26 February 2025

MORGAN SINDALL GROUP PLC
('Morgan Sindall' or 'Group')

The Partnerships, Fit Out and Construction Services Group

RESULTS FOR THE FULL YEAR (FY) ENDED 31 DECEMBER 2024

This announcement contains information that qualified, or may have qualified, as inside information for the purposes of Article 17 of the Market Abuse Regulations (EU) 596/2014 (MAR). The person responsible for making this announcement is Kelly Gangotra, Chief Financial Officer.

Record full year performance reflecting the high quality, strength and depth of the Group's operations

	FY 2024	FY 2023	Change
Revenue	£4,546m	£4,118m	+10%
Operating profit – adjusted[1]	£162.6m	£141.3m	+15%
Profit before tax – adjusted[1]	£172.5m	£144.6m	+19%
Earnings per share – adjusted[1]	278.8p	247.7p	+13%
Period end net cash	£492m	£461m	+£31m
Total dividend per share	131.5p	114.0p	+15%
Operating profit – reported	£162.0m	£140.6m	+15%
Profit before tax – reported	£171.9m	£143.9m	+19%
Basic earnings per share – reported	281.4p	254.2p	+11%

[1] 'Adjusted' is defined as before intangible amortisation of £0.5m and exceptional building safety charge of £0.1m. (FY 2023: before intangible amortisation of £2.9m and exceptional building safety credit of £2.2m)

FY 2024 Summary:

- **Strong revenue growth once again delivers record results**
  - Revenue **up 10%** to £4.5bn
  - Adjusted profit before tax **up 19%** to £172.5m
  - PBTA margin expansion to 3.8% (FY 2023: 3.5%)
- **Continued balance sheet strength**
  - Net cash of £492m (FY 2023: £461m)
  - Average daily net cash of £374m (FY 2023: £282m)
- **High quality secured order book at £11.4bn, up 28%, driven by Mixed Used Partnerships**
  - Partnerships £6.3bn, up 62% (FY 2023: £3.9bn)
  - Fit Out £1.4bn, up 31% (FY 2023: £1.1bn)
  - Construction Services £3.7bn, down 6%[2] (FY 2023: £3.9bn)
- **Total dividend up 15% to 131.5p per share (FY 2023: 114.0p)**

- **Medium-term targets increased for four out of six of the Group's divisions**

[2] Includes an adjustment to remove the revenues of the unexpired term of the contracts which Property Services had negotiated an early release from, excluding this adjustment growth of the order book for Construction Services is 4% on the prior year.

- **Continued leadership in sustainability**
  - MSCI 'AAA' rating retained again for Group's ESG performance
  - CDP 'A' rating for Group's leadership on climate change (FY 2023: 'A' rating)

- **Divisional highlights**
  - A strong performance from **Partnership Housing** in a slowly recovering housing market; operating profit[1] increasing by 18% to £36.1m (FY 2023: £30.5m) and revenue up 3% to £861m (FY 2023: £838m). Average capital employed over the year increased to £338m, in line with our investment strategy (FY 2023: £255m).
  - Trading remained subdued due to the phasing of project completions in **Mixed Use Partnerships**, delivering operating profit[1] of £1.5m (FY 2023: £14.8m) and average capital employed over the year of £87m (FY 2023: £99m). Exceptional growth in its secured order book of 124% to £4.1bn, reflecting the success in converting several sizeable, preferred bidder schemes into new and secured long-term partnership agreements.
  - **Fit Out** delivered another significant and market-leading performance in the year; operating profit up 38% to £99m (FY 2023: £71.8m), revenue up 18% to £1,300m (FY 2023: £1,105m) with an operating margin of 7.6% (FY 2023: 6.5%).
  - **Construction** delivered a strong performance; operating profit[1] up 19% to £30.9m (FY 2023: £25.9m), revenue up 8% to £1,044m (FY 2023: £967m) with an operating margin of 3.0%, achieving its medium-term targets.
  - A robust performance from **Infrastructure**; revenue up 18% to £1,047m (FY 2023: £887m) with an operating margin of 3.7% (FY 2023: 4.3%). Operating profit of £38.5m, in line with the prior year, due to the timing and phasing of project starts and completions (FY 2023: £38.5m); also achieving its medium-term targets.
  - Successful completion of the business remediation programme for **Property Services** in December 2024**.** Full year operating losses[1] of £17.8m impacted by exit costs from an early release from a small number of contracts and a review of contract assets (FY 2023: operating loss £16.8m)**.** The business is now positioned to return to profit in 2025.
  - As a result of current performance, market position held together with future prospects, the medium-term targets for Mixed Use Partnerships, Fit Out, Construction and Infrastructure have been upgraded as of February 2025.

[1] Adjusted before intangible amortisation of £0.5m and exceptional building safety charge of £0.1m

Commenting on today's results, Chief Executive, John Morgan said:

"2024 was another record year for the Group, reflecting the high quality of our diverse operations underpinned by the talent and commitment of our people, delivering significant double-digit growth for both adjusted profit before tax and the full year dividend, supported by our high-quality order book.

Throughout the year we have continued to make significant strategic and operational progress across the Group and remain well positioned to support the Government's affordable home and social infrastructure plans over the medium-term, a result of which is that we have upgraded medium-term targets for four out of six of the Group's divisions. In addition, our balance sheet, supported by a substantial average daily cash position, has allowed us to focus on making the right decisions to drive long-term sustainable growth while also supporting the returns to shareholders in the year.

Looking ahead, while there is continued uncertainty in the wider macroeconomy, we remain positive for the year ahead. Together with our high-quality and growing order book spread across a wide number of sectors, we are well-positioned for the future and on track to deliver an outcome for 2025 which is in line with our current expectations."

Enquiries

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Presentation

- There will be an analyst and investor presentation at 09.00am at Deutsche Numis, 45 Gresham Street, London EC2V 7BF on 26 February 2025. Coffee and registration will be from 08.30am
- A copy of these results is available at: www.morgansindall.com
- The presentation will be available via live webcast from 09.00am on 26 February 2025 at www.morgansindall.com.

Note to Editors

Morgan Sindall Group

Morgan Sindall Group plc, the Partnerships, Fit Out and Construction Services Group, reported annual revenues of £4.5bn in full year 2024, employing over 8,000 employees and operating in the public, regulated and private sectors. It reports through six divisions of Partnership Housing, Mixed Use Partnerships, Fit Out, Construction, Infrastructure and Property Services.

Group Strategy

Reflecting the continued progression of the Group, and our strategy aligned to structural growth drivers, with balanced end markets, Morgan Sindall has evolved from the Construction and Regeneration Group to the Partnerships, Fit Out and Construction Services Group it is today.

Morgan Sindall's recognised expertise in **Partnerships** is displayed through its market positions in affordable housing (through its Partnership Housing division) and in mixed use regeneration development (through the Mixed Use Partnerships division). Both businesses within this segment reflect a deep understanding of creating partnerships, developed over many years and their ability to provide solutions for complex projects through various partnerships. As a result, its capabilities are aligned with sectors which support the UK's current and future regeneration and affordable housing needs.

Fit Out is the market leader in its field and delivers a consistently strong operational performance and together with Construction Services, it generates cash resources to support the Group's investment in affordable housing and Mixed use regeneration.

Through **Construction Services** the Group is also well positioned to meet the demand for ongoing investment in the UK's physical infrastructure, while its geographically diverse construction activities are focused on key areas of education, healthcare and commercial. The Group also has a business in Property Services which is focused on response and planned maintenance activities provided to the social housing and the wider public sector.

Group Structure

Under the three strategic lines of business of ***Partnerships, Fit Out*** *and* ***Construction Services***, the Group is organised into six reporting divisions as follows:

Partnerships comprise the following operations:

- ***Partnership Housing***: Focused on working in partnerships with local authorities and housing associations. Activities include mixed-tenure developments, building and developing homes for open market sale and for social/affordable rent, 'design & build' house contracting and refurbishment.
- ***Mixed Use Partnerships***: Focused on transforming the urban landscape through partnership working and the development of multi-phase sites and mixed use placemaking.

Fit Out

- Focused on the fit out of office space with opportunities in commercial, central and local government offices and further education.

Construction Services comprise the following operations:

- ***Construction*****:** Focused on the education, healthcare, commercial, industrial, leisure and retail markets.
- ***Infrastructure***: Focused on the energy, nuclear, rail, highways, water and defence markets. It also includes the BakerHicks engineering design activities.
- ***Property Services***: Focused on response and planned maintenance activities provided to the social housing and the wider public sector.

Basis of Preparation

In addition to presenting the financial performance of the business on a statutory basis, adjusted performance measures are also disclosed. Refer to the Other Financial Information section which sets out the basis for the calculations. These measures are not an alternative or substitute to statutory UK IAS measures, however, are seen as more useful in assessing the performance of the business on a comparable basis and are used by management to monitor the performance of the Group.

In all cases the term 'adjusted' excludes the impact of intangible amortisation of £0.5m and an exceptional building safety charge of £0.1m. For FY 2023, 'adjusted' excluded the impact of intangible amortisation of £2.9m and the exceptional building safety credit of £2.2m.

Group Operating Review

Summary Group financial results

The Group delivered a strong performance in 2024, with a significant contribution from the Fit Out division. The results were another record for the Group and reflected the strength and diversity of the Group's operations and the talent and commitment of its people.

Group revenue increased by 10% up to £4,546m (FY 2023: £4,118m), while adjusted operating profit increased by 15% to £162.6m (FY 2023: £141.3m). Adjusted operating margin was 3.6%, 20bps higher than the prior year (FY 2023: 3.4%).

The Group continued to benefit from higher interest rates on its cash balances compared to the prior year period, with a net finance income of £9.9m (FY 2023: £3.3m) resulting in adjusted profit before tax of £172.5m, up 19% (FY 2023: £144.6m).

The adjusted tax charge for the period was £42.0m (statutory tax charge of £40.2m), an effective rate of 24.3% on adjusted profit before tax (UK statutory rate for the year of 25%).

The adjusted earnings per share increased 13% to 278.8p (FY 2023: 247.7p), while the statutory basic earnings per share of 281.4p was up 11% (FY 2023: 254.2p).

General market conditions

While market conditions have been relatively stable over the past year, the Group is cognisant of the uncertainty in the current macroeconomic environment and the effect it may have on the broader markets that the Group operates in. Elsewhere, while cost increases have been more manageable throughout the year, the Group hopes to mitigate the impact of the employer national insurance increases announced in the recent Budget over the forthcoming year.

UK construction and regeneration programmes continue to benefit from sustained government investment commitments. This continues to support the Group's market sectors which remain structurally secure particularly in housing, mixed use schemes, construction, and infrastructure (primary areas in the UK targeted for growth). Liquidity issues across the supply chain remains a common theme requiring additional vigilance during both the pre-construction and delivery phases of projects, with their ongoing stability under regular review. The Group's exposure to this risk is largely mitigated by the diligence taken before project commencement, and the fact that no division is overly reliant on any one supplier.

The pace of recovery in the UK housing market remained subdued this year, tempered by affordability constraints impacted by high mortgage rates. In **Partnership Housing**, the partnership model focusing on long-term partnerships with the public sector, has continued to provide some level of resilience and cushion against the impact of the softness in housing for sale activity. While the demand for contracting has remained strong throughout the year, the sales rates of private homes on its mixed-tenure sites have shown gradual recovery during 2024. The Group remains positive that the government has set out its ambitions for affordable home targets together with its broad framework for delivery, which we believe will bring about some positive momentum over the medium term, together with its intentions around planning reforms which currently remain challenging.

In **Mixed Use Partnerships**, the combination of elevated build cost inflation and high interest rates continued to present short-term challenges on the timing of some of its development schemes prior to their commencement, although not significantly material to the overall portfolio of schemes and their future financial performance over the medium to long-term. Similar to Partnership Housing, this division is currently exposed to a challenging planning environment.

The market for **Fit Out's** services has continued to be very strong, with a number of positive structural changes in the market; however some normalisation seems likely following the recent period of exceptional performance. Looking ahead, the main drivers continue to be business or market changes impacting the tenant, lease-related events, the requirement for greater energy efficiency from offices, the move towards more flexible and collaborative workspaces, the use of office space as a tool for enhancing staff retention and brand image, and office relocations to the regions with clients requiring increasingly complex projects.

In both **Construction and Infrastructure**, the market environment remains stable due to the diversification of the segments in which they operate within. Where projects are currently underway, most include appropriate inflationary protection within the overall contract pricing, and this is not seen as a significant risk. Where projects are being priced for future delivery, funding constraints, and inflation to a lesser degree in some areas, continues to place some project budgets under pressure, which in turn has led to some delays in decision-making and project commencement. However, the impact of this has not been material and in the majority of cases, any client budget constraints are being addressed by adjustments to project scopes, thereby allowing projects to proceed.

In **Property Services**, local authority and housing association clients are increasingly focused on housing maintenance and on the general state of repair of their housing stocks. In the delivery of existing reactive maintenance services, while cost inflation and particularly labour inflation have severely impacted the profitability for some contracts during the prior and current year, contract pricing and exit renegotiations were concluded over the year for several contracts limiting the exposure for the remaining unexpired term for those contracts.

Divisional headlines

Against the backdrop of a housing market downturn last year, there has been gradual but modest recovery during 2024, **Partnership Housing** revenues climbed up slightly by 3% to £861m (FY 2023: £838m), as contracting work continued to provide a shield effect against the subdued housing market. Operating profit was up 18% to £36.1m (FY 2023: £30.5m).

Mixed Use Partnerships, which holds a long-term development portfolio, was substantially impacted by the duration of time that has lapsed between scheme completions in the prior year and a lower level of completions this year. As a result, operating profit fell from £14.8m in FY 2023 to just £1.5m in FY 2024. The return on capital in the year was 2% (FY 2023: 15%).

