

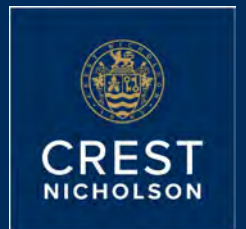


KILNWOOD VALE
HORSHAM

Crest Nicholson Holdings plc

PRELIMINARY RESULTS 2023

23 January 2024



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation may include statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this presentation and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, any forward-looking statements contained in this presentation. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this presentation, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in law or regulation, changes in its business strategy, political and economic uncertainty. Save as required by the Listing and Disclosure Guidance and Transparency Rules, the Company is under no obligation to update the information contained in this presentation. Past performance cannot be relied on as a guide to future performance.

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



WELCOME

IAIN FERGUSON
Chairman



LEWIN PARK
BIGGLESWADE

AGENDA

PETER TRUSCOTT

- INTRODUCTION

BILL FLOYDD

- FINANCIAL REVIEW

PETER TRUSCOTT

- MARKET CONTEXT
- STRATEGY UPDATE
- OUTLOOK

Q&A



GRANGE MEADOWS
BRIDGWATER



INTRODUCTION

PETER TRUSCOTT
Chief Executive



HENLEY GATE
IPSWICH

INTRODUCTION

EXECUTIVE SUMMARY

- Challenging trading environment in FY23
 - Disappointing FY23 outturn
 - APBT at £41.4m
 - SPOW rate recovering from trough
- Streamlined operations in response to market conditions
 - Moderate pace of divisions growth
 - Align headcount and resources in existing divisions
 - Right-sized overheads
- High quality sites added
- Well positioned for future growth when market returns



FULLERS GROVE
WANTAGE

FINANCIAL REVIEW

BILL FLOYDD

Group Finance Director



WYCKE PLACE
MALDON

INCOME STATEMENT

Profit and Loss (£m)	FY23	FY22
Revenue	657.5	913.6
Adjusted gross profit	100.6	194.3
Gross margin	15.3%	21.2%
Adjusted operating profit	44.2	140.9
Adjusted profit before tax	41.4	137.8
Exceptional items before tax	(18.3)	(105.0)
Adjusted basic earnings per share	12.3	42.5
Dividend per share (p)¹	17.0	17.0

- Revenue down 28% reflecting weakness in housing market
- Gross profit impacted by flat sales prices, build cost inflation, overruns and mix
- Adjusted PBT reflects overruns on loss making sites
- Final dividend of 11.5p

1. FY23 interim dividend paid of 5.5 pence per share and final dividend proposed of 11.5 pence per share



SALES METRICS

	FY23	FY22	% Change
Outlets (full year equivalents)	47	54	(13.0)
SPOW (open market)	0.52	0.60	(13.3)
Home completions (units) ^{1,2}			
Open market (private)	1,222	1,775	(31.2)
Bulk ³	273	437	(37.5)
Affordable	525	522	0.6
Total	2,020	2,734	(26.1)
<i>Joint ventures</i>	215	298	(27.9)

ASP £'000 ^{2,4}	FY23	FY22	% Change
Home completions			
Open market (private)	437	424	3.1
Open market (inc-bulk)	406	388	4.6
Affordable	181	188	(3.7)
Total housing ASP (weighted average)	347	352	(1.4)

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

⁹ PRELIMINARY RESULTS 2023 January 2024

- SPOW recovered from trough
 - Interest rate outlook is key
 - Recent uptick in sales activities
- Pricing remained robust
- Forward sales at 19 January 2024
 - 1,732 units and £434.9m GDV
 - Reflecting a slower sales market

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



EXCEPTIONAL ITEMS

£m	FY23	FY22
Cost of sales		
Combustible materials charge	(11.3)	(102.5)
Combustible materials credit	10.0	-
Net combustible materials charge	(1.3)	(102.5)
Legal provision	(13.0)	-
Total cost of sales charge	(14.3)	(102.5)
Net finance expense		
Combustible materials imputed interest	(4.6)	(1.0)
Share of post-tax profit/(loss) of joint ventures		
Combustible materials credit/(charge) of joint ventures	0.6	(1.5)
Total exceptional charge	(18.3)	(105.0)
Tax credit on exceptional items	4.8	22.4
Total exceptional charge after tax credit	(13.5)	(82.6)

Fire remediation

- £11.3m charge from build cost inflation and scope changes
- £10.0m received from third parties due to their defective design and workmanship

Legal claim

- Received in January 2024
- Relates to a low-rise bespoke apartment scheme built in 2019
- Unrelated to general fire remediation programme



FARNHAM

COMPLEX URBAN REGENERATION DEVELOPMENT

- Urban regeneration scheme comprising 13 buildings; 239 apartments; 33 commercial units; cinema; public space landscaping; highway works and a pedestrian bridge
- Nine buildings complete
 - Two apartment blocks to complete, substantially internal works
 - One building requires façade retention works
 - Grade 1 building to be converted
- Landscaping and bridge to complete



