



Paddock Fields, Killinghall, North Yorkshire

GallifordTry

# HALF YEAR RESULTS

To 31 December 2018

---

13 February 2019

**Peter Truscott**  
Chief Executive

**Graham Prothero**  
Finance Director

# Peter Truscott

CHIEF EXECUTIVE



# GROUP HIGHLIGHTS

Half year results to 31 December 2018



Eastern Command and Custody Facility, Wrexham

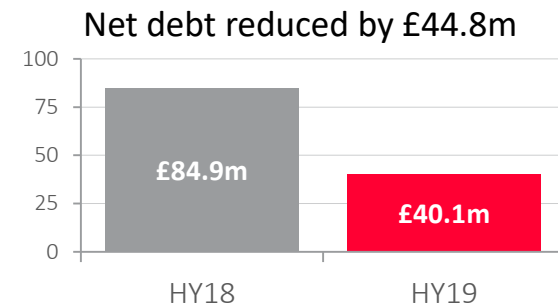
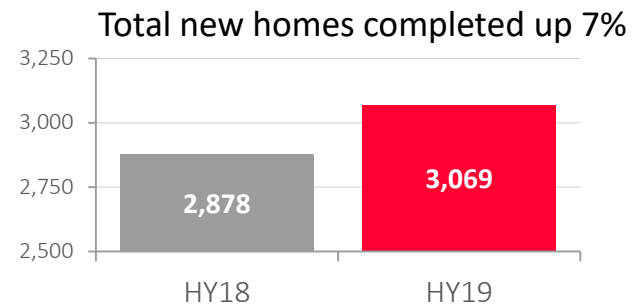
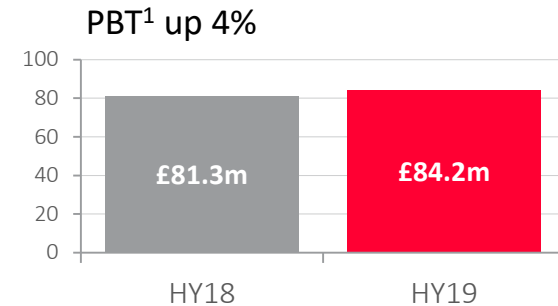
# HIGHLIGHTS

## Strong first half Group performance

- Excellent performance in a more challenging environment.
- Record pre-exceptional profit.
- Increased housing delivery at better margins.
- Continued growth in Partnerships & Regeneration.
- Strong debt management.
- AWPR construction completed.
- Delivering against our strategic objectives.

# STRONG FIRST HALF PERFORMANCE

- Excellent progress against strategic objectives in all three businesses.
- Record pre-exceptional profit of £84.2m, up by 4% and further operating margin improvement:
  - Linden Homes margin up to 19.6% (HY18: 18.5%).
  - Partnerships & Regeneration margin up to 5.1% (HY18: 4.8%).
  - Construction pre-exceptional margin maintained at 0.9% (HY18: 0.9%).
- Half year dividend of 23.0p.
- Pre-exceptional Return on Net Assets of 23.5%.



1. Pre-exceptional.

# Graham Prothero

FINANCE DIRECTOR



# FINANCIAL REVIEW



Moorview, Marldon, Devon

# FINANCIAL REVIEW

## Group financial highlights

<b>£m</b>	<b>HY19</b>	<b>HY18</b>	<b>Var</b>	<b>FY to 30 June 2018</b>
Revenue <sup>1</sup>	1,417.5	1,495.0	-5%	3,132.3
Profit from operations before exceptional items <sup>2</sup>	94.0	94.7	-1%	213.1
Profit before exceptional items and tax	84.2	81.3	+4%	188.7
Profit before tax	53.8	56.3	-4%	143.7
<b>Earnings per share</b>				
Pre-exceptional <sup>3</sup>	62.4p	72.7p	-14%	158.4p
Post-exceptional <sup>3</sup>	39.4p	50.7p	-22%	121.1p
Dividend per share	23.0p	28.0p	-18%	77.0p
Group pre-exceptional RoNA <sup>4</sup>	23.5%	24.7%	-1.2% pts	26.5%

<sup>1</sup> Includes share of joint ventures and excludes part-exchange.

<sup>2</sup> Profit from operations stated before finance costs, amortisation, joint ventures' interest and tax.

<sup>3</sup> HY18 EPS restated to reflect the shares issued in the rights issue in April 2018.

<sup>4</sup> Group pre-exceptional Return on Net Assets (RoNA) is calculated as pre-exceptional EBITA divided by average pre-exceptional net assets including goodwill. HY18 restated to reflect the shares issued in the rights issue in April 2018.



# EXCEPTIONAL ITEMS

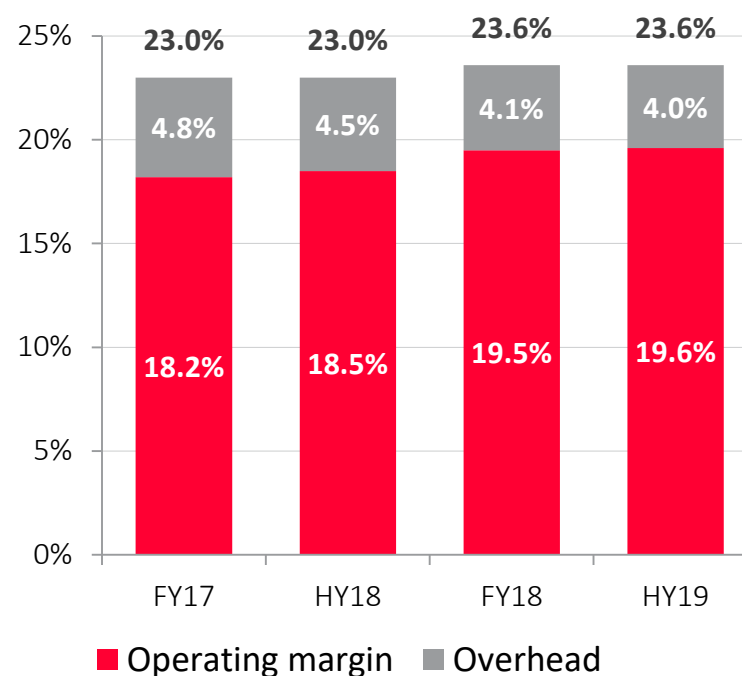
		<b>HY19 £m</b>
AWPR	November Trading Update	20.0
	Additional	6.0
Pension	GMP Equalisation	3.5
	Buy-out	0.9
<b>Total</b>		<b>30.4</b>

# FINANCIAL REVIEW

## Linden Homes

REVENUE <sup>1</sup> /OPERATING PROFIT		
Units:	<b>1,505</b>	(HY18: 1,587)
Revenue:	<b>£392.1m</b>	(HY18: £436.8m)
Operating profit:	<b>£76.8m</b>	(HY18: £80.9m)
SALES MIX (UNITS)		
Private:	<b>1,059</b>	(HY18: 1,170)
Affordable:	<b>446</b>	(HY18: 417)
AVERAGE SALES PRICE <sup>2</sup>		
Total:	<b>£352k</b>	(HY18: £370k)
RETURN <sup>3</sup>		
RoNA:	<b>25.2%</b>	(HY18: 27.1%)
SALES IN HAND <sup>4</sup>		
Units:	<b>3,607</b>	(HY18: 3,401)
Total:	<b>£850m</b>	(HY18: £879m)

### Linden Homes margin



<sup>1</sup> Includes share of joint ventures' revenue and excludes part-exchange.

<sup>2</sup> Excludes affordable.

<sup>3</sup> HY18 restated to reflect the impact of the rights issue in April 2018.

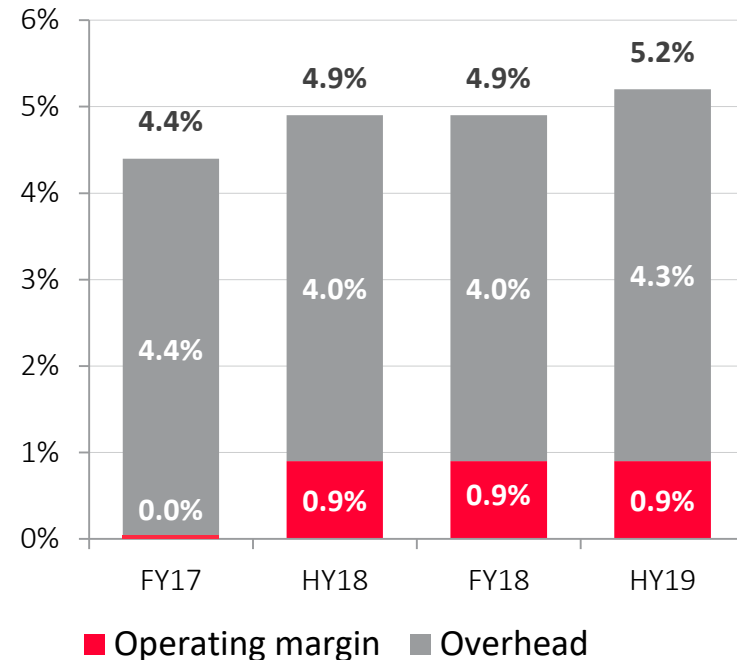
<sup>4</sup> Current at 11 February 2019.

