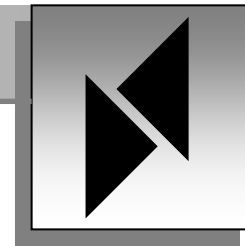




MORGAN SINDALL PLC
THE CONSTRUCTION BRANDS GROUP

INTERIM RESULTS 2003

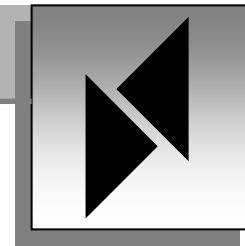
2003 INTERIM HIGHLIGHTS



- ❑ Interim results in line with expectations
- ❑ Construction recovery evidenced by small profit, improvement continuing
- ❑ Fit Out performing well in tight market
- ❑ Infrastructure Services in line for strong year
- ❑ Increased investment in Affordable Housing with substantially higher order book
- ❑ Additional term banking facilities arranged
- ❑ Appointment of Paul Smith as CEO

OVERVIEW

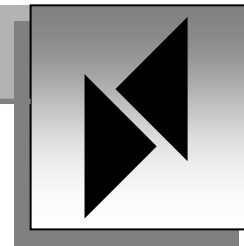
2003 INTERIM RESULTS SUMMARY



£000	Six months to 30 June 2003	Six months to to June 2002	Year to Dec 2002
□ Turnover	559,121	514,714	1,038,387
□ Profit before amortisation	10,380	7,335	18,646
□ Profit before tax (FRS 3)	8,875	5,865	15,530
□ Net assets	74,372	65,985	70,280
□ (Overdraft)/Cash at bank	(17,783)	3,235	6,849
□ Earnings per share	14.44p	9.48p	25.32p
□ Dividends per share	4.75p	4.25p	15.00p

OVERVIEW

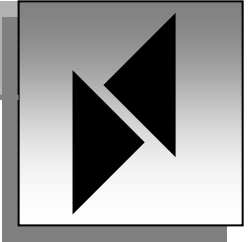
SEGMENTAL ANALYSIS



£000	Six months to 30 June 2003	Six months to 30 June 2002	Full year to 31 Dec 2002
□ Construction	179	(3,965)	(4,952)
□ Fit Out	4,783	6,200	10,483
□ Infrastructure Services	3,437	2,509	6,548
□ Affordable Housing	<u>2,672</u>	<u>2,585</u>	<u>5,965</u>
	11,071	7,329	18,044
□ Group Activities	(428)	(26)	763
□ Amortisation	(1,505)	(1,470)	(3,116)
OPERATING PROFIT	9,138	5,833	15,691
□ Joint Venture	138	164	603
□ Interest	(401)	(132)	(764)
PBT	8,875	5,865	15,530

OVERVIEW

CORPORATE STRUCTURE



Construction

National construction business with strong track record in health, education and industrial sectors



Fit Out

UK's leading fit out organisation



Infrastructure Services

Core activities water, tunnelling, civils and utilities. Specialising in partnering, design and construct, and PFI projects. Core markets water, electricity and transport



Affordable Housing

UK's leading provider of affordable housing, specialising in mixed tenure developments



CONSTRUCTION

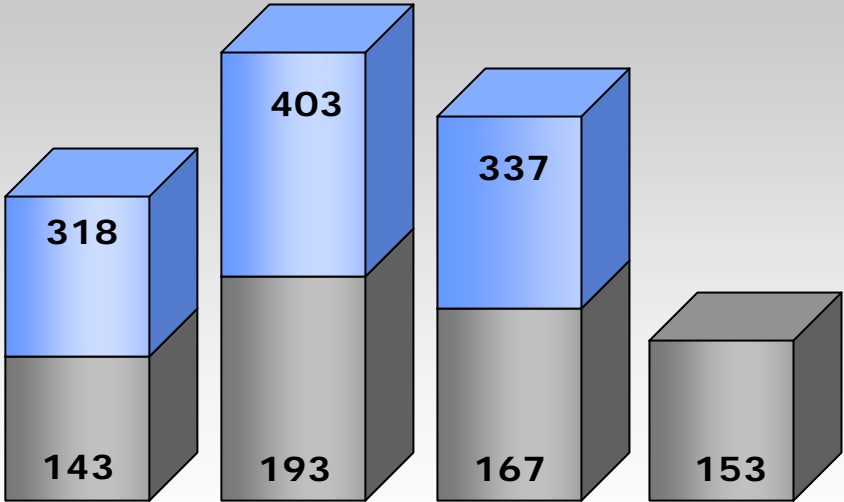




- ❑ Bluestone created in January 2002 through amalgamation of regional construction brands
- ❑ In 1st half of 2003 Bluestone made profit of £179k on turnover of £153m
- ❑ Development of national brand
- ❑ Management structure continues to be refined, Graham Shennan appointed as MD of Division



