



Extendicare Inc. (EXETF)

Updated March 2nd, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$19.40	5 Year Annual Expected Total Return:	-8.5%	Market Cap:	\$1.84 B
Fair Value Price:	\$10.60	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	02/27/2026
% Fair Value:	183%	5 Year Valuation Multiple Estimate:	-11.4%	Dividend Payment Date:	03/16/2026
Dividend Yield:	1.9%	5 Year Price Target	\$10.60	Years Of Dividend Growth:	1 ¹
Dividend Risk Score:	F	Sector:	Healthcare	Rating:	Hold

Overview & Current Events

Extendicare is a leading provider of long-term care (LTC) and home health care services in Canada, focused on delivering high-quality care to seniors. At the end of 2025, Extendicare operated 99 LTC homes, comprising 59 homes owned by the company and 40 under management contracts. Further, Extendicare provides home health care services through ParaMed, delivering about 13.0 million hours of care in 2025. The company also offers managed services to third parties and joint ventures through Extendicare Assist and SGP, providing management, consulting, and procurement services, with SGP supporting about 153,600 beds across Canada. Extendicare pays dividends monthly and reports its financials in CAD. All figures in this report have been converted to USD, unless otherwise noted.

On February 26th, 2026, Extendicare posted its Q4 and full-year results for the period ending December 31st, 2025. In Q4, the company generated 337.3 million in revenue, an 18.0% increase from 285.9 million in Q4 2024, driven by the LTC Acquisition and the Closing the Gap transaction, LTC funding enhancements, organic home health care ADV growth of 15.3% (27.3% including CTG), higher bill rates, and flow-through funding timing, partially offset by the closure of certain redeveloped Class C LTC homes. Operating expenses rose to 289.3 million, reflecting higher labor costs from increased home health volumes, higher LTC care hours, wage increases, and acquisition impacts. Net operating income increased to 48.0 million, up 22.1% year over year, while adjusted EBITDA grew to 36.1 million (10.7% margin). Net earnings were 18.7 million, or \$0.21 per basic share, compared to 14.5 million, or \$0.17 per basic share, in Q4 2024. For FY2025, EPS was \$0.81. For FY2026, we expect EPS of \$1.06.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$0.30	\$0.02	\$0.26	\$0.25	\$0.47	\$0.10	\$0.58	\$0.30	\$0.60	\$0.81	\$1.06	\$1.06
DPS	\$0.36	\$0.38	\$0.35	\$0.37	\$0.38	\$0.38	\$0.35	\$0.36	\$0.33	\$0.37	\$0.37	\$0.37
Shares²	88.4	88.8	88.4	89.1	89.8	90.0	89.0	85.0	95.4	86.8	86.8	100.0

Extendicare's EPS trend has been shaped by several factors over the years. In 2016, EPS fell sharply driven by the sale of its U.S. operations and the restructuring of its business to focus on the Canadian market. This transition led to lower EPS as the company worked through integration and realignment. In the following years, Extendicare focused on operational efficiency, better cost management, and the redevelopment of long-term care facilities to help stabilize its results. The company also benefited from a more focused strategy in the home health care and long-term care sectors.

During the pandemic years (2020-2021), the company remained profitable despite challenges like higher staffing costs, pandemic-related expenses, and operational disruptions. However, ParaMed, Extendicare's home health care division, showed resilience, with strong demand for its services, helping to cushion the impact on overall earnings. From 2023 to 2024, EPS surged to \$0.60, reflecting a recovery in home health care volumes as pandemic impacts eased. The growth in managed services, driven by partnerships like Revera and Axium, boosted higher-margin revenue streams, boosting the company's profitability. In 2025, EPS grew further on LTC funding increases, home health ADV growth, and occupancy.

¹ In local currency (CAD).

² Share count is in millions.

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Moving forward, we forecast no growth in EPS and the dividend. This is due to starting off of a high earnings base, while remaining cautious of potential headwinds between CAD and USD translation. Note that the company increased its dividend recently to a monthly rate of CAD \$0.042. However, before that, the dividend had remained stable for about 12 years at a rate of CAD \$0.04. We believe gradual dividend growth is not a priority for the company.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	22.2	---	25.3	23.9	11.5	53.1	10.0	17.8	9.1	12.2	18.3	10.0
Avg. Yld.	5.4%	5.2%	5.3%	6.2%	7.0%	7.2%	6.0%	6.8%	6.0%	3.7%	1.9%	3.5%

Extencicare has traded at a wide range of multiples over the past decade, even when excluding the years of depressed or inflated earnings. Today, the stock is trading at 18.3 times our EPS estimate for FY2026. We fear this is rich multiple given the lack of earnings growth prospects over the medium term. We believe investors pay a premium for the stock because they are attracted to the monthly dividend. Yet, we would require a much higher yield in today's environment to be satisfied with holding the stock.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	120%	---	135%	148%	81%	---	60%	120%	55%	46%	35%	35%

