



**Quarterly Financial Report**

**For the 3 and 12 months ended  
31 December 2020**

# Contents

- 1** Introduction
- 2** Operational and Financial Highlights
- 3** Net Debt, Liquidity and Cashflow
- 4** Capital Employed, Inventory and Landbank
- 5** Current Trading
- 6** Group Condensed Consolidated Financial Statements
- 7** Key Performance Indicators

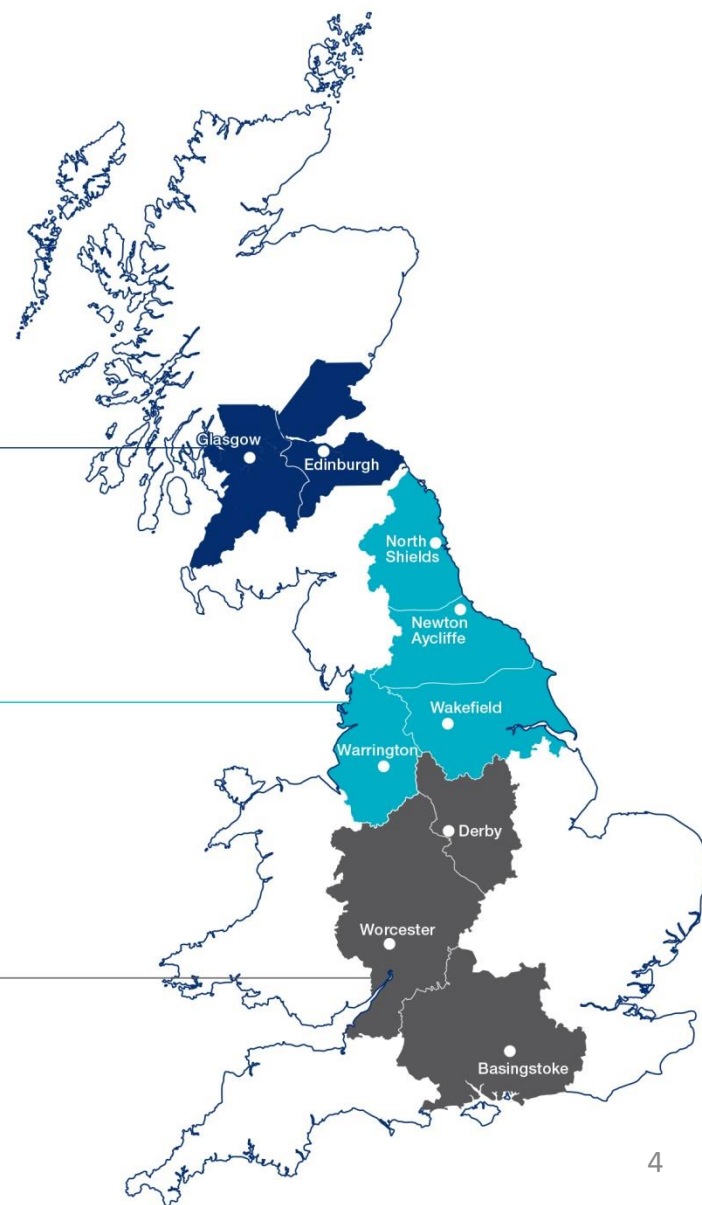




# 1 Introduction

In accordance with the reporting requirements of its offering of £425m Senior Secured Notes (since increased to £455m), Miller Homes Group Holdings plc (“the Group”) is pleased to present its Quarterly Financial Report for the 3 and 12 months ended 31 December 2020.

The figures for the 12 months to 31 December 2020 and 2019 are audited with the 3 month periods to 31 December 2020 and 2019 being unaudited.



## Scotland

Completions	ASP* (£000)	Consented landbank	Active sites
<b>625</b> -26%	<b>280</b> +5%	<b>2,504</b> -1%	<b>23</b> +10%

## North

Completions	ASP* (£000)	Consented landbank	Active sites
<b>1,021</b> -23%	<b>238</b> +5%	<b>5,856</b> +9%	<b>31</b> -6%

## Midlands & South

Completions	ASP* (£000)	Consented landbank	Active sites
<b>974</b> -27%	<b>273</b> +4%	<b>6,307</b> +10%	<b>27</b> -7%

\*Average selling price



## 2 Operational and Financial Highlights

## COVID-19 update

- Sales
  - Sales centres remain open notwithstanding current lockdown measures.
  - Continuing to use appointment only system in our sales centres.
  - Full suite of online tools being used to effectively communicate while minimising physical meetings with customers.
- Construction
  - Construction levels returned to 100% by the end of Quarter 3.
  - Construction operations unaffected by current lockdown measures.
  - Covid measures, including a deep clean programme, are in place for any affected workplaces.
- Customer service / aftercare
  - Only essential services are being undertaken with the consent of our customers.
- Offices
  - All offices are closed with exception made for limited admin staff and those employees finding it difficult working from home.

