



# FY21 Half-Year Results Presentation

24 February 2021

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# Difficult Operating Environment

- ▶ Current environment continues to be impacted by:
  - Sustained negative sector commentary in media and Royal Commission
  - Prolonged lack of sustainable policy and funding settings
  - Negative jaws/margin compression where indexation is insufficient to meet rising staff costs
  - Regulatory framework not fit for purpose
  - COVID-19
- ▶ Sector profitability has continued to decline over recent years with 64% of aged care homes recording an operating loss for FY20<sup>1</sup>
- ▶ Capital developments deferred broadly across sector due to uncertainty of investment returns despite urgency to create more system capacity



<sup>1</sup>StewartBrown June 2020 Aged Care Financial Performance Survey

# COVID-19 Update

*Regis was impacted by the community transmission second wave in Melbourne*

Victorian Homes	Confirmed COVID-19 Cases	Deaths with COVID-19	Current Status <sup>1</sup> (23 February 2021)
Regis - Brighton	24 Residents 35 Staff 8 Agency 2 Visitors	11 Residents	Outbreak closed - Sept 2020
Regis - Fawkner	4 Residents 1 Staff	1 Resident	Outbreak closed - Sept 2020
Regis - Cranbourne	2 Staff	-	Outbreak closed - Sept 2020
Regis - Macleod	2 Staff	-	Outbreak closed - Aug 2020
Regis - East Malvern	1 Staff	-	Outbreak closed - Aug 2020
Regis - Ringwood	1 Staff	-	Outbreak closed - Sept 2020
Regis - Shenley Manor	-	-	Outbreak closed - Aug 2020



## Specific COVID-19 related activities included:

- ▶ Continued vigilance with infection prevention and control (IPC) measures
- ▶ Nominated an IPC lead for each Home, with these resources in addition to the National Manager Infection Control
- ▶ Reviewed outbreak responses and ensured improvements embedded
- ▶ Provided insights into reviews of multi-system COVID-19 responses (Commonwealth and Victoria)
- ▶ Provided support to less resourced aged care providers, including:
  - COVID-19 learnings and support
  - Policies, procedures and templates

## COVID-19 update:

- ▶ Received COVID-19 Government funding of \$7.7 million<sup>2</sup>
- ▶ Incurred COVID-19 costs of \$9.7 million (refer page 8 for details)
- ▶ Key challenges included:
  - Availability of workforce including surge capacity
  - Timeliness of testing, notification and contact tracing processes
  - Residential aged care homes not set-up, staffed or funded as acute hospitals
  - Infection control in environment of substantial community transmission

<sup>1</sup>Outbreak categories: (1) Active; steps down to (2) Enhanced Surveillance; steps down to (3) Closed (typically 28 days after the last confirmed positive case)

<sup>2</sup>Includes one-off Government funding of \$6.8 million (H1 FY20: \$Nil) and temporary uplift in Aged Care Funding Instrument (ACFI) of \$0.9 million (H1 FY20: \$Nil)





## Financial Performance

Regis East Malvern, Victoria



# H1 FY21 Financial Overview

- ▶ Revenue from services of \$353.1 million, up 6.3% on pcip
  - ▶ Includes \$7.7 million of COVID-19 Government funding
- ▶ EBITDA (adjusted)<sup>1</sup> of \$42.6 million, down 1.2% on pcip
  - ▶ Average occupancy of 88.3% (H1 FY20: 87.9%)
  - ▶ Includes \$0.5 million contribution from 1 March 2020 acquisition of business and assets of LBHA<sup>2</sup>
  - ▶ Includes net one-off items of \$0.1 million<sup>3</sup>
- ▶ NPAT of \$11.0 million, down 8.9% on pcip
- ▶ Net operating cash flow of \$49.0 million<sup>4</sup> including net RAD receipts of \$4.7 million
- ▶ Net debt of \$183.1 million<sup>4</sup>, a reduction of \$98.4 million on pcip
  - ▶ \$515 million syndicated debt refinancing completed in February 2021
    - \$150 million extended to February 2023
    - \$365 million extended to February 2024
- ▶ Capital development paused pending outcome of Royal Commission and Government response in relation to future funding
- ▶ Board of Directors declared an interim dividend of 2 cents per ordinary share (50% franked) payable 8 April 2021

Revenue from Services	Net Operating Cash Flow <sup>4</sup>
<b>\$353.1</b> million ↑	<b>\$49.0</b> million ↓
Average Occupancy	Net RAD Cash Inflow
<b>88.3%</b> ↑	<b>\$4.7</b> million ↓
COVID-19 Costs <sup>5</sup>	Net Debt <sup>4</sup>
<b>\$9.7</b> million ↑	<b>\$183.1</b> million ↓
EBITDA (adjusted) <sup>1</sup>	Capital Expenditure
<b>\$42.6</b> million ↓	<b>\$7.6</b> million ↓
NPAT	Interim Dividend
<b>\$11.0</b> million ↓	<b>2</b> cents per share ↓

<sup>1</sup>Refer page 28 for definition of EBITDA (adjusted)

<sup>2</sup>Lower Burdekin Home for the Aged Society (LBHA)

<sup>3</sup>Refer page 8 for details of one-off items

<sup>4</sup>Excludes Government funding received in advance for January 2021 of \$39.6 million (H1 FY20: \$37.0 million)

