

RYMAN HEALTHCARE LIMITED
AUDITED RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period	Twelve months to 31 March 2018
Previous Reporting Period	Twelve months to 31 March 2017

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$342,539	+ 18.4%
Total Income from ordinary activities	\$694,053	+ 13.0%
Underlying Profit ¹	\$203,530	+ 14.2%
Profit from ordinary activities after tax attributable to security holders	\$388,216	+ 8.8%
Net profit attributable to security holders	\$388,216	+ 8.8%

Final Dividend	Amount per security	Imputed amount per security
	10.9 cents	Not imputed

Record Date	8 June 2018
Dividend Payment Date	22 June 2018

Audit	The financial statements for the twelve months ended 31 March 2018 have been audited and are not subject to qualification.
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Comments	Refer to Media Release below
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¹ Underlying profit excludes deferred taxation, taxation expense and unrealised gains on investment properties because these items do not reflect the trading performance of the company. Underlying profit determines the dividend payout to shareholders, and is reconciled to reported profit in the key statistics attached to this release.



MEDIA RELEASE May 18, 2018

Ryman reports full year underlying profit of \$203.5 million, up 14.2%

Highlights:

- Underlying profit up 14.2% to \$203.5 million in year to March 31, 2018
- Reported (IFRS) profit up 8.8% to \$388.2 million
- Full year dividend up 14.6% to 20.4 cents per share
- Site for eighth village in Victoria secured, target remains to open five villages by 2020
- New villages in Karori and Havelock North planned
- 16 new villages in the pipeline
- Record survey results for residents and staff
- Ramped up investment in people for future growth

Ryman Healthcare's full year underlying profit has risen 14.2% to \$203.5 million and audited reported profit after tax lifted 8.8% to \$388.2 million, thanks to growing demand for independent living and aged care. Ryman's Australian expansion is on track with the purchase of an eighth site in Victoria.

Ryman shareholders will receive an increased final dividend of 10.9 cents per share in line with the growth in underlying profit, taking the total dividend for the year to 20.4 cents per share. The dividend will be paid on June 22, and the record date for entitlements is June 8.

Chairman Dr David Kerr said increased earnings at existing villages had driven the result, and Ryman's unique villages and high-quality care offering continued to be in strong demand.

"We are pleased to be able to report a solid full year result and great progress in developing our staff and care systems. Our balance sheet is stronger than ever with total assets of \$5.8 billion, and with 16 villages in the pipeline we have a great development runway stretching out ahead in New Zealand and Victoria."

Dr Kerr said Ryman ended the year with less than 1% of the portfolio available for resale and occupancy in care centres was 97%.

"Demand for what we do is needs-based and growing. Resale volumes at our existing villages grew by 15% while sales numbers in the wider real estate market in New Zealand were down by 14%."

Chief Executive Gordon MacLeod said the death of a construction worker on site in Auckland on January 9 had been devastating.

"We have never lost a team member in a work-related accident before – and we and his family are determined that this tragic loss will not be in vain," he said.

Mr MacLeod said Ryman continued to invest in improving the resident and staff experience.

Survey results for residents, their families, and our staff had all improved to their best levels ever during the year.

“Our surveys show that residents and their families are happier than ever with life in a Ryman village. We’ve invested in systems, training and improved pay rates and entitlements for village staff, and they are telling us they are happier as a result.”

The biggest hit with residents during the year had been Ryman Delicious, which introduced new seasonal menus. Residents can pick from three choices at each meal, including a vegetarian option, which are cooked fresh on site each day.

More than 200 of the company’s leaders had already taken part in the Ryman ‘LEAP’ leadership development programme, recognising Ryman’s commitment to grow its own people.

Twenty-five villages were now live on the new myRyman Care app, and the rollout is due to be complete in New Zealand in July this year.

Mr MacLeod said good progress had been made during the year in building the capacity and capability of Ryman’s development, design, construction and community relations teams as the rollout of new villages steps up in Victoria – whilst continuing to grow in New Zealand.

New Ryman villages in Hamilton in New Zealand and Coburg in Melbourne had received planning consent, clearing the way for work to begin. Consenting was well advanced for new sites at Burwood East in Melbourne and Geelong in Victoria.

