Investor Presentation
Quarterly Report – Q3 2018

28 February 2018

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 three and nine month periods ended 31 December 2017 (“Q3 2018”). All comparisons of financial and operating statistics are for the three and nine month periods ended 31 December 2016 (“Q3 2017”), 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

Q3 2018 Highlights

- CQC quality scores remain very high, with 94.6% of services achieving a rating of Good or Outstanding (Q3 2017: 94.2%)
- Revenue at £59.0m, up 9.0%, 4.3% like for like growth
- EBITDA before non-underlying items at £9.2m, down 4.2%, primarily due to statutory pay increases and the incremental sleep-in cost impact
- Cash conversion at 78.1%, (Q3 2017: 79.2%).
- Net debt at December 31st 2017 was £258.0m
- LTM EBITDA leverage was 7.05x – on a pro-forma basis, adjusting for M&A, leverage was 6.78x
- Sleep-ins: Voyage care joined the HMRC NMW/NLW Social Care Compliance Scheme in December 2017

All comparators are against Q3 2017 unless stated otherwise

Sleep-Ins

Ongoing Sleep-in Impact

- We moved from paying a flat rate for sleep-ins to paying an hourly rate from July 2017
- We indicated that the gross cost impact would be £3.5m-£4.0m in this financial year before recoveries
- Costs are now fully in our numbers. Further negotiations on fees are continuing with our customers

Potential Historic Liability

- We joined the HMRC Social Care Compliance Scheme on December 28th 2017 in line with many other companies in our sector
- This scheme provides for a 12 month period of self review of our historical payment practices compared to the requirements of the NMW/NLW legislation
- Following this period of review, our conclusions regarding sleep-ins will be reported to HMRC by December 31st 2018
- In the event that there should be a requirement to make backdated payments to present and previous staff, then these will need to be made by March 31st 2019
- We identified a contingent liability in our FY17 accounts and subsequently estimated a range of between £4m and £8m
- Our self review will include our own legal analysis of our position and will potentially be impacted by Court of Appeal judgements related to other providers expected before the end of the summer

Financial highlights

Q3 2017 vs. Q3 2018

£m	Quarter Q3 2017	Q3 2018	Growth
Revenue	**54.1**	**59.0**	**9.0%**
Staff Costs	(33.6)	(37.8)	(12.3%)
Contribution	**20.5**	**21.2**	**3.6%**
Contribution %	*37.9%*	*36.0%*	*(1.9%)*
Unit EBITDA	**14.2**	**14.4**	**1.5%**
Unit EBITDA %	*26.2%*	*24.4%*	*(1.8%)*
EBITDA	**9.6**	**9.2**	**(4.2%)**
EBITDA %	*17.7%*	*15.5%*	*(2.1%)*

