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Regis Hurstville, New South Wales



FY21 Full-Year  
Results Presentation  
31 August 2021

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# Aged Care Sector Reform

*Regis responds with strengthened capability and focus*

## Key Matters in H2 FY21 (external)

- ▶ Royal Commission completed
- ▶ Australian Government response to Royal Commission recommendations
- ▶ Aged Care Reform Network
- ▶ Aged Care Workforce Industry Council
- ▶ COVID-19 pandemic including vaccination rollout

## Key Matters in H2 FY21 (internal)

- ▶ Executive team has right skill mix and experience for complexity and reform
- ▶ New skills recruited in senior management roles
- ▶ Regis timetable for reform
- ▶ Strategic Plan 2022-2024
- ▶ Enterprise risk review
- ▶ Data intelligence:
  - Demographics
  - Modelling of reform outcomes
  - Workforce planning
  - Competitor analysis

# Royal Commission into Aged Care Quality & Safety

***The Royal Commission's Final Report was released in February 2021***

- ▶ Regis strongly supported the Royal Commission's work by making 10 submissions on topics including workforce, future system design, funding requirements, and built-form of aged care facilities
- ▶ Regis also:
  - hosted visits from Commissioners to two homes
  - supported surveys conducted on behalf of the Royal Commission
  - gave evidence at the Sydney Hearing in September 2020 (MD and CEO Dr Linda Mellors)
- ▶ As one of Australia's largest aged care providers, we are committed to leading and embracing aged care sector reform, while delivering consistently high quality and safe care to our residents and clients
- ▶ The lack of agreement between the two Commissioners led to different views and recommendations in the Final Report
- ▶ The Final Report of the Royal Commission made a total of 148 recommendations including:
  - Workforce
  - Funding
  - Governance
  - Quality and Safety
  - System Reform
- ▶ In March 2021, the Australian Government announced a significant 'catch-up' investment in the aged care sector in support of older people receiving high-quality care, respect and dignity



# Australian Government Response

## 5-Year 5-Pillar Aged Care Reform Plan

\$17.7 billion aged care reform package designed to deliver sustainable quality and safety in home and residential aged care services.

► **Pillar 1:** Home Care - \$7.5 billion including 80,000 additional home care packages

► **Pillar 2:** Residential Aged Care Services and Sustainability - \$7.8 billion

- \$3.2 billion through Government funded Basic Daily Fee Supplement of \$10 per resident per day (from 1 July 2021)
- \$3.9 billion to increase front-line care (care minutes) delivered to residents of aged care and respite services mandated at 200 minutes per day (including 40 minutes with registered nurse)

► **Pillar 3:** Residential Aged Care Quality and Safety - \$942 million

► **Pillar 4:** Workforce - \$652 million

- \$228.2 million to create a single assessment workforce to undertake all assessments that will improve assessment experience for senior Australians
- \$135.6 million to provide registered nurses working for the same aged care provider over a 12-month period with financial support

► **Pillar 5:** Governance - \$698.3 million

- \$630.2 million to improve access to quality aged care services for consumers in regional, rural and remote areas
- Drafting of a new Aged Care Act by mid-2023

# Australian Government Response (continued)

## Impact on Regis

### Highlights:

- ▶ At \$17.7 billion, the Government response includes the largest funding package since *Living Longer Living Better*
- ▶ Narrative of system reform
- ▶ Responds to the sustained funding deficiency in the sector
- ▶ Activity-based funding mechanism under IHPA - “pricing for quality”
- ▶ Additional home care funding
- ▶ Market deregulation increases competition around quality, service and accommodation, and opens up market in desirable locations
- ▶ Transparency and accountability - care provision, funding, prudential requirements
- ▶ Regis has a number of requirements already in place including corporate governance, clinical governance, prudential controls, food and nutrition standards, RNs on site 24/7, career pathways

### Areas of Concern:

- ▶ Aged Care Act review and key reforms later than expected
- ▶ Some years until substantial additional funding flows to providers
- ▶ Workforce supply risk and pay competitiveness
- ▶ Risk of additional non-value adding regulatory burden
- ▶ RADs remain for time being with uncertainty remaining around long term plan for capital funding
- ▶ Provider and investor ROI remains unclear

# COVID-19 Update

- ▶ Regis continues to take all necessary steps to protect residents, clients and employees
- ▶ Key features of response are Outbreak Management Plan, Pandemic Planning Committee, PPE hubs
- ▶ No further outbreaks to those reported at H1 FY21<sup>1</sup>
- ▶ All residents, employees and volunteers offered vaccination, with onsite clinics continuing
- ▶ Current vaccination rates:

Vaccination	First dose <sup>2</sup>	Second dose <sup>2</sup>
Residents	86%	78%
Employees	86%	58%

- ▶ Operational changes now effectively business as usual with ongoing infection prevention and control (including PPE) included in cost profile
- ▶ Impact of lockdowns will lead to revenue reduction and higher costs
- ▶ Regis received Government funding and grants totalling \$11.9 million against costs of \$11.8 million

<sup>1</sup>Refer H1 FY21 investor presentation for details of homes impacted by COVID-19 outbreaks

