

# **Growing your business**

## **(Integration or Not)**

- 1. Sustainable Growth**
- 2. Growth Through Integration?**
- 3. The Alternatives**

## The Need to Grow

- Fulfil mission to provide aged cares services to the growing elderly population
- Population projections

Regional NSW population by year age groups						
		2011	2016	2021	2026	2031
Persons	75-79	191,550	221,000	272,950	337,450	367,300
Persons	80-84	153,850	158,100	185,400	232,450	291,350
Persons	85-89	95,250	108,050	113,700	136,200	174,250
Persons	90-94	36,050	50,750	59,250	64,200	79,150
Persons	95-99	8,600	12,000	18,200	22,250	25,350
Persons	100+	1,000	1,300	1,800	2,850	3,700
Total		486,300	551,200	651,300	795,400	941,100
			13%	18%	22%	18%

ACFA forecast  
approx. 70,000 new  
beds by 2022 to  
meet demand

# Sustainable Growth

Positive operating surplus

- Revenue Management
- Expense Management

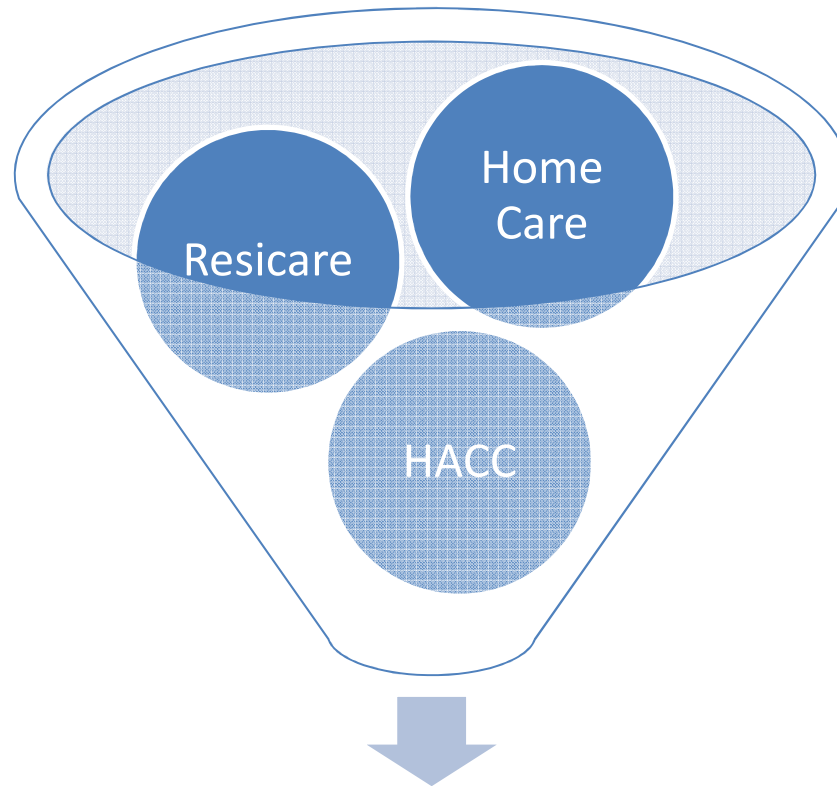
Refreshment of physical stock

- Repair and Maintenance
- Replace FFE
- Significant refurbishment

Balance sheet

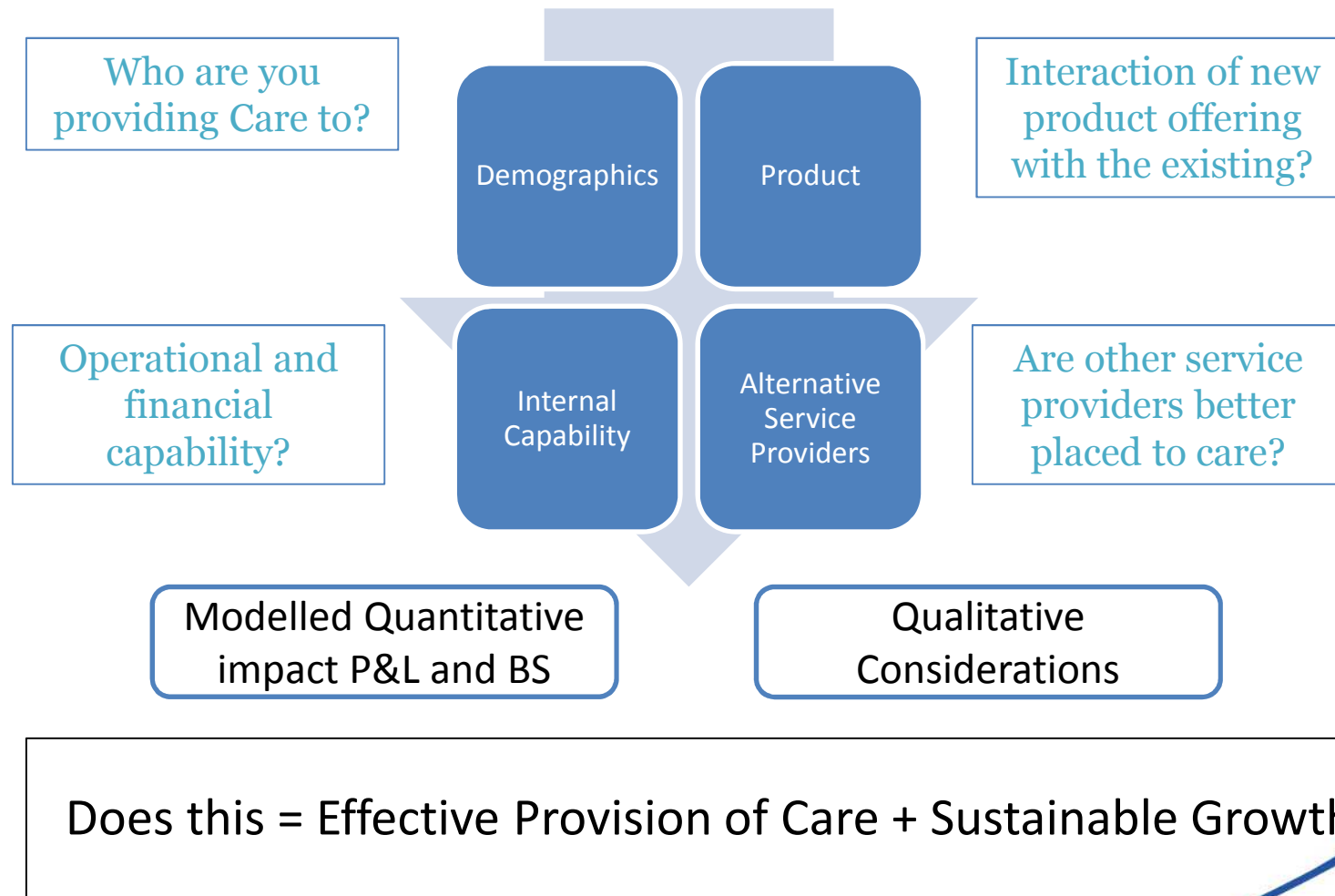
- Liquidity management – putting cash to work
- Capital Structure

## Growth through integration?



Does this = Effective Provision of Care + Sustainable Growth?

# The Business Case – Framework for Analysis



# The Business Case – Potential Considerations

- Expansion of Home Care
  - Govt focus on assisting people to remain at home
  - Increase in Home Care Packages: 60,000 to 100,000 by 2016-17
  - 80 places in a residential setting and 45 places in a community setting/ 1,000 people aged over 70 years
- Capital Requirements
  - Home Care and HACCC less capital intensive
  - Quicker access to market

# The Business Case – Potential Considerations

- Synergies
  - Moving residents from Home care to Resicare
  - Maximise utilisation of employees and physical stock
  - Do these synergies really exist?
- Focus on existing core competencies
- What does the data suggest?

# Alternatives to Integration

Considerations
• Alternative providers more capable
• Land Bank
• Liquidity on balance sheet
• Accommodation subsidy uplift
• RAD/DAP charge



Strategic Alliance/  
Partnership



Brownfield



Greenfield

Does this = Effective Provision of Care + Sustainable Growth?



## Food for thought

- Are you prepared for sustainable growth?
- What are your growth options?
- Are you equipped to evaluate your options?