

# Investor Presentation Quarterly Report – Q2 2024

28 November 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 and its subsidiaries for the 3 and 6 month period ended 30 September 2023 (“Q2 2024” and “YTD 2024” respectively). All comparisons of financial and operating statistics are for the 3 and 6 month period ended 30 September 2022 (“Q2 2023” and “YTD 2023” respectively), 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

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- Performance Summary
- Financial Highlights
- Property Summary
- Recent Developments and Outlook
- Leadership update
- Q&A

# Performance Summary

## Q2 2024 Highlights



- Quality ratings maintained at a market leading level, with 90.2% of services achieving a CQC rating of Good, Outstanding or equivalent
- Q2 Group Revenue up 10.3% at £86.8m (Q2 2023: £78.7m)
- YTD Fee increases offered were 8.1%, already exceeding full year result of FYE 2023 (6.6%)
- Agency reduced in Q2 to 2.4% of direct care hours (Q1 2024: 2.7%, Q2 2023: 5.7%), now lower than pre Covid-19
- Underlying adjusted EBITDA of £8.8m was £1.6m higher than Q1 2024
- Pro forma leverage was 7.4x and liquidity strong with £45.0m of RCF undrawn

Note: All comparators are against Q2 2023 unless stated otherwise.  
Adjusted EBITDA is stated before non-underlying items

# Financial Highlights

Q2 2023 vs Q2 2024



£m	Quarter		
	Q2 2023	Q2 2024	Growth
<b>Revenue</b>	<b>78.7</b>	<b>86.8</b>	<b>10.3%</b>
Unit Level Staff Costs	(50.2)	(60.6)	(20.8%)
Agency Costs	(4.6)	(1.8)	60.9%
<b>Contribution</b>	<b>24.0</b>	<b>24.4</b>	<b>1.9%</b>
<i>Contribution %</i>	<i>30.5%</i>	<i>28.1%</i>	<i>(2.3%)</i>
Direct Overheads (1)	(7.7)	(8.8)	(13.3%)
<b>Unit EBITDA</b>	<b>16.2</b>	<b>15.7</b>	<b>(3.6%)</b>
<i>Unit EBITDA %</i>	<i>20.6%</i>	<i>18.0%</i>	<i>(2.6%)</i>
Central Overheads	(5.6)	(6.8)	(22.6%)
<b>Underlying adjusted EBITDA</b>	<b>10.7</b>	<b>8.8</b>	<b>(17.3%)</b>
<i>Underlying adjusted EBITDA %</i>	<i>13.5%</i>	<i>10.1%</i>	<i>(3.4%)</i>

