



Interim Results Presentation

6 Months to 31 December 2012

Agenda



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- Chairman's Overview Steve Morgan
 - Financial Results Barbara Richmond
 - Review of Operations John Tutte
 - Summary and Outlook Steve Morgan

Overview

Steve Morgan – Chairman

Overview



- Pre-tax Profits up 50% to £23.0m
- Pre-exceptional ROCE up from 6.4% to 8.6%
- Revenue up 10% to £257m
- Private Order Book up 23% to £187m from June 2012



Financials

Barbara Richmond – Group Finance Director

H1 Financial Highlights



- Private homes revenue up 15% at £245.4m
- Operating margin of 10.2% (pre-exceptional)
- EPS up from 3.7p to 4.8p
- Pre-exceptional ROCE 8.6% (Dec 2011: 6.4%)
- NAV per share of £1.56 (Dec 2011: £1.46)
- Gearing 11% (June 2012: 2%)



Income Statement



	H1 2013 £m	H1 2012 £m	Variance £m
Revenue	257.0	232.8	24.2
Gross profit	46.2	35.8	10.4
Operating expenses	(20.0)	(18.4)	(1.6)
Pre-exceptional operating profit	26.2	17.4	8.8
Exceptional costs	(1.5)	-	(1.5)
Operating profit	24.7	17.4	7.3
Interest	(1.7)	(2.1)	0.4
Profit before tax	23.0	15.3	7.7

Analysis of private plots in Cost of Sales



	H1 2013	H1 2012
Average plot cost eliminated*	£50k	£45k
Average plot cost as percentage of ASP*	22	22
Percentage of eliminated plots with NRV provision	42	63

*Excludes Partnership

Sales Analysis



- Private revenue up 15%
- Private ASP up 10% to £224,000
- Social housing 4% of homes revenue (2012: 6%)
- 95% of homes revenue from Houses vs Apartments (2012: 92%)

	Revenue (£m)				Volume				ASP (£k)			
	H1 13	H1 12	Var	% Var	H1 13	H1 12	Var	% Var	H1 13	H1 12	Var	% Var
Private Regional	241.9	211.9	30.0	14	1,095	1,050	45	4	221	202	19	9
London	3.5	2.1	1.4	67	2	1	1	100	1,750	2,100	(350)	(17)
Total Private	245.4	214.0	31.4	15	1,097	1,051	46	4	224	204	20	10
Social	9.9	12.6	(2.7)	(21)	105	117	(12)	(10)	95	107	(12)	(11)
Total Homes	255.3	226.6	28.7	13	1,202	1,168	34	3	212	194	18	9

Private Sales Analysis



- New Heritage 87% of private turnover in 2013 (2012: 61%)
- New Heritage ASP up 7% to £229,000
- NewBuy 7% of eligible private completions in H1

	Turnover (£m)			Volume			ASP (£k)		
	H1 13	H1 12	Var	H1 13	H1 12	Var	H1 13	H1 12	Var
New Heritage Collection	214.1	129.7	84.4	936	603	333	229	215	14
Partnership	3.2	2.4	0.8	31	25	6	103	96	7
Other	24.6	79.8	(55.2)	128	422	(294)	192	189	3
Private Regional	241.9	211.9	30.0	1,095	1,050	45	221	202	19
London	3.5	2.1	1.4	2	1	1	1,750	2,100	(350)
Private Total	245.4	214.0	31.4	1,097	1,051	46	224	204	20

Sales by Geography



- Strong revenue growth in both the North and Central
- Reduction in South revenue is from social housing
- 38% of turnover is in the South of England

	H1 2013		H1 2012	
	£m	%	£m	%
North	85.3	33	67.3	30
Central	72.4	29	56.6	25
South	97.6	38	102.7	45
	255.3	100	226.6	100



