



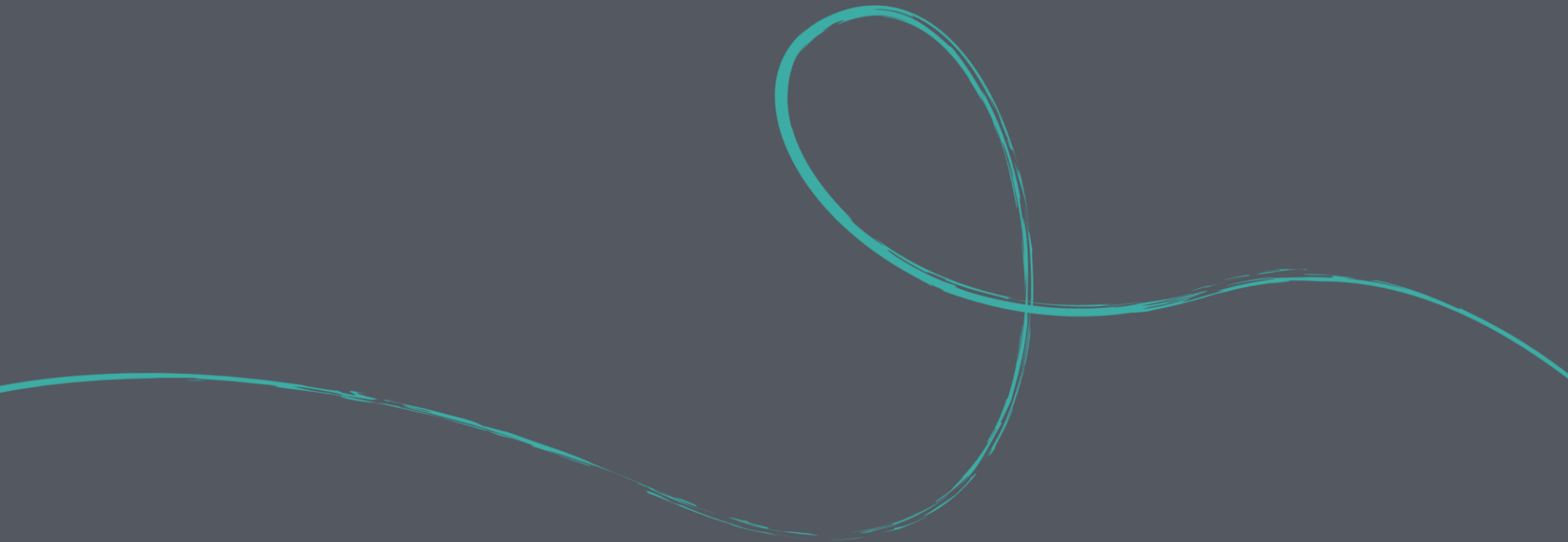
Inside Estia

April 2016



Welcome

Paul Gregersen
Chief Executive Officer



WELCOME

1. Executive presentations and Q&A

- Short presentations followed by Q&A sessions with all eight members of the Executive Management team on Estia's asset portfolio, operating model and One Family culture.

2. Living 'Inside Estia'

- A small group tour of Bexley Park, its environment and its health care services.

3. Network Q&A

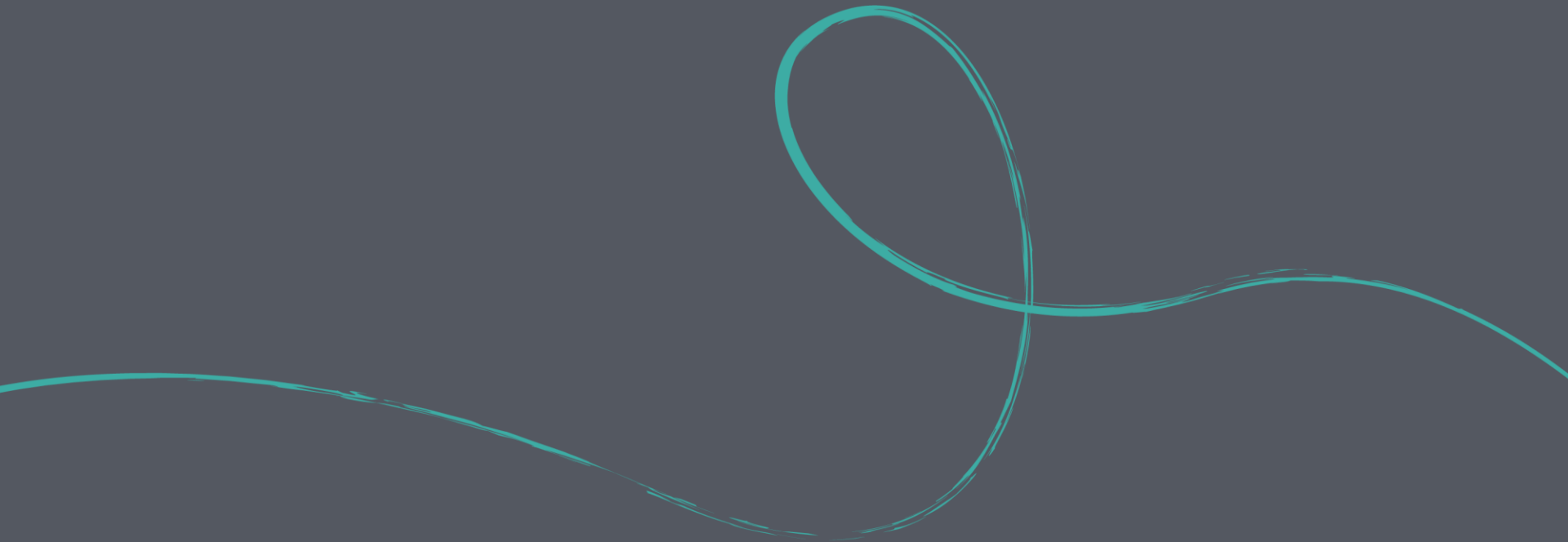
- An interactive panel interview with three facility managers from Estia's Victorian Innovators Network.

9:30am – 10:35am	Welcome and Executive presentations (Commercial)
10:35am – 11:35am	Tour and morning tea
11:35am – 1:30pm	Executive presentations (Organisational) Network Q&A



Project Greenfield

Mark Kennedy
Development Director



DEVELOP THROUGH NETWORK STRENGTH

Estia has a profound belief of strength through our networks



- Geography
- Community recognition
- Staff
- Residents
- Suppliers
- Allied Health
- Contractors



ESTIA DESIGN BRIEF

Developed over time with input from a cross section of staff

- Optimal bed numbers to maximise efficient nursing units
- Creates efficient and functional buildings to minimise travel distances for staff and residents
- Low maintenance buildings by reverse engineering major building elements e.g. face brick vs painted render; reconstituted plastic vs timber to outdoor areas

Dementia friendly design

On site kitchen and laundry

Indoor and outdoor private spaces for residents and families

Car-park – basement or at ground level?