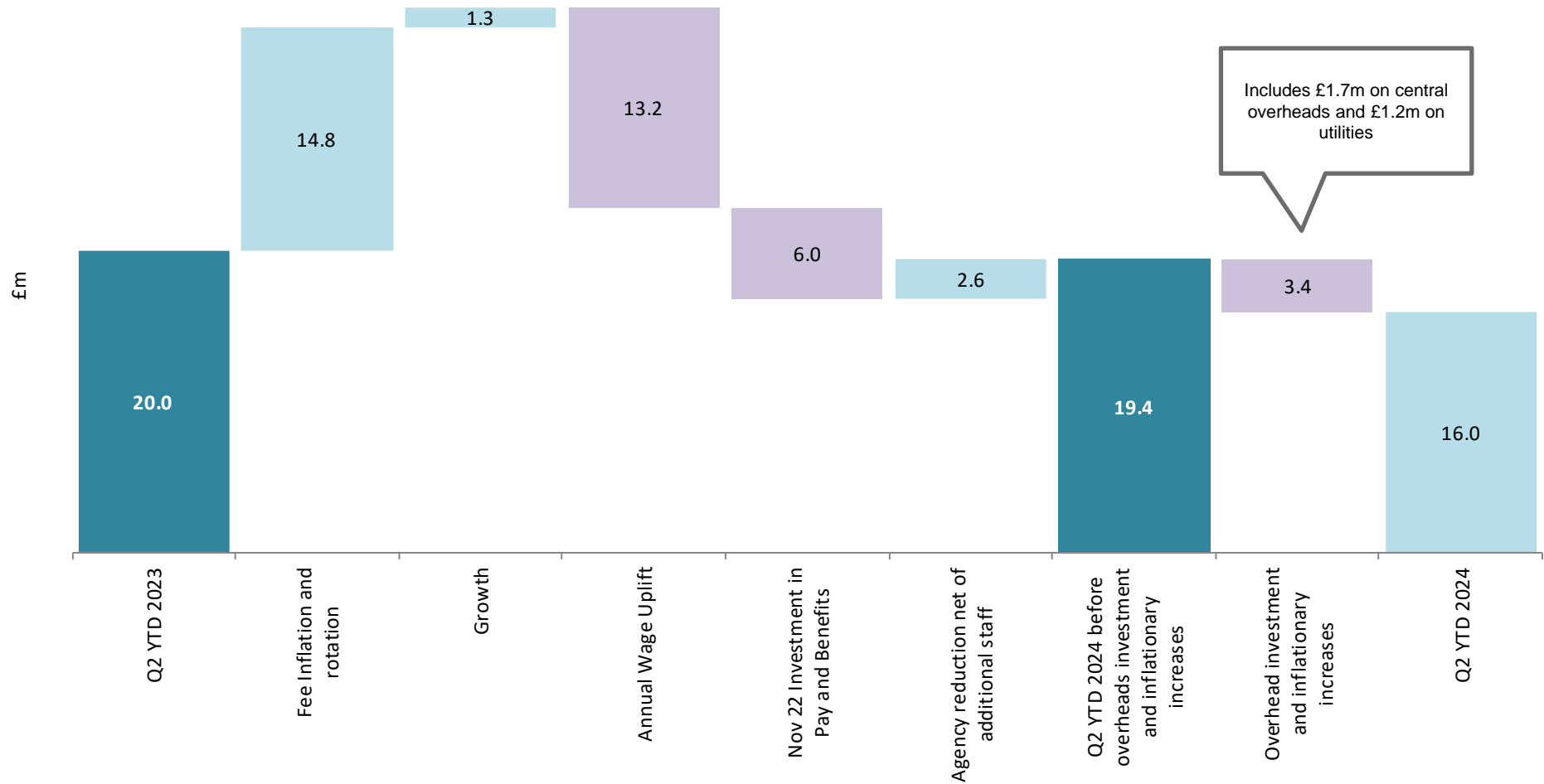
- Revenue increased by £8.1m, 10.3%
  - Key growth drivers were fee increases, fee rotation and Community direct care hours
  - Fee increases offered at 8.1% (Q2 2023 5.1%, FYE 2023 6.6%)
- Unit level Staff costs increased by £10.4m, 20.8%
  - April wage increases average 9% (NLW driven)
  - Pay and benefits investments of £3.0m to support retention and recruitment (£1.0m pcm, implemented Nov 2022, continuing)
- Agency costs at 2.4% of direct care hours, having decreased by £2.8m due to higher recruitment and retention
- Direct Overheads increased by £1.1m, primarily due to utility cost inflation
- Central overheads increased by £1.2m, due to staff costs and IT licencing costs
- Underlying adjusted EBITDA decreased by £1.9m and margin reduced to 10.1% in line with our expectations

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 YTD

Q2 YTD 2023 Underlying adjusted EBITDA vs Q2 YTD 2024 Underlying adjusted EBITDA

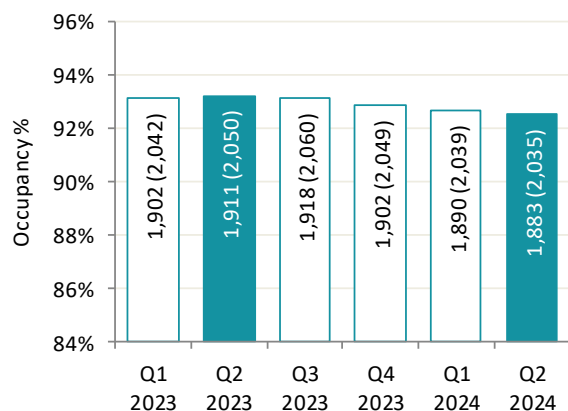


# Financial Highlights

## Key Operating Metrics



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

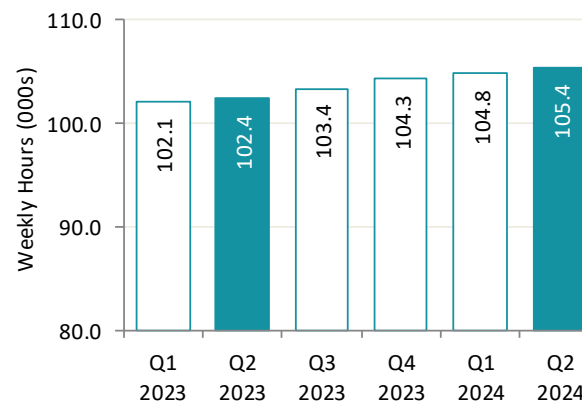


Closing Occ. 1,902 1,928 1,917 1,900 1,888 1,883

Closing occupancy for the period was 92.7%, 1,883 people we support, 5 lower than Q1 2024 primarily due to capacity reduction (ongoing portfolio review)

