

# Preliminary Results

2005

# OVERVIEW – HIGHLIGHTS

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- ❑ Record results with profit before tax up 23% to £41.7m
- ❑ Margin at 3.2% (2004: 2.8%)
- ❑ Earnings up 23%, dividend increased by 35% to 25.0p
- ❑ Cash maintained at £72m (2004: £73m)
- ❑ Order book of £2.8bn (2004: £2.3bn)

Note: All figures are prepared on an IFRS basis

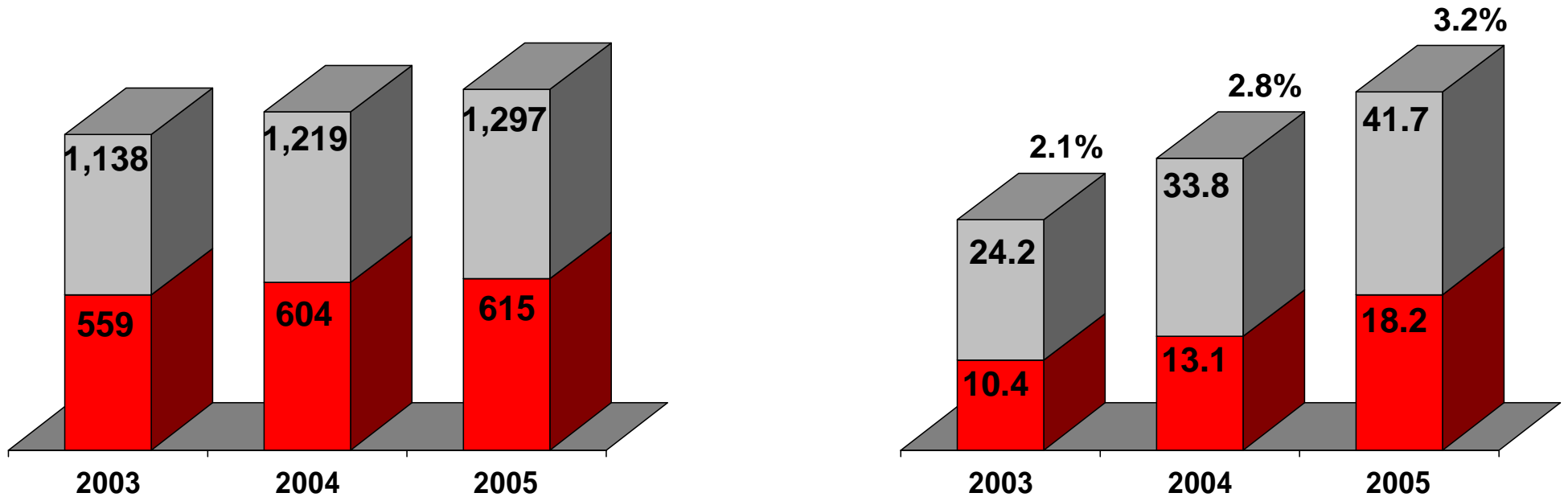
# OVERVIEW – FINANCIAL HISTORY

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£m

Revenue

Profit before tax



# OVERVIEW – SEGMENTAL PROFIT ANALYSIS

£'000	December 2005	December 2004	
Fit Out	16,398	11,238	+46%
Construction	3,214	1,301	+147%
Infrastructure Services	5,974	7,841	-24%
Affordable Housing	18,682	13,445	+39%
	<u>44,268</u>	<u>33,825</u>	+31%
Group Activities	(4,787)	(3,687)	
Joint Ventures	425	2,810	
	<u>39,906</u>	<u>32,948</u>	+21%
<b>OPERATING PROFIT</b>			
Interest	1,794	822	
	<u>41,700</u>	<u>33,770</u>	+23%
<b>PBT</b>			

# OVERVIEW – CORPORATE STRUCTURE

## Fit Out

UK's leading office fit out business comprising Overbury, Morgan Lovell and Vivid Interiors.

MORGAN ◀ SINDALL  
Fit Out

## Construction

National business with strong track record in healthcare, education, light industrial and property services sectors.



