



MJ GLEESON GROUP PLC

Results for the Year Ended 30 June 2014

gleeson

Another year of strong progress

- > Excellent financial performance
- > Operating profit up 101% to £12.1m (2013: £6.0m)
- > Profit before tax up 110% to £12.2m (2013: £5.8m)
- > Record forward order book up 71% to £44.2m representing 356 units (30 June 2013: £25.9m)
- > Final dividend of 4.9p (2013: 2.0p), bringing total dividend for the year up 140% to 6.0p (2013: 2.5p)

Financial Review

Alan Martin, Chief Financial Officer

Strong financial performance

- > Revenue up 34% to £81.4m (2013: £60.7m)
- > Operating profit up 101% to £12.1m (2013: £6.0m)
- > Profit before tax up 110% to £12.2m (2013: £5.8m)
- > Net cash at year end £13.7m (2013: £9.9m)
- > Net assets at year end £128.1m (2013: £112.1m)
- > Net assets per share up 14% to 241p (2013: 212p)
- > Basic earnings per share up 52% to 32.9p (2013: 21.7p)
- > Normalised basic earnings per share* up 62% to 17.2p (2013: 10.6p)
- > Final dividend proposed of 4.9p per share (2013: 2.0p per share)

* Normalised earnings per share excludes the impact of recognising unrecognised tax losses of £8.3m (2013: £5.8m)

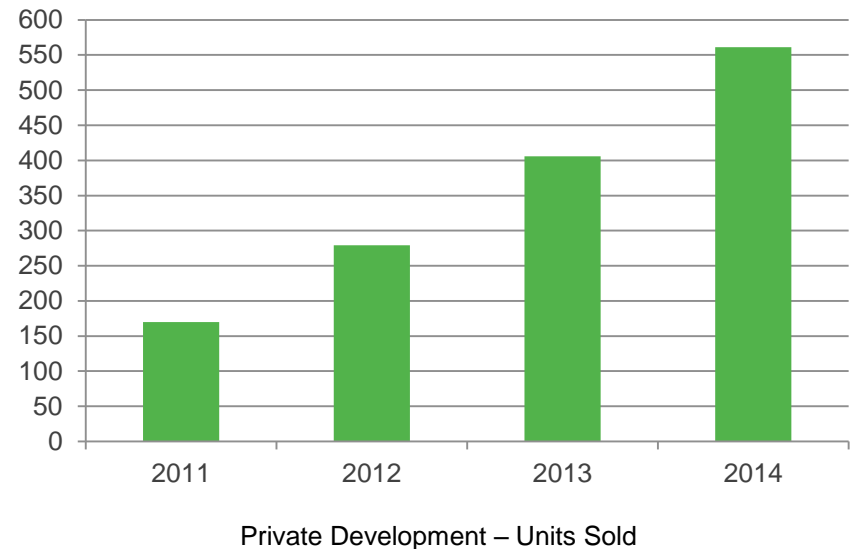
Gleeson Homes

- > Revenue up 47% to £70.6m (2013: £47.9m)
- > 38% increase in homes sold to 561 (2013: 406)
- > Average Selling Price £121,000 (2013: £118,000)
- > Gross profit margin increased to 29.2% (2013: 27.8%)
 - > Pre-exceptional 28.1% (2013: 25.6%)
- > Operating profit £9.4m (2013: £4.0m)
 - > Operating profit margin improved to 13.3% (2013: 8.3%)
- > 12 sites purchased in year; further 24 sites conditionally purchased.
- > Total land pipeline 5,065 plots
 - > A further 1,600 plots actively being considered for purchase

Gleeson Homes

- > Number of outlets continue to grow:
 - Average of 33 sales outlets (2013:28)
 - 35 sales outlets at June 2014
 - 10 further sales outlets expected this year

- > Transition to new sites:
 - 84% sold from new, higher margin sites (2013: 75%)
 - Low margin sites now 4% of land pipeline (2013: 7%)



