



gleeson

MJ Gleeson plc

26 September 2016

- Strong financial performance
- 1,000 units p.a. in sight – but it's a way-point
- Regional growth continues – we're buying land, at the right price
- Resources and capacity in place for further growth
- No Brexit impact – it's business as usual

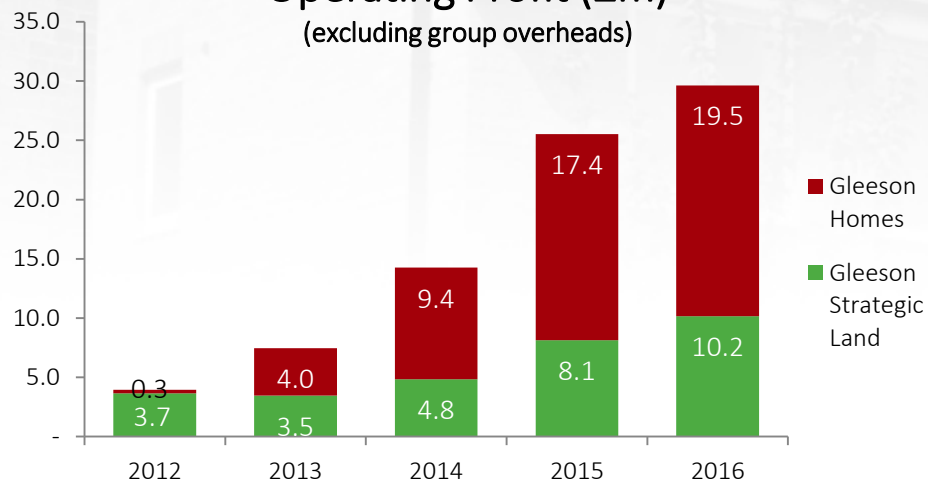
Financial Review

Stefan Allanson
Chief Financial Officer

- Revenue **up 20.8%** to £142.1m (2015: £117.6m)
- PBT **up 63.0%** to £28.2m (2015: £17.3m)
- Cash balance **up 46.8%** at 30 June 2016 to £23.2m (30 June 2015: £15.8m)
- Normalised basic earnings per share **up 24.6%** at 42.6p (2015: 34.2p)
- Total dividend **up 45%** to 14.5 pence per share (2015: 10.0 pence)
- ROCE **up 210 bp** to 23.2% (2015: 21.1%)

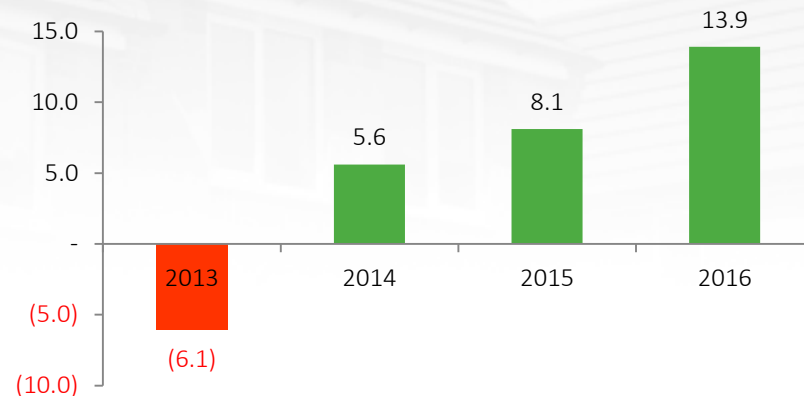
Operating Profit (£m)

(excluding group overheads)



