23 February 2015

BOVIS HOMES GROUP PLC

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

STRONGLY IMPROVING RETURNS AND GROWTH STRATEGY ON TRACK

Bovis Homes Group PLC today announced its final results for the financial year ended 31 December 2014 which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ('IFRS').

Financial highlights for 2014

	2014	**2013**	**Change**
Revenue	£809.4m	£556.0m	+46%
Profit before tax	£133.5m	£78.8m	+69%
Basic earnings per share	78.6p	44.9p	+75%
Dividend per share	35.0p	13.5p	+159%
Net profit margin *	17.0%	14.9%	+2.1ppts
ROCE **	16.2%	10.6%	+5.6ppts
Net cash / (debt)	£5.2m	£(18.0)m	

- Significant profit improvement from record legal completions with stronger average sales price and improved net profit margin
- Return on capital employed target for 2014 achieved
- Strong balance sheet

Operational highlights for 2014

	2014	**2013**	**Change**
Legal Completions			
Number of legal completions	3,635	2,813	+29%
Average sales price	£216,600	£195,100	+11%
Reservations			
Private reservations in year	3,218	2,773	+16%
Net private reservations per site per week ***	0.64/0.54	0.59	+8%/-8%
Forward sales at year end	1,752	1,377	+27%
Consented land			
Consented plots added	7,300	3,737	+95%
Sites added	42	27	+56%
Sites owned at year end	128	102	+25%
Plots in consented land bank at year end	18,062	14,638	+23%

- Record year of legal completions
- Strong forward order book for 2015
- Record year of land investment at the right point in the cycle
- Strong growth in sites in land bank at the year end

Robust current trading (to 20 February 2015)

- 479 private reservations achieved in first seven weeks of 2015 (2014: 468)
- 2,336 cumulative sales achieved at 20 February 2015 for 2015 legal completion (2014: 1,875)
- Sales prices achieved on cumulative sales to date circa 2% ahead of Group expectations
- 575 plots on four sites added to the consented land bank to date in 2015

* Net profit margin is calculated as operating profit and share of profit of joint venture, divided by revenue
** ROCE is calculated as operating profit and share of profit of joint venture, divided by average opening and closing capital employed excluding net cash
*** Net private reservations per site per week including / excluding PRS reservations

Commenting, David Ritchie, the Chief Executive of Bovis Homes Group PLC said:

"I am delighted to report excellent results for 2014. With a record number of homes delivered and stronger sales prices and profit margins, profit before tax has increased by 69%. We have also achieved our return on capital employed target for 2014 and are confident in our ability to deliver a further improvement in return on capital employed in 2015.

"We laid out our strategic ambitions for the Group at the time of our Half Year Results. This plan envisages the business, in a stable housing market, delivering sustainable growth over the next few years to annual volumes of between 5,000 and 6,000 new homes. We are on track to deliver this strategic plan, supported by record land investment in 2014 at the right point in the cycle.

"Given its confidence in our future prospects and having considered ongoing capital requirements, the Board is maintaining its guidance on dividends and will be recommending a full year dividend of 35 pence, an increase of 159%. The Board also intends to pay a dividend of at least 35 pence per share in 2015.

"I would like to recognise the considerable effort, commitment and hard work of our employees during 2014 and thank them all for their contribution to the Group's success."

Enquiries:	David Ritchie, Chief Executive Jonathan Hill, Finance Director Bovis Homes Group PLC On 23 February tel: 07855 432 699 Thereafter – tel: 01474 876200	**Results issued by**	Reg Hoare / James White / Giles Robinson MHP Communications On 23 February tel: 020 3128 8100

Certain statements in this press release are forward looking statements. Forward looking statements involve evaluating a number of risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends, results or activities should not be taken as a representation that such trends, results or activities will continue in the future. Undue reliance should not be placed on forward looking statements.

Chief Executive's Statement

Bovis Homes has made considerable progress during 2014, achieving a record number of legal completions with a strong improvement in profit and driving a further significant improvement in return on capital employed. Profit before tax has increased by 69% to £133.5 million and the Group has achieved a return on capital employed of 16.2%, 53% higher than 2013. Basic earnings per share has increased by 75% to 78.6 pence (2013: 44.9 pence).

The Group has delivered a record year, acquiring high quality land assets in its target areas, while maintaining a robust balance sheet with year end net cash of £5.2 million.