Turnover £m



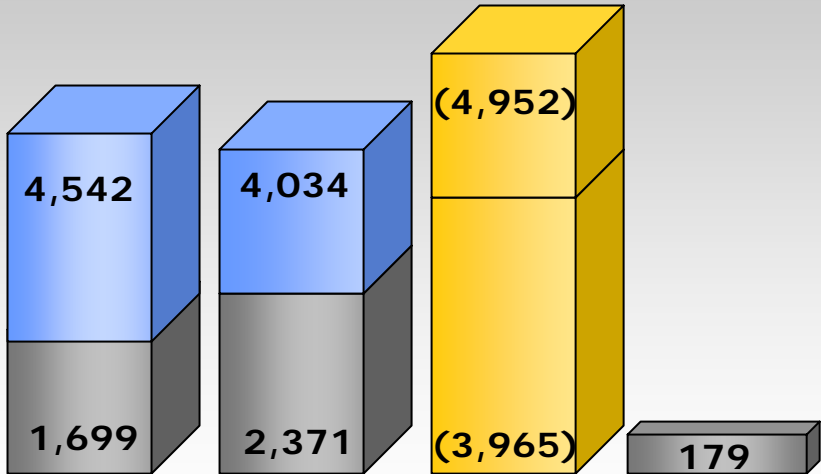
2000

2001

2002

2003

Profit/(Loss) £000



2000

2001

2002

2003

CONSTRUCTION PROJECTS



Client:

BUPA

Project:

Construction of two new hospital extensions. One of several jobs for BUPA

Contract value:

£4.0m

Location:

Leeds



CONSTRUCTION PROJECTS



Client:

Screwfix

Project:

30,000 sqm new build of
distribution centre.

Contract value:

£13.6m

Location:

Stoke on Trent





- ❑ Sharper focus on target markets improving risk profile
 - Health eg NHS LIFT
 - Education
 - Industrial sheds
 - Property services
- ❑ Focus on margin rather than volume
- ❑ On line to deliver profit for 2003 on streamlined turnover

FIT OUT



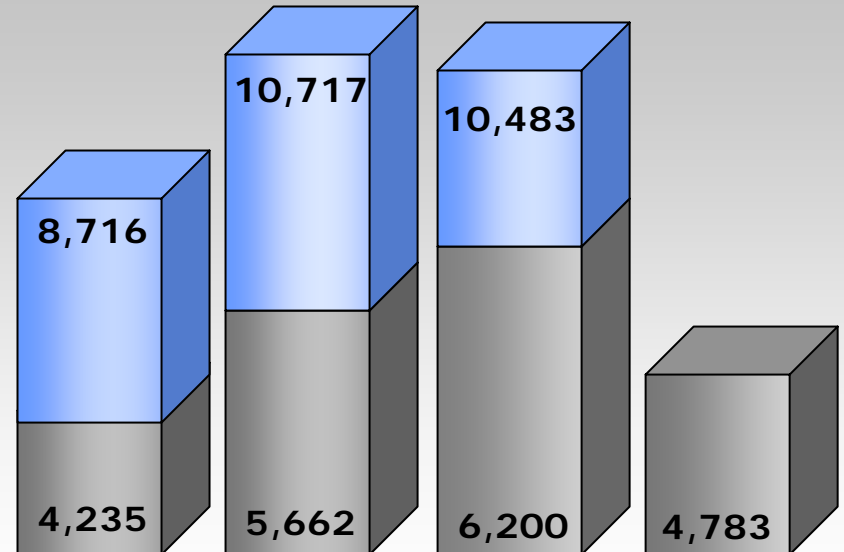
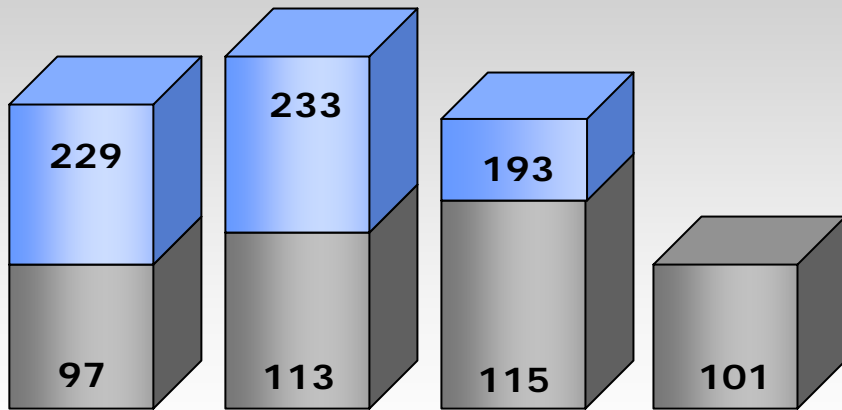


