

29 November 2021

## **RADIUS CARE REPORTS STRONG PROGRESS WITH GROWTH STRATEGY**

### Highlights:

- Acquisition of land and buildings for four facilities with associated \$48 million capital raise.
- Acquisition of 69 bed / 25 unit facility in Invercargill shortly after period end.
- Occupancy at 92.0% at period end vs industry average of 87.3%
- Total revenue of \$66.3 million, up from \$61.4 million on comparative period.
- Underlying EBITDA of \$11.2 million, down \$1.2m on comparative period.
- AFFO of \$2.3m, similar to comparative period.
- Gross Interim Dividend of 0.7 cps, up 20%.

Radius Residential Care Limited (NZX: RAD) has announced unaudited half year underlying EBITDA<sup>1</sup> of \$11.2 million for the six months ended 30 September 2021, a reduction of \$1.2 million compared to the prior corresponding period (prior period). Revenue increased 8% on the prior period to \$66.3 million. AFFO<sup>1</sup> was consistent with the prior period at \$2.3 million.

Brien Cree, Executive Chairman, noted good progress with key performance metrics: high care bed occupancy levels; increasing accommodation supplements, consistent EBITDA per care bed as well as strong progress against Radius Care's strategic pillars. In addition, there had been several key events in the first half of the 2022 financial year that saw Radius Care continue to deliver significant milestones against strategy.

"In July we were able to secure the opportunity to acquire the land and buildings of four aged care facilities that Radius Care has leased for quite a number of years. And in early October we announced the acquisition of an integrated care facility and retirement village in Invercargill. Our portfolio now stands at 23 properties, 1,784 beds and 101 village units located between Paihia and Invercargill. We currently have a landbank of 194 care beds and 166 independent living units" said Mr Cree.

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<sup>1</sup> Earnings before interest, tax, depreciation and amortisation (EBITDA) and Available funds from operations (AFFO) are non-GAAP financial measures used by management to assess the performance of the business. The numbers have been derived from the Financial Statements. A reconciliation to Profit for the period is included at Appendix 6 of the investor presentation.

### **Business performance**

“Operationally we continue to perform well, despite having had seven facilities in the Northland, Auckland and Waikato regions being managed under Alert Level 4 restrictions during the period.

However we continue to see costs across the business rising, particularly for labour, food and consumables. Some of these cost increases are directly attributable to COVID-19 related border restrictions affecting labour supply and others to supply chain issues affecting food and consumable goods prices: said Mr Cree.

Occupancy levels have remained above historic levels. Occupancy at 30 September was 92.0%, slightly than the 93.4% recorded at the end of March 2021. Increasingly many of our facilities are operating at 100% for periods of time.

### **Financial performance**

Direct private revenue of \$5.4 million was earned for the half year, down from \$6.2 million earned in the prior period.

Accommodation supplements revenue increased to \$3.1 million from \$2.7 million.

Underlying EBITDA per care bed was \$10,300, compared with \$10,700 for the prior period.

Wage costs represent the single largest cost stream for Radius and accounted for 54.3% of revenue for the period compared with 53.2% for the prior period.

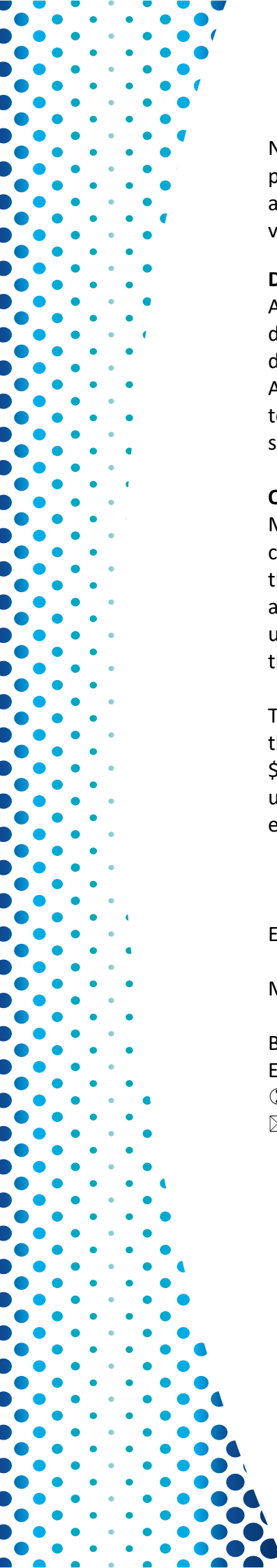
### **Financial position**

Some \$48.2 million of new capital was raised during the period of which \$31.4m was used to settle the Ohaupo acquisitions, around \$8m was applied to debt reduction and \$6.3m of cash available for investment in growth.

A \$62m new funding facility has been negotiated with ASB, and was used to settle the Clare House acquisition on 1 November. The ASB facility was drawn to \$18.7m and \$6.7m of cash was on hand as at 30 September.

### **Development update**

Brownfields developments are underway or planned to start at four facilities. At Taupaki Gables at Kumeu and Windsor Court at Ohaupo, two of the four properties which we bought in early August, an additional 20 care beds will be added at each facility. Planning for Taupaki Gables is well underway with initial works expected to start in May 2022. Construction work will start shortly at Thornleigh Park to add 20 additional Care Beds. A resource consent application will be lodged for Lexham Park in the second half of FY22.



Northwood, a greenfields development on 4.3ha at Belfast, Christchurch is planned to open in June 2024 and will offer 70 Care Beds, 30 Care Suites and 94 Retirement Village Units. Occupation rights for the retirement village will go on sale in mid-2023.

### **Dividend**

A dividend of 0.7 cents per share including full imputation credits has been declared for the half year and will be paid on 23 December 2021. The dividend payout for the first half represents 60% of forecast reported FY22 AFFO, in line with the policy to distribute to target a pay-out ratio of 50% to 70% of AFFO. The interim and final dividends in total are expected to be similar to the 1.46 cents per share paid for the FY21 year.

### **Outlook**

Mr Cree commented “Radius Care is in good shape and is well placed to continue its growth phase, guided by a clear and deliverable strategy. In the near term, COVID-19 continues to present a significant challenge with a proportion of the additional costs of operating an essential service unable to be recovered from income set under annual negotiations with the Government”.

The Radius Care board expects underlying EBITDA of \$21.5m-\$23.0m for the full year, slightly lower than the \$23.4m earned in FY21, and AFFO of \$4.0m-\$5.0m compared with FY21’s \$3.7m. On a pro forma basis, underlying EBITDA of \$22.4m-\$23.9m and AFFO of \$5.2m-\$6.2m is expected.

ENDS

Media and Investor Contacts:

Brien Cree  
Executive Chair and Managing Director  
☎: +64 21 955 769  
✉: [brien.cree@radiuscare.co.nz](mailto:brien.cree@radiuscare.co.nz)

Annabel Cotton  
Merlin IR  
☎: +64 27 473 7330