



Puffing Billy, Victoria



OUR  
PURPOSE



Personalised  
and respectful care  
that embraces the  
experience of  
ageing

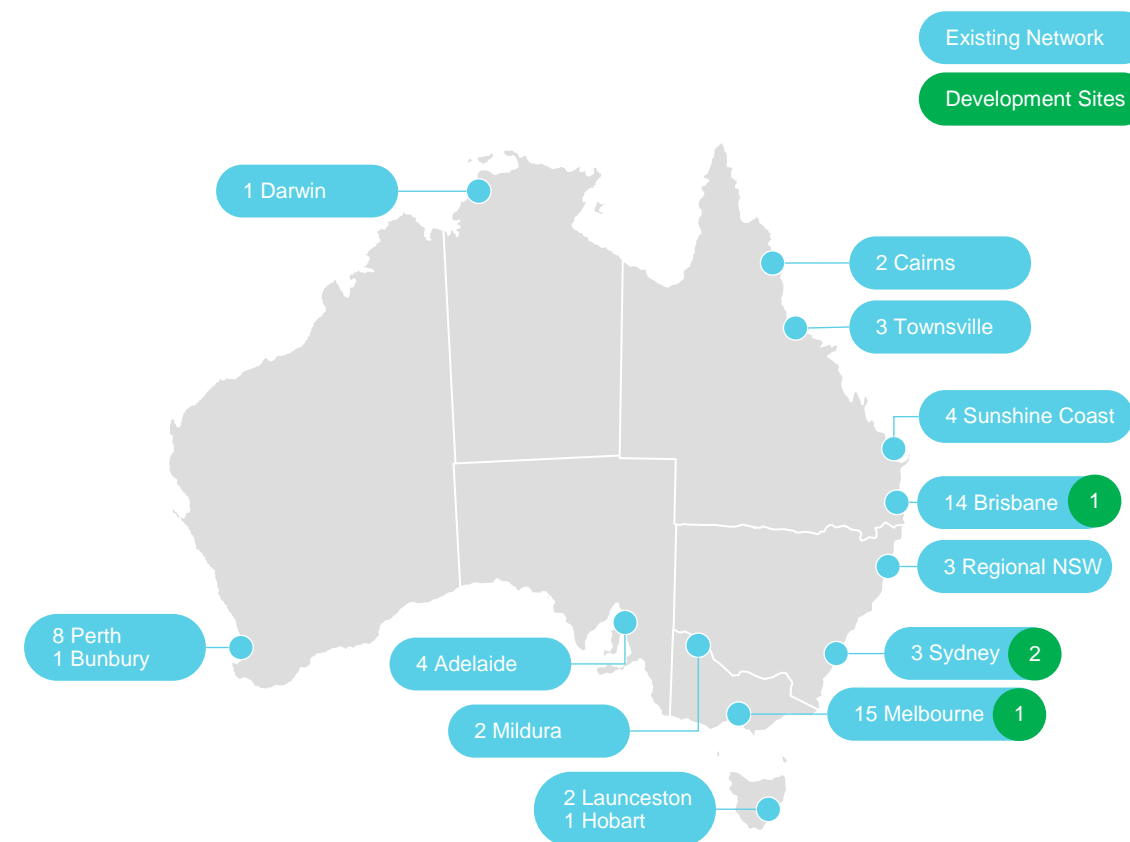
## FY23 Full-Year Results Presentation

25 August 2023

# Regis is a Leading Residential Aged Care Provider

One of the largest and most geographically diverse aged care portfolios

-  **30+** years in the aged care industry
-  **6,960** available operational places
-  **63** aged care homes (100% freehold) with significant real estate value
-  **92%** single rooms as a percentage of total rooms
-  **~9,000** employees
-  **>\$1m** average house price of catchment area across portfolio
-  **93.7%** spot occupancy (30 June 2023)
-  **\$83.3m** FY23 underlying EBITDA, up 6.7%





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- Financial and Operational Performance
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Regis Shenley Manor, Victoria

## Aged Care Industry Overview



# Industry Reform and Sector Changes

## Aged care worker pay rise

- ▶ Fair Work Commission - Work Value Case increased modern award wage rates by 15% to eligible aged care workforce from 30 June 2023
  - Funded by Government through AN-ACC
- ▶ Fair Work Commission - Annual Wage Review announced increase to minimum award wages of 5.75% from 1 July 2023
- ▶ **Impact on Regis: Improved ability to attract and retain staff**

## IHACPA

- ▶ Introduction of Independent Hospital and Aged Care Pricing Authority (IHACPA) to determine cost of care under new AN-ACC funding model
- ▶ IHACPA provided advice to Government on pricing of residential aged care services which informed the 2023-24 Federal Budget
- ▶ **Impact on Regis: Independent body will provide funding recommendations linked to cost of providing care**

## Funding

- ▶ Transitioned to AN-ACC on 1 October 2022 which provides equitable funding according to resident needs (13 classes of funding)
- ▶ New AN-ACC price from 1 July 2023 with Government intention to cover worker wage increases and indexation
  - Starting industry AN-ACC funding to providers increased to \$243 per resident per day
- ▶ New methodology for annual changes in prices/indexation, informed by IHACPA
- ▶ Government Aged Care Taskforce to review funding arrangements by December 2023
- ▶ **Impact on Regis: Improved funding regime**

## Bed licences

- ▶ Bed licence deregulation on 1 July 2024
- ▶ **Impact on Regis: Significant growth opportunity for scale players through greenfield and brownfield development, as well as M&A**

## Care minutes

- ▶ Mandated care minutes requirement commences 1 October 2023
  - requiring on average 200 care minutes including 40 minutes from a registered nurse
- ▶ Care minutes are reported to the Department of Health & Aged Care (DHAC) each quarter
- ▶ 24/7 registered nurse required from 1 July 2023
- ▶ **Impact on Regis: Advantages providers with scale and systems to support increasing care requirements and ability to attract qualified staff**

## Star ratings

- ▶ Star ratings introduced 1 December 2022
- ▶ Designed to support consumer choice and comparison of aged care homes
- ▶ Each home is assigned an overall star rating evaluating four sub-categories: resident experience, compliance, staffing and quality measures
- ▶ Enhanced quality standards effective 1 July 2024
- ▶ **Impact on Regis: Opportunity for positive differentiation for high quality operators**

