

# Springfield Properties plc

Interim Results for the six months ended 30 November 2024



Springfield Properties – Elgin South Village, Moray

## Successfully navigating challenging conditions

- Trading in the period in line with management expectations, including increase in profit
- Results supported by actions taken in previous years to reduce costs and debt
- Affordable housing returned to normalised double-digit gross margin; but certain projects delayed due to uncertainty over availability of public funding
- Slight increase in private housing reservations in H1 2025 over H1 2024, against backdrop of subdued economy with a reduction in reservation rate in H2
- Strategic focus on realising value of large high-quality land bank with further profitable land sales
- **Agreement, post period, with Barratt Redrow to accelerate debt removal – becoming net cash positive by FY 2027 – and capitalise on the significant opportunity in the North of Scotland**
- **Profit for FY 2025 to be significantly ahead of market expectations**

### REVENUE

**£105.6m**

(H1 2024: £121.7m)

### Adj. PBT

**£3.8m**

(H1 2024: £2.0m)

### COMPLETIONS

**361**

(H1 2024: 432)

### NET BANK DEBT

**£62.9m**

(30 Nov 2024: £93.4m)

## Accelerating the removal of debt

### Agreement, post period, with Barratt Redrow

- Agreement to profitably sell to Barratt 2,480 plots of undeveloped land across six future sites for £64.2m
- Cash to be received over four years, with c. 50% in the current financial year
- Non-binding discussions underway regarding the sale of further future land holdings on a number of sites
- Land primarily in Central Scotland

### Benefit to Springfield

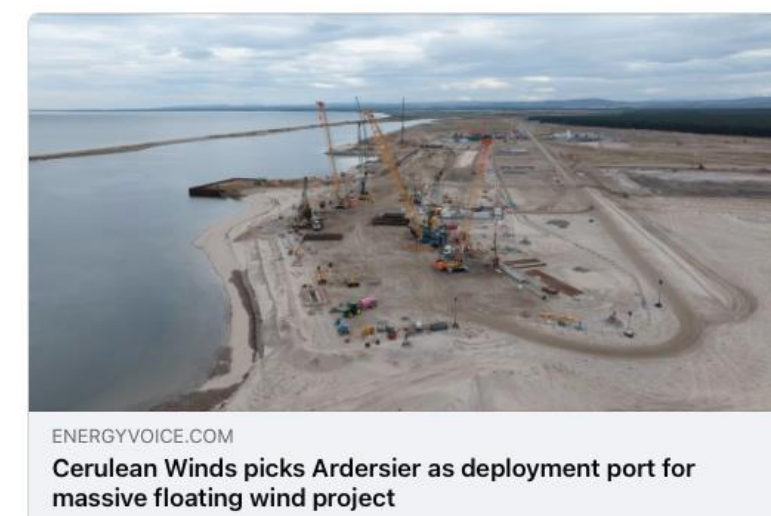
- Removal of all bank debt by FY 2027
- Profit for current year to be substantially ahead of market expectations
- Realising the value of assets at c. 1.3x book value
- Strengthens balance sheet to help capitalise on the significant opportunities in the North of Scotland where Springfield is uniquely placed to take advantage
- Springfield will continue to have a large high-quality land bank with 7,822 owned and contracted plots with intention for further growth in the North of Scotland

### Significant opportunity in the North of Scotland

- Unprecedented growth expected across the region over 10-15 years driven by planned green infrastructure and associated economic stimulus
  - Inverness and Cromarty Firth Green Freeport – inject £3bn to the Highlands and create more than 10,000 new jobs
  - Significant upgrades to national power network - SSEN investing £31bn into upgrading the electricity network in the region, workforce expected to peak in 2027 at around 5,000 workers.
- Infrastructure providers have already begun activities e.g. SSEN, Sumitomo Electric, Cerulean Winds
- The Highland Council has taken action to support housing delivery:
  - Targeting delivery of 24,000 homes, doubling output over next ten years
  - ‘Highland Local Development Plan: Call for Development Sites’ invite to submit site bids for consideration
  - Stated intention to utilise Masterplan Consent Areas to streamline delivery

