



Half Year Result

FOR 6 MONTHS TO 30 SEPTEMBER 2023

radius
care 
Caring is our calling

Presenting *Today*

Andrew Peskett

Chief Executive Officer
BA (Hons), LLB



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Chief Financial Officer
BA, BCom, CA





Agenda



OVERVIEW OF 1HY24 PERFORMANCE

Delivered strong operating performance and profitability



ANALYSIS OF RESULT

Strong performance demonstrating our leadership in specialist care offerings



POSITIONING RADIUS CARE

Strategy update



APPENDICES

Key operational and financial metrics

Summary Profit and Loss, Balance Sheet and Cash Flow

Overview of 1HY24 Performance

DELIVERED STRONG
OPERATING PERFORMANCE
AND PROFITABILITY

1HY24 Business *Highlights*

Record first half

Strong Operating Performance



- Record first half trading with 50% increase in Underlying EBITDA¹. Achieved upper end of guidance issued to the market.
- Successful execution of business improvement programme to streamline operations.
- Increased commercial intensity delivering 21 village unit sales.

Continued Strong Occupancy



High occupancy of 93.0% as at 30 September. Maintaining occupancy level well above industry average.

Fully Staffed



Successful recruitment of overseas nurses and establishment of RConnect staffing bureau business resulting in more efficient rosters, significantly reduced turnover, reduced external staffing costs and enabling an improved Hospital bed mix.

Value from Strategic Acquisitions



Continuing strong operating performance following acquisition of Matamata Country Lodge.

¹ Earnings before interest, tax, depreciation and amortisation. Underlying EBITDA is a non-GAAP (unaudited) financial measure which is reconciled to GAAP measures included within the Appendices of this Investor Presentation.

1HY24 *Financial* Highlights



Financial Performance

- Underlying EBITDA up 50% to \$10.5m with no underlying adjustments made for the 1HY24 period as opposed to \$1.5m of adjustments in the prior comparative period.
- Reported Net Profit After Tax of \$1.4m, down from a profit of \$1.7m in 1HY23, which included \$1.8m of one-off gains related to previously leased properties.
- AFFO¹ of \$2.9m, up from \$2.5m.
- Underlying EBITDAR² (for the 6 months to 30th September 2023) per care bed of \$12.2k up 15% from 1HY23.
- Accommodation supplements increased 31% to \$4.8m.



Balance Sheet Position

- Total assets of \$355.0m.
- Investment properties of \$71.5m, up \$1.3m from FY23.
- Total borrowings of \$97.7m, consistent with FY23.
- Assets held for sale \$25.7m.

1 AFFO is a non-GAAP (unaudited) financial measure which is reconciled to GAAP measures included within the Appendices of this Investor Presentation.

2 Earnings before interest, tax, depreciation, amortisation and rent. Underlying EBITDAR is a non-GAAP (unaudited) financial measure.



Our *People*



Successfully recruited Registered Nurse vacancies. We have surplus nurses who are supporting RConnect staffing bureau for internal and external customers.



28% year on year reduction in Registered Nurse turnover. Registered Nurse turnover significantly below sector average.



Development/training opportunities in place for roles at our care homes.

Analysis of Result

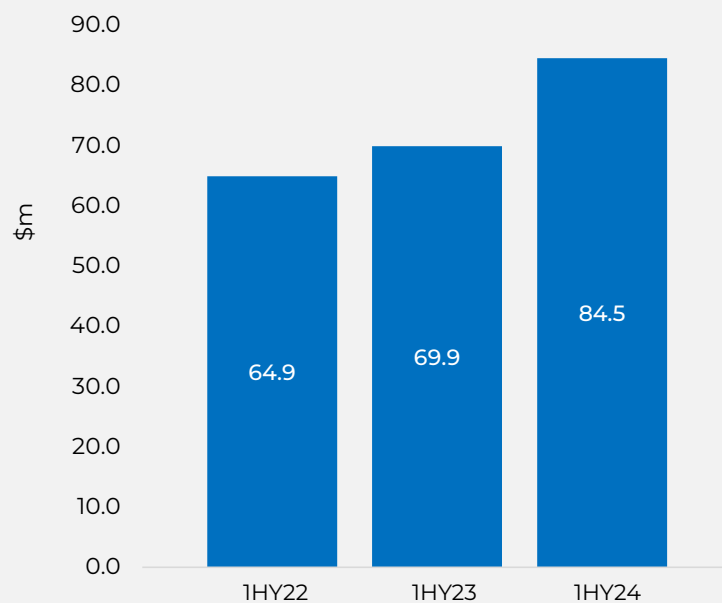
STRONG PERFORMANCE
DEMONSTRATING OUR
LEADERSHIP IN SPECIALIST
CARE OFFERINGS

Financial Performance Overview

Continued strong occupancy and successful execution of business improvement programme have materially lifted Underlying EBITDA.

