

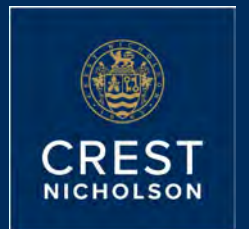


KEGWORTH GATE
DERBY

Crest Nicholson Holdings plc

INTERIM RESULTS 2024

13 June 2024



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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'Crest Nicholson' or the 'Group' refers to Crest Nicholson Holdings plc and its subsidiary companies.



WELCOME

IAIN FERGUSON
Chairman



AGENDA

PETER TRUSCOTT

- INTRODUCTION & OVERVIEW

BILL FLOYDD

- HY24 PERFORMANCE
- FINANCIAL UPDATE
- FY24 OUTLOOK

PETER TRUSCOTT

- MARKET OVERVIEW
- OPERATIONAL UPDATE

Q&A

IAIN FERGUSON

INTRODUCTION:
MARTYN CLARK, CEO DESIGNATE



BILHAM LAWN
ASHFORD



INTRODUCTION & OVERVIEW

PETER TRUSCOTT
Chief Executive



HY24 PERFORMANCE OVERVIEW

- Trading conditions, a mixed picture
 - Base rate stable
 - Rate cut expectation
- Transaction levels aligned with expectations
 - SPOW rate 0.47
 - Pricing remains stable
- Highly selective on land acquisition in tightened land market
 - Strong land portfolio
 - Short-term focus on planning
- Completed sites review concluded
- Net debt better than expectations



HY24 RESULTS

BILL FLOYDD
Group Finance Director



INCOME STATEMENT

| £m | HY24 | HY23 |
|--|---------------|-------|
| Revenue | 257.5 | 282.7 |
| Adjusted gross profit¹ | 32.5 | 50.6 |
| Adjusted gross margin¹ | 13.6% | 17.9% |
| Adjusted operating profit¹ | 6.2 | 22.1 |
| Adjusted profit before tax¹ | 2.6 | 20.9 |
| Exceptional items before tax | (33.5) | 7.5 |
| Adjusted basic earnings per share (p)¹ | 0.7 | 6.1 |
| Dividend per share (p) | 1.0 | 5.5 |

- Revenue down 9% reflecting weak forward order book coming into the year
- Gross profit impacted by flat sales prices and mix
 - Actively managing low margin sites
- Adjusted operating profit at £6.2m after £5.9m impact of completed sites review
- Exceptional items relate to completed sites review and combustibles

1. HY24 and HY23 figures for exceptional items as disclosed on slide 15



SALES METRICS

| | HY24 | HY23 | % Change |
|---|-------------|------------|-----------------|
| Outlets (average) | 45 | 48 | -6.3% |
| SPOW (open market) | 0.47 | 0.54 | -13.0% |
| Home completions (units)^{1,2} | | | |
| Open market (private) | 435 | 532 | -18.2% |
| Bulk ³ | 177 | 115 | 53.9% |
| Affordable | 176 | 247 | -28.7% |
| Total | 788 | 894 | -11.9% |
| <i>Joint ventures</i> | <i>145</i> | <i>86</i> | |

| ASP £000⁴ | HY24 | HY23 | % Change |
|---|-------------|------------|-----------------|
| Home completions | | | |
| Open market (private) | 421 | 433 | -2.8% |
| Open market (including bulk) | 402 | 405 | -0.7% |
| Affordable | 177 | 179 | -1.1% |
| Total housing ASP (weighted average) | 349 | 341 | 2.3% |

- Lower outlets due to planning constraints
- Full year SPOW rate of 0.45 on track
- Pricing remains stable
- Cancellation rate at normalised level
- Forward order book for H2 24 as at 30 April 450 open market and 277 affordable homes

1 Includes joint venture units at full unit count

2 Presented on an equivalent unit basis which allocates a proportion of the unit count for a deal to the land sale element where the deal contains a land sale

3 Bulk home completions reflect sales to Private Rented Sector (PRS), Registered Providers (excluding S106) and private investors

