



# DELIVERING BEST-IN-CLASS SERVICES & GROWING LONG-TERM VALUE

2020 First Quarter Results  
Conference Call  
May 15, 2020

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

#### NON-GAAP MEASURES

“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. See “Non-GAAP Measures” in Extencicare’s most recent MD&A

# FORWARD-LOOKING STATEMENTS

This presentation contains certain forward-looking statements within the meaning of applicable Canadian securities laws (“forward-looking statements” or “forward-looking information”). Statements other than statements of historical fact contained in this presentation may be forward-looking statements, including, without limitation, management’s expectations, intentions and beliefs concerning anticipated future events, results, circumstances, economic performance or expectations with respect to the Company, including, without limitation: statements regarding its business operations, business strategy, growth strategy, results of operations and financial condition; and in particular statements in respect of the impact of measures taken to mitigate the impact of COVID-19, the availability of various government programs and financial assistance announced in respect of COVID-19, the impact of COVID-19 on the Company’s operating costs, staffing, procurement, occupancy levels (primarily in its retirement communities) and volumes in its home health care business, the impact on the capital and credit markets and the Company’s ability to access the credit markets as a result of COVID-19, and increased litigation and regulatory exposure. Forward-looking statements can often be identified by the expressions “anticipate”, “believe”, “estimate”, “expect”, “intend”, “objective”, “plan”, “project”, “will” or other similar expressions or the negative thereof. These forward-looking statements reflect the Company’s current expectations regarding future results, performance or achievements and are based upon information currently available to the Company and on assumptions that the Company believes are reasonable. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements, as they are subject to a number of risks and uncertainties.

Although forward-looking statements are based upon estimates and assumptions that the Company believes are reasonable based upon information currently available, these statements are not representations or guarantees of future results, performance or achievements of the Company and are inherently subject to significant business, economic and competitive uncertainties and contingencies 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.

In particular, risks and uncertainties related to the effects of COVID-19 on Extendicare include: the length, spread and severity of the pandemic; the nature and extent of the measures taken by all levels of governments and public health officials, both short and long term, in response to COVID-19; domestic and global credit and capital markets; the Company’s ability to access capital on favourable terms or at all due to the potential for reduced revenue and increased operating expenses as a result of COVID-19; litigation and/or regulatory action being commenced against the Company, regardless of merit; the health and safety of the Company’s employees and its residents and clients; and domestic and global supply chains, particularly in respect of personal protective equipment. Given the evolving circumstances surrounding COVID-19, it is difficult to predict how significant the adverse impact will be on the global and domestic economy and the business operations and financial position of Extendicare. For further information on the risks, uncertainties and assumptions that could cause Extendicare’s actual results to differ from current expectations, refer to “Risk Factors” in Extendicare’s Annual Information Form and “Forward Looking-Statements” in Extendicare’s Q1 2020 Management’s Discussion and Analysis filed by Extendicare with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com) and on Extendicare’s website at [www.extendicare.com](http://www.extendicare.com).

Readers should not place undue reliance on such forward-looking statements and assumptions as management cannot provide assurance that actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. The forward-looking statements speak only as of the date of this presentation. Except as required by applicable securities laws, the Company assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# COVID-19 UPDATE

- ◆ Care and wellbeing of our residents, clients and staff remains our top priority
- ◆ Sincere appreciation for our staff for their commitment and dedication
- ◆ We applaud government pandemic premium pay programs provided to our well deserving staff
- ◆ We are continuously adapting our response to:
  - ◆ protect our people
  - ◆ keep the virus out of our homes
  - ◆ move homes with outbreak into recovery



*We are doing everything possible to protect our residents, clients and staff*

# 2020 FIRST QUARTER RESULTS

- ◆ Increased Revenue and NOI in LTC, Retirement and SGP/Assist segments
- ◆ ParaMed volume declines and higher operating costs offset gains in other segments
- ◆ COVID-19 impacts:
  - ◆ Lower home health care volumes
  - ◆ Increased operating costs (wages and supplies)
  - ◆ Lower occupancy levels in Retirement
- ◆ Steps taken to enhance our strong liquidity position during and post Q1

*Focused on providing high quality care during this challenging time*



# PARAMED – TRANSFORMATION “PAUSED”

- ◆ Year over year increase in weekly volumes in Ontario in Q1 prior to COVID-19 impact
- ◆ COVID-19 impact significant on volumes and higher back office costs
- ◆ Technology deployment paused
  - ◆ Cloud-based system will improve scheduling efficiency, improve staff retention and drive higher care hours
  - ◆ \$12M investment on budget with \$11.6M incurred to date
  - ◆ Implementation 95% completed, roll-out in Alberta deferred
- ◆ Volumes anticipated to increase as pandemic passes



