

# Full Year Results Presentation

Year ended 30 April 2011

24 June 2011

# Format of presentation

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**Chairman**

**Finance Director**

**Managing Director**

**Tony Pidgley**

**Nick Simpkin**

**Rob Perrins**

**Questions**

# TONY PIDGLEY

## CHAIRMAN

# Proposed £13 per share cash return



	<b>Dividend £/share</b>
By 30 September 2015	4.34
By 30 September 2018	4.33
By 30 September 2021	<u>4.33</u>
	<u>13.00</u>
 Total return to existing shareholders	 <u>£1.7 billion</u>

**NICK SIMPKIN**

**FINANCE DIRECTOR**

# Review of full year results

- Summary of performance
- Summary of financial position
- Banking facilities
- Income statement
- Homes completed and ASP
- Abridged cash flow
- Abridged balance sheet
  - Inventories
  - Creditors
- Land holdings

# Summary of performance



	<u>Apr 2011</u>	<u>Apr 2010</u>	<u>Change</u>	
<b>Operating profit</b>	<b>£135.7m</b>	<b>£106.2m</b>	<b>+ £29.5m</b>	<b>+ 27.8%</b>
<b>Operating margin</b>	<b>18.3%</b>	<b>17.3%</b>		
<b>Profit before tax</b>	<b>£136.2m</b>	<b>£110.3m</b>	<b>+ £25.9m</b>	<b>+ 23.5%</b>
<b>EPS – Basic</b>	<b>72.1p</b>	<b>60.0p</b>	<b>+ 12.1p</b>	<b>+ 20.2%</b>
<b>Weighted ave. no. of shares</b>	<b>132.0m</b>	<b>132.8m</b>		
<b>Cash (outflow)/inflow before financing</b>	<b>(£244.9m)</b>	<b>£57.5m</b>		
<b>Return on equity</b>	<b>15.3%</b>	<b>13.3%</b>		

# Summary of financial position



	<u>Apr 2011</u>	<u>Apr 2010</u>	<u>Change</u>	
<b>Shareholders' funds</b>	<b>£929.4m</b>	<b>£858.6m</b>	<b>+ £70.8m</b>	<b>+ 8.2%</b>
<b>Net asset value per share</b>	<b>709.2p</b>	<b>636.7p</b>	<b>+ 72.5p</b>	<b>+ 11.4%</b>
<b>Shares in issue</b>	<b>131.0m</b>	<b>134.9m</b>	<b>- 3.9m</b>	<b>- 2.9%</b>
<b>Closing net cash</b>	<b>£42.0m</b>	<b>£316.9m</b>	<b>- £274.9m</b>	
<b>Land bank - Plots</b>	<b>27,026</b>	<b>28,099</b>	<b>- 1,073</b>	
<b>- Gross margin</b>	<b>£2,304m</b>	<b>£2,038m</b>	<b>+ £266m</b>	<b>+ 13.1%</b>
<b>Cash due on forward sales</b>	<b>£813.5m</b>	<b>£648.1m</b>	<b>+ £165.4m</b>	<b>+ 25.5%</b>

# Banking facilities

	<u>Maturity</u>	<u>Apr 2011</u> <u>Facility</u> <u>£m</u>	<u>Apr 2010</u> <u>Facility</u> <u>£m</u>
<b><u>Corporate:</u></b>			
Facility No.1	Nov 2013	200.0	300.0
Facility No.2	Apr 2016	250.0	-
		<u>450.0</u>	<u>300.0</u>
<b><u>Project:</u></b>			
Project specific	n/a	-	39.0
Winstanley Rd	Sep 2020	68.0	68.0
<b>Total facilities</b>		<u>518.0</u>	<u>407.0</u>
St Edward Homes	Apr 2016	60.0	-