Fit Out delivered another excellent result, with profit and margin both increasing significantly. Revenues were up 18% to £1,300m (FY 2023: £1,105m) supporting the significant growth to both operating profit and margin. Operating profit was up 38% to £99m (FY 2023: £71.8m) with an expansion to its operating margin to 7.6% (FY 2023: 6.5%).

Both **Construction and Infrastructure** continued to maintain their disciplined focus on operational delivery and contract selectivity during the year. Construction revenues increased by 10% to £1,044m (FY 2023: £967m), while operating profit increased 19% to £30.9m (FY 2023: £25.9m) resulting in an operating margin of 3% (FY 2023: 2.7%). Elsewhere, Infrastructure revenues increased by 18% to £1,047m (FY 2023: £887m) with an operating profit of £38.5m in line with last year due to the phasing of project starts and completions, resulting in an operating margin of 3.7% (FY 2023: 4.3%).

Property Services completed its business remediation plan in December 2024, which included a negotiated exit from a small number of contracts through mutual agreement, a review of contract assets together with some operational restructuring related to key existing contracts. The outcome of which led to the division making an operating loss in the year of £17.8m (FY 2023: operating loss £16.8m). As a result of the above actions taken, the business is now positioned to return to profit in 2025.

Secured order book

In the year, the Group's high-quality secured order book enjoyed substantial growth, principally led by Mixed Use Partnerships, closing at £11,419m, up 28% on the prior year end position (FY 2023: £8,920m). Maintaining contract selectivity and bidding discipline to ensure there remains the appropriate risk balance in the order book continues to be of critical importance to the future success of the Group.

Balance sheet & cash

Net cash at the year-end was £492m (FY 2023: £461m) and the average daily net cash for the year was £374m (FY 2023: £282m). Of this total, £49m was held in jointly controlled operations or held for future payment to designated suppliers (JVs/PBAs).

Operating cash flow for the year was an inflow of £134.8m (FY 2023: inflow of £189.0m), which included an adjusted working capital outflow of £34m. The operating cash flow represented 83% of adjusted operating profit as the Group increased its net investment in Partnership Housing by £100.4m, where it has continued to invest in developing its new sites.

Looking ahead, the Group currently expects that the average daily net cash for 2025 will be in excess of £330m.

The Group's Capital Allocation Framework is set out in the separate section below.

Dividend

The proposed final dividend has increased by 15% to 90.0p per share (FY 2023: 78.0p), resulting in a total dividend for the year of 131.5p per share (FY 2023: 114.0p), an increase of 15%. This represents dividend cover of 2.1x and reflects the result for the year, the strong balance sheet and the Board's confidence in the long-term prospects for the Group.

As part of the Capital Allocation Framework set out below, the Board operates a formal dividend policy such that dividend cover is expected to be in the range of 2.0x-2.5x on an annual basis.

Outlook

Group outlook for 2025

While there is continued uncertainty in the wider macroeconomy, we remain positive for the year ahead. Together with its high-quality and growing order book spread across a wide number of sectors, the Group is well-positioned for the future and on track to deliver an outcome for 2025 which is in line with its current expectations.

The 2025 outlook for each division is detailed in the Divisional Review.

Medium-term divisional targets

To provide a framework for future performance, each division operates to a medium-term financial target or set of targets (the 'target' or 'targets') and are referred to in the Divisional Review.

The medium-term targets were originally set in February 2022, with subsequent upgraded revisions made to Fit Out in February 2023 and then again in August 2023, while the target for Property Services was downgraded in August 2023 to reflect its current performance.

As a result of current performance, market position held together with future prospects, the medium-term targets for Mixed Use Partnerships, Fit Out, Construction and Infrastructure have been upgraded as of February 2025.

Division	Medium-term target
Partnership Housing	Operating margin of 8% / return on capital up towards 25% *(Unchanged)*
Mixed Use Partnerships ⬆	Return on capital up towards 25% *(previously 3-year rolling average return on capital towards 20%)*
Fit Out ⬆	Annual operating profit of £60m - £85m *(previously £50m - 70m)*
Construction ⬆	Operating margin of 3.0% - 3.5% pa Revenue > £1bn *(previously 2.5% - 3.0% pa and Revenue of £1bn)*
Infrastructure ⬆	Operating margin of 3.75% - 4.25% pa Revenue > £1bn *(previously 3.5% - 4.0% pa and Revenue of £1bn)*
Property Services	Annual operating profit of £7.5m *(Unchanged)*

⬆ Increased medium-term target updated in February 2025

Capital Allocation Framework

The Board's single, overarching principle governing capital allocation is a commitment to maintain a strong balance sheet and to hold significant net cash balances at all times. This will provide a stable and firm foundation for the Group to make sound decisions for its long-term development, thereby enhancing its competitive advantage and future work winning.

As stated in the Group Operating Review above, the Group's net cash at 31 December 2024 was £492m (FY 2023: £461m) and the average daily net cash for the year was £374m (FY 2023: £282m). The year end cash position included £49m held in jointly controlled operations or held for future payment to designated suppliers.

Across 2024, the lowest net cash balance on any one day in the year was £293m (FY 2023: £195m). Of this, £54m was held in jointly controlled operations or held for future payment to designated suppliers. The Board uses this net cash balance on the lowest day of the year as the initial reference point from which it then considers its application of its capital allocation hierarchy. This allows it to balance the needs of all stakeholders whilst enhancing the Group's market competitiveness and capabilities and maintaining its financial strength.

The Group's capital allocation hierarchy comprises:

A. Maintaining a strong balance sheet

(i) to enhance its competitive advantage and win future work

Fundamental to the Group's organic growth strategy is engaging in long-term partnerships with its public and private sector clients, whether it be through joint ventures or other arrangements in its Partnership activities, or through frameworks in its Construction activities.

When assessing the suitability of long-term partners, potential clients are increasingly looking for security and assurance of long-term solvency and the availability of cash resources to ensure their partners can fulfil their long-term contractual obligations. A strong balance sheet and significant levels of net cash are considered by the Group as a key market differentiator and a competitive advantage when bidding and winning future work to support the future growth of the business.

(ii) to ensure downside protection - maintaining a 'buffer' in the event of a macro downturn

Maintaining significant levels of net cash is considered as key to offsetting any potential consequence of a future downturn in the economy and reduction in revenue in the activities of Construction, Infrastructure and Fit Out.

These activities operate with a negative working capital model, which in turn can lead to cash outflows in the event of declines in revenue. Maintaining a net cash 'buffer' therefore allows the Group to continue with its strategy of disciplined contract selectivity and prudent approach to risk management throughout the whole economic cycle.

B. Maximising investment in Partnership activities to drive sustainable growth

Significant opportunities are expected to arise through the medium and long term to invest in the existing business to support and accelerate the organic growth of these activities.

Specifically, investment in Partnership Housing and Mixed Use Partnerships is a strategic priority:

- For *Partnership Housing*, the growth potential remains substantial despite the short-term market headwinds. The medium-term target is for an operating margin of 8% and for return on capital to be up towards 25% on an annual basis.

  The capital employed has increased significantly over the last 5 years, up from an average of £152m in 2019 to an average of £338m in 2024. The scalability of the partnership housing model provides the potential to further increase the capital employed significantly above current levels over the medium to long term.

- Within *Mixed Used Partnerships*, its development activities across multi-phase sites and place making are targeted to generate return on capital up towards 25% on an annual basis over the medium term.

  The capital employed has reduced over the last 5 years, down from an average of £102m in 2019 to an average of £87m in 2024. Notwithstanding this reduction, based on the investment profile of schemes already secured, the sizeable new schemes at preferred bidder stage as well as the identified pipeline of future opportunities, the capital employed in the division will increase over the medium term, albeit modestly.

C. Ordinary returns to shareholders

Ordinary dividends are considered by the Board to be an important component of shareholder returns. The Board has previously formally adopted a dividend policy such that dividend cover is expected to be in the range of 2.0x-2.5x on an annual basis.

D. Investment by acquisition to accelerate sustainable growth

Any acquisition activity will likely be targeted towards the Group's partnership activities, primarily Partnership Housing. The focus would be on opportunities to complement the existing organic growth strategy by acquiring pre-existing partnership development schemes, land options, positions in existing schemes from third parties or businesses which can complement or reinforce the division's position in the partnerships sector.

Other potential acquisition opportunities across the Group's construction and fit out activities would only be considered where they would accelerate growth through the existing divisional structure and capabilities.

E. Special returns to shareholders

The Board will continue to assess the needs of the business and the optimum balance sheet structure within the context of the overarching principle governing capital allocation and the hierarchy A-D described above. Any capital then deemed surplus above these requirements may be returned to shareholders.

Such returns would be in the form of either share buybacks or special dividends, with the method of distribution to be determined by the Board at the time based on prevailing conditions.

Environment & Social Summary

The Group continues to prioritise the delivery of improved environmental, social and governance (ESG) outcomes which are pivotal to winning work and building trust among our customers. By taking consistent action against five Total Commitments, our divisions are driving sustainable growth while creating shared value for the communities we serve.

In early 2025, the Group retained its 'AAA' MSCI rating for the fourth consecutive year and an 'A' for CDP Climate for the fifth year[1]. Furthermore, we were listed as a '2024 European Climate Leader' by the Financial Times for our progress in reducing global greenhouse gas (GHG) emissions. In August, the Group published its first Climate Transition Plan, which details our strategy for how we will meet our medium-term science-based targets to achieve a 60% reduction in our Scope 1 and 2 emissions[2] and a 42% reduction in our Scope 3 emissions[3] by 2030, as well as our longer-term net zero target to achieve a 90% reduction in our Scope 1, 2 and 3 emissions by 2045[4].

In addition to our decarbonisation focus, the Group continued to support the UK's housing, regeneration, development and infrastructural needs while delivering long-term value for business and society. We use a variety of third-party verified methodologies to track and assess the impact our activities have on society. To date, the Social Value Portal's TOM's framework has determined that the Group has delivered £4.6 billion in social value through the creation of local jobs, support of regional businesses and contribution to safer and healthier communities[5]. Our divisions also continued to implement initiatives to support educational, environmental and community projects throughout 2024.

For full details of our ESG progress, please refer to the responsible business section in our 2024 Annual Report & Accounts and our 2024 Responsible Business Data Sheet which will be published on 20 March 2025 at: www.morgansindall.com.

(a) Environmental

Morgan Sindall Group was the third construction company globally to submit its carbon targets for validation by the Science Based Targets initiative (SBTi) in 2017 and, in 2023, we revalidated our commitments to align to a more ambitious 1.5°C reduction scenario. Subsequently, we retained our target to reduce Scope 1 and 2 and emissions by 60% for 2030, while adding a new stretch target to deliver a 90% reduction by 2045 against a 2019 baseline. We also set a Scope 3 reduction commitment targeting a 42% reduction by 2030 and a 90% reduction by 2045 against a 2020 baseline.

As of 2024, the Group remains on track to achieve its medium-term climate ambitions[6]. Since 2019, we have achieved a 44% reduction in our Scope 1 and 2 emissions. This year, the Group updated its Scope 3 inventory to improve data collation, this has enabled us to externally report our Scope 3 emissions across all relevant categories for the first time to drive progress against our long-term net zero target[6]. We also undertook internal decarbonisation audits across each of our divisions to identify further opportunities to achieve emissions reductions.

Beyond our direct operations, we continued to empower customers, teams and partners to reduce and avoid emissions associated with projects. Since 2020, our RICS-approved carbon intelligence tool CarboniCA has been used on around 650 projects, including 218 new projects in 2024. Our industry-leading software undertakes a Whole Life Carbon Assessment (WLCA) of a project to highlight its most carbon-intensive elements and recommend lower-carbon alternatives. By deploying this early in the design phase, CarboniCa can generate significant emissions savings for customers.

We invest in high-quality projects located in the UK that enhance biodiversity and contribute to a healthier climate. In 2024, we continued to work on our three legacy natural capital projects which, as well as helping to address climate change, support the Group in tackling residual emissions through credible carbon offset certification. Work was completed on the planting of nine woodlands and 270,000 trees at the Blenheim Estate in Oxfordshire as part of the Dorn & Glyme Woodlands project.

At the end of 2024, the project was validated by the Woodland Carbon Code and, due to our critical investment, 70,000 Peatland Carbon Units (PCUs) were released, of which the Group owns 20,000[7].

A summary of environmental highlights from across the Group in 2024 includes:

- 44% reduction in Scope 1 and Scope 2 emissions since 2019
- 1% increase in Scope 3 emissions since 2020 baseline
- 72% of the Group's fleet are hybrid and electric vehicles (FY 2023: 64%)
- > 650 projects have implemented CarboniCA, our intelligent carbon software since 2020
- 97% of total waste diverted from landfill in 2024 (FY 2023: 94%)

(b) Social

With over 80 offices and a nationwide supply chain network, our activities have a broad reach across the UK. Furthermore, with hundreds of projects up and down the country, we recognise the opportunity we have to make a positive impact on the communities where we live and work.

Our longstanding relationships with our supply chain partners are essential to the successful delivery of projects. In 2024, we grew our Morgan Sindall Supply Chain Family of preferred suppliers to 414 members (FY 2023: 406), who continue to benefit from tailored training, on-site advice, access to contract information and dedicated relationship management teams. We also believe in supporting local businesses wherever we can, which aligns with our responsible business strategy and ethos of building strong partner relationships. In 2024, 62% of Group spend was with regional small and medium-sized enterprises (SMEs).

