

RYMAN HEALTHCARE

# Half year result

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30 September 2020





# First half highlights

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**Underlying profit\*** of \$88.4 million, a decrease of 14.2%

**Reported (IFRS) profit** of \$212.4 million, up 12.8%

**Interim dividend** of 8.8 cents per share, reflecting 50% of underlying profit

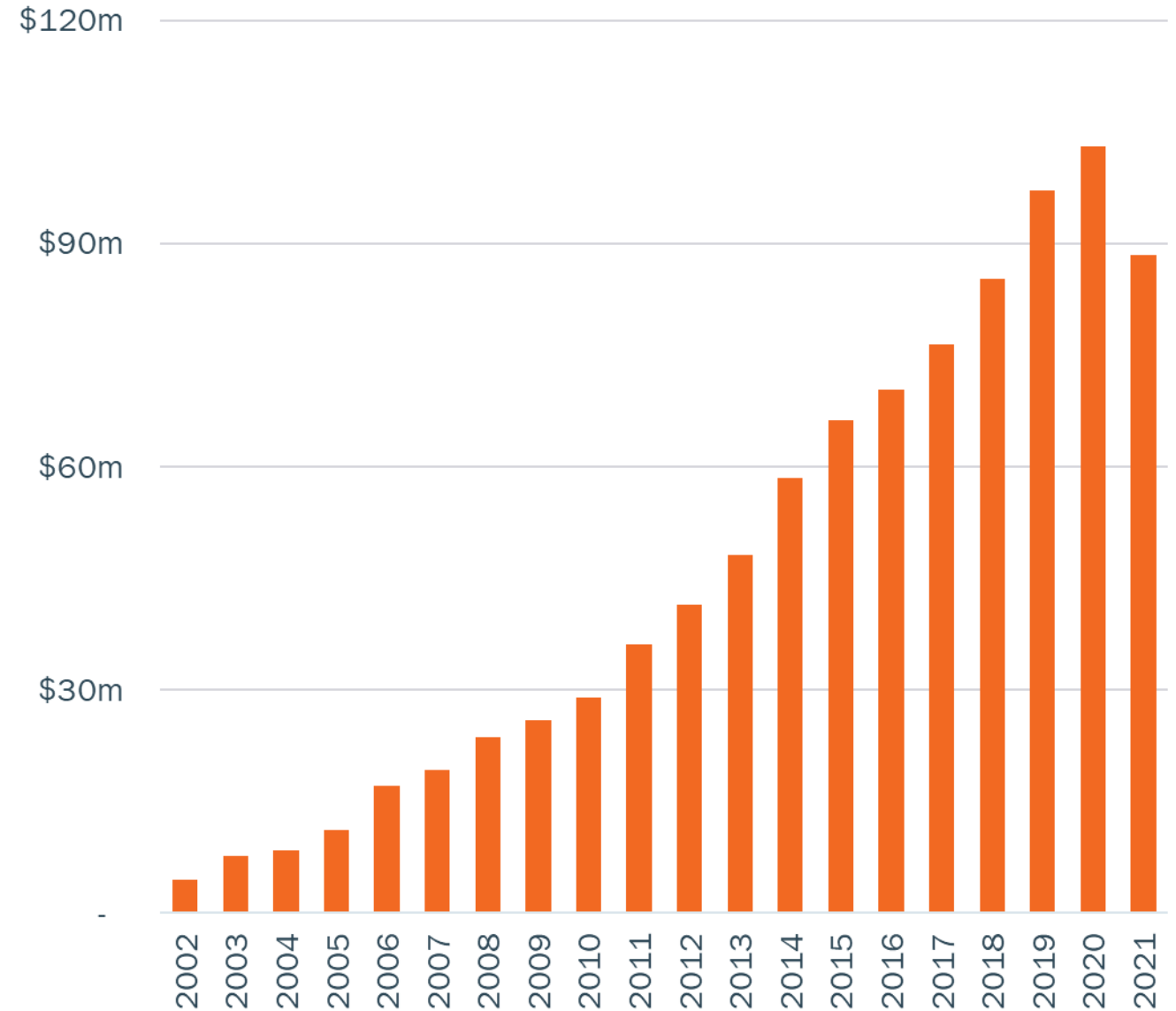
**Total assets** of \$8.34 billion, up 14.9%

**Building across 12 sites**, up from four new sites two years ago

\*Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Refer to slide 21 for a breakdown of underlying profit.



# First half underlying profit



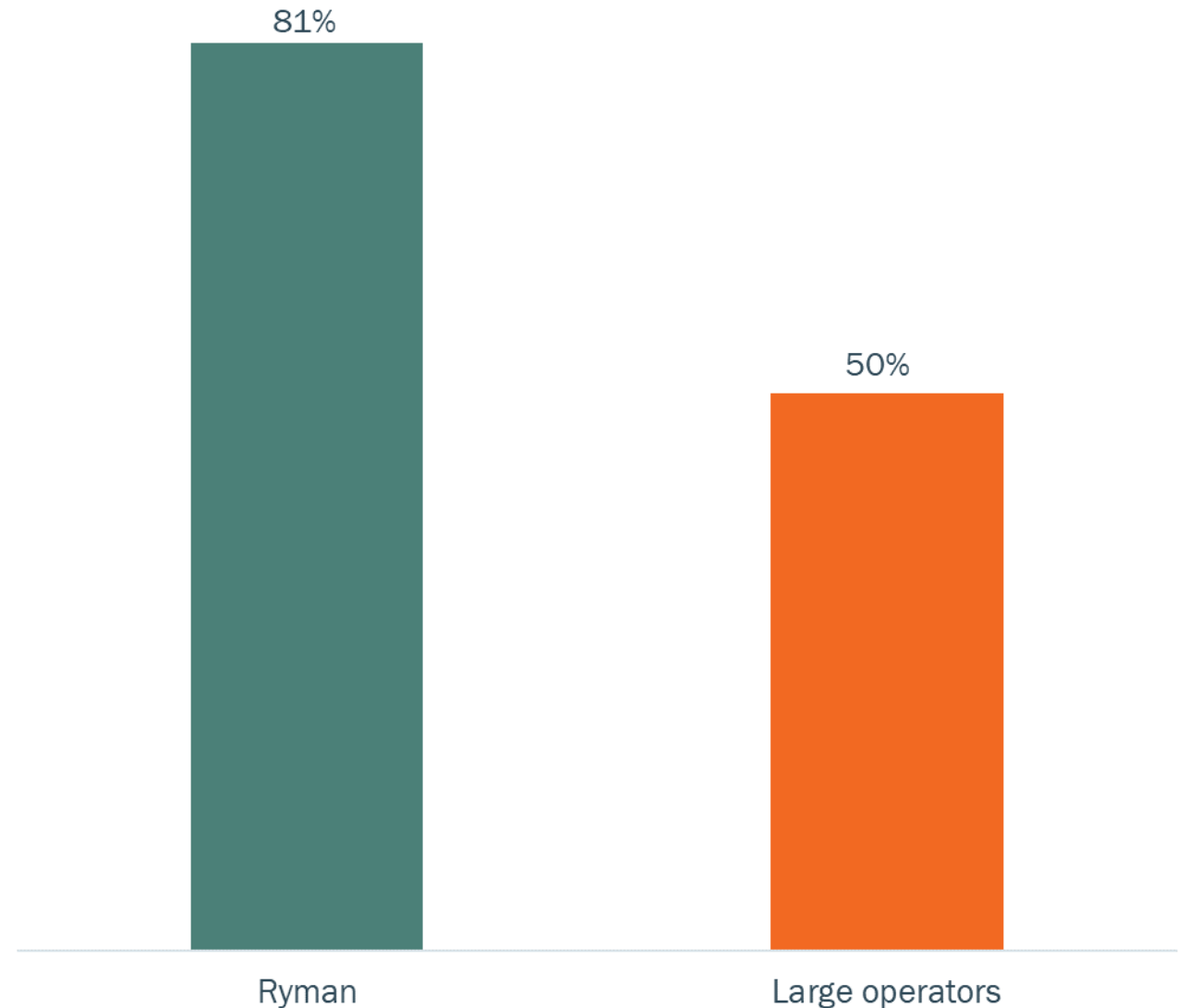
Underlying profit is a non-GAAP measure and differs from NZ IFRS profit for the period. Refer to slide 21 for a breakdown of underlying profit.





# The 'gold' standard of care – 4 year certification

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Source: Ministry of Health. Large operators reflects aged care providers with 15 or more care centres. Data at 9 November 2020.