Ryman had just secured its eighth site in Victoria at Aberfeldie, and had recently bought new sites at Havelock North and Karori in New Zealand.

“Our first residents are due to move into Nellie Melba Retirement Village at Brandon Park in Melbourne shortly, and we’ve made great progress with design and planning work on other villages in the pipeline,” Dr Kerr said.

“We set ourselves a target of opening five villages in Victoria by 2020 and this remains our goal.”

In Auckland, Ryman’s Logan Campbell village had welcomed its first residents, and work was progressing well on new villages at Devonport and Lynfield.

Mr MacLeod said Ryman had 16 new villages in the pipeline, which, on completion, will lift resident numbers by 65% to 17,500 across 48 villages, including eight in Victoria.

Dr Kerr said it while it had been another good year for Ryman, there was plenty of work to be done to cope with the needs of an ageing society.

“Ryman was set up 34 years ago with the aim of providing the best of care for older people – because they deserve it. We see it as a privilege to care for older people. We are committed to bringing Ryman to as many communities as we can whilst preserving our culture, and looking after our residents and staff.”

New villages open with construction continuing:

Charles Upham, Rangiora: Final stage under construction.

Bob Scott, Petone: Final stage under construction.

Bert Sutcliffe, Auckland: Final stage under construction.

Logan Campbell, Greenlane, Auckland: First residents moved in.

New villages under construction:

Nellie Melba, Brandon Park, Melbourne: First residents about to move in.

Devonport, Auckland: Construction under way.

Lynfield, Auckland: Construction under way.

River Rd, Hamilton: Site works under way.

Coburg, Melbourne: Site works due to get under way later in the year.

New villages in planning and design phase:

Burwood East, Melbourne

Aberfeldie, Melbourne

Mt Eliza, Melbourne

Mt Martha, Melbourne

Geelong, Victoria

Hobsonville, Auckland

Lincoln Rd, Auckland

Te Aute Rd, Havelock North

Karori, Wellington

Newtown, Wellington

Park Terrace, Christchurch

About Ryman: Ryman Healthcare was founded in Christchurch in 1984 and owns and operates 32 retirement villages in New Zealand and Victoria, Australia. Ryman villages are home to over 10,600 residents, and the company employs over 4,700 staff.

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RYMAN HEALTHCARE LIMITED
KEY STATISTICS

	Mar 18	Mar 17
	Full Year	Full Year
	Audited	Audited
Underlying Profit (\$m)	203.5	178.3
Plus: Unrealised fair value movement (\$m)	185.3	184.7
Less: Deferred tax expense (\$m)	(0.6)	(6.3)
Reported Profit after tax (\$m)	388.2	356.7
Operating Cash Flows (\$m)	349.3	322.8
Earnings per share (cents) – Basic and diluted	77.6	71.3
Dividend per share (cents)	20.4	17.8
Net Tangible Assets per share (cents) – Basic and diluted	388.1	330.4
Sales of Occupation Right Agreements		
New Units (no.)	458	600
Existing Units (no.)	825	718
Total (no.)	1,283	1,318
New Units (\$m)	307.3	263.3
Existing Units (\$m)	414.6	311.3
Total (\$m)	721.9	574.6
Asset Base		
Retirement Village Units (no.)	6,414	5,968
Residential Care Beds (no.)	3,367	3,281
Total (no.)	9,781	9,249
Landbank - to be developed		
Retirement Village Units (no.)	4,232	4,025
Residential Care Beds (no.)	1,720	1,529
Total (no.) ¹	5,952	5,554

¹ In May 2018 Ryman entered into an unconditional sale and purchase agreement for the acquisition of land at Aberfeldie, Melbourne. This site adds an additional 120 retirement village units and 80 residential care beds to the landbank.