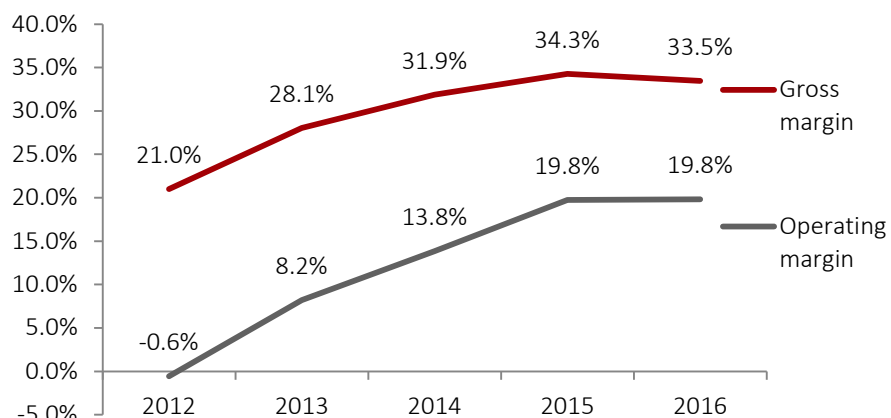
Note: Gleeson Homes Operating Profit includes £2.7m from land sales in 2015, nil in 2016

Operating Cash Flow + (£m)



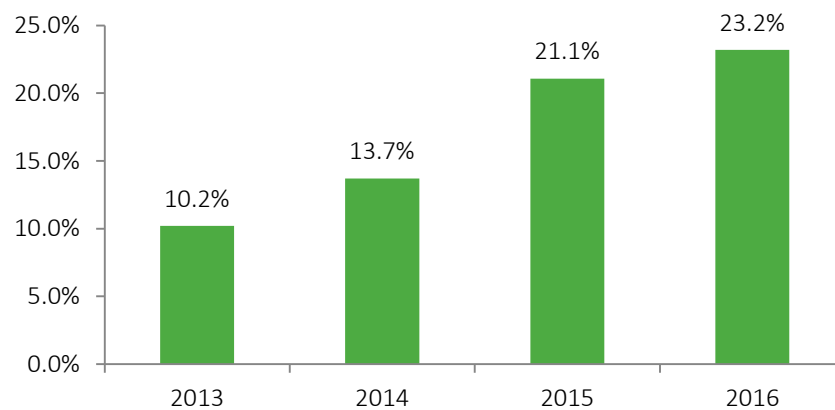
+ Operating cash flow stated including cash flows from investing activities

Group margin*



* Excluding exceptional items

Return on capital employed (ROCE)



Income statement

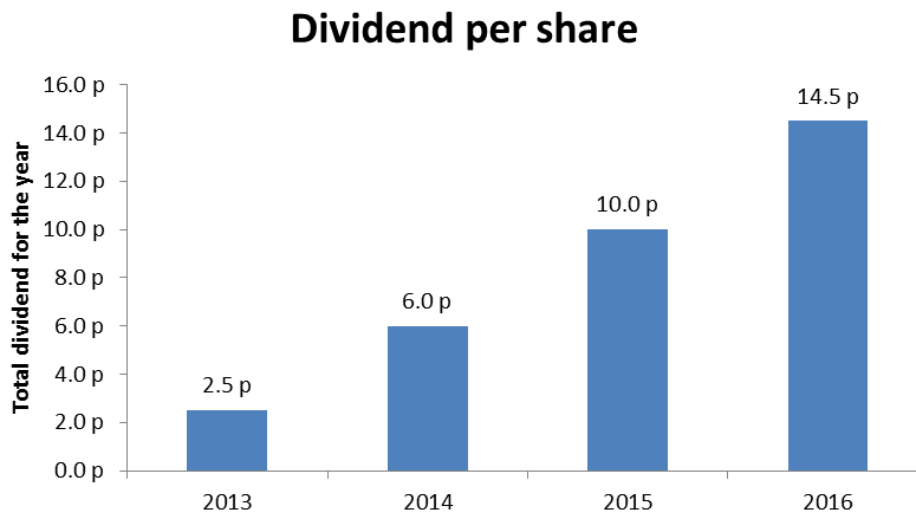
	Jun-16 £m	Jun-15 £m	Change	Notes
Revenue				
Homes	113.6	96.1	+18.2%	Underlying +22.3%. Land sales: 2016 nil, 2015 £3.1m
Strategic Land	28.4	21.5	+32.1%	
	142.1	117.6	+20.8%	
Homes	19.5	17.4	+12.1%	Underlying +32.7%. Land sales: 2016 nil, 2015 £2.7m.
Strategic Land	10.2	8.1	+25.9%	
Group overhead	(1.5)	(2.2)		
Exceptional restructuring cost	-	(1.2)		
Operating Profit	28.2	22.0	+28.2%	
Exceptional investment provision		(4.9)		
Interest income	0.1	0.1		
Profit before tax	28.2	17.3	+63.0%	
Tax	(4.9)	(4.9)		
Discontinued operations	(0.3)	(0.2)		
Profit attributable to shareholders	23.0	12.2		

