PERSIMMON PLC

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

Persimmon plc today announces half year results for the six months ended 30 June 2018.

Highlights

- Profit before tax increased 13% to £516.3m (2017: £457.4m)
- New home sales increased 4% to 8,072 (2017: 7,794) - an additional 278 new homes delivered
- New home average selling price of £215,813 up 1% (2017: £213,262)
- Total Group revenue up 5% to £1.84bn (2017: £1.75bn)
- Underlying new housing operating margin* increased by 210 basis points to 29.7% (2017: 27.6%)
- Return on average capital employed** increased by 14% to 53.8% (2017: 47.3%)
- 11,072 plots of new land secured in the period, including 3,212 plots converted from the Group's strategic land bank
- Net free cash generation*** of £240.4m (2017: £284.5m)
- £1,154.6m cash held (2017: £1,120.4m), prior to £343.8m capital return paid on 2 July 2018
- Basic earnings per share increased by 13% to 134.9p (2017: 119.5p)
- Current forward sales 6% ahead at £2.120bn (2017: £2.005bn)
- Return of surplus capital of 125 pence per share (£388.5m) paid 29 March 2018 in addition to the scheduled payment of 110 pence per share (£343.8m) paid after the balance sheet date on 2 July 2018
- Commitment to return surplus capital of at least 235 pence per share to shareholders each year for the next two years ending 2020, and 110 pence per share in 2021

* stated before goodwill impairment

** 12 month rolling average stated before goodwill impairment

*** net free cash generation stated before Capital Return Plan payments

Jeff Fairburn, Group Chief Executive, said: "These strong results reflect the continued successful delivery of the Group's long term strategy and our commitment to meeting customer demand in each of our 30 regional markets across the UK.

We have continued to experience good levels of customer interest in our housing development sites as we trade through the quieter summer season. Customers are continuing to benefit from a competitive mortgage market and confidence remains resilient based on healthy employment trends and low interest rates. Our forward sales are 6% ahead of last year at £2.12bn which places the Group in a strong position for the second half of the year.

The Group continues to invest in the business to improve operational capacity. The increased utilisation of the Group's standard house types and the greater use of the Group's offsite manufacturing capability will support the Group's aim to deliver further increases in new home volumes.

The Group has a robust platform to continue to deliver successful outcomes based on its high quality land bank, strong forward sales, excellent financial position, and experienced management team. We believe we are well positioned to deliver further high quality, sustainable growth."

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Analysts unable to attend in person may listen to the presentation live at 09:30am by using the details below:

Telephone number: +44 (0)330 336 9411
Password: Persimmon
Webcast link: https://edge.media-server.com/m6/p/8g4y374r

(An archived webcast of today's analyst presentation will be available on www.persimmonhomes.com/corporate this afternoon.)

HALF YEAR REPORT – TUESDAY 21 AUGUST 2018

CHAIRMAN'S STATEMENT

These strong results for the first six months of 2018 reflect our commitment to the delivery of disciplined high quality growth.

Profit before tax increased by 13% to £516.3 million (2017: £457.4 million), underlying new housing operating margin* of 29.7% (2017: 27.6%) improved 210bps, cash balances of £1,154.6 million were held at the end of June (June 2017: £1,120.4 million) and the consented land bank totalled 101,445 plots (December 2017: 98,445 plots).

Management aims to sustain the delivery of superior levels of shareholder value and cash generation through the housing cycle by the successful execution of the Group's long-term strategy which commenced in early 2012. The Group invested c. £575 million of cash in land over the twelve-month period ended 30 June 2018 whilst also generating c. £760 million of free net cash inflow before capital returns, equivalent to c. 245 pence per share. On 29 March 2018 the Group paid a dividend to shareholders of 125 pence per share, or £388.5 million, as an additional return of surplus capital and on 2 July 2018, after the balance sheet date, the Group paid the scheduled return of capital of 110 pence per share, or £343.8 million, bringing the total of surplus capital returned to shareholders since 2012 to date to c. £2.2 billion (or 720 pence per share).

RESULTS

Total Group revenues increased by 5% over the prior year to £1,835.8 million (2017: £1,753.5 million), with new housing revenues increasing by 5% to £1,742.0 million (2017: £1,662.2 million). Housing sales volumes increased by 3.6% to 8,072 new home legal completions (2017: 7,794) at an average selling price of £215,813, 1.2% higher than last year (2017: £213,262).

Trading through the first six months of the year was strong with the Group achieving an average weekly private sales rate per site of 0.78 from an average of c. 375 sites, which was in line with last year. To further support the sustainable growth of the Group we opened our new Suffolk business based near Ipswich at the start of the year. The team made a great start and delivered 186 new homes to customers in the first half, with more growth to come in this attractive regional market. The Group now has 30 regional businesses delivering newly built homes to customers right across the UK.

The Group's private sale brands, Persimmon and Charles Church, both achieved increased average selling prices. The Persimmon sales price increased by 4.4% to £223,308 and the sales price for Charles Church rose by 2.2% to £355,574. We continue to ensure Charles Church has a clear focus on delivering higher value newly built homes in premium locations with no overlap with the Persimmon range and offer. Whilst Persimmon legally completed the sale of 5,808 newly built homes in the period (2017: 5,630), Charles Church delivered 769 (2017: 900). Sales of new homes to the Group's housing association partners increased by 231, or 18%, to a total of 1,495 (2017: 1,264). The Group delivered over £170 million of new homes to housing associations in the first half of the year (2017: £144 million), at an average selling price of £114,807 (2017: £114,251), increasing its contribution to meeting housing need and supporting mixed and sustainable communities across the UK.

