

# Investor Presentation Annual Report 2021

14 July 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 audited consolidated financial information of Voyage BidCo Limited and its subsidiaries for the 12 month period ended 31 March 2021 (“FYE 2021”). All comparisons of financial and operating statistics are for the 12 month period ended 31 March 2020 (“FYE 2020”), 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

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- Executive Summary
- Covid-19 Update
- Financial Highlights (Including Covid-19 Financial update)
- Property Summary
- Recent Developments and Outlook
- Q&A

# Executive Summary

## FYE 2021 Highlights



- Quality ratings maintained at a market leading level, with 95% of services achieving a CQC rating of Good, Outstanding or equivalent
- Managed impact of Covid-19 well and growth rate increased in Q4 after slowing during Q1 to Q3
- FYE 2021 revenue up 2.7% at £274.2m
- Fee increases for FYE 2021 were 3.0% (FYE 2020 2.3%), highest annual increase received
- EBITDA was £44.8m. Growth of 4.7% (L4L and adjusted for Covid-19 impact)
- Temporary Covid-19 impact on Community hours easing. Registered occupancy grew by 20 places in Q4
- Leverage at 31<sup>st</sup> March 2021 4.72x on a reported basis, 5.13x adjusting for IFRS 16 lease liabilities
- Liquidity strong with cash balance of £40.7m and £45m RCF undrawn and available
- Contingent liability now removed following favourable Mencap Sleep-Ins Supreme Court Case judgement on 19<sup>th</sup> March 2021

Note: All comparators are against FYE 2020 unless stated otherwise  
EBITDA is stated before non-underlying items



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

- Our operational teams are managing well. Recruitment and retention increased
- We are involved in various working groups helping shape Government guidance and we also continue to respond well to this evolving guidance, updating our policies, procedures, approach and training as required
- Revenue has increased despite Covid-19 related delays in transitions causing temporary occupancy reductions, and temporarily cancelled shifts impacting community hours. We expect to recover these reductions during the course of FYE 2022. We increased Registered Occupancy by 20 in Q4 2021 and that strong positive trend continues
- We have been reimbursed for much of our cost associated with dealing with the pandemic including for PPE, which will now be available to us free from Government until at least March 2022
- Government has now allocated and distributed over £5Bn to local authorities specifically to fund the adult social care response to the pandemic, including the most recent Adult Social Care Infection Control and Testing Fund which covers the period to the end of September 2021
- We continue to see local authorities progressing tenders and have been successful in several of these

# Financial Highlights

FYE 2020 vs. FYE 2021



£m	FYE 2020	FYE 2021	Growth
<b>Revenue</b>	<b>267.0</b>	<b>274.2</b>	<b>2.7%</b>
Staff Costs	(167.8)	(182.5)	(8.8%)
Agency Costs	(7.4)	(2.7)	63.7%
<b>Contribution</b>	<b>91.8</b>	<b>89.0</b>	<b>(3.0%)</b>
<i>Contribution %</i>	<i>34.4%</i>	<i>32.5%</i>	<i>(1.9%)</i>
Direct Overheads <sup>(1)</sup>	(24.3)	(22.4)	7.7%
<b>Unit EBITDA</b>	<b>67.5</b>	<b>66.6</b>	<b>(1.4%)</b>
<i>Unit EBITDA %</i>	<i>25.3%</i>	<i>24.3%</i>	<i>(1.0%)</i>
Overheads	(22.4)	(21.8)	2.9%
<b>EBITDA</b>	<b>45.1</b>	<b>44.8</b>	<b>(0.7%)</b>
<i>EBITDA %</i>	<i>16.9%</i>	<i>16.3%</i>	<i>(0.5%)</i>
<b>Adjusted EBITDA</b>	<b>44.3</b>	<b>46.3</b>	<b>4.7%</b>
	<i>16.6%</i>	<i>16.9%</i>	<i>0.3%</i>

- Revenue increased by £7.2m, 2.7%
  - Fee increases for FYE 2021 were 3.0% (FYE 2020: 2.3%)
  - Revenue reduction from Covid-19 temporarily reducing Registered occupancy and Community hours (cancelled shifts; daycare closures)
- Staff costs (excluding Overheads) increased by £14.7m, 8.8%
  - NLW/NMW and other pay rises c.£8.8m
  - Activity related growth in staff costs of c.£3.7m
  - Additional costs relating to Covid-19 of c.£2.2m
- Direct agency costs reduced by £4.7m overall and represented 1.4% of direct care hours
- Direct Overheads reduced by £1.9m due to cost management and procurement initiatives and Covid-19 impact
- Group Overheads reduced by £0.6m compared to last year
- Adjusted EBITDA £46.3m, an increase of 4.7% on a **L4L** basis adjusted for Covid-19 and the FYE 2020 Supported Living (SL) freehold sale

