

25 November 2022

Radius Care Delivers Strong Performance and Executes Growth Strategy

Radius Residential Care Limited (NZX: RAD) today announced its results for the six months ended 30 September 2022, the first half of the FY23 year.

Highlights:

- Net Profit After Tax of \$1.7m, up 29.2% on comparative period.
- Pre-NZ IFRS 16 Underlying EBITDA of \$7.0m¹, 36.7% up on comparative period.
- AFFO of \$2.5m, 7.1% up on comparative period.
- Total Assets of \$350.2m, up \$60.1m from 31 March 2022.
- Acquisition of land and buildings for four facilities previously leased and one new facility.
- Available beds increased in period by 81 to 1,865 and retirement villages units by 46 to 147.
- Occupancy at 91.9% at period end vs industry average of 85.3% for the September 2022 quarter.
- Commitment and compassion of our exceptional people through significant COVID outbreaks.
- Excellent progress made on international registered nurse recruitment resulting in an additional 120 nurses starting early in 2023 filling all current vacancies.
- Fully imputed gross dividend of 0.70 cps, in line with last year's interim dividend of 0.696 cps.

Radius Residential Care Limited (NZX: RAD) has delivered Net Profit After Tax of \$1.7m for the six months ended 30 September 2022, an increase of 29.2% on the \$1.3m achieved in the FY22 corresponding period. Pre-NZ IFRS 16 Underlying EBITDA was \$7.0m an increase of 36.7% on the prior comparative period. Revenue increased 7.6% on the prior period to \$69.9m and AFFO was up on the prior comparative period at \$2.5m.

“We are a specialist care provider and our business has produced excellent results, particularly given the widely-known challenging conditions faced by the sector. Our business is increasingly demonstrating its resilience and has once again executed on our growth strategy and achieved a strong financial performance. These results are a testament to our exceptional people who have continued to deliver exceptional care to our residents in challenging circumstances for the industry including widespread COVID outbreaks and staffing shortages” said Andrew Peskett, Radius Care’s CEO.

¹ Underlying EBITDA is a non-GAAP (unaudited) financial measure. A reconciliation is included within the Investor Interim Report and the Investor Presentation.

Business performance

Radius Care's business has delivered growth across its key metrics.

There were 1,865 available beds as at 30 September, an increase of 81 since 31 March. Occupancy levels have remained strong and well above industry averages. Occupancy for September was an average of 91.9%, compared with 92.0% recorded for March 2022.

Radius Care's development bank increased to 299 care beds and 124 units at the end of the period.

"We were delighted to be able to add an exceptional new operation, Matamata Country Lodge, to our portfolio in late September. It's a very high-quality facility with high occupancy and often has a waiting list. With nearly fifty retirement village units, it provides further evidence of execution of our growth strategy" said Mr Brien Cree, Radius Care's Executive Chair.

"In May we settled the acquisition of the land and buildings of four facilities we previously leased. At the end of September, Radius Care's portfolio had grown to 24 facilities of which 13 are owned and 11 leased. The last six months demonstrate that Radius Care continues to go from strength to strength. We're continuing to position our asset base in line with Radius Care's strategy and to deliver positive results for shareholders".

People

"I want to give immense thanks to our staff for the way they've continued to offer the very best of care every day to our residents. Radius Care has a strong offering in the care sector of the market and it continues to perform well. The results we've achieved point to our operational capability as well as the resilience of our staff. The last six months have again been particularly challenging with COVID-19 continuing to put immense pressure in any number of ways on our people".

Radius Care has intensified its efforts overseas to recruit nurses and has received a steady stream of applications from IQNs (Internationally Qualified Nurses). These nurses are required to complete the New Zealand training programme, allowing them to work as Registered Nurses as quickly as possible. The company has well in excess of 100 new IQNs starting shortly which is likely to give it a competitive advantage over more poorly-staffed competitors.

The company has also introduced virtual nurses to our offering which allows a wide array of different nurses to assist in resident care and alleviate current staffing pressures.

The senior leadership team was strengthened with the commencement during the period of Wendy Jenkins and Richard Callander.

Financial performance

Revenue increased 7.6% on the prior period to \$69.9m excluding other income.

Radius Care's key performance measure, pre-NZ IFRS16 Underlying EBITDA was \$7.0m compared to \$5.1m achieved for the comparative period. In part this was driven by direct private revenue paid by residents for non-government funded services and amenities increasing to \$7.2m, up 34.2% from \$5.4m in the prior comparable period.

Overall operating costs were \$70.8m, a 9.5% increase on the prior year.

Underlying EBITDA of \$11.3m was achieved, up 0.6% on the comparative period.

AFFO of \$2.5m was earned, up on the \$2.3m earned in the comparative period.

Radius Care recently confirmed the bridge facilities put in place on 6 May 2022 had been extended for six months to be repaid on 6 April 2023.

Dividend

A gross dividend of 0.70 cents per share has been declared for the half year to be paid on 13 January 2023. The dividend is based on a 58% pay out which is in line with the policy to target a pay out ratio of 50% to 70% of AFFO. The dividend will carry full imputation credits. A dividend reinvestment plan has recently been approved and will apply for this interim dividend. The dividend will be paid on 13 January 2023 to allow investors time to participate in the DRP.

Development update

The building program is progressing well with projects that are in train being on time and on budget. The second half of FY23 will see the completion of developments at Thornleigh Park, adding an additional 24 care beds to the available pool. Construction work is targeted to start in early 2023 at Taupaki Gables, delivering an additional 20 care beds in the last quarter of the FY24 year. Two further developments are targeted to start in 2023 with phasing subject to the economic climate.

Outlook

The company is expecting a second half result that is likely to exceed the pre-NZ IFRS16 Underlying EBITDA achieved in the first half.

ENDS

Media and Investor Contacts:

Andrew Peskett
Chief Executive
Ph 021 747 363

Wendy Jenkins
Chief Financial Officer
Ph 027 471 2377

About Radius Care

Radius Residential Care Ltd was founded in 2003 and operates in the New Zealand aged care and retirement village sectors. It is a nationwide provider offering the full range of accommodation and care options giving residents the ability to "age in place". Today, Radius Care operates 24 aged care facilities, of which it owns 13 and leases 11. Four owned facilities also include retirement villages and Radius Care's online shop sells specialist assisted-living products. The company employs over 1,700 people, including highly qualified healthcare staff who are committed to providing the very best in nursing care. Radius Care listed on the NZX in December 2020. For more information visit radiuscare.co.nz or check out our Facebook page @RadiusCareNZ.