Street of life



STREET OF LIFE



BUILDING SMART AND COST EFFECTIVELY

Don't reinvent the wheel i.e. standardised design that can be adapted to site specific conditions

Building key relationships

- Consultants – architects, town planners; engineers etc. who know our design brief
- Suppliers – sanitary fittings, kitchen equipment, beds etc. to keep a consistent output of building

Smart building

- Saves money
- Saves time = reach practical completion sooner



PRE-FAB BATHROOMS

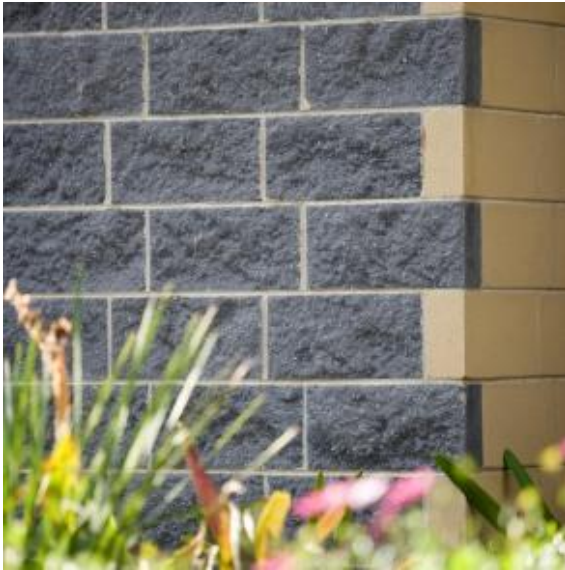


PRE-FAB WALL SYSTEMS



SMART DESIGN = MAINTENANCE FREE MATERIALS

Face brick versus render... easy decision for maintenance free buildings



EXISTING SITE VS NEW SITE

Rebuilding existing facilities

Pros

- Must be within an existing Estia network or relocation is a better option
- Already own land – perhaps need to purchase neighbouring blocks
- Existing use rights help with council approvals
- Existing presence and reputation in the local community
- Can go through council process whilst still operational to mitigate downtime of bed licences

Cons

- Need to find new homes for residents
- Additional land can be expensive when the neighbours know who is the buyer



EXISTING SITE VERSUS NEW SITE

New location

Pros

- Must be within an existing Estia network or an identified target network for future growth
- Hand picked location with good demographics, competition, optimised median house price
- Option period for DA approval
- Price of land can be cheap

Cons

- Low or no holding income if no option available
- Need to get DA and bed licences which can be timely
- New Age Care facility can have opposition from neighbours/council



EXAMPLE OF GREENFIELD OF AN EXISTING SITE



















IS THERE A SWEET SPOT FOR NEW SITE GREENFIELDS?

Never ending chase for the perfect site in our development team

- Land value – median house price – RADs
- As land value increases, median house prices increase, RADs also increase but not commensurate with land value
- For example, is it better to buy a block of land for \$5m with a median house price of \$0.8m or buy land for \$10m with a median house price of \$1.2m?

Estia has the answer... watch this space



GREENFIELD PIPELINE 2016 – 2020

Calendar year		CY16				CY17				CY18				CY19				CY20			
Financial Year		FY16		FY17				FY18				FY19				FY20				FY21	
Location	new beds	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
● Twin Waters	108							108													
● Sunshine Cove	108										108										
● Living Choice #3	108													108							
St Ives	108											108									
Ryde (59)	19												-40						59		
Mona Vale (72)	18												-54						72		
● Kogarah	72									72											
● Wombarra	108											108									
● Wollongong	108											108									
● Figtree (144)	24												-120						144		
● Blakehurst (108)	36					-72						108									
● Avondale	108													108							
Greenfield Total:	925																				

● Living Choice Partnership

● Kennedy Health Care Group



* Illustrative based on current opportunities and priorities

Estia Health

Transforming performance through Brownfield and Orangefield developments

Peter Hamilton
Development Director



EXAMPLE OF REFURBISHED BATHROOMS

Before



After



DEMENTIA FRIENDLY DESIGN



DEMENTIA FRIENDLY DESIGN CONTINUED



EXAMPLE OF REFURBISHED DINING ROOM

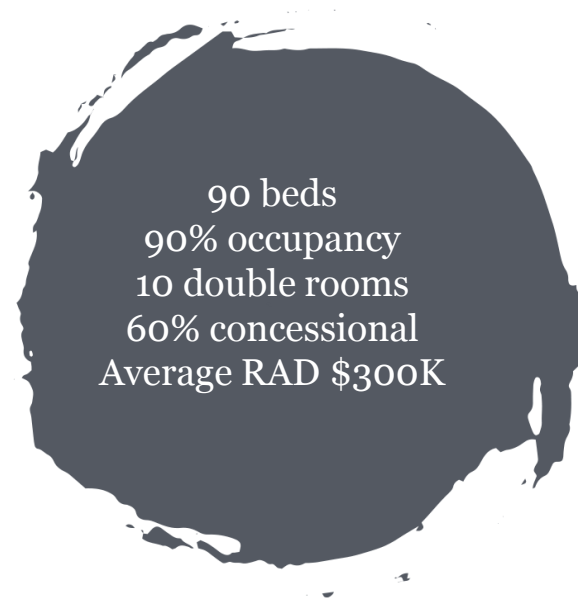


EXAMPLE OF EFFICIENCY OPPORTUNITIES AT TWO SIMILAR HOMES WITHIN A NETWORK



Ruby home

- Newish home in great location
- Very desirable home
- Good occupancies often with waiting list
- High RAD's



Diamond home

- Tired home with low occupancy and high concessional rate
- Least desirable home in the area
- 9 beds unoccupied
- Moderate RAD's



PLAN OF ACTION

Ruby home

- Due to inefficiencies in design and previous change of use of bedrooms we are able to convert three storerooms and offices into 3 single ensuite bedrooms
- We can convert the 10 double rooms into 10 single ensuite bedrooms
- We are able to build 7 new single ensuite bedrooms
- The number of bedrooms will increase by 10 to 80 and they will all be single ensuite but the number of beds will remain at 80

Diamond home

- Transfer 10 bed licences to the Blue Home
- We can convert the 10 double rooms into 10 single ensuite bedrooms
- Due to the high number of concessional residents we can refurbish the home to qualify for the significant refurbishment subsidy of \$18.62 / day for each concessional resident
- The number of beds will decrease by 10 to 80 but they will all be single ensuites



CAPITAL CASH FLOW – RUBY HOME

	Orangefield 3 beds	Build 7 new single beds & convert doubles into singles	Brownfields
Construction costs	-\$150,000	10 beds at \$50,000 and 7 beds at \$175,000	-\$1,725,000
RAD	\$550,000	RAD (4 at \$550,000)	\$2,200,000
Net cash flow	\$400,000		\$475,000



CAPITAL CASH FLOW – DIAMOND HOME

	Ruby home			Diamond home	Total Capital Cash Flow
	Orangefield 3 beds	Build 7 new single beds & convert doubles into singles	Brownfields	Minimum threshold amount to be spent to qualify for significant refurb	
Construction costs	-\$150,000	10 beds at \$50,000 and 7 beds at \$175,000	-\$1,725,000		-\$1,875,000
Significant refurb 80 beds * 40% * \$25 each				-\$800,000	-\$800,000
RAD	\$550,000	RAD (4 at \$550,000)	\$2,200,000	\$900,000	\$3,650,000
Net cash flow	\$400,000		\$475,000	\$100,000	\$975,000