<sup>2</sup>As at 27 August 2021





# Financial Performance

Regis Blackburn, Victoria



# FY21 Financial Overview

- ▶ Revenue from services of \$701.4 million, up 3.5% on pcip
- ▶ EBITDA<sup>1,2</sup> of \$137.8 million includes:
  - ▶ Average occupancy of 88.9% (FY20: 88.2%)
  - ▶ \$11.9 million of COVID-19 Government funding and grants
  - ▶ \$7.1 million cost of potential employee entitlement underpayments (refer page 33)
- ▶ NPAT of \$19.9 million (FY20<sup>3</sup>: loss of \$0.7 million)
- ▶ Net operating cash flow of \$105.0 million including net RAD receipts of \$37.7 million
- ▶ Net debt of \$142.4 million, reduction of \$94.3 million (39.8%) on pcip
  - ▶ \$515 million syndicated debt refinancing completed in February 2021
    - \$150 million extended to March 2023
    - \$365 million extended to March 2024
- ▶ Capital development paused pending outcome of Royal Commission and Government response in relation to future funding
- ▶ Board of Directors declared a final dividend of 4.63 cents per ordinary share (50% franked) payable 30 September 2021, taking full-year dividends to 6.63 cents per ordinary share (100% of NPAT)

## Revenue from Services

**\$701.4**million ▲

## Net Operating Cash Flow

**\$105.0**million ▼

## Average Occupancy

**88.9%** ▲

## Net RAD Cash Inflow

**\$37.7**million ▼

## COVID-19 Costs

**\$11.8**million ▲

## Net Debt

**\$142.4**million ▼

## EBITDA<sup>1,2</sup>

**\$137.8**million ▼

## Capital Expenditure

**\$18.7**million ▼

## NPAT

**\$19.9**million ▲

## Final Dividend

**4.63**cents ▲

<sup>1</sup>Refer page 35 for definition of EBITDA

<sup>2</sup>Includes impact of AASB 16 Leases

<sup>3</sup>Refer page 33 for details of restatement of prior corresponding period

# Financial Summary

\$ millions	FY21	(Restated) <sup>1</sup> FY20	△ FY20 to FY21
Revenue from services	701.4	677.9	3.5%
Other income <sup>2</sup>	83.0	72.3	14.8%
Staff expenses	521.1	498.7	(4.5%)
EBITDA <sup>3</sup>	137.8	141.6	(2.7%)
NPAT	19.9	(0.7)	
Capital expenditure	18.7	44.0	(57.5%)
Net RAD cash inflow	37.7	69.8	(46.0%)
Net operating cash flow	105.0	127.2	(17.5%)
Net debt	142.4	236.7	(39.8%)
Average occupancy %	88.9%	88.2%	0.7pts
Staff expenses / revenue from services %	74.3%	73.6%	0.7pts
Basic EPS (cents per share)	6.63	(0.24)	

- ▶ FY21 revenue from services of \$701.4 million included:
  - \$7.7 million of COVID-19 Government funding
  - \$5.4 million of Government funding post Royal Commission
- ▶ FY21 other income included:
  - \$4.2 million of COVID-19 Government grants
  - \$11.7 million uplift in fair value of investment properties
- ▶ Increase in staff expenses included:
  - Impact of EAs only partly offset by 1 July 2020 COPE indexation of 1.6%
  - \$7.1 million (FY20: \$6.4 million) of potential employee entitlement underpayments
  - \$7.7 million of COVID-19 staff expenses

- ▶ COVID-19 other expenses of \$4.1 million included PPE and other related costs
- ▶ FY21 result included a number of one-off items (refer page 11)
- ▶ Capital expenditure of \$18.7 million (FY20: \$44.0 million) reflected the Board's decision to pause a number of planned development initiatives
- ▶ Net debt at 30 June 2021 of \$142.4 million - \$94.3 million or 39.8% reduction on pcp

<sup>1</sup>Refer page 33 for details of restatement of prior corresponding period

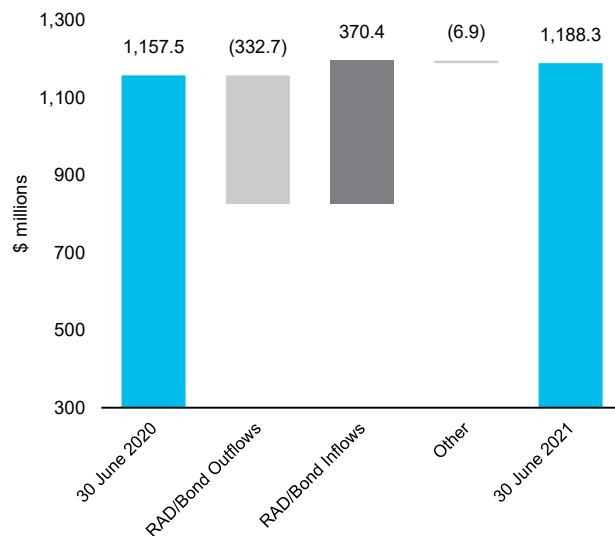
<sup>2</sup>Includes \$64.4 million of imputed income on RADs and Bonds (FY20: \$67.0 million)

