



The Berkeley Group plc

The Berkeley Group has an unrivalled understanding of the home building market and the financial strength to deliver its pioneering approach to land development





**ROGER LEWIS**

**CHAIRMAN**





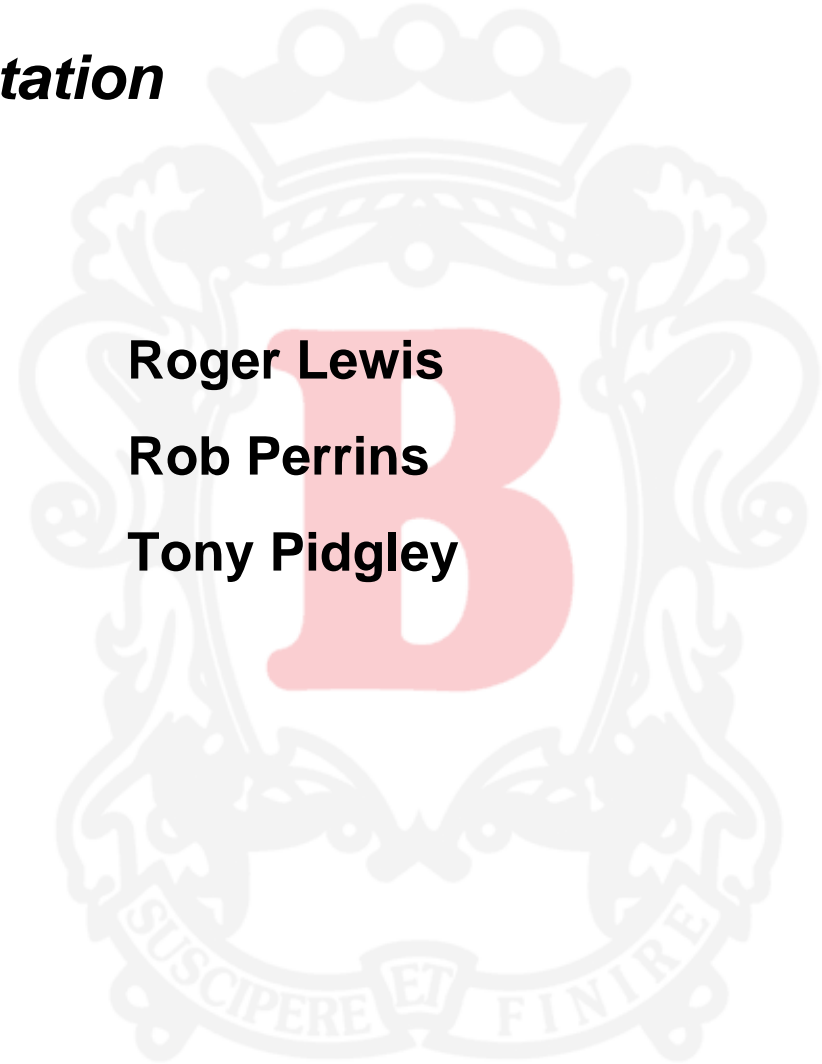
## ***Format of Presentation***

- **Introduction**
- **Review of Results**
- **Managing Director's Review**
- **Questions**

**Roger Lewis**

**Rob Perrins**

**Tony Pidgley**





## *Financial Highlights*

### *Half Year to 31 October 2003*

|                           | <u>2003</u> | <u>2002</u> | <u>Increase</u> |
|---------------------------|-------------|-------------|-----------------|
| Pre tax profits           | £116.8m     | £112.8m     | 3.5%            |
| Earnings per share        | 64.8p       | 57.9p       | 11.9%           |
| Net assets                | £1,127.0m   | £1,039.4m   | 8.4%            |
| Net asset value per share | 889p        | 774p        | 15.0%           |
| Dividend                  | £7.1m       | £6.5m       | 9.4%            |
| Dividends per share       | 5.8p        | 4.8p        | 20.8%           |



