Investor Presentation
Quarterly Report – Q1 2019

5 September 2018

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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 unaudited consolidated financial information of Voyage BidCo Limited and its subsidiaries for the 3 month period ended 30 June 2018 (“Q1 2019”). All comparisons of financial and operating statistics are for the 3 month period ended 30 June 2017 (“Q1 2018”), unless otherwise stated. Movements and percentages have been calculated using the underlying number to one decimal place of the number presented in this document.

Agenda

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

Executive Summary

Q1 2019 Highlights

- CQC quality scores remain very high, with 94% of services achieving a rating of Good or Outstanding. The market average is 83%
- Revenue at £60.6m, up 11.3%, 6.7% like for like growth
- Fee increases for Q1 2019 were 1.39%
- EBITDA before non-underlying items at £8.3m, down 8.8%, and the final quarter where the sleep in impact is not in the prior year comparative
- Tomlinson-Blake (Unison backed) seeking leave to appeal to Supreme Court in reference to the Royal Mencap sleep in judgement
- Cash conversion at 78.4%, (Q1 2018: 81.4%)
- Net debt at June 30th 2018 was £257.7m, RCF drawn down by £19.0m
- LTM EBITDA leverage was 7.19x

All comparators are against Q1 2018 unless stated otherwise

Sleep-Ins

Update

- Court of Appeal ruled in favour of Royal Mencap on 13th July 2018
- Tomlinson-Blake refused leave to appeal to Supreme Court by Court of Appeal in relation to the Mencap judgement, however has subsequently sought permission to appeal directly from the Supreme Court
- Supreme Court will now consider whether to give permission to appeal. Supreme Court on summer break until October 2nd 2018.
- We continue to believe, based on legal advice, that the likelihood of any potential historical liability is low.
- We await Government or HMRC guidance on the future policy, and remain in the Social Care Compliance Scheme
- Local Authorities are also awaiting guidance
- Our practice of paying a higher rate for sleep-in shifts remains in place
- It is increasingly difficult to achieve fee increases to cover incremental sleep-in costs

Financial Highlights

YTD 2018 vs.YTD 2019

£m	YTD Q1 2018	YTD Q1 2019	YTD Growth
Revenue	**54.4**	**60.6**	**11.3%**
Staff Costs	(32.8)	(38.1)	(16.2%)
Agency Costs	(1.9)	(1.9)	(0.5%)
Contribution	**19.7**	**20.5**	**4.5%**
Contribution %	*36.1%*	*33.9%*	*(2.3%)*
Direct Overheads	(6.3)	(6.8)	(7.5%)
Unit EBITDA	**13.3**	**13.7**	**3.0%**
Unit EBITDA %	*24.5%*	*22.7%*	*(1.8%)*
Overheads	(4.3)	(5.5)	(27.9%)
EBITDA	**9.1**	**8.3**	**(8.8%)**
EBITDA %	*16.7%*	*13.7%*	*(3.0%)*

