



INTERIM RESULTS PRESENTATION

26 WEEKS TO 1 JANUARY 2023

9 FEBRUARY 2023

AGENDA

Overview

Matthew Pratt

Financial Review

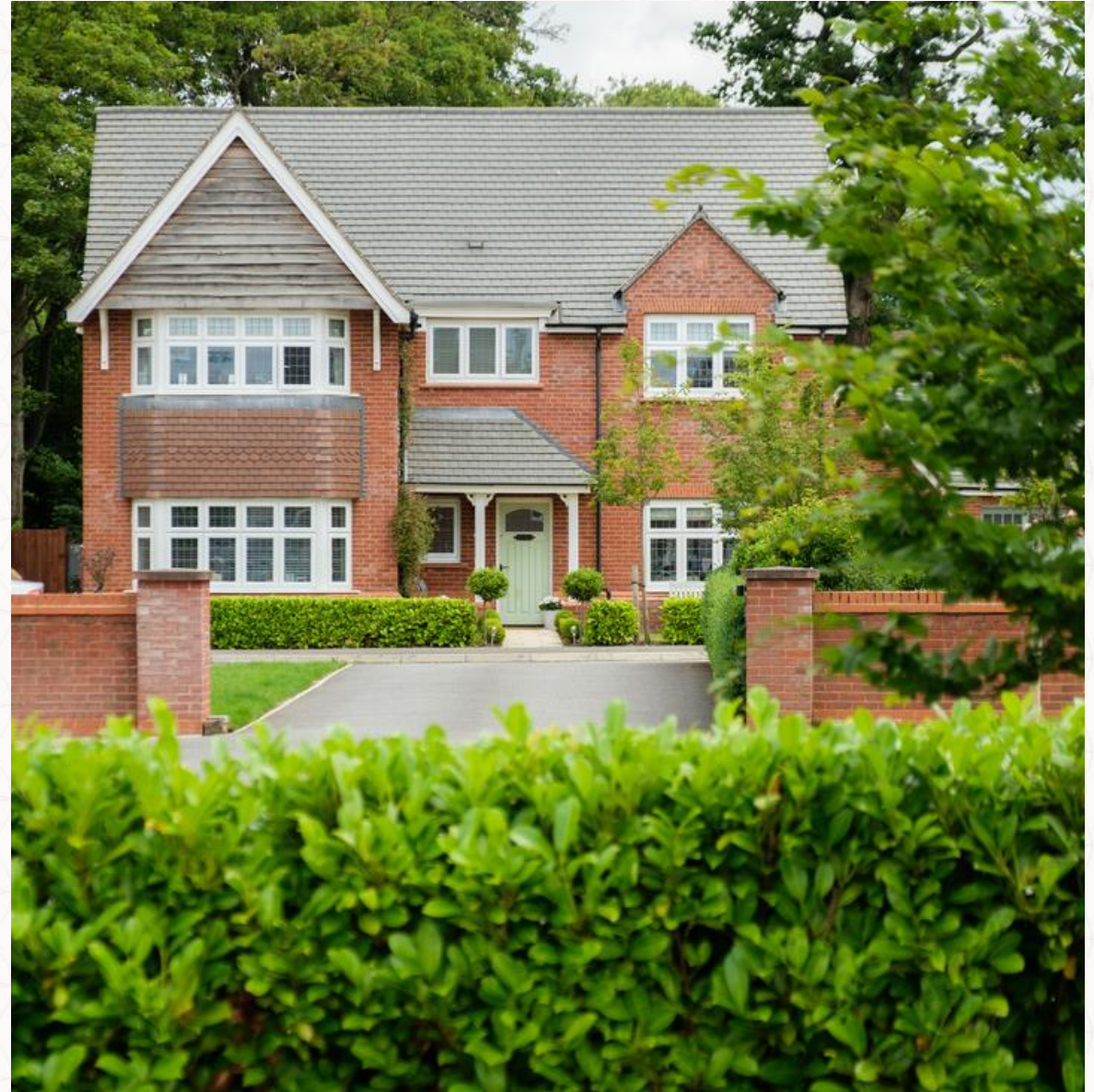
Barbara Richmond

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

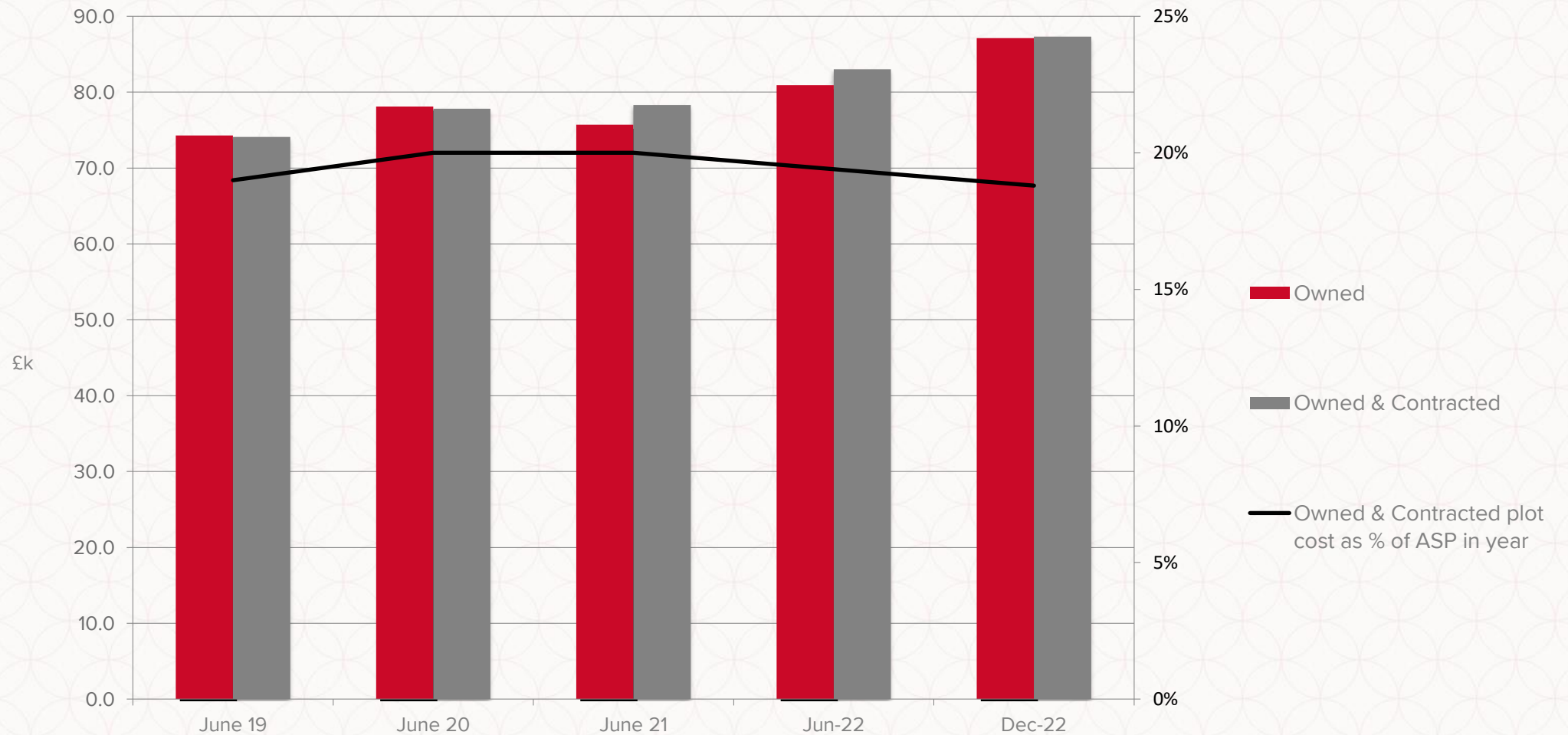
| | H1 | |
|-----------------------------------|--------------|------|
| | 2023 | 2022 |
| Operating cash flow (£m) | 43 | 213 |
| EBITDA | 202 | 208 |
| Movement in land | (106) | (81) |
| Movement in land creditors | 36 | 44 |
| Cash investment in land | (70) | (37) |
| Movement in WIP | (97) | (50) |
| 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 |