

Radius Residential Care Beds in Belfast

JAMES LINDSAY

 james.lindsay@forsythbarr.co.nz
 +64 9 368 0145

WILL TWISS

 will.twiss@forsythbarr.co.nz
 +64 9 368 0129

GEORGIO TOULIS

 georgio.toulis@forsythbarr.co.nz
 +64 9 918 9293

Radius Residential Care (RAD) has completed the acquisition of 4.3 hectares of land in Belfast, Christchurch. The Belfast site will host a 100-bed hospital and dementia-focused care home alongside a retirement village with ~75 villas. The acquisition marks further progress in RAD's mixed model (owned and leased) expansion strategy. It also aligns with management's strategy to extend RAD's portfolio expansion into greenfield development, where it believes it can deliver sustainable earnings and cash flow growth. In a sector where some peers are pulling back on developments, RAD is selectively leaning in. Its disciplined, care-first focus has enabled it to generate resilient returns where others have struggled, although sector profitability is now gradually improving as peers refocus on operating discipline. We make minor adjustments to estimates with higher build rates and lift our blended spot valuation 4% to NZ\$0.52. We remain positive on RAD's outlook, with its capital-light portfolio expansion and favourable demographic tailwinds underpinning a robust earnings growth runway.

NZX code	RAD	Financials: Mar/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$0.38	Rev (NZ\$m)	177.4	207.2	216.6	222.7	PE	14.7	8.4	7.0	6.0
Spot Valuation	NZ\$0.52 (from 0.50)	NPAT* (NZ\$m)	7.4	12.8	15.4	18.1	EV/EBIT	13.7	9.9	9.1	8.6
Risk rating	Medium	EPS* (NZc)	2.6	4.5	5.4	6.4	EV/EBITDA	9.3	7.4	7.0	6.6
Issued shares	283.4m	DPS (NZc)	1.5	2.0	2.4	2.9	Price / NTA	2.2	1.7	1.4	1.1
Market cap	NZ\$107.7m	Imputation (%)	100	100	100	100	Cash div yld (%)	3.8	5.3	6.3	7.6
Avg daily turnover	95.9k (NZ\$24k)	*Based on normalised profits					Gross div yld (%)	5.3	7.3	8.8	10.6

What's changed?

- **Spot valuation:** Our blended spot valuation lifts +NZ2cps to NZ\$0.52, primarily due to the model roll forward.
- **Earnings:** Minimal movements in near-term earnings, reflecting small changes to build rate assumptions.

Scaling the care engine

RAD's portfolio is already heavily skewed to care. Its 1,898 care beds produce ~94% of pre-support cost EBITDA, with robust occupancy and cost discipline underpinning sector-leading profitability. RAD's 148 retirement village units make a much smaller contribution to overall profitability. Belfast will be the first site to fully implement RAD's bespoke hospital and dementia design, potentially enhancing operational leverage through acuity mix and staffing efficiency. With ~85% of beds certified for high-acuity services, incremental capacity should skew towards higher-margin care. We retain our view that occupancy, acuity mix, demographic demand, scale and RAD's operating focus—rather than development gains—remain the core drivers of value creation for RAD.

Belfast funding mix and modelling assumptions

We estimate a total development cost for the Belfast site at c.NZ\$63m, comprising NZ\$5.5m for land (already incorporated in our modelling), NZ\$37.5m for 75 villas (at ~NZ\$500k per unit), and NZ\$20m for 100 care beds (at ~NZ\$200k per bed). On our assumptions, RAD will retain ownership of the village component, recycling capital through staged villa sales, while undertaking a sale-and-leaseback for the care facility—consistent with its capital-light model. We assume delivery of ten Belfast villas per annum from FY28, reflecting a staged development. Separately, we now shift delivery of six villas at Matamata into FY27, plus the six expected at Clare House in Invercargill in the same year. We do not yet incorporate Hokitika into our forecasts, although we view delivery in FY27–FY28 as likely. RAD exited FY25 with net debt to EBITDA of 2.3x, below its 2.5x medium-term target, providing the capacity to progress the staged development of Belfast within existing balance sheet settings.

