



## **MEDIA RELEASE June 12, 2020**

### **Ryman reports audited full year underlying profit of \$242 million, up 6.6%**

#### **Highlights:**

- Audited underlying profit up 6.6% to \$242 million in the year to March 31, 2020
- Audited reported (IFRS) profit, including unrealised valuation gains, down 19% to \$265 million, due to changes in valuation assumptions impacted by COVID-19
- Final dividend of 12.7 cents, taking the full year dividend lifted to 24.2 cents per share, in line with growth in underlying profit
- Operating cash flows rose 12% to \$449.8 million, cash receipts up 12% to \$1.13 billion
- Significant investment in keeping residents and staff safe from COVID-19
- Record \$711.4 million invested in portfolio, and construction under way on 12 new villages with 841 beds and units built in the year, up 11%
- Total assets of \$7.68 billion, up 15%
- Continued strong demand for villages with only 1.7% of resale units unsold at year end, and 98% occupancy at established care centres
- New Takapuna site acquired, thirteenth site in Auckland – landbank at 6600 beds and units
- Seven new villages approved by councils; another seven new village applications lodged
- Named Most Trusted Brand in the NZ industry for sixth time, awarded the Dementia Friendly tick from Alzheimers NZ, staff and residents happier than ever
- Targeting having five villages open in Victoria by December 31, 2020

#### **Ryman Healthcare's audited full year underlying profit rose 6.6% to \$242 million thanks to strong demand at new villages and the company is in good shape to recover from the disruption caused by COVID-19.**

Audited reported (IFRS) profit, which includes unrealised fair value gains on investment property, was \$265 million, down 19%. The unrealised fair value movement was down \$173 million in the year due to changes in valuation assumptions impacted by COVID-19.

This was partially offset by the reintroduction of tax depreciation by the New Zealand Government on commercial buildings which resulted in a deferred tax credit of \$86 million.

Shareholders will receive an increased final dividend of 12.7 cents per share, taking the total dividend for the year to 24.2 cents per share, in line with the increase in underlying profit. The dividend will be paid on July 10, the record date for entitlements is June 26.

The growth in underlying profits was driven by strong development margins, particularly from Ryman's Melbourne and Auckland villages.

Cash generation was strong during the year with operating cashflows up 12% to \$449.8 million. Total assets were \$7.68 billion, up 15%, reflecting the value created by ongoing development and strong demand. Ryman invested \$711.4 million during the year with construction across 12 sites and continued investment in innovation and its existing portfolio.

Chairman Dr David Kerr said it was a solid result given the disruption caused by COVID-19.

"The most important thing for us was to continue to keep COVID-19 out and to look after our 11,600 residents and 6,000 staff. We have been successful so far, but we take nothing for granted.

"We have had huge commitment from our team, and a massive amount of goodwill from our residents and their families throughout. I thank everyone who has played a part in this and continues to do so during the recovery."

The COVID challenge had proven the Ryman model of retirement living and care was more relevant to our residents and their families than ever, Dr Kerr said.

"We took some big decisions, including starting to ban visitors from countries with COVID-19 infections in January, locking down access to our villages in March, increasing pay at our villages during lockdown and stocking up on PPE to keep everyone safe. Our decisions mean we are in good shape for the recovery.

"We are a values-based company – people come first. With this approach we will weather the storm and enhance our reputation as a safe haven for people in retirement and a great place to work."

Ryman was able to reassign members of its construction team to help with security and grocery deliveries during the Level 4 lockdown and its marketing and sales staff worked in support roles, helping with welfare calls and communications, Dr Kerr said.

Chief Executive Gordon MacLeod said Ryman had been on track to finish the year strongly before the profound impact of COVID-19 began to be felt.

"We had our strongest February ever with record sales and we had built a lot of momentum for March, which is the end of the selling season for us and traditionally our biggest month," Mr MacLeod said.

"The decisions we took to close down our villages to visitors early had an impact on sales activity in March, and we had to shut our construction sites at short notice."

Ryman's villages and high-quality care offering continued to be in strong demand, with low resale stock. Care occupancy in established villages was at 98% at March 31.

"We are beginning to see sales activity ramp up, it is good to be building again, and our sales and construction teams are up for the challenge," Mr MacLeod said.

Ryman's balance sheet remains well placed to support the build programme, but all development decisions would be carefully considered as the New Zealand and Victorian economies recover from the impact of COVID-19.

