

## **TRADING UPDATE – 15 JANUARY 2020**

Persimmon plc announces the following update ahead of its Final Results for the year ended 31 December 2019, which will be released on 27 February 2020.

### **Highlights**

“Persimmon continues to make good progress with the implementation of its customer care improvement plan. Central to this plan is putting customers before volume, with new home legal completions for 2019 being 4% lower than last year.

“Delivering the maximum benefit to our customers from our quality and service improvement initiatives will continue to be my top priority for 2020. I am pleased with the progress we have made in 2019 and there is more to do. Action taken to maintain our increased levels of work in progress investment, the increase in quality assurance and customer service resources, and our plans for the implementation of the recommendations of the recent Independent Review, will all add to our momentum.

“While our plans for delivering a sustained improvement in quality go far beyond a focus on the criteria of the HBF customer satisfaction survey, our current rating, which is trending strongly ahead of the Four Star threshold, is tangible evidence of the improvement we are making. I am determined that we will make further headway this year, supported by the introduction of Persimmon’s customer retention scheme from July 2019, which was a first for the industry.

“I am encouraged by the enthusiasm and commitment with which the whole Persimmon team is making the step change necessary to deliver higher levels of quality and service to our customers. When combined with Persimmon’s strong forward build and sales position, robust liquidity and industry-leading land holdings, I am confident of the Group’s future success.”

*Dave Jenkinson, Group Chief Executive*

### **Trading**

Our regional housing markets across the UK continued to benefit from resilient consumer confidence throughout 2019, supported by low interest rates, a competitive mortgage market, and robust employment levels.

With total Group revenues for the year of £3.65bn Persimmon has traded well. The 2.4% reduction on the prior year (2018: £3.74bn) reflects the action being taken to ensure the Group delivers improved levels of quality and service to its customers. New housing revenues reduced by 3.5% to £3.42bn (2018: £3.55bn). New home legal completion volumes were 15,855 (2018: 16,449), including private sales of 12,463 new homes (2018: 13,341). Our average selling price of c. £215,700 was in line with last year (2018: £215,563). This performance reflects the continued strength of the Group’s Westbury Partnerships business, with sales to the Group’s housing association partners increasing to 21.4% of the sales mix (2018: 18.9%) with an average selling price of c. £119,150 (2018: £117,653). The average selling price of the Group’s private sales was c. £241,975 (2018: £238,373).

We anticipate the Group’s pre-tax profits will be in line with our market consensus.

On 2 January 2019, the Group opened a new business at Harworth, near Doncaster, which has supported the Group’s growth across the Yorkshire region, delivering 350 new homes in its first year of trading. We will continue to invest in the Group’s infrastructure and people to support improved quality, service and growth.

Total forward sales value of c. £1,356m at 31 December 2019 (2018: £1,397m) provides Persimmon with a solid platform as we enter 2020. The Group will continue to offer a range of new homes for all, maintaining its traditional focus on first time buyers and home movers. We

currently have c. 365 developments in construction, a similar position to last year and plan to open c. 80 new sites in the first half of the year, adding to the Group's high quality development portfolio. In higher demand locations we continue to focus on releasing new developments for sale only when more advanced construction stage is achieved, to support improved availability, quality and accuracy of moving in dates for our customers.

The Group's disciplined approach to land replacement, having secured over 9,900 plots of new land in 60 locations through 2019, reflects the strength and quality of the Group's existing land holdings. This approach is in line with our strategic priorities, which give full consideration to current economic uncertainties, including those associated with the UK leaving the EU, together with risks associated with the market cycle.

The Group's cash generation remains strong. Cash balances of c. £844m were held at 31 December 2019 (2018: £1,048m) after returning £748m of capital to shareholders in 2019 (2018: £732m).

Looking ahead to the 2020 spring season, Persimmon is in a strong market position. The Group has a nationwide outlet network and a range of attractive house types available at affordable prices across the UK regions, supported by high quality land holdings and a conservative balance sheet.

We will give an update on our assessment of the housing market over the early weeks of 2020, together with the progress we are making with the implementation of our customer care improvement plan and the recommendations of the recent Independent Review, when we announce our results for the year ended 31 December 2019 on Thursday 27 February 2020.

**Please Note**

There will be a call for analysts at 09.00 GMT today. Please use the dial-in details below:

Telephone number : +44 (0)33 3300 0804  
Access pin : 98513810#  
Passcode : Persimmon

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

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