REVENUE GENERATED

	Reduced EBITDA	Diamond home – significant refurbishment	Total increased EBITDA
Overall reduction in occupancy by 2 beds	-\$48,000		-\$48,000
Significant refurb subsidy at 48 concessionals * \$18.62 day		\$326,222	\$326,222
EBITDA	-\$48,000	\$326,222	\$278,222



COMBINED CASH FLOW

	Cash Flow					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Costs						
Ruby home – Project Orange	-\$150					-\$150
Ruby home 7 new rooms and conversion of 10 rooms	-\$1,725					-\$1,725
Diamond home – significant refurbishment	-\$800					-\$800
Receipts						
RAD receipts		\$3,650				\$3,650
EBITDA		\$278	\$278	\$278	\$278	\$1,112
Annual Cash Flow	-\$2,675	\$3,928	\$278	\$278	\$278	\$2,087
Accumulative Cash Flow	-\$2,675	\$1,253	\$1,531	\$1,809	\$2,087	



Note amounts in '000's

Estia Health

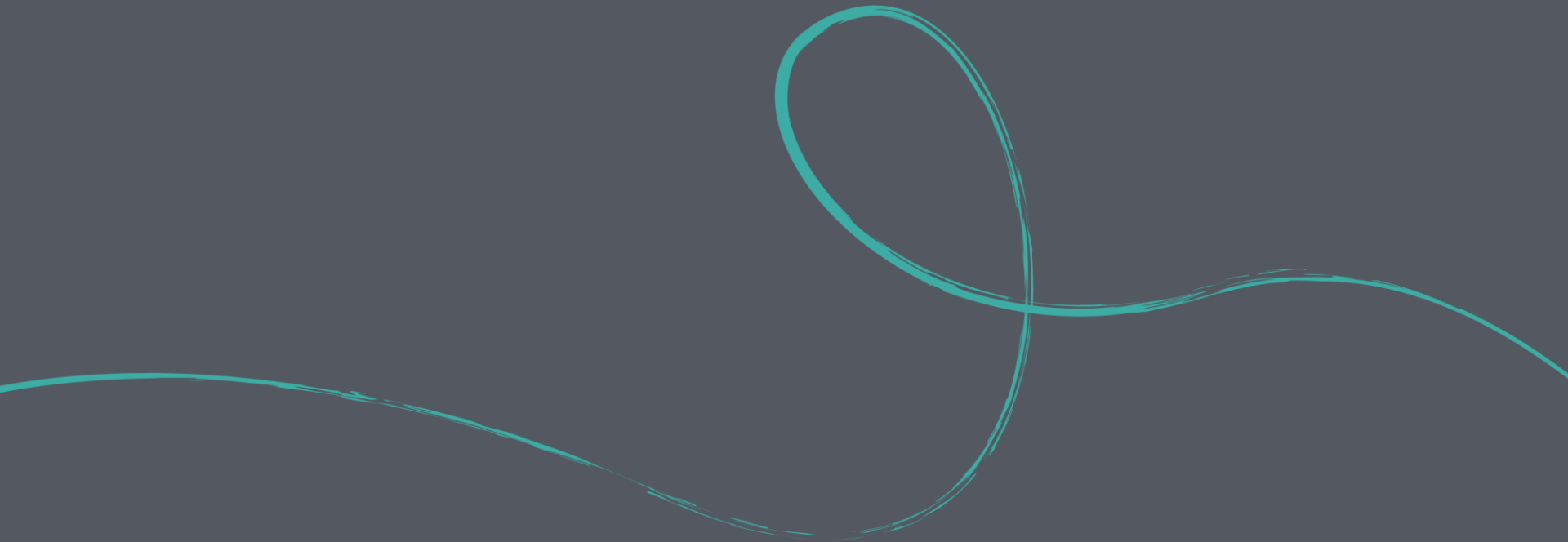
TRANSFORMED PERFORMANCE AND EFFICIENCY IMPROVEMENTS

1. The percentage of single bedrooms with ensuites will increase from 86% to 100% and as a result both homes will be more marketable and future proofed
2. There will be an increased annual EBITDA of \$278,222
3. There will be a positive accumulative cash flow of \$2.078 million over a 5 year period



Growth through acquisition

Steven Boggiano
Strategy Director



DISCIPLINED ACQUISITION APPROACH

Estia is continually assessing potential growth opportunities and adopts a highly disciplined and rigorous approach to due diligence, value and overall bid strategy

Selection Criteria	Commentary
Geographic Location	<ul style="list-style-type: none">• Ability to fit into an existing network or create a new network (if small group)• Analysis of locations incl. demographics, competitive pricing and supply of places
Room Configuration	<ul style="list-style-type: none">• Single rooms are the primary driver of consumer preference• High proportion of single rooms (with ensuites) preferred or ability to reconfigure shared rooms
Quality of the Home	<ul style="list-style-type: none">• Size, structure and overall quality of the home• Low levels of additional capital expenditure required
Financial Improvement	<ul style="list-style-type: none">• Ability to improve financial performance through increasing occupancy and ACFI whilst reducing staff costs / agency costs and corporate overheads• Focus to reassess the resident care needs to match funding with care
Development Opportunities	<ul style="list-style-type: none">• Excess land allows for opportunities for brownfield development• Opportunities to invest in home to increase RADs and access “significant refurbishment” accommodation supplement



CASE STUDY: ACQUISITION OF MT COOLUM



Facility	Mt. Coolum Aged Care
Location	Mt. Coolum
Acquisition date	1 June 2015
Net purchase price	\$18.5m
No. operating places	120
No. of single rooms	108
Rationale for acquisition	<ul style="list-style-type: none"> Strengthened network presence on the Sunshine Coast High proportion of single rooms Strong financial performance

Acquisition improvements:

	Pre-acquisition	Post- acquisition (FY16F)
ACFI per occupied bed day	\$164	\$178
Occupancy %	96%	96%

EBITDA uplift achieved	>15%
Net RAD inflow:	>10%
ROCE % ¹	>25%



¹ ROCE % = (FY16F EBITDA - Maintenance Capex) / (Net capital employed – one off RAD uplift)

CASE STUDY: ACQUISITION OF PADMAN GROUP



Portfolio	Padman Health Care
Location	Metro Adelaide x 9, Regional Sth Aus x 3, Sunshine Coast x1
Acquisition date	1 August 2014
Net purchase price	\$167.8m
No. operating places	1,073
No. of single rooms	1,025
Rationale for acquisition	<ul style="list-style-type: none"> Established South Australia and South East QLD presence High quality assets with high % single rooms Strong financial performance

Acquisition improvements:

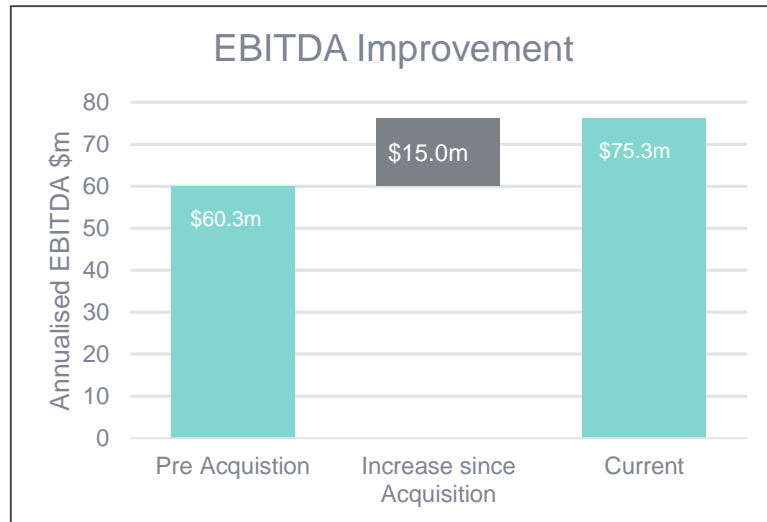
	Pre-acquisition	Post-acquisition (FY16F)
ACFI per operating bed day	\$141	\$184
Occupancy %	88.3%	95.9%

EBITDA uplift achieved	>20%
Net RAD inflow:	>70%
ROCE % ¹	>25%

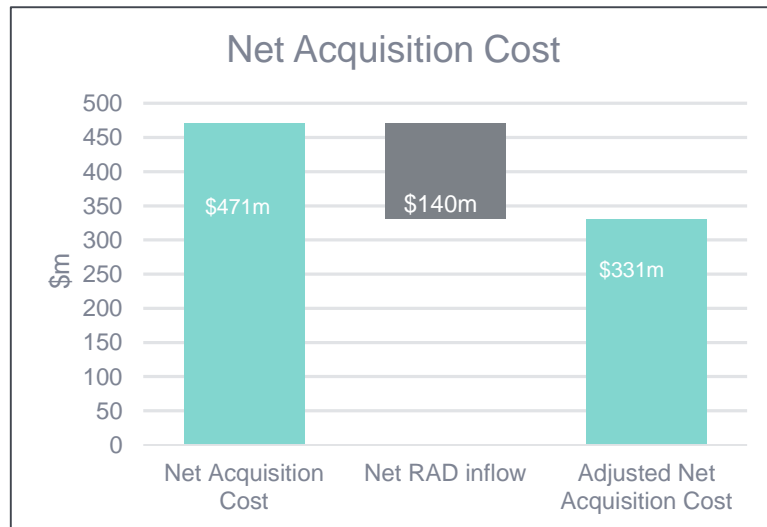


¹ ROCE % = (FY16F EBITDA - Maintenance Capex) / (Net capital employed – one off RAD uplift)

FY15 ACQUISITIONS



- Acquired 34 facilities representing c.2,900 beds (includes 3 portfolios)
- ACFI per bed day increase from \$141 to \$181
- Occupancy increases from 87% to 94%



- Net Acquisition Cost of \$471m
- Net RAD inflow of \$140m
- Adjusted Net Acquisition Cost of \$331m
- ROCE of >20%



¹ ROCE % = (FY16F EBITDA - Maintenance Capex) / (Net capital employed – one off RAD uplift)

FY16 YTD ACQUISITION UPDATE

Commentary

FY16 YTD update

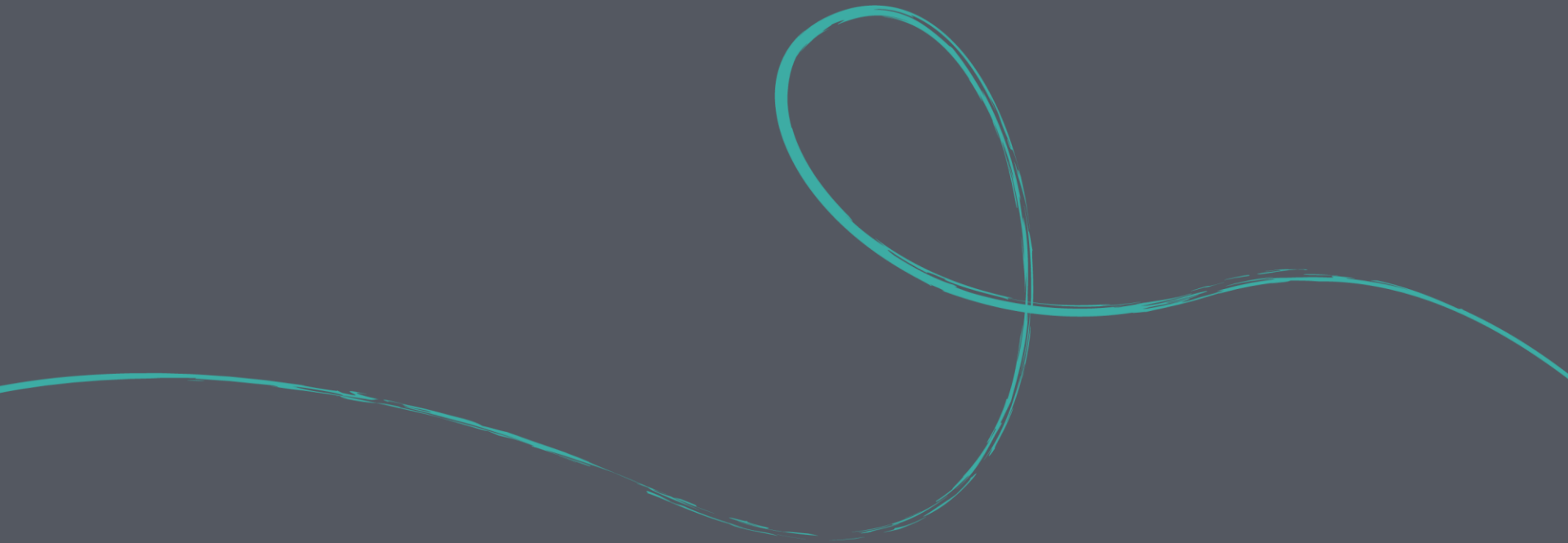
- Sector remains highly fragmented with corporate activity set to continue
- Acquired 21 facilities and 1,920 places during FY16
- Average Net EV / FY16 EBITDA transactions multiple of approximately 9.0x
- FY16 YTD acquisitions expected to generate ROCE of >20%
- Integration of acquisitions remains on track

Kennedy Health Care Group

- Establishes Estia as one of the leading RAC providers in South & West Sydney
- Immediately earnings accretive in FY16
 - Expected to generate corporate head office savings in FY17 of \$2.25m
- Attractive opportunity to improve Kennedy's EBITDA performance
 - ACFI to increase from \$163 pobd to Estia Mature ACFI of \$184 pobd
- Strengthens Estia's development capabilities and strategically shifts focus from an acquisition-led strategy to development-led
 - Brownfield and Greenfield development opportunities
 - Additional surplus land totalling in excess of 180,000sqm
- Opportunity to generate RAD uplift
 - Existing RAD penetration of c.22% versus Estia Group average of c.59%
 - Average current RAD's of approx. \$170k / place with average median house price of approx. \$730k