## Infrastructure Services

Core activities in water, electricity, gas and transportation sectors. Specialises in tunnelling, civil engineering and utilities work.

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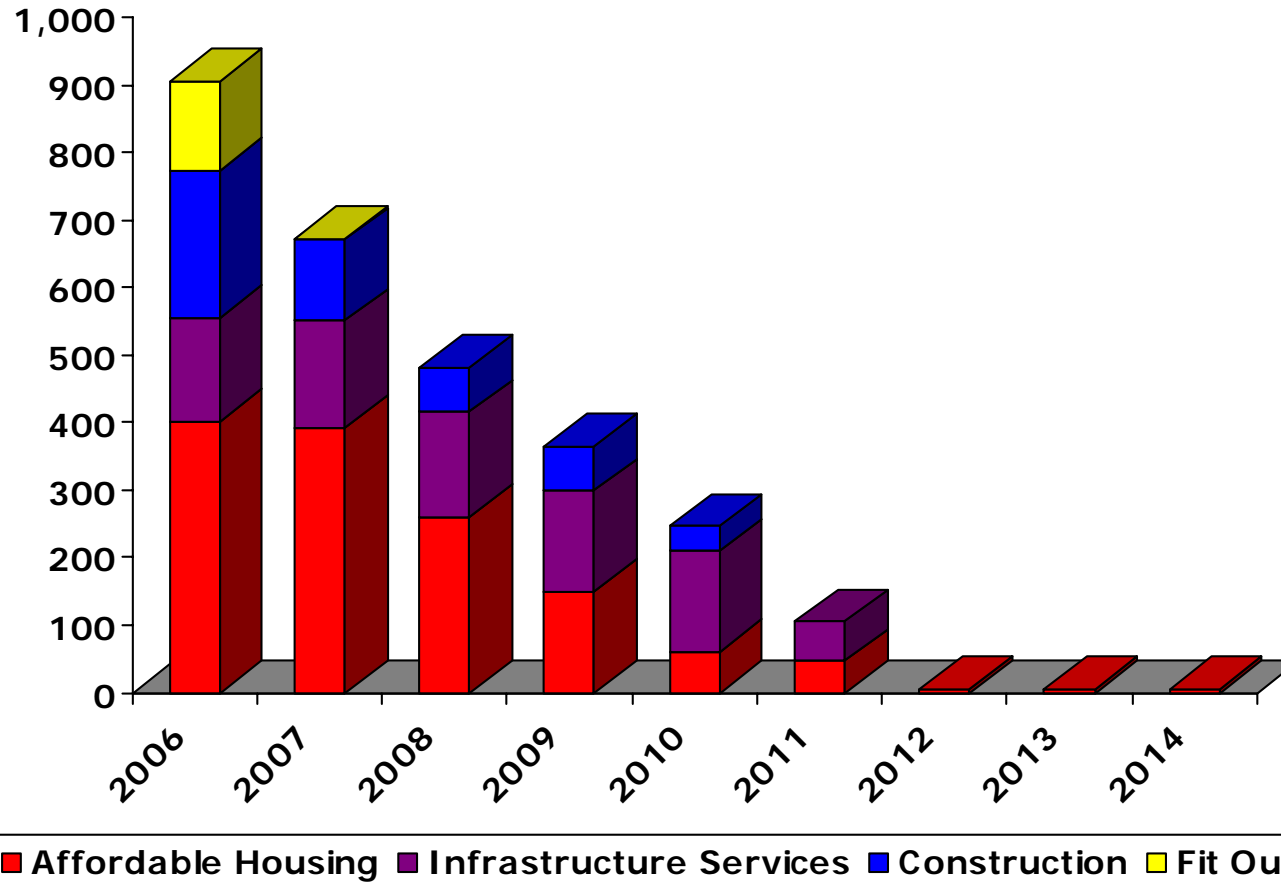
## Affordable Housing

UK's leading provider of affordable housing. Specialises in mixed tenure developments.



