



RESULTS PRESENTATION

Year ended 30 June 2021
2 September 2021



Fernwood Village, Newark



David Thomas
Chief Executive Officer



Grange View, Leicestershire

KEY HIGHLIGHTS

- Our priority remains health and safety
- Excellent recovery in completions with continued leadership in build quality and customer service
- Disciplined operating framework delivered through an unprecedented period
- Adjusted gross margin and ROCE recovered to medium term targets
- Strong balance sheet with £1.3bn net cash and dividends reinstated
- Economic backdrop continues to be uncertain but attractive housing market fundamentals unchanged

OPERATIONAL TARGETS – PROGRESS UPDATE AND AREAS OF FOCUS FOR FY22

	Progress in FY21	Areas of focus for FY22	Medium term targets
Home completions	<ul style="list-style-type: none"> 37.3% growth in wholly owned home completions to 16,517 (2020: 12,034) with 726 JV completions (2020: 570) 	<ul style="list-style-type: none"> Rebuilding volumes back to FY19 levels Wholly owned home completion growth to between 17,000 and 17,250 homes with c. 750 JV home completions 	<ul style="list-style-type: none"> Disciplined growth in home completions to current capacity of 20,000 homes
Gross margin	<ul style="list-style-type: none"> 470 bps increase in adjusted gross margin to 23.2% (2020: 18.5%) 300 bps increase in gross margin to 21.0% (2020: 18.0%) 	<ul style="list-style-type: none"> Delivering continued operational improvements across our business 	<ul style="list-style-type: none"> Land acquisition at a minimum 23% gross margin and optimising performance
ROCE	<ul style="list-style-type: none"> 1,270 bps rebound in ROCE to 28.3% (2020: 15.6%) 	<ul style="list-style-type: none"> Balanced and selective land and work in progress investment to support growth 	<ul style="list-style-type: none"> Minimum of 25% delivered through improving margin and operating framework discipline



Steven Boyes
Chief Operating Officer



Doseley Park, Telford

SALES PERFORMANCE – SALES RATES AND SELLING OUTLETS

- Excellent sales recovery
- Sales outlets lower due to initial COVID-19 lockdown impact
- New site launches support average sales outlet growth of c. 3% in FY22

	FY21	FY20	Change %	FY19	Change %
Average net private reservations per active outlet per week					
Wholly owned	0.78	0.60	30.0%	0.70	11.4%
JV	1.50	0.89	68.5%	1.56	(3.8%)
Total	0.79	0.60	31.7%	0.72	9.7%
Average active sales outlets					
Wholly owned	335	357	(6.2%)	370	(9.5%)
JV	8	9	(11.1%)	9	(11.1%)
Total	343	366	(6.3%)	379	(9.5%)

COMPLETIONS – VOLUMES AND PRICING

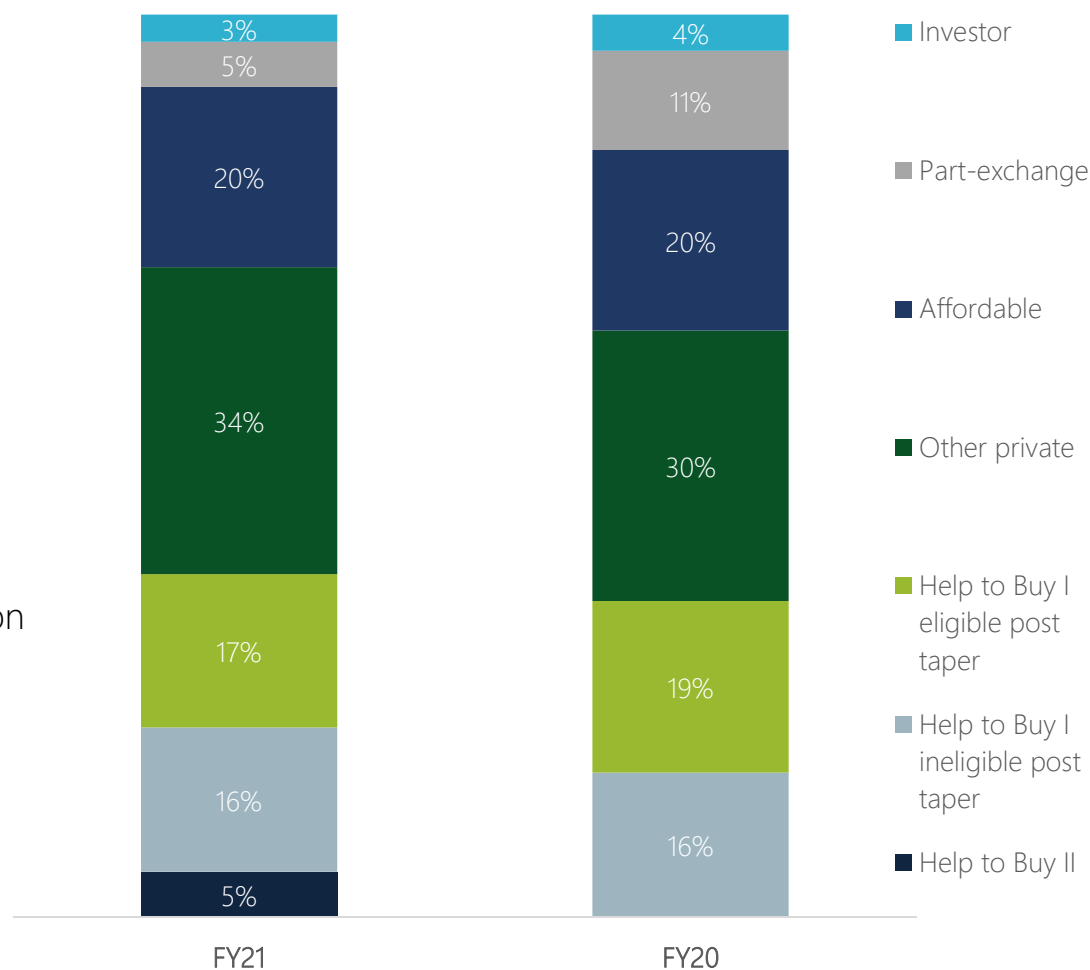
- Completion growth supported by:
 - Elevated WIP and forward sales
 - Strong and continued market demand
 - Rebuild of site construction activity
- Private ASP growth reflects:
 - Underlying price inflation
 - Proportion of completions from London
- Affordable ASP decline reflects reduced London completions

	FY21	FY20	Change
Home completions (units)			
Private	13,134	9,568	37.3%
Affordable	3,383	2,466	37.2%
Total home completions	16,517	12,034	37.3%
% Affordable	20%	20%	-
JV	726	570	27.4%
Total home completions (inc JVs)	17,243	12,604	36.8%

ASP (£'000)			
Private	325.5	310.6	4.8%
Affordable	146.5	163.0	(10.1%)
Total	288.8	280.3	3.0%
JV	364.1	472.9	(23.0%)

COMPLETIONS ANALYSIS – BUYER TYPE

- Buyer profile changes
- Part-exchange decline reflects strength of the second-hand market
- HTB increase reflects:
 - Existing homeowner incremental demand ahead of scheme tapering
 - Increased first time buyer demand given restrictions on high LTV lending



LAND BANK

- Land bank remains strong
- 79% (FY20: 77%) of owned land bank with detailed planning consent
- Deliverability of our land bank supports outlet growth
- Good pipeline, expect to approve 18,000 – 20,000 plots in FY22

Land bank plots	30 June 2021	30 June 2020
With detailed planning consent	52,775	52,641
With outline planning consent and other ⁽¹⁾	13,826	15,752
Owned	66,601	68,393
Controlled	11,041	11,931
Total	77,642	80,324
<i>Land bank years (exc JVs)</i>	4.7	6.7
JV – Owned and controlled	4,661	5,400
Total including JV	82,303	85,724