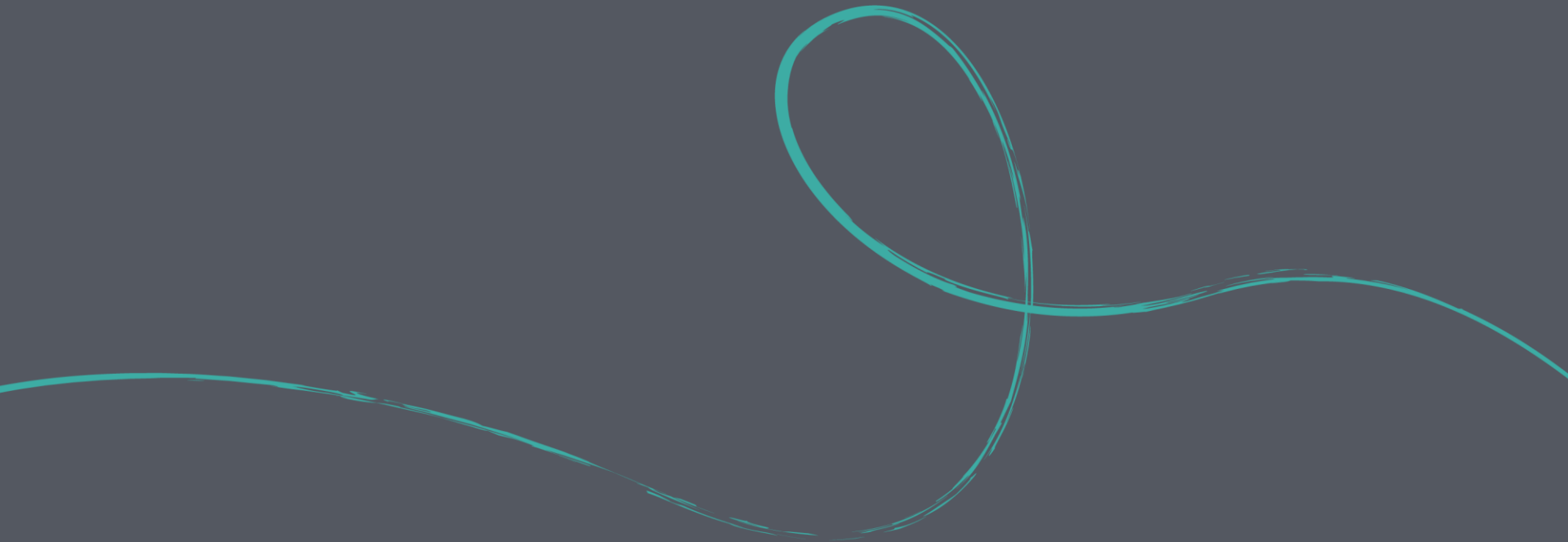
Living 'Inside Estia'



Growing Ourselves and our Business

Kate Sellick

People and Communications Director



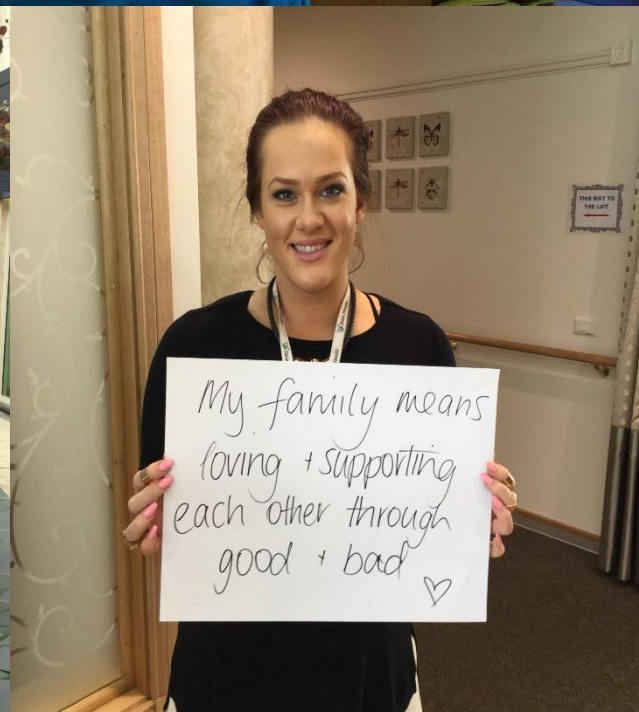


**The difference
culture makes**





One family where everyone belongs



INSIDE ESTIA'S FAMILY

47 years of heritage

Estia is rich in heritage, with strong reputations as successful operators in their local communities.

A specialist in residential healthcare services

For families who want a local, supportive and trusted environment, we provide access to **quality local residential healthcare** where everyone belongs.

An extraordinary sense of purpose

A vision and purpose of **one family where everyone belongs**.

Empowered networks that deliver scale and benefits to grow

A powerful and **flexible organisational structure through networks** that delivers cost efficiencies, scale and empowers teams to drive performance with discipline and autonomy.

Strategic partnerships to enhance Estia's value proposition

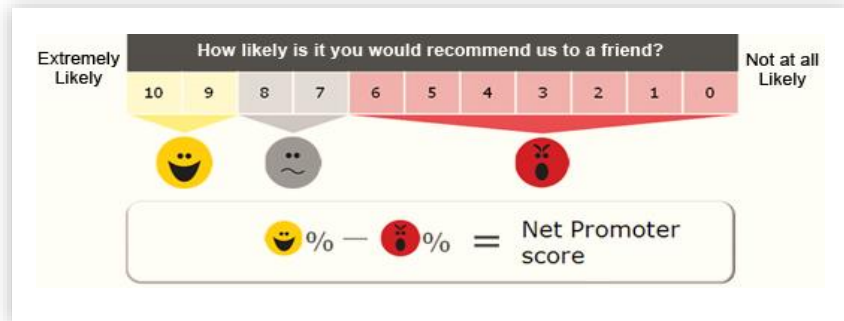
New and developing **partnerships that deliver value across all of Estia's stakeholder groups**, residents, families, friends and investors. National Seniors, Living Choice, UTS and Citadel Magnus.



FAMOUS FOR BEING THE FAMILY YOU CHOOSE

So what do our employees and families tell their friends about us?

- Make customers our advocates
- Grow by advocacy
- Focus our employees upon creating happiness for our residents and stimulating growth




Your voice matters

We're launching a monthly SMS survey to measure how our employees feel about Estia Health – our care, product and services.

Every voice counts, every time.

Simply reply with your score and help us make Estia Health a better place for everyone.

Please read the FAQs for more information.



The smartphone screen shows an SMS message from 'Voice Project' with the text: 'Voice Project Results analysed by Voice Project. From 0 (lowest) to 10 (highest) how likely is it that you would recommend Estia Health to your friends & family?' and a 'Reply' button.



THE ONE NUMBER WE NEED TO GROW



Net Advocacy Score

- Happy Days and Creating Happiness



Estia Health

DEVELOPING AND MOBILISING TALENT TO GROW

Organisations are the most powerful forces on the planet and we aim to achieve the mutual flourishing of our organisation and our people.