<sup>5</sup>Excludes \$7.7 million of COVID-19 Government funding



# Financial Summary

\$ millions	H1 FY21	H1 FY20	Δ H1 FY20 to H1 FY21
Revenue from Services	353.1	332.2	6.3%
EBITDA (adjusted) <sup>1</sup>	42.6	43.1	(1.2%)
NPAT	11.0	12.1	(8.9%)
Average occupancy %	88.3%	87.9%	0.4pts
Staff expenses / revenue %	72.3%	71.9%	(0.4pts)
Capital expenditure	7.6	30.6	(75.2%)
Net RAD cash inflow	4.7	46.6	(89.9%)
Net operating cash flow <sup>2</sup>	49.0	74.0	(33.8%)
Net debt <sup>2</sup>	183.1	281.5	35.0%
Basic EPS (cents per share)	3.66	4.02	(9.0%)

► H1 FY21 Revenue of \$353.1 million included:

- \$6.8 million (H1 FY20: \$Nil) of one-off COVID-19 Government funding
- \$0.9 million temporary uplift in the Aged Care Funding Instrument (ACFI) (H1 FY20: \$Nil)
- \$7.9 million from LBHA acquisition (H1 FY20: \$Nil)
- Impact of 1.6% COPE indexation

► Increase in staff expenses included:

- \$6.2 million in relation to LBHA acquisition (H1 FY20: \$Nil)
- Impact of EBAs only partly offset by 1 July 2020 COPE indexation

► COVID-19 costs of \$9.7 million included staff expenses, PPE and other related costs (refer page 8 for summary of one-off items)

► Capital expenditure of \$7.6 million (H1 FY20: \$30.6 million) reflects the Board's decision to pause a number of planned development initiatives

► Net debt at 31 December 2020 of \$183.1 million<sup>2</sup> - 35.0% reduction on pcip

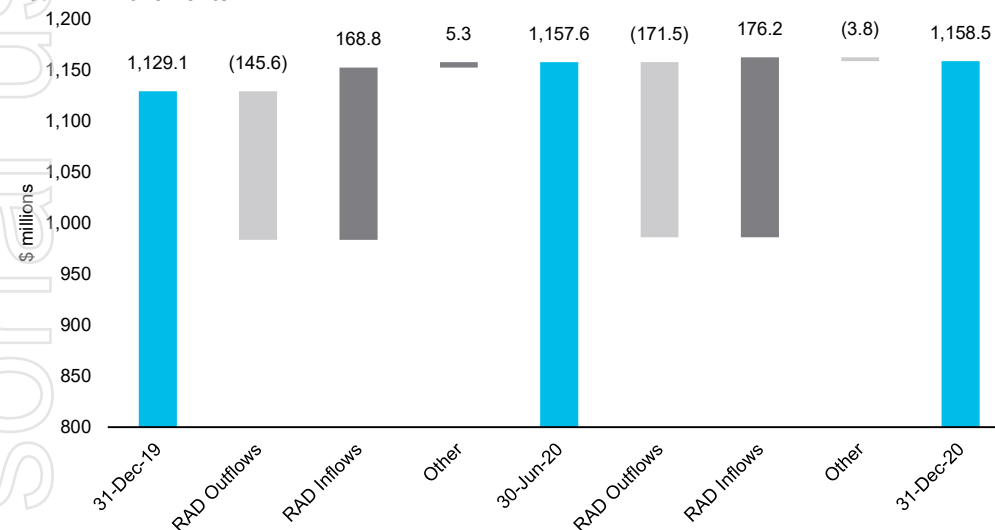
<sup>1</sup>Refer page 28 for definition of EBITDA (adjusted)

<sup>2</sup>Excludes Government funding received in advance for January 2021 of \$39.6 million (H1 FY20: \$37.0 million)

# Key Operational Statistics

Operational Statistics	H1 FY21	H1 FY20	Δ H1 FY20 to H1 FY21
Average available operational places (#)	7,170	7,051	1.7%
Total occupied bed days	1,164,842	1,140,120	2.2%
Average occupancy (%)	88.3	87.9	0.4pts
Aged care revenue per occupied bed day (\$)	289.2	283.0	2.2%
Aged care Government revenue per occupied bed day <sup>1</sup> (\$)	206.1	196.6	4.8%
Aged care resident revenue per occupied bed day (\$)	83.1	86.4	(3.8%)
Aged care staff expenses per occupied bed day <sup>2</sup> (\$)	198.0	193.4	2.4%
RADs held (#)	2,721	2,724	(0.1%)
RADs held (\$m)	1,158.5	1,129.1	2.6%
Average RAD held (\$000's)	425.7	414.3	2.8%
Average incoming RAD (\$000's)	459.0	466.0	(1.5%)

## Net RAD Movements



- Movement in average available operational places mainly attributable to 1 March 2020 acquisition of LBHA and closure of Melbourne-based home
- Occupancy rates increased to an average of 88.3% (H1 FY20: 87.9%) due to contribution from WA ramp-ups together with improvement in mature homes (excl. Victoria which was impacted by COVID-19). Spot occupancy at 23 February 2021 (90.4%) significantly improved from COVID-19 low of 87.1% in September 2020
- Increase in RADs held includes net RAD cash inflow \$4.7 million (H1 FY20: \$46.6 million)
  - RAD inflow significantly impacted by COVID-19, particularly in Victoria
- Probate liabilities of \$135.6 million included in RAD balance
- Government revenue per occupied bed day improved due to COPE impact and increased acuity of residents
- Staff expenses per occupied bed day increased due to impact of EBAs

