MORGAN SINDALL GROUP

Full year results

to 31st December 2023

22nd February 2024




Agenda

MORGAN SINDALL GROUP

- Introduction / John Morgan
- Financial & operational review / Steve Crummett
- Construction / Pat Boyle
- Property Services / Pat Boyle
- Capital allocation, markets & outlook / John Morgan

Introduction

MORGAN SINDALL GROUP

- Record FY performance demonstrates the breadth of the Group's operations
- Balance sheet strength and significant daily cash
- High-quality order book with good prospects in the pipeline
- Decentralised and empowered structure gives us agility and flexibility through the cycle
- Well-positioned for the future

Financial & operational review

Steve Crummett

Summary of Group results

Adjusted[1] basis £m	FY 23	FY 22	Change
Revenue	4,118	3,612	+14%
Operating profit	141.3	139.2	+2%
Operating margin	3.4%	3.9%	-50bps
Net interest	3.3	(3.0)	+£6.3m
Profit before tax	144.6	136.2	+6%
Tax	(29.9)	(27.0)	-£2.9m
Profit after tax	114.7	109.2	+5%
Earnings per share (p)	247.7p	237.9p	+4%
Total dividend per share (p)	114p	101p	+13%

[1] Adjusted = before intangible amortisation of £2.9m and exceptional building safety credit of £2.2m (FY 2022: before intangible amortisation of £2.0m and exceptional building safety charge of £48.9m)

Summary by division

MORGAN SINDALL GROUP

	Revenue		Operating Profit/(Loss)[1]		Operating Margin[1]	
	£m	change	£m	change	%	change
Construction	967	+18%[2]	25.9	+15%	2.7%	-10bps[2]
Infrastructure	887	+15%[2]	38.5	+31%	4.3%	+50bps[2]
Fit Out	1,105	+14%	71.8	+38%	6.5%	+110bps
Property Services	185	+13%	(16.8)	-491%	-9.1%	-1170bps
Partnership Housing	838	+20%	30.5	-18%	3.6%	-180bps
Urban Regeneration	185	-24%	14.8	-22%	n/a	n/a
Elims/Central	(49)		(23.4)			
Total Group	**4,118**	+14%	**141.3**	+2%	**3.4%**	-50bps

[1] Adjusted = before intangible amortisation of £2.9m and exceptional building safety net credit of £2.2m (FY 2022: before intangible amortisation of £2.0m and exceptional building safety charge of £48.9m)

[2] Prior year comparative revenue and margin adjusted for revised business segments

Operating cash flow

- Operating cash inflow of £**189.0**m
- Conversion of **134%** of operating profit
- Net working capital inflow of £59.7m
  - Reflects the benefit of revenue increase in Construction, Infrastructure & Fit Out
  - No change to underlying profile of debtors/creditors
  - See appendices for 'Payment Practices' reporting

A = Non-cash adjustments. *Includes depreciation £26.8m, share option expense £6.6m; less share of underlying net profits of joint ventures £14.1m*
B = Net capex and finance leases. *Includes repayment of lease liabilities £21.2m, purchases of property, plant & equipment £14.3m and purchase of intangible fixed assets £0.3m; less proceeds on disposal of property, plant & equipment £2.0m*

C = Movement in working capital[2]
D = Other. *Increase in provisions £1.4m, shared equity redemptions £0.4m and dividend received from joint ventures £1.6m; less exceptional building safety provision decrease £0.6m, additional pension contributions £0.2m and gain on disposal of property, plant & equipment £0.1m*

[1] *Adjusted = before intangible amortisation of £2.9m and exceptional building safety credit of £2.2m*
[2] *Adjusted = before exceptional building safety debtors increases of £16.5m*

Daily net cash balance

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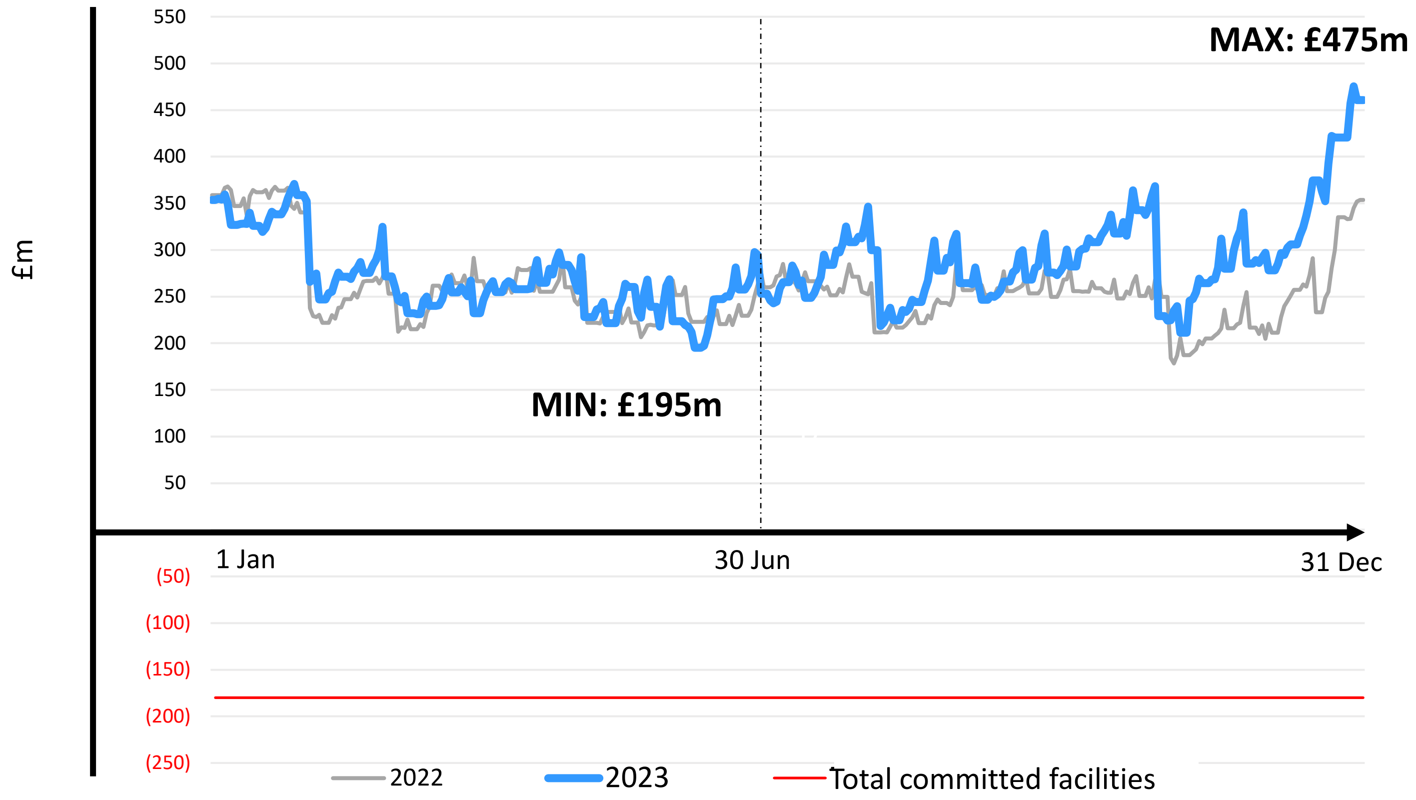

