



Four Seasons  
Health Care

# Four Seasons Health Care

2018 and Q1 2019 Investor Presentation

Draft, unaudited results for the year ended 31 December 2018 and the quarter ended 31 March 2019

11 June 2019

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### Group FY 2018 and Q1 2019 financial highlights

- On 30 April 2019 administrators were appointed to manage the affairs, business and property of Elli Investments Limited and one of its subsidiaries, Elli Finance (UK) Plc. Trading in the group's listed notes on Euronext Dublin is currently suspended, in accordance with listing rule 7.22 of the Global Exchange Market Listing Rules
- On 3 May 2019 the group announced the launch of an independent sales process which is expected to complete by the year end. The group's operating companies are unaffected by the appointment of administrators at the Elli Investments Limited and Elli Finance (UK) Plc levels and all businesses are continuing to trade as normal and maintain continuity of care. The group has available liquidity for the purposes of maintaining continuity of care for all of the group's residents and patients throughout the sales process
- The group's results for the year ended 31 December 2018 and the quarter ended 31 March 2019 are draft and unaudited
- FY 2018 turnover for Elli Investments Limited is £11.6m, or 1.9%, higher than FY 2017 after adjusting for c£4.2m of revenue from homes closed or sold during the year. The £160.1m turnover in Q1 2019 is £6.4m, or 4.2%, higher than Q1 2018, on the same basis
- FY 2018 EBITDA of £37.3m is £7.2m lower than FY 2017, with Adjusted EBITDA (EBITDA before the non-cash onerous and operating lease credit) of £25.2m, £11.0m lower than FY 2017. However, Q1 2019 EBITDA of £8.4m is £2.4m higher than Q1 2018. On an Adjusted EBITDA basis, the quarter on quarter increase was £3.2m
- Average group occupancy % in FY 2018 reduced by 1.5 percentage points compared to FY 2017 (Four Seasons Health Care: 1.9 percentage point decrease; brighterkind: 0.5 percentage point increase; The Huntercombe Group (THG): 1.2 percentage point increase). However, Q1 2019 was 1.5 percentage points higher than Q1 2018 (Four Seasons Health Care: 1.3 percentage point increase to 89.5%; brighterkind: 2.3 percentage point increase to 88.9%; THG: 2.4 percentage point increase to 84.7%)
- Average weekly fee in FY 2018 in Four Seasons Health Care increased by 5.3% year on year, whilst brighterkind saw a 5.1% year on year increase. In Q1 2019 Four Seasons Health Care saw a 4.9% quarter on quarter increase, whilst the brighterkind increase was 3.3%. The equivalent movements for THG were an 11.5% increase and a 2.6% decrease, driven in part by changes in bed mix and level of acuity
- FY 2018 payroll as a percentage of turnover in the group's care homes, at 64.7%, was 1.0 percentage point higher than FY 2017. Within THG, payroll as a percentage of turnover increased by 1.7 percentage points compared to the previous year. Pleasingly, Q1 2019 payroll as a percentage of turnover in the group's care homes improved by 1.5 percentage points compared to Q1 2018. Within THG, payroll as a percentage of turnover increased by 0.3 percentage points in comparison to Q1 2018



### Group FY 2018 and Q1 2019 financial highlights (cont'd)

- Agency as a percentage of payroll of 9.8% in FY 2018 in the group's care homes represented a 0.9 percentage point increase compared to FY 2017 (Four Seasons Health Care: 1.1 percentage point increase; brighterkind: unchanged at 4.2%). Within THG, agency as a percentage of payroll increased by 2.7 percentage points in FY 2018 compared to FY 2017
- In Q1 2019, agency as a percentage of payroll of 9.5% in the group's care homes increased by 0.2 percentage points compared to Q1 2018, and reflects the impact of operational challenges and the on-going shortage of nurses across the wider healthcare sector. Agency spend continues to represent a challenge in THG, although Q1 2019 agency as percentage of payroll saw a 2.4 percentage point improvement compared to the FY 2018 average
- In FY 2018 the group generated £5.1m of cash from operating activities, whilst the £13.7m net cash outflow from operating activities in Q1 2019 was largely driven by a £15.2m working capital outflow during the period
- Closing cash balance increased by £12.4m from December 2018 to £42.9m at March 2019. Over the same period, the group's net debt increased by £17.6m to £582.1m (excluding any accrued interest and amounts owed to related undertakings)



