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NEWS RELEASE

Extendicare Announces 2017 Third Quarter Results

MARKHAM, ONTARIO – November 9, 2017 – Extendicare Inc. (“Extendicare” or the “Company”) (TSX: EXE) today reported results for the three and nine months ended September 30, 2017. Results are presented in Canadian dollars unless otherwise noted.

Financial and Operational Highlights

- Q3 2017 financial results comparison over Q3 2016 *(from continuing operations unless otherwise noted)*:
  - Revenue of $273.2 million up 1.9% or $5.1 million resulting from higher home health care volumes, long-term care funding enhancements, and expansion of retirement operations.
  - Net operating income of $34.7 million down $0.3 million or 0.9%, reflecting increased earnings from long-term care and retirement operations, offset by reduced contribution from home health care business of $0.2 million, impact of favourable accrual adjustments recorded in 2016 of $1.0 million, and lower investment income from captive of $0.8 million.
  - Earnings from continuing operations of $6.5 million ($0.07 per basic share) down $3.4 million; impacted by a one-time executive compensation charge and lower interest revenue from U.S. sale deferred consideration.
  - AFFO from continuing operations of $15.6 million ($0.176 per basic share) down $5.2 million; impacted by lower earnings, reduction in income support, and favourable book-to-file tax adjustment recorded in 2016.
- 2017 nine month financial results comparison over same 2016 period *(from continuing operations unless otherwise noted)*:
  - Revenue of $815.9 million up 4.1% or $32.0 million resulting from higher home health care volumes, long-term care funding enhancements, and expansion of retirement operations.
  - Net operating income of $100.2 million up 4.0% or $3.8 million resulting from home health care volume increases, long-term care funding enhancements, and continued growth of retirement operations, partially offset by increased costs of resident care.
  - Earnings from continuing operations of $21.4 million ($0.24 per basic share) up $3.2 million.
  - AFFO from continuing operations of $42.8 million ($0.481 per basic share) down $10.4 million; impacted by a reduction in income support, lower interest revenue from U.S. sale deferred consideration, and favourable book-to-file tax adjustment recorded in 2016.
- Dividends declared of $32.0 million in the first nine months of 2017, representing approximately 75% of AFFO of $42.8 million for the same period.
- ParaMed successfully renews Accreditation Canada’s highest award, retaining its *Accredited with Exemplary Standing* status.
- Douglas Crossing Retirement Community (103 suites), in Uxbridge, Ontario, opened on October 30, 2017, with a strong pre-opening demand.

"We remain committed to the execution of our strategy to grow across all of our business segments in the senior care continuum, through long-term care redevelopment, growth in occupancy and expansion of Esprit Lifestyle Communities, and increased volumes in ParaMed Home Health Care, as well as additional service contracts under Extendicare Assist and SGP Purchasing Partner Network," stated Tim Lukenda, President and CEO of Extendicare. "The results this quarter were adversely impacted by transitional costs and other challenges that we are actively addressing, as well as items recorded in 2016 that make the comparison to last year less favourable. However, improvements in net operating income and Adjusted EBITDA were achieved year-to-date relative to the prior year."

Selected Financial Information

The following is a summary of selected financial information for the three and nine months ended September 30, 2017 and 2016.