**ROB PERRINS**

**FINANCE DIRECTOR**





## ***Review of Results***

- **Profit & loss account**
- **Cash flow**
- **Balance sheet**
- **Sales analysis**
- **Land holdings**





## *Abridged Group Profit and Loss Account*

|                          | <u>6 Months to</u><br><u>Oct 2003</u> |       | <u>6 Months to</u><br><u>Oct 2002</u> |       | <u>Change</u> |          |
|--------------------------|---------------------------------------|-------|---------------------------------------|-------|---------------|----------|
|                          | <u>£m</u>                             |       | <u>£m</u>                             |       | <u>£m</u>     | <u>%</u> |
| Turnover (excluding JVs) | <u>575.8</u>                          |       | <u>559.1</u>                          |       | <u>16.7</u>   | +3.0     |
| Operating profit         | 110.1                                 | 19.1% | 109.7                                 | 19.6% | 0.4           | +0.4     |
| Joint ventures           | 10.6                                  |       | 9.6                                   |       | 1.0           | +10.4    |
| Net interest - Group     | (2.2)                                 |       | (5.2)                                 |       | 3.0           | +57.7    |
| - JVs                    | <u>(1.7)</u>                          |       | <u>(1.3)</u>                          |       | <u>(0.4)</u>  | -30.8    |
| Profit before tax        | <u>116.8</u>                          | 20.3% | <u>112.8</u>                          | 20.2% | <u>4.0</u>    | +3.5     |
| EPS                      | 64.8p                                 |       | 57.9p                                 |       |               | +11.9    |



## Shares in Issue

|                      | <u>2003/04</u>     |      | <u>2002/03</u>     |   |
|----------------------|--------------------|------|--------------------|---|
| Shares at 1 May      | 128,214,472        |      | 134,963,049        | * |
| Shares purchased     | (1,250,000)        |      | (-)                |   |
| Shares issued        | <u>560,762</u>     |      | <u>9,859</u>       |   |
| Shares at 31 October | 127,525,234        | *    | 134,972,908        | * |
| Shares purchased     | (5,308,318)        |      | (6,786,559)        |   |
| Shares issued        | <u>627</u>         |      | <u>28,123</u>      |   |
| Shares at 30 April   | <u>122,217,543</u> | * ** | <u>128,214,472</u> | * |
| Weighted average HY  | <u>126,489,348</u> |      | <u>134,179,832</u> |   |
| Weighted average FY  | <u>124,041,955</u> |      | <u>133,404,586</u> |   |

\* Includes 789,401 shares purchased and owned by EBT

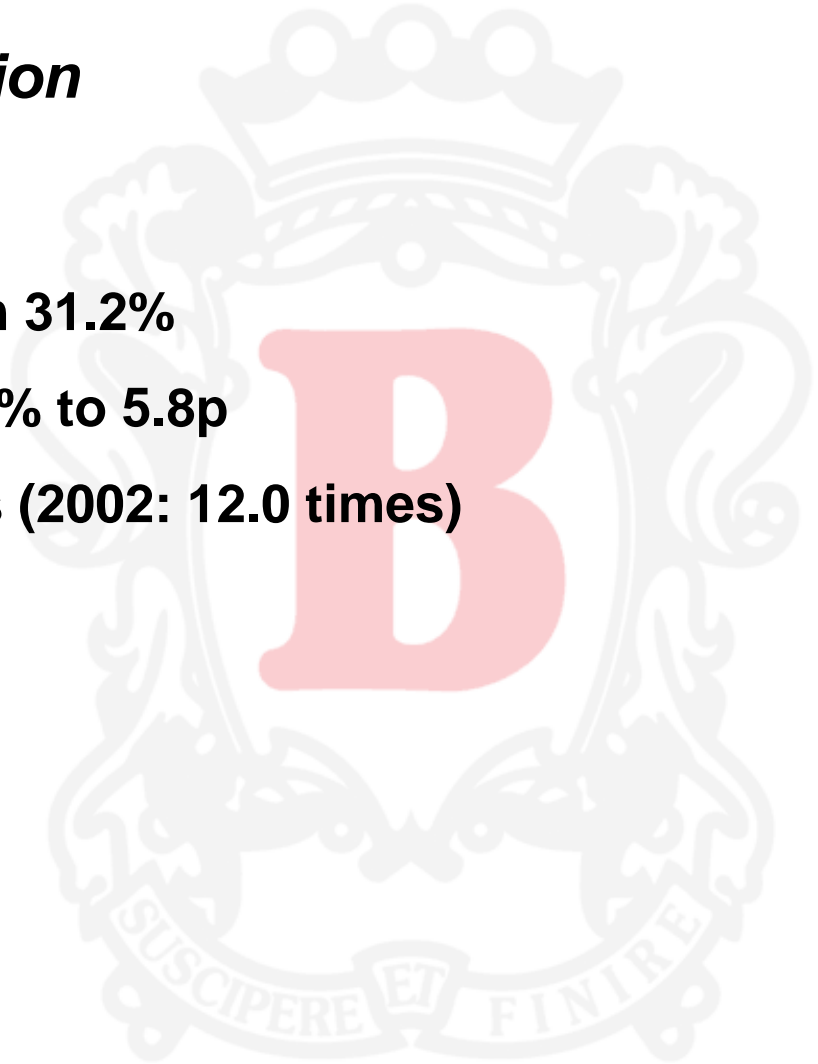
\*\* Assumes no further share purchases or issues





