Creating communities, empowering lives

Abri Group

Unaudited results for the half year ended 30 September 2023

Introduction

Abri's results for the half year ending 30 September 2023 show how we continue to perform positively, off the back of our strong 2022/2023 performance. Despite the ongoing challenges facing the housing sector, along with rising inflation and interest rates, our underlying financial and operating performance remains strong. Our focus remains on providing great services, quality homes and supporting our customers with cost of living pressures.

On 2 October 2023 Abri was delighted to welcome Silva Homes into the Group. Whilst the results in this report do not include Silva's performance, the partnership with Silva has resulted in a more flexible set of financial metrics, further improving the resilience and capacity of the Abri Group.As a result of Silva Homes joining the Group we have adopted a regional approach to our landlord services delivery, focussing our operating area into three. Each region will have its own regional governance and leadership, and enable us to be better connected and accountable to our customers whilst enhancing our knowledge of our communities to meet their specific needs.

We were also delighted to have our Moody's credit outlook upgraded to A3 stable on the back of the upgrade to the UK sovereign credit rating.

Financial summary

Our financial performance year to date has been strong, with turnover, operating surpluses and surpluses before tax all improving notably over the same period in the prior year.

Margins – both operating and net – show significant improvement from the prior year, driven by an increase in turnover and a consistent level of operating costs, despite inflationary pressures. Turnover from rental income has offset modest reductions in income generated from property sales.

The group has closed out obligations on our legacy Local Government Pension Schemes, and will recognise the full benefit in the annual results.

Our homes and developments

Our commitment remains to ensure everyone has a high quality, safe and warm home. In the last six months we have continued to invest significantly in our existing homes, spending £32m across all categories of repairs and maintenance, and a total of £90m across housing properties and properties developed for sale, whilst we continue to hold low volumes of unsold completed units. We also continue to prioritise finding and addressing the root cause of damp and mould in any of our homes.

We have also continued to work on making our homes more energy efficient for our customers and to reach our net-zero targets. This year we have continued to benefit from Wave 2.1 Funding - with £0.4m utilised in the first half of the year - from the Social Housing Decarbonisation Fund, thanks to a successful joint bid through our Greener Futures Partnership.

The need for more affordable housing has never been greater, Abri has utilised existing cash, the flexibility of existing revolving credit facilities and grant claims from Homes England under our ongoing Strategic Partnership to fund developments.

We retain access to existing, and are in active discussions regarding new, credit facilities to fund our future development programme. In the first half of the year, we handed over a total of 192 new units including 15 units in joint ventures and 10 for market sale. Margins on shared ownership sales have remained consistent with the prior year.

We also remain focussed on reducing income lost to void properties by improving the number of days taken to complete works and reducing losses from 1.2% (£1.2m) to 1.0% (£1.1m) in the first six months of the year. This will also ensure we are quicker at providing much needed homes to those who need them most.

Delivering great services for customers

In the first six months of the year, we completed over 65,000 responsive repairs and replaced over 1,500 capital components, including more than 500 new boilers, 300 electric heating systems, 250 kitchens and 200 bathrooms.

The biggest challenge facing our customers continues to be the cost of living. These pressures have contributed to arrears on social and affordable increasing from 2.2% to 2.8%. Abri is committed to helping our customers sustain their tenancy and supporting those struggling in our community. On top of investment we made in the last year, we continued to provide support through our Hardship Fund, invest in energy efficient cooking classes, tackle food inequality through our Good Grub Club and support community pantries – in June we launched our first mobile pantry in Somerset, to bring low cost food to rural communities. We look forward to extending this service to other areas soon. In addition to cost of living support, we have continued to invest in community services to provide everyone with the chance to thrive.

Looking ahead for the remainder of the year, we will begin to reap the benefits of Silva Homes joining the Group, to become an even more financially resilient organisation with a regional operating model, enabling us to invest even more in our homes, new homes and great services.

Caroline Moore,

Chief Financial Officer

Abri's performance for the half year ending 30 September 2023

Turnover

£139m

Regulator of Social Housing rating

G1&V1

Operating margin

31.5%

Operating surplus

£44m

Moody's credit rating: A3 stable

(November 2023)

Homes England Strategic Partnership claimed further

£61m

(£221m cumulative to date)

Financial Summary

Financial Performance

SIX MONTHS ENDED	SEPT 23	SEPT 22	VARIANCE	
	£m	£m	£m/%	%
Turnover	139	133	6	5%
Operating surplus	44	36	8	23%
Surplus before Tax	**28**	**21**	**7**	**38%**
Operating Margin	*31.5%*	*26.8%*	*4.7%*	
Operating Margin (excl. asset disposal)	*26.4%*	*21.8%*	*4.5%*	
Net margin	*20.5%*	*15.6%*	*4.9%*	
EBITDA MRI	*174.5%*	*152.5%*	*22.0%*	

Turnover has increased by £6m year on year. Income from rentals increased by £9m but property sales reduced by £2m and income from the Help to Buy programme – which closed at the end of September – was £1m lower. Income from first tranche sales contributed £23m, a reduction of £3m, and contributed 16% of turnover, lower than the 20% to the end of September 2022.

Operating surpluses were up by a quarter at £44m; operating costs were in line with the prior year against a 5% increase in turnover.

At the half year, our operating costs include credits on the cessation on one of three legacy local government pension schemes, where cessation payments made to the scheme were lower than liabilities held at year end. We are anticipating further gains on the cessation of the other two schemes in the second half of the year.

Exceptional legal and professional fees relating to Silva Homes joining the Group on 2 October 2023 are also included in overheads.

Net finance costs are in line with the prior year at £17m year to date, with increases in interest expenditure – driven by variable rate borrowing – offset by additional income, predominantly from loans to joint ventures.

The above is reflected in surpluses before tax, which are £7m higher than the prior year at £28m.

Financial Position

	SEPT 23	SEPT 22	VARIANCE	
	£m	£m	£m	%
Fixed Assets	2,442	2,286	156	7%
Current Assets	256	257	(1)	0%
Payables < 1 year	(92)	(81)	(9)	13%
Payables > 1 year	(1,962)	(1,893)	(71)	4%
Net Assets	**644**	**568**	**75**	**13%**

In the six months ended September 2023, we have invested £80m into our housing properties, which close the half year at £2.3bn, against £2.2bn at September 2022.

At the half year, properties for sale were £92m, only £4m of which were completed units representing 27 unsold units at varying stages of the sales process. Closing cash reserves were £56m, compared to £93m the year before.

At September 2023, total loans and borrowings stood at £1.2bn, in line with the prior year, reflecting the consistent portfolio of loans and borrowings over the period.

In the year to date, we have claimed a further £61m of grant from Homes England under the terms of our Strategic Partnership, taking the total claimed to £221m (84% of the fund) with deferred capital grant exceeding £700m.

The reductions in our defined benefit pension liabilities, which now stand at £28m, have also supported net assets exceeding £600m.

www.abri.co.uk

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