Investor Presentation
Quarterly Report – Q3 2021

24 February 2021

voyagecare

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 3 month period ended 31 December 2021 (“Q3 2021”). All comparisons of financial and operating statistics are for the 3 month period ended 31 December 2020 (“Q3 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

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

Executive Summary

Q3 2021 Highlights

- Quality ratings maintained at a market leading level, with 95.2% of services achieving a CQC rating of Good, Outstanding or equivalent
- The Group continued to grow, with revenue up 2.9% at £69.5m
- Fee increases offered for Q3 2021 were 2.6% (Q3 2020: 2.2%, FYE 2020 2.3%)
- Temporary impact on Community hours and Registered occupancy due to the effect of Covid-19 continuing
- EBITDA was £11.2m and when adjusted for Covid-19 it would have been 3.7% higher than prior year on a like for like basis
- Acquired Day Opportunities Limited for £5.0m: 5 services with the capacity to support 25 people across Registered and Supported Living freehold properties.
- Leverage was 4.89x on a reported basis, 5.36x adjusting for IFRS 16 lease liabilities
- Liquidity remains strong with cash balances of £36.1m and our £45m RCF facility is fully available
- We continue to await the judgement of the Mencap Sleep-Ins Supreme Court Case and our position remains the same as previously disclosed in our FYE 2020 accounts and we believe an adverse result is unlikely

Note: All comparators are against Q3 2020 unless stated otherwise
EBITDA is stated before non-underlying items

Covid-19 Update

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

- Revenue has increased despite Covid-19 related delays in transitions causing reduced occupancy and cancelled shifts impacting community hours. Once the pandemic has passed we expect to recover these reductions during the course of FY22.

- Our operational teams are managing well. Recruitment and staff retention are up; agency use is much lower than normal.

- We are responding well to continuously changing central and local Government guidance, updating our policies, procedures, approach and training as required.

- We have been reimbursed for much of our cost associated with dealing with the pandemic including for PPE, which is now generally available to us free issue from Government.

- Government has now allocated and distributed approximately £4.5Bn to local authorities specifically to fund the adult social care response to the pandemic, including the second tranche of the Infection Control Fund (£0.55Bn) and the rapid testing fund (£0.1Bn)

- We continue to see local authorities progressing tenders and have been successful in several of these

Financial Highlights

Q3 2020 vs. Q3 2021

£m	Quarter Q3 2020	Q3 2021	Growth
Revenue	**67.5**	**69.5**	**2.9%**
Staff Costs	(42.1)	(46.4)	(10.2%)
Agency Costs	(1.9)	(0.8)	60.8%
Contribution	**23.4**	**22.3**	**(4.9%)**
Contribution %	*34.7%*	*32.1%*	*(2.6%)*
Direct Overheads (1)	(6.1)	(5.7)	6.4%
Unit EBITDA	**17.4**	**16.6**	**(4.4%)**
Unit EBITDA %	*25.7%*	*23.9%*	*(1.8%)*
Overheads	(5.7)	(5.4)	5.4%
EBITDA	**11.6**	**11.2**	**(3.9%)**
EBITDA %	*17.2%*	*16.1%*	*(1.1%)*