Referral pipeline continues to be strong

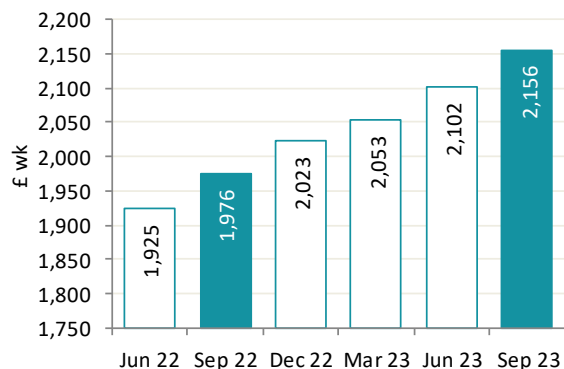
### Community - Average Direct Care Hours (000s)



Average weekly direct care hours grew by 3,000 compared to Q2 2023

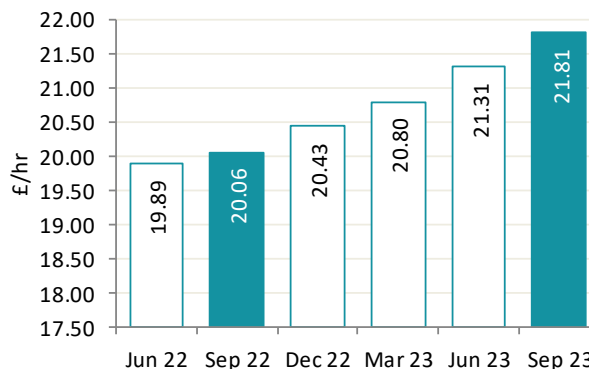
600 hours higher than previous quarter (Q1)

### Registered - Average Weekly Fees (AWF) (LTM)



Combination of inflationary fee increases, resolving underfunded placements, fee rotation and acuity mix have driven 9.1% year on year growth in AWF since September 2022

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



Direct care revenue per hour has increased by 8.7% since Q2 2023 due to fee increases and supporting more individuals with complex needs

# Financial Highlights

## Cash Flow YTD



£ million	YTD 2023	YTD 2024	£ Change
Underlying adjusted EBITDA	20.0	16.0	(4.0)
Maintenance capex	(7.3)	(5.5)	1.8
IT capex	(1.3)	(1.5)	(0.1)
<b>Adjusted free cash flow</b>	<b>11.4</b>	<b>9.0</b>	<b>(2.4)</b>
<i>Cash conversion %</i>	<i>56.9%</i>	<i>56.4%</i>	<i>(0.4%)</i>
Non-underlying items	(0.4)	(1.2)	(0.8)
Working capital	(6.3)	(0.4)	5.9
Interest	(8.0)	(7.6)	0.4
Taxation	0.3	0.1	(0.3)
<b>FCF before dev. capex, acquisitions and financing</b>	<b>(2.9)</b>	<b>(0.1)</b>	<b>2.8</b>
Development capex	(2.2)	(3.0)	(0.7)
Acquisition capex	(4.2)	0.0	4.2
Proceeds from sale	1.8	1.2	(0.6)
<b>FCF before financing</b>	<b>(7.5)</b>	<b>(1.9)</b>	<b>5.6</b>
Property and vehicle lease payments (IFRS16)	(2.3)	(2.4)	(0.1)
Net cash flow used in financing activities	4.0	3.0	(1.0)
<b>Movement in cash for the period</b>	<b>(5.8)</b>	<b>(1.3)</b>	<b>4.5</b>
Opening cash and cash equivalents	24.1	15.5	(8.6)
<b>Closing cash and cash equivalents</b>	<b>18.3</b>	<b>14.2</b>	<b>(4.1)</b>
Undrawn RCF at Closing	45.0	45.0	0.0
<b>Total liquidity</b>	<b>63.3</b>	<b>59.2</b>	<b>(4.1)</b>

- Adjusted free cash flow £2.4m lower than YTD 2023 due to £4.0m decrease in EBITDA, partially offset by Maintenance capex
- FCF before dev capex, acquisition and financing shows close to break even on an operating basis
  - £2.8m higher than YTD 2023 with favourable working capital movement of £5.9m, driven by payments timing, and Accounts Receivable enhancements, partially offset by increased non-underlying items
- Increase in development capex with £3.0m invested
- £4.5m positive cash movement compared to Q2 YTD last year
- £14.2m cash plus £45.0m RCF undrawn at 30<sup>th</sup> September 2023

