

Investor Presentation Quarterly Report – Q3 2024

28 February 2024



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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

Unless otherwise stated, this presentation includes the unaudited consolidated financial information of Voyage BidCo Limited and its subsidiaries for the 3 and 6 month period ended 30 December 2023 (“Q3 2024” and “YTD 2024” respectively). All comparisons of financial and operating statistics are for the 3 and 6 month period ended 30 December 2022 (“Q3 2023” and “YTD 2023” respectively), unless otherwise stated. Movements and percentages have been calculated using the underlying number to one decimal place of the number presented in this document.

Adjustments

Certain numerical information and other amounts and percentages presented in this report have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given. The abbreviation ‘nm’ is used in this report in certain instances when a percentage variance produces an erroneous or non-meaningful result.

Agenda



- Performance Summary
- Financial Highlights
- Property Summary
- Recent Developments and Outlook
- Q&A

Performance Summary

Q3 2024 Highlights



- Quality ratings maintained at a market leading level, with 89.2% of services achieving a CQC rating of Good, Outstanding or equivalent
- Underlying adjusted EBITDA of £11.2m was £1.7m higher than Q3 2023 and £2.4m higher than Q2 2024
- Q3 Group Revenue up 10.9% year on year to £88.7m
- YTD Fee increases offered were 9.1%
- Agency reduced to 2.1% of direct care hours (Q2 2024: 2.4%, Q3 2023: 5.1%), lower than pre Covid-19
- Leverage reduced to 7.1x

Note: All comparators are against Q3 2023 unless stated otherwise.
Adjusted EBITDA is stated before non-underlying items

Financial Highlights

Q3 2023 vs Q3 2024



£m	Quarter		
	Q3 2023	Q3 2024	Growth
Revenue	80.0	88.7	10.9%
Unit Level Staff Costs	(52.7)	(60.6)	(15.0%)
Agency Costs	(4.4)	(1.6)	62.4%
Contribution	22.9	26.5	15.5%
<i>Contribution %</i>	<i>28.7%</i>	<i>29.9%</i>	<i>1.2%</i>
Direct Overheads (1)	(7.8)	(8.3)	(6.3%)
Unit EBITDA	15.2	18.2	20.2%
<i>Unit EBITDA %</i>	<i>19.0%</i>	<i>20.6%</i>	<i>1.6%</i>
Central Overheads	(5.7)	(7.1)	(24.9%)
Underlying adjusted EBITDA	9.5	11.2	17.5%
<i>Underlying adjusted EBITDA %</i>	<i>11.9%</i>	<i>12.6%</i>	<i>0.7%</i>