*Driving increased client volumes and care hours through investments in people, process, and technology*

# LONG-TERM CARE – STABLE FOUNDATION

- ◆ Government funded revenue provides stability
- ◆ Ontario announced minor capital program to replace structural compliance funding beyond April 1
- ◆ Evaluating various provincial COVID-19 funding announcements to address increased operating costs and lower occupancy
- ◆ Anticipate that COVID-19 may elevate importance of redevelopment agenda



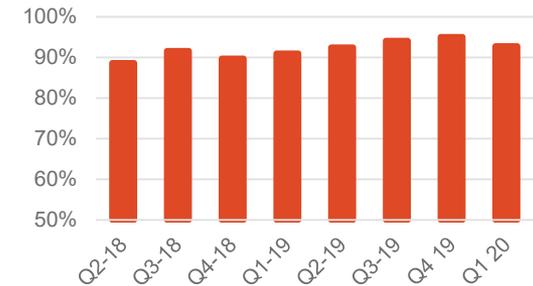
*Stable revenue base with future growth potential*

# RETIREMENT LIVING – COVID-19 IMPACTING STABILIZED OCCUPANCY

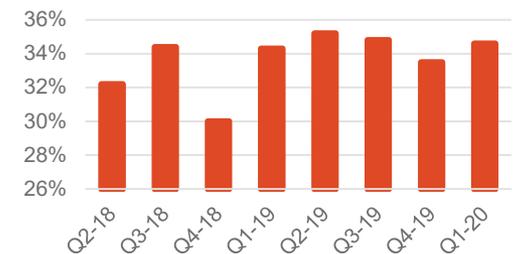
- ◆ COVID-19 led to lower occupancy at the end of Q1
  - ◆ Restrictions on move-ins and tours by prospective residents have impacted occupancy
  - ◆ Stabilized occupancy down 230 bps since year end to 92.8%, dropping a further 110 bps to 91.7% at April 30
- ◆ NOI margins increased due to growth in same store communities and opening of The Barrievue in Q4 2019
- ◆ Deferred construction of Empire Crossing expansion in Port Hope until conditions are more favourable



Stabilized Portfolio  
(occupancy at period end)



Stabilized Portfolio – NOI Margin



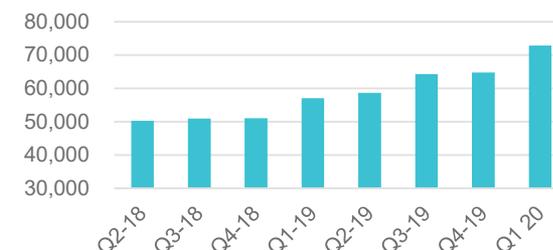
**COVID-19 driving temporarily lower occupancy levels**

# CONTRACT SERVICES AND GROUP PURCHASING – GROWING SGP NETWORK

- ◆ 9.6% revenue growth in Q1 2020 over prior year
- ◆ Growth in SGP market presence, now representing 73,000 senior residents across Canada (12.5% increase in Q1 2020 vs. Q4 2019)
- ◆ SGP instrumental in supplying protective equipment for EXE staff and residents
- ◆ Continue to consider additional market and service offering expansion opportunities



SGP (3rd party residents)



53 homes/6,601 beds  
under contract

*Expanding the network while exploring new growth opportunities*



**EXTENDICARE**<sup>®</sup>  
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## FINANCIAL REVIEW

# CONSOLIDATED RESULTS

Three months ended March 31, 2020 and 2019

(\$ millions)

Revenue <sup>(1)</sup>		
Q1 2020	Q1 2019	Change
<b>\$268.8</b>	<b>\$262.7</b>	<b>2.3%</b> ↑

NOI and Margin <sup>(1)</sup>		
Q1 2020	Q1 2019	Change
<b>\$30.4</b>	<b>\$30.7</b>	<b>-1.0%</b> ↓
<b>11.3%</b>	<b>11.7%</b>	<b>-40 bps</b>

Adjusted EBITDA and Margin		
Q1 2020	Q1 2019	Change
<b>\$19.9</b>	<b>\$19.6</b>	<b>1.8%</b> ↑
<b>7.3%</b>	<b>7.1%</b>	<b>20 bps</b>

AFFO and Payout Ratio		
Q1 2020	Q1 2019	Change
<b>\$11.6</b>	<b>\$12.6</b>	<b>-7.8%</b> ↓
<b>92%</b>	<b>84%</b>	

(1) Revenue and NOI excluding ParaMed B.C. operations.