# FINANCIAL REVIEW

## Construction

REVENUE/OPERATING PROFIT		
Revenue:	<b>£718.4m</b>	(HY18: £823.6m)
Pre-exceptional operating profit:	<b>£6.3m</b>	(HY18: £7.2m)
Exceptional charge:	<b>£26.0m</b>	(HY18: £25.0m)
CASH		
Cash:	<b>£9.1m</b>	(HY18: £44.5m)
ORDER BOOK <sup>1</sup>		
Total:	<b>£3.2bn</b>	(HY18: £3.5bn)
WORK SECURED <sup>1</sup>		
Total:	<b>66% (for FY20)</b>	(HY18: 61%)

## Construction margin



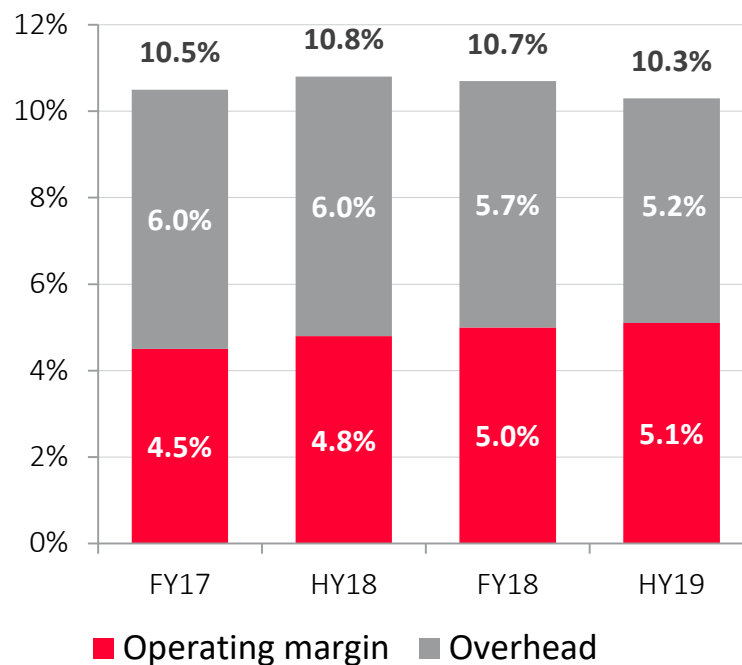
<sup>1</sup> Current at 11 February 2019.

# FINANCIAL REVIEW

## Partnerships & Regeneration

REVENUE <sup>1</sup> /OPERATING PROFIT		
<b>Contracting:</b>	<b>£186.9m</b>	(HY18: £167.9m)
<b>Mixed-tenure:</b>	<b>£98.0m</b>	(HY18: £55.6m)
<b>Operating profit:</b>	<b>£14.5m</b>	(HY18: £10.8m)
UNITS DELIVERED		
<b>ASP<sup>2</sup>:</b>	<b>£227k</b>	(HY18: £211k)
<b>Mixed-tenure:</b>	<b>604</b>	(HY18: 331)
<b>Equivalent contracting units:</b>	<b>960</b>	(HY18: 960)
RETURN		
<b>RoNA:</b>	<b>47.4%</b>	(HY18: 48.4%)
ORDER BOOK/SALES IN HAND <sup>3</sup>		
<b>Contracting:</b>	<b>£1.2bn</b>	(HY18: £1.2bn)
<b>Mixed-tenure:</b>	<b>£247m</b>	(HY18: £129m)

### Partnerships & Regeneration margin



<sup>1</sup> Includes share of joint ventures' revenue and excludes part-exchange.

<sup>2</sup> Includes private and affordable units.

<sup>3</sup> Current at 11 February 2019.

# FINANCIAL REVIEW

## Segmental analysis

£m	HY19			FY to 30 June 18
	Revenue <sup>1</sup>	Profit/(Loss) from Operations <sup>2,3</sup>	Operating Margin <sup>2</sup>	Operating Margin <sup>2</sup>
Linden Homes	392.1	76.8	19.6%	19.5%
Partnerships & Regeneration	284.9	14.5	5.1%	5.0%
Construction	718.4	6.3	0.9%	0.9%
PPP Investments	21.8	2.6	n/a	n/a
Group	0.3	(6.2)	n/a	n/a
<b>TOTAL</b>	<b>1,417.5</b>	<b>94.0</b>	<b>6.6%</b>	<b>6.8%</b>

£m	HY18		
	Revenue <sup>1</sup>	Profit/(Loss) from Operations <sup>2,3</sup>	Operating Margin <sup>2</sup>
Linden Homes	436.8	80.9	18.5%
Partnerships & Regeneration	223.5	10.8	4.8%
Construction	823.6	7.2	0.9%
PPP Investments	10.7	2.1	n/a
Group	0.4	(6.3)	n/a
<b>TOTAL</b>	<b>1,495.0</b>	<b>94.7</b>	<b>6.3%</b>

<sup>1</sup> Revenue includes share of joint ventures and excludes part-exchange.

<sup>2</sup> Pre-exceptional.

<sup>3</sup> Profit/loss from operations stated before finance costs, amortisation, exceptional items, joint ventures' interest and tax.

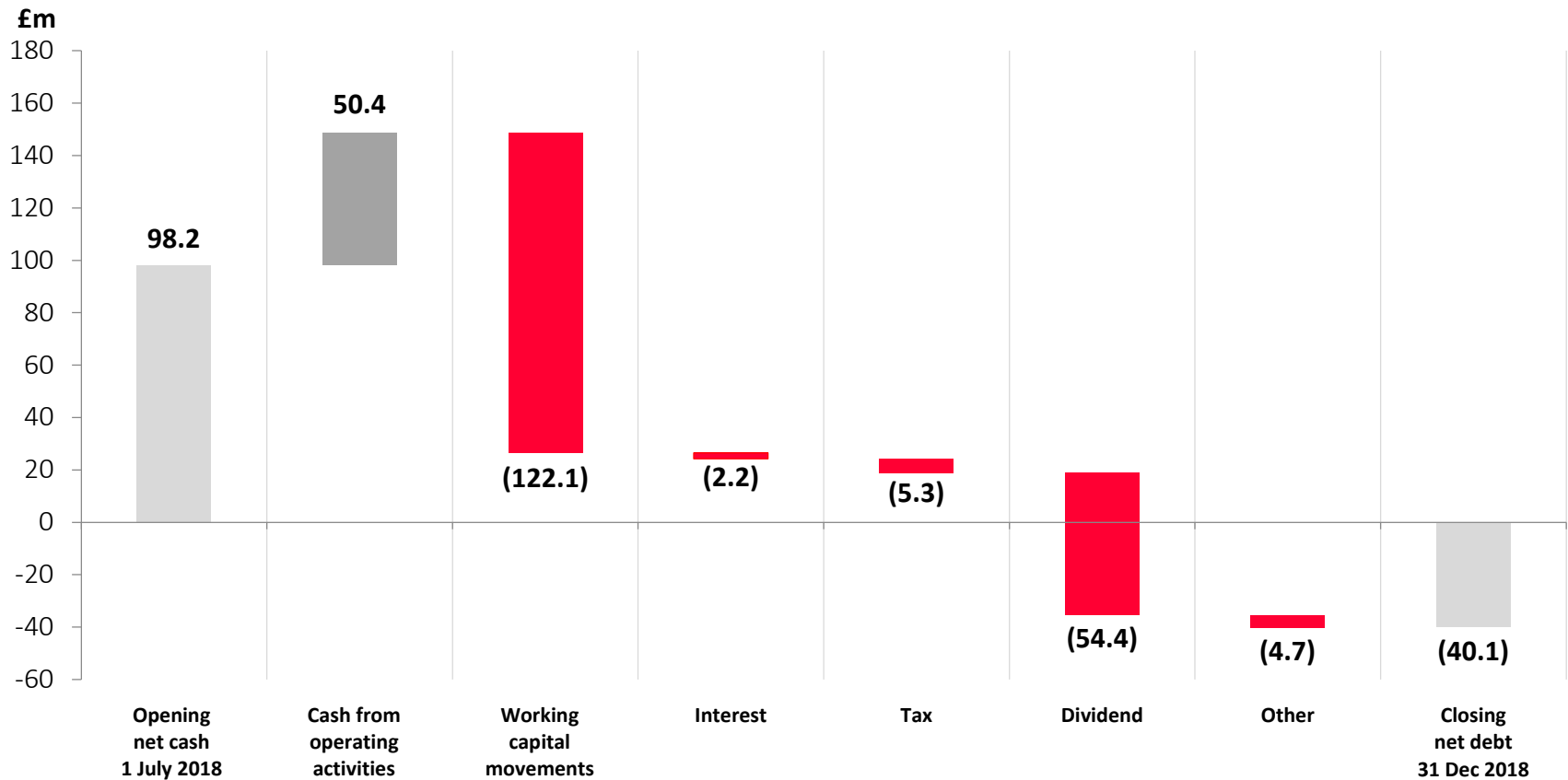
# FINANCIAL REVIEW

## Cash management

- Net debt at 31 December 2018 of £40m (HY18: £85m, FY18: net cash of £98m).
- Average net debt for the six months of £126m (HY18: £203m), below previous guidance.
- Gearing at 31 December 2018 of 5%, well below our target maximum of 30%.
- Bank facilities of £450m secure out to 2022; debt private placement of £100m to 2027.
- Continue to benefit from deferred land payments, with land creditors at £146.3m (HY18: £188.8m).

# FINANCIAL REVIEW

## Cash management



# FINANCIAL REVIEW

## Balance sheet highlights

£m	December 2018	June 2018	December 2017
Net asset value	762.4	776.5	567.0
Tangible net assets	589.3	601.6	389.6
Net (debt)/cash	(40.1)	98.2	(84.9)
Gearing %	5%	-	15%
Net pension surplus/(deficit)	1.7	7.0	(2.7)



# FINANCIAL REVIEW

## Segmental balance sheet

Net assets £m	Linden Homes	Partnerships & Regeneration	Construction <sup>1</sup>	PPP Investments	Central <sup>1</sup>	Total
<b>31 December 2018</b>						
Goodwill & intangible assets	52.5	33.0	82.3	-	5.3	173.1
Working capital employed	724.1	45.5	(16.6)	51.9	(175.5)	629.4
Net cash/(debt)	(582.1)	(12.8)	9.1	(34.7)	580.4	(40.1)
<b>Net assets</b>	<b>194.5</b>	<b>65.7</b>	<b>74.8</b>	<b>17.2</b>	<b>410.2</b>	<b>762.4</b>
<b>31 December 2017</b>						
Net assets	152.1	47.9	61.6	10.0	295.4	567.0
<b>30 June 2018</b>						
Net assets	212.5	56.6	93.5	14.8	399.1	776.5

<sup>1</sup> £143m of recapitalisation cash transferred from Central to Construction on 1 July 2018.