Balance sheet

		30 June 2016 £m	30 June 2015 £m
Homes	Land	37.3	31.1
	WIP	48.6	45.5
Strategic Land	Land	13.2	16.7
	WIP	15.1	14.9
Total inventories		114.2	108.2
Other assets		43.2	44.6
Other liabilities		(27.7)	(32.1)
Cash & cash equivalents		23.2	15.8
Net assets		152.9	136.5

	Jun 16 £m	Jun 15 £m
Profit Before Tax from continuing operations	28.2	17.3
Depreciation, loss from discontinued operations and other operating items	0.9	0.6
Working capital:	(11.6)	(14.3)
Exceptional investment provision	-	4.9
Cash generated in operating activities	17.5	8.4
Tax	(3.2)	(0.1)
Interest	(0.5)	(0.4)
Fixed asset purchases & disposals	-	0.1
Net cash flow from operating & investing activities	13.9	8.1
Loan repayment	-	(1.9)
Dividend	(6.4)	(4.1)
Increase in cash	7.4	2.1

- Final dividend recommended of 10.0 pence per share (2015: 7.3 pence per share)
- Giving a total dividend for the year of 14.5 pence per share, up 45% on previous year (2015: 10.0 pence per share)
- Dividend policy remains progressive; final dividend to represent roughly 2/3 of total



Business Review

Jolyon Harrison
Chief Executive Officer



Gleeson Homes

Working in challenging communities to provide new homes for sale to people on low incomes

Gleeson Strategic Land

Land promotion, enhancing the value of land by securing residential planning consents

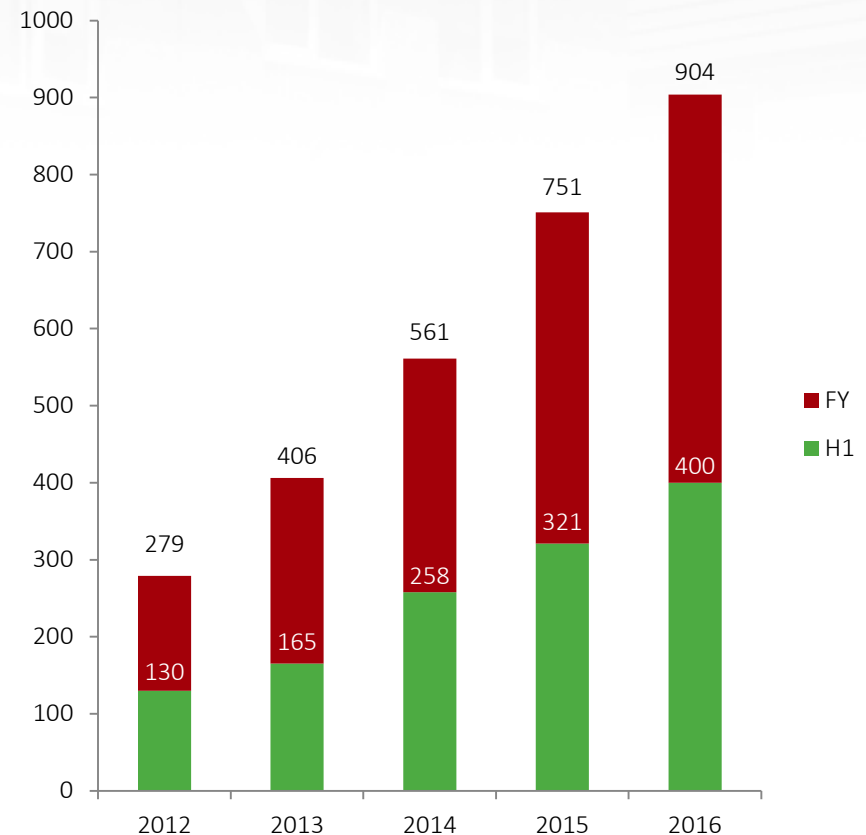
gleeson



Homes: strong demand & output

- Unit sales up 20.4% to 904 (2015: 751)
- ASP increased 1.6% to £125,700 (2015: £123,750)
- Sales outlets increased to 48 at June 2016 (June 2015: 43)
- Close to medium-term target 1,000 units p.a.
 - New target will be announced when current target achieved