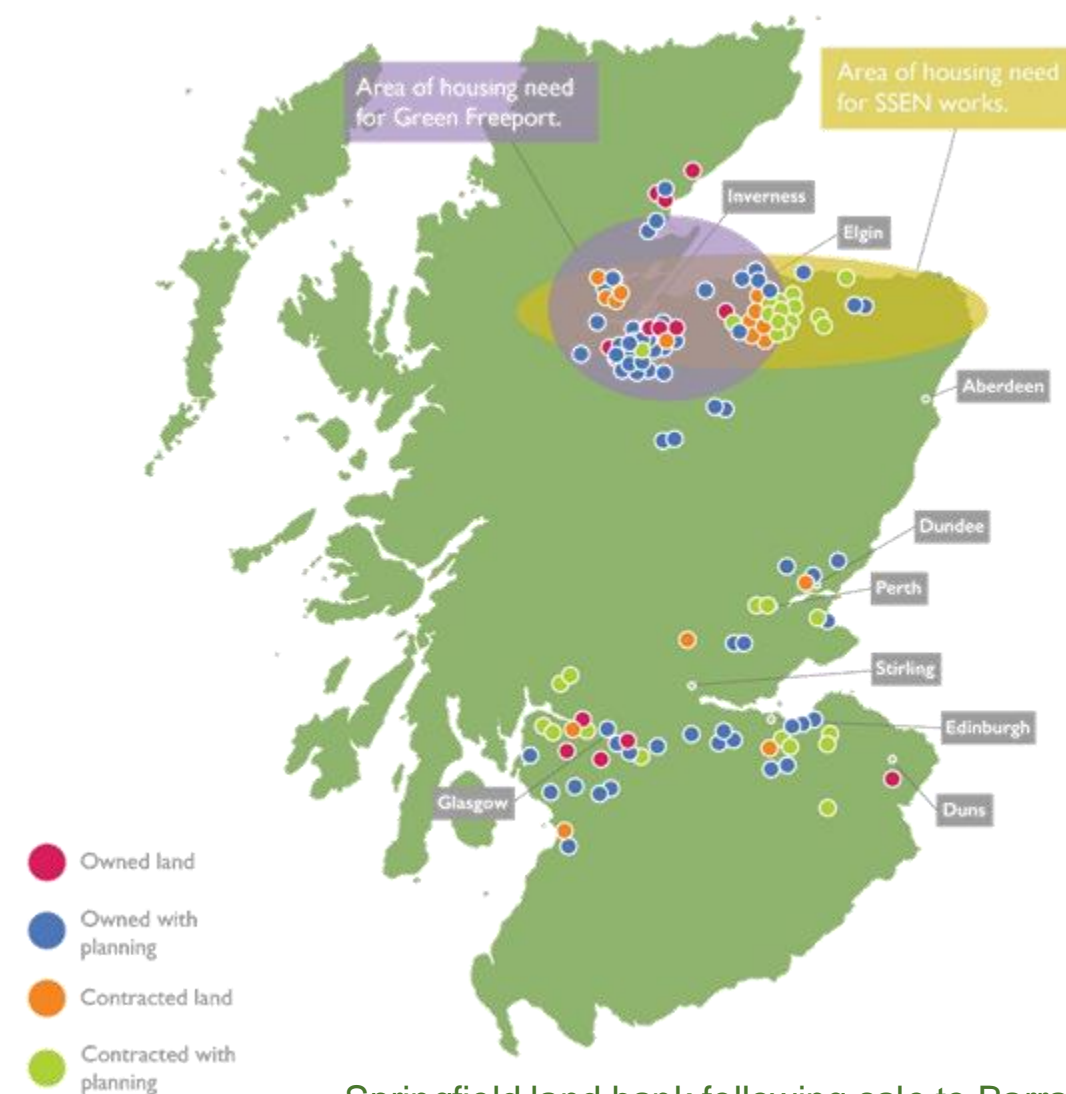
***“The challenge is to double our current housing supply and accelerate the delivery of both public and private housing and the availability of sites across Highland.”***

Cllr Glynis Campbell Sinclair, Chair of the Housing and Property Committee of The Highland Council (22 Oct 2024)



