

24 August 2023

METLIFECARE DELIVERS SOLID TRADING RESULT AND SUSTAINED TRANSFORMATION THROUGH EXECUTION OF ITS FULL POTENTIAL PLAN

Metlifecare Limited's (NZX: MET) (Metlifecare or the Company) performance summary for the year ended 30 June 2023 (FY23):

- ***Operating revenue of \$202.8 million, up 24.2% on FY22***
- ***Net profit after tax of \$43.7 million, down 44.4% on FY22***
- ***Total assets of \$5.637 billion, up 13.5% on FY22***
- ***Total equity of \$2.137 billion, up 3.1% on FY22***
- ***Net gearing of 34.7%, with Metlifecare's Sustainability-Linked Loan facility increasing by \$200 million during the year to a total of \$1.45 billion***
- ***296 new units delivered, a record for Metlifecare***
- ***A landbank of 2,900 retirement units and care suites, covering 24 sites and providing a runway for future development growth***
- ***Aged care now comprises 15.8% of the Company's portfolio***
- ***Acquisition of two operating villages and aged care communities in the South Island in December 2022***

Financial result

Metlifecare has reported a solid financial performance for the 12-month period to 30 June 2023, delivering a net profit after tax (NPAT) of \$43.7 million and total comprehensive income of \$63.0 million.

Chief Executive Officer Earl Gasparich said the result was achieved despite significant economic headwinds from rapidly rising inflation and the continued easing of the residential housing market.

“Our result reflects the resilience of the retirement village sector, where demand for living in our villages is underpinned by the growing older population in New Zealand and less so by prevailing economic conditions.”

The NPAT included a fair value gain on investment property of \$82.4 million, compared to last year's \$111.4 million. This gain was largely driven by 11.8% average price growth on independent living units during the period, which supported growth in the valuation of Metlifecare's existing portfolio, again a positive achievement given the current economic climate.

Total sales of occupation right agreements for the year increased by 17.1% to \$397.0 million, reinforcing the high demand for Metlifecare's villages and reflecting a strong resale portfolio and growing development sales activity.

Operating revenue was \$202.8 million, 24.2% higher than last year due to strong growth in deferred management fees from resales, new development village sales, new revenue attributable to six retirement villages acquired from The Selwyn Foundation in February 2022, and a further acquisition in December 2022 of two South Island retirement villages (Merivale Village and The Village Palms) from subsidiaries of MWHL Limited.

Metlifecare's balance sheet has continued to grow, with total assets increasing by \$669.4 million to \$5.637 billion in the 12 months to 30 June 2023. This increase was driven by the acquisition of the two South Island villages, plus the addition of 296 new independent living units and care suites across five development villages.

Total debt rose by \$411.2 million to \$1.154 billion due to the acquisition of seven greenfield and brownfield sites for the Company's landbank pipeline, two village acquisitions and development activity.

Mr Gasparich said Metlifecare's balance sheet remains robust with net assets of \$2.137 billion at 30 June 2023 supporting a net gearing ratio of 34.7%, compared to 26.0% at 30 June 2022.

"In November 2022 we increased our Sustainability-Linked Loan facility by \$200 million to \$1.45 billion. The loan facility supports the achievement of our Full Potential Plan (FPP), Metlifecare's strategic roadmap, in particular our geographic expansion across Aotearoa, portfolio growth and the enhancement of our aged care offering".

Sustained transformation through execution of the Full Potential Plan

Mr Gasparich said execution of Metlifecare's FPP has transformed the business and positioned it for future growth. "Now at the midpoint of execution, our focus remains on reinforcing the strong foundations laid in the first two and a half years whilst continuing to deliver change at a high pace."

"We have significantly increased our new unit build rate, expanded our aged care offering across our portfolio and delivered a major digital systems transformation. The past year has seen a volume of change which reflects our strong commitment to dramatically reshape the business and ensure it operates at its full potential, delivering value to all our stakeholders."

Key highlights in the year include:

- Increasing the portfolio to 36 villages, including two in the South Island, and 8.4% more retirement units and care beds than as at 30 June 2022
- A landbank of 2,900 retirement units and care suites, covering 24 greenfield and brownfield sites for future growth
- Offering a continuum of care in 22 of Metlifecare's 36 villages, with two new premium care homes and 128 new premium care suites
- Achieving national Dementia Friendly Accreditation from Alzheimers New Zealand and increasing dementia care capacity to 80 beds
- A substantial asset modernisation programme, including village amenity upgrades, retirement unit refurbishments, and a coordinated capital maintenance and remediation programme
- Upgrading of the Company's technology infrastructure to support transformation and streamline operations
- A rebranded website and marketing campaigns have significantly lifted brand recognition, competitiveness and engagement with prospective residents
- Strong resident engagement, with net promoter scores at +40 (Independent living) and +23 (Care)
- An employee net promoter score (eNPS) of +42 that is in the top 25% of healthcare providers worldwide
- A bold sustainability strategy which is embedded throughout the organisation, and is on track to achieve sustainability targets as validated by SBTi.

New villages

The Company now has two operating villages in the South Island, following the December 2022 acquisition of Merivale Village and The Village Palms in Christchurch. The first residents were also welcomed at Metlifecare's newest Auckland village 'Orion Point,' which sits in a prime coastal location near Hobsonville Point.

Sustainability

Mr Gasparich said Metlifecare's aspiration is to become a leader of sustainability innovation in the retirement village industry.

"This past year's activities have tapped into company-wide efforts and enjoyed the enthusiastic support of our employees, residents and suppliers. We became the first in our industry in New Zealand to achieve SBTi (global) validation of our science-based emissions targets, won the Retirement Village Industry's (RVA) resident-led sustainability award and completed the country's first 6 Green Star design-rated Weiti Care Home at Gulf Rise Village."

Premium aged care progress

Strong progress has been made in offering residents greater choice to meet their changing needs, with premium care accommodation options available at more villages. Mr Gasparich said interest has been keen for new care suites, particularly from existing retirement village residents, which feature high-quality, experience-centric aged care supported by clinical excellence.

Recognition

"We thank our more than 2,000 employees for their commitment over the past twelve months and we respectfully acknowledge our nearly 7,000 residents, who are at the heart of what we do," said Mr Gasparich.

"While we expect the economic environment and labour market to remain challenging, we believe that the increasing requirement for quality retirement living and needs-based support from an ageing New Zealand demographic will ensure that demand for our villages continues to remain strong. We look forward to the year ahead and the continuing journey towards the realisation of Metlifecare's full potential."

This announcement is authorised for release to the market by the board of Metlifecare.

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About Metlifecare:

Metlifecare is a leading New Zealand operator of retirement villages and aged residential care, providing rewarding lifestyles and outstanding care to nearly 7,000 New Zealanders. Established in 1984, it currently owns and operates a portfolio of 36 villages across Aotearoa and employs more than 2,000 people.