Unit completions

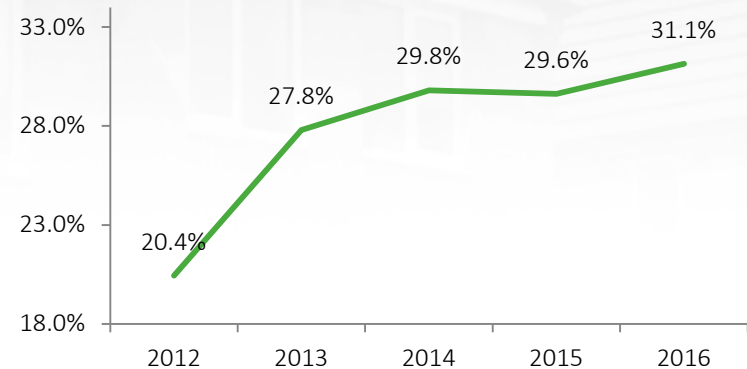


Homes: margins still growing

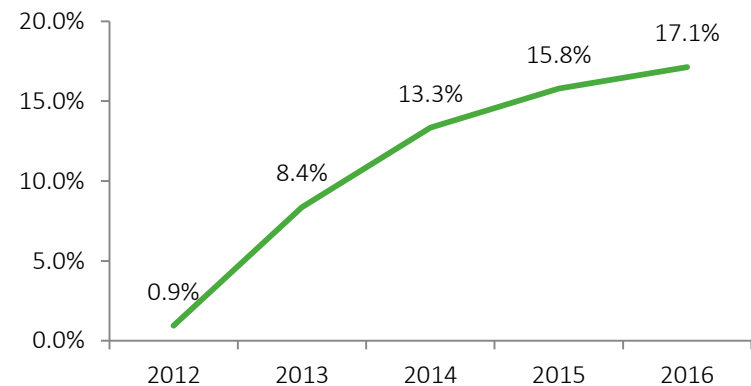
- Gross profit up 28.7% to £35.4m (2015: £27.5m)
- Gross margin up 150 basis points to 31.1% (2015: 29.6%)
- Operating profit up 32.7% to £19.5m (2015: £14.7m)
- Operating margin up 130 basis points to 17.1% (2015: 15.8%)

Note: 2015 exclude £2.7m profit on land sales (2016: nil)