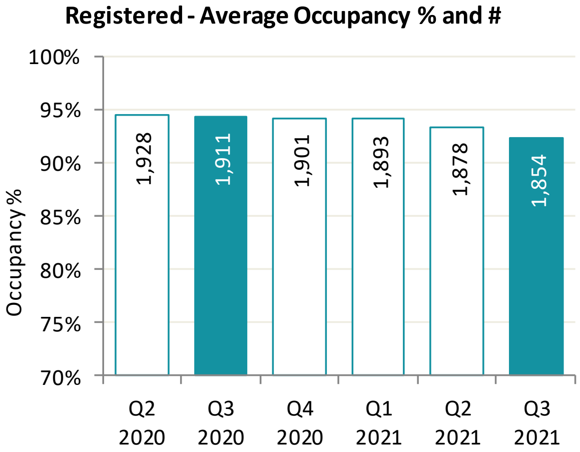
Comments

- Revenue increased by £2.0m, 2.9%
  - Fee increases offered at 2.6% (FY2020 Q3: 2.2%)
  - Revenue reduction from Covid-19 temporarily reducing Registered occupancy and Community hours (cancelled shifts; daycare closures)
- Staff costs (excluding Overheads) increased by £4.3m, 10.2%
  - NLW/NMW and other pay rises c.£2.2m
  - Activity related growth in staff costs of c.£1.2m
  - Additional costs relating to Covid-19 of c.£0.9m
- Direct agency costs reduced by £1.2m overall and represented 1.1% of direct care hours
- Direct Overheads reduced by £0.4m compared to last year due in part to cost management and procurement initiatives
- Group Overheads reduced by £0.3m compared to last year
- EBITDA reduced by £0.4m to £11.2m on a ***reported*** basis

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

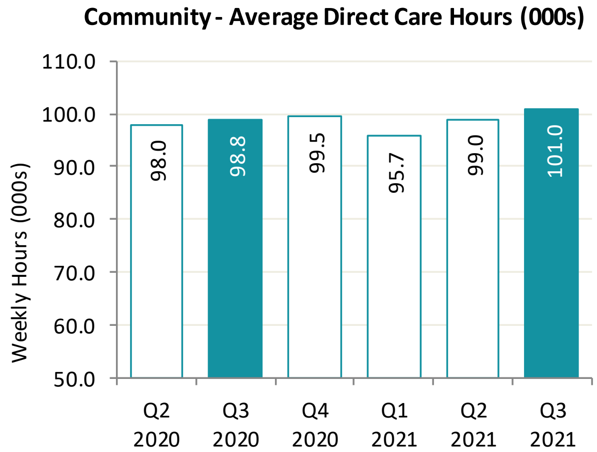
Key Operating Metrics



Closing occupancy for the period was 91.9%

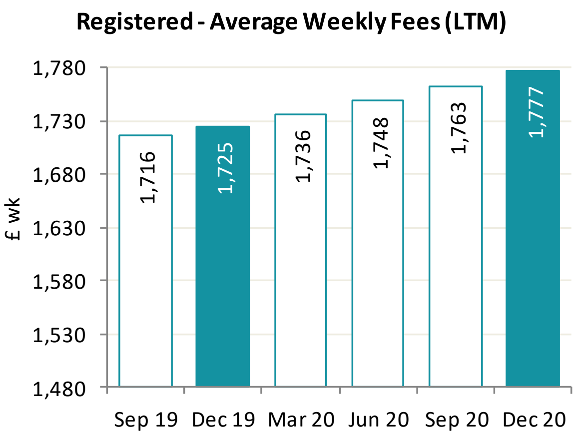
Reduced levels of admissions during Q2 and Q3 due to Covid-19 delaying transitions into our services