## ***Profit Distribution***

- **Tax rate of 29.8% down from 31.2%**
- **Dividends per share up 20.8% to 5.8p**
- **Dividend covered 11.6 times (2002: 12.0 times)**





## *Analysis by Activity*

### Turnover

### Operating Profit

|                    | <u>6 Months to</u><br><u>Oct 2003</u><br><u>£m</u> | <u>6 Months to</u><br><u>Oct 2002</u><br><u>£m</u> | <u>6 Months to</u><br><u>Oct 2003</u><br><u>£m</u> |       | <u>6 Months to</u><br><u>Oct 2002</u><br><u>£m</u> |       |
|--------------------|--|--|--|-------|--|-------|
| <b>Residential</b> |  |  |  |       |  |       |
| - Group            | 555.9  | 546.8  | 105.5  | 19.0% | 106.1  | 19.4% |
| - JV's             | 56.8   | 49.5   | 9.8  | 17.3% | 8.6  | 17.4% |
|                    | <u>612.7</u>                                       | <u>596.3</u>                                       | <u>115.3</u>                                       |       | <u>114.7</u>                                       |       |
|                    |  |  | 95.5%  |       | 96.1%  |       |
| <b>Commercial</b>  |  |  |  |       |  |       |
| - Group            | 19.9   | 12.3   | 4.7  | 23.4% | 3.6  | 29.3% |
| - JV's             | 2.6  | 2.6  | 0.7  | 28.4% | 1.0  | 40.1% |
|                    | <u>22.5</u>  | <u>14.9</u>  | <u>5.4</u>   |       | <u>4.6</u>   |       |
|                    | <u>635.2</u>                                       | <u>611.2</u>                                       | <u>120.7</u>                                       |       | <u>119.3</u>                                       |       |
|                    |  |  | 100%   |       | 100%   |       |



## *Profit Reconciliation*

|   | <u>£m</u>           | <u>£m</u>           |
|---|---------------------|---------------------|
| <b>2002 Half Year Profit before tax</b> |                     | <b><u>112.8</u></b> |
| <b>Group</b>                            |                     |                     |
| <b>Residential: - housebuilding</b>     | <b>(1.9)</b>        |                     |
| - land                                  | 1.3                 |                     |
| <b>Commercial</b>                       | <b><u>1.0</u></b>   |                     |
|   |                     | <b>0.4</b>          |
| <b>Joint ventures</b>                   |                     |                     |
| <b>Residential: - housebuilding</b>     | <b>7.7</b>          |                     |
| - land                                  | <b>(6.4)</b>        |                     |
| <b>Commercial</b>                       | <b><u>(0.3)</u></b> |                     |
|   |                     | <b>1.0</b>          |
| <b>Interest</b>                         |                     | <b><u>2.6</u></b>   |
| <b>2003 Half Year Profit before tax</b> |                     | <b><u>116.8</u></b> |



