

Stonewater Limited

Half-Year Results
2024-25



Our Vision

For everyone to have the opportunity to have a place that they can call home.



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Ewyas Harold scheme,
Herefordshire

Chief Financial Officer's statement

As we look ahead to our 10th anniversary celebrations in January 2025, we are pleased to report our financial results for the six months to end-September 2024.

These interim, unaudited results highlight our underlying performance, reflected in our key indicators on operating margin, sales margin and interest cover since the end of our previous financial year 2023-24.

Over the past ten years, Stonewater has grown to become one of the largest social housing providers in the UK, with 40,000 homes for more than 93,000 customers. Our mission to offer good quality homes and services for people whose needs are not met by the open market remains at the heart of everything we do.

Stonewater has a relatively young stock profile and we have an ongoing development programme of affordable homes, which has been moderated reflecting the broader economic conditions.

There has been significant political change in the UK in the past six months and whilst we welcome the new Government's commitment to build 1.5m homes, we note that funding remains a critical issue in the affordable housing sector and await further clarity on this.

In April, we were delighted to agree £254m funding package with five lenders, which will support our investment in new and existing affordable homes. Provided by both existing funders, including Barclays, NatWest and Nationwide, as well as new partners, ABN AMRO and HSBC, the new revolving credit facilities run for 5 to 10 years.

Our financial strength, confirmed by the affirmation of our top G1 and V1 ratings for governance and viability from the Regulator of Social Housing in November 2024, allows us to continue to invest in existing homes, provide new and much-needed affordable, energy efficient homes and support our customers. We are yet to be assessed for the Regulator's new consumer gradings

Given wider challenges in the sector, the change of credit rating from Standard & Poor's to A- was anticipated. We recognise that our commitment to invest in our existing homes has affected this rating but are confident that the work we have planned will improve the homes we manage and help customers live in warmer, safer homes. The outlook on our credit ratings is now stable.

We're continuing to grow as well through partnerships and home purchases. Bristowe (Fair Rent) Housing Association has completed a transfer of engagements of 79 homes in the Bristol area to the Stonewater Group. Our partnership with 1,600-home Mount Green Housing Association in Surrey and North Sussex was finalised earlier in the year, as was the transfer of engagements of Greenoak Housing Association to Stonewater 5, part of the Stonewater Group.

Our journey to net zero-carbon by 2050 is well under way. In May, we retained our SHIFT Gold award for environmental improvements for the third year running, with a 65% rating being a significant milestone in our journey to SHIFT Platinum, which no other social housing provider currently holds.

We are into the second year of delivery of our retrofit programme, part funded by Wave 2.1 of the Social Housing Decarbonisation Fund. As part of this project, we will be making energy efficiency improvements to over 1,000 across the Midlands and South of England. Of these over 800 homes will be part funded through the Social Housing Decarbonisation Scheme.

I continue to feel great pride in the work done by our dedicated colleagues in the first half of 2024-25. Stonewater's Vision, for everyone to have the opportunity to have a place that they can call home, continues to resonate in our ongoing national housing crisis.



Anne Costain
Chief Financial Officer



Financial performance

Stonewater is pleased to report its consolidated financial results for the six months ended 30 September 2024 (2024-25 HY).

These figures are **unaudited** and for information purposes only.

Statement of comprehensive income

	2024-25 HY Actuals £'000	2023-24 HY Actuals £'000	2023-24 Full Year Actuals £'000
Turnover from social housing lettings	133,273	115,526	235,702
Total turnover	152,768	133,361	271,513
Operating surplus*	33,212	35,593	51,863
Surplus after interest	2,581	12,182	10,209

*The overall reduction in operating surplus is a combination of lower gains from asset disposal, specifically the sale of fewer staircasing units, and increased operational costs in areas such as salaries, service charges, and repair & maintenance.

Operating margins

	2024-25 HY Actuals	2023-24 HY Actuals	2023-24 Full Year Actuals
Overall operating margin	20.6%	24.9%	21.1%
Operating margin on first tranche sales	12.1%	15.5%	20.4%
Operating margin on asset disposals	43.5%	48.5%	49.3%

Key financial ratios

	2024-25 HY Actuals	2023-24 HY Actuals	2023-24 Full Year Actuals
EBITDA MRI interest cover ¹	86.6%	145.3%	88.0%
EBITDA interest cover ratio	1.6	1.9	1.7
Social housing interest cover ²	108.4%	101.0%	120.7%
Gearing ³	51%	49.2%	49.3%

¹The EBITDA MRI interest cover shown is calculated as (Operating surplus overall - Amortised government grant Interest receivable - Capitalised major repairs expenditure + Depreciation) / Net interest paid.

² The social housing letting interest cover is calculated as Operating surplus on Social housing lettings / Net interest paid.

³ Gearing is calculated as (Short-term loans + Long-term loans - Cash and cash equivalents) / (Housing properties at cost - work in progress).

Liquidity	2024/25 HY	2023/24 HY
Cash and undrawn facilities	£344m	£344m
18 month liquidity requirement	£240m	£240m

Ratings	2024/25 HY	2023/24 HY
S&P credit rating	A - (stable outlook)	A (negative outlook)
RSH regulatory rating	G1/V1	G1/V1



New homes
under construction
in Wellingborough

Operational performance



Donations, grants, mergers and acquisitions

Metrics

Operational Performance			
	2024/25 HY Actuals	2023/24 HY Actuals	2023/24 Full Year Actuals
Overall customer satisfaction	87.3%	82.5%	83.5%
Gross arrears	4.8%	5.3%	5.0%
Void loss	1.0%	1.3%	1.2%
New homes	437 units	378 units	1,185 units
First tranche sales	162 units	135 units	282 units
Capital investment in new homes	£89.4m	£135.5m	£266m
Capital investment in existing homes	£8.7m	£11.5m	£34.4m

Stonewater has made **£0.9m donation** in June 2024 to its charity partner, the Longleigh Foundation.

Stonewater has received **£16m of grant** delivered under the Strategic Partnership Programme (SPP) 2 programme in the first quarter and will be receiving an additional **£18m** for the second quarter.

Stonewater completed the Transfer of Engagements from Bristowe Housing Association and Greenoak Housing Association into Stonewater (5) Limited in September 2024.

Environmental performance

EPC Band ratings over the first half-year period:

262 new homes built to **EPC Band B** or above, which represents **99.6%** of all new homes built.

143 homes were retrofitted to **C** or **above**.

We are creating an **Asset Climate Risk Assessment** tool, highlighting what the climate risks are for Stonewater and our customers. In order to mitigate these risks, we are developing projects such as: working with communities to increase biodiversity in key areas; exploring opportunities to install water efficiency devices in areas impacted by water and nutrient neutrality; provide water efficiency advice to those at risk from drought.

We celebrated our **7,000th** newly built home in July 2024. This home was part of the 152 brand new homes to the old Leeds City College campus in Horsforth which will not use gas as part of our work to meet net zero targets. The homes feature air source heat pumps, solar panels and electric vehicle charging points to help future-proof them for the benefit of both customers and the environment.

We have introduced a training programme for customers who are interested in learning about sustainability, for personal interest or to help upskill in their job. It has been organised as part of Stonewater's Greenoak Centre of Excellence initiative.

Our **30,000th** tree, planted in Harrap Meadows, Wakefield



Change in Board and management

Jane Scott joined the Stonewater Board on 1 October 2024, replacing Claire Kearney. Jane is an experienced business leader who specialises in information technology and digital transformation.



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If you'd like more information about Stonewater, please get in touch with us by emailing investor.relations@stonewater.org

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