



# Voyage Care

Investor Presentation

Q1 2014

# 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 consolidated financial information (unaudited) of Voyage BidCo Limited and its subsidiaries for the three months ending 30 June 2013 (“Q1 2014”). All comparisons of financial and operating statistics are for the three months ending 30 June 2012 (“Q1 2013”), unless otherwise stated. Movements and percentages have been calculated using the underlying number to one decimal place of the number presented in this document.

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# Executive Summary

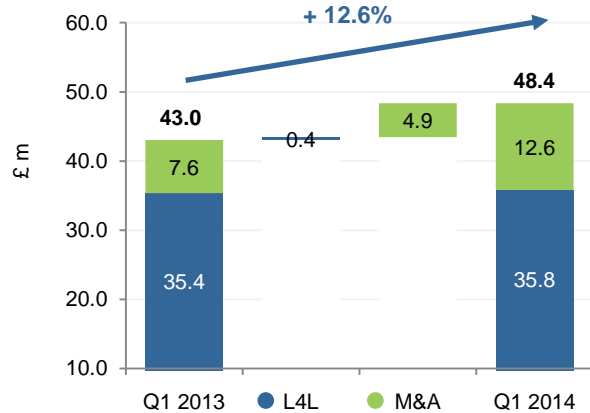
## Q1 2014 Highlights

- Satisfactory performance in challenging operating conditions
- Turnover up by 12.6% to £48.4m
- EBITDA before exceptional items down by 3.8% to £10.1m
- CQC quality scores remain high at 90% (4 & 5 ticks) at June 2013
- Cash conversion 85.7%, pre M&A catch-up capex
- Net debt at June 2013 is £254.8m
- LTM EBITDA leverage at June 2013 is 5.86x
- Bruce McKendrick leaves the business

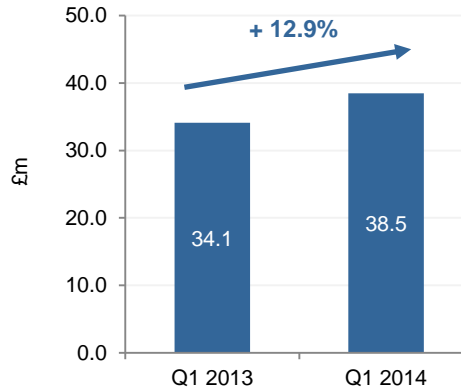
# Financial Highlights

## Key Business Streams - Turnover

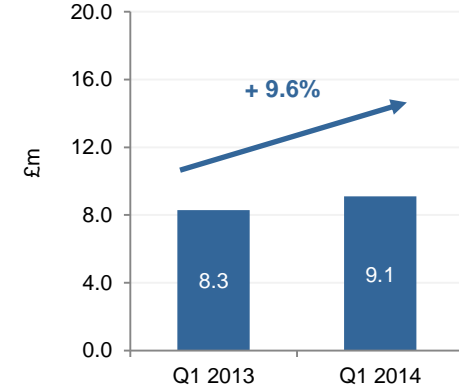
Q1 2013 to Q1 2014



Registered



Supported Living (and Outreach)



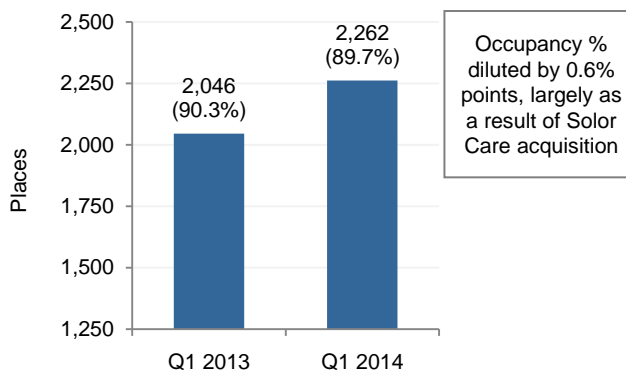
### Comments

- Like-for-like turnover up +1.1%
- M&A turnover up +65.8%
- Turnover increase across the Registered services is +12.9%, majority due to the acquisition of ILG
- Turnover increase across Supporting Living and Outreach is +9.6%, part M&A, part tender wins

