



Regis Yeronga, Queensland



**OUR
PURPOSE**
Personalised
and respectful care
that embraces the
experience of
ageing

Macquarie Australia Conference

8 May 2024

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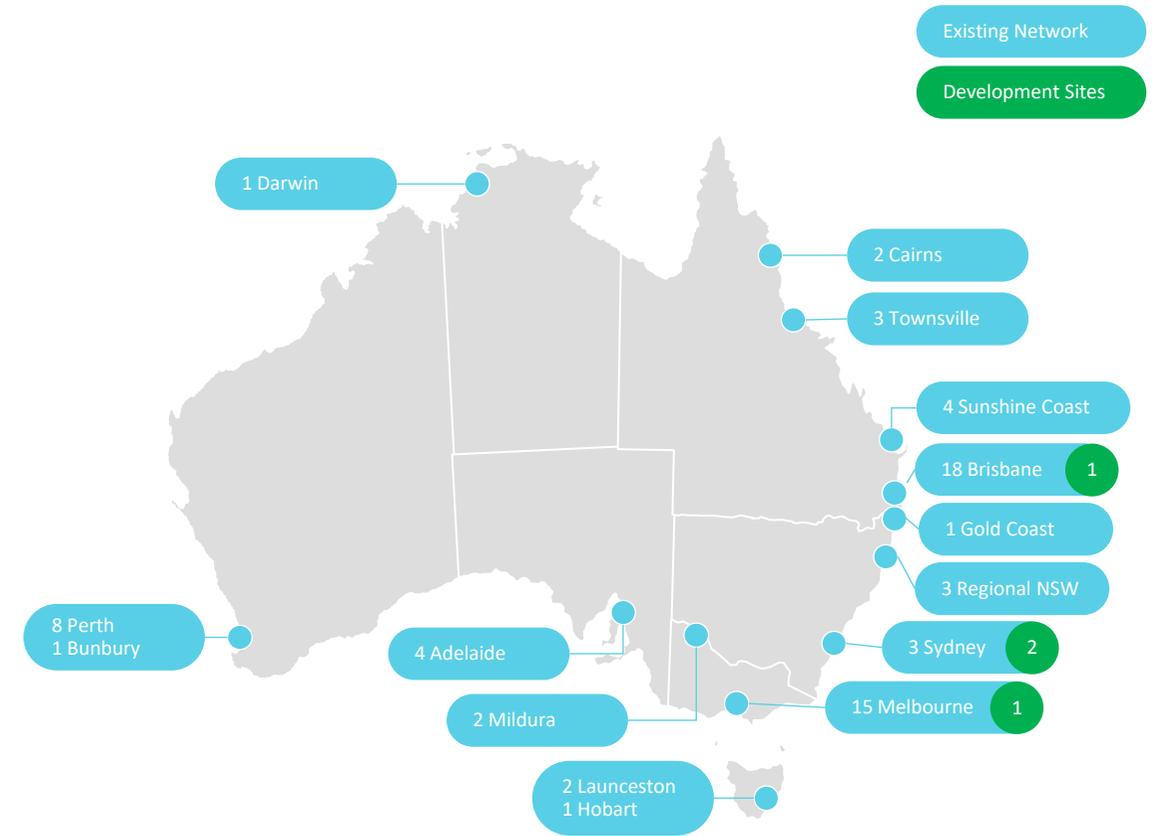
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This presentation uses Non-IFRS financial information including capital expenditure, reported EBITDA, underlying EBITDA, NPATA, operating cash flow and net debt. These terms are Non-IFRS measures used by the Group, the investment community and Regis Healthcare's Australian peers with similar business portfolios. Regis Healthcare uses these measures for its internal management reporting as it better reflects what Regis Healthcare considers to be the underlying financial performance of the Group.

Regis is a Leading Residential Aged Care Provider

-  **30+** years in the aged care industry
-  A leading residential aged care provider with **~3.5%** market share¹
-  **7,600** available operational places
-  **68** aged care homes (100% freehold) with significant real estate value
-  **93%** single rooms as a percentage of total rooms
-  **~10,000** employees
-  H1 FY24 underlying EBITDA **\$52.1 million**, up 15.5%

One of the largest and most geographically diverse aged care portfolios



¹Based on Australian Institute of Health and Welfare Aged Care Service List 30 June 2023

Key Drivers of Business Value

Regis is committed to being a leader in the aged care sector by investing in its homes, pipeline, systems and importantly its people

Attractive long-term industry thematic

- ▶ Ageing population with acute and sub-acute healthcare needs
- ▶ Lack of supply of quality new beds entering market in recent years
- ▶ Improved Government support through AN-ACC funding increases and policy settings
- ▶ Improved staff availability following Work Value pay increases
- ▶ Aged Care Taskforce recommendations for increase in non-care funding