# FINANCIALS – YEAR END ORDER BOOK

£'m



# FIT OUT

MORGAN  SINDALL  
Fit Out

# FIT OUT – TRADING HIGHLIGHTS

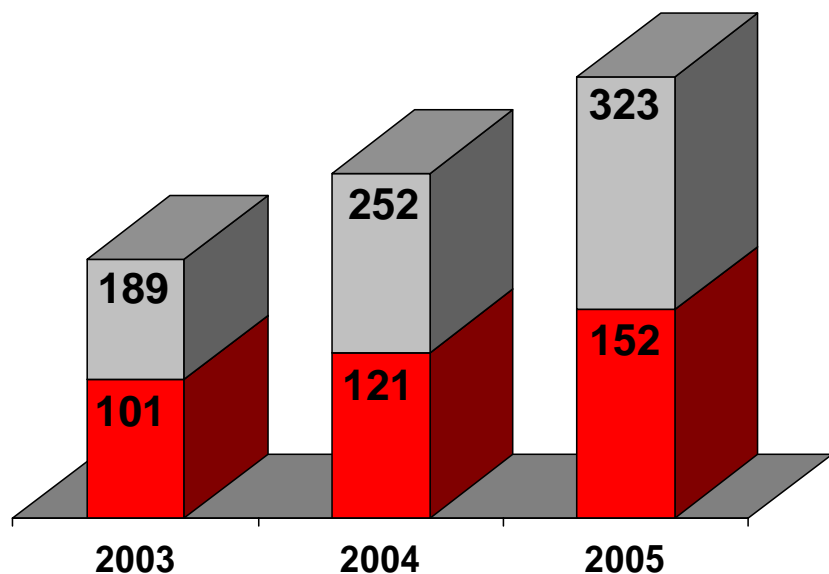
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- ❑ Record result with revenue increased 28%, operating profit increased 46%
- ❑ Margin improved to 5.1% (2004: 4.5%)
- ❑ Growth driven by
  - increased market share
  - growth in North West and Midlands
  - launch of large project team
- ❑ Growth in underlying market

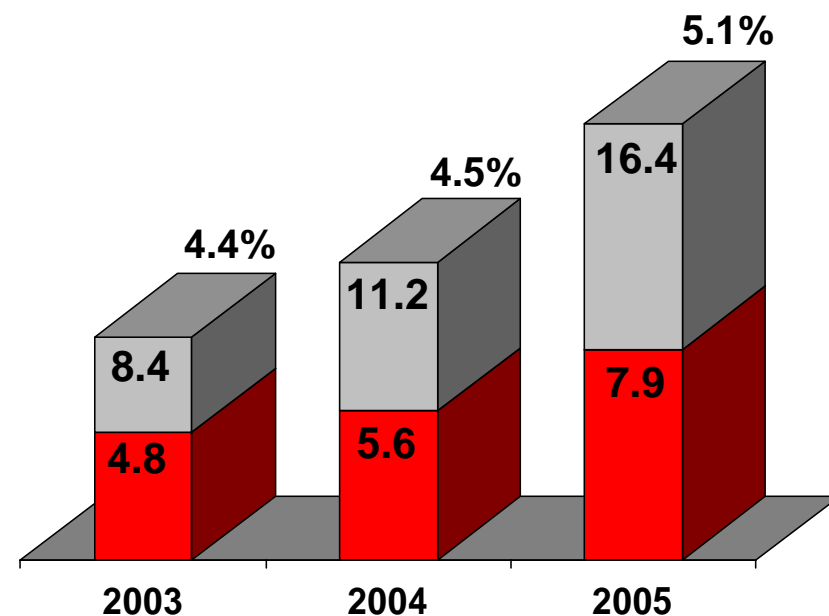


# FIT OUT – FINANCIAL HISTORY

£m



Revenue



Operating Profit

# FIT OUT – PROJECTS



**Client:** Accenture  
**Project:** 48 week fit out of 145,000 sq ft  
**Contract value:** £17.8m  
**Location:** Plantation Place, London