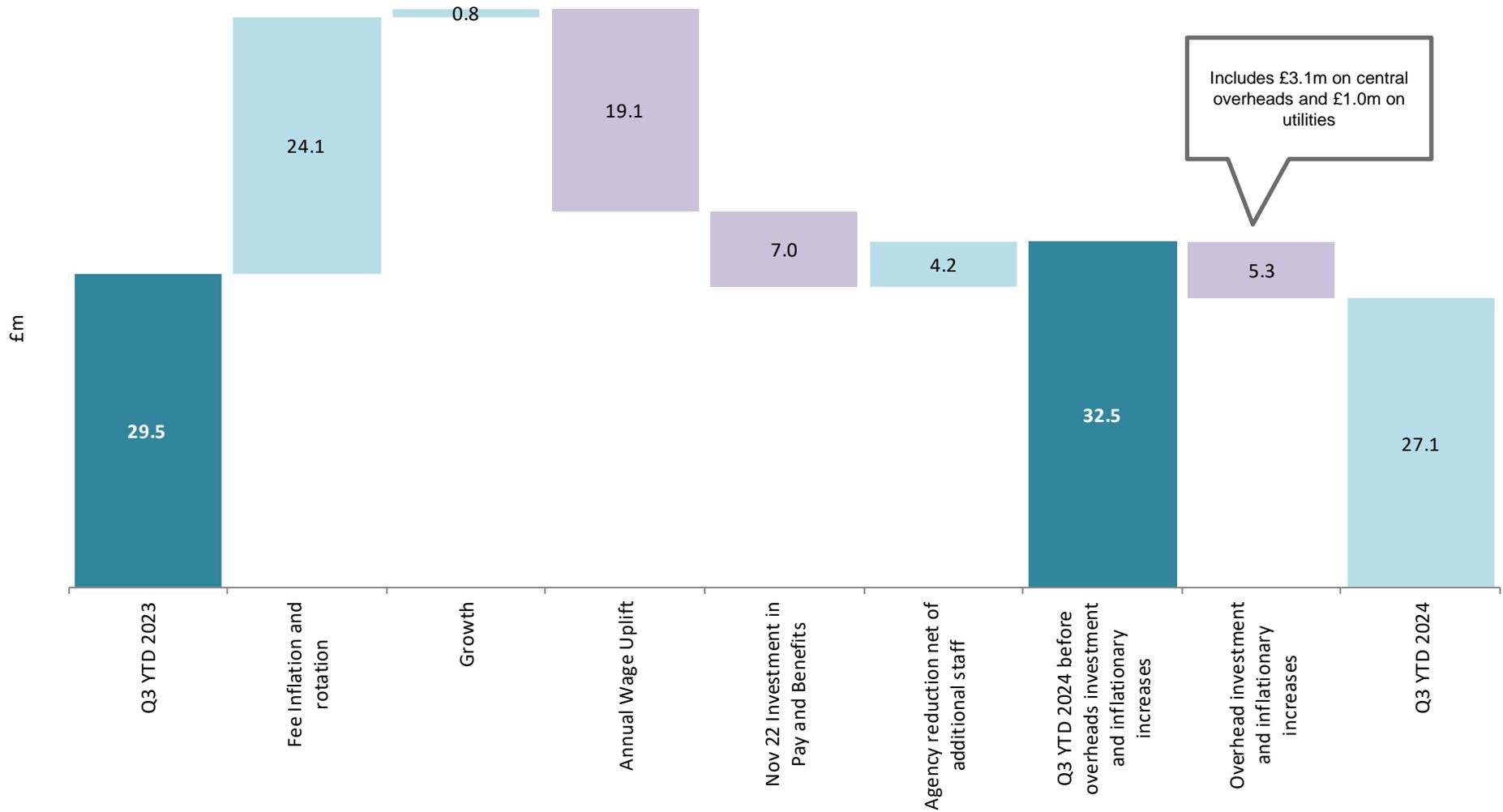
- Revenue increased by £8.7m, 10.9%
 - Key growth drivers were fee increases and fee rotation
 - Fee increases offered at 9.1% (Q3 2023 6.0%, FYE 2023 6.6%)
- Unit level Staff costs increased by £7.9m, 15.0%
 - April wage increases average 9.0% (NLW driven)
 - Additional Pay and benefits investments of £1.0m to support retention and recruitment (£1.0m pcm, implemented Nov 2022, continuing)
- Agency costs at 2.1% of direct care hours, a reduction of £2.8m – improved recruitment and retention
- Direct Overheads increased by £0.5m, primarily due to utility cost inflation
- Central overheads increased by £1.4m, due to staff costs and Investments in Technology
- Underlying adjusted EBITDA increased by £1.7m and margin increased to 12.6%