4 ASP calculation includes the Group's share of joint venture units and sales prices



FARNHAM

PROGRESS ON TRACK

| Outstanding work | At 17 Jan 2024 | At 7 June 2024 |
|--------------------------------|------------------------------|--|
| Apartment buildings | 2 buildings remaining | 1 remaining (completion: July 2024) |
| Grade 1 listed building | Preliminary stage | Final sign off: June 2024 |
| Road/Pavement | Not started | Delayed but to complete in August |
| Landscaping | Not started | Progressing to plan |
| Pedestrian bridge | Planning approval pending | Pending approval Expected completion 9 months after planning approval |
| Sales | 74 of 239 apartments to sell | 55 apartments to sell |



FARNHAM

GRADE 1 BUILDING WORKS NEARING COMPLETION



FARNHAM

EXTERNAL BUILDING WORKS COMPLETED



FARNHAM

SITE OVERVIEW



COMPLETED SITES PROVISION

- **Scope of review**
 - Initial review covered four key sites and sites completed prior to FY19
 - Subsequently extended to cover all completed sites
 - c.140 sites reviewed in total
- **External consultants appointed in March**
 - Review of Crest's approach
 - Review and challenge of cost estimates
 - Recommendations made to improve process
- **Review recently concluded**
 - Extension of scope has resulted in higher costs than previously indicated
 - One-off costs estimated at £31.4m
 - Excludes recoveries
- **Treatment of costs**
 - £25.5m as exceptional charge for HY24
 - Balance of £5.9m recorded as one-off pre-exceptional charge

Roadmap to address these issues to be rolled out



EXCEPTIONAL ITEMS

| £m | HY24 | HY23 |
|---|---------------|------------|
| Adjusted cost of sales | | |
| Combustible materials charge | (8.9) | (1.4) |
| Combustible materials credit | 4.4 | 10.0 |
| Net combustible materials (charge) /credit | (4.5) | 8.6 |
| Completed sites (charge) | (25.5) | - |
| Legal claim | (0.3) | - |
| Total cost of sales (charge) / credit | (30.3) | 8.6 |
| Net finance expense | (3.2) | (2.2) |
| Combustible materials credit of joint ventures | - | 1.1 |
| Total exceptional (charge) / credit | (33.5) | 7.5 |
| Tax credit / (charge) on exceptional items | 8.4 | (2.0) |
| Total exceptional (charge)/credit after tax credit | (25.1) | 5.5 |

Fire remediation

- £8.9m charge related to build costs inflation and scope of work
- £4.4m recovered from third parties
- £3.2m imputed interest