SECURING OUR BUILDING SUPPLIES

- Central Procurement team
- Supplier selection
 - Supplier capability audits
 - Ongoing open dialogue
 - Dual sourcing
- Visibility of our build programme demands
 - Shorter term (<12 months) for production scheduling
 - Longer term for investment plans and proposals



MANAGING THE COST ENVIRONMENT

Materials

- Materials cost inflation stepped higher in H2 FY21 and persists
- Steel and plastics significant cost inflation now stabilising
- 96% of pricing fixed to December 2021
- 71% of pricing fixed to June 2022

Labour

- More modest cost inflationary pressures
- 426 apprentices, graduates and trainees on programmes as at 30 June 2021

Build costs now expected to increase by c. 4% to 5% in FY22

SUMMARY

- Excellent sales and site based construction recovery
- Build programmes on track to deliver FY22 completions
- Land bank optimised and set for expansion in FY22
- Working effectively with our supply chain partners
- Industry leading build quality and customer service
- Health and safety remains key





John Messenger
Group IR Director



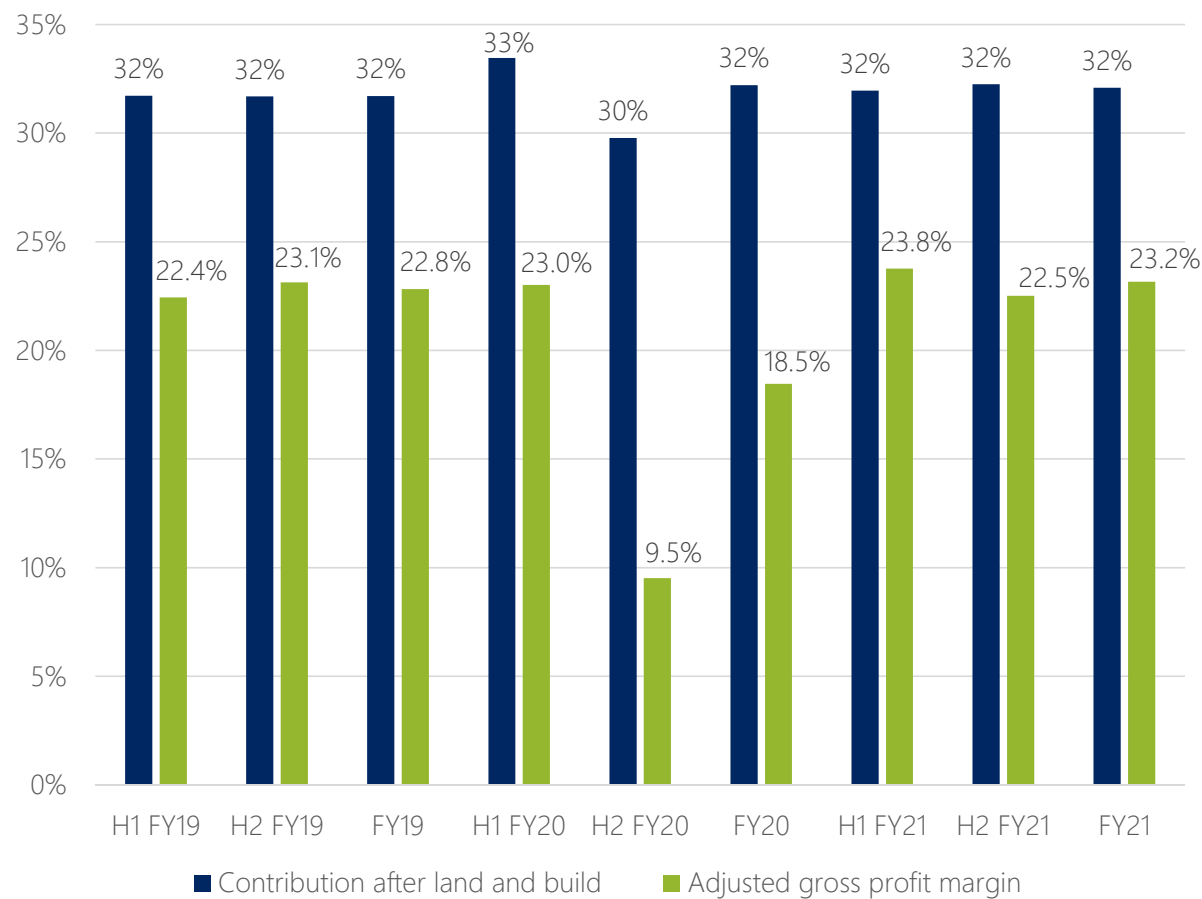
Gateford Park, Worksop

SUMMARISED PERFORMANCE

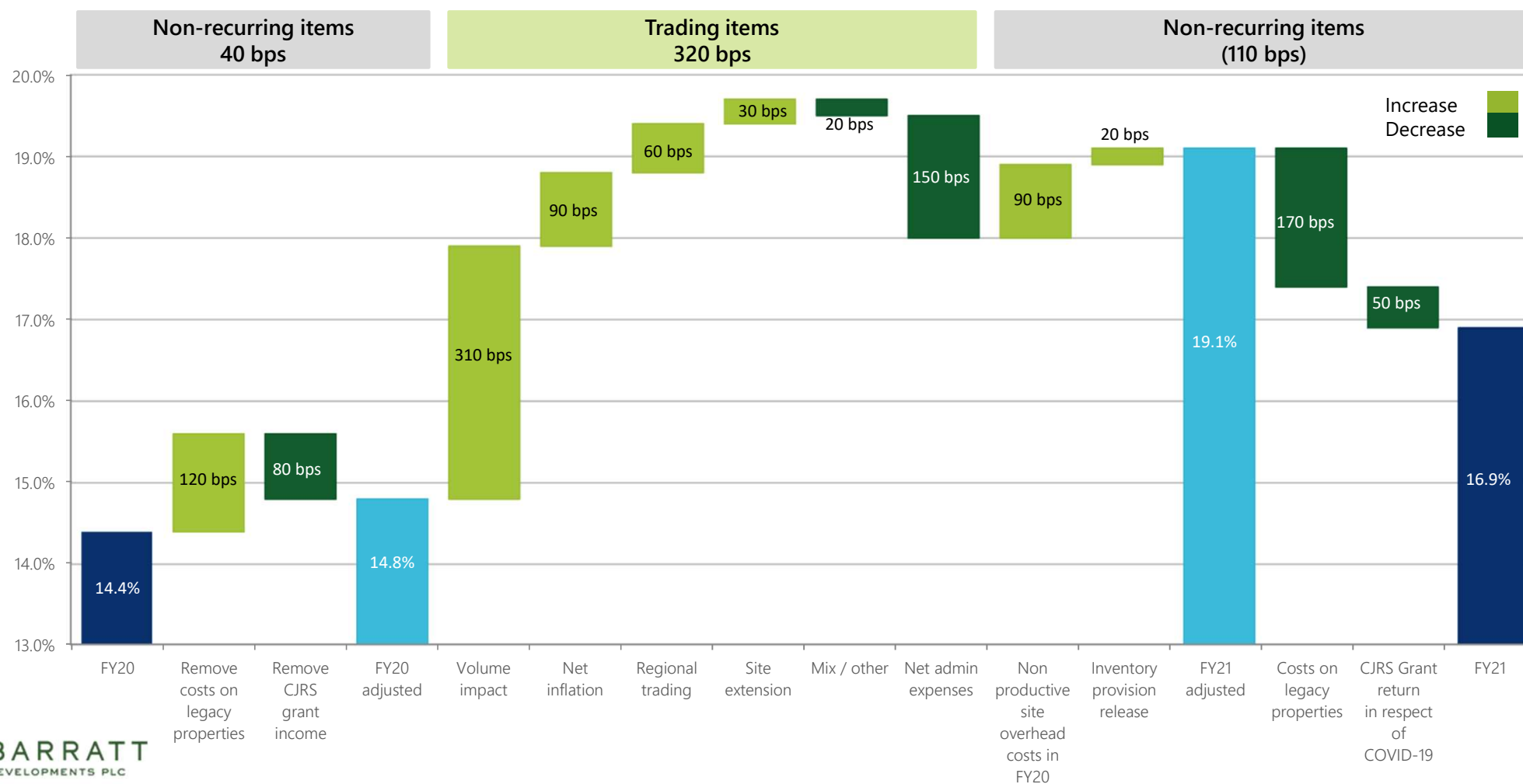
£m (unless otherwise stated)	FY21	FY20	FY21 v FY20	FY19	FY21 v FY19
Revenue	4,811.7	3,419.2	40.7%	4,763.1	1.0%
Adjusted gross profit	1,114.7	631.4	76.5%	1,087.4	2.5%
Adjusted gross margin %	23.2	18.5	470 bps	22.8	40 bps
Gross profit	1,010.0	614.3	64.4%	1,084.2	(6.8%)
Gross margin %	21.0	18.0	300 bps	22.8	(180 bps)
Adjusted operating profit	919.0	507.3	81.2%	904.3	1.6%
Adjusted operating margin %	19.1	14.8	430 bps	19.0	10 bps
Operating profit	811.1	493.4	64.4%	901.1	(10.0%)
Operating margin %	16.9	14.4	250 bps	18.9	(200 bps)
PBT	812.2	491.8	65.1%	909.8	(10.7%)
Adjusted earnings per share pence	73.5	40.5	81.5%	74.1	(0.8%)
Earnings per share pence	64.9	39.4	64.7%	73.2	(11.3%)
Net cash	1,317.4	308.2	327.4%	765.7	72.1
ROCE %	28.3	15.6	1,270 bps	29.7	(140 bps)