**Client:** iSOFT plc  
**Project:** iSOFT HQ interior design and fit out  
**Contract value:** £1.8m  
**Location:** Manchester



# FIT OUT – PROSPECTS

- ❑ Further growth driven by focus on larger projects
- ❑ Continued geographic expansion in North West and Midlands
- ❑ Vivid Interiors opportunities in hotel, retail, leisure and entertainment sectors
- ❑ Order book of £134m is up 37% on last year (2004: £98m)

# CONSTRUCTION



**bluestone**

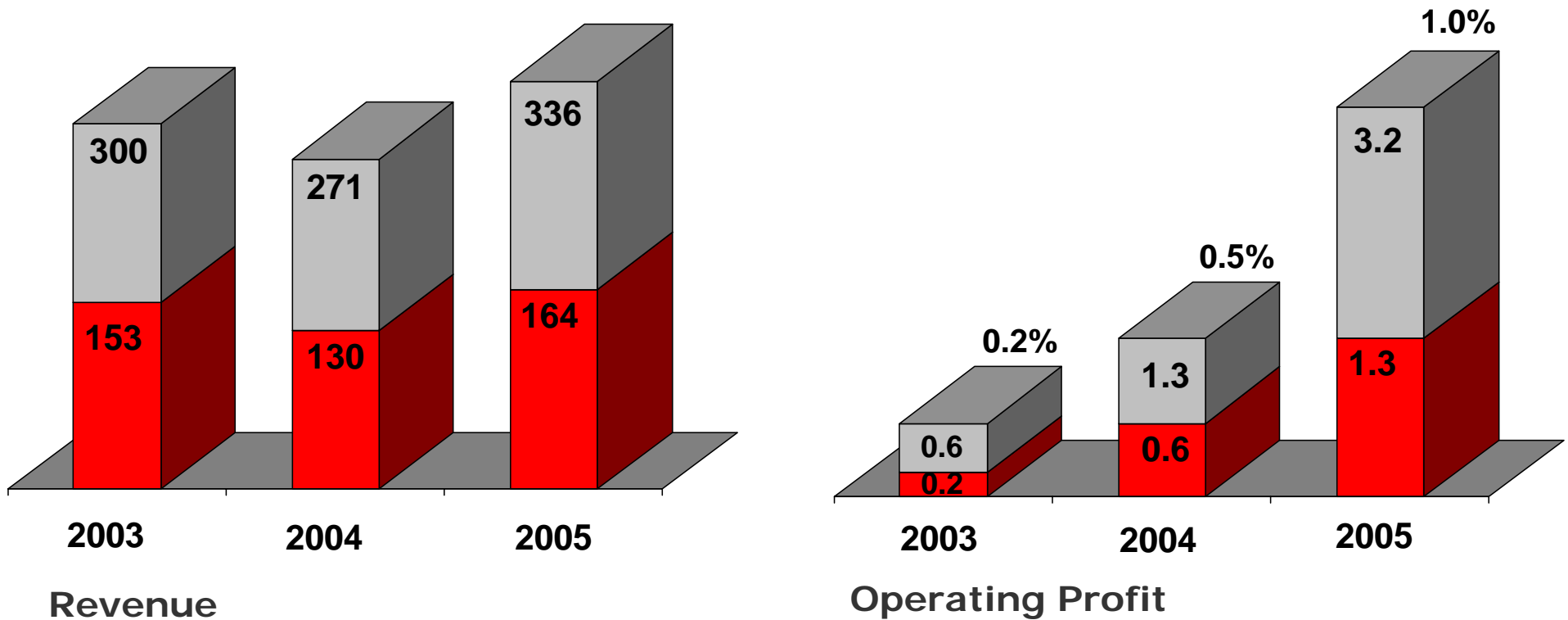
# CONSTRUCTION – TRADING HIGHLIGHTS

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- ❑ Margin increased to 1.0% with operating profit of £3.2m (2004: £1.3m)
- ❑ Revenue of £336m (2004: £271m) reflects impact of new offices and modest underlying growth
- ❑ Increasing proportion of workload from chosen sectors
- ❑ Greater workload from key clients and frameworks
- ❑ Financial close achieved on South East Hants and Doncaster LIFTs