# Income statement



	<u>Apr 2011</u> <u>£m</u>		<u>Apr 2010</u> <u>£m</u>		<u>Change</u> <u>£m</u>	
Revenue	<u>742.6</u>		<u>615.3</u>		<u>+ 127.3</u>	+ 20.7%
Gross profit	209.1	28.2%	166.4	27.0%	+ 42.7	+ 25.7%
Overheads	(73.4)	9.9%	(60.2)	9.8%	- 13.2	+ 21.9%
Operating profit	<u>135.7</u>	18.3%	<u>106.2</u>	17.3%	<u>+ 29.5</u>	+ 27.8%
Net finance income/(costs)	(1.5)		4.4		- 5.9	
Joint ventures	2.0		(0.3)		+ 2.3	
Profit before tax	<u>136.2</u>		<u>110.3</u>		<u>+ 25.9</u>	+ 23.5%
Tax	(41.8)	30.7%	(30.8)	27.9%	- 11.0	
Profit after tax	<u>94.4</u>		<u>79.5</u>		<u>+ 14.9</u>	+ 18.7%
Minority interest - loss	<u>0.7</u>		<u>0.1</u>		<u>+ 0.6</u>	
Profit attrib. to shareholders	<u>95.1</u>		<u>79.6</u>		<u>+ 15.5</u>	+19.5%

# Homes completed and ASP



	<u>Units</u>	<u>ASP</u>	<u>Units</u>	<u>ASP</u>
2010/11 HY02	1,295	£280,000	2,544	£271,000
2010/11 HY01	<u>1,249</u>	<u>£262,000</u>		
<b>St Edward Homes</b>			164	£251,000
2009/10 HY02	1,287	£238,000	2,201	£263,000
2009/10 HY01	<u>914</u>	<u>£299,000</u>		
2008/09 HY02	533	£388,000	1,501	£395,000
2008/09 HY01	<u>968</u>	<u>£399,000</u>		
2007/08 HY02	1,537	£347,000	3,167	£295,000
2007/08 HY01	<u>1,630</u>	<u>£245,000</u>		
2006/07 HY02	1,556	£285,000	3,293	£291,000
2006/07 HY01	<u>1,737</u>	<u>£296,000</u>		

# Abridged cash flow



	<u>Apr 2011</u> <u>£m</u>	<u>Apr 2010</u> <u>£m</u>
Profit before tax	136.2	110.3
Increase in inventory – land	(207.4)	(85.2)
Increase in inventory – build WIP & stock	(151.7)	(25.9)
Transfer from inventory to rental fund	(28.6)	-
Net movement in JVs	(12.7)	(5.2)
Other working capital movements	46.8	88.0
Acquisition of Saad Berkeley	-	(17.7)
Non-cash movements	5.1	5.6
Tax paid	(32.6)	(12.4)
Cash (outflow)/inflow before financing	<u>(244.9)</u>	<u>57.5</u>
Financing activities	<u>(30.0)</u>	<u>(25.4)</u>
(Decrease)/increase in net cash	(274.9)	32.1
Opening net cash	<u>316.9</u>	<u>284.8</u>
Closing net cash	<u>42.0</u>	<u>316.9</u>

# Abridged balance sheet



	<u>Apr 2011</u> £m	<u>Movements</u> £m	<u>Apr 2010</u> £m
<b>Non-current assets</b>			
- Intangible assets	17.2	-	17.2
- Investment properties	28.6	28.6	-
- Investment in JV's	38.7	12.7	26.0
- Other non-current assets	29.5	5.0	24.5
<b>Inventories</b>	1,613.2	359.1	1,254.1
<b>Debtors</b>	96.7	39.0	57.7
<b>Creditors</b>	<u>(932.1)</u>	<u>(98.0)</u>	<u>(834.1)</u>
<b>Capital employed</b>	891.8	346.4	545.4
<b>Net cash</b>	42.0	(274.9)	316.9
<b>Net assets</b>	<u>933.8</u>	<u>71.5</u>	<u>862.3</u>
<b>Minority interest</b>	<u>(4.4)</u>	<u>(0.7)</u>	<u>(3.7)</u>
<b>Net assets attributable to shareholders</b>	<u>929.4</u>	<u>70.8</u>	<u>858.6</u>