FARNHAM

OVERVIEW OF DEVELOPMENT



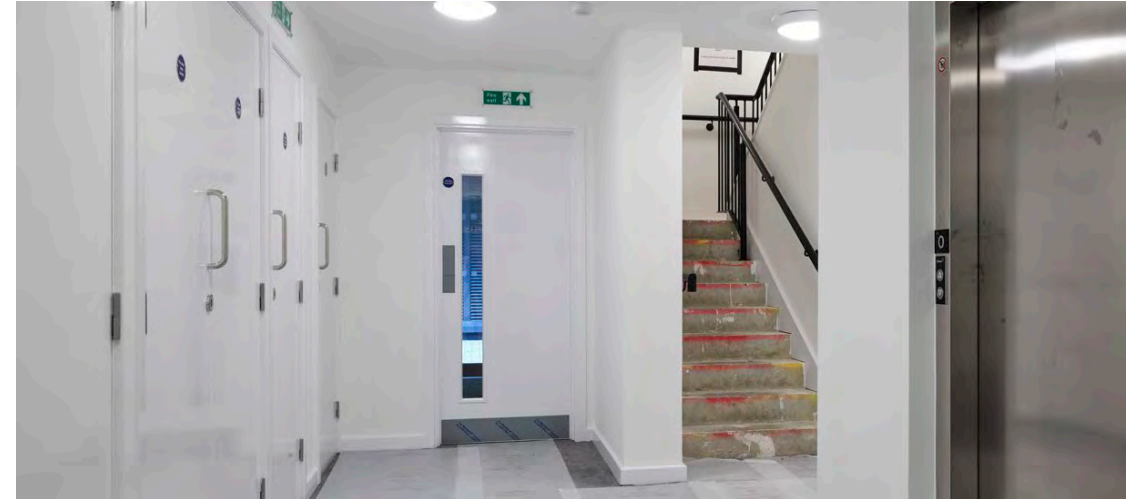
FARNHAM

COMPLETION OF EXTERIOR BUILDINGS



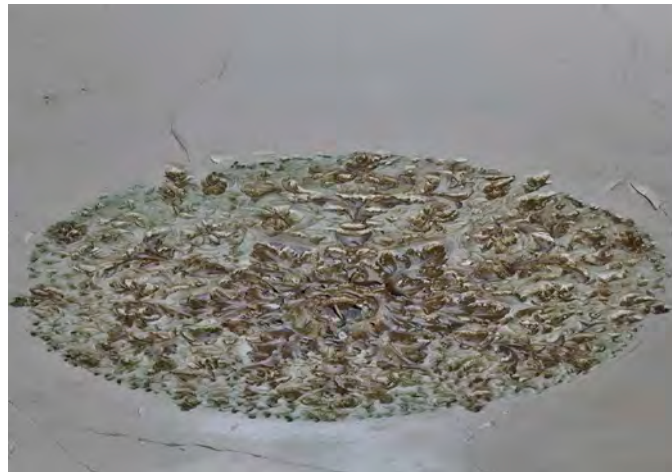
FARNHAM

COMPLETION OF INTERIOR RESIDENTIAL BLOCKS



FARNHAM

LISTED HERITAGE PROJECT: SPECIALIST CONTRACTOR APPOINTED



FARNHAM

KEY FINANCIALS

- c.£106m cost to date, representing 94% financial completion
- £7m cost remaining to complete the programme, within our current estimate
- All commercial units pre-sold
- Remaining 74 of 239 apartments to be sold FY24 - FY26, pricing and sales rate in line with current experience
- On site for the duration of FY24



IMPACT OF COST OVERRUNS AT YEAR END

£m	Farnham	Others	Total		FY23	FY24	Beyond
Commercial negotiation	0.7	3.6	4.3				
Scope gaps	1.1	3.7	4.8				
Timing delays	0.4	1.8	2.2				
Other	0.3	0.4	0.7				
	2.5	9.5	12.0	Year of impact	(5.5)	(2.7)	(3.8)



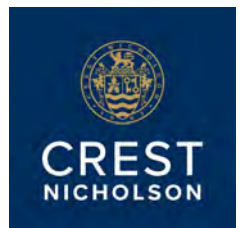
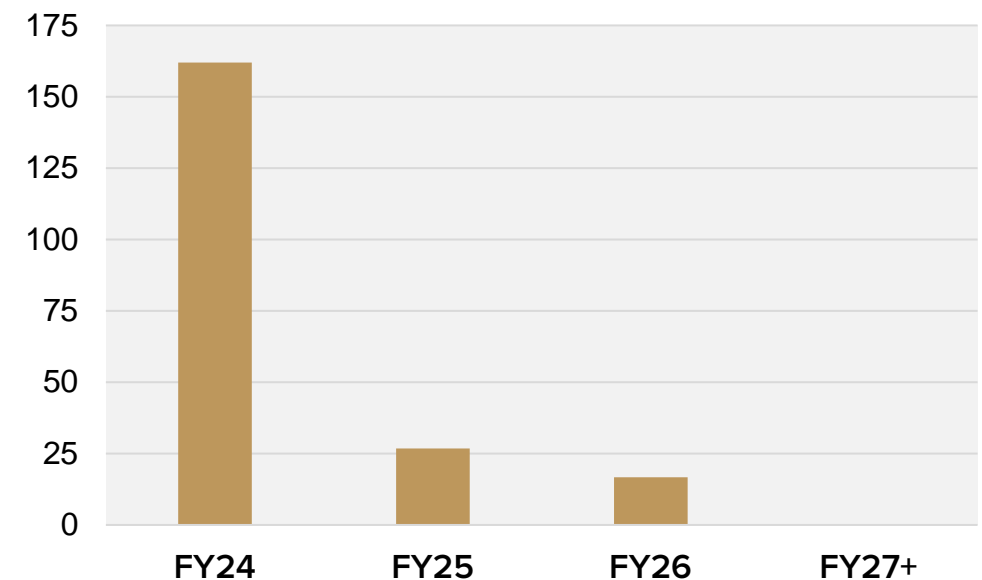
BALANCE SHEET

