



JAPARA

HEALTHCARE

ANNUAL GENERAL MEETING

18 NOVEMBER 2015





JAPARA

HEALTHCARE

CHAIRMAN'S ADDRESS

LINDA BARDO NICHOLLS AO



2015 Financial Highlights

- **EBITDA ahead of guidance**
\$50.6 million, up 26.5%
- **Net profit after tax**
\$28.8 million
- **100% dividend payout**
11.0 cents per share

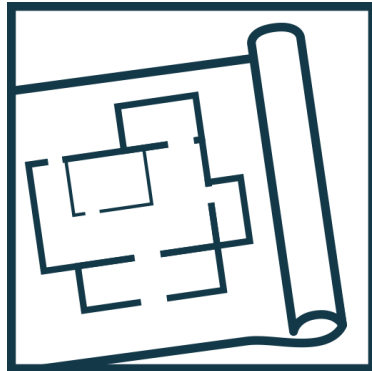


Our Strategy

To deliver the highest quality of clinical aged care for our residents, and profitably increase our capacity to meet the growing community need for residential aged care



Enhance existing portfolio



Brownfield and greenfield developments



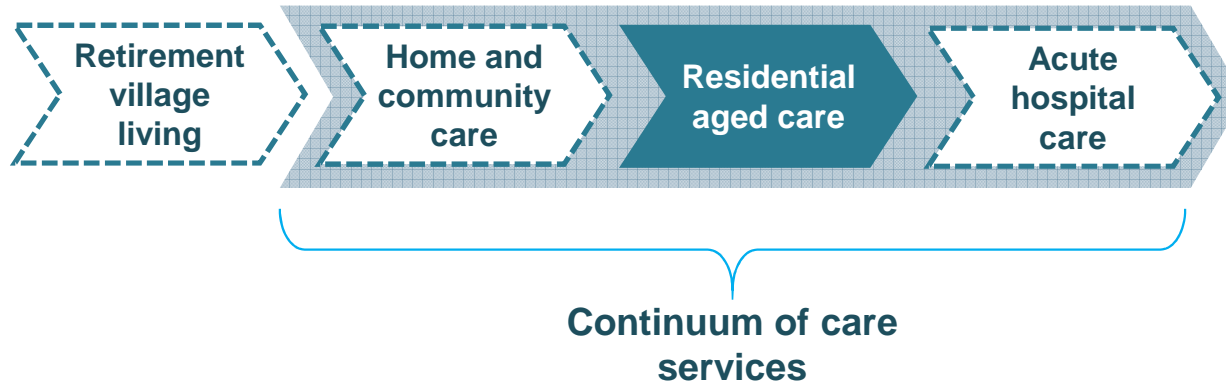
Selective acquisitions



Strategic relationships



Our Care Philosophy



“It’s not aged care, it’s caring for the aged.”