# RYMAN PIONEERS

*Peace of mind*



**WINNER**  
2020

**NEW ZEALAND**  
Best Multi-Facility  
Provider

**aged**advisor

**WINNER**  
2019

**aged**advisor

**WINNER**  
2018

**aged**advisor







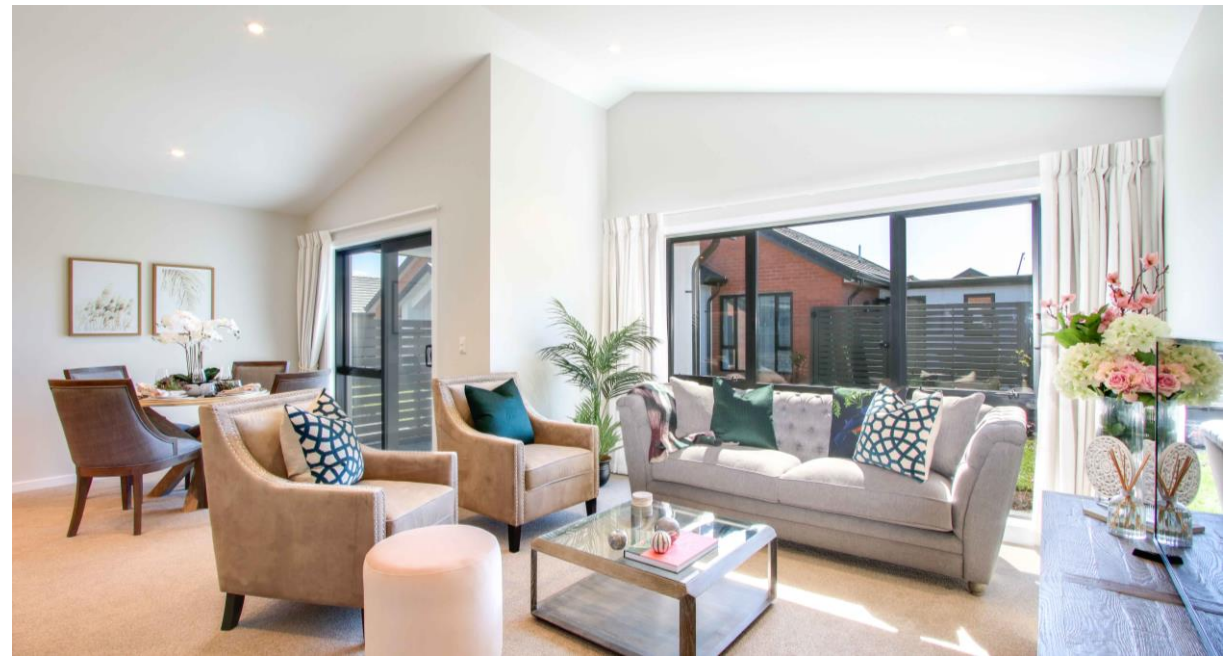






















Ocean Grove



Weary Dunlop



Nellie Melba



Highton



John Flynn









**Murray Halberg**



**Linda Jones**



**Nellie Melba**



**William Sanders**





**Murray Halberg**



**Linda Jones**



**Nellie Melba**



**William Sanders**



**James Wattie**



**Highton**



**Miriam Corban**



**John Flynn**



**Ocean Grove**



**Hobsonville**



**Aberfeldie**

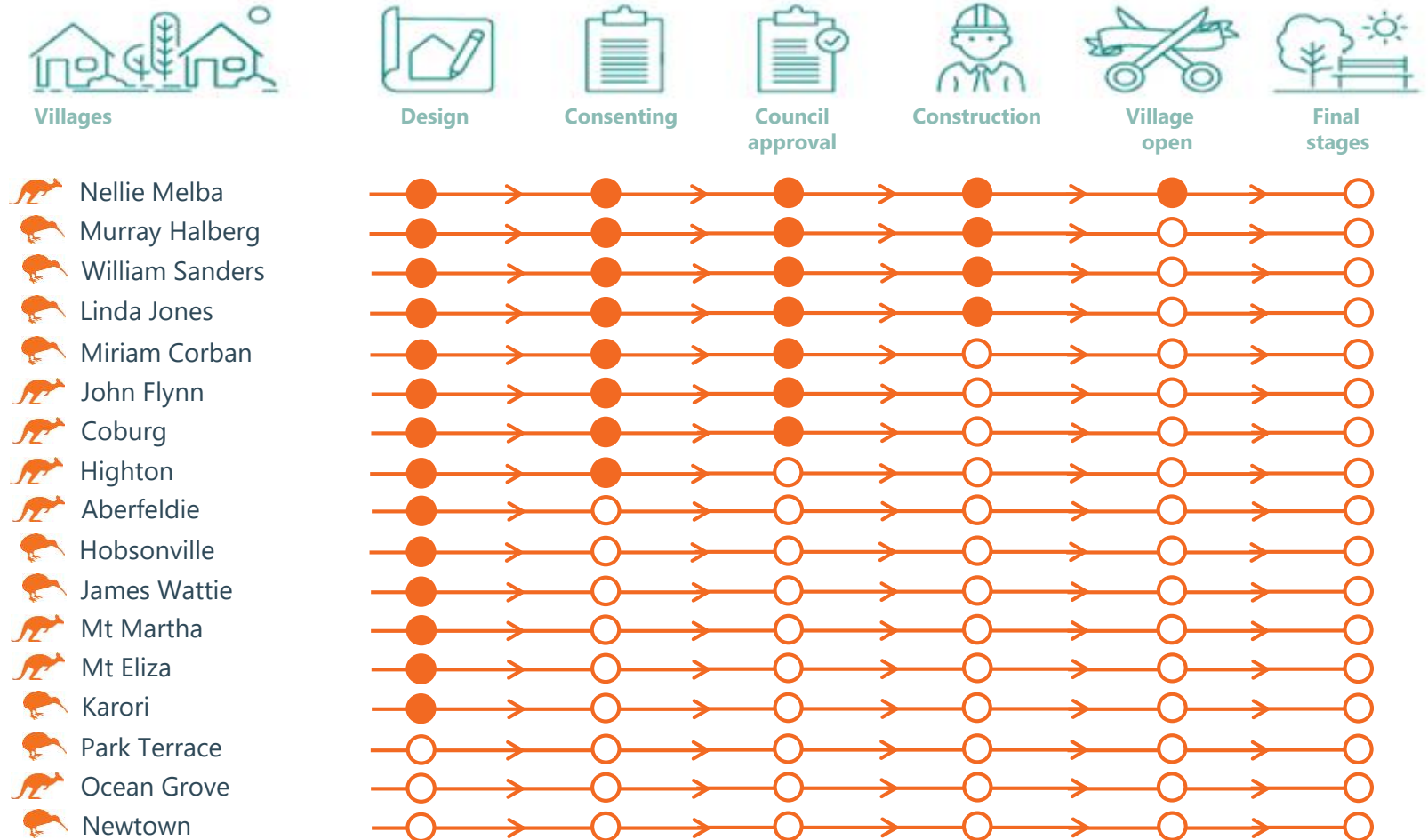


**Riccarton**



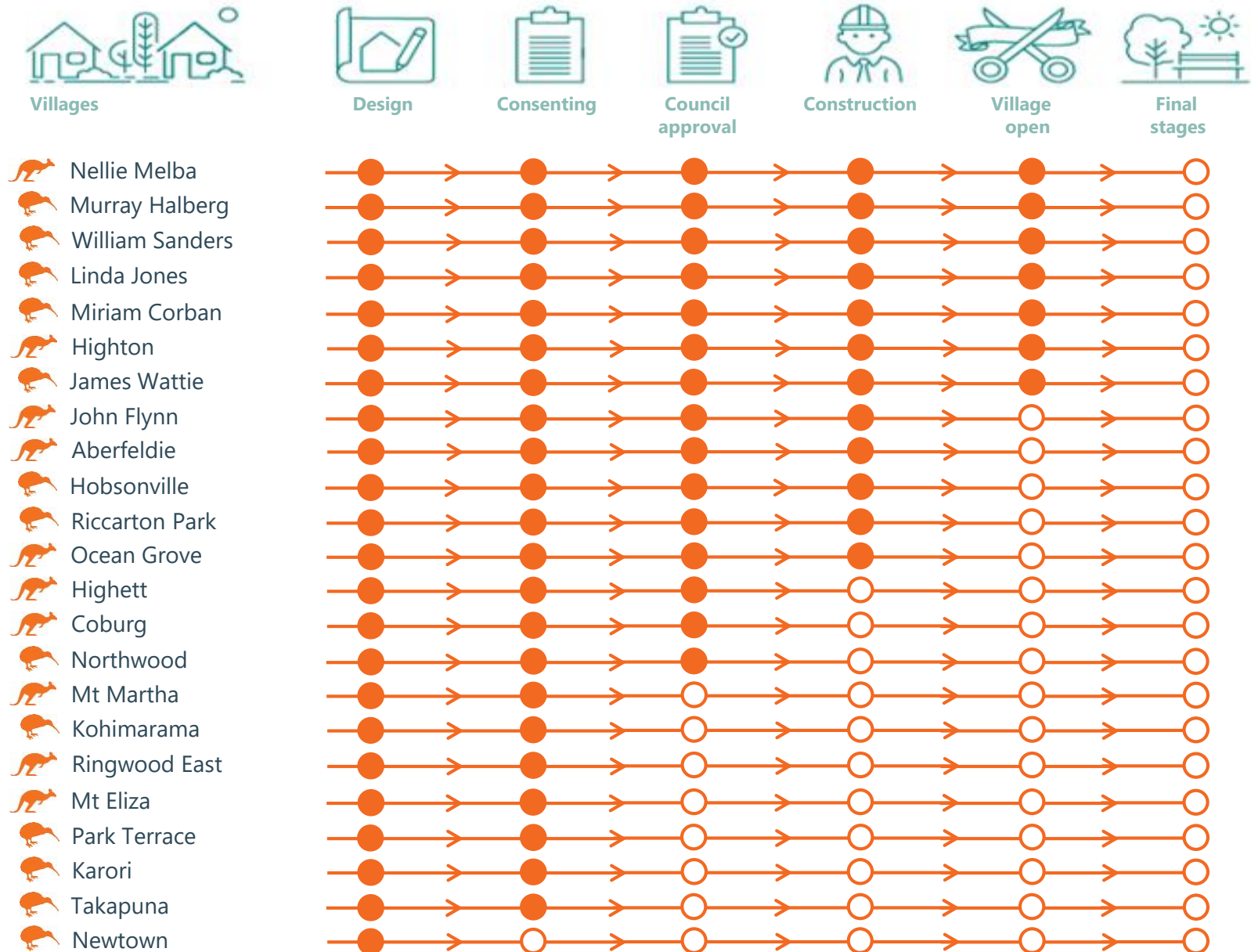


# Development pipeline (Sept 2018)



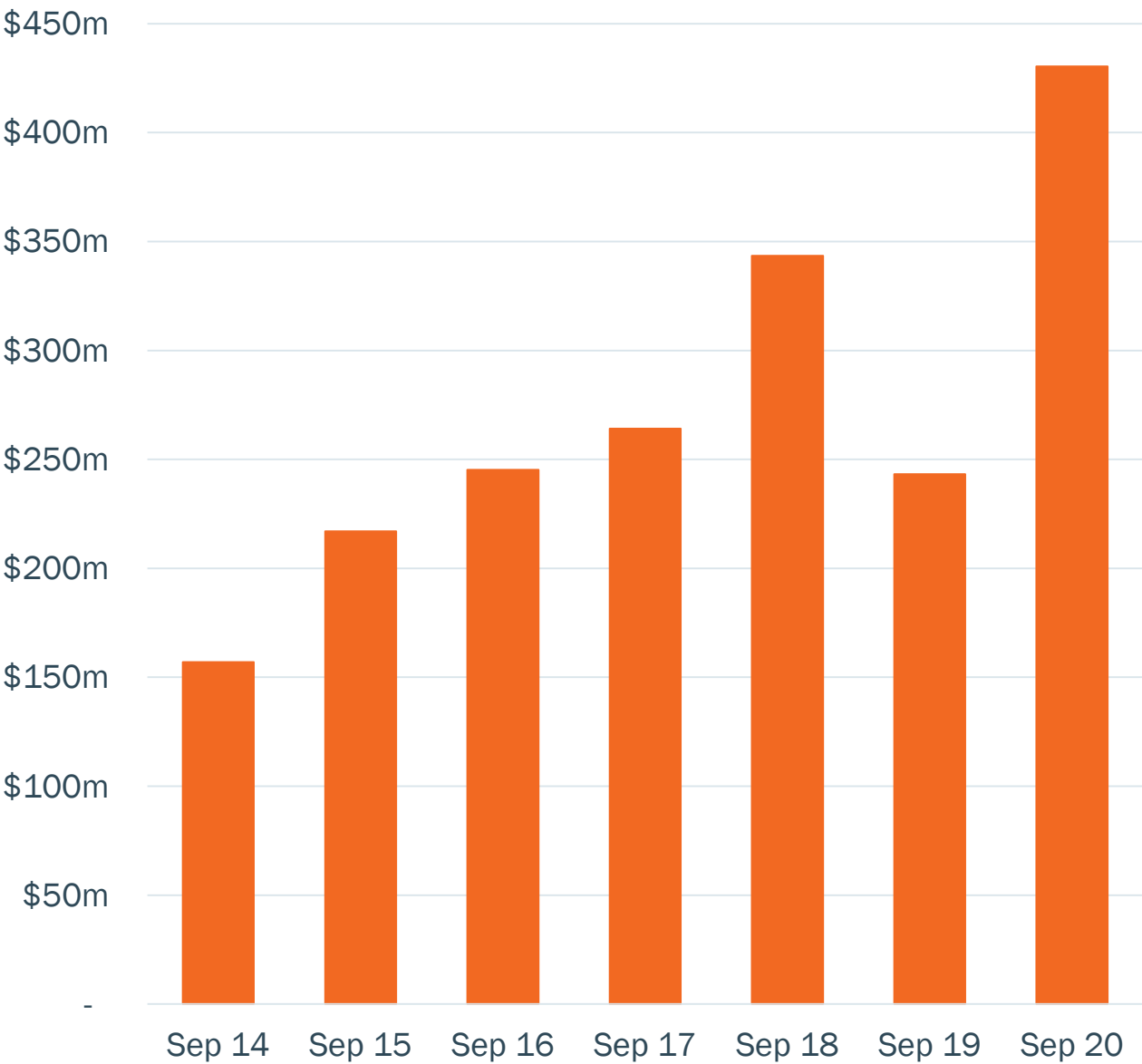


# Development pipeline (Sept 2020)





# Value of contracts not settled



Note: Contracts not settled are unconditional occupation-right agreements which have been entered into by residents but have not been settled as the resident has not yet occupied the unit.







