

26 April 2023

## Q1 Trading Statement

Persimmon Plc is today providing an update on trading for the period from 1 January 2023 to 31 March 2023, ahead of its Annual General Meeting (“AGM”) which is being held at 12.00 noon today in York.

Dean Finch, Group Chief Executive, commented:

“Our performance in the first quarter was as we expected, and reflects the challenging trading conditions in Q4 2022 and consequent lower forward order book as we entered the year. Trading over recent weeks has offered some signs of encouragement with visitor numbers up, cancellation levels normalising and sales rates continuing the steady improvement evident since the start of the year. If sales rates continue at the levels seen year to date, we would expect full year 2023 volumes to be toward the top end of the previously indicated range of 8,000 to 9,000 completions. Sales prices remained firm in the period as customers recognised the quality, improved value and energy efficiency of our homes, with a good response to our marketing campaigns driving strong customer interest.

“We are delighted to have been awarded five star status for customer satisfaction by the Home Builders Federation for a second year running, reflecting the hard work that has gone into putting our customers right at the heart of our business.

“Looking beyond 2023, Persimmon has a strong platform from which to grow outlets and volumes as the market recovers. We have an excellent pipeline of new land opportunities to support growth in 2024, subject to planning, and we are encouraged by the early signs of improved customer confidence. The longer-term demand fundamentals for new homes remain robust and Persimmon has made significant progress over the past two years in building a stronger, more sustainable business for the future.”

### Q1 Highlights

	Q1 2023	Q1 2022	% change
<b>New home completions</b>	<b>1,136</b>	1,950	-42%
<b>Average open sales outlets</b>	<b>266</b>	245	+9%
<b>Cash at 31 March</b>	<b>£353m</b>	£433m	-18%
<b>Net private sales per outlet<sup>1</sup></b>	<b>0.62</b>	0.98	-37%
<b>Current forward sales position<sup>2</sup></b>	<b>£1.7bn</b>	£2.4bn	-30%
<b>Of which private forward sales<sup>2</sup></b>	<b>£1.0bn</b>	£1.8bn	-47%
<b>Land holdings (plots owned and under control)</b>	<b>c.86,400</b>	c.92,100	-6%

<sup>1</sup>Net private sales per outlet of 0.58 excluding bulk sales (Q1 2022: 0.98)

<sup>2</sup>Excluding completions year to date and as at 26 April 2023 for 2023 figure, as at 27 April 2022 for 2022 figure.

### Trading

The Group traded in line with expectations during the first quarter. As previously announced, the forward sales position at 1 January 2023 was £1.0bn, down 36% year-on-year as the challenging trading environment in the second half of 2022 resulted in lower sales rates and elevated cancellation rates, particularly in Q4. This reduced forward sales position led to a 42% reduction in Group completions in the first quarter to 1,136 homes (Q1 2022: 1,950 homes). This included 902 private homes (Q1 2022: 1,631 homes) and 234 homes for our housing association partners (Q1 2022: 319 homes).

Since the start of the financial year, we have seen a steady improvement in sales rates, achieving net private sales per outlet of 0.62 in the first quarter, compared with 0.30 in Q4 2022 and 0.98 in Q1 2022. Customer interest remains good, with our marketing campaigns continuing to generate healthy traffic to site and online. Sales rates and cancellation rates have been stable over the past few weeks although it is too early to tell whether they will follow normal seasonal patterns during the remainder of the year.

Overall pricing remained firm in the first quarter, with the Group's private average selling price on completions up 10% on Q1 2022 and up 4% on Q4 2022. Incentives on new home reservations continue to run at around 3% on average, with good interest generated by our part exchange and 10 months mortgage free campaigns. Overall, build cost inflation continues to track at around 8-9%, with limited signs of easing in the short-term.

We responded quickly to the deterioration in market conditions in the second half of 2022, by controlling our costs and managing our build programmes to conserve cash. Build rates in the first quarter were 30% lower year-on-year at 176 equivalent units per week (Q1 2022: 252 equivalent units per week).

As a result of the improved sales rates in the first quarter, our forward sales position has increased to £1.7bn since the start of the year (31 December 2022: £1.0bn), of which £1.0bn relates to private forward sales (31 December 2022: £0.5bn) with a private average selling price of c.£276,200, (31 December 2022: c.£282,100).

Our vertical integration, through our Space4 timber frame facility, and our Brickworks and Tileworks manufacturing facilities, remains a key part of our strategy and a differentiator for the Group. In April, we committed to invest £25m into TopHat, an innovative modular home manufacturer. This investment provides Persimmon with guaranteed access to TopHat's highly energy-efficient volumetric modular units as well as an innovative brick façade to use with our Space4 timber frame products. The new partnership will provide further build efficiencies, help manage the growing challenge of labour shortages in key trades and expand our product range for customers.

### **Customer satisfaction**

We are delighted to have been awarded five-star homebuilder status by the Home Builders Federation for the second year running, reflecting the hard work that has gone into putting customers right at the heart of our business as we deliver high quality homes to them at a price they can afford.