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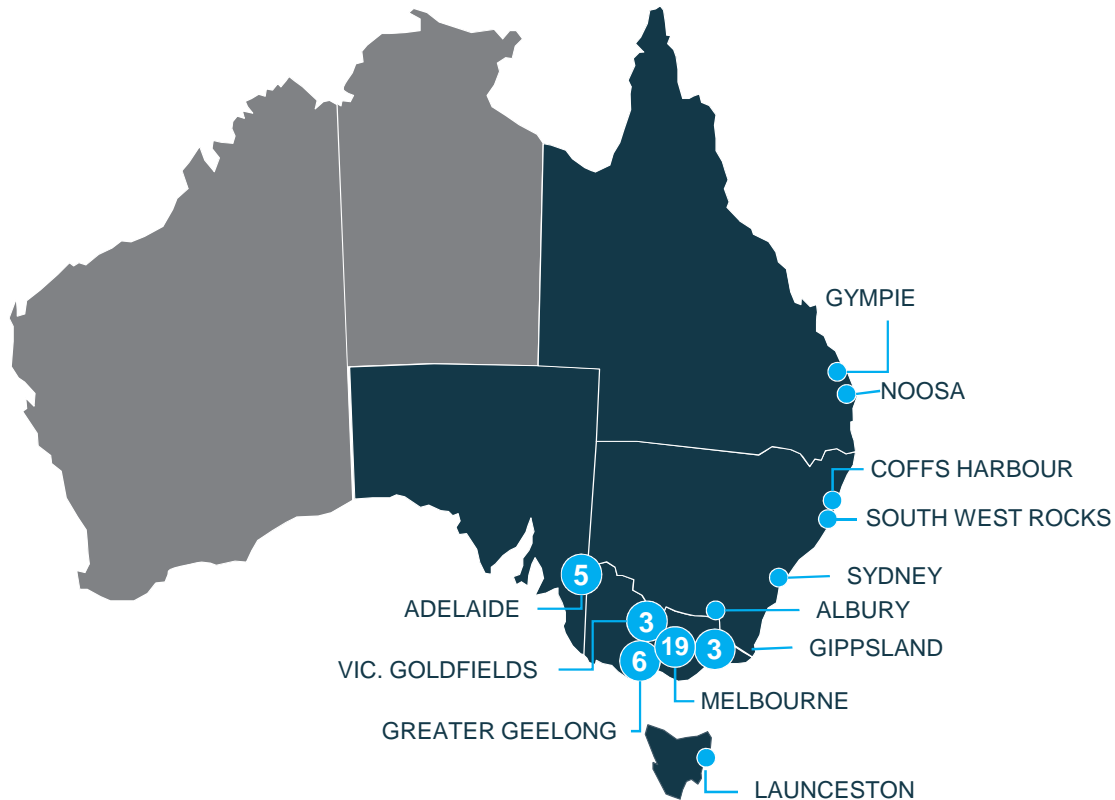
MANAGING DIRECTOR'S PRESENTATION

ANDREW SUDHOLZ



Japara Healthcare's Residential Aged Care Portfolio

One of Australia's largest residential aged care providers, with a growing national footprint



43
residential aged
care facilities*

Growing portfolio
across **5** states*

Over
3,950
beds*

180
Independent
Living Units

100%
accreditation
record

Over
4,400
employees

* Includes purchase of Profke portfolio with settlement expected on 1 December 2015



FY15 Result Summary

Strong result underpinned by strong operating metrics

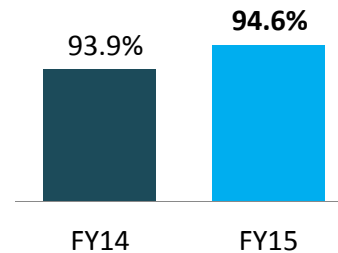
Financial result ahead of guidance

- Revenue up 14.8% to \$281.3 million
- EBITDA up 26.5% to \$50.6 million
- EBITDA margin up to 18.0% from 16.3%
- NPAT of \$28.8 million

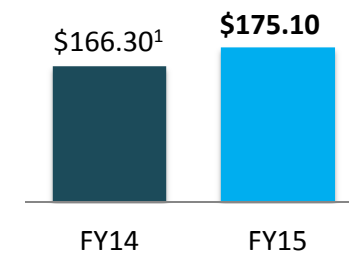
Strong cash generation and dividend

- Net RAD inflow \$77.3 million
- Full year dividend of 11.0 cps

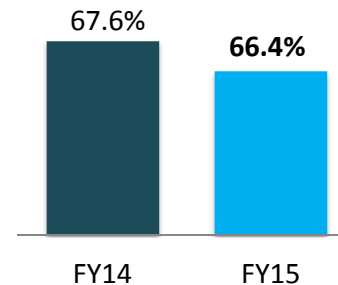
Occupancy



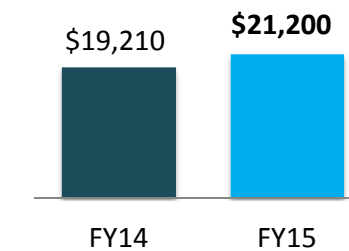
Average ACFI (\$ per resident per day)



Staff cost to revenue



Average EBITDA per place²



1. FY14 ACFI of \$146.70 adjusted for: 8.75% CAP (Conditional Adjustment Payment); 1.86% of COPE (Commonwealth Own Purpose Expense Indexation) and the Workforce Supplement redirection of 2.4% to show like for like FY15 funding comparative

