

Orbit

2019 Highlights

Mark Hoyland
Group Chief Executive

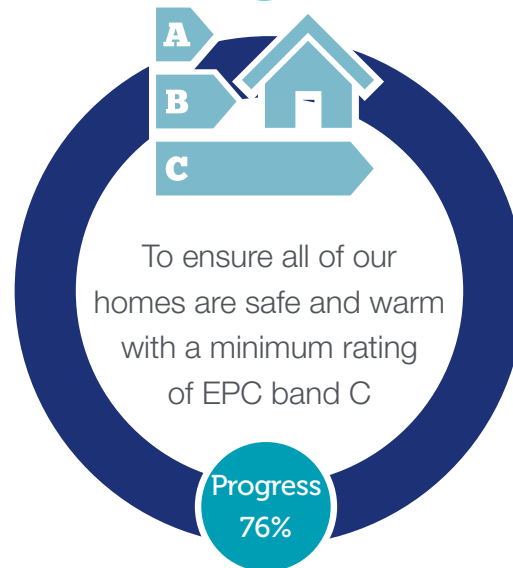
Joy Baggaley
Group Finance Director

Jonathan Wallbank
Director of Corporate Finance
& Treasury

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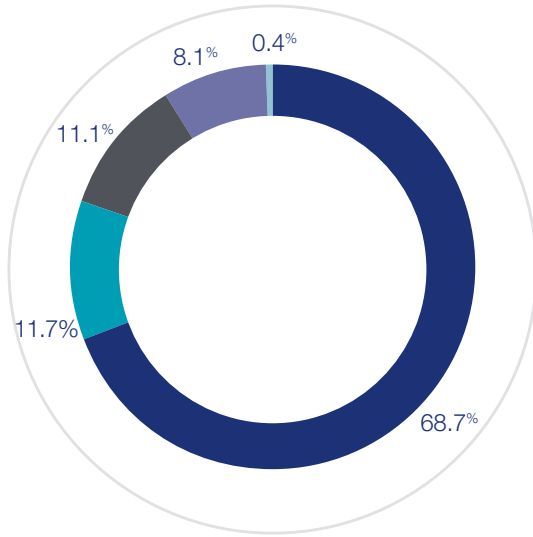
Delivering the 2020 vision



On target to achieve 2020 vision, whilst continually evaluating the external environment

Stock profile as 31 March 2019

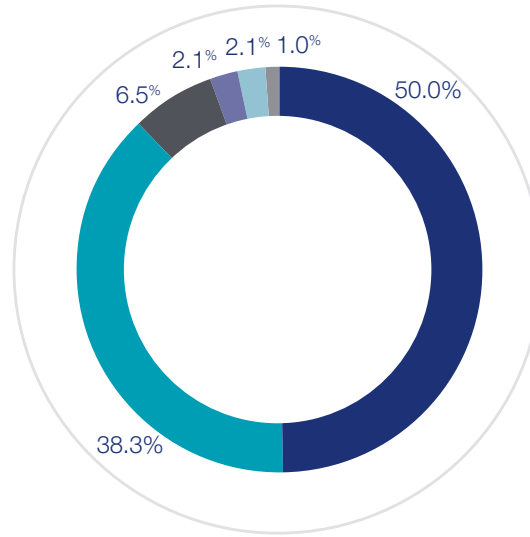
Units by number



- **29,844** General Needs
- **5,085** Shared Ownership
- **4,811** Leasehold & other managed
- **3,540** Supported Housing
- **190** Intermediate rent

Core business is general needs and shared ownership

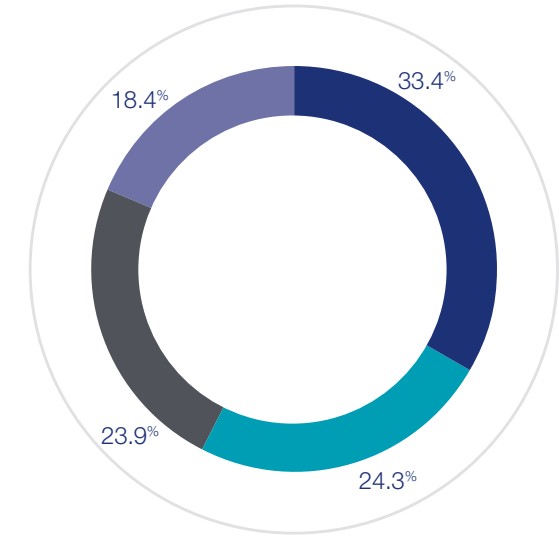
Stock by type



- **21,717** House
- **16,670** Flats
- **2,827** Bungalow
- **924** Bedsit
- **908** Maisonette
- **424** Flats high rise (8 floors or more)

