

**Trading Update**

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Persimmon PLC  
10 January 2011**Persimmon plc****TRADING UPDATE - 10 JANUARY 2011**

Persimmon plc announces the following update ahead of its Preliminary Results for the year ended 31 December 2010, which will be released on Tuesday 1 March 2011.

For the year just ended we have achieved a significant increase in underlying profit before tax, which will be at the top end of analysts' expectations.<sup>(1)</sup>

During 2010 we have legally completed 9,384 (2009: 8,976) homes at an average selling price of c. £167,000 generating a turnover of c. £1.57 billion. This represents an increase on the 2009 performance of 4.5% on legal completions, a c. 6% improvement in average selling price of our homes, partly due to mix changes, and a c. 10% increase in turnover.

We have also achieved a further significant reduction in net borrowings to c. £51 million (31 December 2009: £267.5 million) during this period. This reduction in net borrowings is well ahead of original expectations and is a result of our continued strategy to generate cash whilst maximising margins. As previously indicated underlying operating margin for the year will be c. 8%.

In keeping with our current strategy we have continued to acquire new land through the remainder of the second half of the year on a selective basis and have acquired over 5,000 plots in the second half. We have c. 59,000 plots owned and under control in our landbank at 31 December 2010, which represents c. 6.3 years supply.

In our Interim Management Statement on 15 November 2010 we commented that we had not experienced the usual level of upturn in sales in the autumn period. Since that announcement most parts of the country have been affected by severe weather conditions for several weeks. Whilst, unsurprisingly, this has reduced the level of sales activity at our developments during the period, pricing has remained stable and the margins on our forward sales of c. £565 million have been maintained at the levels achieved over recent months.

We expect to open c. 70 new developments over the course of the next six months which will ensure our operating developments are maintained at current levels of c. 380 outlets. It is too early in the New Year to assess the likely outcome of the forthcoming Spring sales season. However, we believe that prospective purchasers who may have postponed visits to our developments due to the harsh weather conditions prior to the year end will return during the coming weeks.

We will give an update on our assessment of the housing market over the first weeks of 2011 when we announce our Results for the year ended 31 December 2010 on Tuesday 1 March 2011.

Finally, as confirmed in a separate announcement this morning, after 32 years with Persimmon John White has informed the Board of his decision to step down as Chairman of the company at the Annual General Meeting on 21 April 2011. He will be replaced by Nicholas Wrigley, who has been a Non-

Executive Director since 2006 and is an Executive Vice Chairman of Rothschild, London.

**Please Note**

There will be a call for analysts at 9am GMT today. Please use the dial-in details below:

Telephone number: + 44 20 3059 5845  
Conference code: Persimmon

**For further information, please contact:**

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<sup>(1)</sup> Note Analysts expectations for underlying profit before tax for the year ended 31 December 2010 range from £75m to £96m with a consensus of £85m. Underlying profit before tax is stated before goodwill charges and exceptional items

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