The strategic plan communicated at the time of the 2014 Half Year Results laid out the ambitions for the Group. The Group aims to deliver market leading performance over the cycle from long term land investment with a focus on building and selling quality family homes. The Group's strategies to achieve this are as follows:

- Acquiring, designing and developing quality traditional housing sites, focusing primarily in the south of England (excluding London)
- Creating aspirational homes using its well specified Portfolio traditional housing range in desirable settings, delivered with excellent customer service
- Growing to an optimal scale to suit the selected geography and product range, which enables ongoing high quality management of risk and reward through short lines of management control
- Managing the business across the housing cycle to maximise returns, while effectively stewarding shareholders' capital
- Enabling motivated and engaged employees and business partners to work ethically within a safe and healthy environment

With the excellent progress made during 2014 delivering on these strategies, the Group is confident that its strategic plan is on track.

Acquiring, designing and developing quality traditional housing sites, focusing primarily in the south of England (excluding London)

2014 was the Group's most successful year for land investment, acquiring high quality consented land assets focused on specific search areas in the south of England and prime locations in the midlands and northwest. The Group has maintained strong discipline in its approach to land investment and applies rigorous criteria for the acquisition of consented land, reflecting not only the anticipated profit margin and return on capital employed, but also site specific risks and geographic concentration risk.

During the year the Group added 7,300 plots on 42 sites to the consented land bank at a cost of £340 million (2013: 3,737 plots on 27 sites at a cost of £225 million). The plots added have an estimated future revenue of £1,717 million and an estimated future gross profit potential of £447 million, based on appraisal sales prices and build costs. On average the plots are expected to deliver a gross margin of circa 26% and a return on capital employed between 25% and 30%. Of these plots, 82% were located in the south of England, taking the proportion of plots in the consented land bank to 75% in the south. On the sites acquired during 2014, traditional homes represented 86% of the private homes to be built.

The strong performance in purchasing land has continued in 2015, with 575 consented plots on four sites added to date in 2015, and a significant pipeline of sites with terms agreed being positively progressed.

In order to drive improved use of capital, the Group completed three land sales totalling 237 plots during 2014. The selected land sale parcels were on some of the Group's larger sites. Further land sales are planned in 2015.

The consented land bank was approximately five years supply at 2014 legal completion volume, amounting to 18,062 plots as at 31 December 2014 (2013: 14,638). The gross profit potential on these consented plots at the 2014 year end, based on current sales prices and current build costs, was estimated at £1,017 million with a gross margin of 25.2% (2013: £727 million at 24.2%). At that point, the consented land bank contained 128 sites with 25 of these sites still to be launched for sale. This provides confidence in the Group's growth for 2015 as these sites progress to being active sales outlets.

Creating aspirational homes using its well specified Portfolio traditional housing range in desirable settings, delivered with excellent customer service

During 2014 the Group achieved record production of circa 3,500 homes, a 20% increase on 2013 to support the delivery of new homes, whilst effectively managing housing work in progress. Work in progress turn increased to 3.6 times (2013: 2.7). Housing work in progress ended 2014 at 923 units worth of production (2013: 1,040), equivalent to less than one quarter's worth of anticipated volume at the start of 2015.

During 2010, the Group reviewed its private housing range and designed the "Portfolio" range of traditional homes for modern living, incorporating great space with efficient design and build. Not only have these homes been excellently received by customers, but they are also highly efficient to build. The Group has migrated across to the Portfolio range, where planning allows. During 2014, 38% of the private homes legally completed were from the Portfolio range, up from 23% in 2013. This percentage is expected to grow further in 2015.

The Portfolio range is ideally suited to edge of town and village locations, which are precisely the locations where the Group has invested in 2014, including attractive market towns from Bovey Tracy and Ottery St Mary in Devon and Tetbury and Kemble in Gloucestershire, to Godalming in Surrey, Salisbury and Bursledon in Hampshire and Elsenham and Takeley in Essex.

As a result of moving towards a more traditional housing mix, the proportion of traditional private homes sold has increased to 66% in 2014 from 59% in 2013. Three storey homes reduced to 21% of legal completions (2013: 22%) and apartments have decreased to 13% (2013: 19%).

In 2014, the average sales price of homes legally completed increased by 11% to £216,600 (2013: £195,100). The average sales price of private legal completions, excluding private rental sector ("PRS"), was 18% higher at £250,800 (2013: £212,700), benefiting from the mix effect of higher sales prices on new sites and market pricing improvements of circa 5% ahead of expectations set prior to the start of 2014. The average sales price for PRS homes was £166,900, reflecting their location and the smaller product delivered under these agreements.