(unaudited)	**Three months ended September 30**		**Nine months ended September 30**	
(thousands of dollars, unless otherwise noted)	**2017**	**2016**	**2017**	**2016**
CONTINUING OPERATIONS				
Revenue				
Long-term care	**154,607**	152,473	**458,193**	451,193
Retirement living	**5,143**	3,996	**14,575**	11,034
Home health care	**108,650**	106,167	**326,577**	305,734
Management, consulting and other	**4,830**	5,460	**16,588**	15,943
Total revenue	**273,230**	268,096	**815,933**	783,904
Operating expenses	**238,501**	233,056	**715,733**	687,522
Net operating income (NOI) (1)	**34,729**	35,040	**100,200**	96,382
NOI margin (1)	***12.7%***	*13.1%*	***12.3%***	*12.3%*
Administrative costs	**9,058**	7,843	**25,095**	22,708
Lease costs	**1,646**	1,672	**5,063**	4,985
Adjusted EBITDA (1)	**24,025**	25,525	**70,042**	68,689
Adjusted EBITDA margin (1)	***8.8%***	*9.5%*	***8.6%***	*8.8%*
Earnings from continuing operations	**6,545**	9,955	**21,411**	18,167
per basic share *($)*	**0.07**	0.12	**0.24**	0.21
Loss from discontinued operations, net of income taxes	**–**	(643)	**(32,913)**	(7,355)
AFFO (continuing operations) (1)	**15,646**	20,832	**42,782**	53,188
per basic share *($)*	**0.176**	0.236	**0.481**	0.603
per diluted share *($)*	**0.170**	0.223	**0.469**	0.575
AFFO (1)	**15,646**	20,300	**42,782**	51,690
per basic share *($)*	**0.176**	0.230	**0.481**	0.586
per diluted share *($)*	**0.170**	0.217	**0.469**	0.560
Maintenance capex (continuing operations)	**2,777**	2,825	**5,542**	6,700
Cash dividends declared per share	**0.120**	0.120	**0.360**	0.360
Payout ratio (1) (2)	**68%**	52%	**75%**	61%
Weighted average number of shares *(thousands)*				
Basic	**88,844**	88,495	**88,863**	88,274
Diluted	**100,123**	99,739	**100,142**	99,519

(1) NOI, NOI margin, Adjusted EBITDA, Adjusted EBITDA margin, AFFO, AFFO per share and "payout ratio" are measures used by management in evaluating operating performance. Please refer to the cautionary statements under the heading "Non-GAAP Measures" in this press release. Detailed descriptions of these terms can be found in the Company's disclosure documents, including its Management's Discussion and Analysis, filed with the securities regulatory authorities; these documents are available at www.sedar.com and on Extendicare's website at www.extendicare.com.

(2) Payout ratio is calculated using dividends declared per share divided by AFFO per basic share for the respective periods.

2017 Third Quarter Summary

Consolidated net operating income from continuing operations declined by $0.3 million or 0.9% to $34.7 million in the 2017 third quarter, and represented 12.7% of revenue compared to 13.1% in the same 2016 quarter. Net operating income from the Canadian operations improved by $0.5 million, and represented 12.7% of revenue this quarter compared to 12.8% in the same 2016 quarter. The 2016 results were impacted by favourable labour cost accrual adjustments of $1.0 million. Prior to this item, net operating income from the Canadian operations improved by $1.5 million, reflecting long-term care funding enhancements and growth of our retirement living operations, partially offset by a slightly lower contribution from our home health care operations. Net operating income from our U.S. operations reflected lower investment income from our captive insurance subsidiary (the "Captive") of $0.8 million.

Consolidated Adjusted EBITDA from continuing operations declined by $1.5 million or 5.9% to $24.0 million this quarter from $25.5 million in the same 2016 quarter. Adjusted EBITDA from the Canadian operations declined by $0.8 million, reflecting the improvement in net operating income noted above, offset by an increase in administrative and lease costs of $1.3 million that included a one-time executive compensation charge of $2.0 million, partially offset by lower share-based compensation of $0.5 million. As previously disclosed in February 2017, Mr. Lukenda was granted an amount of cash sufficient to acquire 100,000 of the Company's common shares (the "Common Shares"), grossed up for withholding taxes, the payment of which was contingent upon his continued employment as of September 2017.

Earnings from continuing operations declined by $3.4 million in the 2017 third quarter to $6.5 million, primarily due to the decrease in Adjusted EBITDA, previously discussed, and a reduction in interest revenue in connection with deferred consideration from the sale of our U.S. operations of $1.9 million.