# Lack of Quality New Beds to Meet Future Demand

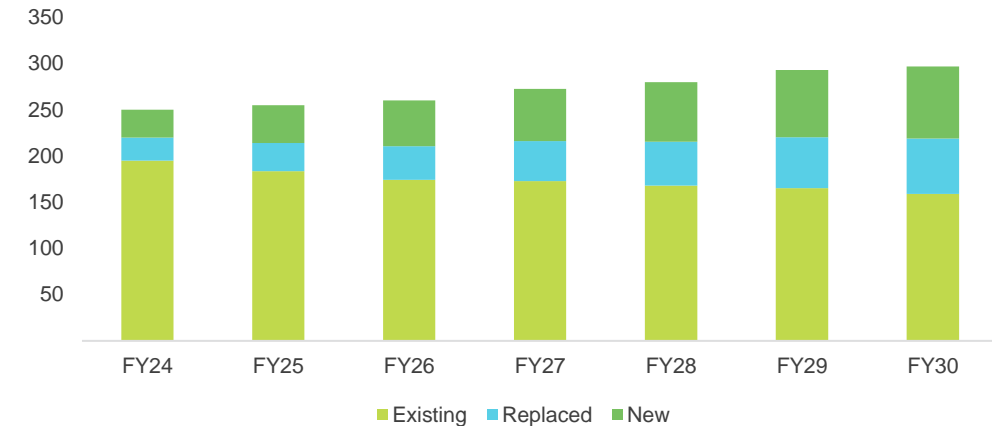
## Elevated demand for quality aged care homes

- ▶ Ageing population with acute and sub-acute healthcare needs set to support demand
- ▶ Baby Boomer generation will demand higher quality and more premium service offering
- ▶ Circa 220,000 operational places in Australia at 30 June 2022<sup>1</sup>, below forecast required residential aged care places of over 300,000 by 2030<sup>2</sup>

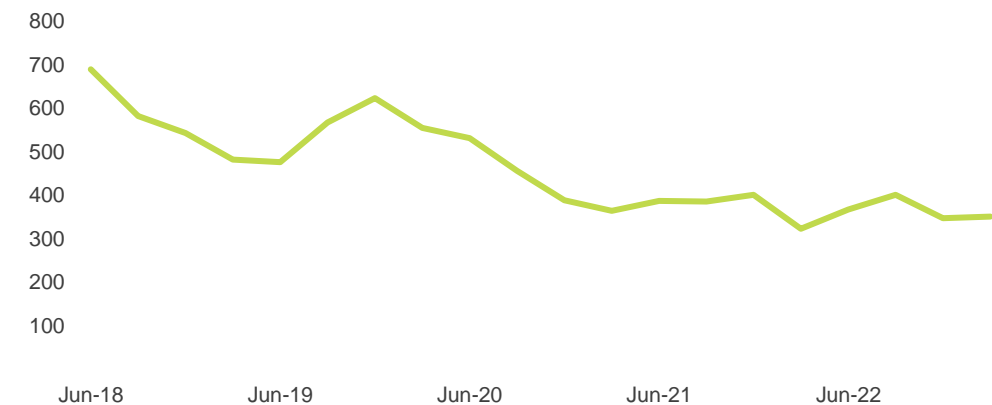
## Limited supply to service increasing demand

- ▶ New work and refurbishment of residential aged care facilities peaked prior to COVID-19
- ▶ Inadequate Government funding, regulatory uncertainty, and COVID-19, has led to limited supply of quality new beds entering market in recent years
- ▶ Development approval delays and heightened building costs exacerbating supply squeeze
- ▶ Approx. 25% of current accommodation no longer fit for purpose<sup>2</sup>
  - Circa 135,000 new and refurbished beds required to be built
- ▶ Based on current cost of development, approx. \$50 billion capital will need to be invested to close the gap

Forecast Residential Aged Care Places Required ('000s)<sup>2</sup>



Value of Building Work Completed in the Australian Aged Care sector (\$m)<sup>3</sup>



<sup>1</sup>Australian Government - Australian Institute of Health and Welfare - GEN Aged Care Data

<sup>2</sup>ACFA Ninth Report On The Funding and Financing of the Aged Care Industry (July 2021)

<sup>3</sup>Australian Bureau of Statistics (ABS) Building Activity, Australia - March 2023



Regis Sandringham, Victoria

## Financial and Operational Performance

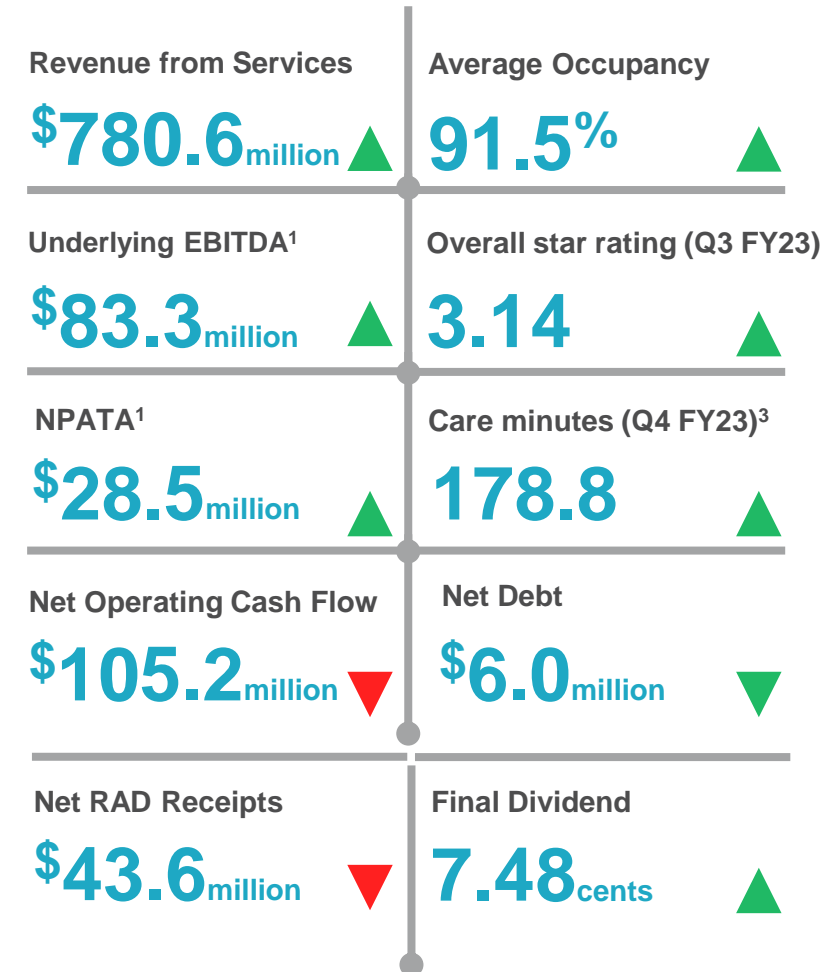
# FY23 Overview

## Financial Overview

- ▶ Revenue from services of \$780.6 million, up 7.6% on pcp
- ▶ Underlying EBITDA<sup>1</sup> of \$83.3 million, up 6.7% on pcp
- ▶ NPATA<sup>1</sup> of \$28.5 million, up 631% on pcp
- ▶ Statutory net loss after tax of \$28.5 million impacted by non-cash bed licence amortisation<sup>2</sup>
- ▶ Net operating cash flow of \$105.2 million includes net RAD receipts of \$43.6 million
- ▶ Net debt of \$6.0 million, down 94.2% or \$96.9 million on pcp
- ▶ Board of Directors resolved to pay a final dividend of 7.48 cents per ordinary share (50% franked) payable 27 September 2023
  - Total dividends pay-out represents 100% of NPATA