For the first half, the Group's total gross margin of 30.8% improved by 190 basis points when compared with last year (2017: 28.9%), with our new housing gross margin increasing similarly by 190 basis points to reach 32.4% (2017: 30.5%). When compared with the second half of last year this improvement in housing gross margin represents further progress of 30 basis points in line with our expectations. The level of our housing gross margin reflects the continuation of our disciplined processes of investing in high quality land, making a start on new sites as promptly as possible and supporting growth in our construction activities whilst exercising strong control over our costs. In this way the Group is able to reduce the land cost recoveries associated with our legal completions and improve our build efficiencies and overhead recoveries. Against the first half of last year, we have reduced our land cost recoveries to 15.0% of sales to deliver 120 basis points of margin improvement, with the remaining 70 basis points being secured through strong control over our development costs. With the Group's growth in sales, total gross profits have increased 11% year on year to £565.1 million (2017: £507.3 million).

Underlying operating profit* increased by 13% to £518.2 million (2017: £459.4 million). The Group's underlying new housing operating margin* of 29.7% was 210 basis points ahead of last year (2017: 27.6%). Against the second half of last year our underlying new housing operating margin* progressed by 90 basis points reflecting continued tight control of costs and strong operational leverage.

The combination of strong trading and capital discipline resulted in a total capital value per share generated in the first six months of the year (before capital returns) of 118.2 pence (2017: 126.5 pence). Total capital returns of 235 pence per share recognised in the period resulted in a decrease in reported net assets per share at 30 June of 130.3 pence to 906.3 pence from 1,036.6 pence at 31 December 2017. The Group's underlying return on average capital employed** improved year on year by 14% to 53.8% (2017: 47.3%) and underlying basic earnings per share* for the first six months of 2018 of 136.3 pence increased by 12% over the prior year (2017: 121.2 pence).

From the launch of our long-term strategy at the start of 2012 to 30 June 2018 the Group has delivered c. 88,800 new homes across the UK, increasing the number of new homes delivered to customers by over 70%. We have also invested c. £3.5 billion in new land and opened 1,285 new sales outlets whilst returning a total of c. £2.2 billion of surplus capital to shareholders, £1.4 billion more than was originally planned by this point.

RETURNS TO SHAREHOLDERS

A key feature of the Group's strategy launched in early 2012 is to return capital that is considered surplus to the reinvestment needs of the business back to shareholders through the cycle. Our primary considerations in assessing the level of surplus capital available is the evaluation as to whether the business is operating at optimal scale in its regional markets, including executing disciplined, well-judged land investment at the right time through the cycle whilst also minimising financial risk.

Our annual surplus capital assessment prior to the release of our 2017 Full Year results on 27 February 2018 led us to commit to return additional payments of 125 pence per share, in each of the three financial years ending in 2020, in addition to the regular annual instalments of 110 pence per share. During the period, on 29 March 2018, the Group paid the first 125 pence per share (or £388.5 million) instalment of surplus capital to shareholders, whilst also recognising at the balance sheet date the commitment to return the further scheduled 110 pence per share (or £343.8 million), which was paid on 2 July 2018.

Total surplus capital of £7.20 per share, or c. £2.2 billion, has now been paid to shareholders. The further scheduled return of capital of £5.80 per share is planned to be paid over the next three years to 2021. The next additional return of capital of 125 pence per share is scheduled for early April 2019, whilst the next regular annual instalment of 110 pence per share is scheduled to be paid in early July 2019. These payments will be finalised with the release of the Group's 2018 Full Year results to be announced on Tuesday 26 February 2019.

LAND

Whilst we have seen an increase in competition in a limited number of locations, the land market continues to be disciplined and has continued to offer good quality opportunities, particularly for sites suitable for the delivery of larger numbers of new homes. Despite the National Planning Policy Framework requiring planning authorities to plan and deliver sufficient land to fulfil their local housing need for the next five years, the industry remains constrained, in particular, by the number and variety of separate locations that are released for the construction of newly built homes. Should this issue be addressed, the industry will be better placed to expand output to meet customer demand across the UK. We have continued to assess current and prospective changes to market conditions in support of our disciplined land replacement activity through the first half of the year and we will remain selective in the land parcels that we acquire.

The Group acquired a total of 11,072 new plots of land across 45 sites during the period, including 3,212 plots in 15 locations converted from our strategic land bank, which continues to ensure the Group remains in a strong position to offer new housing to local communities across the UK. The Group's land spend was £343 million in the first half of the year (2017: £369 million).

The Group owned and controlled 101,445 plots in its consented land bank at 30 June 2018 (December 2017: 98,445 plots) with c. 50% previously held by the Group as strategic land. Within this land bank, the Group owned 51,112 plots on sites with detailed planning consent, which are all under development. In addition to its consented land bank the Group owns and controls c. 15,600 acres of strategic land and we continue to support planning authorities and local communities to help bring these sites through the planning system as quickly as possible.

CURRENT TRADING

The value of our forward sales, including legal completions since 1 July 2018, was 6% stronger than at the same point last year at £2.120 billion (2017: £2.005 billion). We have 6,528 new homes sold forward into the private sale market with an average selling price of c. £235,800.

The Group's average weekly private sales rate per site for the year to date is 0.76, which is in line with our expectations. Customer activity through the quieter summer weeks, the level of customer enquiries and the consistent lower levels of cancellations are encouraging. Pricing has remained firm. Whilst the Group's construction activity was inevitably delayed with the poor weather in late February/early March we have taken advantage of the earlier arrival of good summer weather to push forward with our build programmes. As a result, the Group is now in a stronger position to offer a good range of house types for customers to choose from and which are available for delivery on appropriate timescales.