Note:

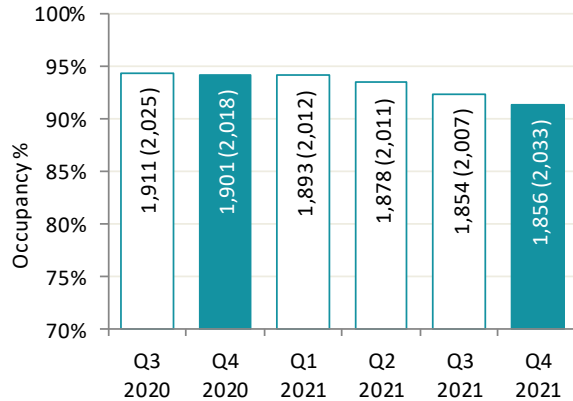
1. Direct Overheads consist of costs incurred in running and maintaining services including direct expenses and consumables, property, vehicle and other lease rentals (outside the scope of IFRS16), business rates, council tax, repairs, utilities, training and professional fees

# Financial Highlights

## Key Operating Metrics



### Registered - Average Occupancy (Capacity) % and #



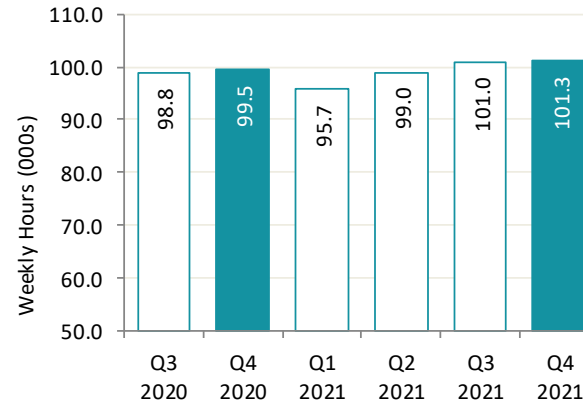
Closing Occ. 1,903 1,898 1,893 1,872 1,848 1,868

Closing occupancy for the period was 91.9% and 1,868 people we support, compared to 1,848 for Q3, an increase of 20

Occupancy started to recover in Q4 following dips in Q2 and Q3

Referral pipeline continues to be higher than prior periods

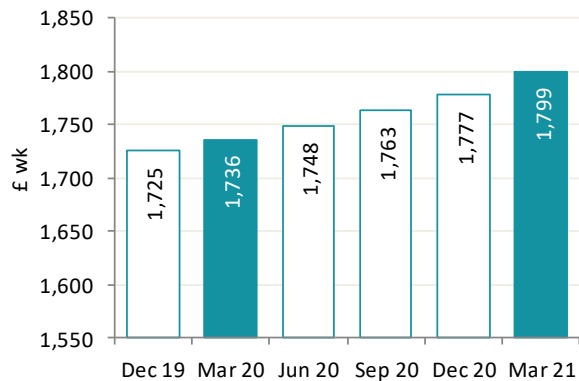
### Community - Average Direct Care Hours (000s)



Average direct weekly hours have increased by 1,800 hours compared to Q4 2020

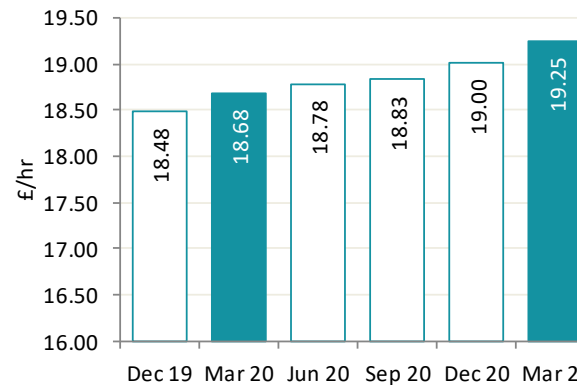
Growth since Q4 2020 attributable to annualised impact of tender wins and framework call-offs partially offset by a one-off, temporary reduction in hours due to the Covid-19 pandemic