Ryman has work under way on 12 sites in New Zealand and Victoria, and its strongest ever land bank with 60% of units and beds consented.

“We have had a busy 12 months with seven new villages approved by councils, and we have another seven new village applications lodged,” Mr MacLeod said.

Ryman has purchased a new village site in Takapuna, which will become its thirteenth village in Auckland.

Mr MacLeod confirmed that Ryman is still targeting to have its fifth village open in Victoria by the end of the year.

During the year Ryman was voted the Most Trusted Brand in the New Zealand industry for the sixth time and was awarded Dementia Friendly status for all its villages by Alzheimers NZ.

Staff and residents were happier than ever, with significant lifts in survey results during the COVID emergency.

“We are incredibly grateful to our team for the care and support they provided for our residents over the past three months. We know our residents think the world of them, and so do I,” Mr MacLeod said.

<b>New villages currently under way</b>	
Brandon Park, Melbourne (Nellie Melba)	Havelock North, Hawkes Bay
Lynfield, Auckland (Murray Halberg)	Hobsonville, Auckland
Devonport, Auckland (William Sanders)	Highton, Geelong
River Road, Hamilton (Linda Jones)	Aberfeldie, Melbourne
Burwood East, Melbourne (John Flynn)	Riccarton Park, Christchurch
Lincoln Road, Auckland	Ocean Grove, Victoria

<b>New villages in planning and design phase</b>	
Kohimarama, Auckland	Northwood, Christchurch
Highett, Melbourne	Mt Martha, Victoria
Bishopspark/Park Terrace, Christchurch	Karori, Wellington
Ringwood East, Melbourne	Coburg, Melbourne
Newtown, Wellington	Takapuna, Auckland
Mt Eliza, Victoria	

**About Ryman:** Ryman Healthcare was founded in Christchurch in 1984 and owns and operates 36 retirement villages in New Zealand and Australia. Ryman villages are home to 11,600 residents, and the company employs more than 6,000 staff.

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## RYMAN HEALTHCARE LIMITED KEY STATISTICS

		<b>Mar 20</b> <b>Full Year</b> <b>Audited</b>	<b>Mar 19</b> <b>Full Year</b> <b>Audited</b>
<b>Underlying profit (non-GAAP)<sup>1</sup></b>	<b>\$m</b>	<b>242.0</b>	<b>227.0</b>
Plus unrealised fair-value movement on retirement-village units	\$m	(70.9)	102.4
Less deferred tax movement	\$m	93.6	(3.4)
<b>Reported net profit after tax</b>	<b>\$m</b>	<b>264.7</b>	<b>326.0</b>
<b>Net operating cash flows</b>	<b>\$m</b>	<b>449.8</b>	<b>401.4</b>
Earnings per share - basic and diluted	cents	52.9	65.2
Dividend per share	cents	24.2	22.7
Net tangible assets - basic and diluted	cents	452.6	428.4
<b>Sales of Occupation Right Agreements</b>			
New sales of occupation rights <sup>2</sup>	no.	513	414
Resales of occupation rights	no.	923	824
Total sales of occupation rights	no.	1,436	1,238
New sales of occupation rights	\$m	386.7	290.7
Resales of occupation rights	\$m	483.2	417.4
Total sales of occupation rights	\$m	869.9	708.1
<b>Portfolio:</b>			
Aged-care beds	no.	3,911	3,660
Retirement-village units	no.	7,423	6,878
Total units and beds	no.	11,334	10,538
<b>Land bank (to be developed)<sup>3</sup></b>			
Aged-care beds	no.	1,891	2,062
Retirement-village units	no.	4,704	4,950
Total units and beds	no.	6,595	7,012

<sup>1</sup> Underlying profit is a non-GAAP\* measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and so may not be comparable to similar financial information presented by other entities.

The Group uses underlying profit, with other measures, to measure performance. Underlying profit is a measure that the Group uses consistently across reporting periods.

Underlying profit excludes deferred taxation, taxation expense and unrealised movements on investment properties because these items do not reflect the trading performance of the company. Underlying profit determines the dividend payout to shareholders.

<sup>2</sup> 513 new sales of occupation rights for March 2020 includes 47 units rebuilt at Malvina Major.

<sup>3</sup> The land bank is subject to resource and building consent and various regulatory approvals.

\*Generally Accepted Accounting Principles