## Sales

- Sales rate in Quarter 4 was 0.57 net reservations per site per week, 11% ahead of the prior year period.
- Full year 2020 sales rate of 0.64 was identical to the prior year as a result of a significant Year on Year increase in the second half of 2020.
- Pricing has been firm as we benefit from forward selling with annual price inflation of 2% driven largely by reservations taken in the second half of the year.
- Use of part exchange has fallen significantly during 2020 with it used on 6% (2019: 17%) of private reservations.
- Forward sales for the next 12 months stands at a record £560m which is 71% higher than December 2019.

## Land

- 17 sites (2,273 plots) acquired in 2020, down on the 30 sites (4,933 plots) acquired in 2019 due to the temporary pause on land buying during the first national lockdown.
- Land spend down from £220m in 2019 to £150m in 2020.
- 8% increase in the consented landbank to 14,667 plots (Dec 2019: 13,633 plots), representing 5.8 years' supply (Dec 2019: 4.1 years), based on last 12 months' completions. This reflects a decrease in the owned landbank to 10,494 plots (Dec 2019: 10,718 plots) offset by an increase in the controlled landbank to 4,173 plots (Dec 2019: 2,915 plots).
- 4% increase in the strategic landbank to 20,776 plots (Dec 2019: 20,035 plots).

## Other operational highlights

- HBF Customer Satisfaction Survey 5-star rating awarded for 9 out of the last 10 years.
- Online reservation platform which accounted for 41% of 2020 private reservations.
- New product range provides flexible internal layouts to enhance our offering and to deliver customers needs, such as to support home working.
- New customer option range allows personalisation and can be viewed and purchased online.
- Third consecutive year of improvement in NHBC Construction Quality Reviews to 4.2 (CQR).
- No additional financial support received from government COVID-19 schemes, aside from the CJRS furlough scheme whereby the initial grant received was fully repaid in Quarter 4.
- Staff continued to be paid 100% of basic salary throughout the year.
- First national lockdown used to progress key business improvement projects.

## ESG highlights

- 96% of construction waste recycled and diverted from landfill.
- £30m of payments made to support local communities in form of planning gain contributions.
- 94% of developments within 500 metres of public transport.
- 94% employee engagement score which is a testament to the business culture and our values.
- 6% increase in female senior management during the year.
- Our carbon reduction strategy will be rolled out during 2021 and will form the basis of our commitment to lessen the impact of our operations on climate change.



## Trading

- Volumes
  - 936 core and joint venture completions in the 3 months ending 31 December 2020 (Q4 2019: 1,008 units).
  - Full year core and joint venture completions of 2,620 units (2019: 3,498 units), a reduction of 25% on the prior year.
- Average Selling Price (ASP)
  - Q4 ASP increased by 5% to £273,000 (Q4 2019: £261,000). This largely reflects a 10% increase in the private ASP to £315,000 (Q4 2019: £286,000) which is mainly due to the geographical weighting of completions.
  - Full year ASP of £261,000 is 5% higher than prior year (2019: £249,000), driven by a 7% increase in the ASP of private homes to £303,000 (2019: £284,000) and a 6% increase in the ASP of affordable homes to £121,000 (2019: £114,000). This was offset by an increase in the proportion of affordable homes sold in the year to 23% (2019: 20%).
- Revenue
  - Full year revenue down by £176m or 21% on 2019 which is a combination of a 24% reduction in core completions offset by a 7% increase in ASP.
- Decision taken during the final quarter to return all furlough monies received under the Coronavirus Job Retention Scheme (£2.2m) and to reverse the decision to participate in property rates relief scheme (£0.7m). These items had hitherto largely mitigated the impact of labour costs (£4.3m) incurred during the first national lockdown which under accounting standards are not capable of being capitalised into inventory. As a result, an exceptional charge for £4.3m was booked in the period.
- Pre-exceptional gross margin in Quarter 4 was 23.3% and full year stands at 23.6%, slightly down on the prior year.
- Administrative expenses
  - Decrease in full year administrative expenses to £45.6m (2019: £47.9m) due to a reduction in staff incentive costs. As a percentage of revenue administrative expenses increased to 6.9% (2019: 5.7%) due to the impact of lower volumes and in turn revenues.
- EBITDA for 12 months ended 31 December 2020 is £113m, down £58m on last year (2019: £171m). £41m of the £58m reduction occurred in the second Quarter.

