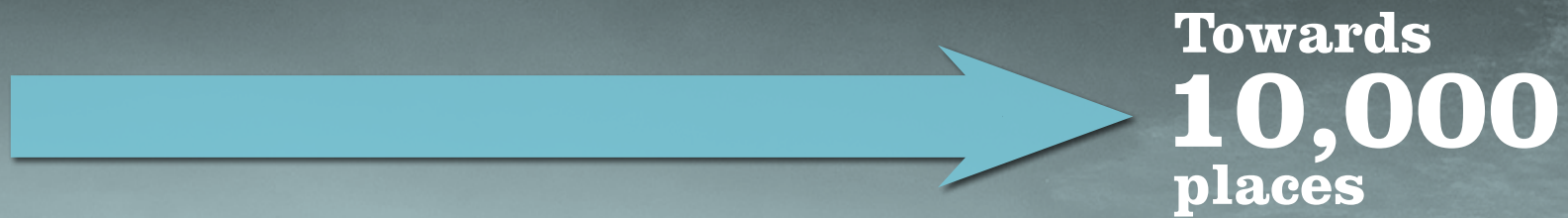


SECTION 1

DELIVERING GROWTH



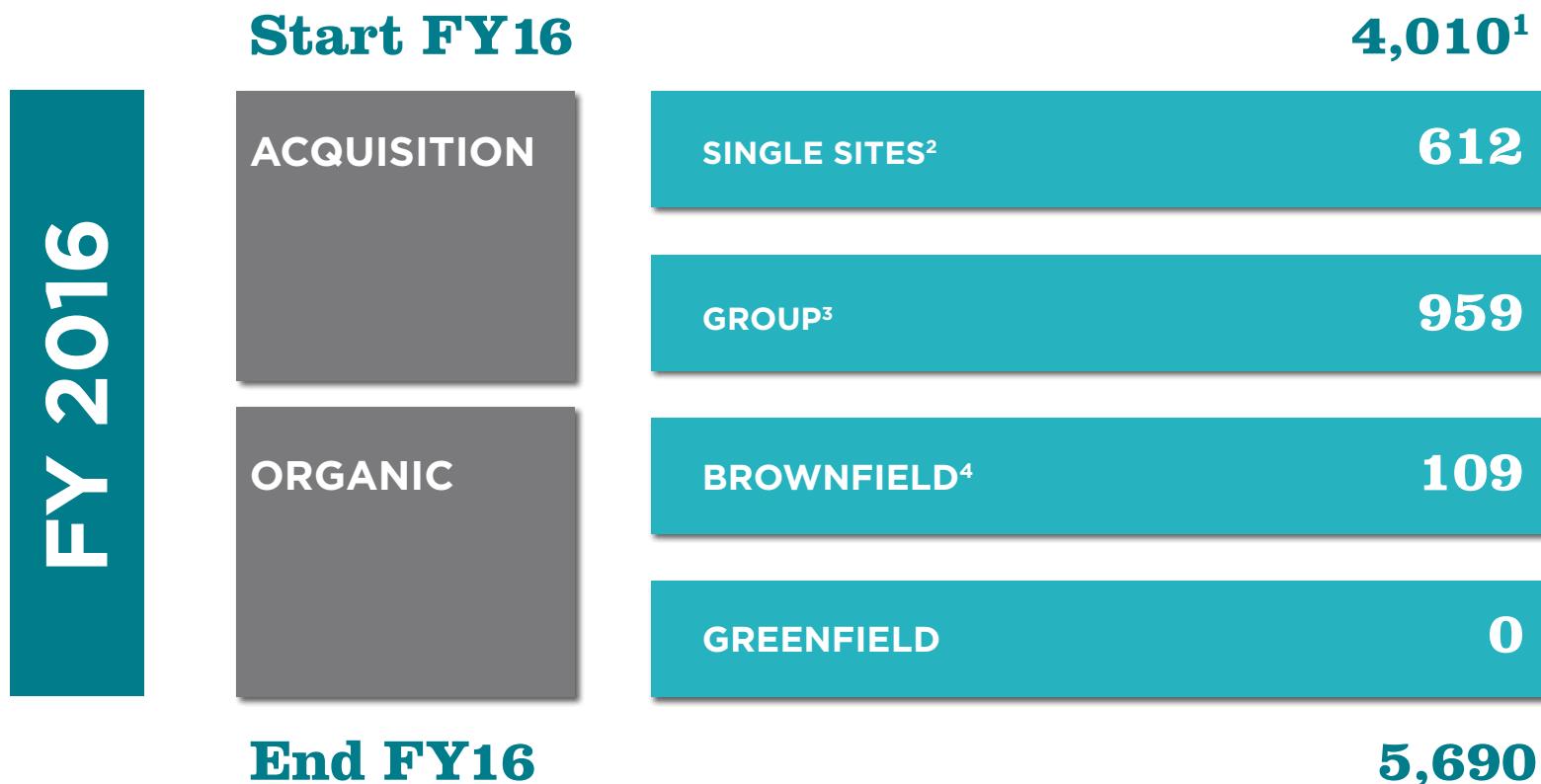
1.1 MEDIUM TERM GROWTH STRATEGY*



* Illustrative volumes for acquisition and organic development to FY2020. First presented on 8 May 2015

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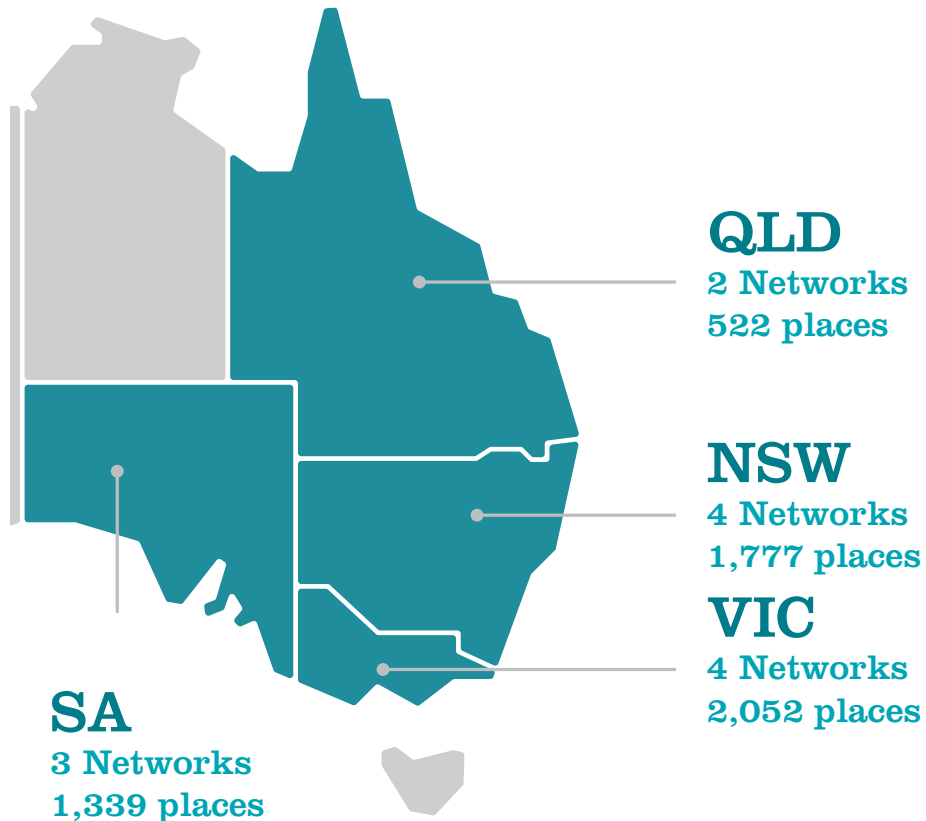
1.2 DELIVERY OF STRATEGY IN FY16



1. Announced in FY15 Results presentation on 18 Aug 2015.
2. Completion of 6 facilities with 431 operating places as outlined in FY15 Results announcement of 18 August 2015 and completion of 4 facilities (3 x Adelaide, 1 x Gold Coast) with 181 operating places as announced on 27 Oct 2015.
3. Endeavour closed in Nov 2015. 63 places offline not included in total places.
4. Completion of extensions at Craigmore and Kadina scheduled by 30 Jun 2016 and redevelopment of facilities in Note 2 (above) by 30 Jun 2016.