## *Trading Account Profile - Percentages of Turnover*

|                    | <u>6 Months to</u><br><u>Oct 2003</u><br><u>%</u> | <u>6 Months to</u><br><u>Oct 2002</u><br><u>%</u> | <u>Full Year to</u><br><u>Apr 2003</u><br><u>%</u> |
|--------------------|---|---|--|
| Turnover           | 100.0   | 100.0   | 100.0  |
| Land               | (18.1)  | (21.1)  | (21.5)   |
| Build              | (49.8)  | (46.4)  | (46.1)   |
| Sales & marketing  | <u>(4.9)</u>                                      | <u>(4.6)</u>                                      | <u>(5.0)</u>                                       |
| Gross margin       | 27.2  | 27.9  | 27.4   |
| Operating expenses | <u>(8.1)</u>                                      | <u>(8.3)</u>                                      | <u>(8.6)</u>                                       |
| Operating profit   | 19.1  | 19.6  | 18.8   |
| Joint ventures     | 1.8   | 1.7   | 1.4  |
| Interest           | <u>(0.6)</u>                                      | <u>(1.1)</u>                                      | <u>(1.0)</u>                                       |
| Profit before tax  | 20.3  | 20.2  | 19.2   |



## Abridged Group Cash Flow

|                                 | <u>6 Months to</u><br><u>Oct 2003</u> | <u>6 Months to</u><br><u>Oct 2002</u> |
|---------------------------------|---------------------------------------|---------------------------------------|
|                                 | <u>£m</u>                             | <u>£m</u>                             |
| Operating profit                | 110.1                                 | 109.7                                 |
| Non cash items                  | 1.4                                   | 1.6                                   |
|                                 | <u>111.5</u>                          | <u>111.3</u>                          |
| Tax and dividends               | (47.4)                                | (30.4)                                |
| Net interest                    | <u>(2.5)</u>                          | <u>(4.7)</u>                          |
|                                 | 61.6                                  | 76.2                                  |
| Movement in working capital     | 82.5                                  | 69.0                                  |
| Capex and financial investment  | <u>-</u>                              | <u>4.7</u>                            |
|                                 | 144.1                                 | 149.9                                 |
| Share buy-back                  | (7.8)                                 | -                                     |
| Shares issued                   | <u>3.3</u>                            | <u>0.1</u>                            |
| Decrease/(Increase) in net debt | <u>139.6</u>                          | <u>150.0</u>                          |



## *Cash Due on Forward Sales*

|  | <u>At 31 Oct</u><br><u>2003</u><br><u>£m</u> | <u>At 31 Oct</u><br><u>2002</u><br><u>£m</u> | <u>At 30 Apr</u><br><u>2003</u><br><u>£m</u> |
|--|--|--|--|
| Debtors taken to sales and due on completion | 164.9  | 135.2  | 229.0  |
| Due on units not yet taken to sales          |  |  |  |
| - Exchanged contracts                        | 555.9  | 748.8  | 600.8  |
| - Reserved units                             | 154.6  | 119.6  | 91.1   |
| <b>Total cash due</b>                        | <u>875.4</u>                                 | <u>1003.6</u>                                | <u>920.9</u>                                 |