## Results – KPIs

|   | 2017 <sup>(6)</sup> |        |        |        |                     | 2018   |        |        |        |                     | 2019   |
|---|---------------------|--------|--------|--------|---------------------|--------|--------|--------|--------|---------------------|--------|
|   | Q1                  | Q2     | Q3     | Q4     | Year <sup>(2)</sup> | Q1     | Q2     | Q3     | Q4     | Year <sup>(2)</sup> | Q1     |
| Turnover (£m)   | 163.9               | 164.5  | 162.1  | 169.9  | 660.4               | 155.6  | 159.4  | 159.8  | 159.7  | 634.5               | 160.1  |
| EBITDAR (£m) <sup>(7)</sup>                                     | 22.0                | 22.4   | 23.7   | 18.9   | 87.1                | 16.7   | 20.2   | 22.1   | 17.5   | 76.4                | 20.1   |
| EBITDA (£m) <sup>(7)</sup>                                      | 10.6                | 11.4   | 11.9   | 10.6   | 44.5                | 6.0    | 9.6    | 11.3   | 10.4   | 37.3                | 8.4    |
| Adjusted EBITDA (£m) <sup>(7)(8)</sup>                          | 9.2                 | 9.9    | 11.1   | 6.0    | 36.2                | 3.8    | 7.5    | 9.3    | 4.6    | 25.2                | 6.9    |
| Effective beds - group  | 17,831              | 17,214 | 16,753 | 16,378 | 17,044              | 16,259 | 16,137 | 16,092 | 16,062 | 16,138              | 15,840 |
| Occupied beds - group   | 15,911              | 15,332 | 15,016 | 14,657 | 15,229              | 14,264 | 14,144 | 14,170 | 14,189 | 14,192              | 14,128 |
| Occupancy % - FSHC and brighterkind                             | 89.7%               | 89.4%  | 90.0%  | 89.9%  | 89.8%               | 88.0%  | 87.8%  | 88.3%  | 88.6%  | 88.2%               | 89.4%  |
| Occupancy % - THG   | 81.4%               | 82.4%  | 82.3%  | 81.2%  | 81.8%               | 82.3%  | 84.0%  | 83.2%  | 82.6%  | 83.0%               | 84.7%  |
| Average weekly fee (£) - FSHC and brighterkind                  | 692                 | 717    | 721    | 720    | 712                 | 732    | 756    | 762    | 760    | 752                 | 767    |
| Average weekly fee (£) - THG                                    | 2,607               | 2,721  | 2,876  | 3,016  | 2,805               | 3,144  | 3,154  | 3,120  | 3,093  | 3,128               | 3,063  |
| Payroll (% of turnover) <sup>(1)</sup> - FSHC and brighterkind  | 63.7%               | 63.7%  | 63.0%  | 64.4%  | 63.7%               | 65.6%  | 65.2%  | 64.0%  | 63.9%  | 64.7%               | 64.1%  |
| Payroll (% of turnover) <sup>(1)</sup> - THG                    | 72.9%               | 74.2%  | 76.3%  | 75.3%  | 74.7%               | 74.9%  | 73.6%  | 78.0%  | 79.2%  | 76.4%               | 75.2%  |
| EBITDARM (% of turnover) <sup>(9)</sup> - FSHC and brighterkind | 21.3%               | 22.3%  | 23.7%  | 21.1%  | 22.1%               | 19.0%  | 20.6%  | 22.2%  | 20.6%  | 20.6%               | 20.8%  |
| EBITDARM (% of turnover) <sup>(4)(9)</sup> - THG                | 16.3%               | 15.2%  | 12.6%  | 13.4%  | 14.4%               | 14.2%  | 15.4%  | 11.9%  | 7.9%   | 12.3%               | 13.6%  |
| Agency (% of payroll) <sup>(1)</sup>                            | 9.1%                | 9.7%   | 11.1%  | 10.3%  | 10.1%               | 10.5%  | 10.8%  | 12.3%  | 11.2%  | 11.2%               | 10.5%  |
| Expenses (% of turnover)  | 14.5%               | 13.5%  | 13.1%  | 14.1%  | 13.8%               | 14.8%  | 13.8%  | 13.3%  | 15.0%  | 14.2%               | 14.6%  |
| Central costs (% of turnover)                                   | 6.3%                | 6.3%   | 5.9%   | 6.4%   | 6.2%                | 6.7%   | 6.5%   | 5.9%   | 6.9%   | 6.6%                | 6.4%   |
| Maintenance capex (£m) <sup>(3)</sup>                           | 4.9                 | 5.5    | 7.0    | 11.6   | 29.0                | 3.2    | 6.3    | 5.6    | 9.1    | 24.2                | 3.2    |

### Notes

1. Payroll excludes central payroll
2. Full year numbers may include minor rounding differences compared to the four quarter aggregate
3. Four Seasons Health Care, brighterkind and THG operational capex
4. Includes £0.2m rental income per quarter
5. EBITDAR(M) = Pre-exceptional Earnings Before Interest, Tax, Depreciation, Amortisation, Rent (and Central costs)
6. FY 2017 is a 53 week period and Q4 2017 is a 14 week period
7. Due to their ongoing nature, certain costs relating to closed and closing homes have been included within EBITDA for FY 2018. In prior quarters and years these costs were included in exceptional items as it was anticipated that these costs would not be incurred on an ongoing basis. The FY 2017 and 2017 and 2018 quarterly comparatives have been re-presented to reflect this change, being £9.2m for closed and closing homes for FY 2017
8. Adjusted EBITDA is EBITDA before the non-cash onerous and operating lease credit
9. EBITDARM before closed and closing home costs