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1.3 HIGH QUALITY PORTFOLIO*



No. of Networks

13

No. of facilities

66

No. of operational places

5,690

Configuration: % of single rooms

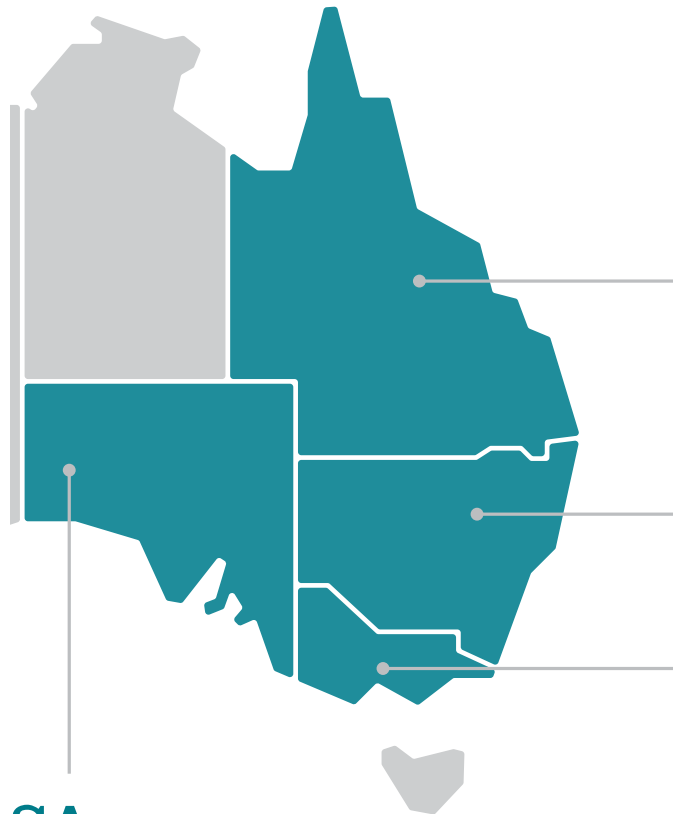
90%



* Forecast position at end FY16, 30 Jun 2016.

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1.4 NETWORKS SUBSTANTIALLY ESTABLISHED*



QLD

Sunshine Coast: 3 facilities, 266 places
Gold Coast: 3 facilities, 256 places

NSW

Great Lakes: 3 facilities, 350 places
North Sydney: 6 facilities, 484 places
South Sydney: 6 facilities, 708 places
Illawara & South Coast: 2 facilities, 235 places

VIC

North & East Melbourne: 8 facilities, 640 places
South & South East Melbourne: 8 facilities, 593 places
West Melbourne & Geelong: 6 facilities, 452 places
Regional: 4 facilities, 316 places

SA

North Adelaide: 7 facilities, 628 places
Central Adelaide: 5 facilities, 315 places
South Adelaide: 5 facilities, 396 places



* Forecast position at end FY16, 30 Jun 2016.

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1.5 DEVELOPMENT CAPABILITY FOR FUTURE GROWTH



Peter Hamilton

Previously, Peter was GM Property and Capital Works at HammondCare for 7 years, where he led all capital works projects, including the refurbishment and upgrade of existing residential aged care facilities and hospitals. He has 35 years' experience in a range of executive management roles in aged care, construction and finance sectors across Australia, the UK and South Africa.

Mark Kennedy

Mark has tertiary qualifications in both building and law (Bachelor of Building Construction and Management and Bachelor of Laws from the University of New South Wales). His experience spans more than 16 years, with the past 7 years being in the role of Managing Director, Kennedy Health Care. Mark has a rare and unique skill set, having worked across all areas of the aged care industry. He has extensive experience in the design and construction of aged care facilities, along with the development of existing facilities.



