

Investor Presentation Annual Report 2023

19 July 2023



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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 for the 12 month period ended 31 March 2023 (“FYE 2023”). All comparisons of financial and operating statistics are for the 12 month period ended 31 March 2022 (“FYE 2022”), 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

FYE 2023 Highlights



- Challenging external environment in FYE 2023
- Quality ratings maintained at a market leading level, with 92% of services achieving a CQC rating of Good, Outstanding or equivalent
- Group Revenue up 7.7% at £315.2m (FYE 2022: £292.6m)
- Fee increases offered for FYE 2023 were 6.6% (FYE 2022 2.7%)
- Investment in pay and benefits of £1.0m per month (FYE 2023 total: £5.0m) has improved staff levels, however adversely impacted EBITDA
- Agency levels reduced during Q4 to 4.4% of care hours (Q3 FY 2023: 5.1%)
- Underlying Adjusted EBITDA £38.9m (FYE 2022: £48.7m)
- Pro forma leverage was 6.6x and liquidity strong with £48.0m of RCF undrawn

Note: All comparators are against FYE 2022 unless stated otherwise.
Adjusted EBITDA is stated before non-underlying items

Financial Highlights

FYE 2022 vs FYE 2023



£m	FYE		
	2022	2023	Growth
Revenue	292.6	315.2	7.7%
Unit Level Staff Costs	(185.7)	(207.3)	(11.6%)
Agency Costs	(10.8)	(16.5)	(52.9%)
Contribution	96.1	91.5	(4.8%)
<i>Contribution %</i>	<i>32.9%</i>	<i>29.0%</i>	<i>(3.8%)</i>
Direct Overheads (1)	(24.1)	(30.4)	(25.8%)
Unit EBITDA	72.0	61.1	(15.1%)
<i>Unit EBITDA %</i>	<i>24.6%</i>	<i>19.4%</i>	<i>(5.2%)</i>
Central Overheads	(23.3)	(22.2)	4.6%
Underlying adjusted EBITDA	48.7	38.9	(20.1%)
<i>Underlying adjusted EBITDA %</i>	<i>16.6%</i>	<i>12.3%</i>	<i>(4.3%)</i>

- Revenue increased by £22.6m, 7.7%
 - Key drivers for growth were fee increases, fee rotation and higher average occupancy
 - Fee increases offered at 6.6% - higher than last year but below cost increases (FYE 2022 2.7%)
- Unit level Staff costs increased by £21.6m, 11.6%
 - Increases in NLW (6.6%) and Employers NI
 - Pay and benefits investments of £5.0m made in Q3 and Q4 to support retention and recruitment (£1.0m pcm, continuing)
- Agency costs increased by £5.7m (5.0% of direct care hours), caused by staffing pressures and tightening of local employment markets
- Direct Overheads increased by £6.2m, due to cost inflation, including £3.3m relating to utilities
- Central overheads reduced by £1.1m, primarily due to reduced bonuses
- Underlying adjusted EBITDA decreased by £9.8m and margin reduced to 12.3%

Note:

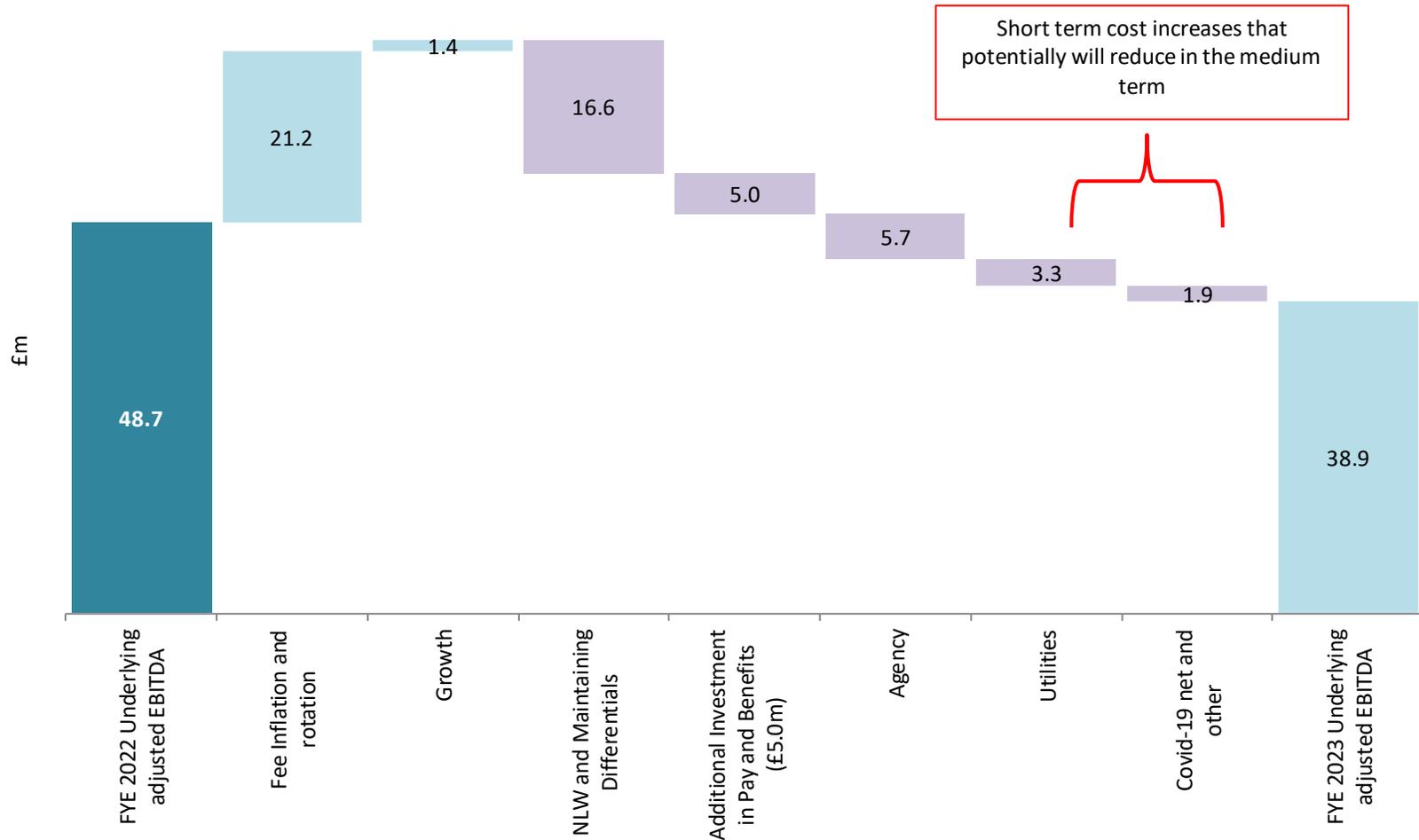
1. Direct Overheads consist of costs incurred in running and maintaining services including direct expenses and consumables, property, vehicle and other lease rentals (outside the scope of IFRS16), business rates, council tax, repairs, utilities, training and professional fees