<sup>1</sup>Excludes \$7.7 million of COVID-19 Government funding

<sup>2</sup>Excludes COVID-19 staff expenses



# One-Off Items

\$ millions (before tax)	H1 FY21	H1 FY20
COVID-19 Government funding	7.7	-
COVID-19 costs	(9.7)	-
Profit on sale of passive assets	2.5	-
Cyber-security incident	(0.4)	-
Royal Commission costs	-	(1.3)
<b>Total</b>	<b>0.1</b>	<b>(1.3)</b>

**NB** Aged Care Support Program grant applications in excess of \$3.0 million have been lodged for services directly impacted by COVID-19

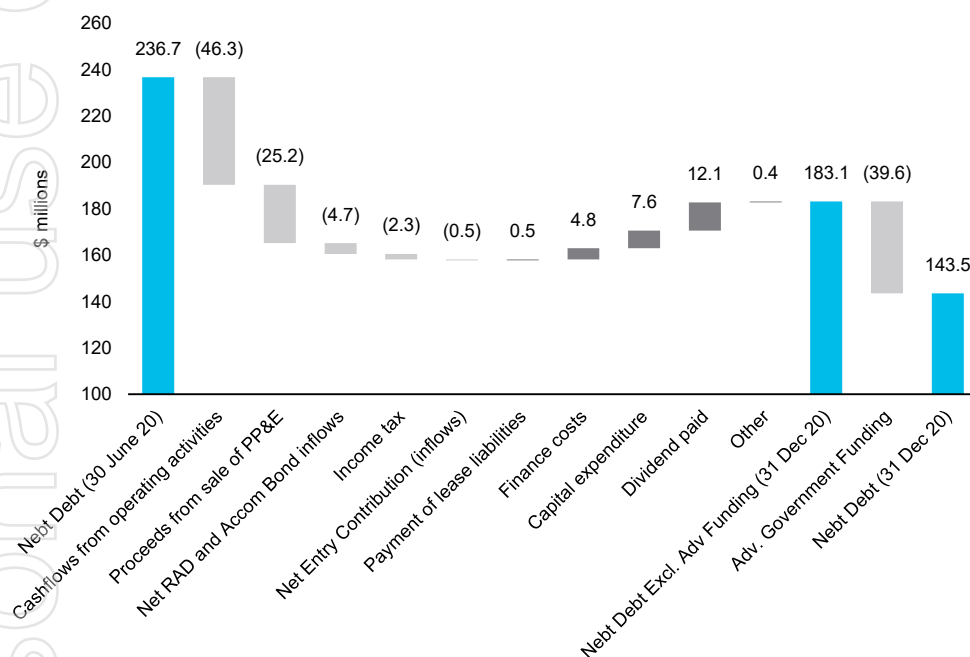
- Claims have not been included in H1 FY21 income pending outcome of grant applications

- ▶ COVID-19 Government funding includes:
  - \$6.8 million one-off funding
  - \$0.9 million temporary ACFI uplift
- ▶ COVID-19 costs include:
  - \$5.6 million staff expenses
  - \$4.1 million PPE and related costs
- ▶ Profit on sale of passive assets included vacant land situated at Palm Beach QLD. Proceeds from sale of \$21.0 million
- ▶ Expenses associated with a cyber-security incident disclosed to the ASX on 3 August 2020. The incident did not affect the delivery of resident care or services and did not materially impacted the Company's day-to-day operations
- ▶ Expenses incurred in FY20 responding to the Royal Commission into Aged Care Quality and Safety including submissions and enquiries

# Net Debt and Cash Flow

\$ millions	Purpose	Limit	Maturity
Debt Facility A	Working capital	150.0	Feb 2023
Debt Facility B	Working capital	275.0	Feb 2024
Debt Facility C	Residential Village developments	70.0	Feb 2024
Debt Facility D	LC/Bank Guarantees	20.0	Feb 2024
<b>Total Syndicated Facilities</b>		<b>515.0</b>	

## Net Debt Movements



## Cash Flows

- ▶ Net cash flows from operating activities of 49.0<sup>1</sup> million (H1 FY20: \$74.0<sup>1</sup> million)
- ▶ Net RAD cash inflow of \$4.7 million (H1 FY20: \$46.6 million) despite COVID-19 related lockdowns that impacted a number of Regis' homes

## Net Debt

- ▶ Repaid \$43.0 million (H1 FY20: \$32.0 million) of bank borrowings
- ▶ Significantly reduced leverage ratio<sup>2</sup> to 2.2x (H1 FY20: 2.7x)
- ▶ \$515 million syndicated debt refinancing completed in February 2021

## Dividends

- ▶ FY20 interim dividend of \$12.1 million paid on 30 September 2020
- ▶ FY21 interim dividend of 2.00 cents per ordinary share (50% franked) payable 8 April 2021

## Capex

- ▶ Capital expenditure of \$7.6 million (H1 FY20: \$30.6 million) mainly relating to maintenance and refurbishment of homes reflects the Board's decision to pause a number of planned development initiatives pending outcome of Royal Commission

<sup>1</sup>Excludes Government funding received in advance for January 2021 of \$39.6 million (H1 FY20 \$37.0 million)

