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MJ Gleeson plc

17 September 2018

- Strong financial performance
- Developers still buying land – 9 consented sites, 7 progressing to sale
- Pipeline over 12,800 plots (10.5 years development)
- Unique, sustainable and robust market segment
- On track to double Homes volumes to 2,000 units p.a. by 2022
- Resources and capacity in place for continued growth

Financial Review

Stefan Allanson
Chief Financial Officer

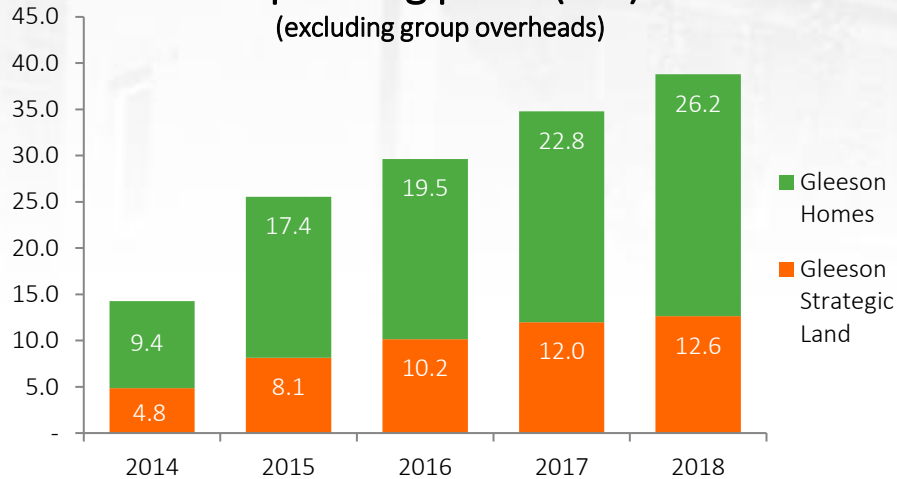
Strong financial performance

- Operating profit **up 11.8%** to £36.9m (2017: £33.0m)
- PBT **up 12.1%** to £37.0m (2017: £33.0m)
- Operating cash flow before dividends **up 9.6%** to £21.6m (2017: £19.7m)
- Cash balance **up 21.1%** at 30 June 2018 to £41.3m (30 June 2017: £34.1m)
- Earnings per share **up 14.6%** at 55.6p (2017: 48.5p)
- ROCE **up 120 bps** to 26.6% (2017: 25.4%)
- Total dividend **up 33.3%** to 32.0 pence per share (2017: 24.0 pence)

Strong growth . . . Strong results

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Operating profit (£m) (excluding group overheads)

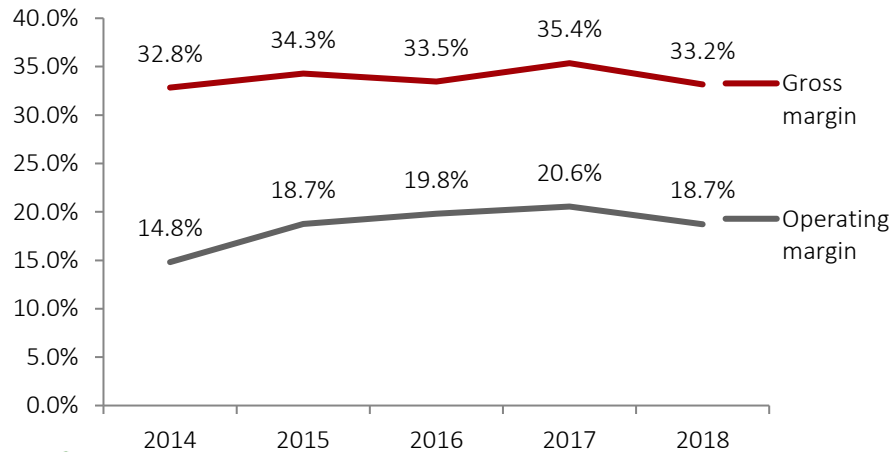


Operating cash flow⁺ (£m)

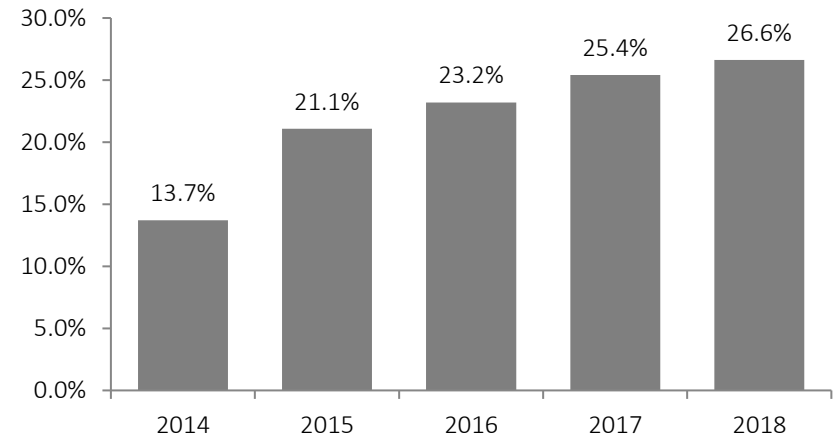


⁺ Operating cash flow stated including cash flows from investing activities

Group margin



Return on capital employed (ROCE)