## Operational Highlights

- ▶ Average occupancy of 91.5% (H2 FY23: 92.0%) significantly up on 89.8% in prior year
- ▶ Achieved all-time high of 6,521 occupied beds or 93.7% in June 2023
- ▶ Improvement in average portfolio overall star rating from 3.11 (Q1 FY23) to 3.14 (Q3 FY23)
- ▶ Average care minutes increased from 165.3 minutes (Q1 FY23) to 178.8 minutes (Q4 FY23)<sup>3</sup>
- ▶ Received net proceeds of \$60 million from sale of non-income producing assets



<sup>1</sup>Refer page 29 for definitions of Non-IFRS financial measures and page 27 for reconciliation of statutory results to Non-IFRS financial measures

<sup>2</sup>Net loss after tax includes \$57.0m bed licence amortisation (after tax) during the year - refer page 29

<sup>3</sup>As submitted to DHAC - 4 August 2023



# Financial Summary

\$ millions	FY23	FY22	△ FY22 to FY23
Revenue from services	780.6	725.3	7.6%
Other income <sup>1</sup>	117.0	71.6	63.4%
Staff expenses	591.2	550.4	7.4%
Underlying EBITDA <sup>2</sup>	83.3	78.1	6.7%
NPATA <sup>2</sup>	28.5	3.9	630.8%
Net operating cash flow	105.2	114.8	(8.4%)
Net RAD cash inflow	43.6	83.9	(48.0%)
Capital expenditure	53.5	48.6	10.1%
Net debt	6.0	102.9	(94.2%)
Average occupancy % <sup>3</sup>	91.5%	89.8%	1.7 pts
Staff expenses / revenue from services %	75.7%	75.9%	(0.2 pts)
Basic EPS (cents per share)	(9.47)	(12.90)	

Care Minutes - FY23	Q1	Q2	Q3	Q4 <sup>4</sup>
Registered Nurses	29.9	30.4	29.4	32.5
Enrolled Nurses/ Personal Care Workers	135.4	139.6	143.3	146.3
<b>Total</b>	<b>165.3</b>	<b>170.0</b>	<b>172.7</b>	<b>178.8</b>

<sup>1</sup>Includes \$62.9 million of imputed income on RADs and Bonds (FY22: \$62.4 million)

<sup>2</sup>Refer page 29 for definitions of Non-IFRS financial measures

<sup>3</sup>Based on FY23 average available operational places of 6,980 (FY22: 7,056)

<sup>4</sup>As submitted to DHAC - 4 August 2023

- ▶ Revenue from services benefitted from improved occupancy, new AN-ACC funding model from 1 October 2022, and additional resident funding
  - Average occupancy improved from 89.8% to 91.5%<sup>3</sup>
- ▶ Other income included imputed income on RADs per AASB 16 of \$62.9 million, Government grant income of \$32.5 million and gains on disposal of non-current assets of \$11.7 million
- ▶ Increase in staff expenses due to:
  - Continued workforce shortages leading to increased agency and overtime
  - EA and Award wage increases
  - Recruitment of frontline staff to address Government care minute mandate
- ▶ Net operating cash flow of \$105.2 million included net RAD cash inflow of \$43.6 million
  - Net cash flows from operating activities before RADs increased 145% to \$60.2 million
- ▶ Capital expenditure of \$53.5 million (FY22: \$48.6 million) included \$15.0 million purchase of development land in Carlingford, NSW, refurbishment, and strategic technology investment
- ▶ Net debt down 94.2% to \$6.0 million following strong cash generation and the rationalisation of non-income producing assets
- ▶ Regis' care minutes have improved each quarter as the Company has repurposed roles to direct care, decentralised certain support roles and invested in additional aged care workers
- ▶ Regis is well placed to meet mandated targets for personal care workers
- ▶ Given global shortage of nurses, Regis has invested in initiatives to attract a greater number of registered nurses, including expansion of recruitment capability, providing enhanced career pathways, and working with various partners to recruit candidates

# Drivers of Shareholder Value

Operational Statistics	FY23	FY22	Δ FY22 to FY23
Average available operational places (#) <sup>1</sup>	6,980	7,057	(1.1%)
Total occupied bed days	2,332,063	2,312,826	0.8%
Average occupancy (%)	91.5	89.8	1.7 pts
Aged care revenue per occupied bed day (\$)	326.8	305.9	6.8%
Aged care Government revenue per occupied bed day (\$) <sup>2</sup>	230.7	219.3	5.2%
Aged care resident revenue per occupied bed day (\$)	96.1	86.6	11.0%
Aged care staff expenses per occupied bed day (\$) <sup>3</sup>	228.4	214.4	6.5%
Average RAD held (\$000) <sup>4</sup>	478.7	460.8	3.9%
Average incoming RAD (\$000) <sup>5</sup>	490.6	489.1	0.3%

- ▶ Average occupancy improved due to management initiatives and easing of COVID-19 restrictions
- ▶ Spot occupancy at 18 August 2023 was 93.5% (Spot occupancy 30 June 2023: 93.7%)
- ▶ Aged care Government revenue improved following the introduction of AN-ACC funding model and subsequent resident reassessments
- ▶ Aged care staff expenses have increased including repurposed roles into direct care in line with 1 October 2023 care minute mandate
- ▶ Increase in total value of RADs held included net RAD cash inflow \$43.6 million

<sup>1</sup>Across portfolio of homes as at 30 June 2023. (30 June 2023: 6,960 available operational places)

Movement in average available operational places mainly attributable to closure and subsequent sale of Belmore, New South Wales facility (60 beds)

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

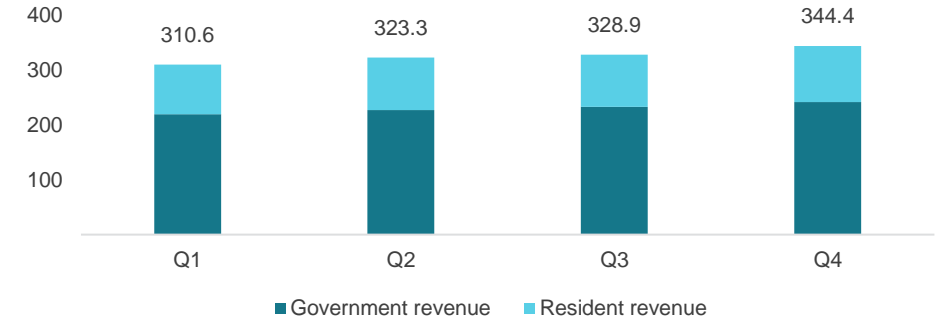
<sup>3</sup>Excludes COVID-19 outbreak staff expenses