# Reported profit

	Half year Sep 20	Half year Sep 19	Full year Mar 20
Underlying profit (non-GAAP)	\$88.4m	\$103.0m	\$242.0m
Unrealised revaluations of investment properties	+124.1m	+\$92.7m	-\$70.9m
Deferred tax credit / expense	-\$0.1m	-\$7.4m	+\$93.6m
Reported net profit	\$212.4m	\$188.3m	\$264.7m

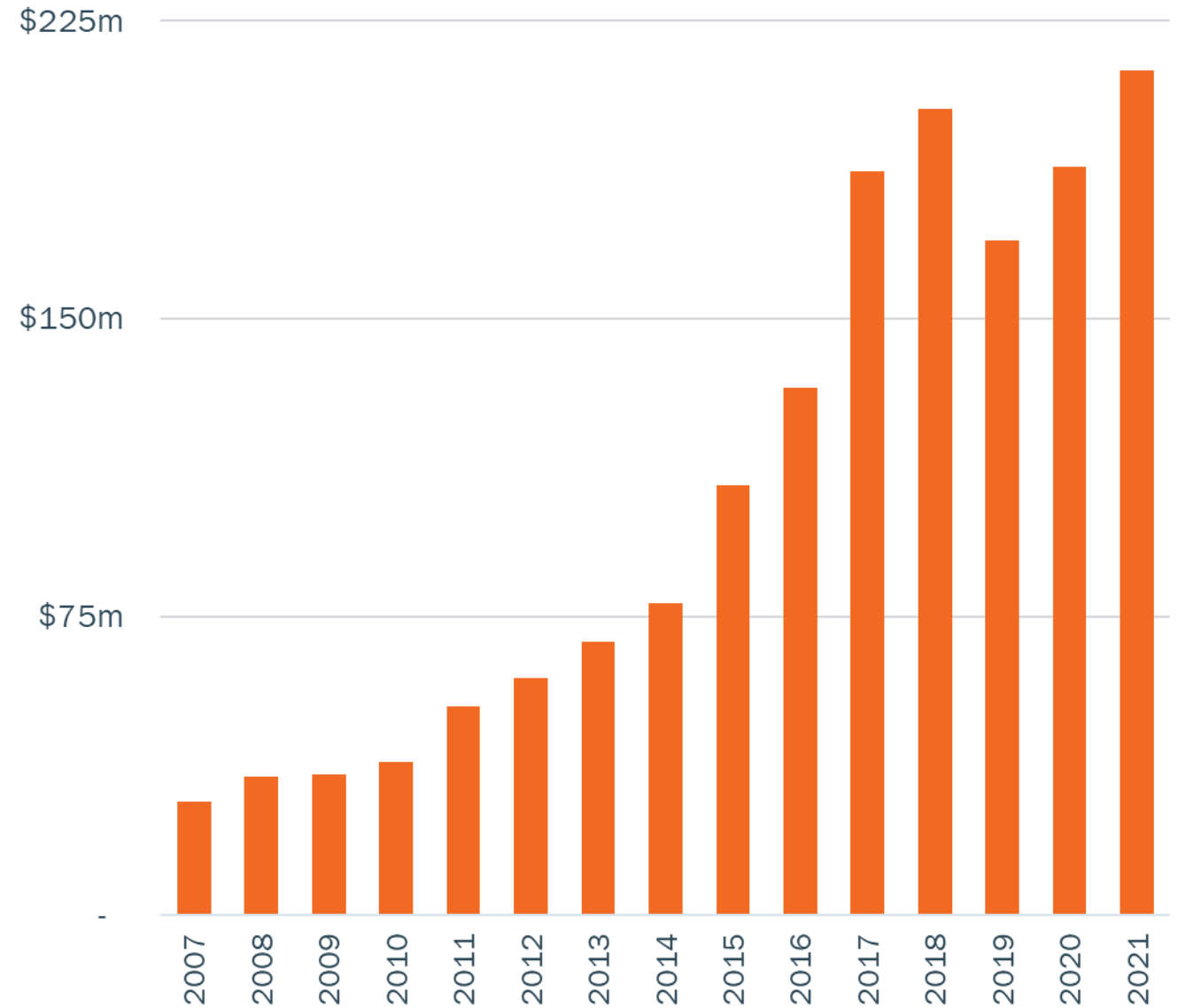
Underlying profit is a non-GAAP (Generally Accepted Accounting Principles) measure and differs from NZ IFRS profit for the period. Underlying profit does not have a standardised meaning prescribed by GAAP and so may not be comparable to similar financial information presented by other entities.

The Group uses underlying profit, with other measures, to measure performance. Underlying profit is a measure that the Group uses consistently across reporting periods.

Underlying profit excludes deferred taxation, taxation expense, and unrealised movement on investment properties because these items do not reflect the trading performance of the company. Underlying profit determines the dividend payout to shareholders.