<sup>2</sup>Based on a normalised rolling 12-month EBITDA as a ratio to net debt



# Resident Profile

Number of Residents	31 Dec 2019	Incoming <sup>1</sup>	Outgoing	30 June 2020	Incoming <sup>1</sup>	Outgoing	31 Dec 2020
RAD	1,905	204	245	1,864	193	260	1,797
Combination (RAD/DAP)	864	286	202	948	263	193	1,018
DAP	222	110	72	261	91	109	243
<b>Total Non-Concessional</b>	<b>2,991</b>	<b>600</b>	<b>519</b>	<b>3,073</b>	<b>547</b>	<b>562</b>	<b>3,058</b>
Concessional	2,802	664	555	2,911	516	542	2,885
Other	91	4	21	74	1	4	71
<b>Total Permanent Residents</b>	<b>5,884</b>	<b>1,268</b>	<b>1,095</b>	<b>6,058</b>	<b>1,064</b>	<b>1,108</b>	<b>6,014</b>
Respite	338	1,889	1,934	293	1,875	1,795	373
<b>Total Residents</b>	<b>6,222</b>	<b>3,157</b>	<b>3,029</b>	<b>6,351</b>	<b>2,939</b>	<b>2,903</b>	<b>6,387</b>

Resident Profile as % of Permanent Residents	31 Dec 2019	Incoming <sup>1</sup>	Outgoing	30 June 2020	Incoming <sup>1</sup>	Outgoing	31 Dec 2020
RAD	32%	16%	22%	31%	18%	24%	30%
Combination (RAD/DAP)	15%	23%	18%	16%	24%	17%	17%
DAP	4%	9%	7%	4%	9%	10%	4%
<b>Total Non-Concessional</b>	<b>51%</b>	<b>48%</b>	<b>47%</b>	<b>51%</b>	<b>51%</b>	<b>51%</b>	<b>51%</b>
Concessional	48%	52%	51%	48%	49%	49%	48%
Other	1%	0%	2%	1%	0%	0%	1%
<b>Total Permanent Residents</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

- ▶ Resident average tenure of 2.7 years<sup>2</sup>
- ▶ Increase in RAD/DAP combinations
- ▶ Decrease in RAD payment choice in line with industry trend
- ▶ Concessional residents steady at 48% of total permanent residents

<sup>1</sup>Including acquired homes

<sup>2</sup>Residents discharged over the last 12 months

# Washington H. Soul Pattinson (WHSP) Proposals to Acquire Regis

- ▶ Initial confidential, non-binding indicative proposal to acquire Regis for \$1.65 per share received from WHSP on 30 September 2020
- ▶ Subsequently, WHSP announced non-binding indicative proposal to acquire Regis for \$1.85 per share on 19 November 2020
- ▶ Both proposals rejected on basis they materially undervalued Regis
- ▶ WHSP formally withdrew proposal on 20 January 2021





## Strategy & Growth

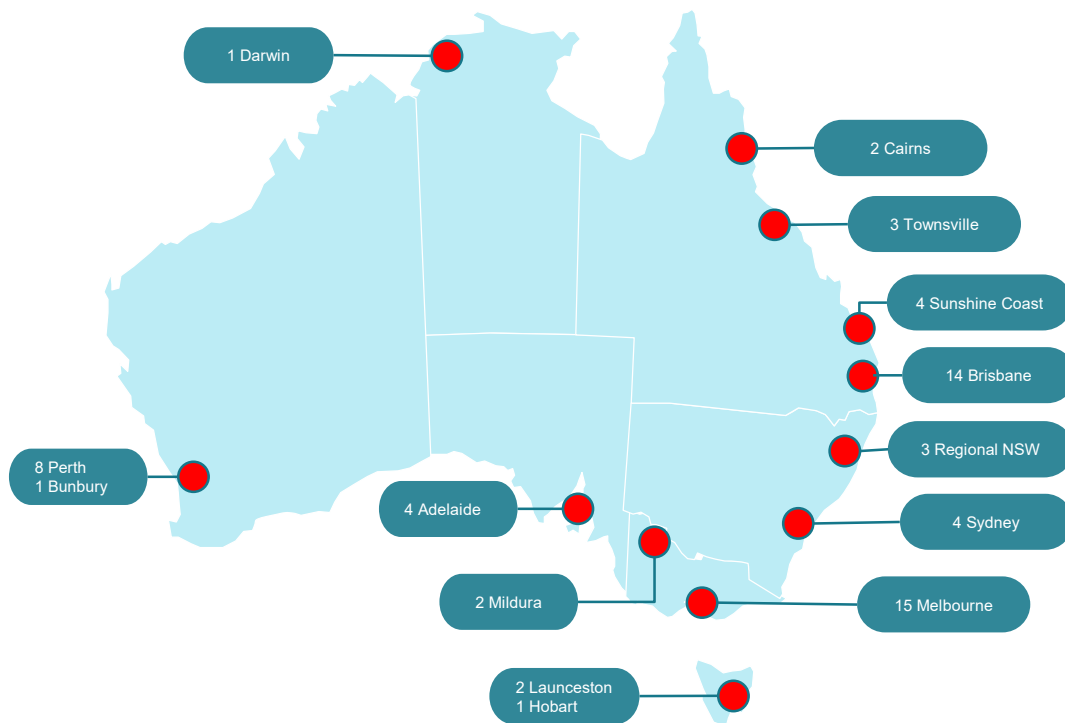


# Portfolio Overview

*Regis is one of the largest providers of Residential Aged Care in Australia*

## Key Portfolio Statistics (as at 31 December 2020)

Number of homes: Metro <sup>1</sup>	49
Number of homes: Regional	15
Total number of homes	64
Freehold sites	64
Total available operational places	7,121
Number of single rooms	6,011
Single rooms as a percentage of total rooms	92%
Average number of places per home	111



<sup>1</sup>Regis Milpara, Victoria residential aged care home closed in September 2020

