



NZX RELEASE

STRONG GROWTH REPORTED BY ARVIDA

26 May 2020 – Arvida Group produced a strong result in the financial year to 31 March 2020, Chief Executive Bill McDonald said today.

Announcing Arvida's annual results, Mr McDonald said overall performance of the business tracked to expectation for most of the year, with some disruption due to Covid-19 overshadowing a record result. Continued implementation of Arvida's strategy has delivered strong business growth and financial performance in the 2020 fiscal year.

2020 financial year milestones included: the \$180 million acquisition of three high quality villages and successful completion of \$152 million capital raising to partially fund the transaction; delivery of 210 new units from development activities, significantly above guidance for the year of 170 units; addition of on-the-ground construction teams; achieving the gold standard 4 year Ministry of Health certification at 80% of care centres; recording excellent staff engagement and resident satisfaction results again in annual surveys; and the announcement of an agreement to develop a home care and community engagement technology platform.

A \$22.2 million (2019: \$48.7 million) change in fair value of investment property was included in reported IFRS profit at \$42.6 million (2019: \$59.1 million).

Underlying earnings of \$51.7 million were up 34% (2019: \$38.6 million), reflecting continued high care occupancy, a higher volume of resales and new sales and eight months of contributions from the three villages acquired during the year.

Resales of occupation rights in FY2020 set a new record, surpassing \$100 million for the first time.

The total value of assets for the Group grew to \$1.9 billion at 31 March 2020, up \$607 million from the start of the 2020 financial year. Arvida has grown to encompass a portfolio of 2,475 retirement units and 1,688 aged care beds spread nationally across 32 retirement communities.

Gearing at 30% is at the mid point of the Board's target range.

Arvida Chair Mr Peter Wilson noted an additional \$100 million bank facility was added subsequent to balance date. He said the Board maintained a conservative outlook on gearing with the additional capacity allowing development projects to progress to the revised programme.

Dividend

The Board declared an ordinary dividend of 1.45 cents per share for the final quarter. This brought total ordinary dividends for the year to 5.80 cents per share, up 8.4% on FY2019.

Effects of Covid-19

As an essential business, Arvida continued to operate throughout the Covid-19 pandemic. Business operations were impacted in several areas in February and March 2020:

- Construction activities at all sites were closed, with only essential weathertightness or health and safety related works completed.
- New admissions to care centres and villages were restricted.
- New sales and resales of occupation rights were restricted at a critical point in the financial year, albeit several settlements were brought forward prior to lock down.
- Higher labour and materials costs (such as personal protective equipment, antimicrobial cleaning and security personnel) were incurred to ensure capacity was available as and when required.

Financial outcomes of Covid-19 will impact FY2021. The key impacts in FY2020 were in relation to ORA sales where a number of settlements were either deferred or cancelled.

“For Arvida, the effects of the containment measures required and the disruption to sales and construction activities, may have a negative impact on the Group’s FY2021 operational costs, sales volumes, sales margins and earnings,” Mr Wilson said.

“The decline in earnings is also expected to lead to a decrease in free cash flow in FY2021 compared to the previous year. The Group is in a strong financial position and is positioned well for the opportunities and challenges that lie ahead.”

Peter Wilson indicated Arvida would continue with development plans with some deferral of projects and slightly lower build rates.

Updated development guidance for FY2021 and FY2022 is provided with 200 new units to be delivered annually. A range of factors could impact anticipated FY2021 delivery timeframes such as further Covid-19 related shutdowns of construction sites or disruption to supply lines.

The impact of Covid-19 on the residential housing market will be closely monitored to ensure supply of new units built does not exceed our projected demand.

Outlook

Mr Peter Wilson said, “While FY2020 was another successful fiscal year for the Group, the serious challenges of Covid-19 were only just emerging as the financial year came to a close.”

“It is clear Covid-19 will be a significant factor globally for some time yet and we, as a sector, will be dealing with the associated health risks in our communities and challenges for our business for some time to come.”

FY2021 dividend guidance will be provided when the earnings impact of Covid-19 is better understood.

Financial Performance

	FY2020	FY2019	FY2018	FY2017	FY2016
Total revenue (\$M)	163.7	152.4	132.3	101.4	82.5
Net profit after tax (IFRS) (\$M)	42.6	59.1	57.6	53.7	24.0
Underlying profit (\$M)	51.7	38.6	33.0	23.1	15.8
Net operating cash flow (\$M)	102.9	69.1	53.9	39.7	24.2
Total assets (\$M)	1,907.1	1,299.6	1,132.7	795.8	460.7
Underlying profit per share (cents)	10.23	9.33	8.90	7.66	6.05
Dividend per share (cents)	5.80	5.00	5.01	4.45	4.25
Net tangible assets per share (cents)	127	120	110	96	83

- ENDS -

For more information, please contact:

Bill McDonald, Chief Executive Officer, Arvida Group Limited
Tel: +64 21 270 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