# CONSTRUCTION – FINANCIAL HISTORY

£m



# CONSTRUCTION – PROJECTS

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**Client:** Camden & Islington Community Solutions  
**Project:** Camden & Islington Community NHS LIFT  
**Contract value:** £2.4m  
**Location:** Bingfield Street, London



**Client:** Stoke-on-Trent Regeneration  
(JV between St Modwen Developments  
and Stoke-on-Trent City Council)  
**Project:** Warehouse  
**Contract value:** £14.1m  
**Location:** Trentham Lakes, Stoke-on-Trent

# CONSTRUCTION – PROSPECTS

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- ❑ Continued focus on margin
- ❑ Fourth wave of NHS LIFT
- ❑ Public sector spending on education and health
- ❑ Order book increased to £504m (2004: £197m)



# INFRASTRUCTURE SERVICES

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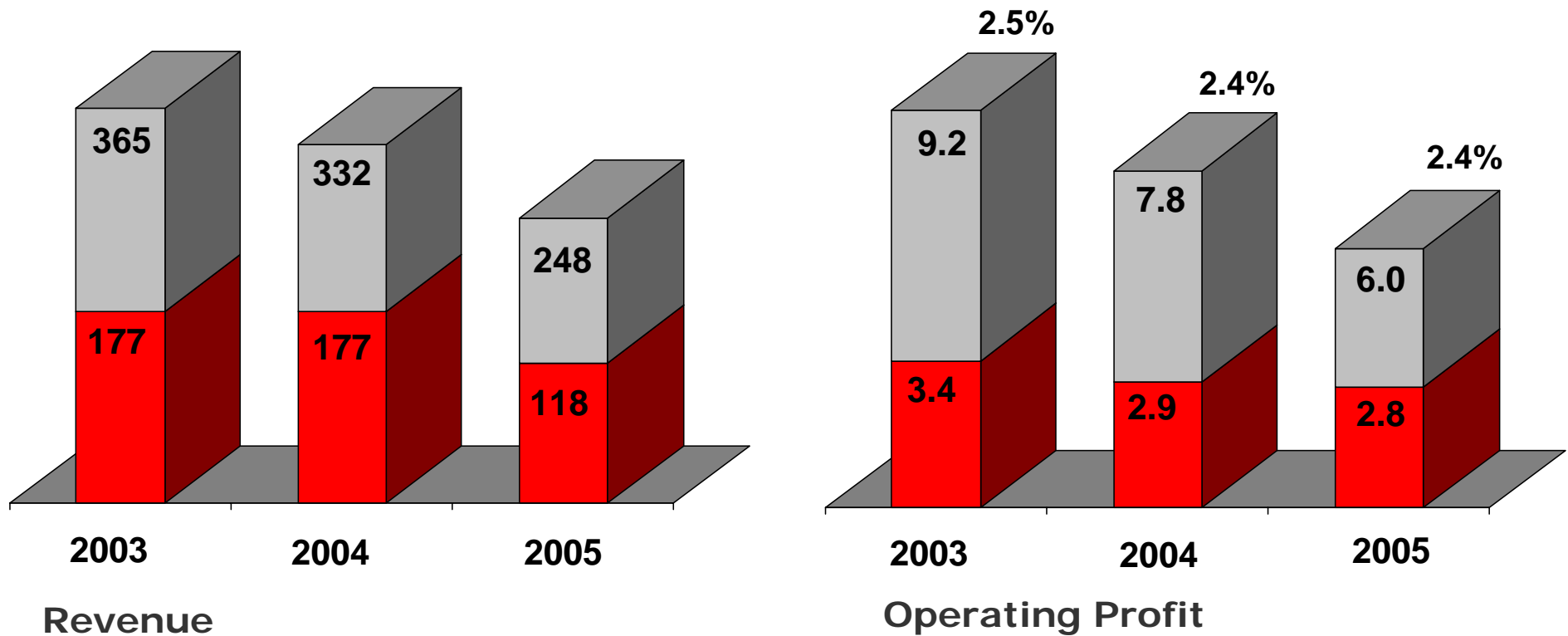
# INFRASTRUCTURE SERVICES – TRADING HIGHLIGHTS