Strategic Land

- > Operating profit up 37% to £4.8m on revenues of £10.8m (2013: £12.7m)
- > Seven land sales completed in the period totalling 85 acres (2013: seven, 42.5 acres)
 - > Potential to deliver 617 plots for development
- > Seven new agreements secured 236 acres (2013: ten agreements, 203 acres)
- > Heads of terms agreed for a further six sites covering 216 acres
- > Four sites with planning permission and two sites with resolutions to grant
- > Sixteen sites at application or lodged appeal stage
- > Total portfolio at 30 June 2014: 3,802 acres (2013: 3,582 acres)
- > In the current financial year planning applications are expected to be submitted on a further 9 sites, potentially delivering a further 3,500 plots

Income Statement

	Jun-14 £m	Jun-13 £m
Revenue	81.4	60.7
Operating Profit		
Homes	9.4	4.0
Strategic Land	4.8	3.5
Group overhead	(2.2)	(1.4)
	12.1	6.0
Interest income	0.1	(0.2)
Profit before tax	12.2	5.8
Tax (Exceptional credit £8.3m (2013: £4.2m))	5.5	4.3
Discontinued operations	(0.20)	1.3
Profit after tax	17.4	11.4

Cash & Bank Facilities

- > Group generated £3.8m cash in the year (2013: £3.9m utilised)
- > Net cash balance at 30 June 2014 - £13.7m (2013: £9.9m)
- > Cash generated from operating activities (including working capital movements) - £5.3m (2013: £8.9m utilised)
- > Cash generated from investing activities - £0.3m (2013: £2.8m)
- > Net cash flows utilised from financing activities - £1.8m (2013: £2.1m generated)
 - > Includes £1.6m (2013: £0.3m) on dividend payments
- > 3 year £20m Revolving Credit Facility with Lloyds Bank
 - > Entered into in December 2013

Dividend

- > Regular dividend payments recommenced in 2013
- > Final dividend of 4.9 pence per share proposed (2013: 2.0 pence per share)
- > If approved, total dividend for the year will be 6.0 pence per share (2013: 2.5 pence per share)
- > The Board intends to continue to follow a progressive dividend policy

Business Review

Jolyon Harrison, Chief Executive

Gleeson Homes:

Unique model, limited competition



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Gleeson Strategic Land

1. Specialist business

- Mutually beneficial agreements with landowners
- Promotion through the planning process
- Sale to volume housebuilders in South of England
- Take % of market value; costs reimbursed

2. Profitable & cash generative

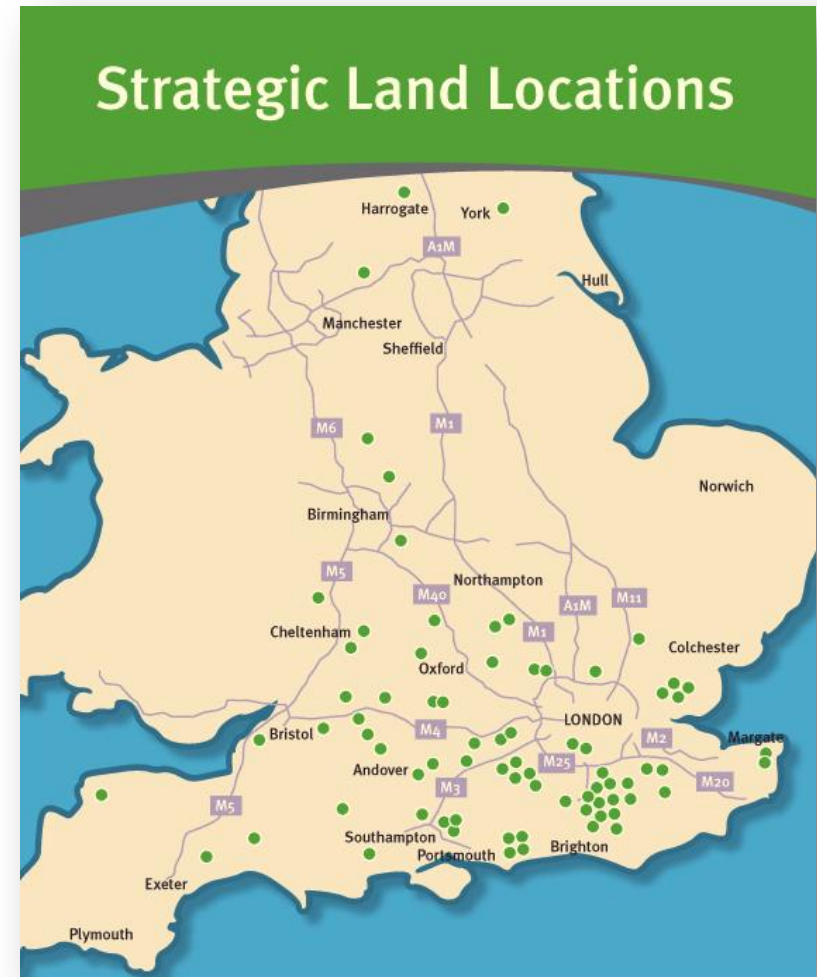
- 7 sites – 85 acres – sold in the year
- Generating 37% increase in operating profit
- Portfolio at year end of 65 sites totalling 3,802 acres