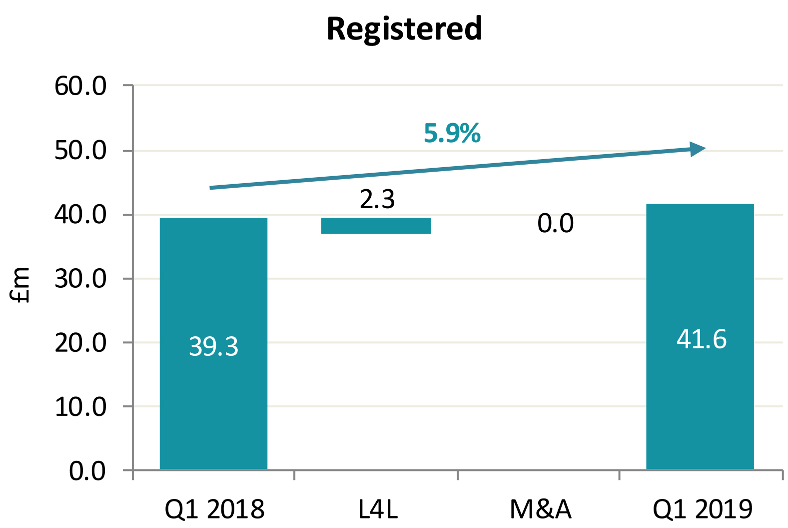
Comments

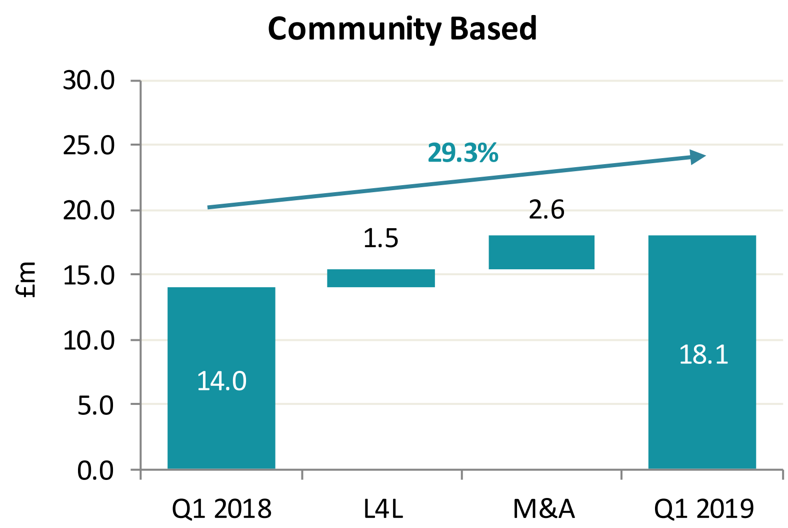
- Revenue increased by £6.2m, like for like revenue grew 6.6%, out of the total growth of 11.3%
  - Fee increases £1.1m (2.0% of growth)
  - Organic growth £2.5m (4.6% of growth)
  - Focused Healthcare Acquisition £2.6m (4.7% of growth)
- Staff cost increase by £5.3m, 16.2%
  - Sleep Ins £1.3m (3.9% of growth)
  - NMW £1.4m (4.3% of growth)
  - Organic growth £1.2m (3.7% of growth)
  - Focused Healthcare Acquisition £1.4m (4.3% of growth)
- Overhead investment in Focused Healthcare, recruitment capability and strengthening our back office processes
- In line with the above Group EBITDA reduced by £0.8m to £8.3m

Note: The difference between contribution and Unit EBITDA consists of costs incurred in running and maintaining services, business rates, council tax, repairs, utilities, training, professional fees and any lease/rental costs for property and vehicles

Financial Highlights

Key Business Streams - Revenue





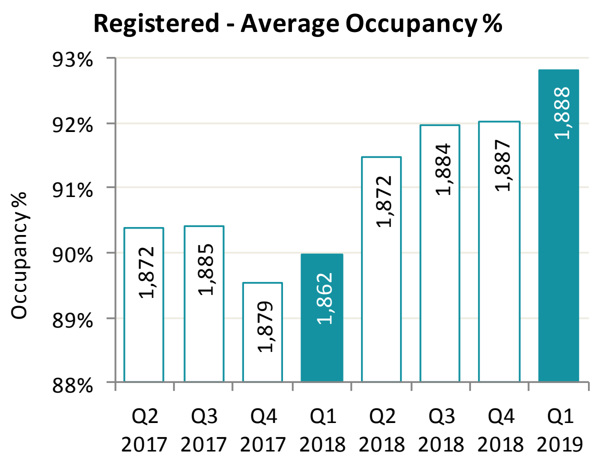
Comments

- Revenue across our Registered care homes was up by 5.9%, reflecting fee increases, occupancy increases, new business wins and positive churn, partially offset by de-registrations from Registered to Community Based Care (no loss of occupancy)
- Revenue across Community Based care was up by 29.3% (£4.1m), benefitting from the acquisition of Focused Healthcare along with tender wins, framework call-offs and de-registrations from Registered to Community Based Care.

