

## **INTERIM MANAGEMENT STATEMENT**

**WEDNESDAY 6 NOVEMBER 2013**

Persimmon plc today releases its third quarter Interim Management Statement which covers the period from 1 July 2013 to 5 November 2013.

The improvement in sales activity reported at the time of our half year results on 20 August 2013 has continued. Visitor levels to our sites have been c.20% ahead of the prior year and cancellation rates continue to run at historically low levels at c.16% (2012 : c.20%).

Whilst recognising the slower market conditions experienced through the summer of 2012 due to the impact of the Queen's Jubilee celebrations and the London Olympic Games, our weekly private sales rate has been c.45% ahead of the prior year since 1 July 2013. The introduction of the Government sponsored Help to Buy equity loan scheme in April 2013, which is only available to buyers of newly built homes, has proved particularly attractive. We have now sold over 3,000 homes under this scheme.

We are fully sold up for the current year and have £650 million forward sales reserved beyond 2013, a 41% increase on the comparable prior year position (2012 : £462 million).

The Government accelerated the launch of the second part of the Help to Buy measures introducing Government guaranteed mortgages on 8 October 2013 across the whole of the UK housing market. However, with only a limited number of lenders involved in this second phase so far the impact to date has been muted due to the higher level of interest rates being charged. We anticipate sales supported by these guaranteed mortgages will increase as interest rates begin to reduce with more lenders entering the market over coming weeks and months.

We believe mortgages associated with the Help to Buy equity loan scheme will remain the preferred choice for the majority of customers of the housebuilding industry given that interest rates for this product are significantly more competitive than those available with the Government guarantee.

We have now successfully opened 65 of the 85 new sites identified for the second half of the year to refresh and maintain our national network of 385 sites. These new sites have delivered encouraging reservation rates and will support further margin expansion in the future as we convert reservations into legal completions. We anticipate the number of sites in our network will increase towards 400 outlets by the end of the year.

Selling prices in all our regional markets remain firm. Our focus on offering house types which reflect local customer preferences ensures healthy sales rates are maintained to achieve the best return on capital employed from every site.

Operating profits delivered by the Group continue to improve with tight control exercised over build costs and overheads. In the first half of the year underlying operating margins increased by 300 bps over the prior year to 15.1%, achieving our medium term target eighteen months ahead of plan. We are confident of achieving further progress in the second half of the year.

A key part of our strategy is to continue to build a robust platform for the further growth of the Group through high quality land investment. Since 1 July 2013, we have acquired c. 6,000 new plots of land, c. 1,300 of which have been converted from our strategic land bank. The successful conversion of our strategic land assets into our active site network remains key to the delivery of our higher level of gross margin and free cash generation. We look forward to the results of the Government's current consultation on the localised housing standards associated with obtaining

planning consents. A simplification of the red tape relating to these requirements will undoubtedly enable the industry to deliver an increase in new homes more quickly.

In response to the improvement in sales we have increased our build rates across the country. Our robust build programmes and processes are enabling the Group to react swiftly to the increase in sales activity. Output of new home timber frames from our Space4 factory in 2013 is anticipated to increase by c.25% over the prior year. The improvement in build efficiency captured by this modern method of construction is helping us to respond to the improved sales rates we are experiencing whilst also providing further benefits of cost control on site. We have also been encouraged by the support provided by our suppliers and sub-contractors to our increased build requirements and look forward to the further development of these long term relationships as they grow in partnership with Persimmon.

Despite the ongoing significant investment in work in progress and land we anticipate an increased level of cash holding by the year end (30 June 2013 : £48.1 million).

We will give a further update on progress and trading following the year end on Wednesday 8 January 2014.

Jeff Fairburn and Mike Killoran will host a conference call with analysts at 9.00 a.m. today. To participate please dial +44 (0) 20 3003 2666, quoting the conference code "Persimmon".

An audiocast of the call will be available on [www.corporate.persimmonhomes.com](http://www.corporate.persimmonhomes.com) from this afternoon.

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