

TRADING UPDATE

THURSDAY 5 JULY 2018

Persimmon plc (“the Group”) announces the following update ahead of its Half Year Results to 30 June 2018, which will be released on Tuesday 21 August 2018. This statement covers the period from 1 January 2018 to 30 June 2018.

Total revenues for the first six months of 2018 were £1.84bn, 5% higher than last year (2017: £1.75bn)¹. Housing revenues for the first six months of £1.74bn were 5% higher than the prior year (2017: £1.66bn) with new housing legal completion volumes increasing by 278 homes, or 3.6%, to 8,072 homes (2017: 7,794). The Group’s new housing average selling price increased by 1.2% to c. £215,800 (2017: £213,262).

Persimmon is focussed on increasing its output of family housing at affordable prices in locations where people want to live and work. This has continued to support healthy trading with total enquiry levels running c. 6% ahead of the prior year. Our weekly private sales rate per site for the first half has continued to be strong at c. 0.78 from an average of c. 375 active sales outlets which was in line with last year. Consumer confidence remains resilient in our markets and attractive mortgage products provide compelling support to purchasers of new homes.

The value of the Group’s total forward sales of new housing at 30 June 2018 of £1.68bn was 5% higher than last year (2017: £1.60bn) in addition to the increase of 5% in housing revenues legally completed in the first half. The Group has a strong platform to achieve further growth in the second half. The average selling price of the c.4,900 new homes sold forward into the private sales market was c. £236,700, c. 2% ahead of the prior year. The Group’s new homes sold forward to its housing association partners at 30 June had an average selling price of c. £117,600.

The Group’s sales activity in the second half will be supported by the current sales network of c. 370 outlets together with the planned opening of a further c.100 new sales outlets during the period.

We expect continued improvement in the Group’s underlying housing operating margin in the first half of 2018 building on the performance of the Group in the second half of last year (2017 H2: 28.8%). Despite inflationary cost pressures, disciplined cost control and continued efficiency savings have supported this margin progression.

During the first half of the year, the Group has brought 45 new land parcels for the delivery of c. 11,000 new homes into the business in a land market that has continued to provide good quality opportunities. Our total land spend in the period was c. £343m (2017: £369m). We have successfully converted c. 3,000 plots from the Group’s strategic land portfolio, which represents c. 37% of the Group’s first half land consumption.

Our long-term commitment to return surplus capital to shareholders is central to the Group’s strategy. On 27 February 2018 the Board announced enhanced payments under the Group’s Capital Return Plan (“the Plan”) of 235p per share over the next three years. For 2018 an additional payment of 125p per share or £389m was paid to shareholders on 29 March with a further 110p per share or £344m paid on 2 July. This increased commitment raised the total value of the Plan to c. £4.07bn, or £13.00 per share, to be returned to shareholders by the end of 2021. This represents an increase of c. 110% over the original value of the Plan at launch in 2012.

At 30 June the Group held £1,154m of cash (2017: £1,120m) prior to payment of the scheduled Capital Return of £344m on 2 July 2018.

The successful execution of Persimmon’s strategy launched in 2012 has delivered the Group’s strong financial position together with a high quality asset platform designed to place the business in a robust position as we continue to make progress into the future. The Group will continue to focus on building the new homes needed by communities right across the UK. We remain confident in the Group’s future prospects.

Please Note

There will be a call for analysts at 0900 BST today. Please use the dial-in details below:

Telephone number: +44 (0)333 300 0804

PIN: 79720722#

Password: Persimmon

An audiocast of the call will be available on www.persimmonhomes.com/corporate from this afternoon.

For further information please contact:

Persimmon plc

Citigate Dewe Rogerson

Jeff Fairburn, Group Chief Executive
Mike Killoran, Group Finance Director

Simon Rigby
Kevin Smith

Tel: +44 (0) 20 7638 9571 on the day

Tel: +44 (0) 1904 642 199 thereafter

Tel: +44 (0) 20 7638 9571

Footnote 1

IFRS 15 Revenue from Contracts with Customers became effective from 1 January 2018. In line with the explanation provided at Note 1 to the 2017 Financial Statements, the Group recognises revenue at the fair value of the consideration received or receivable on the legal completion of a newly built residential property sale. On applying IFRS 15 revenues will now include the fair value of consideration received or receivable on the sale of part exchange properties. Prior to the introduction of IFRS 15 revenues associated with the sale of part exchange properties were included as a reduction in cost of sales, as the purchase and sale of part exchange properties is regarded as a mechanism in support of selling newly built homes to existing home owners. Applying IFRS 15 results in an increase to both revenues and cost of sales. There is no change to the reported profit from operations but there is a reduction in the reported operating margin. Additionally, there is no impact on the Group's cash flows. The impact for the first half of 2018, together with comparatives for the 2017 financial year is as follows –

	First Half 2018	First Half 2017	Full Year 2017
Housing revenues (as previously reported for 2017)	£1,742.0m	£1,662.2m	£3,422.3m
Part exchange revenues	£93.8m	£91.3m	£175.5m
Total revenues – post IFRS 15	£1,835.8m	£1,753.5m	£3,597.8m
Housing gross profit (as previously reported for 2017)	TBC*	£507.3m	£1,071.7m
Total gross profit – post IFRS 15	TBC*	£507.3m	£1,071.7m
Housing gross margin (as previously reported for 2017)	TBC*	30.5%	31.3%
Total gross margin – post IFRS 15	TBC*	28.9%	29.8%
Housing operating profit (as previously reported for 2017)	TBC*	£454.0m	£955.1m
Total operating profit – post IFRS 15	TBC*	£454.0m	£955.1m
Housing operating margin (as previously reported for 2017)	TBC*	27.3%	27.9%
Total operating margin – post IFRS 15	TBC*	25.9%	26.5%
Housing underlying operating profit (as previously reported for 2017)	TBC*	£459.4m	£966.1m
Total underlying operating profit – post IFRS 15	TBC*	£459.4m	£966.1m
Housing underlying operating margin (as previously reported for 2017)	TBC*	27.6%	28.2%
Total underlying operating margin – post IFRS 15	TBC*	26.2%	26.9%

* The profit and margin numbers for the current half year will be reported on release of the Half Year results to 30 June 2018 on Tuesday 21 August 2018.