# Results – KPIs by business

|  | 2017 <sup>(4)</sup> |        |        |        |                     | 2018   |        |        |        |                     | 2019   |  |
|--|---------------------|--------|--------|--------|---------------------|--------|--------|--------|--------|---------------------|--------|--|
|  | Q1                  | Q2     | Q3     | Q4     | Year <sup>(2)</sup> | Q1     | Q2     | Q3     | Q4     | Year <sup>(2)</sup> | Q1     |  |
| <b>Turnover (£m)</b>                         |                     |        |        |        |                     |        |        |        |        |                     |        |  |
| - FSHC                                       | 113.2               | 112.3  | 110.1  | 115.1  | 450.6               | 105.6  | 108.3  | 109.1  | 108.9  | 431.9               | 109.0  |  |
| - brighterkind                               | 23.3                | 24.0   | 24.5   | 26.6   | 98.5                | 25.0   | 25.4   | 25.7   | 26.0   | 102.2               | 26.5   |  |
| - THG  | 27.3                | 28.1   | 27.5   | 28.2   | 111.2               | 24.9   | 25.7   | 25.0   | 24.8   | 100.4               | 24.6   |  |
| <b>Effective beds</b>                        |                     |        |        |        |                     |        |        |        |        |                     |        |  |
| - FSHC                                       | 14,690              | 14,105 | 13,712 | 13,403 | 13,977              | 13,359 | 13,242 | 13,196 | 13,166 | 13,241              | 12,960 |  |
| - brighterkind                               | 2,208               | 2,208  | 2,208  | 2,208  | 2,208               | 2,210  | 2,210  | 2,210  | 2,210  | 2,210               | 2,205  |  |
| - THG  | 934                 | 901    | 833    | 766    | 859                 | 690    | 685    | 686    | 686    | 687                 | 675    |  |
| <b>Occupancy %</b>                           |                     |        |        |        |                     |        |        |        |        |                     |        |  |
| - FSHC                                       | 90.2%               | 90.0%  | 90.5%  | 90.3%  | 90.3%               | 88.2%  | 88.2%  | 88.5%  | 88.6%  | 88.4%               | 89.5%  |  |
| - brighterkind                               | 85.8%               | 85.7%  | 86.8%  | 87.3%  | 86.4%               | 86.6%  | 85.4%  | 87.0%  | 88.5%  | 86.9%               | 88.9%  |  |
| - THG  | 81.4%               | 82.4%  | 82.3%  | 81.2%  | 81.8%               | 82.3%  | 84.0%  | 83.2%  | 82.6%  | 83.0%               | 84.7%  |  |
| <b>Average weekly fee (£)</b>                |                     |        |        |        |                     |        |        |        |        |                     |        |  |
| - FSHC                                       | 657                 | 680    | 682    | 679    | 674                 | 689    | 713    | 719    | 718    | 710                 | 723    |  |
| - brighterkind                               | 937                 | 968    | 973    | 976    | 964                 | 996    | 1,021  | 1,020  | 1,016  | 1,013               | 1,029  |  |
| - THG  | 2,607               | 2,721  | 2,876  | 3,016  | 2,805               | 3,144  | 3,154  | 3,120  | 3,093  | 3,128               | 3,063  |  |
| <b>Payroll % (of turnover)<sup>(1)</sup></b> |                     |        |        |        |                     |        |        |        |        |                     |        |  |
| - FSHC                                       | 64.8%               | 64.9%  | 64.6%  | 66.3%  | 65.2%               | 67.7%  | 67.1%  | 66.0%  | 65.9%  | 66.7%               | 66.0%  |  |
| - brighterkind                               | 58.2%               | 57.8%  | 55.9%  | 56.0%  | 57.0%               | 56.8%  | 57.2%  | 55.8%  | 55.6%  | 56.4%               | 56.6%  |  |
| - THG  | 72.9%               | 74.2%  | 76.3%  | 75.3%  | 74.7%               | 74.9%  | 73.6%  | 78.0%  | 79.2%  | 76.4%               | 75.2%  |  |
| <b>Agency % (of payroll)<sup>(1)</sup></b>   |                     |        |        |        |                     |        |        |        |        |                     |        |  |
| - FSHC                                       | 9.0%                | 9.6%   | 10.7%  | 9.9%   | 9.8%                | 10.4%  | 10.6%  | 11.9%  | 10.7%  | 10.9%               | 10.5%  |  |
| - brighterkind                               | 5.3%                | 3.7%   | 4.3%   | 3.5%   | 4.2%                | 3.6%   | 3.9%   | 4.7%   | 4.5%   | 4.2%                | 5.0%   |  |
| - THG  | 12.3%               | 14.3%  | 17.1%  | 16.6%  | 15.0%               | 16.2%  | 17.0%  | 19.6%  | 18.1%  | 17.7%               | 15.3%  |  |
| <b>EBITDARM (£m)<sup>(5)</sup></b>           |                     |        |        |        |                     |        |        |        |        |                     |        |  |
| - FSHC                                       | 22.4                | 23.3   | 23.9   | 21.4   | 91.1                | 17.5   | 19.7   | 21.4   | 19.6   | 78.4                | 20.1   |  |
| - brighterkind                               | 6.6                 | 7.2    | 7.9    | 8.5    | 30.2                | 7.3    | 7.9    | 8.5    | 8.1    | 31.8                | 8.0    |  |
| - THG <sup>(3)</sup>                         | 4.4                 | 4.3    | 3.5    | 3.8    | 16.0                | 3.5    | 3.9    | 3.0    | 2.0    | 12.4                | 3.3    |  |

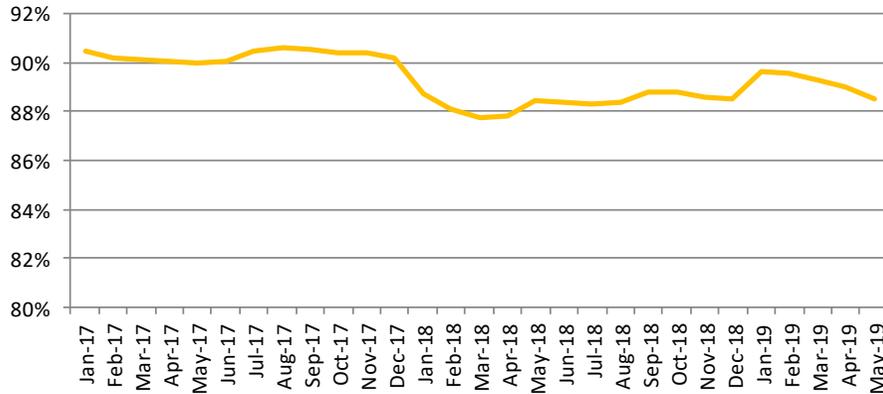
## Notes

1. Payroll excludes central payroll
2. Full year numbers may include minor rounding differences compared to the four quarter aggregate
3. Includes £0.2m rental income per quarter
4. FY 2017 is a 53 week period and Q4 2017 is a 14 week period
5. EBITDARM before closed and closing home costs