# Inventories

	<u>Apr 2011</u> <u>£m</u>	<u>Movements</u> <u>£m</u>	<u>Apr 2010</u> <u>£m</u>
Land not under development	316.6	74.5	242.1
Work in progress: Land cost	<u>631.9</u>	<u>132.9</u>	<u>499.0</u>
	948.5	207.4	741.1
Work in progress: Build cost	615.7	169.0	446.7
Completed units	<u>49.0</u>	<u>(17.3)</u>	<u>66.3</u>
	<u>1,613.2</u>	<u>359.1</u>	<u>1,254.1</u>

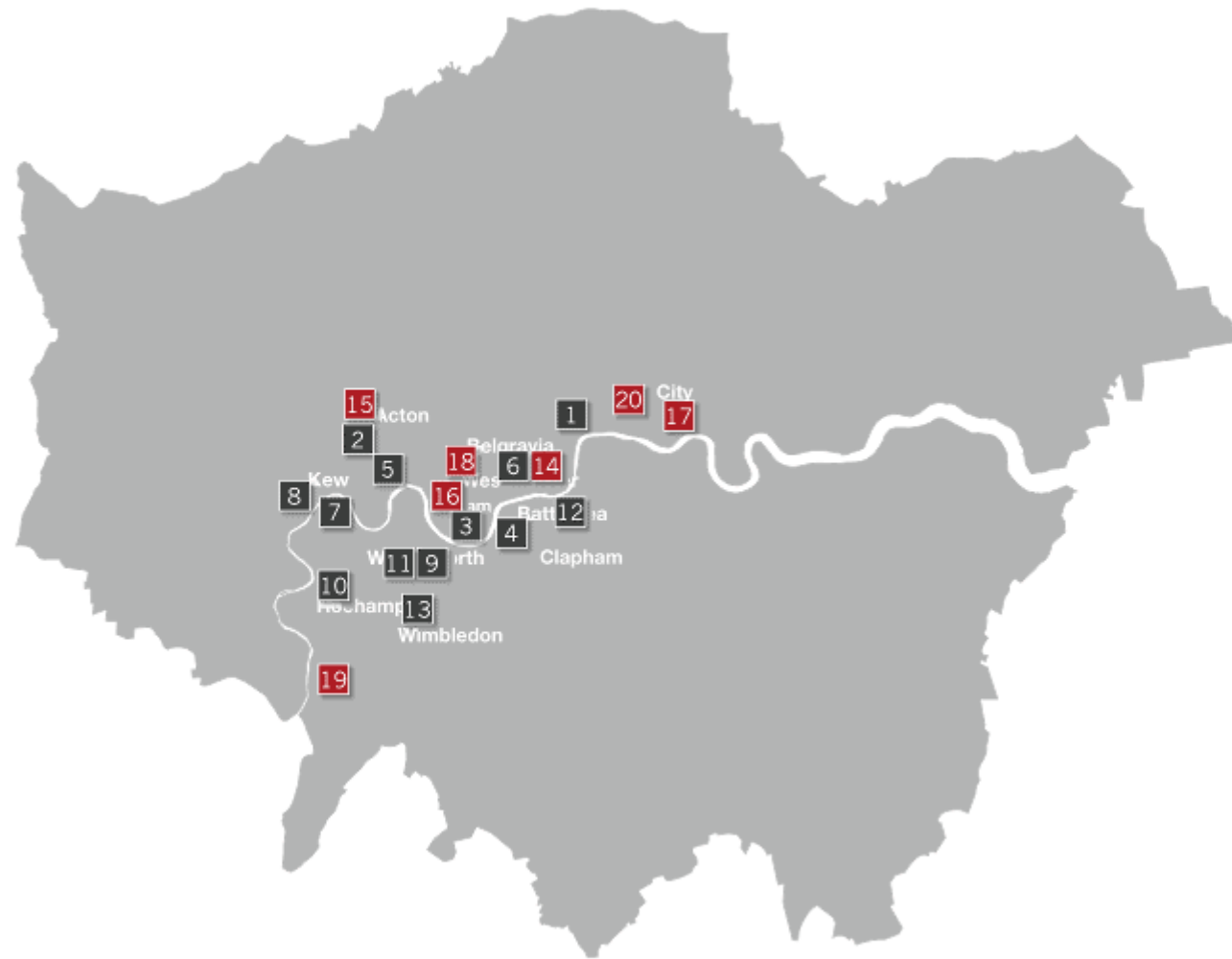
# Creditors

	<u>Apr 2011</u> £m	<u>Movements</u> £m	<u>Apr 2010</u> £m
Trade creditors and accruals	299.8	74.0	225.8
Deposits and on account receipts	472.0	10.4	461.6
Land creditors	66.4	2.6	63.8
Current tax liability	93.9	11.0	82.9
