

28 August 2017

JAPARA HEALTHCARE DELIVERS FY17 EBITDA OF \$60.2M IN LINE WITH GUIDANCE AND WELL POSITIONED FOR MEDIUM TERM GROWTH

Japara Healthcare Limited (“Japara Healthcare” or “the Company”) (ASX: JHC) today announced its results for the year ended 30 June 2017 (“FY17”).

Japara Healthcare achieved EBITDA of \$60.2 million (up 7.3% on FY16) and has now secured the land and licenses for 11 greenfield developments in line with its medium term growth strategy.

Financial outcomes:

- Total revenue up 10.7% to \$362.2 million (FY16: \$327.3 million)
- EBITDA up 7.3% to \$60.2 million (FY16: \$56.1 million)
- Net profit after tax down 2.3% to \$29.7 million (FY16: \$30.4 million)
- Final dividend of 5.75 cents per share, franked to 70%, taking total dividends for FY17 to 11.25 cents per share (FY16: 11.5 cents per share)
- Superior capital structure underpinning growth strategy
 - Strong balance sheet with net bank debt of \$19.6 million at 30 June 2017
 - Available liquidity of circa \$190 million
 - Net RAD¹ cash inflows of \$55.7 million

Operating highlights:

- Ongoing focus on high quality resident care and innovation in service delivery
- Steady average occupancy at 94.6% (excluding facilities under development)
- Total operational places up 3.3% to 3,841
- Continued delivery against growth strategy through investment in new and existing capacity
 - Excellent progress on developments program during FY17
 - 4 extensive brownfield developments completed delivering 124 premium rooms with a further 179 in progress
 - 5 additional land sites secured in optimal metropolitan locations to support our greenfield development program. Land now secured for 11 greenfield projects with in excess of 1,100 new beds being built by the end of FY20
 - 1,050 licenses now held to support the development program including 266 allocated in FY17
 - Commencement of a significant refurbishment program upgrading 14 facilities over the next 2 years

Commenting on the announcement, Japara Healthcare’s Chief Executive Officer, Andrew Sudholz, said:

“This is a solid result, delivering revenue and EBITDA growth in a sector currently experiencing on-going regulatory reform.

“We have continued to provide excellent care and services to our many residents and execute against our growth strategy to provide new and improved homes for Australia’s ageing population.

“Excellent progress has been made on our developments program with 4 extensive brownfield projects completed delivering 124 new places. We currently have 16 brownfield and greenfield projects underway. Our greenfield home, Riverside Views in Launceston, Tasmania has just completed and is due to open in late September 2017.

1. Refundable Accommodation Deposit (RAD)

“Japara Healthcare continued its good record of strong cash generation during the year and with a strong balance sheet and available liquidity of circa \$190 million, it is well positioned to support future growth.”

Outlook

Japara Healthcare expects FY18 EBITDA to be in line with or slightly above FY17.

EBITDA is expected to increase from FY19 as more greenfield developments complete and ACFI indexation increases recommence.

Japara Healthcare has a sound, diversified growth strategy underpinned by a focus on high quality resident care and services. Its extensive developments program is supported by a strong balance sheet allowing capital management flexibility. These provide an excellent foundation for the Company’s medium term growth.

Final Dividend and Dividend Reinvestment Plan (“DRP”)

The Board has determined a final dividend of 5.75 cents per share to be paid on 30 October 2017 (FY16: 5.75 cents per share). The dividend is franked to 70% (FY16: fully franked) with the record date for entitlement purposes being 29 September 2017. This brings the total dividends for the year to 11.25 cents per share (FY16: 11.5 cents per share), reflecting a dividend payout ratio of 100%, in line with the Company’s stated policy. Dividends are franked to the maximum extent possible having regard to available franking credits.

The Company’s DRP will operate in respect of the final dividend and no discount will be applied when determining the price at which shares will be issued. The last date for receipt of DRP application forms in respect of the final dividend is 2 October 2017.

Investor and analyst briefing

As previously advised, at 10.30am (AEST) today, Japara Healthcare will conduct an investor and analyst briefing on the FY17 results. The investor presentation has today been lodged with the ASX.

The briefing will be recorded and an archived version will be made available on the Investor Centre on Japara Healthcare’s website later in the day (<http://investor.japarahealthcare.com.au/Investor-Centre/>).

For further information:

Chris Price
Chief Financial Officer
Japara Healthcare
T: (03) 9649 2100
E: chris.price@japara.com.au