### 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 3.6% growth since March 2020

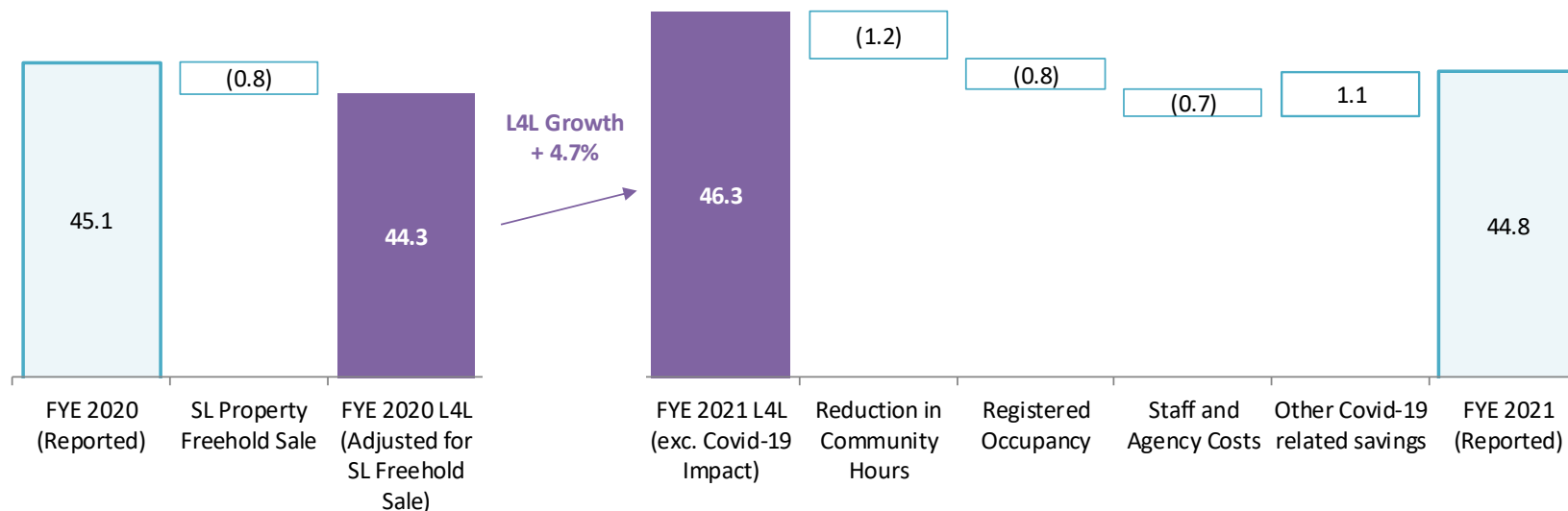
### Community - Direct Care Revenue Per Hour (LTM)



Direct average hourly rate has increased by 3.1% since Q4 2020 primarily due to fee increase