<b>Total creditors</b>	<b><u>932.1</u></b>	<b><u>98.0</u></b>	<b><u>834.1</u></b>
 <b><u>Land creditors</u></b>			
Land creditors < 12 months	15.4	3.4	12.0
Land creditors > 12 months	51.0	(0.8)	51.8
<b>Total</b>	<b><u>66.4</u></b>	<b><u>2.6</u></b>	<b><u>63.8</u></b>

# Land holdings

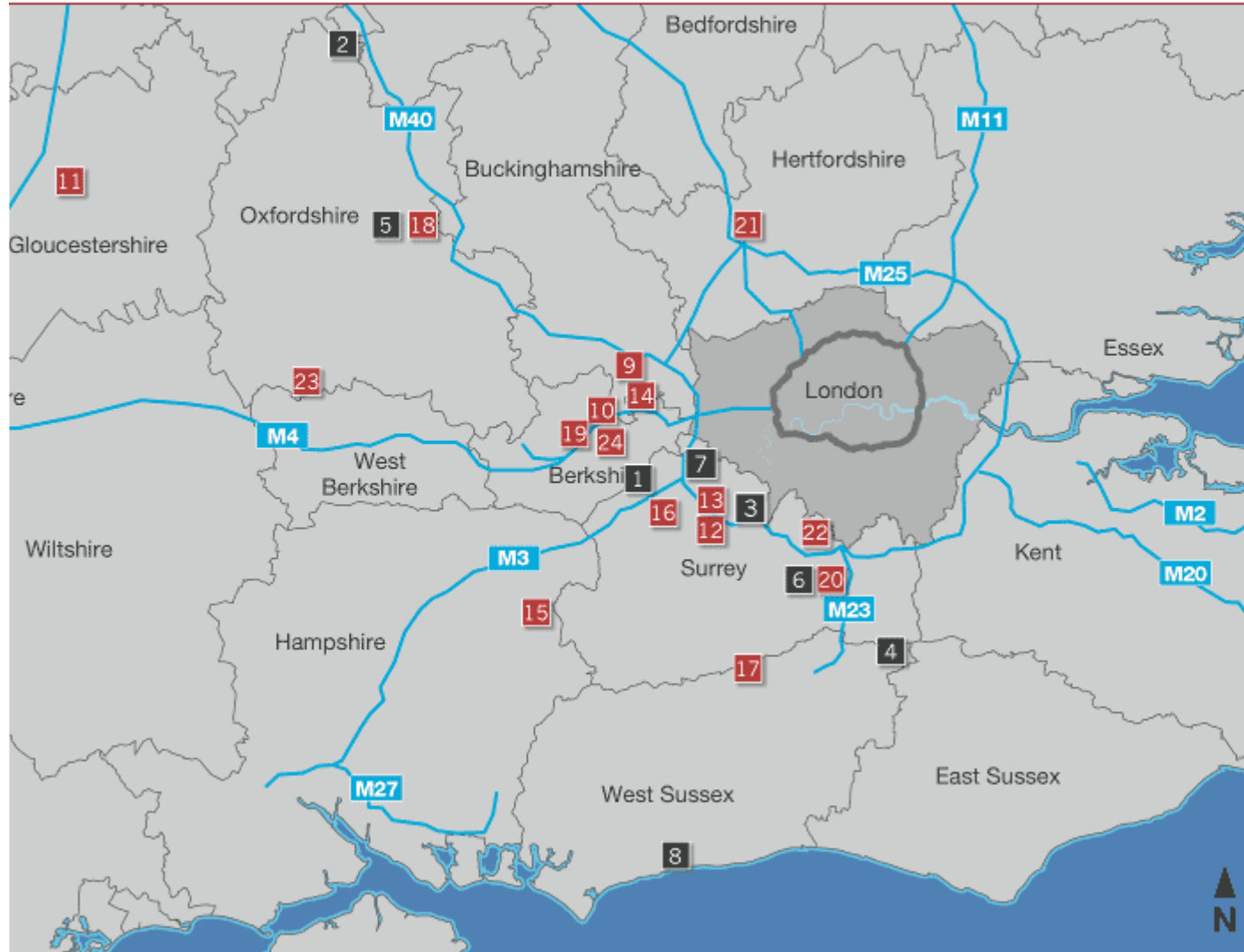
	<u>Apr 2011</u>	<u>Variance</u>	<u>Apr 2010</u>
Owned	26,865	-229	27,094
Contracted	147	- 788	935
Agreed	14	-56	70
Plots *	<u>27,026</u>	<u>- 1,073</u>	<u>28,099</u>
Sales value	£8,135m	+ £915m	£7,220m
Average selling price	301k	+ £44k	£257k
Average plot cost	44k	+ £8k	£36k
Land cost %	14.6%	+ 0.6%	14.0%
Gross margin	£2,304m	+ £266m	£2,038m
GM%	28.3%	+0.1%	28.2%