Our people are the lifeforce of our business and we depend on them to deliver services that delight our customers every day. In 2024, we reinforced our commitment to zero harm by setting new leading health and safety indicators. We hope that these new indicators will drive further reductions in our lost time incident rate (LTIR) which fell marginally to 0.23 in 2024 (FY 2023: 0.24). We also continued to support and develop our people, delivering over 26,000 training days (3.2 days per employee), in addition to securing new opportunities for the next generation of leaders by providing apprenticeship roles, graduate schemes, structured training initiatives and student placements.

As a business that operates at the heart of communities, it is vital that we identify ways to accurately measure and increase the social and economic impact our projects have on society. In July 2024, we launched the Built Environment Bank (formerly known as the Social Value Bank) in partnership with the Housing Associations' Charitable Trust (HACT) – an online tool to measure the value and wellbeing we are creating within our supply chain and through our work. Our divisions continued to participate in wide range of social value activities during the year, including educational programmes, community initiatives and environmental projects. We hope to improve data capture of this great work through the Built Environment Bank in the months and years to come.

A summary of social highlights from across the Group in 2024 includes:

- £4.6 billion delivered in social value to date as determined by the Social Value Portal
- 97.7% of supplier invoices paid within 60 days in the second half of 2024
- 62% of Group spend was with regional SMEs and 77% with Supply Chain Family members
- Lost time incident rate (LTIR) reduced to 0.23 against a 2025 target of 0.21 (FY 2023: 0.24)
- > 26,000 training days delivered (representing an average of 3.2 training days per employee)

[1] The Group uses MSCI and CDP to gauge its ongoing responsible business performance. Both MSCI and CDP provide decision support services for the global investment community and are used by most major stakeholders.

[2] Scope 1 and 2 emissions include those generated from owned or controlled sources and indirect emissions from purchased electricity.

[3] The Group's Scope 3 emissions refer to the 15 emissions categories from the GHG Protocol Scope 3 Standard. The Group has excluded categories 2, 9, 13 and 14 as these represent > 1% of total emissions. Scope 3 emissions account for the vast majority of our total footprint.

[4] Our net zero targets are approved by the Science Based Targets initiative (SBTi) and the remaining 10% of residual carbon emissions will be offset using high quality UK-based offsets.

[5] The Social Value Portal is an accounting tool based on the national Themes, Outcomes and Measures (TOMS^{TM}) framework. The TOMS framework is compatible with all major ESG frameworks, endorsed by the Local Government Association, and used by many public sector

organisations across the UK to measure social value creation. Our £4.6bn figure was accurate as of December 2024, and represents total contribution of projects logged in the portal since October 2023. More detail can be found in our 2024 annual report.

6. The Group’s medium-term science-based targets refer to a 60% reduction in Scope 1 and 2 emissions and a 42% reduction in Scope 3 emissions by 2030, with our long-term targets aiming for a 90% reduction across all our carbon emissions (Scope 1, 2 and 3) by 2045.

7. The Group’s 20,000 owned PCUs will be used to offset its residual emissions as part of its net zero targets.

Divisional Review

The following Divisional Review is given on an adjusted basis, unless otherwise stated. Refer to Note 15 for appropriate reconciliations to the comparable UK IAS measures.

Headline results by business segment (vs FY 2023)

	Revenue		Operating Profit		Operating Margin	
	£m	Change	£m	Change	%	Change
Partnership Housing	861	+3%	36.1	+18%	4.2%	+60bps
Mixed Use Partnerships	91	-51%	1.5	-90%	n/a	n/a
Fit Out	1,300	+18%	99.0	+38%	7.6%	+110bps
Construction	1,044	+8%	30.9	+19%	3.0%	+30bps
Infrastructure	1,047	+18%	38.5	-	3.7%	-60bps
Property Services	223	+21%	(17.8)	-6%	(8.0)%	+110bps
Group/Eliminations	(20)	n/a	(25.6)	n/a	n/a	n/a
Total	**4,546**	**+10%**	**162.6**	**+15%**	**3.6%**	**+20bps**

Group secured order book[1] by division

The Group's secured order book[1] at 31 December 2024 was £11,419m, up 28% when compared to the prior year. The divisional split is shown below.

	FY 2024	FY 2023	Change
	£m	£m	
Partnership Housing	2,174	2,034	+7%
Mixed Use Partnerships	4,085	1,825	+124%
Fit Out	1,439	1,098	+31%
Construction	952	796	+20%
Infrastructure	1,883	1,689	+11%
Property Services	887	1,478	-40%
Inter-divisional eliminations	(1)	-	
Group secured workload[1]	**11,419**	**8,920**	**+28%**

[1] *The 'secured order book' is the sum of the 'committed order book', the 'framework order book' and (for Partnership Housing and Mixed Use Partnerships) the Group's share of the gross development value of secured schemes (including the development value of open market housing schemes). Of these amounts, £6,164.5m relates to performance obligations to be satisfied for in-progress contracts at the year end.*

The 'committed order book' represents the Group's share of future revenue that will be derived from signed contracts or binding letters of intent. The 'framework order book' represents the Group's expected share of revenue from the frameworks on which the Group has been appointed. This excludes prospects where confirmation has been received as preferred bidder only, with no formal contract or binding letters of intent in place.

Partnership Housing

	FY 2024 £m	FY 2023 £m	Change
Revenue	861	838	+3%
Operating profit[1]	36.1	30.5	+18.0%
Operating margin	4.2%	3.6%	+60bps
Average capital employed[1,2] (last 12 months)	337.8	254.5	+£83.3m
Capital employed[1,2] (at year end)	318.7	234.4	+£84.3m
ROCE[1,3] (last 12 months)	11%	12%	

In Partnership Housing, the division continued to grow its long-term partnerships with the public sector. Throughout the year, while we have seen a modest improvement in the housing market, demand for contracting with the public sector has remained strong, shielding the impact of a gradual recovery of open market sales within the mixed-tenure activities. The division continued to optimise construction of the contracted affordable homes on mixed-tenure sites to maintain activity.

Reflecting the above, revenue was up 3% to £861m (FY 2023: £838m), driven by ***Contracting*** which was up 19% to £564m (66% of divisional total) compared to the prior year. ***Mixed-tenure*** revenue declined by 19% to £297m (34% of divisional total) compared to the prior year.

Notwithstanding the composition of the divisions revenue, both contracting and mixed-tenure activities achieved stronger margins over the year, led by contract type, mix of schemes delivered and other income (note 7), resulting in operating profit[1] increasing by 18% to £36.1m (FY 2023: £30.5m) with an operating margin of 4.2% (FY 2023: 3.6%).

Despite the challenging macroeconomic environment, the longer-term development of the business and its partnerships with local authorities and housing associations has continued with planned momentum. Reflective of this ongoing activity and investment in future growth, the average capital employed[1] for the last 12-month period increased by £83.3m to £337.8m (FY 2023: £254.5m). The capital employed[1] at the end of the year was £318.7m, an increase of £84.3m on the prior year (FY 2023: £234.4m). As a result of the higher average capital employed, the overall ROCE[2] for the last 12-month period reduced slightly to 11% (FY 2023: 12%) due to continued investment in the partnership activities.

The division continues to maintain a high-quality secured order book, through ongoing successful client engagement leading to work being awarded through frameworks or through direct negotiation. The secured order book at the year end was £2,174m, 7% higher than the prior year end (FY 2023: £2,034m) and with 58% of its total value for 2026 and beyond providing long-term visibility of workload.

Mixed Tenure

Good progress was made with the strategy of increasing the number and size of mixed-tenure sites. At the year end, the division had 66 active mixed-tenure sites at various stages of construction and sales, up from 61 at the prior year end, with an average of 166 open market units per site (up from 163 at the prior year end). Average site duration is 47 months, providing long-term visibility of activity.

During the year, 1,808 units were completed across open market sales and social housing (including through its joint ventures) compared to 1,923 units in 2023, noting that the number of open market sales within this increased by 5% to 874. The average sales price was £237k, which was broadly in line with the prior year average of £239k.

Of the total divisional order book, the amount relating to mixed-tenure activities increased by 12% to £1,310m (2023: £1,167m). In addition, the amount of mixed-tenure business in preferred bidder status, or already under development agreement but where land has not been drawn down, was £1,200m at the year end (FY 2023: £821m).

Work won in the year included: 727 units as the division moved into phases 2 and 3 at South Thamesmead, in joint venture with Peabody; the 500-unit Grahame Park development in north London in partnership with the London Borough of Barnet; a 350-unit development in Williton, Somerset with Aster Group; a 309-unit development in Balderton, Newark; a 290-unit scheme at the Elm Grove Estate in partnership with Sutton Council; 176 units in Winchburgh, West Lothian; a 115-unit scheme in Haverfordwest, Pembrokeshire with Pobl Group; 112 units on phase 4 of the Castleward development in Derby with Riverside; and 82 units in Primrose Hill in partnership with Birmingham City Council.

Elsewhere, good progress continued to be made on other mixed-tenure schemes, in partnerships with Riverside, Clarion Housing, L&Q, Together Housing Group, Repton Property Developments (owned by Norfolk County Council), the Borough Council of King's Lynn & West Norfolk, Flagship Group, Pobl Group, West Sussex County Council, Suffolk County Council and Homes England.

Contracting

Partnership Housing continued to experience robust levels of demand with clients awarding work either through frameworks or direct negotiation.

The total number of equivalent units built increased by 15% to 3,299, up from 2,865 in the prior year. Of the total divisional order book, the contracting secured order book remained on a par with the prior year end at £863m (FY 2023: £867m), of which c40% is for 2026 and beyond.

Key contracting schemes awarded in the year included: an £80m, 321-unit project at Leaside Lock in East London for The Guinness Partnership; a £14m, 70-unit development in Castle Gresley for East Midlands Homes; an £11m, 38-unit scheme at Saffron Lane for Leicester City Council; a £10m, 45-unit development in Isleham, Cambridgeshire for Havebury Housing Partnership; a £10m, 56-unit scheme in Baginton, Warwickshire for Platform Housing Group; a £9m, 55-unit scheme at Crick Road, Portskewett for Candleston Homes; a £40m, 87-unit scheme at Carlton Dene for Westminster City Council; and a number of retrofit and refurbishment projects for local authorities and housing associations.

Divisional outlook for Partnership Housing

Partnership Housing's medium-term targets are to generate a return on average capital employed up towards 25% and to deliver an operating margin of 8%.

Looking ahead to 2025, while we expect another year of modest recovery in the housing market due to the uncertainty over the timing of future interest rate changes, solid profit growth is still expected in the year, while the return on average capital employed[1,2] is expected to be in line with 2024 levels as we continue to invest. We remain confident over the medium-term fundamentals of the sector and remain well positioned to support the Government's affordable home plans across the country over the forthcoming years.

The average capital employed[1,2] is expected to increase up towards c£380m to £400m, reflecting the increased scale of the business and stage of its developments.

[1] *Before exceptional Building Safety Charge of £2.7m (FY 2023: £nil). See Note 2 of the consolidated financial statements*

[2] *Capital Employed is calculated as total assets (excluding goodwill, intangibles and cash) less total liabilities (excluding exceptional Building Safety provisions, corporation tax, deferred tax, inter-company financing and overdrafts)*

[3] *Return On Average Capital Employed = (Adjusted operating profit plus interest from JVs) divided by average capital employed*

Mixed Use Partnerships

	FY 2024 £m	FY 2023 £m	Change
Revenue	91	185	-51%
Operating profit[1]	1.5	14.8	-89.9%
Average capital employed[2] (last 12 months)	86.9	98.6	£(11.7)m
Capital employed[2] at period end	94.4	79.7	+£14.7m
ROCE[3] (last 12 months)	2%	15%	
ROCE[3] (average last 3 years)	12%	16%	

Mixed Use Partnership's profits were significantly lower than previous years due to fewer project completions occurring in the year resulting in an operating profit[1] of £1.5m (FY 2023: £14.8m). However, excellent progress was made securing new long-term agreements for future projects. The ROCE[3] for the last 12 months was 2%, significantly down on the prior year, based on average capital employed[2] of £86.9m, as a result of project completion phasing.

Despite the modest profit contribution, key contributors to performance during the year were profit and development fees generated from activity in Salford Central, Talbot Gateway in Blackpool, Stroudley Walk, Lewisham Gateway and Forge Island in Rotherham; and profit from a land sale in Hucknall, East Midlands.

At the end of the year, the division's order book amounted to £4,085m, substantially ahead of the prior year end (FY 2023: £1,825m), reflecting the success the division has had in converting a number of sizeable, preferred bidder schemes into new and secured long-term partnership agreements. These include:

- a 30-year partnership with Arden Cross Limited (land-owning consortium) to deliver development at the HS2 Interchange Station in Solihull. This nationally strategic and regionally significant site will deliver commercial space expected to employ c27,000 people alongside an Innovation District, anchored by a HealthTech campus and up to 3,000 new homes;
- a development agreement with Solihull Council to regenerate Mell Square, an iconic shopping hub in the heart of Solihull town centre, with a mix of uses including an improved retail offer, new public spaces, leisure facilities and homes; and
- a new partnership with Homes England and Pension Insurance Corporation, to deliver over 3,000 low-carbon, low-energy homes for rent nationally, with a focus on affordable homes.

In addition, Mixed Use Partnerships was named by Manchester City Council as delivery and investment partner for the long-term regeneration of Wythenshawe Civic, with plans to deliver a new public square, shops, workspace, community and cultural space and more than 1,750 new homes, including significant affordable housing.