2017 Nine Month Summary

Consolidated net operating income from continuing operations improved by $3.8 million or 4.0% to $100.2 million in the first nine months of 2017, and as a percentage of revenue was unchanged at 12.3% from the same 2016 period. Net operating income from the Canadian operations improved by $3.0 million, and represented 12.0% of revenue this period compared to 12.1% in the same 2016 period. Prior to the impact of favourable labour cost accrual adjustments of $1.0 million recorded in 2016, net operating income from the Canadian operations improved by $4.0 million, reflecting growth in our home health care business volumes and retirement living operations, partially offset by increased costs of resident care, and one less day this year. Net operating income from our U.S. operations reflected higher investment income from the Captive of $0.8 million.

Consolidated Adjusted EBITDA from continuing operations improved by $1.3 million or 2.0% to $70.0 million in the first nine months of 2017, and represented 8.6% of revenue compared to 8.8% in the same 2016 period. Adjusted EBITDA from the Canadian operations was $68.3 million this period compared to $68.4 million in the same 2016 period, and represented 8.4% and 8.8% of revenue, respectively. The growth from net operating income of $3.0 million was offset by higher administrative and lease costs that included a one-time executive compensation charge of $2.0 million recorded in the 2017 third quarter, higher wages of $0.7 million, and increased share-based compensation of $0.5 million. Adjusted EBITDA from the U.S. operations improved by $1.4 million due to an increase in investment income and reduction in administrative costs.

Earnings from continuing operations improved by $3.2 million in the first nine months of 2017 to $21.4 million, reflecting the improvement in Adjusted EBITDA, a decline in other expenses in respect of proxy contest, integration and acquisition costs incurred during 2016, favourable changes in the valuation of interest rate swaps and loss (gain) on foreign exchange, partially offset by lower interest revenue and increased interest expense.

2017 AFFO Three and Nine Month Summary

AFFO declined by $4.7 million in the 2017 third quarter and by $8.9 million in the first nine months of 2017, over the same 2016 periods, reflecting a decline in AFFO from continuing operations, partially offset by a reduction in losses from discontinued operations. The decline in AFFO from continuing operations was primarily driven by the reduction in Adjusted EBITDA and income support, after the elimination of the impact of the earnings of the Captive, in addition to higher net finance costs and current income taxes, partially offset by lower maintenance capex. The increase in net financing costs in the three and nine months ended September 30, 2017, included lower interest revenue of $1.9 million and $5.5 million, respectively, in connection with the write-off of deferred consideration from the sale of our U.S. operations. The increase in current income taxes this year over 2016 included the impact of favourable book-to-file adjustments recorded in the three and nine months ended September 30, 2016, of $1.9 million and $1.0 million, respectively.

Discontinued Operations

The loss from discontinued operations, net of tax, of $32.9 million for the nine months ended September 30, 2017, was recorded in the 2017 second quarter. This loss related to the previously disposed U.S. operations, and included the write-off of deferred consideration of $37.5 million ($32.2 million after tax), and an increase in indemnification provisions of $5.1 million ($3.3 million after tax), partially offset by a $2.6 million (US$1.9 million) release of the Captive's reserves.

Financial Position

Extendicare's consolidated cash and short-term investments on hand was $131.5 million as at September 30, 2017, and excluded the investments held by our Captive of $96.3 million to support the accrual for U.S. self-insured liabilities of $67.3 million.

Our long-term debt totalled $531.3 million as at September 30, 2017 (December 31, 2016 – $503.6 million), representing approximately 46% of our gross book value, including convertible debentures.

Our consolidated net interest coverage ratio for the trailing twelve months ended September 30, 2017, was 4.1 times. Net interest coverage is defined as Adjusted EBITDA divided by net interest, which represents interest expense, with capitalized interest added back, net of interest revenue. Excluding interest revenue, our interest coverage ratio was 3.3 times.