<sup>3</sup>Refer page 35 for definition of EBITDA

# Key Operational Statistics

Operational Statistics	FY21	(Restated) <sup>1</sup> FY20	△ FY20 to FY21
Average available operational places (#) <sup>5</sup>	7,144	7,103	0.6%
Total occupied bed days	2,318,647	2,293,975	1.1%
Average occupancy (%)	88.9	88.2	0.7pts
Aged care revenue per occupied bed day (\$)	292.1	282.3	3.5%
Aged care Government revenue per occupied bed day <sup>2</sup> (\$)	208.4	197.4	5.6%
Aged care resident revenue per occupied bed day (\$)	83.7	84.9	(1.4%)
Aged care staff expenses per occupied bed day <sup>3</sup> (\$)	201.8	195.9	3.0%
RADs held (#)	2,751	2,744	0.3%
RADs held (\$m)	1,188.3	1,157.5	2.7%
Average RAD held (\$000's)	432.0	421.8	2.4%
Average incoming RAD (\$000's)	462.3	461.7	0.1%

## Net RAD/Bond Movements



- Movement in average available operational places mainly attributable to prior year acquisition of the business and assets of LBHA<sup>4</sup> and FY21 closure of Melbourne-based home
- Average occupancy improvement to 88.9% (FY20: 88.2%) due to management initiatives despite impact of COVID-19 pandemic. H2 FY21 average occupancy increased to 89.6%. Spot occupancy at 27 August 2021 was 89.3%
- Government revenue per occupied bed day increased due to higher resident acuity and COPE
- Staff expenses per occupied bed day primarily increased due to impact of EAs
- Increase in RADs held included net RAD cash inflow \$37.7 million (FY20: \$69.8 million)
  - Net RAD cash inflow significantly impacted by COVID-19, particularly in Victoria
  - H2 FY21 included \$33.0 million of net RAD cash inflow
- Probate liabilities of \$136.0 million included in RAD balance (FY20: \$133.7 million)

<sup>1</sup>Refer page 33 for details of restatement of prior corresponding period

<sup>2</sup>Excludes COVID-19 funding

<sup>3</sup>Excludes COVID-19 related staff expenses

<sup>4</sup>Lower Burdekin Home for the Aged Society (LBHA)

<sup>5</sup>Across portfolio of 64 homes

# One-Off / Non-Recurring Items

The following items are included in Profit and Loss:

\$ millions (before tax)	FY21
COVID-19 Government funding and grants	(11.9)
COVID-19 staff and other expenses	11.8
Profit on sale of assets	(2.8)
Cyber-security incident costs	0.7
Net fair value gain on investment properties	(9.2)
Impact of regulatory penalties	2.2
	<b>(9.2)</b>

- ▶ COVID-19 Government funding comprised:
  - \$6.8 million received in October 2020
  - \$0.9 million temporary ACFI uplift
  - \$4.2 million in grants
- ▶ Profit on sale of assets included vacant land situated at Palm Beach QLD
- ▶ Expenses associated with a cyber-security incident disclosed to the ASX on 3 August 2020
- ▶ Net fair value gain on investment properties based on independent valuation at 30 June 2021
- ▶ Impact of regulatory penalties included reduced occupancy and increased staff and external costs

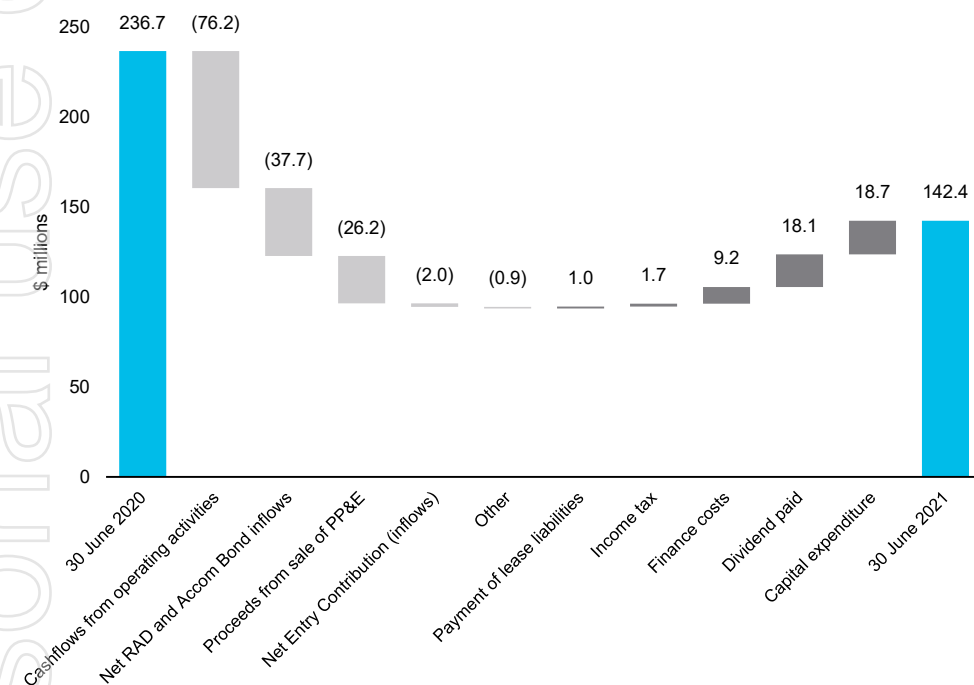
<sup>1</sup>Refer page 33 for details of restatement of prior corresponding period