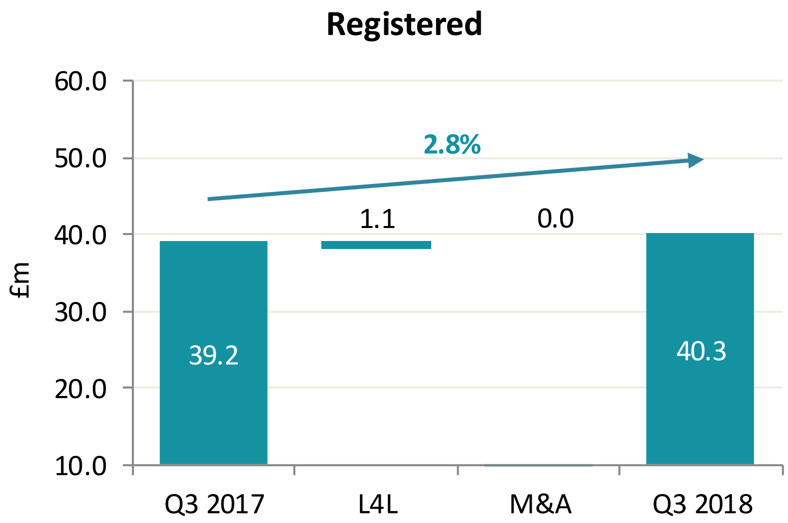
Comments

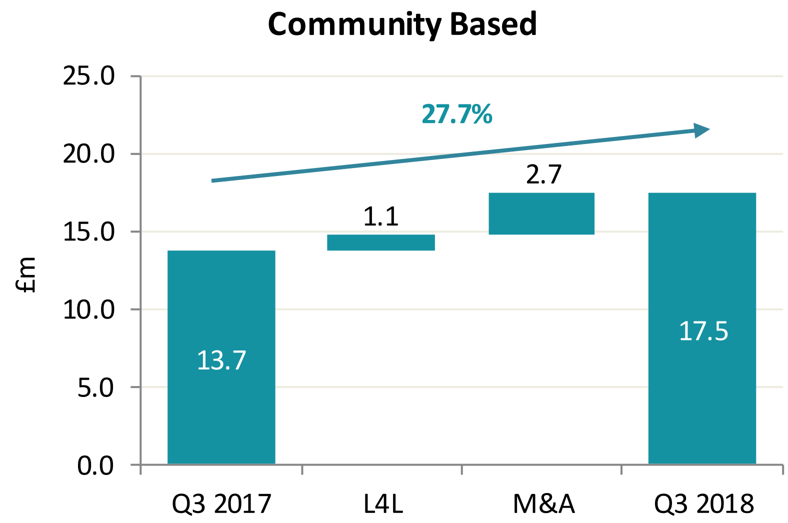
- Revenue increased by £4.9m, like for like revenue grew 4.3%,
  - £1.1m Registered growth
  - £3.8m Community Based Care growth
- Staff cost increase due to Focused Healthcare, organic growth, NLW, NMW, and Sleep-ins
- Unit EBITDA margin has reduced 1.8% due to payroll cost increases
- Overhead investment in recruitment capability and strengthening our back office processes
- Focused Healthcare delivered £2.6m revenue and £0.9m EBITDA in line with expectations

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

Financial highlights

Key Business Streams - Revenue





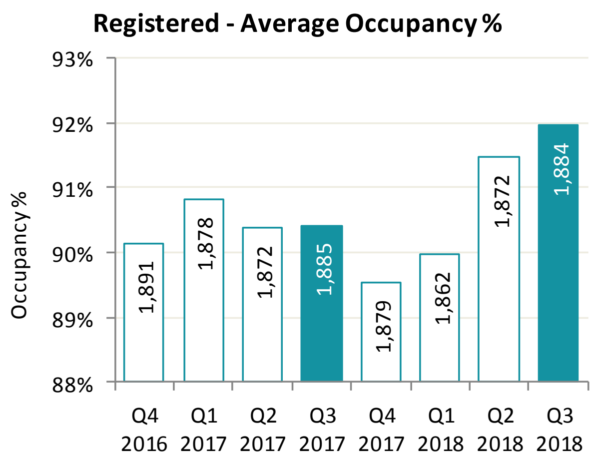
Comments

- Revenue across our Registered care homes is up by 2.8%, 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 is up by 27.7%, 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

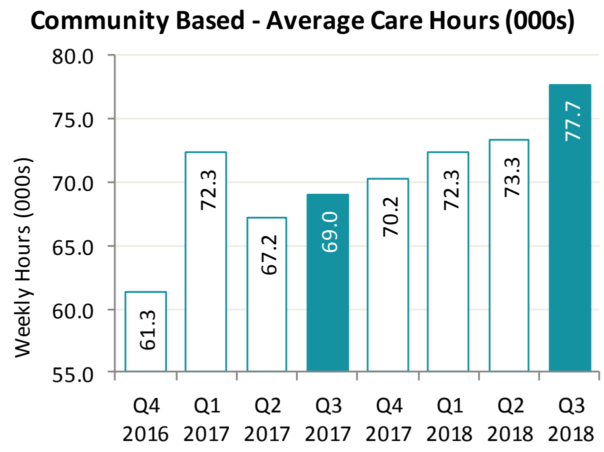
Financial highlights

Key Operating Metrics



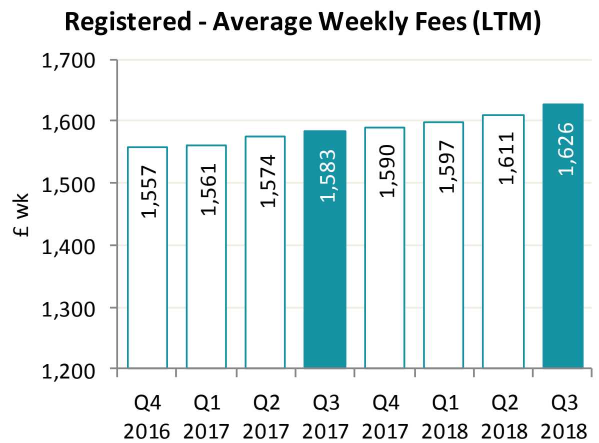
Average occupancy has increased to 92% and is now at 1,884 places.

Net capacity has reduced by 22 places due to de-registrations.

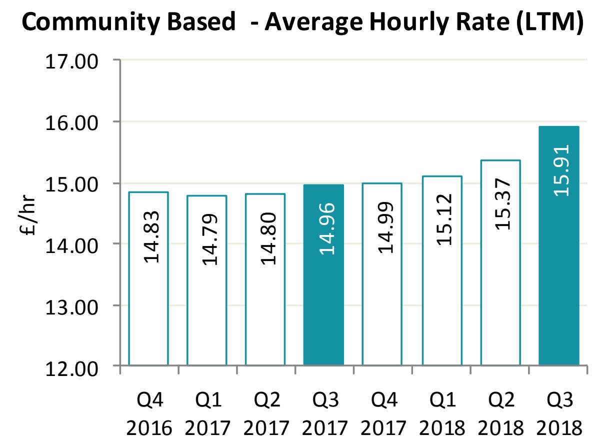


Average weekly hours have increased by 8,700 hours

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



Registered AWF benefiting from inflation increases, churn and new business

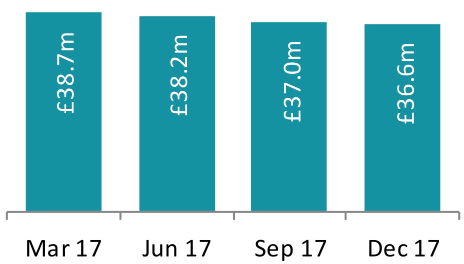


Average hourly rate increased due to fee inflation and impact of Focused Healthcare