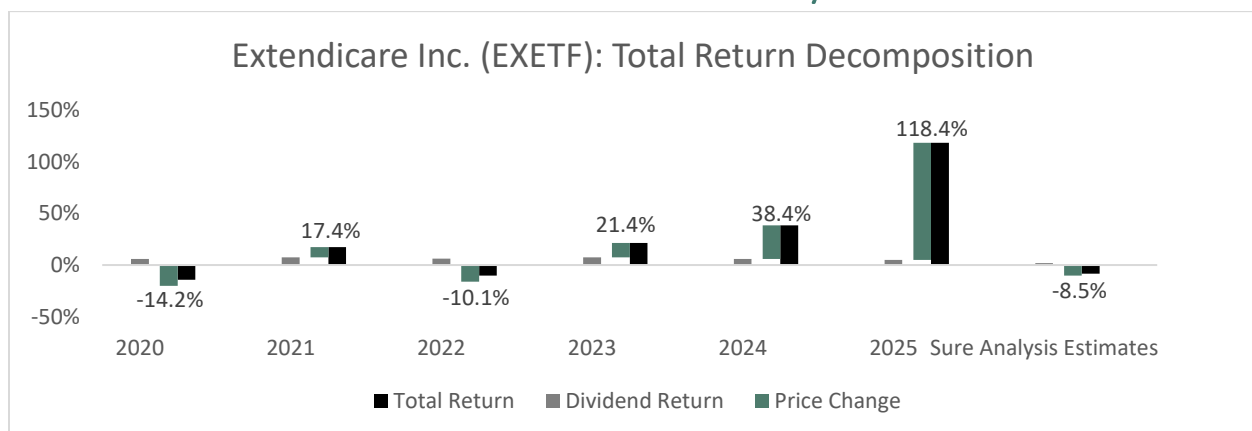
Extencicare's safety and quality are upheld through high standards in its long-term care homes, with many accredited by Accreditation Canada, and a focus on continuous improvements in care models. Also, its competitive advantage lies in its integrated continuum of care, covering long-term care, home health care, and managed services. Therefore, Extencicare can efficiently meet growing senior care demands.

Regarding its recession resiliency, Extencicare benefits from the inelastic demand for senior care services, driven by an aging population. The company's publicly funded home health care and long-term care services provide a stable revenue base, even in economic downturns. Extencicare has demonstrated its resilience during COVID-19 and is well-positioned to continue expanding with low leverage and a focus on high-margin services.

Final Thoughts & Recommendation

We like Extencicare for its solid position in the growing senior care market, offering a wide range of services with a focus on quality care. However, labor costs and funding pressures in the sector could pose some challenges for growth in the short term. While we rate the stock as a hold due to finally starting to grow the dividend, we believe shares could deliver negative returns over the medium-term due to multiple compression.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	739	801	847	864	853	824	931	939	966	1,070
SG&A Exp.	29	29	29	31	31	693	765	797	804	875
D&A Exp.	21	24	24	27	30	29	31	25	24	24
Operating Profit	46	45	51	46	40	70	40	20	47	81
Operating Margin	6.2%	5.6%	6.0%	5.3%	4.7%	8.5%	4.3%	2.1%	4.8%	7.6%
Net Profit	182	27	2	24	22	40	9	53	25	55
Net Margin	24.6%	3.3%	0.2%	2.8%	2.5%	4.9%	1.0%	5.7%	2.6%	5.1%
Free Cash Flow	14	(29)	5	(9)	9	66	(5)	(2)	(79)	74
Income Tax	11	6	8	3	5	12	5	0	8	18

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	740	733	743	658	680	755	706	576	507	502
Cash & Equivalents					72	141	82	123	57	85
Accounts Receivable	28	30	27	29	35	39	52	44	64	62
Goodwill & Int. Ass.	69	67	76	70	69	69	73	72	94	84
Total Liabilities	616	604	640	566	592	655	626	502	441	415
Accounts Payable	101	90	98	98	105	147	151	184	153	168
Long-Term Debt	327	373	426	388	426	443	421	283	252	204
Shareholder's Equity	124	130	103	93	88	101	80	74	66	87
LTD/E Ratio	2.64	2.88	4.16	4.20	4.82	4.40	5.27	3.81	3.80	2.35

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	15.2%	3.6%	0.2%	3.5%	3.2%	5.6%	1.3%	8.3%	4.6%	10.9%
Return on Equity	298%	21.1%	1.4%	25.1%	23.9%	42.8%	10.2%	69.4%	35.8%	71.8%
ROIC	42.5%	5.6%	0.3%	4.9%	4.3%	7.6%	1.8%	12.5%	7.5%	18.0%
Shares Out.	87.8	88.4	88.8	88.4	89.1	89.8	90.0	89.0	85.0	95.4
Revenue/Share	7.46	8.04	8.46	8.75	8.57	8.21	9.22	9.39	10.04	11.22
FCF/Share	0.14	(0.29)	0.05	(0.09)	0.09	0.66	(0.05)	(0.02)	(0.82)	0.78

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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