UNDERSTANDING THE COST STRUCTURE

- Each home delivered a contribution of c. 32%
- H1 FY21 benefited from incremental fixed cost efficiency
- H2 FY21 saw some cost efficiency reversal given lower home completions



OPERATING MARGIN BRIDGE



ADJUSTED ITEMS

£m	FY21	FY20
Operating adjusting items:		
CJRS grant - repayment / (income) recognised in cost of sales	22.8	(22.8)
CJRS grant - repayment / (income) recognised in administrative expenses	3.2	(3.2)
Total CJRS grant – repayment / (income)	26.0	(26.0)
Costs associated with legacy properties	81.9	39.9
Total	107.9	13.9
Joint ventures:		
Credit associated with legacy properties	(0.4)	-
Total including joint ventures	107.5	13.9

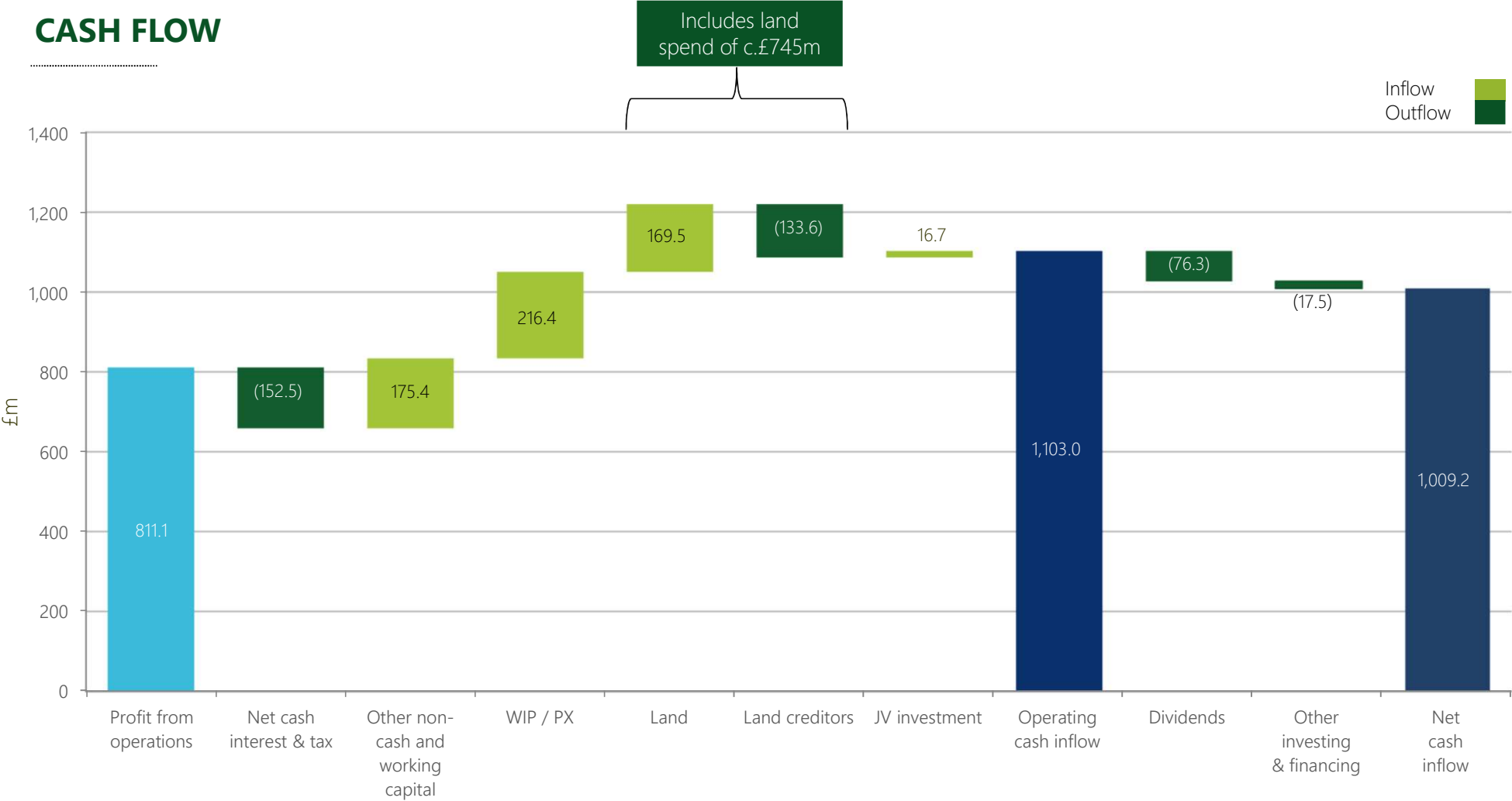
OPERATING FRAMEWORK – PROGRESS UPDATE

	Operating framework	Positions at 30 June 2021, 2020 and 2019
Land bank ⁽¹⁾	c. 3.5 years owned and c. 1.0 year controlled	4.0 years owned and 0.7 years controlled (2020: 5.7 years owned and 1.0 year controlled) (2019: 3.9 years owned and 0.8 years controlled)
Land creditors	Reduce usage to 15 - 25% of the land bank over medium term	Reduced to 22.3% (2020: 25.4%) (2019: 31.3%)
Net cash	Modest average net cash over the financial year	FY21 average net cash of £821.0m (FY20: £348.3m) (FY19: £298.3m)
	Year end net cash	£1,317.4m (2020: £308.2m) (2019: £765.7m)
Total indebtedness (net cash and land creditors)	Minimal year end total indebtedness in the medium term	Total net surplus of £659.1m (2020: £483.7m total indebtedness) (2019: £195.0m total indebtedness)
Treasury	Appropriate financing facilities	£700m Revolving Credit Facility extended to November 2024 £200m Private Placement Notes maturing August 2027
Dividend policy	2.5x dividend cover	FY21 total ordinary dividend of 29.4p per share (FY20: no dividend) (FY19: total ordinary dividend of 29.1p per share)

BALANCE SHEET

£m	30 June 2021	30 June 2020
Goodwill and intangible assets	905.9	907.0
Investment in joint ventures and associates	163.1	152.1
Gross land bank	2,946.3	3,112.3
Land creditors	(658.3)	(791.9)
Net land bank	2,288.0	2,320.4
<i>Land creditor %</i>	<i>22.3%</i>	<i>25.4%</i>
WIP	1,675.9	1,852.4
Net cash	1,317.4	308.2
Trade payables	(289.6)	(186.8)
Other working capital	(598.7)	(511.3)
Other net assets / liabilities	(9.9)	(1.7)
Net assets	5,452.1	4,840.3

