

29 May 2024

Radius Care Announces Record FY24 Result, Dividends Resumed

Radius Residential Care Limited (NZX: RAD) today released its audited financial statements for the year ended 31 March 2024, confirming another record operating and financial performance and a strengthened balance sheet.

Key financial highlights:

- Profit Before Tax of \$3.6m, vs a loss of \$(3.0m) in FY23.
- EBITDAR per occupied bed¹ of \$24.7k, 24% up on FY23.
- Underlying EBITDA¹ of \$20.9m, 47% up on FY23.
- Operating Cashflow of \$14.1m, 249% up on FY23.
- AFFO¹ of \$7.4m, 87% up on FY23.
- Net debt reduced by 26.5% to \$73.5m, with no short-term debt remaining.
- Cash dividend of 0.70cps, with full imputation credits resulting in a gross dividend of 0.97cps, paid on 16 May 2024.

“Radius Care provides essential and specialist healthcare services to the elderly across New Zealand. Our laser focus on our core business has delivered profitable growth, another year of industry leading results, and a strengthened balance sheet; enabling the business to resume dividends.” said Brien Cree, Radius Care’s Executive Chairman.

People

Andrew Peskett, Radius Care’s CEO, commented “Radius Care has over 1,700 exceptional people in our team, providing exceptional care to our residents. Our care homes reached full staffing levels some time ago, and overall staff turnover has reduced by 19% compared to the prior year. We continue to invest in our team, with over 100 registered nurses having completed our “EPEC” internal leadership programme”.

Business Performance

Mr Peskett said “the record operating performance was driven by a number of factors:

1. Improved mix of higher-revenue hospital and specialist care residents.
2. Increased Accommodation Supplement revenue (+\$1.9m vs FY23).
3. Cost out programme successfully implemented in early FY24, delivering \$1.3m in annual cost savings.
4. Strong resale gains at villages of \$1.8m.
5. Growth in services beyond care, led by RConnect.”

¹ These measures are non-GAAP (unaudited) financial measures. A reconciliation between the financial statements and these measures is included in the Investor Presentation.

RADIUS RESIDENTIAL CARE LIMITED

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Financial Performance

Revenue increased 17% on the prior period to \$171.2m.

Profit Before Tax was \$3.6m, an improvement of \$6.6m vs a Loss Before Tax of \$(3.0m) in FY23.

Radius Care's key performance measure, pre-NZ IFRS16 Underlying EBITDA was a record \$20.9m compared to the previous record of \$14.2m achieved for the comparative period. Underlying EBITDA growth was driven by direct private revenue paid by residents for non-government funded services and accommodation supplement income increasing to \$9.8m, up 24% from \$7.9m in the prior comparable period.

Underlying EBITDAR per bed was \$24.7k in FY24 compared to \$19.9k in FY23, and continues to be significantly higher than the remainder of the industry. This key performance metric demonstrates Radius Care's ongoing ability to deliver profitable performance in the sector.

AFFO of \$7.4m was generated, 87% above the comparative period as higher underlying income was partially offset by higher interest costs. Positive Cashflow from Operations was \$14.1m, another industry leading result.

Borrowings reduced significantly during the year, with a \$26.5m reduction in Net Debt as a result of the previously announced sale of Arran Court and increased operating cashflow visible in AFFO. Radius Care recently confirmed the successful refinancing of all remaining short-term debt, effective 28 March 2024. Following the refinancing, 100% of Group borrowings are held with the ASB Bank, with an average term of 2.8 years. This has reduced our overall financing costs, and we had \$3.5m of undrawn debt facilities as at 31 March 2024.

Dividend

A final dividend of 0.70 cents per share was declared for the FY24 year, carrying full imputation credits which resulted in a gross dividend of 0.97 cents per share. The dividend was paid on 16 May 2024.

The Board is targeting a return to the previous cycle of an interim dividend paid in December and a final dividend paid in June.

Outlook

Radius Care expects continued growth in Underlying EBITDA and other metrics in FY25.

ENDS

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About Radius Care

Radius Residential Care Limited was founded in 2003 and provides essential healthcare services to elderly New Zealanders. It operates in communities throughout New Zealand, offering the full range of accommodation and care options. Today, Radius Care operates 23 aged care facilities, of which it owns 12 and leases 11. Four of the owned facilities also include retirement villages and Radius Care's online shop sells specialist assisted-living products. The company employs over 1,700 people, including highly qualified healthcare staff who are committed to providing the very best in nursing care, and has expanded its services, establishing RConnect, a Nurse and Carer bureau and Home Care provider. Radius Care listed on the NZX in December 2020. For more information visit radiuscare.co.nz or check out our Facebook page @RadiusCareNZ.