<sup>4</sup>Average RAD held by 100% RAD payers

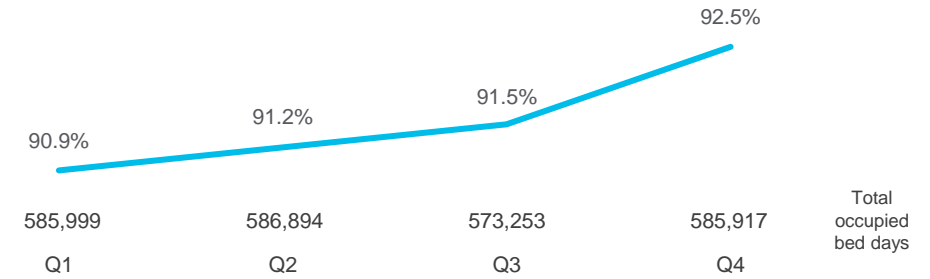
<sup>5</sup>Average incoming RAD for 100% RAD payers

<sup>6</sup>Probate liabilities of \$177.5 million (FY22: \$199.7 million) included in 30 June 2023 RAD balance

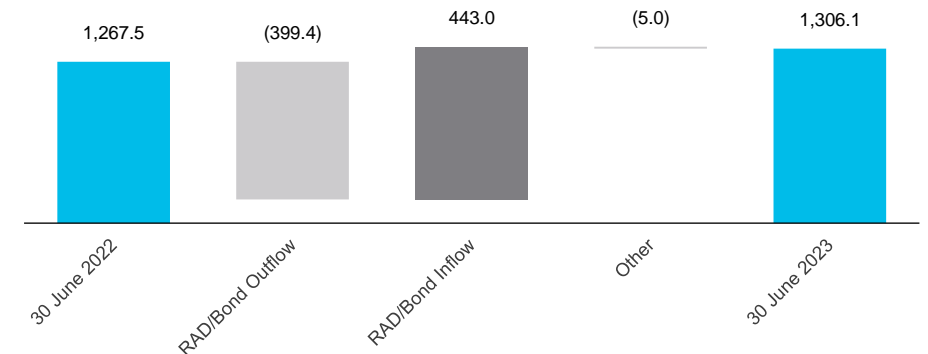
Aged care revenue per occupied bed day (\$)



Average Quarterly Occupancy (%)



Net RAD/Bond Movements (\$m)<sup>6</sup>



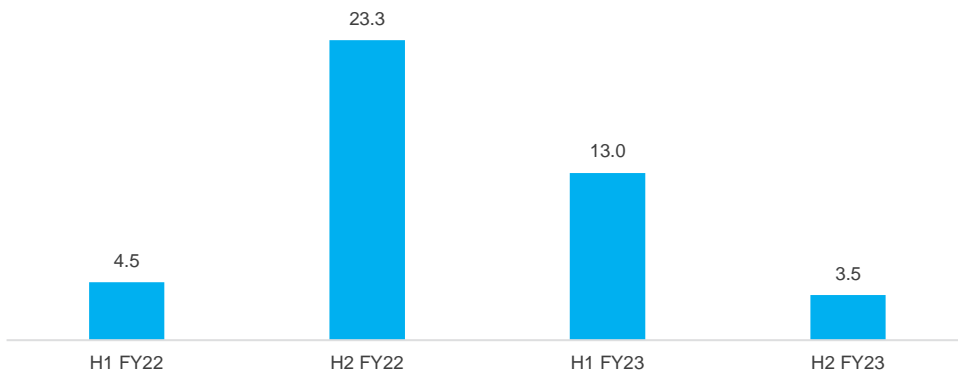


# One-Off / Non-Recurring Items

The following one-off / non-recurring items are excluded from underlying EBITDA:

\$ millions (before tax)	FY23	FY22
COVID-19 and other Government grant income	32.5	3.2
COVID-19 outbreak related expenses	(16.5)	(27.8)
Gain on disposal of non-current assets	11.7	-
Fair value gain on investment property	7.2	5.9
Increase in employee entitlements (Fair Work Commission decision) <sup>1</sup>	(7.3)	-
Write-off of capital work in progress and other one-off write-downs	(12.8)	(2.9)
Professional services costs incurred in relation to potential employee underpayments program	(3.1)	(2.2)
Other net losses <sup>2</sup>	(0.1)	-
<b>Total</b>	<b>11.6</b>	<b>(23.8)</b>

COVID-19 Outbreak Related Expenses (\$m)



## COVID-19 Outbreak

- ▶ COVID-19 outbreak and other grant income of \$32.5 million (FY22: \$3.2 million)
  - COVID-19 grant income of \$31.4 million, of which \$23.2 million has been approved (18 August 2023)
    - \$22.2m recognised as income but not yet received from Government
    - Expect outstanding claims to be settled during FY24
- ▶ COVID-19 outbreak related expenses of \$16.5 million (H2 FY23: \$3.5 million) included:
  - \$14.8 million of incremental staff costs / \$1.7 million of PPE and other related costs

## Property sale

- ▶ \$11.7 million gain on disposal of non-current assets

## Investment property

- ▶ \$7.2 million revaluation gain on investment property - independent valuation

## Employee entitlements

- ▶ \$7.3 million adjustment to employee entitlements due to Fair Work Commission changes to aged care worker modern award wage rates

## Capital write-offs

- ▶ \$11.5 million prior period development projects not expected to continue
- ▶ \$1.3 million reduction in carrying amount of operating investment properties

<sup>1</sup>Represents increase to employee entitlements expense as at 30 June 2023 required to reflect the Fair Work Commission's decision to increase modern award wage rates by 15% from 30 June 2023

<sup>2</sup>Other net losses includes \$1.3 million incurred for regulatory penalties (including external advisors and additional costs) relating to the Sanction and Notice to Agree (NTA) applied to Port Coogee on 11 August 2022 by the Aged Care Quality and Safety Commission (ACQSC) and \$0.8 million incurred in relation to other one-off items, offset by \$2.0 million recognised as gain on lease modification due to the early termination of Regis' head office lease in Armadale, Victoria, which resulted in the re-measurement of the existing lease asset and liability as at 30 June 2023