# FINANCIAL REVIEW

## Dividend per share

	HY19	HY18	Var
Pre-exceptional earnings (£m)	69.1	66.7	4%
Average no of shares (m)	110.7	91.7	21%
EPS (p)	62.4	72.7	(14%)
Pay-out ratio	37%	38%	n/a
Dividend (£m)	25.5	23.3	9%
DPS (p)	23.0	28.0	(18%)

# Peter Truscott

CHIEF EXECUTIVE



# LINDEN HOMES

Operating review



Meadow View, Cholsey, Oxford

# LINDEN HOMES

## Operating review

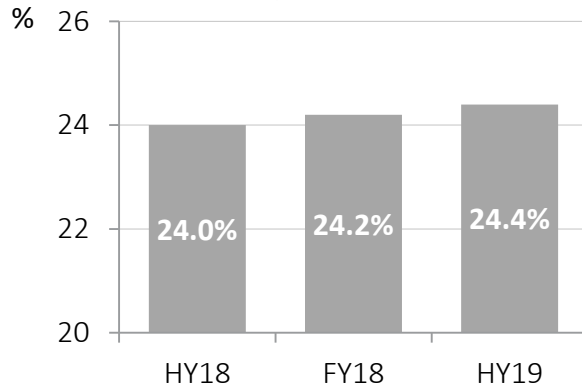
- Robust first half delivering strong margin growth, up 1.1% pts to 19.6% (HY18: 18.5%).
  - Further progress in standardisation towards target of 80% by 2021.
  - Improved operational productivity.
- Land market continues to allow for acquisitions at our targeted hurdle rates.
  - Landbank of 11,750<sup>1</sup> plots (HY18: 11,540), in line with 3.5-year land strategy with GDV of £3.4bn<sup>1</sup>.
  - Strategic land of 2,675 acres (HY18: 2,624), and 12,750 plots (HY18: 13,015) after pull-through to short-term landbank.
- Average outlets stable at 80 (HY18: 81); sales per outlet per week maintained at 0.52 (HY18: 0.53).

<sup>1</sup>Current at 11 February 2019.

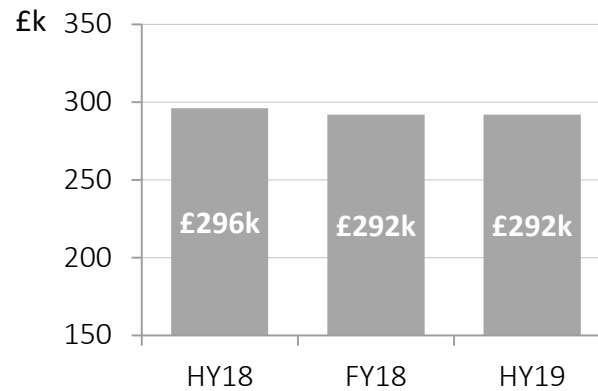
# LINDEN HOMES

## Operating review

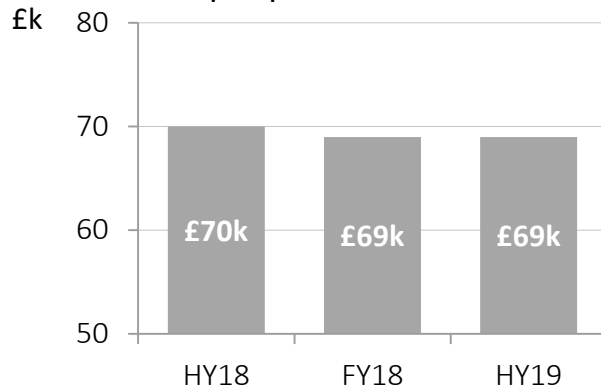
### Gross margin of landbank



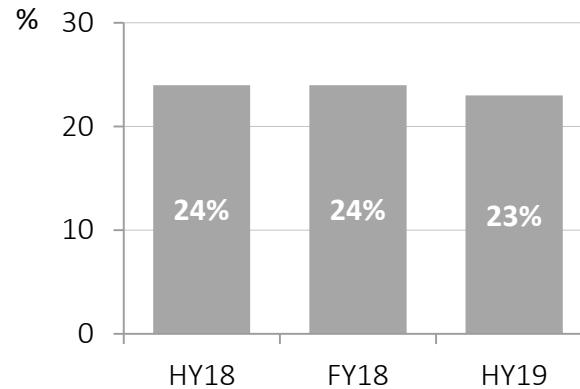
### ASP in landbank



### Cost per plot



### Plot cost as % of ASP



# LINDEN HOMES

## Outlook

- Visitor levels remain steady but commitment taking longer due to consumer confidence headwinds.
- Pricing stable across core traditional housing sites.
- Modest material and subcontractor price pressures.
- Well positioned to deliver and improve operating margin.
- Land market remains positive; 97% of land secured for FY20 and 70% for FY21, with 3.5-year landbank (HY18: 97% and 68%).
- Strategic land in line with plan to achieve in excess of 20% 'pull-through' in 2021.

# CONSTRUCTION

Operating review



West Calder High School, West Lothian



# CONSTRUCTION

## Operating review

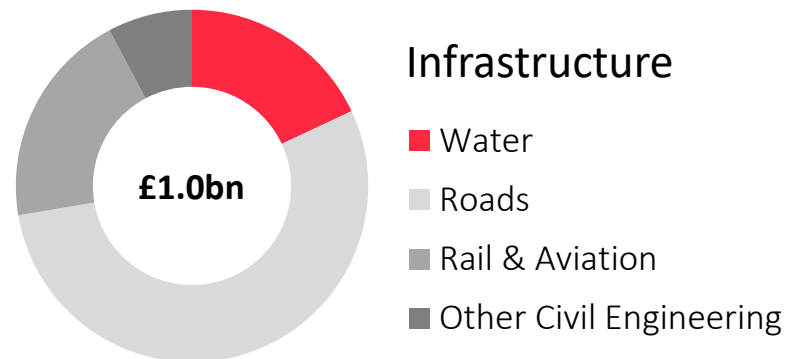
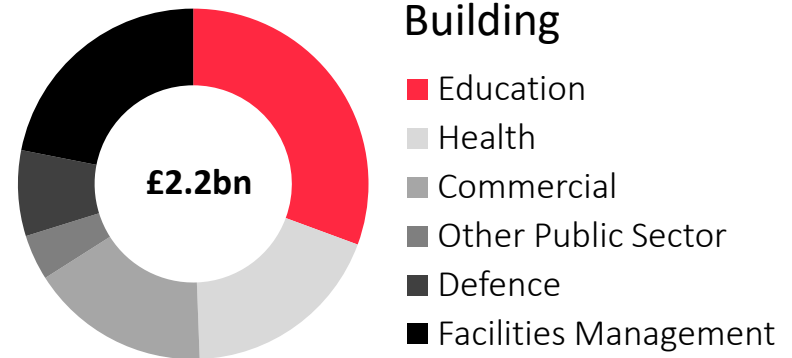
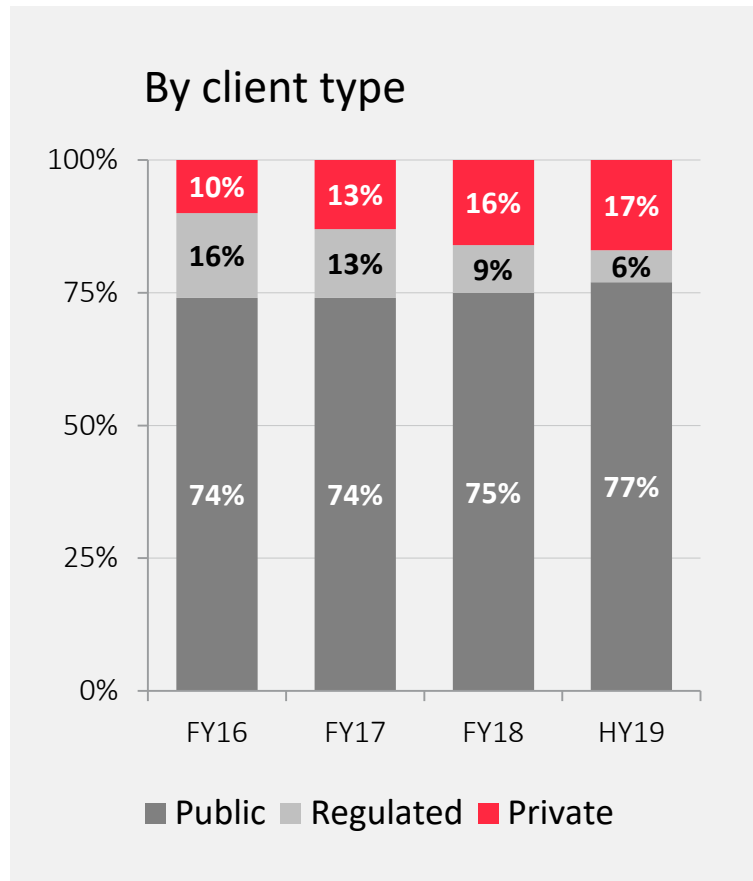
- Solid underlying performance reflecting disciplined approach to project selection.
  - Pre-exceptional margin maintained at 0.9%.
- Lower revenues reflect more cautious bidding and project deferrals owing to clients' macro uncertainty.
- AWPR construction completed.
- Final costs to complete increased by £26m.
  - Continued constructive dialogue with the client over the significant and recognised claim.
- High-quality order book of £3.2bn<sup>1</sup> (HY18: £3.5bn), focused on public and regulated sector and frameworks.