Network Ambassador Program

“Through this exciting learning curve, I have cared for lovely residents and engaged with new teams, gaining an ability to see things from a wider viewpoint”

Lorraine Dzeka, Registered Nurse and Network Ambassador



Graduate Nurse Internship Program

“I am really grateful for the opportunity and I feel very inspired through the information it gave me. I have been able to reflect on my practice and the way I can bring change to my home even in small ways.”

Graduate Nurse Intern



DEVELOPING AND MOBILISING TALENT

Research Study Scholarship

- Fully funded honours research scholarship for Registered Nurses
- Improving the health and wellbeing of our leadership and workforce
- In partnership with Prof. Christine Duffield and Prof. Lin Perry at the University of Sydney (UTS)

“This is an exciting opportunity for a highly motivated Registered Nurse to contribute to our organisation’s development, as well as build their knowledge and skills as they grow their career.”

Kate Sellick,
People & Communications Director



Prof. Christine Duffield

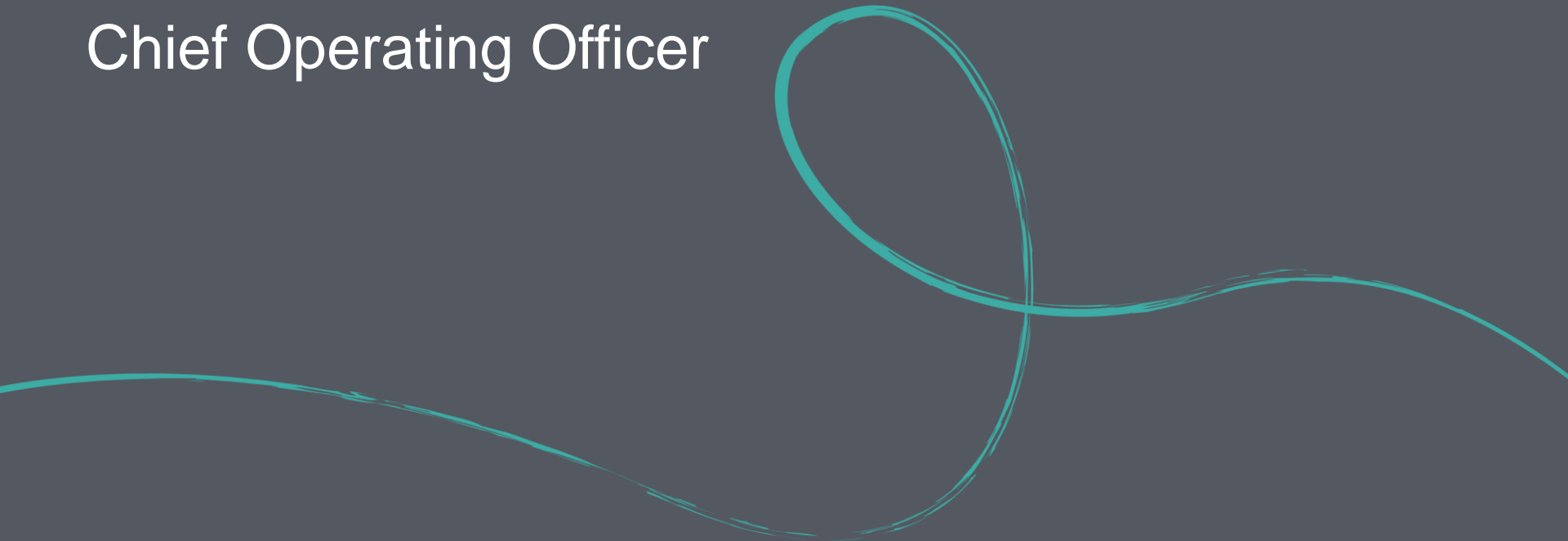


Prof. Lin Perry



Empowered and Interconnected Networks Driving Performance

Maria Hammond
Chief Operating Officer



OUR HOMES



CREATION OF NETWORKS



CREATION OF NETWORKS



IT'S ALL IN A NAME!



Sunshine Link



Blue Groppers



Humpbacks



Rural Gold



Innovators



Pioneers



Montu



LinCnet



Trailblazers



Horizon Hues



????



CARE SCORECARD



C

Continuous Improvement

- Everyday Quality
- Evidencing Quality
- Improving Quality



A

Accounting

- Growth Rate
- Cash for Growth
- Shareholder Value
- Efficiency of Operations



R

Residents/ Relatives

- Demand for Services
- Happy Residents
- Happy Families



E

Employees

- Happy Employees
- Engaged Employees
- Well Workplace
- Safe Workplace



OUR MODERN FAMILY



C

A



R

E

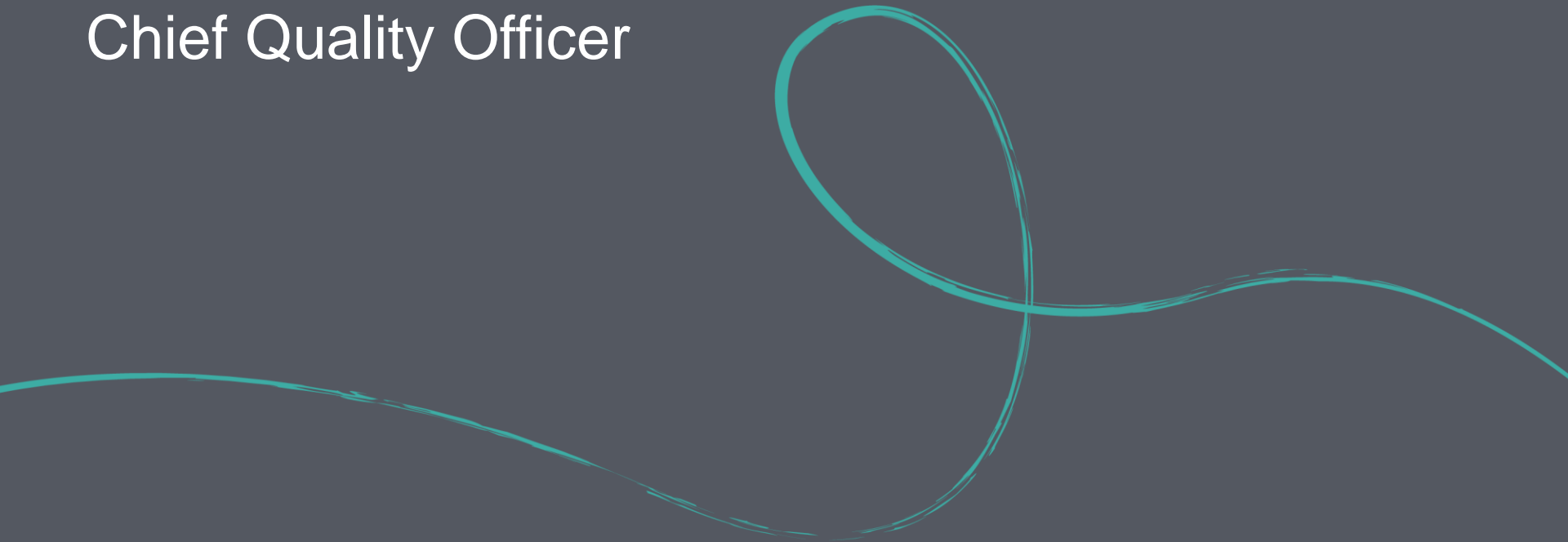


NETWORK GOLD



FUTURE PROOFING QUALITY

Adj Prof Mark Brandon OAM
Chief Quality Officer



CARING FOR OUR RESIDENTS - ONEFAMILY CODE

Our promise to each other and to our residents and their families

Our Family Code

Always Approachable

We make time to listen because we care.