With the ongoing expansion of industry output, pressures in the supply chain with respect to cost and availability of certain materials have continued. The availability of traditional skilled trades also remains tight. The Group continues to take steps to better support its build programmes and is managing to contain the inflationary pressures in the supply chain well. The increased utilisation of the Group's standard house types, the increasing use of the Group's in-house manufactured brick and improving direct overhead efficiency as each regional business grows to its optimal scale, are all supporting cost efficiencies.

OUTLOOK

Conditions in the Group's regional housing markets continue to be supportive, with resilient consumer confidence benefitting from strong employment levels, low interest rates, and a competitive mortgage market. We expect to experience the normal seasonal increase in customer interest as the summer holiday season draws to a close in early September.

We anticipate opening c. 100 new sales outlets through the second half of the year to refresh and support our UK site network which is currently offering new homes for sale in 365 separate locations nationwide. All of our 30 management teams remain focused on bringing new land parcels into production quickly to offer new homes to as many local communities as possible. Each business aims to deliver disciplined sustainable growth in its regional market supported by the Group's continued investment in the management of its build programmes. As a result, we expect the Group's cash generation will remain strong.

The development of Government policy and its effect on the UK economy, and the housing market more directly, will play an important role in helping to create future market conditions that will allow the industry to continue to increase the delivery of newly built homes. Growth of new home delivery will stimulate further benefits of increased investment, creation and maintenance of employment in local regions, both directly on development sites and in the supply chain, and increased contributions to communities through taxes paid and improved local infrastructure and amenities. We will maintain strong operational disciplines to ensure we fulfil our strategic objectives, with our operational judgements continuing to reflect our close monitoring of market conditions.

Persimmon's performance over the first six months of 2018 has been robust. The financial strength of the Group, resulting from the successful execution of the Group's strategy over recent years, places Persimmon in a strong position to adapt to changes in market conditions and to take advantage of opportunities as events unfold. We remain vigilant with respect to the risks that the Group faces and we will continue to concentrate on delivering the best possible outcomes for shareholders and the Group's other stakeholders.

On behalf of the Board, I would like to thank all of the Group's employees, workers, subcontractors, and other stakeholders for their contribution to the production of these strong results.

Roger Devlin

Chairman

20 August 2018

* stated before goodwill impairment (2018: £4.4m, 2017: £5.4m)

** 12 month rolling average stated before goodwill impairment

PERSIMMON PLC
Condensed Consolidated Statement of Comprehensive Income
For the six months to 30 June 2018

	Note	**Six months to 30 June 2018** **Total £m**	Six months to 30 June 2017 (restated - note 1) Total £m	Year to 31 December 2017 (restated - note 1) Total £m
Total revenue	1, 3	**1,835.8**	1,753.5	3,597.8
Cost of sales		**(1,270.7)**	(1,246.2)	(2,526.1)
Gross profit		**565.1**	507.3	1,071.7
Other operating income		**2.7**	6.0	9.4
Operating expenses		**(54.0)**	(59.3)	(126.0)
Profit from operations before impairment of intangible assets		**518.2**	459.4	966.1
Impairment of intangible assets		**(4.4)**	(5.4)	(11.0)
Profit from operations		**513.8**	454.0	955.1
Finance income		**9.2**	9.8	24.5
Finance costs		**(6.7)**	(6.4)	(13.5)
Profit before tax		**516.3**	457.4	966.1
Tax	4	**(97.4)**	(88.8)	(179.2)
Profit after tax (all attributable to equity holders of the parent)		**418.9**	368.6	786.9
Other comprehensive income/(expense)				
Items that will not be reclassified to profit:				
Remeasurement gains/(losses) on defined benefit pension schemes	11	**28.1**	(1.8)	22.1
Tax	4	**(4.8)**	0.3	(3.7)
Other comprehensive income/(expense) for the period, net of tax		**23.3**	(1.5)	18.4
Total recognised income for the period		**442.2**	367.1	805.3
Earnings per share				
Basic	5	**134.9p**	119.5p	255.0p
Diluted	5	**130.1p**	115.4p	243.1p

PERSIMMON PLC
Condensed Consolidated Balance Sheet
As at 30 June 2018 (unaudited)

	Note	**30 June 2018**	30 June 2017 (restated - note 1)	31 December 2017 (restated - note 1)
		£m	£m	£m
Assets				
Non-current assets				
Intangible assets		**198.2**	208.2	202.6
Property, plant and equipment		**54.4**	49.2	52.5
Investments accounted for using the equity method		**3.0**	3.0	3.0
Shared equity loan receivables	8	**83.0**	126.1	103.2
Trade and other receivables		**7.0**	7.0	7.0
Deferred tax assets		**59.6**	59.5	92.0
Retirement benefit assets	11	**96.7**	42.4	67.7
		501.9	495.4	528.0
Current assets				
Inventories	7	**2,970.6**	2,722.1	2,825.9
Shared equity loan receivables	8	**21.0**	6.6	14.1
Trade and other receivables		**140.0**	119.5	86.1
Cash and cash equivalents	10	**1,154.6**	1,120.4	1,302.7
		4,286.2	3,968.6	4,228.8
Total assets		**4,788.1**	4,464.0	4,756.8
Liabilities				
Non-current liabilities				
Trade and other payables		**(310.2)**	(338.7)	(294.1)
Deferred tax liabilities		**(28.9)**	(20.8)	(24.0)
Partnership liability		**(34.1)**	(37.4)	(38.5)
		(373.2)	(396.9)	(356.6)
Current liabilities				
Trade and other payables		**(1,164.4)**	(944.9)	(1,099.6)
Capital Return liability		**(343.8)**	(339.5)	-
Partnership liability		**(5.4)**	(5.4)	(5.4)
Current tax liabilities		**(65.0)**	(66.3)	(93.6)
		(1,578.6)	(1,356.1)	(1,198.6)
Total liabilities		**(1,951.8)**	(1,753.0)	(1,555.2)
Net assets		**2,836.3**	2,711.0	3,201.6
Equity				
Ordinary share capital issued		**31.3**	30.9	30.9
Share premium		**14.4**	11.0	13.5
Capital redemption reserve		**236.5**	236.5	236.5
Other non-distributable reserve		**276.8**	276.8	276.8
Retained earnings		**2,277.3**	2,155.8	2,643.9
Total equity		**2,836.3**	2,711.0	3,201.6