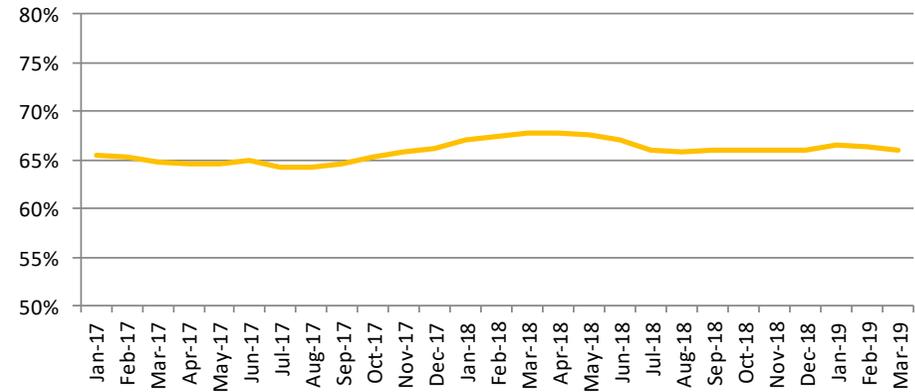


# Results – Four Seasons Health Care

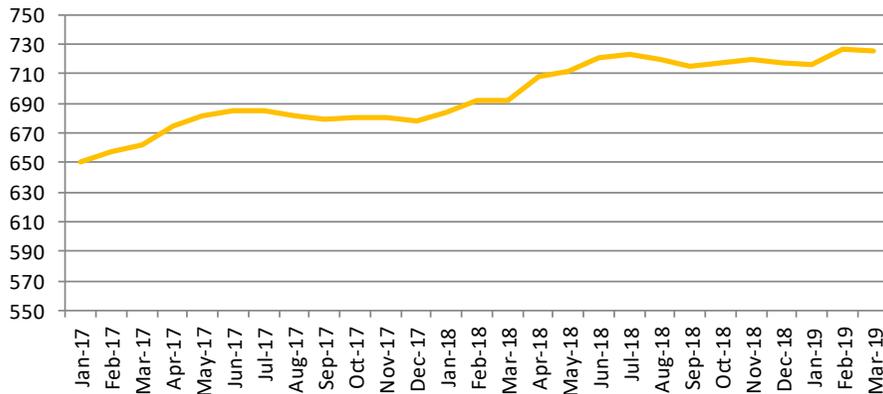
**Occupancy % <sup>(1)</sup>**



**Payroll % of turnover (rolling 3 months)**



**Average weekly fee (£)**

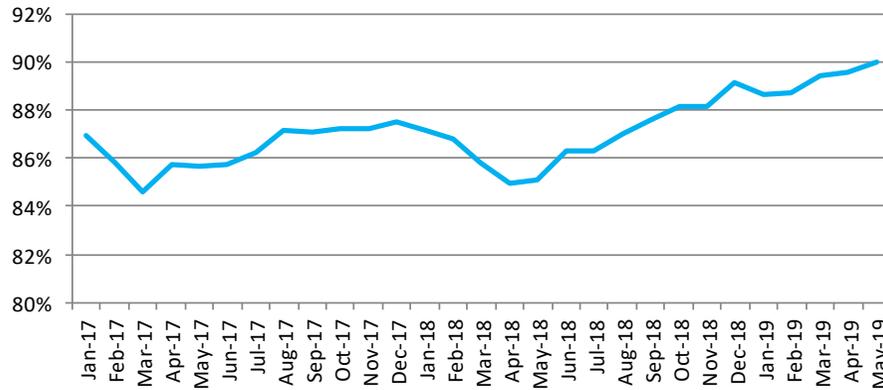


- FY 2018 average occupancy of 88.4% was 1.9 percentage points below the average for FY 2017
- Q1 2018 occupancy suffered from a very high level of winter deaths, consistent with the c14% national increase for over 85s over the prior four year average for the same period (ONS)
- Q1 2019 occupancy was 0.9 percentage points higher than Q4 2018 and 1.3 percentage points higher than the comparative quarter in 2018
- Average weekly fee of £710 in FY 2018 was 5.3% higher than FY 2017
- Payroll as a % of turnover declined by 1.5 percentage points in FY 2018 compared to the prior year although Q1 2019 improved by 1.7 percentage points compared to Q1 2018
- Agency as a percentage of payroll increased from 9.8% in 2017 to 10.9% in FY 2018, a 1.1 percentage point increase which reflects operational challenges and on-going difficulties in nurse and carer recruitment. Q1 2019 was consistent with Q1 2018

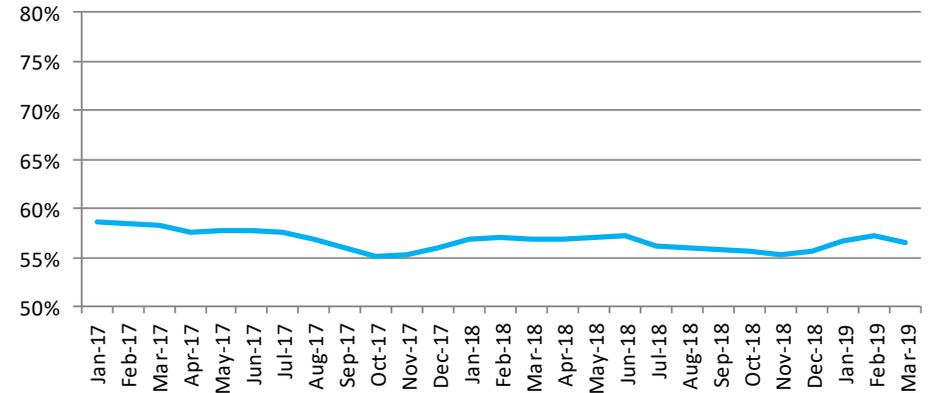
Note 1 – May-19 occupancy % represents 26<sup>th</sup> May 2019 spot occupancy %