# Net Debt and Cash Flow

\$ millions	Purpose	Limit	Maturity
Debt Facility A	Working capital	150.0	March 2023
Debt Facility B	Working capital	275.0	March 2024
Debt Facility C	Residential village developments	70.0	March 2024
Debt Facility D	LC/bank guarantees	20.0	March 2024
<b>Total Syndicated Facilities</b>		<b>515.0</b>	

## Net Debt Movements



## Cash Flows

- ▶ Net cash flows from operating activities of \$105.0 million (FY20: \$127.2 million)
- ▶ Net RAD cash inflow of \$37.7 million (FY20: \$69.8 million) despite COVID-19 related lockdowns that impacted a number of Regis' homes

## Net Debt

- ▶ \$515 million syndicated debt refinancing completed in February 2021
- ▶ Repaid \$100.4 million (FY20: \$71.0 million) of bank borrowings
- ▶ Significantly reduced leverage ratio<sup>1</sup> to 2.0x (FY20: 3.0x)

## Dividends

- ▶ FY20 interim dividend of 4.02 cents per ordinary share (50% franked) paid 30 September 2020
- ▶ FY21 interim dividend of 2.00 cents per ordinary share (50% franked) paid 8 April 2021
- ▶ FY21 final dividend of 4.63 cents per ordinary share (50% franked) payable 30 September 2021

## Capex

- ▶ Capital expenditure of \$18.7 million (FY20: \$44.0 million) mainly related to maintenance and refurbishment of homes reflecting the Board's decision to pause a number of planned development initiatives pending improved market conditions

<sup>1</sup>Based on rolling 12-month EBITDA (pre AASB 16 Leases) as a ratio to net debt

# Capital Expenditure

\$ millions	FY21
Replacement capital expenditure - residential aged care homes	16.3
Replacement capital expenditure - retirement villages	1.4
Development - Camberwell (residential aged care)	0.7
Development - Toowong	0.3
	<b>18.7</b>

## Replacement Capital Expenditure

- Primarily maintenance capital expenditure

## Residential Aged Care Developments

- **Camberwell** - Represents consultant costs
- **Other residential aged care** - Blackburn South & Toowong planning and documentation costs

## Home and Retirement Village Refurbishments

- Refurbishment capital expenditure at existing homes and retirement villages

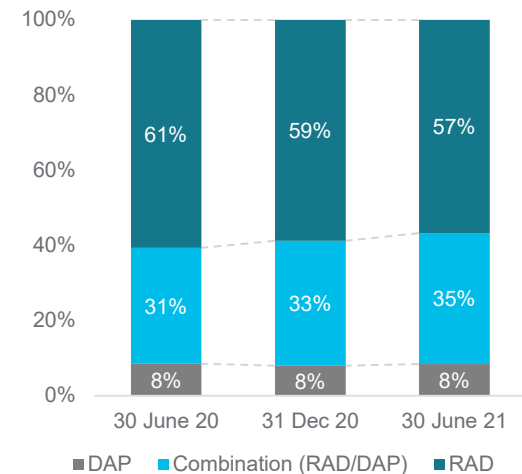
# Resident Profile

Number of Residents	30 June 2020	31 December 2020	30 June 2021
RAD	1,864	1,797	1,790
Combination (RAD/DAP)	948	1,018	1,100
DAP	261	243	265
<b>Total Non-Concessional</b>	<b>3,073</b>	<b>3,058</b>	<b>3,155</b>
Concessional	2,911	2,885	2,823
Other	74	71	64
<b>Total Permanent Residents</b>	<b>6,058</b>	<b>6,014</b>	<b>6,042</b>
Respite	293	373	303
<b>Total Residents</b>	<b>6,351</b>	<b>6,387</b>	<b>6,345</b>

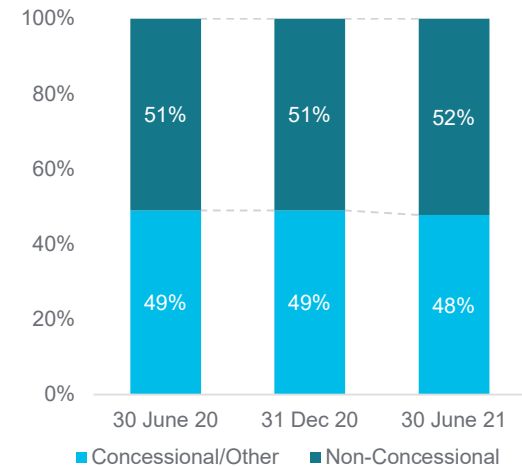
Resident Profile as % of Permanent Residents	30 June 2020	31 December 2020	30 June 2021
RAD	31%	30%	30%
Combination (RAD/DAP)	16%	17%	18%
DAP	4%	4%	4%
<b>Total Non-Concessional</b>	<b>51%</b>	<b>51%</b>	<b>52%</b>
Concessional	48%	48%	47%
Other	1%	1%	1%
<b>Total Permanent Residents</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

- Increase in non-concessional residents
- Increase in RAD/DAP combinations
- Decrease in RAD payment choice in line with industry trend