<sup>1</sup>Current at 11 February 2019.

# CONSTRUCTION

## Operating review

### Order book<sup>1</sup>



<sup>1</sup> Current at 11 February 2019.

# CONSTRUCTION

## Outlook

- Strategic progress continues, with a strong forward order book.
  - 96%<sup>1</sup> of revenue secured for FY19 and 66%<sup>1</sup> secured for FY20 (HY18: 99% and 61% respectively).
- Margin performance of newer won projects supportive of strategic objectives to 2021.
- Continued careful contract selection and rigorous risk management process.
- Projects in public and private markets frustrated and delayed by Brexit uncertainty and distraction.

<sup>1</sup>Current at 11 February 2019.

# PARTNERSHIPS & REGENERATION

Operating review



Knowle Lane, Andover, Hampshire

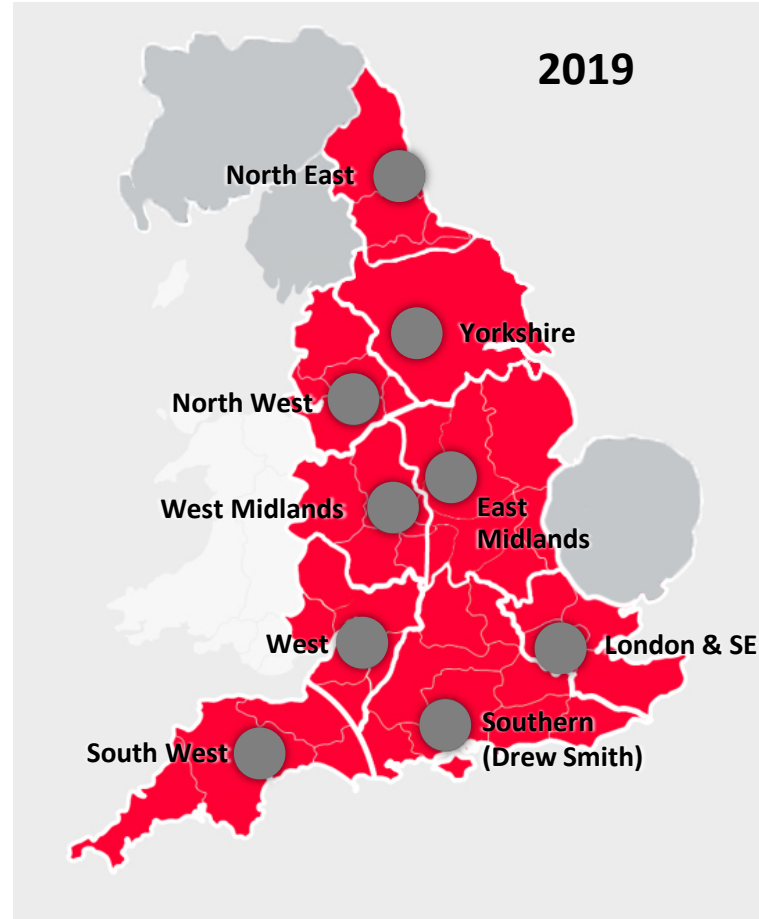
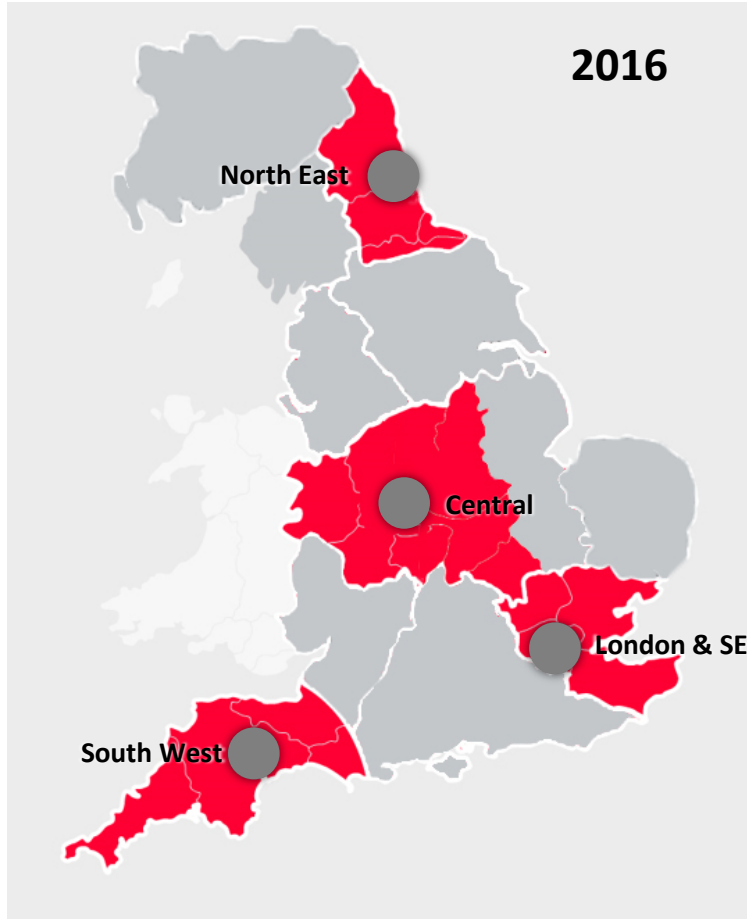
# PARTNERSHIPS & REGENERATION

## Operating review

- Strong first half performance reflecting growth in both contracting and mixed-tenure.
- First wins in new Yorkshire region.
- Strong landbank of 4,100 plots (HY18: 2,850) with GDV of £1.2bn.
- Growth in mixed-tenure sales in hand up 91% to £247m and solid contracting order book at £1.2bn (HY18: £129m and £1.2bn).
- Further forward pipeline of over £1.4bn at preferred bidder or land acquisition stage.

# PARTNERSHIPS & REGENERATION

Operating review



# PARTNERSHIPS & REGENERATION

## Outlook

- Sustained growth in affordable market with high level of demand.
- Supply imperative supported by all political parties.
- Winning new business with new private and public partners.
- Excellent visibility of future work.
- Established operational platform and leadership team for further growth.

# OUTLOOK



Stansted Airport



# GROUP FINANCIAL TARGETS

Improving margins

Sustainable profit  
growth

Strong returns

- PBT growth to 2021:  $\geq 60\%$
- Group RoNA in 2021:  $> 25\%$
- Dividend 5-year CAGR<sup>1</sup>:  $> 5\%$  at cover of 2.0x

<sup>1</sup> As a result of the rights issue in April 2018, the five-year CAGR on dividend of at least 5% has been rebased with the 2016 reference dividend per share recalculated using the revised number of shares.

# SUMMARY

## Outlook

- Excellent progress against our strategic objectives and we take confidence from being well-capitalised, the strength of our order book, disciplined approach and focused strategy.
- Remain cautious around the impact of the current political uncertainty on consumer and business confidence.
- Government support continues via Help to Buy and cross-party backing for affordable housing, coupled with strong mortgage availability.
- Solid foundations to build on and continue to make good progress towards strategic objectives to 2021.

# SUMMARY

## Strong first half Group performance

- Excellent performance in a more challenging environment.
- Record pre-exceptional profit.
- Increased housing delivery at better margins.
- Continued growth in Partnerships & Regeneration.
- Strong debt management.
- AWPR construction completed.
- Delivering against our strategic objectives.

# Q&A

Half year results



Rugby Radio

# APPENDICES



Longbridge Retirement Village, Birmingham

# APPENDICES

## 1. Group

- 1.1 Investment case
- 1.2 Investment in Linden Homes and Partnerships & Regeneration
- 1.3 Cash flow summary
- 1.4 Net finance costs
- 1.5 Completed housing units
- 1.6 Forecast land creditors' payment profile
- 1.7 AWPR provision
- 1.8 Group financial targets
- 1.9 Financial calendar

## 2. Linden Homes

- 2.1 Revenue analysis regional
- 2.2 Analysis of sales reserved, contracted and completed
- 2.3 Sales, completions by buyer type
- 2.4 Trading overview

- 2.5 Private sales, analysis of incentives on reservations
- 2.6 Strategic use of joint ventures (HY19 and HY18)
- 2.7 Landbank valuation
- 2.8 Landbank analysis
- 2.9 Movement in landbank
- 2.10 Forecast outlets and revenue
- 2.11 London developments

## 3. Construction

- 3.1 Segmental analysis
- 3.2 Order book
- 3.3 Contract awards

## 4. Partnerships & Regeneration

- 4.1 Units delivered
- 4.2 Background
- 4.3 Market opportunity
- 4.4 Business model

# APPENDICES

## 1.1 Investment case

### Breadth of capabilities provides a unique and exciting proposition for investment

#### Significant growth opportunities

- Structural undersupply of housing in the UK.
- Reliance on private sector to deliver housing ambition.
- Commitment to invest in and maintain UK's infrastructure.

#### Improving margins

- Benefiting from efficiency through standardisation.
- Growing portion of higher margin mixed-tenure work.
- Prioritising selective bidding and enhanced margin over turnover.

#### Solid order book

- Landbank of 3.5 years.
- High-quality order book.
- Strong visibility of future work and earnings.

### Underpinned by

#### Strong balance sheet

- Rights issue net proceeds of £150m.
- Cash generative business.
- Prudent debt management.
- Complementary cash profiles.

#### Long-standing relationships

- Collaborative relationships with partners and clients.
- Excellent framework positions.

#### Robust platform

- National coverage with local teams and expertise.
- Leading positions in key markets.
- Experienced and effective leadership team in each business with talented teams.