Gross margin

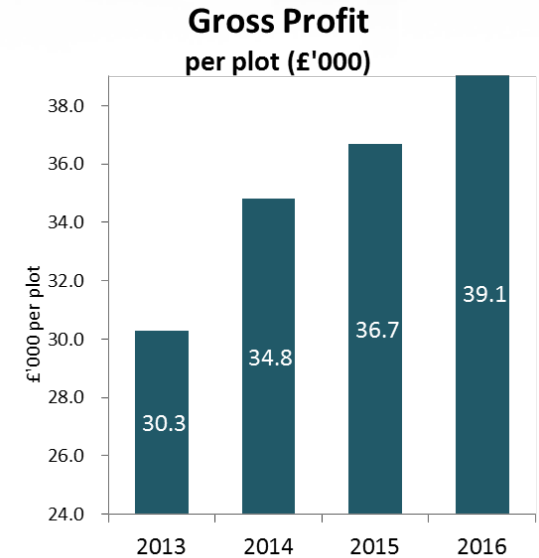
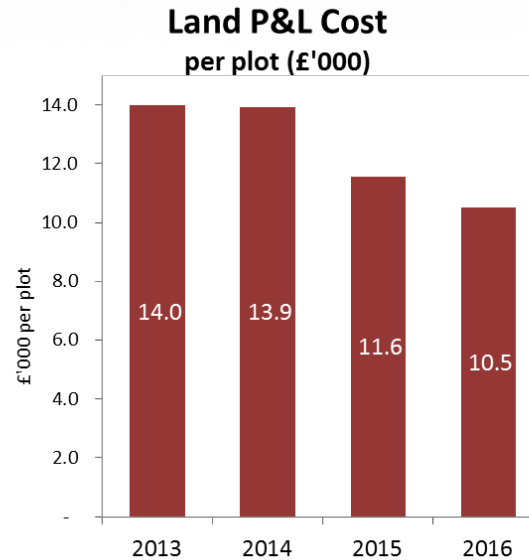
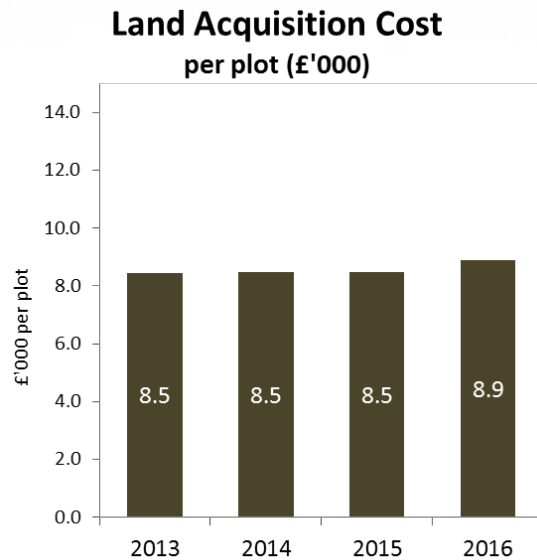


Operating margin



Homes: costs stable, margins rising

Land cost of sales continued to fall . . . margins continued to rise . . . acquisition cost stable

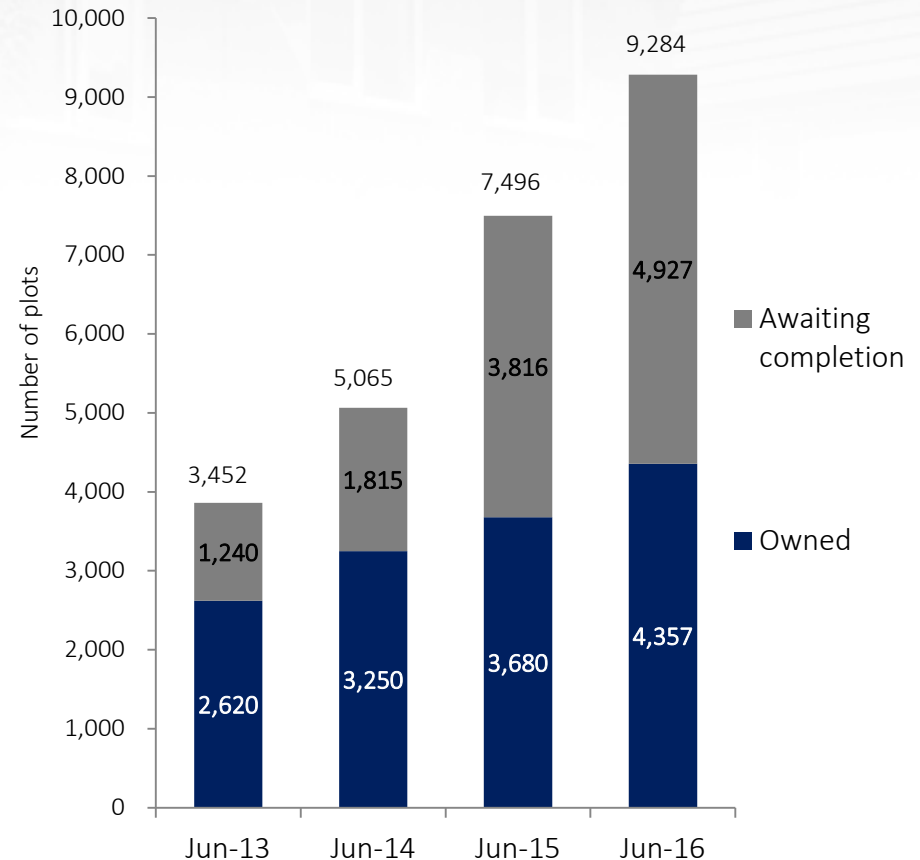


2016 average land acquisition cost £400 per plot higher due to one large site acquired at higher average per plot cost