95% of portfolio is houses, low rise flats and bungalows

Rental income



- **33.4%** Housing Benefit
- **24.3%** Swipe Card
- **23.9%** Direct Debit
- **18.4%** Other

Low reliance on housing benefit, high proportion of rent paid by direct debit



Compliance and risk

100% Compliance across the key areas of:



Fire Safety

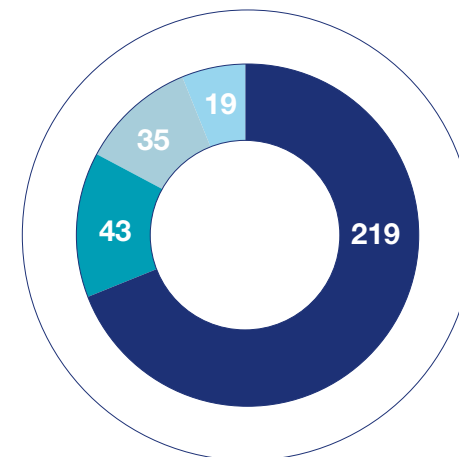
- ▶ 8 high rise (8 floors or more) tower blocks which provide approximately 424 homes
- ▶ None of the blocks have ACM cladding that was present at Grenfell Tower
- ▶ All meet fire safety standards and are independently verified
- ▶ Partnership with the West Midlands Fire Service
- ▶ Recently received ROSPA gold awards for Group Health and Safety and Customer Safety
- ▶ Jayne Lombardi, Orbit's head of health, safety and insurance has also received a Highly Commended personal award for Inspirational Influencer



Five year summary of financial highlights

Statement of comprehensive income	2018-19 £m	2017-18 £m	2016-17 £m	2015-16 £m	2014-15 £m
Turnover	316	357	333	301	250
Operating costs and cost of sale	(230)	(266)	(249)	(228)	(181)
Profit on sale of housing	30	25	23	20	15
Operating profit	116	116	107	93	84
Operating margin%	36.7%	32.5%	32.1%	30.9%	33.6%
Profit for the year *	41	85	65	45	36
Statement of financial position					
Fixed assets	2,524	2,394	2,272	2,086	1,910
Creditors due after >1 year	2,176	1,957	1,928	1,816	1,691
Revenue reserves	601	573	487	423	377
Gearing %	51.4	48.4	49.3	47.6	45.9
Key indicators	2018-19	2017-18	2016-17	2015-16	2014-15
Properties	43,470	42,417	40,610	39,231	38,494
New homes built	1,266	2,030	1,788	1,750	1,521
Debt per unit (£k)	39.0	33.4	33.1	31.0	27.9
Interest cover	2.39	3.09	3.07	2.95	2.86
Months cash/secured loans available	36	36	36	14	18

Turnover by type £m



- Social Housing Lettings (69%)
- Market Sale (14%)
- Shared Ownership (11%)
- Non Social and Other (6%)

