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NZX & ASX RELEASE

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21% FY18 UNDERLYING PROFIT GROWTH, TWO SITES ACQUIRED

- Underlying profit for FY18 of NZ\$98.6 million, up 21% on FY17
- Net profit after tax of NZ\$214.5 million, down 11% on FY17
- Total assets of NZ\$2.8 billion, up 24% on FY17
- 640 total sales of occupation rights, down 6% on FY17
- 454 new retirement units delivered, up 1% on FY17
- Land bank total of 3,910 retirement units and 540 care beds
- Final dividend of NZ 7.2 cents per share
- Development margin of 33.2%, up from 27.3% for FY17
- New land acquired in Milldale and Waikanae

Retirement village operator Summerset Group Holdings Limited has announced a net profit after tax for the year ending 31 December 2018 of NZ\$214.5 million, down 11% on FY17.

Underlying profit, which excludes the impact of unrealised movements in the fair value of investment property was NZ\$98.6 million, up 21% on the same period last year. Annual growth in underlying profit has averaged 43% in the seven years since the company listed on the NZX in November 2011.

Summerset CEO Julian Cook said “Summerset’s performance continues to be sound with the 21% growth in underlying profit achieved in an environment where property price growth in key markets such as Auckland has moderated compared to prior years. This reflects good progress made throughout the business and the consistent demand for what we offer residents.”

Net profit after tax was NZ\$214.5 million, down 11% on the previous year, impacted by the fair value movement on investment property. The lower fair value movement versus the corresponding period in 2017 largely reflects the more moderate property market in some areas of the country.

Mr Cook said Summerset was the fastest growing retirement village operator in New Zealand. “In 2018 we built 454 new homes, in line with our guidance of 450 retirement units. This made Summerset the largest builder in New Zealand of retirement units in the 2018 financial year. This has never been a goal of the company but is indicative of the strong growth in the business since listing.”

“In 2018 we completed villages in Wigram, Trentham, Katikati and Karaka. In 2019, we will continue construction work on our Eilerslie, Hobsonville, Rototuna, Casebrook, Richmond, and Avonhead villages, and commence construction in both Kenepuru, Wellington and Te Awa, Napier.”

Summerset now has 25 villages completed or in development, and a land bank of nine properties, including two new land purchases. The new sites are in Milldale, north of Auckland and Waikanae on the Kapiti Coast, north of Wellington.



Mr Cook said the new sites are in areas with strong demographics and he expects the villages to be popular.

	Estimated village size (hectares)	Location	Approximate number of homes	Approximate investment (NZ\$ million)
Milldale	6.0	New Milldale sub-division, 7km north-west of Silverdale	292	200
Waikanae	8.0	Park Avenue, bordering on Waikanae Park	290	150

Summerset's care business continued its strong performance over 2018 with occupancy at 96.5% in established care centres. Resident satisfaction was also steady at industry-leading levels of 97% for care residents and 95% for retirement village residents. This satisfaction result was independently reviewed by KPMG.

Mr Cook said Summerset started work this year to become New Zealand's first retirement village operator with Dementia Friendly Accreditation.

Summerset has partnered with Dementia New Zealand and has a three year programme to help educate New Zealanders about dementia, and to reduce the stigma of having the degenerative brain disease.

Mr Cook said he was also pleased with the higher retention rate for staff this year, given traditionally high levels of turnover in the aged care industry.

"We are continuing to invest in our people and in the technology they use," he said.

"All of our village staff are now using VCare, a resident management system on iPads. This allows them to see vital resident information at the touch of a button, and provides much improved data which we analyse for trends and improvements."

Staff engagement increased again to 69% in 2018. This puts Summerset in the top quartile of the Aon Hewitt engagement survey which includes around 700 companies in New Zealand and Australia.

Looking ahead, Mr Cook said Summerset's focus in 2019 will be to continue delivering high quality retirement living around New Zealand, and to further plans to set up across the Tasman.

"We've continued to progress in Australia and are now seeking land opportunities. We are mindful of the property market conditions in the wider Melbourne area, which is our main area of interest. We will apply the appropriate safety buffers to our financial feasibilities on any sites acquired. We believe underlying demand for quality retirement village and aged care is strong. Any site we acquire now would not be selling retirement units until two to three years from now, by which time property market conditions will most likely have improved," Mr Cook said.

The board has declared an unimputed final 2018 dividend of NZ 7.2 cents per share. The record date will be Friday 8 March 2019 and the payment date Thursday 21 March 2019. This brings the total dividend payment for 2018 to NZ 13.2 cents per share, up 20% on 2017. The dividend reinvestment plan will apply to the dividend, with a discount of 2% applicable to those shareholders participating in the plan.

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ABOUT SUMMERSET

- Summerset is one of the leading operators and developers of retirement villages in New Zealand, with 25 villages completed or in development across the country. In addition, Summerset has nine sites for development in Parnell (Auckland), St Johns (Auckland), Milldale (Auckland), Waikanae (Kapiti Coast), Te Awa (Napier), Pohutukawa Place (New Plymouth), Papamoa (Tauranga), Kenepuru (Wellington) and Lower Hutt (Wellington), bringing the total number of sites to 34.
- It provides a range of living options and care services to more than 5,000 residents.
- Silver Award winner in the Reader's Digest Quality Service Awards 2019.
- The Summerset Group has villages in Aotea, Avonhead, Casebrook, Dunedin, Ellerslie, Hamilton, Hastings, Havelock North, Hobsonville, Karaka, Katikati, Levin, Manukau, Napier, Nelson, New Plymouth, Palmerston North, Paraparaumu, Richmond, Rototuna, Taupo, Trentham, Wanganui, Warkworth and Wigram.