My Daily Best

We do our best to make a difference, every day.

Creating Happiness

We make magical moments happen, in small and special ways.

See Something, Say Something

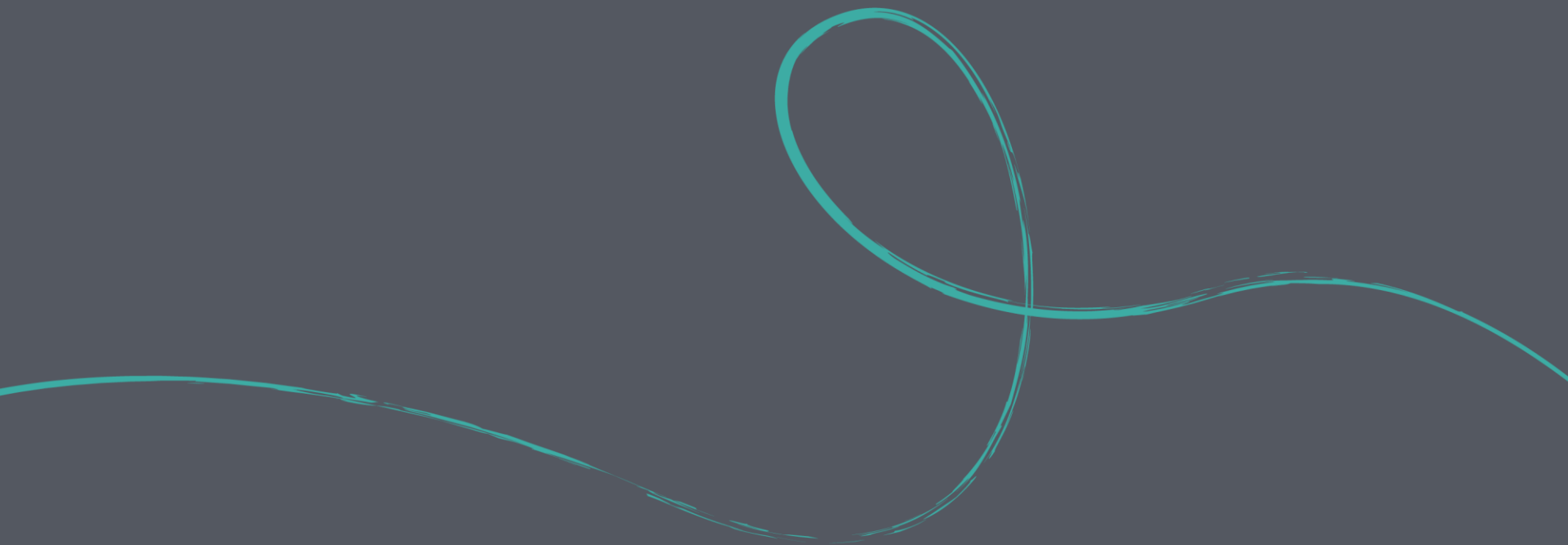
We pay attention, and are quick to act.

Pushing Our Limits

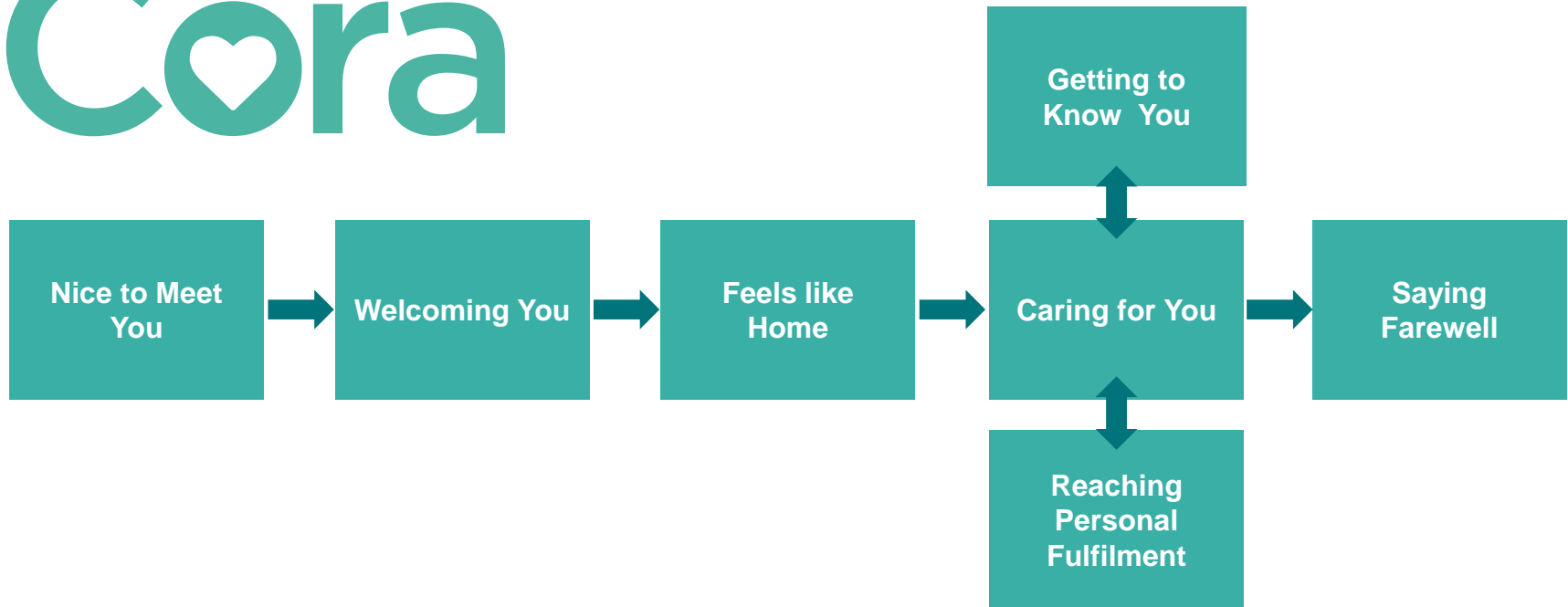
We challenge ourselves and inspire others.



FUTURE PROOFING QUALITY



Cora



Protecting You

Strengthening & Supporting our Business



WELCOMING YOU - EXCERPTS

“Each person is warmly and respectfully taken through the necessary administration and introductions while being supported to settle into their new home. We must always be approachable.”

“Recognise and acknowledge that the person and their family is making an enormous life change.”

“Create opportunities and make time to listen and discuss any concerns or fears. The new resident’s family should also be included in this early period. As well as being made to feel welcome, they should also feel confident they are dealing with experienced health and care professionals.”