- Average daily net cash **£282m**
  (FY 2022: £256m)
- Year end net cash **£461m**
  (FY 2022: £355m)
- FY 2024 average daily net cash expected to be in excess of £300m

Secured order book

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£8.9bn

Group secured order book

Includes only:

- projects with signed contract or letter of intent in place
- expected share of revenue from secured frameworks
- share of GDV of secured schemes

	£m	vs FY 2022
Construction	796	-1%
Infrastructure	1,689	-6%
Fit Out	1,098	+31%
Property Services	1,478	+23%
Partnership Housing	2,034	+3%
Urban Regeneration	1,825	-1%
Total Group	**8,920**	+5%

Reminder of our ESG credentials

'AAA' MSCI ESG rating maintained

CDP score of 'A' for leadership on climate change maintained in 2023 – fourth year

On track to achieve 2030 'operational net zero' target for Scopes 1,2 & operational 3 emissions

Payment practices to the supply chain

Delivering 'Social Value' is how we win work

Divisional performances

Construction

£m	FY 23	Change[2]
Revenue	967	+18%
Operating profit[1]	25.9	+15%
Operating margin[1]	2.7%	-10bps
Secured order book	796	-1%

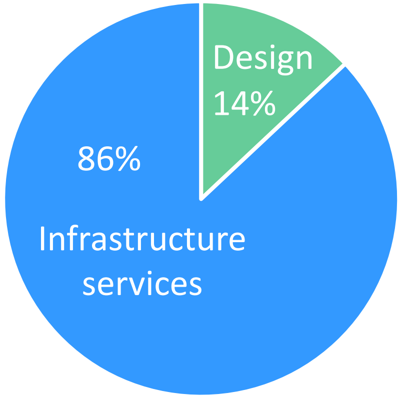
- Market remains active
  - Revenue up 18%, order book down only 1% despite revenue growth
  - Preferred bidder c£1.3bn. 69% higher than this time last year
- Showing benefit of continued focus on operational delivery and contract selectivity
  - Consistent margin again in the target range of 2.5%-3%
  - c100% of order book through frameworks, two-stage processes or negotiated work

1 *Before exceptional Building Safety net charge of £11.5m*
2 *FY 2022 revenue and margin has been adjusted for revised segments*

Infrastructure

£m	FY 23	Change[1]
Revenue	887	+15%
Operating profit	38.5	+31%
Operating margin	4.3%	+50bps
Secured order book	1,689	-6%

FY 23 by revenue



- Strong project delivery and type/phasing of workload driving revenue and margin growth
- Good growth in nuclear, energy, defence and rail. Highways was lower, in part due to increased selectivity
- Long-term order book
    - > 95% through existing frameworks

1 *FY 2022 revenue and margin has been adjusted for revised segments*

Fit Out

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£m	FY 23	Change
Revenue	1,105	+14%
Operating profit	71.8	+38%
Operating margin	6.5%	+110bps
Secured order book	1,098	+31%

- Excellent performance and another record result. Again driven by consistent project delivery and continued focus on customer experience
- Strong margin driven by contract mix and type of work
- No change to the overall balance of business
- Significant pipeline of opportunities
  - £816m of order book is for next 12 months (2024). 38% up on same time last year
  - In addition, >£150m work in preferred bidder, >£300m already tendered

Commercial offices
80% of revenue

London region
64% of revenue

'Traditional' fit out work
85% of revenue (15% 'd&b')

Fit out of existing office space
77% of revenue

Property Services

£m	FY 23	Change
Revenue	185	+13%
Operating profit[1]	(16.8)	-491%
Operating margin[1]	-9.1%	-1170bps
Secured order book	1,478	+23%

Long-term order book

c85% by value for 2025+

- Poor performance in difficult trading environment
- Operational contract delivery issues. Inefficiencies through higher use of subcontract vs direct labour
- Continued cost pressures. Issues with contract pricing
- Remediation programme
  - Management changes; led by Pat Boyle; refocusing on the basics; additional costs incurred to address

[1] *before intangible amortisation of £2.9m (FY 2022: £2.0m)*

Partnership Housing

£m	FY 23	Change
Revenue	838	+20%
Operating profit	30.5	-18%
Operating margin	3.6%	-180bps
Secured order book	2,034	+3%
Average capital employed[1] – last 12 months	254.5	+£57.2m
ROCE[1] – last 12 months	12%	-7% pts

- Resilient performance. Partnership model cushioning the full impact of softer housing market. Shift towards contracting work in year
  - Contracting up to 56% of total revenue (FY 2022: 47%)
- Growing partnership credentials with long-term workstreams
  - Continue to invest for the long term. Average capital expected c£275m-£290m in 2024

Contracting revenue up 44% (at £473m)
Mixed-tenure revenue down 1% (at £365m)

1,923 mixed-tenure units completed (incl JVs) (FY 2022: 1,936)
Includes 830 open market sales. 30% lower (FY 2022: 1,181)

£239k ASP of mixed-tenure units (FY 2022: 258k)

61 'active' mixed-tenure sites (FY 2022: 58)

[1] *Before exceptional Building Safety provisions*

Urban Regeneration

£m	FY 23	Change
Revenue	185	-24%
Operating profit[1]	14.8	-22%
Secured order book	1,825	-1%
Average capital employed[2] - last 12 months	98.6	+£2.1m
ROCE[2] – last 12 months	15%	-5% pts
ROCE[2] – average last 3 years	16%	+3% pts

