

Investor Presentation Quarterly Report – Q1 2020

05 September 2019



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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 2019 (“Q1 2020”). All comparisons of financial and operating statistics are for the 3 month period ended 30 June 2018 (“Q1 2019”), 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
- Financial Highlights
- Property Summary
- Recent Developments & Outlook
- Q&A

Executive Summary

Q1 2020 Highlights



- CQC quality ratings maintained at a high level, with 97% of services achieving a rating of Good or Outstanding
- Revenue at £65.1m, up 7.4%
- Fee increases for Q1 2020 were 1.3% (Q1 2019: 1.4%)
- EBITDA was £10.4m, up 11.8%
- Leverage was 6.19x (FYE 2019: 6.20x) on a reported basis
 - Pro-forma leverage 6.68x (FYE 2019: 6.76x) incorporating IFRS16 lease liabilities

All comparators are against Q1 2019 unless stated otherwise

Financial Highlights

Q1 2019 vs. Q1 2020



£m	Quarter		
	Q1 2019	Q1 2020	Growth
Revenue	60.6	65.1	7.4%
Staff Costs	(38.1)	(41.3)	(8.4%)
Agency Costs	(1.9)	(1.7)	11.8%
Contribution	20.5	22.0	7.4%
<i>Contribution %</i>	<i>33.9%</i>	<i>33.9%</i>	<i>0.0%</i>
Direct Overheads	(5.9)	(6.3)	(6.9%)
Unit EBITDA	14.6	15.7	7.6%
<i>Unit EBITDA %</i>	<i>24.1%</i>	<i>24.3%</i>	<i>0.3%</i>
Overheads	(5.3)	(5.4)	(0.9%)
EBITDA	9.3	10.4	11.8%
<i>EBITDA %</i>	<i>15.4%</i>	<i>16.0%</i>	<i>0.6%</i>

Comments

- Revenue increased by £4.5m, 7.4%
 - Driven primarily by organic growth
 - Fee increases offered at 1.3%, compared to 1.4% in prior year
- Staff costs (excluding overheads) increased by £3.2m, 8.4%
 - Growth £1.7m
 - NMW/NLW and other pay rises £1.5m
- Agency costs reduced by £0.2m overall and represented 2.4% of care hours
- EBITDA increased by £1.1m to £10.4m
- EBITDA Margin enhanced by 0.6% due to lower sleep-in costs, scale and operational efficiency

Note:

- Direct Overheads consist of costs incurred in running and maintaining services including direct expenses and consumables, property, vehicle and other lease rentals (outside the scope of IFRS16), business rates, council tax, repairs, utilities, training and professional fees.

Financial Highlights

Segments



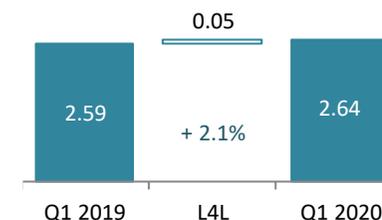
Registered Revenue (£m)



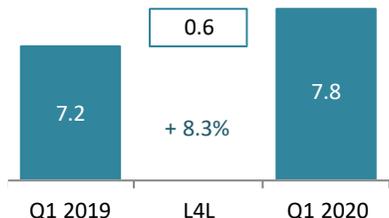
Community Revenue (£m)



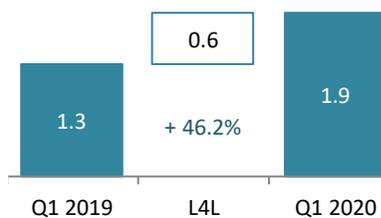
Focused Healthcare Revenue (£m)



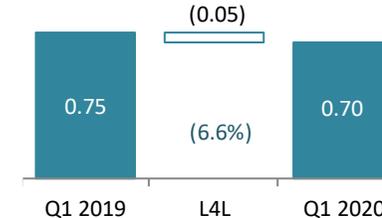
Registered EBITDA (£m)



Community EBITDA (£m)



Focused Healthcare EBITDA (£m)



Registered

- Revenue increase driven by both occupancy and fee increases
- EBITDA increase due to the increase in revenue, reduction in agency usage and lower sleep-in costs

Community (excluding Focused Healthcare)

- Revenue increase driven primarily by organic growth in community hours (tender wins and framework call-offs)
- EBITDA increase due to increase in revenue and benefits of scale, along with lower sleep-in costs