PERSIMMON PLC
Condensed Consolidated Statement of Changes in Shareholders' Equity
For the six months to 30 June 2018 (unaudited)

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other non-distributable reserve £m	Retained earnings £m	Total £m
Six months ended 30 June 2018:						
Balance at 1 January 2018	**30.9**	**13.5**	**236.5**	**276.8**	**2,643.9**	**3,201.6**
Profit for the period	-	-	-	-	418.9	418.9
Other comprehensive income	-	-	-	-	23.3	23.3
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(732.3)	(732.3)
Issue of new shares	0.4	0.9	-	-	-	1.3
Own shares purchased	-	-	-	-	(0.1)	(0.1)
Exercise of share options/share awards	-	-	-	-	(1.0)	(1.0)
Share-based payments	-	-	-	-	8.5	8.5
Net settlement of share-based payments	-	-	-	-	(84.9)	(84.9)
Satisfaction of share options from own shares held	-	-	-	-	1.0	1.0
Balance at 30 June 2018	**31.3**	**14.4**	**236.5**	**276.8**	**2,277.3**	**2,836.3**
Six months ended 30 June 2017:						
Balance at 1 January 2017	**30.8**	**10.6**	**236.5**	**276.8**	**2,182.7**	**2,737.4**
Profit for the period	-	-	-	-	368.6	368.6
Other comprehensive expense	-	-	-	-	(1.5)	(1.5)
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(416.6)	(416.6)
Issue of new shares	0.1	0.4	-	-	-	0.5
Exercise of share options/share awards	-	-	-	-	(0.9)	(0.9)
Share-based payments	-	-	-	-	22.6	22.6
Satisfaction of share options from own shares held	-	-	-	-	0.9	0.9
Balance at 30 June 2017	**30.9**	**11.0**	**236.5**	**276.8**	**2,155.8**	**2,711.0**
Year ended 31 December 2017:						
Balance at 1 January 2017	**30.8**	**10.6**	**236.5**	**276.8**	**2,182.7**	**2,737.4**
Profit for the year	-	-	-	-	786.9	786.9
Other comprehensive income	-	-	-	-	18.4	18.4
Transactions with owners:						
Dividends on equity shares	-	-	-	-	(416.6)	(416.6)
Issue of new shares	0.1	2.9	-	-	-	3.0
Exercise of share options/share awards	-	-	-	-	(0.9)	(0.9)
Share-based payments	-	-	-	-	72.5	72.5
Satisfaction of share options from own shares held	-	-	-	-	0.9	0.9
Balance at 31 December 2017	**30.9**	**13.5**	**236.5**	**276.8**	**2,643.9**	**3,201.6**

PERSIMMON PLC
Condensed Consolidated Cash Flow Statement
For the six months to 30 June 2018 (unaudited)

	Note	**Six months to 30 June 2018 £m**	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Cash flows from operating activities:				
Profit for the period		**418.9**	368.6	786.9
Tax charge	4	**97.4**	88.8	179.2
Finance income		**(9.2)**	(9.8)	(24.5)
Finance costs		**6.7**	6.4	13.5
Depreciation charge		**4.5**	4.1	8.4
Impairment of intangible assets		**4.4**	5.4	11.0
Share-based payment charge		**8.7**	6.7	18.8
Net imputed interest income		**0.5**	3.2	5.0
Other non-cash items		**(2.6)**	(0.4)	(1.5)
Cash inflow from operating activities		**529.3**	473.0	996.8
Movement in working capital:				
Increase in inventories		**(140.8)**	(75.1)	(176.6)
Increase in trade and other receivables		**(61.1)**	(44.7)	(20.5)
Increase in trade and other payables		**50.1**	16.0	131.1
Decrease in shared equity loan receivables		**18.9**	24.0	46.6
Cash generated from operations		**396.4**	393.2	977.4
Interest paid		**(3.2)**	(3.4)	(3.9)
Interest received		**2.9**	1.8	3.4
Tax paid		**(93.6)**	(94.4)	(152.9)
Net cash inflow from operating activities		**302.5**	297.2	824.0
Cash flows from investing activities:				
Purchase of property, plant and equipment		**(6.4)**	(10.3)	(18.0)
Proceeds from sale of property, plant and equipment		**0.2**	0.1	0.3
Net cash outflow from investing activities		**(6.2)**	(10.2)	(17.7)
Cash flows from financing activities:				
Payment of Partnership liability		**(3.2)**	(3.0)	(3.0)
Net settlement of share based payments		**(53.8)**	-	-
Share options consideration		**1.1**	0.5	3.0
Dividends paid	6	**(388.5)**	(77.1)	(416.6)
Net cash outflow from financing activities		**(444.4)**	(79.6)	(416.6)
(Decrease)/Increase in net cash and cash equivalents	10	**(148.1)**	207.4	389.7
Cash and cash equivalents at the beginning of the period		**1,302.7**	913.0	913.0
Cash and cash equivalents at the end of the period	10	**1,154.6**	1,120.4	1,302.7