Financial Highlights

FYE 2022 vs FYE 2023



FYE 2022 vs FYE 2023 underlying adjusted EBITDA bridge

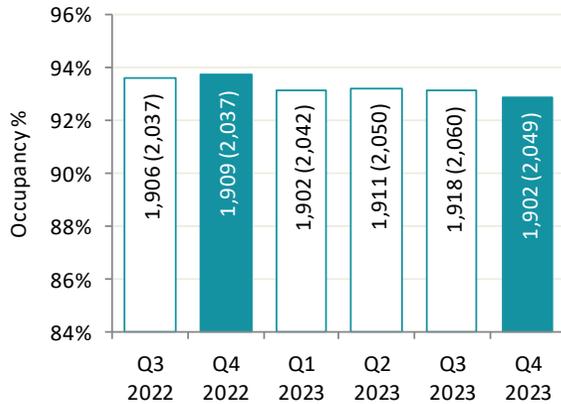


Financial Highlights

Key Operating Metrics



Registered - Average Occupancy (Capacity) % and

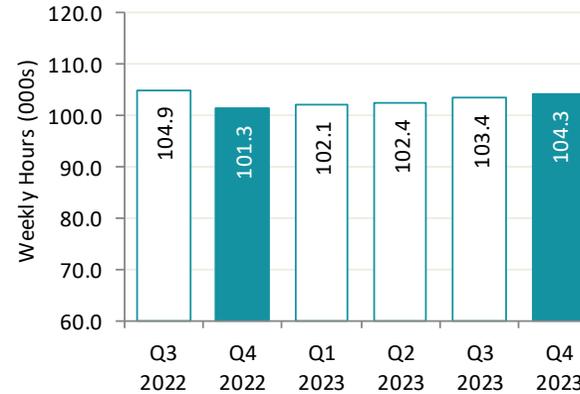


Closing Occ. 1,904 1,907 1,902 1,928 1,917 1,900

Closing occupancy for the period was 92.9% , 1,900 people we support, 7 lower than prior year primarily due to recruitment challenges

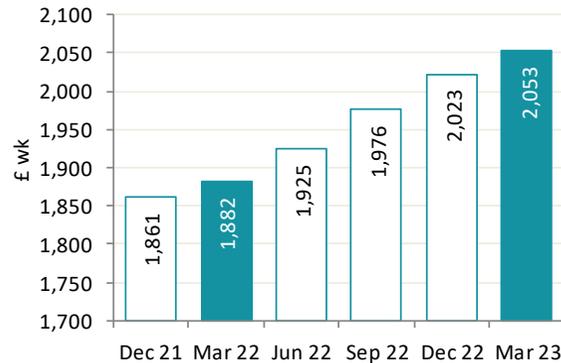
Referral pipeline continues to be strong however conversion rate was impacted by recruitment challenges

Community - Average Direct Care Hours (000s)



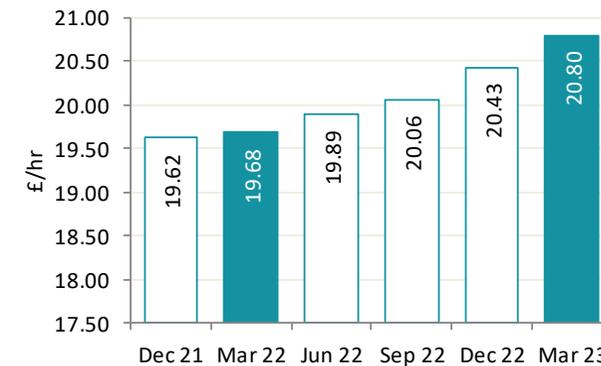
Average weekly direct care hours grew by 3,000 compared to Q4 2022

Registered - Average Weekly Fees (LTM)



A combination of fee increases, fee rotation and acuity mix has driven placements won at a higher rate, has driven 9.1% year on year growth in Average Weekly Fees since March 2022

Community - Direct Care Revenue Per Hour (LTM)



Direct care revenue per hour has increased by 5.7% since Q4 2022 due to fee increases

Financial Highlights

Cash Flow



£ million	£		
	FYE 2022	FYE 2023	Change
Underlying adjusted EBITDA	48.7	38.9	(9.8)
Maintenance capex	(13.6)	(12.3)	1.3
IT capex	(2.7)	(2.2)	0.5
Adjusted free cash flow	32.5	24.4	(8.0)
<i>Cash conversion %</i>	<i>66.7%</i>	<i>62.8%</i>	<i>(3.9%)</i>
Non-underlying items	(12.6)	(3.9)	8.7
Working capital	2.6	(2.1)	(4.7)
Interest	(20.9)	(15.6)	5.2
Taxation	(2.7)	0.3	3.0
FCF before dev. capex, acquisitions and financing	(1.0)	3.2	4.2
Development capex	(2.2)	(5.8)	(3.7)
Acquisition capex	(3.6)	(4.3)	(0.7)
Proceeds from sale	0.3	2.1	1.8
FCF before financing	(6.5)	(4.9)	1.5
Property and vehicle lease payments (IFRS16)	(4.5)	(4.7)	(0.2)
Net cash flow used in financing activities	(5.7)	1.0	6.7
Movement in cash for the period	(16.7)	(8.6)	8.1
Opening cash and cash equivalents	40.7	24.1	(16.7)
Closing cash and cash equivalents	24.1	15.5	(8.6)
Undrawn RCF at Closing	45.0	48.0	3.0
Total liquidity	69.1	63.5	(5.6)