£79.7m capital employed at year end (£20.7m lower than prior year)

c£80m-£90m average capital employed for FY 24

- Generally satisfactory progress across the long-term development portfolio
- Profit driven by scale/nature/timing of scheme completions
- Enhanced geographical footprint in year with presence in the Midlands
- Remains a good level of bidding activity

1 *Before exceptional Building Safety net credit of £13.7m*
2 *Before exceptional Building Safety provisions*

Summary

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- Good performance. PBT[1] up 6%
- Strong cash position and operating cash generation
- High-quality and growing order book
- ESG is fundamental to how we win work and excel in our markets
- Total dividend up 13%

[1] Adjusted = before intangible amortisation of £2.9m and exceptional building safety net credit of £2.2m

Construction

Pat Boyle

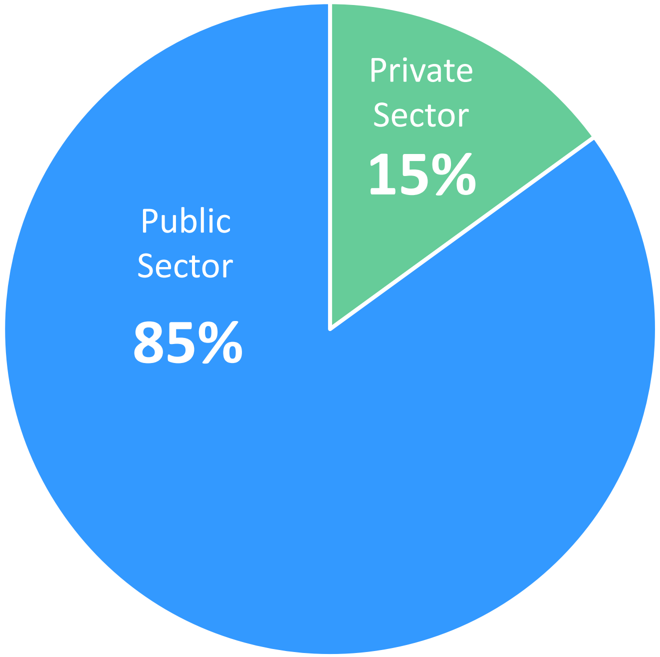
What We Do

Main contractor delivering design and build construction solutions to public and private sector clients, in multiple market segments, across the UK.

Public Sector - Frameworks

Department for Education
Ministry of Justice
Ministry of Defence
SCAPE
scf Southern Construction Framework
PAGABO Simply better procurement
ProCure 23
hub South West Scotland
UNIVERSITY OF OXFORD

FY 2023 revenue £967m



Private Sector

KADANS Science Partner
muse
THE ENGLISH CITIES FUND
PALL
HOWARD

Operational structure

- 5 well established regional businesses with 14 area teams
- Wide geographical coverage
- Strong relationships with regional customers
- Local supply chain partners
- Teams who are connected to the communities in which they work
- National Frameworks managed with core team
- De-centralised philosophy with central expertise for Technical, SHEQ and Design Management supporting the regional businesses

Markets served

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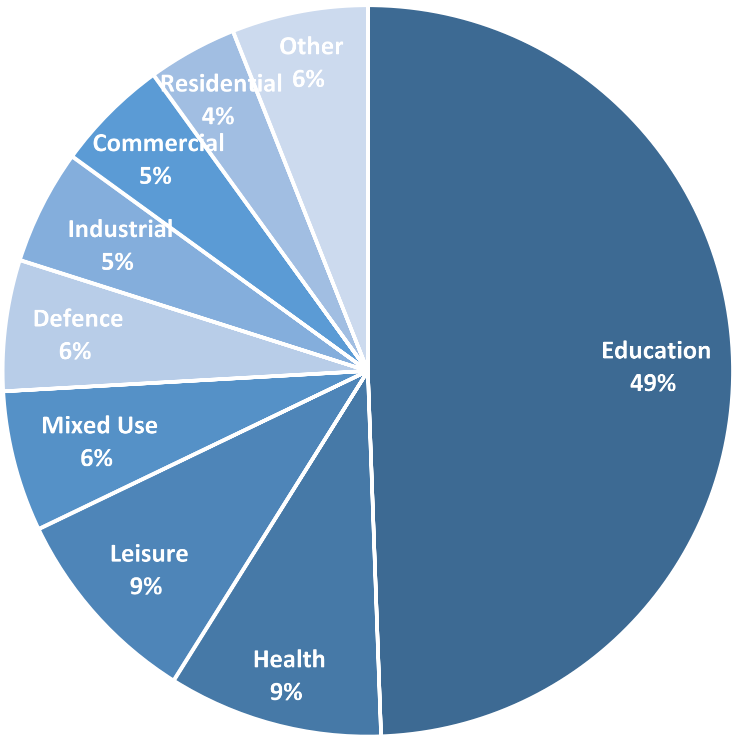
% of order book



- Public sector remains the focus generating c.85% of revenue
- 'Education' sector accounted for 49% of revenue in FY 2023 and remains largest customer sector across all regions nationally
- Health, Leisure and Life Sciences also significant market segments
- **Average project value c£16m**
- Work winning focused on a combination of framework and 2-stage negotiated tendering
  - Requires more time and investment up front but mitigates risk in delivery
- Rigorous risk management and contract selectivity in project assessment and tendering

Case study: Kenilworth Secondary School & Sixth Form

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	Client	Kenilworth Multi Academy Trust
	Location	Kenilworth, Warwickshire
	Size	195,900 sq ft
£££	Value	£44.5m

The new school is one of the largest in the UK and has created 2,220 much-needed places for the area. Across the c.33 acre site there are five specialist teaching wings which are all connected by a central spine that spans the entire school.

The building has an emphasis on connecting inside classroom spaces with the outside. The building includes outdoor study and play areas, courtyards and wild-plant, orchard and habitat areas to increase biodiversity across the site.

The local community has also benefited from the new facilities and the all-weather, natural grass and MUGA pitches and the main hall and theatre are all available for community hire, the first of which to use was the local air cadet group, 496 (Kenilworth and Balsall Common) Squadron.

Case study: Molecular Science Building

The building is the new home of the School of Chemistry and School of Geography, Earth and Environmental Sciences departments. It will strengthen the University's ambitions to become a world-class research university in the chemical, environmental and biomolecular science industries.