Notes

1. Basis of preparation

The half year condensed financial statements for the six months to 30 June 2018 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union. The half year financial statements are unaudited, but have been reviewed by the auditors whose report is set out at the end of this report. This report should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

The comparative figures for the financial year ended 31 December 2017 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017, as described in those financial statements.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2018:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- Amendments to IAS 40 Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

With the exception of IFRS 15, Revenue from Contracts with Customers, the effects of the implementation of these standards have been limited to presentational and disclosure amendments.

Following the implementation of IFRS 15, Revenue from Contracts with Customers, revenues reported in the Consolidated Statement of Comprehensive Income will now include the fair value of consideration received or receivable on the sale of part exchange properties, in addition to the previously reported fair value of the consideration received or receivable on the legal completion of a newly built residential property sale. As a result of the change revenue and cost of sales for the year ended 31 December 2017 has been increased by £175.5m (six month period to 30 June 2017 has increased by £91.3m). For the current period, revenue is £93.8m higher than it would have been prior to the implementation of IFRS 15. There is no change to the reported profit from operations and there is no impact on the Group's cash flows.

The effect of implementing IFRS 15 is as follows:

	Six months to 30 June 2018	Six months to 30 June 2017	Year to 31 December 2017
Revenue from the sale of new housing (pre IFRS 15)	**£1,742.0m**	£1,662.2m	£3,422.3m
Revenue from the sale of part exchange properties	**£93.8m**	£91.3m	£175.5m
Total revenue (post IFRS 15)	**£1,835.8m**	£1,753.5m	£3,597.8m
New housing gross profit (pre IFRS 15)	**£565.1m**	£507.3m	£1,071.7m
Statutory gross profit (post IFRS 15)	**£565.1m**	£507.3m	£1,071.7m
New housing gross margin (pre IFRS 15)	**32.4%**	30.5%	31.3%
Statutory gross margin (post IFRS 15)	**30.8%**	28.9%	29.8%
New housing operating profit (pre IFRS 15)	**£513.8m**	£454.0m	£955.1m
Statutory operating profit (post IFRS 15)	**£513.8m**	£454.0m	£955.1m
New housing operating margin (pre IFRS 15)	**29.5%**	27.3%	27.9%
Statutory operating margin (post IFRS 15)	**28.0%**	25.9%	26.5%
New housing underlying operating profit * (pre IFRS 15)	**£518.2m**	£459.4m	£966.1m
Statutory underlying operating profit * (post IFRS 15)	**£518.2m**	£459.4m	£966.1m
New housing underlying operating margin * (pre IFRS 15)	**29.7%**	27.6%	28.2%
Statutory underlying operating margin * (post IFRS 15)	**28.2%**	26.2%	26.9%

* stated before goodwill impairment

IFRS 9 Financial Instruments came into effect on 1 January 2018 replacing IAS 39 Financial Instruments: Recognition and Measurement and requires changes to the classification and measurement of certain financial instruments from that under IAS 39. On review the majority of the Group's financial assets and liabilities will continue to be accounted for on an identical basis under IFRS 9 as they were under IAS 39.

The exception to this is the Group's shared equity loan portfolio. These were held under IAS 39 as Available for Sale Financial Assets. This classification is no longer available under IFRS 9 and the assets have been reclassified as Fair Value Through Profit and Loss and reported as "Shared equity loan receivables" in the Balance Sheet. The fair value of the assets is unchanged following this reclassification and there is no impact on the Profit or Loss or Balance Sheet in the current or comparative periods. In implementing this change we have more appropriately reflected the ageing of the Shared equity loan receivables and have analysed the receivable between non-current and current for the reported period end and its comparative period ends. There has been no impact on profits or cash flows in the current or previous periods as a result of this re-analysis.

Amendments to IFRS 2 Classification and Measurement of Shared-based Payment Transactions was endorsed by the EU during the year and is effective for periods commencing on or after 1 January 2018. The amendment has been applied in the period and had no impact on prior periods.

The Group has not early adopted the following new standard, and amendment to standard, which are EU endorsed but are not yet effective:

- IFRS 16 Leases
- Amendments to IFRS 9 Prepayment Features with Negative Compensation

We do not expect the adoption of these new standards to have a material effect on our reported consolidated results as explained in Note 1 to the Group's annual financial statements for the year ended 31 December 2017.

Going concern

After making due enquiries, and in accordance with the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" issued in 2014, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements.

Estimates and judgements

The preparation of these half yearly condensed financial statements requires management to make judgements and estimations of uncertainty at the balance sheet date. In preparing these half yearly condensed financial statements the significant judgements and estimations of uncertainty made by management were principally the same as those applied and included in Note 3 to the Group's consolidated financial statements for the year ended 31 December 2017.

2. Segmental analysis

The Group has only one reportable operating segment, being housebuilding within the UK, under the control of the Executive Board. The Executive Board has been identified as the Chief Operating Decision Maker as defined under IFRS 8 Operating Segments.