# Net Debt and Cash Flow

\$ millions	Purpose	Limit	Maturity
Facility A	Working capital	150.0	March 2026
Facility B	Working capital	175.0	March 2027
Facility C	Residential village developments	70.0	March 2027
Facility D	LC/bank guarantees	10.0	March 2027
<b>Total Syndicated Facility</b>		<b>405.0</b>	

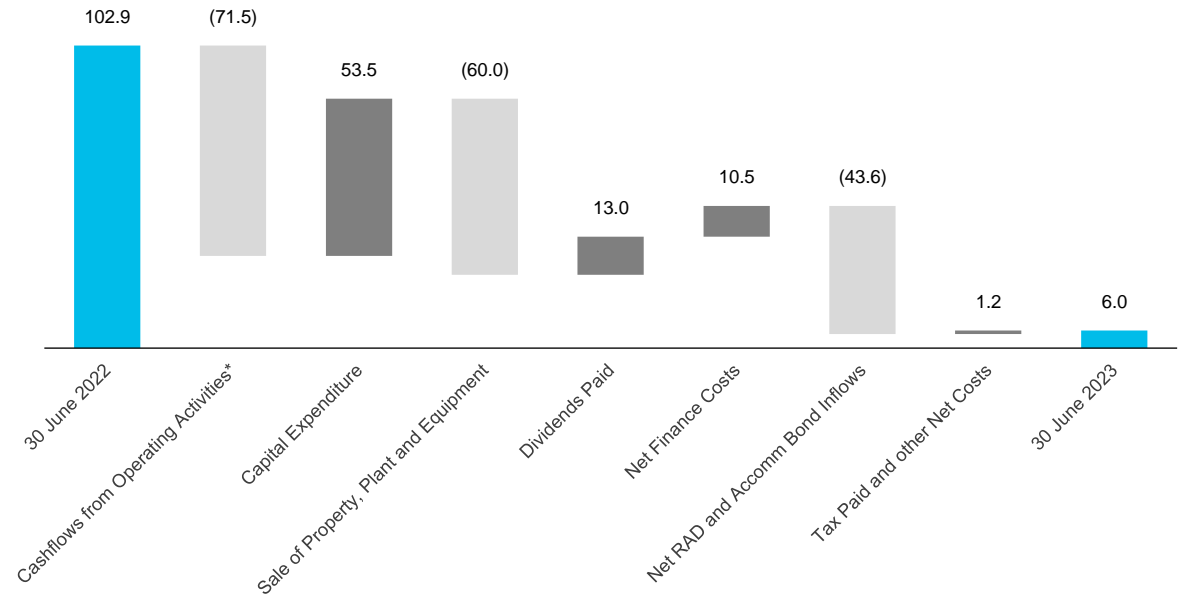
## Net Debt

- ▶ \$96.9 million reduction in net debt driven by operating cash flow and investing activities
  - Net cash inflow from operating activities of \$105.2 million, including net RAD cash inflow of \$43.6 million
  - \$60 million proceeds from sale of non-income producing assets including the Hollywood retirement village and vacant land in WA
- ▶ \$53.5 million investment in capital expenditure including the purchase of development land at Carlingford, NSW and strategic technology investment
- ▶ Net debt reduced 98.5% over last 5 years from \$403.8 million at 30 June 2018 to \$6.0 million at 30 June 2023
- ▶ Facilities B, C and D refinanced through to March 2027
  - Regis elected to reduce the total facility from \$515 million to \$405 million in recognition of working capital and investment requirements
- ▶ Regis has significant capacity for future greenfield and brownfield developments, as well as material strategic acquisitions to participate in the continuing sector consolidation

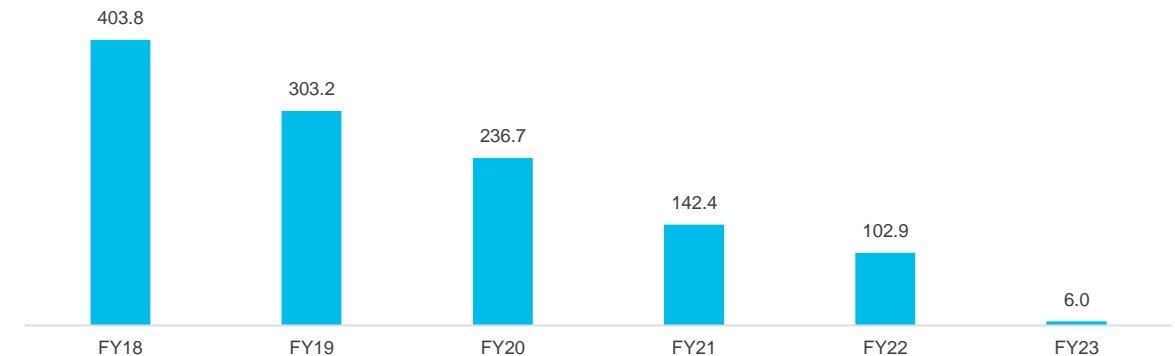
## Dividends

- ▶ FY23 interim dividend of 2.00 cents per ordinary share (50% franked) paid 14 April 2023
- ▶ FY23 final dividend of 7.48 cents per ordinary share (50% franked) payable 27 September 2023

## Net Debt Movements (\$m)



## Net Debt (\$m)

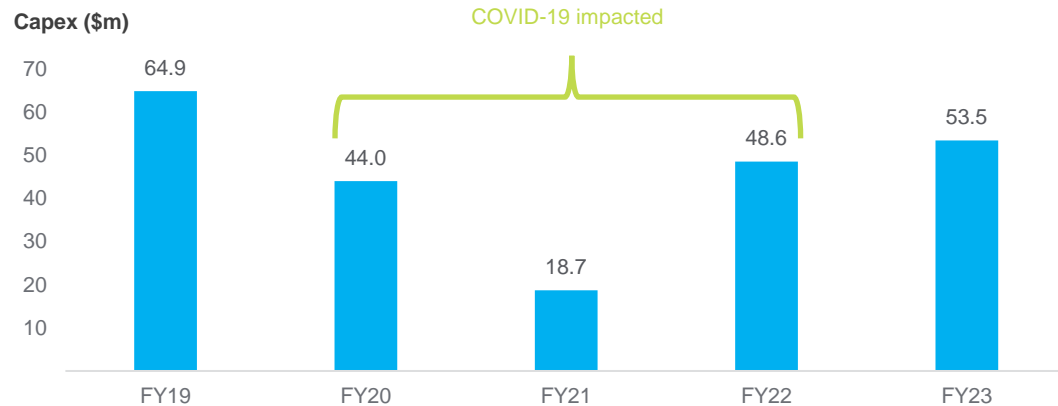


\*Cashflows from operating activities before interest, income tax and RADs



# Capital Expenditure

\$ millions	FY23	FY22
<b>Property</b>		
Maintenance & Refurbishment Capital Expenditure - Residential Aged Care Homes	15.1	16.9
Maintenance Capital Expenditure - Retirement Villages	2.0	1.5
Development	30.0	16.7
<b>Technology</b>		
Strategic Technology Investment	6.4	13.5
<b>Total</b>	<b>53.5</b>	<b>48.6</b>