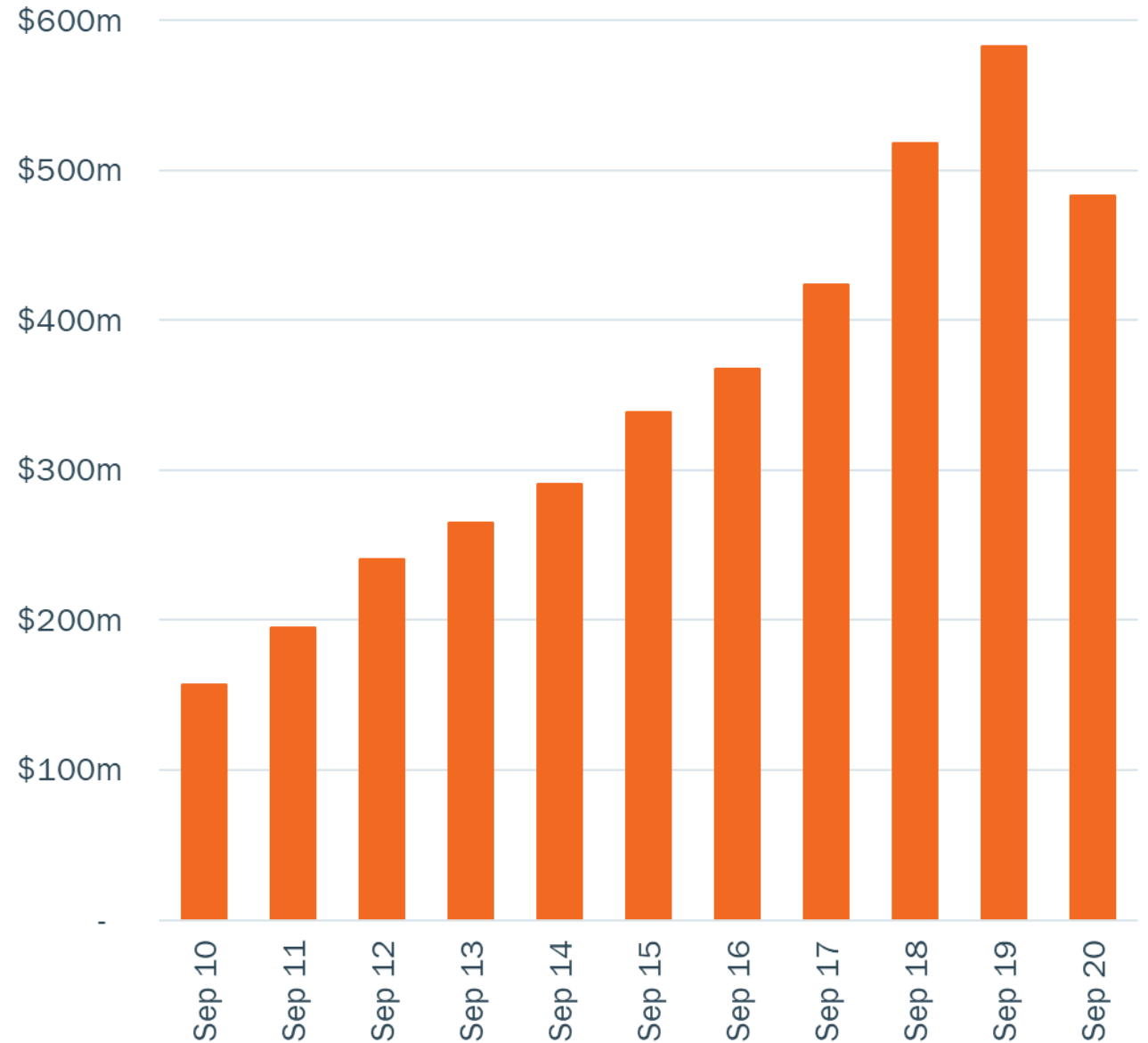


# First half reported profit



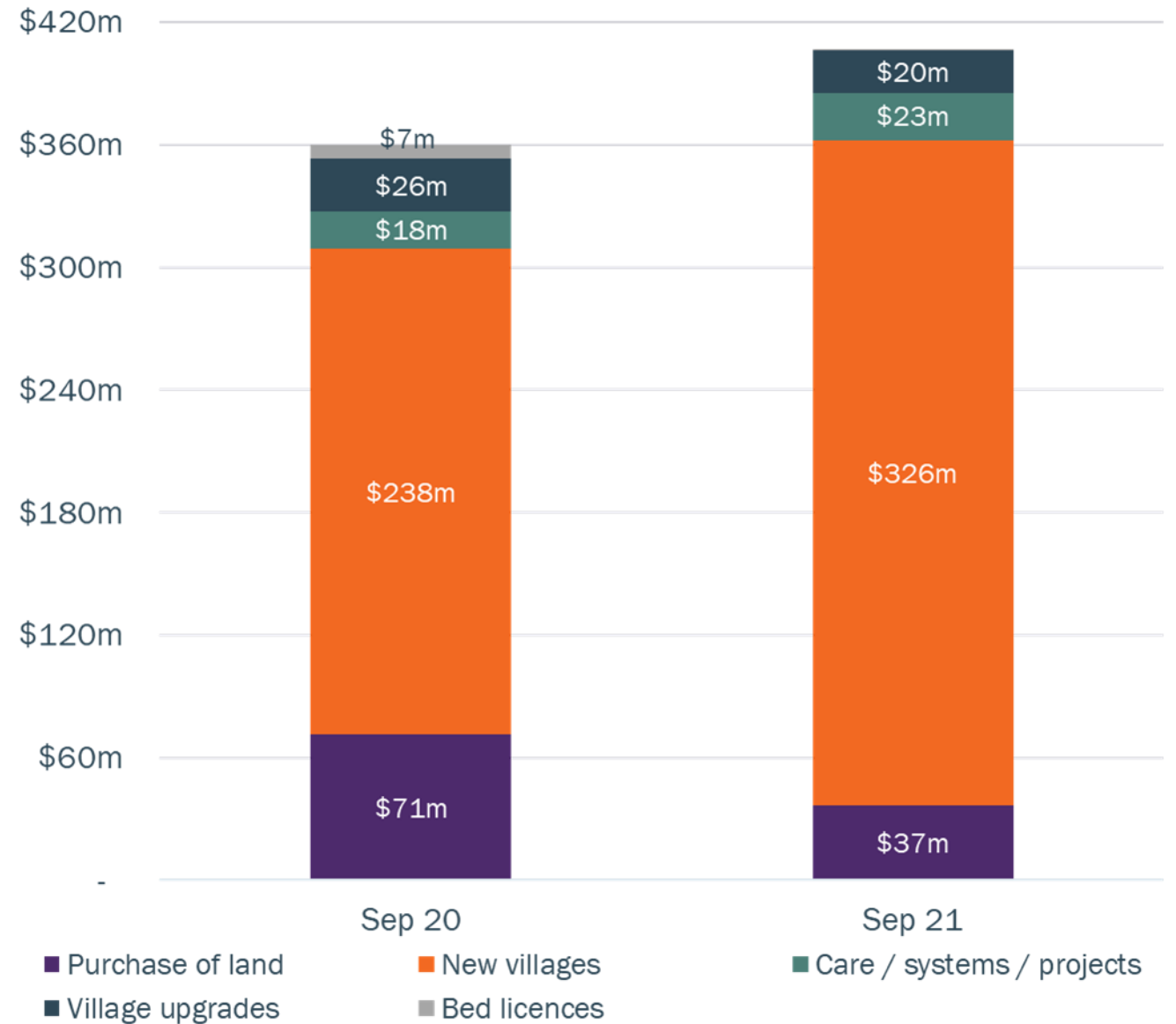


# Cash receipts from residents



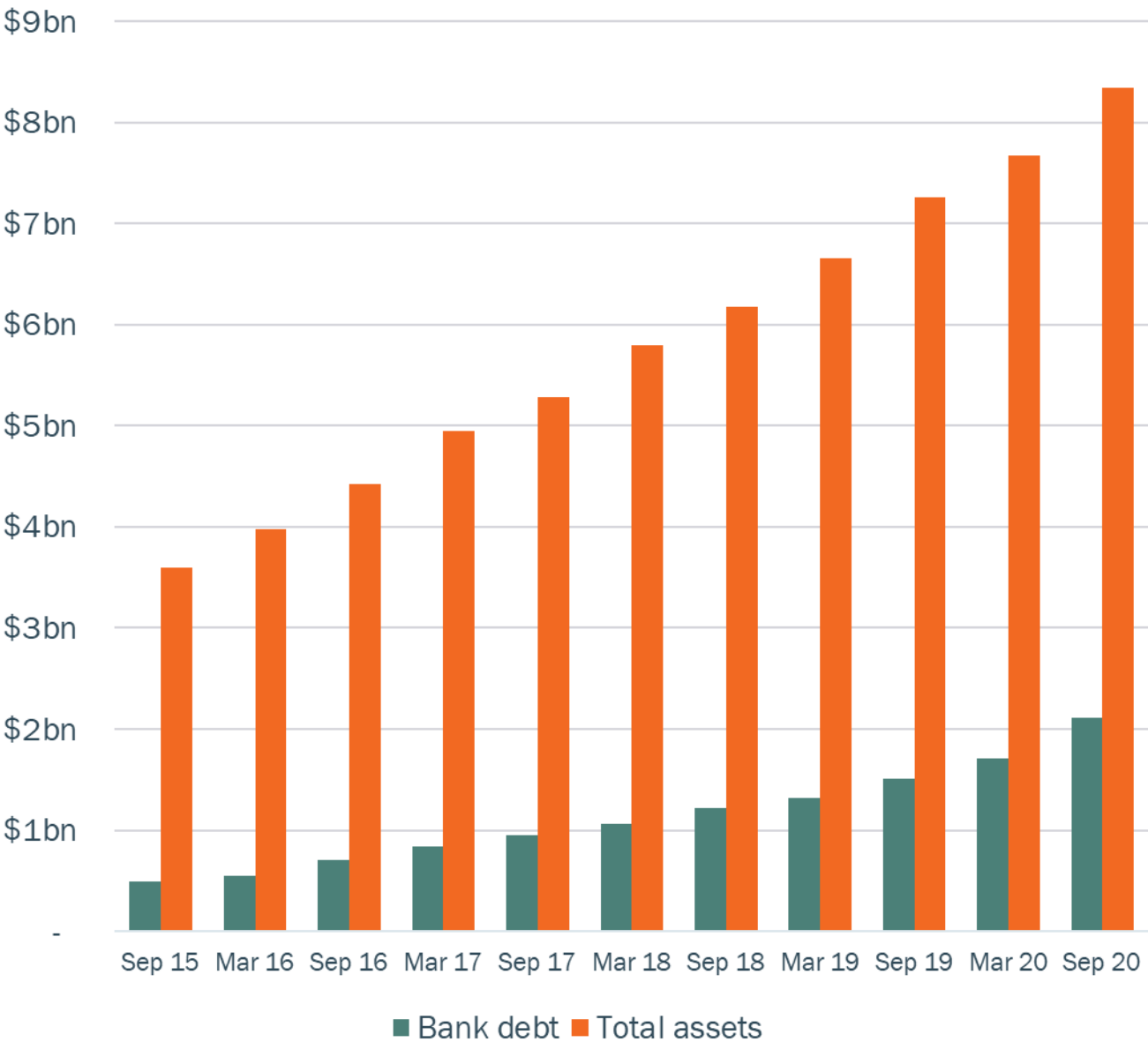


# Investing cash flows \$406 million





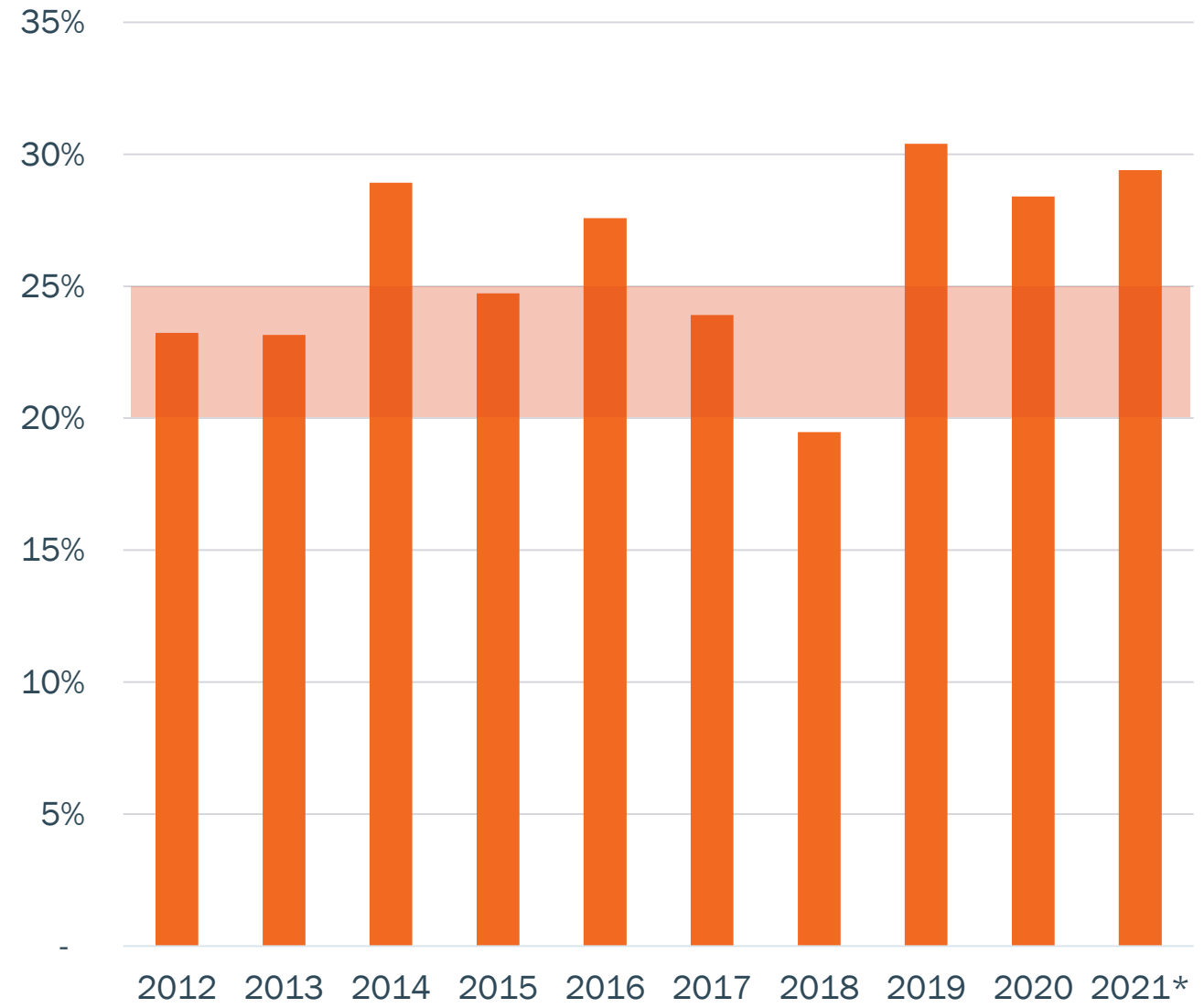
# Total assets



Note: As documented in the Group's facility agreement, the Group has a right to off-set cash balances held against bank debt. Debt shown is total secured bank loans net of cash held at balance date.



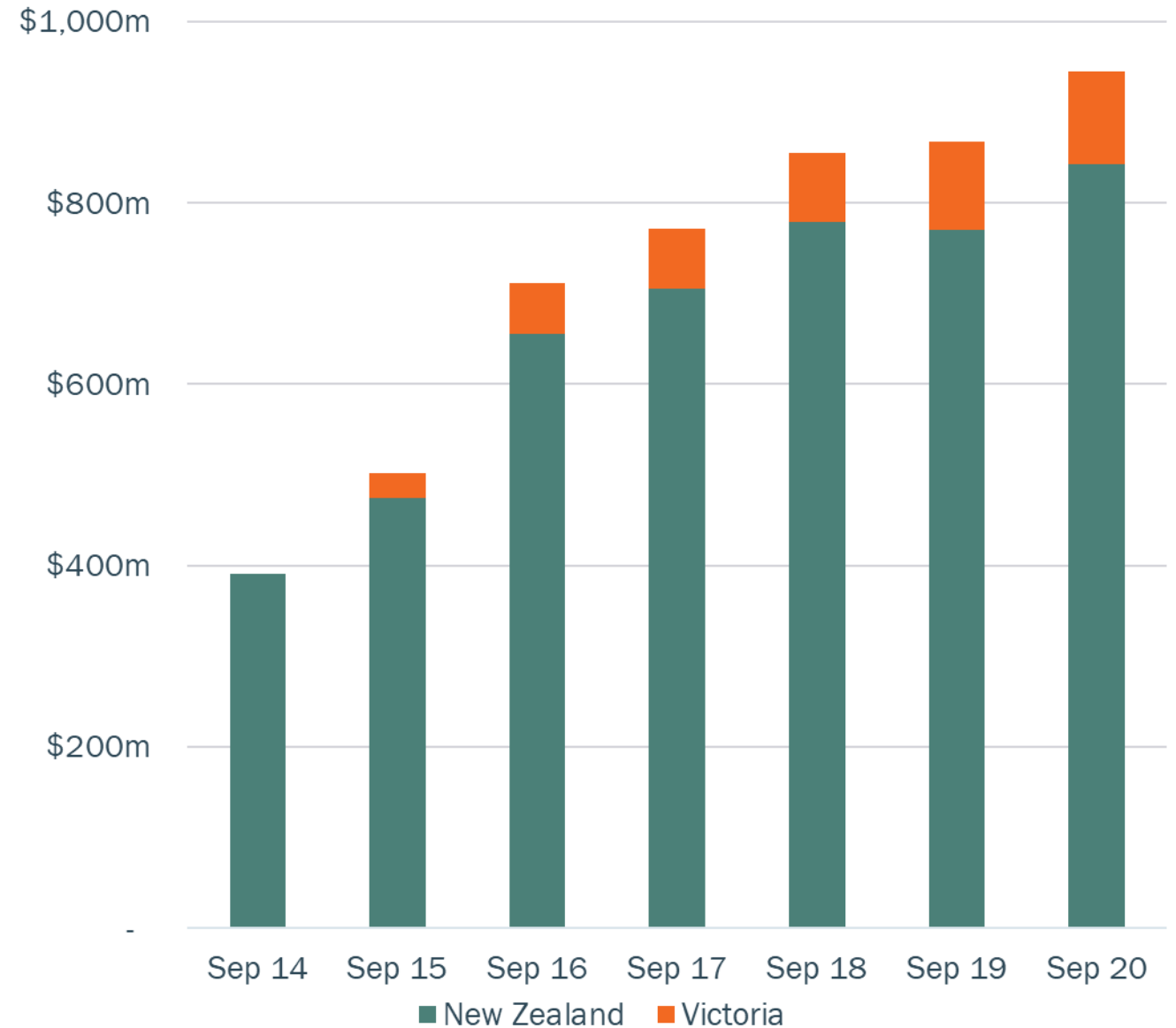
# Development margin



\*Development margin at 30 September 2020. All other values at 31 March.



# \$945 million resales bank



Note: The resale bank represents the extent that the current price exceeds the price paid by the current resident for the unit's occupancy rights.





# Long-term capital efficiency

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**\$25 million** raised at IPO in 1999

**Invested \$4.78 billion in portfolio**  
since 1999 with no fresh capital

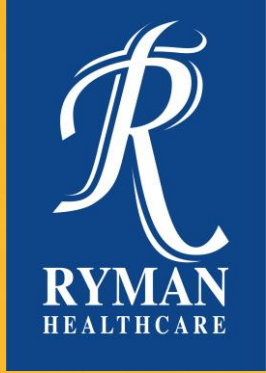
**Dividends of over \$965 million**  
paid since float\*

**Self-funded growth**

**Strong balance sheet**

\*Includes interim dividend of 8.8 cents per share that has been declared and is payable on 18 December 2020.