- Adjusted free cash flow £8.1m lower than FYE 2022 primarily due to £9.8m decrease in EBITDA
- FCF before Development Capex, Acquisitions and Financing £4.2m higher than last year primarily due to:
 - Lower non-underlying costs - FYE 2022 contained £9.4m of sale related costs
 - Working capital reduction of £2.1m primarily related to timing
 - favourable movements in interest and taxation
- Increase in development capex and acquisition with £10.1m invested
- £15.5m cash plus £48.0m RCF undrawn at March 31st 2023

Financial Highlights

Net Debt and Leverage



Ratio of pro forma net debt to pro forma Underlying Adjusted EBITDA

	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
£m					
Gross Debt	250.0	250.0	255.0	250.0	252.0
Cash ⁽¹⁾	(20.7)	(18.5)	(15.9)	(15.4)	(13.1)
Secured net debt	229.3	231.5	239.1	234.6	238.9
IFRS16 Lease Liability	17.6	16.8	16.3	16.1	16.7
Net debt including IFRS 16 lease liability	246.9	248.3	255.4	250.6	255.7
Underlying Adjusted EBITDA	48.7	47.3	45.1	42.5	38.9
Pro forma EBITDA adjustments	0.6	0.4	0.2	0.0	0.0
Pro forma underlying adjusted EBITDA ⁽²⁾	49.4	47.8	45.3	42.5	38.9
Ratio of pro forma net debt to pro forma Underlying Adjusted EBITDA	5.0x	5.2x	5.6x	5.9x	6.6x

- Pro forma net debt £8.8m higher than March 2022 primarily due to £2.0m of RCF drawn and reduced EBITDA performance
- Pro forma LTM EBITDA at £38.9m, decreased by £10.5m compared to March 2022
- Pro forma Leverage increased to 6.6x

Note:

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

2- Pro forma Underlying Adjusted EBITDA reflects the full year impact of pro-forma adjustments as if they had been fully implemented for the reported period

Property Summary



Open properties as at 31/03/2023

	Registered		Community		Daycare	31/03/2023		31/12/2022		DCA ⁽⁴⁾
	#	Capacity	#	Capacity	#	#	Capacity	#	Capacity	#
Freehold	237	1,828	27	97	1	265	1,925	266	1,927	6
Leasehold/Rental ⁽¹⁾	30	217	3	10	7	40	227	41	230	32
3rd Party Owned ⁽²⁾	3	9	289	1,223	0	292	1,232	296	1,234	4
Totals	270	2,054	319	1,330	8	597	3,384	603	3,391	42
Freehold NBV (£m)⁽³⁾	310.0		6.4		2.0	318.4		322.7		

Comments

- At 31st March 2023, 265 Freehold properties were held, a decrease of 1 from 31st December 2022
- At 31st March 2023, 332 Leasehold and 3rd party owned properties were held, a decrease of 5 from 31st December 2022
- Net book value of freehold properties totaled £318.4m
- 89.0% of registered capacity in freehold properties, whereas 7.3% 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 Specialist Care sector provides an essential service in the UK and Voyage Care continues to be a leader in the sector
- CQC continues to operate with a risk-based approach, focusing inspections on services with potential issues and not inspecting services which have improved. This has resulted in a degradation of quality scores across the sector however we remain significantly higher than the sector average
- Our Q3 FYE 2023 Investment in our staffing teams continues to improve our staffing levels and agency levels continue to reduce
- The Fee increase process for FYE 2024 has started constructively and offers received exceed previous years
- Continuing closures across sector due to staffing and financial pressures and we are increasing our focus on the sustainability of our services
- We are continuing our investment into our strategic capabilities, and growth and market consolidation opportunities available
- Strong financial position and resilient operational performance - we continue to deliver high quality care in this essential sector
- We will update the market on our Q1 performance on 24th August

Q & A



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

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