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- ❑ Operating profit down to £6.0m on anticipated lower volumes
- ❑ Margin of 2.4% is in line with historic levels
- ❑ Contract wins and start ups at United Utilities (£450m over 5 years) and at National Grid (£320m over 8 years)

# INFRASTRUCTURE SERVICES – FINANCIAL HISTORY

£m



# INFRASTRUCTURE SERVICES – PROJECTS

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**Client:** Metronet  
**Project:** Kings Cross access tunnels  
**Contract value:** £55m  
**Location:** London

**Client:** National Grid  
**Project:** West Midlands Gas Alliance for gas mains replacement  
**Contract value:** £320m  
**Location:** West Midlands



# INFRASTRUCTURE SERVICES – PROSPECTS

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- ❑ Change in balance of business to utilities from major projects
- ❑ Key contracts secured since year end
  - Croydon tunnel
  - Kings Cross access tunnels
- ❑ Order book at £824m (2004: £626m)

# AFFORDABLE HOUSING

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# LOVELL

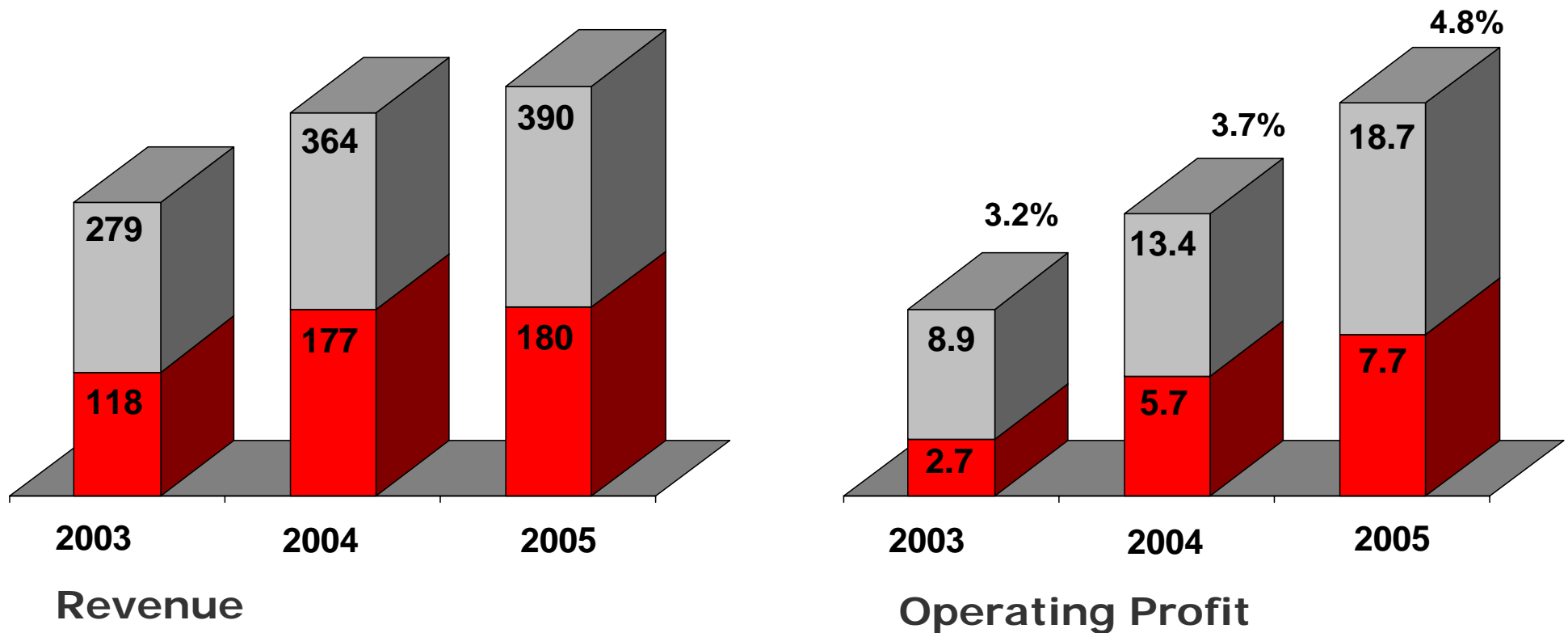
# AFFORDABLE HOUSING – TRADING HIGHLIGHTS

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- ❑ Record result with operating profit up 39% at £18.7m (2004: £13.4m)
- ❑ Further increase in margin to 4.8% (2004: 3.7%)
- ❑ Expansion of refurbishment operations
- ❑ £27m investment in working capital in new build activities

# AFFORDABLE HOUSING – FINANCIAL HISTORY

£m





# AFFORDABLE HOUSING - PROJECTS

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**Client:** Waverley BC and Thames Valley HA  
**Project:** Kiln Fields mixed tenure homes  
**Contract value:** £13m  
**Location:** Haslemere

**Client:** Cross Keys Homes  
**Project:** Decent Homes refurbishment  
**Contract value:** £25m over 5 years  
**Location:** Peterborough



# AFFORDABLE HOUSING - PROSPECTS

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- ❑ Market leading position in long term growth market