Approximately two-thirds of the building is dedicated to high-spec laboratory space, the remaining space is made up of academic offices, meeting rooms, lecture rooms and collaborative working spaces for staff and students.

Client	University of Birmingham
Location	Birmingham
Size	120,870 sq ft
Value	£59.7m

Case study: Wirral Growth Company Offices

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	Client	Wirral Growth Company (JV between Muse & Wirral Council)
	Location	Birkenhead
	Size	150,000 sq ft
£££	Value	£39.8m

The BREEAM Excellent office buildings are only the second Grade A office development in the area. One of the two five-storey buildings will be occupied by Wirral Council, with the other available for lease. Wirral Growth Company is a 50:50 joint venture partnership between Wirral Council and Muse Developments.

The project forms part of a wider plan to develop a central hub of new business and leisure facilities in the area to attract investment and create more opportunities for local people.

Construction

Where we've come from

Operational transformation based on discipline

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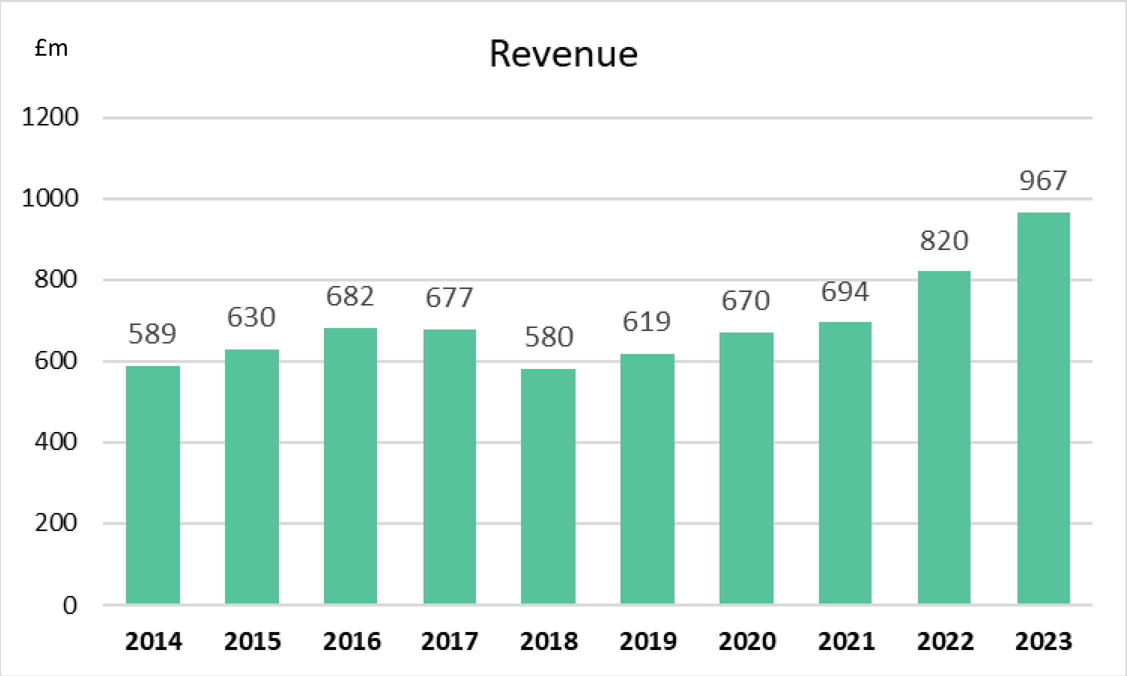
2014

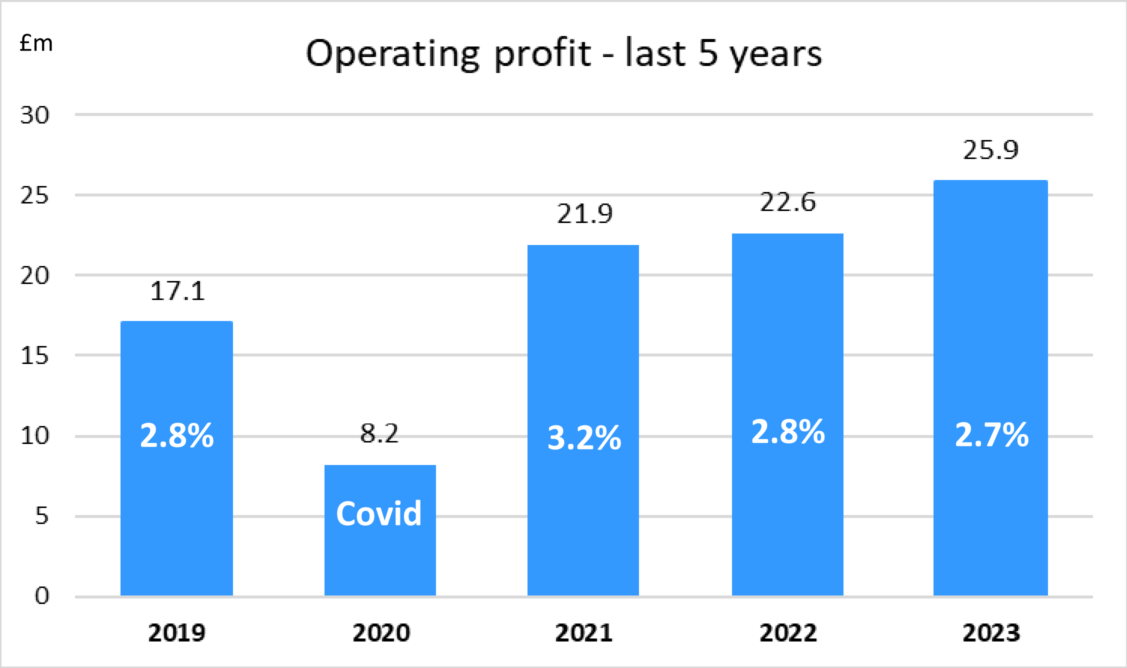
- Higher risk order book comprising c90% single stage contracts
- Not represented on many key frameworks
- Group net debt position caused supply chain payment issues
- Delivery issues
- Large number of disputes
- Poor reputation in the industry. Difficulty in client retention and staff recruitment