Income statement

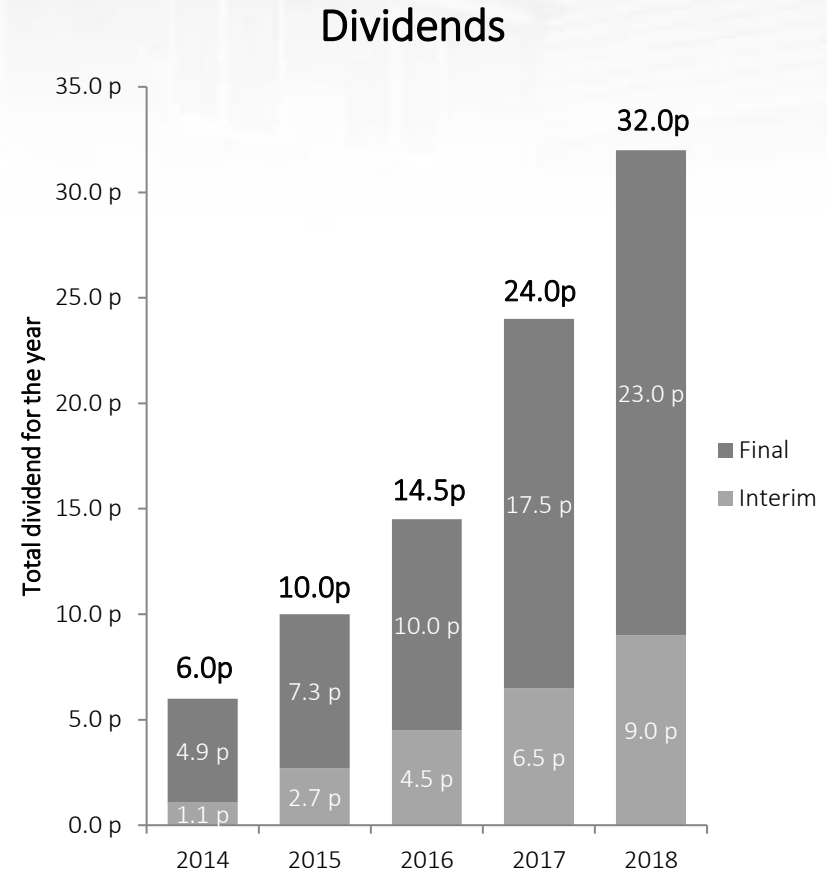
	Year ended June 18 £m	Year ended June 17 £m	Change	Notes
Revenue				
Homes	153.4	130.5	+17.5%	Includes land sales: 2018: £nil, 2017: £6.2m
Strategic Land	43.3	29.9	+44.8%	
	196.7	160.4	+22.6%	
Homes	26.2	22.8	+14.9%	Includes land sales: 2018: £nil, 2017: £1.0m
Strategic Land	12.6	12.0	+5.0%	
Group overhead	(1.9)	(1.8)		
Operating profit	36.9	33.0	+11.8%	
Interest income	0.1	0.0		
Profit before tax	37.0	33.0	+12.1%	
Tax	(6.5)	(6.5)		Effective tax rate: 2018: 17.8%, 2017: 20.0%
Discontinued operations	(0.3)	(0.3)		
Profit attributable to shareholders	30.2	26.2		

Balance sheet

		30 June 2018 £m	30 June 2017 £m
Homes	Land	59.1	48.4
	WIP	72.4	62.5
Strategic Land	Land	13.2	15.7
	WIP	15.8	15.9
Total inventories		160.5	142.5
Other assets		41.0	39.2
Other liabilities		(54.7)	(44.4)
Cash & cash equivalents		41.3	34.1
Net assets		188.1	171.4