3. Revenue

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Revenue from the sale of new housing	**1,742.0**	1,662.2	3,422.3
Revenue from the sale of part exchange properties	**93.8**	91.3	175.5
Total revenue	**1,835.8**	1,753.5	3,597.8

4. Tax

Analysis of the tax charge for the period

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Tax charge comprises:			
UK corporation tax in respect of the current year	**97.4**	86.5	187.1
Adjustments in respect of prior years	**(1.6)**	-	(8.4)
	95.8	86.5	178.7
Deferred tax relating to origination and reversal of temporary differences	**1.6**	2.3	1.0
Adjustments recognised in the current year in respect of prior years deferred tax	**-**	-	(0.5)
	1.6	2.3	0.5
	97.4	88.8	179.2

Deferred tax recognised in other comprehensive income

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Recognised on remeasurement charges on pension schemes	**4.8**	(0.3)	3.7

Tax recognised directly in equity

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Arising on transactions with equity participants			
Current tax related to equity settled transactions	**(30.8)**	-	(6.3)
Deferred tax related to equity settled transactions	**31.0**	(15.9)	(47.4)
	0.2	(15.9)	(53.7)

At 30 June 2018, with the exception of equity settled transactions, the Group has recognised deferred tax assets on deductible temporary differences at 17%, the rate enacted at the end of the reporting period.

5. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period (excluding those held in the employee benefit trusts and any treasury shares, all of which are treated as cancelled) which were 310.6m (June 2017: 308.5m; December 2017: 308.6m).

Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the period, giving a figure of 322.0m (June 2017: 319.4m; December 2017: 323.7m).

Underlying earnings per share excludes goodwill impairment. The earnings per share from operations were as follows:

	Six months to 30 June 2018	Six months to 30 June 2017	Year to 31 December 2017
Basic earnings per share	**134.9p**	119.5p	255.0p
Underlying basic earnings per share	**136.3p**	121.2p	258.6p
Diluted earnings per share	**130.1p**	115.4p	243.1p
Underlying diluted earnings per share	**131.5p**	117.1p	246.5p

The calculation of the basic and diluted earnings per share is based upon the following data:

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Underlying earnings attributable to shareholders	**423.3**	374.0	797.9
Goodwill impairment	**(4.4)**	(5.4)	(11.0)
Earnings attributable to shareholders	**418.9**	368.6	786.9

At 30 June 2018 the issued share capital of the Company was 312,957,713 ordinary shares (31 December 2017: 308,856,430 ordinary shares)

6. Dividends/Return of capital

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Amounts recognised as distributions to capital holders in the period:			
2017 dividend to all shareholders of 25p per share	**-**	77.1	77.1
2017 dividend to all shareholders of 110p per share	**-**	-	339.5
2018 dividend to all shareholders of 125p per share	**388.5**	-	-
Total capital return to shareholders	**388.5**	77.1	416.6

On 29 March 2018 a capital return payment of 125p per share (or £388.5m) was paid as an interim cash dividend.

As at 30 June 2018 the Group balance sheet included a capital return liability of £343.8m in relation to the future capital return payment of 110p per share. This was paid as a final dividend in respect of the financial year 31 December 2017 after the balance sheet date on 2 July 2018.

7. Inventories

	30 June 2018 £m	30 June 2017 £m	31 December 2017 £m
Land	**2,132.3**	1,970.8	2,010.6
Work in progress	**749.6**	676.1	723.9
Part exchange properties	**45.8**	32.2	45.2
Showhouses	**42.9**	43.0	46.2
	2,970.6	2,722.1	2,825.9

At 30 June 2018 the Group conducted a further review of the net realisable value of its land and work in progress portfolio. Our approach to this review has been consistent with that conducted at 31 December 2017 and was fully disclosed in the financial statements for the year ended on that date. Net realisable value provisions held against inventories at 30 June 2018 were £40.1m (2017: £45.2m). Following the review, £22.9m of inventories are valued at fair value less costs to sell rather than historical cost (2017: £29.1m).

8. Shared equity loan receivables

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Shared equity loan receivables at beginning of period	**117.3**	148.7	148.7
Settlements	**(18.9)**	(24.0)	(46.6)
Gains	**5.6**	8.0	15.2
Shared equity loan receivables at end of period	**104.0**	132.7	117.3

All gains/losses have been recognised through finance income in profit and loss for the period of which £1.8m was unrealised (June 2017: £2.6m; December 2017: £4.9m).

9. Financial instruments

In aggregate, the fair value of financial assets and liabilities are not materially different from their carrying value. Financial assets and liabilities carried at fair value are categorised within the hierarchical classification of IFRS 7 Revised (as defined within the standard) as follows:

	30 June 2018 Level 3 £m	30 June 2017 Level 3 £m	31 December 2017 Level 3 £m
Shared equity loan receivables	**104.0**	132.7	117.3

Shared equity loan receivables

Shared equity loan receivables represent shared equity loans advanced to customers secured by way of a second charge on their new home. They are carried at fair value. The fair value is determined by reference to the rates at which they could be exchanged by knowledgeable and willing parties. Fair value is determined by discounting forecast cash flows for the residual period of the contract by a risk adjusted rate.

There exists an element of uncertainty over the precise final valuation and timing of cash flows arising from these assets. As a result the Group has applied inputs based on current market conditions and the Group's historic experience of actual cash flows resulting from such arrangements. These inputs are by nature estimates and as such the fair value has been classified as level 3 under the fair value hierarchy laid out in IFRS 13 Fair Value Measurement

Significant unobservable inputs into the fair value measurement calculation include regional house price movements based on the Group's actual experience of regional house pricing and management forecasts of future movements, weighted average duration of the loans from inception to settlement of 10 years (2017: 10 years) and a discount rate of 9% (2017: 8%) based on current observed market interest rates offered to private individuals on secured second loans.