Payment Preference (Non-Concessional)



Resident Mix (Permanent Residents)







## Other Matters

*Regis Sandgate - Musgrave, Queensland*



## Other Matters

### Oneview Healthcare PLC

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

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

- ▶ In September 2020, a confidential, non-binding indicative proposal was received from WHSP to acquire Regis for \$1.65 per share. On 19 November 2020, WHSP announced a non-binding indicative proposal to acquire Regis for \$1.85 per share
- ▶ Both proposals were rejected on the basis they materially undervalued Regis. WHSP formally withdrew its proposal on 20 January 2021

### Regulatory Penalties

- ▶ On 23 January 2021, the Aged Care Quality and Safety Commission ('ACQSC') applied regulatory penalties to Regis Nedlands of a Sanction and a Notice to Agree. Regis complied with all actions and requirements stipulated by the ACQSC, including appointment of an independent advisor and weekly reporting to the ACQSC. The sanction expired on 23 July 2021
- ▶ On 24 April 2021, the ACQSC applied regulatory penalties to Regis Tiwi of a Sanction and a Notice to Agree. Regis is complying with all actions and requirements stipulated by the ACQSC, including appointment of an independent advisor and weekly reporting to the ACQSC. The sanction is due to expire on 24 October 2021



## Strategy Update

Regis Sandgate - Griffith, Queensland



# Clear and Focused 3-Year Strategy



# Regis Culture of Care

*Regis continues to provide care that is safe, effective, integrated and personal*

## In Place:

- ▶ Board Clinical Governance and Care Committee
- ▶ Clinical Governance Framework
- ▶ Clinicians on Board and Executive
- ▶ Registered Nurses rostered at all homes 24/7
- ▶ Expert clinical support teams, including nurse on call program
- ▶ Sophisticated clinical, care and experience data insights
- ▶ Open disclosure, whistleblower and transparency processes
- ▶ Quality research projects with leading universities and partners
- ▶ Electronic clinical management system
- ▶ Expert catering teams, chefs and external dietitian
- ▶ Tailored lifestyle programs
- ▶ Additional services program
- ▶ All employees have vaccination against influenza

## In Train:

- ▶ All residents, employees and volunteers offered two doses of COVID-19 vaccine on site
- ▶ Consumer Engagement Strategy
- ▶ Additional clinical, care and research partnerships
- ▶ Research Strategy
- ▶ Model of care reviews
- ▶ Digital technology improvements to reduce administration burden and release more time to care
- ▶ Electronic medication management system
- ▶ Additional quality and safety indicators





# Positive People and Practice

## *Regis People - attracting, developing, empowering and retaining the best talent*

### **In Place:**

- ▶ Fit for purpose training
- ▶ Scholarship Program for accredited training
- ▶ Expert clinical and portfolio support teams
- ▶ Confidential Employee Assistance Program (EAP)
- ▶ Wellbeing programs and supports, increased during COVID-19
- ▶ Diversity and inclusion policies and programs
- ▶ Annual reporting of pay equity
- ▶ Executive and manager health checks
- ▶ Regis Spirit program - appreciation, opportunity & community
- ▶ Annual engagement survey
- ▶ Performance review, development and talent mapping
- ▶ Career planning and progression across all roles
- ▶ >25,000 followers across social media channels

### **In Train:**

- ▶ Workforce strategy
- ▶ Full review of learning and development framework
- ▶ Additional academic and research partnerships
- ▶ Aged Care Industry Voluntary Code of Practice
- ▶ External review of safety program and outcomes
- ▶ Occupational violence prevention program



# Ensuring Our Future

*Transformational change through digital enablers, operational excellence and growth*

## In Place:

- ▶ 3-year Strategic Plan
- ▶ Key participant in Aged Care Reform Network
- ▶ Home Care strategy
- ▶ Residential aged care
- ▶ Contracts with local and sustainable companies
- ▶ Cybersecurity strategy and maturity assessments
- ▶ Market opportunities
- ▶ Continuous improvement and learning philosophies driven from Board and Executive through to frontline teams

## In Train:

- ▶ Upgrades to finance system
- ▶ Reassessment of climate risks
- ▶ Preparation for new activity-based funding program
- ▶ Strengthen data and predictive analytics
- ▶ Resident and family self-service application
- ▶ Additional research and innovation partnerships
- ▶ Retirement Living strategy



# Environmental, Social and Governance (ESG)

*Regis is a for purpose company with a focus on shared value creation*

E

S

G

## Environmental

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- Collection of mobile phones for “Save the Gorillas” program
- Collection of batteries for proper recycling across all homes and sites
- Residents supplied with biodegradable bamboo toothbrushes in partnership with the Turtle Tribe
- Additional garden beds created for residents to grow fruits, vegetables and herbs
- Reduction in energy consumption through solar and LED projects

## Social

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- New and expanded social connection programs to counter impact of COVID-19 visitor restrictions
- Facilitated family member access for residents living with dementia as “partners in care”
- Well-being programs and mental health supports increased to address impacts of COVID-19 and lockdowns
- Virtual reality experience of living with dementia
- New virtual forums and communications to interact with frontline managers and teams