Homes: land pipeline still growing

- 9,284 plots at 30 June 2016 (June 2015: 7,496)
- 117 sites at 30 June 2016 (June 2015: 97)
- 10.3 years sales, at 2016 sales rate

Land pipeline





Demand and affordability strong:

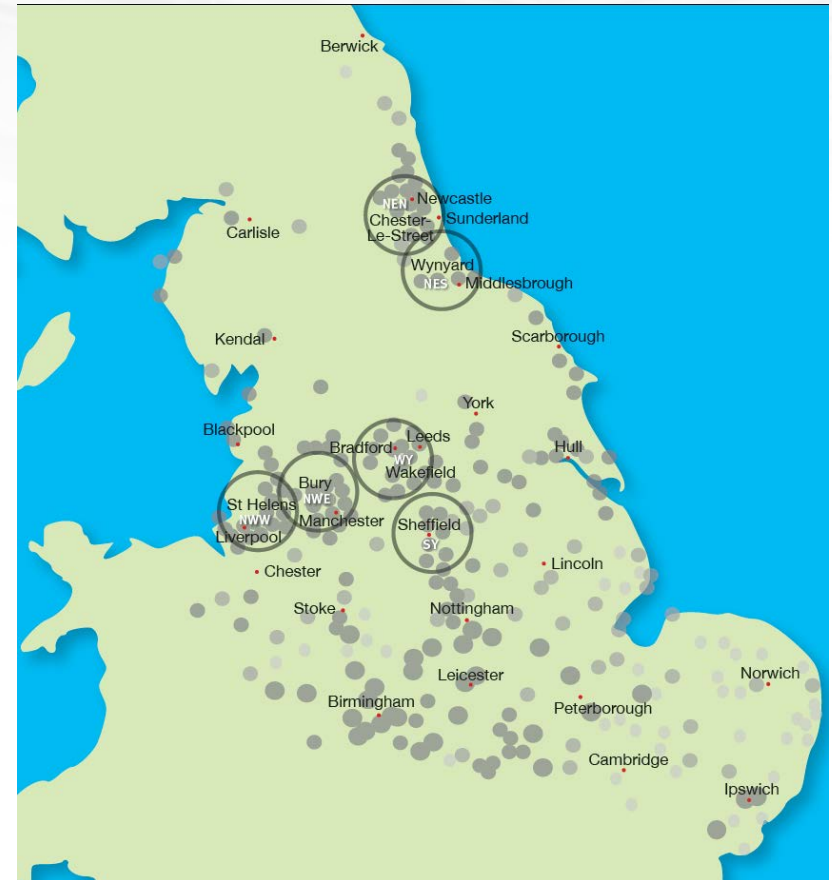
- Good mortgage availability
23,000 mortgage products currently available (7,000 more than last year)
- Owning cheaper than renting
£67 per week to buy average Gleeson home*, £74 per week typical council house rent
Entry level 2 bed semi costs £54 per week*
- No Brexit impact – business as usual
- Help-to-Buy remaining until 2021
Many buyers using HtB to go straight to the 2nd or 3rd rung of the housing ladder
38% don't need HtB but choose to take it

Gleeson well positioned:

- 10 year land supply
- Build costs well controlled
- Cash generative growth model
- Growing regional footprint

*Based on HtB and Nationwide BS, 2-year fixed, 35-year repayment mortgage, average price £125,700, 2 bed semi £100,000

- Regional office opened in Liverpool
 - 6 regional offices at June 2016 (June 2014: 3 offices)
- Land being acquired adjacent to existing footprint
 - N Midlands, Cumbria, East Yorks.
- Management team strengthened
 - Divisional FD
 - Land team strengthened
 - Leadership development plan
- New regional office later this year . . .



