

Radius Residential Care

Filling Beds and Finding Efficiencies

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Radius Residential Care (RAD) delivered another standout half, posting record 1H26 earnings that reinforce its standing as one of the best-positioned operators in NZ's tightening aged care market. Underlying EBITDA rose +41% to NZ\$14.9m, while NPAT tripled to NZ\$6.3m. Rising occupancy (95% in 1H26) continues to drive strong operating leverage for RAD, with additional residents being accommodated within existing staffing levels. Disciplined cost control and increased accommodation supplement revenue are also supporting margins. Net debt to EBITDA fell to 2.3x with strong cashflow in 1H26, below RAD's 2.5x medium-term target. Following the successful integration of St Allisa, RAD is continuing to execute its capital-light expansion strategy through developments in Christchurch (Belfast) and Hokitika. We modestly cut FY26 EBITDA forecasts -1%, on more conservative cost assumptions, but lift our terminal full-occupancy +100bp to 97% from FY27 onwards. Management suggests constrained sector capacity could temporarily lift occupancy above our full-occupancy assumptions in the short term. Our spot valuation lifts +4% to NZ\$0.50.

NZX code	RAD	Financials: Mar/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$0.40	Rev (NZ\$m)	177.4	207.3	216.5	222.6	PE	15.5	8.7	7.5	6.4
Spot Valuation	NZ\$0.50 (from 0.48)	NPAT* (NZ\$m)	7.4	13.1	15.4	17.8	EV/EBIT	13.9	10.1	9.3	8.8
Risk rating	Medium	EPS* (NZc)	2.6	4.6	5.4	6.3	EV/EBITDA	9.5	7.5	7.1	6.8
Issued shares	283.4m	DPS (NZc)	1.5	2.1	2.4	2.8	Price / NTA	2.3	1.7	1.4	1.2
Market cap	NZ\$113.4m	Imputation (%)	100	100	100	100	Cash div yld (%)	3.6	5.1	5.9	6.9
Avg daily turnover	162.0k (NZ\$52k)	*Based on normalised profits					Gross div yld (%)	5.0	7.0	8.2	9.6

What's changed?

- **Earnings:** Underlying EBITDA estimates for FY26/FY27/FY28 move by -1%/+0%/+2% respectively.
- **Spot valuation:** Our spot valuation rises +NZ2cps to NZ\$0.50, driven by a lift in our full-occupancy estimate from 96% to 97%.

Occupancy and yield drive profitability

RAD's core operating metrics continue to strengthen, with occupancy +270bp above 1H25 levels at 95.0% and bed mix continuing to shift towards higher-acuity residents. Accommodation supplements revenue lifted +13% to NZ\$6.0m, contributing to a +17% increase in total revenue. Annualised EBITDAR per bed lifted +7% to NZ\$29.9k, demonstrating significant operating leverage. Sixteen of RAD's 24 care homes now hold the maximum four-year audit certification, helping to underpin yield and pricing.

Efficiency gains delivering scale

Having maintained full rosters for more than a year, RAD is adding residents and scaling its 'RadPro' data-led operational systems without a commensurate expansion in staff numbers. Further, wage inflation has also stabilised, allowing incremental occupancy and premium accommodation revenue to flow through to EBITDA. These efficiency gains are expected to continue in 2H26 and into FY27.

Capital-light growth builds momentum

RAD's disciplined expansion continues to progress. The 109-bed St Allisa care centre, which RAD acquired in May 2025, exited 1H26 having already reached profitability. Development approval has been secured for an 80-bed facility and 55-villa village at Hokitika, while land settlement for the 4.3ha Christchurch (Belfast) project remains on track for 2H26. Both projects align with RAD's model of leasing care facilities while owning adjacent retirement villages, enhancing return on capital. With gearing falling and 1H26 AFFO up +99% to NZ\$7.2m, dividend capacity and site growth optionality are improving.

