



Care UK Health & Social Care Investments Limited

Unaudited financial results for the six
Months ended 31 March 2019

Overview

All figures and percentages included below are quoted for the first half of the year ending 30 September 2019 and exclude the effects of IFRIC 12.

- **Group overview and financial highlights**

- Overall performance in the six months ended 31 March 2019 was in line with management expectations. Revenue increased by 4.5 per cent., or £15.4 million, to £355.9m for the half year.
- Adjusted EBITDA of £21.1m is £2.2m below H1 2018.
- In January 2019 the Group completed a refinancing exercise. These arrangements ensure a stable and long term capital structure for the Group, increasing liquidity and allowing for continued investment to support growth aspirations of both our operating businesses.
- The 2014 Notes have been repaid (£267.6m in aggregate) and replaced with a £250m five year term loan.
- As a result of a progressive growth in LTM Adjusted EBITDA and a reduction in overall net debt, financial leverage reduced from 6.1x at 31 March 2018 (5.3x on a Pro Forma basis) to 4.9x at 31 March 2019 (4.2x on a Pro Forma basis).

- **Residential Care Services**

- The Residential Care business continues to grow, driven by continued maturation of the recently opened, self-pay focussed homes. Occupancy in our core estate remains at robust levels of over 90%. Four new homes opened in H1 2019.
- Reported revenue increased £12.6m to £171.0 million for the six months to 31 March 2019 representing year on year growth of 8.0%. This has largely been delivered from continued occupancy growth in the new home portfolio, with the mature home portfolio continuing to benefit from increasing average weekly fee rates.
- Residential Care Adjusted EBITDA reduced by £1.1m to £14.3m for the six months to 31 March 2019. This reduction was driven by a combination of higher start-up costs on new home openings in the current six months compared to 2018. The underlying Adjusted EBITDA has grown 1.6% year on year.

- **Health Care**

- The Secondary Care business performed well with growth in elective volumes. Our Prison Health Care business continues to grow, with the successful procurement of a new contract which commenced in April 2019. Our Primary Care services continue to see cost pressures as a result of funding and staffing challenges across the UK healthcare sector.
- Reported revenue increased by £2.8 million year on year to £184.9m for the six months to 31 March 2019 driven by Prison Health Care contracts and an increase in Secondary Care elective surgery volumes, albeit offset by a slightly weaker case mix. This growth is offset by a year on year reduction due to contract exits within Urgent Care from a combination of strategic decisions to exit and retender.
- Health Care Adjusted EBITDA reduced by £1.8m to £8.7m for the six months to 31 March 2019. The growth in elective volumes is offset by the contract exits within Urgent Care and the further devolvement of central costs.

Unless stated all figures and percentages included below exclude the effects of applying IFRIC 12.

Key figures

Amounts in £ million	H1 2018	H1 2019
Revenue	340.5	355.9
Adjusted EBITDA	23.3	21.1
Pro forma Adjusted EBITDA ¹	27.0	25.7

Segmental Reporting

Amounts in £ million	Revenue		Adjusted EBITDA	
	H1 2018	H1 2019	H1 2018	H1 2019
Residential Care Services	158.4	171.0	15.4	14.3
Health Care	182.1	184.9	10.5	8.7
Other	-	-	(2.6)	(1.9)
Total	340.5	355.9	23.3	21.1

Financial leverage

	As of and for the 12 month period ended	
	31 March 2018	31 March 2019
Adjusted EBITDA (£m)	44.2	48.6
Pro forma Adjusted EBITDA (£m)	50.8	56.7
Net debt (£m)	268.4	237.7
Net debt / Pro forma Adjusted EBITDA	5.28x	4.19x
Net debt / Adjusted EBITDA	6.07x	4.89x

¹ Pro forma Adjusted EBITDA excludes new home start-up losses in the Residential Care Services division.