



METLIFECARE REPORTS RECORD PROFIT AND ESTABLISHES PLATFORM FOR FUTURE GROWTH

Metlifecare Limited performance highlights for the year to 30 June 2016¹:

- Reported net profit after tax of \$228.7 million, up 86%
- Underlying profit² of \$66.1 million, up 26%
- \$130.0 million net operating cash flow, up 56%
- \$50.5 million net operating cash flow excluding first time sales of occupation right agreements³, up 47%
- 568 total sales of occupation right agreements³, up 16%
- Total occupation right agreement sales of \$256.4 million, up 31%
- \$131.9 million invested into new and existing villages, up 56%
- Total assets of \$2,586.4 million, up 16%
- Final dividend of 4 cents per share taking total to 5.75 cents per share, up 28%

Metlifecare today announced a record result for the financial year to 30 June 2016. Reported net profit after tax grew by 86% to \$228.7 million, propelled by substantial movement in the fair value of its assets as well as improved operating performance.

The company's underlying profit, which removes various non-cash items, was \$66.1 million, 26% higher than last year. Total asset values increased by 16% to \$2,586.4 million, and earnings per share were \$1.08 compared to 58 cents last year.

Metlifecare's Chief Executive Officer Glen Sowry said the result was driven by high occupation right agreement sales for new and existing units and assisted by continued high property value growth in the company's stronghold regions of Auckland and the Bay of Plenty.

"This performance demonstrates the quality of Metlifecare's portfolio which is concentrated in high-growth regions of the upper North Island and positions us well to benefit from ongoing population growth and the buoyant property market."

"The volume of sales of occupation right agreements increased by 16% to 568 units which was a record result. As a result the gross sales of occupation right agreements were \$256.4 million, up 31% on last year."

¹ Comparison is with the 12 months to 30 June 2015.

² Underlying profit is provided as a retirement village industry standard presented to assist in comparison of Metlifecare's performance with its peers. Underlying profit removes the impact of unrealised gains on investment properties and also excludes one-off gains and taxation expense, and is reconciled to reported profit in performance summary attached to this announcement. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS. It is determined on a consistent basis each year.

³ Occupation right agreements (ORAs) confer the right to occupancy of the unit or serviced apartment. A new resident is charged a refundable payment, on being issued the right to occupy one of the Group's units or serviced apartments, which is refunded to the resident subject to a new occupation right agreement for the unit or serviced apartment being issued to an incoming resident, net of any amount owing to the Group.



"Demand has been consistent across new and established villages with overall occupancy at 97%. We have continued to experience high levels of pre-sales and our new development stages have been selling well."

Metlifecare reported the completion of 105 units during the period under review, with a further 279 units and beds under construction at 30 June 2016. Mr Sowry noted that the company is targeting an improved performance in the coming year as the result of increased capacity and capability of the development team.

The increased operational momentum drove a 56% rise in operating cash flow to \$130 million, which was used to fund growth. Bank debt increased to \$80.8 million, maintaining a debt to equity ratio of 7%, and retaining ample financial headroom for future investment in growth initiatives.

Consistent with its strategy to target high-growth high-yield areas, Metlifecare completed the purchase of a greenfield site in Albany (on Auckland's North Shore) during the year. Due diligence was also completed on the new Red Beach site (on Auckland's Hibiscus Coast), which became unconditional and settled after balance date. These two sites will potentially add more than 900 new units and care beds to the portfolio.

Masterton's Wairarapa Village was sold during the year as its local market dynamics and real estate environment did not meet the company's portfolio criteria. The company recorded a loss of \$3.1 million on the sale, however the \$5.9 million proceeds are now available to be reallocated to investments in high growth areas that represent stronger future yields.

Operationally, Mr Sowry said the past year had seen a heavy focus on improving delivery capacity and capability. "We have invested significantly in our people, recognising that they are key to our future success. Our development team has been considerably strengthened, and we are targeting improvements in delivery speed, quality and margins."

"The improved qualification-based wage structure for our care staff has seen immediate and positive outcomes, with more than one-third of our staff now in training; higher quality care being delivered; and greater levels of staff retention. We are also seeing increased levels of engagement with our leaders who have embarked on a company-wide leadership development programme."

Metlifecare's Chair Kim Ellis said the Board was pleased with the progress made during the year. "It has been an exciting period of change for the company, with new leadership and the opportunity to build on the success that the company has already achieved."

The Board has declared a final dividend of 4 cents per share for the year ended 30 June 2016, bringing the total dividend for the year to 5.75 cents, 28% higher than last year. The dividend will be paid on 23 September 2016, with a record date of 9 September 2016. The Dividend Reinvestment Plan does not apply for this dividend.



Outlook

Looking ahead, Mr Sowry said he has used the four months since taking the helm to review and redefine Metlifecare's priorities for the future. This will be shared with investors through an investor update on 7 September 2016, which will be available on the company's website.

"We are excited by the future. The company operates in a sector with strong underlying fundamentals, with an excellent portfolio and a robust operating model. We are well positioned to adapt and evolve our offering in a changing and competitive market place."

"We have created a solid platform for growth and our strong balance sheet and cash flows give us the financial capability to pursue the future opportunities that attract us."

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About Metlifecare:

Metlifecare is a leading New Zealand owner and operator of retirement villages, providing rewarding lifestyles and care to more than 5,000 New Zealanders. Established in 1984, it currently operates 24 villages, located primarily in high-value and high-growth regions of New Zealand's upper North Island.

Metlifecare is listed on the NZX and ASX.

metlifecare.co.nz



Metlifecare - Performance Summary	FY16	FY15	% Movement
(\$m except as noted)			
Net Profit After Tax	228.7	122.7	86%
Non recurring item	3.1	(0.9)	
Net profit excluding non recurring item	231.8	121.7	90%
Fair value movement	(237.2)	(121.2)	96%
Impairment of PP&E	0.0	1.3	-100%
Realised gain on resales	46.5	31.3	49%
Realised development margin	10.1	8.5	19%
Tax expense	15.0	10.9	39%
Underlying Profit before tax	66.1	52.4	26%
Total Income	106.2	101.5	5%
Operating Expenses excluding Finance Costs	(100.1)	(90.0)	11%
Operating Cash Flow	130.0	83.3	56%
Operating Cash Flow excluding development sales	50.5	34.4	47%
New units value (\$m)	79.5	48.8	63%
Existing units value (\$m)	176.9	147.4	20%
Total Value (\$m)	256.4	196.2	31%
Totals assets (\$m)	2,586.4	2,227.4	16%
Total Value of investment properties (\$m)	2,524.8	2,176.6	16%
Total Equity (\$m)	1,133.0	911.4	24%
Earnings per share (cps)	107.5	57.9	86%
Dividend per share (cps)	4.00	3.00	33%
Total Dividend per share (cps)	5.75	4.50	27.8%
Sales Settlements (number)	138	87	59%
Resales Settlements (number)	430	403	7%
Total volume (number)	568	490	16%
Retirement village units (number)	4,025	4,033	0%
Residential care beds (number)	354	359	-1%
Total units & beds	4,379	4,392	0%
Net tangible assets per share (\$)	5.32	4.29	24%
Embedded value per unit (\$'000)	208	155	34%
New units & beds delivered	105	133	-21%
Land Bank			
Retirement village units (number)	1,386	1,578	-12%
Residential care beds (number)	387	502	-23%
Total Land Bank	1,773	2,080	-15%
Shares on Issue ('000)	212,883	212,191	