2. Pre-head office costs

Industry Context

Demographic shifts underpin strong forecast demand for residential aged care

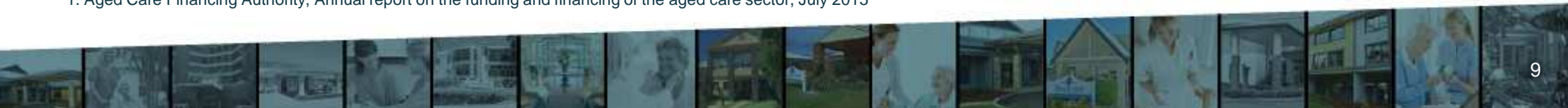
82,000 additional beds required in the next decade, requiring over \$33 billion in investment¹

New aged care funding regime (RADs and DAPs) supports growth

Market highly fragmented, opportunities for consolidation



1. Aged Care Financing Authority, Annual report on the funding and financing of the aged care sector, July 2015



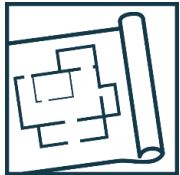
Strategic Priorities

Four pillars of growth underpinned by commitment to delivering high quality care



Enhance the existing portfolio

Maximise the value of our current portfolio, maintain top-quartile industry performance



Brownfield and greenfield developments

Deliver high quality additional capacity through brownfield and greenfield developments



Selective acquisitions

Expand our national portfolio via value-accretive acquisitions



Strategic relationships

Leverage partnerships with organisations with complementary businesses or specialties



Enhance the Existing Portfolio

Business model underpinned by focus on delivering high quality care

Continued focus on clinical care

- High quality clinical governance
 - strong Registered and Enrolled Nurse presence
- Specialised dementia care capability

Commitment to compliance

- All facilities fully accredited with 44/44 outcomes

Continue to provide high quality accommodation and amenities

Expand resident wellbeing and lifestyle options



Brownfield and Greenfield Developments

Development program to deliver 805 new beds by the end of FY19

Dedicated in-house development team

- Research, analytics, planning, execution

High quality new developments in attractive locations

- New greenfield sites in Launceston, Glen Waverley, Mount Waverley

Underpinned by required bed licences

- 465 licences received in 2014 ACAR
- Over 75% of required bed licences to deliver 805 places already secured

Construction costs self-funding through future RAD receipts



Architectural Schematic - Glen Waverley



Selective Acquisitions

Strategic and disciplined approach to acquisitions

Highly fragmented industry – consolidation opportunities exist

- Over 60% of operators in Australia operate single facilities

Proven acquisition track record

- Japara has delivered more than 300 beds per year (on average) for the past 10 years

Key acquisition criteria

- Strong care fundamentals and accreditation history
- Attractive / strategic enhancement to Japara's national portfolio
- Potential for business improvement and earnings uplift under Japara ownership
- Value-accretive for Japara shareholders



Acquisition Update

Whelan Care

(4 facilities, 258 places, South Australia)



- Expanded presence in SA market
- Identified opportunities for earnings improvement
- Integration completed on schedule
- Strong contribution to EBITDA in FY15, \$5m+ in FY16

Profke (pending acquisition)

(4 facilities, 587 places, New South Wales and Queensland)



- Entry into QLD, expanded presence in NSW
- Identified opportunities for earnings improvement
- Expected completion on 1 Dec 2015

Strategic Relationships

Explore opportunities to capitalise on market opportunities with strategic partners

Position Japara Healthcare as the preferred aged care 'destination of choice' by integrating with other aged care service operators



Retirement
village living



Home and
community care



Residential
aged care



Acute hospital
care



FY16 Outlook

Solid platform for future growth established

As outlined at our FY15 result, FY16 earnings are anticipated to exceed FY15 underpinned by:

- increases in average ACFI per resident from higher care delivery
- brownfield/greenfield developments providing an increase in operational bed days and higher revenue from significantly refurbished facilities
- a full year contribution from the Whelan Care acquisition
- further take-up of Japara Signature Services
- partially offset by the full year impact of the removal of the payroll tax supplement from 1 January 2015

In addition, Profke is expected to contribute operating EBITDA of between \$3.5 and \$4.0 million in FY16¹

Selective acquisition opportunities continue to be considered

1. Subject to expected settlement of the Profke acquisition on 1 December 2015



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