## ***Abridged Group Balance Sheet***

|                                     | <u>At 31 Oct</u><br><u>2003</u><br><u>£m</u> | <u>At 31 Oct</u><br><u>2002</u><br><u>£m</u> | <u>At 30 April</u><br><u>2003</u><br><u>£m</u> |
|-------------------------------------|--|--|--|
| <b>Fixed assets and investments</b> | <b>81.9</b>                                  | <b>77.6</b>                                  | <b>77.4</b>                                    |
| <b>Stocks</b>                       | <b>1,080.3</b>                               | <b>1,133.1</b>                               | <b>1,151.1</b>                                 |
| <b>Debtors</b>                      | <b>184.4</b>                                 | <b>149.1</b>                                 | <b>247.5</b>                                   |
| <b>Investments</b>                  | <b>62.6</b>                                  | <b>58.7</b>                                  | <b>62.0</b>                                    |
| <b>Creditors &lt; 1 year</b>        | <b>(274.6)</b>                               | <b>(272.8)</b>                               | <b>(316.5)</b>                                 |
| <b>Creditors &gt; 1 year</b>        | <b><u>(4.2)</u></b>                          | <b><u>(12.8)</u></b>                         | <b><u>(22.2)</u></b>                           |
| <b>Capital employed</b>             | <b>1,130.4</b>                               | <b>1,132.9</b>                               | <b>1,199.3</b>                                 |
| <b>Net debt</b>                     | <b><u>(3.4)</u></b>                          | <b><u>(93.5)</u></b>                         | <b><u>(143.1)</u></b>                          |
| <b>Net assets</b>                   | <b><u>1,127.0</u></b>                        | <b><u>1,039.4</u></b>                        | <b><u>1,056.2</u></b>                          |
| <b>Net asset value per share</b>    | <b>889p</b>                                  | <b>774p</b>                                  | <b>829p</b>                                    |
| <b>Gearing</b>                      | <b>0.3%</b>                                  | <b>9.0%</b>                                  | <b>13.5%</b>                                   |



## Stocks

|                             | <u>At 31 Oct</u><br>2003<br><u>£m</u> | <u>At 31 Oct</u><br>2002<br><u>£m</u> | <u>At 30 Apr</u><br>2003<br><u>£m</u> |
|-----------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Land not under development  | 123.5                                 | 174.2                                 | 135.2                                 |
| Work in progress: Land cost | 428.5                                 | 467.9                                 | 488.5                                 |
| Build cost                  | 427.1                                 | 415.5                                 | 444.8                                 |
| Completed units             | 89.6                                  | 69.3                                  | 71.5                                  |
| Part exchanges              | 11.6                                  | 6.2                                   | 11.1                                  |
|                             | <u>1,080.3</u>                        | <u>1,133.1</u>                        | <u>1,151.1</u>                        |





## *Geographical Analysis of Residential Units Sold*

|                                  | <u>6 Months to</u><br><u>Oct 2003</u> |            | <u>6 Months to</u><br><u>Oct 2002</u> |            | <u>Full Year</u><br><u>to Apr 2003</u> |            |
|----------------------------------|---------------------------------------|------------|---------------------------------------|------------|--|------------|
|                                  | <u>No.</u>                            | <u>%</u>   | <u>No.</u>                            | <u>%</u>   | <u>No.</u>                             | <u>%</u>   |
| London                           | 908                                   | 45         | 658                                   | 37         | 1,321                                  | 37         |
| South East                       | 525                                   | 26         | 729                                   | 40         | 1,160                                  | 33         |
| North West and Yorkshire         | 409                                   | 20         | 184                                   | 10         | 328                                    | 9          |
| Midlands, West England and Wales | 173                                   | 9          | 239                                   | 13         | 735                                    | 21         |
|                                  | <u>2,015</u>                          | <u>100</u> | <u>1,810</u>                          | <u>100</u> | <u>3,544</u>                           | <u>100</u> |
| Joint ventures                   | <u>493</u>                            |            | <u>283</u>                            |            | <u>637</u>                             |            |