## Governance

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- Experienced and skilled Board including 4 Independent Directors, 2 Founding Directors and Managing Director
- Chair is an independent NED
- One of the independent Directors is a medical practitioner, academic and former CEO
- Gender balance achieved for Board and Executive
- ASX Corporate Governance Principles and Recommendations (4th Edition) in place
- Assurance programs in place

# 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	112	112	✓	✓	✓	Partial	► Recommencement subject to market conditions
Regis Gatton (Extension)	QLD	30	30		✓	✓	✓	► Received council development approval ► On hold
Regis Playford (Extension)	SA	33	33		✓	✓	✓	► Received council development approval ► On hold
Regis Inala (Stage 1)	VIC	202	126	✓	✓	✓	Partial	► On hold
Regis Greenmount (Stage 2)	WA	150	111	✓	✓	✓	Partial	► On hold
Regis Toowong	QLD	120	120	✓	✓	✓	✓	► Received council development approval ► On hold
		<b>647</b>	<b>532</b>					
Regis Belrose	NSW	105	105	✓	✓	✓	✓	► Land acquired 4 August 2021
<b>Total</b>		<b>752</b>	<b>637</b>					

- Parcel of land (passive asset) situated at Palm Beach, Queensland, was sold for \$21 million
- Developments paused pending more certainty surrounding future funding of industry
- A parcel of land situated in Belrose, NSW was acquired in August 2021. Planning has commenced for a new residential aged care home





## Outlook

Regis Blackburn, Victoria

# Outlook

## Performance

- ▶ Quality care, service and accommodation support occupancy
- ▶ Workforce strategy
- ▶ Upgrade of key business systems
- ▶ Sector reform

## Business Growth and Development

- ▶ Looking forward to recommencing development program once certainty improves
- ▶ Execution of Home Care expansion strategy
- ▶ Conserve balance sheet position to allow agility with presenting opportunities

## Earnings Guidance

- ▶ Given the current macro-economic environment, including the ongoing impact of the COVID-19 pandemic, the Board does not believe it to be prudent to put forward any earnings guidance at this stage. A business update will be provided at the Annual General Meeting to be held on 26 October 2021







# Questions

Regis Wynnum, Queensland





## Appendices

Regis Sippy Downs, Queensland

# Appendix A: Income Statement

\$ millions	FY21	(Restated) <sup>1</sup> FY20
<b>Revenue from Services</b>		
Government revenue	499.9	471.1
Resident revenue	193.7	195.0
Other revenue	7.8	11.8
<b>Revenue from Services</b>	<b>701.4</b>	<b>677.9</b>
Other income <sup>2</sup>	83.0	72.3
<b>Total Revenue</b>	<b>784.4</b>	<b>750.2</b>
<b>Operating Expenses</b>		
Staff expenses	(521.1)	(498.7)
Resident care expenses	(53.3)	(42.5)
Administration expenses	(39.6)	(38.3)
Occupancy expenses <sup>3</sup>	(23.4)	(21.6)
Impairment expense <sup>4</sup>	-	(20.6)
<b>Total Operating Expenses</b>	<b>(637.4)</b>	<b>(621.7)</b>
Depreciation and amortisation <sup>5</sup>	(43.9)	(44.0)
Finance costs <sup>6</sup>	(74.0)	(78.8)
<b>Profit Before Tax</b>	<b>29.1</b>	<b>5.7</b>
Income tax expense	(9.2)	(6.4)
<b>Net Profit/(Loss) After Tax</b>	<b>19.9</b>	<b>(0.7)</b>

<sup>1</sup>Refer page 33 for details of restatement of prior corresponding period

<sup>2</sup>Other income includes imputed income on RADs and Bonds of \$64.4 million (FY20: \$67.0 million) in accordance with AASB 16 *Leases* - refer page 32

<sup>3</sup>Occupancy expenses no longer includes the cost of operating leases as a result of the adoption of AASB 16 *Leases*

<sup>4</sup>Represents non-cash goodwill impairment charge

<sup>5</sup>Depreciation and amortisation includes \$1.0 million (FY20: \$0.9 million) relating to right-of-use assets in accordance with AASB 16 *Leases*

<sup>6</sup>Finance costs include \$64.4 million (FY20: \$67.0 million) of imputed interest charge on RADs and Bonds and \$0.4 million (FY20: \$0.4 million) of interest expense on leases payable in accordance with AASB 16 *Leases*

# Appendix B: Statement of Financial Position

\$ millions	FY21	(Restated) <sup>1</sup> FY20
Cash and cash equivalents	3.9	3.8
Trade and other receivables	9.1	9.7
Other current assets	8.9	6.2
Income tax receivables	-	8.3
<b>Total Current Assets</b>	<b>21.9</b>	<b>28.0</b>
Property, plant and equipment	1,101.6	1,147.4
Investment property	158.7	148.1
Right-of-use assets	5.0	6.0
Intangible assets	463.7	463.7
<b>Total Non-Current Assets</b>	<b>1,729.0</b>	<b>1,765.2</b>
<b>Total Assets</b>	<b>1,750.9</b>	<b>1,793.2</b>
Bank overdraft	14.9	7.9
Trade payables and other liabilities	52.7	51.5
Lease liabilities	1.1	1.0
Provisions	112.1	96.7
Other liabilities	1,227.9	1,208.1
Income tax payable	2.1	-
<b>Total Current Liabilities</b>	<b>1,410.8</b>	<b>1,365.2</b>
Interest bearing loans and borrowings	131.4	232.6
Provisions	7.3	4.2
Deferred tax liabilities	53.4	56.4
Lease liabilities	6.0	7.0
<b>Total Non-Current Liabilities</b>	<b>198.1</b>	<b>300.2</b>
<b>Total Liabilities</b>	<b>1,608.9</b>	<b>1,665.4</b>
<b>Net Assets</b>	<b>142.0</b>	<b>127.8</b>
Issued capital	273.5	273.5
Retained earnings/(accumulated losses)	(34.3)	(48.2)
Reserves	(97.2)	(97.5)
<b>Total Equity</b>	<b>142.0</b>	<b>127.8</b>

