

Investor Presentation Quarterly Report – Q1 2022

18 August 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 unaudited consolidated financial information of Voyage BidCo Limited and its subsidiaries for the 3 month period ended 30 June 2021 (“Q1 2022”). All comparisons of financial and operating statistics are for the 3 month period ended 30 June 2020 (“Q1 2021”), 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

Q1 2022 Highlights



- Quality ratings maintained at a market leading level, with 95% of services achieving a CQC rating of Good, Outstanding or equivalent
- The Group grew strongly, with revenue up 8.8% at £71.9m
- Both Registered occupancy and Community hours show continued growth in Q1
- Fee increases offered for Q1 2022 were 1.68% (Q1 2021: 1.76%)
- EBITDA also grew strongly, up 8.8% to £10.7m
- Leverage lower than prior quarter at 5.06x (FYE 2021: 5.13x) incorporating IFRS16 lease liabilities
- Liquidity strong with cash balance of £39.0m and £45m RCF undrawn and available

Note: All comparators are against Q1 2021 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
- 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 in Q1 as we grew Registered Occupancy and Community hours and secured fee increases despite ongoing Covid-19 challenges
- PPE is and will continue to be provided to us free of charge by Government until at least March 2022
- Non-underlying costs in Q1 related to Covid-19 have been reimbursed through the Adult Social Care Infection Control and Testing Fund which will continue to cover the period to the end of September 2021
- We continue to see a large increase in tender activity and have been successful in several of these

Financial Highlights

Q1 2021 vs. Q1 2022



£m	Quarter		
	Q1 2021	Q1 2022	Growth
Revenue	66.0	71.9	8.8%
Staff Costs	(44.4)	(47.8)	(7.5%)
Agency Costs	(0.7)	(1.2)	(87.0%)
Contribution	20.9	22.9	9.2%
<i>Contribution %</i>	<i>31.7%</i>	<i>31.8%</i>	<i>0.1%</i>
Direct Overheads (1)	(5.7)	(6.2)	(9.5%)
Unit EBITDA	15.2	16.6	9.1%
<i>Unit EBITDA %</i>	<i>23.0%</i>	<i>23.1%</i>	<i>0.1%</i>
Overheads	(5.4)	(5.9)	(8.8%)
EBITDA	9.8	10.7	8.8%
<i>EBITDA %</i>	<i>14.8%</i>	<i>14.9%</i>	<i>0.1%</i>

- Revenue increased by £5.9m, 8.8%
 - Driven by growth in Community hours, fee increases and fee rotation
 - Fee increases offered at 1.68% compared with 1.76% in prior year
- Staff costs (excluding Overheads) increased by £3.4m, 7.5%
 - NLW/NMW and other pay rises c.£1.1m although NLW increase at 2.2% much lower than prior year (6.2%)
 - Activity related growth in staff costs of c.£2.3m
- Agency costs increased by £0.5m overall and represented 1.6% of direct care hours, lower than pre Covid-19 levels
- Direct Overheads and Group Overheads increased by £0.5m each due to increased activity following last year's Covid-19 impact
- EBITDA increased by £0.9m, 8.8%

Note:

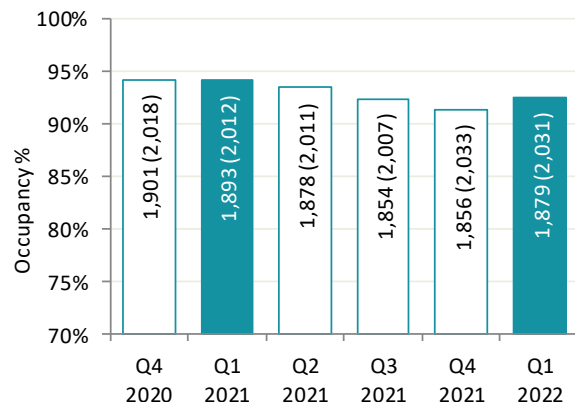
1. Direct Overheads consist of costs incurred in running and maintaining services including direct expenses and consumables, property, vehicle and other lease rentals (outside the scope of IFRS16), business rates, council tax, repairs, utilities, training and professional fees

Financial Highlights

Key Operating Metrics



Registered - Average Occupancy (Capacity) % and



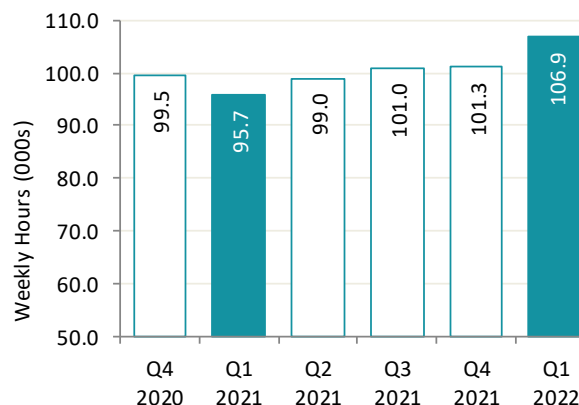
Closing Occ. 1,898 1,893 1,872 1,848 1,868 1,875