# Strategy Adapted for Current Environment

Current environment impacted by COVID-19, pending Royal Commission outcomes and Government response

Organic growth strategy largely on hold pending greater certainty of investment returns

Key focus remains on delivery of highest quality Care and Clinical outcomes which are the backbone of Regis' strong business reputation

Generation and preservation of cash flow important in current period of sector instability

Focus on:

- ▶ Strengthening key business drivers including occupancy, income generation and cost disciplines
- ▶ Initiatives to drive positive net RAD inflows
- ▶ Return on income producing assets
- ▶ Optimisation of business portfolio mix and identification of growth areas to focus investment and resources
- ▶ Selling non-core assets to strengthen balance sheet

Continue to be 'business-ready' for likely sector consolidation and fallout



# Aged Care Developments

## Regis' Greenfield developments and extensions program

Development	State	New Places	Net Additional Places	Club Services	Land Held	Development Approval	Provisional Allocation & Licences in Hand	Update
Regis Camberwell	VIC	99	99	✓	✓	✓	Partial	<ul style="list-style-type: none"> <li>▶ Recommencement subject to market conditions</li> <li>▶ On hold</li> </ul>
Regis Gatton (Extension)	QLD	30	30		✓	✓	✓	<ul style="list-style-type: none"> <li>▶ Received council development approval</li> <li>▶ On hold</li> </ul>
Regis Playford (Extension)	SA	33	33		✓	✓	✓	<ul style="list-style-type: none"> <li>▶ Received council development approval</li> <li>▶ On hold</li> </ul>
Regis Inala (Stage 1)	VIC	202	126	✓	✓	✓	Partial	<ul style="list-style-type: none"> <li>▶ On hold</li> </ul>
Regis Greenmount (Stage 2)	WA	150	111	✓	✓	✓	Partial	<ul style="list-style-type: none"> <li>▶ Timing to be confirmed following mobilisation of other WA developments</li> <li>▶ On hold</li> </ul>
Regis Toowong	QLD	120	120	✓	✓	✓	Partial	<ul style="list-style-type: none"> <li>▶ Land purchased July 2019</li> <li>▶ Received council development approval</li> <li>▶ On hold</li> </ul>
<b>Total</b>		<b>634</b>	<b>519</b>					

- ▶ Parcel of land (passive asset) situated at Palm Beach, Queensland, was sold for \$21 million with proceeds received on 9 December 2020
- ▶ Developments on pause subject to findings of Royal Commission and Federal Government response in relation to future funding of industry

# Environmental, Social and Governance (ESG)

*Regis maintains a key focus on its ESG impact*

## Environmental

- ▶ Solar and LED projects completed resulting in 4% reduction in emissions and usage
- ▶ Partnership with Turtle Tribe to supply all homes with toothbrushes made from 100% biodegradable bamboo as an alternative to plastic
- ▶ Waste management programs

## Social

- ▶ Intergenerational programs were interrupted by COVID visitation restrictions
- ▶ Social connections facilitated and prioritised throughout COVID restrictions
- ▶ Safe workplace initiatives continue to develop
- ▶ Employee Assistance Programs available 24/7 to employees
- ▶ Continued development of Regis Spirit program to support employee engagement and recognition
- ▶ Extension of initiative programs for diversity, mental health awareness (including COVID-19) and disability support

## Governance

- ▶ Experienced and skilled Board including two founding members and clinician
- ▶ Implementation of new clinical governance framework
- ▶ Board gender diversity objective being met





## Industry Update & Outlook



# Aged Care Industry Update

## Key Industry Issues

### Royal Commission into Quality and Safety

- ▶ Interim Report handed down on 31 October 2019
- ▶ Final report due by 26 February 2021

### New Quality Standards Introduced to More Actively Involve Consumers

- ▶ New Aged Quality Care Framework took effect from 1 July 2019
- ▶ From 1 January 2020, key regulatory functions transferred to the Aged Care Quality and Safety Commissioner

### Key Funding Packages

- ▶ \$245 million to fund and support enhanced infection control capability
- ▶ \$235 million and \$205 million packages relating to COVID-19 retention payments to ensure the continuity of workforce for aged care workers
- ▶ Counsel Assisting funding recommendations released 22 October 2020

## Impact for Regis

- ▶ Regis supports the important work of the Royal Commission in ensuring older people receive quality aged care from a sustainable aged care sector
  - ▶ Regis looks forward to the final report and Government's response
  - ▶ Dr Mellors appeared as a witness in the funding and financing hearing (September 2020)
  - ▶ Regis has made 10 submissions to the Royal Commission
- 
- ▶ The framework actively involves consumers in decision-making about their care with a key focus on dignity and choice
  - ▶ Regis invested significant resources in educating and communicating the new framework to staff, residents and clients
  - ▶ 6 accreditations completed in the period 1 July 2020 to 31 December 2020
    - 5 Homes - All met
    - 1 Home - Not met identified with a Directions notice provided and plan for continuous improvement submitted
- 
- ▶ H1 FY21 - received \$6.8 million of one-off COVID-19 Government funding
  - ▶ H1 FY21 - received \$0.9 million of temporary uplift in the Aged Care Funding Instrument (ACFI)
  - ▶ \$6.4 million paid to date in workforce retention payments to front-line staff with additional \$3.2 million to be paid in H2 FY21