The business today

- ✓ c100% of order book now procured through 2-stage processes or frameworks. Much lower volatility
- ✓ Represented on most chosen frameworks across UK
- ✓ Strong Group balance sheet and net cash position provides comfort to public sector clients
- ✓ Top quartile payment practices helps cement strong supply chain relationships
- ✓ Significantly improved quality in delivery. Repeat customers
- ✓ Minimal disputes and no litigation
- ✓ Enhanced industry reputation. Lower staff attrition

Financial track-record[1]





- Significant losses made in 2014-2016
  - London jobs
  - Plus 'exceptional' losses shown in accounts
  - Cash drain

- Last 5 years show consistent performance (excl Covid year 2020)
  - **Consistent and sustainable margins**
  - Cash-backed profit

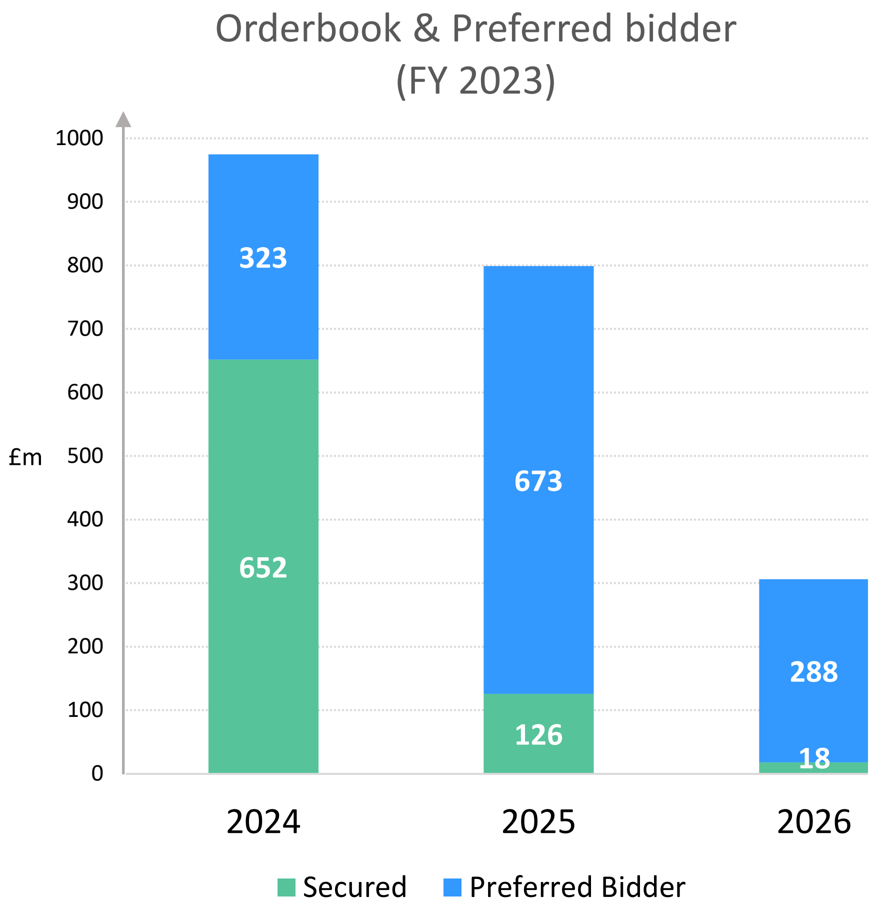
[1] *Design revenue was reported through Construction in 2014-2018 and has been eliminated in this analysis*

Construction

The way forward

Order book and pipeline

- Secured order Book of £796m. 1% lower despite revenue in year…
- ….But in addition, £1.28bn of Preferred Bidder
  - 69% higher than prior year
- Good visibility of projects into 2025 and beyond
- Strong demand in all regions. Inflation has impacted on client budgets and project scope, slowing decision making and project awards in some cases
- Order book reflects current sector split – Education weighted with negligible single stage work
- Pricing and margins remain strong with opportunity for growth
- Supply chain solvency remains key risk but mitigated by its diverse nature



Key growth opportunities

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- Continued delivery of English, Welsh and Scottish new build schools programme. Increased opportunity from refurbishment and decarbonisation
- Increase share of work through existing Health, Defence and Justice sectors
- Secure an increased share of Higher Education investment. Teaching and residential facilities
- Life Sciences and Technology sectors continue to see significant investment both domestically and from foreign investment into the UK
- Environmental & Social agenda – carbon, biodiversity, waste, renewables, social value
- Leverage environmental capabilities, reputation for quality, balance sheet strength and reliable supply chain to drive share across all sectors

Underpinned by focus on risk management, margin sustainability and quality of delivery

Medium-term target & 2024 outlook

- Medium-term target for Construction is:
  - Operating margin within the range of 2.5%-3.0% per annum
  - Increase revenue to £1bn per annum
- For 2024, expectation is to meet both these targets

Property Services

What We Do

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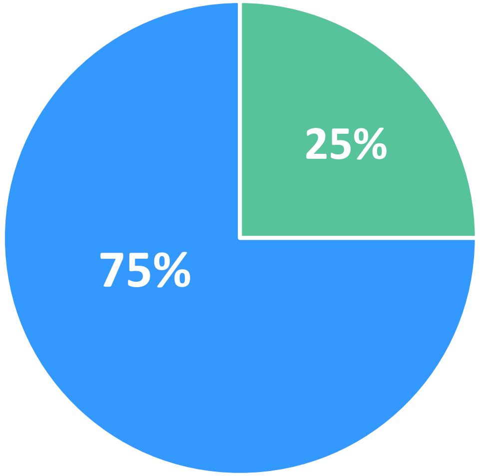
Provide responsive repairs and planned maintenance services for housing associations and local authorities

Services provided to over 200,000 properties
FY 2023 revenue £185m

Local Authorities

City of Westminster
Waltham Forest
h&f hammersmith & fulham
Basildon Council
St Albans City & District Council
Welwyn Hatfield



Housing Associations

L&Q
Moat
east end HOMES
Longhurst Group
MTVH
southessexhomes working smarter together

