

28 October 2016

REGIS HEALTHCARE LIMITED

ABN 11 125 203 045

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Dear Sir/Madam,

Chairman and MD addresses to Annual General Meeting

In accordance with Listing Rule 3.13.3, we attach the Chairman and MD addresses to the Regis Healthcare AGM on 28 October 2016.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "M. Bede".

Martin Bede
Company Secretary

Regis Healthcare 2016 AGM – Chairman's Address

Good morning and welcome to the second Annual General Meeting for Regis Healthcare.

I am pleased to report that Regis continued to make sound progress this year in achieving our strategic objectives and also in delivering our growth agenda. This has been reflected in the continued growth in our acquisition and greenfield expansion pipeline and also in improved financial returns compared to the previous year.

Let me talk first about our growth agenda.

Our strategy is focused on pursuing and realising new and existing opportunities that will deliver a geographically diverse portfolio for the company and our shareholders and which is also responsive to changing consumer demands and our residents' needs.

Over the past year we continued to leverage industry growth and market consolidation to increase our national footprint and also further develop our acquisition and greenfield expansion pipeline.

Central to this strategy was our acquisition of the Masonic Care business in Queensland in June 2016 for \$153.2 million.

This was the largest transaction we have undertaken to date, adding over 700 operational places to our portfolio and providing an additional 26,000 sqm of land with potential for further development. We also acquired Regis Marlestone, (formerly St Martin's Nursing Home) on 1 July 2015 to expand our market reach in South Australia.

This brings the total number of acquired operational places to 1,155 since our ASX listing in October 2014.

During the year we also invested significantly in our expansion pipeline. We completed two brownfield developments which together delivered 102 new places in Caboolture, Queensland and in Mildura, Victoria. We also added 109 greenfield places with the opening of the North Fremantle Facility in Western Australia.

In September 2016, we added 148 operational places to our portfolio following the opening of the greenfield development in East Malvern, here in Victoria.

Meanwhile, we also have a significant number of greenfield developments under construction which will contribute 1,404 new places across 11 sites.

Today, Regis now operates 54 facilities with over 6,000 operational places located across Australia.

We are pleased with the implementation of Regis' growth strategy to date which is designed to maintain our position as one of the largest and most geographically diversified private residential aged care providers in Australia.

Let me now quickly summarise our financial results for the year.

Normalised Net Profit after Tax and EBITDA were well above the prior corresponding period, increasing by 24 per cent and 20 per cent respectively. Net Operating Cash Flow was also strong, improving by 5 per cent on the prior year.

Directors declared a final dividend of 5.94 cents per share, fully franked, which was paid to shareholders on 19 September 2016. The full year dividend of 15.34 cents per share is 100 per cent of Reported Net Profit after Tax.

Our CEO, Ross Johnston, will discuss these results in further detail in his address later this morning.

Ladies and Gentlemen, the quality of care that we provide to our residents continues to be fundamental to the way Regis operates.

Our ongoing commitment to care standards was evidenced by the successful re-accreditation of all 16 of our facilities which were subject to re-accreditation during the year.

Each facility was audited and judged to meet all 44 accreditation outcomes under the quality of care and quality of life standards set down for the provision of care to residents.

This is a significant achievement. More importantly, it is also a reflection of the commitment of our staff at Regis to delivering the highest standards of care for our residents. I would like to personally acknowledge and thank our people for the significant work they do every day at each of our facilities across the country.

We also seek to improve care standards for our residents through new programs and innovation.

One such example is to support the care of residents with dementia.

With more than half our residents diagnosed with dementia, we continue to work closely with residents, their families, our clinical team, allied health experts and organisations such as Alzheimer's Australia to deliver a range of innovative therapies and programs to reduce the number of common dementia issues.

With approximately 6,500 staff employed across the company, we remain committed to the development of our people - they continue to be the key to our ongoing and future success.

We implemented a number of industry-leading programs throughout the year in the area of staff recruitment, development and culture.

In particular, the successful onboarding of around 750 staff from the Masonic business has been a key focus for us, together with the onboarding of new staff required to deliver services following the mobilisation of the new places.

I would like to welcome all new employees to the company who have joined us during the past year.

Our Workplace Health and Safety performance was once again ahead of the previous year and Regis Health and Safety programs have been successfully deployed at all of the facilities we acquired during the year.

As many of you will have seen in the media, a number of changes to Government funding were announced during the year. These changes, which will ramp up over the next three years, were first announced by the federal government as part of the MYEFO in November 2015 and then in the

Federal Budget in May this year. The management team is developing and continues to implement a range of strategies to mitigate the impact on care and our revenue resulting from these changes.

Ross will have more to say on this topic later.

Ross and his executive team have once again performed well during the year, based on both financial and non-financial metrics. Their strong performance in executing the company's growth strategy means Regis Healthcare continues to be a leader in this sector.

Meanwhile, your Board continues to work well together, particularly in establishing and maintaining a strong governance platform for the company. We always look to ensure the board has the right mix of skills and will consider this further over the coming year.

In closing, I would like to thank my fellow Directors, the executive team and our committed employees who make up Regis Healthcare for their contribution to the business throughout the year.

And finally I would like to thank you, our shareholders, for your continuing support of the company.

Regis Healthcare 2016 AGM – Managing Director and CEO's Address

Thank you Mark.

I am pleased to provide shareholders an update on our progress over the past financial year.

As Mark outlined, we continued to successfully execute our growth strategy over the past year and that has been reflected in our financial results.

Financial Overview

Reported net profit after tax was \$46.1 million, while Normalised net profit after tax was \$56.8 million compared to \$45.9 million in the prior year. Normalised EBITDA was \$105.1 million, an increase of 20 per cent on the prior year, with revenue of \$480.7 million compared to \$429.4 million last year.

