

whg QUARTERLY UPDATE

Q3 DECEMBER 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.

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 THE PERIOD ENDED DECEMBER 2021

- Gary Moreton was appointed as Interim Chair of the whg Board on 27 October 2021 in place of Danielle Oum. A new Chair is expected to be in post by Spring 2022.
- 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 October 2021 to December 2021 was £29.8m (2020: £33.8m) which is 12% lower reflecting the reduced budget for shared ownership sales in 2021/22
- Operating surplus for the quarter was £20.8m (2020: £30.5m) which is an increase of 14% due to sales activity in this quarter.
- Operating Margin for the quarter was 38% (2020: 33%)

HIGHLIGHTS FOR THE PERIOD ENDED DECEMBER 2021

- Overall Operating margin was 38% (2020: 33%)
- £75m new funding agreed through bLEND drawn in the quarter to December 2021
- Strong liquidity position with £173m at December 2021, providing 1.3 times cover for the next 18 months of forecast cash flow
- 134 new homes from developments completed during the quarter

FINANCIAL HIGHLIGHTS

STRONG FINANCIAL PERFORMANCE TO DECEMBER 2021 WITH HEADROOM ON INTEREST COVER

		Dec 21 - 2022 Q3	Dec 20 - 2021 Q3	Comparative Movement
<i>Statement of Comprehensive Income (YTD)</i>				
Total Income	£'000	92,195	91,985	0%
Social Housing Lettings Turnover	£'000	78,936	71,938	10%
Percentage Total Income from SHL	%	86%	78%	
Shared Ownership Sales	£'000	9,900	12,517	-21%
Percentage of Total Income from Sales	%	11%	14%	
Operating Surplus	£'000	34,728	30,491	14%
Operating Margin	%	38%	33%	
Total Surplus	£'000	21,340	18,058	18%
Total Margin	%	23%	20%	
<i>Key Financial Ratios</i>				
EBITDA MRI interest coverage	Times	2.2x	2.1x	
Covenant - Interest Coverage (target >1.1x)	Times	2.9x	2.4x	
Net Debt Per Unit (target <£25,000)	£	15,040	14,444	

DEBT & LIQUIDITY

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

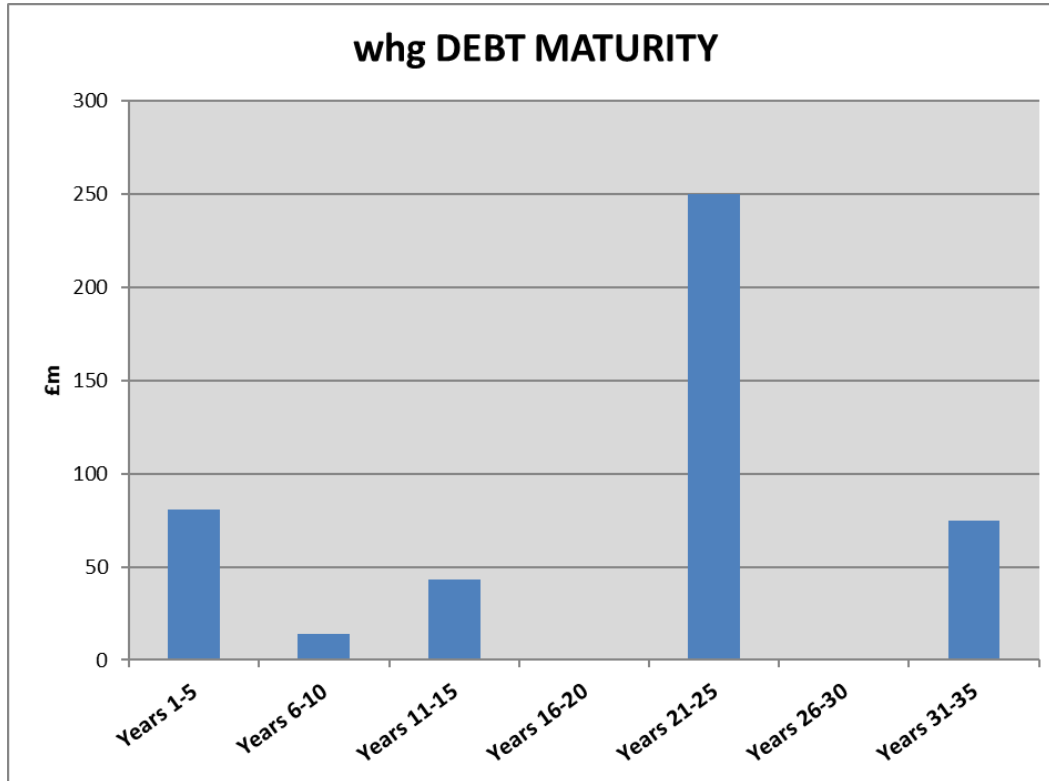


		2022 Q3	2021 Q3
<i>Liquidity & Debt</i>			
Cash and undrawn facilities	£'000	173,088	152,240
18m cash requirement*	£'000	(134,996)	(90,507)
18m liquidity coverage	Times	1.28	1.8
Debt capacity	£'000	188,189	105,391
Unencumbered security	Homes	4,708	6,491
Cash flow from Operating Activities	£'000	46,521	43,049
Cash conversion ratio**	%	134%	141%
Debt	£'000	487,166	411,184
Average cost of funds	%	4.69%	4.81%
Gearing - Moody's methodology	%	54%	60%
Debt to Revenue	Times	5.13x	3.45x

* 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 Q3	2021 Q3
<i>Development & Sales (YTD)</i>			
New homes completed	Number	352	270
New home starts	Number	352	173
Shared ownership (first tranche) sales	Number	101	132
Shared ownership homes awaiting sale	Number	3	46
<i>Of which aged over 6 months</i>	<i>Number</i>	0	22
Shared ownership (first tranche) sales	£'000	9,900	12,517
<i>Shared Ownership (first tranche) net margin</i>	%	19%	17%

Strong Shared
Ownership sales for Q2
New development
homes starts are 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	119,973	120,808	-1%
Social Housing Lettings Turnover	£'000	104,354	101,294	3%
<i>Percentage Total Income from SHL</i>	%	87%	84%	
Shared Ownership Sales	£'000	10,524	15,967	-34%
<i>Percentage of Total Income from Sales</i>	%	9%	13%	
Operating Surplus	£'000	40,896	37,650	9%
<i>Operating Margin</i>	%	34%	31%	
Total Surplus	£'000	22,645	27,329	-17%
<i>Total Margin</i>	%	19%	11%	

CONTACT INFORMATION

CONTACT INFORMATION

Adam Wagner, Director of Finance:

adam.wagner@whgrp.co.uk

01922 426846

Debbie Banner, Group Treasury Manager:

debbie.banner@whgrp.co.uk

07902 400 756