Extendicare's financial reports, including its Management's Discussion and Analysis are available on our website at www.extendicare.com under the "Investors/Financial Reports" section. Also, a supplemental information package containing historical quarterly financial results and operating statistics and a list of our senior care centres can be found on the website under the same section.

Normal Course Issuer Bid

To date, the Company has acquired and cancelled 567,780 Common Shares under its normal course issuer bid (the "Bid") at an average price of $9.32 per share, for a total cost of $5.3 million, all of which were acquired during the 2017 third quarter. The Bid provides the Company with flexibility to purchase for cancellation up to 8,800,000 Common Shares through the facilities of the Toronto Stock Exchange, and on alternative Canadian trading systems, until January 12, 2018.

November 2017 Dividend Declared

The Board of Directors of Extendicare today declared a cash dividend of $0.04 per share for the month of November 2017, which is payable on December 15, 2017, to shareholders of record at the close of business on November 30, 2017. This dividend is designated as an "eligible dividend" within the meaning of the Income Tax Act (Canada).

Conference Call and Webcast

On November 10, 2017, at 11:00 a.m. (ET), we will hold a conference call to discuss our 2017 third quarter results. The call will be webcast live and archived on our website at www.extendicare.com under the "Investors/Events & Presentations" section. Alternatively, the call-in number is 1-800-806-5484 or 416-340-2217, followed by the passcode 3666664#. A replay of the call will be available until midnight on November 24, 2017. To access the rebroadcast, dial 1-800-408-3053 or 905-694-9451, followed by the passcode 7687999#. Slides accompanying remarks during the call will be posted to our website as part of the live webcast.

ABOUT EXTENDICARE

Extendicare is a leading provider of care and services for seniors throughout Canada. Through our network of 115 operated senior care and living centres (66 owned/49 managed), as well as our home health care operations, we are committed to delivering care throughout the health care continuum to meet the needs of a growing seniors' population in Canada. Our qualified and highly trained workforce of 23,800 individuals is dedicated to helping people live better through a commitment to quality service and a passion for what we do.

Non-GAAP Measures
Extendicare assesses and measures operating results and financial position based on performance measures referred to as "net operating income", "NOI", "NOI margin", "Adjusted EBITDA", "Adjusted EBITDA margin", "AFFO", "AFFO per share", and "payout ratio". These are not measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. These non-GAAP measures are presented in this document because either: (i) management believes that they are a relevant measure of the ability of Extendicare to make cash distributions; or (ii) certain ongoing rights and obligations of Extendicare may be calculated using these measures. Such non-GAAP measures may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to similarly titled measures as reported by such issuers. They are not intended to replace earnings (loss) from continuing operations, net earnings (loss), cash flow, or other measures of financial performance and liquidity reported in accordance with GAAP. Detailed descriptions of these terms can be found in Extendicare's disclosure documents, including its Management's Discussion and Analysis, filed with the securities regulatory authorities; these documents are available at www.sedar.com and on Extendicare's website at www.extendicare.com.

Forward-looking Statements
Information provided by Extendicare from time to time, including this release, contains or may contain forward-looking statements concerning anticipated financial events, results, circumstances, economic performance or expectations with respect to Extendicare and its subsidiaries, including, without limitation, statements regarding its business operations, business strategy, and financial condition. Forward-looking statements can be identified because they generally contain the words "expect", "intend", "anticipate", "believe", "estimate", "project", "plan" or "objective" or other similar expressions or the negative thereof. Forward-looking statements reflect management's beliefs and assumptions and are based on information currently available, and Extendicare assumes no obligation to update or revise any forward-looking statement, except as required by applicable securities laws. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Extendicare to differ materially from those expressed or implied in the statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on Extendicare's forward-looking statements. Further information can be found in the disclosure documents filed by Extendicare with the securities regulatory authorities, available at www.sedar.com and on Extendicare's website at www.extendicare.com.

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