Through ECF, the division's strategic partnership with Homes England and Legal & General, the following agreements and partnerships were entered into during the year:

- a development agreement with Wolverhampton City Council, to create a new city centre neighbourhood with 1,000 new homes (including affordable), enhanced market square with green spaces, and new shops, cafes and restaurants;
- a development agreement with Bradford Council to create a new sustainable, city centre neighbourhood with 1,000 new homes alongside shops, workspace, community parks and public space. ECF secured £29m of funding to commence the scheme;

- a partnership with West Northamptonshire Council to explore the regeneration of Greyfriars in Northampton town centre. The 25-acre site will provide homes, retail and leisure and the reimagining of the Corn Exchange, a heritage asset at the heart of the town centre; and
- an agreement with Stevenage Borough Council, to explore the regeneration of up to 30-acres of land around Stevenage railway station, that will focus on addressing the long-term needs of the local community, delivering new, high-quality homes and employment space, amenity and green space, a new railway station and a new theatre.

The division secured planning permission for: the final phases of Stockport Exchange, which will create new workspace, shops and a public square in the town centre; a new heart for Prestwich Village in Bury including new homes, a community hub and public space; the market-led revival and Town Hall refurbishment in Earlestown, St Helens; 90 affordable homes designed to Passivhaus standards at Oldfield Basin, Salford Central; and at Weston M6 in Basford East, hybrid consent was secured for a new state-of-the-art commercial and business park totalling 1.2 million sq ft of space and wellbeing-led green space. In addition, ECF secured planning permission for the Crescent Innovation zone, which is part of the Crescent Salford programme and includes 933 new homes, 1.7 million sq ft of new commercial innovation, academic and research floorspace, active ground-floor space and a new movement hub, along with significant improvements to public spaces.

During the year, good progress was made at Stroudley Walk in Bromley-by-Bow to create 274 homes, with 50% available for London Affordable Rent or shared ownership, and a 215,000 sq ft Civil Service Hub at Talbot Gateway, Blackpool, which will accommodate more than 3,000 civil servants.

Completions in the year included 256 mixed-tenure homes at Hale Wharf, Tottenham Hale through the Waterside Places partnership with the Canal & River Trust; the final phase of Lewisham Gateway, delivering 649 homes for rent, retail space, food and beverage space, workspace and a multiplex cinema; Forge Island in Rotherham, a leisure destination including a new cinema, restaurants and public space; 113 affordable homes at Northshore in Stockton-on-Tees; a 144-bed Holiday Inn at Talbot Gateway, Blackpool; and a new bridge connecting communities at Brentford Lock West.

The ECF partnership also made good progress on existing schemes. Work completed at Eden, a 115,000 sq ft workplace, designed to be ‘net zero carbon in operation’ with space let to accountancy firm BDO and law firm TLT, and a collection of 96 affordable, Passivhaus homes at Greenhaus, both in Salford. At Manor Road Quarter in Canning Town, the first phase of 355 homes was completed, including 140 affordable homes handed over to Metropolitan Thames Valley Housing. Construction commenced on Willohaus, a collection of 100 affordable, Passivhaus homes, and major infrastructure project, Salford Rise, as part of the 240-acre, mixed-use regeneration of Salford Crescent, as well as 196 build-to-rent homes at New Bailey, Salford Central.

Divisional outlook for Mixed Use Partnerships

The increased medium-term target for Mixed Use Partnerships is to generate a return on capital up towards 25%.

While the division has experienced a substantial increase to its development order book for a number of long-term sizeable schemes, profits (and the resulting ROCE[1,3]) in 2025 will continue to be moderate and similar to 2024 levels. The average capital employed for the year is expected to be between c£105m and £115m.

[1] Before exceptional Building Safety Credit of £5.9m (FY 2023: Credit of £13.7m). See Note 2 of the consolidated financial statements

[2] Capital Employed is calculated as total assets (excluding goodwill, intangibles and cash) less total liabilities (excluding exceptional Building Safety provisions, corporation tax, deferred tax, inter-company financing and overdrafts)

[3] Return On Average Capital Employed = (Adjusted operating profit plus interest from JVs) divided by average capital employed

Fit Out

	FY 2024 £m	FY 2023 £m	Change
Revenue	1,300	1,105	+18%
Operating profit	99.0	71.8	+37.9%
Operating margin	7.6%	6.5%	+110 bps

Fit Out delivered another market-leading performance in the year, enjoying significant growth for both revenue and operating profit. With revenue increasing by 18% to £1,300m (FY 2023: £1,105m), operating profit was up 38% to £99.0m (FY 2023: £71.8m) resulting in strong margin expansion to 7.6% (FY 2023: 6.5%), strongly influenced by the exceptional volumes and operational leverage. The division's focus on consistent operational delivery and enhanced customer experience continues to underpin its excellent performance in the year, complemented by a high-quality workload through disciplined and focused bidding, which in turn supports the division's strong brand reputation and market position.

The overall balance of the business has been reasonably consistent over recent years, with any movements in geography, type of work and sectors served not indicative of any longer-term trends.

The London region continued to generate a strong proportion of the division's revenue, accounting for 72% of revenue (FY 2023: 64%), while other key geographies served out of offices in the Thames Valley, Birmingham, Manchester, Leeds and Glasgow covered the remaining 28% of revenue (FY 2023: 36%).

There was no significant change to the market sectors served. The commercial office market remained the largest, contributing 86% of revenue (FY 2023: 80%), with higher education amounting to 6% of revenue (FY 2023: 10%), government/local authority representing 6% (FY 2023: 8%), and retail banking and other sectors covering the remaining 2% of revenue (FY 2023: 2%).

In terms of type of work delivered in the year, 86% related to traditional fit out work (FY 2023: 85%), while 14% related to 'design and build' (FY 2023: 15%). The proportion of revenue generated from the fit out of existing office space remained relatively constant at 82% (FY 2023: 79%), with the remainder attributable to the fit out of new office space. Of the fit out of existing office space, 46% of the work was refurbishment 'in occupation' compared to 54% where work was performed in non-occupied space.

The market for Fit Out remains strong, with a number of different factors driving demand: lease events and significant project requirements in the London commercial office market; upcoming public and private sector schemes outside of London; carbon-driven planning restrictions for new buildings and energy efficiency of existing office space; and the continuation of re-purposing of office space to accommodate new ways of working.

At the year end, the secured order book was £1,439m, an increase of 31% from the previous year end (FY 2023: £1,098m). Of this total, £1,187m (83%) relates to 2025, 45% higher than it was at the same time last year for the 12-month look ahead, which continues to underpin the visibility and confidence for the forthcoming year.

Commercial

Commercial fit out projects won in London during the period included 380,000 sq ft for PwC at More London; 355,000 sq ft for A&O Shearman at 2 Broadgate in London; 277,000 sq ft for Latham & Watkins on Leadenhall Street; 156,000 sq ft for Unilever in Kingston-upon-Thames; 158,000 sq ft for Travers Smith; 129,000 sq ft for JLL at 1 Broadgate in London; 101,000 sq ft fit out for Investec on Gresham Street; 83,000 sq ft for Wise in Worship Square, London; 56,000 sq ft for Standard Chartered Bank; 48,000 sq ft for Rabobank London on London Wall; 37,000 sq ft for OMERS and Oxford

Properties; 26,000 sq ft for Motability Operations at 22 Bishopsgate; 24,000 sq ft for Johnson Matthey at Gresham Street; and 8,500 sq ft for AstraZeneca at Pancras Square.

Regional project wins in the period included 185,000 sq ft for a UK consumer, corporate and wealth and private banking franchise in Northampton; 152,500 sq ft for Lloyds Banking Group in Birmingham; 43,000 sq ft for Bruntwood Estates in Manchester; 32,000 sq ft for an electric vehicle design and manufacturing company in Bicester; 27,000 sq ft for Evelyn Partners in Bristol; 20,000 sq ft across two floors for Vodafone in Newbury; and 12,700 sq ft across two projects for VISA in Basingstoke.

Commercial fit out projects on site or completed in London during the year included 1.2 million sq ft for Citi in Canary Wharf; 110,000 sq ft for a professional services firm in London; 109,000 sq ft for Aviva at 80 Fenchurch Street; 114,000 sq ft for law firm Reed Smith near Spitalfields; two projects totalling 99,500 sq ft for Deloitte at New Street Square; 51,500 sq ft for Berkeley Estate Asset Management in Mayfair; 40,000 sq ft for British Land on Bishopsgate; 17,000 sq ft for Boston Consulting Group on Charlotte Street; and an 11,000 sq ft fit out for Burges Salmon at New Street Square.

Regional projects on site or completed during the year included 160,000 sq ft for Lloyds Banking Group in Leeds; 144,000 sq ft for Wirral Borough Council; 50,000 sq ft for Dojo in Bristol; 44,000 sq ft for Samsung in Cambridge; 27,000 sq ft for Arup in Bristol; and 20,000 sq ft for Sky in Leeds.

Science & Research and Higher Education

Projects won in the year included 310,000 sq ft for British Land at 1 Triton Square in London; 64,000 sq ft for Kings College London; 29,000 sq ft at Newcastle University; a 29,000 sq ft library refurbishment at the University of Wolverhampton; and two projects totalling 25,000 sq ft at Anglia Ruskin University.

Projects on site or completed during the year included a 150,000 sq ft HQ for GSK in London's Life Sciences Hub, known as the Knowledge Quarter; 100,000 sq ft at Durham University School of Business; five projects totalling 45,000 sq ft for Queen Mary University; upgrade works at the Francis Crick Institute as their project partner; 27,500 sq ft for Aston University; and a 12,500 sq ft fit out of Keele University's Clinical Skills department.

Design & Build

Projects won and continuing on site during the year included 120,000 sq ft for Wood Group at Green Park in Reading; 50,000 sq ft for Mapletree at Green Park in Reading; 23,000 sq ft for Ultra Maritime in High Wycombe; and 6,000 sq ft for Molton Brown in Bishop's Stortford in Essex.

Projects won and completed during the year included 50,000 sq ft for Accrue Capital in Maidenhead; 30,000 sq ft of fully-fitted labs and office space for Stanhope at MediaWorks in White City Place; 38,000 sq ft for Aurora Energy Research in Oxford; 21,000 sq ft for Kajima Properties (Europe); 24,000 sq ft for Greystar on Finsbury Square; 18,000 sq ft for Sage UK in Winnersh Triangle, Reading; 15,000 sq ft for Wavestone at Exchange Square in London; 13,500 sq ft for Smiths Group plc; 8,600 sq ft for Centiva; 8,000 sq ft for Spin Master Toys in Marlow; 8,000 sq ft for AEW UK Investment Management; 7,000 sq ft for Trinity Life Sciences in the Scalpel in London; and 7,000 sq ft for Just Climate (by Generation) in London.

Frameworks

Projects won under frameworks and corporate partnerships included £30.0m of works for the Mayor's Office for Policing and Crime (MOPAC), with a future order book of £30.3m; £21.4m of works through Procure Partnerships, with a future order book of £9.6m; £11.2m of works through Pagabo, with a future order book of £3.5m; £7m of works through the Southern Construction Framework; £3.2m of works through Construction West Midlands Framework; and two projects through Scape to the value of £3.6m.

Divisional outlook for Fit Out

The increased medium-term target for Fit Out is to deliver an average annual operating profit of £60m-£85m.

Based on the timing of projects in the order book and the current visibility the division has of future workload for the forthcoming year, the division is expected to have another strong year in 2025, with profit towards the top end of this revised target range.

Construction

	FY 2024 £m	FY 2023 £m	Change
Revenue	1,044	967	+8%
Operating profit[1]	30.9	25.9	+19.3%
Operating margin[1]	3.0%	2.7%	+30bps

[1] *Before exceptional Building Safety Credit of £0.1m (FY 2023: Charge of £11.5m).*

Construction's revenue increased by 8% to £1,044m (FY 2023: £967m), while operating profit increased by 19% to £30.9m (FY 2023: £25.9m), resulting in an operating margin of 3.0% (FY 2023: 2.7%); this was at the top end of its targeted range for its operating margin of 2.5%-3.0%. The strong profit performance was driven by improving the overall quality of earnings through disciplined contract selectivity and operational delivery together with prudent risk management within its order book.

The division had a strong year of winning new work, with the secured order book at £952m, 20% ahead of the prior year (FY 2023: £796m). Of the total, £771m (81% by value) is secured for 2025, this compares to £652m (82% by value) of work which was secured for the year ahead at the start of last year. In addition to the total order book, there continues to be a significant amount of suitable work available in the market, much of which is being generated through negotiated or existing frameworks. At the end of the year, the division had £1,179m of work at preferred bidder stage, providing confidence of a sizeable ongoing workload (FY 2023: £1,284m) for the forthcoming period.

Education

Project wins included a £51m new build 930 place secondary school in Dumfries, Scotland; the Nine Elms £50m two form entry and Special Education Needs (SEN) primary school in Battersea; the 900 place, £50m Willows High School and SEN facility in Cardiff; a £34m secondary academy at Callerton in Newcastle-upon-Tyne for the Department for Education (DfE); the £25m Ravensdale Special Education Needs and Disabilities (SEND) school in Mansfield for Derby City Council; the £19m Carleton High School in Pontefract; Maendy (£14m) and Goetre (£20m) primary schools in South Wales; and the 420 place, £13m Cable Wharf Primary and SEN school in Kent for Kent County Council and the DfE to support a growing residential development.

During the year, work progressed on the Orbiston Community Hub, a £42m facility accommodating two primary schools, family learning centre and community centre near Glasgow; the £32m, 1,900 place all-through school in Abergavenny; and the £21m new build and refurbishment of the School of Veterinary Medicine at the University of Central Lancashire.

Completions in the year included: the 150 place, £35m Alconbery SEN school in Huntingdon; the £18m Pear Tree SEND school in Stockport; the £13.9m Little Reddings Primary School in Bushey, delivered via the DfE's School Rebuilding Programme; a £12m facility for Middlesbrough College to deliver training in specialist engineering; an £11m, three-storey teaching block for Castle School in Thornbury, Bristol; Limebrook School in Maldon, Essex, a new 420-place primary school and nursery; the London Institute for Healthcare Engineering (£24m), a state-of-the-art life sciences facility for King's College

London and Guy's and St Thomas' NHS Foundation Trust; and a £19.5m ‘Living Lab’ public science centre for Anglia Ruskin University.