Improving activity levels and higher sales prices in the new homes market has led to increasing construction costs, with the main driver being subcontract labour. The Group's average construction cost for legal completions in 2014 was 12% higher than in 2013, compared to an increase in private sales prices of 14%. The Group estimates the market driven element of this build cost increase to be circa 7% with other cost increases arising from the increasing size of the Group's average home, specification improvements and the ongoing impact of switching the mix of homes to the south of England where subcontractor rates are higher.

As well as cost increases, the industry has faced challenges to deliver adequate levels of production during the last eighteen months. This has resulted primarily from shortages in subcontract labour, which has impacted Bovis Homes, given the Group's significant growth. Production delays have also had an adverse effect on the customer experience leading to the Group's internal "recommend a friend" score reducing to 82% in 2014 from 90% in 2013. Actions plans have been put in place to improve performance in this important area.

Growing to an optimal scale to suit the selected geography and product range, which enables ongoing high quality management of risk and reward through short lines of management control

The Group has laid out its ambitious plan to grow annual volume to between 5,000 and 6,000 homes, through an increase in active sales outlets which can be delivered through the acquisition of circa 40 consented sites annually.

In 2014 the Group has taken a major step forward in scale, delivering a 29% increase in legal completions to 3,635 homes (2013: 2,813). Private legal completions, including 286 PRS homes, increased by 26% to 2,931 (2013: 2,330). Legal completions of social homes were 704 (2013: 483), representing 19% of total legal completions (2013: 17%).

Average active sales outlets of 97 were 8% higher than the 90 in 2013. This combination of active sales outlet growth in 2014 supported by PRS reservations enabled the Group to achieve 3,218 private reservations, a 16% increase on the 2,773 achieved in 2013. Net private reservations per site per week was 0.64 and, excluding the PRS reservations, was 0.54 (2013: 0.59). This reduction resulted from a more normal seasonal market during the summer period of 2014 compared to 2013, which benefited from the first year of Help to Buy, as well as a moderating of the overall housing market in the second half of the year.

This level of private reservations enabled the Group to carry forward into 2015 a significantly enhanced private forward order book of 979 private reservations (2014: 692). When combined with increased active sales outlets of 103 at the start of 2015 and the expected site openings in 2015 driven by the 42 consented sites acquired in 2014, the Group is confident that further growth towards its optimal scale can be achieved during 2015. The sites acquired in 2015 to date and the pipeline of further sites either already contracted or at an advanced stage of negotiation should support further growth into 2016.

The Group's new organisational structure which became effective at the start of 2014 has bedded in well and the six operating businesses are functioning effectively. The two developing businesses in Thames Valley and South Midlands, which continue to be run on modest overheads, are progressing towards being fully operational and are expected to deliver their first legal completions during 2016.

Managing the business across the housing cycle to maximise returns, while effectively stewarding shareholders' capital

Driving shareholder value across the housing cycle requires strong land acquisition at the bottom of the cycle and slowing investment before the peak. The Group continues to view the housing market, excluding London, as being at an early stage of its growth phase in this cycle. After a long period of stable pricing and activity between 2009 and H1 2013, significant market house price increases have only occurred in the last year and a half. While there continues to be a shortage of credit to smaller housebuilders, discipline is being demonstrated by those participating in the consented land market. This is evidenced by the recently published view by Knight Frank that greenfield residential land values increased by only 2.3% in 2014, reflecting the interplay between sales prices and build costs and the competitive landscape. The Group continues to believe that this is the right time to be investing assertively in consented land.

Demand for new housing remains strong with UK household formation continuing to be projected above 200,000 per annum and new housing targeted by the Government for delivery above this number while completions fall significantly short of this target. The UK planning system has increased its delivery of planning consents leading to an improving flow of available, cost effective residential consented land. The opportunity exists for well capitalised housebuilders to invest in this land to increase housing supply.

Strategic land is critical to the Group to contribute to the supply of land into the consented land bank through the housing cycle. During 2014 the Group made a strong investment in new strategic land with the addition of circa 4,500 new plots to the strategic land bank. Circa 3,000 plots were converted to the consented land bank, making up 41% of plots added during the year.

