

Investor Presentation Quarterly Report – Q2 2022

29 November 2021



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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 September 2021 (“Q2 2022”). All comparisons of financial and operating statistics are for the 3 month period ended 30 September 2020 (“Q2 2021”), 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
- Covid-19 Update
- Financial Highlights (Including Covid-19 Financial update)
- Property Summary
- Recent Developments and Outlook
- Q&A

Executive Summary

Q2 2022 Highlights



- Quality ratings maintained at a market leading level, with 95% of services achieving a CQC rating of Good, Outstanding or equivalent
- The Group grew strongly, with revenue up 7.2% at £73.0m
- Both Registered occupancy and Community hours show continued growth year-on-year
- Fee increases offered for Q2 2022 were 1.9%
- Acquired Woodley House Limited - 20 Bed Registered LD service in September for £3.8m
- EBITDA also grew strongly, up 16.5% to £12.9m
- Leverage lower than prior quarter at 4.83x (Q1 2022: 5.06x) incorporating IFRS16 lease liabilities
- Liquidity strong with cash balance of £40.3m and £45m RCF undrawn and available

Note: All comparators are against Q2 2021 unless stated otherwise
EBITDA is stated before non-underlying items

Covid-19 Update



- Revenue has increased in Q2 as we grew Registered Occupancy and Community hours compared to prior year, and secured fee increases
- PPE is and will continue to be provided to us free of charge by Government until at least March 2022
- Non-underlying costs in Q2 related to Covid-19 have been reimbursed through the Adult Social Care Infection Control and Testing Fund which will continue to cover the period to the end of March 2022
- We have been successful in several tenders in this financial year, remaining commercially disciplined throughout
- The Group continues to deal well with the pandemic and is keeping the people we support and our employees as safe as possible, working within Government and Regulator guidelines

Financial Highlights

Q2 2021 vs. Q2 2022



£m	Quarter		
	Q2 2021	Q2 2022	Growth
Revenue	68.0	73.0	7.2%
Staff Costs	(45.7)	(45.8)	(0.2%)
Agency Costs	(0.5)	(2.1)	nm
Contribution	21.8	25.0	14.7%
<i>Contribution %</i>	<i>32.0%</i>	<i>34.3%</i>	<i>2.2%</i>
Direct Overheads ⁽¹⁾	(5.6)	(6.1)	(8.0%)
Unit EBITDA	16.2	18.9	17.0%
<i>Unit EBITDA %</i>	<i>23.8%</i>	<i>26.0%</i>	<i>2.2%</i>
Overheads	(5.1)	(6.0)	(18.1%)
EBITDA	11.1	12.9	16.5%
<i>EBITDA %</i>	<i>16.3%</i>	<i>17.7%</i>	<i>1.4%</i>

- Revenue increased by £5.0m, 7.2%
 - Driven by growth in Community hours, fee increases and fee rotation
 - Fee increases offered at 1.9%
- Staff costs (excluding Overheads) increased by £0.1m, 0.2%
 - NLW/NMW and other pay rises c.£1.0m, with NLW increase at 2.2%
 - Partial offset caused by a shift towards agency
- Agency costs increased by £1.6m overall and represented 3.1% of direct care hours in line with pre-Covid levels
- Direct Overheads and Overheads increased by £0.5m and £0.9m respectively due to increased activity following last year's Covid-19 impact
- EBITDA increased by £1.8m, 16.5%

Note:

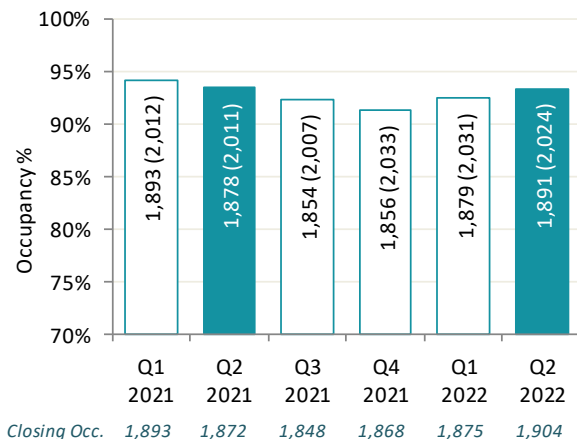
1. Direct Overheads consist of costs incurred in running and maintaining services including direct expenses and consumables, property, vehicle and other lease rentals (outside the scope of IFRS16), business rates, council tax, repairs, utilities, training and professional fees