## Cash and leverage

- Free cash flow in Quarter 4 was £54m (Q4 2019: £85m).
- Improvement in full year free cash flow to £92m (2019: £84m). Annual reduction in turnover of £176m has been offset by reductions in land spend, development spend and lower part exchange stock.
- Cash at the year end is £243m, £103m higher than the same time last year, and the £151m RCF remains undrawn.
- Net LTV\* of 30% based on net inventory of £710m and net debt of £212m\*\*. Net LTV has decreased from 35% in the previous quarter and compares to 39% at 31 December 2019.
- Net leverage of 1.8x, based on pre-exceptional EBITDA of £118m and net debt of £212m. This compares to net leverage of 2.0x in the previous quarter and 1.6x at 31 December 2019.
- Shareholder loan repayment
  - In light of the significant cash balance at year end and a continuation of the positive trading performance during the first quarter of this year, it has been agreed to repay £100m of the shareholder loan on 29 March 2021.
  - Had this transaction occurred on 31 December 2020, this would have resulted in proforma net leverage of 2.8x and proforma Net LTV of 46%\*\*\*.

\* LTV: Loan to value is net debt divided by net inventory (inventory less land payables).

\*\* Excludes the capitalisation of bond financing costs (£11.3m).

\*\*\* Proforma figures also give effect to a cash contribution of £13m to the defined benefit pension scheme.

# Financial Highlights



**Revenue** for the 3 months to 31 December 2020 decreased by 3.6% to £250.3m (Q4 2019: £259.7m), reflecting a 4.5% decrease in core completions, offset by a 4.6% increase in ASP and a £9.7m decrease in land sales and other revenue.

**Pre-exceptional gross profit** for the 3 months to 31 December 2020 decreased by 10.4% to £58.3m (Q4 2019: £65.1m). Gross margin in the 3 month period was 23.3% (Q4 2019: 25.1%), reflecting slightly lower margins as a result of cost inflation and lower shared equity redemptions.

**Administrative expenses** for the 3 months to 31 December 2020 totalled £14.0 (Q4 2019: £13.2m). The increase of £0.8m has primarily been driven by a higher staff incentive charge in the current year period.

**Net finance costs** in the 3 month period ended 31 December 2020 were £12.9m (Q4 2019: £11.8m). The increase primarily reflects the £50m net increase in Senior Secured Notes in August 2020, and an increase in interest on shareholder loan notes, which totalled £3.5m in the period (Q4 2019: £3.2m).

	3 months ended 31 Dec 2020 £m	3 months ended 31 Dec 2019 £m	% change	12 months ended 31 Dec 2020 £m	12 months ended 31 Dec 2019 £m	% change
Revenue	250.3	259.7	(3.6)	664.8	841.4	(21.0)
Cost of sales (normal)	(192.0)	(194.6)	1.3	(508.1)	(630.7)	19.4
Cost of sales (exceptional)	(4.3)	-	n/a	(4.3)	-	n/a
Gross profit (pre-exceptional)	58.3	65.1	(10.4)	156.7	210.7	(25.6)
Gross profit (post-exceptional)	54.0	65.1	(17.1)	152.4	210.7	(27.7)
Other operating income	0.2	0.2	-	1.3	1.4	(7.1)
Administrative expenses	(14.0)	(13.2)	(6.1)	(45.6)	(47.9)	(4.8)
Group operating profit	40.2	52.1	(22.8)	108.1	164.2	(34.2)
Share of result in joint ventures	0.7	1.2	(41.7)	2.4	3.7	(35.1)
Operating profit (pre-exceptional)	45.2	53.3	(15.2)	114.8	167.9	(31.6)
Operating profit (post-exceptional)	40.9	53.3	(23.3)	110.5	167.9	(34.2)
Net finance costs	(12.9)	(11.8)	(9.3)	(50.4)	(45.8)	(10.0)
Profit before taxation	28.0	41.5	(32.5)	60.1	122.1	(50.8)
Taxation	(5.8)	(7.7)	24.7	(12.5)	(23.1)	45.9
<b>Profit for the period</b>	<b>22.2</b>	<b>33.8</b>	<b>(34.3)</b>	<b>47.6</b>	<b>99.0</b>	<b>(51.9)</b>
<i>Gross margin % (pre-exceptional)</i>	<i>23.3%</i>	<i>25.1%</i>	<i>-180bps</i>	<i>23.6%</i>	<i>25.0%</i>	<i>-140ps</i>
<i>Operating margin % (pre-exceptional)</i>	<i>18.1%</i>	<i>20.5%</i>	<i>-240bps</i>	<i>17.3%</i>	<i>20.0%</i>	<i>-270bps</i>
Profit for the period	22.2	33.8	(34.3)	47.6	99.0	(51.9)
Taxation	5.8	7.7	24.7	12.5	23.1	45.9
Net finance costs	12.9	11.8	(9.3)	50.4	45.8	(10.0)
Depreciation	0.7	2.8	(75.0)	2.7	3.0	(10.0)
<b>EBITDA</b>	<b>41.6</b>	<b>56.1</b>	<b>(25.8)</b>	<b>113.2</b>	<b>170.9</b>	<b>(33.8)</b>
<b>EBITDA (pre-exceptional)</b>	<b>45.9</b>	<b>56.1</b>	<b>(18.2)</b>	<b>117.5</b>	<b>170.9</b>	<b>(31.2)</b>

# Financial Highlights

Analysis of revenues, completions and ASP

millerohomes

**Private revenue** in the 3 months ended 31 December 2020 decreased by 2.1% to £226.2m (Q4 2019: £231.0m). This was offset by a 26.8% increase in affordable revenues to £24.1m (Q4 2019: £19.0m) and a £9.7m reduction in land and other sales to £nil.

