

Investor Presentation Annual Report 2017



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Disclaimer



Forward Looking Statements

Various statements contained in this document constitute “forward-looking statements”. Words like “believe,” “anticipate,” “should,” “intend,” “plan,” “will,” “expects,” “estimates,” “projects,” “positioned,” “think,” “strategy,” and similar expressions identify these forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, regulatory matters affecting our businesses and changes in law. These forward-looking statements speak only as of the date of this presentation, and we assume no obligation to update our forward-looking statements to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Additional Information

This presentation includes the audited consolidated financial information of Voyage BidCo Limited and its subsidiaries for the 12 month period ended 31 March 2017 (“FYE 2017”). All comparisons of financial and operating statistics are for the 12 month period ended 31 March 2016 (“FYE 2016”), unless otherwise stated. Movements and percentages have been calculated using the underlying number to one decimal place of the number presented in this document.

Contents



- Executive Summary
- Financial Highlights
- Outlook & Recent Developments
- Q&A

Executive summary

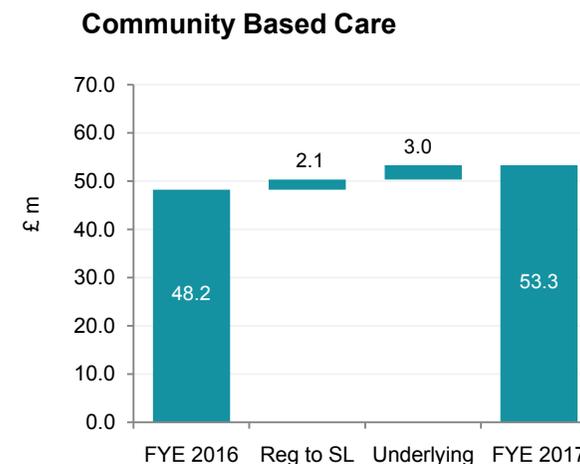
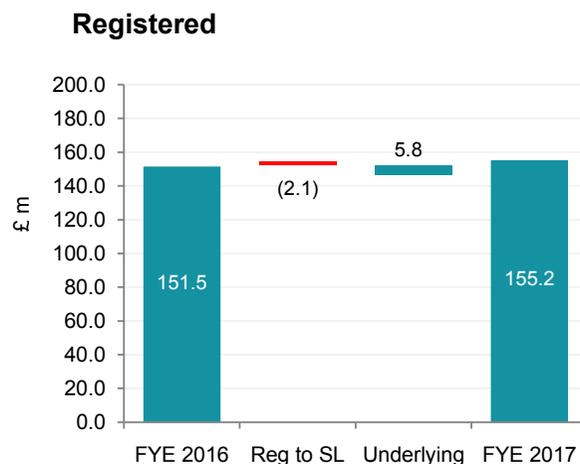
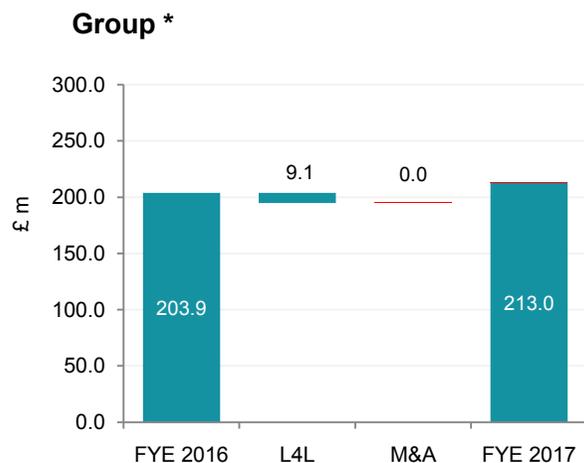
FYE 2017 Highlights



- CQC quality scores remain very high, with 95.7% of services achieving a rating of Good or Outstanding (as at 31 March 2017)
- Good trading performance in testing operating conditions
- Revenue at £213.0m, up by 4.5% vs. FYE 2016 (£203.9m)
- Adjusted EBITDA before non-underlying items at £38.7m, down 6.3% versus FYE 2016 (£41.3m); primarily due to National Minimum Wage and National Living Wage impact
- Strong cash conversion at 79.4%
- Net debt at 31 March 2017 is £252.2m
- LTM adjusted EBITDA leverage at 31 March 2017 is 6.52x (6.1x at 8 May 2017 refinancing)
- As at 31 March 2017 our Revolving Credit Facility remained undrawn providing £37.5m of liquidity with significant covenant headroom
- On 8 May 2017, we completed a refinancing transaction and the gross proceeds were used to redeem in full existing Senior Secured Notes and Second Lien Notes. We issued £215 million of 5 7/8% Senior Secured Notes due 2023 and £35 million of 10.0% Second Lien Notes due 2023. In addition we committed to a £45 million Revolving Credit Facility