## Maintenance & Refurbishment

- ▶ Regular and ongoing capex undertaken across residential aged care homes and retirement villages
- ▶ Refurbishments, improvements and upgrades to residential aged care homes

## Development

- ▶ Camberwell - Greenfield development commenced Q1 FY23. On track to open in H2 FY25
- ▶ On 31 January 2023, Regis acquired a parcel of land in Carlingford, New South Wales, for approximately \$15.0 million<sup>1</sup> (FY22 included purchase of land in Belrose, New South Wales for \$15.3 million)

## Technology Investment

- ▶ Investment in core financial and clinical systems over last three years provides ability to operate at greater scale
- ▶ Strategic projects undertaken in FY23 included:
  - Completed enterprise-grade WiFi rollout and upgrades
  - Electronic medication management system

## COVID-19 Capex Catch-up

- ▶ Maintenance and refurbishment capex projects were delayed during COVID-19 lockdowns and outbreaks across the portfolio
- ▶ Capex expected to continue to trend higher in the short-term including greenfield investments, upgrades to existing property portfolio, together with enhanced technology-based solutions

<sup>1</sup>Development Approval in place for 110-bed residential aged care development

# Resident Profile

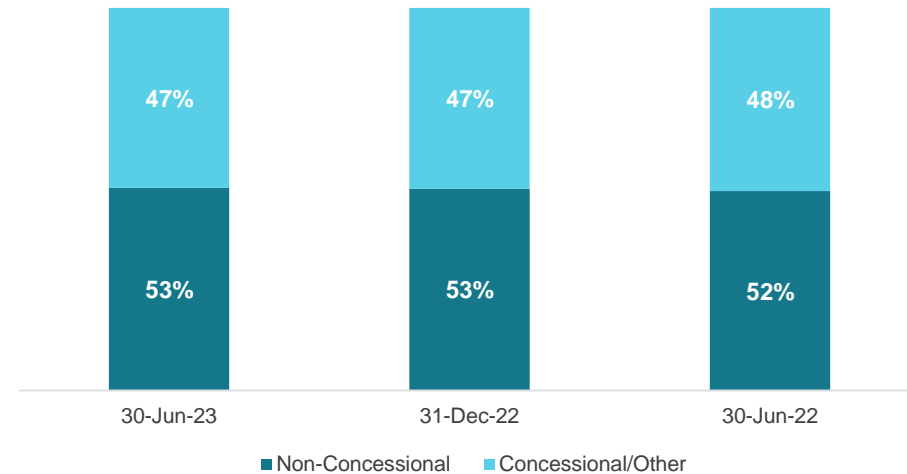
Number of Residents <sup>1</sup>	30 June 2023	31 December 2022	30 June 2022
RAD (100%)	1,890	1,858	1,849
Combination (RAD/DAP)	981	1,015	980
DAP	353	311	290
<b>Total Non-Concessional</b>	<b>3,224</b>	<b>3,184</b>	<b>3,119</b>
Concessional	2,796	2,716	2,727
Other	132	132	135
<b>Total Permanent Residents</b>	<b>6,152</b>	<b>6,032</b>	<b>5,981</b>
Respite	371	341	404
<b>Total Residents</b>	<b>6,523</b>	<b>6,373</b>	<b>6,385</b>

Resident Profile as % of Permanent Residents	30 June 2023	31 December 2022	30 June 2022
RAD (100%)	31%	31%	31%
Combination (RAD/DAP)	16%	17%	16%
DAP	6%	5%	5%
<b>Total Non-Concessional</b>	<b>53%</b>	<b>53%</b>	<b>52%</b>
Concessional	45%	45%	46%
Other	2%	2%	2%
<b>Total Permanent Residents</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

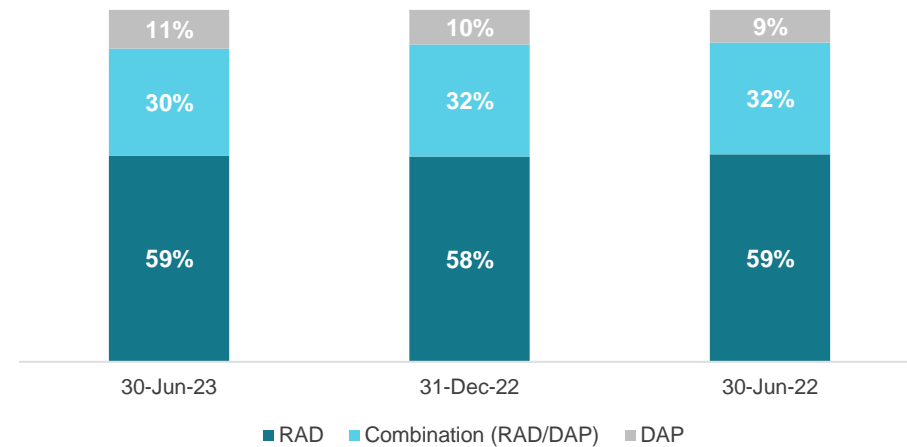
- ▶ Continued high level of RAD paying residents across portfolio
- ▶ MPIR has increased from 4.07% on 30 June 2022 to 7.46% on 30 June 2023. Current rate 7.90%
- ▶ Proportion of DAP payers trending slightly higher

<sup>1</sup>Number of residents at period end

## Resident Mix (Permanent Residents)



## Payment Preference (Non-Concessional)





# Other Matters

## Potential Employee Entitlement Underpayments

- ▶ As previously reported, Regis announced to the ASX on 9 August 2021 that it had identified potential underpayments of employee entitlements to certain current and former employees under its enterprise agreements. These payment shortfalls had arisen because some employee entitlements due under various enterprise agreements were recorded inaccurately in the payroll system. This has led to incorrect payments to a number of employees.
- ▶ Regis, with the assistance of external advisors, continues to determine the extent of the underpayments. Based on additional analysis undertaken during the period, Regis has maintained a provision of \$37.7 million at 30 June 2023.
- ▶ Expect remediation to occur in H1 FY24

## Government's Aged Care Taskforce

- ▶ Chaired by Minister for Aged Care with members from the sector including unions, advisors and public sector
- ▶ Build on Royal Commission into Aged Care Quality and Safety recommendations
- ▶ Review funding arrangements for aged care
- ▶ Develop options for a system that is fair and equitable for everyone in Australia
- ▶ Interim advice expected in October 2023 and final report December 2023

### Taskforce will provide Government with options for Consideration and a Recommended Package of Reforms that ensure that:

- ▶ Aged care providers are sustainably funded and benefit from introducing innovative care delivery approaches that meet older Australians' preferences
- ▶ Aged care funding is affordable for the Commonwealth with arrangements that balance equity and fairness between older and working-aged Australians
- ▶ Older Australians can see the value of their contributions relative to other funding sources
- ▶ There is a robust safety net that properly recognises financial capacity at different levels of income and/or life circumstances
- ▶ Contribution arrangements are efficient, simple to implement, and easily understood by all Australians, particularly older people

## Independent Capability Review of the Aged Care Quality and Safety Commission (ACQSC)

- ▶ Review commissioned to ensure that the aged care sector has a fit for purpose regulator, able to uphold the rights and standards of best practice for older Australians
- ▶ Report is published as part of the Government's commitment to transparency and accountability in the sector and the importance of the capability review in supporting the Government's aged care reform journey



Regis Shenley Manor, Victoria





Regis Frankston, Victoria

# Strategic Update and Outlook



# FY23 Key Accomplishments

## Culture of Care

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

- ✓ New electronic medication management system implemented to enable better monitoring and history of medication provided to residents
- ✓ Upgrade of AutumnCare clinical management system to improve clinical and quality outcomes for residents
- ✓ Expansion of Consumer Advisory Committees including consumer representatives required under new clinical governance reforms that come into effect December 2023

## Positive People and Practice

*Attracting, developing, empowering and retaining the best talent*

- ✓ Finalising target operating model including organisational redesign to refocus resources towards more direct care
- ✓ Expansion of talent acquisition capability
- ✓ New business resilience framework implemented across every home inclusive of emergency management, business continuity and scenario planning exercises

## Ensuring our future

*Growth and development supported by operational excellence and digital enablers*

- ✓ Commenced construction of Regis Camberwell
- ✓ Completed rollout of upgraded Wi-Fi to all Regis homes
- ✓ Implemented new systems and processes to support activity based (AN-ACC) funding model
- ✓ Rationalisation of non-income producing assets



# 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 strategic acquisitions to broaden residential aged care footprint
- Improve business intelligence capability and cyber security posture
- Continue rationalisation of non-income producing assets

# Environmental, Social and Governance (ESG)

## *Regis' environmental, social and governance commitments*

### Caring for the Environment



We aim to minimise our environmental footprint to preserve and regenerate our shared natural world for future generations

### Caring for our Local Communities



We prioritise putting our local communities first for positive economic impact

### Caring for our People



We commit to maintaining our Culture of Care for our residents and clients while extending it to our people, our care partners, our community and our shareholders

### Caring for Regis



We hold ourselves to the highest standards of behaviour, ethics and operations to continue delivering a prosperous organisation

### Caring for Society



We advocate for systemic improvements and reform in aged care ensuring viable and quality access for now and into the future

# 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 H2 FY25



Artist's impression of Regis Camberwell (VIC)



Development progress (July 2023)



# 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)

## Primed for Growth in FY24 and Beyond

- ▶ In the year ahead, Regis expects to benefit from improving occupancy, additional Government and resident funding while completing its organisational redesign and recruitment to meet care minute requirements
- ▶ Regis has a materially stronger balance sheet and will continue to focus on releasing capital from non-income producing assets to reinvest into higher returning core business opportunities
- ▶ This strong balance sheet, including significantly reduced net debt, supports Regis' active pursuit of material strategic acquisitions to broaden its residential aged care footprint







Regis Gatton, Queensland

## Questions





Regis East Malvern, Victoria

## Appendices

# Appendix A: Income Statement

\$ millions	FY23	FY22
<b>Revenue from Services</b>		
Government revenue	549.6	517.9
Resident revenue	221.9	200.0
Other revenue	9.1	7.4
<b>Revenue from Services</b>	<b>780.6</b>	<b>725.3</b>
Other income <sup>1</sup>	117.0	71.6
<b>Total Revenue</b>	<b>897.6</b>	<b>796.9</b>
<b>Operating Expenses</b>		
Staff expenses	(591.2)	(550.4)
Resident care expenses	(57.6)	(59.2)
Administration expenses	(65.2)	(45.5)
Occupancy expenses <sup>2</sup>	(23.9)	(23.5)
<b>Total Operating Expenses</b>	<b>(737.9)</b>	<b>(678.6)</b>
Depreciation <sup>3</sup>	(45.1)	(42.1)
Amortisation <sup>4</sup>	(81.4)	(61.0)
Finance costs <sup>5</sup>	(73.6)	(70.4)
<b>Loss Before Tax</b>	<b>(40.4)</b>	<b>(55.2)</b>
Income tax benefit	11.9	16.4
<b>Net Loss After Tax</b>	<b>(28.5)</b>	<b>(38.8)</b>

<sup>1</sup>Other income includes imputed income on RADs and Bonds of \$62.9 million (FY22: \$62.4 million) in accordance with AASB 16 *Leases*

<sup>2</sup>Occupancy expenses excludes the cost of operating leases as a result of the adoption of AASB 16 *Leases*

<sup>3</sup>Depreciation includes \$1.4 million (FY22: \$1.0 million) relating to right-of-use assets in accordance with AASB 16 *Leases*

<sup>4</sup>Amortisation of operational places from 1 October 2021 to 30 June 2024 on a straight-line basis in accordance with Accounting Standards - refer page 28

<sup>5</sup>Finance costs include \$62.9 million (FY22: \$62.4 million) of imputed interest charge on RADs and Bonds and \$0.3 million (FY22: \$0.3 million) of interest expense on leases payable in accordance with AASB 16 *Leases*

## Appendix B: Statement of Financial Position

\$ millions	FY23	FY22
Cash and cash equivalents	61.3	4.1
Trade and other receivables	40.0	17.9
Other current assets	7.7	11.5
Income tax receivables	-	7.2
Assets held for sale	2.9	-
<b>Total Current Assets</b>	<b>111.9</b>	<b>40.7</b>
Property, plant and equipment	1,110.2	1,109.2
Right-of-use assets	3.5	4.3
Operational places and goodwill	321.3	402.7
Investment property	116.6	163.1
<b>Total Non-Current Assets</b>	<b>1,551.6</b>	<b>1,679.3</b>
<b>Total Assets</b>	<b>1,663.5</b>	<b>1,720.0</b>
Bank overdraft	-	11.4
Trade payables and other liabilities	56.6	62.1
Lease liabilities	0.8	1.1
Provisions	124.5	111.1
Other financial liabilities	1,350.7	1,312.3
Liabilities directly associated with the assets held for sale	0.7	-
<b>Total Current Liabilities</b>	<b>1,533.4</b>	<b>1,498.0</b>
Interest-bearing loans and borrowings	67.3	95.7
Lease liabilities	2.9	5.2
Provisions	4.9	5.8
Deferred tax liabilities	16.6	36.3
<b>Total Non-Current Liabilities</b>	<b>91.7</b>	<b>143.0</b>
<b>Total Liabilities</b>	<b>1,625.1</b>	<b>1,641.0</b>
<b>Net Assets</b>	<b>38.4</b>	<b>79.0</b>
Issued capital	273.8	273.6
Reserves	(96.3)	(97.0)
Accumulated losses	(139.1)	(97.6)
<b>Total Equity</b>	<b>38.4</b>	<b>79.0</b>



