ASX ANNOUNCEMENT

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The Manager
Company Announcements Office
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

REGIS HEALTHCARE REPORTS NPAT OF $46.1 MILLION (NORMALISED NPAT OF $56.8 MILLION) FOR FY2016 AND DECLARES A FINAL DIVIDEND OF 5.94 CENTS PER SHARE

Full Year Highlights

- Reported[1] NPAT of $46.1m and EPS of 15.34 cents, in line with expectations
- Normalised EBITDA of $105.1m and normalised NPAT of $56.8m from revenue of $480.7m
- Strong net operating cashflow[2] of $133.6m from EBITDA and RAD receipts
- Average occupancy of 95.2% for the year
- Growth in operational places to 5,880 as at 30 June 2016, following the completion of the acquisition of the Masonic Care Queensland facilities and the opening of the new places at Regis Ontario, VIC, Regis Caboolture, QLD and Regis North Fremantle, WA following the completion of the development projects
- Continued investment in growth opportunities including:
  - $153.2 million on acquisitions; and
  - $146.2 million capital expenditure on the expansion pipeline, land for future development
- Net debt of $184.7 m as at 30 June 2016
- Fully franked final dividend declared of 5.94 cents per share, giving a full year dividend of 15.34 cents per share, 100% of reported NPAT

Regis Healthcare Limited (ASX: **REG**) is pleased to announce a statutory NPAT attributable to equity holders of $46.1 million for the year ended 30 June 2016. This result corresponds to a normalised NPAT for the period of $56.8 million.

Commenting on the results, Regis' Managing Director, Mr Ross Johnston, said "Regis delivered solid growth in the financial year, in line with expectations. The normalised EBITDA and normalised NPAT for FY16 exceeded the prior corresponding period by 20% and 24% respectively.

The result is underpinned by growth in revenue, including an increased contribution from the Significant Refurbishment[3] program. The result was also driven by improved EBITDA contributions from the three single site acquisitions reaching target run rates.

Regis' cashflow performance was also in line with expectations, with net RAD receipts[4] of $44.9 million. This is lower than in the prior period, as the grandfathering in of RAD and DAP paying residents following the Living Longer Living Better legislation is nearing completion."

Financial Results

Highlights of the FY2016 financial results include:

	$ million FY16	$ million FY15	% variance FY16 to FY15
Revenue[5]	480.7	429.4	12%
EBITDA[5]	105.1	87.6	20%
NPAT[5]	56.8	45.9	24%
Net RAD receipts[4,6]	44.9	73.6	(39%)
Net operating cashflow[6]	133.6	127.4	5.0%

Key contributors to the earnings and cash flow result for the period are:

- Revenue per occupied bed day of $272 compared with $258 in FY15[5]
- Contributions from acquired facilities (Regis Tiwi, NT, Regis Redlynch, QLD, Regis Marleston, SA, and the Masonic facilities, QLD)
- Solid net RAD inflows achieved, with 51% of new residents[7] choosing to pay a RAD over a DAP[8] or a combination RAD/DAP payment.

Dividend

The company has declared a final dividend of 5.94 cents per share. This is fully franked and is payable on 19 September 2016.

This brings the full year dividend to 15.34 cents per share, 100% of reported NPAT.

Market Position and Growth Strategy

Regis' medium term growth strategy continues to combine organic growth, including greenfield and brownfield development, with acquisitions comprising single facilities and portfolios. The Company invested $298.1m towards this growth in FY16.

The program of greenfield developments has continued to expand, with the recent highlights being the opening of the North Fremantle, WA and East Malvern, VIC Facilities, which have contributed a combined 257 new places.

As at 1 September 2016, there are 1,404 new places in the expansion pipeline comprising:

- 217 places scheduled to be completed during the remainder of FY17
- 255 places scheduled to be completed in FY18
- 932 places scheduled to be completed in FY19 and FY20

Three single site acquisitions have been made since listing in October 2014, adding 444 places to the portfolio. Each of these is now contributing EBITDA at target levels.

A significant milestone for the company was the Masonic Care, Queensland acquisition, completed on 1 June 2016. This was the first portfolio transaction undertaken by the company since listing. The high quality portfolio has contributed 711 new places and is achieving 98% occupancy. Integration activities are progressing well and the transaction is anticipated to be EPS accretive in FY17.

The facility refurbishment program has continued to be a key area of focus for the Company in FY16, with 28 facilities approved as Significantly Refurbished,[9] and thus receiving higher levels of government funding. This program will continue in FY17.

FY17 Outlook

FY17 EBITDA is anticipated to be in excess of 15% more than 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 sites (Masonic QLD, North Fremantle WA, East Malvern VIC)

Having regard to FY17:

- The company is expected to have higher depreciation charge than in FY16, resulting from increased development activity. The FY17 depreciation expense range is expected to be $28m - $31m
- Net RAD receipts are anticipated to be circa $100m
- Total capex spend[10] is anticipated to be in the order of $160m
- Net debt is anticipated to remain in the order of 2x EBITDA which will result in higher interest expense in FY17, being circa $8m.

For further information, contact:

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[1] The use of the terms 'reported' refers to IFRS financial information and 'normalised' to non-IFRS financial information. Normalised earnings are categorised as non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 – Disclosing non-IFRS financial information. Normalised adjustments have been made to the reported information to assist readers to better understand the financial performance of the underlying business in each financial year. The non-IFRS financial information, while not subject to an audit or review, has been extracted from the financial report, which has been subject to audit by the Company's external auditors. Note that the previous FY15 normalised results have been updated to reflect acquisition expenses as well as some other one off items for consistency with the FY16 normalisations. Details of the adjustments are included in the Directors Report of the Annual Financial Report for the year ended 30 June 2016 and in the Regis Healthcare Investor Presentation FY16 Results dated 26 August 2016.

[2] Net cashflow before investment and financing activities

[3] From the Higher Accommodation Supplement paid to eligible fully and partially supported residents at facilities approved as Significantly Refurbished.

[4] Refundable Accommodation Deposits, includes contributions from Independent Living Units (ILUs)

[5] Normalised (refer footnote 1 for definition)

[6] Reported (refer footnote 1 for definition)

[7] Permanent, non supported residents entering aged care after 1 July 2014

[8] Daily Accommodation Payment

[9] Facilities approved as being Significantly Refurbished by the Department of Social Services, following investment in the upgrading of a service deemed as meeting specified criteria, are then eligible to receive a higher level of accommodation supplement for supported residents

[10] Excluding land purchases