CASH FLOW



GUIDANCE FOR FY22

Completions	c. 17,000 – 17,250 wholly owned completions c. 21% affordable, c. 79% private c. 750 JV completions Return to more normal H1 : H2 completion phasing
Average sales outlet growth	c. 3%
Build cost inflation range	c. 4% to 5%
Administrative expenses	c. £230m
Interest cost	c. £30m (c. £10m cash, c. £20m non-cash)
Adjusted items	Estimated charge of £40m - £50m
Land approvals	18,000 to 20,000 plots
Land cash spend	c. £1.0bn
Year end net cash	c. £1.0bn - £1.1bn
Taxation	Residential Property Developer Tax impact potentially from 1 April 2022

FINANCIAL SUMMARY

- Excellent financial performance
- Balance sheet further strengthened
- Performance recovery and balance sheet strength underpin dividend resumption
- Financially positioned to invest and drive growth



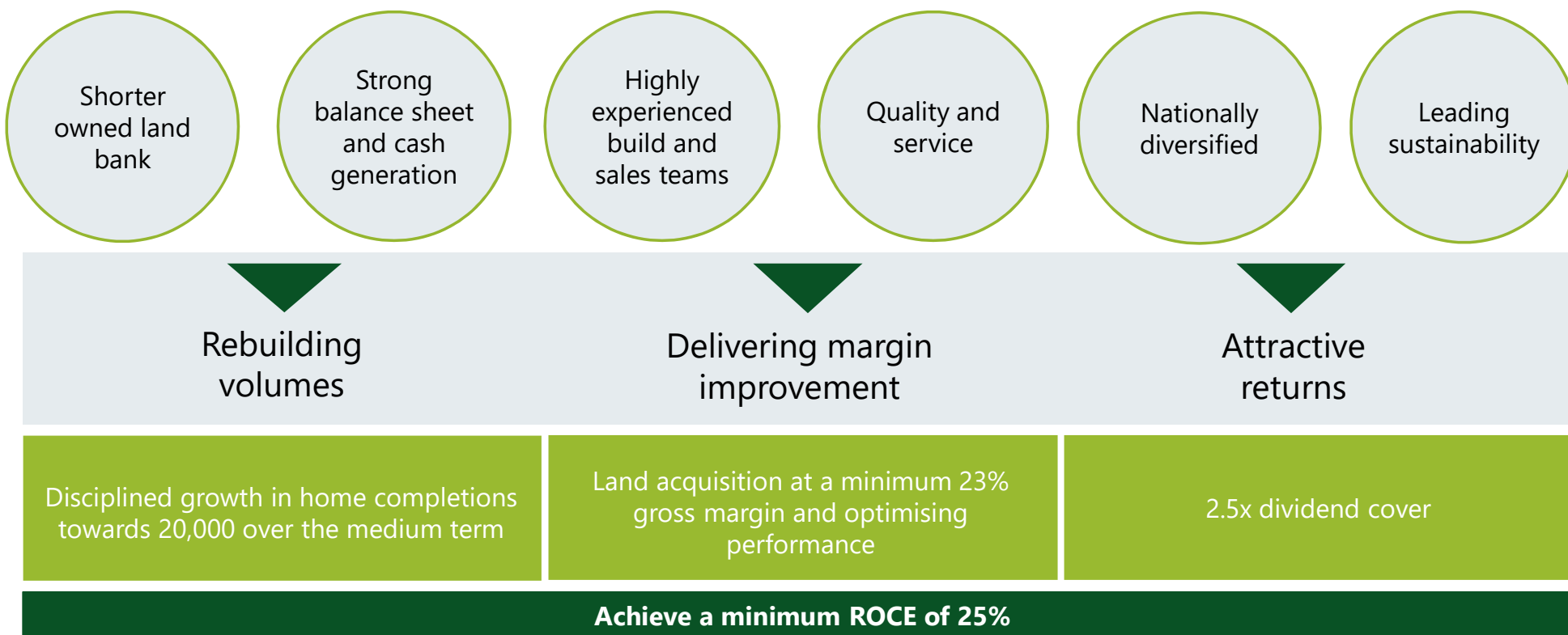


David Thomas
Chief Executive Officer




Beaumont, Warwick Gates

INVESTMENT PROPOSITION



MARKET FUNDAMENTALS



Government
target:
300,000 homes
per annum


Demand continues
to exceed supply



Attractive land market



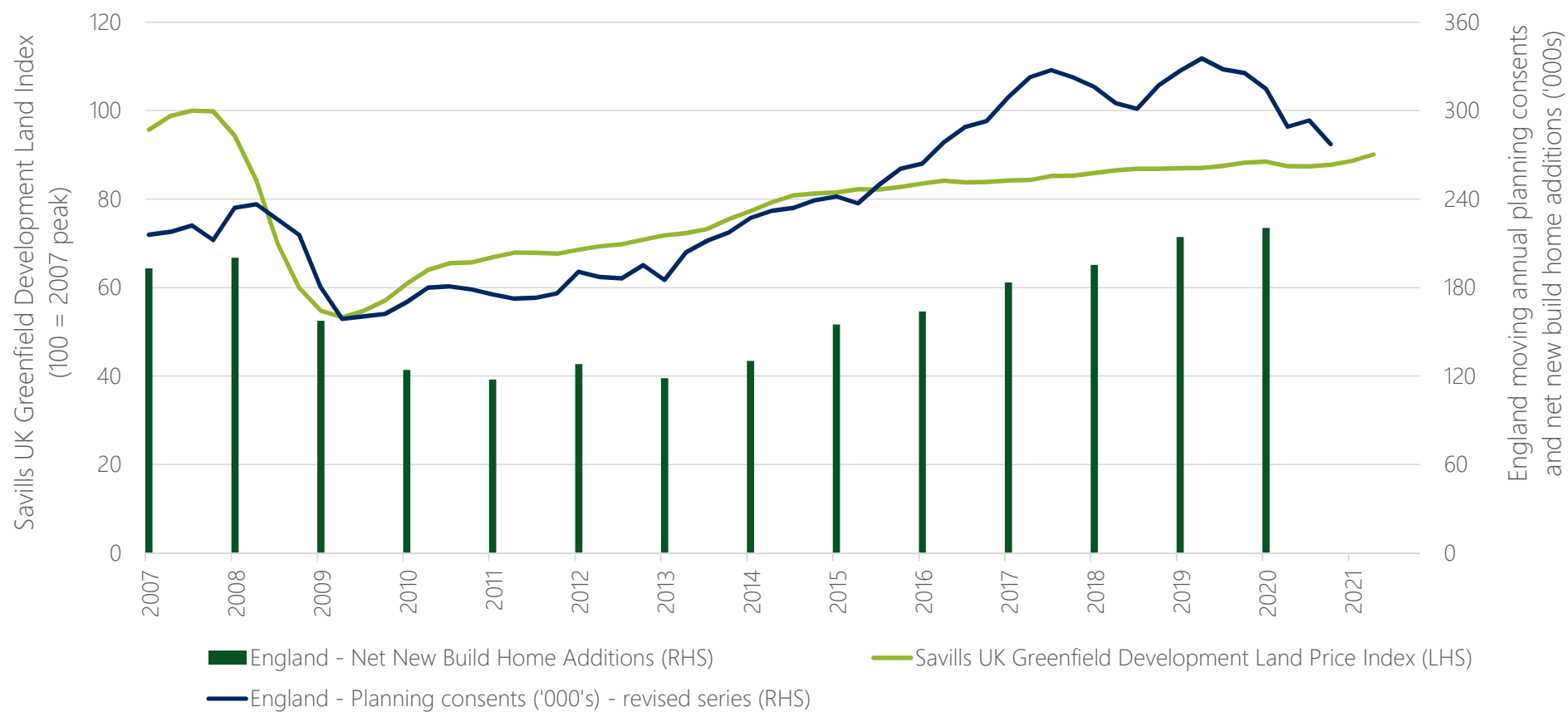
Help to Buy now
tapered



1.99%
average 2 year
fixed rate at 85%
LTV⁽¹⁾

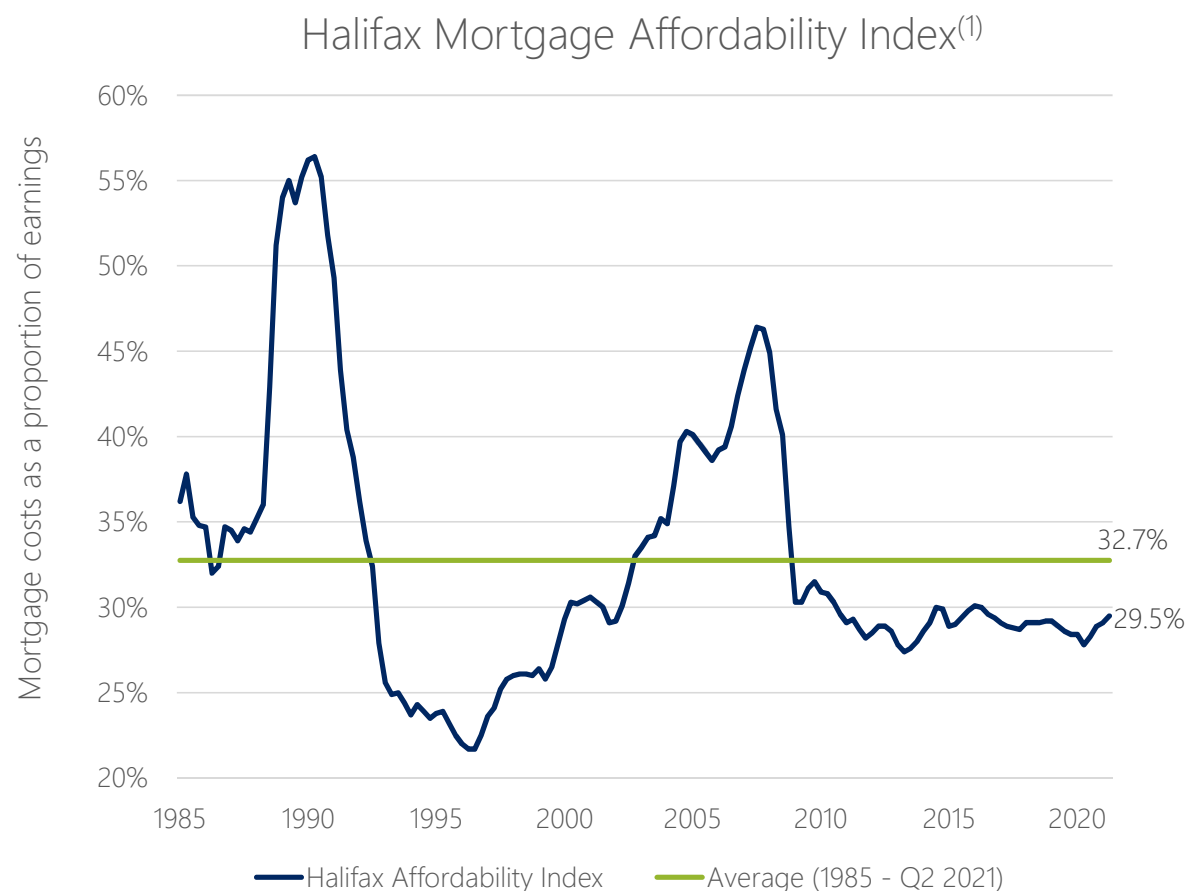
Affordable rates

PLANNING AND THE UK LAND MARKET



MORTGAGE AFFORDABILITY

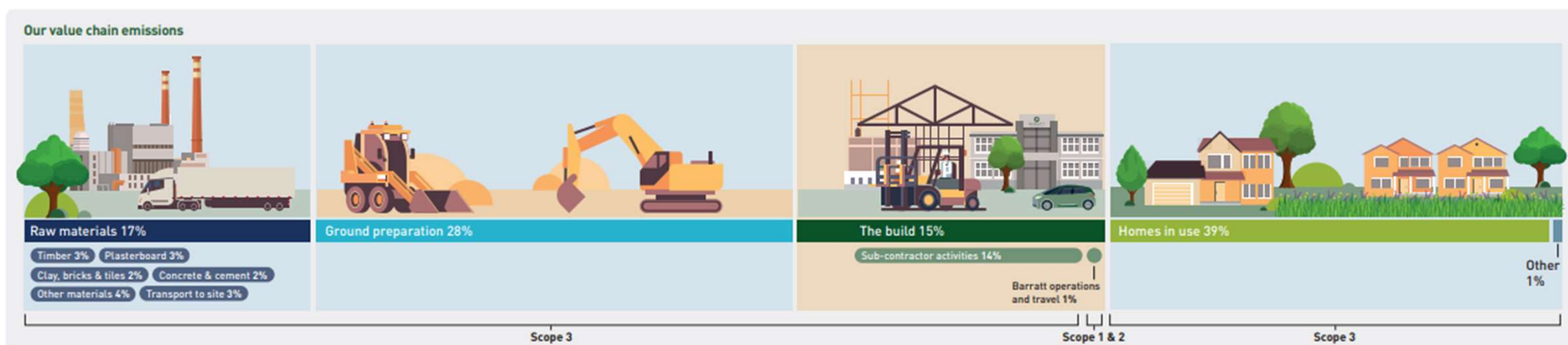
- Mortgage affordability supported by rates, low relative to historical levels
- New build mortgage availability at high LTV remains limited
- Competition in the mortgage market has seen reduced rates
- Affordability remains a challenge for many first time buyers



SUSTAINABILITY - OUR CARBON FOOTPRINT