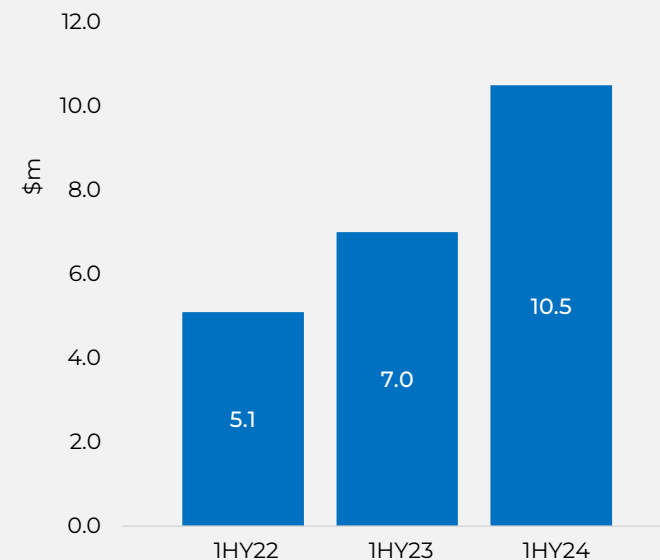
Total Revenue¹

1HY24 Revenue of \$84.5m up 21% vs pcg



Underlying EBITDA

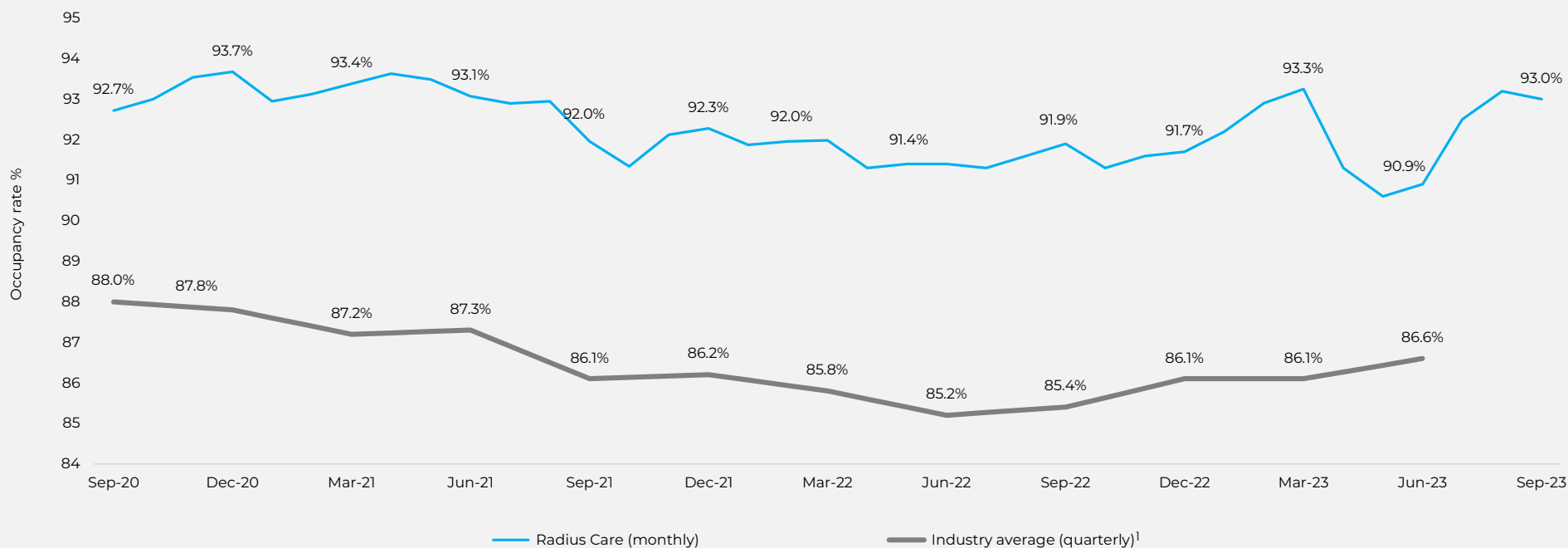
Underlying EBITDA of \$10.5m, up 50% vs pcg