MAINTAINING ROBUST POSITION

Balance sheet – key items (£m)	FY23	FY22
Land & WIP	1,164.8	990.1
Land creditors	(205.5)	(198.7)
Net cash	64.9	276.5
Net assets	856.3	883.1
ROCE (%)	6.3	22.4

- Debt facilities
- RCF facility of £250m matures 2026
- Private placement of £100m maturity 2024 - 2028

LAND CREDITOR ROLL OUT BY YEAR (£m)



CASH FLOW

INCREASE IN WIP AND LAND

Operating cash flow (£m)	FY23	FY22
PAT	17.9	26.4
<i>Net cash items</i>	25.1	11.3
Operating cash before working capital charges	43.0	37.7
Movement in land and WIP	(182.3)	55.5
<i>Other working capital movements</i>	(6.4)	(33.8)
Cash (used by)/ generated from operations	(145.7)	59.4
Finance and tax	(19.9)	(7.7)
Dividend	(43.6)	(38.5)
Other	(1.8)	9.7
Cash (decrease) / increase	(211.0)	22.9

Key cash flow items are:

- Land spend: £252m
- Build spend: £464m (including combustibles)
- Dividends of £43.6m



FY24 GUIDANCE

	FY24	FY23
Total units	1,800 – 2,000	2,020
Outlets	46 – 50	47
SPOW	0.45	0.52
ASP	↔	£347k
Gross margin %	↑	15.3%
Overhead	↓	£55.8m
Net interest charge	↑	£5.5m
JV income	↔	£2.7m
Net (debt)/cash	(£75m – £125m)	£64.9m