Radius Residential Care Limited (RAD)

Market Data (NZ\$)						Spot valuation (NZ\$)					
Priced as at 19 Nov 2025						0.40					
52 week high / low						0.42 / 0.17					
Market capitalisation (NZ\$m)						113.4					
Carbon and ESG (CESG)**						Key WACC assumptions					
CESG rating						n/a					
CESG score						n/a					
Sector average CESG score						n/a					
NZ average CESG score						n/a					
Profit and Loss Account (NZ\$m)						Valuation Ratios					
Revenue	2024A	2025A	2026E	2027E	2028E	EV/Sales (x)	2024A	2025A	2026E	2027E	2028E
Revenue	171.2	177.4	207.3	216.5	222.6	EV/EBITDA (x)	1.9	1.7	1.5	1.5	1.4
Normalised EBITDA	29.6	32.3	41.1	44.3	46.7	EV/EBIT (x)	10.8	9.5	7.5	7.1	6.8
Depreciation and amortisation	(9.9)	(10.4)	(11.6)	(11.6)	(11.8)	PE (x)	16.8	13.9	10.1	9.3	8.8
Normalised EBIT	19.7	21.9	29.6	32.7	34.9	Price/NTA (x)	33.0	15.5	8.7	7.5	6.4
Net interest	(15.5)	(12.0)	(11.4)	(11.6)	(10.7)	Free cash flow yield (%)	2.5	2.3	1.7	1.4	1.2
Associate income	-	-	-	-	-	Adj. free cash flow yield (%)	7.0	9.9	3.5	11.8	13.5
Tax	(12.1)	(3.1)	(5.0)	(5.7)	(6.4)	Net dividend yield (%)	7.7	10.4	10.5	13.8	15.5
Minority interests	-	-	-	-	-	Gross dividend yield (%)	1.8	3.6	5.1	5.9	6.9
Normalised NPAT	3.5	7.4	13.1	15.4	17.8		2.4	5.0	7.0	8.2	9.6
Abnormals/other	(11.9)	0.0	1.2	1.2	1.1	Capital Structure					
Reported NPAT	(8.5)	7.4	14.3	16.6	18.9	Interest cover EBIT (x)	2024A	2025A	2026E	2027E	2028E
Normalised EPS (cps)	1.2	2.6	4.6	5.4	6.3	Interest cover EBITDA (x)	1.2	1.8	2.7	2.9	3.4
DPS (cps)	0.7	1.5	2.1	2.4	2.8	Net debt/ND+E (%)	1.9	2.7	3.6	3.8	4.3
Growth Rates						Net debt/EBITDA (x)	54.4	50.0	45.0	38.2	31.5
Revenue (%)	2024A	2025A	2026E	2027E	2028E		2.5	2.1	1.7	1.4	1.1
Revenue (%)	17.1	3.6	16.9	4.4	2.8	Key Ratios					
EBITDA (%)	30.5	9.2	27.2	7.6	5.6	Return on assets (%)	2024A	2025A	2026E	2027E	2028E
EBIT (%)	>100	15.4	39.8	10.2	6.4	Return on equity (%)	5.7	6.5	8.4	9.0	9.2
Normalised NPAT (%)	>100	>100	78.8	16.8	16.1	Return on funds employed (%)	5.6	10.8	15.7	15.6	15.5
Normalised EPS (%)	>100	>100	79.6	16.8	16.1	EBITDA margin (%)	0.9	1.9	3.1	3.5	4.0