<sup>1</sup>Refer page 33 for details of restatement of prior corresponding period



# Appendix C: Cash Flow Statement

\$ millions	FY21	(Restated) <sup>1</sup> FY20
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and Government subsidies	696.5	666.3
Payments to suppliers and employees	(620.3)	(584.5)
<b>Operational Cash Flows Before Interest, Income Tax, and RADs</b>	<b>76.2</b>	<b>81.8</b>
Finance costs paid	(9.2)	(11.2)
Income tax paid	(1.7)	(8.8)
<b>Net Cash Flows from Operating Activities before RADs</b>	<b>65.3</b>	<b>61.8</b>
RAD and accommodation bond cash inflows	370.4	377.9
RAD and accommodation bond cash outflows	(332.7)	(308.1)
Entry contribution inflows	5.9	3.9
Entry contribution outflows	(3.9)	(8.3)
<b>Net Cash Flows from Operating Activities</b>	<b>105.0</b>	<b>127.2</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property, plant and equipment	26.2	1.1
Purchase of property, plant and equipment	(17.3)	(39.3)
Capital expenditure in relation to investment properties	(1.4)	(4.7)
Purchase of businesses, net of cash acquired	-	5.0
<b>Net Cash Flows from/(used in) Investing Activities</b>	<b>7.5</b>	<b>(37.9)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from / (repayments of) bank borrowings	(100.4)	(71.0)
Dividends paid	(18.1)	(21.4)
Payment of lease liabilities	(1.0)	(0.8)
<b>Net Cash Flows from/(used in) Financing Activities</b>	<b>(119.5)</b>	<b>(93.2)</b>
Net increase/(decrease) in cash and cash equivalents	(6.9)	(3.9)
Cash and cash equivalents at the beginning of the period	(4.1)	(0.2)
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>(11.0)</b>	<b>(4.1)</b>

<sup>1</sup>Refer page 33 for details of restatement of prior corresponding period

# Appendix D: Non-IFRS Reconciliation

\$ millions	FY21	(Restated) <sup>1</sup> FY20
<b>Profit Before Income Tax</b>	<b>29.1</b>	<b>5.7</b>
Depreciation and amortisation	43.9	44.0
Finance costs	74.0	78.8
<b>Reported EBITDA (post-AASB 16)</b>	<b>147.0</b>	<b>128.5</b>
<b>Add/(deduct) one-off items:</b>		
COVID-19 Government funding and grants	(11.9)	(8.2)
COVID-19 expenses	11.8	3.4
Profit on sale of assets	(2.8)	(0.6)
Cyber-security incident costs	0.7	-
Net fair value gain on investment properties	(9.2)	-
Impact of regulatory penalties	2.2	-
Royal Commission costs	-	1.3
Acquisition related costs	-	1.2
Gain on bargain purchase	-	(4.6)
Impairment of intangibles	-	20.6
<b>EBITDA<sup>2</sup> (post-AASB 16) excluding one-off items</b>	<b>137.8</b>	<b>141.6</b>

<sup>1</sup>Refer page 33 for details of restatement of prior corresponding period

<sup>2</sup>Refer page 35 for definition of EBITDA

# Appendix E: Impact of Prior Year Restatement

## *Imputed Interest Income and Expense on RADs*

- ▶ The Company adopted AASB 16 Leases from 1 July, 2019, where it concluded that it is a lessor where a resident has chosen a RAD or Bond arrangement under which to receive residential aged care services. The arrangement is accounted for by recognising a non-cash increase in income, with a corresponding non-cash increase in finance costs on the outstanding RAD liability, with no net impact on the result for the period
- ▶ This imputed interest income was calculated in the prior year by applying the current Maximum Permissible Interest Rates (MPIR) applicable to the period, however, the Company has reviewed the calculation and determined that the MPIR rates applicable at the date of entry for each resident should have instead been applied
- ▶ This has been corrected by restating each of the affected financial statement line items for the prior year. There is no impact to the consolidated statement of financial position, and the following table summarises the impact on the consolidated financial statements
- ▶ There is no impact on net profit after tax for the prior year ended 30 June 2020, and therefore has no impact on basic or diluted earnings per share. As the adjustment relates to non-cash items, there is also no impact on the total operating, investing or financing cash flows for the year ended 30 June 2020

Consolidated Statement of Profit or Loss - For the year ended 30 June 2020 \$ millions	As Previously Reported	Adjustments	As Restated
Imputed income on RADs and Bonds	57.5	9.5	67.0
Imputed interest charge on RADs and Bonds	(57.5)	(9.5)	(67.0)