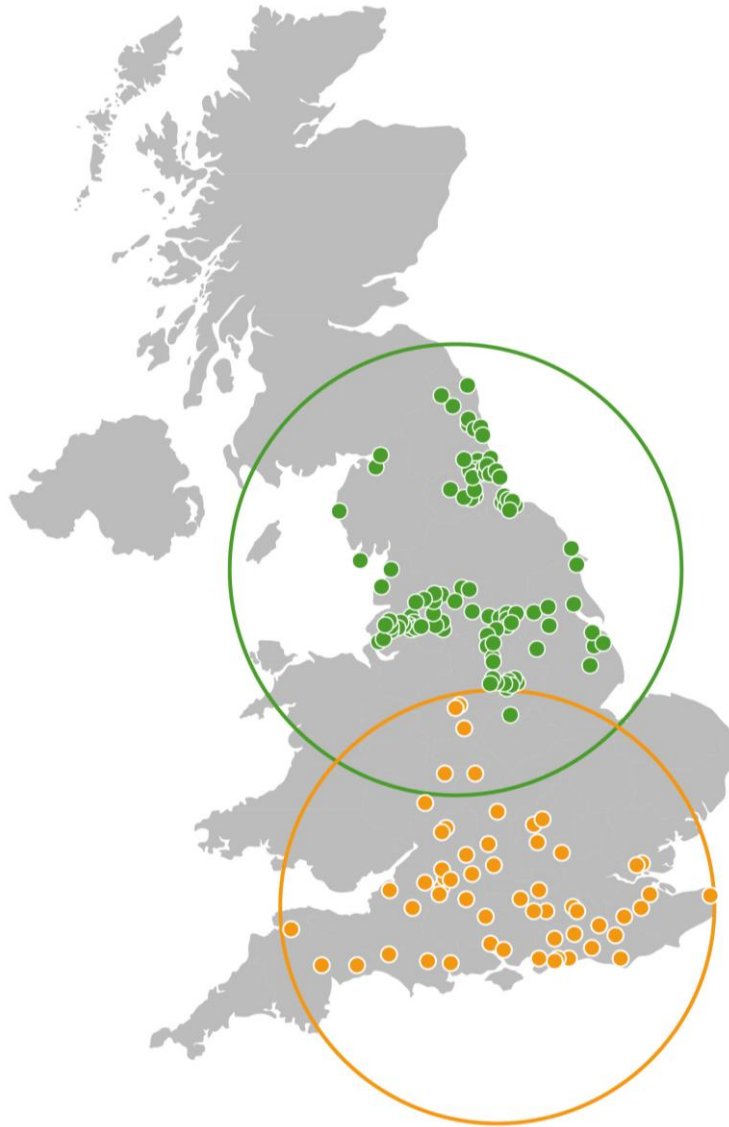
	Year ended June 18 £m	Year ended June 17 £m
Profit before tax from continuing operations	37.0	33.0
Depreciation, loss from discontinued operations and other operating items	1.6	1.1
Working capital movements	(11.4)	(10.0)
Cash generated in operating activities	27.2	24.1
Tax	(5.2)	(4.4)
Interest	(0.1)	(0.1)
Disposal of assets	1.0	1.3
Purchase of assets	(1.3)	(1.2)
Net cash flow from operating & investing activities	21.6	19.7
Dividend	(14.4)	(8.9)
Increase in cash	7.2	10.8

- Final dividend recommended of 23.0 pence per share (2017: 17.5 pence per share)
- Giving a total ordinary dividend for the year of 32.0 pence per share, up 33% on previous year (2017: 24.0 pence per share)



Business Review

Jolyon Harrison
Chief Executive Officer



Gleeson Homes

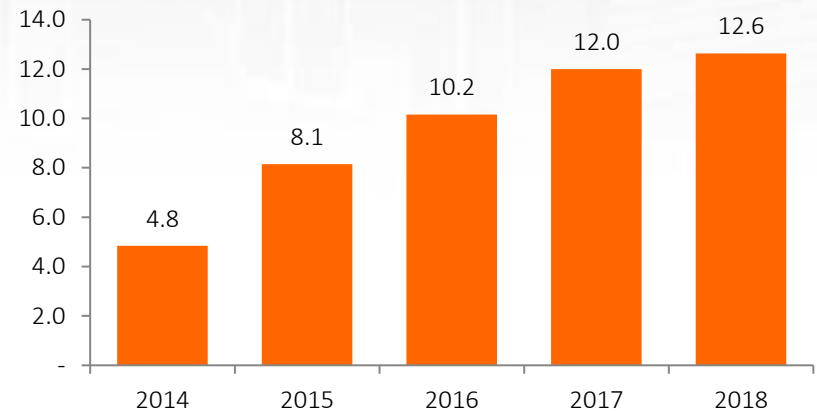
We build and sell low-cost homes to people on low incomes in areas of industrial decline and social and economic deprivation

Gleeson Strategic Land

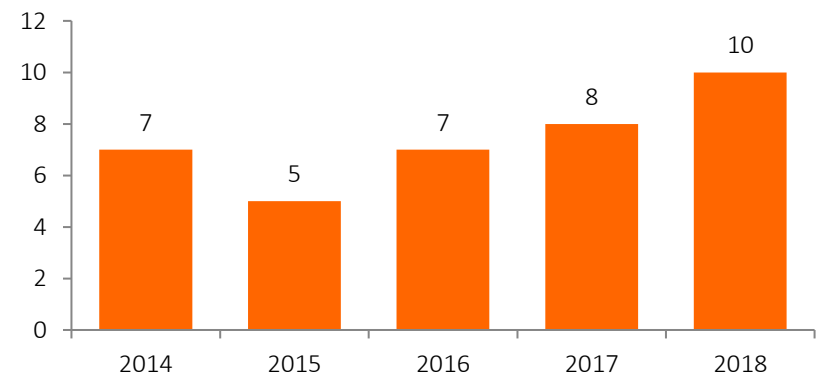
Land promotion, enhancing the value of land by securing residential planning consents