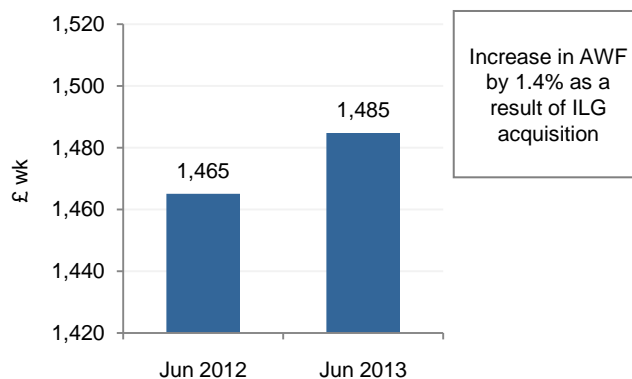
# Financial Highlights

## Key Operating Metrics

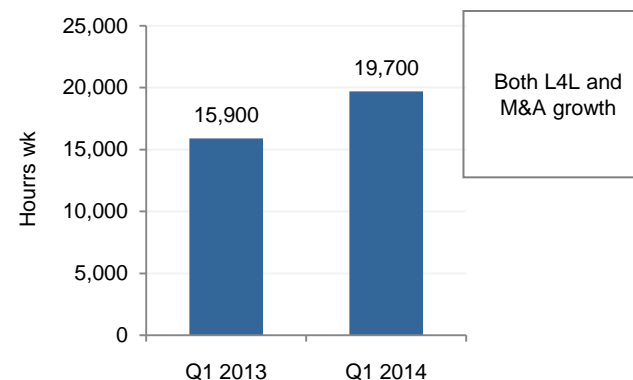
### Average Residential Occupancy



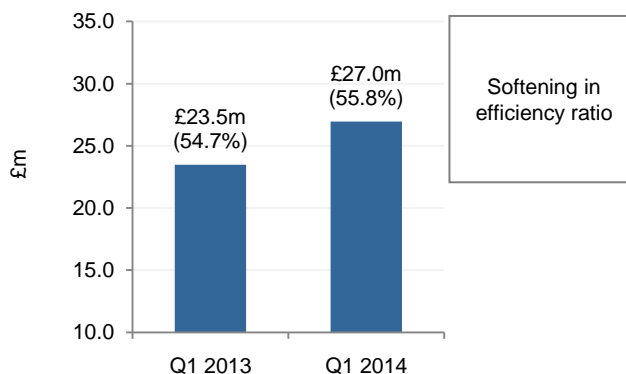
### Residential Average Weekly Fee (LTM)



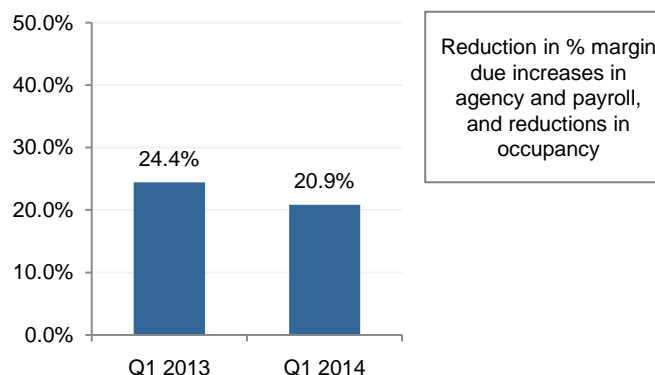
### Average Weekly Outreach Hours



### Unit Level Staff Costs (% Turnover)



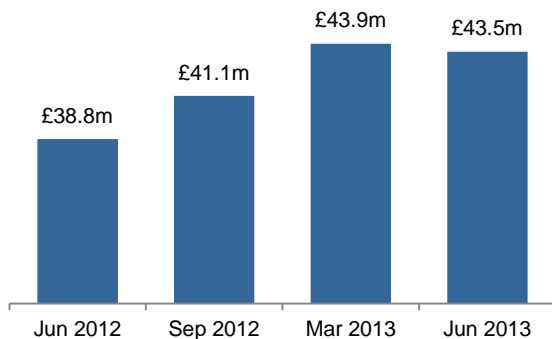
### EBITDA pre exceptionals (% Margin)