**Core completions** in the 3 months to 31 December 2020 decreased by 4.5% to 916 units (Q4 2019: 959 units). Private completions decreased by 11.2% to 718 units (Q4 2019: 809 units). Affordable completions increased by 32.0% to 198 units (Q4 2019: 150 units).

**ASP** for the 3 months to 31 December 2020 increased by 4.6% to £273,000 (Q4 2019: £261,000). This reflects a 10.1% increase in the private ASP to £315,000 (Q4 2019: £286,000) due to a 3% increase in the average size of our private homes as well as a lower proportion of completions coming from the North of England where ASPs are lower. The affordable ASP decreased by 4.7% to £121,000 (Q4 2019: £127,000) which reflected a 1% decrease in the average size of our affordable homes and a reduction in the proportion of completions coming from our Midlands and South division where ASPs are higher.

	3 months ended 31 Dec 2020	3 months ended 31 Dec 2019	12 months ended 31 Dec 2020	12 months ended 31 Dec 2019
	£m	£m	£m	£m
Private revenue	226.2	231.0	592.1	752.7
Affordable revenue	24.1	19.0	71.4	77.3
Land sales	-	9.5	1.3	11.0
Other	-	0.2	-	0.4
<b>Total revenue</b>	<b>250.3</b>	<b>259.7</b>	<b>664.8</b>	<b>841.4</b>

	Units	Units	Units	Units
Private completions	718	809	1,955	2,652
Affordable completions	198	150	589	676
<b>Core completions</b>	<b>916</b>	<b>959</b>	<b>2,544</b>	<b>3,328</b>
Joint venture completions	20	49	76	170
<b>Total completions</b>	<b>936</b>	<b>1,008</b>	<b>2,620</b>	<b>3,498</b>

	£000	£000	£000	£000
Private ASP	315	286	303	284
Affordable ASP	121	127	121	114
<b>Total ASP</b>	<b>273</b>	<b>261</b>	<b>261</b>	<b>249</b>



### 3 Net Debt, Liquidity and Cashflow

# Net Debt, Liquidity and Cashflow



Net cash inflow from operating activities for the 3 months ended 31 December 2020 was £36.4m compared to £68.8m for the 3 months ended 31 December 2019. This principally reflects a decrease in operating profit due to lower volumes and the unwind of land creditors.

Net cash inflow from investing activities for the 3 months ended 31 December 2020 was £2.2m compared to £3.9m for the 3 months ended 31 December 2019. This inflow predominantly relates to the repayment of loans made to joint ventures.

Net cash flow from financing activities for the 3 months ended 31 December 2020 and 2019 was £nil. The inflow of £49.1m for the full year reflects the issue of a net £50m Senior Secured Notes in August 2020, offset by transaction fees.

	As at 31 Dec 2020	As at 31 Dec 2019
	£m	£m
Senior Secured Notes	(455.0)	(405.0)
Deferred financing costs	11.3	13.7
Cash and cash equivalents	242.8	139.8
<b>Total external net debt</b>	<b>(200.9)</b>	<b>(251.5)</b>

	3 months ended 31 Dec 2020	3 months ended 31 Dec 2019	12 months ended 31 Dec 2020	12 months ended 31 Dec 2019
	£m	£m	£m	£m
Net cash flow from operating activities	36.4	68.8	46.9	42.5
Net cash flow from investing activities	2.2	3.9	7.0	9.0
Net cash flow from financing activities	-	-	49.1	(10.3)
Movement in cash and cash equivalents	38.6	72.7	103.0	41.2
Cash and cash equivalents at beginning of period	204.2	67.1	139.8	98.6
<b>Cash and cash equivalents at end of period</b>	<b>242.8</b>	<b>139.8</b>	<b>242.8</b>	<b>139.8</b>

# Net Debt, Liquidity and Cashflow

Free cash flow in the 3 months ended 31 December 2020 was £53.6m compared to £84.9m for the 3 months ended 31 December 2019.

The decrease of £31.3m primarily reflects the lower EBITDA due to reduced volumes and the unwind of land creditors.

The 'Other' inflow of £17.5m for the 12 months ending 31 December 2020 (2019: outflow of £2.2m) principally represents cash received from the sale of part exchange properties.

As the Group has continued to generate significant levels of cash, there are a number of available options. These include additional land purchases, bond redemptions or shareholder distributions.

