



INTERIM RESULTS PRESENTATION

26 WEEKS TO 1 JANUARY 2023

9 FEBRUARY 2023

AGENDA

Overview

Matthew Pratt

Financial Review

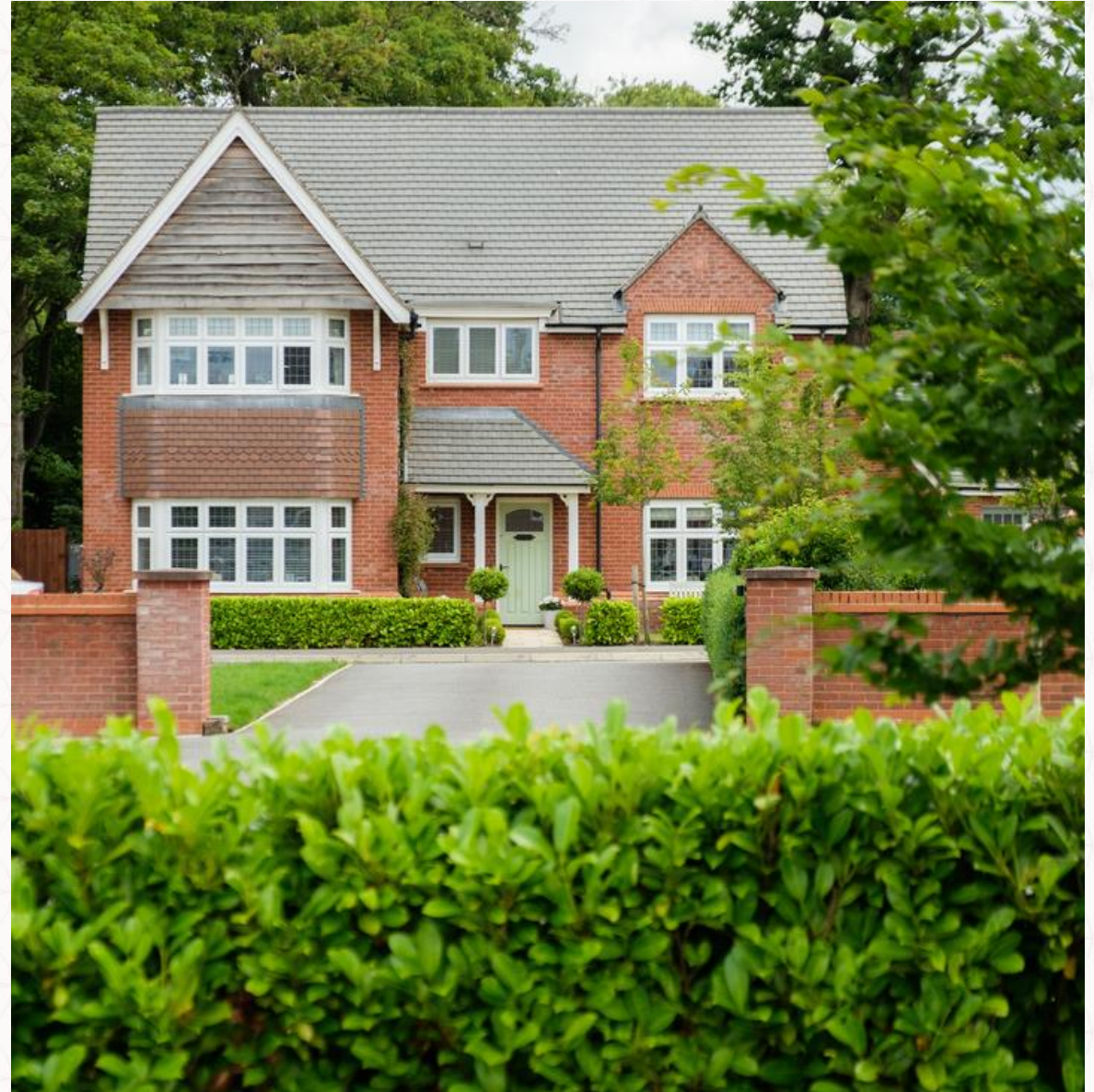
Barbara Richmond

Operating Review and Outlook

Matthew Pratt

FINANCIAL OVERVIEW: STRONG RESULTS IN LINE WITH RECORD H1 2022

- Revenue of £1.03bn (2022: £1.05bn)
- Pre-tax profit of £198m (2022: £203m)
- Interim dividend of 10p (2022: 10p)