As a result, the strategic land bank at 31 December 2014 had increased to 21,350 potential plots (2013: 20,108). These plots are spread across 76 sites. The Group's long-term investment in and promotion of strategic land has resulted in the consented land bank as at 31 December 2014 having been sourced 45% from the strategic land bank (2013: 49%). Within the Group's strategic land bank are 2,900 plots across nine sites where residential planning consent has already been agreed and progress is being made by the Group to finalise planning agreements and acquire these sites. Additionally, a plan for the Group's controlled land for 3,200 plots at Wellingborough, Northamptonshire is being developed. This is expected to lead to site development commencing with the first new homes being completed in 2016.

The Group continues to promote effectively its existing strategic sites, working with local stakeholders to secure planning consent. A good proportion of the Group's existing strategic land is approaching a point where planning consents are expected to be achieved. This strategic land will allow the Group to continue to be highly selective in the consented land market, especially important as and when this market shows signs of increased competition. The Group anticipates that circa 50% of its land bank in the future is likely to be sourced from strategic land. The combined effect of consented land market investment with strategic land conversion is expected to provide the Group with a strong pipeline of sites with profit margins and returns at the point of investment above its existing hurdle rates.

Enabling motivated and engaged employees and business partners to work ethically within a safe and healthy environment

The Group recognises the critical role that its people play in the delivery of the strategic plan. The increased activity in the new build market has made attracting and retaining talent ever more important. With a growing business, employees have increased from 771 at the start of 2014 to 928 at the end 2014, which has been supported by higher levels of investment to support recruitment, training and development.

In the build department where staff turnover is most pronounced, a site manager training programme has been established during 2014, which welcomed its first cohort of trainees primarily from military backgrounds with further programmes to be run in the future. Additionally, the apprentice programme is being expanded in 2015 to increase the intake across the business.

The Board

Jonathan Hill, the Group Finance Director, announced his intention in September 2014 to leave the Group in order to pursue other career options. Jonathan will continue serving with the Group until 6 March 2015. The Board would like to thank Jonathan for his significant contribution to both the Board and to the strong performance of the Group during his period of service. The Board is pleased to confirm that the search process for Jonathan's replacement is close to finalisation. An announcement is expected to be made in the near future.

John Warren will retire from the Board at the 2015 AGM to be held on 15 May 2015 after the allotted nine years as a non-executive director and eight years as Audit Committee Chairman. The Board would like to thank John for his valuable contribution during his time on the Board. The Board is pleased to announce that Ralph Findlay, currently Chief Executive of Marston's PLC, will be appointed as a non-executive director with effect from 7 April 2015 and will chair the Audit Committee from the conclusion of the 2015 AGM.

Market conditions

The first half of 2014 was a period of strong levels of customer demand in the housing market supported by good availability of mortgage finance. Monthly mortgage approvals, according to the Bank of England, averaged 67,500 during the first half of 2014. The summer period returned to a more typical seasonal pattern with lower activity during July and August. At the same time consumer confidence reduced resulting in a weaker autumn trading period. During the second half of 2014, monthly mortgage approvals reduced to an average of 61,700.

The extension of Help to Buy through to 2020, announced in March 2014, provided the industry with increased certainty of support in the medium term. The Group views this development positively, providing further time for the mortgage market to develop under the positive control delivered by the Mortgage Market Review.

House prices have been rising at a positive rate across many regional markets with stronger rises in the south of England, offset by more modest changes in the midlands and north of England. The Group experienced an increase in sales prices during 2014 compared to its expectations set prior to the start of the year of circa 5% due to market pricing improvements.

With the improvements in activity levels and higher sales prices, the cost of building new homes has increased and the supply of additional labour to fully support the higher production levels remained constrained in 2014. The main driver of the increase in costs has been subcontract labour, but material prices have also contributed to the increase. The pressure experienced during 2014 seems to be reducing at the start of 2015.

Customer demand appears robust at the start of 2015. Mortgage rates are at historic low rates and real wages are growing, supporting affordability. The changes to stamp duty announced by the Government in 2014 are also positive for consumers. The forthcoming general election brings a period of uncertainty. History would suggest that sales activity will moderate for a few weeks before the election, followed by a rebound after. The Group is aware of this likely impact and is presently working to maximise the current positive sales activity to grow the order book.

Current trading

The Group entered 2015 with forward sales of 1,752 homes, a 27% improvement on the 1,377 homes brought forward at the start of 2014. Of these, 979 were private homes (2014: 692) and 773 were social (2014: 685).