1.6 ORGANIC DEVELOPMENT IN FY17

Start FY17

5,690

ORGANIC

BROWNFIELD^{1,2,3}

120

GREENFIELD⁴

180

End FY17

5,990



1. Closure of Facility A for complete redevelopment. 60 beds offline from Jul 2016 with completion of redevelopment of 72 beds (+12 beds) scheduled by 30 Jun 2017.
2. Completion of Mudgeeraba redevelopment (36 beds) by 31 Dec 2016.
3. Completion of Endeavour redevelopment (72 beds) by 30 Jun 2017.
4. Completion of Twin Waters Greenfield development (108 beds) by 30 Jun 2017.

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SECTION 2

FINANCIAL CASE



2.1 KEY OPERATING METRICS

Operating Metrics	Estia	Kennedy
Number facilities	58 ²	8 ³
Number of current operating places	4,622 ²	959 ³
Occupancy %	93.6 ¹	94.0 ³
Concessional residents %	37.3	31.3 ³
Net EBITDA per occupied bed	22,159 ¹	22,067 ³
ACFI per occupied place day (FY15)	\$170 ¹	\$152 ³
Average incoming RAD value (\$k)	\$344 ¹	\$248 ³
Average outgoing RAD/Bond value (\$k)	\$204 ¹	\$170 ³
RAD penetration %	60.4 ¹	22.3 ³
Accommodation index	0.59 ¹	0.37 ³



1. As at 30 Jun 2015, per FY15 results presentation 18 Aug 2015.
2. Reconciliation as shown on slide 6 – start of FY16 (4,010) plus single acquisitions (612).
3. Company information.

2.2 IMMEDIATELY EPS ACCRETIVE

	Average ACFI per occupied place day	
	Estia	Kennedy
ACFI	170	152

Generate up to \$6m EBIT improvement from ACFI uplift on an annualised basis.

Integration Plan 2016	
February – April	ACFI Improvement
July	Payroll
July – September	Health Metrics/Epicor

Corporate Overhead Savings	
FY16	\$NIL
FY17	\$2.25m



2.3 ROCE

Total places	1690 ¹
Gross Price	\$399.4m
Net price	\$312.5m
Gross price/bed	\$236k
Net price/bed	\$189k

EBITDA	\$35.4m ²
Maintenance Capex	\$2.5m ³
One-off RAD uplift	\$125.4 ⁴
ROCE	>17%



1. Acquisitions in FY16.
2. EBITDA at maturity within 2 years.
3. Maintenance capex based on \$1,000 per place.
4. Achieved within 2.5 years.

2.4 DEVELOPMENT CASHFLOWS

ENDEAVOUR

As at 30 June 2015

Total places	63
% single rooms	12%
Average RAD	\$156,429
RAD liability	\$1.1m
RAD penetration	13.0%
Facility EBITDA	\$1.7m

Redevelopment

Capital investment	\$15.4m
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Post redevelopment

Total places	72
% single rooms	100%
Average RAD	\$550,000
Median house price	\$997,625
Accommodation index	0.55
RAD penetration	60%
Facility EBITDA (at maturity)	\$2.0m

Net cash flow¹

\$8.4m

THE BAY

As at 30 June 2015

Total places	72
% single rooms	23%
Average RAD	\$n/a
RAD liability	\$n/a
RAD penetration	n/a%
Facility EBITDA	\$1.5m

Redevelopment

Capital investment	\$31.3m
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Post redevelopment

Total places	150
% single rooms	100%
Average RAD	\$800,000
Median house price	\$1,455,026
Accommodation index	0.55
RAD penetration	60%
Facility EBITDA (at maturity)	\$3.7m