Financial highlights

Key Business Streams - Revenue



Comments

- Like-for-like revenue up + 4.5% (with no M&A in comparative period)
- Revenue across our Registered Care homes is up by 2.4%, reflecting inflation increases and new business wins partially offset by de-registrations from Registered to Community Based Care (no loss of occupancy)
- Revenue across Community Based Care is up by 10.6%, benefitting from tender wins and framework call-offs as well as de-registrations from Registered to Community Based Care

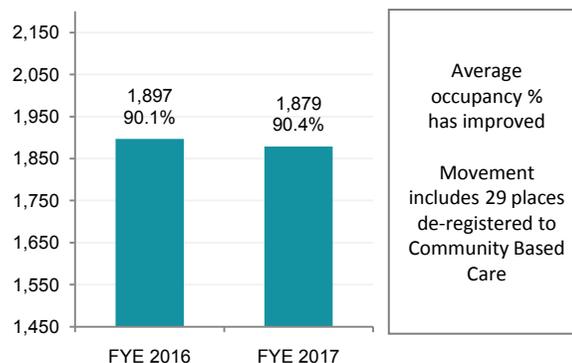
* Includes Day Care, not included in Registered/Community Based Care charts

Financial highlights

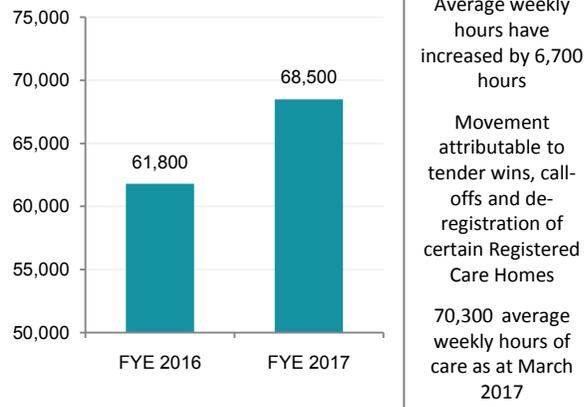
Key Operating Metrics



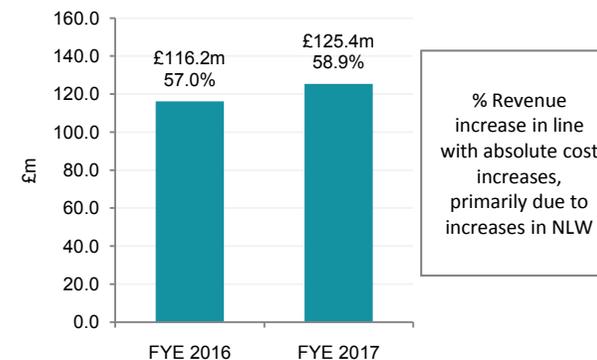
Registered - Average Occupancy



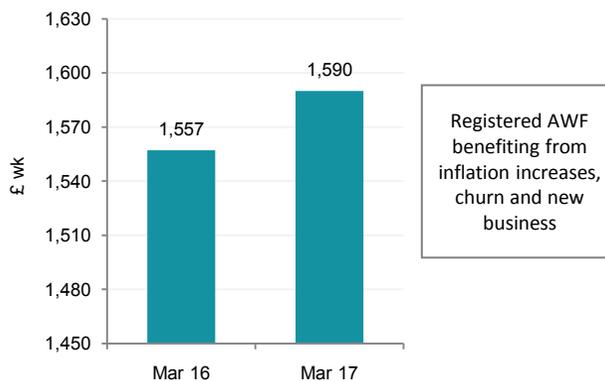
Community Based Care - Average Weekly Hours



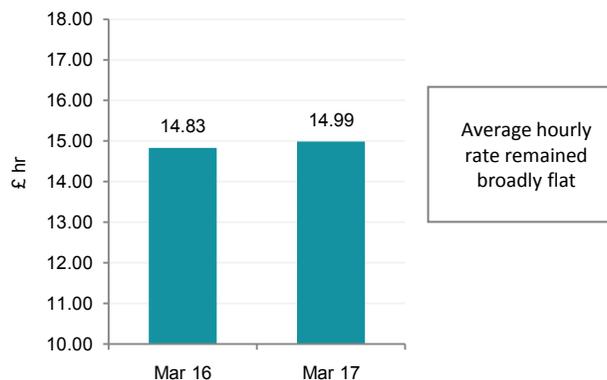
Unit Level Staff Costs (% Revenue) ⁽¹⁾ (Registered, Community Based Care and Day Care)



