



Investor Trading Update

Q3 2022/23



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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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Q3 Revenue Account Summary

- The Group recorded a YTD operating surplus of £16.8m and is projecting a year end operating surplus of £21.1m, which is £0.4m below budget
- The operating margin is forecast to be 22% (24% YTD)
- The Group recorded a total YTD surplus of £4.5m and has projected a year end total surplus of £3.9m against a budget of £5.3m
- The projection meets all funder covenants with headroom
- High cost inflation and interest rates are creating a challenging environment, although asset sales are mitigating some of those impacts
- Void rates and agency staff costs continue to challenge our care & support activities with the Group projecting a deficit of £3.0m in that operating area, but plans are in motion to actively reduce the losses going forwards

		2022/23 Q3 YTD	2022/23 Projected
<i>Statement of Comprehensive Income</i>			
Total Income	£'000	74,010	103,270
Social Housing Lettings Turnover	£'000	60,870	80,941
<i>% of Total Income from SHL</i>	%	82%	78%
Sales of Assets Turnover	£'000	4,392	10,779
<i>% of Total Income from Sales Activities</i>	%	6%	10%
Care Activities Turnover	£'000	4,536	5,929
<i>% of Total Income from Care Activities</i>	%	6%	6%
Other Activities Turnover	£'000	4,212	5,621
<i>% of Total Income from Other Activities</i>	%	6%	5%
Operating Surplus	£'000	16,692	20,992
<i>Operating Margin</i>	%	23%	20%
Total Surplus	£'000	4,510	3,870
<i>Total Margin</i>	%	6%	4%
<i>Key Financial Ratios</i>			
EBITDA MRI interest coverage - Annual (projected)	Times	1.32x	1.32x
Gearing - Current	%	64%	

Q3 Debt & Liquidity Summary

- Wrekin's liquidity position remains strong with access to liquid funds of over £90m
- Work is ongoing to prepare unencumbered assets for charge (1,408 homes, c £73m estimated security value)
- Recent revaluations and reductions in mark to market values have given charged pots significant headroom (£111m excess in total)
- Cash flow projections show that current agreed facilities are sufficient to fund the Group's development plans through to May 2025 (29 months)
- The majority of the Group's debt (76%) carries a fixed rate of interest limiting our exposure to rising interest rates

		2022/23	Security
		Q3 YTD	Headroom
<i>Liquidity & Debt</i>			£'000
Drawn Debt	£'000	516,000	
Undrawn Debt	£'000	90,000	
Total Facilities	£'000	606,000	<i>111,065</i>
Cash	£'000	24,593	
Total WHG owned and managed properties	Homes	13,310	
Unencumbered security	Homes	1,408	
Estimated security value	£'000	73,410	<i>73,410</i>
<i>Total security headroom available</i>			<u><u><i>184,475</i></u></u>
YTD Cash flow from Operating Activities	£'000	29,208	
Cash conversion ratio		1 : 1.75	
<i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>			
Average cost of funds	%	3.98%	
Gearing	%	64%	
Debt to Revenue (projected full year)	Times	5.00	

Q3 Development Summary

- Development delivery has slipped behind budget with some of our contractors struggling to deliver especially where cost pressures are rising well above CPI - requested variations on previously contracted scheme costs are being considered on a case-by-case basis
- The Board have agreed to allow flexible delivery of our current programme, with the target end date moved from 2025 to 2026 to allow for a value for money approach to new business
- In the year to date 399 new units have been delivered with 548 new homes projected to be built in total in 2022/23 (budget: 601 homes)
- Proceeds from YTD shared ownership sales are at a higher level compared to previous years (£2.1m) but we don't budget or forecast future SO sales for prudence
- The Asset Renewal Programme continues to subsidise development activity with 31 sales made in the year to date and a projection of 85 sales in total, generating proceeds of £7.4m – a number of these projected sales are under a local authority agreement
- The sales have attracted higher than budgeted market values (£83k per home inc deposits v budget of £68k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery

		2022/23 Q3 YTD	2022/23 Projected
<i>Development & Asset Sales</i>			
New homes completed	Number	399	548
Net development spend	£'000	43,250	59,098
Shared ownership sales	Number	31	
Homes unsold	Number	6	
<i>Of those, no of homes unsold for longer than 6 months</i>	<i>Number</i>	<i>1</i>	
Asset Renewal Sales	Number	28	85
Asset Renewal Sales income	£'000	2,317	7,392
<i>Average sales value per home</i>	<i>£'000</i>	<i>83</i>	<i>87</i>



Key Contacts

For further information or queries please contact:

Jon Lamb, Executive Director of Finance

jon.lamb@wrekin.com

Richard Nowell, Head of Financial Planning & Treasury

richard.nowell@wrekin.com