

11 July 2024

MJ Gleeson plc

("Gleeson", "the Company" or "the Group")

FY2024 trading update

Results expected to be broadly in line with expectations following Gleeson Homes' robust performance and Gleeson Land planning delays

Gleeson Partnerships signs first agreement

MJ Gleeson plc, the leading low-cost housebuilder and land promoter, issues a trading update for the year ended 30 June 2024 (the "Period").

Trading Update

Gleeson Homes

Gleeson Homes delivered a robust performance, completing the sale of 1,772 new homes during the Period, an increase of 2.8% on the prior year (FY2023: 1,723 homes sold). Of the 1,772 new homes sold, 346 were sold via multi-unit sale agreements.

The division is expected to report an operating profit of circa £30 million, ahead of market expectations.

Net reservation rates* over the last six months averaged 0.63 per site per week (H2 FY2023: 0.67). Excluding multi-unit agreements, net reservation rates improved to 0.50 per site per week (H2 FY2023: 0.42) net of an improved cancellation rate of 18%.

Gleeson Homes holds a forward order book of 559 plots (30 June 2023: 665 plots).

The division opened 10 new build sites during the year, starting the new financial year with 79 build sites (30 June 2023: 82 sites) of which 62 are actively selling (30 June 2023: 71 sites).

As a result of our strong focus on quality, we were pleased to achieve 5-star customer recommendation status in all six of our operating regions.

Gleeson Land

Notwithstanding the continuing challenges in the planning system Gleeson Land sold four sites during the year. The timing of the general election, which coincided with the period-end, resulted in the deferral of a significant disposal which is now expected to be completed in FY2025.

Gleeson Land is expected to report an operating profit of circa £2m, below market expectations.

Gleeson Land's portfolio of sites as at 30 June 2024 includes seven sites with either planning permission or resolution to grant and which have the potential to deliver 1,473 plots (30 June 2023: 6 sites, 1,400 plots).

Balance Sheet

The Group ended the year with a net cash position of £12.9m (30 June 2023: £5.2m).

Partnerships

At the Company's Capital Markets Day on 7 July 2023, the business set out a refreshed strategy including a pathway to materially scale-up Gleeson Homes, including an objective of delivering 3,000 new homes per annum in the medium-term and exploring opportunities to deliver homes in partnership with blue-chip third parties.

The Company is pleased to announce that Gleeson Homes entered into its first partnership agreement, with further transactions under negotiation, and has a broad pipeline of opportunity. The Company will host a briefing on its partnerships' strategy in due course.

Outlook

Gleeson Homes' sales rate over the last six months was steady but less vigorous than expected as a consequence of deferred expectations around interest and mortgage rate reductions. Looking ahead, the Board expects that, as rates start to fall, demand for new homes will strengthen through FY2025.

The Board remains confident of its medium-term objective as growth accelerates into FY2026 from the multiple outlet openings scheduled in FY2025.

With a good number of prospects, and in a more stable operating environment, Gleeson Land is confident of a strong performance in FY2025.

Graham Prothero, CEO of MJ Gleeson plc, commented:

"We have delivered a solid overall performance with Gleeson Homes exceeding expectations in what has been a challenging year.

"We are making progress against our key strategic priority of significantly scaling up our operations over the medium-term. Looking ahead, we are anticipating an increase in demand for new homes as interest rates begin to come down and consumer confidence returns. We also expect Gleeson Land to complete on a number of significant land disposals in the months ahead.

"The agreement of our first partnership site is an exciting development. We are encouraged by the number of discussions currently underway with further potential partners and look forward to updating the market on progress in due course.

"We also welcome the Chancellor's comments regarding mandatory housing targets, planning reform and other measures to increase substantially the supply of new homes. There is much to do if aspiration is to become reality, but the determination that we have seen since the election to get things done marks a positive change in approach. Gleeson is ready to play its part in delivering much needed affordable homes."

*Reservation rates for all periods based on sales sites with homes available for sale. Reservation rates in previous announcements were based on sales sites including those with no homes available for sale but where the site had not yet completed the sale of the final home.

Analyst conference call

A conference call for analysts will be held at 08:00 this morning. To dial-in, please use the below details:

- UK-Wide: +44 (0) 33 0551 0200
- UK Toll Free: 0808 109 0700
- Code: MJ Gleeson

Notice of Results

The Company will report its audited full year results on Wednesday 18 September 2024. A presentation for analysts will be held that morning at the offices of Hudson Sandler, 25 Charterhouse Square, London, EC1M 6AE, and will also be webcast.

- Ends -

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About MJ Gleeson:

ABOUT MJ GLEESON:

MJ Gleeson plc comprises two divisions: Gleeson Homes and Gleeson Land.

Gleeson Homes is the leading low-cost, affordable housebuilder. Its two-bedroom homes start from circa £100,000. Gleeson's vision is "*Building Homes. Changing Lives*", prioritising areas where people need affordable housing the most. Our aim is to ensure that on all of our developments, a material proportion of the homes are affordable to a couple earning the National Living Wage. Buying a Gleeson home typically costs less than renting a similar property. All Gleeson homes are traditional brick built semi or detached homes. Gleeson offers a wide mix of two-, three- and four-bedroom layouts.

Gleeson Land is the Group's land promotion division, which identifies development opportunities and works with stakeholders to promote land through the residential planning system.

As a high-quality, affordable housebuilder, Gleeson has strong and inherent sustainability credentials. Its social purpose underpins the Company's strategy and Gleeson measures itself closely against UN SDGs 5, 8, 11, 12, 13 and 15.

More details on the Company's approach to sustainability can be found at: mjgleesonplc.com/sustainability

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