MARKET OVERVIEW: MORE CHALLENGING MARKET AS H1 PROGRESSED

- Weaker market in Q2
- Higher mortgage rates
- Reduced land buying



FINANCIAL REVIEW

BARBARA RICHMOND
GROUP FINANCE DIRECTOR

HIGHLIGHTS

- EPS of 45.4p (2022: 48.1p)
- ROCE of 23.2% (2022: 21.5%)
- £100m share buyback completed in January 2023 delivered at average price of 470p
- Net cash of £107m (2022: £242m)



INCOME STATEMENT

£m	H1	H1	Variance	
	2023	2022	£m	%
Revenue – Homes	992	1,034	(42)	(4)
Revenue – Other	39	18	21	117
Total Revenue	1,031	1,052	(21)	(2)
Gross Profit	257	255	2	1
Operating expenses	(58)	(50)	(8)	(16)
Operating profit	199	205	(6)	(3)
Interest	(1)	(2)	1	50
Profit before tax	198	203	(5)	(2)

ANALYSIS OF PRIVATE PLOTS IN COST OF SALES

	H1 2023	H1 2022
Average plot cost eliminated (£k)	89	85
Average plot cost as percentage of ASP	19	20

REVENUE BY GEOGRAPHY

- Strong growth in Central region due to better availability of product
- Reduction in the South due to lower availability
- Reduction at Colindale due to timing of apartment block completions

	H1 2023		H1 2022	
	£m	%	£m	%
North	233	22	243	23
Central	348	34	291	28
South	380	37	436	41
Colindale	21	2	52	5
Total Homes Ongoing	982	95	1,022	97
Build Out Sites	10	1	12	1
Other	39	4	18	2
Group	1,031	100	1,052	100

HOMES REVENUE ANALYSIS

- Private Houses first half revenue of £847m, down 5%
- Volume of private apartments down 25% to 136 primarily due to timing at Colindale
- Affordable revenue up due to the timing of legal completions
- Blended ASP up 6% at £399k due to mix and HPI

	Revenue (£m)				Volume				ASP (£k)			
	H1 23	H1 22	Var	% Var	H1 23	H1 22	Var	% Var	H1 23	H1 22	Var	% Var
Private Houses	847	887	(40)	(5)	1,774	2,109	(335)	(16)	477	421	56	13
Private Apartments	41	74	(33)	(45)	136	181	(45)	(25)	301	409	(108)	(26)
Total Private	888	961	(73)	(8)	1,910	2,290	(380)	(17)	465	419	46	11
Affordable	104	73	31	42	575	459	116	25	181	159	22	14
Total Homes	992	1,034	(42)	(4)	2,485	2,749	(264)	(10)	399	376	23	6

HOMES PRIVATE REVENUE ANALYSIS

- Heritage Collection 95% of private revenue (2022: 92%)
- Heritage Collection ASP up 12% due to mix, HPI and extras
- Help to Buy legal completions of 180 (2022: 362)
- Extras revenue of £25m (2022: £19m)

	Revenue (£m)			Volume			ASP (£k)		
	H1 23	H1 22	Var	H1 23	H1 22	Var	H1 23	H1 22	Var
Heritage	848	882	(34)	1,808	2,114	(306)	469	417	52
Bespoke	40	79	(39)	102	176	(74)	392	448	(56)
Total Private	888	961	(73)	1,910	2,290	(380)	465	419	46