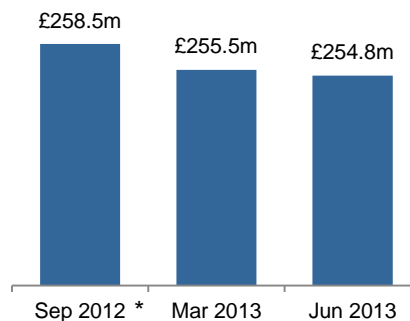
# Financial Highlights

## LTM performance

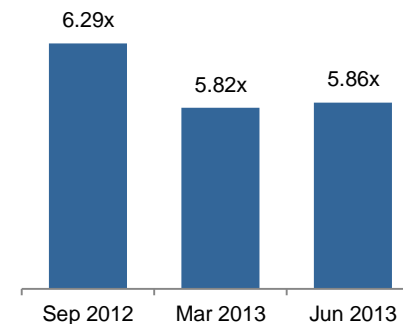
EBITDA pre exceptionals



Net Debt



Leverage (net)



Gross Debt	£272.0m	£272.0m	£272.0m
Cash	(£13.5m)	(£15.8m)	(£16.6m)
OID	-	(£0.7m)	(£0.7m)
Net Debt	£258.5m	£255.5m	£254.8m

### Comments

- LTM to June 2013 includes ILG (from 10 Mar 2013) and Solor Care (20 days short of a full year's trade)
- June 2013 Net Debt is calculated as £272.0m Gross Debt, less £16.6m cash, less £0.7m of unamortised original issue discount on 2<sup>nd</sup> Lien Notes = £254.8m.
- Post Bond debt service costs c.£20.4m per annum before RCF drawing

\* Net debt as if High Yield Bond had been in place from September 2012. The September 2012 cash balance includes £1.5m relating to Voyage Holdings Ltd.

# Financial Highlights

## Cash flow

£ millions	Q1 2014	Q1 2013	Comments
EBITDA before exceptional items	10.1	10.5	<ul style="list-style-type: none"> <li>Maintenance % turnover for Q1 2014 was 3.0% (Q1 2013: 2.1%)</li> </ul>
Maintenance capex	(1.4)	(0.9)	
Operating cash flow	8.7	9.6	
<i>Cash conversion %</i>	<i>85.7%</i>	<i>91.2%</i>	
Debt service costs	(0.1)	(5.4)	<ul style="list-style-type: none"> <li>Debt service costs include RCF commitment fee</li> <li>Other cash flow items relate to working capital, exceptional items and development capex.</li> </ul>
Taxation	(0.4)	(0.3)	
Other cash flow items before acquisitions and financing	(5.8)	(5.0)	
<b>FCF before acquisitions and financing</b>	<b>2.3</b>	<b>(1.2)</b>	
Acquisition	0.0	(28.1)	<ul style="list-style-type: none"> <li>£28.1m relates to the acquisition of Solor Care</li> <li>Equity contribution of £18.1m from Hg Capital, Standard Life Capital Partners and management for Solor Care acquisition</li> <li>ILG £0.2m one-off integration costs</li> <li>Solor Care £1.1m part spend of catch-up capex</li> <li>Financing improvement in Q1 2014 primarily due to cash sweep under previous bank facilities</li> </ul>
Acquisition funding	0.0	18.1	
Acquisition integration costs	(0.2)	(0.1)	
Acquisition catch-up capex	(1.4)	(0.2)	
<b>FCF before acquisitions and financing</b>	<b>0.7</b>	<b>(11.5)</b>	
Financing	(0.0)	(2.5)	
<b>Increase / (decrease) in cash for the period</b>	<b>0.7</b>	<b>(13.9)</b>	
Opening cash	15.8	23.3	
<b>Closing cash</b>	<b>16.6</b>	<b>9.4</b>	



# Outlook & Recent Developments

- Update on replacement of CEO position
- Long term fundamentals sound
  - growing market
  - long term trends in our favour
- Local Authority funding pressures continue
  - delaying placements
  - continued scrutiny and challenge over fees
- Increased regulatory scrutiny
  - particular areas of country with quality concerns
- Regulators expecting and requiring greater levels of staffing
  - both payroll & agency spend increased in the quarter to ensure local quality concerns addressed
- Outlook: continue to trade in challenging market conditions
  - no fee inflation
  - increased cost base, including auto-enrolment of pensions from 1 August 2013, and short-term increase in agency costs
  - L4L EBITDA pressure in the short-term
- Next update 26 November 2013

# 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 web site [investors.voyagecare.com](http://investors.voyagecare.com)