Radius Residential Care Limited (RAD)

Market Data (NZ\$)						Spot valuation (NZ\$)					
Priced as at 03 Mar 2026					0.38	Peers comparable					0.56
52 week high / low					0.42 / 0.16	DCF					0.54
Market capitalisation (NZ\$m)					107.7	Dividend Discount Model (DDM)					0.44
Carbon and ESG (CESG)**						Key WACC assumptions					
CESG rating					n/a	Risk free rate					5.00%
CESG score					n/a	Equity beta					0.88
Sector average CESG score					n/a	WACC					9.5%
NZ average CESG score					n/a	Terminal growth					1.5%
Profit and Loss Account (NZ\$m)						Valuation Ratios					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
Revenue	171.2	177.4	207.2	216.6	222.7	EV/Sales (x)	1.9	1.7	1.5	1.4	1.4
Normalised EBITDA	29.6	32.3	40.8	44.3	47.1	EV/EBITDA (x)	10.7	9.3	7.4	7.0	6.6
Depreciation and amortisation	(9.9)	(10.4)	(11.6)	(11.6)	(11.9)	EV/EBIT (x)	16.5	13.7	9.9	9.1	8.6
Normalised EBIT	19.7	21.9	29.2	32.7	35.2	PE (x)	31.4	14.7	8.4	7.0	6.0
Net interest	(15.5)	(12.0)	(11.4)	(11.6)	(10.7)	Price/NTA (x)	2.4	2.2	1.7	1.4	1.1
Associate income	-	-	-	-	-	Free cash flow yield (%)	7.4	10.5	3.5	12.8	17.9
Tax	(12.1)	(3.1)	(4.9)	(5.7)	(6.4)	Adj. free cash flow yield (%)	8.2	10.9	10.9	17.4	21.8
Minority interests	-	-	-	-	-	Net dividend yield (%)	1.8	3.8	5.3	6.3	7.6
Normalised NPAT	3.5	7.4	12.8	15.4	18.1	Gross dividend yield (%)	2.6	5.3	7.3	8.8	10.6
Abnormals/other	(11.9)	0.0	1.3	1.2	0.8						
Reported NPAT	(8.5)	7.4	14.2	16.6	18.9	Capital Structure					
Normalised EPS (cps)	1.2	2.6	4.5	5.4	6.4	Interest cover EBIT (x)	1.2	1.8	2.7	2.9	3.4
DPS (cps)	0.7	1.5	2.0	2.4	2.9	Interest cover EBITDA (x)	1.9	2.7	3.6	3.8	4.4
						Net debt/ND+E (%)	54.4	50.0	45.5	38.7	30.5
						Net debt/EBITDA (x)	2.5	2.1	1.7	1.4	1.0
Growth Rates						Key Ratios					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
Revenue (%)	17.1	3.6	16.8	4.5	2.8	Return on assets (%)	5.7	6.5	8.4	9.1	9.3
EBITDA (%)	30.5	9.2	26.1	8.5	6.4	Return on equity (%)	5.6	10.8	15.6	15.9	16.1
EBIT (%)	>100	15.4	38.9	11.0	6.2	Return on funds employed (%)	0.9	1.9	3.1	3.5	4.0
Normalised NPAT (%)	>100	>100	74.4	19.7	17.6	EBITDA margin (%)	17.3	18.2	19.7	20.4	21.1
Normalised EPS (%)	>100	>100	75.3	19.7	17.6	EBIT margin (%)	11.1	12.4	14.7	15.7	16.2
Ordinary DPS (%)	0.0	>100	37.9	20.0	20.8	Capex to sales (%)	2.0	3.3	7.0	5.4	4.9
						Capex to depreciation (%)	-35	-57	-126	-102	-92
						Imputation (%)	100	100	100	100	100
						Pay-out ratio (%)	58	56	44	44	46
Cash Flow (NZ\$m)						Operating Performance					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
EBITDA	29.6	32.3	40.8	44.3	47.1	Segment EBITDA					
Working capital change	(3.7)	2.8	(2.5)	(0.7)	(0.8)	Aged care	42.7	46.2	56.1	59.6	62.0
Interest & tax paid	(14.0)	(13.1)	(16.4)	(17.3)	(17.1)	Retirement villages	4.5	2.9	4.2	4.7	5.5
Other	2.3	(1.9)	-	2.9	5.3	Support	-17.6	-16.7	-19.5	-20.1	-20.3
Operating cash flow	14.1	20.1	21.9	29.2	34.5	Total	29.6	32.4	40.8	44.3	47.1
Capital expenditure	(3.5)	(5.8)	(14.6)	(11.8)	(11.0)						
(Acquisitions)/divestments	-	(0.9)	-	-	-	Key drivers					
Other	(3.4)	(3.4)	(3.6)	(3.7)	(4.2)	Sales - new units	0	0	0	6	11
Funding available/(required)	7.3	9.8	3.7	13.7	19.3	Ave price - new sales (NZ 000's)	0	500	500	515	530
Dividends paid	-	(3.8)	(4.8)	(6.0)	(7.7)	Sales - resold units	28	18	19	21	22
Equity raised/(returned)	-	(0.0)	-	-	-	Ave price - re-sales (NZ 000's)	390	427	440	453	467
(Increase)/decrease in net debt	7.3	5.9	(1.1)	7.8	11.7	Gross development margin	0%	0%	5%	5%	10%
						Gross resales margin	16%	19%	19%	19%	19%
Balance Sheet (NZ\$m)						Portfolio					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
Working capital	(4.4)	(8.8)	(6.6)	(6.2)	(5.8)	Care beds	1,789	1,789	1,898	1,898	1,898
Fixed assets	117.3	118.2	126.6	132.1	136.5	Care bed occupancy	92%	93%	96%	97%	97%
Intangibles	16.1	18.1	18.1	18.1	18.1	Accommodation supplement beds	888	1,034	1,082	1,120	1,158
Right of use asset	109.9	109.5	117.7	112.5	107.1	% of beds with supplements	50%	58%	57%	59%	61%
Other assets	73.5	77.1	80.4	83.9	87.6						
Total funds employed	312.4	314.1	336.2	340.3	343.5						
Net debt/(cash)	73.5	67.7	68.8	61.1	49.4						
Lease liability	121.1	122.7	132.7	129.0	124.8						
Other liabilities	46.7	47.7	44.0	45.2	48.7						
Shareholder's funds	71.1	76.0	90.6	105.0	120.6						
Minority interests	-	-	-	-	-						
Total funding sources	312.4	314.1	336.2	340.3	343.5						