- Our ambition, to be the leading national sustainable housebuilder
- New standard house type designs zero carbon in use from 2030
- Reduce scope 1 and 2 emissions by 29% by 2025⁽¹⁾
- Net zero greenhouse gas emissions in our operations by 2040
- Reduce scope 3 emissions by 24% per m² of build by 2030⁽²⁾
- LTPP incentive schemes incorporate carbon emission reduction targets



SUSTAINABILITY – WASTE, THE FUTURE HOMES STANDARD AND BIODIVERSITY NET GAIN

- Waste intensity reduction a FY22 priority
 - Action plans in place and delivering
 - Waste intensity reduction incorporated in the FY22 annual bonus scheme
- The Future Homes Standard
 - Effective 1 June 2022 (transition period on existing sites, 1 June 2023)
 - “Fabric first” approach
 - Housetype designs now being adapted
- Biodiversity net gain
 - 2023 target, minimum 10% biodiversity net gain on all new developments submitted for planning



CURRENT TRADING

	FY22 8 weeks	FY21 8 weeks	Change	FY20 8 weeks	Change
Net private reservations per active outlet per average week	0.83	0.94	(11.7%)	0.68	22.1%
Average active outlets	335	334	0.3%	366	(8.5%)
Net private reservations per average week	277	314	(11.8%)	250	10.8%
Total forward sales (including JVs) ⁽¹⁾	£3,939.9m	£3,706.5m	6.3%	£3,037.5m	29.7%

CONCLUSION

- Excellent progress, both operationally and financially
- COVID-19 risk management continues
- Economic uncertainties continue but attractive housing market fundamentals, evident over FY21, remain unchanged
- Committed to:
 - Growing completions to 20,000 homes in the medium term
 - Being the leading national sustainable housebuilder
 - Delivering operationally, financially and sustainably for our stakeholders