The discounted forecast cash flow calculation is dependent upon the estimated future value of the properties on which the shared equity loans are secured. Adjustments to this input, which might result from a change in the wider property market, would have a proportional impact upon the fair value of the asset. Furthermore, whilst not easily accessible in advance, the resulting change in security value may affect the credit risk associated with the counterparty, influencing fair value further.

10. Reconciliation of net cash flow to net cash and analysis of net cash

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
(Decrease)/increase in net cash and cash equivalents in cash flow	**(148.1)**	207.4	389.7
Net cash at beginning of period	**1,302.7**	913.0	913.0
Net cash at end of period	**1,154.6**	1,120.4	1,302.7

The Group has generated free cash before capital returns of £240.4m (2017: £284.5m). This reflects an additional net investment in working capital year on year of over £50m, primarily in land and work in progress, and the payment of c. £70m to HMRC with respect to the taxation of the exercise by participants of the first vesting of the 2012 LTIP together with net settlement of the options.

11. Retirement benefit assets

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	Six months to 30 June 2018 £m	Six months to 30 June 2017 £m	Year to 31 December 2017 £m
Current service cost	**1.0**	1.2	2.3
Administrative expense	**0.5**	0.4	0.7
Pension cost recognised as operating expense	**1.5**	1.6	3.0
Interest cost	**7.1**	8.0	15.9
Return on assets recorded as interest	**(7.9)**	(8.3)	(16.9)
Pension cost recognised as a net finance credit	**(0.8)**	(0.3)	(1.0)
Total defined benefit pension cost recognised in profit or loss	**0.7**	1.3	2.0
Remeasurement (gains)/losses recognised in other comprehensive income/(expense)	**(28.1)**	1.8	(22.1)
Total defined benefit scheme (gain)/loss recognised	**(27.4)**	3.1	(20.1)

The amounts included in the balance sheet arising from the Group's obligations in respect of the Pension Scheme are as follows:

	30 June 2018 £m	30 June 2017 £m	31 December 2017 £m
Fair value of pension scheme assets	**646.3**	637.1	649.1
Present value of funded obligations	**(549.6)**	(594.7)	(581.4)
Net pension asset	**96.7**	42.4	67.7

12. Share Based Payments

The final vesting of the 2012 LTIP options occurred on 2 July 2018 and they are now eligible for exercise. In line with the Board's assessment, and normal practice, it has been decided to net settle these options. The value of the liabilities arising from this will be determined by the Company's share price on the date the participants choose to exercise their options together with the prevailing tax and national insurance contribution rates at the time.

There are 13.0m option entitlements under the 2012 LTIP held by all participants that have vested but are unexercised as at 2 July 2018. For illustration, looking forward, this might be expected to give rise to a further payment of around £133m to HMRC if all participants exercise their entitlements in full and assuming a constant share price to that at which the Company closed on 2 July 2018. The 13.0m outstanding options would reduce to c.6.0m issued shares in these circumstances.

13. Principal risks

The Board have assessed the Principal Risks as disclosed in the 2017 Annual Report & Accounts and have determined that there has been no change in risks faced or risk rating at 30 June 2018. The principal risks which may affect the business and the future performance of the Group are set out below:

Risk	Impact	Mitigation	Residual Risk Rating
UK's exit from the EU	As the UK negotiates the terms of its exit from the European Union, there remains a degree of uncertainty on the outlook for the UK economy. Ongoing economic uncertainty may reduce consumer confidence, impacting on demand and pricing for new homes and affecting revenues, profits and cash flows and may result in the impairment of asset values. Potential legislative changes on freedom of movement may also restrict the availability of skilled construction workers and impact on costs and build activity. In addition, potential further relative devaluation of the UK currency as a result of Brexit could increase costs of materials.	We continue to closely monitor the impact of the increased uncertainty on the UK economy and the housing market through the review of external information and changes in the behaviour of our customer base. Close management of work in progress levels matching supply to demand will continue and land investment decisions will continue to be assessed, including measures to ensure exposure to market disruption is mitigated. The overall shortage of supply of housing in the UK may provide a degree of support to the housing market should these circumstances arise. Action taken by the Government to adjust policy to support UK economic performance may provide further mitigation as might any response with respect to interest rates by the Bank of England. We will continue to employ robust tendering processes to maintain strong cost control over Group sourcing. In addition, we will remain focused on our training initiatives to improve the supply of the necessary construction skills the Group requires.	High
Government policy	Government policy has the potential to influence various aspects of our strategy, operations and overall performance. Changes in Government policy are considered as a new principal risk due to increased uncertainty in the political environment. Potential changes in Government policy, such as changes to the planning system, changes in the tax regime, or the amendment of the Help to Buy scheme could have an adverse effect on industry revenues, margins and asset values. Government initiatives to encourage house building through social housing or the SME sector could also increase the demand for, and costs of, scarce material and labour resources.	We monitor Government policy in relation to house building very closely. Consistency of policy formulation and application is very supportive of the industry, encouraging continued substantial investment in land, work in progress and skills to support output growth. We actively manage our land investment decisions and work in progress commitments to mitigate exposure to external influences. Both major political parties in the UK continue to support the Help to Buy scheme which is scheduled to remain in place until 2021.	High
National and regional economic conditions	The housebuilding industry is sensitive to changes in unemployment, interest rates and consumer confidence. Any deterioration in economic conditions may decrease demand and pricing for new homes, which could have a material effect on our business revenues, margins and profits and result in the impairment of asset values.	We control the level of build on site by closely managing our work in progress levels. We carry out extensive due diligence prior to our land investment decisions. We monitor our geographical spread to mitigate the effects of local microeconomic fluctuations. We continually monitor lead indicators on the future direction of the UK housing market so as to manage our exposure to any future market disruption.	High