Profit by type £m

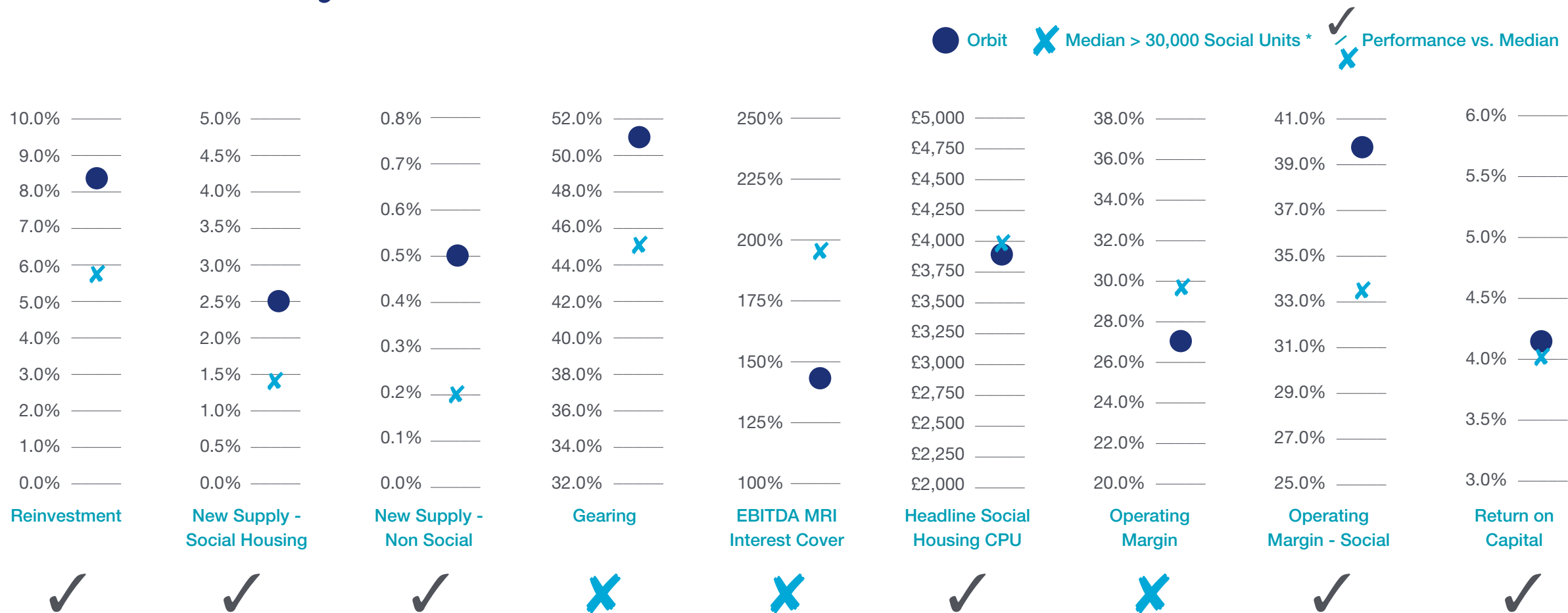


- Social Housing Lettings (63%)
- Sale of Housing (26%)
- Shared Ownership (6%)
- Market Sale (5%)

* £28m exceptional costs in respect of swap breakage for legacy loans

Stable profit and margin growth

Value for money overview, 31 March 2019



- Orbit has outperformed the VFM metrics on 6 out of 9 metrics.
- Operating Margin is impacting by a higher level of market sales activity.
- EBITDA MRI Interest cover will be impacted by Orbit's lower operating margin as a result of the scale of our property sales activity.

* Source December 2018 Global Accounts

Treasury Strategy

Objective “The purpose of our treasury strategy is to act an enabler to the long-term objectives of the wider corporate business strategy”



▶ **Portfolio Structure**

- matching of asset and liability characteristics
- banking partners

▶ **Funding Plan**

- new funding
- refinancing

▶ **Risk Management**

- interest rates
- liquidity

▶ **Investor relations**

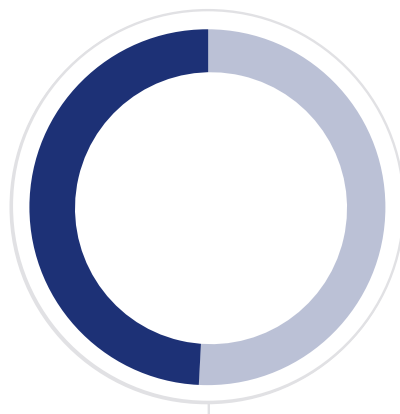
- engagement
- information

▶ **Security**

- governance process
- utilisation

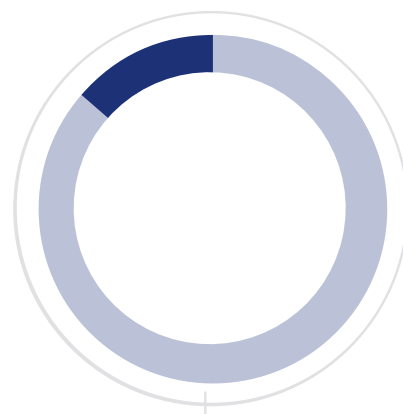
Capital structure - borrowing and hedging, 31 March 2019