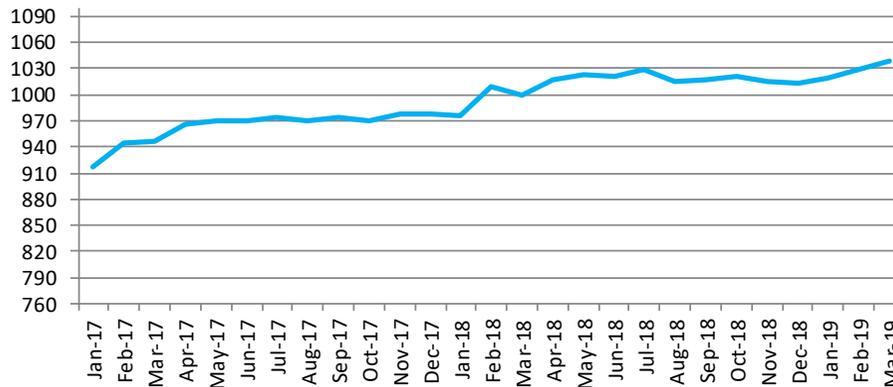
### Occupancy %<sup>(1)</sup>



### Payroll % of turnover (rolling 3 months)



### Average weekly fee (£)

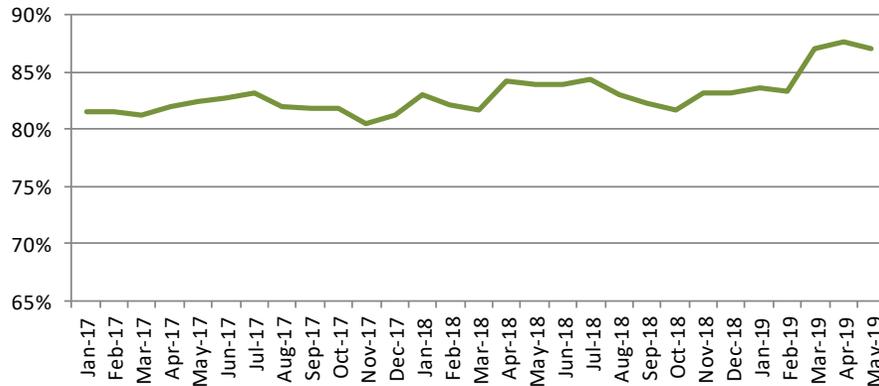


- FY 2018 average occupancy of 86.9% was 0.5 percentage points higher than FY 2017
- Q4 2018 occupancy was 1.5 percentage points higher than the prior quarter, continuing the growth in occupancy achieved in Q3 2018. This trend has continued with occupancy in Q1 2019 being 0.4 percentage points higher than the prior quarter, and 2.3 percentage points higher than Q1 2018
- Private mix increased over the course of 2018, ending the year at 51%
- The average weekly fee in FY 2018 was 5.1% higher than FY 2017 and Q1 2019 AWF of £1,029 was 3.3% higher than in Q1 2018
- Payroll as a % of turnover in FY 2018 improved by 0.6 percentage points in comparison to FY 2017, despite inflationary pressures
- Tight control of agency spend was maintained during 2018 with agency usage as a % of payroll at 4.2% in FY 2018, consistent with FY 2017, and significantly lower than industry norms
- Payroll costs have continued to be tightly managed in Q1 2019, with payroll as a % of turnover of 56.6% and agency as a % of payroll of 5.0% despite the ongoing nurse and carer shortage

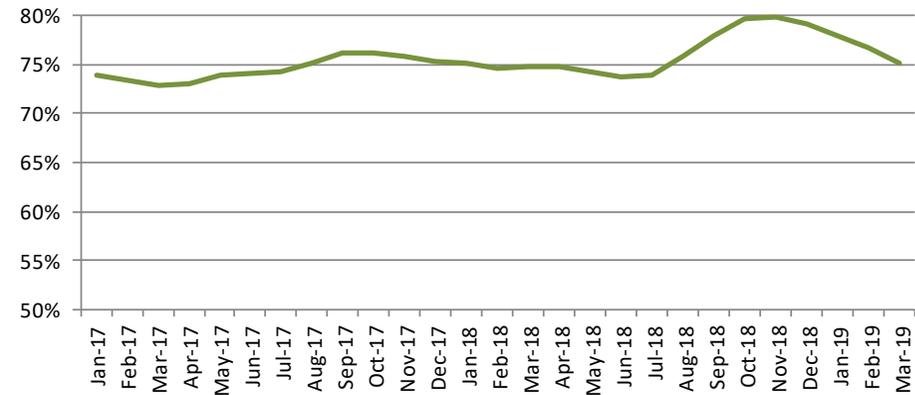
Note 1 – May-19 occupancy % represents 26<sup>th</sup> May 2019 spot occupancy %