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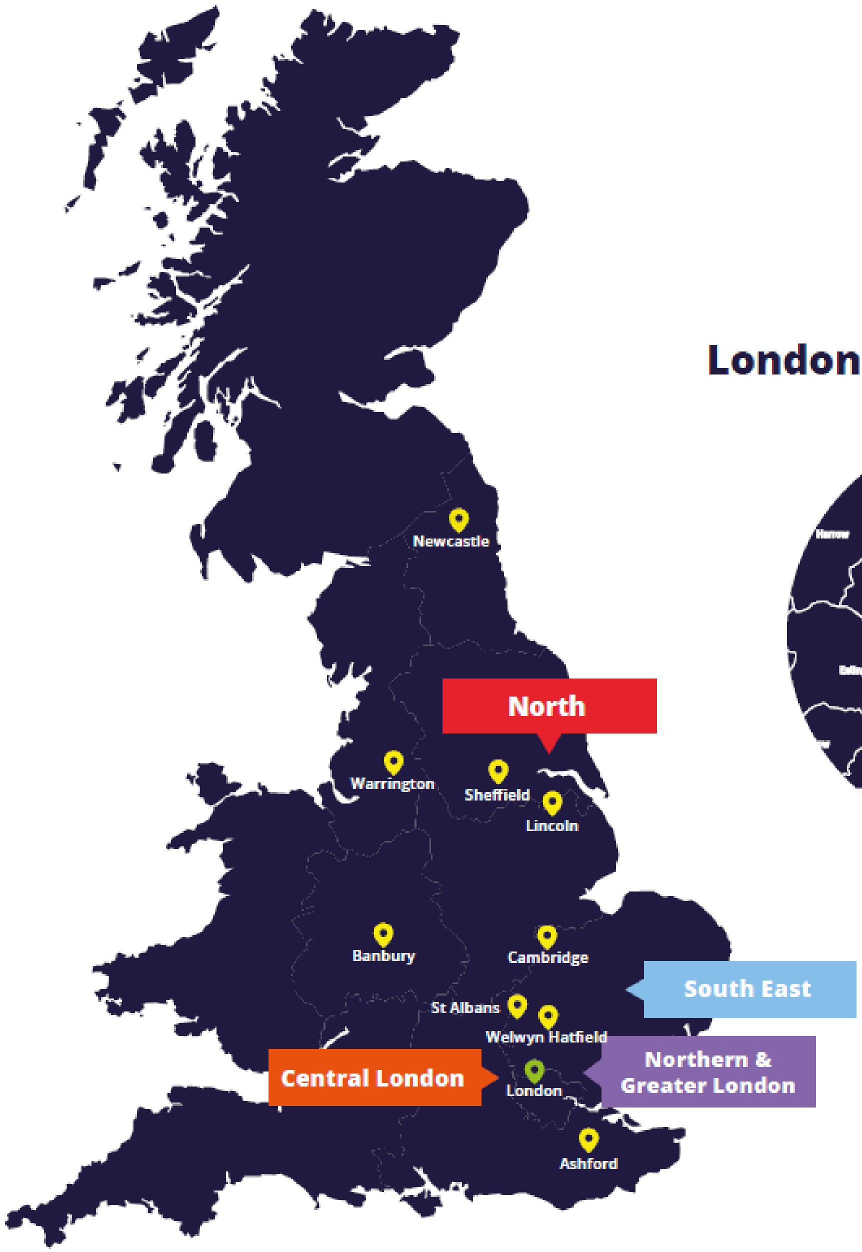
Our Hub Locations



London Offices

North

- Ashford Borough Council
- Asra
- Cheshire Extra Care
- Grove Village
- Home Group
- Lilac
- North Tyneside Council
- Sheffield Family Court
- SYPTE
- Yorkshire Housing
- Longhurst Group

Northern & Greater London

- Metropolitan Thames Valley Housing Association
- St Albans City and District Council
- London Borough of Waltham Forest
- Welwyn Hatfield Borough Council

South East

- Basildon Borough Council
- East End Homes
- South Essex Homes
- Moat Homes

Central London

- Banbury
- London Borough of Hammersmith & Fulham
- Westminster City Council

UK Planned Works

- L&Q

Market proposition

What do clients want from a property services partner?

- Operatives with technical competence and capability
- Certainty of delivery, quality and value
- Collaborative proactive partner
- Commitment to the communities we work in
- Financial strength

Case study – Basildon Borough Council

Property Services' strategic focus on long-term partnerships ensures a sustainable secured forward order book and steady pipeline of work. The integrated asset management contract with Basildon BC enables a holistic approach to maximising efficiency and optimising customer experience across all workstreams, through a long-term approach to maintaining and investing in the council's assets. In 2023, in response to increased concerns around damp and mould, Property Services, in partnership with Basildon BC, installed 1,500 monitoring systems and 2,000 Switchee units. Both these systems monitor humidity in the air and temperatures, enabling identification of potential mould growth within homes and residents who may be in fuel poverty and associated proactive preventative / interventive action.

Scope	Integrated Contract – repairs, void and planned works
Term	15 years
Value	£504m

Case study – Westminster City Council

	Scope	Repairs, void and retrofit works plus ad hoc planned work
	Term	10 years
	Value	£141m

Under this contract, Property Services delivers the council's decarbonisation and retrofit programme. To date, we have installed 1,866 measures to c. 1,000 Westminster properties including; double glazing and thermal external doors; draughtproofing and ventilation; energy efficient heating and hot water systems and controls including air source heat pumps; solar panels; and digital property sensors to monitor internal temperature, humidity and air quality.

The programme has reduced property heat demand by c. 55% and fuel bills by an average of £224 per year and was awarded 'Best Carbon Zero Initiative' at the January 2023 NHMF awards.

Case study – London and Quadrant

Under this, Property Services' largest contract to date, the division is delivering major improvement works to around 21,500 L&Q properties, located mainly in London and the south. The programme includes estate and environmental improvements, planned mechanical and engineering works and internal works for residents. Through it, we are also delivering significant added social value. Customer satisfaction is 87% on average. **Customer testimonial:** *"Thank you so much… the finished work is of a high standard and the workers have carried this out with respect, hard work and diligence."*

Scope		Major improvement works
Term		15 years
Value		£450m

Property Services

What went wrong and what we’re doing about it

What went wrong

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£m	FY 23
Revenue	185
Operating profit[1]	(16.8)

- Significant increase in demand for repairs resulting from Covid and poor state of housing stock Ramp up in volumes has strained the organisation
- Cost inflation significantly above contract rates. Contract pricing mechanisms inadequate to cover
- Resourcing shortages and high attrition rates driven by increased work demand
  - Inefficiencies from higher use of sub-contract labour vs direct labour
  - Challenge with contract KPIs
  - Strained culture
- Insufficient focus on getting the fundamentals right