Ryman Healthcare Limited
 Consolidated income statement
 For the year ended 31 March 2018

	Notes	2018 \$000	2017 \$000	Variance %
Care fees		270,483	227,391	19.0%
Management fees		70,087	60,988	14.9%
Interest received		441	456	(3.3)%
Other income		1,528	355	330.4%
Total revenue		342,539	289,190	18.4%
Fair-value movement of investment properties	3	351,514	324,966	8.2%
Total income		694,053	614,156	13.0%
Operating expenses		(268,040)	(225,573)	18.8%
Depreciation and amortisation expense		(20,580)	(14,934)	37.8%
Finance costs		(16,577)	(10,660)	55.5%
Total expenses		(305,197)	(251,167)	21.5%
Profit before income tax		388,856	362,989	7.1%
Income-tax expense		(640)	(6,295)	(89.8)%
Profit for the year		388,216	356,694	8.8%
Earnings per share				
Basic and diluted (cents per share)		77.6	71.3	8.8%

All profit and total comprehensive income is attributable to parent company shareholders and is derived from continuing operations.

The accompanying notes form part of these financial statements.

Consolidated statement of comprehensive income
For the year ended 31 March 2018

	2018 \$000	2017 \$000
Profit for the year	388,216	356,694
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair-value movement and reclassification of interest-rate swaps	(725)	1,790
Movement in deferred tax related to interest-rate swaps	203	(501)
Gains on hedge of foreign-owned subsidiary net assets	2,193	1,102
(Loss) on translation of foreign operations	(5,502)	(1,392)
	(3,831)	999
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Revaluation of property, plant and equipment (unrealised)	-	56,513
	-	56,513
Other comprehensive income	(3,831)	57,512
Total comprehensive income	384,385	414,206

All profit and total comprehensive income is attributable to parent company shareholders and is derived from continuing operations.

The accompanying notes form part of these financial statements.

Ryman Healthcare Limited
 Consolidated statement of changes in equity
 For the year ended 31 March 2018

	Issued capital \$000	Asset revaluation reserve \$000	Interest- rate swap reserve \$000	Foreign- currency translation reserve \$000	Treasury stock \$000	Retained earnings \$000	Total equity \$000
Balance at 1 April 2016	33,290	176,806	(6,680)	1,356	(15,900)	1,138,653	1,327,525
Profit and total comprehensive income for the year	-	56,513	1,289	(290)	-	356,694	414,206
Treasury stock movement	-	-	-	-	(4,640)	-	(4,640)
Dividends paid to shareholders	-	-	-	-	-	(85,000)	(85,000)
Closing balance at 31 March 2017	33,290	233,319	(5,391)	1,066	(20,540)	1,410,347	1,652,091
Balance at 1 April 2017	33,290	233,319	(5,391)	1,066	(20,540)	1,410,347	1,652,091
Profit and total comprehensive income for the year	-	-	(522)	(3,309)	-	388,216	384,385
Treasury stock movement	-	-	-	-	(1,957)	-	(1,957)
Dividends paid to shareholders	-	-	-	-	-	(94,000)	(94,000)
Closing balance at 31 March 2018	33,290	233,319	(5,913)	(2,243)	(22,497)	1,704,563	1,940,519

The accompanying notes form part of these financial statements.

Ryman Healthcare Limited
Consolidated balance sheet
At 31 March 2018

	Notes	2018 \$000	2017 \$000
Assets			
Trade and other receivables		357,483	256,614
Advances to employees		5,836	4,884
Property, plant and equipment		1,014,514	1,013,547
Investment properties	3	4,398,304	3,661,445
Intangible assets		20,713	8,329
Total assets		5,796,850	4,944,819
Equity			
Issued capital	6	33,290	33,290
Asset revaluation reserve		233,319	233,319
Interest-rate swap reserve		(5,913)	(5,391)
Foreign-currency translation reserve		(2,243)	1,066
Treasury stock		(22,497)	(20,540)
Retained earnings		1,704,563	1,410,347
Total equity		1,940,519	1,652,091
Liabilities			
Trade and other payables	8	98,308	149,855
Employee entitlements		20,237	16,167
Revenue in advance		51,955	44,702
Interest-rate swaps		8,212	7,488
Refundable accommodation deposits		30,757	28,473
Bank loans (secured)		1,060,493	837,520
Occupancy advances (non-interest bearing)	4	2,514,683	2,137,274
Deferred tax liability (net)		71,686	71,249
Total liabilities		3,856,331	3,292,728
Total equity and liabilities		5,796,850	4,944,819
Net tangible assets per share			
Basic and diluted (cents per share)		388.1	330.4

The accompanying notes form part of these financial statements.