	3 months ended 31 Dec 2020 £m	3 months ended 31 Dec 2019 £m	12 months ended 31 Dec 2020 £m	12 months ended 31 Dec 2019 £m
<b>EBITDA</b>	<b>41.6</b>	<b>56.1</b>	<b>113.2</b>	<b>170.9</b>
Net land investment (in excess of) / less than cost of sales	(8.4)	8.1	(33.1)	(70.0)
Development spend less than / (in excess of) cost of sales	2.7	15.0	(13.2)	(22.9)
Change in working capital	10.2	3.5	-	(2.6)
Cash flows from JVs (not included in EBITDA)	2.2	3.2	5.3	6.0
Shared equity loan receivables	(0.3)	(0.8)	1.9	4.8
Other	5.6	(0.2)	17.5	(2.2)
<b>Free cash flow*</b>	<b>53.6</b>	<b>84.9</b>	<b>91.6</b>	<b>84.0</b>
Net land spend (included in cost of sales)	44.8	50.2	117.0	150.4
Net land investment in excess of cost of sales	8.4	(8.1)	33.1	70.0
<b>Total net land spend</b>	<b>53.2</b>	<b>42.1</b>	<b>150.1</b>	<b>220.4</b>
<b>Free cash flow pre net land spend</b>	<b>106.8</b>	<b>127.0</b>	<b>241.7</b>	<b>304.4</b>

\*Free cashflow represents the cash movement per the consolidated cashflow statement but excluding cashflows from financing activities, investing activities (other than movement in loans to joint ventures), corporation tax paid, interest paid and transaction costs.



## 4 Capital Employed, Inventory and Landbank



# Capital Employed, Inventory and Landbank

Capital employed increased to £577.8m as of 31 December 2020 (Dec 2019: £568.8m), of which £146.2m relates to intangible assets established following the acquisition.

The increase in capital employed reflects an increase in net inventory which has risen by £27.4m to £709.7m (Dec 2019: £682.3m).

	As at and for the 12 months ended 31 Dec 2020 £m	As at and for the 12 months ended 31 Dec 2019 £m
Net assets	378.6	332.1
Net external debt	200.9	251.5
Intercompany loan	144.5	131.4
Intangible assets	(146.2)	(146.2)
Capital employed	577.8	568.8
Operating profit (pre exceptionals)	114.8	167.9
<b>ROCE (%)</b>	<b>20.0</b>	<b>31.0</b>

# Capital Employed, Inventory and Landbank

The Group acquired or unconditionally contracted on 10 sites during the 3 months ended 31 December 2020 adding 1,156 plots to the owned landbank. In the 12 months to 31 December 2020 the Group has added 17 sites and 2,273 plots which compares to 30 sites and 4,933 plots in the 12 months to 31 December 2019.

The owned landbank at 31 December 2020 has decreased to 10,494 plots (Gross development value: £2.8bn). All owned land which has a detailed planning permission is being developed.

The consented landbank has increased by 8% to 14,667 plots (Dec 2019: 13,633 plots). Based on the last 12 months' completions of 2,544 units, this represents 5.8 years' supply (Dec 2019: 4.1 years).

The strategic landbank has increased by 4% to 20,776 plots (Dec 2019: 20,035 plots).

The decrease in land payables reflects the unwind of deferred payments which have not yet been replaced with obligations on new site purchases in light of the lower activity in 2020.

	As at 31 Dec 2020	As at 31 Dec 2019
	£m	£m
Land	490.6	517.3
Work in progress	311.8	296.4
Part exchange properties	6.2	20.6
<b>Inventory</b>	<b>808.6</b>	<b>834.3</b>
Land payables	(98.9)	(152.0)
<b>Net inventory</b>	<b>709.7</b>	<b>682.3</b>

	Plots	Plots
<b>Landbank</b>		
Owned / unconditional	10,494	10,718
Controlled	4,173	2,915
Consented	14,667	13,633
Strategic	20,776	20,035
<b>Total</b>	<b>35,443</b>	<b>33,668</b>



5 Current Trading

- Sales rates
  - Sales rate in first 11 weeks is 0.95 net reservations per site per week, a 14% increase on the prior year (2020: 0.83). This is encouraging in light of lower than normal product availability and increased use of forward selling. In addition, prior year sales rate not impacted by onset of COVID-19 which was felt from Week 12 onwards.
  - Approximately 95% of reservations taken in the current year have been in relation to homes completing beyond 31 March 2021 (the initial end date of the Stamp Duty holiday).
  - The use of incentives remains low and we are encouraged by the take-up in the new Help to Buy scheme.
  - Pricing remains favourable and in line with our experience in the second half of 2020.
- Forward sales
  - We entered the year with £560m of forward sales. With the benefit of a buoyant sales market as evidenced by the YTD sales rate of 0.95, the 2021 forward sales position (including homes which have completed during the first 11 weeks of the year) has increased to £832m. Against this backdrop, our aim is to exceed 2019 volume and revenue levels during the current year.
- Land
  - A number of deals were delayed in 2020 due to a temporary moratorium on new land purchases. This has resulted in a significant pipeline of new land opportunities with terms agreed on 48 sites and around 9,000 plots.



