

RNS Number : 8872T
Karbon Homes Limited
29 November 2021

Karbon Homes Group
29th November 2021

Karbon Homes Group trading update for the six-month period ending 30 September 2021

- Karbon Homes Group (KHG) is today issuing its consolidated trading update for the period ended 30 September 2021.
- These figures are **unaudited** and for information purposes only.

Highlights for the period ending 30 September 2021

- KHG own and manage **29,490 homes**
- Turnover for the period was **£76.6m** (2020: £67.9m)
- Operating surplus (including asset sales) for the period was **£24.9m** (2020: £20.8m)
- Overall operating margin (including asset sales) was **30.7%** (2020: 30.7%)
- Overall operating margin (excluding asset sales) was **30.8%** (2020: 29.9%)
- The surplus before tax for the period was **£15.4m** (2020: £11.7m)
- Gearing as at 30 September 2021 was **35.5%** (2020: 36.9%)
- Return on capital employed for the period was **2.2%** (2020: 1.9%)

Commenting on the results, Scott Martin, Executive Director of Resources, said:

"We began this financial year with optimism, as Karbon, along with its customers, communities and colleagues continued to weather the challenges posed by the after-effects of the COVID-19 pandemic across our region of operation.

We have recently refreshed our Stronger Foundations Strategy 2021-2026, and in that we continue to focus on providing as many good quality homes as we can, delivering an excellent customer experience and shaping strong sustainable places for our communities.

As you can see, we have grown to almost 30,000 homes with the successful transfer of c.1800 homes from the former Byker Community Trust (BCT) in April 2021. Bringing Byker into the Karbon family was seen as a chance to develop our placeshaping expertise.

As part of the customer consultation, we developed a 'community pledge' and agreed a work plan and suite of KPI's to monitor the quality of services on the estate.

We're also making progress on improvements to the external environment of the Byker estate, outlining funding to modernise homes and exploring opportunities for new homes too, in line with our promises to customers.

Continuing with the theme of new homes, were pleased to say that we have delivered 236 new homes across the north in the period to 30 Sept 2021, and are on track to reach our year-end target of 507 by the 31 March 2022.

Furthermore, almost 93% of our customers were very or fairly satisfied with the quality of their new home in Sept 2021, which is a great achievement for us and our various construction partners in what has been a challenging economic environment in terms of skills and materials resource pressures.

In terms of our existing homes, we've invested over **£18m** so far this year across our planned, responsive and cyclical repairs programmes, with almost 91% of our customers saying they were very or fairly satisfied with our repairs services overall.

This has helped us maintain our strong performance in customer satisfaction with a Net Promotor score of +46.7. This has a positive impact on our occupation and rent collection rates, with both these metrics above 99% in the year to date too.

In October 2021, we also published our first report against the Sustainability Reporting Standard for Social Housing. The report outlines the variety of good work we perform across Environmental, Social and Governance areas. The report can be found on our website at:

<https://www.karbonhomes.co.uk/about-us/corporate/>

We hope that you find this summary information about our performance useful and informative and will be continuing with our well-established process of updating our stakeholders again this year, either virtually or in person.

It is our intention to hold a webinar update on the 15th December 2021, whereby our stakeholders can hear more detail about performance this year as well as our plans moving forward, from our Group Chief Executive, Paul Fiddaman.

There will also be the opportunity to arrange one to one meetings, for those unable to attend the webinar session.

To register an interest in this event, please get in touch with Andrew Thompson (AD Treasury), at andrew.thompson@karbonhomes.co.uk

Our unaudited 6 monthly Group results and other key indicators are displayed below

Unaudited Financial Metrics

| | 30-Sep 2021 | 30-Sep 2020 |
|--|------------------------|------------------------|
| | Actual £'000 | Actual £'000 |
| Statement of Comprehensive Income | | |
| Turnover | 76,647 | 67,865 |
| Operating Surplus (including asset sales) | 24,910 | 20,809 |
| Surplus before tax | 15,414 | 11,742 |
| Margins | | |
| Overall operating margin (incl.asset sales) (Note 1) | 30.7% | 30.7% |
| Overall operating margin (excl.asset sales) (Note 2) | 30.8% | 29.9% |

Key Financial Ratios

| | | |
|--|--------|--------|
| Interest cover (EBITDA MRI) (Note 3) | 277.4% | 280.1% |
| Gearing (Note 4) | 35.5% | 36.9% |
| Return on Capital Employed (ROCE) (Note 5) | 2.2% | 1.9% |

**30-Sep
2021**

Liquidity

| | |
|---|---------|
| 24 month liquidity requirement (£'000) (Note 6) | 132,081 |
| Cash and undrawn facilities (£'000) (Note 7) | 231,944 |
| Unencumbered stock (no of properties) | 6,735 |
| Value of unencumbered stock (Avg of EUV and MV, £'000) (Note 8) | 201,491 |
| Loan security excesses (Avg of EUV and MV, £'000) (Note 9) | 129,912 |

Credit Rating

S & P A (stable) : 21st May 2021

Notes:

- 1) Operating margin including asset sales includes all activity
- 2) Operating margin excluding asset sales removes the gain or loss on disposal of housing properties
- 3) Earnings before interest, tax, depreciation and amortisation, major repairs included is defined as: (Operating surplus - Disposal of assets - Outright sales and first tranche SO surpluses + Depreciation & impairment - Grant amortisation - Capitalised major repairs) / Interest paid
(reflecting the 'S&P global methodology for rating public and non-profit social housing providers', published 1st June 2021)
- 4) Gearing is defined as Group Net Debt / Group Housing assets at historic cost less depreciation (RSH VFM Gearing definition). Karbon have chosen to include cash held in non ring-fenced investment accounts as available cash, Sept 2021: £83.7m (Sept 2020: £95.6m)
- 5) Return on capital employed is defined as Operating Surplus (incl asset sales) / Total Assets less current liabilities
- 6) 24 month cashflow requirements
- 7) Cash, investments and undrawn RCF (Revolving Credit Facilities)
- 8) Value of stock not held by a lender or security trustee.
- 9) Value of excess security held with current lenders or Prudential Trustees

This trading update contains certain forward looking statements about the future outlook for Karbon Homes Group. These have been prepared and reviewed by Karbon only and are unaudited.

Forward looking statements inherently involve a number of uncertainties and assumptions. Although the Directors believe that these statements are based upon reasonable assumptions on the publication date, any such statements should be treated with caution as future outlook may be influenced by factors that could cause actual and audited outcomes and results to be materially different.

Additionally, the information in this statement should not be construed as solicitation/recommendation to invest in Karbon's bonds

For further information, please contact:

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<https://www.karbonhomes.co.uk/corporate/>

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