The Group has delivered 479 private reservations in the first seven weeks of 2015, modestly ahead of the 468 private reservations achieved in the strong market conditions enjoyed in early 2014. Operating from an average of 101 active sales outlets during this period (2014: 93), the Group has achieved a sales rate per site per week of 0.68 (2014: 0.72). Sales prices achieved on these private reservations to date have been ahead of the Group's expectations set prior to the start of 2015 by circa 2%.

As at 20 February 2015, the Group held 2,336 sales for legal completion in 2015, as compared to 1,875 sales at the same point in 2014, an increase of 25%. Of these, private sales amounted to 1,458 homes (2014: 1,160), with social housing sales of 878 homes (2014: 715).

Overall this represents a robust start to 2015.

Outlook

The strong sales position brought forward from 2014 combined with robust trading in the first seven weeks of 2015 has positioned the Group well for 2015. With the expectation of further growth in active sales outlets during 2015 driven by the land acquisitions achieved in 2014, the Group is confident that it can deliver its expected legal completion growth in 2015.

The housing market is demonstrating a strong correlation between sales prices and costs, such that further increases in build costs are expected to be at least covered by increases in sales prices. The Group continues to benefit from an increasing proportion of legal completions from post downturn sites which are in better locations with a stronger product offering and have higher returns. These legal completions are expected to contribute to a stronger profit margin. With firm control of capital employed, capital turn is expected to improve to in excess of 1.0 in 2015. Based on stable market conditions, the Group expects to deliver a further positive step in 2015 towards its ambition of at least 20% return on capital employed in 2016.

The Group anticipates 2015 being another successful year of growth and strong returns.

Financial Review

Revenue

During 2014, the Group generated total revenue of £809.4 million, an increase of 46% on the previous year (2013: £556.0 million). Housing revenue was £783.6 million, 43% ahead of the prior year (2013: £548.7 million) and other income was £4.2 million (2013: £4.3 million). Land sales revenue, associated with three land sales, was £21.6 million in 2014, compared to one land sale achieved in 2013 with a total revenue of £3.0 million.

Profit before interest and tax

The Group delivered a 66% increase in profit before interest and tax for the year ended 31 December 2014 to £137.9 million (2013: £83.1 million) at a net profit margin of 17.0% (2013: 14.9%). Housing net profit margin in 2014 was 17.0% (2013: 15.0%) and reached 17.7% in the second half of 2014.

Housing gross margin increased to 24.5% in 2014 from 23.5% in 2013, in line with the circa 1% improvement expected by the Group. The gross margin benefited from the increased contribution from legal completions on sites acquired post the housing market downturn. During 2014, market sales price gains enabled the Group to cover construction cost increases, supporting a continuing strong profit margin.

Total gross profit was £197.2 million (gross margin: 24.4%), compared with £130.3 million (gross margin: 23.4%) in 2013. The profit on land sales in 2014 was £3.9 million (2013: £0.1 million).

Overheads, including sales and marketing costs, increased by 26% in 2014, as the Group invested early to support the large number of land assets acquired and the increased number of sales outlets. The overheads to housing revenue ratio improved to 7.5% in 2014 from 8.5% in 2013.

Profit before tax and earnings per share

Profit before tax increased by 69% to £133.5 million, comprising operating profit of £137.6 million, net financing charges of £4.4 million and a profit from joint ventures of £0.3 million. This compares to £78.8 million of profit before tax in 2013, which comprised £82.8 million of operating profit, £4.3 million of net financing charges and a profit from joint ventures of £0.3 million. Basic earnings per share for the year improved by 75% to 78.6p compared to 44.9p in 2013.

Financing

Net financing charges during 2014 were £4.4 million (2013: £4.3 million). Net bank charges were £4.5 million (2013: £3.5 million), as a result of higher net debt during 2014 compared to 2013. The Group incurred a £3.0 million finance charge (2013: £3.1 million charge), reflecting the imputed interest on land bought on deferred terms. The Group also benefited from a finance credit of £3.0 million (2013: £2.3 million) arising from the unwinding of the discount on its available for sale financial assets during 2014 and other credits of £0.1 million.

Taxation

The Group has recognised a tax charge of £28.3 million at an effective tax rate of 21.2% (2013: tax charge of £18.7 million at an effective rate of 23.7%). The Group has a current tax liability of £14.0 million in its balance sheet as at 31 December 2014 (2013: current tax liability of £9.2 million).