Focused Healthcare

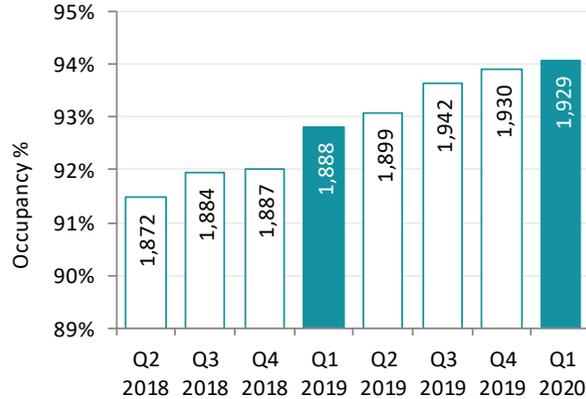
- In Q1 2020 Focused Healthcare has traded broadly inline with prior year. New MD plus Business Development resources starting to have positive impact

Financial Highlights

Key Operating Metrics

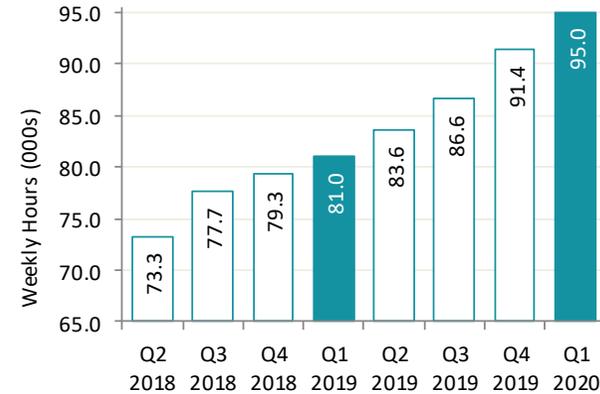


Registered - Average Occupancy % and #



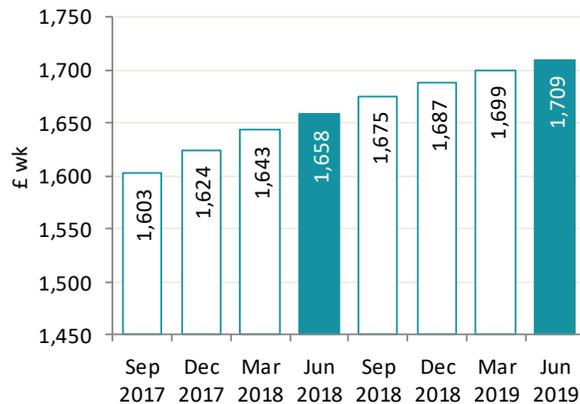
Closing occupancy for the period was 94.0%

Community Based - Average Care Hours (000s) *1



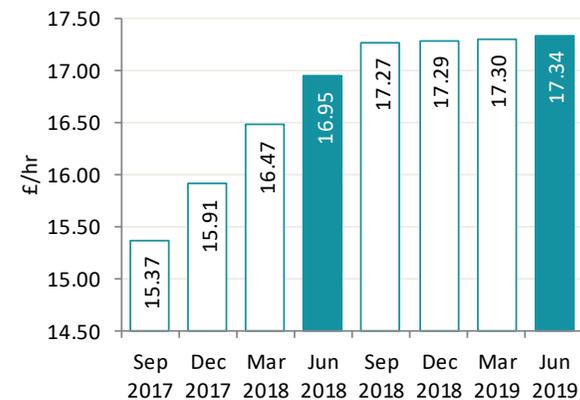
Average weekly hours (inc. Focused) have increased by 14,000 hours since Q1 2019
Growth attributable to tender wins and framework call-offs, driven by supported living

Registered - Average Weekly Fees (LTM)



Registered Average Weekly Fees benefiting from a combination of fee increases and new placements won at a higher rate, which drives the 3.1% growth since Q1 2019

Community Based - Average Hourly Rate (LTM) *1



Average hourly rate increased by 2.3% since Q1 2019 primarily due to fee increases