Referrals pipeline is considerably higher than prior periods

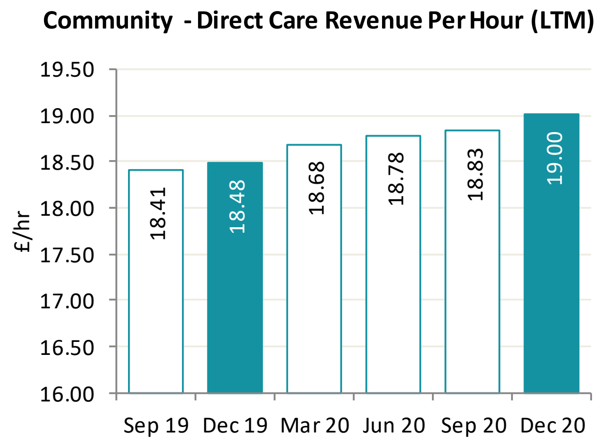


Average direct weekly hours have increased by 2,200 hours compared to Q3 2020

Growth since Q3 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



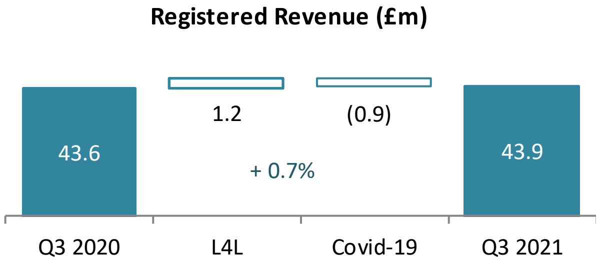
Registered Average Weekly Fees benefited from a combination of fee increases and new placements won at a higher rate, which has driven the 3.0% growth since December 2019

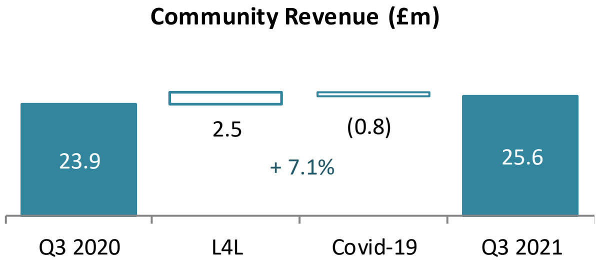


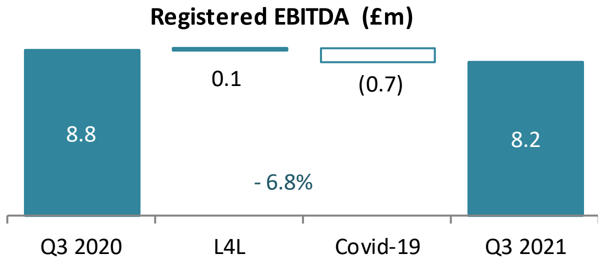
Direct average hourly rate has increased by 2.8% since Q3 2019

