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Ryman audited full year underlying profit of \$301.9m

Highlights

- Audited underlying profit of \$301.9 million, up 18.4%, driven by strong resale margins and a growing contribution from the Australian business
- Audited reported (IFRS) profit of \$257.8 million, down 62.8% due to lower revaluation gains of investment property and costs associated with the early USPP repayment
- Free cash outflow of \$389.0 million, reflecting a period of significant investment
- Completion of \$902.4 million equity raise in March 2023
- Net interest-bearing debt of \$2.30 billion, down from \$3.00 billion at September 2022
- Gearing of 33.1%, down from 45.3% at September 2022 and in line with medium-term target of 30-35%
- 1,519 booked sales of occupation rights remained steady (1,543 in FY22)
- Aged care occupancy improved to over 96% at March 2023 for mature villages
- No final dividend for FY23

Ryman Healthcare Limited (Ryman) has delivered a solid result while also undertaking a number of steps to reposition the business for future growth. This result was achieved against a backdrop of a challenging economic environment, severe weather events and the tail-end impacts from COVID.

Underlying profit of \$301.9 million was up 18.4% (vs. guidance of \$280-290 million), while reported (IFRS) profit decreased by 62.8% to \$257.8 million.

Total assets of \$12.51 billion at March 2023 have increased 14.1% from March 2022. Booked sales of occupation right agreements (ORAs) held steady, with growth in resales offsetting softer new sales. Total booked sales of occupation rights increased from \$1.08 billion to \$1.17 billion, driven by a 10.3% uplift in average price per unit.

Refocused development pipeline

Longer term the company remains positive about the age and wealth demographic and has taken steps to reposition the business to capitalise on this future demand.

Group CEO Richard Umbers said: “As we look to achieve positive free cash flow by FY25, as signaled in our strategy, we have reprioritised our development programme over FY24 and

FY25. We are also taking steps to refocus our future pipeline on lower density villages with lower peak debt and an improved cashflow profile. And we are right-sizing our care offering in future villages, but remain committed to providing a continuum of care for all Ryman residents.”

At 19 May, there are 14 villages under construction, a reduction of two on the prior year. Progress has been made on a number of village main buildings that were delayed due to COVID.

Ryman invested \$1.04 billion in portfolio development and finished the year with net operating cashflows of \$650.8 million, resulting in a free cash outflow of \$389.0 million.

During the year the company added Taupō to its landbank, sold its Mt Martha site in Victoria with settlement due later in 2023, and the Newtown site in Wellington is now being held for sale.

Significantly, Ryman achieved planning approvals on four sites in FY23, including Karori and Rolleston in New Zealand and Mulgrave and Mt Eliza in Victoria.

Enhancing resident experiences

Throughout the year Ryman has maintained the highest standards of care, and resident experience remains a key priority.

“We were very pleased to receive external endorsement for the quality of care we provide. 82% of our New Zealand villages have four-year certification. In Australia, all four of our operational care centres received a 4-star rating following the launch of a new rating system for aged care,” said Mr Umbers.

“Winning Readers Digest Most Trusted Brand nine times proves just how much older people and their families trust us to do right by them,” he added.

Technology is increasingly being employed to enhance our resident experience programme - for example, with the introduction of the new resident app, a platform to improve access to a wider range of activities and services within the villages. Similarly, hospitality platform Saffron is now being rolled out to all villages to enhance the food offering.

New sustainability strategy

The launch of the company’s sustainability strategy during the year was a major milestone in its journey to a sustainable future. In consultation with stakeholders, the company identified a number of key projects that will be undertaken in coming years. As a step towards

addressing its environmental impact, Ryman secured an exclusive agreement with renewable energy developer Solar Bay. This will see power provided to its village operations via a new solar farm which is now under development in Maungaturoto, Northland.

Capital structure

“The company completed a \$902.4 million equity raise in March 2023. Net debt has reduced to \$2.30 billion, and we finished the year with a gearing ratio of 33.1%, in line with the company’s medium-term target of 30-35%,” said Mr Umbers.

Outlook

Underlying profit is expected to be in the range of \$310-\$330 million for FY24, in line with the statement provided at the time of the equity raise.