Closing occupancy for the period was 92.5% and 1,875 people we support, compared to 1,868 for Q4, an increase of 7 on Q4 2021

We continued to see a sustained recovery in occupancy levels from the low point in January

Referral pipeline continues to be very strong

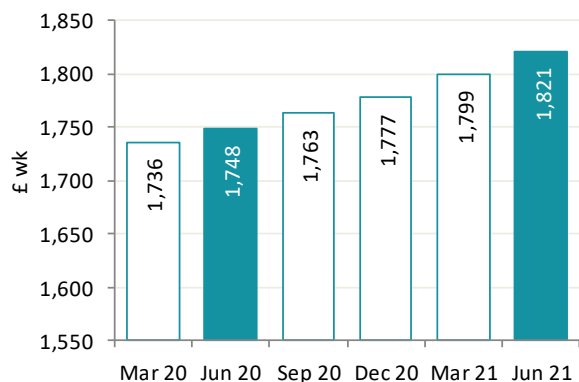
Community - Average Direct Care Hours (000s)



Average direct weekly care hours have increased by 11,200 hours compared to Q1 2021 due to tender wins and framework call-offs

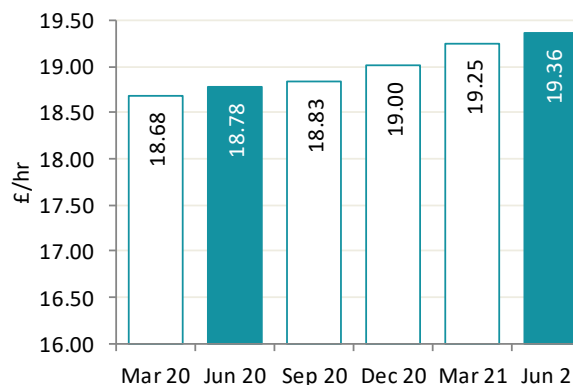
We are still experiencing temporary reductions in hours due to the Covid-19 pandemic which are gradually recovering

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 4.2% growth since June 2020

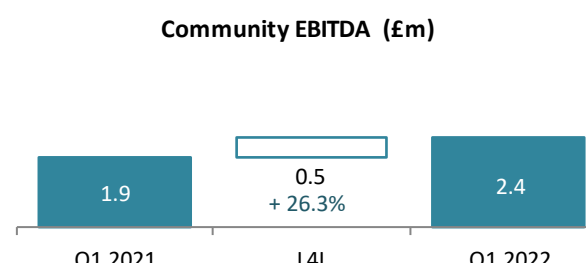
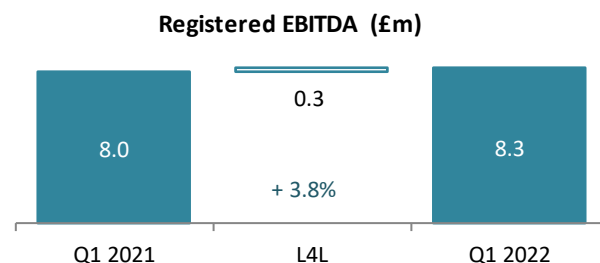
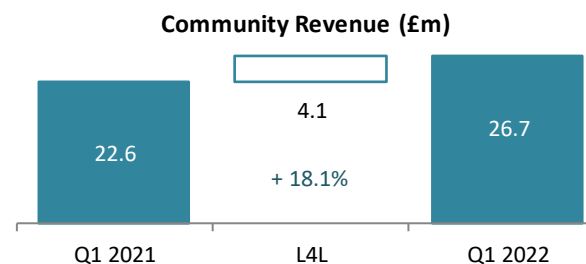
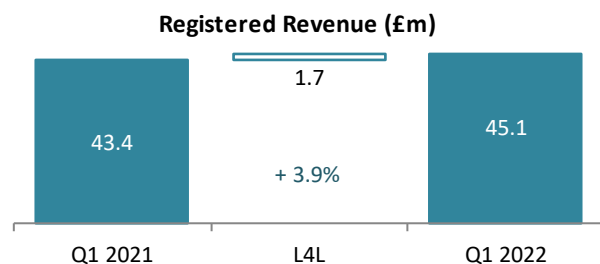
Community - Direct Care Revenue Per Hour (LTM)



Direct care revenue per hour has increased by 3.1% since Q1 2021 primarily due to fee increases

Financial Highlights

Segments



Registered

- Positive start to the year with growth in revenue and EBITDA
- We have made a very positive increase in EBITDA of 3.8% to £8.3m due to fee increases and fee rotation, offsetting reduced occupancy and NLW increase

Community

- Revenue materially increased by £4.1m and EBITDA increased by £0.5m compared to same period last year
- Significant growth of 11,200 hours, together with fee increases drove EBITDA growth of over 25%
- Organic growth in community hours due to the impact of tender wins and framework call-offs together with significant recovery of hours as temporary Covid-19 impacts recede