- 10 land sales completed (2017: 8 land sales) for 1,970 plots (2017: 841 plots)
 - 2 sales pre-consent for 1,120 plots
- Operating profit up 5.0% to £12.6m (2017: £12.0m)
- 4 new sites plus additional land at an existing site secured during the year
- 30 June 2018 portfolio of 61 sites with potential for 22,838 plots

Operating profit (£m)

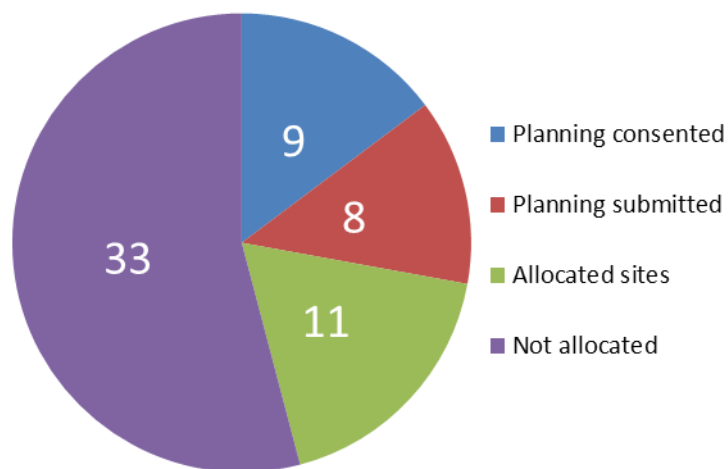


Number of Sites Sold



Strategic Land sites: an excellent portfolio

As at 30 June 2018



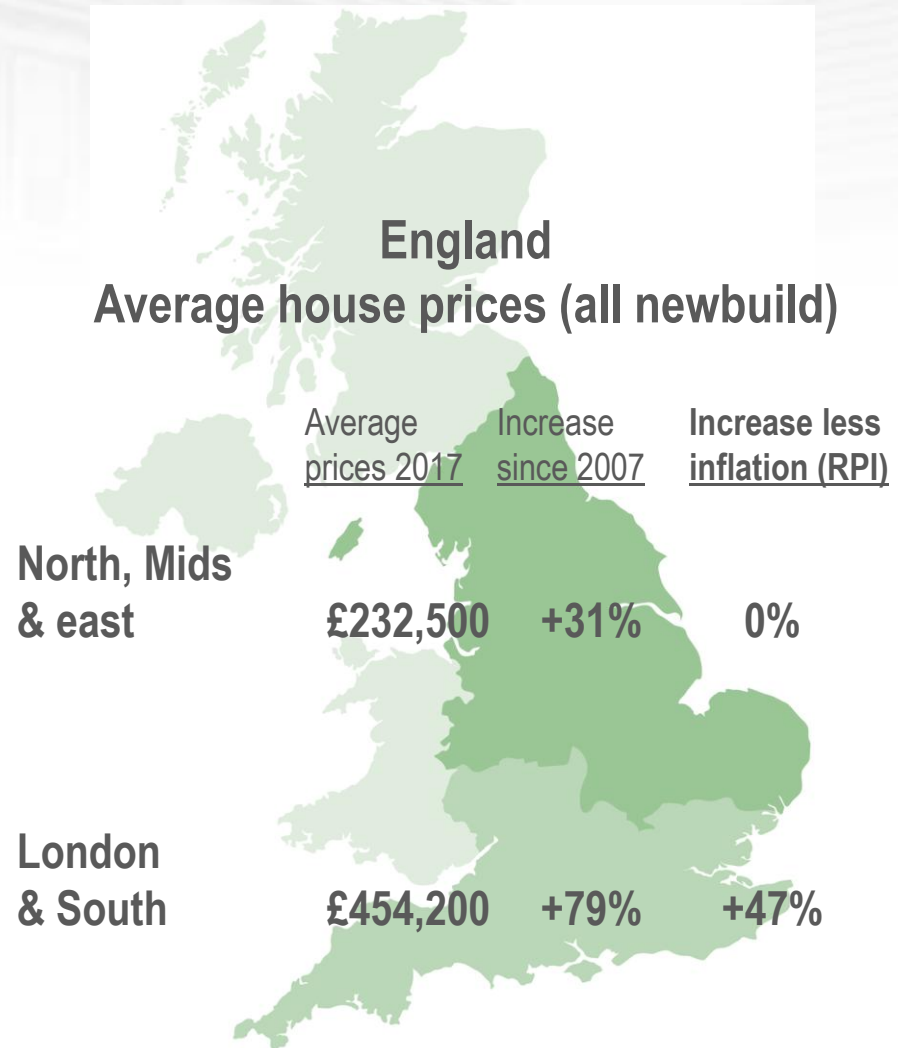
	No. Sites	Acres	Plots
Planning consented	9	269	2,089
Planning submitted	8	410	2,746
Allocated sites	11	1,209	6,655
Not allocated	33	2,093	11,348
Total	61	3,981	22,838