## *Geographical Analysis of Residential Turnover*

|                                | <u>6 Months to</u><br><u>Oct 2003</u> |            |                          | <u>6 Months to</u><br><u>Oct 2002</u> |            |                          | <u>Full Year to</u><br><u>Apr 2003</u> |            |                          |
|--------------------------------|---------------------------------------|------------|--------------------------|---------------------------------------|------------|--------------------------|--|------------|--------------------------|
|                                | <u>£m</u>                             | <u>%</u>   | <u>ASP</u><br><u>£'k</u> | <u>£m</u>                             | <u>%</u>   | <u>ASP</u><br><u>£'k</u> | <u>£m</u>                              | <u>%</u>   | <u>ASP</u><br><u>£'k</u> |
| London                         | 298.0                                 | 54         | 322                      | 225.3                                 | 41         | 351                      | 521.6                                  | 46         | 381                      |
| South East                     | 141.7                                 | 25         | 261                      | 221.3                                 | 41         | 274                      | 373.9                                  | 33         | 323                      |
| N.W. and Yorkshire             | 71.4                                  | 13         | 189                      | 39.1                                  | 7          | 207                      | 87.0                                   | 8          | 259                      |
| Midlands, W. England and Wales | 44.8                                  | 8          | 226                      | 61.1                                  | 11         | 197                      | 147.6                                  | 13         | 200                      |
|                                | <u>555.9</u>                          | <u>100</u> | <u>271</u>               | <u>546.8</u>                          | <u>100</u> | <u>285</u>               | <u>1,130.1</u>                         | <u>100</u> | <u>315</u>               |
| Joint ventures                 | <u>56.8</u>                           |            | <u>231</u>               | <u>49.5</u>                           |            | <u>136</u>               | <u>91.5</u>                            |            | <u>211</u>               |



## ***Land Bank***

|                              | <u>At 31 Oct</u><br><u>2003</u> | <u>At 31 Oct</u><br><u>2002</u> | <u>At 30 Apr</u><br><u>2003</u> |
|------------------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>Owned</b>                 | <b>18,884</b>                   | <b>16,049</b>                   | <b>19,459</b>                   |
| <b>Contracted</b>            | <b>5,411</b>                    | <b>2,661</b>                    | <b>3,358</b>                    |
| <b>Agreed</b>                | <b><u>1,707</u></b>             | <b><u>2,611</u></b>             | <b><u>3,033</u></b>             |
| <b>Plots</b>                 | <b>26,002</b>                   | <b>21,321</b>                   | <b>25,850</b>                   |
| <b>Sales value</b>           | <b>£7,052m</b>                  | <b>£6,451m</b>                  | <b>£7,044m</b>                  |
| <b>Average selling price</b> | <b>£271k</b>                    | <b>£303k</b>                    | <b>£272k</b>                    |
| <b>Average plot cost</b>     | <b>£38k</b>                     | <b>£52k</b>                     | <b>£40k</b>                     |
| <b>Land cost %</b>           | <b>14.2%</b>                    | <b>17.0%</b>                    | <b>14.5%</b>                    |
| <b>Gross margin</b>          | <b>£2,011m</b>                  | <b>£1,870m</b>                  | <b>£2,005m</b>                  |
| <b>GM%</b>                   | <b>28.5%</b>                    | <b>29.0%</b>                    | <b>28.5%</b>                    |

Includes joint venture land holdings



## *Group Land Holdings by Division*

|                                | <u>At 31 Oct</u><br><u>2003</u><br><u>No.</u> | <u>At 31 Oct</u><br><u>2002</u><br><u>No.</u> | <u>At 30 Apr</u><br><u>2003</u><br><u>No.</u> |
|--------------------------------|---|---|---|
| Berkeley Homes (London)        | 7,331   | 4,245   | 6,361   |
| Berkeley Homes (Home Counties) | 4,172   | 4,682   | 4,216   |
| St George                      | 6,188   | 4,104   | 6,638   |
| Crosby Homes                   | 4,682   | 4,936   | 4,815   |
| College Homes                  | 819   | 214   | 700   |
| St James Group                 | 2,810   | 3,140   | 3,120   |
|                                | <u>26,002</u>                                 | <u>21,321</u>                                 | <u>25,850</u>                                 |