Profitability weighted to H2 in anticipation of market recovery



MARKET CONTEXT

PETER TRUSCOTT
Chief Executive



MIRUM PARK
LYDNEY

MARKET CONTEXT

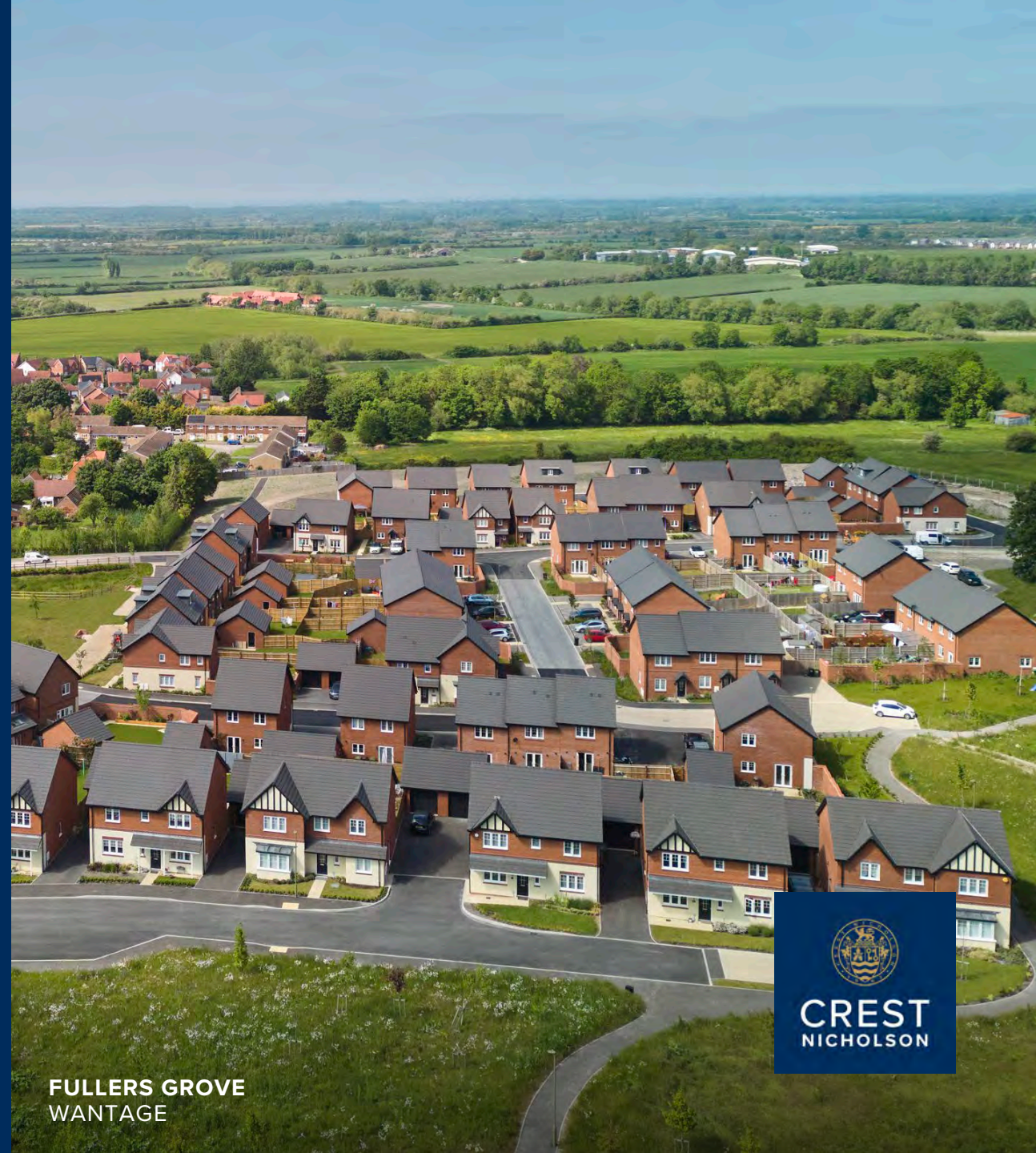
FY24 OPERATING ENVIRONMENT

- Political and economic environment
 - Domestic stability but global issues persist
- Affordability
 - Base rate likely peaked, mortgage rates reducing
- Land and planning
 - Slowing new site releases pose a sector-wide challenge for outlets
 - Approvals process getting slower
 - Build cost stable
- Housing market remains attractive long-term
 - Demonstrable resilience in recent years



STRATEGY UPDATE

PETER TRUSCOTT
Chief Executive



FULLERS GROVE
WANTAGE



PRIORITIES FOR FY24

POSITIONING CREST TO CURRENT ENVIRONMENT

Financial focus

- Sales performance to drive margins
- Maintain a strong balance sheet

Operational focus:

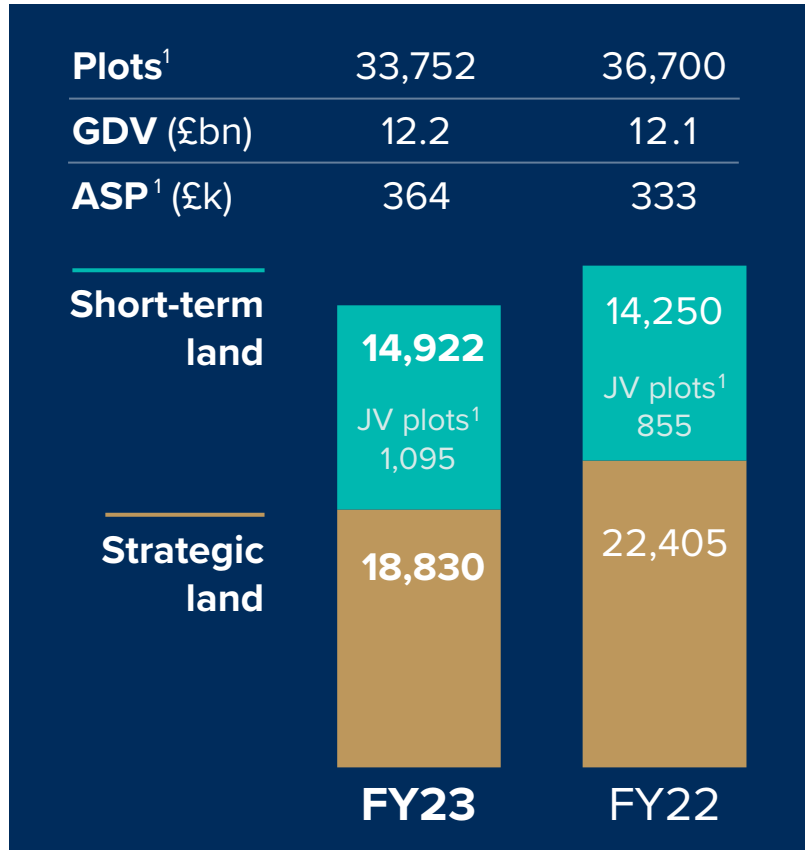
- Return to five star customer rating
- Maintain flexible operating platform
- Converting land to implementable planning consent stage
 - support outlet growth
- Building Safety remediation progress
- Health and safety remains key priority