*1 Includes Focused Healthcare

Financial Highlights

Cash Flow



£m	Q1	
	2019	2020
EBITDA	9.3	10.4
Maintenance Capital expenditure	(1.8)	(1.8)
Operating Cash flow	7.5	8.6
<i>Cash conversion %</i>	<i>80.7%</i>	<i>82.3%</i>
Non-underlying items	0.1	(0.4)
Working capital	(6.1)	(0.8)
Interest	(8.3)	(8.4)
Taxation	0.0	(0.6)
FCF before Development Capex, Acquisitions and Financing	(6.8)	(1.6)
Development Capital expenditure	(0.7)	(2.3)
Acquisitions	0.0	(1.0)
FCF before Financing	(7.5)	(4.8)
Property and vehicle lease payments (IFRS16)	(1.0)	(1.1)
Net cash flow used in financing activities	4.0	(0.3)
Movement in cash for the period	(4.5)	(6.2)
Opening cash and cash equivalents	16.9	18.7
Closing cash and cash equivalents	12.4	12.5

Comments

- Working capital investment of £0.8m was £5.3m lower than Q1 2019 primarily due to lower trade and other debtors
- Interest of £8.4m consistent with prior year (payable in Q1 and Q3)
- FCF before Development Capex, Acquisitions and Financing was £5.2m favourable to Q1 2019
- Development capital of £2.3m includes the freehold purchase of an existing leasehold property and the purchase of a development site
- Acquisitions of £1.0m relates to the purchase of the remaining 6% share capital of Focused Healthcare which is now wholly owned

Financial Highlights

Net Debt and Leverage



£m Jun 18 Sep 18 Dec 18 Mar 19 Jun 19

Reported

Net Debt	257.8	255.5	266.0	255.7	262.1
LTM EBITDA	36.9	38.4	40.0	41.2	42.4
Leverage (Per 'Offering Memorandum')	6.99x	6.65x	6.65x	6.20x	6.19x

Pro-Forma Leverage

Net Debt (inc. IFRS 16 Lease Liability)	279.7	277.5	288.5	278.7	283.0
LTM EBITDA	36.9	38.4	40.0	41.2	42.4
Pro-Forma Leverage (inc. IFRS 16 Lease Liability)	7.58x	7.22x	7.21x	6.76x	6.68x

Comments

- LTM EBITDA increased to £42.4m in June 2019
- Reported leverage was 6.19x in June 2019
- Pro-forma leverage (inc. IFRS16 lease liability) was 6.68x, a reduction on March 2019
- RCF drawing at £22.7m out of a total committed facility of £45.0m

Note: Calculation of 'Leverage (Per 'Offering Memorandum') is per the 'Consolidated Senior Secured Leverage Ratio' as defined in the Offering Memorandum dated 21st April 2017.

Property Summary



Position at 30 June 2019:

	Registered		Community		Daycare	DCA	30 Jun 19 Total		31 Mar 19 Total	
	#	Capacity	#	Capacity	#	#	#	Capacity	#	Capacity
Freehold	229	1,796	56	276	4	8	297	2,072	296	2,069
Leasehold/Rental ⁽¹⁾	39	258	12	79	10	22	83	337	83	337
3rd Party Owned ⁽²⁾	0	0	213	739	2	7	222	739	216	707
Totals	268	2,054	281	1,094	16	37	602	3,148	595	3,113
Freehold NBV (£m) ⁽³⁾	306.3		32.0		2.0		340.3		340.1	

Comments

- At 30 June 2019, number of freehold properties held was 297, a net increase of 1 since 31 March 2019
- Net book value of freehold properties totalled £340.3m
- Community Based Care - properties increased by 7 and capacity by 34 since 31 March 2019
- 87.4% of registered capacity in freehold properties, whereas 25.2% of Community Based Care capacity in freehold properties, in line with our strategy to utilise 3rd party capital to drive organic growth in Supported Living

(1) Leasehold/Rental includes properties which are on a long term lease and properties on short term rental which have been obtained to support immediate commissioner requirements.

(2) 3rd Party owned Supported Living properties are leased to a Registered Provider such as a Housing Association and then rented to the people we support. Rent and maintenance are usually covered by Housing Benefit claimed by the people we support.

(3) Freehold Net Book Value is not separately shown under 'DCA' as the Freehold 'DCA' offices operate from Freehold 'Community' Properties. Freehold NBV excludes assets held for sale and leasehold, encumbered and third party properties.

Recent Developments and Outlook



- Organic growth through framework agreements and referrals is continuing the recent trend
- Focus on specialisms including Brain Injury Rehabilitation and Specialist Behaviour Support is delivering enhanced growth
- Responses to FY20 fee increase requests continue to be positive and in line with last year
- Acquisition of Fox Elms Care Limited, on 2nd July 2019, a specialist supported living business in Gloucester for £2.4m at a multiple of 4.5x
- Brexit contingency planning advanced, no major risks anticipated

Q & A



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

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