# Appendix E: Impact of Prior Year Restatement (continued)

## Potential Employee Underpayments

- ▶ Regis has identified potential underpayments of employee entitlements to certain current and former employees under its enterprise agreements. These payment shortfalls have arisen because some employee entitlements due under various enterprise agreements were recorded inaccurately in the payroll system
- ▶ The impact of the potential underpayment on profit before income tax for the financial year ended 30 June 2021 was \$7.1 million (FY20: \$6.4 million) with the remaining amount recorded as a prior period restatement in accordance with Australian Accounting Standard AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

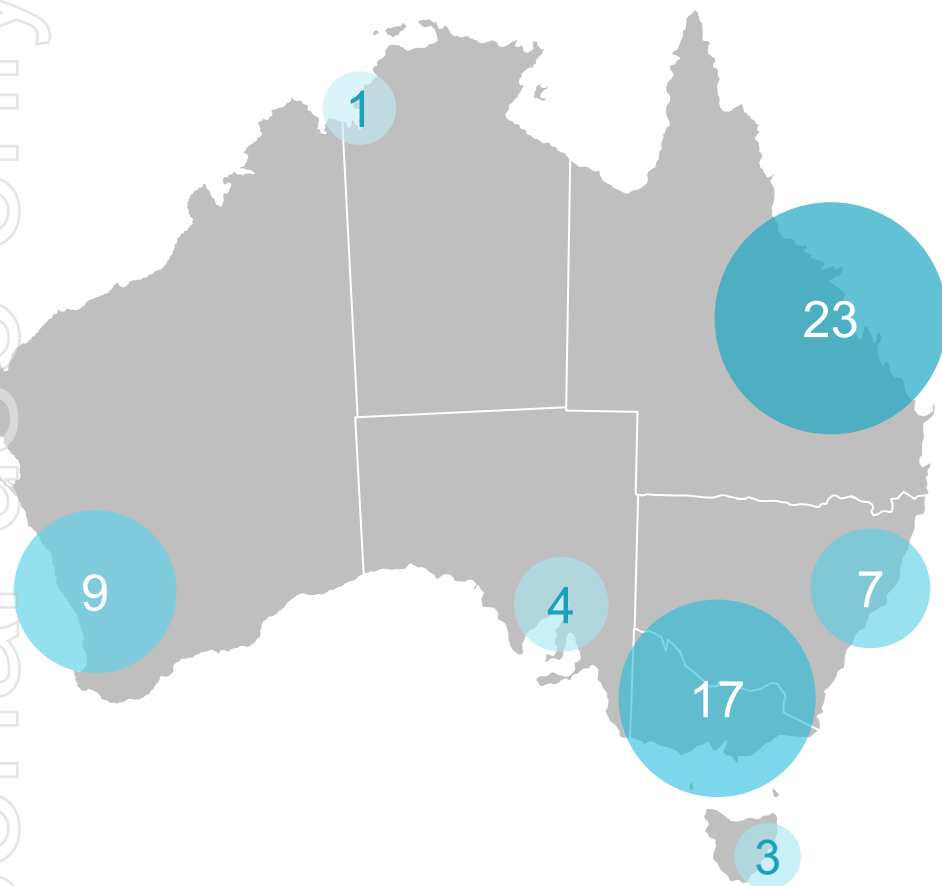
Consolidated Statement of Profit or Loss - For the year ended 30 June 2020 \$ millions	As Previously Reported	Adjustments	As Restated
Staff expenses	(492.2)	(6.4)	(498.6)
Income tax expense	(8.3)	1.9	(6.4)
<b>Profit/(Loss) after tax for the Period</b>	<b>3.8</b>	<b>(4.5)</b>	<b>(0.7)</b>

Consolidated Statement of Financial Position - For the year ended 30 June 2020 \$ millions	As Previously Reported	Adjustments	As Restated
Deferred tax liabilities	64.8	(8.4)	56.4
Provisions - current	68.8	27.9	96.7
<b>Net Assets</b>	<b>147.3</b>	<b>(19.5)</b>	<b>127.8</b>
Retained earnings (accumulated losses)	(28.7)	(19.5)	(48.2)
<b>Total Equity</b>	<b>147.3</b>	<b>(19.5)</b>	<b>127.8</b>



# Appendix F: Regis is a Well Established National Provider

## Residential Aged Care, Home Care and Retirement Living



**49**

Number of Homes: Metropolitan

**15**

Number of Homes: Regional

**64**

Total number of homes

**64**

Number of freehold sites

**7,144**

Average available operational places

**6,011**

Number of single rooms

**92%**

Single rooms as a percentage of total rooms

**112**

Average number of places per home

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

# Appendix G: Definitions of Non-IFRS Financial Measures

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

**(Restated) FY20** means full-year ended 30 June 2020 restated for impact of potential employee underpayments and AASB 16 *Leases*

**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 income tax

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

**EBITDA** refers to EBITDA excluding impact of one-off/non-recurring items

**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 corresponding period

**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, 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 discharges; 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, 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 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 EBITDA (pre AASB 16) on a 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, Reported EBITDA, EBITDA, 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.