## Why Springfield is well-positioned

- Substantial land holdings across the Highlands and Moray, within commuting distance to new employment locations
- Uniquely placed to deliver at scale and pace
  - Market traditionally dominated by smaller developers with limited ability to invest
  - National housebuilders focused on very competitive Central Belt
  - Experience in providing housing across tenures – private, affordable and PRS
- Significant market share and unrivalled market intelligence
- Established presence in region
  - Historic and respected stakeholder
  - Supply chain, employee and subcontractor relationships
- Already in discussions with infrastructure providers



Springfield land bank following sale to Barratt

### Strategic focus on the North of Scotland

- Total land bank of 7,822 owned and contracted plots comprises:
  - 4,660 plots across 52 sites in the North of Scotland
  - 3,162 plots across 42 sites in Central Scotland – 19 current sites and 23 future sites
- Existing live private and affordable sites in Central Scotland to be completed as planned – expected to take c. 2-3 years
- Long-term presence will be maintained in Central Scotland at Dykes of Gray in Dundee and Bertha Park in Perth
- Focus of new projects and land purchasing to be in the North of Scotland where greater opportunities exist
- Rationalisation of Central Belt offices
- Potential for sales of further future sites in Central Scotland

# Financial Review & Land Bank



Mactaggart & Mickel – Stewart Gardens, Newton Mearns

## Results summary

£(m)	H1 2025	H1 2024
Revenue	105.6	121.7
Gross profit	18.7	17.9
Gross margin	17.7%	14.7%
Administrative expenses*	(12.4)	(12.6)
Operating profit*	6.4	5.6
Operating margin*	6.1%	4.8%
Profit before tax*	3.8	2.0
Exceptional items	(0.3)	(0.9)
Profit before tax inc. exceptional items	3.5	1.2
Taxation	(0.8)	0.0
Profit after tax inc. exceptional items	2.7	1.2
Net bank debt	62.9	93.4

\* Adjusted to exclude exceptional items

- Significant reduction in net bank debt as a result of strategic action taken in FY 2024 and sustained cost control
- Substantial increase in adjusted profit before tax, driven by improvements in gross margin with limited cost inflation and profitable land sales
- Reduced revenue in line with management expectations, reflecting a lower forward orderbook