Ordinary DPS (%)	0.0	>100	41.4	17.1	16.7	EBIT margin (%)	17.3	18.2	19.8	20.4	21.0
Cash Flow (NZ\$m)						Capex to sales (%)	11.1	12.4	14.8	15.7	16.2
EBITDA	2024A	2025A	2026E	2027E	2028E	Capex to depreciation (%)	2.0	3.3	7.0	4.2	4.2
EBITDA	29.6	32.3	41.1	44.3	46.7	Imputation (%)	-35	-57	-126	-78	-78
Working capital change	(3.7)	2.8	(2.5)	(0.7)	(0.8)	Pay-out ratio (%)	100	100	100	100	100
Interest & tax paid	(14.0)	(13.1)	(16.4)	(17.3)	(17.1)	Operating Performance					
Other	2.3	(1.9)	-	-	-	Segment EBITDA	2024A	2025A	2026E	2027E	2028E
Operating cash flow	14.1	20.1	22.2	26.3	28.9	Aged care	42.7	46.2	56.1	59.6	62.0
Capital expenditure	(3.5)	(5.8)	(14.6)	(9.0)	(9.2)	Retirement villages	4.5	2.9	4.5	4.7	5.2
(Acquisitions)/divestments	-	(0.9)	-	-	-	Support	-17.6	-16.7	-19.5	-20.1	-20.4
Other	(3.4)	(3.4)	(3.6)	(3.7)	(4.2)	Total	29.6	32.4	41.1	44.3	46.7
Funding available/(required)	7.3	9.8	4.0	13.6	15.4	Key drivers					
Dividends paid	-	(3.8)	(4.8)	(6.1)	(7.4)	Sales - new units	0	0	6	6	6
Equity raised/(returned)	-	(0.0)	-	-	-	Ave price - new sales (NZ 000's)	0	500	500	515	530
(Increase)/decrease in net debt	7.3	5.9	(0.8)	7.5	8.1	Sales - resold units	28	18	20	21	22
Balance Sheet (NZ\$m)						Ave price - re-sales (NZ 000's)	390	427	440	453	467
Working capital	2024A	2025A	2026E	2027E	2028E	Gross development margin	0%	0%	5%	5%	10%
Working capital	(4.4)	(8.8)	(6.6)	(6.2)	(5.8)	Gross resales margin	16%	19%	19%	19%	19%
Fixed assets	117.3	118.2	126.6	129.3	132.1	Portfolio					
Intangibles	16.1	18.1	18.1	18.1	18.1	Care beds	1,789	1,789	1,898	1,898	1,898
Right of use asset	109.9	109.5	117.7	112.5	107.1	Care bed occupancy	92%	93%	96%	97%	97%
Other assets	73.5	77.1	83.8	90.9	98.3	Accommodation supplement beds	888	1,034	1,082	1,120	1,158
Total funds employed	312.4	314.1	339.6	344.4	349.8	% of beds with supplements	50%	58%	57%	59%	61%
Net debt/(cash)	73.5	67.7	68.5	61.0	53.0						
Lease liability	121.1	122.7	132.7	129.0	124.8						
Other liabilities	46.7	47.7	46.4	47.5	48.6						
Shareholder's funds	71.1	76.0	92.0	106.9	123.4						
Minority interests	-	-	-	-	-						
Total funding sources	312.4	314.1	339.6	344.4	349.8						