## 15 Largest London Sites Released to Market

|                      | <u>Total</u> | <u>Complete</u> | <u>Exchanged</u> | <u>Resv'd</u> | <u>Available</u> | <u>Not Released</u> |
|----------------------|--------------|-----------------|------------------|---------------|------------------|---------------------|
| Imperial Wharf       | 1,694        | 127             | 332              | 9             | 36               | 1,190               |
| Woolwich Arsenal     | 919          | 266             | 148              | 13            | 4                | 488                 |
| St George Wharf      | 782          | 437             | 57               | 21            | 2                | 265                 |
| Chelsea Bridge Wharf | 735          | 234             | 142              | 11            | 13               | 335                 |
| Grosvenor Dock, SW1  | 691          | 0               | 99               | 32            | 57               | 503                 |
| Battersea Reach      | 678          | 0               | 57               | 9             | 0                | 612                 |
| Deptford             | 646          | 381             | 107              | 12            | 58               | 88                  |
| Kew Riverside        | 536          | 242             | 170              | 2             | 0                | 122                 |
| Worcester Park       | 480          | 12              | 30               | 4             | 62               | 372                 |
| Hornsey              | 473          | 0               | 132              | 5             | 28               | 308                 |
| Royal Quarter        | 428          | 0               | 142              | 7             | 4                | 275                 |
| Allied Domecq        | 266          | 188             | 67               | 4             | 7                | 0                   |
| Feltham              | 245          | 63              | 139              | 17            | 5                | 21                  |
| Paddington Central   | 219          | 16              | 201              | 0             | 0                | 2                   |
| Bermondsey Wall West | 206          | 23              | 2                | 0             | 2                | 179                 |
|                      | <u>8,996</u> | <u>1,988</u>    | <u>1,825</u>     | <u>146</u>    | <u>277</u>       | <u>4,760</u>        |



## 15 Largest Non-London Sites Released to Market

|                               | <u>Total</u> | <u>Complete</u> | <u>Exchanged</u> | <u>Resv'd</u> | <u>Available</u> | <u>Not Released</u> |
|-------------------------------|--------------|-----------------|------------------|---------------|------------------|---------------------|
| Redbank, Manchester           | 1,014        | 1               | 38               | 34            | 42               | 899                 |
| Clarence Dock, Leeds          | 623          | 128             | 57               | 53            | 35               | 350                 |
| Knowle Village, Hampshire     | 497          | 206             | 47               | 16            | 15               | 213                 |
| Unipart, Oxford               | 478          | 286             | 20               | 80            | 9                | 83                  |
| Gunwharf Quays, Portsmouth    | 364          | 242             | 66               | 12            | 9                | 35                  |
| Royal Clarence Yard, Gosport  | 332          | 82              | 11               | 0             | 4                | 235                 |
| Leybourne Lakes, Larkfield    | 327          | 160             | 4                | 2             | 2                | 159                 |
| Navigation Street, Birmingham | 321          | 0               | 54               | 65            | 31               | 171                 |
| Landmark Place, Cardiff       | 285          | 269             | 5                | 6             | 1                | 4                   |
| Sheepcote Street, Birmingham  | 250          | 198             | 32               | 1             | 8                | 11                  |
| Go Ahead, Oxford              | 229          | 0               | 52               | 7             | 6                | 164                 |
| Gosforth, Newcastle           | 186          | 0               | 56               | 6             | 19               | 105                 |
| Beaufort House, Bristol       | 178          | 168             | 1                | 2             | 7                | 0                   |
| Morland Brewery, Abingdon     | 171          | 163             | 2                | 1             | 2                | 3                   |
| Hacienda, Manchester          | 164          | 7               | 91               | 7             | 53               | 6                   |
|                               | <u>5,423</u> | <u>1,910</u>    | <u>536</u>       | <u>292</u>    | <u>243</u>       | <u>2,438</u>        |



**TONY PIDGLEY**

**MANAGING DIRECTOR**





## ***Managing Director's Review***

- **Berkeley Group**
- **Financial strength**
- **Highlights**
- **Current trading and the housing market**
- **Berkeley's consistent strategy**







## *Questions*

**Roger Lewis**

**Tony Pidgley**

**Rob Perrins**

**Chairman**

**Managing Director**

**Finance Director**