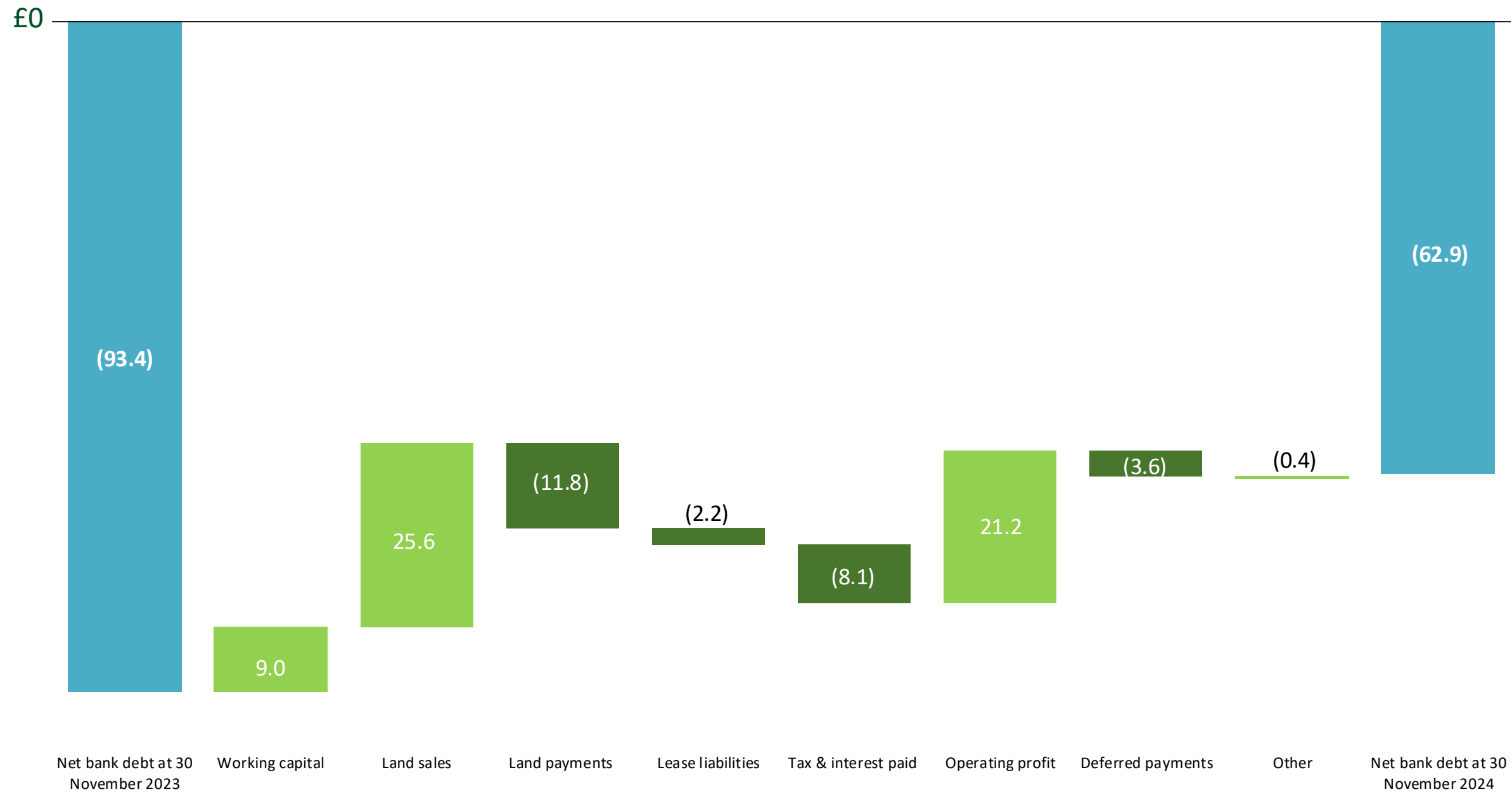
## Results by housing type

- Private housing:
  - Reduction in revenue and completions reflecting lower forward orderbook due to market conditions in FY 2024
  - ASP held up well, reflecting resiliency across the Group's brands
  - Reduction in gross margin primarily reflecting slower sales in Central Belt
- Affordable housing:
  - Reduction in revenue and completions due to uncertainty among affordable housing providers on public funding availability
  - Increase in ASP due to uplift in Scottish Government grant available per home
  - Significant improvement in gross margin as expected due to improved cost control from signing shorter length contracts, combined with completion at the end of FY 2024 of legacy contracts
- Contract housing increase reflects new private phase at Bertha Park

	H1 2025	H1 2024
<b>Private Housing</b>		
Completions	230	279
ASP	£313k	£314k
Revenue	£72.1m	£87.7m
<b>Affordable Housing</b>		
Completions	95	144
ASP	£215k	£177k
Revenue	£20.4m	£25.5m
<b>Contract Housing</b>		
Completions	36	9
Revenue	£6.0m	£1.9m

## Net bank debt analysis

(£m)