\* Includes 1,548 plots within joint ventures at 30 Apr 2011 (30 Apr 2010: 1,500)



- 1 190 Strand
- 2 Acton
- 3 Carnwath Road, Fulham
- 4 Clapham
- 5 Hammersmith
- 6 Johnson House, Belgravia
- 7 Kew
- 8 Kew Bridge Road, Brentford
- 9 Putney
- 10 Richmond
- 11 Roehampton
- 12 Tideway Wharf, Battersea
- 13 Wimbledon
- 14 Abell and Cleland House Westminster
- 15 Acton
- 16 Fulham Reach
- 17 Goodman's Fields, London E1
- 18 Kensington
- 19 Kingston
- 20 Roman House, City of London

Acquired in 2009/10  
 Acquired in 2010/11



- 1 Ascot (2)
  - 2 Bloxham
  - 3 Claygate
  - 4 East Grinstead
  - 5 Oxford
  - 6 Reigate
  - 7 Weybridge (2)
  - 8 Yapton
  - 9 Beaconsfield
  - 10 Burnham
  - 11 Cheltenham
  - 12 Cobham
  - 13 Esher
  - 14 Farnham Common
  - 15 Fleet
  - 16 Guildford
  - 17 Horsham
  - 18 Oxford
  - 19 Pinkney's Green
  - 20 Reigate
  - 21 St Albans
  - 22 Tadworth
  - 23 Wantage (2)
  - 24 Windsor
- Acquired in 2009/10  
 Acquired in 2010/11

