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Updated underlying profit guidance

Ryman Healthcare Limited (NZX:RYM) expects FY24 underlying profit¹ to be in the range of \$265 – \$285 million. This compares to previous guidance of \$300 – \$330 million provided at its interim result on 29 November 2023, and the reported FY23 underlying profit of \$301.9 million.

The key drivers of the change are:

- Lower volumes on new sales of occupation right agreements (ORAs). Ryman’s prior guidance assumed the sale of 273 ORAs for the second half of the financial year, whereas its current expectation is to sell closer to 218 ORAs. Serviced apartments in particular are taking longer to sell than anticipated at villages where the business is yet to complete its main buildings.
- Margins on resale of ORAs. The current mix of resales across villages and unit type is resulting in a lower average margin per unit for the second half than expected. Full year resale volumes are expected to increase by 7% on FY23.

Ryman Group Chief Executive Officer, Richard Umbers, commented “This projection of the full year result is disappointing. Our current build programme is unusually weighted towards four main buildings, which are nearing completion and form a key part of our resident value proposition. Although we have stock available to sell, a combination of market conditions and the expected phasing of main buildings will see sales deferred into FY25. The portfolio remains in a solid position – our available resale stock and level of payouts at the end of January 2024 is consistent with 30 September 2023.”

“In this environment, we continue to be very focused on our cost of doing business, and on operating efficiencies,” he added.

Ryman is expecting portfolio growth of retirement village units and aged care beds in FY24 to be at the lower end of the current 650-750 guidance. Net debt at 31 March 2024 is expected to be at similar levels to 30 September 2023.

Ryman’s outlook for FY24 is based on current market conditions and its assessment of the future.

Ryman’s full year results to 31 March 2024 will be released to the NZX on 27 May 2024.

About Ryman:

Ryman Healthcare was founded in Christchurch in 1984 and owns and operates 48 retirement villages in New Zealand and Australia. Ryman villages are home to 14,200 residents, and the company employs 7,600 staff.

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¹ Underlying profit is a non-GAAP (Generally Accepted Accounting Principles) 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. For a full definition of our underlying profit refer to our 2024 half year report which is available on our website.