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend** Information on Forsyth Barr's Carbon and ESG (CESG) ratings can be found at www.forsythbarr.co.nz/corporate-news-events/cesg-report

1H26 results review

RAD reported a strong 1H26 result demonstrating continued operational momentum. Key points:

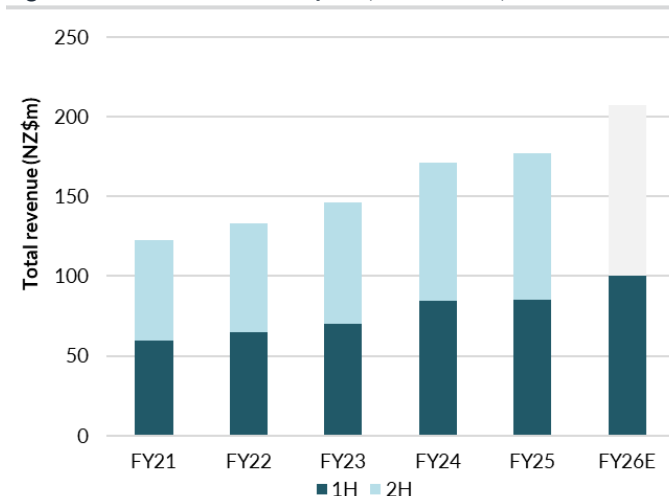
- **NPAT attributable to shareholders:** Rose to a record NZ\$6.3m, +221% against 1H25.
- **Underlying EBITDAR per bed:** Lifted +7% to an annualised NZ\$29.9k, reflecting operating leverage from higher occupancy, a stronger high-acuity mix, and incremental accommodation supplement revenue. Underlying EBITDA rose +41% to NZ\$14.9m.
- **Occupancy:** Averaged 95%, +270bp on 1H25, on demand for higher-acuity hospital and specialist care.
- **Accommodation supplements:** Revenue rose +13% to NZ\$6.0m, supporting a +17% increase in total revenue to NZ\$100.2m.
- **Cashflow and AFFO:** Operating cashflow more than doubled to NZ\$13.3m (+102%), while AFFO rose +99% to NZ\$7.2m, underpinning an interim dividend of 1.0cps (fully imputed, +54% against 1H25).
- **Debt and leverage:** Net debt reduced to NZ\$63.7m (-NZ\$4.1m vs FY25), with net debt to EBITDA improving to 2.3x, below the 2.5x medium-term target. We expect RAD's debt to lift in 2H26 to support upcoming developments.
- **St Allisa acquisition:** The 109-bed care home, acquired in May 2025, contributed for three months. The home was fully integrated within one month and exited the half delivering positive EBITDA. St Allisa will fully contribute in 2H26, with management expecting a 'meaningful' positive earnings contribution in the half.
- **Outlook:** Management expects 2H26 trading to be consistent with 1H26, supported by high occupancy, capital-light expansion, and the contribution from St Allisa. Occupancy has remained above 95% through 2H26 to date.

Figure 1. Result summary (NZ\$m)

NZ\$m	1H25	1H26	Change (%)
Revenue	84.2	99.0	+18%
Deferred management fees	1.2	1.2	+1%
Total revenue	85.4	100.2	+17%
Change in fair value of investment property	0.6	1.6	+175%
Interest income	0.1	0.0	-48%
Total revenue and other income	86.1	101.9	+18%
Employee costs	(51.2)	(59.3)	+16%
Depreciation expense	(5.0)	(5.8)	+14%
Finance costs	(6.3)	(5.8)	-8%
Other expenses	(20.7)	(22.5)	+9%
Total expenses	(83.3)	(93.4)	+12%
Profit (loss) before income tax	2.8	8.5	+209%
Income tax expense	(0.8)	(1.9)	+142%
Profit for the period (NPAT)	2.0	6.6	+236%
Profit for the period attributable to shareholders	2.0	6.3	+221%
Basic and diluted eps (cents per share)	0.69	2.33	+238%
Underlying EBITDA (RAD)	10.6	14.9	+41%

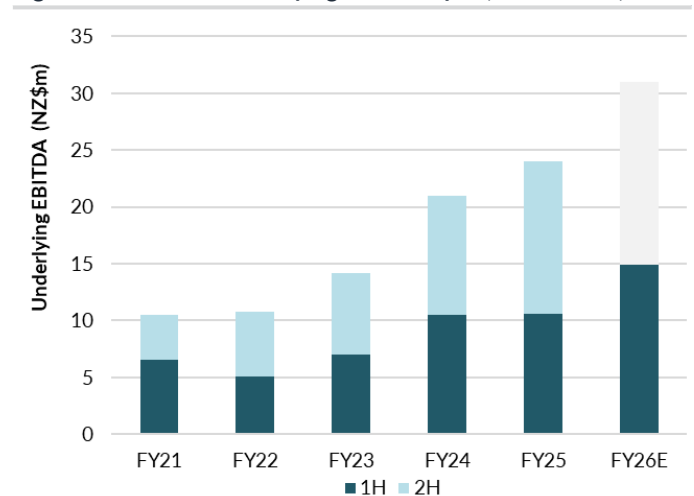
Source: Company, Forsyth Barr analysis

Figure 2. RAD—HY revenue splits (with 2H26E)



Source: Company, Forsyth Barr analysis

Figure 3. RAD—HY Underlying EBITDA split (with 2H26E)