Cash Flow



	H1 2013 £m	H1 2012 £m		H1 2013 £m	H1 2012 £m
Operating cash flow			Net debt movement		
Operating profit	24.7	17.4	Operating cash flow	(52.0)	(27.8)
Depreciation	0.7	0.6	Interest	(1.2)	(1.8)
(Increase)/Decrease in land	(24.8)	(51.2)	Free cash flow	(53.2)	(29.6)
Movement in land creditors	9.9	30.3	Disposals	3.4	9.0
Net (investment)/decrease in land	(14.9)	(20.9)	Other	(1.4)	(2.8)
Movement in WIP	(44.2)	8.5	Net cash flow	(51.2)	(23.4)
Movement in NRV	(15.1)	(25.3)	Opening net debt	(14.0)	(75.4)
Other working capital movements	(3.2)	(8.1)	Closing net debt	(65.2)	(98.8)
Operating cash flow	(52.0)	(27.8)			
			Gearing	11%	21%

Balance Sheet



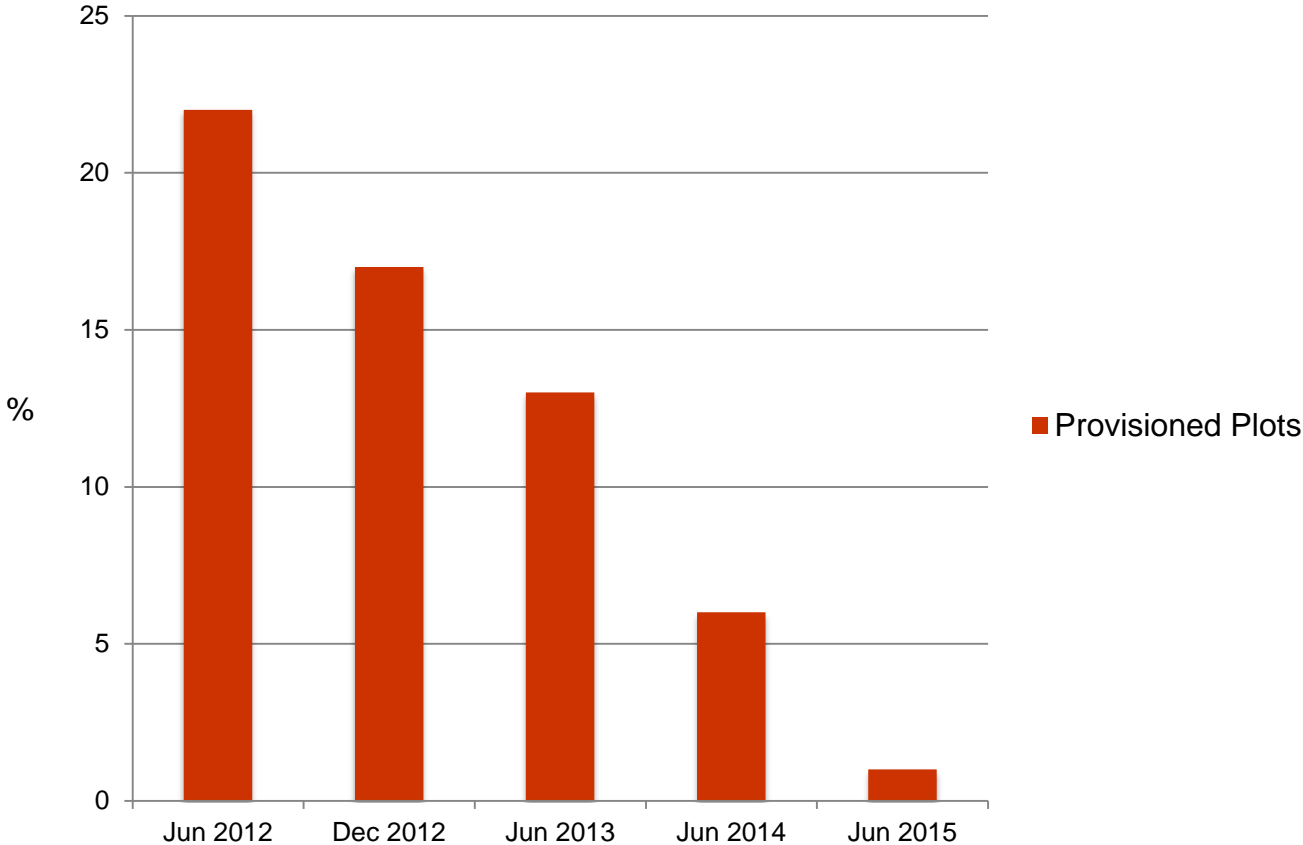
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- NAV per share increased by 4p from June 2012 and 10p from December 2011 to £1.56
 - Inventory of Part Exchanged properties £9.4m (June 2012: £9.7m)
 - Net shared equity exposure increased £1.8m to £17.0m due mainly to FirstBuy