Q&A



Stanneylands, Cheshire

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DEFINITIONS

- Active outlet is a site with at least one home for sale
- ASP is average selling price
- Average cash (debt) is calculated on average daily closing position in period
- CJRS is Coronavirus Job Retention Scheme
- Contribution is surplus of revenue for a unit over the direct costs (land and build) attributed to that unit, expressed as a percentage of revenue
- Earnings per share (EPS) is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held by the Employee Benefit Trust
- FY refers to financial year ending 30 June
- Gross margin is calculated as gross profit divided by total revenue
- H1 refers to six month period ending 31 December
- H2 refers to six month period ending 30 June
- Land bank years are calculated as the number of plots in our land bank divided by the last 12 months of home completions
- LTV is Loan to value
- Net cash is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings and prepaid fees
- Operating margin is calculated as operating profit divided by total revenue
- PBT is profit before tax
- Regional includes all regions excluding London
- Return on Capital Employed (ROCE) is calculated as earnings before intangible amortisation, interest, tax, operating charges relating to the defined benefit pension scheme and operating adjusting or exceptional items for the 12 months to June, divided by average net assets adjusted for goodwill and intangibles, tax, net cash, retirement benefit assets/obligations and derivative financial instruments
- SBTi is Science Based Target initiative
- Unless stated Joint Ventures (JV) in which the Group has an interest are not included throughout the presentation

CURRENT TRADING – FORWARD ORDER BOOK

	22 August 2021		23 August 2020		% Change		25 August 2019		% Change	
	£m	Homes	£m	Homes	£m	Homes	£m	Homes	£m	Homes
Private	2,398.4	7,053	2,143.7	6,577	11.9%	7.2%	1,583.5	5,088	51.5%	38.6%
Affordable	1,265.5	7,917	1,277.6	8,249	(0.9%)	(4.0%)	1,133.9	7,089	11.6%	11.7%
Wholly owned	3,663.9	14,970	3,421.3	14,826	7.1%	1.0%	2,717.4	12,177	34.8%	22.9%
JV	276.0	764	285.2	834	(3.2%)	(8.4%)	320.1	887	(13.8%)	(13.9%)
Total	3,939.9	15,734	3,706.5	15,660	6.3%	0.5%	3,037.5	13,064	29.7%	20.4%

CURRENT TRADING – FORWARD SALES ROLL

	22 August 2021		23 August 2020		% Change	
	Private	Total ⁽¹⁾	Private	Total ⁽¹⁾	Private	Total ⁽¹⁾
30 June	5,724	14,334	5,320	14,326	7.6%	0.1%
Reservations	2,096	2,568	2,424	2,773	(13.5%)	(7.4%)
Completions	(767)	(1,168)	(1,167)	(1,439)	(34.3%)	(18.8%)
22 Aug 2021 / 23 Aug 2020	7,053	15,734	6,577	15,660	7.2%	0.5%

BALANCE SHEET – LAND BANK

Land bank plots	30 June 2021	30 June 2020
With detailed planning consent	52,775	52,641
With outline planning consent	13,452	15,615
With resolution to grant and other	374	137
Owned	66,601	68,393
Controlled	11,041	11,931
Total land bank plots	77,642	80,324
JV plots – owned	3,157	3,896
JV plots - controlled	1,504	1,504
Total land bank plots (including JVs)	82,303	85,724
Land bank pricing (£'000)		
Cost of plots acquired	44.6	43.2
Cost of plots in P&L	45.4	42.7
Cost of plots in balance sheet	43.5	44.9
Owned land bank ASP ⁽¹⁾	289	276



ADMINISTRATIVE EXPENSES ANALYSIS

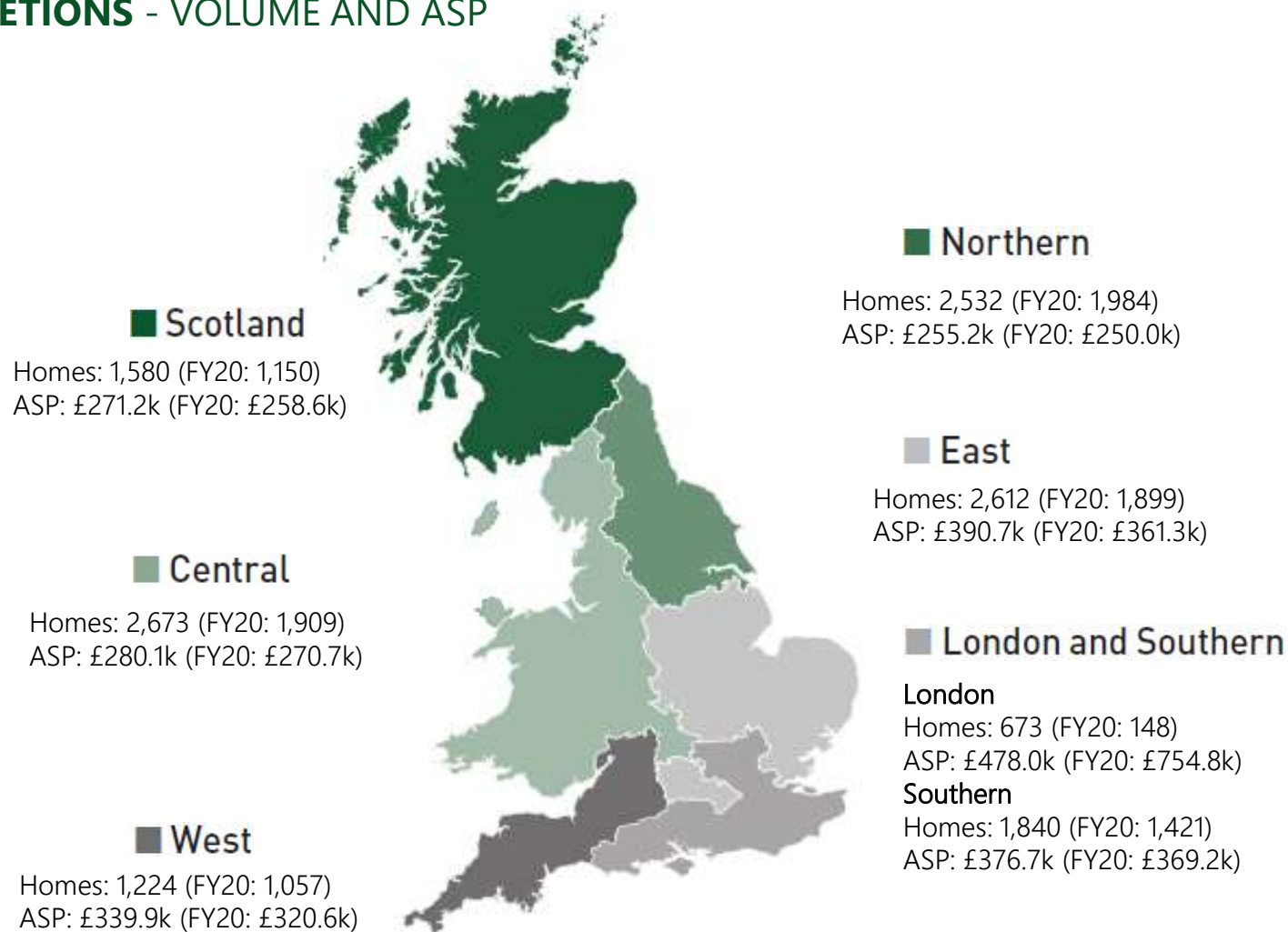
- FY21 administrative expenses reflected the resumption of employee incentive costs
- Administrative expenses in FY22 expected to be c. £230m, reflecting:
 - Expected reduction in sundry income to c. £10m due to one-off receipts in FY21
 - Inflationary pay increases and disciplined investment

£m	FY21	FY20
Sundry Income ⁽¹⁾	(24.5)	(25.8)
Employee incentive costs	70.1	2.1
Other administrative costs	155.6	151.4
Administrative expenses before adjusted items	201.2	127.7
CJRS	3.2	(3.2)
Administrative expenses per income statement	204.4	124.5
Net part-exchange income	(5.5)	(3.6)
Net administrative expenses	198.9	120.9