Dividends

As previously communicated the Board will propose a 2014 final dividend of 23.0p per share. This dividend will be paid on 22 May 2015 to holders of ordinary shares on the register at the close of business on 27 March 2015. The dividend reinvestment plan gives shareholders the opportunity to reinvest their dividends in ordinary shares. Combined with the interim dividend paid of 12.0p, the dividend for the full year totals 35.0p compared to a total of 13.5p paid in 2013, an increase of 159%.

Net assets

	2014 £m	2013 £m
Net assets at 1 January	810.3	758.8
Profit after tax for the year	105.2	60.1
Share capital issued	0.5	1.0
Net actuarial movement on pension scheme through reserves	(5.7)	2.9
Deferred tax on other employee benefits	0.3	-
Adjustment to reserves for share based payments	0.8	0.8
Net movement in shared equity	(3.5)	-
Dividends paid to shareholders	(28.8)	(13.3)
Net assets at 31 December	**879.1**	**810.3**

As at 31 December 2014 net assets of £879.1 million were £68.8 million higher than at the start of the year. Net assets per share as at 31 December 2014 were 655p (2013: 604p).

Inventories increased during the year by £154.5 million to £1,125.5 million. The value of residential land, the key component of inventories, increased by £124.3 million, as the Group invested ahead of usage. At the end of 2014, the remaining provision held against land carried at net realisable value was £12.9 million, after utilisation of £6.7 million during the year. Other movements in inventories were an increase in work in progress of £23.3 million and an increase in part exchange properties of £6.9 million.

Trade and other receivables increased by £18.1 million, primarily due to higher amounts owing from housing associations. Trade and other payables totalled £360.5 million (2013: £242.6 million). Land creditors increased to £198.2 million (2013: £123.8 million) with the Group taking advantage of the opportunity to defer payments to land vendors. Trade and other creditors increased to £162.3 million (2013: £118.8 million), with higher build activity leading to increased amounts owed to subcontractors and material suppliers.

Pensions

Taking into account the latest estimates provided by the Group's actuarial advisors, the Group's pension scheme on an IAS19R basis had a deficit of £0.7 million at 31 December 2014 (2013: surplus of £3.2 million). Scheme assets grew over the year to £103.3 million from £94.7 million and the scheme liabilities increased to £104.0 million from £91.5 million.

Net cash and cashflow

Having started the year with net debt of £18.0 million, the Group generated an increased operating cash inflow before land expenditure of £336 million (2013: £204 million), owing to higher profitability and increased land recovery on record legal completions. Net cash payments for land investment grew to £246 million (2013: £203 million), as a result of the increased land investment offset by higher land creditors. Non-trading cash outflow increased to £67 million (2013: £38 million) with the greater dividend and corporation tax payments. As at 31 December 2014 the Group's net cash balance was £5.2 million with £52.3 million of cash in hand, offset by bank loans of £43.0 million, £4.0 million of loans received from the Government and £0.1 million being the fair value of an interest rate swap.

At 31 December 2014, the Group had in place a committed revolving credit facility of £175 million, of which £50 million expires in December 2015 and £125 million in March 2017. Additionally, the Group had a fully drawn three year term loan of £25 million, repayable in January 2016.

Bovis Homes Group PLC
Group income statement

For the year ended 31 December	2014 £000	2013 £000
Revenue	809,365	556,000
Cost of sales	(612,129)	(425,693)
Gross profit	197,236	130,307
Administrative expenses	(59,672)	(47,476)
Operating profit before financing costs	137,564	82,831
Financial income	3,360	2,815
Financial expenses	(7,727)	(7,134)
Net financing costs	(4,367)	(4,319)
Share of profit of joint venture	287	283
Profit before tax	133,484	78,795
Income tax expense	(28,276)	(18,727)
Profit for the period attributable to equity holders of the parent	**105,208**	**60,068**

Earnings per share		
Basic	78.6p	44.9p
Diluted	78.2p	44.8p

Group statement of comprehensive income

For the year ended 31 December	2014 £000	2013 £000
Profit for the period	105,208	60,068
Other comprehensive income		
Items that will be reclassified to profit and loss:		
Shared equity movement	(2,887)	-
Deferred tax on shared equity movement	(621)	-
Items that will not be reclassified to profit and loss:		
Actuarial (losses) / gains on defined benefit pension scheme	(7,166)	3,693
Deferred tax on actuarial movements on defined benefit pension scheme	1,481	(748)
Total comprehensive income for the period attributable to equity holders of the parent	**96,015**	**63,013**