Ryman anticipates making an announcement on board renewal, including the appointment of a new Chair, in the near future. The board will consider the resumption of paying dividends in FY24, taking into account trading performance, cash flow and market conditions.

Looking ahead, Mr Umbers added: “The strength of the Ryman team gives me every confidence that we will deliver on our care promise, reposition the business to capitalise on future opportunities and improve financial performance. The team continues to impress with their dedication and commitment, and I wish to thank everyone for their efforts.”

Fourteen new villages currently under construction

New Zealand (9)	Australia (5)
Lynfield, Auckland (Murray Halberg)	Brandon Park, Melbourne (Nellie Melba)
Devonport, Auckland (William Sanders)	Burwood East, Melbourne (John Flynn)
Lincoln Rd, Auckland (Miriam Corban)	Ocean Grove, Victoria (Deborah Cheetham)
Havelock North, Hawkes Bay (James Wattie)	Highbett, Melbourne (Bert Newton)
Hobsonville, Auckland (Keith Park)	Ringwood East, Melbourne
Riccarton Park, Christchurch (Kevin Hickman)	
Northwood, Christchurch	
Takapuna, Auckland	
Cambridge, Waikato	

Eleven sites in the land bank

New Zealand (6)	Australia (5)
Kohimarama, Auckland	Mt Eliza, Victoria
Park Terrace, Christchurch	Essendon, Melbourne
Karori, Wellington	Coburg North, Melbourne
Karaka, Auckland	Kealba, Melbourne
Rolleston, Canterbury	Mulgrave, Melbourne
Taupō, Waikato	

About Ryman:

Ryman Healthcare was founded in Christchurch in 1984 and owns and operates 45 retirement villages in New Zealand and Australia. Ryman villages are home to 13,900 residents, and the company employs 7,200 staff.

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RYMAN HEALTHCARE LIMITED
KEY STATISTICS

		Mar 23 Full Year Audited	Mar 22 Full Year Audited
Underlying profit (non-GAAP)ⁱ	\$m	301.9	255.0
Unrealised fair-value movement on retirement-village units	\$m	73.6	467.1
Deferred tax movement	\$m	51.6	(29.2)
Impairment loss	\$m	(11.0)	-
Costs relating to USPP prepayment and swaps	\$m	(158.3)	-
Reported net profit after tax	\$m	257.8	692.9
Net operating cash flows	\$m	650.8	586.0
Net investing cash flows	\$m	(1,039.8)	(787.3)
Net operating and investing cash flows	\$m	(389.0)	(201.3)
Earnings per share - basic and diluted	cents	49.9	138.6
Dividend per share	cents	8.8	22.4
Net tangible assets - basic and diluted	cents	658.1	669.6
Gearing	%	33.1%	42.6%
Sales of Occupation Right Agreements			
New sales of occupation rights	no.	462	560
Resales of occupation rights	no.	1,057	983
Total sales of occupation rights	no.	1,519	1,543
New sales of occupation rights	\$m	418.3	455.9
Resales of occupation rights	\$m	754.6	623.9
Total sales of occupation rights	\$m	1,172.9	1,079.8
Portfolio:			
Aged-care beds	no.	4,456	4,239
Retirement-village units	no.	9,142	8,538
Total units and beds	no.	13,598	12,777
Land bank (to be developed) ²			
Aged-care beds	no.	1,356	1,635
Retirement-village units	no.	4,512	4,671
Total units and beds	no.	5,868	6,306

¹ Underlying profit is a non-GAAP* measure and differs from NZ IFRS profit for the year. 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 includes realised movement on investment property for units in which a right-to-occupy has been sold during the period and for which a legally binding contract is in place at the reporting date. The occupancy advance for these units may have been received or be included within the trade receivables balance at reporting date.

Underlying profit excludes deferred taxation, taxation expense, unrealised movement on investment properties, impairment losses on non-trading assets and the cost of exiting USPP borrowings and swaps because these items do not reflect the trading performance of the Company.

² The land bank is subject to resource and building consent and various regulatory approvals.

*Generally Accepted Accounting Principles