Source: Company, Forsyth Barr analysis

Earnings revisions

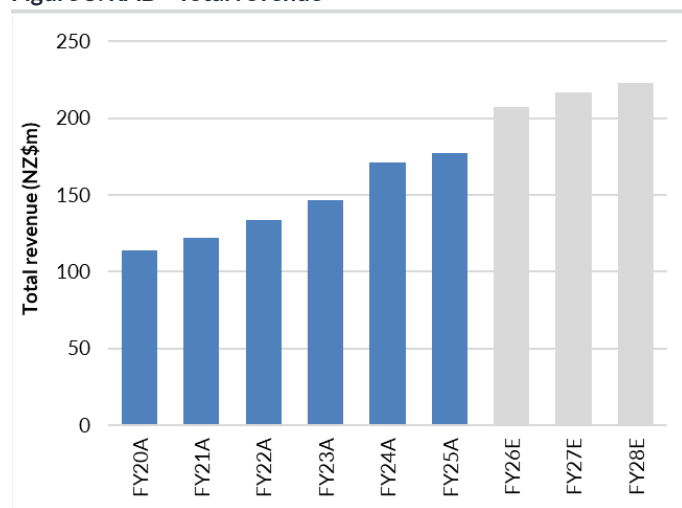
We make a number of changes to our estimates following RAD's 1H26 result, reflecting: (1) a larger contribution from the St Allisa care home; (2) inclusion of the Ministry of Health's 2025 contract rate adjustment delivering a +4.0% increase in per-day bed rates across all service categories; (3) higher depreciation flows through 2H26; and (4) a +100bp lift in our full-occupancy estimates to 97%, seeing this level achieved from FY27 onwards.

Figure 4. Earnings revisions (NZ\$m)

	FY25E Actual	Old	FY26E New	Change	Old	FY27E New	Change	Old	FY28E New	Change
Total revenue and other income	180.7	198.6	210.8	+6%	204.9	220.1	+7%	210.9	226.6	+7%
Employee costs	(106.3)	(112.5)	(122.7)	+9%	(114.3)	(125.7)	+10%	(117.5)	(128.5)	+9%
Depreciation	(10.4)	(10.5)	(11.6)	+10%	(10.6)	(11.6)	+9%	(10.8)	(11.8)	+9%
Finance costs	(12.2)	(11.5)	(11.5)	+1%	(11.5)	(11.7)	+2%	(11.1)	(11.0)	-1%
Other expenses	(41.3)	(43.7)	(45.6)	+4%	(45.2)	(48.9)	+8%	(46.5)	(50.0)	+7%
Total expenses	(170.2)	(178.2)	(191.5)	+7%	(181.7)	(197.8)	+9%	(186.0)	(201.2)	+8%
Profit (loss) before income tax	10.5	20.4	19.3	-5%	23.2	22.3	-4%	24.9	25.3	+2%
Income tax expense	(3.1)	(5.7)	(5.0)	-13%	(6.5)	(5.7)	-12%	(7.0)	(6.4)	-9%
NPAT	7.4	14.7	14.3	-2%	16.7	16.6	-1%	17.9	19.0	+6%
Attributable to shareholders	7.0	14.2	13.6	-4%	16.1	15.9	-1%	17.3	18.2	+5%
Basic and diluted eps	0.026	0.052	0.051	-2%	0.059	0.059	-0%	0.063	0.067	+6%
DPS	0.015	0.022	0.021	-5%	0.025	0.024	-2%	0.028	0.028	+2%
Underlying EBITDA (post leases)	23.5	31.4	31.0	-1%	34.0	33.8	-0%	35.2	36.0	+2%

