

# ENRICHING LIVES EMBRACING CHANGE



2018 Year End Results Conference Call  
March 1, 2019

**EXTENDICARE**<sup>®</sup>  
... helping people live better

**50** SINCE 1968  
YEARS OF HELPING  
PEOPLE LIVE BETTER

# FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements, based on our best judgements, which reflect risks and uncertainties.

Actual results could vary from expectations.

“EBITDA”, “Adjusted EBITDA”, “net operating income” (NOI), “funds from operations” (FFO), and “adjusted funds from operations” (AFFO) are non-GAAP measures and do not have standardized meanings prescribed by GAAP.

Further information can be found in the disclosure documents filed by Extencicare.



# OUR CONTINUUM OF CARE BRANDS



**58**

Long-term care centres owned

**53**

Extendicare Assist centres under management

**10**

Retirement living communities owned

**57K**

SGP third-party residents served

**11M**

Home Health Care hours delivered (TTM)

\* Data as of February 28, 2019

# FINANCIAL HIGHLIGHTS CANADIAN OPERATIONS



## Q4 2018

REVENUE ▲

\$288.5M

3.4%

NET OPERATING INCOME ▼

\$32.6M

2.2%

*NOI margin 11.3%*

ADJUSTED FUNDS FROM OPERATIONS ▼

\$12.5M

20.7%

*Payout ratio 85%*

## YR 2018

REVENUE ▲

\$1,119.6M

2.5%

NET OPERATING INCOME ▲

\$133.6M

2.3%

*NOI margin 11.9%*

ADJUSTED FUNDS FROM OPERATIONS ▼

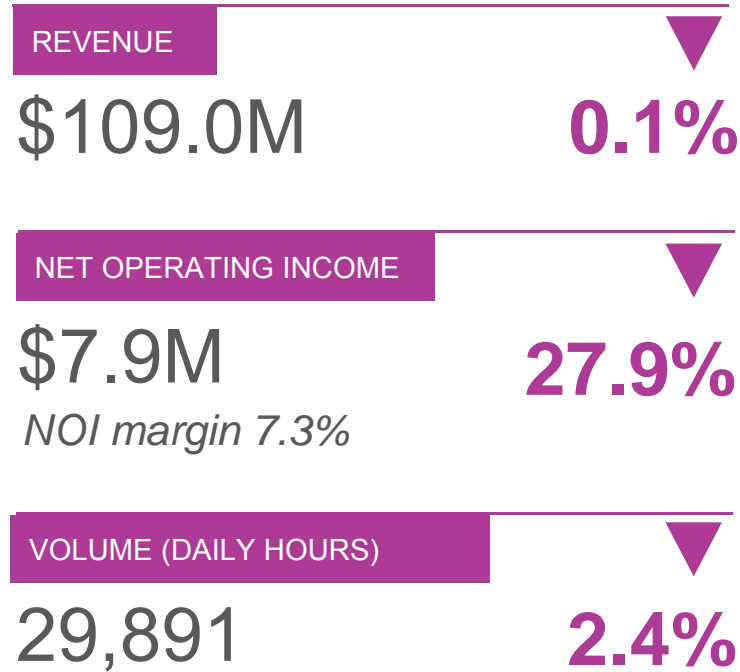
\$57.7M

1.2%

*Payout ratio 73%*

# HOME HEALTH CARE

Q4 2018

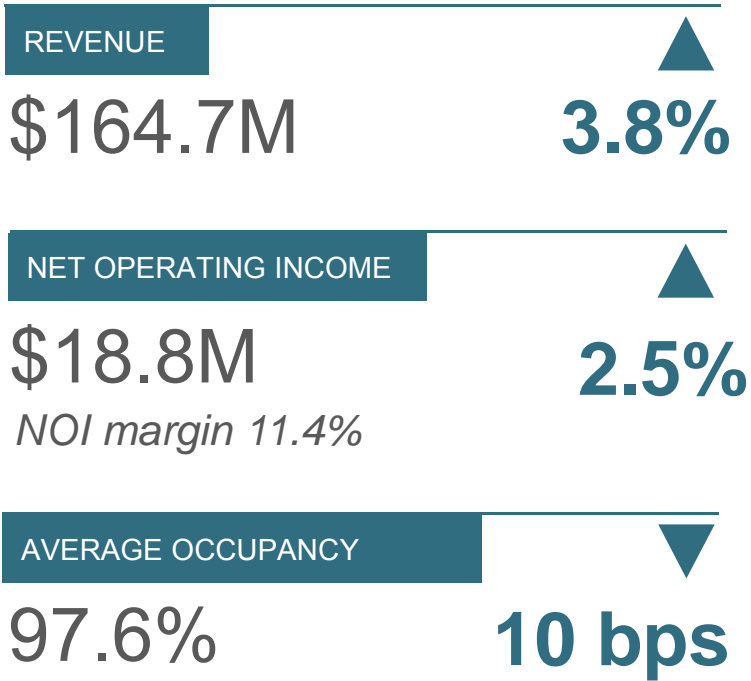


- ▲ IT system installed in branches delivering 53% of volume
- ▲ Retention is improving
- ▲ Volume (hours) up 1.5% over Q3

Technology, Training & Retention drive growth and margin

# LONG-TERM CARE

Q4 2018



- ▲ Moving forward with redevelopment in Stittsville and Sudbury
- ▲ 5 other applications in process
- ▲ Future projects depend on returns

