

whg QUARTERLY UPDATE

Q2 September 2022



100
HATHERTON
STREET



Welcome
Quit of free

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.

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KEY HIGHLIGHTS FOR THE PERIOD ENDED SEPTEMBER 2022

- whg continues to maintain G1/V1 regulator rating, meets all financial covenants with significant headroom and retains Moody's credit rating of A3 positive outlook
- The ongoing full review of whg's funding portfolio has currently achieved:
- £20m facility increase agreed as part of a restructure exercise with Lloyds and Scottish Widows
- Exercise underway to renegotiate / improve interest cover covenant; tender process started to appoint advisors

KEY HIGHLIGHTS FOR THE PERIOD ENDED SEPTEMBER 2022

- Turnover to September 2022 was £60.6m (2021: £62.4m)
- Operating surplus for the half year was £23.5m (2021: £24.5m)
- Operating Margin was 39% (2021: 39%)
- Strong liquidity position with £254m at September 2022, providing 1.8 times cover for the next 18 months of forecast cash flow
- Debt capacity increasing from the Lloyds restructure exercise
- At the half year position 107 new homes from developments have been completed along with 145 start on sites
- Shared ownership first tranche sales achieved 20 to September with income £3.2m
- JV on-lending is currently £12.3m, repayments are expected to commence in October 2022

FINANCIAL HIGHLIGHTS

STRONG FINANCIAL PERFORMANCE TO SEPTEMBER 2022 WITH HEADROOM ON INTEREST COVER

		Sept 22 - 2023 Q2	Sept 21 - 2022 Q2	Comparative Movement
<i>Statement of Comprehensive Income (YTD)</i>				
Total Income	£'000	60,584	62,442	-3%
Social Housing Lettings Turnover	£'000	55,375	52,810	5%
<i>Percentage Total Income from SHL</i>	%	91%	85%	
Shared Ownership Sales	£'000	3,178	7,457	-57%
<i>Percentage of Total Income from Sales</i>	%	5%	12%	
Operating Surplus	£'000	23,543	24,529	-4%
<i>Operating Margin</i>	%	39%	39%	
Total Surplus	£'000	14,362	15,557	-8%
<i>Total Margin</i>	%	24%	25%	
<i>Key Financial Ratios</i>				
EBITDA MRI interest coverage	Times	2.3x	2.3x	
Covenant - Interest Coverage (<i>target >1.1x</i>)	Times	3.1x	2.4x	
Net Debt Per Unit (<i>target <£25,000</i>)	£	13,842	15,196	

DEBT & LIQUIDITY

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

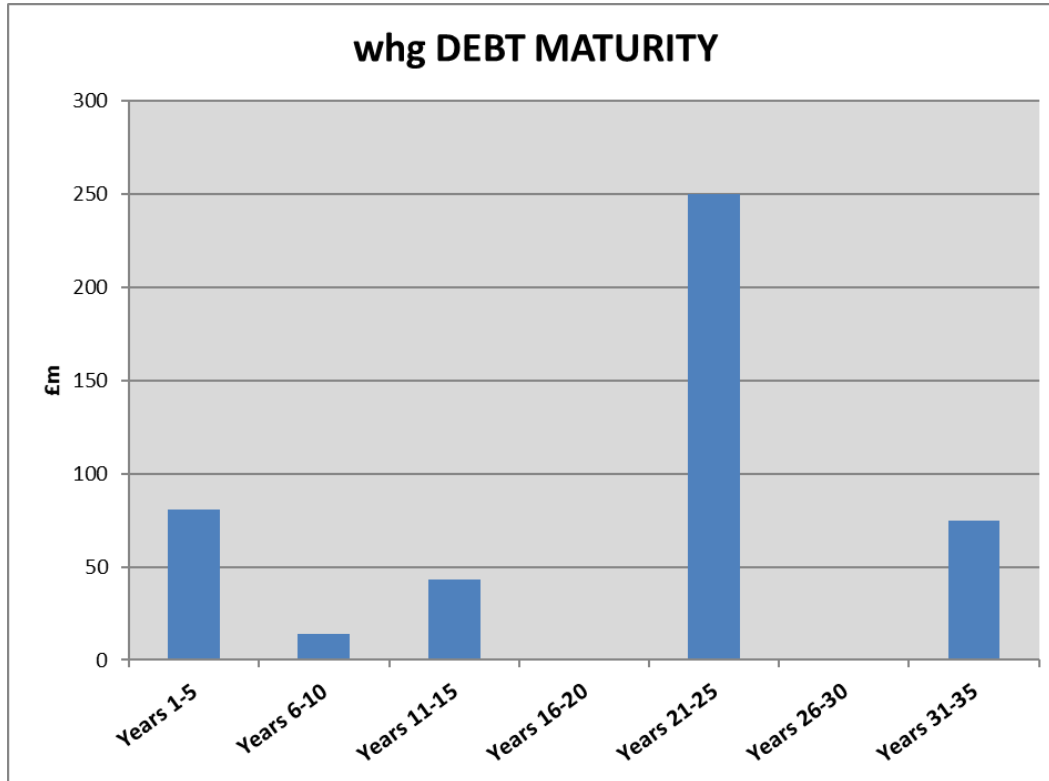


		2023 Q2	2022 Q2
<i>Liquidity & Debt</i>			
Cash and undrawn facilities	£'000	254,374	159,755
18m cash requirement*	£'000	(141,111)	(108,315)
18m liquidity coverage	Times	1.8	1.5
Debt capacity	£'000	240,218	188,189
Unencumbered security	Homes	6,724	6,194
Cash flow from Operating Activities	£'000	37,489	21,473
Cash conversion ratio**	%	159%	88%
Debt	£'000	463,407	401,042
Average cost of funds	%	4.69%	5.03%
Gearing - Moody's methodology	%	38%	55%
Debt to Revenue	Times	3.9x	3.9x

* 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



		2023 Q2	2022 Q2
<i>Development & Sales (YTD)</i>			
New homes completed	Number	107	218
New home starts	Number	145	192
Shared ownership (first tranche) sales	Number	20	77
Shared ownership homes awaiting sale	Number	13	19
<i>Of which aged over 6 months</i>	<i>Number</i>	0	4
Shared ownership (first tranche) sales	£'000	3,178	7,457
<i>Shared Ownership (first tranche) net margin</i>	%	13%	19%

FORWARD GUIDANCE TO YEAR END

EXPECTED YEAR END FINANCIAL PERFORMANCE

		Forecast 2022-23	Actual 2021-22	<i>Movement</i>
<i>Statement of Comprehensive Income</i>				
Total Income	£'000	121,723	120,560	1%
Social Housing Lettings Turnover	£'000	109,778	105,694	4%
<i>Percentage Total Income from SHL</i>	%	90%	88%	
Shared Ownership Sales	£'000	8,210	10,728	-23%
<i>Percentage of Total Income from Sales</i>	%	7%	9%	
Operating Surplus	£'000	40,313	40,533	-1%
<i>Operating Margin</i>	%	33%	34%	
Total Surplus	£'000	21,958	20,801	6%
<i>Total Margin</i>	%	18%	17%	

CONTACT INFORMATION

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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