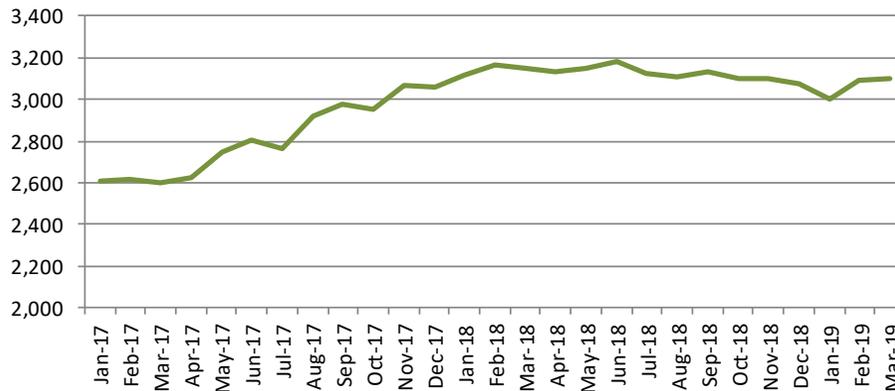
### Occupancy %<sup>(1)</sup>



### Payroll % of turnover (rolling 3 months)



### Average weekly fee (£)



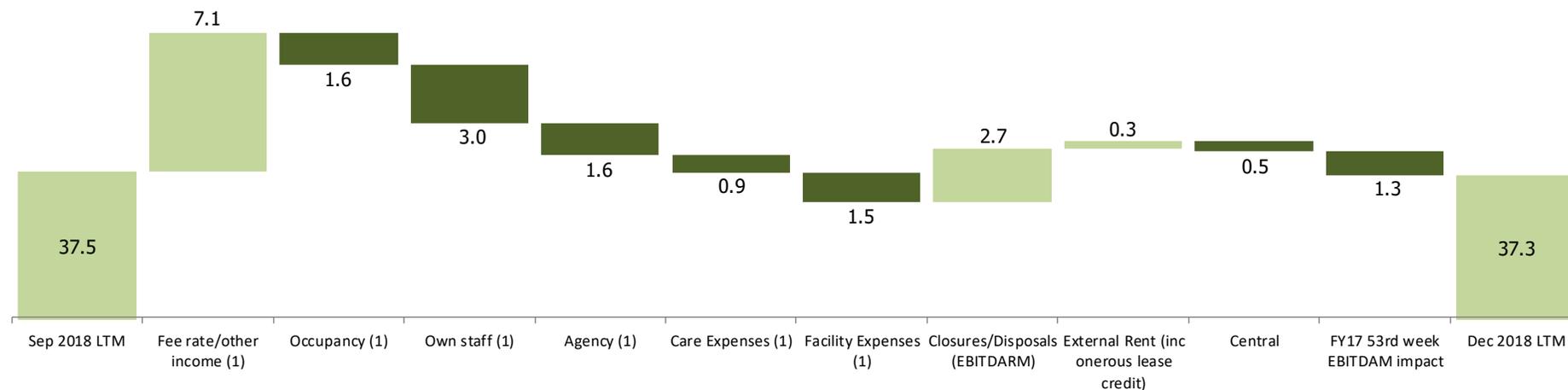
- Occupancy percentage of 83.0% in FY 2018 was 1.2 percentage points higher than FY 2017
- Occupancy growth has continued in Q1 2019, with the 2.1 percentage point increase over the prior quarter, being a 2.4 percentage point increase over the comparable quarter in 2018
- Average weekly fee in FY 2018 was 11.5% higher than in FY 2017, largely reflecting the changing bed mix and acuity levels together with changing commissioning needs
- Payroll as a % of turnover was 1.7 percentage points higher in FY 2018 than FY 2017
- However, Q1 2019 payroll as % of turnover improved by 4.0 percentage points compared to Q4 2018 largely due to increasing occupancy levels and lower agency usage
- Agency usage, at 17.7% of total payroll in FY 2018, was 2.7 percentage points higher than in FY 2017 and remains a critical area of focus for the management team. Improvement was achieved in Q1 2019 as agency costs as a % of total payroll reduced to 15.3%

Note 1 – May-19 occupancy % represents 26<sup>th</sup> May 2019 spot occupancy %



# Results – LTM September 2018 v LTM December 2018

## Group EBITDA LTM Sep 2018 v LTM Dec 2018



- December 2018 LTM EBITDA was £37.3m, broadly in line with September 2018 LTM EBITDA of £37.5m
  - September 2018 LTM EBITDA has been adjusted for £7.5m of closed and closing homes costs which have been reclassified into EBITDA (see note 7 on slide 4)
- The LTM movement, excluding closures and disposals, was largely a result of the following drivers:
  - Income was £5.5m higher in December 2018 LTM than September 2018 LTM:
    - Group fee rates were higher leading to an overall favourable fee rate variance of £7.1m
    - Lower occupancy in Q4 2018 compared to Q4 2017 resulted in an adverse occupancy variance of £1.6m
  - Own staff payroll costs increased by £3.0m, in part driven by an additional quarter of increased National Living Wage and National Minimum Wage
  - Agency spend in December 2018 LTM was £1.6m higher than the spend in September 2018 LTM, reflecting the operational challenges and continuing difficulties in the nurse and carer recruitment market, particularly in FSHC and THG
  - £1.2m increase in the non-cash onerous and operating lease credit
- December 2019 LTM Adjusted EBITDA was £25.2m, a £1.4m decrease on the September 2018 LTM Adjusted EBITDA