Healthcare

Project wins included a £35m theatre and ward expansion and refurbishment at Harrogate District Hospital; a £32m expansion to create a new 48-bed ward block and imaging facility at Milton Keynes University Hospital; a £9m extension to The Grange University Hospital’s emergency department in Cwmbran; and a £9m redevelopment of Bradford Royal Infirmary’s maternity department.

During the year, work progressed at the £24m Alder Hey Hospital surgical neonatal intensive care unit, the first specialist facility of its kind in the UK; a new £14m community diagnostic centre at St Margaret’s Hospital, Epping for The Princess Alexandra Hospital NHS Trust; and multiple upgrades for Mid and South Essex Foundation Trust’s Broomfield Hospital in Chelmsford. Elsewhere, work completed on the Norfolk and Norwich University Hospital’s £25m, community diagnostic and assessment centre.

Other Sectors

In other sectors, project wins included the £86m Devonshire Gardens mixed use, redevelopment scheme for Railpen in Cambridge; a £27m life sciences development in King’s Cross; a £32m redevelopment and upgrade of a household waste recycling centre and waste transfer station in Aldridge, West Midlands for Walsall Metropolitan Council; a £32m major public realm development for Plymouth City Council; a £10.5m upgrade to Ashford Fire Station in Kent; and the £10m redevelopment of Reading Central Library. The £43m residential project in New Bailey Salford for English Cities Fund, being carried out in collaboration with Mixed Use Partnerships, made good progress in the period, while other completions included five fire station projects across the UK, including the new £15.4m Cosham Fire Station in Portsmouth.

Divisional outlook for Construction

The increased medium-term target for Construction is to deliver an operating margin between 3.0% and 3.5% per annum with an annual revenue target in excess of £1bn.

For 2025, based upon its secured order book together with the timing of projects at preferred bidder stage expected to convert into contract and commence in the year, its operating margin is expected to be towards the lower end of the revised range and revenues expected to slightly exceed £1bn.

Property Services

	FY 2024	FY 2023	Change
	£m	£m	
Revenue	223	185	+21%
Operating (loss)[1]	(17.8)	(16.8)	-6.0%
Operating margin[1]	-8.0%	-9.1%	+110bps

[1] Before intangible amortisation of £0.5m (FY 2023: £2.9m)

In 2023 the division reported an operating loss due to cost pressures and operational challenges, and initiated a business remediation programme, which concluded at the end of 2024. Under the leadership of the new management team, the division successfully negotiated both the resetting of pricing levels and KPI levels for a number of contracts, together with early releases from a small number of underperforming contracts by way of mutual agreement. The latter resulted in exit costs recorded in the first half of 2024.

Elsewhere the division carried out a review of existing contract assets, with impairments recognised, while also concluding its operational restructuring efforts across a number of its key contracts, to achieve efficiencies with improvement plans now implemented.

The impact of the above events has resulted in an operating loss[1] in the year of £17.8m (FY 2023: loss of £16.8m). While revenue increased by 21% to £223m (FY 2023: £185m), the growth is driven by increased volumes of planned repair works for existing clients seeking to improve the condition of their residential assets. While the remediation programme was underway during the year, only a small number of less material contracts were bid for.

At the year end, the secured order book was £887m, down 40% from the prior year (FY 2023: £1,478m), as revenues were removed for the unexpired term for those contracts for which the division had negotiated an early release from. Of the order book remaining, 78% is for 2026 and beyond.

During the year, the division secured a two-year contract with The Guinness Partnership to deliver planned works in the London and South regions and was awarded a place on the Pagabo facilities management framework, which will support further expansion into this market. The division continues to work with four existing contracts to deliver retrofit and decarbonisation works under the Department for Energy Security and Net Zero's (DESNZ) Social Housing Decarbonisation Fund Wave 2.1, with a combined two-year value of £31m.

Divisional outlook for Property Services

The medium-term target for Property Services is to deliver £7.5m operating profit per annum.

Following the successful completion of the remediation programme, the division is now positioned to return to a modest profit in 2025.

Infrastructure[1]

	FY 2024	FY 2023	Change
	£m	£m	
Revenue	1,047	887	+18%
Operating profit	38.5	38.5	-
Operating margin	3.7%	4.3%	- 60bps

Infrastructure delivered another strong performance in the year, with both profits and margin influenced by the timing and nature of projects delivered through its frameworks, while still ensuring a high-quality operational delivery across the business. Revenue increased by 18% to £1,047m (FY 2023: £887m) with operating profit of £38.5m, in line with the prior year (FY 2023: £38.5m) supported by an operating margin of 3.7% in the middle of its targeted range of 3.5% - 4.0% (FY 2023: 4.3%).

Infrastructure's order book of £1,883m was 11% up compared to the prior year (FY 2023: £1,689m). The order book continues to remain long term in nature, with around 98% derived through existing frameworks. The division continues to remain focused on the key sectors of energy, nuclear, rail, highways, water and defence, with visible opportunities in defence. Its markets have significant long-term committed investment programmes in place, largely driven by government and regulatory objectives. The division continues to see its clients awarding large long-term frameworks with its delivery partners, awarding projects focused on delivering the strategic outcomes over the term of the framework.

Energy

The division secured a position on the £9bn Great Grid Partnership, as part of the Accelerated Strategic Transmission Investment (ASTI) projects. The Great Grid Partnership will build new electricity network infrastructure required to reduce the UK's reliance on fossil fuels by connecting 50GW of offshore wind by 2030. In Scotland, the division secured a position as a strategic partner on ScottishPower's £5.4bn programme of contracts to deliver the biggest rewiring of the electricity grid since its inception. The partnership will run for an initial five years, with the option to extend up to 10 years. Elsewhere, work continued at Dinorwig in Wales, and commenced at ZA, in Hertfordshire as part of the RIIO T2 electricity construction EPC (Engineer, Procure and Construct) framework for National Grid. Work also continued in Shetland for Scottish and Southern Electricity Networks (SSEN), which includes an 11km, 132KV twin circuit underground cable project and construction of Gremista substation; this project will play a key role in the connection of the Viking wind farm, capable of generating 500MW.

Nuclear

Decommissioning works continued for Sellafield on the Infrastructure Strategic Alliance and the £1.6bn Programme and Project Partners contract. In addition, work progressed on the 10-year Clyde Commercial Framework for the Defence Infrastructure Organisation, while works completed on the D58 facility for BAE Systems in the year.

Rail

The division secured a position on the CP7 Eastern Framework for Network Rail, a £3.5bn framework which lasts through to 2029, adding to its position on the £2bn CP7 Wales and Western Framework secured in 2023. Announced late in 2024, the division was appointed by Network Rail as delivery partner for the overhaul of the Liverpool Street station roof at £22m. Work continued on the remodelling of Colindale station for Transport for London, including a new ticket hall and step-free access. Elsewhere, works continued to progress on the extension to Beckton Depot and a project to upgrade Surrey Quays station, both for Transport for London as part of its London Rail Infrastructure Improvement Framework.

Several schemes for Network Rail continued to progress at pace, including the Bangor to Colwyn Bay line, as part of the CP6 Wales and Western framework, the lift scheme at Liverpool Central station as part of the Merseyrail framework, and the Northumberland Line extension project.

Highways

The division continued to deliver the £87m, M27 project as part of the National Highways' Concrete Roads programme to replace the concrete surface of motorways on major A roads in England, while work completed on the A11 and A12 schemes, part of the same framework, improving traffic flow and safety for local commuters.

Water

Work continued on various environmental improvement projects and wastewater treatment upgrades as part of the long-term AMP7 framework with Welsh Water, and the division's 30-year plus relationship with Welsh Water continues following its appointment on the AMP8 framework. Adding to its water portfolio, the division also secured a position on AMP8 with Wessex Water, as a capital delivery partner over a five-year period. In addition, civil engineering works continued to make good progress on the west section of the Thames Tideway 'super sewer' project to help prevent pollution in the River Thames, with the project on target to complete in 2025.

Design

In the BakerHicks design business, HMP Highland received the final go-ahead for construction. Having been involved from the feasibility design stage, BakerHicks will continue to deliver multi-disciplinary services, including architectural, building information modelling (BIM), civil and structural, mechanical and electrical, and principal designer services. The new facility is set to be the first net zero prison in Scotland, with improved education and health facilities to help with rehabilitation. Work continued during the year on an innovative feed additive facility for East Dunbartonshire Council in Dalry, North Ayrshire to reduce methane emissions from cattle.

Divisional outlook for Infrastructure

The increased medium-term target for Infrastructure is to deliver an operating margin between 3.75% and 4.25% per annum, with an annual revenue target in excess of £1bn.

For the full year, based upon the timing of projects and the projected type of work, its operating margin is expected to be in the middle of the revised range, while revenues are expected to be closer to £1bn. This is underpinned by their continued focus on long-term client relationships, disciplined contract selectivity, risk management and project delivery.

[1] Design results are reported within Infrastructure

Other Financial Information

1. Net finance income. Net finance income was £9.9m, an increase of £6.6m compared to FY 2023.

	FY 2024 £m	**FY 2023 £m**	**Change £m**
Interest income on bank deposits	17.4	10.8	+6.6
Interest receivable from joint ventures	0.8	-	+0.8
Loan arrangement and commitment fees	(2.2)	(2.0)	-0.2
Interest expense on lease liabilities	(3.8)	(2.5)	-1.3
Other	(2.3)	(3.0)	+0.7
Total net finance income	**9.9**	**3.3**	**+6.6**

2. Tax. A reported tax charge of £40.2m is shown for the year (FY 2023: £26.2m). This equates to an effective tax rate of 23.4% on profit before tax. The adjusted tax charge is £42.0m (FY 2023: £29.9m).

	FY 2024 £m	**FY 2023 £m**
Profit before tax	171.9	143.9
Less: share of underlying[1] net profit of joint ventures	(4.5)	(14.1)
Profit before tax excluding joint ventures	**167.4**	**129.8**
Statutory tax rate	25%	23.5%
Current tax charge at statutory rate	**(41.9)**	**(30.5)**
Tax on underlying[1] joint venture profits[2]	(1.5)	(2.6)
Tax on exceptional items	1.6	1.5
Other non-deductible expenses	0.2	0.7
Prior year adjustments	1.6	4.2
Other adjustments	(0.2)	0.5
Tax charge as reported	**(40.2)**	**(26.2)**
Tax on amortisation	(0.1)	(0.7)
Tax on exceptional items	(1.7)	(3.0)
Adjusted tax charge	**(42.0)**	**(29.9)**

[1] Underlying net profit of joint ventures excludes the exceptional building safety charge of £1.4m related to joint ventures (FY 2023: credit of £4.1m).

[2] Certain of the Group's joint ventures are partnerships for which profits are taxed within the Group rather than within the joint venture.

3. Net working capital. 'Net Working Capital' is defined as 'Inventories plus Trade & Other Receivables (including Contract Assets), less Trade & Other Payables (including Contract Liabilities)' adjusted as below.

	FY 2024 £m	FY 2023 £m	Change £m
Inventories	476.0	344.7	+131.3
Trade & Other Receivables[1]	664.2	713.5	-49.3
Trade & Other Payables[2]	(1,256.8)	(1,210.7)	-46.1
Net working capital	**(116.6)**	**(152.5)**	**+35.9**

[1] Adjusted to exclude capitalised arrangement fees and accrued interest receivable of £2.3m (FY 2023: £2.2m).
[2] Adjusted to exclude accrued interest payable of £0.5m (FY 2023: £0.3m).

4. Cash flow. Operating cash flow was an inflow of £134.8m (FY 2023: inflow of £189.0m). Free cash flow was an inflow of £107.0m (FY 2023: inflow of £171.4m).

	FY 2024 £m	FY 2023 £m
Operating profit – adjusted	**162.6**	**141.3**
Depreciation	33.1	26.8
Share option expense	10.5	6.6
Reversal of impairment of joint venture	(5.1)	-
Share of underlying[1] net profit of joint ventures	(4.6)	(14.1)
Other operating items [2]	10.0	0.9
Change in working capital[3&4]	(33.8)	59.7
Net capital expenditure (including repayment of finance leases)	(42.1)	(33.8)
Dividends and interest received from joint ventures	4.2	1.6
Operating cash flow	**134.8**	**189.0**
Income taxes paid	(43.9)	(25.2)
Net interest received (non-joint venture)	16.1	7.6
Free cash flow	**107.0**	**171.4**

[1] 'Underlying net profit of joint ventures' excludes the exceptional building safety charge of £1.4m related to joint ventures (FY 2023: credit of £4.1m).
[2] 'Other operating items' includes increase on building safety receivable (£9.3m) and increase in provisions (£8.7m) less building safety provision movements (£7.3m) and a gain on disposal of PPE (£0.7m).
[3] 'Change in working capital' excludes movement on building safety receivable (£9.3m).
[4] Includes net investment in Partnership Housing activities of £100.4m.

5. Net cash. Net cash at 31 December 2024 was £492.4m, as a result of a net cash inflow of £31.7m from 1 January 2024, with movements summarised as:

	£m
Net cash at 1 January 2024	**460.7**
Free cash flow (as above)	107.0
Dividends	(56.1)
Other[1]	(19.2)
Net cash at 31 December 2024	**492.4**

[1] 'Other' includes the purchase of shares in the Company by the employee benefit trust (£47.2m) and net capital advances to JVs (£1.2m) less proceeds from the exercise of share options (£19.5m) and proceeds from the issue of new shares (£9.7m).