Net Assets



£m	Dec 12	Jun 12	Variance
Land (Gross)	628.9	604.1	24.8
WIP (Gross)	259.8	215.6	44.2
NRV Provision	(96.4)	(111.5)	15.1
Land creditors	(118.2)	(108.3)	(9.9)
Net investment in inventory	674.1	599.9	74.2
Payables, Receivables and other	(99.4)	(98.7)	(0.7)
Tax	43.6	51.1	(7.5)
Fixed Assets	23.1	23.2	(0.1)
Capital Employed	641.4	575.5	65.9
Net Debt	(65.2)	(14.0)	(51.2)
Net Assets	576.2	561.5	14.7

Percentage of Provisioned Plots in Landbank



Average Plot Costs Carried Forward



	Dec 12 £k	Jun 12 £k
Owned		
Regions*	44	42
Group	51	49
Owned and contracted		
Regions*	48	44
Group	56	50

*Regions excludes London

Operational Highlights

John Tutte – Group Managing Director

Operational Highlights



- Development update
- London
- Harrow Estates
- Landbank
- Current market



Development Update



Outlet Programme

	2013 Planned		2013 Actual/Forecast	
	H1	H2	H1	H2
Open	12	21	11	22
Close	9	15	11	11
Active	85	91	82	91

- Fewer outlets mainly due to early closures
- On-track to open 33 outlets this financial year
- Forecast 91 active outlets at year end

Development Update



- Product
- Build
- 97% Customer Recommendation
- NewBuy 10% of eligible Reservations in H1
- FirstBuy 2 Allocation of 526 plots



London



- 2 sites contracted H1
- Owned and contracted London landbank now 695 plots
- Estimated GDV £450m
- Sales and build at Kingston and Commercial Street progressing well



Harrow update



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- Hauxton: remediation complete, will be transferred to Redrow for development shortly
 - Horsforth: planning achieved, pre-commencement conditions being cleared, will be transferred to Redrow for development shortly
 - Woodford Garden Village (first phase 550 plots) progressing through planning
 - New opportunities and other sites owned progressing through planning

Movement in Land Holdings

Current Land



	Plots owned	Contracted plots	Total
At 1 July 2012	10,704	1,652	12,356
Legal completions	(1,202)	–	(1,202)
Additions	427	1,056	1,483
Transfers from contracted land	710	(710)	–
Transfers from forward land	719	–	719
Other (land sales and replans)	(13)	(48)	(61)
At 31 December 2012	<u>11,345</u>	<u>1,950</u>	<u>13,295</u>
London	506	189	695
Regions	<u>10,839</u>	<u>1,761</u>	<u>12,600</u>
	<u>11,345</u>	<u>1,950</u>	<u>13,295</u>

Forward Land



	Total Plots		
At 1 July 2012	22,790		
Additions	3,229		
Transfers to current land	(719)		
At 31 December 2012	25,300		
Analysis	Dec 12		Jun 12
Land owned without planning	2,701		2,465
Options - allocations	10,115		8,682
- realistic prospect	12,484		11,643
	25,300		22,790

Landbank by Geography



	Dec 12			
	Current Land	%	Forward Land	%
North	3,806	29	12,997	51
Central	3,288	25	5,488	22
South	5,506	41	6,815	27
London	695	5	–	–
	13,295	100	25,300	100

	Jun 12			
	Current Land	%	Forward Land	%
North	3,948	32	10,226	45
Central	3,131	25	5,567	24
South	4,769	39	6,997	31
London	508	4	–	–
	12,356	100	22,790	100

Current Sales Market



H1

Value of private net reservations

2013

£279m

2012

£180m

Private reservations per outlet per week

0.53

0.50

Closing private order book

£187m

£82m

Cancellation rate

17%

19%

Private reservation statistics 8 weeks to 22 February 2013

Value of private net reservations

2013

£107m

2012

£89m

Volume of private net reservations

443

409

Summary and Outlook

Steve Morgan – Chairman

Summary and Outlook



- Market stable
- FLS – mortgage availability improving
- Planning – starting to see the benefit of NPPF