

whg QUARTERLY UPDATE

Q4 March 2022



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 YEAR END MARCH 2022

- whg continues to maintain G1/V1 regulator rating
- whg's Moody's credit rating was updated on 17 February 2022 improving from A3 stable to A3 positive outlook
- All financial covenants have been met with significant headroom
- Overall Operating margin was 34% (2021: 32%)
- £75m new funding agreed through bLEND drawn in the year
- Strong liquidity position with £240m at March 2022, providing 1.6 times cover for the next 18 months of forecast cash flow
- £17.9m has been spent on capital works ensuring homes comply with regulations and continue to provide good quality homes
- whg Development Strategy has been updated achieving 418 completions and 111 shared ownerships sales
- 470 new homes have started on site in the year, pushing forward the target to achieve 2,000 new homes over the four years to 2024
- The JV Anthem Lovell LLP is progressing well towards the completion of 252 homes by March 2024. 132 of these homes are for open market sale.
- The following performance data have been updated to reflect the audited statutory accounts performance in all years.

FINANCIAL HIGHLIGHTS

STRONG FINANCIAL PERFORMANCE TO MARCH 2022 WITH HEADROOM ON INTEREST COVER

		Mar-22	Mar-21	Comparative Movement
Statement of Comprehensive Income (YTD)				
Total Income	£'000	120,560	120,808	0%
Social Housing Lettings Turnover	£'000	105,694	101,294	4%
Percentage Total Income from SHL	%	88%	84%	
Shared Ownership Sales	£'000	10,728	15,967	-33%
Percentage of Total Income from Sales	%	9%	13%	
Operating Surplus	£'000	40,533	38,400	6%
Operating Margin	%	34%	32%	
Total Surplus	£'000	20,801	27,323	-24%
Total Margin	%	17%	23%	
Key Financial Ratios				
EBITDA MRI interest coverage	Times	1.4x	1.6x	
Covenant - Interest Coverage (target >1.1x)	Times	2.1x	2.1x	
Net Debt Per Unit (target <£25,000)	£	14,736	15,128	

