

25 November 2024

Radius Care Delivers 39% First Half Year Profit Growth

Radius Residential Care Limited (NZX: RAD) today announced its results for the six months ended 30 September 2024.

Highlights:

- Underlying EBITDA of of \$10.6m¹, adjusted for the sale of one care home, was 14% up on comparative period (pcp).
- EBITDAR per bed was \$13.4k² for the half year, up 10% on \$12.2k for the six months ended 30 September 2023.
- Net Profit After Tax was \$2.0m, up 39% on the pcp.
- Operating Cashflow of \$6.6m, up \$1.0m on the pcp.
- Occupancy was 93.4% at period end, ahead of industry average.
- Financing costs decreased by \$1.8m, or 35%, on the pcp.
- Interim cash dividend of 0.65 cents per share, fully imputed.
- Acquisition of 51% of Cibus Catering, completed on 25 October 2024.

People

“I want to give immense thanks to our exceptional people, who have continued to deliver exceptional care to our residents. Radius Care has once again delivered industry leading results and continued earnings growth despite having one less care home in our portfolio following the sale of Arran Court in January 2024” said Andrew Peskett, Radius Care’s CEO.

Certification audit results achieved during the first half of this financial year are testament to the quality of care provided to our residents. Currently, 15 of our care homes have attained the maximum four-year certification period (up from seven as at 31 March 2024), with another two likely, following recent audits.

Business Performance

Radius Care’s business has delivered growth in all key metrics.

Occupancy levels remained strong and above industry averages, lifting to 93.4% at the end of the period. The strong operating performance was assisted by improved bed mix, growth in accommodation supplement revenue and tight cost control.

“The quality of our operating performance and industry leading results positions Radius Care for accelerated growth. The recent acquisition of a 51% stake in Cibus Catering, a specialist provider of catering, menu and nutrition planning to the Aged Care sector, will immediately contribute to growth”, said Mr Brien Cree, Radius Care’s Executive Chair.

¹ Underlying EBITDA is a non-GAAP (unaudited) financial measure. A reconciliation is included within the Investor Interim Report and the Investor Presentation.

² Earnings before interest, tax, depreciation, amortisation and rent.

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Financial Performance

Radius Care's key performance measure, Underlying EBITDA, was \$10.6m, 14% up on the pcp, adjusted for the sale of one care home. EBITDAR per bed was \$13.4k for the six months ended 30 September 2024 (an increase of 10% on the pcp). These results were driven by stronger operating metrics across the business, despite having one less care home in the portfolio.

Net Profit After Tax was \$2.0m (up 39% on the pcp).

Other financial metrics all demonstrated growth on the pcp. Revenue increased 7% on the prior period to \$85.4m (adjusted for the sale of one care home). Operating Cashflow was \$6.6m (up 18% on the pcp).

Dividend

A cash interim dividend of 0.65 cents per share has been declared for the half year. The dividend will carry full imputation credits, resulting in a gross dividend of 0.90 cents per share. The dividend will be paid on 19 December 2024, with a record date of 5 December 2024. The Board has determined that the Dividend Reinvestment Plan will not apply to this dividend.

Development Update

Radius is actively pursuing several opportunities to lease or acquire care homes, including partnering with Senior Trust as announced at the annual shareholders meeting.

An application for resource consent has been made for the development of six additional villas at Matamata Country Lodge.

Advance planning is also continuing for the previously announced full-service retirement village and care home in Belfast, Christchurch.

Cibus Catering

Radius Care's acquisition of 51% of Cibus Catering completed on 25 October. Cibus provides full-service kitchen management to 25 sites, including ten Radius care homes, as well as menu planning and nutrition services. Cibus represents an important step in our strategy to accelerate growth through diversification into adjacent services that are complementary to our core offering.

Outlook

Radius Care reiterates earlier guidance that key metrics for full year FY25 are expected to exceed the equivalent FY24 metrics despite having one less care home.

The consolidation of the recently acquired 51% stake in Cibus Catering Ltd will also be immediately earnings accretive.

ENDS

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About Radius Care

Radius Residential Care Limited was founded in 2003 and listed on the NZX in December 2020. Radius Care provides essential healthcare services to elderly New Zealanders, offering the full range of accommodation and care options in communities throughout the country. 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. A 51% holding in Cibus Catering was acquired in October 2024. Cibus provides menu planning and nutrition management services to the aged care sector, as well as full-service kitchen and food management to 25 care homes across New Zealand, including ten Radius Care sites. For more information visit radiuscare.co.nz or check out our Facebook page @RadiusCareNZ.

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