¹ Total revenue excludes other income

Occupancy

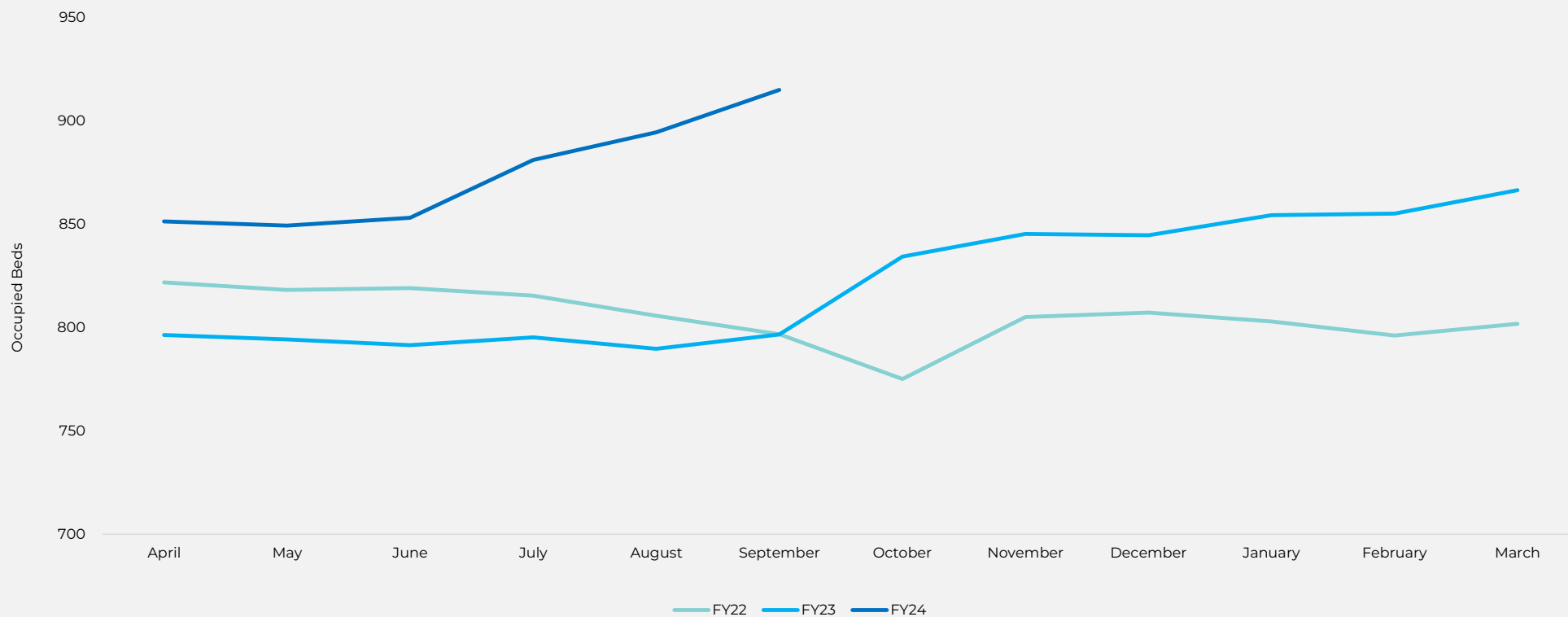
Consistent occupancy of 93.0% at 30 September 2023 remaining well above industry average



¹ Source: Industry Information based on NZACA Occupancy – Te Whatu Ora Aged Residential Care Quarterly Reporting Survey as at 30 June 2023. Includes ORA ARRC-certified beds and their residents

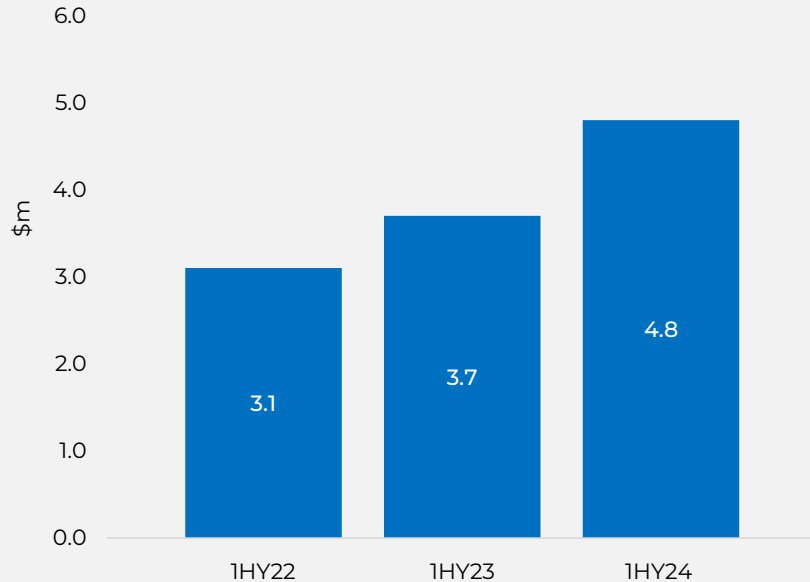
Hospital Bed *Mix*

Strong Hospital bed mix versus prior years enabled by fully staffed care homes



Continued *Strong* Accommodation Supplements and Underlying EBITDAR per Care Bed

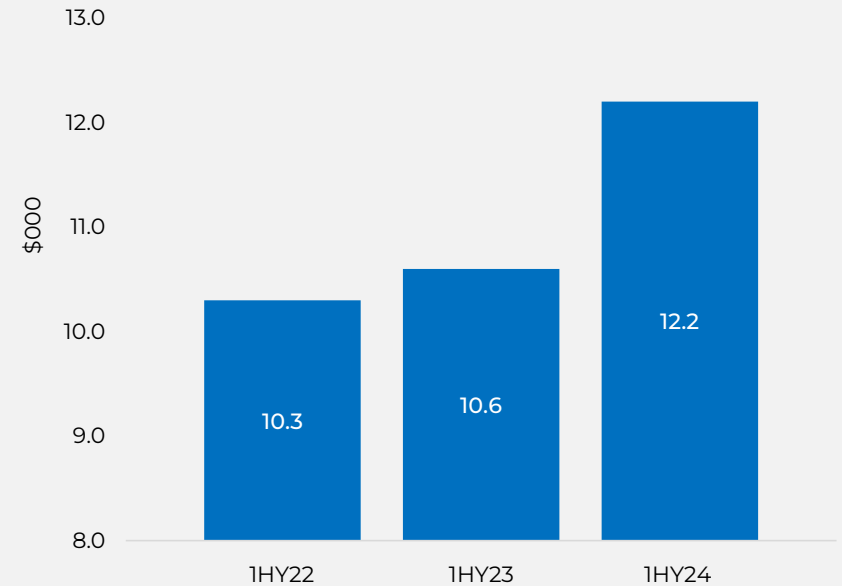
Accommodation Supplements



Underlying EBITDAR per Care Bed¹

(for the 6 months to 30th September 2023)