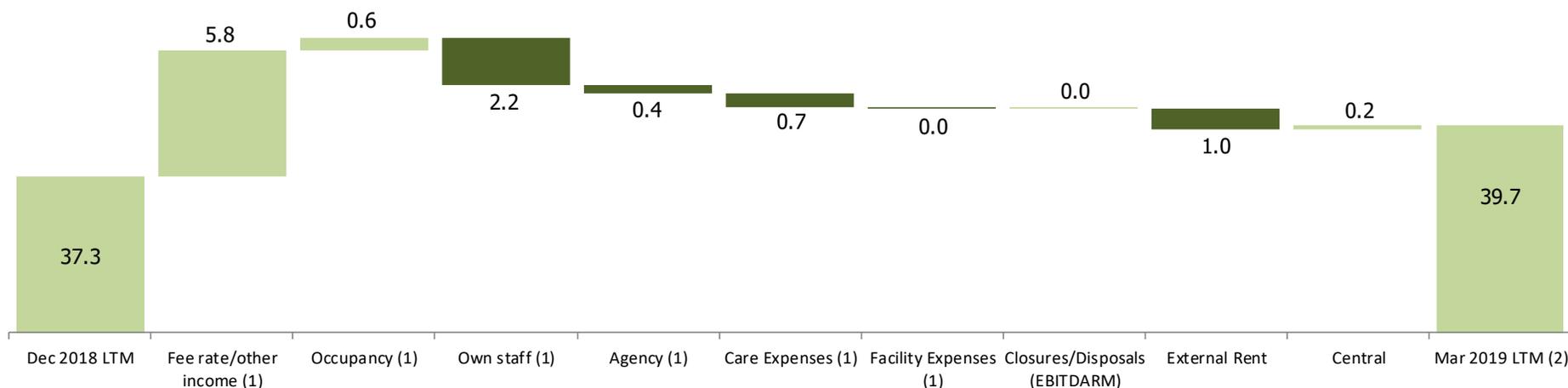
### Notes

1. Excludes closures/disposals of care homes



## Results – LTM December 2018 v LTM March 2019

### Group EBITDA LTM Dec 2018 v LTM Mar 2019



- March 2019 LTM EBITDA was £39.7m, a £2.4m increase over December 2018 LTM EBITDA of £37.3m
- The LTM movement, excluding closures and disposals, was largely a result of the following drivers:
  - Income was £6.4m higher in March 2019 LTM than December 2018 LTM:
    - Group fee rates were higher leading to an overall favourable fee rate variance of £5.8m
    - Occupancy in Q1 2019 saw a slight increase compared to Q1 2018 which resulted in a £0.6m positive impact
  - Own staff payroll costs increased by £2.2m, driven by National Living Wage and National Minimum Wage year on year increases
  - Agency spend was broadly consistent with previous periods but remains a challenge
  - Care expenses, facility expenses and external rent resulted in £1.7m of incremental costs in Q1 2019, reflecting both inflationary pressures and a £0.8m decrease in the non-cash onerous and operating lease credit
- March 2019 LTM Adjusted EBITDA was £28.3m, a £3.2m increase over December 2018 LTM Adjusted EBITDA

#### Notes

1. Excludes closures/disposals of care homes
2. Rounded figures results in a small difference between the sum of the drivers and the total Mar 2019 LTM EBITDA



# Results – FY 2018 Cash flow and net debt

| Cash flow  |                     |                     |
|--|---------------------|---------------------|
| £m   | Year ended Dec 2018 | Year ended Dec 2017 |
| <b>EBITDA</b>  | <b>37.3</b>         | <b>44.5</b>         |
| Depreciation   | (32.0)              | (33.9)              |
| Amortisation   | 1.5                 | 1.6                 |
| Exceptional items  | (96.2)              | (32.1)              |
| Net interest   | (139.9)             | (126.2)             |
| Tax on loss  | 7.4                 | 2.4                 |
| <b>Loss for the year</b>                                 | <b>(222.0)</b>      | <b>(143.7)</b>      |
| Adjustments for:   |                     |                     |
| Depreciation, amortisation and impairment losses         | 67.9                | 45.0                |
| Net interest payable and similar charges                 | 139.9               | 126.2               |
| Gain on sale of tangible fixed assets                    | (0.7)               | 2.2                 |
| Taxation   | (7.4)               | (2.4)               |
|  | <b>(22.2)</b>       | <b>27.3</b>         |
| Increase in cash from working capital movement           | 6.9                 | 7.3                 |
| Increase/(decrease) in provisions                        | 17.2                | (11.4)              |
|  | <b>1.9</b>          | <b>23.1</b>         |
| Interest received  | 0.1                 | 0.1                 |
| Tax received   | 3.1                 | 2.8                 |
| <b>Net cash from operating activities <sup>(1)</sup></b> | <b>5.1</b>          | <b>26.0</b>         |
| Acquisition of tangible fixed assets                     | (27.3)              | (38.4)              |
| Proceeds from sale of tangible fixed assets              | 4.2                 | 35.8                |
| <b>Net cash outflow before financing</b>                 | <b>(18.0)</b>       | <b>23.4</b>         |
| Interest paid  | (3.2)               | (28.7)              |
| Repayment of term loan                                   | (40.0)              | (40.0)              |
| Drawdown of term loan                                    | 70.0                | 40.0                |
| Debt refinance and exit related costs                    | (4.3)               | (1.8)               |
| <b>Net cash from financing activities</b>                | <b>22.5</b>         | <b>(30.4)</b>       |
| <b>Increase/(decrease) in cash in the year</b>           | <b>4.5</b>          | <b>(7.0)</b>        |
| Opening cash balance                                     | 26.0                | 33.0                |
| <b>Closing cash balance</b>                              | <b>30.5</b>         | <b>26.0</b>         |

<sup>(1)</sup> Includes net interest and tax received of £3.2m (2017: £2.9m received)