- ❑ Anticipate further strong growth, realising benefits from 2005 in working capital investment
- ❑ Order book maintained at £1.3bn (2004: £1.3bn)

# FINANCIALS

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

# FINANCIALS - SUMMARY

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£m	December 2005	December 2004
❑ Revenue	1,296.7	1,219.0
❑ Profit before tax	41.7	33.8
❑ Effective tax rate	29%	29%
❑ Tax charge	12.1	9.7
❑ Profit after tax	29.6	24.0
❑ Net assets	116.6	98.2
❑ EPS	70.74p	57.61p
❑ Dividend per share	25.00p	18.50p

# FINANCIALS – BALANCE SHEET

£m	December 2005	December 2004
□ Non current assets		
- Intangible	56.7	56.0
- Tangible	18.9	16.4
- Interests in JVs & investments	11.0	6.9
	<u>86.6</u>	<u>79.3</u>
□ Current assets		
- Inventories	87.6	60.8
- Trade and other receivables	235.0	203.2
- Cash and cash equivalents	72.0	73.4
	<u>394.6</u>	<u>337.4</u>
□ Current liabilities	<u>359.2</u>	<u>314.6</u>
□ Net current assets	35.4	22.8
□ Non current liabilities	<u>5.4</u>	<u>3.9</u>
□ Net assets	<u>116.6</u>	<u>98.2</u>

# FINANCIALS – CASH FLOW

£m	December 2005	December 2004
☐ Operating profit	39.9	32.9
☐ Depreciation	4.5	3.5
☐ Non cash adjustments <sup>1</sup>	(1.4)	(2.7)
☐ Movement in working capital	(15.8)	45.0
☐ Net interest	1.9	0.9
☐ Tax	(11.7)	(6.1)
	<u>17.4</u>	<u>73.5</u>
☐ Net investment in fixed assets	(3.2)	(3.8)
☐ Investments	(6.4)	(3.4)
☐ Dividends	(8.5)	(7.1)
☐ JV dividend	0.3	0.3
☐ Finance leases	(1.3)	(1.0)
☐ Share capital	0.3	0.3
☐ Net cash flow	<u>(1.4)</u>	<u>58.8</u>
☐ Net cash balances	<u>72.0</u>	<u>73.4</u>

<sup>1</sup> JVs, share options, profit on disposals, pension cost

# FUTURE – PROSPECTS

- ❑ Good start to year
- ❑ Excellent prospects driven by Affordable Housing and Fit Out
- ❑ Strong longer term outlook for Construction and Infrastructure Services
- ❑ Order book at £2.8bn

*“The Group made excellent progress in 2005 and we enter this year in great shape”*