Homes: Dedicated to the North, Midlands & East **gleeson**

- Home ownership has fallen across England to 63%
- Yet, most people still want to own their own home
- Gleeson buyers are predominantly first-time-buyers, living at home or renting
- There are 4.3m households renting in our target market (1/3rd of all households)

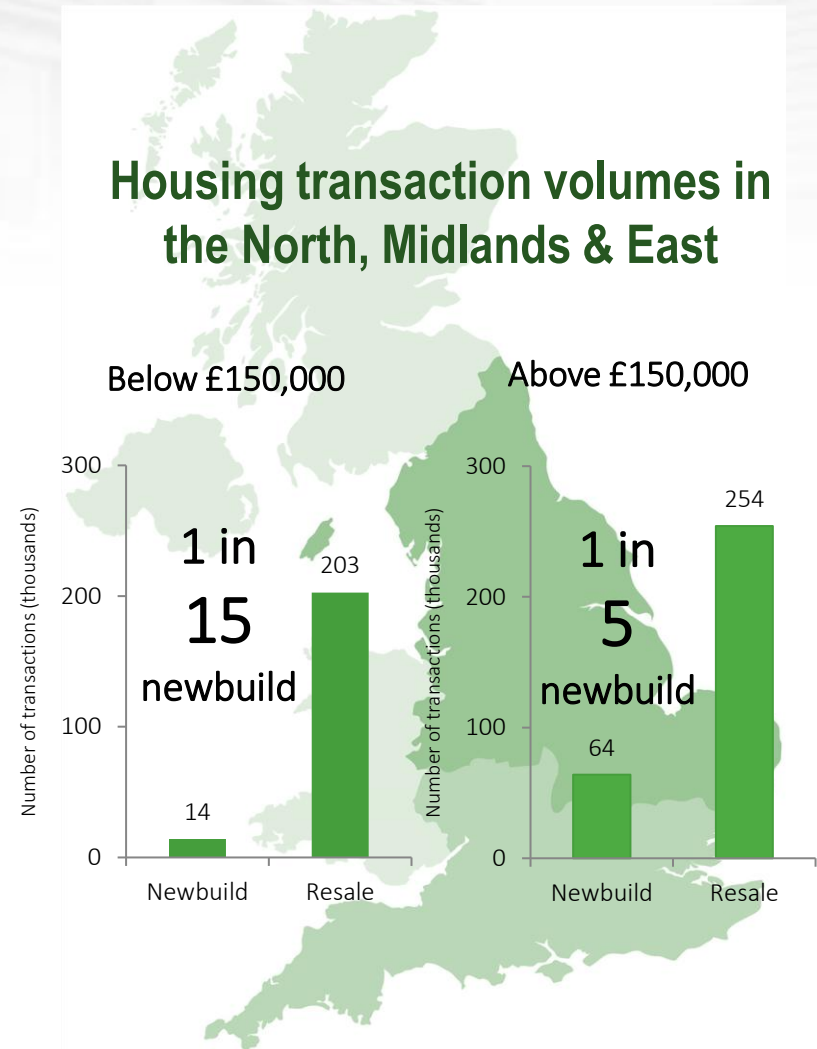


- A couple on the National Living Wage can afford to buy a 2-bed Gleeson home
- Mortgage repayments £54 per week*
- House prices in our market remain sensible:
 - Prices in our geographic market are up only 31% in last 10 years (unchanged, inflation adjusted)



* £100,000 2-bed home with a 75% HtB 35 year repayment mortgage

- Few housebuilders meeting low-cost demand in the North, Midlands and East of England:
 - 1 in 5 (20%) house sales above £150,000 are newbuild
 - Only 1 in 15 (6%) house sales below £150,000 are newbuild
- 88% of Gleeson homes cost less than £150,000



- Covenants to ensure community cohesion
- No leasehold sales
- Living Wage Employer
- No sales to investors (no Buy-to-Let)
- Sustainable development (PLC award 2018)
- Local procurement and builders
- YourWatch® service across all developments
- Community Makeover / Bloomin' Great Garden competitions



Homes: Challenging the norms of housebuilding **gleeson**

Serving an under-supplied market:

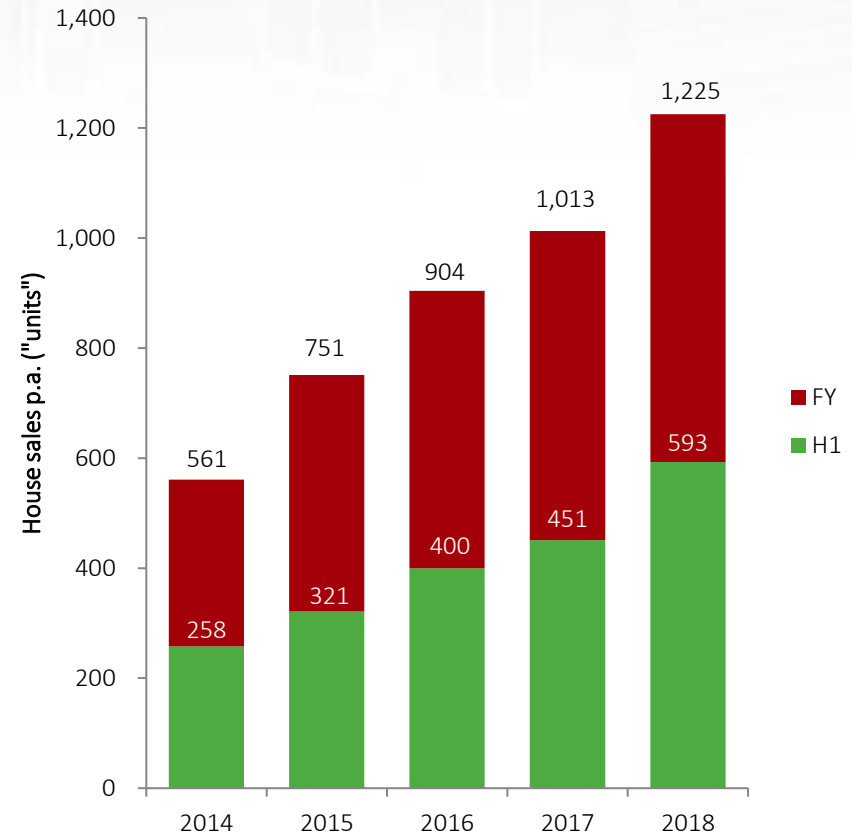
- Traditional newbuild houses
 - No flats
- Lower income buyers
- Unburdened by student debt
 - In continuous employment
- Young and motivated to own their own home
- Currently living at home or renting
- Want to remain in their community
- First time buyers

	Gleeson Homes	Other listed housebuilders (Lowest - Highest)
Average Selling Price (Private sales)	£125,200	£234,000 - £880,000
First Time Buyers (% of private sales)	87%	35% - 50%
Renting or living with family (% of total sales)	88%	40% (estimated average)
Buy-To-Let sales (% of total sales)	0%	3% - 9%
Part Exchange (% of private sales)	0%	8% - 38%
Flats v houses (Flats as a % of total sales)	0%	6% - 24%
Sales rate (Sales per site p.a.)	20 p.a.	30 - 40 p.a.
Average land cost (Per plot)	£9,000	£28,000 - £71,000
Annual Growth (3 year average annual growth in volumes)	18%	0% - 14%

Homes: continued strong demand

- Unit sales up 20.9% to 1,225 (2017: 1,013)
- ASP increased 2.0% to £125,200 (2017: £122,700) due to higher prices and mix
- Sales outlets increased to 65 at June 2018 (June 2017: 59)
- Reservations up more than 30% (since start of financial year)
- On track for 2,000 units p.a. by 2022

Unit completions

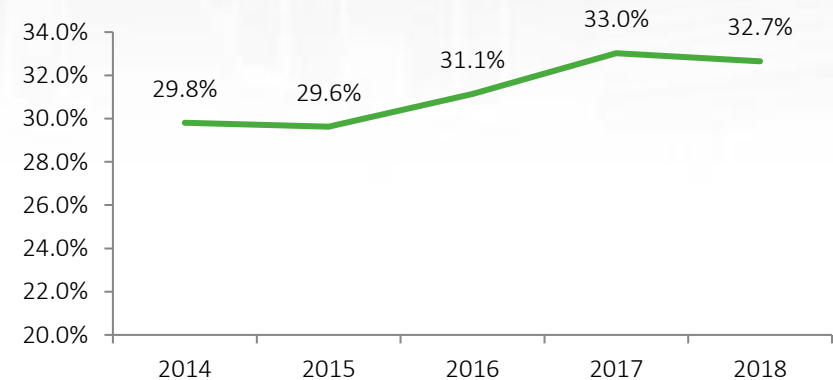


Homes: margins broadly flat

- Gross profit on unit sales up 22.2% to £50.1m (2017: £41.0m)
- No land sales (2017: £1.0m gross profit on land sales)
- Gross margin on unit sales marginally down 32.7% (2017: 33.0%)
- Operating profit on unit sales up 20.2% to £26.2m (2017: £21.8m)
- Operating margin on unit sales marginally down to 17.1% (2017: 17.5%)

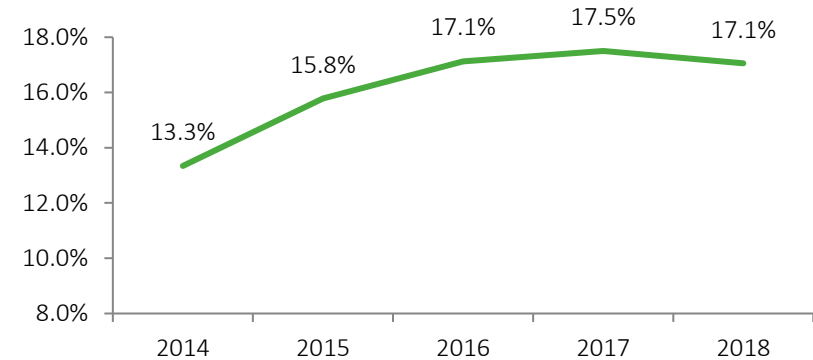
Gross margin

on unit sales *



Operating margin

on unit sales *



* Margins excludes profit on land sales. 2018: £nil. 2017: £1.0m, 2016: £nil, 2015: £2.7m