COLWELL GREEN
WITNEY

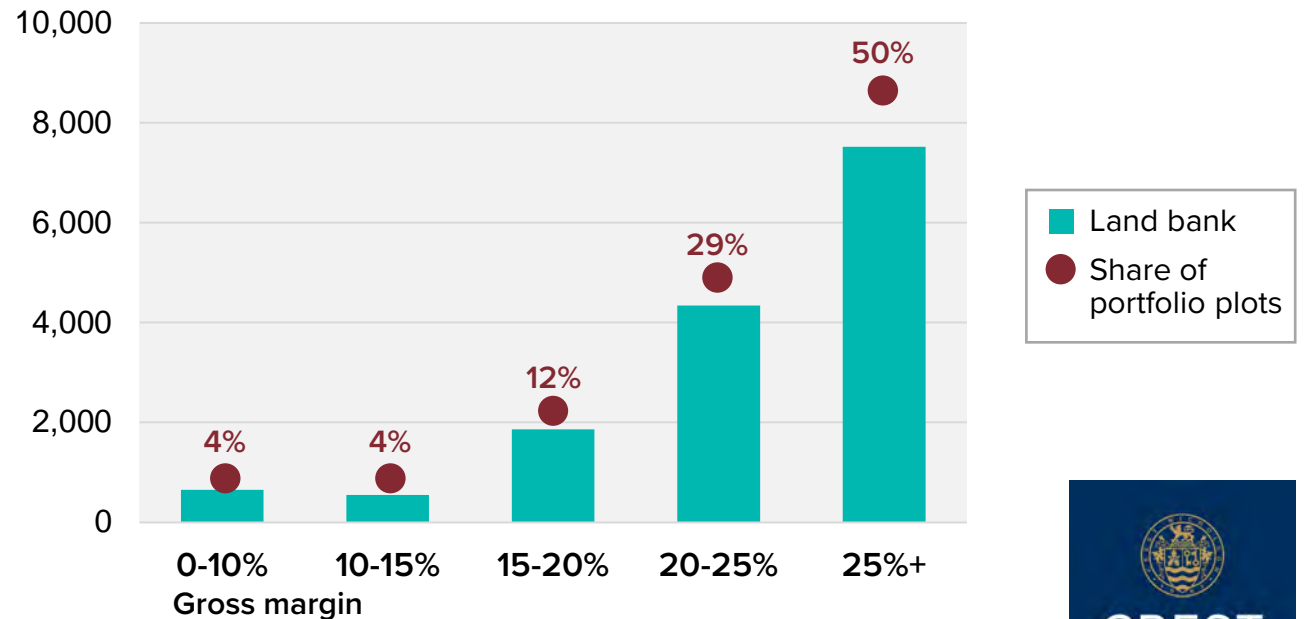
LAND PORTFOLIO

CONTINUING TO ADD HIGH QUALITY SITES AND LOCATIONS



- 3,864 plots approved in FY23 at forecast GM: 25.2%
- Average gross margin in portfolio: c.23%²

NO. OF LAND BANK PLOTS / SHARE OF PORTFOLIO PLOTS²



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.

² FY23 S&M costs applied

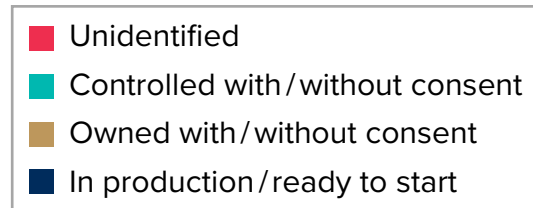
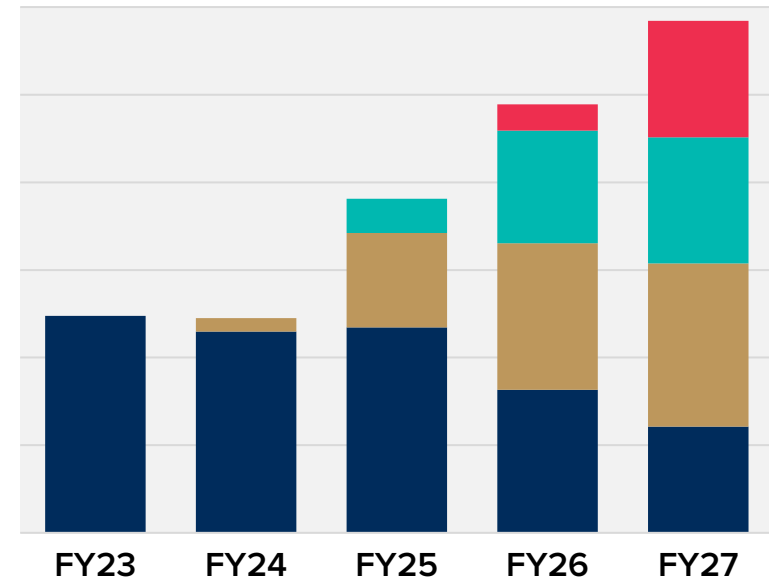