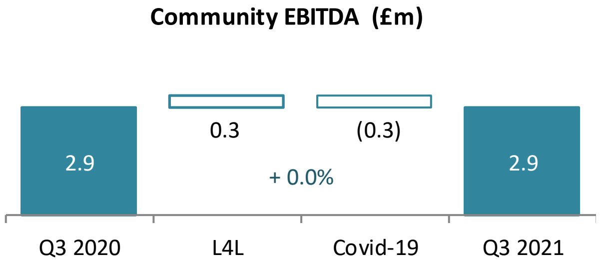
Financial Highlights

Segments









Registered

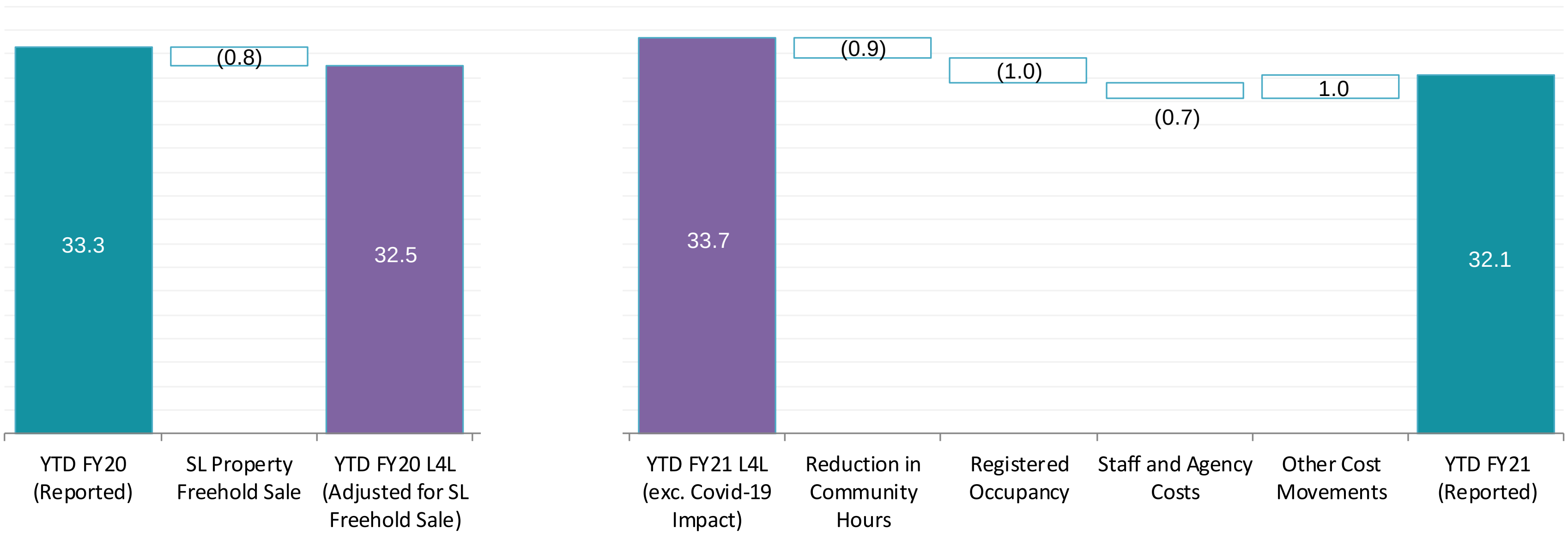
- We continue to see Like for Like (L4L) growth in revenue and EBITDA adjusted for the estimated impact of Covid-19
- Occupancy levels reduced during Q3 as a result of Covid-19, which is delaying our ability to fill vacancies
- Overall reduction in EBITDA of 6.8% to £8.2m due to reduced occupancy offsetting fee increases, the increase in NLW and reduced agency usage

Community

- Estimated L4L Revenue increased by £2.5m and L4L EBITDA increased by £0.3m
- Increase in L4L EBITDA due to an increase in hours of care provided of c. 3,000 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

L4L Underlying EBITDA Comparison YTD



- We sold 40 SL Properties (Sept 2019) which on a pro forma basis would have reduced YTD FY 20 EBITDA to £32.5m
- YTD FY21 L4L (Before impact of Covid-19) is circa £33.7m, which is £1.2m, 3.7% higher than last year on a L4L basis
- Covid 19 adversely impacted registered occupancy by delaying our ability to transition new joiners
- Estimated Covid 19 impacts taken to the ***underlying*** P&L include:
  - 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.
  - Reduction in other costs e.g. travel.
- No P&L impact of shielded staff as costs materially covered by Coronavirus Job Retention Scheme

Covid-19 Financial Update

Non-Underlying Items due to Covid-19

£m	YTD 2021
Total Non-Underlying	(1.8)
Non Covid-19 related	(1.6)
Non-Underlying items Covid-19	**(0.2)**

Non-Underlying items Covid-19 consist of:

Staff Costs	(1.8)
Agency Costs	(0.4)
PPE/Infection Control	(3.8)
Total Covid-19 Costs	**(6.0)**
Reimbursement	5.8
Non-Underlying items Covid-19	**(0.2)**

- Staff costs includes 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
- Total YTD Reimbursement of £5.8m of costs from funders. Q3 reimbursement was £1.6m which included some costs related to Q1 and Q2
- After reimbursement from local authorities YTD Covid-19 non-underlying items are £0.2m which is not material
- We now benefit from free issue PPE from government as well as the infection control fund and the 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 7