# APPENDICES

## 1.2 Investment in Linden Homes and Partnerships & Regeneration

£m	December 2018	June 2018	December 2017
Amounts invested in joint ventures	303.4	311.2	258.9
Land	496.6	465.8	510.6
Work in progress	275.1	259.1	287.2
Total invested in housebuilding developments & joint ventures	1,075.1	1,036.1	1,056.7
Land creditors	(146.3)	(144.4)	(188.8)
<b>TOTAL</b>	<b>928.8</b>	<b>891.7</b>	<b>867.9</b>
Linden Homes	797.0	752.5	753.1
Partnerships & Regeneration	131.8	139.2	114.8
<b>TOTAL</b>	<b>928.8</b>	<b>891.7</b>	<b>867.9</b>



# APPENDICES

## 1.3 Cash flow summary – half year to 31 December 2018

£m	HY19	HY18
Cash from operating activities	50.4	53.1
Working capital movements	(122.1)	(72.2)
Net cash used in operations	(71.7)	(19.1)
Interest, tax and dividends	(61.9)	(59.9)
Other	(4.7)	(13.1)
Net cash outflow	(138.3)	(92.1)
Opening net cash/(debt)	98.2	7.2
Closing net debt	(40.1)	(84.9)
<b>Cash Analysis - £m</b>	<b>HY19</b>	<b>HY18</b>
Linden Homes (includes loans to joint ventures)	(582.1)	(560.6)
Partnerships & Regeneration	(12.8)	(57.2)
Construction	9.1	44.5
Group and others	545.7	488.4
<b>TOTAL</b>	<b>(40.1)</b>	<b>(84.9)</b>

# APPENDICES

## 1.4 Net finance costs – half year to 31 December 2018

£m	HY19	HY18
Net interest payable on borrowings	(7.7)	(8.9)
Interest receivable from joint ventures	5.3	4.7
Unwind of discount on payables	(0.1)	(0.3)
Other	(0.2)	0.1
<b>TOTAL</b>	<b>(2.7)</b>	<b>(4.4)</b>

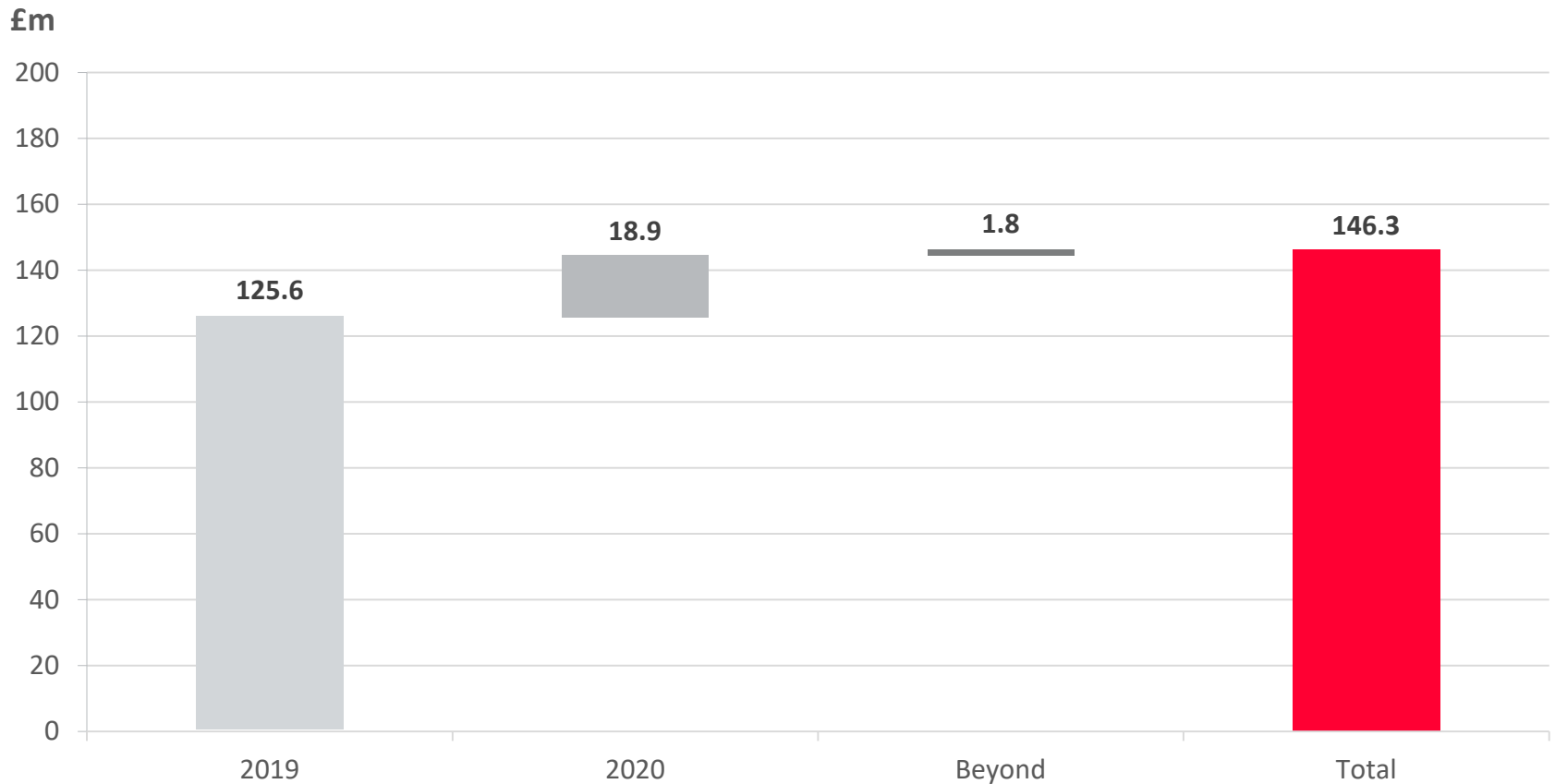
# APPENDICES

## 1.5 Completed housing units

Units	Linden Homes	Linden Homes	Partnerships & Regen	Partnerships & Regen	TOTAL	TOTAL
	Incl JVs	net of partner share	Incl JVs	net of partner share	Incl JVs	net of partner share
Private	1,059	916	269	212	1,328	1,128
Affordable	446	390	335	194	781	584
<b>TOTAL</b>	<b>1,505</b>	<b>1,306</b>	<b>604</b>	<b>406</b>	<b>2,109</b>	<b>1,712</b>
Contracting (equivalent units)	-	-	960	960	960	960
<b>TOTAL HY19</b>	<b>1,505</b>	<b>1,306</b>	<b>1,564</b>	<b>1,366</b>	<b>3,069</b>	<b>2,672</b>

# APPENDICES

## 1.6 Forecast land creditors' payment profile



# APPENDICES

## 1.7 AWPR provision

£m	AWPR exceptional charge	Pre-exceptional charge	Total
FY16	-	3.0	3.0
FY17	75.0	-	75.0
FY18	45.0	-	45.0
HY19	26.0	-	26.0
<b>TOTAL</b>	<b>146.0</b>	<b>3.0</b>	<b>149.0</b>

# APPENDICES

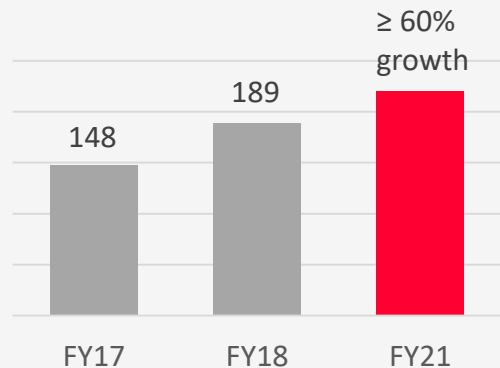
## 1.8 Group financial targets

Improving margins

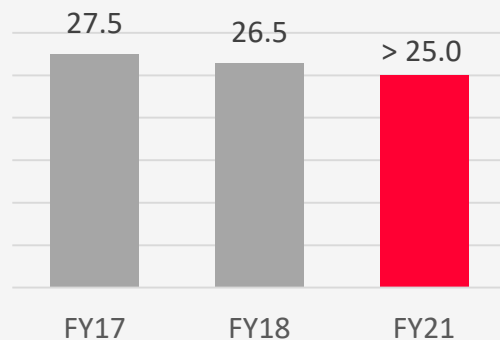
Sustainable profit growth

Strong returns

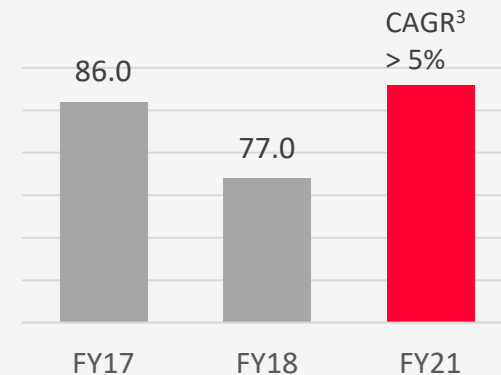
### PBT<sup>1</sup> growth £m



### Group RoNA<sup>1</sup> %



### Dividend per share<sup>2</sup> p



<sup>1</sup> FY17 and FY18 figures based on pre-exceptional profits.

<sup>2</sup> FY17 restated as a result of the rights issue.

<sup>3</sup> As a result of the rights issue in April 2018, the five-year CAGR on dividend of at least 5% has been rebased with the 2016 reference dividend per share recalculated using the revised number of shares.