Bank v Other debt



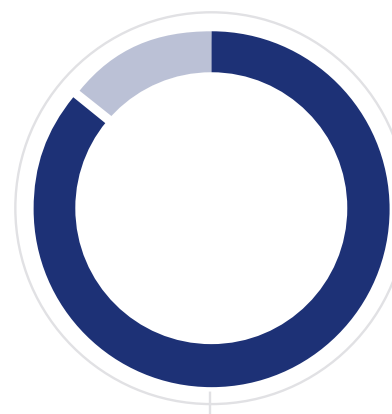
- 51% Bond & other debt
- 49% Bank debt

Total committed funding



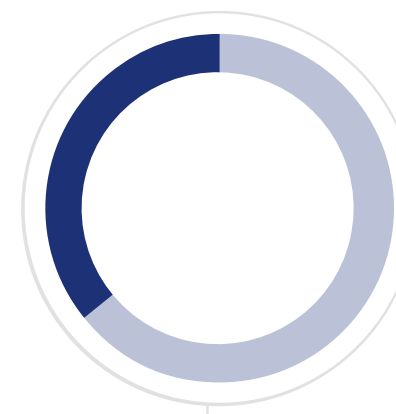
- Undrawn debt £227m
- Drawn debt £1,437m

Portfolio hedging mix %



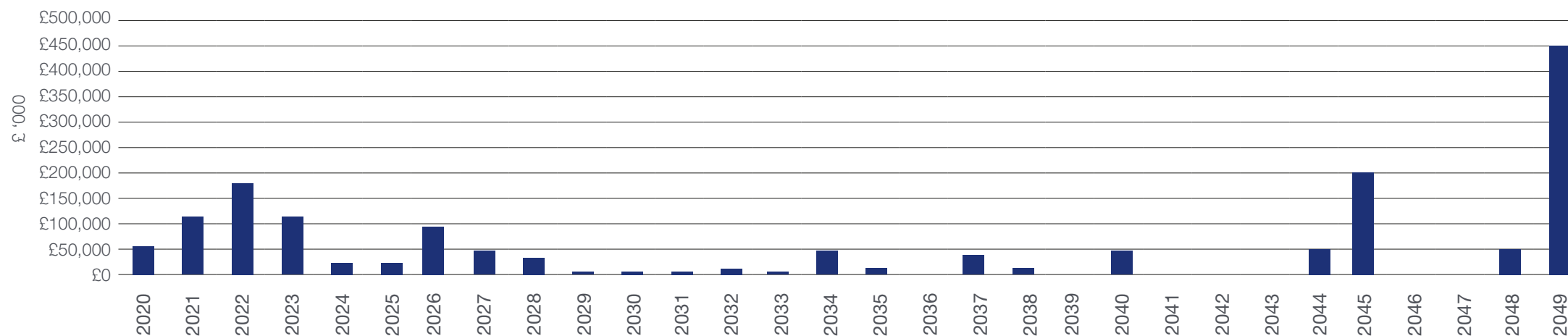
- 89% Fixed, embedded and standalone
- 1% RPI
- 10% Callable and cancellable

Available liquidity



- Undrawn committed £227m
- Cash £126m

Debt maturity profile



Balanced debt portfolio through both bank and debt capital market funding

Property security utilisation

Security	Units	£m	%
Charged security - existing loans/bond	25,176	2,142	65%
Charged security - swaps	1,645	116	4%
Unencumbered	11,303	1,018	31%
Unable to charge	5,346	-	-
Total	43,470	3,276	100

- Charged security valued on a mix of Existing Use Valuation (EUV) and Market Value Tenanted (MVT)
- Unencumbered property (£1,018m) is shown at an average of EUV and MVT
- Unable to charge – exercised RTB/RTA properties, fully staircased shared ownership, private retirement schemes, commercial units, managed units

Significant unencumbered stock to support both funding and mark to market

Credit highlights



With **43,000 homes** and **established in 1967**, Orbit is recognised as one of the UK's largest social housing providers. 2.5% growth over last 12 months.



Financially robust association – sound and growing operating margin – strong liquidity position and interest coverage metrics, backed by a sizeable pool of unencumbered assets. Large proportion of margin from social lettings.



History of successful development with resilient internal controls supported by a sound risk management and compliance framework - Homes England partnership with £129m grant awarded, used to refocus on affordable homes. Agile development programme with diverse markets and geographies. Low level of unsold units.



Experienced Boards and Leadership team with a mix of strong commercial and sector skills.



Performance on track to deliver vision to 2020 and on track for Orbit 25, with shaping our future transformation completed. Repair satisfaction now 92%.



Customer focused operating model – customer satisfaction increased to 86%.



Strong governance – solid framework that includes substantial scenario testing.

Robust board oversight

9,224 units developed since 2012

Strong track record