# Appendix C: Cash Flow Statement

\$ millions	FY23	FY22
<b>Cash Flows from Operating Activities</b>		
Receipts from customers and Government subsidies	789.6	713.6
Payments to suppliers and employees	(718.1)	(671.2)
<b>Operational Cash Flows Before Interest, Income Tax, and RADs</b>	<b>71.5</b>	<b>42.4</b>
Net finance costs paid	(10.5)	(7.8)
Income tax paid	(0.8)	(10.0)
<b>Net Cash Flows from Operating Activities before RADs</b>	<b>60.2</b>	<b>24.6</b>
RAD and accommodation bond cash inflows	443.0	408.4
RAD and accommodation bond cash outflows	(399.4)	(324.5)
Entry contribution inflows	7.6	12.4
Entry contribution outflows	(6.2)	(6.1)
<b>Net Cash Flows from Operating Activities</b>	<b>105.2</b>	<b>114.8</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(51.4)	(47.2)
Capital expenditure in relation to investment property	(2.1)	(1.4)
Proceeds from sale of property, plant and equipment	60.0	-
<b>Net Cash Flows from/(used in) Investing Activities</b>	<b>6.5</b>	<b>(48.6)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from / (repayments of) bank borrowings	(28.9)	(36.5)
Dividends paid	(13.0)	(24.5)
Payment of lease liabilities	(1.2)	(1.4)
<b>Net Cash Flows from/(used in) Financing Activities</b>	<b>(43.1)</b>	<b>(62.4)</b>
Net increase in cash and cash equivalents	68.6	3.8
Cash and cash equivalents at the beginning of the period	(7.3)	(11.0)
<b>Cash and Cash Equivalents at the End of the Period</b>	<b>61.3</b>	<b>(7.2)</b>

# Appendix D: Non-IFRS Reconciliation

\$ millions	FY23	FY22
<b>Loss Before Tax</b>	<b>(40.4)</b>	<b>(55.2)</b>
Depreciation	45.1	42.1
Amortisation <sup>1</sup>	81.4	61.0
Net finance costs <sup>2</sup>	72.9	70.4
<b>Reported EBITDA (post-AASB 16)</b>	<b>159.0</b>	<b>118.3</b>
<b>Add/(deduct) one-off items:</b>		
COVID-19 and other Government grants	(32.5)	(3.2)
COVID-19 outbreak related expenses	16.5	27.7
Gain on disposal of non-current assets	(11.7)	-
Fair value gain on investment property	(7.2)	(5.9)
Increase in employee entitlements (Fair Work Commission decision) <sup>3</sup>	7.3	-
Write-off of capital work in progress and other write-downs <sup>4</sup>	12.8	2.9
Professional services costs incurred in relation to potential employee underpayments program	3.1	2.2
Other net losses <sup>5</sup>	0.1	-
<b>Underlying EBITDA<sup>6</sup> (post-AASB 16) excluding one-off/non-recurring items</b>	<b>147.4</b>	<b>142.0</b>
RAD/Bond imputed income (AASB 16 impact)	(62.9)	(62.4)
Operating lease expense (AASB 16 impact)	(1.2)	(1.5)
<b>Underlying EBITDA<sup>6</sup> (pre-AASB 16) excluding one-off/non-recurring items</b>	<b>83.3</b>	<b>78.1</b>

<sup>1</sup>Amortisation of operational places on a straight-line basis in accordance with Accounting Standards. Refer page 28

<sup>2</sup>FY23 net finance costs comprises \$73.6 million of finance costs, partially offset by \$0.7 million of finance income. No finance income was generated in FY22

<sup>3</sup>Represents increase to employee entitlements expense as at 30 June 2023 required to reflect the Fair Work Commission's decision to increase modern award wage rates by 15% from 30 June 2023

<sup>4</sup>Write-off of capital work in progress and other write-downs include (1) write-off of \$11.5 million of costs incurred for development activities in prior periods on projects that are not expected to continue in line with Regis' strategic objectives and (2) write-down of \$1.3 million to reduce the carrying amount of the operating investment properties to their fair value less costs to sell

<sup>5</sup>Other net losses includes \$1.3 million incurred for regulatory penalties (including external advisors and additional costs) relating to the Sanction and Notice to Agree (NTA) applied to Port Coogee on 11 August 2022 by the Aged Care Quality and Safety Commission (ACQSC) and \$0.8 million incurred in relation to other one-off items, offset by \$2.0 million recognised as gain on lease modification due to the early termination of Regis' head office lease in Armadale, Victoria, which resulted in the re-measurement of the existing lease asset and liability as at 30 June 2023

<sup>6</sup>Refer page 29 for definition of Underlying EBITDA

## Appendix E: Deregulation of Operational Places

- ▶ As a result of the Australian Government's decision to discontinue operational places from 1 July 2024, and in accordance with Accounting Standards and the guidelines issued by the Australian Securities and Investments Commission ("ASIC"), Regis has reassessed and commenced amortising the value of operational places from 1 October 2021 on a straight-line basis over their remaining economic life to 30 June 2024. This has resulted in a before tax amortisation expense in the profit and loss for the full-year ended 30 June 2023 of \$81.4 million with no impact to the cash flows of the Group

Consolidated Statement of Profit or Loss - For the year ended 30 June 2023 \$ millions	FY23	FY22
Amortisation of operational places	(81.4)	(61.0)
Reversal of related deferred tax liability	24.4	18.3
<b>Impact on Profit/(Loss) after tax for the Period</b>	<b>(57.0)</b>	<b>(42.7)</b>



## Appendix F: Definitions of Non-IFRS Financial Measures

**FY22** means full-year ended 30 June 2022

**FY23** means full-year ended 30 June 2023

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

**Reported EBITDA** refers to earnings before interest, tax, depreciation and amortisation

**Underlying EBITDA** refers to earnings before interest, tax, depreciation and amortisation, excluding imputed income on RADs and Bonds, COVID-19 outbreak expenses and other one-off items, and including operating lease expense

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

**NPATA** refers to NPAT before amortisation of operational places

**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

**AN-ACC** means Australian National Aged Care Classification

**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 and 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)

**DHAC** Department of Health and Aged Care

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