LAND PORTFOLIO

QUALITY LAND PIPELINE FOR OUTLET GROWTH

- Short term land portfolio 14,922 plots as at 31 October 2023
- Approved 3,864 plots FY23 with some high quality locations in the Oxford and Windsor markets
- Sufficient land at advanced planning stages
- Positioning the business to increase volume and outlet growth

GROSS PROFIT EVOLUTION

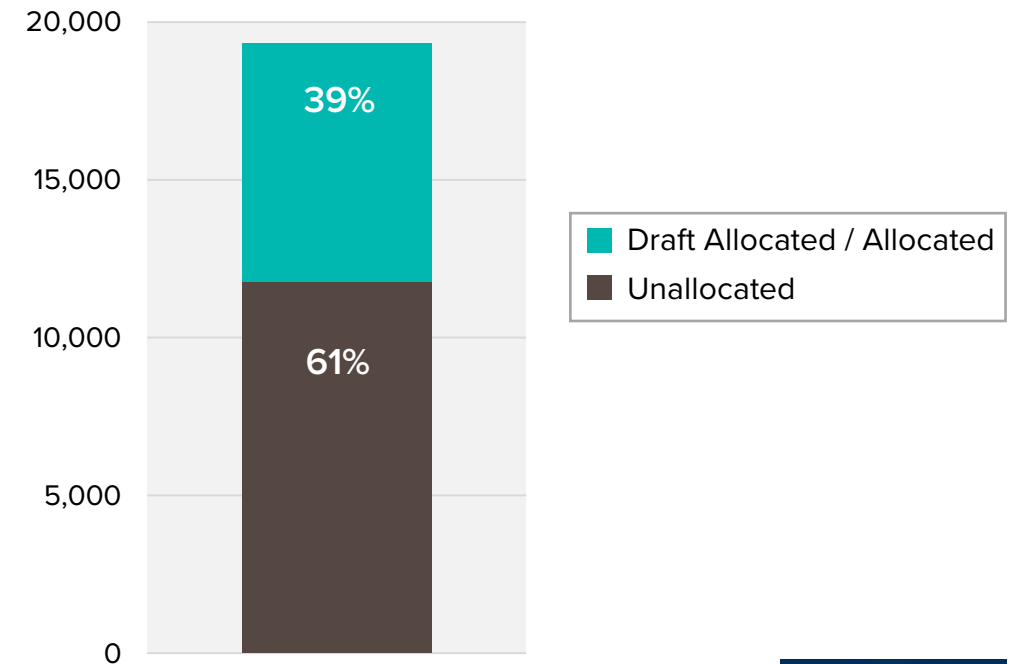


LAND PORTFOLIO

STRATEGIC LAND

- Dedicated specialist team driving strategic land strategy
- Asset light on balance sheet
- 39% strategic land allocated - supports growth ambitions
- Average discount on allocated plots: 16.8%

PLANNING STATUS OF STRATEGIC LAND PLOTS



LAND PORTFOLIO

CASE STUDY – LONGCROSS

- Prime Surrey location neighbouring Virginia Water, Chobham and Sunningdale with easy access to public transport and roads
- Holding costs at substantial discount
- Advance stage of planning process

NO. OF PLOTS

- 1,700

PURCHASE DETAILS

- WIP to date: £40m

PLANNING STATUS

- In adopted local plan. Planning application near to determination

EXPECTED BUILD COMMENCEMENT

Start on site 2025

FUTURE OPPORTUNITIES

- Scale of development, opportunities for multi-channel development



LAND PORTFOLIO

CASE STUDY - HARPENDEN

- Highly desirable location near St Albans
- Substantial discount to market value with high GM embedded