## Summary balance sheet

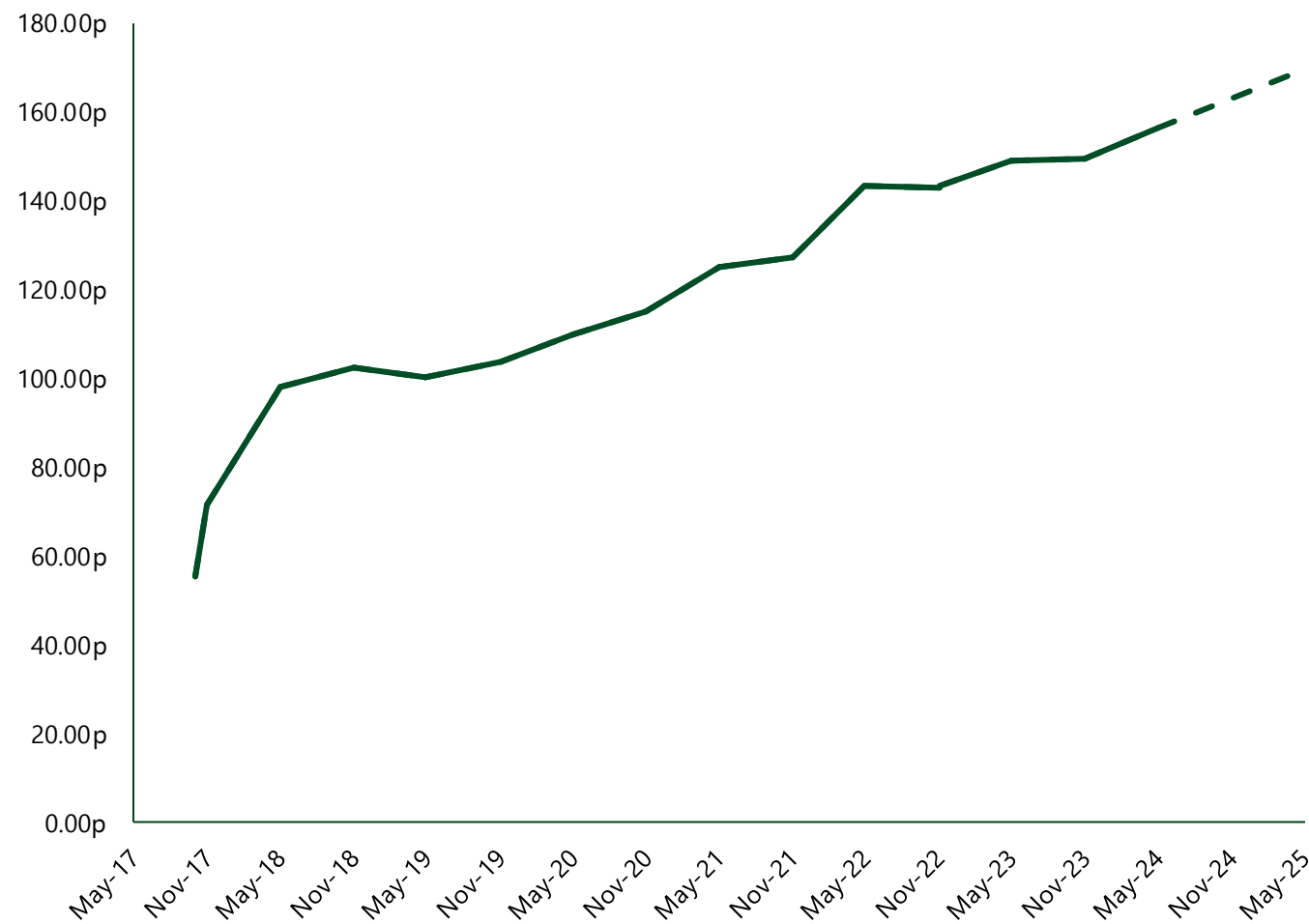
£(m)	30 November 2024	30 November 2023	Change
<b>Total assets</b>	318.0	327.3	(2.8)%
<b>Net bank debt</b>	(62.9)	(93.4)	(32.7)%
<b>Other liabilities*</b>	(95.4)	(82.6)	15.5%
<b>Net assets</b>	159.7	151.2	5.6%

\* Total liabilities excluding net bank debt

- Total assets in line with prior period
- Net bank debt reduction as a result of strategic action taken in FY 2024 and ongoing cost control
- Other liabilities increase reflects higher trade payables and increased land creditors
- RCF facility of £87.5m extended for 12 months to January 2026

Track record of value creation

NAV per share



- Post IPO grown NAV by c. £86m (including dividends paid) excluding capital raising
- Compound annual NAV per share growth rate of c.16.0% since May 2017
- Total dividends paid of c. £22.8m
- Since IPO total NAV has been grown from c. £57.8m to c. £158.2m (May 2024)

## Realising value of substantial land bank

- Profitable land sales of £5.1m in period
- Agreement with Barratt demonstrates significant value of land bank
- Springfield will continue to have a large, high-quality land bank in Scotland, providing nine years of activity at current sales rates
- Springfield to continue to build out all existing sites in Central Scotland and retain a long-term presence in Perth and Dundee
- Non-binding agreement for sales of further future land holdings, primarily in Central Scotland
- Focus on North of Scotland where Springfield has substantial land bank presence across the Highlands and Moray and intention to expand