Financial Highlights

Key Operating Metrics



Registered - Average Occupancy (Capacity) % and

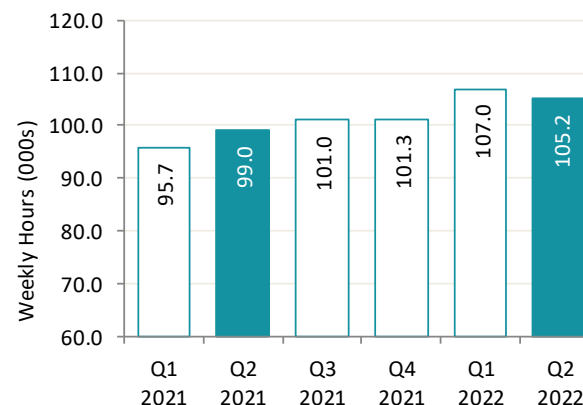


Closing occupancy for the period was 93.4% and 1,904 people we support, an increase of 29 on Q1 2022

Continued sustained recovery in occupancy levels from the low point in January

Referral pipeline continues to be very strong

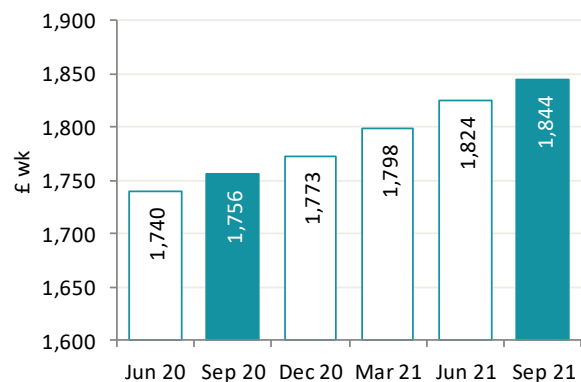
Community - Average Direct Care Hours (000s)



Average direct weekly care hours have increased by 6,200 hours compared to Q2 2021 due to tender wins and framework call-offs

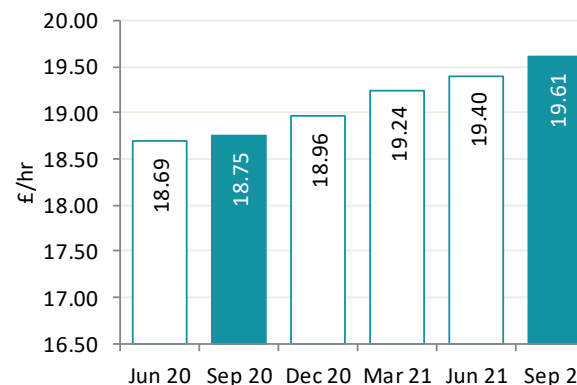
Hours reduced slightly as we are experiencing temporary reductions in hours due to continuing cancelled shifts and an expected tender loss

Registered - Average Weekly Fees (LTM)



Registered Average Weekly Fees benefited from a combination of fee increases and new placements won at a higher rate, which has driven the 5.0% growth since September 2020

Community - Direct Care Revenue Per Hour (LTM)



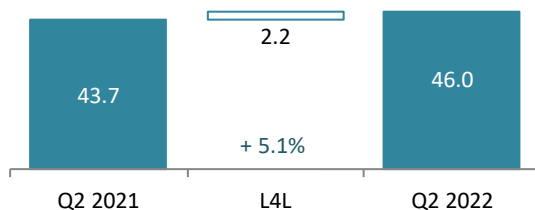
Direct care revenue per hour has increased by 4.6% since Q2 2021 primarily due to fee increases

Financial Highlights

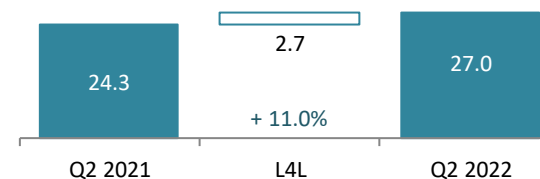
Segments



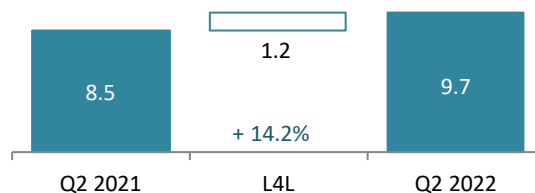
Registered Revenue (£m)



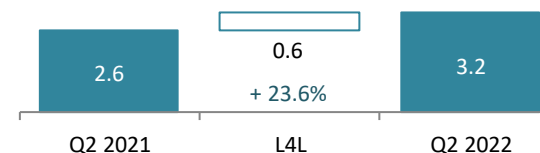
Community Revenue (£m)



Registered EBITDA (£m)



Community EBITDA (£m)



Registered

- Continuing growth in revenue and EBITDA
- We have made a very positive increase in EBITDA of 14.2% to £9.7m due to fee increases and fee rotation, offsetting the NLW increase

Community

- Growth of 6,200 hours, together with fee increases drove EBITDA growth of over 23%
- Organic growth in community hours due to the impact of tender wins and framework call-offs together with significant recovery of hours as temporary Covid-19 impacts recede

Covid-19 Financial Update

Non-Underlying Items due to Covid-19



£m

Non-Underlying items Covid-19 consist of:

PPE/Infection Control

Staff Costs

Agency Costs

Total Covid-19 Costs

Reimbursement

Non-Underlying items Covid-19

Non Covid-19 related

Total Non-Underlying

**FYE 2021
12 months**

**YTD Q2 2022
6 months**

(4.3)	(0.1)
(3.8)	(1.9)
(0.6)	(0.1)
(8.7)	(2.2)
7.5	1.8
(1.3)	(0.4)
(1.8)	(0.6)
(3.0)	(1.0)

- Main Covid-19 related cost was previously PPE which now continues to be supplied free from Government in England until March 2022
- Staff costs mainly include Statutory Sick Pay for self isolating staff
- Reimbursement of £1.8m of costs from Infection Control Fund and Rapid Testing funds
- We will continue to benefit from the infection control and rapid testing funds being extended up to March 2022

Financial Highlights

Cash Flow



£m	Q2	
	2021	2022
EBITDA	11.1	12.9
Maintenance Capital expenditure	(2.8)	(4.1)
Operating Cash flow	8.2	8.8
<i>Cash conversion %</i>	<i>74.5%</i>	<i>68.1%</i>
Non-underlying items	0.3	(1.0)
Working capital	0.9	(0.4)
Interest	(0.9)	(0.1)
Taxation	(1.1)	(0.9)
FCF before Development Capex, Acquisitions and Financing	7.4	6.4
Development Capital expenditure	(5.3)	(0.5)
Acquisitions	(0.0)	(3.6)
Sale proceeds	1.8	0.1
FCF before Financing	3.9	2.4
Property and vehicle lease payments (IFRS16)	(1.3)	(1.1)
Movement in cash for the period before financing activities	2.7	1.3
<u>Memo</u>		
Closing Cash and Cash Equivalents	39.3	40.3
Available RCF	45.0	45.0
Closing Cash plus available RCF	84.3	85.3

- Operating cash flow £0.6m ahead of Q2 2021 with higher EBITDA offsetting maintenance capex catch up
- FCF before Development Capex, Acquisitions and Financing £1.0m lower than last year due to increase in non-underlying items and working capital outflow
- Development pipeline healthy, although capex £4.8m lower due to timing
- Liquidity position improved year on year by £1.0m with cash of £40.3m and £45.0m undrawn committed RCF

Financial Highlights

Net Debt and Leverage



£m Sep 20 Dec 20 Mar 21 Jun 21 Sep 21

Reported

Net Debt	211.3	214.5	211.4	213.2	211.5
LTM EBITDA	44.4	43.9	44.8	45.7	47.5
Leverage (Per 'Offering Memorandum')	4.76x	4.89x	4.72x	4.67x	4.46x

- LTM EBITDA at £47.5m in September 2021, increased by £1.8m compared to June 2020
- Reported leverage was 4.46x in September 2021, **4.83x** when adjusted for IFRS 16 lease liability

Pro-Forma Leverage

Net Debt (inc. IFRS 16 Lease Liability)	233.1	235.5	229.9	230.8	229.2
LTM EBITDA	44.4	43.9	44.8	45.7	47.5
Pro-Forma Leverage (inc. IFRS 16 Lease Liability)	5.25x	5.36x	5.13x	5.06x	4.83x

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



Open properties as at 30 September 2021

	Registered		Community		Daycare	30 September 21 Total		31 June 21 Total		DCA ⁽⁴⁾
	#	Capacity	#	Capacity	#	#	Capacity	#	Capacity	#
Freehold	232	1,812	26	97	1	259	1,909	259	1,903	6
Leasehold/Rental ⁽¹⁾	31	224	3	10	7	41	234	40	235	33
3rd Party Owned ⁽²⁾	0	0	295	1,188	0	295	1,188	311	1,233	4
Totals	263	2,036	324	1,295	8	595	3,331	610	3,371	43
Freehold NBV (£m) ⁽³⁾	306.4		7.1		2.0	315.5		312.5		

Comments

- At 30 September 2021, number of freehold properties held was 259, the same as June 21
- 3rd Party Owned capacity reduced due to planned portfolio consolidation and expected tender loss
- Net book value of freehold properties totaled £315.5m
- 89.0% of registered capacity in freehold properties, whereas 7.5% 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.

(4) Total Freehold capacity excludes DCAs which are already counted in community

Recent Developments and Outlook



- The well-publicised tightening of the UK employment market means that recruitment and retention continues to be a key area of focus. Measures we have introduced include further local hot spot pay awards and a winter overtime premium
- Constructive fee increase discussions for FYE 2022 continuing with commissioners
 - Now seeking mid-year fee increases to support response to local employment markets
- Free Government issued PPE to be available until March 2022, with an extension to Infection Control and Testing funding until March 2022
- We see significant growth opportunities in both Registered and Supported Living. We will continue to:
 - Invest in new site developments with high return potential
 - Pursue roll-up acquisitions of which one is in exclusivity

Q & A



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

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