Mortgage availability	Any restrictions in the availability or affordability of mortgages for customers could reduce demand for new homes and affect revenues, profits and cash flows. Early withdrawal of the Government sponsored Help to Buy scheme is likely to impact on the availability of associated mortgage lending and could reduce demand for new homes from first time buyers, impacting revenues, profits, and cash flows.	We monitor Bank of England commentary on credit conditions. We ensure that our investment in land and work in progress is appropriate for our level of sales and our expectations for market conditions. We monitor the Council of Mortgage Lenders' monthly reports and lenders' announcements for trends in lending. The Government's Help to Buy scheme, which currently is anticipated to remain available until 2021, supports customers to gain access to the housing market across the UK with competitive mortgage rates.	High
Health and safety	The health and safety of our employees, subcontractors, home owners and visitors to our construction sites is of paramount importance to us. Accidents on our sites could lead to reputational damage and financial penalties.	We ensure that the Board's health and safety strategy is implemented by our comprehensive management systems and controls, overseen by our Group Health and Safety Department to minimise the likelihood and impact of accidents on our sites.	High
Regulatory compliance	Our business is subject to extensive and complex laws and regulations relating to areas such as planning and the environment. Our obligations to comply with legislation can result in delays causing us to incur substantial costs and prohibit or restrict land development and construction. Non-compliance could also result in damage to the Group's reputation or imposition of financial penalties.	We operate comprehensive management systems to ensure regulatory and legal compliance, including anti-bribery policies. We engage extensively with planning stakeholders to reduce the likelihood and impact of any delays or disruption. We also hold a land bank sufficient to provide security of supply for short to medium term land requirements.	Low
Materials	Expansion in UK housebuilding has driven an increase in demand for materials which may continue to cause availability constraints and/or costs to increase. Prices for key materials may also be affected by currency movements as the Brexit process continues.	We closely monitor our build programmes and our supply chain enabling us to manage and react to any supply chain issues. We build good relationships with suppliers to ensure consistency of supply and cost efficiency. We have invested in our expanding off-site manufacturing capability to help security of supply. Our own brick plant was commissioned in 2017 and is supplying a significant proportion of the bricks we use. In addition we have taken the decision to manufacture our own roof tiles and are establishing a new facility at our manufacturing hub at Harworth near Doncaster. This complements our existing offsite manufacturing capability at Space4, which produces timber frames and highly insulated wall panels and roof cassettes as a modern method of constructing new homes. We continue to examine further investment in Space4 technology.	Medium
Labour	Having an appropriately skilled workforce is a key requirement for house building. Expansion in UK house building activity has increased demand for skilled labour. This may continue to create site resourcing shortfalls and/or increased labour costs ahead of our expectations with particular regional shortages. The availability and quality of labour resources may be further tightened depending on the nature of arrangements as the UK exits the	Close monitoring of our build programmes enables us to manage our labour requirements effectively. We operate in-house apprentice and training programmes, including our Combat to Construction (C2C) programme, to supply the Group with skilled labour. We are committed to playing a full and active role in external initiatives to address the skills shortage such as the Home Building Skills Partnership, a joint initiative of the	Medium

	European Union. A skilled management team is required to enable effective implementation of the Group's strategy. Loss of a number of key senior management could disrupt the business.	Construction Industry Training Board and the Home Builders Federation. Where appropriate, we also use the Group's Space4 modern method of construction which reduces the site based skilled labour required in the construction of our homes. The Executive Directors undertake regular succession planning reviews. The Board have conducted a detailed review of succession planning with particular regard to the 2012 LTIP.	
Strategy	The Board has adopted its strategy as it believes it is the one most likely to add the greatest sustainable value for shareholders and stakeholders. It is possible that, with time, factors become known that indicate that the strategy currently being pursued is not the most effective or efficient and that alternative strategies may be more appropriate.	The Group's strategy is agreed by the Board at an annual strategy meeting and thereafter regularly reviewed at Board meetings and by the Executive Directors. The Board engages with management and employees to ensure the strategy is communicated and understood and that all employees have a clear understanding of the potential benefits and risks of the strategy. Further information is included in the Strategic Update as disclosed in the 2017 Annual Report & Accounts.	Low

Statement of Directors' responsibilities in respect of the Half Year Report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial reporting as adopted by the EU
- the Half Year Report includes a fair review of the information required by:
    - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Directors of Persimmon Plc and their function are listed below:

Roger Devlin	Chairman
Jeff Fairburn	Group Chief Executive
Mike Killoran	Group Finance Director
David Jenkinson	Group Managing Director
Nigel Mills	Senior Independent Director
Marion Sears	Non-Executive Director
Rachel Kentleton	Non-Executive Director
Simon Litherland	Non-Executive Director

By order of the Board

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

20 August 2018

The Group's Annual financial reports, half year reports and trading updates are available from the Group's website at www.persimmonhomes.com/corporate

INDEPENDENT REVIEW REPORT TO PERSIMMON PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Shareholders' Equity, the Condensed Consolidated Cash Flow Statement and the related notes 1 to 12. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
20 August 2018