



**whg QUARTERLY  
UPDATE:  
Q3 DEC 2020**

# DISCLAIMER

*This publication of unaudited financial results is for information purposes only, to aid the funders and stakeholders of Walsall Housing Group Limited in coming to their own evaluation of the Group.*

*The information is believed to be in all material respects accurate, although its accuracy is not guaranteed. This information has not been independently verified and does not purport to contain all the information required by an investor to make an investment decision, and is not intended to provide the primary basis for any investment-related decision.*

*The information in this publication is subject to change without notice.*

*Any future looking statement is based on current reasonable assumptions by whg. The accuracy and completeness of all such statements is not warranted or guaranteed. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. Actual outcomes and results may differ and investors are cautioned not to place undue reliance on forward looking statements.*

## HIGHLIGHTS FOR PERIOD ENDED DEC 2020



- Moody's reconfirm rating of A3 (stable)
- IDA reconfirms our G1/V1 regulator rating
- 270 new homes from developments completed in the period (731 currently on-site with another 638 in the pipeline)
- Income to date of £92m (which is 10% higher to prior year partly due to Shared Ownership sales income) and cash collection rates remain strong despite COVID pressures
- Operating margin (excluding fixed asset disposals) of 33%
- Shared ownership sales income of £12m, up 39% year on year, making up 14% of all income
- Cash and liquidity position remains strong with £152m at Dec 2020, providing 1.7 times cover for the next 18 months of forecast cash flow

# FINANCIAL HIGHLIGHTS

# STRONG FINANCIAL PERFORMANCE TO DEC 2020



		2021 Q3	2020 Q3	Comparative Movement
<b><i>Statement of Comprehensive Income (YTD)</i></b>				
<b>Total Income</b>	<b>£'000</b>	<b>91,985</b>	<b>83,481</b>	<b>10%</b>
Social Housing Lettings Turnover	£'000	71,938	70,760	2%
<i>Percentage Total Income from SHL</i>	%	78%	85%	
Shared Ownership Sales	£'000	12,517	9,017	39%
<i>Percentage of Total Income from Sales</i>	%	14%	11%	
<b>Operating Surplus excl disposals</b>	<b>£'000</b>	<b>30,491</b>	<b>25,800</b>	<b>18%</b>
<i>Operating Margin</i>	%	33%	31%	
<b>Total Surplus</b>	<b>£'000</b>	<b>18,058</b>	<b>19,184</b>	<b>-6%</b>
<i>Total Margin</i>	%	20%	23%	

## ***Key Financial Ratios***

EBITDA MRI interest coverage	Times	2.1x	1.6x
Covenant - Interest Coverage ( <i>target &gt;1.1x</i> )	Times	2.4x	2.2x
Net Debt Per Unit ( <i>target &lt;£25,000</i> )	£	14,444	14,548

