



NZX RELEASE

ARVIDA REPORTS NPAT GROWTH OF 47% FOR 1H20

- > Net profit after tax of \$45.0 million, up 47% on 1H19
- > Underlying profit of \$23.4 million, up 31% on 1H19
- > Underlying EPS of 5.0 cents per share, up 16% on 1H19
- > Continued high care occupancy above 95%
- > 192 total occupation rights sales, up 16% on 1H19
- > Total resales of \$53.9 million, up 28% on 1H19
- > 94 new units delivered, on track for delivery of 200 new units for FY20
- > Annual delivery rate confirmed at 250+ units in FY21
- > Dividend of 1.45 cents per share declared for second quarter

19 November 2019 - NZX listed retirement village and aged care operator Arvida Group Limited reported strong growth in net profit to \$45.0 million for the six months ended 30 September 2019, up \$14.5 million compared to the prior corresponding period.

Arvida said IFRS profit included fair value movement on investment property of \$35.3 million relative to \$25.3 million in the first half of FY2019. The higher fair value movement reflected continuing positive unit pricing movement across the portfolio and the increase from the three acquired villages.

The total value of assets for the Group grew to over \$1.8 billion at 30 September 2019, up \$542 million from the start of the 2020 financial year. Arvida now has a portfolio of 2,359 retirement units and 1,682 aged care beds spread across 32 villages.

The three high quality villages acquired from the Sanderson Group for \$180 million have now been largely integrated. Arvida said it was focused on completing their integration and refining plans for development of complementary care facilities at two of the villages; Bethlehem Shores in Tauranga and Queenstown Country Club in Queenstown. Construction teams welcomed as part of the transaction had continued to make excellent progress with the planned development at these villages and their expertise was being utilised across other developments in the Group.

Business Performance

Underlying profit for the half increased to \$23.4 million, a 31% lift on the prior corresponding period.

"The result was driven by higher volumes and strong margins on the resale of occupation rights and an excellent operating result that was underpinned by the continuing performance of the care business," said Arvida CEO Mr Bill McDonald. "High demand for our care services and range of quality accommodation offerings is producing year on year growth in financial performance."

Arvida reported care occupancy at 95% in September, which continued to be significantly higher than industry experience, and that 72% of Arvida's care centres had now attained the gold-standard four-year Ministry of Health certification.

Mr McDonald commented that "the culture and know-how brought together in Arvida's person-centred care service offering – The Attitude of Living Well – forms a critical component in delivering quality services."

Staff engagement was indexed at 86%, up from 78%, in Arvida's second annual workplace survey.

Sales Activity

Underlying profit included \$17.9 million of gains on the settlement of 192 sales of occupation rights during the period, a 16% increase on the first half of FY2019.

Compared to the same period last year, a 41% lift in resale gains of \$12.7 million was reported. This reflected 148 resales in the period, up 10%, and higher resale margins at 24%. On average resale prices

were 3% above the pricing independently assessed at 31 March 2019, highlighting continued pricing momentum and demand for homes.

In the six-month period to 30 September 2019, \$34.3 million of new unit sales were settled at a development margin of 19%.

Development Milestones

Key development milestones were met with the delivery of the initial stage of the Waimea Plains development in Richmond, the final apartment block at Village at the Park in Wellington and the final villa stage at Lauriston Park in Cambridge. In total, 94 new homes were delivered across eight development sites in the half.

Mr McDonald said, “we are on track to deliver 200 new homes this financial year, in line with guidance provided. We expect this build rate to increase next year to over 250, as our development activity increases to deliver the pipeline of opportunities existing in our portfolio.”

Arvida’s future development pipeline includes 1,693 units and beds to be built over the next 5-7 years.

Development Update

Arvida said the outwardly facing community concept at Waimea Plains had been well received. The concept helps make the connection to the community by creating a “neighbourhood” that may include a health and fitness centre, hospitality, allied health and mixed retail. Sales of new villas and townhouses in the first stage at Waimea Plains had gone particularly well.

In Christchurch, the development at Park Lane is to include a similar concept where both residents and the wider community will have access to a new on-site facility and complementary health and wellbeing services.

Development of new care and apartment facilities at Aria Bay in Auckland and Copper Crest in Tauranga are progressing to an FY2021 completion date. These developments represent the first care suites to be offered under the new Arvida care occupational right agreement structure.

Outlook

Bill McDonald said the momentum in the first half was expected to continue for the balance of this financial year.

“With a strong first half now behind us, good momentum in earnings and a lift in our full year targets following completion of the recent acquisition, we remain confident to follow through with our priorities in the second half of FY2020,” said Mr McDonald.

A dividend of 1.45 cents (partially imputed) per share was declared for the September quarter to be paid on 11 December 2019. The record date for the dividend entitlement is 3 December 2019. The dividend is partially imputed at 0.10 cents per share. A supplementary dividend of 0.0454 cents per share will be paid to non-resident shareholders.

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For more information, please contact:

Bill McDonald, Chief Executive Officer, Arvida Group Limited
Tel: 021-270-3669 or email: bill.mcdonald@arvida.co.nz

Jeremy Nicoll, Chief Financial Officer, Arvida Group Limited
Telephone: 021-403-665 or email: jeremy.nicoll@arvida.co.nz

About Arvida:

Arvida is one of New Zealand’s largest aged care providers owning and operating 32 retirement villages located nationally. Each village operates independently under a corporate structure that supports village operations to ensure quality and consistency of service. Arvida has over 5,000 residents and provides a range of accommodation across a continuum of care that extends from independent living to full rest home, hospital and dementia-level care.

Arvida’s growth strategy includes the acquisition of quality villages that meet strict acquisition criteria as well as the development of additional facilities at existing villages and targeted development of new villages in areas that are supported by a strong demographic and economic profile.

Arvida is listed on the NZX (NZX: ARV). Website: www.arvida.co.nz

Key Statistics – Arvida Group Limited

Six months ended 30 September	2020	2019
Total operating revenue (\$000)	79,553	75,695
Net profit after tax (\$000)	45,016	30,541
Underlying profit (\$000)	23,357	17,858
Net operating cash flows (\$000)	30,381	26,045
Total assets (\$000)	1,841,661	1,202,937
Embedded value per unit (\$000)	176	142
Underlying profit per share (cents)	4.99	4.31
Dividend per share for period (cents)	2.90	2.60
Net tangible asset per share (cents)	125	115
Net implied value per share (cents)	139	132
Sale of Occupation Right Agreements		
New units (#)	44	30
Existing units (#)	148	135
Total units (#)	192	165
New units (\$m)	34	17
Existing units (\$m)	54	42
Total units (\$m)	88	59
Asset Base		
Care beds (#)	1,682	1,743
Retirement living units (#)	2,359	1,909
Total (#)	4,041	3,652
Needs-based composition (%)	58%	67%
Care Occupancy (%)	95%	95%
Development Pipeline		
Units delivered in period	94	61
Future development pipeline	1,693	1,385