## Other Matters

### **Cyber-Security Incident**

As previously announced, on 3 August 2020, the Company advised the ASX that it had been the target of a cyber-security attack. The Company promptly implemented its back-up and business continuity systems and the incident did not affect the delivery of resident care or services. The incident did not materially impact the Company's day-to-day operations

### **Oneview Healthcare PLC**

On 21 December 2020, Oneview Healthcare PLC lodged a claim in the Supreme Court of Victoria against Regis seeking damages of \$21,400,000 for alleged breach of a collaboration agreement between the two parties. Regis has engaged external legal counsel and intends to strongly defend the matter

### **Subsequent Event - Regis Nedlands**

On 23 January 2021, the Aged Care Quality and Safety Commission ('ACQSC') applied regulatory penalties to Regis Nedlands, including a Sanction and a Notice to Agree. Regis has fully complied with all actions and requirements stipulated by the ACQSC. Regis lodged a request for review of the ACQSC Sanction within the strict 14-day time limit. Regis noted within that request for review that its investigation into the matter was on-going and it would provide the ACQSC with its findings once complete. The majority of issues subject to Regis' investigation have not been substantiated

# Outlook

## Performance

- ▶ Regis will continue to maintain excellent resident care standards and optimise business performance despite the difficult challenges faced by the industry
- ▶ Targeted business performance initiatives implemented in H1 FY21 have improved occupancy and identified revenue uplift opportunities while maintaining disciplined central cost management

## Development Program

- ▶ Investment in new homes has paused due to the lack of certainty surrounding future Federal Government funding and policy outcomes following the Royal Commission. The commencement of a greenfield development in Camberwell, Victoria is planned for late FY21
- ▶ Regis will continue to review its portfolio mix, acquisition and development opportunities, while conservatively managing its balance sheet and debt position

## Earnings Guidance

- ▶ Given the imminent release of the threshold Royal Commission findings into Aged Care Quality and Safety and the anticipated Government response, the Board does not believe it to be appropriate to put forward FY21 earnings guidance







# Questions

Regis Mildura, Victoria





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## Appendices

# Appendix A: Income Statement

\$A millions	H1 FY21	H1 FY20	H2 FY20	FY20
<b>Revenue from Services</b>				
Government revenue	253.0	229.5	241.6	471.1
Resident revenue	96.4	98.0	97.0	195.0
Other revenue	3.7	4.7	7.1	11.8
<b>Revenue from Services</b>	<b>353.1</b>	<b>332.2</b>	<b>345.7</b>	<b>677.9</b>
Other income <sup>1</sup>	26.2	29.3	33.5	62.8
<b>Total Income</b>	<b>379.3</b>	<b>361.5</b>	<b>379.2</b>	<b>740.7</b>
<b>Operating Expenses</b>				
Staff expenses	(249.8)	(238.9)	(251.5)	(490.4)
Resident care expenses	(22.8)	(21.0)	(19.9)	(40.9)
Administration and fixed facility expenses	(19.3)	(17.9)	(20.4)	(38.3)
Occupancy expenses <sup>2</sup>	(10.7)	(10.7)	(10.9)	(21.6)
COVID-19 expenses	(9.7)	-	(3.5)	(3.5)
Impairment expense <sup>3</sup>	-	-	(20.6)	(20.6)
<b>Total Operating Expenses</b>	<b>(312.3)</b>	<b>(288.5)</b>	<b>(326.8)</b>	<b>(615.3)</b>
<b>EBITDA</b>	<b>67.0</b>	<b>73.0</b>	<b>52.4</b>	<b>125.4</b>
Depreciation and amortisation <sup>4</sup>	(22.4)	(20.1)	(23.9)	(44.0)
<b>EBIT</b>	<b>44.6</b>	<b>52.9</b>	<b>28.5</b>	<b>81.4</b>
Net interest expense <sup>5</sup>	(28.7)	(35.6)	(33.7)	(69.3)
<b>PBT</b>	<b>15.9</b>	<b>17.3</b>	<b>(5.2)</b>	<b>12.1</b>
Income tax expense	(4.9)	(5.2)	(3.1)	(8.3)
<b>NPAT</b>	<b>11.0</b>	<b>12.1</b>	<b>(8.3)</b>	<b>3.8</b>

<sup>1</sup>Other income includes imputed income on RADs and Bonds of \$23.7 million (H1 FY20: \$29.3 million) in accordance with AASB 16 Leases

<sup>2</sup>Occupancy expenses no longer includes the cost of operating leases as a result of the adoption of AASB 16 Leases

<sup>3</sup>Represents non-cash goodwill impairment charge

<sup>4</sup>Depreciation and amortisation includes \$0.5 million (H1 FY20: \$0.5 million) relating to right-of-use assets in accordance with AASB 16 Leases

<sup>5</sup>Net interest expense includes \$23.7 million (H1 FY20: \$29.3 million) of imputed interest charge on RADs and Bonds and \$0.2 million (H1 FY20: \$0.2 million) interest expense on leases payable in accordance with AASB 16 Leases