RYMAN HEALTHCARE

# Questions

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30 September 2020







## Appendix 1: Half year highlights

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Underlying profit\* of \$88.4 million, a decrease of 14.2%

Reported (IFRS) profit of \$212.4 million, up 12.8%

Interim dividend of 8.8 cents per share, reflecting 50% of underlying profit

Total assets of \$8.34 billion, up 14.9%

306 units and beds built, up 58.5%

Record \$406 million invested in the portfolio





## Appendix 1: Half year highlights

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Resales bank of \$945 million underpins future growth and market resilience

Record cash collections from new sales of \$275 million anticipated in the second half

\$50 million investment in COVID-19 measures since January 2020

Continued strong demand for villages with only 1.9% of resale stock unsold

97% occupancy at established care centres

Building across 12 sites, up from four new sites two years ago



## Appendix 2: Sale of occupation rights

	Half year Sep 20	Half year Sep 19	Full year Mar 20
<b>Existing units</b>			
Independent	196	212	425
Serviced	260	242	498
	<b>456</b>	<b>454</b>	<b>923</b>
<b>New units</b>			
Independent	98	196	426
Serviced	23	33	87
	<b>121</b>	<b>229</b>	<b>513</b>



## Appendix 3: Development

	Half year Sep 20	Half year Sep 19	Full year Mar 20
<b>Units and beds built</b>			
Retirement village units built	266	234	590
Aged care beds built	40	0	251
	<b>306</b>	<b>234</b>	<b>841</b>
<b>Total retirement village units</b>			
Independent	5,458	5,013	5,264
Serviced	2,231	2,058	2,159
	<b>7,689</b>	<b>7,071</b>	<b>7,423</b>
<b>Total aged care beds</b>	<b>3,951</b>	<b>3,660</b>	<b>3,911</b>
<b>Total retirement village units and beds</b>	<b>11,640</b>	<b>10,731</b>	<b>11,334</b>

## Appendix 4: Margins

		Half year Sep 20 \$000s	Half year Sep 19 \$000s	Full year Mar 20 \$000s
	Reference			
<b>New sales</b>				
Realised fair value movement	(Note 3)	26,143	31,835	105,757
Sale of occupation rights	(Key statistics)	90,052	160,726	386,673
<b>Gross development margin</b>		<b>29%</b>	<b>20%</b>	<b>27%</b>
<b>Resales</b>				
Realised fair value movement	(Note 3)	50,815	55,493	109,565
Resale of occupation rights	(Key statistics)	237,458	234,826	483,190
<b>Gross resales margin</b>		<b>21%</b>	<b>24%</b>	<b>23%</b>



## Appendix 5: Cash management fees

		Half year Sep 20 \$000s	Half year Sep 19 \$000s	Full year Mar 20 \$000s
	Reference			
Accrued management fees and resident loans – opening	(Note 4)	439,636	376,161	376,161
Less: Accrued management fees and resident loans – closing	(Note 4)	(469,507)	(412,053)	(439,636)
Movement in accrued management fees		(29,871)	(35,892)	(63,475)
Plus: DMF income	Income statement	44,763	43,913	88,713
Plus: Revenue in advance movement	(Note 2)	3,248	2,972	6,456
Plus: GST / accommodation credit adjustment / FX movement	Not disclosed	1,114	623	(599)
Plus: Movement in resident loan	Not disclosed	3,010	9,566	13,486
<b>Cash management fees</b>		<b>22,264</b>	<b>21,182</b>	<b>44,581</b>

# Appendix 6: Investment property summary

As at 30 September 2020	CBRE unit price inflation assumption					Discount rate
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5+	
Auckland	0.1%	0.2%	2.1%	3.0%	3.5%	12.7%
Rest of New Zealand	0.1%	0.3%	2.0%	2.7%	3.4%	13.4%
Victoria	0.0%	1.4%	3.1%	3.8%	4.0%	14.6%

As at 30 September 2019	CBRE unit price inflation assumption					Discount rate
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5+	
Auckland	0.4%	1.0%	2.4%	3.0%	3.5%	12.6%
Rest of New Zealand	0.5%	1.0%	2.0%	2.8%	3.4%	13.3%
Victoria	3.0%	3.4%	3.9%	4.1%	3.7%	14.1%

As at 31 March 2020	CBRE unit price inflation assumption					Discount rate
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5+	
Auckland	-1.5%	0.2%	2.1%	3.0%	3.5%	12.9%
Rest of New Zealand	-1.0%	0.3%	2.0%	2.7%	3.4%	13.5%
Melbourne	0.0%	0.6%	2.8%	3.7%	4.1%	14.6%

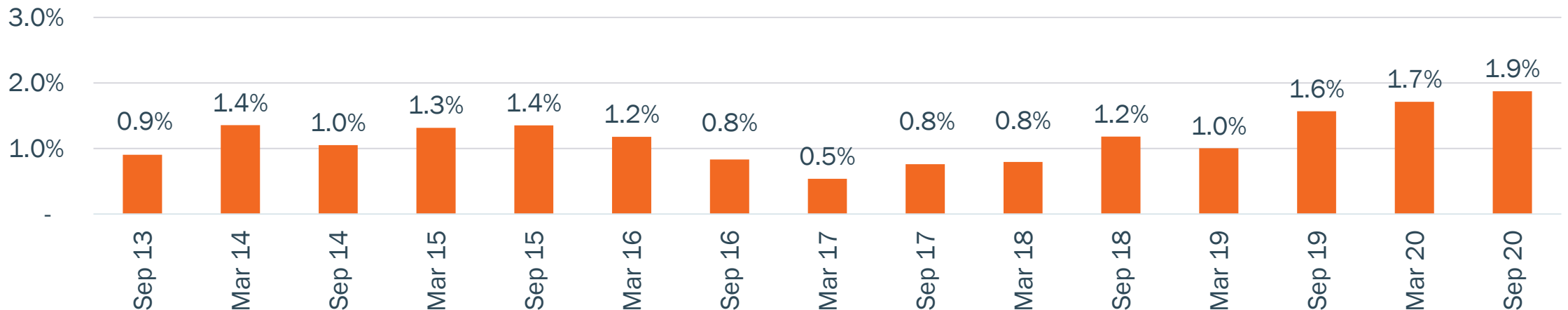


## Appendix 7: Operating cash flows

	Half year Sep 20 \$000s	Half year Sep 19 \$000s	Full year Mar 20 \$000s
Resident receipts	179,358	162,748	333,476
Refundable accommodation deposits (net)	12,710	26,623	41,120
New sales of occupation rights	70,983	187,577	305,540
Resales of occupation rights	220,019	205,886	449,797
<b>Total receipts from residents</b>	<b>483,070</b>	<b>582,834</b>	<b>1,129,933</b>
Interest received	178	177	573
Government wage subsidy	14,227	-	-
Payments to suppliers and employees	(229,957)	(166,583)	(345,765)
Payments to residents	(160,988)	(150,800)	(315,903)
Interest paid	(10,087)	(9,557)	(19,047)
<b>Net operating cash per the cash flow statement</b>	<b>96,443</b>	<b>256,071</b>	<b>449,791</b>

## Appendix 8: Available resales stock

	Half year Sep 20	Half year Sep 19	Full year Mar 20
Independent living units	83	48	60
Serviced apartments	61	63	67
<b>Total resales stock</b>	<b>144</b>	<b>111</b>	<b>127</b>
Total retirement portfolio	7,689	7,071	7,423
<b>Uncontracted stock percentage*</b>	<b>1.9%</b>	<b>1.6%</b>	<b>1.7%</b>



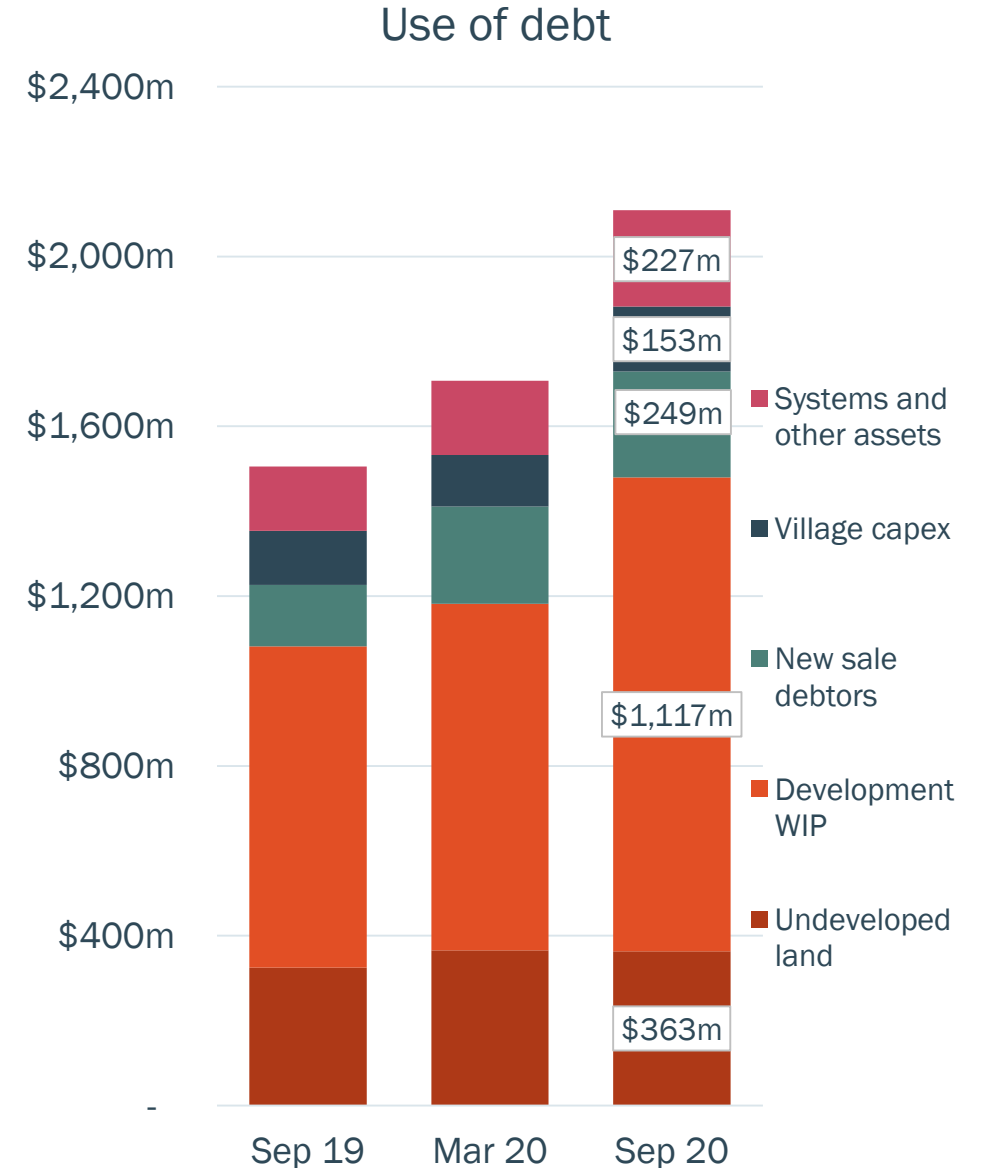
\*Uncontracted resales stock as a percentage of total retirement unit portfolio



## Appendix 9: Capital management

	Half year	Half year	Full year
Gearing (\$m)	Sep 20	Sep 19	Mar 20
Bank debt	\$2,109	\$1,505	\$1,707
Net assets	\$2,454	\$2,294	\$2,301
Total assets	\$8,337	\$7,256	\$7,677
<b>Bank debt/(bank debt + equity)</b>	<b>46.2%</b>	<b>39.6%</b>	<b>42.6%</b>
<b>Bank debt/total assets</b>	<b>25.3%</b>	<b>20.7%</b>	<b>17.2%</b>

Note: As documented in the Group's facility agreement, the Group has a right to off-set cash balances held against bank debt. Debt shown is total secured bank loans net of cash held at balance date.