6. Capital employed by strategic activity. An analysis of capital employed in the **Partnership** activities shows an increase of £99.0m since the prior period, split as follows:

Capital employed[1,2] in Partnerships	**FY 2024 £m**	**FY 2023 £m**	**Change £m**
Partnership Housing	318.7	234.4	+84.3
Mixed Use Partnerships	94.4	79.7	+14.7
	413.1	**314.1**	**+99.0**

[1] Total assets (excluding goodwill, intangibles, inter-company financing and cash) less total liabilities (excluding corporation tax, deferred tax, inter-company financing and overdrafts).

[2] Adjusted to exclude building safety receivables and provisions.

An analysis of the capital employed in **Construction Services** and **Fit Out** shows a decrease of £56.6m since the prior period, split as follows:

Capital employed[1,2] in Construction Services and Fit Out	**FY 2024 £m**	**FY 2023 £m**	**Change £m**
Construction	(250.1)	(216.5)	-33.6
Infrastructure	(80.6)	(87.0)	+6.4
Fit Out	(96.6)	(105.6)	+9.0
Property Services	22.4	60.8	-38.4
	(404.9)	**(348.3)**	**-56.6**

7. Exceptional Building Safety charge. The total exceptional building safety charge of £0.1m arose as a result of a better estimate of expected costs and recoveries. This includes a charge of £1.4m that has been recognised in respect of the Group's share of constructive and legal obligations to remediate legacy building safety issues within JVs, and this has been recognised within the Group's share of net profit of joint ventures. A net credit of £1.3m has been recognised in cost of sales.

	FY 2024 £m	FY 2023 £m
Net additions on building safety provisions	(8.0)	(18.4)
Insurance and recoveries recognised in receivables	9.3	16.5
Exceptional building safety credit/(charge) within cost of sales	1.3	(1.9)
Exceptional building safety (charge)/credit within joint ventures	(1.4)	4.1
Total exceptional building safety (charge)/credit	**(0.1)**	**2.2**

8. Dividends. The Board of Directors has proposed a final dividend of 90.0p per share, an increase of 15% on the prior year final dividend (FY 2023: 78.0p). This will be paid on 15 May 2025 to shareholders on the register on 25 April 2025. The ex-dividend date will be 24 April 2025.

9. Principal risks and uncertainties. The Board continues to take a proactive approach to recognising and mitigating risk with the aim of protecting and safeguarding the interests of the Group and its shareholders in the changing environment in which it operates.

Details of the principal risks facing the Group and mitigating actions will be included in the 2024 Annual Report which will be published on 20 March 2025. The following are still considered to be relevant risks and uncertainties for the Group at this time and are summarised below (in no order of magnitude):

Economic change and uncertainty - UK construction continues to benefit from sustained government investment commitments. This continues to support the Group's market sectors which remain structurally secure particularly in housing, mixed use schemes, construction and infrastructure (primary areas in the UK targeted for growth). In addition, the Group's diversity of offering and strong balance sheet protects the business from cyclical changes in individual markets.

Exposure to UK residential market - The Group's long-term public sector partnerships models, Government commitments and the UKs Affordable Housing need complement its product position. Prior headwinds have slightly eased during the reporting period and there are some signs of recovery in the market, although interest rate trajectory will likely impact scale and timing. Planning constraints continue to contribute to reduced sales volumes and in Regeneration, cost inflation on some schemes is impacting viability in turn slowing down conversion.

Health and safety incident - Failure to protect the health, safety and wellbeing of its key stakeholders could damage the Group's reputation as a responsible employer and affect its ability to secure future work.

Talent attraction and retention - Talented people are needed to provide excellence in project delivery and customer service. Skills shortages in the construction industry will remain an issue for the foreseeable future.

Partner insolvency or adverse change of behaviour - There is a heightened risk of supply chain partners trading with strained finances as a result of prior macro challenges and more recent main contractor demise. Whilst such failures have been limited to date, our teams are acutely aware and have increased due diligence activities as well as providing help and assistance where appropriate. In some limited circumstances we have supported key partners with more favourable terms to assist their cash flow while obtaining assurance on production progress and forms of guarantee.

Inadequate funding - A lack of liquidity could impact our ability to continue to trade or restrict our ability to achieve market growth or invest in regeneration schemes.

Mismanagement of working capital and investments - Poor management of working capital and investments leads to insufficient liquidity and funding problems.

Poor contract selectivity and/or bidding - The quality of the Group's public and regulated industry sectors should safeguard future performance, allowing the Group to continue selecting the right projects and in sectors where it has proven capability. Post inflationary customer budgets are now more realistic but, in some instances, do result in preconstruction periods taking longer.

Poor project delivery - Improved inflationary backdrop is allowing bids to include sensible contingency allowances. In addition, the Group's longstanding supply chain relationships and focus on customer experience continue to mitigate any significant issues and disputes should they arise.

Cyber activity/ failure to invest in IT - Cybercrime continues its prevalence and to counter this the Group's investment in IT continues to increase in order to meet the future needs of the business in terms of expected growth, security, and innovation, and enables its long-term success. It is also essential to avoid reputational and operational impacts and loss of data that could result in significant fines and/or prosecution.

Climate change - Failure to protect the environment in which we work by reducing carbon emissions and waste and to fully consider potential environmental risks on projects could cause delays to projects and damage the Group's reputation.

Cautionary forward-looking statement

These results contain forward-looking statements based on current expectations and assumptions. Various known and unknown risks, uncertainties and other factors may cause actual results to differ from any future results or developments expressed or implied from the forward-looking statements. Each forward-looking statement speaks only as of the date of this document. The Group accepts no obligation to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

Consolidated income statement
For the year ended 31 December 2024

	Notes	**2024** **£m**	2023 £m
Revenue		**4,546.2**	4,117.7
Cost of sales		**(4,016.3)**	(3,670.1)
Gross profit		**529.9**	447.6
Analysed as:			
Adjusted Gross profit		**528.6**	449.5
Exceptional building safety items	3	**1.3**	(1.9)
Impairment loss on contract assets		**(21.0)**	(2.8)
Administrative expenses		**(360.0)**	(324.0)
Share of net profit of joint ventures		**3.2**	18.2
Other operating income		**9.9**	1.6
Operating profit		**162.0**	140.6
Analysed as:			
Adjusted Operating profit		**162.6**	141.3
Exceptional building safety items	3	**(0.1)**	2.2
Amortisation of intangible assets		**(0.5)**	(2.9)
Finance income		**18.2**	10.8
Finance expense		**(8.3)**	(7.5)
Profit before tax		**171.9**	143.9
Analysed as:			
Adjusted Profit before tax		**172.5**	144.6
Exceptional building safety items	3	**(0.1)**	2.2
Amortisation of intangible assets		**(0.5)**	(2.9)
Tax	4	**(40.2)**	(26.2)
Profit for the year		**131.7**	117.7
Attributable to:			
Owners of the Company		**131.7**	117.7
Earnings per share			
Basic	6	**281.4p**	254.2p
Diluted	6	**271.5p**	250.4p

There were no discontinued operations in either the current or comparative years.

Consolidated statement of comprehensive income

For the year ended 31 December 2024

	2024 **£m**	2023 £m
Profit for the year	**131.7**	117.7
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange movement on translation of overseas operations	**(0.3)**	0.2
Net (loss)/gain arising on revaluation of cash flow hedges	**(0.1)**	-
	(0.4)	0.2
Other comprehensive (expense)/income	**(0.4)**	0.2
Total comprehensive income	**131.3**	117.9
Attributable to:		
Owners of the Company	**131.3**	117.9

Consolidated statement of financial position
At 31 December 2024

	Notes	**2024** **£m**	2023 £m
Assets			
Goodwill and other intangible assets		**218.1**	218.6
Property, plant and equipment		**95.1**	86.0
Investment property		**0.6**	0.8
Investments in joint ventures	7	**111.9**	106.6
Non-current assets		**425.7**	412.0
Inventories		**476.0**	344.7
Contract assets		**224.6**	270.6
Trade and other receivables	8	**453.5**	461.6
Current tax assets		**6.6**	-
Cash and cash equivalents	12	**544.2**	541.3
Current assets		**1,704.9**	1,618.2
Total assets		**2,130.6**	2,030.2
Liabilities			
Contract liabilities		**(110.4)**	(95.8)
Trade and other payables	9	**(1,130.3)**	(1,087.0)
Current tax liabilities		**-**	(1.9)
Lease liabilities		**(22.6)**	(19.1)
Borrowings	12	**(51.8)**	(80.6)
Provisions	10	**(85.1)**	(76.7)
Current liabilities		**(1,400.2)**	(1,361.1)
Net current assets		**304.7**	257.1
Trade and other payables	9	**(16.6)**	(28.2)
Lease liabilities		**(44.1)**	(44.7)
Deferred tax liabilities		**(2.1)**	(8.7)
Provisions	10	**(20.4)**	(19.4)
Non-current liabilities		**(83.2)**	(101.0)
Total liabilities		**(1,483.4)**	(1,462.1)
Net assets		**647.2**	568.1
Equity			
Share capital		**2.4**	2.4
Share premium account		**65.7**	56.0
Other reserves		**0.9**	1.3
Retained earnings		**578.2**	508.4
Equity attributable to owners of the Company		**647.2**	568.1
Total equity		**647.2**	568.1

Consolidated cash flow statement
For the year ended 31 December 2024

	Notes	**2024** **£m**	2023 £m
Operating activities			
Operating profit		**162.0**	140.6
Adjusted for:			
Exceptional building safety items		**2.1**	13.7
Amortisation of intangible assets		**0.5**	2.9
Underlying share of net profit of equity accounted joint ventures		**(4.6)**	(14.1)
Depreciation		**33.1**	26.8
Share-based payments		**10.5**	6.6
Gain on disposal of property, plant and equipment		**(0.7)**	(0.1)
Reversal of impairment on investments in joint ventures		**(5.1)**	-
Repayment of shared equity loan receivables		**-**	0.4
Increase in provisions excluding exceptional building safety items	10	**8.7**	1.4
Additional pension contributions		**-**	(0.2)
Operating cash inflow before movements in working capital		**206.5**	178.0
Increase in inventories		**(131.3)**	(10.8)
Decrease in contract assets		**46.0**	24.0
Decrease/(increase) in receivables		**7.8**	(107.8)
Increase in contract liabilities		**14.6**	21.6
Increase in payables		**29.1**	116.2
Movements in working capital		**(33.8)**	43.2
Cash inflow from operations		**172.7**	221.2
Income taxes paid		**(43.9)**	(25.2)
Net cash inflow from operating activities		**128.8**	196.0
Investing activities			
Interest received		**18.0**	10.0
Dividends from joint ventures		**4.2**	1.6
Proceeds on disposal of property, plant and equipment		**1.9**	2.0
Purchases of property, plant and equipment		**(18.2)**	(14.3)
Purchases of intangible fixed assets		**-**	(0.3)
Capital advances to joint ventures		**(29.1)**	(44.2)
Capital repayments from joint ventures		**27.9**	34.2
Net cash inflow/(outflow) from investing activities		**4.7**	(11.0)
Financing activities			
Interest paid		**(1.9)**	(2.4)
Dividends paid	5	**(56.1)**	(48.1)
Repayments of lease liabilities		**(25.8)**	(21.2)
Proceeds on issue of share capital		**9.7**	0.1
Payments by the Trust to acquire shares in the Company		**(47.2)**	(11.3)
Proceeds on exercise of share options		**19.5**	4.0
Net cash outflow from financing activities		**(101.8)**	(78.9)
Net increase in cash and cash equivalents		**31.7**	106.1
Cash and cash equivalents at the beginning of the year		**460.7**	354.6
Cash and cash equivalents at the end of the year	12	**492.4**	460.7

Cash and cash equivalents presented in the Consolidated cash flow statement include bank overdrafts. See note 12 for a reconciliation to Cash and cash equivalents presented in the Consolidated statement of financial position.

Consolidated statement of changes in equity

For the year ended 31 December 2024

	Share capital	Share premium account	Other reserves	Retained earnings	Total equity
	£m	£m	£m	£m	£m
1 January 2023	2.4	55.9	1.1	436.8	496.2
Profit for the year	-	-	-	117.7	117.7
Other comprehensive income	-	-	0.2	-	0.2
Total comprehensive income	-	-	0.2	117.7	117.9
Share-based payments	-	-	-	6.6	6.6
Tax relating to share-based payments[1]	-	-	-	2.7	2.7
Issue of shares at a premium	-	0.1	-	-	0.1
Purchase of shares in the Company by the Trust	-	-	-	(11.3)	(11.3)
Exercise of share options	-	-	-	4.0	4.0
Dividends paid	-	-	-	(48.1)	(48.1)
1 January 2024	**2.4**	**56.0**	**1.3**	**508.4**	**568.1**
Profit for the year	-	-	-	131.7	131.7
Other comprehensive expense	-	-	(0.4)	-	(0.4)
Total comprehensive (expense)/income	-	-	(0.4)	131.7	131.3
Share-based payments	-	-	-	10.5	10.5
Tax relating to share-based payments[1]	-	-	-	11.4	11.4
Issue of shares at a premium	-	9.7	-	-	9.7
Purchase of shares in the Company by the Trust	-	-	-	(47.2)	(47.2)
Exercise of share options	-	-	-	19.5	19.5
Dividends paid	-	-	-	(56.1)	(56.1)
31 December 2024	**2.4**	**65.7**	**0.9**	**578.2**	**647.2**

[1] Tax relating to share-based payments includes a current tax credit of £5.8m (2023: £nil) and a deferred tax credit of £5.6m (2023: credit of £2.7m).