3. Confident of further growth

- Heads of terms agreed on 6 further sites
- 16 subject of submitted planning applications or lodged planning appeals
- Planning applications expected to be submitted on further 9 sites in current financial year

Portfolio 30 June 2014

	No of sites	Total Acres	WIP (£m)
Owned	4	155	12.1
Option	36	2037	8.6
Promotion	25	1610	6.6
Total	65	3802	27.4



Homes: Favourable market environment

- > Market leader in our target regions with no direct competition
- > Ready supply of land in need of regeneration, at low prices
- > Excellent relationships with local authorities and communities
- > Core customer base increasingly confident
- > Large untapped markets in mid-sized & larger towns
- > Significant opportunity to drive further growth



Harnessing the opportunity

- > Focussing on growing sales and landbank in areas where there is a large untapped market
 - > Bishop Auckland, Blackpool, Bootle, Doncaster, Grimsby, Leeds, Middlesbrough, Rochdale, Wigan
- > Expanding sales outlets to focus on opportunity by target geography
- > Actions taken to keep brick and labour costs low
- > Promoting own purchase assistance packages as well as Help to Buy
 - > Aspire To Own, Save & Build, Advance to Buy and MiChoice all especially popular
- > Adapting to different customer bases without losing core focus



Current Trading and Outlook

- > Focussed strategy implemented in 2009 continues to deliver growth
- > Record forward order book of £44.2m representing 356 units (2013: £25.9m)
- > On track to deliver our Homes unit target of 1,000...and beyond
- > Recommended dividend of 4.9 pence per share signals confidence in future
- > Harnessing opportunity to expand Homes sales, supported by complementary, cash generative Strategic Land business
- > Confident of achieving generating further significant profit growth on increased sales volumes

Appendix

Gleeson Homes:

Examples of own purchase assistance packages

Advance to Buy	We offer to market their existing home through an estate agent and we will pay the stamp duty and £500 towards legal fees.
Aspire to Own	We pay 5% deposit, valuation fees and £500 towards legal fees.
First Rung	If the customer has saved the deposit we offer a "Designer Package" including carpets, curtains, and light fittings.
Leaving Home	The parents guarantee the mortgage. Can result in a 5% deposit.
MiChoice	We pay £500 towards legal costs and assist the customer in finding a 95% mortgage via an independent mortgage advisor
Parents Invest	Parents provide up to 20% of the price of the home and we pay them 5% interest per annum for 5 years on the investment.
Save and Build	We fix the price of the home for 12 months and exchange conditional contracts and monitor the savings process.

Balance sheet

£m	Jun-14	Jun-13	Movement
Homes	83.2	73.9	9.3
Strategic Land	29.3	26.0	3.3
Group / Discontinued activities	1.9	2.3	(0.4)
Cash	<u>13.7</u>	<u>9.9</u>	<u>3.8</u>
	<u>128.1</u>	<u>112.1</u>	<u>16.0</u>



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