Note: L4L movements stated above include the impact of services de-registering

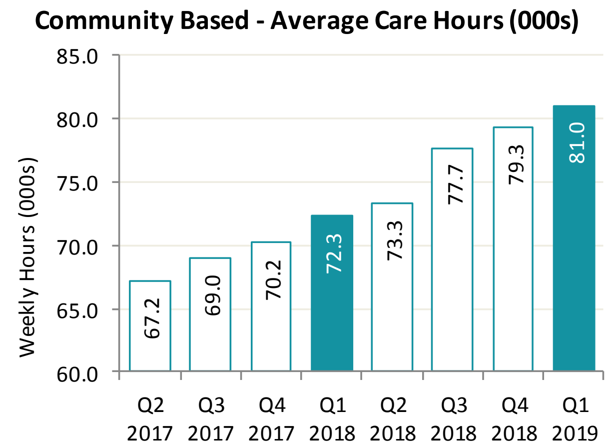
Financial Highlights

Key Operating Metrics



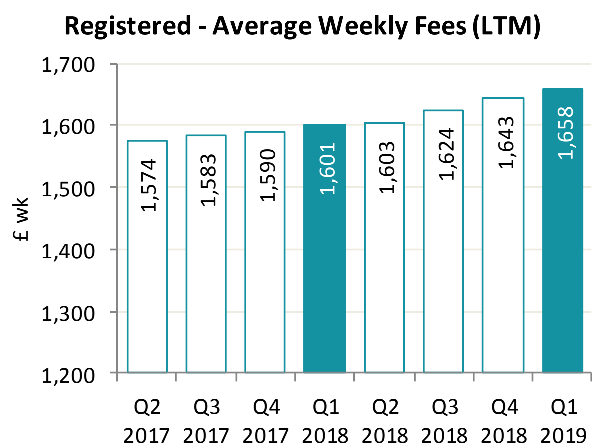
Closing occupancy for the period was 92.9% with 1,884 people we support in our Registered services.

Net capacity has reduced by 36 places due to service consolidation and de-registrations.

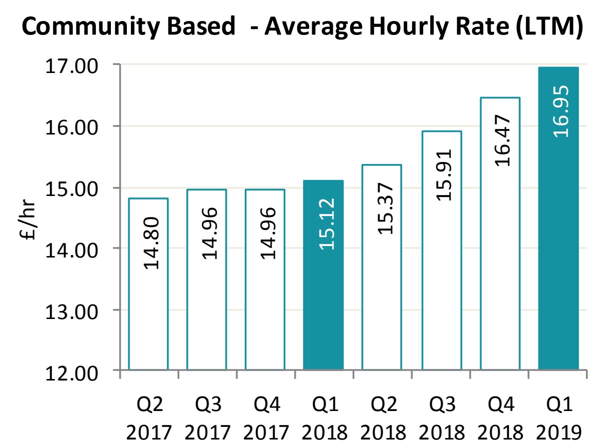


Average weekly hours have increased by 8,700 hours

Growth attributable to tender wins, framework call-offs, de-registration of certain Registered care homes and acquisition of Focused Healthcare



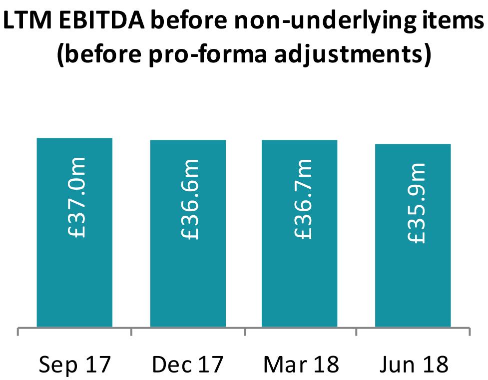
Registered Average Weekly Fees benefiting from fee increases, churn and new business won at a higher rate