[1] *before intangible amortisation of £2.9m (FY 2022: £2.0m)*

Remediation plan

- New management team. MD, FD, Commercial, Partnership and Contract leads
- Discussions with clients re pricing, KPIs and (in some cases) duration
- Address internal inefficiency
- Optimise operative scheduling
- Cultural change to focus back on the basics
  - Quality of delivery
  - Ownership of performance
  - Recruit and retain the right people
- Temporary moratorium on bidding new significant contracts
- Plan commenced mid-2023 and will be completed by the end of 2024

Property Services

Looking ahead

Order book and market drivers

Order book

- Long-term order book at £1.5bn, up 23%
    - £180m of revenue for 2024 secured
    - £1.3bn orders for 2025 and beyond
- Growth mainly driven by existing contracts and L&Q
- Broadly spread across 22 clients

Opportunities

- Ageing and degrading Housing Stock across the UK
    - Regulation driving minimum standards
- Environmental & Social agenda – social housing decarbonisation
- Shortfall in new housing delivery increasing emphasis on maintaining existing stock
- Increase in planned maintenance volumes across existing partnerships and new contracts

Medium-term target & 2024 outlook

- Medium-term target was reduced to an annual operating profit of £7.5m in mid-2023 to reflect the current challenges the business is facing
- Target is not the limit of ambitions or a ceiling on what is the business's capability
- But the remediation plan will take time
- Expectation is for a further operating loss in 2024 at around half that reported in 2023
- Well-positioned to return to profit in 2025 and beyond

Capital allocation, markets & outlook

John Morgan

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Capital allocation policy

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Overarching principle to hold significant net cash balances at all times

Cash generation and maintain strong balance sheet	• Enhance competitive advantage and win future work • Ensure downside protection. Maintain a buffer
Maximise investment in current regeneration activities	• Partnership Housing. Scalable model with opportunities to increase capital employed. Returns in line with medium-term targets • Urban Regeneration. More modest investment likely
Ordinary returns to shareholders	• Dividend policy of cover in 2.0x-2.5x range
Investment by acquisition	• Targeting ‘bolt-ons’ through existing divisional structure • Focus on Partnership Housing. But potential across other activities
Special returns to shareholders	• Returns in the form of special dividends or share buybacks

Market conditions by division

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Construction	Good visibility of work through established frameworks mainly with the public sector Education, our largest market, is particularly strong
Infrastructure	Strong pipeline of new projects especially in defence, energy and nuclear Slower getting preferred bidder jobs to site
Fit Out	Steady market driven by lease renewals and new lettings Visibility of several larger fit out contracts Cat A market for landlords particularly strong
Property Services	Strong market for housing repairs which has significant political support Expect further growth from existing contracts
Partnership Housing	Slight improvement in private house sales albeit from a very low base Contracting from Housing Associations and Local Authorities strong Good pipeline of new partnership opportunities Planning still a major challenge
Urban Regeneration	High level of large opportunities in the market Winning good number of long-term development agreements Inflation and lower yields resulting in delays starting developments

Outlook by division

Construction	Medium-term target: operating margin of 2.5%-3% pa, revenue of £1bn **2024:** Expect to meet both targets
Infrastructure	Medium-term target: operating margin of 3.5%-4% pa, revenue of £1bn **2024:** Expect margin around top end of range. Significant progress towards £1bn revenue
Fit Out	Medium-term target: annual operating profit within the range £50m - £70m **2024**: Expected to be towards the top end of the range
Property Services	Medium-term target: operating profit of £7.5m pa **2024:** Further loss, about half of 2023's loss. Return to profit in 2025
Partnership Housing	Medium-term target: operating margin of 8%, ROCE up towards 25% **2024**: No significant market improvement but more positive backdrop. Expect modest profit growth
Urban Regeneration	Medium-term target: 3 year average ROCE up towards 20% **2024**: Hiatus between projects finishing and new ones starting. Plus investment in Midlands region. Profit and ROCE expected to be much lower than in 2023

Summary

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- Group is in good shape
- Financial stability of supply chain remains a challenge
- Continue to keep a strong balance sheet and significant net cash balance at all times
- Focus on long-term workstreams and long-term client relationships
- Need to fix Property Services but other divisions all operating well
- Expect 2024 to be in line with our current expectations

Appendices

Net finance expense

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£m	FY 23	FY 22
Interest income on bank deposits	10.8	2.3
Amortisation of fees & non-utilisation fees	(2.0)	(2.2)
Interest expense on lease liabilities (IFRS 16)	(2.5)	(1.9)
Discount on unwind of deferred land payments	(3.0)	(1.2)
Total	3.3	(3.0)

Adjusted earnings per share

£m	FY 23	FY 22
Profit after tax	117.7	60.9
Adjusted for:		
Exceptional Building safety credit/charge (net of tax)	(5.2)	46.7
Amortisation of intangibles (net of tax)	2.2	1.6
Adjusted earnings	114.7	109.2
Basic average number of shares	46.3m	45.9m
Adjusted earnings per share	247.7p	237.9p

Exceptional building safety credit

£m	
Exceptional building safety provisions additions/(releases)	18.4
Insurance and recoveries recognised in receivables	(16.5)
Exceptional building safety (credit)/charge within cost of sales	1.9
Exceptional building safety (credit)/charge within JVs	(4.1)
Total exceptional building safety (credit)/charge	(2.2)

Tax

£m	FY 23	FY 22
Profit before tax	143.9	85.3
Less: share of underlying[1] net profit in JVs	(14.1)	(14.3)
Profit subject to tax	129.6	71.0
Statutory tax rate	23.50%	19.0%
Current tax charge at statutory rate	**(30.5)**	**(13.5)**
Tax on underlying[1] joint venture profits[2]	(2.6)	(2.6)
Non-deductible portion of exceptional items	1.5	(7.0)
Other non-deductible expenses	0.7	(2.1)
Residential Property Developer Tax	-	(0.3)
Prior year adjustments	4.2	0.6
Other adjustments	0.5	0.5
Tax charge as reported	**(26.2)**	**(24.4)**
Tax on amortisation	(0.7)	(0.4)
Tax on exceptional items	(3.0)	(2.2)
Adjusted tax charge	**(29.9)**	**(27.0)**

[1] Underlying net profit of joint ventures excludes the exceptional Building Safety credit (£4.1m) related to joint ventures
[2] Most of the Group's joint ventures are partnerships where profits are taxed within the Group rather than the joint venture