Homes: land available at sensible prices

- Pipeline up 11%, net 1,264 plots increase
 - Owned up 22% to 6,475 plots
 - Average cost unchanged at c£9k

➤ 12,852 plots at 30 June 2018
(June 2017: 11,588)

➤ 149 sites at 30 June 2018
(June 2017: 141)

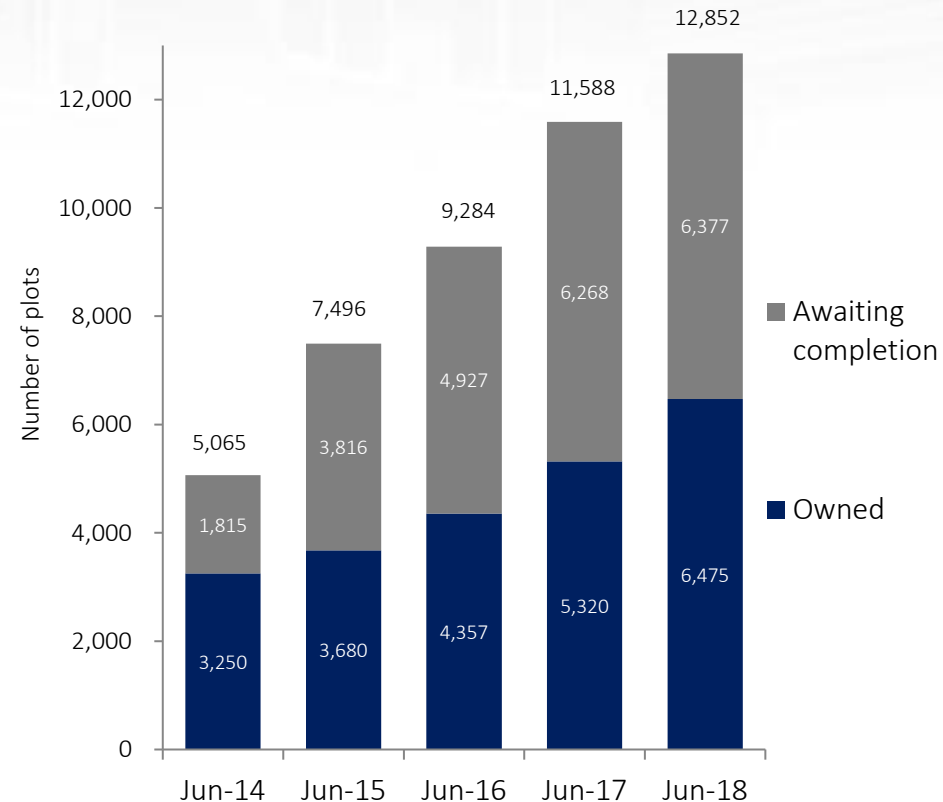
➤ 10.5 years sales, at 2018 sales rate

➤ Land-buying team strengthened to 17 people

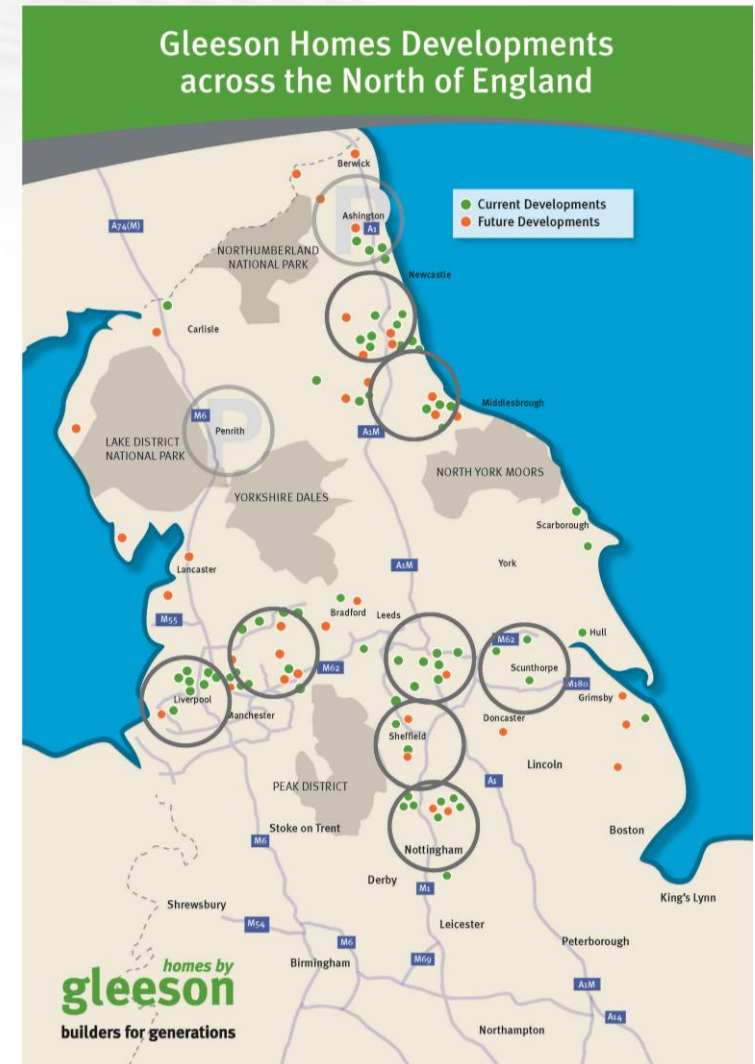
➤ Acquiring land in new areas:

- Cumbria, Lincolnshire, Derbyshire

Land pipeline



- Growing area offices
 - 8 area offices (June 2017: 7 offices), and
 - 2 “pilot” offices in Penrith & Ashington
- Developing management capacity
 - Area managers appointed in 8 regions
 - Leadership development programme now in 3rd year
 - Managing Director and Chief Operations Officer appointed
 - Build manager and site manager training programmes



Homes: structure to support growth

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Homes
management team
of 8 directors with
depth and breadth
of experience

CEO – Jolyon Harrison

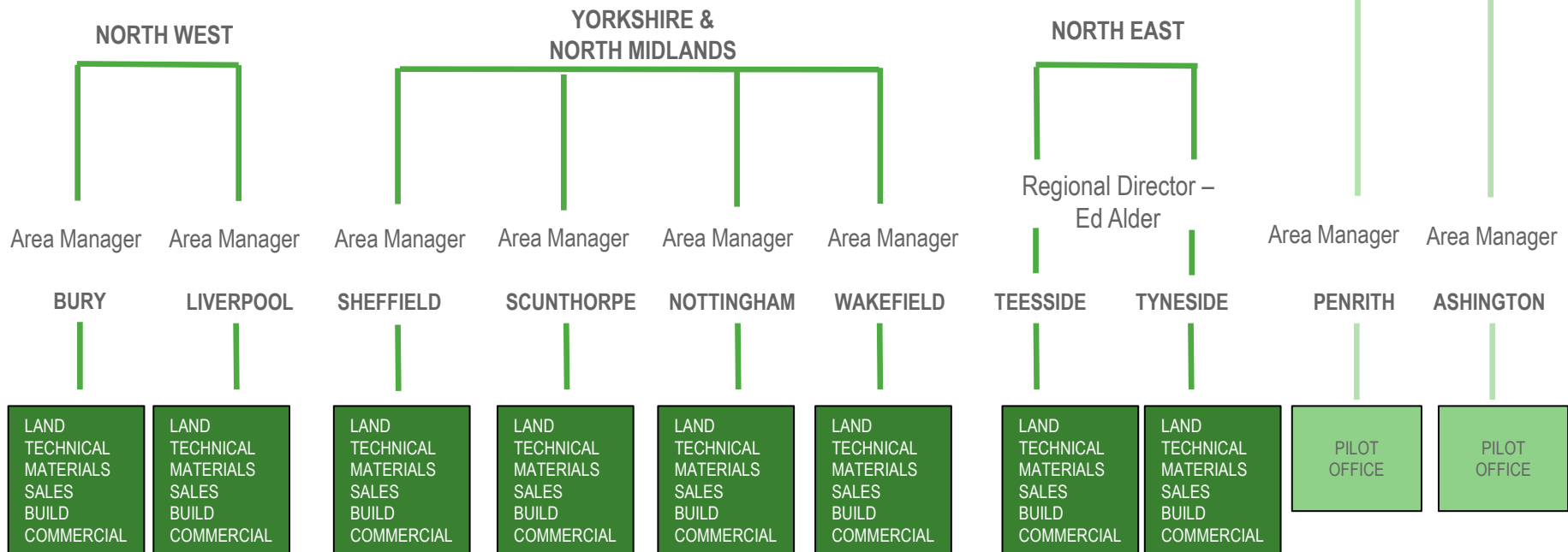
**Chief Operations Officer
Sarah Marsden**

**Managing Director
Bryan Simpson**

LAND – Steve Gamble
SALES – Louise McCue

TECHNICAL – Tony Lee
COMMERCIAL – Arron Passarelli

FINANCE – Simon Topliss



- Strong 1st year of 5 year plan to deliver 2,000 units p.a. by 2022
- Demand strong for both low cost homes and consented greenfield land
- Dedicated to a unique and sustainable market segment
- Dividend growth reflects strong cash generation and confidence
- Expect continued progress this year and beyond



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MJ Gleeson plc

Prime “A”	Guildford, Twickenham, Surrey , inner M25 Hot interest from all major housebuilders	} 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 housebuilders 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 housebuilders building 1,000 units a year or less.....Major housebuilders 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.	} Homes
Secondary	Gleeson Homes territory, no real competition.	