Experienced and committed workforce

- ▶ Dedicated and resilient front-line workforce
- ▶ Focus on regulatory compliance and quality of care
- ▶ Investment in talent acquisition, health & safety, learning & development
- ▶ Demonstrated track record acquiring and integrating businesses

National portfolio of quality homes

- ▶ 68 freehold properties providing security and flexibility
- ▶ Homes predominantly situated in attractive, higher socioeconomic locations
- ▶ Investment in refurbishment and growth capex to “future proof” portfolio
- ▶ Single rooms comprise 93% of available rooms

Strategic investment in systems, processes and governance

- ▶ High quality care and support for our residents and clients at the centre of everything we do
- ▶ Investment in scalable hardware and software across business, clinical care, finance, risk and people systems

Robust financial profile

- ▶ Profitability improving following funding changes and occupancy uplift
- ▶ Strong net cash RAD inflow
- ▶ Conservative balance sheet
- ▶ Significant undrawn debt facilities available
- ▶ Divested non-income producing assets

Growth options

- ▶ Earnings and cashflow upside through occupancy uplift, optimising costs and RAD generation
- ▶ Pursue strategic acquisitions to broaden residential aged care footprint
- ▶ Current Greenfields to add 400+ additional operational places across four pipeline sites

Industry Reform and Sector Changes

New Aged Care Act

- ▶ Royal Commission into Aged Care Quality and Safety found current Aged Care Act no longer fit for purpose
- ▶ Incomplete exposure draft new Aged Care Act released December 2023
- ▶ Draft changes include criminal and civil penalties imposed on registered providers, responsible persons and operators for failures to meet requirements under the Act

Funding and IHACPA

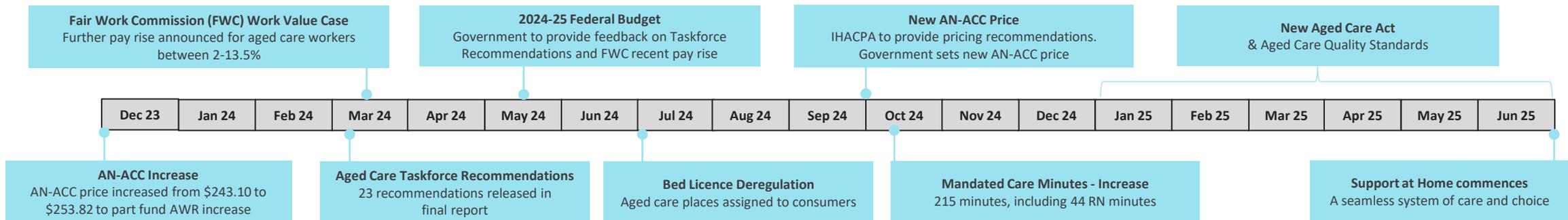
- ▶ 1 December 2023: AN-ACC industry starting price increased from \$243.10 to \$253.82 prpd to partly address Annual Wage Review (AWR) shortfall
- ▶ August 2024: IHACPA provide pricing recommendations to Government
- ▶ 1 October 2024: New AN-ACC price

Strengthened Aged Care Quality Standards

- ▶ New Aged Care Quality Standards
 - Will inform legislative drafting into new Aged Care Act
- ▶ 7 Standards: Person, Organisation, Care & Services, Environment, Clinical Care, Food & Nutrition and Residential Community

Work Value Case

- ▶ Interim decision awarded eligible care-giving aged care workers 15% pay increase from 1 July 2023
- ▶ Final stage 3 decision in March 2024 awarded eligible care and support workers an additional pay increase of between 2 and 13.5%
- ▶ Government informed Fair Work commitment to fund pay increases, requests phased-in over two halves on 1 Jan 2025 and 1 Jan 2026



Potential Funding Reforms - Select Aged Care Taskforce Recommendations

Taskforce recommendations could provide \$2.65 billion p.a. of additional funding to residential aged care sector after phasing-in period¹

Recommendation 9: Government to fund care

- ▶ Focus Government funding in residential aged care on care related costs
- ▶ Significant role for resident co-contributions in non-care aspects (everyday living and accommodation)

Recommendation 10: Increase funding for everyday living

- ▶ Daily living funding needs to cover full cost of services
- ▶ Comprise Basic Daily Fee (BDF) and a supplement
- ▶ Supplement to be paid by residents with means, or by the Government

Recommendation 12: Phasing out RADs

- ▶ Independent review in 2030
- ▶ Transition sector by 2035 to no longer accept RADs
- ▶ Move to rental-only model
- ▶ Provided review determines financial sustainability, diversified/adequate capital for the sector and care remains affordable for consumers

Recommendation 13: RAD retention

- ▶ Providers retain a portion of RAD in near term to improve sector sustainability
- ▶ Based on length of stay, with a cap on tenure to protect longer stay residents