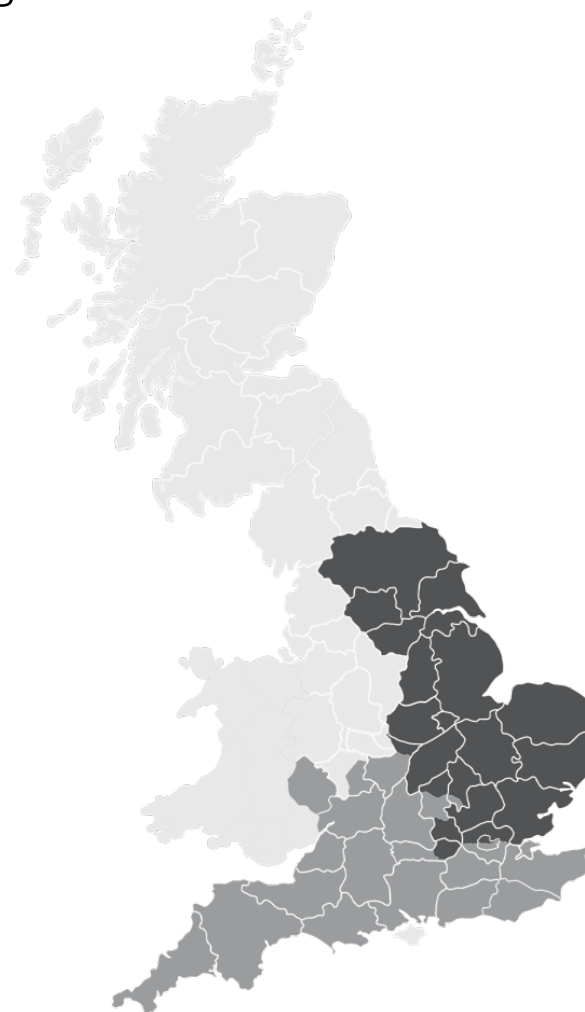
# APPENDICES

## 1.9 Financial calendar

DATE	EVENT
13 February 2019	Half Year Results
14 March 2019	2019 Interim Dividend ex-dividend date
15 March 2019	2019 Interim Dividend record date
10 April 2019	2019 Interim Dividend payment date
21 May 2019	Trading update
17 July 2019	Trading update
11 September 2019	Full Year Results

# APPENDICES

## 2.1 Linden Homes – revenue analysis, regional at 31 December 2018



TOTAL		
Units	1,505	
Revenue	£392.1m	

EAST DIVISION		
Units	880	(58%)
Revenue	£223.6m	(57%)

WEST DIVISION		
Units	625	(42%)
Revenue	£168.5m	(43%)



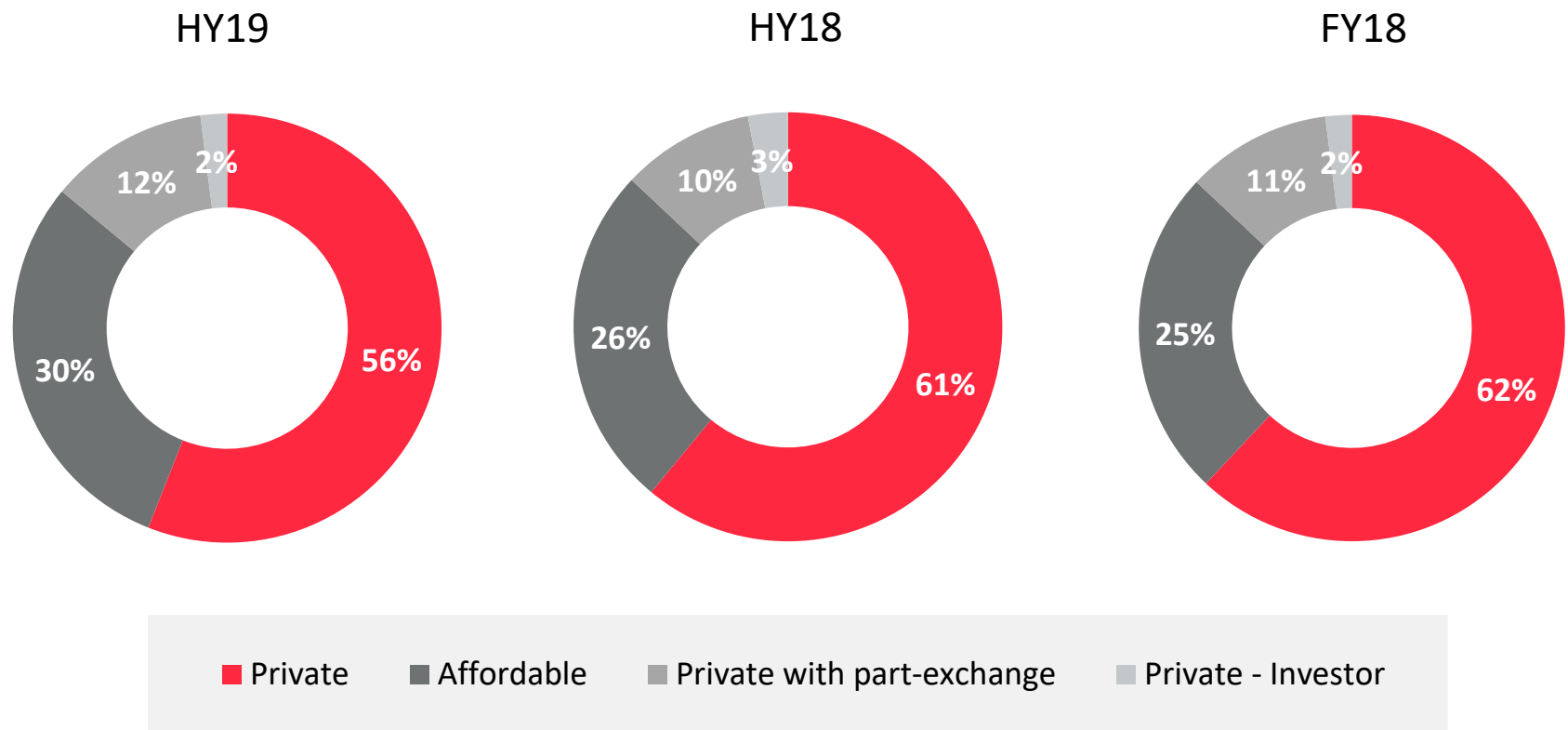
# APPENDICES

## 2.2 Linden Homes – analysis of sales reserved, contracted, and completed

£m	Feb 19	Dec 18	Feb 18
Private	652.6	510.0	684.2
Affordable	197.4	197.4	194.9
<b>TOTAL</b>	<b>850.0</b>	<b>707.4</b>	<b>879.1</b>
For completion in FY19	670.6	573.8	740.3
For completion post FY19	179.4	133.6	138.8
<b>TOTAL</b>	<b>850.0</b>	<b>707.4</b>	<b>879.1</b>
<b>Units</b>			
Private	2,078	1,569	1,845
Affordable	1,529	1,529	1,556
<b>TOTAL</b>	<b>3,607</b>	<b>3,098</b>	<b>3,401</b>

# APPENDICES

## 2.3 Linden Homes – sales, completions by buyer type



Based on 1,505 completions (HY18: 1,587, FY18: 3,442)

# APPENDICES

## 2.4 Linden Homes – trading overview

	HY19	HY18	FY18
Revenue (£m)	392	437	947
Land cost	25.1%	25.2%	23.7%
Build cost	51.3%	51.8%	52.7%
Gross margin	23.6%	23.0%	23.6%
Overheads	4.0%	4.5%	4.1%
Operating margin	19.6%	18.5%	19.5%

# APPENDICES

## 2.5 Linden Homes – private sales, analysis of incentives on reservations

Proportion of units	H119	H218	H118
No incentives	44%	45%	33%
Incentives			
Part-exchange	18%	16%	14%
Assisted move	3%	2%	3%
Help to Buy	33%	35%	46%
Investor sales	2%	2%	4%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# APPENDICES

## 2.6 Linden Homes – strategic use of Joint Ventures (JVs) (HY19)

	Completions (Units)		Revenue <sup>3</sup> (Linden Homes only)	ASP
	Gross	Net of JV partner	£m	£000
Direct - private	773	773	269	348
- affordable	334	334	41	124
Other income	-	-	17	-
JOs <sup>1</sup> - private	32	16	3	162
	<b>1,139</b>	<b>1,123</b>	<b>330</b>	<b>-</b>
JVs <sup>2</sup> - private	254	127	51	403
- affordable	112	56	9	164
Other income	-	-	2	-
<b>TOTAL</b>	<b>1,505</b>	<b>1,306</b>	<b>392</b>	<b>286</b>

<sup>1</sup> Joint operations (JOs) proportionally consolidated within Linden Homes under IFRS11.

<sup>2</sup> JVs equity accounted under IFRS11.

<sup>3</sup> Excludes part-exchange.

# APPENDICES

## 2.6 Linden Homes – strategic use of Joint Ventures (JVs) (HY18)

	Completions (Units)		Revenue (Linden Homes only)	ASP
	Gross	Net of JV partner	£m	£000
Direct - private	821	821	298	362
- affordable	283	283	35	123
Other income	-	-	21	-
JOs <sup>1</sup> - private	36	18	4	175
	<b>1,140</b>	<b>1,122</b>	<b>357</b>	<b>-</b>
JVs <sup>2</sup> - private	313	157	68	436
- affordable	134	67	12	174
<b>TOTAL</b>	<b>1,587</b>	<b>1,346</b>	<b>437</b>	<b>309</b>

<sup>1</sup> Joint operations (JOs) proportionally consolidated within Linden Homes under IFRS11.

<sup>2</sup> JVs equity accounted under IFRS11.