Market leading returns

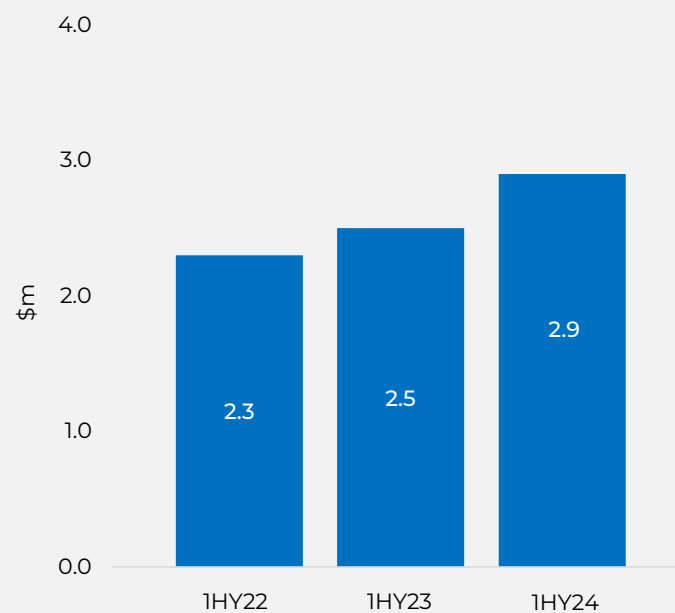


¹ Underlying EBITDAR for aged care segment divided by the average number of care beds occupied during the period

AFFO

AFFO of \$2.9m, up on the \$2.5m earned in the comparative period.

Available Funds From Operations (\$m)





Strategy Update

Strategy Update

Core Strategic Pillars



Acquisition of strategically important facilities operated by Radius Care



Opportunistic value accretive acquisitions



Brownfield developments



Greenfield developments

- Since listing Radius Care has demonstrated successful execution against its core strategic pillars such as the successful integration of Matamata Country Lodge.
- Revenue diversification – extension of care offerings to other areas of the Health Sector.
- Continue to pursue several opportunities to build scale (for example M&A, brownfield and greenfield developments).



Outlook



Improved operating results and momentum in first half results to continue for the remainder of the financial year.



Focus on commercial opportunities to continue to drive revenue growth and improved margins through increased premium revenue and new business.



The Board expects to resume dividend payments following completion of the debt management programme.