These results were in line with our expectations and included an increased contribution from Regis' significant refurbishment program.

The continuation of this program saw around 1,600 eligible residents with access to an enhanced living environment by the end of the financial year, for which the company receives a higher accommodation supplement.

I am pleased to report that our financial results also included improved earnings contributions from the three single site acquisitions we made between our listing in October 2014 and 1 July 2015.

As anticipated, staff expenses (as a percentage of revenue) were flat compared to the prior year.

We achieved an average occupancy rate of 95.2 per cent across the company which is a solid result and also in line with our expectations.

While our improved financial results demonstrate our progress over the past year, I am also pleased to report that we continue to make good progress on implementing our medium term growth strategy.

Strategic Progress

That strategy continues to combine organic growth – including greenfield and brownfield development – together with acquisitions, comprising single facilities and portfolios.

We invested \$298.1 million as part of this strategy last financial year.

First, let me give you some details of our *acquisition* strategy.

As Mark outlined, a key highlight was the acquisition of Masonic Care Queensland on 1 June 2016.

With 711 operational places achieving 98% occupancy, this represents an increase of 14 per cent to our existing business for a net acquisition price of \$153.2 million.

The Masonic portfolio is an excellent opportunity which is consistent with our strategic growth criteria. The facilities are high quality, have strong occupancy rates and a sound compliance track record.

Operationally, the facilities are also an excellent fit with our current network, given that we already have a presence in both Brisbane and Cairns.

The integration of Masonic is progressing well in line with our plan.

Meanwhile, the three facilities we acquired between listing in October 2014 to 1 July 2015, are performing at targeted financial levels while also delivering quality care outcomes.

Secondly, let me summarise the progress of our *organic* growth strategy.

Our two brownfield development projects, Mildura, Victoria and Caboolture, Queensland were both completed, adding a combined 102 new places to our portfolio. The new extensions at both facilities are ramping up in line with expectations, with each nearing steady state occupancy levels.

Our greenfield developments program continues to expand. We opened North Fremantle, Western Australia Facility which contributes 109 places in 2016 and more recently, the East Malvern, facility, which has contributed a further 148 new places.

As at 1 September 2016, there were 1,404 new places in our expansion pipeline.

We purchased four development sites, in Perth, Melbourne and Newcastle. In addition, we secured six Development Approvals which demonstrates the strength of our property team and represents significant milestones for these projects.

In addition to these development projects, we were also successful in gaining 844 provisional allocations as part of the 2015 Aged Care Approvals Round, bringing the number of non-operational places in the portfolio available for development to 1,592.

So in a busy year we successfully executed our strategy from both an organic and acquisition perspective and that continues to create a strong platform for the company for future growth.

Care and Services Review

At Regis our business is centred on the quality of life of our residents and the care and accommodation we provide them. Our innovation strategy is focused on introducing opportunities to develop new programs and services that meet the rapidly changing needs of our ageing population which can also improve our residents' quality of life and care.

This year we continued to develop improved service offerings for residents with the rollout of the Regis Reserve service package at nominated facilities. These additional services include enhanced food and lifestyle options for residents.

Mark has already outlined the significant issue of dementia and its impact on our residents. As we have mentioned previously, PARO, our robotic harp seal, has been introduced into care and lifestyle programs across all facilities, having proved to be highly successful in reducing severe dementia behaviours over time.

We are also introducing a range of other initiatives to support residents with dementia, including art therapy, Clown Doctors and music therapy programs along with new technologies to stimulate and engage residents.

Our people

We remain an employer of choice through our innovative recruitment and mentoring programs and continue to attract and retain high calibre employees both here at home and overseas.

For the fifth year in a row, we have undertaken an international nurses' recruitment program – and sponsored over 350 experienced registered nurses who are committed to working in aged care. This

program has contributed significantly to both improved tenure and a deepening of clinical knowledge, resulting in improved care outcomes for residents across our facilities.

Other programs including our onboarding and professional development programs such as Carer's Connect and Project Flourish continue to reduce staff turnover, enhance compliance and deliver a stronger focus on clinical outcomes for our residents.

I would like to take this opportunity to re-affirm the company's guidance as outlined in the August full year market presentation with regard to financial results for the 2017 financial year.

FY17 EBITDA is anticipated to be at least 15% in excess of normalised FY16, underpinned by:

- Increased income from supported residents at Significantly Refurbished facilities and greater contribution from Additional Services
- Increased earnings contribution from the acquired and ramping up Facilities (Masonic, North Fremantle WA, East Malvern VIC)

Having regard to FY17:

- Debt will remain at approximately 2x EBITDA, which will result in higher interest expense in FY17, being circa \$8m
- Depreciation will be higher, resulting from increased development activity. The FY17 depreciation expense range will be \$28m - \$31m
- Net RAD inflows are anticipated to be circa \$100m
- Total capex spend in FY17 is anticipated to be in the order of \$160m

At this point I also believe it is important to confirm the Company's position in relation to the federal government's changes to residential aged care funding.

As Mark said, many of you will have seen media, reports or government information in relation to the funding issue and I would like to confirm that Regis's position is unchanged from our FY16 full year announcement.

As we have noted previously, for the Company, there will be minimal impact resulting from these changes in FY17. The changes are more significant in FY18 and FY19.

The implementation of our mitigation plan (from both a care and services and fee perspective) has commenced and will continue until this is fully grandfathered in.

Currently we are tracking in line with our plan and forecast.

In closing, I would like to acknowledge and thank each and every one of our employees who deliver such high levels of care and support to our residents every day.

Thank you also to our Directors and the executive team for their ongoing commitment in delivering a solid performance and result for Regis in the 2016 financial year.

And finally, thank you to our shareholders for your continued support of the company.