CASH FLOW

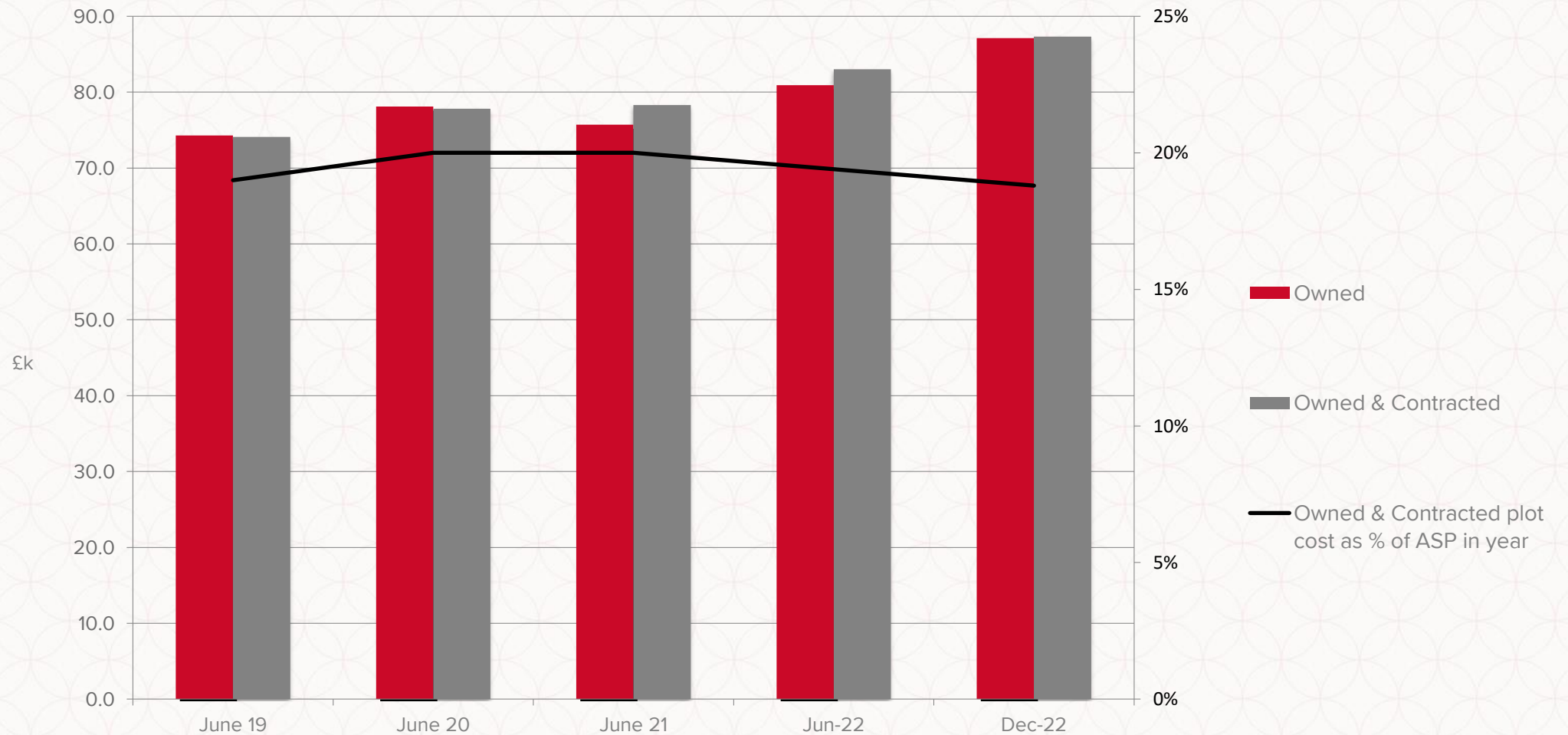
	H1	
	2023	2022
Operating cash flow (£m)	202	208
EBITDA	202	208
Movement in land	(106)	(81)
Movement in land creditors	36	44
Cash investment in land	(70)	(37)
Movement in WIP	(97)	(50)
Movement in fire safety provision	(4)	9
Other working capital movements	12	83
Operating cash flow	43	213
Cash conversion (%)	21	102

	H1	
	2023	2022
Net cash movement (£m)	43	213
Operating cash flow	43	213
Tax paid	(45)	(37)
Dividend	(76)	(65)
Other (including buy back)	(103)	(29)
Net cash flow	(181)	82
Opening net cash	288	160
Closing net cash	107	242
Average monthly net cash	248	257

NET ASSETS

£m	Dec 22	June 22	Movement
Land	1,816	1,710	106
WIP	1,127	1,030	97
Land creditors	(412)	(376)	(36)
Net investment in inventory	2,531	2,364	167
Other working capital	(746)	(721)	(25)
Tax	(4)	(7)	3
Fixed Assets	30	26	4
Capital Employed	1,811	1,662	149
Net Cash	107	288	(181)
Net Assets	1,918	1,950	(32)

PLOT COST CARRIED FORWARD



GUIDANCE 2023 UPDATE

Revenue	c£2.05bn
Operating Margin	18% - 18.5%
Underlying EPS	c84p
DPS	c28p
Average Outlets	120
ROCE	c22%