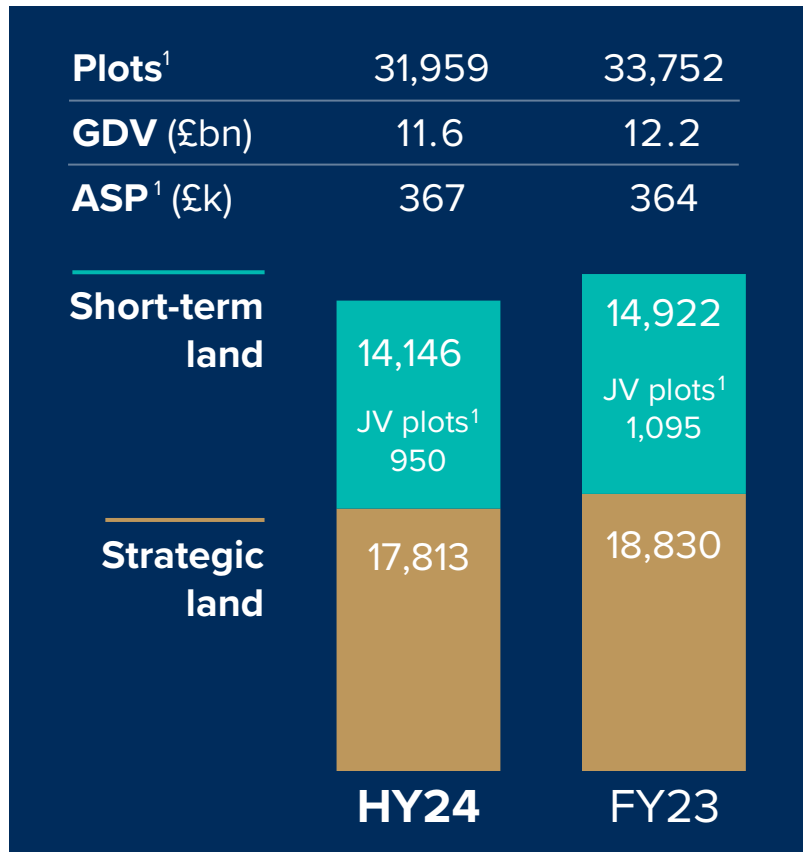
Legal claim

- No substantive change in the half, legal fees



CURRENT LAND PORTFOLIO

BALANCE IN LOW MARGIN SITES REDUCING



- Focus on working through low margin sites
- Share of portfolio with low margins reduced from 8% to 5%
- Sub 10% margin revenue in FY24 similar to FY23 and halving in FY25
- Sufficient land with advanced planning stage into FY26 at stronger margins

¹ Plot numbers based on management estimates of site capacity. Includes joint venture units at full unit count.
Presented on an equivalent unit basis which allocates a proportion of the unit count for a deal to the land sale element where the deal contains a land sale.
ASP reflects joint venture plot at Group share.



BALANCE SHEET

NET DEBT BETTER THAN EXPECTATIONS

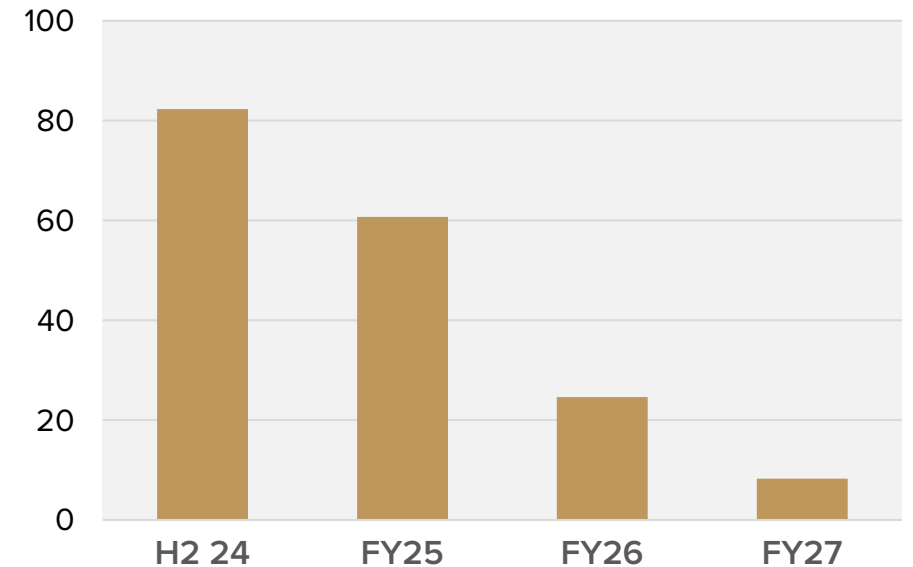
| Balance sheet – key items (£m) | HY24 | HY23 |
|--------------------------------|---------|---------|
| Inventories | 1,181.9 | 1,108.1 |
| Land creditors | (175.9) | (148.2) |
| Net (debt) / cash | (9.4) | 66.2 |
| Net assets | 803.1 | 876.6 |

- Net asset reduction from completed site costs and dividend payment
- RCF facility of £250m matures 2026
- Private placement of £100m maturity 2024 – 2029

Profile of private placement repayment

| P.P. repayment date | Aug 2024 | Aug 2025 | Aug 2027 | Aug 2029 |
|---------------------|----------|----------|----------|----------|
| % of total | 15% | 20% | 50% | 15% |

LAND CREDITOR ROLL OUT (£m)