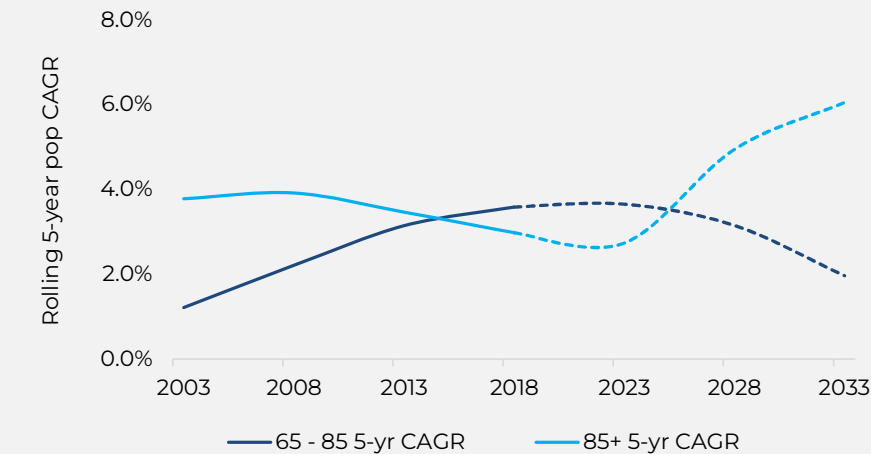
Appendices

Key Investment Highlights

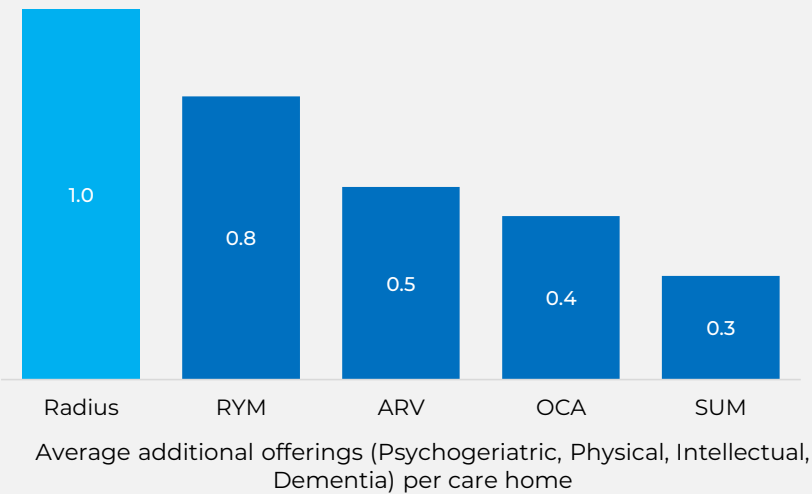
The Radius Care growth pipeline provides unique exposure to a high acuity, specialised care provider that remains committed to and focused on delivering compassionate and outstanding clinical care outcomes.

With an absolute focus on our core business, Radius Care delivers industry leading metrics, including EBITDAR per bed.

Demand underpinned by population demographics¹



Portfolio oriented to high acuity and specialist care²



¹ Source: Statistics New Zealand
² Source: Ministry of Health audit reports as disclosed on Ministry of Health website – <https://www.health.govt.nz/your-health/certified-providers/aged-care/> based on data as at 13 October 2023

At a Glance



1,889
Care Beds



1,860+
Employees



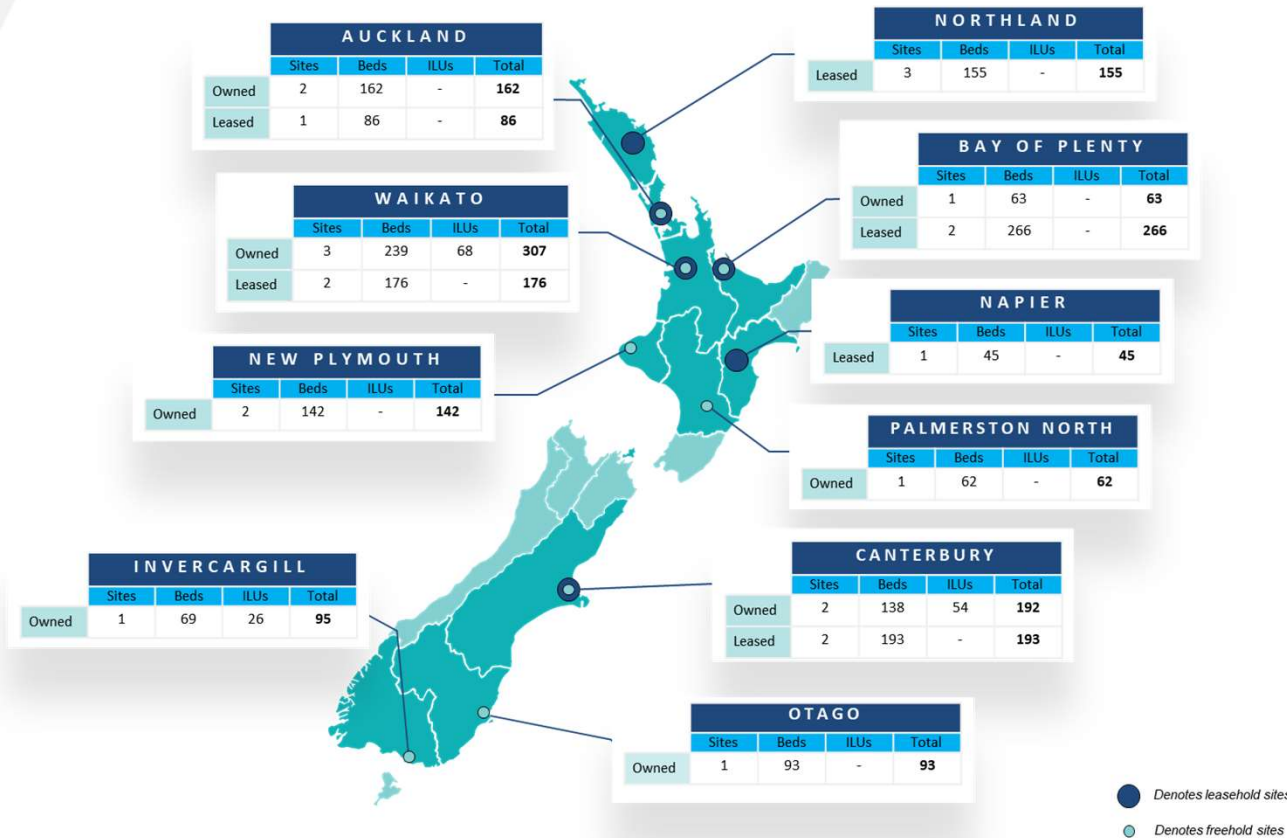
92.7%
Care Beds



7.3%
ILUs



National aged care focused portfolio with strong regional presence, owning 13 and leasing 11 of the 24 sites nationwide