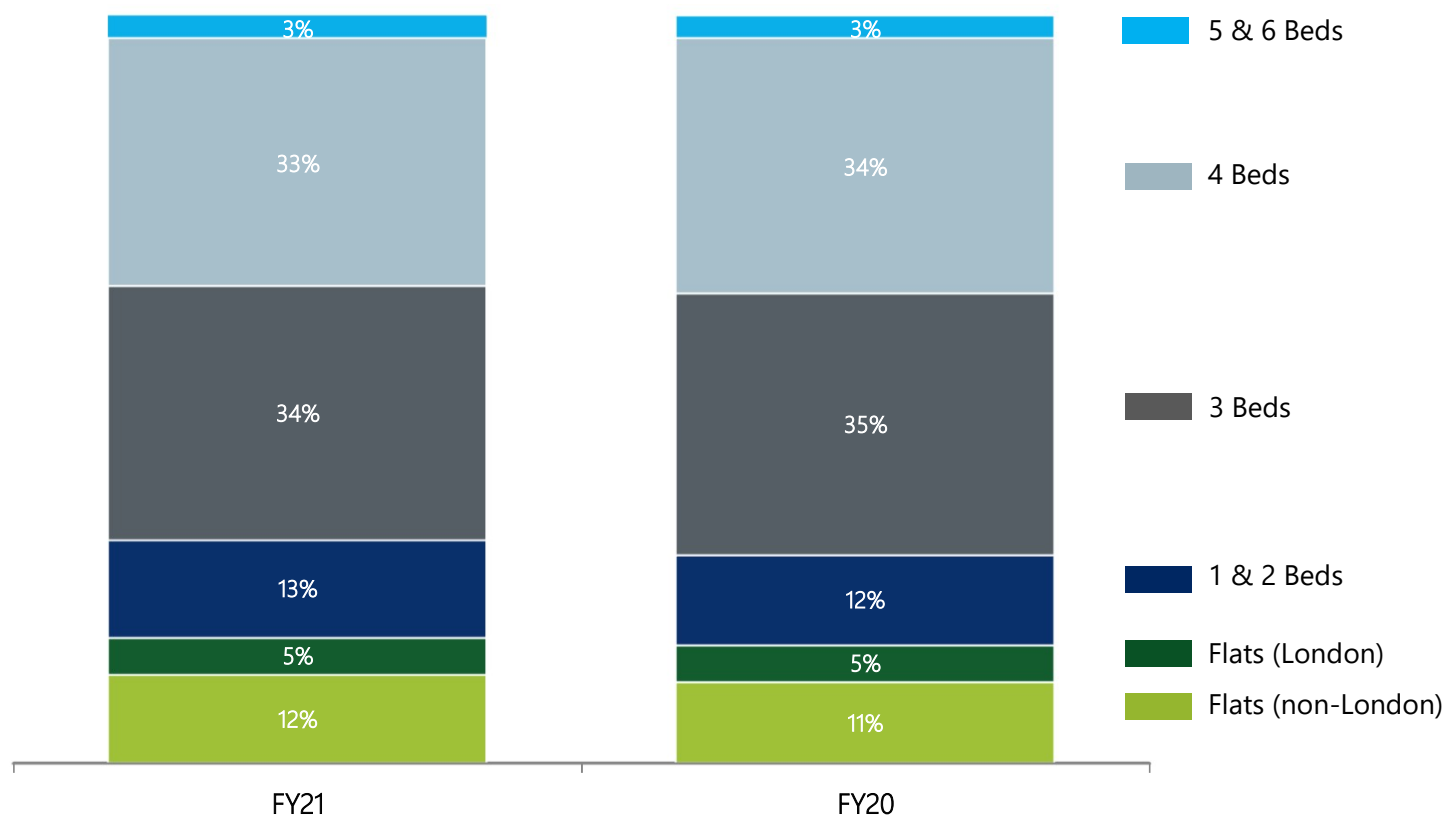
NET INTEREST CHARGE ANALYSIS

£m	FY21	FY20
Interest on term debt and overdrafts	0.3	(2.5)
Interest on private placement notes	5.5	5.5
Utilisation / non-utilisation fees on RCF	3.5	3.5
Other interest	0.4	0.8
Total cash interest	9.7	7.3
Land creditors / deferred payables	13.7	19.9
Financing fees	2.0	2.3
Pension	(0.1)	(1.6)
Lease interest	1.3	2.0
Total non-cash interest	16.9	22.6
Total interest	26.6	29.9