# Covid-19 Financial Update

## L4L Underlying EBITDA Comparison FYE

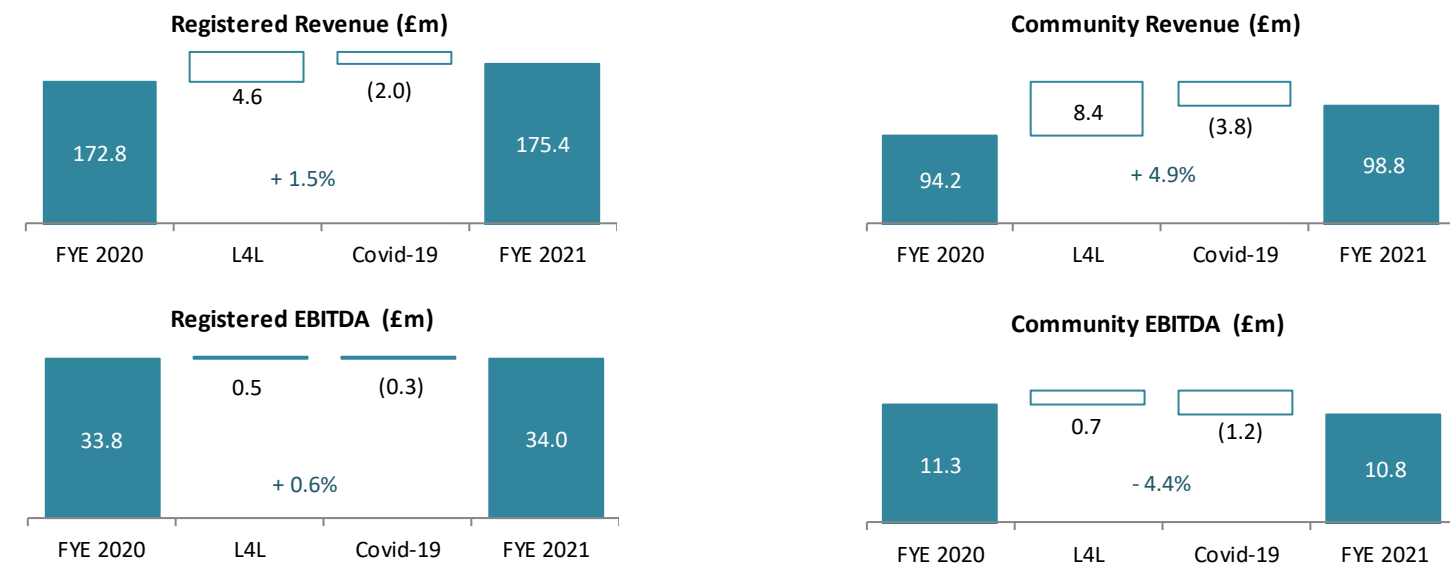


- We sold 40 SL Properties (Sept 2019) which on a pro forma basis would have reduced FYE 2020 EBITDA to £44.3m.
- FYE 2021 L4L (Before impact of Covid-19) was circa £46.3m, which was £2.0m, 4.7% higher than last year on a L4L basis.
- Estimated Covid 19 impacts taken to the **underlying** P&L included:
  - Community shift cancellations due to people we support isolating/shielding and some Daycare closures
  - Registered occupancy reductions due to delays in transitioning new joiners
  - Additional Staff Costs to reduce agency usage and maintain safe operations, net of reductions in agency costs
  - Other Covid-19 related savings e.g. travel and vehicle costs
- No P&L impact of our people who shielded, as costs materially covered by Coronavirus Job Retention Scheme.
- Does not include the impact of lost Community hours growth due to COVID-19 (e.g. Tenders suspended during lockdown).



# Financial Highlights

## Segments



### Registered

- We continue to see Like for Like (L4L) growth in revenue and EBITDA adjusted for the estimated impact of Covid-19
- Occupancy levels reduced during FYE 2021 as a result of Covid-19 delaying the ability to fill vacancies
- Increase in EBITDA of 0.6% to £34.0m due to fee increases and reduced agency usage offsetting reduced occupancy and NLW increase

### Community

- Estimated L4L Revenue increased by £8.4m and L4L EBITDA increased by £0.7m
- Increase in L4L EBITDA due to an increase in hours of care provided of c. 2,400 hours together with fee increases
- Overall organic growth in community hours due to the annualised impact of tender wins and framework call-offs offset by cancelled shifts due to Covid-19

# Covid-19 Financial Update

## Non-Underlying Items due to Covid-19



£m	FYE 2021
<i>Non-Underlying items Covid-19 consist of:</i>	
PPE/Infection Control	(4.3)
Staff Costs	(3.8)
Agency Costs	(0.6)
<b>Total Covid-19 Costs</b>	<b>(8.7)</b>
Reimbursement	7.5
<b>Non-Underlying items Covid-19</b>	<b>(1.3)</b>
Non Covid-19 related	(1.8)
<b>Total Non-Underlying</b>	<b>(3.0)</b>

- Main Covid-19 related cost was PPE which now continues to be supplied free from Government in England
- Staff costs include Statutory Sick Pay for self isolating staff, mainly April and May
- Localised agency costs were incurred where self isolating staff members needed to be replaced, mainly April and May
- Reimbursement of £7.5m of costs from funders and indirectly from Central Government during the financial year
- After reimbursement Covid-19 non-underlying items were £1.3m during the financial year
- We will continue to benefit from the extended infection control and rapid testing fund

Note:

Non-Underlying items Covid-19 do not include the impact of loss of revenue and the other Covid-19 costs within underlying costs as indicated on Page 8