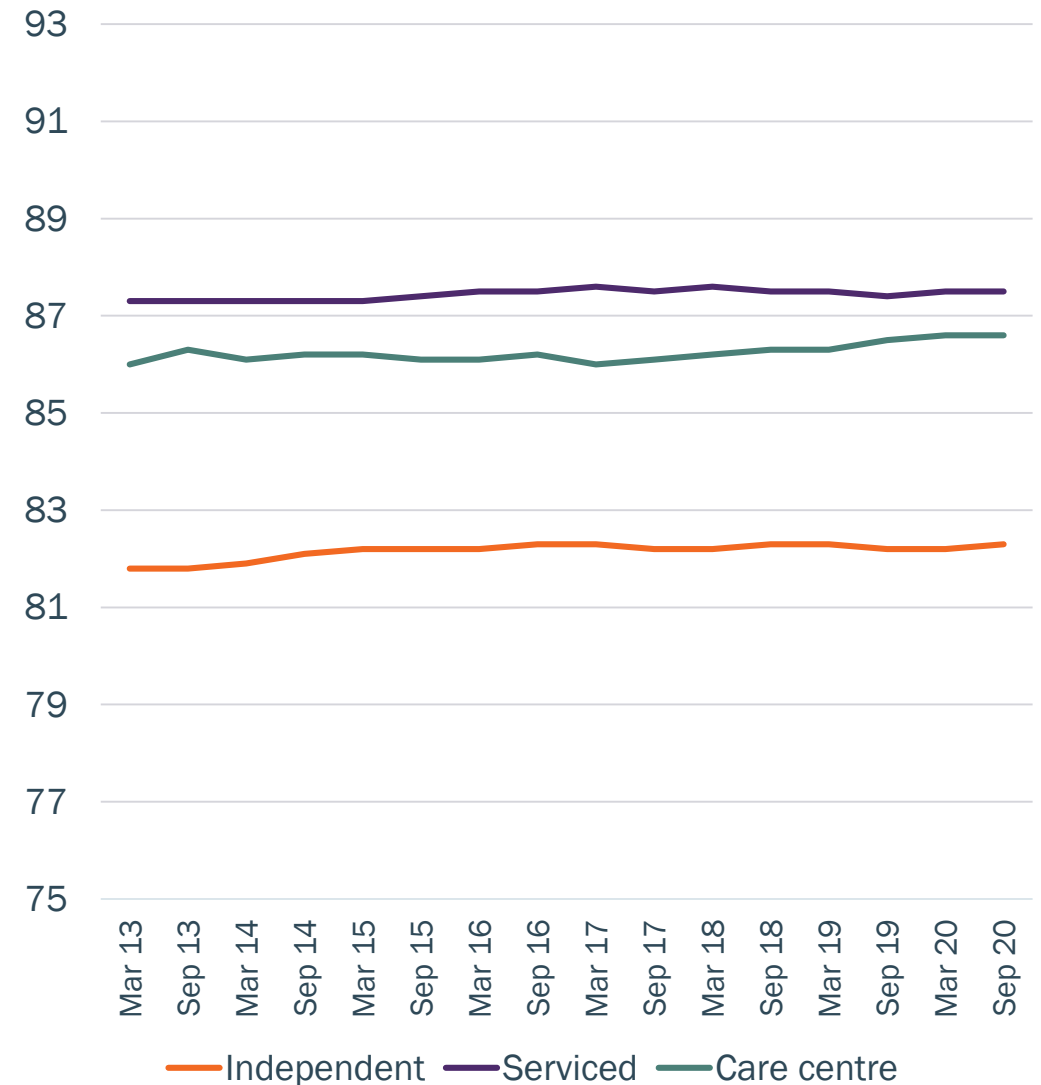


## Appendix 10: Resident average age and tenure (years)

Average age	Sep 20	Sep 19
Independent	82.3	82.2
Serviced	87.5	87.4
Care centre	86.6	86.5

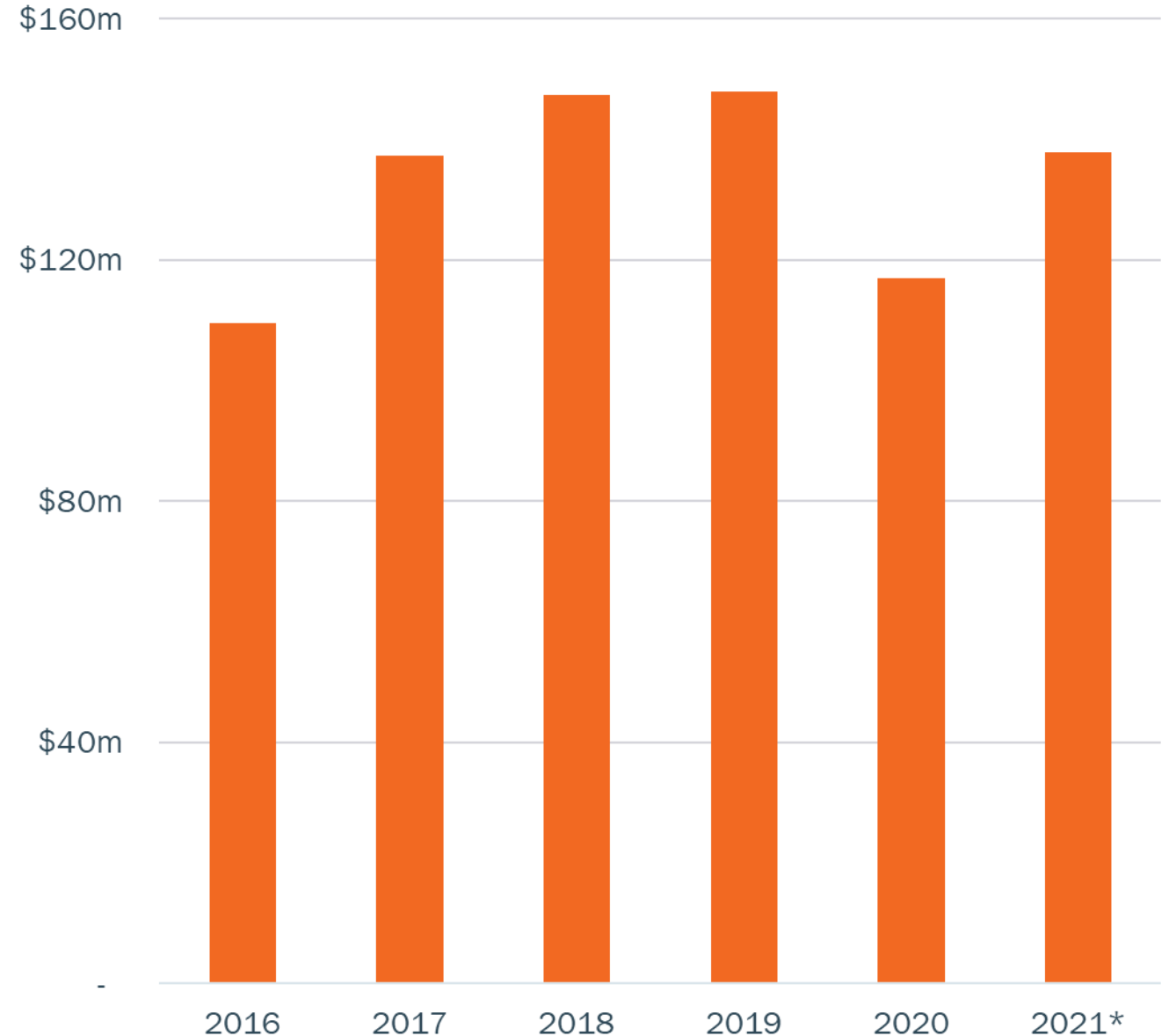
  

Average tenure - vacated units	Sep 20	Sep 19
Independent	6.0	5.6
Serviced	2.9	2.8





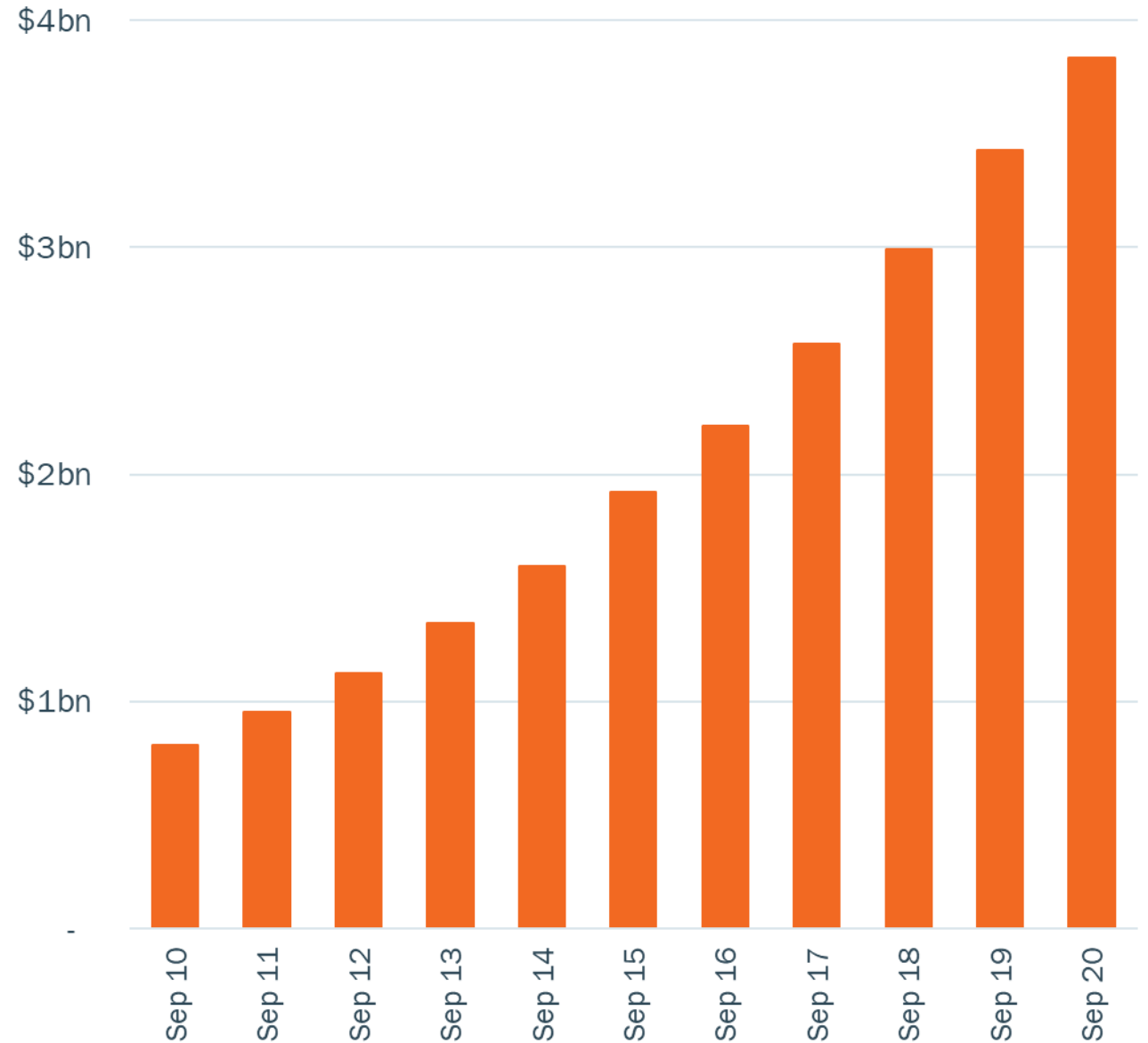
# Appendix 11: Value of contracts not booked



\*Data as at 30 September. All other data as at 31 March. Presales are unconditional occupation right agreements which have been entered into by residents but have not been booked as the unit is not yet near complete.