## 6 Group Condensed Consolidated Financial Statements

# Consolidated Income Statement

for the 3 and 12 month periods ended 31 December 2020



	3 months ended 31 Dec 2020 £m	3 months ended 31 Dec 2019 £m	12 months ended 31 Dec 2020 £m	12 months ended 31 Dec 2019 £m
Note				
<b>Revenue</b>	250.3	259.7	664.8	841.4
Cost of sales (normal)	(192.0)	(194.6)	(508.1)	(630.7)
Cost of sales (exceptional)	(4.3)	-	(4.3)	-
<b>Gross profit (pre-exceptional)</b>	58.3	65.1	156.7	210.7
<b>Gross profit (post-exceptional)</b>	54.0	65.1	152.4	210.7
Other operating income	0.2	0.2	1.3	1.4
Administrative expenses	(14.0)	(13.2)	(45.6)	(47.9)
<b>Group operating profit</b>	40.2	52.1	108.1	164.2
Share of result in joint ventures	0.7	1.2	2.4	3.7
<b>Operating profit (pre-exceptional)</b>	45.2	53.3	114.8	167.9
<b>Operating profit (post-exceptional)</b>	40.9	53.3	110.5	167.9
Finance costs	4 (13.1)	(12.1)	(51.2)	(46.9)
Finance income	5 0.2	0.3	0.8	1.1
Net finance costs	(12.9)	(11.8)	(50.4)	(45.8)
<b>Profit before taxation</b>	<b>28.0</b>	<b>41.5</b>	<b>60.1</b>	<b>122.1</b>
Income taxes	(5.8)	(7.7)	(12.5)	(23.1)
<b>Profit for the period</b>	<b>22.2</b>	<b>33.8</b>	<b>47.6</b>	<b>99.0</b>

The results for the 3 month periods ended 31 December 2020 and 2019 are unaudited.

# Consolidated Statement of Financial Position



	Note	As at 31 Dec 2020 £m	As at 31 Dec 2019 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets (incl goodwill)	6	146.2	146.2
Property, plant and equipment		1.5	1.4
Right of use asset		6.6	8.2
Investments		10.3	15.6
Shared equity loan receivables		7.0	8.9
Deferred tax		-	4.8
		<b>171.6</b>	<b>185.1</b>
<b>Current assets</b>			
Inventories	7	808.6	834.3
Trade and other receivables		22.2	20.6
Cash and cash equivalents		242.8	139.8
		<b>1,073.6</b>	<b>994.7</b>
<b>Total assets</b>		<b>1,245.2</b>	<b>1,179.8</b>

# Consolidated Statement of Financial Position *(continued)*



	Note	As at 31 Dec 2020 £m	As at 30 Dec 2019 £m
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	8	(588.2)	(522.7)
Trade and other payables		(44.5)	(44.6)
Lease liabilities		(5.0)	(6.4)
Deferred tax		(2.3)	-
Retirement benefit obligations		(13.8)	(16.5)
Provisions and deferred income		(2.7)	(2.6)
		<b>(656.5)</b>	<b>(592.8)</b>
<b>Current liabilities</b>			
Trade and other payables		(208.4)	(252.8)
Lease liabilities		(1.7)	(2.1)
		<b>(210.1)</b>	<b>(254.9)</b>
<b>Total liabilities</b>		<b>(866.6)</b>	<b>(847.7)</b>
<b>Net assets</b>		<b>378.6</b>	<b>332.1</b>
<b>Equity</b>			
Share capital		151.0	151.0
Retained earnings		227.6	181.1
<b>Total equity attributable to owners of the parent</b>		<b>378.6</b>	<b>332.1</b>

The December 2019 and December 2020 figures represent the audited financial statements of Miller Homes Group Holdings plc.