ILUs are Independent Living Units

Key operational and financial metrics

Operating Metrics				
	1HY24	1HY23	1HY22	1HY21
Number of Care Beds (period end) ¹	1,889	1,865	1,715	1,714
Average Care Bed Occupancy ²	91.9%	91.5%	93.0%	91.6%
Underlying EBITDAR per Care Bed ³ (000s)	\$12.2	\$10.6	\$10.3	\$10.7
Number of Units (period end) ⁴	148	147	76	76
Number of new Unit sales	-	-	4	2
Number of existing Unit resales	21	3	-	1
Realised gains on resales (m)	\$1.4	\$0.2	-	-
Realised development margins (m)	-	-	\$0.1	\$0.2
Cash DMF realised upon resale (000s)	\$67	\$140	-	\$15
Average resale price (000s)	\$386	\$445	-	\$300
Average new unit sale price (000s)	-	-	\$403	\$425

Accommodation Supplements				
	1HY24	1HY23	1HY22	1HY21
Accommodation Supplements Revenue	\$4.8m	\$3.7m	\$3.1m	\$2.7m
Number of Care Beds (period end) ¹	1,889	1,865	1,715	1,714
Number of Available Care Beds with Accommodation Supplements	1,289	1,265	1,147	1,146
Percentage of Care Beds with Accommodation Supplements	68.2%	67.8%	66.9%	66.9%

DMF terms for Retirement Village units

- 30% over three years
- average resident tenure is 4.2 years

1 Comprises Care Beds occupied, available to be occupied or unavailable due to refurbishment
2 Total occupied Care Bed days divided by total Care Bed days available during the period
3 Pro forma Underlying EBITDAR for aged care (as set out in the lower right table) divided by the average number of Care Beds occupied during the period
4 Comprises Units occupied, available to be occupied or unavailable due to refurbishment
5 Total revenue excludes Other income

Financials

Statement of Comprehensive Income

- Revenue up 21% to \$84.5m.
- Underlying EBITDA up 50% to \$10.5m.
- Reported Net Profit After Tax of \$1.4m down from a profit of \$1.7m in 1HY23, which included \$1.8m of one off gains relating to previously leased properties.
- Underlying EBITDAR per Care Bed up 15% to \$12.2k.

(\$000)	1HY24	1HY23	1HY22
Revenue			
Revenue	83,308	69,101	64,458
Deferred management fees	1,162	768	449
Total revenue	84,470	69,869	64,907
Change in fair value of investment property	1,350	175	(65)
Government subsidy received	-	154	-
Interest income	33	50	32
Gain on acquisition of previously leased property assets	-	1,781	1,403
Gain on business acquisition	-	927	-
Total revenue and other income	85,853	72,956	66,277
Expenses			
Employee costs	(52,477)	(44,341)	(39,292)
Depreciation expense	(5,143)	(4,986)	(5,746)
Finance costs	(8,008)	(5,344)	(4,590)
Other expenses	(18,584)	(16,097)	(14,987)
Total expenses	(84,212)	(70,768)	(64,615)
Profit/(Loss) before income tax	1,641	2,188	1,662
Income tax expense	(223)	(464)	(328)
Profit for the period	1,418	1,724	1,334

Financials

Statement of Financial Position

- Investment properties of \$71.5m, up \$1.3m from FY23.
- Property, plant and equipment of \$110.9m, down \$23.0m from FY23 due to held for sale assets.
- Lease liabilities of \$122.5m, up from \$121.5m in FY23.
- Borrowings of \$97.7m, consistent with FY23.
- Assets held for sale of \$25.7m.

(\$000)	1HY24	FY23	FY22
Assets			
Cash and cash equivalents	908	515	2,088
Trade and other receivables	13,770	13,071	9,842
Held for sale assets	25,704	891	-
Inventories	708	753	768
Current tax assets	-	1,321	-
Investment properties	71,473	70,143	46,014
Property, plant and equipment	110,879	133,870	73,839
Right-of-use assets	112,321	112,464	133,912
Intangible assets	15,702	19,797	19,797
Deferred tax assets	3,551	3,770	3,885
Total assets	355,016	356,595	290,145
Liabilities			
Cash and cash equivalents (overdraft)	-	2,894	-
Trade and other payables	17,235	20,543	16,901
Current tax liabilities	-	-	444
Borrowings	97,687	97,687	30,000
Deferred management fees	7,586	6,973	1,553
Refundable occupation right agreements	35,764	34,104	28,616
Lease liabilities	122,454	121,530	142,543
Total liabilities	280,726	283,731	220,057
Net assets	74,289	72,864	70,088
Equity			
Share capital	56,820	56,813	51,732
Reserves	9,539	9,529	6,812
Retained earnings	7,930	6,522	11,544
Total equity	74,289	72,864	70,088