<sup>(2)</sup> On 11th March 2019, the maturity was extended to 3rd June 2019

- The decrease in net cash flow from operating activities in comparison to 2017 was mainly driven by lower EBITDA and higher exceptional spend
- c£64m increase in exceptional costs largely driven by non-cash charges: c25m year on year increase in net fixed asset/negative goodwill impairment/credit and c£32m increase in the onerous lease charge
- Capital expenditure in FY 2018 was £27.3m, whilst proceeds from the disposal of four homes and a plot of land totalled £4.2m
- At 31 December FY 2018 the group's cash balance was £30.5m
- As at 31 December 2018, the group had drawn £70m of its £70m Super Senior Term Loan (SSTL) facility. The SSTL paid interest at LIBOR + 3.75%
- The resulting net debt balance at 31 December 2018 was £564.5m, excluding accrued interest, amounts owed to related undertakings and debt issue costs

| External Debt                                    |                |                   |          |
|--|----------------|-------------------|----------|
| £m   | Debt Principal | Coupon/ Interest  | Maturity |
| <i>High yield bonds</i>                          |                |                   |          |
| Senior secured notes                             | 350.0          | 8.75%             | Jun 2019 |
| Senior notes                                     | 175.0          | 12.25%            | Jun 2020 |
| <b>Total HYB</b>                                 | <b>525.0</b>   |                   |          |
| <i>Super Senior Term loan<sup>(2)</sup></i>      | 70.0           | L. + 3.75% margin | Mar 2019 |
| <b>Total amount outstanding on external debt</b> | <b>595.0</b>   |                   |          |
| Cash at 31 December 2018                         | 30.5           |                   |          |
| <b>Net debt (before debt issue costs)</b>        | <b>564.5</b>   |                   |          |



# Results – Q1 2019 Cash flow and net debt

| Cash flow  |                           |                           |
|--|---------------------------|---------------------------|
| £m   | Quarter ended<br>Mar 2019 | Quarter ended<br>Mar 2018 |
| <b>EBITDA</b>  | <b>8.4</b>                | <b>6.0</b>                |
| Depreciation   | (8.6)                     | (8.6)                     |
| Amortisation   | 0.4                       | 0.4                       |
| Exceptional items  | (5.3)                     | (5.2)                     |
| Net interest   | (35.3)                    | (36.5)                    |
| Tax on loss  | 0.5                       | 0.6                       |
| <b>Loss for the period</b>                               | <b>(39.9)</b>             | <b>(43.3)</b>             |
| Adjustments for:   |                           |                           |
| Depreciation and amortisation                            | 8.2                       | 8.2                       |
| Net interest payable and similar charges                 | 35.3                      | 36.5                      |
| Gain on sale of tangible fixed assets                    | 0.0                       | (0.3)                     |
| Taxation   | (0.5)                     | (0.6)                     |
|  | <b>3.1</b>                | <b>0.5</b>                |
| Decrease in cash from working capital movement           | (15.2)                    | (5.5)                     |
| Decrease in provisions                                   | (1.4)                     | (2.2)                     |
|  | <b>(13.5)</b>             | <b>(7.2)</b>              |
| Interest received  | (0.0)                     | (0.0)                     |
| Tax (paid)/received                                      | (0.2)                     | 0.5                       |
| <b>Net cash from operating activities <sup>(1)</sup></b> | <b>(13.7)</b>             | <b>(6.7)</b>              |
| Acquisition of tangible fixed assets                     | (3.4)                     | (4.6)                     |
| Proceeds from sale of tangible fixed assets              | 0.3                       | 3.0                       |
| <b>Net cash outflow before financing</b>                 | <b>(16.8)</b>             | <b>(8.3)</b>              |
| Interest paid  | (0.8)                     | (1.2)                     |
| Repayment of term loan                                   | -                         | (40.0)                    |
| Drawdown of term loan                                    | 30.0                      | 49.0                      |
| Debt refinance and exit related costs                    | -                         | (4.1)                     |
| <b>Net cash from financing activities</b>                | <b>29.2</b>               | <b>3.7</b>                |
| <b>Increase/(decrease) in cash in the period</b>         | <b>12.4</b>               | <b>(4.6)</b>              |
| Opening cash balance                                     | 30.5                      | 26.0                      |
| <b>Closing cash balance</b>                              | <b>42.9</b>               | <b>21.4</b>               |

<sup>(1)</sup> Includes net interest and tax paid of £0.1m (Q1 2018: £0.5m net interest and tax received)

- Capital expenditure in Q1 2019 was £3.4m
- The reduction in net cash flow from operating activities in Q1 2019 compared to Q1 2018 was driven by an incremental £9.7m net outflow from working capital which was only partly offset by a £2.4m higher EBITDA
- At 31 March 2019 the group's cash balance was £42.9m
- The resulting net debt balance at 31 March 2019 was £582.1m, excluding accrued interest and amounts owed to related undertakings
- On 11 March 2019 the £70m Super Senior Term Loan (SSTL) facility was increased to £110m. The term loan paid interest at LIBOR + 3.75% and matured on 3 June 2019. £100m of the £110m term loan facility was drawn down as at 31 March 2019 and remains outstanding

| External Debt                                    |                   |                     |          |
|--|-------------------|---------------------|----------|
| £m   | Debt<br>Principal | Coupon/<br>Interest | Maturity |
| <i>High yield bonds</i>                          |                   |                     |          |
| Senior secured notes                             | 350.0             | 8.75%               | Jun 2019 |
| Senior notes                                     | 175.0             | 12.25%              | Jun 2020 |
| <b>Total HYB</b>                                 | <b>525.0</b>      |                     |          |
| <i>Super Senior Term loan</i>                    |                   |                     |          |
|  | 100.0             | L + 3.75% margin    | Jun 2019 |
| <b>Total amount outstanding on external debt</b> | <b>625.0</b>      |                     |          |
| Cash at 31 March 2019                            | 42.9              |                     |          |
| <b>Net debt (before debt issue costs)</b>        | <b>582.1</b>      |                     |          |



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