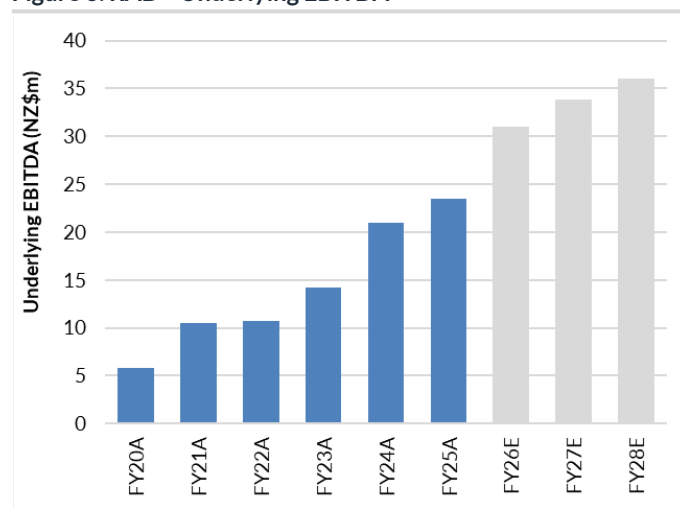
Source: Company, Forsyth Barr analysis

Figure 5. RAD—Total revenue



Source: Company, Forsyth Barr analysis

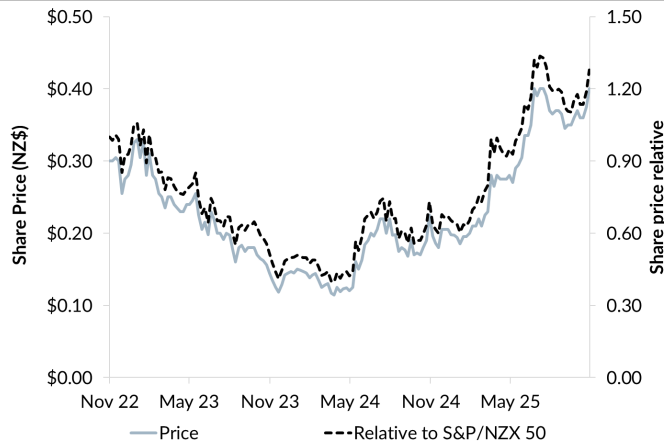
Figure 6. RAD—Underlying EBITDA



Source: Company, Forsyth Barr analysis

Additional data

Figure 7. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 8. Substantial shareholders

Shareholder	Latest Holding
Kade Kings Limited	33.6%
Windhaven Care Holdings	6.5%
Neil John Foster	5.5%
Main Family Trust No.2	5.4%

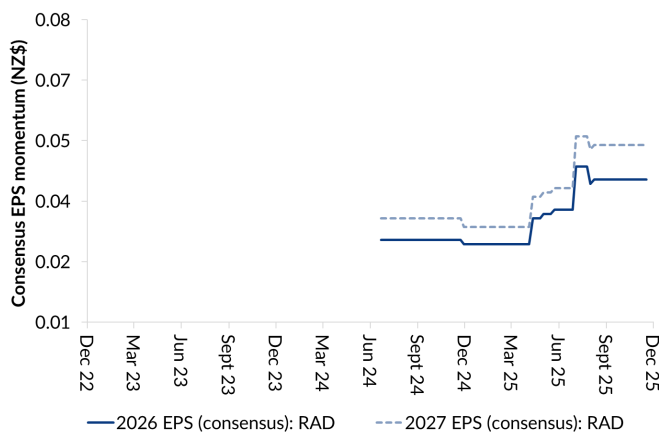
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 9. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld 1yr
				1yr	2yr	1yr	2yr	1yr	2yr	
Radius Residential Care	RAD NZ	NZ\$0.40	NZ\$113	8.3x	7.3x	10.7x	10.2x	14.4x	13.5x	5.5%
Oceania Healthcare	OCA NZ	NZ\$0.82	NZ\$597	12.7x	10.6x	10.4x	10.2x	14.8x	15.2x	0.5%
Ryman Healthcare	RYM NZ	NZ\$2.72	NZ\$2,763	<0x	>75x	48.2x	34.5x	>75x	55.2x	0.2%
Summerset	SUM NZ	NZ\$12.58	NZ\$3,049	11.7x	10.6x	12.6x	11.0x	16.2x	14.6x	2.1%

Source: Forsyth Barr analysis, Bloomberg, NOTE: all multiples based on Bloomberg consensus estimates, EV = market cap+net debt+lease liabilities+min interests-investments

Figure 10. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

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