# Appendix B: Statement of Financial Position

\$A millions	31 December 2020	30 June 2020	31 December 2019
Cash and cash equivalents <sup>1</sup>	46.5	3.8	27.0
Trade and other receivables	8.1	9.7	8.6
Other current assets	9.6	6.2	9.8
Income tax receivables	1.1	8.3	4.9
<b>Total Current Assets</b>	<b>65.3</b>	<b>28.0</b>	<b>50.3</b>
Property, plant and equipment	1,113.5	1,147.4	1,154.4
Investment property	148.5	148.1	145.9
Right-of-use assets	5.5	6.0	6.5
Intangible assets	463.7	463.7	479.6
<b>Total Non-Current Assets</b>	<b>1,731.2</b>	<b>1,765.2</b>	<b>1,786.4</b>
<b>Total Assets</b>	<b>1,796.5</b>	<b>1,793.2</b>	<b>1,836.7</b>
Bank overdraft	-	7.9	-
Trade payables and other liabilities	96.4	49.8	89.2
Lease liabilities	1.0	1.0	1.0
Provisions	76.9	70.5	59.6
Other liabilities	1,196.8	1,208.1	1,169.5
<b>Total Current Liabilities</b>	<b>1,371.1</b>	<b>1,337.3</b>	<b>1,319.3</b>
Interest bearing loans and borrowings	190.0	232.6	271.5
Provisions	5.6	4.3	6.6
Deferred tax liabilities	64.8	64.7	64.0
Lease liabilities	6.5	7.0	7.5
<b>Total Non-Current Liabilities</b>	<b>266.9</b>	<b>308.6</b>	<b>349.6</b>
<b>Total Liabilities</b>	<b>1,638.0</b>	<b>1,645.9</b>	<b>1,668.9</b>
<b>Net Assets</b>	<b>158.5</b>	<b>147.3</b>	<b>167.8</b>
Issued capital	273.5	273.5	273.5
Retained earnings/(accumulated losses)	(17.7)	(28.7)	(8.3)
Reserves	(97.3)	(97.5)	(97.4)
<b>Total Equity</b>	<b>158.5</b>	<b>147.3</b>	<b>167.8</b>

<sup>1</sup>H1 FY21 Government funding received in advance for January 2021 of \$39.6 million (H1 FY20: \$37.0 million)



# Appendix C: Cash Flow Statement

\$A millions	H1 FY21	H1 FY20	H2 FY20	FY20
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and Government subsidies <sup>1</sup>	391.1	369.8	296.5	666.3
Payments to suppliers and employees	(305.2)	(296.3)	(288.2)	(584.5)
<b>Operational Cash Flows Before Interest, Income Tax, and RADs</b>	<b>85.9</b>	<b>73.5</b>	<b>8.3</b>	<b>81.8</b>
Finance costs paid	(4.8)	(7.3)	(3.9)	(11.2)
Income tax paid	2.3	(1.3)	(7.5)	(8.8)
<b>Net Cash Flows from Operating Activities before RADs</b>	<b>83.4</b>	<b>64.9</b>	<b>(3.1)</b>	<b>61.8</b>
RAD and accommodation bond cash inflows	176.2	209.1	168.8	377.9
RAD and accommodation bond cash outflows	(171.5)	(162.5)	(145.6)	(308.1)
Entry contribution inflows	1.7	2.1	1.8	3.9
Entry contribution outflows	(1.2)	(2.6)	(5.7)	(8.3)
<b>Net Cash Flows from Operating Activities</b>	<b>88.6</b>	<b>111.0</b>	<b>16.2</b>	<b>127.2</b>
<b>Cash Flows from Investing Activities</b>				
Proceeds from sale of property, plant and equipment	25.2	0.7	0.4	1.1
Purchase of property, plant and equipment	(7.2)	(28.1)	(11.2)	(39.3)
Capital expenditure in relation to investment properties	(0.4)	(2.4)	(2.3)	(4.7)
Purchase of businesses, net of cash acquired	-	-	5.0	5.0
<b>Net Cash Flows used in Investing Activities</b>	<b>17.6</b>	<b>(29.8)</b>	<b>(8.1)</b>	<b>(37.9)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from / (repayments of) bank borrowings	(43.0)	(32.0)	(39.0)	(71.0)
Dividends paid	(12.1)	(21.4)	-	(21.4)
Payment of lease liabilities	(0.5)	(0.6)	(0.2)	(0.8)
<b>Net Cash Flows from/(used in) Financing Activities</b>	<b>(55.6)</b>	<b>(54.0)</b>	<b>(39.2)</b>	<b>(93.2)</b>
Net increase/(decrease) in cash and cash equivalents	50.6	27.2	(31.1)	(3.9)
Cash and cash equivalents at the beginning of the period	(4.1)	(0.2)	27.0	(0.2)
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>46.5</b>	<b>27.0</b>	<b>(4.1)</b>	<b>(4.1)</b>

<sup>1</sup>H1 FY21 Government funding received in advance for January 2021 of \$39.6 million (H1 FY20: \$37.0 million)

# Appendix D: RAD and Bond Pool

\$A millions - Summary of Movements	H1 FY21	H2 FY20	H1 FY20
<b>Opening RAD / Bond Balance</b>	<b>1,157.6</b>	<b>1,129.1</b>	<b>1,085.0</b>
RAD and accommodation bond cash outflows	(171.5)	(145.6)	(162.5)
RAD and accommodation bond cash inflows	176.2	168.8	209.1
<b>Total Net RAD / Bond Cash Flow</b>	<b>4.7</b>	<b>23.2</b>	<b>46.6</b>
Deductions	(3.8)	(5.6)	(2.5)
Acquired homes	-	10.9	-
<b>Closing RAD / Bond Balance</b>	<b>1,158.5</b>	<b>1,157.6</b>	<b>1,129.1</b>
<b>Probate Balance at End of Period</b>	<b>135.6</b>	<b>133.7</b>	<b>122.3</b>

## Appendix E: AASB 16 Leases

### ***AASB 16 Leases became effective on 1 July 2019 requiring operating lease agreements to be recognised on balance sheet***