# DEBT & LIQUIDITY

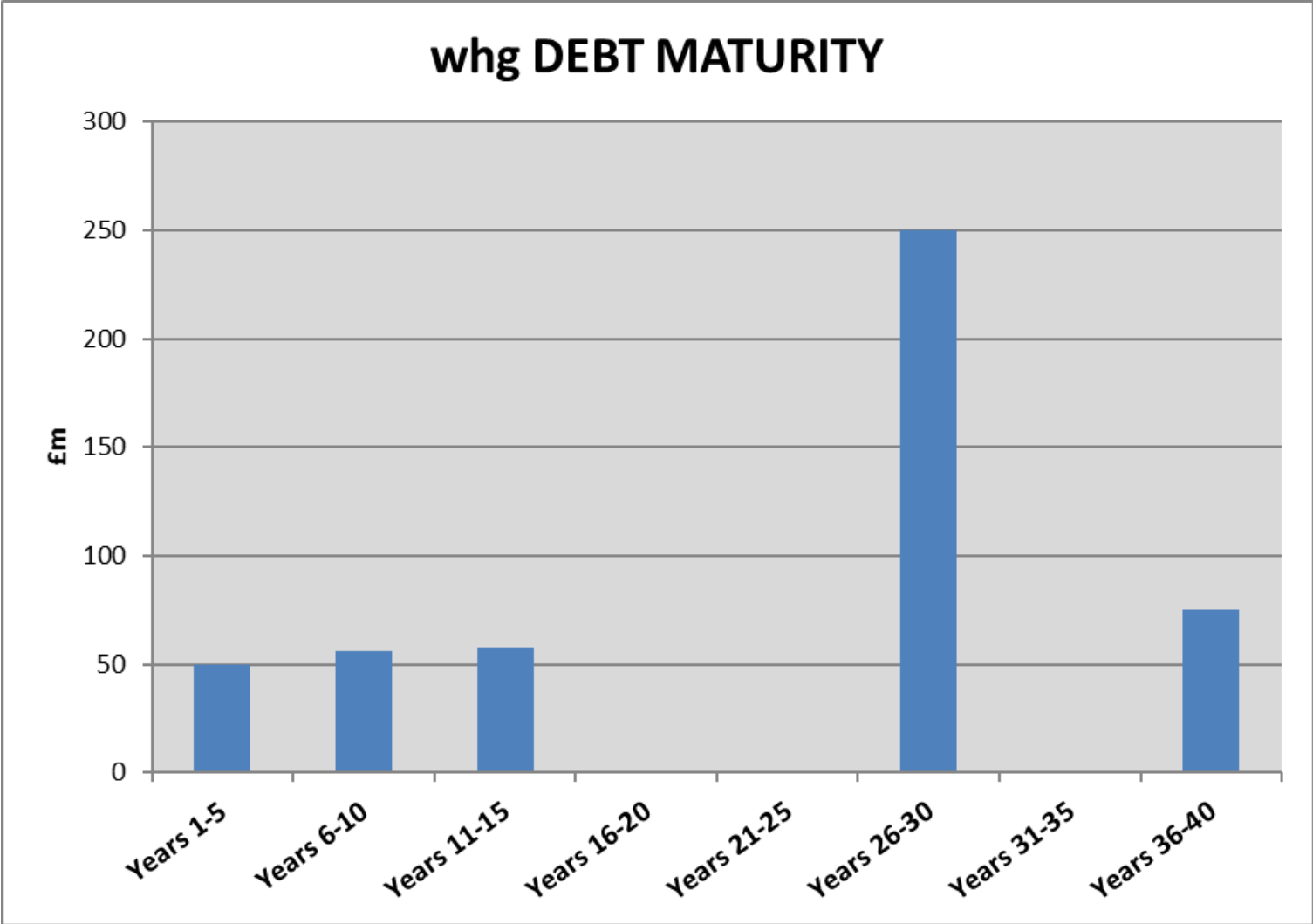
## STRONG LIQUIDITY POSITION

		2021 Q3	2020 Q3
<b><i>Liquidity &amp; Debt</i></b>			
Cash and undrawn facilities	£'000	152,240	179,713
18m cash requirement*	£'000	(90,507)	(116,855)
18m liquidity coverage	Times	1.7	1.5
Net borrowings capacity (based on NDPU)	£'000	105,391	75,418
Unencumbered security	Homes	6,491	6,142
Cash flow from Operating Activities	£'000	43,049	33,697
Cash conversion ratio**	%	141%	131%
Debt	£'000	411,184	436,100
Average cost of funds	%	4.81%	4.79%
Gearing - debt/assets	%	60%	60%
Debt to Revenue	Times	3.45x	3.93x

\* Incorporating total net cash movements for the Group

\*\* Cash Conversion Ratio is the amount of Operating Surplus that translates into Cash Flow from Operating Activities

# DEBT MATURITY – BANK DEBT MATURING IN NEXT 40 YEARS





# DEVELOPMENT & SALES

## DEVELOPMENT AND SHARED OWNERSHIP SALES

		2021 Q3	2020 Q3
<b><i>Development &amp; Sales (YTD)</i></b>			
New homes completed	Number	270	349
New home starts	Number	173	565
Shared ownership (first tranche) sales	Number	132	98
Shared ownership homes awaiting sale	Number	46	87
<i>Of which aged over 6 months</i>	<i>Number</i>	22	12
Shared ownership (first tranche) sales	£'000	12,517	9,017
<i>Shared Ownership (first tranche) net margin</i>	%	17%	22%

- Improved shared ownership sales performance for the quarter despite the challenging environment – no drop off in demand
- Margins are lower than other operating activities due to the impact of grant funded SO schemes



# FORWARD GUIDANCE TO YEAR END

# EXPECTED YEAR END FINANCIAL PERFORMANCE

		Forecast 2020-21	Actual 2019-20	Movement
<b><i>Statement of Comprehensive Income</i></b>				
<b>Total Income</b>	<b>£'000</b>	<b>119,823</b>	<b>112,017</b>	<b>7%</b>
Social Housing Lettings Turnover	£'000	94,764	96,267	-2%
<i>Percentage Total Income from SHL</i>	%	79%	86%	
Shared Ownership Sales	£'000	14,283	11,860	20%
<i>Percentage of Total Income from Sales</i>	%	12%	11%	
<b>Operating Surplus</b>	<b>£'000</b>	<b>41,247</b>	<b>37,584</b>	<b>10%</b>
<i>Operating Margin</i>	%	34%	34%	
<b>Total Surplus</b>	<b>£'000</b>	<b>20,829</b>	<b>21,640</b>	<b>-4%</b>
<i>Total Margin</i>	%	17%	12%	

- Strong performance expected for year end
- Operating surplus of £41m (34%) and total surplus of £21m (17%) show minimal effects of COVID-19 when compared with prior year

# CONTACT INFORMATION

## CONTACT INFORMATION

Adam Wagner, Corporate Director of Finance:

[adam.wagner@whgrp.co.uk](mailto:adam.wagner@whgrp.co.uk)

01922 426846

Andy Howarth, Interim Director of Finance:

[andy.howarth@whgrp.co.uk](mailto:andy.howarth@whgrp.co.uk)

01922 424033

Richard Nowell, Group Treasury Manager:

[richard.nowell@whgrp.co.uk](mailto:richard.nowell@whgrp.co.uk)

01922 426812

