



# Investor Trading Update

## Q4 2023/24



# Disclaimer

*This publication of unaudited financial results is for information purposes only, to aid the funders and stakeholders of The Wrekin 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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# Q4 Revenue Account Summary

- Wrekin had a good financial year in the face of a tough environment, with year end results consistently outperforming our budget
- The Group recorded an operating surplus of £31.8m in 2023/24, which is £7.3m above budget
- The operating margin (including fixed asset sales) was 27%
- The Group recorded a total surplus of £19.9m against a budget of £2.9m. £10.1m of this surplus related to actuarial gain on the Group's pension schemes
- All funder covenants were met with headroom
- High agency staff costs continue to challenge our care & support activities with the Group recording a deficit of £1.9m in that operating area. To reduce losses in this area, the Group sold the Limewood Dementia Care Home in November. This sale will result in reduced deficits in care & support going forwards



		2023/24 Year End	2022/23 Year End
<b><i>Statement of Comprehensive Income</i></b>			
<b>Total Income</b>	<b>£'000</b>	<b>115,832</b>	<b>103,045</b>
Social Housing Lettings Turnover	£'000	89,901	81,058
<i>% of Total Income from SHL</i>	%	78%	82%
Sales of Assets Turnover	£'000	13,446	10,212
<i>% of Total Income from Sales Activities</i>	%	12%	6%
Care Activities Turnover	£'000	6,415	6,025
<i>% of Total Income from Care Activities</i>	%	6%	6%
Other Activities Turnover	£'000	6,070	5,750
<i>% of Total Income from Other Activities</i>	%	5%	6%
<b>Operating Surplus</b>	<b>£'000</b>	<b>31,837</b>	<b>21,428</b>
<i>Operating Margin</i>	%	27%	23%
<b>Total Surplus</b>	<b>£'000</b>	<b>9,757</b>	<b>3,230</b>
<i>Total Margin</i>	%	8%	6%
<b><i>Key Financial Ratios</i></b>			
EBITDA Only interest coverage - Annual (projected)	Times	2.32x	1.32x
Gearing - Current	%	64%	64%



# Q4 Debt & Liquidity Summary


- Wrekin's liquidity position remains strong with access to liquid funds of £52m, and the group is in the final stages of negotiating extensions and increases to our RCF capacity, aiming to add £115m of new funding from our existing funders
- The Group has significant security headroom with excess of over £210m against existing facilities. In addition, work is ongoing to prepare unencumbered assets for charge (1,690 homes, c £100m estimated security value)
- Cash flow projections show that current agreed facilities are sufficient to fund the Group's development plans through to at least October 2026 (30 months) which will increase following the completion of our RCF funding exercise
- The majority of the Group's debt (71%) carries a fixed rate of interest limiting our exposure to the BoE interest rate rises
- The Group has successfully negotiated with its lenders to change our covenant calculation. The calculation is now an EBITDA only calculation and excludes major repairs, while the target has been raised from 110% to 135%

		2023/24	Security Year End Headroom
			£'000
<b><i>Liquidity &amp; Debt</i></b>			
Drawn Debt	£'000	554,000	
Undrawn Debt	£'000	52,000	
<b>Total Facilities</b>	<b>£'000</b>	<b>606,000</b>	210,036
Cash	£'000	25,418	
Total WHG owned and managed properties	Homes	13,366	
Unencumbered security	Homes	1,690	
Estimated security value	£'000		100,069
<i>Total security headroom available</i>			<u>310,105</u>
YTD Cash flow from Operating Activities	£'000	60,281	
Cash conversion ratio		1 : 1.89	
<i>Being the amount of Operating Surplus that translates into Cash Flow from Operating Activities</i>			
Average cost of funds	%	4.45%	
Gearing	%	64%	
Debt to Revenue	Times	4.78	



# Q4 Development Summary

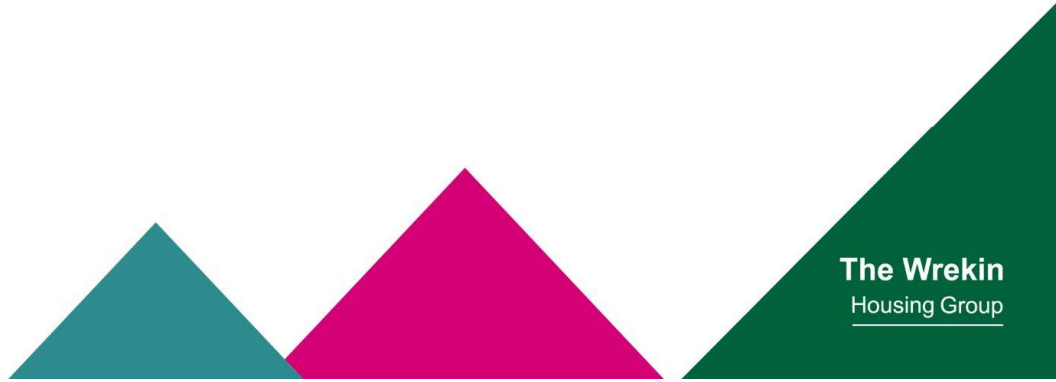
- Development delivery has slipped behind budget with some of our contractors struggling to deliver, especially where cost pressures are rising well above CPI
- Some requested variations on previously contracted scheme costs are being considered on a case-by-case basis
- During 2023/24 317 new development units were delivered
- The Asset Renewal Programme continues to subsidise development activity with 113 sales made in the year, generating proceeds of £12.1m
- The sales have attracted higher than budgeted market values (£107k per home inc deposits vs budgeted price of £55k), thus reducing the Group's reliance on grant funding and debt financing to fund new delivery



**2023/24  
Q4 YTD**

***Development & Asset Sales***

New homes completed	Number	317
Net development spend	£'000	55,403
Shared ownership sales	Number	18
Homes unsold	Number	11
<i>Of those, no of homes unsold for longer than 6 months</i>	<i>Number</i>	<i>0</i>
Asset Renewal Sales	Number	113
Asset Renewal Sales income	£'000	12,069
<i>Average sales value per home</i>	<i>£'000</i>	<i>107</i>







# Key Contacts

For further information or queries please contact:

Jon Lamb, Executive Director of Finance

[jon.lamb@wrekin.com](mailto:jon.lamb@wrekin.com)

Richard Nowell, Head of Financial Planning & Treasury

[richard.nowell@wrekin.com](mailto:richard.nowell@wrekin.com)