



## Metlifecare Limited Financial Results for the Year Ended 30 June 2015

| Key Performances               | FY15            | FY14            | Movement vs FY14 |
|--------------------------------|-----------------|-----------------|------------------|
| Underlying Profit <sup>1</sup> | \$52.4 million  | \$46.0 million  | 13.9%            |
| Net Profit after Tax           | \$122.7 million | \$68.8 million  | 78.3%            |
| Total Assets                   | \$2.227 billion | \$2.004 billion | 11.1%            |
| Sales & Resale Volumes         | 490             | 458             | 7.0%             |
| Sales & Resales Gross value    | \$196.2 million | \$174.7 million | 12.3%            |
| Total Occupancy                | 97%             | 96%             | 1%               |
| Development Margin             | 17.3%           | 21.4%           | (4.1%)           |
| Dividend                       | 4.5 cents       | 3.75 cents      | 20%              |

### METLIFECARE REPORTS RECORD PROFIT

Metlifecare (NZX: MET, ASX: MEQ) has recorded a successful result for the year ended 30 June 2015 with Net Profit After Tax of \$122.7 million, a 78.3% increase on the prior year amount.

Underlying profit<sup>1</sup>, which removes non-cash items including unrealised valuation, increased to \$52.4 million, up 13.9%.

The fair value of investment property has increased by \$121.2 million lifting the total asset value to \$2.227 billion, an increase of 11.1% compared to the prior year amount. Net Tangible Assets per share increased to \$4.29 per share, an increase of 14.4%.

A final dividend of 3.0 cents per share (cps) reflects the company's strong cash flow and sound financial position, taking the full year dividend to 4.5 cps, a year on year increase of 20%.

Chief Executive Officer, Alan Edwards, said: "This has been another successful year for Metlifecare. We have delivered on our core business and have built capacity and capability in our Development Team to provide a strong platform to increase development activity."

"Strong demand for both new stock and resales stock saw occupancy reach 97%. Settlement of 490 occupation right agreements for FY15 was up 7.0%. The combined gross value of our sales and resales settlements increased by 12.3% to \$196.2 million."

"During the year we strengthened our Development Team and added capacity and capability with additional Development Managers, Project Managers and the design team effectively doubling the size of our team to 18 people. The growth in the team is to support our brownfield opportunities, construction sites and the development of the two new greenfield sites at Red Beach and Manukau."

Metlifecare delivered 133 new units during FY15. The company currently has 289 units and beds under construction. Of these, 205 are independent living units and 84 are care beds. The Company expects to deliver 166 new units, comprising 130 units and 36 care beds by 30 June 2016. Additionally, the Company's Development Team is actively working on over 900 units and care beds to bring to market over the coming years. These include Metlifecare's brownfield developments and the large scale sites at Red Beach and Manukau.

<sup>1</sup> Underlying profit removes the impact of unrealised gains on investment properties and excludes one-off gains and deferred taxation. Underlying profit for FY15 was \$52.4 million – underlying profit is reconciled to reported profit in the key statistics attached to this announcement. This is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Underlying profit is an industry-wide measure and Metlifecare believes it assists readers to understand the operating performance of the business.



Alan Edwards said: "It was very pleasing to see the rapid occupation of the first available units at our new sites, The Orchards and Greenwich Gardens. In Takapuna, The Poynton reached completion and this milestone event was recently celebrated. We are looking forward to seeing our new care home at The Orchards swing into operational mode as we anticipate our first residents moving in during September 2015. This will be the first new care home opened by Metlifecare since Coastal Villas in 2002."

"Metlifecare is progressing work at its new greenfield sites. Due diligence is completed at the Red Beach site and we are now focused on submitting an application for resource consent. This \$250 million development is planned to yield 492 accommodation units split between 365 apartments, 30 villas, 25 assisted living suites and 72 care beds. We are also making progress with due diligence and plans for the Manukau site."

At the 2014 Annual Meeting Metlifecare signalled that it was undertaking a strategic review of its Employee Value Proposition with a primary focus on the rates of pay and career path opportunities for the Company's care staff. Following consultation with our Unions, Metlifecare has begun implementing a range of initiatives to improve remuneration levels, to build opportunities for learning and meaningful career paths and lift engagement levels.

Alan Edwards said: "Investing in our staff is an investment in our future. We believe that these initiatives will lift skill levels, enhance the quality of care in our care homes and will impact positively with clients choosing Metlifecare care homes as a home of first choice. We have addressed remuneration and we are creating more meaningful career paths for our Health Care Assistants (HCAs). There will now be a real benefit to further learning for our HCAs and for the Company, the higher our skill levels the more accurate our delivery of quality care."