Financial Highlights

Cash Flow

£m	Q3 2020	Q3 2021
EBITDA	11.6	11.2
Maintenance Capital expenditure	(2.5)	(2.5)
Operating Cash flow	**9.1**	**8.7**
Cash conversion %	*78.4%*	*77.7%*
Non-underlying items	(0.1)	(0.6)
Working capital	2.0	2.9
Interest	(8.2)	(8.1)
Taxation	(0.1)	(0.4)
FCF before Development Capex, Acquisitions and Financing	**2.8**	**2.4**
Development Capital expenditure	(0.3)	(0.4)
Acquisitions	0.0	(4.7)
Sale proceeds	5.3	0.4
FCF before Financing	**7.8**	**(2.3)**
Property and vehicle lease payments (IFRS16)	(0.9)	(0.9)
Movement in cash for the period before financing activities	**6.9**	**(3.1)**
Memo		
Closing Cash and Cash Equivalents	**22.2**	**36.1**
Available RCF	45.0	45.0
Closing Cash plus available RCF	**67.2**	**81.1**

Comments

Robust cash flow generation continued

Free cash flow before development capex, acquisitions and financing was £2.4m and broadly in line with Q3 2020

Free cash flow before financing was an outflow of £2.3m due to the acquisition of Day Opportunities Limited and £10.1m lower than Q3 2020.

Liquidity is strong with cash balances of £36.1m and the £45m committed and undrawn RCF

Financial Highlights

Net Debt and Leverage

£m	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20
Reported					
Net Debt	228.2	215.2	213.9	211.3	**214.5**
LTM EBITDA	44.0	45.1	44.5	44.4	**43.9**
Leverage (Per 'Offering Memorandum')	**5.23x**	**4.78x**	**4.84x**	**4.76x**	**4.89x**
Pro-Forma Leverage					
Net Debt (inc. IFRS 16 Lease Liability)	251.8	238.9	236.7	233.1	**235.5**
LTM EBITDA	44.0	45.1	44.5	44.4	**43.9**
Pro-Forma Leverage (inc. IFRS 16 Lease Liability)	**5.72x**	**5.30x**	**5.32x**	**5.25x**	**5.36x**

Comments

- LTM EBITDA at £43.9m in December 2020
- Reported leverage was 4.89x in December 2020, 5.36x when adjusted for IFRS 16 lease liability
- Pro-forma leverage, inc. IFRS16 lease liability, and adjusted for full year earnings from Day Opportunities Limited acquisition reduces to 5.28x

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

Properties as at 31 December 2020

	Registered		Community		Daycare	DCA	31 Dec 20 Total		30 Sep 20 Total	
	#	Capacity	#	Capacity	#	#	#	Capacity	#	Capacity
Freehold	231	1,802	25	90	5	7	268	1,892	263	1,876
Leasehold/Rental (1)	31	209	3	10	8	29	71	219	73	219
3rd Party Owned (2)	0	0	301	1,166	1	4	306	1,166	308	1,173
Totals	**262**	**2,011**	**329**	**1,266**	**14**	**40**	**645**	**3,277**	**644**	**3,268**
Freehold NBV (£m) (3)	**306.2**		**7.1**		**2.0**		**315.3**		**314.2**	

Comments

- At 31 December 2020, number of freehold properties held was 268, an increase of 5 since September 2020
- We have added 9 net new places in the quarter
- Net book value of freehold properties totaled £315.3m
- 89.6% of registered capacity in freehold properties, whereas 7.1% 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.

Recent Developments and Outlook

- Supreme Court hearing on Royal Mencap and Sleep-ins took place on 12th - 13th February 2020. We still await the Judgement, however nothing has come to our attention that would change our view that an adverse judgement is unlikely and we continue to disclose a contingent liability of £16m

- Some commissioning activity amongst local authority and CCG customers is continuing and we have been successful in several community tenders

- Ongoing delays in new joiners due to Covid-19 is continuing in our Registered division

- We do expect to recover the Community hours and Registered occupancy temporarily lost due to the impact of Covid-19,

- We continue to seek further growth opportunities in both Registered and Supported Living including investing in new sites and roll-up acquisitions

Q & A

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

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