DEBT & LIQUIDITY

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

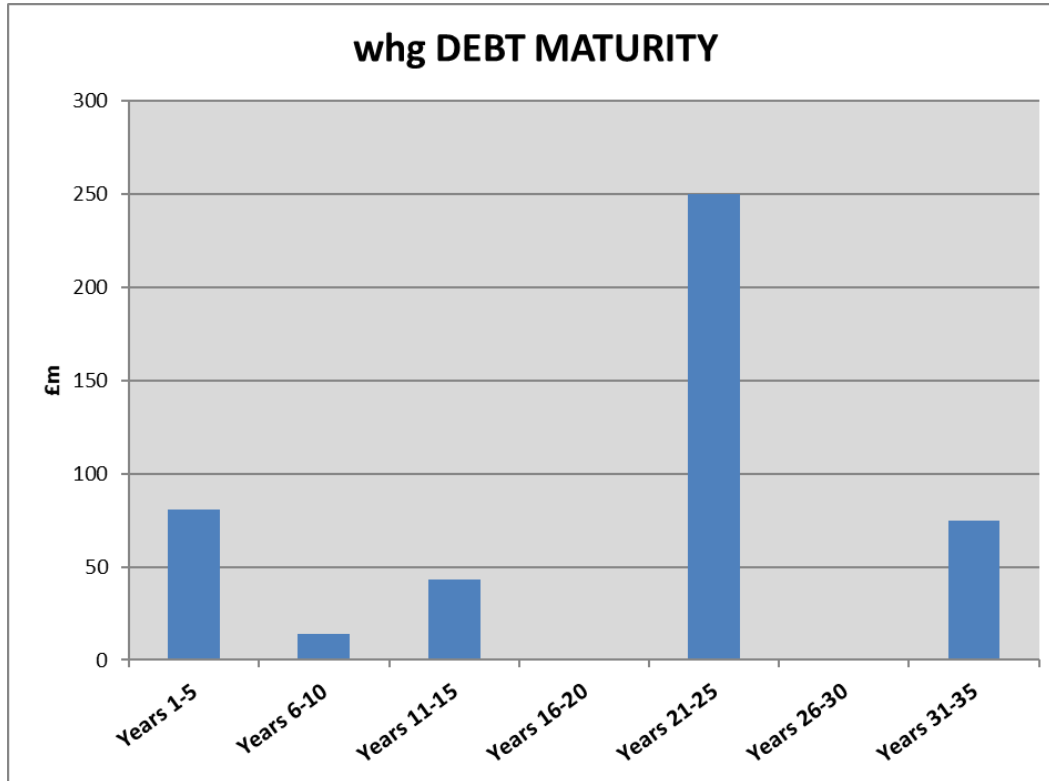


		Mar-22	Mar-21
<i>Liquidity & Debt</i>			
Cash and undrawn facilities	£'000	239,705	152,117
18m cash requirement*	£'000	(149,748)	(66,963)
18m liquidity coverage	Times	1.6	2.3
Debt capacity	£'000	161,536	115,876
Unencumbered security	Homes	4,710	6,544
Cash flow from Operating Activities	£'000	62,841	50,428
Cash conversion ratio**	%	155%	134%
Debt	£'000	486,957	401,099
Average cost of funds	%	4.69%	4.81%
Gearing - Moody's methodology	%	52%	61%
Debt to Revenue	Times	3.94x	3.32x

** 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

		Mar-22	Mar-21
<i>Development & Sales (YTD)</i>			
New homes completed	Number	418	332
New home starts	Number	470	325
Shared ownership (first tranche) sales	Number	111	168
Shared ownership homes awaiting sale	Number	9	32
<i>Of which aged over 6 months</i>	<i>Number</i>	1	6
Shared ownership (first tranche) sales	£'000	10,728	15,967
<i>Shared Ownership (first tranche) net margin</i>	%	18%	11%

ANNUAL HISTORICAL COMPARATIVES

YEAR END FINANCIAL PERFORMANCE

	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022
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Statement of Comprehensive Income

Turnover	£'000	105,635	108,635	112,183	120,808	120,560
Social Housing Lettings Turnover	£'000	94,554	95,139	96,267	101,294	105,694
Percentage of SHL in Total Turnover	%	90%	88%	86%	84%	88%
Operating Surplus	£'000	37,420	37,586	37,584	38,400	40,533
Surplus after tax	£'000	34,309	18,788	17,466	27,323	20,801

Margins

Operating Margin	%	35.4%	34.6%	33.4%	31.7%	33.5%
Social Housing Operating Margin	%	40.5%	35.7%	32.5%	35.9%	42.4%
Net Margin	%	32.5%	17.3%	15.6%	22.6%	17.3%

Key Financial Ratios

EBITDA MRI interest coverage	Times	1.9x	1.5x	1.4x	1.6x	1.4x
Covenant - Interest Coverage	Times	2.7x	2.5x	2.1x	2.1x	2.1x
Social Housing Lettings Interest Coverage	Times	2.0x	1.7x	1.6x	1.8x	1.8x
Net Debt Per Unit	£	13,217	13,700	14,868	15,128	14,736

YEAR END PERFORMANCE – DEBT, LIQUIDITY, DEVELOPMENT ACTIVITY

		Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022
<i>Liquidity & Debt</i>						
Cash and undrawn facilities	£'000	170,000	171,790	176,529	152,117	239,705
Unencumbered stock	Homes	5,545	6,081	6,234	6,544	4,710
Cash flow from Operating Activities	£'000	45,817	45,457	44,710	57,292	62,841
Cash conversion ratio	%	122%	121%	119%	149%	155%
Debt	£'000	404,676	404,413	437,290	401,099	486,957
Average cost of funds	%	5.06%	4.96%	4.85%	4.81%	4.69%
Gearing - Debt/assets	%	67%	65%	63%	60%	52%
Debt to turnover	Times	3.8x	3.7x	3.9x	3.3x	3.9x
<i>Development & Sales</i>						
New homes developed	Number	497	551	446	332	418
Shared ownership (first tranche) sales	Number	80	101	127	168	111
Shared ownership (first tranche) income	£'000	6,910	9,574	11,860	15,967	10,728
Shared Ownership (first tranche) net margin	%	32%	22%	21%	11%	18%

CONTACT INFORMATION

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Adam Wagner, Director of Finance:

adam.wagner@whgrp.co.uk

07793 666140

Debbie Banner, Group Treasury Manager:

debbie.banner@whgrp.co.uk

07902 400 756