<i>As at</i>	30 November 2024		
	No.	% with planning*	GDV
<b>Owned plots</b>	5,797	90%	£1.6bn
<b>Contracted plots</b>	6,305	55%	£1.6bn
<b>TOTAL</b>	12,102	72%	£3.2bn
<i>As at</i>	31 May 2024		
<b>Owned plots</b>	5,593	88%	£1.5bn
<b>Contracted plots</b>	6,866	57%	£1.6bn
<b>TOTAL</b>	12,459	71%	£3.1bn

	Land bank post completion		
	No.	% with planning*	GDV
<b>Owned plots</b>	3,498	83%	£0.9bn
<b>Contracted plots</b>	4,324	39%	£1.0bn
<b>TOTAL</b>	7,822	59%	£1.9bn

# Operational Review



Springfield Properties multi-award winning village, Bertha Park, Perth

## Private housing

- Increase in reservation rates in period, but against a backdrop of a subdued economy
- Reduction in reservations since mid December, but signs confidence is increasing with interest rate cuts and improving economy
- Selling prices held up well across Springfield Group brands
- First planning application submitted utilising new house type range that offers greater build efficiency
- Sustained focus on customer service:
  - Continue to offer high level of specification as standard
  - Achieved 97% customer satisfaction for H1 2025, up from 96% for H1 2024



Tulloch Homes, The Maples, Inverness



Dawn Homes, Mayfields, Glenmavis



Springfield Properties, Dykes of Gray Village, Dundee

## Affordable housing

- Significant improvement in gross margin – returned to double digits
- Hesitancy among affordable housing providers to commence new projects due to uncertainty around availability of Scottish Government funding, resulting in lower-than-expected sales during the period
- Post period, Scottish Budget in December 2024 increased funding for affordable housing
- Partners have resumed discussions – two contracts signed to commence in current year
- Fundamentals of affordable housing remain strong:
  - Provides strong cash flow dynamics with high visibility and low capital exposure
  - Chronic undersupply of affordable housing across Scotland
  - Strong partnership network and large land bank