Ryman Healthcare Limited
Consolidated statement of cash flows
For the year ended 31 March 2018

	Notes	2018 \$000	2017 \$000
Operating activities			
Receipts from residents		875,140	759,829
Interest received		515	476
Payments to suppliers and employees		(270,231)	(214,028)
Payments to residents		(241,676)	(212,548)
Interest paid		(14,491)	(10,930)
Net operating cash flows	2	349,257	322,799
Investing activities			
Purchase of property, plant and equipment, and intangible assets		(185,304)	(192,364)
Purchase of investment properties		(269,936)	(314,920)
Capitalised interest paid		(22,701)	(16,991)
Advances to employees		(952)	(1,477)
Net investing cash flows		(478,893)	(525,752)
Financing activities			
Drawdown of bank loans (net)		225,592	293,554
Dividends paid		(94,000)	(85,000)
Purchase of treasury stock (net)		(1,956)	(4,640)
Net financing cash flows		129,636	203,914
Net increase in cash and cash equivalents		-	961
Cash and cash equivalents at the beginning of the year		-	(961)
Cash and cash equivalents at the end of the year		-	-

The accompanying notes form part of these financial statements.

1. Summary of Accounting Policies

Ryman Healthcare Limited is a profit-oriented entity incorporated in New Zealand and develops, owns, and operates integrated retirement villages, resthomes, and hospitals for the elderly within New Zealand and Australia.

Ryman Healthcare Limited is a Financial Markets Conduct reporting entity under the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013, and its financial statements comply with these Acts.

The company and its wholly-owned subsidiaries comprise the Ryman Group (“the Group”).

Basis of preparation

These financial statements for the year ended 31 March 2018 have been extracted from the audited annual Group financial statements for the year ended 31 March 2018 and have been prepared to satisfy the Group’s NZX reporting obligations.

The audited financial statements have been prepared under the same accounting policies and basis as those used in the prior year’s interim and annual financial statements.

The financial statements were approved by the Board of Directors on 17 May 2018.

The information is presented in thousands of New Zealand dollars.

Adopting of new and revised standards and interpretations

In the current year, the Group adopted all mandatory new and amended standards and interpretations. None of the new and amended standards and interpretations had a material impact on the amounts recognised in these financial statements.

Ryman Healthcare Limited
Selected notes to the consolidated financial statements
For the year ended 31 March 2018

2. Reconciliation of net profit after tax with net cash flow from operating activities

	2018	2017
	\$000	\$000
Net profit after tax	388,216	356,694
Adjusted for:		
Movements in balance sheet items		
Occupancy advances	428,670	326,259
Refundable accommodation deposits	2,284	171
Accrued management fees	(51,571)	(44,966)
Revenue in advance	7,253	7,670
Trade and other payables	(2,402)	13,100
Trade and other receivables	(100,869)	(36,798)
Employee entitlements	4,070	1,739
Non-cash items:		
Depreciation and amortisation	20,580	14,934
Deferred tax	640	6,295
Unrealised foreign-exchange loss	3,900	2,667
Adjusted for:		
Fair-value movement of investment properties	(351,514)	(324,966)
Net operating cash flows	349,257	322,799

Net operating cash flows includes occupancy advance receipts from retirement village residents of \$603.7 million (2017: \$531.0 million).

Also included in operating cash flows are net receipts from refundable accommodation deposits of \$3.1 million (2017: \$0.6 million).

Net operating cash flows also include management fees collected of \$34.7 million (2017: \$28.7 million).

3. Investment properties

	2018	2017
	\$000	\$000
At fair value		
Balance at beginning of financial year	3,661,445	2,996,305
Additions	391,221	342,869
Fair-value movement:		
Realised fair-value movement:		
• new retirement village units	58,955	62,959
• existing retirement village units	107,233	77,286
	<u>166,188</u>	<u>140,245</u>
Unrealised fair-value movement	185,326	184,721
	<u>351,514</u>	<u>324,966</u>
Net foreign-currency exchange differences	(5,876)	(2,695)
Net movement for the year	736,859	665,140
Balance at end of financial year	<u>4,398,304</u>	<u>3,661,445</u>

The realised fair-value movement arises from the sale and resale of occupancy advances to residents. Investment properties are not depreciated and are fair valued.