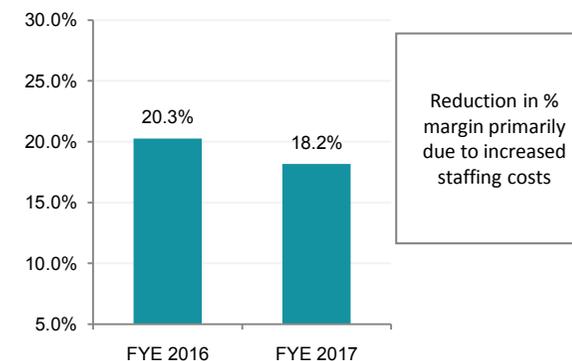
Registered - Average Weekly Fees (LTM)



Community Based Care - Average Hourly Rate (LTM)



Adjusted EBITDA before non-underlying items (% Margin)



(1) Excludes agency costs

Financial highlights

LTM Performance

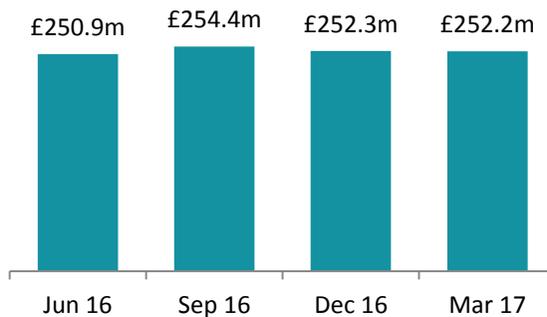


LTM adjusted EBITDA before non-underlying items

(before pro-forma adjustments)

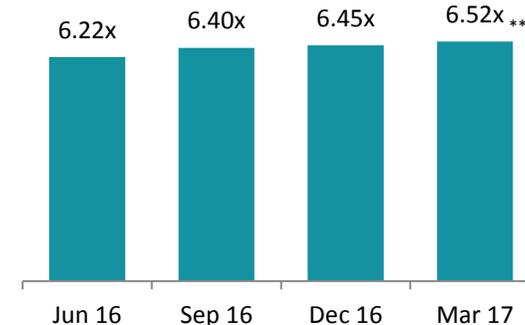


Net Debt



Leverage (net)

(before pro-forma adjustments)



Gross	£272.0m	£272.0m	£272.0m	£272.0m
Cash *	(£20.8m)	(£17.3m)	(£19.4m)	(£19.6m)
OID	(£0.3m)	(£0.3m)	(£0.3m)	(£0.2m)
Net	£250.9m	£254.4m	£252.3m	£252.2m

Comments

- LTM adjusted EBITDA (before non-underlying items) reduced by £2.6m to £38.7m in March 2017 when compared to £41.3m in March 2016, primarily due to increases in staff costs as a result of the impact of National Minimum Wage, National Living Wage and maintaining wage differentials, in addition to investment in overheads to grow the business.
- March 2017 Net Debt is calculated as £272.0m Gross Debt, less £19.6m adjusted cash (£21.0m cash balance adjusted for £1.4m restricted balances), less £0.2m of unamortised Original Issue Discount (OID) on 2nd Lien Notes = £252.2m

* Cash adjusted for restricted cash

** There are no pro-forma adjustments for LTM ending March 2017

Financial highlights

Cash Flow



£ million

	FYE	
	2017	2016
Adjusted EBITDA before non-underlying items	38.7	41.3
Maintenance capex	(8.0)	(7.5)
Operating cash flow	30.7	33.8
<i>Cash conversion %</i>	<i>79.4%</i>	<i>81.8%</i>
Non-underlying items	(0.2)	(4.5)
Working capital	(2.7)	5.2
Capital expenditure	(2.3)	(5.1)
Interest	(21.0)	(20.9)
Taxation	(0.1)	(0.4)
FCF before acquisitions and financing	4.4	8.1
Acquisitions	(0.2)	(0.9)
FCF before financing	4.1	7.2
Net cash flow used in financing activities	(0.8)	(5.0)
Movement in cash for the year	3.3	2.2
Opening cash and cash equivalents	17.7	15.5
Closing cash and cash equivalents	21.0	17.7

Comments

- Maintenance capex excluding IT spend is £6.9m and as a % of revenue for FYE 2017, 3.3% (FYE 2016: £6.9m and 3.4% respectively)
- Change in working capital primarily due to unfavorable movements in accruals and trade receivables
- Capital expenditure decreased due to lower spend on developments in FYE 2017
- Taxation benefitted from a £0.2m receipt in relation to a repayment of corporation tax made on account in FYE 2016
- Financing activities primarily relate to initial fees incurred from the recent refinancing transaction (2017) and movements on the Revolving Credit Facility (2016)

Outlook & Recent Developments



- Social care landscape post election
- Lobbying
- Fee negotiations
- Sleep-ins
- Current trading
- Re-branding
- Next update published 29 August 2017, conference call 6 September 2017 2pm GMT

Q & A



Further questions can be addressed to: investorrelations@voyagecare.com

Also please visit our investor relations website: investors.voyagecare.com