### **Legacy building safety**

During the first quarter, we signed both the UK Government's Self Remediation Contract (in England) and also the Welsh Government's Developers' Pact, which turn the respective Building Safety Pledges into binding commitments. The industry is discussing with the Scottish Government the terms of a Scottish Safer Buildings Accord. While these discussions are on-going, we remain committed to completing any necessary works on buildings we developed. Work to remediate the buildings for which Persimmon is responsible, is proceeding to schedule.

### **Land, WIP and cash**

Land spend in the first quarter was £173m (Q1 2022: £278m) of which £131m was the settlement of land creditors. Our owned and under control land holdings stood at c.86,400 plots at 31 March 2023 (31 March 2022: c.92,100 plots) and the embedded margin of the land portfolio remains industry-leading. We have a strong platform to prepare for a new growth phase when market conditions permit. Although 2023 will be a difficult year, Persimmon has the opportunity to expand our outlet network at the right time through disciplined and targeted investment. We remain focused on progressing these opportunities through the planning system and converting them into active sites.

The Group acted quickly to enhance its already strong investment discipline and working capital cost controls towards the end of 2022, to protect our cash position and provide the flexibility to pursue new growth opportunities in the longer-term. We ended the first quarter with cash of £353m (31 March 2022: £433m) and we will continue to pursue a highly disciplined approach to WIP management, and cost control with the Group operating from an already lean fixed cost base.

### **Outlook**

While the outlook remains uncertain, we are encouraged by the level of visitors to our sites and the normalisation of cancellation rates, which resulted in a steady improvement in sales rates across the period which has continued in early April. These early signs of increasing customer confidence are particularly evident in demand for our three, four and five bed homes. While interest remains good for all our homes, sales to first time buyers remain more challenging, reflecting stretched affordability and reduced mortgage availability at higher loan-to values, particularly in regions with higher house prices.

We anticipate average open sales outlets will remain broadly flat during 2023 at 250-260 outlets. If sales rates continue around the level seen year to date, we would expect full year 2023 volumes to be

toward the top end of the previously indicated range of 8,000 to 9,000 completions. With sales rates being atypical over the recent months, it remains unclear how trading will develop for the remainder of 2023. As outlined at our 2022 full year results, lower completions and build cost inflation outstripping the more modest increase in ASP are, as expected, having a significant impact on the Group's profit margins this year.

Longer-term, we see excellent opportunities for the business and we have a good pipeline of new sites expected to come through for 2024 to generate growth in our outlet position, subject to planning. With this growth in outlets, and signs that the improvement in consumer confidence is being sustained, we anticipate a return to volume growth and expansion of margins in 2024.

The Group entered this period of uncertainty with a strong balance sheet, including a robust cash position and industry-leading embedded margins in our land holdings. The longer-term demand outlook for new homes remains favourable and we will continue to position the business for success in the future, maintaining our focus on quality and customer service and converting our land holdings into active developments as we look to grow our outlet position over the medium-term.

On 28 February 2023, the Competition and Markets Authority (CMA) launched a market study into housebuilding in England, Scotland and Wales. We have been responding constructively in these early stages of the study.

**Persimmon will host a conference call with analysts at 08.30am today.**

All participants must pre-register to join this conference using the Participant Registration link. Once registered, an email will be sent with important details for this conference, as well as a unique Registrant ID.

Participant registration page:

<https://register.vevent.com/register/BI903699b16eba49bbacea663e8eb74c33>

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## Appendices:

1. Quarterly performance	Q1 2023	Q1 2022	Variance
Completions (homes)	1,136	1,950	-42%
Private (homes)	902	1,631	-45%
Housing Association (homes)	234	319	-27%
Net private sales rate <sup>1</sup>	0.62	0.98	-37%
FTB % (private completions)	38%	33%	+500bps
Average sales outlets	266	245	+9%

<sup>1</sup>Net private sales per outlet of 0.58 excluding bulk sales (Q1 2022: 0.98)

2. Forward sales	26 April 2023		27 April 2022		Variance	
	Value	Homes	Value	Homes	Value	Homes
Private	£1.0bn	3,496	£1.8bn	6,738	-47%	-48%
Housing Association	£0.7bn	4,715	£0.6bn	4,369	+29%	+8%
<b>Total</b>	<b>£1.7bn</b>	<b>8,211</b>	<b>£2.4bn</b>	<b>11,107</b>	<b>-30%</b>	<b>-26%</b>

### Cautionary statements

Some of the information in this document may contain projections or other forward-looking statements regarding future events or the future financial performance of Persimmon Plc and its subsidiaries (the Group). You can identify forward-looking statements by the terms such as “expect”, “believe”, “anticipate”, “estimate”, “intend”, “will”, “could”, “may” or “might”, the negative of such terms or similar expressions. Persimmon Plc (the Company) wishes to caution you that these statements are only predictions and that actual events or results may differ materially and as such undue reliance should not be placed on these statements. The Company does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Group, including among others, general economic conditions, the competitive environment as well as many other risks specifically related to the Group and its operations. Past performance of the Group cannot be relied on as a guide to future performance.

Please see the most recent Annual Report and Accounts of Persimmon plc and other disclosures through the Regulatory News Service (“RNS”) for further details of risks, uncertainties and other factors relevant to the business and its securities.

The information in this trading statement is unaudited.