# HOME HEALTH CARE

March 2020  
(excluding B.C. operations)

Revenue		
Q1 2020	<b>\$90.1M</b>	<b>-1.1%</b> ↓
NOI		
Q1 2020	<b>\$4.3M</b>	<b>-45.2%</b> ↓
<i>margin</i>	<b>4.8%</b>	<b>-380 bps</b> ↓
Volume (daily hours)		
Q1 2020	<b>24,683</b>	<b>-3.1%</b> ↓

- ◆ Revenue and NOI impacted by significant decline in daily volumes late in Q1 and higher back office operating costs
- ◆ Volumes down 2.5% from Q4 2019
- ◆ ParaMed Transformation expected to improve volumes and margin over the long term
- ◆ Successful exit from B.C. operations completed in January 2020

# LONG-TERM CARE

March 2020

Revenue		
Q1 2020	<b>\$160.2M</b>	<b>2.6%</b> ↑
NOI		
Q1 2020	<b>\$18.4M</b>	<b>9.5%</b> ↑
<i>Margin</i>	<b>11.5%</b>	<b>70 bps</b>
Average Occupancy		
Q1 2020	<b>97.0%</b>	<b>10 bps</b> ↑

- ◆ Revenue up due to funding enhancements and timing of flow-through envelope spending, COVID-19 funding and leap year impact in Q1 2020
- ◆ Revenue increases offset, in part, by higher operating and labour costs and COVID-19 costs
- ◆ Stable occupancy year over year (97.0% vs. 96.9%) down from 97.8% at Q4 2019 as is typical during the winter months

# RETIREMENT LIVING

March 2020

Revenue		
Q1 2020	<b>\$12.0M</b>	<b>26.6%</b> ↑
NOI		
Q1 2020	<b>\$3.7M</b>	<b>43.8%</b> ↑
<i>margin</i>	<b>30.8%</b>	<b>370 bps</b> ↑
Average Stabilized Occupancy		
Q1 2020	<b>93.5%</b>	<b>280 bps</b> ↑

- ◆ Revenue and NOI growth driven by increase in same-store occupancy and contribution from The Barrievue opened in Q4 2019
- ◆ Douglas Crossing (Uxbridge, ON) and Yorkton Crossing (Yorkton, SK) moved from lease-up to stabilized in Q4 2019
- ◆ Stabilized occupancy impacted by COVID-19 and associated access restrictions – dropping 230bps to 92.8% at the end of March from the end of 2019

# OTHER CANADIAN OPERATIONS

March 2020

Revenue		
Q1 2020	<b>\$6.4M</b>	<b>9.6%</b> ↑
NOI		
Q1 2020 <i>margin</i>	<b>\$3.9M</b> <b>60.9%</b>	<b>14.8%</b> ↑ <b>280 bps</b>
Contract Services		
Beds	<b>6,601</b>	<b>-0.9%</b> ↓
SGP		
Residents	<b>72,886</b>	<b>27.8%</b> ↑

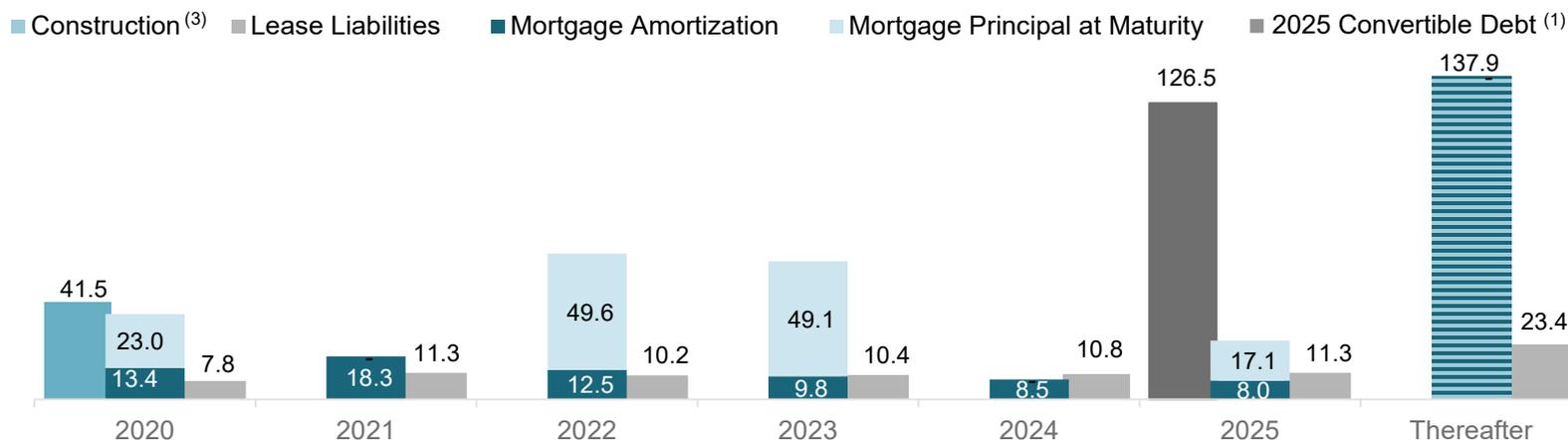
- ◆ Revenue growth of 9.6%
- ◆ 27.8% increase in SGP clients served since Q1 2019
- ◆ NOI increased with higher number of clients, partly offset by higher costs to support the operations

