

THIRD QUARTER TRADING STATEMENT

WEDNESDAY 2 NOVEMBER 2016

Persimmon plc today releases its third quarter Trading Statement which covers the period from 1 July 2016 to 1 November 2016.

Trading over the summer weeks immediately following the EU Referendum was encouraging, with the number of customers visiting our sites remaining well ahead of last year. Thereafter, with the start of the autumn selling season, customer activity strengthened in line with the traditional seasonality of the market. Our private sales rate in the period since we reported our half year results on 23 August 2016 has been 19% ahead of last year, representing a continuation of the stronger sales rate experienced through the summer weeks. We are now fully sold up for the current year and have c. £757 million of forward sales reserved beyond 2016, an increase of 4% on the same point last year (2015: £726 million).

The market has continued to benefit from resilient consumer confidence and strong lender support. The reduction in the bank base rate in August has resulted in more attractive mortgage products further supporting affordability. Mortgage interest rates remain compelling, especially for first time buyers utilising the Help to Buy shared equity scheme. Pricing remains firm across our regional markets.

Our strategy emphasises disciplined investment in high quality new land at the appropriate point in the market cycle to sustain superior shareholder value over the long term. Consistency of Government planning policies under the National Planning Policy Framework is enabling the industry to assess the long term risk profile when making the substantial investment in the short term which is necessary to increase the number of new homes built in the future. However, we recognise that the uncertainty surrounding the potential impact of the EU Referendum result on the UK economy may continue for some time. Therefore, we remain cautious with respect to new land investment but have continued to progress attractive opportunities on a selective basis. We acquired 7,580 new plots of land, and spent £116 million, including payment of deferred land creditors, during the period.

To complement land acquired in the open market we expect continued success in converting our strategic land into land with residential consent. We have delivered c. 55% of the replacement land we have acquired so far this year from our strategic land portfolio. Achieving implementable detailed residential planning consent remains a priority and we welcome the Government's initiatives under the Neighbourhood Planning Bill. The Group opened 108 new housing developments in the first half of the year and has launched a further 102 new sites in the second half to date. We expect to open c. 45 new sites in the remaining weeks of 2016.

We continue to focus on increasing build rates to support customer demand in our local markets. The availability of new sites and the appropriate level of skilled trade resources remain key challenges. The improved coverage of our Group house types together with the increase in output planned from our Space4 MMC* facility, will continue to help address this latter challenge, while also supporting increased productivity and efficiency. Our success in increasing the number of new homes we build will also support higher returns on the capital we employ in the business.

Strong discipline over procurement and tight control of all development costs provide critical support to the trading performance of the business. We are pleased, therefore, to announce a further investment in the Group's manufacturing capability with the construction of our new "Brickworks" factory. This new facility will provide a substantial proportion of the Group's

requirement for bricks. The factory, located near Doncaster, will be commissioned in the first quarter of 2017. This exciting new extension of Persimmon's manufacturing capabilities will enhance the support provided to the Group's house building operations into the future.

Management remains focussed on disciplined high quality growth, with the Group's future profitability being supported by the lower land cost recoveries on legal completions taken from newly opened sites. We expect the Group's operating margin to improve in the second half of the year from the 23.8%** achieved in the first six months.

Looking ahead, to support future growth we plan to open a new regional operating business near Nottingham on 2 January 2017, bringing the total number of new businesses opened in the last two years to five.

Strong cash generation through the housing market cycle is also central to our long term strategy. The Group is likely to hold increased cash balances at the year end (31 December 2015: £570.4 million). The consistent application of our strategic principles leaves the Group in a very strong position to take advantage of market opportunities as they arise.

We will give a further update on progress and trading following the year end on Thursday 5 January 2017.

Jeff Fairburn and Mike Killoran will host a conference call with analysts at 9.00 a.m. today. To participate please dial +44 (0)203 043 2002. The password is "Persimmon".

In addition, senior management are hosting a Capital Markets Day briefing for analysts and portfolio managers on Thursday 3 November 2016, based at the Group's Space4 facility at Castle Bromwich.

* MMC – modern method of construction

** stated before goodwill impairment (H1 2016: £4.0m, H1 2015: £3.8m)

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