* 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

Additional data

Figure 1. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 2. Substantial shareholders

Shareholder	Latest Holding
Kade Kings Limited	33.3%
Neil John Foster	5.5%
Windhaven Care Holdings	5.5%

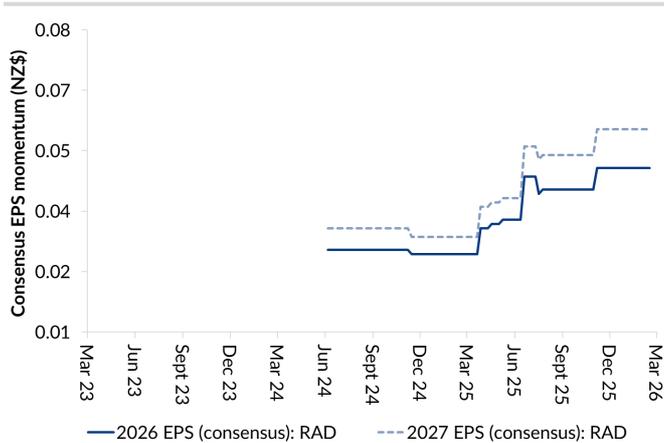
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 3. 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\$0.38	NZ\$108	6.8x	6.6x	10.3x	9.7x	14x	13.1x	6.1%
Oceania Healthcare	OCA NZ	NZ\$0.80	NZ\$583	10.2x	9.6x	11.7x	11.8x	12.7x	13.6x	0.4%
Ryman Healthcare	RYM NZ	NZ\$2.30	NZ\$2,336	33.3x	17.7x	17.2x	16.6x	30.8x	24.8x	0.3%
Summerset	SUM NZ	NZ\$10.28	NZ\$2,494	9.3x	8.3x	12.5x	12.5x	14.9x	13.5x	2.5%

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

Figure 4. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

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