# STRONG FINANCIAL POSITION

March 2020

Long-term Debt <sup>(1)</sup>	Cash		EBITDA interest coverage	Debt to GBV	Weighted average rate
\$568.0M	\$105.8M	Q1 2020	3.1x	49.3%	4.6%
		Q4 2019	3.1X	49.0%	4.7%

## Pro forma Debt Maturities <sup>(2)</sup> (\$ millions)



**Strong liquidity position and modest 2020 debt maturities remaining**

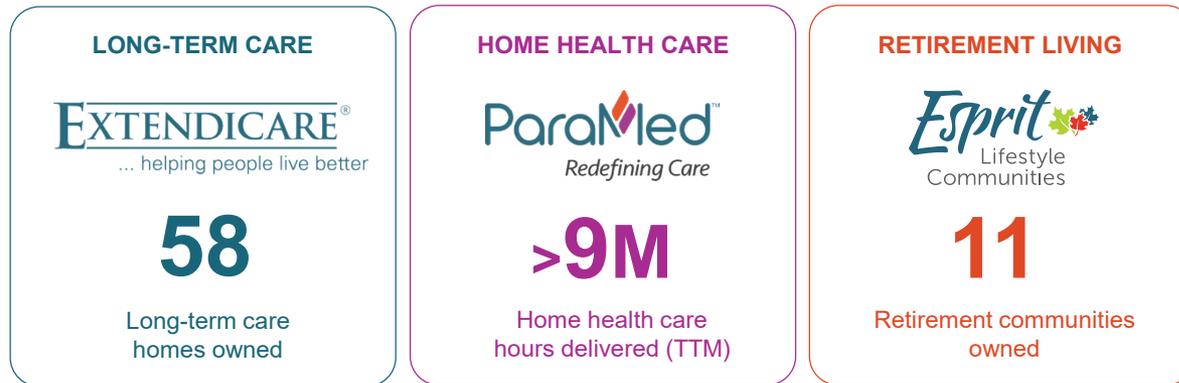
(1) Includes current portion, reflects 2025 convertible debt at face of \$126.5M and excludes deferred financing costs

(2) Proforma debt maturities reflect retirement financing activities subsequent to Q1 2020

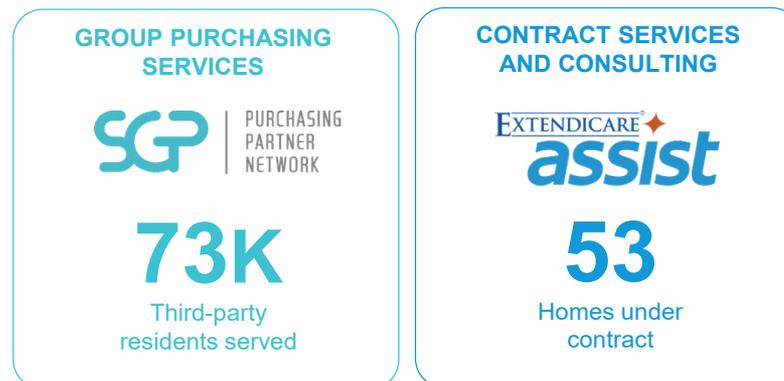
(3) Demand constructions loans are reflected as current

# COMPELLING GROWTH OPPORTUNITIES ACROSS THE CARE CONTINUUM

## B2C: direct services to seniors



## B2B: contract & consulting services



THANK YOU

