

whg QUARTERLY UPDATE

Q2 SEPTEMBER 2021



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.

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HIGHLIGHTS FOR THE PERIOD ENDED SEPTEMBER 2021

- No changes to Board during the period ended
- whg continues to maintain Moody's credit rating of A3 stable
- whg continues to maintain G1/V1 regulator rating
- All financial covenants have been met with significant headroom
- Turnover for quarter July 2021 to September 2021 was £33.7m (2020: £30.8m) which is 9.1% higher to prior year due to timings of shared ownership sales and additional rental income
- Operating surplus for the quarter was £13.98m (2020: £9.2m)
- Operating Margin for the quarter was 42% (2020: 30%)

HIGHLIGHTS FOR THE PERIOD ENDED SEPTEMBER 2021

- Overall Operating margin was 39% (2020: 32%)
- Deferred £75m new funding agreed through bLEND to be drawn in the next quarter to December 2021
- Strong liquidity position with £85m at September 2021, providing 1.5 times cover for the next 18 months of forecast cash flow
- 121 new homes from developments completed during the quarter

FINANCIAL HIGHLIGHTS

STRONG FINANCIAL PERFORMANCE TO SEPTEMBER 2021 WITH HEADROOM ON INTEREST COVER

		Sept 21 - 2022 Q2	Sept 20 - 2021 Q2	Comparative Movement
<i>Statement of Comprehensive Income (YTD)</i>				
Total Income	£'000	62,442	58,172	7%
Social Housing Lettings Turnover	£'000	52,810	48,727	8%
Percentage Total Income from SHL	%	85%	84%	
Shared Ownership Sales	£'000	7,457	7,042	6%
Percentage of Total Income from Sales	%	12%	12%	
Operating Surplus	£'000	24,529	19,147	28%
Operating Margin	%	39%	33%	
Total Surplus	£'000	15,557	10,701	45%
Total Margin	%	25%	18%	
<i>Key Financial Ratios</i>				
EBITDA MRI interest coverage	Times	2.3x	2.3x	
Covenant - Interest Coverage (<i>target >1.1x</i>)	Times	2.4x	2.4x	
Net Debt Per Unit (<i>target <£25,000</i>)	£	15,196	13,721	

DEBT & LIQUIDITY

GOOD LIQUIDTY LEVELS PROVIDE HEADROOM ON COMMITMENTS, WITH CAPACITY WITHIN THE BUSINESS FOR ADDITIONAL GROWTH

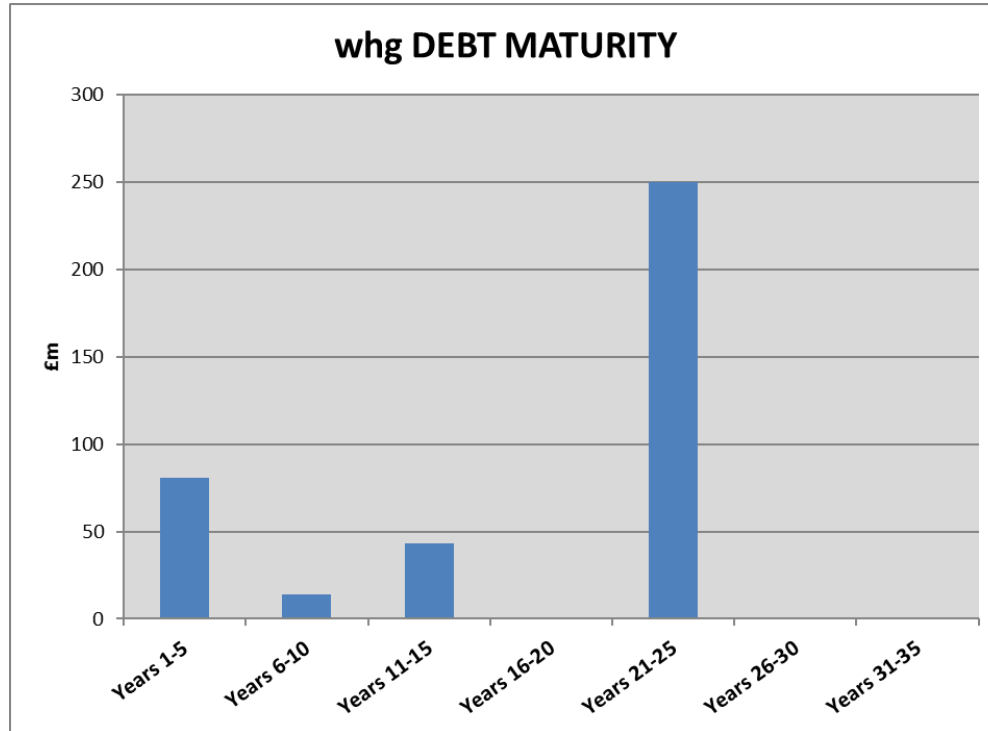


		2022 Q2	2021 Q2
<i>Liquidity & Debt</i>			
Cash and undrawn facilities	£'000	159,755	169,271
18m cash requirement*	£'000	(108,315)	(96,436)
18m liquidity coverage	Times	1.47	1.8
Debt capacity	£'000	188,189	102,374
Unencumbered security	Homes	6,194	6,370
Cash flow from Operating Activities	£'000	21,473	25,082
Cash conversion ratio**	%	88%	131%
Debt	£'000	401,042	412,139
Average cost of funds	%	5.03%	4.81%
Gearing - Moody's methodology	%	55%	60%
Debt to Revenue	Times	3.92x	3.52x

** 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 – DEBT MATURING IN NEXT 35 YEARS



DEVELOPMENT & SALES

DEVELOPMENT & SHARED OWNERSHIP SALES



		2022 Q2	2021 Q2
<i>Development & Sales (YTD)</i>			
New homes completed	Number	218	146
New home starts	Number	192	33
Shared ownership (first tranche) sales	Number	77	71
Shared ownership homes awaiting sale	Number	19	62
<i>Of which aged over 6 months</i>	<i>Number</i>	<i>4</i>	<i>40</i>
Shared ownership (first tranche) sales	£'000	7,457	7,042
<i>Shared Ownership (first tranche) net margin</i>	%	19%	17%

- Strong Shared Ownership sales for Q2
- New development homes starts are still being affected by material shortages however, the overall Corporate Plan target is still on track

FORWARD GUIDANCE TO YEAR END

EXPECTED YEAR END FINANCIAL PERFORMANCE

		Forecast 2021-22	Actual 2020-21	Movement
<i>Statement of Comprehensive Income</i>				
Total Income	£'000	120,090	120,808	-1%
Social Housing Lettings Turnover	£'000	104,456	101,294	3%
<i>Percentage Total Income from SHL</i>	%	87%	84%	
Shared Ownership Sales	£'000	10,376	15,967	-35%
<i>Percentage of Total Income from Sales</i>	%	9%	13%	
Operating Surplus	£'000	40,247	37,650	7%
<i>Operating Margin</i>	%	34%	31%	
Total Surplus	£'000	20,615	27,329	-25%
<i>Total Margin</i>	%	17%	11%	

CONTACT INFORMATION

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