Financials

Statement of Cash Flows

(\$000)	1HY24	1HY23	1HY22
Cash flows from operating activities			
Receipts from residents for care fees and village fees	84,075	65,856	62,670
Payments to suppliers and employees	(76,479)	(60,039)	(54,899)
Proceeds from the sale of Refundable Occupation Right Agreements	6,204	1,335	1,610
Payments for the repurchase of Refundable Occupation Right Agreements	(1,789)	(855)	-
Interest received	32	50	32
Interest paid – borrowings	(4,766)	(2,286)	(421)
Interest paid – lease liabilities	(2,991)	(3,046)	(4,169)
Income tax (expense)/benefit	1,313	(615)	(1,268)
Net cash provided by operating activities	5,599	400	3,555
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment	889	7	47
Payments for the purchase of property, plant and equipment	(1,404)	(53,032)	(33,771)
Payments for village developments	(458)	(97)	(98)
Acquisition of subsidiaries, net of cash acquired	-	(500)	-
Net cash used in investing activities	(973)	(53,622)	(33,822)
Cash flows from financing activities			
Proceeds from issue of share capital	-	-	48,229
Share issue transaction costs	-	-	(2,404)
Proceeds from bank borrowings	-	54,020	-
Repayment of bank borrowings	-	-	(8,500)
Principal payments of lease liabilities	(1,340)	(1,277)	(1,950)
Dividends paid	-	(1,481)	(1,128)
Net cash provided by/(used in) financing activities	(1,340)	51,262	34,247
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at beginning of the year	(2,379)	2,088	2,761
Net (decrease)/increase in cash and cash equivalents held	3,288	(1,960)	3,980
Cash and cash equivalents at end of period	908	128	6,741

Financials

Underlying Earnings and AFFO Calculation

(\$000)	1HY24	1HY23	1HY22
Net Profit Before Tax	1,641	2,188	1,662
Remove: Change in fair value of investment property	(1,350)	(175)	65
Remove: Gain on acquisition of previously leased properties	-	(2,708)	(1,403)
Include: Realised gains on resales	1,350	175	-
Include: Realised development margins	-	-	90
Remove: Depreciation expense	5,143	4,986	5,746
Remove: Interest Income	-	-	-
Remove: Interest Expense	8,008	5,282	4,558
Include: Pre-NZ IFRS 16 operating lease expense	(4,341)	(4,309)	(6,118)
EBITDA	10,452	5,439	4,600
Underlying Adjustments:			
COVID-19 Adjustments	-	1,267	331
Other Adjustments	-	273	174
Underlying EBITDA	10,452	6,979	5,105
Net interest expense (bank and other loans)	(5,047)	(2,236)	(389)
Pre-NZ IFRS 16 tax (expense)/benefit	(521)	(113)	(329)
Income tax impact from adjustments	-	(431)	(141)
Maintenance capital expenditure	(2,017)	(1,735)	(1,944)
AFFO	2,867	2,464	2,302

Directory of facilities

OWNED			
FACILITY	LOCATION	CARE BEDS	UNITS
St Helenas	Christchurch	52	-
Thornleigh Park	New Plymouth	87	-
Lexham Park	Katikati	63	-
Heatherlea	New Plymouth	55	-
Taupaki Gables	Kumeu	60	-
Windsor Court	Ohaupo	76	-
Elloughton Gardens	Timaru	86	-
Clare House	Invercargill	69	-
Clare House Village	Invercargill	-	26
Arran Court	Auckland	102	-
Peppertree	Palmerston North	62	-
St Joans	Hamilton	82	-
Fulton Home	Dunedin	93	-
Windsor Court Village	Ohaupo	-	22
Elloughton Grange Village	Timaru	-	54
Matamata Country Lodge	Matamata	81	-
Matamata Retirement Village	Matamata	-	46
Total owned		968	148
Average owned		74	37