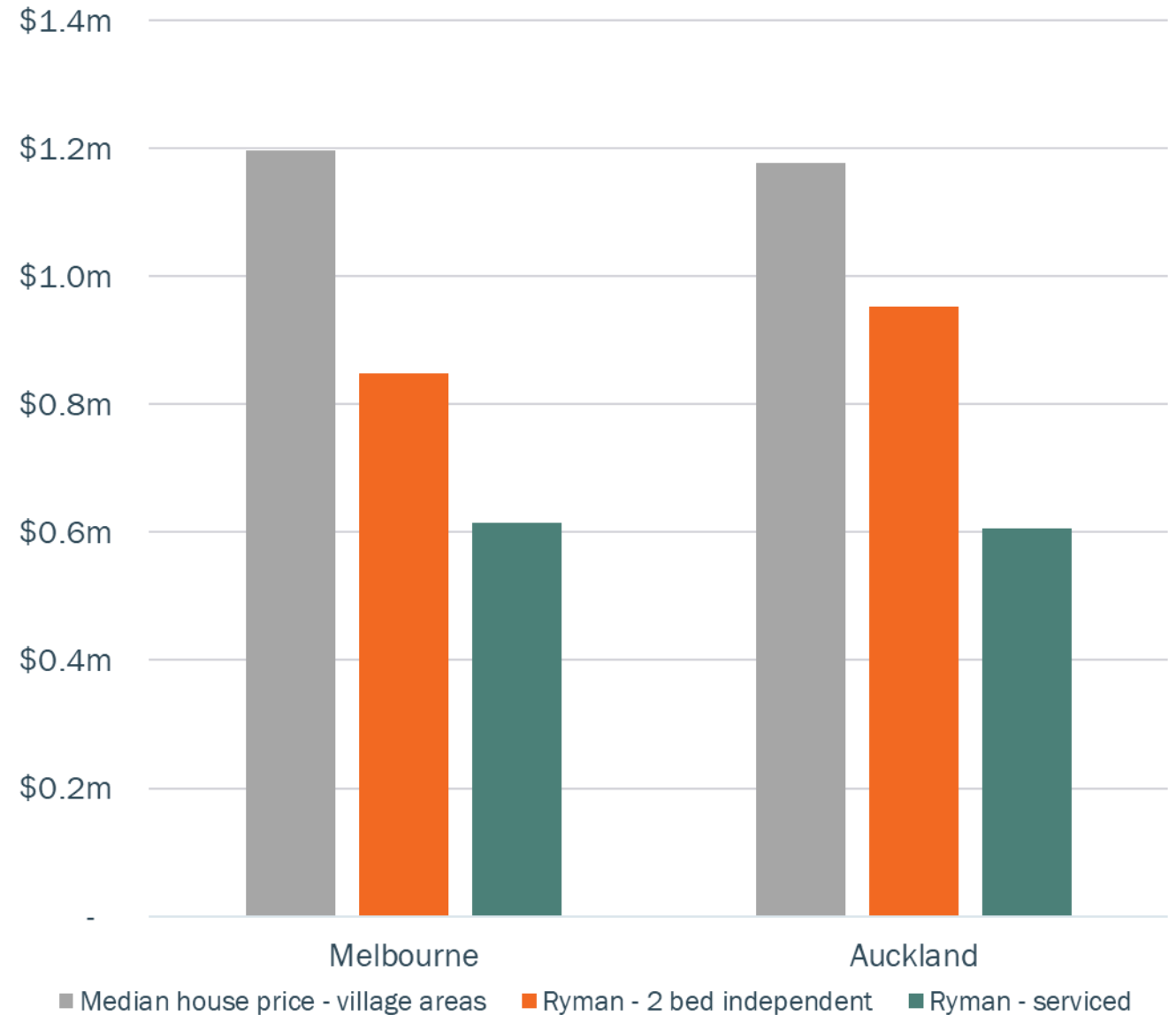
# Appendix 12: Gross occupancy advance

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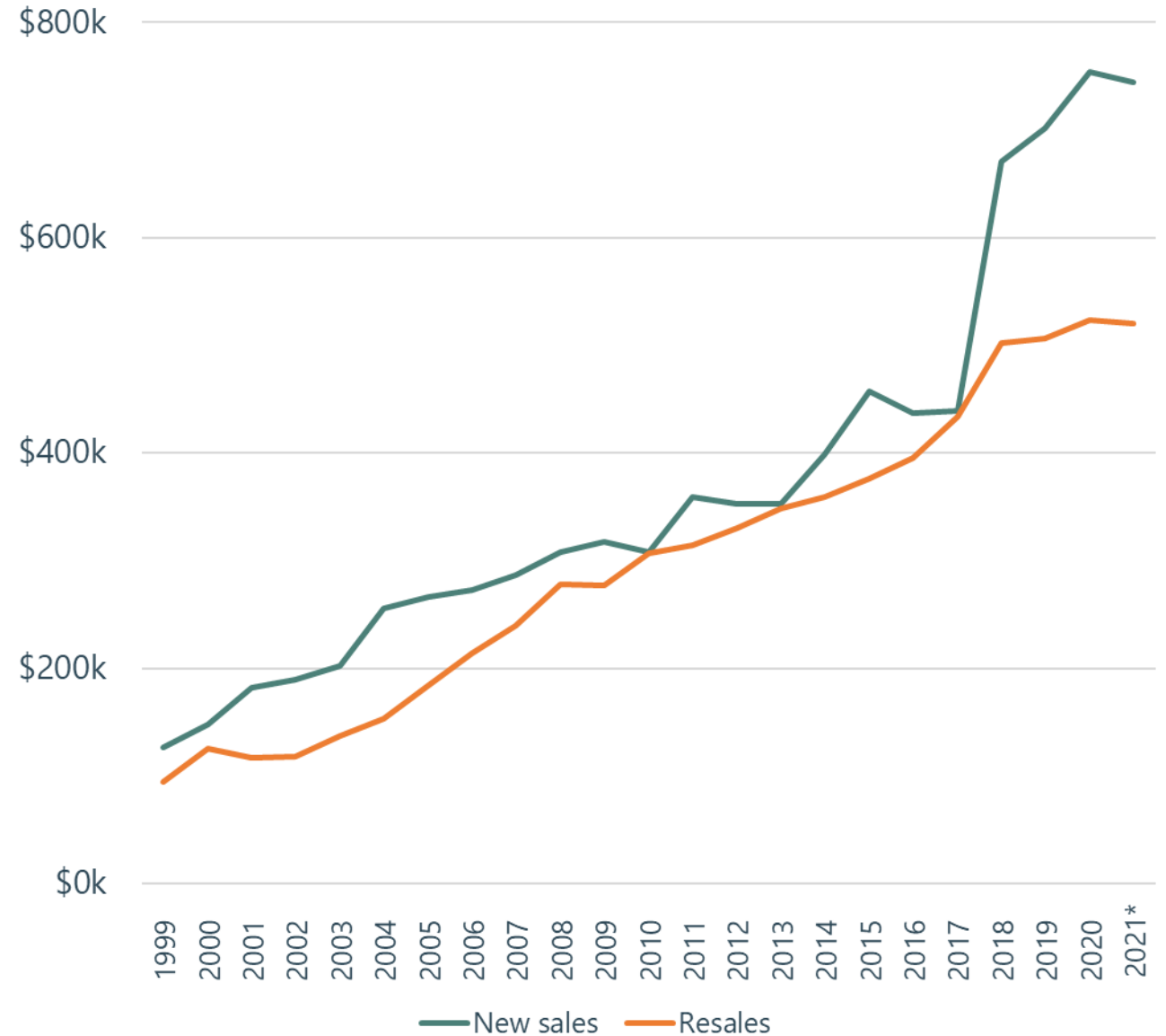


## Appendix 13: Sales price versus median house price



Note: The median house price reflects the average median house price over the last 6 months in the area surrounding our villages.

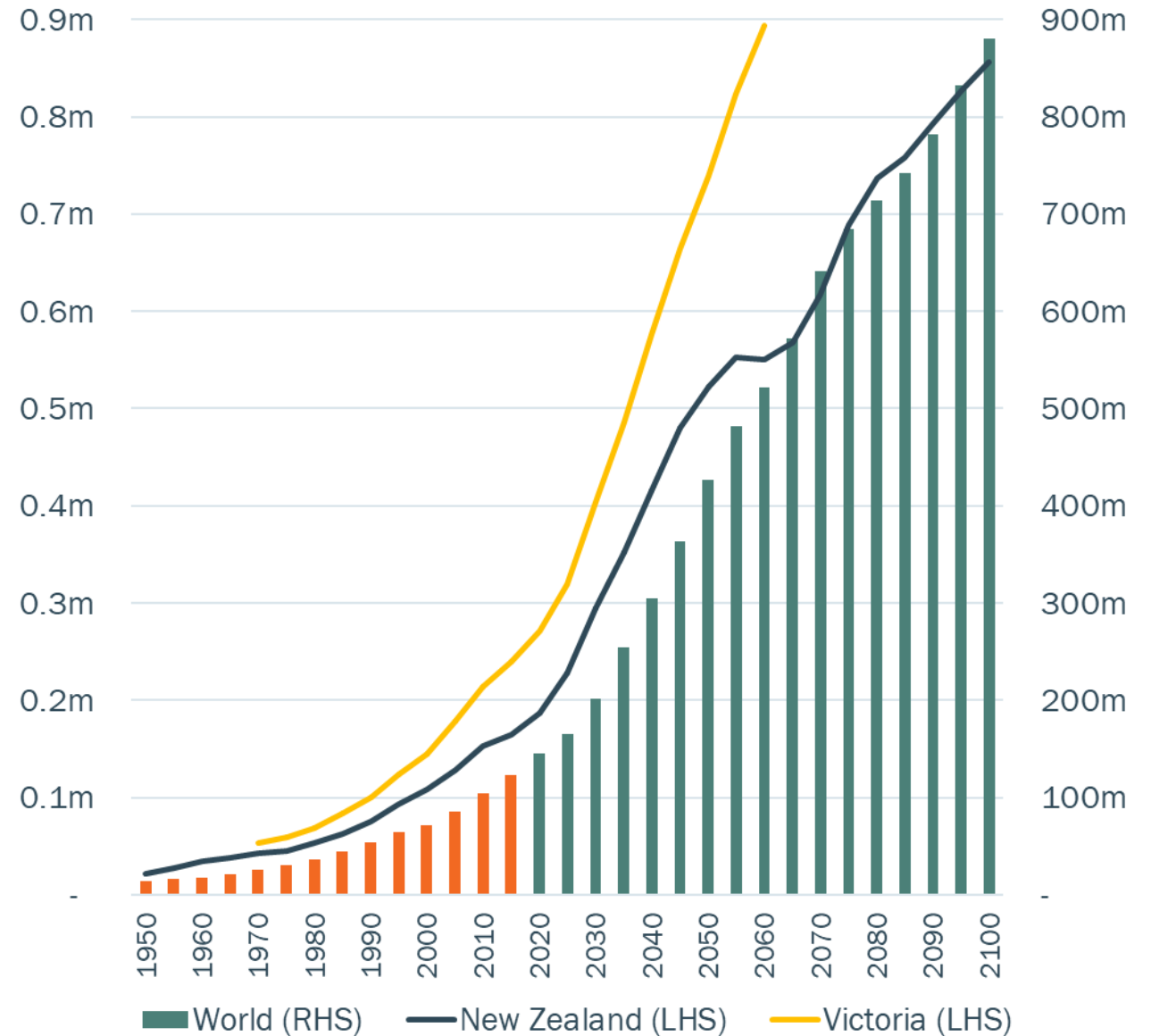
# Appendix 14: Average new and resale price