Bovis Homes Group PLC
Group balance sheet

At 31 December	2014 £000	2013 £000
Assets		
Property, plant and equipment	13,634	13,526
Investments	8,107	5,089
Restricted cash	1,426	1,823
Deferred tax assets	2,645	1,451
Trade and other receivables	2,534	1,560
Available for sale financial assets	39,433	44,844
Retirement benefit asset	-	3,237
Total non-current assets	**67,779**	**71,530**
Inventories	1,125,518	971,016
Trade and other receivables	58,862	41,713
Cash and cash equivalents	52,257	12,025
Total current assets	**1,236,637**	**1,024,754**
Total assets	**1,304,416**	**1,096,284**
Equity		
Issued capital	67,114	67,048
Share premium	213,850	213,428
Retained earnings	598,154	529,786
Total equity attributable to equity holders of the parent	**879,118**	**810,262**
Liabilities		
Bank and other loans	47,010	30,064
Trade and other payables	99,092	29,631
Retirement benefit obligations	668	-
Provisions	1,840	2,052
Total non-current liabilities	**148,610**	**61,747**
Trade and other payables	261,436	212,926
Other financial liabilities	-	784
Provisions	1,236	1,411
Current tax liabilities	14,016	9,154
Total current liabilities	**276,688**	**224,275**
Total liabilities	**425,298**	**286,022**
Total equity and liabilities	**1,304,416**	**1,096,284**

These financial statements were approved by the Board of directors on 20 February 2015.

Bovis Homes Group PLC
Group statement of changes in equity

For the year ended 31 December	Total retained earnings £000	Issued capital £000	Share premium £000	Total £000
Balance at 1 January 2013	**479,391**	66,908	212,550	**758,849**
Total comprehensive income and expense	63,013	-	-	**63,013**
Issue of share capital	-	140	878	**1,018**
Deferred tax on other employee benefits	(23)	-	-	**(23)**
Share based payments	766	-	-	**766**
Dividends paid to shareholders	(13,361)	-	-	**(13,361)**
Balance at 31 December 2013	**529,786**	**67,048**	**213,428**	**810,262**
Balance at 1 January 2014	**529,786**	67,048	213,428	**810,262**
Total comprehensive income and expense	96,015	-	-	**96,015**
Issue of share capital	-	66	422	**488**
Deferred tax on other employee benefits	304	-	-	**304**
Share based payments	838	-	-	**838**
Dividends paid to shareholders	(28,789)	-	-	**(28,789)**
Balance at 31 December 2014	**598,154**	**67,114**	**213,850**	**879,118**

Bovis Homes Group PLC

Group statement of cash flows

For the year ended 31 December	2014 £000	2013 £000
Cash flows from operating activities		
Profit for the year	105,208	60,068
Depreciation	1,853	1,180
Revaluation of available for sale financial assets	(1,288)	(47)
Financial income	(3,360)	(2,815)
Financial expense	7,727	7,134
Profit on sale of property, plant and equipment	(115)	(24)
Equity-settled share-based payment expense	838	766
Income tax expense	28,276	18,727
Share of result of joint venture	(287)	(283)
(Increase) / decrease in trade and other receivables	(13,956)	28,737
Increase in inventories	(154,501)	(107,419)
Increase / (decrease) in trade and other payables	116,475	(4,911)
Decrease in provisions and retirement benefit obligations	(3,795)	(2,845)
Cash generated from operations	**83,075**	**(1,732)**
Interest paid	(3,746)	(5,781)
Income taxes paid	(23,708)	(14,634)
Net cash from operating activities	**55,621**	**(22,147)**
Cash flows from investing activities		
Interest received	107	269
Acquisition of property, plant and equipment	(2,084)	(2,802)
Proceeds from sale of plant and equipment	238	30
Movement in loans with Joint Venture	(2,751)	360
Purchase of investment in Joint Ventures	(373)	-
Dividends received from Joint Venture	283	267
Reduction / (investment) in restricted cash	397	(671)
Net cash from investing activities	**(4,183)**	**(2,547)**
Cash flows from financing activities		
Dividends paid	(28,789)	(13,361)
Proceeds from the issue of share capital	488	1,018
Increase in borrowings	17,095	24,666
Net cash from financing activities	**(11,206)**	**12,323**
Net increase / (decrease) in cash and cash equivalents	**40,232**	**(12,371)**
Cash and cash equivalents at 1 January	12,025	24,396
Cash and cash equivalents at 31 December	**52,257**	**12,025**

Notes to the financial statements

1 Basis of preparation

Bovis Homes Group PLC ('the Company') is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in associates and joint ventures.