Recommendation 14: Review accommodation supplement

- ▶ Review maximum accommodation supplement
- ▶ Improve incentives for providers to meet the accommodation design principles

Recommendation 15: Improve accommodation funding

- ▶ Develop a package of measures to improve accommodation funding
- ▶ New relationship between DAP and RAD
- ▶ Indexation of DAPs
- ▶ Increase to maximum room price

¹Stewart Brown Financial Impact of Report Recommendations

H1 FY24 Recap

Financial Overview

- ▶ Revenue from services of \$480.1 million, up 26.2% on pcp
- ▶ Underlying EBITDA¹ of \$52.1 million, up 15.5% on pcp
- ▶ NPATA² of \$16.3 million, up 526.9% on pcp
- ▶ Net operating cash flow of \$151.9 million, up 145.0% on pcp, including \$42.9 million of net RAD cash inflow (H1 FY23: \$8.7 million)
- ▶ Net cash of \$16.9 million (H1 FY23 net debt: \$67.6 million)

Operational Highlights

- ▶ Average occupancy of 93.6% (H1 FY23: 91.1%, H2 FY23: 92.0%) up significantly on pcp
- ▶ Acquired CPSM Pty Ltd (CPSM), a premium residential aged care business in South-East Queensland with 5 homes and 644 beds
- ▶ Average care minutes increased from 178.8 minutes (Q4 FY23) to 210.3 minutes (Q2 FY24)⁴

Revenue from Services	Average Occupancy
\$480.1 million ▲	93.6% ▲
Underlying EBITDA ¹	Average Overall Star Rating ³
\$52.1 million ▲	3.32 ▲
NPATA ²	Care Minutes ⁴
\$16.3 million ▲	210.3 ▲
Net Operating Cash Flow	Net Cash
\$151.9 million ▲	\$16.9 million ▲
Net RAD Receipts	Interim Dividend
\$42.9 million ▲	6.28 cents ▲

¹Underlying EBITDA refers to earnings before interest, tax, depreciation and amortisation, excluding imputed interest on RADs and Bonds, and one-off items, and including operating lease expense

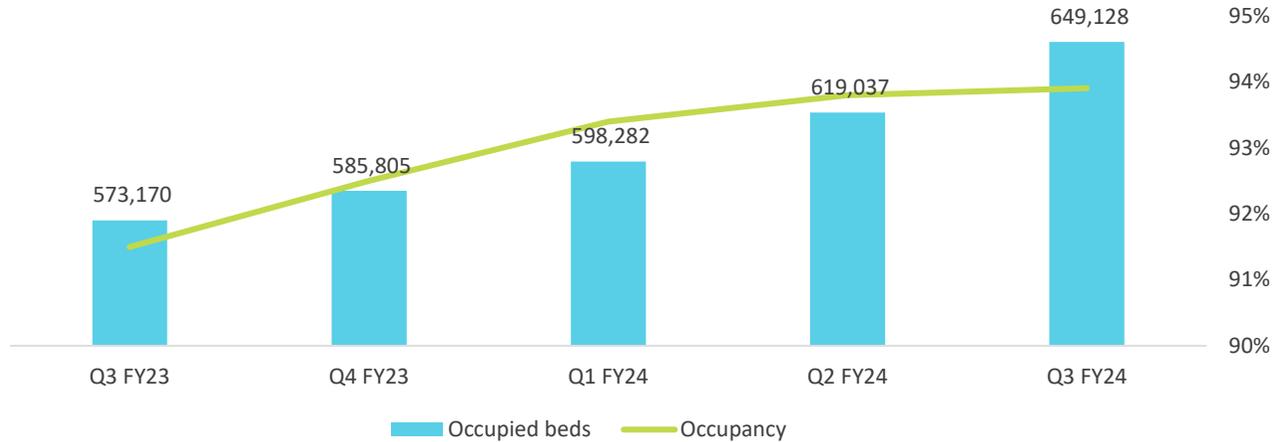
²NPATA refers to net profit after income tax before amortisation of operational places

³Q1 FY24 (1 July 2023 - 30 September 2023)

⁴Q2 FY24 (1 October 2023 - 31 December 2023) as submitted to DHAC - 14 February 2024