TOTAL		
FACILITY	CARE BEDS	UNITS
Leased	921	-
Owned	968	148
TOTAL	1,889	148

Directory of facilities

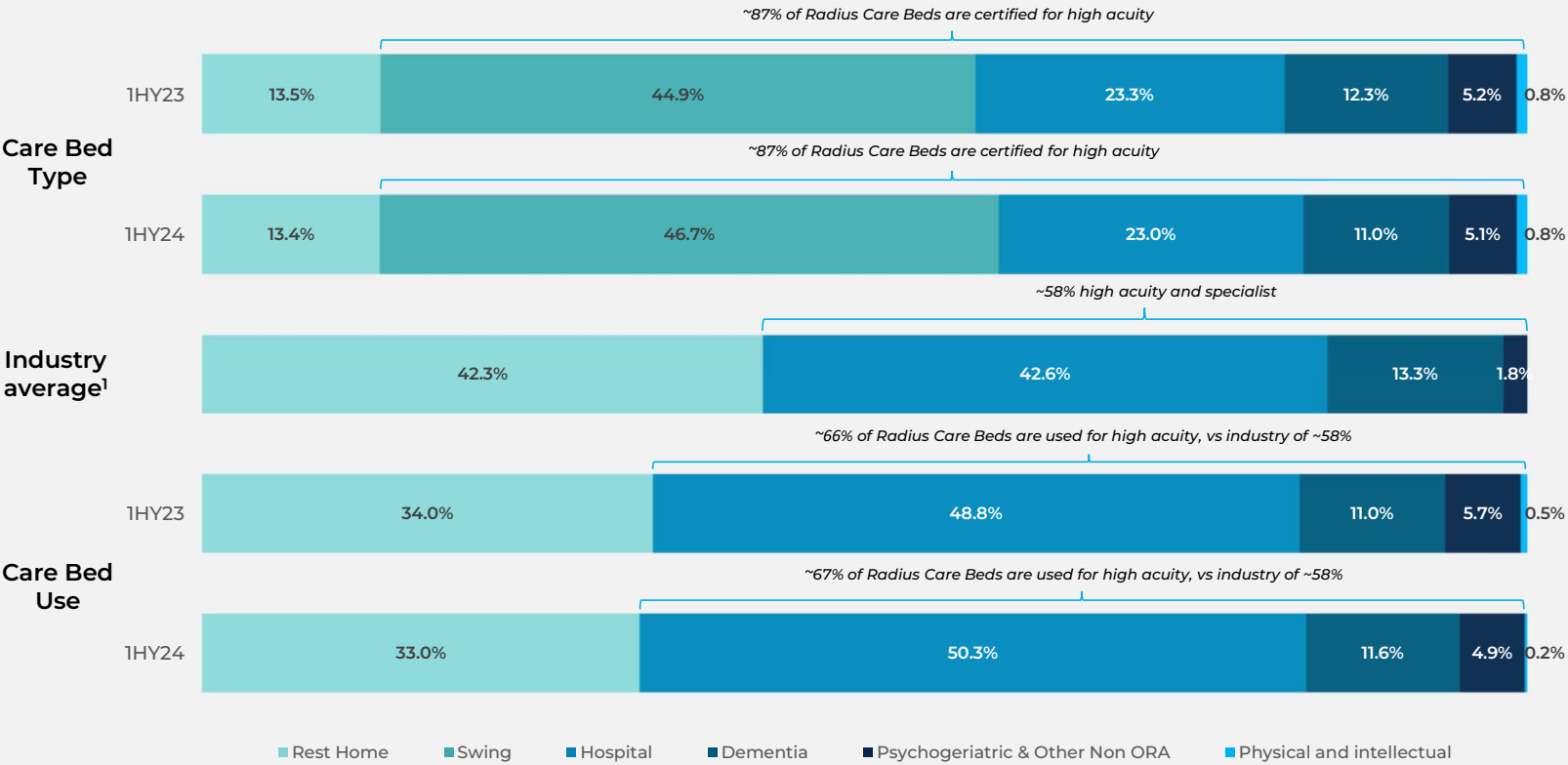
LEASED								
FACILITY	LOCATION	CARE BEDS	UNITS	CURRENT LEASE TERM	TIME TO NEXT RENEWAL	RIGHTS OF RENEWAL	TIME TO FINAL EXPIRY	LANDLORD
Kensington	Hamilton	96	-	10 yrs	0.6 yrs	2 x 10 yrs	10.6 yrs	A
Potter Home	Whangarei	55	-	20 yrs	6.1 yrs	2 x 15 yrs	36.1 yrs	B
Rimu Park	Whangarei	55	-	20 yrs	6.1 yrs	2 x 15 yrs	36.1 yrs	B
Waipuna	Auckland	86	-	30 yrs	23.3 yrs	-	23.3 yrs	C
Hampton Court	Napier	45	-	10 yrs	5.4 yrs	-	5.4 yrs	D
Baycare	Northland	45	-	12 yrs	2.5 yrs	3 x 12 yrs	38.5 yrs	E
Matua	Tauranga	149	-	30 yrs	19.1 yrs	-	19.1 yrs	F
Althorp	Tauranga	117	-	15 yrs	4.9 yrs	3 x 10 yrs	34.9 yrs	G
Millstream ¹	Ashburton	80	-	35 yrs	27.8 yrs	-	27.8 yrs	H
Millstream Apartments ¹	Ashburton	19	-	5 yrs	0.9 yrs	2 x 5 yrs	10.9 yrs	H
Glaisdale	Hamilton	80	-	15 yrs	8.7 yrs	2 x 15 yrs	38.7 yrs	I
Hawthorne	Christchurch	94	-	10 yrs	6.6 yrs	2 x 10 yrs	16.6 yrs	J
Total leased		921	-	n/a	n/a	n/a	n/a	
Average leased		77	-	17.7 yrs	9.3 yrs	n/a	24.9 yrs	

¹ Millstream and Millstream Apartments are one facility but Millstream Apartments has a separate lease to the main facility.

Bed Mix

87% of the portfolio are beds certified for high acuity and specialist care with significant flexibility of care.

This aligns with the sector dynamics of ‘aging in place’ reducing the need for rest home level care and increasing the need for higher acuity care.



¹ Source: CBRE analysis, October 2022

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This presentation sets out information relating to Radius Care's half year result for the period to 30 September 2023. As such, it should be read in conjunction with the unaudited consolidated financial statements for Radius Care and its subsidiaries for the period ended 30 September 2023 ("**Financial Statements**") and other material that Radius Care has released to NZX along with this presentation. That material is also available at www.radiuscare.co.nz.

In certain sections of this presentation, Radius Care has chosen to present certain financial information exclusive of the impact of significant items. A number of non-GAAP financial measures are used in this presentation which are used by management to assess the performance of the business and have been derived from the Financial Statements. You should not consider any of these financial measures in isolation from, or as a substitute for the information provided in the Financial Statements.

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