**ROB PERRINS**

**MANAGING DIRECTOR**

- 1. Performance**
- 2. Rationale for long-term strategic plan**
- 3. Outlook**



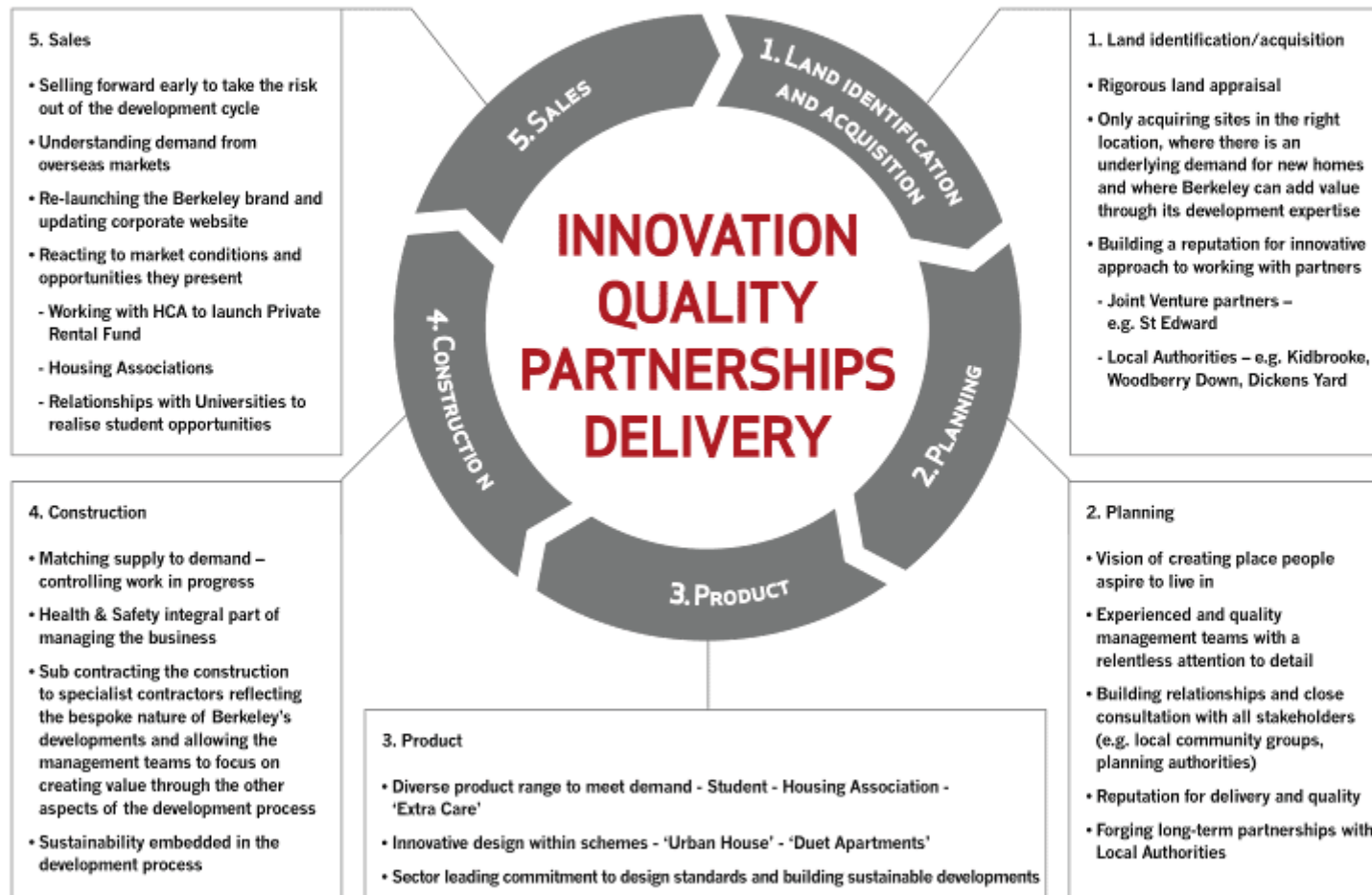
Berkeley  
Designed for life



St James  
Designed for life



The key principles of the Berkeley model apply to all stages of the development cycle:



# Rationale for long-term strategic plan



- 1. Framework for managing risk**
- 2. Clarity over return for shareholders**
- 3. Discipline for investment allocation**
- 4. Aligns management and shareholder over the long term**
- 5. Ensures Berkeley remains at its natural size**
- 6. Financial risk is limited**

# Outlook



- 1. Strength from land bank and forward sales**
- 2. Selective land acquisition**
- 3. Further investment in work in progress**
- 4. Utilisation of bank facilities**
- 5. Adding value throughout the development cycle**

# Questions

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**Tony Pidgley**

**Chairman**

**Rob Perrins**

**Managing Director**

**Nick Simpkin**

**Finance Director**