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 YTD

Q3 YTD 2023 Underlying adjusted EBITDA vs Q3 YTD 2024 Underlying adjusted EBITDA

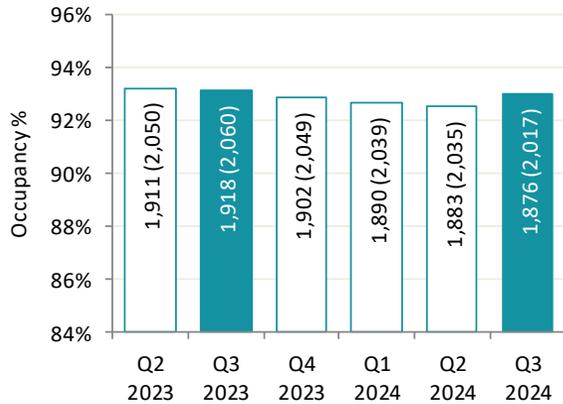


Financial Highlights

Key Operating Metrics



Registered - Average Occupancy (Capacity) % and

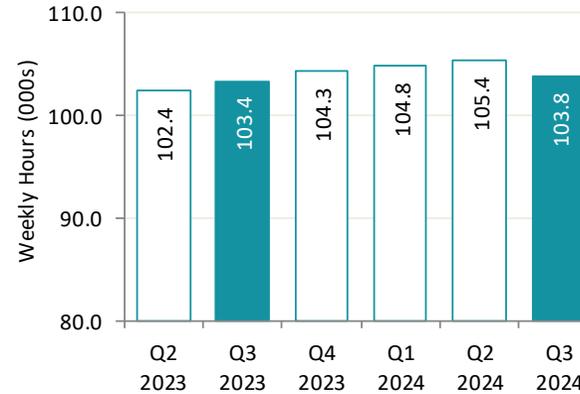


Closing Occ. 1,928 1,917 1,900 1,888 1,883 1,871

Closing occupancy for the period was 93.0%, 1,871 people we support, 12 lower than Q2 2024 primarily due to capacity reduction (ongoing portfolio review)

Referral pipeline continues to be strong

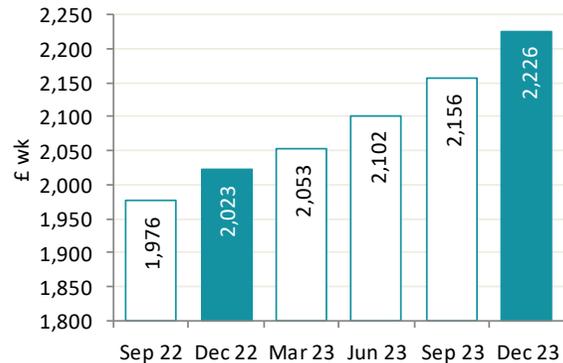
Community - Average Direct Care Hours (000s)



Average weekly direct care hours grew by 400 compared to Q3 2023

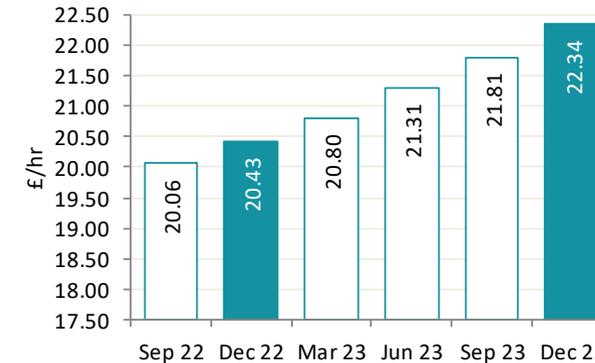
1,600 hours lower than previous quarter (Q2) due to service closures as a result of the ongoing portfolio review which is driving enhanced profitability

Registered - Average Weekly Fees (AWF) (LTM)



Combination of inflationary fee increases, resolving underfunded placements, fee rotation and acuity mix have driven 10.0% year on year growth in AWF since December 2022

Community - Direct Care Revenue Per Hour (LTM)



Direct care revenue per hour has increased by 9.3% since Q3 2023 due to fee increases and supporting individuals with more complex needs

Financial Highlights

Cash Flow YTD



£ million	YTD 2023	YTD 2024	Change
Underlying adjusted EBITDA	29.5	27.1	(2.4)
Maintenance capex	(10.1)	(8.5)	1.6
IT capex	(1.8)	(2.3)	(0.5)
Adjusted free cash flow	17.6	16.4	(1.2)
<i>Cash conversion %</i>	<i>59.8%</i>	<i>60.5%</i>	<i>0.7%</i>
Non-underlying items	(1.4)	(2.1)	(0.7)
Working capital	(4.0)	(0.7)	3.4
Interest	(8.3)	(7.7)	0.6
Taxation	0.3	0.9	0.6
FCF before dev. capex, acquisitions and financing	4.3	6.7	2.4
Development capex	(3.9)	(6.5)	(2.6)
Acquisition capex	(4.2)	0.0	4.2
Proceeds from sale	1.9	1.9	0.0
FCF before financing	(1.9)	2.1	4.0
Property and vehicle lease payments (IFRS16)	(3.3)	(4.2)	(0.9)
Net cash flow (used in)/generated from financial activities	(1.0)	5.0	6.0
Movement in cash for the period	(6.3)	2.9	9.2
Opening cash and cash equivalents	24.1	15.5	(8.6)
Closing cash and cash equivalents	17.8	18.4	0.6
Undrawn RCF at Closing	50.0	43.0	(7.0)
Total liquidity	67.8	61.4	(6.4)