The carrying value of completed investment property is the fair value as determined by an independent valuation report prepared by registered valuers CBRE Limited, at 31 March 2018. This report combines discounted future cash flows and occupancy advances received from residents for retirement village units that are complete or nearing completion, for which there is an unconditional agreement to occupy.

The valuer used significant assumptions that include long-term house-price inflation (ranging from 0.5% to 3.5% nominal) (2017: 1% to 3%) and discount rate (ranging from 12% to 16%) (2017: 12% to 16%). Other unobservable inputs used in the fair-value measurement of the Group's investment property portfolio include the average age of residents and the occupancy period.

Investment property includes investment property work in progress of \$251.8 million (2017: \$186.5 million), which has been valued at cost.

The CBRE valuation also includes within its forecast cash flows the Group's expected costs relating to rebuild works at Malvina Major. The estimate of the gross cash outflows included for remediation works is \$17.5m over an 18-month period. The estimates are based on currently available information.

4. Occupancy advances (non-interest bearing)

	2018 \$000	2017 \$000
Gross occupancy advances (see below)	2,836,314	2,407,644
Less management fees and resident loans	(321,631)	(270,370)
Closing balance	2,514,683	2,137,274
 Movement in gross occupancy advances		
Opening balance	2,407,644	2,081,386
Plus net increases in occupancy advances:		
• new retirement village units	307,282	263,282
• existing retirement village units.	107,233	77,286
Net foreign-currency exchange differences	(4,457)	(2,189)
Increase/(decrease) in occupancy advance receivables	18,612	(12,121)
Closing balance	2,836,314	2,407,644

Gross occupancy advances are non-interest bearing.

5. Dividend

On 17 May 2018 a final dividend of 10.90 cents per share was declared and will be paid on 22 June 2018. The record date for entitlements is 8 June 2018.

6. Share capital

Issued and paid-up capital consists of 500,000,000 fully paid ordinary shares (2017: 500,000,000). All shares rank equally in all respects.

Basic and diluted earnings and net tangible assets per share have been calculated on the basis of 500,000,000 ordinary shares (2017: 500,000,000 shares). Net tangible assets are represented by net equity.

Shares purchased on market under the senior management share scheme are treated as treasury stock until vesting to the employee.

7. Commitments

The Group had commitments relating to construction contracts amounting to \$101.2 million at 31 March 2018 (2017: \$68.6 million).

8. Trade and other payables

Trade payables are typically paid within 30 days of the invoice date or on the 20th of the month following the invoice date. Other payables at 31 March 2018 includes \$45.5 million (2017: \$95.6 million) for the purchase of land.

9. Operating Segments

The Ryman Group operates in one industry, being the provision of integrated retirement villages for older people in New Zealand and Australia. The service provision process for each of the villages is similar, and the class of customer and methods of distribution and regulatory environment is consistent across all the villages.

In presenting information on the basis of geographical areas, net profit, underlying profit, and revenue are based on the geographical location of operations. Assets are based on the geographical location of the assets.

	New Zealand \$000	Australia \$000	Group \$000
Year ended 31 March 2018			
Revenue	324,672	17,867	342,539
Underlying profit	184,813	18,717	203,530
less deferred tax expense	(640)	-	(640)
plus unrealised fair-value movement	179,164	6,162	185,326
Profit for the year	363,337	24,879	388,216
Non-current assets	4,939,996	493,535	5,433,531
Year ended 31 March 2017			
Revenue	275,493	13,697	289,190
Underlying profit	172,830	5,438	178,268
less deferred tax expense	(6,295)	-	(6,295)
plus unrealised fair-value movement	173,817	10,904	184,721
Profit for the year	340,352	16,342	356,694
Non-current assets	4,269,071	414,250	4,683,321

10. Subsequent events

There are no subsequent events other than the dividends in note 5.