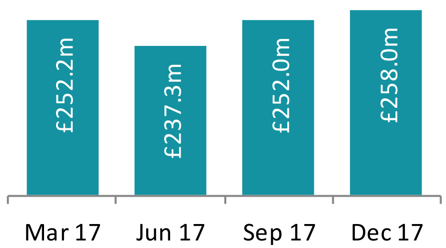
Financial highlights

LTM Performance

LTM EBITDA before non-underlying items (before pro-forma adjustments)

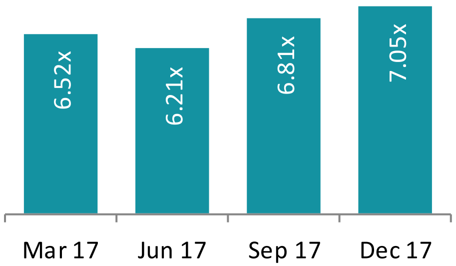


Net Debt



	Mar 17	Jun 17	Sep 17	Dec 17
Senior Notes	222.0	215.0	215.0	215.0
Junior Notes	50.0	35.0	35.0	35.0
Revolving Credit Facility	0.0	0.0	17.0	22.5
Unamortised OID on Junior Notes	(0.2)	0.0	0.0	0.0
Gross Debt	**271.8**	**250.0**	**267.0**	**272.5**
Cash (adjusted for restricted cash)	(19.6)	(12.7)	(15.0)	(14.5)
Net Debt	**252.2**	**237.3**	**252.0**	**258.0**

Leverage (Net) (before pro-forma adjustments)



- Dec 2017 leverage on a pro-forma basis was 6.78x after adjusting for M&A

Comments

- LTM EBITDA (before non-underlying items) reduced by £0.4m to £36.6m in December 2017, primarily due to increases in staff costs as a result of NLW/NMW increases and sleep-ins
- December 2017 Net Debt of £258.0m is calculated as £272.5m Gross Debt, less £14.5m adjusted cash (£15.7m cash balance adjusted for £1.2m restricted balances)

Financial highlights

Cash Flow

£m	Q3 2017	Q3 2018
EBITDA before non-underlying items	9.6	9.2
Capital expenditure (Maintenance)	(2.0)	(2.0)
Operating cash flow	**7.6**	**7.2**
Cash conversion %	*79.2%*	*78.1%*
Non-underlying items	(0.2)	(0.1)
Working capital	(4.0)	(2.3)
Capital expenditure (Development)	(0.5)	(2.5)
Interest	(0.1)	(7.9)
Taxation	(0.2)	(0.4)
FCF before acquisitions and financing	**2.5**	**(6.1)**
Acquisitions	0.0	(0.1)
FCF before financing	**2.5**	**(6.1)**
Net cash flow used in financing activities	0.0	5.5
Movement in cash for the period	**2.5**	**(0.6)**
Opening cash and cash equivalents	18.4	16.4
Closing cash and cash equivalents	**21.0**	**15.7**

Comments

- Maintenance capex excluding IT spend is £2.0m and 3.4% of revenue for Q3 2018, (Q3 2017: £2.0m and 3.7% respectively)
- Non-underlying items include backdated VAT receipts on our Day Care business of £0.3m offsetting other non-underlying items of £0.4m.
- Change in working capital movement is primarily due to decreases in deferred income and accruals (£4m) offset by increases in trade payables (£2.2m)
- Timing of interest payments changed due to re-financing
- Net cash flow in financing activities was £5.5m drawdown of RCF for general corporate and working capital purposes.

Financial highlights

Financial Summary

- Q3 Revenue growth of 9.0% to £59.0m
    - Registered growth was 2.8%
    - Community Based Care growth was 27.7%

- Q3 EBITDA Margin impacted by 2.1% mainly due to NLW, NMW increases and on going sleep-in impact which is now fully in the numbers

- Operating Cash Flow at £4.9m with cash flow conversion of 78.1%

- Leverage is at 7.05x EBITDA; 6.78x on a pro-forma basis

Outlook & Recent Developments

- Our Nottingham DCA achieved **outstanding** in its recent CQC inspection
- Our Pipeline of Tenders and Referrals continues to strengthen
- Requests for fee increases for 2018/19 have now been submitted to our customers
- Lobbying efforts continue through Learning Disability Voices (LDV) primarily focused on sleep-ins

- Next update will be our full year results for FY 2018, published 18 July 2018, conference call 18 July 2018 2pm GMT

Q & A

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

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