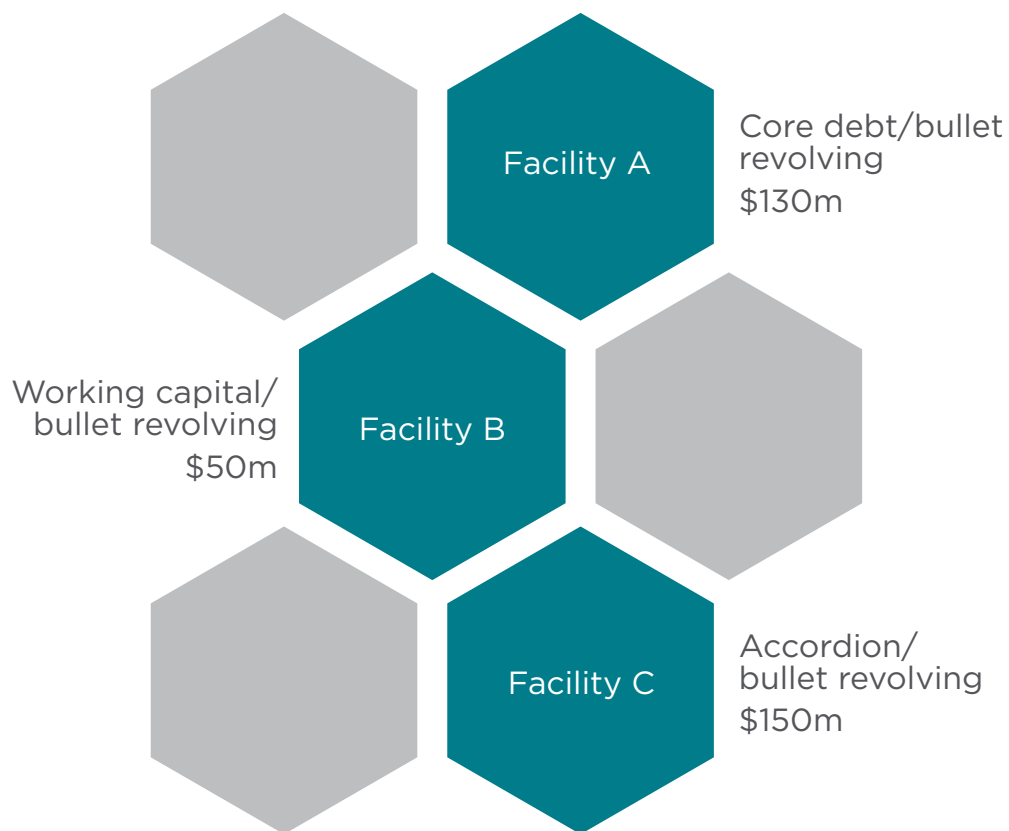
Net cash flow¹

\$40.7m



1. Net cash flow = total places x RAD penetration x average RAD – capital investment.

2.5 FUNDING



Stock Issuance¹

6,631,300 shares issued as part consideration

Debt Available²

\$70m



1. \$50m consideration based on 10-day VWAP from 4 Dec 2015 of \$7.54.
2. Post completion of Kennedy acquisition 1 Feb 2016.

SUMMARY

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APPENDIX



APPENDIX A: KENNEDY HEALTH CARE OVERVIEW

Kennedy Health Care was established in 1969 by the late William Kennedy and remains a family owned and managed business

**More than
45 years
experience
in managing, acquiring
and developing facilities**

Kennedy Health Care's head office is based in the Kogarah CBD and its operating model is focussed on providing central support for the delivery of quality care, compliance and health and safety outcomes within individual facilities.

Kennedy Health Care's portfolio of eight operational aged care facilities are located in metropolitan areas of NSW (two of which are located with retirement villages)

3 facilities located in South East Sydney

4 facilities located in South West Sydney

1 facility located in Wollongong

The Portfolio comprises

**959
operational places
making Kennedy Health
Care one of the largest
private sector operators
in Australia**

One facility at Endeavour recently transferred all its residents to Bexley (opened in Nov 2015) and will be redeveloped.

A further two near term greenfield development sites are owned in Wombarra and Avondale.

Three existing operational sites have the capacity to be redeveloped in the near term, expanding the number of operational places.



APPENDIX A: KENNEDY FACILITY LOCATIONS



Home	Total Places
Bankstown Aged Care Facility	150
The Bay Nursing Home	72
Bexley Park Aged Care	146
Endeavour Nursing Home ¹	63
Camden House	72
Camden Nursing Home	104
Kilbridge Aged Care Facility	164
Merrylands Aged Care Centre	131
Wollongong Nursing Home	120



1. Closed in Nov 2015 for redevelopment.

APPENDIX B: DISCLAIMER

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