- ❑ Operating margin of 4.7% on £101m turnover
- ❑ Market continues to be tight; focus on refurbishment and restack work
- ❑ Headcount 7% down on last year
- ❑ Vivid Interiors completed 12 jobs, value £5.03m



Turnover £m

Profit £000



2000

2001

2002

2003

2000

2001

2002

2003

FIT OUT PROJECTS



Client:

IMI Kynoch

Projects:

27,000 sq ft relocation
fit out on an Arlington
Business Park

Contract value:

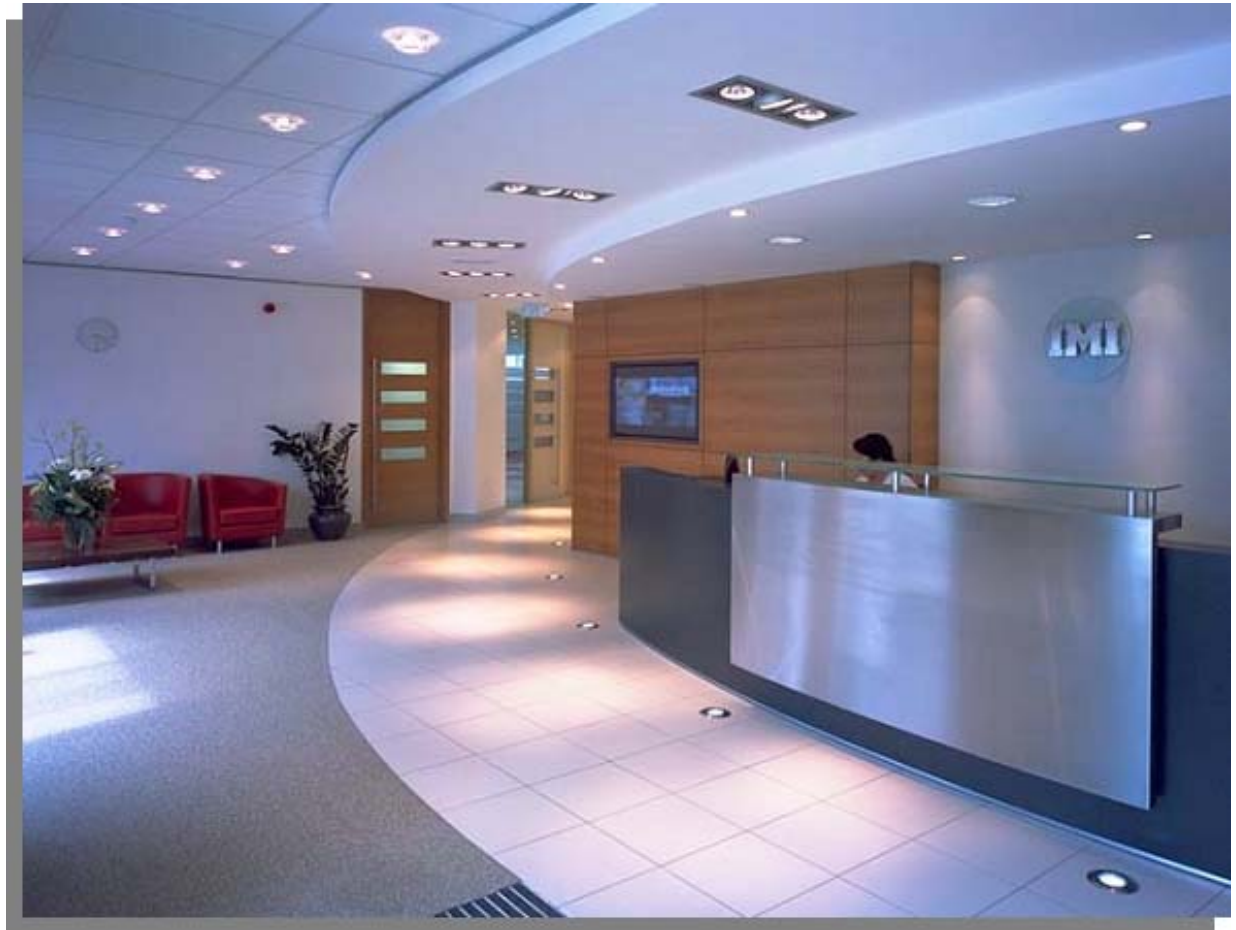
£1.35m

Duration:

10 weeks

Location:

Birmingham



FIT OUT PROJECTS



Client:
Capital International

Project:
Fit out of floors 3-5
and lower ground
floors

Contract value:
£9.65m

Duration:
24 weeks

Location:
Grosvenor Place,
London

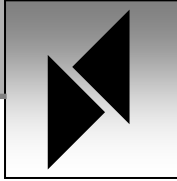




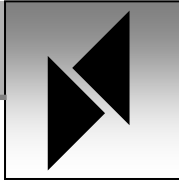
- ❑ Tight market but benefiting from market leadership
- ❑ Working to further develop Perfect Delivery
- ❑ Vivid Interiors and Backbone progressing to plan
- ❑ Continuing to develop geographic markets
- ❑ Order book and prospects list stable

INFRASTRUCTURE SERVICES

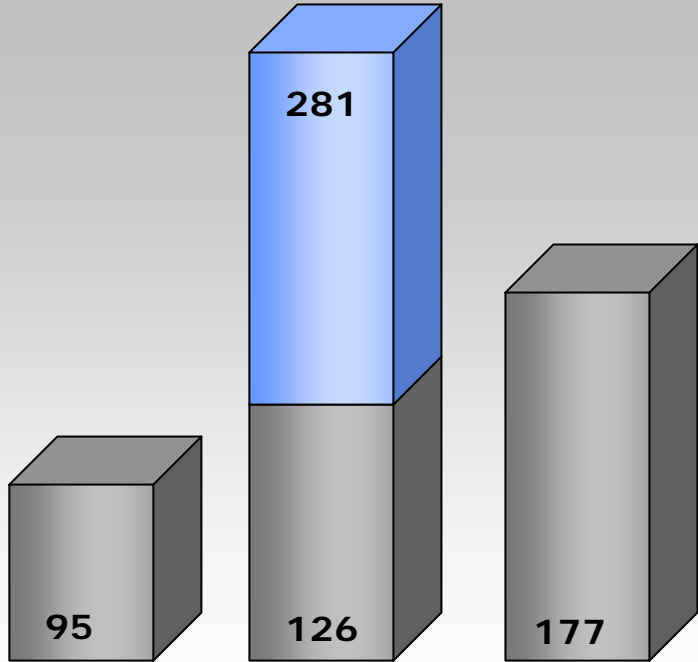
morgan  est



- ❑ First half results (turnover up 41%, profit up 37%) confirm progress
- ❑ Water, civils and tunnelling activities performing well (eg Newport relief road, CTRL, Heathrow T5)
- ❑ Developing presence in electrical utilities sector
- ❑ With order book mostly secured and timing of current contracts, second half should see further improvement



Turnover £m

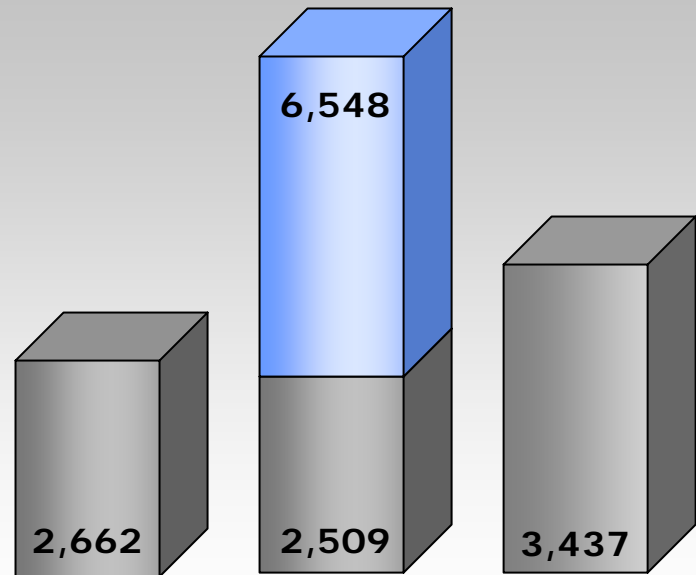


2001
8 mths

2002

2003

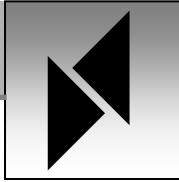
Profit £000



2001
8 mths

2002

2003



Client:

BAA Heathrow

Project:

Terminal 5 Airside
Road Tunnel

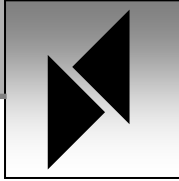
Contract value:

Part of £150m tunnel
programme

Location:

Heathrow





Client:

24 Seven
(EDF Energy)

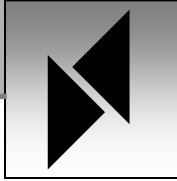
Project:

Framework 3 year agreement to include property and street light connections, service jobs and large projects

Contract value:

Approximately £6m over 3 years





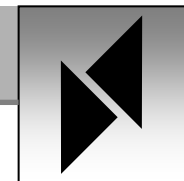
- ❑ Markets for outsourced utility work continuing to expand
- ❑ Morgan Est (with both civil and utility capability) acknowledged as one of the major suppliers in a consolidating sector
- ❑ PFI preferred bidder on A92 at Dundee
- ❑ Strong order book £435m

AFFORDABLE HOUSING

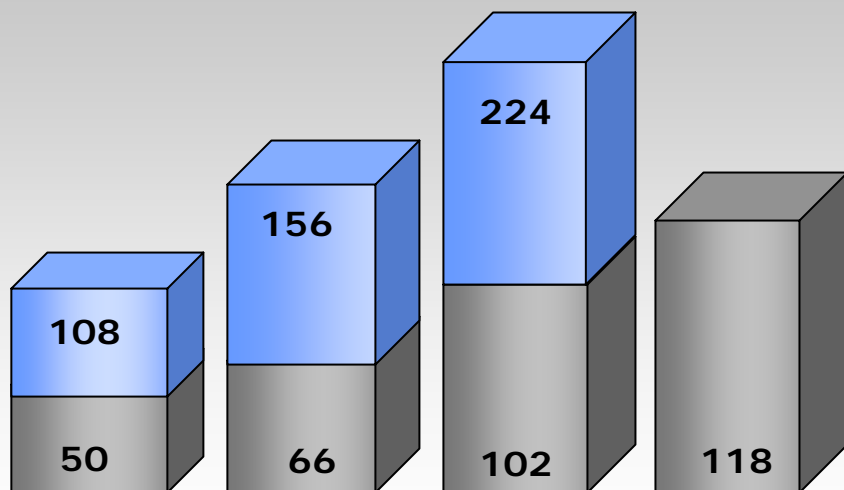




- ❑ First half performance shows modest progress with scope for significant improvement in second half with higher number of mixed tenure sales
- ❑ Large number of opportunities enabling Lovell to be increasingly selective
- ❑ Margin improvement being achieved on contracting work, both new build and refurbishment
- ❑ PFI preferred bidder at North Derbyshire and Selby



Turnover £m



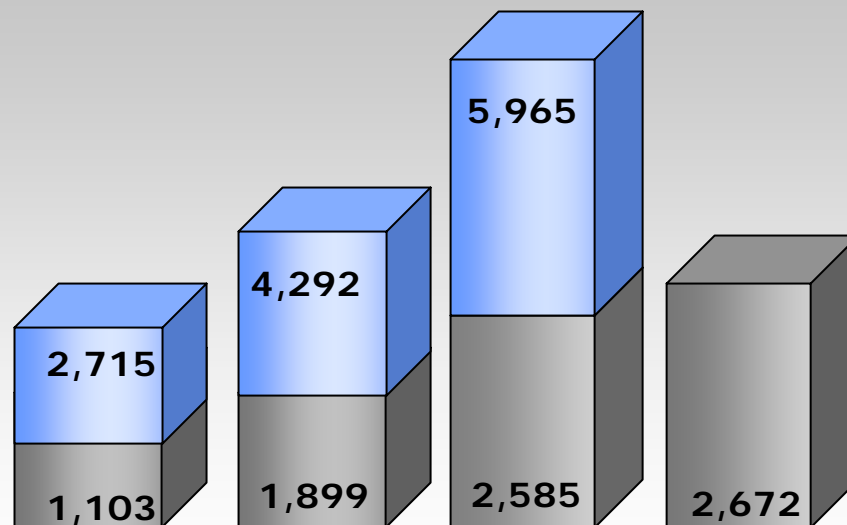
2000

2001

2002

2003

Profit £000



2000

2001

2002

2003

AFFORDABLE HOUSING

PROJECTS



Partners:

Home in Scotland HA
Edinburgh CC
SABRO

Project:

Southhouse,
Edinburgh

Contract value:

£30m

Product:

Mixed Tenure

Duration:

3 years -
completion
winter 2005



AFFORDABLE HOUSING PROJECTS



Partners:

Whitefriars Housing
Group

Project:

Large scale voluntary
transfer from Coventry
County Council

Contract value:

£10m per annum

Product:

Refurbishment of
8,500 kitchens and
bathrooms

Duration:

2001 - 2006



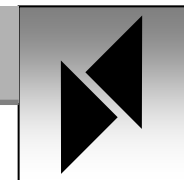


- ❑ Sustainable Communities Programme
- ❑ Government policy to achieve “decent homes standard” by 2010
- ❑ Overall affordable housing market remains buoyant with additional Government and housing association funding being committed
- ❑ Opportunity for margin improvement
- ❑ Order book substantially ahead at £735m

FINANCIALS

Index:

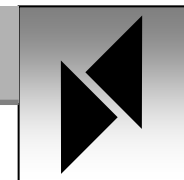
- **Financial Summary**
- **Balance Sheet**
- **Cash Flow**



FINANCIAL SUMMARY

£000	Six months to 30 June 2003	Six months to 30 June 2002	Full year to 31 Dec 2002
□ Turnover	559,121	514,714	1,038,387
□ Profit pre-amortisation	10,380	7,335	18,646
□ Profit before tax	8,875	5,865	15,530
□ Effective tax rate	33%	34%	33%
□ Tax charge	2,929	1,967	5,138
□ Profit after tax	5,946	3,898	10,392
□ Net assets	74,372	65,985	70,280
□ Net cash	(17,783)	3,235	6,849
□ Earnings per share (EPS)	14.44p	9.48p	25.32p
□ EPS pre-amortisation	18.13p	13.13p	33.01p
□ Dividend per share	4.75p	4.25p	15.00p

BALANCE SHEET



£m	Six months to 30 June 2003	Six months to 30 June 2002	Full Year to 31 Dec 2002
□ Fixed Assets:			
- Intangible	52.9	54.6	54.4
- Tangible	18.7	23.1	27.1
	<u>71.6</u>	<u>77.7</u>	<u>81.5</u>
□ Current Assets:			
- Stocks	68.6	47.5	49.7
- Debtors	212.1	192.3	176.5
- Cash at bank	-	3.3	6.8
	<u>280.7</u>	<u>243.1</u>	<u>233.0</u>
Overdraft	(17.8)	-	-
Current Liabilities	<u>(259.4)</u>	<u>(254.2)</u>	<u>(243.6)</u>
□ Net Current Assets/(Liabilities)	<u>3.5</u>	<u>(11.1)</u>	<u>(10.6)</u>
□ Long-term Liabilities	(0.7)	(0.6)	(0.6)
□ Net Assets	74.4	66.0	70.3



CASH FLOW ANALYSIS

£m	Six months to 30 June 2003	Six months to 30 June 2002
□ Operating Profit	9.1	5.8
□ Depreciation	1.9	2.1
□ Amortisation	1.5	1.5
□ Movement in Working Capital	<u>(23.6)</u>	<u>(21.7)</u>
□ Cash Outflow from Operations	(11.1)	(12.3)
□ Net Investment in Fixed Assets	(0.1)	(1.7)
□ Purchase of Business – repayment of loan notes	(6.8)	(9.6)
□ Dividends	(4.5)	(4.1)
□ Other Cash Flow	<u>(2.4)</u>	<u>(3.5)</u>
□ Cash Outflow before Financing	(24.9)	(31.2)
□ Cash Inflow/(Outflow) from Financing	0.3	(0.2)
□ Net Cash Flow	(24.6)	(31.4)
□ Net Cash Balances	<u>(17.8)</u>	<u>3.2</u>



- ❑ Strategy to be leader in our market segments
- ❑ Good prospects for streamlined Construction business 2004 and beyond
- ❑ Fit Out continues to perform well in difficult market
- ❑ Growth in Infrastructure and Affordable Housing markets
- ❑ Current trading robust and strong order book £1.4bn
(Construction £149m, Fit Out £49m, Infrastructure £435m, Affordable Housing £735m)
- ❑ On track to deliver 2003 objectives