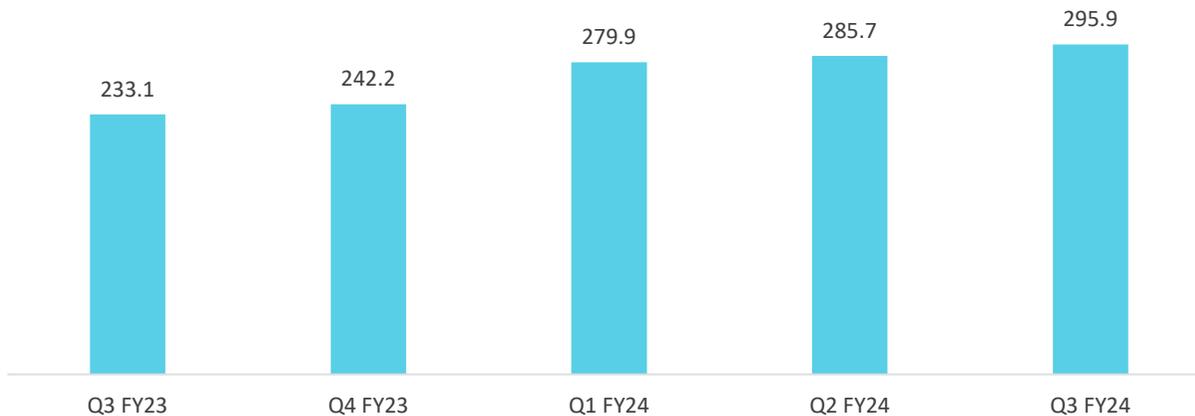
Q3 FY24 Update

Occupancy and occupied bed days



- ▶ Average occupancy for Q3 FY24 was 93.9%
- Increased occupied bed days benefitted from CPSM acquisition completed 1 December 2023
- Spot occupancy at 31 March 2024 was 94.6%

Aged care Government revenue per occupied bed day (\$)



- ▶ Further increased AN-ACC on 1 December 2024
- ▶ Average Government revenue per occupied bed day for Q3 FY24 was \$295.90

FY24 Key Strategic Priorities

Culture of Care - *Delivery of safe, effective and integrated care for residents and clients*

- Continue investment in integrated and person-centred care to residents and clients
- Improve resident services including dining, lifestyle activities and use of technology
- Implement improved clinical governance and consumer engagement frameworks in line with Government reform agenda
- Preparation to meet enhanced Aged Care Quality Standards effective 1 July 2024

Positive People and Practice - *Attracting, developing, empowering and retaining the best talent*

- Improve labour productivity and reduce agency costs while continuing to provide high quality care and maintain regulatory compliance
- Rollout new people management system to improve employee experience, efficiency, accuracy and compliance
- Strengthen continuity of care model to improve resident experience and employee engagement

Ensuring our Future - *Growth and development supported by operational excellence and digital enablers*

- On-going refurbishment of Regis' property portfolio
- Investment in greenfield developments
- Pursue material EPS accretive strategic acquisitions to broaden residential aged care footprint
- Improve business intelligence capability and cyber security posture
- Continue rationalisation of non-income producing assets

Growth Program - Camberwell Greenfield Development

Camberwell, VIC - in development

- ▶ 112 beds
- ▶ 4-level residence
- ▶ Land area ~4,300 sqm
- ▶ ~\$40 million investment estimate (excluding land)
- ▶ Various room types: standard and large single ensuite rooms
- ▶ Development commenced September 2022 and remains on track to open FY25



Artist's impression of Regis Camberwell, VIC



Development progress

Growth Program - Future Greenfield Developments

Belrose, NSW

- ▶ Northern beaches of Sydney with ocean views
- ▶ 99 beds
- ▶ 3-level residence
- ▶ Land area ~21,451 sqm
- ▶ Various room types: standard and deluxe single ensuite rooms
- ▶ Development approval in place
- ▶ To be tendered FY24



Artist's impression of Regis Belrose, NSW

Carlingford, NSW

- ▶ West Sydney designed with large outdoor landscaped areas and communal activity spaces
- ▶ 99 beds
- ▶ 3-level residence
- ▶ Land area ~7,065 sqm
- ▶ Various room types: standard and deluxe single ensuite rooms
- ▶ Development approval in place
- ▶ To be tendered FY24



Artist's impression of Regis Carlingford, NSW

Toowong, QLD

- ▶ Inner-west riverside suburb in Brisbane
- ▶ 123 beds
- ▶ 5-level residence
- ▶ Land area ~5,248 sqm
- ▶ Various room types: standard single ensuite rooms and large suites
- ▶ Development approval in place
- ▶ Tendered FY23



Artist's impression of Regis Toowong, QLD

Catalysts of Long-Term Value



Improved workforce availability

- ▶ Reduced agency spend
- ▶ Increased permanent staffing levels reducing turnover and training costs



Funding

- ▶ IHACPA - new AN-ACC funding model
- ▶ Taskforce Recommendations - improved funding



High occupancy

- ▶ Insufficient new supply to meet demand
- ▶ Demographic shift with ageing population



Greenfields

- ▶ Opening of Regis Camberwell
- ▶ Development of Greenfield sites



Strategic acquisitions

- ▶ Participation in industry consolidation
- ▶ Extraction of synergies