- Adjusted free cash flow £1.2m lower YTD than 2023 due to a decrease in EBITDA, partially offset by lower maintenance capex
- FCF before development capex, acquisition and financing £2.4m higher than last year – mainly driven by favourable working capital movement of £3.4m
- Significant increase in development capex with £6.5m invested
- £4.0m positive FCF before financing movement compared to Q3 YTD last year
- £18.4m cash plus £43.0m RCF undrawn at 31st December 2023

Financial Highlights

Net Debt and Leverage



Ratio of net debt to Underlying Adjusted EBITDA

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
£m					
Gross Debt	250.0	252.0	255.0	255.0	257.0
Cash ⁽¹⁾	(15.4)	(13.1)	(15.2)	(11.5)	(13.6)
Secured net debt	234.6	238.9	239.8	243.5	243.4
IFRS16 Lease Liability	16.1	16.7	15.7	16.0	15.5
Net debt including IFRS 16 lease liability	250.6	255.7	255.3	259.6	259.0
Underlying adjusted EBITDA ⁽²⁾	42.5	38.9	36.7	34.9	36.5
Ratio of net debt to Underlying Adjusted EBITDA	5.9x	6.6x	7.0x	7.4x	7.1x

- Net debt £0.6m lower than September 2023 primarily due to increased EBITDA performance
- LTM EBITDA at £36.5m, increased by £1.6m compared to September 2023
- Leverage decreased to 7.1x
- Leverage expected to reduce further towards the end of this financial year, profile broadly consistent with historical performance
- Short to medium term leverage target unchanged

Note:

1- Previously referred to as pro forma cash however pro forma adjustments are not relevant after Dec-22

2- Previously referred to as Pro forma underlying Adjusted EBITDA however pro forma adjustments are not relevant after Sep-22

Property Summary



Open properties as at 31/12/2023

	Registered		Community		Daycare	31/12/2023		30/09/2023		DCA ⁽⁴⁾
	#	Capacity	#	Capacity	#	#	Capacity	#	Capacity	#
Freehold	234	1,792	28	107	1	263	1,899	263	1,903	6
Leasehold/Rental ⁽¹⁾	29	211	3	10	7	39	221	40	227	31
3rd Party Owned ⁽²⁾	3	9	274	1,172	0	277	1,181	283	1,210	4
Totals	266	2,012	305	1,289	8	579	3,301	586	3,340	41
Freehold NBV (£m)⁽³⁾	307.3		8.7		2.0	318.0		320.5		

Comments

- 263 Freehold properties were held, in line with 30th September 2023
- 277 3rd party owned properties were operated, a decrease of 6 from 30th September 2023 due to our ongoing portfolio review
- Net book value of freehold properties totaled £318.0m, 3rd Party property valuation as at June 2021 was £436.0m
- 89.1% of registered capacity is freehold, whereas 8.3% of Community Based Care is freehold, in line with strategy

(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 represents the historic cost of the properties and comprises purchase price and subsequent additions, less depreciation and excludes assets held for sale and leasehold, encumbered and third party properties. The property portfolio has not been externally valued since June 2021

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

Recent Developments and Outlook



- The Specialist Care sector provides an essential service in the UK and Voyage Care continues to be a leader in the sector
- Our Q3 FYE 2023 Investment in our staffing teams continues to improve our staffing levels and agency levels are now lower than before the pandemic
- Fee increase process for FYE 2024 continues well and gives us confidence that we can cover in year wage and cost inflation. Fee increase process for FYE 2025 has commenced
- NLW confirmed to increase in April by 9.8% to £11.44. The cost increase has been incorporated into FYE 2025 fee asks in the usual way
- We continue to pursue suitable M&A opportunities
- We continue to invest in our strategic capabilities and IT systems to drive growth and operational effectiveness
- Strong financial position and resilient operational performance - we continue to deliver high quality care in this essential sector
- CEO/CFO Transition plans are well advanced:
 - Mike McKessar appointed as CEO – joins early summer. Jayne Davey, currently COO becomes Interim CEO to follow Andrew Cannon's departure in March
 - Shaun Parker to step down from CFO role in June – process to recruit a successor is underway and progressing positively

Q & A



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

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