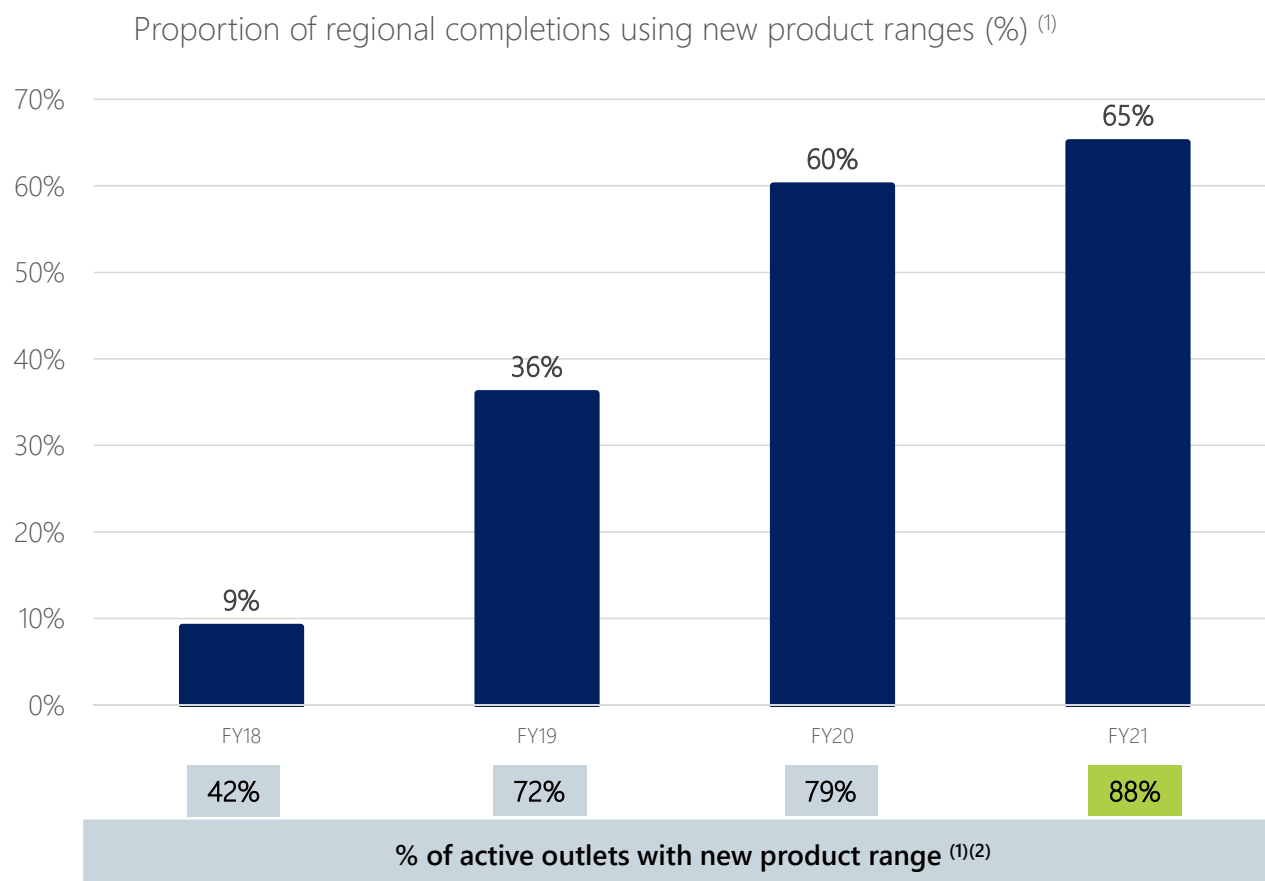
PRIVATE COMPLETIONS - VOLUME AND ASP



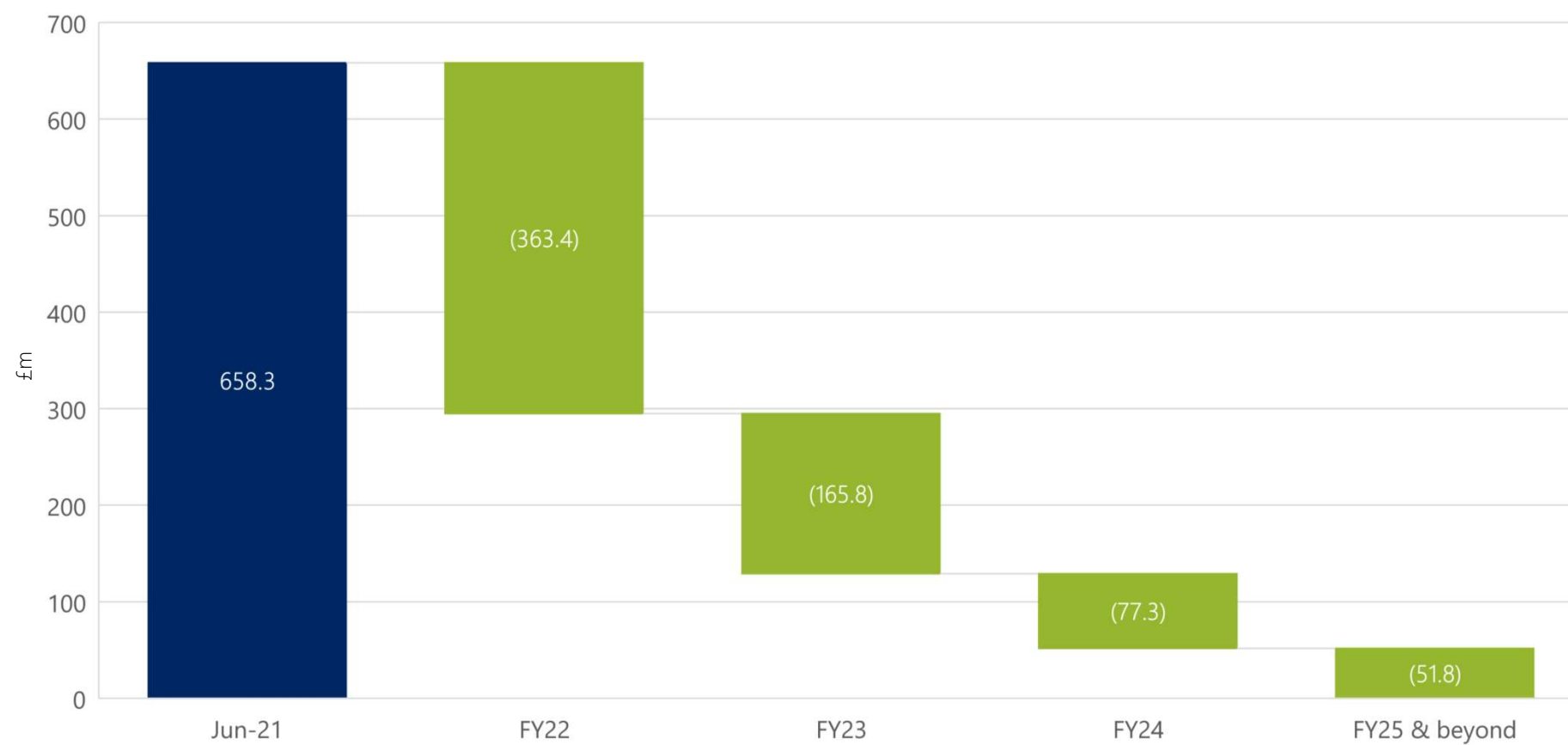
HOME COMPLETIONS ANALYSIS – PRODUCT TYPE



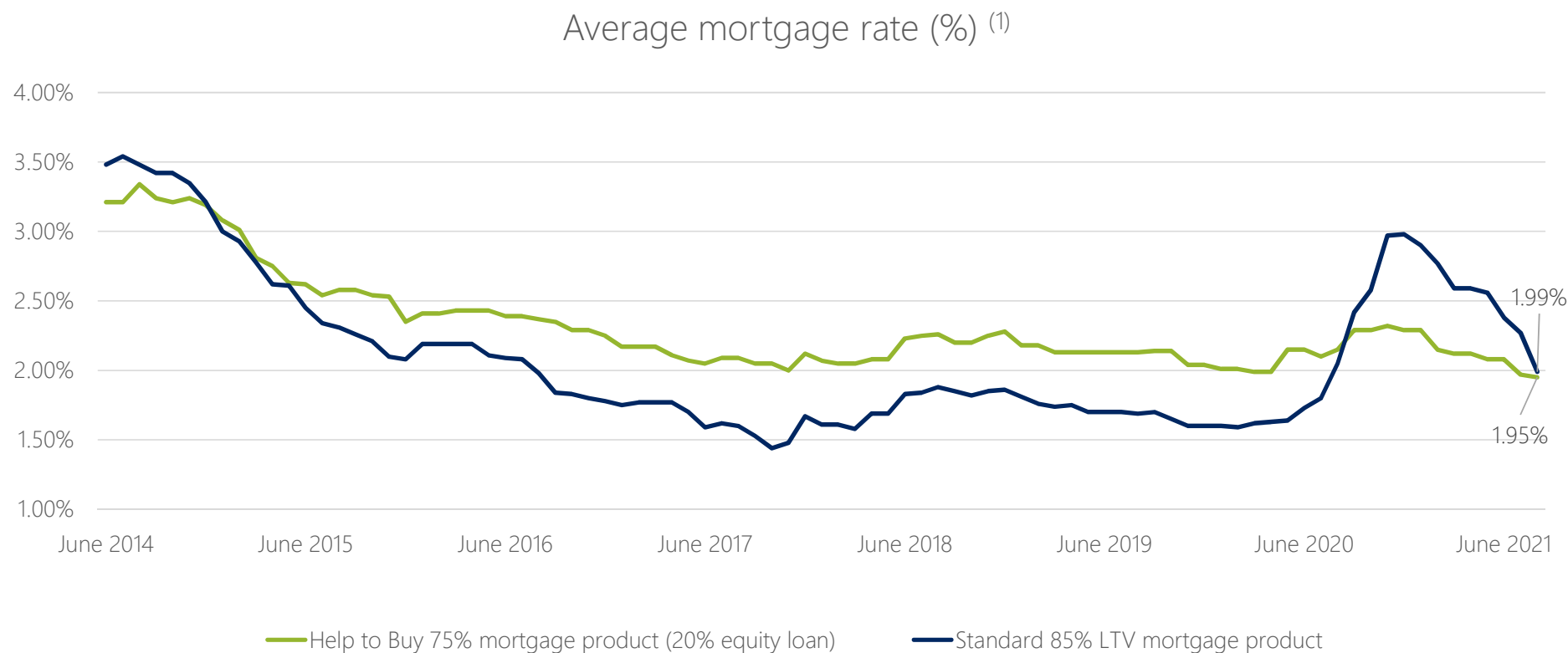
DRIVING OPERATING MARGIN - NEW PRODUCT RANGE ROLL OUT



LAND CREDITORS PAYMENT PROFILE BY FINANCIAL YEAR



AVERAGE MORTGAGE RATE



EXTERNAL BENCHMARKS



- 5 Star award for 12 years
- Only major national housebuilder to achieve this



- 93 awards in 2021
- More than any other housebuilder for 17 consecutive years



- Large housebuilder of the year
- Second year in a row, three times in five years



- 96 accreditations including 23 outstanding awards
- More awards than any other company



- Gold award for 2020, highest scoring national housebuilder

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