1 Basis of preparation

General information

The financial information for the year ended 31 December 2024 set out above does not constitute the Company's statutory accounts as defined by section 434 of the Companies Act 2006. A copy of the statutory accounts for 2023 was delivered to the Registrar of Companies and those for 2024 will be delivered following the Company's Annual General Meeting. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

This preliminary announcement has been prepared solely to assist shareholders in assessing the strategies of the Board and in gauging their potential to succeed. It should not be relied on by any other party or for other purposes. Forward looking statements have been made by the directors in good faith based on the information available to them up to the time of their approval of this preliminary announcement. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business factors, underlying any such forward looking information. Actual future results may differ materially from those expressed in or implied by these statements.

While the financial information included in this preliminary announcement was prepared in accordance with the recognition and measurement criteria of UK adopted International Accounting Standards (‘IAS’) and International Financial Reporting Standards ('IFRS'), this announcement does not itself contain sufficient information to comply with IFRS.

The consolidated financial statements will be available in March 2025. A copy will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

Further information on the Group, including the slide presentation document which will be presented at the Group's results meeting on 26 February 2025, can be found on the Group’s corporate website www.morgansindall.com.

Going concern

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Group and Company can continue in operational existence during the going concern period, which the directors have determined to be until 28 February 2026.

As at 31 December 2024, the Group held cash of £544.2m, including £23.1m (2023: £26.1m) which is the Group’s share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £51.8m (together net cash of £492.4m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2023: £180m), of which £165m matures in October 2027 and £15m matures in June 2027. The Group’s secured order book at 31 December 2024 is £11.4bn (2023: £8.9bn), of which £4.1bn relates to the 12 months ended 31 December 2025.

The directors have reviewed the Group’s forecasts and projections for the going concern period, including sensitivity analysis to assess the Group’s resilience to the potential financial impact on the Group of any plausible losses of revenue or operating profit which could arise from one of the principal risks to the business occurring. The analysis also includes a reasonable worst-case scenario in which the Group’s principal risks manifest in aggregate to a severe but plausible level involving the aggregation of the impacts of a number of these risks. The modelling showed that the Group would remain profitable throughout the going concern period and there is considerable headroom above lending facilities such that there would be no expected requirement for the Group to utilise the bank facility, which underpins the going concern assumption on which these financial statements have been prepared. As part of the sensitivity analysis the directors also modelled a scenario that stress tests the Group’s forecasts and projections, to determine the scenario in which the headroom above the committed bank facility would be exceeded. This model showed that the Group’s operating profit would need to deteriorate substantially for the headroom to exceed the committed bank facility. The directors consider there is no plausible scenario where cash inflows would deteriorate this significantly. However, as part of their analysis the Board also considered further mitigating actions at their discretion, such as a reduction in investments in working capital, to improve the position identified by the reasonable worst-case scenario. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities, and meet its liabilities as they fall due.

Accordingly, the directors consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the going concern period which they determine to be until 28 February 2026. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements. The period until 28 February 2026 has been assessed as appropriate following consideration of the budgeting cycles and typical contract lengths undertaken across the Group.

Changes in accounting policies
There have been no significant changes to accounting policies, presentation or methods of preparation since the Group's latest annual audited financial statements for the year ended 31 December 2023.

2 Business segments

For management purposes, the Group is organised into six operating divisions: Partnership Housing, Mixed Use Partnerships, Fit Out, Construction, Infrastructure and Property Services, and this is the structure of segment information reviewed by the Chief Operating Decision Maker (CODM). The CODM is determined to be the Board of directors and reporting provided to the Board is in line with these six divisions, which have been considered to be the Group's operating segments.

The six operating divisions' activities are as follows:

- Partnership Housing: Lovell Partnerships Limited is focused on working in partnerships with local authorities and housing associations. Activities include mixed-tenure developments, building and developing homes for open market sales and for social/affordable rent, design and build house contracting and planned maintenance and refurbishment.
- Mixed Use Partnerships: Muse Places Limited is focused on transforming the urban landscape through partnership working and the development of multi-phase sites and mixed-use regeneration.
- Fit Out: Overbury plc specialises in fit out and refurbishment in commercial, central and local government offices and further education. Morgan Lovell plc provides office interior design and build services direct to occupiers.
- Construction: Morgan Sindall Construction focuses on education, healthcare, commercial, industrial, leisure and retail markets.
- Infrastructure: Morgan Sindall Infrastructure focuses on energy, nuclear, rail, highways, water and defence markets. Infrastructure also includes the BakerHicks design activities based out of the UK and Switzerland.
- Property Services: Morgan Sindall Property Services Limited provides response and planned maintenance for social housing and the wider public sector.

Group activities represent costs and income arising from corporate activities which cannot be meaningfully allocated to the operating segments. These include the costs of the Group Board, treasury management, corporate tax coordination, Group finance and internal audit, insurance management, company secretarial services, Group general counsel services, information technology services, finance income and finance expense.

The Group reports its segmental information as presented below:

Year ended 31 December 2024

	Partnership Housing	Mixed Use Partnerships	Fit Out	Construction	Infrastructure	Property Services	Group Activities	Eliminations	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
External revenue	**855.9**	**90.5**	**1,299.2**	**1,043.3**	**1,034.1**	**223.2**	**-**	**-**	**4,546.2**
Inter-segment revenue	**5.3**	**-**	**1.1**	**0.8**	**12.9**	**-**	**-**	**(20.1)**	**-**
Total revenue	**861.2**	**90.5**	**1,300.3**	**1,044.1**	**1,047.0**	**223.2**	**-**	**(20.1)**	**4,546.2**
Impairment loss on contract assets	**-**	**-**	**-**	**-**	**-**	**(21.0)**	**-**	**-**	**(21.0)**
Adjusted operating profit/(loss) (note 15)	**36.1**	**1.5**	**99.0**	**30.9**	**38.5**	**(17.8)**	**(25.6)**	**-**	**162.6**
Amortisation of intangible assets	**-**	**-**	**-**	**-**	**-**	**(0.5)**	**-**	**-**	**(0.5)**
Exceptional operating items	**(2.7)**	**5.9**	**-**	**0.1**	**-**	**(3.4)**	**-**	**-**	**(0.1)**
Operating profit/(loss)	**33.4**	**7.4**	**99.0**	**31.0**	**38.5**	**(21.7)**	**(25.6)**	**-**	**162.0**
Finance income									**18.2**
Finance expense									**(8.3)**
Profit before tax									**171.9**
Other information:									
Depreciation	**(2.6)**	**(0.8)**	**(3.0)**	**(2.5)**	**(18.9)**	**(4.2)**	**(1.1)**	**-**	**(33.1)**
Average number of employees	**1,193**	**108**	**1,121**	**1,533**	**3,080**	**1,097**	**110**	**-**	**8,242**

Year ended 31 December 2023

	Partnership Housing	Mixed Use Partnerships	Fit Out	Construction	Infrastructure	Property Services	Group Activities	Eliminations	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
External revenue	821.2	185.3	1,104.8	945.2	876.0	185.2	-	-	4,117.7
Inter-segment revenue	16.3	-	0.4	21.4	10.7	-	-	(48.8)	-
Total revenue	837.5	185.3	1,105.2	966.6	886.7	185.2	-	(48.8)	4,117.7
Impairment loss on contract assets	-	-	-	-	-	(2.8)	-	-	(2.8)
Adjusted operating profit/(loss) (note 15)	30.5	14.8	71.8	25.9	38.5	(16.8)	(23.4)	-	141.3
Amortisation of intangible assets	-	-	-	-	-	(2.9)	-	-	(2.9)
Exceptional operating items	-	13.7	-	(11.5)	-	-	-	-	2.2
Operating profit/(loss)	30.5	28.5	71.8	14.4	38.5	(19.7)	(23.4)	-	140.6
Finance income									10.8
Finance expense									(7.5)
Profit before tax									143.9
Other information:									
Depreciation	(2.4)	(1.1)	(2.9)	(2.5)	(14.6)	(2.6)	(0.7)	-	(26.8)
Average number of employees	1,131	97	1,031	1,430	2,788	1,105	107	-	7,689

Segment assets and liabilities are not presented as these are not reported to the CODM.

3 Exceptional building safety items

	Notes	**2024** **£m**	2023 £m
Net additions on building safety provisions	10	**(8.0)**	(18.4)
Insurance and recoveries recognised in receivables		**9.3**	16.5
Exceptional building safety credit/(charge) within cost of sales		**1.3**	(1.9)
Exceptional building safety (charge)/credit within joint ventures	7	**(1.4)**	4.1
Total exceptional building safety (charge)/credit		**(0.1)**	2.2

During 2022 the Partnership Housing division signed the Developers Pledge (the "Pledge") with the Ministry of Housing, Communities and Local Government ("MHCLG") (then the Department for Levelling Up, Housing and Communities ("DLUHC")) setting out the principles under which life critical fire-safety issues on buildings that they have developed of 11 metres and above are to be remediated. A letter was also received from DLUHC requesting information to assess whether it may be appropriate for Mixed Use Partnerships to also commit to the principles of the Pledge as part of its commitment to support the remediation of historic cladding and fire safety defects over and above its obligations under the new Building Safety Act. The Group subsequently signed the Developer Remediation Contract in March 2023 on behalf of all of its divisions.

An exceptional charge of £48.9m was recognised in 2022 due to the materiality and irregular nature of creating provisions arising because of the Pledge.

In the current year, the legal and constructive obligations related to the Pledge (including reimbursement of grants provided by the Building Safety Fund), the Building Safety Act and associated fire safety regulations have been reassessed based on further information. The overall movement in the building safety items is a net charge of £0.1m and is shown separately as an exceptional item consistent with prior year treatment.

Included in the £0.1m exceptional building safety charge (2023: £2.2m credit) is a £1.4m charge (2023: £4.1m credit) that has been recognised in respect of the Group's share of constructive and legal obligations to remediate legacy building safety issues within joint ventures, and this has been recognised within the Group's share of net profit of joint ventures. The remaining net credit of £1.3m (2023: £1.9m charge) has been recognised in cost of sales.

At the reporting date the Group had not yet made any reimbursements to the Building Safety Fund for amounts previously granted and drawn on any of the developments for which the Group has taken responsibility for. As notified by the DLUHC, any repayments will only be requested upon final completion of all the relevant works. On this basis, any repayments are only likely to commence towards the middle of 2025 at the earliest.

4 Tax

Tax expense for the year

	2024 **£m**	2023 £m
Current tax:		
Current year	**40.1**	16.9
Adjustment in respect of prior years	**1.1**	4.7
	41.2	21.6
Deferred tax:		
Current year	**1.7**	13.5
Adjustment in respect of prior years	**(2.7)**	(8.9)
	(1.0)	4.6
Tax expense for the year	**40.2**	26.2

UK corporation tax is calculated at 25.0% (2023: 23.5%) of the estimated taxable profit for the year.

The table below reconciles the tax charge for the year to tax at the UK statutory rate:

	Notes	**2024** **£m**	2023 £m
Profit before tax		**171.9**	143.9
Less: post-tax share of profits from joint ventures	7	**(4.5)**	(14.1)
		167.4	129.8
UK corporation tax rate		**25.00%**	23.50%
Income tax expense at UK corporation tax rate		**41.9**	30.5
Tax effect of:			
Adjustments in respect of prior years:			
Relating to exceptional Items		**-**	(2.0)
Other		**(1.6)**	(2.2)
Expenses for which no tax relief is recognised:			
Proportion of exceptional items		**(1.6)**	(1.5)
Proportion of share-based payments		**(0.8)**	(1.3)
Other non-deductible expenses		**0.6**	0.6
Tax liability upon underlying joint venture profits[1]		**1.5**	2.6
Other		**0.2**	(0.5)
Tax expense for the year		**40.2**	26.2

[1] Certain of the Group's joint ventures are partnerships for which profits are taxed within the Group rather than within the joint venture.

5 Dividends

Amounts recognised as distributions to equity holders in the year:

	2024 **£m**	2023 £m
Final dividend for the year ended 31 December 2023 of 78p per share	**36.5**	-
Final dividend for the year ended 31 December 2022 of 68p per share	**-**	31.5
Interim dividend for the year ended 31 December 2024 of 41.5p per share	**19.6**	-
Interim dividend for the year ended 31 December 2023 of 36p per share	**-**	16.6
	56.1	48.1

The proposed final dividend for the year ended 31 December 2024 of 90.0p per share is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements.

6 Earnings per share

	Notes	**2024** **£m**	2023 £m
Profit attributable to the owners of the Company		**131.7**	117.7
Adjustments:			
Exceptional building safety items	3	**0.1**	(2.2)
Amortisation of intangible assets		**0.5**	2.9
Tax relating to the above adjustments		**(1.8)**	(3.7)
Adjusted earnings		**130.5**	114.7

	2024 **Number of shares (millions)**	2023 Number of shares (millions)
Basic weighted average number of ordinary shares	**46.8**	46.3
Dilutive effect of share options and conditional shares not vested	**1.7**	0.7
Diluted weighted average number of ordinary shares	**48.5**	47.0

Basic earnings per share	**281.4p**	254.2p
Diluted earnings per share	**271.5p**	250.4p
Adjusted earnings per share	**278.8p**	247.7p
Diluted adjusted earnings per share	**269.1p**	244.0p

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and long-term incentive plan shares was based on quoted market prices for the year. The average share price for the year was £28.05 (2023: £18.57).

A total of 1,806 share options that could potentially dilute earnings per share in the future were excluded from the above calculations because they were anti-dilutive at 31 December 2024 (2023: 2,535,887).