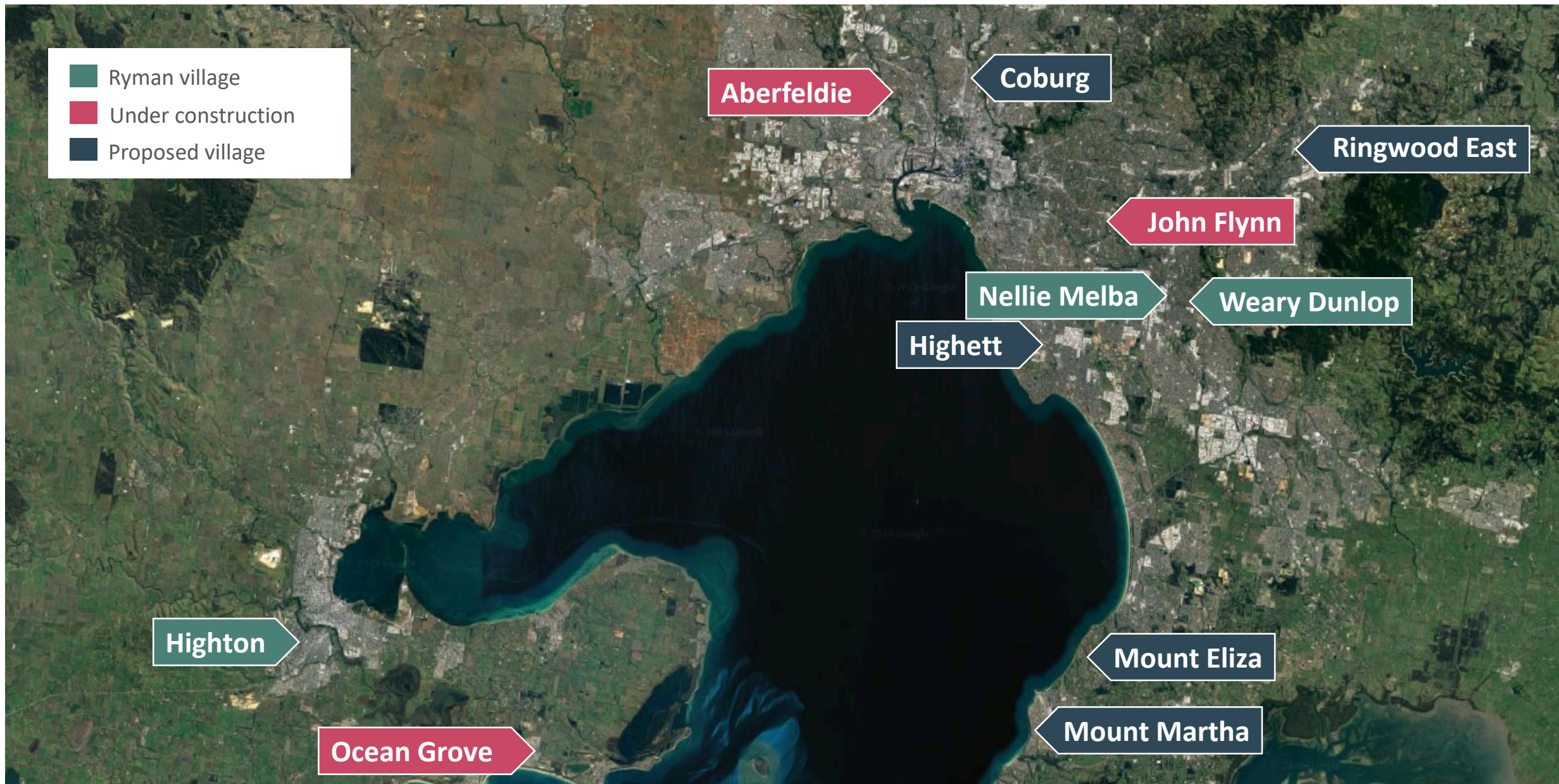


\*Data as at 30 September. All other data as at 31 March.



## Appendix 15: World population growth 80+





## Appendix 16: Eleven sites in Victoria





## Appendix 17: Thirteen sites in Auckland

# Appendix 18: Asset base

## New Zealand (ex Auckland)

Village	Location	Hospital	Dementia	Resthome	Serviced	Independent	Total
Anthony Wilding	Christchurch	80	33	35	50	110	308
Bob Owens	Tauranga	40	40	40	79	218	417
Bob Scott	Petone	40	40	34	89	254	457
Charles Fleming	Waikanae	40	40	40	79	201	400
Charles Upham	Rangiora	40	40	40	93	261	474
Diana Isaac	Christchurch	40	40	40	79	256	455
Ernest Rutherford	Nelson	49	25	20	75	124	293
Essie Summers	Christchurch	41	24	30	58	22	175
Frances Hodgkins	Dunedin	-	-	51	32	42	125
James Wattie	Hawkes Bay	-	-	-	-	64	64
Hilda Ross	Hamilton	68	40	43	51	167	369
Jane Mander	Whangarei	60	32	20	71	183	366
Jane Winstone	Whanganui	20	20	29	50	54	173
Jean Sandel	New Plymouth	39	33	39	62	171	344
Julia Wallace	Palmerston North	43	21	20	50	111	245
Kiri Te Kanawa	Gisborne	46	15	34	62	105	262
Linda Jones	Hamilton	40	40	40	93	127	340
Malvina Major	Wellington	90	-	30	39	123	282
Margaret Stoddart	Christchurch	-	-	46	20	20	86
Ngaio Marsh	Christchurch	81	-	30	40	119	270
Princess Alexandra	Napier	60	24	24	54	72	234
Rita Angus	Wellington	49	-	20	49	99	217
Rowena Jackson	Invercargill	70	26	61	46	103	306
Shona McFarlane	Lower Hutt	59	-	20	50	130	259
Woodcote	Christchurch	-	-	49	7	18	74
Yvette Williams	Dunedin	57	30	3	32	-	122
<b>Total units &amp; beds New Zealand (ex Auckland)</b>		<b>1,152</b>	<b>563</b>	<b>838</b>	<b>1,410</b>	<b>3,154</b>	<b>7,117</b>



# Appendix 18: Asset base

## Auckland

Village	Location	Hospital	Dementia	Resthome	Serviced	Independent	Total
Bert Sutcliffe	Birkenhead	40	40	40	81	225	426
Bruce McLaren	Howick	41	40	42	74	192	389
Edmund Hillary	Remuera	114	30	50	60	372	626
Evelyn Page	Orewa	60	37	20	65	248	430
Grace Joel	St Heliers	77	-	20	80	69	246
Miriam Corban	Auckland	-	-	-	-	44	44
Murray Halberg	Lynfield	42	42	40	86	158	368
Logan Campbell	Greenlane	43	30	43	80	116	312
Possum Bourne	Pukekohe	40	40	40	84	259	463
William Sanders	Devonport	40	36	36	77	105	294
<b>Total units &amp; beds Auckland</b>		<b>497</b>	<b>295</b>	<b>331</b>	<b>687</b>	<b>1,788</b>	<b>3,598</b>
<b>Total units &amp; beds New Zealand</b>		<b>1,649</b>	<b>858</b>	<b>1,169</b>	<b>2,097</b>	<b>4,942</b>	<b>10,715</b>

## Victoria

Village	Location	Hospital	Dementia	Resthome	Serviced	Independent	Total
Highton	Victoria	-	-	-	-	31	31
John Flynn	Melbourne	-	-	-	-	70	70
Nellie Melba	Melbourne	80	39	74	86	215	494
Weary Dunlop	Melbourne	30	20	32	48	200	330
<b>Total units &amp; beds Victoria</b>		<b>110</b>	<b>59</b>	<b>106</b>	<b>134</b>	<b>516</b>	<b>925</b>

## New Zealand and Victoria

<b>Total units &amp; beds</b>	<b>1,759</b>	<b>917</b>	<b>1,275</b>	<b>2,231</b>	<b>5,458</b>	<b>11,640</b>
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	Total	% of asset base
Care (hospital, dementia, resthome and serviced)	6,182	53.1%
Independent	5,458	46.9%

# Appendix 19: Land bank (New Zealand)

Existing villages	Location	Hospital	Dementia	Resthome	Serviced	Independent	Total
Diana Isaac	Christchurch	-	-	-	-	30	30
Grace Joel	Auckland	-	-	-	-	96	96
James Wattie	Hawkes Bay	35	35	20	78	83	251
Jean Sandel	New Plymouth	-	-	-	-	59	59
Linda Jones	Hamilton	-	-	-	-	121	121
Miriam Corban	Auckland	20	20	20	77	168	305
Murray Halberg	Auckland	-	-	-	-	183	183
William Sanders	Auckland	-	-	-	-	87	87
<b>Total existing villages</b>		<b>55</b>	<b>55</b>	<b>40</b>	<b>155</b>	<b>827</b>	<b>1,132</b>
New sites	Location	Hospital	Dementia	Resthome	Serviced	Independent	Total
Hobsonville	Auckland	40	40	40	101	276	497
Karori	Wellington	20	20	20	68	180	308
Kohimarama	Auckland	20	20	40	93	123	296
Takapuna	Auckland	15	15	15	30	59	134
Newtown	Wellington	20	15	20	56	40	151
Northwood	Christchurch	30	30	30	64	154	308
Park Terrace / Bishopspark	Christchurch	20	35	15	54	165	289
Riccarton Park	Christchurch	20	20	40	65	231	376
<b>Total new sites</b>		<b>185</b>	<b>195</b>	<b>220</b>	<b>531</b>	<b>1,228</b>	<b>2,359</b>
<b>Total landbank New Zealand</b>		<b>240</b>	<b>250</b>	<b>260</b>	<b>686</b>	<b>2,055</b>	<b>3,491</b>

Note: The land bank is subject to resource and building consent and various regulatory approvals.



# Appendix 19: Land bank (Victoria)

Existing villages	Location	Hospital	Dementia	Resthome	Serviced	Independent	Total
Highton	Victoria	40	20	40	60	49	209
John Flynn	Melbourne	38	38	38	96	104	314
Nellie Melba	Melbourne	-	-	-	-	113	113
<b>Total existing villages</b>		<b>78</b>	<b>58</b>	<b>78</b>	<b>156</b>	<b>266</b>	<b>636</b>

New sites	Location	Hospital	Dementia	Resthome	Serviced	Independent	Total
Aberfeldie	Melbourne	25	25	24	27	64	165
Coburg	Melbourne	35	35	36	76	200	382
Highett	Melbourne	30	19	30	45	85	209
Mount Eliza	Melbourne	40	42	42	55	217	396
Mt Martha	Victoria	40	40	36	37	70	223
Ocean Grove	Victoria	40	40	40	53	82	255
Ringwood East	Melbourne	40	40	40	53	241	414
<b>Total new sites</b>		<b>250</b>	<b>241</b>	<b>248</b>	<b>346</b>	<b>959</b>	<b>2,044</b>
<b>Total land bank Victoria</b>		<b>328</b>	<b>299</b>	<b>326</b>	<b>502</b>	<b>1,225</b>	<b>2,680</b>

<b>Total land bank New Zealand &amp; Victoria</b>		<b>568</b>	<b>549</b>	<b>586</b>	<b>1,188</b>	<b>3,280</b>	<b>6,171</b>
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Note: The land bank is subject to resource and building consent and various regulatory approvals.



# Disclaimer

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This presentation sets out information relating to Ryman Healthcare Limited's interim result for the period to 30 September 2020. It should be read in conjunction with all other material which we have released, or may release, to NZX from time to time. That material is also available on our website at [www.rymanhealthcare.com](http://www.rymanhealthcare.com).

## **Purpose of this presentation**

This presentation is for information purposes only. It is not an offer of financial products, or a proposal or invitation to make any such offer. It is not investment advice or a recommendation in relation to financial products, and does not take into account any person's individual circumstances or objectives. Every investor should make an independent assessment of Ryman on the basis of expert financial advice.

## **Forward-looking statements**

This presentation contains forward-looking statements and projections. These reflect our current expectations, based on what we think are reasonable assumptions. However, any of these forward-looking statements or projections may be materially different due to a range of factors and risks. Ryman gives no warranty or representation as to our future financial performance or any future matter.

## **Non-GAAP information**

Some of the financial information in this presentation has not been prepared in accordance with generally accepted accounting principles (i.e. it is non-GAAP financial information). This includes, in particular, our 'underlying profit' which Ryman has used for many years as a means of showing our profit absent any unrealised valuation movements. Ryman has historically used underlying profit as the basis for determining dividend payments to shareholders. We show our underlying profit together with our reported profit based on NZ IFRS (a GAAP measure).

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