CASH FLOW

| Operating cash flow (£m) | HY24 | HY23 |
|--|---------------|----------------|
| PAT | (23.4) | 21.1 |
| <i>Non cash items</i> | <i>2.2</i> | <i>14.6</i> |
| Operating cash before working capital charges | (21.2) | 35.7 |
| Movement in inventories | (17.8) | (120.0) |
| <i>Other working capital movements</i> | <i>(28.0)</i> | <i>(81.1)</i> |
| Cash (used by) operations | (67.0) | (165.4) |
| Finance and tax | 4.4 | (11.7) |
| Dividend | (29.5) | (29.5) |
| Other | 18.2 | (3.4) |
| Cash (decrease) | (73.9) | (210.0) |

Key HY24 cash flow items are:

- Dividend of £29.5m (HY23: £29.5m)
- Working capital £45.8m vs £201.1m prior year
- FY24 net debt expected range: £40m - £60m
- Improvement in net debt driven by stronger discipline and focus with some deferrals on land and combustibles



FY24 OUTLOOK

GUIDANCE

| | FY24 |
|---|--|
| Completions | 1,800 – 1,900 units c. 25% affordable c. 75% open market and bulk |
| Outlets | c. 45 |
| SPOW | 0.45 |
| Build cost inflation | c. flat |
| Net finance costs | £8 -9m |
| Adjusted profit before tax¹ | £22m- £29m |
| Net debt | (£40m) – (£60m) |

¹ Including one-off completed site charge of £5.9m

H1 OPERATIONAL SUMMARY

- Improvement in operational disciplines
- Completed sites review concluded
- Farnham and low margin sites being progressed to conclusion
- Strong land portfolio
- Focus on balance sheet discipline

Good progress enabling stronger performance as market conditions improve



MARKET OVERVIEW

PETER TRUSCOTT
Chief Executive



MARKET CONTEXT

FY24 OPERATING ENVIRONMENT

- Political and economic environment
 - UK General Election imminent
 - Global issues persist
- Land and planning
 - Slowing new site releases pose a sector-wide challenge for outlets
 - Approvals process remains slow
 - Nutrient neutrality continues to impact
- Housing sector fundamentals remain positive
 - Structural imbalance between supply and demand
 - Average wage growth outweighs house price inflation
 - Rate reduction will improve overall sentiment



ROWDEN GATE
CHIPPENHAM



OPERATIONAL UPDATE

PETER TRUSCOTT
Chief Executive



PERRYBROOK
GLOUCESTER



PROGRESS ON PRIORITIES FY24

OPERATIONAL FOCUS

- To return to five star customer service rating
 - Consistently tracking above 90% since February last year
- Maintain flexible and efficient operating platform
 - Improvement in operation rigour and sharpened focus on efficiency
- Progress made in converting land to implementable planning consent
 - Strong land approval pipeline
- Good progress in Building Safety remediation
- Health and safety remains key priority
 - Achieved high industry scores