"We will invest in the growth and development of new villages, the maintenance and protection of our current assets, our people, technologies and our resident communities. Enhanced resident experiences will translate to word of mouth referrals. Content residents and a stable educated staff workforce will ultimately benefit our shareholders through improved occupancy and pricing."

"In FY16, we are anticipating a year of continued growth in the delivery rate of new units and care beds, continued consolidation of the Development Team resources, investment in maintaining our existing assets and further implementation of the employee value proposition."

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## **About Metlifecare**

Metlifecare is a publicly-listed aged care and retirement lifestyle company.

The happiness of our residents is at the heart of everything we do. We offer rewarding retirement lifestyle within vibrant social communities backed up by a full range of care services when required.

Established in 1984, the company has a proven track record of successfully owning and managing retirement villages in New Zealand. Metlifecare currently owns villages in prime locations throughout the North Island of New Zealand. Designed with our residents' personal freedom and sense of security in mind, our living options range from independent villas and apartments through to serviced apartments, rest homes and hospitals.

**[metlifecare.co.nz](http://metlifecare.co.nz)**



## METLIFECARE KEY STATISTICS FOR THE YEAR ENDED 30 JUNE 2015

|   | FY15<br>\$m  | FY14<br>\$m |
|---|--------------|-------------|
| <b>Net Profit After Tax</b>                             | <b>122.7</b> | <b>68.8</b> |
| Non-recurring item                                      | (1)          | -           |
| Net Profit excluding non-recurring item                 | 121.7        | 68.8        |
| Fair value movement of investment properties            | (121.2)      | (65.7)      |
| Impairment of PP&E                                      | 1.3          | -           |
| Realised gain on resales <sup>2</sup>                   | 31.3         | 26.0        |
| Realised development margin <sup>3</sup>                | 8.5          | 7.3         |
| Deferred Tax Benefit/(Expense)                          | 10.8         | 9.6         |
| <b>Underlying Profit<sup>4</sup></b>                    | <b>52.4</b>  | <b>46.0</b> |
|   | \$m          | \$m         |
| Total Income  | 101.5        | 94.8        |
| Operating Expenses excluding Finance costs <sup>5</sup> | (90.0)       | (80.9)      |
| Operating Cash Flow                                     | 83.3         | 59.5        |
| Earnings per share (cps)                                | 57.9         | 32.70       |
| Dividend per share (cps)                                | 4.50         | 3.75        |
| <b>Sales of Occupation Right Agreements</b>             |              |             |
| New units (number)                                      | 87           | 61          |
| Existing units (number)                                 | 403          | 397         |
| Total volume (number)                                   | 490          | 458         |
| New units value (\$m)                                   | 48.8         | 34.4        |
| Existing units value (\$m)                              | 147.4        | 140.3       |
| Total value (\$m)                                       | 196.2        | 174.7       |
| <b>Asset Base</b>                                       |              |             |
| Retirement village units (number)                       | 4,033        | 3,900       |
| Residential care beds (number)                          | 359          | 359         |
| Total assets (\$'000)                                   | 2,227.4      | 2,004.1     |
| Total value of investment properties (\$'000)           | 2,176.6      | 1,961.0     |
| Net tangible assets per share (\$)                      | 4.29         | 3.75        |
| Embedded value per unit (\$'000)                        | 155          | 130.3       |
| <b>Land Bank</b>  |              |             |
| Retirement village units (number)                       | 1,578        | 797         |
| Residential care beds (number)                          | 502          | 261         |
| Total   | 2,080        | 1,058       |

<sup>2</sup> For additional detail on the realised gain on resales refer page 22 of the Investor Presentation dated 26 August 2015.

<sup>3</sup> For additional detail refer page 22 of the Investor Presentation dated 26 August 2015. Realised development margin is the margin obtained on selling an occupation right agreement following the development of the unit. The calculation includes construction costs, non-recoverable GST, land apportionment, capitalised interest to the date of completion and infrastructure costs but excludes construction costs associated with amenities. The margins are calculated based on when a stage is completed. The margins presented above are on the basis of the settled units during the period.

<sup>4</sup> Underlying profit removes the impact of unrealised gains on investment properties and excludes one-off gains and deferred taxation. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. Underlying profit is an industry-wide measure and Metlifecare believes it assists readers to understand the operating performance of the business.

<sup>5</sup> Refer page 21 of the Investor Presentation dated 26 August 2015. Total Expenses excludes interest costs.