



MEDIA RELEASE 24 January 2020

Substantial Increase in First Half Unaudited Underlying NPAT* for Oceania Healthcare.

Oceania Healthcare, Aged Care and Retirement Village Operator and Developer, announced today an unaudited half year underlying net profit after tax* of \$24.1 million for the six months ending 30 November 2019, a substantial 17.6% (\$3.6 million) increase compared to the prior corresponding period (pcp).

Highlights

- Unaudited Underlying Net Profit after tax* (NPAT) of \$24.1 million, up 17.6% (\$3.6 million) on the pcp.
- Unaudited Reported Net Profit after tax (NPAT) of \$14.9 million, up \$13.6 million on pcp.
- Operating Cash Flow of \$57.0 million, up 21.0% (\$9.9 million) on the pcp primarily due to strong sales proceeds from the new developments completed in May 2019.
- Total assets increased to \$1.5 billion, up 23.8% (\$287.7 million) on November 2018 primarily due to significant development capital expenditure during the period.
- Interim dividend increased from 2.1 cents per share (unimputed) to 2.3 cents per share (unimputed). The Dividend Reinvestment Plan will apply.
- Aged Care occupancy increased from 92.3% to 94.2% at centres not impacted by redevelopment, up 1.9% on the pcp.
- Completion of 265 new retirement village units and aged care beds for the year ending 31 May 2020 is on track with 90 care suites at Awatere, Hamilton already completed in July and ten villas at Whitianga, Coromandel. Build rate is in line with the prior corresponding period and skewed to second half, similar to FY2019.
- Standing consent granted by the OIO for residential land purchases.
- Preparation for a domestic retail bond issue has commenced and will be subject to market conditions.

\$ million	Half Year Ended 30 November		Growth	
	2019	2018	\$m	%
Unaudited				
Reported Operating Revenue	97.9	96.4	1.5	1.6
Reported NPAT	14.9	1.3	13.6	1,046.2
Underlying NPAT*	24.1	20.5	3.6	17.6



Operating Cash Flow	57.0	47.1	9.9	21.0
Total Assets	1,496.5	1,208.8	287.7	23.8
Interim Dividend (cents/ share)	2.3	2.1	0.2	9.5

**From continuing operations. Adjustment is included to 2018 for sites divested during 2018*

Oceania Healthcare CEO Earl Gasparich advised that “the first half of the financial year reflects the strong sales momentum at our two new Auckland Villages, The Sands and Meadowbank Stage 4, as well as continued strong demand for our new premium care suites across the country”.

At The Sands, on the beachfront of Browns Bay on Auckland’s North Shore, 48% of the retirement village apartments and, at Meadowbank Stage 4, 49% of the retirement village apartments sold within the first six months of operation. “Sales volume and pricing at these two luxury Auckland sites are to expectation and reflect their prime locations”, said Mr Gasparich.

Aged care occupancy at centres not impacted by redevelopment increased to 94.2%, compared to 92.3% last year, due to the ongoing investment being made to redevelop Oceania Healthcare’s portfolio and in particular, converting older, standard aged care rooms into premium care suites sold under occupation right agreements. “We opened 90 new care suites at Awatere in Hamilton in August and they are already attracting demand, as are our care suites at The BayView in Tauranga, The Sands and Meadowbank. We are very pleased with the execution of our aged care strategy and the revenue streams being generated from our new care suites.”

Operating Cash Flow was particularly strong over the period, increasing from \$47.1 million to \$57.0 million (21.0%). Total assets also increased by \$287.7 million to \$1.497 billion primarily reflecting the significant development capital expenditure invested in the portfolio over the period. Net debt of \$288.1 million as at 30 November 2019 represents a prudent gearing level of 31.8% (net debt to debt plus equity).

Oceania Healthcare’s impressive development programme continues to be delivered on time and on budget, with Oceania Healthcare on track to complete 265 aged care beds and retirement village units by the end of this financial year, in line with previous guidance. It has resource consents in hand for 86.6% of its 1,958 unit/bed development pipeline which are planned to be delivered over the next six years.

In the second half of the year, Oceania Healthcare is scheduled to complete retirement village apartments at Meadowbank Stage 5, Green Gables in Nelson, as well as the extension of Gracelands Village in Hastings, Elderslea in Upper Hutt and Woodlands Village in Motueka. The conversion of standard rooms to Care Suites will continue across a number of sites and higher occupancy levels across the Care portfolio are expected as recently completed developments are sold down.

**From continuing operations. Adjustment is included to 2018 for sites divested during 2018*



OCEANIA
HEALTHCARE

“We are also pleased to announce that Oceania Healthcare has been granted a standing consent for residential land purchases by the Overseas Investment Office. This will allow us to make up to 12 transactions of residential land over the next three years without requiring individual approvals from the Overseas Investment Office enabling us to acquire residential land in a timely manner when attractive opportunities arise.

A domestic retail bond issue is also being explored to provide diversity of funding and tenor and help facilitate Oceania Healthcare’s future growth, subject to market conditions.”

Oceania Healthcare Chair Liz Coutts advised the Board was pleased to increase the interim dividend from 2.1 cents per share (unimputed) to 2.3 cents per share (unimputed). The record date is 10 February 2020 and payment date 24 February 2020. The Dividend Reinvestment Plan (DRP) will apply to the dividend payable on 24 February at a discount of 2.5% to the volume weighted average price of shares sold on the NZX Main Board over the period of the five trading days starting 7 February 2020.

ENDS

For all media enquiries, please contact Kelly Bennett on 021 380 035.

This release should be read in conjunction with the Financial Statements contained within the Interim Report.