NO. OF PLOTS

- c.1,000

PURCHASE DETAILS

- Strategic land discount: 23.7%, embedded enhanced margin

PLANNING STATUS

- Draft allocation in local plan

EXPECTED BUILD COMMENCEMENT
2026

FUTURE OPPORTUNITIES

- Scale of development, opportunities for multi-channel development



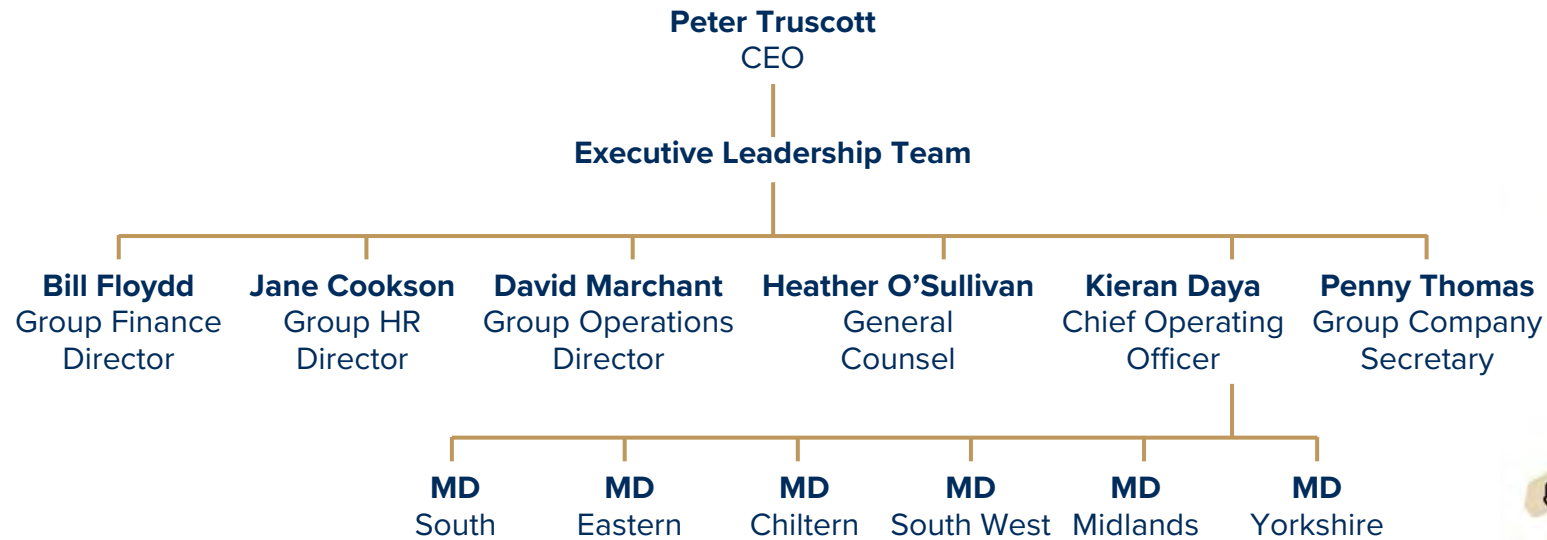
PRODUCT UPDATE

- Regulation defines many product design aspects
 - 2021 & 2023 regulations fully implemented
 - Further FHS regulations evolving
 - Developed high quality, sustainable and energy efficient homes
- New 2023 range house types
 - More energy efficient than the previous house type
 - Enhanced version with more attractive features
 - Maximise efficiency of space to suit customer's need
- Future focus
 - Active collaboration with supply partners and industry
 - Continue to enhance and stay current in tech and regulations compliant



GROUP STRUCTURE

- Overheads right sized
- Divisional output streamlined
- Simplified Management Structure





MULTI CHANNEL APPROACH

- Key part of our strategy
- Continue to secure good quality strategic land
- Partnerships
 - Delivered 273 units in FY23 with our valued partners
 - Maintained discipline on discounts
 - Contracted several deals with PRS and RP partners to be delivered over next few years
- Established new joint venture in Brackley for c.400 units
- Further sales pipeline opportunities





FIVE-STAR CUSTOMER SERVICE

ENCOURAGING SIGNS OF IMPROVEMENT

- Returning to five-star is a strategic priority
- Significant investment in people, process and system in FY23
- Encouraging signs of improving trends
- New Homes Quality Code implemented
- Future focus
 - Develop enhance customer system (COINS)

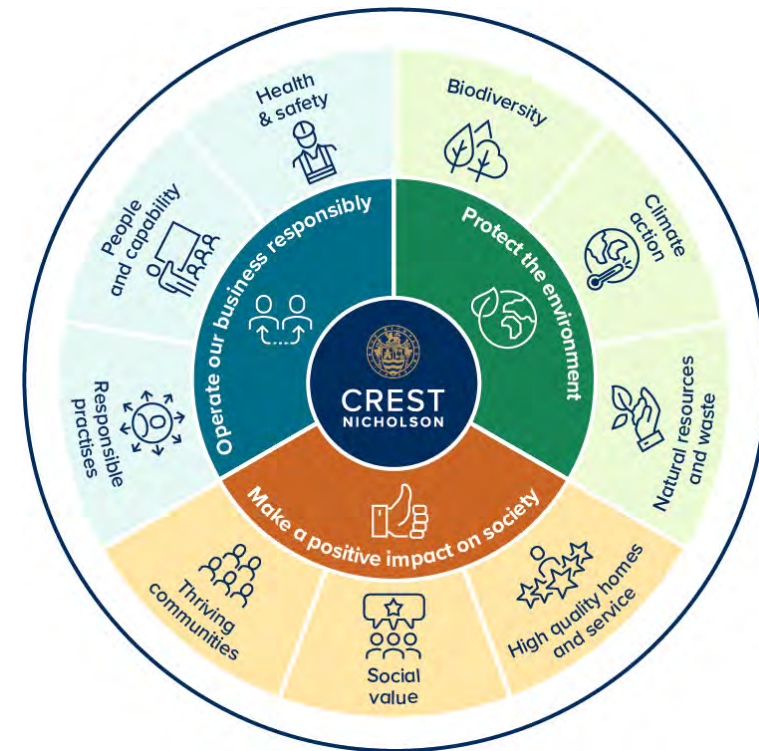




SUSTAINABILITY & SOCIAL VALUE

GOING FURTHER IN OUR SUSTAINABILITY COMMITMENTS

- On track with sustainability targets, including those linked to our RCF
- Mitigating our impact on climate change
 - Actively reducing our greenhouse gas emissions
 - Increased the share of electricity sourced from renewable tariffs
 - All new Legacy Collection houses meet a minimum EPC B rated
 - Engaging with the supply chain and wider industry to address embodied carbon
- Investment in our people
 - Gold accredited member of the 5% club¹
 - 22% of our employees are in trainee positions or undergoing formal training