Payment practices

MORGAN SINDALL GROUP

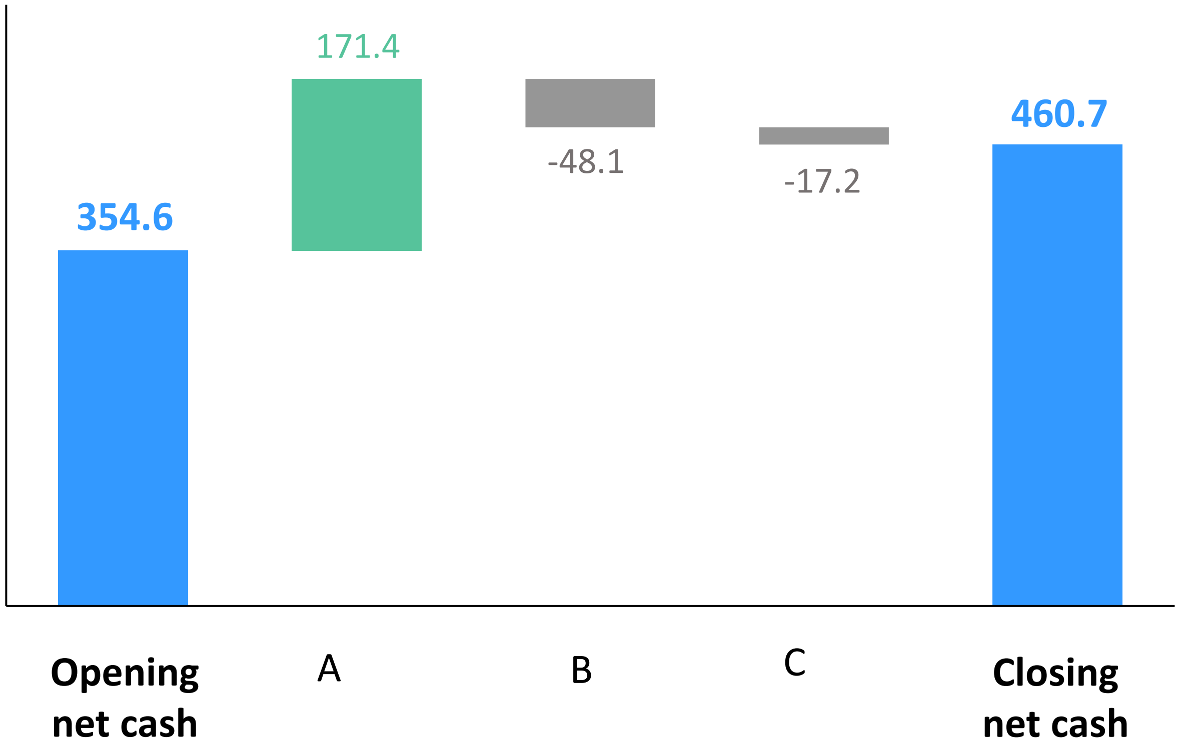
6m to 31st December 2023	Average time to pay invoices	Invoices not paid within agreed terms	Invoices paid within 60 days
Construction & Infrastructure	**25 days**	**3%**	**98%**
	1 day	***1%***	***1%***
Fit Out	**20 days**	**1%**	**98%**
	4 days	-	***1%***
Property Services	**44 days**	**4%**	**97%**
	1 day	***1%***	-
Partnership Housing	**32 days**	**14%**	**97%**
	-	***3%***	-

- Note that Construction and Infrastructure report their payment practices data under the same legal entity

Note: movements are shown compared to the previous reporting period of the 6 months to 30 June 2023
Green indicates improvement, red indicates deterioration

Net cash movement

MORGAN SINDALL GROUP



A = Free cash flow. See table
B = Dividends
C = Other. *Includes net capital advanced to joint ventures (£10.0m) and the purchase of shares in the Company by the employee benefit trust (£11.3m); less proceeds from the issue of new shares (£0.1m) and proceeds from the exercise of share options (£4.0m)*

- Year end net cash of **£460.7m**

Operating cash flow (Slide 7)	**(£189.0m)**
Tax	(£25.2m)
Interest (non-JV)	£7.6m
Free cash flow (A)	**(£171.4m)**

Summary balance sheet

MORGAN SINDALL GROUP

£m	31 Dec 23	31 Dec 22
Intangibles	218.6	221.2
PP&E	86.0	74.8
Investments (including JVs)[1]	107.4	84.8
Net working capital[2]	(136.0)	(89.9)
Current and deferred tax	(10.6)	(12.4)
Net cash	460.7	354.6
Lease liabilities	(63.8)	(56.9)
Provisions[1]	(96.1)	(76.9)
Other[3]	1.9	(3.1)
Net assets - reported	**568.1**	**496.2**

[1] Includes Building Safety provisions - £5.5m in Investments (JVs) and £56.1m in Provisions
[2] Includes Building Safety receivables of £16.5m
[3] 'Other' includes capitalised fees and accrued interest receivable £2.2m; less accrued interest payable £0.3m

Provisions

£m	
Provisions as at 1 January 2023	76.9
Additions:	
Exceptional Building safety (non-JV element)	26.3
Other	15.3
Less:	
Exceptional Building safety (non-JV) – released	(7.9)
Exceptional Building safety (non-JV) – utilised/reclassed	(0.6)
Utilised/reclassed - Other	(3.1)
Released - Other	(10.8)
Provisions as at 31 December 2023	96.1

Net increase in Building Safety provisions of £18.4m (see Slide 55)

Capital employed[1] in Regeneration

£m	Total Regeneration	Partnership Housing	Urban Regeneration
Total net land & regeneration WIP	270.1	226.0	44.1
Unsold completed units (excl. joint ventures)	27.4	26.2	1.2
Amounts invested in joint ventures[1]	112.3	68.1	44.2
Shared equity loans and investment properties	0.8	0.8	-
Other working capital[1]	(95.7)	(85.5)	(10.2)
Other net assets[1]	(0.8)	(1.2)	0.4
Total capital employed[1] at 31 December 2023	314.1	234.4	79.7
Total capital employed[1] at 31 December 2022	289.7	189.3	100.4
Increase/(decrease) in year	24.4	45.1	(20.7)

[1] *adjusted to exclude exceptional Building Safety receivables/provisions*

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