# Consolidated Cashflow Statement

for the 3 and 12 month periods ended 31 December 2020



	3 months ended 31 Dec 2020 £m	3 months ended 31 Dec 2019 £m	12 months ended 31 Dec 2020 £m	12 months ended 31 Dec 2019 £m
<b>Cash flows from operating activities</b>				
Profit for the period	22.2	33.8	47.6	99.0
Depreciation	0.7	2.8	2.7	3.0
Finance income	(0.2)	(0.3)	(0.8)	(1.1)
Finance cost	13.1	12.1	51.2	46.9
Share of post tax result from joint ventures	(0.7)	(1.2)	(2.4)	(3.7)
Taxation	5.8	7.7	12.5	23.1
Operating profit before changes in working capital	40.9	54.9	110.8	167.2
Working capital movements:				
Movement in trade and other receivables	3.8	3.6	0.3	4.2
Movement in inventories	14.7	(31.0)	21.3	(97.8)
Movement in trade and other payables	(8.7)	53.0	(48.5)	0.7
Cash generated from operations	50.7	80.5	83.9	74.3
Interest paid	(12.1)	(9.3)	(24.8)	(23.4)
Corporation tax paid	(2.2)	(2.4)	(12.2)	(8.4)
<b>Net cash inflow from operating activities</b>	<b>36.4</b>	<b>68.8</b>	<b>46.9</b>	<b>42.5</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(0.6)	(0.5)	(0.7)	(0.7)
Movement in loans with joint ventures	2.8	4.4	7.7	9.7
<b>Net cash inflow from investing activities</b>	<b>2.2</b>	<b>3.9</b>	<b>7.0</b>	<b>9.0</b>
<b>Cash flows from financing activities</b>				
Issue of senior secured notes	-	-	49.1	-
Decrease in other long term borrowings	-	-	-	(10.3)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>-</b>	<b>-</b>	<b>49.1</b>	<b>(10.3)</b>
Movement in cash and cash equivalents	38.6	72.7	103.0	41.2
Cash and cash equivalents at beginning of period	204.2	67.1	139.8	98.6
<b>Cash and cash equivalents at end of period</b>	<b>242.8</b>	<b>139.8</b>	<b>242.8</b>	<b>139.8</b>

## 1. Reconciliation of net cash flow to net debt

	3 months ended 31 Dec 2020 £m	3 months ended 31 Dec 2019 £m	12 months ended 31 Dec 2020 £m	12 months ended 31 Dec 2019 £m
Movement in cash and cash equivalents	38.6	72.7	103.0	41.2
Increase in senior secured notes	-	-	(49.1)	-
Decrease in other long term borrowings	-	-	-	10.3
Non-cash movement*	(4.4)	(3.9)	(16.4)	(15.1)
Movement in net debt in period	34.2	68.8	37.5	36.4
Net debt at beginning of period	(379.6)	(451.7)	(382.9)	(419.3)
<b>Net debt at end of period</b>	<b>(345.4)</b>	<b>(382.9)</b>	<b>(345.4)</b>	<b>(382.9)</b>

Net debt comprises:	As at 31 Dec 2020 £m	As at 31 Dec 2019 £m
External net debt	(200.9)	(251.5)
Intercompany loans	(144.5)	(131.4)
<b>Net debt at end of period</b>	<b>(345.4)</b>	<b>(382.9)</b>

\*The non-cash movement for the 3 months ended 31 December 2020 represents £0.9m (Q4 2019: £0.7) of arrangement fee amortisation and £3.5m (Q4 2019: £3.2m) of rolled up interest on the unsecured shareholder loan notes.

The non-cash movement for the 12 months ended 31 December 2020 represents £3.3m (Q4 2019: £3.1m) of arrangement fee amortisation and £13.1m (Q4 2019: £12.0m) of rolled up interest on the unsecured shareholder loan notes.

## 2. Reporting entity

Miller Homes Group Holdings plc is a Company domiciled in England and Wales. The condensed consolidated financial statements for the 3 and 12 month periods ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group”) and reflect the underlying trading results of Miller Homes Holdings Limited.

The financial statements did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 and were given an unqualified audit opinion.

## 3. Accounting policies

The preparation of these condensed consolidated financial statements is based on the accounting policies set out in the audited financial statements of both Miller Homes Group Holdings plc and Miller Homes Holdings Limited.

## 4. Finance costs

	3 months ended 31 Dec 2020 £m	3 months ended 31 Dec 2019 £m	12 months ended 31 Dec 2020 £m	12 months ended 31 Dec 2019 £m
Interest payable on senior secured notes, bank loans and overdrafts	7.6	6.8	29.2	27.4
Interest payable on amounts owed to immediate parent company	3.5	3.2	13.1	12.0
Imputed interest on land payables on deferred terms	1.9	1.6	8.3	6.8
Finance costs related to employee benefit obligations	0.1	0.1	0.3	0.3
Imputed interest on lease liabilities	-	0.4	0.3	0.4
	<b>13.1</b>	<b>12.1</b>	<b>51.2</b>	<b>46.9</b>

# Notes to the Condensed Consolidated Financial Statements



5. Finance income	3 months ended 31	3 months ended 31	12 months ended 31	12 months ended 31
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
	£m	£m	£m	£m
Imputed interest on land sales on deferred payments	0.1	-	0.1	-
Interest on loans to joint ventures	0.1	0.1	0.3	0.5
Other	-	0.2	0.4	0.6
	<b>0.2</b>	<b>0.3</b>	<b>0.8</b>	<b>1.1</b>

6. Intangible assets	As at 31	As at 31
	Dec 2020	Dec 2019
	£m	£m
Goodwill	92.2	92.2
Brand value	54.0	54.0
	<b>146.2</b>	<b>146.2</b>

7. Inventories	As at 31	As at 31
	Dec 2020	Dec 2019
	£m	£m
Land	490.6	517.3
Work in progress	311.8	296.4
Part exchange properties	6.2	20.6
	<b>808.6</b>	<b>834.3</b>