¹ The 5% Club is a movement of employers who are committed to have 5% of their workforce in earn and learn positions

SUMMARY AND OUTLOOK

Summary

- Challenging market conditions and outturns in FY23
 - Maintained robust balance sheet
 - High quality land acquired for future outlet growth
 - Streamlined operations to align with market conditions

Outlook and focus

- Clear plan and focus for FY24
- Experienced team in place to navigate uncertainty
- Strong balance sheet provides resilience
- Strategy for growth with high quality land portfolio
- Early encouraging signs in sale activities



LEWIN PARK
BIGGLESWADE



COLWELL GREEN
WITNEY

Q&A



APPENDIX



**GRANGE MEADOWS
BRIDGWATER**

LAND PORTFOLIO

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EXPECTED BUILD COMMENCEMENT:
2026

FUTURE OPPORTUNITIES

- Scale of development, opportunities for multi-channel development



INCOME STATEMENT

£m (unless otherwise stated)	FY23	FY22	% Change
Revenue	657.5	913.6	(28.0)
Cost of sales	(556.9)	(719.3)	
Adjusted gross profit	100.6	194.3	(48.2)
<i>Adjusted gross profit margin</i>	15.3%	21.3%	
Net administrative expenses	(55.8)	(51.1)	
Net impairment losses on financial assets	(0.6)	(2.3)	
Adjusted operating profit	44.2	140.9	(68.6)
<i>Adjusted operating profit margin</i>	6.7%	15.4%	
Adjusted net finance expense	(5.5)	(7.1)	
Share of joint venture results	2.7	4.0	
Adjusted profit before tax	41.4	137.8	(70.0)
Adjusted income tax	(10.0)	(28.8)	
Adjusted profit after tax	31.4	109.0	(71.2)
Exceptional items net of income tax	(13.5)	(82.6)	
Profit after tax	17.9	26.4	
Adjusted basic earnings per share (p)	12.3	42.5	(71.1)
Dividend per share (p)¹	17.0	17.0	

¹ FY23 interim dividend paid of 5.5 pence per share and final dividend proposed of 11.5 pence per share



BALANCE SHEET

As at 31 October, £m	2023	2022
Non-current assets	69.9	96.8
Inventories	1,164.8	990.1
Cash and cash equivalent	162.6	373.6
Other current assets	133.0	118.7
Total assets	1,530.3	1,579.2
Non-current interest-bearing loans + borrowings	(83.5)	(97.1)
Other non-current liabilities	(151.8)	(118.1)
Current interest-bearing loans + borrowings	(14.2)	-
Current provisions	(85.5)	(72.2)
Other current liabilities	(339.0)	(408.7)
Total liabilities	(674.0)	(696.1)
Net assets	856.3	883.1



CASH FLOW (FULL VERSION)

£m	FY23	FY22	Change %
Operating profit before changes in working capital and provisions¹	43.0	37.7	14.1
Decrease/(increase) in trade and other receivables	27.0	(17.0)	-258.8
(Increase)/decrease in inventories	(182.3)	55.5	-428.5
Decrease in trade and other payables and provisions	(31.9)	(13.4)	138.1
Contribution to retirement benefit obligations	(1.5)	(3.4)	-55.9
Cash (used by)/generated from operations	(145.7)	59.4	-345.3
Finance expense paid	(5.6)	(6.3)	-11.1
Income tax paid	(14.3)	(1.4)	921.4
Net cash (outflow)/inflow from operating activities	(165.6)	51.7	-420.3
Net cash inflow from investing activities	1.6	14.4	-88.9
Net cash outflow from financing activities	(47.0)	(43.2)	8.8
Net (decrease)/increase in cash and cash equivalents	(211.0)	22.9	-1,021.4
Cash and cash equivalents at the beginning of the year	373.6	350.7	
Cash and cash equivalents at end of period	162.6	373.6	
Private placement	(100.0)	(100.0)	
Fees	2.3	2.9	
Net cash	64.9	276.5	

¹ FY23 and FY22 figures adjusted for exceptional items as disclosed on slide 9



CAPITAL ALLOCATION

A CLEAR FRAMEWORK FOR VALUE CREATION

Maintain a robust balance sheet

- Respecting the cycle
- Land Creditors to be <30% of Net Assets

Geographical expansion

- Greater land release opportunities away from South
- Increased scale diversifies risk and enhances operational leverage

Sustainable dividend policy

- 2.5x cover
- Provides right balance for returns and growth
- Flexibility to return surplus capital

Capital efficiency

- Disciplined and selective on new sites
- Combustibles now clearly understood
- Poorer legacy schemes closing out