Enhanced revenue and margin profile through redevelopment

# RETIREMENT LIVING

Q4 2018

REVENUE ▲

\$9.0M

48.2%

NET OPERATING INCOME ▲

\$2.3M

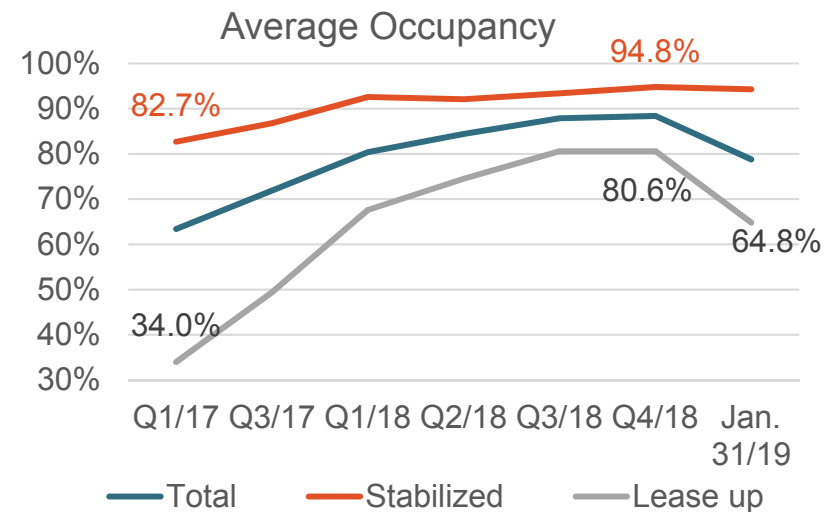
126%

NOI margin 25.2%

AVERAGE OCCUPANCY (TOTAL) ▲

88.4%

12.6 pps



Bolton Mills (112 suites) now in lease up

# ESPRIT CONSTRUCTION PROJECTS



- **Bolton Mills – 112 suites**
  - Now open
  - \$30.7M estimated Adj. Dev. Cost
  - 7.8% expected NOI Yield
- **The Barrievue – 124 suites**
  - Target open Q4 2019
  - \$38.5M estimated Adj. Dev. Cost
  - 8.2% expected NOI Yield
- **Expansion of Empire Crossing (Port Hope)**
  - Double size to ~ 120 suites
  - Breaking ground 2019

Technology solutions to create a “Smart Retirement Home”



# OTHER CANADIAN OPERATIONS



## Q4 2018

REVENUE	▲
\$5.8M	12.8%
NET OPERATING INCOME	▲
\$3.6M	20.5%
<i>NOI margin 61.7%</i>	
BEDS UNDER MANAGEMENT	▲
6,497	4.5%
SGP 3 <sup>RD</sup> PARTY RESIDENTS	▲
51,100	13.0%



Growth delivers record revenue and profit



# FINANCIAL REVIEW



# Q4 AND YEAR 2018 SEGMENTED NOI (Canadian Operations)



(\$ millions unless otherwise noted)	Q4		QoQ	Year		YoY
	2018	2017	(%)	2018	2017	(%)
LTC	\$ 18.8	\$ 18.3	▲ 2.5%	\$ 73.0	\$ 73.9	▼ 1.2%
Retirement Living	\$ 2.3	\$ 1.0	▲ 126%	\$ 9.0	\$ 2.4	▲ 277%
Home Health Care	\$ 7.9	\$ 11.0	▼ 27.9%	\$ 38.0	\$ 43.8	▼ 13.4%
Other	\$ 3.6	\$ 3.0	▲ 20.5%	\$ 13.5	\$ 10.4	▲ 30.2%
<b>Total Cdn ops</b>	<b>\$ 32.6</b>	<b>\$ 33.3</b>	<b>▼ 2.2%</b>	<b>\$133.6</b>	<b>\$130.6</b>	<b>▲ 2.3%</b>
<i>NOI margin</i>	<b>11.3%</b>	11.9%		<b>11.9%</b>	12.0%	

# Q4 AND YEAR 2018 CONSOLIDATED FINANCIAL SUMMARY



	Q4		QoQ	Year		YoY
	2018	2017	(%)	2018	2017	(%)
(\$ millions unless otherwise noted)						
Revenue	\$ 288.8	\$ 281.4	▲ 2.6%	\$ 1,120.0	\$ 1,097.3	▲ 2.1%
NOI	\$ 32.9	\$ 35.6	▼ 7.7%	\$ 134.0	\$ 135.8	▼ 1.4%
NOI margin	11.4%	12.7%		12.0%	12.4%	
Adjusted EBITDA	\$ 22.5	\$ 27.5	▼ 18.2%	\$ 94.2	\$ 97.6	▼ 3.4%
AFFO	\$ 12.6	\$ 15.7	▼ 20.0%	\$ 57.8	\$ 58.5	▼ 1.3%
AFFO per basic share	0.142	0.178		0.653	0.659	

Payout Ratio unchanged at 73% for the Year

# YEAR 2018 STRONG FINANCIAL POSITION

CASH

\$66M

TOTAL LTD <sup>(1)</sup>

\$544M

WEIGHTED AVERAGE MATURITY

7 Years

WEIGHTED AVERAGE RATE

4.9%

EBITDA interest coverage 3.2x | Debt to GBV 48%

(1) Includes current portion, reflects convertible debt at face and excludes deferred financing costs



# CONCLUSION



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