# Financial Highlights

## Cash Flow



£m	FYE	
	2020	2021
EBITDA	45.1	44.8
Maintenance Capital expenditure	(9.5)	(10.9)
<b>Operating Cash flow</b>	<b>35.6</b>	<b>33.9</b>
<i>Cash conversion %</i>	<i>79.0%</i>	<i>75.6%</i>
Non-underlying items	(1.6)	(3.0)
Working capital	5.7	8.6
Interest	(16.9)	(17.4)
Taxation	(0.8)	(2.8)
<b>FCF before Development Capex, Acquisitions and Financing</b>	<b>21.9</b>	<b>19.2</b>
Development Capital expenditure	(3.0)	(8.3)
Acquisitions	(3.3)	(4.8)
Sale proceeds	27.6	4.7
<b>FCF before Financing</b>	<b>43.2</b>	<b>10.8</b>
Property and vehicle lease payments (IFRS16)	(3.8)	(5.2)
<b>Movement in cash for the period before financing activities</b>	<b>39.4</b>	<b>5.6</b>
<b>Memo</b>		
<b>Closing Cash and Cash Equivalents</b>	<b>80.1</b>	<b>40.7</b>
Available RCF	0.0	45.0
<b>Closing Cash plus available RCF</b>	<b>80.1</b>	<b>85.7</b>

- Continued improvement in working capital partially offset increased non-underlying items and tax payments
- Investment in development property and acquisitions of £13.1m. This includes the purchase of two large freehold properties and is supported in part by £4.7m of property disposals
- Cash position improved year on year by £5.6m
- Liquidity strong with cash of £40.7m and £45m undrawn committed RCF

# Financial Highlights

## Net Debt and Leverage



£m Mar 20 Jun 20 Sep 20 Dec 20 Mar 21

### Reported

Net Debt	215.2	213.9	211.3	214.5	<b>211.5</b>
LTM EBITDA	45.1	44.5	44.4	43.9	<b>44.8</b>
<b>Leverage (Per 'Offering Memorandum')</b>	<b>4.78x</b>	<b>4.84x</b>	<b>4.76x</b>	<b>4.89x</b>	<b>4.72x</b>

- LTM EBITDA at £44.8m in March 2021
- Reported leverage was 4.72x in March 2021, **5.13x** when adjusted for IFRS 16 lease liability

### Pro-Forma Leverage

Net Debt (inc. IFRS 16 Lease Liability)	238.9	236.7	233.1	235.5	<b>229.9</b>
LTM EBITDA	45.1	44.5	44.4	43.9	<b>44.8</b>
<b>Pro-Forma Leverage (inc. IFRS 16 Lease Liability)</b>	<b>5.30x</b>	<b>5.32x</b>	<b>5.25x</b>	<b>5.36x</b>	<b>5.13x</b>

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

# Property Summary



## Properties as at 31 March 2021

	Registered		Community		Daycare	DCA	31 Mar 21 Total		31 Dec 20 Total	
	#	Capacity	#	Capacity	#	#	#	Capacity	#	Capacity
Freehold	231	1,800	25	90	1	5	262	1,890	263	1,892
Leasehold/Rental <sup>(1)</sup>	32	233	3	10	6	32	73	243	69	219
3rd Party Owned <sup>(2)</sup>	0	0	302	1,177	0	3	305	1,177	306	1,166
<b>Totals</b>	<b>263</b>	<b>2,033</b>	<b>330</b>	<b>1,277</b>	<b>7</b>	<b>40</b>	<b>640</b>	<b>3,310</b>	<b>638</b>	<b>3,277</b>
<b>Freehold NBV (£m) <sup>(3)</sup></b>	<b>304.7</b>		<b>7.0</b>		<b>2.0</b>		<b>313.7</b>		<b>315.3</b>	

## Comments

- At 31 March 2021, number of freehold properties held was 262, a reduction of 1 since December 2020
- We have added a total of 33 net new places in the quarter
- Net book value of freehold properties totaled £313.7m
- 88.5% of registered capacity in freehold properties, whereas 7.0% of Community Based Care capacity in freehold properties, in line with our strategy to utilise 3<sup>rd</sup> 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



- Constructive fee increase discussions for FYE 2022 continuing with commissioners
- Commissioning activity amongst local authority and CCG customers is getting back to normal and we are seeing high levels of referrals and tenders
- We have seen a positive increase in Registered Occupancy in Q4 and this trend is continuing
- We do expect to recover the Community hours and Registered occupancy temporarily lost due to the impact of Covid-19
- Employment market has tightened and recruitment has become a key area of focus
- 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 two are in exclusivity and should be completed in the coming months
- Free Government issued PPE to be available until March 2022, with an extension to Infection Control and Testing funding until September 2021

# Q & A

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Further questions can be addressed to: [investorrelations@voyagecare.com](mailto:investorrelations@voyagecare.com)

Also please visit our investor relations website: [investors.voyagecare.com](http://investors.voyagecare.com)