The consolidated financial statements were authorised for issue by the directors on 20 February 2015. The financial statements were audited by KPMG LLP.

The financial information set out above does not constitute the company's statutory financial statements for the years ended 31 December 2014 or 2013 but is derived from those financial statements. Statutory financial statements for 2013 have been delivered to the registrar of companies, and those for 2014 will be delivered in due course. The auditors have reported on those financial statements; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, and the accounting policies have been applied consistently for all periods presented in the consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

Joint ventures are those entities in which the Group has joint control over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounted basis, from the date that joint control commenced until joint control ceases.

3 Accounting policies

There have been no changes to the Group's accounting policies. These accounting policies will be disclosed in full within the Group's forthcoming financial statements.

4 Reconciliation of net cash flow to net cash / (debt)

	2014 £000	2013 £000
Net increase / (decrease) in net cash and cash equivalents	40,232	(12,371)
Increase in borrowings	(17,095)	(24,546)
Fair value adjustments to interest rate swaps	149	209
Fair value adjustment to interest free loans	-	(121)
Net (debt) / cash at start of period	(18,039)	18,790
Net cash / (debt) at end of period	**5,247**	**(18,039)**
Analysis of net cash / (debt):		
Cash and cash equivalents	52,257	12,025
Unsecured loans	(46,951)	(29,856)
Fair value of interest rate swaps	(59)	(208)
Net cash / (debt)	**5,247**	**(18,039)**

5 Income taxes

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, calculated using a corporation tax rate of 21.5% applied to the pre-tax income or loss, adjusted to take account of deferred taxation movements and any adjustments to tax payable for previous years. Current tax receivable for current and prior years is classified as a current asset.

6 Dividends

The following dividends were declared by the Group:

	2014 £000	2013 £000
Prior year final dividend per share of 9.5p (2013: 6.0p)	12,715	8,010
Current year interim dividend per share of 12.0p (2013: 4.0p)	16,074	5,351
Dividends declared	28,789	13,361

The Board has decided to propose a final dividend of 23.0p per share in respect of 2014.

Notes to the financial statements (cont)

7 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of £105,208,000 (2013: £60,068,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2014 of 133,902,247 (2013: 133,643,311), calculated as follows:

Profit attributable to ordinary shareholders

	2014 £000	2013 £000
Profit for the period attributable to ordinary shareholders	105,208	60,068

Weighted average number of ordinary shares

	2014	2013
Issued ordinary shares at 1 January	133,643,311	133,294,726
Effect of own shares held	(241,111)	(288,388)
Effect of shares issued in year	500,047	636,973
Weighted average number of ordinary shares at 31 December	**133,902,247**	**133,643,311**

Diluted earnings per share

The calculation of diluted earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders of £105,208,000 (2013: £60,068,000) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2014 of 134,573,167 (2013: 133,933,279).

The average number of shares is increased by reference to the average number of potential ordinary shares held under option during the period. This reflects the number of ordinary shares which would be purchased using the aggregate difference in value between the market value of shares and the share option exercise price. The market value of shares has been calculated using the average ordinary share price during the period. Only share options which have met their cumulative performance criteria have been included in the dilution calculation.

Weighted average number of ordinary shares (diluted)

	2014	2013
Weighted average number of ordinary shares at 31 December	133,902,247	133,643,311
Effect of share options in issue which have a dilutive effect	670,920	289,968
Weighted average number of ordinary shares (diluted) at 31 December	**134,573,167**	**133,933,279**

8 Circulation to shareholders

The consolidated financial statements will be sent to shareholders on or about 23 March 2015. Further copies will be available on request from the Company Secretary, Bovis Homes Group PLC, The Manor House, North Ash Road, New Ash Green, Longfield, Kent, DA3 8HQ.

Further information on Bovis Homes Group PLC can be found on the Group's corporate website www.bovishomesgroup.co.uk, including the slide presentation document which will be presented at the Group's results meeting on 23 February 2015.