7 Investments in joint ventures

Investments in equity-accounted joint ventures are as follows:

	Notes	2024 £m	2023 £m
1 January		**106.6**	84.0
Equity-accounted share of net profits:			
Underlying share of net profits		**4.6**	14.1
Exceptional building safety (charge)/credit	3	**(1.4)**	4.1
		3.2	18.2
Capital advances to joint ventures		**29.1**	44.2
Capital repayments by joint ventures		**(27.9)**	(34.2)
Non-cash impairment reversal – other operating income		**5.1**	-
Dividends received		**(4.2)**	(1.6)
Reclassification from funding obligations payable		**-**	(4.0)
End of period		**111.9**	106.6

During 2024, an exceptional building safety charge of £1.4m (2023: credit of £4.1m) has been recognised in respect of the Group's share of constructive and legal obligations to remediate legacy building safety issues within joint ventures.

8 Trade and other receivables

	Notes	2024 £m	2023 £m
Amounts falling due within one year			
Trade receivables		**300.2**	320.9
Amounts owed by joint ventures	13	**15.8**	21.1
Prepayments		**16.1**	17.8
Insurance receivables		**23.1**	21.7
Other receivables		**29.0**	31.3
		384.2	412.8
Amounts falling due after more than one year			
Trade receivables		**69.3**	48.8
		69.3	48.8
Trade and other receivables		**453.5**	461.6

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade receivables are stated after provisions for impairment losses of £1.3m (2023: £1.5m).

Retentions held by customers for contract work included within trade receivables at 31 December 2024 were £129.1m (2023: £105.3m). These will be collected in the normal operating cycle of the company including £69.3m (2023: £48.8m) that fall due in more than one year. The company manages the collection of retentions through its post completion project monitoring procedures and ongoing contact with clients to ensure that potential issues that could lead to the non-payment of retentions are identified and addressed promptly.

The Group holds third party insurances that may mitigate the contract and legal liabilities described in note 10 – Provisions and note 11 – Contingent liabilities. Insurance receivables are recognised when reimbursement from insurers is virtually certain.

9 Trade and other payables

	Notes	**2024** **£m**	2023 £m
Trade payables		**211.1**	202.2
Amounts owed to joint ventures	13	**0.2**	0.2
Other tax and social security		**139.3**	142.8
Accrued expenses		**729.8**	703.9
Deferred income		**7.1**	3.8
Land creditors		**30.8**	20.7
Other payables		**12.0**	13.4
Current		**1,130.3**	1,087.0
Land creditors		**15.3**	25.5
Other payables		**1.3**	2.7
Non-current		**16.6**	28.2

The directors consider that the carrying amount of trade payables approximates to their fair value. No interest was incurred on outstanding balances. Non-current other payables have been discounted by £1.3m (2023: £4.3m) to reflect the time value of money.

Retentions withheld from subcontractors included in trade payables amount to £95.5m (2023: £88.8m).

10 Provisions

	Building Safety £m	Self-insurance £m	Contract & legal £m	Other £m	Total £m
1 January 2023	38.3	19.8	15.7	3.1	76.9
Reclassifications	0.3	-	3.7	-	4.0
Utilised	(0.9)	(1.3)	(5.2)	(0.3)	(7.7)
Additions	26.3	3.9	10.6	0.8	41.6
Released	(7.9)	(3.2)	(6.5)	(1.1)	(18.7)
1 January 2024	**56.1**	**19.2**	**18.3**	**2.5**	**96.1**
Utilised	(7.3)	(1.3)	(7.6)	-	(16.2)
Additions	11.9	4.3	21.5	1.1	38.8
Released	(3.9)	(3.0)	(5.2)	(1.1)	(13.2)
31 December 2024	**56.8**	**19.2**	**27.0**	**2.5**	**105.5**
Current	56.8	1.2	27.0	0.1	85.1
Non-current	-	18.0	-	2.4	20.4
31 December 2024	**56.8**	**19.2**	**27.0**	**2.5**	**105.5**

Building Safety provisions

Management have reviewed legal and constructive obligations arising from the Developers Pledge, the Building Safety Act and other associated fire regulations. Where obligations exist, these have been evaluated for the likely cost to address, including repayments of the Building Safety Fund. As a result of this review process provisions are recognised, as reported in the table above, excluding those recognised in joint ventures. The provision is expected to be utilised in the next two years, with repayments to the Building Safety Fund commencing in 2025.

See note 3 for further detail.

The Group also holds third party insurances that may mitigate the liabilities. Third party insurance reimbursement in respect of these provisions has been recognised as a separate asset, but only when the reimbursement is virtually certain. See notes 3 and 8 for details of mitigating insurance receivables recognised at the period end.

Note 11 includes details of contingent liabilities related to building safety.

Self-insurance provisions

Self-insurance provisions comprise the Group's self-insurance of certain risks and include £11.5m (2023: £10.0m) held in the Group's captive insurance company, Newman Insurance Company Limited (the ''Captive'').

The Group makes provisions in respect of specific types of claims incurred but not reported (IBNR). The valuation of IBNR considers past claims experience and the risk profile of the Group. These are reviewed periodically and are intended to provide a best estimate of the most likely or expected outcome.

Contract and legal provisions

Contract and legal provisions include liabilities, loss provisions, defect and warranty provisions on contracts that have reached completion.

The Group also holds third party insurances that may mitigate the liabilities. Third party insurance reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. See note 8 for details of mitigating insurance receivables recognised at the period end.

Note 11 includes details of contingent liabilities related to claims.

Other provisions

Other provisions include property dilapidations and other personnel related provisions.

11 Contingent liabilities

Group banking facilities and surety bond facilities are supported by cross guarantees given by the Company and participating companies in the Group. There are contingent liabilities in respect of surety bond facilities, guarantees and claims under contracting and other arrangements, including joint arrangements and joint ventures entered into in the normal course of business. As at 31 December 2024, contract bonds in issue under uncommitted facilities covered £194.9m of contract commitments of the Group, of which £19.4m relates to joint arrangements and £nil relates to joint ventures (2023: £174.7m, of which £22.3m related to joint arrangements and £nil related to joint ventures).

Contingent liabilities may also arise in respect of subcontractor and other third party claims made against the Group, in the normal course of trading. These claims can include those relating to cladding/legacy fire safety matters, and defects. A provision for such claims is only recognised to the extent that the Directors believe that the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. However, such claims are predominantly covered by the Group's insurance arrangements. Recoveries under insurance arrangements are recognised as insurance receivables when they are considered virtually certain.

Building Safety

At 31 December 2024, provisions in respect of liabilities arising from the Developers Pledge, the Building Safety Act and other associated fire regulations totalled £63.7m (2023: £61.6m), including those related to joint ventures.

The ongoing legislative and regulatory changes in respect of legacy building safety issues create uncertainty around the extent of remediation required for legacy buildings, the liability for such remediation, recoveries from other parties and the time to be considered. It is possible that as remediation work proceeds, additional remedial works are required that may not have been identified from the reviews and physical inspections undertaken to date. The scope of buildings and remediation works to be considered may also change as legislation and regulations continue to evolve.

Uncertainties also exist in respect of the timing and extent of expected recoveries from other third parties involved in developments.

12 Net cash

Net cash

Net cash is defined as cash and cash equivalents less borrowings and non-recourse project financing as shown below:

	2024 **£m**	2023 £m
Cash and cash equivalents	**544.2**	541.3
Bank overdrafts presented as borrowings due within one year	**(51.8)**	(80.6)
Cash and cash equivalents reported in the Consolidated cash flow statement	**492.4**	460.7
Net cash	**492.4**	460.7

Included within cash and cash equivalents is £23.1m (2023: £26.1m) which is the Group's share of cash held within jointly controlled operations. Additionally there is £26.0m included within cash and cash equivalents that is held for future payment to designated suppliers (2023: £13.9m). There is a third party charge of £0.3m (2023: £0.5m) on a bank account in Switzerland for the purpose of rental guarantees for offices occupied by BakerHicks.

The Group has £180m of committed loan facilities maturing more than one year from the balance sheet date, of which £15m matures in June 2027 and £165m in October 2027. These facilities are undrawn at 31 December 2024.

Average daily net cash during 2024 was £374.2m (2023: £281.7m). Average daily net cash is defined as the average of the 366 (2023: 365) end-of-day balances of the net cash (as defined above) over the course of a reporting period. Management use this as a key metric in monitoring the performance of the business.

13 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. During the year, Group companies entered into transactions to provide construction and property development services with related parties, all of which were joint ventures, not members of the Group, amounting to £136.5m (2023: £186.4m). At 31 December 2024, amounts owed to the Group by joint ventures was £15.8m (2023: £21.1m) and amounts owed by the Group to joint ventures was £0.2m (2023: £0.2m) including joint venture funding obligations.

Remuneration of key management personnel

The Group considers key management personnel to be the members of the group management team, and sets out below in aggregate, remuneration for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2024 **£m**	2023 £m
Short-term employee benefits	**11.2**	9.5
Post-employment benefits	**0.2**	0.1
Termination benefits	**-**	0.3
Share-based payments	**3.3**	1.9
	14.7	11.8

Directors' transactions

There have been no related party transactions with any director in the year or in the subsequent period to 25 February 2025.

Directors' material interests in contracts with the Company

No director held any material interest in any contract with the Company or any Group company in the year or in the subsequent period to 25 February 2025.

14 Subsequent events

There were no subsequent events that affected the financial statements of the Group.

15 Adjusted Performance Measures

In addition to monitoring and reviewing the financial performance of the operating segments and the Group on a statutory basis, management also use adjusted performance measures which are also disclosed in the annual report. These measures are not an alternative or substitute to statutory IFRS measures but are seen by management as useful in assessing the performance of the business on a comparable basis. These financial measures are also aligned to the measures used internally to assess business performance in the Group's budgeting process and when determining compensation. The Group also uses other non-statutory measures which cannot be derived directly from the financial statements. There are four alternative performance measures used by management and disclosure in the annual report which are:

'Adjusted'

In all cases the term 'adjusted' excludes the impact of intangible amortisation and exceptional items. This is used to improve the comparability of information between reporting periods to aid the use of the annual report in understanding the activities across the Group's portfolio.

Below is a reconciliation between the reported Gross profit, Operating profit and Profit before tax measures on a statutory basis and the adjustment made to calculate Adjusted Gross profit, Adjusted Operating profit and Adjusted Profit before tax.

Adjusted basic earnings per share and adjusted diluted earnings per share is the statutory measure excluding the post-tax impact of intangible amortisation and exceptional items, and the deferred tax charge arising due to changes in UK corporation tax rates. See note 6 for a detailed reconciliation of the adjusted EPS measures.

		Gross profit		Operating profit		Profit before tax	
		2024	2023	**2024**	2023	**2024**	2023
	Notes	**£m**	£m	**£m**	£m	**£m**	£m
Reported		**529.9**	447.6	**162.0**	140.6	**171.9**	143.9
Adjust for: exceptional building safety items[1]		**(1.3)**	1.9	**0.1**	(2.2)	**0.1**	(2.2)
Adjust for: amortisation of intangible assets		**-**	-	**0.5**	2.9	**0.5**	2.9
Adjusted		**528.6**	449.5	**162.6**	141.3	**172.5**	144.6
Reported tax charge						**(40.2)**	(26.2)
Adjust for: tax relating to amortisation						**(0.1)**	(0.7)
Adjust for: tax relating to exceptional items						**(1.7)**	(3.0)
Adjusted profit after tax / earnings	6					**130.5**	114.7

[1] The exceptional building safety items includes amounts recognised in cost of sales (£1.3m credit (2023: £1.9m charge)) and share of net profit of joint ventures (£1.4m charge (2023: £4.1m credit)). See note 3.

'Net cash'

Net cash is defined as cash and cash equivalents less borrowings and non-recourse project financing. Lease liabilities are not deducted from net cash. A reconciliation of this number at the reporting date can be found in note 12. In addition, management monitor and review average daily net cash as good discipline in managing capital. Average daily net cash is defined as the average of the 366 (2023: 365) end of day balances of the net cash over the course of a reporting period.

'Operating cash flow'

Management use an adjusted measure for operating cash flow as it encompasses other cashflows that are key to the ongoing operations of the Group such as repayments of lease liabilities, investment in property, plant and equipment, investment in intangible assets, and returns from equity accounted joint ventures. Operating cash flow can be derived from the cash inflow from operations reported in the consolidated cash flow statement as shown below.

Operating cash flow conversion is operating cash flow divided by adjusted operating profit as defined above.

		2024	2023
	Notes	**£m**	£m
Cash inflow from operations - reported		**172.7**	221.2
Dividends from joint ventures	7	**4.2**	1.6
Proceeds on disposal of property, plant and equipment		**1.9**	2.0
Purchases of property, plant and equipment		**(18.2)**	(14.3)
Purchases of intangible fixed assets		**-**	(0.3)
Repayments of lease liabilities		**(25.8)**	(21.2)
Operating cash flow		**134.8**	**189.0**

'Return on capital employed'

Management use return on capital employed (ROCE) in assessing the performance and efficient use of capital within the Regeneration activities. ROCE is calculated as adjusted operating profit plus interest received from joint ventures divided by average capital employed. Average capital employed is the 12-month average of total assets (excluding goodwill, other intangible assets and cash) less total liabilities (excluding corporation tax, deferred tax, intercompany financing, overdrafts and exceptional building safety items).

We confirm to the best of our knowledge:

1. The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;

2. The strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and

3. The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

The contents of this announcement, including the responsibility statement above, have been extracted from the annual report and accounts for the year ended 31 December 2024 which will be available on publication at http://www.morgansindall.com. Accordingly, this responsibility statement makes reference to the financial statements of the Company and the Group and to the relevant narrative appearing in that annual report and accounts rather than the contents of this announcement.

This responsibility statement was approved by the Board on 25 February 2025 and is signed on its behalf by:

John Morgan **Chief Executive**	**Kelly Gangotra** **Chief Financial Officer**