## 8. Loans and borrowings – non-current

	As at 31 Dec 2020 £m	As at 31 Dec 2019 £m
Senior secured notes	(455.0)	(405.0)
Deferred financing costs	11.3	13.7
Intercompany loan (unsecured)	(144.5)	(131.4)
	<b>(588.2)</b>	<b>(522.7)</b>

**Senior Secured Notes:** Following the Group's acquisition of Miller Homes Holdings Limited on 5 October 2017 the Group issued £425m of Senior Secured Notes, and repaid existing bank loans. The Group bought back and cancelled £20m of its Senior Secured Notes in June 2018 (£14m FRN, £6m fixed).

On 27 July 2020, a £160m private placement was concluded, the purpose of which was to repay £110m of Senior Secured Floating Rate Notes and to take advantage of emerging land opportunities. This transaction also resulted in an extension in the maturity of our senior secured debt with the new Senior Secured Notes due in October 2024, one year later than the Senior Secured Floating Rate Notes. Our revised senior secured debt post this transaction is £404m Senior Secured Notes (due October 2024) and £51m Senior Secured Floating Rate Notes (due October 2023).

**Intercompany loan:** The intercompany loan is payable to Miller Midco 2 Limited, a company ultimately controlled by Bridgepoint funds. The loan is unsecured and repayable in October 2027. On 27 November 2018 £43.5m of this loan was repaid.

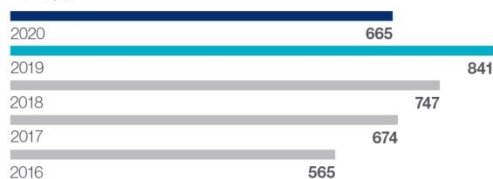


## 7 Key Performance Indicators

Revenue (£m)

**£665m**

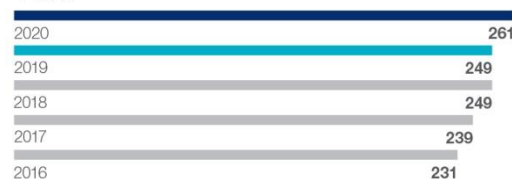
-21%



Average selling price (£000)

**£261,000**

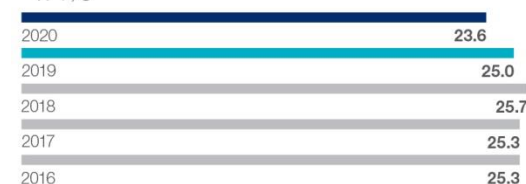
+5%



Gross margin (%)

**23.6%**

-1.4%



Operating margin (%)

**17.3%**

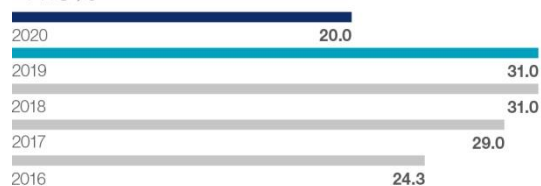
-2.7%



Return on capital employed (%)

**20.0%**

-11.0%



Free cashflow (£m)

**£92m**

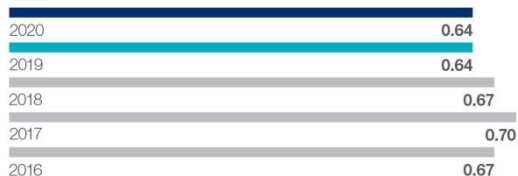
+10%



Private sales rate (per site per week)

**0.64**

0%



Consented landbank (plots)

**14,667**

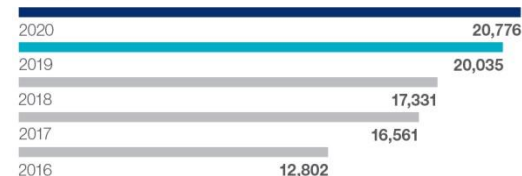
+8%



Strategic landbank (plots)

**20,776**

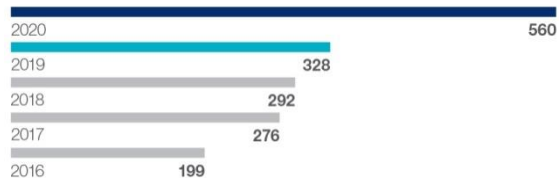
+4%



Forward sales (£m)

**£560m**

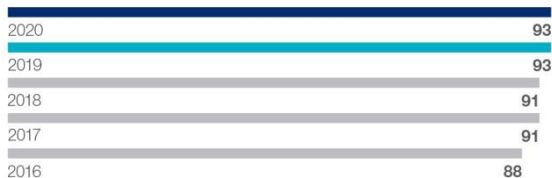
+71%



Customer satisfaction (%)

**93%**

+0%



Health and safety

**454**

-4%