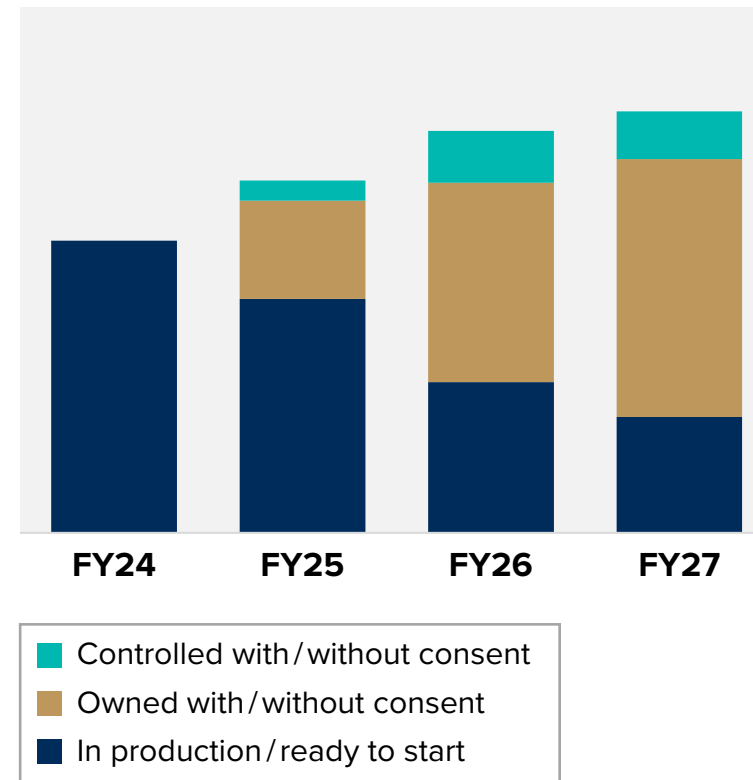


CURRENT LAND PORTFOLIO

SUPPORT FUTURE GROWTH

- Sufficient land at advanced planning stages
 - Good visibility for FY25 and beyond
- Land market remains tight
- Ongoing focus on strategic land bank pull through

LAND PLANNING PROFILE GM EVOLUTION





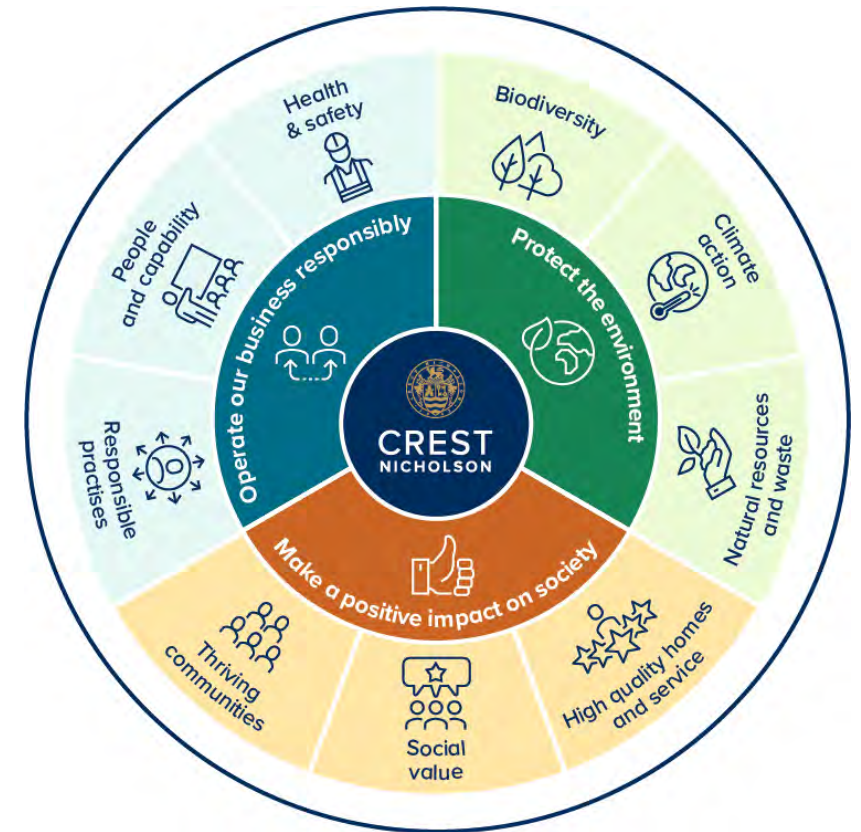
SUSTAINABILITY & SOCIAL VALUE

GOOD PROGRESS ON TARGETS

- On track with environmental targets, including good progress in reducing greenhouse gas emissions
- Advancing our preparation for the Future Homes Standard, with some sites implementing air source heat pumps alongside other technologies
- Maintaining active collaboration with the Future Homes Hub and other industry stakeholders to address environmental challenges

SUSTAINABILITY BENCHMARKS AND INDICES

| | | | |
|---------------------------------------|--|--|--|
| <p>Rated A- on climate change</p> | <p>AA rated</p> <p>CCC B BB BBB A AA AAA</p> | <p>Constituent of</p> <p>FTSE4Good</p> | <p>Assessed as low risk (15.0)</p> <p>Moody's ESG SUSTAINALYTICS</p> |
|---------------------------------------|--|--|--|