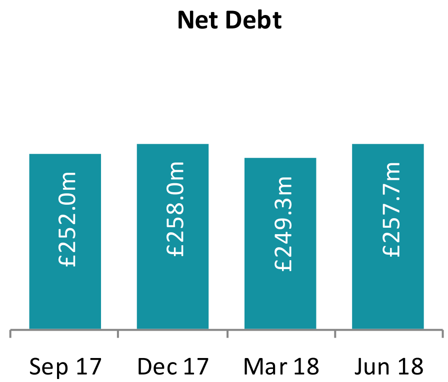


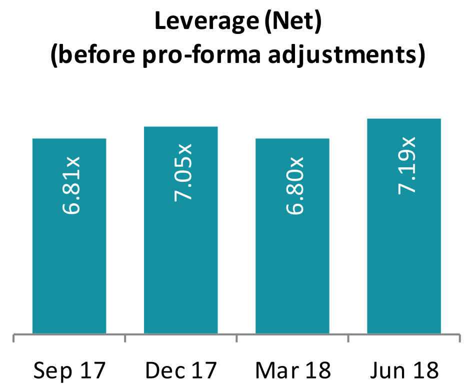
Average hourly rate increased due to fee increases and impact of Focused Healthcare acquisition

Financial Highlights

LTM Performance







Senior Notes	215.0	215.0	215.0	215.0
Junior Notes	35.0	35.0	35.0	35.0
Revolving Credit Facility	17.0	22.5	15.0	19.0
Gross Debt	**267.0**	**272.5**	**265.0**	**269.0**
Cash (adjusted for restricted cash)	(15.0)	(14.5)	(15.7)	(11.3)
Net Debt	**252.0**	**258.0**	**249.3**	**257.7**

Comments

- LTM EBITDA (before non-underlying items) reduced by £0.8m to £35.9m in June 2018
- June 2018 Net Debt of £257.7m is calculated as £269.0m Gross Debt, less £11.3m adjusted cash (£12.4m cash balance adjusted for £1.1m restricted balances)
- Leverage has increased from 6.80x at the end of March to 7.19x at the end of June due to the reduction in LTM EBITDA and the increase in Net Debt

Financial Highlights

Cash Flow

£m	Q1 2018	Q1 2019
EBITDA before non-underlying items	9.1	8.3
Capital expenditure (Maintenance)	(1.7)	(1.8)
Operating cash flow	**7.4**	**6.5**
Cash conversion %	*81.4%*	*78.4%*
Non-underlying items	0.7	0.2
Working capital	(1.6)	(6.1)
Capital expenditure (Development)	(1.1)	(0.7)
Interest	(5.8)	(8.3)
Taxation	(0.2)	0.0
FCF before acquisitions and financing	**(0.6)**	**(8.5)**
Acquisitions	(0.0)	(0.1)
FCF before financing	**(0.7)**	**(8.5)**
Net cash flow used in financing activities	(6.4)	4.0
Movement in cash for the period	**(7.0)**	**(4.5)**
Opening cash and cash equivalents	21.0	16.9
Closing cash and cash equivalents	**14.0**	**12.4**

Comments

- Maintenance capex excluding IT spend was £1.8m and 2.5% of revenue for Q1 2019, (Q1 2018: £1.7m and 2.4% respectively)
- The working capital outflow of £6.1m was primarily due to an increase in trade and other receivables
- Interest has increased due to the timing of the Q1 2017 refinancing transaction
- Net cash flow used in financing activities was £4.0m due to an increase in the RCF drawing to £19.0m, Q1 2018 included some debt repayment as part of the refinancing

Recent Developments and Outlook

- Our Garfield Grange service recently achieved outstanding in its recent CQC inspection. This is now our sixth outstanding service. As a Group we have 263 services rated good or outstanding-more than any other care provider in any segment

- As full employment approaches, recruitment challenges are starting to put pressure on salary costs and agency usage.

- Barnard Road commissioned (occupancy of 16) as “Park View Apartments”: 16 out of 18 apartments are now occupied

- On 4th September we completed a £2.25m acquisition of 3 residential services, with CQC “good” rating at a multiple of 5.8x

- Responses to FY19 fee increase requests continue to be positive

- Organic growth through framework agreements and referrals is continuing, particularly in Community Based Care Supported Living.

Q & A

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

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