

RNS Number : 2526W
Karbon Homes Limited
10 December 2019

Karbon Homes Group

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Karbon Homes Group trading update for the period ending 30 September 2019

- Karbon Homes Group (KHG) is today issuing its consolidated trading update for the period ended 30 September 2019.
- These figures are **unaudited** and for information purposes only.

Highlights for the period ending 30 September 2019

- KHG own and manage **26,273 homes**
- Turnover for the period was **£63.7m** (2018: £62.6m)
- Operating surplus (including asset sales) for the period was **£20.3m** (2018: £19.7m)
- Overall operating margin (including asset sales) was **32%** (2018: 31%)
- Overall operating margin (excluding asset sales) was **30%** (2018: 31%)
- Net margin on shared ownership (first tranche) was **20%** (2018: 34%)
- The surplus after tax for the period was **£12m** (2018: £13m)
- Gearing as at 30 September 2019 was **44%** (2018: 37%)
- Return on capital employed for the period was **2%** (2018: 2%)

Commenting on the results, Greg van Enk-Bones, Interim Executive Director of Resources, said:

"We are pleased to publish our mid-year 2019/20 results. This is the second year of our 5-year strategy, which includes our aim to build more than 500 new affordable homes.

We are excited to have delivered 213 new affordable homes in the first half of this financial year and we are on track to deliver our target of 519 by the end of March 2020.

We have also recently conducted a customer survey and we are proud of the results, which gave us a +43 Net promoter score. Finally, we continue to invest in our communities during the year to date, resulting in targets for those moving into education, training and employment being surpassed in the period to Sept 2019. All of this means we are well on track to deliver against our three strategic aims of Homes, Customer and Place."

S&P Global have reviewed our credit rating and we have retained our A+ rating.

We look forward to continuing successes in delivering new homes whilst continuing to drive operating efficiencies and strong financial results.

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

Unaudited Financial Metrics

	30-Sep 2019	30-Sep 2018
Statement of Comprehensive Income	Actual	Actual
	£'000	£'000
Turnover	63,680	62,639

Operating Surplus (including asset sales)	20,339	19,715
Surplus after tax	11,959	12,958

Margins

Overall operating margin (incl. asset sales) (Note 1)	32%	31%
Overall operating margin (excl. asset sales) (Note 2)	30%	31%
Operating margin on shared ownership (first tranche) (Note 3)	20%	34%

Key Financial Ratios

EBITDA MRI (Note 4)	289%	340%
Gearing (Note 5)	44%	37%
Return on Capital Employed (ROCE) (Note 6)	2%	2%

**30-Sep
2019**

Liquidity

24 month liquidity requirement (£'000) (Note 7)	108,649
Cash and undrawn facilities (£'000) (Note 8)	196,500
Unencumbered stock (no of properties)	4,259
Value of unencumbered stock (Avg of EUV and MV, £'000) (Note 9)	151,097
Loan security excesses (Avg of EUV and MV, £'000) (Note 10)	205,782

Credit Rating

S & P	A+ (negative)
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Notes:

- 1) Operating margin including asset sales includes all activity
- 2) Operating margin excluding assets removes gain or loss on disposal of assets
- 3) Operating surplus on First tranche shared ownership sales / Turnover from first tranche shared ownership sales
- 4) (Operating surplus + Depreciation + Amortisation - Capitalised major repairs) / Net interest paid
- 5) Group Net Debt / Group Housing assets at historic cost less depreciation (RSH VFM Gearing definition), differs to Karbon's banking gearing calculation
which is defined as Net Debt/Housing assets at historic cost, and informs our internal Golden Rules
- 6) Operating Surplus (incl. asset sales) / Total Assets less current liabilities
- 7) 24 month cashflow requirements

- 8) Cash and undrawn RCF (Revolving Credit Facilities)
- 9) Value of stock not held by a lender or security trustee, at average £35k per unit
- 10) 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:

Andrew Thompson, Assistant Director: Treasury
07917 642957

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

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