Structure to support growth

Homes management team
of 9 directors with depth and
breadth of experience

CEO & Homes MD – Jolyon Harrison

HEAD OFFICE

LAND – Steve Gamble	TECHNICAL – Tony Lee
COMMERCIAL – Arron Passarelli	BUILD – Geoff Pykett
SALES AND OPERATIONS – Sarah Marsden	

Regional Director –
Bryan Simpson

YORKSHIRE &
NORTH MIDLANDS

SHEFFIELD

LAND	SALES
TECHNICAL	BUILD
MATERIALS	COMMERCIAL

WAKEFIELD

LAND	SALES
TECHNICAL	BUILD
MATERIALS	COMMERCIAL

Regional Director –
Paul Oldridge

NORTH WEST

BURY

LAND	SALES
TECHNICAL	BUILD
MATERIALS	COMMERCIAL

LIVERPOOL

LAND	SALES
TECHNICAL	BUILD
MATERIALS	COMMERCIAL

Regional Director –
Ed Alder

NORTH EAST

TEESIDE

LAND	SALES
TECHNICAL	BUILD
MATERIALS	COMMERCIAL

TYNESIDE

LAND	SALES
TECHNICAL	BUILD
MATERIALS	COMMERCIAL

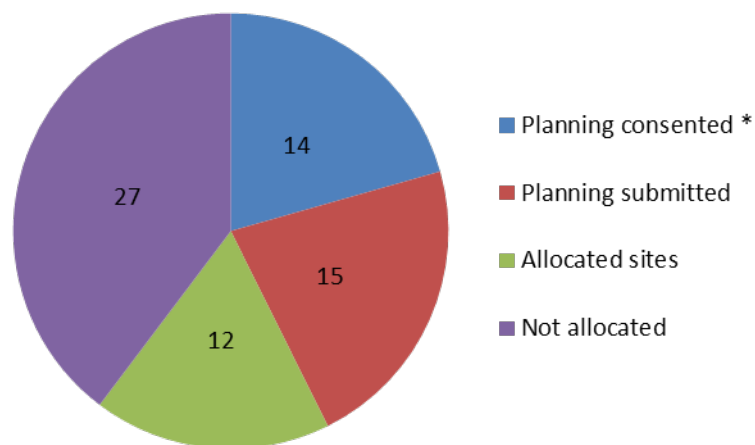
- 7 land sales completed (2015: 5 land sales)
- Operating profit up 25.9% to £10.2m (2015: £8.1m)
- 5 new sites secured during period
- 30 June 2016 portfolio of 68 sites comprising 3,843 acres (30 June 2015: 3,936 acres)
- Expect stronger 2H than 1H this financial year



MJGleeson

Strategic Land sites: an excellent portfolio

As at 30 June 2016



	No. Sites	Acres	Plots
Planning consented *	14	250	2,079
Planning submitted	15	883	3,570
Allocated sites	12	1,061	6,475
Not allocated	27	1,649	8,987
Total	68	3,843	21,111

* Including 4 resolutions to grant

Prime "A"	Guildford, Twickenham, Surrey , inner M25 Hot interest from all major house builders	} Strategic Land
Prime "B"	Shaftesbury, Farnham, Witney, Tunbridge Wells, Haywards Heath Very hot interest from builders building less than 2,500 units a year. Major house builders will bid but generally come 2 nd ,3 rd or 4 th	
Intermediate	Good areas around smaller towns....Uttoxeter, Andover, Ashford, Aldershot Strong interest from Regional house builders building 1,000 units a year or less.....Major house builders are not interested.	
Sub Intermediate	Usable but undesirable land around smaller towns... Chesterfield Very little interest from anyone Gleeson Homes will purchase but only at our price.	
Secondary	Gleeson Homes territory, no real competition.	} Homes

- Demand remains strong for both low cost homes and greenfield land
- Prepared for growth beyond 1,000 units p.a.
- Confidence in the future lead to uplift in dividend
- Confident of continued profitable growth this year and beyond



gleeson

MJ Gleeson plc