► On adoption of AASB 16 Leases, the Group has recognised:

- depreciation and interest expense of \$0.5 million and \$0.2 million respectively, previously recorded as \$0.7 million of operating lease expense
- for residential aged care accommodation arrangements where the resident has elected to pay a RAD or Bond, \$23.7 million of other income (to reflect the interest free loan financing benefit received from RADs and Bonds) and, correspondingly, \$23.7 million of interest expense (imputed interest charge on RADs and Bonds) with no impact on profit before tax

► The calculation of imputed income and interest expense on RADs and bonds is based on an interest rate equal to the Maximum Permissible Interest Rate (MPIR). The average MPIR in H1 FY21 has reduced in comparison to H1 FY20, which has resulted in a \$5.6 million decrease in imputed income and interest

*Impact on profit or loss for the half-year ended 31 December 2020 and 31 December 2019 is set out below:*

\$A millions	H1 FY21	AASB 16 Impact H1 FY21	Pre- AASB 16 H1 FY21	H1 FY20	AASB 16 Impact H1 FY20	Pre- AASB 16 H1 FY20	
Revenue from services	353.1	-	353.1	332.2	-	332.2	
Other income	26.2	(23.7)	2.5	29.3	(29.3)	-	Imputed RADs and Bond income recognised in profit or loss
<b>Total Income</b>	<b>379.3</b>	<b>(23.7)</b>	<b>355.6</b>	<b>361.5</b>	<b>(29.3)</b>	<b>332.2</b>	
Staff, resident care, administration and COVID-19 costs	(301.7)	-	(301.7)	(277.8)	-	(277.8)	
Occupancy expenses	(10.6)	(0.7)	(11.3)	(10.7)	(0.7)	(11.4)	Operating lease expense no longer recognised in profit or loss
<b>EBITDA</b>	<b>67.0</b>	<b>(24.4)</b>	<b>42.6</b>	<b>73.0</b>	<b>(30.0)</b>	<b>43.0</b>	
Depreciation and amortisation	(22.4)	0.5	(21.9)	(20.2)	0.5	(19.7)	Recognition of depreciation of right-of-use asset
<b>EBIT</b>	<b>44.6</b>	<b>(23.9)</b>	<b>20.7</b>	<b>52.8</b>	<b>(29.5)</b>	<b>23.3</b>	
Net interest expense	(28.7)	23.9	(4.8)	(35.5)	29.5	(6.0)	Includes imputed interest charge on RADs and Bonds and interest on lease liabilities
<b>PBT</b>	<b>15.9</b>	<b>-</b>	<b>15.9</b>	<b>17.3</b>	<b>-</b>	<b>17.3</b>	



# Appendix F: Definitions of Non-IFRS Financial Measures

**H1 FY20** means half-year ended 31 December 2019

**H1 FY21** means half-year ended 31 December 2020

**H2 FY20** means half-year ended 30 June 2020

**FY20** means full-year ended 30 June 2020

**FY21** means full-year ended 30 June 2021

**Capital expenditure** represents payments for property, plant and equipment

**EBIT** refers to profit before finance costs and interest income, income taxes

**EBITDA** refers to EBIT before depreciation and amortisation

**EBITDA (adjusted)** refers to EBITDA excluding imputed income on RADs and Bonds of \$23.7 million (H1 FY20: \$29.3 million) and includes operating lease expense of \$0.7 million (H1 FY20: \$0.7 million) in accordance with AASB 16 *Leases*

**Net Debt** is calculated as interest-bearing liabilities, less cash and cash equivalents

**NPAT** refers to net profit after income tax

**ROI** refers to return on investment

**PPE** refers to 'Personal Protective Equipment'

**PP&E** refers to 'Property, Plant & Equipment'

**ACFI** means Aged Care Funding Instrument

**COPE** means Commonwealth Own-Purpose Expense

**PCP** means Prior Comparable Period (PCP)

**Operational Places** means a residential aged care place that is allocated to an approved provider under the Aged Care Act 1997, is available for a person to receive care and attracts Government funding

**RAD** means a 'Refundable Accommodation Deposit' (RAD), being an amount of money that does not accrue daily and is paid or payable to an Approved Provider by a resident for the resident's accommodation in an aged care facility. A RAD is repayable when the care recipient dies; the care recipient ceases to be provided with care by the Approved Provider, or the service ceases to be certified

**DAP** means a 'Daily Accommodation Payment' (DAP), being a rental-style, non-refundable daily payment to pay for accommodation. The DAP is calculated based on the refundable deposit multiplied by the maximum permissible interest rate and divided by 365 days

**MPIR** means the Maximum Permissible Interest Rate (MPIR) calculated in accordance with Section 6 of the Fees and Payments Principles 2014 (No. 2) (Aged Care Act)

**Leverage Ratio** Leverage ratio is calculated as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (adjusted) on a normalised rolling 12-month basis as a ratio to net debt

# Important Information

This Presentation contains the summary information about the current activities of Regis Healthcare Limited and its controlled entities (Regis Healthcare or the Group). It should be read in conjunction with the Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), including the full-year Consolidated Financial Report and associated Media Release released today, which are available at [www.asx.com.au](http://www.asx.com.au).

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All dollar values are in Australian dollars (A\$) unless otherwise stated.

## Non-IFRS Financial Information

This presentation uses Non-IFRS financial information including capital expenditure, EBIT, EBITDA, EBITDA (adjusted), operating cash flow, net debt and leverage ratio. 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 performance of the Group.