



Regis Healthcare Ltd 2021 AGM Report

ASX Code	REG
Meeting Time/Date	10am, Tuesday 26 October 2021
Type of Meeting	Virtual
Proxy Collector	Peter Aird
Pre-AGM Meeting?	NA

Remaining positive in spite of the past year

What the Company Does

Regis Healthcare is a major provider of Aged Care homes, facilities, and services. It has 64 Aged Care Homes, 9 Day Care centres, 8 Retirement Villages, 20 Club Services Homes and 6 Home Care Services supporting over 7,200 residents. It has revenue of over \$700m and assets of over \$1.72b.

Developments in the Financial Year

With revenue up slightly, an increase in Net Profit after Tax (NPAT) to \$19.9m was achieved, although this is still well below that typical in the pre-Covid years (\$50-60m). Shareholders benefitted from a small rise in dividend for the year (6.63c/share) and a rise in the share price, although both are still below that from FY2019.

Whilst the Aged Care Royal Commission has set some clear guidelines for the future and the Federal Government has budgeted substantial funding changes, the details are yet to be confirmed with processes for "independent pricing" and the Australian National Aged Care (ANAC) funding model still in development. There are still pressures on staffing. The aged care sector will continue to be under cost pressures until the revised funding arrangements are put in place as late as 2023.

The company received two proposals to acquire Regis in late 2020, at \$1.65 and \$1.85/share. Both were rejected on the basis that they "materially undervalued the company", which seems reasonable given assets of over \$1,700m and the current trading price of \$1.96.

Debate and Voting at the AGM

ASA asked three questions during the meeting.

The first asked the company's current reaction to the results of the Royal Commission and subsequent Federal Government Budget funding. Chair Graham Hodge responded with comments indicated above (eg independent pricing authority, ANAC funding model, industry inputs) but remains positive on the outlook.

We also asked about the outlook for publicly listed companies compared to the not-for-profit sector, with reference to the recent sale of Japara Healthcare. Mr Hodge stated that public listed

companies had the advantage of access to equity funding, but that it was the strategy and operating processes that were key to success.

Another shareholder asked about the current low occupancy rate (which was our third question). Both the Mr Hodge and the CEO responded, the former emphasising Regis' strong fundamental and that the pause in building/refurbishment was likely to increase demand in 2022. There had been no impact yet of the coming deregulation of bed licences and more home care funding had reduced demand. Also significant was the issue of homes being closed to families for visitations and not allowing home inspections. Regis are well placed to increase occupancy.

Whilst both Directors were re-elected easily (>99%), the remuneration report had a significant 27.06% vote against, leading to a first strike. The vote for grant of rights for the CEO was carried, but with a 27.15% vote against.

Outlook Statements from the Company

Given the "current macro-economic environment" no earnings guidance has been provided.

Chair Mr Hodge remains positive about the sector and believes that Regis is well placed to take advantage of future developments.

Meeting Statistics

Number of Holdings Represented by ASA	14
Number of Shares represented by ASA	73,969
Value of Shares represented by ASA	\$148,000
Number Attending Meeting	None provided after request.
Market capitalisation	\$608m
Were proxies voted?	Yes, on a poll