“Sometimes people entering their new home for the first time will be apprehensive; many are already missing their old home and familiar surroundings and family. Your approach to welcoming them and the introduction to the home sets the tone for the future. Welcoming their family too, demonstrates we understand the importance of established ties.”

“Every staff members role and actions is crucial at this time. It’s your opportunity to make a huge positive impact by a warm, genuine welcome and a settling in process at a pace dictated by the new resident.”



CORA - DEVELOPMENT APPROACH

Strength through networks

Platform

- Contract with ITD to develop platform
- Access through OneFamily intranet
- Accessible from a range of devices
- Hosted by Estia

Content

- Established journey framework
- Identified best of breed
- Compared customer service approach and modified

Cost

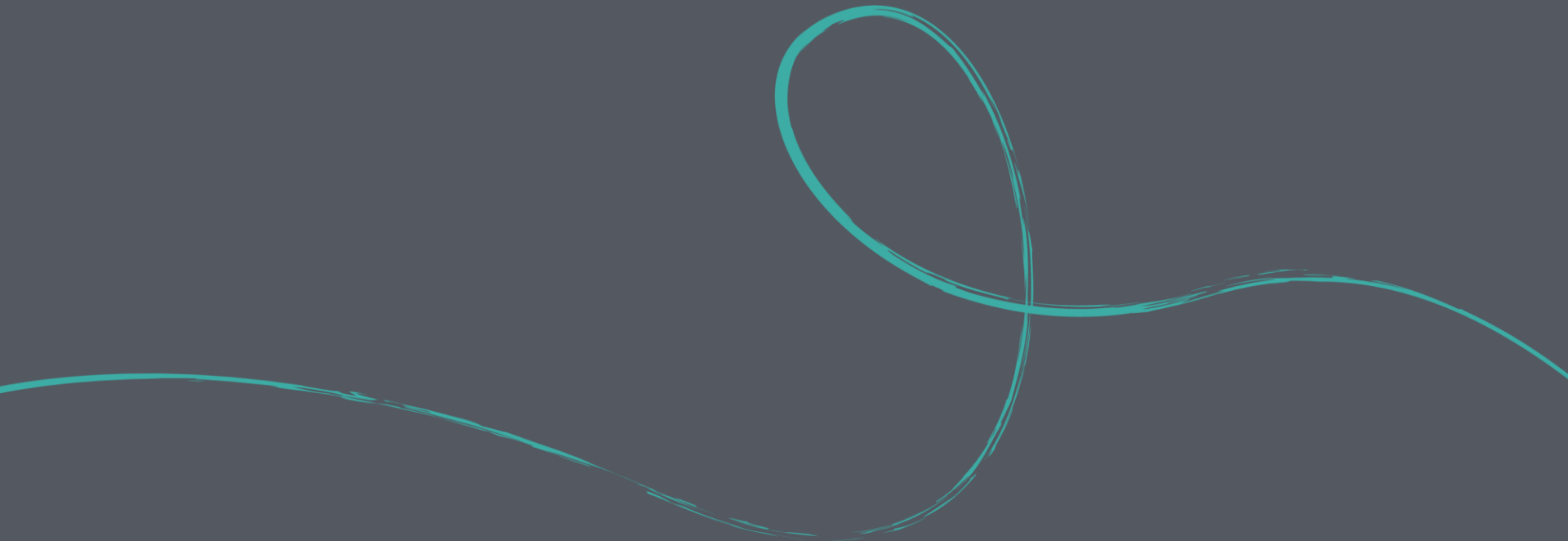
- Market products – set up cost by site and recurrent cost per bed
- CORA – capitalised, no additional costs as we increase bed numbers



FY16 Guidance

Joe Genova

Chief Financial Officer



FY16 GUIDANCE

Available Beds

1H FY15 **565,505**

2H FY15 **661,078**

1H FY16 **793,219**

2H FY16 **> 1,000,000**

EBITDA

FY15 **\$69.7m¹**

FY16 **>\$95.0m²**

NPAT

FY15 **\$44.6m¹**

FY16 **>\$56.0m²**

EPS

FY15 **24.5c¹**

FY16 **>30.0c²**

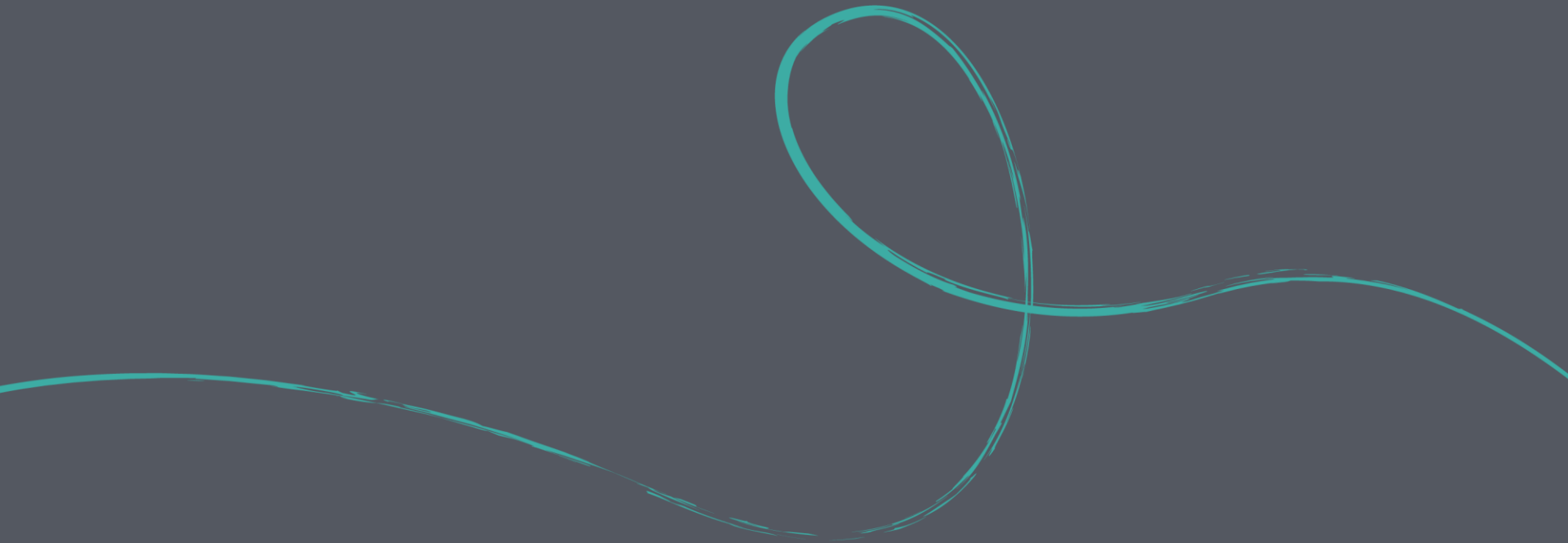


1. Pro forma, EBITDA, NPAT and EPS as reported 18 August 2015.

2. Underlying EBITDA, NPAT and EPS excludes acquisition related transaction costs and stamp duty.

Network Q&A

Kylie Davey, Michelle Kotiau & Hayley Marston
Executive Directors, Innovators Network



Thank you