SUMMARY

PETER TRUSCOTT
Chief Executive



SUMMARY

- Operationally good progress made in the half
- Net debt better than expectations
- Effective resolution of legacy issues
 - Roadmap being rolled out
- Ability to capitalise on higher margin land portfolio in future years
- Well positioned for future growth
 - High quality short term land portfolio
 - Increase operational rigour to optimise margins



ACKENDER HILL
ALTON





FULLERS GROVE
WANTAGE

Q&A



WRAP UP

IAIN FERGUSON
Chairman



INTRODUCTION

MARTYN CLARK
Chief Executive Officer, designate



UNION PLACE
DAVENTRY

APPENDIX



INCOME STATEMENT

| £m (unless otherwise stated) | HY24 | HY23 | % Change |
|--|---------------|--------------|-----------------|
| Revenue | 257.5 | 282.7 | (8.9) |
| Cost of sales | (225.0) | (232.1) | |
| Adjusted gross profit¹ | 32.5 | 50.6 | (35.8) |
| <i>Adjusted gross profit margin¹</i> | <i>12.6%</i> | <i>17.9%</i> | |
| Net administrative expenses | (26.1) | (28.3) | |
| Net impairment losses on financial assets | (0.2) | (0.2) | |
| Adjusted operating profit¹ | 6.2 | 22.1 | (71.9) |
| <i>Adjusted operating profit margin¹</i> | <i>2.4%</i> | <i>7.8%</i> | |
| Adjusted net finance expense ¹ | (3.6) | (2.5) | |
| Share of joint venture results | - | 1.3 | |
| Adjusted profit before tax¹ | 2.6 | 20.9 | (87.6) |
| Adjusted income tax ¹ | (0.9) | (5.3) | |
| Adjusted profit after tax¹ | 1.7 | 15.6 | (89.1) |
| Exceptional items net of income tax | (25.1) | 5.5 | |
| Profit after tax | (23.4) | 21.1 | (210.9) |
| Adjusted basic earnings per share (p)¹ | (9.1) | 8.2 | (211.0) |

1. HY24 and HY23 figures for exceptional items as disclosed on slide 15

BALANCE SHEET

| As at 30 April 2024, £m | HY24 | HY23 |
|---|----------------|----------------|
| Non-current assets | 70.7 | 80.3 |
| Inventories | 1,181.9 | 1,108.1 |
| Cash and cash equivalents | 88.7 | 163.6 |
| Other current assets | 117.8 | 110.3 |
| Total assets | 1,459.1 | 1,462.3 |
| Non-current interest-bearing loans + borrowings | (83.9) | (97.4) |
| Other non-current liabilities | (128.0) | (117.5) |
| Current interest-bearing loans + borrowings | (14.2) | - |
| Current provisions | (104.3) | (72.3) |
| Other current liabilities | (325.6) | (298.5) |
| Total liabilities | (656.0) | (585.7) |
| Net assets | 803.1 | 876.6 |



CASH FLOW (FULL VERSION)

| £m | HY24 | HY23 |
|---|----------------|----------------|
| Operating (loss)/profit before changes in working capital and provisions | (21.2) | 35.7 |
| Increase/(decrease) in trade and other receivables | (7.8) | 34.2 |
| Increase in inventories | (17.8) | (120.0) |
| Decrease in trade, other payables and provisions | (24.4) | (114.6) |
| Contribution to retirement benefit obligations | (0.8) | (0.7) |
| Cash used by operations | (72.0) | (165.4) |
| Finance expense paid | (2.8) | (2.9) |
| Income tax received/(paid) | 7.2 | (8.8) |
| Net cash outflow from operating activities | (62.6) | (177.1) |
| Net cash inflow/(outflow) from investing activities | 19.1 | (1.1) |
| Net cash outflow from financing activities | (30.4) | (31.8) |
| Net decrease in cash and cash equivalents | (73.9) | (210.0) |
| Cash and cash equivalents at the beginning of the year | 162.6 | 373.6 |
| Cash and cash equivalents at end of period | 88.7 | 163.6 |
| Private placement | (100.0) | (100.0) |
| Fees | 1.9 | 2.6 |
| Net (debt)/cash | (9.4) | 66.2 |