# APPENDICES

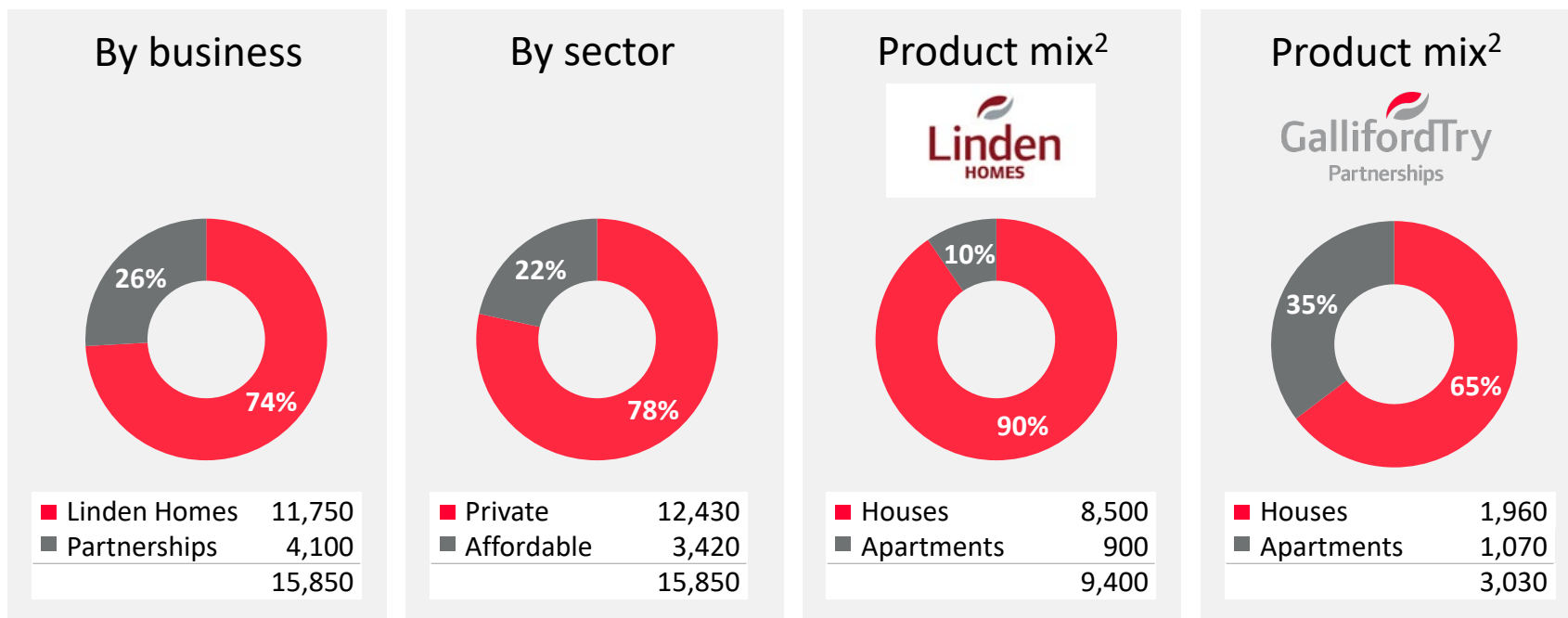
## 2.7 Linden Homes - landbank valuation<sup>1</sup>

Cost per plot £k	December 2018		December 2017		June 2018	
	East Division	West Division	East Division	West Division	East Division	West Division
Opening landbank	75	64	78	66	78	66
Closing landbank	71	66	74	66	75	64
Weighted ASP in landbank	285	305	291	301	289	295
Plot cost as % of weighted ASP	25%	22%	25%	22%	26%	22%

<sup>1</sup> Excluding strategic landbank of 12,750 plots.

# APPENDICES

## 2.8 Landbank analysis<sup>1</sup>



<sup>1</sup> Current at 11 February 2019.

<sup>2</sup> Excludes affordable.



# APPENDICES

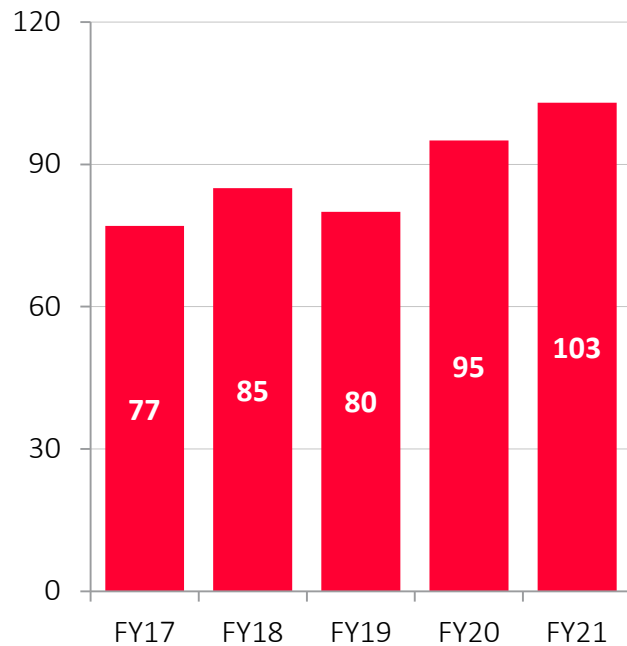
## 2.9 Linden Homes - movement in landbank

	Total Landbank	Owned	Controlled
At 30 June 2018	11,400	9,612	1,788
Legal completions	(1,306)	(1,306)	-
Land acquired	1,900	1,341	559
Transfers	-	430	(430)
Aborted	(227)	-	(227)
Land sales and transfers into JVs	(60)	(60)	-
Planning changes & other	(27)	(27)	-
At 31 December 2018	11,680	9,990	1,690
At 11 February 2019	11,750	9,915	1,835

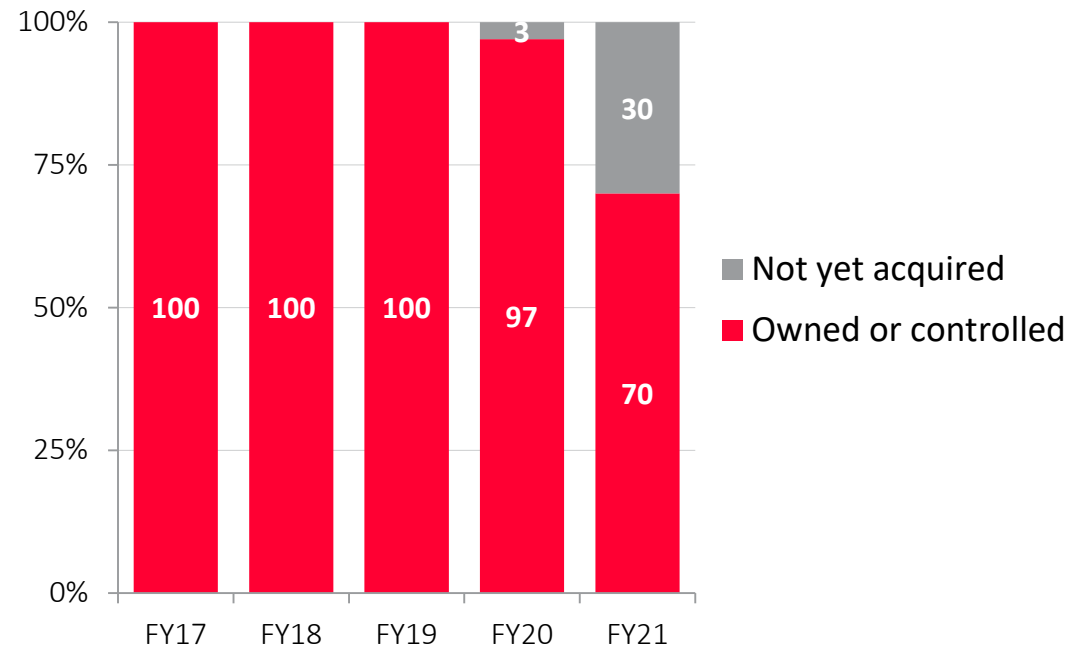
# APPENDICES

## 2.10 Linden Homes - forecast outlets and revenue

### Number of sales outlets<sup>1</sup>



### Revenue by period %



<sup>1</sup> Average for the year.

# APPENDICES

## 2.11 Linden Homes - London developments



# APPENDICES

## 3.1 Construction – segmental analysis

£m	HY19			FY18
	Revenue <sup>1</sup>	Profit from Operations <sup>2</sup>	Margin <sup>2</sup>	Margin <sup>2</sup>
Building	431.5	4.8	1.1%	1.1%
Infrastructure	286.9	1.5	0.5%	0.7%
<b>TOTAL</b>	<b>718.4</b>	<b>6.3</b>	<b>0.9%</b>	<b>0.9%</b>

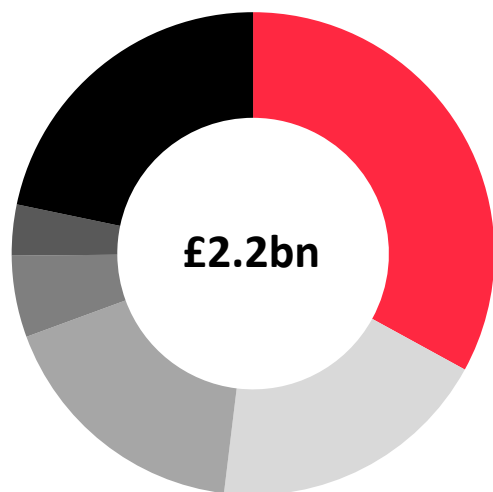
£m	HY18		
	Revenue <sup>1</sup>	Profit from Operations <sup>2</sup>	Margin <sup>2</sup>
Building	504.1	3.0	0.6%
Infrastructure	319.5	4.2	1.3%
<b>TOTAL</b>	<b>823.6</b>	<b>7.2</b>	<b>0.9%</b>

<sup>1</sup> Including share of joint ventures.

<sup>2</sup> Pre-exceptional.

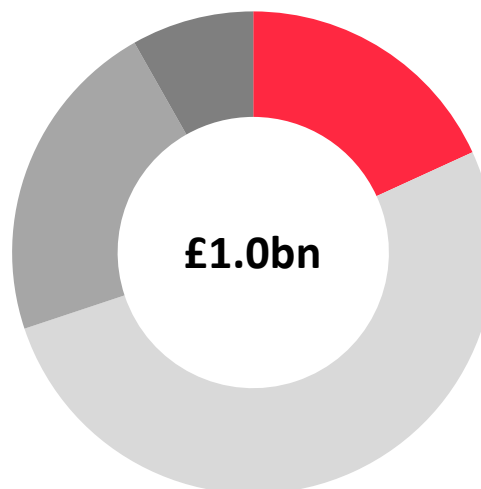
# APPENDICES

## 3.2 Construction - order book<sup>1</sup>



### Building

	£m
■ Education	678
■ Health	416
■ Commercial	367
■ Other Public Sector	93
■ Defence	175
■ Facilities Management	485



### Infrastructure

	£m
■ Water	172
■ Roads	518
■ Rail & Aviation	190
■ Other Civil Engineering	74

<sup>1</sup> Current at 11 February 2019.