Covid-19 Financial Update

Non-Underlying Items due to Covid-19



£m

FYE 2021
12 months

Q1 2022
3 months

Non-Underlying items Covid-19 consist of:

PPE/Infection Control

(4.3)

(0.1)

Staff Costs

(3.8)

(0.7)

Agency Costs

(0.6)

(0.0)

Total Covid-19 Costs

(8.7)

(0.9)

Reimbursement

7.5

0.8

Non-Underlying items Covid-19

(1.3)

(0.1)

Non Covid-19 related

(1.8)

0.1

Total Non-Underlying

(3.0)

0.0

- Covid-19 net non-underlying items were not material in Q1
- Main Covid-19 related cost was previously PPE which now continues to be supplied free from Government in England until March 2022
- Staff costs mainly include Statutory Sick Pay for self isolating staff, mainly April and May 2020
- Reimbursement of £0.8m of costs from Infection Control Fund and Rapid Testing fund
- We will continue to benefit from the infection control and rapid testing funds being extended up to September 2021

Financial Highlights

Cash Flow



£m	Q1	
	2021	2022
EBITDA	9.8	10.7
Maintenance Capital expenditure	(2.8)	(3.6)
Operating Cash flow	7.0	7.1
<i>Cash conversion %</i>	<i>71.2%</i>	<i>66.6%</i>
Non-underlying items	(1.5)	0.0
Working capital	5.9	1.1
Interest	(8.2)	(8.3)
Taxation	(0.7)	(0.3)
FCF before Development Capex, Acquisitions and Financing	2.5	(0.3)
Development Capital expenditure	(0.3)	(0.3)
Acquisitions	0.0	0.0
Sale proceeds	0.3	0.0
FCF before Financing	2.6	(0.6)
Property and vehicle lease payments (IFRS16)	(1.1)	(1.1)
Movement in cash for the period before financing activities	1.4	(1.7)
Memo		
Closing Cash and Cash Equivalents	81.6	39.0
Available RCF	0.0	45.0
Closing Cash plus available RCF	81.6	84.0

- Operating cash flow slightly ahead of Q1 2021 with higher EBITDA performance offsetting maintenance capex increases due to catch up activity after the Covid-19 pandemic
- Free Cash out flow before Development Capex, Acquisitions and Financing of £0.3m was £2.8m lower than last year due to lower working capital gains partially offset by reduced non-underlying items
- Development capex in line with last year with healthy pipeline of opportunities currently under development
- Liquidity position improved year on year by £2.4m with cash of £39.0m and £45m undrawn committed RCF

Financial Highlights

Net Debt and Leverage



£m Jun 20 Sep 20 Dec 20 Mar 21 Jun 21

Reported

Net Debt	213.9	211.3	214.5	211.4	213.2
LTM EBITDA	44.5	44.4	43.9	44.8	45.7
Leverage (Per 'Offering Memorandum')	4.84x	4.76x	4.89x	4.72x	4.67x

- LTM EBITDA at £45.7m in June 2021, increased by £0.9m compared to March 2021
- Reported leverage was 4.67x in June 2021, **5.06x** when adjusted for IFRS 16 lease liability

Pro-Forma Leverage

Net Debt (inc. IFRS 16 Lease Liability)	236.7	233.1	235.5	229.8	230.8
LTM EBITDA	44.5	44.4	43.9	44.8	45.7
Pro-Forma Leverage (inc. IFRS 16 Lease Liability)	5.32x	5.25x	5.36x	5.13x	5.06x

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 30 June 2021

	Registered		Community		Daycare	DCA	30 June 21 Total		31 Mar 21 Total	
	#	Capacity	#	Capacity	#	#	#	Capacity	#	Capacity
Freehold	231	1,803	27	100	1	6	265	1,903	262	1,890
Leasehold/Rental ⁽¹⁾	31	225	3	10	6	34	74	235	73	243
3rd Party Owned ⁽²⁾	0	0	311	1,233	0	4	315	1,233	305	1,177
Totals	262	2,028	341	1,343	7	44	654	3,371	640	3,310
Freehold NBV (£m) ⁽³⁾	303.4		7.1		2.0		312.5		313.7	

Comments

- At 30 June 2021, number of freehold properties held was 265, an increase of 3 since March 2021
- We have added a total of 61 net new places in the quarter, 56 being third party owned Supported Living
- Net book value of freehold properties totaled £312.5m
- 88.9% of registered capacity in freehold properties, whereas 7.4% 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



- Constructive fee increase discussions for FYE 2022 continuing with commissioners
- Commissioning activity amongst local authority and CCG customers is very high and we are seeing high levels of “catch-up” referrals and tenders
- We continue to recover the Community hours and Registered occupancy temporarily lost due to the impact of Covid-19 and the outlook is positive
- The well-publicised tightening of the UK employment market means that recruitment continues to be 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 one is 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



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

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