Due to the recent change in market conditions the company has withdrawn its guidance for 2024

OPERATING REVIEW AND OUTLOOK

MATTHEW PRATT
GROUP CHIEF EXECUTIVE

SALES MARKET - HIGHLIGHTS

- Market weakened rapidly in Q2
- Total order book at the end of December 2022 of £1.1bn (Dec 2021: £1.5bn)
- 79% of order book exchanged (2022: 73% of order book exchanged excluding PRS)
- Encouraging recovery in sales in H2



SALES MARKET - TRADING

H1*

Value of private net reservations (£m)

Value of private reservations per outlet per week (£k)

Sales rate per outlet per week (no.)

Cancellation rate (%)

2023	2022
571	853
184	293
0.38	0.64
28	18

* 2022 is LFL weeks 2 – 27

SALES MARKET - TRADING

H2 (5 weeks to 5 February)

	2023	2022
Value of private net reservations (£m)	137	216
Value excluding London Bulk Deal (£m)	137	190
Value of private reservations per outlet per week (£k)	236	417
Value excluding London Bulk Deal (£k)	236	367
Sales rate per outlet per week (no.)	0.51	0.92
Excluding London Bulk Deal (no.)	0.51	0.79
Cancellation rate (%)	17	11
Excluding London Bulk Deal (%)	17	13

SALES MARKET – ORDER BOOK

H1

Closing private order book (£bn)

Closing total order book (£bn)

5 February

Private order book (£bn)

Total order book (£bn)

2023

2022

0.8

1.1

1.1

1.5

0.9

1.3

1.2

1.6

SALES MARKET – AVERAGE OUTLETS

	2023		2022	
	H1 Actual	FY Forecast	H1 Actual	FY Actual
Ongoing Business	119	119	110	109
Build out sites	1	1	2	2
Group	120	120	112	111

LAND - HIGHLIGHTS

- **Current land**
 - 1,286 plots added in H1
 - Limited land buying due to current market conditions
- **Forward land**
 - 399 plots transferred to current land
 - 1,325 plots added



OPERATIONS - HIGHLIGHTS

- **People**
 - New partnership with Nottingham Trent University
 - Targets to increase the percentage of female recruits
 - Included in the FT's 2023 Diversity Leaders' List
- **Build**
 - Expectation of build cost inflation remains c7%
 - Some costs reducing



OPERATIONS - HIGHLIGHTS

- **Quality & Customer**
 - Adopted the New Homes Quality Code at the earliest opportunity
 - Trending above a Five Star Level of Customer Satisfaction
 - Rated as Excellent on Trustpilot
 - Build & Waste working group minimising waste



OPERATIONS - HIGHLIGHTS

- **Product & Placemaking**
 - Accelerating plans to adopt the Future Home Standard
 - Introducing Air Source Heat Pumps on new developments
 - Underfloor heating as standard on larger detached homes
- **ESG Progress**
 - Science Based Targets Initiative approval of our near term targets for reducing carbon emissions across value chain
 - Part of the business ambition for 1.5c commitment
 - Engaging with our supply chain to ensure they align with our net zero commitment



SUMMARY AND OUTLOOK

- H1 in line with last year
- £100m share buy back completed in January 2023
- Weakened sales market in Q2
- Encouraging start to H2
- Order Book currently stands at £1.2bn
- Build cost inflation moderating
- Strong balance sheet
- Dividend of 10p announced
- Net cash of over £100m



THANK YOU

A BETTER WAY TO LIVE

APPENDICES

MOVEMENT IN CURRENT LAND HOLDINGS

	Plots Owned	Contracted Plots	Total
At 3 July 2022	26,460	3,140	29,600
Legal completions	(2,485)	-	(2,485)
Market additions	692	195	887
Forward land pull through	153	246	399
Transfers	1,950	(1,950)	-
Other (land sales and replans)	(380)	(1)	(381)
At 1 January 2023	26,390	1,630	28,020

MOVEMENT IN FORWARD LAND HOLDINGS

	Total Plots	
At 3 July 2022	37,800	
Additions	1,325	
Transfers to current land	(399)	
Strategic review	(926)	
At 1 January 2023	37,800	
Analysis	Dec 22	June 22
Land owned without planning	4,524	4,192
Land contracted without planning	2,056	2,833
Options - allocations	8,702	8,839
- realistic prospect	22,518	21,936
	37,800	37,800