# Financial Highlights

## Net Debt and Leverage



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

	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
<b>£m</b>					
Gross Debt	255.0	250.0	252.0	255.0	255.0
Cash <sup>(1)</sup>	(15.9)	(15.4)	(13.1)	(15.2)	(11.5)
Secured net debt	239.1	234.6	238.9	239.8	243.5
IFRS16 Lease Liability	16.3	16.1	16.7	15.7	16.0
<b>Net debt including IFRS 16 lease liability</b>	<b>255.5</b>	<b>250.6</b>	<b>255.6</b>	<b>255.4</b>	<b>259.6</b>
Underlying Adjusted EBITDA	45.1	42.5	38.9	36.7	34.9
Pro forma EBITDA adjustments	0.2	0.0	0.0	0.0	0.0
<b>Pro forma underlying adjusted EBITDA <sup>(2)</sup></b>	<b>45.3</b>	<b>42.5</b>	<b>38.9</b>	<b>36.7</b>	<b>34.9</b>
<b>Ratio of net debt to pro forma Underlying Adjusted EBITDA</b>	<b>5.6x</b>	<b>5.9x</b>	<b>6.6x</b>	<b>7.0x</b>	<b>7.4x</b>

- Net debt £4.2m higher than June 2023 primarily due to increased EBITDA performance offset by £7.3m interest payment on the Senior Secured Notes
- Pro forma LTM EBITDA at £34.9m, decreased by £1.8m compared to June 2023
- Pro forma Leverage increased to 7.4x
- Leverage expected to reduce towards the end of this financial year, profile broadly consistent with historical performance
- Medium term leverage target unchanged

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 30/09/2023

	Registered		Community		Daycare	30/09/2023 Total		30/06/2023 Total		DCA <sup>(4)</sup>
	#	Capacity	#	Capacity	#	#	Capacity	#	Capacity	#
Freehold	235	1,806	27	97	1	263	1,903	264	1,912	6
Leasehold/Rental <sup>(1)</sup>	30	217	3	10	7	40	227	40	227	31
3rd Party Owned <sup>(2)</sup>	3	9	280	1,201	0	283	1,210	288	1,223	4
<b>Totals</b>	<b>268</b>	<b>2,032</b>	<b>310</b>	<b>1,308</b>	<b>8</b>	<b>586</b>	<b>3,340</b>	<b>592</b>	<b>3,362</b>	<b>41</b>
<b>Freehold NBV (£m) <sup>(3)</sup></b>	<b>310.7</b>		<b>7.9</b>		<b>2.0</b>	<b>320.5</b>		<b>320.7</b>		

## Comments

- 263 Freehold properties were held, a decrease of 1 from 30<sup>th</sup> June 2023 due to our ongoing portfolio review
- 283 3<sup>rd</sup> party owned properties were operated, a decrease of 5 from 30<sup>th</sup> June 2023 due to our ongoing portfolio review
- Net book value of freehold properties totaled £320.5m
- 88.9% of registered capacity is freehold, whereas 7.4% of Community Based Care is freehold, in line with strategy

(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

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- The Specialist Care sector provides an essential service in the UK and Voyage Care continues to be a leader in the sector
- Our Q3 FYE 2023 Investment in our staffing teams continues to improve our staffing levels and agency levels are now lower than before the pandemic
- Fee increase process for FYE 2024 continues well and gives us confidence that we can cover in year wage and cost inflation
- NLW confirmed to increase from 01 April 2024 by 9.8% to £11.44. The cost increase will be incorporated in to FYE 2025 fee asks in the usual way
- We continue to pursue suitable M&A opportunities
- We continue to invest in our strategic capabilities and IT systems to drive growth and operational effectiveness
- Strong financial position and resilient operational performance - we continue to deliver high quality care in this essential sector

# Leadership update

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- Management succession process underway following decisions of CEO and CFO to step down/retire
  - Andrew Cannon will step down as CEO after eight successful years
  - Shaun Parker will retire, having indicated his intention to retire in the medium term, to the Board in March
- The Board is focused on appointing strong leadership to deliver the next exciting phase of growth for Voyage Care
- CEO and CFO will remain in roles until successors are appointed and focused on smooth leadership transition
- Strong continuity supported by Jayne Davey as COO
- Well executed internal communications to reassure employees and “business as usual”
- Recruitment process underway and progressing positively

# Q & A



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

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