# APPENDICES

## 3.3 Construction - contract awards

### **Building**

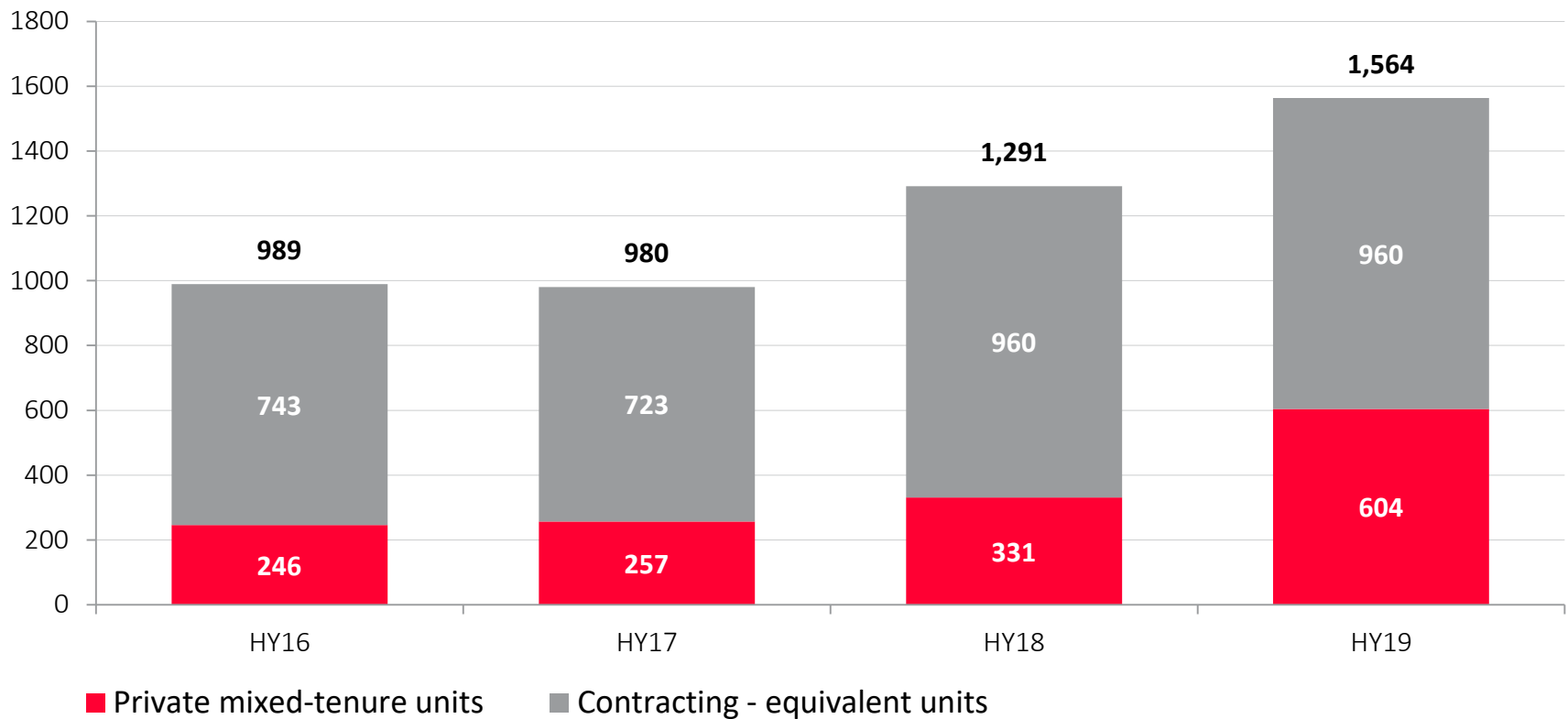
- Won contracts and positions on frameworks worth over £270m including being appointed contractor for £60m Winchburgh and Calderdale Education bundle.

### **Infrastructure**

- Won contracts and positions on frameworks worth over £410m, including places on:
  - The Midlands Highway Alliance worth up to £150m.
  - The Highways England Regional Investment Programme Framework worth £220m+.

# APPENDICES

## 4.1 Partnerships & Regeneration – units delivered



# APPENDICES

## 4.2 Partnerships & Regeneration – background

- We are a regeneration business.
- We identify land, invest, develop, contract, build and sell properties, creating homes for people to live in, and places where communities thrive.
- We do this in partnership with our clients:
  - Housing Associations (HAs)
    - Regulated owners and managers of social housing and investors in homes for sale.
  - Local Authorities (LAs)
    - Owners and managers of social housing and commissioners of neighbourhood regeneration.
  - Government agencies
    - Provide capital subsidy to support delivery and sell public land.
  - Institutions, funds and private companies
    - Seek yields from investment in the private rented sector and in some affordable tenures.

These clients own and manage low-cost rented homes, retirement housing and private rented accommodation and invest in homes for sale.

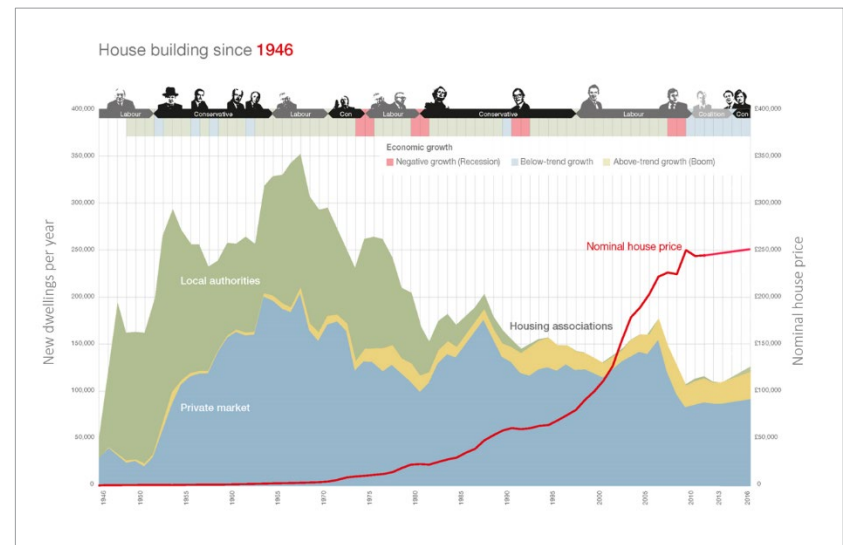




# APPENDICES

## 4.3 Partnerships & Regeneration – market opportunity

- Supply deficit of circa 130k homes per annum.
- High house prices exclude entry into the marketplace.
- Demand for subsidised social housing across the UK.
- Government's ambition is to build 300,000 homes per annum of all tenures.
- Funding budget of £44bn supporting delivery to 2021.
- Market has a financially robust purchasing sector of HAs and LAs.
- Savills Research suggests 100,000 households are in need of low-cost housing per annum.



# APPENDICES

## 4.4 Partnerships & Regeneration – business model

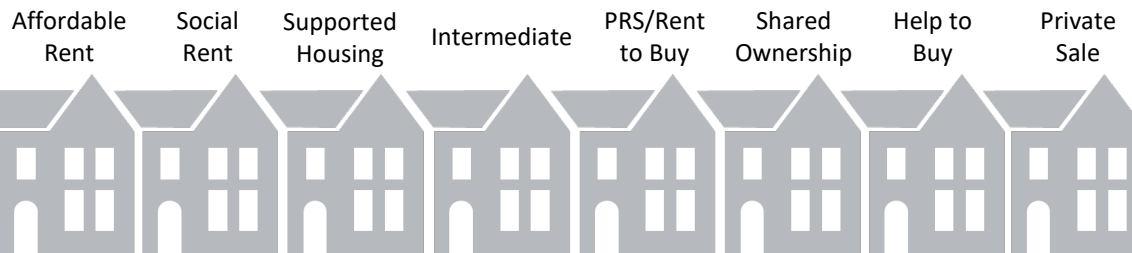


A leading brand

Contracting  
Margins: 2-4%

Commissioning  
Margins: 4-6%

Developing & JVs  
Margins: 12-18%



Housing Associations

Local Authorities

Institutional Investors

### Strategy to 2021

- £700m - £750m turnover.
- 6% - 7% operating margin.
- 4,200 - 4,400 homes per annum.
- 10 operating businesses.



St Mary's, Plymouth

# DISCLAIMER

This document contains statements that are, or may be deemed to be, “forward-looking statements” which are prospective in nature. These forward-looking statements may be identified by the use of forward-looking terminology, or the negative thereof such as “plans”, “expects” or “does not expect”, “is expected”, “continues”, “assumes”, “is subject to”, “budget”, “scheduled”, “estimates”, “aims”, “forecasts”, “risks”, “intends”, “positioned”, “predicts”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words or comparable terminology and phrases or statements that certain actions, events or results “may”, “could”, “should”, “shall”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial condition and discussions of strategy.

By their nature, forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are not guarantees of future performance and may and often do differ materially from actual results.

Neither the Company nor any member of its group or any of their respective directors, officers or advisers, provides any

representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements which only speak as of the date of this document. Other than in accordance with its legal or regulatory obligations, the Company is not under any obligation and the Company expressly disclaims any intention, obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or any member of its group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. The making of this presentation does not constitute any advice or recommendation regarding any securities.