16 Springfield Partnerships, Bertha Park Village



CEO Innes Smith with First Minister John Swinney

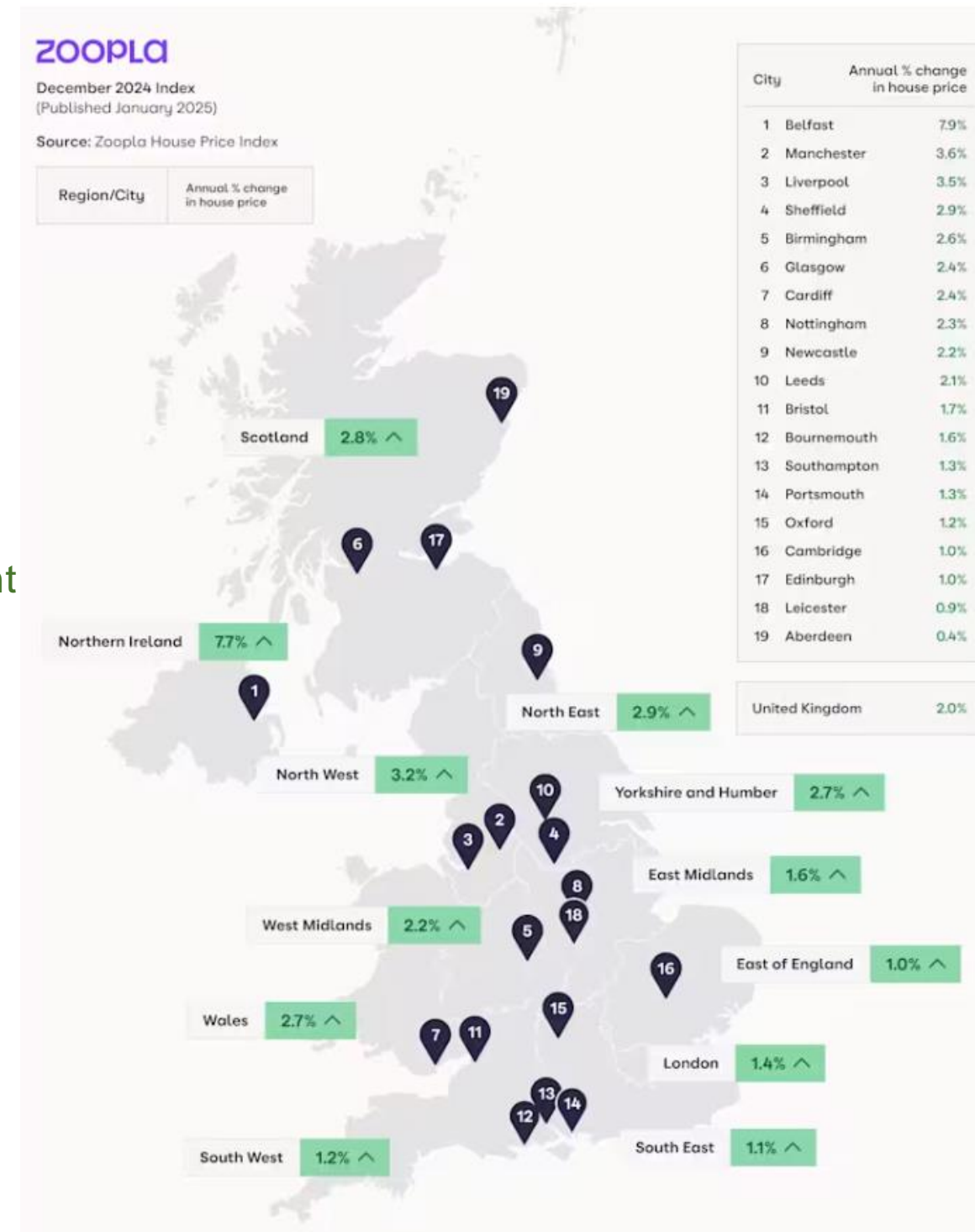


Affordable homes in Forres



## Housing market in Scotland

- Undersupply of homes intensifying:
  - Housing emergency declared by Scottish Government
  - Significant increase in Scottish Government funding allocated for affordable housing supply for 2025/26
  - Ministers Housing Investment Taskforce established, with Springfield participating alongside key housing and finance stakeholders
  - Strong need for PRS housing: temporary rent cap to be removed on 31 March 2025 and reintroduction of investment anticipated
- Mortgage lenders offering new products at below 4%
- Green infrastructure investment boosting demand for homes in the North of Scotland
- Scottish housing market resilience:
  - Sustained house price growth – latest index from Zoopla showing growth of 2.8% for Scotland
  - Affordability remains high based on house price to earnings ratio – 5.6 in Scotland vs 8.6 in England (*Housing Purchase Affordability, UK: 2023; Office of National Statistics, Dec 2024*)



## Environment and people – H1 2025 ESG highlights

- Delivering homes without fossil fuels, over half homes built in-period utilising air-source technology
- Constructing off-site, all highly insulated, quality homes built using timber frames in own kit factories
- Developing future skills, with training and apprenticeships aspirations on track
- Engaging customers and employees to create communities and foster well-being
- Achieved ISO 45001 Health & Safety Management system and recertified ISO 9001 Quality and ISO 14001 Environmental
- ESG Committee overseeing the delivery of new objectives with reporting alongside annual results



## Conclusion

- Fundamentals of the business have been strengthened to help capitalise on the significant opportunities in the North of Scotland where Springfield is uniquely placed to excel
- Agreement with Barratt accelerates the removal of debt to become net cash positive by FY 2027
- Springfield to deliver significant profit growth – ahead of market expectations – for FY 2025
  - Private housing softness and affordable housing delays mitigated by land sales
- Strategic focus now on the North of Scotland where the growth opportunities are greater
- Springfield continues to have a large, high-quality land bank in Scotland – a highly valuable asset – and plans to buy land in the North
- Well-positioned to deliver shareholder value